spring forecast of economic trends 2017

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Summary

The Spring Forecast assumes a continuation of stable economic conditions internationally, favourable economic developments in Slovenia and implementation of the announced economic policy. International institutions expect a continuation of last year's rates of GDP growth in most of Slovenia's main trading partners. Our forecast for the domestic environment assumes implementation of planned economic policies. With the improvement in the banking system situation and a broadening of sources of finance for the corporate sector, financial limitations to growth are assumed to diminish further over the forecast horizon. All this will support further growth of Slovenia's economy, which has strengthened in the last year and become more broad-based.

The Spring Forecast envisages GDP growth strengthening to 3.6% this year and then hovering around 3% in 2018 and 2019. The drivers of 2017 growth remain similar to those last year; the acceleration relative to 2016 will mainly reflect the dynamics of government investment. Exports will remain the key driver of economic activity over the entire 2017–2019 period. They will continue to be boosted not only by growth in foreign demand but also competitiveness gains in the tradable sector. The contribution of domestic consumption will continue to rise. Household consumption is thus expected to increase further this year amid growth in all key disposable income components and a high level of consumer confidence. Positive developments will also continue over the next two years. With rising demand and favourable conditions for investment throughout the forecasting period, we project further growth in investment in machinery and equipment and, with the recovery in the real estate market, a gradual rebound in housing investment. In line with the government's plan for the absorption of EU funds from the new financial perspective, government investment will also increase after the sharp fall in 2016, and this will constitute the key change in total investment activity, which is set to pick up this year. Government consumption will also continue to rise, but at a lower rate than in the previous two years.

Favourable labour market trends will persist, but towards the end of the forecasting period they will be increasingly characterised by demographic change. After the strong growth in employment in 2016, a similar increase (2.2%) is expected this year, amid a further strengthening of economic growth. A continuation of favourable trends is also suggested by the indicators of expected employment, which have reached the highest levels since the onset of the crisis across all private sector activities. Unemployment will consequently also drop further, with the number of unempl oyed falling to 90,000 for the year as a whole. Towards the end of the forecasting period, labour market conditions will be increasingly affected by demographic change, particularly the contraction of the working-age population.

After last year's strongest growth of the average wage in five years, we expect its further strengthening in 2017–2019. The acceleration of the nominal growth of the average gross wage in the private sector will arise from higher GDP growth and a further fall in unemployment. This fall is also related to companies' difficulties in finding skilled workers, a problem that will add further pressure on wage growth. Wage growth is nevertheless expected to remain in line with productivity growth, as wage formation in the private sector (the tradable sector in particular) will continue to reflect companies' efforts to maintain competitiveness. The general government sector will see higher wage growth than last year owing to the lifting of the freeze on promotions, the return of the pay scale and the pay rises agreed.

Inflation will strengthen to around 2% this year particularly owing to higher energy prices; amid a gradual increase in core inflation, it will remain at similar levels in the next two years. This year's higher growth of consumer prices will be mainly related to the prices of energy, which will be significantly higher than last year after falling for a long period. Reflecting higher growth in domestic demand, core inflation will also be rising over the entire forecast horizon, with further price growth expected particularly for services. Price rises in non-energy goods will be more moderate and more gradual, as commodity shocks are predicted to be passed on to final consumer prices with a delay.

The current account surplus will narrow this year and remain at similar, albeit still high, levels in the next two years. The main reason why the current account surplus will remain sizeable is the still low level of gross fixed capital formation. The expected pick-up in domestic consumption will otherwise boost the growth of imports, but the favourable export trends are also set to continue with the improvement in competitiveness in recent years. The narrowing of the total surplus in 2017 to 4.6% of GDP will be mainly affected by price factors owing to oil and other commodity price rises after four years of favourable trends. The impact of the increased volume of domestic consumption and goods imports will be significantly smaller; similar developments will also be seen in the next two years, for which unchanged terms of trade are assumed. In services trade, the surplus is expected to rise further, particularly in travel and transport services. In other flows we expect increasing net outflows abroad. The narrowing of the current account surplus will mainly be due to higher capital expenditure (higher net outflows of income from direct investment equity and net payments of interest on external debt) and, to a lesser extent, the expected higher payments into the EU budget.

Estimates based on the Spring Forecast indicate that in the next few years Slovenia will move into slightly positive output gap territory amid the still weak growth of potential GDP. A more than ten-year period of relatively low potential GDP growth is indicative of the long-term effect of the crisis. Growth has otherwise been picking up gradually and is estimated to total around 2.5% at the end of this decade, which is still significantly lower than before the crisis. This is mainly attributable to the low contribution of capital amid the still low level of gross fixed capital formation, which will remain significantly below the pre-crisis level at the end of the forecasting period despite the expected growth in the coming years. The contribution of total factor productivity will also be smaller than before the crisis; it has otherwise been rising the fastest and contributes the most to the higher growth of potential GDP. Owing to the expected rises in employment rates, the contribution of labour will be positive too, despite the decline in the working-age population.

The risks to the central scenario of the Spring Forecast, which arise from the international environment, are mainly negative; in the domestic environment, upside risks predominate. The risks associated with the international environment are mainly related to the high level of political uncertainty, but these risks were not reflected in the indicators of activity and confidence at the time the forecast was prepared. The uncertainty is linked primarily to the framework for the future functioning of the EU in connection with Brexit and the outcome of elections in some of Slovenia's main trading partners, and the new US administration's policy measures. The risks in the domestic environment are mainly related to the dynamics of investment. With a revival in lending and an even lower level of uncertainty in the business environment, private investment could be higher than under the baseline scenario. Government investment in 2017 could be lower than forecast, with different dynamics of EU funds absorption than planned. Household consumption could also be higher than assumed under the baseline scenario, especially if disposable income were to increase even more as a result of even more favourable developments on the labour market.

Spring forecast 2017 of Slovenia's main macroeconomic aggregates

	2016	Spring forecast (March 2017)		
		2017	2018	2019
GROSS DOMESTIC PRODUCT				
GDP, real growth (%)	2.5	3.6	3.2	2.6
GDP in EUR m, current prices	39,769	41,625	43,675	45,577
EMPLOYMENT, EARNINGS AND PRODUCTIVITY				
Employment according to the SNA, growth in %	2.0	2.2	1.5	1.0
Number of registered unemployed, annual average (in '000)	103.2	90.2	84.9	80.2
Registered unemployment rate (%)	11.2	9.7	9.1	8.5
ILO unemployment rate (%)	8.0	7.0	6.4	6.0
Gross earnings per employee, real growth (%)	1.9	1.5	1.7	1.3
- private sector	1.8	1.5	1.7	1.8
- public sector	2.4	1.7	2.0	0.6
Labour productivity (GDP per employee), real growth (%)	0.5	1.4	1.7	1.6
EXTERNAL TRADE				
Exports of goods and services, real growth (%)	5.9	6.0	5.1	4.8
Exports of goods	5.7	6.1	5.1	4.9
Exports of services	6.8	5.4	4.8	4.5
Imports of goods and services, real growth (%)	6.2	6.5	5.6	5.1
Imports of goods	6.6	6.8	5.7	5.2
Imports of services	4.1	5.0	4.8	4.4
BALANCE OF PAYMENTS STATISTICS				
Current account balance (EUR m)	2,719	1,911	1,906	2,024
- as a % of GDP	6.8	4.6	4.4	4.4
External balance of goods and services, in EUR m	3,841	3,601	3,650	3,785
- as a % of GDP	9.7	8.7	8.4	8.3
DOMESTIC DEMAND				
Domestic consumption, real growth (%)	2.4	3.8	3.4	2.6
of which:				
Private consumption	2.8	3.5	2.7	2.0
Government consumption	2.6	1.0	0.9	0.6
Gross fixed capital formation	-3.1	7.0	7.0	6.0
Change in inventories, contribution to GDP growth, in pps	0.8	0.1	0.1	0.0
EXCHANGE RATES AND PRICES				
USD/EUR exchange rate	1.107	1.067	1.068	1.068
Real effective exchange rate – CPI deflator	0.2	0.5	-0.2	0.2
Inflation (Dec/Dec)	0.5	2.1	1.9	2.1
Inflation (annual average)	-0.1	1.8	1.6	2.0
Oil price (Brent crude, USD/barrel)	44.8	56.3	56.4	55.8

Source: Year 2016 SURS, BoS, ECB, EIA, 2017–2019 IMAD forecasts.

The Spring Forecast is based on statistical data, information and adopted measures known at the cut-off date of 9 March 2017.

spring forecast of economic trends 2017

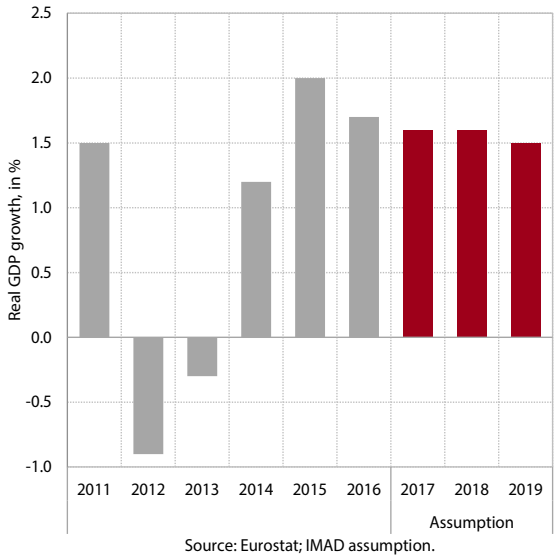
1. Assumptions of the Spring Forecast of Economic Trends 2017

1.1. International environment

The Spring Forecast assumes a continuation of last year's rates of economic growth in most main trading partners. According to the forecasts by international institutions, GDP growth in the euro area should hover around 1.6% in 2017–2019. It will continue to rely mainly on growth in private consumption amid a further improvement in labour market conditions. The recovery of investment is also expected to continue. Consistent with the projected gradual strengthening of global economic growth, export growth should also start increasing again. Optimism regarding further growth and the continuation of the ECB's expansionary policy are contributing to the improvement in lending conditions for enterprises and households and, consequently, higher credit flows.[1] Despite increases in recent months, the required yields of euro area government bonds remain at historic lows. Among Slovenia's main trading partners outside the euro area, favourable GDP growth in Croatia, which strengthened last year as a result of the record tourist season, is expected to continue amid the accelerated absorption of EU funds. In Russia, economic activity should start rising particularly on the back of higher commodity prices.

The Spring Forecast is based on the technical assumption[2] of high growth of the average prices of oil and other commodities in 2017. Oil prices already rose at the end of last year as a consequence of the assumed higher global economic activity and OPEC's agreement to reduce oil production. In drawing up the forecast, we took into account the technical assumption for the average price of a barrel of Brent crude in 2017 of USD 56.3, which implies a 25% increase over the average price in 2016. Based on movements on the futures markets, we assumed the average price to remain almost unchanged in the next two years. The assumption regarding the movement of dollar prices of non-energy commodities anticipates that they will increase by 5% this year and then stay at similar levels in 2018 and 2019.

Figure 1: **GDP in the euro area**



Source: Eurostat; IMAD assumption.

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

Real growth rates, in %	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
EU	1.9	1.6	1.7	1.9	1.7	1.7
Euro area	1.7	1.4	1.6	1.6	1.6	1.5
Germany	1.9	1.4	1.6	1.4	1.6	1.4
Italy	0.9	1.0	0.9	1.1	1.0	1.0
Austria	1.5	1.4	1.5	1.4	1.5	1.3
France	1.2	1.4	1.3	1.5	1.5	1.6
Croatia	2.9	2.1	2.9	2.2	2.5	2.3
Russia	-0.4	1.0	1.0	1.6	1.3	1.6

Source: Eurostat (for 2016); Consensus Forecasts, February 2017; Eastern Consensus Forecasts, February 2017; EC Winter Forecast, February 2017; ECB staff macroeconomic projections, March 2017; IMF World Economic Outlook Update, January 2017; IMAD estimate.

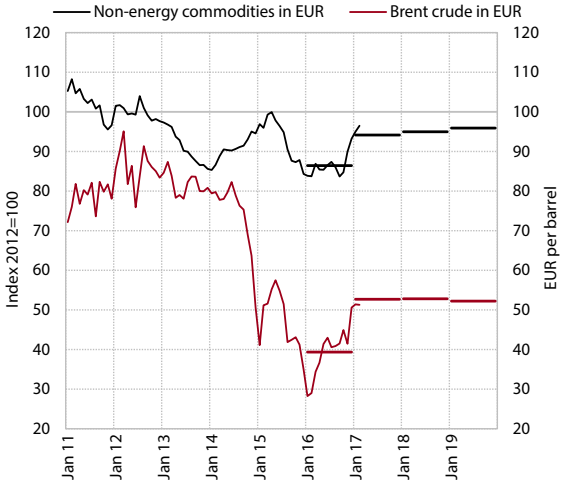
[1] The euro area bank lending survey (ECB, January 2017).
[2] The oil price assumption is based on average futures prices between 1 and 17 February 2017; the assumption for non-energy commodity prices is made on the basis of estimates by international institutions.

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

	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
Brent crude price (USD)	44.8	49.0	56.3	52.0	56.4	55.8
Brent crude price (EUR)	40.4	43.8	52.7	46.5	52.8	52.2
Non-energy commodity prices (USD), growth	-2.0	3.0	5.0	3.0	1.0	1.0
USD/EUR exchange rate	1.107	1.118	1.067	1.118	1.068	1.068

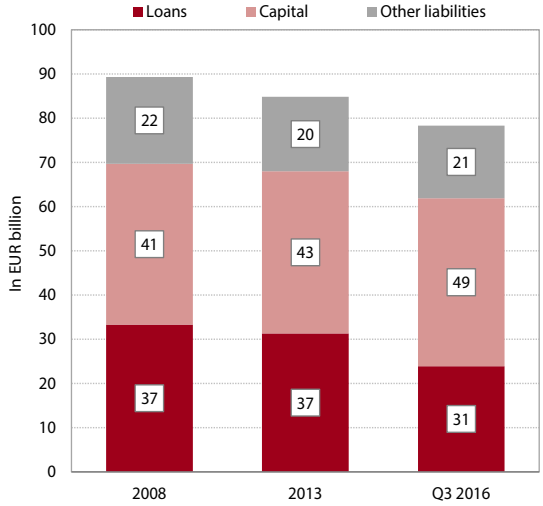
Source: EIA, IMF, ECB, CME, IMAD estimate. The assumptions are made on the basis of the average values between 1 and 17 February 2017.

Figure 2: **Oil and non-energy commodity prices**



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

Figure 3: **Structure of source of finance for non-financial corporations in Slovenia**



Source: BoS. Note: The shares in columns are in %. The sums may not add up to 100% due to rounding.

1.2. Sources of finance

Access to sources of finance for Slovenian enterprises is improving and so is the structure of sources. In 2016 only one tenth of the enterprises surveyed identified access to finance as the main obstacle to doing business in Slovenia, which is similar to the EU average, in contrast to over one quarter in 2014.[3] Problems with funding are otherwise still reported in some service sector activities, but they are no longer cited as a major limiting factor in the tradable sector of the economy.[4] The share of longer-term sources of finance is rising, which, together with diversification of sources, makes enterprises less vulnerable to possible shocks on the domestic and international financial markets. Internal resources (saved assets, capitalisations, particularly by changes in ownership structure) are playing an increasingly important role; to a lesser extent enterprises are also financing their operations by issuing debt securities. The volume of these securities is however still fairly modest, at only EUR 1.4 billion.[5]

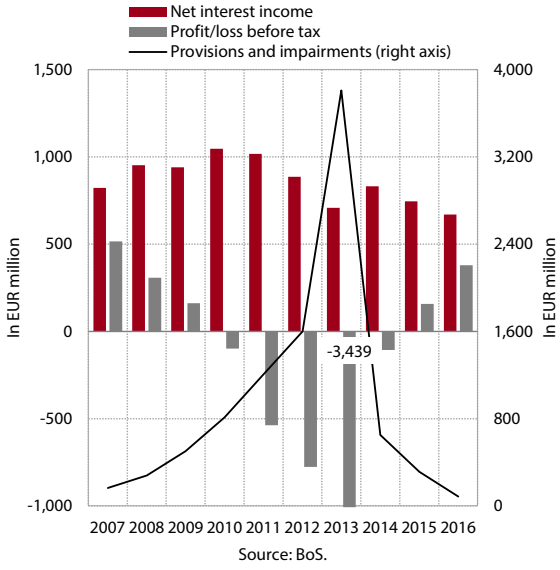
Despite diversification, domestic bank loans remain an important funding source for enterprises. With a further improvement in economic conditions, the demand for domestic bank loans is estimated to increase further, as particularly small and medium-sized enterprises have very limited access to other sources of funding. The rising needs for funding are also reflected in increased demand for investment loans in the last year.[6]

Access to sources of finance is also improving for households. Household demand for loans is rising amid growth in private consumption and the recovery of the real estate market. Banks are inclined to grant loans to households because of their low indebtedness. Last year consumer loans also started to rise in addition to housing loans. We estimate that this is not only a consequence of higher spending by households, but also banks favouring this type of loans owing to shorter maturities and hence better management of interest-rate risk. This is indeed rising as a result of increased lending at a fixed interest rate, with the average interest rates for consumer loans being lower than the euro area average for the fifth year in a row.

[3] Survey on the Access to Finance of Enterprises (EC and ECB, 2016).
[4] SURS data on limiting factors according to the business tendency survey.
[5] They recorded the strongest growth of all sources of finance, as in the third quarter of 2016 their volume was almost three times as high as at the end of 2008.
[6] ECB Bank Lending Survey.

The situation in the banking system is improving gradually and no longer represents such a limiting factor to economic growth as in previous years. Deposits are by far the most important source of funding for the banking system; the share of liabilities to foreign banks[7] declined the most relative to the pre-crisis period. Both household and corporate deposits are on the rise.[8] Although deposits held by domestic non-banking sectors tend to be a more stable source of funds, only sight deposits are increasing in the Slovenian banking system and, to a small extent, deposits redeemable at notice.

Figure 4: **Net interest income, profits and impairments and provisions created in the Slovenian banking system**



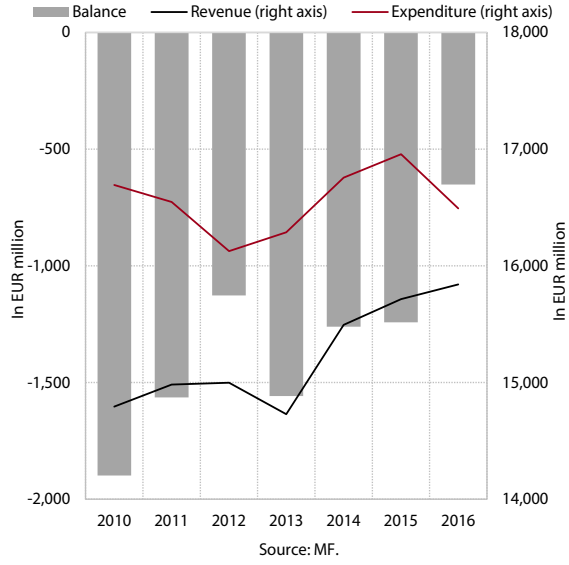
Source: BoS.

In the current market conditions the government has favourable access to financing. In 2016 and early 2017, it increased the existing issues of long-term bonds and issued new long-term bonds under more favourable conditions. The high liquidity of the money market is also reflected in extremely low yields on short-term debt instruments (less than zero since February 2016), but the share of new short-term borrowing is low.[9] The maturity of general government debt is thus being extended while the average debt servicing costs decline. While borrowing relatively extensively, the government has also preserved a high level of funds in accounts, which prevents growth in the net debt of the general government sector and allows room for manoeuvre in the event of sudden changes on international financial markets.

1.3. Public finance

The Spring Forecast takes into account the government's policy towards further reducing the general government deficit in the coming years. This narrowed further last year[10] under the impact of more favourable economic conditions, the retention of some of the measures taken to contain expenditure growth, and a reduction of subsidies and investments, i.e. co-financing obligations related to the absorption of EU funds upon transition to the new 2014–2020 financial framework. The forecast takes into account that the general government deficit will continue to narrow in 2017 and the following years with the strengthening of economic growth, which will facilitate higher revenue growth than in previous years. However, owing to the further easing of measures relating to earnings and social benefits and transfers,[11] we estimate that fiscal consolidation on the expenditure side will be achieved by some other, more flexible expenditure categories. This will be reflected in modest growth in expenditure on goods and services amid further implementation of centralised public procurement. With the anticipated increase in the absorption of EU funds from the 2014–2020 financial perspective as of 2017, general government investment is otherwise expected to expand, but will remain lower than in 2014 and 2015, when the previous financial perspective was coming to an end.

Figure 5: **General government revenue, expenditure and balance, according to the cash-flow methodology (GFS)**



Source: MF.

[7] Liabilities to foreign banks totalled EUR 2.8 billion at the end of 2016, compared with EUR 17.1 billion at the end of 2008 (the highest level was recorded in August 2008, at EUR 18.0 billion).

[8] Banks started to charge enterprises for larger deposits. This could, with a further widening of the range of suitable alternative investments, including those in gross fixed capital formation, accelerate transfers of corporate funds from bank accounts. Deposits of domestic non-financial corporations and households amounted to EUR 5.8 billion and EUR 16.9 billion respectively at the end of 2016 and EUR 3.7 billion and EUR 13.7 billion at the end of 2008.

[9] The short-term debt in the form of securities totals around 1% (together with short-term loans around 3.5%) of the total general government debt. The share of the short-term debt in total debt is constantly declining and reflects efforts towards greater debt maturity dispersion. The largest share of the total short-term debt amounted to around 10% of the total debt at the beginning of 2009.

[10] According to the GSF–IMF cash-flow methodology, the general government deficit totalled 1.6% of GDP in 2016 (3.2% of GDP in 2015).

[11] In the period since the preparation of the Autumn Forecast of Economic Trends 2016, Slovenia adopted agreements referring to salaries and other labour costs in the public sector for 2017 and partly for 2018. In line with the Budget Implementation Act for 2016–2017 (Zakon o izvrševanju proraèunov), pensions were also adjusted at the beginning of 2017. Furthermore, legislative changes in the area of social assistance and rights to public funds are expected to increase the number of beneficiaries of income supplement, cash social assistance and subsidies for school meals.

2. Forecast of economic trends in Slovenia

2.1. GDP – consumption aggregates

In 2016 economic growth was strengthening gradually and totalled 2.5% for the year as a whole.[12] Boosted by rising foreign demand and competitiveness gains, exports expanded even slightly more than in 2015 and remained the main driver of economic growth. Amid a further significant improvement on the labour market and hence a further increase in employment and earnings, stronger growth was also recorded for household disposable income. Amid increased optimism of consumers, this contributed to stronger growth in private consumption, underpinned by further growth in spending on durable goods and a more visible increase in spending on other goods and services, which account for the largest share of consumption. Owing to the loosening of austerity measures adopted in 2012 and 2013, government consumption also expanded further in 2016. Private investment in machinery and equipment also rose more noticeably, which is related to the high level of capacity utilisation, good business results and reduced corporate indebtedness; financing conditions were also better than in previous years. The only exception to these favourable trends was public investment, which dropped substantially last year, mainly owing to the very modest drawdown of EU funds upon the transition to the new financial perspective.

GDP growth will strengthen considerably in 2017 (3.6%) and then hover around 3% in the next two years. Exports will remain the key driver of growth throughout the forecasting period. Growth will remain broad-based, with the contribution of domestic consumption strengthening further. The substantial increase in GDP growth in 2017 will be due to the rebound in public and hence total investment and higher growth in household consumption. With the continuation of favourable trends in investment in machinery and equipment (private

Figure 6: **GDP in Slovenia**

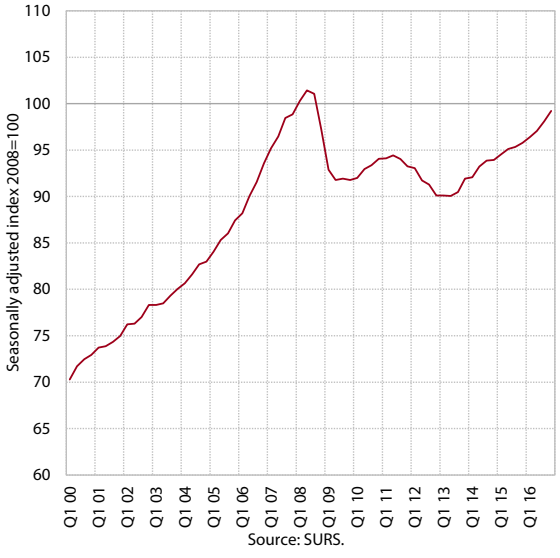


Figure 7: **Slovenia's GDP – expenditure structure**

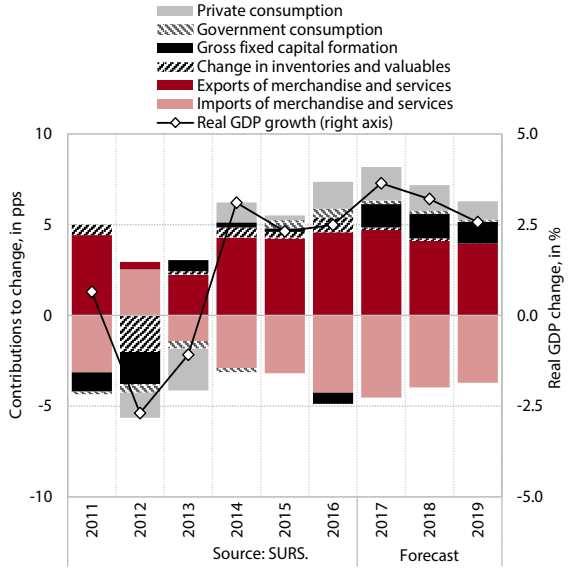


Table 3: **Forecast for economic growth**

Real growth rates (%)	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
GDP	2.5	2.9	3.6	2.6	3.2	2.6
Exports	5.7	5.5	6.0	5.0	5.1	4.8
Imports	6.6	5.9	6.5	5.1	5.6	5.1
External balance of goods and services (contribution to growth in pps)	*0.3*	*0.3*	*0.2*	*0.4*	*0.1*	*0.3*
Private consumption	2.8	2.2	3.5	2.0	2.7	2.0
Government consumption	2.6	1.3	1.0	0.7	0.9	0.6
Gross fixed capital formation	-3.1	6.0	7.0	5.0	7.0	6.0
Change in inventories and valuables (contribution to growth in pps)	*0.8*	*0.1*	*0.1*	*0.1*	*0.1*	*0.0*

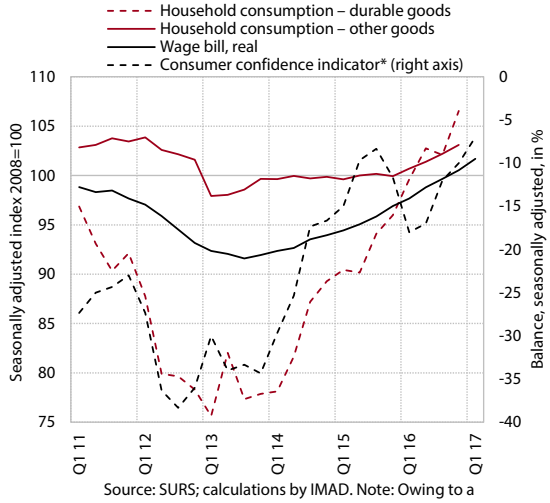
Source: SURS; 2017–2019 forecasts by IMAD.

[12] Quarterly seasonally adjusted GDP growth increased from 0.3% in the second half of 2015 to 0.7% in the first and 1.1% in the second half of 2016.

investment in particular) and a revival in construction investment, the strong growth of total investment will continue in 2018 and 2019. Reflecting lower growth in household consumption, GDP growth will fluctuate around 3% in these two years. Growth in general government consumption will be lower than in the previous two years throughout the forecasting period.

Private consumption growth in 2017 (3.5%) will be higher than last year, reflecting a further strengthening of disposable income and consumer optimism. The higher growth of disposable income will arise from further growth in employment and earnings in the private and public sectors and higher social benefits and transfers;[13] disposable income will also be positively affected by changes in personal income taxation.[14] The consumption of durable goods, having surpassed the pre-crisis level in the middle of 2016 after three years of growth, will continue to rise. Stronger growth will also be recorded for spending on other goods and services (especially semi-durables and leisure-related services[15]), i.e. the main category of consumption (over 90%), which started to expand in 2016. Reflecting further growth in all main disposable income components, private consumption will continue to rise in the next two years, but at a slightly lower rate than this year largely owing to the expected easing of employment growth (see 2.3, Employment and unemployment).

Figure 8: **Household consumption, the wage bill and consumer confidence indicator**

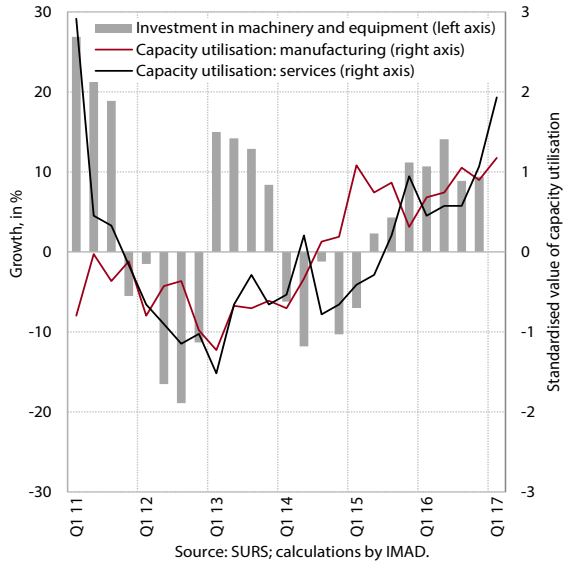


Source: SURS; calculations by IMAD. Note: Owing to a methodological change, data from 2016 onwards are not comparable with previous data. The data for the wage bill in Q1 2017 is the average of January and February.

The growth of government consumption is expected to be low in the forecasting period. Owing to the anticipated easing of employment growth and moderate growth in expenditure on goods, services and medicines as a result of the further implementation of centralised public procurement, we expect real growth in general consumption to be lower than in previous years.

Investment activity will rise over the forecasting period, driven by continued significant growth in investment in machinery and equipment and a revival in housing and government investment. After falling sharply in 2016 owing to the standstill in EU funds absorption upon the transition to the new financial perspective, government investment is expected to rebound in the forecasting period. Housing investment will also revive with the recovery of the real estate market, rising household disposable income and favourable financing conditions; this is also indicated by data on issued building permits.[16] Further growth in investment in machinery and equipment (private investment in particular), which totalled 10.8% last year, will continue to be supported by corporate profits, low interest rates and significantly lower corporate indebtedness[17] than in previous years; the level of capacity utilisation also remains high. Amid favourable conditions internationally, we expect further investment growth in the tradable sector, while the expected pick-

Figure 9: **Gross investment in machinery and equipment and capacity utilisation**



Source: SURS; calculations by IMAD.

[13] In February 2017, a 100% subsidy for primary and secondary school meals for the 2nd and 3rd child benefit class was introduced. As a result of the relaxation of restrictions related to inheritance and the removal of the ban on the sale of property for people receiving cash social assistance/income supplement, the number of cash social assistance/income supplement recipients is expected to increase, according to the Ministry of Labour, Family and Social Affairs; the increase in pensions will be due to the reinstatement of pension indexation, which will be undertaken once a year starting January 2017, the expected increase in the minimum pension for people who have completed 37–40 years of service, and the anticipated increase in funds for the annual pension supplement.

[14] They involved: changes to personal income tax brackets (introducing a new bracket with a 34% tax rate between the 2nd and the 3rd bracket and reducing the tax rate in the 4th bracket from 41% to 39%); increasing (by EUR 300) the threshold for entitlement to the highest additional general allowance; and disburdening part of performance-related pay (such as 13th month pay, Christmas bonuses) to up to 70% of the average monthly wage in Slovenia. The Ministry of Finance estimates the financial effect of these changes at EUR 106 million.

[15] Particularly recreational, cultural and accommodation and food service activities at home and abroad.

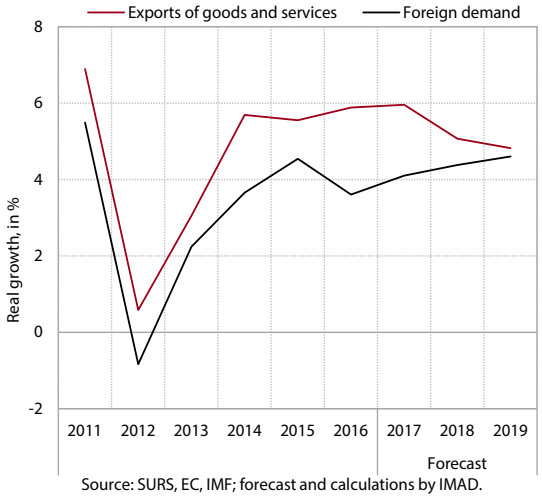
[16] The number of flats planned by the issuing of building permits was up 8.3 % last year.

[17] The debt-to-equity ratio and the financial leverage ratio are lower than before the crisis, while the interest coverage ratio is higher.

up in domestic demand and better access to funding will be conducive to investment growth in the non-tradable sector, the part of the economy where investment lags the most behind the pre-crisis levels

Export growth will remain high in the forecasting period, amid a gradual increase in foreign demand growth and the preservation of the favourable competitive position of exporters. The strengthening of growth in foreign demand in 2017–2019 will be mainly due to higher demand on EU markets and, in part, Russia. Export performance,[18] which improved significantly in the previous three years, is also expected to increase further. Over the entire forecasting period, export growth is expected to continue across all main groups of manufactured goods. It will mainly be driven by exports of more technology-intensive goods, which account for more than half of total merchandise exports. Particularly exports of motor vehicles are expected to accelerate in 2017, given the announced start of production of a new car model. Exports of services will also see further growth, and will continue to rely primarily on exports of transport and travel services. Its slightly lower rate than in 2016 will largely be due to the slowdown of export growth in construction and business services after last year's considerable hike.

Figure 10: **Exports of goods and services and foreign demand**



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

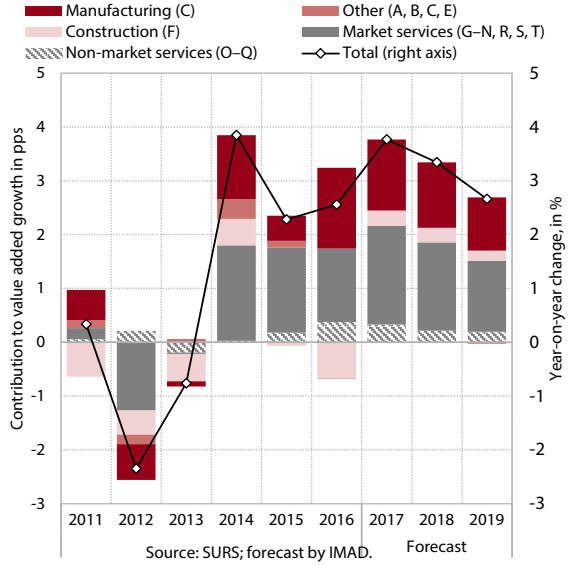
The growth of imports will also remain high in 2017–2019, against the background of further relatively strong export growth and the strengthening of domestic consumption. The growth of merchandise imports in 2017 will again be mainly underpinned by value added growth particularly in the manufacturing sector. Imports of consumer and investment goods will also be higher, with faster growth in household consumption and investment in machinery and equipment. The growth of services imports in 2017–2019 will be higher than previously, and broad-based. It will continue to be driven mainly by imports of administrative and support service activities and telecommunication, computer and information services. In connection with higher growth in private consumption, we also expect higher spending by domestic tourists abroad, and, with the revival in construction, higher imports of construction services.

[18] Export performance is calculated as the ratio of Slovenia's real exports of goods and services to the real imports of goods and services of its trading partners, weighted by Slovenia's shares of exports to these countries.

2.2. Value added by sector

In 2016 value added continued to increase in most sectors except construction and financial services. Total growth was slightly higher than in the previous year (2.6%; 2015: 2.3%). Amid rising foreign demand and a further increase in Slovenia's market share in its trading partners, the growth of value added in manufacturing accelerated. It derived from the strengthening of activity in most sectors, particularly the manufacture of ICT and electrical equipment and the metal and rubber industries. With high domestic production activity and a rebound in private consumption, value added also strengthened further in most of the main market services. In some sectors its growth was also underpinned by increased exports of services (particularly in transportation, accommodation and food service activities, and computer programming). Owing to the decline in government investment upon the transition to the absorption of EU funds under the new financial perspective, which affected civil engineering activity, the fall of value added in construction deepened further. The further decline in value added in financial and insurance activities stemmed mainly from the banking sector, where the contraction in loan volume otherwise slowed. In public service activities, the growth of value added strengthened amid increased employment after the relaxation of measures introduced during the crisis.

Figure 11: **Contributions to value added growth**



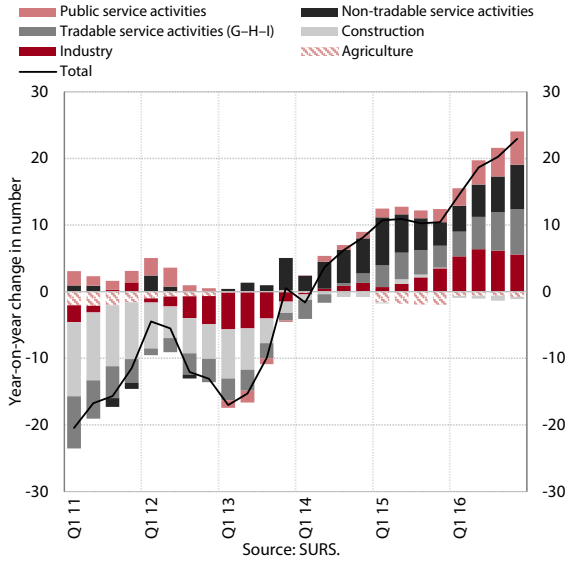
Source: SURS; forecast by IMAD.

In 2017 value added growth will increase further; a continuation of favourable trends is also expected for the next two years, albeit amid slightly lower growth. The main engine of growth will remain export-oriented manufacturing activities, where positive trends will continue across most industries, and the main contribution to growth will come from industries of higher technological intensity. With a rebound in the construction of non-residential buildings in both the industrial and the non-tradable, predominantly service sector, which is indicated by data on building permits issued, we project a revival of activity in the construction sector; residential construction will also continue its gradual recovery. The relatively high value added growth in market service activities will be driven not only by stronger domestic demand, but also foreign demand (particularly in segments related to tourism and transportation). In public service activities, we expect the strong growth of employment and value added from 2016 to abate gradually in the coming years.

2.3. Employment and unemployment

After the strong growth in employment[19] last year, we expect similar dynamics this year; in the coming years, employment growth will ease slightly owing to weaker economic growth; the impact of demographic change will continue to increase. Employment has been rising since the end of 2013, but last year its growth strengthened as a result of more broad-based economic growth and favourable expectations. Employment increased further in most private sector activities, once again especially in manufacturing, trade, accommodation and food service activities and professional, scientific and technical activities. Employment also continued to rise in employment activities that provide labour to other sectors, but their contribution to total growth declined again, in our assessment as a consequence of the increased direct hiring in other sectors. The available indicators of expected employment point to a continuation of favourable trends in 2017. Against the background of rising foreign demand, employment will continue to increase in activities related to exports, while the rebound in domestic consumption will continue to support growth in market services focused on the domestic market. With the expected revival of investment growth, employment will also strengthen slightly in construction, after several years of decline. Owing to the loosening of restrictions on new hiring, employment will also rise further in the general government, but at a slower rate. The gradual moderation of total employment

Figure 12: **Structure of employment growth**



[19] Employment according to the national accounts statistics.

Figure 13: **Employment expectations**

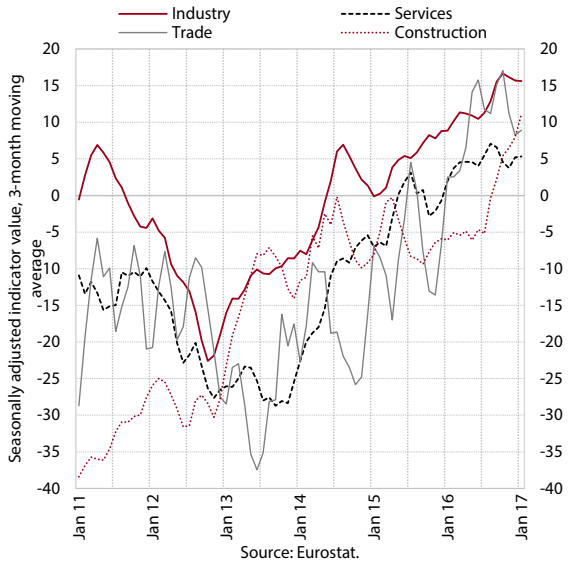
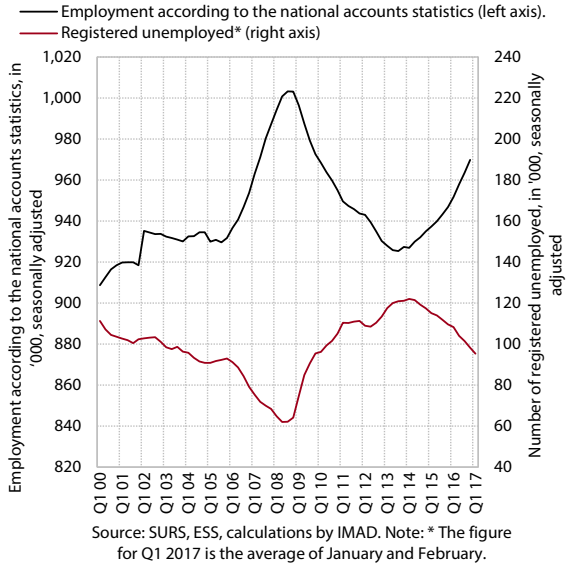


Figure 14: **Number of employed and number of registered unemployed**



Source: SURS, ESS, calculations by IMAD. Note: * The figure for Q1 2017 is the average of January and February.

Table 4: **Forecasts for employment and unemployment**

(%)	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
Employment according to the SNA, growth	2.0	1.4	2.2	1.1	1.5	1.0
Number of registered unemployed, annual average	103.2	94.5	90.2	88.1	84.9	80.2
Registered unemployment rate	11.2	10.2	9.7	9.5	9.1	8.5
ILO unemployment rate	8.0	7.5	7.0	6.8	6.4	6.0

Source: SURS; 2017–2019 forecasts by IMAD.

growth towards the end of the forecasting period will be increasingly influenced by demographic trends, specifically the decline in the working-age population.[20]

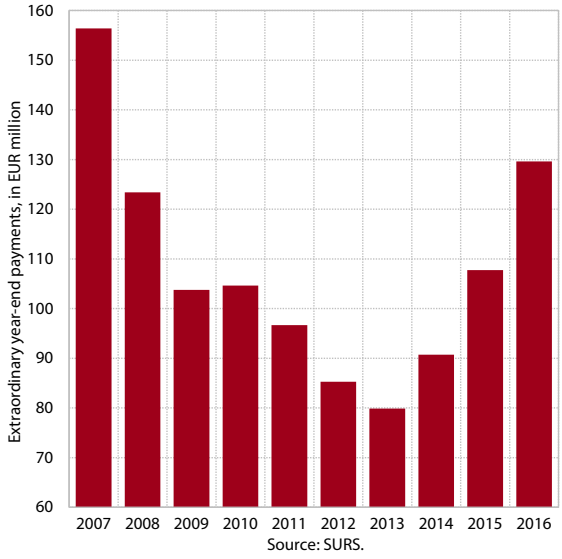
With growth in employment and economic activity, registered unemployment will decline further in 2017–2019. The decline in the number of registered unemployed, which started in early 2014, was even more pronounced in 2016 than one year earlier. At the end of 2016, 99,615 persons were registered as unemployed, which is 11.9% less than at the end of 2015; similarly positive movements also continued in the first two months of this year. Last year's decline was mainly due to the outflow into employment, the largest since the onset of the crisis. The inflow into unemployment also dropped further, the main reason being a smaller inflow of people who became unemployed because of the termination of their fixed-term contracts.[21] There were also fewer first-time jobseekers, which, in our view, was also partly due to the slightly smaller generations of young people finishing school and their better job prospects in the transition from school to work. In 2017 unemployment is expected to decline for similar reasons. With further growth in employment, it will also be falling in 2018 and 2019. We estimate that the decline will be increasingly affected by demographic factors (through transitions from unemployment to inactivity due to retirement and to employment to replace retirees). Towards the end of the forecasting period, unemployment will decline slightly more slowly, as it will gradually approach its long-term equilibrium level (the natural unemployment rate, see also section 4).

2.4. Earnings

The nominal growth of the average wage strengthened last year, reaching the highest levels in five years in both the private and the public sector. In the private sector, it was up in most activities; as in previous few years, it was higher in industry (2.0%) than market services (0.8%). Reflecting strong business results, extraordinary payments were the highest since the beginning of the crisis and made a significant contribution to last year's growth in the average wage. Despite the increase, wage growth remained lower than before the crisis, which we estimate was also related to the low growth of labour productivity. Last year's stronger growth in the general government sector was a consequence of promotion raises and September's increase in the pay scale.

In the 2017–2019 forecasting period, the average gross wage will see higher nominal growth than last year. The acceleration in the private sector will arise from the expected more pronounced strengthening of economic activity and a further decline in unemployment, which will be also related to difficulties in finding qualified workers in some segments of the economy. However, we estimate that since wage formation in the private, particularly tradable, sector will continue to reflect the need of companies to maintain competitiveness, wage

Figure 15: **Extraordinary year-end payments (paid with wages for November, December)**



Source: SURS.

[20] The population projections used are based on the following assumptions: the fertility rate is hovering around 1.56 children per woman of childbearing age; net migration is gradually increasing and reaches 4,000 in 2025; the assumption for life expectancy is the same as in EUROPO2013 (in 2025, 79 years for men and 85 years for women). For more on the impact of demographic trends on the labour market see IMAD's Spring Forecast of Economic Trends 2016 (March 2016), Box 1, p. 16.

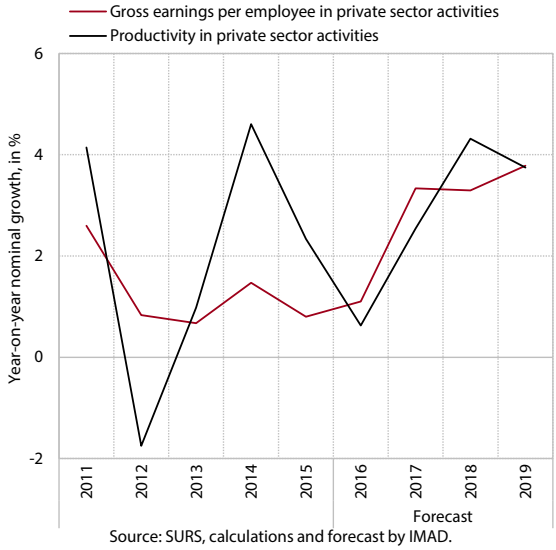
[21] The pronounced decline as a result of the expiry of fixed-term contracts is, in our assessment, due to more frequent contract extensions as a result of increased confidence in economic activity growth. This is also corroborated by SRE data, according to which in 2016 the number of new fixed-term contracts rose by 12.2% compared with 2015, and LFS data, which show an increase in the share of temporary employment contracts concluded for a longer period.

Table 5: **Forecasts for growth in average gross earnings per employee**

Growth rates (%)	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
Gross earnings per employee – nominal	1.8	2.2	3.3	2.2	3.3	3.3
- private sector	1.7	2.0	3.3	2.4	3.3	3.8
- public sector	2.3	2.5	3.5	1.9	3.6	2.6
Gross earnings per employee – real	1.9	0.8	1.5	0.7	1.7	1.3
- private sector	1.8	0.6	1.5	0.9	1.7	1.8
- public sector	2.4	1.1	1.7	0.4	2.0	0.6

Source: SURS; 2017–2019 forecasts by IMAD.

Figure 16: **Average gross earnings per employee and productivity in the private sector**



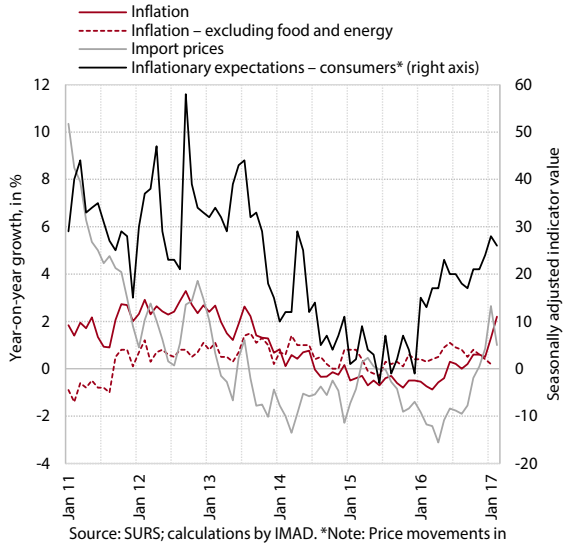
Source: SURS, calculations and forecast by IMAD.

growth will be in line with productivity growth. The growth of earnings in the general government sector will strengthen this year, considering the latest wage agreement for all public servants[22] and the agreement with doctors.

2.5. Inflation

In 2017 inflation will strengthen particularly owing to higher energy prices; core inflation will also be higher amid stronger growth in domestic consumption. This year's increase in inflation will be mainly underpinned by energy prices, which will be significantly higher in the year as a whole following a long period of decline. Stronger growth in domestic and foreign demand will be reflected in a further strengthening of price growth in services, as higher cost pressures (particularly from commodity prices and the costs of wages) will be to a greater extent passed on to prices. Core inflation will therefore also be rising. The growth of non-energy goods prices, where commodity shocks are passed on to final prices for consumers with a delay (see Box 1), will increase only gradually. Over the next two years, the moderate growth of consumer prices (at levels around the ECB's medium-term target of below or close to 2%) will continue amid factors similar to those of this year.

Figure 17: **Inflation, import prices and inflationary expectations of consumers**



Source: SURS; calculations by IMAD. *Note: Price movements in the next 12 months.

Table 6: **Inflation forecast**

v %	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
Inflation – Dec/Dec	0.5	1.4	2.1	1.5	1.9	2.1
Inflation – annual average	-0.1	1.4	1.8	1.5	1.6	2.0

Source: SURS; 2017–2019 forecasts by IMAD.

[22] Some austerity measures were extended into 2017 and 2018 (the freeze on the disbursement of regular work performance bonuses, restrictions on the payment of bonuses for increased workload, and the payment of promotion raises with earnings for December). Only for 2017, a gradual loosening of two measures related to the growth of labour costs (not wages) was agreed, i.e. the payment of holiday allowance and premiums for the collective supplementary pension insurance. Anomalies will also be removed, which will be achieved in two steps – for those with lower earnings first (Agreement on Measures for Labour Costs and Other Measures in the Public Sector/Dogovor o ukrepih na področju stroškov dela in drugih ukrepih v javnem sektorju, Official Gazette of the RS, No. 88/2016).

Box 1: **Determinants of developments in non-energy goods prices**

In the last few years, the movements of non-energy industrial goods (NEIG) prices in Slovenia have diverged the most from the movements of individual inflation components in the euro area. During the entire period since the onset of the crisis, NEIG[23] prices in Slovenia were falling, while in the euro area they were mostly rising. Despite the increased demand and the strengthening of supply-side pressures (commodity price growth), NEIG prices in Slovenia continued to fall in 2016. With commodity prices expected to have a similar impact on prices in the euro area and Slovenia, a significant factor behind the differences in NEIG price dynamics in Slovenia and the euro area could be weaker demand, especially after 2012.[24] NEIG prices are also significantly influenced by domestic microeconomic factors, particularly the behaviour of retailers (in setting margins) and changes in consumer buying habits.

We explain NEIG price dynamics by macro- and microeconomic factors, taking into account the entire price chain. The level of competition on the domestic NEIG market is high, which is related to the large share of imported goods. Supply and use tables show that in 2010 (the most recent figure available), the share of imported NEIG accounted for around 80% of total household consumption of NEIG.[25] The movements of commodity prices and their pass-through into the prices of foreign producers selling NEIG on foreign markets are thus also expected to decisively affect final retail prices in Slovenia.

The macroeconomic aspect was analysed in the causality analysis. The main finding of the analysis is that commodity prices affect NEIG prices indirectly over producer prices and with a significant lag (see Table 7). Other findings are as follows: (i) changes in non-energy commodity prices on global markets[26] have a rapid and statistically significant effect on changes in import prices and growth in euro area producer prices on foreign markets, and a statistically fairly insignificant effect, with a lag of around one year, on growth in Slovenian producer prices of durable goods on the domestic market; (ii) changes in commodity prices have a statistically significant indirect impact on growth in Slovenian producer prices on the domestic market through growth in euro area producer prices attained on foreign markets, i.e. including Slovenia; (iii) NEIG prices tend to react to changes in producer prices with a lag of around half a year, but the persistent impact seen after the emergence of a statistically significant correlation may indicate that domestic producer prices only gradually adjust to foreign competition in some segments of NEIG markets.

Table 7: **Results of the causality analysis**

	Lag (quarters)							
	1	2	3	4	5	6	7	8
Commodity prices -> import prices	xxx	xxx	xx	xx	xx	xx	x	
Commodity prices -> prices of EA producers on foreign markets	xxx	x	x		xx			
Commodity prices -> prices of SI producers of durable goods on the domestic market				x				
Commodity prices -> prices of non-energy goods (HICP) in SI			xx	xx	x			
Import prices -> prices non-energy goods (HICP) in SI	x							
Prices of EA producers of durable goods on foreign markets -> prices of SI producers of durable goods on the domestic market		xxx	xx	x	xx	xx	x	xx
Prices of EA producers of durable goods on foreign markets -> prices of non-energy goods (HICP) in SI	xx	xx	x	x				
Aggregate of producer prices of durable goods from EA and SI -> prices of non-energy goods (HICP) in SI					xx	x	xx	x

Source: IMAD. Note: xxx, xx and x denote the statistical significance of the correlation at p=0.01, p=0.05 and p=0.1.

The significant role of commodity prices in NEIG price formation, supported by the effect of demand, is also corroborated by the results of simulations using a simple VAR model. The main findings of the estimates and simulations by the VAR model[27] are as follows: (i) the shock of commodity prices, the most important factor in producer prices in this model, is passed on to producer prices relatively quickly. The reaction is greatest after one year, when it becomes statistically insignificant; (ii) changes in producer prices are passed on to NEIG prices for consumers more slowly, the pass-through being the greatest after approximately one year and a half; (iii) NEIG prices for consumers react to changes in the output gap relatively strongly – their response is quite fast, being the greatest after approximately one year, while producer prices do not react to output gap changes at all.

[23] I.e. industrial goods excluding energy and food.

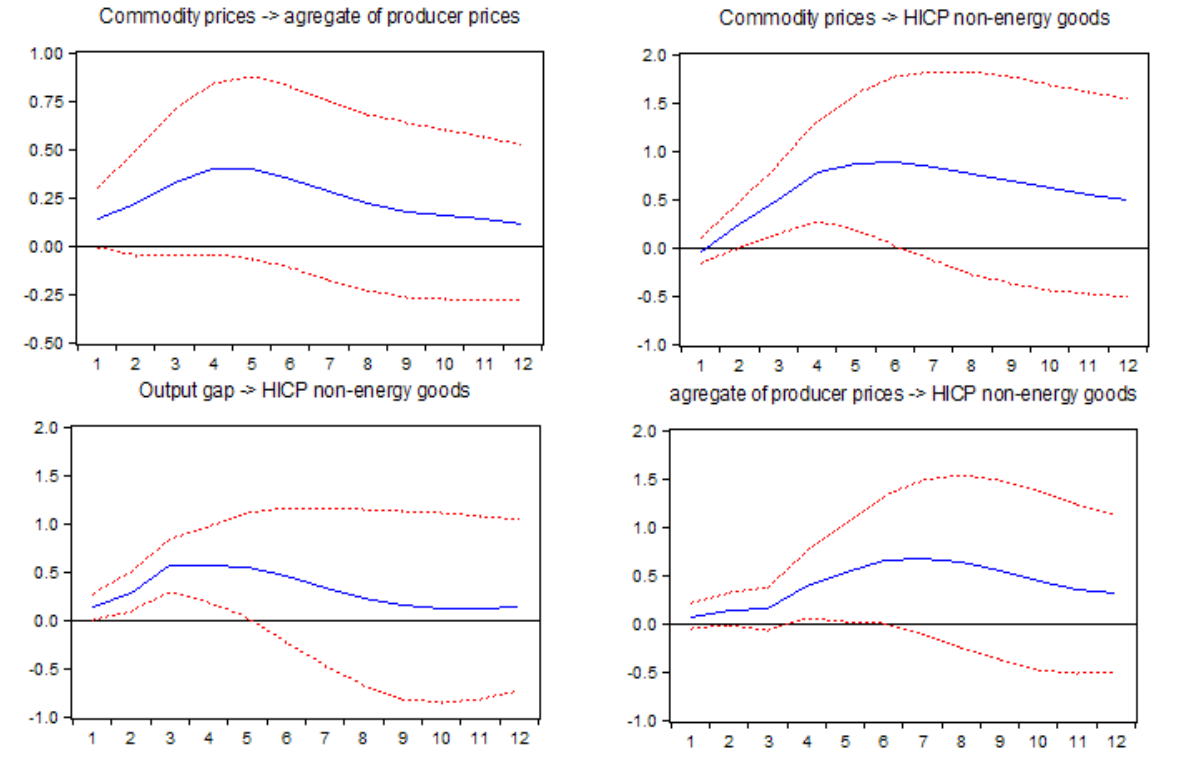
[24] In 2009–2016 the average negative output gap in Slovenia was approximately twice as wide as in the euro area; in 2012–2016 as much as around five times as wide as in the euro area. Similar holds true for the estimate of the gap in household consumption. Both gaps were assessed using a HP filter with a correction for the end of the period (extension of the estimates for the actual series).

[25] Broken down by individual NEIG groups, the largest shares of imported NEIG in household consumption were accounted for by textile and rubber goods (around 97%), computers and electronic appliances (95%) and motor vehicles and trailers (84%). The share of total imported consumer goods and services amounted to 23% of total household consumption. Imported consumer goods accounted for around 60% of total household consumption; imported services for only 4%.

[26] Industrial commodity prices excluding energy and food prices.

[27] The variables included in the model are euro prices of non-energy commodities, the output gap, producer prices for durable goods (a weighted average of euro area producer prices on foreign markets and Slovenian producer prices on the domestic market) and consumer prices of non-energy industrial goods. As exogenous variables, we used prices of producers in China, the euro price of oil and the indicator of competitiveness, which is perceived as a limiting factor by companies in retail trade. The lag of three quarters is determined on the basis of the average value of several statistical tests.

Figure: **Selected response functions in the VAR model**



Source: IMAD.

The relatively slow pass-through of producer prices to consumer prices of NEIG is probably also due to the specific behaviour of retailers and changes in consumer habits. Retail trade was characterised by significant structural changes due to the broadening of supply upon Slovenia's accession to the EU and the entry of foreign discounters into the market. Particularly during the crisis, these discounters also influenced the behaviour of large domestic retailers[28] and the buying habits of Slovenian consumers. The available data indicate a positive margin[29] in the retail sale of NEIG for the entire period analysed. Before the crisis, the margin had been rising amid the persistent increase in the consumption of durable goods, but at the onset of the crisis it started to decline and began increasing again only with the rebound in spending on durables in 2013. The margins have thus approached their long-term average, which may lead to further increases amid rising household demand. This is also indicated by the concentration of retailers on the market as measured by the HHI indicator, which has been rising since 2010. On the other hand, analyses show that the drop in NEIG prices could also be due to a larger share of internet purchases. Internet purchases are broadening the supply, making it practically unlimited, and thus exert additional downward pressure on prices in retail trade. According to this analysis,[30] the increase in the number of Slovenian individuals who have shopped over the internet in the last ten years[31] may have reduced the growth of NEIG prices by around 0.1 pps per year

Most indicators point to a possibility of NEIG price rises over the forecast horizon following a long period of decline, but the rate of growth is likely to be only gradual. Price growth is supported by the assumed stabilisation of commodity prices at higher levels, the expected persistence of increased household demand, and retail trade margins, which returned to their long-term average. Nevertheless, the changed buying habits of consumers, who have become more price sensitive also as a result of increased buying online, limit the likelihood of excessive NEIG price rises in the future.

[28] The frequency of price reductions in an environment of subdued demand is higher than the frequency of price rises in an environment of strong demand, as retailers are afraid to lose market share (ECB, 2017).

[29] The surplus of sales revenues over the costs of labour, material and services is a proxy for retailers' margin. Data from companies' annual accounts (source: AJPES; calculations by IMAD).

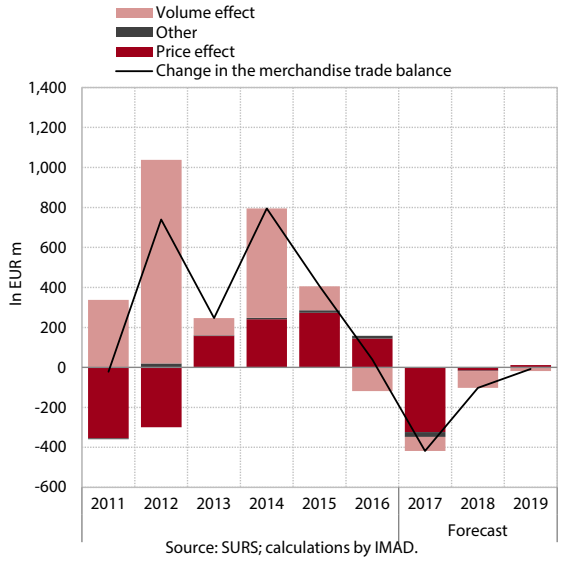
[30] ECB, 2017. A panel analysis for selected EU countries. The estimated coefficient of the impact of internet purchases amounts to -0.025 and reflects changes in price growth amid the increase in the share of individuals who monitor the prices of goods online. SURS data on monitoring prices online are available only for 2016 The number of individuals who monitor prices online is 5% higher than the number of those who actually make purchases.

[31] The Statistical Office of the RS (SURS) monitors several parameters of e-purchases for private purposes. These parameters show that the number of individuals who were purchasing online in the last three months increased three-fold between 2007 and 2016. In 2016 almost half of them made one to two purchases, while around 5% of them made more than ten.

2.6. Current account of the balance of payments

The current account surplus will decline this year but remain at a similar, otherwise high, level over the next two years (4.4% of GDP). The surplus in current transactions reflects not only export competitiveness gains in the tradable sector and corporate sector deleveraging, but also the low level of domestic consumption in previous years. In 2017 it will decline primarily owing to price factors, but will nevertheless remain high. After four years of relatively favourable export-import price trends,[32] the terms of merchandise trade will deteriorate by 1.5% this year; this will reduce the surplus in merchandise trade by around EUR 300 m. Amid the continuation of favourable export trends, the volume effect of higher domestic consumption and imports on the trade surplus reduction will be significantly smaller this year; similar developments will also be seen in the next two years, for which unchanged terms of trade are assumed. In services trade, the surplus is expected to rise further, particularly in travel and transport services. The narrowing of the current account surplus will, in addition to the abovementioned price and volume factors in the merchandise balance, mainly be due to higher capital expenditure (higher net outflows of income from direct investment equity and net payments of interest on external debt) and, to a lesser extent, the expected higher payments into the EU budget.

Figure 18: **Breakdown of the change in the nominal international trade balance**



Source: SURS; calculations by IMAD.

Table 8: **Forecast for the current account balance – the balance of payments statistics**

	2016	2017		2018		2019
		September 2016	March 2017	September 2016	March 2017	March 2017
Current account, in EUR million	2,719	2,326	1,911	2,272	1,906	2,024
Current account, as a % of GDP	6.8	5.6	4.6	5.3	4.4	4.4

Source: BoS; 2017–2019 forecasts by IMAD.

[32] In 2013–2016 the surplus in merchandise trade also rose sharply as a result of the better terms of trade, which owing to the fall in energy and other primary commodity prices contributed around EUR 800 million to the change. The improvement in the terms of trade was reflected in a larger operating surplus of companies, which were lowering operating costs because of the fall in import prices. Moreover, the decline in import prices was also partly passed on to selling (export) prices.

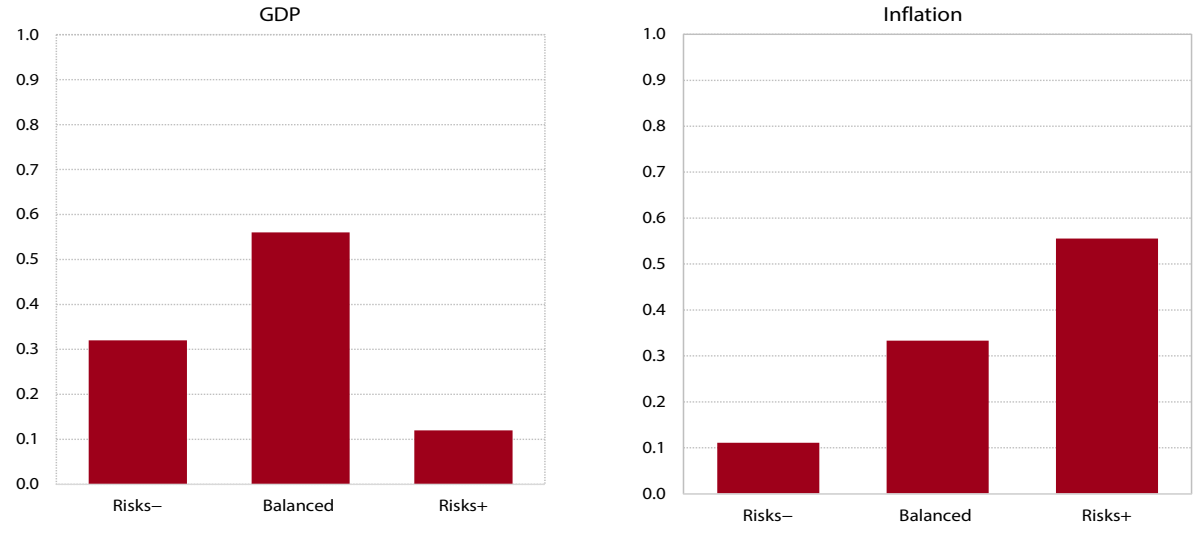
3. Risks to the forecast

At the time of preparation of the Spring Forecast, the risks to the baseline scenario were balanced. In the international environment, downside risks predominate, which are mainly related to political uncertainty. The risks in the domestic environment are mainly on the upside, according to our assessment, related primarily to the possible stronger growth in private investment and household consumption than assumed in the central scenario.

The risks associated with the international environment are mainly negative and largely related to the high level of political uncertainty. The uncertainty is linked primarily to the outcome of elections in some of Slovenia's main trading partners, which could, alongside the Brexit negotiations, affect the framework for the future functioning of the EU over the medium term. Uncertainty is also related to the new US administration's policy measures. The uncertainty was otherwise not reflected in the indicators of activity and confidence at the time the forecast was prepared. Global challenges also persist, being partly geopolitical in nature. Oil and other commodity prices could also be higher than assumed in the baseline scenario. If these risks were to materialise, the growth of demand from Slovenia's trading partners could decline.

In the domestic environment, upside risks predominate, particularly towards the end of the forecast horizon. Uncertainty is associated particularly with the prospects for the future dynamics of private investment, as, with a revival in lending and an even lower level of uncertainty in the business environment, private investment could be higher than under the baseline scenario. In contrast, government investment could be lower this year than assumed in the baseline scenario, particularly owing to a slower absorption of EU funds than planned. Upside risks also predominate in final consumption, stemming primarily from favourable labour market developments. These could lead to higher growth in household disposable income than in the baseline scenario. Higher household consumption caused by a further increase in disposable income could translate into higher price growth than predicted in the baseline scenario. This could also be attributable to higher energy prices (as a consequence of higher prices on global markets and the further deregulation of oil product prices in Slovenia) and additional upward pressures on prices in the non-tradable sector. If upside risks to the dynamics of domestic demand components were to prevail, the current account surplus could narrow over the time horizon of the projections, especially with a concurrent materialisation of negative risks from the international environment or higher prices of commodities.

Figure 19: **Assessment of risks to the Spring Forecast of Economic Trends 2017 for 2017–2019**

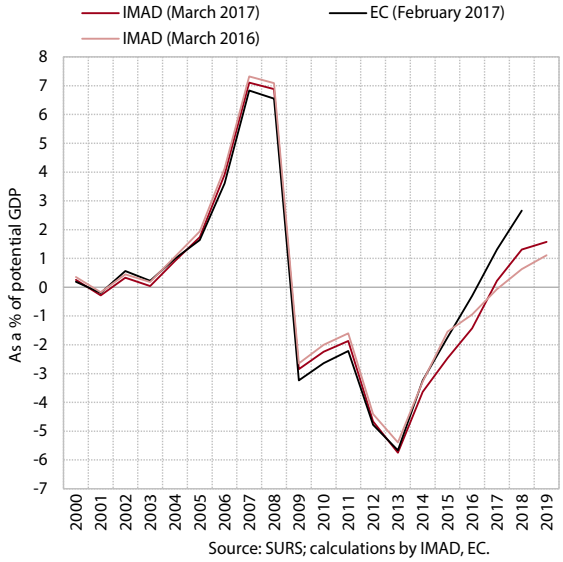


Source: IMAD estimate. Note: The figures show the relative risk values (minimum value=0, maximum value=1) for the entire 2017–2019 period, which were observed when the Spring Forecast of Economic Trends was made (March 2017). They were obtained on the basis of IMAD expert estimates.

4. Output gap and potential GDP growth

The estimates based on the Spring Forecast show that Slovenia will move into positive output gap territory over the forecast horizon.[33] Output gap estimates, which identify the cyclical position of the economy, play a significant role in monitoring the fulfilment of fiscal objectives. Together with the general government debt and the indicator of medium-term fiscal sustainability, the output gap helps determine the amount of structural deficit reduction required. Because of the factors that affect the calculation of potential growth, as well as revisions of past growth estimates and GDP forecasts, the output gap is an unstable macroeconomic indicator too, and its value changed significantly in the last few years each time a new calculation was made.[34] After being in negative output gap territory since the beginning of the crisis, Slovenia will move into positive output gap territory in the next two years according to our estimate, its output gap hovering around 1.5% in 2018 and 2019. Exceeding the 1.5% threshold would mean a transition into the good phase of the economic cycle as defined by the EC. Slovenia would thus have to reduce the structural deficit at a faster pace, at least 1 pp annually, but its output gap could drop to the level associated with the normal economic cycle (which requires a structural deficit reduction of 0.6 pps) even with small revisions of estimates or forecasts.[35]

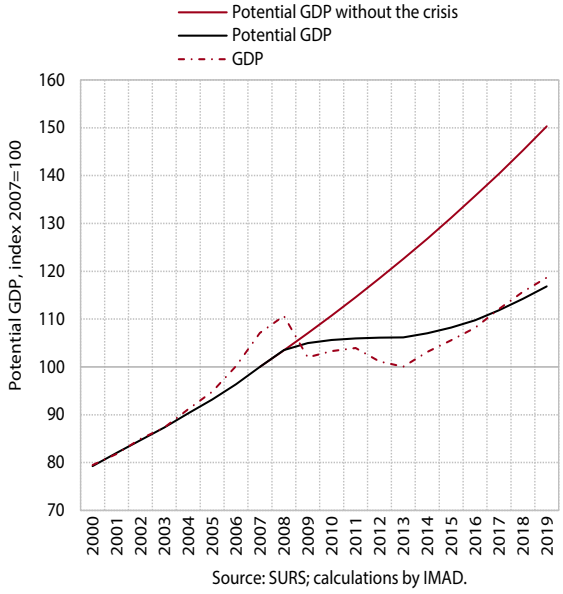
Figure 20: **Output gap, a comparison of calculations by IMAD and the EC**



Source: SURS; calculations by IMAD, EC.

Potential GDP growth in 2017 is expected to be 1.9% before gradually recovering to around 2.6 %.[36] In light of the better economic outlook, expected potential growth is higher than in previous forecasts, yet still significantly lower than before the crisis. A more than ten-year period of relatively weak potential GDP growth indicates the long-term effect of the crisis, which is reflected in both a lower level of potential GDP and lower potential growth (Figure 21). In order to raise potential growth, Slovenia will have to increase total factor productivity and the level of investment.[37] In 2017–2019 the contribution of total factor productivity will otherwise be rising. It will contribute the most to potential growth, but will remain lower than before the crisis. The contribution of capital, the main factor in potential growth before the crisis, will average only 0.3 pps in 2017–2019 because of the low level of gross fixed capital formation. Despite the negative contribution of the decline in the working-age population (-0.3 pps), the average contribution of labour will be positive (0.5 pps). This is mainly related to the

Figure 21: **GDP, potential GDP and potential GDP without the crisis (potential GDP growth since 2007 according to the average rate of growth in 1999–2005)**



Source: SURS; calculations by IMAD.

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

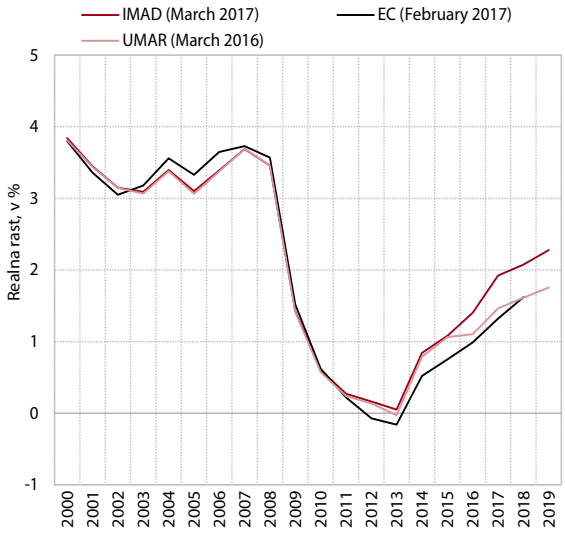
[34] The output gap estimates by MF, IMAD and the EC for the next two years have been revised by between -0.9 and 0.7 pps in the last two years (for more on the impact of this type of change on compliance with SPG rules see IMAD Economic Issues, p. 20).

[35] According to the February forecast by the EC, Slovenia will move into the good phase of the economic cycle in 2018. The main reason for the disparities between the IMAD and EC calculations is the length of the forecast horizon. While IMAD's calculations are based on forecasts for a longer period (t+6), the EC takes a significantly shorter period into account (t+2). The disparities in output gap estimates also arise from the differences in the forecasts of macroeconomic indicators and some input data (IMAD uses updated demographic projections calculated using a microsimulation model by the IER (source: SURS); moreover, in the series of data on employment according to national accounts statistics, IMAD's calculation also take into account a correction for the break in the data series in 2002).

[36] Potential GDP (and its growth) from a macroeconomic perspective. Potential output is therefore not the maximum possible output of an economy but rather the output an economy can achieve without creating inflationary pressures. This also means that output is often higher than potential output. IMAD's calculation of potential GDP growth uses a production function method whose basic attributes do not differ from the EC's method.

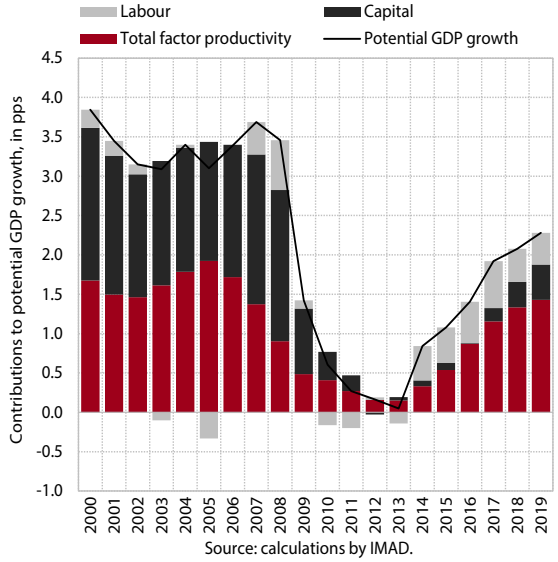
[37] Taking into account the NAWRU calculations, which indicate that employment in Slovenia is approaching full employment.

Figure 22: **Change in potential GDP, comparison of calculations by IMAD and the EC**



Source: SURS; calculations by IMAD, EC.

Figure 23: **Contributions of individual components to potential GDP growth**



Source: calculations by IMAD.

improvement in labour market conditions and higher expectations regarding further developments, all of which raises the positive contribution of the activity rate to 0.7 pps in 2017–2019. The contribution of the number of hours worked per employee to potential growth over the forecast horizon is zero. The natural unemployment rate will gradual decline to a level similar to that in the years before the crisis (around 6.5%).

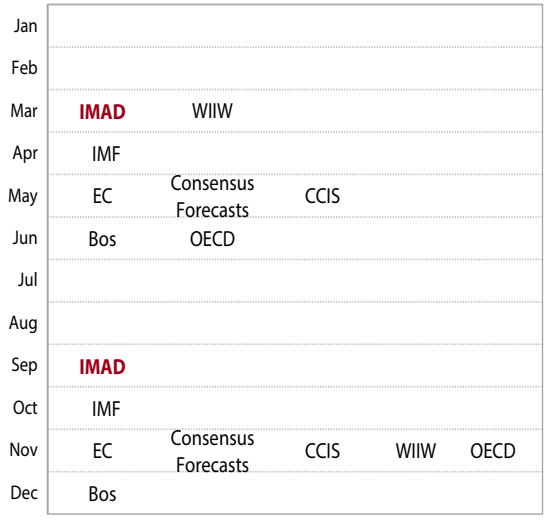
Appendix:

1. Assessing the forecasting performance

1.1. Methodology

We have assessed the accuracy of the forecasts for macroeconomic indicators on the basis of a number of statistical criteria[38] for evaluating forecasting performance and for various time periods. The assessment of the forecasts by two institutions (IMAD and the CCIS) covers a longer horizon, from 1997 to 2016. The analysis for the 2002–2016 period captures forecasts by six institutions[39] and for the previous year forecasts by eight[40] institutions. All the forecasts[41] have been compared against the first statistical estimate for individual years, which is, for GDP growth, based on quarterly data. A systematic comparison of how the forecasts diverge from the statistical estimate over a longer time horizon reveals the accuracy of the forecasting, i.e. the mean errors made by institutions in forecasting a given aggregate. If the errors are distributed evenly, the value of this measure is close to zero.

Figure 24: **Timeline of forecasts released by individual institutions in 2016**



Source: Forecasts by institutions.

[38] The arithmetic mean, mean absolute error, root mean square error, standardised mean absolute error and standardised root mean square error. For detailed results see Table 12 in the statistical appendix.

[39] In addition to the forecasts by the Institute of Macroeconomic Analysis and Development (IMAD), the analysis covers forecasts made by the Bank of Slovenia (BoS) and the Chamber of Commerce and Industry of Slovenia (CCIS), and among international institutions, the European Commission (EC), the International Monetary Fund (IMF) and Wiener Institut fuer Internationale Wirtschaftsvergleiche (WIIW).

[40] In addition to the aforementioned six institutions, the Organisation for Economic Co-operation and Development (OECD) and Consensus.

[41] Spring forecasts for the year ahead (PNt+1), autumn forecasts for the year ahead (JNt+1), spring forecasts for the current year (PNt) and autumn forecasts for the current year (JNt).

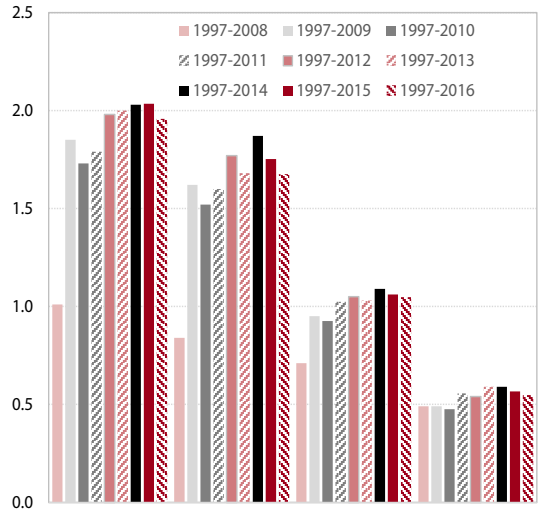
Those institutions which release their forecasts at a later time have an advantage in terms of information, which is manifested in smaller forecast errors. If the forecast is made later in the year, it may include new information that can considerably alter the economic picture. This new information can involve new data on indicator movements in a given month or quarter, revisions of previously released figures, or changes in assumptions about the international environment, which represent a strong element of uncertainty for an open economy such as Slovenia's. In recent years, fiscal policy guidelines and fiscal consolidation measures (which are usually defined after we have already completed the forecast) have also become a significant factor to consider when preparing the forecasts. The institutions included in our analysis tend to release their forecasts twice a year, most of them at a later time than IMAD. The forecasts are divided into spring and autumn forecasts, despite the differences in the time at which they were made (of up to four months).

1.2. Results

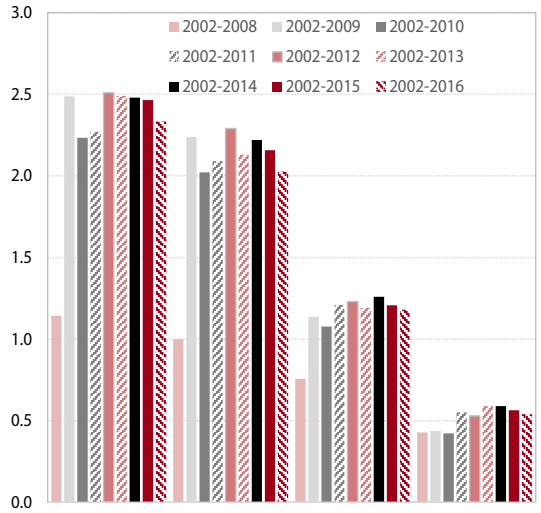
Comparisons between the forecasting performance of IMAD and other institutions show no systematic over- or under-estimation in IMAD forecasts over a longer period of time. In assessing the accuracy of forecasts it is important that their mean error over a longer time horizon is as small as possible. After the release of data for economic activity and inflation in 2016, we assessed the forecasting performance of domestic and foreign forecasting institutions. Between 1997 and 2016, the mean absolute error in IMAD forecasts for real GDP growth for the current year was 1.05 pps in the spring forecasts and 0.55 pps in the autumn forecasts; for the year ahead, it amounted to 1.96 pps in the spring forecasts and 1.68 pps in the autumn forecasts. The mean absolute error in the forecasts for inflation for the current year totals 0.45 pps in the spring forecasts and 0.19 pps in the autumn forecasts; for inflation in the year ahead, it is 1.15 pps in the spring forecasts and 1.02 pps in the autumn forecasts.

The forecasting performance over a longer time horizon was significantly affected by large errors in the forecasts for 2009, 2011 and 2014. If the time horizon analysed is relatively short, any error (either positive or negative) can significantly affect the conclusions reached in previous performance analyses. In the period up to the commencement of the global economic and financial crisis in 2009, when Slovenia's economy recorded relatively stable economic growth, the forecasting errors were relatively small. Over the next few years, however, the indicators of forecasting performance deteriorated. With a significant deterioration in the international environment, further tensions on the financial markets and significant doubts about the effectiveness of anti-crisis measures and the exit from the crisis, uncertainty increased significantly, which was particularly reflected in the forecasts for 2009, 2011 and 2014. The errors in the forecasts for these three years (by IMAD, as well as by

Figure 25: **Mean absolute error in IMAD forecasts for real GDP growth for various periods**



Source: Calculations by IMAD.

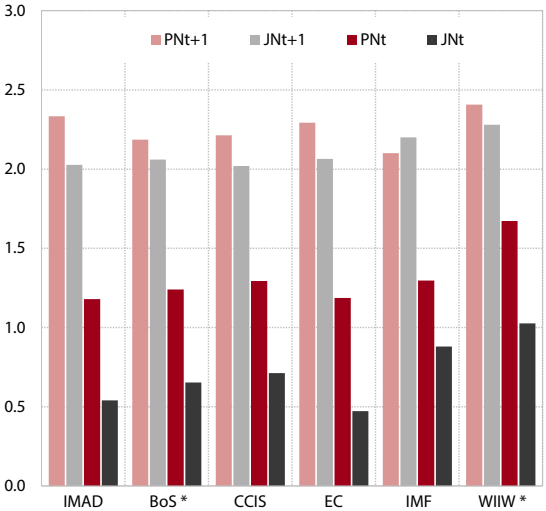


Source: Calculations by IMAD.

other institutions) were therefore much greater and had a significant impact on the calculation of mean errors for the entire period (the forecast error in the shorter 2002–2016 period is greater than in the 1997–2016 period). However, with the improvement in economic conditions in 2014, the average errors started to decline again (Figure 25).

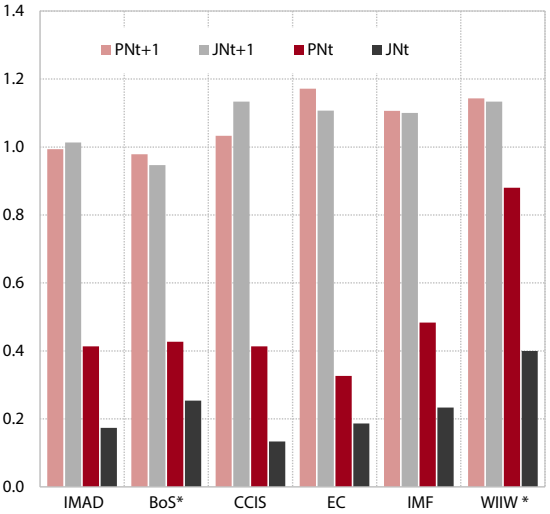
Of all the institutions that forecast Slovenia's economic growth, the European Commission tends to make the smallest forecast errors for economic growth over a longer horizon, followed by IMAD, whereas IMAD and the BoS make the most accurate forecasts for inflation. The mean absolute errors in the forecasts for real economic growth in 2002–2016 ranged between 0.47 and 2.41 pps. The root mean square errors, which assign greater weight to larger errors, were much higher due to errors for 2009, 2011 and 2014 (between 0.65 and 3.84). The European Commission made the most accurate forecast in this period. In the forecasts for average inflation, the mean absolute errors were smaller than in the forecasts for GDP (between 0.13 and 1.17), while the root mean square errors ranged between 0.21 and 1.52. The forecasts by IMAD and the BoS were the most accurate on average in this period. Detailed results are shown in Table 12 in the statistical appendix.

Figure 26: **Mean absolute errors in real GDP growth forecasts for 2002–2016, by forecasting institution**



Source: Forecasts by individual institutions. Note: *BoS and WIIW data for PNt+1 for 2003-2016.

Figure 27: **Mean absolute errors in average annual inflation forecasts for 2002–2016, by forecasting institution**



Source: Forecasts by individual institutions. Note: *BoS and WIIW data for PNt+1 for 2003-2016

Table 9: **Errors in real GDP growth forecasts for 2016, by forecasting institution**

Realisation: 2.5 %	Spring forecast for the year ahead		Autumn forecast for the year ahead		Spring forecast for the current year		Autumn forecast for the current year	
	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps
IMAD	2.0	-0.5	2.3	-0.2	1.7	-0.8	2.3	-0.2
BoS	1.8	-0.7	1.9	-0.6	1.9	-0.6	2.2	-0.3
CCIS	1.8	-0.7	1.8	-0.7	2.0	-0.5	2.3	-0.2
EC	2.1	-0.4	1.9	-0.6	1.7	-0.8	2.2	-0.3
IMF	1.9	-0.6	1.8	-0.7	1.9	-0.6	2.3	-0.2
WIIW	1.8	-0.7	2.2	-0.3	2.0	-0.5	2.4	-0.1
OECD	1.9	-0.6	1.9	-0.6	1.3	-1.2	2.0	-0.5
Consensus	2.0	-0.5	2.2	-0.3	2.1	-0.4	2.2	-0.3

Source: Forecasts by individual institutions; calculations by IMAD.
Note: Negative values indicate an overestimation, whereas positive values indicate an underestimation.

Table 10: **Errors in average annual inflation forecasts for 2016, by forecasting institution**

Realisation: -0.1 %	Spring forecast for the year ahead		Autumn forecast for the year ahead		Spring forecast for the current year		Autumn forecast for the current year	
	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps	Forecast	Error in pps
IMAD	1.0	1.1	0.8	0.9	-0.3	-0.2	0.1	0.2
BoS	1.1	1.2	1.0	1.1	-0.2	-0.1	-0.1	0.0
CCIS	0.1	0.2	1.3	1.4	-0.1	0.0	-0.1	0.0
EC	1.7	1.8	0.8	0.9	-0.2	-0.1	0.1	0.2
IMF	0.7	0.8	0.7	0.8	0.1	0.2	-0.3	-0.2
WIIW	0.5	0.6	0.5	0.6	0.5	0.6	-0.5	-0.4
OECD	0.7	0.8	0.5	0.6	-0.5	-0.4	-0.2	-0.1
Consensus	1.4	1.5	0.8	0.9	0.0	0.1	-0.1	0.0

Source: Forecasts by individual institutions; calculations by IMAD.
Note: Negative values indicate an overestimation, whereas positive values indicate an underestimation.

All the institutions underestimated real GDP growth in their forecasts for 2016. After the upturn of the economic cycle in 2014, the realisation of GDP growth has, for the most part, exceeded the expectations; similar also holds true for the forecasts for 2016, which were the lowest in spring 2016, 0.4 pps to 1.2 pps lower with regard to the realisation (2.5%). This deviations were mostly a consequence of the revised forecasts by international institutions for global GDP growth as a result of the increased risk of a significant deterioration of the economic situation in China, which, together with the release of data on the fall in exports in the last quarter of 2015, considerably lowered the expectations regarding export growth in 2016 in comparison with previous forecasts.[42] The actual realisation of exports during the year was then more favourable; domestic consumption also increased more strongly than forecast. The autumn forecasts for the current year were already much more accurate, as the errors were smaller – between -0.2 and 0.3 pps. In the autumn forecast for the year ahead (which served as the basis for drafting the revised state budget), the most accurate forecast for real GDP growth was made by IMAD; in the spring forecast for the current year, by Consensus; and in the autumn forecast for the current year, by WIIW.

Inflation in 2016 was lower than most of the forecasts. All institutions projected higher inflation for the year ahead in their spring and autumn forecasts in 2015, which was linked to the expectations about oil and other commodity price movements and the general price level in the euro area. The same factors were also reflected (albeit to a lesser extent) in the spring forecasts for the current year, while the autumn forecasts were fairly accurate. Absolute errors in the spring forecasts for the current year ranged between -0.4 and 0.6 pps; absolute errors in the autumn forecast ranged between -0.4 and 0.2 pps. The most accurate spring forecast for the current year (with regard to the realisation) was made by the CCIS, whereas the most accurate autumn forecasts were made by the CCIS, the BoS and Consensus.

[42] In January and February 2016, respectively, the IMF and particularly the OECD significantly lowered their previous forecasts for 2016 made in autumn 2015. The OECD lowered its forecast for the world economic growth by 0.3 pps; the forecasts for Slovenia's main trading partners in the euro area were revised even more (between -0.4 pps and -0.5 pps).

statistical appendix

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

Real growth rates in %, unless otherwise indicated

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
GROSS DOMESTIC PRODUCT	4.2	2.9	3.8	2.8	4.4	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.7	-1.1	3.1	2.3	2.5	3.6	3.2	2.6
GDP in EUR m (at current prices, fixed exchange rate 2007)	18,902	21,147	23,623	25,668	27,673	29,227	31,555	35,153	37,951	36,166	36,252	36,896	36,003	35,917	37,332	38,570	39,769	41,625	43,675	45,577
GDP per capita in EUR (at current prices and at current exchange rate)	11,105	11,714	12,543	13,184	13,900	14,608	15,719	17,412	18,769	17,714	17,694	17,973	17,504	17,439	18,107	18,693	19,262	20,158	21,152	22,081
GDP per capita in USD (at current prices and at current exchange rate)	10,225	10,480	11,811	14,877	17,259	18,165	19,715	23,863	27,606	24,708	23,457	25,019	22,490	23,161	24,055	20,740	21,323	21,508	22,591	23,582
GDP per capita (PPS) [1]	15,800	16,500	17,400	17,900	19,300	20,300	21,300	22,700	23,400	20,900	21,200	21,700	21,800	21,700	22,800	23,900				
GDP per capita (PPS EU28=100) [1]	80	80	82	83	86	87	86	87	90	85	83	83	82	81	83	83				
EMPLOYMENT AND PRODUCTIVITY																				
Employment according to National Accounts	1.6	0.6	1.6	-0.3	0.3	-0.5	1.6	3.4	2.6	-1.8	-2.1	-1.7	-0.9	-1.1	0.4	1.1	2.0	2.2	1.5	1.0
Registered unemployed (annual average in thousand)	106.6	101.9	102.6	97.7	92.8	91.9	85.8	71.3	63.2	86.4	100.5	110.7	110.2	119.8	120.1	112.7	103.2	90.2	84.9	80.2
Rate of registered unemployment in %	11.8	11.2	11.3	10.9	10.3	10.2	9.4	7.7	6.7	9.1	10.7	11.8	12.0	13.1	13.1	12.3	11.2	9.7	9.1	8.5
Rate of unemployment by ILO in %	6.9	5.7	6.0	6.5	6.0	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	9.7	9.0	8.0	7.0	6.4	6.0
Labour productivity (GDP per employee)	2.6	2.3	2.2	3.1	4.1	4.5	4.1	3.4	0.7	-6.1	3.4	2.4	-1.8	0.0	2.6	1.2	0.5	1.4	1.7	1.6
WAGES																				
Gross wage per employee - nominal growth in %	10.6	11.9	9.7	7.5	5.7	4.8	4.8	5.9	8.3	3.4	3.9	2.0	0.1	-0.2	1.1	0.7	1.8	3.3	3.3	3.3
- Private sector activities	N/A	N/A	N/A	N/A	N/A	5.1	5.8	6.0	7.8	1.6	5.6	2.6	0.5	0.6	1.4	0.5	1.7	3.3	3.3	3.8
- Public service activities	N/A	N/A	N/A	N/A	N/A	4.5	4.1	6.9	9.7	5.3	0.8	1.0	-0.9	-1.3	0.9	1.2	2.3	3.5	3.6	2.6
Gross wage per employee - real growth in %	1.6	3.2	2.0	1.8	2.0	2.2	2.2	2.2	2.5	2.5	2.1	0.2	-2.4	-2.0	0.9	1.2	1.9	1.5	1.7	1.3
- Private sector activities	N/A	N/A	N/A	N/A	N/A	2.5	3.2	2.3	2.0	0.7	3.7	0.8	-2.0	-1.2	1.2	1.0	1.8	1.5	1.7	1.8
- Public service activities	N/A	N/A	N/A	N/A	N/A	2.0	1.6	3.2	3.8	4.4	-1.0	-0.8	-3.4	-3.0	0.7	1.7	2.4	1.7	2.0	0.6

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

Real growth rates in %, unless otherwise indicated

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
INTERNATIONAL TRADE																				
Exports of goods and services	12.6	7.2	7.8	3.2	13.0	11.4	14.1	13.6	4.2	-16.6	10.2	6.9	0.6	3.1	5.7	5.6	5.9	6.0	5.1	4.8
Exports of goods	14.1	7.2	8.6	4.1	13.9	12.1	15.7	14.0	1.9	-17.0	12.0	8.0	0.4	3.3	6.3	5.3	5.7	6.1	5.1	4.9
Exports of services	6.8	7.1	4.6	-0.7	9.5	8.4	7.4	12.0	14.7	-14.8	3.4	2.5	1.5	1.9	3.4	6.5	6.8	5.4	4.8	4.5
Imports of goods and services	6.6	3.6	5.6	6.5	14.0	7.3	12.4	16.8	3.8	-18.8	6.8	5.0	-3.7	2.1	4.2	4.6	6.2	6.5	5.6	5.1
Imports of goods	6.7	3.8	5.2	7.1	15.8	7.5	12.9	16.5	3.2	-19.8	7.6	6.0	-4.3	2.9	3.8	5.0	6.6	6.8	5.7	5.2
Imports of services	6.1	2.5	8.1	3.2	4.1	6.1	9.1	18.5	8.1	-12.8	3.1	-0.4	0.2	-3.1	6.3	2.2	4.1	5.0	4.8	4.4
BALANCE OF PAYMENTS STATISTICS																				
Current account balance in EUR m	-610	9	218	-213	-746	-524	-578	-1451	-2017	-203	-43	68	930	1,732	2,325	1,998	2,719	1,911	1,906	2,024
As a per cent share relative to GDP	-3.2	0.0	0.9	-0.8	-2.7	-1.8	-1.8	-4.1	-5.3	-0.6	-0.1	0.2	2.6	4.8	6.2	5.2	6.8	4.6	4.4	4.4
External balance of goods and services in EUR m	-764	-196	304	-26	-350	-137	16	-428	-704	686	462	432	1,428	2,440	2,878	3,517	3,841	3,601	3,650	3,785
As a per cent share relative to GDP	-4.0	-0.9	1.3	-0.1	-1.3	-0.5	0.0	-1.2	-1.9	1.9	1.3	1.2	4.0	6.8	7.7	9.1	9.7	8.7	8.4	8.3
FINAL DOMESTIC DEMAND - NATIONAL ACCOUNTS STATISTICS																				
Final consumption	1.5	2.5	2.7	3.3	2.9	2.3	1.7	5.2	3.0	1.3	0.8	-0.2	-2.4	-3.5	1.2	1.0	2.8	2.9	2.3	1.6
As a % of GDP	75.1	74.7	73.7	73.9	72.8	72.3	69.9	68.4	69.2	74.7	76.3	76.4	77.0	74.7	72.7	70.8	70.7	70.9	70.3	69.7
in which:																				
Private consumption	0.8	2.4	2.5	3.4	3.0	2.2	1.2	6.4	2.4	0.9	1.3	0.0	-2.5	-4.0	2.0	0.5	2.8	3.5	2.7	2.0
As a % of GDP	56.6	55.8	55.0	55.1	54.2	53.6	51.4	51.1	51.2	54.7	56.0	56.0	56.8	55.0	54.0	52.1	51.7	52.0	51.7	51.3
Government consumption	3.8	2.8	3.2	2.7	2.7	2.7	3.1	1.9	4.9	2.4	-0.5	-0.7	-2.2	-2.1	-1.2	2.5	2.6	1.0	0.9	0.6
As a % of GDP	18.5	18.9	18.7	18.8	18.7	18.7	18.4	17.3	18.0	20.1	20.3	20.4	20.3	19.7	18.7	18.7	18.9	18.9	18.7	18.3
Gross fixed capital formation	2.4	2.0	0.5	5.8	5.4	3.5	10.2	12.0	7.0	-22.0	-13.3	-4.9	-8.8	3.2	1.4	1.0	-3.1	7.0	7.0	6.0
As a % of GDP	27.3	26.4	24.7	25.2	26.2	26.6	27.8	28.8	29.6	24.3	21.3	20.2	19.3	20.0	19.6	19.5	18.4	19.1	19.9	20.7
EXCHANGE RATE AND PRICES																				
Ratio of USD to EUR	0.924	0.896	0.945	1.131	1.243	1.245	1.256	1.371	1.471	1.393	1.327	1.392	1.286	1.328	1.329	1.110	1.107	1.067	1.068	1.068
Real effective exchange rate - deflated by CPI [2]	-2.5	-0.1	2.1	3.2	-0.1	-0.8	0.3	1.7	2.3	1.2	-2.1	-1.0	-1.2	1.3	-0.1	-3.8	0.2	0.5	-0.2	0.2
Inflation (end of the year) [3]	8.9	7.0	7.2	4.6	3.2	2.3	2.8	5.6	2.1	1.8	1.9	2.0	2.7	0.7	0.2	-0.5	0.5	2.1	1.9	2.1
Inflation (year average) [3]	8.9	8.4	7.5	5.6	3.6	2.5	2.5	3.6	5.7	0.9	1.8	1.8	2.6	1.8	0.2	-0.5	-0.1	1.8	1.6	2.0
Brent Crude Oil Price USD / barrel	28.7	24.5	25.0	28.9	38.3	54.6	65.2	72.4	96.9	61.7	79.6	111.3	111.7	108.6	98.9	52.4	44.8	56.3	56.4	55.8

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

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

current prices, EUR million,

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
A Agriculture, forestry and fishing	547.0	551.5	661.3	542.0	631.7	667.8	628.5	659.2	628.0	598.6	626.0	733.9	647.0	652.6	778.7	794.3	775.1	728.9	765.1	797.6
BCDE Mining and quarrying, manufacturing, electr. and water supply, waste management	4,705.6	5,330.7	5,900.4	6,425.5	6,930.2	7,083.8	7,612.5	8,375.8	8,582.3	7,466.6	7,651.0	8,041.9	8,085.9	8,347.5	8,809.9	9,081.9	9,495.8	10,136.2	10,748.6	11,342.4
..of which: C Manufacturing	4,117.4	4,647.2	5,109.9	5,582.9	5,946.3	6,052.3	6,498.5	7,182.5	7,292.4	6,188.4	6,367.3	6,730.0	6,754.4	6,954.2	7,430.1	7,737.8	8,195.3	8,907.8	9,437.8	10,021.4
F Construction	1,075.3	1,141.1	1,216.4	1,371.2	1,480.2	1,668.9	1,955.4	2,454.1	2,764.2	2,464.3	2,015.0	1,885.0	1,816.8	1,654.7	1,837.4	1,826.3	1,623.4	1,727.9	1,901.1	1,982.0
GHI Trade, transportation and storage, accommodation and food service activities	3,042.5	3,459.3	3,876.4	4,259.3	4,581.6	4,968.6	5,436.6	6,240.7	6,841.6	6,343.0	6,299.5	6,441.4	6,228.6	6,268.8	6,505.6	6,802.4	7,126.2	7,472.2	7,887.1	8,222.5
J Information and communication	624.5	728.1	746.9	833.3	916.6	1,017.6	1,111.2	1,233.9	1,333.4	1,235.6	1,285.8	1,313.5	1,335.0	1,300.8	1,351.5	1,394.6	1,462.0	1,519.7	1,638.9	1,708.6
K Financial and insurance activities	781.9	798.7	884.0	1,024.5	1,093.2	1,164.0	1,344.9	1,427.9	1,602.5	1,673.1	1,697.4	1,649.3	1,353.2	1,246.5	1,297.0	1,388.0	1,329.2	1,353.2	1,420.5	1,480.9
L Real estate activities	1,288.9	1,448.8	1,600.4	1,679.2	1,797.9	1,939.0	2,027.1	2,171.4	2,408.3	2,636.1	2,537.1	2,468.6	2,333.7	2,249.8	2,217.5	2,305.7	2,378.2	2,497.5	2,600.2	2,687.6
MN Professional, scientific, technical, administrative and support services	1,200.8	1,381.7	1,719.8	1,924.5	2,103.9	2,127.3	2,348.3	2,705.3	3,016.0	2,870.7	2,989.7	3,020.8	2,961.5	2,982.3	3,190.8	3,318.6	3,425.2	3,517.8	3,692.5	3,871.9
OPQ Public administration, education, human health and social work	2,691.9	3,120.2	3,427.5	3,770.3	4,048.0	4,285.8	4,490.6	4,723.5	5,184.8	5,478.1	5,611.2	5,666.1	5,602.2	5,418.5	5,377.8	5,496.6	5,812.8	6,044.5	6,135.8	6,358.3
RST Other service activities	554.6	594.8	607.0	643.4	700.4	758.8	779.5	817.0	868.6	872.2	870.1	885.0	861.7	850.6	864.9	903.1	931.2	978.6	1,027.2	1,070.9
1. TOTAL VALUE ADDED, basic prices	16,513.1	18,554.9	20,639.9	22,473.3	24,283.7	25,681.7	27,734.7	30,808.7	33,229.8	31,638.3	31,582.7	32,105.5	31,225.6	30,972.1	32,231.0	33,311.4	34,359.4	35,976.5	37,817.1	39,522.7
2. CORRECTIONS	2,388.9	2,591.9	2,982.5	3,194.2	3,389.0	3,544.9	3,820.7	4,343.9	4,721.4	4,527.9	4,669.7	4,790.8	4,776.9	4,945.0	5,101.4	5,258.7	5,409.7	5,648.9	5,857.8	6,054.1
3. GROSS DOMESTIC PRODUCT (3=1+2)	18,902.0	21,146.8	23,622.5	25,667.5	27,672.7	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,252.4	36,896.3	36,002.5	35,917.1	37,332.4	38,570.0	39,769.1	41,625.5	43,674.9	45,576.9

Source: SURS, forecasts by IMAD.

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

current prices, structure in %,

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
A Agriculture, forestry and fishing	2.9	2.6	2.8	2.1	2.3	2.3	2.0	1.9	1.7	1.7	1.7	2.0	1.8	1.8	2.1	2.1	1.9	1.8	1.8	1.8
BCDE Mining and quarrying, manufacturing, electr. and water supply, waste management	24.9	25.2	25.0	25.0	25.0	24.2	24.1	23.8	22.6	20.6	21.1	21.8	22.5	23.2	23.6	23.5	23.9	24.4	24.6	24.9
..of which: C Manufacturing	21.8	22.0	21.6	21.8	21.5	20.7	20.6	20.4	19.2	17.1	17.6	18.2	18.8	19.4	19.9	20.1	20.6	21.4	21.6	22.0
F Construction	5.7	5.4	5.1	5.3	5.3	5.7	6.2	7.0	7.3	6.8	5.6	5.1	5.0	4.6	4.9	4.7	4.1	4.2	4.4	4.4
GHI Trade, transportation and storage, accommodation and food service activities	16.1	16.4	16.4	16.6	16.6	17.0	17.2	17.8	18.0	17.5	17.4	17.5	17.3	17.5	17.4	17.6	17.9	18.0	18.1	18.1
J Information and communication	3.3	3.4	3.2	3.2	3.3	3.5	3.5	3.5	3.5	3.4	3.5	3.6	3.7	3.6	3.6	3.6	3.7	3.7	3.8	3.8
K Financial and insurance activities	4.1	3.8	3.7	4.0	4.0	4.0	4.3	4.1	4.2	4.6	4.7	4.5	3.8	3.5	3.5	3.6	3.3	3.3	3.3	3.3
L Real estate activities	6.8	6.9	6.8	6.5	6.5	6.6	6.4	6.2	6.3	7.3	7.0	6.7	6.5	6.3	5.9	6.0	6.0	6.0	6.0	5.9
MN Professional, scientific, technical, administrative and support services	6.4	6.5	7.3	7.5	7.6	7.3	7.4	7.7	7.9	7.9	8.2	8.2	8.2	8.3	8.5	8.6	8.6	8.5	8.5	8.5
OPQ Public administration, education, human health and social work	14.2	14.8	14.5	14.7	14.6	14.7	14.2	13.4	13.7	15.1	15.5	15.4	15.6	15.1	14.4	14.3	14.6	14.5	14.0	14.0
RST Other service activities	2.9	2.8	2.6	2.5	2.5	2.6	2.5	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.4	2.4	2.4
1. TOTAL VALUE ADDED	87.4	87.7	87.4	87.6	87.8	87.9	87.9	87.6	87.6	87.5	87.1	87.0	86.7	86.2	86.3	86.4	86.4	86.4	86.6	86.7
2. CORRECTIONS	12.6	12.3	12.6	12.4	12.2	12.1	12.1	12.4	12.4	12.5	12.9	13.0	13.3	13.8	13.7	13.6	13.6	13.6	13.4	13.3
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	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: SURS, calculations and forecasts by IMAD.

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

EUR million

	constant previous year prices																	constant 2016 prices		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
A Agriculture, forestry and fishing	495.9	547.2	636.5	484.6	692.3	596.3	662.5	662.4	662.5	569.1	608.4	668.3	673.5	642.2	756.5	838.4	784.8	775.1	775.1	759.2
BCDE Mining and quarrying, manufacturing, electr. and water supply, waste management	4,679.3	4,862.6	5,619.5	6,168.6	6,757.6	7,201.9	7,576.6	8,182.7	8,460.4	7,354.9	7,952.5	7,833.1	7,832.4	8,078.9	8,725.5	8,941.2	9,588.5	9,951.6	10,388.0	10,756.9
..of which: C Manufacturing	4,149.2	4,292.4	4,917.0	5,361.6	5,866.0	6,189.5	6,473.0	7,041.8	7,193.6	6,127.9	6,640.1	6,545.7	6,516.3	6,724.2	7,321.3	7,580.4	8,237.6	8,646.0	9,078.3	9,441.5
F Construction	1,024.8	1,071.6	1,169.9	1,280.2	1,381.7	1,529.8	1,910.7	2,305.7	2,570.6	2,393.1	2,015.0	1,811.9	1,740.2	1,657.9	1,807.3	1,814.1	1,601.4	1,720.0	1,813.8	1,885.4
GHI Trade, transportation and storage, accommodation and food service activities	2,856.8	3,268.4	3,644.8	3,982.8	4,394.2	4,816.4	5,320.6	5,820.0	6,458.1	6,236.0	6,421.3	6,408.0	6,177.6	6,225.8	6,489.1	6,842.0	7,116.9	7,468.3	7,770.8	8,007.9
J Information and communication	549.4	660.6	719.2	829.2	903.3	1,028.0	1,113.6	1,216.6	1,371.0	1,274.8	1,276.9	1,287.1	1,309.0	1,345.3	1,344.8	1,456.4	1,427.3	1,519.8	1,576.8	1,631.2
K Financial and insurance activities	689.8	816.9	850.6	978.3	1,106.4	1,216.6	1,230.3	1,556.4	1,480.1	1,617.7	1,664.6	1,631.7	1,578.1	1,325.8	1,230.0	1,234.8	1,360.3	1,368.4	1,415.6	1,450.3
L Real estate activities	1,161.6	1,307.6	1,478.8	1,625.9	1,697.1	1,855.6	1,990.5	2,113.3	2,304.6	2,403.5	2,679.2	2,527.2	2,477.4	2,345.8	2,282.3	2,208.6	2,341.0	2,419.8	2,459.8	2,495.5
MN Professional, scientific, technical, administrative and support services	1,160.8	1,239.0	1,416.7	1,776.5	1,984.5	2,057.1	2,302.4	2,520.3	2,845.9	2,838.2	3,033.7	3,008.6	2,968.4	2,966.3	3,238.9	3,295.6	3,404.6	3,526.3	3,630.3	3,722.9
OPQ Public administration, education, human health and social work	2,431.9	2,771.9	3,218.0	3,513.5	3,866.6	4,172.2	4,323.3	4,556.4	4,735.0	5,261.0	5,542.6	5,628.6	5,734.1	5,542.1	5,425.9	5,434.3	5,621.6	5,926.2	6,003.2	6,075.3
RST Other service activities	486.4	555.1	588.3	616.0	665.2	746.0	756.9	774.8	819.5	839.9	861.4	882.6	861.0	857.2	863.9	900.0	917.5	978.2	1,012.0	1,041.8
1. TOTAL VALUE ADDED, basic prices	15,536.7	17,101.0	19,342.3	21,255.5	23,449.0	25,220.0	27,187.5	29,708.6	31,707.8	30,788.2	32,055.7	31,687.2	31,351.7	30,987.4	32,164.1	32,965.2	34,163.7	35,653.7	36,845.4	37,826.5
2. CORRECTIONS	2,388.8	2,358.5	2,615.7	3,038.4	3,335.5	3,560.4	3,692.2	4,037.2	4,604.9	4,203.8	4,558.1	4,800.6	4,552.3	4,623.8	4,868.7	5,232.0	5,367.5	5,564.2	5,695.0	5,808.5
3. GROSS DOMESTIC PRODUCT (3=1+2)	17,925.5	19,459.5	21,958.0	24,293.9	26,784.5	28,780.4	30,879.7	33,745.8	36,312.7	34,992.0	36,613.9	36,487.8	35,904.0	35,611.2	37,032.8	38,197.3	39,531.2	41,217.9	42,540.4	43,635.0

Source: SURS, forecasts by IMAD.

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

Real growth rates in %

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
A Agriculture, forestry and fishing	1.3	0.0	15.4	-26.7	27.7	-5.6	-0.8	5.4	0.5	-9.4	1.6	6.8	-8.2	-0.7	15.9	7.7	-1.2	0.0	0.0	-2.0
BCDE Mining and quarrying, manufacturing, electr. and water supply, waste management	8.5	3.3	5.4	4.5	5.2	3.9	7.0	7.5	1.0	-14.3	6.5	2.4	-2.6	-0.1	4.5	1.5	5.6	4.8	4.4	3.6
..of which: C Manufacturing	9.4	4.3	5.8	4.9	5.1	4.1	7.0	8.4	0.2	-16.0	7.3	2.8	-3.2	-0.4	5.3	2.0	6.5	5.5	5.0	4.0
F Construction	-1.0	-0.3	2.5	5.2	0.8	3.4	14.5	17.9	4.7	-13.4	-18.2	-10.1	-7.7	-8.7	9.2	-1.3	-12.3	6.0	5.5	4.0
GHI Trade, transportation and storage, accommodation and food service activities	4.6	7.4	5.4	2.7	3.2	5.1	7.1	7.1	3.5	-8.9	1.2	1.7	-4.1	0.0	3.5	5.2	4.6	4.8	4.1	3.1
J Information and communication	5.0	5.8	-1.2	11.0	8.4	12.2	9.4	9.5	11.1	-4.4	3.3	0.1	-0.3	0.8	3.4	7.8	2.4	4.0	3.8	3.5
K Financial and insurance activities	3.5	4.5	6.5	10.7	8.0	11.3	5.7	15.7	3.7	0.9	-0.5	-3.9	-4.3	-2.0	-1.3	-4.8	-2.0	3.0	3.5	2.5
L Real estate activities	1.2	1.4	2.1	1.6	1.1	3.2	2.7	4.3	6.1	-0.2	1.6	-0.4	0.4	0.5	1.4	-0.4	1.5	1.8	1.7	1.5
MN Professional, scientific, technical, administrative and support services	6.8	3.2	2.5	3.3	3.1	-2.2	8.2	7.3	5.2	-5.9	5.7	0.6	-1.7	0.2	8.6	3.3	2.6	3.0	3.0	2.6
OPQ Public administration, education, human health and social work	4.2	3.0	3.1	2.5	2.6	3.1	0.9	1.5	0.2	1.5	1.2	0.3	1.2	-1.1	0.1	1.1	2.3	2.0	1.3	1.2
RST Other service activities	-6.9	0.1	-1.1	1.5	3.4	6.5	-0.2	-0.6	0.3	-3.3	-1.2	1.4	-2.7	-0.5	1.6	4.1	1.6	5.0	3.5	3.0
1. TOTAL VALUE ADDED, basic prices	4.6	3.6	4.2	3.0	4.3	3.9	5.9	7.1	2.9	-7.3	1.3	0.3	-2.3	-0.8	3.8	2.3	2.6	3.8	3.3	2.7
2. CORRECTIONS	1.1	-1.3	0.9	1.9	4.4	5.1	4.2	5.7	6.0	-11.0	0.7	2.8	-5.0	-3.2	-1.5	2.6	2.1	2.9	2.4	2.0
3. GROSS DOMESTIC PRODUCT (3=1+2)	4.2	2.9	3.8	2.8	4.4	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.7	-1.1	3.1	2.3	2.5	3.6	3.2	2.6

Source: SURS, forecasts by IMAD.

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

EUR million. current prices

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
1. Compensation of employees	9,536.5	10,759.8	11,816.9	12,759.5	13,815.0	14,615.8	15,649.7	17,211.6	18,955.9	18,789.7	19,018.3	18,921.2	18,486.7	18,073.1	18,389.7	18,900.7	19,740.0	21,003.8	22,088.2	23,097.4
Wages and salaries	8,287.2	9,375.5	10,223.2	11,000.7	11,857.8	12,538.6	13,420.4	14,781.9	16,302.7	16,127.8	16,336.1	16,244.7	15,816.9	15,479.0	15,775.0	16,187.4	16,905.2	17,975.7	18,904.1	19,761.2
Employers' social contributions	1,249.3	1,384.3	1,593.7	1,758.8	1,957.2	2,077.1	2,229.3	2,429.8	2,653.2	2,661.8	2,682.1	2,676.5	2,669.8	2,594.1	2,614.7	2,713.2	2,834.8	3,028.1	3,184.1	3,336.2
2. Taxes on production and imports	2,923.8	3,221.1	3,667.8	4,019.0	4,288.7	4,527.2	4,725.9	5,154.7	5,363.8	4,965.2	5,159.2	5,236.8	5,264.0	5,473.1	5,635.7	5,782.1	5,934.6	6,195.7	6,425.3	6,643.7
3. Subsidies	349.9	378.3	421.4	503.5	491.2	562.2	639.1	692.1	790.3	912.4	927.2	625.0	606.0	673.7	581.4	531.1	553.1	594.1	684.2	704.5
4. Gross operating surplus / mixed income	6,791.5	7,544.2	8,559.2	9,392.5	10,060.2	10,645.8	11,818.8	13,478.3	14,421.8	13,323.7	13,002.1	13,363.3	12,857.8	13,044.7	13,888.4	14,418.4	14,647.6	15,020.1	15,845.6	16,540.2
5. GDP (5=1+2-3+4)	18,902.0	21,146.8	23,622.5	25,667.5	27,672.7	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,252.4	36,896.3	36,002.5	35,917.1	37,332.4	38,570.0	39,769.1	41,625.5	43,674.9	45,576.9

Source: SURS. forecasts by IMAD.

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

Structure in %, current prices

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
1. Compensation of employees	50.5	50.9	50.0	49.7	49.9	50.0	49.6	49.0	49.9	52.0	52.5	51.3	51.3	50.3	49.3	49.0	49.6	50.5	50.6	50.7
Wages and salaries	43.8	44.3	43.3	42.9	42.9	42.9	42.5	42.1	43.0	44.6	45.1	44.0	43.9	43.1	42.3	42.0	42.5	43.2	43.3	43.4
Employers' social contributions	6.6	6.5	6.7	6.9	7.1	7.1	7.1	6.9	7.0	7.4	7.4	7.3	7.4	7.2	7.0	7.0	7.1	7.3	7.3	7.3
2. Taxes on production and imports	15.5	15.2	15.5	15.7	15.5	15.5	15.0	14.7	14.1	13.7	14.2	14.2	14.6	15.2	15.1	15.0	14.9	14.9	14.7	14.6
3. Subsidies	1.9	1.8	1.8	2.0	1.8	1.9	2.0	2.0	2.1	2.5	2.6	1.7	1.7	1.9	1.6	1.4	1.4	1.4	1.6	1.5
4. Gross operating surplus / mixed income	35.9	35.7	36.2	36.6	36.4	36.4	37.5	38.3	38.0	36.8	35.9	36.2	35.7	36.3	37.2	37.4	36.8	36.1	36.3	36.3
5. GDP (5=1+2-3+4)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	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

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																			forecast		
1	GROSS DOMESTIC PRODUCT (1=4+5)	18,902.0	21,146.8	23,622.5	25,667.5	27,672.7	29,226.6	31,555.4	35,152.6	37,951.2	36,166.2	36,252.4	36,896.3	36,002.5	35,917.1	37,332.4	38,570.0	39,769.1	41,625.5	43,674.9	45,576.9
2	EXPORTS OF GOODS AND SERVICES	9,452.0	10,943.2	12,320.9	13,063.7	15,210.6	17,413.2	20,414.9	23,762.1	25,089.1	20,702.5	23,306.0	25,965.4	26,380.5	27,004.9	28,518.1	30,059.9	31,440.2	33,877.6	35,954.8	38,124.7
3	IMPORTS OF GOODS AND SERVICES	10,145.4	11,163.3	12,087.5	13,145.0	15,610.4	17,599.5	20,430.0	24,218.3	25,820.3	20,026.6	22,785.8	25,288.1	24,858.8	24,987.9	25,736.3	26,543.3	27,607.6	30,285.9	32,315.0	34,350.6
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-693.3	-220.1	233.4	-81.3	-399.8	-186.3	-15.1	-456.2	-731.2	675.9	520.2	677.3	1,521.7	2,017.0	2,781.8	3,516.6	3,832.6	3,591.7	3,639.8	3,774.1
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	19,595.3	21,366.9	23,389.1	25,748.8	28,072.5	29,413.0	31,570.5	35,608.8	38,682.4	35,490.3	35,732.2	36,219.0	34,480.8	33,900.1	34,550.6	35,053.5	35,936.6	38,033.8	40,035.2	41,802.8
6	FINAL CONSUMPTION (6=7+8)	14,204.3	15,789.1	17,401.0	18,967.0	20,156.5	21,118.5	22,047.8	24,052.0	26,274.3	27,033.9	27,669.7	28,205.1	27,732.3	26,838.0	27,152.5	27,315.0	28,103.8	29,521.1	30,715.1	31,760.9
7	PRIVATE CONSUMPTION	10,706.5	11,791.2	12,989.5	14,139.8	14,991.7	15,658.9	16,229.0	17,973.2	19,433.4	19,779.4	20,316.5	20,667.8	20,436.0	19,765.7	20,152.8	20,111.5	20,573.8	21,664.4	22,569.0	23,400.5
	Households	10,504.5	11,591.7	12,777.1	13,905.8	14,743.0	15,420.7	15,972.9	17,674.0	19,141.7	19,481.7	19,979.6	20,337.9	20,129.1	19,459.9	19,826.8	19,772.9	20,224.9	21,298.9	22,191.0	23,008.3
	NPISH's	202.0	199.5	212.4	234.0	248.7	238.2	256.1	299.2	291.7	297.7	336.9	329.8	306.9	305.8	326.0	338.6	348.9	365.5	378.0	392.1
8	GOVERNMENT CONSUMPTION	3,497.7	3,998.0	4,411.4	4,827.1	5,164.9	5,459.6	5,818.8	6,078.9	6,841.0	7,254.5	7,353.3	7,537.4	7,296.3	7,072.3	6,999.7	7,203.6	7,530.0	7,856.7	8,146.1	8,360.4
9	GROSS CAPITAL FORMATION (9=10+11)	5,391.0	5,577.7	5,988.1	6,781.8	7,915.9	8,294.5	9,522.7	11,556.8	12,408.1	8,456.4	8,062.5	8,013.9	6,748.5	7,062.1	7,398.1	7,738.4	7,832.8	8,512.7	9,320.1	10,041.9
10	GROSS FIXED CAPITAL FORMATION	5,168.6	5,572.7	5,837.1	6,466.5	7,239.9	7,788.2	8,780.0	10,107.9	11,230.0	8,806.1	7,726.6	7,450.7	6,933.9	7,174.9	7,315.9	7,524.6	7,321.5	7,947.4	8,694.8	9,414.5
11	CHANGES IN INVENTORIES AND VALUABLES	222.4	5.0	151.1	315.3	676.1	506.3	742.6	1,448.9	1,178.1	-349.6	335.9	563.2	-185.4	-112.9	82.2	213.9	511.4	565.3	625.2	627.4

Source: SURS, forecasts by IMAD.

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

Structure in %, current prices

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																			forecast		
1	GROSS DOMESTIC PRODUCT (1=4+5)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	EXPORTS OF GOODS AND SERVICES	50.0	51.7	52.2	50.9	55.0	59.6	64.7	67.6	66.1	57.2	64.3	70.4	73.3	75.2	76.4	77.9	79.1	81.4	82.3	83.6
3	IMPORTS OF GOODS AND SERVICES	53.7	52.8	51.2	51.2	56.4	60.2	64.7	68.9	68.0	55.4	62.9	68.5	69.0	69.6	68.9	68.8	69.4	72.8	74.0	75.4
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-3.7	-1.0	1.0	-0.3	-1.4	-0.6	0.0	-1.3	-1.9	1.9	1.4	1.8	4.2	5.6	7.5	9.1	9.6	8.6	8.3	8.3
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	103.7	101.0	99.0	100.3	101.4	100.6	100.0	101.3	101.9	98.1	98.6	98.2	95.8	94.4	92.5	90.9	90.4	91.4	91.7	91.7
6	FINAL CONSUMPTION (6=7+8)	75.1	74.7	73.7	73.9	72.8	72.3	69.9	68.4	69.2	74.7	76.3	76.4	77.0	74.7	72.7	70.8	70.7	70.9	70.3	69.7
7	PRIVATE CONSUMPTION	56.6	55.8	55.0	55.1	54.2	53.6	51.4	51.1	51.2	54.7	56.0	56.0	56.8	55.0	54.0	52.1	51.7	52.0	51.7	51.3
	Households	55.6	54.8	54.1	54.2	53.3	52.8	50.6	50.3	50.4	53.9	55.1	55.1	55.9	54.2	53.1	51.3	50.9	51.2	50.8	50.5
	NPISH's	1.1	0.9	0.9	0.9	0.9	0.8	0.8	0.9	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
8	GOVERNMENT CONSUMPTION	18.5	18.9	18.7	18.8	18.7	18.7	18.4	17.3	18.0	20.1	20.3	20.4	20.3	19.7	18.7	18.7	18.9	18.9	18.7	18.3
9	GROSS CAPITAL FORMATION (9=10+11)	28.5	26.4	25.3	26.4	28.6	28.4	30.2	32.9	32.7	23.4	22.2	21.7	18.7	19.7	19.8	20.1	19.7	20.5	21.3	22.0
10	GROSS FIXED CAPITAL FORMATION	27.3	26.4	24.7	25.2	26.2	26.6	27.8	28.8	29.6	24.3	21.3	20.2	19.3	20.0	19.6	19.5	18.4	19.1	19.9	20.7
11	CHANGES IN INVENTORIES AND VALUABLES	1.2	0.0	0.6	1.2	2.4	1.7	2.4	4.1	3.1	-1.0	0.9	1.5	-0.5	-0.3	0.2	0.6	1.3	1.4	1.4	1.4

Source: SURS, forecasts by IMAD.

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

EUR million

		constant previous year prices																	constant 2016 prices		
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																			forecast		
1	GROSS DOMESTIC PRODUCT (1=4+5)	17,925.5	19,459.5	21,958.0	24,293.9	26,784.5	28,780.4	30,879.7	33,745.8	36,312.7	34,992.0	36,613.9	36,487.8	35,904.0	35,611.2	37,032.8	38,197.3	39,531.2	41,217.9	42,540.4	43,635.0
2	EXPORTS OF GOODS AND SERVICES	8,554.8	10,130.9	11,794.9	12,710.3	14,767.5	16,939.2	19,872.4	23,193.2	24,752.3	20,927.4	22,804.8	24,912.6	26,117.6	27,185.6	28,542.2	30,101.2	31,828.3	33,312.4	35,004.0	36,690.3
3	IMPORTS OF GOODS AND SERVICES	8,896.2	10,512.9	11,791.3	12,868.9	14,981.1	16,755.7	19,779.9	23,854.0	25,150.4	20,955.4	21,395.9	23,924.3	24,351.2	25,368.7	26,025.9	26,926.2	28,185.2	29,408.7	31,045.7	32,623.3
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	-341.4	-382.0	3.6	-158.6	-213.6	183.4	92.5	-660.8	-398.1	-27.9	1,408.9	988.3	1,766.4	1,816.9	2,516.3	3,175.0	3,643.1	3,903.6	3,958.2	4,067.0
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	18,266.9	19,841.5	21,954.5	24,452.5	26,998.1	28,597.0	30,787.2	34,406.6	36,710.7	35,019.9	35,204.9	35,499.5	34,137.6	33,794.3	34,516.5	35,022.3	35,888.0	37,314.3	38,582.2	39,568.0
6	FINAL CONSUMPTION (6=7+8)	13,181.8	14,559.7	16,211.5	17,967.2	19,517.5	20,624.8	21,483.7	23,194.6	24,780.8	26,613.3	27,244.0	27,610.8	27,523.3	26,754.4	27,150.5	27,415.9	28,073.6	28,911.3	29,566.7	30,042.8
7	PRIVATE CONSUMPTION	9,986.5	10,964.1	12,084.4	13,437.1	14,560.2	15,321.2	15,853.4	17,263.1	18,402.3	19,607.5	20,027.3	20,311.7	20,155.4	19,609.0	20,160.0	20,244.7	20,683.4	21,302.2	21,885.4	22,312.3
	- Households	9,773.7	10,776.4	11,877.0	13,216.1	14,322.4	15,089.8	15,604.7	16,979.8	18,125.8	19,318.6	19,692.2	19,984.7	19,849.9	19,304.1	19,835.1	19,907.6	20,335.5	20,942.9	21,518.8	21,938.4
	- NPISH's	212.8	187.7	207.4	221.0	237.8	231.4	248.7	283.3	276.5	288.9	335.1	327.0	305.5	304.9	324.9	337.1	347.9	359.4	366.6	373.9
8	GOVERNMENT CONSUMPTION	3,195.3	3,595.6	4,127.2	4,530.1	4,957.2	5,303.6	5,630.3	5,931.5	6,378.4	7,005.7	7,216.6	7,299.1	7,367.9	7,145.4	6,990.4	7,171.2	7,390.2	7,609.1	7,681.3	7,730.5
9	GROSS CAPITAL FORMATION (9=10+11)	5,085.1	5,281.7	5,742.9	6,485.3	7,480.6	7,972.2	9,303.4	11,212.0	11,929.9	8,406.7	7,961.0	7,888.8	6,614.4	7,039.9	7,366.0	7,606.3	7,814.5	8,403.0	9,015.5	9,525.2
10	GROSS FIXED CAPITAL FORMATION	4,882.6	5,272.3	5,600.7	6,173.9	6,815.2	7,491.0	8,582.4	9,829.8	10,817.8	8,758.6	7,634.2	7,345.7	6,792.4	7,152.9	7,276.2	7,389.6	7,290.1	7,837.7	8,390.2	8,897.8
11	CHANGES IN INVENTORIES AND VALUABLES	202.5	9.4	142.3	311.3	665.4	481.2	720.9	1,382.1	1,112.1	-351.9	326.7	543.1	-178.1	-113.1	89.8	216.7	524.4	565.3	625.2	627.4

Source: SURS, forecasts by IMAD.

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

Real growth rates in %

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																			forecast		
1	GROSS DOMESTIC PRODUCT (1=4+5)	4.2	2.9	3.8	2.8	4.4	4.0	5.7	6.9	3.3	-7.8	1.2	0.6	-2.7	-1.1	3.1	2.3	2.5	3.6	3.2	2.6
2	EXPORTS OF GOODS AND SERVICES	12.6	7.2	7.8	3.2	13.0	11.4	14.1	13.6	4.2	-16.6	10.2	6.9	0.6	3.1	5.7	5.6	5.9	6.0	5.1	4.8
3	IMPORTS OF GOODS AND SERVICES	6.6	3.6	5.6	6.5	14.0	7.3	12.4	16.8	3.8	-18.8	6.8	5.0	-3.7	2.1	4.2	4.6	6.2	6.5	5.6	5.1
4	*EXTERNAL BALANCE OF GOODS AND SERVICES [1] (4=2-3)*	*2.3*	*1.6*	*1.1*	*-1.7*	*-0.5*	*2.1*	*1.0*	*-2.0*	*0.2*	*1.9*	*2.0*	*1.3*	*3.0*	*0.8*	*1.4*	*1.1*	*0.3*	*0.2*	*0.1*	*0.3*
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	1.7	1.3	2.8	4.5	4.9	1.9	4.7	9.0	3.1	-9.5	-0.8	-0.7	-5.7	-2.0	1.8	1.4	2.4	3.8	3.4	2.6
6	FINAL CONSUMPTION (6=7+8)	1.5	2.5	2.7	3.3	2.9	2.3	1.7	5.2	3.0	1.3	0.8	-0.2	-2.4	-3.5	1.2	1.0	2.8	2.9	2.3	1.6
7	PRIVATE CONSUMPTION	0.8	2.4	2.5	3.4	3.0	2.2	1.2	6.4	2.4	0.9	1.3	0.0	-2.5	-4.0	2.0	0.5	2.8	3.5	2.7	2.0
	- Households	0.6	2.6	2.5	3.4	3.0	2.4	1.2	6.3	2.6	0.9	1.1	0.0	-2.4	-4.1	1.9	0.4	2.8	3.5	2.7	1.9
	- NPISH's	10.3	-7.1	4.0	4.0	1.6	-6.9	4.4	10.6	-7.6	-1.0	12.6	-2.9	-7.4	-0.7	6.3	3.4	2.8	3.0	2.0	2.0
8	GOVERNMENT CONSUMPTION	3.8	2.8	3.2	2.7	2.7	2.7	3.1	1.9	4.9	2.4	-0.5	-0.7	-2.2	-2.1	-1.2	2.5	2.6	1.0	0.9	0.6
9	GROSS CAPITAL FORMATION (9=10+11)	2.4	-2.0	3.0	8.3	10.3	0.7	12.2	17.7	3.2	-32.2	-5.9	-2.2	-17.5	4.3	4.3	2.8	1.0	7.3	7.3	5.7
10	GROSS FIXED CAPITAL FORMATION	2.4	2.0	0.5	5.8	5.4	3.5	10.2	12.0	7.0	-22.0	-13.3	-4.9	-8.8	3.2	1.4	1.0	-3.1	7.0	7.0	6.0
11	*CHANGES IN INVENTORIES AND VALUABLES [1]*	*0.0*	*-1.2*	*0.7*	*0.7*	*1.4*	*-0.7*	*0.7*	*2.0*	*-0.9*	*-4.0*	*1.9*	*0.6*	*-2.0*	*0.2*	*0.6*	*0.4*	*0.8*	*0.1*	*0.1*	*0.0*

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

Table 7: **Labour market**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
LABOUR SUPPLY																				
Activity rate (20-64 years, in %)	73.4	73.5	74.3	72.8	75.5	76.0	76.0	76.1	76.3	76.3	75.8	74.5	74.9	74.9	75.1	76.0	75.4	76.2	77.4	78.4
Active population (ILO definition)	960	969	980	958	1,006	1,015	1,022	1,035	1,041	1,042	1,041	1,020	1,013	1,008	1,015	1,008	995	999	1,008	1,014
- yearly growth (in %)	0.1	0.9	1.1	-2.2	5.0	0.9	0.7	1.3	0.6	0.0	0.0	-2.1	-0.6	-0.6	0.7	-0.7	-1.3	0.4	0.9	0.6
EMPLOYMENT AND UNEMPLOYMENT																				
Employment (National accounts concept, in thousands)	914.4	919.6	934.1	931.3	934.0	929.5	944.1	975.8	1,000.8	982.9	962.1	946.0	937.2	926.8	930.9	941.5	960.6	981.4	995.9	1,005.4
- yearly growth (in %)	1.6	0.6	1.6	-0.3	0.3	-0.5	1.6	3.4	2.6	-1.8	-2.1	-1.7	-0.9	-1.1	0.4	1.1	2.0	2.2	1.5	1.0
Employment (ILO concept, in thousands)	893.7	914.0	922.2	896.3	945.8	949.3	961.2	985.2	996.1	980.7	966.0	936.2	923.7	906.0	917.0	917.6	915.0	929.6	943.6	953.0
- yearly growth (in %)	0.6	2.3	0.9	-2.8	5.5	0.4	1.3	2.5	1.1	-1.5	-1.5	-3.1	-1.3	-1.9	1.2	0.1	-0.3	1.6	1.5	1.0
Employment rate (15-64 yeras, in %)	68.5	69.4	70.0	68.1	71.0	71.1	71.5	72.4	73.0	71.9	70.3	68.4	68.3	67.2	67.8	69.1	69.3	70.8	72.4	73.6
Formal employment (statistical register, in thousands) *	800.5	806.3	808.7	801.4	807.5	813.1	824.8	854.0	879.3	858.2	835.0	824.0	810.0	793.6	797.8	804.6	817.2	836.7	849.8	858.7
- yearly growth (in %)	1.3	0.7	0.3	-0.9	0.8	0.7	1.4	3.5	3.0	-2.4	-2.7	-1.3	-1.7	-2.0	0.5	0.9	1.6	2.4	1.6	1.0
- Paid employment (in thousands)	715.4	722.1	721.4	722.1	724.4	731.6	741.6	766.0	789.9	767.4	747.2	729.1	717.0	698.7	703.0	713.1	730.5	751.0	763.8	772.1
- yearly growth (in %)	1.8	0.9	-0.1	0.1	0.3	1.0	1.4	3.3	3.1	-2.8	-2.6	-2.4	-1.6	-2.6	0.6	1.4	2.4	2.8	1.7	1.1
- Self employed (in thousands)	85.1	84.2	87.3	79.2	83.1	81.5	83.3	87.9	89.4	90.8	87.8	94.9	93.0	94.9	94.8	91.6	86.7	85.6	86.0	86.5
- yearly growth (in %)	-2.7	-1.1	3.6	-9.2	4.9	-1.9	2.1	5.6	1.6	1.6	-3.3	8.1	-2.1	2.1	-0.1	-3.4	-5.3	-1.2	0.4	0.6
Unemployment (ILO concept, in thousands)	66.1	54.8	57.7	61.7	60.1	66.0	60.9	49.7	45.1	60.8	75.2	83.3	89.7	101.8	98.0	90.5	79.7	69.2	64.1	60.8
- yearly growth (in %)	-5.8	-17.1	5.3	6.9	-2.6	9.8	-7.7	-18.4	-9.3	34.8	23.7	10.8	7.7	13.5	-3.7	-7.7	-12.0	-13.2	-7.4	-5.1
Unemployment (registered, in thousands)	106.6	101.9	102.6	97.7	92.8	91.9	85.8	71.3	63.2	86.4	100.5	110.7	110.2	119.8	120.1	112.7	103.2	90.2	84.9	80.2
- yearly growth (in %)	-10.4	-4.5	0.8	-4.8	-5.0	-1.0	-6.6	-16.9	-11.4	36.6	16.4	10.1	-0.5	8.8	0.2	-6.1	-8.5	-12.5	-5.8	-5.5
Unemployment rate (ILO concept, in %)	6.9	5.7	6.0	6.5	6.0	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	9.7	9.0	8.0	7.0	6.4	6.0
Unemployment rate (registered, in %)	11.8	11.2	11.3	10.9	10.3	10.2	9.4	7.7	6.7	9.1	10.7	11.8	12.0	13.1	13.1	12.3	11.2	9.7	9.1	8.5

Source: SURS, ESS, Eurostat; estimate and forcasts by IMAD and Eurostat.
Note: * According to the Statistical Register of Employment, including the estimate of self-employed farmers.
[1] The value for 2016 is our estimate, as detailed data were not available at the time of forcast construction. The yearly number is derived as the average of quarterly data.

Table 8: **Balance of payments - balance of payments statistics**

EUR million

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
I. CURRENT ACCOUNT	-610	9	218	-213	-746	-524	-578	-1,451	-2,017	-203	-43	68	930	1,732	2,325	1,998	2,719	1,911	1,906	2,024
1. GOODS	-1,335	-872	-378	-673	-1,152	-1,072	-922	-1,412	-2,114	-425	-748	-974	-81	708	1,181	1,498	1,537	1,119	1,017	995
1.1. Exports of goods	8,849	9,674	10,450	10,730	12,284	14,094	16,769	19,517	20,030	16,283	18,631	21,042	21,256	21,692	22,961	24,039	24,913	26,908	28,548	30,277
1.2. Imports of goods	10,183	10,547	10,828	11,403	13,436	15,166	17,691	20,929	22,144	16,708	19,379	22,016	21,337	20,984	21,780	22,541	23,375	25,789	27,531	29,281
2. SERVICES	570	676	683	647	802	935	937	984	1,409	1,111	1,210	1,406	1,509	1,732	1,697	2,019	2,304	2,482	2,632	2,789
2.1. Exports	2,188	2,394	2,588	2,655	2,960	3,300	3,618	4,195	5,060	4,403	4,655	4,906	5,106	5,317	5,558	6,025	6,539	6,981	7,419	7,861
Transport	537	563	638	684	812	926	1,060	1,260	1,436	1,090	1,210	1,309	1,346	1,398	1,529	1,672	1,827	1,971	2,108	2,245
Travel	1,045	1,105	1,143	1,186	1,312	1,451	1,555	1,665	1,827	1,804	1,925	1,975	2,008	2,043	2,060	2,257	2,351	2,464	2,586	2,714
Other	606	727	808	785	836	923	1,002	1,269	1,797	1,508	1,520	1,622	1,752	1,877	1,969	2,096	2,362	2,546	2,724	2,902
2.2. Imports	1,618	1,718	1,906	2,008	2,158	2,365	2,680	3,211	3,650	3,291	3,444	3,500	3,597	3,586	3,862	4,006	4,235	4,500	4,786	5,072
Transport	386	358	386	421	487	526	603	735	875	654	716	725	713	738	814	851	918	967	1,019	1,074
Travel	556	601	635	664	703	707	772	831	922	913	923	817	730	708	745	822	849	902	956	1,000
Other	675	760	885	923	967	1,131	1,305	1,644	1,853	1,725	1,805	1,958	2,153	2,140	2,302	2,333	2,468	2,631	2,811	2,998
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	-764	-196	304	-26	-350	-137	16	-428	-704	686	462	432	1,428	2,440	2,878	3,517	3,841	3,601	3,650	3,785
Exports of goods and services	11,037	12,069	13,038	13,385	15,244	17,393	20,386	23,712	25,090	20,686	23,285	25,948	26,362	27,010	28,519	30,064	31,451	33,889	35,967	38,138
Imports of goods and services	11,801	12,265	12,734	13,412	15,594	17,530	20,371	24,140	25,794	19,999	22,823	25,516	24,934	24,569	25,641	26,547	27,610	30,288	32,318	34,353
3. PRIMARY INCOME	29	62	-147	-212	-333	-251	-362	-766	-1,028	-536	-373	-279	-271	-192	-125	-982	-631	-1,100	-1,133	-1,126
3.1. Receipts	453	496	468	484	535	747	1,006	1,318	1,552	935	895	1,318	1,159	1,117	1,396	1,632	1,619	1,688	1,725	1,757
Compensation of employees	204	197	207	192	201	205	218	229	238	212	240	327	474	495	537	609	573	565	571	575
Investment	249	299	261	292	311	430	653	938	1,021	416	287	580	207	54	368	501	509	598	610	619
Other primary income	0	0	0	0	23	112	136	151	294	306	367	411	478	567	490	522	537	525	544	563
3.2. Expenditure	425	434	615	696	868	998	1,368	2,084	2,580	1,471	1,268	1,598	1,430	1,309	1,521	2,614	2,250	2,788	2,858	2,884
Compensation of employees	29	30	47	57	63	77	110	179	230	116	89	93	98	106	114	120	124	135	145	155
Investment	395	404	567	639	768	850	1,175	1,768	2,059	1,228	1,031	1,328	1,097	917	1,063	2,065	1,638	2,118	2,142	2,122
Other primary income	0	0	0	0	37	72	83	136	291	127	147	176	235	286	344	429	488	535	571	607
4. SECONDARY INCOME	125	144	60	26	-62	-136	-231	-258	-285	-353	-132	-84	-227	-516	-428	-537	-491	-590	-611	-635
4.1.Receipts	371	436	500	474	538	627	649	790	600	675	864	993	931	632	709	725	734	715	726	727
4.2. Expenditure	245	293	439	449	600	763	880	1,048	885	1,029	996	1,077	1,157	1,148	1,137	1,262	1,226	1,305	1,337	1,361

Table 8: **Balance of payments - balance of payments statistics**

EUR million

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
																		forecast		
II. CAPITAL ACCOUNT	4	-4	-164	-165	-96	-114	-131	-52	-30	9	54	-85	41	187	157	371	-317			
1. Non-produced non-financial assets	3	-5	-1	-2	0	-5	-5	-1	-3	-6	-3	-12	-4	-10	-24	-37	-54			
2. Capital transfers	1	1	-163	-164	-96	-109	-126	-51	-26	16	57	-73	45	197	181	408	-263			
III. FINANCIAL ACCOUNT	-538	144	-167	-211	-790	-1,078	-1,205	-1,077	-3,366	-1,274	-1,460	-754	-142	1,042	2,377	1,772	1,102			
1. Direct investment	-77	-239	-1,507	181	-104	54	106	600	130	497	-93	-640	-466	-47	-584	-1,238	-706			
Assets	72	174	359	631	400	855	710	1,417	884	244	138	-3	-439	24	155	278	236			
Liabilities	149	414	1,865	451	504	801	605	817	754	-253	231	636	27	71	739	1,516	943			
2. Portfolio investment	-185	-80	69	223	637	1,313	1,442	2,255	-592	-4,628	-1,961	-1,844	220	-4,176	-3,968	2,929	4,352			
3. Financial derivatives	0	0	0	0	-6	10	13	15	-46	-15	117	155	89	32	-3	28	50			
4. Other investment	-462	-976	-614	-879	-1,061	-2,644	-1,485	-3,809	-2,836	2,830	497	1,646	45	5,227	6,843	166	-2,498			
4.1. Assets	576	-248	544	731	1,319	1,490	1,987	6,636	-119	-473	-1,807	425	456	632	4,815	-672	-2,077			
4.2. Liabilities	1,038	728	1,158	1,610	2,380	4,134	3,471	10,445	2,717	-3,303	-2,303	-1,221	411	-4,595	-2,028	-837	422			
5. Reserve assets	187	1,439	1,885	264	-256	189	-1,281	-140	-21	42	-19	-72	-31	5	89	-113	-97			
IV. NET ERRORS AND OMISSIONS	69	139	-221	167	52	-440	-496	426	-1,319	-1,081	-1,470	-737	-1,113	-877	-105	-596	-1,300			

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

Table 9a: **Consolidated general government revenues; GFS - IMF Methodology**

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 previous
I. **TOTAL GENERAL GOVERNMENT REVENUES**	7,484	8,547	9,082	10,338	11,196	11,976	12,959	14,006	15,339	14,408	14,794	14,982	14,999	14,728	15,494	15,714	15,841
TAX REVENUES	6,954	7,840	8,355	9,560	10,211	10,884	11,762	12,758	13,937	12,955	12,848	13,209	13,118	12,648	13,193	13,746	14,240
TAXES ON INCOME AND PROFIT	1,300	1,493	1,648	1,922	2,115	2,242	2,735	2,918	3,442	2,805	2,491	2,724	2,657	2,137	2,386	2,585	2,681
Personal income tax	1,083	1,206	1,335	1,474	1,596	1,648	1,793	1,804	2,185	2,093	2,039	2,054	2,077	1,868	1,916	1,986	2,079
Corporate income tax	216	287	314	448	519	594	942	1,113	1,257	712	449	668	577	265	468	595	599
SOCIAL SECURITY CONTRIBUTIONS	2,584	2,927	3,231	3,502	3,753	3,988	4,231	4,598	5,095	5,161	5,234	5,268	5,244	5,127	5,272	5,474	5,721
TAXSES ON PAYROLL AND WORKFORCE	284	348	392	448	491	526	473	418	258	28	28	29	26	23	20	20	20
TAXES ON PROPERTY	111	138	144	144	165	170	189	206	215	207	220	215	234	254	245	238	255
DOMESTIC TAXES ON GOODS AND SERVICES	2,516	2,810	2,807	3,399	3,575	3,915	4,077	4,499	4,805	4,660	4,781	4,856	4,876	5,027	5,191	5,347	5,433
Value added tax	1,713	1,839	1,768	2,195	2,251	2,536	2,716	2,907	3,145	2,838	2,941	2,992	2,905	3,029	3,153	3,229	3,272
Excise duties	560	694	713	825	908	961	956	1,158	1,213	1,415	1,439	1,462	1,560	1,491	1,491	1,515	1,551
TAXES ON INTERN. TRADE AND TRANSACTIONS	159	124	131	145	81	39	51	117	120	91	91	100	83	77	78	82	82
OTHER TAXES	1	1	2	1	31	4	5	2	2	3	4	17	-1	1	0	1	49
NON-TAX REVENUES	398	580	559	623	677	633	633	709	855	684	923	829	912	989	1,184	956	963
CAPITAL REVENUES	40	43	63	66	87	113	167	137	117	107	176	65	63	67	53	96	96
DONATIONS RECEIVED	31	45	59	56	8	9	5	12	10	11	13	10	9	33	19	12	10
TRANSFERED REVENUES	61	39	46	33	31	34	43	42	54	54	110	54	52	53	5	21	51
RECEIPTS FROM THE EU BUDGET	-	-	-	-	183	302	348	348	365	597	725	815	845	938	1,040	882	481

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

Table 9b: **Consolidated general government revenues; GFS - IMF Methodology**

Per cent share relative to GDP

	CONSOLIDATED GENERAL GOVERNMENT REVENUES	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 previous
I.	**TOTAL GENERAL GOVERNMENT REVENUES**	39.6	40.4	38.4	40.3	40.5	41.0	41.1	39.8	40.4	39.8	40.8	40.6	41.7	41.0	41.5	40.7	39.8
	TAX REVENUES	36.8	37.1	35.4	37.2	36.9	37.2	37.3	36.3	36.7	35.8	35.4	35.8	36.4	35.2	35.3	35.6	35.8
	TAXES ON INCOME AND PROFIT	6.9	7.1	7.0	7.5	7.6	7.7	8.7	8.3	9.1	7.8	6.9	7.4	7.4	6.0	6.4	6.7	6.7
	Personal income tax	5.7	5.7	5.6	5.7	5.8	5.6	5.7	5.1	5.8	5.8	5.6	5.6	5.8	5.2	5.1	5.1	5.2
	Corporate income tax	1.1	1.4	1.3	1.7	1.9	2.0	3.0	3.2	3.3	2.0	1.2	1.8	1.6	0.7	1.3	1.5	1.5
	SOCIAL SECURITY CONTRIBUTIONS	13.7	13.8	13.7	13.6	13.6	13.6	13.4	13.1	13.4	14.3	14.4	14.3	14.6	14.3	14.1	14.2	14.4
	TAXSES ON PAYROLL AND WORKFORCE	1.5	1.6	1.7	1.7	1.8	1.8	1.5	1.2	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
	TAXES ON PROPERTY	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6
	DOMESTIC TAXES ON GOODS AND SERVICES	13.3	13.3	11.9	13.2	12.9	13.4	12.9	12.8	12.7	12.9	13.2	13.2	13.5	14.0	13.9	13.9	13.7
	Value added tax	9.1	8.7	7.5	8.6	8.1	8.7	8.6	8.3	8.3	7.8	8.1	8.1	8.1	8.4	8.4	8.4	8.2
	Excise duties	3.0	3.3	3.0	3.2	3.3	3.3	3.0	3.3	3.2	3.9	4.0	4.0	4.3	4.2	4.0	3.9	3.9
	TAXES ON INTERN. TRADE AND TRANSACTIONS	0.8	0.6	0.6	0.6	0.3	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
	OTHER TAXES	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
	NON-TAX REVENUES	2.1	2.7	2.4	2.4	2.4	2.2	2.0	2.0	2.3	1.9	2.5	2.2	2.5	2.8	3.2	2.5	2.4
	CAPITAL REVENUES	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.4	0.3	0.3	0.5	0.2	0.2	0.2	0.1	0.2	0.2
	DONATIONS RECEIVED	0.2	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
	TRANSFERED REVENUES	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.1	0.1	0.1	0.0	0.1	0.1
	RECEIPTS FROM THE EU BUDGET	-	-	-	-	0.7	1.0	1.1	1.0	1.0	1.6	2.0	2.2	2.3	2.6	2.8	2.3	1.2

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

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

EUR million, current prices

	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 previous
II.	**TOTAL EXPENDITURES**	7,713	8,811	9,733	10,666	11,552	12,276	13,209	13,915	15,442	16,368	16,693	16,546	16,126	16,286	16,755	16,956	16,492
	CURRENT EXPENDITURE	3,605	4,191	4,668	5,114	5,150	5,354	5,689	5,951	6,557	6,801	6,960	6,927	6,814	6,838	7,043	7,168	7,406
	WAGES AND OTHER PERSONNEL EXPENDITURE	1,617	1,905	2,149	2,342	2,456	2,521	2,671	2,762	3,037	3,363	3,359	3,330	3,185	3,114	3,116	3,124	3,278
	EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	279	336	386	424	466	495	509	515	542	549	553	553	543	503	494	486	508
	PURCHASES OF GOODS AND SERVICES	1,402	1,610	1,743	1,884	1,794	1,911	2,073	2,212	2,527	2,510	2,512	2,443	2,373	2,239	2,233	2,311	2,371
	INTEREST PAYMENTS	254	304	349	387	384	372	376	357	335	336	488	527	648	840	1,097	1,043	1,074
	RESERVES	53	38	41	78	50	55	59	105	116	43	47	74	65	143	103	204	175
	CURRENT TRANSFERS	3,395	3,789	4,202	4,579	5,216	5,599	5,926	6,144	6,742	7,339	7,629	7,819	7,687	7,671	7,592	7,540	7,698
	SUBSIDIES	246	264	252	290	324	381	403	423	477	598	582	496	503	520	467	399	397
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	3,051	3,427	3,799	4,115	4,396	4,629	4,871	5,093	5,619	6,024	6,278	6,533	6,384	6,343	6,335	6,371	6,495
	OTHER CURRENT DOMESTIC TRANSFERS	12	-3	37	53	368	451	502	467	460	519	769	789	800	809	789	770	807
	CAPITAL EXPENDITURE TOTAL	713	830	863	972	1,017	1,038	1,306	1,465	1,714	1,789	1,707	1,396	1,235	1,351	1,717	1,815	960
	CAPITAL EXPENDITURE	463	534	537	593	631	654	901	1,130	1,255	1,294	1,311	1,024	915	1,032	1,451	1,520	785
	CAPITAL TRANSFERS	250	296	326	379	386	383	405	334	459	495	396	372	320	319	266	295	175
	PAYMENTS TO THE EU BUDGET	-	-	-	-	170	286	288	356	428	439	397	405	390	425	403	433	427
III.	**GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I. - II.)**	-228	-264	-651	-327	-356	-300	-250	91	-103	-1,960	-1,899	-1,564	-1,127	-1,558	-1,261	-1,242	-651

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

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

Per cent share relative to GDP

	CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 previous
II.	**TOTAL EXPENDITURES**	40.8	41.7	41.2	41.6	41.7	42.0	41.9	39.6	40.7	45.3	46.0	44.8	44.8	45.3	44.9	44.0	41.5
	CURRENT EXPENDITURE	19.1	19.8	19.8	19.9	18.6	18.3	18.0	16.9	17.3	18.8	19.2	18.8	18.9	19.0	18.9	18.6	18.6
	WAGES AND OTHER PERSONNEL EXPENDITURE	8.6	9.0	9.1	9.1	8.9	8.6	8.5	7.9	8.0	9.3	9.3	9.0	8.8	8.7	8.3	8.1	8.2
	EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	1.5	1.6	1.6	1.7	1.7	1.7	1.6	1.5	1.4	1.5	1.5	1.5	1.5	1.4	1.3	1.3	1.3
	PURCHASES OF GOODS AND SERVICES	7.4	7.6	7.4	7.3	6.5	6.5	6.6	6.3	6.7	6.9	6.9	6.6	6.6	6.2	6.0	6.0	6.0
	INTEREST PAYMENTS	1.3	1.4	1.5	1.5	1.4	1.3	1.2	1.0	0.9	0.9	1.3	1.4	1.8	2.3	2.9	2.7	2.7
	RESERVES	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.1	0.1	0.2	0.2	0.4	0.3	0.5	0.4
	CURRENT TRANSFERS	18.0	17.9	17.8	17.8	18.8	19.2	18.8	17.5	17.8	20.3	21.0	21.2	21.4	21.4	20.3	19.5	19.4
	SUBSIDIES	1.3	1.2	1.1	1.1	1.2	1.3	1.3	1.2	1.3	1.7	1.6	1.3	1.4	1.4	1.3	1.0	1.0
	TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	16.1	16.2	16.1	16.0	15.9	15.8	15.4	14.5	14.8	16.7	17.3	17.7	17.7	17.7	17.0	16.5	16.3
	OTHER CURRENT DOMESTIC TRANSFERS	0.1	0.0	0.2	0.2	1.3	1.5	1.6	1.3	1.2	1.4	2.1	2.1	2.2	2.3	2.1	2.0	2.0
	CAPITAL EXPENDITURE TOTAL	3.8	3.9	3.7	3.8	3.7	3.6	4.1	4.2	4.5	4.9	4.7	3.8	3.4	3.8	4.6	4.7	2.4
	CAPITAL EXPENDITURE	2.5	2.5	2.3	2.3	2.3	2.2	2.9	3.2	3.3	3.6	3.6	2.8	2.5	2.9	3.9	3.9	2.0
	CAPITAL TRANSFERS	1.3	1.4	1.4	1.5	1.4	1.3	1.3	1.0	1.2	1.4	1.1	1.0	0.9	0.9	0.7	0.8	0.4
	PAYMENTS TO THE EU BUDGET	-	-	-	-	0.6	1.0	0.9	1.0	1.1	1.2	1.1	1.1	1.1	1.2	1.1	1.1	1.1
III.	**GENERAL GOVERNMENT BUDGETARY SURPLUS / DEFICIT (I. - II.)**	-1.2	-1.2	-2.8	-1.3	-1.3	-1.0	-0.8	0.3	-0.3	-5.4	-5.2	-4.2	-3.1	-4.3	-3.4	-3.2	-1.6

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

Table 11: **Indicators of international competitiveness**

Annual growth rates in %

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 forecast	2018 forecast
Effective exchange rate [1]																			
Nominal	-8.2	-5.2	-3.1	-0.4	-1.4	-1.0	-0.1	0.4	0.6	1.2	-2.3	0.0	-1.4	1.0	0.3	-2.8	0.8	-0.1	0.0
Real - based on consumer prices	-2.5	-0.1	2.1	3.2	-0.1	-0.8	0.3	1.7	2.3	1.2	-2.1	-1.0	-1.2	1.3	-0.1	-3.8	0.2	0.5	-0.2
Real - based on ULC in economy as a whole	-3.2	0.7	0.4	2.0	1.6	-1.1	-0.1	0.6	3.4	5.9	-1.8	-1.9	-3.1	0.0	-1.7	-2.9	1.0	0.3	-0.1
Unit labour costs components																			
Nominal unit labour costs	7.5	9.0	6.0	4.5	3.5	1.5	1.3	2.6	6.4	8.5	0.6	-0.8	0.8	0.4	-1.3	0.3	1.7	2.0	1.6
Compensation of employees per employee	10.2	11.6	8.3	7.8	7.7	6.0	5.4	6.2	7.2	1.8	4.0	1.5	-1.0	0.5	1.3	1.4	2.2	3.5	3.4
Labour productivity, real [2]	2.6	2.4	2.2	3.2	4.1	4.5	4.0	3.5	0.7	-6.1	3.4	2.4	-1.8	0.0	2.7	1.2	0.5	1.4	1.7
Real unit labour costs	1.9	0.3	-1.5	-1.1	0.2	-0.1	-0.9	-1.5	1.8	5.0	1.6	-1.9	0.5	-0.4	-2.1	-0.7	1.1	1.0	0.0
Labour productivity, nominal [3]	8.1	11.2	10.0	9.0	7.5	6.1	6.3	7.8	5.3	-3.0	2.4	3.5	-1.5	0.9	3.5	2.2	1.1	2.4	3.5

Source: SURS national accounts statistics, ECB, OECD, Consensus Forecasts February 2017, calculations and forecasts by IMAD.
Notes: [1] Harmonised effective exchange rate - 37 group of trading partners; 19 extra Euro area and 18 Euro area countries; a rise in the value indicates appreciation and of national currency and vice versa. [2]GDP per employee (in constant prices); [3]GDP per employee (in current prices).

Acronyms

Acronyms in the text

AJPES – Agency of the Republic of Slovenia for Public Legal Records and Related Services, **BAMC** – Bank Asset Management Company, **BoS** – Bank of Slovenia, **CCIS** – Chamber of Commerce and Industry of Slovenia, **CME** – Chicago Mercantile Exchange, **ECB** – European Central Bank, **EIA** – Energy Information Administration, **ESS** – Employment Service of Slovenia, **EU** – European union, **GDP** – Gross domestic product, **GFS** – Government Finance Statistics, **HHI** – Herfindahl-Hirschman Index, **HICP** – Harmonised Index of Consumer Prices, **ICT** – Information and Communication Technology, **IER** – Institute for Economic Research, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **LFS** – Labour Force Survey, **MF** – Ministry of Finance, **NAWRU** – Non-Accelerating Wage Rate of Unemployment, **OECD** – Organization for Economic Co-operation and Development, **RS** – Republic of Slovenia, **SGP** – Stability and Growth Pact, **SRE** – Statistical Register of Employment, **SURS** – Statistical Office of the Republic of Slovenia, **VAR** – Vector autoregression, **VAT** – value added tax, **WIIW** – The Wienna Institute for International Economic Studies.

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