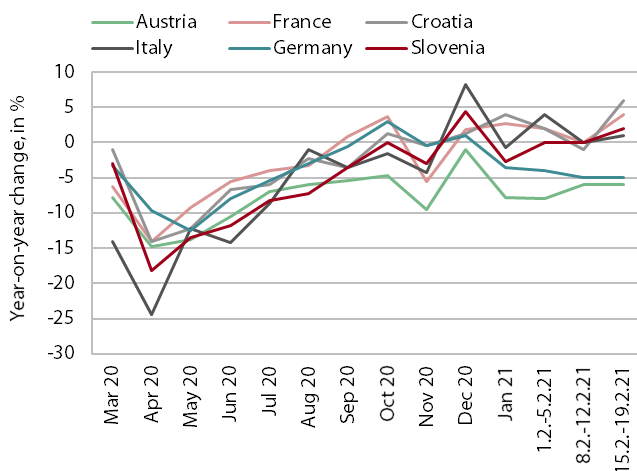


CURRENT ECONOMIC TRENDS

22–26 February 2021

The decline in GDP in the last quarter of 2020 (by 4.5% y-o-y) was smaller than expected. As a consequence of the adopted containment measures, particularly turnover in some service activities fell at the end of last year. Due to the closure of most hotels and restaurants, turnover in accommodation and food service activities more than halved. Given the closure of some non-essential shops and other containment measures, turnover in trade also fell sharply. With the relaxation of containment measures, confidence in trade and service activities improved in February. Consumer confidence was also higher. According to data on the fiscal verification of invoices, the y-o-y fall in turnover also decreased significantly in the middle of February. Confidence in the manufacturing and construction sectors, which were considerably less affected by the second wave of the epidemic, reached pre-epidemic levels. Electricity consumption and freight traffic on Slovenia motorways, which confirm that industry was less affected by the second than by the first wave of the epidemic, were only slightly lower y-o-y in mid-February. Unemployment also dropped in February but was still around 14% higher y-o-y at the end of the month due to a seasonal increase in December and January.

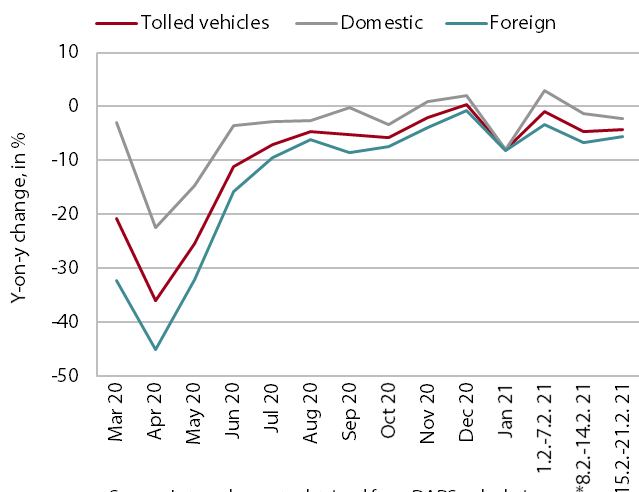
Electricity consumption, February 2021



Source: ENTSO-E and Bruegel.org. Notes: Only consumption on working days (between 8.00 and 18.00) is considered. The percentages are adjusted for temperature differences.

Amid a further relaxation of containment measures and the opening of all shops, electricity consumption in Slovenia in the third week of February was 2% higher than in the same period last year. Among Slovenia's main trading partners, the year-on-year decline in consumption remained largest in Austria (6%), although it was somewhat smaller than in the previous weeks of the second wave of the epidemic due to the recent relaxation of some containment measures (particularly the opening of shops and service activities). Consumption in Germany was also lower year on year (5%). In other main trading partners it was higher than in the same period of last year – in Italy by 1%, in France by 4% and in Croatia by 6%.

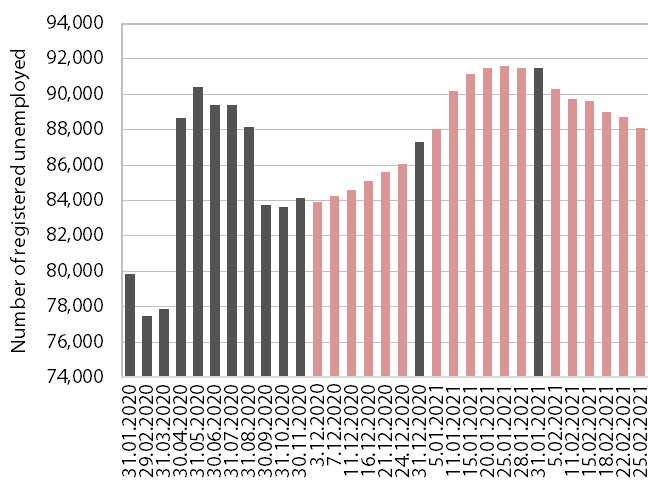
Traffic of electronically tolled vehicles on Slovenian motorways, February 2021



Source: Internal reports obtained from DARS; calculations by IMAD. Note: * Days from Wednesday to Sunday.

Freight traffic on Slovenian motorways¹ in the third week of February was 4% lower year on year. Domestic vehicle traffic was 2% and foreign vehicle traffic 6% lower year on year in the week between 15 and 21 February. Freight traffic, which had been recovering at a similar pace to industrial production after the first wave of the epidemic, was not significantly affected by the containment measures during the second wave. The lag behind pre-crisis levels can be attributed to the weakening of some global supply chains (for example, the flow of goods through the Port of Koper was significantly reduced in some months of 2020).²

Registered unemployment, February 2021



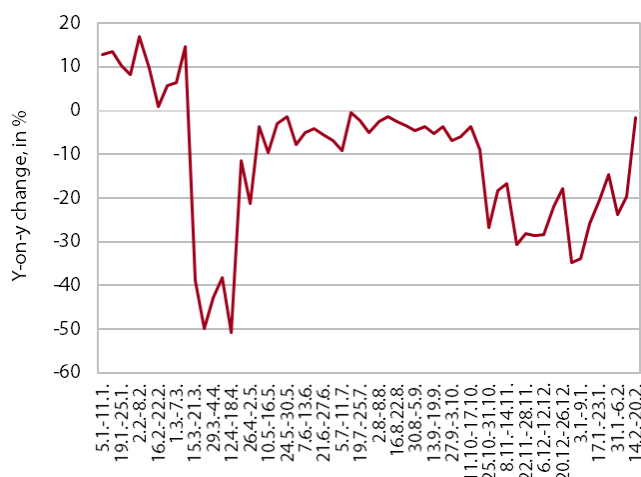
Source: ESS. Note: Pink columns show daily (unofficial) data; grey columns show official data at the end of the month.

After a seasonal increase in December and January, the number of registered unemployed persons declined seasonally in February. The adoption of intervention measures to preserve jobs during the first wave and the subsequent easing of restrictions on businesses stemmed the high unemployment growth seen in March and April. This was followed by a gradual decline from July to September. Until the end of November, the number of unemployed persons remained roughly unchanged before rising moderately in December and January. With intervention measures still in place, the increase in December and January did not deviate significantly from seasonal increases in the same period of previous years. At the end of January, growth came to a halt and in February, a seasonal fall in unemployment was observed. According to ESS unofficial (daily) data, 88,113 persons were unemployed on 25 February, which is 3.7% less than at the end of January and around 14% more than in the same period last year.

¹ Measured in kilometres driven.

² In 2020, freight traffic on Slovenian motorways declined by 9% and port traffic by 17% (according to provisional data by SURS).

Fiscal verification of invoices, February 2021

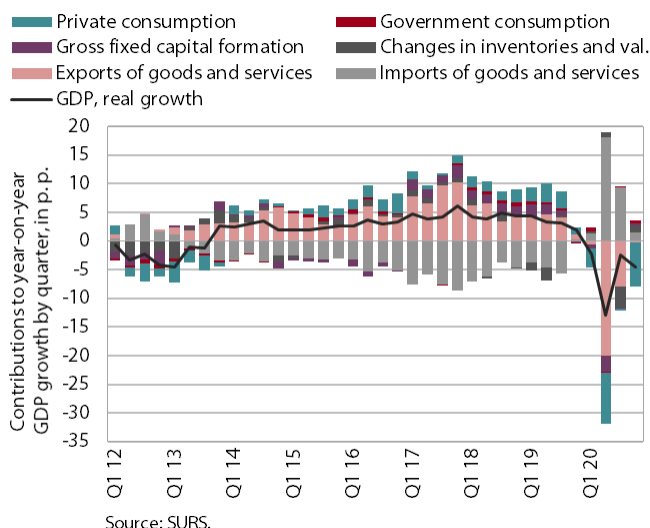


Source: FURS Financial Administration of the Republic of Slovenia; calculations by IMAD.

According to data on the fiscal verification of invoices, the year-on-year fall in turnover decreased significantly in the middle of February.

The main reason was the additional opening of shops and services and as of 15 February, the lifting of the ban on movement between municipalities. The lifting of restrictions was reflected particularly in improved turnover in trade, which, amid the compensation of foregone household purchases, was up year on year in the last week analysed. Reflecting the renewed closure, the year-on-year lag in turnover remained largest in accommodation and travel agency activities.

Gross domestic product, Q4 2020



Source: SURS.

With the worsening of epidemiological conditions and the introduction of extensive containment measures, real GDP declined by 1% q-o-q and 4.5% y-o-y in the last quarter of 2020.

In the second quarter, the containment measures had a pronounced impact particularly on some service activities (entertainment, sports, recreational and personal services, accommodation and food service activities and a large part of trade), where the decline in activity was comparable to that in the spring and, as in the first wave, contributed to a considerable fall in household consumption. Particularly activities linked with external trade (transport, construction and manufacturing) were significantly less affected in the last quarter. After a sharp fall in the second quarter, they were recovering throughout the second half of the year. This was also reflected in the movements of goods exports and imports, which were already positive in the last quarter of the year. Investment in fixed assets also increased q-o-q in the second half of the year. Among consumption aggregates, only government consumption, which was strengthening under the impact of rising employment and expenditure to contain the epidemic, was higher y-o-y last year. In the year as a whole, GDP fell by 5.5%.

Active and inactive population, Q4 2020

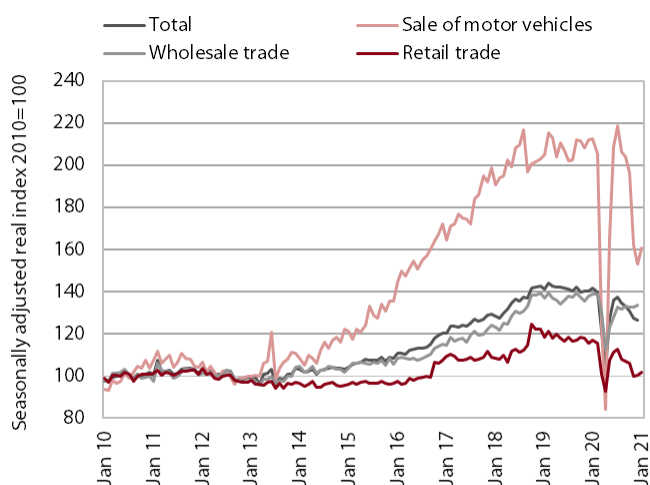


Source: SURS; calculations by IMAD.

According to the survey data, labour market conditions in the last quarter of 2020 remained similar to those in the third.

The number of employed persons was higher year on year, particularly of those in paid employment (1.9%). The volume of student work, however, remained significantly lower than in the same period a year earlier (by 34.6%), indicating that young people were strongly affected during this crisis. The number of unemployed persons at the end of the year remained at the same level as in the second and third quarters. In y-o-y terms, it was 29.3% higher. The survey unemployment rate remained at the level of the third quarter (5.1%) and was 1.1% higher than in the same period of the previous year.

Trade, December 2020

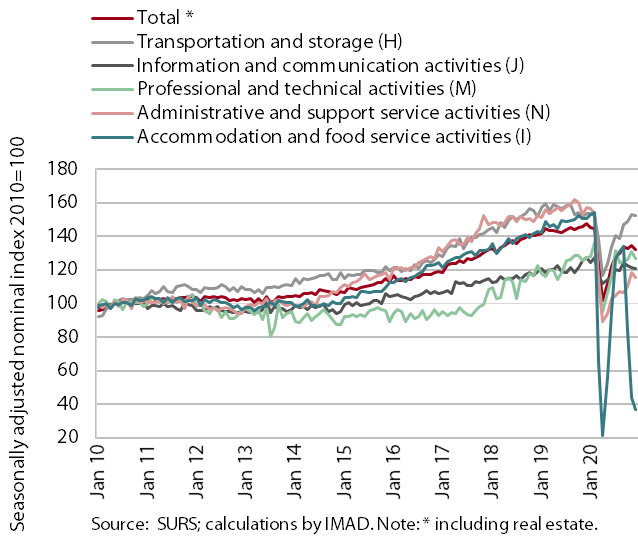


Source: SURS; calculations by IMAD.

Turnover in trade fell noticeably in the last quarter of 2020 due to the closure of some non-essential shops and other containment measures, albeit less than during the first wave.

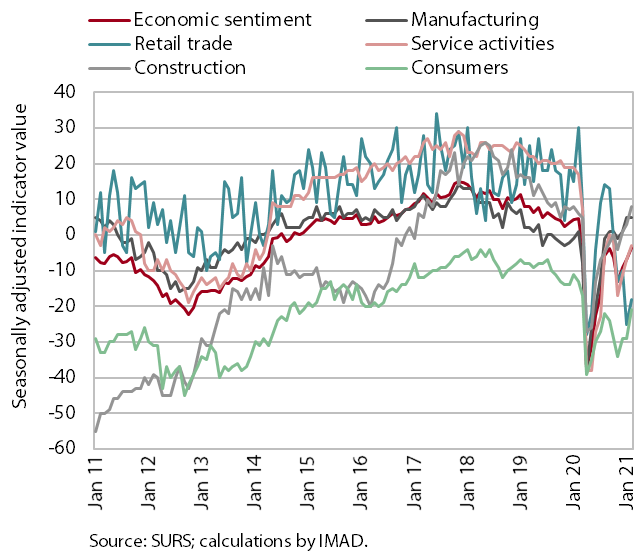
This was a consequence of further stable performance in *wholesale trade*, which was related particularly to favourable business results in manufacturing and transport at the end of last year. Turnover in shops that had been closed since mid-October, however, dropped more strongly (i.e. in the *sale of motor vehicles* and *retail trade*). In the latter, turnover fell in shops with non-food products, but also in the sale of automotive fuels, which was a consequence of lower sales of fuels to households and a decline in transit and freight transport. December's decline was mitigated by a short-lived opening of some shops before they closed again in January. Turnover in the sale of non-food products thus fell again according to preliminary data. Turnover in shops selling food products, on the other hand, strengthened significantly and remained stable at the end of the year.

Market services, December 2020



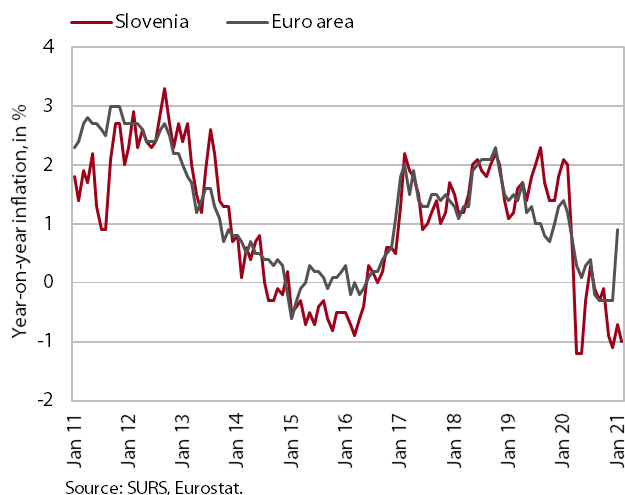
Turnover in most market services increased in the last quarter of 2020; turnover in accommodation and food service activities dropped by half. With further growth in turnover in office administrative and support activities, it increased the most in *administrative and support service activities*; turnover in travel and employment agencies dropped again. A continuation of strong growth was also recorded for *transportation*, particularly due to the recovery of road freight transport. Turnover growth slowed significantly in *professional and technical* (particularly architectural and engineering) activities. Growth in *information and communication activities* also moderated, mainly due to a decline in turnover in telecommunication and computer services. Due to the closure of most hotels and restaurants, turnover in *accommodation and food service activities* more than halved.

Economic sentiment, February 2021



In February, economic sentiment improved further. Confidence in the less affected activities is at similar or higher levels than before the epidemic. Confidence in manufacturing, which was less affected in the second wave of the epidemic, was higher at the beginning of the year than before the epidemic. In construction, another less affected sector, confidence continued to improve, reaching pre-epidemic levels. With a gradual easing of some containment measures, confidence also improved in the more affected trade and service sectors. Consumer confidence was also higher. In all these sectors, however, confidence remains lower than before the epidemic.

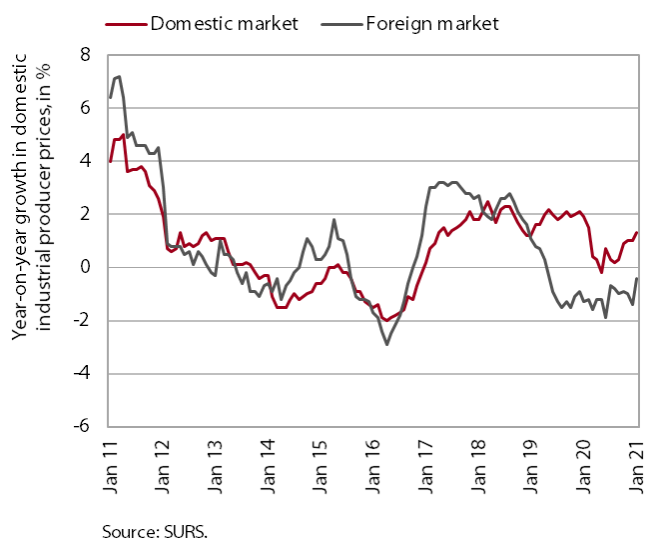
Consumer prices, February 2021



After the moderation in January, the year-on-year fall in consumer prices deepened somewhat in February.³

The decline in prices of semi-durable goods, where y-o-y growth tends to fluctuate markedly, was much more pronounced, particularly due to the changed monthly dynamics of clothing and footwear prices. This time seasonal sales discounts were also extended to February as, according to our estimate, retailers tried to attract customers with additional and longer-lasting price reductions when all shops were allowed to reopen in the middle of the month. Prices of services were also lower year on year (by 0.5%). We estimate that the fall in services prices in the recreation and culture group deepened further. Deflation is still mainly due to lower oil product prices, but their negative contribution is rapidly declining amid the lower base and relatively strong current growth. Prices of durable goods remained unchanged year on year.

Slovenian industrial producer prices, January 2021



Slovenian industrial producer prices were 0.5% higher year on year in January.

Producer price growth on the *domestic market* strengthened again slightly. Energy price growth strengthened further (to 4.7%). Growth in capital goods prices remained at around 2%. After relatively strong y-o-y rises at the end of last year, prices of durable consumer goods were down year on year (by 0.5%) due to a somewhat steeper monthly decline. On *foreign markets*, the total decline in Slovenian producer prices moderated mainly due to higher growth in capital goods prices and a slower decline in prices of intermediate goods. In the euro area, prices were higher year on year (0.3%) for the first time in almost two years, while the decline in prices outside the euro area remained at around 2%.

³ Due to the additional containment measures, SURS collected retail prices of non-food goods and services to a greater extent by phone and through the websites of providers. Missing prices were imputed using the average price change of similar products. In some cases, where there is a reason to expect that prices will remain the same once the situation returns to normal, the carry-forward method was used. For series with seasonal patterns (package holidays and some accommodation services), imputation with the monthly change of the previous year was used. The share of imputed data represents 4.9% of the consumer price index.

Table: Selected macroeconomic indicators for Slovenia

Selected macroeconomic indicators for Slovenia	Date of release		Unit	Reference period					
	Latest	Next		2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
GDP, real	31.05.2021	% (Q/Q-4)	% (O/O-1) ³	0.6	1.1	-4.8	-10.1	12.2	-1.0
	31.05.2021	% (Q/Q-1)3	% (Q/Q-4)	3.1	2.0	-2.3	-12.9	-2.4	-4.5
Private consumption, real	31.05.2021	% (Q/Q-4)	% (Q/O-1) ³	0.3	-0.1	-8.1	-10.3	20.1	-14.5
	31.05.2021	% (Q/Q-1)3	% (Q/Q-4)	5.8	2.2	-6.4	-17.3	-0.6	-14.5
Government consumption, real	31.05.2021	% (Q/Q-4)	% (O/O-1) ³	0.3	-1.0	4.4	-4.5	2.7	0.4
	31.05.2021	% (Q/Q-1)3	% (Q/Q-4)	2.5	-0.3	4.1	-1.1	1.3	2.8
Gross investment, real	31.05.2021	% (Q/Q-4)	% (Q/O-1) ³	7.9	-9.9	0.8	-6.6	-0.9	13.9
	31.05.2021	% (Q/Q-1)3	% (Q/Q-4)	5.8	-1.3	-2.4	-10.1	-17.4	8.2
Exports of goods and services, real	31.05.2021	% (Q/Q-4)	% (O/O-1) ³	-1.0	-0.1	-1.5	-21.3	16.0	8.2
	31.05.2021	% (Q/Q-1)3	% (Q/Q-4)	4.9	1.1	-0.8	-23.4	-9.5	-0.4
Imports of goods and services, real	31.05.2021	% (Q/Q-4)	% (Q/O-1) ³	-0.1	-2.6	-0.5	-21.4	13.6	7.7
	00.01.1900	00.01.1900	% (Q/Q-4)	7.6	-0.3	-1.9	-24.0	-12.5	-2.0
Trade balance¹	15.02.2021	16.03.2021	EUR m	282.4	301.8	217.1	126.3	:	:
Current account¹	15.02.2021	16.03.2021	EUR m	372.5	462.8	262.3	227.4	:	:
Exports of goods, real²	09.02.2021	12.03.2021	% (M/M-1) ⁴	1.9	4.2	-1.5	-0.9	:	:
	09.02.2021	12.03.2021	% (M/M-12)	0.8	3.1	1.8	8.4	:	:
Imports of goods, real²	09.02.2021	12.03.2021	% (M/M-1) ⁴	-8.4	7.8	13.5	-9.1	:	:
	09.02.2021	12.03.2021	% (M/M-12)	-7.8	-3.8	17.5	3.9	:	:
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
Inflation (CPI)	26.02.2021	31.03.2021	% (M/M-1)	-0.4	0.3	-0.8	-0.3	-0.4	0.3
	26.02.2021	31.03.2021	% (M/M-12)	-0.3	-0.1	-0.9	-1.1	-0.7	-1.0
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
Gross earnings per employee – nominal	15.02.2021	15.03.2021	% (M/M-1)	-0.7	1.2	11.4	-0.4	:	:
	15.02.2021	15.03.2021	% (M/M-12)	5.1	4.6	6.9	8.9	:	:
- private sector	15.02.2021	15.03.2021	% (M/M-1)	-1.3	0.3	12.0	-2.9	:	:
	15.02.2021	15.03.2021	% (M/M-12)	5.2	2.9	3.5	5.3	:	:
- public sector	15.02.2021	15.03.2021	% (M/M-1)	0.3	2.9	10.5	3.7	:	:
	15.02.2021	15.03.2021	% (M/M-12)	4.5	7.1	12.6	14.6	:	:
- of which government sector	15.02.2021	15.03.2021	% (M/M-1)	0.9	3.3	9.4	4.5	:	:
	15.02.2021	15.03.2021	% (M/M-12)	5.3	9.1	16.3	19.3	:	:
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
Employed persons	16.02.2021	16.03.2021	% (M/M-1) ⁴	0.1	0.0	0.0	0.1	:	:
	16.02.2021	16.03.2021	% (M/M-12)	-1.4	-1.4	-1.6	-1.4	:	:
Registered unemployed persons	03.02.2021	03.03.2021	% (M/M-1) ⁴	-1.8	-2.4	-0.1	-0.5	-0.8	:
	03.02.2021	03.03.2021	% (M/M-12)	20.0	15.5	16.2	15.9	14.6	:
Registered unemployment rate	16.02.2021	16.03.2021	%	8.6	8.6	8.6	8.9	:	:
				2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Employment, LFS	26.02.2021	31.05.2021	% (O/O-1) ⁵	-1.3	0.3	0.9	-2.1	0.7	0.9
	26.02.2021	31.05.2021	% (Q/Q-4)	-0.8	-0.4	0.4	-2.3	-0.3	0.4
ILO unemployment rate, LFS	26.02.2021	31.05.2021	%	4.8	4.0	4.6	5.2	5.1	5.1
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
Industrial producer prices, domestic market	24.02.2021	19.03.2021	% (M/M-1)	0.1	0.3	0.2	0.0	0.5	:
	24.02.2021	19.03.2021	% (M/M-12)	0.3	0.9	1.0	1.0	1.3	:
Production volume in manufacturing, real	10.02.2021	10.03.2021	% (M/M-1)3	0.0	3.0	0.2	-0.2	:	:
	10.02.2021	10.03.2021	% (M/M-12)	0.0	-1.6	2.4	5.0	:	:
Construction, real value of construction output	15.02.2021	15.03.2021	% (M/M-1)3	2.5	-1.8	12.6	-13.1	:	:
	15.02.2021	15.03.2021	% (M/M-12)	7.9	0.5	19.8	-0.3	:	:
Turnover in trade, real	26.02.2021	29.03.2021	% (M/M-1)3	-1.1	-1.7	-2.6	-0.8	:	:
	26.02.2021	29.03.2021	% (M/M-12)	-2.4	-7.1	-9.4	-5.6	:	:
Nominal turnover in market services	26.02.2021	29.03.2021	% (M/M-1)3	3.2	-0.8	1.1	-1.8	:	:
	26.02.2021	29.03.2021	% (M/M-12)	-4.8	-8.2	-6.5	-9.3	:	:
				2014	2015	2016	2017	2018	2019
General government deficit/surplus (ESA 2010)	19.10.2020	31.03.2021	% BDP	-5.5	-2.8	-1.9	-0.1	0.7	0.5
Consolidated gross general government debt (ESA)	19.10.2020	31.03.2021	% BDP	80.3	82.6	78.5	74.1	70.3	65.6
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
Economic sentiment indicator⁵, seasonally adjusted	24.02.2021	24.03.2021	% ³	-3.8	-6.2	-13.2	-9.2	-6.9	-3.6
				2020 m 9	2020 m 10	2020 m 11	2020 m 12	2021 m 1	2021 m 2
EURIBOR, 3-month	Beginning of the month *	%		-0.4910	-0.5091	-0.5209	-0.5381	-0.5472	:
Long-term government bond yields	Beginning of the month	%		0.0500	-0.0760	-0.1380	-0.1500	-0.1000	:
Exchange rate, USD to EUR	Beginning of the month	US\$		1.1792	1.1775	1.1838	1.2170	1.2171	:

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

Notes: ¹Balance of payments statistics of the BoS. ²External trade statistics SURS. ³Seasonally adjusted – SURS. ⁴Seasonally adjusted – IMAD. ⁵Difference 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>

The table format accessible to screen reader users can be found on the IMAD website among the appendices to the current graphs of the week (Selected macroeconomic indicators for euro area)

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