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Contents

Summary

Against the backdrop of weak economic activity at the beginning of the year, GDP growth in 2025 is expected to remain low, at 1.0%. It is then projected to pick up to 2.2% in 2026 and 2.4% in 2027, before stabilising at 2.1% in 2028. The subdued growth in 2025 was accompanied by a temporary increase in inflation, which is estimated to have stood at 2.5%. As wage growth moderates and productivity strengthens, inflation is expected to decline to 2.3% in 2026 and further to 2.2% and 2.0% in 2027 and 2028 respectively.

Economic developments in the first half of 2025 were strongly shaped by heightened uncertainty surrounding trade policies. This was reflected in particular in postponed corporate investment activity. Uncertainty in the export-oriented part of the economy also spilled over to household confidence and consumption growth, which moderated despite still robust growth in real disposable income. Following a contraction in the first quarter (–0.6%), economic activity rebounded in the second and third quarters, increasing by 0.9% and 0.8% respectively, which was supported mainly by the launch of the government investment cycle. Based on the available data, GDP growth is expected to remain solid, at around 0.7%, also in the final quarter of the year, as indicated by the improvement in economic sentiment. Nevertheless, at 1.0%, economic growth this year will be the lowest since 2020, reflecting weak developments at the beginning of the year.

Over the period 2026–2028, economic growth is projected to strengthen gradually. In 2026, the recovery will largely reflect the role of the government, while from 2027 onwards growth is expected to become more balanced and sustainable. Private consumption growth is expected to realign more closely with disposable income growth in 2026 and to be additionally supported by higher current government expenditure on wages and pensions. Government investment activity will also continue to increase in 2026, primarily in connection with the absorption of EU funds. These will partly spill over into private investment, which will be further supported by the gradual dissipation of uncertainty in the external environment and the effects of past interest rate cuts. Similar factors are expected to support investment growth in Slovenia's main trading partners, which, together with the stabilisation of conditions in international trade, will strengthen foreign demand. This will support export growth, with net trade therefore expected to make a positive contribution to economic growth again in 2027. Against this background, economic growth is projected to increase to 2.2% and 2.4% in the next two years, before moderating to 2.1% in 2028.

Employment growth is projected to remain weak over the projection horizon. As a result, the expected strengthening of economic growth will depend importantly on labour productivity growth. Amid challenging conditions in manufacturing and the export-oriented part of the economy, employment is projected to decline by 0.5% in 2025, with hiring in the public sector preventing an even larger decrease. As the decline in total employment has largely reflected transitions of workers into inactivity, unemployment is projected to remain low this year, at 3.7%. Low unemployment, together with positive employer expectations regarding future hiring and adverse demographic trends, continues to point to structurally tight labour market conditions. This is expected to constrain employment growth over the projection horizon and to keep wage growth

elevated, with developments from 2025 onwards being significantly shaped by the public sector wage reform. Employment is projected to increase by 0.2% this year and by 0.5% in 2027 and 2028. Average nominal wage growth over the projection horizon is projected to stand at 5.4%.

With relatively strong growth in food and services prices persisting, inflation is projected to remain slightly above the 2% target for most of the projection horizon. After declining sharply in 2024, inflation has accelerated again since May 2025. This has been driven primarily by stronger food price growth, reflecting higher global food commodity prices, faster growth in labour costs and, to a lesser extent, the increase in value added tax on sweetened beverages. At the same time, food price growth and, in particular, rising labour costs have also kept services inflation elevated. Taken together, these factors have more than offset the negative contribution from energy prices, which has been shaped by exchange rate movements, falling global oil prices and lower network charges during the high season for electricity prices. With productivity growth expected to strengthen, the gap vis-à-vis wage growth is projected to narrow gradually, thereby reducing labour cost pressures on inflation. At the same time, a stabilisation of imported food prices is assumed. As a result, inflation is projected to decline from 2.5% in 2025 to 2.3% and 2.2% in 2026 and 2027 respectively, before stabilising at 2.0% in 2028.

The projections are subject to risks related to domestic structural challenges and an unstable international environment. The materialisation of these risks could weigh on economic growth, while their impact on inflation would be more uncertain. From the perspective of domestic factors, a strengthening of economic growth is importantly contingent on labour productivity growth. Over the projection horizon, however, productivity growth could remain persistently lower than projected, owing to an inadequate and weak investment growth in the past. Productivity developments over the projection horizon could also be affected by the previously narrow base of economic growth, which since 2023 has relied to a significant extent on cyclical activities and government spending. These factors are expected to contribute strongly to an increase in the general government deficit, particularly in 2025 and 2026, thereby posing a risk to economic growth by reducing the fiscal space for countercyclical action and the ability of fiscal policy to respond to potential new macroeconomic shocks. Similar structural factors, in particular low productivity growth and labour shortages, could also constrain the planned implementation of government investment in Slovenia's main trading partners, especially Germany. This would delay the expected recovery in foreign demand, which remains exposed to risks related to possible renewed trade tensions. On the inflation side, lower-than-expected labour productivity growth would keep pressures from high unit labour cost growth elevated. By contrast, the materialisation of risks on the activity side and weaker demand could lead inflation to decline more rapidly than projected. Simultaneously, lower economic growth and inflation could also be reinforced by a stronger presence of China and the associated price competition in European markets.

Table 1: **Macroeconomic projections for Slovenia, 2025 to 2028**

								Projections							
	2019	2020	2021	2022	2023	2024		**2025**		**2026**		**2027**		**2028**	
							Δ	**Dec.**	Δ	**Dec.**	Δ	**Dec.**	Δ	**Dec.**	Δ
Prices	*annual growth in %*														
HICP	1.7	–0.3	2.0	9.3	7.2	2.0	*0.0*	**2.5**	*0.0*	**2.3**	*0.1*	**2.2**	*0.3*	**2.0**	...
HICP excluding energy and food	1.9	0.8	0.9	5.9	6.7	2.9	*0.0*	**2.3**	*–0.4*	**2.1**	*0.0*	**2.3**	*1.0*	**1.9**	...
HICP energy	0.8	–10.8	11.3	24.8	2.2	–2.3	*0.0*	**–1.6**	*1.0*	**1.6**	*0.5*	**0.0**	*–3.5*	**0.3**	...
HICP food	1.6	2.8	0.7	10.6	11.8	1.9	*0.0*	**5.1**	*0.4*	**3.2**	*0.2*	**3.0**	*0.4*	**2.8**	...
Economic activity	*annual growth in %*														
GDP (real)	3.5	–4.1	8.4	2.7	2.4	1.7	*0.1*	**1.0**	*–0.3*	**2.2**	*–0.2*	**2.4**	*0.0*	**2.1**	...
Private consumption	5.5	–6.1	11.3	3.9	0.0	3.8	*2.2*	**1.5**	*0.4*	**3.0**	*1.1*	**2.5**	*0.1*	**2.3**	...
Government consumption	1.9	4.1	6.2	–0.6	2.1	7.3	*–1.2*	**1.6**	*–1.3*	**3.8**	*–0.3*	**1.8**	*0.6*	**1.5**	...
Gross fixed capital formation	4.9	–7.2	11.9	4.7	5.5	–0.3	*3.4*	**1.2**	*3.8*	**2.9**	*–0.5*	**0.4**	*–0.9*	**2.8**	...
...of which Private sector	4.2	–9.5	9.9	2.6	5.3	0.9	*4.8*	**–0.3**	*3.4*	**2.9**	*–0.7*	**2.5**	*0.6*	**3.0**	...
...of which Government sector	8.1	2.2	19.3	11.7	6.2	–3.6	*–0.4*	**6.1**	*5.2*	**2.7**	*0.0*	**–5.9**	*–5.1*	**2.0**	...
Exports of goods and services (real)	4.5	–8.5	14.1	7.4	–1.9	2.3	*–0.9*	**0.2**	*–0.6*	**3.1**	*–0.8*	**4.9**	*0.2*	**4.7**	...
Imports of goods and services (real)	4.7	–9.1	17.8	9.3	–4.5	4.3	*0.4*	**1.1**	*–0.4*	**4.3**	*–0.1*	**4.5**	*0.2*	**4.9**	...
Contributions to real GDP growth	*in percentage points*														
...Domestic demand (excluding inventories)	4.1	–3.8	9.2	2.8	1.5	3.3	*1.6*	**1.4**	*0.7*	**2.9**	*0.4*	**1.8**	*0.1*	**2.1**	...
...Net exports	0.3	–0.3	–1.3	–0.8	2.0	–1.3	*–1.0*	**–0.7**	*–0.2*	**–0.7**	*–0.5*	**0.6**	*0.0*	**0.1**	...
...Changes in inventories	–0.9	0.1	0.5	0.8	–1.5	–0.2	*–0.5*	**0.4**	*–0.6*	**0.0**	*0.0*	**0.0**	*0.0*	**0.0**	...
Labour market	*annual growth in % (unless stated otherwise)*														
Unemployment growth (% of labour force)	4.5	5.0	4.7	4.0	3.7	3.7	*0.0*	**3.7**	*0.2*	**3.6**	*0.2*	**3.5**	*0.1*	**3.5**	...
Total employment	2.4	–0.7	1.3	2.9	1.5	0.5	*0.4*	**–0.5**	*0.0*	**0.2**	*0.0*	**0.5**	*0.0*	**0.5**	...
Compensation per employee	5.2	3.8	8.0	4.9	9.6	6.2	*0.0*	**8.0**	*2.5*	**5.1**	*0.3*	**4.4**	*0.2*	**4.2**	...
...Productivity	1.0	–3.4	7.0	–0.2	0.9	1.3	*–0.1*	**1.5**	*–0.2*	**2.0**	*–0.1*	**1.9**	*0.0*	**1.6**	...
...Unit labour costs (ULC)	4.2	7.5	0.9	5.2	8.7	4.9	*0.2*	**6.4**	*2.7*	**3.1**	*0.5*	**2.5**	*0.2*	**2.6**	...
Balance of payments	*annual growth in % (unless stated otherwise)*														
Current account: in bn EUR	3.1	3.4	1.8	–0.5	3.0	3.1	*0.1*	**3.2**	*0.2*	**3.0**	*0.0*	**3.6**	*–0.2*	**4.2**	...
in % GDP	6.4	7.3	3.5	–0.9	4.8	4.5	*0.1*	**4.4**	*0.2*	**4.1**	*0.0*	**4.6**	*–0.2*	**5.1**	...
Terms of trade*	0.5	0.7	–2.1	–3.1	3.6	1.4	*0.3*	**1.1**	*0.2*	**0.8**	*0.4*	**0.2**	*–0.2*	**0.2**	...

Sources: SURS, Eurostat, Banka Slovenije projections.
Notes: * Based on national accounts deflators. Δ: Difference between current projections and projections given in the June 2024 issue of the Review of Macroeconomic Developments and Projections.

1 Current Economic Developments and Assumptions

Following stagnation in the first half of the year, economic activity strengthened markedly in the third quarter of 2025, with domestic demand – in particular the accelerated implementation of public infrastructure projects – offsetting the weakness in exports. Exports remain constrained by the persistent lack of foreign demand, which continues to weigh on conditions in industry. Available short-term indicators and model-based estimates point to a moderate continuation of growth towards the end of the year.

1.1 Developments in the international environment and external assumptions

Economic growth was recorded in all major global economies in the third quarter, with the exception of Japan. According to PMI data, growth in global activity is expected to continue in the final quarter.

Following the introduction of US tariffs and the renewed increase in trade uncertainty related to the dispute between the US and China, which reached a temporary trade agreement at the end of October, economic growth across the largest global economies was mixed in the third quarter. In China, quarter-on-quarter GDP growth amounted to 1.1% and exceeded expectations. Growth continued to be driven primarily by net exports, while domestic demand remained weak, reflecting subdued consumer sentiment and the crisis in the real estate sector. In the US, the release of some official statistical data was postponed due to the federal government shutdown. The estimate of GDP growth for the third quarter is therefore expected at the end of December. However, PMI data suggest that economic activity strengthened, as the composite index rose to 54.5 index points in the third quarter. Stronger activity stemmed from an acceleration in services sector growth (54.8) and from robust growth in manufacturing (51.6). Nevertheless, the manufacturing sector continues to face a decline in export orders, which have been contracting since May. In the UK, GDP growth in the third quarter stood at 0.1%, while in Japan GDP declined by 0.6%.

For the fourth quarter, PMI indicators point to a continuation of growth in global economic activity. Although the composite index edged down slightly in November, to 52.7 index points, growth continues to be supported primarily by a strengthening of services activity (53.5), while manufacturing activity continues to show only modest growth (50.5). The presence of short-term risks to global economic activity is indicated by business optimism, which declined in October to its lowest level in the past six months. This likely reflects companies' expectations regarding the delayed effects of recently introduced tariffs, with global export orders in manufacturing contracting for the eighth consecutive month.

According to the ECB staff December projections, global economic growth excluding the euro area is expected to amount to 3.5% in 2025 and to 3.3% over the period 2026–2028 (Figure 1.1.1, left). Compared with the September projections, growth has been revised slightly upwards, reflecting in particular higher projected economic growth for the US and China, supported by higher fiscal spending.

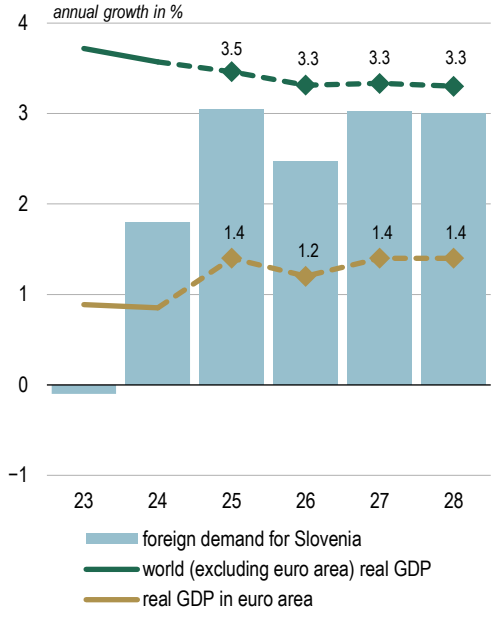
Euro area GDP growth in the third quarter was supported by investment and domestic final consumption. For the final quarter, survey indicators point to a further increase in economic activity, albeit with risks in manufacturing due to weak foreign demand.

Euro area GDP increased by 0.3% quarter-on-quarter in the third quarter, which was 0.2 percentage points more than in the previous quarter. Growth was supported by investment in fixed capital formation (0.2 percentage points), along with private and government consumption and changes in inventories (each contributing 0.1 percentage points), while net external trade again acted as a drag on growth (–0.2 percentage points). From the production side, growth stemmed primarily from private services. Among the larger euro area economies, Spain and France recorded the highest GDP growth, at 0.6% and 0.5% respectively. In Italy, economic growth stood at 0.1%, mainly reflecting growth in the services sector, while value added in industry declined slightly. Germany stagnated, following a contraction of 0.2% in the second quarter.

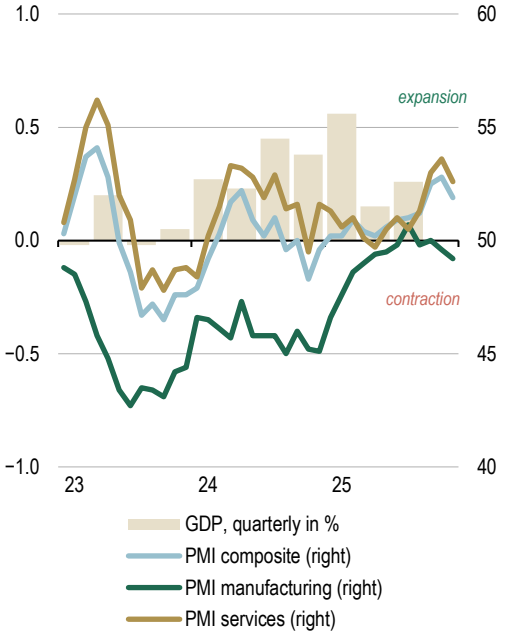
Headline inflation in the euro area continues to hover around the inflation target (2.2% in November). Increased activity in services has been accompanied by robust growth in services prices, which has strengthened further in recent months and amounted to 3.5% in November. At the same time, the year-on-year decline in energy prices eased (to –0.5%), while price growth for food and non-energy industrial goods (hereinafter: other goods) moderated (to 2.5% and 0.6% respectively).

Figure 1.1.1:
Macroeconomic outlook in the international environment and economic conditions in the euro area

Projections of world and euro area GDP growth and foreign demand for Slovenia



Purchasing Managers' Index (PMI) and GDP growth in euro area



Sources: ECB, Bloomberg, Eurostat, Banka Slovenije calculations. Note: Latest data, right chart: GDP: Q3 2025; PMIs: December 2025.

Economic activity in the euro area is expected to increase further towards the end of the year. This is indicated by the PMI, which continued to rise in the average of the fourth quarter to 52.4, reaching its highest level since 2022 (Figure 1.1.1, right). Growth continued to be driven primarily by the services sector, while manufacturing output contracted (49.6). The decline in industry reflected weak international demand, which was

reflected in a fall in export orders, thereby also slowing the growth of new orders. In line with PMI developments, the euro area economic sentiment indicator also improved slightly in November, driven by a marked increase in confidence in the services sector, while confidence in industry declined and remains below its long-term average.

According to the ECB staff December projections, euro area economic growth is expected to strengthen to 1.4% in 2025 (Figure 1.1.1, left). In 2026, growth is projected to slow slightly, to 1.2%, before reaching 1.4% again in 2027 and 2028. Growth will be driven primarily by rising household purchasing power, somewhat lower uncertainty, and increased spending on defence and infrastructure.

The December assumptions regarding the international environment envisage a recovery in the growth of foreign demand for Slovenia, lower oil prices and an appreciation of the euro against the US dollar.

Growth in foreign demand for Slovenia will remain below its long-term average[1] and will be conditional on economic developments in Slovenia's main trading partners. Amid persistent trade uncertainty and the spillover effects of weak growth in the second half of 2025, annual growth in foreign demand is expected to moderate slightly in 2026, before accelerating again over the remainder of the projection horizon as global economic activity recovers. Oil prices are expected to remain stable on average over the projection horizon and below EUR 60 per barrel, reflecting subdued global economic activity and demand, exchange rate appreciation, and increasing supply from OPEC member countries. In the initial part of the projection horizon, economic activity will also be supported by a further easing of financing conditions. Compared with the June projections, an additional appreciation of the euro against the US dollar is expected, with the exchange rate hovering around USD 1.2 per euro over the projection horizon (Table 1.1.1).

Table 1.1.1: **Assumptions for the international environment**

							Assumptions			
	2019	2020	2021	2022	2023	2024	**2025**	**2026**	**2027**	**2028**
Global economic growth excluding euro area, %	3,0	–1,8	7,0	3,6	3,7	3,6	3,5	3,3	3,3	3,3
Economic growth in euro area, %	1,6	–6,2	6,4	3,7	0,6	0,9	1,4	1,2	1,4	1,4
Growth in foreign demand for Slovenia, %	2,9	–9,1	11,5	9,0	–0,1	1,8	3,0	2,5	3,0	3,0
Oil price, USD/barrel	64,3	42,0	70,8	102,3	83,6	81,2	69,2	62,5	62,6	64,0
Oil price, EUR/barrel	57,4	36,8	59,9	97,2	77,3	75,1	61,3	54,0	54,1	55,3
Change in US dollar oil prices, %	–9,4	–34,7	68,6	44,5	–18,3	–2,9	–14,8	–9,7	0,2	2,2
EUR/USD exchange rate	1,1	1,1	1,2	1,1	1,1	1,1	1,1	1,2	1,2	1,2
3-month Euribor, %	–0,4	–0,4	–0,5	0,3	3,4	3,6	2,2	2,0	2,1	2,3
Change in primary commodity prices, %	–8,2	2,3	41,8	6,5	–12,5	9,2	5,7	0,1	0,5	–0,3

Sources: ECB, Banka Slovenije calculations.

[1] Between 1996 and 2019, the average annual growth rate of foreign demand for Slovenia amounted to 4.7%.

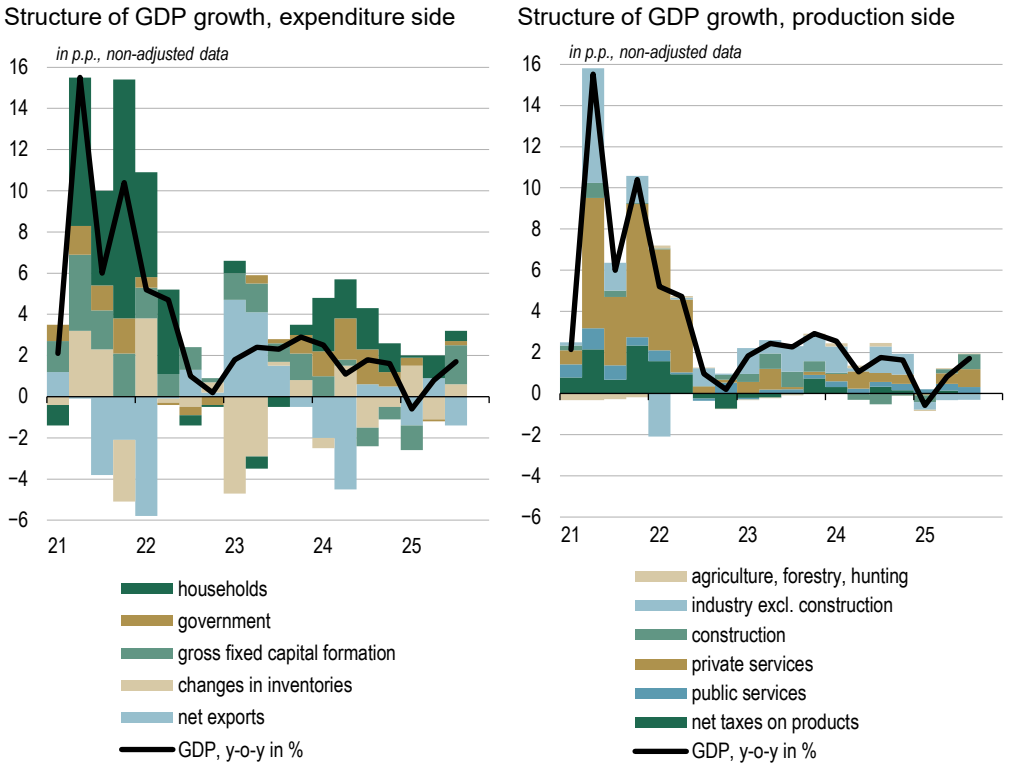
1.2 The domestic economic environment

In an environment of still challenging international conditions, domestic economic growth in the third quarter was primarily driven by the implementation of public infrastructure projects.

Quarter-on-quarter growth in economic activity continued in the third quarter (0.8%), while year-on-year GDP growth strengthened to 1.7%, exceeding the euro area average. The higher growth was driven by domestic demand, which increased by 3.5%. In this context, investment in other buildings and structures recorded a marked acceleration, rising by more than one-fifth year-on-year. This development is primarily associated with the accelerated implementation of public infrastructure projects during the summer months, without which economic conditions this year would have been considerably weaker. By contrast, housing investment continued to contract despite the shortage of supply in the market. Investment in machinery and equipment also remained weak, reflecting persistently elevated uncertainty and subdued demand.

Year-on-year growth in final consumption expenditure also remained relatively modest (1.0%). The most pronounced moderation was observed in the consumption of non-durable goods (–1.2%). This coincided with weak sales in food retail trade, which may be linked to the strong increase in food prices that accelerated markedly during the summer months (food price developments are discussed in more detail in Box 1.2.2). To a lesser extent, low consumption growth may also reflect the impact of the new contribution requirements under the Long-term Care Act, which entered into force on 1 July 2025 and contributed to a lower net wage bill in the third quarter.

Figure 1.2.1: **Changes in domestic economic activity**



Source: SURS. Latest data: Q3 2025.

At the same time, conditions for exporters remained unfavourable, resulting in a markedly negative contribution of net exports to GDP growth (Figure 1.2.1, left). In the third quarter, total exports were 1.1% lower year-on-year. The decline in goods exports intensified further, while growth in services exports was only marginally positive, reflecting less favourable developments particularly in the export of transport services. Imports increased broadly in line with final domestic demand, implying low growth in both goods and services imports.

Growth in value added strengthened in the majority of economic activities, with particularly strong developments recorded in construction.

Value added increased by 2.0% year-on-year in the third quarter of 2025. The stronger outcome compared with the previous quarter largely reflected accelerated construction activity, where, supported by both strong quarterly growth and a low base, year-on-year growth in value added rose to 14.2%. This contributed substantially to GDP growth (Figure 1.2.1, right). Indices of the value of construction put in place indicate a marked acceleration across all construction segments, except for residential buildings.

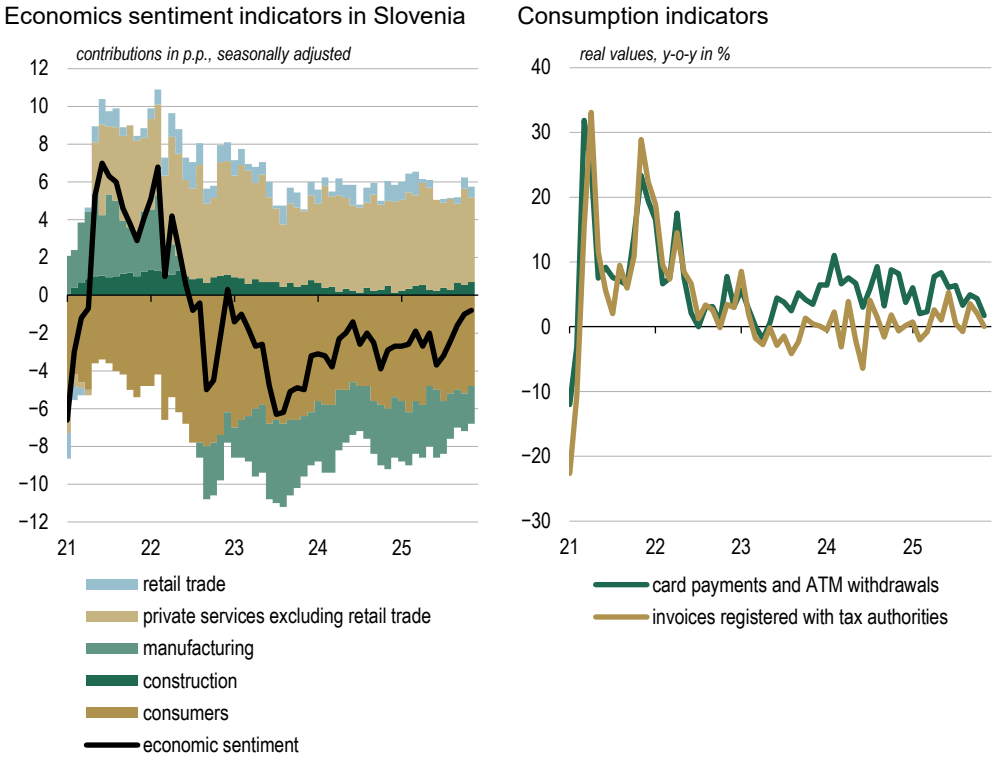
Value added in private services strengthened by 2.1% year-on-year, with conditions improving across most major activity groups. The exceptions were the trade, transportation and storage, and accommodation and food service sectors, reflecting the slowdown in domestic private consumption and weak goods trade. Stagnation in accommodation and food service activities turnover, despite record tourist arrivals, suggests more cautious spending by foreign visitors compared with the previous year. Growth in value added in public services remained unchanged at 2.1%, as in the second quarter.

Conditions in industry remained challenging. Value added fell by 1.0% year-on-year, reflecting continued contraction in the energy sector. The decline in value added in manufacturing came to a halt, supported in part by high-technology manufacture of computer, electronic and optical products, as well as low-technology manufacture of food and wood products.

Business confidence reached its highest level in almost three years in the middle of the last quarter, supported by improved assessments in construction and manufacturing.

The economic sentiment indicator rose in November by 0.8 percentage points to its highest level since December 2022, surpassing its long-term average (Figure 1.2.2, left). From the beginning of the autumn, construction and manufacturing firms started reporting increased activity and expected hiring in the coming months. Confidence in trade and other services remained relatively high, while consumer confidence strengthened slightly compared with previous months. This also exceeded the long-term average, mainly reflecting improved consumer assessments of their future financial and economic situation. With more favourable expectations regarding future developments, both firms and consumers anticipate further price increases.

Figure 1.2.2: **Sentiment and consumption indicators**



Sources: SURS, FURS, Bankart, Banka Slovenije calculations. Latest data: November 2025
Note: For the chart on the right, the HICP deflator is used to calculate the real value of card payments and ATM withdrawals and invoices registered with tax authorities.

Available indicators of domestic demand point to favourable developments in October and weaker dynamics in November. In October, construction activity increased by 35.9% year-on-year. Retail trade turnover also rose, car sales continued to strengthen markedly and the number of tourist overnight stays increased significantly. By contrast, preliminary data for November indicate a slowdown in spending, with the real growth of card payments and ATM withdrawals slowing considerably and the value of tax-verified receipts stagnating (Figure 1.2.2, right). At the same time, some of the more favourable survey assessments in manufacturing had not yet translated into production, which declined by 2.3% year-on-year in October.

The current average of model-based estimates for quarterly GDP growth in the final quarter of 2025 stands at 0.7% (Figure 1.2.3, left). The estimate is mainly supported by improvements in economic sentiment in October and November, as well as by October increases in industrial production, the value of construction work performed and retail trade turnover.

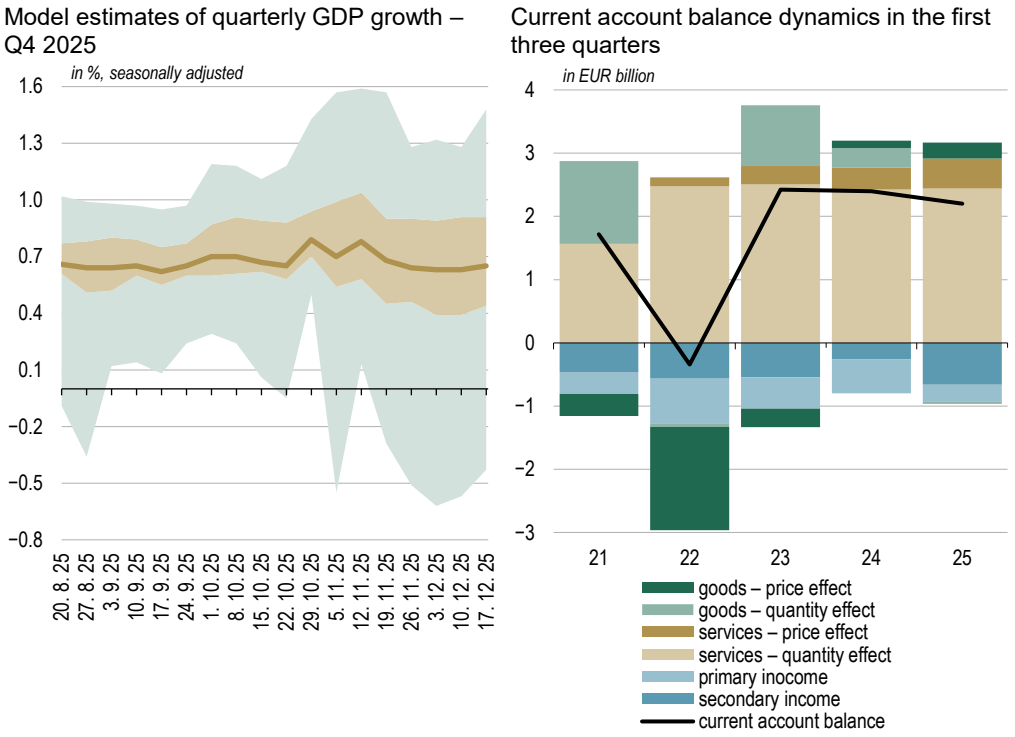
The surplus on the current account of the balance of payments was lower in the first ten months of 2025 than a year earlier, while the surplus in services further slightly increased.

In the first ten months of 2025, the current account of the balance of payments recorded a total surplus of EUR 2.4 billion. This was EUR 406 million lower compared to the same period of 2024 and EUR 560 million below the peak reached in 2020.

The cumulative surplus in merchandise trade was EUR 400 million lower year-on-year, amounting to EUR 210 million. Against the backdrop of a deterioration in the interna-

tional environment and conditions in Slovenia's most important trading partners, nominal merchandise exports in the first ten months were broadly unchanged compared with the same period of 2024 (growth of 0.1%), while imports were 1.2% higher. A breakdown by product groups based on SURS data[2] shows that the lower surplus was mainly driven by weaker exports of machinery and equipment (in particular road vehicles to France) and of oil and petroleum products, as well as by higher imports of food, electricity and non-monetary gold. From a regional perspective, the merchandise trade surplus declined most strongly year on year with Croatia and the US, while it increased with Italy and Germany.[3]

Figure 1.2.3: **Quarterly GDP growth nowcasts and the current account**



Sources: SURS, Banka Slovenije, Banka Slovenije estimates.
Notes: The left chart illustrates the nowcasts for quarterly GDP growth. The gold area represents the interval between the 25th and 75th percentiles, while the green area represents the interval between the lowest and highest nowcasts. The gold line represents the average nowcast for GDP growth in Q4 2025. Nowcast date: 17 December 2025. The right chart illustrates the sum over the first three quarters for each year. The effect of the terms of trade is calculated as the difference between nominal and real trade, based on balance of payments data and national accounts price indices.

The cumulative surplus in services up to October was almost EUR 130 million higher year-on-year, reaching a record level of EUR 3.2 billion. Nominal exports of services increased by 7.0% year-on-year, while imports rose by 8.3%. In year-on-year terms, the surplus in services trade in 2025 was strengthened mostly by exports of insurance and pension services, along with transport services and travel, while from a regional perspective, by trade with Italy. Transport services continue to account for the largest share of the services surplus, at EUR 1.6 billion or almost 50%.

The deficit in income was EUR 136 million larger than in the first ten months of 2024, while its structure changed slightly. The deficit in primary income was EUR 303 million lower and the lowest since 2020, mainly reflecting an improvement in the balance of portfolio investment. At the same time, the deficit in secondary income increased again,

[2] Excluding exports of medical and pharmaceutical products and organic chemical products to Switzerland, and excluding imports of medical and pharmaceutical products from Switzerland and imports of organic chemical products from Switzerland, China and India. For more details on the reasons for excluding these products from trade, see Selected Topic 8.1 in the publication Review of Macroeconomic Developments, September 2025.

[3] The one-year balance of merchandise trade with Germany, which shifted from a long-standing surplus (since July 2011) into a deficit in November 2024, has been back in surplus since June 2025.

by EUR 440 million, primarily due to higher expenditure on current transfers and lower receipts from current international transactions with EU institutions (excluding the ECB).

In the first three quarters of 2025, the terms of trade in goods improved slightly, amid an increase in export prices (0.7%) and stagnation in import prices (Figure 1.2.3, right). The terms of trade in services also improved, as export prices increased somewhat more (3.5%) than import prices (3.2%).

Box 1.2.1: **Extraordinary revision of balance of payments data for 2025**

More extensive revisions to goods import data for the first seven months of 2025 shifted the balance of trade in goods from a previously recorded deficit into a surplus, thereby also increasing the surplus on the current account of the balance of payments.

In October, the Statistical Office published more extensive revisions to import data for the first seven months of 2025, based on previously identified potential transactions related to so-called quasi-exports. These comprise imports from other EU Member States intended for subsequent export to third countries and are typically carried out by foreign-owned enterprises.[4]

The revisions related primarily to imports of electric vehicles from Germany and directly affected the value of goods trade with that country. According to the revised data, imports of goods from Germany in the first seven months of 2025 turned from an initial growth of almost 18% to a decline of 2%.

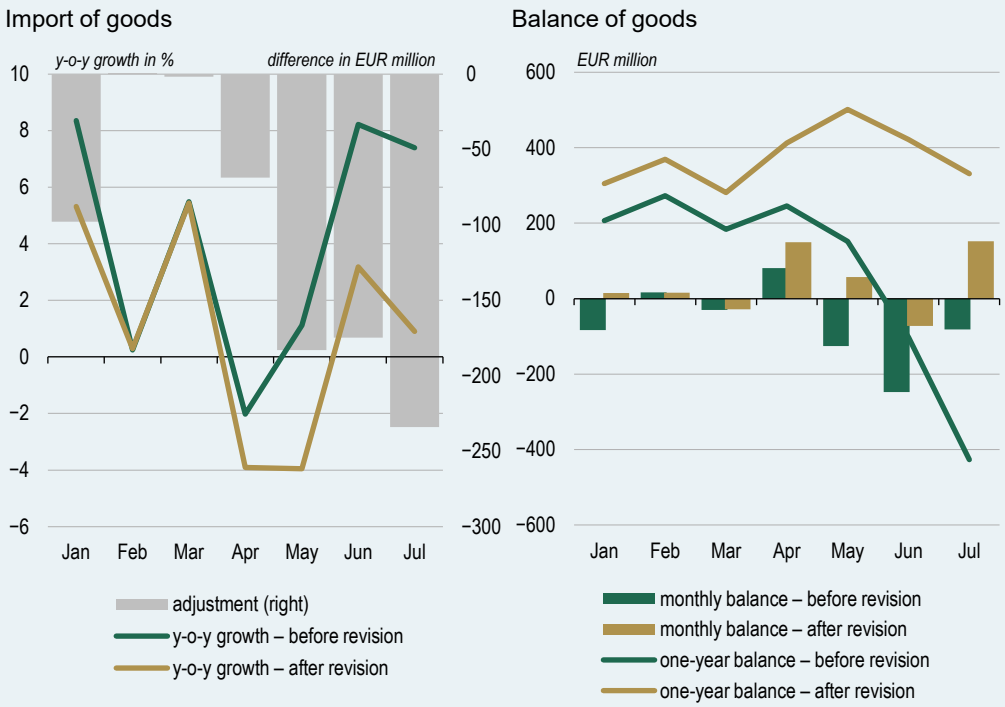
The revision also had a noticeable impact on total goods imports. The largest monthly adjustment occurred in July, when imports were reduced by EUR 230 million, while the cumulative adjustment for the first seven months amounted to EUR 760 million. As a result, year-on-year import growth fell markedly, particularly in May, June and July (Figure 1.2.1.1, left). According to the revised data, total imports of goods in the first seven months of 2025, instead of the initially estimated growth of 4%, achieved only 1%.

For the above-mentioned adjustment of EUR 760 million, the balance of trade in goods also changed and the current account surplus increased. In the first seven months of the year, the previously reported EUR 470 million deficit in goods trade turned into a surplus of almost EUR 290 million. The one-year goods trade balance up to July reached a surplus of EUR 330 million, whereas according to the initial data, the one-year goods trade surplus turned into a deficit in June, which would have already amounted to EUR 426 million in July (Figure 1.2.1.1, right).

The revisions also affected import data in the national accounts. In the first quarter, import growth was revised down from the initially estimated 2.9% to 2.2%, while in the second quarter the previously estimated 2.4% growth was revised to a 0.9% decline. Due to changes in some other GDP components, primarily inventories, the revision did not have a significant impact on the assessment of economic growth for the first and second quarters of 2025.

[4] More details in the SURS publications Exports and Imports of Goods, August 2025 and Possible Reasons for Asymmetries in International Merchandise Trade Data – A Research Paper (in Slovene).

Figure 1.2.1.1: **Revisions to balance of payments data for 2025**



Sources: SURS, Banka Slovenije, Banka Slovenije calculations.

Labour market indicators suggest an increasing divergence between the private and public sectors. In the former, employment continues to decline alongside a deceleration in wage growth, while in the latter strong growth in both wages and employment persists.

The year-on-year contraction in employment in the third quarter, at –0.4%, was 0.1 percentage points smaller than in the previous quarter, while the level of employment, at 1,103,300 persons, was 4,900 persons below the peak recorded a year earlier (Figure 1.2.4, left). Across private sector activities, the decline in employment was broad-based and most pronounced in manufacturing and construction. By contrast, the year-on-year change in the public sector has remained positive throughout the past year and stood at 1.9% in the third quarter.[5]

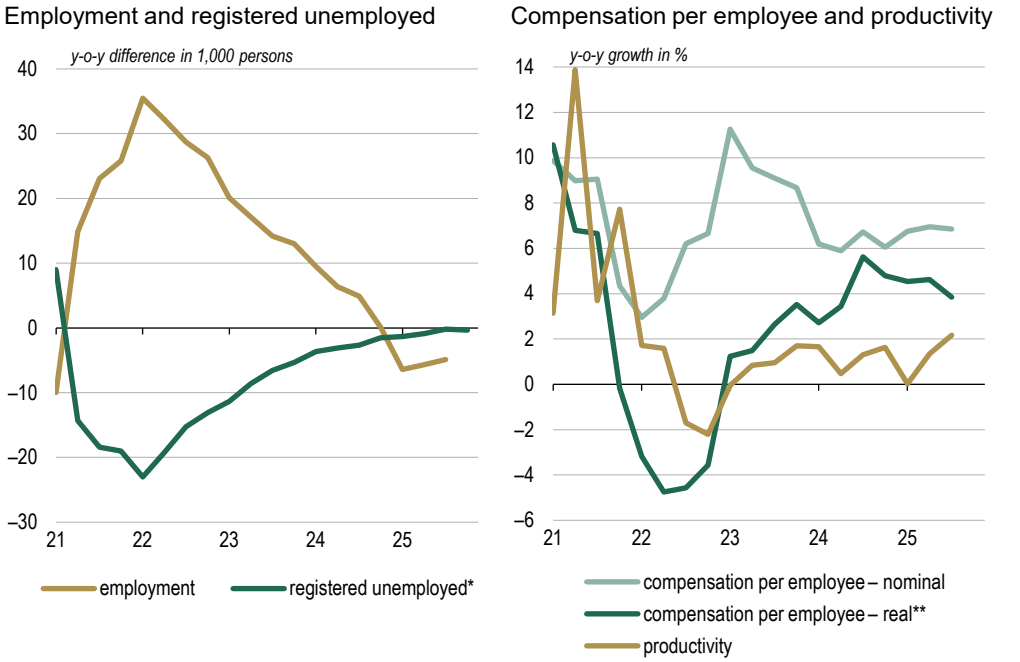
Lower demand for labour continues to be reflected in a smaller number of job vacancies, which in the third quarter were down by 7.8% year-on-year. By activity, the decline was most pronounced in transport and storage, while, amid strengthened activity growth, it was highest in construction, where labour shortages also remain the most acute. Registered unemployment in November was 0.2% higher than a year earlier, while the registered unemployment rate had stabilised at 4.5% by September and was similar to its level a year earlier. The surveyed unemployment rate stood at 4.2% in the third quarter, 0.2 percentage points lower than a year earlier.

Wage growth, as measured by compensation of employees per employee, amounted to 6.8% in the third quarter, broadly in line with that recorded in the first half of the year and a year earlier (Figure 1.2.4, right). In the private sector, at 6.1%, wage growth was 1 percentage point lower than in the same period of 2024, while in the public sector, at 9.3%, it was almost 4 percentage points higher, reflecting the reform of the public sector pay system. Against the backdrop of strong wage growth in the public sector, real

[5] In this section of the text, the public sector comprises predominantly public service activities according to SKD 2008, namely public administration and defence; compulsory social security (O), education (P), and human health and social work activities (Q).

growth in the average wage (3.8%) exceeded productivity growth (2.2%), despite the latter having strengthened.

Figure 1.2.4: **Selected labour market indicators**



Sources: SURS, ZRSZ, Banka Slovenije calculations. Latest data, left chart: employment – Q3 2025; registered unemployed – Q4 2025*; right chart: Q3 2025.
Notes: * The data for registered unemployed persons are calculated as the average of the three months within the quarter. For the fourth quarter of 2025, only the October and November data are available. ** Real growth in compensation of employees per employee is calculated using the HICP deflator.

Inflation decelerated markedly in November, with the slowdown being broad-based.

Headline inflation, as measured by the HICP, decelerated to 2.4% in November, down from 3.1% in October (see Figure 1.2.5, left). The pronounced decline reflects lower contributions from all main components, most notably food prices. These were up 4.7% year-on-year, compared to 6.0% in October, driven particularly by a substantial month-on-month decline in processed food prices. A further easing in annual food inflation is suggested by comparing the three-month average price level with the average of the preceding three-months,[6] as it declined markedly between August and November.[7] Moreover, moderating prices of food commodities on global markets suggest receding pipeline pressures. However, the latter have not yet materialised in producer prices of food products, as their annual growth rate continues to strengthen, in particular as a result of rising prices of animal products and persistent labour costs growth, which supports the gap between domestic and euro area food inflation (its drivers are explained in Box 1.2.2).

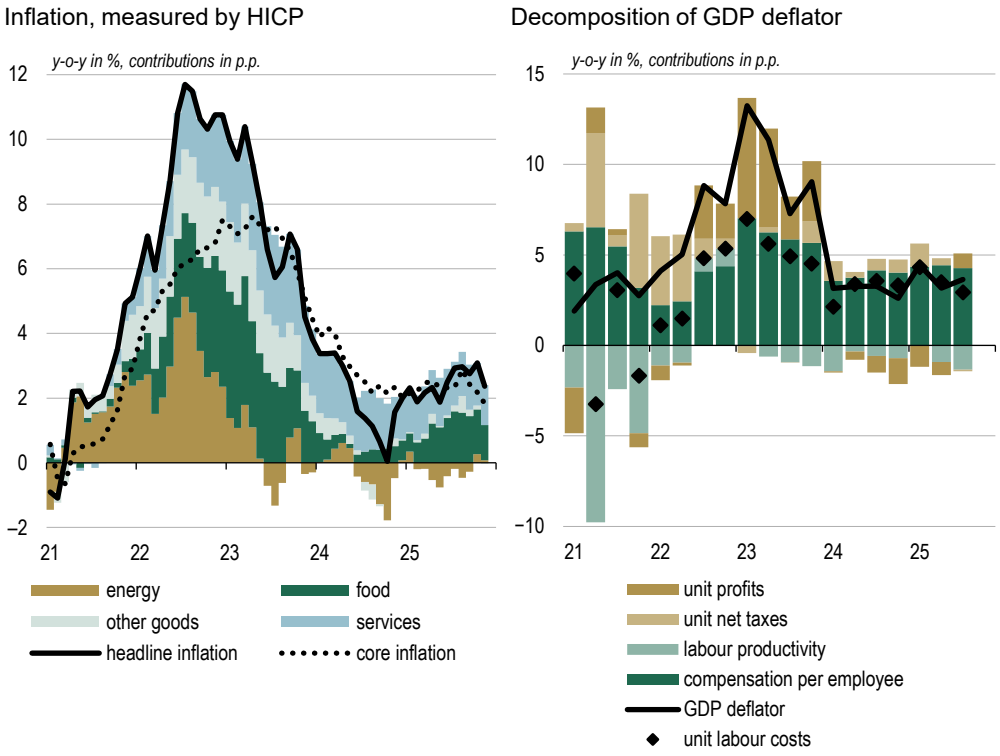
Energy prices also contributed to the slowdown in headline inflation in November, as their year-on-year growth declined to 0.7% (down from 2.3% in October). The moderation primarily reflects a less pronounced month-on-month increase in electricity prices at the changeover to the high season for network charge billing compared with the

[6] This is a computation of momentum that represents a mid-way between month-on-month and year-on-year price developments. We used seasonally adjusted indices.

[7] For unprocessed food prices down to 3.2%, for processed food prices down to 1.4%.

previous year.[8] The easing of energy inflation was supported by month-on-month declines in prices of petroleum products[9] too, partly as a result of cuts in excise duties on petrol, diesel and liquid fuels in mid-November, but primarily due to the continued decline in global oil prices, reflecting increased supply and weak demand.[10]

Figure 1.2.5: **Domestic price developments and factors**



Sources: SURS, Eurostat, ECB, Banka Slovenije calculations. Latest data: left: November 2025, right: Q3 2025.

Core inflation stands at its lowest level in four years, despite still elevated growth in services prices.

Core inflation, i.e. inflation excluding energy and food prices, eased to 1.8% in November, after standing at 2.2% in October. It has not been this low since October 2021, when it last fell below the two percent medium-term monetary policy target. This level masks a large gap between growth in services prices and prices of other goods, which has persisted for more than two years.[11] Services inflation is moderating much more slowly than inflation of other goods; in November, the annual growth rate in services prices remained above 3%, while prices of other goods did not change compared with November 2024. Their annual growth rate slowed for the third consecutive month. Such developments are consistent with an uncertain global economic environment and weak demand, particularly among export-oriented firms. This is reflected in developments in commodity markets and particularly in prices of imported products, which have been

[8] This was supported by (1) a halved tariff for the network charge billing in the highest tariff block and (2) a halved contribution for renewables between November 2025 and February 2026. We estimate these measures to reduce the annual energy inflation in November 2025 by 3.7 percentage points and headline inflation by 0.4 percentage points.

[9] As suggested by the European Commission data in Weekly Oil Bulletin. Petroleum products include petrol, diesel and liquid fuels.

[10] The price of Brent oil fell from USD 79.2 per barrel on 1 January 2025 to USD 64.3 per barrel on 1 December 2025. The downward trend reflects trade uncertainty related to the implementation of tariffs by the new US administration. See section on technical assumptions for more information about oil prices.

[11] Services and other goods price inflation matched for the last time in March 2023. Since then, the gap has averaged 3.5 percentage points.

declining for more than two years and have been below their 2021 levels since May.[12] However, price developments further along the production chain differ; annual price growth remains weak but positive, thereby reflecting the role of labour costs.

Indeed, a breakdown of the GDP deflator shows that labour costs remain the main driver of price growth in domestically produced goods and services (see Figure 1.2.5, right). Their real growth has exceeded 3% since the second half of 2024.[13] This supports strong growth in services prices, especially in labour-intensive services. Nevertheless, broad-based annual growth in services prices declined slightly in November, to 3.5% (3.7% in October), accompanied by an unusually large month-on-month decline of –0.6% and a weakening of inflation momentum.[14] The expected further easing of services inflation is also supported by weaker demand, as indicated by the slowdown in private consumption growth in the third quarter of 2025. On the supply side, indicators are more heterogeneous: while annual growth in services producer prices has declined, the share of firms expecting an increase in their selling prices over the next three months has increased.

Box 1.2.2: **What drives the differences in food inflation between Slovenia and the euro area?**

Over the year, domestic food inflation has significantly exceeded the euro area average.

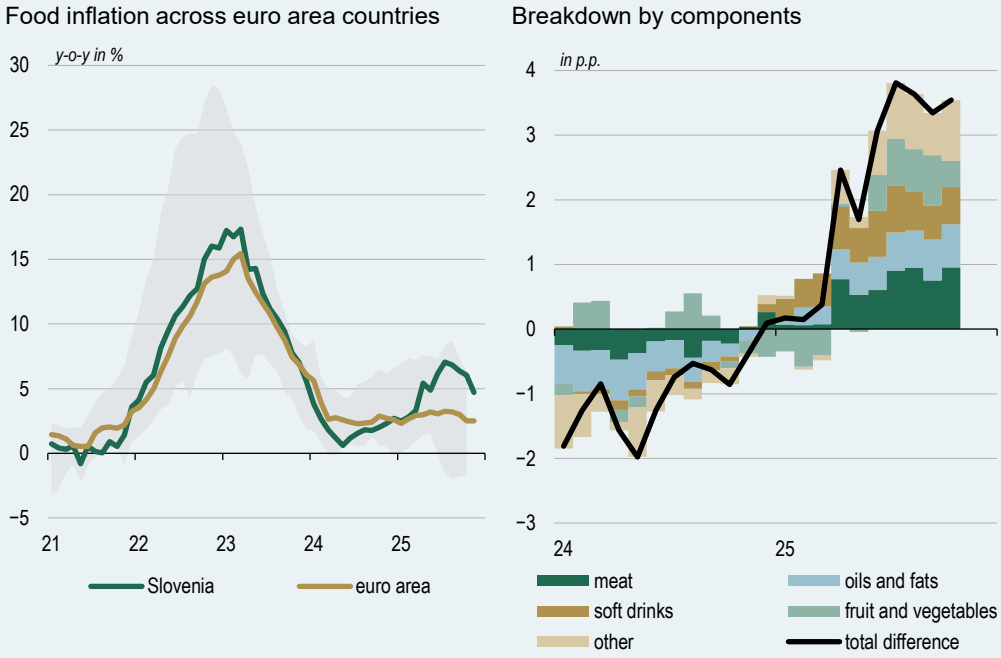
Inflation, as measured by the HICP, has slightly strengthened in the second half of 2025. Food prices contributed most to this development, as their annual growth rate has risen sharply since the beginning of the year. From 2.5% in January, it almost tripled over the course of the year, before easing to 4.7% in November (see Figure 1.2.2.1, left). Meanwhile, price developments in the euro area were considerably more subdued. By November, the annual growth rate of food prices had increased only moderately compared with the start of the year, when it was 2.3%. As a result, the gap between domestic and euro area food inflation averaged 2.2 percentage points over the first 11 months of the year, peaking at 3.8 percentage points in July. An overview of price drivers indicates that a considerable part of the gap between the two inflations can be explained by technical factors related to tax rates, differences in weights and base effects. However, the discrepancy can also be attributed to a higher sensitivity of domestic food prices to fluctuations on global food markets and to a faster growth in domestic labour costs.

[12] This refers to import prices of non-food consumer goods.

[13] Using a GDP deflator.

[14] This refers to the services price growth computed as a comparison of the average level of services prices in the last three months relative to the preceding three months. Seasonally adjusted data is used. In November, inflation momentum for services prices decelerated to 2.8%.

Figure 1.2.2.1: **Cross-country comparison and decomposition of the gap**

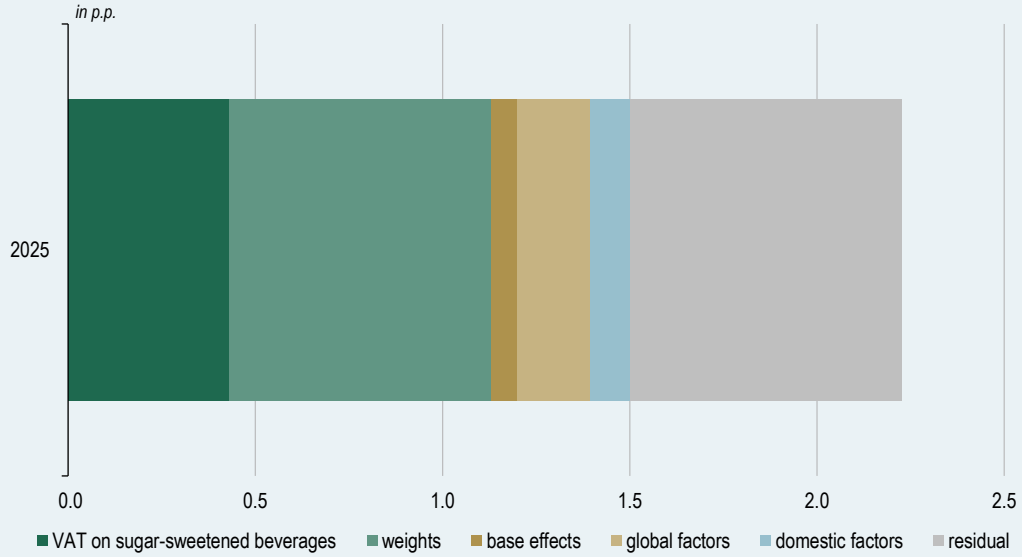


Sources: SURS, Eurostat, Banka Slovenije calculations. Latest data: left – November 2025, right – October 2025.
Notes: The shaded area on the left figure shows the gap between the highest and the lowest food inflation in each month. The latest data is for October 2025.

The excess is particularly pronounced for meat, oils, and fruit and vegetables. The higher contribution of non-alcoholic beverages is mainly explained by tax changes.

In this analysis, the term food refers to the entire food aggregate, which, in addition to a wide range of ingredients and food products, also includes alcoholic beverages and tobacco products. A breakdown of the contributions of individual components to the overall food price growth shows that the excess over euro area inflation is most pronounced in the meat, oils and fats, and fruit and vegetables categories (see Figure 1.2.2.1, right). Among these, differences in meat are particularly notable for beef and veal prices, which over the last year up to October increased by 29.8% domestically, compared with 13.5% in the euro area. For oils and fats, the difference stems from the fact that, from mid-2024 to the present, the price of olive oil in the euro area fell considerably more than domestically, while the price of other edible oils rose substantially more relative to the euro area. In year-on-year terms, this means that in October, olive oil was 28.1% cheaper in the euro area, compared with 7.9% domestically, while other edible oils were 17.8% more expensive domestically and only 3.4% more expensive in the euro area. Differences in the contributions of non-alcoholic beverages are almost entirely explained by the expiration of the reduced VAT rate on sugar-sweetened beverages in January 2025. Its contribution to annual food inflation, amounting to 0.4 percentage points, will dissipate as of 2026 (see Figure 1.2.2.2).

Figure 1.2.2.2: **Drivers of the gap between Slovenian and euro area food inflation**



Sources: SURS, Eurostat, Banka Slovenije calculations and estimations.
Note: An average impact between January and October 2025 is displayed.

A substantial part of the divergence can be explained by differences in the structure of consumer food expenditures.

The contributions of individual components to food inflation reflect both price developments and their share in a typical consumer's basket. Therefore the difference in contributions between Slovenia's and the euro area's food inflation can be partly explained by consumer spending patterns, particularly when a product with high price growth represents a larger share of expenditures. There are significant differences in the composition of purchases between a typical domestic and a typical euro area consumer. Compared with domestic households, euro area households allocate a larger share of their food expenditures to cured meats, bread and fish, whereas pork, poultry and especially tobacco products represent a larger share of spending for domestic households. Differences in weights prove to be an important factor in explaining the gap between Slovenian and euro area food price growth, as Slovenian inflation in 2025 would have been, on average, 0.7 percentage points lower if domestic consumption patterns had matched those in the euro area (see Figure 1.2.2.2).

Among the technical factors, we also assessed the impact of base effects, as a faster decline in annual food price growth domestically in 2024 could have contributed to the gap in 2025. We relied on an approximation of the annual price change calculated as the difference between the current growth rate in a given month and that in the same month a year earlier.[15] Base effects, resulting from the faster decline in current prices domestically in 2024, explain, on average, 0.1 percentage points of the difference between Slovenian and euro area food inflation in 2025 (see Figure 1.2.2.2).

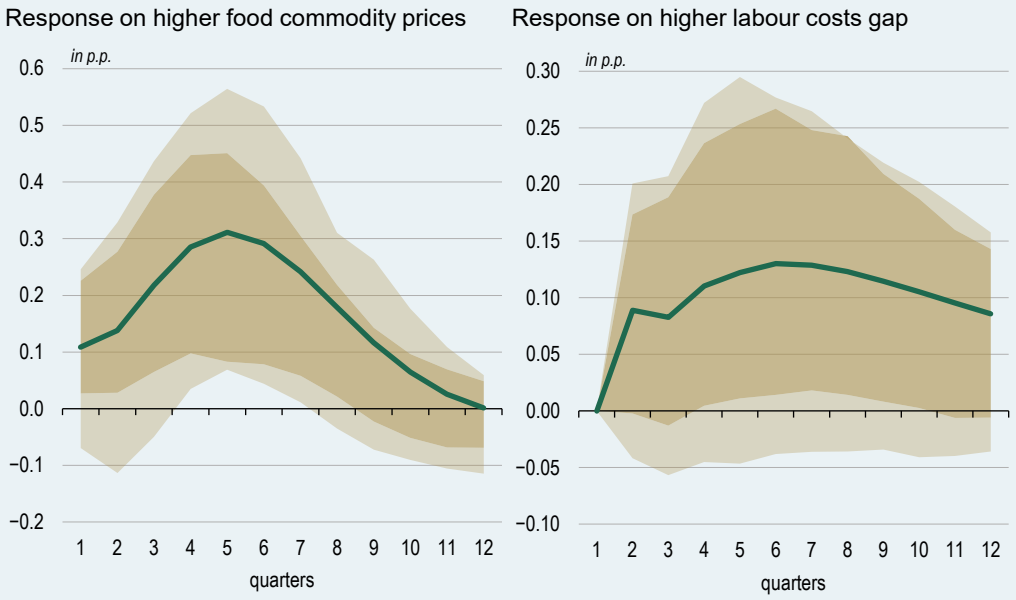
[15] The decomposition was presented in Box 2.3.1 of Review of Macroeconomic Developments and Projections, June 2023.

Domestic prices are more sensitive to developments in global food commodity markets compared with euro area prices, and, in addition, the growth of domestic labour costs has been exceeding the euro area average.

In addition to the above-mentioned technical factors, the faster annual growth of food prices in Slovenia can be partly explained by certain foreign and domestic price factors, in particular producer prices and labour costs. We estimated a recursively identified VAR model separately for processed and unprocessed food prices, in which, in addition to differences in the annual growth rates of processed and unprocessed food, we also included the year-on-year growth of prices of agricultural products in the euro area and the difference in annual labour cost growth between Slovenia and the euro area.[16,17] Model estimates indicate that the pass-through of higher producer prices to final food prices in Slovenia is considerably stronger than in the euro area (see Figure 1.2.2.3, left). By contrast, differences in wage growth have significantly smaller, though still positive, effects on the food inflation differential (see Figure 1.2.2.3, right). This is consistent with the higher share of labour in food production costs (Slovenia: 18.2%, euro area: 13.9%). In addition, higher wages also affect food prices via demand. The increase in wages has a larger impact on Slovenian prices because households allocate a larger share of their income to food purchases. We estimate that price growth of agricultural products and faster labour costs growth contributed, on average, 0.2 and 0.1 percentage points respectively to the overall difference in food price growth in 2025 (see Figure 1.2.2.2).

The unexplained part of the differential, i.e. 0.7 of the total 2.2 percentage points, reflects potential nonlinear relationships among the key food price determinants that are not captured by the linear model. Moreover, the divergence could be related to market-specific characteristics, particularly the distribution of market shares, retailers' behaviour and profit margins, which were not captured in this analysis.

Figure 1.2.2.3: **Impulse responses of food inflation**



Sources: Eurostat, ECB, Banka Slovenije calculations.
Notes: Impulse to a 1 percentage point shock in displayed. The shaded area represents 68% and 90% confidence intervals. Model estimates refer to the period 2001–2025Q3.

[16] Rather than food commodity prices on global markets, we used prices of agricultural products in the euro area. Besides developments in prices on global markets, these prices also reflect impacts of European agricultural policy; according to the literature, they are therefore a better indicator of developments in consumer food prices.

[17] Labour costs growth, as measured by compensation per employee, has exceeded the euro area average by on average 3.0 percentage points between 2023 and 2025Q3.

The public finance deficit increased significantly amid a moderation in revenue growth and the implementation of the wage reform.

The consolidated general government deficit amounted to EUR 1 billion in the first ten months of 2025, which is around EUR 450 million more than in the same period of 2024. Over the 12 months to October, it stood at 2.0% of GDP (1.4% of GDP at the end of 2024). The bulk of the deficit originates from the state budget. In the first ten months, this amounted to EUR 912 million, while according to preliminary data it increased to EUR 976 million by November.

Revenues increased by 5.7% year-on-year between January and October. Compared with 2024, the growth of most revenue categories slowed, partly reflecting slower growth in economic activity. The largest decline was recorded in corporate income tax revenues, owing to a lower settlement for 2024. Social security contributions continue to make the largest contribution to revenue growth. Their growth in 2025 is lower due to the transitory effect of the transformation of supplementary health insurance into a mandatory health contribution in 2024, while from August onwards it has been additionally supported by payments of the new long-term care contribution. The 3.8% increase in taxes on goods and services was driven by slightly higher growth in value added tax revenues and higher inflows from the environmental tax on air pollution from CO_2 emissions (which was increased in September last year), while excise duty revenues were lower. Following the indexation of the personal income tax brackets and allowances, the growth of personal income tax revenues was lower. In 2025, a temporary tax on total assets of banks and savings banks was assessed and paid for the first time, intended to finance post-flood reconstruction. Revenues from the EU budget were significantly lower.

Expenditure was 7.5% higher year-on-year over the same period. The largest contribution to the increase came from compensation of employees, which rose by 12.1%, reflecting the implementation of the wage reform, as well as wage adjustment in June 2024, promotions at the end of 2024 and growth in employment. Expenditure on pensions was 7.2% higher, owing to both the regular indexation of pensions and an increase in the number of pensioners. Current payments to other institutions performing public services that are not indirect budget users increased significantly; these include transfers for the provision of public passenger transport services and compensation to the Šoštanj Thermal Power Plant. In the absence of extraordinary measures (related to mitigation of high energy prices and floods), subsidies were lower than a year earlier, while interest payments (4.6%) and capital expenditure and transfers (8.3%) were higher.

2 Projections

Following weak economic developments in 2025, GDP growth is projected to strengthen again over the projection horizon, supported primarily by the government investment cycle and the stabilisation of conditions in international trade. In the light of ongoing labour shortages and expected below-average employment growth, the recovery in economic growth will be strongly contingent on an improvement in labour productivity. Stronger productivity growth will also play an instrumental role in containing the impact of elevated wage growth on inflation and supporting convergence towards the 2% price stability objective.

2.1 Economic activity

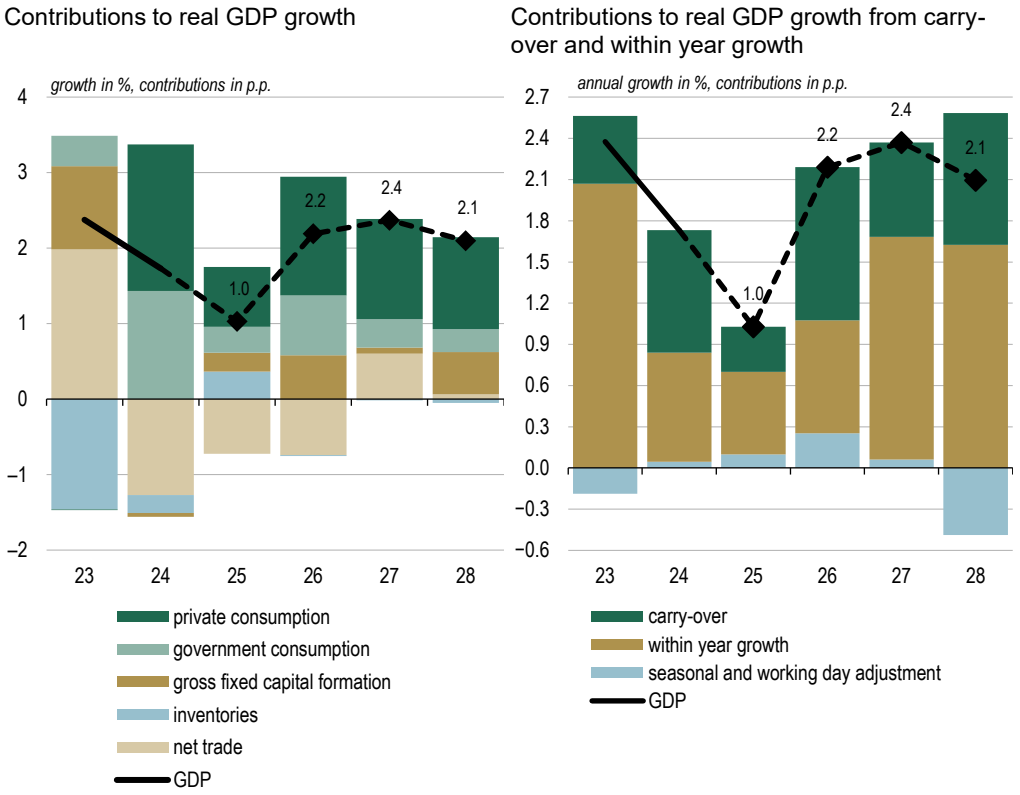
Economic growth will be low in 2025, at 1.0%, and is projected to strengthen again to above 2% over the period 2026–2028. In 2026, the acceleration in growth will be based primarily on the role of the government, while in the subsequent years growth is expected to become more balanced and sustainable.

After modest growth of 1.0% in 2025, GDP is projected to increase by 2.2% in 2026 and by a further 2.4% and 2.1% in 2027 and 2028 respectively (Figure 2.1.1, left-hand panel). The low growth in 2025 reflects the contraction in economic activity at the beginning of the year, which, amid a marked increase in uncertainty, was characterised primarily by weaker investment and subdued household consumption. With a gradual improvement in consumer confidence, economic activity recovered in the second quarter and strengthened further in the third quarter with the launch of a new government investment cycle and a rebound in construction activity. Government investment, supported by accelerated absorption of EU funds, will remain an important driver of economic growth in 2026. As trade uncertainty dissipates and the effects of past monetary policy easing continue to pass through, a more pronounced recovery in private investment growth is also expected in 2026. Strong investment growth, particularly on the government side, is also envisaged in some of Slovenia's most important trading partners, especially Germany, which, together with the stabilisation of conditions in international trade, will support export demand in Slovenia. In line with this, net trade is expected to make a positive contribution to economic growth from 2027 onwards, more than offsetting the decline in government investment following the expiry of the EU Recovery and Resilience Facility (NGEU). Over the entire projection horizon, private consumption is nevertheless expected to remain the main driver of GDP growth, supported by a robust labour market and the projected continued growth in real disposable income.

Despite the relatively strong rebound in growth in 2026, the underlying narrative surrounding the projections continues to point to only a gradual strengthening of economic activity. A more detailed breakdown shows that around half of the projected growth reflects a technical carry-over effect, or base effect, from the previous year (Figure 2.1.1, right-hand panel). Moreover, projected growth in 2025 and 2026 is heavily conditioned on government activity, both directly, through government investment and consumption, and indirectly through its impact on private consumption growth, which will

be driven to a significant extent by wage growth in the public sector and the introduction of the winter allowance. By contrast, conditions in the private sector are expected to remain challenging at the turn of the year. More balanced and more sustainable economic growth from a public finance and external trade perspective is therefore projected only from 2027 onwards.

Figure 2.1.1: **Drivers and decomposition of GDP growth**



Sources: SURS, Banka Slovenije calculations.

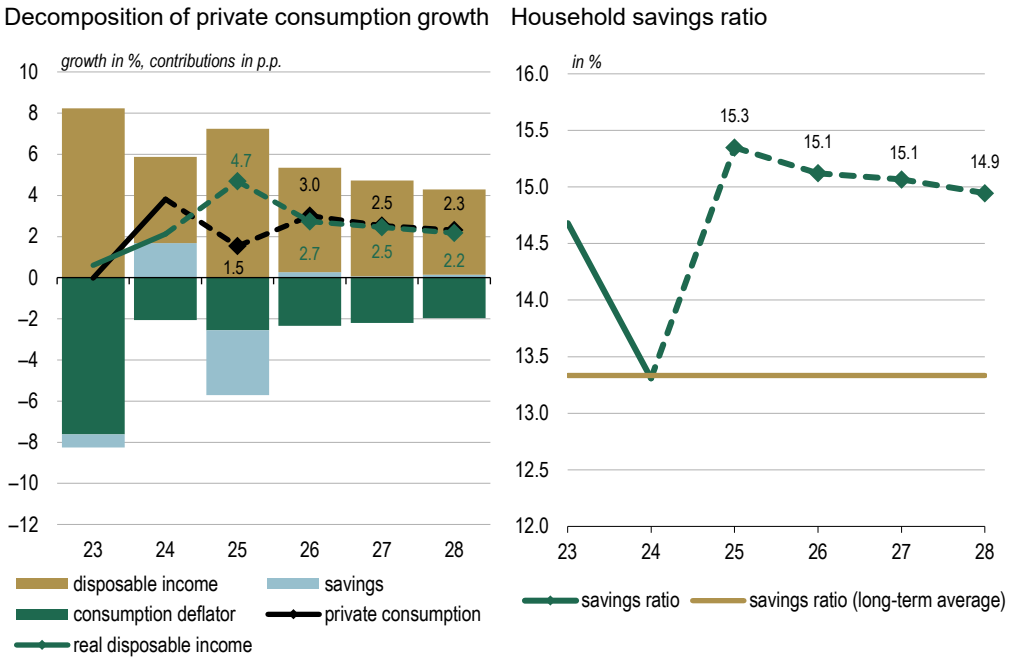
Underlining the deterioration in consumer confidence at the beginning of the year, growth in private consumption is expected to remain relatively subdued in 2025, at 1.5%. Over the remainder of the projection horizon, it is projected to strengthen again to around 2.6%.

Following the strong recovery in private consumption at the beginning of 2024, households continued to record moderate consumption growth over the first three quarters of 2025, despite robust growth in real disposable income. These developments primarily reflect persistently subdued consumer confidence, present since mid-2024, which at the beginning of 2025 was largely associated with elevated unemployment expectations. Business tendency data indicate that, since August 2025, households have become markedly less pessimistic about labour market conditions, which has contributed to an improvement in consumer confidence. This points to a gradual strengthening of private consumption towards the end of 2025, supported by the second tranche of wage indexation in the public sector and the payment of the winter allowance, the effects of which will also strongly spill over into the beginning of 2026. Private consumption growth is expected to reach 1.5% in 2025, which is 0.4 percentage points higher than projected in June. Alongside a further improvement in consumer confidence and the modest tax relief resulting from the partial indexation of personal income tax allowances

and tax brackets in line with average wage growth, private consumption growth is projected to reach 3.0% in 2026, before gradually moderating to around 2.4% over the remainder of the projection horizon. This trajectory aligns closely with the foreseen growth of real disposable income over the same period (Figure 2.1.2, left).

The household saving ratio is expected to increase to 15.3% in 2025, which is around 2 percentage points above its long-term average, reflecting subdued growth in private consumption alongside a strong growth in real disposable income. This increase primarily reflects precautionary behaviour by households amid heightened concerns about unemployment in the first half of the year, as well as a stronger orientation towards investment, as indicated by an increase in deposits, a strengthening of investment in financial assets and growth in housing loans. Despite the gradual strengthening of private consumption from 2026 onwards, the household savings ratio is expected to remain relatively elevated. Over the period 2026–2028, it is projected to average 15.0%, which is around 1.7 percentage points above its long-term average (Figure 2.1.2, right).

Figure 2.1.2:
Decomposition of private consumption growth and the household savings ratio



Sources: SURS, Banka Slovenije calculations and projections.
Note: In the right-hand chart, the long-term average is calculated for the period 1995–2019 and amounts to 13.3%.

The positive contribution of the general government sector to economic growth through consumption and investment is expected to be more pronounced in the first part of the projection horizon.

Government consumption is expected to grow more moderately in the projection period than last year, averaging 2.2%.[18] It is projected to be highest in 2026, due to further implementation of long-term care entitlements. Slower uptake of these entitlements, particularly in the context of home care, is also the main reason for the revision of real

[18] Last year's 7.3% growth was largely driven by the one-off impact of transforming supplementary health insurance into a compulsory health contribution.

government consumption growth over the projection horizon.[19] In contrast, nominal growth will be high, especially in 2025, at around 10%, mainly reflecting a significant increase in compensation of employees, which, among other factors, captures the effects of the wage reform and the introduction of a new winter allowance entitlement.[20] Government consumption is also rising due to a further increase in the number of employees, which is estimated at just over one percent per year on average. By the end of the projection period, the growth of government consumption is expected to slow as the effects of the implementation of long-term care reform diminish and projects financed under the NGEU programme, expiring in 2026, are gradually completed.

Government investment growth will support economic activity primarily in 2025 and 2026, as the absorption of funds from the NGEU programme is being completed and the effects of the electoral cycle will also be present. In 2027, its contribution to GDP growth will turn negative, reflecting the largely completed investment linked to the NGEU programme and the pre-election period. Investment growth is expected to resume in 2028, when the absorption of EU funds is set to accelerate as the end of financing under the EU financial framework approaches. Over the entire projection horizon, government investment will be underpinned by increased defence expenditure, while investment related to post-flood reconstruction following the August 2023 floods will gradually decline. According to the projections, real government investment growth is expected to reach 6.1% in 2025 and 2.7% in 2026, followed by a decline of 5.9% in 2027 and a renewed increase of 2.0% in 2028. Government investment will remain at a relatively high level, averaging around 5% of GDP.

Box 2.1.1: **Projections of general government balance and debt**

Over the projection horizon, the general government deficit is projected to approach 3% of GDP, reflecting the implementation of the wage reform and an increase in defence expenditure, while the decline in the general government debt-to-GDP ratio is expected to slow.

The general government deficit is expected to increase significantly in 2025 and 2026 but to remain below 3% of GDP throughout the projection horizon (Figure 2.1.1.1, left). Widening of the deficit in 2025 mainly reflects the implementation of the wage reform and less favourable cyclical conditions, with the introduction of a new entitlement, i.e. winter allowance for employees, also contributing to the deterioration.[21] The adopted pension reform, which systematically regulates the entitlement to a winter allowance

[19] Home-based long-term care was introduced in July 2025 (together with the entitlements to e-care and services supporting the maintenance and strengthening of independence), but the approval procedures are proceeding only slowly. In December 2025, the entitlements to institutional care, daily long-term care and cash benefits came into effect. The new entitlements are financed through the long-term care contribution, which has been in place since July 2025.

[20] In line with the wage reform, the first two of six planned wage increases were implemented in January and October 2025 (the last one is scheduled for January 2028). Compensation of employees is expected to rise most sharply in 2025, exceeding previous estimates, mainly due to higher-than-anticipated wage increases and the introduction of the winter allowance for employees. In 2026–2028, wages will also be adjusted in line with consumer price growth (in 2026 for the difference above the previous year's 1.8 percent increase, in 2027 for the difference above 1.6 percent and in 2028 for the difference above 1.0 percent).

[21] Due to the reform of the public sector pay system and the newly introduced entitlement to a winter allowance for employees, compensation of employees in the general government sector is estimated to rise by almost 1 percentage point of GDP in 2025, followed by a further increase of 0.4 percentage points of GDP by the end of the projection horizon. The winter allowance for employees represents a new entitlement for all workers and is set at half of the minimum wage (EUR 638.86 in 2025). Overall, around EUR 120 million will be disbursed to public sector employees. As the winter allowance is tax-exempt, general government revenues will be lower (according to estimates in the draft legislation, revenues from social security contributions are expected to decline by EUR 75 million in the first year of implementation, while corporate income tax revenues are projected to fall by around EUR 10 million).

for pensioners, will further increase general government expenditure and the deficit in the short term, while improving the long-term sustainability of the pension system.[22] In the coming years, we expect a further increase in the share of compensation of employees in GDP, while the continued implementation of long-term care entitlements will also exert an additional adverse impact on the general government balance. Following the completion of the NGEU programme, a slight improvement in the balance is expected in 2027. Measures to mitigate high energy prices, which amounted to around 0.2% of GDP in 2024, remain in place in 2025 and will also be present in 2026, although their scale has been substantially reduced.

Compared to the June projections, the general government deficit is expected to be higher throughout the entire projection horizon. This reflects stronger growth in compensation of employees, partly due to the introduction of the winter allowance, as well as higher investment expenditure. Defence spending is accounted for in line with the estimates of the Draft Budgetary Plan 2026.[23] Government investment is expected to be lower than official estimates, though remaining at historically relatively high levels.

General government debt as a share of GDP will continue to decline, driven by GDP growth, while primary deficits and interest payments will contribute to an increase in debt (Figure 2.1.1.1, right). The debt-reducing effect of GDP growth will become less favourable towards the end of the projection horizon, as nominal GDP growth is expected to slow somewhat. Deficit-debt adjustments are projected to have an approximately neutral impact on debt over the projection period.[24] According to the projections, debt as a share of GDP will fall to its pre-pandemic level in 2025, followed by a further gradual decline to 63.6% of GDP by the end of the projection horizon.

The general government deficit is projected to be lower in 2025 and 2026 than the government's estimates in the 2026 Draft Budgetary Plan, which envisages a deficit of 2.4% of GDP in 2025 and 2.8% of GDP in 2026. The European Commission also expects a lower deficit than the government, at 2.2% of GDP and 2.3% of GDP respectively, and likewise projects lower investment growth than the government's estimates. Regarding the general government debt, both Banka Slovenije's projections and those of the European Commission are below the government's estimates for 2025 and 2026.

As the deficit increases, fiscal space for countercyclical policy is narrowing. At the same time, public finances remain exposed to a number of risks, which currently appear to be lower than during the recent major crises.

In addition to general geopolitical and macroeconomic risks, projections for the general government balance have recently been increasingly influenced by the need to increase defence expenditure, for which an approved national escape clause facilitates compliance with fiscal rules up to and including 2028.[25] Other risks relate to the imple-

[22] The winter allowance is a new entitlement for pensioners agreed by the social partners as part of the measures under the pension reform adopted in autumn 2025. In 2025, its payment is governed by the Act on the entitlement to a winter allowance and the reform of the determination of the tax base with consideration of standardised expenses, while going forward it is systemically regulated by the pension reform (Act amending the Pension and Disability Insurance Act (ZPIZ-2O)). The first payment, scheduled for December 2025, in the amount of EUR 150, is estimated to total EUR 87.5 million.

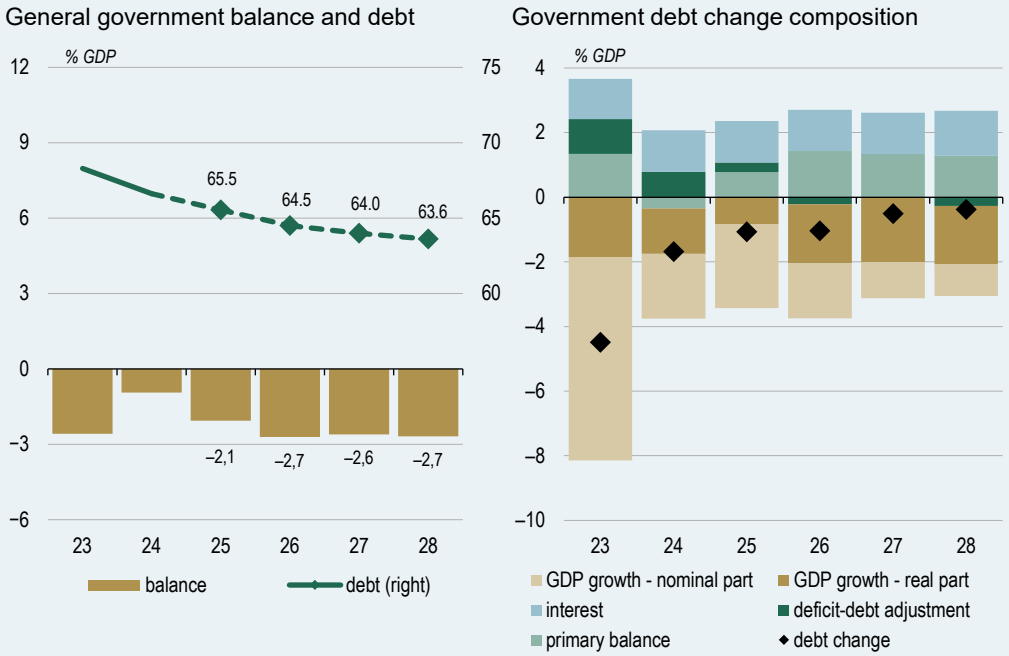
[23] The Draft Budgetary Plan of the General Government sector 2026 was adopted by the government in October 2025.

[24] Deficit-debt adjustments comprise changes that do not arise from the government balance. These include, for example, the assumption of debt, government borrowing that is not fully synchronised over time with the emergence of deficits or with the redemption of debt, statistical and methodological requirements related to the recording of debt and balance items, etc.

[25] In 2025, the European Commission approved the use of the national escape clause for Slovenia and 15 other EU Member States for the period 2025–2028. This allows for higher growth in so-called net expenditure compared with the limits

mentation of post-flood recovery measures, the introduction of the long-term care system, the execution of planned investment projects, potential measures during the pre-election period and the form of introducing ETS 2 emission coupons. With regard to the NGEU programme, it is expected that the absorption of funds will be completed in full by the end of the programme in 2026.[26] Overall, risks are currently somewhat less pronounced than during the pandemic or the energy crisis, both of which required a stronger fiscal response. Due to the increase in the deficit towards 3% of GDP over the projection horizon – partly reflecting higher current expenditure, particularly related to compensation of employees –, fiscal space for countercyclical policy in the event of larger shocks is diminishing, despite low unemployment and strong wage growth. However, debt could be lower than projected in the coming years if the government utilises already accumulated cash reserves.

Figure 2.1.1.1: **General government balance and debt and brakedown of changes in government debt**



Sources: SURS, Banka Slovenije calculations and projections.

Private investment is expected to decline slightly in 2025 due to heightened uncertainty in the international environment. Over the remainder of the projection horizon, investment is anticipated to strengthen as the economies of key trading partners gradually stabilise.

Amid heightened uncertainty in the international environment, private investment has been weak in 2025. Given the markedly negative carry-over from 2024, it is expected to decline by 0.3% (see Figure 2.1.3, left). The business investment environment has remained largely unfavourable, with firms in manufacturing citing uncertain economic

set in the adopted Medium Term Fiscal Structural Plan, which is key for compliance with EU fiscal rules. As part of the assessment of the Draft Budgetary Plan 2026, the European Commission, despite the application of the national escape clause, concluded in the autumn that there is a risk of higher growth in net expenditure than the permitted limit (including the increased growth allowed for defence spending). For countries where there is a risk of deviating from the rules, the European Commission expects the adoption of measures ensuring that no deviation occurs in 2026. Once the national escape clause expires, Member States will need to adjust their budgets to accommodate higher defence expenditure.

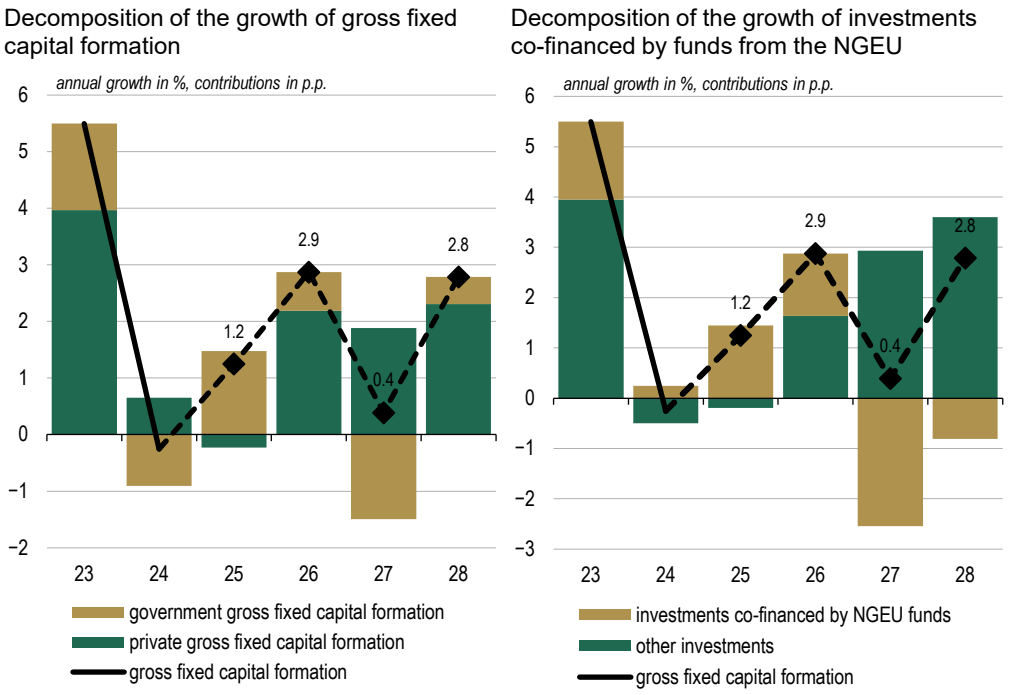
[26] In October, the government adopted the fourth amendment to the Recovery and Resilience Plan and submitted it to the European Commission for approval. With this amendment, the drawdown of loans is reduced from EUR 613 million to EUR 530 million, while the drawdown of grants remains unchanged at EUR 1,613 million. Considering the proposed amendment, Slovenia had drawn 72% of the available funds by the end of November 2025.

conditions, as well as insufficient foreign and domestic demand, as the main factors constraining their activity. Consequently, risks to business investment growth, similarly to June, remain tilted to the downside.

Similarly, growth in residential construction remains subdued, and no pronounced recovery is observed in the number of building permits issued, which, according to GURS data, reflects a shortage of buildable land and lengthy permit allocation procedures. Given the unfavourable dynamics of housing investment in the first three quarters of 2025 and the markedly negative carry-over from 2024, housing investment is expected to decline by 9.0% in 2025. Supply side constraints, together with favourable mortgage interest rates and the continued growth in households' real disposable income, will continue to support persistently elevated growth in residential property prices.

In the period 2026–2028, growth in private investment is expected to strengthen gradually. More favourable borrowing conditions for firms and households compared with previous years, higher expected corporate profits and, as uncertainty fades, a gradual strengthening of activity among key trading partners will play an important role. In 2026, growth in private investment will also be supported by the absorption of funds from the NGEU programme, while their expiry will constrain growth in subsequent years (see Figure 2.1.3, right). Taking these factors into account, growth in private investment is projected at 2.9%, 2.5% and 3.0% in 2026, 2027 and 2028 respectively.

Figure 2.1.3: **Growth in gross fixed capital formation and the contribution of the NGEU programme**



Sources: SURS, Ministry of Finance, RRO, Banka Slovenije calculations and projections.
Note: Due to rounding, the sums of the components may not correspond exactly to the aggregate values.

Box 2.1.2: **Impact of expansionary fiscal policy in Germany on the Slovenian economy**

With the aim of addressing structural challenges and stimulating the subdued economic growth, the German government has relaxed fiscal rules in 2025 and, in the coalition agreement, is planning a substantial increase in public sector demand in the coming years.[27]

The German economy is facing multitude of adverse structural challenges, including declining export competitiveness, slowing productivity growth, energy dependence and demographic pressures. Against the backdrop of these long-term trends, it became particularly vulnerable after the pandemic to a sequence of shocks, including economic shutdowns, supply chain disruptions, high energy prices, the tightening of trade policies and increasing competition from China in Germany's traditional export markets. To address competitiveness challenges and stimulate economic activity, the German government plans a substantial increase in public investment in the coming years, primarily directed towards infrastructure projects and defence capabilities. According to the latest projections by the German central bank, fiscal stimulus measures in Germany are expected to increase the government deficit by 3 percentage points of GDP by 2028.[28]

An expansionary economic policy in Germany will affect the Slovenian economy both directly and indirectly through its broader impact on the European economy.

Germany accounts for approximately one-quarter of the total EU economy and is at the same time Slovenia's most important trading partner. The impact of German fiscal stimulus on the Slovenian economy is therefore expected both in terms of increased demand from Germany and through spillover effects on other EU countries. To analyse the overall impact of Germany's expansionary fiscal policy on the Slovenian economy, we employ a multi-country empirical model, namely the Bayesian Global Vector Autoregression (BGVAR) model. The BGVAR model represents a stacked structure of individual country models, which are generally specified as follows:

$$\Phi_i(L_p)X_{it} = \Psi_i(L_q)X_{it}^* + e_{it},$$

where X_{it} is a k-dimensional vector of domestic variables, X_{it}^* denotes a weighted average of foreign variables, $X_{it}^* := \sum_{j\neq i}^{N} \omega_{ij} X_{jt}$, where the weights, ω_{ij}, are based on bilateral trade shares between countries,[29] such that $\sum_{j\neq i} \omega_{ij} = 1$. The operators $\Phi_i(L_p)$ and $\Psi_i(L_q)$ represent polynomials of lagged dynamics of domestic and foreign variables respectively. The estimated BGVAR model includes EU countries, the US and China. In the case of Germany, the vector of domestic variables includes the logarithm of government expenditure (consumption and investment), the cyclically adjusted government deficit (expressed as a share of GDP), the logarithm of GDP, the logarithm of the HICP index and the short-term interest rate, in that order. For other countries, the vector

[27] More information on Germany's medium-term fiscal policy plan is available at the following link:: German Medium-Term Fiscal-Strucktural Plan | Bundesregierung.

[28] The Bundesbank projections are available at the following link: Forecast for Germany: US tariffs initially weigh on economic growth; fiscal policy provides impetus with a delay | Bundesbank publications.

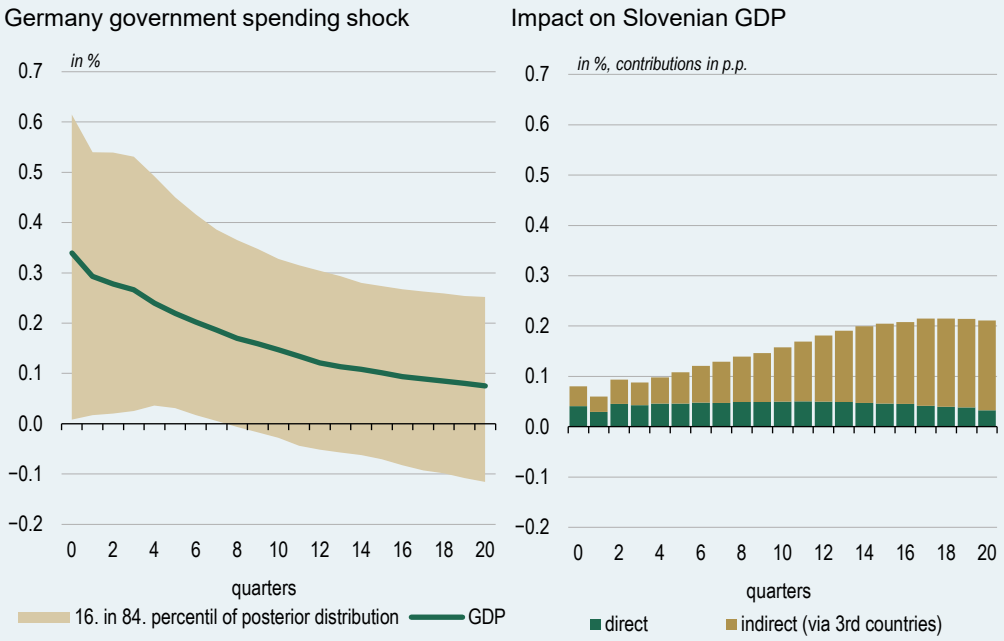
[29] In the model, we use trade shares from 2019.

of domestic variables includes only the logarithm of GDP and the logarithm of the HICP index. Foreign variables in all cases refer to the logarithm of GDP and the logarithm of the HICP index. The model is estimated with four lags for domestic variables and one lag for foreign variables. The fiscal shock in Germany is identified using a recursive identification method, considering the ordering of variables as specified above.

Empirical estimates show that the peak response of economic activity in Slovenia to increased fiscal spending in Germany is comparable to the response of German GDP to the same stimulus.

Figure 2.1.2.1 (left) shows that a one percent increase in the level of government expenditure, including both public consumption and investment, raises GDP in Germany by approximately 0.3% in the first period. The effect on the level of GDP gradually fades and amounts to 0.1% by the end of the four-year horizon. Figure 2.1.2.1 (right) shows that higher economic activity in Germany is increasingly transmitted to the Slovenian economy over time, with the largest effect reached after seven quarters, when GDP increases by 0.2%. The effect is relatively persistent and, by the end of the horizon, fully matches the response of German GDP. Approximately one-third of the response of Slovenian GDP is attributable to direct effects of higher demand in Germany, while the remaining part reflects spillover effects from other countries included in the model. The relatively large multiplier effect for Slovenia is consistent with empirical findings in the literature, which indicate that indirect spillover effects are much stronger for small countries than for large economies.[30] The reason for this is the proportionally greater export exposure of small countries to the shock-originating country than vice versa. Consequently, the overall multiplier effect in the country of origin is relatively more strongly constrained by the import content of higher domestic demand.[31]

Figure 2.1.2.1: **Impact of a 1% increase in German government expenditure on economic activity in Germany and Slovenia.**



Sources: Eurostat, Banka Slovenije calculations.
Note: The model is estimated on the period Q1 1999 to Q4 2024.

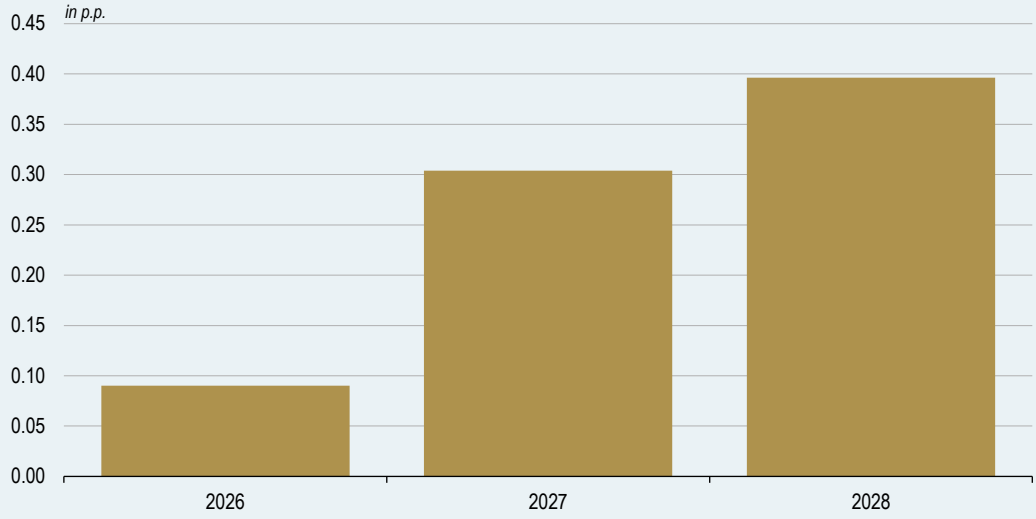
[30] Estimates of the effects of a fiscal shock in Germany on European countries from Eller et al., 2017 show that the responsiveness of GDP in the case of Slovenia is among the highest in Europe and comparable to the response of GDP in Germany.

[31] Relatively larger responses of macro-financial variables in small countries compared with the shock-originating country were identified in the study Fadejeva et al., 2017.

A conditional forecast based on the GVAR model indicates that additional government spending in Germany could, on average over the period 2026–2028, increase GDP growth in Slovenia by 0.25 percentage points.

Figure 2.1.2.2 shows the impact on GDP growth in Slovenia associated with relatively higher growth in government demand in Germany compared with previous projections.[32] In this context, the additional fiscal stimulus in Germany is defined as the difference in the projected growth of government investment between the European Commission's spring and autumn projections. While the spring forecasts projected government investment growth of around 3.3% from 2026 onward, the latest European Commission projections revised growth in 2026 up to 10.1%, with investment growth of 6.0% projected for 2027.[33] To assess the impact on economic activity over the forecast horizon, we therefore assume additional fiscal stimulus in Germany in 2026 in the form of approximately 7 percentage points higher growth in government investment relative to the unconditional forecast; in 2027, the stimulus amounts to investment growth that is 3 percentage points higher, while in 2028 we assume growth in line with the unconditional model forecast. According to the estimated empirical model, higher government spending in Germany could, on average over the period 2026–2028, increase GDP growth in Slovenia by 0.25 percentage points, with most of the estimated effect concentrated in 2027 and 2028.

Figure 2.1.2.2: **Impact of German fiscal stimulus on the Slovenian economy in 2026–2028**



Sources: Eurostat, Banka Slovenije calculations.

[32] The conditional forecast approach follows Wagonner and Zha, 1999.

[33] Country fiscal projections are available at: AMECO database - Economy and Finance - European Commission.

Box 2.1.3: **Impact of defence expenditure on GDP growth**

An increase in defence expenditure will, given the low level of domestic production of military equipment and limited production capacities, contribute only moderately to economic activity.

Slovenia, similarly to a number of other NATO and EU Member States, plans to increase defence expenditure over the medium term with the aim of strengthening security and fulfilling commitments. Higher defence spending may temporarily stimulate economic activity. However, given limited domestic capacities and low domestic production of military equipment, the expected effects are relatively contained. The net impact on GDP will largely depend on the import content of procurement and on the composition of expenditure between compensation of employees in the armed forces, intermediate consumption and investment.

International empirical and model-based analyses point to moderate defence spending multipliers and heterogeneous effects depending on the composition of the expenditure package.

International empirical and model-based studies generally find positive defence spending multipliers, which are on average lower than those observed for other categories of government expenditure, mainly because military equipment is capital-intensive and highly import-dependent. Earlier macroeconomic analyses based on US data point to relatively low multipliers. Hall (2009) estimates a multiplier of around 0.6, while Barro and Redlick (2011) place it in the range between 0.4 and 0.7, depending on the identification approach. Structural models for small open economies emphasise the role of leakages from economic activity through imports and limited domestic production. Ilzetzki, Mendoza and Végh (2013) show that fiscal multipliers in highly open economies can decline significantly, particularly when domestic supply is constrained.

Studies by individual expenditure components point to pronounced heterogeneity of effects. Domestically oriented items, such as expenditure on employees in the armed forces and services provided by domestic suppliers, typically generate higher domestic multipliers, often in the range of 0.8 to 1.2, while large-scale procurement of military equipment, particularly when imported, yields almost zero or only mildly positive multipliers, around 0 to 0.2 (see, for example, Muratori, 2023, Sarasa-Flores, 2025, and Swedbank, 2025). The phase of the business cycle and the mode of financing also play an important role. Multipliers are usually higher in periods of low capacity utilisation and lower during cyclical upswings, as shown by Auerbach and Gorodnichenko (2012), while the impact on GDP is even weaker when defence expenditure is financed through direct tax increases rather than through temporary borrowing.

The increase in defence expenditure will be mostly reflected in investment, which will lead to a gradual decline in the share of defence expenditure allocated to compensation of employees in the armed forces and to intermediate consumption.

The Resolution on the General Long-Term Development and Equipping Programme of the Slovenian Armed Forces up to 2040[34] (adopted in 2025) envisages a gradual increase in defence expenditure to 2% of GDP in the current year,[35] followed by a further rise towards 3% of GDP by 2030. In line with the resolution, at least 20% of annual defence expenditure should be allocated to investment in military equipment, while at least 2% should be devoted to research, development and innovation. According to our estimates, also due to tightness in the labour market, additional defence spending will be channelled primarily into investment expenditure. This points to a shift from a structure dominated by compensation of employees and current maintenance towards one with a higher share of investment, while the remaining expenditure will continue to increase despite its declining share.

The assessment of the impact of defence expenditure takes into account both the composition of spending and the high import intensity of defence investment and points to relatively limited contributions to GDP growth.

The macroeconomic effects of fiscal expenditure directed towards defence[36] are assessed using the methodology of Arigoni et al. (2025), which finds markedly reduced fiscal multipliers for Slovenia as a small open economy due to leakages through external trade. This channel is particularly important for defence expenditure, as a large share of investment goods is imported. The simulations therefore assume that the import share of investment in military equipment amounts to around 80%, which is consistent with historical procurement patterns.[37] At the same time, additional expenditure on compensation of employees and intermediate consumption is assumed to support GDP in a manner similar to standard fiscal stimulus measures, as this expenditure is predominantly domestic in nature.

The estimated contributions of defence expenditure to GDP growth are presented in Figure 2.1.3.1 and confirm the importance of the import component in military procurement, which dampens the stimulative effects of such fiscal measures. In addition to the negative contribution from external trade, expenditure on military equipment has smaller spillover effects into private spending compared with standard forms of government consumption, which further reduces the otherwise positive multiplier effect on GDP. This is particularly the case for the expenditure structure assumed in this analysis, which assumes that increases over the projection horizon will be channelled to a greater extent into investment and equipment procurement and to a lesser extent into

[34] The Resolution on the General Long-Term Development and Equipping Programme of the Slovenian Armed Forces up to 2040.

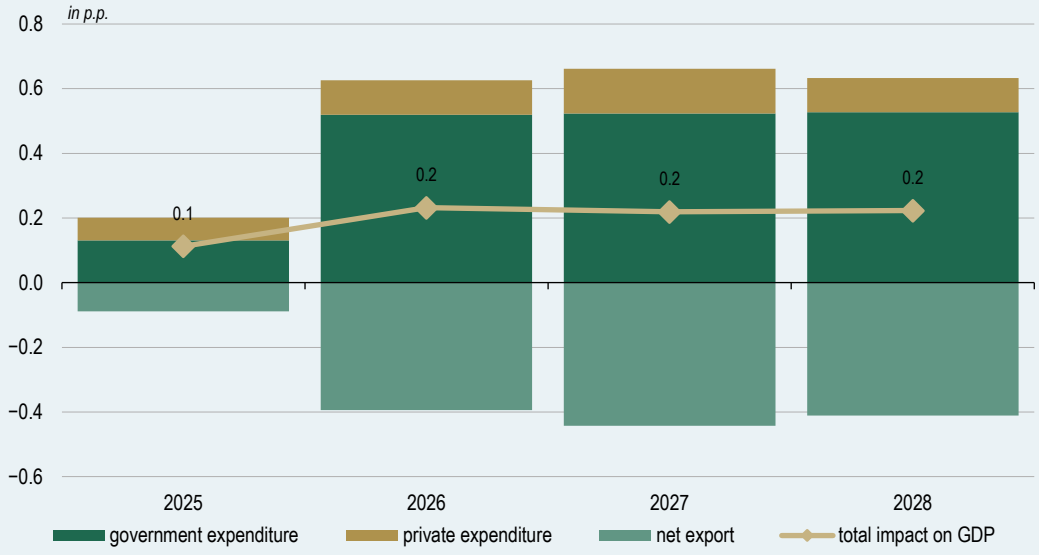
[35] Defence expenditure in the current year amounts to 2% of GDP. This figure is calculated in accordance with NATO methodology, which implies that expenditure is recorded on a cash flow basis.

[36] Changes in defence expenditure are based on data compiled in accordance with the ESA methodology, which takes into account the expected delivery of goods and produces figures lower than estimates based on the cash flow principle at the beginning of the period of increasing defence expenditure. Up to 2026, the increase in defence expenditure follows the ESA-based figures as set out in the draft budgetary plan. Subsequent increases are aligned with the expenditure path envisaged in the resolution, with the assumption that they will relate primarily to investment.

[37] The estimate of the import intensity of military equipment is based on data from the Eurostat COMEXT database and NATO data.

compensation of military personnel. Over the projection horizon, the estimated contribution to GDP growth therefore remains limited and amounts to around 0.1 percentage points in 2025 and about 0.2 percentage points in the remainder of the period.

Figure 2.1.3.1:
Contributions of defence expenditure to annual GDP growth by expenditure side components



Source: Banka Slovenije calculations.
Note: Government expenditure includes both investment and consumption. Private expenditure likewise includes private investment and consumption.

Following a decline in 2025, international activity is expected to strengthen gradually and to make a positive contribution to economic growth again from 2027 onwards.

The export sector is facing a number of challenges and risks, stemming primarily from weaker demand in our key trading partners, protectionist measures in the US and the increased risk of a redirection of Chinese exports from the US to the European market. Accordingly, export activity was weak in the first half of the year (0.5% year-on-year growth), while trends deteriorated further in the third quarter, when real exports were 1.2% lower than in the same period last year. The decline was driven mainly by goods exports, which account for more than three-quarters of total exports and decreased by 0.6% over the first three quarters, while services exports increased by 2.1% year-on-year over the same period. After an initial acceleration at the beginning of 2025, reflecting frontloaded activity in our trading partners ahead of the expected introduction of tariffs, year-on-year growth in global demand slowed markedly in the second and third quarters and is well below long-term averages. Export orders have also declined, while the first signs of an improvement in export prospects are partly reflected in expected production, which has increased in recent months (Figure 2.1.4, left).

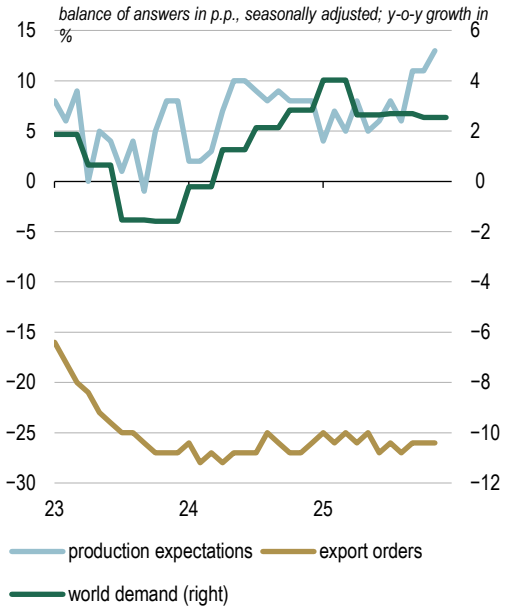
Due to subdued foreign demand – particularly from Germany and France – together with stagnating export orders and the appreciation of the exchange rate, export growth is expected to reach 0.2% in 2025. This is 0.6 percentage points lower than the June projection and below the projected growth of foreign demand (Figure 2.1.4, right). In the context of weaker export activity, the projection for import growth has also been revised slightly downwards and is expected to increase by 1.1% in 2025. As a result, the contribution of net trade to GDP growth will remain negative in 2025 (–0.7 percentage points).

In line with the projected developments in foreign demand and relative export prices, export growth is expected to accelerate to 3.1% in 2026 and to strengthen further to 4.9% in 2027, before stabilising at 4.7% in 2028. With the expected recovery in domestic demand, import growth is projected to accelerate to 4.3% in 2026 and 4.5% in 2027, before reaching 4.9% in 2028. Growth in international trade is thus expected to stabilise around its medium-term average over the 2013–2024 period towards the end of the projection horizon.

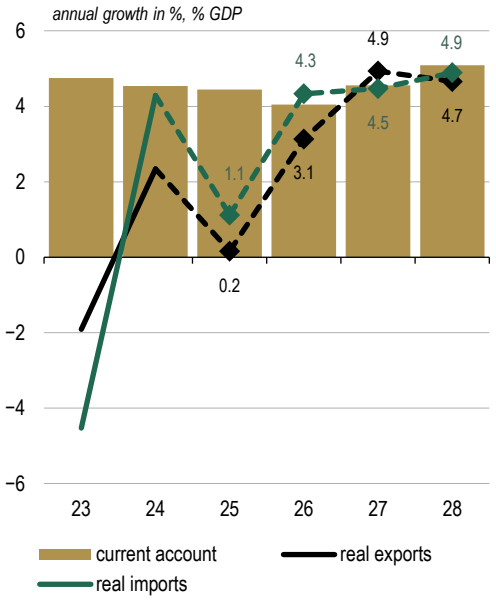
Given this trend, the contribution of net trade to GDP growth will be negative in 2025 and 2026. Towards the end of the projection horizon, it is expected to improve again, supported by a stabilisation in international trade conditions and a recovery in the growth of foreign demand, and to positively contribute to economic growth in 2027 and 2028 (0.6 and 0.1 percentage points respectively).

Figure 2.1.4: **International trade**

Export orders, production expectations and growth of world demand for Slovenia



Export, import and current account balance



Sources: SURS, ECB, Banka Slovenije projections.

Compared with June, the December projection for economic growth is lower by 0.3 and 0.2 percentage points for 2025 and 2026 respectively, while it remains unchanged for 2027.

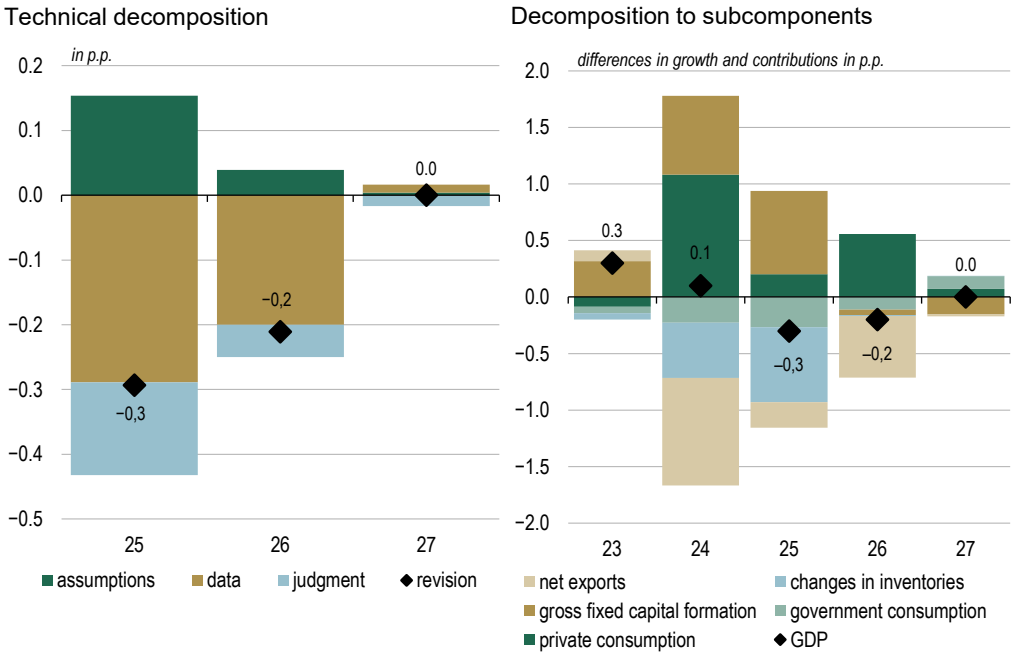
From a technical perspective, the downward revision to the projection for 2025 primarily reflects a smaller-than-expected revision to first quarter data, which had underpinned the more favourable assessment in the June projections. In addition, the recovery in economic activity over the remainder of the year has been weaker than anticipated (see Figure 2.1.5, left). Both factors reflect the prolonged persistence of trade-related and geopolitical uncertainty, which, relative to the June projections, is manifested in a lower contribution from net trade, partly also owing to weaker out-turns in 2024 (see Figure 2.1.5, right). By contrast, the contribution of gross fixed capital formation in 2025 is somewhat higher than expected in June, primarily due to government investment, which has strengthened from the second quarter onwards with the launch of a new government investment cycle. Despite a more pronounced decline in the first quarter,

private investment has proved more resilient to the persistent challenges in the international environment than anticipated in June, which is consistent with the revision to the contribution of changes in inventories. The smaller revision to the contribution of private consumption reflects a partial carry-over from the more favourable starting position in 2024, which mitigates the negative impact of uncertainty on consumer confidence at the beginning of 2025.

Lower-than-expected growth in international trade in the second half of 2025 and a more pronounced appreciation of the euro against the US dollar are expected to result in a slightly smaller contribution from net exports in 2026 compared with the previous projections. This effect will be mitigated to a considerable extent by more supportive growth in real wages and high employment, which are reflected in stronger growth in households' real disposable income and, consequently, a larger contribution from private consumption.

The projection for economic growth and its decomposition in 2027 remains unchanged compared with the June projection.

Figure 2.1.5: **Revision to economic growth projections**



Sources: SURS, Banka Slovenije calculations and projections.
Note: For 2023 and 2024, the revision of SURS data is shown.

2.2 The labour market

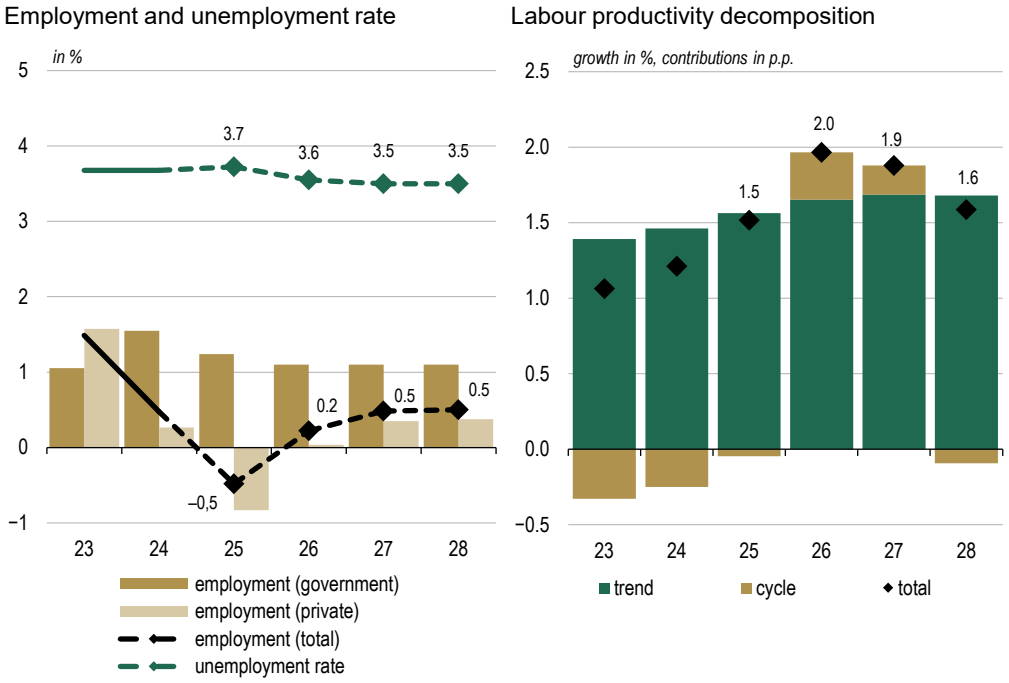
Employment is expected to decline in 2025. Over the remainder of the projection horizon, it is projected to strengthen slightly again, but growth will not reach its long-term average.

Employment will decline by 0.5% in 2025, mainly reflecting unfavourable conditions in the private sector, where it will contract by 0.8%. By contrast, growth in the public sector will remain robust at 1.2%. In 2026, in line with the expected recovery in economic activity, a gradual improvement in labour market developments is projected. Employment growth will remain modest at 0.2%, and towards the end of the projection horizon it will stabilise at 0.5%, slightly below its long-term average (Figure 2.2.1, left). The relatively modest recovery reflects labour market tightness and mismatches between

labour supply and demand. This is partly due to unfavourable demographic developments, which will continue to constrain labour supply in the future. Against the backdrop of weak employment growth and strengthening economic activity, labour productivity growth is projected to exceed the average of recent years over the projection horizon. Driven by cyclical factors related to the strengthening of economic activity, it will be particularly strong over the next two years (Figure 2.2.1, right).

According to the projections, the survey unemployment rate will stand at 3.7% in 2025. The decline in employment this year will therefore not have a significant impact on the unemployment rate, as the reduction in the number of employed persons is largely the result of retirements, which are not reflected in the survey-based unemployment statistics. By the end of the projection horizon, a further slight decline in the unemployment rate is expected, to 3.5%, in line with the strengthening of economic activity. Nevertheless, a more pronounced reduction in unemployment is not anticipated, as according to our projections employment growth will continue to stem primarily from the hiring of foreign nationals and previously inactive domestic residents.

Figure 2.2.1: **Labour market projections**



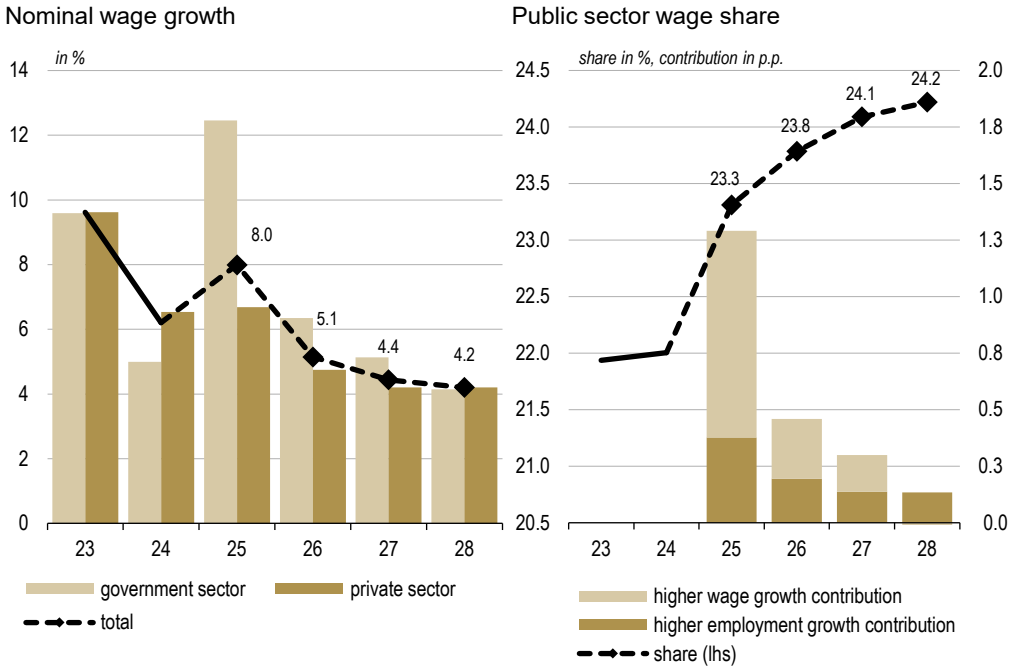
Sources: SURS, Banka Slovenije calculations and projections.
Note: An HP filter is used for the decomposition of labour productivity.

Wage growth will be high in 2025 owing to increases in the public sector. Over the projection period, it is then expected to moderate gradually and align with productivity growth.

Wage growth, as measured by compensation of employees per employee, strengthened again in 2025 and is projected to reach 8.0% (Figure 2.2.2, left). This is largely driven by strong growth in the general government sector, reflecting the implementation of the wage reform and the payment of the winter bonus. Wages in the general government sector are expected to increase by 12.5% in 2025, while growth in the private sector will be significantly lower at 6.7%. In the coming years, overall wage growth is projected to moderate gradually to a level consistent with nominal labour productivity growth. Despite the pronounced increase in wages in the general government sector

in 2025, wage growth in this sector will continue to exceed that in the private sector over the remainder of the projection horizon. At the same time, employment in the general government sector will also grow at an above-average rate, which will raise the sector's share in the total wage bill from 22.0% last year to 24.2% by the end of the projection horizon. As a result, it will approach levels that are primarily characteristic of periods of unfavourable economic conditions. The increase in the share in 2025 will mainly reflect faster growth in the average wage (Figure 2.2.2, right).

Figure 2.2.2: **Wages in the private and general government sectors**



Sources: SURS, Banka Slovenije calculations and projections.
Note: Wage growth is measured by compensation of employees per employee.

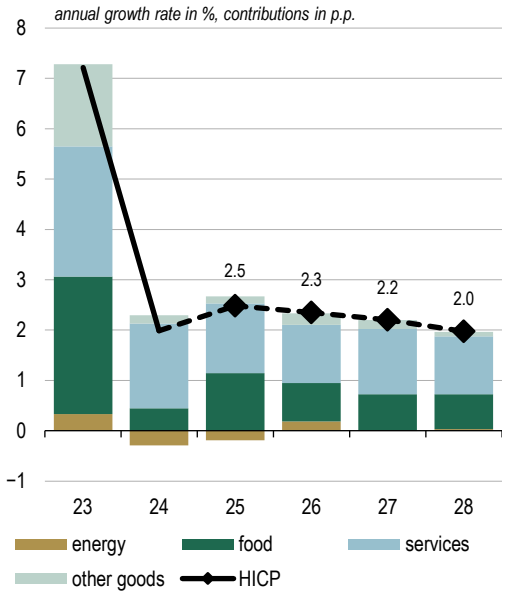
2.3 Inflation

The projected rise in headline inflation to 2.5% in 2025 is attributable to higher food inflation and a moderation in the year-on-year decline in energy prices.

Headline inflation in Slovenia, as measured by the HICP, stood at 2.0% in 2024; it remained close to this level in the early part of 2025 before accelerating slightly. The acceleration is related mainly to faster year-on-year food price growth and movements in energy prices. Energy prices lowered headline inflation in the early part of the year, but their negative contribution gradually diminished at first and then turned positive again in the final part of the year. The strengthening of year-on-year energy price growth is associated with the resumption of payments of the environmental contribution to electricity prices in July and with current price increases in motor fuels and heat energy. Headline inflation in 2025 continued to be supported by elevated year-on-year growth in services prices. Accordingly, headline inflation is projected to average at 2.5% in 2025 (see Figure 2.3.1).

Figure 2.3.1:
Decomposition of headline inflation projection

Headline inflation



Sources: SURS, Banka Slovenije calculations and projections.

With slightly lower food and services price inflation, headline inflation will average 2.2% throughout the 2026–2028 period.

Headline inflation is expected to moderate gradually over the remainder of the projection horizon. It will stand at 2.3% in 2026 and then at 2.2% and 2.0% in 2027 and 2028 respectively (see Table 2.3.1). It will be driven mainly by domestic factors related to the pass-through of labour costs into final prices, which will primarily affect developments in services prices. The introduction of the winter allowance will also have an impact, particularly in 2026. In our assessment, it is projected to add between 0.2 and 0.4 percentage points to headline inflation via higher labour costs and consumption. Labour cost growth will also have an impact, albeit to a lesser extent, on food price inflation, which will remain somewhat elevated over the projection horizon but lower than in 2025, primarily because of the expected further increase in wholesale prices of food commodities. The contribution of energy prices to headline inflation will be positive in 2026 and limited over the remainder of the projection horizon. Under the assumption of stable conditions in production chains, prices of other goods are expected to make only a limited contribution to headline inflation over the projection horizon.

Headline inflation in Slovenia is projected to average 0.4 percentage points higher than in the euro area over the 2025–2027 period and to be in line with it in 2028. Food price inflation in Slovenia will be higher than in the euro area[38] throughout the entire projection horizon, which, among other things, reflects faster labour cost growth and a stronger pass-through of higher wholesale food commodity prices into final prices in Slovenia (Box 1.2.2 compares food price developments in Slovenia and the euro area). Differences between inflation in Slovenia and the euro area will also be shaped by developments in energy prices: energy prices will widen the gap in 2026 and narrow it in 2028. Core inflation in Slovenia will be 0.1 percentage points lower than in the euro area in 2025, 2026 and 2028 and 0.4 percentage points higher in 2027.

[38] A detailed description of the inflation projections in the euro area drawn up by the ECB can be found on this link.

Table 2.3.1: **Inflation projections**

			2025		**2026**		**2027**		**2028**	
	2023	2024	**Dec**	Δ	**Dec**	Δ	**Dec**	Δ	**Dec**	Δ
annual growth in %, revisions in p.p.										
Consumer prices (HICP)	7.2	2.0	**2.5**	0.0	**2.3**	0.1	**2.2**	0.3	**2.0**	…
food	11.8	1.9	**5.1**	0.4	**3.2**	0.2	**3.0**	0.4	**2.8**	…
energy	2.2	–2.3	**–1.6**	1.0	**1.6**	0.5	**0.0**	–3.5	**0.3**	…
other goods	5.4	0.6	**0.5**	–1.1	**0.7**	0.5	**0.6**	0.2	**0.3**	…
services	7.7	4.8	**3.9**	0.3	**3.1**	–0.2	**3.4**	1.5	**3.0**	…
Core inflation indicators (HICP)										…
excluding energy and food	6.7	2.9	**2.3**	–0.4	**2.1**	0.0	**2.3**	1.0	**1.9**	…
excluding energy and unprocessed food	7.8	2.7	**2.8**	–0.3	**2.3**	0.0	**2.4**	0.8	**2.1**	…
excluding energy	8.0	2.6	**3.0**	–0.2	**2.4**	0.0	**2.5**	0.8	**2.2**	…

Sources: SURS, Eurostat, Banka Slovenije projections.
Note: Δ – difference between current projections and projections given in the June 2025 Issue Of The Review Of Macroeconomic Developments And Projections.

Energy prices will decline for a second consecutive year in 2025, while in the coming years their dynamics will be driven mainly by electricity prices.

Similarly to 2024, year-on-year energy price growth was highly volatile in 2025. Between February and September, energy prices were lower year-on-year, reaching a low of –6.4% in May, while they have been higher again since October (see Figure 2.3.2, left). Over the projection horizon, year-on-year energy price growth will be driven mainly by electricity prices and the revised methodology for billing network charges. Among other features, the methodology envisages a gradual increase in the tariff rate for the most expensive time block under the 50-70-90 model.[39] As a result, the tariff rate for the most expensive time block will be halved in the high season of 2025/26, while faster year-on-year growth in electricity prices during this period will also be prevented by the halving of the environmental contribution for CHP and renewables.[40] Taking these factors into account, energy prices are projected to decline by 1.6% in 2025, marking a second consecutive annual decline.

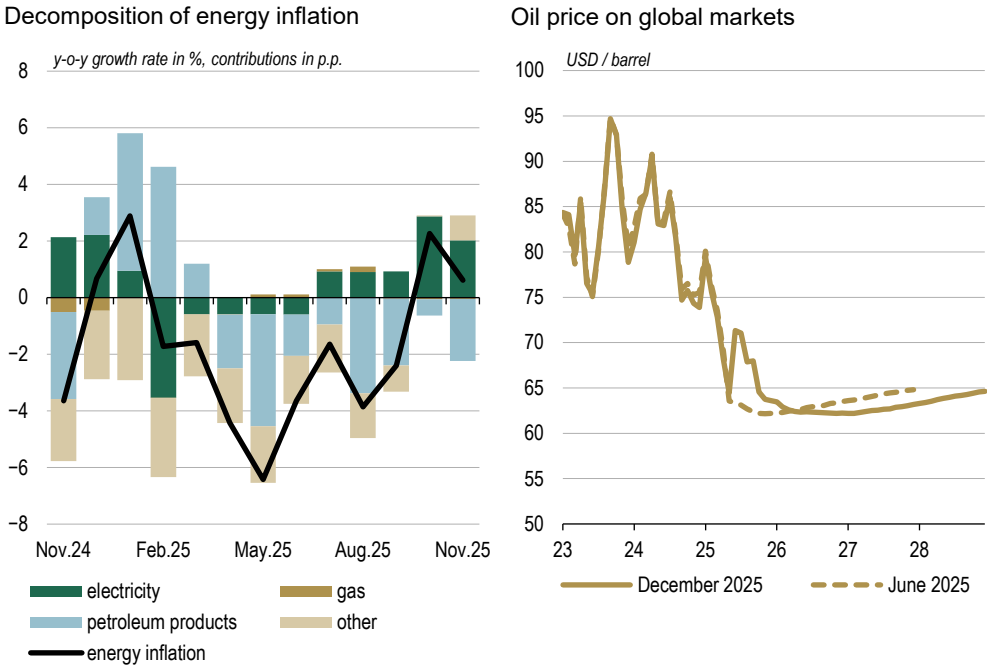
Year-on-year energy price growth is expected to remain volatile in the coming years. The volatility will be driven mainly by electricity prices amid the gradual introduction of the full tariff rate for the most expensive time block. More precisely, the tariff rate for the most expensive time block will be cut by 30% in 2026 and by 10% in November and December 2027. According to our estimates, these measures will reduce energy price inflation by 0.5 and 0.6 percentage points in 2025 and 2026 respectively and raise it by 0.5 and 0.3 percentage points in 2027 and 2028 respectively. In addition to the administrative measures related to electricity prices, energy prices over the medium term will also be shaped by developments in wholesale oil prices (see Figure 2.3.2, right) and the appreciation of the euro against the dollar (see Figure 2.3.3, left). Accordingly, energy prices are projected to rise by 1.6% in 2026 and to

[39] The measure is described in more detail in the Act Amending the Act on the Methodology for Billing Network Charges for Electricity Operators (in Slovene, *Uradni list RS*, No. 76/25), adopted by the Energy Agency at its 126th regular session on 29 September 2025.

[40] At its 370th correspondence session, the Government of the Republic of Slovenia approved an amendment to the Act on Contributions for Ensuring Support for the Generation of Electricity from Renewable Energy Sources and in High-Efficiency Combined Heat and Power (in Slovene), which envisages a 50% reduction in the CHP and renewables contribution for household consumers during the high season for billing network charges in 2025/26.

remain broadly unchanged in 2027 and 2028, when energy price inflation is projected at 0.0% and 0.3% respectively.

Figure 2.3.2:
Decomposition of HICP Energy year-on-year price growth and assumption of wholesale oil prices

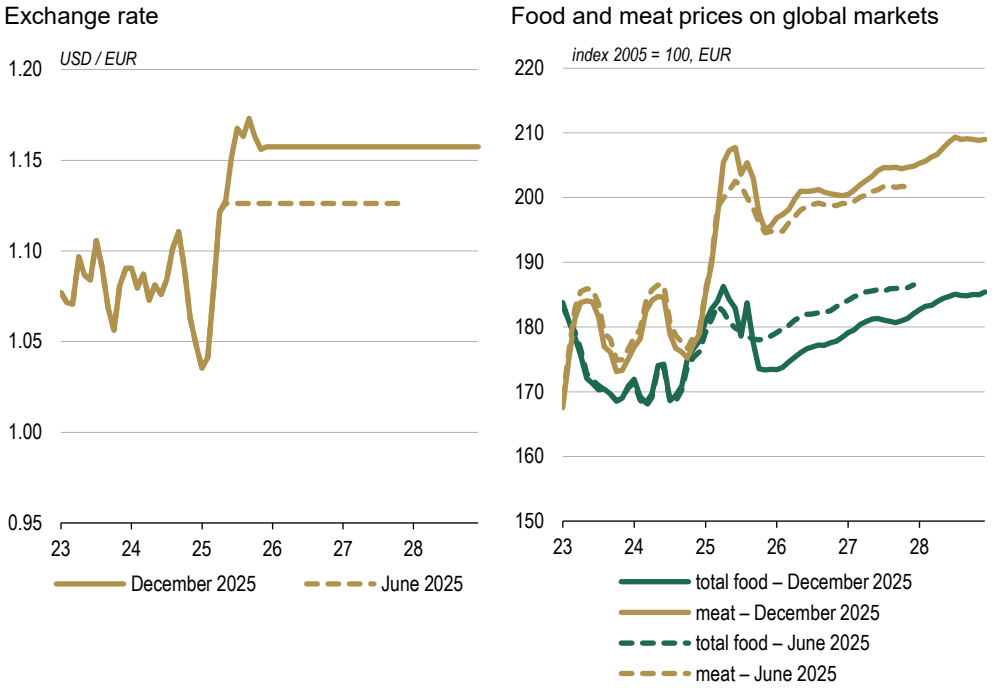


Sources: SURS, ECB, Banka Slovenije calculations. Last data left: November 2025

Over the projection horizon, year-on-year food price inflation will be driven mainly by developments in wholesale food commodity prices and labour costs.

After slowing to 1.9%, year-on-year food price inflation accelerated again in 2025 and is projected to average at 5.1% over the year. This will make food price inflation the largest contributor to headline inflation among all HICP subcomponents in 2025, at 0.8 percentage points. In terms of subcomponents, the faster growth is attributable mainly to developments in prices of beverages, meat, and fruit and vegetables. The higher food price inflation in 2025 is attributable primarily to the increase in the tax on sweet beverages from 9.5% to 22% and the pass-through of higher prices of food commodity inputs and labour costs into final prices (for more on food prices, see Box 1.2.2). Labour costs and wholesale food commodity prices will continue to sustain relatively elevated food price inflation throughout the projection horizon, albeit to a lesser extent than in 2025 (see Figures 2.2.2 and 2.3.3, right). In line with the global food commodity price assumptions and the expected domestic cost pressures, food prices are projected to rise by 3.2% and 3.0% in 2026 and 2027 respectively and by 2.8% in 2028.

Figure 2.3.3: **Euro exchange rate and wholesale food price assumptions**



Source: ECB.

Core inflation will be driven mainly by developments in services prices amid low other goods inflation.

Core inflation as measured by the HICP excluding energy and food is expected to stabilise at 2.3% in 2025, after it exceeded headline inflation in 2024 at 2.9%. With other goods inflation remaining broadly unchanged, the slowdown in core inflation in 2025 is attributable to the gradual decline in services inflation. We expect the slowdown trend to come to a halt in the final part of 2026, when year-on-year services price growth will strengthen because of a base effect associated with historically strong current declines in services prices in October and November 2025.[41] Developments in services prices over the projection horizon will continue to be driven mainly by the pass-through of higher labour costs into final prices. Wage dynamics in the public sector will play an important role, particularly via the pass-through into prices of public services.[42] Accordingly, services inflation is projected to stabilise at 3.9% in 2025 and to moderate slightly to 3.1%, 3.4% and 3.0% in 2026, 2027 and 2028 respectively.

Other goods inflation will be lower than services inflation throughout the projection horizon. Accordingly, year-on-year price growth of other goods is projected at 0.5% in 2025 (0.4% in 2024) amid stable conditions in production and supply chains and the appreciation of the euro. In 2026 and 2027, other goods inflation is expected to strengthen slightly, to 0.7%, amid the recovery in domestic demand and investment activity, before easing again to 0.3% in 2028.

In line with the projection for services price inflation and other goods inflation, core inflation is projected at 2.3% in 2025 and slightly lower, at 2.1%, in 2026 because of

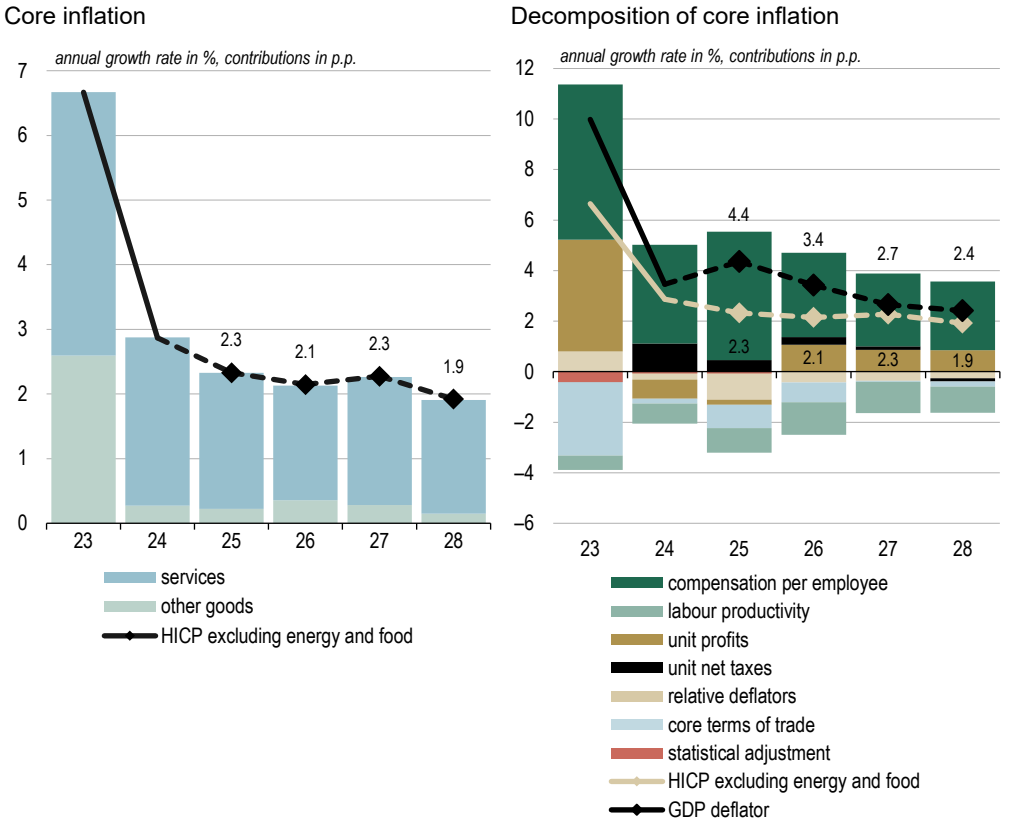
[41] Between 1996 and 2019, current services price growth in October and November averaged –0.3% and 0.0% respectively. In October and November 2025, services prices fell by 1.0% and 0.6% in current terms respectively. The decline in October was the strongest on record, while in November services prices fell more in current terms only in 2014, when the decline stood at –0.7%.

[42] According to our estimates, the pass-through of higher labour costs into final prices is most pronounced in service activities that are part of the "other services" group. These in particular include services that are predominantly of a public nature in Slovenia (e.g. health and education). A more detailed description of the pass-through of labour costs into final services prices is presented in the Review of Macroeconomic Developments (April 2024, Box 6.1).

the base effect in services prices. In 2027 it will temporarily rise to 2.3% amid the continuing pass-through of higher labour costs into final prices and strengthening in other goods inflation, before moderating to 1.9% in 2028 (see Figure 2.3.4, left).

From the perspective of production factors, based on a breakdown of the GDP deflator, we expect the core inflation to be mainly driven by developments in labour costs over the projection horizon, while the recovery of economic activity will again support it via the positive contribution from unit profits (see Figure 2.3.4, right). Despite the persistent labour cost growth, higher core inflation will be increasingly prevented by the projected strengthening of labour productivity. Core inflation will be lower than growth in the GDP deflator mainly because of improved terms of trade and the higher growth in the government consumption deflator, which to a considerable extent reflects the indexation of wages in the public sector.[43]

Figure 2.3.4:
Decomposition of core inflation projection



Sources: SURS, Eurostat, Banka Slovenije calculations and projections.
Note: The analysis in the right chart uses seasonally and calendar-adjusted data from the national accounts.

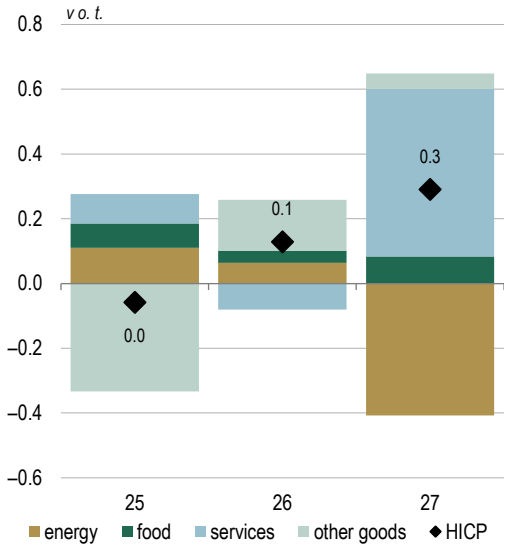
[43] The pass-through of labour costs into consumer prices of services and industrial goods was analysed in two steps. The first step is insight into the pass-through of these costs into domestic prices as measured by the GDP deflator, which is then adjusted for conceptual and methodological differences between the deflator and core inflation. The GDP deflator measures price changes of all products and services produced in the domestic economy and sold domestically or abroad, while core inflation captures price growth in services and industrial goods, excluding energy, purchased by consumers in the domestic economy and produced either domestically or abroad. The GDP deflator thus does not include changes in prices of imported goods, while core inflation does not include changes in prices of exported goods. The methodology for assessing the impact of labour cost growth on core inflation follows Box 8 in the publication Macroeconomic Projections for Slovenia, June 2020.

The December projection for headline inflation is in line with the June projection for 2025 and slightly higher for 2026 and 2027.

Projected headline inflation for 2025 is in line with our June projections, as the impact of lower year-on-year price growth of other goods will be offset by higher inflation in the remaining subcomponents. The revisions to individual subcomponents in 2025 are attributable mainly to deviations of realised inflation from the June expectations, while the impact of changes in technical assumptions is negligible. Headline inflation in 2026 and 2027 is projected to be 0.1 and 0.3 percentage points higher respectively than in the June projections. The revision for 2026 is attributable mainly to the expectation of faster year-on-year price growth of other goods, which we associate with rising capacity utilisation and the projected recovery in domestic economic and investment activity, while the revision for 2027 reflects projected higher year-on-year services price growth, attributable primarily to the pass-through of faster labour cost growth into final services prices. This will be particularly pronounced in public services amid strong wage growth in the government sector. In 2027, the larger upward revision to headline inflation is mitigated by the downward revision to energy price inflation, which is primarily attributable to the projected one-year postponement of the start of emissions trading under the ETS2, from 2027 to 2028 (see Figure 2.3.5).[44]

Figure 2.3.5:
Decomposition of the headline inflation projection revision

Revisions vis-à-vis June 2025



Sources: SURS, Banka Slovenije calculations and projections.
Note: The revision to the HICP shows rounded values, which means that the sum of the components may differ from the total revision.

[44] Within the joint preparation of projections by Eurosystem experts, we assumed a one-year postponement in the start of emissions trading under the ETS2 to 2028, based on the decision of the European Council and the European Parliament. At the same time, our projections incorporate Article 151 of the Climate Act, which allows the Government of the Republic of Slovenia to limit the price impact of the introduction of the ETS2 by adjusting other levies on energy products. Accordingly, we assess that the price impact of the introduction of the ETS2 will remain limited even if the postponement does not materialise.

3 Risks and Uncertainties

Risks to economic growth over the entire projection horizon are predominantly on the downside, while risks to inflation are more balanced.

Risks related to protectionism and trade policy uncertainty have eased somewhat compared with the June projections but remain present (Figure 3.1). In addition to trade-related uncertainty, export performance could be weighed down by the increased presence of China in European markets, which may further undermine the export competitiveness of the Slovenian economy. Risks also stem from uncertainty surrounding the assumptions for foreign demand, the growth of which depends to a significant extent on the implementation of the projected infrastructure investment in Germany.[45]

As uncertainty in the international environment gradually recedes, domestic factors are coming increasingly to the fore. These relate primarily to unfavourable structural trends and the risk of lower labour productivity growth, which could deviate from its long-term trend owing to weak past investment in equipment and machinery, adverse demographic developments, and the previously narrow base of economic growth, heavily conditioned on government activity. Government activity will remain an important driver of economic growth also in 2025 and 2026 and will be reflected in particular through rising current expenditure and in a higher deficit, which is projected to remain close to 3% over the projection horizon. Over the medium term, this poses a risk to economic growth, owing to the limited fiscal space for countercyclical action in the event of unexpected shocks. By contrast, in the absence of shocks requiring a fiscal policy response, higher spending on defence and infrastructure at the domestic and EU levels could provide cyclical support to economic activity and thereby raise GDP growth above expectations over the projection horizon. This would be driven in particular by investment in so-called dual-use projects, which are expected to exhibit a smaller import component than purchases of military equipment and generate larger multiplier effects for the economy.

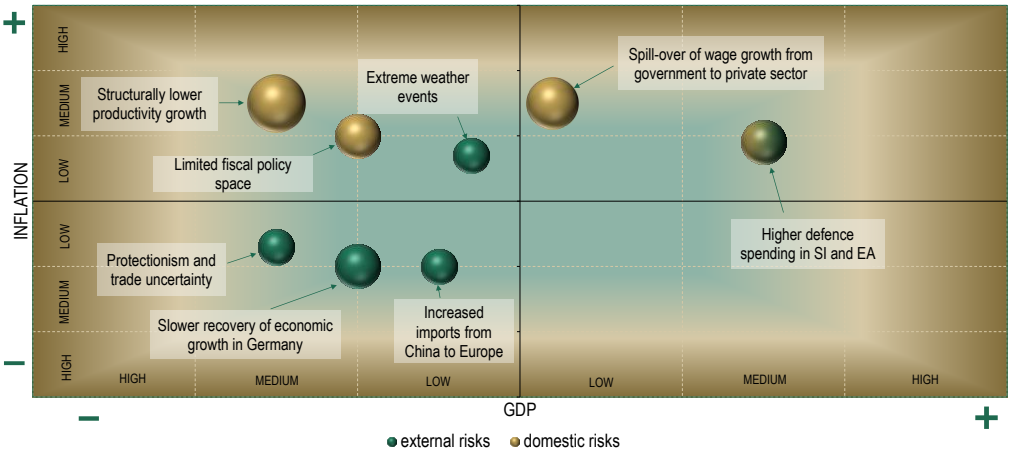
Risks to the inflation projection over the period 2025–2028 are broadly balanced, as domestic inflationary pressures are to a large extent mitigated by disinflationary external factors. Lower productivity growth, which would be reflected in higher unit labour costs, could contribute to inflation remaining persistently above the price stability objective. On the demand side, higher defence and infrastructure spending at the domestic and EU levels could add to inflationary pressures, as, in the context of a tight labour market and capacity constraints, such spending could push up intermediate goods prices and generate additional wage pressures. More pronounced wage pressures could also arise from spillovers of public sector wage increases to the private sector. Risks to higher inflation are also amplified by increasingly frequent extreme weather events, which raise both the volatility and the level of food prices on global markets.

By contrast, a possible intensification of the redirection of Chinese exports from the US to the EU, combined with a continued appreciation of the euro, could contribute to lower growth in import and final prices in European markets. In addition, our previous analyses and those of the ECB indicate that tighter trade policies, through higher import prices, contribute to slightly higher inflation in the short term, while over the medium

[45] An analysis of the impact of higher fiscal expenditure in Germany on the Slovenian economy is presented in Box 2.1.2.

term their effects are predominantly disinflationary, owing to weaker global demand and lower economic activity.[46]

Figure 3.1: **Risks to projections**

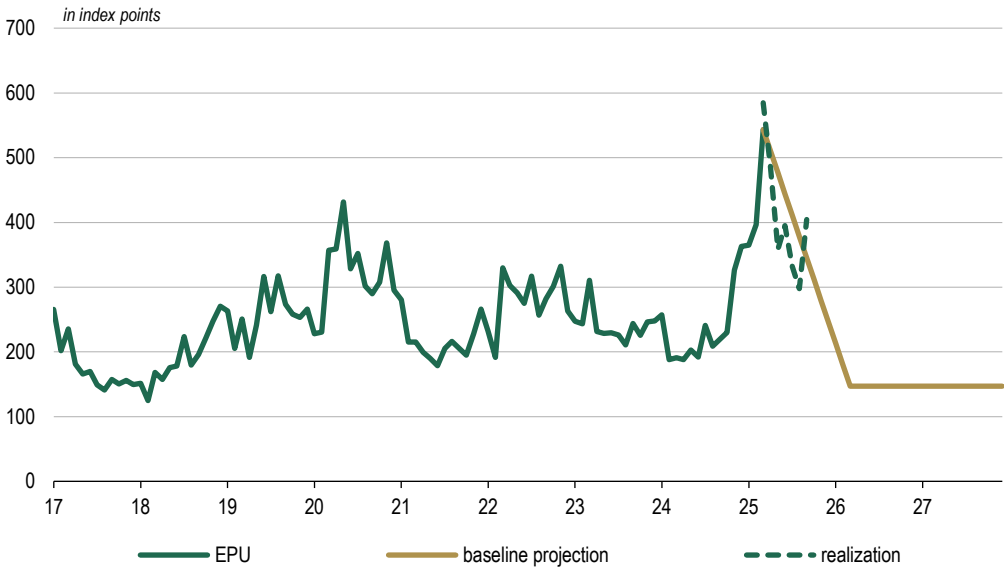


Source: Banka Slovenije estimates.
Note: The size of the symbol denotes the likelihood of the realisation of the risk. Green denotes risks from the external environment, gold denotes risks from the domestic environment.

The effects of uncertainty in the international environment are gradually fading, but they remain important for the assessment of risks to the projections.

The fading of uncertainty regarding economic policies is broadly in line with our baseline projection as presented in the Review of Macroeconomic Developments and Projections, June 2025 (Figure 3.2). Despite alignment with the June projections, risks to the projection remain present, as the indicator remains above its long-term average and has shown a renewed increase in the most recent observations.

Figure 3.2: **Economic policy uncertainty indicator**



Sources: Banka Slovenije calculations, Economic Policy Uncertainty Index.

[46] See Section 3.1 in Review of Macroeconomic Developments and Projections, June 2025 | Banka Slovenije or Box 2 in Eurosystem Staff Macroeconomic Projections for the Euro Area, June 2025.

In the current projection round, the effects of tariffs and the associated uncertainty in the international environment are again taken into account primarily through their impact on firms' expectations and investment decisions, as well as through the projected growth of global demand, which remains below its historical average over the projection horizon. Owing to the relatively limited trade exposure of the Slovenian economy to the US, the direct impact of tariffs on Slovenia remains contained, while the indirect effects via Slovenia's main trading partners in the euro area are more significant. From the perspective of the projection horizon as a whole, we assess that most of the impact of tighter trade conditions on GDP growth has already materialised in 2025, with more limited effects set to persist into 2026.[47]

In the event of a further or renewed tightening of trade policies, higher trade costs and increased uncertainty could more markedly weigh on the recovery in foreign demand, constrain economic activity in Slovenia's main trading partners and tighten financing conditions. Foreign demand could also turn out to be lower than assumed in the projections should risks to the implementation of the announced infrastructure and defence investment in Germany materialise. The impact of additional fiscal stimulus in Germany on economic growth in Slovenia is presented in Box 2.1.2.

Domestic risks to economic growth and inflation over the projection horizon are closely linked to labour market conditions, in particular to developments in productivity and wages.

Against the backdrop of adverse demographic developments and persistently tight labour market conditions, employment growth is projected to remain low over the projection horizon. The expected strengthening of economic growth is therefore importantly dependent on labour productivity growth. Productivity growth is expected to be broadly in line with its long-term average over the projection horizon, though remaining higher than in the pre-pandemic period and in the euro area. The strengthening of productivity growth is expected to be driven primarily by cyclical factors related to improved utilisation of labour in the production process (Figure 3.3, left-hand panel). Adverse structural factors, including low investment growth and the ageing of the working-age population, pose risks in terms of weaker productivity growth, which could settle below its long-term average. In an alternative scenario in which productivity growth were to evolve in line with that observed in the pre-pandemic decade (2010–2019), economic growth in 2026 would be around 0.4 percentage points lower, with the effect diminishing over the remainder of the period (Figure 3.3, right-hand panel). At the same time, lower economic growth over the period 2026–2028 would be accompanied by inflation that is higher by around 0.3 percentage points on average, mainly owing to higher unit labour costs.

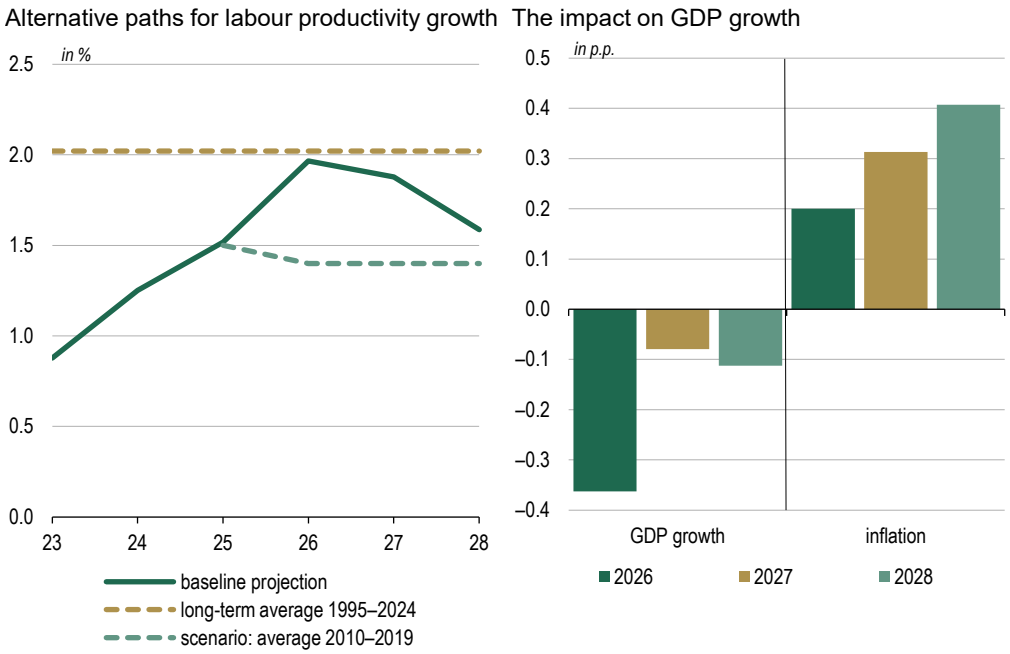
A further significant risk to the inflation projection relates to the possibility of a faster and more pronounced spillover of wage growth from the public to the private sector. In light of current and expected developments, the gap between wage levels in the public and private sectors is projected to widen markedly over the projection horizon relative to the long-standing historical relationship (Figure 3.4, left-hand panel).[48] In the context of persistently tight labour market conditions and the expected strengthening of economic growth, this could give rise to pressures for faster wage adjustment in the private sector, thereby eroding firms' cost competitiveness and rekindling inflationary pressures (Figure 3.4, right-hand panel). While faster-than-expected wage growth in the

[47] Quantitative assessment of the impact of tariffs and trade uncertainty in the period 2025–2027 is given in Section 3.1 in Review of Macroeconomic Developments and Projections, June 2025 | Banka Slovenije.

[48] The long-term historical relationship is characterised by a co-integration model, described in Box 4.1 in Review of Macroeconomic Developments, March 2025 | Banka Slovenije.

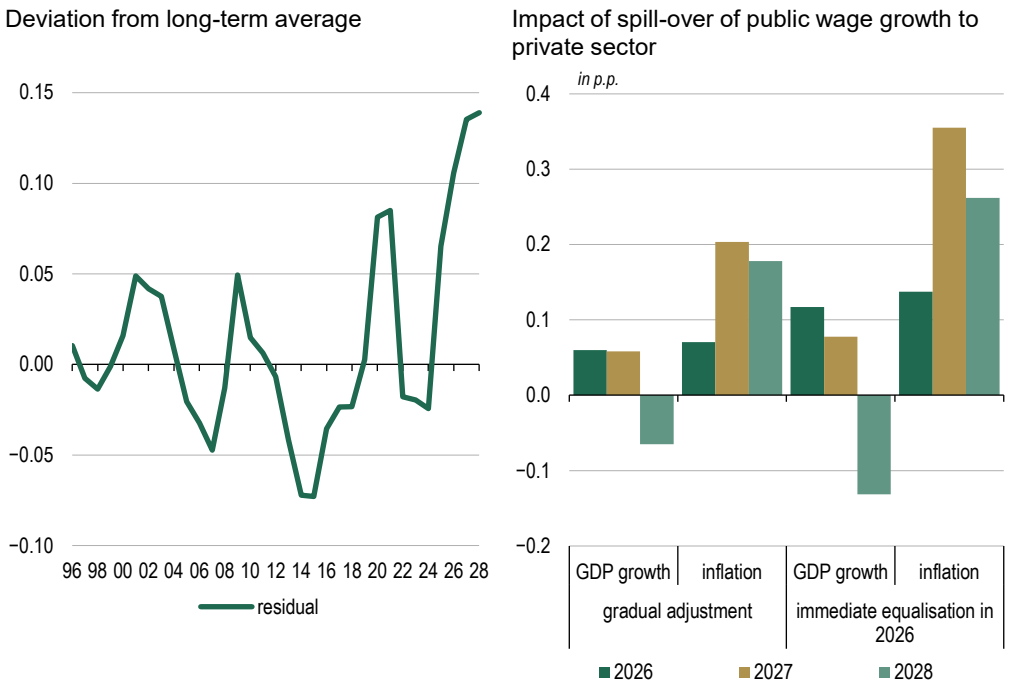
private sector would support GDP growth in the short term via higher domestic consumption, over the longer term the adverse effects of weaker competitiveness would prevail. Inflationary effects would be even more pronounced in such a scenario, as, for example, an equalisation of wage growth in the private and public sectors could raise inflation by up to 0.4 percentage points.

Figure 3.3: **Scenario of structurally lower labour productivity growth**



Source: Banka Slovenije calculations.
Notes: The chart on the left shows the baseline projection and the alternative labour productivity growth paths assumed in the scenario. Labour productivity is defined as the ratio of real GDP to employment. The chart on the right presents the effects on GDP growth and inflation, expressed as differences in percentage points relative to the baseline projection. The effects are quantified using the Banka Slovenije main macro model.

Figure 3.4: **Scenario of higher wage growth**



Source: Banka Slovenije calculations.
Notes: The chart on the left shows the gap between wage levels in the public and private sectors, expressed as a deviation from the long-term average as characterised by the co-integration model presented in Box 4.1 in Review of Macroeconomic Developments, March 2025 | Banka Slovenije. Positive model residuals indicate that wages in the public sector are higher than the estimated long-term equilibrium with the private sector, while negative residuals indicate that public sector wages are lower than the estimated long-term equilibrium. The chart on the right presents the effects of faster wage adjustment in the private sector on GDP growth and inflation. The effects are quantified using Banka Slovenije's core macroeconomic model and are expressed as differences in percentage points relative to the baseline projection.

4 Comparison Across Institutions

Compared with the median of projections from selected international institutions, Banka Slovenije expects, on average, GDP growth to be 0.2 percentage points lower over the 2025–2028 period, while the projected growth in consumer prices is at the median level.

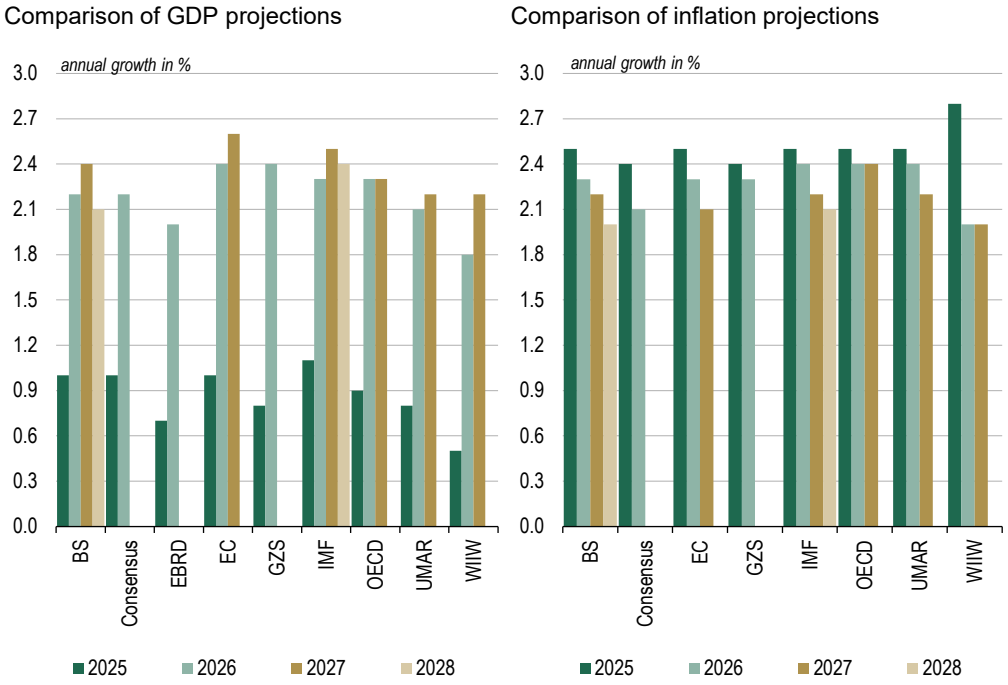
The latest available projections for economic growth over the 2025–2028 period indicate broadly similar expectations for economic activity across institutions (see Figure 4.1, left). For 2025, institutions anticipate somewhat weaker prospects, mainly due to increased uncertainty surrounding economic policies, particularly trade policies, and geopolitical developments in the international environment. As conditions gradually stabilise in the coming years, all institutions expect economic activity to grow by around 2.3%, in line with the potential output growth of the Slovenian economy. The IMF projects the highest economic growth for 2025, at 1.1%. This is followed by projections from Banka Slovenije, Consensus, the EC, the OECD, the GZS and UMAR, which variously anticipate growth of 1.0%, 0.9% and 0.8%. Banka Slovenije's projection therefore exceeds the median of all projections for 2025 by 0.1 percentage points. The lowest projections come from the EBRD and WIIW, at 0.7% and 0.5% respectively.

For the following year, the highest growth in economic activity is expected by the EC and GZS, both at 2.4%, which is 0.2 percentage points above the median of all projections for the year in question. These are followed by projections from the IMF, the OECD, Banka Slovenije and Consensus at 2.3% and 2.2%, with Banka Slovenije's projection aligning with the median of 2.2%. The lowest GDP growth is again projected by the EBRD and WIIW, at 2.0% and 1.8% respectively. For 2027, economic growth projections are available from six institutions. Banka Slovenije's projection of 2.4% corresponds to the median of all available projections for the year. For 2028, only two projections are available, 2.4% from the IMF and 2.1% from Banka Slovenije.

Following a marked easing of consumer price growth in 2024, all institutions project inflation to remain above the ECB's monetary policy target in 2025 (see Figure 4.1, right). This will be driven mainly by food and services prices, which more than offset the negative contribution of energy prices. Towards the end of the projection horizon, most institutions expect inflation to gradually converge towards 2.0%. For 2025, the highest inflation is projected by the WIIW, at 2.8%, followed by projections from Banka Slovenije, the EC, the IMF, the OECD and UMAR, all at the median of 2.5%. Consensus and the GZS expect the lowest growth in consumer prices, at 2.4%.

For the following year, the highest inflation is projected by the IMF, the OECD and UMAR, at 2.4%. These are followed by Banka Slovenije, the EC and the GZS, all at the median of 2.3%. The lowest growth in consumer prices is expected by Consensus and the WIIW, at 2.1% and 2.0% respectively. For 2027, projections for consumer price growth are available from six institutions, with the highest inflation expected by the OECD at 2.4% and the lowest by the WIIW at 2.0%. Banka Slovenije's projection corresponds to the median of all projections for the year, at 2.2%. For 2028, as with GDP growth projections, only projections from the IMF and Banka Slovenije are available, at 2.1% and 2.0% respectively.

Figure 4.1: **Comparison of GDP and inflation projections across institutions**



Sources: Projections by Consensus Economics (November), EBRD (September), EC (November), GZS (November), IMF (October), OECD (December), UMAR (September), WIIW (October), Banka Slovenije (December).

A comparison of projection accuracy across institutions shows that Banka Slovenije has consistently ranked among the most accurate in projecting both economic activity and consumer price developments across all examined periods (2001–2024, excluding 2008 and 2009, and 2009–2024).

The accuracy of projections for real GDP growth and consumer prices over the 2001–2024 period is assessed by analysing deviations between realised statistical outcomes and past projections of these variables.[49] The following indicators are used: mean error (ME), mean absolute error (MAE), standard deviation of projection errors (STDEV), root mean square error (RMSE) and standardised RMSE (SRMSE).[50]

Among the institutions considered, only four (Banka Slovenije, the EC, the IMF and UMAR) published projections consistently over the entire observed period, while most other institutions started publishing projections from 2004 (the WIIW from 2008, the OECD from 2009 and the EBRD from 2011). Due to heightened uncertainty at the onset of the previous economic crisis, the analysis considers both a period excluding 2008 and 2009 and the period 2009–2024. Additionally, in view of the consequences of the pandemic outbreak in 2020, the subsequent stronger economic recovery and the onset of the war in Ukraine in 2022, a section comparing projection accuracy across institutions for all periods up to 2020 and including 2020–2024 is presented at the end of the analysis.

Based on the MAE and RMSE indicators, over the 2001–2024 period the most accurate projections of economic growth were provided by the EC, Banka Slovenije and UMAR, while the most accurate inflation projections were produced by Banka Slovenije, the GZS and Consensus. For GDP growth projections, the MAE indicator ranged from 0.6

[49] In the review of projection accuracy across institutions for the 2001–2024 period and its sub-periods, both the first and second realised values are compared with the projections of the variables. Projections from other institutions are selected to be the closest in time to those of Banka Slovenije.

[50] For a more detailed description of the various statistical methods (in Slovene), see Cimperman and Savšek (2014): Projection Accuracy of Slovenia's Macroeconomic Aggregates.

to 2.6 or from 0.8 to 2.5, while the RMSE ranged from 0.8 to 3.8 or from 1.1 to 3.7.[51] Inflation projections were slightly more accurate, with the indicators across institutions ranging from 0.2 to 1.5 for MAE and from 0.3 to 2.3 for RMSE.

For the period excluding 2008 and 2009, the most precise GDP growth projections again came from the EC, Banka Slovenije and UMAR, while the most accurate inflation projections were from Banka Slovenije, Consensus and the GZS. Compared with the full period (2001–2024), GDP growth projections for this sub-period were slightly more accurate, as the exclusion of 2008 and 2009 removes the impact of heightened volatility during the global financial crisis. In this period, MAE values for GDP growth ranged from 0.6 to 2.2 or from 0.8 to 2.1, while RMSE values ranged from 0.8 to 2.8 or from 1.1 to 2.6. The accuracy of inflation projections remained broadly unchanged, with indicator values ranging from 0.2 to 1.6 for MAE and from 0.2 to 2.3 for RMSE.

For the 2009–2024 period, the most accurate GDP growth projections, according to MAE and RMSE, were provided by the EC and GZS, followed by the OECD, Banka Slovenije and UMAR, while the lowest inflation projection errors were recorded by Banka Slovenije, Consensus and the OECD. The accuracy of GDP growth projections improved slightly compared with the full period (2001–2024), particularly reflected in the RMSE range, which narrowed from 0.8 to 3.3 or from 1.2 to 3.1 for the period considered. The MAE range remained broadly unchanged, from 0.6 to 2.6 or from 0.9 to 2.4. Inflation projection accuracy deteriorated slightly, as indicated by the increase in the RMSE range from 0.1 to 2.6. As with GDP growth projections, the MAE range remained similar, from 0.1 to 1.6.

Projection errors for real GDP growth increased noticeably in 2020 and 2021, while errors in inflation projections were more significantly affected in 2022 and 2023.

In the analysis including the 2020–2024 period, GDP growth projection errors became more pronounced. This primarily reflects heightened volatility following the pandemic outbreak in 2020 and the relatively stronger economic recovery in 2021. While the lower bound of the MAE and RMSE intervals for GDP growth projections remained largely unchanged, with differences of 0.1 to 0.2 percentage points (considering both indicators, first and second realised values, and different periods), the upper bound of these indicators increased noticeably with the inclusion of 2020–2024, by between 0.1 and 0.6 percentage points. For consumer price projections, accuracy was most strongly affected by the war in Ukraine and the accompanying rise in energy prices in 2022, which spilled over into other inflation components in 2023. As a result, the upper bounds of MAE and RMSE increased by 0.5 to 1.5 percentage points, while the lower bounds remained unchanged.

[51] In the analysis of the accuracy of real GDP growth projections, two intervals are provided for each indicator, referring respectively to comparisons with the first and second realised values. For inflation projections, such differentiation is not necessary, as historical data for this variable have not been subject to revisions since 2007. All calculations are based on spring and autumn projections by the institutions, covering projections for the current and the following year.

5 Statistical Appendix

Table 5.1: **Key macroeconomic indicators at the monthly level for Slovenia**

	2023	2024	12 mths to Sep. 25	3 mths to Sep. 24	3 mths to Sep. 25	2025 Jul.	2025 Aug.	2025 Sep.	2025 Oct.	2025 Nov.
Economic Activity										
					balance of answers in percentage points					
Sentiment indicator	–3,8	–2,7	–2,7	–2,4	–2,4	–3,2	–2,4	–1,6	–1,0	–0,8
- confidence indicator in manufacturing	–8,3	–7,7	–7,3	–6,7	–6,0	–7,0	–6,0	–5,0	–5,0	–5,0
					year-on-year growth rates in %					
Industry: - total	–4,9	–1,2	–0,9	0,9	–0,7	0,4	–1,5	–1,0	–2,0	...
- manufacturing	–3,7	0,9	–0,2	3,0	0,1	0,3	0,1	–0,2	–1,8	...
Construction: - total	19,4	–9,4	2,9	–15,8	25,4	23,0	25,0	27,8	36,0	...
- buildings	10,5	–12,6	2,0	–17,5	19,6	16,7	11,8	28,7	39,3	...
Trade and service activities - total	0,4	1,9	1,0	2,4	1,8	0,5	0,7	4,0	...	...
Wholesale and retail trade and repair of motor	11,5	6,7	4,5	6,7	6,2	6,8	7,5	4,5	...	...
Retail trade, except of motor vehicles and motc	–4,6	0,7	0,8	2,7	–0,8	–0,9	–1,2	–0,2	...	...
Other private sector services	2,5	1,5	0,7	1,0	2,9	1,6	1,3	5,5	...	...
Labour market					year-on-year growth rates in %					
Average gross wage	9,7	6,2	6,5	6,4	6,2	5,8	5,8	7,0	...	...
- private sector	9,4	7,1	5,4	7,5	5,3	5,4	4,6	5,8	...	...
- public sector	10,3	4,6	8,5	4,2	7,6	6,1	7,7	9,0	...	...
Real net wage[1]	4,0	1,8	3,5	2,7	2,0	1,6	1,5	2,9	...	...
Registered unemployment rate (in %)	5,0	4,6	4,6	4,5	4,5	4,5	4,5	4,5	...	...
Registered unemployed persons	–14,0	–5,6	–2,1	–5,7	–0,5	–1,3	–0,4	0,2	0,5	0,2
Persons in employment	1,3	1,1	–0,1	1,1	–0,4	–0,4	–0,4	–0,4	...	...
- private sector	1,4	1,1	–0,5	1,1	–0,9	–0,9	–0,9	–0,9	...	...
- public sector	0,9	1,2	1,0	1,4	1,0	1,0	1,0	1,0	...	...
Price Developments					year-on-year growth rates in %					
HICP	7,2	2,0	2,1	1,1	2,9	2,9	3,0	2,7	3,1	2,4
- services	7,7	4,8	3,9	5,0	3,8	3,7	3,7	3,8	3,7	3,4
- industrial goods excluding energy	5,4	0,6	0,5	–0,8	1,0	0,6	1,8	0,7	0,4	–0,0
- food	11,8	1,9	4,4	1,7	6,7	7,1	6,8	6,4	6,0	4,7
- energy	2,2	–2,3	–3,3	–6,4	–2,6	–1,6	–3,9	–2,4	2,3	0,6
Core inflation indicator[2]	6,7	2,9	2,3	2,3	2,5	2,3	2,9	2,4	2,2	1,8
Balance of Payments - Current Account					in % GDP					
Current account balance	4,8	4,5	4,1	6,5	5,0	6,1	3,1	5,8	3,6	...
1. Goods	0,9	0,6	0,3	1,8	0,5	2,5	–1,0	0,1	0,0	...
2. Services	5,7	5,5	5,5	6,5	6,7	6,0	6,8	7,2	5,3	...
3. Primary income	–1,1	–1,1	–0,7	–1,2	–1,3	–1,4	–1,4	–0,9	–0,4	...
4. Secondary income	–0,7	–0,5	–1,0	–0,6	–1,0	–1,0	–1,2	–0,6	–1,3	...
					nominal year-on-year growth rates in %					
Export of goods and services	–0,3	2,1	2,3	9,2	0,9	–0,4	–3,4	6,0	1,3	...
Import of goods and services	–6,2	2,5	2,3	6,6	1,8	2,2	–1,8	4,4	6,0	...

Public finances	2023	2024	12 mths to Oct. 25		2024 Jan.-Oct.		2025 Jan.-Oct.	
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	41,5	7,4	22.478	10,6	23.758	5,7
Tax revenue	21.977	24.547	36,6	6,8	20.172	11,8	21.374	6,0
From EU budget	1.084	1.040	1,3	–9,0	611	–11,1	487	–20,2
Other	1.974	2.331	3,6	22,2	1.695	6,2	1.897	11,9
Expenditure	27.308	28.871	43,5	4,9	23.031	8,8	24.763	7,5
Current expenditure	11.572	12.910	19,5	6,5	10.325	14,6	11.146	8,0
- wages and other personnel expenditure	6.094	6.539	10,2	11,4	5.411	7,1	6.065	12,1
- purchases of goods, services	3.869	4.368	6,5	5,7	3.417	14,9	3.604	5,5
- interest	711	793	1,2	3,5	710	14,0	743	4,6
Current transfers	12.050	12.794	19,2	5,0	10.567	8,1	11.259	6,5
- transfers to individuals and households	9.731	10.397	15,5	4,7	8.662	8,5	9.160	5,8
Capital expenditure, transfers	3.014	2.531	3,8	–5,1	1.634	–11,2	1.769	8,3
General government surplus/deficit	–2.274	–953	–2,0		–553		–1.005	

Sources: SURS, Banka Slovenije, Ministry of Finance, Banka Slovenije calculations.
Notes: 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 for industry, construction and services are given in real terms. [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 5.2: **Key macroeconomic indicators at the quarterly level for Slovenia and the euro area**

	2022	2023	2024	24Q4	25Q1	25Q2	25Q3	2022	2023	2024	24Q4	25Q1	25Q2	25Q3
	Slovenia							euro area						
Economic developments	q-o-q growth in %													
GDP				0.5	–0.6	0.9	0.8				0.4	0.6	0.1	0.3
- industry				–0.4	–1.2	0.3	0.2				0.2	2.0	0.2	–0.0
- construction				4.7	–1.9	5.5	5.4				0.1	0.6	–0.0	–0.0
- mainly public sector services (OPQ)				4.3	–3.7	1.7	–0.1				0.5	0.2	0.2	0.3
- mainly private sector services (without OPQ)				–0.3	0.1	0.8	1.2				0.2	0.7	0.2	0.3
Domestic expenditure				2.3	–0.1	0.3	0.9				0.4	0.5	0.3	0.5
- general government				–1.1	–0.5	1.9	0.8				0.6	0.0	0.4	0.7
- households and NPISH[1]				0.8	0.2	–0.4	–0.4				0.5	0.2	0.3	0.2
- gross capital formation				11.4	0.4	–2.1	2.5				0.0	1.5	0.5	1.3
- gross fixed capital formation				1.5	–0.3	2.9	4.2				0.7	2.6	–1.7	0.9
	y-o-y growth in %													
GDP	2.7	2.4	1.7	1.6	–0.6	0.8	1.7	3.6	0.4	0.9	1.3	1.4	1.3	1.3
- industry	–1.0	6.5	3.8	4.2	–1.7	–1.3	–1.0	0.7	–1.7	–0.7	–0.6	2.3	2.3	2.7
- construction	1.5	11.8	–3.7	–1.7	–6.7	3.9	14.2	–0.4	1.7	–0.7	–0.5	–0.7	–0.2	0.4
- mainly public sector services (OPQ)	1.7	0.8	1.8	2.1	1.3	2.1	2.1	2.8	1.0	1.5	1.9	1.6	1.2	1.2
- mainly private sector services (without OPQ)	5.2	1.1	1.2	1.1	–0.1	1.2	2.1	4.2	0.6	0.8	0.8	1.1	1.2	1.4
Domestic expenditure	3.9	–0.0	3.3	1.1	0.9	–0.1	3.5	4.0	0.1	0.6	1.6	1.9	2.5	1.7
- general government	–0.6	2.1	7.3	3.8	1.9	–0.7	1.2	1.3	1.5	2.2	2.2	2.0	1.4	1.7
- households and NPISH	3.9	–0.0	3.8	2.6	0.2	2.2	1.0	5.3	0.5	1.3	1.9	1.2	1.5	1.1
- gross capital formation	8.1	–1.6	–1.3	–4.9	1.4	–4.8	12.2	3.5	–2.2	–2.5	0.4	3.7	6.2	3.4
- gross fixed capital formation	4.7	5.5	–0.3	–2.7	–5.3	–0.1	9.1	2.1	2.4	–2.0	–1.9	2.2	2.8	2.4
- inventories and valuables, contr. to GDP growth in p.p.	0.8	–1.6	–0.2	–0.5	1.5	–1.1	0.6	0.3	–1.0	–0.1	0.6	0.4	0.7	0.2
Labour market	q-o-q growth in %													
Employment				–0.1	–0.3	–0.0	0.0				0.2	0.2	0.1	0.2
- mainly private sector (without OPQ)				–0.3	–0.5	–0.2	–0.1				0.1	0.2	0.1	0.1
- mainly public services (OPQ)				0.4	0.3	0.6	0.5				0.2	0.3	0.2	0.3
	y-o-y growth in %													
Employment	2.9	1.5	0.5	0.0	–0.6	–0.5	–0.4	2.4	1.5	0.9	0.7	0.8	0.7	0.6
- mainly private sector (without OPQ)	3.1	1.5	0.1	–0.5	–1.1	–1.1	–1.0	2.7	1.6	0.8	0.6	0.6	0.6	0.5
- mainly public services (OPQ)	2.0	1.6	2.0	2.0	1.5	1.9	1.9	1.5	1.3	1.5	1.3	1.4	1.1	0.9
Labour costs per employee	4.9	9.6	6.2	6.0	6.8	7.0	6.8	4.5	5.3	4.5	4.1	3.8	4.0	4.0
- mainly private sector (without OPQ)	7.7	9.6	6.5	6.1	5.4	5.5	6.1	5.0	5.5	4.4	4.0	3.7	3.9	3.9
- mainly public services (OPQ)	–3.3	9.5	5.1	6.0	11.1	11.4	9.3	3.4	4.8	4.7	4.2	4.1	4.2	4.4
Unit labour costs, nominal[2]	5.2	8.7	4.9	4.4	6.7	5.5	4.6	3.3	6.4	4.5	3.5	3.2	3.3	3.3
Unit labour costs, real[3]	–1.2	–1.2	1.4	1.8	3.7	2.2	1.0	–1.9	0.3	1.5	0.9	1.0	0.8	0.9
LFS unemployment rate in %	4.0	3.7	3.7	3.5	4.0	3.2	4.2	6.8	6.6	6.4	6.1	6.6	6.3	6.4
Foreign trade	q-o-q growth in %													
Real export of goods and services				–0.9	–0.0	–0.6	0.4				0.1	2.3	–0.4	0.7
Real import of goods and services				0.5	2.5	–2.2	0.0				0.1	2.2	–0.1	1.3
	y-o-y growth in %													
Real export of goods and services	7.4	–1.9	2.3	3.7	1.0	0.3	–1.1	7.3	–1.2	0.6	0.5	2.3	0.1	2.7
Real import of goods and services	9.3	–4.5	4.3	3.3	2.9	–0.9	0.7	8.4	–2.0	–0.1	1.1	3.5	2.4	3.7
Current account balance as % GDP[4]	–0.9	4.8	4.5	4.5	4.3	4.5	4.1	–0.7	0.0	0.0	0.0	0.0	0.0	0.0
External trade balance as contr. to GDP growth in p.p.	–1.0	2.4	–1.3	0.5	–1.4	0.9	–1.4	–0.2	0.4	0.3	–0.3	–0.5	–1.1	–0.3
Financing	in % GDP													
Banking system's balance sheet	91.0	84.9	82.9	82.9	83.7	84.3	83.6	272.3	255.1	253.2	253.2	253.2	253.8	252.2
Loans to NFCs	20.1	17.5	16.3	16.3	16.5	16.4	16.4	36.3	34.0	32.9	32.9	32.8	32.7	32.6
Loans to households	21.5	19.9	20.1	20.1	20.2	20.4	20.6	48.0	45.2	43.7	43.7	43.4	43.3	43.2
Inflation	in %													
HICP	9.3	7.2	2.0	1.2	2.1	2.2	2.9	8.4	5.4	2.4	2.2	2.3	2.0	2.1
HICP excl. energy, food, alcohol and tobacco	5.9	6.7	2.9	2.2	2.3	2.4	2.5	4.0	5.0	2.8	2.7	2.6	2.4	2.3
Public finance	in % GDP													
Debt of the general government	72.8	68.3	66.6	66.6	69.5	69.3	...	89.3	87.0	87.1	87.1	87.7	88.2	...
government[4]	–3.0	–2.6	–0.9	–0.9	–1.6	–1.7	...	–3.4	–3.5	–3.1	–3.1	–3.0	–2.8	...
- interest payment[4]	1.1	1.2	1.3	1.3	1.4	1.3	...	1.7	1.7	1.9	1.9	1.9	1.9	...
- primary balance[4]	–1.9	–1.3	0.3	0.3	–0.2	–0.5	...	–1.7	–1.8	–1.2	–1.2	–1.0	–0.9	...

Sources: SURS, Eurostat, Banka Slovenije, ECB, Ministry of Finance, Banka Slovenije calculations.

Notes: 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] Four-quarter moving sum.

Table 5.3: **Basic measures of forecasting accuracy for real GDP growth measured on the basis of first observed value**

Real GDP	2001–2024			2001–2008			2009–2024			2008 and 2009			excl. 2008–2009			2004–2024		
	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV
spring projections																		
current year																		
BS	0.0	1.2	1.8	0.4	0.9	1.1	–0.1	1.3	2.0	–3.4	3.4	3.8	0.4	1.0	1.2	0.1	1.3	1.9
Consensus	0.2	1.4	2.0	0.4	1.1	1.3	0.1	1.5	2.2	–3.5	3.5	3.3	0.5	1.2	1.5	0.3	1.5	2.0
EBRD							0.7	1.3	1.5									
EC	0.2	1.3	1.7	0.3	1.1	1.3	0.2	1.4	1.8	–2.7	2.7	2.8	0.5	1.1	1.3	0.4	1.3	1.7
GZS	0.3	1.4	1.9	0.8	1.0	1.1	0.1	1.6	2.1	–3.1	3.1	3.6	0.7	1.3	1.4	0.3	1.4	1.9
IMF	0.4	1.5	2.0	0.3	1.0	1.3	0.4	1.7	2.3	–3.0	3.0	3.4	0.7	1.3	1.6	0.5	1.5	2.0
OECD							0.5	1.3	1.7									
UMAR	0.2	1.3	1.7	0.2	1.0	1.2	0.2	1.5	1.9	–2.5	2.5	2.3	0.4	1.2	1.4	0.3	1.4	1.7
WIIW							–0.4	2.2	3.4									
next year																		
BS	–0.8	2.3	3.5	–1.2	2.5	4.6	–0.6	2.2	3.0	–6.3	6.3	8.1	–0.3	1.9	2.7	–0.8	2.5	3.8
Consensus	–0.8	2.5	3.8	–1.4	2.9	5.1	–0.5	2.4	3.1	–6.0	6.6	9.3	–0.3	2.1	2.9	–0.8	2.7	4.0
EBRD							–0.0	2.4	3.3									
EC	–0.9	2.2	3.5	–1.4	2.6	4.5	–0.6	2.1	2.9	–5.6	6.3	8.9	–0.4	1.9	2.6	–0.8	2.4	3.7
GZS	–0.6	2.6	3.9	–1.7	3.6	6.1	–0.3	2.3	3.0	–6.3	6.3	8.6	–0.0	2.2	2.9	–0.6	2.6	3.9
IMF	–0.7	2.3	3.5	–1.2	2.4	4.4	–0.5	2.2	3.0	–5.8	5.8	8.2	–0.3	1.9	2.7	–0.8	2.5	3.8
OECD							–0.4	2.3	3.2									
UMAR	–0.8	2.5	3.7	–1.4	2.6	4.6	–0.5	2.4	3.2	–5.9	6.3	8.9	–0.4	2.1	2.8	–0.8	2.7	3.9
WIIW							-0.4	2.6	3.4									
autumn projections																		
current year																		
BS	0.3	0.7	0.9	0.2	0.6	0.7	0.3	0.8	0.9	–1.2	1.2	0.3	0.4	0.6	0.8	0.3	0.8	0.9
Consensus	0.1	0.7	1.0	0.0	0.7	0.9	0.2	0.8	1.0	–1.6	1.6	0.5	0.3	0.7	0.8	0.2	0.8	1.0
EBRD							0.5	0.9	1.0									
EC	0.2	0.6	0.8	0.2	0.6	0.7	0.3	0.6	0.8	–0.8	0.8	0.1	0.3	0.6	0.7	0.2	0.6	0.8
GZS	0.3	0.7	0.8	0.0	0.8	1.0	0.4	0.7	0.8	–1.3	1.3	0.2	0.4	0.7	0.7	0.3	0.7	0.8
IMF	0.1	0.9	1.2	0.2	0.8	1.0	0.1	0.9	1.3	–2.1	2.1	1.8	0.3	0.8	1.0	0.2	0.9	1.2
OECD							0.4	0.7	0.9									
UMAR	0.2	0.6	0.8	0.0	0.6	0.8	0.2	0.6	0.9	–1.1	1.1	0.4	0.3	0.6	0.8	0.2	0.7	0.9
WIIW							0.1	1.1	1.6									
next year																		
BS	–0.4	2.2	3.6	–1.0	2.5	4.5	–0.1	2.1	3.1	–5.9	5.9	8.1	0.2	1.9	2.7	–0.4	2.5	3.8
Consensus	–0.5	2.3	3.5	–1.3	2.6	4.4	–0.1	2.1	3.0	–5.5	6.2	8.7	–0.1	1.9	2.6	–0.5	2.5	3.7
EBRD							0.4	2.4	3.4									
EC	–0.4	2.1	3.4	–1.0	2.4	4.3	–0.1	1.9	2.9	–5.5	5.6	7.8	0.1	1.8	2.5	–0.4	2.3	3.6
GZS	–0.4	2.3	3.6	–1.3	3.0	5.2	0.0	2.0	2.9	–5.5	6.2	8.7	0.2	1.9	2.7	–0.4	2.4	3.7
IMF	–0.4	2.3	3.6	–1.0	2.5	4.5	–0.1	2.2	3.2	–5.5	6.3	8.9	0.0	1.9	2.8	–0.5	2.5	3.9
OECD							–0.1	2.1	3.1									
UMAR	–0.6	2.2	3.5	–1.1	2.4	4.3	–0.3	2.1	3.1	–5.4	5.9	8.3	–0.2	1.8	2.7	–0.6	2.4	3.7
WIIW							–0.4	2.2	3.1									

Sources: Banka Slovenije, Consensus Economics, EBRD, EC, GZS, IMF, OECD, UMAR, WIIW.

Table 5.4: **Basic measures of forecasting accuracy for real GDP growth measured on the basis of second observed value**

Real GDP	2001–2024			2001–2008			2009–2024			2008 and 2009			excl. 2008–2009			2004–2024		
	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV
spring projections																		
current year																		
BS	0.1	1.3	1.9	0.6	0.9	1.1	–0.1	1.5	2.2	–3.3	3.3	3.9	0.4	1.1	1.5	0.1	1.5	2.1
Consensus	0.3	1.5	2.1	0.6	1.1	1.3	0.1	1.7	2.4	–3.3	3.3	3.4	0.6	1.3	1.7	0.3	1.6	2.2
EBRD							0.7	1.2	1.4									
EC	0.3	1.3	1.7	0.4	1.1	1.3	0.3	1.4	1.9	–2.6	2.6	2.9	0.6	1.2	1.4	0.4	1.4	1.8
GZS	0.4	1.4	1.9	1.0	1.1	1.1	0.2	1.5	2.1	–2.9	2.9	3.7	0.7	1.2	1.4	0.4	1.4	1.9
IMF	0.4	1.5	2.0	0.4	1.1	1.3	0.4	1.7	2.3	–2.9	2.9	3.5	0.7	1.3	1.7	0.5	1.5	2.1
OECD							0.5	1.5	1.9									
UMAR	0.2	1.4	1.8	0.3	1.0	1.2	0.2	1.6	2.0	–2.4	2.4	2.3	0.5	1.3	1.6	0.3	1.5	1.8
WIIW							–0.4	2.1	3.2									
next year																		
BS	–0.7	2.2	3.4	–1.0	2.4	4.6	–0.5	2.1	2.8	–6.3	6.3	7.9	–0.2	1.8	2.5	–0.8	2.4	3.7
Consensus	–0.7	2.4	3.6	–1.2	2.9	5.1	–0.5	2.2	2.9	–6.0	6.4	9.1	–0.2	2.0	2.7	–0.7	2.6	3.8
EBRD							–0.1	2.2	3.0									
EC	–0.8	2.2	3.3	–1.2	2.5	4.5	–0.6	2.0	2.7	–5.7	6.2	8.7	–0.3	1.8	2.4	–0.8	2.4	3.6
GZS	–0.6	2.5	3.7	–1.5	3.6	6.1	–0.3	2.1	2.8	–6.3	6.3	8.3	0.0	2.1	2.7	–0.6	2.5	3.7
IMF	–0.7	2.2	3.4	–1.0	2.3	4.4	–0.5	2.1	2.8	–5.9	5.9	8.0	–0.2	1.8	2.5	–0.7	2.4	3.6
OECD							–0.4	2.1	2.9									
UMAR	–0.8	2.4	3.5	–1.2	2.6	4.6	–0.5	2.2	2.9	–6.0	6.2	8.7	–0.3	2.0	2.6	–0.8	2.6	3.8
WIIW							–0.4	2.4	3.1									
autumn projections																		
current year																		
BS	0.3	0.9	1.2	0.3	0.6	0.7	0.3	1.0	1.4	–1.1	1.1	0.4	0.5	0.9	1.1	0.4	1.0	1.2
Consensus	0.2	1.0	1.3	0.2	0.7	0.9	0.2	1.1	1.4	–1.4	1.4	0.6	0.4	0.9	1.2	0.3	1.0	1.3
EBRD							0.6	1.1	1.6									
EC	0.3	0.9	1.2	0.3	0.7	0.7	0.3	1.0	1.4	–0.7	0.7	0.1	0.4	0.9	1.2	0.3	0.9	1.3
GZS	0.3	0.9	1.2	0.2	0.7	0.9	0.4	1.0	1.3	–1.1	1.1	0.1	0.5	0.9	1.1	0.4	0.9	1.2
IMF	0.2	1.1	1.4	0.4	0.9	1.1	0.1	1.2	1.6	–2.0	2.0	1.9	0.4	1.0	1.3	0.2	1.1	1.5
OECD							0.4	0.9	1.3									
UMAR	0.2	0.8	1.1	0.2	0.6	0.8	0.3	0.9	1.2	–0.9	0.9	0.3	0.3	0.8	1.0	0.3	0.9	1.1
WIIW							0.1	1.4	1.9									
next year																		
BS	–0.3	2.2	3.4	–0.8	2.5	4.5	–0.0	2.0	2.9	–6.0	6.0	7.8	0.2	1.8	2.5	–0.4	2.4	3.7
Consensus	–0.5	2.1	3.3	–1.2	2.5	4.4	–0.1	1.9	2.7	–5.5	6.0	8.5	0.0	1.8	2.4	–0.5	2.3	3.6
EBRD							0.4	2.3	3.2									
EC	–0.3	2.0	3.2	–0.8	2.4	4.3	–0.0	1.8	2.7	–5.5	5.5	7.6	0.2	1.7	2.4	–0.4	2.2	3.5
GZS	–0.3	2.2	3.5	–1.2	3.0	5.2	0.0	1.9	2.7	–5.5	6.0	8.5	0.2	1.8	2.5	–0.4	2.3	3.6
IMF	–0.4	2.2	3.5	–0.9	2.4	4.6	–0.1	2.1	3.0	–5.6	6.2	8.7	0.1	1.8	2.6	–0.4	2.4	3.7
OECD							–0.0	2.2	3.0									
UMAR	–0.5	2.1	3.3	–1.0	2.3	4.3	–0.3	2.0	2.9	–5.4	5.7	8.1	–0.1	1.8	2.5	–0.6	2.3	3.6
WIIW							–0.4	2.0	2.8									

Sources: Banka Slovenije, Consensus Economics, EBRD, EC, GZS, IMF, OECD, UMAR, WIIW.

Table 5.5: **RMSE and SRMSE for real GDP growth forecasts measured on the basis of first observed value**

Real GDP	RMSE						SRMSE					
	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024
spring projections												
current year												
BS	1.7	1.1	2.0	4.3	1.2	1.8	0.5	0.7	0.5	0.5	0.4	0.5
Consensus	1.9	1.3	2.1	4.2	1.5	2.0	0.5	0.9	0.5	0.5	0.5	0.5
EBRD			1.6						0.4			
EC	1.6	1.3	1.8	3.4	1.4	1.7	0.4	0.8	0.4	0.4	0.5	0.4
GZS	1.9	1.3	2.1	4.0	1.5	1.9	0.5	0.9	0.5	0.5	0.5	0.5
IMF	2.0	1.2	2.2	3.8	1.7	2.0	0.5	0.8	0.5	0.5	0.6	0.5
OECD			1.7						0.4			
UMAR	1.6	1.1	1.8	3.0	1.4	1.7	0.4	0.8	0.4	0.4	0.5	0.4
WIIW			3.3						0.8			
next year												
BS	3.5	4.4	3.0	8.5	2.6	3.8	1.0	3.0	0.7	1.0	0.9	1.0
Consensus	3.8	5.0	3.1	8.8	2.8	3.9	1.0	3.3	0.8	1.1	0.9	1.0
EBRD			3.2						0.8			
EC	3.5	4.4	2.9	8.4	2.6	3.7	1.0	3.0	0.7	1.0	0.8	1.0
GZS	3.8	5.7	3.0	8.7	2.8	3.8	1.1	3.8	0.7	1.1	0.9	1.0
IMF	3.5	4.3	3.0	8.2	2.6	3.7	1.0	2.9	0.7	1.0	0.9	1.0
OECD			3.1						0.8			
UMAR	3.7	4.5	3.1	8.6	2.8	3.9	1.0	3.1	0.8	1.1	0.9	1.0
WIIW			3.3						0.8			
autumn projections												
current year												
BS	0.9	0.7	1.0	1.2	0.8	0.9	0.2	0.5	0.2	0.1	0.3	0.2
Consensus	1.0	0.8	1.0	1.6	0.9	1.0	0.3	0.6	0.2	0.2	0.3	0.3
EBRD			1.1						0.3			
EC	0.8	0.6	0.8	0.8	0.8	0.8	0.2	0.4	0.2	0.1	0.3	0.2
GZS	0.9	0.9	0.9	1.3	0.8	0.9	0.2	0.6	0.2	0.2	0.3	0.2
IMF	1.2	1.0	1.3	2.5	1.0	1.2	0.3	0.7	0.3	0.3	0.3	0.3
OECD			0.9						0.2			
UMAR	0.8	0.7	0.9	1.1	0.8	0.9	0.2	0.5	0.2	0.1	0.3	0.2
WIIW			1.6						0.4			
next year												
BS	3.5	4.3	3.0	8.2	2.6	3.7	1.0	2.9	0.7	1.0	0.9	1.0
Consensus	3.5	4.3	2.9	8.2	2.6	3.7	0.9	2.9	0.7	1.0	0.8	0.9
EBRD			3.3						0.8			
EC	3.3	4.1	2.8	7.8	2.5	3.5	0.9	2.8	0.7	0.9	0.8	0.9
GZS	3.6	4.9	2.8	8.2	2.6	3.6	1.0	3.3	0.7	1.0	0.9	0.9
IMF	3.6	4.4	3.1	8.4	2.7	3.8	1.0	2.9	0.7	1.0	0.9	1.0
OECD			3.0						0.7			
UMAR	3.4	4.2	3.0	7.9	2.6	3.7	0.9	2.8	0.7	1.0	0.9	0.9
WIIW			3.0						0.7			

Sources: Banka Slovenije, Consensus Economics, EBRD, EC, GZS, IMF, OECD, UMAR, WIIW.

Table 5.6: **RMSE and SRMSE for real GDP growth forecast measured on the basis of second observed value**

Real GDP	RMSE						SRMSE					
	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024
spring projections												
current year												
BS	1.9	1.1	2.2	4.3	1.5	2.0	0.5	0.8	0.6	0.5	0.5	0.5
Consensus	2.0	1.3	2.3	4.1	1.7	2.1	0.6	0.9	0.6	0.5	0.6	0.6
EBRD			1.6						0.4			
EC	1.7	1.3	1.9	3.3	1.5	1.8	0.5	0.9	0.5	0.4	0.5	0.5
GZS	1.9	1.4	2.0	3.9	1.5	1.9	0.5	1.0	0.5	0.5	0.5	0.5
IMF	2.0	1.3	2.3	3.8	1.8	2.1	0.6	0.9	0.6	0.5	0.6	0.6
OECD			1.9						0.5			
UMAR	1.7	1.2	2.0	2.9	1.6	1.8	0.5	0.8	0.5	0.3	0.6	0.5
WIIW			3.1						0.8			
next year												
BS	3.4	4.4	2.8	8.4	2.5	3.7	1.0	3.1	0.7	1.0	0.9	1.0
Consensus	3.6	4.9	2.8	8.8	2.6	3.8	1.0	3.4	0.7	1.1	0.9	1.0
EBRD			2.9						0.8			
EC	3.4	4.4	2.7	8.4	2.4	3.6	1.0	3.0	0.7	1.0	0.9	1.0
GZS	3.7	5.7	2.7	8.6	2.6	3.7	1.1	3.9	0.7	1.0	0.9	1.0
IMF	3.3	4.3	2.7	8.1	2.4	3.6	1.0	3.0	0.7	1.0	0.9	1.0
OECD			2.8						0.7			
UMAR	3.5	4.5	2.9	8.6	2.6	3.8	1.0	3.1	0.8	1.0	0.9	1.0
WIIW			3.1						0.8			
autumn projections												
current year												
BS	1.2	0.7	1.4	1.1	1.2	1.3	0.3	0.5	0.4	0.1	0.4	0.3
Consensus	1.2	0.9	1.4	1.5	1.2	1.3	0.4	0.6	0.4	0.2	0.4	0.4
EBRD			1.6						0.4			
EC	1.2	0.7	1.4	0.7	1.3	1.3	0.4	0.5	0.4	0.1	0.4	0.3
GZS	1.2	0.9	1.3	1.1	1.2	1.2	0.3	0.6	0.3	0.1	0.4	0.3
IMF	1.4	1.1	1.6	2.4	1.3	1.5	0.4	0.7	0.4	0.3	0.5	0.4
OECD			1.3						0.3			
UMAR	1.1	0.8	1.2	0.9	1.1	1.1	0.3	0.5	0.3	0.1	0.4	0.3
WIIW			1.8						0.5			
next year												
BS	3.4	4.3	2.8	8.1	2.5	3.6	1.0	3.0	0.7	1.0	0.9	1.0
Consensus	3.3	4.3	2.6	8.1	2.4	3.5	0.9	3.0	0.7	1.0	0.8	0.9
EBRD			3.1						0.8			
EC	3.2	4.1	2.6	7.7	2.3	3.4	0.9	2.8	0.7	0.9	0.8	0.9
GZS	3.4	4.9	2.6	8.1	2.5	3.5	1.0	3.4	0.7	1.0	0.9	0.9
IMF	3.4	4.3	2.9	8.3	2.5	3.7	1.0	3.0	0.7	1.0	0.9	1.0
OECD			2.9						0.8			
UMAR	3.3	4.1	2.8	7.9	2.5	3.5	1.0	2.9	0.7	0.9	0.9	1.0
WIIW			2.8						0.7			

Sources: Banka Slovenije, Consensus Economics, EBRD, EC, GZS, IMF, OECD, UMAR, WIIW.

Table 5.7: **Basic measures of forecasting accuracy for inflation measured on the basis of first observed value**

HICP/CPI	2001–2024			2001–2008			2009–2024			2008 and 2009			excl. 2008–2009			2004–2024		
	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV
spring projections																		
current year																		
BS	0.1	0.4	0.5	0.3	0.5	0.6	–0.0	0.3	0.4	0.2	0.3	0.4	0.1	0.4	0.5	0.0	0.3	0.4
Consensus	–0.1	0.6	0.8	0.0	0.6	0.8	–0.1	0.6	0.8	–0.1	0.7	1.0	–0.1	0.6	0.8	–0.0	0.6	0.8
EC	0.1	0.6	0.9	–0.0	0.4	0.7	0.1	0.6	1.0	0.2	0.2	0.1	0.1	0.6	0.9	0.2	0.5	0.9
GZS	–0.1	0.4	0.5	0.2	0.5	0.6	–0.2	0.4	0.5	0.1	0.2	0.3	–0.1	0.4	0.6	–0.1	0.4	0.5
IMF	0.3	0.7	0.9	0.4	0.7	0.9	0.2	0.6	0.9	1.0	1.0	0.8	0.3	0.6	0.9	0.4	0.7	0.9
OECD							–0.1	0.6	0.8									
UMAR	0.2	0.6	0.8	0.1	0.6	0.8	0.3	0.6	0.9	0.4	0.4	0.1	0.2	0.6	0.9	0.3	0.6	0.8
WIW							–0.1	1.1	1.6									
next year																		
BS	0.4	1.4	2.2	0.5	1.4	1.8	0.3	1.5	2.5	–1.2	1.5	2.1	0.5	1.4	2.2	0.3	1.5	2.3
Consensus	0.1	1.5	2.3	0.0	1.5	2.0	0.1	1.5	2.5	–1.6	1.6	1.3	0.2	1.5	2.3	0.1	1.5	2.3
EC	0.1	1.5	2.3	–0.4	1.5	1.9	0.3	1.5	2.6	–1.2	1.3	1.8	0.2	1.6	2.4	0.3	1.5	2.4
GZS	0.1	1.4	2.3	0.2	1.5	2.0	0.1	1.4	2.5	–1.2	1.5	2.1	0.3	1.4	2.3	0.1	1.4	2.3
IMF	0.2	1.5	2.2	0.3	1.5	1.8	0.1	1.5	2.6	–0.5	1.1	1.5	0.2	1.5	2.3	0.2	1.5	2.3
OECD							0.2	1.5	2.6									
UMAR	0.3	1.4	2.3	0.2	1.2	1.6	0.3	1.5	2.7	–0.9	1.4	2.0	0.4	1.4	2.3	0.4	1.5	2.4
WIW							0.4	1.6	2.8									
autumn projections																		
current year																		
BS	–0.1	0.2	0.2	–0.2	0.3	0.4	–0.1	0.1	0.1	–0.4	0.4	0.3	–0.1	0.2	0.2	–0.1	0.1	0.2
Consensus	–0.1	0.3	0.3	–0.2	0.4	0.5	–0.0	0.2	0.2	–0.4	0.4	0.2	–0.0	0.2	0.3	–0.0	0.2	0.3
EC	–0.2	0.3	0.4	–0.5	0.5	0.6	–0.1	0.1	0.2	–0.4	0.4	0.5	–0.2	0.2	0.4	–0.1	0.2	0.2
GZS	–0.1	0.3	0.4	–0.2	0.3	0.4	–0.0	0.3	0.4	–0.2	0.3	0.4	–0.1	0.3	0.4	–0.1	0.3	0.3
IMF	–0.0	0.4	0.5	–0.1	0.5	0.6	0.1	0.3	0.4	0.0	0.4	0.6	–0.0	0.4	0.5	0.0	0.3	0.4
OECD							–0.0	0.2	0.2									
UMAR	–0.1	0.3	0.4	–0.4	0.5	0.5	0.0	0.2	0.3	–0.4	0.4	0.4	–0.1	0.3	0.4	–0.0	0.2	0.3
WIW							–0.1	0.4	0.4									
next year																		
BS	0.1	1.1	1.7	0.0	1.1	1.5	0.1	1.2	1.9	–1.0	1.6	2.3	0.2	1.1	1.6	0.1	1.2	1.8
Consensus	0.0	1.3	2.1	–0.2	1.5	2.0	0.1	1.2	2.2	–1.6	1.6	2.2	0.2	1.3	2.0	0.1	1.3	2.1
EC	–0.0	1.4	2.1	–0.4	1.4	1.8	0.1	1.4	2.3	–1.2	1.6	2.3	0.1	1.4	2.1	0.1	1.4	2.1
GZS	–0.1	1.5	2.2	–0.1	1.3	1.7	–0.1	1.5	2.5	–1.0	1.8	2.5	–0.0	1.4	2.2	–0.1	1.5	2.2
IMF	0.1	1.4	2.1	–0.1	1.3	1.6	0.2	1.4	2.4	–0.9	1.5	2.1	0.2	1.4	2.1	0.2	1.4	2.2
OECD							0.0	1.4	2.2									
UMAR	0.0	1.3	2.0	–0.2	1.2	1.6	0.2	1.4	2.4	–1.2	1.8	2.5	0.1	1.3	2.0	0.1	1.4	2.1
WIW							0.2	1.3	2.4									

Sources: Banka Slovenije, Consensus Economics, European Commission, CCI, IMF, OECD, UMAR.

Table 5.8: **Basic measures of forecasting accuracy for inflation measured on the basis of second observed value**

HICP/CPI	2001–2024			2001–2008			2009–2024			2008 and 2009			excl. 2008–2009			2004–2024		
	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV	ME	MAE	STDEV
spring projections																		
current year																		
BS	0.1	0.4	0.5	0.3	0.5	0.6	–0.0	0.3	0.4	0.2	0.3	0.4	0.1	0.4	0.5	0.0	0.3	0.4
Consensus	–0.1	0.6	0.8	0.1	0.7	0.8	–0.1	0.6	0.8	–0.1	0.7	1.0	–0.1	0.6	0.8	–0.0	0.6	0.8
EC	0.1	0.6	0.9	0.0	0.5	0.7	0.1	0.6	1.0	0.2	0.2	0.1	0.1	0.6	1.0	0.2	0.5	0.9
GZS	–0.1	0.4	0.6	0.2	0.5	0.7	–0.2	0.4	0.5	0.1	0.2	0.3	–0.1	0.4	0.6	–0.1	0.4	0.6
IMF	0.3	0.7	0.9	0.5	0.7	0.9	0.2	0.6	0.8	1.0	1.0	0.8	0.3	0.6	0.9	0.4	0.7	0.9
OECD							–0.1	0.6	0.8									
UMAR	0.2	0.6	0.8	0.1	0.6	0.8	0.3	0.6	0.9	0.4	0.4	0.1	0.2	0.6	0.9	0.3	0.6	0.8
WIW							–0.1	1.1	1.6									
next year																		
BS	0.4	1.5	2.2	0.5	1.4	1.8	0.3	1.5	2.4	–1.2	1.5	2.1	0.5	1.5	2.2	0.3	1.5	2.3
Consensus	0.1	1.5	2.3	0.0	1.6	2.0	0.1	1.5	2.4	–1.6	1.6	1.3	0.2	1.5	2.3	0.1	1.5	2.3
EC	0.1	1.5	2.3	–0.4	1.6	1.9	0.3	1.5	2.5	–1.2	1.3	1.8	0.2	1.6	2.4	0.3	1.5	2.4
GZS	0.1	1.5	2.3	0.2	1.5	2.1	0.1	1.4	2.4	–1.2	1.5	2.1	0.3	1.5	2.3	0.1	1.5	2.3
IMF	0.2	1.5	2.2	0.3	1.5	1.8	0.1	1.5	2.5	–0.5	1.1	1.5	0.3	1.5	2.3	0.2	1.5	2.3
OECD							0.2	1.5	2.5									
UMAR	0.3	1.4	2.3	0.2	1.2	1.6	0.3	1.5	2.6	–0.9	1.4	2.0	0.4	1.4	2.3	0.4	1.5	2.4
WIW							0.4	1.6	2.7									
autumn projections																		
current year																		
BS	–0.1	0.2	0.2	–0.2	0.3	0.4	–0.1	0.1	0.1	–0.4	0.4	0.3	–0.1	0.2	0.2	–0.1	0.1	0.2
Consensus	–0.1	0.3	0.3	–0.2	0.4	0.5	–0.0	0.2	0.2	–0.4	0.4	0.2	–0.0	0.3	0.3	–0.0	0.2	0.3
EC	–0.2	0.3	0.3	–0.5	0.5	0.6	–0.1	0.1	0.2	–0.4	0.4	0.5	–0.2	0.3	0.4	–0.1	0.2	0.2
GZS	–0.1	0.3	0.4	–0.2	0.3	0.4	–0.0	0.3	0.4	–0.2	0.3	0.4	–0.1	0.3	0.4	–0.0	0.3	0.3
IMF	–0.0	0.4	0.5	–0.1	0.5	0.6	0.1	0.3	0.4	0.0	0.4	0.6	–0.0	0.4	0.5	0.0	0.3	0.4
OECD							–0.0	0.2	0.2									
UMAR	–0.1	0.3	0.4	–0.4	0.5	0.5	0.0	0.2	0.3	–0.4	0.4	0.4	–0.1	0.3	0.4	–0.0	0.2	0.3
WIW							–0.1	0.4	0.4									
next year																		
BS	0.1	1.2	1.7	0.1	1.1	1.5	0.1	1.2	1.8	–1.0	1.6	2.3	0.2	1.1	1.6	0.1	1.2	1.8
Consensus	0.0	1.3	2.1	–0.2	1.5	2.0	0.1	1.2	2.1	–1.6	1.6	2.2	0.2	1.3	2.0	0.1	1.3	2.1
EC	–0.0	1.4	2.1	–0.4	1.4	1.8	0.1	1.4	2.3	–1.2	1.6	2.3	0.1	1.4	2.1	0.1	1.4	2.1
GZS	–0.1	1.5	2.2	–0.1	1.3	1.7	–0.1	1.5	2.4	–1.0	1.8	2.5	–0.0	1.4	2.2	–0.1	1.5	2.2
IMF	0.1	1.4	2.1	–0.0	1.3	1.6	0.2	1.4	2.3	–0.9	1.5	2.1	0.2	1.4	2.1	0.2	1.4	2.2
OECD							0.0	1.4	2.2									
UMAR	0.0	1.3	2.1	–0.2	1.2	1.6	0.2	1.4	2.3	–1.2	1.8	2.5	0.2	1.3	2.0	0.1	1.4	2.1
WIW							0.2	1.3	2.3									

Sources: Banka Slovenije, Consensus Economics, European Commission, CCI, IMF, OECD, UMAR.

Table 5.9: **RMSE and SRMSE for inflation forecasts measured on the basis of first observed value**

HICP/CPI	RMSE						SRMSE					
	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024
spring projections												
current year												
BS	0.5	0.6	0.4	0.4	0.5	0.4	0.2	0.3	0.2	0.1	0.2	0.2
Consensus	0.8	0.7	0.8	0.7	0.8	0.8	0.3	0.4	0.3	0.2	0.3	0.3
EC	0.9	0.6	1.0	0.2	0.9	0.9	0.3	0.3	0.4	0.0	0.3	0.4
GZS	0.5	0.6	0.5	0.2	0.6	0.5	0.2	0.3	0.2	0.1	0.2	0.2
IMF	0.9	1.0	0.9	1.1	0.9	0.9	0.3	0.5	0.3	0.3	0.3	0.4
OECD			0.8						0.3			
UMAR	0.9	0.7	0.9	0.4	0.9	0.9	0.3	0.4	0.3	0.1	0.3	0.4
WIIW			1.5						0.6			
next year												
BS	2.2	1.8	2.3	1.9	2.2	2.2	0.8	0.9	0.9	0.6	0.8	0.9
Consensus	2.2	1.8	2.4	1.8	2.3	2.3	0.8	1.0	0.9	0.6	0.8	0.9
EC	2.3	1.8	2.5	1.7	2.3	2.3	0.9	0.9	0.9	0.5	0.9	1.0
GZS	2.2	1.8	2.4	1.9	2.3	2.2	0.9	1.0	0.9	0.6	0.9	0.9
IMF	2.2	1.7	2.4	1.1	2.2	2.2	0.8	0.9	0.9	0.4	0.8	0.9
OECD			2.4						0.9			
UMAR	2.3	1.5	2.6	1.7	2.3	2.4	0.9	0.8	1.0	0.5	0.9	1.0
WIIW			2.6						1.0			
autumn projections												
current year												
BS	0.3	0.4	0.1	0.4	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Consensus	0.3	0.5	0.2	0.4	0.3	0.3	0.1	0.3	0.1	0.1	0.1	0.1
EC	0.4	0.7	0.2	0.5	0.4	0.2	0.2	0.4	0.1	0.2	0.2	0.1
GZS	0.4	0.4	0.4	0.3	0.4	0.3	0.1	0.2	0.1	0.1	0.1	0.1
IMF	0.5	0.6	0.4	0.4	0.5	0.4	0.2	0.3	0.2	0.1	0.2	0.2
OECD			0.2						0.1			
UMAR	0.4	0.6	0.3	0.5	0.4	0.3	0.2	0.3	0.1	0.2	0.2	0.1
WIIW			0.4						0.2			
next year												
BS	1.6	1.4	1.7	1.9	1.6	1.7	0.6	0.7	0.7	0.6	0.6	0.7
Consensus	2.0	1.8	2.1	2.2	2.0	2.0	0.8	1.0	0.8	0.7	0.7	0.8
EC	2.0	1.7	2.2	2.0	2.1	2.1	0.8	0.9	0.8	0.6	0.8	0.9
GZS	2.1	1.6	2.3	2.0	2.2	2.2	0.8	0.8	0.9	0.6	0.8	0.9
IMF	2.0	1.5	2.3	1.7	2.1	2.1	0.8	0.8	0.9	0.5	0.8	0.9
OECD			2.1						0.8			
UMAR	2.0	1.5	2.2	2.2	2.0	2.1	0.8	0.8	0.8	0.7	0.7	0.9
WIIW			2.3						0.9			

Sources: Banka Slovenije, Consensus Economics, European Commission, CCI, IMF, OECD, UMAR, WIIW.

Table 5.10: **RMSE and SRMSE for inflation forecast measured on the basis of second observed value**

HICP/CPI	RMSE						SRMSE					
	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024	2001–2024	2001–2008	2009–2024	2008–2009	excl. 08–09	2004–2024
spring projections												
current year												
BS	0.5	0.7	0.4	0.4	0.5	0.4	0.2	0.3	0.2	0.1	0.2	0.2
Consensus	0.8	0.7	0.8	0.7	0.8	0.8	0.3	0.4	0.3	0.2	0.3	0.3
EC	0.9	0.7	1.0	0.2	0.9	0.9	0.3	0.4	0.4	0.0	0.3	0.4
GZS	0.6	0.6	0.5	0.2	0.6	0.6	0.2	0.3	0.2	0.1	0.2	0.2
IMF	0.9	1.0	0.9	1.1	0.9	0.9	0.3	0.5	0.3	0.3	0.3	0.4
OECD			0.8						0.3			
UMAR	0.9	0.8	0.9	0.4	0.9	0.9	0.3	0.4	0.3	0.1	0.3	0.4
WIIW			1.5						0.6			
next year												
BS	2.2	1.8	2.3	1.9	2.2	2.2	0.8	0.9	0.9	0.6	0.8	0.9
Consensus	2.2	1.8	2.4	1.8	2.3	2.3	0.8	1.0	0.9	0.6	0.8	0.9
EC	2.3	1.8	2.5	1.7	2.3	2.3	0.9	0.9	0.9	0.5	0.9	1.0
GZS	2.2	1.9	2.4	1.9	2.3	2.2	0.9	1.0	0.9	0.6	0.9	0.9
IMF	2.2	1.7	2.4	1.1	2.2	2.2	0.8	0.9	0.9	0.4	0.8	0.9
OECD			2.4						0.9			
UMAR	2.3	1.5	2.6	1.7	2.3	2.4	0.9	0.8	1.0	0.5	0.9	1.0
WIIW			2.6						1.0			
autumn projections												
current year												
BS	0.3	0.4	0.1	0.4	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Consensus	0.3	0.5	0.2	0.4	0.3	0.3	0.1	0.3	0.1	0.1	0.1	0.1
EC	0.4	0.7	0.2	0.5	0.4	0.2	0.2	0.4	0.1	0.2	0.2	0.1
GZS	0.4	0.4	0.4	0.3	0.4	0.3	0.1	0.2	0.1	0.1	0.1	0.1
IMF	0.5	0.6	0.4	0.4	0.5	0.4	0.2	0.3	0.2	0.1	0.2	0.2
OECD			0.2						0.1			
UMAR	0.4	0.6	0.3	0.5	0.4	0.3	0.2	0.3	0.1	0.2	0.2	0.1
WIIW			0.4						0.2			
next year												
BS	1.6	1.4	1.7	1.9	1.6	1.7	0.6	0.7	0.7	0.6	0.6	0.7
Consensus	2.0	1.9	2.1	2.2	2.0	2.0	0.8	1.0	0.8	0.7	0.7	0.8
EC	2.0	1.7	2.2	2.0	2.1	2.1	0.8	0.9	0.8	0.6	0.8	0.9
GZS	2.1	1.6	2.3	2.0	2.2	2.2	0.8	0.8	0.9	0.6	0.8	0.9
IMF	2.0	1.5	2.3	1.7	2.1	2.1	0.8	0.8	0.9	0.5	0.8	0.9
OECD			2.1						0.8			
UMAR	2.0	1.5	2.2	2.2	2.0	2.1	0.7	0.8	0.8	0.7	0.7	0.9
WIIW			2.3						0.9			

Sources: Banka Slovenije, Consensus Economics, European Commission, CCI, IMF, OECD, UMAR, WIIW.

6 List of abbreviations

Abbreviations

BS	Banka Slovenije
EA	Euro area
CHP	combined heat and power
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EPU	Economic Policy Uncertainty
ESA	European System of Accounts
ETS 2	The emissions trading system for the buildings sector, the road transport sector and additional sectors, in particular small-scale electricity generation installations and small industries that are not covered by the existing ETS 1 system.
EU	European Union
EUR	euro
FURS	Financial Administration of the Republic of Slovenia
GDP	gross domestic product
GURS	Surveying and Mapping Authority of the Republic of Slovenia
GZS	Chamber of Commerce and Industry of Slovenia
HICP	harmonised index of consumer prices
IMF	International Monetary Fund
NATO	North Atlantic Treaty Organization
NGEU	NextGenerationEU
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PMI	purchasing managers' index
SURS	Statistical Office of the Republic of Slovenia
ULC	unit labour costs
UMAR	Institute of Macroeconomic Analysis and Development
US	United States of America
USD	United States Dollar
VAT	value added tax
WIIW	Vienna Institute for International Economic Studies (Wiener Institut für Internationale Wirtschaftsvergleiche)
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