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autumn forecast of economic trends 2014

Autumn Forecast of Economic Trends 2014 (Jesnska napoved gospodarskih gibanj 2014)
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Responsible person: Boštjan Vasle, MSC, director
Editor: Jure Brložnik

Authors of Spring Forecast of Economic Trends (listed alphabetically):
Urška Brodar, Janez Dodič, Lejla Fajić, Barbara Ferk, MSc, Marko Glažar, MSc, Marjan Hafner, MSc, Matevž Hribernik, Slavica Jurančič, Mateja Kovač, MSc, Janez Kušar, Jože Markič, PhD, Arjana Brezigar Masten, PhD, Helena Mervic, Ana Murn, PhD, Tina Nenadič, MSc, Mitja Perko, MSc, Jure Povšnar, Ana Tršelič Selan, MSc, Mojca Koprivnikar Šušteršič, Branka Tavčar, Miha Trošt, Ivanka Zakotnik, Eva Zver, MSc

Translated by: Marija Kavčič
Graphs, Statistical appendix: Marjeta Žigman, Bibijana Cirman Naglič
DTP: Bibijana Cirman Naglič
Concept and design: Katja Korinšek, Pristop

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Summary

The upturn in the international environment, the easing of tensions on financial markets and stronger investment activity of the government contributed to an improvement of economic conditions in Slovenia in the first half of the year. According to the most recent SURS data, economic activity in Slovenia has been rising since the beginning of 2013, seasonally adjusted. In the first half of 2014, GDP was up 2.5% year-on-year; the situation on the labour market also started to improve, while the banking system stabilisation at the end of last year – in conjunction with the easing of tensions on international financial markets – contributed to better terms of financing for the government.

The key assumptions of the autumn forecast are improvement in Slovenia's main trading partners and the continuation of fiscal consolidation, but both are associated with significant uncertainty. Against the background of weak demand and very low inflation, economic activity in the international environment is recovering more slowly than was expected by international institutions in the spring. Geopolitical tensions have also increased significantly in recent months. The uncertainty surrounding the forecast for the domestic economy is mainly linked to the measures for achieving key macroeconomic policy objectives, which were not sufficiently specified at the time when the forecast was made. Another factor is the policy of EU funds absorption and related investment activity of the government. This area is beset with procedural difficulties and hence uncertainty regarding achievement of the foreseen absorption rate.

Assuming the recovery of economic activity in the international environment, an increase in infrastructure investment related to the absorption of EU funds and a modest recovery of household consumption, GDP will rise by 2.0 this year. The main driver of this year's economic recovery will remain exports, which will strengthen more than in 2013, owing chiefly to exports to the EU. Investment consumption will also rise more this year, mainly owing to strong growth in public investment in infrastructure in the first half of the year, which is, according to our estimate, largely related to the absorption of EU funds. Having fallen considerably in the previous two years, private consumption will rise modestly this year, in line with growth in disposable income as a consequence of labour market recovery, which is reflected in higher earnings and increased employment. Government consumption will decrease again this year amid the ongoing fiscal consolidation, mainly as a result of the streamlining of expenditure on goods and services.

The continuation of economic recovery in the next two years will be related to the further strengthening of export growth and the recovery of private consumption, while the growth of investment consumption will slacken primarily owing to the expected dynamics of government investment. After the relative improvement in cost competitiveness, export growth will follow the anticipated continuation of recovery in the international environment and will mainly rely on exports of more technology-intensive products. Private consumption is also expected to expand further, consistent with the increase in disposable income owing to the improving labour market conditions. With increased confidence, consumers are expected to make more purchases, including durable goods. Given the need to continue fiscal consolidation, government consumption will drop slightly more in the next two years than in 2014, which will be due to the further rationalisation of intermediate consumption and the anticipated restrictive hiring policy in line with the Stability Programme 2014 commitments. Public investment in infrastructure is not projected to grow in 2015, while in 2016 it will decline somewhat, which is the main factor in the expected lower growth in total investment consumption. This will increasingly rely on private investment, which is bound to start growing slowly due to the foreseen gradual improvement in access to sources of finance.

With the recovery of economic activity, employment will increase this year for the first time since the beginning of the crisis (0.6%) and is also expected to continue to rise in the next two years; registered unemployment will be steadily declining. The number of employed persons, increasing since the second quarter of 2013, recorded stronger growth in the second quarter of 2014, seasonally adjusted. The dynamics of employment will be more favourable this year than in 2013 in most private sector activities, though companies remain cautious about hiring in the initial phase of recovery. This is reflected in the rising number of employed persons in employment activities that are leasing labour, which recorded the largest increase among all activities in the first half of the year. In the next two years, the total growth of employment will be modest, but will start rising gradually in most private sector activities. Given the fiscal restrictions, employment in the general government sector is assumed to decline again in 2015 and 2016 after this year's stagnation.

Registered unemployment, which has been falling since March, is not projected to increase again in the remainder of the year, amid the usual seasonal fluctuations. Given the unfavourable developments at the turn of 2013/2014, the average number of registered unemployed persons in 2014 (120,600) will still be somewhat higher than in 2013. In the next two years, registered unemployment will be gradually declining amid the continuing economic recovery and employment growth. The registered unemployment rate (12.7%) and the survey unemployment rate (9.4%) will therefore also fall somewhat by 2016.

Gross earnings per employee will rise on average in 2014, primarily due to stronger growth in the private sector, but also due to the increase in the public sector, the first in two years; in the next two years, earnings are expected to grow further, again mainly as a consequence of the developments in the private sector. Growth in average gross earnings in the private sector, which has been strengthening since the beginning of last year, will be higher this year than in 2013 owing to the favourable trends particularly in industry and some market services. After two years of decline, public sector earnings are expected to increase modestly this year as a result of the start of disbursement of the suspended promotions of public servants and a further growth of earnings in public corporations. In 2015, the growth of private sector earnings is projected to be similar to this year, before strengthening slightly in 2016 in line with the continuation of economic recovery. The growth of earnings in the general government sector is assumed to remain limited, given the public finance situation.

Inflation will remain very low this year due to the decline in global commodity prices and continuing weak demand; in the next two years, it will increase only slowly, in line with the economic recovery. This year's decline in inflation in Slovenia is, as in the entire euro area, mainly a consequence of lower food and energy prices, while the growth of prices of other goods and services eased as a result of weak demand. With the expected recovery of domestic demand, inflation will be rising gradually in the next two years but will remain far below 2%. This will also be related to the assumed absence of price shocks from the international environment and tax policy measures that would influence price growth.

After recording significant growth in the previous two years, the surplus in the current account of the balance of payments will remain substantial in the entire 2014–2016 period. Amid growing exports, the broad surplus mainly reflects the deleveraging process in the private sector. Gross savings thus remain significantly higher than gross capital formation. The surplus (5.5% of GDP) will remain high this year, after the increase in the previous two years. The surplus in merchandise trade will continue to rise, again as a consequence of higher volume growth in exports than imports and better terms of trade. By contrast, the surpluses in services trade and current transfers are expected to narrow, while the deficit in factor income will widen due to the substantially higher interest payments on external debt, which will be mainly related to the higher general government debt.

Autumn forecast of Slovenia's main macroeconomic aggregates

	2013	Autumn forecast (Sep 14)		
		2014	2015	2016
GDP				
GDP, real growth, in %	-1.0	2.0	1.6	1.6
GDP in EUR m, current prices	36,144	36,931	37,755	38,790
EMPLOYMENT, EARNINGS AND PRODUCTIVITY				
Employment according to the SNA, growth in %	-1.5	0.6	0.4	0.5
Number of registered unemployed, annual average, in '000	119.8	120.6	119.4	116.7
Registered unemployment rate, in %	13.1	13.1	13.0	12.7
ILO unemployment rate, in %	10.1	10.0	9.9	9.4
Gross earnings per employee, real growth, in %	-2.0	1.0	0.7	0.6
- Private sector activities	-1.2	1.3	1.0	1.0
- Public sector activities	-3.0	0.8	0.4	0.2
Labour productivity (GDP per employee), real growth in %	0.5	1.4	1.2	1.1
INTERNATIONAL TRADE				
Exports of goods and services, real growth, in %	2.6	3.7	4.3	4.9
Exports of goods	2.8	4.3	4.8	5.1
Exports of services	1.8	1.2	2.5	4.2
Imports of goods and services, real growth, in %	1.4	3.1	4.2	4.5
Imports of goods	2.2	2.2	4.3	4.5
Imports of services	-3.1	9.0	3.7	4.3
BALANCE OF PAYMENTS STATISTICS				
Current account balance, in EUR m	2,101	2,024	2,128	2,221
- as a % of GDP	5.8	5.5	5.6	5.7
External balance of goods and services, in EUR m	2,605	3,064	3,261	3,570
- as a % of GDP	7.2	8.3	8.6	9.2
DOMESTIC DEMAND				
Domestic consumption, real growth, in %	-2.1	1.5	1.3	1.0
of which:				
Private consumption	-3.9	0.5	1.3	1.8
Government consumption	-1.1	-0.4	-1.0	-1.1
Gross fixed capital formation	1.9	4.5	2.5	0.5
Change in inventories, contribution to GDP growth, in percentage points	0.1	0.3	0.2	0.1
EXCHANGE RATES AND PRICES				
USD/EUR exchange rate	1.328	1.353	1.332	1.332
Real effective exchange rate – CPI deflator	1.3	0.0	-0.1	0.0
Inflation (Dec/Dec)	0.7	0.6	1.1	1.3
Inflation (annual average)	1.8	0.3	0.6	1.2
Oil price (Brent crude, USD/barrel)	108.6	107.0	102.0	102.0

Source: Year 2013 SURS, BS, ECB, EIA; years 2014-2016 IMAD forecasts.

The Autumn Forecast is based on the statistical figures, information and adopted measures known at the cut-off date of 5 September 2014.

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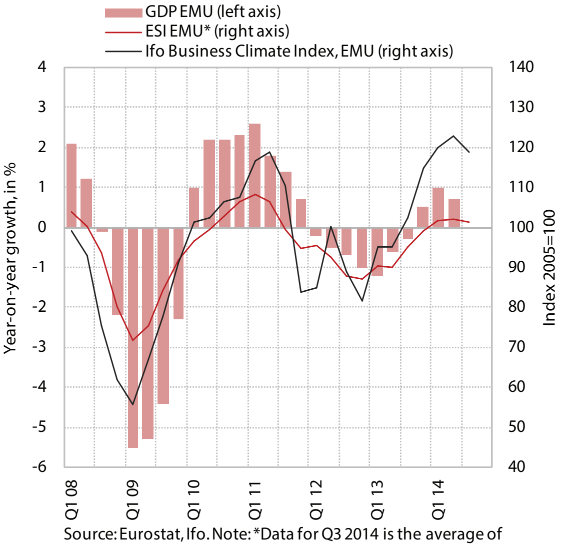
Assumptions of the Autumn Forecasts 2014

International environment

The gradual recovery of economic activity in Slovenia's main trading partners will continue in the second half of 2014 and in the next two years, albeit somewhat more slowly than forecast by international institutions in the spring. After four quarters of modest growth, euro area GDP stagnated in the second quarter of 2014 (seasonally adjusted), and was 0.7% higher year-on-year, which is less than projected by international institutions in the spring. The values of short-term indicators of economic activity and confidence indicators deteriorated in the summer months, which also indicates a weaker-than-expected recovery in the coming quarters. Global economic activity is otherwise picking up under the influence of stronger GDP growth in the advanced economies (USA) and improved performance of emerging market economies, which should, alongside the weaker exchange rate of the euro, also have a positive effect on export growth in the coming years. The escalation of geopolitical tensions (Ukraine, Middle East) will have only a limited direct effect on export growth but is additionally contributing to the uncertainty, which together with the still limited access to sources of funding impedes a faster recovery of investment. According to the ECB estimate, investment will nevertheless continue to expand gradually in the next two years given the need to replace equipment, the expected improvement in financing conditions due to the low interest rates and further corporate balance sheet restructuring. The credit supply is also anticipated to improve owing to the new unconventional measures of the ECB and the release of the EU stress tests in October (see Box 1). A gradual improvement in labour market conditions will, amid slower fiscal consolidation and low commodity prices, facilitate a continuation or strengthening of real growth in household income and, in turn, private consumption. The latest available forecasts of international institutions regarding economic activity in most main trading partners in 2014 and 2015 are somewhat lower than at the time of the Spring Forecast, but still project a gradual pick-up of the recovery. Our forecasts for commodity prices rely on the most recent developments and technical assumptions that are in line with the expectations of international institutions. [1]

Figure 1: **GDP and confidence indicators for the euro area**



Source: Eurostat, Ifo. Note: *Data for Q3 2014 is the average of July and August.

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

Real growth rates, in %	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
EU	0.1	1.5	1.3	2.0	1.7	1.9
Euro area	-0.4	1.2	0.8	1.8	1.3	1.7
Germany	0.4	1.8	1.6	2.0	1.7	1.7
Italy	-1.9	0.6	0.0	1.2	1.0	1.5
Austria	0.3	1.5	1.1	1.8	1.5	1.8
France	0.2	1.0	0.6	1.7	1.0	1.5
Croatia	-0.9	0.5	-0.5	1.2	0.7	1.5
Russia	1.3	2.3	0.0	2.7	1.0	2.0

Source: Eurostat (for 2013); Consensus Forecasts, August 2014; Eastern Consensus Forecasts, August 2014; EC Spring Forecast, May 2014; ECB staff macroeconomic projections, September 2014; IMF World Economic Outlook Update, July 2014; IMAD estimate.

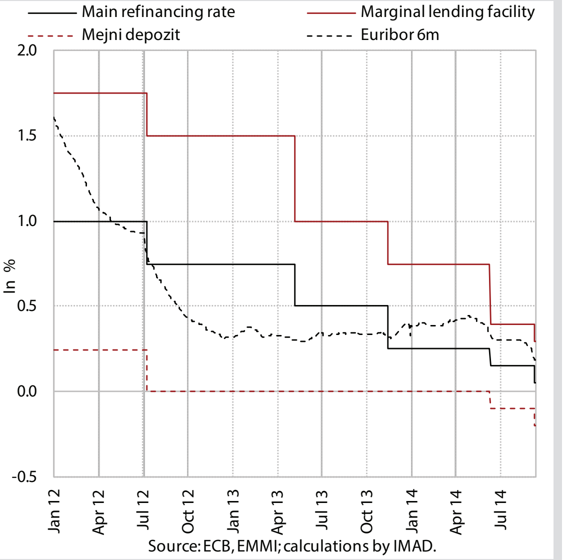
[1] The Autumn Forecast is based on the technical assumption that after last year's decline, the prices of Brent crude will drop further, on average, in 2014 and 2015. It is assumed that the price of Brent crude, which averaged USD 107.7 per barrel in the first eight months of this year, will stabilise around the average level in August by the end of 2016. The assumption for the average price is thus USD 107/barrel for this year and USD 102/barrel for the next two. After last year's 1.2% decline, dollar prices of non-energy commodities are expected to fall again this year (-1.6%) and remain unchanged, on average, in the next two. The assumption for the USD/EUR exchange rate is 1.332, taking into account the average exchange rate in August 2014.

Box 1: **Movements of credit standards and loans to enterprises in the euro area and ECB measures**

In view of the subdued lending activity, low inflation and weaker-than-expected economic recovery, the ECB lowered its key interest rates in June and September and announced additional, unconventional, measures. In June and September, the ECB lowered the interest rates on the main refinancing operations and the deposit facility (each time by 10 basis points), which are now 0.05% and -0.20%, respectively. The interest rate on the marginal facility was cut by 35 basis points in June and by a further 10 in September, to 0.30%. Moreover, in June the ECB also announced targeted longer-term refinancing operations.[1] At the first two auctions in September and December, a total of EUR 400 bn will be available to banks in loans with a four-year maturity and at a fixed interest rate, which will be 10 basis points higher than the then valid interest rate on the main refinancing operations. The measure is aimed at increasing bank lending to the non-financial private sector, as banks will not be allowed to buy government bonds or grant household loans. In September, the ECB also decided to start purchasing asset-backed securities of the non-financial private sector (ABSPP)[2] and covered bonds of the financial sector and monetary financial institutions (CBPP).[3]

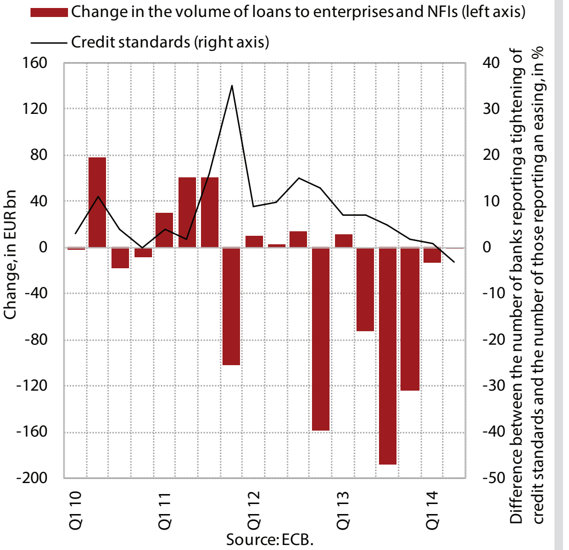
After a considerable decline in 2013, the volume of corporate and NFI loans in the euro area remained unchanged in the second quarter of this year, while the credit standards for enterprises improved for the first time since the beginning of the crisis. In the second quarter of the year, loan volume increased slightly in most euro area countries except the more exposed ones, where it continued to decline. Data from the ECB Euro Area Bank Lending Survey show that the credit standards for loans to enterprises in the euro area eased in the second quarter for the first time since 2007. The main factor in the improvement was higher expectations of banks regarding economic recovery and higher competition between banks and from non-bank sources of finance. Furthermore, banks also reported increased loan demand from enterprises, particularly for financing inventories and debt restructuring, and for the first time in a long period, investment. In the third quarter, banks expect a further easing of credit standards and increased corporate loan demand

Figure 2: **ECB interest rates and EURIBOR**



Source: ECB, EMMI; calculations by IMAD.

Figure 3: **Change in the volume of loans to enterprises and NFIs in the euro area and credit standards**



Source: ECB.

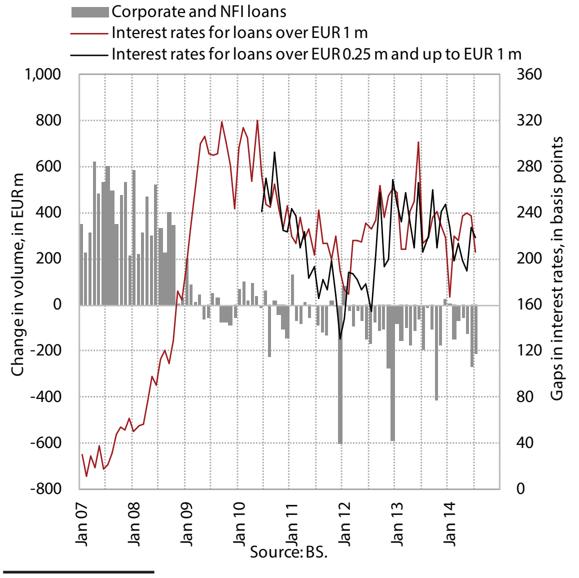
[1] TLTRO - Targeted Longer Term Refinancing Operations.
[2] ABSPP - Asset Backed Securities Purchase Programme.
[3] CBPP - Covered Bond Purchase Programme.

The situation in the banking system and corporate indebtedness

After last year's beginning of the banking system restructuring, the situation in the banking system has been gradually stabilising, but the volume of corporate and NFI loans in particular continues to decline. The capital adequacy (TIER1) of the Slovenian banking system increased after the repair of bank balance sheets began, to 12.9%[2] by the end of the first quarter, which ranks Slovenia in the middle of euro area countries on this indicator. The share of arrears of more than 90 days, having declined after December's transfer of non-performing claims to the BAMC, has been increasing in recent months (in part due to a decline in bank claims) and totalled 15.3% at the end of June, while the share of all arrears is fluctuating around 18%. The creation of additional impairments and provisions slowed significantly this year, which made a significant contribution to the improvement of performance in the Slovenian banking system. In the first seven months of this year, banks repaid EUR 580 m net in foreign liabilities, which is otherwise the lowest amount in the last four years. The lower amount is, according to our estimate, attributable to the decline in liabilities to foreign banks, which stood at EUR 5.2 bn at the end of July 2014,[3] as well as the favourable developments in July when banks took out around EUR 180 m net in foreign loans. After the beginning of the banking system restructuring, Slovenian banks had significantly reduced their liabilities to the ECB, to EUR 1.6 bn by the end of July.[4] The decline in the total volume of loans to domestic non-banking sectors decelerated slightly in the first seven months of the year, but largely owing to lower government and household deleveraging, with the decline in the volume of corporate and NFI loans being similar to that in the same period last year, at EUR 870 m.

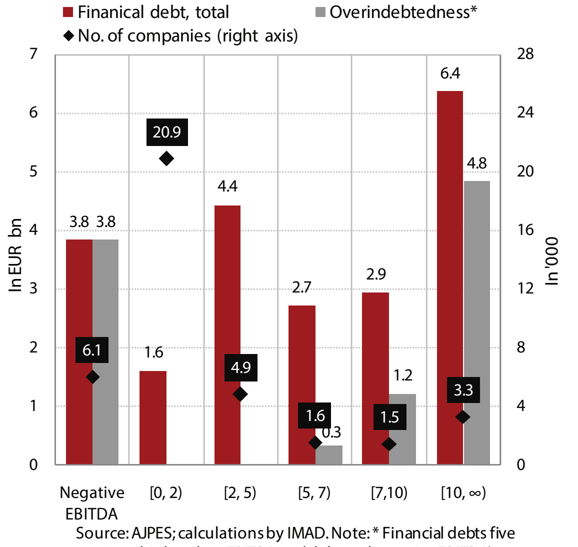
The analysis of corporate indebtedness shows that companies have been deleveraging since 2010.[6] While in the first two years, the financial liabilities of companies (common companies, i.e. companies excluding holdings, leasing and zero-employee companies) declined primarily owing to the closures of failing companies, the financial liabilities of surviving companies also decreased in 2012 and 2013, by EUR 0.4 bn and EUR 0.5 bn, respectively. Similar dynamics have been observed in financial liabilities to banks – companies recorded deleveraging in the past three years. The debt is fairly concentrated, as over-indebted common companies (i.e. companies with financial debt exceeding EBITDA by a factor of five and those that have debt and negative EBITDA), which

Figure 4: **Change in the volume of corporate and NFI loans and gaps in interest rates for companies in Slovenia and in the euro area** [5]



Source: BS.

Figure 5: **Financial debt and the number of companies in terms of debt to EBITDA ratio in 2013**



Source: AJPES; calculations by IMAD. Note: * Financial debts five times higher than EBITDA and debt and negative EBITDA).

[2] The capital adequacy before the banking system stabilisation was 9.5%.

[3] In September 2008, liabilities to foreign banks amounted to EUR 17.8 bn, accounting for more than 35% of banks' total assets, while in June 2014, this share declined to 11.2%, one of the lowest levels in the euro area.

[4] After two longer-term refinancing operations of the ECB (LTROs) at the end of 2011 and the beginning of 2012, the liabilities of the Slovenian banking system to the ECB amounted to EUR 3.8 bn in March 2012.

[5] Excluding the transfer of claims to the BAMC in December 2013 (EUR 3.3 bn).

[6] For more on the analysis of corporate indebtedness see IMAD Economic Issues 2014: Corporate indebtedness and deleveraging (pp. 73–101). In the analysis, we made a distinction between "common" and "less common" companies such as holdings, leasing and zero-employee companies. Though the latter contribute to the higher financial debt, they do not represent a potentially healthy core of the economy that could pull the economy out of recession. They have been deleveraging since the beginning of the crisis and account for almost 40% of the total financial debt, but employ less than 1% of all employees and generate less than 5% of value added.

accounted for around three quarters of bank and financial debts and slightly more than half of the total debt of common companies in 2013, represent a third of companies and employees. They generated only a quarter of value added and accounted for a tenth of total EBITDA. The majority were micro companies and companies oriented to the domestic market. This means that Slovenia does have a healthy core of companies which did not over-borrow during the crisis and managed to return to normal, or even improve, their business operations soon after the fall in demand in 2009. Some of these have been increasing both employment and wage bills in the recent period and the majority of them are export-oriented companies.

Given the continuation of the deleveraging process in companies and unfavourable borrowing terms, the forecast assumes that lending activity will not yet improve visibly in 2015. We estimate that the deleveraging process in companies will continue in the next few years. The expected subdued recovery in lending activity is also impacted by unfavourable borrowing terms. The companies that have no debt problems are, according to our estimate, reluctant to borrow from domestic banks due to the high active interest rates, which have remained well above the euro area average even after the beginning of the banking system stabilisation, while the differences in the yields to maturity of government bonds and deposits have narrowed substantially in this period.

Public finance

After the standstill in consolidation in 2013, fiscal policy has faced the challenge of further reducing the deficit in line with Slovenia's commitments in the framework of the Excessive Deficit Procedure and the stabilisation of public debt and interest expenditure. The increase in public debt in the last five years, by 50 percentage points as a proportion of GDP, to 71.7%, has taken Slovenia from the group of EU countries with low debts to the group of those with medium indebtedness in a relatively short period since the beginning of the crisis. The increase in debt and, in turn, interest expenditure, coupled with the fiscal effort required to reduce the general government deficit, is exerting pressure on the structure of general government expenditure and its adjustment. Stemming the rising debt and interest payments therefore poses a significant challenge for future fiscal policy and will only be possible by gradually correcting the general government deficit and generating a primary surplus. According to the Council Recommendation of June 2013, Slovenia should reduce the general government deficit to 2.5% of GDP in 2015. To preserve the positive perception on international financial markets and hence the low required yields on government bonds, which also have a crucial impact on the availability and costs of sources of finance for other entities in the country, Slovenia will – as also pointed out in the Council Recommendation to Slovenia of July 2014 – have to take steps in other areas in addition to further deficit reduction (pension system, banking sector consolidation, privatisation, corporate restructuring, reducing obstacles to doing business in Slovenia and deregulation of professions, social agreement and minimum wage, fight against corruption).

The consolidation, which started in 2012 and came to a standstill in 2013, continues this year as a consequence of higher growth in revenue than expenditure. In view of the adopted international commitments, the forecast takes into account a continuation of fiscal consolidation in the coming years. General government revenue, having risen last year for the first time since the beginning of the economic crisis owing to the increases in VAT rates, some non-tax revenues and the inflow of EU funds, continues to do so in 2014. These revenue movements are mainly attributable to discretionary or one-off measures,[7] but also, to some extent, an improvement in economic activity. Like last year, government investment activity has been strengthening this year on the back of the high absorption of EU funds. The government also stepped up efforts to reduce certain types of other expenditure (expenditure on goods and services). This year's significant increase is also attributable to interest payments on public debt. Regarding the future fiscal policy stance, the forecast takes into account the already adopted documents (Stability Programme 2014, the national budget for 2015), which envisage a continuation of fiscal consolidation in the coming years. According to these documents, further efforts will be made to reduce general government expenditure in the area of subsidies, intermediate expenditure and compensation of employees, which has also been taken into account in the forecast. Slovenia will have to take action in these areas regardless of the expected improvement in economic conditions. With the absorption of EU funds under the 2007–2013 financial perspective coming to an end, we expect a relatively high amount from this source again in 2015, which will also be reflected in the level of government investment.

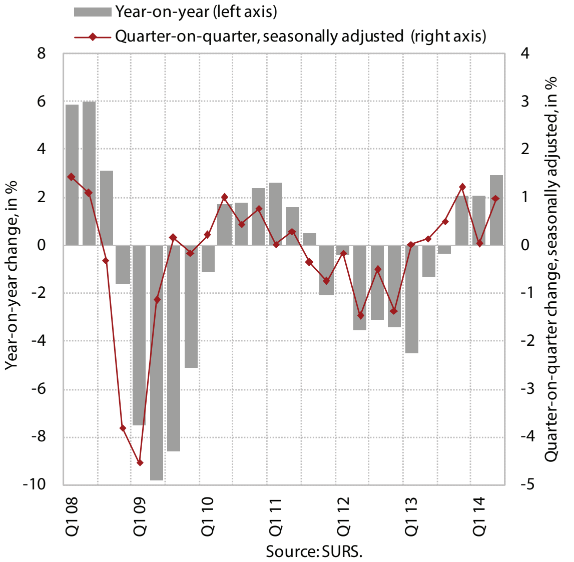
[7] The effect of the increases in VAT rates and excise duties on some excisable products; introduction of a new tax on lottery tickets; higher rates and expansion of contribution bases for some categories of health insurance contributions; increase in some non-tax revenues (participation on profits transferred from public corporations); one-off revenue from the sale of wireless spectrum licenses; etc.).

Forecast of economic activity in Slovenia

GDP – consumption aggregates

Following the favourable developments in the first half of the year, GDP will be up 2.0% this year, primarily owing to growth in exports and infrastructure investment. GDP has been rising since the beginning of last year, seasonally adjusted, and was up 2.5% year-on-year in the first half of this year as a result of stronger export growth and substantially higher investment in infrastructure. According to our estimate, the higher investment is primarily related to the absorption of EU funds. GDP growth is otherwise projected to ease in the second half of the year, given that with the slowdown in economic recovery in the international environment export growth will no longer increase, and that the indicators of future activity in construction indicate a decline in construction investment. In 2014 as a whole, export growth will be higher than last year; growth in gross fixed capital formation will also be higher, as a result of higher investment in infrastructure. After two years of substantial declines, private consumption will increase somewhat in 2014, by reason of growth in disposable income related to the otherwise weak recovery on the labour market, which is reflected in higher earnings and employment. Government consumption will continue to decline, given the further rationalisation of expenditure on goods and services in view of the necessary fiscal consolidation.

Figure 6: **GDP in Slovenia**



Source: SURS.

After two years of significant decline, household disposable income will rise slightly this year, and together with improved consumer confidence this will lead to, albeit modest, growth in private consumption (0.5%). After last year's decline, average gross earnings will rise primarily due to the visibly stronger growth in the private sector, though employment will also increase somewhat for the first time since the beginning of the crisis. The total wage bill will therefore also rise slightly. Social transfers (which will not be indexed to inflation in 2014 due to last year's measures) are expected to see modest growth. An increase in private consumption is also indicated by a significant improvement in consumer confidence since the beginning of the year. Consumers otherwise remain cautious, particularly in spending on durables, but less so than in the preceding two years, which is also shown by consumption indicators for durable goods (turnover in the sale of durable goods, new passenger car registrations).

Table 2: **Economic growth forecast**

Real growth rates, in %	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
Gross domestic product	-1.0	0.5	2.0	0.7	1.6	1.6
Exports	2.6	4.2	3.7	4.8	4.3	4.9
Imports	1.4	3.5	3.1	5.2	4.2	4.5
External balance of goods and services (contribution to growth in percentage points)	*1.0*	*0.8*	*0.6*	*0.1*	*0.4*	*0.7*
Private consumption	-3.9	-0.4	0.5	0.7	1.3	1.8
Government consumption	-1.1	-1.5	-0.4	-0.9	-1.0	-1.1
Gross fixed capital formation	1.9	-0.5	4.5	1.0	2.5	0.5
Change in inventories and valuables (contribution to growth in (contribution to growth in percentage points))	*0.1*	*0.2*	*0.3*	*0.2*	*0.2*	*0.1*

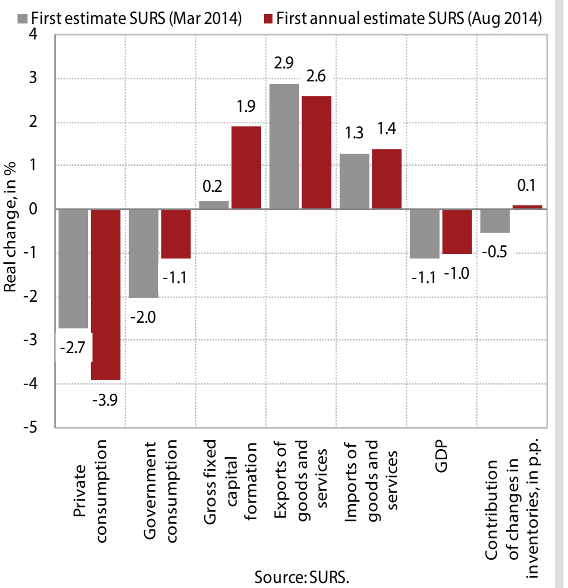
Source: SURS; 2014–2016 forecasts by IMAD.

Box 2: **Revision of the main national accounts aggregates**

In August 2014, SURS published – for the first time – national accounts data according to the revised European methodology (European System of Accounts 2010/ESA 2010), according to which, GDP in the 1995–2013 period was on average 1.8% higher than before the revision, while the rates of economic growth remained similar.[1] The data on national accounts were revised in compliance with the ESA 2010 requirements for the entire period from 1995 onwards. The change in methodology that had the largest impact on Slovenian national accounts was the extension of the concept of fixed assets by expenditure on research and development (R&R) in particular, but also expenditure on military weapons. These were regarded as intermediate consumption under ESA 1995, while under ESA 2010 they are recognised as capital formation. This change increases value added, gross fixed capital formation and gross domestic product. The level of gross fixed capital formation in the 1995–2013 period thus rose by 8%, on average, after the revision. The changes in flows with the rest of the world (i.e. in the treatment of goods sent abroad for processing and merchanting) also have a significant impact on Slovenian national accounts aggregates. While they had no impact on GDP and GNI, they changed the values of exports and imports, which declined by 3%, on average, after the revision.

In August, SURS published the first annual estimate of real change in GDP in 2013 (-1.0%), which does not differ significantly from that based on quarterly accounts (-1.1%), while the estimates of GDP sub-categories changed considerably. Using new sets of data, statistical offices tend to change and improve the quality of their estimates of economic activity in previous years, and given the different starting point, this in turn affects the forecasts for future economic activity. Changes in the sub-categories of GDP are often more significant than in total GDP. In consumption components, in 2013, the largest downward revision was recorded in private consumption (-3.9%; previously: -2.7%), while the largest upward revisions were in the contribution of changes in inventories (0.1 percentage points; previously: -0.5 percentage points) and growth in gross fixed capital formation (1.9%; previously: 0.2%). On the production side, the most significant downward revisions relative to the first release of data were in information and communication activities (1.1%; previously: 5.0%) and construction (-8.8%: previously: -7.0%) and the most significant upward revisions in professional, scientific, technical and administrative and support service activities (0.2%; previously -1.3%) and other service activities (2.5%; previously 0.0%).

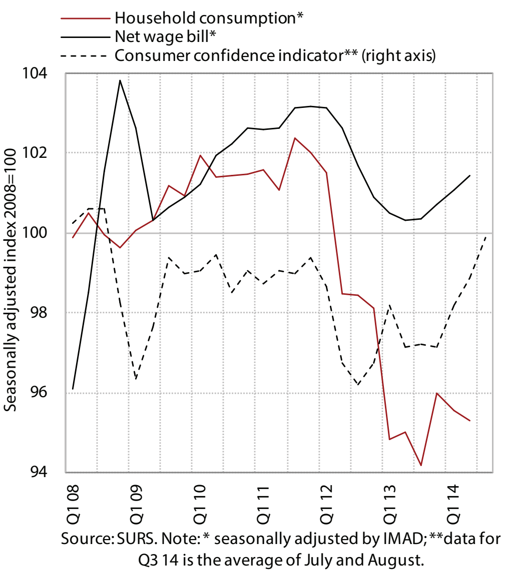
Figure 7: **Change in consumption aggregates in 2013**



Source: SURS.

[1] According to the revised data, in 2013, GDP at current prices was EUR 36,144 m, EUR 869 m higher than before the revision. For more on the consequences of methodological changes see www.stat.si/tema_ekonomsko_nacionalni_revizija.asp.

Figure 8: **Selected indicators of household consumption**



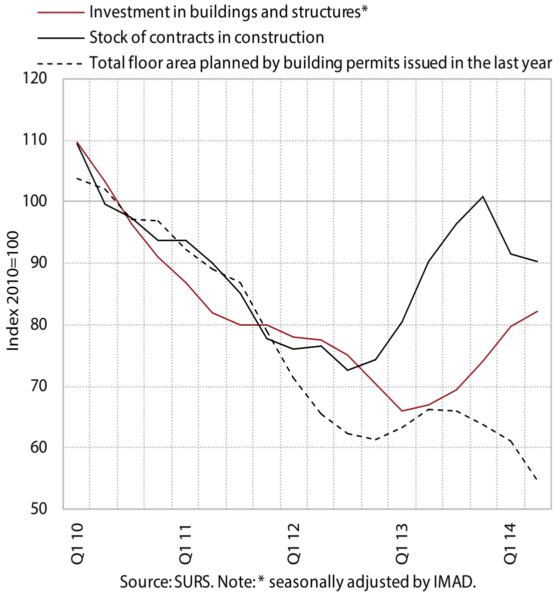
Source: SURS. Note: * seasonally adjusted by IMAD; **data for Q3 14 is the average of July and August.

Given the need for fiscal consolidation, government consumption will decline again this year (-0.4%), but less than in 2013. The main factor in the decline will be the rationalisation of expenditure on goods and services, which last year increased. As for labour costs, the number of persons employed in the general government sector is expected to remain unchanged after the modest decline in 2013 (-0.2%), while the average gross earnings will rise slightly in real terms due to the disbursement of the suspended promotions from 2011 and 2012. We also anticipate a slight increase in social benefits in kind (expenditure on medicines, subsidies for school transport and school meals etc.), which were declining in the previous two years.

Given the favourable trends in the first half of the year, gross fixed capital formation will expand by 4.5% in 2014, primarily due to higher infrastructure investment, which we estimate is mainly related

to EU funds absorption. The increase in gross fixed capital formation was – alongside exports – the main driver of year-on-year growth in GDP in the first half of this year. The strongest year-on-year growth was recorded for investment in infrastructure (38.1%),[8] as already indicated by short-term data on the value of construction put in place. In civil-engineering works, this was up 52% year-on-year in the first half of the year, in non-residential construction, up 13%. We estimate that this increase was mainly due to public investment related to the absorption of EU funds, which is indicated by strong year-on-year growth in government expenditure on investment, which was up more than 50% year-on-year in the first half of the year.[9] In the second half of 2014, construction investment is expected to decline according to all indicators of future construction activity (new contracts, the stock of contracts, building permits issued and construction confidence indicators).[10] After the strong growth in the first quarter of last year due to investment in a major energy facility, investment in machinery and equipment declined again in the next few quarters and was down by roughly a tenth year-on-year in the first half of this year. In view of higher capacity utilisation and further growth in external demand, it is expected to strengthen in the second half of the year, primarily in the tradable sector, but will nevertheless be lower year-on-year in 2014 as a whole.

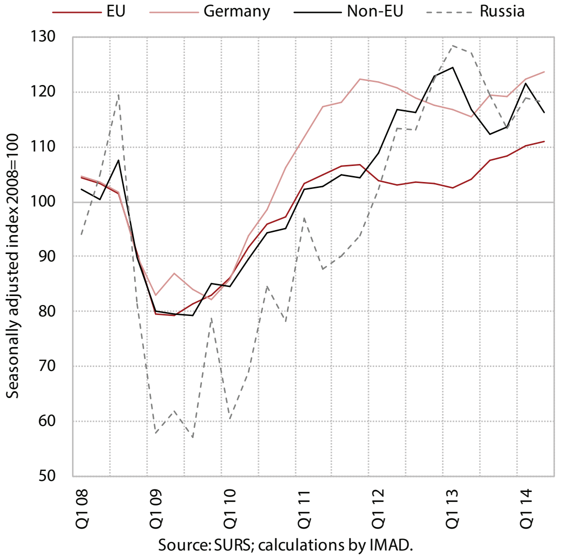
Figure 9: **Selected indicators of construction activity**



Source: SURS. Note: * seasonally adjusted by IMAD.

Growth in exports (3.7%) will strengthen further this year on the back of higher merchandise exports, while growth in services exports will slow. We estimate that the growth of merchandise exports, amid higher external demand, is in part related to the relative improvement in the cost competitiveness of the tradable sector in recent years. The year-on-year real growth in merchandise exports strengthened in the first half of this year (5.5%) owing to higher exports to the EU. Looking at Slovenia's main partners, exports to Croatia, Germany and Italy rose most notably relative to the same period of last year, exports to France and the Czech Republic being lower year-on-year. Owing to a considerable decline in exports to Russia, exports to non-EU markets were down year-on-year despite the strong growth of exports to Switzerland and the US. Broken down by industries, medium-high-technology industries made the greatest contribution to year-on-year growth, primarily the manufacture of electrical equipment, motor vehicles and chemicals and chemical products. Given the expected slowdown in economic activity in the EU, merchandise exports will also see slower growth in the second half of the year. In services exports, this year's growth will mainly be due to higher revenue from foreign tourist arrivals and exports of road and rail transport, while it will decline relative to last year's mainly due to lower exports of other business services.

Figure 10: **Nominal merchandise exports – geographical breakdown**



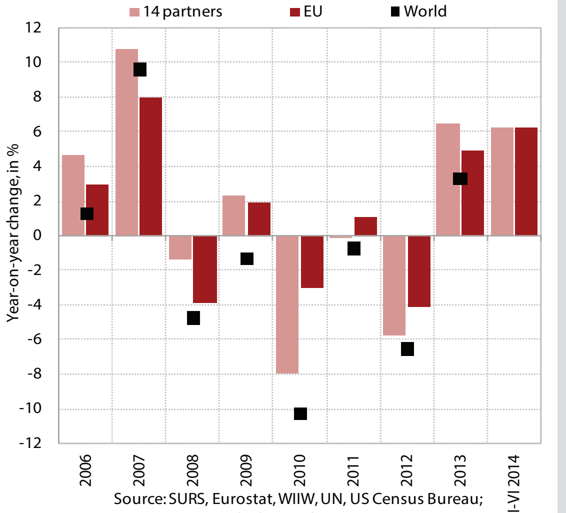
Source: SURS; calculations by IMAD.

[8] Investment in dwellings continued to be lower in year-on-year terms (-3.2%).
[9] According to the consolidated balance of public financing on a cash basis (GFS).
[10] After the strong growth in the last quarter of 2013, the number of new contracts in the construction sector declined in 2014 (seasonally adjusted), dropping below the 2013 average in the second quarter of the year. Similar goes for the stock of contracts, which fell by more than a tenth in 2014 after the substantial 2013 growth. The total floor area of buildings planned by issued building permits, having ceased to decline in 2013, dropped substantially again in the first half of this year to be more than a quarter lower year-on-year.

Box 3: **Merchandise market shares**

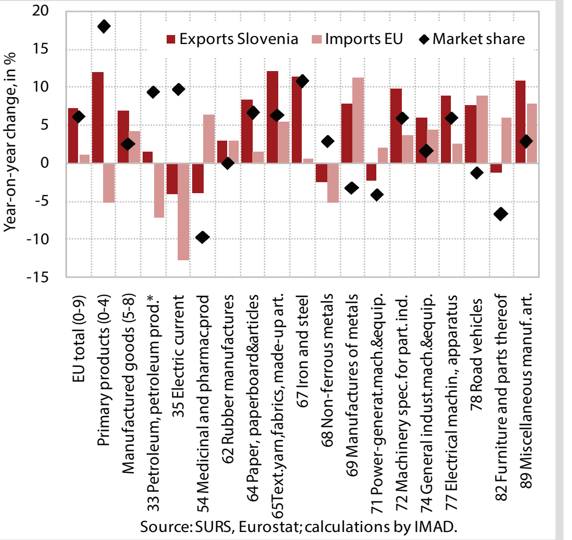
The market share of Slovenia's merchandise exports continued to increase in the first half of 2014. This indicates that export growth is also related to the improvement in export competitiveness of the economy. In 2008–2012, Slovenia's share on the global merchandise market declined by 21.7%, while last year, the negative trend started to reverse. Growth continued in the first half of 2014, according to our estimate. Slovenia's market share in the 14 main trading partners, where Slovenia exports almost three quarters of its total merchandise, increased further in the first half of this year (6.2%). The same goes for the market share in the entire EU, which was up 6.3% year-on-year.[1] The total growth was primarily the result of market share growth in Germany, Austria, Italy and Croatia, but also in Hungary and Poland. At the same time, growth was also recorded on most of the other, relatively less important, EU markets.[2] With higher import demand, especially for manufactured goods, the majority of Slovenia's most important export products increased their shares on EU markets. Outside the EU, the market shares increased in Russia and the US, while they declined in Serbia, Bosnia and Herzegovina and Macedonia.

Figure 11: **Change in merchandise market share**



Source: SURS, Eurostat, WIIW, UN, US Census Bureau; calculations by IMAD.

Figure 12: **Change in market shares in the EU by main SITC sections, first half of 2014**[3]



Source: SURS, Eurostat; calculations by IMAD.

[1] The data on the change in the global market share are available only for the first quarter of this year, when Slovenia recorded 7.4% growth.
[2] In the Netherlands, Belgium, Spain, Ireland, Luxembourg, Sweden, Latvia, Lithuania, Estonia, Romania and Bulgaria.
[3] Accounting for a 2% (or greater) share of total merchandise exports in the EU in 2013.

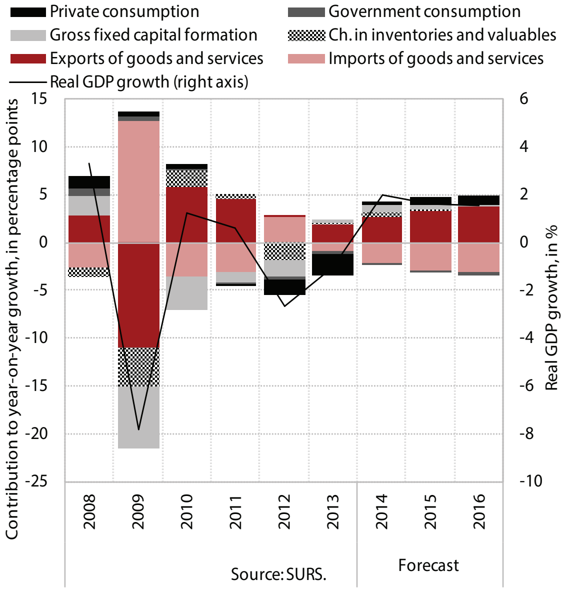
The growth of imports (3.1%) will increase this year with stronger growth in exports and the expected growth of domestic consumption. Merchandise imports were up 2.1% in real terms in the first half of the year, mainly due to higher imports of consumer goods, with imports of passenger cars and semi-durable and non-durable goods contributing most to the increase. With growing investment, modest growth was also recorded by imports of investment goods. After last year's decline, imports of services were up substantially in the first half of the year (12.3%), being also the main factor in the expected strengthening of this year's total imports. Their growth is mainly driven by higher imports of the group of other business services, primarily by reason of higher payments for accounting and auditing activities and tax consultancy.[11] Business travel abroad is also up relative to the same period last year. The year-on-year growth in construction services imports continues (expenditure on investment works, construction and installation carried out by foreign companies in Slovenia), as do imports of rail transport services.

The recovery of the economy will continue in the next two years with a further strengthening in export growth and a weak recovery in private consumption, but economic growth will be somewhat lower than this year due to the slower growth of investment consumption related to the expected dynamics of public investment. In the next two years, GDP growth will continue to depend in particular on exports. The contribution of domestic consumption will also be positive. Export growth will be related to the anticipated gradual strengthening of economic recovery in the main trading partners. Higher growth is projected particularly for exports to EU countries, while exports to non-EU countries will increase only gradually. Growth will rely on more technology-intensive products (the pharmaceutical and chemical

[11] The high exports of these services is estimated to be mainly due to activities related to the banking system stabilisation.

industries, the manufacture of motor vehicles and electrical equipment). Private consumption is also expected to increase gradually over the next two years, continuing to reflect growth in disposable household income, which will be mainly underpinned by higher compensation of employees amid the expected further improvement on the labour market. That improvement will, in turn, contribute to a further increase in consumer confidence, which will have a positive effect on their readiness to buy. By contrast, government consumption will fall more noticeably in 2015 and 2016 than this year owing to the commitment to reducing the general government deficit. The decline is foreseen to be the result of the further streamlining of intermediate expenditure, the extension of measures related to earnings, and the restrictive employment policy, which would require a prolongation and, in particular, implementation of the commitment to a 1% reduction in the number of employees. Social benefits in kind will continue to increase moderately over the next two years. Investment consumption will recover in 2015 and 2016, but its growth will be more modest than this year and hence will be the main reason for the expected easing of economic growth in those two years. Indeed after the significant growth in 2014, construction investment is expected to see more moderate growth in the coming years. In drawing up the forecast, we assumed government investment to remain around the same, high, level as this year, before declining slightly in 2016 due to the lower absorption of EU funds, as is typical for the initial period of a new financial perspective. Owing to corporate deleveraging and banking system stabilisation, access

Figure 13: **Expenditure structure of change in GDP, Slovenia**



Source: SURS.

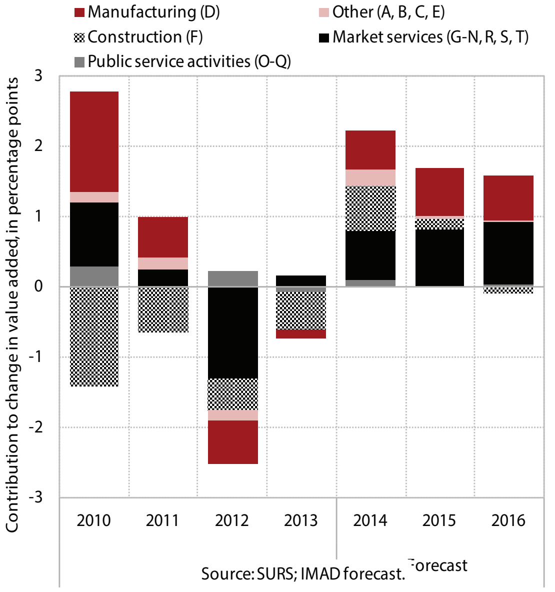
to sources of finance should start improving gradually, and this – together with the necessary replacement of machinery and equipment and stronger foreign demand – will result in a gradual recovery of business investment in machinery and equipment in 2015 and 2016.

Value added by sector

The year-on-year growth of value added, which began in the second half of last year, continued in the first quarter of 2014 (3.%). The recovery was the result of improvement in most sectors, the year-on-year comparison of value added in the first half of the year being also positively affected by last year's low base. The greatest shift was recorded in the construction sector (F), where value added was up 17.3% year-on-year after several years of decline. Quarter-on-quarter comparisons have already been showing growth since the second half of 2013, mainly as a result of increased construction of municipal infrastructure related to the absorption of EU funds. The higher construction activity in 2014 was also attributable to ice damage repair. In the first six months of 2014, the strengthening of activity (recorded since the second quarter of last year due to the improvement in the international environment) continued in the manufacturing sector (C), so that value added was up 3.6% year-on-year. The improvement stemmed from higher sales on foreign markets, while sales on the domestic market did not improve significantly. Since mid-2013, activity has been strengthening again particularly in medium-low-, medium-high- and high-technology industries, with low-technology industries still recording modest growth, on average. The recovery in the international environment and in domestic demand is also reflected in higher year-on-year growth rates in the majority of market services, especially trade, transportation and accommodation and food service activities (G, H, I), but also in information and communication activities (J). Owing to the much higher activity of job agencies, relatively strong value added growth has also been recorded in administrative and support service activities (N). After the restructuring of the banking system at the end of the year, the movements of financial and insurance activities (K) also started to improve. The year-on-year decline in value added in public service activities (O–Q), typical for 2013, came to a halt this year. Activity as measured by the number of employed persons rose slightly, especially in kindergartens, primary schools and social work, while it continued to decline elsewhere, particularly in public administration, due to the implementation of fiscal consolidation.

The year-on-year value added growth will ease substantially in the second half of the year and remain modest in 2015 and 2016. The dynamics of total value added in the next two years will be significantly impacted by construction activity, with data on the stock of contracts and issued building permits indicating a decline as early as the second half of this year. In 2015, value added in construction will otherwise still be rising – this being the last year for Slovenia to be able to draw on EU funds under the 2007–2013 financial perspective – but its growth will be much weaker than in 2014. Given the dynamics of EU funds absorption, in 2016 value added in construction is expected to decline. Taking account of the anticipated slower recovery in international economic activity, growth in production volume in manufacturing is projected to slow in the second half of this year, before starting to recover again in the next two. In light of the more favourable conditions in Slovenia's trading partners and a gradual normalisation of the situation in the domestic banking system, we expect further growth in activity, particularly in those sectors of the economy that are export-oriented and characterised by below-average indebtedness. These dynamics will be reflected in the majority of market services, which are fairly susceptible to changes in domestic demand. Value added in public service activities is projected to be very weak this year and in the next two, arising primarily from the private provision of public services (especially in social work and adult education), while value added in publicly provided services will decline further due to the foreseen continuation of fiscal consolidation.

Figure 14: **Change in value added**



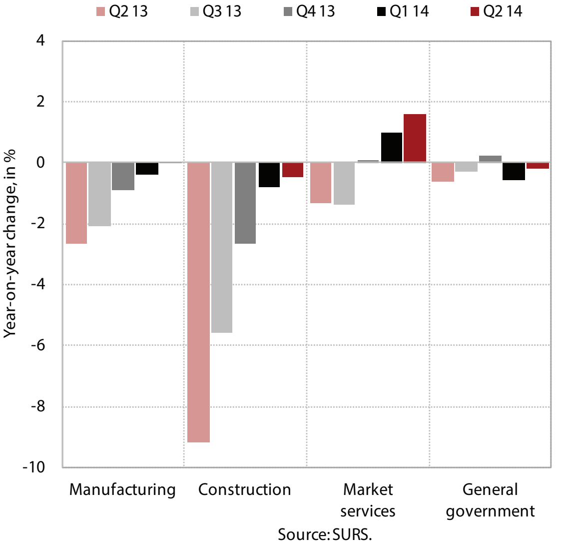
Source: SURS; IMAD forecast.

Labour market

Employment and unemployment

Consistent with the recovery of economic activity, employment will increase this year for the first time since the beginning of the crisis (0.6%).[12] According to the Statistical Register of Employment (SRE), the modest growth in the number of employed persons seen since the second quarter of last year strengthened in the second quarter of 2014, seasonally adjusted. In most private sector activities we expect more favourable employment movements this year than in 2013. Employment will otherwise increase in only a few activities, but in most of the others it will fall much less than last year. However, the improvement in value added dynamics has yet to translate into a more visible increase in employment, as companies tend to first increase the number of hours worked per employee or hourly productivity.[13] We estimate that companies have remained cautious about hiring in the initial phase of the recovery, which is reflected in the rising number of employed persons in employment activities that lease labour, which recorded the largest increase of all activities in the first half of the year. In the general government sector, employment will remain unchanged after last year's decline.

Figure 15: **Change in employment by activity**



Source: SURS.

[12] According to the National Accounts Statistics.
[13] The number of hours worked per employee declined by 1.4% on average in 2011–2012; last year, it rose by 0.8% and in the first half of the year, by another 2.0%. Hourly productivity declined in particular in 2012 and 2013 (by 0.4% per year, on average) before rising modestly in the first half of this year (0.1%).

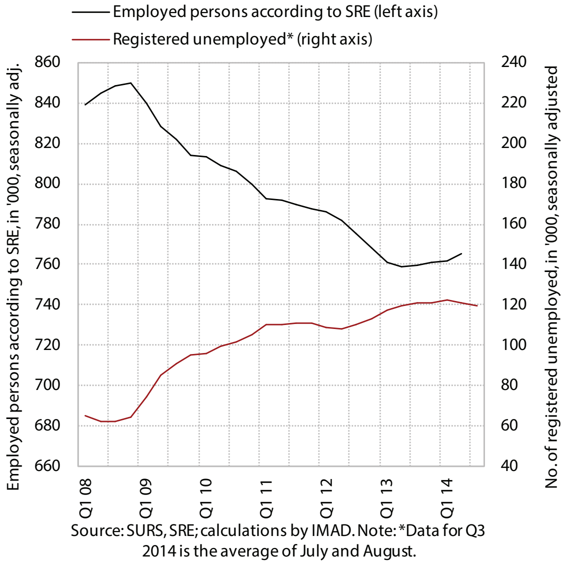
Table 3: **Forecasts for employment and unemployment**

In %	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
Employment according to the SNA, growth	-1.5	-0.4	0.6	0.0	0.4	0.5
Number of registered unemployed, annual average, in '000	119.8	124.6	120.6	122.9	119.4	116.7
Registered unemployment rate	13.1	13.6	13.1	13.5	13.0	12.7
ILO unemployment rate	10.1	10.2	10.0	10.0	9.9	9.4

Source: SURS; 2014–2016 forecasts by IMAD.

Employment is projected to grow in the next two years amid continuing economic recovery. The otherwise modest total growth of employment will start rising gradually in most activities. Amid the expected recovery in private consumption, employment will also increase in market services and within the manufacturing sector, primarily in more technology-intensive industries, while the negative movements in construction will come to a half after several years of substantial decline. Employment in the general government sector is assumed to decline further, given the fiscal restrictions. The risk of a smaller-than-foreseen increase in employment is associated with a more intensive restructuring of over-indebted companies.

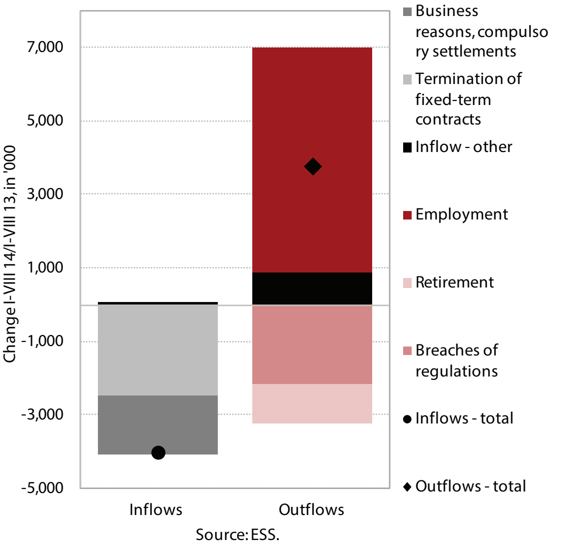
Figure 16: **Employment according to SRE and registered unemployment**



Source: SURS, SRE; calculations by IMAD. Note: *Data for Q3 2014 is the average of July and August.

With the recovery of the economy and growth in employment, registered unemployment will decline gradually until 2016. The number of registered unemployed persons has been falling since March 2014, seasonally adjusted. At the end of August, 114,784 persons were registered as unemployed, 1.6% fewer than in the previous August. Similar movements are expected to continue for the rest of the year, with the usual seasonal fluctuations. In the first eight months of this year, 4,009 fewer persons registered as unemployed than in the same period of 2013, primarily due to a lower number of those who had lost work (owing to the expiry of fixed-term employment contracts, for business reasons or due to compulsory settlements). The inflow of first-time jobseekers was roughly the same as last year, meaning that employment opportunities for the young remain limited. On the other hand, the outflow from the unemployment register increased by 3,761, with more persons finding work (including under the public works scheme and other active employment policy measures), while the outflow for breaches of regulations and due to retirement was much smaller than in the same period last year. Notwithstanding the favourable developments in recent months, the average number of registered unemployed persons will be somewhat higher this year than in 2013 largely owing to the increase in December 2013 and in the first two months of 2014. In 2015, it will be only slightly lower than in 2014, before dropping somewhat more in 2016 (assuming a similar extent of implementation of active employment policy measures to this year).

Figure 17: **Registered unemployment flows**



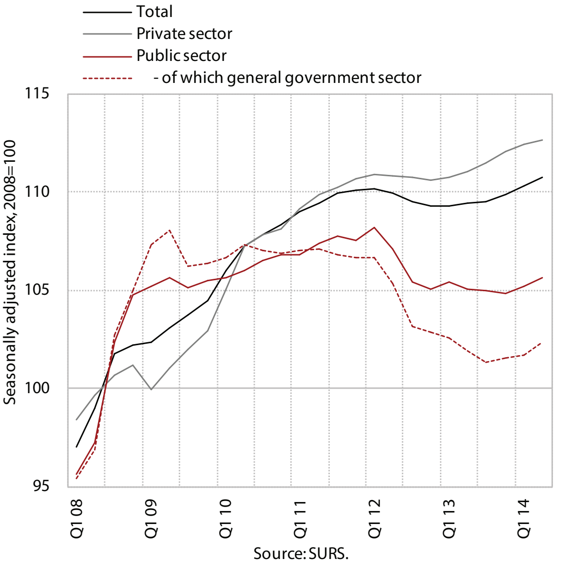
Source: ESS.

Earnings

Gross earnings per employee will rise on average in 2014, owing primarily to stronger growth in the private sector, but also to the first increase in the public sector in two years. Gross earnings in the private sector have been rising since the beginning of last year (seasonally adjusted) as a consequence of economic recovery and improved productivity, according to our estimate. In the first half of 2014, they were up 1.6% year-on-year in nominal terms, having increased in the majority of activities,[14] most notably in industry including manufacturing and certain market services (administrative and support service activities, financial and insurance activities and trade). Despite the continuation of fiscal restrictions, this year average gross earnings will also rise in the public sector. After two years of substantial decline, gross earnings are also expected to increase in the general government sector, but solely as a result of the start of disbursement of the suspended promotions of public servants.[15] Growth in public corporations[16] will continue as well, but is set to ease slightly for the second consecutive year.

Next year, nominal growth in average gross earnings is expected to be similar to this year's, while in 2016 it will strengthen in line with the expected further growth in economic activity. The average gross earnings in the private sector will continue to increase next year, and in 2016 their growth will strengthen in line with the expected dynamics of economic recovery, though it will still be dragged down by high unemployment, the efforts to maintain cost competiveness and low inflation. The growth of average gross earnings in the public sector will, as in 2010–2014, continue to lag behind that in the private sector. The growth of earnings in the general government sector is assumed to remain limited, given the public finance situation.

Figure 18: **Average gross earnings per employee**



Source: SURS.

Table 4: **Forecasts for average growth in gross earnings per employee**

Growth rates, in %	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
Gross earnings per employee – nominal	-0.2	1.1	1.3	1.3	1.3	1.8
- Private sector activities	0.6	1.2	1.6	1.6	1.6	2.2
- Public sector activities	-1.3	1.1	1.1	0.8	1.0	1.4
Gross wage per employee – real	-2.0	0.8	1.0	0.2	0.7	0.6
- Private sector activities	-1.2	0.9	1.3	0.5	1.0	1.0
- Public sector activities	-3.0	0.8	0.8	-0.3	0.4	0.2

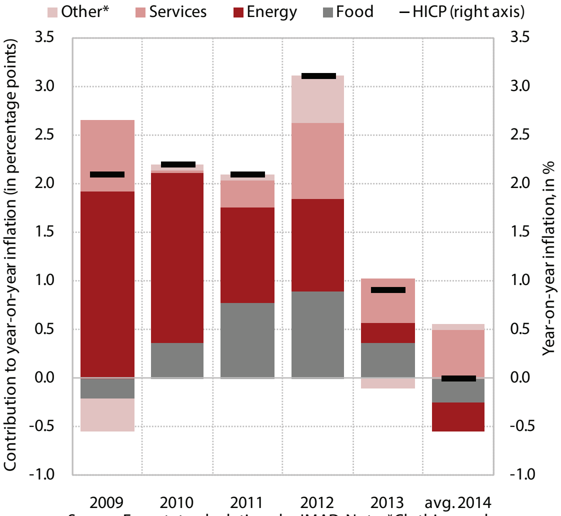
Source: SURS; 2014–2016 forecasts by IMAD.

[14] Year-on-year declines were recorded only in arts, entertainment and recreation activities (R), information and communication activities (J), real estate (L) and other service activities (S).
[15] The suspended promotions are public servants' promotions from 2011 (promotions to a higher job title) and 2012 (promotions to a higher job title and pay rank), which, in line with the Agreement on further measures in the field of salaries and other labour costs in the public sector aiming to balance public finances in the period from 1 June 2013 to 31 December 2014 (Official Gazette of the RS, No. 46/2013) started to be paid only in April 2014.
[16] Public corporations are corporations controlled by units of the general government sector, the basic criterion for determining control being majority ownership (owning more than half of the voting shares). They include companies, banks, insurance corporations, old people's homes, pharmacies, etc.

Inflation

As a result of the decline in global oil and commodity prices and continuing weak demand, which curbs the growth of prices of other goods and services, inflation will remain very low at the end of this year (0.6%).[17] Year-on-year inflation declined further this year, from 0.8% at the beginning of the year to 0.0% in July, while in August prices declined year-on-year (-0.3%). The main reason is – as in the entire euro area – the decline in prices of oil and other commodities.[18] At the end of last year, energy and food prices contributed 0.7 percentage points to year-on-year inflation, while in August this year, their contribution was negative (-0.5 percentage points). Similar trends are also expected for the rest of the year. The year-on-year decline in prices of non-energy industrial goods, durable goods in particular, continues this year, while the growth of most services prices is moderate. We estimate that, with modest consumption, this is a consequence of the internal adjustment of prices in the Slovenian economy by lowering relative prices or unit labour costs. Similar price trends are also characteristic for other euro area countries that are undergoing the adjustment process and some of them recorded deflation. Unlike in the previous two years, the contribution of tax impacts is negligible this year. If the supplementary health insurance premium is reduced again, as it was last year, year-on-year inflation at the end of the year may be even lower than assumed.[19]

Figure 19: **Contribution of selected groups to year-on-year inflation in Slovenia (HICP)**



Source: Eurostat; calculations by IMAD. Note: *Clothing and footwear, furniture, passenger cars, alcoholic beverages, tobacco, etc.

In the absence of international price shocks, inflation will be steadily rising in the next two years, consistent with the anticipated economic recovery. Core inflation (excluding energy and unprocessed food prices) will increase steadily due to the gradual recovery of the economy and private consumption and a less intense internal adjustment process. It will continue to stem mainly from higher prices of services, although the growth of other goods prices will also strengthen gradually, least notably the growth of prices of durable goods. In line with the technical assumptions for oil and other commodity prices, the contribution of energy and food prices to inflation will be slightly larger than in 2014 in the next two years, though still smaller than it was in the past.[20] In addition to the possible new tax policy measures, the main risk associated with the movement of inflation is that commodity prices will be different than assumed.

Table 5: **Inflation forecast**

In %	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
Inflation – Dec/Dec	0.7	0.8	0.6	1.4	1.1	1.3
Inflation – annual average	1.8	0.3	0.3	1.1	0.6	1.2

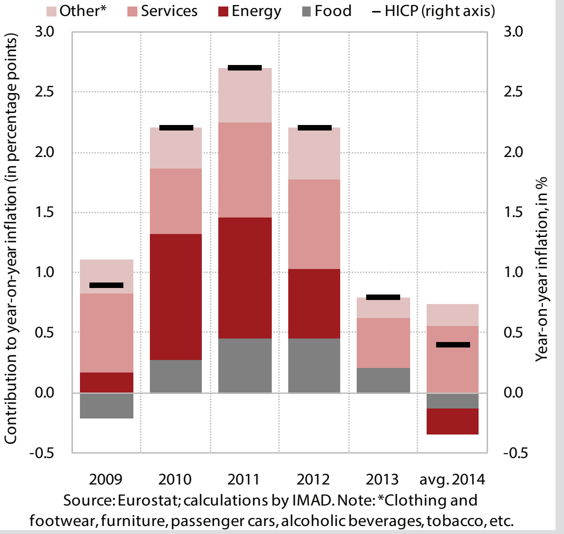
Source: SURS; 2014–2016 forecasts by IMAD.

[17] Measured by the CPI.
[18] The price of Brent crude in EUR was down 8.8% year-on-year in August (down 3.8%, on average, in the first eight months). Food prices in EUR were otherwise higher year-on-year in August (1.0%), given that they had started falling rapidly in the same period of last year. In the first eight months as a whole they were down 4.4%.
[19] Vzajemna, a health insurance company, reduced supplementary health insurance premiums by slightly more than 50% in December 2013, which was reflected in lower growth in the health insurance sector. As a result, monthly and year-on-year inflation declined by 0.3 percentage points.
[20] The contribution of food price rises in 2000–2013 was 0.9 percentage points, on average, the same as the contribution of energy prices. In 2014 and 2015, their total contribution will average 0.2 percentage points under the current assumptions for commodity prices on world markets

Box 4: **Inflation in the euro area**

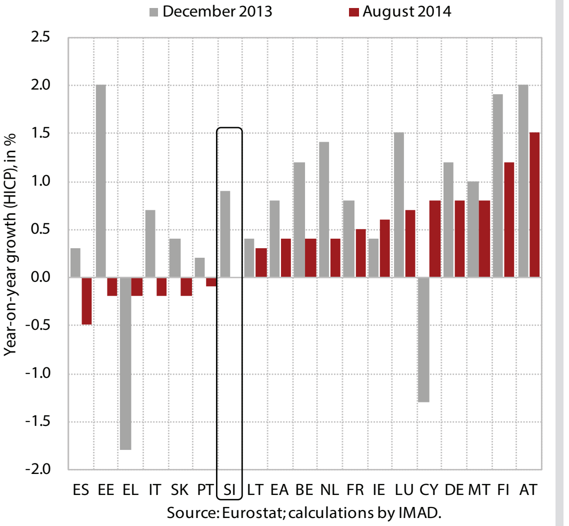
As a result of lower commodity prices and weak domestic demand, euro area inflation decreased considerably this year again and will rise[1] only gradually in 2015 and 2016, according to ECB forecasts. Year-on-year inflation in the euro area has been falling since the beginning of 2012; in August, it was only 0.4%, and six euro area countries recorded deflation. Inflation is declining for the same reasons as in Slovenia. Having accounted for 0.4 percentage points at the end of 2013, the contribution of food and energy prices was negative in July 2014 (-0.2 percentage points). The growth of other commodity prices also eased owing to weak demand, so that a positive contribution only came from prices of services. The effect of tax changes is also smaller than in the preceding two years amid less intense fiscal consolidation. The ECB forecasts that after this year's 0.6% growth, inflation will rise to 1.1% in 2015 and 1.4% in 2016. The increase will mainly be the result of higher prices of other goods and services due to the expected recovery in demand and, to a lesser extent, the foreseen modest increase in non-energy commodity prices. Core inflation (i.e. excluding energy and unprocessed prices) will nevertheless remain low in the next two years.

Figure 20: **Contribution of selected groups to year-on-year inflation in the euro area (HICP)**



Source: Eurostat; calculations by IMAD. Note: *Clothing and footwear, furniture, passenger cars, alcoholic beverages, tobacco, etc.

Figure 21: **Year-on-year inflation in euro area countries**



Source: Eurostat; calculations by IMAD.

[1] Measured by the HICP.

Current account of the balance of payments

The current account surplus will remain high this year after two years of substantial growth.[21] In addition to growing exports, the high surplus mainly reflects the deleveraging process in the private sector, which continues to make net repayments abroad while access to funding remains limited. Gross savings thus remain significantly higher than gross investment, but given the otherwise modest recovery of domestic consumption, the gap is not set to increase this year. The surplus in the balance of merchandise trade is expected to widen significantly again this year, again as a consequence of higher volume growth rates of exports over imports and the impact of terms of trade. With export prices falling less than import prices, the terms of trade will improve again this year (by 1%), according to our estimate, and contribute around a third to the increase in the surplus of merchandise trade.[22] By contrast, the surplus in the balance of services trade will narrow this year, as the surplus in trade in the group of other business services will turn into a deficit while the surplus in trade in travel services will decline. The deficit in factor income will widen notably in 2014 as a result of a surge in net payments of interest on external debt, which is mainly related to the increase in the general government external debt. Regardless of the higher net absorption of EU funds, the surplus in current transfers will also be lower than last year due to an even greater rise in the net payment of other transfers (contributions and taxes of residents working abroad).

In the next two years, the current account surplus will remain high. The surplus in merchandise trade will increase much less than in 2013 and 2014 due to the anticipated narrowing of the gap between the volume growth rates of exports and imports, while the terms of trade are expected to remain unchanged, according to the technical assumptions for oil prices. After this year's decline, we project a further widening of the surplus in the balance of services owing to a higher surplus in trade in transport and travel services. The trade deficit in other services will widen slightly again. The deficit in factor income will increase further in 2015 and 2016 but much less than this year. The balance of current transfers will turn negative due to a further increase in net payments of private sector transfers. In 2016, there will also be a decline in the net absorption of EU funds.

[21] According to the balance of payments statistics.
[22] This estimate otherwise refers to the balance of the current transactions account according to the national accounts statistics.

Figure 22: **Decomposition of changes in the nominal balance of merchandise trade**

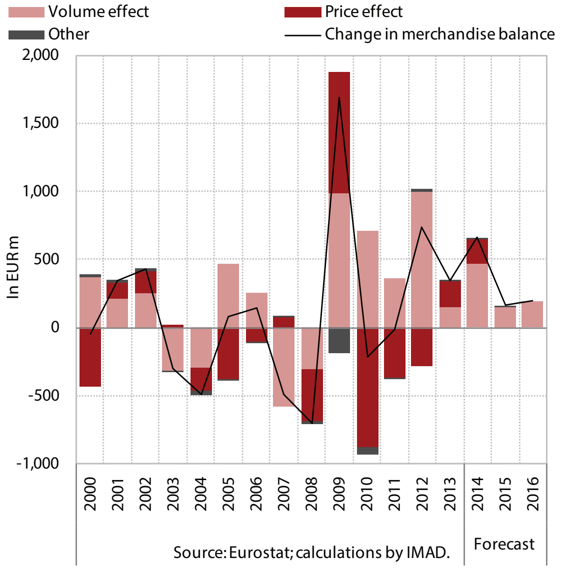


Figure 23: **Current account balance (according to the balance of payments statistics)**

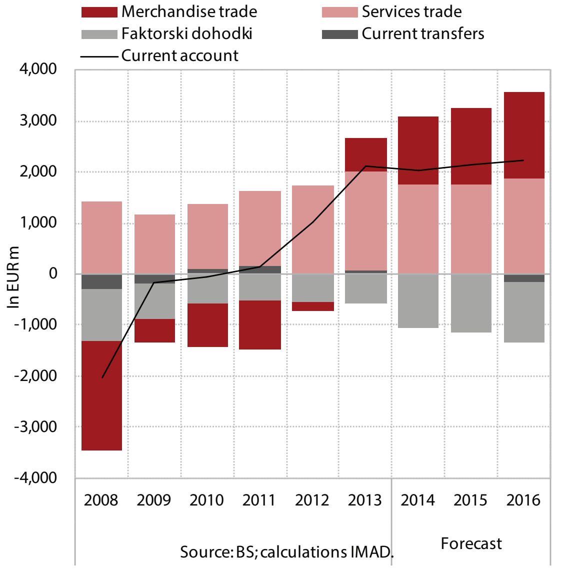


Table 6: **Forecast of the current account balance**

	2013	2014		2015		2016
		Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Spring forecast (Mar 14)	Autumn forecast (Sep 14)	Autumn forecast (Sep 14)
Current account, in EUR m	2.101	2.442	2.024	2.338	2.128	2.221
Current account, as % of GDP	5,8	6,9	5,5	6,4	5,6	5,7

Source: BS; SURS, 2014–2016 forecasts by IMAD.

Risks to the forecast

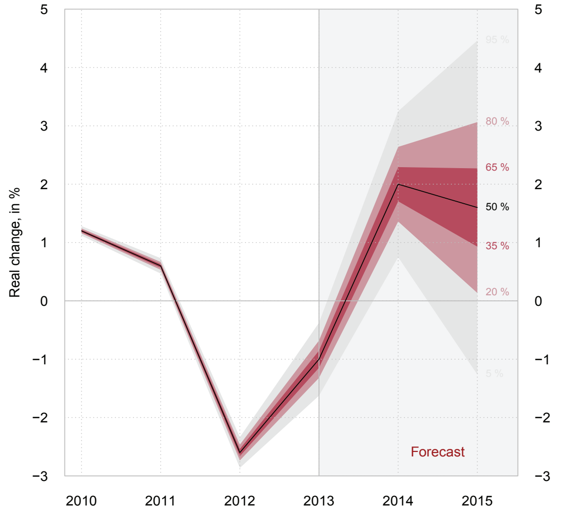
The autumn forecast has been prepared in circumstances of increased uncertainty regarding the international and domestic environment. The risk surrounding this forecast remains on the downside, i.e. that economic growth will be lower than assumed under the central scenario. The fact is, a slower recovery of economic activity in the main trading partners than expected by international institutions in the spring reveals the fragility of the recovery, which could also impact GDP growth in Slovenia. Another risk factor is the geopolitical situation, which could – if escalating further – also have a (mainly indirect) adverse impact on GDP growth. The uncertainty associated with the domestic environment is mainly related to the measures for achieving the key macroeconomic policy objectives, which have yet to be fully specified. On the other hand, the upside risks to economic growth mainly stem from a possible faster recovery in Slovenia's main trading partners.

The recovery of international economic activity could be slower than assumed due to subdued domestic demand and escalated geopolitical tensions. Owing to weak domestic demand, second quarter GDP movements in the main trading partners in the euro area were less favourable than predicted by international institutions. The long period of very low inflation increases the risks of deflation, while the recovery of investment consumption is impeded by the persistently limited access to sources of finance amid corporate balance sheet restructuring, which could lead to lower economic growth than assumed under the baseline scenario. Geopolitical tensions in Ukraine and the Middle East have also increased in the recent period, and a further escalation could impact economic growth in the main trading partners. Moreover, it could also result in substantially different dynamics of energy and other commodity prices than currently assumed. On the other hand, the situation in the international environment is also associated with an upside risk to economic growth in Slovenia, which could be higher than assumed under the central scenario of the autumn forecast. With successful completion of the asset quality review of the European banking system and the new, unconventional, measures of the ECB, access to funding for companies could improve and contribute to a faster recovery of economic activity than currently assumed by international institutions.

The downside risks in the domestic environment are mainly related to the insufficiently specified measures for the continuation of fiscal consolidation and measures for improving the business environment. The key risk to the central scenario of the autumn forecast is the continuation of fiscal consolidation. The central scenario assumes that fiscal consolidation will continue, but this will require adoption of additional measures, which were not yet specified at the time of the forecast. Furthermore, downside risks are also associated with EU funds absorption. With the absorption of EU funds under the 2007–2013 financial perspective coming to an end, a high absorption rate has also been assumed for 2015. This is, however, uncertain, as a considerable part of the payments to Slovenia was suspended due to inadequate systemic solutions regarding absorption, which could, if Slovenia fails to eliminate deficiencies in due time, slow the projects co-financed by EU funds. The downside risks to the central scenario of the autumn forecast are also associated with the continuation of corporate deleveraging and restructuring processes. These rely on the progress of the banking system stabilisation, bank balance sheet repair and privatisation, whose slowdown would also be reflected in a slower recovery of economic activity. These processes also represent a risk to labour market developments, since increased firing as a result of corporate sector restructuring could lead to higher unemployment than foreseen under the central scenario of the autumn forecast.

The upside risk to the recovery as expected under the central scenario of the autumn forecast is mainly related to a possible faster recovery in the international environment. With successful completion of the asset quality review of the European banking system and as a result of the new, unconventional, measures of the ECB, access to funding for companies in the euro area could improve, which would lead to faster economic recovery in our trading partners than currently forecast by international institutions. This would, mainly as a result of higher export activity, also increase economic growth in Slovenia. In the domestic environment, economic activity could be boosted particularly by a more efficient absorption of EU funds, which would contribute to faster GDP growth through higher investment activity.

Figure 24: **Central forecast of real GDP change and distribution of the expected risks**[23]



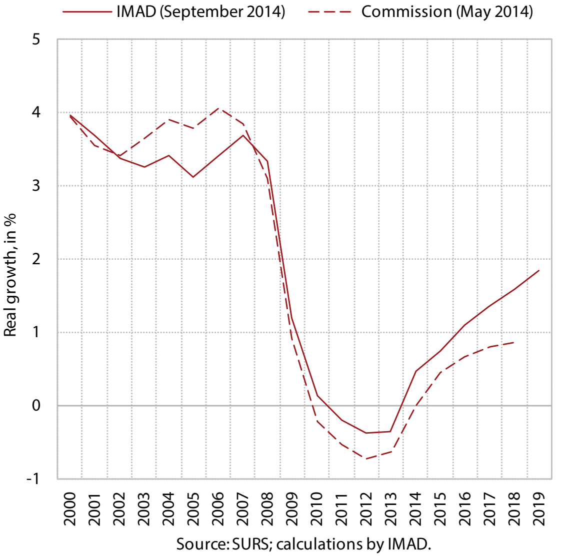
Source: SURS; IMAD forecast.

Potential GDP growth

Based on IMAD's Autumn Forecast of Economic Trends, potential GDP growth has been estimated using a production function method (PF).[24] The latest calculation of potential GDP growth made by the European Commission in February 2014 is also illustrated for comparison. The Commission's calculation uses a production function method whose basic attributes do not differ from IMAD's method.[25] The disparities between the IMAD and Commission calculations are the result of the differences in the forecasts on which they are based (the Commission's spring forecast from May 2014 and IMAD's autumn forecast from September 2014) and the differences in input data, which are even more pronounced this year due to the transition to the ESA 2010 methodology. Also, the IMAD forecast covers a longer period.[26]

The calculations indicate a gradual recovery of potential growth. After dropping to -0.4% in 2013, potential growth will be slowly recovering and gradually approach 2% in the medium term. A larger contribution of capital is thus essential for potential growth to reach similar levels to those in the first decade of this century. Given the relatively high indebtedness of Slovenian companies and the need for their further deleveraging, in order to increase investment (and thus the contribution of capital to potential growth), more equity capital will be necessary, including in the form of foreign direct investment, as well as changes in the wider economy that will encourage engagement of equity capital for investment in Slovenia. The differences in calculating potential growth relative to the spring forecast 2014 (around 1% medium-term growth) are the result of methodological changes, particularly in data on gross fixed capital formation, and higher forecasts of GDP growth in the coming years compared with IMAD's spring forecasts. Given the changes in the fixed capital formation series, the decline in the contribution of capital to economic growth during the crisis is less pronounced.

Figure 25: **Potential output growth, comparison of calculations by IMAD and the European Commission**



Source: SURS; calculations by IMAD.

[23] The figure shows uncertainty surrounding the central forecast with limits set at 5, 20, 35, 50, 65, 80 and 95 percentiles. The distribution is generated by the mean value (the central forecast) and the standard deviation calculated from previous forecast errors or previous revisions in estimating GDP.

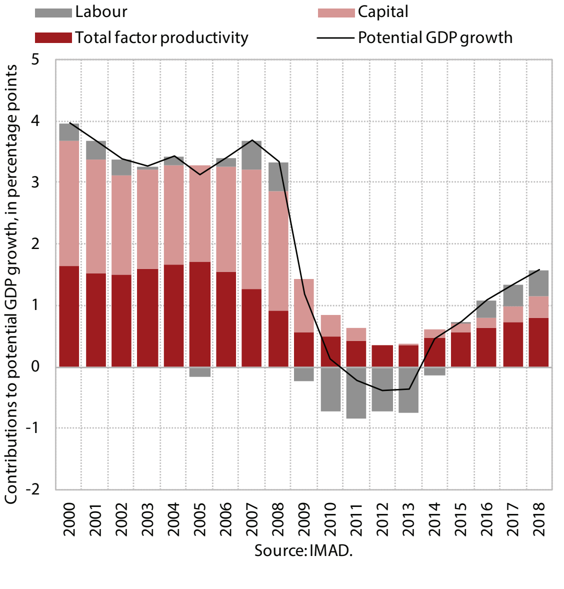
[24] I.e. potential output (and its growth) from the macroeconomic perspective. Potential output is output an economy could achieve without creating inflationary pressures and not the maximum possible output of an economy. This means that output is often higher than potential output in the macroeconomic sense.

[25] For a more detailed description of the Commission's 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. The cyclical components 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 real unit labour costs and capacity utilisation in a bivariate unobserved component model.

[26] IMAD's calculation takes into account the revised SURS data on GDP growth according to ESA 2010, which were released after the Commission's spring forecast was finalised. In the employment data series according to national accounts statistics, IMAD's calculation takes account of a correction for the break in the data series in 2002. Furthermore, it is based on IMAD's own demographic projection (15–74; for more see IMAD Working Paper: Working projection of the Population for Slovenia (Kraigher, Ferk; August 2013), while the Commission uses Eurostat's Europop (15–74).

All components of the calculated potential growth will strengthen in the coming years. The contribution of capital will otherwise remain lowest relative to the pre-crisis period. After a significant decline in 2009, the contribution of capital declined further to reach zero in 2012–2013. According to the calculations, it will strengthen in the medium term but will not reach the levels recorded before the crisis. The contribution of labour, already relatively low in the pre-crisis period (up until 2008), has been negative in 2009–2014 (-0.6 percentage points on average). The increase in the natural unemployment rate (NAWRU)[27] has had the greatest effect on the negative contribution of labour in this period, with the contribution of hours worked per employee also being negative up until 2013. The impact of the decline in the population of active working age (based on IMAD's demographic projections) has been continuously negative at 0.2 percentage points since 2011 and continuing into the medium term, while the contribution of the participation rate will be positive in the medium term. The contribution of total factor productivity also diminished with the outbreak of the crisis, but a gradual recovery can be expected in this component, although not to the pre-crisis level.

Figure 26: **Contributions of individual components to potential GDP growth**



Source: IMAD.

[27] The calculations of the NAWRU take into account the forecasts for the survey unemployment rate, which indicate a reversal in 2013. The NAWRU is estimated by a bivariate unobserved component model using the real unit labour costs growth series in addition to the unemployment series. According to the calculations, NAWRU will be higher than 9% until 2016 and then improve gradually. An increase in NAWRU, which cannot be directly observed, is also indirectly indicated by rising long-term unemployment.

statistical appendix

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Table 1: **Main macroeconomic indicators of Slovenia**

Real growth rates in %, unless otherwise indicated

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
GROSS DOMESTIC PRODUCT	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.6	-1.0	2.0	1.6	1.6
GDP in EUR m (at current prices and at current exchange rate)	29,227	31,555	35,153	37,951	36,166	36,220	36,868	36,006	36,144	36,931	37,755	38,789
GDP per capita in EUR (at current prices and at current exchange rate)	14,608	15,719	17,412	18,769	17,714	17,678	17,960	17,506	17,550	17,899	18,277	18,761
GDP per capita in USD (at current prices and at current exchange rate)	18,165	19,715	23,863	27,606	24,708	23,436	25,000	22,492	23,308	24,217	24,345	24,989
GDP per capita (PPS) [1]	19,600	20,700	22,100	22,700	20,200	20,600	21,200	21,400	21,300			
GDP per capita (PPS EU28=100) [1]	87.4	87.5	88.5	90.6	86.2	84.2	84.3	83.7	82.7			
POPULATION, EMPLOYMENT, WAGES AND PRODUCTIVITY												
Employment according to National Accounts	-0.5	1.6	3.4	2.6	-1.8	-2.2	-1.6	-0.8	-1.5	0.6	0.4	0.5
Registered unemployed (annual average in thousand)	91.9	85.8	71.3	63.2	86.4	100.5	110.7	110.2	119.8	120.6	119.4	116.7
Rate of registered unemployment in %	10.2	9.4	7.7	6.7	9.1	10.7	11.8	12.0	13.1	13.1	13.0	12.7
Rate of unemployment by ILO in %	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	10.0	9.9	9.4
Labour productivity (GDP per employee)	4.5	4.1	3.4	0.7	-6.1	3.4	2.3	-1.8	0.5	1.4	1.2	1.1
WAGES												
Gross wage per employee - nominal growth in %	4.8	4.8	5.9	8.3	3.4	3.9	2.0	0.1	-0.2	1.3	1.3	1.8
- Private sector activities	5.1	5.8	6.0	7.8	1.6	5.6	2.6	0.5	0.6	1.6	1.6	2.2
- Public service activities	4.5	4.1	6.9	9.7	5.3	0.8	1.0	-0.9	-1.3	1.1	1.0	1.4
Gross wage per employee - real growth in %	2.2	2.2	2.2	2.5	2.5	2.1	0.2	-2.4	-2.0	1.0	0.7	0.6
- Private sector activities	2.5	3.2	2.3	2.0	0.7	3.7	0.8	-2.0	-1.2	1.3	1.0	1.0
- Public service activities	2.0	1.6	3.2	3.8	4.4	-1.0	-0.8	-3.4	-3.0	0.8	0.4	0.2
INTERNATIONAL TRADE												
Exports of goods and services	11.4	14.1	13.6	4.2	-16.6	10.1	7.0	0.3	2.6	3.7	4.3	4.9
Exports of goods	12.1	15.7	14.0	1.9	-17.0	11.9	8.2	0.0	2.8	4.3	4.8	5.1
Exports of services	8.4	7.4	12.0	14.7	-14.8	3.4	2.5	1.5	1.8	1.2	2.5	4.2
Imports of goods and services	7.3	12.4	16.8	3.8	-18.8	6.6	5.0	-3.9	1.4	3.1	4.2	4.5
Imports of goods	7.5	12.9	16.5	3.2	-19.8	7.4	6.0	-4.6	2.2	2.2	4.3	4.5
Imports of services	6.1	9.1	18.5	8.1	-12.8	2.5	-0.4	0.2	-3.1	9.0	3.7	4.3

Table 1: **Main macroeconomic indicators of Slovenia** - *continue*

Real growth rates in %, unless otherwise indicated

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
BALANCE OF PAYMENTS STATISTICS												
Current account balance in EUR m	-498	-545	-1,441	-2,028	-173	-50	146	1,026	2,101	2,024	2,128	2,221
As a per cent share relative to GDP	-1.7	-1.7	-4.1	-5.3	-0.5	-0.1	0.4	2.8	5.8	5.5	5.6	5.7
External balance of goods and services in EUR m	-106	74	-409	-716	725	450	519	1,550	2,605	3,064	3,261	3,570
As a per cent share relative to GDP	-0.4	0.2	-1.2	-1.9	2.0	1.2	1.4	4.3	7.2	8.3	8.6	9.2
FINAL DOMESTIC DEMAND - NATIONAL ACCOUNTS STATISTICS												
Final consumption	2.3	1.7	5.2	3.0	1.3	0.7	-0.5	-2.6	-3.1	0.2	0.7	1.0
As a % of GDP *	72.3	69.9	68.4	69.2	74.7	76.3	76.3	76.6	74.5	72.6	71.7	71.2
in which:												
Private consumption	2.2	1.2	6.4	2.4	0.9	1.0	-0.1	-3.0	-3.9	0.5	1.3	1.8
As a % of GDP *	53.6	51.4	51.1	51.2	54.7	55.9	55.8	56.2	54.1	53.2	52.9	52.9
Government consumption	2.7	3.1	1.9	4.9	2.4	0.1	-1.3	-1.5	-1.1	-0.4	-1.0	-1.1
As a % of GDP *	18.7	18.4	17.3	18.0	20.1	20.4	20.5	20.5	20.4	19.3	18.9	18.4
Gross fixed capital formation	3.5	10.2	12.0	7.0	-22.0	-13.7	-4.6	-8.9	1.9	4.5	2.5	0.5
As a % of GDP *	26.6	27.8	28.8	29.6	24.3	21.2	20.2	19.2	19.7	20.3	20.6	20.5
EXCHANGE RATE AND PRICES												
Average exchange rate SIT/USD, BS	192.7	191.0	174.8									
Average exchange rate SIT/EUR, BS	239.6	239.6	239.6									
Ratio of USD to EUR	1.245	1.256	1.371	1.471	1.393	1.327	1.392	1.286	1.328	1.353	1.332	1.332
Real effective exchange rate - deflated by CPI [2]	-0.7	0.3	1.7	2.5	1.3	-1.8	-1.0	-1.1	1.3	0.0	-0.1	0.0
Inflation (end of the year) [3]	2.3	2.8	5.6	2.1	1.8	1.9	2.0	2.7	0.7	0.6	1.1	1.3
Inflation (year average) [3]	2.5	2.5	3.6	5.7	0.9	1.8	1.8	2.6	1.8	0.3	0.6	1.2
Brent Crude Oil Price USD / barrel	54.6	65.2	72.4	96.9	61.7	79.6	111.3	111.7	108.6	107.0	102.0	102.0

Source: SORS, BS, ECB, Ministry of Finance, calculations and forecasts by IMAD.
Notes: Podatki pred letom 2007 so preračunani v EUR po fiksnem tečaju 1 EUR=239,64 tolarja.
[1] Measured in purchasing power standard. [2] Growth in value denotes real appreciation of national currency and vice versa. [3] Consumer price index. * Shaeres 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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
A Agriculture, forestry and fishing	667.8	628.5	659.2	628.0	598.6	624.8	734.8	686.5	667.4	749.5	770.2	795.2
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	7,083.8	7,612.5	8,375.7	8,582.4	7,466.6	7,649.0	8,039.9	8,087.8	8,351.8	8,565.3	8,811.9	9,115.5
of which: C Manufacturing	6,052.3	6,498.5	7,182.5	7,292.4	6,188.4	6,366.6	6,728.7	6,757.9	6,968.4	7,199.3	7,399.9	7,680.3
F Construction	1,668.9	1,955.4	2,454.1	2,764.2	2,464.3	2,014.7	1,883.5	1,818.6	1,645.9	1,860.7	1,925.5	1,939.5
GHI Trade, transportation and storage, accommodation and food service activities	4,968.6	5,436.6	6,240.7	6,841.6	6,343.0	6,301.9	6,471.2	6,254.2	6,317.8	6,479.7	6,664.1	6,846.7
J Information and communication	1,017.6	1,111.2	1,233.9	1,333.4	1,235.6	1,285.5	1,313.0	1,334.2	1,316.2	1,311.0	1,340.7	1,377.4
K Financial and insurance activities	1,164.0	1,344.9	1,427.9	1,602.5	1,673.1	1,709.6	1,661.4	1,355.9	1,241.3	1,255.3	1,321.4	1,396.4
L Real estate activities	1,939.0	2,027.1	2,171.4	2,408.3	2,636.1	2,536.7	2,468.4	2,333.3	2,239.1	2,160.2	2,246.8	2,308.4
MN Professional, scientific, technical, administrative and support services	2,127.4	2,348.3	2,705.3	3,016.0	2,870.7	2,965.4	2,996.1	2,944.2	2,963.4	3,009.3	3,095.9	3,180.7
OPQ Public administration, education, human health and social work	4,285.7	4,490.5	4,723.4	5,184.7	5,478.1	5,618.6	5,673.1	5,603.2	5,622.7	5,596.9	5,528.4	5,609.6
RST Other service activities	758.7	779.6	817.0	868.7	872.2	865.0	866.6	840.6	861.2	831.1	849.9	873.2
1. TOTAL VALUE ADDED, basic prices	25,681.7	27,734.7	30,808.7	33,229.8	31,638.3	31,571.2	32,107.8	31,258.5	31,226.6	31,819.0	32,554.7	33,442.6
2. CORRECTIONS (a-b)	3,544.9	3,820.7	4,343.9	4,721.4	4,527.9	4,648.4	4,760.6	4,747.4	4,917.4	5,112.1	5,199.9	5,346.9
a) Taxes on products and services	3,697.3	3,954.2	4,420.8	4,772.0	4,599.3	4,728.3	4,789.0	4,782.5	4,950.9	5,147.2	5,235.6	5,383.5
b) Subsidies on products and services	152.4	133.5	76.9	50.6	71.4	80.0	28.3	35.1	33.5	35.1	35.7	36.6
3. GROSS DOMESTIC PRODUCT (3=1+2)	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,219.6	36,868.4	36,006.0	36,144.0	36,931.1	37,754.6	38,789.5

Source: SURS, forecasts by IMAD.

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

Structure in %, current prices

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
A Agriculture, forestry and fishing	2.3	2.0	1.9	1.7	1.7	1.7	2.0	1.9	1.8	2.0	2.0	2.1
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	24.2	24.1	23.8	22.6	20.6	21.1	21.8	22.5	23.1	23.2	23.3	23.5
of which: C Manufacturing	20.7	20.6	20.4	19.2	17.1	17.6	18.3	18.8	19.3	19.5	19.6	19.8
F Construction	5.7	6.2	7.0	7.3	6.8	5.6	5.1	5.1	4.6	5.0	5.1	5.0
GHI Trade, transportation and storage, accommodation and food service activities	17.0	17.2	17.8	18.0	17.5	17.4	17.6	17.4	17.5	17.6	17.7	17.7
J Information and communication	3.5	3.5	3.5	3.5	3.4	3.5	3.6	3.7	3.6	3.6	3.6	3.6
K Financial and insurance activities	4.0	4.3	4.1	4.2	4.6	4.7	4.5	3.8	3.4	3.4	3.5	3.6
L Real estate activities	6.6	6.4	6.2	6.3	7.3	7.0	6.7	6.5	6.2	5.9	6.0	6.0
MN Professional, scientific, technical, administrative and support services	7.3	7.4	7.7	7.9	7.9	8.2	8.1	8.2	8.2	8.2	8.2	8.2
OPQ Public administration, education, human health and social work	14.7	14.2	13.4	13.7	15.1	15.5	15.4	15.6	15.6	15.2	14.6	14.5
RST Other service activities	2.6	2.5	2.3	2.3	2.4	2.4	2.4	2.3	2.4	2.3	2.3	2.3
1. TOTAL VALUE ADDED	87.9	87.9	87.6	87.6	87.5	87.2	87.1	86.8	86.4	86.2	86.2	86.2
2. CORRECTIONS (a-b)	12.1	12.1	12.4	12.4	12.5	12.8	12.9	13.2	13.6	13.8	13.8	13.8
a) Taxes on products and services	12.7	12.5	12.6	12.6	12.7	13.1	13.0	13.3	13.7	13.9	13.9	13.9
b) Subsidies on products and services	0.5	0.4	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
3. GROSS DOMESTIC PRODUCT (3=1+2)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	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)	2.3	2.0	1.9	1.7	1.7	1.7	2.0	1.9	1.8	2.0	2.0	2.1
2. Industry and construction (B+C+D+E+F)	29.9	30.3	30.8	29.9	27.5	26.7	26.9	27.5	27.7	28.2	28.4	28.5
3. Services (G…T)	55.6	55.6	55.0	56.0	58.4	58.8	58.2	57.4	56.9	55.9	55.7	55.7
4. Corrections	12.1	12.1	12.4	12.4	12.5	12.8	12.9	13.2	13.6	13.8	13.8	13.8

As a share in total value added in %

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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)	2.6	2.3	2.1	1.9	1.9	2.0	2.3	2.2	2.1	2.4	2.4	2.4
2. Industry and construction (B+C+D+E+F)	34.1	34.5	35.2	34.1	31.4	30.6	30.9	31.7	32.0	32.8	33.0	33.1
Industry (B+C+D+E)	27.6	27.4	27.2	25.8	23.6	24.2	25.0	25.9	26.7	26.9	27.1	27.3
Construction F	6.5	7.1	8.0	8.3	7.8	6.4	5.9	5.8	5.3	5.8	5.9	5.8
3. Services (G…T)	63.3	63.2	62.7	64.0	66.7	67.4	66.8	66.1	65.8	64.9	64.7	64.6

Source: SURS, calculations and forecasts by IMAD.

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

EUR million (fixed 2007 exchange rate)

	constant previous year prices									constant 2013 prices		
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
A Agriculture, forestry and fishing	596.3	662.5	662.4	662.5	569.1	612.3	672.9	676.4	656.2	714.5	714.5	717.7
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	7,201.9	7,576.6	8,182.6	8,460.3	7,354.8	7,950.7	7,830.5	7,852.6	8,078.6	8,556.4	8,787.4	9,002.7
of which: C Manufacturing	6,189.5	6,473.0	7,041.8	7,193.6	6,127.9	6,639.4	6,543.8	6,530.5	6,724.0	7,142.6	7,356.9	7,562.9
F Construction	1,529.8	1,910.7	2,305.7	2,570.6	2,393.1	2,014.7	1,810.6	1,742.0	1,658.0	1,843.4	1,889.5	1,862.1
GHI Trade, transportation and storage, accommodation and food service activities	4,816.5	5,320.6	5,820.1	6,458.0	6,236.1	6,424.5	6,435.3	6,205.1	6,265.8	6,449.5	6,610.8	6,766.1
J Information and communication	1,028.0	1,113.6	1,216.6	1,371.0	1,274.8	1,276.6	1,286.6	1,307.7	1,349.2	1,328.0	1,340.7	1,367.5
K Financial and insurance activities	1,216.6	1,230.3	1,556.4	1,480.1	1,617.7	1,676.2	1,643.8	1,580.5	1,351.3	1,266.1	1,297.2	1,336.1
L Real estate activities	1,855.6	1,990.5	2,113.3	2,304.6	2,403.5	2,678.9	2,526.9	2,477.2	2,334.5	2,233.5	2,243.6	2,266.0
MN Professional, scientific, technical, administrative and support services	2,057.1	2,302.4	2,520.2	2,845.9	2,838.2	3,009.5	2,986.8	2,943.9	2,950.9	3,027.1	3,072.5	3,104.8
OPQ Public administration, education, human health and social work	4,172.3	4,323.3	4,556.3	4,735.1	5,261.0	5,570.2	5,616.1	5,744.5	5,577.3	5,653.7	5,656.6	5,670.8
RST Other service activities	746.1	756.9	774.8	819.5	839.9	857.1	865.6	843.5	862.0	852.6	852.6	860.7
1. TOTAL VALUE ADDED, basic prices	25,220.0	27,187.5	29,708.6	31,707.8	30,788.2	32,070.6	31,675.1	31,373.3	31,083.6	31,924.9	32,465.3	32,954.5
2. CORRECTIONS (a-b)	3,560.4	3,692.2	4,037.2	4,604.9	4,203.8	4,537.5	4,766.4	4,522.0	4,563.0	4,941.5	4,988.5	5,080.5
a) Taxes on products and services	3,690.8	3,844.6	4,173.2	4,682.7	4,245.4	4,619.0	4,849.6	4,550.8	4,598.7	4,975.7	5,023.0	5,115.6
b) Subsidies on products and services	130.4	152.4	136.0	77.8	41.6	81.5	83.1	28.8	35.8	34.2	34.5	35.0
3. GROSS DOMESTIC PRODUCT (3=1+2)	28,780.4	30,879.7	33,745.8	36,312.7	34,992.0	36,608.0	36,441.5	35,895.3	35,646.5	36,866.4	37,453.8	38,035.0

Source: SURS, forecasts by IMAD.

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

Real growth rates in %

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
A Agriculture, forestry and fishing	-5.6	-0.8	5.4	0.5	-9.4	2.3	7.7	-7.9	-4.4	7.0	0.0	0.5
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	3.9	7.0	7.5	1.0	-14.3	6.5	2.4	-2.3	-0.1	2.4	2.7	2.4
of which: C Manufacturing	4.1	7.0	8.4	0.2	-16.0	7.3	2.8	-2.9	-0.5	2.5	3.0	2.8
F Construction	3.4	14.5	17.9	4.7	-13.4	-18.2	-10.1	-7.5	-8.8	12.0	2.5	-1.5
GHI Trade, transportation and storage, accommodation and food service activities	5.1	7.1	7.1	3.5	-8.9	1.3	2.1	-4.1	0.2	2.1	2.5	2.3
J Information and communication	12.2	9.4	9.5	11.1	-4.4	3.3	0.1	-0.4	1.1	0.9	1.0	2.0
K Financial and insurance activities	11.3	5.7	15.7	3.7	0.9	0.2	-3.8	-4.9	-0.3	2.0	2.5	3.0
L Real estate activities	3.2	2.7	4.3	6.1	-0.2	1.6	-0.4	0.4	0.1	-0.2	0.5	1.0
MN Professional, scientific, technical, administrative and support services	-2.2	8.2	7.3	5.2	-5.9	4.8	0.7	-1.7	0.2	2.2	1.5	1.0
OPQ Public administration, education, human health and social work	3.1	0.9	1.5	0.2	1.5	1.7	0.0	1.3	-0.5	0.6	0.1	0.3
RST Other service activities	6.5	-0.2	-0.6	0.3	-3.3	-1.7	0.1	-2.7	2.5	-1.0	0.0	1.0
1. TOTAL VALUE ADDED, basic prices	3.9	5.9	7.1	2.9	-7.3	1.4	0.3	-2.3	-0.6	2.2	1.7	1.5
2. CORRECTIONS (a-b)	5.1	4.2	5.7	6.0	-11.0	0.2	2.5	-5.0	-3.9	0.5	1.0	1.8
a) Taxes on products and services	4.8	4.0	5.5	5.9	-11.0	0.4	2.6	-5.0	-3.8	0.5	1.0	1.8
b) Subsidies on products and services	-0.6	0.0	1.9	1.2	-17.8	14.1	3.9	1.8	2.0	2.0	1.0	1.5
3. GROSS DOMESTIC PRODUCT (3=1+2)	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.6	-1.0	2.0	1.6	1.6

Source: SURS, forecasts by IMAD.

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

EUR million, current prices (fixed 2007 exchange rate)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
1. **Compensation of employees**	14,615.8	15,649.7	17,211.6	18,955.9	18,789.7	19,019.5	18,913.1	18,475.4	18,258.6	18,378.8	18,724.6	19,171.7
Wages and salaries	12,538.6	13,420.4	14,781.9	16,302.7	16,127.8	16,336.0	16,234.8	15,847.8	15,676.0	15,791.7	16,090.6	16,476.7
Employers' social contributions	2,077.1	2,229.3	2,429.8	2,653.2	2,661.8	2,683.5	2,678.4	2,627.6	2,582.6	2,587.1	2,634.0	2,695.0
2. **Taxes on production and imports**	4,527.2	4,725.9	5,154.7	5,363.8	4,965.2	5,089.6	5,157.0	5,171.8	5,417.9	5,732.3	5,683.2	5,841.7
Taxes on products and services	3,697.3	3,954.2	4,420.8	4,772.0	4,599.3	4,728.3	4,789.0	4,782.5	4,950.9	5,147.2	5,235.6	5,383.5
Other taxes on production	829.9	771.7	733.9	591.9	366.0	361.3	368.0	389.3	467.0	585.0	447.6	458.2
3. **Subsidies**	590.2	669.5	761.6	790.2	912.2	936.5	614.2	611.9	679.6	613.4	510.6	486.7
Subsidies on products and services	152.4	133.5	76.9	50.6	71.4	80.0	28.3	35.1	33.5	35.1	35.7	36.6
Other subsidies on production	437.8	536.0	684.7	739.6	840.8	856.6	585.8	576.8	646.1	578.3	474.9	450.1
4. **Gross operating surplus/mixed income**	10,673.8	11,849.3	13,547.9	14,421.7	13,323.5	13,047.1	13,412.5	12,970.7	13,147.1	13,433.4	13,857.4	14,262.8
Consumption of fixed capital	5,422.7	5,747.8	6,171.8	6,667.2	7,063.7	7,262.6	7,442.6	7,487.2	7,441.0	7,493.0	7,545.5	7,621.0
Net operating surplus	5,251.1	6,101.5	7,376.1	7,754.5	6,259.8	5,784.4	5,969.9	5,483.5	5,706.1	5,940.4	6,311.9	6,641.8
6. **GDP (6=1+2-3+4)**	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,219.6	36,868.4	36,006.0	36,144.0	36,931.1	37,754.6	38,789.5

Source: SURS, forecasts by IMAD.

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

Structure in %, current prices

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	201
										forecast		
1. **Compensation of employees**	50.0	49.6	49.0	49.9	52.0	52.5	51.3	51.3	50.5	49.8	49.6	49.4
Wages and salaries	42.9	42.5	42.1	43.0	44.6	45.1	44.0	44.0	43.4	42.8	42.6	42.5
Employers' social contributions	7.1	7.1	6.9	7.0	7.4	7.4	7.3	7.3	7.1	7.0	7.0	6.9
2. **Taxes on production and imports**	15.5	15.0	14.7	14.1	13.7	14.1	14.0	14.4	15.0	15.5	15.1	15.1
Taxes on products and services	12.7	12.5	12.6	12.6	12.7	13.1	13.0	13.3	13.7	13.9	13.9	13.9
Other taxes on production	2.8	2.4	2.1	1.6	1.0	1.0	1.0	1.1	1.3	1.6	1.2	1.2
3. **Subsidies**	2.0	2.1	2.2	2.1	2.5	2.6	1.7	1.7	1.9	1.7	1.4	1.3
Subsidies on products and services	0.5	0.4	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Other subsidies on production	1.5	1.7	1.9	1.9	2.3	2.4	1.6	1.6	1.8	1.6	1.3	1.2
4. **Gross operating surplus/mixed income**	36.5	37.6	38.5	38.0	36.8	36.0	36.4	36.0	36.4	36.4	36.7	36.8
Consumption of fixed capital	18.6	18.2	17.6	17.6	19.5	20.1	20.2	20.8	20.6	20.3	20.0	19.6
Net operating surplus	18.0	19.3	21.0	20.4	17.3	16.0	16.2	15.2	15.8	16.1	16.7	17.1
6. **GDP (6=1+2-3+4)**	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: SURS, forecasts by IMAD.

Table 5a: **Gross domestic product by expenditures**

EUR million, current prices (fixed 2007 exchange rate)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
											forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,219.6	36,868.4	36,006.0	36,144.0	36,931.1	37,754.6	38,789.5
2	EXPORTS OF GOODS AND SERVICES	17,413.2	20,414.9	23,762.1	25,089.1	20,702.5	23,297.8	25,962.1	26,373.4	26,996.3	27,893.7	29,259.3	30,813.9
3	IMPORTS OF GOODS AND SERVICES	17,599.5	20,430.0	24,218.3	25,820.3	20,026.6	22,734.8	25,225.6	24,793.8	24,824.0	25,293.8	26,487.9	27,763.2
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-186.3	-15.1	-456.2	-731.2	675.9	562.9	736.5	1,579.7	2,172.3	2,599.9	2,771.4	3,050.7
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	29,413.0	31,570.5	35,608.8	38,682.4	35,490.3	35,656.7	36,131.9	34,426.3	33,971.8	34,331.2	34,983.2	35,738.8
6	FINAL CONSUMPTION (6=7+8)	21,118.5	22,047.8	24,052.0	26,274.3	27,033.9	27,631.1	28,125.1	27,598.3	26,920.0	26,799.3	27,088.7	27,622.8
7	PRIVATE CONSUMPTION	15,658.9	16,229.0	17,973.2	19,433.4	19,779.4	20,250.4	20,566.0	20,234.9	19,564.6	19,653.2	19,967.6	20,500.6
	Households	15,420.7	15,972.9	17,674.0	19,141.7	19,481.7	19,959.7	20,299.3	19,981.2	19,300.5	19,389.1	19,700.1	20,225.2
	NPISH's	238.2	256.1	299.2	291.7	297.7	290.7	266.7	253.7	264.1	264.1	267.5	275.3
8	GOVERNMENT CONSUMPTION (individual and collective)	5,459.6	5,818.8	6,078.9	6,841.0	7,254.5	7,380.6	7,559.1	7,363.5	7,355.4	7,146.1	7,121.1	7,122.2
9	GROSS CAPITAL FORMATION (9=10+11)	8,294.5	9,522.7	11,556.8	12,408.1	8,456.4	8,025.6	8,006.8	6,827.9	7,051.8	7,531.9	7,894.5	8,116.1
10	GROSS FIXED CAPITAL FORMATION	7,788.2	8,780.0	10,107.9	11,230.0	8,806.1	7,694.0	7,444.8	6,926.7	7,126.7	7,481.1	7,767.8	7,966.8
11	CHANGES IN INVENTORIES AND VALUABLES	506.3	742.6	1,448.9	1,178.1	-349.6	331.6	562.0	-98.8	-74.8	50.8	126.6	149.3

Source: SURS, forecasts by IMAD.

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

Structure in %, current prices

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
											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	59.6	64.7	67.6	66.1	57.2	64.3	70.4	73.2	74.7	75.5	77.5	79.4
3	IMPORTS OF GOODS AND SERVICES	60.2	64.7	68.9	68.0	55.4	62.8	68.4	68.9	68.7	68.5	70.2	71.6
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-0.6	0.0	-1.3	-1.9	1.9	1.6	2.0	4.4	6.0	7.0	7.3	7.9
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	100.6	100.0	101.3	101.9	98.1	98.4	98.0	95.6	94.0	93.0	92.7	92.1
6	FINAL CONSUMPTION (6=7+8)	72.3	69.9	68.4	69.2	74.7	76.3	76.3	76.6	74.5	72.6	71.7	71.2
7	PRIVATE CONSUMPTION	53.6	51.4	51.1	51.2	54.7	55.9	55.8	56.2	54.1	53.2	52.9	52.9
	Households	52.8	50.6	50.3	50.4	53.9	55.1	55.1	55.5	53.4	52.5	52.2	52.1
	NPISH's	0.8	0.8	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
8	GOVERNMENT CONSUMPTION (individual and collective)	18.7	18.4	17.3	18.0	20.1	20.4	20.5	20.5	20.4	19.3	18.9	18.4
9	GROSS CAPITAL FORMATION (9=10+11)	28.4	30.2	32.9	32.7	23.4	22.2	21.7	19.0	19.5	20.4	20.9	20.9
10	GROSS FIXED CAPITAL FORMATION	26.6	27.8	28.8	29.6	24.3	21.2	20.2	19.2	19.7	20.3	20.6	20.5
11	CHANGES IN INVENTORIES AND VALUABLES	1.7	2.4	4.1	3.1	-1.0	0.9	1.5	-0.3	-0.2	0.1	0.3	0.4

Source: SURS, forecasts by IMAD.

Table 6a: **Gross domestic product by expenditures**

EUR million (fixed 2007 exchange rate)

		constant previous year prices									constant 2013 prices		
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
											forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	28,780.4	30,879.7	33,745.8	36,312.7	34,992.0	36,608.0	36,441.5	35,895.3	35,646.5	36,866.4	37,453.8	38,035.0
2	EXPORTS OF GOODS AND SERVICES	16,939.2	19,872.4	23,193.2	24,752.3	20,927.4	22,796.8	24,933.4	26,041.0	27,069.3	27,995.2	29,211.6	30,650.6
3	IMPORTS OF GOODS AND SERVICES	16,755.7	19,779.9	23,854.0	25,150.4	20,955.4	21,347.0	23,879.8	24,236.3	25,137.3	25,602.7	26,678.7	27,870.3
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	183.4	92.5	-660.8	-398.1	-27.9	1,449.8	1,053.6	1,804.7	1,932.0	2,392.5	2,532.9	2,780.3
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	28,597.0	30,787.2	34,406.6	36,710.7	35,019.9	35,158.3	35,387.9	34,090.6	33,714.6	34,473.9	34,920.8	35,254.7
6	FINAL CONSUMPTION (6=7+8)	20,624.8	21,483.7	23,194.6	24,780.8	26,613.3	27,231.9	27,504.7	27,402.8	26,733.4	26,979.2	27,164.2	27,433.4
7	PRIVATE CONSUMPTION	15,321.2	15,853.4	17,263.1	18,402.3	19,607.5	19,967.4	20,222.5	19,955.2	19,452.7	19,653.2	19,907.9	20,256.9
	- Households	15,089.8	15,604.7	16,979.8	18,125.8	19,318.6	19,680.6	19,953.4	19,700.8	19,187.6	19,389.1	19,641.1	19,984.9
	- NPISH's	231.4	248.7	283.3	276.5	288.9	286.8	269.1	254.4	265.1	264.1	266.7	272.1
8	GOVERNMENT CONSUMPTION (individual and collective)	5,303.6	5,630.3	5,931.5	6,378.4	7,005.7	7,264.6	7,282.2	7,447.5	7,280.7	7,326.0	7,256.3	7,176.5
9	GROSS CAPITAL FORMATION (9=10+11)	7,972.2	9,303.4	11,212.0	11,929.9	8,406.7	7,926.4	7,883.2	6,687.8	6,981.2	7,494.7	7,756.6	7,821.2
10	GROSS FIXED CAPITAL FORMATION	7,491.0	8,582.4	9,829.8	10,817.8	8,758.6	7,602.6	7,339.4	6,784.8	7,055.5	7,443.9	7,630.0	7,672.0
11	CHANGES IN INVENTORIES AND VALUABLES	481.2	720.9	1,382.1	1,112.1	-351.9	323.7	543.9	-97.1	-74.4	50.8	126.6	149.3

Source: SURS, forecasts by IMAD.

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

Real growth rates in %

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
											forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.6	-1.0	2.0	1.6	1.6
2	EXPORTS OF GOODS AND SERVICES	11.4	14.1	13.6	4.2	-16.6	10.1	7.0	0.3	2.6	3.7	4.3	4.9
3	IMPORTS OF GOODS AND SERVICES	7.3	12.4	16.8	3.8	-18.8	6.6	5.0	-3.9	1.4	3.1	4.2	4.5
4	*EXTERNAL BALANCE OF GOODS AND SERVICES [1]*	*2.1*	*1.0*	*-2.0*	*0.2*	*1.9*	*2.1*	*1.4*	*2.9*	*1.0*	*0.6*	*0.4*	*0.7*
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	1.9	4.7	9.0	3.1	-9.5	-0.9	-0.8	-5.6	-2.1	1.5	1.3	1.0
6	FINAL CONSUMPTION (6=7+8)	2.3	1.7	5.2	3.0	1.3	0.7	-0.5	-2.6	-3.1	0.2	0.7	1.0
7	PRIVATE CONSUMPTION	2.2	1.2	6.4	2.4	0.9	1.0	-0.1	-3.0	-3.9	0.5	1.3	1.8
	- Households	2.4	1.2	6.3	2.6	0.9	1.0	0.0	-2.9	-4.0	0.5	1.3	1.7
	- NPISH's	-6.9	4.4	10.6	-7.6	-1.0	-3.7	-7.4	-4.6	4.5	0.0	1.0	2.0
8	GOVERNMENT CONSUMPTION (individual and collective)	2.7	3.1	1.9	4.9	2.4	0.1	-1.3	-1.5	-1.1	-0.4	-1.0	-1.1
9	GROSS CAPITAL FORMATION	0.7	12.2	17.7	3.2	-32.2	-6.3	-1.8	-16.5	2.2	6.3	3.5	0.8
10	GROSS FIXED CAPITAL FORMATION	3.5	10.2	12.0	7.0	-22.0	-13.7	-4.6	-8.9	1.9	4.5	2.5	0.5
11	*CHANGES IN INVENTORIES AND VALUABLES [1]*	*-0.7*	*0.7*	*2.0*	*-0.9*	*-4.0*	*1.9*	*0.6*	*-1.8*	*0.1*	*0.3*	*0.2*	*0.1*

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

Table 7: **Labour market**

Numbers in thousands, indicators in %

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
LABOUR SUPPLY												
Activity rate (15-64 years, in %)	70.7	70.9	71.3	71.8	71.8	71.5	70.3	70.4	70.5	71.3	72.0	72.6
Activity rate (65 years and more, in %)	7.8	7.7	8.8	6.4	7.6	7.3	6.3	5.0	6.7	6.5	6.4	6.2
Active population (ILO definition)	1,015	1,022	1,035	1,042	1,042	1,041	1,019	1,013	1,008	1,012	1,016	1,017
- yearly growth (in %)	0.9	0.7	1.3	0.6	0.0	0.0	-2.1	-0.6	-0.6	0.4	0.4	0.0
EMPLOYMENT AND UNEMPLOYMENT												
Employment (National accounts concept, in thousands)	929.5	944.1	975.8	1,000.8	982.9	961.7	946.0	938.2	924.3	929.4	932.9	937.4
- yearly growth (in %)	-0.5	1.6	3.4	2.6	-1.8	-2.2	-1.6	-0.8	-1.5	0.6	0.4	0.5
Employment (ILO concept, in thousands)	949.3	961.2	985.2	996.1	980.7	966.0	936.2	923.7	906.0	911.0	915.5	920.9
- yearly growth (in %)	0.4	1.3	2.5	1.1	-1.5	-1.5	-3.1	-1.3	-1.9	0.6	0.5	0.6
Employment rate (15-64 yeras, in %)	66.0	66.6	67.8	68.6	67.5	66.2	64.4	64.1	63.3	64.0	64.8	65.6
Formal employment (statistical register, in thousands) *	813.1	824.8	854.0	879.3	858.2	835.0	824.0	810.0	793.6	797.2	799.2	802.4
- yearly growth (in %)	0.7	1.4	3.5	3.0	-2.4	-2.7	-1.3	-1.7	-2.0	0.5	0.3	0.4
- Paid employment (in thousands)	731.6	741.6	766.0	789.9	767.4	747.2	729.1	717.0	698.7	700.8	702.4	705.8
- yearly growth (in %)	1.0	1.4	3.3	3.1	-2.8	-2.6	-2.4	-1.6	-2.6	0.3	0.2	0.5
- Self employed (in thousands)	81.5	83.3	87.9	89.4	90.8	87.8	94.9	93.0	94.9	96.5	96.9	96.6
- yearly growth (in %)	-1.9	2.1	5.6	1.6	1.6	-3.3	8.1	-2.1	2.1	1.7	0.4	-0.3
Unemployment (ILO concept, in thousands)	66.0	60.9	49.7	45.1	60.8	75.2	83.3	89.7	101.8	101.3	100.6	95.7
- yearly growth (in %)	9.8	-7.7	-18.4	-9.3	34.8	23.7	10.8	7.7	13.5	-0.5	-0.6	-4.9
Unemployment (registered, in thousands)	91.9	85.8	71.3	63.2	86.4	100.5	110.7	110.2	119.8	120.6	119.4	116.7
- yearly growth (in %)	-1.0	-6.6	-16.9	-11.4	36.6	16.4	10.1	-0.5	8.8	0.6	-1.0	-2.2
Unemployment rate (ILO concept, in %)	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	10.0	9.9	9.4
Unemployment rate (registered, in %)	10.2	9.4	7.7	6.7	9.1	10.7	11.8	12.0	13.1	13.1	13.0	12.7

Source of data: SORS, ESS, forcasts by IMAD and Eurostat.
Note: * According to the Statistical Register of Employment, including the estimate of self-employed farmers.

Table 8: **Indicators of international competitiveness**

Annual growth rates in %

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
										forecast	
Effective exchange rate [1]											
Nominal	-1.0	-0.1	0.4	0.7	1.1	-2.1	-0.1	-1.2	1.0	0.4	-0.2
Real - based on consumer prices	-0.7	0.3	1.7	2.5	1.3	-1.8	-1.0	-1.1	1.3	0.0	-0.1
Real - based on ULC in economy as a whole	-1.0	-0.1	1.2	3.6	6.2	-1.6	-2.2	-2.9	-1.9	-1.9	-1.2
Unit labour costs components											
Nominal unit labour costs	1.5	1.3	2.6	6.4	8.5	0.5	-0.7	0.6	1.4	-1.4	0.2
Compensation of employees per employee	6.0	5.4	6.2	7.2	1.8	4.0	1.6	-1.2	1.9	0.1	1.4
Labour productivity, real [2]	4.5	4.0	3.5	0.7	-6.1	3.5	2.3	-1.8	0.5	1.4	1.2
Real unit labour costs	-0.1	-0.9	-1.5	1.8	5.0	1.6	-1.8	0.3	0.0	-1.5	-0.5
Labour productivity, nominal [3]	6.1	6.3	7.8	5.3	-3.0	2.4	3.5	-1.5	1.9	1.6	1.8

Sources of data: SORS national accounts statistics, BS, ECB, OECD, Consensus Forecasts August 2014, calculations and forecasts by IMAD.
Notes: [1]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; [2]GDP per employee (in constant prices); [3]GDP per employee (in current prices).

Table 9: **Balance of payments - balance of payments statistics**

EUR million

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
										forecast		
I. CURRENT ACCOUNT	-498	-545	-1,441	-2,028	-173	-50	146	1,026	2,101	2,024	2,128	2,221
1. GOODS	-1,026	-919	-1,456	-2,144	-440	-830	-957	-171	645	1,318	1,492	1,702
1.1. Exports of goods	14,599	17,276	20,022	20,529	16,585	18,973	21,450	21,631	22,026	22,766	23,906	25,126
1.2. Imports of goods	15,625	18,194	21,478	22,673	17,026	19,804	22,407	21,802	21,381	21,448	22,415	23,423
2. SERVICES	920	993	1,047	1,428	1,165	1,281	1,476	1,720	1,960	1,746	1,769	1,867
2.1. Exports	3,214	3,572	4,145	4,952	4,333	4,593	4,842	5,081	5,366	5,537	5,782	6,140
Transport	923	1,058	1,259	1,436	1,085	1,206	1,305	1,337	1,384	1,460	1,540	1,632
Travel	1,451	1,555	1,665	1,827	1,804	1,925	1,975	2,008	2,039	2,109	2,192	2,312
Other	840	959	1,221	1,689	1,444	1,462	1,562	1,735	1,943	1,967	2,050	2,196
2.2. Imports	2,293	2,580	3,098	3,524	3,168	3,312	3,365	3,361	3,406	3,791	4,013	4,273
Transport	525	601	734	875	648	710	720	705	725	763	802	847
Travel	707	772	831	922	913	923	817	730	695	795	828	870
Other	1,061	1,206	1,533	1,727	1,607	1,679	1,829	1,926	1,986	2,233	2,383	2,555
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	-106	74	-409	-716	725	450	519	1,550	2,605	3,064	3,261	3,570
Exports of goods and services	17,813	20,848	24,167	25,481	20,919	23,566	26,291	26,712	27,392	28,303	29,688	31,266
Imports of goods and services	17,918	20,774	24,576	26,197	20,194	23,116	25,772	25,163	24,787	25,238	26,427	27,696
3. INCOME	-295	-440	-789	-1,030	-724	-588	-524	-540	-564	-1,060	-1,131	-1,194
3.1. Receipts	647	872	1,169	1,262	683	583	936	698	503	675	1,043	1,119
Compensation of employees	205	218	229	238	212	240	327	474	446	445	450	460
Investment	442	654	940	1,024	471	343	609	224	56	230	593	659
3.2. Expenditures	942	1,312	1,957	2,292	1,406	1,172	1,460	1,238	1,066	1,735	2,174	2,313
Compensation of employees	77	110	179	230	116	89	93	98	99	115	150	180
Investment	866	1,202	1,778	2,062	1,290	1,082	1,367	1,139	968	1,620	2,024	2,133
4. CURRENT TRANSFERS	-97	-178	-243	-282	-174	88	151	16	60	20	-2	-154
4.1. In Slovenia	738	785	941	893	982	1,231	1,404	1,409	1,462	1,502	1,505	1,360
4.2. Abroad	835	963	1,185	1,176	1,155	1,143	1,253	1,392	1,402	1,482	1,507	1,514
II. CAPITAL AND FINANCIAL ACCOUNT	970	1,092	1,920	2,593	162	530	-474	-991	-2,822			
A CAPITAL ACCOUNT	-114	-131	-52	-30	9	54	-85	41	109			
1. Capital transfers	-109	-126	-51	-26	16	57	-73	45	120			
2. Non-produced non-financial assets	-5	-5	-1	-3	-6	-3	-12	-4	-10			
B FINANCIAL ACCOUNT	1,084	1,223	1,972	2,622	153	476	-389	-1,032	-2,931			
1. Direct investment	-43	-174	-256	327	-663	428	633	168	-599			
Abroad	-516	-687	-1,362	-1,002	-189	156	-85	226	186			
In Slovenia	473	513	1,106	1,329	-474	272	718	-58	-786			
2. Portfolio investment	-1,313	-1,442	-2,255	572	4,628	1,956	1,839	-222	3,982			
3. Financial derivatives	-10	-13	-15	46	-2	-117	-155	-89	-32			
4. Other investment	2,639	1,571	4,358	1,656	-3,977	-1,810	-2,777	-920	-6,276			
4.1. Assets	-1,459	-1,939	-4,696	-322	-271	779	-1,490	-1,514	-2,263			
4.2. Liabilities	4,098	3,510	9,054	1,978	-3,706	-2,589	-1,287	595	-4,013			
5. Reserve assets	-189	1,281	140	21	167	19	72	31	-5			
III. NET ERRORS AND OMISSIONS	-473	-547	-479	-564	10	-480	328	-35	721			

Source: BS, forecasts by IMAD.

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

EUR million, current prices (fixed 2007 exchange rate)

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2005	2006	2007	2008	2009	2010	2011	2012	2013
I. **TOTAL GENERAL GOVERNMENT REVENUES**	11,976	12,959	14,006	15,339	14,408	14,794	14,982	14,999	14,728
TAX REVENUES	10,884	11,762	12,758	13,937	12,955	12,848	13,209	13,118	12,648
TAXES ON INCOME AND PROFIT	2,242	2,735	2,918	3,442	2,805	2,491	2,724	2,657	2,137
Personal income tax	1,648	1,793	1,804	2,185	2,093	2,039	2,054	2,077	1,868
Corporate income tax	594	942	1,113	1,257	712	449	668	577	265
SOCIAL SECURITY CONTRIBUTIONS	3,988	4,231	4,598	5,095	5,161	5,234	5,268	5,244	5,127
TAXSES ON PAYROLL AND WORKFORCE	526	473	418	258	28	28	29	26	23
Payroll tax	506	450	392	230	1	0	0	0	0
Tax on work contracts	20	23	27	28	27	28	29	26	23
TAXES ON PROPERTY	170	189	206	215	207	220	215	234	254
DOMESTIC TAXES ON GOODS AND SERVICES	3,915	4,077	4,499	4,805	4,660	4,781	4,856	4,876	5,027
TAXES ON INTERN. TRADE AND TRANSACTIONS	39	51	117	120	91	91	100	83	77
OTHER TAXES	4	5	2	2	3	4	17	-1	1
NON-TAX REVENUES	633	633	709	855	684	923	829	912	989
CAPITAL REVENUES	113	167	137	117	107	176	65	63	67
GRANTS	9	5	12	10	11	13	10	9	33
TRANSFERS REVENUES	34	43	42	54	54	110	54	52	53
RECEIPTS FROM THE EU BUDGET	302	348	348	365	597	725	815	845	938

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

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

Per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2005	2006	2007	2008	2009	2010	2011	2012	2013
I. **TOTAL GENERAL GOVERNMENT REVENUES**	41.0	41.1	39.8	40.4	39.8	40.8	40.6	41.7	40.7
TAX REVENUES	37.2	37.3	36.3	36.7	35.8	35.5	35.8	36.4	35.0
TAXES ON INCOME AND PROFIT	7.7	8.7	8.3	9.1	7.8	6.9	7.4	7.4	5.9
Personal income tax	5.6	5.7	5.1	5.8	5.8	5.6	5.6	5.8	5.2
Corporate income tax	2.0	3.0	3.2	3.3	2.0	1.2	1.8	1.6	0.7
SOCIAL SECURITY CONTRIBUTIONS	13.6	13.4	13.1	13.4	14.3	14.5	14.3	14.6	14.2
TAXSES ON PAYROLL AND WORKFORCE	1.8	1.5	1.2	0.7	0.1	0.1	0.1	0.1	0.1
Payroll tax	1.7	1.4	1.1	0.6	0.0	0.0	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	0.7
DOMESTIC TAXES ON GOODS AND SERVICES	13.4	12.9	12.8	12.7	12.9	13.2	13.2	13.5	13.9
TAXES ON INTERN. TRADE AND TRANSACTIONS	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2
OTHER TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NON-TAX REVENUES	2.2	2.0	2.0	2.3	1.9	2.5	2.2	2.5	2.7
CAPITAL REVENUES	0.4	0.5	0.4	0.3	0.3	0.5	0.2	0.2	0.2
GRANTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
TRANSFERS REVENUES	0.1	0.1	0.1	0.1	0.2	0.3	0.1	0.1	0.1
RECEIPTS FROM THE EU BUDGET	1.0	1.1	1.0	1.0	1.6	2.0	2.2	2.3	2.6

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

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

EUR million, current prices (fixed exchange rate)

	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2005	2006	2007	2008	2009	2010	2011	2012	2013
II.	**TOTAL EXPENDITURE**	12,276	13,209	13,915	15,442	16,368	16,693	16,546	16,126	16,286
	CURRENT EXPENDITURE	5,354	5,689	5,951	6,557	6,801	6,960	6,927	6,814	6,838
	WAGES AND OTHER PERSONNEL EXPENDITURE	2,521	2,671	2,762	3,037	3,363	3,359	3,330	3,185	3,114
	SOCIAL SECURITY CONTRIBUTIONS	495	509	515	542	549	553	553	543	503
	PURCHASES OF GOODS AND SERVICES	1,911	2,073	2,212	2,527	2,510	2,512	2,443	2,373	2,239
	INTEREST PAYMENTS	0	0	0	0	0	488	527	648	840
	BUDGETARY RESERVES	55	59	105	116	43	47	74	65	143
	CURRENT TRANSFERS	5,599	5,926	6,144	6,742	7,339	7,629	7,819	7,687	7,671
	SUBSIDIES	381	403	423	477	598	582	496	503	520
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	4,629	4,871	5,093	5,619	6,024	6,278	6,533	6,384	6,343
	OTHER CURRENT DOMESTIC TRANSFERS	589	651	627	647	717	769	789	800	809
	CAPITAL EXPENDITURE TOTAL	1,038	1,306	1,465	1,714	1,789	1,707	1,396	1,235	1,351
	CAPITAL EXPENDITURE	654	901	1,130	1,255	1,294	1,311	1,024	915	1,032
	CAPITAL TRANSFERS	383	405	334	459	495	396	372	320	319
	PAYMENTS TO THE EU BUDGET	286	288	356	428	439	397	405	390	425
III.	**GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I. - II.)**	-300	-250	91	-103	-1,960	-1,899	-1,564	-1,127	-1,558

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

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

Per cent share relative to GDP

	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2005	2006	2007	2008	2009	2010	2011	2012	2013
II.	**TOTAL EXPENDITURE**	42.0	41.9	39.6	40.7	45.3	46.1	44.9	44.8	45.1
	CURRENT EXPENDITURE	18.3	18.0	16.9	17.3	18.8	19.2	18.8	18.9	18.9
	WAGES AND OTHER PERSONNEL EXPENDITURE	8.6	8.5	7.9	8.0	9.3	9.3	9.0	8.8	8.6
	SOCIAL SECURITY CONTRIBUTIONS	1.7	1.6	1.5	1.4	1.5	1.5	1.5	1.5	1.4
	PURCHASES OF GOODS AND SERVICES	6.5	6.6	6.3	6.7	6.9	6.9	6.6	6.6	6.2
	INTEREST PAYMENTS	0.0	0.0	0.0	0.0	0.0	1.3	1.4	1.8	2.3
	BUDGETARY RESERVES	0.2	0.2	0.3	0.3	0.1	0.1	0.2	0.2	0.4
	CURRENT TRANSFERS	19.2	18.8	17.5	17.8	20.3	21.1	21.2	21.3	21.2
	SUBSIDIES	1.3	1.3	1.2	1.3	1.7	1.6	1.3	1.4	1.4
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	15.8	15.4	14.5	14.8	16.7	17.3	17.7	17.7	17.5
	OTHER CURRENT DOMESTIC TRANSFERS	2.0	2.1	1.8	1.7	2.0	2.1	2.1	2.2	2.2
	CAPITAL EXPENDITURE TOTAL	3.6	4.1	4.2	4.5	4.9	4.7	3.8	3.4	3.7
	CAPITAL EXPENDITURE	2.2	2.9	3.2	3.3	3.6	3.6	2.8	2.5	2.9
	CAPITAL TRANSFERS	1.3	1.3	1.0	1.2	1.4	1.1	1.0	0.9	0.9
	PAYMENTS TO THE EU BUDGET	1.0	0.9	1.0	1.1	1.2	1.1	1.1	1.1	1.2
III.	**GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I. - II.)**	-1.0	-0.8	0.3	-0.3	-5.4	-5.2	-4.2	-3.1	-4.3

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

Table 12: **Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions ***

		Gross domestic product, real				Inflation, year average			
		PNt+1	JNt+1	PNt	JNt	PNt+1	JNt+1	PNt	JNt
ME ... Mean 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
	2002 - 2012	1.73	1.49	0.48	0.22	-0.27	0.03	-0.41	0.11
	2002 - 2013	1.78	1.34	0.38	0.09	-0.25	0.06	-0.35	0.12
	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
	1997 - 2012	1.29	1.03	0.36	0.07	-0.56	-0.15	-0.28	0.13
	1997 - 2013	1.35	0.95	0.29	-0.01	-0.53	-0.11	-0.25	0.14
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
	2002 - 2012	1.69	1.35	0.57	0.21	-0.34	-0.37	-0.30	0.09
	2002 - 2013	1.69	1.27	0.46	0.07	-0.32	-0.30	-0.23	0.12
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
	2002 - 2012	1.66	1.29	0.50	0.24	-0.16	-0.11	-0.12	0.00
	2002 - 2013	1.68	1.13	0.33	0.09	-0.14	-0.03	-0.07	0.01
	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
	1997 - 2012	1.15	0.96	0.29	0.22	-0.55	-0.40	-0.21	0.04
	1997 - 2013	1.19	0.86	0.19	0.12	-0.51	-0.33	-0.17	0.05
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
	2002 - 2012	1.48	1.25	0.43	0.05	-0.02	0.08	-0.06	0.16
	2002 - 2013	1.51	1.11	0.32	-0.09	-0.03	0.11	-0.02	0.18
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
	2002 - 2012	1.55	1.37	0.50	0.23	-0.22	-0.21	-0.43	-0.05
	2002 - 2013	1.63	1.32	0.39	0.08	-0.20	-0.22	-0.40	-0.01
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
	2002 - 2012	1.36	1.54	0.86	0.28	-0.66	-0.17	-0.13	0.03
	2002 - 2013	1.22	1.54	0.61	0.11	-0.59	-0.14	-0.06	0.08

Table 12: **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
MAE ... Mean Absolute Error									
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
	2002 - 2012	2.51	2.29	1.23	0.53	0.98	1.01	0.48	0.18
	2002 - 2013	2.49	2.13	1.19	0.59	0.90	0.96	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
	2002 - 2012	2.10	1.87	1.13	0.54	1.19	1.01	0.51	0.19
	1997 - 2013	2.11	1.78	1.03	0.59	1.11	0.98	0.49	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
	2002 - 2012	2.44	2.27	1.32	0.61	0.96	0.90	0.46	0.27
	2002 - 2013	2.38	2.12	1.28	0.68	0.88	0.87	0.47	0.28
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
	2002 - 2012	2.41	2.13	1.30	0.69	1.04	1.00	0.39	0.11
	2002 - 2013	2.36	2.00	1.32	0.76	0.96	0.98	0.40	0.11
	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
	2002 - 2012	1.98	1.86	1.12	0.73	1.38	1.12	0.55	0.18
	1997 - 2013	1.97	1.78	1.14	0.78	1.30	1.10	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
	2002 - 2012	2.37	2.15	1.25	0.43	1.22	1.08	0.30	0.18
	2002 - 2013	2.33	2.01	1.22	0.53	1.13	1.03	0.31	0.19
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
	2002 - 2012	2.30	2.37	1.35	0.88	1.09	1.12	0.54	0.22
	2002 - 2013	2.32	2.23	1.31	0.93	1.00	1.05	0.50	0.24
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
	2002 - 2012	2.76	2.48	1.65	1.14	1.68	1.17	0.84	0.39
	2002 - 2013	2.57	2.41	1.69	1.19	1.56	1.09	0.83	0.42

Table 12: **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
	2002 - 2012	4.09	3.74	1.59	0.73	1.36	1.33	0.59	0.23
	2002 - 2013	3.98	3.58	1.54	0.79	1.30	1.28	0.57	0.22
	1997 - 2008	1.21	1.03	0.89	0.63	1.78	1.24	0.67	0.28
	1997 - 2009	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	3.43	3.14	1.41	0.73	1.69	1.39	0.64	0.27
	2002 - 2012	3.43	3.23	1.41	0.71	1.64	1.35	0.63	0.26
	1997 - 2013	3.48	3.13	1.38	0.76	1.59	1.31	0.62	0.26
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
	2002 - 2012	4.00	3.79	2.03	0.75	1.42	1.27	0.54	0.32
	2002 - 2013	3.86	3.63	1.96	0.84	1.35	1.22	0.53	0.33
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
	2002 - 2012	4.05	3.67	1.89	0.89	1.45	1.27	0.51	0.13
	2002 - 2013	3.91	3.51	1.86	0.95	1.39	1.24	0.51	0.13
	1997 - 2008	1.08	1.19	0.92	0.86	1.98	1.46	0.74	0.31
	1997 - 2009	3.61	3.43	1.71	0.86	2.04	1.60	0.71	0.30
	1997 - 2010	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
	2002 - 2012	3.50	3.22	1.64	0.94	1.82	1.46	0.68	0.28
	1997 - 2013	3.42	3.12	1.64	0.98	1.77	1.43	0.67	0.27
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
	2002 - 2012	3.95	3.57	1.71	0.57	1.55	1.35	0.44	0.23
	2002 - 2013	3.82	3.42	1.66	0.72	1.49	1.30	0.43	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
	2002 - 2012	3.86	3.91	1.89	1.25	1.36	1.46	0.75	0.26
	2002 - 2013	3.76	3.75	1.83	1.28	1.30	1.40	0.72	0.29
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
	2002 - 2012	4.27	4.12	2.62	1.50	2.68	1.77	1.00	0.49
	2002 - 2013	4.09	3.97	2.59	1.53	2.57	1.69	0.98	0.51

Table 12: **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 Mean Absolute Error									
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
	2002 - 2012	0,63	0,57	0,31	0,13	0,49	0,50	0,24	0,09
	2002 - 2013	0,64	0,54	0,30	0,15	0,45	0,48	0,24	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
	2002 - 2012	0,60	0,54	0,33	0,16	0,42	0,36	0,18	0,07
	1997 - 2013	0,61	0,51	0,30	0,17	0,39	0,34	0,17	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
	2002 - 2012	0,61	0,57	0,33	0,15	0,48	0,45	0,23	0,14
	2002 - 2013	0,61	0,54	0,33	0,17	0,45	0,44	0,24	0,14
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
	2002 - 2012	0,60	0,53	0,32	0,17	0,51	0,50	0,19	0,05
	2002 - 2013	0,60	0,51	0,34	0,19	0,48	0,50	0,20	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
	2002 - 2012	0,57	0,54	0,32	0,21	0,49	0,40	0,19	0,06
	1997 - 2013	0,57	0,51	0,33	0,22	0,46	0,39	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
	2002 - 2012	0,59	0,54	0,31	0,11	0,60	0,54	0,15	0,09
	2002 - 2013	0,59	0,51	0,31	0,13	0,57	0,52	0,16	0,10
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
	2002 - 2012	0,57	0,59	0,34	0,22	0,54	0,55	0,27	0,11
	2002 - 2013	0,59	0,57	0,34	0,24	0,50	0,53	0,25	0,12
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
	2002 - 2012	0,69	0,62	0,41	0,28	0,83	0,58	0,42	0,19
	2002 - 2013	0,66	0,62	0,43	0,30	0,79	0,55	0,42	0,21

Table 12: **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
stdRMSE ... Standardised Root Mean Square 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
	2002 - 2012	1,02	0,93	0,40	0,18	0,67	0,66	0,29	0,11
	2002 - 2013	1,02	0,91	0,39	0,20	0,66	0,64	0,29	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
	2002 - 2012	0,99	0,93	0,41	0,20	0,42	0,36	0,18	0,07
	1997 - 2013	1,00	0,90	0,40	0,22	0,39	0,34	0,17	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
	2002 - 2012	1,00	0,95	0,51	0,19	0,70	0,63	0,27	0,16
	2002 - 2013	0,99	0,93	0,50	0,21	0,68	0,62	0,27	0,17
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
	2002 - 2012	1,01	0,91	0,47	0,22	0,72	0,63	0,25	0,06
	2002 - 2013	1,00	0,90	0,48	0,24	0,70	0,62	0,26	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
	2002 - 2012	1,01	0,93	0,47	0,27	0,65	0,52	0,24	0,10
	1997 - 2013	0,99	0,90	0,47	0,28	0,62	0,50	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
	2002 - 2012	0,99	0,89	0,43	0,14	0,77	0,67	0,22	0,12
	2002 - 2013	0,98	0,87	0,42	0,18	0,75	0,65	0,22	0,12
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
	2002 - 2012	0,96	0,97	0,47	0,31	0,67	0,73	0,37	0,13
	2002 - 2013	0,96	0,96	0,47	0,33	0,66	0,71	0,36	0,15
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
	2002 - 2012	1,07	1,03	0,65	0,37	1,33	0,88	0,50	0,24
	2002 - 2013	1,05	1,01	0,66	0,39	1,30	0,86	0,50	0,26

Table 12: **Comparison of the performance assessment of forecasts for economic growth and inflation of individual institutions** * *- notes*

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 2014.
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, (Juny, December), Ljubljana, (SKEP)- Economic Outlook, Analysis and Forecasts of the Chamber of Commerce and Industry of Slovenia, Spring Economic Forecast, Autumn Economic Forecast (April, November), European Commission (EC)
World Economic Outlook (April, October), Washington, International Monetary Fund (IMF).
Current Analyses and Forecasts (March, November), WIIW

Acronyms

Acronyms in the text

ABSPP – Asset Backed Securities Purchase Programme, **AJPES** – Agency of the Republic of Slovenia for Public Legal Records and Related Services, **BAMC** - Bank Asset Management Company, **BS** – Bank of Slovenia, **CBPP** – Covered Bond Purchase Programme, **EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortization, **EC** – European Commission, **ECB** – European Central Bank, **EIA** – Energy Information Administration, **ESR** – Evropski sistem računov, **EU** – European union, **GDP** – Gross domestic product, **GFS** – Government Finance Statistics, **GNI** – gross national income, **HICP**-Harmonised Index of Consumer Prices, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **LTRO** – Longer Term Refinancing Operations, **MF** – Ministry of Finance, **NAWRU** – Non-Accelerating Wage Rate of Unemployment, **NFI** – Non-monetary Financial Institutions, **NPISG** – Neprofitne institucije, ki služijo gospodinjstvom, **OECD** – Organization for Economic Co-operation and Development, **RS** – Republic of Slovenia, **SKEP** - Analysis and Forecasts of the Chamber of Commerce and Industry of Slovenia, **SNA** – System of National Accounts, **SRE** – Statistical Register of Employment, **SURS** – Statistical Office of the Republic of Slovenia, **TLTRO** – Targeted Longer Term Refinancing Operations, **UN** - United Nations, **VAT** – value added tax.

Acronyms of Standard Classification of Activities (SCA)

A-Agriculture, forestry and fishing, **B**-Mining and quarrying, **C**-Manufacturing, **10**-Manufacture of food products, **11**-Manufacture of beverages, **12**-Manufacture of tobacco products, **13**-Manufacture of textiles, **14**-Manufacture of wearing apparel, **15**-Manufacture of leather and related products, **16**- Manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials, **17**-Manufacture of paper and paper products, **18**-Printing and reproduction of recorded media, **19** - Manufacture of coke and refined petroleum products, **20**-Manufacture of chemicals and chemical products, **21**-Manufacture of basic pharmaceutical products and pharmaceutical preparations, **22**-Manufacture of rubber and plastic products, **23**- Manufacture of other non-metallic mineral products, **24**-Manufacture of basic metals, **25**-Manufacture of fabricated metal products, except machinery and equipment, **26**-Manufacture of computer, electronic and optical products, **27**-Manufacture of electrical equipment, **28**-Manufacture of machinery and equipment n.e.c., **29**- Manufacture of motor vehicles, trailers and semi-trailers, **30**-Manufacture of other transport equipment, **31**-Manufacture of furniture, **32**-Other manufacturing, **33**-Repair and installation of machinery and equipment, **D**-Electricity, gas, steam and air conditioning supply, **E**-Water supply sewerage, waste management and remediation activities, **F**-Construction, **G**-Wholesale and retail trade, repair of motor vehicles and motorcycles, **H-**Transportation and storage, **I**-Accommodation and food service activities, **J**- Information and communication, **K**- Financial and insurance activities, **L**-Real estate activities, **M**-Professional, scientific and technical activities, **N**-Administrative and support service activities, **O**-Public administration and defence, compulsory social security, **P**-Education, **Q**-Human health and social work activities, **R**-Arts, entertainment and recreation, **S**-Other service activities, **T**-Activities of households as employers, undifferentiated goods - and services - producing activities of households for own use, **U**-Activities of extraterritorial organizations and bodies.

Acronyms of Countries

AT-Austria, **BA**-Bosnia and Herzegovina, **BE**-Belgium, **BG**-Bulgaria, **BY**-Belarus, **CH**-Switzerland, **HR**-Croatia, **CZ**-Czech Republic, **CY**-Cyprus, **DE**-Germany, **DK**-Denmark, **ES**-Spain, **EE**-Estonia, **GR**-Greece, **FR**-France, **FI**-Finland, **HU**-Hungary, **IT**-Italy, **IL**-Israel, **IE**-Ireland, **JP**-Japan, **LU**-Luxembourg, **LT**-Lithuania, **LV**-Latvia, **MT**-Malta, **NL**-Netherlands, **NO**-Norway, **PL**-Poland, **PT**-Portugal, **RO**-Romania, **RS**-Republic of Serbia, **RU**-Russia, **SE**-Sweden, **SI**-Slovenia, **SK**-Slovakia, **TR**-Turkey, **UA**-Ukraine, **UK**-United Kingdom, **US**-United States of America.

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