

**Slovenian Economic Mirror** presents current macroeconomic developments as well as selected economic, social and environmental issues. The publication consists of articles, which present the main economic indicators, assess the realisation of the spring and autumn forecasts, and monitor implementation of economic policies (earnings, public finance, prices, competitiveness, etc.). The periodical is published monthly, except in September.

**This issue of Slovenian Economic Mirror was prepared by:**

**Lejla Fajić, Marijana Bednaš** (*Current Economic Trends and Autumn Forecasts for 2007-2009*), **Jure Brložnik** (*International Environment*), **Slavica Jurančič** (*Competitiveness*), **Jože Markič** (*Balance of Payments*), **Metka Stare** (*Trade in Services*), **Miha Trošt** (*Price Trends & Policy*), **Marjan Hafner** (*Money Market – Household Savings, Money Market – Loans*), **Tomaž Kraigher** (*Labour Market*), **Saša Kovačič** (*Earnings*), **Katarina Ivas** (*Manufacturing*), **Janez Kušar** (*Construction*), **Barbara Ferk** (*Indicators of Private Consumption and Household Indebtedness*), **Mojca Koprivnikar Šušteršič** (*Distributive Trade, Tourism*), **Janja Pečar** (*Regional Unemployment*), **Luka Žakelj** (*Slovenian Enterprises in 2006*).

Acting Director: **Boštjan Vasle**.  
Editor in Chief: **Luka Žakelj**.

Translator: **Tina Potrato**.  
Language Editor: **Dean DeVos**.  
Technical Editor: **Ema Bertina Kopitar**.  
Statistical Appendix, Data Preparation & Graphs: **Bibijana Cirman Naglič, Marjeta Žigman**.  
Distribution: **Katja Ferfolja**.

Printed by: **Tiskarna Štok**.  
Concept & Design: **Sandi Radovan, Studio DVA**.  
Circulation: 610 copies.

Institute of Macroeconomic Analysis and Development  
Gregorčičeva 27, 1000 Ljubljana (+386 1) 478 10 12 fax: 478 10 70

Editor in chief: [luka.zakelj@gov.si](mailto:luka.zakelj@gov.si)  
Translator: [tina.potrato@gov.si](mailto:tina.potrato@gov.si)  
Distribution: [publicistika.umar@gov.si](mailto:publicistika.umar@gov.si)

SEM can be found on the Internet at <http://www.gov.si/umar/>  
Publication is included in Ebsco Publishing Database and Internet Securities Database.

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Selected indicators of current economic developments, change in %	Latest Data	Compared to the			
		previous month	same period of previous year		
			latest data	pre-latest data	pre-pre latest data
Industrial production (value based)	VII	-0.7	8.5	8.4	8.9
Manufacturing	VII	-0.4	9.9	9.8	10.2
Electricity, gas and water supply	VII	9.8	-10.8	-11.3	-10.1
Value of construction put in place, real terms	VII	-0.4	30.2	33.1	38.7
Exports of goods (nominal terms) <sup>1</sup>	VII	2.0	18.2	18.0	18.7
Imports of goods (nominal terms) <sup>1</sup>	VII	1.7	19.7	19.9	20.9
Real effective exchange rate <sup>2</sup>	VII	0.1	1.7	1.6	1.5
Gross wage per employee, real terms	VII	0.7	2.8	2.7	3.0
Total household savings in banks <sup>3</sup> , nominal terms	VII	1.2	11.0	9.8	9.3
General government revenue, real terms	VIII	5.3	3.1	2.2	2.1
Number of persons in paid employment	VII	-0.2	3.4	3.4	3.4
Number of registered unemployed	VIII	-2.3	-18.0	-18.1	-18.1
Number of job vacancies	VIII	4.8	6.5	4.8	4.6
<b>Month</b>		<b>current</b>	<b>previous</b>	<b>pre-previous</b>	
Registered unemployment rate	VII	7.6	7.5	7.7	
<b>Month</b>		<b>current</b>	<b>cumulative</b>	<b>annual<sup>4</sup></b>	
Consumer prices	IX	0.4	3.6	3.5	
Producer prices (domestic market)	VIII	0.1	4.0	5.3	
<p><i>Sources of data:</i> SORS, BS, ESS, estimates and calculations by IMAD. <i>Notes:</i> <sup>1</sup>balance of payments' statistics; <sup>2</sup>euro's exchange rate for Slovenia measured by relative consumer prices; the calculation of the effective exchange rate includes the currencies/prices of Slovenia's 17 trading partners (Austria, Belgium, Germany, Italy, France, Netherlands, Spain, Denmark, United Kingdom, Sweden, Czech Republic, Hungary, Poland, Slovakia, USA, Switzerland, Japan); weights are the shares of individual trading partners in Slovenian exports and imports of goods within manufacturing (5-8 SITC) in 2001-2003; exports are double weighted; <sup>3</sup>the year-on-year growth rate is defined as the ratio between the stock at the end of the current month and the stock in the same month of the previous year; <sup>4</sup>total in the last 12 months.</p>					

**Based on developments in the first half of 2007 and the favourable business expectations until the end of the year, GDP growth is projected to total 5.8% this year.** GDP rose by 6.5% in the first half of 2007, considerably exceeding last year's average (5.7% according to revised data). The strong real increases in exports (13.9%) and gross fixed capital formation (21.6%) were the main factors of economic growth. Propelled by the robust motorway construction and the high level of non-residential building, investment in buildings and constructions recorded the largest increase in the six months to June (26.5% in real terms). Supported by the strong international environment, investment in machinery and equipment also rose substantially (17%). Slovenia has recorded high real growth of exports for the fourth year since joining the EU. Within that, exports of services have been rising more rapidly this year than exports of goods. In addition, the structure of services has seen a shift in favour of other services (notably merchanting, financial services, construction, and various business, professional, and technical services), which have, along with travel services, exceeded the share of transport services in total services exports this year (see pp. 6-7). The production and exports of road vehicles that began to gain momentum in the second quarter (see p.13) will only partially offset the expected slight softening in the international environment in the second half of the year. Exports of goods and services are projected to grow by a real 13.4% in 2007. The forecast of the real growth of gross fixed capital formation totals 14.5%, projecting a deceleration in the second half of the year, mainly due to the slowdown in construction investment that is already showing in some current data (see p. 14). According to preliminary estimates, the real growth of private consumption has remained moderate this year; current indicators suggest a slight acceleration in comparison with 2006 from 4% to 4.2% (see p. 15) underpinned by the favourable trends in the labour market and partly by the effect of the smaller tax burden on the growth of net wages. Along with the stronger growth of domestic consumption and exports, imports will also record buoyant real growth this year (14.3 %).

**GDP growth will moderate to 4.6% in 2008 and to 4.1% in 2009.** The lower real GDP growth in comparison with 2007 will partly reflect the expected easing in the growth of export demand (to 10.3%) and partly the more subdued growth rate of gross fixed capital formation (6.2%). The volume of infrastructural investment will continue to increase, chiefly in motorway construction, as will the volume of investment in residential construction and in machinery and equipment. Investment activity will thus expand further and add substantially to GDP growth. However, given the already achieved high levels, we cannot expect an increase on a par with this year's in 2008. The growth of private consumption will remain at a similar level as in 2007 (4%); while it has been mainly driven by employment growth and the positive effects of tax legislation changes this year, its expansion in 2008 will be mainly underpinned by stronger wage growth. The cyclical moderation of GDP growth to a projected 4.1% in 2009 will largely reflect the further slowdown in the growth of gross fixed capital formation (2.6%) due to the planned completion of motorway construction, although investment in railway infrastructure is expected to gain more weight. Given the softening in the growth of disposable income resulting from the projected slowdown in wages and employment, private consumption growth will return to a level close to its long-term average (3.4%) in 2009.

**This year's economic boom has had a favourable effect on developments in the labour market, where employment has been burgeoning, while unemployment indicators**

**have dipped to historically low levels.** Roughly a quarter of this year's surge in formal employment is attributable to the vigorous construction activity, where the increased demand for labour has been partly met by hiring foreign workers. Employment in business services and in the metal and car industries also rose substantially. Although annual employment growth is projected to be slightly below (2.3%) the mid-year figure, it will still considerably exceed the spring forecast. In the next two years it will gradually moderate to 0.9% and 0.6%. By June, the registered unemployment rate fell to its lowest level (7.5%) since April 1991, while survey unemployment plunged to its historical low in the second quarter of 2007 (4.6%; see p. 11). Both rates are projected to continue to decline in the next two years (on a yearly level registered unemployment to a respective 7.4% and 7.1%, survey unemployment to 4.9% and 4.8%). Despite the favourable general trends, several structural problems persist in the labour market (see p. 21).

**Wage growth will lag behind productivity growth throughout the forecast period.** In the seven months to July, the gross wage per employee rose by a nominal 5.7% (see p. 12), while the forecast for the year as a whole projects a 5.9% rise. These figures reflect the somewhat faster wage growth in the private sector than projected in the spring forecast, largely linked to this year's favourable economic trends and partly to the higher payments in March, when companies estimated their performance in 2006. The slower wage growth projected in the public sector is attributable to the delay in the expected disbursement of wages according to the new wage system and the elimination of wage disparities in the public sector, which will translate into accelerated wage growth in this sector in 2008 and 2009. Nevertheless, the overall wage growth in these two years (7.3% and 5.7% in nominal terms) will not exceed productivity growth (7.4% and 6.4% in nominal terms).

**Inflation will ease off in the next two years after this year's rise.** The relatively faster price growth in Slovenia in comparison with the euro area average observed over the last few years is largely attributable to the effects of the process of real convergence in the Slovenian economy. A comparison of price trends in the first eight months of 2007 with the previous two years shows that the changes (i.e. rises and falls) in most price groups were similar to those in the same period of the previous two years. The exceptions were the high rises in the prices of food and of recreation and culture. The rises in the latter group are largely caused by the prices of holidays (see p. 8). The autumn forecast of annual inflation for 2007 thus totals 4.3%, while average inflation is projected to reach 3.4%. In line with the forecasts of international institutions projecting a slowdown in global food price rises, domestic food price rises are expected to moderate next year. In order to prevent the higher price rises in some groups from spilling over to other prices and to curb inflationary expectations, it is also vital that macroeconomic policies provide a stable macroeconomic framework that will ensure the adjustment of relative prices rather than result in an overall increase in inflation. This will allow inflation to return to its equilibrium level between 2.5% and 3% already next year.

**The 0.4% September inflation stems from higher prices of clothing and footwear, food, and hotels and restaurants.** The forecasts predicting further food price rises in the autumn months have partly materialised, and the contribution of food prices to inflation has thus climbed to 1.5 p.p., accounting for over 40% of this year's overall price increase. As in previous years, new collections pushed up the prices of clothing and footwear. In line with expectations, the prices of package holidays fell sharply in September.

**The August outburst of a financial crisis in the USA significantly raised uncertainty regarding future economic developments.** The sudden deterioration in lending terms coupled with the prolonged recession in the housing market presents a serious risk not only to economic growth in the USA, but also elsewhere around the world, Europe included. The intensity of the spillover of negative effects from the USA will depend on whether the USA will experience a so-called 'soft' (GDP growth below 2.5%) or 'hard landing' (GDP growth below 1.0%). Given that housing investment has contributed negatively to GDP growth since early 2006, the key factor in this scenario will be the growth of private consumption, which has been the main engine of US economic growth in recent years.

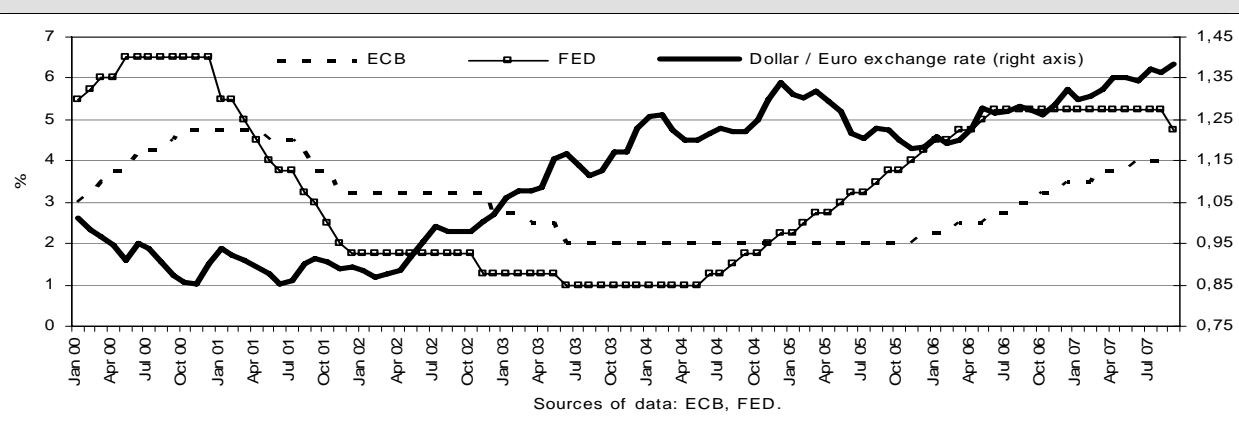
**The Federal Reserve responded to the financial crisis and the consequent deterioration in lending terms and confidence by lowering its key interest rate.** This was the first change since June 2006; the rate was cut by 0.5 p.p. to 4.75%. This move was enabled by the moderation of US inflation over the last few months. Year-on-year inflation totalled just 2.0% in August. However, with the recent rebound in oil prices to record highs and in view of the moral hazard, the FED may decide not to cut the interest rate any further, unlike how it acted during the financial crises in 1998 and 2001. Since the euro area's key interest rate remained unchanged in September (at 4.0%), the difference between the two now totals a mere 0.75 p.p. Coupled with the deteriorated GDP growth prospects in the USA, this is one of the main reasons for the dollar being at an all time low in comparison with the euro (see graph).

**The recession in the US housing market is still deepening amid the falling real estate prices.** The drop in housing investment reduced the overall GDP growth by 0.9 p.p. in the first quarter and by 0.6 p.p. in the second quarter (annualised q-o-q). The first eight months of the year saw a continued decline in the three main indicators of future trends (sale of new homes, building permits, housing starts), suggesting that housing investment will continue to make a negative

contribution to GDP growth for several quarters to come. Property prices also began to fall this year; a year-on-year decline has been observed since the beginning of the year. Further drops in real estate prices are quite probable given that the stock of unsold homes is the highest since the last housing recession in 1991 and in view of the fact that foreclosures will rise substantially after the collapse of the subprime mortgage market, which will add to the stock of unsold homes. As a consequence, this will negatively affect the growth of private consumption due to falling home equity withdrawals. Private consumption already softened appreciably in the second quarter of 2007. After the 3.1% increase in 2006, it grew by 3.7% in the first quarter this year and by a mere 1.4% in the second quarter (annualised q-o-q).

**Although the consequences of the US recession are already visible in various sentiment indicators, it is still premature to draw any final conclusions.** While confidence indicators in Europe began to slip from record-high levels in the second quarter when economic growth in the euro area eased off slightly, the effect of the financial crisis has become evident in the last two months. The German Ifo index of business climate fell for the fourth month in a row in September, to its lowest level in 18 months. The ZEW index of German investors' sentiment has also been slipping for four months. In September, the confidence of German consumers dropped as well. The decline in the propensity to buy is particularly critical since it may jeopardise the recovery of private consumption growth in Germany. September also saw the expectations in French manufacturing drop to their lowest level since March, while the business climate in Italy hit a two-year low. The strong euro threatens the already uncompetitive French and Italian exports, while the deterioration in lending terms will affect investment decisions in the entire euro area. However, it is still premature to make any final conclusions about the actual effect of the US financial crisis and its implications for economic growth in the euro area.

Graph: Changes in the ECB's and the FED's key interest rates and movements of the USD/EUR exchange rate



# Competitiveness

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Price competitiveness indicators, average indices	2006	QII 2007/ QI 2007	QII 2007/ QII 2006	QI-II 2007/ QI-II 2006
<b>Effective exchange rate against 17 trading partners<sup>1</sup></b>				
Nominal	100.2	100.4	100.7	100.8
Real exchange rate – based on consumer prices	100.7	102.0	101.8	101.6
Real exchange rate – based on producer prices <sup>2</sup>	99.1	99.8	101.9	102.0
<b>Effective exchange rate against 10 trading partners outside the euro area<sup>1</sup></b>				
Nominal	100.6	101.4	102.4	102.7
Real exchange rate – based on consumer prices	100.8	102.7	103.1	103.1
Real exchange rate – based on producer prices <sup>2</sup>	100.1	100.5	103.9	104.3
<b>Effective exchange rate against 7 trading partners in the euro area<sup>1</sup></b>				
Real exchange rate – based on consumer prices	100.6	101.7	101.3	101.0
Real exchange rate – based on producer prices <sup>2</sup>	98.8	99.5	101.1	101.1

Sources of data: SORS, BS, ECB, OECD Main Economic Indicators; calculations by IMAD. Notes: <sup>1</sup>against the basket of currencies of 17 trading partners (Austria, Belgium, Germany, Italy, France, Netherlands, Spain (7 euro area trading partners), Denmark, United Kingdom, Sweden, Czech Republic, Hungary, Poland, Slovakia, USA, Switzerland, and Japan (10 trading partners outside the euro area); an increase indicates appreciation and vice versa; <sup>2</sup>deflated by manufacturing producer prices in the domestic market.

**Slovenia's price competitiveness measured by relative consumer prices deteriorated in the second quarter of 2007.** The decline largely reflected the faster growth of Slovenian consumer prices compared with their rises in its main trading partners. In the second quarter, relative prices rose by 1.6% (after a 0.5% decrease in the first quarter) at the quarterly level and by 1.1% at the year-on-year level (0.5% in the first quarter). The negative effect of the further appreciation of the euro against the US dollar, Japanese yen, and Swiss franc on Slovenian price competitiveness was relatively smaller due to the concurrent depreciation of the euro against the currencies of some EU countries outside the EMU. In the second quarter, the contribution of the effective exchange rate's nominal appreciation to its real quarterly growth (2.0%) totalled about 25%; the remaining 75% stemmed from the relative price rise. Nominal appreciation contributed a good third of the year-on-year real growth (1.8%), while the relative price rise added two thirds.

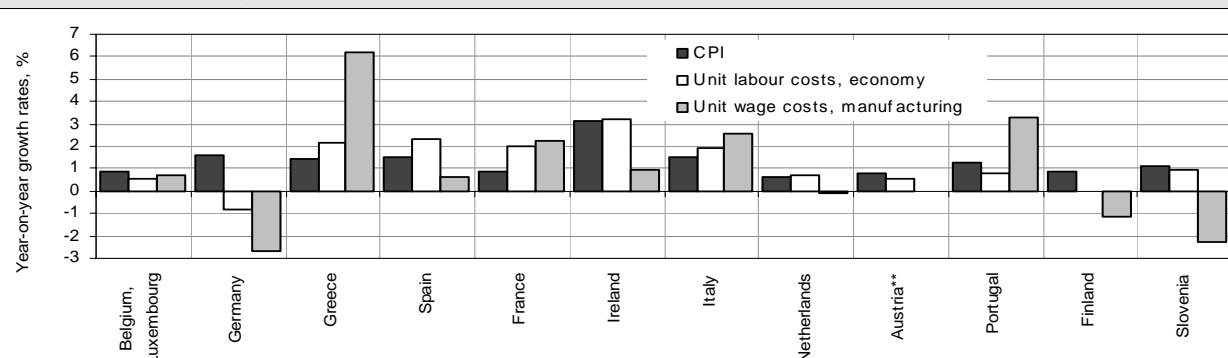
**Measured by relative producer prices, Slovenia's price competitiveness improved in the second quarter at the quarterly level, while its deterioration at the year-on-year level eased off slightly.** At the quarterly level, Slovenian producer prices fell in comparison with foreign prices (by 0.6%, after their 0.8% increase in the first quarter), while their year-on-year growth remained at the level from the first quarter

(1.2%). The Slovenian effective exchange rate of the euro was therefore a real 0.2% lower in the second quarter than in the first quarter and 1.9% higher than in the second quarter of 2006.

**Due to the accelerated growth of consumer prices, Slovenia was among the euro area countries that recorded a substantial deterioration in price competitiveness in the second quarter.** Due to the appreciation of the euro, all euro area countries recorded a decline in price competitiveness in the first half of 2007. According to the European Commission (EC), Slovenia's price competitiveness saw the biggest drop between the first and the second quarter. Year-on-year cross-country comparisons show Slovenia in a slightly more favourable light: in the second quarter, it was ranked at the bottom of the top third; in the first and second quarters together, it was ranked in the middle (see graph).

**Contrary to the economy as a whole, Slovenian manufacturing improved its year-on-year cost competitiveness in the first half of 2007 owing to strong labour productivity growth.** Among the EMU countries, the German, Finnish, and Dutch industries also recorded similar improvements. Meanwhile, the cost competitiveness of the economy as a whole deteriorated in Slovenia and other EMU members alike, except in Germany and Finland (EC data; see graph).

Graph: The euro's real effective exchange rates\* deflated by CPI, unit labour costs (economy), and unit wage costs (manufacturing) in the first half of 2007



Source of data: European Commission. Notes: \*against 36 industrial countries: EU-27, Australia, USA, Japan, Norway, New Zealand, Mexico, Switzerland, and Turkey; \*\*the figure on unit wage costs in manufacturing is not available.

## Balance of Payments

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Balance of Payments, I-VII 2007, EUR m	Inflows	Outflows	Balance <sup>1</sup>	Balance, I-VII 2006
<b>Current account</b>	15,017.2	15,418.2	-401.0	-251.3
Trade balance (FOB)	11,552.8	12,172.1	-619.3	-399.5
Services	2,407.0	1,673.7	733.3	481.7
Factor services	577.5	935.9	-358.4	-218.8
Unrequited transfers	480.0	636.5	-156.6	-114.7
<b>Capital and financial account</b>	7,792.0	-6,195.4	1,596.7	416.2
Capital account	147.6	-137.0	10.7	-0.3
Capital transfers	147.6	-136.1	11.5	0.7
Non-produced, non-financial assets	0.0	-0.9	-0.9	-1.0
Financial account	7,644.4	-6,058.4	1,586.1	416.5
Direct investment	464.1	-680.2	-216.1	-43.4
Portfolio investment	1,105.9	-2,697.1	-1,591.2	-506.7
Financial derivatives	0.0	-6.4	-6.4	-17.5
Other long-term capital investment	5,898.8	-2,674.7	3,224.1	371.5
Assets	23.8	-2,658.4	-2,634.6	-1,251.2
Liabilities	5,875.0	-16.3	5,858.7	1,622.6
International reserves (BS)	175.6	0.0	175.6	612.6
<b>Statistical error</b>	0.0	-1,195.7	-1,195.7	-164.9

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

**The higher current account deficit recorded in the first seven months of the year was mainly the result of the growing deficits in the trade balance and in factor incomes.** The widening of the trade balance deficit is mainly attributable to the smaller surplus in goods trade with non-EU countries (from EUR 919.7 m to EUR 734.5 m) and partly to the higher deficit in trade with EU countries (from EUR 1,319.1 m to EUR 1,353.8 m). The deficit in factor incomes widened due to the banking sector's net paid interest on external debt and the net expenditure from direct investment.

**The nominal growth of goods imports (18.7%) was somewhat faster than that of exports (17.8%) in the seven months to July, year on year.** Based on available mid-year data, imports of intermediate goods saw the biggest rise on the back of the robust growth of industrial production. Looking at the SITC structure, the year-on-year increase in imports was largely based on imports of road vehicles, iron and steel, electrical machinery and appliances, non-ferrous metals, metal products, and metal ores. The available mid-year data on goods exports by SITC expressed in current EUR show robust growth of the exports of vehicles (23.8%) as well as an increase in the exports of all other goods (16.4%). The year-on-year increase in exports in this period was chiefly underpinned by exports of road vehicles, iron and steel, metal products, wood and cork, and feeding stuff for animals.

**The surplus in the services balance increased in the first seven months, year on year, mainly as a result of smaller net imports of other services and higher net receipts from tourism** (see p. 7). We note, however, that an analysis of service flows in 2007 is considerably hampered because the estimate of transport and other services is still based on payment transactions data. The only exception is travel services, which began to be recorded according to the new methodology (based on the SORS' target surveys) in July. The BS has revised data for 2006. The value of exports in the current period was raised by coefficients based on last year's structure of payments above or below the EUR 12,500 threshold (see also SEM 6/2007: 5).

**Factor incomes recorded an increase in domestic**

**banks' net interest payments as well as in net expenditure from direct investment.** Although banks' interest receipts from loans given to the rest of the world increased, their interest payments were even higher due to the extensive borrowing abroad in the previous years. Direct investment recorded an increase in both net expenditures from capital income (dividends, distributed profits, and reinvested profits) and in net interest payments on loans between affiliated enterprises.

**The year-on-year increase in the current transfers deficit was largely caused by the higher deficit in other sectors.** The latter (insurances, other transfers, workers' remittances) widened from EUR 27.3 m to EUR 54.2 m, year on year. The increase in the current transfers deficit also reflected the higher deficit of the government sector. According to the Ministry of Finance, Slovenia received EUR 154.5 m from the EU budget in the first seven months this year, which is EUR 29.2 m less than in the same period of 2006. The received funds for structural and cohesion policy decreased in particular. Payments to the EU budget totalled EUR 184.2 m, EUR 12.8 m more than in the same period last year.

**Financial transactions with the rest of the world (excluding international reserves) recorded a net capital inflow of EUR 1,410.4 m in the first seven months of 2007.** The same period of 2006 witnessed a net outflow of capital totalling EUR 196.0 m. The higher net capital inflow was largely caused by the higher net liabilities of the BS to the Eurosystem and the long-term borrowing of commercial banks. Portfolio investment by domestic commercial banks recorded the highest year-on-year increase within capital exports. The strong capital outflows seen in the first quarter that were mainly linked to the BS' bills falling due eased off in the last four months. Within currency and deposits, the BS' claims to euro area countries and claims in euros to other countries rose considerably. The high statistical error is largely attributable to the difficulty of distinguishing between the euro currency that the BS puts into circulation as part of the Eurosystem, and the currency that comes into Slovenia from transactions with non-residents.

<b>Trade in Services</b>	Slovenian Economic Mirror	IMAD
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	I-VII, EUR m, current prices		Nominal growth rates, %	Structure, in %	
	2006	2007		I-VII 2006	I-VII 2007
<b>Services (balance)</b>	481.7	733.3	-	-	-
<b>Exports of services</b>	1,882.9	2,407.0	27.8	100.0	100.0
Transport	600.0	688.1	14.7	31.9	28.6
Travel	779.2	940.8	20.7	41.4	39.1
Other services <sup>1</sup>	503.7	778.1	54.5	26.8	32.3
<b>Imports of services</b>	-1,401.2	-1,673.7	19.4	100.0	100.0
Transport	-332.2	-407.4	22.6	23.7	24.3
Travel	-425.0	-469.1	10.4	30.3	28.0
Other services <sup>1</sup>	-643.9	-797.3	23.8	46.0	47.6

Source of data: BS; author's calculations. Note: <sup>1</sup> other services include communication, construction, insurance, financial, computer and information services, licences, patents and copyrights, other business services, personal, cultural, and recreational services, and government services.

**Exports of services rose substantially in the first seven months this year; their trends diverge considerably from those seen in the last few years.** On one hand, they reflect changes in the dynamics and structure of service exports; on the other they also mirror changes in the methodology for registering travel services (see also p. 6). According to balance of payments data, exports of services rose by a nominal 27.8%, year on year, much more than exports of goods (18.2%) and imports of services (19.4%). Consequently, the long-term tendency of the falling share of services in total exports of goods and services was interrupted, while the surplus in services trade surged by EUR 251.6 m from January to July 2007, year on year. It amounted to over EUR 730 m and exceeded the annual surpluses in the trade in services prior to 2005.

**Among the three main categories of services, exports of other services marked the strongest growth.** Within these, exceptional growth (3.3-fold) was recorded in merchanting, whose exports typically vary considerably across the years. Significant increases were also observed in financial (68.3%) and construction services (43.4%), along with various business, professional, and technical services (41.5%). Travel services also achieved high export growth rates, while exports of transport services, which had been the most dynamic category in exports of services in the last few years, lagged behind. Differences in the growth rates of the three main categories of services resulted in significant changes in the structure of services exports, where other services reached 32.3% and topped the share of transport services for the first time. The structure of services exports became much more balanced (see table).

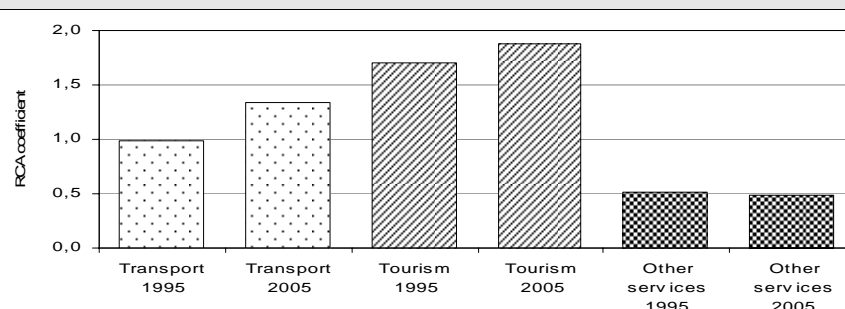
**In the seven months to July, other services also recorded the highest year-on-year increase within imports.** The most notable rises were seen in construction

(109.3%) and financial services (67.7%). The expansion of the former was driven by the intensive construction of the road network; the robust growth in the latter was linked to domestic firms' increased demand for financial services from abroad. The increase in transport services imports lagged only slightly behind the imports of other services, while the growth in travel services was considerably lower. As a result, the share of other services and transport in the structure of services imports increased in the seven months to July compared with the same period of 2006, while the share of travel services shrank (see table).

**The share of other services in the total exports of services should be raised further, since it exceeds 50% in the EU-15.** A comparison with the EU is relevant not only because Slovenia is a member of the EU but also because the EU is Slovenia's main market for services (it exports around 75% of services to the EU). At the same time, it is also a highly demanding market where the most competitive service providers operate and which therefore reflects changes in the competitiveness of Slovenian service providers.

**In 1995-2005, Slovenia widened the gap with the EU-15 in exports of other services, whereas Slovenian exports of transport and travel services rose faster than those of the EU-15.** Accordingly, Slovenia's revealed comparative advantage coefficients (RCA; see note under graph) in individual categories of services changed in comparison with the EU-15. In 1995 and 2005, Slovenia had comparative advantages in travel services (tourism), which it improved slightly further in the mentioned period. Compared with the EU-15, Slovenia's comparative advantage rose the most in transport, whereas its comparative disadvantage in other services widened slightly between 1995 and 2005 (see graph).

Graf: Revealed comparative advantage coefficients\* of Slovenian services exports relative to the EU-15, 1995 and 2005



Source of data: Eurostat; author's calculations. Note: \*The revealed comparative advantage (RCA) coefficient is calculated as the share of a service x in the total services exports of a country in comparison with the share of the service x in the total services exports of a group of countries. If the coefficient is higher than 1, the country has a comparative advantage in exports of service x compared with the reference group of countries.

Price indices	2006		2007		
	XII 2006/ XII 2005	Φ (I 06-XII 06)/ Φ (I 05-XII 05)	VIII 2007/ VII 2007	VIII 2007/ VIII 2006	Φ (VII 06-VIII 07)/ Φ (VII 05-VIII 06)
Consumer prices (CPI)	102.8	102.5	100.3	103.5	102.7
Goods	102.1	102.0	100.0	102.8	102.0
Fuels and energy	103.9	108.2	98.7	100.4	102.0
Other	101.7	100.5	100.3	103.2	102.0
Services	104.3	103.4	100.9	105.1	104.2
Consumer prices (HICP)	103.0	102.5	100.2	103.4	102.9
Administered prices <sup>1</sup>	102.1	105.8	100.1	101.3	101.6
Energy	103.7	108.0	98.6	99.8	101.7
Other	97.9	100.2	103.6	104.7	101.4
Core inflation: - trimmean	102.7	102.8	100.2	102.4	102.2
- excluding food & energy	102.0	101.2	100.5	103.1	101.9
Producer prices: - domestic market	102.8	102.3	99.9	105.3	104.2
- EMU	106.3	102.6	99.6	104.7	106.1
Consumer prices in the EMU	101.9	102.2	100.1	101.7	101.8

Sources of data: CPI, HICP, IPI: SORS; administered prices and core inflation: IMAD's estimate; MUICP in the EU: Eurostat (provisional data) and IMAD's recalculation. Note: <sup>1</sup>figures are not directly comparable between the years due to the annual changes of the administered prices index.

**Long-term inflation indicators rose in the summer months.** After prices remained unchanged in July, they rose by 0.3% in August. The year-on-year price rise totalled 3.8% in July and moderated to 3.5% in August. Average inflation also rose in the summer and now totals 2.7%. We can expect a further slight increase in average inflation in the months ahead, based on past developments.

**The acceleration of inflation seen this year has been driven mainly by the rising prices of food and package holidays.** A comparison of price trends in the first eight months of 2007 with the previous two years shows that the changes (i.e. rises and falls) in most price groups were similar as in the same period of the previous two years. The only exceptions were the high rises in the prices of food and of recreation and culture (see graph). The rises in the latter group are largely caused by the prices of holidays. After the prices of package holidays rose by 13.7% in July, they increased by a further 3.3% in August and were 7.3% higher than in August 2006. In the eight months to August, they contributed 1.1 p.p. to the 3.2% overall inflation. This contribution is largely seasonal and will therefore decline substantially until the end of the year. The prices of package holidays rose both in Slovenia and abroad.

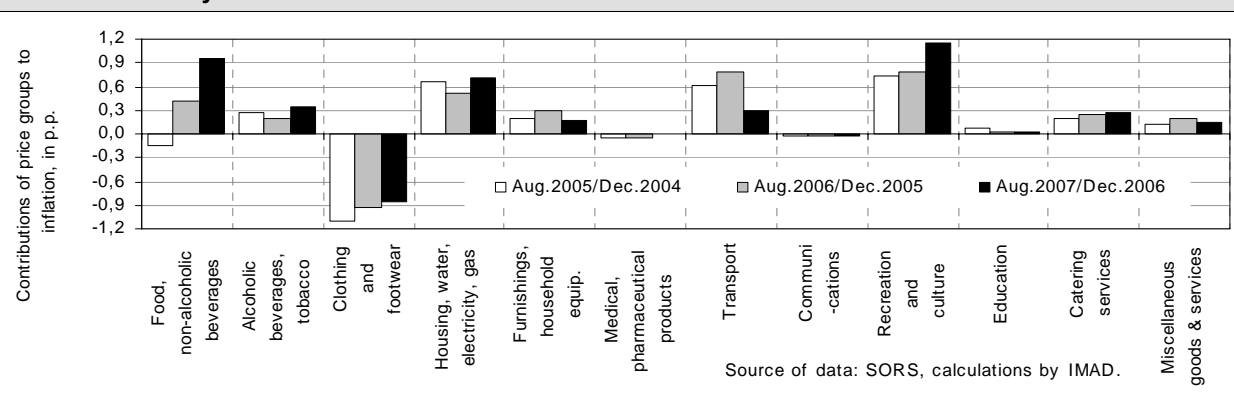
The 5.7% increase in food prices recorded in this period contributed 0.9 p.p. to inflation. However, food prices have also been rising elsewhere in Europe.

**In July, the Government finalised the process of harmonising excise duties on tobacco and tobacco products with EU regulations.** The harmonisation with excise duty rates laid down in EU regulations contributed slightly more than 0.2 p.p. to inflation. This final increase completed the harmonisation process.

**The contribution of liquid fuel prices to inflation decreased in July and August.** Coupled with the depreciation of the US dollar, oil price changes seen in the global market in July and August translated into a smaller overall contribution of liquid fuel prices to domestic inflation this year. In July and August together, this contribution decreased by 0.1 p.p. and thus totalled 0.6 p.p. in the first eight months of the year.

**In September, the Government cut excise duties on liquid fuels for transport and heating.** In line with the counter-cyclical policy of adjusting excise duties on liquid fuels for transport and heating, the Government reduced these excise duties to the lowest level allowed by EU regulations in order to mitigate the effect of the oil price hikes in the global market on domestic prices. This measure reduced inflation by approximately 0.2 p.p.

Graph: Contributions of individual groups of the price index to inflation in the first eight months of selected years





## Money Market – Household Savings

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Household savings in banks and mutual funds managed by domestic administrators	EUR m, nominal		Nominal growth rates, %		
	31. XII 2006*	31. VII 2007	31. VII 2007/ 30. VI 2007	31. VII 2007/ 31. XII 2006*	31. VII 2007/ 31. VII 2006*
<b>Total savings</b>	11,451.3	12,178.6	1.2	6.4	11.0
<b>Domestic currency savings</b>	7,181.3	11,759.9	1.3	-	-
Overnight deposits <sup>1</sup>	3,730.9	5,478.4	-0.6	-	-
Short-term deposits	2,558.1	4,485.8	2.1	-	-
Long-term deposits	677.2	1,202.2	3.7	-	-
Dep. redeemable at notice	215.0	593.5	8.6	-	-
<b>Foreign currency savings</b>	4,270.0	418.7	-1.4	-	-
Overnight deposits <sup>1</sup>	1,794.3	173.4	-2.2	-	-
Short-term deposits	1,877.1	183.0	-2.4	-	-
Long-term deposits	474.4	45.5	1.1	-	-
Dep. redeemable at notice	124.2	16.8	13.4	-	-
<b>Mutual funds<sup>2</sup></b>	1,967.3	2,692.1	4.9	36.8	75.7

Source of data: Monthly Bulletin of the BS, IMAD's calculations. Notes: <sup>1</sup>demand deposits; <sup>2</sup>data for June 2007; \*due to the transfer of euro loans to domestic currency loans, data from previous years are not comparable with data for 2007, and calculations of growth rates are therefore senseless.

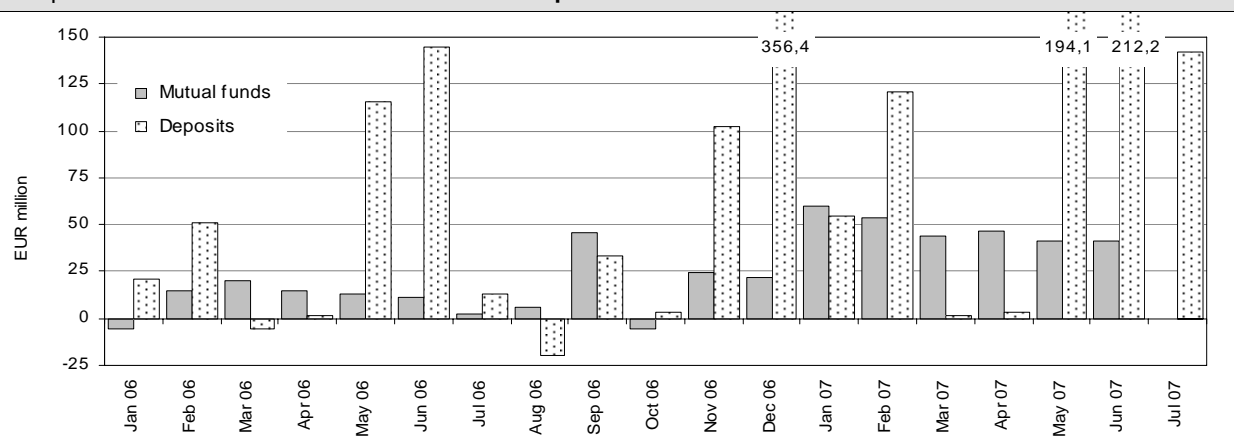
**After household savings in banks recorded minimum or even negative growth rates in July in the previous years, they rose relatively strongly in July this year.** Their monthly increase topped 1% for the third consecutive month. While euro deposits are rising due to higher interest rates, foreign currency deposits have continued to decline and now account for less than 4% of the total household savings in banks. On the whole, household savings rose by 6.4% in the seven months to July, exactly twice as much as in the same period of 2006. Their year-on-year growth picked up for the fourth month in a row and exceeded 10% for the first time in over 18 months. The total net flows amounted to EUR 727.3 m, more than double the net inflows from the comparable period of 2006. Almost 70% of the total net flows consisted of deposits redeemable at notice (37.3%) and short-term deposits (32.1%). The former exceeded the 2006 level more than 20-fold. The net inflows of overnight deposits eased off considerably, amounting to just over 40% of the net inflows from the first seven months of 2006.

**July saw an increase in all types of time deposits. The highest increase (8.8%) was recorded in**

**deposits redeemable at notice, whose monthly rises have not gone below 6% this year.** The volume of these deposits rose by almost 80% in the seven months to July, compared with a less than 5% increase in the same period last year. The growth of other short-term and long-term time deposits increased much less dramatically. The average monthly growth rates were 0.7% for short-term deposits and 1.2% for long-term deposits. The former rose by 5.3% in the seven months to July (1.6% in 2006), while the latter recorded an 8.3% increase after having dropped by 3.1% in the first seven months of 2006.

**Mutual funds have also enjoyed high growth rates. In the first half of the year, their assets rose by a good third.** The increase is largely attributable to the relatively high return rates on this kind of investment. A significant contribution also came from net payments to mutual funds, which amounted to EUR 287.1 m in the six months to June and were 3.2-times higher than in the first half of 2006. Data on the structure of funds show that the share of the more risky stock mutual funds already hold almost two thirds of the total assets in domestic-managed mutual funds.

Graph: Net flows into mutual funds and bank deposits



Sources of data: BS, calculations by IMAD. Note: The figure for mutual funds for July is not available yet.

## Money Market – Loans

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Domestic banks' loans	Nominal amounts, EUR m		Nominal loan growth, %		
	31. XII 2006*	31. VII 2007	31. VII 2007/ 30. VI 2007	31. VII 2007/ 31. XII 2006*	31. VII 2007/ 31. VII 2006*
<b>Loans total</b>	20,052.9	24,029.5	3.0	19.8	30.5
<b>Domestic currency loans</b>	7,317.1	22,521.3	2.7	-	-
Enterprises and NFI	3,926.5	16,600.9	3.4	-	-
Households	2,896.4	5,364.1	1.7	-	-
Government	494.3	556.3	-8.2	-	-
<b>Foreign currency loans</b>	12,735.8	1,508.2	7.7	-	-
Enterprises and NFI	10,091.3	698.9	8.7	-	-
Households	2,484.3	793.1	7.0	-	-
Government	160.1	16.3	-2.7	-	-
<b>Household loans by purpose</b>	5,380.7	6,157.2	2.4	14.4	25.0
Consumer credits	2,286.6	2,531.9	1.8	10.7	16.9
Lending for house purchase	1,955.8	2,361.0	3.1	20.7	39.1
Other lending	1,138.3	1,264.2	2.1	11.1	18.9

Source of data: BS Bulletin, calculations by IMAD. Notes: NFI - non-monetary financial institutions; \*due to the transfer of euro loans to domestic currency loans, data from previous years are not comparable with data for 2007, and calculations of growth rates are therefore senseless.

### Domestic banks' lending activity continued to boom in July.

In the summer months of 2006 the monthly growth rates of loans hovered around 1.5%. This year, they were approximately double that rate. July's year-on-year growth rate of domestic banks' loans to non-banking sectors exceeded 30% and thus reached the highest value since 2005 (since comparable data have been available). Slovenia recorded by far the highest credit growth rate among all EMU countries that month. Among other members, fairly high growth rates were recorded only in Spain (20.6%), Ireland (17.3%), and Greece (15.7%). Notably, loans to enterprises and NFI are still rising strongly; the growth of household loans has stabilised, while the government sector continued to record a net repayment of loans. The total net flows of loans to the non-banking sectors thus amounted to EUR 3,976.6 m in the first seven months of the year (74.6% more than in the same period last year) and already exceeded the total value of the net loans approved in 2006.

### The monthly increase in the volume of loans to enterprises and NFI topped 3% for the fourth consecutive month.

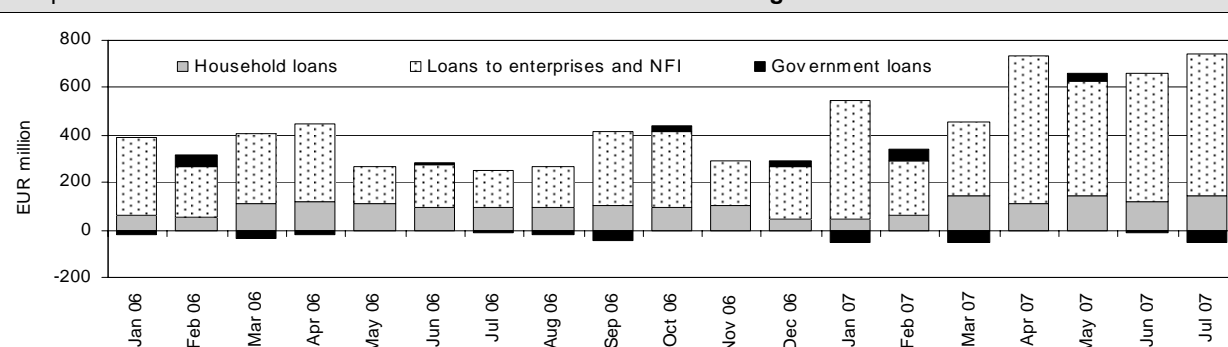
After having taken out mostly loans for other purposes in the previous two months, enterprises and NFI recorded net repayment of these loans in July, while they obtained more working capital loans as well as investment loans. The year-on-year growth thus rose to 34.9% in July. It was mostly underpinned by working capital loans (19.1 p.p.), but investment loans also made a substantial contribution

(11.7 p.p.). The net flows of loans to enterprises and NFI totalled EUR 602.3 m in July, the second highest value this year (April: EUR 620.6 m). In the seven months to July, they surged to EUR 3,281.9 m, almost double the level from the same period of 2006. After the considerable boom in borrowing seen in the first quarter, enterprises reduced their net indebtedness abroad in the second quarter. Following the net repayment in April, enterprises and NFI also net repaid loans obtained abroad in June, in the amount of EUR 21.2 m. In the first half of the year, enterprises and NFI thus recorded net borrowing of EUR 239.9 m, which is 22.7% less than in the same period last year.

### Households continue to take out primarily housing loans.

Their total net flows achieved a value of EUR 405.2 m in the first seven months of the year, 23.3% more than a year ago. They accounted for a good half of the total net flows, which rose by about one fifth at the year-on-year level. The net flows of consumer loans reached a similar growth rate as housing loans but were much lower in value, amounting to EUR 245.3 m. The year-on-year growth of these loans has remained at a level between 15% and 17% almost all year. Only Greece enjoyed a higher growth rate of consumer loans in July (21.2%), while the EMU average was 4.2%. In 2006, consumer loans as a share of GDP totalled 7.7% in Slovenia, while the average in the EMU was 7.0%. In other types of household loans, Slovenia's values were considerably lower than the EMU averages.

Graph: Net flows of domestic banks' loans to domestic non-banking sectors



Source of data: BS, calculations by IMAD.

Selected labour market indicators	thousands				% growth		
	I-XII 2006	XII 2006	VI 2007	VII 2007	I-VI 2007/ I-VI 2006	I-VII 2007/ I-VII 2006	Φ 2006/ Φ 2005
A Registered labour force (A=B+C)	910.7	911.3	925.4	924.5	1.3	1.3	0.6
B Persons in formal employment*	824.8	833.0	856.2	854.4	3.4	3.4	1.4
in enterprises and organisations	675.1	681.7	697.5	696.2	2.9	2.9	1.3
by those self-employed	66.5	67.5	70.6	70.8	5.1	5.1	1.7
self-employed and farmers	83.3	83.8	88.1	87.3	6.4	6.2	2.1
C Registered unemployed	85.8	78.3	69.3	70.1	-18.1	-18.1	-6.6
women	47.0	42.6	38.5	39.3	-17.2	-17.3	-4.9
aged over 40	39.7	37.7	36.7	36.9	-7.2	-7.2	-0.9
unemployed over 1 year	41.9	39.7	36.0	35.8	-12.1	-12.4	-3.6
D Rate of registered unemployment (C/A), %	9.4	8.6	7.5	7.6	-	-	-
male	8.9	7.1	6.0	6.0	-	-	-
female	12.0	10.5	9.4	9.6	-	-	-
E Job vacancies	19.0	15.9	23.1	18.8	4.6	4.8	12.3
for a fixed term, %	75.3	76.4	76.6	78.4	-	-	-
F Number of people hired	13.0	9.1	13.0	11.8	-0.8	-1.4	13.8
Lower education	3.9	2.6	4.6	3.9	3.4	2.6	19.4
Secondary education	7.1	5.2	6.7	6.4	-2.6	-3.2	13.8
Tertiary education	2.0	1.3	1.6	1.6	-3.3	-3.6	4.3

Sources of data: SORS, ESS, IMAD's calculations. Note: \*persons in employment according to administrative sources.

**Favourable trends in the labour market continue despite seasonal impacts.** As in April and May, formal employment rose by 0.4% in June (the highest rise was again recorded in construction). In July, it declined by 0.2%, mostly due to dismissals of workers employed for a fixed term and the lower estimated number of farmers. In the first half of 2007, the year-on-year increase in the average number of formally employed persons totalled 3.4%. It was the highest (11.1%) in construction and also significant in business services (8.7%) and agriculture (8.3%). The year-on-year increase in survey employment was also high in the second quarter this year (2.6%), while it averaged 1.9% in the first half of 2007. The survey unemployment rate fell to 4.6% in the second quarter, down 1.3 p.p. from a year ago. July's registered unemployment rate rose seasonally to total 7.6%.

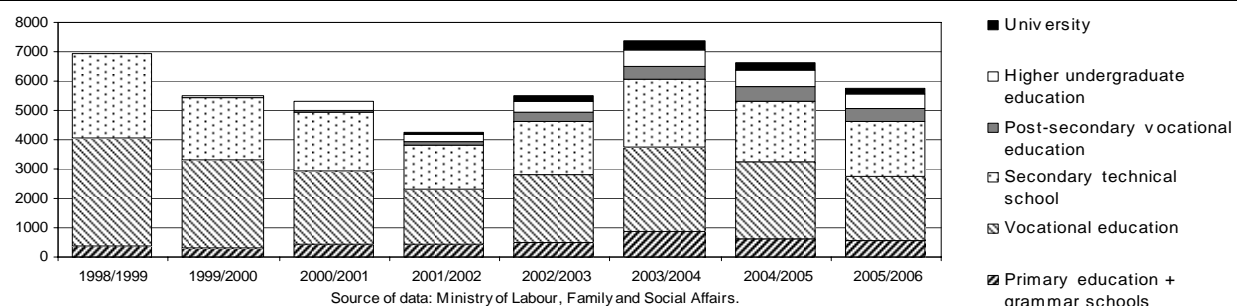
**The number of registered unemployed declined to 68,539 in August after the seasonal increase in July (to 70,134).** July's increase in registered unemployment is a seasonal phenomenon observed every year, caused by dismissals of workers employed for a fixed term in June (especially in education), although there were fewer such dismissals this year (2,897 in total) than in 2006 (3,149). Also smaller than last year were the inflows of first-time job-seekers (678) and other unemployed persons who lost work (1,955). In August, the inflow to unemployment shrank once again (to 4,491) and hit the lowest mark this year. On the other hand, July's outflows from unemployment were also lower than in June 2007 and July 2006, but they

rebounded in August. 3,047 unemployed persons were hired in July and 3,823 in August. The number of registered unemployed fell by a further 1,621 persons in July and 1,909 in August for other reasons.

**Every year, 25%-35% of participants successfully complete the '10,000 Programme'<sup>1</sup>. At least a fifth of them secure employment within six months.** This is one of the main active employment policy programmes in the labour market. It enables unemployed persons to obtain a higher or additional degree of formal education in order to improve their employment prospects. The number of participants has been declining in recent years (see graph). In 2005/2006 a total of 6,332 people participated in this programme. Most are enrolled in programmes leading to vocational qualifications (around two fifths) and secondary technical education (close to one third). More than half of the participants are women, unemployed, or less than 26 years of age. The dropout rate is low (4%-5%), but around 35% of participants take a break in the course of the programme. Only a fraction (15.8% in 2005/2006) of the participants takes part for more than two years. The programme includes two special support programmes: Project Learning for Young Adults, intended mainly for young dropouts, and Training for Success in Life – A Bridge to Education, which caters to people with poor functional literacy. In 2005/2006, a respective 199 and 367 people were involved in these two programmes.

<sup>1</sup> Called the '5000 Programme' until academic year 2002/2003.

Graph: People enrolled in formal education as part of training programmes for the unemployed, 1998/1999-2005/2006



# Earnings

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Gross wage per employee, growth index	Wages in EUR VII 2007	In nominal terms			In real terms <sup>1</sup>		
		VII 07/VI 07	VII 07/VII 06	I-VII 07/I-VII 06	VII 07/VI 07	VII 07/VII 06	I-VII 07/I-VII 06
Gross wage per employee, total	1,262.95	100.7	106.9	105.7	100.7	103.0	102.8
<b>Private sector (activities A-K)</b>	1,180.03	100.1	107.6	106.5	100.1	103.7	103.6
A Agriculture	1,029.02	100.2	108.5	107.4	100.2	104.5	104.5
B Fisheries	1,014.71	100.0	108.6	103.1	100.0	104.6	100.2
C Mining and quarrying	1,517.50	96.5	106.6	104.3	96.5	102.7	101.5
D Manufacturing	1,091.03	99.7	107.5	106.1	99.7	103.5	103.2
E Electricity, gas and water supply	1,501.96	95.3	103.5	103.9	95.3	99.7	101.1
F Construction	1,050.28	101.9	108.5	107.2	101.9	104.5	104.2
G Wholesale, retail; certain repairs	1,136.23	101.0	107.8	107.7	101.0	103.8	104.8
H Hotels and restaurants	919.79	98.8	106.5	104.9	98.8	102.6	102.1
I Transport, storage & communications	1,329.27	101.3	106.9	105.7	101.3	103.0	102.9
J Financial intermediation	1,833.14	95.9	108.5	108.0	95.9	104.5	105.0
K Real estate, renting, business services	1,330.00	101.6	108.4	106.1	101.6	104.4	103.2
<b>Public services (activities L to O)</b>	1,509.81	102.1	105.9	104.3	102.1	102.0	101.4
L Public administration	1,564.91	103.9	108.7	104.4	103.9	104.7	101.6
M Education	1,570.69	101.3	104.3	105.1	101.3	100.5	102.2
N Health and social work	1,422.80	102.2	105.4	103.5	102.2	101.5	100.7
O Other social and personal services	1,398.65	100.0	104.5	103.6	100.0	100.7	100.8

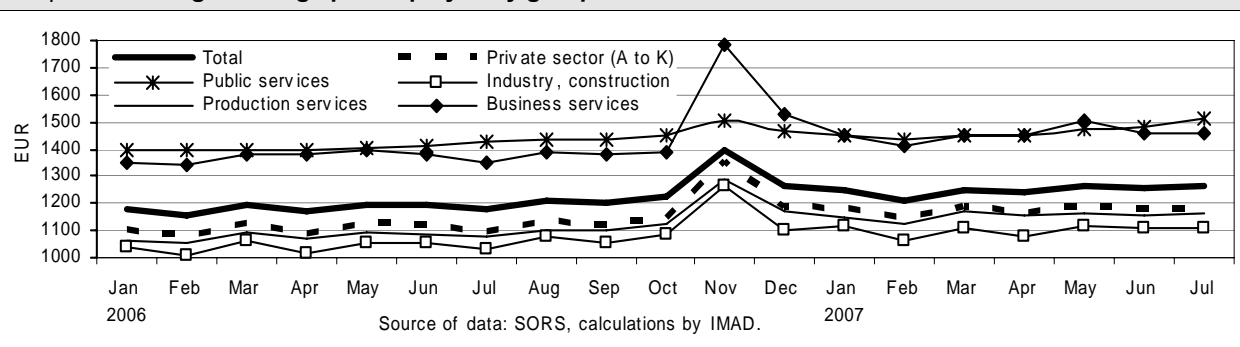
Source of data: SORS and IMAD's calculations for the private sector and public services. Note: <sup>1</sup>deflated by the consumer price index.

**The gross wage per employee declined by 0.7% in nominal and by 1.1% in real terms in June.** In the private sector, the gross wage fell by 1.1% in nominal and by 1.5% in real terms, largely because the month was one working day shorter. Meanwhile, the gross earnings in public services roughly remained at the level from the previous month. In nominal terms they rose by 0.2%; in real terms they declined by 0.2%.

**In July, gross earnings increased by a nominal 0.7%. Since prices remained unchanged, their real increase was the same.** The gross wage in the private sector roughly remained at June's nominal level, since July having two working days more did not have a significant impact on wage increases due to summer holidays. In the industry and construction group (activities C, D, E, F), the gross wage per employee fell by a nominal 0.3%. Within this group, gross earnings only rose in the construction sector, where activity is seasonally high in July. The highest nominal increase (0.9%) was recorded in production services (G, H, I). A nominal drop in gross wages was only recorded in hotels and restaurants, where growth in the seven months to July was also slower than the growth of the average gross wage in the private sector. The gross wage in the group of business services (J, K) edged down 0.2 % in nominal terms.

**The gross wage per employee in public services rose by a nominal 2.1% in July.** This rise was based on the adjustment mechanism from the initialled Agreement on the Base Wage Adjustment Mechanism and the Level of Expenditure Earmarked for the Elimination of Wage Disparities 2007-2009. Starting-level wages were raised by 1.3% in July (0.8% from the total 2.1% was set aside for the elimination of wage disparities) and by an additional 0.45% to cover the difference between actual inflation (Dec. 2006/Dec. 2005) and the 2.35% threshold above which the difference in actual inflation must be incorporated into wages. Including the difference for last year's inflation, the adjustment percentage totalled 1.75%. In addition, the outstanding payments from this difference accrued from January to June were also paid in July. As a result, gross earnings rose approximately by a further 2.7% and will decrease by approximately as much in August. The biggest rise in gross earnings was recorded in public administration, the smallest in education. In education, gross earnings usually fall by about 2% in July since additional school activities are not carried out during the summer break. The workload in health care is also somewhat smaller in the summer months, which reduces the effect of the adjustment percentage on wage rises.

Graph: Nominal gross wage per employee by groups of activities



Selected economic indicators	Growth rates, %			
	VII 2007/ VI 2007	VII 2007/ VII 2006	I-VII 2007/ I-VII 2006	I-XII 2006/ I-XII 2005
Production value <sup>1</sup>	-0.4	10.4	9.9	6.5
- highly export-oriented industries <sup>2</sup>	0.8	19.5	14.1	8.0
- mainly export-oriented industries <sup>3</sup>	-2.0	7.0	10.0	8.9
- mainly domestic-market-oriented industries <sup>4</sup>	2.8	7.4	4.4	0.8
Average number of employees	-0.2	1.1	1.0	-1.7
Labour productivity	-0.2	9.2	8.8	8.3
Level of inventories <sup>5</sup>	0.9	10.4	7.7	1.8
Turnover <sup>5</sup>	0.7	11.2	8.6	5.2
New orders <sup>5</sup>	-16.0	14.7	12.8	6.7
Industrial producer prices (domestic market)	0.1	3.8	3.9	2.3
- producer prices/inflation	0.1	0.0	1.1	-0.2

Source of data: SORS; IMAD's calculations. Notes: <sup>1</sup>real growth calculated on the basis of data on production value – SORS' recalculation with the IPI (provisional data); <sup>2</sup>manufacturing industries (DG, DK, DM) which have, according to data on Slovenian commercial companies from the AJPES, earned over 70% of their average net revenues from sales in foreign markets in the last three years on average; <sup>3</sup>manufacturing industries (DB, DC, DD, DH, DJ, DL, DN) which have earned 50% to 70% of their average net revenues from sales in foreign markets in the last three years on average; <sup>4</sup>manufacturing industries (DA, DE, DF, DI) which have earned less than 50% of their average net revenues from sales in foreign markets in the last three years; <sup>5</sup>real growth.

**In July, industrial production recorded double-digit year-on-year growth once again.** According to SORS' provisional data, the value of production surged by 10.4% in comparison with July 2006. Following the more modest May and June, the real year-on-year increase in July was again very high. The strong growth was additionally underpinned by July having one working day more this year – working-day adjusted growth totalled 8.1%.

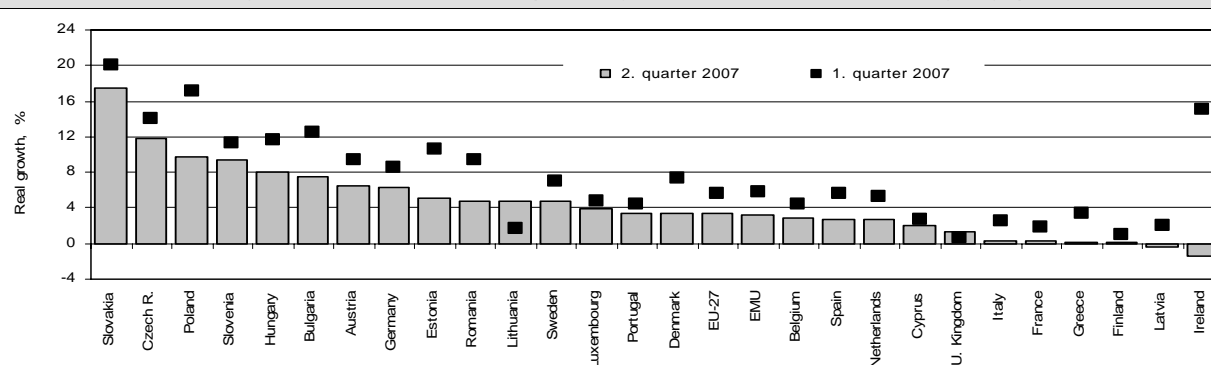
**In the second quarter, particularly technologically advanced industries kept up the high growth rates from the first quarter.**<sup>1</sup> In the first three months, some less technology-intensive industries also achieved exceptional growth rates on the back of the additional boost from construction activity. In the second quarter, the rapidly growing chemical industry (DG) did not follow the moderate slowdown seen in almost all manufacturing industries, while the manufacture of transport equipment (DM) climbed high above the negative results from the first quarter. These two industries are technology-intensive. The brisk expansion

of these industries continued in July, so that the overall growth of high-intensive industries in the seven months to July caught up with the medium-low technology industries (both groups recorded growth of around 13%, year on year). In the first quarter, the real growth of industrial production totalled 12.1% in the first group and 17.5% in the second. The third group – low-technology industries – recorded lower growth rates (around 3% on average) in the first seven months of the year.

**In the first half-year Slovenian manufacturing enjoyed one of the highest growth rates in the EU.** After industrial production rose vigorously (growth rates were even higher than in 2006, a booming year) almost everywhere in the EU in the first quarter, the expansion moderated in the second quarter (see graph). Slovenia witnessed a similar development, although to a smaller degree. In the six months to June, Slovenia achieved one of the highest growth rates in the EU, which can be attributed to the economic boom in Slovenia's main trading partners (Germany, Austria) and other countries to which Slovenia has exported extensively this year (Hungary, the Czech Republic, Poland, and Slovakia). All these countries have recorded vigorous growth of industrial production relative to the EU average this year (see graph).

<sup>1</sup>According to OECD methodology, the sub-industries DG, DK, DL, and DM are classified as high- and medium-high technology industries. Medium-low technology industries include the branches DF, DH, DI, and DJ, while DA, DB, DC, DD, DE, and DN are classified as low-technology industries (for a description of abbreviations, see appendix on p. A 21).

Graph: Manufacturing's industrial production (data adjusted for number of working-days)



Source of data: Eurostat, calculations by IMAD.

# Construction

Slovenian Economic Mirror

IMAD

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Selected construction indicators, real indices	VII 2007/ VII 2006	Q2 2007/ Q2 2006	2006/ 2005
Value of construction put in place <sup>1</sup>	119.7	131.5	115.3
Buildings	120.4	131.0	114.0
Residential buildings	88.8	101.6	102.6
Non-residential buildings	129.2	141.2	117.7
Civil engineering	119.2	132.0	116.8
Value of the stock of contracts <sup>1,2</sup>	117.3	119.6	173.5
Value of new contracts <sup>1</sup>	98.8	95.8	152.3
Number of people employed in construction	110.5	110.8	107.5
Average gross wage per worker employed in construction <sup>3</sup>	104.5	103.6	103.5

Sources of data: SORS, CCIS; calculations by IMAD. Notes: <sup>1</sup>the analysis covers enterprises whose value of construction put in place totalled at least EUR 1.45 m according to the financial statements for 2005, divisions engaged in construction activity employing at least 20 workers, and several non-construction enterprises which carry out construction activity; <sup>2</sup>end of period; <sup>3</sup>deflated by the CPI.

**Construction activity remained vigorous in the second quarter of the year.** According to national accounts data, value added in construction was 25.7% higher than in the same period of 2006. The value of construction put in place in large firms (see the note under the table) was 31.5% higher. The biggest rise was recorded in non-residential construction (41.2%), while residential construction remained at approximately last year's level. In interpreting the figure regarding the value of residential construction put in place we should bear in mind that these figures exclude the activity of smaller firms (see the note under the table), where the construction of buildings is the main activity. According to seasonally adjusted data, activity in large firms rose in April and May, and declined in June.

**Data for June and July show the first signs of softening in the construction sector.** According to seasonally adjusted data, the value of construction put in place in July was approximately at the same level as in June and thus 7.4% lower than in May. In the five months to May, the value of construction put in place was 38.7% higher than a year ago; in June and July the difference narrowed to 16.7%.

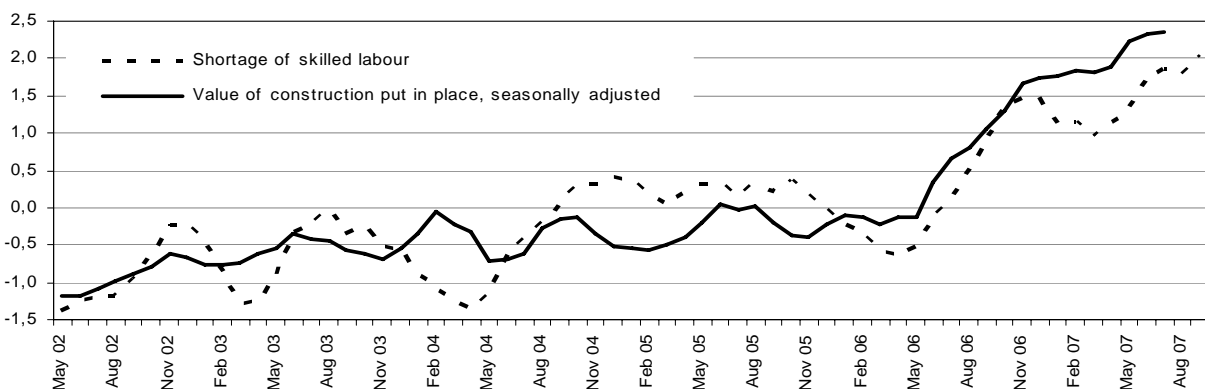
**Employment in the construction sector continued to rise.** In 2006, the number of workers employed in the construction sector was 7.5% higher than in the previous year. In the first seven months of 2007 it surged by 11%. The hiring of foreign workers has also been on the increase (see SEM 7/2007: 11). The

number of workers rose particularly in building completion and general construction, similarly as last year. In terms of worker status, sole proprietors and their employees recorded higher growth rates.

**Increasingly many firms face difficulties in finding labour.** According to business trends in construction, 51% of construction firms reported "a shortage of skilled labour" as a limiting factor to production. If answers are weighted by the number of employees, this share is even higher (58%) – the highest in five years (since these data have been available). The shortage of skilled workers became a significant limiting factor in the second half of 2006 (see graph), coinciding with the boom in construction activity in that period.

**After the decline in the first quarter, the total planned floor area of all buildings was again higher in the second quarter than in the same period of 2006.** The planned floor area of new buildings and extensions was 16.0% greater in the second quarter than in the same period of 2006. The increase reflects the high total planned floor area of residential buildings (up 54.4%), while the total planned area of non-residential buildings shrank by 16.6%, year on year (which is not surprising given the 61.8% increase in the second quarter of 2006). Building permits were granted for the construction of 2,872 new homes, 41.7% more than a year ago and the highest number since these data have been available (1999).

Graph: The seasonally adjusted value of construction put in place and shortages of skilled workers; divergence from the long-term average in standard deviations, three-month moving averages



Source of data: SORS, calculations by IMAD.

## Indicators of Private Consumption and Household Indebtedness

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IMAD

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Selected private consumption and household indebtedness indicators	Real year-on-year growth rates, %*	
	I-VI 2007	I-VI 2006
Net wage bill <sup>1</sup>	7.7	3.1
Turnover in retail trade <sup>2</sup>	1.6	3.2
New car registrations <sup>3</sup>	10.9	-0.4
Consumer confidence indicator <sup>4</sup>	-8.2	-16.0
Commercial banks' loans to households (end-of-period stock) <sup>5</sup>	24.6	26.1
Household savings in banks (end-of-period stock) <sup>5</sup>	9.9	6.1

Sources of data: SORS, DUNZ, MF, calculations by IMAD. Notes: \*unless otherwise indicated; <sup>1</sup>according to SORS' data on the average net wage and persons employed by legal entities, recalculated for the month of payment; <sup>2</sup>calculation from original volume indices, SORS; <sup>3</sup>increase in the number of cars, DUNZ; <sup>4</sup>original value, SORS; <sup>5</sup>nominal increases.

### Consumption is set to increase somewhat this year.

The main indications are the large increase in the wage bill, consumer optimism, and new car registrations. Private consumption rose by 4.0% in 2006.

### In the first six months of 2007, the net wage bill increased by 4.6 percentage points more than in 2006, in real terms.

According to SORS' data on the average net wage and persons employed by legal entities, the net wage bill rose by 7.7% (see also SEM 6/2007: 15). Other remuneration (AJ PES) went up 3.6%, while social transfers (MF) increased by 1.5%.

### Compared with the first six months of 2006, the purchases of durable and semi-durable goods picked up amid rising consumer optimism.

In the first half of 2007, a good 10% more cars were registered than in the same period of 2006. Turnover in retail trade increased, but only by 1.6%; the highest rise was recorded in the group furniture, household appliances, and construction material (21.2%). In comparison with the first half of 2006, consumers' assessments of the past and future economic situation, their financial situation, unemployment levels, and advisability of saving improved significantly. They were also more optimistic regarding future savings. On the other hand, they gave lower ratings to the price developments in the past year and the advisability of making major purchases.

### Similar trends continued in the third quarter.

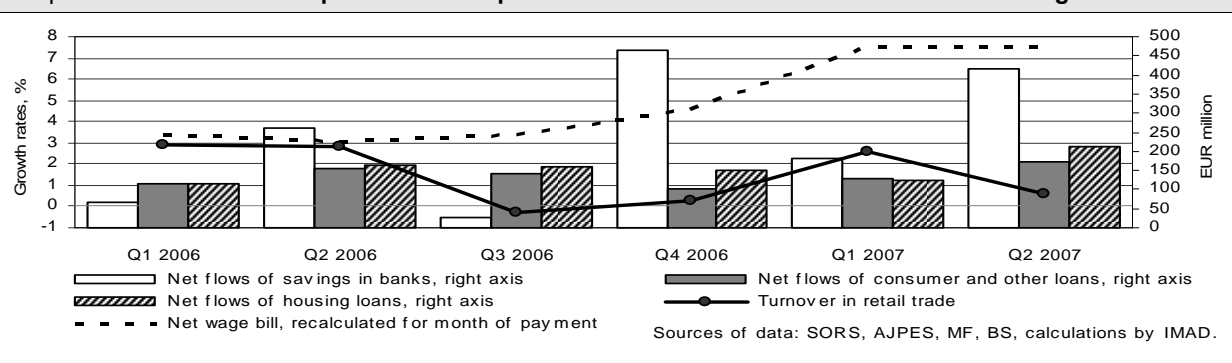
The growth of new car registrations rose further in July and August – almost 20% more cars were registered than in the same period of 2006. Individuals registered over 24,000 cars in the eight months to August. Turnover in retail trade increased by 0.2% (in Q3 of 2006 it declined in real terms). In the first seven months, residents' spending abroad rose by 10.4% while non-residents' spending in Slovenia surged by 20.7% (see also p. 6

and SEM 6/2007: 15). Consumer optimism was still higher in the third quarter (-9) than in the same period of 2006 (-12) despite September's drop (to -16). We estimate that the decline in optimism seen in September was largely linked to consumers' perception of price trends in the past year (the indicator's value fell by 21 points in August and by a further 6 in September), which also affected the estimate of the financial situation of the household, both over the last 12 months (its value fell by 14 points in September) and over the next 12 months (down 18 points).

### Although the net flows of loans rose somewhat less than in previous years, they remained at a high level.

The volume of loans rose by a nominal 25% in July, year on year. The volume of housing loans is still rising at the fastest pace (July 2007: 39.1%; July 2006: 56.6%; July 2005: 36.8%). The volume of consumer loans increased by 16.9%, that of other loans by 18.9%. The share of housing loans is therefore still rising – it comprised 34.4% of total loans in July last year and 38.3% this year. The net flow of loans increased by a fifth in the seven months to July, year on year. Within that, the flows of housing and consumer loans achieved roughly even growth (23.2% and 23.7%, respectively), while the flows of other loans increased by close to 8%. Housing loans represent a good half of the total loans' net flows – in the first seven months of 2007, Slovenian households took out housing loans worth EUR 405 m (net borrowing). Consumer loans are used partly for the purchase of durable and semi-durable goods (home furnishings – furniture, household appliances); the rest is probably spent on cars, since new car registrations have recorded high growth rates since July 2006. The overall net flows increased by 32.5% in the first seven months of 2006 and more than two-fold in the same period of 2005 (see also p. 10).

Graph: Selected short-term private consumption indicators and net flows of loans and savings in banks



Selected distributive trades indicators	Growth rates, %		
	Q <sub>1</sub> 2007/ Q <sub>1</sub> 2006	Q <sub>2</sub> 2007/ Q <sub>2</sub> 2006	2006/ 2005
Total real turnover in retail trade, the sale and repair of motor vehicles, and retail sale of automotive fuels	3.4	5.9	6.3
Real turnover in retail trade	2.6	0.6	1.4
Sale of food, beverages, and tobacco	-1.9	-9.1	-3.1
Sale of non-food products	7.5	11.5	6.7
Real turnover in the sale and maintenance of motor vehicles and in retail sale of automotive fuel	4.9	12.2	11.7
Motor vehicles, motorcycles, parts, and accessories	11.4	19.9	17.0
Maintenance and repair of motor vehicles	-0.2	8.1	7.4
Automotive fuel	-2.9	2.2	6.2
Total nominal turnover in wholesale trade & commission trade <sup>1</sup>	20.5	19.3	10.2
Average number of employed persons <sup>2</sup>	2.0	2.9	0.8
Average gross wage per employee <sup>2,3</sup>	5.5	4.3	3.1
Real growth of value added in distributive trades <sup>2</sup>	8.1	7.8	6.1

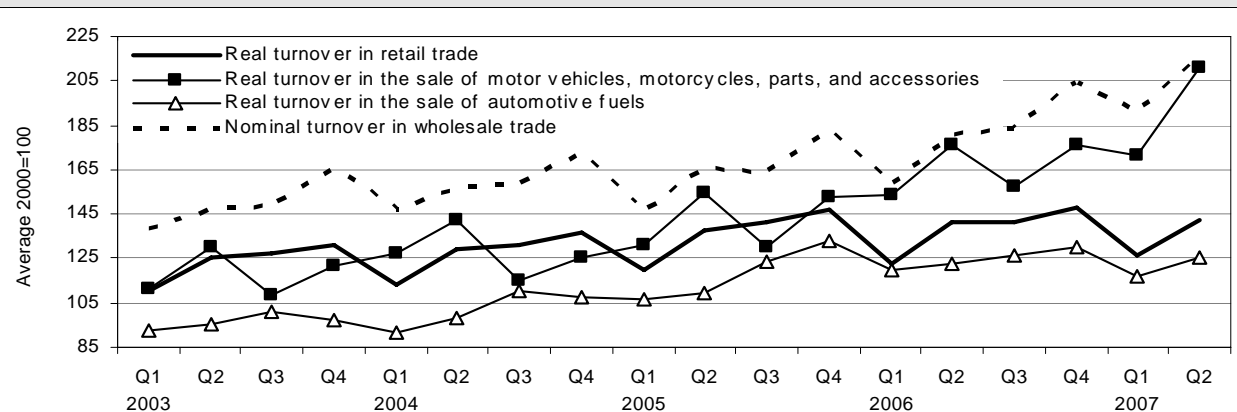
Source of data: SORS, calculations by IMAD. Notes: <sup>1</sup>only nominal indices are published; <sup>2</sup>in wholesale and retail trade, the repair of motor vehicles, and personal and household goods; <sup>3</sup>deflated by the consumer price index.

**The growth of value added in wholesale and retail trade, the repair of motor vehicles, and consumer goods (activity G) remained exceptionally high in the second quarter of 2007.** In real terms, it was 7.8% higher than in the second quarter of 2006. As in the first quarter, the high growth rate of value added in distributive trades largely reflected the robust activity in construction and manufacturing, as evidenced by the SORS' survey which shows that the turnover in wholesale trade (up almost 20% in nominal terms; see table) and in some segments of retail trade that are most closely linked to those two activities (e.g. the sale of non-food products) enjoyed the strongest growth. Turnover in the sale of motor vehicles also rose substantially. Increased activity is also indicated by the number of employees in the trade sector, which was higher than in the first quarter (see the table). The highest increases were seen in wholesale (3.7%) and retail trade (3.1%); the number of workers in the sale, maintenance, and repair of motor vehicles and in the retail sale of automotive fuels rose as well (by 0.2 %), after a decline in the first quarter.

**Stronger growth of the total turnover in the second quarter was largely underpinned by the sale of non-food products, the sale and repair of motor vehicles, and the sale of automotive fuels** (see

table). Within the sale of non-food products, the biggest real increase in turnover was again recorded in specialised shops selling furniture, household equipment, and construction material (17.2%). The relatively high real growth rates of turnover in non-specialised shops mainly selling non-food products (10.6%), specialised shops selling textiles, clothing, and leather products (10.5%), and specialised shops selling books, newspapers, and other retail sales (15.8%) are largely attributable to the negative or just positive year-on-year growth rates from the second quarter of 2006. Turnover in the sale of food, beverages, and tobacco dropped for the sixth consecutive quarter, notably in non-specialised shops mainly selling food (-9.5%), which include all major retailers. Turnover in the sale and repair of motor vehicles and the sale of automotive fuels rose by a real 12.2%; specifically by 19.9% in motor vehicles, motorcycles, parts, and accessories, by 8.1% in the maintenance and repair of motor vehicles, and by 2.2% in automotive fuels, following a decline in the last two quarters. The strong performance in the sale of motor vehicles is also corroborated by the number of new car registrations, which rose by 13.2% in the second quarter over the same period of 2006 (see also p. 15).

Graph: Turnover indices in distributive trades



Source of data: SORS.



Selected indicators for tourism & hotels and restaurants	Growth rates, %					
	Q1 2007/ Q1 2006	Q2 2007/ Q2 2006	Q1 2006/ Q1 2005	Q2 2006/ Q2 2005	Q3 2006/ Q3 2005	Q4 2006/ Q4 2005
Overnight stays, total	4.8	10.1	3.1	0.5	0.4	6.6
Domestic tourists	0.5	13.7	5.7	-5.6	1.8	7.3
Foreign tourists	9.0	7.9	0.6	4.7	-0.4	6.0
Average number of employed persons <sup>1</sup>	2.1	3.1	1.9	2.1	1.9	1.9
Average gross wage per employee <sup>1, 2</sup>	1.6	2.3	2.3	2.6	0.8	2.0
Prices of hotel and restaurant services, total <sup>3</sup>	6.9	6.6	3.9	4.6	4.6	4.6
Prices of catering services <sup>3</sup>	7.6	7.2	4.1	4.5	4.5	4.7
Prices of accommodation services <sup>3</sup>	4.0	3.8	3.0	4.2	4.0	4.1

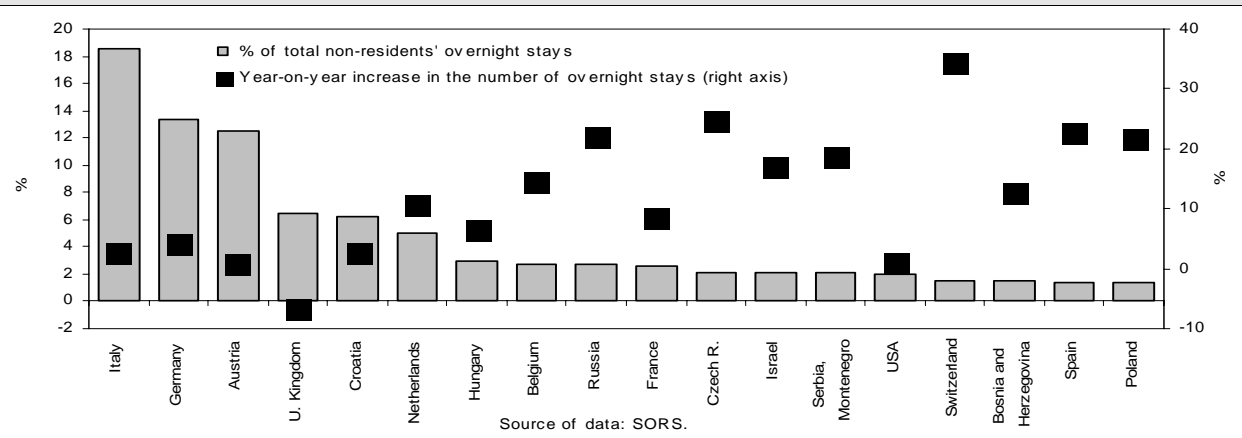
Source of data: SORS; calculations by IMAD. Notes: <sup>1</sup>hotels and restaurants; <sup>2</sup>deflated by the CPI; <sup>3</sup>CPI group or sub-group.

**The growth of tourists' overnight stays in Slovenia strengthened further in the second quarter.** The number of overnight stays rose by 10.1% in this period, year on year, while the number of tourists increased by 12.6%. The number of domestic tourists and their overnight stays also rose substantially (among other reasons, due to the drop in last year's second quarter). Meanwhile, the increase in the number of foreign tourists was slightly lower than in the first quarter but still very high in comparison with the growth rates from previous years. All three months were favourable for tourism. The strongest growth was recorded in April, when the number of tourists surged by 18.9% thanks to the favourable distribution of national holidays in April and May and the pleasant weather. The number of overnight stays rose by 19.7%. However, the robust growth rates did not remain as high during the main summer season. According to preliminary data, the number of overnight stays in July and August rose by a mere 3.1%, year on year (non-residents' stays rose by 5.6%, residents' stays declined by 0.5%). In the eight months to August, 7.6% more tourists took a vacation in Slovenia and spent 5.8% more nights here than in the same period of 2006. Within that, the number of residents' overnight stays rose by 4.0%, while that of non-residents' increased by 7.1%.

**The most common visitors from abroad in the first eight months of the year were from Italy, Germany, and Austria, although their shares in the total number of non-residents' stays are declining.** Guests from Italy are still on top in terms of nights spent

(18.5% of stays; their number rose by 2.6% in the eight months, year on year). Following a prolonged decline (since 2001), the number of German visitors' overnight stays increased by 3.9% in the observed period, largely on the back of the increase in August (up 15% over August 2006). Tourists from the UK spent significantly fewer nights (-6.7%) in Slovenia in this period, while the increase in the number of Austrian guests' overnight stays was minimal (0.7%). Among the first six countries according to the number of overnight stays, the number of Dutch overnight stays rose appreciably (by 10.7%), while the number of nights spent by visitors from Croatia increased by 2.8%. The overall increase in the number of nights spent by tourists from these six countries, which account for most foreign tourists in Slovenia, was just 2.1%. Their share in the structure of non-residents' overnight stays thus shrank from 65.2% in the first eight months of 2006 to 62.1% in the same period this year. Except for the Netherlands, the shares of all countries from this group declined, since the total number of non-residents' overnight stays rose by 7.1%. The number of nights spent in Slovenia by tourists from the next group of 13 countries, which represented at least 1% in the structure of non-residents' overnight stays in the eight months to August, climbed by 17.2% in this period. These tourists made 26.1% of the total of non-residents' overnight stays (2.2 p.p. more than in the same period of 2006). Only tourists from Hungary and the USA recorded below-average growth rates, which were, however, probably due to the high figures they recorded last year.

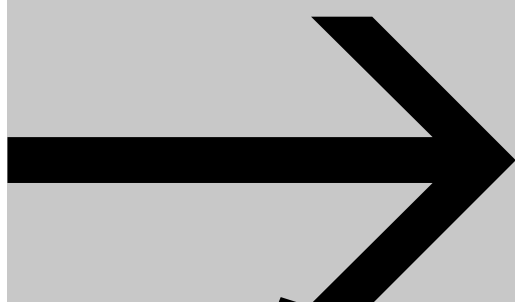
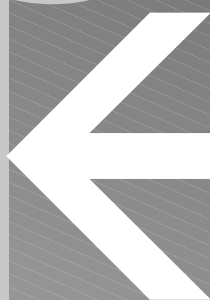
Graph: Non-residents' overnight stays in Slovenia in the first eight months of 2007



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# Regional Unemployment

Slovenian Economic Mirror

IMAD

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Statistical region	Unemploy. rate		Selected characteristic groups of registered unemployed (%)											
			Education level				Women		Age				Long-term unemployed*	
			Semiskilled and unskilled workers		Highly skilled workers				under 25		over 40			
			I-VI 06	I-VI 07	I-VI 06	I-VI 07	I-VI 06	I-VI 07	I-VI 06	I-VI 07	I-VI 06	I-VI 07	I-VI 06	I-VI 07
Osrednje-slovenska	7.4	6.1	38.1	36.9	12.6	13.8	50.7	51.3	16.4	11.8	47.1	52.8	47.7	52.9
Obalno-Kraška	7.6	6.6	36.4	35.6	10.1	12.3	50.7	51.7	17.7	12.7	47.1	52.5	35.9	42.3
Gorenjska	7.0	5.1	38.8	37.9	9.7	11.9	57.2	56.1	15.5	10.3	53.3	60.3	35.4	38.4
Goriška	6.5	5.1	36.9	35.7	11.1	12.5	52.5	51.7	15.2	9.9	46.7	53.4	43.5	49.3
Savinjska	12.3	9.9	37.3	35.8	6.7	8.6	55.2	56.3	20.9	15.7	42.2	48.0	52.4	53.7
Jugovzhod. Slovenija	8.9	7.2	52.2	54.1	5.9	7.2	55.9	54.6	18.9	14.7	47.6	52.6	50.8	56.5
Pomurska	16.8	13.9	50.1	50.7	4.5	5.6	50.2	52.2	21.2	17.3	44.0	50.5	53.2	54.3
Notranjsko-kraška	7.3	5.6	38.1	37.2	10.5	12.8	52.0	53.3	18.8	13.7	47.3	53.1	43.6	42.1
Podravska	13.4	10.8	35.5	35.6	7.2	8.6	56.4	57.6	19.4	14.7	43.0	49.4	46.6	50.3
Koroška	10.6	8.7	34.6	33.6	8.2	10.3	57.0	59.8	22.4	15.7	39.7	46.6	47.1	49.7
Spodnje-posavska	11.0	9.2	43.0	42.6	7.1	7.6	59.2	57.2	14.8	11.6	50.7	57.4	50.7	52.8
Zasavska	12.6	10.2	43.4	42.9	5.6	7.2	58.8	59.4	24.6	19.1	39.4	43.0	46.6	51.3
SLOVENIA	9.9	8.0	39.7	39.2	8.3	9.8	54.2	54.9	18.8	14.1	45.2	51.2	47.5	51.0

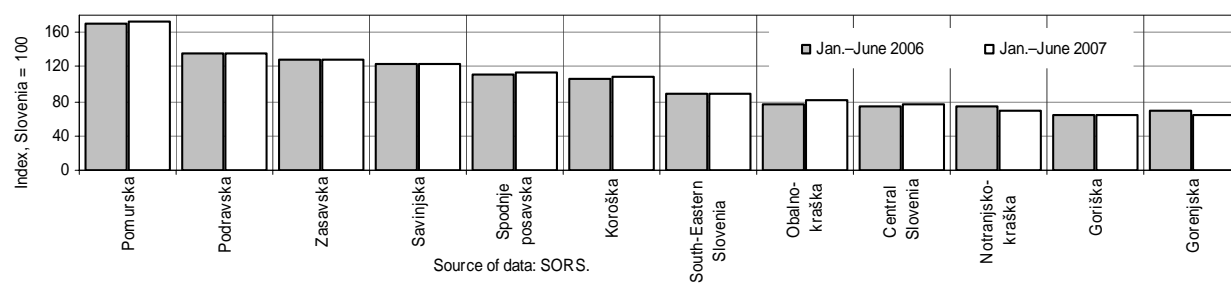
Source of data: SORS, ESS; calculations by the IMAD. Note: \*unemployed for over a year.

**In the first half of 2007, the average registered unemployment rate was lower in all regions compared with the same period of 2006. Nevertheless, regional disparities widened.** Although the regions with the highest unemployment rates recorded the biggest decreases (measured in percentage points), most of these regions further widened their relative gaps in comparison with the Slovenian average. Regional registered unemployment rates exceed the national average by 73% in Pomurska, by 35% in Podravska, and by about a quarter in the Zasavska and Savinjska regions. Spodnje-posavska and Koroška also have above-average rates. Gorenjska had the lowest registered unemployment rate in the first half of 2007 (slightly less than 63% of the Slovenian average), replacing Goriška in this position, which traditionally had the lowest unemployment rates (now 63.5% of the Slovenian average). The highest regional registered unemployment rate is 2.7-times higher than the lowest one. The coefficient of variation, which shows regional disparities, also rose by 1 p.p. and totalled 31.8% in the first six months of 2007.

**Structural unemployment remains a problem in all regions.** The decrease in the number of unemployed is matched by a decline in their number in individual groups. Nevertheless, the shares of certain groups of unemployed have been rising regionally. The proportion of long-term unemployed is growing in all regions. The highest

percentage was recorded in Jugovzhodna Slovenija – a region where registered unemployment is below the average. Long-term unemployment also exceeds the Slovenian average in the Pomurska, Savinjska, Osrednjeslovenska, Spodnje-posavska, and Zasavska regions. Long-term unemployment tends to correlate with a poor education structure of the unemployed, as is the case in Jugovzhodna Slovenija and the Pomurska region. However, even highly-educated people may find it hard to find employment. The number of tertiary-educated unemployed persons is rising in all regions, with above-average shares mostly occurring in regions with below-average registered unemployment (Osrednjeslovenska, Notranjsko-kraška, Obalno-kraška, Goriška, Gorenjska). On the other hand, the percentage of young unemployed persons, who are often also first-time job-seekers, is declining in all regions. The highest shares occur in regions with above-average registered unemployment, among them Jugovzhodna Slovenija. Unemployed persons over the age of 40, whose share is highest in Gorenjska, continue to have poor employment prospects. In all regions, more than half of the unemployed are women. This proportion has generally been rising, notably in the Koroška and Zasavska regions, where almost 60% of the unemployed were women.

Graph: Indices of the divergence of registered unemployment rates from the Slovenian average by region



<b>Slovenian Enterprises in 2006</b>	Slovenian Economic Mirror	IMAD
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Presentation of selected indicators for enterprises in Slovenia, 2005-2006							
Size class according to the number of employees		Micro (0-9)	Small (10-49)	Medium (50-249)	SMEs total	Large (250 and over)	Total
Number of enterprises	2006	98,532	5,309	1,234	105,075	266	105,341
	2005	94,894	5,113	1,186	101,193	284	101,477
Percentage of enterprises	2006	93.5	5.0	1.2	99.7	0.3	100.0
	2005	93.5	5.0	1.2	99.7	0.3	100.0
Number of employees <sup>1</sup>	2006	153,123	104,630	129,022	386,775	199,446	586,222
	2005	149,763	101,102	124,179	375,045	202,222	577,267
Percentage of employees in enterprises	2006	26.1	17.8	22.0	66.0	34.0	100.0
	2005	25.9	17.5	21.5	65.0	35.0	100.0
Average number of employees per enterprise	2006	1.6	19.7	104.6	3.7	749.8	5.6
	2005	1.6	19.8	104.7	3.7	712.0	5.7
Average turnover per enterprise (EUR 1000)	2006	150	2,521	13,687	428	96,140	670
	2005	136	2,314	12,272	389	83,330	621
Percentage of net turnover from sales in the EU market	2006	9.6	11.3	17.5	13.1	29.7	19.1
	2005	-	-	-	-	-	-
Percentage of net turnover from sales in foreign markets (total)	2006	15.3	18.7	26.1	20.4	43.2	28.6
	2005	-	-	-	-	-	-
Average value added per employee (EUR)	2006	21,127	28,937	28,300	25,633	33,538	28,322
	2005	19,773	26,941	26,425	23,908	31,170	26,452
Average share of labour costs in value added (%) <sup>2</sup>	2006	53.9	63.4	64.9	60.9	59.3	60.2
	2005	54.2	64.5	66.1	61.7	61.2	61.5

*Sources of data:* AJPES, SORS; calculations by IMAD. *Notes:* <sup>1</sup>In order to obtain a more realistic figure, the average number of sole proprietors according to the SORS' data (2005: 43,501; 2006: 44,767) was added to the figures from profit and loss accounts of small entrepreneurs. In classifying enterprises into size classes, we took into account the size structure of small entrepreneurs based on the AJPES' data on the number of their employees. According to the 'number of employees' criterion, 98% of small entrepreneurs were classified as micro enterprises, while the rest were small or medium-sized enterprises. Taking this structure into account, the number of employees (according to AJPES' data) was raised most significantly in the group of micro enterprises (by 42,813 and 44,066, respectively); see also SEM 7/2006: 20. <sup>2</sup>Since the income of entrepreneurs does not count as part of labour costs, labour costs in the category of small entrepreneurs, and consequently in the groups of micro enterprises and SMEs, are underestimated; see also SEM 7/2006: 20).

#### Entrepreneurial activity in Slovenia rose again in 2006.

The number of enterprises (companies, sole proprietors, and co-operatives) increased by 3.8% or 3,864 and was 13.0% higher than in 2003 (since comparable data have been available). The improvement in entrepreneurial activity is also indicated by the GEM figures, since the total early entrepreneurial activity rate also rose again last year (see Development Report 2007, pp. 98-99). The significance of micro, small, and medium-sized enterprises is still rising, both in terms of turnover, value-added, and employment. An analysis by activity reveals favourable structural shifts: apart from construction, which has been recording robust growth for quite a while, entrepreneurial activity has seen the strongest expansion in business and financial services – the two service segments characterised by the biggest lag behind the European average (see also Development Report 2007, pp. 29-33).

**The number of enterprises rose in most activities last year; particularly notable increases were noted in construction and in real estate, renting, and business services.** The increase in the number of enterprises in these two sectors accounted for as much as 74.1% of the total increase in the number of enterprises. This proliferation may reflect the favourable developments in the construction sector, which, coupled with the strong economy, also boosted the entrepreneurial opportunities in the real estate, renting, and business services sector. Despite the high comparative bases in both industries, the increases totalled a respective 8.0% and 8.2% as the number of enterprises rose by 1,165 in construction and by 1,698 in real estate, renting, and business services.

#### Entrepreneurial activity in financial intermediation

continued to grow vigorously. In 2006, the number of enterprises in this industry rose by 11.6% or 138 (by 53.6% or 436 in 2003-2006). This increase may be attributed to the rise in the marketing of financial services. In the business sector, only mining and manufacturing industries recorded a minor decrease in the number of enterprises last year. Within public services, an appreciable increase was observed in the number of enterprises operating in **health and social care** (by 20.8% or 181; in 2003-2006 from 649 to 1,053) due to the granting of concessions in both activities.

#### The number of employees in Slovenian enterprises rose by 1.6% in 2006.

The number of employees rose in all categories except in large enterprises, where the number of employees declined by 1.4% or nearly 2,800 (see Graph 2). The significance of micro, small, and medium-sized enterprises (SMEs) in the structure of employees thus further increased. In 2006, SMEs employed 66.0% of all employees in enterprises, 2.0 p.p. more than in 2003 (see also table). As the number of large enterprises is declining, their average size measured by the number of employees is increasing, while the size of the average Slovenian enterprise is still shrinking (from 6.1 employees in 2003 to 5.6 in 2006). The small number of employees per enterprise, particularly in micro enterprises (1.6 on average), suggests that their potential for additional hiring is still untapped, which could indicate that incentives for additional employment in this sector of the economy have been too weak.

**Following the increases in the number of enterprises,**

the number of employees also recorded the biggest increases in construction and in real estate, renting, and business services. Looking at the data from the profit and loss accounts of companies, sole proprietors, and co-operatives, we see that the number of employees in these activities alone rose by 8,262 in 2006. Job agencies accounted for around 15% of this rise. The number of employees in distributive trades also rose by a notable 1,520. These increases more than offset the decline in the number of employees in manufacturing (by 2,312) and agriculture (by 768).

**SMEs also recorded further growth of shares in the structure of turnover and value added.** In 2006 enterprises generated almost EUR 70.6 bn of turnover and more than EUR 16.6 bn of value added (a respective 12.0% and 8.7% more than in 2005, in nominal terms). On average, the increase in the turnover of SMEs was 6.4 p.p. higher than in large enterprises. Regarding value added, the difference was 4.4 p.p. in favour of SMEs. The share of turnover generated by SMEs increased by 1.3 p.p. to 63.8%, while the share of these enterprises' value added rose by 1.0 p.p. to 59.7% (see also Graph 1).

**Labour productivity growth in Slovenian enterprises was higher last year than in 2005.** Measured as value added per employee, it rose by a nominal 7.1%<sup>1</sup> on average (in 2005 by 4.0%). The increase in SMEs averaged 7.2% (4.0% in 2005), while that in large enterprises was 7.6% (4.1% in 2005; see also table). In 2006, value added per employee thus ranged from EUR 21,127 in micro to EUR 33,538 in large enterprises; in SMEs, it was on average close to a quarter lower than in large firms. The gaps between the categories are considerably smaller in Slovenia than in Western European countries (see e.g. The Observatory of European SMEs:

SMEs in Europe 2003).

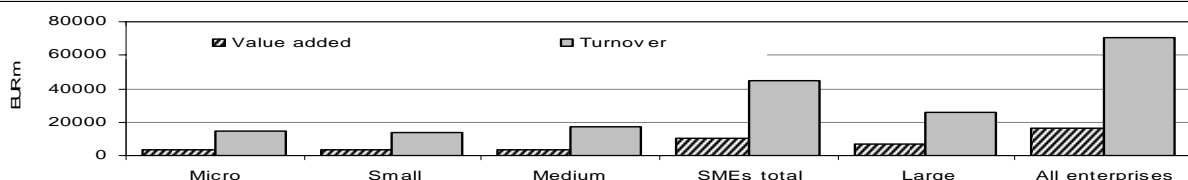
**In 2006, the export propensity of the Slovenian economy totalled 28.6%.<sup>2</sup>** This means that Slovenian enterprises generated EUR 19.7 bn out of their total net revenues (EUR 68.8 bn) in foreign markets. As expected, large enterprises have the highest export propensity rates since they include Slovenia's largest exporters. Within the SME category, the shares range from 15.3% in micro to 26.1% in medium-sized enterprises (see table). That SMEs also play an important role in generating exports is indicated by the ratio of this group's net revenues from sales in foreign markets to the total revenues of this kind generated by all Slovenian enterprises. In 2006, this percentage totalled 45.3%. The shares of micro and small enterprises topped 11%, while the share of medium-sized enterprises totalled 21.8%.

**Financial indiscipline, inappropriate tax policy, and excessive bureaucracy continue to be the main limiting factors to entrepreneurship.** According to the SPEM Communication Group, a considerable share of enterprises also have problems finding skilled workers (see also SEM 7/2007:11). The business environment is planned to be improved this year by extending the one-stop-shop system to limited liability companies. Furthermore, a law on venture capital companies is about to be adopted. It will enable the creation of the first public venture capital company, with approximately EUR 30 m of capital. This will provide easier access to equity financial resources for entrepreneurs.

<sup>2</sup>Export propensity is measured as the ratio of the net revenues from sales in foreign markets to total net revenues. The calculation for 2006 includes the revenues of small entrepreneurs, which did not have to record their revenues from sales in foreign markets in their profit and loss accounts in previous years. For this reason, it was not possible to calculate a figure that would include data of both companies and co-operatives as well as sole proprietors. A comparable calculation of the average for the EU-15 member states, Iceland, Liechtenstein, Norway, and Switzerland for 2003 totals 17% (source: The Observatory of European SMEs: SMEs in Europe 2003).

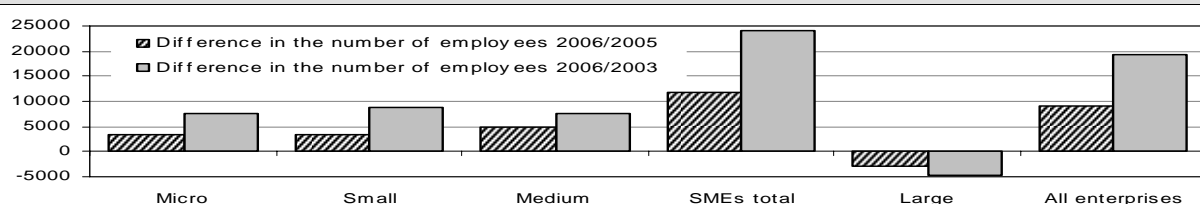
<sup>1</sup>The lower growth rate in comparison with the average growth in SMEs and large enterprises is due to the change in the structure of employees. 2006 witnessed a drop in the number of employees in large enterprises, which generally achieve higher value added per employee.

Graph 1: Turnover and value added by size classes of enterprises in 2006, in EUR m

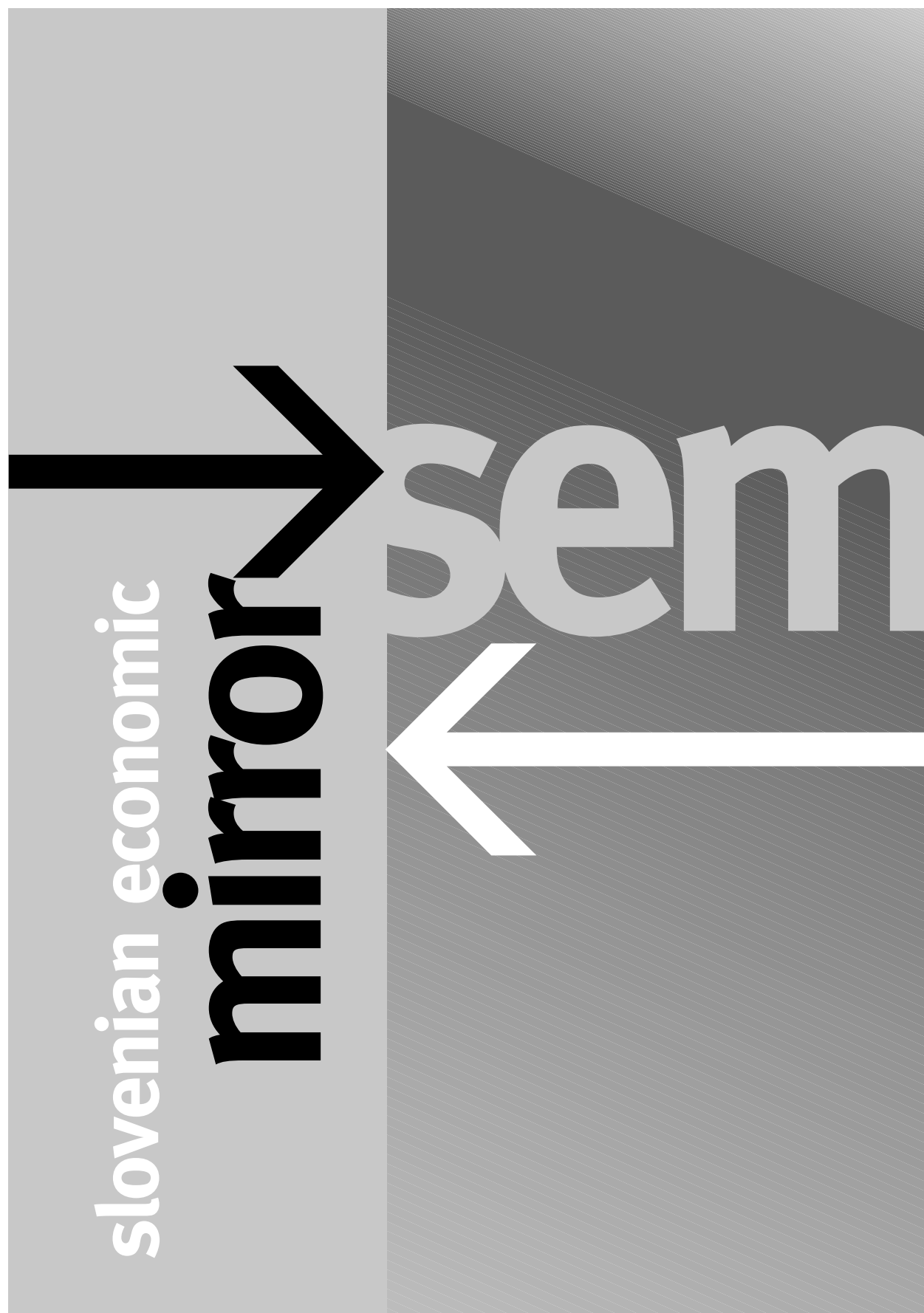


Source of data: AJPES, calculations by IMAD. Note: enterprises (companies, co-operatives and sole proprietors) are classified into size classes solely according to the number of employees.

Graph 2: Changes in the number of employees by size classes of enterprises



Source of data: AJPES, SORS, calculations by IMAD. Note: see Graph 1.



<b>Gross Domestic Product / I</b>	Slovenian Economic Mirror	IMAD
	No. 8-9/2007	p. A 2

	2003-2006 constant previous year prices, 2007-2009 constant 2006 prices												
	In SIT m				In EUR m			Real growth rates in %					
	2003	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
					forecast						forecast		
<b>VALUE ADDED BY ACTIVITIES AND GROSS DOMESTIC PRODUCT</b>													
A Agriculture, hunting, forestry	123,669	147,506	139,222	142,730	608	617	627	15.1	-4.4	-3.8	1.0	1.5	1.5
B Fishing	800	875	1,014	996	4	4	4	-7.0	20.4	1.5	0.0	1.0	1.0
C Mining and quarrying	24,674	28,084	30,647	32,719	137	137	137	6.8	0.4	7.5	1.0	0.5	-0.5
D Manufacturing	1,278,086	1,385,784	1,441,576	1,538,233	6,927	7,339	7,732	3.7	3.6	8.5	8.5	6.0	5.3
E Electricity, gas and water supply	140,397	153,187	174,594	187,081	769	780	784	6.8	5.7	5.7	-3.0	1.5	0.5
F Construction	264,015	282,539	316,444	394,283	1,892	2,062	2,073	0.0	4.9	15.2	14.0	9.0	0.5
G Wholesale, retail; certain repairs	563,223	628,070	679,306	753,850	3,408	3,553	3,689	4.2	4.5	6.1	7.5	4.3	3.8
H Hotels and restaurants	108,731	115,150	127,161	137,422	634	665	696	-1.1	1.2	2.9	3.0	5.0	4.5
I Transport, storage and communications	357,817	402,669	442,608	500,231	2,221	2,342	2,495	5.3	6.1	9.4	6.5	5.5	6.5
J Financial intermediation	222,430	263,041	278,993	285,593	1,403	1,486	1,584	17.1	10.5	9.8	7.0	6.0	6.5
K Real estate, renting and business services	807,976	886,022	978,785	1,047,398	4,695	4,895	5,118	2.8	3.5	3.7	4.8	4.3	4.5
L Public administration and defence	300,255	337,436	356,269	375,972	1,633	1,665	1,699	4.8	2.9	2.9	1.2	2.0	2.0
M Education	271,188	297,113	328,786	347,104	1,527	1,554	1,583	2.3	3.3	1.7	1.8	1.8	1.8
N Health and social work	247,634	275,279	299,347	310,503	1,345	1,385	1,427	5.6	5.2	1.6	1.7	3.0	3.0
O Other community and personal services	167,258	183,431	209,598	219,146	1,002	1,042	1,084	2.8	3.3	1.2	3.5	4.0	4.0
P Private households with employed persons	1,007	1,103	1,436	1,114	5	5	5	-8.1	5.9	-3.5	-4.1	0.0	0.0
<b>VALUE ADDED (A+...+P)</b>	4,879,160	5,387,291	5,805,787	6,274,375	28,210	29,530	30,736	4.4	4.0	6.0	5.9	4.7	4.1
Taxes on products and services	751,700	828,100	883,539	919,784	4,143	4,319	4,485	4.2	4.7	3.9	4.9	4.3	3.8
Less: subsidies on products and services	23,598	29,272	31,323	38,790	140	144	147	-2.0	-0.4	10.0	1.0	3.0	2.0
<b>GDP</b>	5,607,262	6,186,119	6,658,003	7,155,369	32,213	33,706	35,073	4.4	4.1	5.7	5.8	4.6	4.1

Source of data: SORS 2003-2006, IMAD's Autumn Forecast 2007. Real growth rates: SORS 2004-2006; IMAD's calculations and Autumn Forecast 2007.

Note: a comparison of nominal values is possible under the technical assumption of the SIT/EUR exchange rate = 239.64, which has been used since 2007.

<b>Gross Domestic Product / II</b>	Slovenian Economic Mirror	IMAD
	No. 8-9/2007	p. A 3

	Current prices, in SIT m				Current prices, in EUR m			Structure in %, current prices, GDP=100					
	2003	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
					forecast						forecast		
<b>SUPPLY AND USE OF GROSS NATIONAL DISPOSABLE INCOME</b>													
1. GROSS DOMESTIC PRODUCT	5,922,917	6,392,985	6,768,266	7,296,627	33,177	35,953	38,482	100.0	100.0	100.0	100.0	100.0	100.0
2. Net primary income with the rest of the world	-46,503	-75,128	-58,391	-78,661	-497	-474	-534	-1.2	-0.9	-1.1	-1.5	-1.3	-1.4
3. GROSS NATIONAL INCOME (1+2)	5,876,414	6,317,857	6,709,875	7,217,966	32,680	35,479	37,949	98.8	99.1	98.9	98.5	98.7	98.6
4. Net current transfers with the rest of the world	6,994	-10,555	-34,525	-50,281	-96	-81	-39	-0.2	-0.5	-0.7	-0.3	-0.2	-0.1
5. GROSS NATIONAL DISPOSABLE INCOME (3+4)	5,883,408	6,307,302	6,675,350	7,167,684	32,585	35,398	37,909	98.7	98.6	98.2	98.2	98.5	98.5
6. Final consumption expenditure	4,424,637	4,703,677	4,964,645	5,299,860	23,750	25,663	27,302	73.6	73.4	72.6	71.6	71.4	70.9
Private consumption	3,275,936	3,473,290	3,653,249	3,896,317	17,522	18,861	20,045	54.3	54.0	53.4	52.8	52.5	52.1
Government consumption	1,148,701	1,230,387	1,311,395	1,403,543	6,229	6,802	7,257	19.2	19.4	19.2	18.8	18.9	18.9
7. GROSS SAVINGS (5-6)	1,458,771	1,603,625	1,710,706	1,867,824	8,834	9,735	10,607	25.1	25.3	25.6	26.6	27.1	27.6
8. GROSS CAPITAL FORMATION	1,510,498	1,770,142	1,846,356	2,068,981	10,000	10,854	11,378	27.7	27.3	28.4	30.1	30.2	29.6
9. SURPLUS ON THE CURRENT ACCOUNT WITH THE ROW (7-8)	-51,727	-166,516	-135,650	-201,156	-1,165	-1,118	-770	-2.6	-2.0	-2.8	-3.5	-3.1	-2.0

Source of data: SORS 2003-2006, BS; IMAD's Autumn Spring Forecast 2007.

Note: a comparison of nominal values is possible under the technical assumption of the SIT/EUR exchange rate = 239.64, which has been used since 2007.

<b>EXPENDITURE STRUCTURE OF GROSS DOMESTIC PRODUCT, 2003–2006 constant previous year prices, 2007–2009 constant 2006 prices</b>													
	In SIT m				In EUR m			Real growth rates, in %					
	2003	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
<b>GROSS DOMESTIC PRODUCT (3+4+5)</b>	5,607,262	6,186,119	6,658,003	7,155,369	32,213	33,706	35,073	4.4	4.1	5.7	5.8	4.6	4.1
1. Exports of goods and services	3,157,565	3,653,898	4,145,398	4,788,469	23,259	25,660	28,136	12.5	10.1	12.3	13.4	10.3	9.7
2. Imports of goods and services	3,194,810	3,694,754	4,101,467	4,830,821	23,762	26,173	28,333	13.3	6.7	12.2	14.2	10.1	8.2
3. EXTERNAL BALANCE * (1-2)	-37,245	-40,856	43,931	-42,352	-502	-514	-197	-0.5*	2.0*	0.0*	-0.6*	0.0*	0.9*
4. FINAL CONSUMPTION	4,195,627	4,557,677	4,836,456	5,168,882	22,952	23,826	24,583	3.0	2.8	4.1	3.8	3.8	3.2
Private consumption	3,112,561	3,373,478	3,566,122	3,800,103	16,946	17,624	18,220	3.0	2.7	4.0	4.2	4.0	3.4
Government consumption (individual and collective)	1,083,066	1,184,199	1,270,334	1,368,779	6,006	6,201	6,363	3.1	3.2	4.4	2.6	3.2	2.6
5. GROSS CAPITAL FORMATION	1,448,880	1,669,298	1,777,616	2,028,838	9,763	10,394	10,687	10.5	0.4	9.9	13.1	6.5	2.8
Gross fixed capital formation	1,368,338	1,531,410	1,666,102	1,872,354	9,110	9,679	9,931	7.3	2.5	8.4	14.5	6.2	2.6
Changes in inventories and valuables*	80,542	137,887	111,514	156,484	653	714	756	0.9*	-0.5*	0.6*	-0.1*	0.2*	0.1*

Source of data: Nominal: SORS 2003-2006, BS; IMAD's Autumn Forecast 2007. Real growth rates: SORS 2004-2006, BS; IMAD's Autumn Forecast 2007.

Notes: a comparison of nominal values is possible under the technical assumption of the SIT/EUR exchange rate = 239.64, which has been used since 2007; \*as contributions to real GDP growth (in percentage points).



<b>Industrial Production</b>	<b>Slovenian Economic Mirror</b>																<b>IMAD</b>						
	No. 8-9/2007																p. A 4						

	2002	2003	2004	2005	2006	2006			2007		2006							2007						
						Q <sub>II</sub>	Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>I</sub>	6	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>INDUSTRIAL PRODUCTION by sectors *, indices, 2000=100; 2007 data are provisional</b>																								
INDUSTRY, total	105.4	106.9	112.8	116.5	123.7	124.1	122.1	130.6	128.8	133.6	128.7	124.7	108.5	133.0	134.4	139.7	117.6	125.4	121.4	139.6	129.0	135.2	136.7	135.8
C Mining and quarrying	99.2	104.9	97.6	104.2	115	115.1	106.6	134.5	113.5	129.7	112.0	98.2	102.4	119.1	135.5	152.6	115.3	94.1	107.6	138.7	133.6	135.2	120.4	91.9
D Manufacturing	104.8	106.5	111.6	115.6	123.2	124.1	122.5	129.3	129.1	135.3	129.2	125.5	108.0	134.0	134.2	138.9	114.8	125.0	121.8	140.5	129.8	137	139.2	138.6
DA Food, beverages, tobacco	98.6	99.6	89.4	88.0	87.9	89.7	88.4	95.5	79.8	90.9	95.2	88.0	87.3	90.0	88.9	104.7	92.8	76.1	76.2	87.0	89.6	91	92.1	91.7
DB Textiles & textile products	80.5	71.3	61.7	54.1	52.3	49.7	54.3	47.5	56.7	51.6	54.6	60.0	44.3	58.5	51.1	50.2	41.2	55.1	52.4	62.5	52.0	49.8	53.1	54.1
DC Leather & leather products	83.6	72.7	68.2	72.7	76.5	77.8	72.1	77.7	72.8	52.3	81.2	67.0	66.5	82.9	90.3	91.1	51.6	86.0	61.0	71.5	53.2	51.2	52.4	80.3
DD Wood & wood products	94.3	91.0	94.7	100.7	104.1	109.7	104.5	108.4	111.7	124.5	112.6	109.8	88.4	115.2	114.7	119.6	91.0	97.1	110.9	127.1	120.0	128.9	124.6	121.7
DE Paper, publishing, printing <sup>1</sup>	100.9	100.6	101.2	104.8	103.9	103.0	102.0	109.5	103.0	106.6	101.8	101.0	97.9	107.1	110.3	113.4	104.8	103.2	93.4	112.3	104.0	110.2	105.7	113.1
DF Coke, petrol. prod., nuclear fuel <sup>2</sup>	34.2	36.3	-	-	-	-	-	20.9	22.3	18.7	-	-	15.8	19.9	21.1	21.6	19.9	22.8	21.2	23.0	18.8	18.4	18.8	20.0
DG Chem., prod., man-made fibers	114.5	128.0	147.5	158.7	179.4	183.3	172.1	189.3	201.1	213.9	180.0	191.6	154.4	170.4	207.4	198.6	161.9	209.4	193.6	200.4	206.8	199.2	235.8	241.5
DH Rubber & plastic products	99.8	103.6	116.5	122.2	130	126.8	136.9	135.9	135.1	141.2	133.4	134.6	124.8	151.4	145.6	149.7	112.3	127.3	125.5	152.6	131.0	146.7	146.0	145.9
DI Non-metal mineral products	100.9	101.6	84.6	78.7	83.6	88.0	90.6	89.2	78.1	92.9	97.8	91.7	85.3	94.9	96.4	98.1	73.1	71.4	72.5	90.5	85.4	97.8	95.4	95.7
DJ Basic metals & fabricated. prod.	108.3	112.0	107.8	116.3	129.8	130.5	131.5	136.6	143.9	147.1	135.9	133.0	120.0	141.5	147.6	146.1	116.1	142.7	135.4	153.6	142.5	148.4	150.3	143.1
DK Machinery & equipment nec.	128.6	120.9	138.5	140.9	149.5	147.8	144.7	161.7	163.5	165.7	156.2	153.6	121.1	159.4	162.4	173.4	149.2	154.0	154.1	182.4	161.6	167.9	167.7	161.3
DL Electrical & optical equipment	110.3	122.8	153.0	157.7	181.5	182.2	183.0	193.6	186.8	199.9	197.4	171.8	152.0	225.1	193.6	210.0	177.2	173.4	175.4	211.6	185.9	211.8	202.1	192.1
DM Transport equipment	106.4	111.7	152.7	184.7	177.7	185.6	149.4	173.3	195.2	206.4	187.8	177.0	75.4	195.8	175.0	180.3	164.6	179.6	184.6	221.5	184.4	216.5	218.4	230.8
DN Manufacturing nec.	106.3	102.6	103.4	108.7	107.5	107.9	107.8	111.1	106.5	106.8	110.2	108.3	97.5	117.7	115.0	122.2	96.0	100.0	104.6	114.9	103.6	111	105.9	105.5
E Electricity, gas & water supply <sup>3</sup>	115.3	111.3	132.9	130.9	129.6	122.3	117.7	140.9	126.4	104.2	123.3	121.2	113.1	118.7	130.7	137.5	154.6	142.4	117.5	119.3	108.3	102.4	101.9	111.8
<b>NUMBER OF PERSONS IN PAID EMPLOYMENT IN INDUSTRY <sup>4</sup></b>																								
Total, in 1000	259.9	255.1	251.7	247.3	243.3	243.0	243.0	244.7	243.3	243.0	243.0	244.7	244.6	245.5	243.6	242.9	242.7	243.3	244.6	245.4	244.0	244.1	244.8	245.0
C Mining & quarrying	5.1	4.8	4.4	4.2	4.0	4.0	4.0	3.9	4.0	4.0	4.0	3.9	3.9	3.8	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.8
D Manufacturing	243.1	238.9	236.1	231.8	227.9	227.5	227.5	229.2	227.9	227.5	227.5	229.2	229.4	230.2	228.0	227.4	227.2	227.8	229.1	229.9	228.7	228.9	229.6	229.7
E Electricity, gas & water supply	11.7	11.4	11.3	11.4	11.4	11.4	11.5	11.5	11.4	11.4	11.5	11.5	11.3	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.4	11.3	11.3	11.4
<b>CONSTRUCTION <sup>5</sup>, real indices of construction put in place, indices 2000=100</b>																								
Construction	97.9	105.7	108.4	111.7	128.8	120.0	149.0	169.4	128.8	120.0	149.0	169.4	104.0	157.8	143.9	140.4	132.3	174.2	188.1	163.2	157.0	88.7	98.1	125.1
Buildings	104.2	104.9	114.6	126.4	144.2	131.4	165.3	179.6	144.2	131.4	165.3	179.6	123.0	172.7	157.3	152.7	156.1	187.1	191.9	169.9	177.0	107.2	115.3	146.5
Civil engineering	92.1	106.4	102.6	98.0	114.5	109.5	133.8	160.0	114.5	109.5	133.8	160.0	91.5	148.1	131.5	128.9	110.2	162.3	184.6	157.1	138.4	76.6	86.8	111.1
Persons in paid employment in construction <sup>4</sup>	99.4	99.1	97.5	102.0	109.6	108.6	113.1	114.3	109.6	108.6	113.1	114.3	114.1	120.3	110.5	112.2	112.9	114.2	114.9	115.2	112.7	112.9	114.4	114.8

Source of data: SORS. Notes: \*From February 2004 onwards the industrial production indices have been provisional. For the period up until January 2004 they are calculated according to data on produced quantities of industrial goods. From February 2004 onwards, data on production value have been taken as the basis for the calculation. The value of production is calculated according to the following formula: turnover in the month (x) + value of stocks in the month (x) - value of stocks in the month (x-1). <sup>1</sup>Enterprises with activity of publishing are excluded; <sup>2</sup>data not published because of confidentiality; <sup>3</sup>only companies with activity of electricity supply are included. <sup>4</sup>In January 2005, the SORS adopted a new methodology of obtaining data on persons in paid employment. The new source of data for employed and self-employed persons excluding farmers is the Statistical Register of Employment (SRE), while data on farmers are forecast using the ARIMA model based on quarterly figures for farmers from the Labor Force Survey. Data for previous years dating back to January 2000 have also been calculated according to the new methodology. <sup>5</sup>The survey covers all larger construction enterprises and some other enterprises that perform construction work.

Production																	Slovenian Economic Mirror					IMAD	
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	2002	2003	2004	2005	2006	2006			2007		2006						2007						
						Q <sub>II</sub>	Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>II</sub>	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>TRANSPORT</b>																							
Passenger-km in transport for hire or reward, in m	1,143	1,065	980	848	850	236	180	223	208	222	50	46	85	79	77	66	70	62	76	69	80	73	45
Passenger-km in rail transport, in m	749	778	764	777	788	197	189	210	196	-	60	58	70	72	71	69	-	-	-	-	-	-	-
Passenger-km in air transport, in m	794	837	896	1,019	1,044	251	411	200	183	289	147	143	121	83	60	57	62	56	65	79	88	121	161
Tonne-km in rail transport, in m	3,078	3,274	3,466	3,402	3,373	815	817	942	918	-	289	259	269	315	321	306	-	-	-	-	-	-	-
Tonne-km in maritime transport, in m	28,578	28,361	37,047	52,513	49,155	11,545	12,618	11,494	10,813	13,224	4,709	3,955	3,954	4,381	2,846	4,267	4,477	2,949	3,387	4,884	3,967	4,373	4,585
Tonne-km in road transport, in m	6,609	7,040	9,007	11,033	12,112	3,413	2,778	3,020	2,972	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Urban passenger traffic, in m	103.9	98.4	100.2	97.2	94.0	24.3	14.6	27.7	26.3	23.3	4.0	3.7	6.9	9.1	9.4	9.2	8.7	8.5	9.1	8.3	7.8	7.2	4.1
Airport passengers traffic, in 000	866	922	1,047	1,228	1,339	334	488	282	251	382	169	171	148	116	88	79	82	78	91	108	123	152	184
Harbour freight transport, in 000 t	9,305	10,788	12,063	12,625	15,462	3,877	3,555	4,158	4,282	3,967	1,245	895	1,416	1,426	1,362	1,370	1,197	1,323	1,762	1,091	1,383	1,493	1,113
Transport of gas, million m <sup>3</sup>	1,007	1,098	1,097	1,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOURISM, overnight stays, in 000</b>																							
Total	7,321	7,503	7,589	7,573	7,722	1,814	3,115	1,389	1,472	1,997	1,157	1,209	749	548	407	434	472	497	502	568	619	811	1181
Domestic tourists	3,300	3,327	3,226	3,173	3,233	691	1,226	620	700	786	498	457	271	219	197	203	177	282	242	208	239	339	483
Foreign tourists	4,021	4,175	4,363	4,399	4,489	1,123	1,889	769	771	1,211	659	753	478	329	209	231	296	215	261	359	380	472	698
Health resorts	2,327	2,360	2,417	2,464	2,434	573	853	484	555	627	275	324	255	219	83	183	175	191	189	205	196	225	277
Seaside	2,052	2,010	2,002	1,949	1,871	493	961	216	203	524	367	346	248	118	31	67	47	62	94	139	152	233	376
<b>AGRICULTURE, slaughter in slaughterhouses, in 000 tons</b>																							
Cattle	40.5	43.1	40.1	37.4	37.9	9.0	8.4	11.7	8.0	8.6	2.5	2.9	2.9	3.4	4.0	4.3	2.6	2.5	2.9	3.0	2.9	2.7	2.6
Pigs	37.1	37.3	34.6	31.7	33.6	9.1	7.9	8.4	8.2	8.5	2.6	2.7	2.6	2.7	2.6	3.1	2.7	2.5	2.9	2.9	2.9	2.6	2.7
Poultry	51.4	56.0	52.0	53.4	49.2	12.0	12.3	12.5	13.9	14.3	4.3	4.2	3.8	4.2	4.1	4.1	4.6	4.1	5.2	4.6	4.7	5.0	5.2
Purchase of agricultural products, SIT bn, since 2007 in EURO m	101.6	103.3	102.4	103.7	106.7	25.6	26.1	33.4	101.3	109.7	7.9	8.9	9.3	9.6	10.5	13.3	32.2	31.1	37.9	37.5	38.4	33.8	38.3
<b>FISHING, in tons</b>																							
Catches in marine waters	1459.8	1087.5	815.9	1021.6	736.7	9.0	8.4	11.7	8.0	8.6	84.2	92.7	94.3	91.4	51.8	36.1	83.4	65.3	25.8	39.6	77.8	128.7	51.1

Source of data: SORS.

Balance of Payments																	Slovenian Economic Mirror					IMAD	
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	2002	2003	2004	2005	2006	2006			2007		2006						2007						
						Q <sub>II</sub>	Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>II</sub>	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>BALANCE OF PAYMENTS, in EUR m</b>																							
Current account	247	-196	-720	-561	-857	91	-261	-512	-210	-134	-168	-32	-60	-54	-197	-261	-21	-149	-39	-94	-56	15	-57
Goods <sup>1</sup>	-265	-543	-1,009	-1,026	-1,151	-118	-257	-570	-224	-323	-76	-116	-65	-93	-197	-281	-81	-78	-66	-128	-119	-76	-72
Exports	11,082	11,417	12,933	14,599	17,028	4,288	4,168	4,543	4,784	5,028	1,455	1,177	1,537	1,579	1,599	1,365	1,469	1,510	1,805	1,583	1,739	1,706	1,740
Imports	11,347	11,960	13,942	15,625	18,179	4,407	4,425	5,113	5,008	5,351	1,530	1,293	1,602	1,672	1,796	1,645	1,550	1,588	1,870	1,711	1,859	1,782	1,812
Services	620	540	688	849	866	269	299	160	233	388	74	115	109	85	28	46	108	45	80	99	149	140	112
Exports	2,440	2,465	2,783	3,143	3,449	850	1,072	855	855	1,105	360	386	326	292	267	295	307	243	305	349	380	377	446
Imports	1,820	1,925	2,095	2,294	2,584	580	773	695	623	717	285	271	217	207	239	249	199	198	225	250	231	237	334
Income	-168	-219	-322	-288	-398	-54	-227	-100	-144	-155	-147	-10	-69	-48	-13	-38	-42	-49	-53	-51	-51	-54	-59
Receipts	490	510	530	648	902	232	241	242	217	271	75	78	88	77	72	94	71	70	75	89	92	91	90
Expenditure	657	728	852	936	1,300	286	468	342	361	427	223	88	157	125	85	132	114	119	128	139	143	144	149
Current transfers	60	26	-76	-97	-173	-6	-75	-2	-74	-44	-19	-21	-35	2	-15	11	-6	-68	0	-15	-34	5	-38
Receipts	500	474	561	738	785	224	165	237	197	227	61	56	48	85	59	93	51	59	86	75	60	91	57
Expenditure	439	449	638	835	958	230	240	238	271	271	80	77	83	83	74	82	57	127	86	89	95	87	95
Capital and financial account	3	46	698	818	1,050	94	504	424	611	662	294	40	170	-107	23	508	-179	385	404	218	42	402	324
Capital account	-164	-165	-96	-114	-131	-3	-39	-96	22	-12	-4	-6	-29	-7	-12	-77	12	20	-10	10	-8	-14	0
Financial account	167	211	794	932	1,182	96	543	519	589	674	297	46	199	-100	35	584	-191	366	414	207	51	416	323
Direct investment	1,556	-151	224	-43	-207	-71	136	-154	-95	-9	145	-47	38	-48	-194	88	-87	-70	62	-17	-75	83	-112
Domestic abroad	-166	-421	-441	-516	-718	-201	-164	-218	-307	-234	-23	-48	-93	-54	-168	4	-103	-148	-56	-113	-101	-20	-140
Foreign in Slovenia	1,722	270	665	473	512	131	300	64	211	225	168	1	131	6	-26	84	16	77	118	96	27	103	27
Portfolio investment	-69	-223	-637	-1,466	-1,444	-179	-336	-677	-626	-1,198	-76	-271	11	-65	-183	-429	-905	-151	430	-416	-620	-162	233
Financial derivatives	0	0	6	-10	-13	-10	-3	2	2	-2	-6	1	2	-3	2	4	5	-4	1	0	0	-2	-6
Other investment	565	849	945	2,639	1,564	60	63	954	1,253	1,894	-176	110	129	84	324	545	610	715	-72	585	811	498	77
Assets	-538	-730	-1,308	-1,459	-1,936	-934	-384	-264	-2,234	-18	37	-27	-393	83	-23	-324	-751	-741	-742	-671	582	71	-382
Commercial credits	-135	-116	-237	-226	-435	-186	-77	120	-386	-175	-35	77	-119	-90	-57	267	-28	-161	-197	-75	-11	-89	25
Loans	-174	-223	-281	-340	-733	-190	-87	-297	-351	-435	-44	28	-71	-50	-75	-172	-18	-75	-258	-45	-203	-187	-209
Currency and deposits	-157	-323	-720	-872	-747	-546	-194	-90	-1,521	580	118	-126	-187	219	103	-412	-773	-499	-248	-547	793	334	-187
Other assets	-71	-68	-69	-21	-21	-12	-26	3	23	12	-3	-7	-16	4	6	-7	68	-6	-39	-3	3	13	-11
Liabilities	1,104	1,579	2,252	4,098	3,500	994	446	1,218	3,488	1,912	-213	137	522	1	348	869	1,362	1,455	671	1,256	229	427	459
Commercial credits	95	59	214	291	468	133	63	282	280	33	75	-64	52	131	117	34	-161	212	229	-36	80	-11	44
Loans	838	1,123	1,671	2,731	2,064	872	357	467	15	1,548	-42	148	252	-43	299	210	142	-54	-72	1,021	294	232	221
Deposits	130	428	335	1,053	998	1	39	448	3,208	338	-243	61	221	-82	-69	599	1,406	1,282	521	279	-140	199	188
Other liabilities	39	-31	33	23	-30	-13	-12	21	-16	-7	-2	-7	-2	-5	1	26	-25	16	-6	-9	-5	6	7
International reserves <sup>2</sup>	-1,885	-264	256	-189	1,281	295	684	394	55	-11	409	254	20	-68	86	376	185	-123	-7	55	-65	-1	132
Statistical error	-250	150	22	-257	-194	-185	-243	88	-401	-528	-126	-8	-110	161	174	-246	200	-236	-365	-123	13	-418	-267
<b>EXPORTS AND IMPORTS BY END-USE OF PRODUCTS, in EUR m</b>																							
Export of investment goods	1,542	1,634	1,873	2,058	2,492	615	622	705	N/A	N/A	222	168	231	224	245	236	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate goods	5,245	5,463	6,342	6,990	8,429	2,139	2,094	2,203	N/A	N/A	720	604	770	772	810	621	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Consumer goods	4,175	4,188	4,568	5,349	5,840	1,453	1,366	1,589	N/A	N/A	485	367	515	560	532	497	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Import of investment goods	2,072	2,322	2,494	2,624	3,076	723	746	978	N/A	N/A	245	204	297	276	344	358	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Intermediate goods	6,816	7,079	8,348	9,534	11,064	2,713	2,738	2,981	N/A	N/A	972	800	966	1,010	1,072	900	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Consumer goods	2,686	2,838	3,301	3,646	4,172	1,011	986	1,183	N/A	N/A	320	289	376	399	409	375	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Monetary Indicators	Slovenian Economic Mirror											IMAD						
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	2005	2006	2006									2007						
	December	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	
<b>MONETARY SYSTEM – CONSOLIDATED BALANCE SHEET OF MONETARY FINANCIAL INSTITUTIONS, end of the month, in SIT bn; since 1 January 2007 in EUR m</b>																		
Banknotes and coins	217.3	152.8	220.9	216.5	220.7	212.1	210.3	213.1	214.0	197.6	172.8	2,709	2,684	2,689	2,721	2,737	2,769	2,801
Overnight deposits at other MFI	1,491.0	1,694.1	1,535.3	1,571.7	1,598.7	1,595.6	1,594.9	1,605.7	1,590.4	1,608.0	1,694.6	6,902	6,866	6,867	6,887	7,056	7,194	7,257
Overnight deposits of NFI at the BS	3.1	5.0	6.5	4.9	3.6	3.6	5.7	4.8	6.0	4.5	5.0	47	37	36	37	40	41	50
Overnight deposits of other government sector (central government excluded) at the BS	3.3	1.3	2.1	2.1	1.8	2.2	2.1	2.1	1.9	1.9	1.3	6	7	5	5	6	7	8
Total overnight deposits at the BS	6.4	6.4	8.5	7.0	5.3	5.9	7.8	6.9	7.9	6.4	6.4	53	43	41	43	47	48	58
Deposits with agreed maturity at the BS	0.3	0.0	0.4	0.7	0.5	0.5	-	-	-	-	-	-	-	-	-	-	-	-
Deposits with agreed maturity at other MFI	1,688.0	1,747.3	1,669.7	1,688.4	1,678.2	1,710.8	1,692.2	1,735.0	1,728.8	1,744.1	1,746.4	7,379	7,441	7,607	7,514	7,578	7,694	7,967
Deposits at redeemable notice	164.9	197.5	172.0	168.8	179.8	166.0	171.5	182.7	184.6	188.4	197.5	962	918	985	991	1,087	1,133	1,171
Debt securities, units/shares of money market funds and repos	9.5	9.2	9.7	9.1	6.7	7.0	7.7	7.3	7.5	7.9	8.1	29	32	46	52	52	61	62
Banknotes and coins and demand deposits	1,713.9	1,853.3	1,764.8	1,795.3	1,824.8	1,813.5	1,812.9	1,825.7	1,812.3	1,812.0	1,873.7	9,664	9,593	9,597	9,650	9,840	10,011	10,116
Banknotes and coins and deposits with maturity of up to two years	3,524.6	3,798.1	3,606.8	3,653.2	3,683.3	3,690.7	3,676.6	3,743.4	3,725.6	3,744.5	3,817.6	18,005	17,952	18,189	18,156	18,506	18,838	19,254
Banknotes and coins and instruments with maturity of up to two years	3,534.2	3,807.2	3,616.5	3,662.3	3,690.0	3,697.7	3,684.2	3,750.7	3,733.1	3,752.4	3,825.8	18,035	17,984	18,235	18,208	18,557	18,899	19,316
<b>SELECTED CLAIMS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in SIT bn; since 1 January 2007 in EUR m</b>																		
Claims of the BS on central government	17.6	16.6	16.9	16.9	16.9	16.9	16.8	16.9	16.8	16.8	16.6	69	69	69	68	68	68	68
Central government (S. 1311)	780.5	776.6	773.6	777.2	774.9	774.5	777.8	782.2	792.5	787.7	776.6	3,184	3,219	2,944	2,748	2,574	2,465	2,408
Other government (S. 1312, 1313, 1314)	17.8	24.9	23.8	23.4	23.2	23.4	20.6	20.4	21.5	21.8	24.9	108	106	107	105	107	107	107
Households (S. 14, 15)	976.0	1,289.8	1,108.6	1,134.9	1,157.3	1,180.4	1,203.7	1,229.2	1,252.3	1,277.6	1,289.8	5,428	5,488	5,633	5,748	5,892	6,015	6,157
Non-financial corporations (S. 11)	2,620.9	3,245.5	2,882.7	2,910.3	2,951.5	2,988.9	3,025.0	3,096.8	3,157.9	3,214.5	3,245.5	14,086	14,250	14,660	15,142	15,426	15,794	16,280
Non-monetary financial institutions (S. 123, 124, 125)	230.9	365.6	263.1	278.1	283.0	287.5	296.5	303.5	325.7	338.3	368.3	1,554	1,563	1,574	1,761	1,747	1,905	2,028
Monetary financial institutions (S. 121, 122)	1,408.2	1,157.1	1,411.4	1,441.9	1,414.1	1,293.7	1,236.0	1,251.2	1,265.8	1,244.9	1,158.7	3,505	2,770	2,267	2,033	2,257	2,203	2,209
Claims on domestic sectors, TOTAL																		
In domestic currency	2,099.2	2,307.3	2,132.1	2,114.1	2,149.9	2,121.8	2,136.1	2,152.6	2,200.9	2,223.7	2,264.6	21,761	21,634	21,726	22,297	23,089	23,558	24,146
In foreign currency	2,199.4	3,109.6	2,539.0	2,618.8	2,716.2	2,748.5	2,814.9	2,894.6	2,992.1	3,048.8	3,109.6	1,048	1,100	1,160	1,248	1,335	1,456	1,560
Securities, total	1,791.0	1,442.6	1,792.4	1,837.0	1,741.8	1,682.7	1,612.7	1,638.9	1,627.3	1,617.7	1,449.5	5,055	4,662	4,299	3,992	3,577	3,475	3,483
<b>SELECTED OBLIGATIONS OF OTHER MFI ON DOMESTIC SECTORS, end of the month, in SIT bn; since 1 January 2007 in EUR m</b>																		
Deposits in domestic currency, total	2,608.5	2,904.1	2,685.9	2,704.9	2,749.2	2,752.1	2,773.4	2,846.7	2,886.7	2,892.4	2,902.9	17,823	17,912	17,914	18,066	18,367	18,446	18,880
Overnight	987.0	1,178.1	1,003.6	1,032.6	1,073.0	1,056.9	1,057.6	1,067.4	1,061.9	1,074.0	1,178.1	6,645	6,598	6,648	6,676	6,849	6,953	7,047
With agreed maturity – short-term	1,175.5	1,252.9	1,233.9	1,236.8	1,225.4	1,257.0	1,270.0	1,323.3	1,361.3	1,353.8	1,251.2	7,673	7,837	7,639	7,758	7,777	7,592	7,867
With agreed maturity – long-term	309.9	291.9	291.1	283.4	285.2	282.9	286.1	286.9	297.2	291.3	292.4	2,486	2,492	2,560	2,569	2,573	2,693	2,728
Short-term deposits redeemable at notice	136.0	181.2	157.2	152.1	165.6	155.3	159.8	169.1	166.3	173.3	181.2	1,019	985	1,067	1,063	1,168	1,208	1,238
Deposits in foreign currency, total	1,349.9	1,454.0	1,367.2	1,417.4	1,432.4	1,424.9	1,420.9	1,433.9	1,424.7	1,449.2	1,454.7	634	614	607	597	615	610	605
Overnight	395.6	552.7	546.0	559.0	556.9	559.1	565.0	562.8	555.7	576.3	552.7	311	293	285	264	280	274	270
With agreed maturity – short-term	623.7	544.7	488.2	522.4	533.6	521.4	506.3	517.6	514.9	519.0	545.5	240	239	237	251	248	249	242
With agreed maturity – long-term	295.2	318.5	295.4	302.6	307.8	311.1	316.1	319.2	316.9	318.3	318.5	64	64	62	60	61	60	61
Short-term deposits redeemable at notice	35.4	38.0	37.6	33.4	34.1	33.3	33.6	34.3	37.3	35.7	38.0	19	18	23	22	26	27	32

Source of data: Bank of Slovenia.

Prices																	Slovenian Economic Mirror					IMAD	
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Indices, 2005 = 100	2002	2003	2004	2005	2006	2006			2007		2006					2007							
						Q <sub>II</sub>	Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>II</sub>	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>GROWTH IN SELECTED PRICE INDICATORS</b>																							
<b>CPI</b>	89.2	94.2	97.6	100.0	102.5	102.8	103.2	103.2	103.1	105.8	103.3	103.6	102.8	103.1	103.6	102.9	102.7	103.8	104.9	106.1	106.5	106.6	106.9
Food, non-alcoholic beverages	95.9	100.3	100.8	100.0	102.3	102.0	102.3	103.1	105.3	108.7	102.6	102.7	101.9	103.4	104.0	105.7	104.7	105.5	107.5	109.3	109.2	109.5	109.7
Alcoholic beverages, tobacco	80.8	91.0	96.3	100.0	103.7	101.9	105.2	106.2	107.1	108.0	105.1	105.2	106.3	106.1	106.2	106.9	107.0	107.4	107.6	108.1	108.2	113.9	114.0
Clothing and footwear	93.5	99.3	101.0	100.0	99.5	104.8	94.0	105.5	95.4	105.7	90.5	99.2	104.9	106.2	105.5	92.9	93.3	100.1	103.4	106.8	107.0	95.0	94.2
Housing, water, electricity, gas	80.2	85.4	91.7	100.0	105.3	106.1	107.0	103.8	104.2	107.1	106.8	107.6	103.3	103.8	104.2	103.6	103.9	105.1	106.7	107.0	107.7	108.5	110.3
Furnishings, household equip.	90.1	94.3	96.5	100.0	104.1	102.9	105.2	106.2	107.0	108.3	105.6	106.0	106.1	106.1	106.4	106.9	106.7	107.5	108.0	108.2	108.8	108.8	109.1
Medical, pharmaceutical products	93.4	98.8	100.3	100.0	98.3	98.5	98.0	98.3	99.9	99.9	98.1	97.9	98.0	98.2	98.7	99.2	99.7	100.8	100.0	99.7	99.9	100.0	98.7
Transport	88.0	92.1	97.4	100.0	101.3	101.8	103.0	100.3	99.7	102.6	103.8	103.0	100.3	100.1	100.6	99.8	99.3	100.1	101.6	102.9	103.2	102.9	102.2
Communications	98.5	99.8	100.0	100.0	100.3	99.2	100.4	101.5	100.0	99.6	99.6	102.2	102.2	101.1	101.1	101.5	99.3	99.2	99.3	99.7	99.7	100.6	100.8
Recreation and culture	89.8	94.2	97.7	100.0	102.1	101.7	105.8	101.1	102.5	104.3	107.8	103.3	100.6	100.9	101.8	102.3	102.9	102.3	102.0	104.4	106.4	111.0	113.0
Education	83.5	87.1	93.4	100.0	103.1	104.1	103.5	102.9	103.1	104.7	104.1	102.1	102.9	102.9	102.9	103.0	103.1	103.0	103.0	105.6	105.6	105.6	105.6
Catering services	84.9	91.1	95.8	100.0	104.5	104.0	105.4	106.3	109.2	110.8	105.3	105.8	106.0	105.5	107.4	108.9	109.3	109.6	110.3	111.0	111.1	111.8	112.7
Miscellaneous goods & services	88.8	94.5	98.1	100.0	104.1	103.9	104.4	105.9	106.4	107.1	104.2	104.6	105.7	105.8	106.1	106.2	106.5	106.7	106.7	107.2	107.3	107.8	108.3
<b>HCPI</b>	89.1	94.2	97.6	100.0	102.5	102.8	103.2	103.3	103.4	106.2	103.4	103.7	102.9	103.2	103.7	103.1	103.0	104.1	105.3	106.5	106.8	106.7	106.9
<b>Producer price indices (domestic market)</b>	91.0	93.3	97.4	100.0	102.4	102.2	102.6	103.2	105.9	107.4	102.3	102.9	103.1	103.1	103.6	104.3	106.5	106.9	107.1	107.4	107.7	107.8	107.7
Intermediate goods	89.6	91.4	96.9	100.0	103.5	103.3	104.2	104.7	109.1	111.7	103.7	104.7	104.4	104.5	105.3	106.1	110.4	110.7	111.3	111.8	112.1	112.3	112.1
Capital goods	94.8	94.7	97.0	100.0	100.2	99.6	100.5	100.8	101.2	101.1	100.4	100.9	100.9	100.7	100.9	101.4	101.0	101.3	101.4	101.0	100.9	101.6	101.4
Consumption goods	91.8	95.3	98.1	100.0	101.5	101.6	101.2	102.1	103.1	103.6	101.1	101.2	102.1	101.9	102.3	102.8	103.0	103.4	103.2	103.5	104.0	103.8	103.8
<b>PRICE CONTROL<sup>1</sup></b>																							
Energy prices	81.1	83.3	89.4	100.0	108.0	109.6	111.9	105.9	102.6	109.5	112.7	112.6	106.2	105.5	105.9	103.6	100.4	103.7	107.5	110.3	110.7	111.8	109.8
Oil products	78.9	80.2	86.7	100.0	110.3	113.4	116.3	105.7	101.4	110.9	117.5	117.0	106.5	105.1	105.6	102.9	98.4	103.0	107.5	112.3	112.9	113.5	111.0
Electricity for households	90.4	93.8	98.6	100.0	101.6	100.8	102.0	102.7	101.7	107.1	102.7	102.7	102.7	102.7	102.7	101.9	101.0	102.4	107.1	107.1	107.1	–	–
Basic utilities	83.4	88.6	96.2	100.0	97.4	100.9	100.9	87.8	93.8	94.7	100.9	100.9	83.3	89.3	90.7	92.5	94.4	94.4	94.7	94.7	94.7	94.7	101.7
Transport & communications	91.5	95.2	97.9	100.0	101.5	101.6	101.6	101.6	101.9	102.2	101.6	101.6	101.6	101.6	101.6	101.7	101.8	102.2	102.2	102.2	102.2	102.2	102.2
Other controlled prices	86.0	89.8	95.7	100.0	102.6	102.2	103.2	103.3	104.9	104.9	103.2	103.2	103.2	103.3	103.3	104.2	105.1	105.3	105.3	104.7	104.7	105.5	107.1
<b>Direct control – total</b>	82.5	85.5	91.5	100.0	107.0	107.3	110.2	106.9	105.6	110.8	109.5	113.3	106.5	106.9	107.3	106.0	104.1	106.6	109.4	111.3	111.7	112.6	112.7
<i>Source of data:</i> SORS, calculations and estimates IMAD. <i>Note:</i> <sup>1</sup> the structure of groups varies, data published are not directly comparable to those published previously. The electricity market was liberalized on 1 July 2007. Data from July 2007 onwards are not comparable.																							

Interest Rates and Investment															Slovenian Economic Mirror			IMAD	
															No. 8-9/2007			p. A 9	
	End year					2006						2007							
	2002	2003	2004	2005	2006	7	8	9	10	11	12	1	2	3	4	5	6	7	8
<b>INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS, %</b>																			
<b>New deposits in domestic currency</b>																			
Households																			
Overnight deposits	-	-	-	0.47	0.32	0.30	0.30	0.28	0.27	0.28	0.27	0.33	0.33	0.33	0.34	0.34	0.34	0.35	-
Time deposits with maturity of up to one year	-	-	-	3.34	2.96	2.86	2.81	2.82	2.80	2.81	2.84	2.83	2.91	3.01	3.07	3.15	3.26	3.36	-
<b>New loans to households in domestic currency</b>																			
Housing loans 1-5 year fixed interest rate	-	-	4.18	4.99	4.56	4.74	4.57	4.60	4.42	5.19	4.29	5.16	5.44	5.50	5.35	5.37	5.36	5.79	-
<b>New loans to non-financial corporations in domestic currency</b>																			
Loan over EUR 1 million 1-5 year fixed interest rate	-	8.58	5.36	5.23	4.64	4.66	4.47	3.61	4.66	5.04	5.11	5.49	6.53	-	-	4.86	5.12	6.49	-
<b>INTEREST RATES OF THE EUROPEAN CENTRAL BANK, %</b>																			
Main refinancing operations	3.21	2.25	2.00	2.02	2.78	2.75	3.00	3.00	3.25	3.25	3.50	3.50	3.50	3.75	3.75	3.75	4.00	4.00	-
<b>INVESTMENT, outlays, in SIT m, since 2007 thousand EURO</b>																			
Total	524,626	610,923	760,662	772,675	824,957	55,592	56,808	62,610	58,911	86,544	147,057	283,943	287,486	252,076	387,674	377,167	375,300	483,585	460,832
Industry total	114,794	136,349	184,271	181,466	164,226	12,797	9,218	11,634	12,008	16,069	22,452	54,811	66,902	68,461	62,123	71,435	60,840	81,370	81,419
Energy sector	36,959	31,538	39,105	38,701	36,856	2,995	2,119	3,460	2,294	4,832	7,335	11,771	26,320	12,892	9,072	9,797	14,671	13,194	13,996
Manufacturing	77,835	104,811	145,163	142,765	127,370	9,802	7,099	8,174	9,714	11,237	15,117	43,040	40,582	55,568	53,051	61,639	46,169	68,176	67,423
Construction*	8,937	11,350	21,470	129,609	170,369	11,561	15,119	14,507	13,065	14,565	43,112	97,608	68,472	-120,858	13,463	44,591	34,762	11,816	4,168
Transport and communications*	58,244	39,779	54,720	63,689	57,978	3,935	5,076	7,245	3,401	9,931	4,165	11,029	32,975	194,924	142,273	120,681	86,677	211,395	185,566
Trade	66,950	67,852	80,272	93,793	82,460	5,304	6,325	4,527	6,229	4,926	6,846	16,599	12,242	25,851	34,770	29,893	32,765	36,881	34,166
Hotels and restaurants	9,144	14,665	14,206	15,641	12,356	1,298	1,319	816	439	722	1,483	7,841	5,197	7,092	5,981	2,300	13,813	10,544	3,008
Financial and technical services	40,339	48,049	52,291	48,192	47,530	5,117	4,199	2,560	3,805	4,297	4,655	11,926	22,401	9,369	14,409	20,320	14,473	27,755	20,885
Other	226,220	292,876	353,432	240,285	290,038	15,580	15,552	21,321	19,964	36,034	64,344	84,129	79,297	67,236	114,655	87,946	131,970	103,824	131,620
In economic infrastructure, total <sup>1</sup>	162,078	177,777	223,096	180,751	197,802	13,319	16,649	16,725	13,348	19,366	49,344	89,490	105,197	64,170	57,115	68,286	76,713	202,593	107,145
Energy sector	36,959	46,562	46,469	42,212	36,857	2,995	2,119	3,460	2,294	4,832	7,335	11,771	26,320	12,892	9,072	9,797	14,671	13,194	13,996
Electricity supply	25,132	26,903	23,107	24,251	22,736	1,963	1,200	2,516	1,304	3,331	3,946	6,664	21,210	7,479	5,503	7,270	11,458	9,714	10,160
Gas supply	1,380	1,282	689	678	729	56	80	58	26	111	117	229	242	335	107	100	268	106	485
Hot water supply	1,168	2,725	2,027	2,564	2,640	240	125	216	240	346	714	1,540	898	640	350	290	267	890	634
Cold water supply	9,280	15,652	20,645	14,720	10,752	737	714	670	724	1,044	2,558	3,337	3,970	4,439	3,112	2,137	2,679	2,484	2,717
Transport infrastructure	125,119	131,215	176,627	138,539	160,945	10,324	14,530	13,265	11,054	14,534	42,009	77,719	78,876	51,278	48,043	58,489	62,041	189,399	93,149
Railways	16,924	1,717	1,822	2,615	6,677	558	1,487	1,653	77	493	70	590	1,360	897	727	1,406	1,629	515	1,204
Air traffic	618	1,774	2,660	3,462	2,120	49	469	96	123	139	502	1,508	2,028	1,515	2,064	2,802	4,143	3,147	2,251
Roads, motorways	81,467	103,849	141,157	106,040	136,142	9,224	11,516	11,064	10,310	13,150	40,435	72,863	62,228	46,038	41,167	40,883	49,348	182,016	84,437
Postal and telecom services	24,573	20,923	26,717	24,143	13,609	292	770	372	432	399	613	1,717	1,402	1,780	2,196	6,750	5,459	2,298	1,240
Other	1,538	2,952	4,271	2,279	2,397	201	287	80	112	354	389	1,041	11,858	1,048	1,889	6,647	1,462	1,424	4,017

Sources of data: SORS, BS, AP. Notes: \*a large infrastructure company has been included in the construction activity since April 2007 (change of main activity from F to I).

<sup>1</sup>Outlays collected on the basis of data for individual investors.

Labour Market																Slovenian Economic Mirror					IMAD		
																No. 8-9/2007					p. A 10		
Number in thousand	2002	2003	2004	2005	2006	2006			2007		2006					2007							
						Q II	Q III	Q IV	Q I	Q II	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>A FORMAL LABOUR FORCE (A=B+E)</b>	911.4	899.1	900.3	905.0	910.7	910.9	909.6	914.0	919.1	923.5	910.8	908.2	909.8	915.0	915.5	911.3	918.0	919.2	920.0	921.6	923.6	925.4	924.5
<b>B PERSONS IN FORMAL EMPLOYMENT (C+D)</b>	808.7	801.4	807.5	813.1	824.8	823.6	826.6	834.5	841.8	852.7	825.2	825.2	829.5	833.7	836.7	833.0	838.0	841.5	845.8	849.0	852.9	856.2	854.4
In agriculture, forestry, fishing	45.4	37.7	41.2	38.7	38.9	39.1	38.7	38.5	43.1	42.0	38.8	38.7	38.7	38.6	38.6	38.4	43.0	43.1	43.1	41.9	42.0	42.0	41.0
In industry, construction	323.3	318.4	313.9	310.9	313.3	312.2	315.1	317.6	317.4	322.2	314.5	314.7	316.2	317.9	318.9	315.9	316.2	317.8	318.3	320.5	322.3	323.9	324.3
Of which: in manufacturing	243.1	238.9	236.1	233.7	227.9	227.5	229.2	229.4	229.4	230.2	227.4	227.2	227.8	229.1	229.9	228.7	228.9	229.6	229.7	230.0	230.2	230.3	229.8
in construction	63.4	63.3	62.2	61.7	69.9	69.3	72.2	72.9	72.8	76.8	71.6	72.0	72.8	73.3	73.5	71.9	72.1	73.0	73.3	75.3	76.8	78.3	79.1
In services	440.0	445.2	452.3	463.5	472.6	472.3	472.8	478.4	481.3	488.5	471.9	471.8	474.7	477.2	479.2	478.7	478.8	480.7	484.4	486.6	488.6	490.3	489.1
Of which: in public administration	45.9	47.7	49.9	49.1	50.2	50.4	50.3	50.1	49.7	50.1	50.5	50.3	50.2	50.3	50.2	49.9	49.8	49.7	49.7	49.9	50.1	50.2	50.2
in education, health-services, social work	101.6	102.7	105.0	106.5	109.1	109.3	108.6	110.0	109.9	110.2	108.2	108.0	109.5	109.9	110.2	109.8	109.5	109.9	110.2	110.4	110.1	110.2	109.0
<b>C FORMALLY EMPLOYED<sup>1</sup></b>	721.4	722.1	724.4	731.6	741.6	740.6	743.4	750.7	753.1	764.7	742.1	742.0	746.1	750.1	752.9	749.2	749.5	752.9	757.0	761.3	764.9	768.1	767.0
In enterprises and organisations	654.6	656.0	658.7	666.2	675.1	674.2	675.9	682.6	685.8	695.0	674.7	674.7	678.2	681.6	684.3	681.7	682.8	685.6	689.0	692.4	695.1	697.5	696.2
By those self-employed	66.8	66.2	65.6	65.4	66.5	66.4	67.5	68.2	67.3	69.8	67.3	67.3	67.9	68.5	68.6	67.5	66.7	67.3	68.0	68.9	69.8	70.6	70.8
<b>D SELF-EMPLOYED AND FARMERS</b>	87.3	79.2	83.1	81.5	83.3	83.1	83.2	83.7	88.7	87.9	83.1	83.2	83.5	83.6	83.8	83.8	88.5	88.6	88.8	87.8	88.0	88.1	87.3
<b>E REGISTERED UNEMPLOYMENT</b>	102.6	97.7	92.8	91.9	85.8	87.3	83.0	79.5	77.3	70.9	85.6	83.1	80.2	81.3	78.8	78.3	80.0	77.7	74.2	72.6	70.7	69.3	70.1
Female	52.5	51.6	49.3	49.4	47.0	47.9	46.3	43.6	42.0	39.3	47.9	46.4	44.6	44.9	43.3	42.6	43.2	42.1	40.7	40.2	39.2	38.5	39.3
By age: under 26	24.7	25.5	24.3	22.2	18.2	18.9	16.4	16.0	14.0	11.6	17.8	16.6	14.8	16.8	15.8	15.2	15.1	14.2	12.8	12.2	11.5	11.1	11.1
older than 40	50.7	43.1	39.7	40.1	39.7	40.1	39.3	37.9	38.7	37.2	39.6	39.3	38.9	38.2	37.6	37.7	39.0	38.8	38.1	37.7	37.2	36.7	36.9
Unskilled	48.2	43.2	38.6	37.5	33.7	34.3	32.2	30.8	30.4	27.7	32.8	32.3	31.6	31.1	30.6	30.8	31.6	30.7	29.0	28.2	27.7	27.1	27.2
For more than 1 year	55.8	47.5	42.9	43.4	41.9	42.4	41.5	40.2	38.8	36.7	41.9	41.3	41.2	41.0	39.9	39.7	39.6	39.0	37.9	37.4	36.8	36.0	35.8
Those receiving benefits	24.4	24.3	22.3	23.3	22.7	23.6	22.4	19.4	13.0	16.8	22.9	22.7	21.7	19.9	19.4	18.9	19.9	19.1	18.3	17.2	16.9	16.3	n.p.
<b>F RATE OF REGISTERED UNEMPLOYMENT, E/A, in %</b>	11.3	10.9	10.3	10.2	9.4	9.6	9.1	8.7	8.4	7.7	9.4	9.1	8.8	8.9	8.6	8.6	8.7	8.4	8.1	7.9	7.7	7.5	7.6
<b>G FLOWS OF FORMAL LABOUR FORCE</b>	-2.3	-10.2	1.5	8.0	5.2	3.6	-2.5	1.6	8.7	5.4	-1.5	-2.5	1.5	5.3	0.5	-4.2	6.7	1.2	0.8	1.6	2	1.8	-0.9
New unemployed first job seekers	21.4	25.4	26.0	21.7	18.6	3.2	3.5	8.2	2.9	2.4	1.0	1.0	1.5	5.8	1.4	1.0	1.3	0.8	0.9	1.0	0.7	0.6	0.7
Redundancies	66.0	68.8	69.6	67.2	63.8	14.4	15.2	14.8	15.4	11.6	5.6	4.5	5.1	4.8	5.0	5.0	7.6	3.8	4.0	4.0	4	3.7	4.9
Registered unemployed who found employment	52.2	50.5	54.3	53.9	57.4	14.7	13.5	13.6	14.8	12.1	3.5	4.6	5.3	5.1	5.0	3.5	5.1	4.4	5.2	4.2	4.1	3.7	3.0
Other unemployed erased out of register	39.9	47.3	46.6	33.1	39.2	9.4	9.8	11.3	7.6	6.9	2.4	3.4	4.1	4.4	3.9	3.1	2.0	2.5	3.1	2.4	2.5	2	1.6
Change in number of work permits for foreigners	2.1	3.5	-0.5	3.9	7.8	3.3	1.6	0.3	3.9	4.9	0.5	0.8	0.3	0.4	0.1	-0.2	0.3	1.2	2.5	3.6	1.7	-0.5	2.2
Retirements <sup>2</sup>	15.9	16.1	16.4	16.7	18.7	3.9	4.5	6.1	4.7	4.3	1.2	1.0	2.4	2.2	2.0	1.9	1.8	1.6	1.2	1.5	1.4	1.3	1.4
Deaths <sup>2</sup>	2.6	2.6	2.5	2.3	2.5	0.6	0.6	0.6	0.6	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Others who found employment <sup>2</sup>	30.4	24.9	39.5	32.6	37.3	10.0	6.3	9.8	13.8	8.7	0.4	-0.2	6.0	5.4	4.5	-0.2	8.9	3.3	1.6	0.6	3.6	4.9	-0.6
<b>H JOB VACANCIES<sup>3</sup></b>	11.6	12.1	14.1	16.9	19.0	20.5	18.9	17.4	20.5	21.0	17.7	16.4	22.7	19.5	16.9	15.9	20.0	17.8	23.6	20.6	19.3	23.1	18.8
For fixed term, in %	74.4	73.8	73.7	75.6	75.3	74.9	77.6	77.5	76.7	77.5	75.5	78.5	78.7	77.9	78.0	76.4	77.1	75.1	77.5	76.9	79.1	76.6	78.4
<b>WORK PERMITS FOR FOREIGNERS</b>	35.3	39.7	39.7	41.6	48.3	48.1	50.0	50.9	53.4	59.3	49.4	50.2	50.5	50.9	51.0	50.7	52.2	53.4	54.7	58.3	60.1	59.5	61.7
As % of labour force (I/A)	3.9	4.4	4.4	4.6	5.3	5.3	5.5	5.6	5.8	6.4	5.4	5.5	5.5	5.6	5.6	5.6	5.7	5.8	5.9	6.3	6.5	6.4	6.7

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

## Wages, Competitiveness, Exchange Rate

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	2004	2005	2006	2006		2007		2006					2007							
				Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>II</sub>	7	8	9	10	11	12	1	2	3	4	5	6	7
<b>GROSS WAGE PER EMPLOYEE, in SIT, since 2007 in EUR</b>																				
Total	264,463	277,279	290,635	286,917	309,709	1,238	1,252	283,047	290,148	287,557	293,121	333,799	302,207	1,250	1,213	1,252	1,237	1,264	1,254	1,263
Private sector (A to K)	245,498	258,714	272,709	267,438	294,601	1,168	1,178	262,729	271,571	268,015	274,204	324,626	284,972	1,182	1,137	1,184	1,164	1,192	1,179	1,180
Agriculture, fishing (A, B)	215,981	224,253	236,822	234,180	255,337	1,010	1,036	227,255	236,221	239,065	246,013	275,462	244,538	1,030	978	1,021	1,026	1,057	1,026	1,029
A Agriculture	216,252	224,225	236,681	234,330	255,564	1,010	1,036	227,341	236,385	239,263	246,477	275,255	244,960	1,030	978	1,023	1,025	1,058	1,027	1,029
B Fishing	205,207	218,670	236,027	228,286	245,222	970	1,032	223,864	229,792	231,201	225,990	283,455	226,221	1,007	984	919	1,070	1,011	1,015	1,015
Industry, construction (C to F)	229,615	243,067	256,362	252,418	275,098	1,096	1,101	247,126	258,208	251,919	259,650	302,333	263,312	1,120	1,059	1,110	1,081	1,114	1,109	1,106
C Mining and quarrying	324,410	344,670	360,110	347,764	390,549	1,504	1,547	341,267	360,349	344,675	356,344	465,162	350,142	1,516	1,488	1,508	1,487	1,580	1,572	1,518
D Manufacturing	225,806	238,985	252,162	248,069	269,029	1,086	1,086	243,298	253,828	247,080	255,616	293,054	258,417	1,113	1,046	1,099	1,069	1,094	1,095	1,091
E Electricity, gas & water supply	322,478	353,836	373,743	355,321	439,645	1,494	1,537	347,759	364,848	353,355	364,284	550,174	404,477	1,539	1,442	1,501	1,483	1,551	1,576	1,502
F Construction	214,536	224,794	238,698	239,102	253,871	1,017	1,036	231,933	243,748	241,624	245,043	271,568	245,003	1,018	996	1,038	1,011	1,066	1,031	1,050
Production services (G to I)	242,355	253,747	266,326	261,841	286,264	1,150	1,156	258,907	263,514	263,104	269,263	309,080	280,448	1,151	1,128	1,171	1,153	1,163	1,152	1,162
G Distributive trade	233,682	244,880	258,521	254,723	278,198	1,122	1,130	252,603	255,915	255,650	263,133	294,774	276,686	1,127	1,097	1,143	1,130	1,135	1,125	1,136
H Hotels & restaurants	196,458	202,895	211,873	210,678	221,166	893	922	207,008	213,505	211,520	213,344	225,866	224,287	898	873	906	905	930	931	920
I Transport, storage & communications	284,881	299,377	310,080	302,254	334,933	1,333	1,320	297,889	304,311	304,562	309,630	379,872	315,296	1,324	1,317	1,359	1,316	1,332	1,313	1,329
Business services (J to K)	312,967	325,355	340,552	328,901	375,481	1,437	1,472	323,043	332,310	331,351	332,557	428,155	365,729	1,448	1,412	1,450	1,452	1,504	1,461	1,458
J Financial intermediation	388,044	413,896	443,595	415,908	523,782	1,812	1,943	404,927	414,649	428,147	415,140	668,928	487,279	1,797	1,810	1,830	1,897	2,021	1,911	1,833
K Real estate	283,421	292,763	304,295	298,125	324,256	1,307	1,312	293,992	303,078	297,304	303,947	345,433	323,388	1,326	1,274	1,321	1,300	1,328	1,309	1,330
Public services (L to O)	319,911	330,580	341,999	343,246	353,578	1,445	1,469	341,724	343,977	344,037	347,973	360,551	352,211	1,449	1,433	1,452	1,454	1,474	1,478	1,510
L Public administration	322,928	333,302	343,572	346,124	351,537	1,446	1,482	344,886	345,285	348,201	351,350	353,047	350,213	1,450	1,442	1,445	1,452	1,488	1,506	1,565
M Education	325,463	340,967	357,301	362,784	368,215	1,521	1,545	360,988	363,395	363,969	365,467	370,135	369,042	1,516	1,518	1,530	1,533	1,550	1,550	1,571
N Health & social work	310,990	316,827	325,245	323,843	336,103	1,367	1,393	323,527	325,081	322,920	329,682	341,294	337,332	1,387	1,344	1,369	1,386	1,401	1,392	1,423
O Other social & personal services	316,566	325,159	332,137	324,566	356,170	1,402	1,394	320,629	328,908	324,162	330,619	395,357	342,534	1,395	1,368	1,441	1,389	1,393	1,399	1,399
<b>INDICATORS OF OVERALL COMPETITIVENESS, 2001=100</b>																				
<b>Foreign exchange rates</b>																				
Effective exchange rate <sup>1</sup> , nominal	94.6	94.0	94.1	94.4	94.3	94.4	94.8	94.4	94.3	94.4	94.2	94.2	94.4	94.3	94.5	94.5	94.7	94.8	94.9	95.0
Real (relative consumer prices)	105.2	104.9	105.6	106.2	106.0	105.6	107.8	105.7	106.1	106.7	105.7	106.0	106.3	105.6	105.3	106	106.9	108	108.3	108.4
Real (relative producer prices) <sup>2</sup>	103.1	102.5	101.6	101.2	102.5	103.4	103.2	101.1	100.7	101.9	102.3	102.3	102.9	103.4	103.5	103.4	103.1	103.2	103.4	–
SIT/US\$	192.4	192.7	191.0	188.0	185.9	–	–	188.9	187.1	188.1	190.0	186.2	181.4	–	–	–	–	–	–	–
SIT/EUR	238.9	239.6	239.6	239.6	239.6	–	–	239.6	239.6	239.6	239.6	239.6	239.6	–	–	–	–	–	–	–
US\$/EUR	1.2433	1.2448	1.2557	1.2741	1.2902	1.3105	1.3482	1.2684	1.2811	1.2727	1.2611	1.2881	1.3213	1.2999	1.3074	1.3242	1.3516	1.3511	1.3419	1.3716

Sources of data: SORS, AP, BS, OECD Main Economic Indicators, calculations IMAD.

Notes: Data on the monthly gross wage per employee for 2004 and beyond calculated according to the new methodology were published in September 2005. <sup>1</sup>Change of methodology: the calculation of domestic currency's effective exchange rate includes the currencies/prices of Slovenia's 17 trading partners (Austria, Belgium, Germany, Italy, France, Netherlands, Spain, Denmark, United Kingdom, Sweden, Czech Republic, Hungary, Poland, Slovakia, USA, Switzerland, Japan); weights are the shares of individual trading partners in Slovenian exports and imports of goods within manufacturing (5-8 SITC) in 2001-2003; exports are double weighted; a rise in the index value indicates an appreciation of domestic currency and vice versa. <sup>2</sup>Producer prices in manufacturing activities.



<b>Public Finance</b>	Slovenian Economic Mirror											IMAD	
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Current prices in SIT million, since 2007 in EURO thousand	2003	2004	2005	2006	2006		2007		2006			2007					
					Q <sub>III</sub>	Q <sub>IV</sub>	Q <sub>I</sub>	Q <sub>II</sub>	10	11	12	1	2	3	4	5	6
<b>CONSOLIDATED GENERAL GOVERNMENT REVENUES (GFS–IMF methodology)</b>																	
TOTAL REVENUES	2,477,425	2,683,055	2,869,949	3,105,421	729,600	874,009	3,065,746	3,455,919	276,487	287,812	309,710	1,062,257	959,563	1,043,926	1,292,804	1,172,552	990,564
Current revenues	2,440,298	2,609,053	2,759,987	2,970,410	706,346	816,169	2,955,035	3,374,651	259,442	265,390	291,337	1,034,423	926,165	994,448	1,272,541	1,157,852	944,258
Tax revenues	2,291,071	2,446,899	2,608,230	2,818,643	665,880	768,117	2,828,698	3,199,681	243,250	252,118	272,749	994,506	883,169	951,023	1,218,988	1,094,220	886,473
Taxes on income and profit	460,520	506,878	537,260	655,486	134,797	154,693	587,733	914,251	41,871	49,212	63,610	188,151	189,870	209,713	462,894	288,258	163,099
Social security contributions	839,216	899,400	955,611	1,013,970	250,117	272,872	1,083,374	1,123,694	84,480	86,391	102,001	358,356	360,464	364,554	371,109	371,851	380,733
Taxes on payroll and workforce	107,424	117,676	126,097	113,334	27,376	32,279	96,050	99,669	9,226	9,804	13,249	32,835	32,096	31,119	32,767	32,408	34,495
Taxes on property	34,419	39,513	40,834	45,322	15,126	13,585	22,183	57,958	3,402	7,140	3,043	6,207	7,914	8,063	10,750	27,215	19,993
Domestic taxes on goods and services	814,577	856,610	938,118	977,082	235,012	290,547	1,017,613	973,023	103,301	97,968	89,279	403,169	286,860	327,584	332,537	363,303	277,183
Taxes on international trade & transactions	34,653	19,339	9,360	12,145	2,653	3,866	21,478	30,663	895	1,528	1,444	5,460	6,313	9,706	8,879	11,034	10,749
Other taxes	261	7,484	950	1,304	799	275	266	422	75	76	125	329	-347	284	51	151	221
Non-tax revenues	149,227	162,154	151,756	151,767	40,465	48,051	126,338	174,970	16,192	13,272	18,588	39,917	42,995	43,425	53,553	63,632	57,786
Capital revenues	15,857	20,751	27,181	39,971	10,175	15,465	19,664	14,797	4,651	6,163	4,651	7,455	6,113	6,097	5,885	4,099	4,813
Grants	13,384	1,877	2,173	1,287	356	409	2,103	2,831	61	177	171	713	403	988	726	683	1,422
Transferred revenues	7,887	7,536	8,140	10,259	117	9,985	1,835	4,151	26	9,483	476	1,727	31	77	265	1,251	2,635
Receipts from the EU budget	-	43,838	72,469	83,494	12,607	31,981	87,109	59,489	12,307	6,599	13,076	17,940	26,852	42,317	13,387	8,666	37,435
<b>CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE (GFS–IMF methodology)</b>																	
TOTAL EXPENDITURE	2,555,894	2,768,427	2,941,756	3,165,327	721,094	925,862	3,202,747	3,394,456	265,622	285,225	375,015	985,191	1,108,815	1,108,741	1,061,801	1,242,439	1,090,216
Current expenditure	1,225,523	1,234,113	1,283,018	1,363,301	308,809	367,663	1,481,934	1,447,594	115,023	117,158	135,482	489,167	473,213	519,554	506,331	506,300	434,963
Wages, salaries and other personnel expenditure	662,776	700,349	722,822	762,128	188,138	196,382	785,849	851,865	63,616	64,797	67,969	262,124	262,111	261,613	261,814	321,894	268,157
Expenditure on goods and services	451,440	429,861	457,942	496,830	111,986	150,253	490,267	481,507	41,887	46,338	62,028	192,055	145,994	152,217	155,032	169,272	157,203
Interest payments	92,661	91,933	89,180	90,199	5,439	15,910	197,546	105,283	8,325	5,011	2,574	32,428	62,373	102,745	87,080	12,021	6,182
Reserves	18,646	11,969	13,074	14,145	3,246	5,117	8,272	8,939	1,195	1,012	2,909	2,559	2,735	2,978	2,406	3,112	3,421
Current transfers	1,097,369	1,249,909	1,341,641	1,420,064	332,290	372,882	1,457,082	1,664,458	110,952	122,357	139,573	434,832	507,916	514,335	468,021	639,050	557,387
Subsidies	69,470	77,571	91,362	96,556	13,742	31,540	104,411	137,926	5,146	6,475	19,918	6,748	54,844	42,819	10,003	39,748	88,175
Current transfers to individuals and households	986,100	1,053,417	1,109,197	1,167,404	280,259	294,149	1,219,043	1,359,171	92,935	102,296	98,919	388,090	415,487	415,466	409,207	537,720	412,245
Current transfers to non-profit institut., other current domestic transfers	36,722	113,675	134,930	149,548	35,971	45,707	130,723	157,182	12,583	12,909	20,214	39,679	35,484	55,560	48,253	54,243	54,686
Current transfers abroad	5,077	5,247	6,154	6,556	2,319	1,485	2,905	10,178	288	676	521	315	2,101	489	558	7,340	2,281
Capital expenditure	142,131	151,305	156,784	216,016	42,704	117,094	133,353	163,228	19,780	26,348	70,967	44,660	46,280	42,413	46,704	55,577	60,947
Capital transfers	90,871	92,464	91,874	96,956	19,384	52,703	30,424	58,623	13,658	15,861	23,184	8,203	9,460	12,761	16,636	19,871	22,117
Payments to the EU budget	-	40,637	68,438	68,990	17,907	15,520	99,954	60,553	6,210	3,501	5,810	8,330	71,946	19,679	24,109	21,642	14,802
<b>SURPLUS / DEFICIT</b>	<b>-78,469</b>	<b>-85,372</b>	<b>-71,807</b>	<b>-59,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source of data: MF Bulletin. Note: in line with the changed methodology of the International Monetary Fund of 2001, social security contributions paid by the state are not consolidated.

<b>Main Indicators</b>	<b>Slovenian Economic Mirror</b>						<b>IMAD</b>
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Real growth rates, in %	2001	2002	2003	2004	2005	2006	2007	2008
							Autumn Forecast 2007	
GDP	3.1	3.7	2.8	4.4	4.1	5.7	5.8	4.6
GDP per capita, in EUR	11,298	12,084	12,695	13,400	14,116	15,167	16,532	17,888
GDP per capita, PPS <sup>1</sup>	15,300	16,300	16,700	18,000	18,900	20,400	-	-
Standardised rate of unemployment (ILO)	6.4	6.4	6.7	6.3	6.5	6.0	5.0	4.9
Labour productivity (GDP per employee)	2.6	3.7	3.2	4.1	4.0	4.5	3.4	3.7
Inflation <sup>2</sup> , annual average	8.4	7.5	5.6	3.6	2.5	2.5	3.4	3.5
<b>INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS</b>								
Exports of goods and services <sup>3</sup>	6.4	6.8	3.1	12.5	10.1	12.3	13.4	10.3
Exports of goods	7.0	6.4	4.4	12.8	10.3	13.4	13.1	10.6
Exports of services	3.5	8.2	-2.5	11.0	9.5	7.3	15.0	9.1
Imports of goods and services <sup>3</sup>	3.1	4.9	6.7	13.3	6.7	12.2	14.2	10.1
Imports of goods	3.2	4.4	7.3	14.6	6.8	12.7	14.3	10.1
Imports of services	2.2	8.4	2.9	5.6	5.6	8.9	13.1	10.0
Current account balance, in EUR million	38	247	-196	-720	-561	-857	-1,165	-1,118
Average exchange rate, SIT/EUR	217.2	226.2	233.7	238.9	239.6	239.6	-	-
Foreign exchange reserves, in EUR million	6,514	7,842	7,703	7,484	8,833	8,005	679 <sup>4</sup>	-
Gross external debt, in EUR million	10,386	11,524	13,225	15,343	19,614	23,895	29,892 <sup>5</sup>	-
<b>DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS (share in GDP in %)</b>								
Private consumption	56.2	55.2	55.3	54.3	54.0	53.4	52.8	52.5
Government consumption	19.7	19.5	19.4	19.2	19.4	19.2	18.8	18.9
Gross fixed capital formation	24.9	23.4	24.1	25.4	25.5	26.1	28.2	28.2

Sources of data: SORS, BS, MF, calculations, estimates and forecasts by the IMAD - Autumn Forecast 2007.

Notes: <sup>1</sup>Eurostat; <sup>2</sup>the consumer price index; <sup>3</sup>balance of payments statistics (exports F.O.B., imports F.O.B.), changes in exchange rates and prices in foreign markets are eliminated by calculating real rates; <sup>4</sup>end August. From 1 January 2007 foreign exchange reserves of the Bank of Slovenia include foreign cash in convertible currencies, deposits abroad, and first class securities of issuers from outside the Euro area in foreign currency. The drop in data values is the result of Slovenia's entry to the Economic and Monetary Union; <sup>5</sup>end June.

# International Comparisons / I

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	Real GDP growth				GDP per capita in PPS <sup>1</sup> EU27=100				Inflation <sup>2</sup> (annual average)			
	2003	2004	2005	2006	2003	2004	2005	2006	2003	2004	2005	2006
Slovenia	2.8	4.4	4.1	5.7	81.0	83.4	84.7	86.7	5.7	3.7	2.5	2.5
EU27	1.3	2.5	1.8	3.0	100.0	100.0	100.0	100.0	2.1	2.3	2.3	2.3
EU25	1.3	2.4	1.8	3.0	104.4	104.2	104.1	103.9	1.9	2.1	2.2	2.2
EMU	0.8	2.0	1.5	2.8	112.1	111.1	111.0	110.3	2.1	2.1	2.2	2.2
Belgium	1.0	3.0	1.1	3.2	123.5	124.4	123.0	122.3	1.5	1.9	2.5	2.3
Bulgaria	5.0	6.6	6.2	6.1	32.6	33.6	35.2	37.1	2.3	6.1	6.0	7.4
Czech Republic	3.6	4.6	6.5	6.1	73.8	76.2	77.2	79.4	-0.1	2.6	1.6	2.1
Denmark	0.4	2.1	3.1	3.5	124.7	124.5	126.3	126.7	2.0	0.9	1.7	1.9
Germany	-0.2	1.1	0.8	2.9	117.1	116.1	114.6	113.7	1.0	1.8	1.9	1.8
Estonia	7.2	8.3	10.2	11.2	54.6	57.0	62.8	67.9	1.4	3.0	4.1	4.4
Greece	4.3	4.3	5.5	6.0	83.9	84.9	87.0	88.4	4.0	2.3	2.2	2.7
Spain	4.8	4.7	3.7	4.3	101.5	100.9	102.6	102.4	3.4	3.0	3.5	3.3
France	3.1	3.3	3.6	3.9	112.3	112.1	114.2	112.8	3.1	3.1	3.4	3.6
Ireland	1.1	2.5	1.7	2.0	140.7	141.5	143.7	143.8	2.2	2.3	1.9	1.9
Italy	0.0	1.2	0.1	1.9	111.2	107.6	105.4	103.7	2.8	2.3	2.2	2.2
Cyprus	1.8	4.2	3.9	3.8	89.1	91.3	93.6	93.2	4.0	1.9	2.0	2.2
Latvia	7.2	8.7	10.6	11.9	43.5	45.5	50.2	55.8	2.9	6.2	6.9	6.6
Lithuania	10.3	7.3	7.6	7.5	49.2	51.1	53.7	57.8	-1.1	1.2	2.7	3.8
Luxembourg	1.3	3.6	4.0	6.2	247.6	251.3	261.9	278.3	2.5	3.2	3.8	3.0
Hungary	4.2	4.8	4.1	3.9	63.6	63.9	64.8	65.3	4.7	6.8	3.5	4.0
Malta	-0.3	0.1	3.1	3.2	78.7	75.9	76.0	75.5	1.9	2.7	2.5	2.6
Netherlands	0.3	2.2	1.5	3.0	130.0	130.3	131.9	132.2	2.2	1.4	1.5	1.7
Austria	1.2	2.3	2.0	3.3	129.1	128.8	128.6	128.8	1.3	2.0	2.1	1.7
Poland	3.9	5.3	3.6	6.1	49.1	50.8	51.0	53.0	0.7	3.6	2.2	1.3
Portugal	-0.7	1.5	0.5	1.3	77.0	75.2	75.4	74.5	3.3	2.5	2.1	3.0
Romania	5.2	8.5	4.1	7.7	31.5	33.6	34.4	37.7	15.3	11.9	9.1	6.6
Slovakia	4.2	5.4	6.0	8.3	55.3	56.7	59.8	62.7	8.4	7.5	2.8	4.3
Finland	1.8	3.7	2.9	5.5	113.5	115.9	114.5	116.4	1.3	0.1	0.8	1.3
Sweden	1.7	4.1	2.9	4.2	120.5	120.4	119.1	120.3	2.3	1.0	0.8	1.5
United Kingdom	2.8	3.3	1.8	2.8	120.1	121.8	119.6	118.9	1.4	1.3	2.1	2.3
USA	2.5	3.6	3.1	2.9	152.4	153.5	155.4	154.6	2.3	2.7	3.4	3.2

Sources of data: SORS; Eurostat. Notes: <sup>1</sup>PPS – Purchasing Power Standard. <sup>2</sup>Harmonised Index of Consumer Prices for EU countries and Consumer Price Index for the USA.

# International Comparisons / II

Slovenian Economic Mirror

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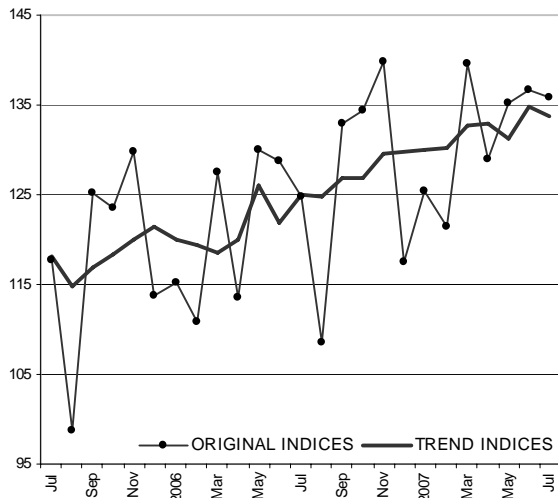
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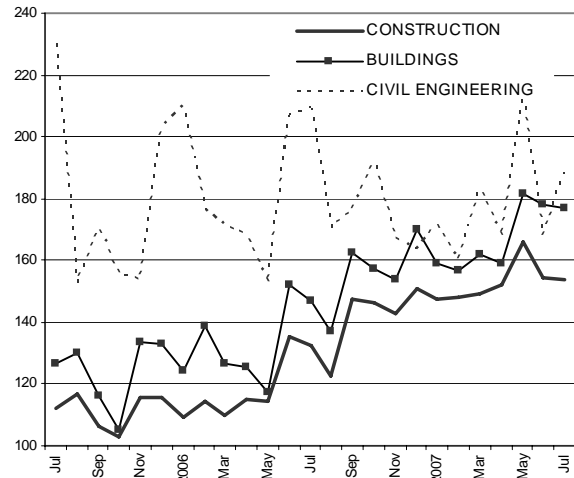
	Survey Unemployment Rate				Current account balance <sup>1</sup> , % GDP				General Government Balance, % GDP				General Government Gross Debt, % GDP			
	2003	2004	2005	2006	2003	2004	2005	2006*	2003	2004	2005	2006	2003	2004	2005	2006
<b>Slovenia</b>	6.7	6.3	6.5	6.0	-0.8	-2.7	-2.0	-2.7	-2.8	-2.3	-1.5	-1.4	28.6	28.9	28.4	27.8
EU27	9.0	9.0	8.7	7.9	0.1	0.2	-0.5	-0.7	-3.1	-2.8	-2.4	-1.7	61.8	62.2	62.9	61.7
EU25	9.0	9.0	8.7	7.9	0.0	-0.1	-0.6	n.p.	-3.1	-2.8	-2.4	-1.7	62.1	62.5	63.3	62.2
EMU	8.7	8.8	8.6	7.9	0.4	0.7	-0.1	-0.1	-3.1	-2.8	-2.5	-1.6	69.3	69.8	70.6	69.1
Belgium	8.2	8.4	8.4	8.2	4.1	3.5	2.5	2.3	0.0	-0.1	0.0	0.1	98.6	94.3	93.2	89.1
Bulgaria	13.7	12.0	10.1	9.0	-8.5	-5.8	-11.8	-15.8	-0.9	2.2	1.9	3.3	45.9	37.9	29.2	22.8
Czech Republic	7.8	8.3	7.9	7.1	-6.2	-6.1	-2.1	-4.1	-6.6	-2.9	-3.5	-2.9	30.1	30.7	30.4	30.4
Denmark	5.4	5.5	4.8	3.9	3.4	2.4	2.9	2.5	-0.1	1.9	4.6	4.2	45.8	44.0	36.3	30.2
Germany	9.0	9.5	9.4	8.4	1.9	3.7	4.1	4.7	-4.0	-3.8	-3.4	-1.6	63.9	65.7	67.9	67.9
Estonia	10.0	9.7	7.9	5.9	-11.6	-12.5	-10.5	-14.2	2.0	2.3	2.3	3.8	5.7	5.2	4.4	4.1
Greece	4.7	4.5	4.3	4.4	-7.1	-6.2	-7.7	-11.4	0.4	1.4	1.0	2.9	31.2	29.7	27.4	24.9
Spain	9.7	10.5	9.8	8.9	-3.5	-5.3	-7.4	-8.5	-6.3	-7.8	-5.7	-2.9	107.8	108.5	107.5	104.6
France	11.1	10.6	9.2	8.5	0.4	-0.3	-1.6	-2.0	0.0	-0.2	1.1	1.8	48.8	46.2	43.2	39.9
Ireland	9.5	9.6	9.7	9.5	0.0	-0.6	-2.6	-3.3	-4.1	-3.6	-3.0	-2.6	62.4	64.3	66.2	63.9
Italy	8.4	8.0	7.7	6.8	-1.3	-0.9	-1.6	-2.0	-3.5	-3.5	-4.4	-4.5	104.3	103.8	106.2	106.8
Cyprus	4.1	4.6	5.2	4.6	-2.3	-5.0	-5.6	-5.9	-6.3	-4.1	-2.3	-1.5	69.1	70.3	69.2	65.3
Latvia	10.5	10.4	8.9	6.8	-8.2	-13.0	-12.7	-21.1	-1.6	-1.0	-0.2	0.4	14.4	14.5	12.0	10.0
Lithuania	12.4	11.4	8.3	5.6	-6.8	-7.7	-7.2	-10.7	-1.3	-1.5	-0.5	-0.3	21.2	19.4	18.6	18.2
Luxembourg	3.7	5.1	4.5	4.7	7.5	11.8	11.8	8.6	0.4	-1.2	-0.3	0.1	6.3	6.6	6.1	6.8
Hungary	5.9	6.1	7.2	7.5	-8.0	-8.4	-6.8	-5.9	-7.2	-6.4	-7.8	-9.2	58.0	59.4	61.7	66.0
Malta	7.6	7.4	7.3	7.3	-4.7	-8.0	-10.5	-6.3	-9.8	-4.9	-3.0	-2.4	70.4	73.9	72.4	66.5
Netherlands	3.7	4.6	4.7	3.9	5.5	8.5	7.7	9.9	-3.1	-1.8	-0.3	0.5	52.0	52.6	52.7	48.7
Austria	4.3	4.8	5.2	4.7	-0.2	0.5	1.3	3.7	-1.8	-1.3	-1.7	-1.2	64.6	63.9	63.5	62.2
Poland	19.6	19.0	17.7	13.8	-2.1	-4.2	-1.7	-2.3	-6.3	-5.7	-4.3	-3.9	47.1	45.7	47.1	47.8
Portugal	6.3	6.7	7.6	7.7	-5.9	-7.2	-9.2	-9.8	-2.9	-3.3	-5.9	-3.9	56.8	58.2	63.6	64.7
Romania	7.0	8.1	7.2	7.3	-5.5	-8.4	-8.7	-10.3	-1.5	-1.5	-1.4	-1.9	21.5	18.8	15.8	12.4
Slovakia	17.6	18.2	16.3	13.4	-0.9	-3.4	-8.5	-7.7	-2.8	-2.4	-2.8	-3.4	42.4	41.5	34.5	30.7
Finland	9.0	8.8	8.4	7.7	6.4	7.8	4.9	5.9	2.3	2.1	2.5	3.7	44.3	44.1	41.4	39.1
Sweden	5.6	6.3	7.4	7.1	7.3	6.8	6.2	7.0	-1.1	0.6	1.8	2.1	53.5	52.4	52.2	46.9
United Kingdom	4.9	4.7	4.8	5.3	-1.3	-1.7	-2.2	-3.4	-3.5	-3.4	-3.3	-2.9	38.8	40.3	42.2	43.5
USA	6.0	5.5	5.1	4.6	-4.8	-5.7	-6.4	-6.1	-4.8	-4.6	-3.7	-2.6	62.5	63.4	N/A	N/A

Sources of data: SORS; Eurostat. Notes: <sup>1</sup>EU25 and euro area aggregates are adjusted for reporting errors concerning intra-EU trade; N/A - data not available. \*European Commission Spring Forecasts.

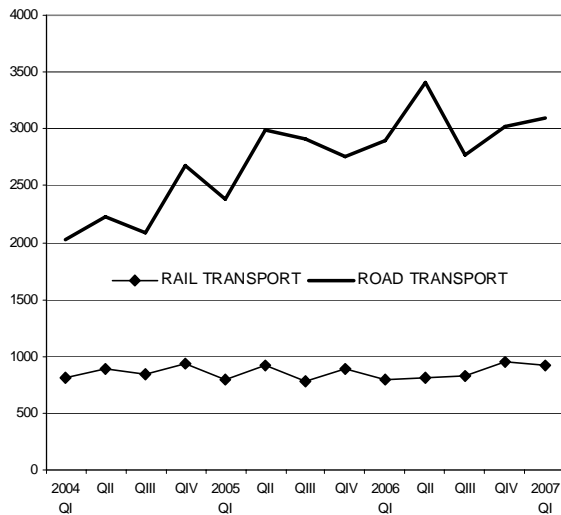
INDUSTRY indices: average 2000=100  
trend indices by the TRAMO-SEATS method



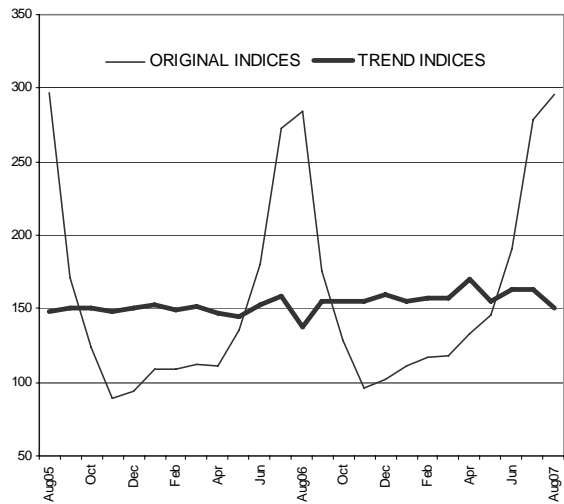
REAL INDICES OF CONSTRUCTION PUT IN PLACE  
indices: average 2000=100;  
trend indices by the TRAMO-SEATS method



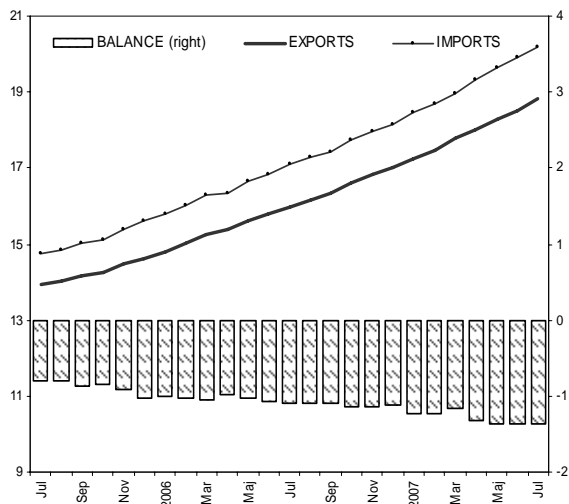
FREIGHT TRANSPORT BY ROAD AND RAIL (mio tonne km)



OVERNIGHT STAYS TOTAL indices: average 1992=100;  
trend indices by the TRAMO-SEATS method



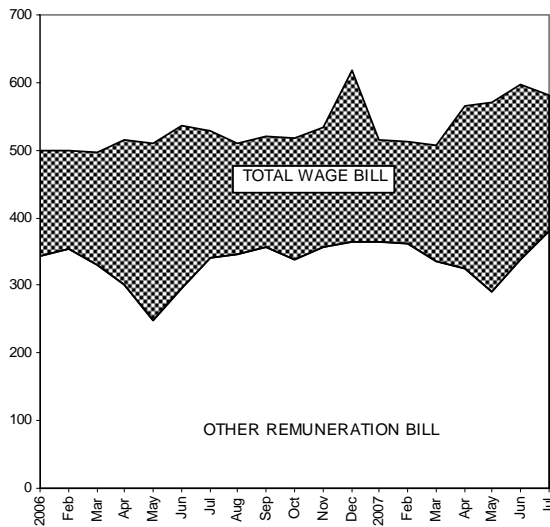
GOODS TRADE FOB, EXCL. INTERCURRENCY CHANGES  
12-month cummulative in EUR, bn



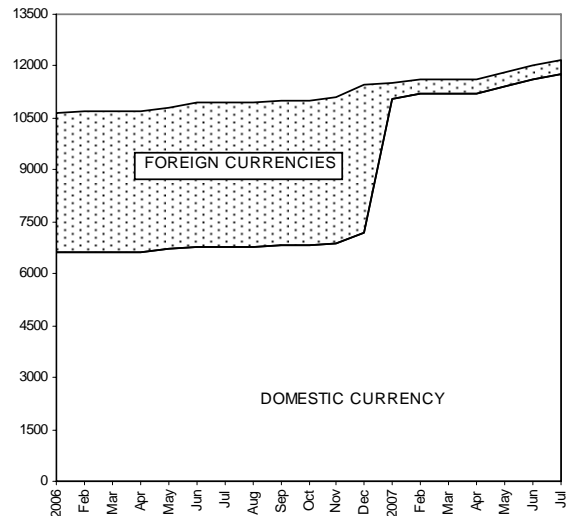
EMPLOYMENT AND UNEMPLOYMENT



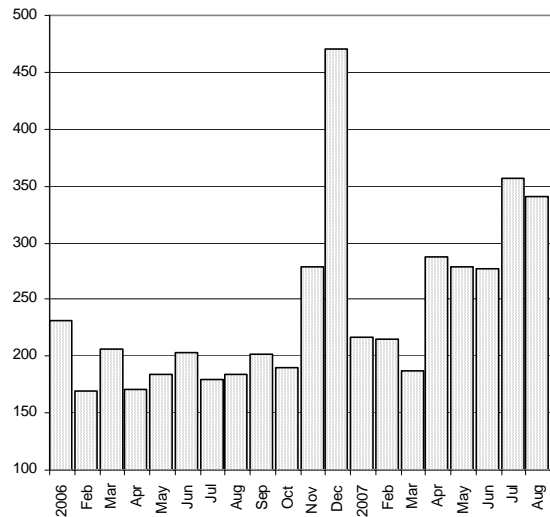
NET WAGES AND OTHER REMUNERATION, in EUR million



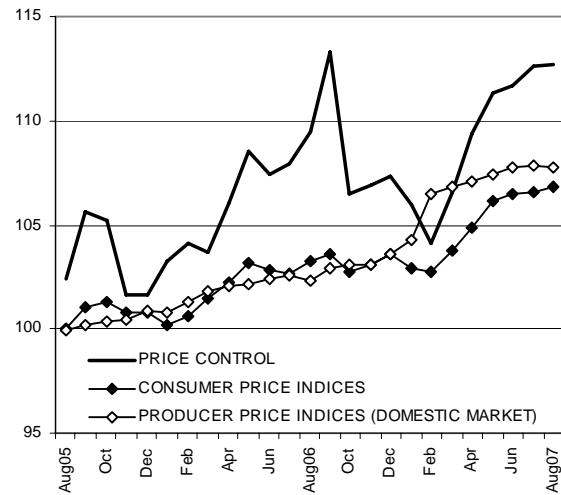
HOUSEHOLDS' DEPOSITS in EUR million



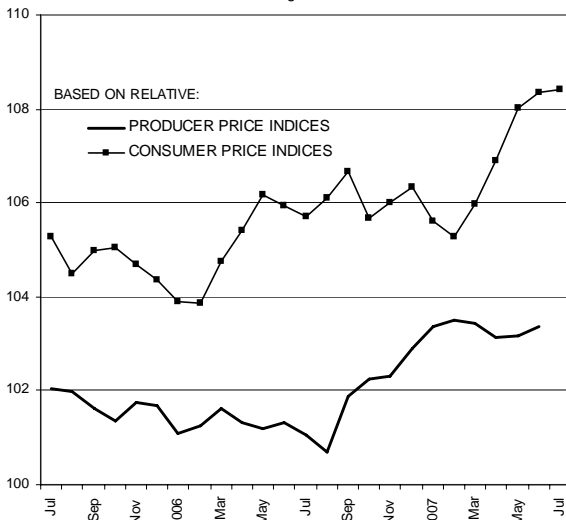
PAYMENTS FOR INVESTMENT in EUR million, constant 2000 prices



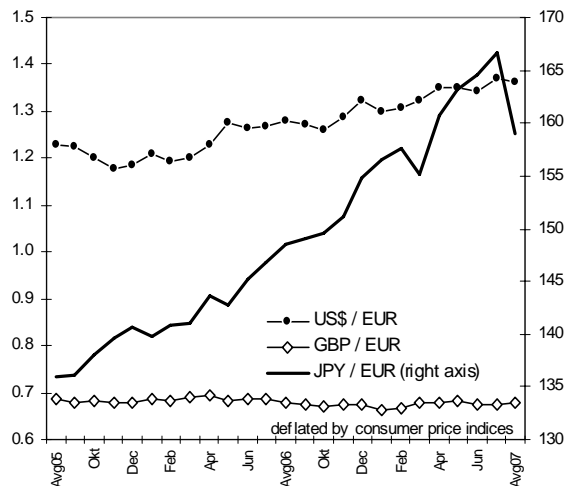
GROWTH IN SELECTED PRICE INDICATORS INDICES:2005=100



EFFECTIVE EXCHANGE RATE IN REAL TERMS indices: average 2001=100



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