

### economic trends 2012 autumn forecast of

### Autumn Forecast of Economic Trends 2012 (Jesenska napoved gospodarskih gibanj 2012) Ljubljana, September 2012

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### Contents

Summary	
Assumptions of the Autumn Forecast	
Economic growth	
Consumption aggregates	
Value added by activity	
Labour market	
Employment and unemployment	
Wages	
Inflation	
Current account of the balance of payments	
Risks to the realisation of the autumn forecast	
Assessing forecasting performance	21

atistical appendix	25

### Contents of boxes:

Box 1: Key provisions of the Public Finance Balance Act (ZUJF)	11
Box 2: Household disposable income in 2009–2011	13
Box 3: Revision of the main national accounts aggregates	15
Box 4: Potential GDP growth	20
5	

### Summary

After growth in 2011, the recovery of economic activity was interrupted in the first half of 2012. In Q2, GDP dropped 3.2% y-o-y, recording one of the largest drops in the euro area. Domestic consumption, i.e. household and government consumption and gross fixed capital formation, shrank substantially. With the decline in domestic consumption, the y-o-y drop in imports deepened considerably. As a result of the slowdown of economic activity in Slovenia's main trading partners, exports, thus far the main driver of the otherwise weak economic recovery, were down y-o-y for the first time in a long period. Consumer confidence also deteriorated considerably while labour market conditions remained tight.

**The Autumn Forecast is based on the assumptions of a deterioration of the economic situation, tightened conditions on financial markets in the euro area and the continuation of fiscal consolidation in Slovenia.** The prospects for economic activity in Slovenia's main trading partners have deteriorated further in recent months. The assumption of a deeper decline this year and a stagnation of euro area GDP in 2013 arises from the spreading of the sovereign debt crisis in recent months and a lack of a comprehensive solution, which also tightened the situation on financial markets. In line with the expectations of international institutions, we assume that economic activity in the international environment will recover gradually only in the second half of 2013. The key factor marking the economic movements in the domestic environment will be the continuation of fiscal consolidation as set in the Stability Programme – Update 2012.

After two years of modest economic growth, we anticipate a 2.0% decline of GDP in 2012. Following the modest economic growth in the previous two years (according to the first annual estimate, real GDP growth for 2011 was revised upwards by 0.8 p.p.), we expect a renewed fall of economic activity in 2012 (-2.0%). It will reflect the moderation in growth of foreign demand, which will be even more pronounced in the second half of the year, while the volume of exports of goods and services will remain at the previous year's level (0.1%) mainly due to its growth in the first quarter this year. Investment will continue to shrink (-9.0%), in addition to a further decline in construction investment also due to lower business investment under the tightening financial conditions, deleveraging of highly indebted Slovenian enterprises and deteriorated business expectations. Moreover, gross fixed capital formation will also be affected by a decline in inventories (-1.7 p.p. to GDP growth). Amid a further rationalisation of the general government sector, this year's shrinkage of government consumption will be even more pronounced (-3.4%). Having increased modestly since the beginning of the crisis, for the first time private consumption will also drop this year (-3.0%). It had already shrank substantially in Q2 and follows the fall in disposable income as a result of the further tightening of labour market conditions and the necessary consolidation measures that cut funds for public sector wages and social transfers.

*In 2013 economic activity will continue to shrink and GDP will decline a further 1.4%.* Under the assumption that the international environment will improve gradually in 2013, we expect a renewed, though modest, growth in exports (1.9%). After dropping markedly in the whole period since the beginning of the crisis, investment volume will grow somewhat in 2013 (1.3%). Amid a further decline in private investment in the construction sector, the increase will be primarily due to the anticipated considerable expansion of government investment financed by EU funds and, partly, to a slight increase in investment in machinery and equipment. In light of continuing economic uncertainty and urgent fiscal restrictions to meet the commitments to the EU and to improve access to sources of finance, the decline in private and government consumption will be more pronounced than this year (-3.6% and -6.9%, respectively). Households will continue to adjust consumption structure to the lower purchasing power and increase precautionary savings. The prospects for economic recovery in the coming years are uncertain and rely on the assumptions of a gradual recovery in the international environment, the enforcement of long-term systemic solutions to the sovereign debt crisis in the euro area and a consequent stabilisation on international financial markets. Under such circumstances and with successful fiscal consolidation, the Slovenian economy could begin to recover again in 2014.

The decline in employment has moderated somewhat this year, but next year the labour market situation will worsen more notably again. As labour market adjustment does not take place through employment to such an extent as we expected in the spring, employment will drop less this year (-1.4%) than in 2011. However, with a further decline in economic activity, next year employment will decline more notably again (-2.3%); for the first time, employment is also expected to drop in the general government sector, due to public finance restrictions. In 2012 as a whole, unemployment will remain at a similar level as last year (109.7 thousand),

3

while next year it is set to increase significantly due to a decline in employment and economic activity. The unemployment rate according to the Labour Force Survey is projected to exceed 9% next year, which will be the highest figure in the last ten years, while in 2014 it will remain unchanged.

Nominal wage growth is expected to be modest in 2012 and in the next two years; owing to fiscal restrictions, it will arise only from the private sector. In public service activities, the average gross wage will decrease in nominal terms this year and the next due to austerity measures, and is expected to improve marginally only in 2014. Amid a continuation of unfavourable economic conditions, no visible nominal wage growth can be expected in private sector activities either. In all three years, the total average gross earnings will be shrinking in real terms.

This year's higher inflation is mainly marked by energy and food prices, while core inflation remains low due to low economic activity. Y-o-y inflation will total 3.3% at the end of this year; 2.8% in the year as a whole. The bulk of this year's consumer price growth will come from energy and food prices, as the movements of other prices remain very moderate due to weak economic activity and a decline in consumption. We estimate that the pass-through of the growing global food prices to domestic retail food prices will be less pronounced than on the occasion of a similar shock in 2007, largely on account of the current unfavourable economic situation. Amid a continuation of subdued economic activity and in the absence of major price shocks from the international environment, inflation is projected to hover around 2% in the next two years.

Uncertainties regarding the projections for the main aggregates from the Autumn Forecast remain substantial. Difficult access to sources of funding for the government and banks and hence the business sector is becoming an increasingly important limiting factor to economic recovery. If the situation on international financial markets continues to tighten, the borrowing conditions will deteriorate further. Fiscal consolidation is another risk to the realisation of the central forecast; its delay would deteriorate the prospects for the recovery in the coming years, while next year, the key aggregates will mainly be affected by the structure of fiscal consolidation measures. In the international environment, the risk is associated with a slower recovery of euro area economies, which would affect Slovenia's exports and, consequently, increase the decline of activity.

	2011		2012		2013		2014	
	First estimate	First annual estimate	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12
ECONOMIC ACTIVITY								
GDP, real growth, in %	-0.2	0.6	-0.9	-2.0	1.2	-1.4	2.2	0.9
GDP, in EUR m, current prices	35,639	36,172	35,641	35,700	36,589	35,495	38,059	36,129
Employment according to the SNA, growth in %	-1.7	-1.6	-2.2	-1.4	-1.2	-2.3	-0.3	-0.4
Number of registered unemployed, annual average, in '000	110.7	110.7	118.8	109.7	123.9	120.0	121.6	119.5
Registered unemployment rate, in %	11.8	11.8	12.9	11.9	13.5	13.1	13.3	13.1
ILO unemployment rate, in %	8.1	8.2	8.8	8.3	9.3	9.1	9.1	9.1
Gross wage per employee, real growth, in %	0.2	0.2	-0.2	-2.3	0.1	-1.3	0.9	-0.1
- private sector activities	0.8	0.8	0.4	-1.3	0.8	-0.6	1.3	0.3
- public service activities	-1.8	-1.8	-2.0	-4.9	-1.8	-2.5	0.0	-1.0
Labour productivity (GDP per employee), real growth in $\%$	1.6	2.2	1.4	-0.6	2.4	0.9	2.5	1.4
INTERNATIONAL TRADE					·		·	
Exports of goods and services, real growth, in %	6.8	7.0	1.4	0.1	5.4	1.9	6.1	4.7
Exports of goods	7.7	8.5	1.3	-0.3	5.8	1.8	6.5	5.0
Exports of services	3.6	1.4	1.7	1.9	3.7	2.3	4.3	3.2
Imports of goods and services, real growth, in %	4.7	5.2	-1.6	-5.2	4.9	-1.0	5.5	3.8
Imports of goods	5.7	6.1	-2.0	-5.1	5.0	-1.0	5.6	3.9
Imports of services	-1.4	-0.3	0.7	-5.9	4.3	-0.8	4.6	3.2
CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS								
Current account balance, in EUR m	-168	2	226	810	423	1.363	588	1.142
- as a % of GDP	-0.5	0.0	0.6	2.3	1.2	3.8	1.5	3.2
External balance of goods and services, in EUR m	320	400	983	1,411	1,152	1,912	1,411	2,000
- as a % of GDP	0.9	1.1	2.8	4.0	3.1	5.4	3.7	5.5
DOMESTIC DEMAND								
Domestic consumption, real growth, in %	-1.6	-0.7	-3.0	-5.8	0.7	-3.7	1.5	0.0
of which:				1	1		1	
Private consumption	-0.3	0.9	-1.2	-3.0	0.2	-3.6	1.5	0.2
Government consumption	-0.9	-1.2	-3.5	-3.4	-0.7	-6.9	0.3	-1.9
Gross fixed capital formation	-10.7	-8.1	-1.5	-9.0	4.0	1.3	3.0	1.5
Change in inventories, contribution to GDP growth, in p.p.	1.0	0.7	-1.3	-1.7	0.0	-0.2	0.0	0.0
EXCHANGE RATES AND PRICES								
USD/EUR exchange rate	1.392	1.392	1.320	1.267	1.322	1.240	1.322	1.240
Real effective exchange rate – CPI deflator	-1.0	-1.0	-0.7	-1.3	0.0	-0.5	0.0	0.0
Inflation (Dec/Dec)	2.0	2.0	2.0	3.3	1.9	1.9	2.0	1.8
Inflation (annual average)	1.8	1.8	2.0	2.8	1.8	2.2	1.9	1.8
Oil price (Brent crude, USD/barrel)	111.3	111.3	115.0	113.5	112.0	110.0	110.0	110.0
ource: Year 2011 SORS, BS, ECB, EIA, 2012–2014 forecasts by IMAD.								
The Autumn Forecast is based on the guidelines from the adopted measures available by 6 September 2012.	Stability	Programm	e - Update 2	2012 (April 2	2012) and s	tatistical da	ata, informa	ation and

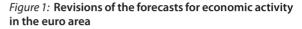
### Autumn forecast of Slovenia's main macroeconomic aggregates

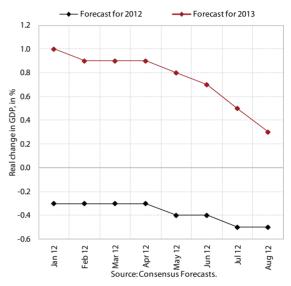
# autumn forecast of economic trends 2012

### **Assumptions of the Autumn Forecast**

The prospects for economic activity in Slovenia's main trading partners have deteriorated in recent months. Uncertainty remains high, particularly due to the continuation of the sovereign debt crisis in the euro area. In the first half of this year, GDP in the euro area was 0.2% lower than in the same period last vear. International institutions expect a further q-o-q deterioration of economic activity by the end of the vear and have already started to revise downwards their forecasts for 2013. The key reason for the deteriorated prospects is the spreading of the sovereign debt crisis in the euro area to some new countries in recent months and a lack of a comprehensive solution to the crisis, which was reflected in a further tightening on financial markets. Growth in world trade slowed in Q2; the growth forecasts for 2012 and 2013 have therefore been reduced as well, which will have a negative effect on growth in European exports. Amid fiscal consolidation measures, a continuation of labour market tensions and limited access to funding, the domestic consumption in the euro area has been shrinking for several guarters. The risks exposed in our Spring Forecast are thus largely materialising. The assumptions regarding economic activity in Slovenia's main trading partners in 2012 and 2013 are, consequently, mostly lower than they were in the spring. Based on the economic performance in the first half of the year and the latest available forecasts by international institutions, we assume that all main partners except Germany, Poland and Russia will see lower growth or a larger decline of GDP this year than projected in the spring. In view of

high uncertainty, we assume that economic activity in the euro area will stagnate on average in 2013, while the assumptions regarding economic activity in other EU Member States and former Yugoslav countries were reduced mainly due to the strong trade and financial ties of these countries to the euro area. Consistent with the expectations of international institutions, economic activity in the international environment is expected to recover gradually only in the second half of 2013.





		20	012	20	2014	
Real growth rates, in %	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
EU	1.5	0.0	-0.3	1.2	0.3	1.7
Euro area	1.4	-0.3	-0.5	0.9	0.0	1.5
Germany	3.0	0.6	0.9	1.5	0.9	1.7
Italy	0.4	-1.3	-2.1	0.1	-0.8	0.6
Austria	2.7	0.7	0.6	1.6	0.8	1.7
France	1.7	0.4	0.1	1.0	0.2	1.5
United Kingdom	0.8	0.6	-0.5	1.8	1.1	2.2
Czech Republic	1.7	0.0	-0.7	1.9	0.8	2.6
Hungary	1.6	-0.5	-1.1	1.3	0.4	2.6
Poland	4.3	2.5	2.7	3.2	2.2	4.0
Croatia	0.0	-0.5	-1.2	1.0	0.5	2.0
Bosnia and Herzegovina	1.7	0.8	-0.5	2.0	1.2	3.0
Serbia	1.6	0.7	-1.0	2.0	1.2	3.0
Macedonia	3.0	2.3	1.9	3.0	2.2	4.0
US	1.8	2.2	2.2	2.5	2.1	3.2
Russia	4.3	3.5	3.7	3.8	3.7	4.2

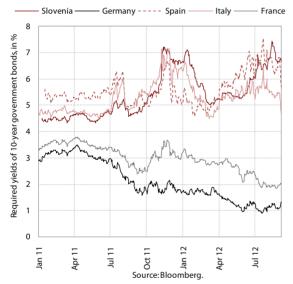
Table 1: Assumptions of the forecast for economic growth in Slovenia's main trading partners

Source: Eurostat (for 2011); Consensus Forecasts, August 2012; Eastern Consensus Forecasts, August 2012; EIU Country Reports, August 2012, IMF World Economic Outlook update, July 2012; WIW Current Analyses and Forecasts, July 2012; IMAD estimate.

10

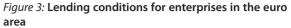
The conditions on government bond markets tightened once again in the summer. In the summer, the situation on government bond markets deteriorated again, which was reflected in an increase in the required yields of government bonds of some of the most exposed countries. Early September, the ECB announced a programme of buying government bonds on the secondary market, which will be conditional on a country's application for support. At least temporarily, this contributed to a decline in the required yields of government bonds. In the absence of systemic solutions to resolve the sovereign debt crisis in the euro area, uncertainty remains high. We assume that Slovenia will therefore also have difficulty accessing sources of finance this year, and particularly in 2013.

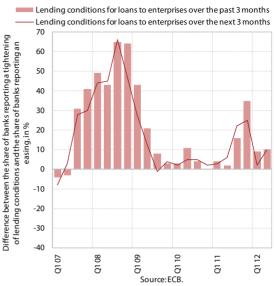
*Figure 2:* Required yields of 10-year government bonds in selected euro area Member States



The conditions also remain tight on interbank markets and the results of the ECB survey indicate no short-term improvement. The lending activity in the euro area has already been modest for several quarters. The ECB survey data show a further tightening of lending conditions in the next quarter, while corporate and household demand for loans will continue to shrink. We assume there will be no improvement in bank market conditions in the euro area next year, and hence no rebound in lending activity, so that access of Slovenian banks and thus the economy to sources of finance will remain difficult.

The lending activity in Slovenia remains modest and is not expected to improve next year. Foreign sources, the main factor of financing of Slovenian banks in the past, have declined further in recent quarters, and banks net repaid EUR 2.5 bn in foreign liabilities in the first seven months of this year. With the foreseen contraction of economic activity, loan demand will also remain low, and the lending activity will continue to be strongly hindered by overindebtedness of Slovenian enterprises. These





will thus still have great trouble finding sources of debt financing this year and the next.

The Autumn Forecast is based on the assumption that the public finance deficit will drop in 2012 and in the following years consistent with Slovenia's commitments in the Stability Programme. The Forecast takes into account the revised budget for 2012 and the adopted measures, in particular the Public Finance Balance Act (see Box 1) and the Agreement on Measures regarding Wages, Compensation and Other Benefits in the Public Sector to Balance the Public Finances, concluded between the government and the representative trade unions of the public sector. For the following years, we took account of the guidelines in the Stability Programme – Update 2012, which envisages correction of the excessive deficit in 2013 as recommended by the EU Council within the excessive deficit procedure. The public finance consolidation strategy is mainly underpinned by expenditure cuts, but it also includes measures for improving the efficiency and quality of revenue collection and introduces tax credits for R&D and investment to enhance economic growth. Even though the expenditure-side measures for the following years have yet to be finalised, the forecast relies on the broad guidelines that (amid the already enforced measures) further adjustments will mainly involve the rationalisation of the size of the public sector and expenditure on goods and services. Although they will have negative implications for economic activity in the short term, these measures are essential for Slovenia to meet its commitments and renew access to sources of finance, which will facilitate a rebound of economic activity in the coming years. Next year, a positive contribution will also come from government investment, which is set to increase as a result of the planned faster absorption of EU funds at the end of the current financial perspective.

### Box 1: Key provisions of the Public Finance Balance Act (ZUJF)

The Public Finance Balance Act (ZUJF)<sup>1</sup> includes systemic changes to 39 laws and other permanent and temporary fiscal consolidation measures. The systemic changes are aimed at providing a legal framework for a more efficient management of public finances and improving fiscal discipline. Together with permanent and temporary measures, they help reduce public finance expenditure on a number of functions and prevent the otherwise planned increase. At the same time, they increase certain tax revenues. Among expenditure reduction measures, reducing and non-adjusting wages and reimbursements of work-related costs in public service activities, pensions and social transfers have the largest financial effect. The adoption of the ZUJF will also prevent the anticipated increase in some other types of expenditure (for example, on Slovenian Railways, investment in motorway construction, a decline of kindergarten prices). At the same time, the ZUJF also increases revenues from certain taxes, such as taxes on income from financial derivative instruments, boats and motor vehicles and real estate. In 2012, the ZUJF has been in force since June, while in 2013 and 2014, it will be effective the entire year. The time frame of temporary measures varies; most of them will be in force until the end of 2013 or 2014. Pensions will not be indexed to inflation in 2012 only, while the basic wages of public servants and social transfers and social transfers will be frozen until the end of 2013 and the end of 2013, while the reduction of holiday allowances will be in force in 2012 and 2013.

<sup>1</sup> Official Gazette of the Republic of Slovenia, No. 40/2012. The Act entered into force on 31 May 2012.

The Autumn Forecast is based on the assumption that commodity prices will not change significantly in the next two years. In the first eight months of this year, the Brent oil price mainly moved between USD 105 and USD

### Figure 4: Commodity price movements

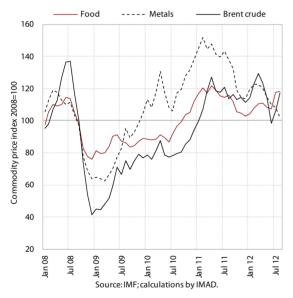


Table 2: Assumptions of the forecast for commodity prices

125 a barrel, averaging USD 112 a barrel, just slightly more than in the same period last year. At the time of the preparation of the Autumn Forecast, it was at USD 115/barrel, so that the technical assumption anticipates a stabilisation at this level by the end of the year. For the next two years, we assume a decline in the average annual oil price to USD 110/barrel, in line with the expectations of international institutions. Dollar prices of non-energy commodities were down 13.6% y-o-y in the first eight months this year. The moderation of global economic activity is weighing on demand for industrial raw materials, particularly metals; in contrast, food prices rose considerably in the summer, mainly due to weatherrelated factors. Similar movements are expected to continue until the end of this year; non-energy prices will thus drop by an average of 9.5% in the year as a whole and then remain basically unchanged in the next two years.

**The spring forecast assumes a EUR/USD exchange rate of USD 1.240 to EUR 1.** In the first eight months, the average exchange rate of the euro totalled USD 1.28 per euro, 7.9% less than, on average, in 2011. In August, the ratio between the two currencies was 1.240, which is also the basis for the assumption until the end of the forecast period.<sup>1</sup>

		20	12	20	13	2014
	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Brent crude prices, in USD	111.3	115.0	113.5	112.0	110.0	110.0
Brent crude prices, in USD, growth	39.7	3.3	2.0	-2.6	-3.1	0.0
Non-energy commodity prices, in USD, growth	17.8	-9.5	-9.5	0.0	1.6	0.0

Source: EIA, EIU, ECB, IMF; assumptions for 2012-2014 by IMAD.

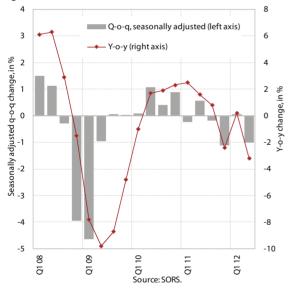
<sup>&</sup>lt;sup>1</sup> The assumed exchange rate for 2012 is USD 1.267 to EUR 1, as it takes into account the actual realisation for the January–August period.

### **Economic growth**

### **Consumption aggregates**

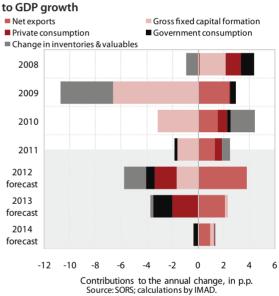
With slowing growth in foreign demand and the contraction of domestic consumption in particular, gross domestic product will decline by 2.0% this year. After the q-o-q stagnation in Q1, followed by a decline in Q2, GDP was down 1.6% y-o-y in the first half of the year. Exports, thus far the main engine of the otherwise weak economic recovery, were lower y-o-y in the second quarter for the first time in a long period, and no more than 0.7% higher y-o-y in the first half of the year. Consistent with the forecasts by international institutions, economic activity in Slovenia's main trading partners is set to slow further q-o-q in the second half of 2012, meaning that exports will stagnate in 2012 as a whole. As a result of the ongoing contraction of investment and a decline in private and government consumption, domestic consumption was down by 4.5% y-o-y in the first six months of the year. The factors that contributed to this substantial decline, in particular limited sources of finance, a continuation of tightened labour market conditions and fiscal consolidation measures, will also be at play in the second half of this year, so that in 2012 as a whole, domestic consumption will drop by 5.8%.

### Figure 5: GDP in Slovenia



With the expected q-o-q decline in the second half of the year, this year, exports of goods and services will remain at a similar level as last year. The y-o-y growth of goods exports has been easing since Q2 2011, and in Q2 2012, exports were lower y-o-y for the first time since 2009, mainly due to a y-o-y decline in exports to EU Member States (-1.3%), as exports to non-EU countries were up y-o-y. Looking at exports of goods, this year recorded a significant slowdown in the y-o-y growth

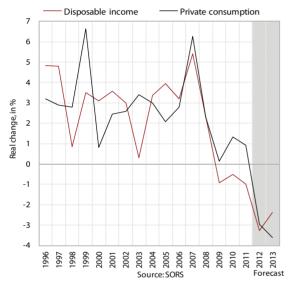
of manufacturing exports at all levels of technology intensity. The exports of the two largest components, electrical appliances and motor vehicles, were even down year-on-year. A y-o-y drop in exports was also recorded for electricity and agricultural products, in contrast to last year, when they had increased significantly and made a visible contribution to total growth. In light of the expected further easing of economic activity in Slovenia's main trading partners, especially EU Member States, exports are expected to continue to drop q-o-q in the second half of the year, while the relatively high growth in exports to non-EU countries will continue. Growth in services exports continues this year, having totalled 2.4% in the first half of the year, mainly owing to higher growth in exports of travel and other business services (computer and information services, and licences, patents and copyrights). Exports of goods are therefore expected to shrink by 0.3% this year, while exports of services will grow by 1.9%; the total exports will thus remain at the same level as in 2011 (0.1%).



*Figure 6:* Contributions of consumption aggregates to GDP growth

In view of the unfavourable labour market conditions, coupled with measures for the otherwise urgently needed consolidation of public finances, we expect a stark decline in private (-3.0%) and government (-3.4%) consumption this year. In the first half of the year, private consumption was down 1.2% y-o-y. Given the uncertainty due to the continued unfavourable economic conditions and the enforcement of the savings measures, private consumption will drop further q-o-q in the second half of the year, which is already indicated by short-term indicators of consumption. Disposable income will drop 3.3% in real terms this year, which will be, amid a notable real decline in the average gross wage per employee and a further decline in employment and hence in the compensation of employees, also a result of lower social transfers.<sup>2</sup> Government consumption was also down y-o-y (-1.0%) in the first half of this year, on account of a decline in Q2 2012. Assuming that the restrictive wage policy (a drop of wages according to the ZUJF, in particular) and personnel policy (restrictions on hiring) stay in place, we expect the compensation of employees in the general government sector to decline this year. Other labour costs will also shrink, especially work-related reimbursements and compensations (meals, transport to and from work). Expenditures on goods and services of all general government budgets will be cut further, and social benefits in kind will also decline as a result of the ZUJF. Government consumption will therefore shrink by 3.4% in real terms.

### Figure 7: Household and NPISH disposable income and private consumption



Notes: If available, more recent data for individual categories of disposable income were used in the calculation of income (they are otherwise published together once a year within sector accounts). Private consumption is deflated by the corresponding deflator, while disposable income is deflated by the CPI.

### Box 2: Household disposable income in 2009-2011

This year, gross fixed capital formation will decline for the fourth year in a row, by 9.0%. In the first half of the year, investment was down 9.7%, once again mainly on the back of investment in buildings and structures (-16.8%); after last year's growth, investment in machinery and equipment was lower y-o-y (-2.7%); due to the consolidation of public finances, government investment shrank as well. Within construction investment, residential construction declined most notably owing to large stocks of unsold flats. The main reasons for lower business investment are the tightened financial situation, deleveraging of enterprises and, in recent months, deteriorated business expectations. The unfavourable situation is expected to continue until the end of the year, as data on issued building permits indicate a further shrinkage in construction investment, while investment in machinery and equipment will remain at roughly the same level as in the first half of the year. The decline in GDP in the first half of the year was attributable to changes in inventories, which grew less than in the same period last year. Amid a further tightening of the terms of financing, they are expected to decline in the second half of the year. This year, the contribution of the change of inventories will total -1.7 p.p.

As a result of the fall in domestic consumption, we also project a substantial decline in imports. In the first half of the year, imports were down 3.3% y-o-y, largely on account of lower domestic spending. Imports of goods declined y-o-y due to lower imports of consumer and investment goods amid a contraction of investment and private consumption; imports of services were lower as well (-4.4%). The latter were affected by lower domestic household spending abroad and lower imports of road and maritime transport. With the continuation of negative movements in domestic consumption, total imports are expected to fall even deeper in the second half of the year (5.2% in real terms in 2012 as a whole).

**Household disposable income shrank 2.4% in real terms in 2008–2011.** The main reasons for the decline were the tight situation on the labour market and a consequent decline in the number of wage earners, which was down 7.7% in the period as a whole. In 2011, the average gross wage per employee was otherwise 4.8% higher than in 2008 in real terms, but its growth eased already. For both reasons, the compensation of employees, which includes gross income from labour and is the largest category of disposable income (2011: 80.1%),<sup>1</sup> has been shrinking in real terms since 2009, and was 4.6% lower in real terms in 2011 compared with 2008. Entrepreneurial income and other household income responded to the crisis immediately; they have been dropping in real terms since 2009 and were in 2011 more than 10% lower in real terms than in 2007. The tough economic conditions are also reflected in higher social transfers, so that in the period from 2008 to 2011, the share of social transfers in disposable income rose by 3.5 p.p. to 28.9%.

<sup>1</sup> The share of entrepreneurial income and other income in the total disposable income amounted to 25.6% last year; the share of social benefits, 28.9%. Household disposable income is calculated by subtracting from the total income the share of expenditure (taxes on income and property and social security contributions), which totalled 34.5% last year.

<sup>&</sup>lt;sup>2</sup> Social transfers will shrink as a result of the adoption of the ZUJF and the beginning of the enforcement of the Exercise of Rights to Public Funds Act (ZUPJS), based on which fewer funds were allocated for social transfers due to certain new conditions and property taken into account in determining these rights.

		20	012	20	2014	
Real growth rates, in %	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Gross domestic product	0.6	-0.9	-2.0	1.2	-1.4	0.9
Exports	7.0	1.4	0.1	5.4	1.9	4.7
Imports	5.2	-1.6	-5.2	4.9	-1.0	3.8
External balance of goods and services (contribution to growth in p.p.)	1.3	2.1	3.8	0.5	2.1	0.9
Private consumption	0.9	-1.2	-3.0	0.2	-3.6	0.2
Government consumption	-1.2	-3.5	-3.4	-0.7	-6.9	-1.9
Gross fixed capital formation	-8.1	-1.5	-9.0	4.0	1.3	1.5
Change in inventories and valuables (contribution to growth in p.p.)	0.7	-1.3	-1.7	0.0	-0.2	0.0

### Table 3: Forecast for economic growth

Source: SORS; 2012–2014 forecasts by IMAD

We expect that economic activity will also decline next year (-1.4%), due to both international and domestic factors. The unfavourable economic situation in Slovenia's main trading partners will continue and access to sources of finance will remain aggravated. In the domestic environment, fiscal consolidation will go on. Next year, the decline in private consumption (-3.6%) will be even deeper than this year, and larger than the drop in disposable income (-2.4%), which will shrink again due to the lower compensation of employees and non-adjustment of social transfers. Amid the ongoing unfavourable economic conditions and high uncertainty, the propensity of households to consume will drop next year, according to our estimate. In view of the need for fiscal consolidation, we expect a continuation of the restrictive personnel policy, in particular, but also wage policy, which will significantly reduce government consumption (-6.9%). With the measures currently in place, the decline in the compensation of employees could be achieved mainly by adjusting employment. We also assume a further decline in intermediate consumption and social benefits in kind. Despite a further drop in private investment, particularly in the construction sector, we predict gross fixed capital formation to rise slightly next year (1.3%), mainly on account of a significant increase in government investment financed by EU funds. Investment in machinery and equipment will also grow somewhat. With a gradual improvement in the international environment in the second half of the year, next year, exports to EU countries will start growing again while exports to non-EU countries will strengthen further, so that in 2013, the total exports will rise by 1.9%.

Given the high uncertainty in the domestic environment and abroad, the deepening of the sovereign debt crisis in the euro area and a lack of systemic solutions, the most likely scenario for 2014 assumes modest economic growth. The scenario relies on the rebound of economic activity in Slovenia's main trading partners and renewed access to sources of funding for the Slovenian government and banks. It these assumptions materialise, GDP could increase by 0.9% in 2014, though this forecast is associated with significant risks. With the strengthening of foreign demand, the otherwise modest growth would be propelled by growth in exports accompanied by growth in (both private and government) investments.

### Value added by activity

In the first half of the year, value added was 1.4% lower y-o-y and the decline will deepen by the end of the year in most activities. As already in the last guarter of 2011, in the first half of 2012, value added was down y-o-y in manufacturing (-1.2%), construction (-11.5%) and market services (-1.5%), while in public services, it exceeded the average of the first half of 2011 by 1%. Medium-low-tech industries in the manufacturing sector, which mainly produce intermediate goods, were already affected by the deterioration of the international environment last year. In the first half of the year, production volume also started to decline in low-tech industries, while remaining the same as at the end of 2011 in the group of other, more technologically intensive, activities. As a result of low demand and financial difficulties of construction services providers, the value of construction output dropped again y-o-y in the first half of 2012 in all three segments of the construction sector. With a decline in all components of domestic consumption and foreign demand, lower activity than last year was also recorded in most market services. Based on revenue movements, we estimate that positive y-o-y growth was recorded only in transport and storage activities, where growth was mainly underpinned by international road freight transport. In public services, activity (measured by the number of employees) increased y-o-y in health and social work (2.8%) and education (1.9%), while the number of employees in public administration and defence activities was somewhat lower than a year earlier due to austerity measures (-0.8%). With a further shrinkage of foreign and domestic demand, value added in manufacturing, construction and market services is also expected to decline in the second half of this year. In the year as a whole, it will thus drop below last year's levels in all activities, again most notably in the construction sector. Due to the enforcement of the ZUJF, value added in public service activities will also stop growing in the second half of the year.

In the next two years, value added will begin to increase slightly in most activities. With the rationalisation of the general government sector, value added will decline in public service activities and, to a certain extent, market services, which are crucially dependent on domestic consumption. Next year, value added is expected to rise marginally in manufacturing and construction. In manufacturing, the improvement will reflect a gradual recovery in the international environment in the second half of 2013, while value added in the construction sector will increase solely owing to higher government construction investment financed by EU funds. In service activities, which rely more on domestic consumption (particularly household consumption), where the decline

will deepen further next year, value added will not yet increase in 2013. Value added is thus expected to decline in trade, accommodation and food service activities, real estate, and arts, entertainment and recreation activities. It will also continue to drop in financial and insurance services. In activities that are highly dependent on domestic production and construction, such as information-communication activities, professional, scientific and technical activities and transport, value added is expected to stagnate at the 2012 level next year. Assuming a very restrictive personnel policy, next year value added is projected to decline most notably in public service activities, where it has so far been rising in the whole period of the economic crisis. Value added in public services will also continue to decline in 2014 when, assuming a pick-up in foreign demand, value added in the predominantly market-oriented activities should already record modest arowth.

### Box 3: Revision of the main national accounts aggregates

According to the first annual estimate released in August 2012 by SORS, GDP increased by 0.6% in real terms last year, while the first estimate from March 2012 based on quarterly accounts showed a 0.2% decline. At the end of August 2012, SORS released the regular annual revision of data on GDP, main national accounts aggregates and employment for 2007–2011. The new estimates of the nominal GDP values for 2007 and 2008 do not differ much from the previously released figures, but the estimates for 2009, 2010 and in particular 2011, were revised upwards significantly. The estimate of nominal GDP for 2011 is EUR 533 m (1.5%) higher than the first estimate based on quarterly accounts. The new estimates of real GDP growth rates in 2007–2011 differ no more than 0.2 p.p. from the previously released estimates, except for last year, when real GDP growth was 0.6% according to the first annual estimate, 0.8 p.p. higher than according to the previous release. On the production side, real growth rates were revised most notably in construction (-10.3%; before the revision: -20.3%), agriculture (7.5%; before the revision: -2.3%) and in financial and insurance activities (-2.8%; before the revision: 0.3%). In consumption components, gross fixed capital formation (-8.1%; before the revision: -10.7%) and private consumption (0.9%; before the revision: -0.3%) increased the most.

**Revisions of previous data add to the uncertainty in forecasting macroeconomic categories.** The quantity and the quality of data available to statistical institutes for estimating GDP growth rates in previous years increase and improve over time. The estimates of economic activity in previous years are thus expected to change and improve with each new set of data. However, the revisions of previous GDP growth estimates increase the uncertainty of the forecasting process, all the more so because the revisions of GDP sub-categories are often more significant than those of the total GDP, which can show the economy in a completely different light. Revisions change data for the preceding year, as well as for the years before. With the latest annual revision, real GDP growth in 2010 was thus reduced by 0.2 p.p. to 1.2%. This is otherwise equal to the previous estimate based on the quarterly accounts from February 2010, but within that, there was a significant change in growth structure. The estimate of private consumption growth increased 2.0 p.p., while the estimate of growth in gross investment in machinery and equipment declined by as much as 12.6 p.p. The downward revision of the estimates of production capacities, and thus of future growth. With the revision of growth structure (higher consumption, less investment), the picture of the Slovenian economy in 2010 changed significantly as well.

Table 4: Gross domestic product before and after revision
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Real growth in %	2007	2008	2009	2010	2011
Nominal GDP					
First estimate, SORS (March 2012), EUR m	34,562	37,280	35,311	35,416	35,639
First annual estimate, SORS (August 2012), EUR m	34,594	37,244	35,556	35,607	36,172
Change (%)	0.1	-0.1	0.7	0.5	1.5
Real GDP					
First estimate, SORS (March 2012), in %	6.9	3.6	-8.0	1.4	-0.2
First annual estimate, SORS (August 2012), in %	7.0	3.4	-7.8	1.2	0.6
Change, in p.p.	0.1	-0.2	0.2	-0.2	0.8
Source: SORS					·

### Labour market

### **Employment and unemployment**

This year, employment will decline less than last year and less than projected in the spring, which is mainly due to a different-than-expected adjustment of the labour market to lower economic activity. The number of employed persons (according to the national accounts statistics) was 0.8% lower y-o-y in the first half of the year. It dropped most notably in construction and more than last year in manufacturing. On the other hand, the decline in market services eased while the number of employed persons in public service activities increased. These movements show that the private and public sectors were mainly adjusting labour costs to lower economic activity by reducing wages, and not so much by cutting jobs as expected at the time of the preparation of the Spring Forecast. This holds true particularly for public service activities, which, because of the ZUJF, are also expected to see less restricted hiring in the second half of the year than projected in the spring.<sup>3</sup> The private sector, on the other hand, is expected to adjust by reducing the number of employees.

### In the year as a whole, unemployment will persist around

**last year's level.** The unemployment rate according to the labour survey will be 0.1 p.p. higher than in 2011, but the average number of registered unemployed persons (109.7 thousand) will be a little lower than last year. In the first eight months of this year, registered unemployment declined from just below 116 thousand in January to slightly over 106 thousand at the end of August. The lower actual and expected numbers of the unemployment due to a smaller decline (or even growth) of employment in some activities (particularly public service activities), a more active government policy (reflected in a higher number of unemployed persons deleted from the unemployment register for neglect of duties and increased participation of the unemployed in

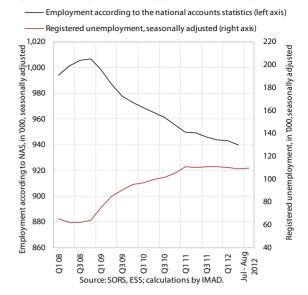


Figure 8: Employment and registered unemployment

public works) and increased withdrawal from the labour market. In the first eight months of the year, 4,916 (60%) more people were deleted from the unemployment register for neglect of duties than in the same period last year; the number of those included in public works was 1,986 persons (181%) higher, while 1,398 (12%) more persons became inactive or deregistered of their own volition.

With a further decline in economic activity, in 2013, employment will shrink more than in 2012, and it will also drop slightly in 2014. Unemployment will therefore increase considerably in 2013, averaging 120 thousand in the year as a whole. Next year's larger decline in employment relative to this year is mainly attributable to deteriorated prospects for economic activity. As a result of the projected decline in economic activity, employment will drop in nearly all activities of the private sector next year. Moreover, for the first time, employment will also be adjusted in the general government sector.

		20	12	20	2014	
In %	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Employment according to the SNA, growth	-1.6	-2.2	-1.4	-1.2	-2.3	-0.4
Number of registered unemployed, annual average, in '000	110.7	118.8	109.7	123.9	120.0	119.5
Registered unemployment rate	11.8	12.9	11.9	13.5	13.1	13.1
ILO unemployment rate	8.2	8.8	8.3	9.3	9.1	9.1

Source: SORS; 2012-2014 forecasts by IMAD.

<sup>3</sup> In the spring we assumed that no replacement employment will be allowed in the second half of this year. The ZUJF otherwise reduces wages and some other compensations of employees, but it enables hiring with consent (in some cases, also without consent).

We assume that owing to fiscal restrictions, employment in the general government sector will decline next year. In light of this significant fall in employment, the number of registered unemployed persons will also grow substantially in 2013, although we assume that a significant number of employees who will lose their jobs next year will retire. The projected increase in registered unemployment is also based on the assumption that a large generation of young people who will finish school next year will not be able to find work any time soon (a higher inflow of young people into unemployment). As a consequence, the registered and survey unemployment rates will increase next year (13.1% in 9.1%, respectively). As employment tends to adjust to economic activity with a delay, the number of employed persons will also drop somewhat in 2014, while the number of registered unemployed persons will remain similar to the 2013 average.

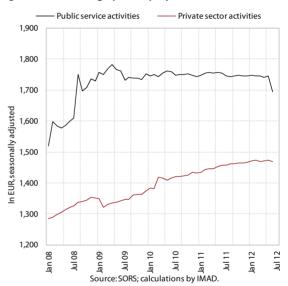
10 2010 H1 2012/H1 2011 2011

### Figure 9: Employment by activity since the beginning of the crisis (national accounts statistics)

### Wages

The continuation of unfavourable economic conditions this year and in the next two will not be conducive to visible wage growth in private sector activities. For the third consecutive year, in 2012, the nominal increase in the total gross wage (0.5%) will be underpinned only by growth in private sector activities, but this already eased significantly in the first half of the year. For the first time in the last twenty years, wages in these activities will decline in real terms due to a moderation of the nominal growth of the gross wage and the expected higher inflation. A further contraction of economic activity in 2013 and the anticipated slow recovery in 2014, the efforts of businesses to remain competitive and the absence of labour market pressures amid high unemployment, will also have a significant impact on wage movements in private sector activities in the next two years. In 2012-2014, these activities will thus see much slower nominal wage growth than last year.

### Figure 10: Gross wage per employee



8		■ 2009	2010	2011		2011
10' ni ,sr	5					
d persor	0					
Change in the number of employed persons, in '000	-5					
imber of	-10					
n the nu	-15					
Change i	-20					
	-25					
		Manu- facturing	Construction	Market services (G-N; R, S, T) DRS; calculatio	Public service activities (O-Q) ons by IMAD.	Other (A,B,D,E)
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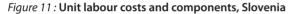
Table 6: Forecasts for average growth in the gross wage per employee

		20	12	20	2014	
Growth rates, in %	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Gross wage per employee – nominal	2.0	1.8	0.5	1.9	0.9	1.7
- private sector activities	2.6	2.4	1.4	2.6	1.6	2.1
- public service activities	0.0	0.0	-2.3	0.0	-0.3	0.8
Gross wage per employee – real	0.2	-0.2	-2.3	0.1	-1.3	-0.1
- private sector activities	0.8	0.4	-1.3	0.8	-0.6	0.3
- public service activities	-1.8	-2.0	-4.9	-1.8	-2.5	-1.0

Source: SORS: 2012-2014 forecasts by IMAD

Note: Labour productivity is measured as GDP per employee. The private sector includes activities A–N, R–S, the public sector activities O–Q

In public service activities, wages will drop in nominal terms this year and the next due to austerity measures, while in 2014 they will increase only slightly. In the first half of this year, the average gross wage in public service activities dropped by 1.0% in nominal terms, but in the second half of the year, the decline will be much larger due to the enforcement of the Fiscal Balance Act (ZUJF). In line with the ZUJF, wages of all public servants dropped by 8.0% in June, but as at the same time, the remaining two quarters of funds for eliminating wage disparities were paid, the average gross wage in public service activities declined by 3.1%. It is expected to be 2.3% lower than last year in 2012 as a whole. Despite the anticipated wage increase in June 2013 due to promotions to a higher job title in 2011 and 2012, and to a higher pay rank in 2012, the average gross wage in public service activities will also drop next year in nominal terms (-0.3%), given that the freeze on the disbursement of regular work performance bonuses, restrictions on the disbursement of supplements for increased workload and the suspension of wage adjustment for price growth were extended until the end of 2013.



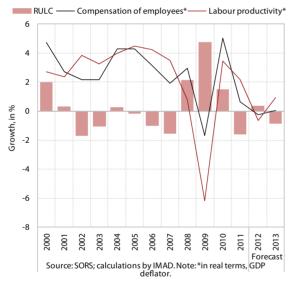


Table 7: Inflation forecast

Regardless of the decline in wages, after a one-year break the ratio of labour costs per employee to productivity will deteriorate again this year, and is not expected to improve visibly next year. In light of the substantial decline in economic activity, this year's drop in productivity will exceed that in labour costs despite the considerable reduction of employment. After declining in 2011, real unit labour costs will thus be higher again this year, by 0.4% (by as much as 7.3% since 2007). The decline in 2013 will be modest, reflecting weak growth in productivity, which will be attributable solely to lower employment (-0.8%). Owing to the weak euro and a somewhat faster growth of unit labour costs in Slovenia's trading partners, the real effective exchange rate will nonetheless continue to decline.

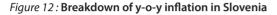
### Inflation

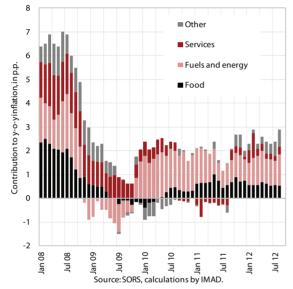
This year's consumer price growth was mainly marked by energy and food prices. In the first eight months of 2012, inflation totalled 1.9% (2.9% y-o-y), largely on account of higher energy and food prices, which contributed 1.1 p.p. and 0.5 p.p., respectively, to the total price growth in this period. Energy price rises reflect oil price movements on the global market and the government policy of adjusting the level of excise duties on liquid fuels. During the summer months, food prices on global markets started to accelerate more noticeably due to the weather conditions, but in view of the unfavourable economic situation, the transfer to domestic retail prices is expected to be less pronounced than in 2007. Even so, food prices will remain an important driver of inflation until the end of 2012. This year, price growth will also be affected by September's abolition of the subsidy for school meals and a new increase in excise duty rates on tobacco and tobacco products in October. Against the background of continued weak economic activity, price growth otherwise remains moderate, as core inflation (excluding energy and non-processed food) has been hovering around 1.5% for guite a while. Y-o-y inflation will thus stand at 3.3% at the end of this year, totalling 2.8%, on average, in the year as a whole.

ln %		20	12	20	2014	
	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Inflation – annual average	1.8	2.0	2.8	1.8	2.2	1.8
Inflation – Dec/Dec	2.0	2.0	3.3	1.9	1.9	1.8

Source: SORS; 2012-2014 forecasts by IMAD

Amid ongoing weak economic activity and in the absence of substantial international price shocks, inflation is projected to move around 2% in the next two years. Given the tightened situation in the domestic economy, the movement of labour costs will be moderate. Furthermore, no major tax changes that would significantly impact price growth in the next two years were foreseen at the time when the forecast was prepared. Neither do we expect any major shocks from the international environment, so that under the current assumptions for oil and non-energy commodity prices, y-o-y inflation will hover around 2% in the next two years.



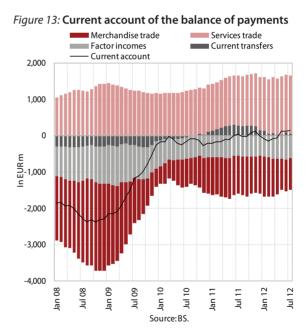


### Current account of the balance of payments

The current account of the balance of payments, which was balanced last year, will run a surplus in the next two years. The surplus in international trade will increase most notably in 2012–2014, amid a further drop in domestic consumption and weak foreign demand. Despite the

Table 8: Current account of the balance of pay	vments
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deteriorating terms of trade, the deficit in merchandise trade will be lower, as real merchandise exports will be increasing and real merchandise imports falling until and including 2013. The improvement in international trade will also be influenced by a wider surplus in services trade, on the back of a further widening of the surplus in trade in travel and transport services. The increase in the current account balance will also come from the surplus in current transfers, which will be a consequence of the anticipated favourable net budgetary position against the EU, particularly due to the planned acceleration of the absorption of funds under the Common Agricultural and Fisheries Policies and from Structural Funds in 2013. On the other hand, the deficit in the balance of factor incomes will be widening this year and the next two, owing to higher net outflows for interest payments related to bonds issued by the government and financial institutions (banks) to cushion the impact of the crisis. The largest amount of interest abroad will be repaid by the general government sector. The current account surplus will thus represent 2.4% of estimated GDP, while in the next two years, it will exceed EUR 1 bn and account for 3.8% and 3.2% of estimated GDP, respectively.



		20	12	20	2014	
	2011	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Spring forecast (Mar. 12)	Autumn forecast (Sept. 12)	Autumn forecast (Sept. 12)
Current account,in EUR m	2	226	810	423	1,363	1,142
Current account,in % of GDP	0.0	0.6	2.3	1.2	3.8	3.2

Source: BS; SORS, 2012-2014 forecasts by IMAD.

### Risks to the realisation of the autumn forecast

Risks to the realisation of the central forecast for the 2012-2014 period remain significant, largely due to the possibility of a greater-than-assumed deterioration in the international and domestic environment and the continued limited access to foreign sources of funds. The central forecast is based on the assumption that the international environment will improve in the second half of 2013 as a result of restored confidence with a gradual resolution of the debt crisis. If the ECB's latest measures and attempts to improve the institutional structure of the EU fail to appease the financial markets and contribute to a long-term stabilisation of economic conditions in Europe, the sovereign debt crisis may intensify in the next quarters so that foreign demand will shrink even more than assumed in the baseline scenario. This is also relevant for the domestic situation. The course of fiscal consolidation and the situation in the financial system remain uncertain. Additional measures may be needed

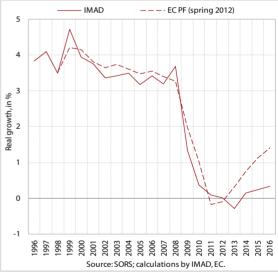
### Box 4: Potential GDP growth

**Based on the Autumn Forecast of economic trends, we estimated potential GDP growth rates using a production function method (PF).** Potential GDP growth is calculated based on the production function method (PF), which uses the bivariate Kalman filter (KF) to extract the cyclical component of total factor productivity.<sup>1</sup> For comparison, we also show the latest calculation of potential GDP growth made by the European Commission (EC) in the spring 2012. The EC's calculation uses a production function method (PF) that does not differ from IMAD's method in basic characteristics.<sup>2</sup> The differences between IMAD's and the EC's calculations reflect the differences in the forecasts on which they are based (the EC's spring forecast from 2012 and IMAD's latest autumn forecast) and, in part, the differences in input data.<sup>3</sup> Besides, the forecast by IMAD covers a longer period.

**The calculations show a substantial weakening of potential GDP growth in the coming years.** The calculations using the PF approach show that after starting to drop strongly from around 4% before the crisis in 2008, potential GDP growth will even turn negative, falling to -0.3% in 2013. In the medium term it is expected to be below 0.5%. to achieve the necessary reduction of the public finance deficit, or the structure of measures may be different from what we assumed. The forecast also relies on a gradual stabilisation of the Slovenian banking system, which is also dependent on the successful implementation of the planned measures and international markets.

The forecast of inflation is also associated with risks, but they are distributed symmetrically. The downside risk to the central forecast of inflation is related to the uncertainty about future economic movements, as they can deteriorate more than assumed and additionally ease pressure on the growth of prices. On the other hand, commodity prices may raise inflation if they move differently than assumed, particularly oil and food prices. The latter are associated with the risk of a greater-thanassumed transfer of global price rises to retail prices. The upside risks for inflation also arise from the possible additional government measures in the area of taxes, related to the consolidation of public finances.





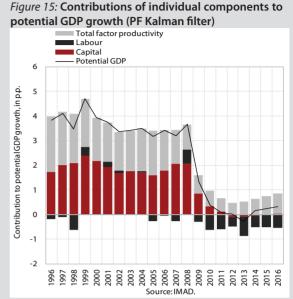
<sup>&</sup>lt;sup>1</sup> The cyclical component of TFP and unemployment (NAWRU) were estimated using the GAP programme (Christophe Planas and Alessandro Rossi, European Commission, Joint Research Centre, 2010) available at eemc.jrc.ec.europa.eu/Software-GAP.htm. NAWRU and the cyclical component of TFP were estimated using the series of wage growth and capacity utilisation in a bivariate unobserved component model.

<sup>2</sup> For a more detailed description of the methodology, see F. D'Auria, Cécile Denis, K. Havik, K. Mc Morrow, C. Planas, R. Raciborski, W. Röger and A. Rossi: »The production function methodology for calculating potential growth rates and output gaps«, Economic Papers 420, July 2010, DG ECFIN. Since spring 2011, the European Commission has used the Kalman filter for smoothing the TFP series for Slovenia, instead of the Hodrick-Prescott filter used previously.

<sup>3</sup> Since the last EC's estimate (spring 2011), the annual national accounts data have been released. In the series on employment data according to the national accounts statistics, we take into account the correction due to the break in the data series in 2002. IMAD's calculation is based on our own demographic projection, while the EC uses Eurostat's Europop2010.

### Box 4: Potential GDP growth - continue

Among the components of potential GDP growth (calculated using the PF), in the coming years the contribution of capital will decrease most notably relative to the previous period. Specifically, after the considerable decline in 2009, the contribution of capital continued to fall (to -0.1 p.p. in 2012) and is also expected to remain around zero in the medium term. The contribution of labour, which was already relatively low in the whole period before the beginning of the crisis in 2008, has been constantly negative since 2009. Until 2011, this was mainly related to the increase in the natural unemployment rate<sup>4</sup> (NAWRU), while in the calculations for the following years the negative contribution of labour is primarily affected by the shrinkage of the active population according to Eurostat's demographic projections. The contribution of total factor productivity also diminished with the onset of the crisis, but we can expect a gradual recovery of this component, although not to the pre-crisis level (see Figure 15).



<sup>1</sup> In the calculations of the natural unemployment rate (NAWRU), we take into account the forecasts for the survey unemployment rate, which indicate a deterioration in the medium term (see also the Labour market section). NAWRU is estimated by a bivariate unobserved component model using the wage growth series besides the unemployment series. The calculations show an increase and then a gradual stabilisation of NAWRU at just above 8%. The increase in NAWRU, which cannot be directly observed, is also indirectly indicated by growing long-term unemployment.

### Assessing forecasting performance

The following section contains the forecast accuracy assessment that was already published in the Spring Forecast of Economic Trends 2012. As the accuracy of GDP forecasts is analysed on the basis of the first release of the quarterly statistical data and not on later annual data or their revisions, these calculations represent the most recent assessment of accuracy. A new assessment will be made in the spring of 2013 (for 2012 and for the 1997–2012 period).

**Based on a comparison of forecasting performances over a longer period of time, we can conclude that IMAD forecasts show no systematic over- or underestimation.** As in previous years, we assessed the forecasting performance by domestic and foreign forecasting institutions after the release of data for economic activity and inflation in 2011. In assessing the performance of forecasts it is important that their mean error over a longer time horizon be as small as possible. In the autumn forecasts for the year ahead, the mean absolute error in IMAD's forecasts for real GDP growth in 1997–2011 is 1.70 p.p., and in the spring forecasts for the current year

1.02 p.p. The mean absolute error in the spring forecast for inflation in the current year is 0.50 p.p. In the autumn forecasts for the year ahead, it is somewhat higher, 1.03 p.p. These indicator values show that the forecasts by IMAD are unbiased.

The accuracy of the forecasts for macroeconomic indicators is measured on the basis of a number of statistical criteria⁴ for the quality of the forecast and for various time horizons. The assessment of the forecasts by two institutions (IMAD and SKEP) is based on a longer horizon, from 1997 to 2011. For the 2002-2011 period we analysed the forecasts by six<sup>5</sup> and for the previous year the forecasts by eight<sup>6</sup> institutions. The analysis thus covers a period of time when Slovenia's economy recorded very favourable and relatively stable economic movements and the forecasting errors were relatively small, as well as the period since the beginning of the global economic and financial crisis when performance indicators have deteriorated. All forecasts<sup>7</sup> are compared against the first statistical annual estimate, which estimates economic growth based on guarterly data. A

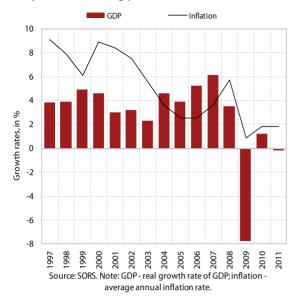
<sup>&</sup>lt;sup>4</sup> Mean error, mean absolute error, root mean square error, standardised mean absolute error and standardised root mean square error. For detailed results see Table 13 in the statistical appendix.

<sup>&</sup>lt;sup>5</sup> In addition to the forecasts by the Institute of Macroeconomic Analysis and Development (IMAD), the analysis covers the forecasts by: the Bank of Slovenia (BS) and SKEP – Economic Outlook, Analysis and Forecasts of the Chamber of Commerce and Industry of Slovenia, and among international institutions, the International Monetary Fund (IMF), the European Commission (EC), OECD, Consensus and Wiener Institut fuer Internationale Wirtschaftsvergleiche (WIIW).

<sup>&</sup>lt;sup>6</sup> Besides the previously mentioned six institutions, also the Organisation for Economic Co-operation and Development (OECD) and Consensus.

<sup>&</sup>lt;sup>7</sup> Spring forecasts for the year ahead (PNt+1), autumn forecasts for the year ahead (JNt+1), spring forecasts for the current year (PNt) and autumn forecasts for the current year (JNt).

### *Figure 16:* Movement of variables included in the analysis of forecasting performance



systematic comparison of how our forecasts diverge from the statistical estimate over a longer time horizon reveals the accuracy of forecasting, i.e. the mean errors made by institutions in forecasting a given aggregate. If errors are distributed evenly, the value of this measure is close to zero. Negative values indicate overestimation, positive values underestimation.

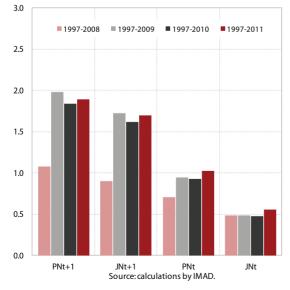
The institutions that release their forecasts at a later time have an information advantage over other institutions, which can show in smaller forecast errors. In forecasting the movements of economic variables, forecasters face various limitations, such as the availability of data at the cut-off date, as data change over time. In analysing the forecast performance is thus important to take account of the time when the forecast was made. If the forecast is made later in the year, it can include new data that can considerably alter the economic picture. This new information may involve further data on indicator movements in a given month or quarter, revisions of the already released figures, as well as changes in the assumptions about the international environment, which represent a strong uncertainty factor for an open economy such as Slovenia. All institutions included in our analysis tend to release their forecasts twice a year, most of them at a later time than IMAD.

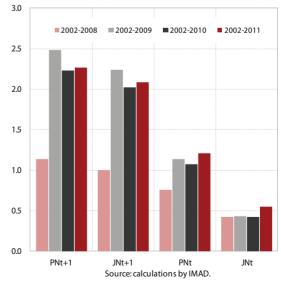
*Figure 17:* Timeline of forecasts published by individual institutions in 2011

Jan				
Feb	WIIW			
reb	VVIIVV	<i>.</i>		
Mar	IMAD	Consensus Forecasts		
Apr	BS		IMF	
May		EC		
Jun	SKEP	OECD		
Jul	WIIW			
Aug				
Sep	IMAD	Consensus Forecasts	IMF	
Oct	BS			
Nov	SKEP	EC	OECD	
Dec				

Source: forecasts released in 2011.

### Figure 18: Mean absolute error in IMAD's forecasts for real GDP growth for various periods





The forecasting performance measures for a longer time horizon were significantly affected by large errors in the forecasts for 2009 and 2011. Because of uncertain future economic trends, the forecasts for individual macroeconomic aggregates tend to deviate from the actual situation. For forecasting to be successful, the mean error over a longer time horizon should be as small as possible. If the analysed time horizon is relatively short, any error (whether in the positive or negative direction) can significantly alter the conclusions of the previous performance analyses. The errors in the forecasts for 2009 and 2011 were quite large and had a great impact on the calculation of the mean errors in the entire time horizon (the forecast error in a shorter 2002-2011 period is larger than in the 1997-2011 period), which is evident from the figures below (see also Table 13 in the statistical appendix).

All institutions overestimated real economic growth for 2011 in their forecasts. The forecasts were overestimated in a range from 1.2 to 2.7 p.p.; the spring and autumn forecasts for the year ahead were overestimated more than those for the current year. Most optimistic were the autumn forecasts for the year ahead by IMAD and the IMF, while the smallest errors in the autumn forecast for the current year were made by SKEP and the OECD (-1.2 p.p.). The actual decline in GDP totalled 0.2%; in the forecast for the year ahead, the spring forecasts of the BS and EC came closest to this figure, and in the forecast for the current year, the autumn forecasts by the OECD and SKEP.

Realised: -0.2 %		st for the year ead		forecast ear ahead		cast for the nt year	Autumn forecast for the current year		
	Forecast	Error in p.p.	Forecast	Error in p.p.	Forecast	Error in p.p.	Forecast	Error in p.p	
IMAD	2.4	-2.6	2.5	-2.7	2.2	-2.4	1.5	-1.7	
BS	1.8	-2.0	1.9	-2.1	1.8	-2.0	1.3	-1.5	
SKEP	2.0	-2.2	1.9	-2.1	1.7	-1.9	1.0	-1.2	
EC	1.8	-2.0	1.9	-2.1	1.9	-2.1	1.1	-1.3	
IMF	2.0	-2.2	2.4	-2.6	2.0	-2.2	1.9	-2.1	
WIIW	2.0	-2.2	2.0	-2.2	2.0	-2.2	2.0	-2.2	
OECD	2.4	-2.6	2.0	-2.2	1.8	-2.0	1.0	-1.2	
Consensus Forecasts	2.4	-2.6	2.1	-2.3	2.1	-2.3	1.7	-1.9	

Source: forecasts by individual institutions; calculations by IMAD.

Note: As IMAD's spring forecast for the current year the forecast scenario without additional economic policy measures is used for comparison.

The forecasts for inflation in 2011 were mainly overestimated as well, but less than the forecasts for economic growth. In spring forecasts 2011, all institutions overestimated inflation for 2011 (by -0.4 to -1.0 p.p.), more than in their spring forecasts a year earlier, while in autumn 2011, the forecasts (and thus errors) declined (in a range between +0.2 and -0.7). With regard to the actual

average inflation (1.8%), more institutions came close to this figure in their forecasts for both the next and the current years than in the forecasts for economic growth. As to the forecasts for the current year, in the spring the most accurate forecasts were made by IMAD and the IMF and in the autumn by the IMF and the OECD.

	Spring foreca	st for the year	Autumn	forecast	Spring fore	cast for the	Autumn forecast			
Realised: 1.8 %	ahe	ead	for the ye	ear ahead	currer	nt year	for the current year			
	Forecast	Error in p.p.	Forecast	Error in p.p.	Forecast	Error in p.p.	Forecast	Error in p.p.		
IMAD	1.6	0.2	2.7	-0.9	2.2	-0.4	1.6	0.2		
BS	1.4	0.4	2.1	-0.3	2.7	-0.9	2.0	-0.2		
SKEP	2.0	-0.2	2.3	-0.5	2.6	-0.8	1.6	0.2		
EC	2.0	-0.2	2.0	-0.2	2.6	-0.8	1.9	-0.1		
IMF	2.3	-0.5	2.3	-0.5	2.2	-0.4	1.8	0.0		
WIIW	2.0	-0.2	2.0	-0.2	2.8	-1.0	2.5	-0.7		
OECD	1.3	0.5	1.9	-0.1	2.5	-0.7	1.8	0.0		
Consensus Forecasts	2.3	-0.5	2.2	-0.4	2.6	-0.8	1.9	-0.1		

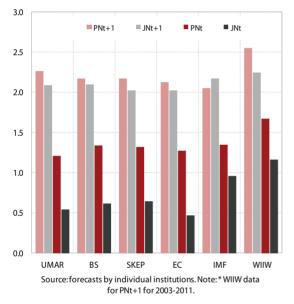
Table 10: Errors in average inflation forecasts for 2011

Source: forecasts by individual institutions

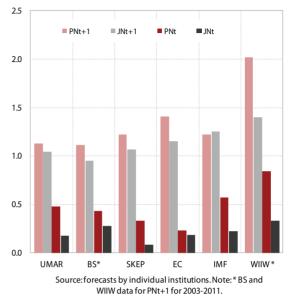
Note: \*BS and WIIW data for PNt+1 for 2003-2011.

Among Slovenian institutions that forecast economic growth for Slovenia, IMAD makes smaller forecast errors for economic growth over a longer horizon, while SKEP makes more accurate forecasts for inflation in the current year. Comparing the measures of the forecasting performance by various institutions, we find that the mean absolute errors in the forecasts for real economic growth in 2002-2011 range between 0.47 and 2.56. The root mean square errors, which assign greater weight to larger errors, are much higher (between 0.60 and 4.22) due to errors in 2009 and 2011. In the forecasts for average inflation the mean absolute errors are smaller than in the forecasts for GDP (between 0.10 and 1.84) and the root mean square errors range between 0.12 and 2.81.

*Figure 19:* Mean absolute errors in real GDP growth forecasts for 2002-2011



### *Figure 20:* Mean absolute errors in average inflation forecasts for 2002-2011



## statistical appendix

### Table of contents

Table 1:	Main macroeconomic indicators of Slovenia
Table 2a:	Value added by activities at basic prices and gross domestic product (current prices)
Table 2b:	Value added by activities at basic prices and gross domestic product (structure in %, current prices)
Table 3a:	Value added by activities at basic prices and gross domestic product (constant prices)
Table 3b:	Value added by activities at basic prices and gross domestic product (real growth rates in %)
Table 4a:	Gross domestic product and primary incomes (current prices)
Table 4b:	Gross domestic product and primary incomes (structure in %)
Table 5a:	Gross domestic product by expenditures (current prices)
Table 5b:	Gross domestic product by expenditures (structure in %, current prices)
Table 6a:	Gross domestic product by expenditures (constant prices)
Table 6b:	Gross domestic product by expenditures (real growth rates in %)
Table 7a:	Main aggregates of national accounts (current prices)
Table 7b:	Main aggregates of national accounts (structure in %, current prices)
Table 8:	Labour market (numbers in thousands, indicators in %)
Table 9:	Indicators of international competitiveness (annual growth rates in %)
Table 10:	Balance of payments (EUR m)
Table 11a:	Consolidated general government expenditure; GFS - IMF Methodology, revenues (current prices)
Table 11b:	Consolidated general government expenditure; GFS - IMF Methodology, revenues (% share relative to GDP)
Table 12a:	Consolidated general government expenditure; GFS - IMF Methodology, expenditures (current prices)

- Table 12b: Consolidated general government expenditure; GFS IMF Methodology, expenditures (% share relative to GDP)
- Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions

### Table 1: Main macroeconomic indicators of Slovenia

										2012	2013	2014
	2003	2004	2005	2006	2007	2008	2009	2010	2011		forecast	
GROSS DOMESTIC PRODUCT	2.9	4.4	4.0	5.8	7.0	3.4	-7.8	1.2	0.6	-2.0	-1.4	0.9
GDP in EUR m (at current prices and at current exchange rate)	25,835	27,253	28,723	31,050	34,594							
GDP in EUR m (at current prices and at fixed exchange rate 2007)	25,195	27,165	28,722	31,045	34,594	37,244	35,556	35,607	36,172	35,700	35,495	36,129
GDP per capita in EUR (at current prices and at current exchange rate)	12,942	13,645	14,355	15,464	17,135	18,420	17,415	17,379	17,620	17,457	17,327	17,610
GDP per capita (PPS) <sup>1</sup>	17,300	18,800	19,600	20,700	22,100	22,700	20,600	20,800	21,300			
GDP per capita (PPS EU27=100) <sup>1</sup>	84	87	87	88	88	91	87	85	84			
POPULATION, EMPLOYMENT, WAGES	AND PRO	DUCTIVIT	Υ.				!		ı		· · · · ·	
Employment according to National Accounts	-0.3	0.4	-0.5	1.5	3.3	2.6	-1.8	-2.2	-1.6	-1.4	-2.3	-0.4
Registered unemployed (annual average in thousand)	97.7	92.8	91.9	85.8	71.3	63.2	86.4	100.5	110.7	109.7	120.0	119.5
Rate of registered unemployment in %	10.9	10.3	10.2	9.4	7.7	6.7	9.1	10.7	11.8	11.9	13.1	13.1
Rate of unemployment by ILO in %	6.7	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.3	9.1	9.1
Gross wage per employee	1.8	2.0	2.2	2.2	2.2	2.5	2.5	2.1	0.2	-2.3	-1.3	-0.1
- Private sector	2.1	3.1	2.8	2.8	3.2	2.0	1.0	3.2	0.8	-1.3	-0.6	0.3
- Public sector	1.0	-0.8	0.9	1.0	0.5	3.9	5.8	-1.8	-1.8	-4.9	-2.5	-1.0
Labour productivity (GDP/employee)	3.2	4.0	4.5	4.2	3.5	0.8	-6.1	3.5	2.2	-0.6	0.9	1.4
INTERNATIONAL TRADE												
Exports of goods and services	3.1	12.4	10.6	12.5	13.7	4.0	-16.7	10.1	7.0	0.1	1.9	4.7
Exports of goods	4.4	12.8	10.3	13.4	13.9	1.8	-17.4	11.9	8.5	-0.3	1.8	5.0
Exports of services	-2.5	10.9	12.0	8.6	13.2	14.3	-13.7	3.7	1.4	1.9	2.3	3.2
Imports of goods and services	6.7	13.3	6.7	12.2	16.7	3.7	-19.5	7.9	5.2	-5.2	-1.0	3.8
Imports of goods	7.3	14.6	6.8	12.7	16.2	3.0	-20.7	8.9	6.1	-5.1	-1.0	3.9
Imports of services	2.8	5.6	5.5	8.8	19.7	8.2	-12.0	2.7	-0.3	-5.9	-0.8	3.2
Current account balance in EUR m	-196	-720	-498	-771	-1,646	-2,295	-246	-209	2	810	1,363	1,142
As a per cent share relative to GDP	-0.8	-2.6	-1.7	-2.5	-4.8	-6.2	-0.7	-0.6	0.0	2.3	3.8	3.2
External balance of goods and services in EUR m	-3	-322	-106	-158	-619	-962	667	288	400	1,411	1,912	2,000
As a per cent share relative to GDP	0.0	-1.2	-0.4	-0.5	-1.8	-2.6	1.9	0.8	1.1	4.0	5.4	5.5
FINAL DOMESTIC DEMAND - NATIONA	L ACCOU	NTS STAT	ISTICS									
Final consumption	3.1	3.1	2.4	3.1	4.8	3.2	0.7	1.4	0.4	-3.1	-4.5	-0.4
As a % of GDP *	74.8	73.8	73.2	71.6	69.8	70.7	75.8	77.9	78.7	78.7	76.8	76.3
in which: Private consumption	3.4	3.0	2.1	2.8	6.3	2.3	0.1	1.3	0.9	-3.0	-3.6	0.2
As a % of GDP *	55.9	55.0	54.3	52.8	52.5	52.6	55.7	57.2	57.8	58.3	57.7	57.7
Government consumption	2.3	3.3	3.5	4.0	0.6	5.9	2.5	1.5	-1.2	-3.4	-6.9	-1.9
As a % of GDP *	19.0	18.8	19.0	18.8	17.3	18.1	20.1	20.7	20.8	20.3	19.1	18.6
Gross fixed capital formation	7.6	5.0	3.0	10.0	13.3	7.1	-23.2	-13.8	-8.1	-9.0	1.3	1.5
As a % of GDP *	24.1	25.0	25.4	26.5	27.8	28.6	23.1	20.1	18.5	17.3	18.0	18.3
EXCHANGE RATE AND PRICES												
Average exchange rate SIT/USD, BS	207.1	192.4	192.7	191.0	174.8							
Average exchange rate SIT/EUR, BS	233.7	238.9	239.6	239.6	239.6							
Ratio of USD to EUR	1.131	1.243	1.245	1.256	1.371	1.471	1.393	1.327	1.392	1.267	1.240	1.240
Real effective exchange rate - deflated by CPI <sup>2</sup>	3.3	0.0	-0.7	0.3	1.7	2.5	1.3	-1.8	-1.0	-1.3	-0.5	0.0
Inflation (end of the year) <sup>3</sup>	4.6	3.2	2.3	2.8	5.6	2.1	1.8	1.9	2.0	3.3	1.9	1.8
Inflation (year average) <sup>3</sup>	5.6	3.6	2.5	2.5	3.6	5.7	0.9	1.8	1.8	2.8	2.2	1.8
Brent Crude Oil Price USD / barrel	28.9	38.3	54.6	65.2	72.4	96.9	61.7	79.6	111.3	113.5	110.0	110.0

Source: SORS, BS, ECB, Ministry of Finance, Eurostat, calculations and forecasts by IMAD. Notes: <sup>1</sup>Measured in purchasing power standard; <sup>2</sup>Growth in value denotes real appreciation of national currency and vice versa; <sup>3</sup>Consumer price index; \* Shares in GDP are calculated for GDP in current prices and at fixed exchange rate 2007 (EUR=239,64).

### Table 2a: Gross value added by activity at basic prices and gross domestic product

EUR million, current prices (fixed 2007 exchange rate)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	2003	2004	2005	2006	2007	2008	2009	2010	2011		forecast	
A Agriculture, forestry and fishing	540.1	629.8	666.4	627.0	774.7	762.9	729.2	763.1	832.8	793.7	843.7	858.2
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	6,215.2	6,678.1	6,814.2	7,317.2	8,070.1	8,264.8	7,111.4	7,242.6	7,717.3	7,622.0	7,613.8	7,821.8
of which: C Manufacturing	5,377.4	5,699.7	5,787.6	6,208.6	6,880.6	6,980.7	5,840.0	5,955.0	6,384.1	6,247.6	6,247.2	6,430.9
F Construction	1,372.5	1,481.5	1,671.6	1,957.4	2,450.8	2,761.5	2,464.8	2,016.6	1,888.7	1,763.6	1,938.9	1,997.9
GHI Trade, transportation and storage, accommodation and food service activities	4,257.6	4,579.6	4,966.6	5,437.3	6,234.1	6,852.0	6,337.9	6,296.3	6,464.2	6,375.7	6,303.9	6,430.9
J Information and communication	832.8	915.4	1,011.8	1,099.9	1,216.1	1,293.7	1,209.1	1,256.0	1,281.1	1,231.7	1,266.8	1,316.0
K Financial and insurance activities	996.8	1,087.6	1,163.8	1,376.1	1,460.3	1,539.2	1,581.6	1,730.1	1,661.7	1,582.4	1,550.6	1,589.7
L Real estate activities	1,662.9	1,779.4	1,920.2	2,007.6	2,150.6	2,387.1	2,612.9	2,507.3	2,446.2	2,409.8	2,395.9	2,456.7
MN Professional, scientific, technical, administrative and support services	1,843.7	2,010.3	2,050.1	2,269.2	2,610.6	2,902.1	2,755.0	2,837.0	2,804.6	2,766.8	2,744.1	2,818.0
OPQ Public administration, education, human health and social work	3,649.6	3,929.6	4,170.6	4,370.7	4,596.9	5,064.3	5,360.9	5,480.2	5,547.0	5,619.7	5,329.1	5,214.0
RST Other service activities	629.9	684.3	742.2	762.6	802.8	853.5	860.6	855.8	855.9	826.7	796.7	792.1
1. TOTAL VALUE ADDED, basic prices	22,001.1	23,775.7	25,177.4	27,225.0	30,366.9	32,681.0	31,023.5	30,985.2	31,499.4	30,992.0	30,783.6	31,295.4
2. CORRECTIONS (a-b)	3,194.2	3,389.0	3,544.9	3,820.0	4,226.8	4,563.5	4,532.6	4,621.9	4,672.4	4,708.4	4,711.8	4,833.2
a) Taxes on products and services	3,318.8	3,520.2	3,697.3	3,953.5	4,420.4	4,769.2	4,735.7	4,847.2	4,841.6	4,871.8	4,875.4	5,003.1
b) Subsidies on products and services	124.6	131.2	152.4	133.5	193.7	205.7	203.1	225.4	169.1	163.4	163.6	169.9
3. GROSS DOMESTIC PRODUCT (3=1+2)	25,195.3	27,164.7	28,722.3	31,045.0	34,593.6	37,244.4	35,556.1	35,607.0	36,171.8	35,700.4	35,495.4	36,128.6

Source: SORS, forecasts by IMAD.

28

### Table 2b: Gross value added by activity at basic prices and gross domestic product

										Structure in %, current pric		
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	2005	2004	2005	2000	2007	2008	2009	2010	2011		forecast	
A Agriculture, forestry and fishing	2.1	2.3	2.3	2.0	2.2	2.0	2.1	2.1	2.3	2.2	2.4	2.4
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	24.7	24.6	23.7	23.6	23.3	22.2	20.0	20.3	21.3	21.3	21.4	21.6
of which: C Manufacturing	21.3	21.0	20.2	20.0	19.9	18.7	16.4	16.7	17.6	17.5	17.6	17.8
F Construction	5.4	5.5	5.8	6.3	7.1	7.4	6.9	5.7	5.2	4.9	5.5	5.5
GHI Trade, transportation and storage, accommodation and food service activities	16.9	16.9	17.3	17.5	18.0	18.4	17.8	17.7	17.9	17.9	17.8	17.8
J Information and communication	3.3	3.4	3.5	3.5	3.5	3.5	3.4	3.5	3.5	3.4	3.6	3.6
K Financial and insurance activities	4.0	4.0	4.1	4.4	4.2	4.1	4.4	4.9	4.6	4.4	4.4	4.4
L Real estate activities	6.6	6.6	6.7	6.5	6.2	6.4	7.3	7.0	6.8	6.7	6.7	6.8
MN Professional, scientific, technical, administrative and support services	7.3	7.4	7.1	7.3	7.5	7.8	7.7	8.0	7.8	7.7	7.7	7.8
OPQ Public administration, education, human health and social work	14.5	14.5	14.5	14.1	13.3	13.6	15.1	15.4	15.3	15.7	15.0	14.4
RST Other service activities	2.5	2.5	2.6	2.5	2.3	2.3	2.4	2.4	2.4	2.3	2.2	2.2
1. TOTAL VALUE ADDED	87.3	87.5	87.7	87.7	87.8	87.7	87.3	87.0	87.1	86.8	86.7	86.6
2. CORRECTIONS (a-b)	12.7	12.5	12.3	12.3	12.2	12.3	12.7	13.0	12.9	13.2	13.3	13.4
a) Taxes on products and services	13.2	13.0	12.9	12.7	12.8	12.8	13.3	13.6	13.4	13.6	13.7	13.8
b) Subsidies on products and services	0.5	0.5	0.5	0.4	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
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	100.0
GROSS DOMESTIC PRODUCT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
in which:					[				[			
1. Agriculture, forestry, fishing (A)	2.1	2.3	2.3	2.0	2.2	2.0	2.1	2.1	2.3	2.2	2.4	2.4
2. Industry and construction (B+C+D+E+F)	30.1	30.0	29.5	29.9	30.4	29.6	26.9	26.0	26.6	26.3	26.9	27.2
3. Services (GT)	55.1	55.2	55.8	55.8	55.1	56.1	58.3	58.9	58.2	58.3	57.4	57.1
4. Corrections	12.7	12.5	12.3	12.3	12.2	12.3	12.7	13.0	12.9	13.2	13.3	13.4
					· · · · · · · · · · · · · · · · · · ·				As a	share in to	tal value a	dded in %
TOTAL VALUE ADDED, basic prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
in which:												
1. Agriculture, forestry, fishing (A)	2.5	2.6	2.6	2.3	2.6	2.3	2.4	2.5	2.6	2.6	2.7	2.7
2. Industry and construction (B+C+D+E+F)	34.5	34.3	33.7	34.1	34.6	33.7	30.9	29.9	30.5	30.3	31.0	31.4
Industry (B+C+D+E)	28.2	28.1	27.1	26.9	26.6	25.3	22.9	23.4	24.5	24.6	24.7	25.0
Construction F	6.2	6.2	6.6	7.2	8.1	8.5	7.9	6.5	6.0	5.7	6.3	6.4
3. Services (GT)	63.1	63.0	63.6	63.6	62.8	63.9	66.8	67.7	66.9	67.2	66.2	65.9

Source: SORS, calculations and forecasts by IMAD.

29

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### Table 3a: Gross value added by activity at basic prices and gross domestic product

EUR million (fixed 2007 exchange rate)

			constant 2011 prices									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	2005	2004	2005	2000	2007	2008	2009	2010	2011			
A Agriculture, forestry and fishing	481.5	692.1	604.3	661.2	661.3	769.8	698.6	742.5	820.6	778.3	812.9	821.0
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	5,959.5	6,498.4	6,905.0	7,314.4	7,866.9	8,152.6	6,981.6	7,570.6	7,462.5	7,717.3	7,744.3	7,891.5
of which: C Manufacturing	5,164.3	5,613.2	5,897.6	6,216.2	6,731.3	6,893.0	5,782.1	6,265.5	6,156.9	6,333.1	6,364.7	6,492.0
F Construction	1,284.2	1,381.4	1,533.0	1,914.9	2,301.3	2,570.7	2,351.2	2,024.0	1,808.0	1,680.0	1,763.2	1,763.2
GHI Trade, transportation and storage, accommodation and food service activities	3,989.1	4,389.1	4,810.5	5,324.2	5,816.9	6,444.5	6,233.1	6,435.7	6,415.0	6,296.1	6,160.8	6,240.9
J Information and communication	830.0	901.6	1,019.7	1,103.9	1,199.4	1,335.5	1,234.3	1,251.3	1,249.0	1,229.2	1,229.2	1,254.4
K Financial and insurance activities	939.2	1,096.5	1,207.4	1,228.6	1,582.2	1,513.1	1,551.0	1,600.4	1,682.5	1,594.4	1,577.6	1,594.2
L Real estate activities	1,611.1	1,680.3	1,837.7	1,971.8	2,093.4	2,285.6	2,378.5	2,647.9	2,498.0	2,432.8	2,419.4	2,456.9
MN Professional, scientific, technical, administrative and support services	1,688.5	1,902.4	1,978.7	2,205.3	2,434.9	2,719.6	2,718.9	2,898.5	2,835.6	2,761.1	2,761.1	2,839.8
OPQ Public administration, education, human health and social work	3,447.1	3,784.2	4,069.1	4,247.2	4,454.2	4,675.8	5,155.3	5,451.6	5,525.5	5,569.0	5,246.0	5,151.5
RST Other service activities	603.6	646.4	729.9	740.5	760.5	805.1	829.5	849.2	854.4	821.2	787.9	787.9
1. TOTAL VALUE ADDED, basic prices	20,833.8	22,972.5	24,695.2	26,712.2	29,170.8	31,272.3	30,132.1	31,471.6	31,151.1	30,879.2	30,502.4	30,801.3
2. CORRECTIONS (a-b)	3,040.5	3,331.8	3,558.0	3,690.2	4,035.0	4,491.8	4,192.1	4,525.2	4,669.5	4,573.6	4,448.9	4,478.0
a) Taxes on products and services	3,138.4	3,454.7	3,688.4	3,842.7	4,171.3	4,678.4	4,382.8	4,734.0	4,903.9	4,732.6	4,604.8	4,637.1
b) Subsidies on products and services	97.9	122.9	130.4	152.4	136.4	186.6	190.6	208.9	234.4	159.1	156.0	159.1
3. GROSS DOMESTIC PRODUCT (3=1+2)	23,874.4	26,304.3	28,253.2	30,402.4	33,205.8	35,764.1	34,324.3	35,996.8	35,820.6	35,452.8	34,951.3	35,279.3

Source: SORS, forecasts by IMAD.

### Real growth rates in % 2012 2013 2014 2007 2010 2003 2008 2011 2004 2005 2006 2009 forecast -27.0 A Agriculture, forestry and fishing 28.1 -4.1 -0.8 5.5 -0.6 -84 1.8 7.5 -6.5 4.5 1.0 BCDE Mining and quarrying, 5.0 7.5 1.0 6.5 3.0 0.0 manufacturing, electricity and water 4.6 3.4 7.3 -15.5 0.4 1.9 supply, waste management of which: C Manufacturing 7.4 8.4 0.2 -17.2 7.3 -0.8 0.5 2.0 5.4 4.4 3.5 3.4 F Construction -17.9 -10.3 -11.0 5.0 5.6 0.7 3.5 14.6 17.6 4.9 -14.9 0.0 GHI Trade, transportation and storage, accommodation and food 3.1 3.1 5.0 7.2 7.0 3.4 -9.0 1.5 1.9 -2.6 -2.1 1.3 service activities J Information and communication 11.2 8.3 11.4 9.1 9.0 9.8 -4.6 3.5 -0.6 -4.0 0.0 2.0 K Financial and insurance activities 4.3 10.0 11.0 5.6 15.0 3.6 0.8 1.2 -2.8 -4.0 -1.0 1.0 L Real estate activities 1.7 1.0 3.3 2.7 4.3 6.3 -0.4 1.3 -0.4 -0.5 -0.5 1.5 MN Professional, scientific, technical, 2.2 3.2 -1.6 7.6 7.3 4.2 -6.3 5.2 0.0 -1.5 0.0 2.8 administrative and support services OPQ Public administration, education, human health and social 4.1 3.7 3.5 1.8 1.9 1.7 1.8 1.7 0.8 0.4 -5.8 -1.8 work RST Other service activities 1.7 2.6 6.7 -0.2 -0.3 0.3 -2.8 -1.3 -0.2 -4.0 -4.0 0.0 1. TOTAL VALUE ADDED, 3.9 7.1 3.0 -7.8 0.5 -2.0 3.1 4.4 6.1 1.4 -1.2 1.0 basic prices 2. CORRECTIONS (a-b) 1.9 4.3 5.0 4.1 5.6 6.3 -8.1 -0.2 1.0 -2.1 -2.7 0.7 a) Taxes on products and services 1.9 4.1 4.8 3.9 5.5 5.8 -8.1 0.0 1.2 -2.2 -2.7 0.7 b) Subsidies on products and 1.8 -1.4 -0.6 0.0 2.2 -3.6 -7.3 2.8 4.0 -6.0 -2.0 2.0 services 3. GROSS DOMESTIC PRODUCT 2.9 4.4 4.0 5.8 7.0 3.4 -7.8 1.2 0.6 -2.0 -1.4 0.9 (3=1+2)

### Table 3b: Gross value added by activity at basic prices and gross domestic product

Source: SORS, forecasts by IMAD.

31

### Table 4a: Gross domestic product and primary incomes

EUR million, current prices (fixed 2007 exchange rate)

										2012	2013	2014
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	forecast	2014
Compensation of employees	12,759.5	13,815.0	14,615.8	15,649.7	17,211.6	18,956.0	18,791.9	19,000.6	18,906.0	18,715.1	18,367.3	18,569.0
Wages and salaries	11,000.7	11,857.8	12,538.6	13,420.4	14,781.9	16,302.8	16,130.0	16,317.2	16,226.2	16,063.9	15,767.8	15,943.9
Employers' social contributions	1,758.8	1,957.2	2,077.1	2,229.3	2,429.8	2,653.2	2,661.8	2,683.5	2,679.9	2,651.2	2,599.4	2,625.1
2. Taxes on production and imports	4,019.0	4,288.7	4,527.2	4,725.2	5,154.3	5,361.6	5,100.4	5,208.3	5,210.6	5,252.2	5,257.6	5,395.3
Taxes on products and services	3,318.8	3,520.2	3,697.3	3,953.5	4,420.4	4,769.2	4,735.7	4,847.2	4,841.6	4,871.8	4,875.4	5,003.1
Other taxes on production	700.2	768.5	829.9	771.7	733.9	592.4	364.7	361.0	369.0	380.4	382.2	392.2
3. Subsidies	503.5	521.6	590.2	669.5	761.6	779.5	911.9	986.0	673.8	622.6	721.6	769.6
Subsidies on products and services	124.6	131.2	152.4	133.5	193.7	205.7	203.1	225.4	169.1	163.4	163.6	169.9
Other subsidies on production	378.9	390.5	437.8	536.0	568.0	573.7	708.9	760.7	504.7	459.2	558.0	599.7
4. Gross operating surplus/	8,920.2	9,582.6	10,169.5	11,339.6	12,989.4	13,706.2	12,575.7	12,384.2	12,729.1	12,355.7	12,592.1	12,933.9
Consumption of fixed capital	3,884.1	4,159.5	4,405.5	4,627.9	5,039.2	5,514.0	5,860.1	5,820.4	5,886.5	5,712.1	5,822.3	5,929.1
Net operating surplus	5,036.1	5,423.1	5,764.0	6,711.7	7,950.2	8,192.2	6,715.6	6,563.7	6,842.5	6,643.5	6,769.8	7,004.8
Gross operating surplus	6,376.6	6,838.7	7,190.9	8,121.1	9,314.2	9,916.0	9,182.2	9,065.8	9,310.4	9,040.5	9,207.9	9,477.6
Consumption of fixed capital	3,468.3	3,725.1	3,949.2	4,148.2	4,513.8	4,967.6	5,322.0	5,319.2	5,404.2	5,244.4	5,345.6	5,450.0
Net operating surplus	2,908.4	3,113.6	3,241.6	3,972.9	4,800.4	4,948.4	3,860.2	3,746.6	3,906.2	3,796.1	3,862.3	4,027.6
Gross mixed income	2,543.6	2,743.9	2,978.6	3,218.6	3,675.2	3,790.2	3,393.6	3,318.4	3,418.6	3,315.2	3,384.2	3,456.3
Consumption of fixed capital	415.9	434.4	456.2	479.7	525.4	546.4	538.1	501.3	482.3	467.7	476.6	479.1
Net mixed income	2,127.7	2,309.5	2,522.4	2,738.8	3,149.7	3,243.8	2,855.4	2,817.1	2,936.3	2,847.5	2,907.5	2,977.2
6. GDP (6=1+2-3+4+5)	25,195.3	27,164.7	28,722.3	31,045.0	34,593.6	37,244.4	35,556.1	35,607.0	36,171.8	35,700.4	35,495.4	36,128.6

Source: SORS, forecasts by IMAD.

32

												Stru	cture in %
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		2003	2004	2003	2000	2007	2008	2009	2010	2011		forecast	
1.	Compensation of employees	50.6	50.9	50.9	50.4	49.8	50.9	52.9	53.4	52.3	52.4	51.7	51.4
	Wages and salaries	43.7	43.7	43.7	43.2	42.7	43.8	45.4	45.8	44.9	45.0	44.4	44.1
	Employers' social contributions	7.0	7.2	7.2	7.2	7.0	7.1	7.5	7.5	7.4	7.4	7.3	7.3
2.	Taxes on production and imports	16.0	15.8	15.8	15.2	14.9	14.4	14.3	14.6	14.4	14.7	14.8	14.9
	Taxes on products and services	13.2	13.0	12.9	12.7	12.8	12.8	13.3	13.6	13.4	13.6	13.7	13.8
	Other taxes on production	2.8	2.8	2.9	2.5	2.1	1.6	1.0	1.0	1.0	1.1	1.1	1.1
3.	Subsidies	2.0	1.9	2.1	2.2	2.2	2.1	2.6	2.8	1.9	1.7	2.0	2.1
	Subsidies on products and services	0.5	0.5	0.5	0.4	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
	Other subsidies on production	1.5	1.4	1.5	1.7	1.6	1.5	2.0	2.1	1.4	1.3	1.6	1.7
4.	Gross operating surplus/	35.4	35.3	35.4	36.5	37.5	36.8	35.4	34.8	35.2	34.6	35.5	35.8
	Consumption of fixed capital	15.4	15.3	15.3	14.9	14.6	14.8	16.5	16.3	16.3	16.0	16.4	16.4
	Net operating surplus	20.0	20.0	20.1	21.6	23.0	22.0	18.9	18.4	18.9	18.6	19.1	19.4
_	Gross operating surplus	25.3	25.2	25.0	26.2	26.9	26.6	25.8	25.5	25.7	25.3	25.9	26.2
	Consumption of fixed capital	13.8	13.7	13.7	13.4	13.0	13.3	15.0	14.9	14.9	14.7	15.1	15.1
	Net operating surplus	11.5	11.5	11.3	12.8	13.9	13.3	10.9	10.5	10.8	10.6	10.9	11.1
	Gross mixed income	10.1	10.1	10.4	10.4	10.6	10.2	9.5	9.3	9.5	9.3	9.5	9.6
	Consumption of fixed capital	1.7	1.6	1.6	1.5	1.5	1.5	1.5	1.4	1.3	1.3	1.3	1.3
	Net mixed income	8.4	8.5	8.8	8.8	9.1	8.7	8.0	7.9	8.1	8.0	8.2	8.2
6.	GDP (6=1+2-3+4+5)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

### Table 4b: Gross domestic product and primary incomes

Source: SORS, forecasts by IMAD.

33

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Table 5a: Gross domestic pr	roduct by ex	penditures
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	EUR million, current prices (fixed 2007 exchange rate												
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		2003	2004	2005	2006	2007	2008	2009	2010	2011		forecast	
1	GROSS DOMESTIC PRODUCT (1=4+5)	25,195.3	27,164.7	28,722.3	31,045.0	34,593.6	37,244.4	35,556.1	35,607.0	36,171.8	35,700.4	35,495.4	36,128.6
2	EXPORTS OF GOODS AND SERVICES	13,554.4	15,703.6	17,858.9	20,657.5	24,040.6	25,293.1	20,860.8	23,500.2	26,201.5	26,645.1	27,534.8	29,202.2
3	IMPORTS OF GOODS AND SERVICES	13,612.2	16,054.3	17,976.2	20,818.1	24,635.9	26,231.0	20,149.0	23,137.3	25,761.8	25,188.4	25,574.2	27,151.7
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-57.8	-350.7	-117.2	-160.6	-595.2	-937.8	711.8	362.8	439.6	1,456.7	1,960.6	2,050.5
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	25,253.0	27,515.3	28,839.5	31,205.6	35,188.9	38,182.3	34,844.3	35,244.2	35,732.2	34,243.7	33,534.8	34,078.1
6	FINAL CONSUMPTION (6=7+8)	18,858.4	20,049.8	21,038.9	22,228.3	24,136.5	26,341.5	26,969.0	27,742.9	28,451.5	28,089.1	27,259.3	27,562.1
7	PRIVATE CONSUMPTION	14,079.5	14,932.7	15,586.5	16,403.6	18,146.9	19,583.2	19,816.9	20,374.1	20,918.3	20,826.2	20,479.4	20,843.4
	Households	13,862.5	14,703.1	15,367.9	16,167.4	17,864.8	19,310.1	19,546.5	20,111.7	20,675.4	20,587.0	20,242.8	20,607.8
	NPISH's	217.0	229.6	218.6	236.2	282.1	273.1	270.5	262.4	242.8	239.2	236.7	235.6
8	GOVERNMENT CONSUMPTION (individual and collective)	4,778.9	5,117.2	5,452.3	5,824.7	5,989.6	6,758.3	7,152.0	7,368.8	7,533.2	7,262.9	6,779.9	6,718.7
9	GROSS CAPITAL FORMATION (9=10+11)	6,394.6	7,465.5	7,800.6	8,977.3	11,052.4	11,840.7	7,875.3	7,501.3	7,280.8	6,154.6	6,275.4	6,516.0
10	GROSS FIXED CAPITAL FORMATION	6,079.3	6,789.5	7,294.4	8,234.6	9,603.6	10,662.6	8,225.0	7,168.9	6,694.1	6,183.0	6,385.2	6,620.4
11	CHANGES IN INVENTORIES AND VALUABLES	315.3	676.0	506.3	742.7	1,448.8	1,178.1	-349.6	332.4	586.7	-28.4	-109.8	-104.4

Source: SORS, forecasts by IMAD.

### Table 5b: Gross domestic product by expenditures

	Structure in %, current prices												
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		2003	2004	2005	2000	2007	2008	2009	2010	2011		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	100.0
2	EXPORTS OF GOODS AND SERVICES	53.8	57.8	62.2	66.5	69.5	67.9	58.7	66.0	72.4	74.6	77.6	80.8
3	IMPORTS OF GOODS AND SERVICES	54.0	59.1	62.6	67.1	71.2	70.4	56.7	65.0	71.2	70.6	72.0	75.2
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-0.2	-1.3	-0.4	-0.5	-1.7	-2.5	2.0	1.0	1.2	4.1	5.5	5.7
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	100.2	101.3	100.4	100.5	101.7	102.5	98.0	99.0	98.8	95.9	94.5	94.3
6	FINAL CONSUMPTION (6=7+8)	74.8	73.8	73.2	71.6	69.8	70.7	75.8	77.9	78.7	78.7	76.8	76.3
7	PRIVATE CONSUMPTION	55.9	55.0	54.3	52.8	52.5	52.6	55.7	57.2	57.8	58.3	57.7	57.7
	Households	55.0	54.1	53.5	52.1	51.6	51.8	55.0	56.5	57.2	57.7	57.0	57.0
	NPISH's	0.9	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.7
8	GOVERNMENT CONSUMPTION (individual and collective)	19.0	18.8	19.0	18.8	17.3	18.1	20.1	20.7	20.8	20.3	19.1	18.6
9	GROSS CAPITAL FORMATION (9=10+11)	25.4	27.5	27.2	28.9	31.9	31.8	22.1	21.1	20.1	17.2	17.7	18.0
10	GROSS FIXED CAPITAL FORMATION	24.1	25.0	25.4	26.5	27.8	28.6	23.1	20.1	18.5	17.3	18.0	18.3
11	CHANGES IN INVENTORIES AND VALUABLES	1.3	2.5	1.8	2.4	4.2	3.2	-1.0	0.9	1.6	-0.1	-0.3	-0.3

Source: SORS, forecasts by IMAD.

ent prices (fixed 2007 exch ELIR millio - + - \

> re in % current

#### constant previous year prices constant 2011 prices 2012 2013 2014 2003 2004 2005 2008 2009 2010 2011 2006 2007 forecast **GROSS DOMESTIC** 1 23,874.4 26,304.3 28,253.2 30,402.4 33,205.8 35,764.1 34,324.3 35,996.8 35,820.6 35,452.8 34,951.3 35,279.3 PRODUCT (1=4+5) EXPORTS OF GOODS AND 2 13,174.8 15,241.4 17,363.0 20,097.6 23,494.5 25,000.6 21,067.4 22,975.8 25,152.9 26,231.5 26,729.0 27,974.3 SERVICES IMPORTS OF GOODS AND 3 13,336.6 15,424.7 17,123.8 20,162.1 24,290.8 25,544.1 21,113.5 21,736.3 24,332.5 24,421.1 24,182.2 25,103.0 SERVICES EXTERNAL BALANCE OF 4 GOODS AND SERVICES -161.8 -183.2 242.5 -64.6 -796.3 -543.5 -46.1 1,239.5 820.3 1,810.4 2,546.7 2,871.3 (4=2-3)TOTAL DOMESTIC 5 24,036.1 26,487.6 28,014.0 30,466.8 34,002.1 36,307.6 34,370.4 34,757.2 35,000.3 33,642.4 32,404.6 32,408.0 CONSUMPTION (5=6+9) FINAL CONSUMPTION 6 17,907,4 19,440,4 20.540.7 21,692,8 23,291.6 24,911.8 26.537.5 27,338,8 27,843,1 27.579.2 26.343.8 26.249.3 (6=7+8) 7 PRIVATE CONSUMPTION 13.384.1 14,502.8 15.242.7 16,023.1 17,429.1 18.569.3 19.610.4 20.078.1 20.564.4 20.298.4 19,569,1 19,603.2 - Households 13,179.3 14,283.1 15,030.4 15,793.9 17,162.3 18,309.3 19,344.5 19,818.0 20,321.6 20,065.3 19,342.9 19,381.6 - NPISH's 204.8 2197 2123 2292 266.8 260.0 265.9 260 1 242 9 233 1 226.1 221.6 GOVERNMENT 6,774.8 8 CONSUMPTION 4,523.3 4,937.6 5,298.0 5,669.7 5,862.5 6,342.5 6,927.1 7,260.7 7,278.7 7,280.8 6,646.0 (individual and collective) **GROSS CAPITAL** 9 6,128.8 7,047.1 7,473.3 8,774.1 10,710.5 11,395.7 7,832.8 7,418.5 7,157.2 6,063.2 6,060.7 6,158.7 FORMATION (9=10+11) GROSS FIXED CAPITAL 10 5,817.4 6,381.7 6,992.2 8,053.1 9,328.3 10,283.6 8,184.7 7,093.9 6,589.1 6,091.6 6,170.5 6,263.1 FORMATION CHANGES IN 11 INVENTORIES AND 481.1 721.0 1,382.1 1,112.2 -351.9 324.6 568.1 -28.4 -109.8 -104.4 311.4 665.4 VALUABLES

Table 6a: Gross domestic product by expenditures

Source: SORS, forecasts by IMAD.

#### Table 6b: Gross domestic product by expenditures

											nea	l growth ra	ites in %
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		2003	2004	2005	2000	2007	2008	2009	2010	2011		forecast	
1	GROSS DOMESTIC PRODUCT (1=4+5)	2.9	4.4	4.0	5.8	7.0	3.4	-7.8	1.2	0.6	-2.0	-1.4	0.9
2	EXPORTS OF GOODS AND SERVICES	3.1	12.4	10.6	12.5	13.7	4.0	-16.7	10.1	7.0	0.1	1.9	4.7
3	IMPORTS OF GOODS AND SERVICES	6.7	13.3	6.7	12.2	16.7	3.7	-19.5	7.9	5.2	-5.2	-1.0	3.8
4	EXTERNAL BALANCE OF GOODS AND SERVICES '	-1.9	-0.5	2.2	0.2	-2.0	0.1	2.4	1.5	1.3	3.8	2.1	0.9
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	4.9	4.9	1.8	5.6	9.0	3.2	-10.0	-0.2	-0.7	-5.8	-3.7	0.0
6	FINAL CONSUMPTION (6=7+8)	3.1	3.1	2.4	3.1	4.8	3.2	0.7	1.4	0.4	-3.1	-4.5	-0.4
7	PRIVATE CONSUMPTION	3.4	3.0	2.1	2.8	6.3	2.3	0.1	1.3	0.9	-3.0	-3.6	0.2
	- Households	3.4	3.0	2.2	2.8	6.2	2.5	0.2	1.4	1.0	-3.0	-3.6	0.2
	- NPISH's	4.5	1.2	-7.5	4.8	12.9	-7.8	-2.6	-3.9	-7.4	-4.0	-3.0	-2.0
8	GOVERNMENT CONSUMPTION (individual and collective)	2.3	3.3	3.5	4.0	0.6	5.9	2.5	1.5	-1.2	-3.4	-6.9	-1.9
9	GROSS CAPITAL FORMATION	10.2	10.2	0.1	12.5	19.3	3.1	-33.8	-5.8	-4.6	-16.7	0.0	1.6
10	GROSS FIXED CAPITAL FORMATION	7.6	5.0	3.0	10.4	13.3	7.1	-23.2	-13.8	-8.1	-9.0	1.3	1.5
11	CHANGES IN INVENTORIES AND VALUABLES <sup>1</sup>	0.7	1.4	-0.7	0.7	2.1	-1.0	-4.1	1.9	0.7	-1.7	-0.2	0.0

Source: SORS, forecasts by IMAD.

Note: 1 Contribution to real GDP growth (percentage points).

EUR million (fixed 2007 exchange rate)

Real growth rates in %

## Table 7a: Main aggregates of national accounts

EUR million, current prices (fixed 2007 exchange rate)

													-
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
		2005	2004	2005	2000	2007	2000	2005	2010	2011		forecast	
1	GROSS DOMESTIC PRODUCT	25,195.3	27,164.7	28,722.3	31,045.0	34,593.6	37,244.4	35,556.1	35,607.0	36,171.8	35,700.4	35,495.4	36,128.6
2	Net primary incomes with the rest of the world (a-b)	-193.7	-313.1	-243.6	-367.7	-734.5	-982.6	-687.7	-577.7	-501.8	-730.4	-869.2	-894.0
	a) Primary incomes receivable from the ROW	482.0	563.3	765.4	1,032.5	1,333.5	1,406.7	752.1	660.5	1,043.9	799.5	934.6	1,020.4
	b) Primary incomes payable to the ROW	675.7	876.3	1,009.0	1,400.3	2,068.0	2,389.4	1,439.8	1,238.2	1,545.7	1,529.9	1,803.8	1,914.3
3	GROSS NATIONAL INCOME (3=1+2)	25,001.5	26,851.6	28,478.7	30,677.3	33,859.2	36,261.8	34,868.4	35,029.4	35,670.1	34,970.0	34,626.1	35,234.6
4	Net current transfers with the rest of the world (c-d)	31.6	-43.4	-143.1	-215.3	-241.1	-339.1	-175.7	55.9	106.4	129.2	320.0	36.7
	c) Current transfers receivable from the ROW	465.5	546.7	630.9	672.2	731.4	506.5	737.1	903.9	1,015.8	1,403.2	1,660.0	1,427.5
	d) Current transfers payable to the ROW	433.9	590.1	774.0	887.4	972.5	845.5	912.8	848.0	909.4	1,274.0	1,340.0	1,390.8
5	GROSS NATIONAL DISPOSABLE INCOME (5=3+4)	25,033.1	26,808.2	28,335.5	30,462.0	33,618.1	35,922.7	34,692.6	35,085.3	35,776.5	35,099.2	34,946.1	35,271.4
6	FINAL CONSUMPTION EXPENDITURE (e+f)	18,858.4	20,049.8	21,038.9	22,228.3	24,136.5	26,341.5	26,969.0	27,742.9	28,451.5	28,089.1	27,259.3	27,562.1
	e) Private consumption	14,079.5	14,932.7	15,586.5	16,403.6	18,146.9	19,583.2	19,816.9	20,374.1	20,918.3	20,826.2	20,479.4	20,843.4
	f) Government consumption	4,778.9	5,117.2	5,452.3	5,824.7	5,989.6	6,758.3	7,152.0	7,368.8	7,533.2	7,262.9	6,779.9	6,718.7
7	GROSS SAVING (7=5-6)	6,174.7	6,758.3	7,296.7	8,233.7	9,481.6	9,581.2	7,723.7	7,342.4	7,325.0	7,010.1	7,686.8	7,709.2
8	GROSS CAPITAL FORMATION	6,394.6	7,465.5	7,800.6	8,977.3	11,052.4	11,840.7	7,875.3	7,501.3	7,280.8	6,154.6	6,275.4	6,516.0
	- Gross fixed capital formation	6,079.3	6,789.5	7,294.4	8,234.6	9,603.6	10,662.6	8,225.0	7,168.9	6,694.1	6,183.0	6,385.2	6,620.4
	- Changes in inventories and valuables	315.3	676.0	506.3	742.7	1,448.8	1,178.1	-349.6	332.4	586.7	-28.4	-109.8	-104.4
9	SURPLUS ON THE CURRENT ACCOUNT WITH THE ROW (9=7-8)	-219.9	-707.1	-504.0	-743.6	-1570.8	-2259.5	-151.7	-158.9	44.3	855.5	1411.4	1193.2

Source: SORS, forecast by IMAD.

	,	r			,			r	· · · · · ·		Struct	ure in %, curr	ent prices
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
_												forecast	
1	GROSS DOMESTIC PRODUCT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	Net primary incomes with the rest of the world (a-b)	-0.8	-1.2	-0.8	-1.2	-2.1	-2.6	-1.9	-1.6	-1.4	-2.0	-2.4	-2.5
	a) Primary incomes receivable from the ROW	1.9	2.1	2.7	3.3	3.9	3.8	2.1	1.9	2.9	2.2	2.6	2.8
	b) Primary incomes payable to the ROW	2.7	3.2	3.5	4.5	6.0	6.4	4.0	3.5	4.3	4.3	5.1	5.3
3	GROSS NATIONAL INCOME (3=1+2)	99.2	98.8	99.2	98.8	97.9	97.4	98.1	98.4	98.6	98.0	97.6	97.5
4	Net current transfers with the rest of the world (c-d)	0.1	-0.2	-0.5	-0.7	-0.7	-0.9	-0.5	0.2	0.3	0.4	0.9	0.1
	c) Current transfers receivable from the ROW	1.8	2.0	2.2	2.2	2.1	1.4	2.1	2.5	2.8	3.9	4.7	4.0
	d) Current transfers payable to the ROW	1.7	2.2	2.7	2.9	2.8	2.3	2.6	2.4	2.5	3.6	3.8	3.8
5	GROSS NATIONAL DISPOSABLE INCOME (5=3+4)	99.4	98.7	98.7	98.1	97.2	96.5	97.6	98.5	98.9	98.3	98.5	97.6
6	FINAL CONSUMPTION EXPENDITURE (e+f)	74.8	73.8	73.2	71.6	69.8	70.7	75.8	77.9	78.7	78.7	76.8	76.3
	e) Private consumption	55.9	55.0	54.3	52.8	52.5	52.6	55.7	57.2	57.8	58.3	57.7	57.7
	f) Government consumption	19.0	18.8	19.0	18.8	17.3	18.1	20.1	20.7	20.8	20.3	19.1	18.6
7	GROSS SAVING (7=5-6)	24.5	24.9	25.4	26.5	27.4	25.7	21.7	20.6	20.3	19.6	21.7	21.3
8	GROSS CAPITAL FORMATION	25.4	27.5	27.2	28.9	31.9	31.8	22.1	21.1	20.1	17.2	17.7	18.0
	- Gross fixed capital formation	24.1	25.0	25.4	26.5	27.8	28.6	23.1	20.1	18.5	17.3	18.0	18.3
	- Changes in inventories and valuables	1.3	2.5	1.8	2.4	4.2	3.2	-1.0	0.9	1.6	-0.1	-0.3	-0.3
9	SURPLUS ON THE CURRENT ACCOUNT WITH THE ROW (9=7-8)	-0.9	-2.6	-1.8	-2.4	-4.5	-6.1	-0.4	-0.4	0.1	2.4	4.0	3.3

## Table 7b: Main aggregates of national accounts

Source: SORS, forecast by IMAD.

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#### Table 8: Labour market

									Bamuri		inds, indica	iors in %
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
											forecast	
LABOUR SUPPLY												
Participation rate (15-64)	67.1	69.8	70.7	70.9	71.3	72.1	71.9	71.5	70.3	69.2	68.4	68.5
- 15-24 years of age	35.3	40.6	40.6	40.6	42.0	42.9	41.0	40.0	37.5	36.9	36.1	35.8
- 25-54 years of age	87.0	88.2	88.9	89.0	89.0	89.8	89.6	89.5	89.6	87.7	86.3	86.2
- 55-64 years of age	23.9	29.4	32.2	33.4	34.6	34.9	36.9	36.5	33.3	35.3	36.5	37.1
Participation rate (65 years and more)	7.3	8.8	7.4	7.6	9.4	9.5	7.5	7.5	6.4	8.0	7.8	7.4
Labour force (LFS concept)	962	1007	1016	1022	1036	1042	1042	1042	1020	1008	994	989
Yearly changes (in perc.)	-1.0	4.7	0.9	0.6	1.4	0.6	0.0	0.0	-2.1	-1.2	-1.4	-0.4
LABOUR DEMAND												
Yearly changes (in perc.)												
GDP	2.9	4.4	4.0	5.8	7.0	3.4	-7.8	1.2	0.6	-2.0	-1.4	0.9
Productivity	3.2	4.0	4.5	4.2	3.6	0.8	-6.1	3.4	2.2	-0.6	0.9	1.4
Persons in employment (National accouts concept)	-0.3	0.4	-0.5	1.6	3.3	2.6	-1.8	-2.2	-1.6	-1.4	-2.3	-0.4
Persons in employment (LFS concept)	-1.4	5.1	0.6	1.3	2.5	1.1	-1.5	-1.5	-3.1	-1.2	-2.3	-0.4
Persons in formal employment (statistical register)*	-0.9	0.8	0.7	1.4	3.5	3.0	-2.4	-2.7	-1.3	-1.1	-2.3	-0.4
- Persons in paid employment *	0.1	0.3	1.0	1.4	3.3	3.1	-2.8	-2.6	-2.4	-1.5	-2.8	-0.8
Numbers (in thousand)												
Persons in employment (National accouts concept)	931.4	935.1	930.8	945.2	976.7	1001.9	983.7	962.5	947.0	934.1	912.4	908.5
Persons in formal employment (statistical register)	801.4	807.5	813.1	824.8	854.0	879.3	858.2	835.0	824.0	814.9	796.1	793.1
- Persons in paid employment *	722	724	732	742	766	790	767	747	729	718	699	693
- Selfemployed	79.2	83.1	81.5	83.3	87.9	89.4	90.8	87.8	94.9	96.4	97.4	99.7
Persons in employment (LFS concept)	897.4	943	949	961	985.4	996	981	966	936	925	903	899
- Employment rate (15-64 y.of age, in %)	62.6	65.3	66	66.6	67.8	68.8	67.5	66.2	64.4	63.3	62.0	62.1
Economic structure of employment (LF	S concep	ot in %)										
Agriculture	8.4	9.8	9.1	9.6	9.9	8.6	9.1	8.8	8.6	8.6	8.6	8.6
Industriy and construction	37.5	36.5	37.1	35.5	35.2	35.3	33.2	32.6	31.7	31.7	31.7	32.0
Services	54.1	53.7	53.8	54.9	54.9	56.2	57.7	58.6	59.7	59.7	59.7	59.4
UNEMPLOYMENT												
- ILO concept	64.4	63.8	66.5	61	50.4	46.25	61	75.5	84	83.2	90.4	90.1
- Registered	97.7	92.8	91.9	85.8	71.3	63.2	86.4	100.5	110.7	109.7	120.0	119.5
Rate of unemployment (ILO concept)	6.7	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.3	9.1	9.1
Rate of registered unemployment	10.9	10.3	10.2	9.4	7.7	6.7	9.1	10.7	11.8	11.9	13.1	13.1

Source: SORS, ESS, forecasts by IMAD and Eurostat (Population projection). Note: \* As in statistical register of persons in employment.

									Annua	l growth ra	tes in %
	2002	2004	2005	2006	2007	2000	2000	2010	2011	2012	2013
	2003	2004	2005	2006	2007	2008	2009	2010	2011	fore	cast
Effective exchange rate <sup>1</sup>											
Nominal	-0.4	-1.3	-1.0	-0.1	0.4	0.7	1.1	-2.1	-0.1	-1.5	-0.6
Real - based on consumer prices	3.3	0.0	-0.7	0.3	1.7	2.5	1.3	-1.8	-1.0	-1.3	-0.5
Real - based on ULC in economy as a whole	2.1	1.9	-1.0	-0.1	1.2	3.1	6.3	-1.7	-1.2	-2.5	-1.8
Unit labour costs components											
Nominal unit labour costs	4.4	3.6	1.5	1.1	2.6	6.4	8.5	0.4	-0.6	1.1	0.0
Compensation of employees per employee	7.8	7.7	6.0	5.4	6.2	7.2	1.8	3.9	1.6	0.5	0.9
Labour productivity, real <sup>2</sup>	3.2	4.0	4.5	4.2	3.5	0.8	-6.1	3.5	2.2	-0.6	0.9
Real unit labour costs	-1.0	0.3	-0.2	-1.0	-1.6	2.2	4.7	1.5	-1.6	0.4	-0.8
Labour productivity, nominal <sup>3</sup>	9.0	7.4	6.2	6.4	7.8	5.0	-2.8	2.3	3.3	0.1	1.8

#### Table 9: Indicators of international competitiveness

Sources: SORS national accounts statistics, BS, ECB, OECD, Consensus Forecasts Aug 2012, calculations and forecasts by IMAD. Notes: 'Harmonised effective exchange rate - 20 group of trading partners and 17 Euro area countries; a rise in the value indicates appreciation of national currency and vice versa; 'GDP per employee (in constant prices); 'GDP per employee (in current prices).

## Table 10: Balance of payments - balance of payments statistics

												R millior
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
											forecast	
I. CURRENT ACCOUNT	-196	-720	-498	-771	-1,646	-2,295	-246	-209	2	810	1,363	1,1
1. GOODS	-543	-1,009	-1,026	-1,151	-1,666	-2,385	-498	-997	-1,043	-350	-22	-
1.1. Exports of goods	11,417	12,933	14,599	17,028	19,798	20,295	16,410	18,762	21,265	21,519	22,191	23,5
1.2. Imports of goods	11,960	13,942	15,625	18,179	21,464	22,680	16,908	19,759	22,308	21,869	22,213	23,6
2. SERVICES	540	688	920	993	1,047	1,424	1,165	1,285	1,443	1,761	1,934	2,0
2.1. Exports	2,465	2,783	3,214	3,572	4,145	4,957	4,347	4,616	4,839	5,025	5,238	5,5
Transport	680	809	923	1,058	1,259	1,436	1,085	1,206	1,305	1,343	1,389	1,4
Travel	1,186	1,312	1,451	1,555	1,665	1,827	1,804	1,925	1,952	2,009	2,067	2,1
Other	599	662	840	959	1,221	1,694	1,458	1,485	1,583	1,673	1,782	1,8
2.2. Imports	1,925	2,095	2,293	2,580	3,098	3,533	3,182	3,331	3,396	3,264	3,304	3,4
Transport	420	485	525	601	734	875	648	710	720	676	684	7
Travel	664	703	707	772	831	922	913	923	817	726	667	6
Other	841	906	1,061	1,206	1,533	1,736	1,621	1,698	1,860	1,862	1,954	2,0
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	-3	-322	-106	-158	-619	-962	667	288	400	1,411	1,912	2,0
Exports of goods and services	13,882	15,715	17,813	20,601	23,944	25,252	20,757	23,378	26,104	26,544	27,429	29,0
Imports of goods and services	13,885	16,037	17,918	20,759	24,562	26,213	20,090	23,090	25,704	25,132	25,517	27,0
3. INCOME	-219	-322	-295	-440	-789	-1,030	-754	-599	-550	-730	-869	-8
3.1. Receipts	510	530	647	872	1,169	1,262	666	574	918	799	935	1,0
Compensation of employees	192	201	205	218	229	238	198	233	312	320	330	3
Investment	318	329	442	654	940	1,024	468	341	606	479	605	6
3.2. Expenditures	728	852	942	1,312	1,957	2,292	1,420	1,173	1,469	1,530	1,804	1,9
Compensation of employees	57	63	77	110	179	230	116	90	94	105	110	1
Investment	671	789	866	1,202	1,778	2,062	1,303	1,083	1,375	1,425	1,694	1,7
4. CURRENT TRANSFERS	26	-76	-97	-173	-239	-303	-159	102	153	129	320	
4.1. In Slovenia	474	561	738	785	941	871	959	1,203	1,373	1,403	1,660	1,4
4.2. Abroad	449	638	835	958	1,180	1,174	1,119	1,100	1,220	1,274	1,340	1,3
II. CAPITAL AND FINANCIAL ACCOUNT	46	698	970	1,092	1,920	2,597	175	535	-452			
A CAPITAL ACCOUNT	-165	-96	-114	-131	-52	-25	14	53	-102			
1. Capital transfers	-164	-96	-109	-126	-51	-26	19	61	-98			
2. Non-produced non-financial assets	-2	0	-5	-5	-1	1	-5	-8	-4			
B FINANCIAL ACCOUNT	211	794	1,084	1,223	1,972	2,622	161	482	-350			
1. Direct investment	-151	224	-43	-174	-256	327	-657	431	638			
Abroad	-421	-441	-516	-687	-1,362	-1,002	-187	160	-81			
In Slovenia	270	665	473	513	1,106	1,329	-470	271	719			
2. Portfolio investment	-223	-637	-1,313	-1,442	-2,255	572	4,628	1,956	1,838			
3. Financial derivatives	0	6	-10	-13	-15	46	-2	-117	-136			
4. Other investment	849	945	2,639	1,571	4,358	1,656	-3,976	-1,806	-2,762			
4.1. Assets	-730	-1,308	-1,459	-1,939	-4,696	-322	-267	783	-1,461			
4.2. Liabilities	1,579	2,252	4,098	3,510	9,054	1,978	-3,708	-2,589	-1,301			
5. Reserve assets	-264	256	-189	1,281	140	21	167	19	72			

Source: BS, forecasts by IMAD.

40

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

				21	E	UR million, cu	irrent prices (f	ixed 2007 excl	hange rate)
CONSOLIDATED GENERAL GOVERNMENT REVENUES	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL GENERAL GOVERNMENT REVENUES	10,338	11,196	11,976	12,959	14,006	15,339	14,408	14,794	14,982
TAX REVENUES	9,560	10,211	10,884	11,762	12,758	13,937	12,955	12,848	13,209
TAXES ON INCOME AND PROFIT	1,922	2,115	2,242	2,735	2,918	3,442	2,805	2,491	2,724
Personal income tax	1,474	1,596	1,648	1,793	1,805	2,185	2,092	2,039	2,054
Corporate income tax	448	519	594	942	1,113	1,257	712	449	668
SOCIAL SECURITY CONTRIBUTIONS	3,502	3,753	3,988	4,231	4,598	5,095	5,161	5,234	5,268
TAXSES ON PAYROLL AND WORKFORCE	448	491	526	473	418	258	28	28	29
Payroll tax	430	472	506	450	392	230	0	0	C
Tax on work contracts	19	19	20	23	27	28	28	28	29
TAXES ON PROPERTY	144	165	170	189	206	215	207	220	215
DOMESTIC TAXES ON GOODS AND SERVICES	3,399	3,575	3,915	4,077	4,498	4,805	4,660	4,781	4,856
TAXES ON INTERN. TRADE AND TRANSACTIONS	145	81	39	51	117	120	91	91	100
OTHER TAXES	1	31	4	5	2	2	3	4	17
NON-TAX REVENUES	623	677	633	633	709	855	684	923	829
CAPITAL REVENUES	66	87	113	167	136	118	107	176	65
GRANTS	56	8	9	5	12	10	11	13	10
TRANSFERS REVENUES	33	31	34	43	43	54	54	110	54
RECEIPTS FROM THE EU BUDGET	0	183	302	348	348	365	597	723	815

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

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

							Per c	ent share rela	tive to GDP
CONSOLIDATED GENERAL GOVERNMENT REVENUES	2003	2004	2005	2006	2007	2008	2009	2010	2011
I. TOTAL GENERAL GOVERNMENT REVENUES	41.0	41.2	41.7	41.7	40.5	41.2	40.5	41.5	41.4
TAX REVENUES	37.9	37.6	37.9	37.9	36.9	37.4	36.4	36.1	36.5
TAXES ON INCOME AND PROFIT	7.6	7.8	7.8	8.8	8.4	9.2	7.9	7.0	7.5
Personal income tax	5.8	5.9	5.7	5.8	5.2	5.9	5.9	5.7	5.7
Corporate income tax	1.8	1.9	2.1	3.0	3.2	3.4	2.0	1.3	1.8
SOCIAL SECURITY CONTRIBUTIONS	13.9	13.8	13.9	13.6	13.3	13.7	14.5	14.7	14.6
TAXSES ON PAYROLL AND WORKFORCE	1.8	1.8	1.8	1.5	1.2	0.7	0.1	0.1	0.1
Payroll tax	1.7	1.7	1.8	1.4	1.1	0.6	0.0	0.0	0.0
Tax on work contracts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TAXES ON PROPERTY	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
DOMESTIC TAXES ON GOODS AND SERVICES	13.5	13.2	13.6	13.1	13.0	12.9	13.1	13.4	13.4
TAXES ON INTERN. TRADE AND TRANSACTIONS	0.6	0.3	0.1	0.2	0.3	0.3	0.3	0.3	0.3
OTHER TAXES	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NON-TAX REVENUES	2.5	2.5	2.2	2.0	2.0	2.3	1.9	2.6	2.3
CAPITAL REVENUES	0.3	0.3	0.4	0.5	0.4	0.3	0.3	0.5	0.2
GRANTS	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TRANSFERS REVENUES	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.1
RECEIPTS FROM THE EU BUDGET	0.0	0.7	1.1	1.1	1.0	1.0	1.7	2.0	2.3

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

41

	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2003	2004	2005	2006	2007	2008	2009	2010	2011
١١.	TOTAL EXPENDITURE	10,666	11,552	12,276	13,209	13,915	15,442	16,368	16,693	16,546
	CURRENT EXPENDITURE	5,114	5,150	5,354	5,689	5,951	6,557	6,800	6,960	6,927
	WAGES AND OTHER PERSONNEL EXPENDITURE	2,342	2,456	2,521	2,671	2,761	3,037	3,363	3,359	3,330
	SOCIAL SECURITY CONTRIBUTIONS	424	466	495	509	515	542	549	553	553
	PURCHASES OF GOODS AND SERVICES	1,884	1,794	1,911	2,073	2,212	2,527	2,510	2,512	2,443
	INTEREST PAYMENTS	387	384	372	376	357	335	336	488	527
	BUDGETARY RESERVES	78	50	55	59	105	116	42	47	74
	CURRENT TRANSFERS	4,579	5,216	5,599	5,926	6,144	6,743	7,340	7,629	7,819
	SUBSIDIES	290	324	381	403	423	477	598	582	496
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	4,115	4,396	4,629	4,871	5,093	5,619	6,024	6,278	6,534
	OTHER CURRENT DOMESTIC TRANSFERS	174	496	589	651	628	647	718	769	789
	CAPITAL EXPENDITURE TOTAL	972	1,017	1,038	1,306	1,464	1,714	1789	1,707	1,395
	CAPITAL EXPENDITURE	593	631	654	901	1,130	1,256	1,294	1,311	1,023
	CAPITAL TRANSFERS	379	386	383	405	334	459	495	396	372
	PAYMENTS TO THE EU BUDGET	0	170	286	288	356	428	439	397	405
III.	GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I II.)	-327	-356	-300	-250	91	-103	-1,961	-1,899	-1,564

EUR million, current prices (fixed exchange rate)

#### Table 12a: Consolidated general government expenditure; GFS - IMF Methodology

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

## Table 12b: Consolidated general government expenditure; GFS - IMF Methodology

								Per cen	t share relati	ve to GDP
	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2003	2004	2005	2006	2007	2008	2009	2010	2011
١١.	TOTALEXPENDITURE	42.3	42.5	42.7	42.5	40.2	41.5	46.0	46.9	45.7
	CURRENT EXPENDITURE	20.3	19.0	18.6	18.3	17.2	17.6	19.1	19.5	19.2
	WAGES AND OTHER PERSONNEL EXPENDITURE	9.3	9.0	8.8	8.6	8.0	8.2	9.5	9.4	9.2
	SOCIAL SECURITY CONTRIBUTIONS	1.7	1.7	1.7	1.6	1.5	1.5	1.5	1.6	1.5
	PURCHASES OF GOODS AND SERVICES	7.5	6.6	6.7	6.7	6.4	6.8	7.1	7.1	6.8
	INTEREST PAYMENTS	1.5	1.4	1.3	1.2	1.0	0.9	0.9	1.4	1.5
	BUDGETARY RESERVES	0.3	0.2	0.2	0.2	0.3	0.3	0.1	0.1	0.2
	CURRENT TRANSFERS	18.2	19.2	19.5	19.1	17.8	18.1	20.6	21.4	21.6
	SUBSIDIES	1.2	1.2	1.3	1.3	1.2	1.3	1.7	1.6	1.4
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	16.3	16.2	16.1	15.7	14.7	15.1	16.9	17.6	18.1
	OTHER CURRENT DOMESTIC TRANSFERS	0.7	1.8	2.0	2.1	1.8	1.7	2.0	2.2	2.2
	CAPITAL EXPENDITURE TOTAL	3.9	3.7	3.6	4.2	4.2	4.6	5.0	4.8	3.9
	CAPITAL EXPENDITURE	2.4	2.3	2.3	2.9	3.3	3.4	3.6	3.7	2.8
	CAPITAL TRANSFERS	1.5	1.4	1.3	1.3	1.0	1.2	1.4	1.1	1.0
	PAYMENTS TO THE EU BUDGET	0.0	0.6	1.0	0.9	1.0	1.1	1.2	1.1	1.1
III.	GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I II.)	-1.3	-1.3	-1.0	-0.8	0.3	-0.3	-5.5	-5.3	-4.3

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

			Gross domest	ic product, real			Inflation,	year average	
		PNt+1	JNt+1	PNt	JNt	PNt+1	JNt+1	PNt	JNt
ME M	ean Error								
IMAD	2002 - 2008	-0.03	-0.17	-0.24	0.03	-0.76	-0.36	-0.47	0.11
	2002 - 2009	1.46	1.21	0.26	0.09	-0.38	0.06	-0.48	0.11
	2002 - 2010	1.28	1.04	0.17	0.04	-0.36	0.02	-0.48	0.13
	2002 - 2011	1.41	1.21	0.39	0.21	-0.34	0.11	-0.39	0.10
	1997 - 2008	0.01	-0.19	-0.10	0.09	-0.	97 -0.45	-0.28	0.14
	1997 - 2009	1.00	0.73	0.20	-0.04	-0.	70 -0.17	-0.29	0.14
	1997 - 2010	0.91	0.65	0.14	-0.06	-0.	66 -0.18	-0.31	0.15
	1997 - 2011	1.03	0.80	0.29	0.06	-0.	63 -0.10	-0.26	0.13
BS	2002 - 2008	-0.11	-0.43	-0.39	-0.10	-0.88	-0.81	-0.46	-0.03
	2002 - 2009	1.36	1.04	0.39	0.05	-0.39	-0.39	-0.46	0.00
	2002 - 2010	1.29	0.97	0.36	0.03	-0.34	-0.38	-0.43	-0.06
	2002 - 2011	1.36	1.08	0.52	0.18	-0.34	-0.31	-0.30	0.07
SKEP	2002 - 2008	-0.14	-0.24	-0.33	0.04	-0.63	-0.43	-0.24	0.06
	2002 - 2009	1.38	1.19	0.38	0.14	-0.23	-0.04	-0.20	0.04
	2002 - 2010	1.27	1.00	0.28	0.08	-0.20	-0.09	-0.18	0.04
	2002 - 2011	1.36	1.11	0.44	0.19	-0.16	-0.03	-0.08	0.02
	1997 - 2008	-0.18	-0.14	-0.26	0.10	-0.	99 -0.71	-0.32	0.09
	1997 - 2009	0.83	0.80	0.17	0.15	-0.	69 -0.43	-0.28	0.08
	1997 - 2010	0.80	0.70	0.12	0.11	-0.	64 -0.43	-0.26	0.08
	1997 - 2011	0.90	0.80	0.24	0.25	-0.	58 -0.36	-0.19	0.06
EC	2002 - 2008	-0.23	-0.34	-0.37	-0.16	-0.36	-0.10	-0.13	0.17
	2002 - 2009	1.25	1.04	0.23	-0.09	-0.01	0.26	-0.14	0.15
	2002 - 2010	1.06	0.93	0.19	-0.09	0.01	0.22	-0.12	0.17
	2002 - 2011	1.15	1.05	0.38	0.05	0.03	0.22	-0.03	0.16
IMF	2002 - 2008	-0.19	-0.39	-0.42	-0.34	-0.66	-0.63	-0.58	0.07
	2002 - 2009	1.25	1.10	0.27	0.09	-0.39	-0.25	-0.56	0.01
	2002 - 2010	1.13	0.91	0.23	0.03	-0.38	-0.26	-0.53	-0.02
	2002 - 2011	1.24	1.08	0.43	0.24	-0.29	-0.18	-0.44	-0.02
WIIW	2002 - 2008	-0.73	-0.29	-0.23	-0.43	-1.53	-0.90	-0.44	-0.01
	2002 - 2009	0.90	1.26	0.78	0.10	-1.01	-0.28	-0.19	0.06
	2002 - 2010	0.89	1.10	0.67	0.01	-0.82	-0.22	-0.20	0.02
	2002 - 2011	1.02	1.21	0.82	0.23	-0.72	-0.18	-0.08	0.09

### Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions\*

				Gross	domest	tic produ	uct, real					In	flation, y	vear avei	rage		
		PNt+1		JNt	:+1	PI	Nt	IL	٧t	PN	t+1	JN	t+1	PI	Nt	IL	Nt
MAE	Mean Absolute Erro	or															
IMAD	2002 - 2008	1.14		1.00		0.76		0.43		1.10		0.87		0.47		0.17	
	2002 - 2009	2.49		2.24		1.14		0.44		1.25		1.14		0.48		0.16	
	2002 - 2010	2.23		2.02		1.08		0.42		1.13		1.04		0.48		0.18	
	2002 - 2011	2.27		2.09		1.21		0.55		1.04		1.03		0.47		0.18	
	1997 - 2008	1.	.08		0.90		0.71		0.49		1.34		0.93		0.51		0.19
	1997 - 2009	1.	.98		1.73		0.95		0.49		1.42		1.10		0.51		0.18
	1997 - 2010	1.	.84		1.62		0.93		0.48		1.32		1.04		0.51		0.19
	1997 - 2011	1.	.90		1.70		1.02		0.56		1.24		1.03		0.50		0.19
BS	2002 - 2008	1.06		1.03		0.79		0.50		1.05		0.81		0.46		0.26	
	2002 - 2009	2.39		2.31		1.41		0.58		1.27		1.04		0.46		0.25	
	2002 - 2010	2.20		2.10		1.27		0.52		1.11		0.96		0.43		0.28	
	2002 - 2011	2.18		2.10		1.34		0.62		1.03		0.89		0.48		0.27	
SKEP	2002 - 2008	1.03		0.93		0.79		0.59		1.20		0.91		0.41		0.09	
	2002 - 2009	2.40		2.21		1.35		0.61		1.38		1.14		0.38		0.09	
	2002 - 2010	2.18		2.02		1.26		0.59		1.22		1.07		0.33		0.09	
	2002 - 2011	2.18		2.03		1.32		0.65		1.12		1.01		0.38		0.10	
	1997 - 2008	0.	.95		1.00		0.76		0.68		1.61		1.11		0.62		0.19
	1997 - 2009	1.	.87		1.85		1.11		0.69		1.69		1.24		0.58		0.18
	1997 - 2010	1.	.75		1.74		1.06		0.67		1.56		1.18		0.54		0.18
	1997 - 2011	1.	.79		1.77		1.12		0.77		1.46		1.14		0.55		0.18
EC	2002 - 2008	1.03		1.06		0.89		0.41		1.44		1.07		0.27		0.20	
	2002 - 2009	2.35		2.26		1.33		0.41		1.56		1.29		0.26		0.18	
	2002 - 2010	2.14		2.02		1.19		0.38		1.41		1.16		0.23		0.19	
	2002 - 2011	2.13		2.03		1.28		0.47		1.29		1.06		0.29		0.18	
IMF	2002 - 2008	0.99		1.01		0.88		0.57		1.31		1.23		0.64		0.19	
	2002 - 2009	2.28		2.33		1.41		0.89		1.34		1.38		0.61		0.21	
	2002 - 2010	2.04		2.13		1.26		0.83		1.22		1.26		0.57		0.22	
	2002 - 2011	2.06		2.18		1.36		0.96		1.15		1.18		0.56		0.20	
WIIW	2002 - 2008	1.47		1.14		0.94		0.71		2.13		1.19		0.81		0.30	
	2002 - 2009	2.83		2.51		1.80		1.10		2.19		1.55		0.91		0.34	
	2002 - 2010	2.60		2.26		1.62		1.06		2.02		1.40		0.84		0.33	
	2002 - 2011	2.56		2.25		1.68		1.17		1.84		1.28		0.86		0.37	

# Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions - *continue*

		Gross domestic product, real								Inflation, year average							
		PNt+	1	JNt+1		PNt		JNt		PNt+1		JNt+1		PNt		JNt	
RMSE	Root Mean Square	Error															
IMAD	2002 - 2008	1.31		1.14		0.88		0.60		1.45		1.12		0.64		0.23	
	2002 - 2009	4.38		4.00		1.58		0.58		1.58		1.49		0.62		0.22	
	2002 - 2010	4.13		3.77		1.50		0.56		1.49		1.41		0.61		0.23	
	2002 - 2011	4.00		3.68		1.61		0.76		1.42		1.37		0.59		0.23	
	1997 - 2008		1.21		1.03		0.89		0.63		1.78		1.24		0.67		0.28
	1997 - 2009	3	3.36		3.30		1.35		0.62		1.83		1.47		0.66		0.27
	1997 - 2010	:	3.48		3.17		1.32		0.60		1.76		1.42		0.65		0.27
	1997 - 2011	3	3.43		3.14		1.41		0.73		1.69		1.39		0.64		0.27
BS	2002 - 2008	1.19		1.19		0.96		0.59		1.47		1.18		0.53		0.32	
	2002 - 2009	4.28		4.15		2.24		0.67		1.68		1.44		0.53		0.31	
	2002 - 2010	4.05		3.91		2.11		0.64		1.57		1.36		0.50		0.33	
	2002 - 2011	3.89		3.77		2.10		0.77		1.49		1.29		0.55		0.32	
SKEP	2002 - 2008	1.17		1.08		0.94		0.70		1.53		1.14		0.53		0.11	
	2002 - 2009	4.38		4.09		2.07		0.71		1.70		1.43		0.49		0.11	
	2002 - 2010	4.13		3.86		1.96		0.68		1.60		1.36		0.46		0.11	
	2002 - 2011	3.98		3.72		1.95		0.75		1.52		1.30		0.51		0.12	
	1997 - 2008		1.08		1.19		0.92		0.86		1.98		1.46		0.74		0.31
	1997 - 2009	3	3.61		3.43		1.71		0.86		2.04		1.60		0.71		0.30
	1997 - 2010	3	3.47		3.30		1.66		0.83		1.96		1.54		0.68		0.29
	1997 - 2011		3.40		3.23		1.67		0.97		1.89		1.49		0.69		0.28
EC	2002 - 2008	1.19		1.21		1.05		0.50		1.71		1.22		0.43		0.26	
	2002 - 2009	4.25		3.95		1.84		0.49		1.81		1.51		0.40		0.24	
	2002 - 2010	4.01		3.72		1.74		0.46		1.71		1.42		0.38		0.25	
	2002 - 2011	3.86		3.59		1.78		0.60		1.62		1.35		0.44		0.24	
IMF	2002 - 2008	1.14		1.19		0.99		0.67		1.58		1.57		0.89		0.22	
	2002 - 2009	4.14		4.22		2.03		1.26		1.57		1.69		0.85		0.25	
	2002 - 2010	3.90		3.98		1.91		1.20		1.48		1.60		0.81		0.26	
	2002 - 2011	3.76		3.86		1.94		1.32		1.42		1.53		0.77		0.24	
WIIW	2002 - 2008	1.73		1.31		1.08		0.79		3.20		1.58		1.00		0.43	
	2002 - 2009	4.64		4.45		2.94		1.53		3.13		2.07		1.10		0.46	
	2002 - 2010	4.38		4.20		2.77		1.46		2.96		1.95		1.04		0.44	
	2002 - 2011	4.22		4.04		2.72		1.55		2.81		1.85		1.04		0.47	

# Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions - *continue*

	Gross domestic product, real								Inflation, year average								
		PNt+1		JNt+1		PNt		JNt		PNt+1		JNt+1		PNt		JNt	
stdMAE	Standardised Me	ean Abso	olute Ei	rror													
IMAD	2002 - 2008	0.89		0.78		0.59		0.33		0.58		0.46		0.25		0.09	
	2002 - 2009	0.57		0.51		0.26		0.10		0.58		0.53		0.22		0.08	
-	2002 - 2010	0.54		0.49		0.26		0.10		0.53		0.49		0.22		0.08	
	2002 - 2011	0.57		0.53		0.30		0.14		0.49		0.49		0.22		0.09	
	1997 - 2008		1.03		0.86		0.68		0.46		0.55		0.38		0.21		0.08
	1997 - 2009		0.57		0.50		0.28		0.14		0.52		0.40		0.19		0.07
	1997 - 2010		0.55		0.48		0.28		0.14		0.47		0.37		0.18		0.07
	1997 - 2011		0.57		0.51		0.31		0.17		0.44		0.36		0.18		0.07
BS	2002 - 2008	0.82		0.80		0.61		0.39		0.56		0.43		0.24		0.14	
	2002 - 2009	0.55		0.53		0.32		0.13		0.59		0.48		0.22		0.12	
	2002 - 2010	0.53		0.51		0.31		0.13		0.52		0.45		0.20		0.13	
	2002 - 2011	0.55		0.53		0.34		0.16		0.49		0.42		0.23		0.13	
SKEP	2002 - 2008	0.80		0.72		0.61		0.46		0.64		0.49		0.22		0.05	
	2002 - 2009	0.55		0.51		0.31		0.14		0.64		0.53		0.18		0.04	
	2002 - 2010	0.53		0.49		0.30		0.14		0.57		0.50		0.16		0.04	
	2002 - 2011	0.55		0.51		0.33		0.16		0.53		0.48		0.18		0.05	
	1997 - 2008		0.90		0.95		0.72		0.65		0.66		0.45		0.25		0.08
	1997 - 2009		0.54		0.54		0.32		0.20		0.62		0.45		0.21		0.07
	1997 - 2010		0.52		0.52		0.32		0.20		0.56		0.42		0.19		0.06
	1997 - 2011		0.54		0.53		0.34		0.23		0.51		0.40		0.19		0.06
EC	2002 - 2008	0.80		0.82		0.69		0.32		0.77		0.57		0.14		0.11	
	2002 - 2009	0.54		0.52		0.30		0.09		0.73		0.60		0.12		0.08	
	2002 - 2010	0.52		0.49		0.29		0.09		0.66		0.54		0.11		0.09	
	2002 - 2011	0.54		0.51		0.32		0.12		0.61		0.50		0.14		0.09	
IMF	2002 - 2008	0.77		0.79		0.68		0.44		0.70		0.65		0.34		0.10	
	2002 - 2009	0.52		0.53		0.32		0.20		0.62		0.64		0.28		0.10	
	2002 - 2010	0.50		0.52		0.31		0.20		0.57		0.59		0.27		0.10	
	2002 - 2011	0.52		0.55		0.34		0.24		0.55		0.56		0.26		0.10	
wiiw	2002 - 2008	1.15		0.89		0.73		0.56		1.13		0.63		0.43		0.16	
	2002 - 2009	0.65		0.57		0.41		0.25		1.02		0.72		0.43		0.16	
	2002 - 2010	0.63		0.55		0.39		0.26		0.95		0.66		0.40		0.16	
	2002 - 2011	0.64		0.57		0.42		0.29		0.88		0.61		0.41		0.18	

# Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions - *continue*

#### Table 13: Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions - continue

			Gross domest	tic product, real		Inflation, year average						
		PNt+1	JNt+1	PNt	JNt	PNt+1	JNt+1	PNt	JNt			
stdRMS	E Standardised R	oot Mean Squa	are Error									
IMAD	2002 - 2008	1.02	0.88	0.69	0.46	0.77	0.60	0.34	0.12			
	2002 - 2009	1.00	0.91	0.36	0.13	0.74	0.70	0.29	0.10			
	2002 - 2010	1.00	0.91	0.36	0.14	0.70	0.66	0.29	0.11			
	2002 - 2011	1.01	0.92	0.41	0.19	0.67	0.65	0.28	0.11			
	1997 - 2008	1.15	0.98	0.84	0.60	0.73	0.51	0.27	0.11			
	1997 - 2009	1.05	0.96	0.39	0.18	0.67	0.54	0.24	0.10			
	1997 - 2010	1.04	0.95	0.39	0.18	0.47	0.37	0.18	0.07			
	1997 - 2011	1.03	0.94	0.42	0.22	0.44	0.36	0.18	0.07			
BS	2002 - 2008	0.93	0.92	0.75	0.46	0.78	0.63	0.28	0.17			
	2002 - 2009	0.98	0.95	0.51	0.15	0.79	0.67	0.25	0.14			
	2002 - 2010	0.98	0.95	0.51	0.15	0.74	0.64	0.23	0.16			
	2002 - 2011	0.98	0.95	0.53	0.19	0.71	0.62	0.26	0.15			
SKEP	2002 - 2008	0.91	0.84	0.74	0.54	0.81	0.61	0.28	0.06			
	2002 - 2009	1.00	0.93	0.47	0.16	0.79	0.67	0.23	0.05			
	2002 - 2010	1.00	0.94	0.48	0.17	0.75	0.64	0.22	0.05			
	2002 - 2011	1.00	0.94	0.49	0.19	0.72	0.62	0.24	0.06			
	1997 - 2008	1.03	1.14	0.87	0.82	0.81	0.60	0.30	0.13			
	1997 - 2009	1.05	1.00	0.50	0.25	0.75	0.59	0.26	0.11			
	1997 - 2010	1.04	0.98	0.49	0.25	0.70	0.55	0.24	0.10			
	1997 - 2011	1.02	0.97	0.50	0.29	0.66	0.52	0.24	0.10			
EC	2002 - 2008	0.92	0.94	0.82	0.39	0.91	0.65	0.23	0.14			
	2002 - 2009	0.97	0.90	0.42	0.11	0.84	0.70	0.19	0.11			
	2002 - 2010	0.97	0.90	0.42	0.11	0.80	0.67	0.18	0.12			
	2002 - 2011	0.97	0.90	0.45	0.15	0.77	0.64	0.21	0.11			
IMF	2002 - 2008	0.89	0.93	0.77	0.52	0.84	0.83	0.48	0.12			
	2002 - 2009	0.94	0.96	0.46	0.29	0.73	0.79	0.40	0.12			
	2002 - 2010	0.95	0.97	0.46	0.29	0.70	0.75	0.38	0.12			
	2002 - 2011	0.95	0.97	0.49	0.33	0.67	0.73	0.37	0.12			
wiiw	2002 - 2008	1.35	1.02	0.84	0.62	1.70	0.84	0.53	0.23			
	2002 - 2009	1.06	1.02	0.67	0.35	1.46	0.97	0.51	0.21			
	2002 - 2010	1.06	1.02	0.67	0.36	1.39	0.92	0.49	0.21			
	2002 - 2011	1.06	1.02	0.68	0.39	1.34	0.88	0.49	0.23			

Signs: \*This is the assessment of forecast accuracy that was based on data available at the time of the preparation of the Spring Forecast of Economic Trends 2012.

Negative values indicate an overestimation, while positive values indicate an underestimation. The BS and WIIW data for inflation forecast PNt+1 cover the period since 2003; the WIIW data for GDP PNt+1 cover the period since 2003.

PNt+1 - Spring Forecast for the year ahead

JNt+1 - Autumn Forecast for the year ahead PNt - Spring Forecast for the current year

JNt - Autumn Forecast for the current year

Source of data:

Spring Forecast of economic trends, Autumn Forecast of economic trends (March, September), Ljubljana, Institute of Macroeconomic Analysis and Development (IMAD).

Price Stability Report (April, October), Ljubljana, Bank of Slovenia (BS). Current Economic Trends and Indicators, (May, November), Ljubljana, (SKEP) - Economic Outlook, Analysis and Forecasts of the Chamber of Commerce and Industry of Slovenia. Spring Economic Forecast, Autumn Economic Forecast (May, November), European Commission (EC). World Economic Outlook (April, October), Washington, International Monetary Fund (IMF).

Current Analyses and Forecasts (February, June), WIIW.

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