

SPRING FORECAST OF ECONOMIC TRENDS 2023

HIGHLIGHTS

The spring forecast was prepared against the background of significantly lower uncertainty about energy supply and energy prices than in the autumn. Accordingly, the outlook for economic growth in Slovenia's main trading partners improved at the beginning of this year, although it will still be significantly lower than last year. In addition to the international economic environment, fiscal stimulus will also have an impact on GDP growth in Slovenia this year.

Growth in external trade and the export sector will slow this year, related to the slowdown in economic growth in our main trading partners and continued cost pressures, which have been easing in the international environment.

Growth in gross fixed capital formation will be moderate this year, mainly supported by government investment, while private investment activity will be lower in 2023 as a whole than last year.

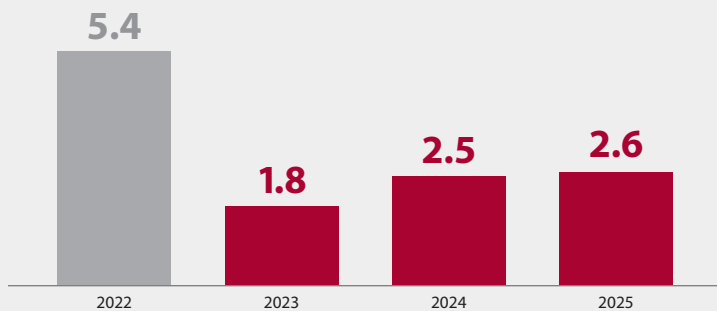
Private consumption will grow at a much slower pace this year than last year, as relatively high inflation and tighter credit conditions will further weaken household purchasing power. Private consumption growth, which will be modest, will be supported by high employment and moderate wage growth, a somewhat lower current savings rate and government measures to mitigate rising energy prices.

RISKS

Uncertainty in the international environment is lower than in the autumn, but remains high and is related mainly to the course of the war in Ukraine and energy market conditions. Risks to the forecast are therefore less pronounced and more balanced than a few months ago.

ECONOMIC GROWTH

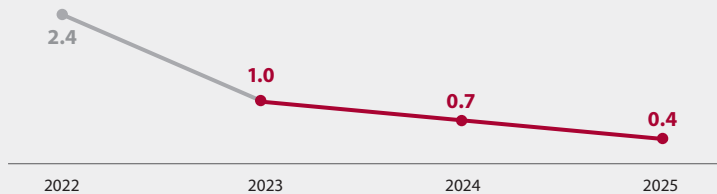
Real growth, in %



Economic growth is expected to slow significantly this year (1.8%), but will still be higher than expected in the Autumn Forecast (1.4%). We expect investment growth to remain moderate, supported by public and EU funds, while private consumption and exports will show weak growth before picking up in the second half of the year.

LABOUR MARKET

Employment, growth in %



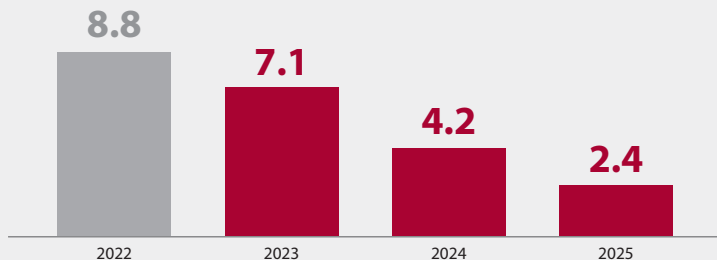
Number of registered unemployed, average in '000



Employment growth and the decline in unemployment will continue to weaken this year, more markedly in the first half of the year. However, severe labour shortages will not allow for stronger employment growth in the next two years. Real growth in the average gross wage will be positive again this year (1.1%) and will strengthen in the next few years.

INFLATION

Annual average, in %



We expect inflation to moderate gradually this year, but to remain relatively high on average. In the absence of external shocks, the downward trend in inflation supported by monetary policy measures will continue next year.



Faster decline in inflation than currently projected
Higher private consumption, arising to a larger extent from the unwinding of savings
Pace of the absorption of the entire EU funding package

