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In the spotlight

The economy of the euro area fell into recession in Q3 and international institutions again revised downward their forecasts for economic growth. GDP in the euro area dropped by 0.2% in Q3, as it did in Q2. Two of Slovenia's main trading partners, Germany and Italy, are in recession. Sentiment indicators show a significant deterioration of expectations, which suggests a further slowdown in economic activity. In their latest forecasts, the IMF and OECD predict a GDP decline in the euro area and in the U.S. for the coming year. Amid slowing inflation as a consequence of lower oil prices and slowing economic activity, the ECB and Fed scaled down again their key interest rates by 0.5 p.p in November (to 3.25% and 1.0%, respectively). In addition to central banks and governments, the European Commission also prepared a package of measures to mitigate the financial crisis, adopting the European Economic Recovery Plan at the end of November.

The consequences of the crisis, which started to deepen in September, were in Slovenia mainly reflected on the stock market, while lending activity of banks was slightly stronger. Despite strengthening at the monthly level, which was largely linked to NFI borrowing, lending activity of domestic banks remained below the 2007 average, but continues to slow y-o-y. In spite of tightened conditions, corporate borrowing abroad has been strengthening for four months, while bank borrowing has been slowing. In September, banks already net repaid external loans for the second time this year. Long-term household deposits continued to strengthen, in September recording the strongest growth since data have been available. The value of the main stock exchange index dropped by just less than a third in October and November, hitting a five-year low, while volatility also increased significantly in the last two months.

According to available data, activity in Slovenia's economy moderated in Q3. Despite September's strengthening of y-o-y nominal growth rates of exports and production volume in manufacturing, export growth slowed significantly in Q3 and production in manufacturing even decreased. In contrast, growth of construction activity and turnover in distributive trades remained relatively high in Q3, but also shows signs of moderation. Business tendency data indicate a further slowdown of activity in all sectors. Given its greatest monthly decline in November, the business climate indicator was at its lowest level since the beginning of measurements in 1995.

Growth in the number of employed strengthened in September, while the number of registered unemployed recorded a greater increase than in the same month last year. After seasonal stagnation in the summer, the number of employed rose in September, while y-o-y growth remained unchanged for the fourth month in a row (3%). In line with expectations, the number of registered unemployed increased in October due to the inflow of first-time job seekers, but the increase was more pronounced than in October 2007, which can already be attributed to the economic situation. Y-o-y growth in the number of persons in employment according to the Labour Survey Data strengthened in Q3 (1.7%). The number of unemployed was smaller than in the same period last year and the survey unemployment rate also declined (4.1%).

Wages declined at the monthly level in September, but posted accelerated y-o-y growth. The monthly drop in wages (0.3%) was mainly due to the expected lowering of wages in the public sector, which was technical in nature, as it followed a notable increase in August, when the first quarter of funds were disbursed according to the new wage system, along with payments for the difference accrued since May. Growth in the private sector was modest, despite two additional working days, which was most likely already a consequence of slowing economic activity. Nominal growth of the total gross wage in Q3 totalled 9.9% (against 5.8% last year), while growth in Q4 is expected to be weaker than in previous years, largely due to lower 13th month payments and Christmas bonuses.

Totalling 3.1%, y-o-y inflation was at an eighteen-month low in November. In the last five months and especially in November, when inflation dropped by 1.8 p.p., the diminishing inflation has been a result of lower prices of oil and other commodities. Other price pressures have also eased under the influence of slowing economic activity and particularly due to lower expectations. For similar reasons, inflation also continues to moderate at the level of the total euro area, where it stood at 2.1% in November. Core inflation continues to decline as well, and in November was lower than in October by a further 4 p.p., totalling 4.1%.

Growth of the current account deficit decelerated in September. The monthly deficit was among the lowest recorded this year, mainly due to a lower trade deficit and a higher services surplus. The current account deficit in the first nine months nevertheless remained high (EUR 1,662.6 m, or EUR 870.9 m more than in the same period last year). Net capital inflows in the first nine months were up by nearly a factor of 2.5 relative to the same period last year, largely due to lower outflows of direct and portfolio investments abroad.

In the first eight months of the year, growth of general government revenue was significantly stronger than in the same period last year and remained higher than expenditure growth. Growth of general government revenue in the first eight months (11.3%) was almost twice as high as in the same period last year and was underpinned by favourable macroeconomic developments and higher inflation. Expenditure growth was also higher than last year (8%). Payments into the EU budget reached 85% of planned payments by the end of October, but will be higher than foreseen at the end of the year, owing to the fact that Slovenia's obligations have increased as a consequence of new estimates of statistical aggregates. Given that absorption from the EU budget only amounted to 31% of the foreseen funds, it is estimated to be lower than in 2007 at the end of the year.

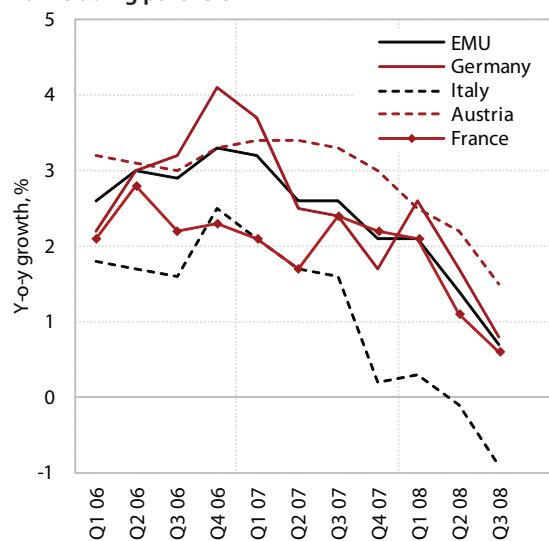
current economic trends

International environment

Due to the deepening of the financial crisis, which is already impacting on the real economy, the international institutions revised downward their forecasts for economic growth also in November. The forecasts of economic growth released by the main international institutions are deteriorating from month to month. In its revised November projections, the IMF again scaled down its forecast for world economic growth compared with the October forecast, by 0.2 percentage points (p.p.) to 3.7% for this year and by 0.8 p.p. to 2.2% for 2009. The IMF also revised downward its forecast of economic growth for the euro area, from 1.3% to 1.2% for this year and from 0.2% to -0.5% for the coming year. The OECD's November forecast for the euro area is also somewhat lower, by 0.2 p.p. for 2008 and 0.1 p.p. for 2009. The downward revisions are mainly due to the ongoing financial crisis, the significant worsening of expectations and higher uncertainty. The latest forecasts by these institutions otherwise predict a rapid stabilisation of conditions in financial markets and the beginning of normal operation in mid-2009, when economic growth is expected to gradually recover.

With the second consecutive quarterly GDP decline, the euro area slipped into a recession in Q3. According to the first Eurostat estimate, GDP in the euro area dropped by 0.2% in Q3, as it did in Q2. GDP growth totalled 0.7% relative to the same period last year (1.4% in Q2). Economic growth moderated notably in most of Slovenia's main trading partners. Germany and Italy are in recession, while Austria and France recorded only 0.1% growth. Compared with the previous quarter, GDP in Germany decreased by 0.5% (y-o-y growth of 0.8%), largely due to a decline of investment in machinery and equipment (-0.5%) and exports (-0.4%), while private consumption increased for the first time in three quarters. Total growth would have dropped even more notably had it not been for the accumulation of inventories, which contributed 0.9 p.p. to total growth. Short-term indicators suggest a further deterioration of economic activity in the euro area: in September, y-o-y industrial production growth was

Figure 1: Economic growth in the euro area and Slovenia's main trading partners



Source: Eurostat; calculations by IMAD.

negative for the fifth consecutive month and the value of construction put in place for the seventh consecutive month. The sentiment indicators worsened significantly (see Box 1).

Amid the slowdown of economic activity, the Fed also revised downward its forecasts of economic growth for the U.S. in November. According to the second release, GDP declined by 0.2 p.p. more in Q3 relative to Q2 than according to the first release, by 0.5% (at the y-o-y level, growth totalled 0.7%). Given that economic activity is expected to decline notably at the end of the year, GDP is projected to total between 0.0% and 0.3% in 2008 according to the Fed November forecast (against the 1.0–1.6% envisaged in the June forecast). Weak economic growth is also projected to continue in 2009, when GDP growth is expected to stand between -0.2% and 1.1%. These low forecasts are mainly attributable to modest growth of private consumption

Tabela 1: Real GDP growth – comparison of forecasts and IMAD's assumptions

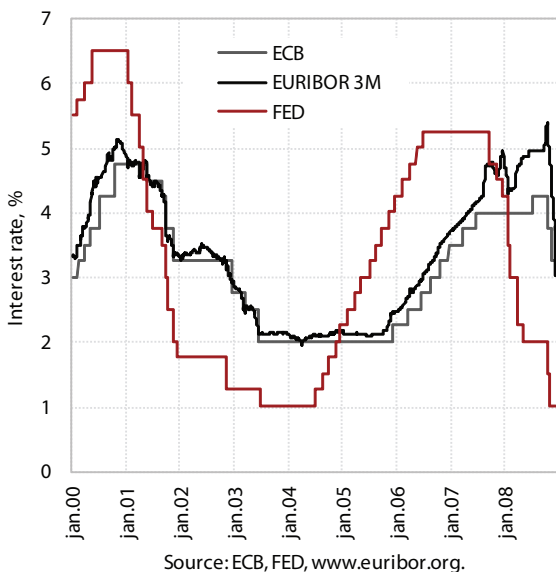
	2007	2008					2009					2010		
		IMAD Sep 08	EC Nov 08	IMF Nov 08	OECD Nov 08	CONS Nov 08	IMAD Sep 08	EC Nov 08	IMF Okt 08	OECD Nov 08	CONS Okt 08	IMAD Sep 08	EC Nov 08	OECD Nov 08
EU	2.9	1.4	1.4	1.5	N/A	1.3	1.1	0.2	-0.2	N/A	0.0	2.0	1.1	N/A
EMU	2.7	1.3	1.2	1.2	1.0	1.0	1.0	0.1	-0.5	-0.6	-0.2	1.8	0.9	1.2
DE	2.5	1.6	1.7	1.7	1.4	1.7	0.9	0.0	-0.8	-0.8	-0.4	1.6	1.0	1.2
I	1.5	0.1	0.0	-0.2	-0.4	-0.1	0.5	0.0	-0.6	-1.0	-0.5	1.2	0.6	0.8
AT	3.1	2.2	1.9	N/A	1.9	1.8	1.8	0.6	N/A	-0.1	0.9	2.3	1.3	1.2
FR	2.2	1.1	0.9	0.8	0.9	0.8	1.0	0.0	-0.5	-0.4	-0.1	2.0	0.8	1.5
UK	3.1	1.2	0.9	0.8	0.8	0.9	0.9	-1.0	-1.3	-1.1	-0.9	1.8	0.4	0.9
US	2.0	1.6	1.5	1.4	1.4	1.4	1.4	-0.5	-0.7	-0.9	-0.6	2.8	1.0	1.6

Source: Eurostat, IMAD Autumn Forecast (September 2008), European Commission Economic Forecasts (November 2008), Consensus Forecasts (November 2008), IMF World Economic Outlook (November 2008), OECD Economic Outlook (November 2008).

and investment. The unemployment rate is also expected to increase further, while inflation is projected to decline.

The ongoing decline in inflation makes it possible for the central banks to cut their key interest rates further, which is expected to mitigate tightened conditions in financial markets. Given the continuing decline in oil prices and slowing economic activity, inflation keeps dropping both in the euro area (2.1% in November) and in the U.S. (3.7% in October). After the Fed slashed its key interest rate by a further 0.5 p.p. at the end of October, to 1.0%, the ECB decided to follow suit at the beginning of November, cutting its key interest rate by 0.5 p.p., to 3.25%. The expectations in financial markets do not exclude further interest rate cuts by central banks. By lowering their key interest rates, central banks are also trying to affect interest rates in the interbank market, which are significantly higher than the long-term average, but with limited success. The gap between the 3-month EURIBOR and the ECB key interest rate has more than halved since mid-November, but is still higher than the long-term average before the onset of the financial crisis in August 2007.

Figure 2: Movements of interest rates



The exchange rate of the euro against the U.S. dollar continued to drop in November. The average USD/EUR exchange rate stood at 1.2727 in November, which is 4.4% less than in October and 13.3% less than in November 2007. The exchange rate of the euro against the U.S. dollar has fallen by 12.6% this year, having depreciated by as much as a fifth in the period from July alone, when the exchange rate of the euro climbed to its record average monthly high of 1.5770 USD to 1 EUR. The USD/EUR exchange rate reflects the current situation in both economies and particularly expectations for economic activity in the future.

Figure 3: Movements of the USD/EUR exchange rate

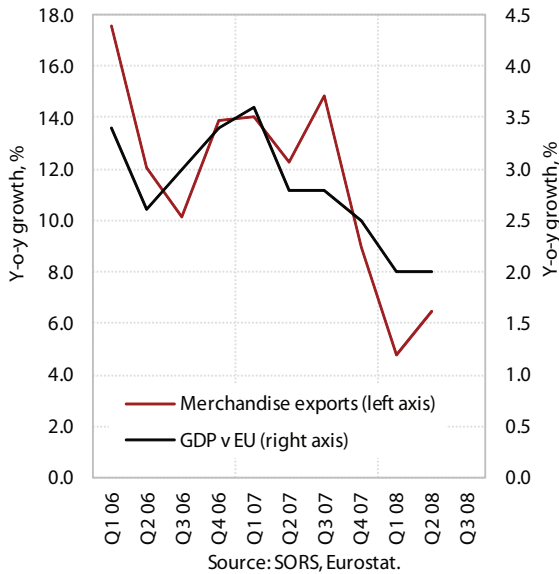


Economic developments in Slovenia

Y-o-y merchandise **export growth** strengthened in September (11.4%), but seasonally adjusted data indicate that growth of merchandise trade continues to moderate. Nominal growth of merchandise exports has been slowing gradually since Q4 2007, totalling 3.2% in Q3 2008 (against 17.9% in the same quarter of 2007), which is consistent with the gradual slowdown of economic growth in the EU where Slovenia exports about 70% of its total merchandise exports. In the first nine months of the year, merchandise exports increased by a nominal 5.8% relative to the same period last year. According to the available data on the structure of exports (SITC) for the first eight months of the year, the largest contribution to total export growth came from exports of medicinal and pharmaceutical products, exports of machinery specialised for particular industries, and exports of iron and steel, while the contribution of road vehicle exports, which has been negative since May, accounted for only 0.1 p.p.

Amid weaker growth of merchandise exports to EU Member States, Slovenia still posted high growth rates of exports to non-EU countries. In the first eight months of 2008, merchandise exports to EU countries increased by 3.0% y-o-y, with exports to new Member States rising at a much faster rate (6.7%) than exports to more old EU Member States (1.6%). With regards to its most important trading partners, Slovenia increased exports in this period to Austria, France and Germany, while its exports to Italy and the United Kingdom, where the slowdown of economic growth was most notable, reduced. In the first eight months of 2008, exports to non-EU countries increased by 9.9% relative to the same period of 2007, as Slovenia retained relatively high growth rates in exports

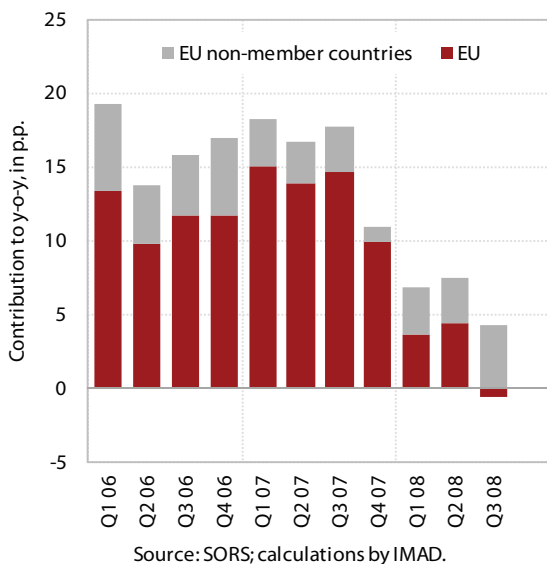
Figure 4: Dynamics of Slovenian merchandise exports and economic growth in the EU



to the countries of the former Yugoslavia (8.0% to Croatia, 9.0% to Serbia, 16.6% to Bosnia and Herzegovina, 33.0% to Macedonia, and 18.1% to Montenegro) and to the Russian Federation (24.8%).

Growth of merchandise imports also strengthened y-o-y in September (9.3%), while seasonally adjusted data indicate that growth has slowed since July. In Q3, y-o-y growth of merchandise imports was significantly lower than in the same period last year, totalling 9.2% (against 19.5% in the same period last year), while in the first nine months of this year merchandise imports increased by a nominal 11.4%. With regard to regional structure, import growth

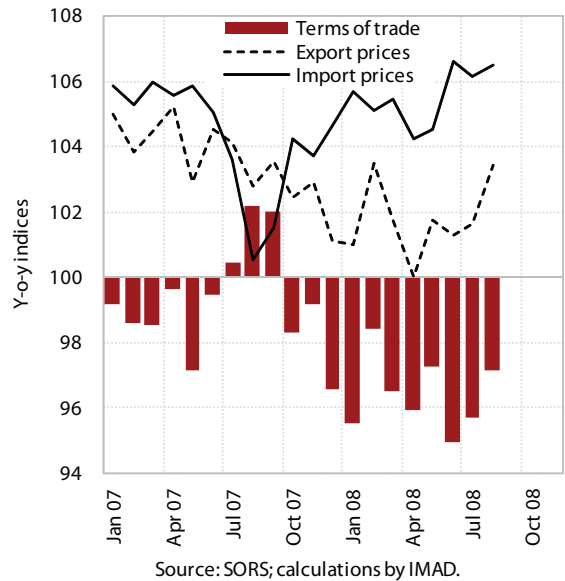
Slika 5: Geographic distribution of merchandise exports



in the first eight months was more balanced than export growth (10.4% from EU countries, 13.2% from non-EU members). According to the available data on the structure of imports (SITC) for the first eight months of 2008, the largest contribution to import growth came from imports of oil and oil products (5.4 p.p.), of road vehicles (0.8 p.p.), and of machinery specialised for particular industries (0.8 p.p.).

The deterioration of the terms of trade slowed y-o-y in August. The terms of trade deteriorated by 3.5% in the first eight months of the year (against 0.6% in the same period of last year). The gap between rises of import prices (5.5%) and export prices (1.8%) declined somewhat, but import prices continue to post stronger growth than in the same period of 2007, while growth of export prices remains weaker.

Slika 6: Dynamics of the terms of trade



Growth of **trade in services** remained at a relatively high level in September. Regarding exports and imports, the largest contribution to y-o-y growth in September came from leasing and air and maritime transport services. In the first nine months as a whole, strong growth of services exports was mainly underpinned by the growth of travel, road transport and merchanting services, while import growth was largely driven by imports of travel services. Imports of construction services increased significantly y-o-y in September (by 50.7%), but dropped in the first nine months as a whole relative to the same period last year (-10.5%). In Q3 of 2008, services exports increased by 16.1% y-o-y and services imports by 16.2%.

Despite the strengthening in September, the volume of **manufacturing production** declined in Q3 quarter-on-quarter and y-o-y. September y-o-y growth was 6.0%, largely due to two working days more than in September

Box 1: Sentiment indicator trends

The values of sentiment indicators for Slovenia and the EU as a whole have been declining since last summer, but have dropped at an even faster pace since the deepening of the financial crisis in September. In November, the sentiment indicator in Slovenia posted the greatest monthly decline ever, falling to its lowest level since 1995 (when measurements began); similar movements were also recorded in the EU as a whole. Indicators for most activities recorded their largest ever monthly drops in November (except for the construction and consumer confidence indicators); the confidence indicators in manufacturing and services, and the consumer confidence indicator are at their lowest levels to date, and the confidence indicators in construction and retail trade at their lowest levels since the end of 2002. Given its large share in the overall indicator, the decline in sentiment was mainly due to the fall of the confidence indicator in manufacturing, where a faster slowdown of activity was already recorded in the third quarter of 2008. Since, according to the business tendency surveys, the assessment of the current situation and, especially, of expectations for the coming months are even more unfavourable than a few months ago, a further moderation of activity can also be expected in Q4.

All indicators for the volume of manufacturing production in the coming months deteriorated significantly again in November (order-books, expected demand and expected exports). In October's quarterly business tendency survey, enterprises stated that financial constraints are among the factors which have limited production more than in the past, though the financial problems are not yet regarded as the most significant limiting factor. The most important limiting factors are insufficient demand, especially in foreign markets, and uncertain economic conditions. A similar situation is also indicated by data for November, according to which the expected export order-books indicator dropped to its lowest level ever, while the indicator of the stocks of finished products reached its highest value since April 2005. The indicators for the EU as a whole and for the euro area show similar figures, but at the EU level and the euro area level, fewer enterprises than in Slovenia reported financial problems as a significant factor limiting production. In line with the expected further deceleration of production activity, the indicator of expected employment is also decreasing, recording the greatest decrease among all sub-indicators in November. The decline in the consumer confidence indicator in November was, similarly, mainly due to more pessimistic estimates about unemployment in the coming year.

Sentiment is otherwise rapidly deteriorating in all regions of the world, which is reflected in most indicators. In Q4, the Ifo global business climate index recorded the lowest value since the beginning of measurements in 1990. The current business situation assessment component fell to its lowest level since 2003, while the expectations component dropped to its lowest level ever, signifying that economic activity is expected to slow further worldwide. The two main sentiment indicators of the European Commission, the economic sentiment indicator (ESI) and the indicator of business climate in manufacturing (BCI), also declined to their lowest levels since 1993.

Figure 7: Sentiment indicators in Slovenia and in the EU

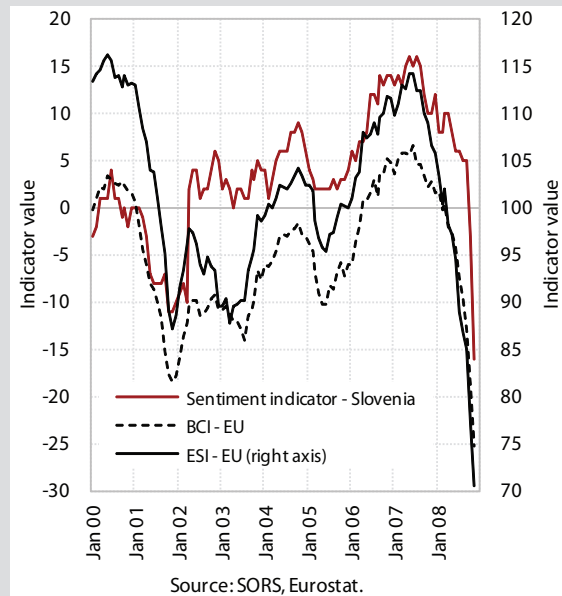


Figure 8: Limiting factors in manufacturing in Slovenia and in the EU

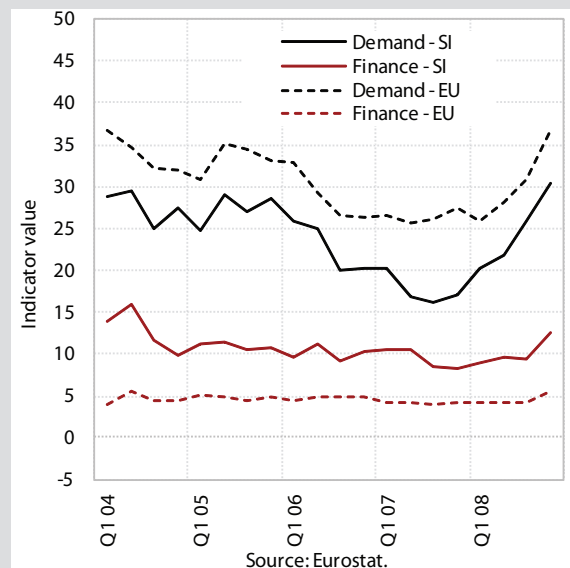


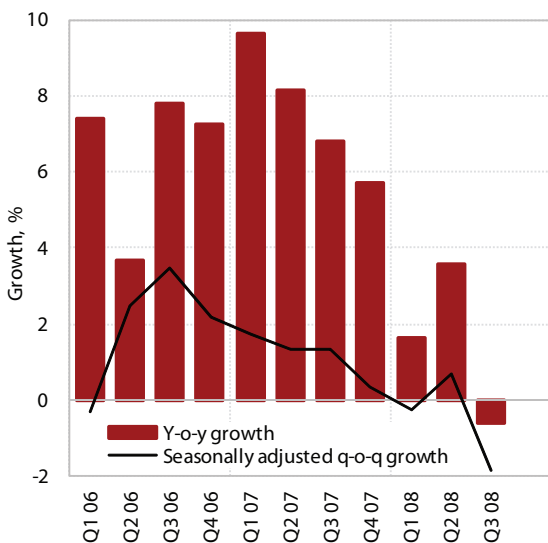
Table 2: Selected monthly indicators of economic activity in Slovenia

	2007	IX 08/ VIII 08	IX 08/ IX 07	I-IX 08/ I-IX 07
Export¹	16.9	26.1	12.9	8.8
-goods	16.3	40.0	12.1	6.3
-services	20.1	-10.6	16.3	19.8
Import¹	18.3	19.1	9.8	12.2
-goods	18.1	26.7	9.6	11.5
-services	20.1	-15.1	11.4	17.0
Industrial production	6.2	2.4²	1.6²	1.2
-manufacturing	7.5	2.4 ²	1.8 ²	1.6
Construction -value of construction put in place	18.2	4.0²	19.4³	20.2
Distributive trade - turnover in distributive trade and the sale and repair of motor vehicles	9.5	4.0²	8.7²	13.2
Hotels and restaurants - turnover in hotels and restaurants	0.3	-0.3²	-4.7²	-3.4

Sources: BS, SORS, calculations by IMAD. Notes: ¹balance of payments statistics, ²seasonally adjusted, ³working-day adjusted data

2007. Working-day adjusted growth was notably lower (1.8%), yet, in contrast to that in most trading partners, positive. Despite relatively favourable September growth, production activity in Q3 2008 declined y-o-y (-0.6%) and relative to the previous quarter (-1.9%, seasonally adjusted). Decreased production in Q3 was, in addition to the further slowing of demand in the domestic market, largely due to a considerable slowdown of sales in foreign markets (especially in July and August), which still

Figure 9: Industrial production in manufacturing

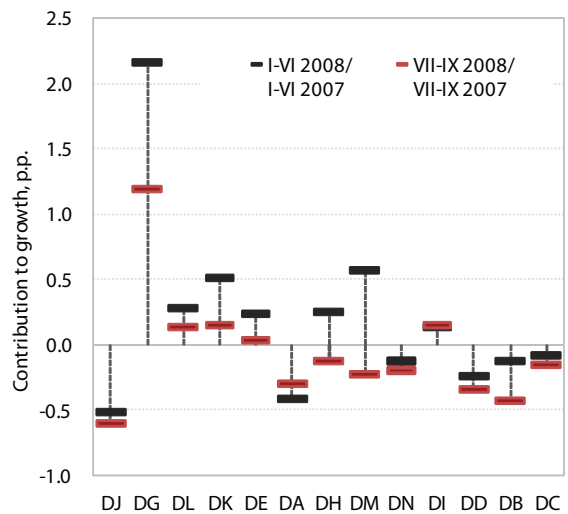


Source: SORS; calculations by IMAD.

recorded relatively favourable growth rates in the first half of the year. In spite of the strengthening in September (7.0% y-o-y), turnover from sales in foreign markets was thus negative (-0.6%) in Q3, for the first time since early 2003. A further decline of orders, especially from foreign markets, is also corroborated by business tendency surveys, with October and November figures suggesting an even greater deterioration in the coming months of this year (see Box 1).

Production growth in September was largely underpinned by the chemical industry. Compared with the first half of the year, production activity is slowing in almost all industries. The decline in domestic and foreign demand affected all manufacturing sub-sectors. Compared with the average growth rates of production posted by individual industries in the first half of the year, production growth in Q3 slowed or was even more negative in almost all industries. As in the first half of the year, the largest contribution to total growth in Q3 came from the manufacture of chemical products, which contributed more than half to September's y-o-y growth. As in the first half of the year, the highest negative contribution to Q3 growth came from the largest industry i.e. the metal industry.

Figure 10: Manufacturing production by sub-sectors



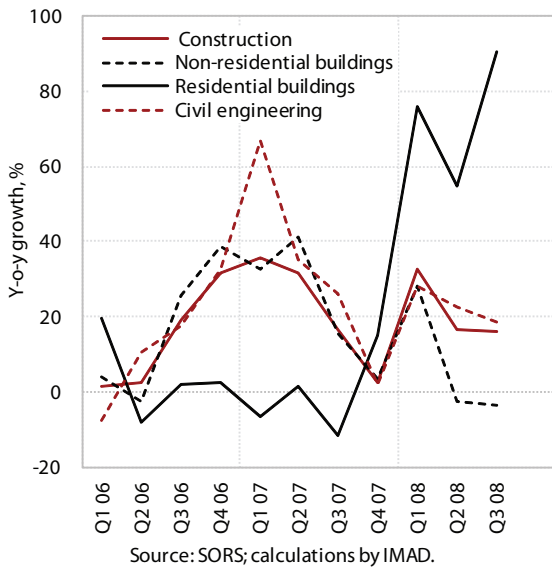
Source: SORS, calculations by IMAD. Note: arranged by the size of weights, see the list of acronyms

Construction activity remained at a high level in Q3. After slowing for several months in a row, the growth of construction put in place strengthened again in September, reaching 19.4% y-o-y growth. In Q3, the value of construction put in place was 16.1% higher than in the same period last year. Growth y-o-y was thus similar to that in Q2 and notably weaker than in Q1. In 2008, the strongest growth was otherwise seen in residential construction.¹ Strong growth was also recorded in civil engineering,

¹ In interpreting data on the value of residential construction, bear in mind that these figures exclude the activity of smaller enterprises, where the main activity is judged to be construction of buildings, which increases the unreliability of the data.

while activity in non-residential construction was at a lower level in the last two quarters than last year.

Figure 11: Value of construction put in place

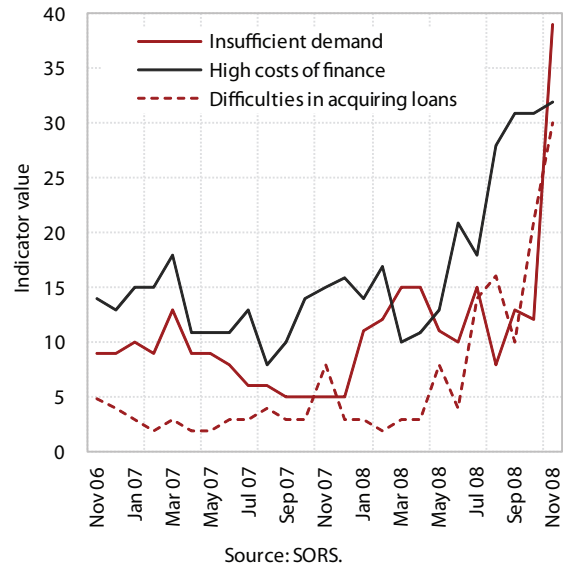


The most recent data on new contracts, building permits issued and business tendency indicate a slowdown of activity. According to the construction statistics, the value of the stock of contracts was 2.2% lower in September relative to the same month last year, which is the first decline since January 2006. In the first nine months, the value of new contracts was 0.9% lower than in the same period last year; the slowdown accelerated in Q3, when the value of new contracts was 13.4% lower y-o-y. The slowdown of activity is indicated by preliminary data on building permits issued, as in Q3 the total planned floor area of all buildings was 22% smaller than in the same period last year. The area of residential buildings also declined (by 38%), while the area of non-residential buildings increased (by 6%).

A similar slowdown is also indicated by business tendency data on limiting factors. The share of enterprises citing insufficient demand as a factor limiting building activity is growing. In recent months, enterprises in construction have also perceived financial constraints. According to business tendency surveys since June, enterprises are increasingly facing difficulties in acquiring loans as well as higher costs of finance.

Two thirds of the improvement in this year's ten-month **electricity** balance came from an increase in production and one third from a decrease in electricity consumption relative to the same period last year. While in the first ten months of 2007, net electricity imports totalled 340 GWh, Slovenia recorded net exports of 1142 GWh in the same period this year. Net exports, which were recorded throughout the year, reached a peak in the period

Figure 12: Limiting factors in construction according to business tendency surveys

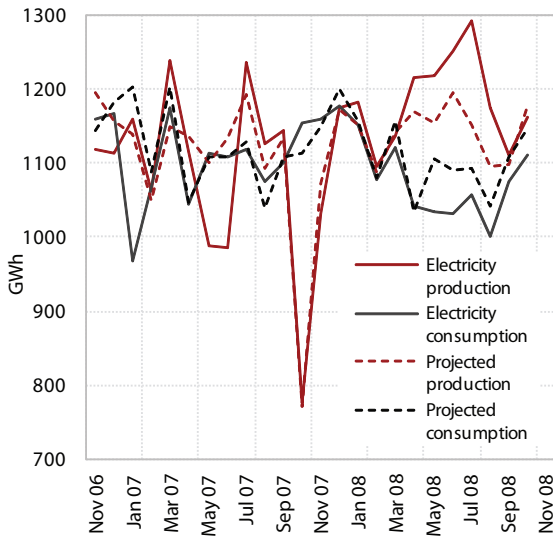


between April and August, and were significantly higher than anticipated. Given that production increased by 1010 GWh and consumption dropped by 472 GWh, the balance improved by a total of 1482 GWh. More than 41% of the increased production was a result of the increased output of the nuclear power plant, which was out of operation for a month last year due to a regular overhaul; one third was contributed by hydroelectric plants and about a quarter by thermal power plants. The decline in total electricity consumption was largely due to consumption by direct users from the transmission network (the manufacture of metals), which declined by 558 GWh. As much as three quarters of this decline was anticipated² as a consequence of transition to more energy-efficient aluminium production. Consumption by users supplied with electricity from the distribution network, on the other hand, increased (by 90 GWh), but only by 40% of the consumption rise projected in the balance, which also partly reflects the decline in economic activity in the recent period, as y-o-y growth rates of consumption were negative in the period from May to October (except in September).

According to the currently available indicators, in September the slowdown also continued in **market services**. Real turnover in hotels and restaurants declined again, most notably in accommodation and related services. The number of overnight stays by tourists was 3.2% lower y-o-y, mainly due to a drop in visits by foreign tourists (-6.8%). In the first nine months of the year, the number of foreign tourists' overnight stays was only 0.3% higher than in the same period last year; for this reason, growth in overnight stays by tourists was three times weaker in the first nine months of this year than in the same

² Indicative electricity balance for 2008 (ELES EEB 2008).

Figure 13: Projected and actual electricity production and consumption



Source: ELES; calculations by IMAD.

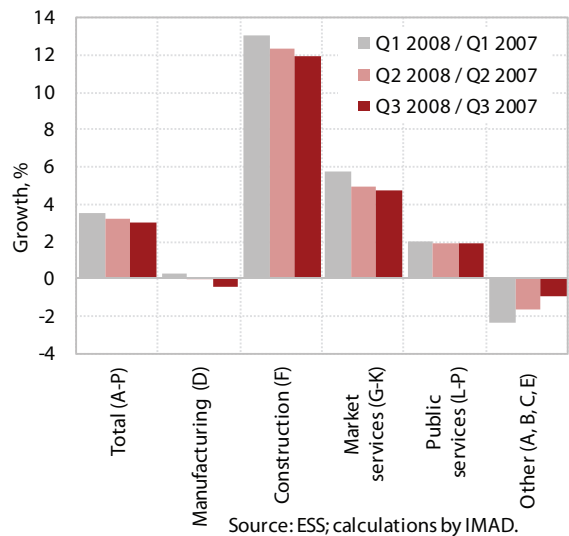
period last year. In contrast, total real growth of turnover in retail trade remained relatively strong in September. Real turnover growth in the sale of motor vehicles, strengthened y-o-y, but remained at a lower level in the first nine months of 2008 than in the same period last year, as did growth in the number of new car registrations. Despite stronger y-o-y real turnover growth, growth rates in the retail sale of non-food products are lower than in the same period last year, while strong y-o-y growth in the retail sale of food and automotive fuels continues. The preliminary data on turnover in retail trade for October indicate a y-o-y moderation of growth. The number of first car registrations in October and November together was almost a tenth lower than in the year before.

As in the previous month, movements of turnover in retail trade indicate that relatively high growth rates of **household consumption** have been maintained, but consumer pessimism is rapidly increasing. In November, the consumer confidence indicator declined to its lowest level ever, and consumers became much more pessimistic as regards the level of unemployment and major purchases over the next 12 months. This pessimism is not yet reflected in data on turnover in retail trade up to September which show the actual purchases of final consumers, as consumers did not to that time cut back on expenses. This can be attributed to real growth of the wage bill, which was still strong in the first nine months of the year (4.6% y-o-y). But as mentioned above, the available data for the final quarter indicates that consumption is slowing (distributive trades, car registrations).

Labour market

After the seasonal stagnation in the summer, **employment** increased again in September. Y-o-y growth remained at a high level for the fourth month in a row (3.0%). Compared with August, the number of persons in formal employment increased by 5,500 (0.6%). One third of the increase was due to seasonal employment (particularly fixed-term employment) in education, and a quarter to a further increase in the number of persons employed in construction, which rose by as much as 12.4% (y-o-y) in the first nine months of the year. In September, the number of persons in employment also increased in all service activities, mainly in business services once more, while in agriculture, fishing, mining, manufacturing and energy it mostly remained at the level of August. The number of work permits for foreigners continued to increase, climbing to 90,305 by the end of October. At the y-o-y level, the growth in the number of persons in formal employment stagnated around the level of 3.0% (which was also recorded in Q3 as a whole) for the fourth month in a row, and is slowing relative to the previous quarters. In Q3, the growth in the number of persons in employment according to the Labour Force Survey stood at 3.3% (33,000) relative to the previous quarter, and 1.7% (17,000) y-o-y.

Figure 14: Gains in the number of employees by activity



Source: ESS; calculations by IMAD.

In October, the number of **registered unemployed** increased to 62,621 (by 5.6%) for seasonal reasons, but also due to the economic situation. In the autumn, first-time job seekers who have finished school typically register as unemployed. Their number has otherwise declined over the last few years, totalling 4,576 in October, 725 (13.7%) fewer than in October 2007. Secondary school graduates account for three quarters of this inflow. In October 2008, unemployment nevertheless increased relatively more than in October 2007, largely due to a higher inflow of persons who lost work (5,242 or 17.7% more than in

October 2007). The number of unemployed persons who found a job in October was also smaller compared with October last year, by 4.044 (5.4 %), as were the outflows from unemployment for reasons other than employment. The registered unemployment rate fell to 6.3% in September as a result of a higher number of employed persons and a lower number of registered unemployed than in August, but may rise again somewhat in October due to a higher number of unemployed. In Q3, the number of unemployed persons according to the Labour Force Survey increased by 2.3% compared with the previous quarter, while it declined by 6.4% year-on-year. The survey unemployment rate declined to 4.1%, lower by 0.1 p.p. than in the previous quarter and 0.4 p.p. lower than in the same quarter last year.

The number of registered vacancies and persons hired declined in October and was also lower than in October 2007. The number of vacancies declined to 19,694 (-19.2% relative to October 2007) and the number of persons hired to 17,771 (-2.6%). Also in October, the number of new jobs was highest in manufacturing, distributive trades, construction and various business services.

Table 3: Labour market indicators

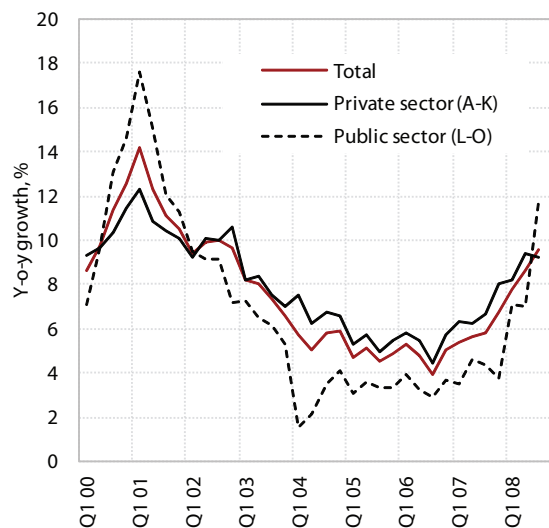
	2007	IX 08/ VIII 08	IX 08/ IX 07	I-IX 08/ I-IX 07
Labour force	1.6	0.4	2.0	1.9
Persons in formal employment	3.5	0.6	3.0	3.2
- Employed in in enterprises and organisations and by those self-employed	3.3	0.7	3.2	3.4
Registered unemployed	-16.9	-2.3	-11.0	-12.8
Average nominal gross wage	5.9	-0.3	11.2	8.8
- private sector	6.9	0.7	10.7	9.0
- public sector	4.1	-2.9	12.8	8.6
	2007	IX 07	VIII 08	IX 08
Rate of registered unemployment, v %	7.7	7.2	6.5	6.3
Average nominal gross wage (in EUR)	1,284.79	1,259.07	1,405.00	1,400.21
Private sector	1,217.14	1,181.41	1,297.89	1,307.55
Public sector	1,485.09	1,489.82	1,731.02	1,680.72

Sources: ESS, SORS, calculations by IMAD.

Wages fell in September relative to the previous month, but their growth accelerated further year-on-year. After the January decline, this was the second wage drop this year. It was mainly underpinned by a decrease in public sector wages; in the private sector, wage growth was positive, albeit rather modest. Gross wages in September were 0.3% lower than in August, but 11.2% higher compared with September 2007. With somewhat faster growth of wages and progressive taxation, gross wages recorded stronger growth (by a nominal 8.8%) than net wages (by a nominal 8.3%) in the first nine months of the year. The gross wage in Q3 was 9.9% higher than in the same period last year.

In the final quarter, wages are expected to increase at a slower pace than in the previous years, since, with the uncertain economic situation and tougher operating conditions, 13th month payments and Christmas bonuses are likely to be smaller this year, by our estimate.

Figure 15: Nominal gross wage per employee



Source: SORS; calculations by IMAD.

In the public sector, September's gross wage declined in all four activities, by an average of 2.9%. After high growth in August, when wages were paid according to the new wage system, along with payments for the difference accrued since May, a drop in wages was expected. It was the smallest in other community, social and personal services (1.1%), as only a third of people employed in this activity work in the public sector. In the other three activities the total decline was between 3.0% and 3.2%. In health and social work, where the volume of funds earmarked for the elimination of wage disparities was highest, as reflected in the above-average growth of wages in August (16.7%), the decrease in September wages was not proportional (3.1%). This may otherwise also be due to the additional offset paid in September.

In the private sector, the gross wage increased somewhat (by a mere 0.7%) in September, after the stagnation in August. With two working days more, wage growth could have also been higher, but it can be inferred that the low gross wage increase in the private sector may already be due to slower economic activity. The weakest growth was recorded in production services (G-I: 0.4%) and industry (C-E: 0.5%), and the highest by agriculture (A-B: 2.0%) and business services (J-K: 1.0%).

Box 2: Public sector wages

In November, the Ministry of Public Administration prepared a preliminary report¹ on the implementation of the wage system in the public sector, which is also the first official analysis of the financial consequences of the new wage system. It is not yet possible to make the final assessment (particularly not the final assessment of financial impacts), since data are not yet available on the wages paid for October, which will no longer include any additional offsets, and because it is also necessary to ascertain which institutions also carried out reorganisation² in addition to the transition to the new wage system.

The report assesses the financial impacts of the introduction of the new wage system in the public sector using three methods, which have all arrived at similar results. The analysis covers 88.5% of budget users with employees, and thus covers 91.5% of civil servants (137,249). The report presents the financial consequences of the introduction of the new system by means of: (1) an estimate by the Ministry of Public Administration of the funds necessary to eliminate wage disparities based on extrapolation of jobs and job titles, which was carried out during the negotiations on collective agreements by sectors, and subsequent changes of the Salary System in the Public Sector Act; (2) an estimate based on the actual data of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) on wages paid for July and August 2008; and (3) an estimate of the necessary funds based on sectoral reports.

The assessment of the financial impacts of the transition to the new wage system based on the available data shows that the foreseen framework will not be exceeded, though it is still premature to draw any final conclusions. According to the first method, EUR 449.9 m will be necessary for the elimination of wage disparities by 1 March 2010. The projection based on the AJPES data on the July and August wages paid to 150,882 civil servants shows a 14.5% growth in the gross public sector wage in the period from July 2008 to December 2010. The downside of this estimate is that it is only based on data for one month (August 2008) and cannot therefore serve as the basis for assessing the financial impacts of the transition to the new system. By the third estimate, based on sectoral reports, the wage bill will increase by EUR 458.8 m by March 2010. This projection largely confirms the Ministry of Public Administration estimate on the volume of funds necessary for the elimination of wage disparities by March 2010.

Funds for the elimination of wage disparities will partly come from the fraction of July's adjustment percentage for foreseen inflation set aside every year (from 2002–2007) and partly from current public finance sources. The social partners agreed that funds for 2008 and 2009 would not be collected in the same way as they had been up to the end of 2007 and that the missing amount would be ensured in the current financial plans of budget users.

¹ As it is not possible to make final estimates based on the data for August, it is necessary to wait for the review of the transition to the new wage system to be completed before the preparation of the final report.

² In some institutions, job complexity was increased, which also affected organisational structure. The ministries are not obliged to cover these funds from funds allocated to eliminate wage disparities. The Ministry of Public Administration therefore proposed that a review of the implementation of the wage system should be carried out not later than in the following six months.

Prices

With the decline of **prices** in November, y-o-y inflation fell to its 18-month low (3.1%). Amid the 0.7% monthly decline in consumer prices, y-o-y inflation dropped for the fifth month in a row. Consumer prices increased by 2.7% in 11 months, 2.5 p.p. less than in the same period last year.

Price trends in individual price groups in October were very similar to those in September. They were largely due to seasonal factors. Overall price growth increased by 0.5 p.p. due to higher prices of clothing and footwear and declined by 0.4 p.p. owing to the lower prices of holiday packages. As in September, the drop in liquid fuel prices played an important role in lowering inflation, reducing monthly inflation by 0.4 p.p. In the first 10 months of the year, price rises of liquid fuel for transport and heating

contributed 0.4 p.p. to total 3.5% inflation (in the same period last year 0.5 p.p.). The contribution of food price rises was notably smaller (0.6 p.p., against 1.8 p.p. last year). A smaller contribution also came from services prices (1.1 p.p., against 1.4 p.p. last year), while the contribution of price rises of other goods was larger than in the same period last year.

Y-o-y inflation in Slovenia continues to decline at a faster pace than in the total euro area. Over the four months through October, the harmonised index of consumer prices in Slovenia dropped from 6.9% in July to 4.8% y-o-y in October, and in the euro area average from 4.0% to 3.2%. The key reason for the faster slowdown of inflation in Slovenia is, similar to the period of growing inflation, the movements of oil and food prices and prices of other commodities on global markets, which have been dropping at an accelerated pace in recent months.

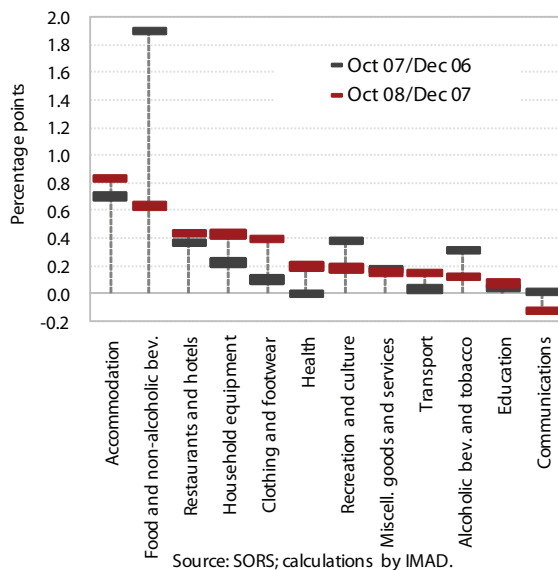
Table 4: Prices

	2007		2008		
	XII 2007/ XII 2006	Φ (I 07–XII 07)/ Φ (I 06–XII 06)	X 2008/ IX 2008	X 2008/ X 2007	Φ (XI 07–X 08)/ Φ (XI 06–X 07)
Consumer prices (CPI)	5.6	3.6	0.0	4.9	6.2
Goods	6.0	3.2	0.4	5.0	6.7
-Fuel and energy	9.8	3.1	-2.6	10.6	13.2
-Other	5.2	3.2	1.1	3.8	5.3
Services	4.8	4.5	0.8	4.6	5.1
Consumer prices (HICP)	5.7	3.8	0.0	4.8	6.1
Administered prices ¹	7.2	2.6	-2.4	9.7	12.2
-Energy	9.6	2.7	-3.6	14.5	18.2
-Other	1.5	2.4	0.0	0.1	0.3
Core inflation:					
-trimmean	3.2	2.3	0.1	3.1	4.0
-excluding (fresh) food & energy	4.0	2.7	0.3	4.1	4.6
Consumer prices in the EMU	3.1	2.1	0.0	3.2	3.5
Producer prices of domestic manufacturers:					
-domestic market	6.3	5.4	-0.3	4.8	6.2
-EMU	0.9	5.0	-1.1	2.9	2.1

Sources: SORS, Eurostat, calculations by IMAD. Note: ¹ due to annual changes of the administered price index, figures are not directly comparable across years.

Namely, liquid fuels account for an approximately 60% greater share in the structure of average household expenditure in Slovenia and, consequently, also in the Slovenian consumer price index, than in the total euro area. The moderation of inflation is also a result of slowing economic activity and, especially, dampened expectations.

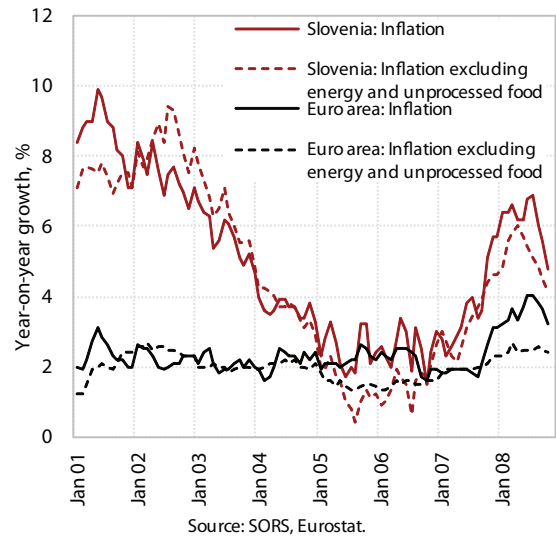
Figure 16: Contributions to inflation in the first 10 months of the year



Core inflation showed signs of moderation also in October. Core inflation (excluding non-processed food and energy) totalled 6% y-o-y in April 2008, but declined over the last few months, totalling 4.1% in October. The moderation of core inflation is mainly due to the slowdown of processed food prices.

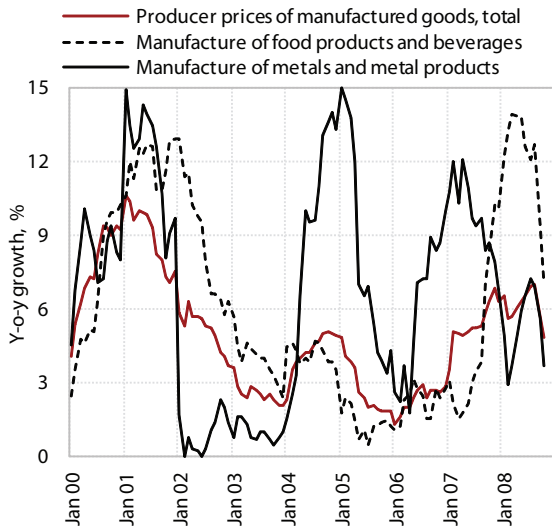
Producer prices of manufactured goods also decreased in October. Growth of prices for sale on the domestic market declined y-o-y for the second month in a row, from 5.7%

Figure 17: Inflation in Slovenia and in the euro area



to 4.8% (6.3% in October 2007), while growth of prices for sale on foreign markets dropped from 3.9% to 3.3% (1.1% last year). As in September, y-o-y growth of manufactured goods prices on the domestic and on foreign markets largely declined as a result of decelerated growth of prices in the manufacture of food products and beverages and in the manufacture of metals and recycling.

Figure 18: Producer prices of manufactured goods on the domestic market

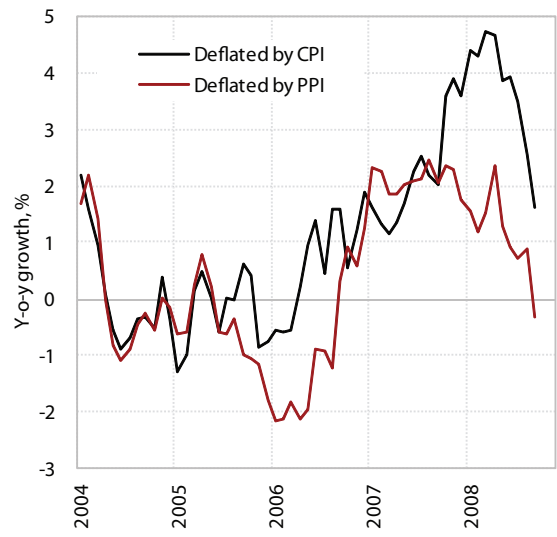


Source: SORS.

Given the improvement recorded at the monthly level again in September, the y-o-y deterioration of **price competitiveness** measured by relative consumer prices continued to slow. The real effective exchange rate deflated by relative consumer prices dropped at the monthly level in September, for the third consecutive month (-0.5%). Its y-o-y growth, consequently, declined as well (to 1.6% in September and to 3.7% in the first nine months). After the notable deterioration recorded early this year, the relatively more favourable movements of price competitiveness resumed in September, which was to a somewhat greater extent a consequence of the weaker euro. Owing to the depreciation of the euro against the USD, JPY and CHF, the nominal effective exchange rate dropped at the monthly level (-0.4%) and year-on-year (-0.1%), after appreciating continuously y-o-y for more than two years. The decline of relative consumer prices (in Slovenia compared with Slovenia's main trading partners) slowed at the monthly level in September (to -0.1%, against -0.5% in August); the decline of their y-o-y growth was also smaller relative to August.

Price competitiveness measured by relative producer prices also improved at the y-o-y level in September. The real effective exchange rate deflated by relative producer prices in manufacturing (on the domestic market) dropped in September both at the monthly level (-0.4%) and y-o-y (-0.3%), after rising continuously for two years

Figure 19: Real effective exchange rate

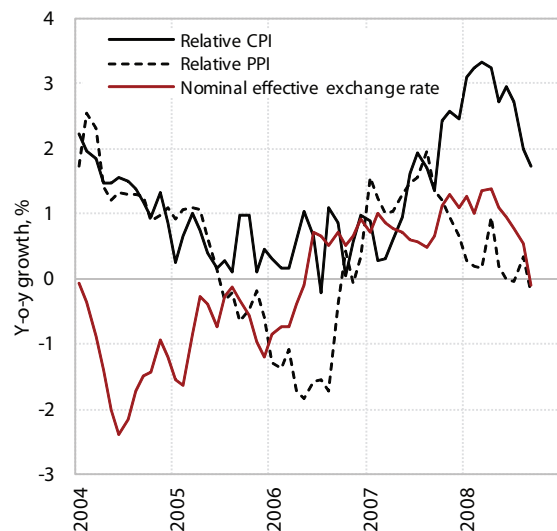


Source: ECB, SORS, OECD; calculations by IMAD.

y-o-y. Given that the nominal effective exchange rate in September was lower than the year before, relative prices also dropped y-o-y, as in September the decline of producer price growth in Slovenia was somewhat more pronounced than in its main trading partners.

In September, the y-o-y deterioration of price competitiveness also continued to slow in all other members of the euro area. Whereas Slovenia was among the Member States posting the greatest deterioration of price competitiveness in 2007 (right after Ireland), it was among those seeing a more modest deterioration in September, given that y-o-y consumer price growth in Slovenia started to slow earlier

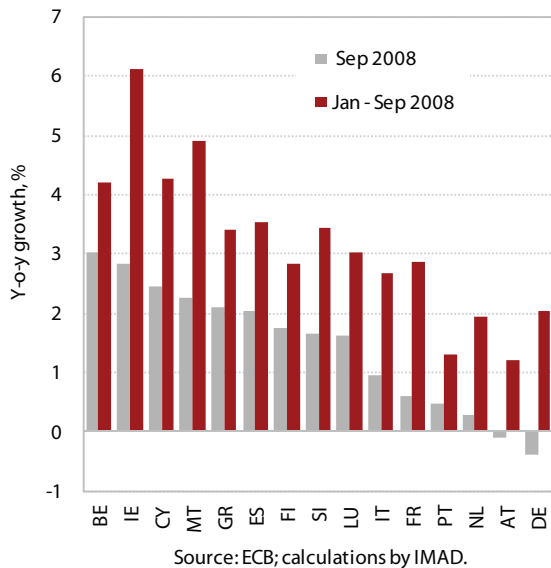
Figure 20: Components of the real effective exchange rate



Source: ECB, SORS, OECD; calculations by IMAD.

than in other euro area members, and that this slowdown was, amid notably higher inflation, also more intense. In the first nine months of this year, five Member States recorded a greater deterioration of price competitiveness than Slovenia according to the ECB data.

Figure 21: Real effective exchange rates of EMU members, deflated by HICP

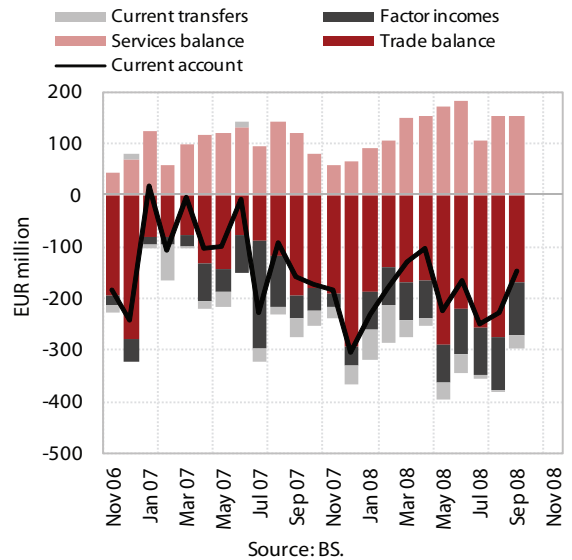


Balance of payments

The widening of the **current account** deficit slowed in September. The monthly deficit, which was mainly due to a lower trade deficit and a higher services surplus, was among the lowest this year (EUR 146.3 m). In the first nine months of the year, the deficit in current transactions totalled EUR 1,662.6 m, EUR 870.9 m more than in the comparable period last year.

The trade deficit amounted to EUR 170.6 m in September and was lower y-o-y for the first time this year. In the first nine months of the year it exceeded the deficit recorded in the comparable period of last year by EUR 878.5 m. By our estimate, September's improvement was largely due to improved terms of trade, given that in September prices of oil and other primary commodities declined. Fifty-one percent of this year's merchandise trade deficit increase came from deteriorated terms of trade, which are impacting the purchasing power of Slovenian merchandise exports (the real value of revenues from exports). Growth of revenues from exports, which was strong in the comparable period of last year (13.7%), is this year marginal (0.1%), according to the estimate for eight months. With regard to regional structure, the trade deficit with EU countries widened relative to the same period of 2007, while the trade surplus with non-EU Member States decreased.

Figure 22: Components of the current account balance



The surplus in the services balance widened further in September and totalled EUR 1,254.5 m in the first nine months of the year. Greater net exports of transport services in the first nine months compared with the same period last year were mainly a consequence of the road transport surplus. The surplus in air transport services widened as well, while the surplus in railway transport is stagnating. Net inflows from travel services were somewhat higher y-o-y, as a result of faster growth of expenditure from travel compared with receipts. The deficit in the group of other services declined y-o-y, largely due to higher net exports of construction, merchanting and financial services.

The factor income deficit, totalling EUR 750.8 m in the first nine months of the year (compared with EUR 596.5 m in the same period last year), widened mainly as a result of net payments of interest on foreign loans. Interest received on loans to the rest of the world has remained unchanged since June, while payments of interest on external debt are increasing. In terms of structure, a strengthening was recorded in the share of domestic commercial banks (62.7% of all net payments of interest on foreign loans in the first nine months of this year, against 60.0% in the same period last year) and the share of the BS from liabilities to the Eurosystem (12.9%, against 10.5% in the same period last year). In labour income, the deficit has been widening since April, as a consequence of greater payments abroad.

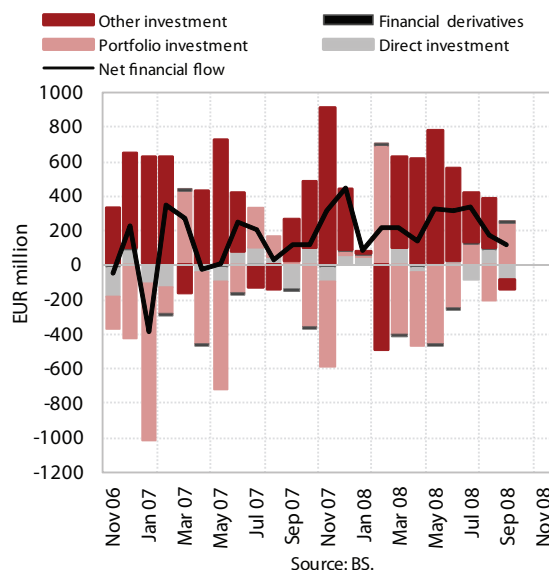
The deficit in current transfers narrowed in September due to the surplus of transfers in the private sector, but was wider in the total period, mainly owing to general government outflows. The state budget realised surpluses against the EU budget in the period between May and August 2008, mainly thanks to a greater volume of funds received for the implementation of the common agricultural

policy, but saw a deficit again in September. In the first nine months of the year, the deficit totalled EUR 37.1 m (compared with EUR 45.4 m in the same period last year). The bulk of the current transfer deficit was contributed by the general government in the form of payments of taxes and contributions and pensions to non-residents.

International financial transactions (excluding international reserves) posted a net capital inflow of EUR 1,858.8 m in the first nine months of the year (against EUR 765.3 m recorded in the same period last year). This year's higher net capital inflow was largely due to net inflows from foreign direct investment and a decline in net outflows from portfolio investment. With the exception of February (the issue of the benchmark government bond), the net financial inflow recorded by the general government was rather modest this year. Net inflows of capital posted by the BS and the private sector were gradually declining in the period from June to September, in the private sector largely due to other investment (loans of domestic commercial banks).

The net capital inflow from direct investment was moderate in the first nine months of the year (EUR 64.1 m); in the same period last year, these transactions posted a net outflow (EUR 315.3 m). Domestic direct investment abroad declined y-o-y; besides equity capital, financing of foreign affiliated companies declined as well. The majority of Slovenian enterprises' direct investment is in the former Yugoslavia. The bulk of inflows from foreign investment to Slovenia came from liabilities to affiliated enterprises, which may

Figure 23: Financial transactions of the balance of payments



Source: BS.

imply that these enterprises have difficulty in acquiring resources in the financial market.

Net capital outflows from portfolio investment were significantly lower in the first nine months of the year (EUR 658.4 m) than in the comparable period last year (EUR 1,450.7 m). Domestic commercial banks were selling

Table 5: Balance of payments

I-IX 2008, v mio EUR	Inflows	Outflows	Balance ¹	Balance, I-IX 2007
Current account	21,077.7	22,740.3	-1,662.6	-791.7
-Trade balance (FOB)	15,668.8	17,549.3	-1,880.5	-1,002.0
-Services	3,884.1	2,629.6	1,254.5	994.8
-Income	930.4	1,681.2	-750.8	-596.5
Current transfers	594.4	880.2	-285.8	-188.0
Capital and financial account	5,106.6	-3,317.1	1,789.6	797.3
-Capital account	166.5	-235.3	-68.8	-43.9
-Capital transfers	163.6	-224.3	-60.7	-41.5
-Non-produced, non-financial assets	2.9	-11.0	-8.1	-2.4
-Financial account	4,940.1	-3,081.8	1,858.4	841.1
-Direct investment	874.5	-810.5	64.1	-315.3
-Portfolio investment	698.1	-1,356.5	-658.4	-1,450.7
-Financial derivatives	0.0	5.9	5.9	-11.8
-Other investment	3,367.5	-920.5	2,447.0	2,543.2
-Assets	192.7	-906.8	-714.1	-4,272.6
-Liabilities	3,174.8	-13.7	3,161.1	6,815.8
-Reserve assets	0.0	-0.2	-0.2	75.8
Net errors and omissions	0.0	-127.0	-127.0	-5.6

Sources: BS. Note: ¹a minus sign (-) in the balance indicates a surplus of imports over exports in the current account and a rise in assets in the capital and financial account and the central bank's international reserves.

foreign debt securities for the third month in a row. Portfolio investment by other sectors was dropping as well, as a consequence of declining security prices in international capital markets. From February, which saw high capital inflows as a result of the issue of the government bond, up to September, general government did not borrow from this source.

Net capital inflows from other investment, which are mainly financing the current account deficit, were somewhat lower (EUR 2,447.0 m) than in the same period last year (EUR 2,543.2 m). Among assets, the volume of short-term trade credits to the rest of the world increased somewhat, while long-term financing through domestic commercial bank loans recorded a significant decline. Among external liabilities, the inflows of trade credits were seasonally low in the period from June to August, but strengthened again in September. In the first nine months of the year, banks borrowed abroad (EUR 1,835.8 m) less than in the same period last year (EUR 2,150.2 m), but the debt maturity structure changed. The volume of long-term loans dropped, while the volume of banks' short-term loans increased y-o-y (EUR 802.5 m) relative to the same period last year (EUR 576.5 m), largely owing to the high inflow in June. In September, banks repaid more short-term loans than they raised, which is a result of tougher conditions in interbank markets.

At the end of September, gross external debt totalled EUR 39.8 bn and Slovenia's gross external assets in debt instruments EUR 31.1 bn. Slovenia's net external debt amounted to EUR 8.7 bn and increased by EUR 2.6 bn relative to the end of 2007.

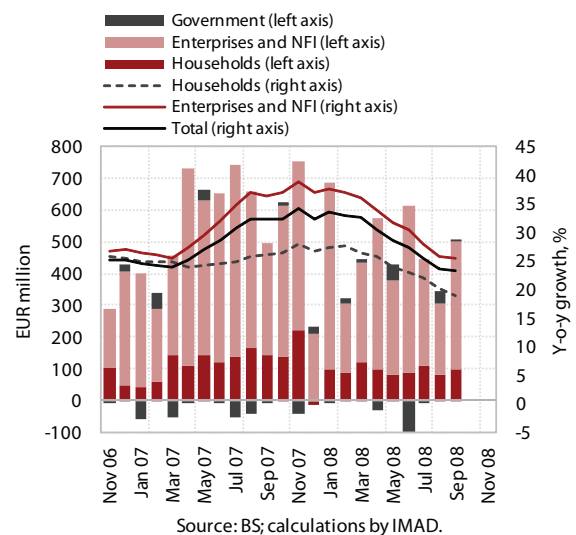
Financial markets

Lending activity of domestic banks strengthened somewhat in September, but nevertheless remained below the average monthly level recorded last year. In September, banks net repaid loans taken out abroad for the second time this year, which is a result of the spreading financial crisis and related tightening of conditions in international interbank markets, which was the main source of Slovenian banks' liquidity in the past. Banks were again trying to offset the shortfall in these assets by accumulating long-term household assets fuelled by outflows from short-term deposits and inflows from capital markets. The latter have been exposed to great pressures owing to the spillover of the financial crisis into other sectors of the economy over the last few months.

Even though monthly growth of domestic banks' lending activity strengthened in September, it did not exceed 2% for the eighth successive month. Increases were mainly recorded in corporate and NFI borrowing, which was, posting 1.8% growth, the highest in the last three months. Monthly growth of the volume of household loans has been hovering between 1.0% and 1.5% in the last six months. Foreign currency borrowing (household,

corporate and NFI loans) also strengthened. It posted 3.1% growth, which was the highest in the last six months, but nevertheless still below the level recorded in the previous period. The y-o-y growth rate of the volume of non-banking sector loans declined at a slower pace, but was at its two-year low (23.2%). In September banks recorded net lending in the amount of EUR 511.6 m, which is otherwise 3% more than in the same month last year. In the first three quarters this year, net borrowing of domestic non-banking sectors totalled EUR 4.265.9 m, almost 15% less than in the comparable period last year.

Figure 24: Net flows and growth of domestic bank loans to domestic non-banking sectors



Also in September, households mainly raised housing loans, while borrowing in the form of consumer loans and loans for other purposes remained relatively modest. Net flows of housing loans, on average, account for two thirds of the total monthly net borrowing of households this year (compared with around half in 2007). Growth of foreign currency loans recorded a significant increase and was, posting 3.7%, the highest in the last six months. In the first three quarters of this year, households net borrowed EUR 887.5 m, already almost a fifth less than in the same period last year. A higher figure (by 7.2%) was only recorded by housing loans, solely as a consequence of strong Q1 growth, while net flows in Q2 and Q3 were already lagging behind the net flows in the comparable periods of 2007.

Corporate and NFI net borrowing from domestic banks strengthened somewhat at the end of Q3. A large part of the increase can be attributed to strong net borrowing by NFI, which borrowed EUR 116.0 m this month, the highest figure since October 2007. This high level of borrowing is most likely intended to cover liquidity needs, as in the current circumstances NFI do not find it sensible to sell investment to gain liquidity. In September enterprises again increased borrowing for investment relative to

Table 6: Financial market indicators

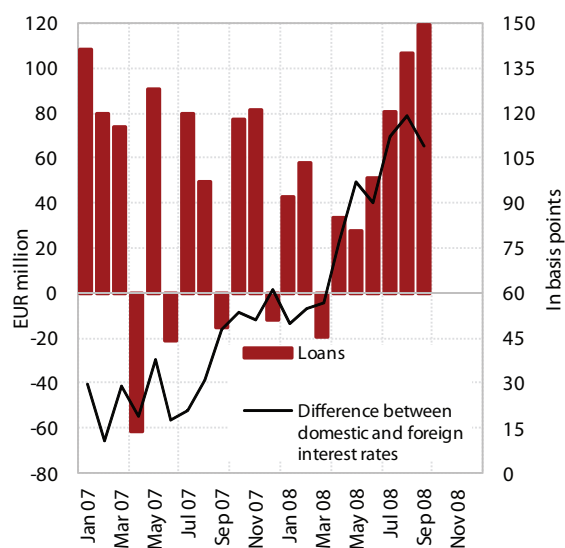
	Nominal amounts, EUR bn		Nominal loan growth, %		
	31. XII 2007	30. IX 2008	30. IX 2008/ 31. VIII 2008	30. IX 2008/ 31. XII 2007	30. IX 2008/ 30. IX 2007
Loans total	26,715.5	30,981.4	1.7	16.0	23.2
Enterprises and NFI	19,378.7	22,757.8	1.8	17.4	25.4
Government	519.2	518.5	0.8	-0.1	-2.0
Households	6,817.7	7,705.1	1.3	13.0	19.1
Consumer credits	2,742.5	2,905.2	0.8	5.9	9.9
Lending for house purchase	2,667.9	3,237.0	2.2	21.3	30.2
Other lending	1,407.3	1,563.0	0.6	11.1	16.8
Bank deposits total	12,541.8	13,490.3	1.1	7.6	10.1
Overnight deposits	5,387.7	5,417.0	0.5	0.5	-3.0
Short-term deposits	5,112.4	5,455.0	-0.1	6.7	16.1
Long-term deposits	1,286.0	1,736.9	7.4	35.1	35.5
Deposits redeemable at notice	755.6	881.4	1.2	16.6	28.0
Mutual funds	2,924.4	1,754.0	-16.5	-40.0	-40.9

Sources: Monthly Bulletin of the BS, SMA (Securities Market Agency), calculations by IMAD.

August. This type of corporate and NFI borrowing saw the smallest decline, given that in the first nine months of 2008 net flows were only just over 1% lower than in the comparable period last year. The total volume of net flows (EUR 3,379.1 m) fell by just over 15% behind the level recorded in the same period last year; this drop is to a great extent due to the 25% decline in working capital loans as a consequence of slowing production activity growth. The volume of net borrowing for other purposes dropped even more (by almost 30%), but due to a smaller share in total net flows its contribution was somewhat smaller.

After seeing relatively modest figures early this year, corporate borrowing abroad strengthened continuously in the period from June to September, despite the tightening conditions due to the financial crisis. In September enterprises net borrowed EUR 118.9 m, the highest figure since November 2006. In the first three quarters of 2008, net borrowing abroad thus amounted to EUR 499.2 m, 30% more than in the comparable period last year. This strong growth may be linked to interest rates of domestic banks, which increased substantially more than interest rates of foreign banks. In the last five months, the interest rates on loans over EUR 1 m were in Slovenia, on average, 105 basis points higher than the euro area average, compared with 34 basis points last year. Tighter lending conditions significantly affected banks' borrowing abroad in September. Even though banks took out long-term loans in the amount of EUR 136.1 m in September (the highest figure in Q3), this did not suffice for net repayment of matured short-term loans, which totalled EUR 343.0 m. In the first nine months of 2008 banks thus posted net borrowing abroad in the amount of EUR 1.835.8 m, almost 15% less than in the comparable period last year.

Figure 25: Net corporate borrowing abroad and differences between interest rates

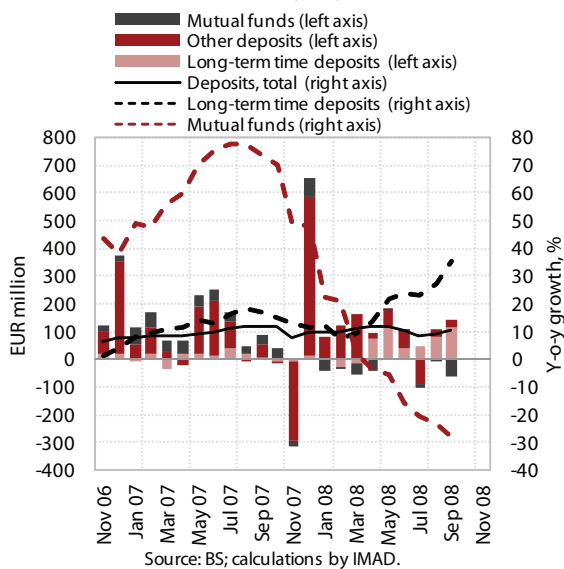


Source: BS; calculations by IMAD.

Due to the increasingly lower availability of foreign sources of financing, banks remain dependent on deposits, whose growth rates are high. High figures were posted particularly by long-term household deposits, which increased by as much as 35.5% y-o-y in September, most notably since comparable data have been available. This type of deposits reached EUR 119.0 m in September, the second-highest value this year (against net inflows of EUR 119.6 m posted in May). In the first nine months of 2008, household deposits thus recorded net inflows of EUR 948.5 m, 17.8% more than in the comparable period

last year. Inflows from the capital market are becoming an increasingly important driver of growth of inflows of household savings in banks, where negative trends are prevailing this year. Net outflows of assets from mutual funds strengthened significantly in September and October and were at the level of EUR 129.2 m in these two months alone, almost reaching the volume of total net outflows in the first eight months of the year. Almost two thirds of net outflows come from outflows from stock mutual funds. The volume of their assets contracted by 43.6% in the first nine months of the year. The volume of assets in all mutual funds managed by domestic administrators declined by just over two fifths in this period and was EUR 1,170.3 m lower in terms of value. The government is also becoming an important source of financing; it has a large share of assets in the form of short-term deposits in banks, but these deposits recorded as much as 128.3% growth y-o-y in September. The total net general government inflows totalled EUR 549.7 m in the first nine months of the year, while practically no net inflows were recorded in the same period last year (EUR 1 m).

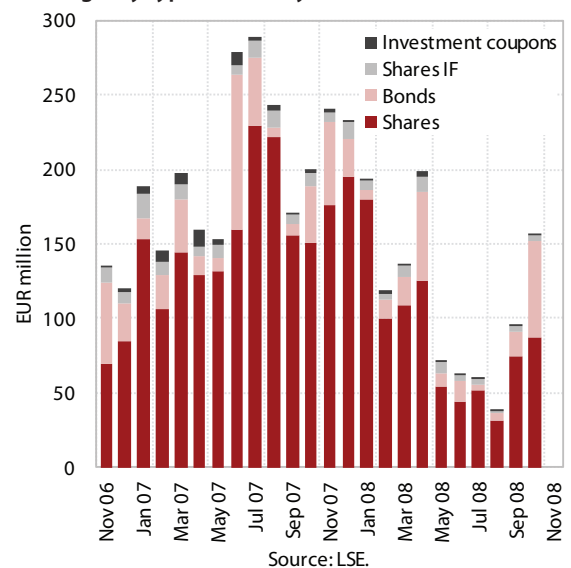
Figure 26: Net inflows of household deposits in banks and mutual funds, and their y-o-y growth rates



The negative trends on the Ljubljana Stock Exchange intensified notably in the first two months of the final quarter this year, as a consequence of the rapid pass-through of the financial crisis into other sectors of the economy. The volatility of the SBI20 index strengthened notably in these two months. The average daily increase in this period was thus at the level of 2.0% (at 1.0% in the first three quarters), and the average decline at 3.4% (1.2%). The main index on the Ljubljana Stock Exchange dropped by a good 30% in total in October and November. In October it posted its greatest decline in the last 15

years (18.7%). It was down 61.4% y-o-y, dropping to the level of almost five years ago. According to the figures from the Ljubljana Stock Exchange, trading in securities strengthened in October already for the second month in a row. Turnover thus reached its highest level (EUR 157.1 m) in the last six months of the year, almost 40% higher than the average monthly figure in the first 10 months. It fell behind the 2007 average by only just over 15%, which is, by our estimate, mainly attributable to the lower value of securities and not to a smaller number of transactions. A stronger decline of stock exchange indices was also observed in more developed capital markets, but positive trends in the last week of November prevented an even more significant drop. The MSCI World, as measured in euros, thus fell by 16.4% in the last two months, while the leading index for the Tokyo stock market recorded the largest drop, being down 24.4% from the end of this September.

Figure 27: Monthly turnover on the Ljubljana Stock Exchange, by type of security



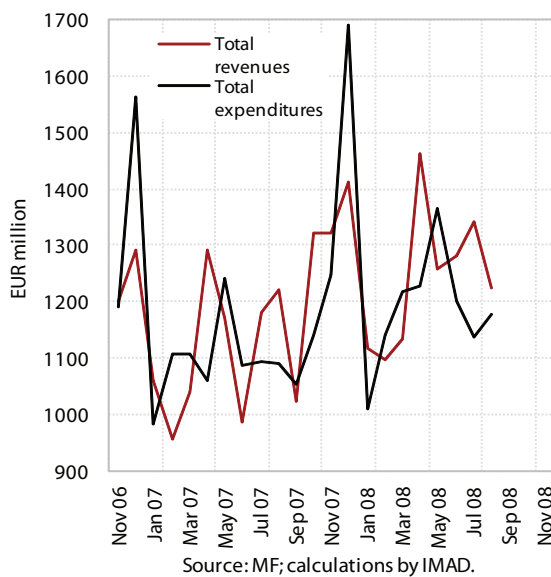
Public finance

In the first eight months of the year, **general government revenue** increased by 11.3% relative to the same period last year. According to the consolidated balance³ of the Ministry of Finance (using the cash flow method), general government revenue totalled EUR 9.9 bn. In the first eight months of the year, it recorded notably stronger growth than in the comparable period of 2007, when growth was at 6.4%. This year, general government revenue is created according to slightly amended tax legislation and tax instruments. In the first eight months, its nominal level was also influenced by favourable macroeconomic

³ The consolidated balance includes revenue and expenditure of state and local government budgets and the pension and health funds.

developments and partly by higher inflation. In the first eight months, general government revenue recorded the largest increase in revenue from personal income tax (27.8%), where revenue from other personal income tax categories (interest, dividends) rose faster than revenue from taxes on wages, while final assessments of personal income tax were much lower than in the same period last year. Revenue from corporate income tax and value added tax recorded above-average growth (15.1% and 13.8%, respectively), while revenue from social security contributions increased at the same rate as total revenue (11.3%).

Figure 28: Consolidated general government revenue and expenditure



In the first 10 months, relatively favourable growth of **payments of taxes and contributions** continued, showing only a slight slowdown. According to data on the payments of taxes and social security contributions,⁴ taxes and social security contributions increased by 11.9% in the first 10 months relative to the same period last year (12.1%). In the first 10 months, revenue from personal income tax rose at the fastest pace and increased by 24.7% relative to the same period last year. Growth of tax on wages and salaries, accounting for the largest part of personal income tax, strengthened somewhat in the last two months and totalled 13.8% in the first 10 months relative to the same period last year. Revenue from other categories of personal income tax, largely from taxes on income from capital gains and income from property, have been declining significantly since June, but nevertheless posted very high rates in the first 10 months of the year as a whole. In the first 10 months of the year, tax on income from capital gains still recorded 176.3% growth, and tax on income from property increased by almost 30%. Personal income tax refunds in the first 10 months of the year were much

smaller than last year; revenue from personal income tax thus decreased by EUR 63 m this year compared with EUR 163 m last year. Revenue from corporate income tax also recorded above-average growth in the period of the first 10 months: 14.1%. As a result of the final assessments of the corporate income tax based on annual accounts for 2007, growth in revenue from this tax has been slowing in recent months, given the more even monthly advance payments of the tax. Monthly advance payments declined somewhat in the last two months (from around EUR 92 m in July to around EUR 86 m in October), which shows that taxpayers are taking advantage of the possibility of adjusting advance payments to new tax bases according to the new rate of taxation (as a rule, advance payments are otherwise fixed on the basis of tax assessments for the previous year). The dynamics of domestic taxes, which rose by 11.0% in the first 10 months of 2008, also suggest a slight slowdown; revenue from value-added tax increased by 12.7% and revenue from excise duties by 8.9%. Part of this slowdown can otherwise be explained by last year's amendments to the Value Added Tax Act and changes in excise duties, which were not in effect during the whole year and which influenced the dynamics of tax payments in 2007. Revenue from social security contributions recorded the most stable growth, increasing by 11.6% in the first 10 months relative to the same period last year. If the dynamics of the first 10 months continue, general government revenue will be somewhat higher at the end of the year than envisaged by the supplementary budgets and financial plans of the national Health Insurance Institute (HIIS) and Pension and Disability Insurance Institute (PDII), most notably in personal income tax, somewhat less in value added tax and corporate income tax, and slightly in social security contributions.

According to the consolidated balance of revenue and expenditure of the Ministry of Finance for the first eight months of the year, **general government expenditure** rose by 8% relative to the same period last year. Consolidated general government expenditure totalled EUR 9.1 bn in the first eight months of the year, and posted stronger growth compared with 5.6% in the same period last year. In terms of the economic structure of expenditure, the largest y-o-y increase in this period was seen in expenditure on investment and investment transfers (15.2%) and expenditure on goods and services (15.1%). Above-average increases were also posted in payments to the EU budget (13%) and subsidies (9%). Expenditure on transfers to individuals and households increased in line with average growth (8%). Wages, contributions and other personnel expenditure increased by a mere 4.7% in the period of the first eight months, while expenditure on interest payments dropped relative to the same period last year (-6.4%).

By the end of October, payments to the EU budget reached 85% of planned payments and will by the end of the year

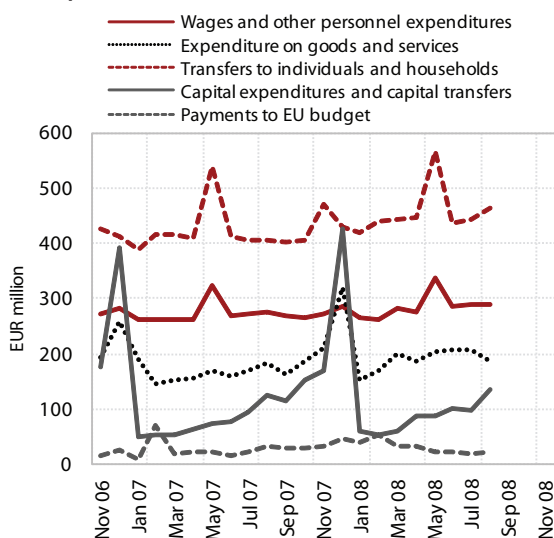
⁴ Based on the Report on payments of all public revenues, January–October 2008.

Table 7: Consolidated general government revenues and expenditure

	2007			2008		
	EUR m	% of GDP	Growth. %	EUR m I-VIII 08	VIII 08/ VIII 07	I-VIII 08/ I-VIII 07
Revenues - total	14,006.1	40.6	8.1	9,928.3	100.3	111.3
- Tax revenues	12,757.9	37.0	8.5	9,131.6	97.0	111.1
- Taxes on income and profit	2,917.6	8.5	6.7	2,355.3	102.1	122.5
- Social security contributions	4,597.9	13.3	8.7	3,297.9	109.8	111.3
- Domestic taxes on goods and services	4,498.6	13.1	10.3	3,092.6	85.0	108.1
- Receipts from the EU budget	347.9	1.0	-0.1	218.5	146.7	114.8
Expenditure - total	13,915.5	40.4	5.4	9,483.4	108.2	108.0
- Wages and other personnel expenditure	3,276.9	9.5	3.0	2,285.3	105.7	104.7
- Purchases of goods and services	2,212.2	6.4	6.7	1,526.9	103.1	115.1
- Transfers to individuals and households	5,093.3	14.8	4.6	3,658.8	115.1	108.0
- Capital expenditure	1,130.5	3.3	25.4	540.7	94.3	114.4
- Capital transfers	334.3	1.0	-17.4	152.4	163.7	118.1
- Payment to the EU budget	355.9	1.0	23.6	244.8	67.6	113.0

Source: MF. calculations by IMAD.

Figure 29: Consolidated general government revenue and expenditure



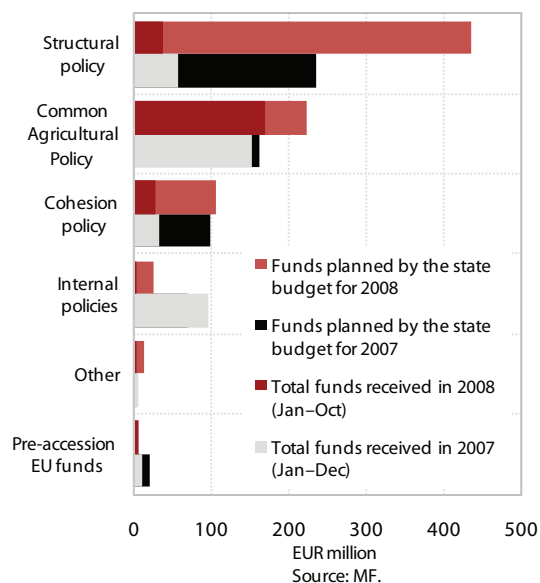
Source: MF.

exceed those envisaged in the state budget for 2008, as the European Commission, on the basis of the new estimates of statistical aggregates for Slovenia for 2004–2007, increased Slovenia's obligations related to payments based on gross national income and value added tax. The European Commission requires that Slovenia should pay higher contributions to the EU budget in December, in the amount of around EUR 40 m. Absorption in October,

on the other hand, was low, just EUR 7.6 m, which is contrary to expectations. In the period up to the end of October, Slovenia had received from the EU budget only 31% of the amount foreseen by the supplementary budget adopted at the end of May 2008.

Assuming that the volume of absorbed funds will be smaller in 2008 than last year⁵ and given that contributions are higher than anticipated, the state budget may post a deficit

Figure 30: Planned and utilised EU funds



Source: MF.

⁵ Given that absorption by the end of October was only 31% of funds foreseen in the adopted budget, and assuming that absorption in November and December relative to total absorption will be the same as in the previous three years – or slightly higher, since in October it was extremely low for that month of the year – we can anticipate 50% absorption of funds envisaged in the adopted state budget for 2008, compared with 60% absorption posted last year.

associated with the European funds. Slovenia would thus end the year with less favourable figures than last year, when projects set to be financed according to the new financial perspective were just being prepared. By the end of October, Slovenia had received practically no refunds from cohesion and structural funds from the new financial perspective, though expenditure had already occurred. This means a current deficit in the field of European funds,

given that Slovenia had to make advance payments from the state budget and that part of these payments will not be refunded before the following budget year; the volume of refunds is largely dependent on the dynamics of payments in November and December this year, the months when refunds from cohesion and structural funds are typically higher.

Box 3: Measures to mitigate the consequences of the financial crisis

Within the framework of global efforts to mitigate the consequences of the financial crisis, the European Commission launched the European Economic Recovery Plan at the end of November. The main goals of the Recovery Plan are to boost demand and stimulate consumer confidence, solidarity and social justice, to reinforce structural measures in line with the Lisbon Strategy, and to accelerate the transition to a low-carbon economy to create new jobs and at the same time reduce dependency on external energy sources. The plan consists of two key pillars, a budgetary impulse of EUR 200 bn (1.5% of EU GDP) for a maximum of two years and a package of direct short-term actions to mitigate the consequences of recession and reinforce long-term competitiveness of the European economy. These measures mainly involve investment incentives aimed at creating new jobs and restructuring traditional production. Public finance measures are thus complemented by structural reforms in line with the Lisbon Strategy in the following 10 areas: creating incentives for employment; lowering labour taxation for the less educated and those employed in labour-intensive sectors; enhancing access to financing for small and medium-sized enterprises; reducing administrative burdens for starting up a business; modernising infrastructure; increasing energy efficiency in buildings; promoting green products; increasing expenditure on research and development, innovation and education; creating incentives for environmentally friendly technologies; and providing high-speed Internet access for all.

With regard to the national fiscal packages to be introduced by individual Member States, the Commission recommends that the Member States use a mix of revenue and expenditure instruments. The measures should be timely (so they can quickly support economic activity during the period of low demand), temporary and targeted (aimed especially at lowering growing unemployment and credit constraints, and at the same time supporting structural reforms), and coordinated to multiply the positive impacts of different measures and ensure long-term budgetary sustainability.

The Government of the Republic of Slovenia is preparing a comprehensive package of measures to mitigate the consequences of the crisis, which is expected to be formulated before the end of the year. In November, the National Assembly adopted an amendment to the Banking Act and an amendment to the Public Finance Act to preserve the stability of the domestic financial system. Changes in the Banking Act temporarily introduce unlimited state guarantees on bank deposits, while changes in the Public Finance Act are meant to boost confidence in the financial system and increase availability of debt capital. The amendment enables further government borrowing and purchase of credit institutions' assets, capital investment in credit institutions, insurance companies, reinsurance companies and pension funds, as well as provision of state guarantees outside the volume stipulated by the Republic of Slovenia Budget for 2008 and 2009 Implementation Act. State guarantees in an additional amount of up to EUR 12 bn of the principal can only be granted for liabilities arising from debt of credit institutions. Measures and criteria will be governed by the executive act, which is still in the process of adoption. Instruments with which Slovenia will protect its interests as a guarantor, as well as restrictions and conditions for the approval of the provision of the guarantees, have also been foreseen.

Most measures are temporary and represent a framework for tackling the exceptional conditions in the financial market, but will only be realised if deemed necessary. In addition to the temporary measures, the amendment also enables additional government borrowing for the implementation of the budget, as in addition to the government borrowing allowed so far, the government will be able to raise loans up to the amount required for repayments of state budget debt principal which will fall due in the following two budget years.

selected topics

The WEF Lisbon Review 2008/09

The WEF carried out its fourth review of the progress made by the EU-27 in light of the Lisbon Strategy goals.⁶ The first aim is to compare the performance of individual EU economies against one another and to measure the relative progress of countries since the last review in 2006. Secondly, the study assesses the extent to which the EU Member States are competitive against the U.S. and the

five most competitive economies in East Asia (Hong Kong, Japan, Korea, Singapore and Taiwan, China). Third, the study assesses the economic competitiveness of the EU candidates and potential candidate countries, based on the Lisbon criteria. The WEF assesses the implementation of the eight Lisbon strategy goals by means of eight indices and interprets the results as the business community's perspective on the relative performance of these countries in meeting the Lisbon strategy goals. The

Table 8: Rankings and scores of EU countries in terms of their aggregate and Lisbon Strategy indices

	Aggregate indices		Information society		Innovation and R&D		Market liberalisation		Network industries		Financial services		Enterprise environment		Social inclusion		Sustainable development	
	r	s	r	s	r	s	r	s	r	s	r	s	r	s	r	s	r	s
Austria	5	5.34	6	5.3	8	4.69	2	5.66	5	6.05	5	6.05	11	4.94	6	5.15	6	4.91
Belgium	10	5.11	13	4.51	6	4.73	8	5.34	10	5.76	8	5.93	9	5.02	5	5.25	10	4.36
Bulgaria	27	3.68	25	3.57	27	3.04	27	3.9	25	4.08	27	4.12	22	4.21	27	3.59	27	2.89
Cyprus	13	4.68	15	4.33	21	3.54	13	4.94	11	5.76	15	5.43	17	4.54	8	5.05	17	3.85
Czech Rep.	16	4.53	18	4.03	15	3.93	15	4.82	19	5.1	19	4.94	21	4.4	12	4.87	14	4.17
Denmark	2	5.64	3	5.71	3	5.3	4	5.61	2	6.26	2	6.17	6	5.28	1	5.74	4	5.03
Estonia	12	5.02	4	5.56	12	4.06	12	4.99	14	5.26	12	5.69	4	5.34	13	4.83	8	4.44
Finland	3	5.64	7	5.27	1	5.95	6	5.51	6	5.99	4	6.08	1	5.48	2	5.67	1	5.13
France	8	5.12	10	4.96	9	4.68	10	5.25	3	6.2	10	5.91	13	4.82	14	4.81	11	4.33
Germany	6	5.34	9	4.96	4	5.08	5	5.6	1	6.47	9	5.91	15	4.7	9	5.02	5	4.96
Greece	23	4.1	27	3.18	17	3.85	23	4.31	17	5.12	17	5.07	26	3.78	22	4.06	23	3.46
Hungary	22	4.18	22	3.86	19	3.76	21	4.4	22	4.75	23	4.77	19	4.51	24	3.87	22	3.5
Ireland	11	5.03	14	4.44	10	4.44	7	5.38	16	5.13	6	6.01	2	5.46	10	5.01	9	4.4
Italy	24	4.05	23	3.83	20	3.76	24	4.27	21	4.9	24	4.63	27	3.69	25	3.82	21	3.51
Latvia	21	4.25	21	3.93	23	3.48	22	4.38	23	4.55	22	4.87	12	4.87	21	4.07	19	3.83
Lithuania	19	4.39	19	3.95	18	3.82	20	4.4	20	5.04	18	5.01	14	4.76	17	4.35	20	3.8
Luxembourg	7	5.22	8	5.12	13	3.93	9	5.26	8	5.85	7	5.96	3	5.4	7	5.12	3	5.1
Malta	18	4.43	11	4.75	25	3.37	16	4.8	15	5.16	13	5.68	24	3.84	11	4.87	26	2.96
Netherlands	4	5.44	2	5.76	5	4.86	1	5.7	7	5.91	3	6.11	5	5.28	4	5.33	7	4.56
Poland	26	3.76	26	3.18	22	3.51	25	4.24	26	3.93	25	4.45	25	3.8	26	3.79	24	3.21
Portugal	14	4.61	16	4.32	16	3.87	18	4.7	12	5.58	16	5.42	16	4.62	18	4.34	15	4.01
Romania	25	3.84	24	3.7	26	3.3	26	4.04	27	3.74	26	4.35	18	4.52	23	3.92	25	3.19
Slovakia	20	4.34	20	3.94	24	3.48	17	4.77	24	4.54	20	4.92	10	4.96	20	4.2	16	3.91
Slovenia	15	4.58	12	4.71	11	4.12	19	4.43	18	5.11	21	4.9	20	4.47	16	4.61	13	4.28
Spain	17	4.52	17	4.07	14	3.93	14	4.87	13	5.42	14	5.52	23	4.16	19	4.32	18	3.83
Sweden	1	5.71	1	6.07	2	5.6	3	5.64	4	6.18	1	6.3	7	5.23	3	5.51	2	5.12
United Kingdom	9	5.12	5	5.42	7	4.7	11	5.16	9	5.81	11	5.82	8	5.06	15	4.69	12	4.28
EU 27	-	4.73	-	4.53	-	4.18	-	4.9	-	5.32	-	5.41	--	4.71	-	4.66	-	4.11
USA	-	5.44	-	5.73	-	6.07	-	5.23	-	5.92	-	5.97	--	5.27	-	4.86	-	4.5
East Asia ¹	-	5.26	-	5.36	-	5.2	-	5.28	-	5.98	-	5.65	--	5.26	-	5.09	-	4.26

Source: The Lisbon Review: Measuring Europe's Progress in Reform. 2008. World Economic Forum (obtained 1.11.2008 na <http://www.weforum.org/pdf/gcr/lisbonreview/TheLisbonReview2008.pdf>) Notes: r - rank, s - index value. ¹ East Asia refers to the average of five competitive East Asian economies: Japan, Hong Kong, Republic of Korea, Taiwan and Singapore.

⁶ Based on a survey of business leaders on global competitiveness (Executive Opinion Survey).

assessment of progress in individual dimensions is largely based on survey indicators gathered in the springs 2007 and 2008, as well as hard data mostly dating from 2007. The model used in calculating the overall Lisbon strategy index is the same as in 2006, which makes it possible to carry out inter-year comparisons.

Slovenia bettered its performance by one rank as its aggregate index improved, though it is still below the EU-27 average. Slovenia shows competitive advantages in three out of the eight dimensions, while the remaining dimensions are weaknesses.⁷ Over the past two years, Slovenia has recorded progress in three of four dimensions representing its weaknesses in terms of the Lisbon Strategy goals (social inclusion, liberalisation of markets and the enterprise environment), while in the fourth dimension (financial services) its ranking deteriorated further, by one place. The index of network industries, which was previously a relative strength of Slovenia, dropped by three places, and this dimension has thus become a fifth weakness. The other dimensions remain Slovenia's competitive strengths and either improved (information society by one rank, and innovation and R&D by two ranks) or deteriorated (sustainable development, by one rank).

Given the changes in the competitiveness of the EU as a whole, Slovenia has recorded certain positive shifts on average compared with the EU, while the EU as a whole is not catching up with its main world partners in terms of

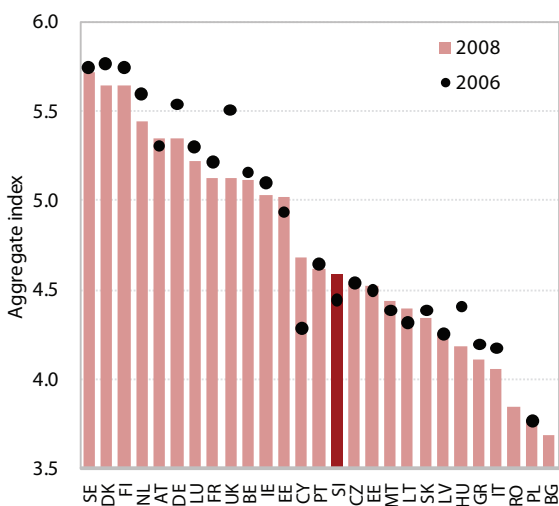
competitiveness. Among the EU members, the Nordic countries continue to hold the top three places, with aggregate index values even exceeding the ranking of the U.S., but the EU-27 average can still not be compared with the most competitive regions in the west and in the east. According to the WEF estimate, the change in the aggregate index for the EU-27 does not support the original Lisbon Strategy goal for 2010, according to which the EU was supposed to turn into the most competitive economy in the world by that year. Sweden is the top ranked country among the EU-27, while Bulgaria is ranked last. The most striking improvement was recorded by the new Member State Cyprus. Looking at the older Member States, aggregate indices improved in Austria, Luxembourg and France, whereas Germany, the United Kingdom, Portugal and Spain registered a decline. Among the new Member States, Malta, Lithuania, Latvia and Romania improved their positions, like Slovenia, by one rank, while the rankings of the Czech Republic, Slovakia and Poland declined. The highest-placed accession country, Estonia, is the only new Member State exceeding the EU-27 average.

Social protection

According to the European System of Integrated Social Protection Statistics,⁸ Slovenia allocated EUR 7,057 m or 22.8% of GDP for social protection schemes in 2006, somewhat less than in 2005 (23% of GDP), which is due to GDP growing faster than social protection expenditure. The earmarked funds increased by a nominal 6.7% compared with 2005 (and by 3.9% in 2005 compared with 2004), and by a real 4.1% (by 1.4% in 2005 compared with 2004). The stronger real growth than in the previous year was mainly due to the growth of expenditure on old age and survivors, which together account for all pension insurance receipts.

According to the latest available data, the EU-27 countries on average allocated 26.9% of GDP for social protection in 2006 (against 27.1% of GDP in 2005). In 2006, social protection expenditure expressed as a share of GDP declined in almost two thirds of the EU countries relative to the year before. Nine countries stand out in terms of expenditure on social protection in purchasing power standards per capita (social protection expenditure converted to purchasing power standards) and exceed the EU-15 average (Austria, Belgium, the Czech Republic, Finland, Luxembourg, Germany, the Netherlands, Sweden and the UK), even though in most of them the shares of social protection expenditure in GDP are declining. Except for Finland and the UK, these countries have

Figure 31: Aggregate index change



Source: The Lisbon Review: Measuring Europe's Progress in Reform. 2008. World Economic Forum.

⁷ According to the WEF methodology, a country's strengths and weaknesses are determined on the basis of whether each ranking in an individual dimension is higher or lower than the country's ranking according to the aggregate index.

⁸ The European System of Integrated Social Protection Statistics (ESSPROS) is a methodology providing the most comprehensive information on general government expenditure for social protection. The basic purpose of this expenditure (cash benefits and services under social protection schemes) is to redistribute income and to provide social, health, pension and disability insurance, and protection for children/motherhood, unemployed people, victims of war, people living in poverty and other socially excluded persons.

been maintaining this position for as long as since 1996. In terms of expenditure on social protection per capita, Slovenia is below the EU-15 average, but is improving its ranking. Slovenia allocated 66% of the EU-15 average for social protection, 2 p.p. more than the year before and 10 p.p. more than in 1996; compared with the EU-25, Slovenia allocated 72% of the average in 2006.⁹

In Slovenia, 67.9% of social protection schemes is financed from social contributions; within that, 40.8% comes from social contributions paid by the persons protected (almost twice as much as at the level of the EU-27 as a whole) and

27.1% from those paid by employers (against 38.2% in the EU-27). General government contributions and other sources make up 32.1% of total social protection receipts. In Slovenia, social protection schemes are mostly financed from contributions paid by the persons protected, while social protection receipts in the EU-27 mainly come from contributions of employers.

Looking at the structure of social protection receipts by function in Slovenia, the largest volume of funds is still allocated for old age and sickness/health care benefits – 70% in total. A similar structure is recorded in the EU-27

Table 9: Social protection expenditure in Slovenia and EU member states as a % of GDP and in PPS per capita

	% of GDP							Per capita in PPS, EU-15=100		
	2000	2001	2002	2003	2004	2005	2006	1996	2000	2006
EU-27	N/A	N/A	N/A	N/A	N/A	27.1(p)	26.9(p)	-	-	-
EU-25	26.5	26.7	27.0	27.3	27.2	27.3(p)	27.0(p)	-	-	-
EU-15	26.8	27.0	27.3	27.7	27.6	27.7(p)	27.5(p)	100	100	100
Austria	28.4	28.8	29.2	29.7	29.3	28.8	28.5	121	121	117
Belgium	26.5	27.3	28.0	29.1	29.3	29.7	30.1	110	108	117
Bulgaria	N/A	N/A	N/A	N/A	N/A	16.1	15.0	N/A	N/A	18
Cyprus	14.8	14.9	16.3	18.4	18.1	18.4	18.4	N/A	42	55
Czech Republic	19.5	19.4	20.2	20.2	19.3	19.1	18.7	41	43	47
Denmark	28.9	29.2	29.7	30.9	30.7	30.2	29.1	129	123	118
Estonia	14.0	13.1	12.7	12.6	13.0	12.7	12.4	N/A	20	27
Finland	25.1	24.9	25.6	26.5	26.6	26.7	26.2	104	95	99
France	29.5	29.6	30.4	30.9	31.3	31.4	31.1(p)	109	110	113
Greece	23.5	24.3	24.0	23.6	23.5	24.	24.2	53	64	76
Ireland	13.9	14.9	17.5	17.9	18.2	18.2	18.2	59	59	87
Italy	24.7	24.9	25.3	25.8	26.0	26.3(p)	26.6(p)	91	93	89
Latvia	15.3	14.3	13.9	13.8	12.9	12.4	12.2(p)	N/A	18	21
Lithuania	15.8	14.7	14.0	13.5	13.3	13.1	13.2(p)	15	20	24
Luxembourg	19.6	20.9	21.6	22.1	22.2	21.7	20.4	146	155	185
Hungary	19.3	19.3	20.4	21.1	20.8	21.9	22.3	N/A	35	47
Malta	16.9	17.8	17.8	18.2	18.6	18.4	18.1	44	46	45
Germany	29.3	29.4	30.1	30.4	29.8	29.7	28.7(p)	116	112	106
Netherland	26.4	26.5	27.6	28.3	28.3	27.9	29.3(p)	115	115	125
Poland	19.7	21.0	21.1	21.0	20.1	19.7	19.2	N/A	31	33
Portugal	21.7	22.7	23.7	24.1	24.7(p)	20.2	25.4	47	55	61
Romania	13.2(p)	13.2(p)	13.4(p)	12.6(p)	15.1(p)	14.2	14.0(p)	N/A	11	18
Slovakia	19.4	19.0	19.1	18.2	17.2	16.7	15.9(p)	30	31	33
Slovenia	24.2	24.5	24.4	23.7	23.4	23.0	22.8(p)	56	64	66
Spain	20.3	20.0	20.4	20.6	20.7	21.1	20.9(p)	62	64	71
Sweden	30.1	30.8	31.6	32.5	32.0	31.5	30.7(p)	128	124	124
United Kingdom	26.4	26.8	25.7	25.7	25.9	26.3	26.4(p)	98	102	102

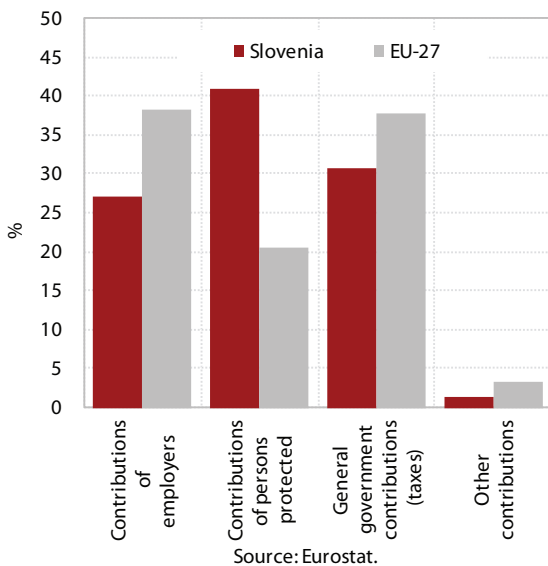
Source: Eurostat/ ESSPROS Total expenditure on social protection, 2007 Total expenditure on social protection per head of population, PPS, 2008.
Notes: Except for 2005 and 2006, the figures for Slovenia do not include housing data. PPS – purchasing power standards. p – provisional data. N/A – not available

⁹ For 1996, data for the EU-25 are not available.

(69.2%); the structure is otherwise somewhat different from that in 2005 for methodological reasons.

In terms of expenditure on social protection in purchasing power standards per capita, Slovenia is closest to the EU-27 in the area of survivors' benefits (reaching 93% of the average). It also approaches the EU average in the areas of disability (87% of the average), sickness/health care (84% of the average), family/children (82% of the average) and old age (81% of the average). In housing expenditure, Slovenia is farthest below the average (at only 2% of the average). In the areas of unemployment and social exclusion not elsewhere classified (mainly benefits for the poor), expenditure in purchasing power standards per capita in Slovenia does not reach even half of the EU-27 average.

Figure 32: Social protection receipts



Administration costs of the social protection schemes in Slovenia are smaller than in the EU average. In 2006, Slovenia allocated 2.2% of total receipts for administration costs (against 3.1% allocated in the EU-27), using 97.7% of total social protection expenditure for benefits and social protection services, while the EU-27 used almost two percentage points less (96.2%).¹⁰

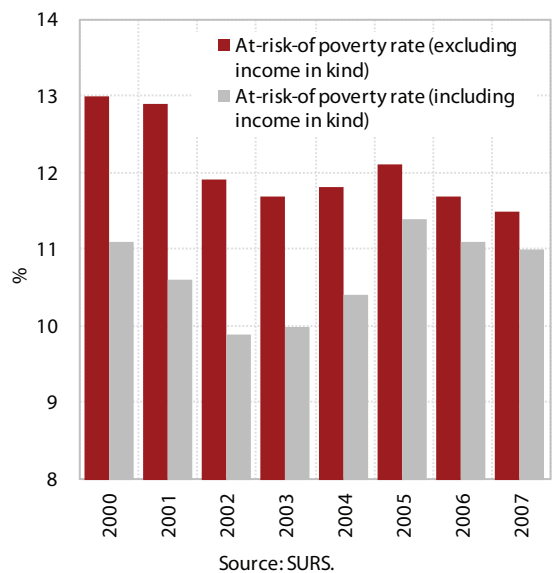
Risk of poverty and income inequality in Slovenia

The risk of poverty and income inequality decreased somewhat further in 2007. The at-risk-of-poverty rate was 11.5% in 2007¹¹ (against 11.7% in 2006), which means that around 233,000 persons lived below the poverty threshold – i.e. their disposable income¹² was less than EUR 495. Even though the risk-of-poverty data for 2007 do not differ significantly from those recorded last year, figures for a longer period indicate a downward trend. Data for 2007 also show the relatively great impact of social transfers provided by the government to improve the standard of living and mitigate material deprivation of the population. The risk of poverty would more than double if the population did not receive any social transfers. Low as it is, income inequality as measured by the Gini and quintile coefficients also declined further compared with 2006 (from 23.8% to 23.2% and from 3.4 to 3.3, respectively).

In 2007, the risk of poverty was highest in the same population groups as in the previous year, but in certain groups the at-risk-of-poverty rates increased. At-risk-of-poverty rates thus rose in single-parent households with at least one dependent child (from 22.1% in 2006 to 28.6% in 2007), among tenants (from 21.9% in 2006 to 25.7% in 2007) and the unemployed (from 33.4% in 2006 to 35.9% in 2007).

For a more comprehensive picture of what is happening to the poorest strata of the population, it is also necessary

Figure 33: At-risk-of-poverty rate in Slovenia



¹⁰ These figures do not total 100% due to other expenditure.

¹¹ The at-risk-of-poverty rate and other indicators for 2007 were calculated based on the Statistics on Income and Living Conditions (EU-SILC) for 2007, carried out with the Survey on Living Conditions in 2007 (year of SILC conductance) and the use of administrative and register data for 2006 (the income reference year).

¹² Disposable income comprises total single-household incomes and not only wages with supplements, but also pensions, payments through the student employment brokerage service, interest, received rents and all social and family benefits of the population.

Table 10: Risk of poverty and income inequality in Slovenia, 2005, 2006 and 2007

	Income excluding income in kind			Income including income in kind		
	2005	2006	2007	2005	2006	2007
Mean equivalised disposable income – monthly, in EUR	795	842	893	824	864	912
At-risk-of-poverty rate, in %	12.1	11.7	11.5	11.4	11.1	11.0
At-risk-of-poverty threshold – monthly, in EUR	440	466	495	460	480	509
At-risk-of-poverty threshold for a household consisting of two adults and two children – monthly, in EUR	924	978	1.040	965	1.009	1.069
At-risk-of-poverty rate before social transfers (old-age and survivor's pensions are included in income), in %	25.8	24.2	23.1	24.8	23.2	22.8
At-risk-of-poverty rate before all social transfers, ¹ in %	42.2	40.7	39.7	40.9	39.3	39.2
At-risk of poverty rate for men, %	10.6	10.3	10.1	9.6	9.5	9.4
At-risk of poverty rate for women, %	13.6	13	12.9	13.2	12.6	12.4
At-risk of poverty rate for children (aged 0–15)	11.9	11.8	11.7	11	11.1	11.0
At-risk of poverty rate for youth (aged 16–24)	10.4	9.1	9.2	10	8.9	8.7
At-risk of poverty rate for employed persons (aged 16–64)	10.4	9.8	9.8	9.9	9.3	18.5
At-risk of poverty rate for the elderly (aged 65 and over)	20.4	20	19.4	19.2	19	18.5
Inequality of income distribution – quintile share ratio (80/20)	3.4	3.4	3.3	3.3	3.3	3.2
Inequality of income distribution – Gini coefficient, in %	23.8	23.8	23.2	23	23	22.6

Source: SORS: Social cohesion indicators, Slovenia 2004 – provisional data, 9th February, 2007, Social cohesion indicators, Slovenia 2005 – provisional data, 17th December 2007, Income and poverty indicators, Slovenia 2007 – provisional data, 28th November, 2008. Note: ¹The figure only takes into account individuals without pensions or other social transfers – the risk of poverty would be this high if the population did not receive any pensions or other social transfers

to take account of other data. The at-risk-of-poverty rate does not indicate absolute poverty or the share of the population lacking resources to meet their basic needs, but rather measures inequality within the population and reflects the distribution of income (income poverty). The lower at-risk-of-poverty rate in Slovenia thus signifies that household income disparities are slightly declining, which is also corroborated by other data on income inequality.

Data from the Slovenian Public Opinion Survey also indicate that living conditions have improved. When asked how they lived, in 2007 28.8% of respondents said that they had to economise and that they were cutting back on expenses for food and clothing (32.5% in 2006). Data show great disparities e.g. between education groups (with the highest deprivation by far observed in the group of persons with primary education), as well as individual socio-economic groups. The highest deprivation (economising on clothing, food and essential goods) was recorded for the unemployed, housewives and, to a somewhat smaller extent, pensioners.

Data on the number of recipients of the minimum wage and cash benefits for the poor also suggest that the material status has improved. The share of minimum wage recipients has been decreasing since 1995, when it totalled 7.4%. In 2006 (the reference year for the calculation of the at-risk-of-poverty rate in 2007), 2.5% or 17,447 employed persons received the minimum wage, which totalled EUR 515.86 (EUR 20.86 above the poverty threshold). The

number of financial social assistance recipients has also been decreasing since 2005.

Data on household expenditure in Slovenia in 2000–2006 also indicate that the living standard of the population is improving, on average, as the share of food in total expenditure (the most important indicator of the level of living) is declining (from 20.2% in 2000 to 16.6% in 2006), though the gap between the bottom and top quintiles is slightly increasing. In 2000, households in the top quintile allocated 3.6 times more assets for consumer goods, on average, than households in the bottom quintile, compared with 4 times more in 2006. Particularly great disparities between these two quintiles were recorded in expenditure on education, given that the top quintile spends 20 times more assets on education, while the difference in expenditure on transport is 9-fold and almost 8-fold in expenditure on clothes.

According to the Survey on Living Conditions for 2005 and 2006, some indicators improved while some of them slightly deteriorated. In 2006, a quarter of households in the bottom income bracket could not afford proper meals (against 21% in 2005), 63% of households could not afford holidays away from home (the same figure as in 2005), and 70% of households in the lowest income bracket could not handle unexpected financial expenses (72% in 2005). In 2006, 51% of households in the lowest income bracket had difficulty or great difficulty in making ends meet (the same figure as in 2005) and 31% lived in poor housing conditions (27% in 2005).¹³ Single-parent

¹³ In dwellings with leaking roofs, damp walls/floors/foundation or rot in window frames or floors.

households with at least one child were in the worst position, regardless of their income brackets, given that in 2006 as many as 37% had difficulty in making ends meet (36% in 2005) and 32% lived in poor housing conditions (19% in 2005). Single-parent households with at least one dependent child also posted an above-average at-risk-of-poverty rate (see above).

All these data mostly indicate that the standard of living in Slovenia is improving, but the situation of particular population groups which are at above-average risk of poverty is deteriorating. Particular attention will therefore have to be paid to groups such as the unemployed, single-parent families with dependent children, tenants and certain others.

Density rates of employers' organisations

Employers' organisations represent the collective interests of employers in the labour market. They play a crucial role in various areas of industrial relations, largely in collective bargaining at sectoral and cross-sectoral levels, which has a significant influence on the level of employment and wages. To be able to successfully advance their interests, employers' organisations must have enough power, which is largely dependent on the number and size of enterprises they represent.

*The density of employers' organisations (hereinafter: density) is usually measured in terms of "employees employed by member enterprises as a share of all employees in the organisational domain of the employers' organisation".*¹⁴ The organisational domain is the area where the employers' organisation operates (one or more sectors, profession, region, etc.). The density cannot be measured only by the number of members, as such measurement does not take into account the size of the member enterprises. Density is used as an indicator in analyses of the representativity and development of employers' organisations. In Slovenia, this indicator is also used in procedures for extending the validity of collective agreements to enterprises/employers which are not members of the employers' organisations which signed the collective agreements.¹⁵

Since the introduction of voluntary membership in Chambers of commerce and industry in 2006, the following organisations have operated as employers' organisations in

Slovenia: Chamber of Commerce and Industry of Slovenia (Gospodarska zbornica Slovenije, GZS), Slovenian Employers' Association (Združenje delodajalcev Slovenije, ZDS), Slovenian Chamber of Commerce (Trgovinska zbornica Slovenije, TZS), Chamber of Craft and Small Business of Slovenia (Obrtna zbornica Slovenije, OZS),¹⁶ Slovenian Employers' Association of Crafts (Združenje delodajalcev obrtnih dejavnosti Slovenije, ZDODS) and Slovenian Chamber of Catering and Accommodation Service Providers (Zbornica ponudnikov gostinskih storitev Slovenije, ZPGS).¹⁷ The aggregate density rate of the private sector is calculated under the assumption that the organisational domain of all employers' organisations in the private sector is the whole private sector (the organisational domain of the TZS is otherwise only trade, and of the OZS and ZDODS only craft production). According to the Statistical Office of the Republic of Slovenia (SORS), the private sector employed on average 614,254 workers in the first half of 2008. Since for some employers' organisations (ZDS, ZDODS) data for 2008 do not exist or are not available, the estimate of these organisations' density was calculated on the basis of older density data, the existing data on the number of members and certain assumptions. The future density trends for certain employers' organisations (GZS, TZS) were estimated by means of the existing data on the movement of the number of members.

In 2008, the highest density was recorded in the GZS (46.9%) and the lowest in the ZDODS (2%). The density of the GZS is calculated on the basis of data on the number of employees in member enterprises of the GZS. The estimated density of the ZDS in 2008 was 35%. In May 2001, the ZDS density was 37.1% (1,303 members). In 2007, the ZDS had 1,409 members, 7.5% more than in 2001, but the number of large enterprises had declined by 8.6% relative to 2006. The estimate was made under the assumption that the number of large ZDS members did not decline significantly and that the number of ZDS members in 2008 increased, given the upward trend.¹⁸ The density of the TZS was 12.7% in 2008. The TZS was established on 17 November 2006. Its density is calculated on the basis of data on the number of employees in member enterprises of the TZS. The density of the OZS was 17.2% in 2008. It is calculated on the basis of data on the number of employees in OZS member enterprises. The density of the ZDODS in 2008 was estimated at 2.00% (data on the number of workers employed by ZDODS members in 2008 are not available).

¹⁴ EIRO comparative study *Employers' Organisations in Europe*. European Foundation for Living and Working Conditions – EUROFOUND, Dublin 2004.

¹⁵ Article 2 of the Collective Agreements Act (LCA) stipulates that "the minister recognises an extended validity of the whole or part of the collective agreement if the collective agreement has been concluded between one or more representative trade unions and one or more associations of employers, the members of which employ more than half of all employees at employers for whom the extension of the collective agreement has been proposed".

¹⁶ The OZS is expected to cease to function as an employers' organisation in 2009 due to its mandatory membership.

¹⁷ The ZPGS was established on 14 October 2008; its membership figures have therefore not yet been included in the analysis.

¹⁸ The GZS had 18,610 members in 2008; the ZDS had 1,409 members in 2007 (see Table 2). The GZS density in 2008 was 46.89%; the estimated density of the ZDS was 35%. The difference in density is smaller than the difference in the number of members. Therefore we assume that many small enterprises are still members of the GZS, and that the GZS membership may continue to decline. It is also possible that due to the decline in the membership of large enterprises, the ZDS density did not rise accordingly with the membership increase.

Table 11: **Density rates of individual employers' organisations in Slovenia**

	Density ¹		Employed 2008
	2001	2008	
GZS		47.58%	288,019
ZDS	37.09%	35.00% (est.)	
TZS		12,85%	77,805
OZS		18,10%	105,400
ZDODS		2.00% (est.)	13,500 (est.)

Source: Employers' organisations. Note: ¹density is measured in terms of employees employed by member enterprises as a share of all employees in the private sector.

The ZDODS had 2,700 members in 2008. Assuming that each member enterprise employed five workers on average, the number of all workers employed by ZDODS members totalled 13,500.

The estimate of the aggregate density rate of employers' organisations in Slovenia in 2008 is based on the sum of the calculated or estimated densities of individual employers' organisations in Slovenia in that year, excluding the ZDS and ZDODS. In the period when GZS membership was mandatory, all enterprises were either members of the GZS or – craft workers – of the OZS. Therefore we assume that the GZS and ZDS (as well as the OZS and ZDODS) memberships overlap to a great extent also today. Despite this overlap, the aggregate density rate is still relatively high, by a rough estimate, between 80.00% and 90.00% (taking into account the possibility that memberships do not overlap completely).

Based on the membership trends in employers' organisations and statutory provisions, the aggregate density rate can be expected to decline in the coming years. In 2009, the aggregate density is expected to decline to 62.00–

Table 12: **Membership trend in employers' organisations**

	Number of members				
	2001	2004	2006	2007	2008
GZS		64,818 mandatory members		45,000 voluntary members	18,610
ZDS	1,303	1,044	1,352	1,409	
TZS				2,800	6,510
OZS				mandatory members	47,671
ZDODS					2,700

Source: Employers' organisations.

72.00%, as the OZS will cease to function as an employers' organisation in 2009 due to its mandatory membership.¹⁹ In the near future, the aggregate density rate may decrease even more if the number of GZS members continues to decline at a rapid pace, as a notable decline in the number of GZS members has been recorded since the introduction of voluntary membership. The downward trend can be prevented or mitigated, for example by increased membership (of large companies, in particular) in other employers' organisations such as the TZS. The TZS had more than 2,800 members on 25 October 2007, 6,229 members on 27 June 2008 and 6,510 on 25 July 2008. These data indicate a steep increase in membership, and consequently, also in the density rate. In two to three years the aggregate density rate may drop (particularly in certain sectors) below the density threshold of over 50.00% required for the extension of the validity of the collective agreement to all employers and the workers they employ. This drop would prevent extension of the validity of certain collective agreements and decrease the coverage of workers (the share of workers whose wages and other labour conditions are defined by the collective agreement).

¹⁹ According to Article 32 of the Collective Agreements Act (LCA) adopted on 4 March 2006, "Collective agreements on the side of employers may also be concluded by associations of employers with mandatory membership in the transitional period of three (3) years after this Act enters into force."

statistical appendix

MAIN INDICATORS	2003	2004	2005	2006	2007	2008	2009	2010
						Autumn forecast 2008		
GDP (real growth rates, in %)	2.8	4.3	4.3	5.9	6.8	4.8	3.1	4.0
GDP in EUR million (current prices and current exchange rate)	25,752	27,162	28,704	31,013	34,471	37,725	40,343	43,470
GDP per capita, in EUR (current prices and current exchange rate)	12,900	13,599	14,346	15,446	17,076	18,623	19,859	21,344
GDP per capita (PPS) ¹	17,000	18,400	19,500	20,700	22,000 ²	-	-	-
GDP per capita (PPS EU27=100) ¹	82	85	87	88	89 ²	-	-	-
Gross national income (current prices and current exchange rate)	25,553	26,848	28,460	30,645	33,792	36,754	39,333	42,413
Gross national disposable income (current prices and current exchange rate)	25,583	26,803	28,316	30,429	33,531	36,464	39,260	42,330
Rate of registered unemployment	10.9	10.3	10.2	9.4	7.7	6.8	6.8	6.7
Standardised rate of unemployment (ILO)	6.7	6.3	6.5	6.0	4.9	4.6	4.8	4.8
Labour productivity (GDP per employee)	3.2	4.0	4.5	4.2	3.7	2.4	3.1	3.7
Inflation, ³ year average	5.6	3.6	2.5	2.5	3.6	6.2	3.9	3.3
Inflation, ³ end of the year	4.6	3.2	2.3	2.8	5.6	5.3	3.6	3.0
INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS								
Exports of goods and services ⁴ (real growth rates, in %)	3.1	12.4	10.6	12.5	13.8	6.6	5.2	7.4
Exports of goods	4.4	12.8	10.3	13.4	13.1	4.7	4.6	6.8
Exports of services	-2.5	10.9	12.0	8.6	17.0	15.5	8.1	10.2
Imports of goods and services ⁴ (real growth rates, in %)	6.7	13.3	6.6	12.2	15.7	6.9	4.0	6.5
Imports of goods	7.3	14.6	6.8	12.7	15.1	6.5	3.2	6.0
Imports of services	2.8	5.6	5.5	8.8	19.7	9.7	9.0	9.5
Current account balance, in EUR million	-196	-720	-498	-771	-1,455	-2,203	-1,900	-1,763
As a per cent share relative to GDP	-0.8	-2.6	-1.7	-2.5	-4.2	-5.8	-4.7	-4.1
Gross external debt, in EUR million	13,225	15,343	20,508	24,034	34,358	39,828 ⁵	-	-
As a per cent share relative to GDP	51.4	56.5	71.4	77.5	99.7	-	-	-
Ratio of USD to EUR	1.128	1.242	1.244	1.254	1.371	1.520	1.500	1.500
DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS								
Private consumption (real growth rates, in %)	3.3	2.7	2.6	2.9	5.0	4.5	3.5	3.6
As a % of GDP	56.0	55.0	54.4	53.0	52.2	52.9	53.2	52.9
Government consumption (real growth rates, in %)	2.2	3.4	3.3	4.1	2.5	3.4	2.2	2.6
As a % of GDP	19.0	18.9	19.0	18.8	17.7	18.0	18.5	18.7
Gross fixed capital formation (real growth rates, in %)	8.1	5.6	3.8	10.4	11.9	8.8	1.3	4.5
As a % of GDP	24.0	24.9	25.3	26.3	27.5	28.3	27.6	27.5
Sources of data: SORS, BS, Eurostat-New Cronos, forecasts by IMAD. Notes: ¹ Measured in purchasing power standard; ² Eurostat estimate before GDP revision for 2000-2007; ³ Consumer price index; ⁴ Balance of payments statistics (exports F.O.B., imports F.O.B.); real growth rates are adjusted for inter currency changes and changes in prices on foreign markets; ⁵ End September 2008.								

PRODUCTION	2005	2006	2007	2007				2008			2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3	4
INDUSTRIAL PRODUCTION, y-o-y growth rates, %														
Industry, total	3.3	6.1	6.2	8.4	6.9	5.9	3.8	1.4	3.3	-1.0	7.6	8.9	8.5	12.7
C Mining and quarrying	6.7	10.4	3.6	9.4	13.3	0.7	-6.7	5.0	-9.4	-12.0	-14.8	10.2	34.3	23.5
D Manufacturing	3.7	6.5	7.5	9.7	8.1	6.8	5.7	1.6	3.6	-0.6	9.1	10.6	9.3	14.0
E Electricity, gas & water supply ¹	-1.5	-0.9	-11.1	-8.1	-14.9	-5.0	-15.9	-3.4	6.2	-2.2	0.2	-11.9	-13.0	-10.9
CONSTRUCTION,² real indices of construction put in place, y-o-y growth rates, %														
Construction, total	3.0	15.3	18.2	35.5	31.5	16.7	2.8	32.5	16.5	16.1	37.4	30.9	38.1	34.7
Buildings	10.3	14.0	15.7	22.6	31.5	9.9	5.6	37.2	7.9	12.4	27.8	12.7	27.6	26.8
Civil engineering	-4.5	16.8	24.1	67.0	35.2	26.1	2.4	28.3	23.0	18.8	64.1	75.0	63.1	49.7
TRANSPORT, tonne-km in m, y-o-y growth rates, %														
Tonne-km in road transport	22.5	9.8	13.4	7.0	0.1	30.2	19.1	26.7	23.5	-	-	-	-	-
Tonne-km in rail transport	3.0	3.9	6.8	14.9	12.1	5.8	-3.7	-5.3	-2.9	-	-	-	-	-
Distributive trades, y-o-y growth rates, %														
Total real turnover*	9.5	6.5	9.5	5.7	8.3	12.3	11.8	16.2	13.2	10.4	1.9	6.0	9.5	8.8
Real turnover in retail trade	6.8	1.7	5.4	6.0	3.9	5.7	6.1	6.3	5.8	6.2	3.5	2.4	12.3	6.0
Real turnover in the sale and maintenance of motor vehicles and in retail sale of automotive fuel	12.8	11.8	13.9	5.5	13.0	19.7	17.9	27.1	21.2	15.0	0.3	9.6	6.8	11.8
Nominal turnover in wholesale trade & commission trade	3.8	10.4	16.2	19.6	15.1	15.1	15.3	21.1	23.8	20.1	19.6	19.0	20.2	21.7
TOURISM, y-o-y growth rates, %														
Total, overnight stays	-0.2	2.0	7.0	4.8	10.1	6.8	5.5	4.2	1.0	1.8	1.7	7.2	5.4	19.7
Domestic tourists, overnight stays	-1.6	1.9	4.9	0.5	13.7	2.3	5.5	4.8	4.6	4.7	-8.4	5.4	2.3	23.4
Foreign tourists, overnight stays	0.8	2.0	8.4	9.0	7.9	9.8	5.5	3.6	-1.3	0.1	8.9	9.8	8.4	17.6
Turnover in hotels and restaurants	4.5	6.2	0.4	-1.5	-0.5	2.3	0.8	-2.5	-2.7	-5.0	-3.1	-2	0.5	-0.8
AGRICULTURE, y-o-y growth rates, %														
Purchase of agricultural products, SIT bn, since 2007 in EUR m	103.7	106.7	492.2	101.3	109.7	120.8	160.3	117.9	125.6	134.1	32.2	31.1	37.9	37.5
BUSSINES TENDENCY (indicator values**)														
Sentiment indicator	3	9	14	14	15	15	11	9	9	6	13	14	13	15
Confidence indicator														
- in manufacturing	-1	9	12	13	13	12	11	9	4	-5	12	14	12	13
- in construction	-5	2	17	16	21	18	13	14	13	5	13	20	22	19
- in services	22	26	30	31	29	31	28	28	27	26	31	29	29	30
- in retail trade	13	21	27	23	26	27	31	28	29	28	21	25	25	26
Consumer confidence indicator	-19	-15	-11	-10	-7	-8	-17	-20	-15	-19	-8	-8	-8	-10

Source of data: SORS. Notes: ¹Only companies with activity of electricity supply are included. ²The survey covers all larger construction enterprises and some other enterprises that perform construction work. *Total real turnover in retail trade, the sale and repair of motor vehicles, and retail sale of automotive fuels; **Seasonally adjusted data.

2007								2008										
5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
3.2	5.4	8.7	8.0	1.5	10.0	1.6	-0.7	0.2	7.6	-3.0	8.8	-1.0	2.3	-2.2	-7.2	5.6	-	-
8.8	8.3	-5.8	18.9	-9.7	-2.0	-4.6	-15.2	12.8	9.5	-3.9	0.2	-17.1	-11.5	7.6	-36.7	-0.9	-	-
4.3	6.9	10.0	8.4	2.5	11.8	3.0	1.7	0.5	8.1	-2.9	9.4	-0.6	2.3	-2.5	-6.1	6.0	-	-
-16.1	-17.4	-5.1	-1.7	-8.2	-10.9	-14.3	-21.5	-7.2	0.3	-2.6	5.4	2.3	11.1	-1.0	-6.6	0.9	-	-
48.6	17.4	20.0	31.6	4.1	10.0	7.4	-11.8	38.7	41.3	21.2	23.1	13.6	14.0	18.6	10.4	19.4	-	-
55.1	17.3	21.1	17.3	-5.4	1.9	19.7	-4.1	55.0	43.7	19.1	11.7	4.8	7.9	1.9	14.7	20.9	-	-
45.2	17.4	19.3	52.7	13.5	16.1	-0.1	-18.0	23.7	39.3	22.9	32.0	20.0	18.8	31.7	7.3	18.5	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	6.5	10.6	12.8	13.4	16.8	11.7	7.1	18.2	23.9	7.2	17.5	11.9	10.4	12.7	5.8	12.8	-	-
4.5	1.2	4.7	4.7	7.9	9.5	4.5	4.3	6.4	14.9	-1.8	8.2	5.0	4.2	7.6	2.9	8.1	-	-
14.8	12.3	17.1	22.5	19.4	24.4	19.2	10.5	31.4	33.4	17.0	27.5	19.2	17.1	18.2	9.2	17.9	-	-
15.5	8.4	19.6	12.7	13.2	19.5	19.2	7.5	21.6	30.1	12.2	31.7	20.7	19.3	22.9	11.3	26.7	-	-
7.6	6.0	6.0	9.6	3.6	4.6	8.3	4.0	2.9	9.0	0.5	-8.5	14.0	-2.4	3.6	3.2	-3.2	-1.0	-
8.6	12.0	0.9	7.2	-3.7	4.2	2.6	9.6	12.1	11.7	-8.5	8.5	10.5	-2.1	1.1	8.9	3.9	10.0	-
7.0	2.1	9.8	11.0	7.8	4.8	13.7	-0.9	-2.6	5.6	8.9	-18.3	16.3	-2.6	5.3	-0.2	-6.8	-7.0	-
-2.0	1.2	0.5	4.7	1.7	1.3	0.1	1.1	-3.4	2.7	-6.6	-3.0	1.7	-6.6	-4.8	-5.6	-4.7	-	-
38.4	33.8	38.3	41.8	40.7	46.2	53.1	61.0	38.5	39.3	40.0	42.6	43.0	39.9	44.5	42.2	47.4	-	-
16	15	16	15	12	10	10	12	8	8	10	10	8	6	6	5	5	-3	-16
14	12	12	12	11	11	11	10	9	7	6	4	1	-2	-5	-7	-9	-15	-21
21	20	17	17	12	14	12	18	13	12	16	11	11	7	8	0	3	-2	-15
28	30	32	30	28	30	25	28	28	29	29	27	26	25	25	27	25	22	7
26	26	26	28	33	28	31	30	27	28	30	28	29	27	29	27	25	26	7
-4	-9	-6	-9	-16	-17	-19	-16	-23	-20	-16	-12	-18	-19	-19	-20	-12	-17	-33

LABOUR MARKET	2005	2006	2007	2007				2008		2007		
				Q1	Q2	Q3	Q4	Q1	Q2	1	2	3
FORMAL LABOUR FORCE (A=B+E)	905.0	910.7	925.3	919.1	923.5	924.6	934.2	937.7	940.9	918.0	919.2	920.0
PERSONS IN FORMAL EMPLOYMENT (C+D)¹	813.1	824.8	854.0	841.8	852.7	856.1	865.4	870.8	879.4	838.0	841.5	845.8
In agriculture, forestry, fishing	38.7	38.9	41.6	43.1	42.0	41.0	40.3	41.9	41.2	43.0	43.1	43.1
In industry, construction	310.9	313.3	322.9	317.4	322.2	324.8	327.3	327.3	331.5	316.2	317.8	318.3
Of which: in manufacturing	233.7	227.9	229.9	229.4	230.2	229.6	230.4	230.0	230.2	228.9	229.6	229.7
in construction	61.7	69.9	77.8	72.8	76.8	80.0	81.7	82.2	86.2	72.1	73.0	73.3
In services	463.5	472.6	489.5	481.3	488.5	490.3	497.8	501.6	506.7	478.8	480.7	484.4
Of which: in public administration	49.1	50.2	50.1	49.7	50.1	50.2	50.3	50.6	50.7	49.8	49.7	49.7
in education, health-services, social work	106.5	109.1	110.0	109.9	110.2	109.3	110.6	111.3	111.9	109.5	109.9	110.2
FORMALLY EMPLOYED¹	731.6	741.6	766.0	753.1	764.7	768.6	777.8	781.2	790.3	749.5	752.9	757.0
In enterprises and organisations	666.2	675.1	696.1	685.8	695.0	697.5	706.2	710.4	718.0	682.8	685.6	689.0
By those self-employed	65.4	66.5	69.9	67.3	69.8	71.1	71.6	70.8	72.2	66.7	67.3	68.0
SELF-EMPLOYED AND FARMERS	81.5	83.3	87.9	88.7	87.9	87.6	87.6	89.6	89.2	88.5	88.6	88.8
REGISTERED UNEMPLOYMENT	91.9	85.8	71.3	77.3	70.9	68.4	68.8	66.8	61.4	80.0	77.7	74.2
Female	49.4	47.0	39.1	42.0	39.3	38.0	37.3	35.6	32.8	43.2	42.1	40.7
By age: under 26	22.2	18.2	11.9	14.0	11.6	10.3	11.7	10.3	8.4	15.1	14.2	12.8
aged over 40	40.1	39.7	37.1	38.7	37.2	36.6	36.1	36.3	34.7	39.0	38.8	38.1
Unskilled	37.5	33.7	28.0	30.4	27.7	27.0	26.9	26.8	24.6	31.6	30.7	29.0
For more than 1 year	43.4	41.9	36.5	38.8	36.7	35.5	35.0	34.0	32.5	39.6	39.0	37.9
Those receiving benefits	23.3	22.7	16.6	19.1	16.8	15.8	14.7	15.0	13.6	19.9	19.1	18.3
RATE OF REGISTERED UNEMPLOYMENT, E/A, in %	10.2	9.4	8.4	8.4	7.7	7.4	7.4	7.1	6.5	8.7	8.4	8.1
Male	8.6	7.7	6.2	6.9	6.1	5.9	6.0	6.0	5.4	7.2	7.0	6.6
Female	12.1	11.5	9.6	10.3	9.6	9.3	9.0	8.6	7.9	10.6	10.3	10.0
FLOWS OF FORMAL LABOUR FORCE	8.0	5.2	21.5	8.7	5.4	0.6	6.7	5.7	4.2	6.7	1.2	0.8
New unemployed first-job seekers	21.7	18.6	14.7	2.9	2.4	2.3	7.2	2.2	1.8	1.3	0.8	0.9
Redundancies	67.2	63.8	52.5	15.4	11.6	12.6	12.9	12.5	10.7	7.6	3.8	4.0
Registered unemployed who found employment	53.9	57.4	49.1	14.8	12.1	11.3	10.9	12.4	9.7	5.1	4.4	5.2
Other unemployed erased out of register	33.1	39.2	28.0	7.6	6.9	6.2	7.4	6.4	6.3	2.0	2.5	3.1
Increase in number of work permits for foreigners	3.9	7.8	15.3	3.9	4.9	4.3	2.2	6.0	9.5	0.3	1.2	2.5
Retirements ²	18.4	20.6	20.7	5.2	4.7	5.0	5.9	5.4	4.8	2.0	1.8	1.4
Deaths ²	2.3	2.5	2.4	0.6	0.6	0.6	0.6	0.7	0.7	0.2	0.2	0.2
Others who found employment ²	32.7	36.7	37.8	14.3	9.2	4.6	9.9	8.9	3.3	9.1	3.5	1.8
REGISTERED VACANCIES³	16.9	19.0	20.2	20.5	21.0	20.4	19.1	21.6	21.1	20.0	17.8	23.6
For a fixed term, in %	75.6	75.3	76.5	76.7	77.5	77.2	74.4	73.0	74.0	77.1	75.1	77.5
WORK PERMITS FOR FOREIGNERS	41.6	48.3	60.2	52.6	59.3	63.0	65.8	68.7	79.0	51.0	52.2	54.7
As % of labour force (I/A)	4.6	5.3	6.5	5.7	6.4	6.8	7.0	7.3	8.4	5.6	5.7	5.9
NEW JOBS	137.0	155.9	160.0	39.1	40.7	38.7	41.5	40.9	41.0	13.5	11.6	13.9

Sources of data: SORS, PDII, ESS. Notes: ¹In January 2005, the SORS adopted new methodology of obtaining data on persons in paid employment. The new source of data for employed and self-employed persons excluding farmers is the Statistical Register of Employment (SRE), while data on farmers are forecast using the ARIMA model based on quarterly figures for farmers from the Labour Force Survey. Data for previous years dating back to January 2000 have also been calculated according to the new methodology. ²Estimated by IMAD, based on data by PDII and ESS; ³according to ESS.

2007									2008								
4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
921.6	923.6	925.4	924.5	923.1	926.0	934.0	935.8	932.8	936.6	937.9	938.5	939.1	940.8	942.7	942.4	940.5	944.6
849.0	852.9	856.2	854.4	854.6	859.4	864.5	867.4	864.4	867.3	870.9	874.2	876.6	879.6	882.0	879.9	879.8	885.3
41.9	42.0	42.0	41.0	41.0	41.0	40.4	40.3	40.2	41.8	41.9	42.1	41.2	41.2	41.2	40.6	40.6	40.7
320.5	322.3	323.9	324.3	324.4	325.7	327.7	328.4	325.7	326.0	327.1	328.8	330.3	331.4	332.8	332.7	332.7	334.1
230.0	230.2	230.3	229.8	229.3	229.7	230.7	230.9	229.7	229.8	229.9	230.4	230.3	230.1	230.2	229.0	228.5	228.5
75.3	76.8	78.3	79.1	79.9	80.9	81.8	82.4	80.9	81.2	82.2	83.3	84.8	86.2	87.5	88.7	89.2	90.6
486.6	488.6	490.3	489.1	489.2	492.7	496.4	498.7	498.5	499.6	502.0	503.4	505.2	507.0	508.0	506.5	506.6	510.6
49.9	50.1	50.2	50.2	50.2	50.2	50.3	50.3	50.4	50.6	50.7	50.5	50.6	50.7	50.9	50.7	50.8	51.0
110.4	110.1	110.2	109.0	108.7	110.1	110.6	110.8	110.5	110.9	111.4	111.5	111.7	112.0	111.9	110.6	110.4	112.3
761.3	764.9	768.1	767.0	767.1	771.6	777.0	779.7	776.7	777.9	781.3	784.3	787.6	790.5	792.8	791.1	790.9	796.1
692.4	695.1	697.5	696.2	696.1	700.1	705.2	707.7	705.9	707.8	710.5	713.0	715.8	718.2	720.2	718.5	718.2	722.6
68.9	69.8	70.6	70.8	71.0	71.5	71.8	72.0	70.8	70.2	70.8	71.3	71.8	72.3	72.6	72.7	72.7	73.5
87.8	88.0	88.1	87.3	87.5	87.8	87.5	87.7	87.7	89.4	89.6	89.9	89.1	89.2	89.2	88.8	88.9	89.2
72.6	70.7	69.3	70.1	68.5	66.7	69.5	68.4	68.4	69.2	67.0	64.3	62.4	61.2	60.7	61.6	60.7	59.3
40.2	39.2	38.5	39.3	38.1	36.7	38.0	37.1	36.7	36.9	35.7	34.3	33.5	32.6	32.4	33.0	32.3	31.1
12.2	11.5	11.1	11.1	10.4	9.5	12.2	11.6	11.2	11.1	10.3	9.5	8.8	8.4	8.1	8.1	7.8	7.3
37.7	37.2	36.7	36.9	36.6	36.3	36.1	36.0	36.3	37.0	36.4	35.6	35.0	34.7	34.5	34.6	34.4	33.9
28.2	27.7	27.1	27.2	27.0	26.7	27.0	26.8	27.1	27.6	26.9	25.9	25.0	24.6	24.3	24.3	24.3	24.3
37.4	36.8	36.0	35.8	35.6	35.0	35.3	35.0	34.7	34.7	34.0	33.3	32.7	32.5	32.2	32.1	31.8	31.6
17.2	16.9	16.3	16.3	16.0	15.2	14.8	14.5	14.7	15.6	15.1	14.2	13.7	13.6	13.4	13.9	13.9	13.7
7.9	7.7	7.5	7.6	7.4	7.2	7.4	7.3	7.3	7.4	7.1	6.8	6.6	6.5	6.4	6.5	6.5	6.3
6.3	6.1	6.0	6.0	5.9	5.8	6.0	6.0	6.1	6.2	6.0	5.7	5.5	5.4	5.4	5.4	5.4	5.3
9.8	9.6	9.4	9.6	9.3	9.0	9.2	9.0	8.9	8.9	8.6	8.3	8.1	7.9	7.8	8.0	7.8	7.5
1.6	2.0	1.8	-0.9	-1.4	2.9	8.0	1.8	-3.0	3.8	1.4	0.6	0.6	1.7	2.0	-0.3	-1.9	4.1
1.0	0.7	0.6	0.7	0.6	1.0	5.3	1.2	0.6	0.9	0.6	0.7	0.8	0.5	0.5	0.5	0.5	0.9
4.0	4.0	3.7	4.9	3.5	4.2	4.5	4.3	4.1	5.8	3.4	3.3	3.6	3.4	3.6	4.6	3.4	4.5
4.2	4.1	3.7	3.0	3.8	4.4	4.3	4.1	2.5	4.1	4.2	4.1	3.6	3.2	2.9	2.3	3.1	4.5
2.4	2.5	2.0	1.6	1.9	2.7	2.6	2.5	2.2	1.8	2.1	2.5	2.6	2.0	1.7	2.0	1.6	2.3
3.6	1.7	-0.5	2.2	1.6	0.5	1.7	0.3	0.2	-0.2	2.4	3.8	4.2	2.8	2.5	2.3	2.9	1.9
1.7	1.6	1.4	1.6	1.1	2.3	2.2	2.1	1.6	2.4	1.4	1.7	1.7	1.6	1.5	1.6	2.2	2.6
0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
0.8	3.3	5.0	-0.7	-0.9	6.2	5.6	4.6	-0.3	7.1	1.7	0.1	-0.4	1.7	2.0	-0.8	-0.7	6.0
20.6	19.3	23.1	18.8	19.7	22.8	24.4	18.7	14.2	22.4	22.8	19.8	21.6	21.6	20.2	19.8	20.1	24.7
76.9	79.1	76.6	78.4	77.1	76.5	76.4	75.2	69.8	71.9	73.0	74.2	72.7	74.4	74.9	76.9	76.8	76.0
58.3	60.1	59.5	61.7	63.3	63.9	65.6	65.9	66.1	65.8	68.3	72.1	76.3	79.1	81.6	83.8	86.7	88.6
6.9	7.0	7.0	7.2	7.4	7.4	7.6	7.6	7.6	7.6	7.8	8.2	8.7	9.0	9.2	9.5	9.9	10.0
14.4	13.4	13.0	11.8	9.9	16.9	18.2	13.6	9.7	14.5	13.0	13.4	15.4	13.1	12.5	12.7	10.4	19.6

WAGES AND INDICATORS OF OVERALL COMPETITIVENESS	2005	2006	2007	2007				2008			2007		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3
GROSS WAGE PER EMPLOYEE, y-o-y growth rates, %													
Total	4.8	4.8	5.9	5.4	5.6	5.8	6.7	7.8	8.6	9.9	6.4	4.8	5.0
Private sector (A to K)	5.4	5.4	6.9	6.3	6.3	6.7	8.1	8.3	9.4	9.3	7.7	5.8	5.5
Agriculture, fishing (A, B)	3.9	5.6	8.2	6.2	8.0	7.3	11.2	10.1	8.8	10.1	8.2	5.3	5.1
A Agriculture	3.7	5.6	8.2	6.4	8.0	7.3	11.0	10.2	8.8	10.1	8.4	5.5	5.5
B Fishing	6.9	7.9	8.0	-3.8	8.2	8.2	17.5	6.8	7.7	9.5	3.3	-2.7	-11.4
Industry, construction (C to F)	5.8	5.5	6.5	5.7	5.8	6.3	8.1	8.0	9.5	9.2	7.5	5.1	4.5
C Mining and quarrying	6.3	4.5	7.0	3.6	4.3	6.0	13.4	10.1	14.1	16.1	4.2	3.2	3.4
D Manufacturing	5.8	5.5	6.8	5.9	5.9	6.8	8.4	8.2	9.7	9.3	7.8	5.3	4.5
E Electricity, gas & water supply	9.7	5.6	6.2	3.0	5.0	5.5	10.7	9.0	9.4	9.3	4.6	2.8	1.6
F Construction	4.8	6.2	6.5	7.1	6.7	5.6	6.6	7.5	9.5	9.1	8.4	6.4	6.6
Production services (G to I)	4.7	5.0	7.0	7.3	6.4	6.8	7.2	7.9	8.9	9.2	8.0	6.7	7.1
G Distributive trades	4.8	5.6	7.6	8.0	7.4	7.5	7.4	7.4	9.0	8.8	9.1	6.7	8.3
H Hotels & restaurants	3.2	4.4	6.0	4.0	5.3	5.4	8.7	10.1	10.3	10.1	3.9	2.7	5.4
I Transport, storage & communications	5.1	3.6	5.7	6.7	4.4	5.6	5.9	7.7	7.9	9.4	6.9	7.9	5.3
Business services (J to K)	3.9	4.7	6.8	5.7	6.2	6.8	8.3	8.8	9.4	8.9	7.0	5.2	5.0
J Financial intermediation	6.7	7.2	7.3	7.9	7.8	5.7	7.4	8.1	8.8	8.2	8.7	9.1	6.0
K Real estate	3.2	3.9	7.2	5.3	6.1	7.8	9.4	9.5	10.1	9.6	6.8	4.0	5.1
Public services (L to O)	3.3	3.5	4.1	3.5	4.6	4.4	3.8	7.1	7.0	11.7	3.6	2.8	4.2
L Public administration	3.2	3.1	5.1	2.5	4.9	6.5	6.4	11.1	10.8	13.2	2.6	1.7	3.2
M Education	4.8	4.8	3.9	4.8	5.7	3.1	2.4	5.5	5.8	7.7	4.9	4.5	4.9
N Health & social work	2.2	2.7	3.2	2.7	3.7	4.0	2.4	6.1	4.8	16.7	3.2	1.9	3.0
O Other community, social & personal services	2.7	2.1	3.9	4.1	2.9	3.9	4.5	4.5	6.7	9.2	2.9	2.3	7.0
INDICATORS OF OVERALL COMPETITIVENESS, y-o-y growth rates, %													
Effective exchange rate, ¹ nominal	-0.7	0.2	0.8	0.9	0.7	0.6	1.2	1.2	1.1	0.4	0.7	1.0	0.9
Real (relative consumer prices)	-0.2	0.7	2.3	1.4	1.8	2.3	3.7	4.5	4.2	2.6	1.6	1.3	1.2
Real (relative producer prices) ²	-0.6	-0.9	2.1	2.1	2.0	2.2	2.1	1.4	1.5	0.4	2.3	2.3	1.9
USD/EUR	1.2448	1.2557	1.3706	1.3105	1.3482	1.3745	1.4494	1.4998	1.5620	1.5038	1.2999	1.3074	1.3242
Sources of data: SORS, AP, BS, OECD Main Economic Indicators, calculations IMAD.													
Notes: Data on the monthly gross wage per employee for 2004 and beyond calculated according to the new methodology were published in September 2005. ¹ Change of methodology: the calculation of domestic currency's effective exchange rate includes the currencies/prices of Slovenia's 17 trading partners (Austria, Belgium, Germany, Italy, France, Netherlands, Spain, Denmark, United Kingdom, Sweden, Czech Republic, Hungary, Poland, Slovakia, USA, Switzerland, Japan); weights are the shares of individual trading partners in Slovenian exports and imports of goods within manufacturing (5-8 SITC) in 2001-2003; exports are double weighted; a rise in the index value indicates an appreciation of domestic currency and vice versa. ² Producer prices in manufacturing activities													

2007									2008								
4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
5.9	5.8	5.2	6.9	5.7	4.9	6.6	7.1	6.5	6.1	9.3	8.0	9.5	7.6	8.8	8.7	9.8	11.2
6.9	6.4	5.5	7.6	6.8	5.6	8.2	8.4	7.6	6.9	9.4	8.5	10.7	8.2	9.5	10.1	7.2	10.7
9.4	8.6	6.0	8.5	8.8	4.6	8.4	15.1	9.5	8.5	15.2	6.8	9.4	8.9	8.1	12.7	6.3	11.4
9.4	8.7	5.9	8.5	8.7	4.6	7.9	15.2	9.5	8.7	15.5	6.7	9.6	8.9	7.9	12.7	6.3	11.4
9.9	5.3	9.5	8.6	12.4	3.5	30.6	13.0	10.0	2.5	4.4	14.0	-1.3	10.2	14.8	12.5	5.7	10.4
6.7	5.8	5.0	7.3	6.3	5.5	7.8	8.7	7.8	6.2	9.8	8.1	11.2	8.2	9.2	10.8	6.3	10.6
3.3	4.7	4.8	6.6	3.9	7.5	9.5	10.2	21.6	5.9	10.4	14.1	12.3	17.7	12.3	17.5	10.2	20.5
7.1	5.7	5.1	7.5	6.9	6.0	7.9	9.2	8.0	6.1	10.2	8.5	11.2	8.4	9.5	10.8	6.5	10.7
4.2	3.0	7.7	3.5	5.2	7.7	11.1	11.2	9.6	8.1	10.8	8.3	12.1	8.5	7.7	14.1	6.9	7.4
7.5	8.1	4.5	8.5	5.3	3.1	6.7	7.4	5.6	7.3	8.6	6.6	11.9	7.3	9.5	9.9	6.0	11.4
7.4	6.0	5.9	7.5	7.1	5.9	7.2	6.7	7.7	7.3	8.2	8.1	9.7	7.8	9.1	8.9	8.4	10.3
8.6	6.8	6.7	7.8	7.8	7.0	7.1	8.3	6.7	6.5	8.8	7.0	10.1	8.0	8.9	9.2	7.0	10.1
4.4	5.1	6.5	6.5	6.0	3.8	7.6	10.5	8.0	10.6	11.0	8.7	10.9	11.1	8.9	10.5	9.1	10.8
5.4	4.1	3.8	6.9	5.7	4.0	6.6	2.6	9.1	7.5	5.9	9.6	8.3	6.2	9.2	7.4	10.7	10.1
5.4	7.4	5.8	8.2	7.2	5.1	10.1	8.7	6.3	7.4	9.3	9.8	10.4	8.0	9.9	9.3	7.0	10.5
6.5	9.9	7.0	8.5	7.1	1.6	13.9	8.0	1.0	6.7	6.7	10.7	12.0	6.6	7.9	6.9	6.5	11.1
5.6	6.8	5.8	8.4	7.6	7.3	8.7	9.8	9.6	8.1	10.8	9.6	10.0	9.1	11.3	10.7	7.6	10.6
4.1	4.7	4.9	5.8	3.5	3.8	3.3	3.9	4.1	4.5	9.6	7.2	7.0	6.7	7.5	5.8	16.5	12.8
3.8	5.2	5.7	8.7	4.9	5.9	5.9	6.5	6.9	6.8	14.3	12.0	12.0	10.0	10.4	7.6	18.9	13.3
5.5	6.4	5.1	4.3	2.6	2.4	2.3	2.6	2.2	3.1	7.8	5.6	5.7	5.6	6.0	5.0	10.8	7.3
3.2	3.4	4.3	5.4	3.3	3.3	2.1	2.0	3.0	3.6	8.0	6.7	3.8	4.4	6.2	4.8	24.2	21.2
2.9	1.9	3.9	4.5	3.1	4.0	3.0	5.1	5.3	5.0	6.9	1.8	5.9	6.7	7.3	6.0	11.1	10.5
0.8	0.7	0.6	0.6	0.5	0.7	1.1	1.3	1.1	1.3	1.0	1.4	1.4	1.1	0.9	0.8	0.6	-0.1
1.4	1.7	2.3	2.5	2.2	2.0	3.6	3.9	3.6	4.4	4.3	4.7	4.7	3.9	3.9	3.5	2.6	1.6
1.8	2.0	2.1	2.1	2.5	2.0	2.3	2.3	1.8	1.6	1.2	1.5	2.4	1.3	0.9	0.7	0.9	-0.3
1.3516	1.3511	1.3419	1.3716	1.3622	1.3896	1.4227	1.4684	1.4570	1.4718	1.4748	1.5527	1.5750	1.5557	1.5553	1.5770	1.4975	1.4369

PRICES	2005	2006	2007	2007				2008			2007		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3
CPI, y-o-y growth rates, %	2.5	2.5	3.6	2.3	3.0	3.6	5.4	6.6	6.6	6.1	2.7	2.1	2.3
Food, non-alcoholic beverages	-0.8	2.3	7.8	3.7	6.5	8.2	12.6	14.0	12.0	9.8	4.0	3.0	3.9
Alcoholic beverages, tobacco	3.9	3.7	6.5	5.5	6.0	8.0	6.5	5.4	5.0	0.7	5.5	5.4	5.6
Clothing and footwear	-1.0	-0.5	2.1	1.8	0.9	3.3	2.5	4.9	5.2	2.1	3.6	2.6	-0.5
Housing, water, electricity, gas	9.1	5.3	2.6	-0.2	1.0	2.2	7.6	10.5	11.4	11.5	-0.1	-0.9	0.4
Furnishings, household equipment	3.6	4.1	4.5	5.0	5.2	3.6	4.0	4.5	5.5	6.5	5.1	5.3	4.7
Medical, pharmaceutical products	-0.3	-1.7	1.1	1.5	1.4	1.1	0.4	-0.5	1.7	4.9	0.9	1.4	2.3
Transport	2.7	1.3	0.3	-0.2	0.8	-0.9	1.6	2.9	2.9	4.1	-0.4	-0.9	0.6
Communications	0.0	0.3	0.3	0.0	0.4	0.6	0.3	2.2	1.9	0.1	1.4	-0.7	-0.6
Recreation and culture	2.3	2.1	3.6	2.5	2.5	4.6	4.7	4.6	5.0	4.8	2.9	2.6	2.2
Education	7.1	3.1	1.9	1.1	0.6	2.2	3.6	4.7	5.4	4.8	0.5	1.5	1.1
Catering services	4.4	4.5	7.3	6.9	6.6	7.0	8.7	9.3	10.0	10.4	6.9	7.1	6.7
Miscellaneous goods & services	1.9	4.1	3.6	4.2	3.1	3.7	3.4	3.9	4.5	3.8	5.0	4.7	3.0
HCPI	2.5	2.5	3.8	2.6	3.3	3.7	5.5	6.5	6.4	6.2	2.8	2.3	2.6
Core inflation (trim mean)	2.3	2.8	2.3	1.6	2.0	2.5	3.1	4.4	4.4	4.1	2.0	1.3	1.5
Core inflation (excluding fresh food and energy)	1.0	1.1	2.6	1.9	1.9	2.9	3.9	4.7	4.9	4.7	2.3	1.9	1.5
PRODUCER PRICE INDICES, y-o-y growth rates, %													
Total	1.9	2.3	4.2	4.3	4.6	4.1	3.6	3.4	3.9	5.2	3.9	4.6	4.5
Domestic market	2.7	2.3	5.4	4.5	5.1	5.4	6.5	5.9	6.3	6.5	3.5	5.1	5.0
Non-domestic market	1.0	2.2	2.9	4.1	4.2	2.8	0.7	0.8	1.4	3.8	4.2	4.1	4.0
euro area	1.4	2.6	5.0	7.1	7.3	4.6	1.4	1.2	1.6	4.1	7.1	6.9	7.3
non-euro area	0.0	1.6	-0.5	-0.6	-0.6	-0.3	-0.5	0.1	1.0	3.4	-0.3	-0.3	-1.2
Import price indices		5.8	4.0	7.0	6.6	2.4	0.1	-0.2	0.3	3.8	7.8	6.6	6.7
PRICE CONTROL,¹ y-o-y growth rates, %													
Energy prices	11.8	8.0	0.6	-2.0	-0.1	-1.6	6.2	13.1	16.9	21.1	-0.4	-4.6	-0.8
Oil products	15.4	10.3	-0.9	-4.0	-2.2	-4.3	7.4	14.8	17.4	21.1	-2.0	-7.5	-2.3
Basic utilities	4.0	-2.6	-2.3	-6.3	-6.2	-3.7	8.4	1.4	1.3	-1.3	-7.4	-5.8	-5.8
Transport & communications	2.1	1.5	0.6	0.7	0.6	0.6	0.6	0.5	0.6	-1.3	0.7	0.8	0.6
Other controlled prices	4.5	2.6	2.9	3.0	2.6	3.0	3.0	1.4	1.7	1.7	2.4	3.3	3.4
Direct control – total	9.3	7.0	3.1	1.9	3.2	1.6	5.9	9.5	11.7	13.7	2.8	0.0	2.8
Source of data: SORS, calculations and estimates IMAD. Note: ¹ the structure of groups varies, data published are not directly comparable to those published previously. The electricity market was liberalized on 1 July 2007. Data from July 2007 onwards are not comparable.													

2007										2008									
4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	
2.6	2.9	3.6	3.8	3.5	3.5	5.1	5.7	5.6	6.4	6.5	6.9	6.5	6.4	7.0	6.9	6.0	5.5	4.9	
6.3	6.3	6.9	7.6	6.9	10.0	13.3	11.7	12.9	13.9	14.6	13.5	12.3	12.1	11.6	12.2	10.1	7.2	5.3	
5.7	6.2	6.0	8.1	8.5	7.6	6.5	6.6	6.6	5.7	5.5	5.1	4.8	5.0	5.1	-0.2	0.5	1.8	2.1	
-0.7	1.0	2.4	2.7	4.1	3.1	1.8	3.5	2.1	2.9	4.8	6.7	7.0	4.6	4.1	0.8	1.7	3.7	6.0	
1.0	0.4	1.7	1.9	3.2	1.4	6.7	8.2	8.0	11.7	9.6	10.4	9.3	11.4	13.4	13.6	10.4	10.5	9.0	
4.8	5.2	5.7	4.5	3.3	3.0	3.6	4.1	4.3	4.0	4.3	5.2	5.7	5.7	5.2	5.9	6.4	7.3	7.0	
1.4	1.1	1.7	2.0	0.7	0.8	0.8	0.5	0.0	-0.9	-1.2	0.5	1.4	1.7	1.9	4.5	5.0	5.1	5.2	
0.4	0.4	1.5	0.9	-1.6	-1.9	0.4	2.5	1.9	2.8	2.7	3.1	2.1	2.4	4.4	4.9	3.7	3.6	2.6	
-0.3	0.2	1.2	1.2	1.2	-0.7	-0.7	-0.2	1.9	1.0	2.8	2.9	2.8	1.5	1.5	0.7	0.5	-0.9	-0.9	
1.4	3.0	3.3	4.4	4.8	4.5	4.9	4.6	4.7	4.1	4.9	4.9	5.4	4.4	5.3	5.6	4.9	4.0	2.8	
-1.1	1.4	1.4	1.4	1.4	3.7	3.6	3.6	3.6	3.4	3.8	7.0	7.0	4.6	4.6	4.6	4.6	5.0	6.0	
6.6	6.8	6.4	6.5	7.0	7.6	7.9	9.6	8.6	9.2	9.4	9.4	10.1	9.9	10.1	10.7	10.4	10.0	9.7	
2.9	3.1	3.2	3.3	4.0	3.8	3.0	3.6	3.6	3.6	3.8	4.2	4.7	4.4	4.5	4.0	3.7	3.6	3.4	
2.9	3.1	3.8	4.0	3.4	3.6	5.1	5.7	5.7	6.4	6.4	6.6	6.2	6.2	6.8	6.9	6.0	5.6	4.8	
1.7	1.9	2.5	2.5	2.3	2.5	2.7	3.3	3.2	4.2	4.3	4.6	4.3	4.4	4.4	4.7	4.0	3.6	3.1	
1.5	1.9	2.4	2.6	2.9	3.0	3.7	4.0	4.0	4.2	4.9	5.1	5.3	4.9	4.7	5.1	4.7	4.5	4.1	
4.7	4.7	4.6	4.3	4.2	3.9	3.7	3.5	3.4	3.5	3.4	3.3	3.3	3.7	4.6	5.2	5.6	4.8	4.0	
4.9	5.1	5.2	5.2	5.3	5.8	6.3	6.8	6.3	6.5	5.6	5.7	6.1	6.3	6.5	6.9	7.0	5.7	4.8	
4.4	4.3	3.9	3.4	3.0	1.9	1.1	0.3	0.6	0.5	1.2	0.8	0.4	1.0	2.7	3.5	4.2	3.9	3.3	
7.6	7.6	6.7	5.5	4.7	3.8	2.1	1.1	0.9	0.8	1.9	1.0	0.4	0.8	3.5	3.9	4.6	3.7	2.9	
-0.7	-0.8	-0.5	0.0	0.3	-1.1	-0.4	-1.1	0.1	-0.2	-0.1	0.5	0.4	1.3	1.1	2.5	3.3	4.3	3.9	
7.0	6.7	6.1	2.9	3.6	0.8	-0.2	0.0	0.5	-0.7	-0.1	0.1	-0.3	0.5	0.7	3.5	3.2	4.6	3.7	
-0.3	-1.0	0.9	1.3	-2.6	-3.6	2.2	8.4	7.9	12.4	12.1	14.8	11.9	15.5	23.2	24.8	20.0	18.4	14.1	
-2.6	-3.3	-0.8	-0.8	-5.5	-6.6	2.1	10.3	9.8	14.0	14.1	16.4	12.6	15.3	24.1	25.5	20.0	17.7	12.2	
-6.5	-6.0	-6.0	-6.0	0.7	-5.7	14.3	6.5	4.8	2.8	0.7	0.7	1.3	1.3	1.3	1.3	-5.7	0.7	0.7	
0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.6	0.6	0.6	0.6	-1.3	-1.3	-1.3	-1.3	
3.1	2.4	2.3	2.2	3.8	3.0	3.0	2.9	2.9	2.1	1.2	1.0	1.2	1.9	1.9	1.1	1.6	2.4	2.4	
3.1	2.6	4.0	4.3	2.9	-2.3	3.9	7.1	6.6	9.3	8.8	10.4	8.5	10.8	15.7	16.3	12.2	12.4	9.7	

BALANCE OF PAYMENTS	2005	2006	2007	2007				2008			2007		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3
BALANCE OF PAYMENTS, in EUR m													
Current account	-498	-771	-1,455	-96	-216	-480	-663	-542	-495	-626	17	-109	-3
Goods ¹	-1,026	-1,151	-1,666	-242	-359	-401	-664	-496	-678	-707	-82	-80	-80
Exports	14,599	17,028	19,798	4,783	5,027	4,927	5,062	5,138	5,413	5,117	1,471	1,514	1,798
Imports	15,625	18,179	21,464	5,025	5,386	5,328	5,726	5,634	6,091	5,824	1,553	1,594	1,878
Services	920	993	1,193	275	366	354	198	343	502	410	123	56	97
Exports	3,214	3,572	4,291	897	1,038	1,307	1,049	1,094	1,273	1,517	321	254	323
Imports	2,293	2,580	3,098	622	672	953	851	751	772	1,107	198	198	226
Income	-295	-440	-708	-52	-188	-356	-112	-222	-235	-293	-16	-16	-20
Receipts	647	872	1,169	234	293	298	344	293	324	313	76	75	82
Expenditure	942	1,312	1,877	286	481	654	456	515	559	607	92	91	102
Current transfers	-97	-173	-274	-76	-34	-78	-86	-167	-84	-35	-7	-69	0
Receipts	738	785	905	197	237	219	252	180	217	197	51	59	87
Expenditure	835	958	1,178	273	271	296	338	347	301	232	58	128	87
Capital and financial account	970	1,092	1,713	281	177	339	915	413	814	563	-187	220	249
Capital account	-114	-131	-52	15	-27	-32	-8	-2	-21	-45	18	6	-9
Financial account	1,084	1,223	1,765	266	204	371	923	416	835	608	-205	214	258
Direct investment	-43	-174	-269	-248	-64	-4	47	155	-14	-77	-114	-135	2
Domestic abroad	-516	-687	-1,319	-326	-296	-439	-257	-157	-324	-329	-107	-157	-62
Foreign in Slovenia	473	513	1,050	79	232	435	304	312	310	252	-8	22	64
Portfolio investment	-1,313	-1,442	-2,264	-624	-1,204	377	-814	303	-1,139	178	-902	-152	430
Financial derivatives	-10	-13	-21	2	-2	-12	-10	2	0	3	6	-4	1
Other investment	2,639	1,571	4,179	1,080	1,484	-22	1,636	37	1,907	503	620	628	-168
Assets	-1,459	-1,939	-4,877	-2,413	-455	-1,405	-605	-991	-193	469	-734	-836	-843
Commercial credits	-226	-442	-394	-385	-180	32	139	-509	-164	-7	-27	-164	-194
Loans	-340	-733	-1,890	-372	-456	-435	-627	53	-440	160	-21	-90	-261
Currency and deposits	-872	-743	-2,601	-1,675	182	-990	-118	-526	369	335	-754	-575	-345
Other assets	-22	-21	7	18	0	-12	1	-9	42	-19	68	-7	-43
Liabilities	4,098	3,510	9,057	3,493	1,939	1,383	2,241	1,028	2,100	33	1,355	1,464	675
Commercial credits	291	479	503	269	55	-88	268	175	296	75	-172	218	223
Loans	2,731	2,064	3,840	32	1,554	910	1,345	622	1,451	229	146	-52	-62
Deposits	1,053	998	4,727	3,208	338	567	613	253	346	-272	1,406	1,282	521
Other liabilities	23	-30	-14	-16	-7	-6	16	-22	7	2	-25	16	-6
International reserves ²	-189	1,281	140	55	-11	32	64	-81	80	1	185	-123	-7
Statistical error	-473	-321	-258	-185	39	141	-252	128	-318	63	170	-110	-245
EXPORTS AND IMPORTS BY END-USE OF PRODUCTS, in EUR m													
Export of investment goods	1,392	1,680	1,933	456	508	466	504	523	578	N/A	136	134	185
Intermediate goods	7,723	9,368	10,438	2,609	2,670	2,560	2,593	2,752	2,894	N/A	811	835	963
Consumer goods	5,282	5,709	7,014	1,647	1,746	1,790	1,858	1,754	1,817	N/A	503	521	623
Import of investment goods	2,163	2,565	3,004	658	736	740	870	772	928	N/A	198	211	249
Intermediate goods	9,764	11,319	12,874	3,152	3,212	3,162	3,344	3,418	3,663	N/A	1,006	987	1,159
Consumer goods	3,877	4,456	5,609	1,238	1,446	1,413	1,508	1,456	1,515	N/A	359	402	477

Sources of data: BS, SORS. Notes: ¹ exports and imports (F.O.B.) include also the adjustment for exports and imports of goods by ITRS and duty-free shops reports; ² reserve assets of the BS.

2007									2008								
4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
-105	-100	-10	-230	-93	-158	-173	-184	-306	-231	-183	-128	-104	-226	-165	-251	-229	-146
-134	-146	-79	-89	-117	-195	-180	-191	-293	-188	-139	-168	-167	-289	-221	-259	-278	-171
1,586	1,729	1,712	1,741	1,478	1,708	1,855	1,781	1,426	1,637	1,724	1,778	1,886	1,737	1,791	1,834	1,368	1,915
1,720	1,874	1,791	1,830	1,595	1,903	2,035	1,973	1,719	1,825	1,863	1,946	2,053	2,026	2,012	2,093	1,646	2,085
116	119	130	94	141	119	79	56	63	90	104	149	151	171	181	106	152	152
347	337	354	443	465	399	382	307	360	354	352	387	414	413	447	533	520	464
230	218	224	349	324	280	303	251	297	264	248	238	263	242	266	427	368	312
-74	-43	-71	-210	-102	-44	-45	-28	-39	-72	-74	-76	-73	-74	-88	-90	-100	-103
93	100	100	97	91	110	112	112	120	96	96	100	107	109	108	108	102	103
167	143	171	307	193	154	157	139	159	168	170	176	180	183	196	199	202	206
-14	-30	10	-25	-15	-38	-27	-22	-37	-61	-74	-32	-14	-33	-37	-8	-3	-25
75	65	96	70	89	59	74	85	93	59	60	61	88	68	61	80	60	57
89	95	87	96	104	97	101	106	130	119	134	94	102	101	98	87	62	82
22	-66	221	323	19	-2	139	286	491	84	247	82	228	324	261	242	276	45
0	-7	-20	-11	3	-24	7	5	-20	6	2	-10	6	-6	-21	-11	2	-36
22	-59	240	334	16	21	132	281	511	78	246	92	222	331	282	253	274	81
-43	-100	79	96	45	-145	99	-103	50	43	12	100	-49	12	24	-88	103	-92
-148	-116	-32	-154	-61	-224	6	-159	-104	-41	-39	-77	-153	-133	-38	-208	-24	-97
104	17	111	250	107	79	93	56	154	84	51	177	104	145	62	120	126	6
-414	-620	-169	234	119	24	-360	-490	36	18	688	-404	-426	-457	-256	134	-207	252
0	0	-2	-7	-5	-1	-11	0	1	3	3	-3	1	0	0	2	0	1
425	726	333	-121	-136	235	384	901	351	14	-494	518	612	760	535	278	274	-50
-847	481	-89	-605	-360	-439	-302	-372	70	141	-955	-176	397	185	-775	176	-58	350
-97	-10	-73	31	155	-154	-233	-18	390	-75	-225	-209	-23	-95	-46	18	143	-167
-48	-213	-194	-214	-148	-74	-131	-136	-359	174	-41	-80	18	-205	-253	257	-378	282
-685	701	165	-408	-371	-211	53	-217	45	28	-684	130	354	494	-479	-103	180	258
-16	3	13	-14	3	-1	8	-1	-6	14	-5	-18	48	-9	3	5	-2	-22
1,272	245	423	484	225	674	686	1,273	282	-127	461	694	215	575	1,310	102	332	-401
-19	89	-15	59	-303	156	163	97	8	-79	105	149	93	213	-9	27	-94	141
1,021	301	232	231	254	425	209	881	254	98	215	309	-176	492	1,134	108	220	-99
279	-140	199	188	281	98	328	299	-14	-134	150	236	294	-128	180	-40	206	-438
-9	-5	6	7	-8	-6	-14	-4	34	-13	-10	0	4	-2	5	6	0	-5
55	-65	-1	132	-8	-91	20	-28	72	0	37	-118	85	16	-21	-73	104	-30
84	166	-211	-93	74	160	34	-101	-185	146	-65	46	-125	-98	-95	9	-47	102
159	176	174	166	140	160	180	165	159	146	178	199	194	193	191	202	150	N/A
854	921	895	918	778	864	959	927	707	892	934	927	1016	925	953	975	753	N/A
545	592	610	619	520	651	679	653	526	561	580	613	635	578	604	607	418	N/A
229	265	242	246	199	295	303	299	268	247	251	273	316	312	301	290	217	N/A
1016	1119	1077	1105	955	1102	1161	1185	998	1116	1144	1158	1224	1219	1219	1289	1019	N/A
478	494	475	478	424	511	576	492	440	465	473	518	515	501	499	516	402	N/A

MONETARY INDICATORS AND INTEREST RATES	2005	2006	2007	2007						
				1	2	3	4	5	6	7
SELECTED CLAIMS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in SIT bn; since 1 January 2007 in EUR m										
Claims of the BS on central government	17.4	16.6	67	69	69	69	68	68	68	68
Central government (S. 1311)	780.5	776.6	2,367	3,184	3,219	2,944	2,748	2,574	2,465	2,408
Other government (S. 1312, 1313, 1314)	23.1	24.9	118	108	106	107	105	107	107	107
Households (S. 14, 15)	1025.9	1289.4	6,818	5,428	5,488	5,633	5,748	5,892	6,015	6,157
Non-financial corporations (S. 11)	2620.9	3236.0	18,105	14,086	14,250	14,660	15,142	15,426	15,788	16,274
Non-monetary financial institutions (S. 123, 124, 125)	230.9	368.1	2,305	1,554	1,563	1,574	1,761	1,747	1,911	2,034
Monetary financial institutions (S. 121, 122)	1408.2	1158.7	2401	3,505	2,770	2,267	2,033	2,257	2,211	2,218
Claims on domestic sectors, TOTAL										
In domestic currency	2099.2	2298.2	26,555	21,761	21,634	21,726	22,297	23,089	23,558	24,146
In foreign currency	2199.4	3149.0	1,990	1,048	1,100	1,160	1,248	1,335	1,456	1,560
Securities, total	1375.1	1286.8	3,570	5,055	4,662	4,299	3,992	3,577	3,484	3,492
SELECTED OBLIGATIONS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in SIT bn; since 1 January 2007 in EUR m										
Deposits in domestic currency, total	2,610.3	2,903.4	20,029	17,823	17,912	17,914	18,066	18,367	18,446	18,880
Overnight	987.0	1,178.6	6,887	6,645	6,598	6,648	6,676	6,849	6,953	7,047
With agreed maturity – short-term	1,175.5	1,251.2	8,913	7,673	7,837	7,639	7,758	7,777	7,592	7,867
With agreed maturity – long-term	309.9	292.4	2,857	2,486	2,492	2,560	2,569	2,573	2,693	2,728
Short-term deposits redeemable at notice	137.8	181.2	1,372	1,019	985	1,067	1,063	1,168	1,208	1,238
Deposits in foreign currency, total	1,346.6	1,454.5	559	634	614	607	597	615	610	605
Overnight	534.8	552.7	218	311	293	285	264	280	274	270
With agreed maturity – short-term	481.2	545.5	248	240	239	237	251	248	249	242
With agreed maturity – long-term	295.2	318.3	56	64	64	62	60	61	60	61
Short-term deposits redeemable at notice	35.4	38.0	37	19	18	23	22	26	27	32
INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS, %										
New deposits in domestic currency										
Households										
Overnight deposits	0.47	0.32	0.36	0.33	0.33	0.33	0.34	0.34	0.34	0.35
Time deposits with maturity of up to one year	3.34	2.96	3.36	2.83	2.91	3.01	3.07	3.15	3.26	3.36
New loans to households in domestic currency										
Housing loans, 5-10 year fixed interest rate	4.99	4.56	5.80	5.16	5.44	5.50	5.35	5.37	5.36	5.79
New loans to non-financial corporations in domestic currency										
Loan over EUR 1 million, 1-5 year fixed interest rate	5.23	4.64	5.76	5.49	6.53	-	-	4.86	5.12	6.49
INTEREST RATES OF THE EUROPEAN CENTRAL BANK, %										
Main refinancing operations	2.02	2.78	3.85	3.50	3.50	3.75	3.75	3.75	4.00	4.00
INTERBANK INTEREST RATES										
EURIBOR										
3-month rates	2.19	3.58	4.28	3.75	3.82	3.89	3.98	4.07	4.15	4.22
6-month rates	2.24	3.58	4.35	3.89	3.94	4.00	4.10	4.20	4.28	4.36
LIBOR CHF										
3-month rates	0.80	1.51	2.55	2.15	2.21	2.26	2.32	2.41	2.55	2.72
6-month rates	0.87	1.65	2.65	2.26	2.32	2.36	2.44	2.54	2.70	2.85

Sources of data: BS, BBA - British Bankers' Association.

2007					2008								
8	9	10	11	12	1	2	3	4	5	6	7	8	9
68	67	67	67	67	67	67	66	66	66	65	66	66	67
2,342	2,345	2,348	2,374	2,367	2,412	2,397	2,392	2,123	2,162	2,052	2,030	2,069	2,046
110	111	114	112	118	123	124	124	128	129	133	136	143	178
6,323	6,468	6,607	6,830	6,818	6,918	7,009	7,133	7,235	7,318	7,409	7,521	7,603	7,705
16,720	17,004	17,269	17,748	18,105	18,570	18,754	18,938	19,351	19,616	20,064	20,404	20,619	20,872
2,083	2,205	2,367	2,396	2,305	2,390	2,411	2,494	2,558	2,568	2,736	2,726	2,729	2,798
2,439	2,448	2,460	2,580	2,401	2,455	2,432	2,444	2,624	2,375	2,386	2,403	2,400	2,737
24,892	25,310	25,864	26,596	26,555	27,164	27,406	27,768	28,503	28,871	29,380	29,805	30,108	30,888
1,638	1,699	1,789	1,900	1,990	2,117	2,192	2,280	2,276	2,259	2,263	2,228	2,271	2,344
3,488	3,573	3,511	3,544	3,570	3,586	3,529	3,477	3,239	3,038	3,137	3,188	3,184	3,104
19,299	19,386	19,579	19,558	20,029	20,088	20,674	20,779	20,774	20,613	21,144	21,341	21,465	21,992
6,881	6,907	6,695	6,573	6,887	6,924	6,557	6,787	6,711	6,841	7,071	6,744	6,703	6,918
8,331	8,247	8,689	8,723	8,913	8,899	9,862	9,745	9,734	9,292	9,439	9,936	9,929	10,038
2,790	2,874	2,820	2,817	2,857	2,845	2,803	2,814	2,926	3,046	3,170	3,241	3,378	3,519
1,297	1,358	1,375	1,445	1,372	1,420	1,452	1,433	1,403	1,434	1,464	1,420	1,455	1,517
628	608	589	585	559	571	560	520	529	527	488	491	502	493
278	269	255	260	218	248	240	226	222	225	218	220	228	218
258	248	241	226	248	229	237	220	224	224	196	192	190	196
62	60	60	57	56	55	48	45	45	42	42	43	42	43
30	31	33	42	37	39	35	29	38	36	32	36	42	36
0.35	0.37	0.42	0.40	0.40	0.44	0.41	0.41	0.43	0.46	0.46	0.48	0.48	0.48
3.41	3.61	3.89	3.83	4.04	4.08	3.95	4.03	4.14	4.20	4.30	4.40	4.39	4.53
5.98	6.16	6.45	6.44	6.58	6.75	6.40	6.61	6.53	6.53	6.63	6.71	6.95	6.99
-	5.76	5.59	-	6.25	-	-	5.63	6.32	5.47	6.63	6.91	6.53	6.94
4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.25
4.54	4.74	4.69	4.64	4.85	4.48	4.36	4.60	4.78	4.86	4.94	4.96	4.97	5.02
4.59	4.75	4.66	4.63	4.82	4.50	4.36	4.59	4.80	4.90	5.09	5.15	5.16	5.22
2.80	2.82	2.79	2.75	2.77	2.70	2.74	2.83	2.85	2.78	2.84	2.79	2.75	2.78
2.86	2.90	2.89	2.85	2.84	2.77	2.77	2.87	2.93	2.89	2.98	2.94	2.89	2.92

PUBLIC FINANCE	2005	2006	2007	2007				2008		2007			
				Q1	Q2	Q3	Q4	Q1	Q2	1	2	3	4
CONSOLIDATED BALANCE OF PUBLIC FINANCING (GFS-IMF methodology), current prices, EUR m													
GENERAL GOVERNMENT REVENUES													
TOTAL REVENUES	11,976.1	12,958.7	14,006.1	3,063.2	3,454.0	3,429.1	4,059.8	3,354.3	4,005.6	1,060.6	958.7	1,043.9	1,293.0
Current revenues	11,517.2	12,395.3	13,467.2	2,955.0	3,374.9	3,332.1	3,805.1	3,274.5	3,881.0	1,034.4	926.2	994.4	1,272.6
Tax revenues	10,884.0	11,762.0	12,757.9	2,828.7	3,199.7	3,123.6	3,606.0	3,110.0	3,702.0	994.5	883.2	951.0	1,219.0
Taxes on income and profit	2,241.9	2,735.3	2,917.7	587.7	914.3	646.3	769.4	694.4	1,106.5	188.2	189.9	209.7	462.9
Social security contributions	3,987.7	4,231.2	4,598.0	1,083.4	1,123.7	1,139.1	1,251.8	1,203.1	1,254.2	358.4	360.5	364.6	371.1
Taxes on payroll and workforce	526.2	472.9	418.1	96.1	99.7	101.5	120.9	59.4	62.2	32.8	32.1	31.1	32.8
Taxes on property	170.4	189.1	206.4	22.2	58.0	67.3	59.0	27.5	62.6	6.2	7.9	8.1	10.7
Domestic taxes on goods and services	3,914.7	4,077.3	4,498.6	1,017.6	973.0	1,135.5	1,372.5	1,099.4	1,181.7	403.2	286.9	327.6	332.5
Taxes on international trade & transactions	39.1	50.7	117.1	21.5	30.7	33.2	31.7	25.6	33.7	5.5	6.3	9.7	8.9
Other taxes	4.0	5.4	2.1	0.3	0.4	0.7	0.7	0.6	1.0	0.3	-0.3	0.3	0.1
Non-tax revenues	633.3	633.3	709.2	126.3	175.2	208.6	199.1	164.5	179.0	39.9	43.0	43.4	53.6
Capital revenues	113.4	166.8	136.6	19.7	15.2	39.6	62.1	28.0	26.8	7.5	6.1	6.1	6.0
Grants	9.1	5.4	11.9	2.1	2.8	2.0	5.0	2.0	2.1	0.7	0.4	1.0	0.7
Transferred revenues	34.0	42.8	42.5	0.2	1.4	0.4	40.5	1.2	0.9	0.1	0.0	0.0	0.3
Receipts from the EU budget	302.4	348.4	348.0	86.2	59.6	55.1	147.1	48.5	94.8	17.9	26.0	42.3	13.4
GENERAL GOVERNMENT EXPENDITURES													
TOTAL EXPENDITURES	12,275.7	13,208.7	13,915.5	3,201.2	3,392.6	3,240.0	4,081.8	3,367.0	3,797.3	983.7	1,108.8	1,108.7	1,061.8
Current expenditures	5,353.9	5,689.0	5,950.9	1,482.0	1,448.5	1,362.2	1,658.2	1,570.0	1,586.0	489.3	473.2	519.5	506.4
Wages, salaries and other personnel expenditures	3,016.3	3,180.3	3,276.9	785.8	851.7	814.4	825.0	808.6	898.3	262.1	262.1	261.6	261.8
Expenditures on goods and services	1,911.0	2,073.2	2,212.2	490.3	482.6	518.0	721.3	528.3	602.2	192.1	146.0	152.2	155.1
Interest payments	372.1	376.4	357.0	197.5	105.3	17.5	36.7	221.0	69.8	32.4	62.4	102.7	87.1
Reserves	54.6	59.0	104.8	8.3	8.9	12.3	75.2	12.1	15.8	2.6	2.7	3.0	2.4
Current transfers	5,598.6	5,925.8	6,143.9	1,457.2	1,665.6	1,456.0	1,565.1	1,489.9	1,856.8	434.9	507.9	514.4	468.2
Subsidies	381.2	402.9	423.4	104.4	137.9	88.3	92.8	60.5	243.0	6.7	54.8	42.8	10.0
Current transfers to individuals and households	4,628.6	4,871.5	5,093.3	1,219.0	1,359.2	1,211.1	1,304.0	1,303.4	1,448.9	388.1	415.5	415.5	409.2
Current transfers to non-profit institutions, other current domestic transfers	563.1	624.1	595.3	130.9	158.4	145.3	160.8	118.7	151.3	39.7	35.5	55.6	48.5
Current transfers abroad	25.7	27.4	32.0	2.9	10.2	11.3	7.6	7.2	13.6	0.3	2.1	0.5	0.6
Capital expenditures	654.2	901.4	1,130.5	133.4	162.9	266.9	567.3	148.8	215.9	44.7	46.3	42.4	46.6
Capital transfers	383.4	404.6	334.3	28.6	55.0	69.3	181.4	30.6	62.3	6.5	9.4	12.7	16.5
Payments to the EU budget	285.6	287.9	355.9	100.0	60.6	85.6	109.8	127.7	76.2	8.3	71.9	19.7	24.1
SURPLUS / DEFICIT	-299.6	-250.0	90.6	-	-	-	-	-	-	-	-	-	-

Source of data: MF Bulletin. Note: in line with the changed methodology of the International Monetary Fund of 2001, social security contributions paid by the state are not consolidated. Data prior to 2007 are recalculated on the basis of the irrevocable SIT/EUR exchange rate = 239.64.

Acronyms

AJPES – Agency of the Republic of Slovenia for Public Legal Records and Related Services, **BCI** – Business climate indicator, **BS** – Bank of Slovenia, **CCIS** – Chamber of Commerce and Industry of Slovenia, **CONS** – Consensus forecasts, **ECB** – European Central Bank, **EIRO** – European Industrial Relations Online, **EC** – European Commission, **ELES** – Electro Slovenia, **ESI** – Economic sentiment indicator, **ESS** – Employment Service of Slovenia, **FED** – Federal Reserve System, **GDP** – Gross domestic product, **HII** – Health Insurance Institute, **HICP** – Harmonised Index of Consumer Prices, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **LSE** – Ljubljana Stock Exchange, **MF** – Ministry of Finance, **MPA** – Ministry of Public Administration, **MSCI** – Morgan Stanley Capital International, **NFI** – non-monetary financial institutions, **OECD** – Organization for Economic Cooperation and Development, **OZS** – Chamber of Craft and Small Business of Slovenia, **PDII** – Pension and Disability Insurance Institute, **SBI** – Slovenian Stock Exchange Index, **SITC** – Standard International Trade Classification, **SORS** – Statistical Office of the Republic of Slovenia, **TZS** – Slovenian Chamber of Commerce, **WEF** – World Economic Forum, **ZDODS** – Slovenian Employers' Association of Crafts, **ZKoIP** – Zakon o kolektivnih pogodbah, **ZPGS** – Slovenian Chamber of Catering and Accommodation Service Providers, **ZSPJS** – Salary System in the Public Sector Act

Acronyms of Standard Classification of Activities (SCA)

A-Agriculture, hunting, forestry, **B**-Fishing, **C**-Mining and quarrying, **D**-manufacturing, **DA**-food beverages and tobacco, **DB**-textiles and textile products, **DC**-leather and leather products, **DD**-wood and wood products, **DE**-paper, publishing, printing, **DF**-coke, petroleum products and nuclear fuel, **DG**-chemicals, **DH**-rubber and plastic products, **DI**-non-metal mineral products, **DJ**-metals and metal products, **DK**-machinery and equipment, **DL**-electrical and optical equipment, **DM**-transport equipment, **DN**-furniture and NEC, **E**-Electricity, gas and water supply, **F**-Construction, **G**-Wholesale, retail, trade, repair, **H**-Hotels and restaurants, **I**-Transport, storage, communications, **J**-Financial intermediation, **K**-Real estate, renting and business activities, **L**-Public administ. & defence; comp. soc. sec., **M**-Education, **N**-Health and social work, **O**-Other social and personal services.

Acronyms of Countries

AT-Austria, **BE**-Belgium, **BG**-Bulgaria, **BY**-Belarus, **CH**-Switzerland, **CZ**-Czech Republic, **CY**-Cyprus, **DE**-Germany, **DK**-Denmark, **ES**-Spain, **EE**-Estonia, **EL**-Greece, **FR**-France, **FI**-Finland, **HU**-Hungary, **I**-Italy, **IE**-Ireland, **JP**-Japan, **LU**-Luxembourg, **LV**-Latvia, **LT**-Lithuania, **MT**-Malta, **NL**-Netherlands, **NO**-Norway, **PT**-Portugal, **RO**-Romania, **RU**-Russia, **SE**-Sweden, **UA**-Ukraine, **UK**-United Kingdom, **US**-United States of America, **PL**-Poland, **SI**-Slovenia, **SK**-Slovakia.

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