IMAD

spring forecast of economic trends 2019

Contents

Summary

With the easing of economic activity in the international environment, GDP growth will gradually slow this year (3.4%) and in the next two (3.1% and 2.8%); the importance of domestic consumption will increase. Economic growth will continue in 2019–2021, marked by two trends that started last year: the slowdown of economic growth and the changing of its structure towards a larger contribution of domestic consumption and a smaller contribution of exports. *Export* growth will ease further over the forecast period (largely on account of slower GDP growth in Slovenia's trading partners), with the exception of 2020, when it will be slightly higher owing to more working days. Growth in *private consumption* will accelerate somewhat this year amid the continuation of favourable labour market conditions, and gradually slow thereafter amid lower growth in employment. The still strong growth of *investment* will also ease somewhat, especially in the machinery and equipment segment, owing to slower growth in foreign demand. Vigorous growth in construction investment will continue, partly also on account of the increased absorption of EU funds. As the slowdown of *import* growth will be less pronounced owing to relatively robust domestic consumption, the *contribution of international trade to GDP growth* will be slightly negative. The moderation of economic growth will be somewhat faster than predicted in the autumn forecast, primarily owing to less favourable developments internationally.

Export growth will continue to moderate particularly this year and will be lower than import growth over the forecast period; the current account surplus will be down somewhat relative to GDP, though still around 6%. The easing of *export* growth, especially this year, will be a consequence of a pronounced deceleration of *import* growth in Slovenia's trading partners and the absence of one-off domestic factors, which had a favourable impact on growth in the previous two years. Rising labour costs will also be gradually weighing on export growth through deterioration in export competitiveness. Import growth will ease more slowly than the growth of exports, as it will be underpinned by further growth in domestic consumption. The contribution of *net exports* to GDP growth will be slightly negative. The narrowing of the trade surplus in goods, together with the increase in the deficit of primary and secondary incomes, will reduce slightly the current account surplus as a share of GDP in 2019–2021, but it will remain around 6%. The trade surplus in services will continue to rise.

Private consumption growth will strengthen this year under the impact of higher growth in household disposable income, before slowing in the next two years due to a gradual deceleration of employment growth. This year's stronger growth of *private consumption* will be underpinned by accelerated growth in earnings and social transfers and a continuation of relatively robust growth in employment. Household consumption growth will be somewhat lower over the next two years primarily on account of more moderate growth in disposable income amid lower growth in employment. *Employment* will thus continue to rise over the forecast period, albeit more and more slowly amid a contraction in the number of working-age people, lower and lower *unemployment* and more moderate growth in economic activity. The impact of demographic trends on the decline in labour supply will be mitigated slightly by the expected gradual strengthening of net migration inflows and the increase in the labour market participation rate. *Wage growth* will strengthen particularly this year and also, slightly, in the next two, affected not only by the shrinking labour market, but also agreements with the public sector trade unions and legislative changes.

Investment growth will remain relatively robust in 2019–2021. Construction investment will continue to rise at the fastest pace. The growth of *investment in civil-engineering works* will continue, boosted by other public projects and the absorption of EU funds. *Investment in commercial buildings* will also grow further, driven by relatively rapid growth in the service sector. Growth in *residential investment*, whose volume is still low, will pick up. With high capacity utilisation, *investment in machinery and equipment* will also continue to increase, albeit at a more moderate rate owing to the slowdown of economic activity in the international environment and increased uncertainty.

The growth of final government consumption will decline. The gradual slowdown of growth in the 2019–2021 period following last year's increase will be mainly related to lower employment growth amid the shortage of an appropriately skilled workforce in some sectors and lower expenditure on goods and services.

Inflation will remain moderate, amid somewhat higher growth in prices of services and non-energy commodities. A gradual strengthening of price pressures will influence *inflation,* but it will remain similar to that in 2018 this year amid the assumed lower prices of oil. In the next two years inflation will rise moderately (around 2%). This year we expect a further strengthening of price growth particularly in the service segment, while in the next two years a more pronounced increase is also expected for non-energy industrial goods.

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 owing to international developments. The *output gap* will remain positive over the forecast period, peaking in 2020. Several other, particularly non-financial, indicators also indicate a mature phase of the economic cycle, with growth moderating particularly under the impact of the international environment. Indicators pointing in the same direction as the output gap include the still rapid price growth in the property market and the high levels of capacity utilisation and high labour shortages. Other financial and price indicators still record moderate rates of growth. In addition to prices, the volume of bank loans is also rising at a slow pace (in enterprises, it even fell slightly last year).

Among the risks that could lead to different economic growth than forecast in the central scenario, negative risks in the international environment predominate. In circumstances of significant uncertainties, downside risks are associated with risks in the global and European economic environment, which have heightened somewhat since the time of the autumn forecast. Global risks are mainly related to: i) a possible intensification of US protectionist measures and retaliatory counter-measures by its trading partners, ii) a faster easing of economic growth in China than predicted by international institutions, and iii) a faster-than-expected tightening of global financial conditions. In Europe, risks are related to the uncertainty about the time and manner of the UK's withdrawal from the EU and their economic relations in the future (the risk of an unregulated or a so-called hard Brexit), economic policies of some countries (for example, Italy) and – especially over the medium term – political changes. Factors in the domestic environment are largely positive and could lead to somewhat higher economic growth than in the central scenario, particularly higher private consumption in the event of the adoption of economic policy measures (for example, in the area of pensions, wages or tax policy) that would mean higher growth in household disposable income.

▌ Forecast of Slovenia's main macroeconomic aggregates

	2018	Spring forecast (March 2019)		
		2019	2020	2021
GROSS DOMESTIC PRODUCT				
GDP, real growth (%)	4.5	3.4	3.1	2.8
GDP, nominal growth (%)	6.9	6.2	5.7	5.6
GDP in EUR billion, current prices	45.9	48.8	51.6	54.4
Exports of goods and services, real growth (%)	7.2	5.1	5.3	4.7
Imports of goods and services, real growth (%)	7.7	6.0	5.8	5.4
External balance of goods and services (contribution to growth in pps)	*0.3*	*-0.1*	*0.1*	*-0.1*
Private consumption, real growth (%)	2.2	2.9	2.4	2.2
Government consumption, real growth (%)	2.6	2.2	1.9	1.4
Gross fixed capital formation, real growth (%)	10.6	7.7	7.0	7.0
Change in inventories and valuables (contribution to growth in pps)	*0.6*	*0.1*	*0.0*	*0.0*
EMPLOYMENT, EARNINGS AND PRODUCTIVITY				
Employment according to the SNA, growth in %	3.0	2.0	1.0	0.6
Number of registered unemployed, annual average (in '000)	78.5	73.8	68.5	62.9
Registered unemployment rate (%)	8.2	7.6	7.0	6.4
ILO unemployment rate (%)	5.1	4.3	3.9	3.7
Gross earnings per employee, nominal growth (%)	3.4	5.0	5.5	5.5
Gross earnings per employee, real growth (%)	1.6	3.3	3.5	3.2
- private sector	2.3	3.3	3.7	3.4
- public sector	1.3	3.6	3.1	2.8
Labour productivity (GDP per employee), real growth (%)	1.5	1.4	2.1	2.2
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE (EUR bn)	3.4	3.2	3.2	3.2
- as a % of GDP	7.3	6.5	6.3	5.9
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec/Dec), %	1.4	2.2	2.2	2.2
Inflation (annual average), %	1.7	1.6	1.9	2.2
Real effective exchange rate deflated by unit labour costs, growth (%)	0.5	0.9	1.3	1.2
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth (%)	4.0	3.4	3.6	3.5
GDP in the euro area, real growth (%)	1.8	1.2	1.4	1.3
Oil price (Brent crude, USD/barrel)	71.0	63.2	62.6	61.4
Non-energy commodity prices (USD), growth (%)	3.9	-2.0	2.5	0.0
USD/EUR exchange rate	1.181	1.135	1.134	1.134

Source: Year 2018 SURS, BoS, ECB, EIA, 2019–2021 IMAD forecasts.

The Spring Forecast is based on statistical data, information and adopted measures known at the cut-off date of 6 March 2019.

spring forecast
of economic trends 2019

1. Assumptions of the Spring Forecast of Economic Trends 2019

1.1 International environment

In preparing the forecast, we took into account the latest forecasts from international institutions, according to which economic growth in Slovenia's trading partners will ease off further this year, before increasing somewhat in the next two. Last year growth of the global economy and trade slackened. This – together with increased uncertainty and some factors in the largest European economies, which are at least to some extent temporary in nature (standstills in car production, social tensions and uncertainties regarding fiscal policy) – slowed the growth of economic activity in the euro area. International institutions thus expect lower GDP growth in the euro area for 2019 (1.2%) than last year and somewhat higher growth for the two next years due to the waning of negative factors and the favourable impact of more working days. On main export markets outside the euro area, last year's relatively strong economic growth will continue, but at a more moderate pace. The forecasts for trading partners are less favourable than in the autumn, the predominantly negative risks to the forecast being even slightly more pronounced. They are mainly related to the possibility of a further escalation of US protectionist measures, a faster-than-forecast slowdown of economic growth in China, instability in financial markets and a disorderly exit of the UK from the EU (regarding the latter, we rely on the assumptions of the forecasts from international institutions that the UK's trading relationship with other EU Member States will remain largely unchanged).

The forecast takes into account the technical assumption that the average oil price will decline this

Figure 1: GDP in the euro area

Source: Eurostat; assumption by IMAD.
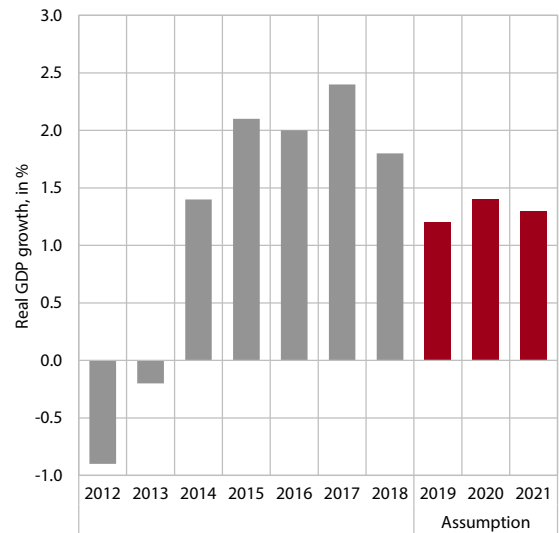
year and also slightly in the next two, and that growth in euro prices of other commodities will be moderate.[1] Based on price developments in the first two months and futures prices, the technical assumption for the average Brent crude price underlying the forecast for 2019 is USD 63.2 per barrel, which means a significant decline relative to the previous year. The assumption for subsequent years is even somewhat lower. The fall in euro prices of oil is slightly less pronounced (this year by 7.5% and in the next two by somewhat less), taking into account the technical assumption of the euro/dollar exchange rate. The technical assumption regarding non-energy commodity prices means that dollar prices will decline by 2% this year before increasing by 2.5% in the next, while euro prices will increase moderately in both years. In 2021 non-energy commodity prices should remain stable.

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

Real growth rates, in %	2018	2019		2020		2021
		September 2018	March 2019	September 2018	March 2019	March 2019
EU	1.9	1.9	**1.3**	1.6	**1.5**	**1.4**
Euro area	1.8	1.9	**1.2**	1.6	**1.4**	**1.3**
Germany	1.4	1.9	**1.0**	1.7	**1.4**	**1.3**
Italy	0.9	1.1	**0.1**	1.0	**0.7**	**0.7**
Austria	2.7	2.1	**1.6**	1.7	**1.6**	**1.5**
France	1.5	1.7	**1.3**	1.6	**1.4**	**1.4**
Croatia	2.6	2.6	**2.6**	2.5	**2.5**	**2.3**
Russia	2.3	1.7	**1.5**	1.7	**1.6**	**1.6**

Source: For 2018 preliminary estimates by Eurostat (for EU Member States) and Consensus Forecasts (for Russia); for other years Consensus Forecasts, February 2019; Eastern Consensus Forecasts, February 2019; EC Winter Forecast, February 2019; Focus Economics, February 2019; IMF World Economic Outlook, October 2018; OECD Interim Economic Outlook; IMAD estimate.

[1] The oil price assumption is based on the average futures prices and the USD/EUR exchange rates between 1 and 20 February 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 20 February 2019.

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

		2019		2020		2021
	2018	**September 2018**	**March 2019**	**September 2018**	**March 2019**	**March 2019**
Brent crude price, in USD	71.0	72.2	**63.2**	69.3	**62.6**	**61.4**
Brent crude price, in EUR	60.2	62.8	**55.7**	60.3	**55.2**	**54.1**
Non-energy commodity prices (USD), growth*, in %	3.9	2.0	**-2.0**	0.0	**2.5**	**0.0**
USD/EUR exchange rate	1.181	1.150	**1.135**	1.150	**1.134**	**1.134**

Source: EIA, IMF, ECB, IMAD estimate.
Note: The assumptions are made on the basis of the average prices between 1 and 20 February 2019. * Composition of euro area imports.

⫽ **Figure 2: Oil and non-energy commodity prices**
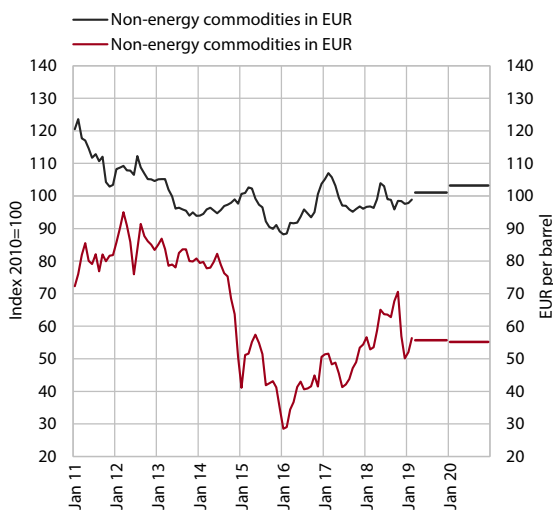
Source: ECB, EIA; calculations by IMAD. Note: The line indicates the annual average taking into account the assumption of the forecast.
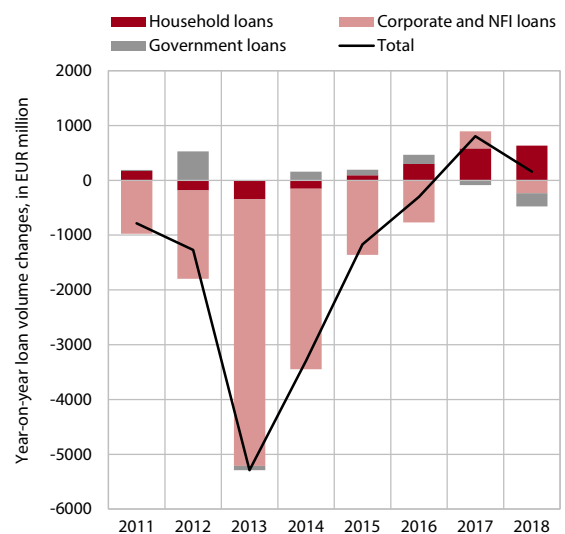
1.2   Sources of finance

Last year, the growth of the volume of loans to the private sector remained modest, despite the favourable combination of low interest rates and the still high economic growth. The stock of corporate loans dropped somewhat amid further deleveraging. Enterprises had no major problems with access to finance in general[2] and were increasingly financing increased investment and production with retained earnings[3] and other non-bank sources of funds. The volume of *household* loans rose again in 2018, but its growth remained moderate. The largest increase was recorded for consumer loans, the type of loans where borrowers

are exposed to significantly higher interest rates than they would be in other loans.[4] The growth of housing loans remained moderate.

In the next two years we expect a continuation of favourable borrowing conditions[5] and moderate growth in the volume of bank loans to the private sector, particularly households. Household demand for loans will continue to be boosted by a further increase in private consumption in favourable labour market conditions. The growth of bank lending to enterprises is expected to be relatively low, as enterprises will also continue to finance increased investment and production with internal and other non-bank sources. Their indebtedness will thus remain lower than during the period of accelerated borrowing before the onset of the crisis.

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

Source: BoS; calculations by IMAD.

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[2] The Bank of Slovenia (Results of the survey on the access to finance of enterprises, February 2019) finds that last year, access to funding was the second least important of the nine factors limiting the performance of SMEs. The most important barriers were regulations and production and labour costs.

[3] A part of retained profits was deposited in bank accounts in the Slovenian banking system. Their rising volume (EUR 6.8 billion at the end of 2018, which is roughly 60% more than at the end of 2013) represents a significant potential source of funding in the coming years.

[4] The average interest rate for consumer loans in Slovenia exceeds 5%, which is more than 2 pps higher than for some other types of loans.

[5] In March 2019 the ECB decided to keep interest rates unchanged at least until the end of 2019, and to launch a new round of liquidity loans to euro area banks to help preserve favourable lending conditions.

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

Source: BoS.
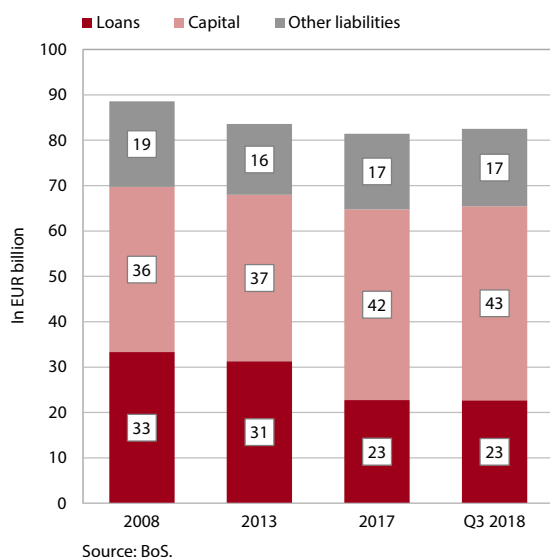
The situation in the banking system remains stable. The capital adequacy of the banking system remains favourable and represents no barrier to bank lending activity. This is gradually rising, and in turn has a favourable impact on banks' business results. In 2018, net interest income of the banking system rose for the first time since 2014. Non-interest income was also higher, with banks still generating a significant portion of profits by releasing provisions and impairments. Banks' dependence on foreign sources of finance continues to decline steadily. At the beginning of the year, the share of liabilities to foreign banks was already 4% lower than the banking system's total assets.[6] Low interest rates continue to affect the maturity structure of sources of funding for the banking system. Only overnight deposits are on the rise, already accounting for almost 70% of domestic non-banking sector deposits. The quality of bank assets continues to improve steadily.

1.3 Public finance

The public finance assumptions of the spring forecast for this year and the next two derive from the adopted frameworks and guidelines. According to the estimate of the Ministry of Finance, the modest general government surplus of 2017 (0.1% of GDP) increased to 0.8% of GDP in 2018.[7] The further improvement is a consequence of favourable economic developments, particularly on the labour market, and hence stronger growth in revenues from taxes and social contributions. Amid the retention of some of the measures adopted to curb expenditure growth during the crisis and a further

decline in interest expenditure, expenditure growth remained lower than revenue growth, though notably higher than one year 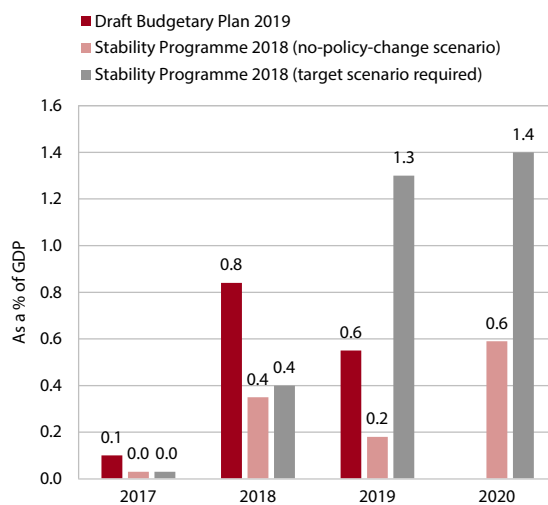earlier, primarily due to faster growth in investment expenditure. The forecast assumes that the general government balance will remain positive in the next two years.[8] We estimate that revenue growth will continue to be supported mainly by growth in revenue and social contributions (amid the still relatively strong growth in domestic consumption, see Section 2.1); inflows from EU funds are also expected to be higher than in previous years. Expenditure growth will continue to lag behind revenue growth. It will be contained by a further decline in interest expenditure and a probable containment of growth in categories such as expenditure on goods and services. In view of the latest agreements regarding general government wages and the relaxing of previous and adoption of new measures[9] in the area of social benefits, the growth of these expenditure categories is set to strengthen more than was expected when the autumn forecast was prepared. We also expect more intense government investment activity over the forecast period in comparison with previous years.[10]

Figure 5: Planned general government balance

Source: Draft budgetary plan 2019, January 2019. Stability Programme 2018, April 2018.

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6 In 2008 this type of liabilities accounted for over 35% of the banking system's total assets.
7 Draft budgetary plan 2019, January 2019.

8 Draft budgetary plan 2019, January 2019; Stability Programme, Updated 2018.
9 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 some parental allowances and benefits lifted (maternity and paternity compensation and entitlement to large-family allowance). The amount of the minimum income remains at the level of 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 will increase expenditure on disability benefits and attendance allowance.
10 For the second half of the programming period of the EU financial perspective for 2014–2020, we expect a stronger momentum of EU funds absorption than thus far; the adopted budgetary documents also envisage higher expenditure on investment financed from national resources.

2   Forecast of economic trends in Slovenia

2.1   Gross domestic product – consumption aggregates

Economic growth remained high last year (4.5%), though below its 2017 peak due to the moderation of growth in the export-oriented part of the economy. An even greater contribution than one year earlier came from the increase in domestic consumption. As in 2017, this was mainly the result of significantly higher gross fixed capital formation. The growth of construction investment strengthened further amid vigorous growth in government investment. With the continuation of favourable conditions,[11] the growth of investment in machinery and equipment remained high as well, though it eased somewhat towards the end of the year. Private and government consumption increased somewhat more than in 2017. Private consumption growth, boosted by further robust growth in employment and increases in earnings and social transfers, remained modest due to stronger saving. The growth of exports and the export-oriented part of the economy started to slow last year, due primarily to more moderate economic growth in trading partners, but also to the one-off effect of starting production of a new passenger car model wearing off. Economic growth was consequently lower than in 2017

Figure 7: Indicators of consumer and business confidence in the economy

Source: SURS; calculations by IMAD. Note: The value for Q1 2019 is the average for January and February.
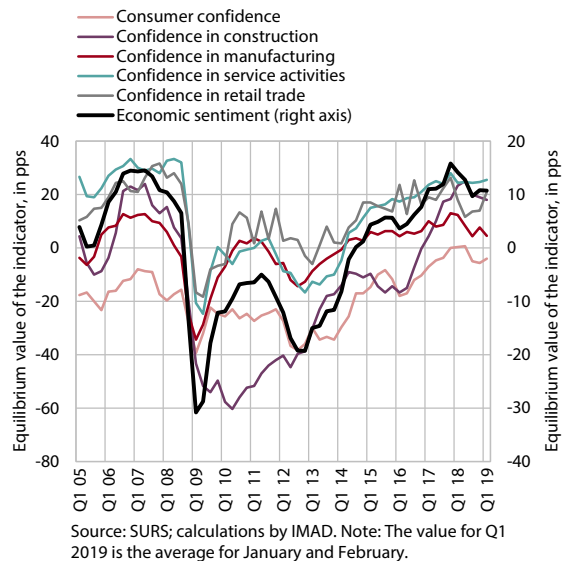
(4.9%), yet still significantly above the long-term average and the average in the EU.[12]

Economic growth will moderate to 3.4% this year and then to 3.1% and 2.8% respectively in the next two. In 2019–2021 economic growth will continue, characterised by two trends that started last year: the slowdown of economic growth and a shift in its structure towards

Figure 6: GDP, domestic consumption and exports

Source: SURS; calculations by IMAD.

Figure 8: Slovenia's GDP – expenditure structure

Source: SURS.

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[11] Increased demand for goods and services, high capacity utilisation, good business results, significantly lower corporate indebtedness than during the crisis, favourable debt financing conditions, etc.
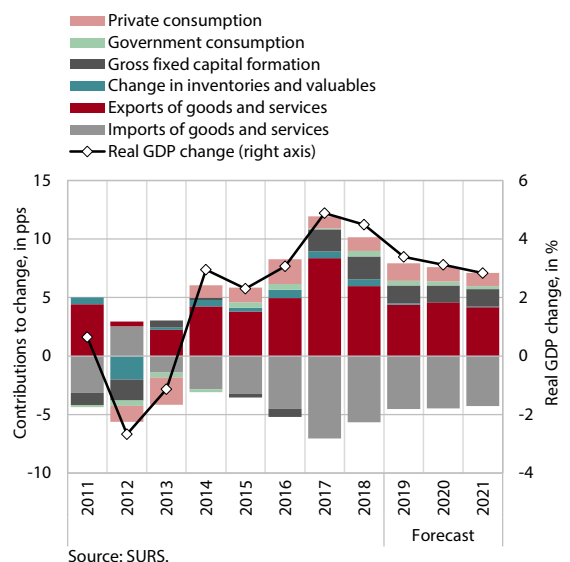
[12] Last year, Slovenia significantly surpassed the EU average (1.9%, seasonally adjusted) in terms of GDP growth (4.6%, seasonally adjusted) for the third consecutive year, following a greater decline in economic activity during the crisis than in most other EU Member States. The average GDP growth in 1996–2018 in Slovenia totalled 2.7%.

▌ Table 3: Forecast for economic growth

Real growth rates (%)	2018	2019		2020		2021
		September 2018	March 2019	September 2018	March 2019	March 2019
GDP	4.5	3.7	**3.4**	3.4	**3.1**	**2.8**
Exports	7.2	6.6	**5.1**	7.1	**5.3**	**4.7**
Imports	7.7	7.1	**6.0**	7.3	**5.8**	**5.4**
External balance of goods and services (contribution to growth in pps)	*0.3*	*0.3*	*-0.1*	*0.5*	*0.1*	*-0.1*
Private consumption	2.2	2.6	**2.9**	2.2	**2.4**	**2.2**
Government consumption	2.6	2.0	**2.2**	1.5	**1.9**	**1.4**
Gross fixed capital formation	10.6	8.5	**7.7**	7.5	**7.0**	**7.0**
Change in inventories and valuables (contribution to growth in pps)	*0.6*	*0.0*	*0.1*	*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, which is significant in 2020 (an increase of 6 days).

a larger contribution of domestic consumption and a smaller contribution of exports. The reduced exports are largely a consequence of the moderation of economic growth internationally, which will be the key reason for lower growth in *exports.* As the slackening of *import* growth will be less pronounced owing to solid growth in domestic consumption, the contribution of external trade to GDP growth will already be slightly negative on average in the forecast period. The values of economic sentiment indicators – which are still above their long-term averages – together with other indicators indicate a continuation of solid growth in *domestic consumption*. With the continuation of vigorous growth in the construction segment, *investment* growth will remain relatively strong; in the machinery and equipment segment it will ease somewhat relative to the last three years due to negative impacts from the international environment. The growth of *private consumption* will be somewhat higher than last year on average in the forecast period, while the growth of *government consumption* will ease. The tempering of economic growth will be somewhat faster than predicted in the autumn forecast, chiefly on the back of less favourable developments internationally.

Private consumption growth will strengthen this year, before easing off in subsequent years primarily owing to lower growth in employment. This year's stronger growth of private consumption will arise from accelerated growth in wages and social transfers and further relatively robust growth in employment. With consumer confidence significantly above the long-term average, consumption will continue to rise fastest in the durable goods segment; stronger growth is also expected for the consumption of services. After 2019 private consumption growth will be somewhat weaker owing to more moderate growth in disposable income and continued saving. The slower growth of household income will be a consequence of the expected lower growth in employment (see Section 2.3) and social transfers.

The growth of investment will remain relatively robust in 2019–2021. Construction investment will continue to increase at the fastest pace, but data on new contracts indicate that its growth will be slower than last year.

▌ Figure 9: Household consumption and some of its factors
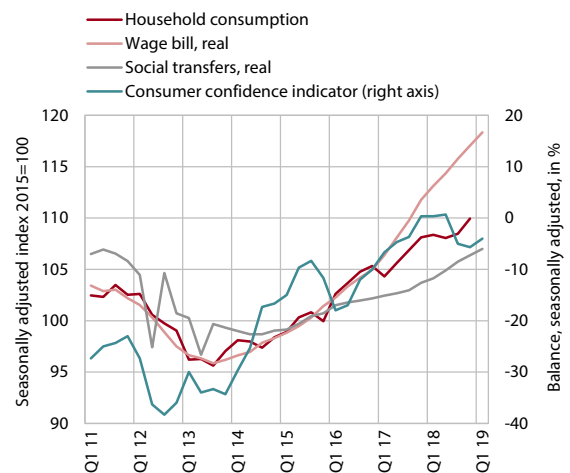
Source: SURS; calculations by IMAD.
Note: The data for Q1 2019 for the wage bill and social transfers is for January, while the data for the confidence indicator is the average for January and February.

Although somewhat more moderate, *investment in civil-engineering works* will continue to be the main driver of growth, boosted by the absorption of EU funds and other projects, alongside *investment in commercial buildings,* supported by relatively rapid growth in the service sector. The growth of *housing investment*, which rebounded in 2017 but is still low, will accelerate this year. *Investment in machinery and equipment* will also increase further, as capacity utilisation in manufacturing remains high; in addition to rising demand, the favourable conditions will also be a consequence of rising corporate profits and low interest rates. However, owing to elevated risks and the slowdown of economic activity internationally, the growth of investment in machinery will be lower than in the last three years.

The growth of government consumption will decline gradually in 2019–2021. The lower growth will reflect the deceleration of growth in general government employment seen from the second half of 2018, as

▌Figure 10: Gross investment in machinery and equipment and capacity utilisation

Source: SURS; calculations by IMAD. Note: Data for capacitiy utilisation in service activities for Q1 2019 is the average for January and February.
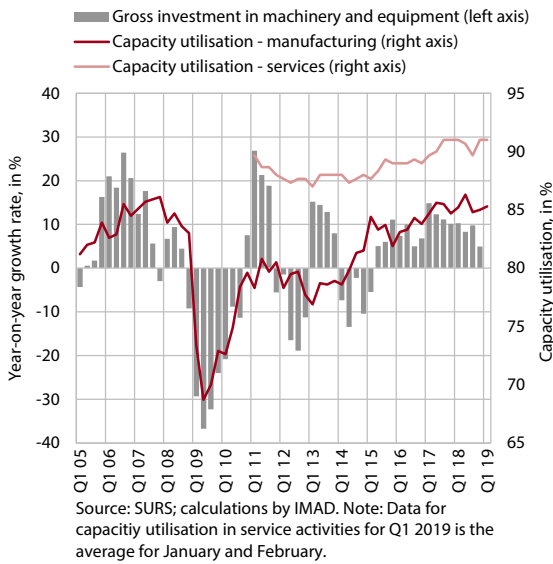
▌Figure 11: Gross fixed capital formation

Source: SURS, forecasts by IMAD.
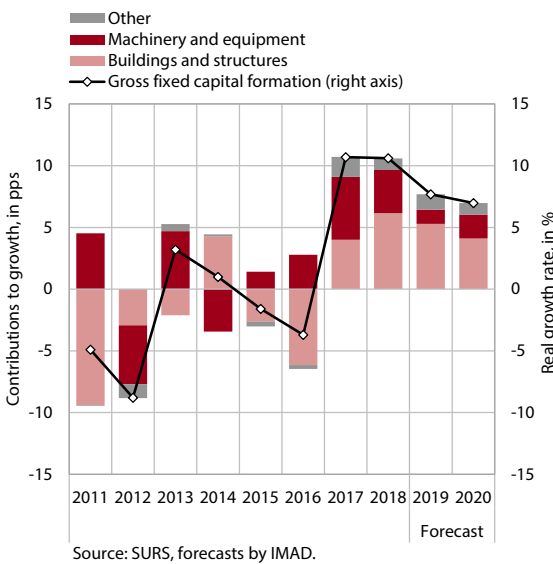
some sectors (social work) are facing a shortage of appropriately skilled staff. Somewhat lower growth is also projected for intermediate consumption, where we expect containment of growth in the coming years, given the expected acceleration of wage growth in the public sector[13] and more vigorous government investment activity.

Export growth will ease further this year and maintain its level in the next two. This year's slowdown will be largely linked to the pronounced deceleration of import growth in Slovenia's trading partners and the absence of favourable temporary impacts from previous years (start up of the production of a new car model). Particularly in the next two years, export growth will – through a deterioration in export competitiveness – also be

▌Figure 12: Exports of goods and services and foreign demand

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

▌Figure 13: Cost competitiveness

Source: ECB, OECD, Consensus Economics, SURS; calculations and forecasts by IMAD.

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[13] The acceleration of wage growth is the main driver of the acceleration of nominal growth in government consumption in the coming years.
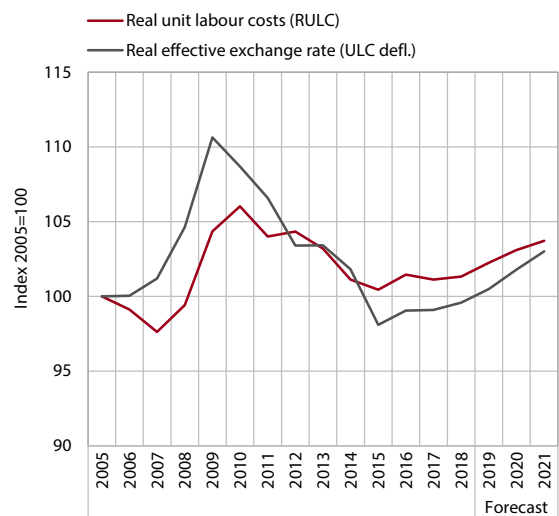
negatively affected by rising labour costs,[14] while in 2020 their impact will be mitigated by the positive effect of more working days. Real export growth will continue to outpace growth in foreign demand,[15] but the difference between the two (i.e. export performance) will be significantly smaller.

The growth of imports will also slow somewhat in 2019–2021, particularly this year, yet less than the growth of exports due to relatively robust growth in domestic consumption. Imports of goods and services will continue to expand relatively fast over the forecast period, reflecting the still rapid growth in construction works and investment and growth in private consumption, which will accelerate somewhat this year. Import growth will otherwise be lower than in the past two years, largely as a consequence of lower imports of intermediate products tied to exports and lower growth in investment in machinery and equipment.

2.2. Value added by sector

Last year value added growth remained relatively strong, despite more moderate growth in export-oriented sectors. In 2018 value added rose across all sectors, but its growth was mostly lower than in 2017 (overall 4.5%; 2017: 5.2%). The slowdown of overall value added growth was largely a consequence of lower growth in the majority of more export-oriented activities (manufacturing and some professional consultancy services) and in activities that are strongly connected with external trade in goods (transportation and storage). The main reason was slower growth in foreign demand and, in the car industry, also the wearing off of the effect of one-off domestic factors (start up of the production of a new car model in 2017). In other service activities, value added growth remained similar to that in 2017 amid robust domestic demand, while in construction it strengthened further in all three segments (civil-engineering works and commercial and residential buildings) after rebounding in the year before last.

The growth of value added will ease further in 2019–2021, most notably this year. Under the impact of the projected stronger growth in private consumption, this year value added growth is expected to strengthen in accommodation and food service activities and services related to leisure time. Value added in construction will continue to increase at a high, though no longer two-digit, rate. Further growth will be recorded in the construction

of both private and public non-residential buildings and structures, as well as in residential construction; this will increase even faster than last year. Value added growth in most other activities, particularly in the most export-oriented manufacturing activities, will be lower than in the last two years. Particularly this year, when the slowdown will be the most pronounced, this will be mainly due to the further easing of economic growth in trading partners and, in the car industry, also to the absence of favourable temporary effects from previous years. Over the next two years, the gradual slowing of growth in manufacturing will be increasingly related to the lack of appropriately

Figure 14: Industrial production volume in manufacturing by sub-industries

Legend:
- Manufacture of metal products
- Manufacture of electrical equipment
- Manufacture of machinery and equipment
- Manufacture of rubber and plastic products
- Manufacture of motor vehicles, trailers and semi-trailers
- Other manufacturing activities, excluding pharmaceutical

Index (average 2015=100), 12-month moving average

Source: SURS; calculations by IMAD.

Figure 15: Contributions to GDP growth

Legend:
- Manufacturing (C)
- Construction (F)
- Market services (G–N, R, S, T)
- Non-market services (O–Q)
- Other (A, B, C, E)
- Value added

Contribution to GDP growth, in pps

Forecast

Source: SURS; forecast by IMAD.

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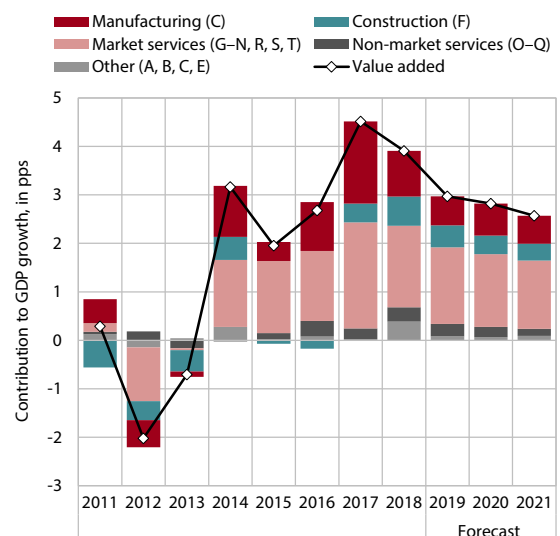
[14] After a longer period of relatively favourable trends, cost competitiveness started to deteriorate in the second half of 2018. This holds true particularly for manufacturing, which is the most export-oriented sector of the economy. Over the forecast period, the accelerated wage growth (amid the 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.

[15] Measured as the weighted growth of trading partners' imports.

skilled workers and related pressures of rising labour costs on export competitiveness. In 2020 these adverse effects will otherwise be mitigated by the positive impact of more working days. This year and in the next two, value added growth will also continue to ease off in service activities related to international trade in goods (wholesale trade and transportation and storage). Owing to the shortage of skilled workers, value added growth is also set to soften in public services.

2.3 Employment and unemployment

Last year's strong employment growth[16] **will gradually ease off this year and in the next two under the impact of lower growth in economic activity and, increasingly, demographic trends.** Amid strong economic growth, the growth of employment remained high last year, the number of employed persons being the highest thus far. Given the increasingly limited labour supply, this was mainly attributable to the hiring of foreign nationals,[17] but also to the increased participation in the labour market of those who had previously not been actively seeking employment. Employment growth remained broad-based last year, as it increased across all private sector activities, after several years of volatility especially

in construction and once again in manufacturing, trade and accommodation and food service activities.[18] This year total employment growth will be somewhat lower, reflecting the slackening of economic activity and a smaller extent of spare capacity in the labour market (see Box 1).[19] This is also indicated by short-term indicators of expected employment. Towards the end of the forecast period, employment growth will ease further, according to our estimate due to a further decline in available labour owing to demographic pressure, which is reducing the population of working age. These pressures will be mitigated to some extent by the expected gradual strengthening of net migration inflows and the rising labour market participation rate (i.e. the share of working-age people employed or actively looking for a job). Labour market conditions will therefore represent an ever greater barrier to value added growth.

The number of registered unemployed will decline further in the 2019–2021 period. Last year, it fell significantly again, yet somewhat less than one year before. According to our estimate, this was due to a somewhat larger inflow into unemployment owing to the expiry of fixed-term employment contracts (especially in the first half of the year) and a moderation of employment from unemployment. This last factor could be a consequence of a smaller number of job seekers with appropriate skills. The number of unemployed dropped further in the first two months of this year, a total of 80,755 pe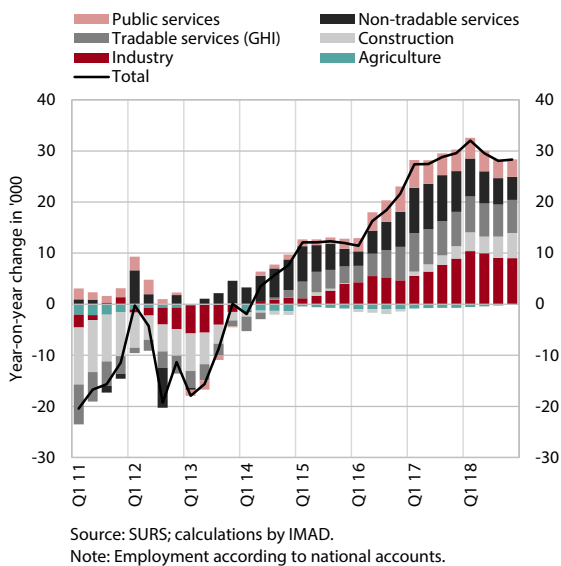rsons being registered as unemployed at the end of February, 5.8% fewer than in the same period of last year. The number of

/ **Figure 16: Breakdown of employment change**

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

/ **Figure 17: Number of employed and number of registered unemployed**

Sources: SURS, ESS; calculations by IMAD. Note: * The data for Q1 2019 is the average of January and February.

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[16] Employment according to the national accounts statistics.

[17] In 2018 the number of employed foreign nationals increased by 18.4% and the number of employed Slovenian citizens by 1.8%. The share of employed foreigners in total employed persons stood at 9.6%, up 1.2 pps relative to 2017. Foreign nationals contributed 48.7% to the year-on-year growth in the total number of the employed (towards the end of the year, already around 60%). Higher growth in the number of employed foreigners than Slovenian citizens has been recorded since 2014 as a consequence of strong activity growth in sectors that typically stand out in the share of foreign workers (transportation and storage, accommodation and food service activities, manufacturing and employment activities).

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

[19] The inability to fill vacancies is also indicated by the job-vacancy rate, which remained high in the last quarter of 2018, Slightly more than 17,500 vacancies were recorded in the last quarter of the year, which is 13% more in year-on-year terms.

/ Table 4: Forecasts for employment and unemployment

In %	2018	2019		2020		2021
		September 2018	March 2019	September 2018	March 2019	March 2019
Employment according to the SNA, growth	3.0	1.5	**2.0**	0.8	**1.0**	**0.6**
Number of registered unemployed, annual average, in '000	78.5	73.9	**73.8**	69.3	**68.5**	**62.9**
Registered unemployment rate	8.2	7.7	**7.6**	7.2	**7.0**	**6.4**
ILO unemployment rate	5.1	4.9	**4.3**	4.4	**3.9**	**3.7**

Source: SURS; 2019–2021 forecast by IMAD.

unemployed will continue to fall this year and in the next two, yet more slowly than in the previous period. Amid somewhat lower growth in employment, this will also be attributable to increasingly lower unemployment – this will be below its long-term equilibrium level, which is a sign of an increasingly limited labour supply.

/ Figure 18: Expectations about employment in the next 12 months
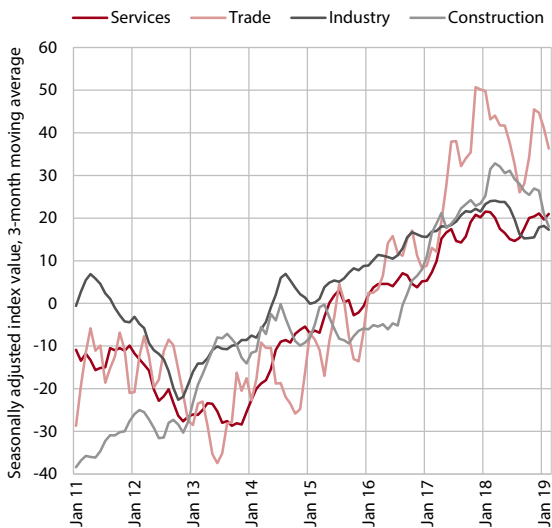
Source: Eurostat.

/ Figure 19: Population (15–74 years) by age group
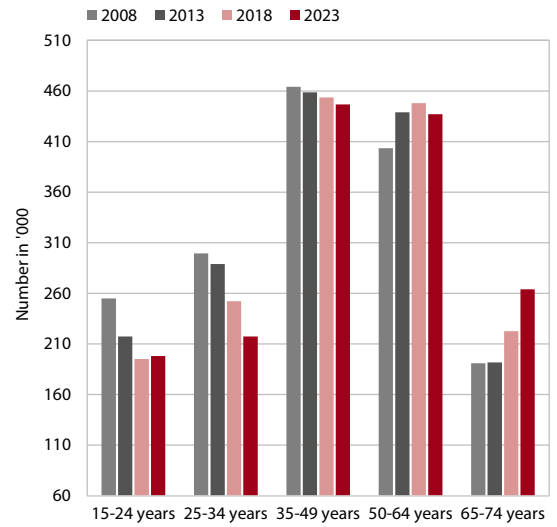
Source: SURS; calculations by IMAD.

▌**Box 1: Labour market slack**

Amid a high level of employment and owing to demographic change, many firms are faced with a shortage of workers with appropriate skills. The number of employed, having exceeded its pre-crisis peak at the end of 2017, continued to rise rapidly in 2018. As the number of working-age people has gradually declined,[1] this led to a further increase in the share of firms reporting a shortage of workers, despite the increased labour market participation and a larger inflow of foreign workers. These firms already account for around half of all. The lack of suitable job candidates[2] is the main factor limiting activity in manufacturing according to the survey data, and an important – though not the main – factor limiting activity in construction and service sectors. Employers tend to address labour shortages by increasing the workload of existing employees and turning down orders (ESS, 2018). Over the short term this problem is otherwise being mitigated to some extent by the slowing of economic growth, but over the long term such developments are set to continue given the impact of demographic change. This could significantly affect firms' ability for growth and development and reduce the country's long-term potential for economic growth.

▌**Figure 20: Share of enterprises reporting a shortage of labour**

Source: SURS; calculations by IMAD. Note: * The data for construction and services activities for Q1 2019 is the average of January and February.
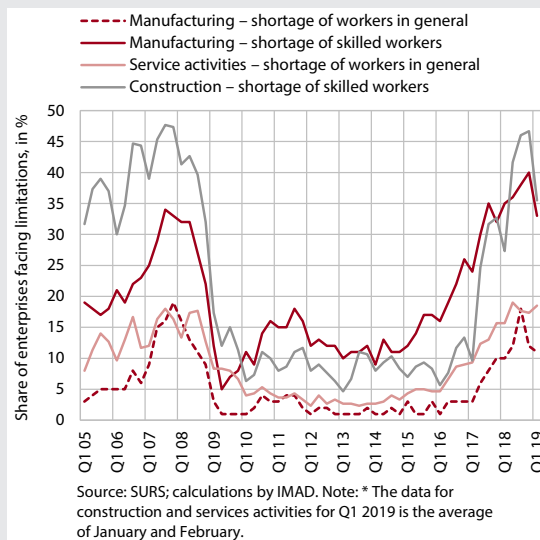
▌**Figure 21: Survey and registered unemployment rates and the underemployment index**

Source: SURS, ESS, Eurostat; calculations by IMAD.
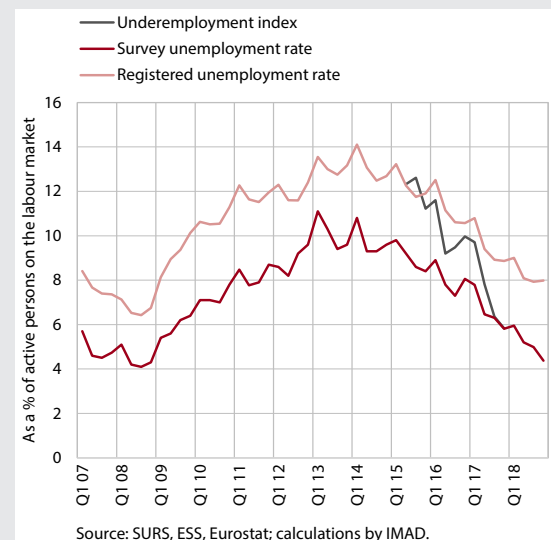
In the following paragraphs we provide an assessment of the extent of slack in the Slovenian labour market according to various indicators and the dynamics of its decline.

The unemployment rate, the basic indicator of labour slack, dropped below the estimated long-term level. Mainly owing to growth in employment, the survey unemployment rate (5.1% of active persons) dropped below the estimated long-term (equilibrium) level[3] in 2018 for the first time in five years, which is one of the signs of increased limitations in labour supply. The registered unemployment rate has also been increasingly lower (8.2%), though higher than the survey rate owing to less severe criteria for unemployment. Because of its narrow definition,[4] the unemployment rate as the most widely used indicator of labour market slack has several weaknesses, as it fails to take into account (i) persons who are already employed but would like to work more or fewer hours, (ii) working-age people who are inactive but could be activated, and (iii) significant differences in employment probabilities among different categories of people.

Apart from the unemployed, there are also other categories of working-age persons who could contribute to the increase in the volume of work, but their number has also been rapidly falling in recent years. Unemployed persons (57,000[5]) account for only two thirds of labour market slack (in the number of persons) according to our estimates. Potential for increasing the labour force therefore lies not just in the inclusion of the *unemployed*, but also those working-age people (15–74) who are not active on the labour market but have some form of attachment to it.

These are (i) *inactive persons available for work but not seeking it because they lost motivation* and (ii) *inactive persons seeking work but not immediately available for several reasons.* Another category of people that could contribute to the increase in the total number of hours worked is *people working shorter hours for economic reasons*, i.e. those employed part-time who would like to have a full-time job but have not been able to find it. Together with the unemployed (57,000), persons from these three categories (a total of 35,000[6] in the first half of 2018), in simplified terms, represent slack in the labour market (92,000 persons).[7] In the second quarter of 2018, their number was 44% lower than in the same period of 2014; under the impact of favourable labour market conditions, the number of inactive persons wishing and available to work but not seeking a job fell relatively the most.

The broader measurements of labour slack indicate somewhat more underutilised potential, but their values are rapidly falling too. The most widely used broader measurements of labour slack, which correct the deficiencies of using only the unemployment rate, are the *underemployment rate/index (*Bell and Blanchflower, 2013) and the *non-employment index* (Hornstein et al., 2014). Compared with the unemployment rate, they indicate a greater extent of labour slack, which is also rapidly decreasing.

▌**Figure 22: Labour slack by category of persons (aged 15–74), in '000**

Source: Eurostat; calculations by IMAD.
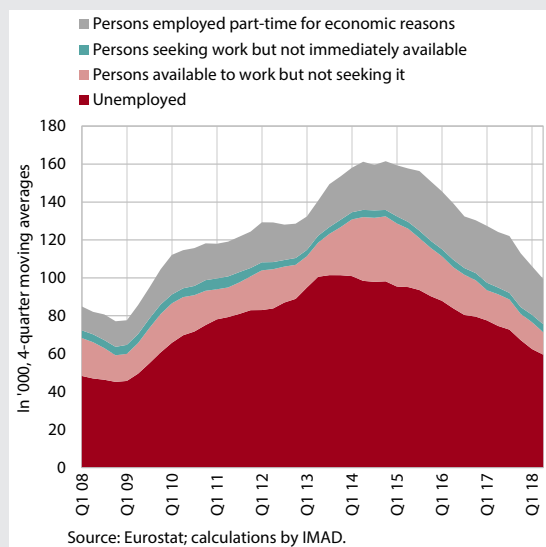
▌**Figure 23: Non-employment and unemployment indices, % of working-age population (15–74 years)**

Source: Eurostat, calculations by IMAD.
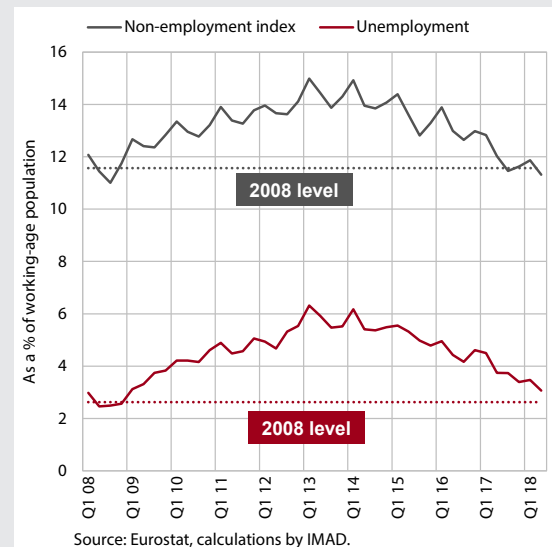
The underemployment index indicates that the possibilities for increasing the number of working hours of the active population are increasingly limited. The *underemployment index* is an indicator that expresses unemployment in working hours, adding to it the difference between hours of work wanted and those actually worked. If the sum of desired additional working hours exceeds the sum of hours actually worked, the index is higher than the unemployment rate (and vice versa). During the crisis and the first years of the recovery, the share of employed persons willing to work longer hours increased notably (from 15.8% in 2008 to 28.1% in 2015), which could also be partly due to the decline or modest growth of wages and the tightened financial situation of other household members. Amid favourable labour market conditions in the recent period, the share has been declining. This indicator, for which data are available only from 2015, indicates an even faster decline in labour slack than the unemployment rate. The weakness of the underemployment index is that it fails to take into account some groups of inactive population that are also to a certain degree attached to the labour market.

The non-employment index indicates that, alongside the unemployed, particularly students and older inactive persons constitute spare resources in the labour market. The *non-employment index* is a broader measure of labour slack than the unemployment rate, as it also covers certain other categories of inactive persons and accounts for differences in each group's likelihood of transitioning into employment. The advantages of the non-employment index as a measurement of labour slack are the following: (i) unlike the unemployment rate, it correctly assumes that the potential additional labour force includes some other categories of working-age people besides the unemployed (students, retired people, discouraged job-seekers and other inactive persons) and (ii) it accounts for differences in these groups' likelihood of transitioning into employment. Among the non-employed, those who have only recently become unemployed have the highest probability of transitioning to employment, while the long-term unemployed and,

in particular, inactive (especially retired) people are less likely to find a job. In calculating the non-employment index, these groups are assigned an appropriately lower weight. In the second quarter of 2018 the share of all non-employed persons in the total population (aged 15–74 years) amounted to 40%; after weighting it dropped to 11%. Although it is not directly comparable with the unemployment rate, it indicates a significantly higher amount of spare capacity in the labour market. A significant reserve of labour exists particularly in the group of older people, where the employment rate is fairly low.

Over the medium term, the shortage of workers could be mitigated by increased employment of young and older people, an increased inflow of foreign workers, appropriate training and increased incentives for work. The employment rate of older people (55–64 years) in Slovenia is among the lowest in the EU, which indicates that there is significant room for manoeuvre in their activation. Another factor that could significantly contribute to employment growth is a higher inflow of foreign workers – in 2018 foreign nationals accounted for around one half of the total increase in the number of employed persons. Encouraging favourable migration flows (encouraging immigration and working towards reducing emigration) could ease the negative impact of demographic trends on labour supply. The shortage of workers could also be mitigated by a more comprehensive and effective active labour market policy, by encouraging the transition of more vulnerable population groups (for example, the long-term unemployed) into employment and reducing the skills mismatch, which is frequently cited by employers as the reason for unfilled vacancies.

▌Figure 24: Employment rates by age group

Source: Eurostat.
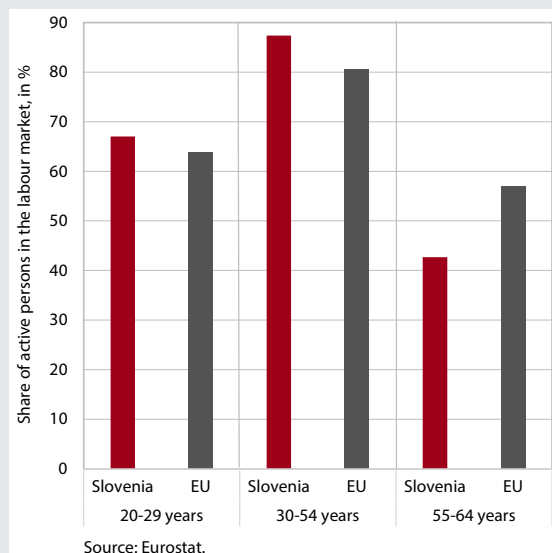
▌Figure 25: Contribution of foreign nationals to the total increase in the number of employed

Source: SURS; calculations by IMAD.

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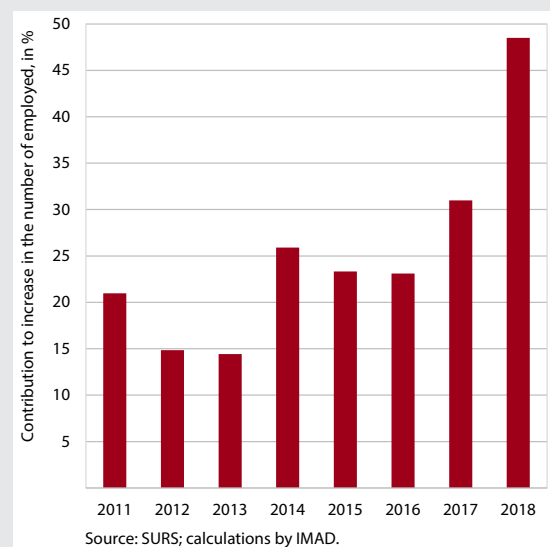
[1] In Slovenia, the number of working-age persons (all persons aged 15–64 years) started to fall in 2011, but in view of the large number of unemployed and modest employment during the crisis, the negative effects of the decline were not yet directly visible in employment growth but have only started to show in recent years amid rapid growth in labour demand.

[2] The inability to fill vacancies is also indicated by the job-vacancy rate, which rose further last year.

[3] Usually referred to as the natural rate of unemployment (NAWRU). The widening of the gap between the actual unemployment rate and the NAWRU is usually associated with the cyclical phase of the economy, when inflationary or wage pressures start to increase owing to high capacity utilisation in the labour market.

[4] According to the definition of the International Labour Organisation (ILO), the unemployed comprise all persons who were without work during the week prior to the survey (i.e. were not in paid employment or self-employment), but were actively seeking work (i.e. appeared at the Employment Service or sent a job application) and were available for work within two weeks.

[5] Unemployed persons according to the survey (ILO methodology) in the first half of 2018.

[6] According to the survey data, the largest category is people working shorter hours for economic reasons, whose number has been relatively stable in the last three years. The rest mainly include inactive persons wanting and available to work but not seeking work; their number has been rapidly falling in the last three years, this being a group of persons who can relatively quickly return to the labour market when the general employment situation improves.

[7] This broader approach to assessing labour slack takes into account that inactive persons accounted for as much as two-thirds of all transitions into employment in the 2010–2018 period, but it overestimates labour slack, at least to some extent: expressing it in the number of persons, it fails to take into account the number of working hours desired and the significant differences in employment probabilities among different groups of persons.

❚ Table 5: Forecast for average gross wage per employee

Growth rates, in %	2018	2019		2020		2021
		September 2018	March 2019	September 2018	March 2019	March 2019
Gross wage per employee – nominal	3.4	4.9	**5.0**	5.0	**5.5**	**5.5**
- private sector	4.0	4.8	**5.0**	5.4	**5.7**	**5.7**
- public sector	3.0	5.1	**5.3**	4.2	**5.1**	**5.1**
Gross wage per employee – real	1.6	2.8	**3.3**	2.6	**3.5**	**3.2**
- private sector	2.3	2.6	**3.3**	3.0	**3.7**	**3.4**
- public sector	1.3	2.9	**3.6**	1.8	**3.1**	**2.8**

Source: SURS; 2019–2021 forecast by IMAD.

2.4 Earnings

After several years of modest rates,[20] wage growth strengthened somewhat last year in both the private and the public sector. In the private sector, this can be attributed to good business performance and a significant shortage of appropriately skilled workers. Wages were up year on year particularly in sectors with the largest labour shortages according to the available indicators, i.e. construction, manufacturing and some market services. In the public sector, wage growth was a consequence of the implementation of agreements with trade unions and strong wage growth in public corporations. Despite the increase, total wage growth did not exceed productivity growth.

Wage growth will strengthen somewhat particularly this year, but also slightly in the next two, influenced not only by the limited supply of labour, but also by agreements with the public sector trade unions and legislative changes. In the private sector, the average gross wage will rise under the pressure of labour shortages and productivity growth, but also due to increases in the minimum wage.[21] Under the impact of agreements with the trade unions[22] and, to a lesser extent, the increases in the minimum wage,[23] wage growth will also rise in the

government sector. Owing to greater upward pressures on wages, total nominal wage growth will no longer lag behind productivity growth, as was typical of the period before and after the crisis.

❚ Figure 26: Average gross earnings per employee and productivity

Source: SURS; calculations and forecast by IMAD.

2.5 Inflation

Assuming lower prices of oil, this year inflation will remain similar to that in 2018, before gradually rising to just above 2% in the next two due to somewhat higher prices of services and non-energy industrial goods. Consumer price growth remained relatively low last year. In 2018 as a whole (1.7%), it was otherwise somewhat higher than in 2017 owing to stronger price growth in services, but also due to higher prices of oil. These dropped towards the end of the year, which lowered inflation in the most recent months. Core inflation (excluding energy and food prices) has been rising slowly since mid-2018, reaching 1.4% in February

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

[21] 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 determines that the minimum net wage should be at least 20% and not more than 40% higher than the minimum living costs (these were estimated at 613 euros in 2016).

[22] 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 shift of promotions to December of each year.

[23] In 2019–2021 at the beginning of each year; moreover, in 2020 the remaining allowances will also be removed from the minimum wage. The rise in the minimum wage and the removal of allowances will have a greater effect on private sector wages. 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 at the level of the minimum wage; among those employed by legal persons that are budget users, around

7.500. In private sector activities, minimum wage recipients are mainly employed in manufacturing, trade, construction, accommodation and food service activities and transport.

▌Table 6: Inflation forecast

In %		2019		2020		2021
	2018	September 2018	March 2019	September 2018	March 2019	March 2019
Inflation – Dec/Dec	1.4	2.3	**2.2**	2.4	**2.2**	**2.2**
Inflation – annual average	1.7	2.1	**1.6**	2.3	**1.9**	**2.2**

Source: SURS; 2019–2021 forecast by IMAD.

▌Figure 27: Year-on-year consumer price growth

Source: SURS.

▌Figure 28: Headline and core inflation
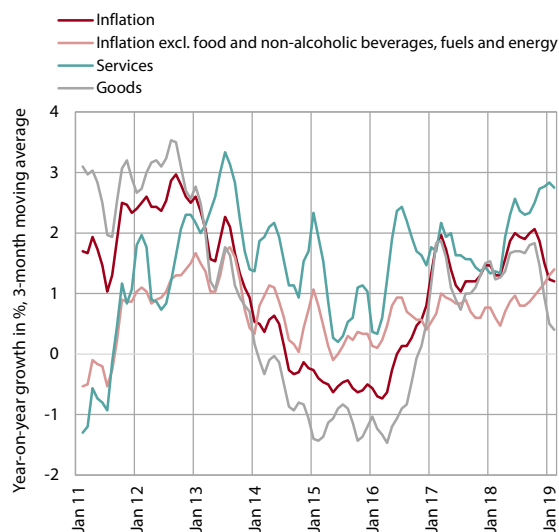
Source:SURS, IMAD.

2019. It continued to be held back particularly by prices of durable goods, which in fact ceased to decline. Amid rising demand and a gradual strengthening of cost pressures (in particular domestic ones),[24] price growth is expected to continue to rise steadily, this year chiefly in the segment of services and in the next two also more notably for non-energy industrial goods. Assuming lower energy prices, this will not yet be reflected in higher headline inflation this year (1.6%), while core inflation will increase gradually. In the next two years, average annual inflation will also rise moderately (to around 2%) amid a small negative contribution of energy prices. The forecasts for inflation are somewhat lower than in the autumn, which is a consequence of different assumptions regarding the oil price and lower growth in prices of non-energy industrial goods.

2.6 Current account of the balance of payments

In 2019–2021 the current account surplus will decline somewhat as a share of GDP, but will remain close to 6%. The persistently high surplus relative to GDP

is attributable to strong private sector saving amid still relatively low investment and moderate private consumption. The surplus will continue to be driven by both trade in services and trade in goods, but the contribution of the latter will be smaller. The surplus in *goods trade,* which declined last year for the first time following several years of growth, will continue to narrow over the forecast period, with exports of goods rising more moderately than their imports (see Section 2.1), which will continue to be also underpinned by relatively solid growth in domestic consumption. Price movements will have no significant impact on the balance of trade in goods.[25] The long-term upward trend in the *surplus of trade in services* will continue (both in nominal terms and as a share of GDP), the key contributions still coming from higher surpluses in trade in transport services and in the travel segment. The deficit in the balance of *primary* and *secondary incomes* will increase particularly this year (nominally and as a share of GDP) and also slightly in the next two (nominally). In primary income this will be mainly a consequence of lower receipts for agricultural subsidies from the EU budget. The deficit of secondary

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[24] The growth of goods prices will be driven by ever higher prices of services and higher wage growth, but also somewhat higher-than-assumed prices of non-energy commodities.

[25] Amid the assumed relatively low volatility of energy and other commodity prices, export and import prices will see moderate growth over the forecast period and the terms of trade will improve only slightly. Euro prices of oil (which accounts for a higher share of imports than exports) will be 3.4% lower on average in 2019–2021; the growth of industrial producer prices will also be more moderate. Prices of other primary commodities will be up 1.5% on average.

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

		2019		2020		2021
	2018	**September 2018**	**March 2019**	**September 2018**	**March 2019**	**March 2019**
Current account, in EUR million	3,375	3,127	3,162	3,429	3,247	3,220
Current account, as a % of GDP	7.3	6.4	6.5	6.7	6.3	5.9

Source: BoS – Balance of payments statistics, 2019–2021 forecast by IMAD.

income will widen primarily due to a decline in net inflows from the EU budget.

▌Figure 29: Current account balance
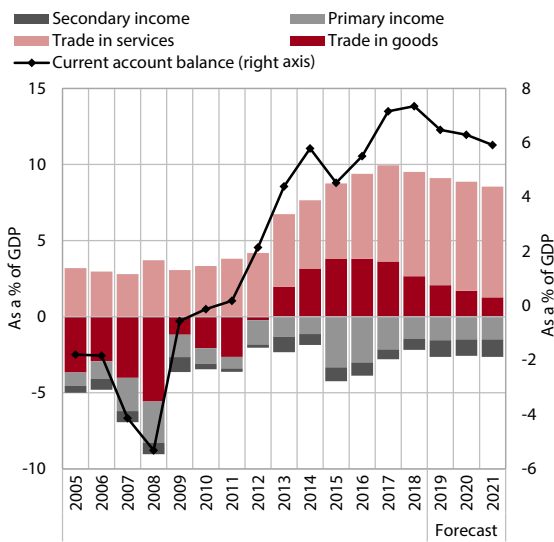
Source: BoS; calculations and forecast by IMAD.

▌Figure 30: Breakdown of change in the nominal international trade balance in goods
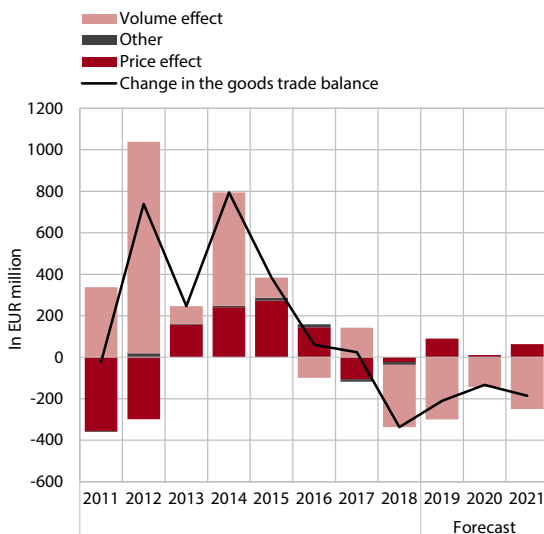
Source: SURS; calculations by IMAD.

3   Risks to the forecast

The possibilities for lower economic growth than in the central forecast are related to the materialisation of any of the predominantly negative risks in the international environment. These have heightened somewhat since the autumn. Globally, they are mainly related to i) protectionist measures and the unpredictability of economic measures in the US in general;[26] ii) a faster easing of economic growth in China than predicted in the latest forecasts from international institutions; and iii) a faster-than-expected tightening of global financial conditions. Risks in the European Economic Area are related to uncertainty about the time and manner of the UK's withdrawal from the EU (the risk of an unregulated, i.e. a hard Brexit), economic policies of some countries (such as Italy) and – especially over the medium term – political changes.[27]

Factors in the domestic environment indicate the possibility of somewhat higher economic growth over the short term than under the central scenario. With a change in saving behaviour (i.e. an interruption or a reversal of the trend of increased saving), households could allocate a larger proportion of disposable income for consumption than assumed in the central scenario. The possibility of somewhat higher-than-forecast growth in private consumption is also related to possible new economic policy measures (for example in pensions, wages or tax policy) which would mean higher growth in household income. They would have a favourable impact on economic growth particularly in the short term, while their impact on the medium-term sustainability of public finances is uncertain.

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[26] 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, consequently, Slovenia would also be adversely affected by an escalation of the tariff war between the US and China.

[27] 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. Economic activity could also be negatively affected by an increase in the influence of Eurosceptic groups in the European parliament.

/ **Box 2: Assessment of the macroeconomic implications of the UK's exit from the EU**

The uncertainty about the time and manner of the UK's withdrawal from the EU (Brexit) endures. In line with the referendum decision from the middle of 2016 and two years after notifying the European Council[1] of its intention, the UK was due to leave the EU on 29 March 2019. In November 2018, the negotiators of the two sides agreed on the content of the withdrawal agreement[2] in order to avoid, at least in the two-year transitional period, tariffs and other barriers to trade and other forms of cooperation between the UK and EU. The withdrawal agreement, which was also confirmed by the European Council in December, has not yet been approved by the UK parliament. The uncertainty surrounding Brexit thus persists. As recent developments opened up the possibility of its postponement, the period of uncertainty will be prolonged. The possibility of a disorderly, i.e. hard Brexit, is also not yet ruled out.

Given the depth and complexity of the integration between the UK and the rest of the EU, Brexit will have negative implications for both sides according to the assessments of various institutions, but they will differ across countries and sectors. Since the referendum on the UK's withdrawal from the EU was announced, several studies of its impact on the EU and individual countries have been made. In circumstances of increased uncertainty, the lack of clarity regarding Brexit is also affecting economic sentiment in trading partners. Trade flows between the UK and some EU countries have already eased and businesses have already started to redirect planned investment from the UK to the EU. In recent years, the EU-27's direct exports of goods to the UK accounted for around 6% of GDP; a similar share of GDP was also reached by goods imported from the UK. The EU-27 however also exports to and imports from the UK indirectly through other countries (via complex global value chains). Moreover, the two economies are also connected through the free movement of services, capital and people, and the EU budget. The results of various analyses (Table 8 and the summary in Emerson et al., 2017, p. 30) indicate that a soft Brexit (i.e. exit with a free trade agreement or a withdrawal agreement) would have a relatively small negative long-term effect on the EU economy in general. In the event of a hard Brexit (WTO scenario), the negative impact on GDP would be greater, yet not greater than 1.6% on average for the EU as a whole, while the negative impact on employment would not be greater than 0.7%. For some individual EU countries, the estimated losses are considerably larger, particularly for those with close direct trade links with the UK (especially Ireland, but also Belgium, the Netherlands, Germany and France). Meanwhile, the authors of studies emphasise that the assessments do not take into account all possible channels through which Brexit could affect the EU economy. Most take into account the effects through international trade, some also consider the implications of reduced migration, but the majority disregard the impacts through limited capital flows and a decline in economic sentiment on, for example, investment, innovation activity and productivity. These could however be substantial and the negative effects of Brexit thus underestimated. Moreover, in the short and medium term the effects may also be considerably higher than estimated due to a possible significant disruption of global value chains, which tend to adapt to shocks only gradually.

/ **Table 8: Results of analyses of the impact of various types of post-Brexit relationship between the UK and the EU-27 on value added and employment in the EU-27 and Slovenia**

	Norwegian scenario (EEA)		Standard free trade agreement (FTA)		No agreement (WTO)	
	EU-27	SLO	EU-27	SLO	EU-27	SLO
Loss as a % of value added or real GDP*						
IMF 2018 (econometric assessment)*	-0.06		-0.8		-1.5	
IMF 2018 (CGE model)*			-0.2	-0.1	-0.5	-0.2
Vandebusche et al. (2018)**	-0.38	-0.25			-1.54	-1.02
Loss as a % of employment						
	EU-27	SLO	EU-27	SLO	EU-27	SLO
IMF 2018 (econometric assessment)	-0.06		-0.3		-0.7	
Vandebusche et al. (2018)	-0.15	-0.11			-0.62	-0.45

According to the available estimates, Brexit would have a small direct negative economic impact on Slovenia, while its indirect effect through countries with which Slovenia does most of its trade would be greater and more difficult to measure. The imposition of tariffs would decrease the volume of bilateral trade between Slovenia and the UK, with the electrical, automotive, pharmaceutical and metal industries suffering the most. Brexit would also adversely affect exports of services to the UK, especially in the travel, tourism and transport sectors. However, as the Slovenian economy is not highly interlinked with the economy of the UK (with its 1.9% share in Slovenian goods exports, the UK is only in 14th place among trading partners), the direct negative effect on exports and GDP would be small. The indirect effect of Brexit would be somewhat larger because of Slovenia's indirect ties with the UK through its main trading partners in the EU, particularly Germany and France. A decline of economic growth in Slovenia's main trading partners as a result of Brexit could translate into their lower demand for Slovenian goods and services. Various studies (IMF, 2018; Vandebusche et al., 2018) estimate the long-term effect of a hard Brexit on Slovenia's value added at between -0.2% and -1.0% of GDP. In the event of a Brexit with a deal, the consequences would be smaller (estimated at between -0.1% of GDP and -0.25% of GDP), especially were the current withdrawal agreement to be approved, according to which the UK would remain in a customs union with the EU (Menon and Portres, 2018). Given the limitations associated with the assumptions and models used in the analyses, the authors also point to other impacts which are more difficult to measure and could additionally slow down growth in the event of a no-deal Brexit.

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[1] In accordance with Article 50(2) of the EC Treaty.

[2] In addition to the withdrawal agreement, the negotiators also approved the text of a political declaration which sets out the main parameters of the future EU-UK relationship (Political Declaration on the Framework of the future EU–UK relationship). The withdrawal agreement and the political declaration will only enter into force once both the UK and European parliaments approve it.

Literature and sources:

Emerson, M., Busse, M., Di Salvo, M., Gros, D. in J. Pelkmans. 2017. *An Assessment of the Economic Impact of Brexit on the EU27*. A study for the European Parliament, Directorate General For Internal Policies, March 2017.

IMF 2018. *Euro Area Policies, Selected Issues*. Series: Country Report No. 18/224, July 2018.

Menon, A. in J. Portres (2018). *The economic consequences of the Brexit deal.* Centre for Economic Performance, November 2018.

Vandebusche, H., Connell, W. in W. Simons. 2017. *Global Value Chains, Trade Shocks And Jobs:An Application to Brexit.* Discussion Paper Series DPS 17.13, Center for Economic Studies, Leuven.

4   Output gap and potential GDP growth

Potential GDP growth will strengthen gradually over the forecast period, from last year's 2.3% to an anticipated 2.9% in 2021.[28] 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.[29] In 2019-2021 the greatest contribution to potential growth will continue to arise from total factor productivity (1.8 pps), whose growth will be similar to that before the crisis. With strong investment growth, the contribution of capital will rise during this period, but it will remain significantly lower on average (at 0.7 pps) than the long-term average before the crisis.[30] This is a consequence of the low volume

Figure 31: Change in potential GDP, comparison of calculations by IMAD and the European Commission

Source: SURS; calculations by IMAD and the European Commission.

Figure 32: GDP, potential GDP and potential GDP without the crisis (potential GDP growth since 2007 according to the average growth rate in 1999–2005)

Source: SURS; calculations by IMAD.

Figure 33: Contributions of individual components to potential GDP growth

Source: calculations by IMAD.

of investment after the onset of the crisis. Labour will contribute only 0.2 pps to potential growth in this period. Despite the increase in the activity rate, which has a positive impact on potential growth, the contribution of labour is diminishing owing to a decline in the working-age population and particularly in the number of hours worked per worker in 2019–2021. Over the entire forecast period, the natural unemployment rate will be almost half a percentage point lower than before the crisis.

Output gap estimates, which identify the cyclical position of the economy, play a significant role in

[28] 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 essential attributes. The disparities between the calculations by IMAD and the Commission 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 Commission 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 SURS data for 2018 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).

[29] The long-term effect of the crisis is still reflected in a lower level of potential GDP (Figure 32).

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

monitoring the fulfilment of fiscal objectives. Together with the general government debt and the indicator of medium-term fiscal sustainability, the output gap determines the amount of structural deficit reduction required. However, in view of the factors that affect the calculation of potential growth and the revisions of past growth estimates and GDP forecasts, the output gap is a fairly unstable macroeconomic indicator.[31]

The estimates based on the Spring Forecast indicate that Slovenia's output gap is in positive territory and will reach its peak in 2020.[32] This year the output gap will exceed the 1.5% threshold even more than last year. According to the Commission definition, exceeding the 1.5% threshold indicates that the economy is in the good phase of the economic cycle and has an impact on the size of the structural deficit reduction required. According to the new estimates, in 2020 Slovenia's output gap will be slightly above 3%, which is still less than in the last three years before the crisis.

Like the output gap estimate, some other, particularly non-financial, indicators also indicate a mature phase of the economic cycle, with growth easing under the impact of developments in the international environment. These indicators are the still rapid growth rates in the property market and the extremely high levels of indicators of capacity utilisation and labour shortages.

However, particularly in the latter, the most recent data indicate a slowdown, in manufacturing probably in large part owing to lower growth in foreign demand and in construction due to this year's somewhat more moderate growth in domestic construction investment. On the other hand, financial and price indicators, where positive trends started to strengthen at a later time, mostly record moderate rates of growth. This holds true mainly for inflation and the volume of bank loans to the private sector, but also for wage growth, which has been roughly in line with productivity growth in the last year, but is already expected to outpace it in the coming years. The surplus on the current account of the balance of payments, which reached record values last year (in connection with the still low level of investment and moderate private consumption), will remain relatively high in the coming years despite a gradual decline relative to GDP.

▌Figure 34: Output gap, comparison of calculations by IMAD and the European Commission
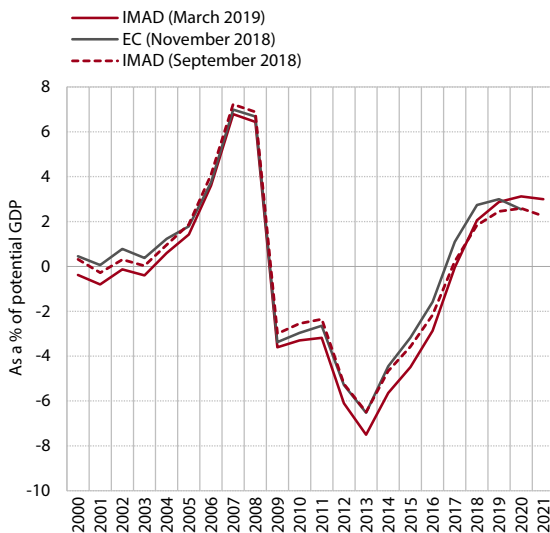
Source: SURS; calculations by IMAD and the European Commission.

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[31] The output gap estimates by IMAD and the Commission for two years ahead have been changing in an interval of 1.0 pp in the last two years (for more on how these changes affect compliance with SPG rules see IMAD Economic Issues 2016, p. 20).

[32] The output gap, the difference between actual and potential GDP expressed as a percentage of potential GDP, is one of the main indicators used by the European Commission to assess the cyclical position of the economy.

Appendix

1 Assessing the reliability of forecasts

1.1 Methodology

IMAD regularly assesses the accuracy of its forecasts by comparing the forecasts for key variables with the realisation and with other institutions[33] **that publish forecasts of economic trends for Slovenia.** The analysis, which captures the latest data for 2018, covers the forecasts[34] for two key macroeconomic variables, real economic growth and average annual inflation. The movement of the actual values of the two variables over time is shown in Figure 35. The assessment of the forecasting reliability is based on a comparison of the forecast values with the first statistical annual estimates using various statistical measures of accuracy[35]. The following paragraphs present a comparison of the size of errors made by individual institutions in their 2017–2018 forecasts for 2018, followed by an assessment of the performance of IMAD forecasts for the period after 1997. The last part includes a comparative analysis of the forecasting performance of six institutions. The period analysed refers to the period between 2002 and 2018, when forecasts of all institutions[36] are available.

For a less biased comparison of institutions' forecasting performance, the impact of the time when the forecast was released must be excluded from the comparison. As is evident from Figure 36, in 2018 most institutions released their forecasts at a later time than IMAD. This was the case in the entire period analysed. Institutions that release their forecasts at a later time have an advantage in terms of information,

▌**Figure 35: Movement of variables analysed**

Source: SURS.

▌**Figure 36: Timeline of forecasts released by individual institutions in 2018**

Jan				
Feb				
Mar	**IMAD**	WIIW	CCIS	Consensus Forecasts
Apr	IMF			
May	EC	OECD		
Jun	BoS			
Jul				
Aug				
Sep	**IMAD**	Consensus Forecasts		
Oct	IMF	CCIS		
Nov	EC	OECD	WIIW	
Dec	BoS			

Source: Forecasts by institutions.

which can be manifested in smaller forecasting errors. For this reason, we compared the forecasting accuracy of institutions using a new, less biased method,[37] which is based on the calculation of an adjusted Mean Absolute Error (the adjusted MAE statistic) which eliminates the timing effect. The adjusted MAE statistic is calculated by an econometric model which assumes that the

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[33] In addition to the forecasts made by the Institute of Macroeconomic Analysis and Development (IMAD), the analysis covers forecasts by the Bank of Slovenia (BoS), the Chamber of Commerce and Industry of Slovenia (CCIS) and, among international institutions, the European Commission, the International Monetary Fund (IMF), Wiener Institut fuer Internationale Wirtschaftsvergleiche (WIIW) and, for the last few years, the Organisation for Economic Co-operation and Development (OECD).

[34] Spring forecasts for the year ahead (SFt+1), autumn forecasts for the year ahead (AFt+1), spring forecasts for the current year (SFt) and autumn forecasts for the current year (AFt).

[35] The arithmetic mean $(ME = \frac{1}{T}\sum_{t=1}^{T}(P_t - R_t))$, mean absolute error $(MAE = \frac{1}{T}\sum_{t=1}^{T}(|P_t - R_t|)$, root mean square error $(RMSE = \sqrt{\frac{1}{T}\sum_{t=1}^{T}(P_t - R_t)^2})$, standardised mean absolute error $(stdMAE = \frac{MAE}{sd(R_t)})$ and standardised root mean square error $(stdRMSE = \frac{RMSE}{sd(R_t)})$, where the designations of variables and symbols have the following meanings: R actual value, P forecast, sd standard deviation and T number of forecasts. For detailed results see the appendix on IMAD's website.

[36] Excluding the OECD and Consensus Economics, as their forecasts for Slovenia have only been available since 2009.

[37] We used this method for the first time in the Autumn Forecast of Economic Trends 2018, see Section 5. For a detailed description of the method see Andersson, M. K., Aranki, T. and Reslow, A. (2017). Adjusting for Information Content when Comparing Forecast Performance. *Journal of Forecasting, 36*(7), 784–794.

absolute forecast error is dependent on the amount of information available to the forecasting institution when preparing the forecast, the general forecasting ability of the institution (i.e. individual or fixed effects) and the fact that some years are more difficult to forecast. The estimated individual (fixed) effects of this model can then be interpreted as adjusted absolute forecast errors.

1.2 Outcomes

In their latest spring forecasts for 2018, most institutions slightly underestimated real economic growth, while two institutions made accurate forecasts. In their spring forecasts from 2017, institutions expected that in 2018 economic growth would average just below 3%; the forecasts made by domestic institutions were, on average, somewhat higher than those of foreign institutions. The lowest economic growth was predicted by the IMF (2%) and the highest by IMAD (3.2%), whose forecast was closest to the actual growth. By spring 2018 the forecasts from institutions had been raised under the impact of the very favourable movements of exports and domestic consumption, which were the main drivers of economic growth. In autumn 2018, the forecasts made

by some institutions were lowered slightly due to the moderating growth of exports and the export-oriented part of the economy; on average, they hovered around 4.4%, very close to the actual value of 4.5%. Accurate forecasts for 2018 were made by the IMF and the WIIW, while the errors of other institutions ranged between -0.1 and -0.3 pps; with -0.1 ppt. IMAD was at the lowest limit of this range.

In all institutions, the latest inflation forecasts for 2018 were higher than the actual inflation. After periods of very low inflation or deflation, all institutions (except the OECD in spring 2017) predicted a continuation of moderate inflation for 2018 in their spring forecasts from 2017. Their forecasts were mainly related to expectations of further growth in domestic and foreign demand, which was supposed to be reflected mainly in higher prices of services. In 2018 most institutions revised their forecasts upwards slightly, chiefly under the impact of higher oil prices and a further strengthening of growth in service prices. The latest inflation forecasts from autumn 2018 stabilised at a level close to the ECB's medium-term inflation target (2%), with all institutions overestimating actual inflation, which was ultimately 1.7%. The smallest errors were made by IMAD and WIIW

/Table 9: Errors in real GDP growth forecasts for 2018, by forecasting institution

Realisation: 4.5 %	Spring forecast from 2017 (SF_{t+1})		Autumn forecast from 2017 (AF_{t+1})		Spring forecast from 2018 (SF_t)		Autumn forecast from 2018 (AF_t)	
	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps
IMAD	3.2	-1.3	3.9	-0.6	5.1	0.6	4.4	-0.1
BoS	3.1	-1.4	4.2	-0.3	4.6	0.1	4.2	-0.3
CCIS*	N/A	N/A	N/A	N/A	3.9	-0.6	4.2	-0.3
EC	3.1	-1.4	4.0	-0.5	4.7	0.2	4.3	-0.2
IMF	2.0	-2.5	2.5	-2.0	4.0	-0.5	4.5	0.0
WIIW	2.9	-1.6	3.9	-0.6	3.9	-0.6	4.5	0.0
OECD	3.1	-1.4	4.3	-0.2	5.0	0.5	4.4	-0.1
Consensus	2.5	-2.0	3.0	-1.5	4.1	-0.4	4.4	-0.1

Source: Forecasts by individual institutions; calculations by IMAD.
Note: The CCIS forecast from 2017 for 2018 not available. Negative values indicate an underestimation, while positive values indicate an overestimation of actual trends.

/Table 10: Errors in real GDP growth forecasts for 2018, by forecasting institution

Realisation: 1.7 %	Spring forecast from 2017 (SF_{t+1})		Autumn forecast from 2017 (AF_{t+1})		Spring forecast from 2018 (SF_t)		Autumn forecast from 2018 (AF_t)	
	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps
IMAD	1.6	-0.1	1.6	-0.1	1.5	-0.2	1.8	0.1
BoS*	1.6	-0.1	1.4	-0.3	2.0	0.3	2.0	0.3
CCIS**	N/A	N/A	N/A	N/A	1.9	0.2	1.9	0.2
EC*	1.8	0.1	1.5	-0.2	1.9	0.2	2.0	0.3
IMF	2.0	0.3	1.8	0.1	1.7	0	2.1	0.4
WIIW	1.4	-0.3	1.8	0.1	1.8	0.1	1.8	0.1
OECD	3.1	1.4	1.6	-0.1	2.3	0.6	2.0	0.3
Consensus	1.8	0.1	1.9	0.2	1.7	0	1.9	0.2

Source: Forecasts by individual institutions; calculations by IMAD.
Note: * The BoS and the European Commission otherwise forecast the harmonised consumer price index (HICP), which differs slightly from the consumer price index (CPI) taken into account in assessing the accuracy of the inflation forecasts; * the CCIS forecast from 2017 for 2018 is not available. Negative values of errors mean an underestimation, while positive values indicate an overestimation of actual trends.

/ Figure 37: Mean absolute errors in IMAD forecasts for real GDP growth (left) and average annual inflation (right)

■ 1997–2018   ■ 2002–2018
■ 1997–2018 (excluding the crisis*)   ■ 2002–2018 (excluding the crisis*)

Error in pps

SFt+1   AFt+1   SFt   AFt

Source: IMAD forecasts.
Note: *Exluding 2009, 2011, 2012 and 2014.

■ 1997–2018   ■ 2002–2018
■ 1997–2018 (excluding the crisis*)   ■ 2002–2018 (excluding the crisis*)

Error in pps

SFt+1   AFt+1   SFt   AFt

Source: IMAD forecasts.
Note: *Exluding 2009, 2011, 2012 and 2014.
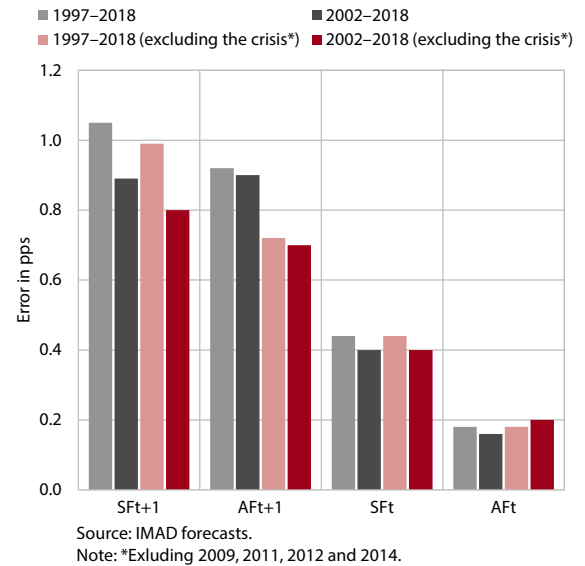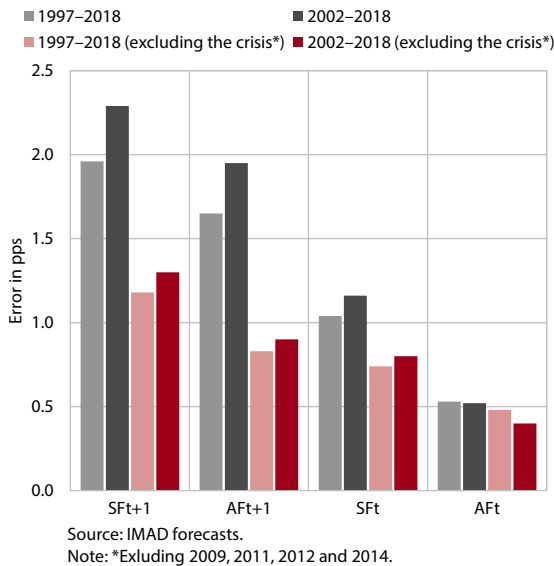
(0.1 pps, respectively).[38] The mean absolute error in IMAD's forecasts for inflation in 2018 otherwise amounts to just above 0.1 pps. The forecast by IMAD (in addition to Consensus forecast) was the most accurate of the institutions analysed, although IMAD is among the first to publish its forecasts.

In IMAD forecasts no major systematic deviations from actual values have been observed over a longer time horizon. In assessing the forecasting period, it is necessary to focus on a longer time horizon. Below, we first compare the accuracy of IMAD forecasts for real GDP growth and average annual inflation in the period after 1997. This is followed by a comparison of the forecasting accuracy among institutions on the basis of the above-mentioned newer method. The first characteristic through which the forecasting performance can be assessed is the forecast bias. A forecast is biased when it systematically under- or over-estimates the actual value of the projected variable. The forecast bias is determined by the sign in front of the mean error of the forecast. The calculations show that in the 1997–2018 period, IMAD slightly overestimated real GDP growth in SF_{t+1} and AF_{t+1}. This is evident from the positive values of mean forecast errors, 0.56 pps and 0.35 pps, respectively. In SF_t and AF_t, the values of mean errors for real GDP growth are insignificant (0.03 pps and -0.08 pps, respectively), meaning that the forecasts are not biased. The forecasts for average annual inflation are not biased either, the mean error of all forecasts totalling only -0.04 pps.

The accuracy of IMAD forecasts increases with the shortening of the forecast horizon. Another important factor in assessing the forecasting reliability is the accuracy of the forecast, which is determined by calculating the mean absolute error (MAE)[39] (it should be as small as possible over a longer time horizon). Between 1997 and 2018, the mean absolute error in IMAD forecasts for real GDP growth was 1.96 pps in SF_{t+1} and 1.65 pps in AF_{t+1}; in SF_t in AF_t it amounted to 1.04 pps and 0.53 pps, respectively. The mean absolute errors in the forecasts for inflation were somewhat smaller,[40] 1.05 pps in SF_{t+1}, 0.92 pps in AF_{t+1}, 0.44 pps in SF_t and 0.18 pps in AF_t. Somewhat larger errors were observed particularly in the forecasts for real GDP growth over a shorter time horizon (for example, in 2002–2018), which is mainly due to larger errors during the period of the economic and financial crisis and later in the transition into the phase of recovery, when forecasting was more difficult due to greater uncertainty (see Figure 37). Moreover, a detailed examination of errors in IMAD forecasts also shows that in both the forecasts for real economic growth and the forecasts for average annual inflation, errors decline with the shortening of the time horizon, meaning that all information available at the time of the preparation of each next forecast was taken into account.

In comparing the forecasting reliability of institutions, it is necessary to consider the time when the forecast was released. The time of release can have a significant

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[38] The BoS and the European Commission otherwise forecast the harmonised consumer price index (HICP). This differs slightly from the consumer price index (CPI), which is forecast by IMAD and taken into account in assessing the forecasting reliability.

[39] Another measure is the RMSE, which penalises large errors, as these are less desirable.
[40] This can also be concluded on the basis of the calculation of the standardised MAE and RSME statistics, which are more appropriate for direct comparisons of the accuracy of individual variables.

impact on accuracy, as a forecast made later in the year may include new information, which can be manifested in smaller forecast errors. This new information may involve not only new data on indicator movements and revisions of the already released data, but also changes in the assumptions about developments in the international environment, which represent a significant element of uncertainty for an open economy such as Slovenia. In recent years fiscal policy guidelines and fiscal consolidation measures have also become a significant factor to consider when preparing the forecasts (they were usually defined after IMAD had already completed the forecast). For these reasons, we based our comparative assessment of the institutions' forecasting reliability on the calculation of the adjusted MAE statistic, which allows less biased evaluations as it eliminates the timing effect.

The evaluations of the adjusted MAE statistics for a longer time period show the high reliability of IMAD's forecasts for real economic growth and average annual inflation. Figures 38 and 39 present the rankings of the institutions in terms of value of the adjusted MAE statistic in the forecasts for real economic growth and average annual inflation (a negative/positive value of the statistic indicates above/below-average forecast ability of the forecaster). Of all institutions analysed, IMAD made the most accurate forecasts for real economic growth in 2002–2018 on average, followed by the BoS and the European Commison, which were similarly successful. IMAD was also the most accurate, on average, in the forecasts for average annual inflation, followed by the BoS.[41]

▌Figure 39: (Adjusted) mean absolute errors in forecasts for average annual inflation for 2002–2018, by forecasting institution
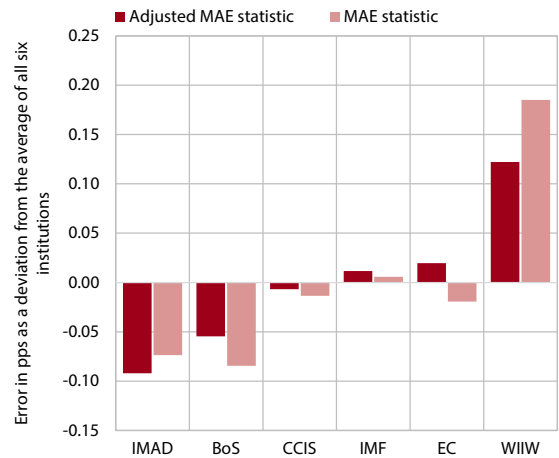
Source: Forecasts by individual institutions; IMAD estimates according to the methodology of Andersson, Aranki and Reslow (2017). Note: A negative (positive) value of the statistic means that the forecast ability of the forecasting institution is above (below the average).

▌Figure 38: (Adjusted) mean absolute errors in forecasts for real GDP growth for 2002–2018, by forecasting institution
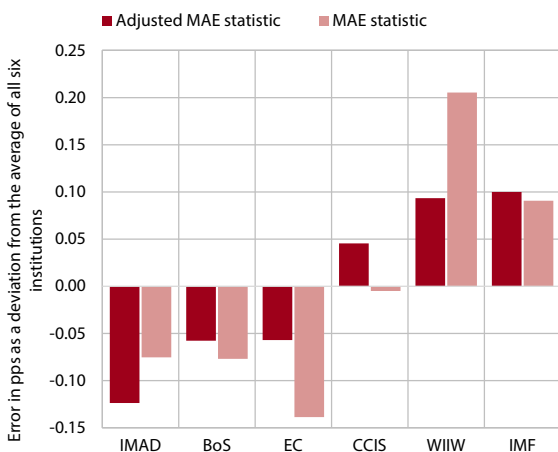
Source: Forecasts by individual institutions; IMAD estimates according to the methodology of Andersson, Aranki and Reslow (2017). Note: A negative (positive) value of the statistic means that the forecast ability of the forecasting institution is above (below the average).

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[41] This also holds true if we assess the accuracy of inflation forecasts by the BoS and Commission on the basis of the HICP (see note in Table 10).

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	0.6	-2.7	-1.1	3.0	2.3	3.1	4.9	4.5	3.4	3.1	2.8
GDP in EUR m* (current prices, fixed exchange rate 2007)	36,896	36,076	36,239	37,603	38,863	40,357	43,000	45,948	48,797	51,578	54,443
GDP per capita in EUR (current prices and at current exchange rate)	17,973	17,540	17,596	18,238	18,836	19,547	20,815	22,182	23,619	24,964	26,351
GDP per capita in USD (current prices and at current exchange rate)	25,019	22,536	23,369	24,229	20,898	21,636	23,515	26,197	26,807	28,309	29,882
GDP per capita (PPS)[1]	21,700	21,800	21,900	22,700	23,800	24,100	25,400				
GDP per capita (PPS EU28=100)[1]	83	82	82	82	82	83	85				
EMPLOYMENT AND PRODUCTIVITY											
Employment according to National Accounts	-1.7	-0.9	-1.1	0.4	1.3	1.8	2.9	3.0	2.0	1.0	0.6
Registered unemployed (annual average in thousand)	110.7	110.2	119.8	120.1	112.7	103.2	88.6	78.5	73.8	68.5	62.9
Rate of registered unemployment in %	11.8	12.0	13.1	13.1	12.3	11.2	9.5	8.2	7.6	7.0	6.4
Rate of unemployment by ILO in %	8.2	8.9	10.1	9.7	9.0	8.0	6.6	5.1	4.3	3.9	3.7
Labour productivity (GDP per employee)	2.3	-1.8	0.0	2.6	1.0	1.3	1.9	1.5	1.4	2.1	2.2
WAGES											
Gross wage per employee - nominal growth in %	2.0	0.1	-0.2	1.1	1.0	1.8	2.7	3.4	5.0	5.5	5.5
Private sector activities	2.6	0.5	0.6	1.4	0.5	1.7	2.9	4.0	5.0	5.7	5.7
Public service activities	1.0	-0.9	-1.3	0.9	2.0	2.3	2.9	3.0	5.3	5.1	5.1
Gross wage per employee - real growth in %	0.2	-2.5	-1.9	0.9	1.5	2.0	1.3	1.6	3.3	3.5	3.2
Private sector activities	0.8	-2.0	-1.2	1.2	1.0	1.8	1.5	2.3	3.3	3.7	3.4
Public service activities	-0.8	-3.4	-3.0	0.7	2.6	2.4	1.5	1.3	3.6	3.1	2.8
INTERNATIONAL TRADE											
Exports of goods and services	6.9	0.6	3.1	5.7	5.0	6.4	10.7	7.2	5.1	5.3	4.7
Exports of goods	8.0	0.4	3.3	6.3	5.3	6.2	11.0	6.6	4.9	5.2	4.6
Exports of services	2.5	1.5	1.9	3.4	3.7	7.6	9.9	9.5	5.9	5.5	4.9
Imports of goods and services	5.0	-3.7	2.1	4.1	4.7	6.6	10.3	7.7	6.0	5.8	5.4
Imports of goods	6.0	-4.3	2.9	3.8	5.1	7.0	11.1	8.1	6.2	5.9	5.5
Imports of services	-0.4	0.2	-3.0	6.2	2.3	4.2	5.9	5.3	5.0	5.3	4.6

▌ 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	68	775	1,594	2,179	1,760	2,224	3,077	3,375	3,162	3,247	3,220
- As a per cent share relative to GDP	0.2	2.1	4.4	5.8	4.5	5.5	7.2	7.3	6.5	6.3	5.9
External balance of goods and services in EUR m	432	1,428	2,440	2,878	3,406	3,787	4,280	4,373	4,448	4,575	4,655
- As a per cent share relative to GDP	1.2	4.0	6.7	7.7	8.8	9.4	10.0	9.5	9.1	8.9	8.6
FINAL DOMESTIC DEMAND											
Final consumption	-0.2	-2.4	-3.6	1.1	2.3	3.6	1.5	2.3	2.8	2.3	2.0
As a % of GDP	76.4	77.1	75.0	73.0	72.1	72.1	70.1	68.7	68.2	67.7	67.2
in which:											
Private consumption	0.0	-2.4	-4.1	1.9	2.3	3.9	1.9	2.2	2.9	2.4	2.2
As a % of GDP	56.0	56.9	55.4	54.4	53.6	53.3	51.9	50.8	50.3	49.8	49.3
Government consumption	-0.7	-2.2	-2.1	-1.2	2.4	2.7	0.5	2.6	2.2	1.9	1.4
As a % of GDP	20.4	20.2	19.5	18.6	18.5	18.8	18.2	17.8	17.9	17.9	17.9
Gross fixed capital formation	-4.9	-8.8	3.2	1.0	-1.6	-3.7	10.7	10.6	7.7	7.0	7.0
As a % of GDP	20.2	19.2	19.8	19.4	18.8	17.5	18.5	19.7	20.6	21.4	22.3
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	1.135	1.134	1.134
Real effective exchange rate - deflated by CPI[2]	-1.0	-1.2	1.2	-0.2	-4.1	0.3	0.4	0.8	-0.2	0.0	0.2
Inflation (end of the year), %[3]	2.0	2.7	0.7	0.2	-0.4	0.5	1.7	1.4	2.2	2.2	2.2
Inflation (year average), %[3]	1.8	2.6	1.8	0.2	-0.5	-0.1	1.4	1.7	1.6	1.9	2.2
Brent Crude Oil Price USD / barrel	111.3	111.7	108.6	98.9	52.4	44.8	54.3	71.0	63.2	62.6	61.4

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 at basic prices 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	733.9	647.0	651.6	758.5	796.3	785.1	736.0	880.8	907.6	903.1	953.3
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	8,041.9	8,095.0	8,346.6	8,807.5	9,097.3	9,486.3	10,211.5	10,891.2	11,589.8	12,250.2	12,930.8
	of which: C Manufacturing	6,730.0	6,761.7	6,952.8	7,435.1	7,754.7	8,149.8	8,862.2	9,498.0	10,101.0	10,779.7	11,324.2
F	Construction	1,885.0	1,817.0	1,654.4	1,857.4	1,844.3	1,846.4	2,050.4	2,407.8	2,708.7	3,017.8	3,294.3
GHI	Trade, transportation and storage, accommodation and food service activities	6,441.3	6,228.7	6,266.5	6,475.3	6,763.0	7,117.0	7,706.7	8,277.3	8,857.2	9,413.4	9,990.8
J	Information and communication	1,313.5	1,335.0	1,300.5	1,370.0	1,403.8	1,430.8	1,547.7	1,630.3	1,732.8	1,883.1	2,042.2
K	Financial and insurance activities	1,649.3	1,353.2	1,250.2	1,297.5	1,374.3	1,365.6	1,409.5	1,478.4	1,586.4	1,676.8	1,769.9
L	Real estate activities	2,468.6	2,397.3	2,572.5	2,527.4	2,640.0	2,680.2	2,791.8	2,976.3	3,099.1	3,275.7	3,457.7
MN	Professional, scientific, technical, administrative and support services	3,020.8	2,962.0	2,982.3	3,198.0	3,324.3	3,473.8	3,832.9	4,116.3	4,416.6	4,668.3	4,927.6
OPQ	Public administration, education, human health and social work	5,666.0	5,602.2	5,419.0	5,362.4	5,476.3	5,816.5	6,094.0	6,356.6	6,643.9	6,929.1	7,205.6
RST	Other service activities	885.0	861.7	850.5	849.2	885.2	945.4	985.7	1,020.0	1,098.4	1,161.0	1,225.5
1. TOTAL VALUE ADDED		**32,105.5**	**31,299.1**	**31,294.2**	**32,503.2**	**33,604.9**	**34,947.0**	**37,366.4**	**40,035.1**	**42,640.5**	**45,178.5**	**47,797.8**
2. CORRECTIONS		4,790.8	4,776.9	4,945.0	5,100.1	5,258.5	5,410.2	5,633.3	5,912.5	6,156.5	6,399.1	6,645.2
3. GROSS DOMESTIC PRODUCT (3=1+2)		**36,896.3**	**36,076.1**	**36,239.2**	**37,603.3**	**38,863.3**	**40,357.2**	**42,999.7**	**45,947.5**	**48,797.1**	**51,577.6**	**54,443.1**

Source of data: SURS, forecasts by IMAD.

❚ Table 2b: Gross value added by activity at basic prices 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	2.0	1.8	1.8	2.0	2.0	1.9	1.7	1.9	1.9	1.8	1.8
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	21.8	22.4	23.0	23.4	23.4	23.5	23.7	23.7	23.8	23.8	23.8
	of which: C Manufacturing	18.2	18.7	19.2	19.8	20.0	20.2	20.6	20.7	20.7	20.9	20.8
F	Construction	5.1	5.0	4.6	4.9	4.7	4.6	4.8	5.2	5.6	5.9	6.1
GHI	Trade, transportation and storage, accommodation and food service activities	17.5	17.3	17.3	17.2	17.4	17.6	17.9	18.0	18.2	18.3	18.4
J	Information and communication	3.6	3.7	3.6	3.6	3.6	3.5	3.6	3.5	3.6	3.7	3.8
K	Financial and insurance activities	4.5	3.8	3.4	3.5	3.5	3.4	3.3	3.2	3.3	3.3	3.3
L	Real estate activities	6.7	6.6	7.1	6.7	6.8	6.6	6.5	6.5	6.4	6.4	6.4
MN	Professional, scientific, technical, administrative and support services	8.2	8.2	8.2	8.5	8.6	8.6	8.9	9.0	9.1	9.1	9.1
OPQ	Public administration, education, human health and social work	15.4	15.5	15.0	14.3	14.1	14.4	14.2	13.8	13.6	13.4	13.2
RST	Other service activities	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.2	2.3	2.3	2.3
1. TOTAL VALUE ADDED		**87.0**	**86.8**	**86.4**	**86.4**	**86.5**	**86.6**	**86.9**	**87.1**	**87.4**	**87.6**	**87.8**
2. CORRECTIONS		13.0	13.2	13.6	13.6	13.5	13.4	13.1	12.9	12.6	12.4	12.2
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 at basic prices 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	668.3	673.5	641.1	731.8	829.0	802.2	745.6	900.7	889.2	897.6	906.6
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	7,833.0	7,841.5	8,078.0	8,748.2	8,891.5	9,514.1	10,217.0	10,618.2	11,196.2	11,532.0	11,849.2
	of which: C Manufacturing	6,545.7	6,523.5	6,722.8	7,334.2	7,582.6	8,147.7	8,833.2	9,267.2	9,773.4	10,086.2	10,368.6
F	Construction	1,811.9	1,740.4	1,657.5	1,826.6	1,829.9	1,776.3	2,002.6	2,310.5	2,616.1	2,797.9	2,967.2
GHI	Trade, transportation and storage, accommodation and food service activities	6,408.0	6,177.7	6,223.6	6,460.8	6,809.4	7,117.3	7,586.4	8,051.8	8,596.1	8,892.7	9,186.2
J	Information and communication	1,287.1	1,309.0	1,345.0	1,363.1	1,465.1	1,390.7	1,514.9	1,626.7	1,711.0	1,804.3	1,894.5
K	Financial and insurance activities	1,631.7	1,578.0	1,312.5	1,234.0	1,266.0	1,420.8	1,340.5	1,434.6	1,536.8	1,582.2	1,629.6
L	Real estate activities	2,527.2	2,475.4	2,409.7	2,602.5	2,529.6	2,636.1	2,711.6	2,813.0	3,010.6	3,054.2	3,100.1
MN	Professional, scientific, technical, administrative and support services	3,008.6	2,968.5	2,974.8	3,215.2	3,326.3	3,450.5	3,777.0	4,066.9	4,320.1	4,512.4	4,692.9
OPQ	Public administration, education, human health and social work	5,628.6	5,734.1	5,542.5	5,410.9	5,411.1	5,601.5	5,908.5	6,219.6	6,474.3	6,574.7	6,647.0
RST	Other service activities	882.6	861.0	859.1	846.7	880.3	935.9	964.6	1,004.6	1,050.1	1,091.6	1,124.1
1. TOTAL VALUE ADDED		**31,687.2**	**31,359.1**	**31,043.9**	**32,439.9**	**33,238.3**	**34,645.4**	**36,768.8**	**39,046.4**	**41,400.3**	**42,739.7**	**43,997.3**
2. CORRECTIONS		4,800.6	4,552.3	4,623.8	4,868.6	5,231.7	5,410.3	5,558.1	5,882.7	6,105.1	6,248.8	6,379.7
3. GROSS DOMESTIC PRODUCT (3=1+2)		**36,487.8**	**35,911.3**	**35,667.7**	**37,308.5**	**38,470.0**	**40,055.7**	**42,326.9**	**44,929.1**	**47,505.5**	**48,988.4**	**50,377.0**

Source of data: SURS, forecasts by IMAD.

❚ Table 3b: Gross value added by activity at basic prices 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	6.8	-8.2	-0.9	12.3	9.3	0.7	-5.0	22.4	1.0	1.0	1.0
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	2.4	-2.5	-0.2	4.8	1.0	4.6	7.7	4.0	2.8	3.0	2.7
	of which: C Manufacturing	2.8	-3.1	-0.6	5.5	2.0	5.1	8.4	4.6	2.9	3.2	2.8
F	Construction	-10.1	-7.7	-8.8	10.4	-1.5	-3.7	8.5	12.7	8.7	7.0	6.0
GHI	Trade, transportation and storage, accommodation and food service activities	1.7	-4.1	-0.1	3.1	5.2	5.2	6.6	4.5	3.9	3.5	3.3
J	Information and communication	0.1	-0.3	0.8	4.8	6.9	-0.9	5.9	5.1	5.0	5.5	5.0
K	Financial and insurance activities	-3.9	-4.3	-3.0	-1.3	-2.4	3.4	-1.8	1.8	4.0	3.0	3.0
L	Real estate activities	-0.4	0.3	0.5	1.2	0.1	-0.1	1.2	0.8	1.2	1.5	1.5
MN	Professional, scientific, technical, administrative and support services	0.6	-1.7	0.4	7.8	4.0	3.8	8.7	6.1	5.0	4.5	4.0
OPQ	Public administration, education, human health and social work	0.3	1.2	-1.1	-0.1	0.9	2.3	1.6	2.1	1.9	1.6	1.1
RST	Other service activities	1.4	-2.7	-0.3	-0.4	3.7	5.7	1.9	1.9	3.0	4.0	3.0
1. TOTAL VALUE ADDED		**0.3**	**-2.3**	**-0.8**	**3.7**	**2.3**	**3.1**	**5.2**	**4.5**	**3.4**	**3.2**	**2.9**
2. CORRECTIONS		2.8	-5.0	-3.2	-1.5	2.6	2.9	2.7	4.4	3.3	2.4	2.1
3. GROSS DOMESTIC PRODUCT (3=1+2)		**0.6**	**-2.7**	**-1.1**	**3.0**	**2.3**	**3.1**	**4.9**	**4.5**	**3.4**	**3.1**	**2.8**

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**	18,921.2	18,486.6	18,072.8	18,406.9	18,903.7	19,902.2	21,202.9	22,803.3	24,512.5	26,164.4	27,816.8
Wages and salaries	16,244.7	15,816.8	15,478.7	15,791.5	16,192.8	17,081.3	18,203.2	19,542.6	21,002.3	22,410.8	23,822.7
Employers' social contributions	2,676.5	2,669.8	2,594.1	2,615.4	2,710.9	2,820.9	2,999.7	3,260.7	3,510.2	3,753.6	3,994.1
2. **Taxes on production and imports**	**5,236.8**	**5,274.1**	**5,474.1**	**5,636.2**	**5,796.9**	**5,953.0**	**6,205.0**	**6,533.9**	**6,783.6**	**7,038.1**	**7,304.6**
3. **Subsidies**	**625.0**	**606.0**	**673.7**	**581.5**	**528.1**	**548.1**	**575.3**	**613.7**	**664.8**	**628.7**	**594.7**
4. **Gross operating surplus / mixed income**	**13,363.3**	**12,921.3**	**13,366.0**	**14,141.8**	**14,690.8**	**15,050.2**	**16,167.1**	**17,224.0**	**18,165.8**	**19,003.8**	**19,916.3**
5. **Gross domestic product (5=1+2-3+4)**	**36,896.3**	**36,076.1**	**36,239.2**	**37,603.3**	**38,863.3**	**40,357.2**	**42,999.7**	**45,947.5**	**48,797.1**	**51,577.6**	**54,443.1**

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**	51.3	51.2	49.9	49.0	48.6	49.3	49.3	49.6	50.2	50.7	51.1
Wages and salaries	44.0	43.8	42.7	42.0	41.7	42.3	42.3	42.5	43.0	43.5	43.8
Employers' social contributions	7.3	7.4	7.2	7.0	7.0	7.0	7.0	7.1	7.2	7.3	7.3
2. **Taxes on production and imports**	**14.2**	**14.6**	**15.1**	**15.0**	**14.9**	**14.8**	**14.4**	**14.2**	**13.9**	**13.6**	**13.4**
3. **Subsidies**	**1.7**	**1.7**	**1.9**	**1.5**	**1.4**	**1.4**	**1.3**	**1.3**	**1.4**	**1.2**	**1.1**
4. **Gross operating surplus / mixed income**	**36.2**	**35.8**	**36.9**	**37.6**	**37.8**	**37.3**	**37.6**	**37.5**	**37.2**	**36.8**	**36.6**
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)**	**36,896.3**	**36,076.1**	**36,239.2**	**37,603.3**	**38,863.3**	**40,357.2**	**42,999.7**	**45,947.5**	**48,797.1**	**51,577.6**	**54,443.1**
2	EXPORTS OF GOODS AND SERVICES	25,965.4	26,380.5	27,004.4	28,517.1	29,900.3	31,384.5	35,636.5	39,151.0	41,889.4	44,870.6	47,710.0
3	IMPORTS OF GOODS AND SERVICES	25,288.1	24,858.8	24,989.7	25,734.0	26,566.0	27,686.0	31,455.2	34,796.1	37,460.2	40,316.6	43,076.6
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	677.3	1,521.7	2,014.7	2,783.1	3,334.3	3,698.5	4,181.2	4,354.9	4,429.2	4,554.0	4,633.4
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	36,219.0	34,554.4	34,224.5	34,820.2	35,529.1	36,658.7	38,818.4	41,592.6	44,367.9	47,023.6	49,809.6
6	FINAL CONSUMPTION (6=7+8)	28,205.1	27,805.8	27,163.4	27,458.5	28,015.0	29,108.4	30,142.1	31,548.4	33,261.0	34,911.9	36,597.8
7	PRIVATE CONSUMPTION	20,667.7	20,509.6	20,090.3	20,461.9	20,817.0	21,516.9	22,304.8	23,359.8	24,550.4	25,678.3	26,859.0
	- Households	20,337.9	20,202.7	19,784.6	20,136.7	20,482.3	21,187.0	21,963.0	22,995.5	24,171.0	25,283.2	26,446.7
	- NPISH's	329.8	306.9	305.7	325.2	334.7	329.9	341.8	364.3	379.4	395.1	412.3
8	GOVERNMENT CONSUMPTION	7,537.4	7,296.3	7,073.1	6,996.6	7,198.0	7,591.5	7,837.3	8,188.7	8,710.6	9,232.8	9,738.8
9	GROSS CAPITAL FORMATION (9=10+11)	8,013.9	6,748.5	7,061.2	7,361.7	7,514.1	7,550.3	8,676.4	10,044.1	11,106.9	12,112.5	13,211.8
10	GROSS FIXED CAPITAL FORMATION	7,450.7	6,933.9	7,174.9	7,286.7	7,313.4	7,082.3	7,961.5	9,060.2	10,055.2	11,060.4	12,136.1
11	CHANGES IN INVENTORIES AND VALUABLES	563.2	-185.4	-113.8	75.0	200.6	468.1	714.9	984.1	1,051.7	1,052.1	1,075.7

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	70.4	73.1	74.5	75.8	76.9	77.8	82.9	85.2	85.8	87.0	87.6
3	IMPORTS OF GOODS AND SERVICES	68.5	68.9	69.0	68.4	68.4	68.6	73.2	75.7	76.8	78.2	79.1
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	1.8	4.2	5.6	7.4	8.6	9.2	9.7	9.5	9.1	8.8	8.5
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	98.2	95.8	94.4	92.6	91.4	90.8	90.3	90.5	90.9	91.2	91.5
6	FINAL CONSUMPTION (6=7+8)	76.4	77.1	75.0	73.0	72.1	72.1	70.1	68.7	68.2	67.7	67.2
7	PRIVATE CONSUMPTION	56.0	56.9	55.4	54.4	53.6	53.3	51.9	50.8	50.3	49.8	49.3
	- Households	55.1	56.0	54.6	53.6	52.7	52.5	51.1	50.0	49.5	49.0	48.6
	- NPISH's	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
8	GOVERNMENT CONSUMPTION	20.4	20.2	19.5	18.6	18.5	18.8	18.2	17.8	17.9	17.9	17.9
9	GROSS CAPITAL FORMATION (9=10+11)	21.7	18.7	19.5	19.6	19.3	18.7	20.2	21.9	22.8	23.5	24.3
10	GROSS FIXED CAPITAL FORMATION	20.2	19.2	19.8	19.4	18.8	17.5	18.5	19.7	20.6	21.4	22.3
11	CHANGES IN INVENTORIES AND VALUABLES	1.5	-0.5	-0.3	0.2	0.5	1.2	1.7	2.1	2.2	2.0	2.0

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)**	36,487.8	35,911.3	35,667.7	37,308.5	38,470.0	40,055.7	42,326.9	44,929.1	47,505.5	48,988.4	50,377.0
2	EXPORTS OF GOODS AND SERVICES	24,912.6	26,117.6	27,185.2	28,542.2	29,945.0	31,826.7	34,757.8	38,203.1	41,166.5	43,348.9	45,391.3
3	IMPORTS OF GOODS AND SERVICES	23,924.3	24,351.2	25,370.6	26,023.2	26,949.0	28,316.4	30,531.0	33,887.8	36,878.0	39,007.6	41,098.2
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	988.3	1,766.4	1,814.6	2,518.9	2,996.0	3,510.3	4,226.8	4,315.4	4,288.6	4,341.3	4,293.1
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	35,499.5	34,145.0	33,853.1	34,789.5	35,474.0	36,545.4	38,100.1	40,613.7	43,216.9	44,647.2	46,083.9
6	FINAL CONSUMPTION (6=7+8)	27,610.8	27,530.6	26,814.1	27,461.2	28,101.7	29,028.2	29,555.1	30,844.5	32,418.4	33,164.9	33,841.9
7	PRIVATE CONSUMPTION	20,311.7	20,162.7	19,667.8	20,475.7	20,937.0	21,635.3	21,925.5	22,806.3	24,045.4	24,632.9	25,186.2
	- Households	19,984.7	19,857.2	19,362.2	20,152.4	20,603.8	21,307.9	21,590.9	22,448.0	23,673.8	24,253.9	24,799.6
	- NPISH's	327.0	305.5	305.6	323.3	333.2	327.4	334.6	358.3	371.6	379.0	386.6
8	GOVERNMENT CONSUMPTION	7,299.1	7,367.9	7,146.2	6,985.5	7,164.7	7,392.9	7,629.6	8,038.3	8,372.9	8,532.0	8,655.7
9	GROSS CAPITAL FORMATION (9=10+11)	7,888.8	6,614.4	7,039.0	7,328.3	7,372.3	7,517.3	8,544.9	9,769.4	10,798.5	11,482.3	12,242.0
10	GROSS FIXED CAPITAL FORMATION	7,345.7	6,792.4	7,152.9	7,247.3	7,169.1	7,043.8	7,841.1	8,804.2	9,762.4	10,445.7	11,182.2
11	CHANGES IN INVENTORIES AND VALUABLES	543.1	-178.1	-114.0	81.1	203.2	473.5	703.8	965.1	1,036.2	1,036.5	1,059.8

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)**	0.6	-2.7	-1.1	3.0	2.3	3.1	4.9	4.5	3.4	3.1	2.8
2	EXPORTS OF GOODS AND SERVICES	6.9	0.6	3.1	5.7	5.0	6.4	10.7	7.2	5.1	5.3	4.7
3	IMPORTS OF GOODS AND SERVICES	5.0	-3.7	2.1	4.1	4.7	6.6	10.3	7.7	6.0	5.8	5.4
4	*EXTERNAL BALANCE OF GOODS AND SERVICES[1]*	*1.3*	*3.0*	*0.8*	*1.4*	*0.6*	*0.5*	*1.3*	*0.3*	*-0.1*	*0.1*	*-0.1*
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	-0.7	-5.7	-2.0	1.7	1.9	2.9	3.9	4.6	3.9	3.3	3.2
6	FINAL CONSUMPTION (6=7+8)	-0.2	-2.4	-3.6	1.1	2.3	3.6	1.5	2.3	2.8	2.3	2.0
7	PRIVATE CONSUMPTION	0.0	-2.4	-4.1	1.9	2.3	3.9	1.9	2.2	2.9	2.4	2.2
	- Households	0.0	-2.4	-4.2	1.9	2.3	4.0	1.9	2.2	2.9	2.4	2.2
	- NPISH's	-2.9	-7.4	-0.4	5.8	2.4	-2.2	1.4	4.8	2.0	2.0	2.0
8	GOVERNMENT CONSUMPTION	-0.7	-2.2	-2.1	-1.2	2.4	2.7	0.5	2.6	2.2	1.9	1.4
9	GROSS CAPITAL FORMATION (9=10+11)	-2.2	-17.5	4.3	3.8	0.1	0.0	13.2	12.6	7.5	6.3	6.6
10	GROSS FIXED CAPITAL FORMATION	-4.9	-8.8	3.2	1.0	-1.6	-3.7	10.7	10.6	7.7	7.0	7.0
11	*CHANGES IN INVENTORIES AND VALUABLES[1]*	*0.6*	*-2.0*	*0.2*	*0.5*	*0.3*	*0.7*	*0.6*	*0.6*	*0.1*	*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	**68**	**775**	**1,594**	**2,179**	**1,760**	**2,224**	**3,077**	**3,375**	**3,162**	**3,247**	**3,220**
1. GOODS	-974	-81	708	1,181	1,476	1,536	1,561	1,224	1,013	880	695
1.1. Exports of goods	21,042	21,256	21,692	22,961	24,039	24,991	28,462	31,151	33,297	35,670	37,909
1.2. Imports of goods	22,016	21,337	20,984	21,780	22,563	23,454	26,901	29,927	32,284	34,789	37,214
2. SERVICES	1,406	1,509	1,732	1,697	1,930	2,251	2,719	3,149	3,435	3,694	3,961
2.1. Exports	4,906	5,106	5,317	5,558	5,936	6,487	7,275	8,016	8,609	9,219	9,821
- Transport	1,309	1,346	1,398	1,529	1,672	1,854	2,099	2,382	2,585	2,768	2,950
- Travel	1,975	2,008	2,043	2,060	2,098	2,190	2,434	2,718	2,866	3,025	3,178
- Other	1,622	1,752	1,877	1,969	2,166	2,443	2,742	2,916	3,159	3,426	3,693
2.2. Imports	3,500	3,597	3,586	3,862	4,007	4,236	4,556	4,867	5,174	5,525	5,860
- Transport	725	713	738	814	851	922	1,025	1,019	1,082	1,139	1,198
- Travel	817	730	708	745	823	854	882	1,001	1,049	1,107	1,156
- Other	1,958	2,153	2,140	2,302	2,333	2,461	2,649	2,847	3,043	3,280	3,506
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	**432**	**1,428**	**2,440**	**2,878**	**3,406**	**3,787**	**4,280**	**4,373**	**4,448**	**4,575**	**4,655**
Exports of goods and services	25,948	26,362	27,010	28,519	29,975	31,478	35,737	39,167	41,906	44,889	47,729
Imports of goods and services	25,516	24,934	24,569	25,641	26,569	27,690	31,457	34,794	37,458	40,314	43,074
3. PRIMARY INCOME	**-279**	**-578**	**-482**	**-428**	**-1,294**	**-1,215**	**-926**	**-671**	**-753**	**-767**	**-809**
3.1. Receipts	1,318	853	822	1,093	1,314	1,487	1,669	1,937	1,853	1,880	1,869
- Compensation of employees	327	169	201	235	281	314	364	462	508	540	570
- Investment	580	207	54	368	511	636	695	749	673	636	615
- Other primary income	411	478	567	490	522	537	610	726	672	704	684
3.2. Expenditure	1,598	1,431	1,303	1,521	2,608	2,702	2,596	2,608	2,606	2,647	2,678
- Compensation of employees	93	99	100	114	122	128	141	159	185	215	245
- Investment	1,328	1,097	917	1,063	2,057	2,084	1,917	1,890	1,799	1,761	1,717
- Other primary income	176	235	286	344	429	490	538	558	623	670	716
4. SECONDARY INCOME	**-84**	**-75**	**-365**	**-271**	**-352**	**-349**	**-276**	**-327**	**-533**	**-560**	**-626**
4.1. Receipts	993	931	630	709	735	724	838	866	841	854	842
4.2. Expenditure	1,077	1,006	994	980	1,087	1,073	1,115	1,193	1,374	1,414	1,468
II. CAPITAL ACCOUNT	**-85**	**41**	**162**	**79**	**412**	**-303**	**-324**	**-210**			
1. Non-produced non-financial assets	-12	-4	-10	-24	-37	-45	-76	-33			
2. Capital transfers	-73	45	172	102	449	-258	-248	-177			
III. FINANCIAL ACCOUNT	**-754**	**-142**	**1,004**	**2,251**	**1,710**	**1,153**	**1,754**	**2,043**			
1. Direct investment	-640	-466	-47	-584	-1,269	-864	-414	-1,132			
- Assets	-3	-439	24	155	292	434	551	150			
- Liabilities	636	27	71	739	1,560	1,298	966	1,282			
2. Portfolio investment	-1,844	220	-4,176	-3,968	2,940	5,094	2,958	701			
3 Financial derivatives	155	89	27	-51	-98	-216	-248	-28			
4. Other investment	1,646	45	5,194	6,765	250	-2,764	-630	2,450			
4.1. Assets	425	456	599	4,737	-650	-2,340	-1,584	1,771			
4.2. Liabilities	-1,221	411	-4,595	-2,028	-900	423	-954	-679			
5. Reserve assets	-72	-31	5	89	-113	-97	89	52			
IV. NET ERRORS AND OMISSIONS	**-737**	**-958**	**-752**	**-6**	**-462**	**-768**	**-999**	**-1,122**			

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	79.6	80.3	80.9	81.6
Active population (ILO definition - in thousands) **	1,020	1,013	1,008	1,015	1,008	995	1,027	1,034	1,038	1,041	1,044
- yearly growth (in %)	-2.1	-0.6	-0.6	0.7	-0.7	-1.3	3.2	0.7	0.4	0.3	0.3
EMPLOYMENT AND UNEMPLOYMENT											
Employment (National accounts concept, in thousands)	946.0	937.2	926.7	930.4	942.6	959.5	987.8	1,017.3	1,037.6	1,048.3	1,054.9
- yearly growth (in %)	-1.7	-0.9	-1.1	0.4	1.3	1.8	2.9	3.0	2.0	1.0	0.6
Employment (ILO concept, in thousands)	936.2	923.7	906.0	917.0	917.6	915.0	959.0	981.0	993.0	1000.0	1006.0
- yearly growth (in %)	-3.1	-1.3	-1.9	1.2	0.1	-0.3	4.8	2.3	1.3	0.7	0.6
Employment rate (20-64 yeras, in %) **	68.4	68.3	67.2	67.8	69.1	70.1	73.4	75.5	76.9	77.8	78.6
Formal employment (statistical register, in thousands) *	824.0	810.0	793.6	797.8	804.6	817.2	845.5	872.8	896.3	906.3	912.7
- yearly growth (in %)	-1.3	-1.7	-2.0	0.5	0.9	1.6	3.5	3.2	2.7	1.1	0.7
Paid employment (in thousands)	729.1	717.0	698.7	703.0	713.1	730.5	755.3	780.2	801.6	811.0	817.0
- yearly growth (in %)	-2.4	-1.6	-2.6	0.6	1.4	2.4	3.4	3.3	2.7	1.2	0.7
Self employed (in thousands)	94.9	93.0	94.9	94.8	91.6	86.7	90.2	92.6	94.7	95.4	95.7
- yearly growth (in %)	8.1	-2.1	2.1	-0.1	-3.4	-5.3	4.0	2.7	2.3	0.7	0.3
Unemployment (ILO concept, in thousands) **	83.3	89.7	101.8	98.0	90.5	79.7	67.5	53.0	44.5	40.5	37.8
- yearly growth (in %)	10.8	7.7	13.5	-3.7	-7.7	-11.9	-15.3	-21.5	-16.0	-9.0	-6.7
Unemployment (registered, in thousands)	110.7	110.2	119.8	120.1	112.7	103.2	88.6	78.5	73.8	68.5	62.9
- yearly growth (in %)	10.1	-0.5	8.8	0.2	-6.1	-8.5	-14.1	-11.5	-5.9	-7.3	-8.2
Unemployment rate (ILO concept, in %) **	8.2	8.9	10.1	9.7	9.0	8.0	6.6	5.1	4.3	3.9	3.7
Unemployment rate (registered, in %)	11.8	12.0	13.1	13.1	12.3	11.2	9.5	8.2	7.6	7.0	6.4

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. ** The figure for 2018 is IMAD estimate, as annual data were not yet available at the time of the forecast.

▌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	-0.4	0.0	0.0
Real - based on consumer prices	-1.0	-1.2	1.2	-0.2	-4.1	0.3	0.4	0.8	-0.2	0.0	0.2
Real - based on ULC in economy as a whole	-1.9	-3.0	0.0	-1.6	-3.6	1.0	0.0	0.5	0.9	1.3	1.2
Unit labour costs components											
Nominal unit labour costs	-0.8	0.8	0.5	-1.2	0.3	1.8	1.3	2.5	3.7	3.4	3.3
Compensation of employees per employee	1.5	-1.0	0.5	1.3	1.3	3.0	3.2	4.0	5.1	5.5	5.5
Labour productivity, real [2]	2.4	-1.8	0.0	2.5	1.0	1.2	1.9	1.5	1.4	2.1	2.2
Real unit labour costs	-1.9	0.3	-1.1	-2.0	-0.7	1.0	-0.3	0.2	0.9	0.8	0.6
Labour productivity, nominal [3]	3.5	-1.3	1.6	3.4	2.0	2.0	3.5	3.8	4.1	4.6	4.9

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	40.6	41.6	40.6	41.2	40.5	39.2	39.1	40.5
TAX REVENUES	35.8	36.4	34.9	35.1	35.4	35.2	35.3	35.3
TAXES ON INCOME AND PROFIT	7.4	7.4	5.9	6.3	6.7	6.6	6.9	7.2
Personal income tax	5.6	5.8	5.2	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	14.3	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	13.2	13.5	13.9	13.8	13.8	13.4	13.3	13.0
Value added tax	8.1	8.1	8.4	8.4	8.3	8.1	8.1	8.2
Excise duties	4.0	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	2.9
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. T O T A L E X P E N D I T U R E S	**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. T O T A L E X P E N D I T U R E S	**44.8**	**44.7**	**44.9**	**44.5**	**43.7**	**40.8**	**39.8**	**39.3**
CURRENT EXPENDITURE	**18.8**	**18.9**	**18.9**	**18.7**	**18.5**	**18.3**	**18.0**	**17.3**
WAGES AND OTHER PERSONNEL EXPENDITURE	9.0	8.8	8.6	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	6.6	6.2	5.9	6.0	5.9	6.1	5.7
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	0.6
CURRENT TRANSFERS	**21.2**	**21.3**	**21.2**	**20.2**	**19.4**	**19.1**	**18.4**	**17.9**
SUBSIDIES	1.3	1.4	1.4	1.2	1.0	1.0	1.0	1.0
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	17.7	17.7	17.5	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**	**1.1**

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

Acronyms

Acronyms in the text

AF – Autumn forecast, **BoS** – Bank of Slovenia, **CCIS** - Chamber of Commerce and Industry of Slovenia, **EC** – European Commission, **ECB** – European Central Bank, **EIA** – Energy Information Administration, **ESA** – European System of Accounts, **ESS** – Employment Service of Slovenia, **EU** – European union, **GDP** – Gross domestic product, **GFS** – Government Finance Statistics, **HICP**-Harmonised Index of Consumer Prices, **ICT** – Information and Communication Technology, **IER** – Institute for Economic Research, **ILO** – International Labour Organization, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **LFS**- Labour Force Survey, **MAE** – mean absolute error, **ME** – Mean Error, **MF** – Ministry of Finance, **OECD** – Organization for Economic Co-operation and Development, **RMSE** – Root Mean Square Error, **SF** – Spring forecast, **SRE** – Statistical Register of Employment, **STB** - Slovenian Tourist Board, **SURS** – Statistical Office of the Republic of Slovenia, **TR** – Current Account, **UK** – United Kingdom, **USA** – United States of America, **USD** – US Dollar, **WIIW** - The Wienna Institute for International Economic Studies, **WTO** – World Trade Organization.

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