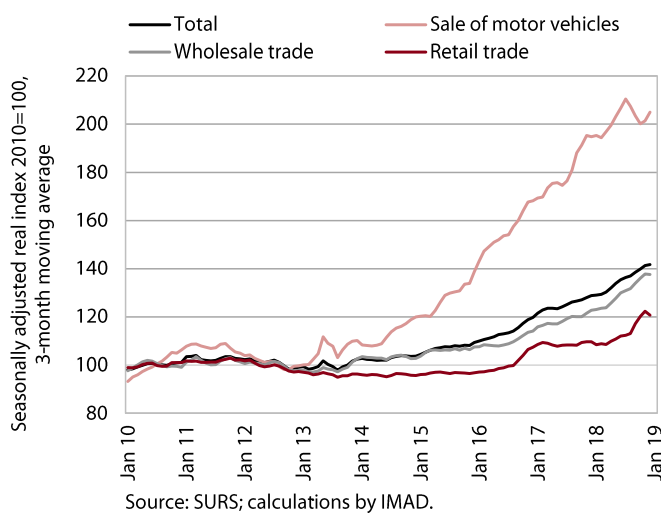


CURRENT ECONOMIC TRENDS

25–29 March 2019

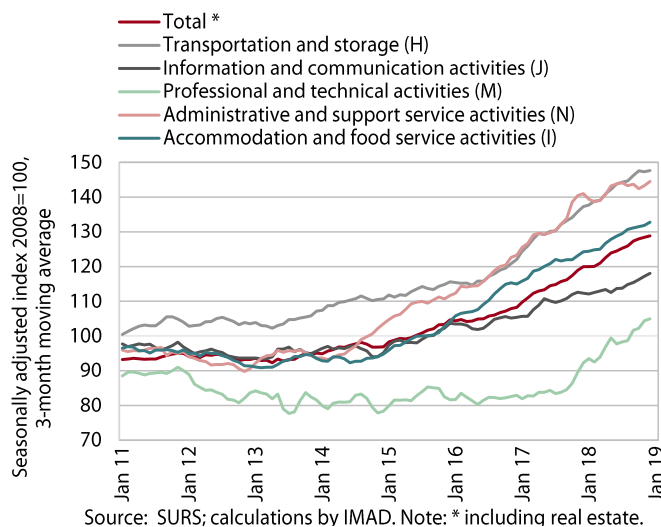
At the beginning of the year turnover growth continued in most market services. It was mainly driven by stronger private consumption, which also affected the growth of consumer prices. Households continued to borrow in the form of consumer and housing loans. Real estate sales declined last year after several years of growth, while real estate prices continued to rise.

Turnover in trade, January 2019



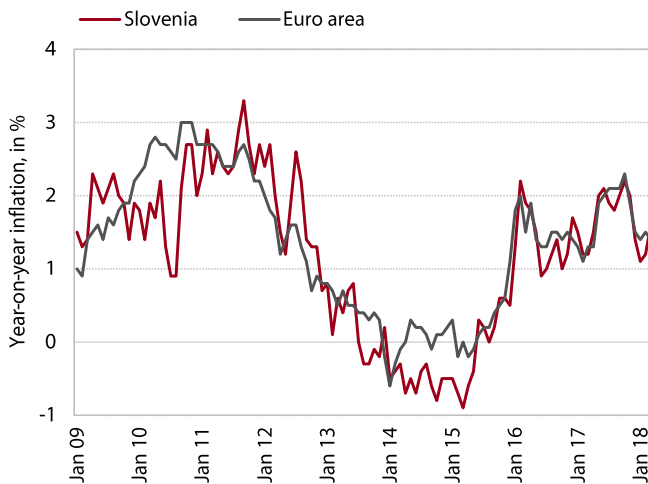
Turnover in trade continued to rise at a moderate pace at the beginning of the year. Last year's turnover growth in wholesale trade was affected not only by stronger domestic consumption, but also vigorous trade in some primary goods. Since the end of last year, motor vehicle sales have also been picking up, following a considerable decline after September's introduction of the new global standard for measuring fuel consumption and emissions. In retail trade – which is otherwise marked by significant fluctuations in the sales of automotive fuels – the sales of non-food products are still on the rise, boosted by further growth in household consumption, while the sales of food, beverages and tobacco products continue to stagnate.

Nominal turnover in market services, January 2019



Most market services recorded further growth in turnover at the beginning of 2019. Growth in accommodation and food services remained high, reflecting higher spending of domestic and foreign tourists. Turnover growth in information and communication activities arose primarily from computer services (amid a further strengthening of export revenues) and, after a long period of stagnation, telecommunication services. Turnover growth in administrative and support service activities in recent months is mainly related to turnover growth in services that are often outsourced. Turnover in employment services and in transportation and storage remains high.

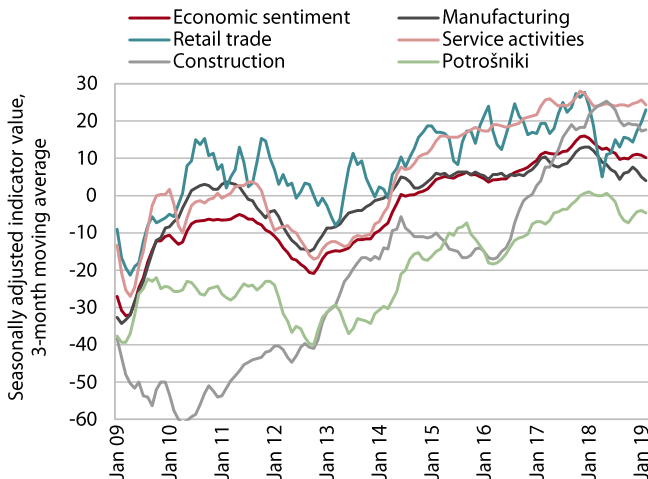
Prices, March 2019



Source: SURS, Eurostat.

Inflation remains relatively low. In March year-on-year price growth otherwise increased slightly. Growth in household consumption contributed to a rise in prices for both goods and services. Prices of health insurance were up; growth in prices of holiday packages strengthened further. Higher growth was also recorded for prices of services related to housing and water supply. A significant contribution to the increase in goods prices derived from higher prices of clothing and footwear – which increased somewhat more than in the comparable period of last year at the end of seasonal sales – and a more moderate decline in car prices.

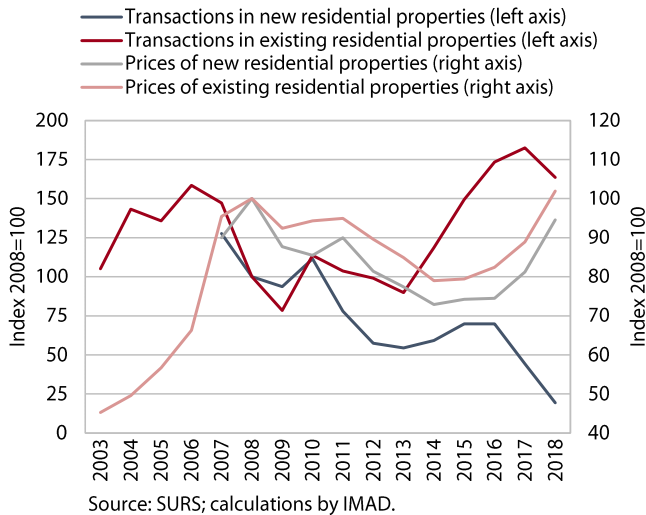
Economic sentiment indicator, March 2019



Source: SURS; calculations by IMAD.

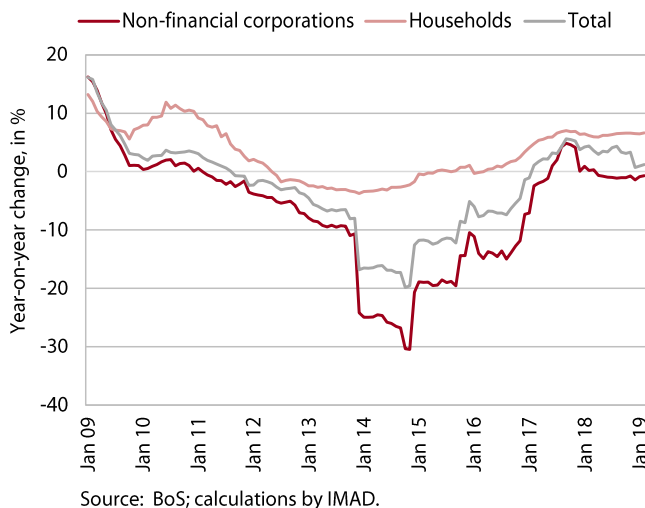
Economic sentiment has not changed much since the middle of last year. At the beginning of the year, confidence remained basically unchanged in most sectors and also among consumers. A significant increase was recorded only for retail trade, where sales expectations were also up owing to higher sales. Confidence in manufacturing dropped again. Amid slower growth in foreign demand, manufacturing firms are faced with lower export orders and their expectations about future orders are deteriorating.

Real estate, 4th quarter of 2018



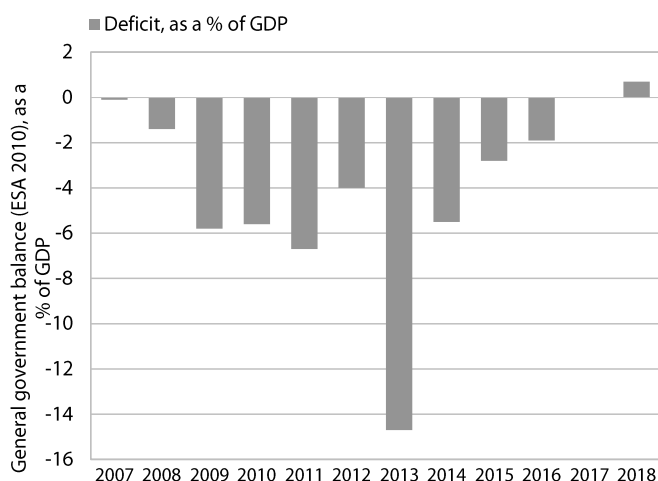
The growth of average dwelling prices accelerated further in 2018, while the number of dwelling transactions moderated after increasing strongly in previous years. On average, prices were up 15.1% year on year. Prices for all residential property categories went up. The average price of existing flats, which account for 70% of all transactions, rose by around one tenth for the second consecutive year. Prices of existing family houses otherwise rose the most (by one fifth), this being the only category (alongside new family houses) where prices still lag behind the average price from 2008. With limited supply, the number of transactions in new flats dropped the most again in 2018 and accounted for only one tenth of the highest number in 2007. The number of transactions in existing flats also dropped last year for the first time after four years of strong growth, but remained relatively high.

Financial markets, February 2019



The situation in the banking system remains stable; the volume of loans to domestic non-banking sectors continues to strengthen steadily; the quality of banks' assets is improving. Year-on-year growth in the volume of loans to domestic non-banking sectors continues to arise from household borrowing in the form of consumer and housing loans. The year-on-year fall in the volume of loans to domestic non-financial corporations is gradually easing, which is a consequence of slightly more pronounced net borrowing early in the year. Besides on bank loans, firms are also relying on other sources for financing current operations and investment. The quality of banks' assets keeps improving. In 2018 the share of arrears of more than 90 days dropped by more than one third, to 2.3%. We estimate that this is a consequence of a gradual repayment of bad claims and better credit ratings of individual borrowers amid good business results.

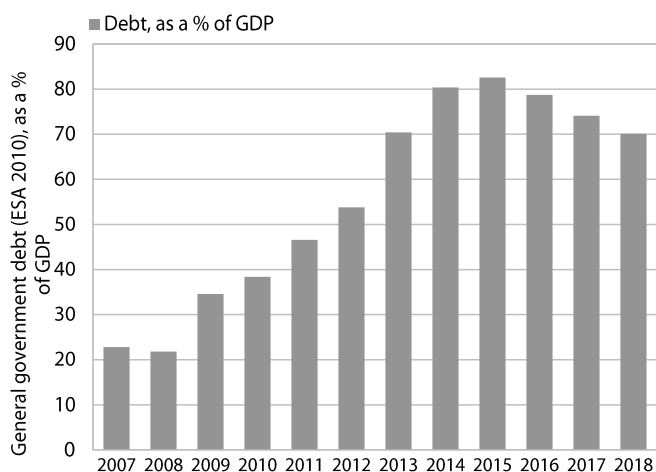
General government balance (ESA 2010), 2018



Source: SURS.

The public finance position continued to improve in 2018. In 2017 it was balanced, while in 2018 revenue exceeded expenditure by EUR 303 million (0.7% of GDP). The steady improvement in Slovenia's balance since 2013, when the general government deficit was at its highest, is a consequence of stabilisation measures, improved economic conditions and measures for increasing revenue and containing expenditure. In the last two years, the decline in flexible expenditure, particularly investment, came to a halt. Investment increased strongly last year (24.8%), partly also as a result of faster implementation of projects financed from EU funds.

Consolidated general government debt (ESA 2010), 2018



Source: SURS.

The improvement in the general government balance in the circumstances of strong economic growth has led to a rapid decline in the general government debt as a share of GDP in recent years. The rising of Slovenia's indebtedness after 2008, which was one of the highest in the EU amid double-dip recession and a longstanding persistence of high general government deficits and due to one-off factors, came to a stop in 2015 (at 82.6% of GDP). Since then the debt-to-GDP ratio has been rapidly falling, also when compared with other countries and faster than required by the Stability and Growth Pact. In 2018 it totalled 70.1% of GDP. The decline in the debt-to-GDP ratio took place under the impact of an improvement in the primary balance (surplus); the contribution of economic growth was also positive – in the last three years it has exceeded the counter-effect of interest expenditure, which is also declining.

Selected macroeconomic indicators for Slovenia	Date of release		Unit	Reference period					
	Latest	Next		2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
GDP, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	0.9	2.2	0.6	0.9	1.3	0.8
	28.02.2019	31.05.2019	% (Q/Q-4)	4.2	6.3	4.8	4.1	5.0	4.1
Private consumption, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	1.2	1.2	0.2	-0.3	0.4	1.4
	28.02.2019	31.05.2019	% (Q/Q-4)	1.6	3.2	3.9	1.8	1.2	2.1
Government consumption, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	0.1	1.1	0.2	3.5	-2.2	0.1
	28.02.2019	31.05.2019	% (Q/Q-4)	-0.2	1.3	1.2	4.9	2.6	1.5
Gross investment, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	-2.5	7.6	4.2	-0.9	5.2	1.3
	28.02.2019	31.05.2019	% (Q/Q-4)	7.7	15.3	16.1	7.7	16.9	10.0
Exports of goods and services, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	4.0	2.5	0.1	2.6	0.3	3.0
	28.02.2019	31.05.2019	% (Q/Q-4)	12.1	12.7	8.0	8.6	5.4	6.8
Imports of goods and services, real	28.02.2019	31.05.2019	% (Q/Q-1) ³	3.6	2.8	1.2	1.7	0.0	2.8
	28.02.2019	31.05.2019	% (Q/Q-4)	10.9	11.8	10.2	8.9	5.5	6.6
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Trade balance ¹	18.03.2019	12.04.2019	mio EUR	15.4	89.6	-82.9	183.7	:	:
Current account ¹	18.03.2019	12.04.2019	mio EUR	251.1	246.5	98.1	411.4	:	:
Exports of goods, real ²	12.03.2019	09.04.2019	% (M/M-1) ⁴	4.3	1.9	-2.3	7.7	:	:
	12.03.2019	09.04.2019	% (M/M-12)	8.2	8.2	0.7	12.5	:	:
Imports of goods, real ²	12.03.2019	09.04.2019	% (M/M-1) ⁴	4.6	-2.4	2.2	2.5	:	:
	12.03.2019	09.04.2019	% (M/M-12)	15.2	6.9	5.6	6.9	:	:
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Inflation (CPI)	29.03.2019	30.04.2019	% (M/M-1)	0.3	0.1	-0.6	-1.1	0.8	0.7
	29.03.2019	30.04.2019	% (M/M-12)	2.2	2.0	1.4	1.1	1.2	1.6
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Gross earnings per employee – nominal	15.03.2019	15.04.2019	% (M/M-1)	2.7	8.1	-1.7	-3.0	:	:
	15.03.2019	15.04.2019	% (M/M-12)	3.4	3.2	3.4	4.2	:	:
- private sector	15.03.2019	15.04.2019	% (M/M-1)	3.5	11.2	-4.8	-3.6	:	:
	15.03.2019	15.04.2019	% (M/M-12)	4.7	4.2	3.4	4.1	:	:
- public sector	15.03.2019	15.04.2019	% (M/M-1)	1.4	2.8	4.2	-2.0	:	:
	15.03.2019	15.04.2019	% (M/M-12)	1.9	1.7	4.0	4.9	:	:
- of which government sector	15.03.2019	15.04.2019	% (M/M-1)	-0.5	0.7	2.8	2.7	:	:
	15.03.2019	15.04.2019	% (M/M-12)	0.4	1.0	2.5	6.3	:	:
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Employed persons	18.03.2019	16.04.2019	% (M/M-1) ⁴	0.3	0.3	0.8	0.0	:	:
	18.03.2019	16.04.2019	% (M/M-12)	3.0	2.9	3.4	3.1	:	:
Registered unemployed persons	05.03.2019	05.04.2019	% (M/M-1) ⁴	-0.4	-0.6	-0.9	0.0	-1.0	:
	05.03.2019	05.04.2019	% (M/M-12)	-8.1	-7.7	-7.7	-5.8	-5.8	:
Registered unemployment rate	18.03.2019	16.04.2019	%	7.9	7.9	8.1	8.6	:	:
				2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Employment, LFS	28.02.2019	31.05.2019	% (Q/Q-1) ⁵	1.3	0.9	0.6	0.2	0.0	0.5
	28.02.2019	31.05.2019	% (Q/Q-4)	5.5	5.2	3.1	3.0	1.7	1.2
ILO unemployment rate, LFS	28.02.2019	31.05.2019	%	6.3	5.8	5.9	5.2	5.0	4.4
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Industrial producer prices, domestic market	21.03.2019	19.04.2019	% (M/M-1)	-0.2	0.0	0.0	0.3	0.8	:
	21.03.2019	19.04.2019	% (M/M-12)	1.7	1.4	1.2	1.2	1.6	:
Production volume in manufacturing, real	11.03.2019	10.04.2019	% (M/M-1) ³	2.2	-0.2	-2.1	5.7	:	:
	11.03.2019	10.04.2019	% (M/M-12)	7.3	2.3	-3.0	5.8	:	:
Construction, real value of construction output	15.03.2019	15.04.2019	% (M/M-1) ³	2.2	4.2	-13.0	10.3	:	:
	15.03.2019	15.04.2019	% (M/M-12)	18.4	19.5	4.3	4.4	:	:
Turnover in trade, real	29.03.2019	30.04.2019	% (M/M-1) ³	2.3	0.1	0.8	0.1	:	:
	29.03.2019	30.04.2019	% (M/M-12)	16.0	9.2	10.0	10.5	:	:
Nominal turnover in market services	27.03.2019	26.04.2019	% (M/M-1) ³	1.5	-0.9	0.5	1.4	:	:
	27.03.2019	26.04.2019	% (M/M-12)	11.6	7.8	5.8	8.6	:	:
				2013	2014	2015	2016	2017	2018
General government deficit/surplus (ESA 2010)	29.03.2018	30.09.2018	% BDP	-14.7	-5.5	-2.8	-1.9	0.0	0.7
Consolidated gross general government debt (ESA)	29.03.2018	30.09.2018	% BDP	70.4	80.4	82.6	78.7	74.1	70.1
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
Economic sentiment indicator ⁵ , seasonally adjusted	25.03.2019	25.04.2019	% ³	11.5	9.9	11	12.3	9.1	9.1
				2018 m 10	2018 m 11	2018 m 12	2019 m 1	2019 m 2	2019 m 3
EURIBOR, 3-month	Beginning of the month *	%		-0.318	-0.316	-0.312	-0.308	-0.308	:
Long-term government bond yields	Beginning of the month	%		1.15	1.13	1.07	1.06	0.99	:
Exchange rate, USD to EUR	Beginning of the month	US\$		1.1484	1.1367	1.1384	1.1416	1.1351	:

Source: SURS, BS, ECB, EUROSTAT, EURIBOR.org, calculations by IMAD.

Notes: ¹ Balance of payments statistics of the BoS. ² External trade statistics SURS. ³ Seasonally adjusted – SURS. ⁴ Seasonally adjusted – IMAD. ⁵ Difference between positive and negative answers, in %.

* calculations by IMAD.

For comparisons with the EU and EMU see: <http://ec.europa.eu/eurostat/web/euro-indicators/pees>