Autumn Forecast of Economic Trends 2025

Summary

GDP growth is projected to decelerate from 1.7% in 2024 to 0.8% in 2025, well below the spring forecasts (2.1%); over the next two years, annual growth is expected to average around 2%. The slowdown is primarily driven by weaker export activity, particularly in the first half of the year, reflecting the economy's strong exposure to persistent difficulties faced by the European industry. A noticeable recovery is not yet expected in the second half of the year, although conditions have shown some improvement. After the conclusion of trade agreements by the United States with several major partners, including the EU, uncertainty surrounding global trade policy, while still elevated, has eased somewhat from historically high levels. In parallel, some sentiment indicators in the euro area have begun to improve. Against this backdrop, economic growth in 2025 will be driven mainly by domestic demand, especially household consumption, supported by robust employment and accelerating wage growth. Following stagnation last year, gross fixed capital formation is projected to expand moderately this year, underpinned by growth in construction investment – particularly in non-residential and infrastructure projects – as well as additional investment in manufacturing, given the sector's high capacity utilisation. Government consumption growth is expected to remain more subdued than last year and below the levels envisaged in the spring. In particular, growth in social transfers in kind has moderated (following last year's introduction of the compulsory health contribution), as has expenditure on goods and services, which was elevated last year partly due to flood-related reconstruction. This year, flood recovery efforts are instead contributing mainly to higher social transfers and capital expenditure, which are supporting the growth of private consumption and investment. In the next two years, with somewhat stronger growth in external demand, a recovery is expected in the export-oriented segment of the economy. Growth in investment will also be higher, directed towards capacity expansion in the export sector and construction works, where, in addition to infrastructure investment, we also expect a renewed increase in residential investment. Government consumption growth is expected to be volatile, reflecting the phasing-in of new entitlements under the long-term care system.

Employment is projected to decline this year (by an average of 0.2%), and then largely stagnate over the following two years, while unemployment is expected to remain low throughout the entire period. After contracting in the first half of the year, employment is expected to stabilize in the second half of 2025. Despite stronger economic growth, employment is projected to remain largely stagnant over the next two years, primarily due to demographic constraints. A significant share of new job creation will continue to rely on the employment of foreign nationals. The average number of registered unemployed persons will remain broadly unchanged this year compared with the previous year. In the next two years, however, with unemployment at historically low levels, further declines will be driven mainly by demographic

factors, resulting in a gradual increase in transitions from unemployment into inactivity or retirement.

This year, nominal wage growth will reach 7.5% (10.0% in the public sector and 6.0% in the private sector), exceeding last year's growth, before easing somewhat thereafter, while real wage growth will exceed the rates observed a decade ago. In the public sector, the ongoing wage reform is expected to exert a significant impact, peaking in 2025 and gradually tapering off in 2026 and 2027. In the private sector, wage growth is also expected to remain relatively strong this year and in the coming years, supported by continued labour market pressures and amplified by the demonstration effect of public sector wage increases. Nevertheless, companies' efforts to preserve competitiveness are expected to result in more moderate real wage growth compared with recent years.

Inflation in 2025 (2.9% year-on-year at end-2025) will be somewhat higher than last year, mainly due to higher food prices, and above the level projected in the spring, before declining towards 2.3% over the next two years. Service price growth will also remain relatively elevated, driven further by wage growth due to labour shortages and by demand supported by the projected increase in disposable income. Some other indicators, however, suggest limited additional price pressures. Producer price growth is moderate, while import prices declined over the summer, reflecting lower energy costs and the appreciation of the euro. In the absence of external shocks, energy price dynamics will continue to be shaped by past administrative measures through base effects, and going forward, also by the network charges. After 2025, inflation is expected to ease to 2.3%, primarily reflecting a projected slight moderation in food price growth, with the effects of climate change continuing to weigh on production volumes and costs. Service price growth is expected to persistently outpace overall consumer price inflation, keeping core inflation slightly above 2% over a longer period.

The realisation of the Autumn Forecast is accompanied by significant risks, predominantly on the downside, stemming mainly from the international environment, though some originate domestically. The greatest downside risk to GDP growth from the international environment arises from a possible escalation of trade tensions and rising uncertainty, which would weigh on economic activity in Slovenia's trading partners, particularly through lower investment in sectors exposed to international trade. Another risk to the baseline forecast scenario is a potential deterioration in financial market confidence, which could tighten financing conditions and prompt greater caution by firms and households in investment and consumption decisions. Geopolitical and other risks also remain substantial, with the potential to slow the growth of the European and Slovenian economy at a time when it has long been facing structural challenges and declining competitiveness. An escalation of conflicts in war-affected areas, particularly in the Middle East and Ukraine, could lead to higher prices of energy, food and transportation, and supply chain disruptions, further weakening global trade and European economic growth and intensifying inflationary pressures. On the domestic side, downside risks are primarily linked to the capacity to implement large-scale investment projects and to rising labour costs. Upside risks to growth include a stronger-than-expected impact of higher defence expenditure (both domestically and abroad), more effective attraction of highly skilled labour, and favourable effects from EU funds absorption combined with reform measures.

Slovenia's main macroeconomic aggregates

		Autumn Forecast (September 2025)		
	2024	**2025**	**2026**	**2027**
GDP				
GDP, real growth in %	1.7	**0.8**	**2.1**	**2.2**
GDP, nominal growth in %	5.3	**4.2**	**5.0**	**4.9**
GDP in EUR billion, current prices	67.4	**70.3**	**73.8**	**77.4**
Exports of goods and services, real growth in %	2.3	**-0.2**	**2.8**	**3.1**
Imports of goods and services, real growth in %	4.3	**2.4**	**3.1**	**3.4**
External balance of goods and services (contribution to growth in p.p.)	-1.3	**-2.0**	**-0.2**	**-0.1**
Private consumption, real growth in %	3.8	**2.2**	**2.2**	**2.4**
Government consumption, real growth in %	7.3	**1.6**	**3.8**	**2.3**
Gross fixed capital formation, real growth in %	-0.3	**0.8**	**3.0**	**2.5**
Change in inventories and valuables (contribution to growth in p.p.)	-0.2	**1.0**	**-0.3**	**0.0**
EMPLOYMENT, WAGES AND PRODUCTIVITY				
Employment according to the National Accounts Statistics, growth in %	0.5	**-0.2**	**0.1**	**0.1**
Number of registered unemployed, annual average in '000	46.0	**45.1**	**44.5**	**43.9**
Registered unemployment rate in %	4.6	**4.6**	**4.5**	**4.4**
ILO unemployment rate in %	3.7	**3.6**	**3.6**	**3.5**
Gross wages per employee, nominal growth in %	6.2	**7.5**	**5.5**	**5.3**
Gross wages per employee, real growth in %	4.1	**4.9**	**3.1**	**3.0**
– private sector	4.9	**3.4**	**2.9**	**3.0**
– public sector	2.5	**7.3**	**3.5**	**3.0**
Labour productivity (GDP per employee), real growth in %	1.3	**0.9**	**1.9**	**2.0**
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE, in EUR billion	3.1	**1.8**	**1.6**	**1.4**
- as a % of GDP	4.5	**2.6**	**2.2**	**1.9**
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec./Dec.), in %	1.9	**2.9**	**2.3**	**2.3**
Inflation (annual average), in %	2.0	**2.5**	**2.4**	**2.2**
Real effective exchange rate deflated by unit labour costs	-0.3	**2.9**	**2.1**	**1.1**
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth in %	0.8	**1.9**	**2.1**	**2.5**
GDP in the euro area, real growth in %	0.9	**1.2**	**1.3**	**1.4**
Oil price (Brent crude, USD/barrel)	80.5	**69.8**	**65.4**	**65.2**
Non-energy commodity prices in USD, growth	9.0	**4.5**	**-0.5**	**-0.5**
USD/EUR exchange rate	1.082	**1.127**	**1.160**	**1.160**

Source: For 2024 SURS (2025), BoS (2025), ECB (2025a), EIA (2025), Eurostat (2025); for 2025–2027 forecasts by IMAD.
Note: * Data for 2024 are IMAD's estimates. For Slovenia's nominal unit labour costs (NULC), they incorporate the first annual GDP estimates for 2024, published by SURS on 29 August 2025, which were not yet included in the ECB data at the time of publication.

The Autumn Forecast of Economic Trends is based on statistical data, information and adopted measures known at the cut-off date of 5 September 2025.