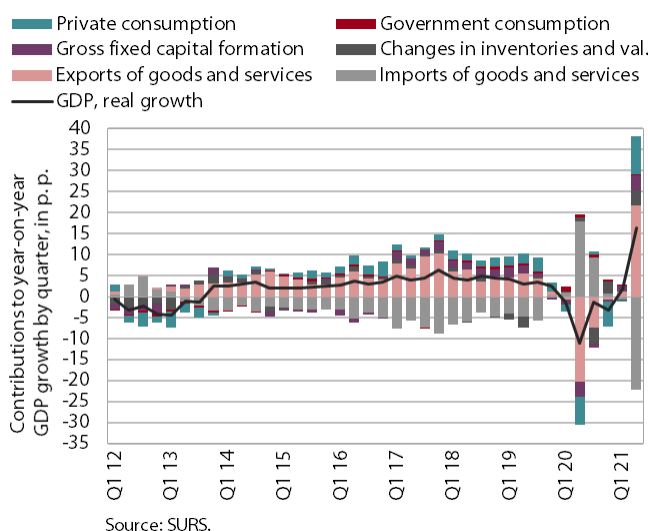


## CURRENT ECONOMIC TRENDS

### 27 August–3 September 2021

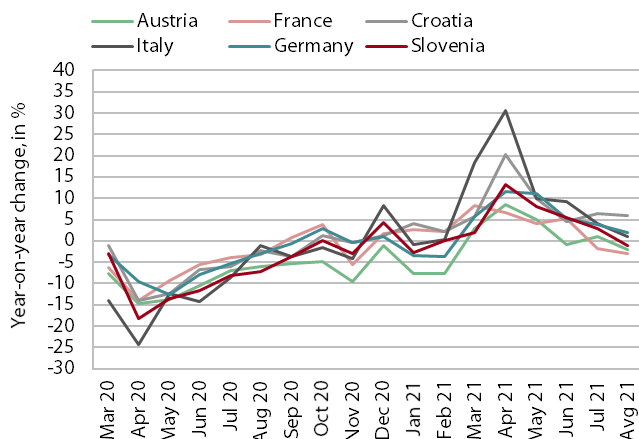
Slovenian economic activity picked up significantly in the second quarter, which also had a positive impact on the labour market. Real GDP grew by 1.9% compared to the first quarter and by as much as 16.3% year-on-year, due to a significant low base effect. As a result, GDP is only slightly below the pre-crisis level reached in the last quarter of 2019. This trend reflects stabilisation in the epidemiological situation and the consequent gradual easing of containment measures. Moreover, businesses and consumers have adapted better than expected to the restrictions imposed by the pandemic. Additional impetus came from accelerated activity in the global and euro area economies and from effective policy support measures. Activity growth in the export part of the economy, which was generally less affected by the containment measures, continued and was already above pre-crisis levels by the end of last year. Further easing of containment measures has led to a more marked recovery in the entertainment, sports, recreational and personal care services and accommodation and food service activities, although they were still well below the pre-epidemic levels. Private consumption also recovered accordingly. For the third quarter, some indicators of economic activity point to a slowdown in growth in the export part of the economy, due to difficulties in the supply of materials and lower production. This includes electricity consumption, whose growth has slowed in recent months. Preliminary data for July also point to a less favourable trend. In August, year-on-year consumer price growth remained at just under 2% and inflation continues to be largely driven by higher prices for oil products. The number of registered unemployed also fell over the summer months and was lower at the end of August this year than in the same period in 2019 and 2020.

#### GDP, Q2 2021



**In the second quarter of 2021 GDP increased by 1.9% over the first quarter and by 16.3% year-on-year.** As a result, GDP was only slightly (0.2%) behind its pre-crisis level in Q4 2019. The high year-on-year growth, which was above the EU average, was mainly a consequence of last year's low base. This development reflects an improvement in the epidemiological situation and the gradual easing of containment measures, as well as the adjustment of the economy and consumers to the changed conditions. The growth observed since the middle of last year in activities related to external trade (transportation and export-oriented manufacturing activities), which were not as affected by the containment measures, has continued. As in the case of exports and imports of goods, activity in these sectors also exceeded pre-epidemic levels. The recovery in gross fixed capital formation, especially in equipment and machinery, has continued. Further easing of containment measures has allowed the entertainment, sports, recreational and personal care services and accommodation and food service activities to recover significantly, although they have not yet reached their pre-epidemic levels. Private consumption also recovered accordingly. Imports and exports of services also grew quarter-on-quarter, but still lagged behind pre-crisis levels. Final government consumption remained higher year-on-year also in the second quarter.

## Electricity consumption, August 2021

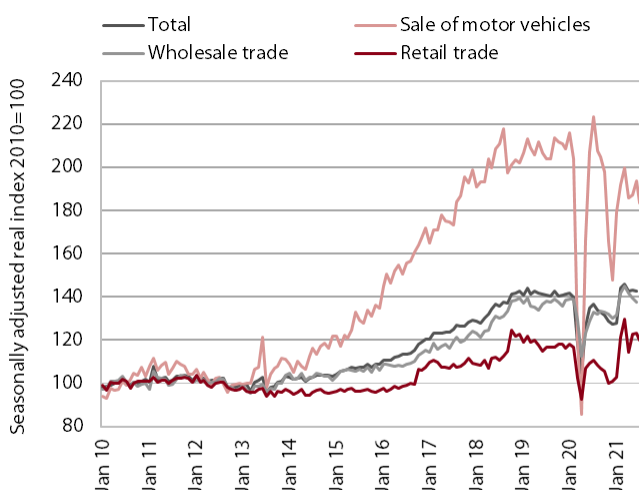


Source: ENTSO-E and Bruegel.org. Notes: Only consumption on working days (between 8.00 and 18.00) is considered. The percentages are adjusted for temperature differences.

### Electricity consumption<sup>1</sup> in August was 1% lower year-on-year and 7% lower than in August 2019.

Lower consumption may be partly due to the timing of summer holidays as well as problems with the supply of input materials and lower production. Among Slovenia's main trading partners, Austria (2%), France (5%) and Italy (2%) recorded lower consumption compared to August 2019, while consumption in Germany and Croatia remained about the same. Compared to August last year, consumption was higher in most of Slovenia's partners (1% in Italy, 2% in Germany and 6% in Croatia), except in Austria and France, where it was lower (2 and 3%, respectively).

## Trade, June 2021



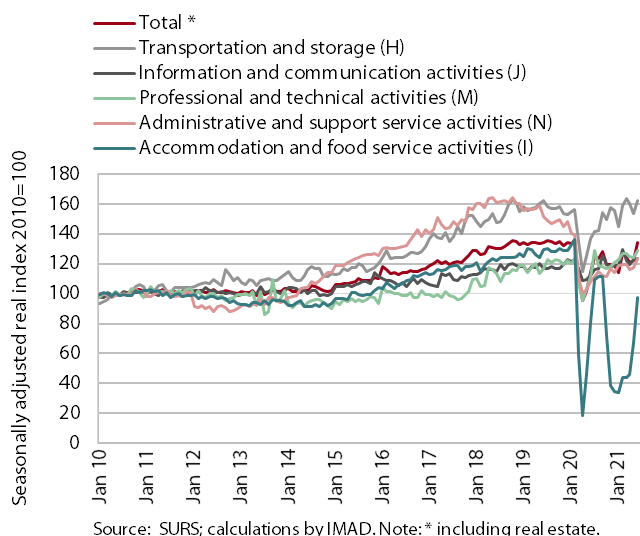
Source: SURS; calculations by IMAD.

### In the second quarter, turnover in trade increased year-on-year and in comparison with the previous quarter, exceeding 2019 levels; according to preliminary data, it decreased in July.

Turnover increased in *retail trade* due to higher sales of motor fuel and non-food products, while food sales declined slightly after the strong increase in the first quarter. Although turnover in *wholesale trade* declined after a sharp increase in February and March, it remained at a similar level in the second quarter as in the first, while *motor vehicle sales* was lower despite its increase in May and June. Aside from motor fuel sales, this was the only major sector to lag behind the Q2 2019 sales. According to preliminary data, turnover in retail trade and motor vehicle sales decreased in July.

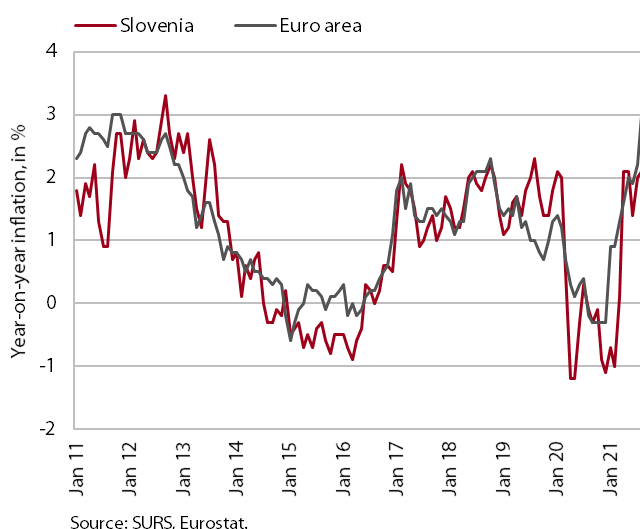
<sup>1</sup> Offtake of electricity power from the transmission network by Slovenian distribution companies and larger direct consumers.

## Market services, June 2021



**Real turnover increased further in most services in the second quarter.** It rose 3.2% from the previous quarter and was 21% higher than a year ago due to the low base. After hotels and restaurants opened, the highest increase in turnover was recorded in the *accommodation and food service activities*. Turnover also increased in *transportation*, with storage activity being the key contributor to the continued growth. Turnover in *professional and technical activities* stagnated, while turnover growth in administrative and support service activities slowed, despite strong growth in travel agencies. Only *information and communication activities* saw a decline in turnover, which was due to lower turnover in computer services in the domestic market despite the higher export turnover. Year-on-year turnover growth in the second quarter was positive in all market services due to last year's low base. However, turnover was well below pre-epidemic levels, particularly in accommodation and food service activities and travel agencies (more than 40% and 80%, respectively).

## Consumer prices, August 2021



**In August, consumer price growth remained close to 2%.** Inflation was still mostly fuelled by higher oil product prices (1.2 p. p.), which were more than a quarter higher year-on-year. Against a backdrop of higher demand and supply-side constraints, non-energy industrial goods prices also rose year-on-year, namely prices of durable goods by 2.6% and prices of semi-durable goods by 1.3%<sup>2</sup>. Year-on-year growth in service prices strengthened somewhat in August, but still remained moderate (0.8%). Food prices remained lower year-on-year, as well as prices of package holidays due to lower prices for package international holidays (by 13.3%). Prices of package domestic holidays rose by almost 5% due to higher demand related to the redemption of vouchers, which also led to stronger price increases in the restaurants and hotels group, where prices rose by almost 4% year-on-year.

<sup>2</sup> Due to seasonal movements in the prices of clothing and footwear, the prices of semi-durable goods fluctuate widely on a monthly basis.

## Active and inactive population, Q2 2021



**According to the survey data, labour market conditions improved significantly in the second quarter.** The number of unemployed<sup>3</sup> fell by 9.7% compared to the previous quarter (according to seasonally adjusted data), and by 17% compared to the second quarter of last year (according to original data). In the second quarter, the survey unemployment rate decreased year-on-year by 0.9 p. p., to 4.3%.

As demand for labour increases, the registered unemployment also continues to decline (according to ESS data). At the end of August, 69,292 people were unemployed, 1.9% fewer than at the end of July and 21.4% fewer than a year earlier. The number of unemployed people decreased also compared to the end of August 2019 (by 3.1%).

<sup>3</sup> According to Labour Force Survey Results.

**Table: Selected macroeconomic indicators for Slovenia**

Selected macroeconomic indicators for Slovenia	Date of release			Reference period					
	Latest	Next	Unit	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
GDP, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	-4.7	-9.5	12.1	-0.2	1.5	1.9
	31.08.2021	30.11.2021	% (Q/Q-4)	-1.3	-11.0	-1.4	-3.1	1.7	16.3
Private consumption, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	-6.9	-11.3	20.7	-10.7	4.4	4.4
	31.08.2021	30.11.2021	% (Q/Q-4)	-3.1	-13.1	1.4	-11.2	-0.6	18.8
Government consumption, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	4.3	-1.4	1.5	-0.8	1.0	-0.3
	31.08.2021	30.11.2021	% (Q/Q-4)	5.3	3.2	5.0	3.5	0.5	1.4
Gross investment, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	1.6	-11.7	1.0	22.0	-2.3	12.2
	31.08.2021	30.11.2021	% (Q/Q-4)	-4.3	-13.3	-21.7	12.0	6.0	35.9
Exports of goods and services, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	-1.6	-20.5	15.6	7.1	3.3	1.1
	31.08.2021	30.11.2021	% (Q/Q-4)	-0.8	-23.5	-8.9	-0.7	1.4	30.2
Imports of goods and services, real	31.08.2021	30.11.2021	% (Q/Q-1) <sup>3</sup>	0.2	-21.4	13.5	8.4	4.7	4.1
	31.08.2021	30.11.2021	% (Q/Q-4)	-1.2	-23.6	-12.2	-0.8	0.9	34.9
Trade balance <sup>1</sup>	13.08.2021	13.09.2021	EUR m	174.7	148.2	-1.3	94.2	:	:
Current account <sup>1</sup>	13.08.2021	13.09.2021	EUR m	347.8	304.0	120.1	156.3	:	:
Exports of goods, real <sup>2</sup>	09.08.2021	09.09.2021	% (M/M-1) <sup>4</sup>	1.1	1.5	-4.9	0.6	:	:
	09.08.2021	09.09.2021	% (M/M-12)	17.0	53.1	28.1	15.7	:	:
Imports of goods, real <sup>2</sup>	09.08.2021	09.09.2021	% (M/M-1) <sup>4</sup>	3.9	4.5	-0.6	-0.9	:	:
	09.08.2021	09.09.2021	% (M/M-12)	17.5	59.7	41.1	18.4	:	:
	31.08.2021	30.09.2021	% (M/M-1)	0.3	1.0	0.9	0.6	0.4	0.1
Inflation (CPI)	31.08.2021	30.09.2021	% (M/M-12)	0.1	2.1	2.1	1.4	2.0	2.1
	23.08.2021	22.09.2021	% (M/M-1)	3.3	-0.7	0.7	-2.8	:	:
Gross earnings per employee – nominal	23.08.2021	22.09.2021	% (M/M-12)	14.3	3.0	6.1	7.7	:	:
- private sector	23.08.2021	22.09.2021	% (M/M-1)	2.8	-1.8	2.1	1.6	:	:
	23.08.2021	22.09.2021	% (M/M-12)	12.8	2.0	2.4	7.5	:	:
- public sector	23.08.2021	22.09.2021	% (M/M-1)	4.1	1.0	5.1	-8.9	:	:
	23.08.2021	22.09.2021	% (M/M-12)	16.0	5.6	13.4	8.3	:	:
- of which government sector	23.08.2021	22.09.2021	% (M/M-1)	2.1	2.3	7.8	-11.4	:	:
	23.08.2021	22.09.2021	% (M/M-12)	18.3	6.2	16.8	9.0	:	:
	17.08.2021	16.09.2021	% (M/M-1) <sup>4</sup>	0.4	0.4	0.4	0.4	:	:
Employed persons	17.08.2021	16.09.2021	% (M/M-12)	-0.5	1.0	1.6	2.1	:	:
Registered unemployed persons	03.09.2021	04.10.2021	% (M/M-1) <sup>4</sup>	-1.5	-2.0	-3.7	-3.2	-1.8	-1.7
	03.09.2021	04.10.2021	% (M/M-12)	6.1	-10.6	-16.9	-20.5	-21.0	-21.4
Registered unemployment rate	17.08.2021	16.09.2021	%	8.5	8.2	7.7	7.3	:	:
	27.08.2021	26.11.2021	% (Q/Q-1) <sup>5</sup>	0.9	-2.0	0.7	0.8	-5.0	5.0
Employment, LFS	27.08.2021	26.11.2021	% (Q/Q-4)	0.4	-2.3	-0.3	0.4	-5.5	1.1
ILO unemployment rate, LFS	27.08.2021	26.11.2021	%	4.6	5.2	5.1	5.1	5.6	4.3
	20.08.2021	21.09.2021	% (M/M-1)	0.1	0.6	1.3	1.4	1.4	:
Industrial producer prices, domestic market	20.08.2021	21.09.2021	% (M/M-12)	2.6	3.0	4.6	5.1	6.9	:
Production volume in manufacturing, real	10.08.2021	10.09.2021	% (M/M-1)3	0.3	1.1	-0.5	1.7	:	:
	10.08.2021	10.09.2021	% (M/M-12)	16.5	39.6	29.4	19.9	:	:
Construction, real value of construction output	13.08.2021	15.09.2021	% (M/M-1)3	4.4	-3.3	-5.4	4.8	:	:
	13.08.2021	15.09.2021	% (M/M-12)	-2.8	1.9	-3.9	8.3	:	:
Turnover in trade, real	30.08.2021	29.09.2021	% (M/M-1)3	1.3	-2.1	0.2	-0.2	:	:
	30.08.2021	29.09.2021	% (M/M-12)	27.9	33.6	16.2	7.7	:	:
Real turnover in market services	30.08.2021	30.09.2021	% (M/M-1)3	-2.6	-2.4	0.9	9.9	:	:
	30.08.2021	30.09.2021	% (M/M-12)	13.7	28.4	22.8	17.5	:	:
	31.03.2021	30.09.2021	% BDP	-2.8	-1.9	-0.1	0.7	0.4	-8.4
General government deficit/surplus (ESA 2010)	31.03.2021	30.09.2021	% BDP	82.6	78.5	74.1	70.3	65.6	80.8
Consolidated gross general government debt (ESA 2010)									
	25.08.2021	24.09.2021	% <sup>3</sup>	-0.9	-0.5	5.9	7.9	5.6	6.4
Economic sentiment indicator <sup>5</sup> , seasonally adjusted									
EURIBOR, 3-month	Beginning of the month *	%	-0.5391	-0.5382	-0.5401	-0.5429	-0.5448	-0.5476	
Long-term government bond yields	Beginning of the month	%	0.0240	0.0600	0.2300	0.1455	-0.0200	-0.1179	
Exchange rate, USD to EUR	Beginning of the month	US\$	1.1899	1.1979	1.2146	1.2047	1.1822	1.1772	

Source: SURS, BS, ECB, EUROSTAT, EURIBOR.org, calculations by IMAD.

Notes: <sup>1</sup>Balance of payments statistics of the BoS. <sup>2</sup>External trade statistics SURS. <sup>3</sup>Seasonally adjusted – SURS. <sup>4</sup>Seasonally adjusted – IMAD. <sup>5</sup>Difference between positive and negative answers, in %.

\* calculations by IMAD.

For comparisons with the EU and EMU see: <http://ec.europa.eu/eurostat/web/euro-indicators/pees>

The table format accessible to screen reader users can be found on the IMAD website among the appendices to the current graphs of the week (Selected macroeconomic indicators for Slovenia).

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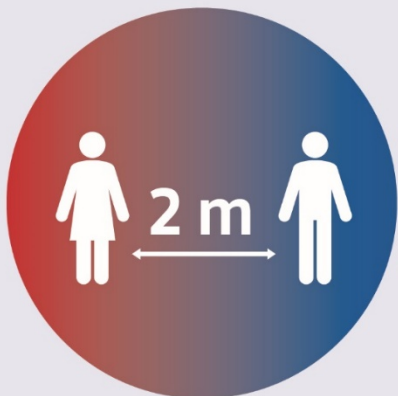
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