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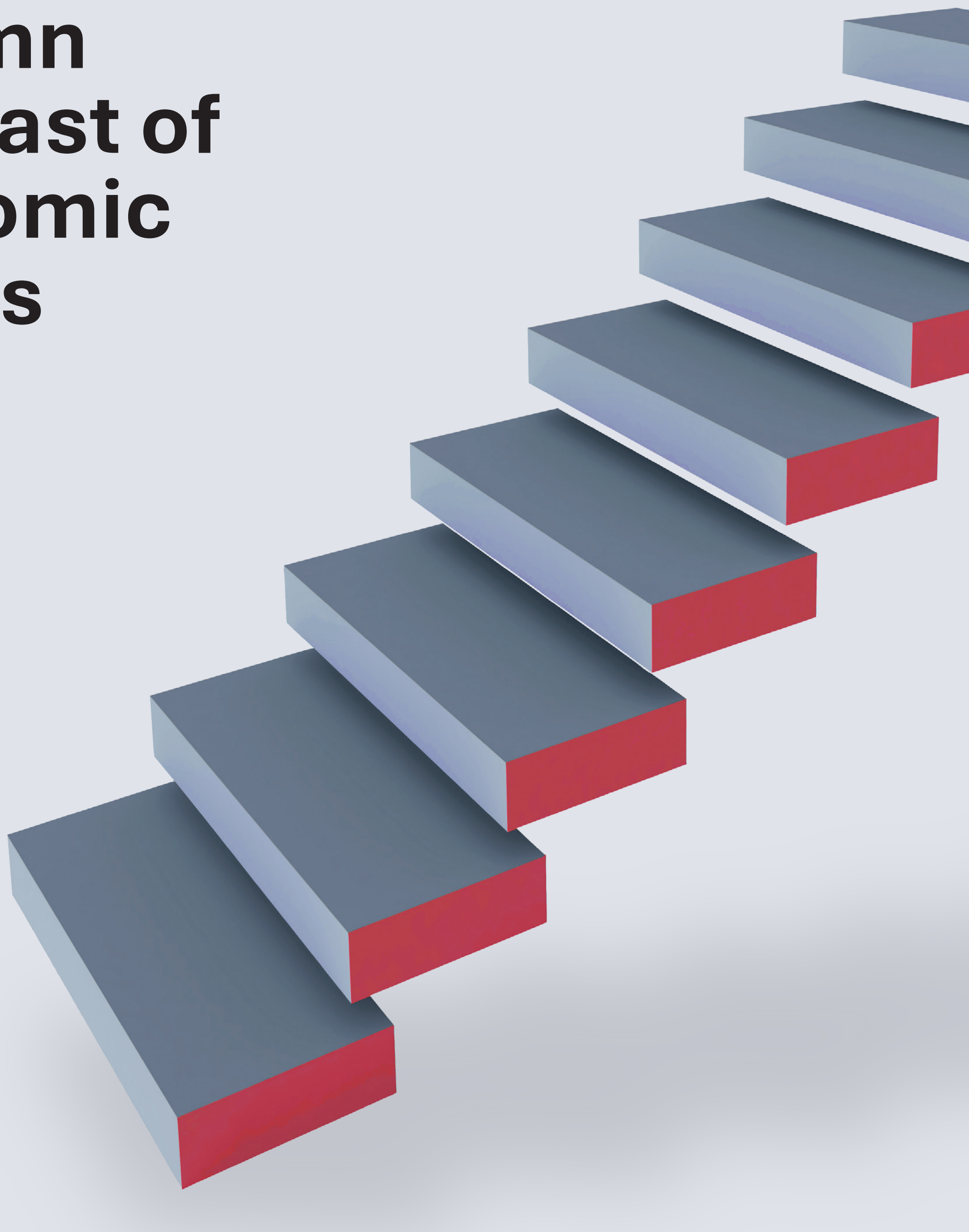
Slovenia

Autumn Forecast of Economic Trends

2024



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Autumn Forecast of Economic Trends 2024
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Summary

Economic growth is expected to slow this year (to 1.5%) and thus be lower than expected in the spring (2.4%). According to the first annual estimate by SURS, GDP grew by 2.1% last year, which is 0.5 p.p. higher than the first estimate based on quarterly data. The composition of growth has also changed, and with it also the basis for the preparation of the forecast. Year-on-year GDP growth in the first half of the year, characterised by a decline in investment, a significant increase in inventories, moderate growth in private consumption and strong growth in government consumption, was 1.4%. Amid robust growth in domestic consumption (including inventories), imports rose sharply while exports declined year-on-year, leading to a large negative contribution of the external trade balance to GDP growth. The economic growth forecast for 2024 (1.5%) was revised downwards by 0.9 p.p. from the Spring Forecast. We expect export growth to be lower than projected in the Spring Forecast due to weaker growth in foreign demand. Amid cost pressures from rising unit labour costs, export growth is expected to be lower than growth in foreign demand this year as well. Given the weak activity growth in Slovenia's main trading partners, we expect modest quarter-on-quarter growth in goods exports and value added in manufacturing in the second half of the year. Contrary to expectations in the spring, investment growth is now expected to stagnate this year. Government investment, one of the highest in the EU as a share of GDP, will be slightly higher this year than last and is expected to increase in the second half of the year, while private construction investment is expected to stagnate, as the data on building permits issued do not suggest a recovery. With activity in the export sector expected to grow, moderate growth in investment in machinery and equipment is anticipated this year. After a stagnation last year, growth of private consumption will increase this year. It is supported by high employment, continued real growth of wages and real disposable income, lower inflation, and increased consumer optimism. In the first half of the year, households spent more on purchases of cars, tourist services abroad and food and less on non-food products and overnight stays in Slovenia. Both private and government consumption growth this year will be methodologically influenced by the abolition of supplementary health insurance and the introduction of a compulsory health contribution. This change results in relatively lower growth in private consumption and higher growth in government consumption, while the overall impact on GDP remains neutral. Government consumption growth will be somewhat higher this year than expected in the spring, driven by stronger-than-anticipated outturn in the first half of the year, partly as a result of the post-flood reconstruction, which led to a relatively stronger increase in expenditure on goods and services than on government investment during this period. Amid strong growth in domestic consumption, including inventories, import growth is expected to significantly outpace export growth, resulting in a negative external trade balance.

GDP growth is expected to strengthen over the next two years (to 2.4% in 2025 and 2.5% in 2026). With slightly higher growth in foreign demand, growth in exports and value added in manufacturing is also expected to improve. In the export sector, an investment in the production of a new passenger car and the start of production in a new pharmaceutical plant in 2026 are expected to have a positive impact. Trade in services is also expected to increase. An

improvement in economic conditions in Slovenia's main trading partners will have a positive impact on investment decisions in manufacturing. Based on the data on building permits issued, we expect construction activity to increase. Growth in the construction sector will also be supported by the government's strong investment activity, including flood defence construction, flood recovery efforts, and investments under the Recovery and Resilience Plan (RRP). Amid higher real growth of income, private consumption growth is expected to strengthen over the next two years, driven by sustained wage growth and lower inflation, thus strengthening consumer purchasing power. In our forecast, we assume that the propensity to save will decrease over the next two years, gradually approaching the long-term average. Growth in government consumption will moderate in 2025 (1.7%) and the full implementation of the *Long-Term Care Act* (ZDOsk, 2023) will lead to a slight strengthening of growth in government consumption in 2026 (4.1%).

Employment is at a record high, while unemployment is at a historic low; employment growth and the decline in unemployment are expected to continue; the high level of employment and severe labour shortages will dampen employment growth over the next two years. In the first half of the year, year-on-year employment growth and the decline in the number of registered unemployed moderated. At the same time, employment is at an all-time high and unemployment is at an all-time low. Employment growth is expected to remain weak in the second half of the year, with this year's increase (0.5%) being lower than last year's (1.6%). The number of registered unemployed will fall from 48.7 thousand on average last year to just under 46 thousand this year. Despite the projected higher economic growth, employment will not increase significantly over the next two years, due to the already high levels and constraints on the labour supply side, although the tight situation will be eased slightly by certain measures to facilitate the attracting and recruitment of foreign workers. The number of unemployed will fall to 44.6 thousand on average in 2025 and 44.1 on average in 2026.

Nominal growth in the aggregate average gross wage will remain strong this year (6.2%), with a slight additional upturn next year due to the expected implementation of the public sector wage system reform. Growth in the public sector will be lower this year (4.4%) than last year (10.3%), followed by an increase next year (to 7.1%), when the wage reform is due to come into force in January. Wage growth in the private sector will remain strong this year (7.1%) and is expected to be similar in the next two years (6% on average). This will keep up the pressure on the cost-competitiveness of Slovenian companies, which had already deteriorated considerably last year, which is why we do not expect even higher wage increases. The forecast for gross wage growth is subject to significant risks. In the public sector, risks arise from certain elements of the wage reform that have not yet been finalised. In the private sector, risks are linked to increased upward pressure on wages due to labour shortages and the potential stronger demonstration effect of wage increases in the public sector.

Inflation has fallen significantly this year and will be much lower on average (2.1%) than expected in the spring (2.7%). It is expected to remain low until November, before rising again towards the end of the year and the beginning of next due to the low base effect and the expiry of measures

to curb high energy prices. The forecast assumes that the situation on the energy markets will remain stable. However, year-on-year growth in energy prices will be very volatile due to the expiry of temporary measures to mitigate rising energy prices. Larger effects are expected in 2025 in particular, when the reintroduction of the RES and CHP contribution is taken into account. Food price inflation is expected to increase somewhat over the course of the year, though it will remain subdued. Growth of services prices will continue to be one of the main drivers of inflation, mainly in relation to the continued wage growth. The rise in non-energy industrial goods prices is expected to remain moderate. Average inflation will therefore fall from 7.4% last year to 2.1% this year, before rising again to 3.3% in 2025, mainly due to the expiry of measures to mitigate rising energy prices. While growth of prices will weaken in most product groups, it will remain elevated in services. In 2026, inflation is expected to approach 2% again.

The realisation of the Autumn Forecast is subject to uncertainties related to the geopolitical and international economic situation, which may affect the pace of expected recovery and inflation moderation in Slovenia's trading partners. The domestic environment is also subject to uncertainties, which are related to the impact of deteriorating competitiveness on the export-oriented sector of the economy and especially the country's capacities to implement high levels of investment in the coming years and the lack of clarity on some reform measures; there are, however, also some upside risks to the baseline scenario. Increasing pressures on the competitiveness of the euro area, escalation of trade conflicts between the EU and the EU's main trading partners, and rising geopolitical uncertainties may result in economic growth among Slovenia's trading partners being lower than envisaged in the baseline scenario. Uncertainties and risks in the euro area and in Slovenia are also related to the possible persistence of inflation, which could lead to persistently high interest rates, with negative effects on economic activity and financial stability. Uncertainties regarding the realisation of economic growth projections in the domestic environment are related to the impact of deteriorating competitiveness on the export-oriented sector of the economy, the country's capacity to implement high levels of government investment activity, the pace of implementation of the flood recovery, the absorption of EU funds, and the planned reforms which are important for the absorption of funds from the Recovery and Resilience Fund. There are, however, also some upside risks to economic growth. These arise mainly from possible more successful attraction of workforce and from the positive effects of a comprehensive absorption of EU funds together with reform measures.

Slovenia's main macroeconomic aggregates

	2023	Autumn forecast (September 2024)		
		2024	2025	2026
GDP				
GDP, real growth in %	2.1	1.5	2.4	2.5
GDP, nominal growth in %	12.4	4.5	6.1	5.5
GDP in EUR billion, current prices	64.0	66.8	70.9	74.8
Exports of goods and services, real growth in %	-2.0	0.9	2.7	3.7
Imports of goods and services, real growth in %	-4.5	3.5	3.0	4.1
External balance of goods and services (contribution to growth in p.p.)	2.3	-1.9	-0.1	-0.1
Private consumption, real growth in %	0.1	1.6	2.5	2.4
Government consumption, real growth in %	2.4	8.5	1.7	4.1
Gross fixed capital formation, real growth in %	3.9	0.0	3.5	3.5
Change in inventories and valuables (contribution to growth in p.p.)	-1.5	0.8	0.0	-0.1
EMPLOYMENT, WAGES AND PRODUCTIVITY				
Employment according to the National Accounts Statistics, growth in %	1.6	0.5	0.6	0.5
Number of registered unemployed, annual average in '000	48.7	45.7	44.6	44.1
Registered unemployment rate in %	5.0	4.6	4.5	4.4
ILO unemployment rate in %	3.7	3.7	3.7	3.6
Gross wages per employee, nominal growth in %	9.7	6.2	6.6	5.5
Gross wages per employee, real growth in %	2.1	4.0	3.2	3.1
– private sector	1.9	4.9	2.9	3.2
– public sector	2.7	2.3	3.7	2.9
Labour productivity (GDP per employee), real growth in %	0.5	1.0	1.8	2.1
BALANCE OF PAYMENTS STATISTICS				
Current account BALANCE, in EUR billion	2.9	1.8	1.6	1.6
- as a % of GDP	4.5	2.8	2.3	2.1
PRICES AND EFFECTIVE EXCHANGE RATE				
Inflation (Dec./Dec.), in %	4.2	2.3	3.3	2.2
Inflation (annual average), in %	7.4	2.1	3.3	2.3
Real effective exchange rate deflated by unit labour costs	3.3*	2.6	2.5	1.6
ASSUMPTIONS				
Foreign demand (imports of trading partners), real growth in %	-0.9	1.4	3.0	3.1
GDP in the euro area, real growth in %	0.4	0.8	1.3	1.5
Oil price (Brent crude, USD/barrel)	82.5	81.9	75.7	73.0
Non-energy commodity prices in USD, growth	-10.7	7.0	1.5	0.5
USD/EUR exchange rate	1.082	1.086	1.091	1.091

Sources: For 2023, SURS (2024), BoS (2024), ECB (2024a), EIA (2024), Eurostat (2024); for 2024−2026, forecast by IMAD.
Notes: *Data for 2023 is the IMAD estimate, which for Slovenia's nominal unit labour costs (NULC) takes into account the first annual GDP estimates for 2023 (published by SURS on 30 August 2024), which were not yet included in the ECB data at the time of publication.

The Autumn Forecast of Economic Trends is based on statistical data, information and adopted measures known at the cut-off date of 6 September 2024.

Autumn Forecast of Economic Trends 2024

1 Assumptions of the Autumn Forecast of Economic Trends 2024

Economic growth in the euro area was relatively subdued in the first half of the year, with available indicators suggesting a similar pace of activity in the third quarter. Real GDP rose by 0.3% in the first quarter and 0.2% in the second (both seasonally adjusted), with year-on-year growth of 0.5% and 0.6% respectively. According to the available indicators, similar growth has continued in the third quarter. Although the euro area composite PMI fell slightly on average in July and August compared to the previous quarter, it still suggests a pick-up in activity driven by services, while the manufacturing PMI indicated a further contraction in August. Amid higher consumer confidence, the Economic Sentiment Indicator (ESI) in the euro area was slightly higher on average in July and August compared to the previous quarter.

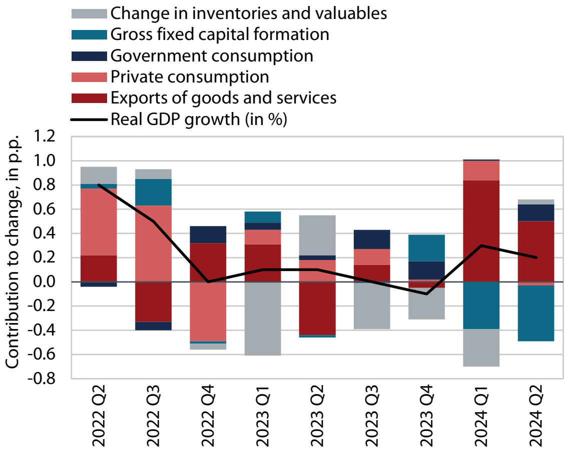
The international institutions estimate that GDP growth in the euro area will strengthen in 2024–2026. Amid the continued easing of inflation and wage growth and high employment, real disposable income will rise in the euro area on average, which will boost private consumption. With a gradual easing of credit conditions and the continued implementation of the Recovery and Resilience Facility, growth will also be supported by investment and, with the recovery in global trade growth, a gradual increase in external demand. Based on forecasts by foreign institutions, we expect economic growth of 0.8% in the euro area this year. As the headwinds from previous years (elevated uncertainty, high interest rates, tightened credit conditions and inflationary pressures) ease, growth is projected to strengthen to 1.3% in 2025 and 1.5% in 2026. Foreign demand for Slovenian exports is expected to increase again this year and strengthen over the next two years. The forecasts are subject to high uncertainty, however, arising mainly from a possible further escalation of the situation in the Middle East and Ukraine.

Table 1: Assumptions of the forecast for economic growth in Slovenia's main trading partners and foreign demand

Real growth rates, in %	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
EU	0.4	0.9	**1.0**	1.6	**1.5**	**1.7**
Euro area	0.4	0.7	**0.8**	1.4	**1.3**	**1.5**
Germany	-0.3	0.3	**-0.1**	1.2	**0.7**	**1.2**
Italy	0.9	0.7	**0.8**	1.2	**1.1**	**1.1**
Austria	-0.8	0.7	**-0.3**	1.5	**1.3**	**1.4**
France	0.9	0.7	**1.2**	1.2	**1.3**	**1.4**
Croatia	3.1	2.6	**3.7**	2.8	**3.0**	**2.8**
Foreign demand, real growth (%)	-0.9	1.8	**1.4**	3.0	**3.0**	**3.1**

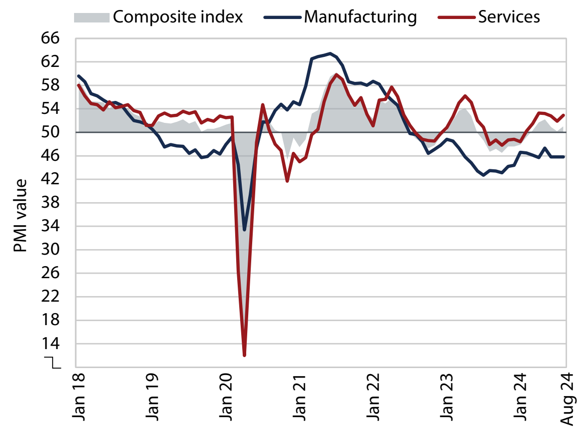
Sources: For 2023, Eurostat (2024); for 2024–2026, IMAD assumptions based on Consensus Economics (2024b, 2024a), ECB (2024b), EC (2024b), Focus Economics (2024b, 2024a), IFW Kiel (2024), IMF (2024), WIIW (2024); IMAD estimate.

Figure 1: Euro area GDP grew by 0.3% month-on-month in the first quarter and by 0.2% in the second quarter, while investments declined



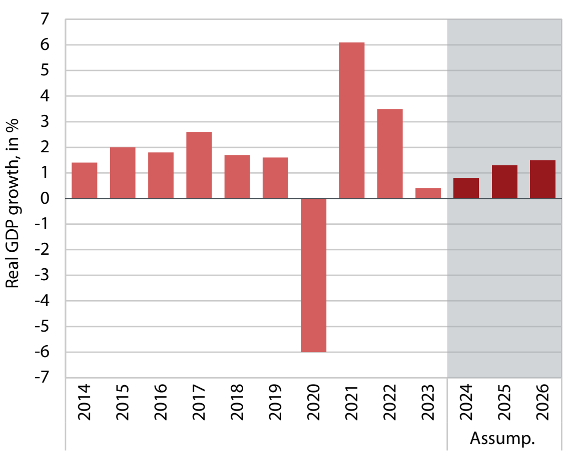
Source: Eurostat.

Figure 2: The composite PMI for the euro area indicates similar growth in activity at the start of the second half of the year to that seen in the first half



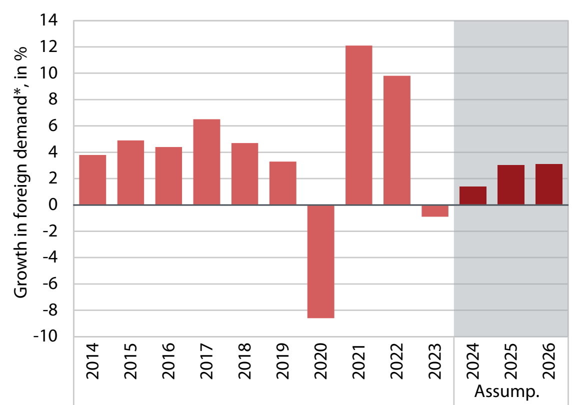
Source: S&P Global. Note: A reading above 50 signals an expansion, while a figure below 50 indicates a contraction.

Figure 3: Economic growth in the euro area is expected to strengthen this year and in the next two years



Source: Eurostat, IMAD assumption based on sources under Table 1.

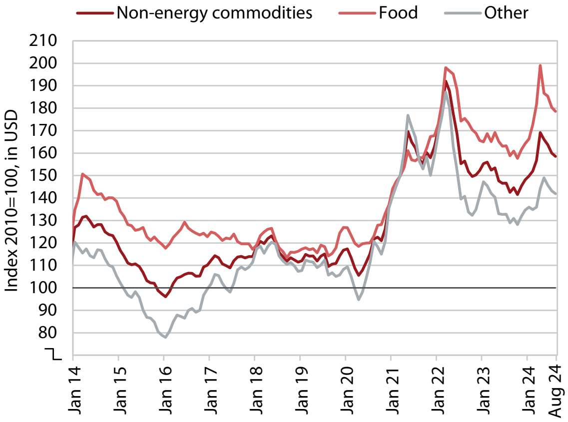
Figure 4: Growth in demand for Slovenian exports will strengthen in the period 2024–2026



Source: Eurostat, IMAD assumption based on sources under Table 1. Note: *Real imports of trading partners weighted by Slovenia's share of exports to these countries.

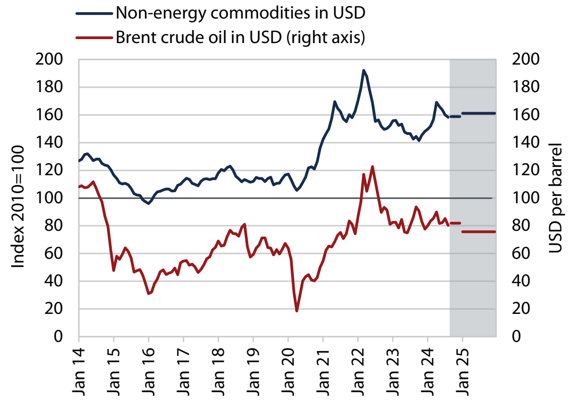
According to the technical assumptions for energy prices in the period 2024–2026, average oil prices are expected to be around or just below USD 80 per barrel, with moderate growth in non-energy commodity prices following a significant increase this year (particularly in some food commodities). Based on market expectations on futures markets in the period between 1 and 14 August 2024, the technical assumption for the average Brent Crude price underlying the forecast for 2024 was USD 81.9 per barrel (0.7% lower than in 2023), followed by a further decline in 2025 and 2026. Taking into account the technical assumption for the EUR/USD exchange rate, euro prices of oil are expected to fall slightly more than dollar prices. For non-energy commodity prices, we have assumed a 7% increase in 2024, based on the outturn in the first half of the year, when food commodity prices, especially for cocoa and coffee, rose sharply. This will be followed by more moderate price growth over the subsequent two years.

Figure 5: Following a strong increase at the beginning of the year, prices of non-energy commodities have fallen month-on-month in recent months



Source: ECB. Note: Structure of the euro area with regard to commodity consumption.

Figure 6: Oil prices are expected to further decrease



Source: Barchart, ECB, EIA, calculations by IMAD.
Note: The line indicates the annual average taking into account the assumption of the forecast for 2024 and 2025.

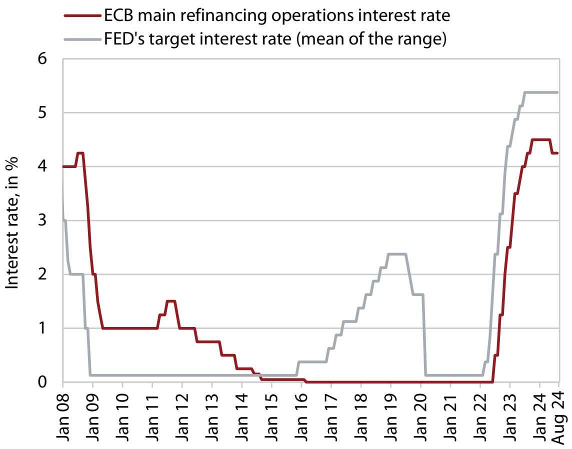
Table 2: Assumptions for oil and non-energy commodity prices and the USD/EUR exchange rate

	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
Brent Crude prices, in USD	82.5	79.7	**81.9**	75.8	**75.7**	**73.0**
Brent Crude prices, in EUR	76.3	73.3	**75.5**	69.7	**69.3**	**66.9**
Non-energy commodity prices, in USD, growth*	-10.6	-2.0	**7.0**	1.0	**1.5**	**0.5**
USD/EUR exchange rate	1.082	1.088	**1.086**	1.088	**1.091**	**1.091**

Sources: Barchart (2024), ECB (2024a), EIA (2024); IMAD estimate. Notes: The assumptions are based on the futures prices between 1 and 14 August 2024. *The structure of the euro area with regard to commodity consumption.

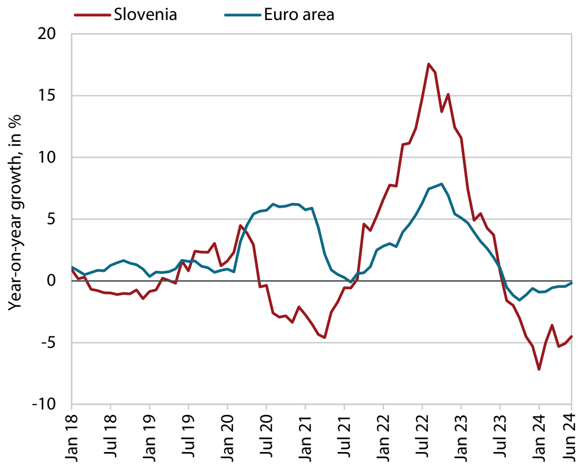
After a relatively sharp slowdown last year, euro area inflation stabilised at around 2.5% this year, and in June the ECB cut all three key interest rates (by 25 basis points) for the first time since 2016. Future decisions on interest rates will largely depend on how inflation evolves, having been significantly influenced recently by the growth in services prices, which have stabilised at around 4% in recent months. The easing of monetary policy has already had a downward effect on interbank interest rates. The euro area bank lending survey showed that banks further tightened their credit conditions for loans to enterprises in the second quarter of this year, with a slight tightening also expected in the third quarter. Corporate lending in the euro area stagnated in June (-0.2%, while it declined by 4.5% in Slovenia). Meanwhile, the ECB remains committed to gradually normalising its monetary policy also across other segments. In mid-2023, the ECB discontinued reinvestments under the APP programme, and since July, it has no longer been fully reinvesting the principal payments from maturing securities purchased under the PEPP programme, whose portfolio is shrinking by an average of EUR 7.5 billion per month. It intends to discontinue reinvestments under this programme at the end of this year.

Figure 7: In June, the ECB lowered its interest rate on the main refinancing operations for the first time since 2016 (to 4.25%)



Source: BIS.

Figure 8: Corporate lending in Slovenia continued to decline in June, while it stagnated year-on-year in the euro area

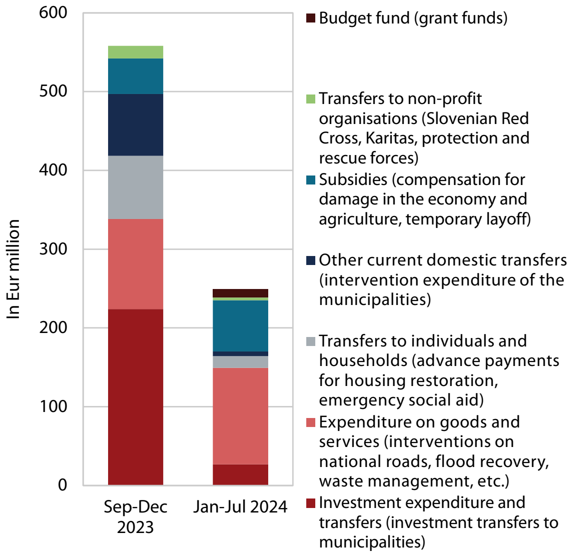


Source: BoS, ECB, calculations by IMAD.

Among the temporary public fiscal stimulus measures in Slovenia, the largest disbursements this year are related to post-flood reconstruction, which will be quite a protracted process under the *Reconstruction, Development and Provision of Financial Resources Act*,[1] while the measures to mitigate the impact of rising energy prices are set to expire. From September to December 2023, EUR 558 million, or 0.9% of GDP, was paid from the state budget to support recovery efforts following the August floods. This included current and investment transfers to municipalities (including advance payments), reconstruction of roads and watercourses, advance payments to companies and households for home renovations, extraordinary social assistance, etc. By this July, a further EUR 249 million had been disbursed, most of it for goods and services related to works on watercourses, roadworks and waste collection, as well as for subsidies to businesses. The investment part of post-flood recovery and replacement construction is expected to intensify in the future, with the pace of implementation influenced by the complexity of preparing relevant project documentation, the available administrative capacity and the availability of construction labour. Given the stabilisation of prices on the energy markets and the sufficient availability of energy sources, only a few measures to contain rising energy costs remain in force in 2024. These include price regulation (petroleum products, electricity and natural gas for households) and a temporary exemption from paying the RES and CHP contribution for households. We estimate that these measures will amount to around 0.2% of GDP in 2024. In addition to these grants, loans are also available from the Public Fund for Regional Development and the Public Fund for Entrepreneurship, for which EUR 20 million has been earmarked from the state budget (from the financial assets and liabilities account) this year.

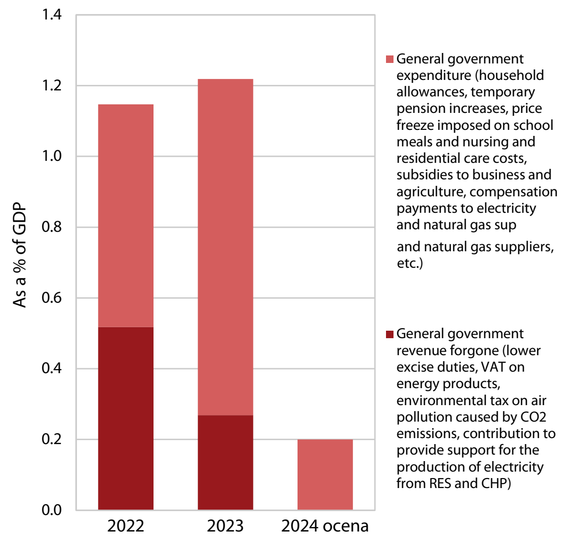
[1] ZORZFS, 2023.

Figure 9: Last year, EUR 558 million, or 0.9% of GDP, was paid out of the state budget for flood recovery, with an additional EUR 249 million disbursed by July this year



Source: MF.

Figure 10: Measures to mitigate the energy crisis are coming to an end



Source: MF, IMAD estimate.

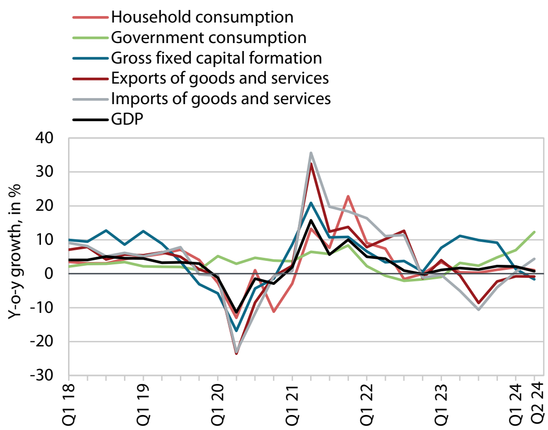
2 Autumn Forecast of Economic Trends in Slovenia

2.1 Gross domestic product

Economic growth (1.5%) is expected to weaken this year and thus be lower than anticipated in the spring (2.4%). According to the first annual estimate by SURS, GDP grew by 2.1% last year, which is 0.5 p.p. higher than the first estimate based on quarterly data. The composition of growth also changed, and with it also the basis for the preparation of the forecast (see Box 1). The economic growth forecast for 2024 (1.5%) was revised downwards by 0.9 p.p. from the Spring Forecast. We expect export growth to be lower than projected in the spring, due to weaker growth in foreign demand. Amid cost pressures from rising unit labour costs, export growth is expected to be lower than growth in foreign demand this year as well. In line with the outturn in the first half of the year, but contrary to expectations in the spring, which envisaged higher investment growth in connection with the post-flood reconstruction and implementation of the Recovery and Resilience Plan, we expect investment to stagnate this year. Import growth will also be slightly higher, due to a higher-than-expected increase in inventories in the first half of the year. Expectations for growth in private consumption remain unchanged from the spring, although growth this year will be around 1.5 p.p. lower than it would have been without the abolition of supplementary health insurance and the introduction of a compulsory health contribution. However, this change will have no impact on GDP growth, as it increases government consumption. Overall growth in government consumption this year will be slightly higher than expected in the spring. This is due to stronger-than-anticipated outturn in the first half of the year, driven by post-flood reconstruction efforts, which had a relatively greater impact on the growth of expenditure on goods and services compared to expenditure on government investment during this period.

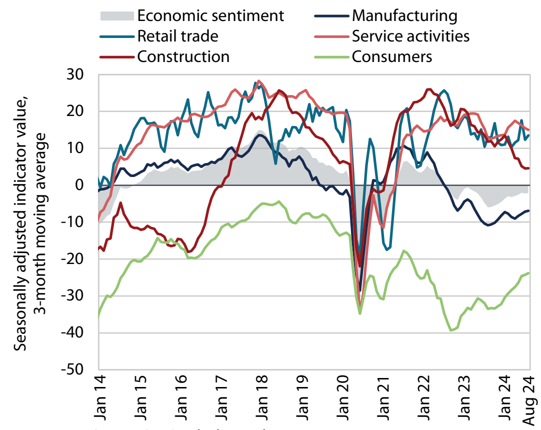
In the next two years, GDP growth is expected to increase (to 2.4% in 2025 and 2.5% in 2026). With slightly stronger growth in foreign demand, growth in exports and value added in manufacturing will strengthen over the next two years. In addition, investment in the production of a new passenger car and the start of production in a new pharmaceutical plant is expected to have a positive impact in 2026. Trade in services is also expected to increase. The improvement in economic conditions in Slovenia's main trading partners will have a positive impact on investment decisions in manufacturing. Based on the data on building permits issued, we expect construction activity to increase. Growth in the construction sector will also be supported by the government's strong investment activity, including flood defence construction, flood recovery efforts, and investments under the Recovery and Resilience Plan. Amid higher real growth of income, growth in private consumption is expected to increase to around 2.5% over the next two years, driven by sustained wage growth and lower inflation, thus strengthening consumer purchasing power. The forecast assumes that the propensity to save will gradually approach the long-term average over the next two years. Growth in government consumption will moderate in 2025 (1.7%), with a slight increase anticipated in 2026 (4.1%) following the full implementation of the *Long-Term Care Act* (ZDOsk, 2023).

Figure 11: Economic growth slowed sharply in the second quarter of this year



Source: SURS.

Figure 12: The economic sentiment has improved in recent months and remains higher than in the same period last year



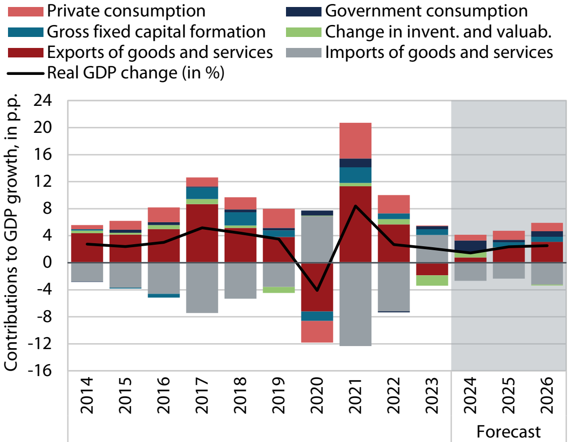
Source: SURS, calculations by IMAD.

Table 3: Economic growth forecasts for 2024–2026

Real growth rates, in %	2023 (SURS)		2024		2025		2026
	February 2024	August 2024	February 2024	September 2024	February 2024	September 2024	September 2024
Gross domestic product	1.6	**2.1**	2.4	**1.5**	2.5	**2.4**	**2.5**
Exports	-2.0	**-2.0**	1.5	**0.9**	3.2	**2.7**	**3.7**
Imports	-5.1	**-4.5**	3.7	**3.5**	4.0	**3.0**	**4.1**
External balance of goods and services (contribution to growth in p.p.)	2.8	**2.3**	-1.6	**-1.9**	-0.4	**-0.1**	**-0.1**
Private consumption	1.3	**0.1**	1.6	**1.6**	2.0	**2.5**	**2.4**
Government consumption	2.4	**2.4**	6.8	**8.5**	1.9	**1.7**	**4.1**
Gross fixed capital formation	9.5	**3.9**	4.2	**0.0**	4.0	**3.5**	**3.5**
Change in inventories and valuables (contribution to growth in p.p.)	-4.4	**-1.5**	1.0	**0.8**	0.5	**0.0**	**-0.1**

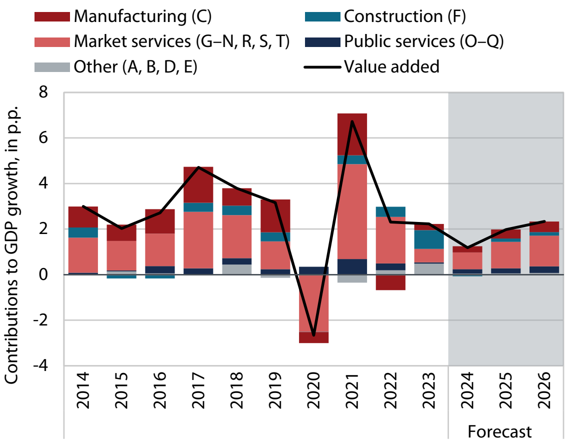
Source: For 2023, SURS (2024); for 2024–2026, forecast by IMAD.

Figure 13: Contributions of consumption aggregates to GDP growth



Source: SURS, IMAD forecast.

Figure 14: Contributions of value added growth to GDP growth, by activity



Source: SURS, IMAD forecast.

Box 1 The first annual GDP estimate for 2023

The release of the first GDP estimate for 2023 based on annual data sources changed the basis for the preparation of the forecast. At the end of August 2024, SURS published the first annual GDP estimate for 2023 and revised national accounts data for the period from 1995 onwards. According to the latest estimate, GDP increased by 2.1% in volume terms in 2023, reflecting an upward revision of 0.5 p.p. from the February estimate, which was based on quarterly data. The increase in GDP at current prices in 2023 compared to 2022 was revised upward by EUR 991 million from the previous estimate. The quarterly data (both for this year and for last year) will not be reconciled with the revised annual data until 30 September 2024, which adds uncertainty to the preparation of the forecast.[2] The revision of data for the period 1995–2022 was smaller than for 2023, and the average change in economic growth was negligible.

According to the annual estimate, the nominal change in 2023/2022 in EUR was higher than the February estimate for most GDP expenditure components, except for gross fixed capital formation and private consumption; on the production side, the largest changes were seen in industry (excluding manufacturing), trade, transportation, and accommodation and food service activities. The biggest difference in the nominal change in 2023/2022 lies in the estimate of the change in inventories. Notably, the new estimate for nominal changes in 2023 is EUR 1,739 million higher than the previous estimate and is also substantively different from the February estimate. While the Slovenian economy had reduced its inventories by more than 1 billion EUR last year according to the February estimate, the new estimate indicates that inventories actually increased by more than half a billion euros. As a result, the contribution of the change in inventories to GDP

[2] In particular with regards to the amount of carryover to this year and to the second half of this year.

growth is now much less negative (-1.5 p.p.)[3] than in the first estimate (-4.4 p.p.). **Last year's significantly higher base has led to a downward revision of the forecast for the contribution of the change in inventories, which, in turn, has resulted in a lower GDP growth forecast compared to the spring projections.** On the other hand, growth of gross fixed capital formation is lower according to the new estimate (by 5.6 p.p.). Within this category, there was a significant revision in the growth estimates for construction investment – while quarterly data showed growth of over 24%, the new data now indicate a substantially lower growth rate of 12%. The real year-on-year decline in imports of goods and services eased following alignment with new balance of payments sources (according to the new data, imports declined by EUR 3,346 million in 2023, compared to the earlier estimate of EUR 3,621 million), while the real year-on-year decline in exports of goods and services remained unchanged (exports decreased by EUR 244 million at current prices in 2023 compared to 2022, rather than the previously estimated EUR 704 million).[4] With the relatively smaller real decline in imports, the positive contribution of the external trade balance to GDP growth was revised downward (from 2.8 in the previous estimate to 2.3 p.p.). The difference in nominal increase in private consumption (2023/2022) amounts to EUR -303 million. Given the downward revision of the compensation of employees (by EUR 689 million) and gross operating surplus and gross mixed income of households and NPISH (by EUR 535 million),[5] we estimate that household disposable income also declined in 2023. As a result, the propensity to save of Slovenian households, which was 15.1% before the revision, was revised downward in the new estimate.[6] However, the estimate of real growth in government consumption remained unchanged.[7] There were also big differences on the production side of GDP, where the nominal change (2023/2022) in the value added in trade, transportation and storage, and accommodation and food service activities (GHI) is now EUR 636 million higher, while real growth was revised to 1% (previously -1.0%). Change (2023/2022) in value added in industry (BCDE group[8]) increased by EUR 935 million, with a new real growth rate of 3.7% (previously 0.6%). Real growth in value added in manufacturing (C) is now estimated at 1.3% (previously 0.8%), suggesting a significant revision in BDE activities.[9] The change in value added in construction is EUR 207 million lower and real growth of this activity is also lower (now 14%, previously 18%).

[3] The contribution of inventories remains negative, as the increase in inventories was lower than a year earlier.

[4] The nominal decline in exports is therefore lower according to the new estimate, while the real decline in exports remained unchanged, leading to an increase in the estimated deflator for this category.

[5] The estimate of total gross operating surplus and mixed income in 2023 was revised upward by EUR 1,745 million compared to the previous estimate, mainly due to a higher gross operating surplus and mixed income of non-financial corporations (which was revised upward by EUR 2,145 million compared to the previous estimate).

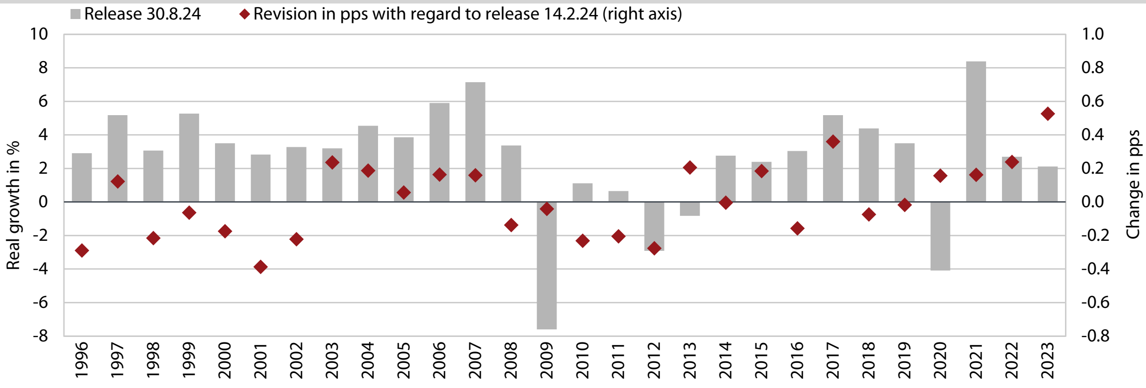
[6] SURS will publish annual data on non-financial sector accounts, which will be harmonised with the revised data on GDP, on 30 September 2024.

[7] The nominal increase in government consumption is now slightly higher, or its nominal growth increased slightly, leading to an increase in the estimated deflator for this category.

[8] Mining and quarrying (B), manufacturing (C), electricity and water supply (D), waste management (E).

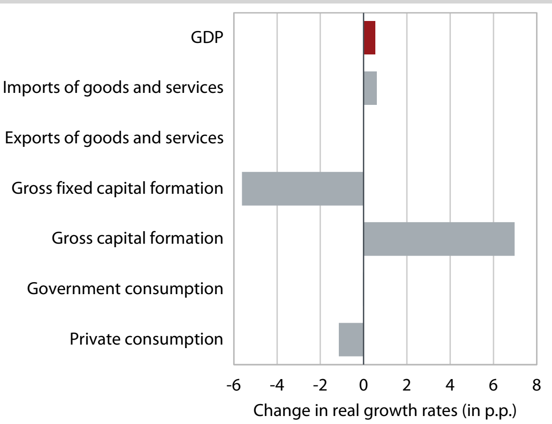
[9] The AJPES data indicate particularly high growth in activity D.

Figure 15: Revision of data on real GDP growth



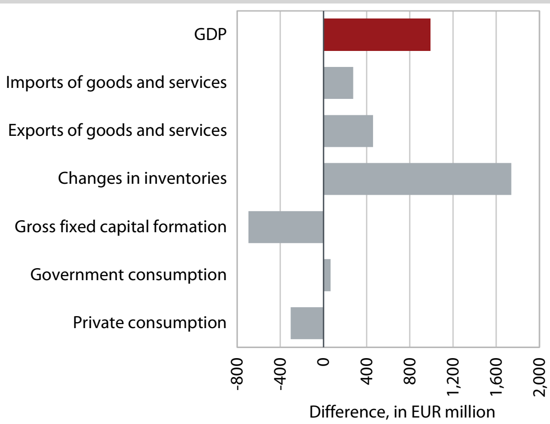
Source: SURS.

Figure 16: Changes of real growth rates for expenditure components of GDP after the publication of the first annual estimate for 2023



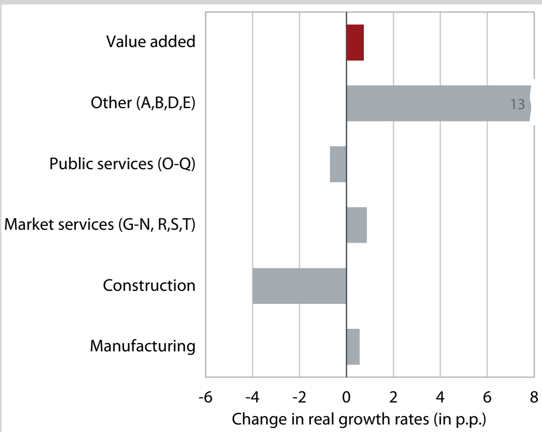
Source: SURS, calculations by IMAD.

Figure 17: Difference in the nominal change in 2023/2022 of GDP expenditure components after the publication of the first annual estimate for 2023



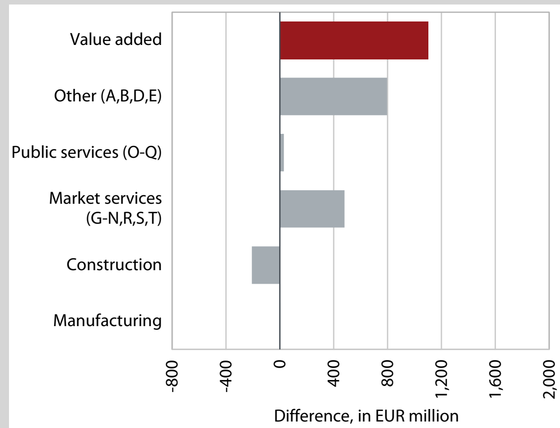
Source: SURS, calculations by IMAD.

Figure 18: Changes of real growth rates for value added components after the publication of the first annual estimate for 2023



Source: SURS, calculations by IMAD.

Figure 19: Difference in the nominal change in 2023/2022 of value added components after the publication of the first annual estimate for 2023



Source: SURS, calculations by IMAD.

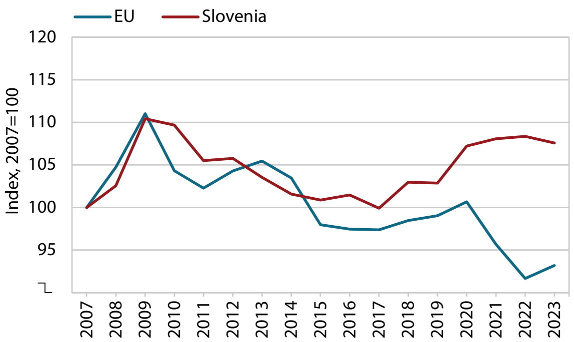
2.1.1 Export-oriented part of the economy

We expect a rebound in exports this year (following last year's decline) and a slight increase in value added growth in manufacturing, although both will remain well below the long-term average due to modest growth in foreign demand and a further deterioration in cost competitiveness. Exports of goods in the first half of the year remained lower year-on-year (-0.2%), while imports were higher (2.7%). During the same period, value added in manufacturing continued to grow slightly, rising by 1.1% year-on-year. The data on manufacturing output shows a year-on-year decline, mainly due to a decline in the energy-intensive manufacture of other non-metallic minerals, the manufacture of machinery and equipment n.e.c., the repair and installation of machinery and equipment, the wood-processing and furniture industry, and the leather industry. However, production in other energy-intensive industries, which contributed most to the decline in overall production last year, increased year-on-year (manufacture of paper, metals and chemicals).[10] Amid weak economic growth expected in Slovenia's main trading partners, we expect low quarter-on-quarter growth in goods exports and value added in manufacturing in the second half of the year. However, year-on-year growth in the second half of the year will be solid, primarily due to last year's low base. Exports of goods and value added in manufacturing will increase by 1.5% and 1.4% respectively in 2024. Exports of services, particularly construction services, are expected to fall, and exports

[10] The decline in production in energy-intensive industries in 2023 was greater than the average decline in the manufacturing sector, also according to national accounts data. Intermediate consumption in these industries declined more sharply than manufacturing output, except in the chemical industry. As a result, value added in the paper industry, manufacture of metals and manufacture of other non-metallic mineral products increased in 2023, with the chemical industry being the exception.

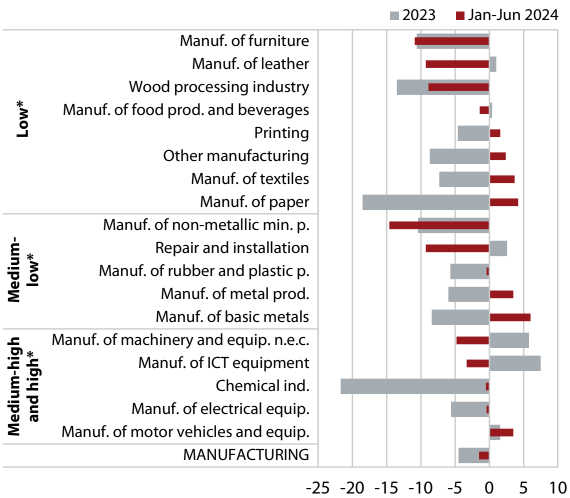
of transport[11] and other business services are also expected to decline slightly. Growth in exports of tourism-related services is expected to slow. Overall growth in exports of goods and services will be 0.9% this year[12] and will remain below the growth in foreign demand again this year due to the cost pressures caused by rising unit labour costs. Imports of goods will grow much faster (3.8%) than exports of goods this year, amid strong growth in domestic consumption, including inventories. Against the backdrop of much higher growth in total imports (3.5%) than exports, the external trade balance will be negative.

Figure 20: Slovenia's unit labour costs in manufacturing are relatively high compared to EU average



Source: Eurostat, SURS, calculations by IMAD. Note: Real unit labour costs are defined as the ratio of nominal compensation per employee to productivity. In 2020 and to a lesser extent in 2021, growth in compensation of employees was supported by subsidies under the COVID-19 mitigation packages, so that in these years unit labour costs indicator overestimates the actual cost pressure on companies.

Figure 21: Manufacturing output remained down year-on-year in the first half of the year

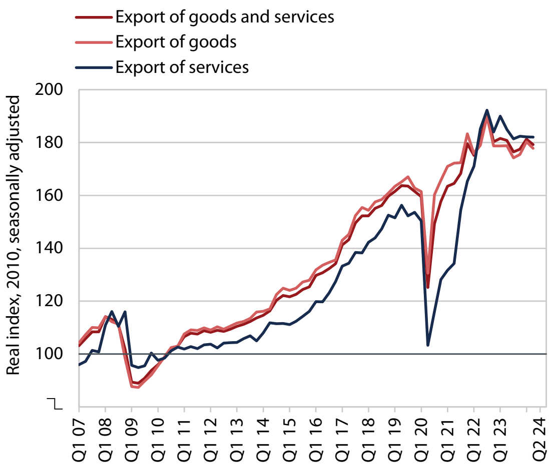


Year-on-year growth in %, original data. Source: SURS, calculations by IMAD. Note: *according to technological intensity.

[11] In addition to the subdued activity in Slovenia's main trading partners, transport services – particularly in the first quarter of this year – have been impacted by the situation in the Middle East, the disrupted shipping routes through the Suez Canal, and the consequent negative impact on transshipment in the Port of Koper and related transport operations.

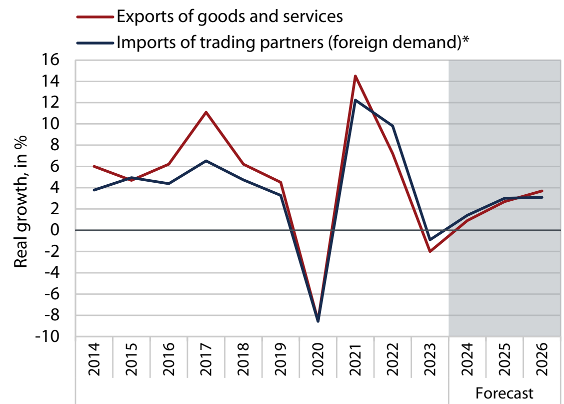
[12] The forecast of export growth is lower than in the Spring Forecast, due to less favourable developments in exports of services. However, the forecast for goods exports is higher than expected in the spring.

Figure 22: Exports of both goods and services were lower year-on-year in the first half of the year



Source: SURS, calculations by IMAD.

Figure 23: Growth in exports of goods and services will lag behind that of foreign demand again this year



Source: SURS, IMAD forecast for exports and IMAD assumption for foreign demand based on sources under Table 1.
Note: *Real imports of goods and services of the trading partners weighted by Slovenia's share of exports to these countries.

With slightly stronger growth in foreign demand, we expect growth in exports and value added in manufacturing to strengthen over the next two years, accompanied by an increase in services exports. The higher export growth (2.7% in 2025 and 3.7% in 2026) will be driven primarily by exports of high- and medium-high-technology products. Value added will increase in most manufacturing activities. In particular, investment in the production of a new passenger car and the start of production in a new pharmaceutical plant are expected to have a positive impact in 2026. With the recovery of manufacturing activities in Slovenia and its trading partners, exports of transport services are also expected to increase. Further growth is also expected in exports of tourism-related services. Imports will continue to grow faster than exports during this period, reflecting the continued faster growth in domestic demand.

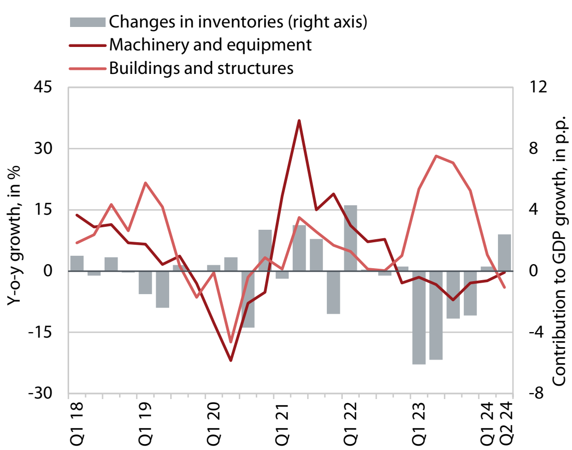
2.1.2 Investment activity

We forecast a stagnation in gross fixed capital formation in 2024, with growth expected to resume in the next two years. After strong growth in the past three years (averaging 6.8% per year), gross fixed capital formation declined in the first half of the year, primarily due to a decline in construction investment in the first quarter (a quarter-on-quarter decline of 4.4%, seasonally adjusted). During the first half of the year, the value of work put in place decreased by 8% year-on-year in civil engineering and by 10% in the construction of buildings. The year-on-year decline in investment in machinery and equipment was smaller than last year, while investment in intellectual property has increased. Government investment, one of the highest in the EU as a share of GDP, is expected to pick up in the second half of the year.[13] Private construction investment is expected to stagnate, as the data on building permits

[13] According to the *Report on budget implementation in the period January–June 2024* (Government of the RS, 2024), "realisation will be postponed to the second half of the year due to delays in the preparation of investment documentation."

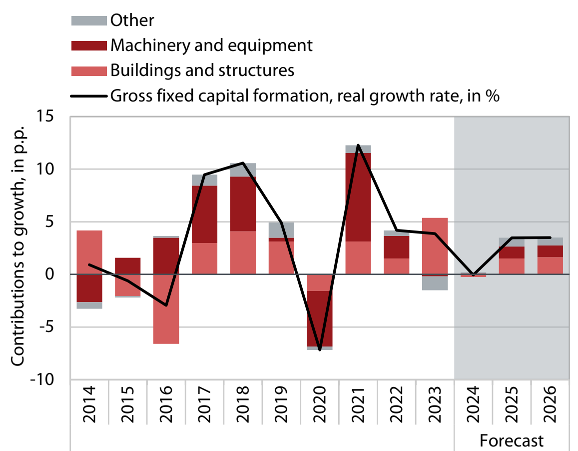
issued does not point to an upturn.[14] Data on capacity utilisation in manufacturing suggest that investment in machinery and equipment may increase. Following a decline last year, capacity utilisation has already recovered in the second and third quarter (after hitting a low in the first quarter). With moderate growth in activity within the export sector, growth in investment in machinery and equipment is also expected to be moderate this year. Total gross fixed capital formation is expected to increase again in the next two years (by 3.5%). With higher growth expected in the international economic environment, we expect continued growth in manufacturing investments. Government investment activity is also expected to be strong, driven by the construction of flood defences, post-flood recovery efforts and investments under the Recovery and Resilience Plan.

Figure 24: Gross fixed capital formation stagnated in the first half of the year



Source: SURS.

Figure 25: After stagnation this year, investments are set to grow again in the next two years



Source: SURS, IMAD forecast.

2.1.3 Final household and government consumption

Private consumption is expected to grow by 1.6% this year. In the first half of the year, with private consumption increasing by 1.5% year-on-year, households spent more on car purchases, tourism services abroad and food compared to the same period last year, while spending less on non-food products and overnight stays in Slovenia. We expect moderate growth in private consumption in the second half of the year, driven by high employment levels, sustained wage growth, lower price pressures and increased consumer optimism.[15] According to our estimate, the propensity to save will remain relatively high on average this year and above the pre-epidemic average (12.0%

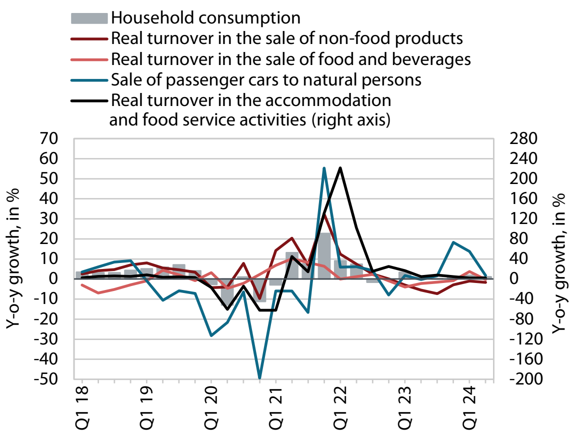
[14] According to SURS data on building permits issued, the total floor area of buildings for which building permits were issued is decreasing. However, this data only includes permits issued by administrative units, while building permits for some large projects are issued by the Ministry of Natural Resources and Spatial Planning. Even if the total floor area under these permits is taken into consideration, however, we do not believe this indicates a significant increase in activity by the end of the year.

[15] The lower uncertainty is suggested by the gradual improvement in the consumer confidence indicator, which reached its highest level since spring 2022 in summer 2024. Notably, the indicators for households' financial situation in the last 12 months and expectations for the financial situation of households and the economic situation in the next 12 months have improved. However, the indicator for major purchases in the next 12 months has stagnated at the level seen at the end of last year.

in the period 2009–2019). After stagnating last year, consumption growth in creative, arts, entertainment, personal and sports activities will pick up this year, while consumption growth in accommodation and food services will weaken somewhat. In addition to domestic consumption, solid growth in value added in these services will be supported by the continued growth in foreign tourist arrivals, with the number of overnight stays continuing to rise in the first half of this year after reaching a record high last year. After a decline last year, we expect a recovery in value added in wholesale and retail trade this year and continued growth in the sales of motor vehicles. Growth in private consumption this year is affected by a methodological change involving the abolition of supplementary health insurance, which was a source of financing private health expenditure and private consumption, and the introduction of a compulsory healthcare contribution, which is a source of financing government expenditure.[16] This change results in relatively lower growth in private consumption and higher growth in government consumption, while the overall effect on GDP is neutral.

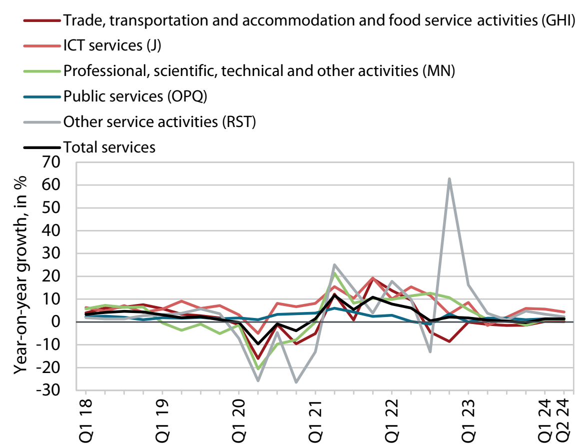
With stronger real income growth, private consumption growth will increase to 2.5% in 2025 and 2.4% in 2026. This increase will be driven by sustained wage growth and lower inflation, thus strengthening consumer purchasing power. In our forecast, we assume that the propensity to save will decrease over the next two years, gradually approaching the long-term average. The growth in household consumption will lead to stronger growth in turnover in trade, accommodation and food service activities, and creative, arts, entertainment, personal and sports activities.

Figure 26: In the first half of the year, households spent more on purchases of new cars and food and less on non-food products



Source: SURS, calculations by IMAD.

Figure 27: Growth in value added in the service sector has mostly weakened this year



Source: SURS, calculations by IMAD.

[16] This change leads to higher social security contributions and lower gross disposable income and private consumption, while boosting government consumption. Without this change, private consumption growth would have been around 1.5 p.p. higher this year.

The main reason for the strengthening of government consumption growth (8.5%) this year is the transformation of the supplementary health insurance contribution into a mandatory contribution. This has now become a public source of funding for healthcare,[17] while the former private expenditure has become public expenditure, mainly within the categories of government consumption. In addition, government expenditure on goods and services will continue to be influenced by the recovery from last year's floods and by employment growth in the general government sector (1.4%), which will be slightly higher than last year. In 2025, growth in government consumption is expected to moderate (1.7%), it will be affected by continued employment growth, especially in health and social work activities, the increase in healthcare expenditure and the gradual implementation of the long-term care system (e-care and home care services).[18] In 2026, the growth in government consumption will be slightly higher again (4.1%), due to the full implementation of the *Long-Term Care Act* (ZDOsk, 2023), which will introduce cash benefits for long-term care.

2.2 Employment and unemployment

In the first half of the year, year-on-year employment growth continued to slow, while the number of registered unemployed declined further. In the first six months of this year, employment[19] rose by 0.4% on average year-on-year (by 1.6% in the same period last year). Growth remained moderate in most service activities, while it was much more modest or even negative in the more labour-intensive activities and in manufacturing, where employment growth was still high a year ago.[20] The number of hours worked per person employed has been increasing, which we attribute to employers' reluctance to hire new workers amid economic uncertainty, as well as to labour shortages in most

[17] According to an estimate by the Health Insurance Institute of Slovenia, EUR 620.8 million will be mobilised in 2024 for this purpose. Without this change, real growth in government consumption would have been around 5 p.p. lower this year.

[18] The Long-Term Care Act (ZDOsk) introduced compulsory long-term care insurance to finance long-term care.

[19] According to the national accounts statistics.

[20] According to the Statistical Register of Employment (SRDAP), growth in the number of persons in employment was high in ICT activities (4.4%), professional, scientific and technical activities (2.1%), public sector activities, particularly health and education (by 2.6% and 1.8% respectively), and culture and other activities (2.1%), while it was relatively subdued in trade (0.3%), transportation (0.5%), and accommodation and food service activities (1.2%). Mainly due to a methodological change, growth in the number of persons in employment was high in construction (6.1%) and barely positive in manufacturing (0.1%). As of 1 January 2024, individuals sent to work or undergo training abroad (e.g. persons working for Slovenia's representations or at construction sites abroad) and caregivers of family members are also included in the category of persons in employment. According to the latest SURS data, there were 6,900 posted workers and 200 caregivers of family members recorded in December 2023. The methodological change is due to a change in the main source of these data – employee registration for compulsory social insurance –, which are collected by the Health Insurance Institute of Slovenia. Until last year, there was a separate insurance basis for this category of employees in the data source, which allowed SURS to exclude these employees from the data. Since the beginning of the year, this separate insurance basis has been terminated and these workers are likely to be registered for insurance in the same manner as other workers after their existing insurance expires and thus be included among persons in employment (there were just under 4,600 of them in January 2024). The effect of the changed definition is the largest among foreign nationals and (consequently) in construction (see Zidar, 2024). According to the national accounts statistics, which were not subject to the methodological change, the number of persons in employment stagnated in construction (0.1%), while it declined in manufacturing (-1.3%). In the case of these two activities, the national accounts statistics provide a clearer picture.

sectors.[21] This shortage is reflected in the relatively high job-vacancy rate, which, although it has decreased slightly, remains above 2019 levels.[22] Similarly, the share of companies reporting labour shortages as a limiting factor for their business also remains higher than in 2019. The recent labour shortage has also contributed to the strong growth in the number of foreign workers (up 11% year-on-year in the first half of this year), whose share of the total workforce has already reached 15.6%. In the first eight months of the year, the number of *registered unemployed* declined by an average of 6.6% year-on-year, a much smaller decrease compared to the same period last year (-15.7%). This decline is still mainly driven by employment[23] and has narrowed since last year, partly due to a slightly higher inflow of persons into unemployment for business reasons. At the end of August, 44,468 persons were unemployed, 6.2% fewer than a year earlier and one of the lowest figures since records began.

Growth in employment and decline in unemployment will continue until the end of this year, with severe labour shortages dampening employment growth over the next two years. Employment growth is expected to be very weak in the second half of the year, as is also suggested by the short-term indicator of employment expectations. This means that employment growth this year (0.5%) will be lower than last year (1.6%) and that the number of registered unemployed will fall to around 46 thousands on average in 2024. Despite the projected higher economic growth, employment is not expected to increase significantly over the next two years, mainly due to labour supply bottlenecks and also to the already high level of employment.[24] The tight labour market will be alleviated somewhat by certain measures to facilitate the attracting and recruitment of foreign labour,[25] meaning that growth will continue to be supported by the hiring of foreign nationals.

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[21] The number of hours worked per employee shows a long-term downward trend. However, the positive trends since mid-2023 could indicate that companies are being somewhat more cautious when hiring new labour in view of the increasing uncertainty in the wider economy. At the same time, the ongoing shortage of labour, which is also due to demographic trends, is forcing companies to increase the workload of existing employees.

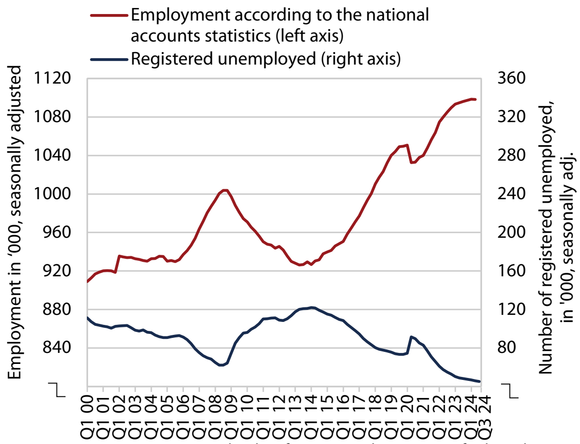
[22] The job vacancy rate, i.e. the share of job vacancies in the total number of job vacancies and occupied posts, is a measure of the unmet demand for labour. In the second quarter of this year, this rate was 2.5%, down 0.4 p.p. from the same period last year. Although lower than the year before, the rate remains high in many activities.

[23] Including the transition of unemployed persons into inactivity or retirement and entry into the register of non-employable persons.

[24] EUROPOP2023 demographic projections indicate that unfavourable demographic trends will continue in the coming decades. Our forecast takes into account the EUROPOP2023 scenario of higher net migration, which assumes the continuation of the significant positive net migration observed in recent years. At the same time, the population projections indicate a high risk regarding the evolution of potential labour force in the event of low or no net migration. In the latter case, the population aged 20–64 would decrease by more than 140,000 people over the next 15 years. For more information on the impact of demographics on the labour market, see, for example, the Spring forecast (IMAD, 2024a) and the Development Report (IMAD, 2024b).

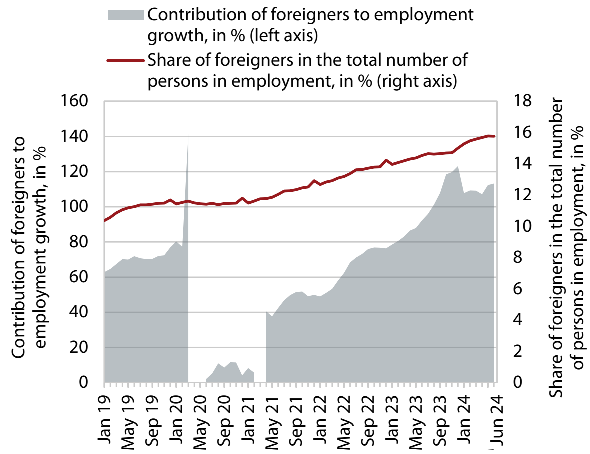
[25] In April 2023, amendments to the *Employment, Self-employment and Work of Foreigners Act* (ZZSDT-D, 2023) and the *Foreigners Act* (ZTuj-2G, 2023) were adopted. These remove administrative obstacles and expediate the issuance of permits and certificates, facilitating the process of changing employers, switching jobs with the same employer, or working for two or more employers under a valid single residence and work permit. The employment of foreigners in the public sector will be simplified, and applicants for international protection will gain quicker access to the Slovenian labour market. In August 2023, the *Act Determining the Intervention Measures to Remedy the Consequences of the Floods and Landslides in August 2023* (ZIUOPZP, 2023) was adopted, facilitating the employment of foreigners for a period of one year to step up the post-flood reconstruction. In July of this year, an intervention *Act on Measures to Optimise Certain Procedures at Administrative Units* (ZUOPUE, 2024) was passed. This act aims to reduce the administrative burden and speed up the resolution of procedures by optimising and abolishing territorial jurisdiction for

Figure 28: Employment is at a record high, while unemployment is at a historic low; their dynamics has moderated since mid-2023



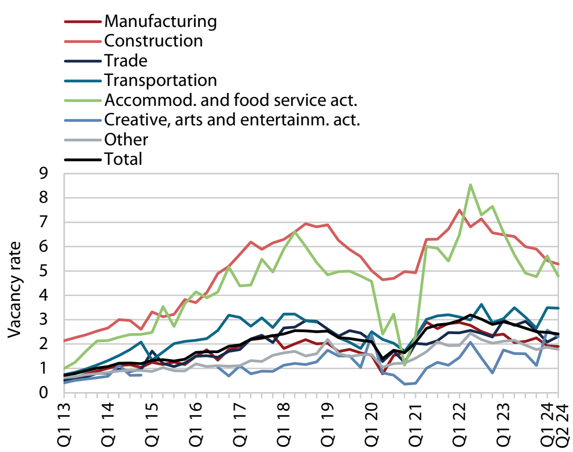
Source: SURS. Note: The data for Q3 24 is the average of July and August.

Figure 29:[26] The contribution of foreign nationals to year-on-year employment growth is high and their share in the total number of persons in employment is increasing



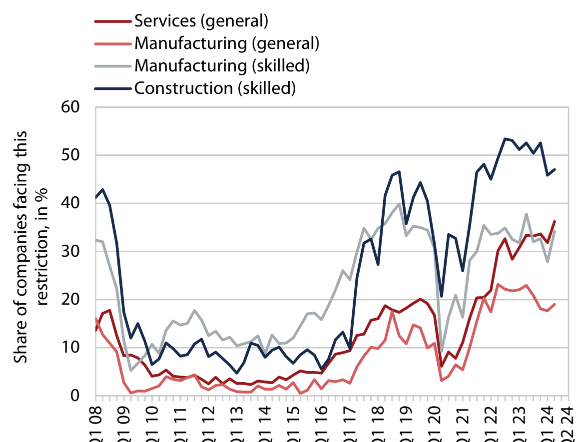
Source: SURS, calculations by IMAD.

Figure 30: Unmet demand for labour (the job-vacancy rate) is moderating, although it remains high



Source: Eurostat.

Figure 31: Despite slightly lower economic growth, labour shortage remains a major limiting factor for businesses

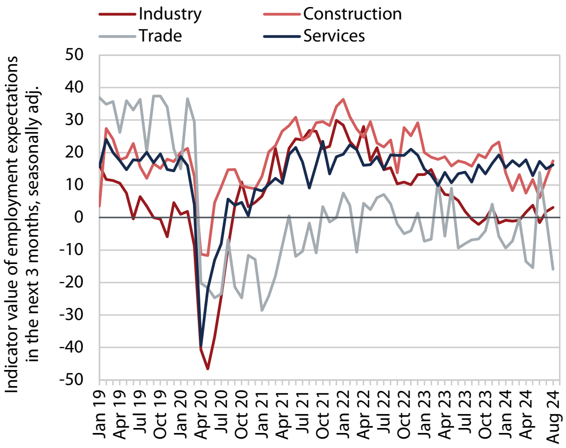


Source: SURS.

matters related to residence and work permits for foreigners and temporarily simplifying the process of employing foreigners. It also introduces a regulation that allows foreigners to work and reside in Slovenia after obtaining a temporary permit even before a final decision on their application is made.

[26] The blank space in the contribution of foreigners to employment growth indicates the period in which the contribution was negative. In March 2020 and in the period since mid-2023, the contribution was high (over 100%), due to a year-on-year decrease in the number of employed Slovenian citizens and an increase in the number of employed foreign nationals, which therefore outpaced the overall increase in the number of persons in employment.

Figure 32: Short-term employment expectations are falling in all activities



Source: Eurostat.

Table 4: Forecasts of employment and unemployment

In %	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
Employment according to the SNA, growth	1.6	0.7	**0.5**	0.6	**0.6**	**0.5**
Number of registered unemployed, in '000, annual average	48.7	47.7	**45.7**	47.2	**44.6**	**44.1**
Registered unemployment rate	5.0	4.8	**4.6**	4.8	**4.5**	**4.5**
ILO unemployment rate	3.7	3.8	**3.7**	3.8	**3.7**	**3.6**

Source: For 2023, SURS (2024); for 2024–2026, forecast by IMAD.

2.3 Wages

Last year's high nominal wage growth (9.7%) eased slightly in the first half of this year (to 6.6% year-on-year – 7.6% in the private sector, 4.4% in the public sector).[27] Wages in the private sector continue to be affected by labour shortages, employee demands to maintain real income levels and the increase in the minimum wage. However, we believe that these pressures have eased somewhat this year due to slower growth in economic activity and labour demand and to lower inflation. Wage growth in the first half of the year remained highest in construction (12.4%) and manufacturing (8.1%), where labour shortages are particularly acute. It also remained elevated in service activities.[28]

[27] Since April this year, SURS has switched to a new data source for calculating wage data (the REK-O form), which differs from the previous ZAP/M form in the way in which extraordinary and overdue payments are reported. The monthly gross wage differences between the two sources range between -2.2% and +2.0%, except for December 2023, where the data from the new source was 14.9% higher.

[28] Wage growth was also high in trade (7%), transportation (8.9%), accommodation and food service activities (6.9%), ICT activities (6.8%), professional, scientific and technical activities (7.3%), and administrative and support service activities (10%), which include employment agencies.

Wage growth in the public sector was mostly affected by the agreement on this year's partial adjustment of the pay scale grades to consumer price inflation.[29]

Nominal growth in the aggregate average gross wage is expected to be around 6.2% this year, with a slight upturn next year due to the expected implementation of the public sector wage reform.[30] Wage growth in the public sector will be lower this year (4.4%) than last year (10.3%), but it is projected to rise again next year (to 7.1) following the wage reform.[31] According to the planned timeline for the reform, wage growth will moderate in 2026 and 2027. In the private sector, wage growth will be strong this year (7.1%) and is expected to hover around 6% until 2026. This will continue to put pressure on the cost-competitiveness of Slovenian companies, which already saw significant deterioration last year, which is why we do not expect even higher wage growth. The forecast for gross wage growth is subject to significant risks. In the public sector, these risks are related to certain elements of the wage system reform, which have not yet been finalised at the time of the forecast. In the private sector, risks include stronger upward pressure on wages due to labour shortages and the potential for a stronger demonstration effect from public sector wage increases.[32]

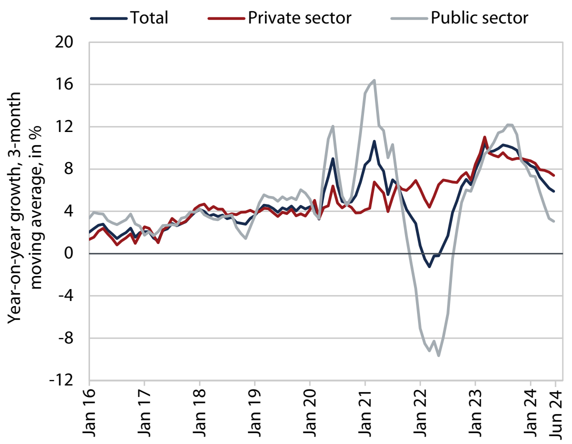
[29] I.e. the *Agreement on the alignment of the values of the pay grades within the pay scale and the date of payment of the annual leave allowance in 2024* (2024), which provides for the adjustment of the pay scale to 80% of the increase in consumer prices between December 2022 and December 2023. In June, this adjustment resulted in a 3.36% increase in the value of the pay scale grades.

[30] The growth in the estimated nominal contribution base, which forms the basis for the estimate of social security contributions, will be relatively high this year and in the next two years (6–7%), although it will be lower than last year (10.8%).

[31] The revised public sector salary system is to come into force on 1 January 2025. The forecast for wage growth in the public sector takes into account, among other things, the Ministry of Public Administration's estimates of the financial impact of the wage reform and of the key elements agreed in principle between the government and the representative public sector unions during negotiations in June of this year. These concern the modalities and timetable for the payment of higher wages to ensure the elimination of basic salary imbalances (in several instalments) and the transition to the new pay scale. Additionally, we have also taken into account the dynamics foreseen for the adjustment of pay scale grades to the increase in consumer prices during the transition period of the reform.

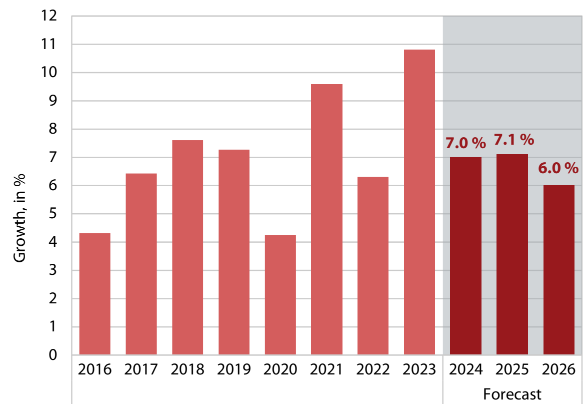
[32] Wage growth in one sector can have an impact on wage pressures in the other sector. For an empirical analysis of the assessment of the relationship between wage developments in the public and private sectors in Slovenia, see Economic Challenges 2018 (IMAD, 2018, p. 16).

Figure 33: Year-on-year nominal growth in the average gross wage has weakened, though it remains high



Source: SURS, calculations by IMAD

Figure 34: Estimate and forecast of nominal contribution base growth



Source: SURS, forecast by IMAD. Note: The forecast for nominal contribution base growth is calculated as the product of the number of wage earners based on wage statistics and the gross wage per employee.

Table 5: Forecast for growth in the average wage per employee

Growth rates, in %	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
Gross wage per employee – nominal	9.7	6.9	6.2	5.7	6.6	5.5
– private sector	9.4	7.5	7.1	5.5	6.3	5.6
– public sector	10.3	5.8	4.4	6.2	7.1	5.2
Gross wage per employee – real	2.1	4.1	4.0	2.2	3.2	3.1
– private sector	1.9	4.6	4.9	2.0	2.9	3.2
– public sector	2.7	3.0	2.3	2.7	3.7	2.9

Source: For 2023, SURS (2024); for 2024–2026, forecast by IMAD.

2.4 Inflation

Inflation is continuing on its downward trajectory this year. The year-on-year increase in consumer prices fell from 3.3% in January to 0.9% in August (1.1% as measured by HICP), when it was more than 1 p.p. lower than the euro area average.[33] In the first eight months, prices were on average 2.4% higher year-on-year (compared to 8.3% in the same period last year). The slowdown in commodity prices and the moderation of economic activity amid tight credit conditions significantly contributed to the decline in year-on-year inflation. In certain months, last year's high base effect also played a considerable role. Compared with the beginning of the year, the contribution of most groups to

[33] After remaining above the euro area average since the end of 2022, inflation has fallen below this level since May of this year. This is due to a lower contribution from energy products, reflecting differences in the substance and timing of measures taken by countries to curb high energy prices. Food prices have stabilised faster in Slovenia than in the euro area as a whole. Since May, Slovenia has also had lower core inflation due to lower growth in non-energy industrial goods prices, while price growth in services remains higher than in the euro area.

inflation has declined. Food prices rose by 1.4% year-on-year in August[34] (by 10% in August last year). Due to the base effect and measures taken by the government[35] to curb high energy prices, energy prices have been lower year-on-year since June.[36] Prices of durable goods have also fallen this year, as the commodity markets have calmed and supply chains have eased, and in August were also down year-on-year. Prices of semi-durable goods are also falling and, with a somewhat more pronounced seasonal price drop in the clothing and footwear group in July and August, were also down year-on-year in August. However, growth in services prices has continued (4.1% in August) and is making the largest contribution to inflation. While upward pressure on services inflation has eased in recent months, due to higher costs from rising goods prices,[37] wage pressures persist amid ongoing labour shortages. The growth of services prices is also the main reason core inflation (excluding the impact of food and energy prices), which has fallen markedly since the start of the year (from 3.9% in January to 2.0% in August), is outpacing headline inflation. According to the ECB Survey of Professional Forecasters, short-term inflation expectations have fallen in line with the moderation of inflation, while longer-term inflation expectations remain anchored around the inflation target (ECB, 2024c).

Inflation is expected to remain low until November, before rising again towards the end of the year and the beginning of next year due to the low base effect and the expiry of measures to curb high energy prices. The forecast assumes that the situation on energy markets will remain stable. However, year-on-year growth in energy prices will be highly volatile due to the expiration of temporary measures to mitigate rising energy prices.[38] Larger effects are expected in 2025 in particular, when the reintroduction of the RES and CHP contribution is taken into account.[39] Food price inflation is expected to increase somewhat over the course of the year but will remain subdued. Although the prices of raw materials and inputs for food processing fell year-on-year, more difficult growing conditions, exacerbated by climate change, will place additional pressure on food production costs in the future. The growth of services prices will continue to be one of the main drivers of inflation, mainly in relation to the continued wage growth. Based on expected trends in producer and import prices, price growth of non-energy industrial goods will remain subdued. As a result, average inflation will fall from 7.4% last year to 2.1% this

[34] Growth of food prices has accelerated somewhat in recent months, mainly due to higher prices of fruit and vegetables.

[35] The main contributors to the price decline were the full exemption from the RES and CHP contribution from November 2023 and last year's higher base (from June 2023) due to the reintroduction of a higher VAT rate on certain types of energy products.

[36] The decline in energy prices could have been more pronounced in August if the government had not decided to increase excise duties on petroleum products in response to lower international prices, thereby keeping retail prices unchanged. Without the adjustment of excise duties, headline inflation in August would have been 0.2 p.p. lower, according to our estimates.

[37] For example, higher food and energy prices have recently driven up the cost of services in the restaurants and hotels group. A similar trend was observed in car insurance services, where rising prices were driven by higher spare parts costs.

[38] The measure to regulate electricity prices will expire at the end of the year, but given the stabilisation of the situation on energy markets, it is unlikely to have any impact on inflation. Year-on-year inflation is expected to rise in November and December due to the low base effect, as the government introduced an exemption from the RES and CHP contribution in November 2023.

[39] Reintroduction of this contribution could, in our opinion, contribute just under one percentage point to inflation. The regulation of oil prices is also due to expire in mid-2025, which could also contribute to higher inflation.

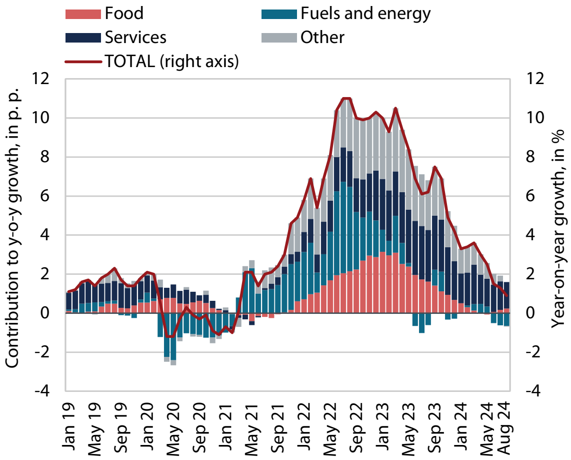
year, before rising again to 3.3% in 2025, mainly due to the expiry of the measures, but also to additional taxes.[40] While price growth will weaken in most product groups, it will remain elevated in services. Inflation is expected to approach 2% again in 2026.

Table 6: Inflation forecast

In %	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
Inflation – Dec./Dec.	4.2	3.1	**2.3**	3.1	**3.3**	**2.2**
Inflation – annual average	7.4	2.7	**2.1**	3.4	**3.3**	**2.3**

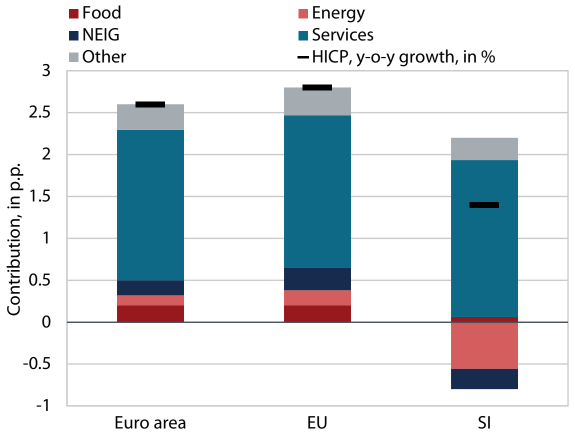
Source: For 2023, SURS (2024); for 2024–2026, forecast by IMAD.

Figure 35: Inflation has eased this year due to lower contributions from most categories, while the growth of services prices remains relatively high



Source: SURS, calculations by IMAD.

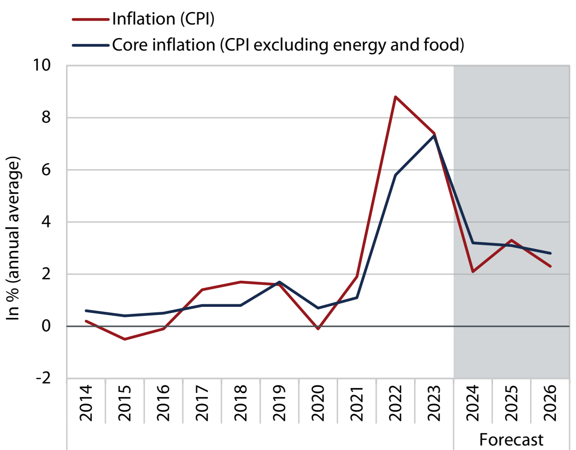
Figure 36: Inflation in Slovenia fell below the euro area and EU average (data for July are shown)



Source: Eurostat, calculations by IMAD.

[40] The forecast takes into account the draft acts adopted in August 2024. The additional taxes on alcohol and sugary drinks, which were passed in August this year, are expected to contribute 0.1 p.p. to inflation in 2025.

Figure 37: In the absence of shocks, inflation will continue to weaken, with past measures to mitigate high energy prices also having a significant impact on its development



Source: SURS, forecast by IMAD.

2.5 Current account of the balance of payments

This year, the current account surplus (2.8% of GDP) will be lower than last year (4.5% of GDP). The trade surplus will turn into a deficit, as growth in exports will be less pronounced than growth in imports, driven by stronger domestic consumption. We estimate that the quantity fluctuations will contribute EUR 896 million to the year-on-year change in the balance of goods trade (EUR 655 million), while the effect of terms of trade will be positive, amounting to EUR 241 million.[41] The surplus in trade in services will narrow, mainly due to a lower surplus in trade in construction services. Meanwhile the deficits in the primary and secondary income balances will be higher. The former will increase primarily due to higher net government expenditure on interest payments abroad, while the latter will widen due to lower government sector transfers from abroad (receipts from the EU budget).

The surplus of the current account of the balance of payments is expected to decline further in 2025–2026. The external trade deficit, which is expected to widen slightly in both years, will continue to result from slower growth in exports compared to imports amid moderate growth in domestic consumption. Given the projected development of import and export prices, the terms of trade are expected to remain largely unchanged.[42] However, the surplus in services is expected to increase. With the forecast growth in goods exports, trade in transport services is expected to return to surplus, and receipts from foreign

[41] Given the relatively high share of energy, raw materials and food in Slovenian imports, their prices have a considerable impact on the terms of trade. Due to falling energy prices and industrial producer prices, import prices will fall by 1.8% this year and export prices by 1.2%. This represents a 0.6% improvement in the terms of trade.

[42] With low volatility in energy and other commodity prices in 2025–2026, the growth of export and import prices will tend to be rather subdued.

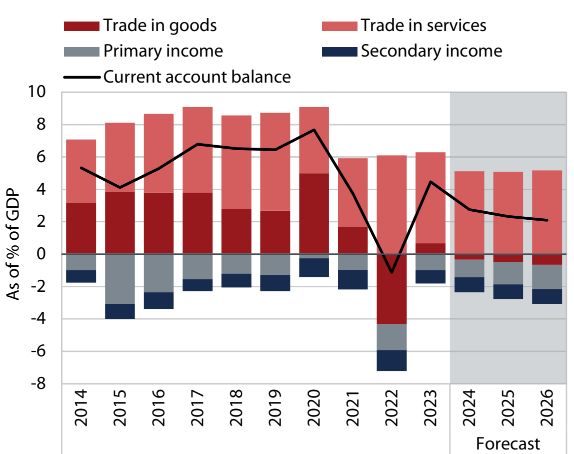
tourists in Slovenia are also expected to be higher than expenditure of Slovenian tourists abroad. Deficits in the primary and secondary income balances are expected to increase in 2025–2026. The former will rise mainly due to lower net interest receipts by the Bank of Slovenia, as with inflation easing, the euro area's restrictive monetary policy is expected to ease and excess liquidity is expected to decline. Increased borrowing will lead to a gradual rise in interest payments by the government. The widening of the deficit in primary income will be partly dampened by subsidies from the EU budget.[43]

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

	2023	2024		2025		2026
		February 2024	September 2024	February 2024	September 2024	September 2024
Current account, in EUR million	2,858	1,509	**1,839**	1,165	**1,649**	**1,570**
Current account, as a % of GDP	4.5	2.3	**2.8**	1.6	**2.3**	**2.1**

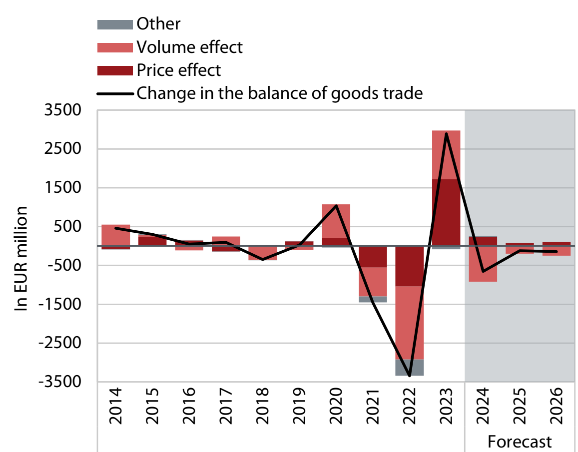
Source: For 2023, BoS (2024); for 2024–2026, forecast by IMAD.

Figure 38: The current account balance will gradually decline over the forecast horizon, partly due to the growing deficit in trade in goods...



Source: BoS, calculations and forecast by IMAD.

Figure 39: ...which will be the result of lower growth in exports than imports, with the terms of trade remaining roughly unchanged



Source: SURS, BoS, forecast and calculations by IMAD.

[43] Most subsidies are resources for the implementation of the common agricultural and fisheries policy, while part of the subsidies are funds from the Recovery and Resilience Facility. The bulk of receipts from the EU budget are investment transfers, which, in terms of the balance of payments statistics, are recorded in the capital account of the balance of payments.

3 Risks to the forecast

The realisation of the Autumn Forecast is subject to a number of uncertainties related to the international economic situation, which may affect the pace of the expected recovery and the moderation of inflation in Slovenia's trading partners. The domestic economic environment is also subject to uncertainties related to the impact of deteriorating competitiveness on the export-oriented sector of the economy, and especially the country's capacity to implement high levels of planned investment in the coming years and the dynamics thereof and the incomplete planning of certain reform measures.

Increasing pressures on the competitiveness of the euro area, escalation of trade conflicts between the EU and its main trading partners, and rising geopolitical uncertainties may lead to lower economic growth in Slovenia's trading partners than foreseen in the baseline scenario. An escalation of the situation in the Middle East or Ukraine could lead to renewed supply shocks in the economy, which would have a negative impact on global trade and economic activity. While geopolitical divisions could have a positive effect for Slovenia in the case of nearshoring, a further escalation of geopolitical tensions could compromise the effectiveness of international cooperation in addressing food and energy crises, potential future pandemics, and the growing negative impacts of climate change. Global growth could be lower in the case of a slower recovery in China if the property sector crisis deepens or spreads or if fiscal support proves insufficient. At the same time, stronger fiscal policy support in China than currently expected and reforms in the property market would support the country's growth, putting upward pressure on commodity prices and potentially increasing inflationary pressure from the international economic environment. Uncertainty in the world will also be shaped by the outcome of the US elections and potential shifts in US foreign policy.

The uncertainty and risks to economic growth in the euro area and Slovenia are also related to the potential persistence of elevated inflation, which could be driven by several factors, including rising labour costs, sustained services inflation and escalating geopolitical tensions. A more persistent inflation could result in a prolonged period of elevated interest rates, negatively impacting economic activity and financial stability. In this context, the risks of persistently high inflation arise from several factors, particularly a prolonged period of wage growth outpacing productivity growth amid a shortage of skilled labour and consequently higher services inflation.[44] Escalation of the situation in the Middle East and Ukraine could lead to higher energy prices, transport costs and food prices. The risk of higher gas and electricity prices also arises from the expiry of the agreement on the transit of Russian gas through Ukraine at the end of this year, which according to the baseline scenario is not expected to have any significant negative impact. An increase in trade barriers (e.g. protectionism and imposition of trade tariffs) could drive up prices of imported goods. Extreme weather events (such as floods, droughts, fires and heatwaves), which have become increasingly frequent in recent years, could

[44] If companies are unable to absorb wage growth that outpaces productivity growth into their profit margins, growth in commodity prices may also be higher than expected.

also lead to higher price increases in food and electricity than expected in the baseline scenario.

Uncertainties regarding the realisation of economic growth projections in the domestic environment are related to the impact of deteriorating competitiveness on the export-oriented sector of the economy, the country's capacity to implement high levels of government investment activity, the pace of post-flood recovery, the absorption of EU funds and the planned reforms relevant for the absorption of funds from the Recovery and Resilience Fund. Domestic cost pressures related to possibly higher inflation and wage growth, could therefore lead to a stronger deterioration of competitiveness of the Slovenian export sector given the already high level of uncertainty in the international economic environment. Uncertainty is also related to the pace of government investments and adoption of reforms. The Recovery and Resilience Plan outlines the planned milestones and targets and a provisional timetable for the implementation of the reforms and investments, which are to be completed by 31 August 2026. Even if all milestones and targets are reached on time, risks to the timely execution of investments under the Recovery and Resilience Plan remain, particularly in relation to public procurement procedures, project selection, and limited administrative and human resources. Due to delays in implementation, the latter also has an impact on the post-flood reconstruction timeline. At the same time, increased demand for construction work could drive up construction prices, due to the relatively high capacity utilisation. Furthermore, higher demand for labour could accelerate wage growth, given the already acute labour shortage, thus creating headwinds for the decline in inflation. Moreover, the increasing frequency of extreme weather events underscores the urgent need for climate change adaptation.

Economic growth could also be higher than expected in the baseline scenario in the case of more successful attracting of workforce and more efficient absorption of EU funds in conjunction with reform measures. More successful attracting of foreign labour with the help of the existing and possible new measures could further mitigate labour shortages and limit cost pressures, which would have a favourable impact on inflation and economic activity. Private consumption could turn out to be higher than projected in the event of higher employment and wage growth and a more marked decline in uncertainty, thus leading to greater unwinding of household savings. However, higher spending could also be reflected in higher inflation. Absorption of the full package of EU funds and positive effects of reform measures provide an opportunity to strengthen the development content, in which the following are key: strengthening support for research, innovation and digitalisation to enhance productivity; green transformation with a transition to more sustainable economic activity; and adjustments to social protection systems, which are for the most part dictated by demographic trends. All of this can have an even more positive impact on economic growth, especially in the medium term.

4 Potential GDP growth

Estimates of potential GDP[45] and consequently the output gap are volatile and exposed to the risk of subsequent changes, especially in an uncertain economic situation. As potential GDP cannot be measured directly, estimates thereof can change depending on input data or changes in the methodology used. Input data often change due to revisions of GDP growth in previous years, changes in the forecasts of GDP growth or other input categories, and changes in the length of the time series included. As a result of these factors, ex-post estimates for the same period, even in the past, can lead to changes in the level of potential GDP and the output gap. Under conditions of uncertainty, the current estimates of potential GDP and the output gap should be considered only in the context of the assumptions and broader economic picture at the time when they were made.

According to the current estimate, potential GDP growth will remain moderate this year and next, before beginning to decline towards the end of the forecast horizon. Growth of potential GDP strengthened gradually between 2012 and 2019, before temporarily declining in 2020 due to the impact of the health crisis. It recovered slightly to almost 2.9% on average in 2021–2023. We estimate that the impact of the COVID-19 crisis on production factors was limited due to the intervention measures taken. This year and next, growth in potential GDP will be around 3%, followed by a moderation (to 2.7%). Over the projection horizon, the greatest contribution will still be made by *total factor productivity* (1.2 p.p.), whose growth is expected to be similar to that before the global financial crisis. The contribution of *capital* will remain similar (0.6 p.p. on average) as in the previous three years. However, it will remain significantly lower than in the long term before the global financial crisis,[46] after which investment activity slowed. *Labour* is expected to contribute 1.1 p.p. on average to potential growth in 2024–2026, but its contribution will gradually decline due to the already high employment and activity rates, especially in the 30–54 age group, and the unfavourable demographic trends. This is also the main reason for the slowdown of growth in potential GDP at the end of the projection horizon.

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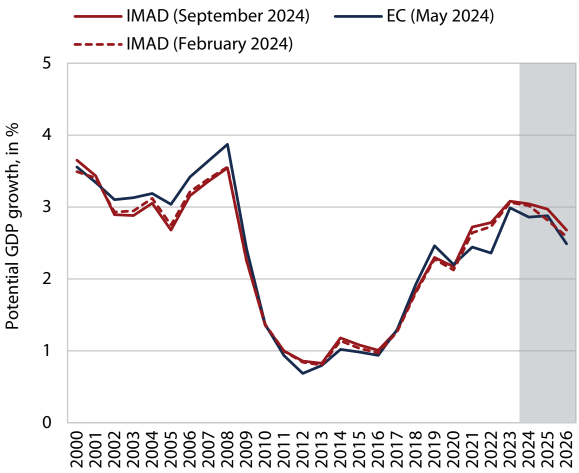
[45] Potential GDP is a macroeconomic indicator which shows the output an economy can achieve without creating inflationary pressures (i.e. by overheating). If the actual output of an economy (actual GDP) is greater than the potential output (potential GDP), this causes an increase in inflation (and vice versa). The difference between actual GDP and potential GDP expressed as a percentage of potential GDP is referred to as a country's output gap. IMAD's calculation of potential GDP is based on a production function method. The method assumes that potential GDP can be represented by a combination of the production factors *labour* (this is dependent on demographic factors, the activity rate, number of hours worked and the natural unemployment rate), *capital* and *total factor productivity*. The method does not significantly differ from that of the European Commission. The disparities between potential GDP or output gap calculations by IMAD and the EC are largely due to the differences in i) the lengths of the forecast periods, ii) the forecasts of macroeconomic indicators and iii) certain input data (IMAD uses the August revision of SURS data; 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, and from autumn 2023 we also use the higher migration scenario of the EUROPOP2023 population projection with correction of past population data for the break in the data series in 2007–2008).

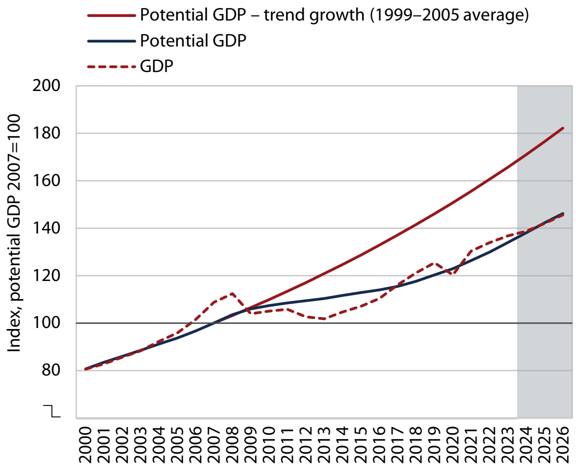
[46] The contribution of capital to potential GDP growth in 2000–2008, when it was relatively stable, averaged 1.7 p.p.

Figure 40: Potential GDP change: a comparison of IMAD and EC calculations



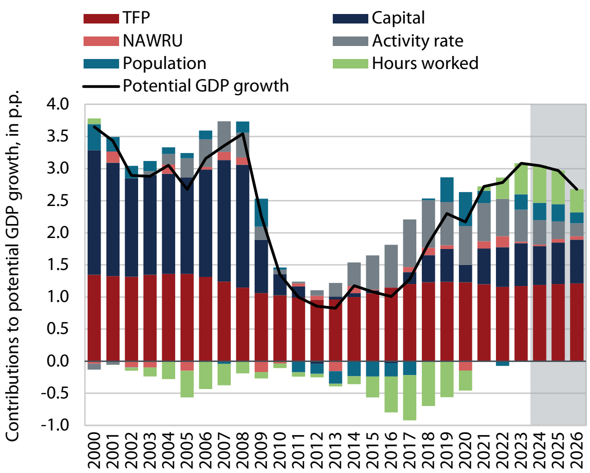
Source: SURS, estimates by IMAD and the EC.

Figure 41: GDP and potential GDP



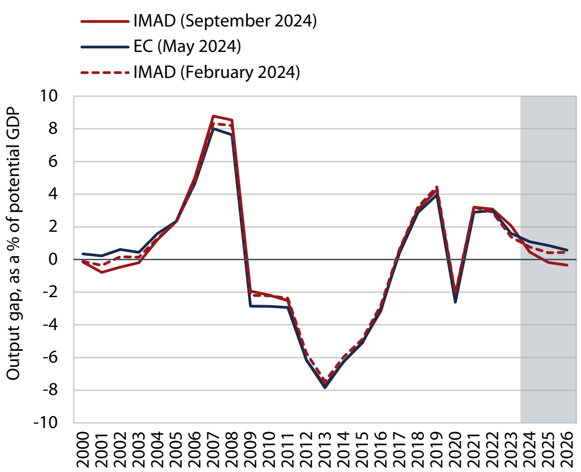
Source: SURS, estimates by IMAD.

Figure 42: Contributions of individual components to potential GDP growth



Source: SURS, estimates by IMAD.

Figure 43: Output gap: a comparison of IMAD and EC calculations



Source: SURS, estimates by IMAD and the EC.

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statistical appendix

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Table 1: Main macroeconomic indicators of Slovenia

Real growth rates in %, unless otherwise indicated

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
GROSS DOMESTIC PRODUCT	3.0	5.2	4.4	3.5	-4.1	8.4	2.7	2.1	1.5	2.4	2.5
GDP in EUR m (at current prices and at fixed exchange rate 2007)	40,013	42,626	45,462	48,157	46,739	52,023	56,909	63,951	66,819	70,911	74,841
GDP per capita in EUR (at current prices and at current exchange rate)	19,380	20,634	21,942	23,052	22,227	24,682	26,979	30,158	31,379	33,164	34,901
GDP per capita in USD (at current prices and at current exchange rate)	21,452	23,310	25,913	25,807	25,388	29,191	28,409	32,610	34,077	36,182	38,077
GDP per capita (PPS)[1]	23,600	25,100	26,400	27,800	26,800	29,300	31,900	34,400			
GDP per capita (PPS EU28=100)[1]	84	86	87	89	89	90	90	91			
EMPLOYMENT AND PRODUCTIVITY											
Employment according to National Accounts	1.9	2.9	3.2	2.4	-0.7	1.3	2.9	1.6	0.5	0.6	0.5
Registered unemployed (annual average in thousand)	103.2	88.6	78.5	74.2	85.0	74.3	56.7	48.7	45.7	44.6	44.1
Rate of registered unemployment in %	11.2	9.5	8.2	7.7	8.7	7.6	5.8	5.0	4.6	4.5	4.4
Rate of unemployment by ILO in %	8.0	6.6	5.1	4.5	5.0	4.7	4.0	3.7	3.7	3.7	3.6
Labour productivity (GDP per employee)	1.2	2.2	1.1	1.0	-3.4	7.0	-0.2	0.5	1.0	1.8	2.1
WAGES											
Gross wage per employee - nominal growth in %	1.8	2.7	3.4	4.3	5.8	6.1	2.8	9.7	6.2	6.6	5.5
Private sector activities	1.7	2.9	4.0	3.9	4.4	6.1	6.2	9.4	7.1	6.3	5.6
Public service activities	2.3	2.9	3.0	5.4	7.8	6.5	-2.5	10.3	4.4	7.1	5.2
Gross wage per employee - real growth in %	2.0	1.3	1.6	2.7	5.9	4.1	-5.6	2.1	4.0	3.2	3.1
Private sector activities	1.8	1.5	2.3	2.2	4.5	4.1	-2.4	1.9	4.9	2.9	3.2
Public service activities	2.4	1.5	1.3	3.7	7.9	4.5	-10.4	2.7	2.3	3.7	2.9
INTERNATIONAL TRADE											
Exports of goods and services	6.4	11.1	6.2	4.5	-8.5	14.5	6.8	-2.0	0.9	2.7	3.7
Exports of goods	6.1	11.0	5.7	4.5	-5.5	13.4	2.2	-2.7	1.5	2.4	3.6
Exports of services	7.8	11.2	7.7	4.6	-19.7	19.1	25.9	0.6	-1.2	3.6	4.4
Imports of goods and services	6.6	10.7	7.1	4.7	-9.1	17.8	9.2	-4.5	3.5	3.0	4.1
Imports of goods	7.0	10.7	7.4	5.0	-8.6	17.2	7.7	-5.3	3.8	2.9	4.1
Imports of services	4.7	10.5	5.4	3.0	-12.0	20.7	17.3	0.4	2.3	3.7	3.9

Table 1: Main macroeconomic indicators of Slovenia - continue

Real growth rates in %, unless otherwise indicated

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
BALANCE OF PAYMENTS STATISTICS											
Current account balance in EUR m	2,114	2,896	2,960	3,105	3,586	1,951	-637	2,858	1,839	1,649	1,570
- As a per cent share relative to GDP	5.3	6.8	6.5	6.4	7.7	3.8	-1.1	4.5	2.8	2.3	2.1
External balance of goods and services in EUR m	3,467	3,872	3,898	4,206	4,247	3,082	1,010	4,019	3,195	3,265	3,380
- As a per cent share relative to GDP	8.7	9.1	8.6	8.7	9.1	5.9	1.8	6.3	4.8	4.6	4.5
FINAL DOMESTIC DEMAND											
Final consumption	3.6	2.1	3.1	4.6	-3.5	9.3	3.6	0.7	3.5	2.3	2.8
As a % of GDP	72.5	70.7	69.9	70.5	70.8	72.3	73.8	71.4	72.5	72.5	72.6
in which:											
Private consumption	4.1	2.5	3.4	5.5	-6.1	10.5	5.3	0.1	1.6	2.5	2.4
As a % of GDP	53.3	52.1	51.5	52.0	50.1	51.4	54.4	52.1	51.8	51.7	51.3
Government consumption	2.3	0.9	2.3	1.9	4.1	6.2	-0.7	2.4	8.5	1.7	4.1
As a % of GDP	19.2	18.6	18.4	18.5	20.7	20.8	19.4	19.2	20.7	20.8	21.3
Gross fixed capital formation	-3.0	9.5	10.6	4.9	-7.2	12.3	4.2	3.9	0.0	3.5	3.5
As a % of GDP	17.8	18.5	19.5	19.8	19.0	20.3	21.9	21.3	20.9	21.0	21.2
EXCHANGE RATE AND PRICES											
Ratio of USD to EUR	1.107	1.129	1.181	1.120	1.141	1.184	1.054	1.082	1.086	1.091	1.091
Real effective exchange rate - deflated by CPI[2]	0.2	0.4	0.9	-0.4	-0.5	-0.4	-0.4	2.4	0.0	1.0	0.3
Inflation (end of the year), %[3]	0.5	1.7	1.4	1.8	-1.1	4.9	10.3	4.2	2.3	3.3	2.2
Inflation (year average), %[3]	-0.1	1.4	1.7	1.6	-0.1	1.9	8.8	7.4	2.1	3.3	2.3
Brent Crude Oil Price USD / barrel	44.8	54.3	71.0	64.3	41.8	70.7	100.8	82.5	81.9	75.7	73.0

Source: SURS, BoS, Eurostat, calculations and forecasts by IMAD.
Note: [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

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
A	Agriculture, forestry and fishing	740.8	721.7	905.3	852.6	886.8	786.2	973.3	971.6	1,170.0	1,162.9	1,152.5
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	9,283.7	10,002.6	10,534.3	11,275.7	11,076.9	11,887.5	12,560.8	15,036.0	15,301.5	16,054.4	16,875.9
	of which: C Manufacturing	8,095.0	8,798.2	9,277.2	9,907.9	9,589.7	10,381.3	11,340.0	12,530.8	13,063.8	13,862.5	14,594.0
F	Construction	1,759.9	1,945.8	2,227.9	2,475.9	2,451.5	2,769.1	3,379.2	3,958.1	3,942.3	4,360.3	4,602.0
GHI	Trade, transportation and storage, accommodation and food service activities	7,202.4	7,765.7	8,367.1	8,766.6	7,954.9	9,102.0	10,164.4	11,372.6	11,760.1	12,586.1	13,351.6
J	Information and communication	1,356.2	1,453.9	1,509.5	1,721.2	1,795.9	2,020.3	2,209.9	2,463.2	2,672.8	2,942.1	3,180.0
K	Financial and insurance activities	1,324.4	1,394.1	1,501.0	1,573.3	1,594.4	1,905.9	2,074.7	2,738.5	2,840.5	3,148.5	3,329.7
L	Real estate activities	2,679.3	2,766.0	2,900.0	3,016.4	3,058.4	3,274.4	3,794.2	4,107.6	4,310.5	4,432.7	4,621.4
MN	Professional, scientific, technical, administrative and support services	3,390.1	3,718.3	4,013.1	4,190.9	3,898.4	4,433.6	5,073.4	5,593.7	5,946.9	6,218.9	6,735.7
OPQ	Public administration, education, human health and social work	5,807.5	6,091.4	6,425.3	6,903.3	7,542.9	8,382.9	8,545.0	9,382.4	9,797.9	10,368.3	10,840.1
RST	Other service activities	894.3	930.2	971.7	1,045.2	879.2	968.0	1,185.2	1,273.6	1,437.3	1,553.0	1,721.3
1. TOTAL VALUE ADDED		**34,438.5**	**36,789.8**	**39,355.4**	**41,821.1**	**41,139.2**	**45,529.7**	**49,959.9**	**56,897.4**	**59,179.7**	**62,827.2**	**66,410.1**
2. CORRECTIONS (a-b)		5,574.7	5,835.7	6,107.0	6,335.4	5,599.5	6,492.9	6,948.9	7,053.8	7,639.2	8,084.2	8,430.7
a) Taxes on products and services		5,626.8	5,889.7	6,167.1	6,402.9	5,654.7	6,578.9	7,057.7	7,569.0	7,841.9	8,247.8	8,600.3
b) Subsidies on products and services		52.1	54.0	60.0	67.5	55.3	85.9	108.8	515.2	202.7	163.5	169.6
3. GROSS DOMESTIC PRODUCT (3=1+2)		**40,013.2**	**42,625.5**	**45,462.4**	**48,156.5**	**46,738.7**	**52,022.6**	**56,908.8**	**63,951.2**	**66,818.9**	**70,911.4**	**74,840.8**

Source: SURS, forecasts by IMAD.

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

Structure in %, current prices

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
A	Agriculture, forestry and fishing	1.9	1.7	2.0	1.8	1.9	1.5	1.7	1.5	1.8	1.6	1.5
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	23.2	23.5	23.2	23.4	23.7	22.9	22.1	23.5	22.9	22.6	22.5
	of which: C Manufacturing	20.2	20.6	20.4	20.6	20.5	20.0	19.9	19.6	19.6	19.5	19.5
F	Construction	4.4	4.6	4.9	5.1	5.2	5.3	5.9	6.2	5.9	6.1	6.1
GHI	Trade, transportation and storage, accommodation and food service activities	18.0	18.2	18.4	18.2	17.0	17.5	17.9	17.8	17.6	17.7	17.8
J	Information and communication	3.4	3.4	3.3	3.6	3.8	3.9	3.9	3.9	4.0	4.1	4.2
K	Financial and insurance activities	3.3	3.3	3.3	3.3	3.4	3.7	3.6	4.3	4.3	4.4	4.4
L	Real estate activities	6.7	6.5	6.4	6.3	6.5	6.3	6.7	6.4	6.5	6.3	6.2
MN	Professional, scientific, technical, administrative and support services	8.5	8.7	8.8	8.7	8.3	8.5	8.9	8.7	8.9	8.8	9.0
OPQ	Public administration, education, human health and social work	14.5	14.3	14.1	14.3	16.1	16.1	15.0	14.7	14.7	14.6	14.5
RST	Other service activities	2.2	2.2	2.1	2.2	1.9	1.9	2.1	2.0	2.2	2.2	2.3
1. TOTAL VALUE ADDED		**86.1**	**86.3**	**86.6**	**86.8**	**88.0**	**87.5**	**87.8**	**89.0**	**88.6**	**88.6**	**88.7**
2. CORRECTIONS (a-b)		13.9	13.7	13.4	13.2	12.0	12.5	12.2	11.0	11.4	11.4	11.3
a) Taxes on products and services		14.1	13.8	13.6	13.3	12.1	12.6	12.4	11.8	11.7	11.6	11.5
b) Subsidies on products and services		0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.8	0.3	0.2	0.2
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: 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 2023 prices		
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
A	Agriculture, forestry and fishing	743.5	696.5	845.7	866.0	913.2	759.6	788.3	935.6	990.6	1,000.0	1,010.5
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	9,332.0	9,951.2	10,391.0	11,166.2	10,972.9	11,897.8	11,635.6	13,024.2	15,219.4	15,500.8	15,849.6
	of which: C Manufacturing	8,107.6	8,727.1	9,122.8	9,931.7	9,675.4	10,446.2	10,029.9	11,492.7	12,706.2	12,960.4	13,271.4
F	Construction	1,693.2	1,917.0	2,124.0	2,409.7	2,471.9	2,635.1	2,999.4	3,851.4	3,916.5	4,012.5	4,114.9
GHI	Trade, transportation and storage, accommodation and food service activities	7,190.0	7,801.2	8,158.0	8,669.8	8,060.4	8,803.8	9,225.6	10,268.3	11,469.4	11,784.9	12,144.2
J	Information and communication	1,321.3	1,423.8	1,537.2	1,672.0	1,781.4	2,028.5	2,213.2	2,353.7	2,585.2	2,731.2	2,896.5
K	Financial and insurance activities	1,384.9	1,318.9	1,403.8	1,556.8	1,589.5	1,966.7	1,942.4	2,023.6	2,764.5	2,846.1	2,932.9
L	Real estate activities	2,588.9	2,722.8	2,822.8	2,956.2	3,017.1	3,145.1	3,368.2	3,822.2	4,187.7	4,227.6	4,271.9
MN	Professional, scientific, technical, administrative and support services	3,383.7	3,662.3	3,963.7	3,951.6	3,786.0	4,243.7	4,891.0	5,182.8	5,702.8	5,825.5	6,014.8
OPQ	Public administration, education, human health and social work	5,585.3	5,918.0	6,211.6	6,532.5	7,070.1	7,862.4	8,537.0	8,577.3	9,509.2	9,656.6	9,854.6
RST	Other service activities	879.4	912.6	947.9	1,010.8	879.4	939.6	1,129.4	1,187.4	1,311.2	1,356.4	1,404.0
1. TOTAL VALUE ADDED		**34,102.1**	**36,324.4**	**38,405.8**	**40,791.4**	**40,541.9**	**44,282.3**	**46,730.3**	**51,226.4**	**57,656.5**	**58,941.8**	**60,493.9**
2. CORRECTIONS (a-b)		5,559.8	5,759.2	6,086.3	6,264.6	5,647.4	6,377.6	6,696.6	6,884.6	7,227.3	7,479.4	7,613.1
a) Taxes on products and services		5,610.5	5,814.2	6,143.7	6,325.4	5,694.1	6,461.0	6,812.5	6,988.0	7,603.1	7,774.3	7,949.2
b) Subsidies on products and services		50.7	55.0	57.4	60.7	46.7	83.4	116.0	103.4	375.8	294.8	336.1
3. GROSS DOMESTIC PRODUCT (3=1+2)		**39,662.0**	**42,083.6**	**44,492.1**	**47,056.0**	**46,189.3**	**50,659.9**	**53,426.9**	**58,111.0**	**64,883.8**	**66,421.2**	**68,107.0**

Source: SURS, forecasts by IMAD.

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

Real growth rates in %

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
											forecast	
A	Agriculture, forestry and fishing	-2.1	-6.0	17.2	-4.3	7.1	-14.3	0.3	-3.9	2.0	1.0	1.0
BCDE	Mining and quarrying, manufacturing, electricity and water supply, waste management	5.1	7.2	3.9	6.0	-2.7	7.4	-2.1	3.7	1.2	1.8	2.2
	of which: C Manufacturing	5.4	7.8	3.7	7.1	-2.3	8.9	-3.4	1.3	1.4	2.0	2.4
F	Construction	-3.6	8.9	9.2	8.2	-0.2	7.5	8.3	14.0	-1.0	2.5	2.5
GHI	Trade, transportation and storage, accommodation and food service activities	5.7	8.3	5.1	3.6	-8.1	10.7	1.4	1.0	0.9	2.8	3.0
J	Information and communication	-0.5	5.0	5.7	10.8	3.5	13.0	9.6	6.5	5.0	5.7	6.0
K	Financial and insurance activities	2.8	-0.4	0.7	3.7	1.0	23.4	1.9	-2.5	1.0	3.0	3.0
L	Real estate activities	-0.5	1.6	2.1	1.9	0.0	2.8	2.9	0.7	2.0	1.0	1.0
MN	Professional, scientific, technical, administrative and support services	3.0	8.0	6.6	-1.5	-9.7	8.9	10.3	2.2	2.0	2.2	3.2
OPQ	Public administration, education, human health and social work	2.3	1.9	2.0	1.7	2.4	4.2	1.8	0.4	1.4	1.6	2.0
RST	Other service activities	5.1	2.0	1.9	4.0	-15.9	6.9	16.7	0.2	3.0	3.5	3.5
1. TOTAL VALUE ADDED		**3.2**	**5.5**	**4.4**	**3.6**	**-3.1**	**7.6**	**2.6**	**2.5**	**1.3**	**2.2**	**2.6**
2. CORRECTIONS (a-b)		2.3	3.3	4.3	2.6	-10.9	13.9	3.1	-0.9	2.5	3.5	1.8
a) Taxes on products and services		2.3	3.3	4.3	2.6	-11.1	14.3	3.6	-1.0	0.5	2.3	2.2
b) Subsidies on products and services		0.0	5.6	6.3	1.2	-30.8	50.8	34.9	-4.9	-27.0	-21.5	14.0
3. GROSS DOMESTIC PRODUCT (3=1+2)		**3.0**	**5.2**	**4.4**	**3.5**	**-4.1**	**8.4**	**2.7**	**2.1**	**1.5**	**2.4**	**2.5**

Source: SURS, forecasts by IMAD.

Table 4a: Gross domestic product and primary incomes

EUR million, current prices

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
1. Compensation of employees	19,740.7	21,011.3	22,584.4	24,391.7	25,114.3	27,424.8	29,534.5	32,713.9	35,167.4	37,749.6	40,246.7
Wages and salaries	16,941.7	18,035.1	19,374.3	20,940.0	21,506.6	23,484.5	25,355.7	28,123.4	30,232.7	32,368.9	34,326.7
Employers' social contributions	2,799.0	2,976.2	3,210.1	3,451.7	3,607.7	3,940.4	4,178.8	4,590.4	4,934.7	5,380.8	5,920.0
2. Taxes on production and imports	**6,130.0**	**6,408.8**	**6,714.3**	**6,985.2**	**6,216.8**	**7,189.5**	**7,773.8**	**8,346.0**	**8,651.2**	**9,089.9**	**9,471.0**
Taxes on products and services	5,626.8	5,889.7	6,167.1	6,402.9	5,654.7	6,578.9	7,057.7	7,569.0	7,841.9	8,247.8	8,600.3
Other taxes on production	503.2	519.1	547.2	582.4	562.1	610.6	716.1	776.9	809.3	842.2	870.7
3. Subsidies	**694.3**	**718.8**	**729.8**	**742.2**	**2,219.4**	**1,637.2**	**1,009.5**	**1,476.4**	**1,036.3**	**940.4**	**988.1**
Subsidies on products and services	52.1	54.0	60.0	67.5	55.3	85.9	108.8	515.2	202.7	163.5	169.6
Other subsidies on production	642.2	664.8	669.8	674.8	2,164.1	1,551.2	900.7	961.2	833.6	776.9	818.5
4. Gross operating surplus / mixed income	**14,836.8**	**15,924.2**	**16,893.5**	**17,521.8**	**17,626.9**	**19,045.5**	**20,610.0**	**24,367.8**	**24,036.6**	**25,012.3**	**26,111.2**
Consumption of fixed capital	7,759.8	7,916.8	8,183.7	8,487.7	8,722.6	9,450.4	10,877.4	11,515.5	11,835.0	12,320.0	12,820.0
Net operating surplus	7,076.9	8,007.4	8,709.8	9,034.1	8,904.3	9,595.2	9,732.7	12,852.2	12,201.6	12,692.3	13,291.2
5. Gross domestic product (5=1+2-3+4)	**40,013.2**	**42,625.5**	**45,462.4**	**48,156.5**	**46,738.7**	**52,022.6**	**56,908.8**	**63,951.2**	**66,818.9**	**70,911.4**	**74,840.8**

Source: SURS, forecasts by IMAD.

Table 4b: Gross domestic product and primary incomes

Structure in %, current prices

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
1. Compensation of employees	49.3	49.3	49.7	50.7	53.7	52.7	51.9	51.2	52.6	53.2	53.8
Wages and salaries	42.3	42.3	42.6	43.5	46.0	45.1	44.6	44.0	45.2	45.6	45.9
Employers' social contributions	7.0	7.0	7.1	7.2	7.7	7.6	7.3	7.2	7.4	7.6	7.9
2. Taxes on production and imports	**15.3**	**15.0**	**14.8**	**14.5**	**13.3**	**13.8**	**13.7**	**13.1**	**12.9**	**12.8**	**12.7**
Taxes on products and services	14.1	13.8	13.6	13.3	12.1	12.6	12.4	11.8	11.7	11.6	11.5
Other taxes on production	1.3	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2	1.2
3. Subsidies	**1.7**	**1.7**	**1.6**	**1.5**	**4.7**	**3.1**	**1.8**	**2.3**	**1.6**	**1.3**	**1.3**
Subsidies on products and services	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.8	0.3	0.2	0.2
Other subsidies on production	1.6	1.6	1.5	1.4	4.6	3.0	1.6	1.5	1.2	1.1	1.1
4. Gross operating surplus / mixed income	**37.1**	**37.4**	**37.2**	**36.4**	**37.7**	**36.6**	**36.2**	**38.1**	**36.0**	**35.3**	**34.9**
Consumption of fixed capital	19.4	18.6	18.0	17.6	18.7	18.2	19.1	18.0	17.7	17.4	17.1
Net operating surplus	17.7	18.8	19.2	18.8	19.1	18.4	17.1	20.1	18.3	17.9	17.8
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: SURS, forecasts by IMAD.

Table 5a: Gross domestic product by expenditures

EUR million, current prices

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**40,013.2**	**42,625.5**	**45,462.4**	**48,156.5**	**46,738.7**	**52,022.6**	**56,908.8**	**63,951.2**	**66,818.9**	**70,911.4**	**74,840.8**
2	EXPORTS OF GOODS AND SERVICES	31,385.0	35,755.1	38,901.6	40,623.4	36,583.2	43,687.2	53,484.4	53,240.1	53,521.3	55,396.4	58,030.9
3	IMPORTS OF GOODS AND SERVICES	27,929.9	31,892.4	35,026.5	36,448.3	32,379.3	40,632.5	52,490.9	49,144.9	50,225.5	52,007.9	54,537.7
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	3,455.0	3,862.6	3,875.1	4,175.1	4,204.0	3,054.7	993.5	4,095.2	3,295.8	3,388.6	3,493.2
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	36,558.1	38,762.8	41,587.3	43,981.4	42,534.7	48,967.9	55,915.3	59,856.0	63,523.0	67,522.9	71,347.6
6	FINAL CONSUMPTION (6=7+8)	29,016.5	30,131.0	31,785.2	33,948.2	33,098.4	37,598.2	42,018.7	45,642.1	48,421.0	51,433.2	54,324.4
7	PRIVATE CONSUMPTION	21,325.3	22,197.0	23,416.2	25,049.0	23,414.6	26,762.8	30,973.0	33,344.6	34,603.7	36,650.5	38,369.3
	- Households	20,965.9	21,821.1	23,012.7	24,620.0	23,002.5	26,278.8	30,341.7	32,665.2	33,898.7	35,909.4	37,598.7
	- NPISH's	359.4	375.9	403.5	429.0	412.1	484.0	631.3	679.4	705.1	741.0	770.6
8	GOVERNMENT CONSUMPTION	7,691.1	7,934.1	8,369.1	8,899.2	9,683.7	10,835.4	11,045.7	12,297.6	13,817.2	14,782.7	15,955.1
9	GROSS CAPITAL FORMATION (9=10+11)	7,541.6	8,631.8	9,802.1	10,033.2	9,436.4	11,369.7	13,896.6	14,213.9	15,102.1	16,089.7	17,023.2
10	GROSS FIXED CAPITAL FORMATION	7,114.3	7,883.0	8,878.9	9,514.9	8,891.5	10,545.6	12,475.3	13,644.2	13,965.0	14,893.1	15,884.7
11	CHANGES IN INVENTORIES AND VALUABLES	427.3	748.7	923.2	518.2	544.9	824.2	1,421.2	569.7	1,137.1	1,196.6	1,138.5

Source: SURS, forecasts by IMAD.

Table 5b: Gross domestic product by expenditures

Structure in %, current prices

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										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	78.4	83.9	85.6	84.4	78.3	84.0	94.0	83.3	80.1	78.1	77.5
3	IMPORTS OF GOODS AND SERVICES	69.8	74.8	77.0	75.7	69.3	78.1	92.2	76.8	75.2	73.3	72.9
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	8.6	9.1	8.5	8.7	9.0	5.9	1.7	6.4	4.9	4.8	4.7
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	91.4	90.9	91.5	91.3	91.0	94.1	98.3	93.6	95.1	95.2	95.3
6	FINAL CONSUMPTION (6=7+8)	72.5	70.7	69.9	70.5	70.8	72.3	73.8	71.4	72.5	72.5	72.6
7	PRIVATE CONSUMPTION	53.3	52.1	51.5	52.0	50.1	51.4	54.4	52.1	51.8	51.7	51.3
	- Households	52.4	51.2	50.6	51.1	49.2	50.5	53.3	51.1	50.7	50.6	50.2
	- NPISH's	0.9	0.9	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.0	1.0
8	GOVERNMENT CONSUMPTION	19.2	18.6	18.4	18.5	20.7	20.8	19.4	19.2	20.7	20.8	21.3
9	GROSS CAPITAL FORMATION (9=10+11)	18.8	20.3	21.6	20.8	20.2	21.9	24.4	22.2	22.6	22.7	22.7
10	GROSS FIXED CAPITAL FORMATION	17.8	18.5	19.5	19.8	19.0	20.3	21.9	21.3	20.9	21.0	21.2
11	CHANGES IN INVENTORIES AND VALUABLES	1.1	1.8	2.0	1.1	1.2	1.6	2.5	0.9	1.7	1.7	1.5

Source: SURS, forecasts by IMAD.

Table 6a: Gross domestic product by expenditures

EUR million

		constant previous year prices								constant 2023 prices		
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**39,662.0**	**42,083.6**	**44,492.1**	**47,056.0**	**46,189.3**	**50,659.9**	**53,426.9**	**58,111.0**	**64,883.8**	**66,421.2**	**68,107.0**
2	EXPORTS OF GOODS AND SERVICES	31,818.4	34,859.4	37,956.0	40,644.6	37,157.9	41,879.0	46,643.0	52,424.6	53,745.6	55,201.2	57,267.4
3	IMPORTS OF GOODS AND SERVICES	28,548.4	30,910.5	34,152.6	36,661.8	33,125.2	38,138.4	44,364.7	50,143.3	50,866.0	52,389.3	54,543.0
4	EXTERNAL BALANCE OF GOODS AND SERVICES (4=2-3)	3,270.0	3,948.9	3,803.4	3,982.8	4,032.7	3,740.6	2,278.3	2,281.2	2,879.7	2,811.9	2,724.4
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	36,392.0	38,134.7	40,688.7	43,073.2	42,156.5	46,919.3	51,148.6	55,829.8	62,004.2	63,609.3	65,382.6
6	FINAL CONSUMPTION (6=7+8)	28,891.6	29,619.0	31,067.0	33,235.5	32,770.7	36,168.2	38,936.1	42,324.6	47,243.8	48,336.1	49,703.4
7	PRIVATE CONSUMPTION	21,424.8	21,860.2	22,952.9	24,703.8	23,508.6	25,884.5	28,181.0	31,018.6	33,894.8	34,753.5	35,570.5
	- Households	21,071.1	21,490.8	22,557.8	24,288.5	23,092.1	25,411.0	27,591.2	30,390.0	33,204.1	34,050.8	34,856.1
	- NPISH's	353.7	369.4	395.1	415.3	416.5	473.5	589.8	628.6	690.6	702.7	714.4
8	GOVERNMENT CONSUMPTION	7,466.8	7,758.8	8,114.1	8,531.7	9,262.1	10,283.8	10,755.1	11,306.0	13,349.0	13,582.6	14,132.9
9	GROSS CAPITAL FORMATION (9=10+11)	7,500.4	8,515.7	9,621.8	9,837.8	9,385.9	10,751.0	12,212.5	13,505.2	14,760.4	15,273.2	15,679.2
10	GROSS FIXED CAPITAL FORMATION	7,067.3	7,788.3	8,717.0	9,316.6	8,831.4	9,982.8	10,986.5	12,958.6	13,651.0	14,134.3	14,622.0
11	CHANGES IN INVENTORIES AND VALUABLES	433.1	727.5	904.8	521.1	554.5	768.2	1,226.0	546.5	1,109.4	1,138.9	1,057.2

Source: SURS, forecasts by IMAD.

Table 6b: Gross domestic product by expenditures

Real growth rates in %

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast		
1	**GROSS DOMESTIC PRODUCT (1=4+5)**	**3.0**	**5.2**	**4.4**	**3.5**	**-4.1**	**8.4**	**2.7**	**2.1**	**1.5**	**2.4**	**2.5**
2	EXPORTS OF GOODS AND SERVICES	6.4	11.1	6.2	4.5	-8.5	14.5	6.8	-2.0	0.9	2.7	3.7
3	IMPORTS OF GOODS AND SERVICES	6.6	10.7	7.1	4.7	-9.1	17.8	9.2	-4.5	3.5	3.0	4.1
4	*EXTERNAL BALANCE OF GOODS AND SERVICES*[1]	*0.4*	*1.2*	*-0.1*	*0.2*	*-0.3*	*-1.0*	*-1.5*	*2.3*	*-1.9*	*-0.1*	*-0.1*
5	TOTAL DOMESTIC CONSUMPTION (5=6+9)	2.9	4.3	5.0	3.6	-4.1	10.3	4.5	-0.2	3.6	2.6	2.8
6	FINAL CONSUMPTION (6=7+8)	3.6	2.1	3.1	4.6	-3.5	9.3	3.6	0.7	3.5	2.3	2.8
7	PRIVATE CONSUMPTION	4.1	2.5	3.4	5.5	-6.1	10.5	5.3	0.1	1.6	2.5	2.4
	- Households	4.1	2.5	3.4	5.5	-6.2	10.5	5.0	0.2	1.6	2.5	2.4
	- NPISH's	4.0	2.8	5.1	2.9	-2.9	14.9	21.9	-0.4	1.6	1.7	1.7
8	GOVERNMENT CONSUMPTION	2.3	0.9	2.3	1.9	4.1	6.2	-0.7	2.4	8.5	1.7	4.1
9	GROSS CAPITAL FORMATION (9=10+11)	0.1	12.9	11.5	0.4	-6.5	13.9	7.4	-2.8	3.8	3.5	2.7
10	GROSS FIXED CAPITAL FORMATION	-3.0	9.5	10.6	4.9	-7.2	12.3	4.2	3.9	0.0	3.5	3.5
11	*CHANGES IN INVENTORIES AND VALUABLES*[1]	*0.6*	*0.8*	*0.4*	*-0.9*	*0.1*	*0.5*	*0.8*	*-1.5*	*0.8*	*0.0*	*-0.1*

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

Table 7: Balance of payments - balance of payments statistics

EUR million

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
										forecast	
I. CURRENT ACCOUNT	**2,114**	**2,896**	**2,960**	**3,105**	**3,586**	**1,951**	**-637**	**2,858**	**1,839**	**1,649**	**1,570**
1. GOODS	1,524	1,617	1,272	1,298	2,333	882	-2,459	431	-225	-346	-489
1.1. Exports of goods	24,883	28,372	30,808	31,999	29,622	35,255	42,328	41,420	41,537	42,686	44,533
1.2. Imports of goods	23,360	26,756	29,535	30,701	27,289	34,373	44,787	40,990	41,762	43,032	45,022
2. SERVICES	1,943	2,255	2,625	2,909	1,913	2,200	3,469	3,589	3,419	3,611	3,869
2.1. Exports	6,518	7,395	8,126	8,660	6,985	8,473	11,219	11,906	12,051	12,764	13,574
- Transport	1,839	2,164	2,431	2,512	2,316	2,658	3,397	3,310	3,321	3,462	3,652
- Travel	2,271	2,523	2,704	2,843	1,237	1,685	2,972	3,271	3,400	3,596	3,787
- Other	2,409	2,708	2,991	3,305	3,433	4,130	4,850	5,324	5,329	5,706	6,135
2.2. Imports	4,575	5,140	5,500	5,751	5,072	6,273	7,750	8,317	8,632	9,153	9,705
- Transport	917	1,098	1,107	1,185	1,128	1,553	1,914	1,589	1,596	1,666	1,759
- Travel	1,176	1,322	1,483	1,500	805	1,173	1,833	2,434	2,557	2,734	2,872
- Other	2,482	2,720	2,911	3,066	3,138	3,547	4,003	4,294	4,478	4,753	5,074
1., 2. EXTERNAL BALANCE OF GOODS AND SERVICES	**3,467**	**3,872**	**3,898**	**4,206**	**4,247**	**3,082**	**1,010**	**4,019**	**3,195**	**3,265**	**3,380**
Exports of goods and services	31,402	35,768	38,933	40,659	36,608	43,728	53,547	53,326	53,588	55,451	58,107
Imports of goods and services	27,935	31,896	35,035	36,453	32,361	40,645	52,537	49,306	50,393	52,186	54,726
3. PRIMARY INCOME	**-943**	**-660**	**-548**	**-617**	**-120**	**-505**	**-907**	**-638**	**-733**	**-975**	**-1,120**
3.1. Receipts	1,225	1,342	1,557	1,660	1,636	1,968	2,077	3,037	3,244	3,166	3,150
- Compensation of employees	355	385	486	526	570	598	676	761	795	820	835
- Investment	636	703	802	846	714	1,002	1,102	2,046	2,124	1,932	1,868
- Other primary income	235	255	269	288	351	368	299	229	325	414	447
3.2. Expenditure	2,168	2,003	2,104	2,276	1,756	2,473	2,984	3,675	3,977	4,141	4,270
- Compensation of employees	132	149	173	195	178	202	236	294	320	355	390
- Investment	1,977	1,787	1,865	2,010	1,508	2,182	2,633	3,285	3,495	3,603	3,707
- Other primary income	59	67	66	71	70	90	115	96	162	183	173
4. SECONDARY INCOME	**-410**	**-316**	**-390**	**-484**	**-541**	**-626**	**-739**	**-523**	**-623**	**-641**	**-690**
4.1. Receipts	754	878	927	1,002	1,061	1,157	1,314	1,734	1,635	1,729	1,762
4.2. Expenditure	1,163	1,194	1,318	1,486	1,601	1,783	2,053	2,257	2,258	2,369	2,452
II. CAPITAL ACCOUNT	**-333**	**-334**	**-209**	**-210**	**-241**	**171**	**-158**	**8**			
1. Non-produced non-financial assets	-45	-76	-24	-59	-96	-86	-198	-378			
2. Capital transfers	-288	-258	-185	-152	-146	257	40	386			
III. FINANCIAL ACCOUNT	**1,183**	**2,112**	**2,537**	**2,014**	**3,670**	**1,774**	**-1,784**	**2,160**			
1. Direct investment	-864	-495	-934	-762	262	-414	-1,416	-572			
- Assets	434	570	373	1,157	708	1,442	767	766			
- Liabilities	1,298	1,065	1,307	1,919	446	1,856	2,183	1,338			
2. Portfolio investment	5,024	2,990	744	734	-1,136	2,778	-12	-253			
3 Financial derivatives	-270	-185	-81	-163	53	30	-79	138			
4. Other investment	-2,611	-287	2,757	2,168	4,325	-1,444	-446	2,845			
4.1. Assets	-2,219	-1,375	2,052	3,274	4,830	2,923	2,980	5,788			
4.2. Liabilities	392	-1,088	-705	1,106	505	4,367	3,426	2,943			
5. Reserve assets	-97	89	52	37	166	824	168	2			
IV. NET ERRORS AND OMISSIONS	**-598**	**-450**	**-214**	**-881**	**325**	**-349**	**-989**	**-706**			

Source: BoS, 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' (2009).

Table 8: Labour market

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
LABOUR SUPPLY											
Activity rate (20-64 years, in %)	76.2	78.6	79.5	79.9	79.5	79.8	81.1	81.1	81.5	82.0	82.4
Active population (ILO definition - in thousands)	995	1,027	1,033	1,028	1029	1,020	1,027	1,029	1,033	1,038	1,043
- yearly growth (in %)	-1.3	3.2	0.7	-0.5	0.1	-0.9	0.8	0.2	0.4	0.5	0.4
EMPLOYMENT AND UNEMPLOYMENT											
Employment (National accounts concept, in thousands)	961.6	989.5	1,020.9	1,045.7	1038.4	1,051.9	1,082.4	1,100.2	1,105.3	1,111.5	1,116.7
- yearly growth (in %)	1.9	2.9	3.2	2.4	-0.7	1.3	2.9	1.6	0.5	0.6	0.5
Employment (ILO concept, in thousands)	915.1	959.0	980.5	982.3	978.1	971.7	986.2	989.4	991.4	996.9	1,001.6
- yearly growth (in %)	-0.3	4.8	2.2	0.2	-0.4	-0.7	1.5	0.3	0.2	0.6	0.5
Employment rate (20-64 yeras, in %)	70.1	73.4	75.4	76.4	76	76.1	77.9	78.4	78.6	79.0	79.5
Formal employment (statistical register, in thousands) *	817.2	845.5	872.8	894.2	888.9	900.3	922.0	933.7	946.2	952.0	956.9
- yearly growth (in %)	1.6	3.5	3.2	2.5	-0.6	1.3	2.4	1.3	1.3	0.6	0.5
Paid employment (in thousands)	730.5	755.3	780.2	801.9	794.6	804.4	824.1	833.4	843.1	848.3	852.8
- yearly growth (in %)	2.4	3.4	3.3	2.8	-0.9	1.2	2.4	1.1	1.2	0.6	0.5
Self employed (in thousands)	86.7	90.2	92.6	92.3	94.3	95.8	97.9	100.4	103.1	103.7	104.1
- yearly growth (in %)	-5.3	4.0	2.7	-0.3	2.1	1.6	2.1	2.6	2.8	0.5	0.4
Unemployment (ILO concept, in thousands)	79.7	67.5	52.8	45.7	51.1	47.8	41.3	39.8	38.5	37.9	37.9
- yearly growth (in %)	-11.9	-15.3	-21.8	-13.4	11.8	-6.5	-13.7	-3.6	-3.1	-1.5	-0.2
Unemployment (registered, in thousands)	103.2	88.6	78.5	74.2	85.0	74.3	56.7	48.7	45.7	44.6	44.1
- yearly growth (in %)	-8.5	-14.1	-11.5	-5.5	14.6	-12.6	-23.8	-14.0	-6.1	-2.5	-1.2
Unemployment rate (ILO concept, in %)	8.0	6.6	5.1	4.5	5.0	4.7	4.0	3.7	3.7	3.7	3.6
Unemployment rate (registered, in %)	11.2	9.5	8.2	7.7	8.7	7.6	5.8	5.0	4.6	4.5	4.4

Source: SURS, ESS, Eurostat, forecasts by IMAD.
Note: * According to the Statistical Register of Employment, including the estimate of self employed farmers.

Table 9: Indicators of international competitiveness

annual growth rates in %

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
									forecast		
Effective exchange rate[1]											
Nominal	0.9	0.5	0.8	-0.5	0.6	0.0	-1.7	0.8	0.3	0.1	0.0
Real - based on consumer prices	0.2	0.4	0.9	-0.4	-0.5	-0.4	-0.4	2.4	0.0	1.0	0.3
Real - based on ULC in economy as a whole	1.1	0.5	0.8	0.6	3.5	0.7	-0.2	3,3*	2.6	2.5	1.6
Unit labour costs components											
Nominal unit labour costs	2.0	0.8	2.8	4.2	7.5	0.9	5.2	9.0	6.1	4.9	3.9
Compensation of employees per employee	3.2	3.1	4.0	5.2	3.8	8.0	5.0	9.5	7.1	6.8	6.0
Labour productivity, real[2]	1.2	2.2	1.2	1.0	-3.4	7.0	-0.2	0.5	1.0	1.8	2.1
Real unit labour costs	1.1	-0.4	0.6	1.8	6.2	-1.7	-1.2	-1.0	3.0	1.2	0.9
Labour productivity, nominal[3]	2.1	3.5	3.4	3.4	-2.3	9.9	6.3	10.6	4.0	5.5	5.0

Source: SURS, ECB, Consensus Economics, Focus Economics, EC, OECD; calculations, estimate and forecasts by IMAD.
Note: [1] Harmonised effective exchange rate - 37 group of trading partners; 18 extra Euro area and 19 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). * Data for 2023 is IMAD estimate, which for Slovenia's nominal unit labour costs (NULC) takes into account the first annual GDP estimates for 2023 (published by SURS on 30 August 2024), which were not yet included in the ECB data at the time of the publication.

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

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2016	2017	2018	2019	2020	2021	2022	2023
I. TOTAL GENERAL GOVERNMENT REVENUES	**15,842**	**16,803**	**18,594**	**19,232**	**18,529**	**21,383**	**23,311**	**25,035**
TAX REVENUES	**14,240**	**15,162**	**16,225**	**17,179**	**16,460**	**18,786**	**20,557**	**21,977**
TAXES ON INCOME AND PROFIT	2,681	2,967	3,296	3,614	3,262	3,981	4,517	4,601
Personal income tax	2,079	2,197	2,447	2,592	2,487	2,845	2,944	3,192
Corporate income tax	599	766	846	997	773	1,115	1,553	1,393
SOCIAL SECURITY CONTRIBUTIONS	5,721	6,092	6,550	7,021	7,290	7,928	8,504	9,258
TAXSES ON PAYROLL AND WORKFORCE	20	21	22	23	22	24	27	28
TAXES ON PROPERTY	256	274	278	296	287	317	337	347
DOMESTIC TAXES ON GOODS AND SERVICES	5,433	5,723	5,989	6,127	5,493	6,359	6,884	7,509
Value added tax	3,272	3,504	3,757	3,872	3,528	4,231	4,747	5,147
Excise duties	1,551	1,585	1,560	1,543	1,314	1,470	1,446	1,659
TAXES ON INTERN. TRADE AND TRANSACTIONS	82	83	90	99	102	177	289	223
OTHER TAXES	48	1	0	-1	4	-1	0	11
NON-TAX REVENUES	**963**	**1,089**	**1,351**	**1,114**	**1,118**	**1,338**	**1,410**	**1,409**
CAPITAL REVENUES	96	91	153	136	147	228	268	288
DONATIONS RECEIVED	**10**	**9**	**12**	**14**	**18**	**22**	**57**	**38**
TRANSFERED REVENUES	**51**	**52**	**56**	**58**	**55**	**57**	**58**	**229**
RECEIPTS FROM THE EU BUDGET	**481**	**399**	**797**	**731**	**731**	**951**	**962**	**1,093**

Source: MF.

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

per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT REVENUES	2016	2017	2018	2019	2020	2021	2022	2023
I. TOTAL GENERAL GOVERNMENT REVENUES	**39.6**	**39.4**	**40.9**	**39.9**	**39.6**	**41.1**	**41.0**	**39.1**
TAX REVENUES	**35.6**	**35.6**	**35.7**	**35.7**	**35.2**	**36.1**	**36.1**	**34.4**
TAXES ON INCOME AND PROFIT	6.7	7.0	7.3	7.5	7.0	7.7	7.9	7.2
Personal income tax	5.2	5.2	5.4	5.4	5.3	5.5	5.2	5.0
Corporate income tax	1.5	1.8	1.9	2.1	1.7	2.1	2.7	2.2
SOCIAL SECURITY CONTRIBUTIONS	14.3	14.3	14.4	14.6	15.6	15.2	14.9	14.5
TAXSES ON PAYROLL AND WORKFORCE	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
TAXES ON PROPERTY	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5
DOMESTIC TAXES ON GOODS AND SERVICES	13.6	13.4	13.2	12.7	11.8	12.2	12.1	11.7
Value added tax	8.2	8.2	8.3	8.0	7.5	8.1	8.3	8.0
Excise duties	3.9	3.7	3.4	3.2	2.8	2.8	2.5	2.6
TAXES ON INTERN. TRADE AND TRANSACTIONS	0.2	0.2	0.2	0.2	0.2	0.3	0.5	0.3
OTHER TAXES	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NON-TAX REVENUES	**2.4**	**2.6**	**3.0**	**2.3**	**2.4**	**2.6**	**2.5**	**2.2**
CAPITAL REVENUES	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.5
DONATIONS RECEIVED	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**
TRANSFERED REVENUES	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.4**
RECEIPTS FROM THE EU BUDGET	**1.2**	**0.9**	**1.8**	**1.5**	**1.6**	**1.8**	**1.7**	**1.7**

Source: MF, SURS.

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

EUR million, current prices

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2016	2017	2018	2019	2020	2021	2022	2023
II. TOTAL EXPENDITURES	**16,497**	**17,102**	**18,068**	**18,969**	**22,071**	**24,300**	**24,886**	**27,308**
CURRENT EXPENDITURE	**7,407**	**7,733**	**7,966**	**8,228**	**9,128**	**10,394**	**10,283**	**11,572**
WAGES AND OTHER PERSONNEL EXPENDITURE	3,278	3,406	3,583	3,837	4,285	5,020	4,729	5,260
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	508	533	585	634	681	730	752	833
PURCHASES OF GOODS AND SERVICES	2,371	2,627	2,634	2,728	3,021	3,351	3,557	3,869
INTEREST PAYMENTS	1,074	985	868	791	778	732	661	711
RESERVES	176	183	297	238	364	559	584	899
CURRENT TRANSFERS	**7,700**	**7,913**	**8,237**	**8,704**	**10,868**	**11,319**	**11,261**	**12,050**
SUBSIDIES	397	425	444	468	1,449	867	690	1,003
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	6,496	6,665	6,926	7,324	8,251	9,168	9,294	9,731
OTHER CURRENT TRANSFERS	807	822	867	912	1,168	1,284	1,277	1,316
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	**962**	**1,078**	**1,432**	**1,527**	**1,549**	**1,959**	**2,612**	**3,014**
CAPITAL EXPENDITURE	784	891	1,160	1,253	1,231	1,545	2,053	2,354
CAPITAL TRANSFERS	178	187	272	274	318	414	559	660
PAYMENTS TO THE EU BUDGET	**427**	**378**	**433**	**510**	**526**	**629**	**730**	**672**
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	**-654**	**-299**	**526**	**263**	**-3,542**	**-2,917**	**-1,575**	**-2,274**

Source: MF.

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

Per cent share relative to GDP

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE	2016	2017	2018	2019	2020	2021	2022	2023
II. TOTAL EXPENDITURES	**41.2**	**40.1**	**39.7**	**39.4**	**47.2**	**46.7**	**43.7**	**42.7**
CURRENT EXPENDITURE	**18.5**	**18.1**	**17.5**	**17.1**	**19.5**	**20.0**	**18.1**	**18.1**
WAGES AND OTHER PERSONNEL EXPENDITURE	8.2	8.0	7.9	8.0	9.2	9.7	8.3	8.2
EMPLOYER'S SOCIAL SECURITY CONTRIBUTIONS	1.3	1.2	1.3	1.3	1.5	1.4	1.3	1.3
PURCHASES OF GOODS AND SERVICES	5.9	6.2	5.8	5.7	6.5	6.4	6.2	6.0
INTEREST PAYMENTS	2.7	2.3	1.9	1.6	1.7	1.4	1.2	1.1
RESERVES	0.4	0.4	0.7	0.5	0.8	1.1	1.0	1.4
CURRENT TRANSFERS	**19.2**	**18.6**	**18.1**	**18.1**	**23.3**	**21.8**	**19.8**	**18.8**
SUBSIDIES	1.0	1.0	1.0	1.0	3.1	1.7	1.2	1.6
TRANSFERS TO INDIVIDUALS AND HOUSEHOLDS	16.2	15.6	15.2	15.2	17.7	17.6	16.3	15.2
OTHER CURRENT TRANSFERS	2.0	1.9	1.9	1.9	2.5	2.5	2.2	2.1
CAPITAL EXPENDITURE AND TRANSFERS - TOTAL	**2.4**	**2.5**	**3.1**	**3.2**	**3.3**	**3.8**	**4.6**	**4.7**
CAPITAL EXPENDITURE	2.0	2.1	2.6	2.6	2.6	3.0	3.6	3.7
CAPITAL TRANSFERS	0.4	0.4	0.6	0.6	0.7	0.8	1.0	1.0
PAYMENTS TO THE EU BUDGET	**1.1**	**0.9**	**1.0**	**1.1**	**1.1**	**1.2**	**1.3**	**1.1**
III. GENERAL GOVERNMENT SURPLUS / DEFICIT (I. - II.)	**-1.6**	**-0.7**	**1.2**	**0.5**	**-7.6**	**-5.6**	**-2.8**	**-3.6**

Source: MF, SURS.

Acronyms

AJPES	Agency for Public Legal Records and Related Services
APP	Asset Purchase Programme
BIS	Bank for International Settlements
BoS	Bank of Slovenia
CA	current account
CHP	combined heat and power
CO2	carbon dioxide
CPI	consumer price index
EC	European Commission
ECB	European Central Bank
EIA	U.S. Energy Information Administration
ESI	economic sentiment indicator
ESS	Employment Service of Slovenia
EU	European Union
EUR	euro
EUROSTAT	Statistical Office of the European Union
FED	Federal Reserve
GDP	gross domestic product
GFS	government finance statistics
HICP	harmonised index of consumer prices
ICT	information and communication technology
ILO	International Labour Organization
IMAD	Institute of Macroeconomic Analysis and Development
IMF	International Monetary Fund
MF	Ministry of Finance
NEIG	non-energy industrial goods
NPISH	non-profit institutions serving households
NULC	nominal unit labour costs
OECD	Organisation for Economic Cooperation and Development
p.p.	percentage point
PEPP	Pandemic Emergency Purchase Programme
PMI	Purchasing Managers' Index
PPS	purchasing power standard
RES	renewable energy resources
RS	The Republic of Slovenia
S&P	Standard and Poor's
SNA	System of National Accounts
SURS	Statistical Office of the Republic of Slovenia
US	United States of America
USD	US dollar
VAT	value added tax
WIIW	Wiener Institut für Internationale Wirtschaftsvergleiche
ZZZS	Health Insurance Institute of Slovenia

Abbreviations of the Standard Classification of Activities (SKD 2008)

A – agriculture, forestry and fishing, **B** – mining and quarrying, **C** – manufacturing, **10** – manufacture of food products, **11** – manufacture of beverages, **12** – manufacture of tobacco products, **13** – manufacture of textiles, **14** – manufacture of wearing apparel, **15** – manufacture of leather and related products, **16** – manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials, **17** – manufacture of paper and paper products, **18** – printing and reproduction of recorded media, **19** − manufacture of coke and refined petroleum products, **20** – manufacture of chemicals and chemical products, **21** − manufacture of basic pharmaceutical products and pharmaceutical preparations, **22** – manufacture of rubber and plastic products, **23** – manufacture of other non-metallic mineral products, **24** – manufacture of basic metals, **25** – manufacture of fabricated metal products, except machinery and equipment, **26** – manufacture of computer, electronic and optical products, **27** – manufacture of electrical equipment, **28** – manufacture of machinery and equipment n.e.c., **29** – manufacture of motor vehicles, trailers and semi-trailers, **30** − manufacture of other transport equipment, **31** – manufacture of furniture, **32** – other manufacturing, **33** – Repair and installation of machinery and equipment, **D** – electricity, gas, steam and air conditioning supply, **E** – water supply, sewerage, waste management and remediation activities, **F** – construction, **G** – wholesale and retail trade, repair of motor vehicles and motorcycles, **H** – transportation and storage, **I** – accommodation and food service activities, **J** – information and communication, **K** – financial and insurance activities, **L** – real estate activities, **M** – professional, scientific and technical activities, **N** – administrative and support service activities, **O** – public administration and defence, compulsory social security, **P** – education, **Q** – human health and social work activities, **R** – arts, entertainment and recreation, **S** – other service activities, **T** – activities of households as employers; undifferentiated goods- and services-producing activities of households for own use, **U** – activities of extraterritorial organisations and bodies.

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