

spring forecast of economic trends 2018

Spring Forecast of Economic Trends 2018 (Pomladanska napoved gospodarskih gibanj 2018)

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Summary

High broad-based economic growth will continue this year (5.1%); a continuation of favourable economic trends is also expected for 2019 (3.8%). The forecast is based on the very favourable economic developments at home and internationally, and a continuation of high business and consumer expectations. The key reasons for the continuation of strong growth this year will be the still high growth of exports and investment, coupled with accelerated growth in private consumption as a result of higher growth in disposable income. In the coming years economic growth will decline slightly, mainly owing to (i) a gradual slowdown in growth of foreign demand and (ii) demographic factors, which will be reflected primarily in lower growth in employment and household consumption.

Export growth, underpinned by gains in competitiveness from previous years and a favourable export structure, is expected to remain high in 2018 and subsequent years. Particularly in 2018, the strong growth of exports will also be influenced by favourable conditions in the international environment. In the next two years, export growth will slow down, mainly in line with growth in foreign demand, according to forecasts from international institutions. In the next few years exports are also not expected to be influenced by any major one-off factors, which have significantly accelerated their growth particularly in 2017 and 2018. Over the entire period, export growth will be positively influenced by companies' efforts to maintain competitiveness.

Domestic consumption will remain a significant factor of growth in 2018–2020. Growth in private consumption will strengthen this year under the impact of favourable labour market conditions and consumer optimism, then fall slightly in 2019 and 2020, for the most part owing to slower growth in employment. Last year's rebound in investment, which has contracted significantly since the onset of the crisis, will continue. A strengthening is expected for all segments of investment activity, not only in construction (housing and infrastructure investments), but also in investment in machinery and equipment; amid rising demand, this will continue to be boosted by high capacity utilisation and good business performance. The growth of government consumption will remain relatively low.

The growth of employment will remain fairly high this year, before easing gradually in the next two years, mainly under the impact of demographic change. Over the entire period we expect further employment growth in most activities. It will however ease gradually, mainly owing to the decreasing pool of labour, in spite of a slight increase in the activity rate and the hiring of foreign nationals. The number of registered unemployed will continue to fall. Amid the expected growth in economic activity and employment, this will also be due to demographic factors (hiring to replace the rising number of retirees, outflows from unemployment into retirement).

Wage growth is expected to remain in line with the expected growth of productivity. A further decline in unemployment and increasing labour shortages (for skilled labour in particular) will gradually exert upward 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. In the general government, wage growth will remain high this year and next, given the agreements between the social partners.

Inflation will remain relatively low this year (1.5%), before rising moderately in the next two years (to just above 2%). Last year it rose slightly, following a period of very low price growth/deflation, and similar movements are also expected this year. This will mainly be due to the relatively low prices of commodities. Under the impact of high economic growth and, in particular, private consumption, core inflation will already exceed 2% this year.

The surplus of the current account of the balance of payments will remain very high in 2018-2020 (around 7% of GDP). In addition to the extensive deleveraging and a gradual improvement of business performance in recent years, this is mainly attributable to stronger saving amid the still relatively low level of investment. The surplus is also influenced by the movement of commodity prices, which have been relatively low for several years. The high current account surplus in 2018 and the next two years will reflect the continuation of strong growth in exports, which will continue to be boosted by higher foreign demand and the relatively favourable competitive position of the Slovenian economy, where no major changes are expected in 2018 and 2019. Almost two thirds of the increase of the trade surplus in merchandise will be due to quantity factors and over a third to favourable export-import price trends (terms of trade).

The estimates of the output gap based on the Spring Forecast show that Slovenia will be high in the positive phase of the economic cycle in 2018–2020. This is also indicated by some other indicators such as labour shortages, historically high capacity utilisation and property prices. However, the estimate of the cyclical position of the economy on the basis of financial and price indicators points to lower maturity of the upward phase of the economic cycle (inflation, wage growth, low volume of corporate loans, high current account surplus), where positive trends have started to strengthen only recently.

At the time of preparing the Spring Forecast, the risks to the baseline scenario of the economic forecast are broadly balanced. Upside risks to the short-term forecast of economic growth mostly come from the domestic environment. This is indicated particularly by high consumer and business confidence, which – amid the continuation of favourable borrowing conditions and positive external developments – could lead to even higher growth in investment and private consumption. Towards the end of the forecasting period there is a greater uncertainty about the policy measures for dealing with demographic change, which will affect the dynamics of economic growth, the wellbeing of the population and fiscal sustainability in the future. In the international environment, downside risks predominate. In the currently very favourable cyclical economic conditions, they are mainly associated with i) the consequences of the tightening of monetary policy in the US and, in the medium term, also in the euro area; ii) protectionist measures and the unpredictability of economic measures in the US in general; iii) high valuation of assets on financial markets (especially in the US); iii) in the EU, with the outcome of Brexit negotiations; iv) political changes in EU Member States which could affect economic policies in the entire European territory; v) global geopolitical tensions.

Forecast of Slovenia's main macroeconomic aggregates

	2017	Spring forecast (March 2018)		
		2018	2019	2020
GROSS DOMESTIC PRODUCT				
GDP, real growth (%)	5.0	5.1	3.8	3.2
GDP, nominal growth (%)	7.1	7.7	6.5	5.7
GDP in EUR billion, current prices	43.3	46.6	49.7	52.5
Exports of goods and services, real growth (%)	10.6	9.2	7.5	6.8
Imports of goods and services, real growth (%)	10.1	9.3	8.1	6.9
<i>External balance of goods and services (contribution to growth in pps)</i>	1.3	0.9	0.3	0.5
Private consumption, real growth (%)	3.2	3.6	3.0	2.0
Government consumption, real growth (%)	2.3	1.7	1.4	1.1
Gross fixed capital formation, real growth (%)	10.3	10.0	8.5	7.5
<i>Change in inventories and valuables (contribution to growth in pps)</i>	-0.2	0.1	0.0	0.0
EMPLOYMENT, EARNINGS AND PRODUCTIVITY				
Employment according to the SNA, growth in %	2.8	2.4	1.5	0.8
Number of registered unemployed, annual average (in '000)	88.6	75.6	68.8	64.3
Registered unemployment rate (%)	9.5	8.0	7.2	6.7
ILO unemployment rate (%)	6.6	5.3	4.6	4.2
Gross earnings per employee, nominal growth (%)	2.7	4.0	4.5	4.3
Gross earnings per employee, real growth (%)	1.3	2.5	2.6	2.0
- private sector	1.5	3.0	2.4	2.3
- public sector	1.5	2.1	3.1	1.6
Labour productivity (GDP per employee), real growth (%)	2.2	2.7	2.2	2.4
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE (EUR bn)	2.8	3.2	3.4	3.7
- as a % of GDP	6.5	6.9	6.8	7.1
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec/Dec), %	1.7	1.8	2.1	2.3
Inflation (annual average), %	1.4	1.5	1.9	2.3
Real effective exchange rate deflated by unit labour costs, growth (%)	-0.5	0.7	0.2	-0.3
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth (%)	6.0	5.2	4.8	4.6
GDP in the euro area, real growth (%)	2.3	2.3	2.0	1.6
Oil price (Brent crude, USD/barrel)	54.3	65.1	60.8	58.0
Non-energy commodity prices (USD), growth (%)	8.0	1.8	0.8	0.0
USD/EUR exchange rate	1.129	1.234	1.236	1.236

Source: Year 2017 SURS, BoS, ECB, EIA, 2016–2020 IMAD forecasts.

The Spring Forecast is based on statistical data, information and adopted measures known at the cut-off date of 8 March 2018.

spring forecast of economic trends 2018

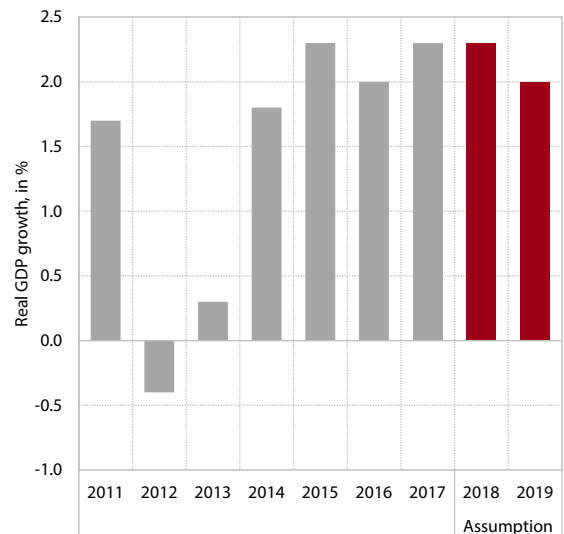
1. Assumptions of the Spring Forecast of Economic Trends 2018

1.1 International environment

In preparing the forecast, we took into account the latest forecasts from international institutions assuming a continuation of strong economic growth in main trading partners this year and its gradual easing in coming years. Last year the growth of the global economy and trade picked up more than forecast in the autumn. The short-term growth prospects for the euro area have improved with the upswing in economic sentiment indicators. International institutions thus expect similar euro area GDP growth in 2018 to last year (2.3%); in the coming years it will slacken gradually under the impact of limitations on the side of labour supply and maturing of the economic cycle in some Member States. Economic growth is also forecast to continue in most of Slovenia's export markets in the Western Balkans (including Croatia); assuming higher prices of oil, economic recovery should also continue in Russia.

The average oil price is assumed to increase this year and decline slightly in 2019.¹ Based on price development in futures markets, the technical assumption for the average Brent crude price underlying the Spring Forecast is USD 65.1 per barrel for 2018, and somewhat less for subsequent years. Assuming a more than 9% appreciation of the euro,² oil prices in euros will increase less than 10% in 2018 as a whole, before declining in the

Figure 1: GDP in the euro area



years that follow. Non-energy commodity prices in euros are assumed to fall by almost 7% this year and remain relatively stable in the next two.

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

Real growth rates, (%)	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
EU	2.4	1.9	2.3	1.8	2.0	1.6
Euro area	2.3	1.8	2.3	1.5	2.0	1.6
Germany	2.2	1.8	2.3	1.5	1.9	1.6
Italy	1.5	1.0	1.4	1.0	1.2	1.0
Austria	2.9	1.7	2.6	1.4	2.1	1.7
France	1.8	1.6	2.0	1.6	1.8	1.7
Croatia	2.8	2.7	2.8	2.6	2.7	2.5
Russia	1.8	1.5	1.8	1.6	1.7	1.7

Source: For 2017 preliminary estimates by Eurostat (for EU Member States), the Croatian Bureau of Statistics (for Croatia) and Consensus Forecasts (for Russia); for other years Consensus Forecasts, February 2018; Eastern Consensus Forecasts, February 2018; EC Winter Forecast, February 2017; Focus Economics, February 2018; IMF World Economic Outlook, January 2018; IMAD estimate.

¹ The oil price assumption is based on average futures prices and the USD/EUR exchange rates between 1 and 12 February 2018. The assumption for non-energy commodity prices is made on the basis of ECB data and estimates by international institutions available up to 12 February 2018.

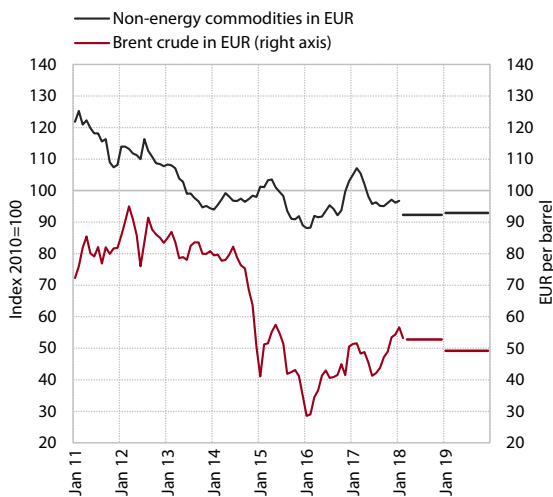
² In February 2018 the value of the euro against the US dollar was around 15% higher than the average for 2017.

Table 2: Assumptions for prices of oil, non-energy commodities and the USD/EUR exchange rate

	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
Brent crude price, in USD	54.3	52.3	65.1	52.8	60.8	58.0
Brent crude price, in EUR	48.1	44.4	52.8	44.9	49.2	47.0
Non-energy commodity prices (USD), growth* (%)	8.0	2.1	1.8	0.8	0.8	0.0
USD/EUR exchange rate	1.129	1.178	1.234	1.178	1.236	1.236

Source: EIA, IMF, ECB, CME, IMAD estimate.

Note: The assumptions are made on the basis of the average prices between 1 and 12 February 2018. * Export composition for EMU.

Figure 2: Oil and non-energy commodity prices

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

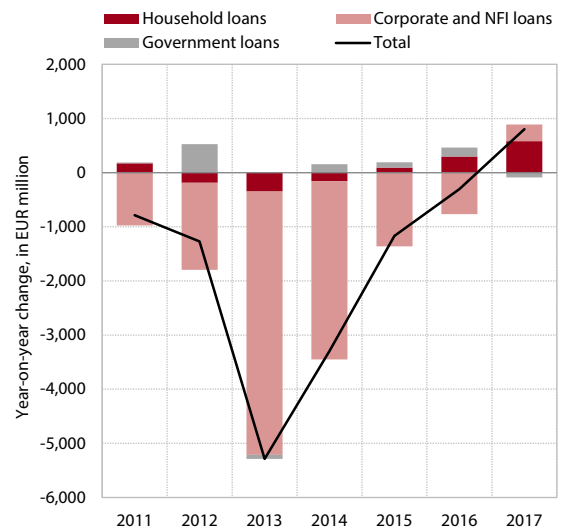
1.2 Sources of finance

Last year bank lending to enterprises started to recover for the first time in six years and growth in household loans strengthened further. Access to sources of funding improved further in Slovenia last year. According to the survey from 2016,³ access is no longer worse than the average in the EU. With the continuation of favourable economic conditions, enterprises increased demand for bank loans last year, particularly for working capital loans and investment loans, and their creditworthiness improved. Both of these factors contributed to a rise in corporate loans after several years of deleveraging. At the same time, enterprises also noticeably increased the volume of own resources⁴ and continued to finance their operations by types of funding other than bank loans (by capitalisations, by issuing debt securities and by crowdfunding platforms). The growth of loans to households (both housing and consumer loans) strengthened further last year.

³ Survey on the Access to Finance of Enterprises (EC and ECB, 2017).

⁴ At the end of 2017, the volume of deposits by non-financial corporations in the banking system reached EUR 6.4 billion, approximately half more than at the end of 2013.

For 2018–2020 we project further moderate growth in corporate loans and relatively high growth in household loans. The moderate strengthening of bank lending to enterprises is expected to continue this year and in the next two. At the same time, enterprises will continue to be financing their operations from other, for the most part, internal resources (saved assets and capitalisations). Growth in housing and consumer loans to households will remain strong amid favourable labour market development and the continuation of (this year even higher) growth in household consumption.

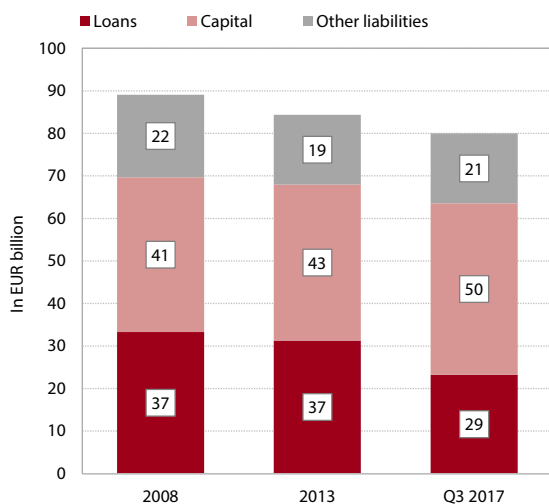
Figure 3: Change in loan volume

Source: BoS; calculations by IMAD

The situation in the banking system continues to improve; the decline in net interest receipts has eased amid the recovery in overall lending activity. Continuing to fall, the share of non-performing claims⁵ was less than 4% at the end of 2017; in our estimate, possibilities for continued decline arise mainly from further sales of bad claims and the restructuring of small and medium-sized enterprises. The banking

⁵ Arrears of more than 90 days.

Figure 4: Structure of sources 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.

system's exposure to the rest of the world has declined significantly in recent years, with liabilities to foreign banks accounting for less than 5% of banks' total assets (compared with over 35% in 2008). Banks were to a great extent replacing foreign sources of finance with deposits by domestic non-banking sectors (where overnight deposits⁶ otherwise predominate), which proved to be a more stable form of funding during the tightening of the financial crisis and account for approximately two thirds of banks' total assets. The capital adequacy of the banking system remains high.

1.3 Public finance

The Spring Forecast assumes a further improvement in the general government balance, consistent with the economic policy guidelines.⁷ In 2017 the general government deficit dropped further (to 0.7% of GDP),⁸ mainly as a consequence of favourable economic conditions, but also due to the retention of the remaining measures that curb expenditure growth, and lower interest expenditure. Investment also remained relatively low, which is related to the still modest absorption of EU funds for infrastructure projects from the new 2014–2020 financial perspective. The forecast assumes a further improvement of the general government balance in the coming years, which will continue to be mainly due to cyclical factors, particularly on the revenue side. On the expenditure side, we expect that, with the

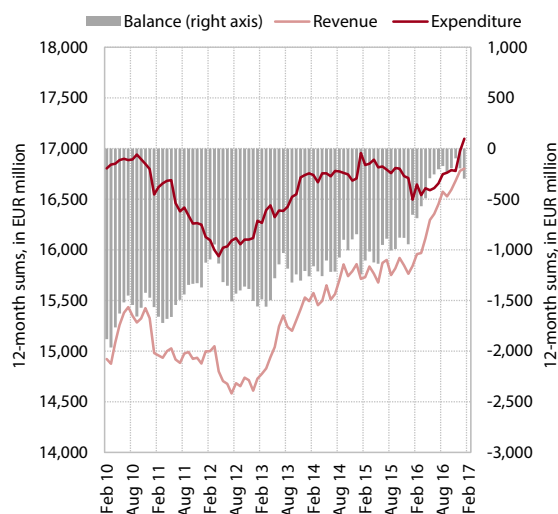
⁶ We estimate that the unfavourable maturity structure of deposits is chiefly a consequence of low interest rates.

⁷ Draft budgetary plan 2018, October 2017.

⁸ According to the consolidated general government budgetary accounts on a cash basis.

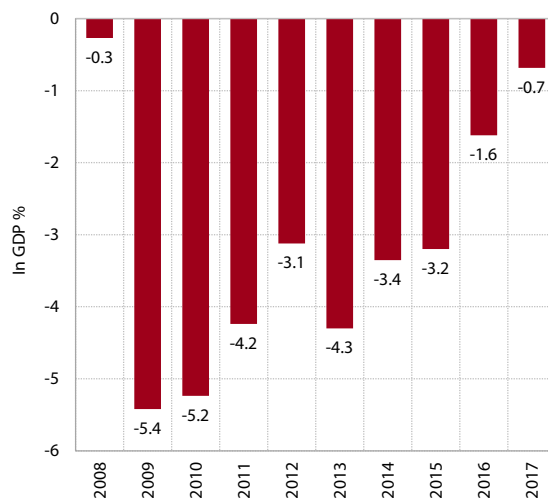
relaxation of measures relating to earnings and social benefits and transfers, these expenditure categories will increase at the fastest pace. The improvement on the expenditure side will thus be attributable to a decline in interest expenditure and the containment of growth in other, more flexible, categories (such as expenditure on goods and services). With the foreseen increase in the absorption of EU funds, we expect a further expansion in general government investment in 2018–2020.⁹

Figure 5: Revenue, expenditure and consolidated general government balance on a cash basis (GFS)



Source: MF, Bulletin of Government Finance; calculations by IMAD.

Figure 6: Consolidated general government balance on a cash basis (GFS).



Source: MF, Bulletin of Government Finance, SURS, Main national accounts aggregates

⁹ See also the Operational Programme for the Implementation of the EU Cohesion Policy for the 2014–2020 programming period. 7.1., 17.11.2017.

2 Forecast of economic trends in Slovenia

2.1 GDP – consumption aggregates

Economic growth strengthened last year (to 5.0%) and was significantly higher than in preceding years.¹⁰ Real GDP growth remained broad-based in 2017 and continued to be driven primarily by exports. Export growth, which strengthened further in the second half of last year, was the highest in a decade. This is a consequence of both faster economic growth in the international environment and domestic factors: i) gains in competitiveness of Slovenian enterprises from previous years, ii) favourable product composition of Slovenian exports¹¹ and iii) greater integration of enterprises in global value chains. Together with growth in domestic consumption, all of this contributed to faster production growth in manufacturing. Private consumption continued to increase, boosted by the continuation of favourable labour market developments and rising consumer confidence. Gross fixed capital formation rose significantly, but its level remained relatively low given the sharp decline in the first years of the crisis. Further growth in investment in machinery and equipment,¹² which had started in 2015, reflected high capacity utilisation, good business performance and a lower level of corporate indebtedness. In the context of growth of the property market, residential investment also rose last year, after rebounding mid-2016; renewed growth was also recorded for civil-engineering investment.¹³ Moreover, with the further relaxation of austerity measures and employment growth in the general government, government consumption also rose in 2017 for the third consecutive year. Reflecting these movements, real GDP reached the pre-crisis peak in the first quarter of 2017, then exceeded it somewhat through accelerated growth up to the end of the year. At the beginning of this year, the high values of confidence indicators rose further, pointing to a continuation of positive developments from last year.

This year the high economic growth will continue (5.1%) and remain broad-based. The contributions of foreign and domestic consumption to the further rapid economic growth will be even more balanced than last year. The strong growth of exports will continue, driven

¹⁰ Adjusted for the three fewer working days than in 2016, it was even higher (5.4%).

¹¹ Slovenian goods exports include a relatively high share of those types of products that are rising faster in imports of trading partners than total imports.

¹² Similar to previous years, almost one third of last year's investment in manufacturing was intended for the expansion of highly utilised production capacities, slightly less than one third for the replacement of old equipment and one quarter for process automation and mechanisation.

¹³ The growth of investment in civil engineering works picked up (only temporarily in 2014 under the impact of the completion of a number of (particularly public) projects financed under the 2007–2013 EU financial perspective with the end of absorption in 2015).

Figure 7: Slovenia's GDP

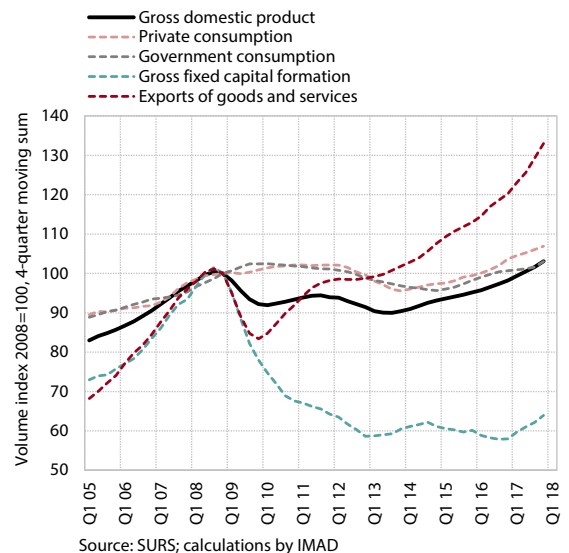
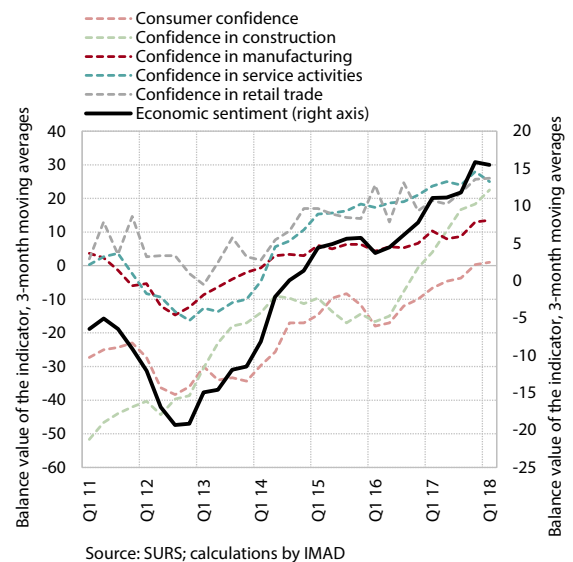


Figure 8: Indicators of consumer and business confidence in the economy



by rapidly rising foreign demand. It will also be due to the favourable composition of Slovenian exports and the improvement in competitiveness of the tradable sector in previous years. Domestic consumption will expand even slightly more than last year. Its growth will be mainly driven by higher growth in private consumption boosted by accelerated growth in disposable income (wage bill in particular) and a further strengthening of consumer optimism. Amid the continuation of favourable borrowing conditions, both will contribute to further growth in housing investment. Other construction investment will also continue to rise, which will also be

Table 3: Forecast for economic growth

Real growth rates (%)	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
GDP	5.0	3.9	5.1	3.2	3.8	3.2
Exports	10.6	7.5	9.2	6.1	7.5	6.8
Imports	10.1	7.7	9.3	6.3	8.1	6.9
External balance of goods and services (contribution to growth in pps)	1.3	0.6	0.9	0.5	0.3	0.5
Private consumption	3.2	3.0	3.6	2.3	3.0	2.0
Government consumption	2.3	0.9	1.7	0.9	1.4	1.1
Gross fixed capital formation	10.3	8.0	10.0	7.0	8.5	7.5
Change in inventories and valuables (contribution to growth in pps)	-0.2	0.0	0.1	0.0	0.0	0.0

Source: SURS; 2018–2020 forecasts by IMAD.

linked to the increased absorption of EU funds. The strong growth of investment in machinery and equipment will also be maintained. Amid rising demand, it will continue to reflect high capacity utilisation and strong business performance. Growth in government consumption is also expected to continue, albeit at a somewhat lower rate than last year.

GDP growth will remain relatively high in the coming years, hovering between 3% and 4%. In the absence of external shocks, economic growth will continue over the forecasting period, albeit at somewhat lower rates. A gradual moderation will be recorded for all consumption categories and most sectors, reflecting a mix of several factors: i) slower growth in foreign demand, ii) the absence of one-off factors that accelerated exports in

2017 and 2018, iii) a slowdown in employment growth as a result of the shrinking working-age population and structural imbalances in the labour market and vi) less favourable borrowing terms.

Private consumption growth will strengthen slightly this year, reflecting higher growth in disposable income and high consumer confidence, while in subsequent years it will ease off under the impact of lower employment growth. Growth in disposable income will increase this year as a result of accelerated growth in earnings and further relatively high growth in employment. Stronger growth will also be recorded for social benefits and transfers. High growth of disposable income will also continue next year. With consumer confidence significantly above the long-term average, the rising consumption of durable goods seen for

Figure 9: Slovenia's GDP – expenditure structure

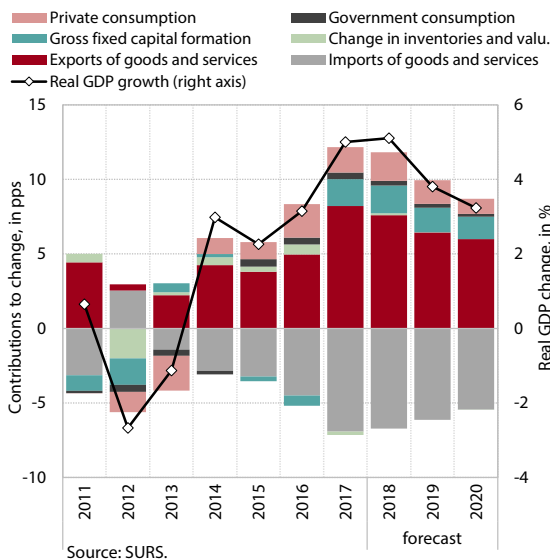
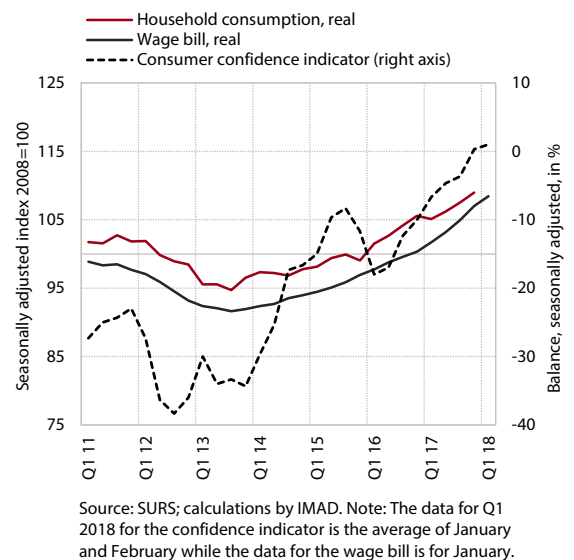


Figure 10: Household consumption, the wage bill and consumer confidence indicator

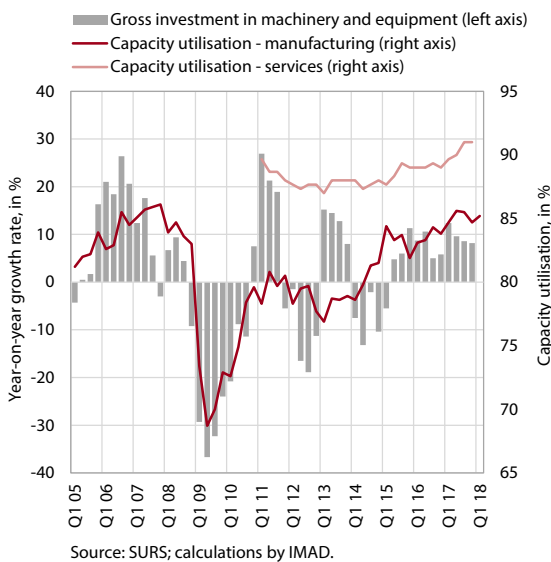


several years will continue in 2018 and 2019. A further strengthening is also expected for the consumption of other goods and services. This started to recover more noticeably in 2016. With further, yet more moderate, growth in all main components of disposable income, private consumption will continue to rise after 2019, but at a somewhat lower pace, primarily due to the expected lower growth in employment (see 2.3 Employment and unemployment).

Investment activity will increase strongly again this year; it is also projected to rise in the next two years.

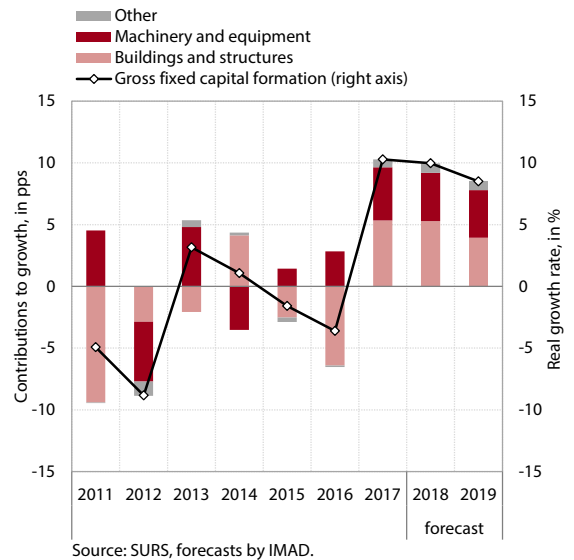
Total investment growth will continue to be driven not only by higher private investment in machinery and equipment, but also growth in private and public construction investment. Amid rising domestic and foreign demand, the high capacity utilisation will prompt enterprises to further increase investment in machinery and equipment and commercial buildings;¹⁴ investment growth will also be supported by good business results of the now significantly less indebted enterprises than in previous years and a continuation of favourable borrowing conditions. Housing investment will also continue to rise, reflecting further growth in housing demand as a result of a higher increase in household disposable income and favourable borrowing conditions. Government investment (mostly in construction) will increase substantially this year after last year's revival, also owing to the higher absorption of EU funds. After strong growth rates in previous years, investment will continue to rise in 2019 and 2020 but at a somewhat slower pace.

Figure 11: Gross investment in machinery and equipment and capacity utilisation



¹⁴ We expect further investment growth not only in the tradable but also in the non-tradable sector, the part of the economy where investment lags most behind the pre-crisis levels and started to increase more visibly only in 2017.

Figure 12: Gross fixed capital formation



The growth of government consumption will be moderate in 2018–2020 amid the expected further improvement in the general government balance. The projected 2018 real growth arises mainly from further employment growth in the general government sector and growth in expenditure on goods and services, but the growth rates will be lower than last year. Similar trends are also expected for 2019 and 2020.

Export growth will remain high this year amid further strong growth in foreign demand, and will then continue at a somewhat lower pace in the next two years. The continuation of strong export growth will

Figure 13: Exports of goods and services and foreign demand



be due to further relatively strong growth in demand in EU markets and from Russia, the improvements in the competitive position of Slovenian enterprises in previous years and the still favourable composition of Slovenian exports.¹⁵ In the next two years export growth will ease slightly, consistent with the gradual slowdown in the growth of foreign demand and the absence of the acceleration in the growth of motor vehicle exports seen in 2017 and 2018 owing to the start of production of a new car model.

The growth of imports will also remain high in 2018–2020 amid the continuation of relatively strong growth in exports and domestic consumption. This year's continuation of strong growth in goods imports will be attributable to the further strengthening of activity in manufacturing and construction, the (partly) related strong growth in investment and accelerated growth in private consumption. Over the next two years the growth of imports will slacken off slightly, consistent with the expected lower growth of activity in these two sectors and investment and private consumption. Similar dynamics are also projected for imports of services, where growth will remain broad-based. Like export growth, it will be mainly driven by business and transport services. In connection with higher growth in private consumption, we also expect higher spending by Slovenian tourists abroad.

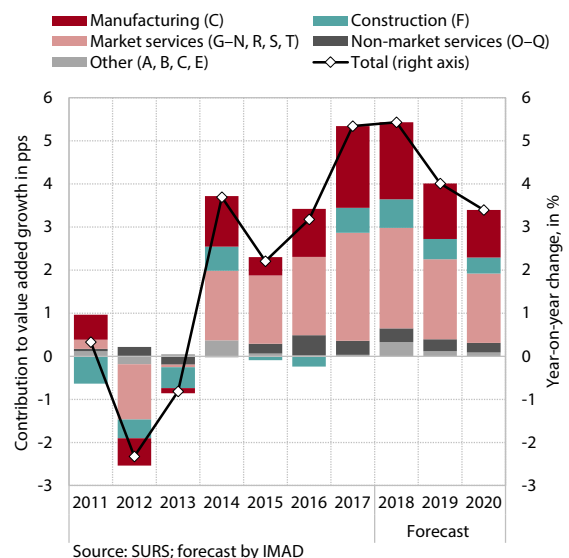
2.2. Value added by sector

In 2017 growth in value added increased further in most sectors. The significantly higher total growth than in 2016 (5.3%; 2016: 3.2%) was attributable to the strengthening of activity in most sectors, particularly manufacturing and, due to a sharp increase, construction. Under the impact of rising foreign demand and competitiveness gains, activity in manufacturing – which sells around three quarters of its products on foreign markets – was up most in the manufacture of motor vehicles and trailers (in part owing to the start of production of a new car model), electrical equipment and other machinery and appliances and rubber products. With increased activity in industry and further growth in private consumption, value added also kept rising in most market services, while in some (particularly transport, accommodation and food services, and some administrative and support services), its growth was additionally boosted by foreign demand. Following a steep fall in the previous year upon the transition to the absorption of EU funds under the new financial perspective, construction activity also

picked up noticeably last year. In addition to public construction investment, it was also underpinned by private investment in commercial buildings and housing investment spurred by rapid price growth in the housing market. In agriculture, value added was down year on year again owing to bad weather conditions.

The strong growth of value added will continue this year; further, albeit more moderate, growth is also expected for the next two years. The contributions of sectors to value added growth will be fairly balanced, similar to last year. The slowdown of growth towards the end of the 2018–2020 period will reflect the rising limitations on the supply side related mainly to ever greater shortages of labour (skilled labour in particular) and a gradual slowing of economic growth abroad. In manufacturing, the main engine of growth will remain export-oriented activities, where positive trends are expected to continue in most industries. After last year's strengthening, value added in construction will also increase strongly this year, consistent with growth in private and public investment in non-residential buildings and civil-engineering works, and further growth of the property market and hence residential construction. Under the influence of stronger growth in domestic demand this year and for the most part of next, we expect relatively high value added growth in trade and other market services (particularly in transportation, accommodation and food service activities and ICT services) and stronger growth in services related to leisure. In segments related to transportation, tourism and some business services, value added growth will continue to be also driven by foreign demand. Value added growth in public services will be moderate amid abating growth in employment.

Figure 14: Contributions to value added growth



¹⁵ Real export growth will thus continue to outpace the growth of foreign demand (i.e. real growth in imports of goods and services of the trading partners weighted by Slovenia's shares of exports to these countries). In the absence of a further improvement in the international competitiveness of Slovenian enterprises, the difference between the two, i.e. export performance, should decline towards the end of the forecasting period.

Table 4: Forecasts for employment and unemployment

	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
Employment according to the SNA, growth (%)	2.8	1.7	2.4	0.9	1.5	0.8
Number of registered unemployed, annual average in '000	88.6	82.2	75.6	79.5	68.8	64.3
Registered unemployment rate	9.5	8.7	8.0	8.4	7.2	6.7
ILO unemployment rate	6.6	6.2	5.3	5.8	4.6	4.2

Source: SURS; 2018–2020 forecasts by IMAD.

2.3 Employment and unemployment

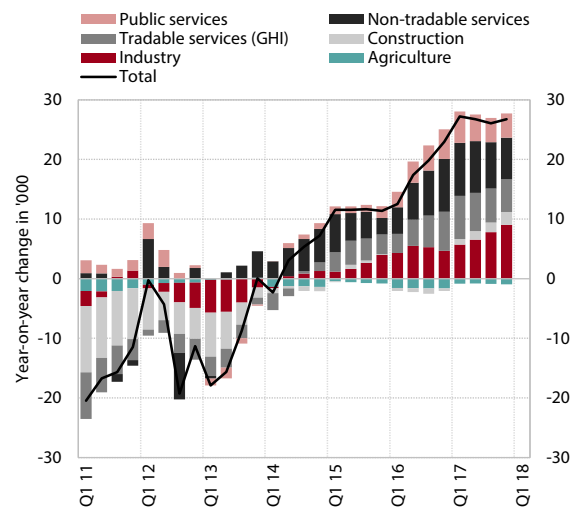
Growth in employment,¹⁶ having strengthened further last year, will remain similarly high this year; in the coming years it will ease owing to somewhat weaker growth in economic activity and rising demographic pressure. Last year's increase in demand and favourable business expectations translated into faster growth in employment, which was also a result of i) higher labour force participation due to the inclusion of those who thus far have not been actively seeking employment¹⁷ and ii) the employment of foreign nationals.¹⁸ Employment was up in most private sector activities, once again especially in manufacturing, trade, accommodation and food service activities and professional, scientific and technical activities. It also continued to grow in employment activities. The available indicators of expected employment suggest a continuation of favourable trends this year. Against a background of rising foreign demand, employment is expected to continue to rise in export-oriented activities, while rising domestic consumption will continue to support growth in market services that are focused on the domestic market. With the expected increase in investment, further employment growth will also be recorded in construction. At a somewhat slower rate, employment will also continue to rise in the general government sector. Growth in total employment will ease towards the end of the forecasting period, which we estimate will be due to the decline in available labour owing to demographic pressure, which is reducing the population of working age.

With higher economic activity, registered unemployment will decline further in 2018–2020.

¹⁶ Employment according to the national accounts statistics.

¹⁷ According to the survey on active and non-active population (LFS), these are persons not currently in the labour market who want to work but do not actively seek work. In the third quarter of 2017 their number was half lower than in the same quarter of 2013 (by approximately 18,000 persons).

¹⁸ Last year the number of employed foreign nationals increased by 13.4% and the number of employed Slovenian citizens by 2.5%. The share of employed foreigners in total employed persons stood at 8.4% last year and was 0.7 pps higher than in the same period of 2016. Higher growth in the number of employed foreigners has been recorded since 2014. It is a consequence of strong activity growth in sectors that typically stand out in terms of the share of employed foreigners (transportation and storage, accommodation and food service activities, manufacturing, and employment activities). In our assessment, the employment of foreigners is also due to the decline in the supply of labour in the domestic labour market.

Figure 15: Structure of employment growth

Source: SURS; calculations by IMAD. Note: employment according to the national accounts statistics.

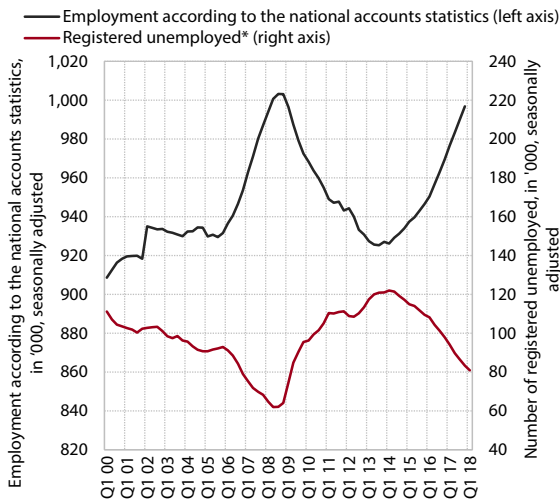
In 2017 the number of registered unemployed persons fell for the third consecutive year, this time even more notably than previously. The inflow into unemployment dropped again, largely because fewer people registered as unemployed due to the expiry of their temporary employment contracts. There were also fewer first-time jobseekers, which has to do with better economic conditions and smaller generations of young people finishing school. The decline also continued in the first two months of 2018. At the end of February, 85,683 persons were registered as unemployed, which is 15.4% less than in February 2017. Similarly favourable trends are also expected for the rest of the year. With further hiring, unemployment will also be falling in the next two years. The decrease will also be influenced by demographic factors, through transitions from unemployment to retirement and to employment to replace retirees.

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

Growth rates (%)	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
Gross earnings per employee – nominal	2.7	3.6	4.0	3.6	4.5	4.3
- private sector	2.9	3.4	4.6	4.0	4.3	4.6
- public sector	2.9	4.1	3.6	2.8	5.0	3.9
Gross earnings per employee – real	1.3	2.0	2.5	1.5	2.6	2.0
- private sector	1.5	1.8	3.0	1.9	2.4	2.3
- public sector	1.5	2.5	2.1	0.7	3.1	1.6

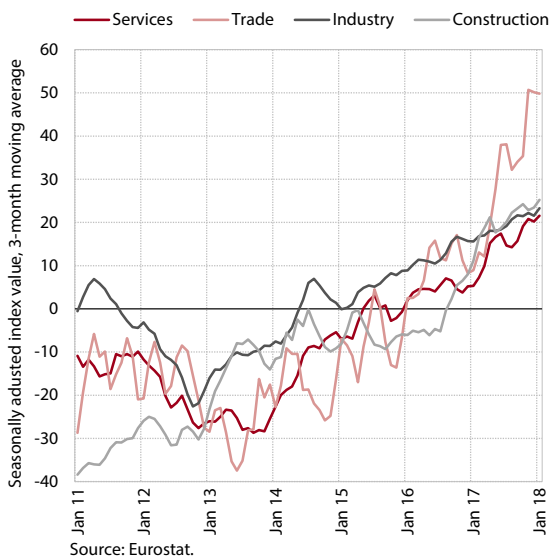
Source: SURS; 2018–2020 forecasts by IMAD.

Figure 16: Number of employed and number of registered unemployed



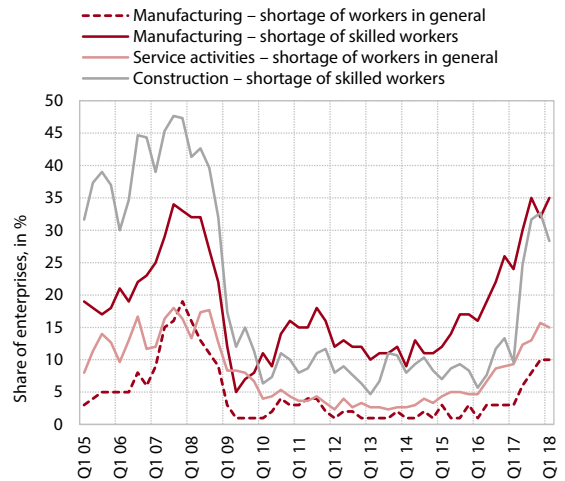
Sources: SURS and ESS; calculations by IMAD. Note: * The figure for Q1 2018 is the average of January and February.

Figure 17: Expectations about employment in the next 12 months



Source: Eurostat.

Figure 18: Share of enterprises reporting a shortage of labour



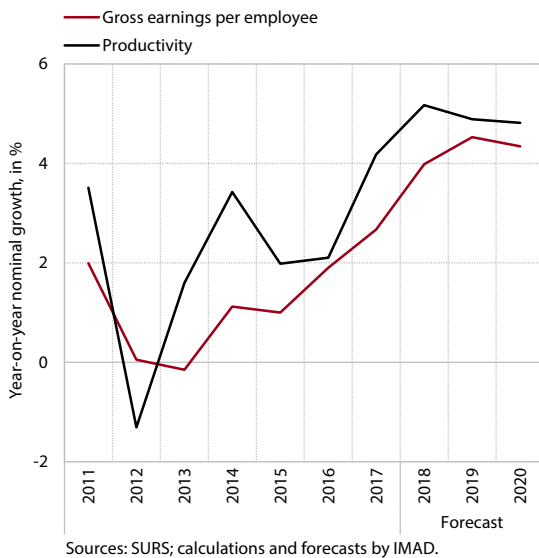
Source: SURS; calculations by IMAD. Note: For the last quarter, the figures for construction and services activities are the average of the first two months only.

2.4 Earnings

After several years of modest rates,¹⁹ nominal growth in the average gross wage strengthened somewhat last year in both the private and the public sector. Wage growth in the private sector is mainly related to high activity, good business performance and strong growth in employment. Once again wages rose the most in industry (including manufacturing) and some market services (trade, accommodation and food service activities, financial and professional and technical activities). Wage growth in the public sector was a consequence of the agreed elimination of some wage anomalies and regular promotions of employees.

¹⁹ The low growth of nominal wages in previous years was mainly a consequence of low growth in prices and productivity, but it was also due to the relatively high unemployment and changes in the sectoral employment structure. See Autumn Forecast of Economic Trends 2017, p. 15.

Figure 19: Average gross earnings per employee and productivity



In 2018–2020 nominal wage growth will be slightly higher, reflecting favourable economic conditions and increasingly limited labour supply, but it will not exceed productivity growth. This year wage growth will accelerate slightly and then remain at a similar level in the years following. In the private sector it will reflect a further strengthening of economic activity, productivity growth, the falling of unemployment and even greater skilled labour shortages in some segments of the economy. Wage growth will nevertheless remain in line with productivity growth, as wage formation in the private sector will continue to reflect companies' efforts to maintain competitiveness. In the general government sector, wage growth will strengthen this year and especially next, following the latest agreements on wage movements in the public sector.

2.5 Inflation

Inflation will remain relatively low this year (1.5%), before rising moderately in the next two. After somewhat higher inflation last year, following a period of very low price growth/deflation, similar movements are also expected for this year, primarily owing to the relatively low prices of commodities. With a further strengthening of domestic demand, higher growth in prices of services (of the non-trading sector in particular)

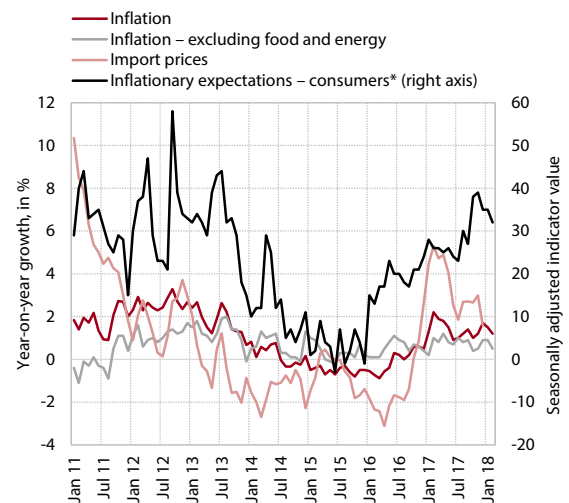
Table 6: Inflation forecast

Inflation – Dec/Dec	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
Inflation – Dec/Dec	1.7	1.9	1.8	2.1	2.1	2.3
Inflation – annual average	1.4	1.6	1.5	2.1	1.9	2.3

Source: SURS; 2018–2020 forecasts by IMAD.

and moderate growth in prices of goods can already be expected this year. Core inflation will thus already rise over 2% this year. Over the next two years inflation will increase somewhat under the impact of the still high growth of disposable income and hence further growth in private consumption. In addition to price rises in services, we also expect slightly higher growth in prices of goods (non-energy industrial goods and unprocessed food).

Figure 20: Inflation, import prices and inflationary expectations of consumers



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

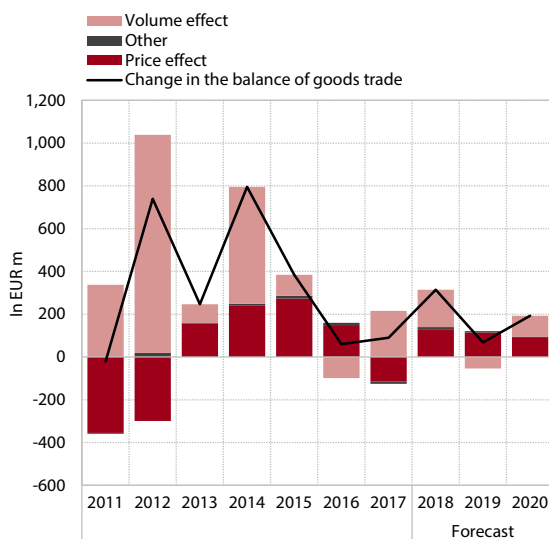
2.6 Current account of the balance of payments

The current account surplus will remain very high in 2018–2020 (around 7% of GDP). In addition to the extensive deleveraging, followed by a gradual improvement of business performance in the last few years, this is mainly attributable to stronger saving amid the still relatively low level of investment. The surplus is also influenced by the movement of commodity prices, which have been relatively low for several years. The high current account surplus in 2018 and the next two years will reflect the continuation of strong growth in exports boosted by higher foreign demand and the relatively favourable competitive position of the Slovenian economy, where no major changes are expected for 2018 and 2019. Amid the strengthening of investment and private consumption,

Table 7: Forecast for the current account balance (balance of payments statistics)

	2017	2018		2019		2020
		September 2017	March 2018	September 2017	March 2018	March 2018
Current account, in EUR m	2,813	2,296	3,203	2,538	3,385	3,734
Current account, as a % of GDP	6.5	5.1	6.9	5.3	6.8	7.1

Source: BoS – Balance of payments statistics, 2018–2020 IMAD forecast.

Figure 21: Decomposition of the change in the nominal trade balance for international trade in goods

Source: SURS; calculations by IMAD.

growth in imports will be slightly higher than in exports. Almost two thirds of the increase in Slovenia's trade surplus in goods will arise from volume factors, while just over a third will reflect favourable export-import price trends (terms of trade). After last year's deterioration, these will improve slightly, this year also under the impact of year-on-year lower euro prices of commodities owing to the appreciation of the euro, and in the coming years due to somewhat lower energy prices. The trade surplus in services is also expected to rise (particularly in the sector of transport and travel services). The deficit in primary income will widen during the forecasting period, this year primarily as a result of lower receipts from the EU budget under the Common Agricultural Policy, and in the next two owing to i) higher dividend payments abroad amid the still high reinvested profits of foreign investors, ii) somewhat higher interest payment on external debt²⁰ and iii) higher outflows of income owing to the increased hiring of foreign workers amid ever-rising labour shortages. The deficit in secondary income will widen in 2018–2010 on the back of higher net payments of private sector transfers abroad and higher payments into the EU budget (VAT-based and GNI-based contributions).

²⁰ With the continuation of favourable economic conditions and a gradual growth of interest rates, we expect a gradual increase in bank and corporate borrowing abroad.

3 Risks to the forecast

The risks to the baseline scenario of the economic forecast are broadly balanced. The possibilities for higher economic growth than in the baseline scenario are mostly related to domestic factors, but with rising economic and geopolitical tensions in the external environment, growth could also be lower than forecast.

In the domestic environment, risks to the short-term forecast are mostly on the upside. The possibility of higher growth is indicated by high consumer and business confidence in the economy. Should favourable borrowing conditions and positive external developments continue, this could lead to even higher growth in investment and private consumption than projected in the baseline scenario. Upward pressure on wage growth – primarily as a consequence of low unemployment and demands for wage rises in the public sector – could contribute to higher growth in total gross wage than forecast. While this would increase the growth of consumption and GDP in the short term, it would also lead to a faster tempering of GDP growth in the medium term (due to cost pressures and the deterioration of the fiscal position). Risks to the forecast towards the end of the forecasting period are associated with increased uncertainty about policy measures for dealing with demographic change, which will affect the dynamics of economic growth and the wellbeing of the population.

In the international environment, downside risks predominate. In the currently very favourable cyclical economic conditions, they are mainly associated with i) the consequences of the tightening of monetary policy in the US and, in the medium term, also in the euro area; ii) protectionist measures and the unpredictability of economic measures in the US in general; iii) high valuation of assets in financial markets (especially in the US); iv) in the EU, with the outcome of Brexit negotiations; v) political changes in EU Member States, which could affect economic policies in the entire European territory; v) global geopolitical tensions.

4 Output gap and potential GDP growth

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. Owing to factors that affect the calculation of potential growth and revisions of past growth estimates and GDP forecasts, the output gap is an unstable macroeconomic indicator, since its value has changed significantly in recent years following new calculations.²¹

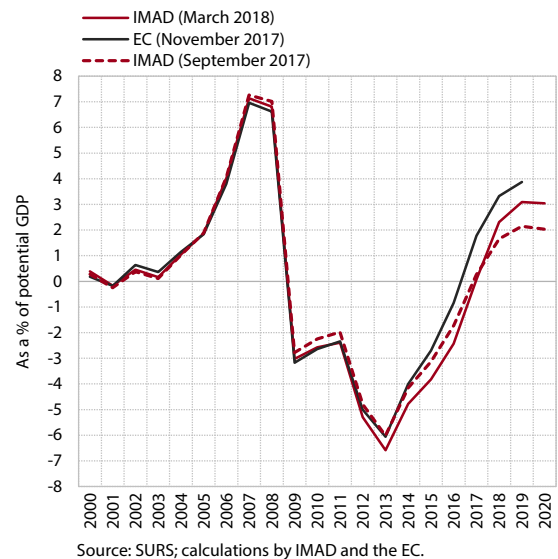
The estimates on the basis of the Spring Forecast indicate that the Slovenian output gap moved into positive territory and is going to strengthen in 2018–2020.²² After recording a negative output gap in the period after the beginning of the crisis, Slovenia transitioned into positive output gap territory last year according to our estimate. In 2018 and 2019 its output gap will hover above 1.5%. However, exceeding the 1.5% threshold would mean a transition into the good phase of the economic cycle as defined by the EC, which would have an impact on the size of the structural deficit reduction required.

While the strengthening of the output gap indicates that the Slovenian economy will be high in the positive phase of the economic cycle in 2018–2020, this is not corroborated unequivocally by all other indicators. Some indicators point in the same direction, for example, the rapid growth rates in the property market (in the volume of transactions and prices), certain indicators of labour shortages and the historically high capacity utilisation in manufacturing and service activities. On the other hand, financial and price indicators – where positive trends have started to strengthen only recently and should continue at a moderate pace – indicate lower maturity of the upward phase of the economic cycle. Inflation remains moderate, wage growth, which will strengthen this year, will continue to move below productivity growth, banks' lending activity (especially loans to enterprises) will remain considerably lower than before the crisis despite a gradual increase, and the surplus in the current account of the balance of payments, which hit record values last year, will improve further (in connection with the still low level of investment and moderate private consumption).

²¹ The output gap estimates by IMAD and the EC for the next two years have been changing in an interval of 1.0 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 2016, p. 20).

²² 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.

Figure 22: Output gap, a comparison of calculations by IMAD and the EC

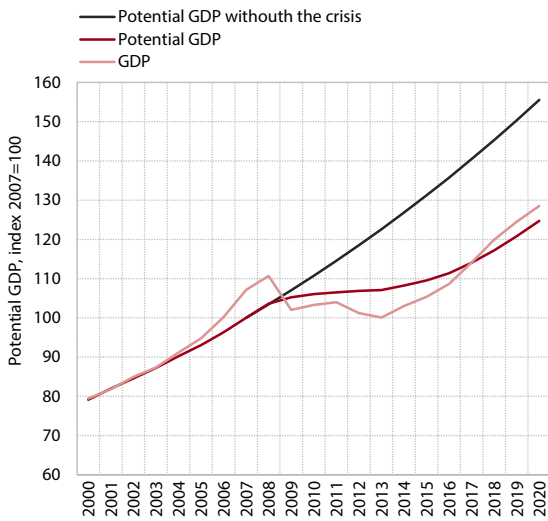


Potential GDP growth in 2018 is expected to be 2.8% and then increase gradually to over 3%.²³ In light of the higher economic growth in recent years and better economic outlook, the expected potential GDP growth is higher than in previous forecasts, which indicates that the more than ten-year period of relatively weak potential GDP growth is gradually coming to an end. The long-term effect of the crisis is reflected in a lower level of potential GDP. The greatest contribution to potential growth will come from total factor productivity, whose growth will strengthen in 2018–2020 and even exceed the average from the pre-crisis period. Despite the negative contribution of the decline in the working-age population (–0.2 pps), the average contribution of labour will be positive (0.6 pps). This is mainly related to the improvement in labour market conditions and forecasts, all of which raises the positive contribution of the activity rate to 0.7 pps for the 2018–2020 period. The contribution of the number of hours worked per employee to potential growth over the forecast horizon is neutral. The natural unemployment rate gradually declines to even lower levels than before the crisis (below 6.0%). The contribution

²³ 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. The disparities between the calculations by IMAD and the EC are largely the result of different periods of forecasts, since IMAD's assessments are based on forecasts for a longer period (t+6), while the EC forecasts are made for a significantly shorter period (t+2). The disparities in output gap estimates also arise from the differences in the forecasts of macroeconomic indicators and some input data (IMAD uses data from SURS for 2017 and updated demographic projections calculated using a microsimulation model by the IER (source: SURS); moreover, in the series of data on employment according to national accounts statistics, IMAD's calculations also take into account a correction for the break in the data series in 2002).

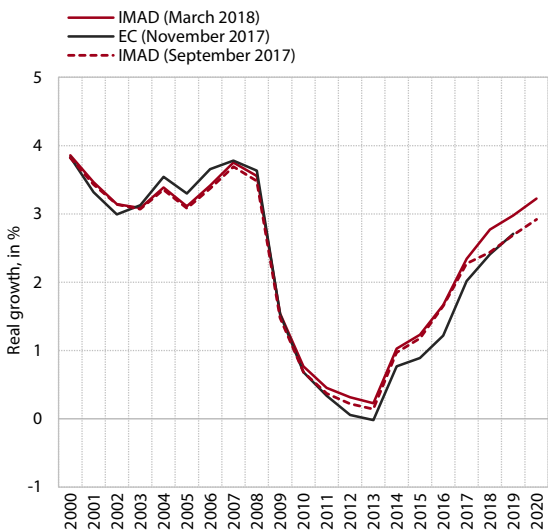
of capital will average 0.6 pps in 2018–2020, which is still considerably less than in the long-term period before the crisis.²⁴ It is however expected to increase gradually with the continuation of favourable developments in gross fixed capital formation.

Figure 23: GDP, potential GDP (index 2007=100) and potential GDP without the crisis (potential GDP growth since 2007 according to the average rate of growth in 1999–2005)



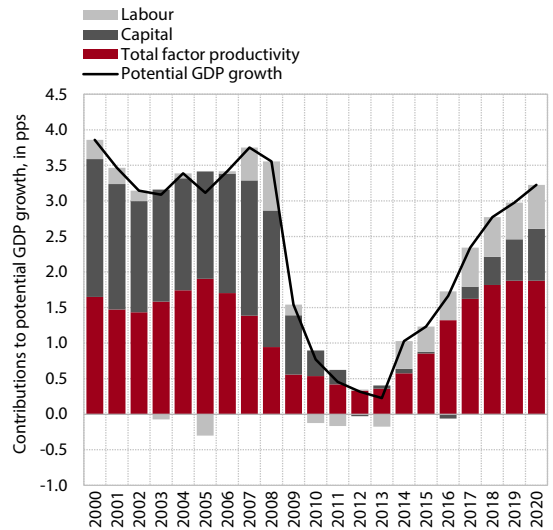
Source: SURS; calculations by IMAD.

Figure 24: Change in potential GDP, a comparison of calculations by IMAD and the EC



Source: SURS; calculations by IMAD and the EC.

Figure 25: Contributions of individual components to potential GDP growth



Source: calculations by IMAD.

²⁴ In 2000–2008, when it was also relatively stable, the contribution of capital to potential GDP growth averaged 1.7 pps.

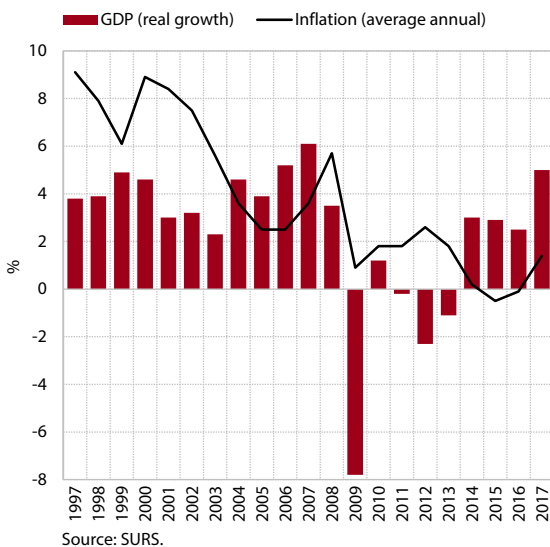
Appendix

1 Assessing the forecasting performance

1.1 Methodology

The accuracy of the forecasts for macroeconomic indicators has been assessed on the basis of a number of statistical criteria²⁵ for evaluating forecasting performance and for various time periods. For two institutions (the CCIS and IMAD), the assessment covers a longer period, from 1997 to 2016 and from 1997 to 2017 respectively. For the 2002–2017 period, the analysis captures forecasts by six institutions²⁶ and for the previous year forecasts by seven institutions.²⁷ All forecasts²⁸ have been compared against the first statistical annual estimate, which, for GDP growth, is 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 26: Movement of variables included in the analysis of forecasting performance



²⁵ 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.

²⁶ 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) – only until 2016, and among international institutions, the European Commission (EC), the International Monetary Fund (IMF) and Wiener Institut fuer Internationale Wirtschaftsvergleiche (WIIW).

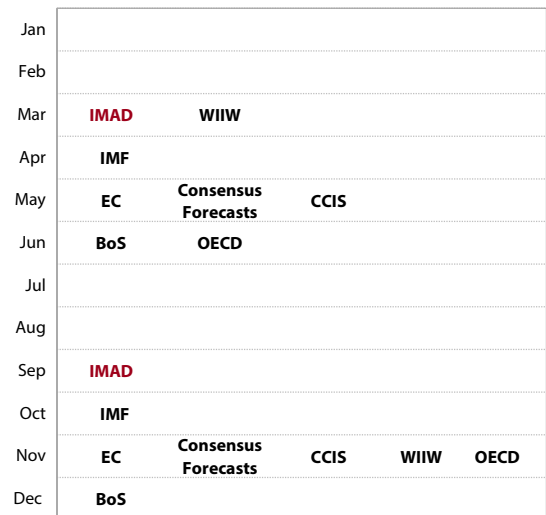
²⁷ In addition to the aforementioned six institutions, the Organisation for Economic Co-operation and Development (OECD) and Consensus.

²⁸ Spring forecasts for the year ahead (SfT+1), autumn forecasts for the year ahead (Aft+1), spring forecasts for the current year (SfT) and autumn forecasts for the current year (Aft).

Those institutions that release their forecasts at a later time have an advantage in terms of information, which can be manifested in smaller forecast errors.

A forecast made later in the year 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 IMAD has already completed the forecast) have also become a significant factor to consider when preparing the forecasts. All institutions included in our analysis release their forecasts twice a year, after the release of data on GDP growth for the final quarter of the previous year or data on GDP growth for the second quarter of the current year. All of them publish their forecasts at a later time than IMAD.

Figure 27: Timeline of forecasts released by individual institutions in 2017

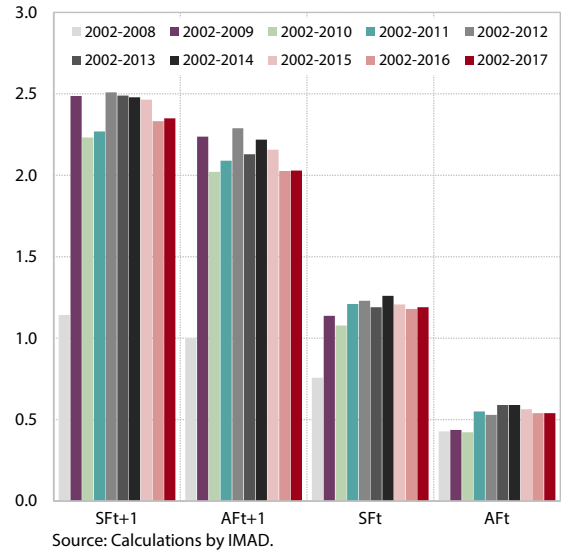
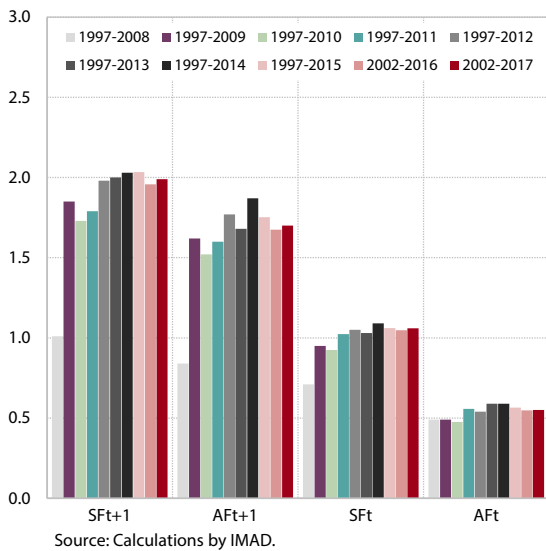


Source: Forecasts by institutions.

1.2 Results

A comparison between the forecasting performance of IMAD and other institutions shows that the errors in IMAD forecasts are relatively small over a longer time horizon. 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 2017, we analysed the forecasting performance of domestic and foreign forecasting institutions. Between 1997 and 2017, the mean absolute error in IMAD forecasts for real GDP growth for the current year was 1.06 pps for the spring forecasts and 0.55 pps in the autumn forecasts; for the year ahead, it

Figure 28: Mean absolute error in IMAD forecasts for real GDP growth for various periods



amounted to 1.99 pps in the spring forecasts and 1.70 pps in the autumn forecasts. The mean absolute error in the forecasts for inflation for the current year totalled 0.45 pps in the spring forecasts and 0.18 pps in the autumn forecasts; for inflation in the year ahead, it was 1.10 pps in the spring forecasts and 0.97 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 onset 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 reflected particularly in the forecasts for 2009, 2011 and 2014. The errors in the forecasts for these three years

Figure 28: Mean absolute errors in the forecasts for real GDP growth (left) and average annual inflation (right) for 2002–2017, by forecasting institution

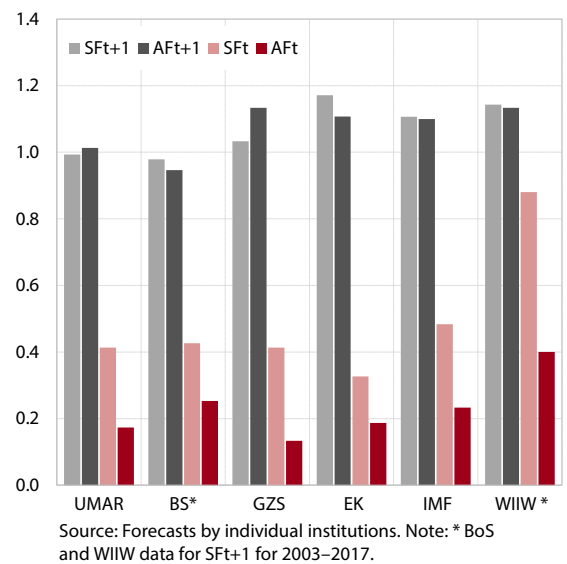
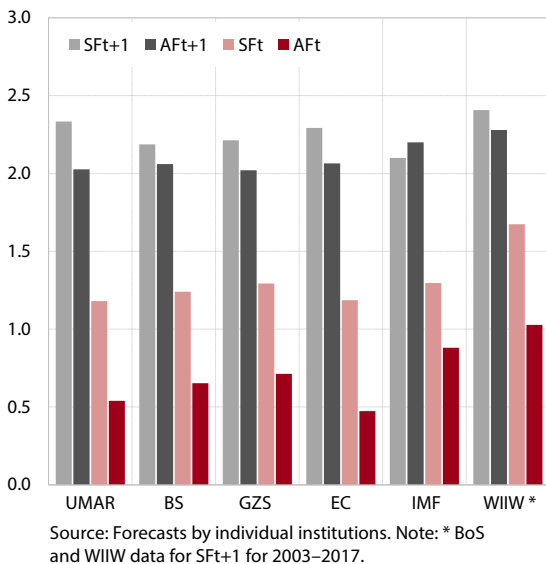


Table 8: Errors in real GDP growth forecasts for 2017, by forecasting institution

Realisation: 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	2.4	-2.6	2.9	-2.1	3.6	-1.4	4.4	-0.6
BoS	2.5	-2.5	2.5	-2.5	3.5	-1.5	4.7	-0.3
EC	2.3	-2.7	2.6	-2.4	3.3	-1.7	4.7	-0.3
IMF	2.0	-3.0	1.8	-3.2	2.5	-2.5	4.0	-1.0
WIIW	2.3	-2.7	2.6	-2.4	2.9	-2.1	4.0	-1.0
OECD	2.4	-2.6	2.4	-2.6	3.8	-1.2	4.9	-0.1
Consensus	2.2	-2.8	2.2	-2.8	2.7	-2.3	3.9	-1.1

Source: Forecasts by individual institutions; calculations by IMAD.

Table 9: Errors in average annual inflation forecasts for 2017, by forecasting institution

Realisation: 1.4 %	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	1.3	-0.1	1.4	0.0	1.8	0.4	1.5	0.1
BoS	1.4	0.0	1.4	0.0	1.7	0.3	1.5	0.1
EC	1.6	0.2	1.5	0.1	1.5	0.1	1.6	0.2
IMF	1.0	-0.4	1.0	-0.4	1.5	0.1	1.6	0.2
WIIW	1.0	-0.4	1.0	-0.4	1.3	-0.1	1.5	0.1
OECD	0.7	-0.7	0.8	-0.6	2.6	1.2	1.6	0.2
Consensus	1.3	-0.1	1.2	-0.2	1.5	0.1	1.6	0.2

Source: Forecasts by individual institutions; calculations by IMAD.

(not only by IMAD, but also by 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 2002–2017 period is greater than in the 1997–2017 period). Similarly, the forecasts for the year ahead in the 2013–2017 spring forecasts also diverged notably from data on GDP growth released at a later time, which holds true for all institutions.

Of all institutions that forecast economic growth for Slovenia, the EC tends to make the smallest forecast errors for GDP 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 2002–2017 ranged between 0.46 pps and 2.43 pps. The root mean square errors, which assign a greater weight to larger errors, were much higher due to errors for 2009, 2011 and 2014 (between 0.72 and 3.77). The EC made the most accurate forecasts in this period. In the forecasts for average inflation, the mean absolute errors were smaller than in the forecasts for GDP (between 0.17 and 1.15), while the root mean square errors ranged between 0.20 and 1.59. 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.

Real GDP growth in 2017 was higher than forecast by institutions. GDP growth in 2017 was underestimated the most in the spring forecasts in 2016, by between 2.5 pps and 3.0 pps. The autumn forecasts for the current

year were already much more accurate, as the errors were much smaller, between -0.6 and -0.1 pps. This wide range mainly reflects the time when individual forecasts were made, i.e. the possibility of using new information and data. In autumn 2016, the most accurate forecast for the year ahead was made by IMAD. This forecast also served as the basis for drafting the revised state budget for 2017. In spring and autumn 2017, the smallest error was made by the OECD, which however publishes its forecast later than other institutions analysed.

The more recent inflation forecasts for the current year 2017 were slightly higher than realised inflation. Most institutions projected a return of modest inflation in Slovenia for the year ahead in their spring and autumn forecasts in 2016. The forecasts of renewed price growth in 2017 after deflation in the previous year reflected the expectations about rises in oil and other commodity prices and the general price level in the euro area. The same factors were also reflected (albeit to a lesser extent) in the upward revision of the inflation forecast in the spring forecasts for the current year, while the autumn forecasts were already fairly accurate, given the availability of current data. Absolute errors in the spring forecasts for the current year ranged between 0.1 pps and 1.2 pps; absolute errors in the autumn forecasts ranged between 0.1 pps and 0.7 pps.

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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	2020
																				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	3.0	2.3	3.1	5.0	5.1	3.8	3.2
GDP in EUR m* (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	36,076	36,239	37,615	38,837	40,418	43,278	46,588	49,611	52,413
GDP per capita in EUR (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	17,540	17,596	18,244	18,823	19,576	20,951	22,563	24,035	25,405
GDP per capita in USD (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	22,536	23,369	24,237	20,884	21,669	23,668	27,843	29,707	31,401
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	21,900	22,700	23,800	24,100				
GDP per capita (PPS EU28=100) ¹	80	80	82	83	85	87	86	87	90	85	83	83	82	82	82	82	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	1.2	1.9	2.8	2.4	1.5	0.8
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	88.6	75.6	68.8	64.3
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	9.5	8.0	7.2	6.7
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	6.6	5.3	4.6	4.2
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	1.0	1.1	2.2	2.7	2.2	2.4

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	1.0	1.9	2.7	4.0	4.5	4.3
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	2.9	4.6	4.3	4.6
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	2.0	2.4	2.9	3.6	5.0	3.9
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	2.0	0.2	-2.5	-1.9	0.9	1.5	2.0	1.3	2.5	2.6	2.0
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	3.0	2.4	2.3
Public service activities	N/A	N/A	N/A	N/A	N/A	2.0	1.6	3.2	3.8	4.4	-0.9	-0.8	-3.4	-3.0	0.7	2.0	2.5	1.5	2.1	3.1	1.6

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	5.0	6.4	10.6	9.2	7.5	6.8
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	6.2	10.9	9.7	7.9	7.2
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	3.7	7.6	9.2	7.2	5.8	5.0
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	4.1	4.7	6.6	10.1	9.3	8.1	6.9
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	5.1	7.0	10.7	9.7	8.7	7.3
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	-3.0	6.2	2.3	4.2	6.6	6.7	5.1	4.5

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	2020
																				forecast	
BALANCE OF PAYMENTS STATISTICS																					
Current account balance in EUR m	-610	9	218	-213	-746	-524	-578	-1451	-2017	-203	-43	68	775	1,594	2,179	1,698	2,108	2,813	3,203	3,385	3,734
- As a per cent share relative to GDP	-3.2	0.0	0.9	-0.8	-2.7	-1.8	-4.1	-5.3	-0.6	-0.1	0.2	0.2	2.1	4.4	5.8	4.4	5.2	6.5	6.9	6.8	7.1
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	3,336	3,711	4,191	4,771	5,103	5,520
- 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	6.7	7.7	8.6	9.2	9.7	10.2	10.3	10.5
FINAL DOMESTIC DEMAND																					
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	-3.6	1.1	2.3	3.8	3.0	3.1	2.6	1.7
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	77.1	75.0	73.0	72.0	72.1	71.1	69.5	68.6	67.7
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	-2.4	-4.1	1.9	2.1	4.2	3.2	3.6	3.0	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	56.9	55.4	54.4	53.5	53.4	52.8	51.7	51.0	50.3
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	2.7	2.5	2.3	1.7	1.4	1.1
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	20.2	19.5	18.6	18.6	18.7	18.3	17.8	17.7	17.4
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	1.1	-1.6	-3.6	10.3	10.0	8.5	7.5
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	19.2	19.8	19.4	18.9	17.6	18.5	19.3	20.2	21.0
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	1.129	1.234	1.236	1,236
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	1.2	-0.2	-4.1	0.3	0.4	0.7	0.1	0.3
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	1.7	1.8	2.1	2.3
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	1.4	1.5	1.9	2.3
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	54.3	65.1	60.8	58.0

Source of data: SURS, BS, Eurostat, calculations and forecasts by IMAD.

Notes: * Data before 2007 are converted into euros at the fixed exchange rate of EUR 1 = SIT 239.64.

¹ Measured in purchasing power standard.

² Growth in value denotes real appreciation of national currency and vice versa.

³ Consumer price index.

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

EUR million, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
A Agriculture, forestry and fishing	626.0	733.9	647.0	651.6	758.6	786.7	760.4	789.1	887.3	958.0	979.0
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	7,651.0	8,041.9	8,095.0	8,346.6	8,812.6	9,091.9	9,479.9	10,356.6	11,254.7	12,091.1	12,858.9
of which: C Manufacturing	6,367.3	6,730.0	6,761.7	6,952.8	7,439.5	7,750.9	8,136.4	8,958.3	9,807.0	10,542.2	11,218.5
F Construction	2,015.0	1,885.0	1,817.0	1,654.4	1,859.0	1,843.0	1,830.3	2,093.6	2,428.4	2,648.0	2,857.5
GHI Trade, transportation and storage, accommodation and food service activities	6,299.5	6,441.3	6,228.7	6,266.5	6,480.8	6,760.8	7,124.0	7,705.3	8,359.3	8,993.4	9,525.1
J Information and communication	1,285.8	1,313.5	1,335.0	1,300.5	1,370.7	1,401.6	1,442.4	1,531.5	1,657.8	1,773.7	1,878.6
K Financial and insurance activities	1,697.4	1,649.3	1,353.2	1,250.2	1,296.7	1,371.1	1,357.9	1,429.3	1,564.9	1,674.3	1,773.3
L Real estate activities	2,537.1	2,468.6	2,397.3	2,572.5	2,527.6	2,640.0	2,737.6	2,895.7	3,128.9	3,347.5	3,545.5
MN Professional, scientific, technical, administrative and support services	2,989.7	3,020.8	2,962.0	2,982.3	3,194.8	3,314.9	3,481.8	3,781.7	4,016.2	4,272.3	4,525.0
OPQ Public administration, education, human health and social work	5,611.2	5,666.0	5,602.2	5,419.0	5,364.0	5,482.9	5,851.6	6,093.0	6,412.8	6,701.2	7,057.3
RST Other service activities	870.1	885.0	861.7	850.5	849.7	885.4	943.6	967.9	1,025.4	1,093.6	1,156.1
1. TOTAL VALUE ADDED	31,582.7	32,105.5	31,299.1	31,294.2	32,514.7	33,578.4	35,009.5	37,643.9	40,735.7	43,553.0	46,156.3
2. CORRECTIONS	4,669.7	4,790.8	4,776.9	4,945.0	5,100.2	5,258.2	5,408.7	5,634.0	5,852.0	6,058.1	6,256.3
3. GROSS DOMESTIC PRODUCT (3=1+2)	36,252.4	36,896.3	36,076.1	36,239.2	37,614.9	38,836.6	40,418.1	43,278.1	46,587.7	49,611.1	52,412.6

Source of data: SURS, forecasts by IMAD.

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

Structure in %, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
A Agriculture, forestry and fishing	1.7	2.0	1.8	1.8	2.0	2.0	1.9	1.8	1.9	1.9	1.9
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	21.1	21.8	22.4	23.0	23.4	23.4	23.5	23.9	24.2	24.4	24.5
of which: C Manufacturing	17.6	18.2	18.7	19.2	19.8	20.0	20.1	20.7	21.1	21.2	21.4
F Construction	5.6	5.1	5.0	4.6	4.9	4.7	4.5	4.8	5.2	5.3	5.5
GHI Trade, transportation and storage, accommodation and food service activities	17.4	17.5	17.3	17.3	17.2	17.4	17.6	17.8	17.9	18.1	18.2
J Information and communication	3.5	3.6	3.7	3.6	3.6	3.6	3.6	3.5	3.6	3.6	3.6
K Financial and insurance activities	4.7	4.5	3.8	3.4	3.4	3.5	3.4	3.3	3.4	3.4	3.4
L Real estate activities	7.0	6.7	6.6	7.1	6.7	6.8	6.8	6.7	6.7	6.7	6.8
MN Professional, scientific, technical, administrative and support services	8.2	8.2	8.2	8.2	8.5	8.5	8.6	8.7	8.6	8.6	8.6
OPQ Public administration, education, human health and social work	15.5	15.4	15.5	15.0	14.3	14.1	14.5	14.1	13.8	13.5	13.5
RST Other service activities	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2
1. TOTAL VALUE ADDED	87.1	87.0	86.8	86.4	86.4	86.5	86.6	87.0	87.4	87.8	88.1
2. CORRECTIONS	12.9	13.0	13.2	13.6	13.6	13.5	13.4	13.0	12.6	12.2	11.9
3. GROSS DOMESTIC PRODUCT (3=1+2)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of data: SURS, forecasts by IMAD.

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

EUR million

	constant previous year prices								constant 2017 prices			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
										forecast		
A	Agriculture, forestry and fishing	608.4	668.3	673.5	641.1	756.4	794.1	770.6	690.3	859.7	867.9	872.2
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	7,952.5	7,833.0	7,841.5	8,078.0	8,728.0	8,937.8	9,492.2	10,224.3	11,086.8	11,635.8	12,124.5
	of which: C Manufacturing	6,640.1	6,545.7	6,523.5	6,722.8	7,329.6	7,579.3	8,129.6	8,794.9	9,630.2	10,140.6	10,596.9
F	Construction	2,015.0	1,811.9	1,740.4	1,657.5	1,828.7	1,828.7	1,762.1	2,038.6	2,343.8	2,530.2	2,683.2
GHI	Trade, transportation and storage, accommodation and food service activities	6,421.3	6,408.0	6,177.7	6,223.6	6,466.4	6,807.3	7,129.8	7,625.0	8,171.5	8,551.6	8,855.2
J	Information and communication	1,276.9	1,287.1	1,309.0	1,345.0	1,363.7	1,463.0	1,405.2	1,503.6	1,615.0	1,694.9	1,771.2
K	Financial and insurance activities	1,664.6	1,631.7	1,578.0	1,312.5	1,231.9	1,261.8	1,411.4	1,402.2	1,485.8	1,529.6	1,574.8
L	Real estate activities	2,679.2	2,527.2	2,475.4	2,409.7	2,602.8	2,529.6	2,635.4	2,759.7	2,937.7	2,980.3	3,023.6
MN	Professional, scientific, technical, administrative and support services	3,033.7	3,008.6	2,968.5	2,974.8	3,213.1	3,291.2	3,463.3	3,720.8	3,968.9	4,125.7	4,290.8
OPQ	Public administration, education, human health and social work	5,542.6	5,628.6	5,734.1	5,542.5	5,411.9	5,438.5	5,640.9	5,968.7	6,211.9	6,320.6	6,412.4
RST	Other service activities	861.4	882.6	861.0	859.1	847.3	880.4	933.9	946.0	1,006.1	1,040.9	1,071.6
1. TOTAL VALUE ADDED		32,055.7	31,687.2	31,359.1	31,043.9	32,450.2	33,232.7	34,645.0	36,879.4	39,687.3	41,277.6	42,679.4
2. CORRECTIONS		4,558.1	4,800.6	4,552.3	4,623.8	4,868.6	5,231.9	5,414.4	5,560.0	5,800.1	5,942.0	6,066.5
3. GROSS DOMESTIC PRODUCT (3=1+2)		36,613.9	36,487.8	35,911.3	35,667.7	37,318.8	38,464.6	40,059.3	42,439.3	45,487.4	47,219.6	48,745.9

Source of data: SURS, forecasts by IMAD.

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

Real growth rates in %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
A Agriculture, forestry and fishing	1.6	6.8	-8.2	-0.9	16.1	4.7	-2.0	-9.2	9.0	1.0	0.5
BCDE Mining and quarrying, manufacturing, electricity and water supply, waste management	6.5	2.4	-2.5	-0.2	4.6	1.4	4.4	7.9	7.1	5.0	4.2
of which: C Manufacturing	7.3	2.8	-3.1	-0.6	5.4	1.9	4.9	8.1	7.5	5.3	4.5
F Construction	-18.2	-10.1	-7.7	-8.8	10.5	-1.6	-4.4	11.4	12.0	8.0	6.0
GHI Trade, transportation and storage, accommodation and food service activities	1.2	1.7	-4.1	-0.1	3.2	5.0	5.5	7.0	6.1	4.7	3.5
J Information and communication	3.3	0.1	-0.3	0.8	4.9	6.7	0.3	4.2	5.5	5.0	4.5
K Financial and insurance activities	-0.5	-3.9	-4.3	-3.0	-1.5	-2.7	2.9	3.3	4.0	3.0	3.0
L Real estate activities	1.6	-0.4	0.3	0.5	1.2	0.1	-0.2	0.8	1.5	1.5	1.5
MN Professional, scientific, technical, administrative and support services	5.7	0.6	-1.7	0.4	7.7	3.0	4.5	6.9	5.0	4.0	4.0
OPQ Public administration, education, human health and social work	1.2	0.3	1.2	-1.1	-0.1	1.4	2.9	2.0	2.0	1.8	1.5
RST Other service activities	-1.2	1.4	-2.7	-0.3	-0.4	3.6	5.5	0.2	4.0	3.5	3.0
1. TOTAL VALUE ADDED	1.3	0.3	-2.3	-0.8	3.7	2.2	3.2	5.3	5.4	4.0	3.4
2. CORRECTIONS	0.7	2.8	-5.0	-3.2	-1.5	2.6	3.0	2.8	2.9	2.4	2.1
3. GROSS DOMESTIC PRODUCT (3=1+2)	1.2	0.6	-2.7	-1.1	3.0	2.3	3.1	5.0	5.1	3.8	3.2

Source of data: SURS, forecasts by IMAD.

Table 4a: Gross domestic product and primary incomes

EUR million, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
1. Compensation of employees	19,018.3	18,921.2	18,486.6	18,072.8	18,411.6	18,902.1	19,910.0	21,111.8	22,729.4	24,253.4	25,590.7
Wages and salaries	16,336.1	16,244.7	15,816.8	15,478.7	15,796.3	16,191.2	17,089.5	18,120.0	19,477.7	20,785.4	21,933.7
Employers' social contributions	2,682.1	2,676.5	2,669.8	2,594.1	2,615.3	2,710.9	2,820.5	2,991.8	3,251.7	3,468.1	3,656.9
2. Taxes on production and imports	5,159.2	5,236.8	5,274.1	5,474.1	5,636.2	5,781.2	5,947.0	6,198.5	6,445.0	6,678.5	6,905.4
3. Subsidies	927.2	625.0	606.0	673.7	581.4	531.1	548.3	575.7	656.5	737.5	766.2
4. Gross operating surplus / mixed income	13,002.1	13,363.3	12,921.3	13,366.0	14,148.6	14,684.5	15,109.4	16,543.5	18,069.8	19,416.8	20,682.8
5. Gross domestic product (5=1+2-3+4)	36,252.4	36,896.3	36,076.1	36,239.2	37,614.9	38,836.6	40,418.1	43,278.1	46,587.7	49,611.1	52,412.6

Source of data: SURS, forecasts by IMAD.

Table 4b: Gross domestic product and primary incomes

Structure in %, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
1. Compensation of employees	52.5	51.3	51.2	49.9	48.9	48.7	49.3	48.8	48.8	48.9	48.8
Wages and salaries	45.1	44.0	43.8	42.7	42.0	41.7	42.3	41.9	41.8	41.9	41.8
Employers' social contributions	7.4	7.3	7.4	7.2	7.0	7.0	7.0	6.9	7.0	7.0	7.0
2. Taxes on production and imports	14.2	14.2	14.6	15.1	15.0	14.9	14.7	14.3	13.8	13.5	13.2
3. Subsidies	2.6	1.7	1.7	1.9	1.5	1.4	1.4	1.3	1.4	1.5	1.5
4. Gross operating surplus / mixed income	35.9	36.2	35.8	36.9	37.6	37.8	37.4	38.2	38.8	39.1	39.5
5. Gross domestic product (5=1+2-3+4)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source of data: SURS, forecasts by IMAD.

Table 5a: Gross domestic product by expenditures

EUR million, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
1 GROSS DOMESTIC PRODUCT (1=4+5)	36,252.4	36,896.3	36,076.1	36,239.2	37,614.9	38,836.6	40,418.1	43,278.1	46,587.7	49,611.1	52,412.6
2 EXPORTS OF GOODS AND SERVICES	23,306.0	25,965.4	26,380.5	27,004.4	28,517.1	29,901.2	31,386.3	35,579.2	39,400.8	42,961.3	46,428.8
3 IMPORTS OF GOODS AND SERVICES	22,785.8	25,288.1	24,858.8	24,989.7	25,734.0	26,566.0	27,685.7	31,399.6	34,632.6	37,860.6	40,911.9
4 EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	520.2	677.3	1,521.7	2,014.7	2,783.1	3,335.2	3,700.7	4,179.6	4,768.2	5,100.7	5,516.9
5 TOTAL DOMESTIC CONSUMPTION (5=6+9)	35,732.2	36,219.0	34,554.4	34,224.5	34,831.8	35,501.4	36,717.5	39,098.5	41,819.5	44,510.5	46,895.7
6 FINAL CONSUMPTION (6=7+8)	27,669.7	28,205.1	27,805.8	27,163.4	27,465.1	27,978.5	29,159.1	30,751.7	32,402.7	34,083.8	35,492.0
7 PRIVATE CONSUMPTION	20,316.5	20,667.7	20,509.6	20,090.3	20,465.8	20,771.7	21,581.0	22,843.9	24,098.2	25,326.1	26,362.6
- Households	19,979.6	20,337.9	20,202.7	19,784.6	20,140.6	20,437.0	21,249.7	22,497.9	23,738.8	24,952.1	25,973.1
- NPISH's	336.9	329.8	306.9	305.7	325.2	334.7	331.3	346.0	359.4	374.0	389.5
8 GOVERNMENT CONSUMPTION	7,353.3	7,537.4	7,296.3	7,073.1	6,999.3	7,206.8	7,578.0	7,907.8	8,304.4	8,757.7	9,129.4
9 GROSS CAPITAL FORMATION (9=10+11)	8,062.5	8,013.9	6,748.5	7,061.2	7,366.7	7,522.9	7,558.4	8,346.8	9,416.9	10,426.7	11,403.7
10 GROSS FIXED CAPITAL FORMATION	7,726.6	7,450.7	6,933.9	7,174.9	7,291.7	7,322.0	7,105.2	7,994.1	9,008.6	10,013.6	10,996.4
11 CHANGES IN INVENTORIES AND VALUABLES	335.9	563.2	-185.4	-113.8	75.0	200.9	453.2	352.7	408.2	413.1	407.3

Source of data: SURS, forecasts by IMAD.

Table 5b: Gross domestic product by expenditures

Structure in %, current prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
1 GROSS DOMESTIC PRODUCT (1=4+5)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2 EXPORTS OF GOODS AND SERVICES	64.3	70.4	73.1	74.5	75.8	77.0	77.7	82.2	84.6	86.6	88.6
3 IMPORTS OF GOODS AND SERVICES	62.9	68.5	68.9	69.0	68.4	68.4	68.5	72.6	74.3	76.3	78.1
4 EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	1.4	1.8	4.2	5.6	7.4	8.6	9.2	9.7	10.2	10.3	10.5
5 TOTAL DOMESTIC CONSUMPTION (5=6+9)	98.6	98.2	95.8	94.4	92.6	91.4	90.8	90.3	89.8	89.7	89.5
6 FINAL CONSUMPTION (6=7+8)	76.3	76.4	77.1	75.0	73.0	72.0	72.1	71.1	69.6	68.7	67.7
7 PRIVATE CONSUMPTION	56.0	56.0	56.9	55.4	54.4	53.5	53.4	52.8	51.7	51.0	50.3
- Households	55.1	55.1	56.0	54.6	53.5	52.6	52.6	52.0	51.0	50.3	49.6
- NPISH's	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.7
8 GOVERNMENT CONSUMPTION	20.3	20.4	20.2	19.5	18.6	18.6	18.7	18.3	17.8	17.7	17.4
9 GROSS CAPITAL FORMATION (9=10+11)	22.2	21.7	18.7	19.5	19.6	19.4	18.7	19.3	20.2	21.0	21.8
10 GROSS FIXED CAPITAL FORMATION	21.3	20.2	19.2	19.8	19.4	18.9	17.6	18.5	19.3	20.2	21.0
11 CHANGES IN INVENTORIES AND VALUABLES	0.9	1.5	-0.5	-0.3	0.2	0.5	1.1	0.8	0.9	0.8	0.8

Source of data: SURS, forecasts by IMAD.

Table 6a: Gross domestic product by expenditures

EUR million

	constant previous year prices								constant 2017 prices		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
										forecast	
1 GROSS DOMESTIC PRODUCT (1=4+5)	36,613.9	36,487.8	35,911.3	35,667.7	37,318.8	38,464.6	40,059.3	42,439.4	45,487.4	47,219.6	48,745.9
2 EXPORTS OF GOODS AND SERVICES	22,804.8	24,912.6	26,117.6	27,185.2	28,542.2	29,945.9	31,828.8	34,705.7	38,869.1	41,797.2	44,626.1
3 IMPORTS OF GOODS AND SERVICES	21,395.9	23,924.3	24,351.2	25,370.6	26,023.6	26,949.0	28,316.1	30,480.5	34,305.7	37,093.5	39,667.8
4 EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	1,408.9	988.3	1,766.4	1,814.6	2,518.6	2,996.9	3,512.7	4,225.2	4,563.5	4,703.6	4,958.3
5 TOTAL DOMESTIC CONSUMPTION (5=6+9)	35,204.9	35,499.5	34,145.0	33,853.1	34,800.3	35,467.7	36,546.6	38,214.2	40,923.9	42,516.0	43,787.6
6 FINAL CONSUMPTION (6=7+8)	27,244.0	27,610.8	27,530.6	26,814.1	27,467.7	28,088.2	29,029.3	30,023.1	31,718.2	32,553.2	33,119.0
7 PRIVATE CONSUMPTION	20,027.3	20,311.7	20,162.7	19,667.8	20,480.0	20,898.0	21,644.8	22,267.4	23,672.1	24,390.4	24,866.5
- Households	19,692.2	19,984.7	19,857.2	19,362.2	20,156.7	20,564.9	21,316.0	21,929.4	23,319.1	24,030.3	24,499.1
- NPISH's	335.1	327.0	305.5	305.6	323.3	333.1	328.8	338.0	353.1	360.2	367.4
8 GOVERNMENT CONSUMPTION	7,216.6	7,299.1	7,367.9	7,146.2	6,987.7	7,190.2	7,384.5	7,755.7	8,046.1	8,162.8	8,252.5
9 GROSS CAPITAL FORMATION (9=10+11)	7,961.0	7,888.8	6,614.4	7,039.0	7,332.6	7,379.5	7,517.3	8,191.1	9,205.7	9,962.8	10,668.6
10 GROSS FIXED CAPITAL FORMATION	7,634.2	7,345.7	6,792.4	7,152.9	7,251.5	7,176.0	7,057.8	7,836.1	8,797.5	9,549.7	10,261.2
11 CHANGES IN INVENTORIES AND VALUABLES	326.7	543.1	-178.1	-114.0	81.1	203.5	459.5	355.0	408.2	413.1	407.3

Source of data: SURS, forecasts by IMAD.

Table 6b: Gross domestic product by expenditures

Real growth rates in %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
										forecast		
1 GROSS DOMESTIC PRODUCT (1=4+5)	1.2	0.6	-2.7	-1.1	3.0	2.3	3.1	5.0	5.1	3.8	3.2	
2 EXPORTS OF GOODS AND SERVICES	10.2	6.9	0.6	3.1	5.7	5.0	6.4	10.6	9.2	7.5	6.8	
3 IMPORTS OF GOODS AND SERVICES	6.8	5.0	-3.7	2.1	4.1	4.7	6.6	10.1	9.3	8.1	6.9	
4 EXTERNAL BALANCE OF GOODS AND SERVICES ¹	2.0	1.3	3.0	0.8	1.4	0.6	0.5	1.3	0.9	0.3	0.5	
5 TOTAL DOMESTIC CONSUMPTION (5=6+9)	-0.8	-0.7	-5.7	-2.0	1.7	1.8	2.9	4.1	4.7	3.9	3.0	
6 FINAL CONSUMPTION (6=7+8)	0.8	-0.2	-2.4	-3.6	1.1	2.3	3.8	3.0	3.1	2.6	1.7	
7 PRIVATE CONSUMPTION	1.3	0.0	-2.4	-4.1	1.9	2.1	4.2	3.2	3.6	3.0	2.0	
- Households	1.1	0.0	-2.4	-4.2	1.9	2.1	4.3	3.2	3.6	3.0	2.0	
- NPISH's	12.6	-2.9	-7.4	-0.4	5.8	2.4	-1.7	2.0	2.0	2.0	2.0	
8 GOVERNMENT CONSUMPTION	-0.5	-0.7	-2.2	-2.1	-1.2	2.7	2.5	2.3	1.7	1.4	1.1	
9 GROSS CAPITAL FORMATION (9=10+11)	-5.9	-2.2	-17.5	4.3	3.8	0.2	-0.1	8.4	10.3	8.2	7.1	
10 GROSS FIXED CAPITAL FORMATION	-13.3	-4.9	-8.8	3.2	1.1	-1.6	-3.6	10.3	10.0	8.5	7.5	
11 CHANGES IN INVENTORIES AND VALUABLES ¹	1.9	0.6	-2.0	0.2	0.5	0.3	0.7	-0.2	0.1	0.0	0.0	

Source of data: SURS, forecasts by IMAD.

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

Table 7: Balance of payments - balance of payments statistics

EUR million

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
I. CURRENT ACCOUNT	-43	68	775	1,594	2,179	1,698	2,108	2,813	3,203	3,385	3,734
1. GOODS	-748	-974	-81	708	1,181	1,476	1,536	1,626	1,940	2,007	2,200
1.1. Exports of goods	18,631	21,042	21,256	21,692	22,961	24,039	24,991	28,448	31,596	34,552	37,484
1.2. Imports of goods	19,379	22,016	21,337	20,984	21,780	22,563	23,454	26,822	29,656	32,544	35,284
2. SERVICES	1,210	1,406	1,509	1,732	1,697	1,860	2,174	2,565	2,831	3,096	3,320
2.1. Exports	4,655	4,906	5,106	5,317	5,558	5,866	6,410	7,148	7,804	8,410	8,945
- Transport	1,210	1,309	1,346	1,398	1,529	1,672	1,854	2,101	2,309	2,504	2,676
- Travel	1,925	1,975	2,008	2,043	2,060	2,098	2,190	2,386	2,538	2,688	2,823
- Other	1,520	1,622	1,752	1,877	1,969	2,096	2,366	2,661	2,957	3,218	3,446
2.2. Imports	3,444	3,500	3,597	3,586	3,862	4,007	4,236	4,583	4,974	5,314	5,625
- Transport	716	725	713	738	814	851	922	1,026	1,116	1,190	1,251
- Travel	923	817	730	708	745	823	854	881	936	981	1,023
- Other	1,805	1,958	2,153	2,140	2,302	2,333	2,460	2,676	2,921	3,143	3,350
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	462	432	1,428	2,440	2,878	3,336	3,711	4,191	4,771	5,103	5,520
Exports of goods and services	23,285	25,948	26,362	27,010	28,519	29,905	31,400	35,596	39,401	42,961	46,429
Imports of goods and services	22,823	25,516	24,934	24,569	25,641	26,569	27,690	31,405	34,630	37,858	40,909
3. PRIMARY INCOME	-373	-279	-578	-482	-428	-1,263	-1,294	-1,119	-1,199	-1,269	-1,328
3.1. Receipts	895	1,318	853	822	1,093	1,345	1,436	1,482	1,488	1,522	1,562
- Compensation of employees	240	327	169	201	235	323	276	302	305	310	315
- Investment	287	580	207	54	368	500	623	570	613	613	621
- Other primary income	367	411	478	567	490	522	537	610	570	599	626
3.2. Expenditure	1,268	1,598	1,431	1,303	1,521	2,608	2,730	2,601	2,687	2,791	2,891
- Compensation of employees	89	93	99	100	114	122	127	140	155	170	190
- Investment	1,031	1,328	1,097	917	1,063	2,057	2,113	1,923	1,922	1,954	1,980
- Other primary income	147	176	235	286	344	429	490	538	610	667	720
4. SECONDARY INCOME	-132	-84	-75	-365	-271	-375	-309	-258	-369	-449	-458
4.1. Receipts	864	993	931	630	709	733	745	817	806	799	816
4.2. Expenditure	996	1,077	1,006	994	980	1,108	1,054	1,075	1,175	1,248	1,274
II. CAPITAL ACCOUNT	54	-85	41	162	79	412	-302	-225			
1. Non-produced non-financial assets	-3	-12	-4	-10	-24	-37	-45	20			
2. Capital transfers	57	-73	45	172	102	449	-257	-246			
III. FINANCIAL ACCOUNT	-1,460	-754	-142	1,004	2,251	1,658	1,129	1,644			
1. Direct investment	-93	-640	-466	-47	-584	-1,269	-880	-534			
- Assets	138	-3	-439	24	155	292	431	389			
- Liabilities	231	636	27	71	739	1,560	1,311	923			
2. Portfolio investment	-1,961	-1,844	220	-4,176	-3,968	2,929	5,079	2,931			
3. Financial derivatives	117	155	89	27	-51	-98	-215	-198			
4. Other investment	497	1,646	45	5,194	6,765	208	-2,758	-644			
4.1. Assets	-1,807	425	456	599	4,737	-617	-2,335	-1,809			
4.2. Liabilities	-2,303	-1,221	411	-4,595	-2,028	-825	423	-1,165			
5. Reserve assets	-19	-72	-31	5	89	-113	-97	89			
IV. NET ERRORS AND OMISSIONS	-1,470	-737	-958	-752	-6	-453	-677	-944			

Source of data: BS, forecasts by IMAD.

Note: The Slovenian Balance of Payments and International Investment Position conforms to the methodology of the the IMF's 'Balance of Payments and International Investment Position Manual'.

Table 8: Labour market

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									forecast		
LABOUR SUPPLY											
Activity rate (20-64 years, in %)**	75.8	74.5	74.9	74.9	75.1	76.0	76.2	79.0	80.2	81.2	82.0
Active population (ILO definition - in thousands)**	1,041	1,020	1,013	1,008	1,015	1,008	995	1,027	1,038	1,045	1,049
- yearly growth (in %)	0.0	-2.1	-0.6	-0.6	0.7	-0.7	-1.3	3.2	1.0	0.7	0.4
EMPLOYMENT AND UNEMPLOYMENT											
Employment (National accounts concept, in thousands)	962.1	946.0	937.2	926.7	930.0	941.6	959.7	986.4	1,009.7	1,025.1	1,033.2
- yearly growth (in %)	-2.1	-1.7	-0.9	-1.1	0.4	1.2	1.9	2.8	2.4	1.5	0.8
Employment (ILO concept, in thousands)**	966.0	936.2	923.7	906.0	917.0	917.6	915.1	959.0	983.0	997.7	1004.7
- yearly growth (in %)	-1.5	-3.1	-1.3	-1.9	1.2	0.1	-0.3	4.8	2.5	1.5	0.7
Employment rate (20-64 years, in %)**	70.3	68.4	68.3	67.2	67.8	69.1	70.1	73.7	76.0	77.5	78.5
Formal employment (statistical register, in thousands) *	835.0	824.0	810.0	793.6	797.8	804.6	817.2	845.5	872.4	886.7	894.3
- yearly growth (in %)	-2.7	-1.3	-1.7	-2.0	0.5	0.9	1.6	3.5	3.2	1.6	0.9
- Paid employment (in thousands)	747.2	729.1	717.0	698.7	703.0	713.1	730.5	755.3	782.8	798.0	807.0
- yearly growth (in %)	-2.6	-2.4	-1.6	-2.6	0.6	1.4	2.4	3.4	3.6	1.9	1.1
- Self employed (in thousands)	87.8	94.9	93.0	94.9	94.8	91.6	86.7	90.2	89.7	88.7	87.3
- yearly growth (in %)	-3.3	8.1	-2.1	2.1	-0.1	-3.4	-5.3	4.0	-0.6	-1.0	-1.6
Unemployment (ILO concept, in thousands)**	75.2	83.3	89.7	101.8	98.0	90.5	79.7	67.9	54.6	47.4	44.2
- yearly growth (in %)	23.7	10.8	7.7	13.5	-3.7	-7.7	-11.9	-14.8	-19.6	-13.2	-6.7
Unemployment (registered, in thousands)	100.5	110.7	110.2	119.8	120.1	112.7	103.2	88.6	75.6	68.8	64.3
- yearly growth (in %)	16.4	10.1	-0.5	8.8	0.2	-6.1	-8.5	-14.1	-14.7	-9.0	-6.6
Unemployment rate (ILO concept, in %)**	7.3	8.2	8.9	10.1	9.7	9.0	8.0	6.6	5.3	4.6	4.2
Unemployment rate (registered, in %)	10.7	11.8	12.0	13.1	13.1	12.3	11.2	9.5	8.0	7.2	6.7

Sources of data: SURS, ESS, forecasts by IMAD and Eurostat.

Note: * According to the Statistical Register of Employment, including the estimate of self employed farmers.** The figure for 2017 is IMAD estimate, as annual data were not yet available at the time of the forecast.

Table 9: Indicators of international competitiveness

annual growth rates in %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
									forecast	
Effective exchange rate¹										
Nominal	-2.3	0.0	-1.4	0.9	0.2	-3.1	1.0	0.5	0.8	0.0
Real - based on consumer prices	-2.1	-1.0	-1.2	1.2	-0.2	-4.1	0.3	0.4	0.7	0.1
Real - based on ULC in economy as a whole	-1.6	-2.0	-3.0	0.0	-1.6	-3.6	0.9	-0.5	0.7	0.2

Unit labour costs components

Nominal unit labour costs	0.6	-0.8	0.8	0.5	-1.2	0.4	1.6	0.6	1.8	2.4
Compensation of employees per employee	4.0	1.5	-1.0	0.5	1.3	1.4	2.8	2.8	4.5	4.7
Labour productivity, real ²	3.4	2.4	-1.8	0.0	2.6	1.0	1.2	2.2	2.7	2.2
Real unit labour costs	1.6	-1.9	0.3	-1.1	-2.0	-0.6	0.7	-1.4	-0.6	-0.2
Labour productivity, nominal ³	2.4	3.5	-1.3	1.6	3.4	2.0	2.1	4.2	5.2	4.9

Sources of data: SURS national accounts statistics, ECB, OECD, Consensus Forecasts, European Comision, calculations and forecasts by IMAD.

Notes: ¹ Harmonised effective exchange rate - 37 group of trading partners; 19 extra Euro area and 18 Euro area countries; a rise in the value indicates appreciation and of national currency and vice versa. ² GDP per employee (in constant prices); ³ GDP per employee (in current prices).

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

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2010	2011	2012	2013	2014	2015	2016	2017 previous
I. TOTAL GENERAL GOVERNMENT REVENUES	14,794	14,982	14,999	14,728	15,494	15,714	15,842	16,801
TAX REVENUES	12,848	13,209	13,118	12,648	13,193	13,746	14,240	15,159
TAXES ON INCOME AND PROFIT	2,491	2,724	2,657	2,137	2,386	2,585	2,681	2,967
Personal income tax	2,039	2,054	2,077	1,868	1,916	1,986	2,079	2,197
Corporate income tax	449	668	577	265	468	595	599	766
SOCIAL SECURITY CONTRIBUTIONS	5,234	5,268	5,244	5,127	5,272	5,474	5,721	6,092
TAXSES ON PAYROLL AND WORKFORCE	28	29	26	23	20	20	20	21
TAXES ON PROPERTY	220	215	234	254	245	238	256	273
DOMESTIC TAXES ON GOODS AND SERVICES	4,781	4,856	4,876	5,027	5,191	5,347	5,433	5,723
Value added tax	2,941	2,992	2,905	3,029	3,153	3,229	3,272	3,504
Excise duties	1,439	1,462	1,560	1,491	1,491	1,515	1,551	1,585
TAXES ON INTERN. TRADE AND TRANSACTIONS	91	100	83	77	78	82	82	83
OTHER TAXES	4	17	-1	1	0	1	48	-1
NON-TAX REVENUES	923	829	912	989	1,184	956	963	1,091
CAPITAL REVENUES	176	65	63	67	53	96	96	91
DONATIONS RECEIVED	13	10	9	33	19	12	10	10
TRANSFERRED REVENUES	110	54	52	53	5	21	51	52
RECEIPTS FROM THE EU BUDGET	725	815	845	938	1,040	882	481	399

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

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

per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2010	2011	2012	2013	2014	2015	2016	2017 previous
I. TOTAL GENERAL GOVERNMENT REVENUES	40.8	40.6	41.6	40.6	41.2	40.5	39.2	38.8
TAX REVENUES	35.4	35.8	36.4	34.9	35.1	35.4	35.2	35.0
TAXES ON INCOME AND PROFIT	6.9	7.4	7.4	5.9	6.3	6.7	6.6	6.9
Personal income tax	5.6	5.6	5.8	5.2	5.1	5.1	5.1	5.1
Corporate income tax	1.2	1.8	1.6	0.7	1.2	1.5	1.5	1.8
SOCIAL SECURITY CONTRIBUTIONS	14.4	14.3	14.5	14.1	14.0	14.1	14.2	14.1
TAXSES ON PAYROLL AND WORKFORCE	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
TAXES ON PROPERTY	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6
DOMESTIC TAXES ON GOODS AND SERVICES	13.2	13.2	13.5	13.9	13.8	13.8	13.4	13.2
Value added tax	8.1	8.1	8.1	8.4	8.4	8.3	8.1	8.1
Excise duties	4.0	4.0	4.3	4.1	4.0	3.9	3.8	3.7
TAXES ON INTERN. TRADE AND TRANSACTIONS	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
OTHER TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
NON-TAX REVENUES	2.5	2.2	2.5	2.7	3.1	2.5	2.4	2.5
CAPITAL REVENUES	0.5	0.2	0.2	0.2	0.1	0.2	0.2	0.2
DONATIONS RECEIVED	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
TRANSFERRED REVENUES	0.3	0.1	0.1	0.1	0.0	0.1	0.1	0.1
RECEIPTS FROM THE EU BUDGET	2.0	2.2	2.3	2.6	2.8	2.3	1.2	0.9

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

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

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2010	2011	2012	2013	2014	2015	2016	2017 previous
II. TOTAL EXPENDITURES	16,693	16,546	16,126	16,286	16,755	16,956	16,497	17,097
CURRENT EXPENDITURE	6,960	6,927	6,814	6,838	7,043	7,168	7,407	7,733
WAGES AND OTHER PERSONNEL EXPENDITURE	3,359	3,330	3,185	3,114	3,116	3,124	3,278	3,406
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	553	553	543	503	494	486	508	533
PURCHASES OF GOODS AND SERVICES	2,512	2,443	2,373	2,239	2,233	2,311	2,371	2,627
INTEREST PAYMENTS	488	527	648	840	1,097	1,043	1,074	985
RESERVES	47	74	65	143	103	204	176	183
CURRENT TRANSFERS	7,629	7,819	7,687	7,671	7,592	7,540	7,700	7,911
SUBSIDIES	582	496	503	520	467	399	397	425
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	6,278	6,533	6,384	6,343	6,335	6,371	6,496	6,664
OTHER CURRENT TRANSFERS	769	789	800	809	789	770	807	822
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	1,707	1,396	1,235	1,351	1,717	1,815	962	1,074
CAPITAL EXPENDITURE	1,311	1,024	915	1,032	1,451	1,520	784	889
CAPITAL TRANSFERS	396	372	320	319	266	295	178	186
PAYMENTS TO THE EU BUDGET	397	405	390	425	403	433	427	378
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	-1,899	-1,564	-1,127	-1,558	-1,261	-1,242	-654	-297

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

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

Per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2010	2011	2012	2013	2014	2015	2016	2017 previous
II. TOTAL EXPENDITURES	46.0	44.8	44.7	44.9	44.5	43.7	40.8	39.5
CURRENT EXPENDITURE	19.2	18.8	18.9	18.9	18.7	18.5	18.3	17.9
WAGES AND OTHER PERSONNEL EXPENDITURE	9.3	9.0	8.8	8.6	8.3	8.0	8.1	7.9
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	1.5	1.5	1.5	1.4	1.3	1.3	1.3	1.2
PURCHASES OF GOODS AND SERVICES	6.9	6.6	6.6	6.2	5.9	6.0	5.9	6.1
INTEREST PAYMENTS	1.3	1.4	1.8	2.3	2.9	2.7	2.7	2.3
RESERVES	0.1	0.2	0.2	0.4	0.3	0.5	0.4	0.4
CURRENT TRANSFERS	21.0	21.2	21.3	21.2	20.2	19.4	19.1	18.3
SUBSIDIES	1.6	1.3	1.4	1.4	1.2	1.0	1.0	1.0
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	17.3	17.7	17.7	17.5	16.8	16.4	16.1	15.4
OTHER CURRENT TRANSFERS	2.1	2.1	2.2	2.2	2.1	2.0	2.0	1.9
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	4.7	3.8	3.4	3.7	4.6	4.7	2.4	2.5
CAPITAL EXPENDITURE	3.6	2.8	2.5	2.8	3.9	3.9	1.9	2.1
CAPITAL TRANSFERS	1.1	1.0	0.9	0.9	0.7	0.8	0.4	0.4
PAYMENTS TO THE EU BUDGET	1.1	1.1	1.1	1.2	1.1	1.1	1.1	0.9
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	-5.2	-4.2	-3.1	-4.3	-3.4	-3.2	-1.6	-0.7

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

Acronyms

Acronyms in the text

AF – autumn forecast, **AJPES** – Agency of the Republic of Slovenia for Public Legal Records and Related Services, **BoS** – Bank of Slovenia, **CCIS** – Chamber of Commerce and Industry of Slovenia, **EIA** – Energy Information Administration, **EC** – European Commission, **ESS** – Employment Service of Slovenia, **EU** – European union, **GDP** – Gross domestic product, **GFS** – Government Finance Statistics, **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, **OECD** – Organization for Economic Co-operation and Development, **SF** – spring forecast, **SGP** – Stability and Growth Pact, **SRE** – Statistical Register of Employment, **SURS** – Statistical Office of the Republic of Slovenia, **USA** – United States of America, **USD** – US Dollar, **WIIW** – The Vienna Institute for International Economic Studies.

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