

AUTUMN FORECAST OF ECONOMIC TRENDS 2022

HIGHLIGHTS

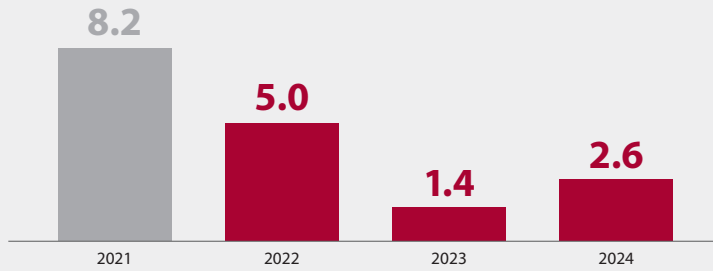
The Autumn Forecast was prepared under conditions of great uncertainty, mainly related to the situation in the energy markets, which is deteriorating as the war in Ukraine continues, contributing to the worsening of the economic outlook in Slovenia's main trading partners.

Economic growth will remain high this year, especially due to the favourable development in the first half of the year. In the second half of the year, we expect a more marked moderation of economic growth. **As the energy crisis worsens and economic activity in Slovenia's main trading partners slows**, activity of the export part of the economy will decline towards the end of the year. Primarily due to the decline in the purchasing power of the population under conditions of high inflation, we also expect a decline in private consumption. Due to the high uncertainty and rising interest rates, we also do not expect a stronger strengthening of investments.

Economic growth will slow next year, as trends similar to those in the second half of this year are likely to continue in the first half of 2023. This would be followed by a recovery, assuming no shocks in the international environment and a slowdown in price growth.

ECONOMIC GROWTH

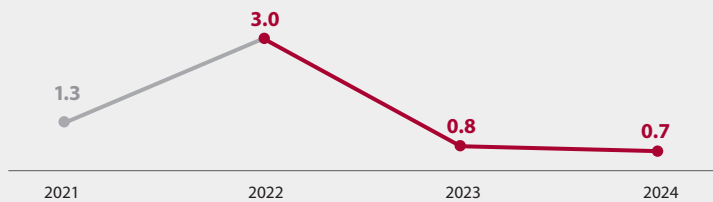
Real growth, in %



Amid a more pronounced slowdown towards the end of the year, we forecast GDP growth of 5.0% for this year. The situation will remain tight in the first half of next year and with a recovery in the second half, GDP will increase by 1.4% in 2023.

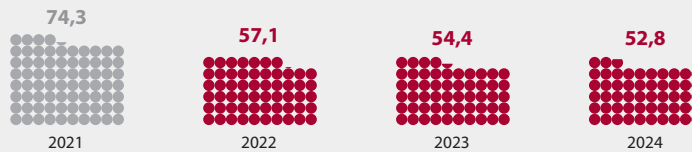
LABOUR MARKET

Employment, growth in %



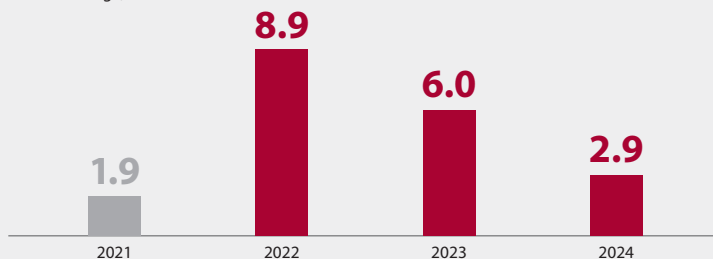
Employment will continue to increase and unemployment will continue to decline until the end of this year. As economic growth slows, we expect employment intensity to be much lower next year, accelerating in the second half of the year.

Number of registered unemployed, average in '000



INFLATION

Annual average, in %



Inflation is expected to remain close to 10% until the end of this year before gradually moderating by the end of next year, averaging 6% in the year as a whole. Assuming that price pressures ease, it should approach 2% by the end of 2024.

RISKS

Uncertainty in the international environment is high, the risks to the forecast are largely on the downside.



Easing of geopolitical tensions

Stabilisation of energy prices

More robust private consumption, arising to a larger extent from the spending of savings

Pace of absorption of the entire EU funding package