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Kazalo

Summary

Growth in domestic economic activity is expected to have persisted in the first quarter, albeit amid signs of moderating consumption and weak industrial production. Risks to economic activity and inflation have increased in the context of heightened geopolitical tensions.

According to survey indicators, economic growth in the euro area slowed in March, primarily as a result of the conflict in the Middle East. The slowdown originated in the services sector, amid weaker demand and increased uncertainty, which is also reflected in the deterioration of economic sentiment in this segment and among consumers. Meanwhile, conditions in manufacturing improved somewhat, at least temporarily; however, risks intensified due to higher cost pressures and disruptions in supply chains, which contributed to a decline in business optimism among firms. According to the ECB's March projections, economic growth in the euro area is expected to slow this year due to the conflict in the Middle East, with the baseline scenario projecting growth at 0.9%, which is 0.3 percentage points lower than in the December projections. Inflation is projected at 2.6% for this year, which is 0.7 percentage points higher than in the previous projections.

At their March meetings, both the ECB and the Fed left their key interest rates unchanged. The ECB Governing Council justified its decision by assessing that inflation is hovering around the 2% target and that the ECB's monetary policy is well positioned to respond appropriately to any potential intensification of the energy shock and its effects on price developments. Due to higher energy prices, market expectations regarding further reductions in the Fed's key interest rate this year have diminished, while for the ECB, two increases of 25 basis points each are anticipated.

Since the beginning of March, developments in financial markets have been shaped primarily by the outbreak of the war in the Middle East. Yields on US and German government bonds rose significantly in March, reflecting heightened expectations of monetary policy tightening by central banks in response to increased inflationary pressures stemming from disruptions in energy supply. At the same time, major global equity indices declined as investors shifted away from riskier assets, while the value of the US dollar and oil prices strengthened. Following the commencement of peace negotiations between the US and Iran in early April, sentiment in financial markets improved, leading to a decline in government bond yields, an increase in major equity indices, and a depreciation of the US dollar against most major global currencies.

Available data for the first quarter indicate a continuation of growth in domestic economic activity, with signs of a moderation in domestic consumption. According to our short-term forecasting models, quarterly growth is expected to amount to 0.4%, while year-on-year growth will be higher due to last year's low base. The economic sentiment has deteriorated compared with the end of last year, mainly as a result of a decline in confidence in manufacturing in February. The direct impact of the war in the Middle East has so far been reflected only in a marked increase in consumer inflation expectations in March, while broader economic effects could intensify later in the year. High-frequency indicators of domestic market consumption and certain survey-based assessments of demand suggest a moderation in spending as early as the first quarter. At the same time, industrial activity remains weak, in recent months also due to a decline in

pharmaceutical production. Additional risks for exporters stem from foreign demand, namely an increase in bankruptcies among key European trading partners and growing competitive pressures from China across all segments of technological sophistication.

Merchandise trade contracted in both exports and imports in the first two months of the year, with real exports declining and real imports stagnating. Merchandise exports fell to the main partner countries, Germany and Austria, while the decline in imports was mainly attributable to lower imports of energy products. The outlook is also unfavourable, as export orders and consumer confidence in our key export markets do not indicate a strengthening of foreign demand in the coming months, while industrial firms in our key EU import markets report an expected increase in selling prices of goods. By contrast, services trade remains robust and continues to strengthen. Growth in services exports was driven primarily by tourism and exports of insurance services.

Divergence between the public and private sectors persists in the labour market at the beginning of the year, while cost pressures on competitiveness are also strengthening amid a renewed acceleration in wage growth. The number of persons in employment remained almost unchanged year on year in February, increasing further in the public sector but declining in the private sector, particularly in manufacturing. Growth in the number of older persons in employment continues to make a significant contribution to overall employment dynamics, driven primarily by demographic factors and later retirement. Registered unemployment remains low, although survey-based unemployment increased slightly at the end of last year. Wage growth accelerated again in January, largely due to a 16% increase in the minimum wage, which was the second highest increase in the past two decades and among the highest in the EU this year. Against the backdrop of already elevated growth in labour costs and relatively weak productivity, this is further intensifying pressures on the cost competitiveness of the economy.

Headline inflation, measured by the HICP, slowed to 2.4% in March. The deceleration was due to lower year-on-year growth in food and energy prices. The slowdown in energy inflation primarily reflects developments in electricity prices, while the pass-through of higher wholesale oil prices to final motor fuel prices was partly contained by government measures in the first part of the month. Core inflation remained unchanged at 2.3%. It continues to be supported primarily by services prices, while the growth in prices of other goods remains subdued. Higher wholesale energy and fertiliser prices will pose a risk of renewed inflationary pressures in the coming months, as higher costs may gradually be passed through along the production and supply chains to final prices of goods and services.

The war in the Middle East has heightened fiscal risks, with the general government deficit already having increased to 2.5% of GDP last year, while the debt-to-GDP ratio declined to 65.7% due to the nominal effect of economic growth. The increase in the deficit reflects robust growth in government expenditure, driven primarily by social benefits, compensation of employees, and gross fixed capital formation, which reached a historically high share of GDP. The implementation of the wage reform this year is further increasing consolidated general government expenditure and contributing to a continued rise in the deficit. Revenue growth moderated last year, while in the first quarter of this year it was mainly supported by social security contributions and value added tax. The war in the Middle East has worsened the fiscal outlook due to its impact on economic growth and the implementation of energy measures, which must be temporary and targeted.

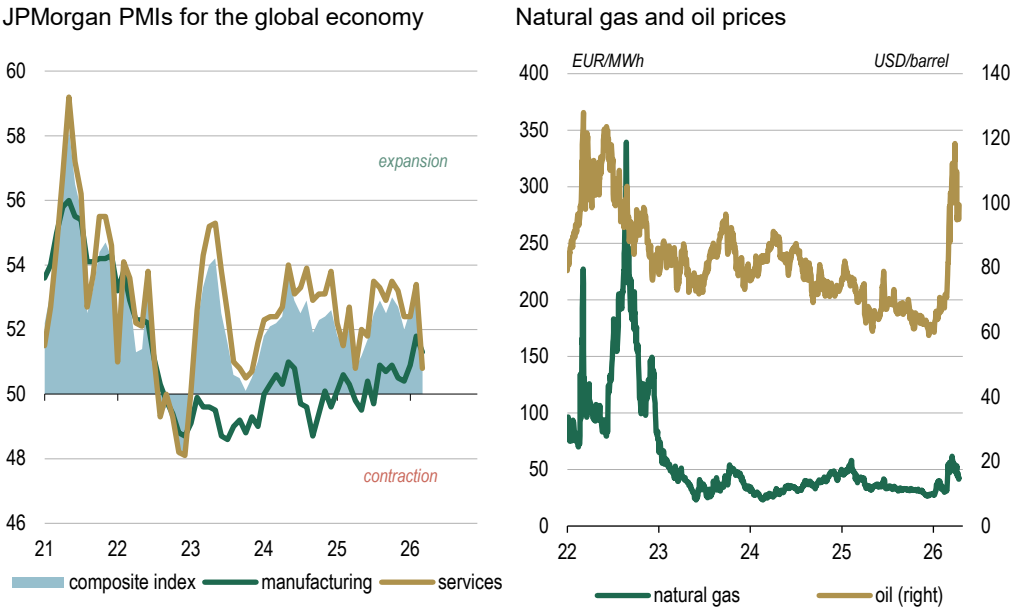
1 International Environment

Global economic growth slowed in March due to higher energy prices and increased uncertainty, resulting from the conflict in the Middle East.

Following a favourable start to the year, global economic activity growth slowed in March, according to survey indicators. This is evidenced by the decline in the composite PMI to 51 index points; a significant factor behind the deterioration was the outbreak of conflict in the Middle East (Figure 1.1, left). The average value of the indicator in the first quarter stood at 52.3 index points, which still suggests relatively favourable growth in the global economy. In March, growth in the services sector slowed markedly, reflecting weaker demand amid heightened uncertainty. Growth also eased somewhat in manufacturing, primarily due to increased cost pressures, longer delivery times and a pronounced deterioration in business expectations for the next twelve months, which fell to their lowest level in the past five months. Nevertheless, growth in manufacturing for the first time since the end of 2022 once again exceeded growth in services.

With the continuation of the conflict in the Middle East and the closure of the Strait of Hormuz, uncertainty and risks to global economic activity remained elevated. This is reflected in energy prices, which, compared to pre-conflict levels, peaked at 72% higher for oil and 90% higher for European natural gas (Figure 1.1, right)[1]. Although prices eased somewhat following the announcement of a two-week ceasefire, uncertainty regarding further disruptions to energy supply remains substantial.

Figure 1.1: **Activity and energy price indicators**



Source: Bloomberg, Banka Slovenije calculations. Latest data: left, March 2026; right, 16 April 2026.
Note: In the right chart, prices of futures contracts for the nearest delivery month are shown.

According to the ECB's March projections, global economic growth excluding the euro area is expected to be 0.3 percentage points lower this year than last year. Growth is projected at 3.3% in 2026, and at 3.2% and 3.3% in 2027 and 2028, respectively. The

[1] Compared to the day before the conflict, 27 February 2026.

lower growth will mainly be attributable to the conflict in the Middle East and the associated higher prices of energy commodities, tighter financing conditions and increased uncertainty, which will dampen consumption, investment and trade activity. These factors will offset part of the previously favourable effects linked to stronger growth at the end of 2025, investments in artificial intelligence, and somewhat lower US tariffs following the US Supreme Court ruling.

Due to the conflict in the Middle East, economic growth in the euro area also slowed in March, accompanied by a deterioration in growth prospects.

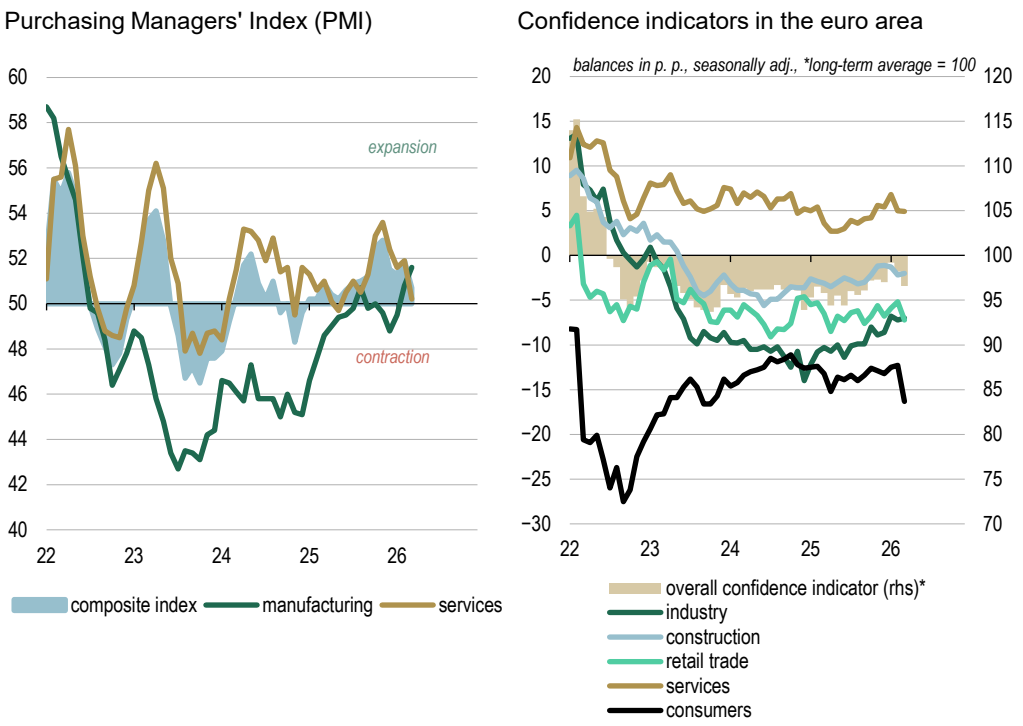
Survey indicators show that economic growth slowed in March due to the conflict in the Middle East. The composite PMI declined to 50.7 index points (figure 1.2, left); its average value in the first quarter was lower than in the previous quarter. The increase in energy prices and heightened uncertainty among consumers were reflected in a sharp decline in the services indicator in March. By contrast, conditions in manufacturing improved somewhat further, mainly owing to growth in new orders, while risks to continued growth on the supply side increased significantly. This is evident in longer delivery times for input materials and disruptions in global logistics flows. Consequently, cost pressures intensified, as growth in input costs accelerated to its highest level since October 2022. Business optimism also deteriorated, reaching its lowest level in the past five months and reflecting greater caution among firms.

The European Commission's Economic Sentiment Indicator also declined in March (figure 1.2, right). The most pronounced deterioration in sentiment was observed among consumers and in trade and services, whereas manufacturing and construction have not yet experienced a decline. The ZEW Economic Sentiment Indicator also fell sharply, reaching its lowest level in the past eleven months.

According to the ECB's March projections, economic growth in the euro area is expected to be 0.3 percentage points lower this year compared to the December 2025 projections. Growth is projected at 0.9% in 2026, strengthening to 1.3% and 1.4% in 2027 and 2028, respectively. The downward revision is mainly attributable to heightened tensions in the Middle East and, consequently, higher energy prices and increased uncertainty. These factors will dampen economic growth, particularly in the short term, through reduced household purchasing power and more restrained consumption and investment. In the medium term, growth will continue to be primarily driven by domestic demand.

Given the considerable uncertainty regarding the duration of the energy shock, developments in energy prices, and the effects on external trade and investment, two alternative scenarios were prepared in addition to the baseline scenario. The adverse scenario indicates that economic growth in the euro area would be approximately 0.3 and 0.1 percentage points lower this year and next year, respectively, compared to the baseline scenario; in 2028, growth would exceed the baseline by 0.2 percentage points. The severe scenario suggests that growth in 2026 and 2027 would be 0.5 and 0.4 percentage points lower, respectively; in 2028, it would exceed the baseline by 0.5 percentage points.

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



Sources: Bloomberg, European Commission, Banka Slovenije calculations. Latest data: March 2026.

Headline inflation in the euro area surged in March exclusively due to higher energy prices linked to the war in the Middle East.

Year-on-year price growth in the euro area, as measured by the HICP, strengthened by 0.7 percentage points to 2.6% in March (Figure 1.3, left). The increase was driven solely by energy prices, while both core inflation and food price growth declined. Energy prices were 5.1% higher year-on-year, after having been 3.1% lower in February. The reversal in annual growth mainly reflects the ongoing increases in motor fuel prices associated with the war in the Middle East, and to a lesser extent, a positive base effect.

Conversely, year-on-year food price growth slowed to 2.4% (2.5% in February). Processed food price growth declined for the sixth consecutive month and reached 1.7%, reflecting continued moderation in global food commodity prices. Similarly, year-on-year growth in unprocessed food prices fell to 4.2%, which is 0.4 percentage points lower than in February. In the coming months, higher cost pressures related to the ongoing increases in energy and fertiliser prices could be reflected in food prices.

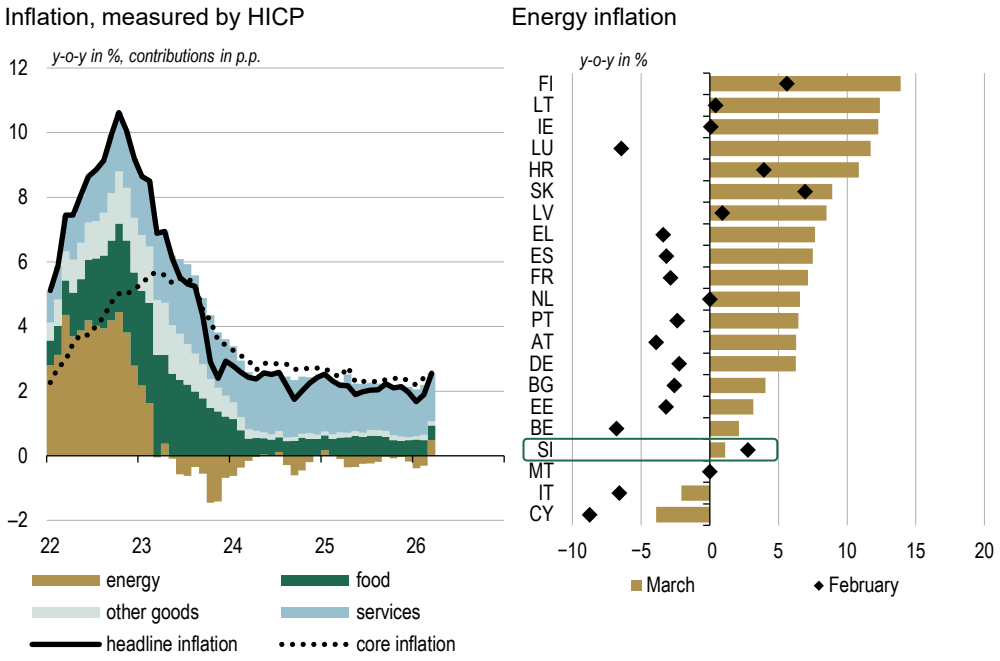
Core inflation, i.e. inflation measured excluding energy and food prices, declined by 0.1 percentage points to 2.3% in March. The decrease was mainly driven by a slowdown in services inflation, which, at 3.2%, was 0.2 percentage points lower than in the previous month. The indicator of inflation momentum for services also declined for the third consecutive month,[2] coinciding with an easing of domestic price pressures. ECB indicators continue to signal normalisation of wage pressures for this year, which could contribute to a gradual moderation in services price inflation. Year-on-year growth in non-energy industrial goods (hereinafter: other goods) prices fell to 0.5% (0.7% in Feb-

[2] The inflation momentum indicator is calculated as the annualised rate of growth in the seasonally adjusted services price index by comparing the average level of prices in the last three months with that from the preceding three months

ruary), remaining close to the pre-pandemic long-term average. The movement continues to reflect weak import price pressures, linked to the appreciation of the euro and imports of cheaper products from China.

Headline inflation in Slovenia was 0.2 percentage points lower than in the euro area in March, mainly due to a lower contribution from energy prices, while core inflation rates were aligned. The range of headline inflation rates among euro area member states amounted to 3.1 percentage points, with average inflation accelerating due to higher energy price growth. The latter differed across countries also due to varying tax measures. The largest increase in year-on-year energy price growth in March was recorded in Luxembourg, while Slovenia was the only country to register a decrease (Figure 1.3, right; see Box 6.1 for further details on recent energy inflation developments in Slovenia). The highest headline inflation was recorded in Croatia (4.6%), while Cyprus again registered the lowest (1.5%).

Figure 1.3: **Euro area inflation and energy inflation across member states**



Sources: Eurostat, ECB, Banka Slovenije calculations. Latest data: March 2026.

2 Monetary Policy and Financial Markets

In March, the Eurosystem maintained the interest rate on the marginal deposit facility at 2.00%, while the Fed kept its key interest rate within the corridor of 3.50% to 3.75%.

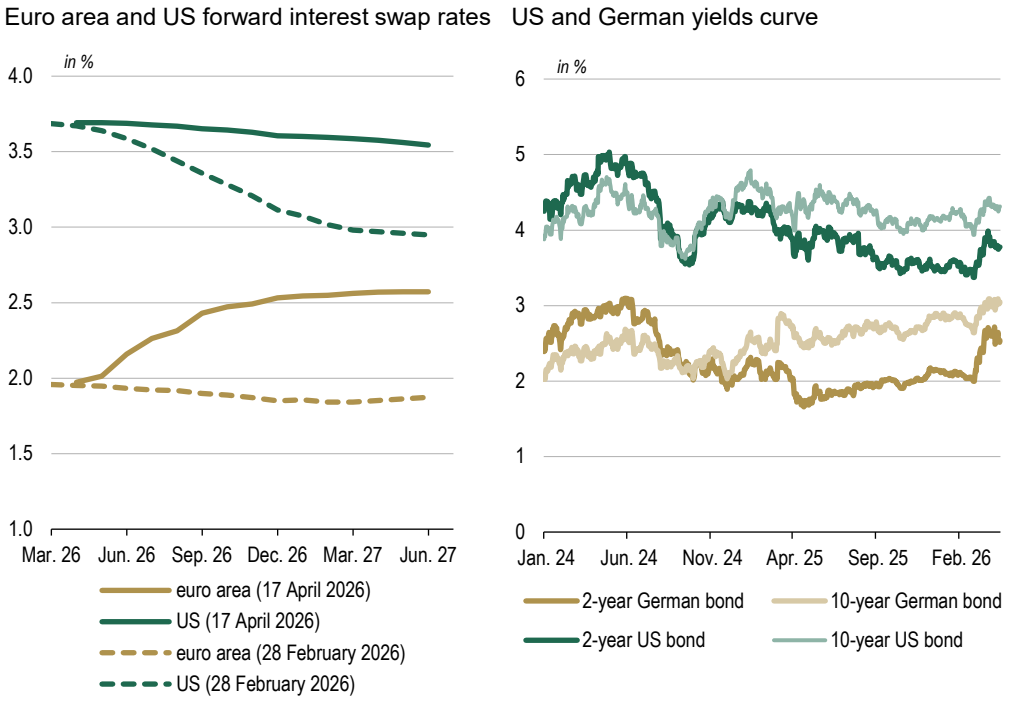
In March, the ECB Governing Council left all three key interest rates unchanged. The interest rates on the deposit facility, main refinancing operations, and the marginal lending facility thus remain at 2.00%, 2.15%, and 2.40% respectively. According to ECB

experts, the macroeconomic outlook has become considerably more uncertain due to the war in the Middle East. They remain attentive to further geopolitical developments and their implications for price dynamics. Inflation is hovering around the 2% target, longer-term inflation expectations remain well anchored for the time being, and the economy has demonstrated resilience in recent quarters.

At its March meeting, the Fed kept its key interest rate within the range of 3.50% to 3.75%, reflecting uncertainty regarding the impact of the conflict in the Middle East on the long-term inflation outlook in the US. Key interest rates also remained unchanged at the March meetings in the United Kingdom (3.75%), Switzerland (0%), Canada (2.25%), Sweden (1.75%), and Japan (0.75%). In contrast, the central bank of Australia raised its key interest rate by 0.25 percentage points to 4.10%, in response to persistently elevated inflationary pressures.

Since the beginning of March, expectations that inflation could remain persistently elevated have strengthened due to disruptions in energy supply. As a result, investors anticipate that central banks will maintain their current monetary policy stance or tighten it further if necessary. Based on current overnight index swap (OIS) rates, financial markets now expect two increases of 0.25 percentage points each in the ECB's key interest rates by the end of 2026, which would bring the deposit facility rate to 2.50% (Figure 2.1, left). For the Fed, market participants expect the key interest rate to remain within the range of 3.50% to 3.75% throughout this year.

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



Sources: Bloomberg, Banka Slovenije calculations. Latest data: 17 April 2026.

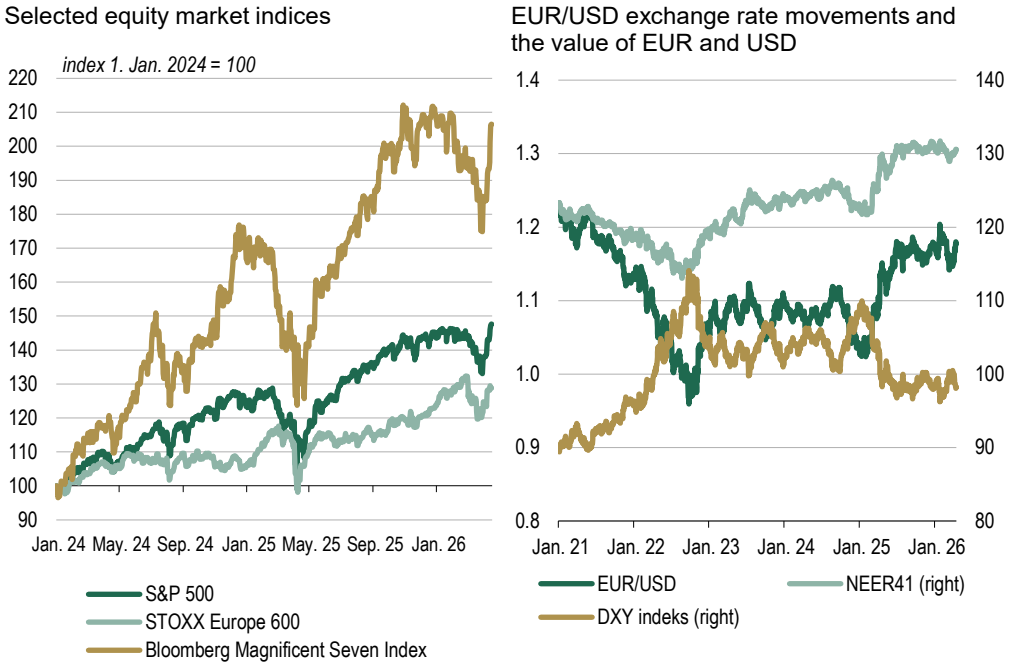
The main global equity indices declined following the outbreak of war in the Middle East but subsequently regained most of their lost value after negotiations to end the conflict commenced. Energy prices remain elevated.

Amid heightened expectations of persistently higher inflation and a more restrictive monetary policy stance by the ECB and the Fed, yields on German short-term government bonds increased by 0.52 percentage points and those on US short-term treasuries by 0.40 percentage points since the beginning of March (Figure 2.1, right). Yields on long-term government bonds rose similarly, by 0.39 percentage points for German bonds and by 0.38 percentage points for US treasuries. The upward trend in government bond yields was interrupted following the agreement between the US and Iran on a two-week ceasefire and the commencement of negotiations to end the conflict. This also led to a decline in the spreads between yields on euro area bonds with higher credit risk and German government bonds, which had been elevated in March due to investors shifting out of riskier assets.

The outbreak of the war in the Middle East, together with expectations of higher key interest rates, contributed to a decline in most major global equity indices in March (Figure 2.2, left). Following the agreement between the US and Iran on a two-week ceasefire and increased optimism regarding a peaceful resolution of the conflict, the main equity indices largely recovered the losses incurred in March. The leading US index, the S&P 500, has gained 2.4% in value since the beginning of March and is currently at record highs, while the index comprising the seven largest US tech firms (the Magnificent Seven) has risen by 6.6%. The main European index, STOXX Europe 600, which reached a historic high at the end of February, has declined by 2.7% since the beginning of March. The tech-oriented Hang Seng index in Hong Kong lost 6.4% of its value in the first half of March amid heightened geopolitical tensions, but rebounded following a partial easing of the situation in the Middle East and is currently only 1.9% lower than at the beginning of March.

The value of the US dollar against the euro initially increased following the outbreak of the war in the Middle East and a shift by investors towards safer currencies but subsequently lost these gains after the aforementioned two-week ceasefire. The dollar moved similarly against a basket of the world's major currencies and is currently 0.7% higher than at the beginning of March (Figure 2.2, right). The price of gold has declined by 9.3% since the beginning of March, reflecting higher government bond yields and strengthened expectations of a more restrictive Fed policy. The price of Brent crude oil rose by 63.3% in March but fell by 16.9% following the agreement on a temporary ceasefire at the beginning of April.

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



Sources: Bloomberg, Banka Slovenije calculations. Latest data: 17 April 2026.
Note: In the left chart the Magnificent Seven comprise Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. In the right chart DXY measures the US dollar against a basket of six currencies (EUR, JPY, GBP, CAD, SEK, CHF) based on trade weights, with the euro having the largest weight at 57%. NEER41 denotes the nominal effective exchange rate of the euro against 41 trading partners. The EUR/USD exchange rate indicates the movement of the euro against the US dollar, where a higher value denotes a stronger euro and vice versa.

3 Domestic Economic Activity

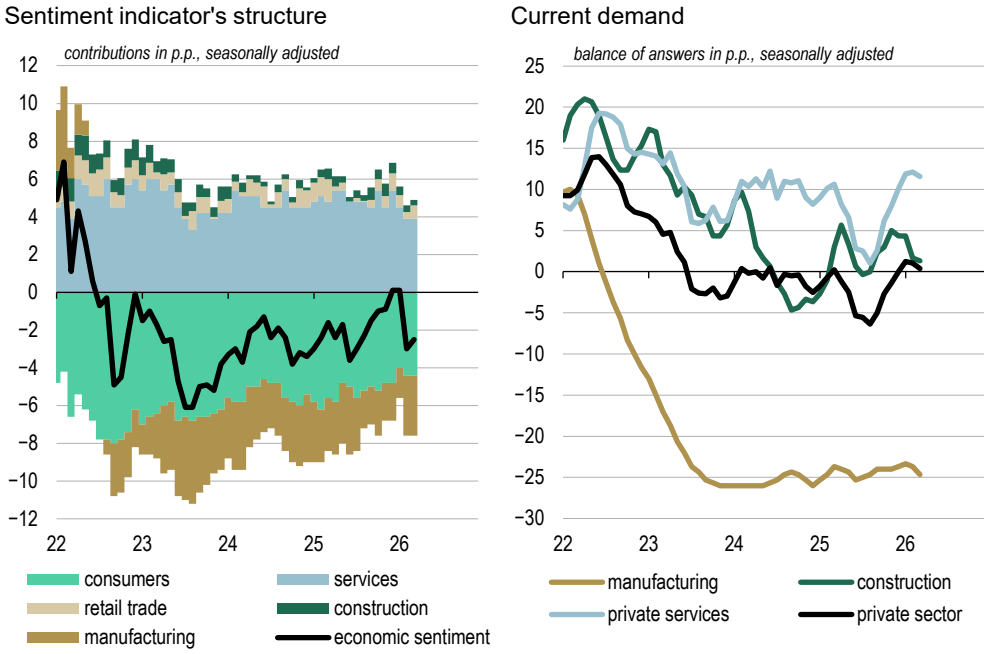
Contrary to expectations, further escalation of global geopolitical tensions in March has not yet affected the domestic economic sentiment.

Although the war in the Middle East has increased uncertainty in the global economy and caused a shock in certain key supply chains, the value of the economic sentiment indicator in Slovenia even rose slightly in March compared with February (Figure 3.1. left). This was attributable to an improvement in the retail trade confidence indicator, while there were no significant changes in sentiment in other activity groups or among consumers. Nevertheless, the economic sentiment in the first quarter was weaker than at the end of last year, primarily due to a decline in confidence in manufacturing.[3]

Survey-based indicators of demand show that conditions in activities primarily oriented towards the domestic market have remained solid. Demand continues to be relatively strong in private services, while in construction it has been gradually moderating for several months (Figure 3.1, right). Despite this, in March construction companies assessed the level of activity as the highest since May 2023. The business environment remains challenging in the export-oriented goods sector, as confidence in manufacturing, amid persistently weak demand, was again lower in March than in the previous year.

[3] The latest monthly fluctuations in confidence and activity indicators are presented in more detail in Box 3.1.

Figure 3.1: **Survey-based indicators of confidence and demand**



Sources: SURS, Banka Slovenije calculations. Latest data: March 2026.
Note: In the right chart, the aggregate indicators are calculated using value added shares.

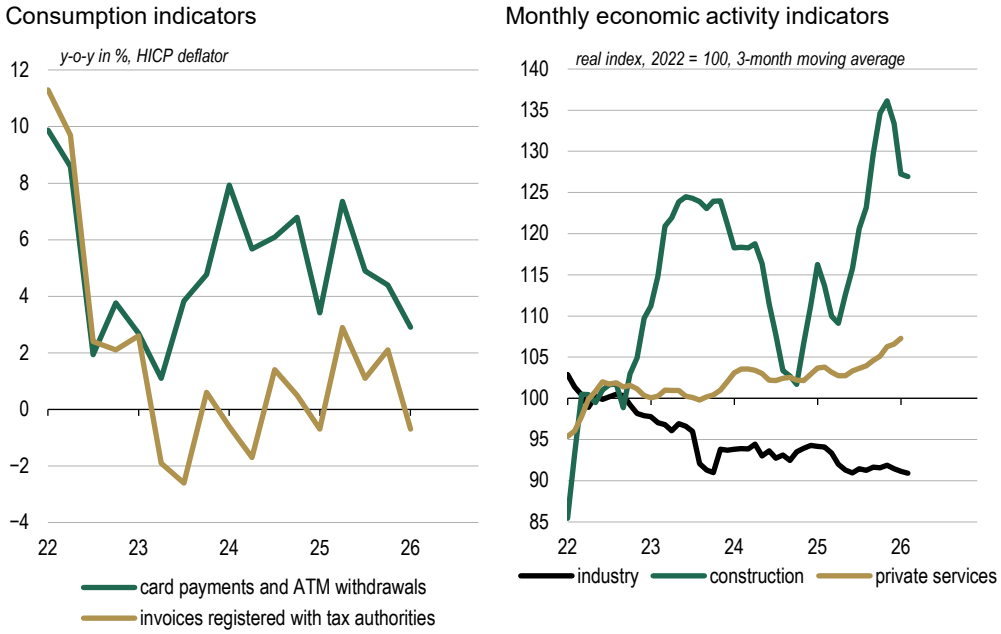
Consumer confidence remained at a relatively high level in March. Compared with last year, assessments of the expected financial situation of households and the general economic situation in the country continued to be more favourable. At the same time, however, consumers have become more concerned about inflation in light of the first signs of a new energy crisis, as the indicator of expected price developments over the next 12 months increased by 11 percentage points compared with February. It reached 63 percentage points, the highest level since July 2022, when the peak in post-pandemic price growth was recorded at 11.7%.

Available data for the first quarter indicate a moderation of activity in the domestic market and a continuation of weak industrial production.

High-frequency indicators point to a slowdown in spending growth in the first quarter. The real value of card payments and ATM withdrawals was 2.9% higher year-on-year, which is 1.5 percentage points less than in the final quarter of last year. The deviation is even greater in the real value of fiscally verified receipts (Figure 3.2, left). This was mainly due to a weaker February, while consumption is estimated to have picked up again in March, which may be partly related to precautionary fuel purchases following the attack on Iran.

Monthly activity indicators show continued growth in revenues in private services and a moderation of activity in construction (Figure 3.2, right). Total revenues in private services were 2.1% higher year-on-year in January, with considerable differences across activities. Activity was relatively weak in trade as well as in transport and storage, while it was stronger in accommodation and food service activities and even more so in real estate activities. Construction activity, which is characterised by pronounced volatility, increased on a monthly basis in February after several months of decline. In the first two months, it was 16.8% higher year-on-year, mainly due to the implementation of government infrastructure investment, given last year's low base.

Figure 3.2: **Economic activity indicators**



Sources: SURS, Bankart, FURS, Banka Slovenije calculations. Latest data left: Q1 2026; right: January 2026 – private services, February 2026 – industry and construction.
Note: In the right chart, private services are shown excluding financial services and other service activities; the data are seasonally and working-day adjusted.

Conditions in industry remain unfavourable, as negative trends have persisted for an extended period (Figure 3.2, right). Industrial production in January and February combined was 4.2% lower year-on-year, with declines recorded in numerous key sectors, including energy. High-technology production has also frequently contributed to aggregate declines since last year, with our rough estimates indicating that activity in the pharmaceutical industry was particularly weak in January.[4] In terms of technological intensity, activity in the first two months was higher year-on-year only in low-technology production, primarily due to growth in the food industry.

Box 3.1: **Nowcasts for GDP growth in the first quarter**

The average estimate from the set of nowcasting models indicates that quarter-on-quarter GDP growth in the first quarter stood at 0.4%, broadly in line with the final quarter of last year.

In the current estimate (Figure 3.1.1, left), confidence indicators point to a somewhat weaker sentiment in the first quarter compared with the final quarter of last year. The economic sentiment indicator declined by 1.2 percentage points, with confidence deteriorating across most sectors, except among consumers. Despite a slight improvement in March, particularly driven by higher confidence in retail trade, caution prevails in other segments amid heightened geopolitical tensions.

Signals from monthly indicators of economic activity are currently mixed but point to growth in the first quarter. Following an increase in industrial production in January (by 1.0%) in mining and quarrying and manufacturing, activity declined slightly again in

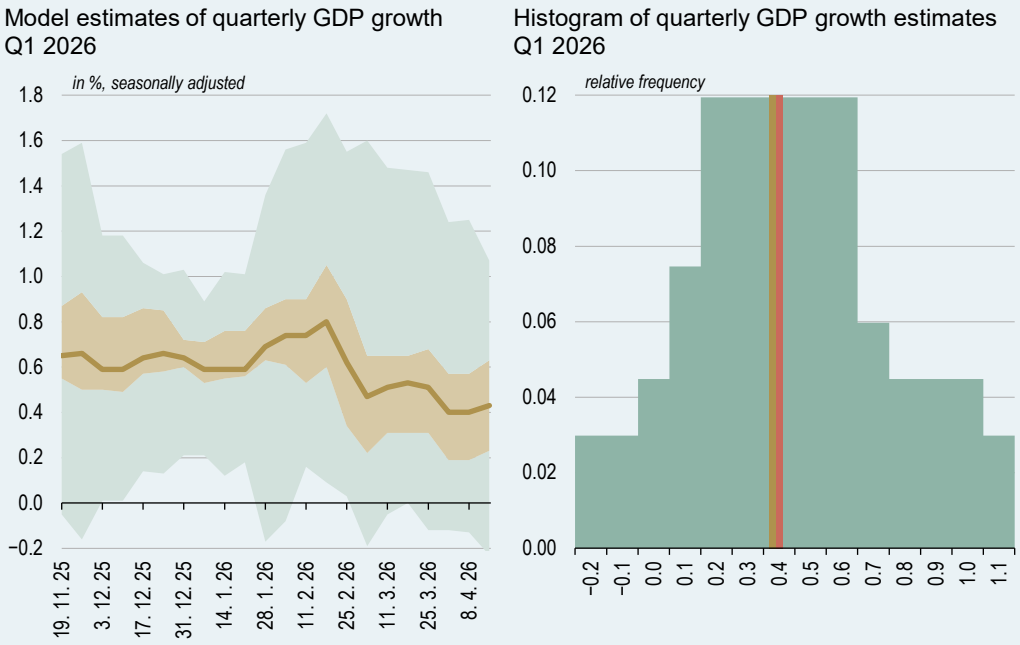
[4] The pharmaceutical industry is characterised by pronounced fluctuations in production, with year-on-year growth rates between individual quarters sometimes exceeding 20 percentage points.

February (by 0.1%), mainly owing to lower production in electricity, gas, steam, and air conditioning supply. This is consistent with the prolonged period of weak industrial activity.

In construction, activity remained subdued in January. The value of construction put in place declined month-on-month by 1.0%, mainly due to a contraction in specialised construction activities and civil engineering. By contrast, following several months of decline, construction of residential and non-residential buildings strengthened. Overall activity in services and trade increased by 0.6% at the beginning of the quarter, with the decline in trade mitigated by service activities, also supported by more favourable growth in revenues.

The current set of high-frequency indicator information is also reflected in the histogram of the nowcast distribution (Figure 3.1.1, right). The range of estimates, based on the 25th and 75th percentiles of the distribution, currently stands between 0.2% and 0.6%.

Figure 3.1.1: **Nowcasts for economic growth**



Sources: SURS, Banka Slovenije calculations.
Notes: The left chart displays 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 line indicates the average nowcast of quarterly GDP growth for the first quarter of 2026. The right chart illustrates the distribution of the nowcasts for quarterly GDP growth in the first quarter of 2026. The vertical gold line represents the median, and the red line the mean. The relative frequency represents the share of the total set of models yielding a particular growth nowcast. Nowcast date: 15 April 2026.

Box 3.2: **Corporate bankruptcies in Slovenia, Germany and the EU**

The number of bankruptcies has begun to increase in recent years in Slovenia, Germany and the EU, which is a further indication of more challenging economic conditions in Europe and is worsening the outlook for foreign demand in key markets for Slovenian exporters.

Following extensive stimulus measures during the peak of the pandemic crisis in 2020 and a rapid recovery the following year, the European economy once again found itself in an unfavourable position in 2022 after the outbreak of the war in Ukraine. Geopolitical tensions intensified significantly, energy prices rose sharply, the global trading system began to weaken amid the introduction of sanctions and new tariffs, and the economy faced high uncertainty. This uncertainty is intensifying again this year with a new shock to supply chains because of the war in the Middle East. In such circumstances, the competitiveness of the EU is deteriorating, while economic growth remains weak and the likelihood of stagflation has increased.[5] The factors listed make the business environment more challenging and contribute to the increase in the number of bankruptcies.[6]

Differences in bankruptcy trends among EU Member States are substantial and are not solely related to macroeconomic conditions, as legislation and bankruptcy procedures vary significantly between countries. The EU harmonises this area only to a limited extent. The conditions for mandatory initiation of proceedings, the role of the courts, the balance between liquidation and reorganisation, and the liability of management are regulated at the national level.[7] The comparison between Member States and the EU aggregate is therefore informative in nature; nevertheless, for the Slovenian economy, and in particular the export sector, it provides an additional indication of conditions in the most important markets, including the German market, which could deteriorate further this year.[8]

In the post-pandemic period, the number of bankruptcies in Slovenia began to increase later and to a lesser extent than in Germany and the EU (Figure 3.2.1). This coincides with more favourable domestic economic conditions in recent years, as GDP last year was 8.4% higher than in 2021, which is 7.3 percentage points more than in Germany and 1.5 percentage points above the EU average.[9] According to Eurostat data, despite a significant slowdown in economic growth, the number of bankruptcies in Slovenia in 2025 was only 5.1% higher than in 2021, whereas in Germany and the EU it was higher by 72.8% and 86.5% respectively.[10] The differences are also substantial in comparison with the 2015–2019 average: in Slovenia, the number of bankruptcies in 2025 was 14.0% lower, while in Germany and the EU it was higher by 17.4% and 24.3% respectively (Figure 3.2.2). Focusing on Slovenia, the relatively higher number of bankruptcies

[5] See, for example: EU faces 'stagflationary shock' risk despite Iran ceasefire, economy chief warns | Euractiv.

[6] Eurostat includes in the number of bankruptcies the legal units that, at any point during the reference quarter, initiated bankruptcy proceedings based on a court decision (which may be provisional and does not necessarily imply cessation of activity). The data are available in the form of indices with 2021 as the base year and cover all activities except agriculture, forestry and fishing, public administration, defence and compulsory social security, as well as household activities, extra-territorial and membership organisations. Enterprises engaged in market activities are included. Data are available from 2015 onwards.

[7] See, for example: Harmonising certain aspects of insolvency law in the EU.

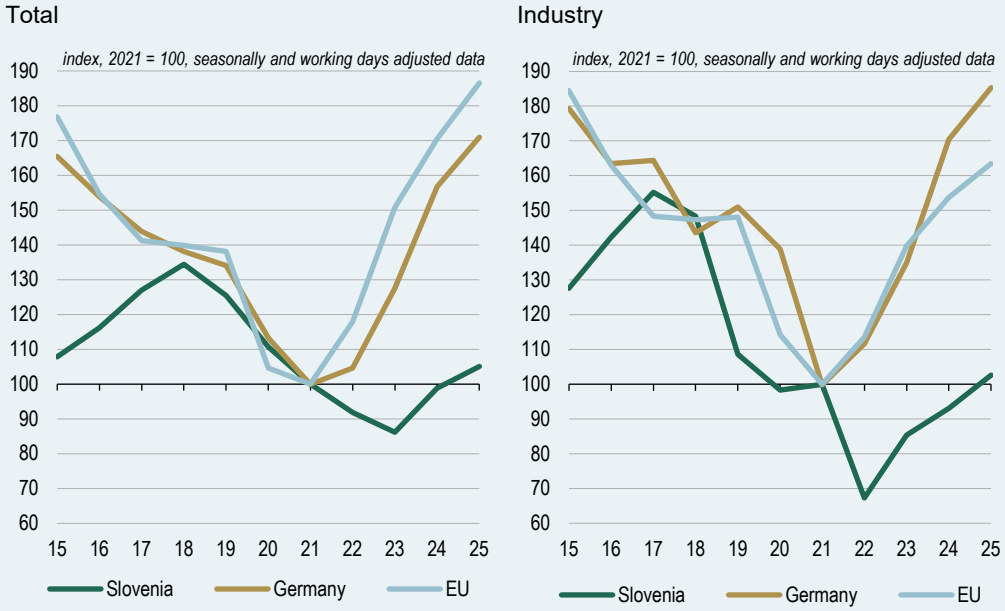
[8] See, for example: Stečaji v Nemčiji vsako leto v nebo and Drivers of Germany's Growth Downturn.

[9] GDP and value added in industry data are seasonally and working-day adjusted. Source: Eurostat.

[10] Among EU Member States in this time comparison, Greece, Hungary, France, Austria and the Netherlands stand out with an increase in the number of bankruptcies of more than 100%, while Malta, Romania, Denmark, Croatia and Cyprus recorded a decrease of at least 20%.

before the pandemic compared with the period after it can be linked to the completion of the deleveraging process following the debt crisis, with companies today being, on average, significantly less indebted than in the EU.[11]

Figure 3.2.1: **Corporate bankruptcies in the aggregate and in industry**



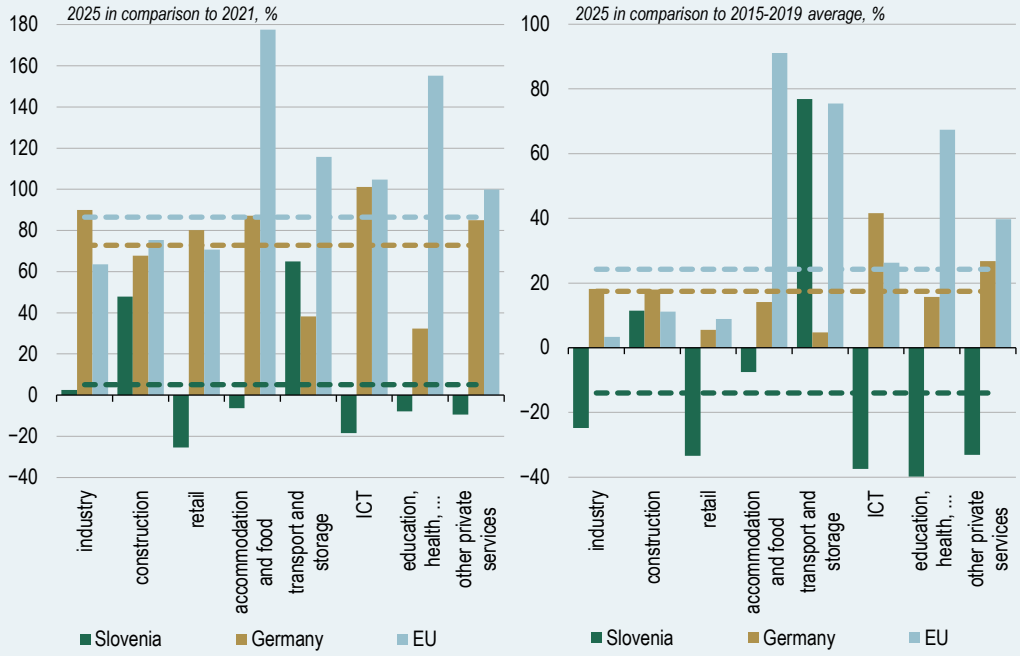
Sources: Eurostat, Banka Slovenije calculations.
Note: Enterprises engaged in market activities are included.

The differences between activity groups are pronounced. In 2025, compared with 2021, the number of bankruptcies in Germany and the EU was higher across all activity groups, while in Slovenia it increased only in construction, transport and storage, and to a lesser extent also in industry. While construction in Slovenia is characterised by pronounced volatility, which is strongly influenced by government investment activity, the deterioration in transport and storage and in industry can mainly be attributed to high uncertainty in international trade, loss of competitiveness and weak foreign demand. A similar picture emerges when comparing with the 2015–2019 average, as the number of bankruptcies in Slovenia last year was higher only in construction and transport and storage, while in Germany and the EU it increased across all activity groups (Figure 3.2.2).

Although industry in the EU is generally facing more challenging business conditions, the differences are again substantial. In Slovenia, the number of bankruptcies among industrial enterprises is indeed rising, but in 2025 it was only 2.6% higher than in 2021, whereas in Germany and the EU it was higher by 90.0% and 63.5% respectively. This coincides with relatively better conditions in Slovenian industry, as its value added last year – despite a decline – was 7.0% higher than in 2021, which is 4.8 percentage points above the EU average, while in Germany it was 5.9% lower. The comparison is also more favourable with the 2015–2019 average (Figure 3.2.2).

[11] According to AJPES data, 1,052 bankruptcy proceedings were initiated in Slovenia in 2025, which is 36 more than in 2021 and 223 fewer than the annual average for the period 2015–2019.

Figure 3.2.2: **Corporate bankruptcies by activity group**



Sources: Eurostat, Banka Slovenije calculations.
Note: Data are seasonally and working-day adjusted. Enterprises engaged in market activities are included. The horizontal lines show the percentage change in total bankruptcies in the economies under review. The education and health group also includes activities P to S according to NACE Rev. 2. Other private services comprise activities K to N according to NACE Rev. 2.

4 Labour Market

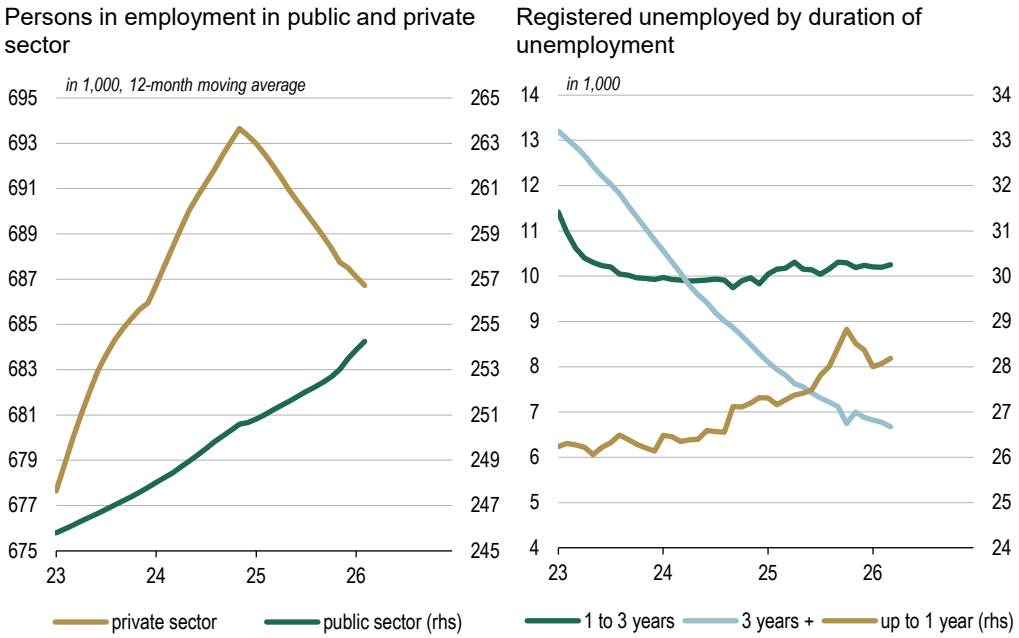
The labour market remains tight and continues to be characterised by divergence between employment developments in the public and private sectors.

The number of persons in employment remained almost unchanged year on year in February, amounting to 938,412. Despite the stable overall level of employment, differences across activities and sectors remain pronounced. Divergence between the public and private sectors continues to stand out (Figure 4.1, left). In February, the number of persons in employment in the public sector was 1.8% higher year on year, while in the private sector it was 0.7% lower. The decline in private sector employment was driven primarily by manufacturing, where the number of persons in employment decreased by 1.5% year on year, or by around 3,100 persons.

Amid stagnation in the total number of persons in employment, overall expected hiring by firms remained similar to a year earlier. Expectations improved somewhat in manufacturing, while deteriorating more noticeably in services, indicating a moderation in labour demand in parts of the economy that had been an important driver of employment growth in recent years. Firms continue to rely heavily on foreign labour, which alleviates challenges related to limited domestic labour supply. Over the past year, the largest number of foreign workers were employed in health and social work activities, followed by education and manufacturing. The share of foreign nationals among persons in employment reached 15.9% in February, which is 0.3 percentage points more than a year earlier.

Unemployment remains low. In March, 45,760 persons were registered as unemployed. More detailed data indicate a continued decline in long-term unemployment, while short-term unemployment has increased slightly (Figure 4.1, right). At the end of last year, the survey unemployment rate also increased somewhat, reaching 4.2% in the fourth quarter, which is 0.6 percentage points higher than a year earlier. Despite this increase, it remains relatively low and the labour market remains tight.

Figure 4.1: **Persons in employment and unemployed**



Sources: SURS, ZRSZ, Banka Slovenije calculations. Latest data left: February 2026, right: March 2026.
Note: In the left chart, the public sector includes all legal entities under public law and is a broader concept than the general government sector.

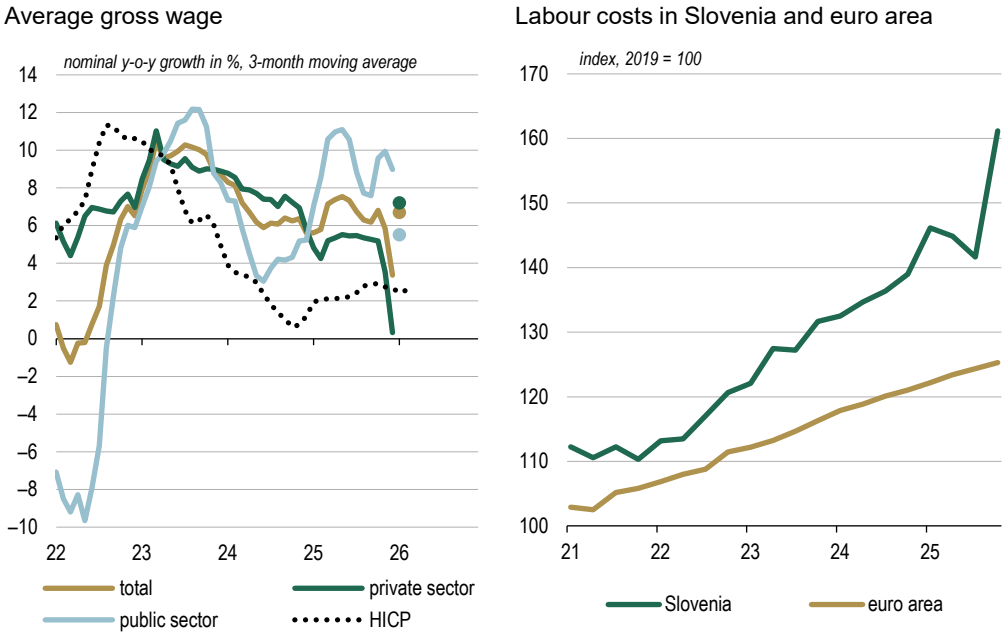
Wage growth accelerated again at the beginning of the year.

Amid a marked increase in the minimum wage, wage growth picked up again at the start of the year. In January, overall year-on-year wage growth stood at 6.7%, which is 7.3 percentage points higher than in December (Figure 4.2, left). The 16% increase in the minimum wage was the key factor behind wage developments in the private sector, where year-on-year growth in January, at 7.2%, was significantly higher than at the end of last year. December data were affected by the introduction of a mandatory Christmas bonus, which influenced developments in extraordinary payments. These were lower than usual in November and December, temporarily reducing year-on-year wage growth in those months. Following a gradual moderation in wage growth that characterised most of 2025, the increase in the minimum wage has thus led to a renewed strengthening of wage pressures in the private sector. In the public sector, year-on-year wage growth stood at 5.5% in January, which is lower than the average for 2025, when wage developments were marked by increases related to the implementation of the wage reform. These increases will continue this year, with the first taking place in June and the second in December.

Labour costs already increased markedly at the end of last year, driven primarily by the introduction of a mandatory Christmas bonus for all employees and the implementation of the wage reform in the public sector (Figure 4.2, right). Such wage growth is not

aligned with productivity developments, which is weakening the cost competitiveness of the Slovenian economy, particularly in a challenging international environment. Moreover, labour cost growth in Slovenia had already been high before the pronounced increase at the end of last year and has significantly exceeded developments in the euro area since the pandemic. The effects of the increase in the minimum wage at the beginning of the year and the agreed wage increases in the public sector for 2026 are not yet reflected in these indicators, suggesting a further deterioration in the cost competitiveness of the economy this year.

Figure 4.2: **Average gross wage and labour costs**



Sources: SURS, Eurostat, Banka Slovenije calculations. Latest data left: January 2025, inflation – March 2026, right: Q4 2025.
Note: In the right chart, labour costs include gross wages and employers' social security contributions.

Box 4.1: **The role of population ageing in the growth of the number of persons in employment**

Growth in employment among older persons is primarily driven by demographic factors and later retirement.

Over the past year, the increase in the number of persons in employment aged 60 and over has made a significant contribution to overall employment dynamics (Figure 4.1.1, left). At first glance, this could suggest a marked increase in the employment of older persons, but such an interpretation is not necessarily accurate. To understand actual developments in the labour market, it is therefore essential to take into account changes in both the number of persons in employment and the age structure of the population.

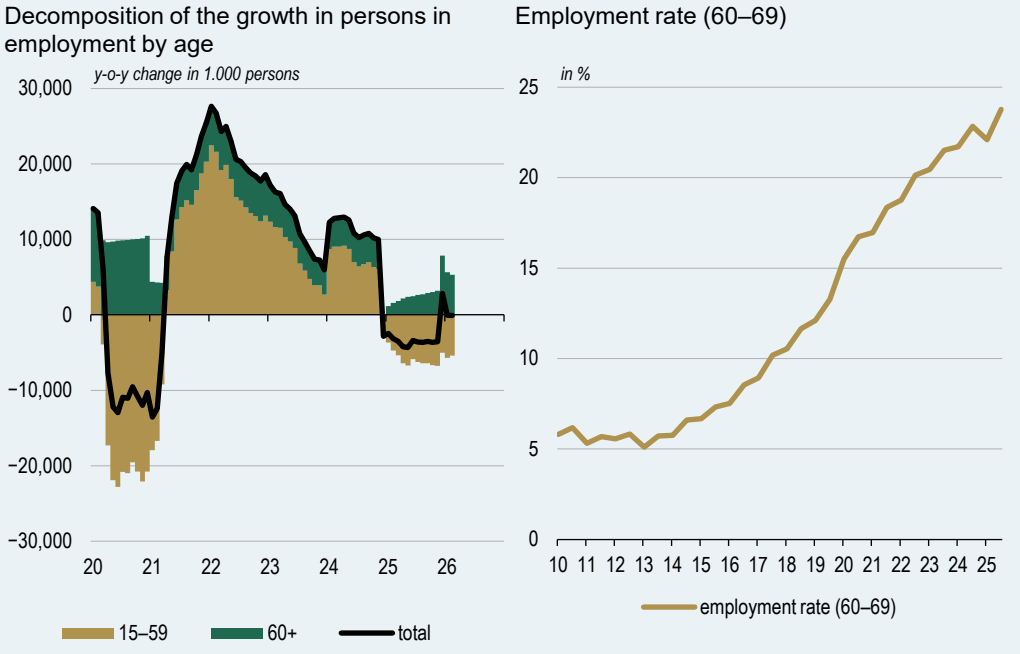
The seemingly strong growth in employment among older persons is largely the result of demographic changes, as more numerous cohorts are moving into older age groups. At the same time, the number of persons aged 15 to 59 is declining. The cohort entering

this group is smaller than the one exiting it, as the number of 59-year-olds exceeds the number of 14-year-olds. This has an adverse impact on the available labour supply, which is partly mitigated by the continued employment of persons aged over 60. An important role is also played by the extension of working age (Figure 4.1.1, right). Changes in pension legislation, in particular the ZPIZ-2 reform, have gradually increased the effective retirement age, tightened the conditions for early retirement and extended the reference period for calculating the pension base.[12]

These institutional factors have contributed to individuals remaining in the labour market longer than in the past. The combination of these factors creates a statistical effect that can be described as a cohort shift. Individuals who are employed in their late fifties typically remain employed when transitioning into the 60+ age group. In aggregate data, this is reflected as growth in employment among older persons, although it primarily represents the continuation of existing employment rather than increased hiring in this age group. Part of the growth in employment among older persons can therefore be attributed to changes in the age structure of the population and the institutional postponement of retirement, rather than to improved employment opportunities for older persons.

Growth in employment among older persons thus largely reflects structural demographic factors and the extension of working age. The continued increase in the share of older persons in employment raises important questions regarding its impact on the labour market and the broader economy.

Figure 4.1.1: **Number of persons in employment among eldery**



Sources: SURS, Banka Slovenije calculations
Note: The employment rate is calculated as the ratio of the number of persons in employment aged over 60 to the number of residents aged 60–69. The denominator therefore does not include residents aged 70 or over.

[12] Impact of pension reform ZPIZ-2 is analysed more in depth in box 7.1 in publication Review of macroeconomic developments, October 2025 | Banka Slovenije.

Box 4.2: **The minimum wage in Slovenia and elsewhere in the EU**

The increase in the minimum wage in January was the second highest in the past two decades.

The minimum wage in Slovenia is defined in the Minimum Wage Act as the lowest remuneration for work performed on a full-time basis. Its amount is generally adjusted once a year, taking into account developments in consumer prices, wages, economic activity and labour market conditions. Since 2021, the Act has also included a link to the estimated level of minimum living costs (within a range of 120–140%).

Movements in the minimum wage over the past two decades have been shaped by legislative changes and macroeconomic factors (Figure 4.2.1, left). During this period, wage supplements were excluded from the definition of the minimum wage, and the adjustment mechanisms were also revised (Rogan, 2020). In 2010, 2021 and 2026, growth in the minimum wage outpaced the increase in consumer prices (measured by the HICP)[13] by more than 10 percentage points. The substantial increase in 2010 (20.0%) resulted from a legislative amendment that raised the minimum wage to the level of minimum living costs and changed the adjustment mechanism. As this change coincided with unfavourable macroeconomic conditions, companies were allowed a gradual transition to the new amount. In 2021, despite deflation in the previous year, the strong growth (8.9%) was driven by the new formula linked to minimum living costs, while in January this year, the new calculation of these costs raised the minimum wage by 16.0% to EUR 1,481.9 gross.[14]

During the period under review, the minimum wage grew at a faster pace than the average wage. According to the latest data, around one sixth of persons in employment receive the minimum wage.

Over the past twenty years, growth in the minimum wage has generally outpaced growth in the average gross wage (Figure 4.2.1, left). While the latter increased by 105.4% in the period 2006–2025, the minimum wage rose by 147.7%, and by 187.2% in the period 2006–2026.

According to the latest available data from October 2025, 15.6% of persons in employment received a gross wage within the range of 95% to 105% of the minimum wage (Figure 4.2.1, right).[15] By activity, the share was above average in construction (29.1%) and private services (20.6%),[16] while by age group it was most pronounced among

[13] For the adjustment of the minimum wage in Slovenia, among other indicators, the year-on-year growth in consumer prices in December, as measured by the CPI, is used. However, for the purposes of ensuring comparability with other EU Member States, the analysis uses inflation measured by the Harmonised Index of Consumer Prices (HICP).

[14] In March 2010, the minimum wage was raised to EUR 734.15 gross, corresponding to the estimated level of minimum living costs. Since 2021, the minimum wage has been determined according to a formula linked to minimum living costs (within a range of 120–140%). At the same time, the Act provides for a regular annual adjustment in January, taking into account price growth, wages, economic conditions and employment, and following consultation with the social partners.

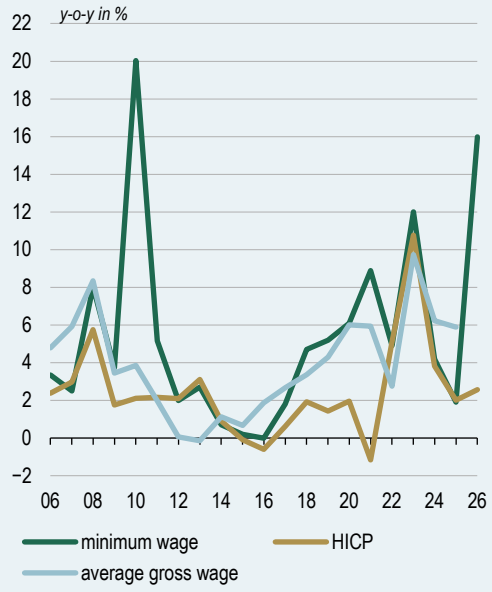
[15] Precise determination of the number of minimum wage recipients is not possible based on available data. The Minimum Wage Act stipulates that supplements are not included in the minimum wage amount. In addition, employees may receive a wage at the minimum wage level due to reduced working hours, sick leave or other circumstances. Therefore, the analysis uses as an approximation the share of employees with a gross wage between 95% and 105% of the minimum wage, where the wage value includes the basic wage and the amount of wage compensation. This enables a rough estimate of the number of minimum wage recipients.

[16] In private services, the share was highest in other miscellaneous business activities, which include employment agencies, in accommodation and food service activities, in other activities, which cover repairs of consumer goods and certain personal services, in transport and storage, and in real estate activities.

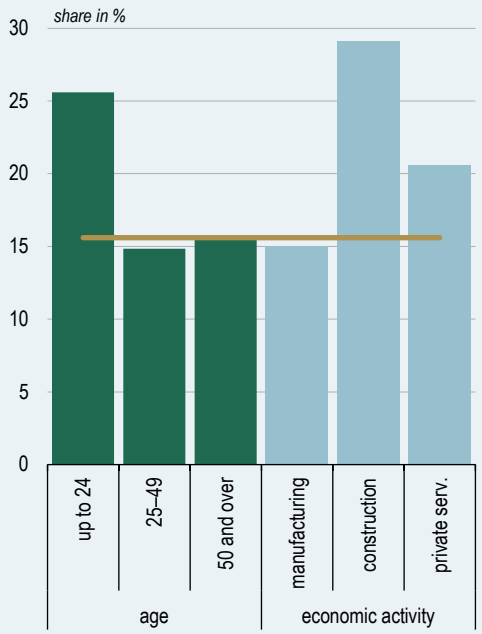
young people up to 24 years of age (25.6%). Similar findings are reported by Perko and Rogan (2025), namely that the minimum wage is more frequently received by young people at the start of their careers, as well as by employees with lower levels of education and in less demanding occupations.

Figure 4.2.1:
Developments and structure of the minimum wage in Slovenia

Minimum and average gross wages and inflation



Minimum wage recipients by age and economic activity



Sources: SURS, gov. si, Banka Slovenije calculations.
Note: In the left chart, year-on-year growth in the gross minimum wage and the average gross wage is shown, while inflation, measured by the HICP, compares December of the previous year with December of the year before. Up to and including 2010, the minimum wage was also adjusted within the year. Therefore, year-on-year growth refers to the calculated average for the entire year. In the right chart, the share of employees with a gross wage in the range of 95% to 105% of the minimum wage is shown, where the wage value includes the basic wage and the amount of wage compensation. The shares are weighted according to the number of persons in employment in each age and activity group. The data refer to October 2025, except for the weights by age group, which refer to 2025. The line in the chart shows the average for Slovenia.

At the beginning of 2026, growth in the minimum wage in Slovenia was the second highest among EU Member States.

In the EU, 22 countries have a statutory minimum wage, while in the remaining Member States, minimum pay is determined through collective agreements.[17] At the EU level, the area is governed by Directive (EU) 2022/2041 on adequate minimum wages, which does not prescribe a uniform minimum wage level but instead sets out a framework for adequacy and encourages the strengthening of collective bargaining.[18]

At the beginning of 2026, the majority of EU Member States increased their minimum wage, with most of these increases outpacing the growth in consumer prices as measured by the HICP, indicating a continued real increase in minimum wages (Figure 4.2.2, left). Nominal growth was particularly pronounced in Central and Eastern European (CEE)[19] countries, where in Hungary, Slovenia and the Czech Republic it exceeded

[17] This applies to Austria, Denmark, Finland, Italy and Sweden. Consequently, Eurostat does not provide data on the level of the minimum wage for these countries.

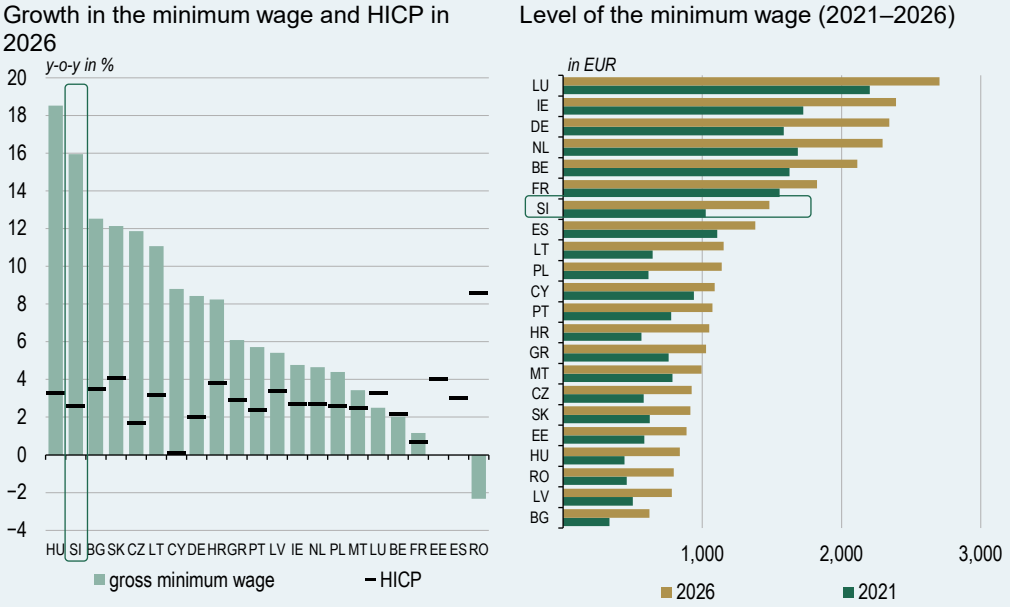
[18] The Directive sets out indicative reference values for assessing the adequacy of the minimum wage level, namely 60% of the median gross wage or 50% of the average gross wage, or the indicative reference values used at national level.

[19] The group of CEE countries (extended definition) comprises Bulgaria, the Czech Republic, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia and Slovenia.

price growth by more than 10 percentage points. By contrast, in five Member States the minimum wage declined in real terms, most notably in Romania, where minimum wage growth lagged behind price growth by more than 10 percentage points.

The level of minimum wages varies significantly across EU Member States, with the gap largely reflecting differences in price levels and living costs (Figure 4.2.2, right). At the beginning of 2026, minimum wages ranged from EUR 620 in Bulgaria to EUR 2,704 in Luxembourg. Over the observed five-year period (2021–2026), growth was highest in CEE countries, exceeding 80% in Hungary, Bulgaria, Croatia and Poland. Faster growth in minimum wages in countries with lower initial levels indicates gradual convergence towards more developed Member States, although differences in absolute levels between countries remain substantial. Among the CEE countries, Slovenia recorded the lowest minimum wage growth in the period under review but maintained the highest level.

Figure 4.2.2: **Minimum wages and inflation in EU Member States**

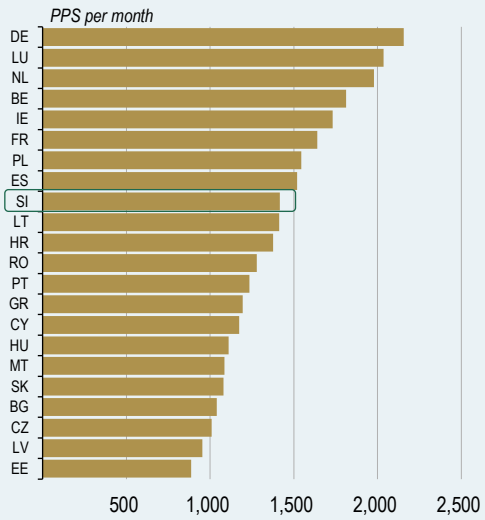


Sources: Eurostat, gov.si, Banka Slovenije calculations.
Note: Data for AT, DK, FI, IT and SE are not available, as the minimum wage is not set by law in these countries. In the left chart, year-on-year growth in the minimum wage refers to H1 2026 (compared with the same period in 2025), while year-on-year growth in HICP refers to December 2025 (compared with December 2024). Growth in the minimum wage is calculated based on values in EUR. In the right chart, the data refer to the gross minimum wage and H1 2026 and 2021. For CY, data for 2021 are not available. Consequently, the first available data (H1 2023) are shown.

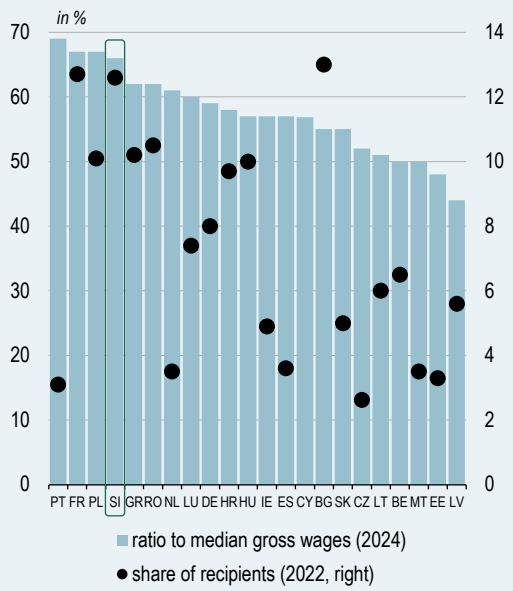
The gap in minimum wage levels is considerably smaller after adjusting for price differences between countries (Figure 4.2.3, left). Among the 22 countries, Slovenia had the ninth highest minimum wage by this indicator at the beginning of this year, and the highest among the CEE countries. The ratio of the gross minimum wage to the median gross wage (the Kaitz index) was, according to the latest available data for 2024, equal to or above 60%, which is one of the reference values for an adequate minimum wage level, in eight Member States. In Slovenia, the ratio stood at 66%, the fourth highest among Member States and the second highest among CEE countries, just behind Poland (Figure 4.2.3, right). According to the latest available data for 2022, Slovenia also had one of the highest shares of minimum wage recipients, at 12.6%, ranking behind only Bulgaria and France (Figure 4.2.3, right).

Figure 4.2.3: **Minimum wage in the EU: level in PPS, ratio to median wages, and share of recipients**

Minimum wage in PPS, January 2026



Minimum wage: ratio to median gross wages and share of recipients



Source: Eurostat.
Note: Data for AT, DK, FI, IT and SE are not available, as the minimum wage is not set by law in these countries. In the left chart, data for SI and ES refer to the situation as of 31 December 2025. The comparison concerns gross minimum wages expressed in purchasing power standards (PPS). The calculation is based on available purchasing power parities for household final consumption (reference year 2024). In the right chart, the minimum wage is shown as a ratio to the median gross wage, i.e. the level that divides employees into two equal groups. The data (for 2024) refer to gross monthly earnings of employees (before tax), for both full-time and part-time work, and do not include overtime or other supplements. Data on minimum wage recipients (for 2022) refer to employees (converted to full-time equivalents, with gross monthly earnings excluding overtime and shift work supplements) earning less than 105% of the minimum wage, aged at least 22, in enterprises with at least 10 employees. Section O according to NACE Rev. 2 is excluded. No data are available for CY.

Based on the analysis, it can be concluded that the increase in the minimum wage in Slovenia in January 2026 was the second highest in the past two decades and also among the highest in the EU. According to various indicators, the level of the minimum wage in Slovenia is above the EU average, particularly in comparison with CEE countries. Nevertheless, the minimum wage remains an important instrument for ensuring adequate remuneration for work and a decent standard of living for employees. However, it is essential that its determination also takes into account broader macroeconomic effects, especially the impact on public finances, the competitiveness of the economy, and potential indirect effects on the wage structure and inflation. A more detailed analysis of these effects will be presented in the next edition of the publication, within the broader context of macroeconomic projections.

5 Current Account

Merchandise trade contracted in the first two months of this year.

According to balance of payments data, merchandise exports declined by 1.1% year-on-year in January and February[20] (Figure 5.1, left), while, based on our estimates[21], exports fell by 2.0% in real terms. The decline was driven in particular by lower exports to Germany (–4.7%) and Austria (–8.4%) compared with the same period last year. By product group, the contraction was mainly attributable to lower exports of energy products and industrial materials, while higher exports of pharmaceutical products and road vehicles partly offset the overall decline.[22] In euro area countries, merchandise exports also decreased in the same period by 4.5%, primarily due to a fall in exports to trading partners outside the euro area.[23]

Goods imports declined by 2.4% year-on-year (Figure 5.1, left), although our estimates[24] indicate that, in real terms, imports stagnated (–0.1%). Imports from Italy, Austria and Turkey decreased, which is mainly associated with lower imports of energy products. Other product groups also contributed to the decline, particularly industrial materials and chemical products. In euro area countries, merchandise imports also decreased, by 4.1%, but not from China. Imports from China increased by 3.1%, and in Slovenia the increase was even more pronounced, at 20.1%. In the latter, this growth was largely attributable to a 25% rise in imports of machinery and equipment and a 42.5% increase in imports of electrical machinery and equipment, year-on-year (for more on the shift in competitive pressures towards product groups that are also important for Slovenian exporters, see Box 5.1).

The coverage of merchandise imports by merchandise exports stood at 101.8%, while the merchandise trade surplus amounted to EUR 123 million, which is EUR 93 million more than in the same period last year. The improvement was mainly due to a sharper decline in nominal imports than in exports. This was supported by price developments, as import prices fell, although somewhat less than in other euro area countries, while prices of Slovenian producers on foreign markets increased significantly more than the euro area average.[25] This coincides with reports from Slovenian exporters of a less favourable competitive position in foreign markets.[26]

In the coming months, manufacturing firms in Slovenia and in key import partner countries within the EU[27] expect selling prices to increase. Slovenian firms had already raised their expectations in previous months, while in partner countries expectations increased further in March amid the escalation of the conflict in the Middle East (Figure

[20] According to SURS trade data, exports declined by 33% in the first two months of this year. The main factor contributing to the lower export value was processing transactions, as their value was low in February this year, whereas in the same period last year it was high, further amplifying the year-on-year decrease. The divergence is particularly pronounced in exports of chemical products to Switzerland. According to SURS trade statistics, merchandise exports to Switzerland in the first two months of this year were down 63% year-on-year, while balance of payments data show an increase of 3.8%. For more on the differences between trade statistics, see Selected Theme 8.1 in the Review of Macroeconomic Developments, September 2025.

[21] Nominal exports adjusted by the producer price index on the non-domestic market.

[22] Merchandise trade by product group is based on SURS data excluding operations involving processing. Caution is required when interpreting the export data for pharmaceutical products in the context of production in Chapter 3, as trade by product group and by country is expressed in nominal values.

[23] According to international trade data from Eurostat.

[24] Nominal imports adjusted by the import prices.

[25] Only Bulgaria recorded a higher increase in export prices.

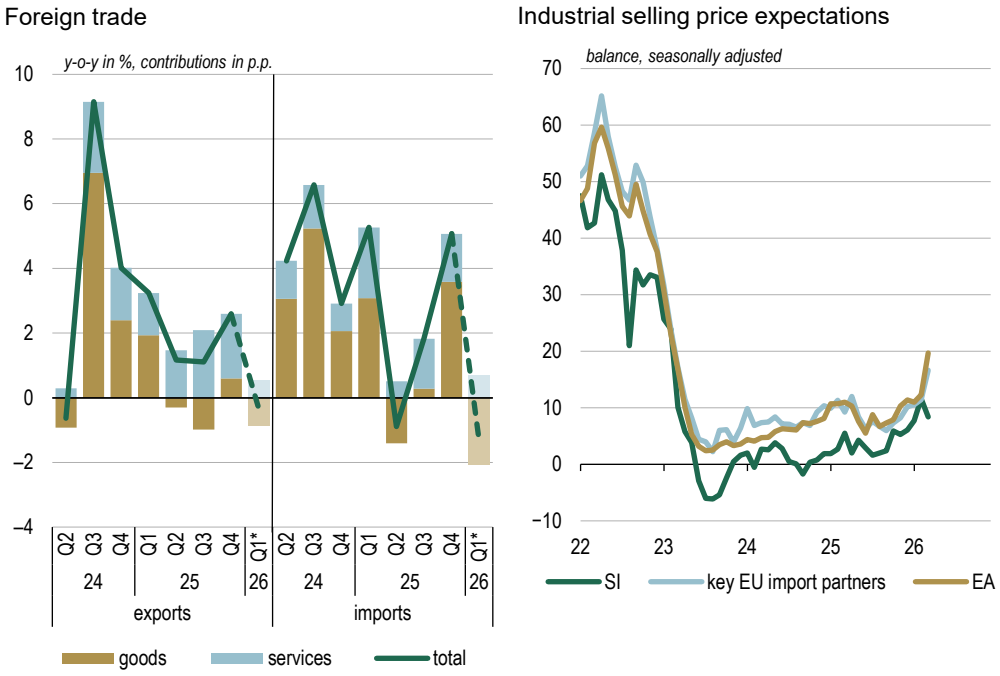
[26] According to SURS quarterly business tendency data, where firms assess their competitiveness in the EU and non-EU markets.

[27] Weighted average of expected selling prices among industrial firms in Germany, Croatia, Italy, Austria and Hungary, using last year's merchandise imports as weights.

5.1, right). The current absence of a further increase in expectations among Slovenian firms may be linked to the less pronounced rise in energy prices in Slovenia compared with other euro area countries (see Section 1).

Geopolitical developments are also reflected in a deterioration of consumer confidence in key export partner countries.[28] At the same time, Slovenian manufacturing firms are not observing a recovery in new export orders, which does not indicate an increase in export activity in the coming months. With regard to imports, the available indicators do not yet provide a clear picture of trends in domestic demand (see Section 3).

Figure 5.1: **External trade and expected prices**



Sources: Eurostat, Banka Slovenije, Banka Slovenije calculations. Latest data right: March 2026.
Note: In the left chart, the data for the first quarter of 2026 represent the average for January and February. In the right chart, expected selling prices of industrial firms over the next three months are shown as a balance of responses-positive values indicate expectations of higher prices. For key import partner countries, a weighted average is used for Germany, Croatia, Italy, Austria and Hungary, with last year's merchandise imports as weights.

Growth in services exports was supported by an increase in the number of overnight stays by tourists.

The services trade surplus amounted to EUR 411 million in the first two months of this year, similar to the figure recorded a year earlier, while the coverage of imports by exports stood at 130.3%. Services exports increased by 2.7% year-on-year. Among the categories, travel stood out, with broad-based export growth coinciding with a 9.6% increase in overnight stays by foreign tourists, most notably in mountain and spa municipalities. Daily data for the first 43 days since the beginning of March confirm a marked strengthening of tourism activity, with a year-on-year increase in overnight stays by foreign tourists of 29,4%.[29] Growth in services exports was also supported by increased exports of insurance services, reflecting a major long-term insurance contract signed by a large Slovenian insurance company last year, as well as by increased

[28] Weighted average of consumer confidence in Germany, Italy, Austria, France and Croatia, using last year's merchandise exports as weights.

[29] The data are based on experimental (daily) statistics from SURS.

exports of business services. Exports of transport services remained unchanged, with weaker exports primarily in freight transport services, in line with subdued merchandise trade. Exports of construction services contracted by 14.1% and, since the beginning of 2024, have made a mostly negative contribution to overall growth in services exports.

Services imports increased by 4.4% year-on-year. The largest contributions to growth came from higher imports of private travel services, which increased by 11.0%, mainly to neighbouring countries, and from imports of professional and business consulting services, which increased by 28.2%.[30] By contrast, imports of transport services declined, which is also associated with subdued merchandise trade.

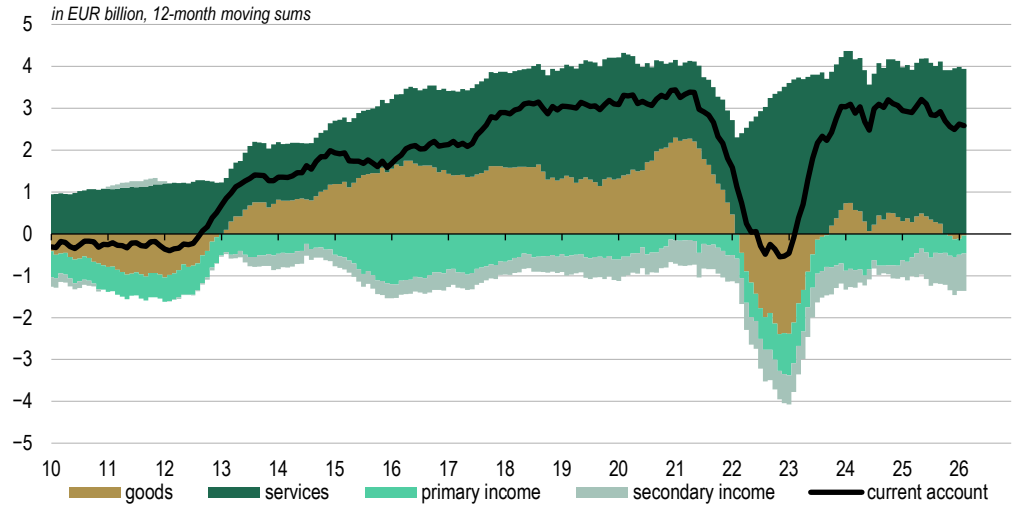
The surplus on the primary income account amounted to EUR 23 million, with total receipts and expenditures remaining at a similar level to last year. The bulk of expenditures consisted of reinvested earnings of foreign-owned companies, which increased by 10.2% year-on-year. On the receipts side, income was more evenly distributed between compensation of employees and various types of capital income. Within this, reinvested earnings from equity capital rose by 46.9%, or EUR 31 million. The deficit on the secondary income account narrowed slightly to EUR 221 million. Receipts increased year-on-year, mainly due to net premiums related to the aforementioned insurance contract. Expenditures also increased, owing to higher regular contributions to the EU budget and larger compensation payments related to the export of insurance services.

The current account surplus is lower than its level before the energy crisis, primarily due to a weaker merchandise trade balance.

The current account surplus reached EUR 2.6 billion, or approximately 3.7% of GDP,[31] in the twelve months to February, which is EUR 92 million more than in 2025. The increase was also supported by an improvement in the merchandise trade balance, which moved from a slight deficit to an almost balanced position. Nevertheless, the current account surplus remains below its level prior to the energy crisis, despite the growing surplus in services trade (Figure 5.2). The main constraining factor continues to be the merchandise trade balance, which has not fully recovered since the energy crisis at the onset of the war in Ukraine and slipped back into deficit in the final months of last year. This was further exacerbated after the pandemic by faster growth in real merchandise imports than exports. The gap reached its peak in the fourth quarter of 2025, when the largest real merchandise trade deficit since the global financial crisis was recorded.

[30] The increase was mainly driven by advertising services and public opinion research.
[31] Calculated on the basis of GDP in 2025.

Figure 5.2: **Current account of the balance of payments**



Sources: Banka Slovenije, Banka Slovenije calculations. Latest data: February 2026.

Box 5.1: **Strenghtening of China's competitive position and exposure of Slovenian exports**

Changes in the structure of Chinese exports indicate a shift in competitive pressures towards more complex products and product groups, which are also exported by Slovenian companies.

China became an important competitor to European economies following its accession to the World Trade Organization in 2001. In recent years, its export structure has increasingly shifted towards products with higher technological complexity, while gradually penetrating the traditional export markets of developed countries. From the perspective of Slovenia and other European countries, additional competitive pressures could also arise from the redirection of Chinese exports to EU internal markets as a consequence of the introduction of US tariffs on imports from China.

Aggregate trade data indicate that the value of imports from China to the EU increased by 6.3% in 2025. Growth had already begun in mid-2024, before the announcement of tighter US trade policy, but did not strengthen significantly after the introduction of tariffs. Similarly, imports from China to Slovenia increased by 4% in 2025, with more pronounced growth already recorded in 2024 (9.6%).[32] The results of the analysis by Schulte et al. (2026) show that, to date, the effects of trade diversion to the EU due to tariffs have been limited to a relatively narrow range of the most exposed products. The recent increase in Chinese exports to the EU thus predominantly reflects a longer-term trend of increasing complexity and competitiveness of Chinese exports, and only to a lesser extent altered trade patterns resulting from tariff policies. This trend is underpinned by a substantial expansion of production capacity, weak domestic demand, a marked decline in the real effective exchange rate, and technological progress in industrial sectors that are traditionally key for European economies, such as the automotive industry.

One of the indicators used to empirically measure the technological and production capacity of an economy is the economic complexity index (ECI). The ECI measures

[32] According to balance of payments data.

the level of accumulated knowledge in an economy based on the structure of production and exports, as well as the geographical diversification of markets. It captures not only the diversification of exports, but also the technological complexity of products. A higher ECI value therefore reflects a country's ability to produce a broad range of complex products, which can be manufactured by only a limited number of other countries, thereby demonstrating advanced production capabilities. [33]

Compared to other major economies, China's progress in terms of economic complexity has been significant. Between 2004 and 2024, the value of the index increased by approximately 1.13 points (Figure 5.1.1), with China advancing from 49th to 21st place in terms of export complexity. Over the same period, Slovenia moved from 18th to 12th place, with the index increasing by 0.17 points, which exceeds the EU average (0.08 points), but lags behind the developments in Central and Eastern European (CEE) countries (approximately 0.45 points).[34] In contrast, the index in the larger euro area economies (EA4) declined by around 0.19 points during this period, similar to the United States (–0.25 points).[35] This indicates a gradual convergence of China towards more technologically advanced economies and a strengthening of its production capacities, while part of the decline in the index in developed economies may reflect increased global competition in more complex products and related changes in the structure of their exports.

Figure 5.1.1: **Economic complexity index**

Sources: Observatory of Economic Complexity, Banka Slovenije calculations.
Note: The averages for country groups are calculated based on data availability: EA4 (DE, FR, ES, IT), CEE (BG, CZ, HR, LV, HU, PL, RO, SK, SI), EU (GR, AT, IT, ES, DK, NL, BE, DE, FR, FI, IE, SE, BG, CZ, HR, LV, HU, PL, RO, SK, SI). The ECI is a normalised index and typically ranges between –2 and 2.

The technological complexity of individual export products can be assessed on the basis of the capabilities required for their production, as reflected by the product complexity index (PCI).[36] Products with a high PCI value are typically manufactured in a limited number of countries that are specialised in technologically advanced production.

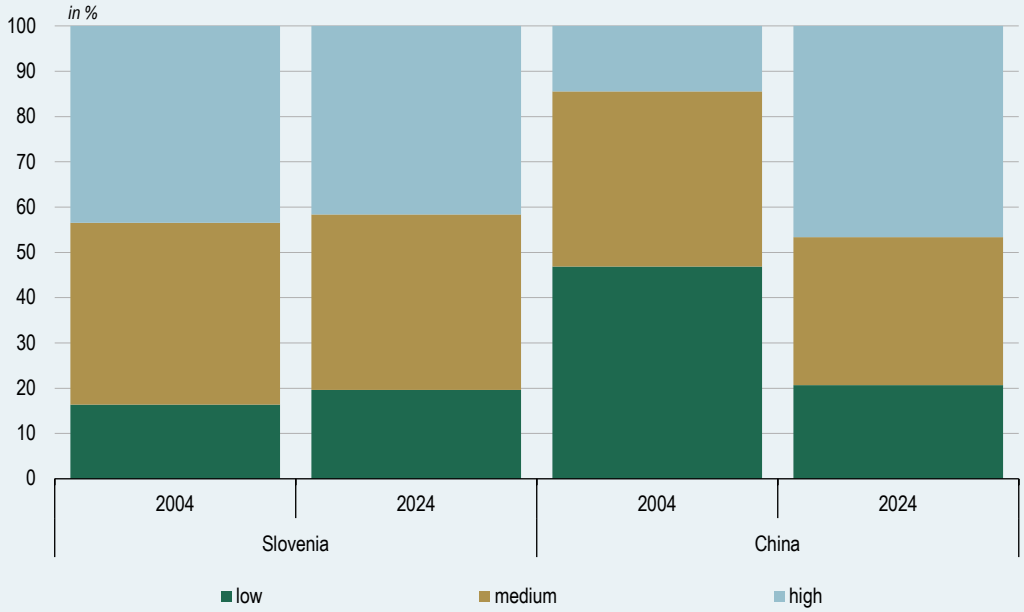
The share of Chinese exports accounted for by highly complex products increased from 14% in 2004 to 47% in 2024 (Figure 5.1.2), indicating a marked shift in the export

[33] Simplifying economic complexity - Global Development Institute Blog.
[34] Based on ECI values, the top five countries in 2024 were Japan (2.02), Taiwan (1.97), Switzerland (1.97), South Korea (1.82), and Germany (1.74).
[35] In 2024, the level of the ECI in the EA4, the United States, and Slovenia remained above the index value for China.
[36] See also Austrian exporters face increasing pressure from Chinese competitors, OeNB Report 2025/23.

structure towards technologically more advanced products. At the same time, the share of the least complex products in Chinese exports declined from 47% to 21%.

In Slovenia, by contrast, there was no progress in the export structure over the same period. The share of highly complex products declined slightly (from 43% to 42%), the share of medium-complexity products remained almost unchanged (at around 40%), while the share of low-complexity products increased from 16% to 20%.

Figure 5.1.2: **Complexity of exported products**



Sources: Observatory of Economic Complexity, Banka Slovenije calculations.
Note: Due to the high share of re-exports of chemical products in Slovenia after 2020, for high-technology products in 2024, the difference between total exports of chemical products and exports of chemical products excluding processing trade has been deducted. Without this adjustment, the share of exports of highly complex products in 2024 would be 60%. Data are based on the 6-digit level of the HS-2002 classification. Product complexity: "low" corresponds to the lower third, "medium" to the middle third, and "high" to the upper third of the product complexity distribution in a given year.

The degree of direct competition between countries can also be assessed on the basis of so-called comparative advantages.[37] A country has a comparative advantage in a given product if the share of that product in its exports exceeds its share in global exports. Two countries are considered direct competitors when both have a comparative advantage in the same product.

The development of Chinese-Slovenian competition between 2004 and 2024 shows that the share of Slovenian exports, measured by the number of products in which the two countries are direct competitors, remained broadly unchanged (at around 9%), while in terms of export value it declined (from 24% to 20%; Figure 5.1.3, left).[38] At the aggregate level, there is thus no marked increase in direct competition; however, its structure has changed significantly, indicating that relative stability at the aggregate level partly conceals a shift in competition between individual sectors. The share of competition in the group of machinery, electrical equipment and electronics (e.g. television receivers and monitors, parts for electric motors and generators, parts for cranes and construction machinery, photovoltaic and semiconductor devices) increased, both in terms of the number of products (from 1.2% to 2.9%) and in terms of export value (from 7.0% to 9.2%). Competition also increased in the groups of plastics and rubber,

[37] Revealed Comparative Advantage (RCA) measures a country's export specialisation by dividing the share of a given sector in national exports by the share of that sector in world exports. If RCA > 1, the country has a comparative advantage. The RSCA transformation restricts the value to between –1 and 1: RSCA = (RCAij – 1)/(RCAij + 1). Positive values indicate the presence of a comparative advantage.

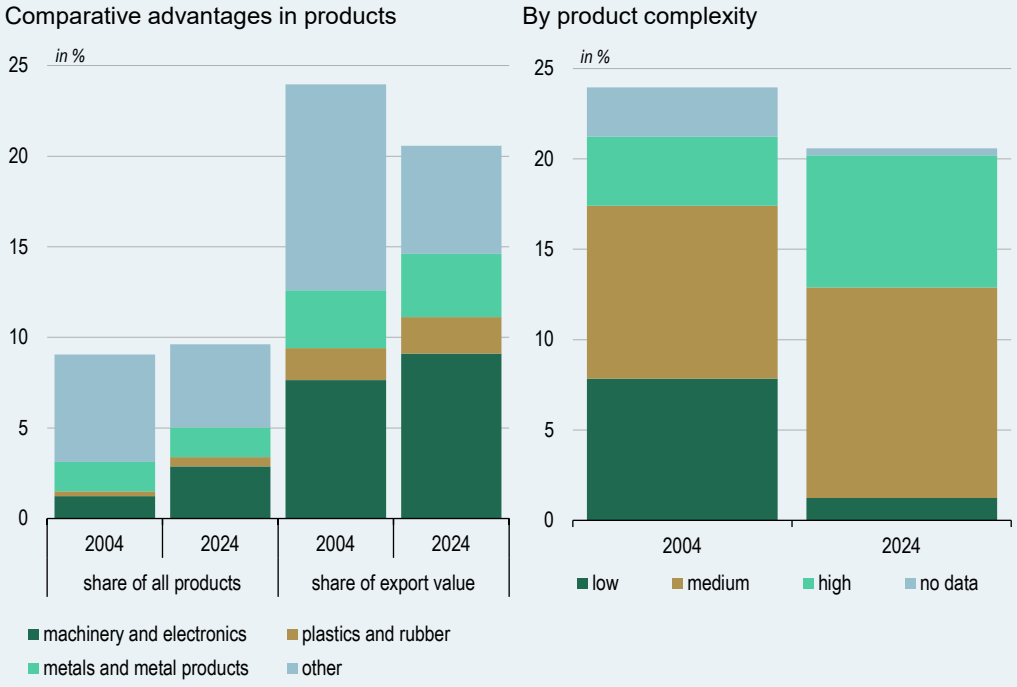
[38] The decrease is primarily the result of a lower share of exports in the furniture category (from 3% to 0.6%).

and metals (e.g. iron and steel structures and aluminium products), although to a lesser extent.

Additional insight into the structure of competition is provided by the analysis of product complexity (Figure 5.1.3, right). This shows that competition with China has shifted towards more demanding segments. The share of Slovenian exports in low-complexity products, where the two countries are direct competitors, declined significantly in terms of export value (from 7.8% to 1.3%), while it increased in medium-complexity products (from 9.6% to 11.7%). The increase is even more pronounced in highly complex products, where the share almost doubled (from 3.8% to 7.3%).

This also indicates that competitive pressure from China is increasingly shifting from simpler to more technologically advanced products and to product groups that play an important role in Slovenian exports. Such a shift in the structure of competition underscores the importance of strengthening innovation activity, investment in research and development, and the upgrading of technological capabilities, while also increasing the relevance of targeted industrial and innovation policies.

Figure 5.1.3: **Slovenian-Chinese competition**



Sources: CEPII - BACI, Observatory of Economic Complexity, Banke Slovenije calculations.
Note: Products (HS 6-digit level) in which both Slovenia and China have a comparative advantage (RSCA > 0). Left figure shows the share of Slovenian exports for which the two countries are direct competitors, measured by the number of products and by export value. Right figure shows the share of Slovenian exports for which the two countries are direct competitors, measured by export value and product complexity. Basic metals and articles of basic metals: HS72–83, machinery, electrical equipment and electronics: HS84–85, plastics and rubber: HS39–40. Product complexity: "low" corresponds to the lower third, "medium" to the middle third, and "high" to the upper third of the product complexity distribution in a given year.

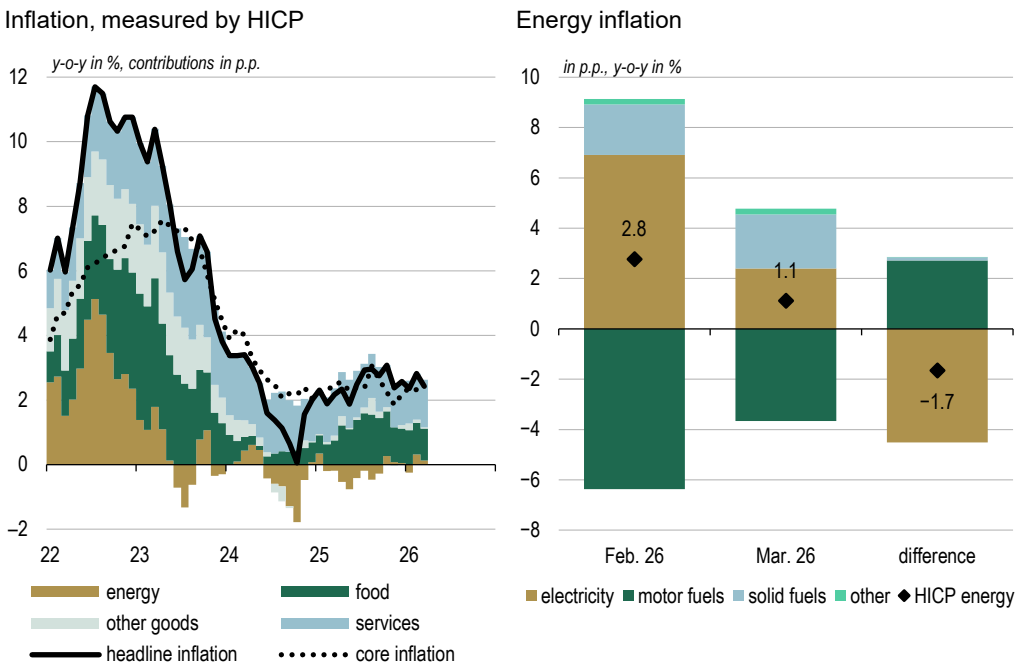
6 Inflation

Headline inflation slowed in March despite pronounced increases in global energy prices following the outbreak of war in the Middle East.

The year-on-year growth in consumer prices, measured by the HICP, slowed to 2.4% in Slovenia in March, down from 2.8% in February. The moderation is primarily attributable to lower year-on-year growth in food and energy prices (Figure 6.1, left). As regards energy prices, their annual growth rate slowed by 1.7 percentage points to 1.1% in March, despite pronounced rises in global energy markets (for further details, see Chapter 1). This was mainly the result of developments in electricity prices, and partly due to reduced excise duties on liquid fuels (Figure 6.1, right, and Box 6.1.1).

Food inflation slowed to 3.3% in March (4.3% in February), primarily due to base effects, as the level of food prices has remained broadly unchanged since August last year. Regarding the sub-components, food inflation continues to be driven mainly by unprocessed food prices, which stood at 6.8% in March, while the growth in processed food prices moderated considerably to 2.0%. The slowdown was accompanied by easing price pressures along the food production and supply chain. Farm-gate prices in the euro area were 4.5% down year-on-year in March, despite a pronounced month-on-month increase, while the year-on-year growth of producer prices for food products decelerated to 3.2% in February, which is 1.8 percentage points lower than in January (Figure 6.2, left). However, price pressures could strengthen following higher global prices of energy and fertilisers due to the war in the Middle East. These developments pose a risk of higher food inflation, as already suggested by the pronounced month-on-month rise in farm-gate prices in March, indicating the first signs of higher input costs entering the food production and supply chain.

Figure 6.1: **Inflation and decomposition of energy inflation change**



Sources: SURS, Banka Slovenije calculations. Lates data: March 2026.
Note: The contribution of motor fuels prices on the right chart includes prices of petrol, diesel and liquid fuels.

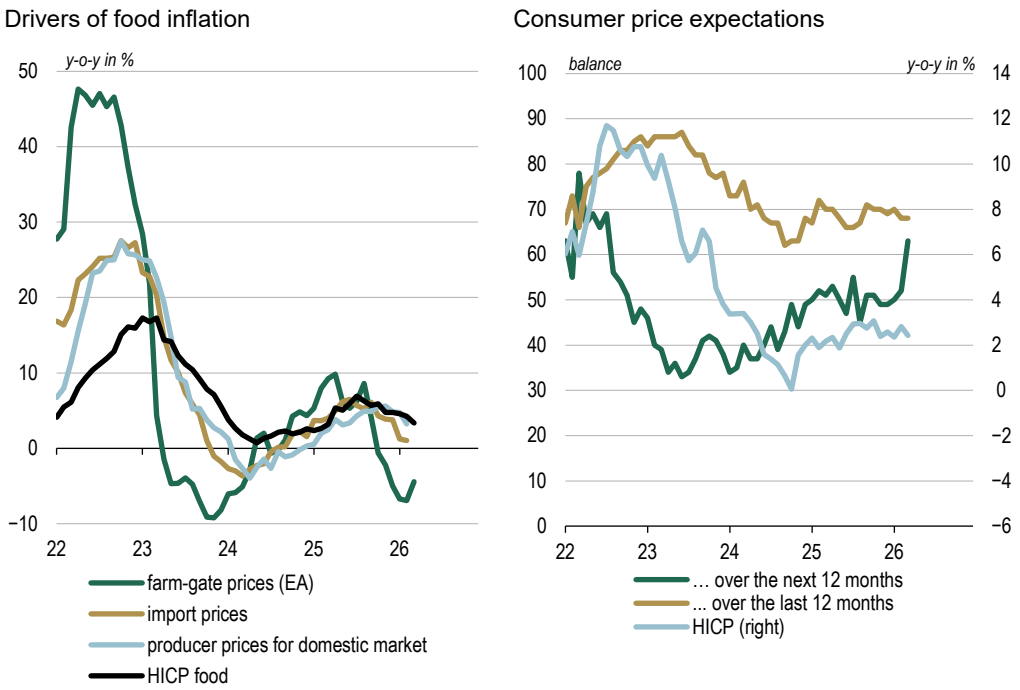
Core inflation remained unchanged compared with February and continues to be driven primarily by developments in services prices.

Core inflation, i.e. inflation measured excluding energy and food prices, remained at 2.3% in March, unchanged from February. Its dynamics continue to be driven mainly by services prices. Year-on-year growth in services prices stood at 4.1%, 0.2 percentage points higher than in February, mainly reflecting the persistence of domestic price pressures, in particular the pass-through of higher labour costs into final services prices. The strengthening of services inflation in March was attributable to a limited set of components, primarily prices of motor vehicle insurance, package holidays, and accommodation.

Year-on-year growth in other goods prices remained low in March, standing at 0.1% (0.3% in February). The slight growth could be attributable to domestic price factors, reflecting diverging price dynamics along the production chains. In particular, producer prices of intermediate and non-food consumer goods for domestic market were 2.3% and 4.0% higher year-on-year in February, respectively. By contrast, the growth rates for corresponding import prices stood at 0.6% and –5.8%, partly reflecting the impact of strong growth in labour costs.

Although higher wholesale energy prices had only a limited direct impact on inflation in March, inflationary pressures could strengthen in the coming months as higher input costs pass through the production and supply chains and raise final goods and services prices. In addition to energy prices, higher fertiliser prices – which primarily affect food prices and, indirectly, also service prices – will also contribute to upward pressures. Such developments are already affecting consumers sentiment. Household expectations regarding future price developments rose significantly in March and reached their highest level since 2022 (Figure 6.2, right). In addition to inflation expectations, the impact of the war in the Middle East on inflation will also depend, among other factors, on the duration and extent of energy supply disruptions, developments in wholesale energy markets, second-round effects, and the response of fiscal policy.

Figure 6.2: **Drivers of food inflation and consumer price expectations**



Sources: SURS, ECB. Latest data left: farm-gate prices (EA) and HICP food – March 2026, import prices and producer prices for domestic market – February 2026. Latest data right: March 2026.

Box 6.1: **Why did energy inflation slow down in March?**

Year-on-year energy inflation decelerated amid the outbreak of war in the Middle East, mainly due to changes in electricity prices and government measures to lower the prices of petroleum products.

The escalation of the war in the Middle East led to a marked increase in wholesale energy prices (see Chapter 1). Nevertheless, year-on-year energy inflation in Slovenia slowed by 1.7 percentage points to 1.1% in March compared with February. Such a change, amid heightened tensions in wholesale energy markets, is attributable to movements in electricity prices and the latest government measures to reduce the prices of petroleum products.

The key factor behind the slowdown in energy inflation was the price of electricity. In March, electricity contributed 2.4 percentage points to overall year-on-year energy price growth, which is 4.5 percentage points less than in February (Figure 6.1.1, left). On the one hand, the decline reflects lower network charges associated with the transition into the low season for network charge calculation, and on the other hand, base effects associated with price changes in February and March last year. Indeed, it was at the end of February last year when the regulation on capped electricity prices came to an end, as did the government's emergency act, under which individual tariff rates for capacity were significantly reduced between January and February 2025. However, March 2026 marked the expiry of the halved contribution rate for combined heat and power and renewable energy sources (CHP+RES), while a new tariff pricelist with slightly higher network charges entered into force. Together, these factors somewhat limited the monthly 6.4% decline in electricity prices.

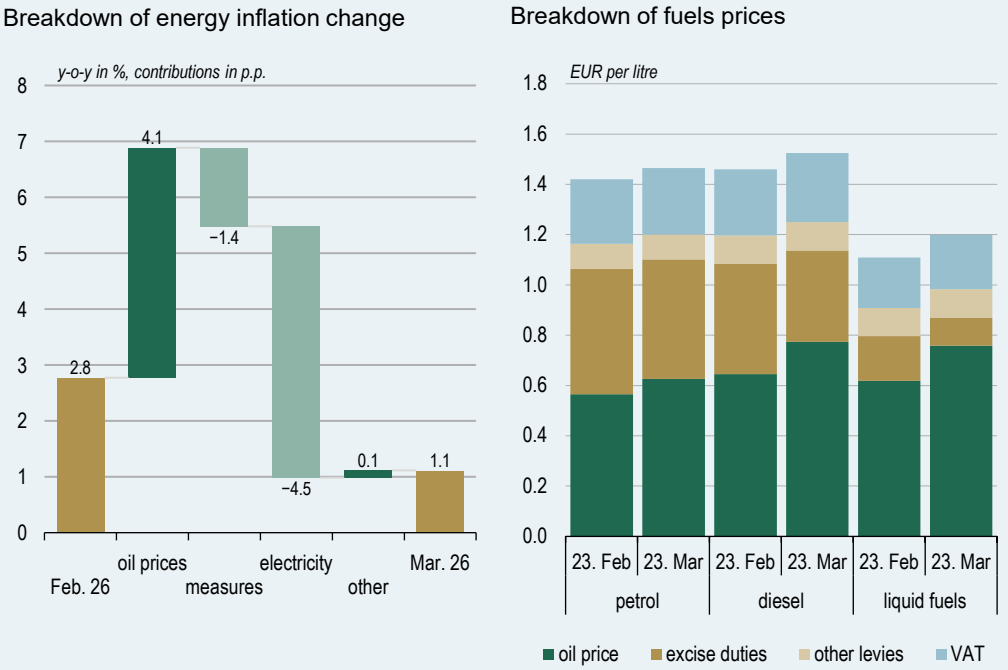
In addition to the lower contribution from electricity prices, the government limited the pass-through of wholesale energy prices to petroleum product prices for consumers in early March (Figure 6.1.1, right).[39] According to our estimates, in the absence of these measures, year-on-year energy price growth in March would have been approximately 1.4 percentage points higher, which would have resulted in the overall inflation standing at 2.6% instead of 2.4%. To estimate this impact, we used weekly data on the structure of petroleum product prices (Weekly Oil Bulletin) to construct an alternative scenario that would have applied in the absence of changes to excise duties and levies. A comparison of the two scenarios enabled us to estimate the impact of government measures on monthly growth of each petroleum product, which we then aggregated using consumer basket weights to assess their overall contribution to year-on-year energy and headline inflation.[40]

[39] At its 425th correspondence session, the government reduced excise duties on petrol from 0.49934 to 0.47457 EUR per litre, on diesel from 0.43869 to 0.36277 EUR per litre, and on liquid fuels from 0.177 to 0.1118 EUR per litre. These excise duty rates entered into force on 10 March 2026. Two weeks later, at its 438th correspondence session, the government further reduced excise duties, lowering the rate for diesel to 0.33 EUR per litre and for liquid fuels to 0.07875 EUR per litre. The revised excise duties entered into force on 24 March 2026; however, due to the price monitoring methodology used by the SURS, these changes are not yet reflected in the consumer price data for March 2026. Additionally, at its 433rd correspondence session, the government adopted a decision to temporarily exempt the payment of the levy on carbon dioxide emissions for petrol, diesel, and liquid fuels from 24 March 2026 to 4 May 2026. This measure has also not yet been reflected in the March inflation data. A greater impact of government measures on retail fuel prices can be expected in the following month.

[40] The values were calculated based on weekly data on the structure of retail petroleum product prices (Weekly Oil Bulletin). The data, published every Monday, cover a seven-day reporting period up until Thursday prior to the Monday data release. This means that the data published on 23 February did not yet reflect the spike in oil prices on global markets, whereas all subsequent releases did. For the calculation of the actual and alternative levels of petroleum product prices, we used WOB data published for 2, 9, 16, and 23 February for February, and for 2, 9, 16, and 23 March for March.

A breakdown of the change in year-on-year energy price growth shows that, despite the overall decline, higher prices on global energy markets were already contributing to energy inflation in March. In addition to the direct impact, higher wholesale energy prices can also fuel inflation indirectly, through higher input costs in the production of goods and services and through second-round effects related to inflation expectations and wage-inflation dynamics. If the crisis conditions in energy markets persist, these factors are expected to become increasingly pronounced, thereby heightening inflation risks in the coming months.

Figure 6.1.1: **Breakdown of energy inflation and fuels prices changes**



Sources: Weekly Oil Bulletin, SURS, Banka Slovenije calculations.
Note: The left chart shows the breakdown of the change in year-on-year energy price growth between February and March 2026. The "oil prices" contribution represents the estimated impact of the March increase in petrol, diesel, and heating oil prices for consumers under the assumption of unchanged excise duties and levies. The "measures" contribution reflects the estimated effect of government measures through the reduction of excise duties. "Electricity" shows the contribution of electricity prices to the change in year-on-year energy price growth, which includes the impact of the expiry of the emergency act to mitigate the effects of high network charges for households and the expiry of electricity price regulation from February last year, as well as the end of the 50% reduction in the CPH+RES contribution during the high season from November 2025 to February 2026, and the increase in network charge tariff rates in March 2026.

7 Fiscal Position

The general government deficit increased last year amid robust growth in expenditure – particularly on social benefits, compensation of employees, and gross fixed capital formation – while the debt-to-GDP ratio continued to decline as GDP expanded.

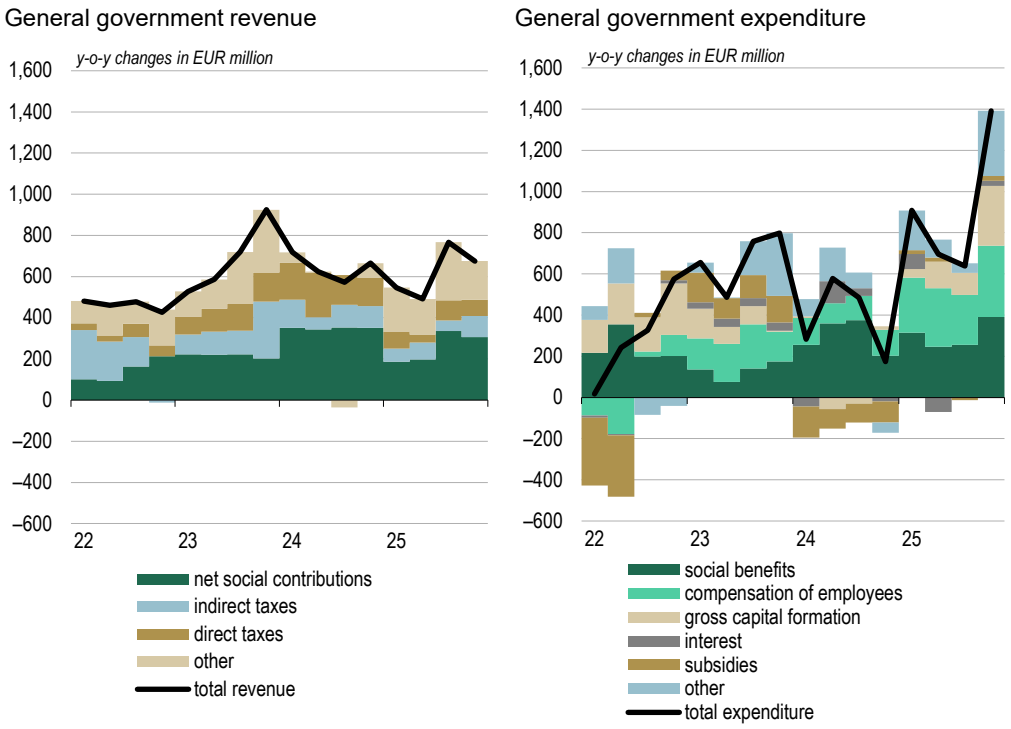
In 2025, the general government deficit amounted to EUR 1.7 billion, or 2.5% of GDP, which is 1.6 percentage points of GDP higher than in the previous year. Interest expenditure remained at 1.3% of GDP, while the primary balance turned negative. The

most significant deterioration in the balance occurred in the fourth quarter, when expenditure growth of 16.8% outpaced revenue growth by 8.6 percentage points.

General government revenue increased by EUR 2.5 billion, or 8.1%. The main driver of growth was net social security contributions, reflecting favourable labour market conditions for public finances and the introduction of a new long-term care contribution in July 2025 (Figure 7.1, left). Direct taxes were up 5.2% year-on-year, with slightly stronger growth in personal income tax alongside a partial adjustment of tax brackets and allowances in line with wage growth, while corporate income tax growth was lower. Indirect taxes (on production and imports) recorded the smallest increase, at 3.5%, which is comparable to the growth in private consumption. Excise duties declined, while value added tax revenue increased. Capital revenue strengthened as the implementation of the Recovery and Resilience Plan accelerated.

General government expenditure increased more strongly than revenue, rising by EUR 3.6 billion, or 11.6%. The main contributors to this growth were social benefits, compensation of employees, and gross fixed capital formation. Pensions, which constitute the largest share of social benefits, were adjusted upwards by 4.5% last year; at the same time, the number of pensioners increased by 1.6%[41], and at the end of the year, they also received a winter supplement. The wage reform led to higher wages in the general government sector, while additional increases in compensation of employees resulted from promotions and the payment of a winter bonus (Christmas bonus) amounting to half the minimum wage. The government supported economic activity through investment, which recorded the most pronounced year-on-year increase in the fourth quarter. All these factors significantly increased the general government deficit, particularly in the final quarter of last year (Figure 7.1, right).

Figure 7.1: **General government revenue and expenditure according to ESA methodology**

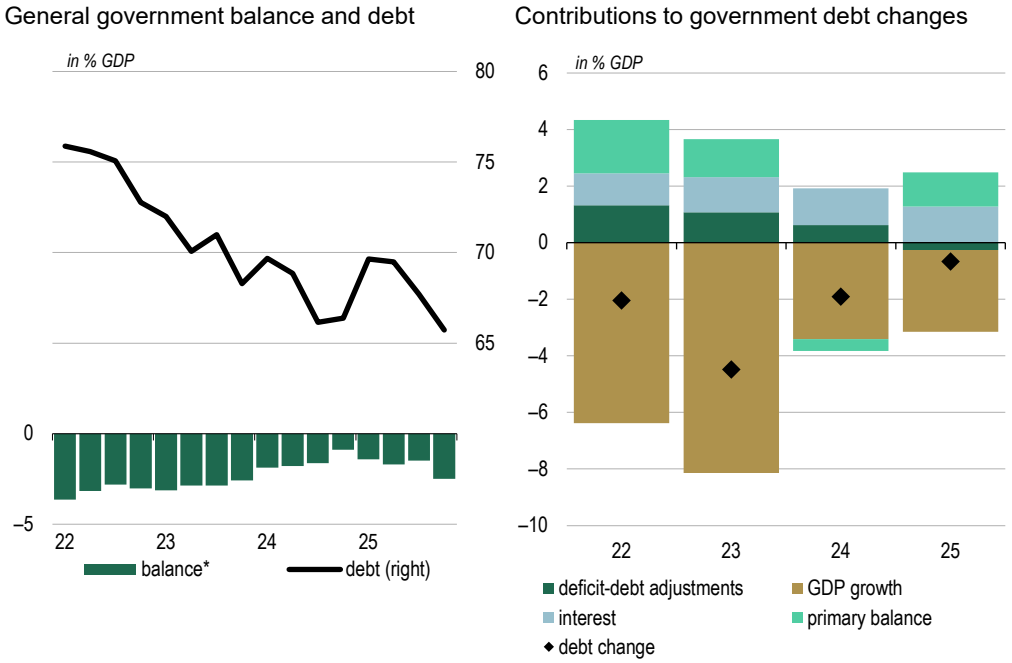


Sources: SURS, Banka Slovenije calculations. Latest data: Q4 2025.

[41] Recipients of old-age, partial, invalidity, family, and survivors' pensions are included.

General government debt increased nominally by EUR 1.6 billion in 2025, reaching EUR 46.3 billion. As a share of GDP, it declined to 65.7%, which is lower than before the pandemic, when it stood at 66.0% of GDP in 2019. The main factor contributing to the reduction in the debt-to-GDP ratio was the growth of nominal GDP; however, its impact was more pronounced during the period of high inflation than in the past two years (Figure 7.2). The implicit interest rate, estimated based on interest expenditure in the previous year and the average stock of debt over the past two years, remained unchanged at 2.0%.

Figure 7.2: **General government balance, debt and debt change contributions according to ESA methodology**



Sources: SURS, Banka Slovenije calculations. Latest data left: Q4 2025.
Note: * General government balance is presented as 4-quarter moving sum.

The deficit of the consolidated general government balance increased in the first two months of this year, amid continued strong growth in expenditure.

The deficit of the consolidated general government balance amounted to EUR 132 million in the first two months of this year, compared with EUR 21 million in the same period last year. Revenue increased by 8.7%, primarily due to higher tax revenues and receipts from the EU budget. Growth in social security contributions remained strong, supported by the introduction of the long-term care contribution in July last year; in addition, the further increase in real disposable household income contributed to stronger growth in value added tax. The high 11.2% increase in expenditure was mainly driven by compensation of employees and transfers to individuals and households. The balance of flows with the EU budget improved somewhat year-on-year, mainly due to higher inflows from the Recovery and Resilience Facility.

In the first two months, the state budget contributed EUR 108 million to the deficit of the consolidated general government balance; in March, the deficit increased further, reaching EUR 700 million in the first quarter, which is approximately EUR 250 million higher year-on-year. For the whole year, the state budget deficit is planned at EUR 2.1 billion (compared with EUR 1.7 billion last year).

By the end of March, borrowing had already covered more than 60% of the planned funding requirements set out in the 2026 Budget Financing Programme. The largest share of borrowing was carried out through the issuance of a 10-year domestic currency bond in the amount of EUR 2.5 billion, with a coupon rate of 3.275%. For the third consecutive year, retail bonds were issued, totalling EUR 225 million, and for the first time, panda bonds denominated in renminbi were issued on the Chinese market in the amount of EUR 503 million. In addition, several issues of treasury bills with maturities of up to one year were carried out.

Fiscal risks remain elevated. Due to the war in the Middle East and high energy prices, the Government of the Republic of Slovenia reduced excise duties on petroleum products and, temporarily for 42 days until 4 May 2026, suspended the payment of the environmental levy for air pollution caused by CO_2 emissions from motor petrol, diesel fuel and heating oil; further measures are also possible.[42] These measures should be temporary and targeted, as this limits fiscal costs and mitigates the impact of higher prices on more vulnerable groups of the population. Additional risks stem from a possible slowdown in economic activity and a deterioration in labour market conditions, while uncertainties are also related to the formation of a new government following the elections, particularly with regard to the need to adopt fiscally sustainable measures. Risks associated with population ageing, environmental requirements and defence expenditure also remain present.

[42] These measures could be similar to those implemented during the energy crisis in 2022; among the potential measures, the possibility of reducing VAT on basic necessities is also being mentioned. In April, the government also issued a regulation requiring prior approval for increases in electricity and natural gas prices for certain groups of consumers, and adopted a decision concerning group leaders in the gas supply sector (Adriaplin, Energetika Ljubljana, GEN-I, Geoplin, HSE, Plinarna Maribor and others) to immediately start concluding contracts for the storage and supply of gas and to ensure timely provision of sufficient quantities of gas for the upcoming heating season.

8 Statistical Appendix

Table 8.1: **Key macroeconomic indicators at the monthly level for Slovenia**

	2024	2025	12 mths to Jan. 26	3 mths to Jan. 25	3 mths to Jan. 26	2025 Nov.	2025 Dec.	2026 Jan.	2026 Feb.	2026 Mar.
Economic Activity										
					balance of answers in percentage points					
Sentiment indicator	–2.7	–1.9	–1.7	–3.2	–0.2	–0.9	0.1	0.1	–3.0	–2.5
- confidence indicator in manufacturing	–7.8	–6.6	–6.3	–8.3	–4.7	–5.0	–5.0	–4.0	–8.0	–8.0
					year-on-year growth rates in %					
Industry: - total	–1.2	–1.8	–2.3	0.4	–3.2	–2.6	–0.5	–6.5	–1.9	...
- manufacturing	0.9	–1.4	–1.9	0.9	–3.2	–1.7	–1.4	–7.1	2.3	...
Construction: - total	–9.4	10.1	10.6	–1.5	9.7	10.7	8.8	9.1	24.1	...
- buildings	–12.6	9.1	8.5	–3.4	2.3	4.7	–3.5	5.3	18.8	...
Trade and service activities - total	1.9	1.6	1.8	0.7	3.5	3.4	5.4	2.1	...	...
Wholesale and retail trade and repair of motor v	6.8	5.3	5.0	0.1	3.5	6.5	7.3	–2.2	...	...
Retail trade, except of motor vehicles and mot	0.7	0.9	0.5	0.9	0.9	–1.6	5.8	–1.5	...	...
Other private sector services	1.5	1.8	2.3	0.1	4.3	4.9	4.4	3.8	...	...
Labour market					year-on-year growth rates in %					
Average gross wage	6.2	5.9	5.9	5.5	2.9	2.9	–0.5	6.7	...	...
- private sector	7.1	3.9	4.1	4.7	0.7	–0.3	–3.9	7.2	...	...
- public sector	4.6	9.4	9.0	7.0	6.7	8.8	6.1	5.5	...	...
Real net wage[1]	1.8	2.6	2.5	2.4	–1.3	–1.4	–5.5	3.0	...	...
Registered unemployment rate (in %)	4.6	4.6	4.6	4.8	4.8	4.6	4.8	5.0	...	...
Registered unemployed persons	–5.6	–1.2	–1.0	–2.9	–0.1	0.2	0.3	–0.7	–0.4	–0.2
Persons in employment	1.1	–0.3	–0.3	0.2	–0.0	–0.4	0.3	–0.0	...	...
- private sector	1.1	–0.8	–0.8	–0.1	–0.7	–1.1	–0.4	–0.7	–0.7	...
- public sector	1.2	1.1	1.2	0.8	1.9	1.5	2.3	1.9	1.8	...
Price Developments					year-on-year growth rates in %					
HICP	2.0	2.5	2.5	2.0	2.4	2.4	2.6	2.4	2.8	2.4
- services	4.8	3.8	3.8	3.7	3.6	3.4	3.7	3.7	3.9	4.1
- industrial goods excluding energy	0.5	0.6	0.7	0.4	0.3	–0.1	0.3	0.8	0.3	0.1
- food	2.0	4.9	5.1	2.4	4.7	4.7	4.8	4.6	4.3	3.3
- energy	–2.3	–1.6	–2.1	–0.1	–0.3	0.7	0.4	–2.1	2.8	1.1
Core inflation indicator[2]	2.8	2.4	2.4	2.2	2.1	1.9	2.2	2.4	2.3	2.3
Balance of Payments - Current Account					in % GDP					
Current account balance	4.5	3.5	3.7	1.7	1.2	0.6	–0.2	3.3	2.5	...
1. Goods	0.6	–0.2	–0.2	–1.2	–1.7	–1.8	–3.8	0.5	1.6	...
2. Services	5.5	5.6	5.6	4.8	4.9	4.5	6.3	3.7	3.4	...
3. Primary income	–1.1	–0.6	–0.5	–0.9	–0.5	–0.6	–1.7	0.9	–0.5	...
4. Secondary income	–0.5	–1.3	–1.2	–1.0	–1.5	–1.6	–0.9	–1.9	–1.9	...
					nominal year-on-year growth rates in %					
Export of goods and services	2.1	2.0	1.6	2.8	1.1	2.1	3.6	–2.5	1.7	...
Import of goods and services	2.5	2.8	2.0	4.6	1.5	3.2	4.9	–3.7	1.0	...

Public finances	2024	2025	12 mths to Feb. 26		2025 Jan.-Feb.		2026 Jan.-Feb.	
Consolidated general government balance[3]		EUR m	% GDP	y-o-y, %	EUR m	y-o-y, %	EUR m	y-o-y, %
Revenue	27,918	29,659	42.1	6.7	4,449	5.9	4,838	8.7
Tax revenue	24,547	25,963	36.8	5.7	4,180	8.3	4,491	7.4
From EU budget	1,040	1,248	1.9	37.9	34	–70.3	109	216.3
Other	2,331	2,448	3.4	4.9	234	2.5	239	1.9
Expenditure	28,871	31,433	44.7	8.8	4,470	12.2	4,970	11.2
Current expenditure	12,910	14,136	20.2	10.1	1,889	11.5	2,181	15.5
- wages and other personnel expenditure	6,539	7,473	10.7	14.7	1,145	10.2	1,296	13.2
- purchases of goods, services	4,368	4,595	6.5	5.7	621	8.5	696	12.1
- interest	793	836	1.2	3.5	65	18.4	60	–6.7
Current transfers	12,794	13,767	19.5	6.9	2,192	12.0	2,347	7.1
- transfers to individuals and households	10,397	11,057	15.7	6.5	1,765	6.4	1,891	7.1
Capital expenditure, transfers	2,531	2,810	4.0	10.5	269	13.7	292	8.5
General government surplus/deficit	–953	–1,774	–2.6		–21		–132	

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

Table 8.2: **Key macroeconomic indicators at the quarterly level for Slovenia and the euro area**

	2023	2024	2025	25Q2	25Q3	25Q4	26Q1	2023	2024	2025	25Q2	25Q3	25Q4	26Q1
				Slovenia							euro area			
Economic developments							q-o-q growth in %							
GDP				0.9	0.9	0.4	...				0.1	0.3	0.2	...
- industry				0.2	0.1	–0.4	...				0.1	0.0	–0.2	...
- construction				6.5	5.8	4.5	...				0.1	0.2	0.7	...
- mainly public sector services (OPQ)				1.6	0.1	3.8	...				0.1	0.4	0.2	...
- mainly private sector services (without OPQ)				0.8	1.3	–0.5	...				0.1	0.3	0.2	...
Domestic expenditure				0.5	1.5	2.9	...				0.4	0.7	0.4	...
- general government				1.9	0.9	1.2	...				0.4	0.7	0.5	...
- households and NPISH[1]				0.2	0.3	1.0	...				0.4	0.3	0.5	...
- gross capital formation				–1.9	3.3	10.8	...				0.4	1.9	0.0	...
- gross fixed capital formation				3.2	5.0	2.7	...				–1.4	1.3	0.6	...
							y-o-y growth in %							
GDP	2.4	1.7	1.1	0.8	1.9	2.0	...	0.4	0.9	1.4	1.4	1.4	1.4	...
- industry	6.5	3.8	...	–0.7	0.0	–2.1	...	–1.7	–0.5	2.1	2.2	2.7	1.4	...
- construction	11.8	–3.7	...	3.9	13.3	16.5	...	1.7	–1.5	0.6	–0.1	0.9	2.2	...
- mainly public sector services (OPQ)	0.8	1.8	...	1.9	2.2	1.7	...	1.0	1.8	1.2	1.1	1.1	1.0	...
- mainly private sector services (without OPQ)	1.1	1.2	...	0.9	2.1	2.1	...	0.6	0.7	1.4	1.3	1.6	1.6	...
Domestic expenditure	0.0	3.3	2.6	–0.1	3.8	5.4	...	0.0	0.6	2.1	2.5	2.0	2.0	...
- general government	2.1	7.3	1.6	–0.7	1.2	3.8	...	1.5	2.3	1.6	1.4	1.5	1.6	...
- households and NPISH	–0.0	3.8	1.7	2.3	1.3	3.0	...	0.5	1.4	1.5	1.7	1.4	1.6	...
- gross capital formation	–1.6	–1.3	5.5	–4.7	13.1	13.2	...	–2.3	–2.8	4.2	5.8	4.1	3.5	...
- gross fixed capital formation	5.5	–0.3	4.1	–0.1	10.0	11.9	...	2.5	–2.5	3.0	3.2	3.1	3.4	...
- inventories and valuables, contr. to GDP growth in p.p.	–1.6	–0.2	0.3	–1.1	0.6	0.3	...	–1.1	–0.1	0.3	0.6	0.3	0.0	...
Labour market							q-o-q growth in %							
Employment				0.0	0.0	0.0	...				0.1	0.2	0.2	...
- mainly private sector (without OPQ)				–0.2	–0.1	–0.1	...				0.1	0.1	0.2	...
- mainly public services (OPQ)				0.6	0.5	0.5	...				0.2	0.3	0.3	...
							y-o-y growth in %							
Employment	1.5	0.5	–0.4	–0.5	–0.4	–0.3	...	1.5	1.0	0.7	0.8	0.6	0.7	...
- mainly private sector (without OPQ)	1.5	0.1	–1.0	–1.1	–1.0	–0.8	...	1.6	0.8	0.6	0.6	0.5	0.6	...
- mainly public services (OPQ)	1.6	2.0	1.9	1.9	1.9	2.1	...	1.3	1.5	1.2	1.3	1.1	1.0	...
Labour costs per employee	9.6	6.2	7.9	8.8	8.7	5.7	...	5.3	4.5	3.9	4.1	4.1	3.7	...
- mainly private sector (without OPQ)	9.6	6.5	...	7.4	7.9	3.0	...	5.5	4.4	3.7	4.0	3.9	3.3	...
- mainly public services (OPQ)	9.5	5.1	...	13.1	10.9	14.6	...	4.8	4.8	4.4	4.4	4.4	4.7	...
Unit labour costs, nominal[2]	8.7	4.9	6.3	7.3	6.2	3.4	...	6.5	4.6	3.2	3.4	3.3	3.0	...
Unit labour costs, real[3]	–1.2	1.4	2.8	3.8	2.5	–0.3	...	0.3	1.5	0.8	0.9	0.8	0.4	...
LFS unemployment rate in %	3.7	3.7	3.9	3.2	4.2	4.1	...	6.6	6.4	6.3	6.2	6.3	6.2	...
Foreign trade							q-o-q growth in %							
Real export of goods and services				–0.6	0.9	–0.3	...				–0.5	0.8	–0.4	...
Real import of goods and services				–2.2	1.0	2.5	...				0.0	1.8	–0.1	...
							y-o-y growth in %							
Real export of goods and services	–1.9	2.3	0.3	0.3	–0.4	0.5	...	–1.2	0.5	2.0	0.2	2.8	2.6	...
Real import of goods and services	–4.5	4.3	2.1	–0.9	1.7	4.8	...	–2.0	–0.1	3.6	2.5	4.3	4.1	...
Current accout balance as % GDP[4]	4.8	4.5	3.5	4.5	4.2	3.5	...	0.0	0.0	0.0	0.0	0.0	0.0	...
External trade balance as contr. to GDP growth in p.p.	2.4	–1.3	–1.3	0.9	–1.6	–3.1	...	0.4	0.3	–0.6	–1.1	–0.5	–0.6	...
Financing							in % GDP							
Banking system's balance sheet	84.9	82.9	84.3	84.3	83.5	84.3	...	253.4	251.4	249.6	251.9	250.2	249.6	...
Loans to NFCs	17.5	16.3	16.4	16.4	16.4	16.4	...	33.7	32.7	32.2	32.5	32.4	32.2	...
Loans to households	19.9	20.1	20.7	20.4	20.6	20.7	...	44.9	43.4	42.8	43.0	42.9	42.8	...
Inflation							in %							
HICP	7.2	2.0	2.5	2.2	2.9	2.7	2.5	5.5	2.4	2.1	2.0	2.1	2.1	2.0
HICP excl. energy, food, alcohol and tobacco	6.7	2.8	2.4	2.4	2.7	2.1	2.3	5.0	2.8	2.4	2.4	2.3	2.4	2.3
Public finance							in % GDP							
Debt of the general government	68.3	66.4	65.7	69.5	67.7	65.7	...	86.5	86.6	...	87.7	88.0	...	...
government[4]	–2.6	–0.9	–2.5	–1.7	–1.5	–2.5	...	–3.5	–3.1	...	–2.9	–3.0	...	...
- interest payment[4]	1.2	1.3	1.3	1.3	1.3	1.3	...	1.7	1.9	...	1.9	1.9	...	...
- primary balance[4]	–1.3	0.4	–1.2	–0.4	–0.2	–1.2	...	–1.8	–1.2	...	–1.0	–1.1	...	...

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

9 List of Abbreviations

Abbreviations

AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
BS	Banka Slovenije
CEE	euro area countries of central and eastern Europe: Estonia, Croatia, Latvia, Lithuania and Slovakia
EA	euro area
ECB	European Central Bank
ECI	Economic Complexity Index
EO4	Euro Area Big 4 group (France, Italy, Germany ans Spain)
ESA	European System of Accounts
EU	European Union
EUR	euro
Fed	US Federal Reserve System
GDP	gross domestic product
FURS	Financial Administration of the Republic of Slovenia
HICP	Harmonised Index of Consumer Prices
OIS	Overnight Index Swap
PCI	Product Complexity Index
PMI	Purchasing Managers' Index
RCA	Revealed Comparative Advantage
SURS	Statistical Office of the Republic of Slovenia
S&P 500	Standard and Poor's 500
STOXX Europe 600	main European share index
UK	United Kingdom
USA	United States of America
USD	United States dollar
ZPIZ	Pension and Disability Insurance Institute of Slovenia
ZRSZ	Employment Service of Slovenia

Abbreviations from the standard classification of economic activities (SKD 2025)

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 of other materials, **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, maintenance 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, recovery and disposal activities, **39** – Remediation activities and other waste management service activities, **F** – Construction, **41** – Construction of residential and non-residential buildings, **42** – Civil engineering, **43** – Specialised construction activities **G** – Wholesale and retail trade, **46** – Wholesale trade, **47** – Retail trade, **H** – Transportation and storage, **49** – Land transport and transport via pipelines, **50** – Water transport, **51** – Air transport, **52** – Warehousing, storage and support activities for transportation, **53** – Postal and courier activities, **I** – Accommodation and food service activities, **55** – Accommodation, **56** – Food and beverage service activities, **J** – Publishing, broadcasting, and content production and distribution activities, **58** – Publishing activities, **59** – Motion picture, video and television programme production, sound recording and music publishing activities, **60** – Programming, broadcasting, news agency and other content distribution activities, **K** – Telecommunication, computer programming, consulting, computing infrastructure and other information service activities, **61** – Telecommunication, **62** – Computer programming, consultancy and related activities, **63** – Computing infrastructure, data processing, hosting and other information service activities, **L** – Financial and insurance activities, **64** – Financial service activities, except insurance and pension funding, **65** – Insurance, reinsurance and pension funding, except compulsory social security, **66** – Activities auxiliary to financial services and insurance activities, **M** – Real estate activities, **68** – Real estate activities, **N** – Professional, scientific and technical activities, **69** –

Legal and accounting activities, **70** – Activities of head offices and management consultancy, **71** – Architectural and engineering activities; technical testing and analysis, **72** – Scientific research and development, **73** – Activities of advertising, market research and public relations, **74** – Other professional, scientific and technical activities,
75 – Veterinary activities, **O** – 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** – Investigation and security activities,
81 – Services to buildings and landscape activities, **82** – Office administrative, office support and other business support activities, **P** – Public administration and defence; compulsory social security, **84** – Public administration and defence; compulsory social security,
Q – Education, **85** – Education, **R** – Human health and social work activities, **86** – Human health activities, **87** – Residential care activities, **88** – Social work activities without accommodation, **S** – Arts, sports and recreation, **90** – Arts creation and performing arts activities, **91** – Libraries, archives, museums and other cultural activities, **92** – Gambling and betting activities, **93** – Sports activities and amusement and recreation activities, **T** – Other service activities, **94** – Activities of membership organisations, **95** – Repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles,
96 – Personal service activities, **U** – Activities of households as employers and 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, **V** – 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