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EVROSISTEM

Review of macroeconomic developments

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Contents

Summary

Based on the available data, the end of last year was marked by relatively favourable economic developments in the domestic market, while conditions for exporters remained challenging.

According to monthly indicators, growth in economic activity in the euro area continued in the final quarter of last year. This is supported by relatively favourable developments in industry, services and retail trade, while dynamics in construction were more volatile. The composite PMI and the European Commission's Economic Sentiment Indicator reached their highest levels since 2023. Flash PMI data for January indicate that growth continued at the beginning of this year, with services remaining the main driver of growth, while the contraction in manufacturing eased somewhat. Nevertheless, downside risks to growth in manufacturing remain elevated due to persistently weak foreign demand and a decline in export orders. Together with the easing of most price factors, this is also reflected in euro area inflation. In December, headline inflation alleviated to 1.9%, while core inflation declined to 2.3%.

The ECB left its key interest rates unchanged for the fourth consecutive meeting in December. By contrast, the Fed responded to perceived deterioration of the US labour market by cutting its key interest rate by 0.25 percentage points, bringing it to a range of 3.50% to 3.75%. Current overnight index swap (OIS) rates indicate that market participants expect two further reductions of the Fed's key interest rate by 25 basis points each in 2026, while no changes to the ECB's key interest rates are anticipated.

Since early November, international financial markets have remained broadly stable. German government bond yields have risen, supported by the release of positive economic indicators and a moderation in euro area inflation. US treasury yields have also mostly increased, following the publication of robust economic data. After the Fed's rate cut, major global equity indices moved higher; at the same time, the price of gold has risen sharply since early November, reaching a new all-time high.

Available data from the domestic economy point to a relatively favourable end to last year and the beginning of this year. This is confirmed by the gradual improvement in economic sentiment, year-on-year substantially higher construction activity, supported by government investment, positive results in tourism, and favourable indicators of domestic consumption, coinciding with the payment of the mandatory Christmas bonus. Amid weak demand and heightened international uncertainty, conditions in manufacturing activities remained challenging. Nevertheless, firms in manufacturing were more optimistic in January than a year earlier and continued to raise their assessments of expected production. Industrial production in November, however, amid persistently large differences across industries, remained around 1% lower year-on-year. Owing to favourable developments in the domestic market, the nowcast models are forecasting a quarter-on-quarter economic growth of 0.9% in the final quarter.

Relatively favourable domestic economic conditions, alongside a still unstable geopolitical environment, are reflected in developments in international trade. Imports of merchandise were 3.0% higher year-on-year in October and November, while exports of merchandise stagnated. The latter was primarily constrained by weak exports to Switzerland and Germany. Trade in services grew significantly faster than trade in merchandise, at 9.8%. The 12-month current account surplus decreased markedly in November, as the merchandise balance declined by EUR 526 million and slipped into deficit.

The labour market is gradually easing. The number of persons in employment in November was lower than a year earlier, while an even larger decline was mitigated by employment growth in the public sector. The number of registered unemployed increased year-on-year for the fourth consecutive month, particularly among young people, which may indicate a moderation in labour demand. Nevertheless, firms continue to report labour shortages, which are partly alleviated by increasing employment of foreign workers. Wage growth slowed to 2.9% in November, mainly due to lower extra payments in the private sector.

Headline inflation, as measured by the HICP, increased to 2.6% in December. The rise was driven by an acceleration in core inflation, which stemmed in roughly equal contributions from faster growth in services prices and prices of other goods. Persistently elevated services inflation continues to be sustained by a high level of domestic consumption, supported by still positive real income growth. By contrast, despite the acceleration, growth in prices of other goods remains relatively subdued and reflects modest foreign demand and external price factors. The easing of conditions in global food commodity markets is, with a lag, also reflected in food prices, which have been stable in recent months. However, their annual growth rate remained high at 4.6% in December. Finally, an analysis, employing a web-scraping method, shows that interest in inflation-related topics in Slovenia strengthened following the surge in prices after the pandemic and has remained elevated even as headline inflation has gradually eased.

Last year, the state budget deficit doubled to 2.4% of GDP, reflecting the implementation of the wage reform and the easing of economic growth. In addition, it is expected to increase further this year. According to initial estimates, the government debt-to-GDP ratio declined last year, and further reductions are planned. Amid a higher deficit, this will largely be the result of nominal GDP growth. The deficit of the consolidated general government balance on a cash-flow basis, which largely reflects developments in the state budget, amounted to EUR 1,051 million in the first eleven months of 2025 and was EUR 560 million higher than a year earlier. Revenue growth slowed and lagged behind the growth of expenditure. The latter was driven primarily by wages and transfers to individuals and households, while investment growth was also high. According to government plans, the deficits of the state budget and the general government sector are expected to increase further this year. This reduces the scope for countercyclical fiscal policy in the event of potential larger shocks.

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In this publication, we also focus on the importance of the pharmaceutical industry, which has become one of the main pillars of industrial activity and domestic economic growth. It is strongly integrated into global supply chains, with Slovenia increasingly establishing itself as an important hub for pharmaceutical development and production. The sector accounts for a growing share of value added and employment in manufacturing activities, with a notable contribution to the country's overall economic performance. Pharmaceutical firms are also more export oriented, more profitable, and invest more intensively than other firms.

1 International Environment

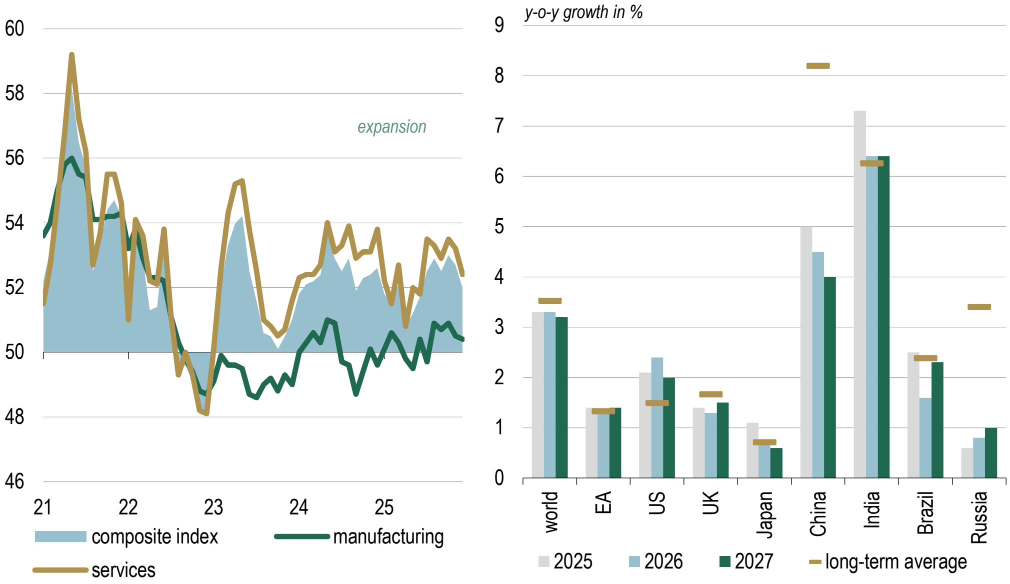
Growth in global economic activity moderated slightly towards the end of the year, according to PMI data, both in services and manufacturing sectors. The IMF projections point to global economic growth of 3.3% for this year.

The global composite PMI declined from 52.7 to 52 index points in December last year, indicating somewhat slower growth at year-end (Figure 1.1, left). The decrease in the indicator primarily reflects a slowdown in services growth, where the index eased from 53.2 to 52.4 index points. Activity in manufacturing was also somewhat lower, with the index slipping from 50.5 to 50.4 index points. These developments partly reflect a cooling of international trade and the effects of tariffs, as evidenced by the ninth consecutive decline in the new export orders index. Global manufacturing activity could remain subdued at the beginning of this year. This is suggested by the deterioration in business sentiment, as indicated by the expected future orders index, particularly in North America and Asia.

Figure 1.1: **Purchasing Managers' Index and IMF projections**

JPMorgan PMIs for the global economy

Economic growth projections in major economies



Source: Bloomberg, IMF. Latest data left: PMI – December 2025; IMF projections – January 2026.
Note: The right-hand side of the figure uses the IMF's January estimates for 2025 and projections for 2026 and 2027. The long-term average is calculated from 2000 to 2024.

In the US, current economic growth strengthened from 0.9% to 1.1% in the third quarter, exceeding expectations and reaching the highest level in the past two years.[1] The main contributors to growth were net trade, private and government consumption. In contrast, labour market data point to a weaker economic picture. Non-farm payrolls increased by only 50,000 in December, which was below expectations, while figures for October and November were also revised downward. On average, around 22,000 jobs were lost in the last quarter. Conversely, the unemployment rate fell by one-tenth

[1] Due to the federal government shutdown, the release of the economic growth data for the third quarter was postponed until 23 December.

in December, to 4.4%, which may indicate a simultaneous moderation in labour supply growth.[2]

The IMF's January projections expect global economic growth of 3.3% this year and next, with a slight decline to 3.2% in 2027 (Figure 1.1, right). Tariffs and increased uncertainty will continue to weigh on economic activity, although their impact is expected to gradually diminish. GDP growth in the US is projected to reach 2.4% this year, supported by fiscal policy and less restrictive monetary policy, while the impact of higher trade barriers is expected to gradually weaken. Economic growth in the UK will reach 1.3%, in India 6.4%, and in China 4.5%. Risks to global economic growth remain tilted to the downside, mainly due to the possibility of escalating trade and geopolitical tensions and a potential gap between expected and actual contributions of artificial intelligence to productivity growth, which could dampen investment activity and trigger abrupt corrections in financial markets.[3] The IMF's projections for this year are consistent with the ECB's December forecasts for the global economy outside the euro area, while the ECB expects slightly higher growth next year, at 3.3%.

Economic activity in the euro area continued to expand in the final quarter of last year, as suggested by monthly indicators.

Economic activity in the euro area during the final quarter of last year continued to expand according to monthly indicators, which confirms expectations of continued growth. Industrial production increased again in October and November, reaching its highest level in the past two and a half years, with the exception of last March, when the rise was attributable to early ordering in anticipation of the introduction of tariffs. Construction output fluctuated somewhat, strengthening in October and declining in November. In the services sector, activity continued to grow in October. Retail trade turnover also increased (Figure 1.2, left). The composite PMI reached its highest level since 2023 in the final quarter, and the European Commission's economic sentiment index also points to ongoing economic growth. The index averaged 96.9 points in the quarter, its highest since 2023. In December, the index edged down slightly (to 96.7), mainly due to a deterioration in construction and retail trade, while the indicators for industry and services improved.

According to the flash estimate of the January PMI, economic activity in the euro area continued to expand at the beginning of this year, with the composite index remaining at 51.5 points (Figure 1.2, right). Growth in the services sector moderated somewhat compared to December (51.9; previously 52.4), while the contraction in manufacturing eased (49.4; previously 48.8). Downside risks to growth in manufacturing continue to stem from weak foreign demand and a decline in export orders.

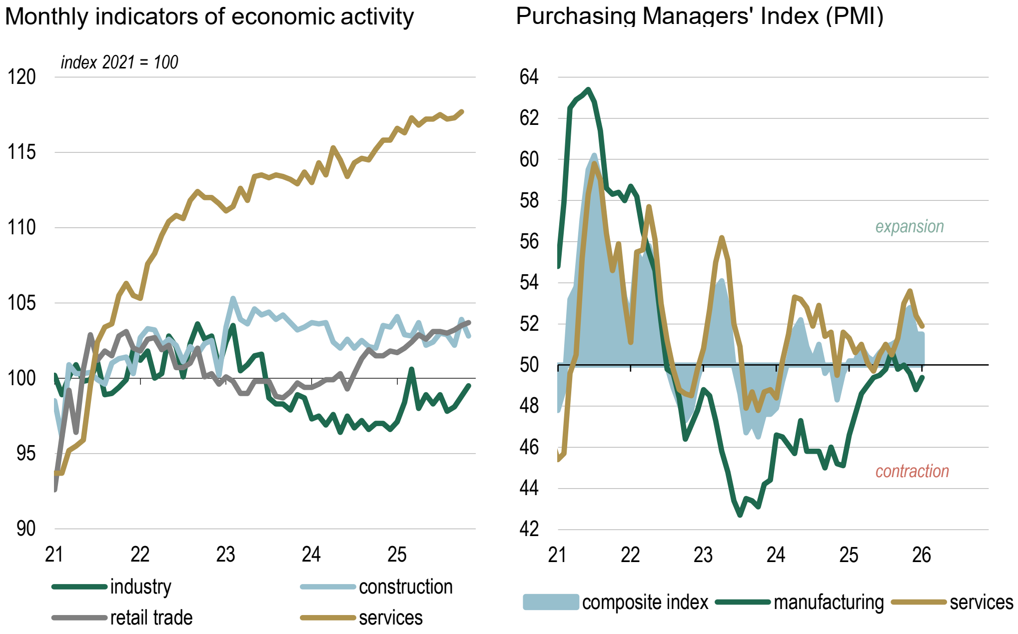
The IMF's January projections anticipate economic growth in the euro area of 1.3% this year, with a slight acceleration to 1.4% in 2027, mainly due to increased public sector expenditure, particularly in Germany, as well as favourable developments in Ireland and Spain. Growth will continue to be constrained by structural limitations, smaller ef-

[2] The simultaneous slowdown in employment growth and only moderate changes in the unemployment rate might reflect a moderation in labour supply, which is linked to shifts in migration flows and a decline in labour force participation. This may indicate a gradual deterioration in labour market conditions: The Recent Slowdown in Labor Supply and Demand - San Francisco Fed

[3] World Economic Outlook Update, January 2026: Global Economy: Steady amid Divergent Forces; World Economic Outlook 2026/003

fects from technology-driven investment compared to other regions, and the appreciation of the euro.[4] The projections are broadly consistent with the December Eurosystem staff macroeconomic projections, which anticipate growth of 1.2% this year and 1.4% in 2027.

Figure 1.2: **Indicators of economic developments in the euro area**



Source: Bloomberg, Eurostat, calculations by Banka Slovenije. Latest data left: January 2026; right: November 2025; services – October 2025.
Note: The right-hand side of the figure shows real indices: retail trade turnover excluding motor vehicles, industrial production, volume of construction works completed, and services excluding financial activities, all adjusted for working days.

In December, headline inflation in the euro area fell below two per cent for the second time in the previous year.

Headline inflation in the euro area as measured by the HICP decreased by 0.2 percentage points to 1.9 % in December, standing below 2.0 % for the second time in the previous year (Figure 1.3, left). The decline was driven by the developments in energy prices and core inflation, while food inflation increased. In December, energy prices were 1.9% lower in year-on-year terms, mainly owing to a larger month-on-month decrease in motor fuel prices, after three consecutive months of smaller declines. Conversely, the year-on-year growth of food prices strengthened to 2.5 % (2.4 % in November), exclusively as a result of a surge in unprocessed food prices, which were 4.2 % higher (3.2 % in November). This change reflects a positive base effect and stronger current growth in vegetable prices. By contrast, the year-on-year growth in processed food prices fell to 2.0 % (2.2 % in November), continuing the downward trend observed in recent months.

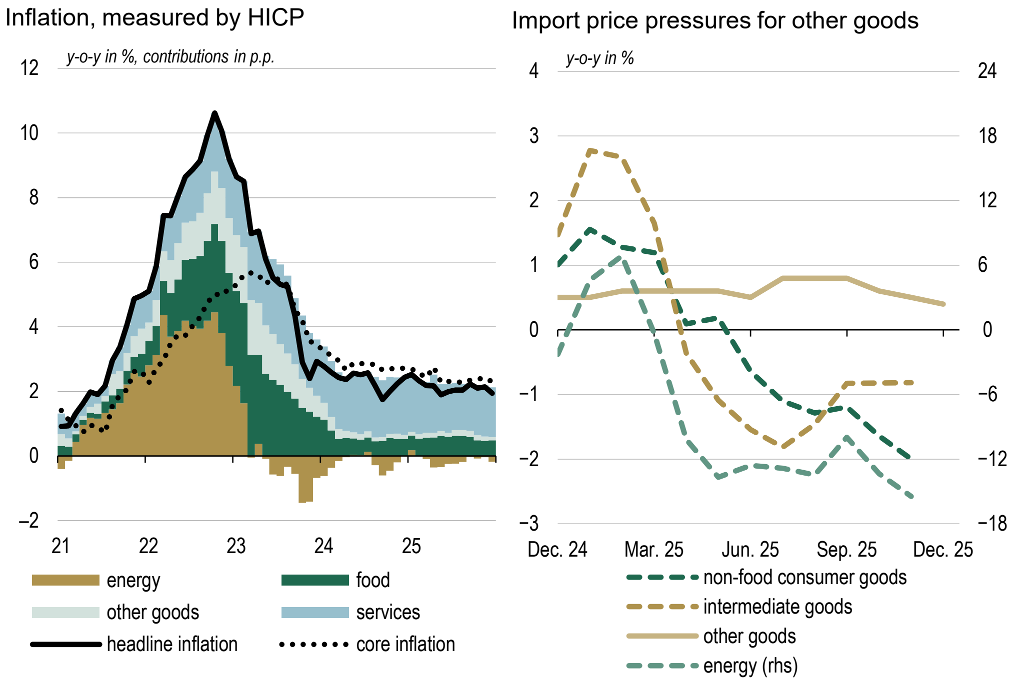
Core inflation excluding energy and food decreased to 2.3 % in December after being 0.1 percentage points higher for three consecutive months. This was supported by services inflation, which returned to 3.4 % (3.5 % in November), reflecting the stability of domestic price pressures. Newly published ECB indicators[5] show that labour market

[4] World Economic Outlook Update, January 2026: Global Economy: Steady amid Divergent Forces; World Economic Outlook 2026/003.
[5] ECB Wage Tracker.

conditions continued to ease towards the end of the year, and normalisation is expected to continue this year, which could gradually contribute to lower growth in services prices. The year-on-year growth in non-energy industrial goods (hereinafter: other goods) prices also slowed, standing at 0.4 % in December (0.5 % in November). The ongoing decline comes after several months of subdued price pressures from imports of energy, intermediate and non-food consumer goods (Figure 1.3, right).

In December, the gap between headline inflation in Slovenia and the euro area widened to 0.6 percentage points, while core inflation rates were almost aligned – Slovenia's rate was 0.1 percentage points lower. The range of headline inflation among euro area member states amounted to 4.0 percentage points, with Slovakia recording the highest rate at 4.1 %. On the contrary, Cyprus registered the lowest headline inflation for the eighth consecutive month (0.1 %). Currently, headline inflation in the euro area does not reflect the year-on-year price growth at the midpoint of the distribution of member states (2.7 %), owing to lower rates in larger economies such as France (0.7 %), Italy (1.2 %) and Germany (2.0 %).

Figure 1.3: **Euro area inflation and import price pressures for other goods**



Sources: Eurostat, ECB. Latest data, left chart: December 2025; right chart: import prices: November 2025; other goods: December 2025.
Note: In the right chart, dashed lines represent the year-on-year growth of import prices.

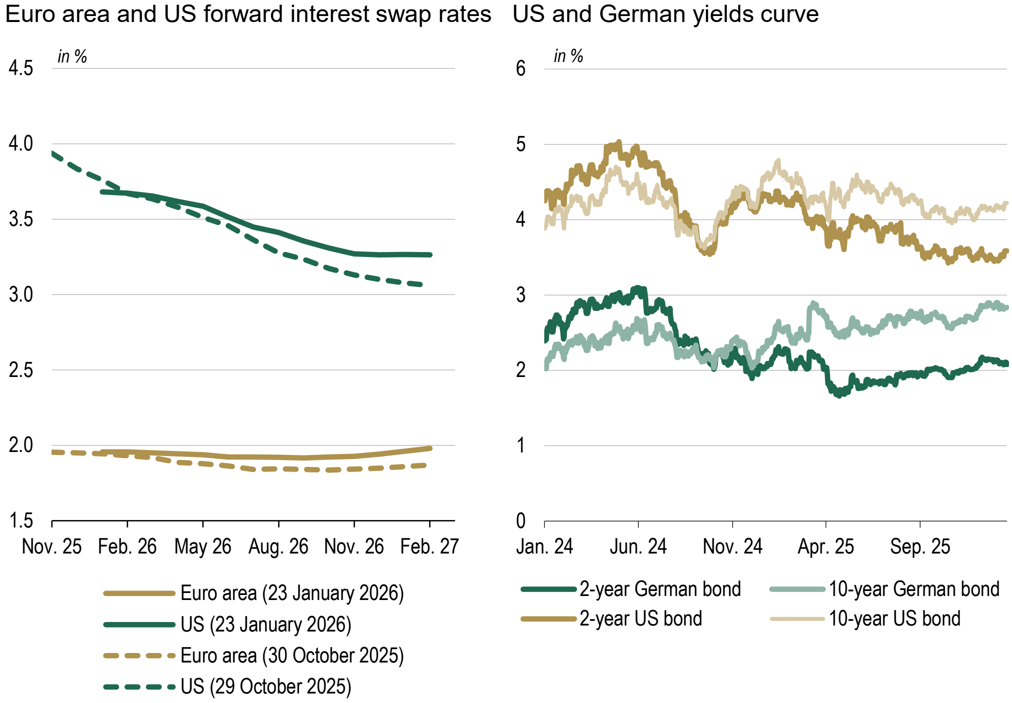
2 Monetary Policy and Financial Markets

In December, the Eurosystem maintained the interest rate on the deposit facility at 2.00%, while the Fed lowered its key interest rate to a range of 3.50% to 3.75%.

Amid subdued inflation and stable inflation expectations, the Eurosystem left all three key interest rates unchanged at its December meeting. The rates on the deposit facility, main refinancing operations, and the marginal lending facility remain at 2.00%, 2.15%, and 2.40%, respectively.

At its December meeting, the Fed reduced its key interest rate by 0.25 percentage points, bringing it to a range of 3.50% to 3.75%. This reduction was primarily driven by a noticeable deterioration in conditions on the US labour market and a gradual moderation of inflation. The Bank of England also lowered its key interest rate (to 3.75%), while key interest rates remained unchanged in Canada (2.25%), Switzerland (0.00%), Sweden (1.75%), Norway (4.00%), and Australia (3.60%). In contrast, the Bank of Japan raised its key interest rate by 0.25 percentage points in December (to 0.75%) in response to accelerating inflation.

Figure 2.1: **Interest rate swap rate curves and government bond yields**



Source: Bloomberg, Banka Slovenije calculations. Latest data on the right: 26 January 2026.

Expectations regarding the future path of the ECB's and the Fed's key interest rates have not changed significantly over the past three months. As inflation in the euro area continues to moderate, investors do not anticipate any changes to the ECB's key interest rates in 2026. Similarly, following the recent release of more encouraging US labour market data,[6] expectations of a faster reduction in the Fed's key interest rate have

[6] In December, the unemployment rate was lower than expected, while in January, the number of unemployment benefit claims was also below expectations.

eased somewhat. Current overnight index swap (OIS) rates indicate that markets expect two further reductions of the Federal Reserve's key interest rate by 0.25 percentage points each by the end of 2026, which would bring the rate to a range of 3.00% to 3.25% (see Figure 2.1, left).

Since the beginning of November, major global equity indices have continued to rise, supported by predominantly positive economic data and the Fed's reduction of its key interest rate. The price of gold has reached a record high.

Driven by a decline in market participants' expectations that the ECB might further lower its key interest rates this year, German short-term government bond yields have increased by 0.17 percentage points since the beginning of November, while long-term bond yields have risen by 0.24 percentage points (see Figure 2.1, right). This development has been primarily supported by recent encouraging economic releases and inflation data, which confirm that price growth in the euro area remains close to the target of 2%. The spreads between euro area bonds with higher credit risk and German government bonds have remained narrow over the observed period. Yields on short-term US Treasuries have not changed significantly since the beginning of November, whereas yields on long-term Treasuries have increased by 0.14 percentage points.

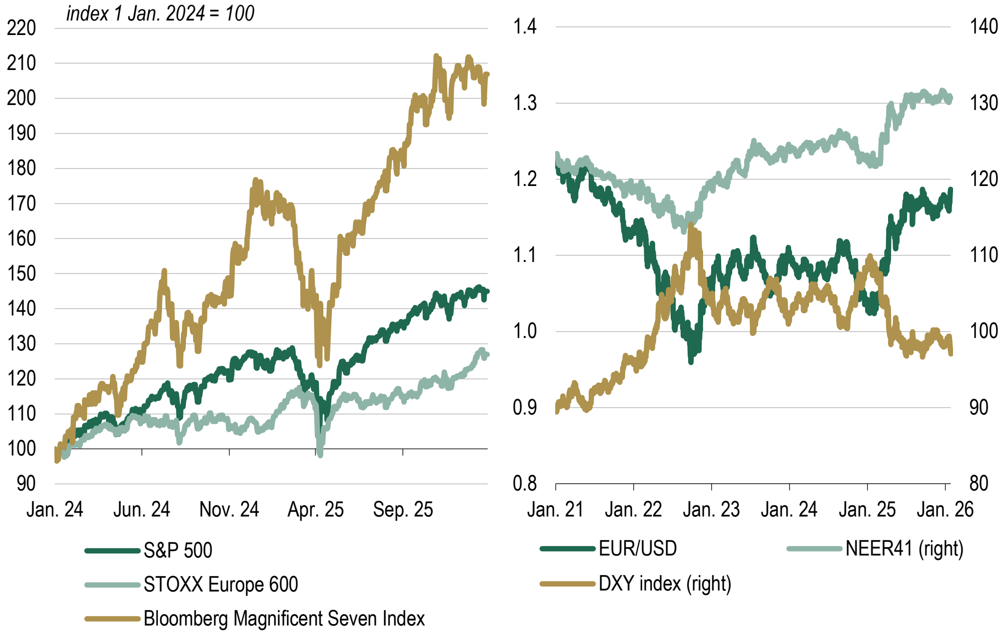
Since the beginning of November, major global equity indices have mostly increased moderately (see Figure 2.2, left). The Fed's decision to lower its key interest rate and the release of encouraging economic data in the United States have made a significant contribution to this growth. The main US equity index, the S&P 500, gained 1.6% over this period and is currently slightly below its record level from the first half of January. By contrast, the index of the seven largest US technology companies (Magnificent Seven) has declined by 2.3% since November, mainly due to investor concerns about high valuations of US technology stocks. The main European index, the STOXX Europe 600, rose by 6.6% during this period and is currently close to its record level from mid-January. The growth of European equities has been supported by the publication of solid economic data and corporate earnings. The tech-focused Hang Seng index in Hong Kong has increased by 4.6% since the beginning of November, reflecting investor optimism regarding the growth of China's technology sector.

The value of the US dollar against the euro has declined by 2.9% since the beginning of November, and by 2.7% against a basket of the world's major currencies (see Figure 2.2, right). This development has been primarily driven by the Fed's reduction of its key interest rate and a shift by investors away from the US dollar amid heightened geopolitical tensions. In addition, increased demand for safe-haven assets has pushed the price of gold up by 27.3% since the beginning of November, leaving it close to its all-time high (USD 5,108 per ounce). This surge has also been supported by the recent capture of Venezuela's president and unrest in Iran. The price of Brent crude oil has remained broadly unchanged since the beginning of November.

Figure 2.2: **Developments in equity indices, the euro, and the US dollar**

Selected equity market indices

EUR/USD exchange rate movements and the value of EUR and USD



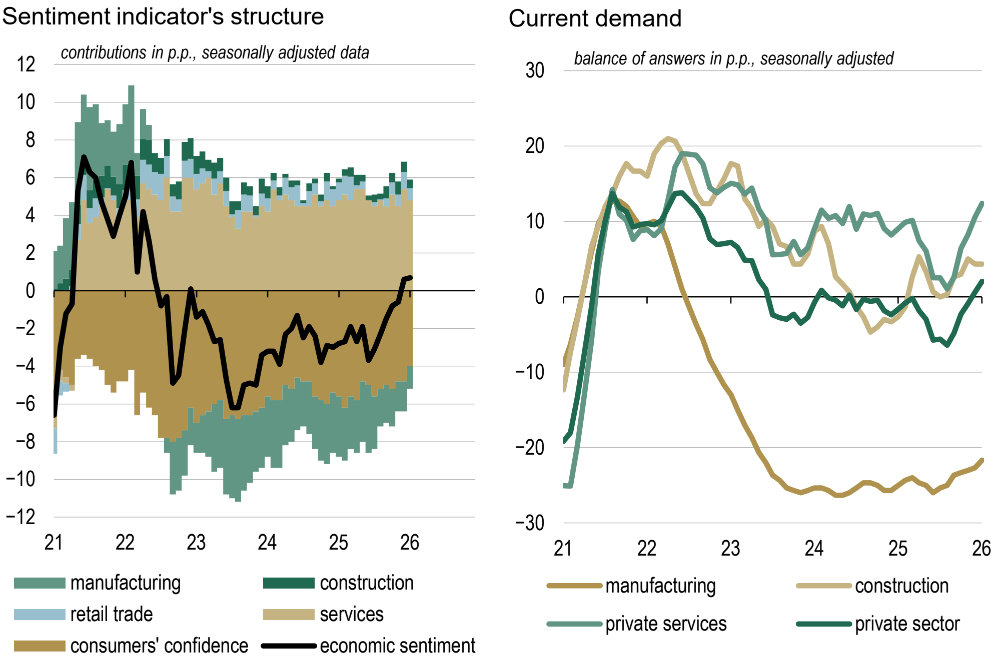
Source: Bloomberg, calculations by Banka Slovenije. Latest data on the right: 26 January 2026.
Note: In the figure on the right, the DXY index measures the value of the US dollar against a basket of six currencies (EUR, JPY, GBP, CAD, SEK, CHF) weighted by trade volumes, with the euro having the largest weight at 57%. NEER41 shows the nominal effective exchange rate of the euro against 41 trading partners. The EUR/USD exchange rate reflects the movement of the euro's value relative to the US dollar; a higher value indicates a stronger euro. In the figure on the left, the Magnificent Seven comprises Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

3 Domestic Economic Activity

In January, the economic sentiment indicator remained in positive territory, and manufacturing enterprises continued to provide favourable assessments of expected production.

The value of the economic sentiment indicator was positive for the second consecutive month (see Figure 3.1, left). This reflects greater consumer optimism and improved sentiment in manufacturing activities. At the same time, confidence remained relatively high in trade, other private services, and construction, despite a monthly decline. Notably, enterprises in the trade sector assessed January demand as very strong, which may be partly attributable to the payment of the mandatory Christmas bonus in December. The impact of these payments is also evident in the marked increase in households' assessments of their financial situation and the appropriateness of the timing for major purchases. In construction, survey indicators of construction activity and total orders point to a moderation in growth, but both remain at relatively high levels. In contrast, conditions in manufacturing activities, amid persistently increased uncertainty in the international environment, continued to be challenging. Nevertheless, enterprises were again more optimistic in January than a year earlier and further raised their assessments of expected production. Demand for their products, however, remains subdued (see Figure 3.1, right).

Figure 3.1: **Selected sentiment indicators**



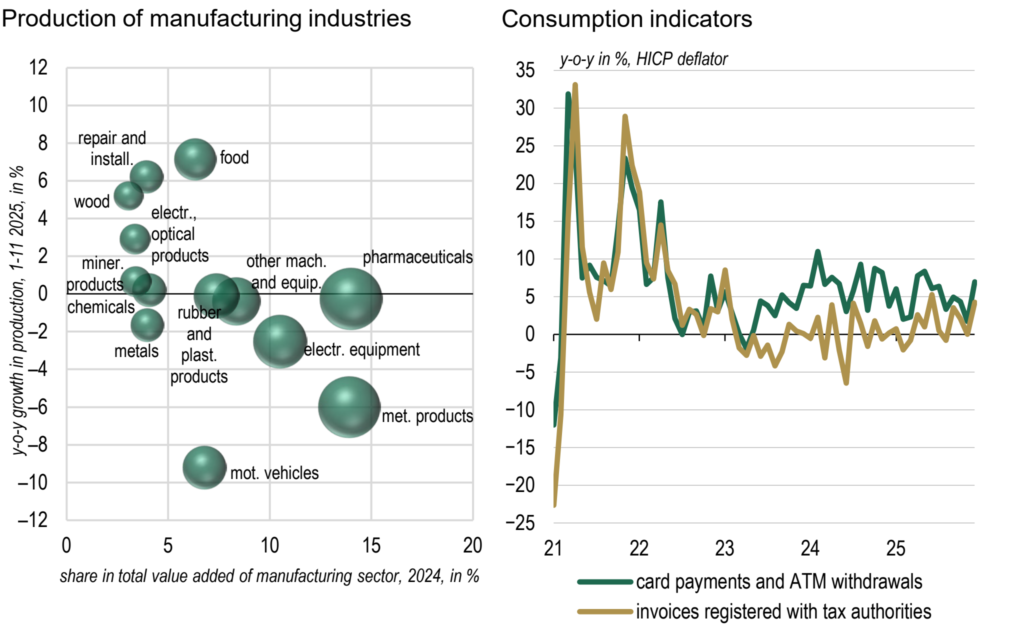
Source: SORS, Bankart, FURS, calculations by Banka Slovenije. Latest data: January 2026.
Note: In the figure on the right, the aggregates for the private sector and private services are calculated using shares in value added.

Indicators of economic activity point to the continued prevalence of more favourable conditions in the domestic market compared with foreign demand.

Manufacturing output remains subdued, as enterprises have been facing a deterioration in their competitive position and insufficient demand for an extended period. In the final quarter of last year and the first quarter of this year, survey-based indicators of competitive position in the EU market and in non-EU markets again reached low levels, while the volume of new orders also declined slightly. Amid monthly fluctuations, output in November remained 1.0% lower year-on-year, similar to the average for the first eleven months. In total industry, the decline over eleven months was somewhat greater due to persistently low output in the energy sector. During this period, two-fifths of industrial branches managed to increase their output. By technological intensity, more pronounced growth was recorded only in low-technology manufacturing, with food production, wood processing, and other miscellaneous manufacturing industries standing out (see Figure 3.2, left). Under such conditions, capacity utilisation remained relatively low. At the beginning of the year, it stood at 82.0%, which is slightly higher than last year, but 2.3 percentage points below the average of the economically stable period 2015–2019.

Following strong monthly growth between April and October, construction activity experienced a marked downturn in November across the majority of segments, yet remained 12.2% higher year-on-year. As in the summer months, the largest contribution to year-on-year growth came from civil engineering construction, while residential construction also increased for the third consecutive month. The number of building permits issued last year and the associated building area do not indicate prospects for continued robust growth in construction. Growth is also constrained by the capacities of enterprises, as only a small proportion report insufficient demand amid a pronounced shortage of skilled workers.

Figure 3.2: **Selected economic activity indicators**



Source: SORS, Bankart, FURS, calculations by Banka Slovenije. Latest data on the right: December 2025.
Note: In the figure on the left, the output of pharmaceutical products and preparations is roughly estimated using monthly production indices and the structure of value added in manufacturing activities. Sectors with at least a 3% share in value added in manufacturing activities in 2024 are included. Labels according to the NACE Rev. 2 classification: food products – C10, wood processing – C16, chemicals – C20, pharmaceuticals – C21, rubber and plastics – C22, mineral products – C23, metals – C24, metal products – C25, electronic and optical products – C26, electrical equipment – C27, other machinery and equipment – C28, motor vehicles – C29, repair and installation of machinery – C33.

Consumption in the domestic market is estimated to have strengthened towards the end of last year, based on the real value of card payments and cash withdrawals at ATMs, as well as fiscally verified invoices. After a relatively weak November, which is also confirmed by initial data on retail trade sales, the value of the former was 7.0% higher year-on-year in December, while the value of the latter increased by 4.2%. In both cases, this is considerably above last year's annual average and is most likely also attributable to the payments of the mandatory Christmas bonuses (see Figure 3.2, right). December was also favourable for tourism, with the number of overnight stays rising by 5.8% year-on-year.

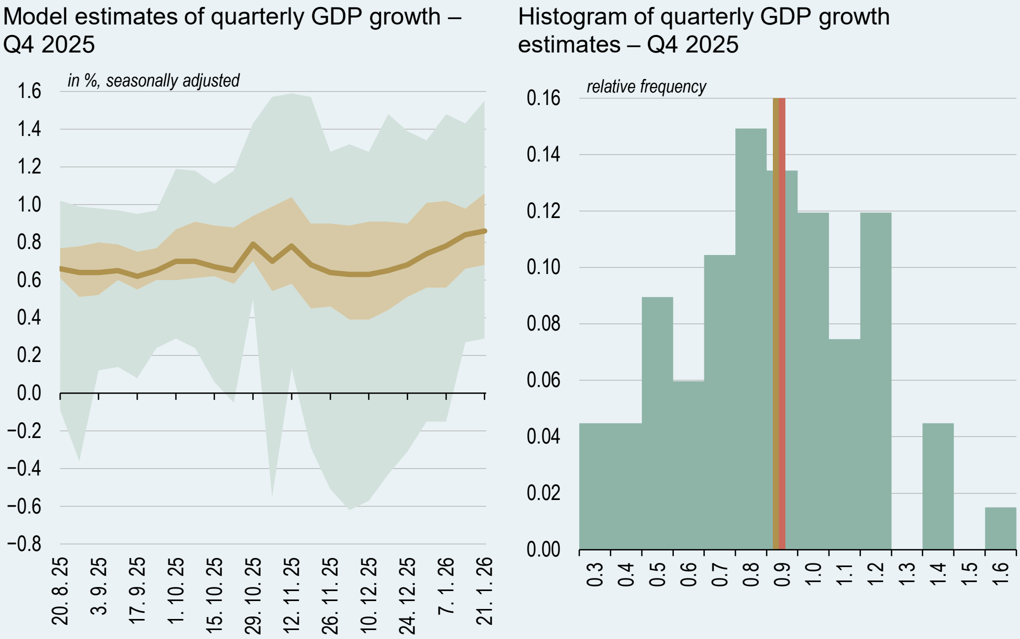
Box 3.1: **Nowcasts for GDP growth in the fourth quarter of 2025**

The average estimate of the set of nowcasting models indicates quarterly GDP growth of 0.9% in the final quarter of last year.

The current average nowcast of quarterly GDP growth for the last quarter of 2025 stands at 0.9% (Figure 3.1.1, left). The estimate primarily reflects more favourable current developments in survey indicators, which gradually improved in all months of the final quarter. Compared to September, the economic sentiment in December was 2.1 percentage points higher. The improvement in confidence was observed across all activity groups except construction; it was most pronounced in services, followed by retail trade and manufacturing activities.

Most indicators of economic activity are currently available only for October, while industrial production and the value of construction put in place are also available for November. Industrial production strengthened by 0.3% in November, following stagnation in October. The increase in activity was recorded in mining and quarrying and manufacturing, while a decline was observed in electricity, gas, steam, and air conditioning supply. After two consecutive months of strong growth, activity in construction decreased in November (by 6.2%) due to a reduction in the value of works on buildings and civil engineering structures. The total turnover in services and retail trade also declined in October, by 1.2%. In retail trade, the volume of sales increased by 1.5%, while in services it decreased by 3.4%.

Figure 3.1.1: **Model-based nowcast for economic growth**



Sources: SURS, Banka Slovenije calculations.
Note: The left-hand chart displays the nowcasts for quarterly GDP growth. The gold area represents the interval between the 25th and 75th percentiles of all estimates, while the green area covers the range between the lowest and highest estimate. The gold line indicates the average nowcast of quarterly GDP growth for the fourth quarter of 2025. The right-hand chart shows the distribution of nowcasts of quarterly GDP growth in the fourth quarter of 2025. The vertical gold line marks the median, while the red line indicates the mean of all estimates. The relative frequency denotes the share of models estimating a specific growth rate within the entire set of models. Nowcast date: 21 January 2026.

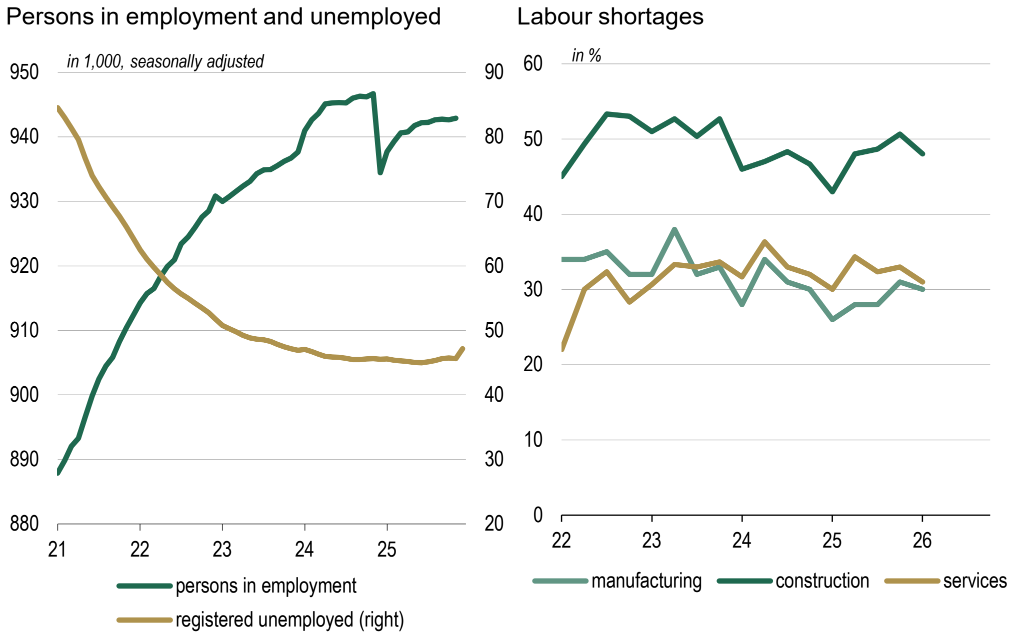
The current set of high-frequency information is also reflected in the histogram of the nowcast distribution (Figure 3.1.1, right). The range of estimates, calculated based on the 25th and 75th percentiles of the distribution, currently stands between 0.7% and 1.1%.

4 Labour Market

The labour market is cooling, largely owing to structural constraints.

In November, the number of employed persons amounted to 944,882, slightly more than in the previous month, but lower than a year earlier (Figure 4.1, left). The year-on-year decline reflects a contraction in employment in the private sector, specially manufacturing and construction, while employment in public services continues to increase and remains relatively high. The reduction in the number of employed persons in the private sector is largely related to supply-side constraints in the labour market. This is also indicated by survey indicators, according to which firms' expectations regarding future employment remain positive despite the decline in employment. At the same time, a large share of firms continues to cite labour shortages as one of the key factors constraining their business activity (Figure 4.1, right). Labour shortages are partly alleviated by the inflow of foreign workers, whose number continues to increase. Their share among employed persons reached 16.2% in December, which is 0.3 percentage points higher than a year earlier.

Figure 4.1: **Persons in employment, unemployed and labour shortages**



Source: SURS, ZRSZ, Banka Slovenije calculations. Latest data left: registered unemployed – December 2025, persons in employment – November 2025, right: first quarter 2026.
Note: Labour shortages are measured as the share of firms that cite labour shortages as a constraint on business activity.

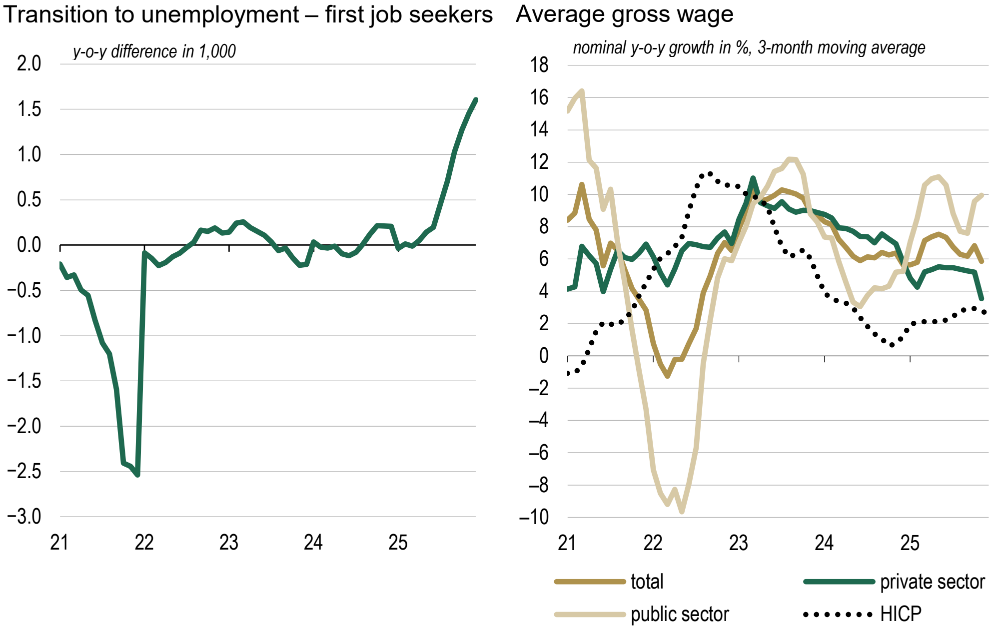
The number of registered unemployed persons has increased slightly in recent months.

In December, the number of registered unemployed persons stood at 47,177, slightly higher than a year earlier (Figure 4.1, left). As a result, the year-on-year increase has strengthened for the fourth consecutive month, indicating a gradual easing of the long-standing downward trend in unemployment. Moreover, lately we observe a higher number of newly registered unemployed persons seeking their first job (Figure 4.2, left). This is reflected in the number of registered unemployed persons aged 15–24, which increased by 14.6% year on year and may indicate a partial cooling of firms' demand for labour. The registered unemployment rate nevertheless remains low and stable at 4.6%.

Lower extra payments made an important contribution to the slower growth of wages in November

Year-on-year wage growth slowed to 2.9% in November (Figure 4.2, right), mainly owing to lower extra payments in the private sector. We believe that, amid uncertainty regarding the adoption of the law on the winter bonus, firms postponed part of extra payments to December or paid them as part of the winter bonus,[7] which contributed to the average wage in the private sector in November being 0.3% lower than a year earlier. However, we expect a reversal and a renewed increase in year-on-year wage growth in December. The effect is less pronounced in the public sector, where wage growth in November remained high at 8.8%.

Figure 4.2: **Newly unemployed and wage growth**



Source: SURS, Banka Slovenije calculations. Latest data left: December 2025, right: November 2025, inflation – December 2025.
Note: The left-hand figure shows the year-on-year difference in the cumulative annual total of newly registered unemployed first-time jobseekers.

In the private sector, the trend in wage growth is gradually easing. In the first eleven months of last year, average wage growth amounted to 4.7%. Nevertheless, overall wage growth remained relatively high, partly reflecting persistent and pronounced labour shortages, which strengthen employees' bargaining power. Wage growth has also been supported by the wage reform in the public sector and past increases in the minimum wage.[8] Against the backdrop of subdued price growth, which has hovered around the monetary policy target over the past year, real wage growth has also remained relatively high. In the first eleven months of last year, it stood at 4.6% year on year, thereby exceeding labour productivity growth, which in the longer term determines the long-term sustainability of wage growth.[9]

[7] Winter bonus is not included in average monthly earnings statistics, however it will be visible in compensation per employee data.

[8] A strong increase in the minimum wage is also announced for this year. It will be set at EUR 1,482 gross, implying a year-on-year increase of 16%.

[9] Over the longer term, real wage growth is constrained by productivity growth, as persistently faster wage growth leads to an increase in unit labour costs and, consequently, to pressures on price competitiveness and inflation.

5 Current Account

Amid the year-on-year stagnation in merchandise exports towards the end of last year, services exports strengthened, while total imports increased markedly.

Nominal merchandise exports in October and November combined remained unchanged year-on-year (0.0%), indicating a slight improvement compared with the third quarter, when exports declined by 1.4%, according to balance of payments data (see Figure 5.1, left). This development was supported by diversified exports to Croatia and continued robust growth in exports to Russia, which, according to SURS, mainly comprised medical and pharmaceutical products. A positive contribution also stemmed from the recovery of exports to France, primarily road vehicles, which had declined in the first half of the year. These effects were partially offset by a substantial decrease in exports to Switzerland (–29.9%).[10] Among major euro area trading partners, the most notable development was a broad-based decline in exports to Germany, reflecting continued weak growth in manufacturing output in that country. The survey indicator for export orders in manufacturing firms remained in negative territory at the turn of the year, suggesting only limited improvement in Slovenia's export activity compared with the autumn months.

Nominal merchandise imports in the first two months of the final quarter were up 3.0% year-on-year, exceeding the growth recorded in the third quarter (see Figure 5.1, left). Among major trading partners, growth was supported by further strengthening of imports from Croatia, which was relatively diversified across product groups, and higher imports of energy products from Austria; imports from France also increased. Among other countries, imports from India stood out, rising by 135.5%, mainly due to petroleum and petroleum products. Conversely, imports from Germany and Italy were weaker, particularly road vehicles, and in the case of Italy, also petroleum and petroleum products. Data in terms of broad economic categories[11] indicate a decline in imports of consumption goods, while imports of intermediate goods and capital goods increased. The latter have been rising since August, coinciding with the start of the government investment cycle, which is partly reflected in increased imports of transport equipment from Poland.[12]

Nominal services exports in the same period were up 7.5% year-on-year, similar to the third quarter (see Figure 5.1, left). Growth was mainly supported by strong exports of insurance services, which have been rising significantly since July, with Italy as the main destination.[13] Exports of telecommunications services also increased (by 10.6%), and the higher number of foreign tourists contributed to a 4.3% rise in travel exports. By contrast, exports of construction services declined year-on-year (–7.1%) and were more than a tenth lower in the first eleven months of last year. Exports of transport services, the largest category of services exports, remained broadly unchanged year-on-year (–0.3%).

Year-on-year growth in nominal services imports reached 13.0%, almost double the rate of the previous quarter (7.7%; see Figure 5.1, left). The high growth was driven

[10] Data from SURS indicate that these exports predominantly comprise pharmaceutical and medical products.

[11] Excludes imports of medical and pharmaceutical products from Switzerland, and imports of organic chemical products from Switzerland, China and India.

[12] Data from SURS by CN and NACE classifications indicate that these exports consist of electric locomotives.

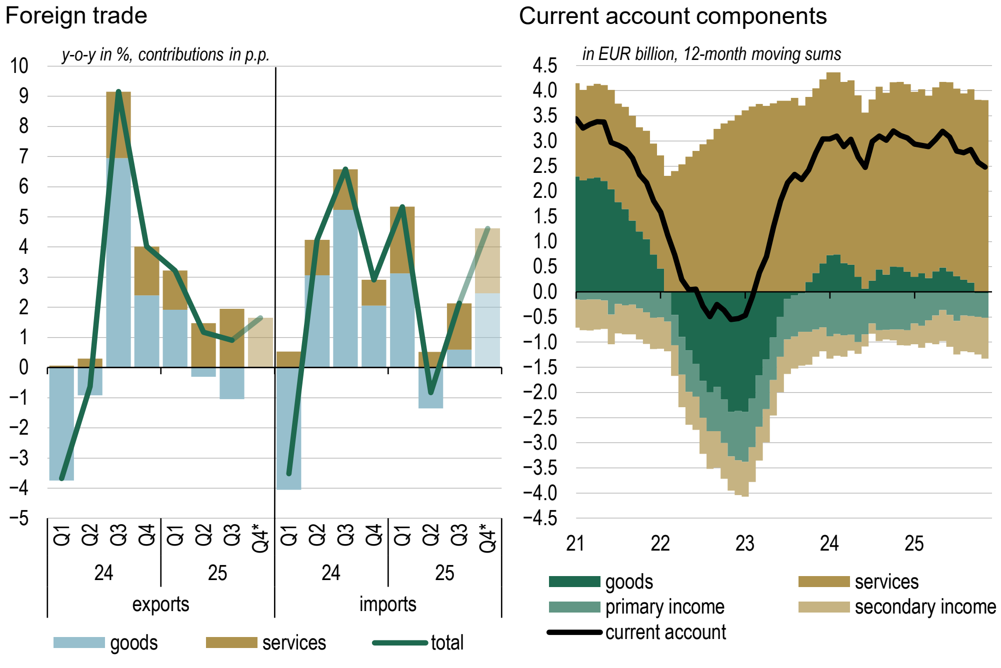
[13] The increase is associated with the expansion of motor insurance business by a major Slovenian insurance company.

mainly by imports of reinsurance services (primarily from Belgium), linked to the increase in insurance exports. Imports of other business services rose by 10.7%,[14] while imports of transport services declined by 9.4% year-on-year, slightly dampening overall growth in services imports.

The 12-month current account surplus narrowed significantly, only the trade in services balance remained in surplus.

The current account surplus amounted to EUR 2.5 billion in the 12-month period ending in November, EUR 630 million less than in the corresponding period a year earlier (see Figure 5.1, right). The services balance remained strongly in surplus at EUR 3.8 billion, while the merchandise balance, amid stagnant exports, was EUR 526 million lower year-on-year and slipped into a slight deficit (EUR 32 million). By country, the merchandise balance declined most with Croatia, due to faster growth in imports than exports, and with the US and Switzerland, where exports fell year-on-year as a result of international uncertainties and tariff barriers. Conversely, the merchandise balance improved with Russia, amid robust year-on-year export growth and relatively modest imports, and with Italy and Germany, where imports declined more sharply than exports.

Figure 5.1: **Foreign Trade and Current Account**



Source: Banka Slovenije, Banka Slovenije calculations. Latest data: November 2025.
Note: * In the left chart the figure for the first quarter is an average for October and November.

The income deficit in the 12-month period ending in November reached EUR 1.3 billion, EUR 236 million higher than in the corresponding period a year earlier. This was mainly driven by higher secondary income expenditure, which increased by EUR 638 million, while receipts rose by EUR 134 million. This is partly attributable to higher net non-life insurance premium payments, linked to increased imports of reinsurance services from Belgium. On the receipts side, higher net non-life insurance premiums also reflect increased insurance exports to Italy, although the effect was limited by a decline in receipts from current international cooperation with EU institutions (excluding the ECB).

[14] Professional and business consulting services were the main driver.

The primary income deficit narrowed by EUR 268 million, due to a sharper decline in expenditure than receipts, partly related to higher labour income earned by Slovenian residents abroad.

6 Inflation

Overall, inflation continues to be driven primarily by services and food prices; in the latter, global price factors are mostly easing.

The year-on-year growth of consumer prices, as measured by the HICP, increased to 2.6% in December, after standing at 2.4% in November (see Figure 6.1, left). The increase was driven by an acceleration in core inflation, as the contributions of food and energy prices remained unchanged compared with November. At the same time, the year-on-year growth of food prices eased slightly (to 4.6% from 4.7% in November), but remains elevated, mainly reflecting developments in the first half of last year, as the price level has remained almost unchanged since June 2025. This reflects a significant easing of developments in global food commodity markets,[15] which, with a lag, is also being reflected in the moderating import prices as well as prices of certain agricultural products.[16] This is even more evident by developments in prices of food excluding alcohol and tobacco, as their year-on-year growth declined somewhat more markedly than that of the overall food aggregate in the second half of last year.[17]

Energy prices remained stable at the end of last year, while in year-on-year terms growth eased to 0.4% (0.7% in November). The slowdown mainly reflects a lower contribution of motor fuels and liquid fuels prices and their developments at the end of 2024, as these prices remained almost unchanged in month-on-month terms last December. Higher excise duties also contributed to this,[18] partly offsetting the impact of declining oil prices in global markets. However, with the escalation of new geopolitical tensions in Venezuela and Iran, market developments reversed already at the beginning of this year.

[15] The level of food commodity price index (ECB SDW) declined by 22.4% between January and July 2025 and has remained stable since. The decrease was mainly driven by lower coffee and cocoa prices.

[16] This primarily applies to crop products, as their price level has been gradually declining since March last year. At the same time, agricultural prices of animal products, after a sharp increase from mid-2024, stabilised in November last year. However, the growth of producer prices for food products continued to strengthened, reaching 5.6% year-on-year in November. By contrast, the corresponding import prices have been declining since September, with year-on-year growth also easing to 3.8% by November.

[17] Such developments are also reflected in the inflation momentum, calculated as the annualized growth rate of the seasonally adjusted HICP, comparing the average HICP level in the last three months with the average of the preceding three months. Between October and December, it declined markedly, to 0.6% for unprocessed food and 0.4% for processed food. Inflation momentum represents an intermediate rate between year-on-year and monthly growth rates, thereby complementing the analysis of short-term inflation developments and helping particularly in identifying turning points in year-on-year inflation. Source: Underlying inflation.

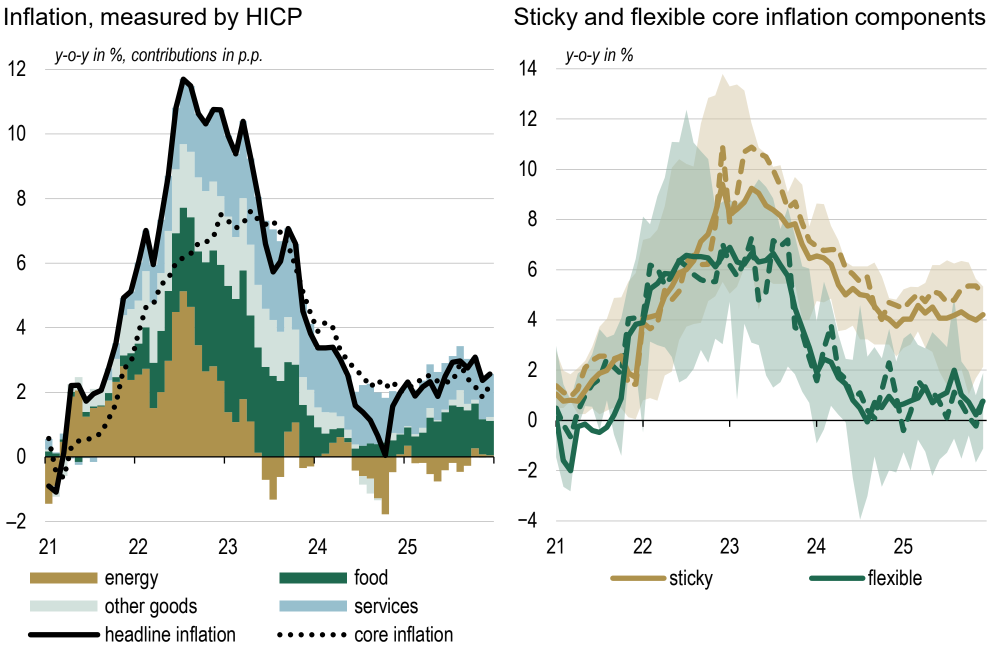
[18] Higher excise duties have been in effect since 16 December 2025. They contributed 0.2 percentage points to the monthly growth of motor fuels and liquid fuels prices, and 0.1 percentage points to the monthly growth of overall energy prices.

Core inflation increased in December, with domestic price pressures remaining elevated.

Core inflation, i.e., inflation excluding energy and food prices, rose to 2.2% in December (1.8% in November). The acceleration originated to roughly the same extent from faster growth in services and other goods prices. In services, the year-on-year growth of prices increased to 3.7% (from 3.5% in November), albeit with heterogeneous price developments across individual subcomponents. Among these, ongoing increases in insurance connected with dwelling and motor vehicle insurance contributed 0.2 percentage points to higher services inflation, while lower costs of retirement homes, related to the introduction of the long-term care act, reduced it by 0.1 percentage points.[19] Services inflation remains elevated, exceeding pre-pandemic levels by more than one percentage point.[20] At the same time, domestic price pressures remain strong, and firms increasingly expect further price increases. Both developments mainly reflect still-positive growth in labour costs, the pass-through of which to consumer prices is supported by robust demand.

The December increase in the overall growth of other goods prices to 0.4% (–0.1% in November) mainly stemmed from clothing and pharmaceutical products. However, weaker external price factors and subdued foreign demand, especially in the export sector, are most evident in durable goods prices, which have been declining year-on-year since September 2023. Developments in core inflation thus conceal a substantial divergence between services inflation and other goods inflation.

Figure 6.1: **Breakdown of headline and core inflation**



Source: SURS, Banka Slovenije calculations. Latest data: December 2025.
Note: The right-hand side figure shows a decomposition of 80 core inflation components in line with the ECOICOP classification. Based on the number of monthly price changes over the period 2011–2019 and their importance in the consumer basket, we determined the median number of monthly changes. Components exceeding this value were classified as rigid, while the remaining components were classified as flexible. Using this breakdown, we aggregated the rigid and flexible core inflation indices accordingly. Dashed line represents the median value for each group, while the shaded area displays the interquartile range (25th–75th percentile). All quantiles were calculated using weights.

[19] Other monthly price changes were smaller or broadly in line with seasonal patterns, for example in package holidays and accommodation.

[20] Over the period 2005–2019, the average year-on-year growth of services prices was 2.5%, while that of other goods prices was –0.4%, reflecting a pronounced decline in durable goods prices. Over the same period, euro area price growth for other goods averaged 0.5%, which is more in line with current developments in Slovenia.

A similar finding is provided by the breakdown of core inflation according to the frequency of price adjustments. Based on price patterns over the period 2011–2019 and their relative importance in the consumption basket, 42 core inflation components were classified as "less frequently changing" (mostly services), while the remaining 38 were classified as "more frequently changing".[21] The first group of components is referred to as rigid, the second as flexible. The substantial divergence in their developments over the past two years mainly reflects the fact that the growth of rigid components—unlike flexible ones—has not yet returned to pre-pandemic levels (see Figure 6.1, right). The slowdown in the growth of flexible components largely reflects the completed pass-through of past price shocks to household prices, along with the easing of global price factors. By contrast, rigid components are more wage-intensive,[22] indicating that further moderation of core inflation will depend primarily on wage developments and the persistence of long-term inflation expectations.[23]

Box 6.1: **Inflation attention in Slovenia**

Interest in inflation-related topics in Slovenia strengthened amid the sharp increase in prices following the pandemic and has remained elevated even as headline inflation has gradually eased.

Following the pandemic, growth in consumer prices in Slovenia was the fastest since the country's entry into the euro area. At the same time, households' and firms' attention to inflation-related topics increased markedly. Heightened interest in price developments can accelerate the adjustment of inflation expectations and, consequently, affect wage demands, alter consumption patterns and investment decisions, and speed up the pass-through of shocks to final prices. Studies show that the relationship between price growth and attention to inflation-related topics is non-linear. Once inflation exceeds a certain level, interest in inflation increases more rapidly and remains elevated even after inflation has already eased.[24]

To empirically assess attention to inflation-related topics in Slovenia, we followed the approach of Aarab et al. (2025)[25] and, using web-scraping methods, constructed a database comprising more than 680,000 news articles from the online portal 24ur.com, published between 1997 and 2025. Based on an extensive set of inflation-related keywords,[26] we compiled a monthly index of attention to inflation-related topics (the Inflation Attention Index). The index is defined as the share of articles mentioning inflation

[21] In doing so, we followed the approach in the box in Economic Bulletin, Issue 7/2025. Among the 42 components with less frequent price changes, services items prevail, such as restaurants and cafés, as well as insurance, maintenance and repair of motor vehicles. Among the 38 components with more frequent price changes, the largest price groups are motor cars, clothing, and accommodation services.

[22] Based on 2020 input–output table data, 73% of the rigid components were identified as wage-intensive, compared with 21% among the flexible components.

[23] In Box 6.1 of Review of Macroeconomic Developments, April 2024, we found that the pass-through of wage growth to services prices is highest in miscellaneous services, which are almost entirely composed of rigid components and largely reflect services of a public nature.

[24] See Pfäuti, O. (2025). The inflation attention threshold and inflation surges, Papers 2308.09480, arXiv.org, revised 2025.

[25] See Aarab, I., Bańbura, M., Bobeica, E., & Leguay, E. (2025). Monitoring attention to inflation in the news (Box). Economic Bulletin (6/2025). European Central Bank.

[26] Article is related to inflation if it includes any of the following key-words: inflacija; inflacijski; inflatorni; draginja; podražitev; rast cen; dvig cen; cene; življenjski stroški; jedrna inflacija; osnovna inflacija; deflacija; stagflacija; indeks cen življenjskih potrebščin; HICP; CPI; inflation; consumer price index; core inflation; price growth; price increase; price rise; price hike; price pressures.

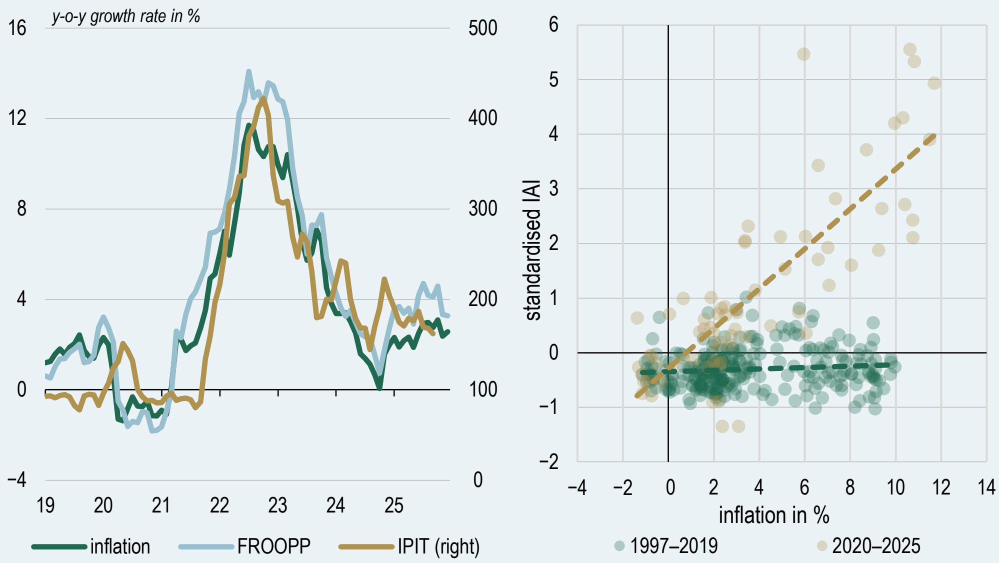
in the total number of articles published in each month. It is normalised such that its average over the period 2005–2019 equals 100.[27]

The results show that, prior to the pandemic, attention to inflation-related topics was relatively low. This began to change towards the end of 2021, when headline inflation started to persistently exceed the monetary policy target. At the peak of the inflation cycle in 2022, the value of the IPIT index exceeded its pre-pandemic average by more than four times. Despite the subsequent gradual easing of headline price growth, attention to inflation-related topics has remained elevated. More specifically, in the first nine months of 2025 the IPIT index was on average 75% higher than before the pandemic (Figure 6.1.1, left). At the same time, the relationship between inflation and attention to inflation-related topics shows signs of non-linearity, as it strengthened markedly after the pandemic (Figure 6.1.1, right). Persistently elevated attention to inflation-related topics thus increases the risk of a stronger pass-through of potential future shocks to final prices.

Figure 6.1.1: **Headline inflation (HICP) and inflation attention**

Actual inflation vs. inflation attention

Headline inflation and IAI



Source: 24ur.com, Eurostat, Banka Slovenije calculations. Latest data left: headline inflation and IAI – September 2025, headline inflation – December 2025.
Note: Headline inflation is measured by the HICP. In the left-hand figure, IPIT denotes the index of attention to inflation-related topics and is expressed as a three-month average, while FROOPP denotes the price index of frequently purchased items (frequent out-of-pocket purchases). In the right-hand figure, headline inflation is shown on the abscissa in per cent, while IPIT is shown on the ordinate in standard deviations from the mean.

Attention to inflation-related topics is also associated with movements in the prices of frequently purchased items, as measured by the FROOPP index (frequent out-of-pocket purchases). This indicates that price increases in everyday goods contributed to keeping inflation at the centre of public debate even during the period of easing inflation (Figure 6.1.1, left).

The relationship between headline inflation and attention to inflation-related topics in Slovenia has strengthened markedly since the pandemic.

A thematic decomposition of inflation-related news shows that, in recent years, public debate on inflation has been driven primarily by food and energy prices. When interest in inflation-related topics was at its highest, around 80% of inflation-related articles

[27] Detailed methodology and results can be found in upcoming short economic-financial analysis Banke Slovenije.

mentioned food prices, while around 70% referred to energy prices. Attention related to energy topics faded as energy prices stabilised. By contrast, reporting on food prices has been more persistent, which we partly associate with the renewed strengthening of food price growth in 2025.

The analysis shows that attention to inflation-related topics in Slovenia increased sharply when price growth began to exceed the inflation target and subsequently remained elevated despite the easing of inflation. Pfäuti (2025) emphasises that persistently heightened interest in inflation-related topics may increase the risk of a loosening of the anchoring of inflation expectations and amplify the effects of potential future shocks. Households and firms update their expectations regarding future inflation more rapidly when attention to inflation developments is elevated. Taking these factors into account, knowledge of the level of attention to inflation developments represents an important additional source of information in the formulation of monetary policy.

7 Fiscal Position

The deficit of the consolidated general government balance increased last year following the implementation of the wage reform and the moderation of economic growth. Most of the deficit was recorded in the state budget.

According to the cash-flow methodology, the deficit of the consolidated general government finances stood at EUR 1,051 million in the first eleven months of 2025; this represented an increase of EUR 560 million compared with the same period of the previous year. Over the twelve months to November 2025, it amounted to EUR 1.5 billion, corresponding to 2.1% of GDP.

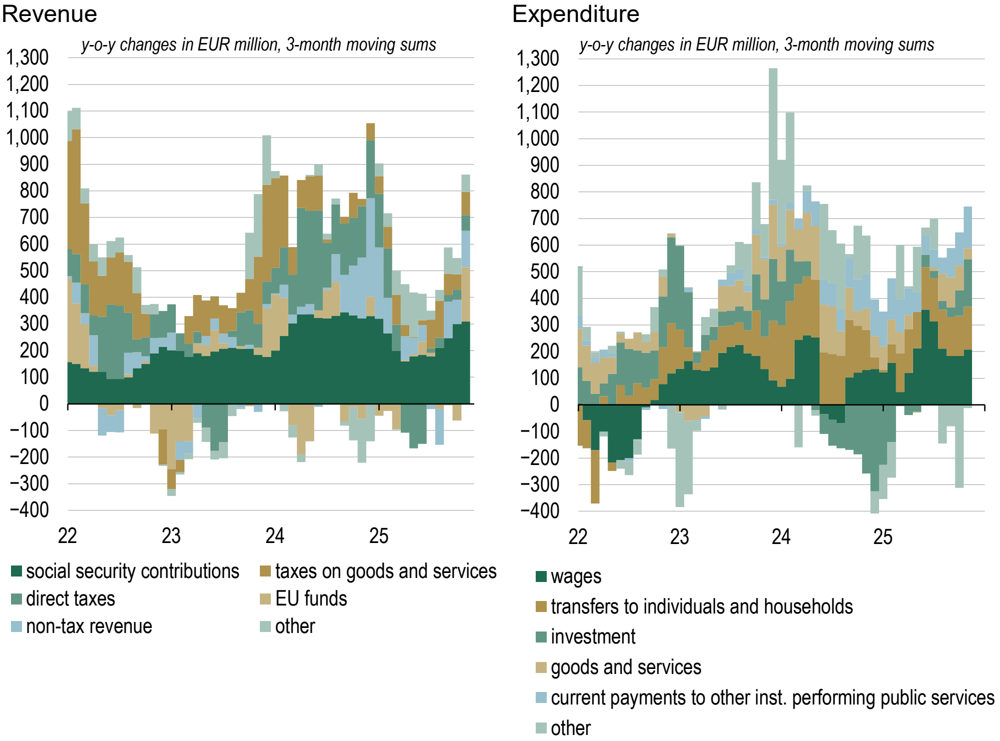
Revenue of the consolidated general government balance increased year on year by 6.5%, or EUR 1.6 billion, in the first eleven months (Figure 7.1, left). The slowdown in growth compared with the previous year reflects several factors. Social security contributions remained the main source of revenue growth. However, their contribution was smaller than in the previous year, when growth was temporarily boosted by the transformation of supplementary health insurance into a compulsory health contribution. Since August last year, their year-on-year growth has increased again following the introduction of the long-term care contribution. Direct taxes remained broadly at the level of the previous year. They were affected by the slower growth of personal income tax revenue due to the adjustment of the tax brackets and allowances and in particular by lower corporate income tax revenue as a result of a smaller settlement in 2025 compared with the previous year. Growth in domestic taxes on goods and services was similar to that in 2024 and largely stemmed from higher value added tax revenue.

Expenditure of the consolidated general government balance increased year on year by 8.6%, or EUR 2.2 billion, in the first eleven months of 2025 (Figure 7.1, right). The largest contribution to growth came from wages and social security contributions, which rose by 12.4% as a result of the implementation of the wage reform, but also of the alignment of wages in June 2024, year-end promotions in 2024, and an increase in the number of employees. Transfers to individuals and households were higher by 5.8%.

Within these, pensions—the largest category—rose by 7.2%, mainly due to the regular adjustment and an increase in the number of pensioners. Investment expenditure and transfers increased by 11.5%, while subsidies fell by almost one third.

As usual, most of the deficit originated in the state budget. In the first eleven months of last year, it amounted to EUR 974 million, and for the entire year 2025, preliminary data from the Ministry of Finance indicate a deficit of EUR 1.7 billion, or 2.4% of GDP; this is twice the amount recorded in 2024, when it amounted almost EUR 800 million, or 1.2% of GDP. Despite the substantial increase, the deficit was slightly below the government's autumn estimates, which had envisaged it at EUR 1.9 billion, or 2.6% of GDP.[28] The high level in December also reflected the payment of the winter bonus to public employees and the winter supplement to pensioners, both of which have a permanent impact on public finances[29] With further increase in deficit planned for this year, despite the anticipated strengthening of economic growth, the fiscal space for countercyclical policy in the event of larger shocks is diminishing.

Figure 7.1: **Revenue and expenditure of the consolidated general government balance**



Source: Ministry of finance, Banka Slovenije calculations. Last data: November 2025.

Owing to higher receipts from the EU budget, Slovenia increased its net surplus with respect to the EU budget in the last quarter of last year.

State budget revenue from the EU budget amounted to nearly EUR 800 million in the last quarter of 2025, and to EUR 1.2 billion for the entire year (Figure 7.2, left). The bulk of revenue received by the state budget last year was related to the implementation of the Recovery and Resilience Plan. Payments to the EU budget were also higher, mainly

[28] Based on the available data, investment expenditure and transfers again lagged behind plans, while in view of the late adoption of the law introducing the obligation to pay the winter bonus (11 November 2025), we assess that expenditure on wages last year exceeded planned levels.

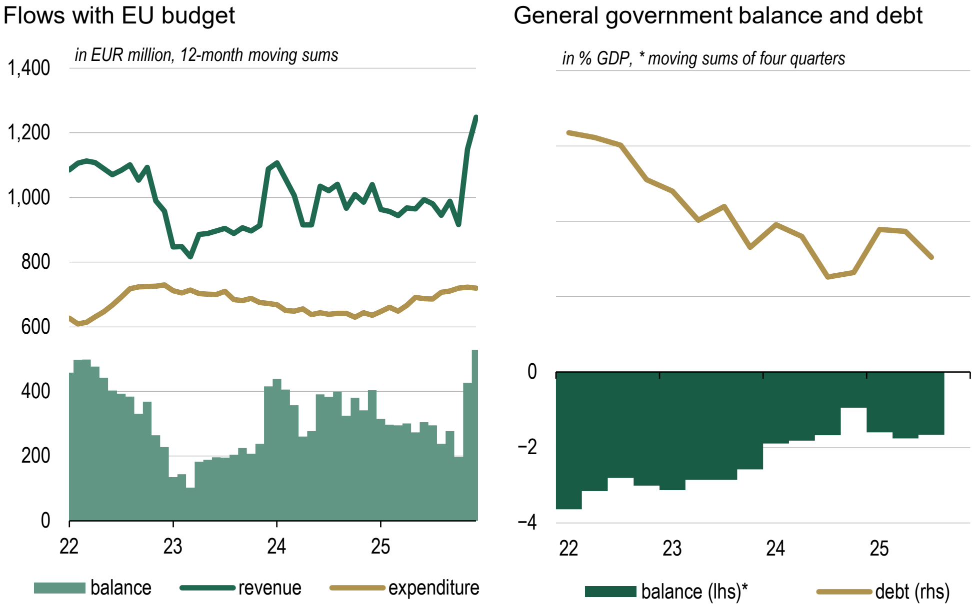
[29] The winter supplement is a new entitlement for pensioners, introduced under the agreement of the social partners as part of the measures adopted in the autumn 2025 pension reform.

in the form of contributions based on gross national income. The net surplus with respect to the EU budget increased from around EUR 400 million in the previous year to nearly EUR 520 million last year.

The deepening of the deficit last year is also reflected in general government sector data for the first three quarters.

The general government deficit, according to the ESA2010 methodology, amounted to EUR 1.2 billion, or 2.2% of GDP, in the first three quarters of last year, nearly one percentage point of GDP higher than in the same period of 2024. General government revenue increased by 6.1%, while expenditure grew by 8.2%. The rise in revenue was driven mainly by net social contributions, whose growth accelerated in the third quarter following the introduction of the new long-term care contribution; dividend payments also contributed to the acceleration. Higher expenditure was largely driven by compensation of employees and social benefits, while investment expenditure also accelerated in the third quarter. The twelve-month deficit deepened to 1.7% of GDP by September 2025, from 0.9% of GDP at the end of 2024 (Figure 7.2, right), and the primary balance turned negative.

Figure 7.2: **Flows with the EU budget and general government balance and debt according to ESA2010 methodology**



Source: Ministry of finance, SURS, Banka Slovenije calculations. Last data: left – December 2025, right – third quarter of 2025.
Note: Flows with the EU budget are shown according to the cash flow methodology, general government balance and debt according to the ESA2010 methodology.

General government debt increased in the third quarter of last year, but is expected to decline as a share of GDP by the end of the year.

General government debt, according to the ESA2010 methodology, stood at EUR 46.9 billion, or 67.6% of GDP, at the end of the third quarter of last year, representing an increase both in absolute terms and as a share of GDP compared with the end of 2024 (Figure 7.2, right). According to preliminary estimates from the Ministry of Finance, it declined to 66.1% of GDP by the end of the year, continuing the trend of a reduction in the annual debt-to-GDP ratio, in line with expectations and envisaged also for the coming years.

As has been the case for several years, the government issued its first bond in domestic currency in this year at the beginning of January. The amount of the issuance, in the context of strong demand (over EUR 10 billion), was EUR 1.8 billion; the bond has a maturity of ten years and a coupon rate of 3.275%. Treasury bills of various maturities were also issued, with a total issuance of EUR 146 million. The financing requirement for the execution of the state budget this year amounts to EUR 5.3 billion.

8 Selected Theme

8.1 The importance of the pharmaceutical sector for Slovenia's economic performance

The Slovenian pharmaceutical industry is deeply integrated into global supply chains, which is why Slovenia is increasingly establishing itself as an important centre for pharmaceutical development and production. The sector accounts for a growing share of value added and employment in manufacturing activities, with a notable contribution to the country's overall economic performance. Pharmaceutical companies are also more export-oriented, profitable, and invest more intensively than other enterprises. This selected topic presents some key statistics on the pharmaceutical sector based on SORS data, as well as the structural and business characteristics of companies in the pharmaceutical and biotechnology cluster compared with other enterprises in Slovenia, based on data from AJPES.[30]

The pharmaceutical sector has become one of the main pillars of Slovenia's manufacturing activities.

According to SORS data, the real value added of the pharmaceutical sector in 2024 was 134.3% higher than in 2008, approaching EUR 1.8 billion. Without its direct contribution, the increase in value added in manufacturing activities over this period would have been 10.1 percentage points lower at 27.7%, while GDP growth would have been 1.9 percentage points lower at 22.1% (see Figure 8.1.1).

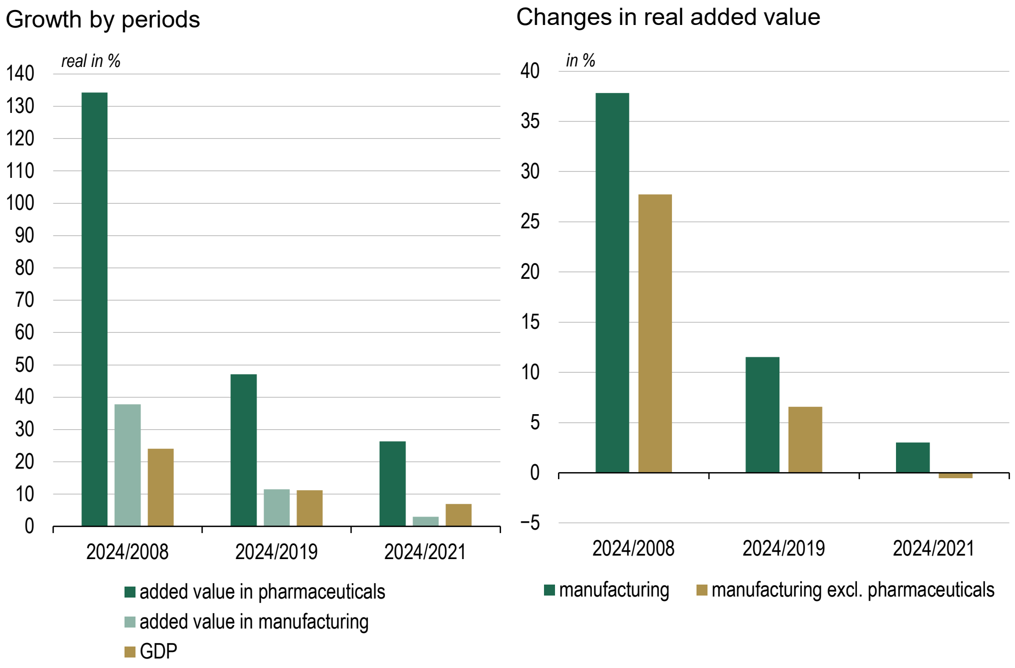
In 2024, the nominal value added of the pharmaceutical sector accounted for 14.0% of total value added in manufacturing activities, the highest share among all sectors, and 2.7% of GDP. The sector also made a significant contribution to employment: 6.2% of employment in manufacturing activities, or 13,700 persons, and 1.2% of total employment in the country, which is 3.6 and 0.7 percentage points higher, respectively, than in 2008, when 5,800 persons were employed in pharmaceuticals.

A similar picture for value added and employment in the economy is indicated by the AJPES data. According to this source, the growth of value added in pharmaceutical

[30] For a more detailed analysis of the pharmaceutical sector, see Žakelj L., Lindič M. (2025). Immediate-macroeconomic-importance-of-the-pharmaceutical-sector-_CIP.pdf. National accounts data with base year 2020 have been used.

and biotechnology companies was also more pronounced than in the rest of the economy. It was based primarily on capital deepening, while the contribution of employment growth was relatively small.

Figure 8.1.1: **Value added in pharmaceutical industry**



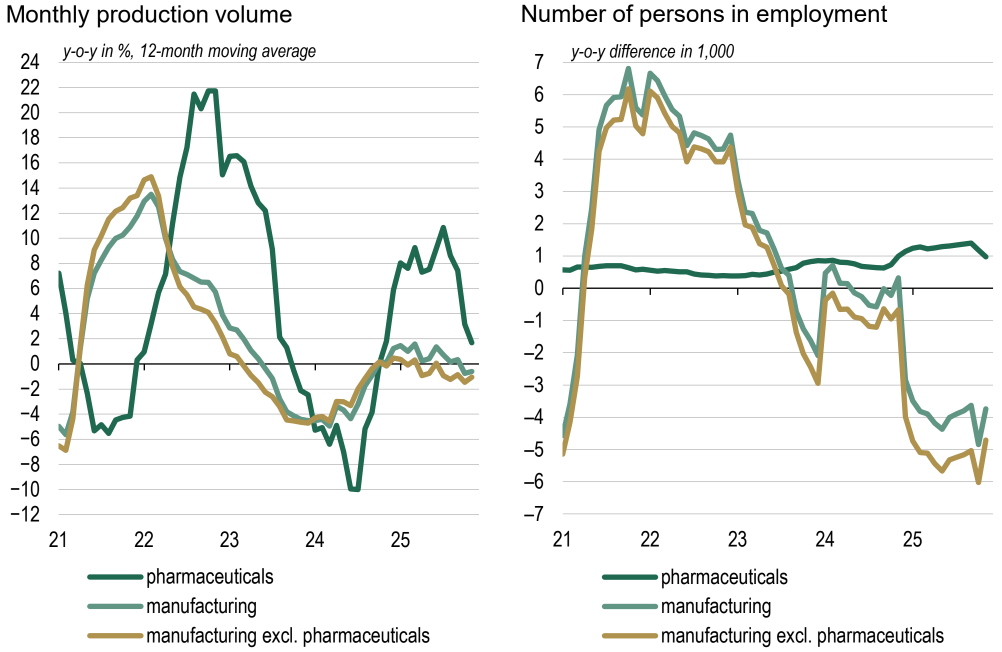
Source: SORS, Banka Slovenije calculations.

Conditions in the sector have remained favourable even after 2021, when the operating environment for manufacturing activities deteriorated significantly due to the energy and geopolitical crisis.

The favourable performance of the pharmaceutical sector in a challenging international environment is associated with the low elasticity of demand for its products, its exemption from EU sanctions against Russia, and its low energy intensity. In the period 2021–2024, the real value added of manufacturing increased by 3.0%. Without the direct contribution of pharmaceutical companies, it would have recorded a 0.5% decline, while GDP growth of 6.4% would have been roughly one tenth lower. The effects on employment were also positive over the observed period.

According to monthly data, conditions in the sector remained more favourable than the manufacturing average in 2025, although growth in production and employment slowed considerably. Estimated twelve-month production in the pharmaceutical industry up to November last year was 1.7% higher year-on-year, while in total manufacturing it declined by 0.6% and, excluding the pharmaceutical sector, by 1.0%. The difference is even more pronounced in the number of persons in employment, which in November was 8.2% higher year-on-year in the sector concerned, or by 972 persons, whereas in total manufacturing and in the aggregate excluding pharmaceuticals it was lower by 1.8% and 2.4%, respectively (see Figure 8.1.2)..

Figure 8.1.2: **Production and employment in manufacturing sector**



Source: SURS, calculations and estimates by Banka Slovenije. Latest data: November 2025.
Note: The production indices for the pharmaceutical sector and for manufacturing excluding the pharmaceutical sector are rough estimates based on monthly industrial production indices and the annual structure of nominal value added.

Given its highly educated workforce and high wages, labour productivity in the pharmaceutical sector is outstanding; however, it shows no long-term upward trend.

The educational structure of persons in employment in the pharmaceutical sector is significantly higher than the economy-wide average, as almost half of employees over the past two decades held tertiary education. In 2024, their share stood at 57.4%, which is 20.3 percentage points above the national average. Consequently, average gross wages in the sector are also higher than average, although their growth in the period 2008–2024 was slower. In the first eleven months of last year, the average gross wage in the pharmaceutical sector was 48.9% higher than the average. These data reflect the sustained demand for a highly skilled labour force and the high value added of the pharmaceutical sector.

Labour productivity in the pharmaceutical sector, measured as real value added per employee, is outstanding; however, it shows no growth.[31] In 2024, at EUR 129 thousand of value added per employee, it exceeded the average for manufacturing by 161.9% and the economy-wide average by 199.3%. Despite substantial fluctuations within the period, it was in fact 0.5% lower than in 2008. Over the same period, real labour productivity in manufacturing increased by 42.9% and in the entire economy by 15.9%.

[31] Labour productivity calculations are based on annual time series of value added at constant 2020 prices.

The importance of the pharmaceutical sector for the economy is among the highest in the EU.

Based on available data for 23 member states for 2023,[32] the Slovenian pharmaceutical sector ranked third and second in terms of its share in nominal value added in manufacturing and in GDP, respectively. In the same comparison of employment shares, it ranked sixth and second among 24 member states.[33] In 2023, the sector's share of nominal value added in GDP amounted to 2.5%, which is 1.7 percentage points above the weighted average of the 23 member states, while its share in total employment, at 1.2%, exceeded the weighted average of the 24 member states by 0.9 percentage points.

Based on AJPES data, the pharmaceutical and biotechnology cluster is strongly dominated by large companies, its export orientation is pronounced, indebtedness low, and its investment activity robust.

Pharmaceutical and biotechnology companies[34] account for a small share of all companies. In 2024, according to AJPES, 92 companies operated within this cluster (0.13% of all corporations), the majority of which were micro companies, particularly in biotechnology research and development activities. However, employment is highly concentrated in large firms, which employ 95% of all staff in the cluster, significantly exceeding the average for other companies (31%). Approximately 97% of all employees in the cluster are engaged in the manufacture of pharmaceutical preparations. A similar degree of concentration is also observed in the creation of value added. At the level of the cluster as a whole, large companies generate 95% of total value added, with the manufacture of pharmaceutical preparations representing the main source.

Pharmaceutical and biotechnology companies are strongly export-oriented, having contributed, on average over the observed period, around 6% of total exports of corporations. More than 90% of sales revenue is generated in foreign markets, which is more than double the average export share of other companies in the country. Since 2008, their exports have increased by 165%, slightly exceeding the 145% growth recorded by other companies. Despite somewhat subdued revenue growth following the pandemic, the cluster has maintained high and stable profitability. Operating margins[35] were higher than those of other companies throughout the observed period (on average by 11.3 percentage points), although, following a peak during the pandemic, they declined due to rising energy and labour costs and reached 14.3% in 2024 (Figure 8.1.3, left). By contrast, the margins of other companies fell sharply during the pandemic year 2020, remained somewhat lower in 2022 amid faster growth in production costs, and subsequently reached their highest values in the observed period (5.2%).

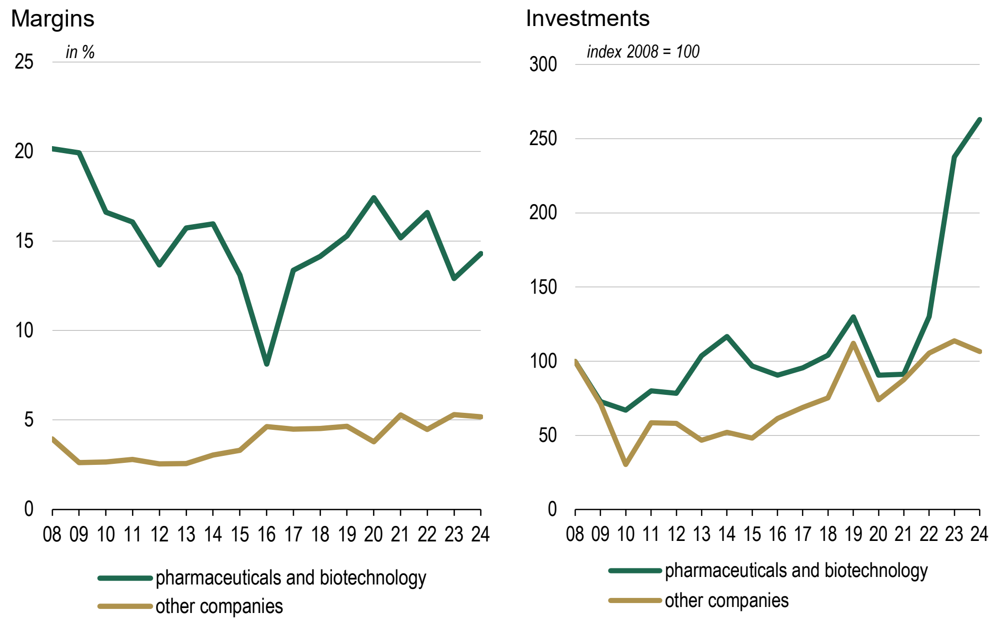
[32] EU member states excluding Sweden, Lithuania, Luxembourg and Ireland.

[33] EU member states excluding Sweden, Lithuania and Luxembourg.

[34] The pharmaceutical and biotechnology cluster comprises corporations classified under the following sections of activities according to SKD 2008: manufacture of pharmaceutical preparations; manufacture of basic pharmaceutical products; and research and experimental development on biotechnology.

[35] Margins are defined as the ratio of net operating profit to net sales revenue.

Figure 8.1.3: **Operating margins and investment in the pharmaceutical-biotechnology cluster**



Source: AJPES, Banke Slovenije calculations.

Compared with other companies, those in the pharmaceutical-biotechnology cluster exhibit a lower level of indebtedness,[36] although the gap has narrowed over the observed period. This is primarily attributable to deleveraging among other companies, whose indebtedness in 2024 was the lowest in the entire observed period. Pharmaceutical and biotechnology companies rely to a greater extent on equity financing, which is reflected in a significantly lower financial debt-to-equity ratio. Combined with stable and persistently positive profitability, such a financial structure enables even more pronounced investment activity. After 2020, investment,[37] particularly in tangible fixed assets, increased markedly and grew faster than in the rest of the economy (Figure 8.1.3, right), reflecting the expansion of production capacities and the cluster's long-term development orientation.

[36] Indebtedness is measured as the ratio of total debt to total liabilities.

[37] Investment is calculated according to the following formula: tangible assets in the current year tangible assets in the previous year, plus depreciation, plus revaluatory operating expenses associated with intangible fixed assets and tangible fixed assets.

9 Statistical Appendix

Table 9.1: **Key macroeconomic indicators at the monthly level for Slovenia**

	2024	2025	12 mths to Nov. 25	3 mths to Nov. 24	3 mths to Nov. 25	2025 Sep.	2025 Oct.	2025 Nov.	2025 Dec.	2026 Jan.
Economic Activity										
				balance of answers in percentage points						
Sentiment indicator	−2.7	−1.9	−2.2	−3.1	−0.9	−1.4	−0.8	−0.6	0.6	0.7
- confidence indicator in manufacturing	−7.7	−6.3	−6.7	−7.7	−4.7	−5.0	−5.0	−4.0	−4.0	−3.0
				year-on-year growth rates in %						
Industry: - total	−1.2	...	−1.3	0.2	−1.7	−1.0	−3.0	−0.9	...	...
- manufacturing	0.9	...	−0.9	2.4	−1.3	−0.2	−3.1	−0.5	...	...
Construction: - total	−9.4	...	9.3	−11.3	24.3	27.8	35.3	12.2	...	...
- buildings	−12.6	...	8.7	−14.0	22.9	28.7	37.9	4.5	...	...
Trade and service activities - total	1.8	...	...	1.1	...	4.0	2.6	...	...	...
Wholesale and retail trade and repair of motor vehicles and motorcycles	6.8	...	...	4.3	...	4.6	6.7	...	...	...
Retail trade, except of motor vehicles and motorcycles	0.8	...	...	0.8	...	−0.1	3.2	...	...	...
Other private sector services	1.4	...	...	0.4	...	5.6	2.6	...	...	...
Labour market				year-on-year growth rates in %						
Average gross wage	6.2	...	6.3	6.4	5.8	7.0	7.7	2.9	...	...
- private sector	7.1	...	4.6	6.9	3.4	5.8	5.2	−0.3	...	...
- public sector	4.6	...	9.3	5.2	9.9	9.0	12.1	8.8	...	...
Real net wage[1]	1.8	...	3.1	3.1	1.6	2.9	3.2	−1.4	...	...
Registered unemployment rate (in %)	4.6	...	4.6	4.5	4.6	4.5	4.6	4.6	...	...
Registered unemployed persons	−5.6	−1.2	−1.5	−3.8	0.3	0.2	0.5	0.2	0.3	...
Persons in employment	1.1	...	−0.4	1.1	−0.4	−0.4	−0.4	−0.4	...	...
- private sector	1.1	...	−0.9	1.1	−1.0	−0.9	−0.9	−1.1	...	...
- public sector	1.2	...	1.0	1.2	1.2	1.0	1.1	1.5	...	...
Price Developments				year-on-year growth rates in %						
HICP	2.0	2.5	2.4	0.8	2.7	2.7	3.1	2.4	2.6	...
- services	4.8	3.8	3.8	4.0	3.7	3.8	3.7	3.5	3.8	...
- industrial goods excluding energy	0.6	0.5	0.5	0.2	0.3	0.7	0.4	−0.1	0.4	...
- food	1.9	5.1	4.9	2.0	5.7	6.4	6.0	4.7	4.6	...
- energy	−2.3	−1.6	−1.6	−8.9	0.2	−2.4	2.3	0.7	0.4	...
Core inflation indicator[2]	2.9	2.3	2.3	2.3	2.1	2.4	2.2	1.8	2.2	...
Balance of Payments - Current Account				in % GDP						
Current account balance	4.5	...	3.5	5.1	3.2	5.6	2.9	1.2	...	...
1. Goods	0.6	...	−0.0	1.0	−0.5	0.0	−0.5	−1.0	...	...
2. Services	5.5	...	5.4	5.3	5.5	7.1	5.2	4.3	...	...
3. Primary income	−1.1	...	−0.7	−0.6	−0.6	−0.9	−0.5	−0.5	...	...
4. Secondary income	−0.5	...	−1.2	−0.6	−1.2	−0.6	−1.3	−1.5	...	...
				nominal year-on-year growth rates in %						
Export of goods and services	2.1	...	1.8	3.8	3.1	6.1	1.9	1.4	...	...
Import of goods and services	2.5	...	2.8	3.3	4.7	4.9	7.6	1.6	...	...

Public finances	2023	2024	12 mths to Nov. 25		2024 Jan.-Nov.		2025 Jan.-Nov.	
Consolidated general government balance[3]		EUR m	% GDP	y-o-y, %	EUR m	y-o-y, %	EUR m	y-o-y, %
Revenue	25,035	27,918	41.8	7.6	24,938	10.8	26,570	6.5
Tax revenue	21,977	24,547	36.7	6.6	22,288	11.7	23,659	6.2
From EU budget	1,084	1,040	1.6	16.7	666	−13.0	774	16.3
Other	1,974	2,331	3.5	13.6	1,984	11.9	2,137	7.7
Expenditure	27,308	28,871	43.9	6.5	25,428	7.8	27,621	8.6
Current expenditure	11,572	12,910	19.8	7.6	11,372	14.1	12,432	9.3
- wages and other personnel expenditure	6,094	6,539	10.3	12.1	5,951	7.1	6,687	12.4
- purchases of goods, services	3,869	4,368	6.5	5.4	3,788	13.7	3,979	5.1
- interest	711	793	1.2	4.5	778	12.2	816	4.9
Current transfers	12,050	12,794	19.3	6.2	11,597	7.2	12,425	7.1
- transfers to individuals and households	9,731	10,397	15.5	4.9	9,507	8.0	10,058	5.8
Capital expenditure, transfers	3,014	2,531	3.9	1.6	1,887	−14.1	2,104	11.5
General government surplus/deficit	−2,274	−953	−2.1		-490		−1,051	

Sources: SORS, Banka Slovenije, Ministry of Finance, Banka Slovenije calculations
Note: The figures for economic developments are calendar-adjusted (with the exception of economic sentiment indicators, which are seasonally adjusted). The other figures in the table are unadjusted. The monthly activity indicators in industry, construction and services are given in real terms. Owing to a change in data source, the series for average wages before 2023 were adjusted on the basis of the growth rates in previous series. (1) HICP deflator. (2) Inflation excluding energy, food, alcohol and tobacco. (3) Consolidated position of the state budget, local government budgets, pension and disability insurance subsector and compulsory health insurance subsector, according to the principle of paid realisation.

Table 9.2: **Key macroeconomic indicators at the quarterly level for Slovenia and the euro area**

	2023	2024	2025	25Q1	25Q2	25Q3	25Q4	2023	2024	2025	25Q1	25Q2	25Q3	25Q4
	Slovenia							euro area						
Economic developments	q-o-q growth in %													
GDP				–0.6	0.9	0.8	...				0.6	0.1	0.3	...
- industry				–1.2	0.3	0.2	...				1.9	0.2	–0.1	...
- construction				–1.9	5.5	5.4	...				0.6	–0.0	0.0	...
- mainly public sector services (OPQ)				–3.7	1.7	–0.1	...				0.2	0.2	0.3	...
- mainly private sector services (without OPQ)				0.1	0.8	1.2	...				0.7	0.2	0.3	...
Domestic expenditure				–0.1	0.3	0.9	...				0.5	0.3	0.5	...
- general government				–0.5	1.9	0.8	...				0.0	0.4	0.7	...
- households and NPISH[1]				0.2	–0.4	–0.4	...				0.2	0.3	0.1	...
- gross capital formation				0.4	–2.1	2.5	...				1.5	0.5	1.3	...
- gross fixed capital formation				–0.3	2.9	4.2	...				2.6	–1.7	1.0	...
	y-o-y growth in %													
GDP	2.4	1.7	...	–0.6	0.8	1.7	...	0.4	0.9	...	1.4	1.3	1.3	...
- industry	6.5	3.8	...	–1.7	–1.3	–1.0	...	–1.7	–0.7	...	2.3	2.3	2.7	...
- construction	11.8	–3.7	...	–6.7	3.9	14.2	...	1.7	–0.7	...	–0.6	–0.1	0.5	...
- mainly public sector services (OPQ)	0.8	1.8	...	1.3	2.1	2.1	...	1.0	1.5	...	1.6	1.2	1.2	...
- mainly private sector services (without OPQ)	1.1	1.2	...	–0.1	1.2	2.1	...	0.6	0.8	...	1.1	1.2	1.5	...
Domestic expenditure	–0.0	3.3	...	0.9	–0.1	3.5	...	0.1	0.6	...	1.9	2.5	1.8	...
- general government	2.1	7.3	...	1.9	–0.7	1.2	...	1.5	2.2	...	2.0	1.5	1.8	...
- households and NPISH	–0.0	3.8	...	0.2	2.2	1.0	...	0.5	1.3	...	1.2	1.5	1.1	...
- gross capital formation	–1.6	–1.3	...	1.4	–4.8	12.2	...	–2.2	–2.5	...	3.7	6.2	3.5	...
- gross fixed capital formation	5.5	–0.3	...	–5.3	–0.1	9.1	...	2.4	–2.0	...	2.2	2.8	2.5	...
- inventories and valuables, contr. to GDP growth in p.p.	–1.6	–0.2	...	1.5	–1.1	0.6	...	–1.0	–0.1	...	0.3	0.7	0.2	...
Labour market	q-o-q growth in %													
Employment				–0.3	–0.0	0.0	...				0.2	0.1	0.2	...
- mainly private sector (without OPQ)				–0.5	–0.2	–0.1	...				0.2	0.1	0.1	...
- mainly public services (OPQ)				0.3	0.6	0.5	...				0.3	0.2	0.3	...
	y-o-y growth in %													
Employment	1.5	0.5	...	–0.6	–0.5	–0.4	...	1.5	0.9	...	0.8	0.7	0.6	...
- mainly private sector (without OPQ)	1.5	0.1	...	–1.1	–1.1	–1.0	...	1.6	0.8	...	0.6	0.6	0.5	...
- mainly public services (OPQ)	1.6	2.0	...	1.5	1.9	1.9	...	1.3	1.5	...	1.4	1.1	0.9	...
Labour costs per employee	9.6	6.2	...	6.8	7.0	6.8	...	5.3	4.5	...	3.8	4.0	4.1	...
- mainly private sector (without OPQ)	9.6	6.5	...	5.4	5.5	6.1	...	5.5	4.4	...	3.7	3.9	3.9	...
- mainly public services (OPQ)	9.5	5.1	...	11.1	11.4	9.3	...	4.8	4.7	...	4.2	4.2	4.5	...
Unit labour costs, nominal[2]	8.7	4.9	...	6.7	5.5	4.6	...	6.4	4.5	...	3.2	3.4	3.4	...
Unit labour costs, real[3]	–1.2	1.4	...	3.7	2.2	1.0	...	0.3	1.5	...	1.0	0.8	0.9	...
LFS unemployment rate in %	3.7	3.7	...	4.0	3.2	4.2	...	6.6	6.4	...	6.6	6.3	6.4	...
Foreign trade	q-o-q growth in %													
Real export of goods and services				–0.0	–0.6	0.4	...				2.3	–0.4	0.8	...
Real import of goods and services				2.5	–2.2	0.0	...				2.3	–0.0	1.4	...
	y-o-y growth in %													
Real export of goods and services	–1.9	2.3	...	1.0	0.3	–1.1	...	–1.2	0.6	...	2.3	0.1	2.8	...
Real import of goods and services	–4.5	4.3	...	2.9	–0.9	0.7	...	–2.0	–0.1	...	3.6	2.5	3.9	...
Current account balance as % GDP[4]	4.8	4.5	...	4.3	4.5	4.1	...	0.0	0.0	...	0.0	0.0	0.0	...
External trade balance as contr. to GDP growth in p.p.	2.4	–1.3	...	–1.4	0.9	–1.4	...	0.4	0.3	...	–0.5	–1.1	–0.4	...
Financing	in % GDP													
Banking system's balance sheet	84.9	82.9	...	83.7	84.3	83.6	...	255.1	253.2	...	253.3	253.8	252.1	...
Loans to NFCs	17.5	16.3	...	16.5	16.4	16.4	...	34.0	32.9	...	32.8	32.7	32.6	...
Loans to households	19.9	20.1	...	20.2	20.4	20.6	...	45.2	43.7	...	43.4	43.3	43.2	...
Inflation	in %													
HICP	7.2	2.0	2.5	2.1	2.2	2.9	2.7	5.4	2.4	2.1	2.3	2.0	2.1	2.1
HICP excl. energy, food, alcohol and tobacco	6.7	2.9	2.3	2.3	2.4	2.5	2.1	5.0	2.8	2.4	2.6	2.4	2.3	2.4
Public finance	in % GDP													
Debt of the general government	68.3	66.6	...	69.5	69.3	67.6	...	87.0	87.1	...	87.7	88.2	...	...
government[4]	–2.6	–0.9	...	–1.6	–1.8	–1.7	...	–3.5	–3.1	...	–3.0	–2.8	...	...
- interest payment[4]	1.2	1.3	...	1.4	1.3	1.2	...	1.7	1.9	...	1.9	1.9	...	...
- primary balance[4]	–1.3	0.3	...	–0.2	–0.5	–0.4	...	–1.8	–1.2	...	–1.0	–0.9	...	...

Sources: SORS, Eurostat, Banka Slovenije, ECB, Ministry of Finance, Banka Slovenije calculations
Note: Original figures are used to calculate the year-on-year rates, and seasonally adjusted figures are used to calculate the current rates of growth. (1) The figures for Slovenia are calculated as the difference between the seasonally adjusted figures for aggregate final consumption and government final consumption. (2) Nominal unit labour costs are the ratio of nominal compensation per employee to real labour productivity. (3) Real unit labour costs are the ratio of nominal compensation per employee to nominal labour productivity. (4) 4-quarter moving sums.

10 List of Abbreviations

Abbreviations

AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
BS	Banka Slovenije
EA	Euro area
EC	European Commission
ECB	European Central Bank
ECOICOP	European classification of individual consumption by purpose
ESA	European System of Accounts
EU	European Union
EUR	euro
Fed	US Federal Reserve System
FROOPP	frequent out-of-pocket purchases
GDP	Gross domestic product
HICP	Harmonised index of consumer prices
IMF	International Monetary Fund
OIS	Overnight Index Swap
IPIT	Inflation Attention Index
PMI	Purchasing managers' index
SURS	Statistical Office of the Republic of Slovenia
S&P 500	Standard and Poor's 500
STOXX Europe 600	Main European share index
US	United States of America
USD	United States dollar
ZRSZ	Employment Service of Slovenia

Abbreviations from the standard classification of economic activities (SKD 2008)

A: Agriculture, forestry and fishing, **01** – Crop and animal production, hunting and related service activities, **02** – Forestry and logging, **03** – Fishing and aquaculture; **B**: Mining and quarrying, **05** – Mining of coal and lignite, **06** – Extraction of crude petroleum and natural gas, **07** – Mining of metal ores, **08** – Other mining and quarrying, **09** – Mining support service activities; **C**: Manufacturing, **10** – Manufacture of food products, **11** – Manufacture of beverages, **12** – Manufacture of tobacco products, **13** – Manufacture of textiles, **14** – Manufacture of wearing apparel, **15** – Manufacture of leather and related products, **16** – Manufacture of wood and of products of wood and cork, except furniture, manufacture of articles of straw and plaiting materials, **17** – Manufacture of paper and paper products, **18** – Printing and reproduction of recorded media, **19** – Manufacture of coke and refined petroleum products, **20** – Manufacture of chemicals and chemical products, **21** – Manufacture of basic pharmaceutical products and pharmaceutical preparations, **22** – Manufacture of rubber and plastic products, **23** – Manufacture of other non-metallic mineral products, **24** – Manufacture of basic metals, **25** – Manufacture of fabricated metal products, except machinery and equipment, **26** – Manufacture of computer, electronic and optical products, **27** – Manufacture of electrical equipment, **28** – Manufacture of machinery and equipment n.e.c., **29** – Manufacture of motor vehicles, trailers and semi-trailers, **30** – Manufacture of other transport equipment, **31** – Manufacture of furniture, **32** – Other manufacturing, **33** – Repair and installation of machinery and equipment; **D**: Electricity, gas, steam and air conditioning supply, **35** – Electricity, gas, steam and air conditioning supply; **E:** Water supply, sewerage, waste management and remediation activities, **36** – Water collection, treatment and supply, **37** – Sewerage, **38** – Waste collection, treatment and disposal activities, materials recovery; **F**: Construction, **41** – Construction of buildings, **42** – Civil engineering, **43** – Specialised construction activities; **G**: Wholesale and retail trade, repair of motor vehicles and motorcycles, **45** – Wholesale and retail trade and repair of motor vehicles and motorcycles, **46** – Wholesale trade, except of motor vehicles and motorcycles, **47** – Retail trade, except of motor vehicles and motorcycles; **H**: Transportation and storage, **49** – Land transport and transport via pipelines, **50** – Water transport, **51** – Air transport, **52** – Warehousing and support activities for transportation; **I**: Accommodation and food service activities, **55** – Accommodation, **56** – Food and beverage service activities; **J**: Information and communication, **58** – Publishing activities, **59** – Motion picture, video and television programme production, sound recording and music publishing activities, **60** – Programming and broadcasting activities, **61** – Telecommunications, **62** – Information technology service activities, **63** – Information service activities; **K**: Financial and insurance activities, **64** – Financial intermediation, except insurance and pension funding, **65** – Insurance, reinsurance and pension funding, except compulsory social security, **66** – Other financial activities; **L**: Real estate activities, **68** – Real estate activities; **M**: Professional, scientific and technical activities, **69** – Legal and accounting activities, **70** – Activities of head offices, management consultancy activities, **71** – Architectural and engineering activities, technical testing and analysis, **72** – Scientific research and development, **73** – Advertising and market research, **74** – Other professional, scientific and technical activities; **N**: Administrative and support service activities, **77** – Rental and leasing activities, **78** – Employment activities, **79** – Travel agency, tour operator and other reservation service and related activities, **80** – Security and investigative activities, **81** – Services to buildings and landscape activities, **82** – Office administrative, office support and other business support activities; **O**: Public administration and defence, compulsory social security, **84** –

Public administration and defence, compulsory social security; **P**: Education, **85** – Education; **Q**: Human health and social work activities, **86** – Human health activities, **87** – Residential care activities, **88** – Social work activities without accommodation; **R**: Arts, entertainment and recreation, **90** – Creative, arts and entertainment activities, **91** – Libraries, archives, museums and other cultural activities, **92** – Gambling and betting activities, **93** – Sports activities and amusement and recreation activities; **S**: Other service activities, **94** – Activities of membership organisations, **95** – Repair of computers and personal and household goods, **96** – Other personal service activities; **T**: Activities of households as employers, undifferentiated goods- and services-producing activities of households for own use, **97** – Activities of households as employers of domestic personnel, **98** – Undifferentiated goods- and services-producing activities of private households for own use; **U**: Activities of extraterritorial organisations and bodies, **99** – Activities of extraterritorial organisations and bodies.

Country abbreviations

AT – Austria, **BE** – Belgium, **BG** – Bulgaria, **CY** – Cyprus, **CZ** – Czechia, **ME** – Montenegro, **DK** – Denmark, **EE** – Estonia, **FI** – Finland, **FR** – France, **EL** – Greece, **HR** – Croatia, **IE** – Ireland, **IS** – Iceland, **IT** – Italy, **LV** – Latvia, **LT** – Lithuania, **LU** – Luxembourg, **HU** – Hungary, **MT** – Malta, **DE** – Germany, **NL** – Netherlands, **UK** – United Kingdom, **US** – United States of America, **PL** – Poland, **PT** – Portugal, **RO** – Romania, **MK** – North Macedonia, **SK** – Slovakia, **SI** – Slovenia, **RS** – Serbia, **ES** – Spain, **SE** – Sweden, **TR** – Türkiye