

BANKA SLOVENIJE

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EUROSYSTEM



Macroeconomic Projections for Slovenia BMPE June 2019



Cut-off date for projections is 21 May 2019.

Primož Dolenc, Ph.D.

Deputy Governor

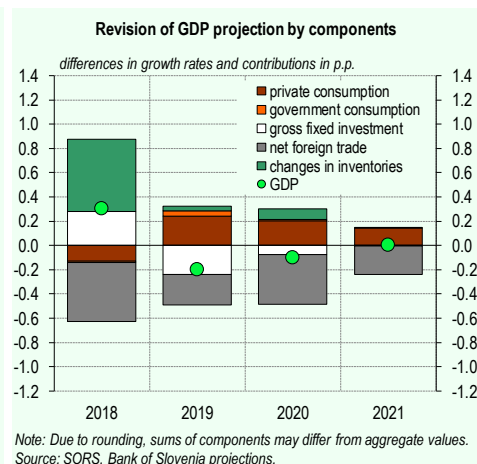
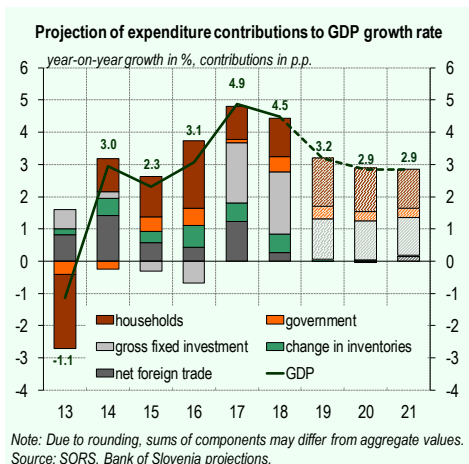
14 June 2019

Summary of Projections for Slovenia

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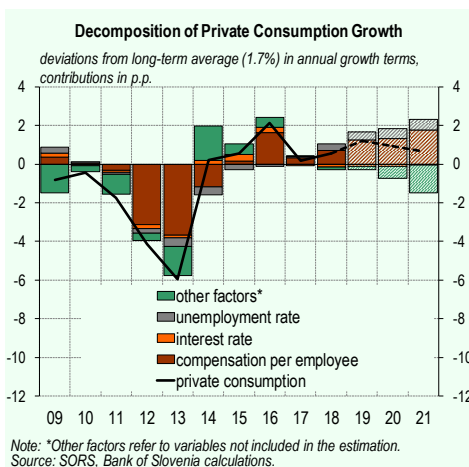
- ❑ The medium-term projections of economic activity in Slovenia remain favourable, with real GDP projected to grow at 3.2% this year and slightly below 3% in the upcoming two years. Economic growth will be broadly based and supported by favourable developments in domestic demand, albeit more moderate than in 2017 and 2018 due to somewhat lower growth in foreign demand and a gradual transition to a more mature phase of the business cycle of Slovene economy.
- ❑ Headline inflation, as measured by the HICP, is expected to weaken this year due to weaker pressures from the external environment, and to attain the ECB monetary policy target in the next two years. With solid domestic demand and a slightly faster rise in labour costs, core inflation will gradually increase, in particular due to stronger growth in the services prices.
- ❑ Labour market developments remain favourable, which will be reflected in a further, but more moderate, growth in employment and higher wage growth. The latter will slightly outpace productivity growth.
- ❑ The faster growth of imports, mainly driven by domestic demand, will lead to a gradual reduction in the current account surplus.
- ❑ Risks related to the GDP growth are tilted downwards, mostly due to uncertainties in the external environment. On the other hand, risks to HICP inflation are tilted slightly upwards, mainly due to oil price developments and potentially stronger labour cost growth.

GDP Growth Projection



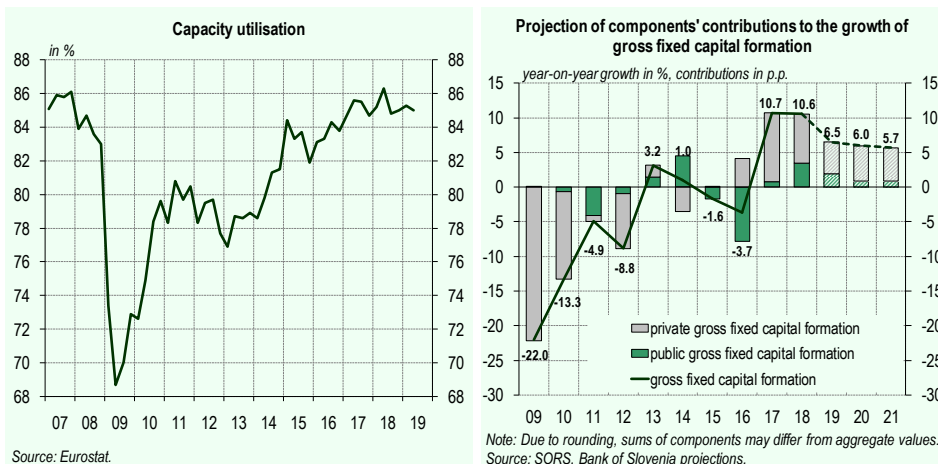
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Private Consumption and Employment



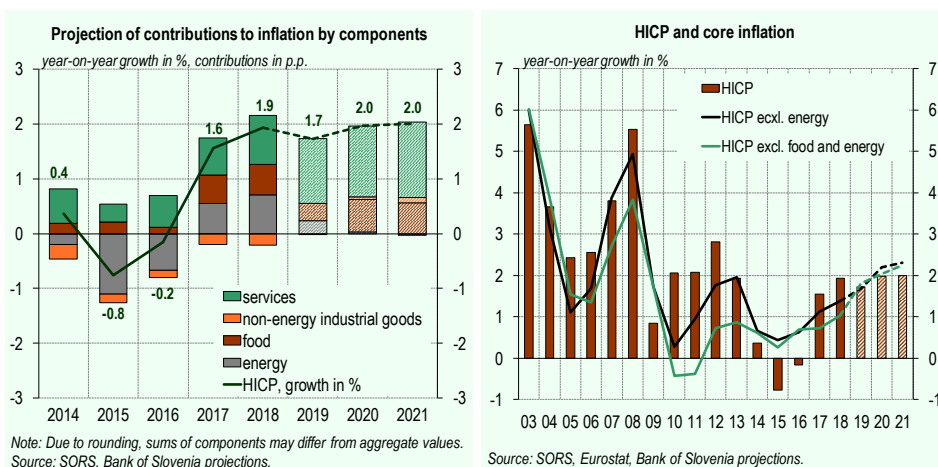
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Capacity Utilisation and Investments



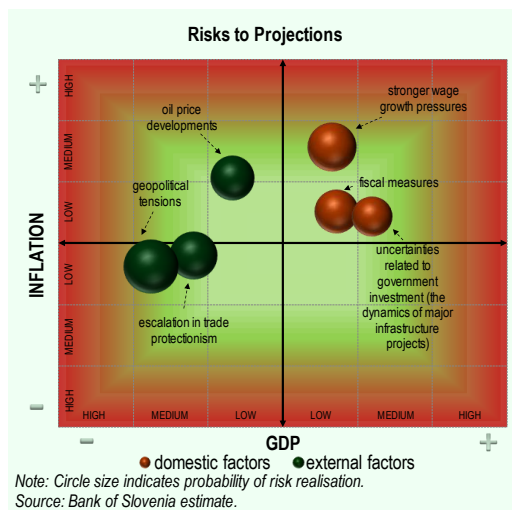
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Inflation



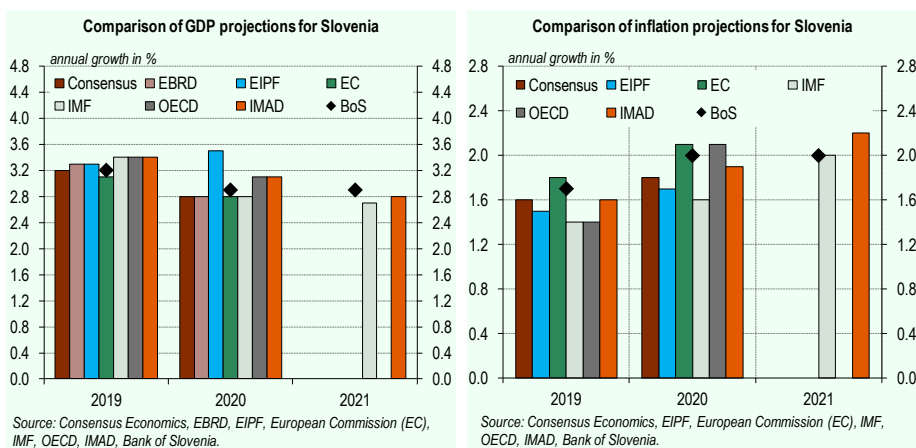
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Risks to Projections



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Comparison of Projections for Slovenia



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