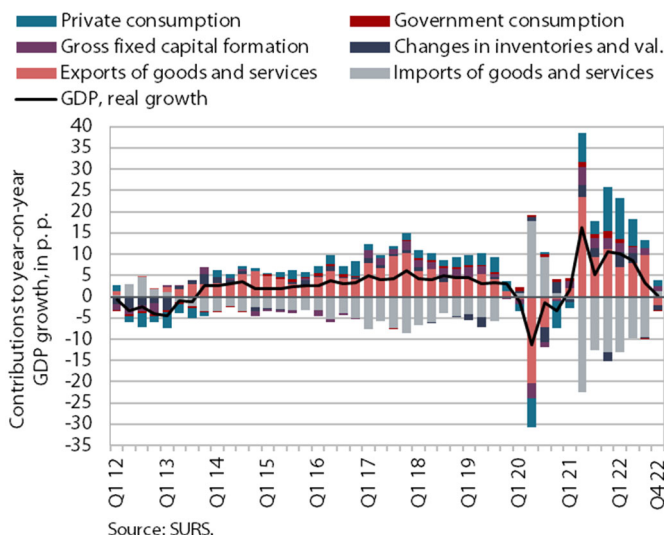


CHARTS OF THE WEEK 13–17 February 2022

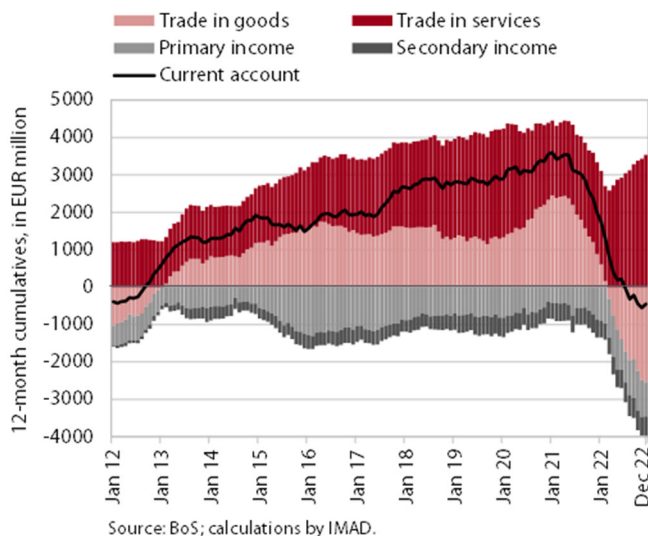
In the last quarter of last year, year-on-year GDP growth slowed significantly (to 0.2%), while in 2022 as a whole GDP increased by 5.4%. Towards the end of the year, the situation deteriorated, especially in the export-oriented part of the economy. The strong growth in 2022 as a whole was mainly supported by strong investment activity and private consumption, which already weakened towards the end of the year. Investment activity was relatively strong especially in construction, with building construction standing out compared to previous years. Civil engineering activity was also high. The growth of imports exceeded the growth of exports, which contributed to a negative external trade balance. After 10 years of surplus, the current account turned into a deficit last year. Amid strong domestic demand and deteriorated terms of trade, the goods trade balance was the main contributor to the significant decline in the balance. The number of persons in employment reached a peak last year and was 2.4% higher than in 2021. Employment growth was primarily due to the employment of foreign citizens, with particularly high shares in construction, transportation and storage, and administrative and support service activities. In the first half of February, when temperatures were low, gas consumption was only about one percent lower than in previous years. From August to November, consumption in Slovenia and in the EU as a whole fell (by almost 15% and by one-fifth respectively) compared to the previous five-year period, due not only to favourable weather conditions but also to measures to reduce gas consumption and adjustments in industry. Electricity consumption was lower in January in all consumption groups, most markedly in industry.

Gross domestic product, Q4 2022



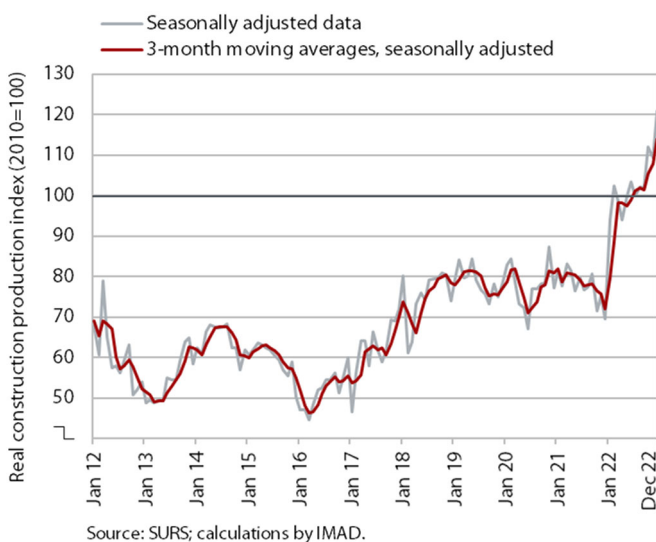
After a sharp decline in the third quarter, GDP grew by 0.8% in current terms in the fourth quarter of last year; year-on-year growth weakened significantly (to 0.2%). In 2022 as a whole, GDP grew by 5.4%. The situation deteriorated towards the end of the year, especially in the export-oriented part of the economy. Value added in manufacturing was lower in the fourth quarter than a year earlier, especially in energy-intensive industries, and merchandise exports was also lower year-on-year. Growth in services exports, driven since spring mainly by the post-COVID-19 recovery in tourism, also slowed. In 2022 as a whole, the import growth exceeded export growth, contributing to a negative external trade balance. Investment activity remained relatively strong also in the last quarter amid high construction activity. After consumer confidence began to decline in the spring in the context of uncertainty regarding the energy and food crises and the loss of purchasing power, household spending weakened by the end of the year, while growth remained high compared to the previous year. Similar to the third quarter, government consumption in the fourth quarter was also lower than a year ago, mainly due to significantly lower expenditure on containment measures.

Current account of the balance of payments, December 2022



For the first time in ten years, the current account surplus turned into a deficit in 2022 (EUR 449.6 million or 0.8% of GDP). Amid strong domestic demand and deteriorated terms of trade, the goods trade balance was the main contributor to the significant decline in the current account balance. The services surplus increased and was higher in all segments of trade in services, especially in travel services, as receipts from foreign tourists who visited Slovenia increased much more (by EUR 1.2 billion) than expenditure of Slovenian tourists abroad (by EUR 0.5 billion). Net outflows of primary and secondary income were higher than a year ago. The primary income deficit was higher mainly because more customs duties were paid into the EU budget (import of electric vehicles for the EU market via the port of Koper), while subsidies received from the EU budget were also lower. The higher secondary income deficit arose from higher government and private sector transfers abroad. From the perspective of savings/investment gap, the decline in the current account balance was mainly due to lower gross saving, especially by households, while investment activity also picked up.

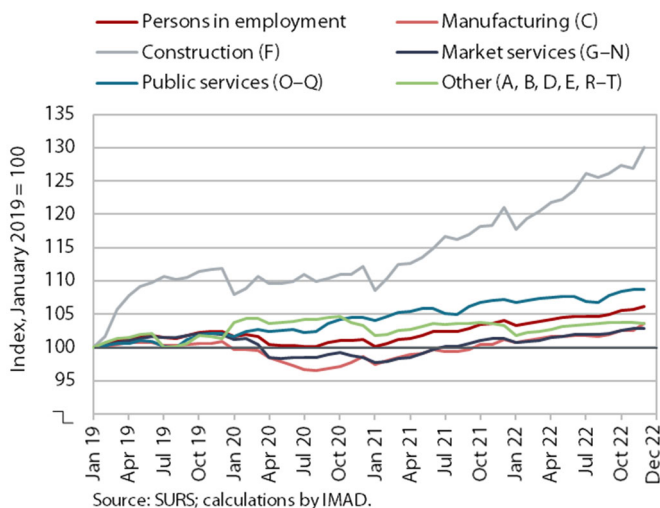
Activity in construction, December 2022



According to figures on the value of construction put in place, construction activity in December 2022 was considerably higher than in the same month of 2021. After a strong upswing at the beginning of 2022, the value of construction work remained roughly unchanged, before increasing towards the end of the year. In December, it was 74% higher than in December 2021. Compared to previous years, construction of buildings stands out in terms of the level of activity. Activity was also high in civil engineering, while it was lower in specialised construction work (installation works and building completion).

However, some other data suggest significantly lower construction activity. According to VAT data, the activity of construction companies in December 2022 was 6% higher than in December 2021. Based on data on the value of construction put in place, the difference in the growth was 68 p.p. Data on the value of industrial production in two activities traditionally strongly linked to construction also do not point to such high growth. Production in other mining and quarrying was 1% lower in December 2022 than in the same month of 2021, while it was 8% lower in the manufacture of other non-metallic mineral products.

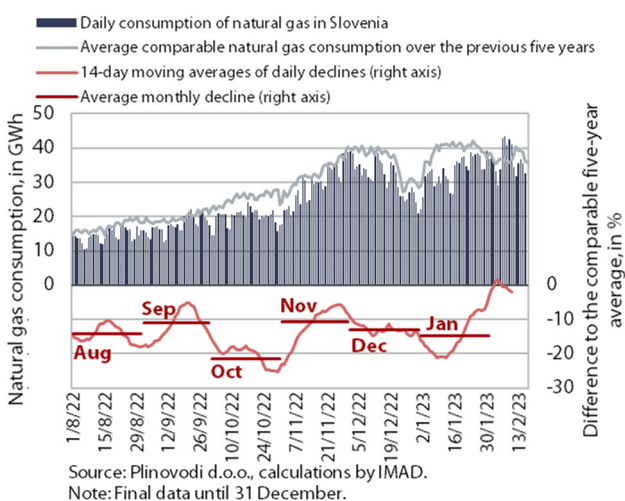
Number of persons in employment, December 2022



In December 2022, year-on-year growth in the number of persons in employment was 2%, similar as in the previous months. It was strongest

in construction, which is facing a major labour shortage and where the number of persons in employment increased the most compared to the beginning of 2019. Employment of foreign workers has been the largest contributor to the overall growth in the number of persons in employment for quite some time – its contribution was 76% year-on-year in December, which is slightly less than in the previous two months. The share of foreigners in the total number of persons in employment was the highest so far – 14.2% and was 1.3 p.p. higher year-on-year. Activities with the largest share of foreign workers are construction (48%), transportation and storage (32%) and administrative and support service activities (26%). In 2022 as a whole, the number of persons in employment was 2.4% higher than in 2021.

Natural gas consumption, February 2023



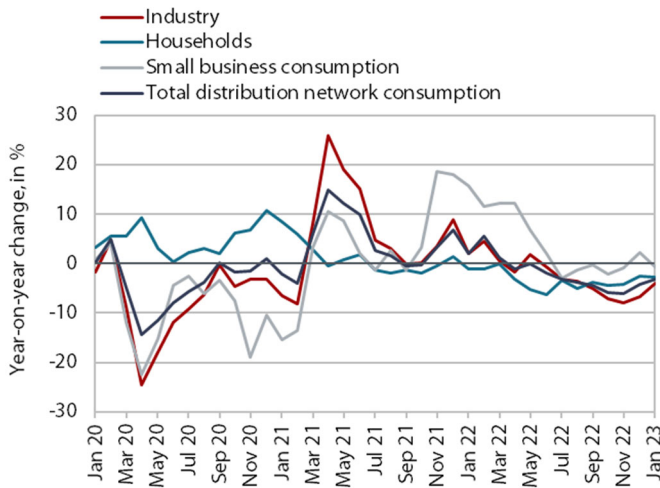
In the first half of February, when temperatures were low, gas consumption was only about one percent lower than in the same period of previous years. In addition to parts of industry adjusting to high gas prices by limiting consumption in production processes and government measures¹ to promote more rational consumption of gas, the weather also has a significant impact on the amount of gas consumed (for example, gas consumption last October, which was record warm, was more than a fifth lower than in previous years).

According to Eurostat, EU Member States reduced their gas consumption more than Slovenia between August and November, by around 20% compared to the previous five-year period (Slovenia by around 15%), which, together with the still relatively full gas storage capacities², is a positive sign that the EU will not have major gas supply problems. According to preliminary data, gas consumption in Slovenia in the period from 1 August 2022 to 17 February 2023 was 13% lower than the average consumption in the same period over the last five years, which is slightly below the EU recommendation to cut gas consumption by at least 15% from August 2022 to March 2023.

¹ Possible measures under the Regulation include replacement of gas with liquid fuels in electricity generation, measures to encourage fuel switch in industry, obligations to reduce heating and cooling in public buildings, and awareness raising campaigns. The Government has already implemented some of these measures.

² According to Plinovodi, gas storage capacities in the EU were 95.5% full on 12 November 2022, but since then this percentage has declined, reaching 66.5% on 11 February 2023, which is at the upper range for the 2016–2020 period (at the same time last year, this percentage was half lower, only about one-third).

Electricity consumption by consumption group, January 2023



Source: SODO; calculations by IMAD.
Note: Excluding the effect of temperature differences.

In January, electricity consumption in the distribution network was lower year-on-year in all consumption groups, as it has been for several months now. The largest decrease was seen in industrial consumption (by 4.0%), according to our estimates due to lower consumption by the energy-intensive part of the economy. Household consumption was also lower year-on-year (by 2.8%), which we estimate to be due to more rational energy consumption and also to fewer people working from home compared to the same period of 2022, when the number of COVID-19 infections surged and consequently more people were working from home, absent due to illness and sent to quarantine. In January, small business consumption was only slightly lower (by 0.7%) than a year ago.³

³ In this consumption group, consumption is most frequently measured in shops and service activities. This group also includes warehouses, agricultural activity, etc., and large manufacturing plants that do not consume significant amounts of electricity at some measurement points.

Table: Selected macroeconomic indicators for Slovenia

Selected macroeconomic indicators for Slovenia	Date of release		Unit	Reference period					
	Latest	Next		2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
GDP, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	2.9	3.4	1.0	0.8	-1.3	0.8
	16.02.2023	18.05.2023	% (Q/Q-4)	5.1	10.5	10.2	8.6	3.3	0.2
Private consumption, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	11.0	1.4	1.5	-0.6	1.4	1.1
	16.02.2023	18.05.2023	% (Q/Q-4)	5.7	21.2	20.3	13.2	3.3	2.6
Government consumption, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	1.6	1.3	0.9	-3.0	0.2	0.9
	16.02.2023	18.05.2023	% (Q/Q-4)	5.4	8.3	4.8	0.8	-0.6	-1.0
Gross investment, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	-1.5	1.9	11.9	2.5	-7.7	-4.1
	16.02.2023	18.05.2023	% (Q/Q-4)	24.2	1.1	26.3	16.7	7.6	0.5
Exports of goods and services, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	0.4	7.8	-1.8	2.8	3.6	-4.5
	16.02.2023	18.05.2023	% (Q/Q-4)	12.6	13.8	8.2	9.3	11.9	-2.5
Imports of goods and services, real	16.02.2023	18.05.2023	% (Q/Q-1) ³	1.2	7.3	2.3	1.3	2.0	-4.1
	16.02.2023	18.05.2023	% (Q/Q-4)	19.5	18.1	17.2	12.6	12.6	-1.5
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Trade balance ¹	13.02.2023	16.03.2023	EUR m	-276.5	64.5	-273.4	-204.4	-312.9	:
Current account ¹	13.02.2023	16.03.2023	EUR m	-104.5	357.5	-26.3	1.0	-107.5	:
Exports of goods, real ²	03.02.2023	06.03.2023	% (M/M-1) ⁴	5.8	1.5	-14.5	6.9	3.5	:
	03.02.2023	06.03.2023	% (M/M-12)	29.3	31.1	5.3	12.4	7.9	:
Imports of goods, real ²	03.02.2023	06.03.2023	% (M/M-1) ⁴	9.4	-7.9	-0.3	-2.1	-0.8	:
	03.02.2023	06.03.2023	% (M/M-12)	16.7	9.4	4.3	7.2	-6.4	:
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Inflation (CPI)	06.02.2023	28.02.2023	% (M/M-1)	0.0	-0.9	0.8	0.9	0.2	0.2
	06.02.2023	28.02.2023	% (M/M-12)	11.0	10.0	9.9	10.0	10.3	10.0
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Gross earnings per employee – real	23.01.2023	22.02.2023	% (M/M-1)	0.3	-0.2	1.1	9.9	:	:
	23.01.2023	22.02.2023	% (M/M-12)	-4.8	-3.6	-2.4	-2.1	:	:
- private sector	23.01.2023	22.02.2023	% (M/M-1)	2.0	-0.6	0.0	12.9	:	:
	23.01.2023	22.02.2023	% (M/M-12)	-3.4	-2.9	-1.9	-1.5	:	:
- public sector	23.01.2023	22.02.2023	% (M/M-1)	-2.9	0.7	3.0	4.5	:	:
	23.01.2023	22.02.2023	% (M/M-12)	-7.2	-4.5	-3.1	-3.2	:	:
- of which government sector	23.01.2023	22.02.2023	% (M/M-1)	-4.8	0.3	4.9	-0.9	:	:
	23.01.2023	22.02.2023	% (M/M-12)	-8.4	-6.7	-3.7	-4.3	:	:
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Employed persons	16.02.2023	16.03.2023	% (M/M-1) ⁴	0.2	0.2	0.2	0.3	0.3	:
	16.02.2023	16.03.2023	% (M/M-12)	2.3	2.2	2.1	2.1	2.1	:
Registered unemployed persons	03.02.2023	03.03.2023	% (M/M-1) ⁴	-1.2	-1.2	-1.3	-1.6	-2.2	-1.5
	03.02.2023	03.03.2023	% (M/M-12)	-22.2	-21.3	-20.5	-19.6	-19.4	-18.4
Registered unemployment rate	16.02.2023	16.03.2023	%	5.5	5.3	5.4	5.3	5.4	:
				2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Employment, LFS	29.11.2022	27.02.2023	% (Q/Q-1) ⁵	4.9	1.1	-0.9	0.5	0.1	0.0
	29.11.2022	27.02.2023	% (Q/Q-4)	1.1	1.9	-0.3	5.6	0.8	-0.3
ILO unemployment rate, LFS	29.11.2022	27.02.2023	%	4.3	4.5	4.5	4.3	4.2	4.0
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Industrial producer prices, domestic market	20.01.2023	24.02.2023	% (M/M-1)	2.1	1.1	0.3	-0.8	0.5	:
	20.01.2023	24.02.2023	% (M/M-12)	25.3	25.7	25.1	23.2	23.3	:
Production volume in manufacturing, real	10.02.2023	10.03.2023	% (M/M-1) ³	2.4	-1.1	-1.3	1.0	-0.8	:
	10.02.2023	10.03.2023	% (M/M-12)	7.9	3.9	0.8	0.8	-4.2	:
Construction, real value of construction output	15.02.2023	15.03.2023	% (M/M-1) ³	2.1	-0.2	9.9	-2.3	10.6	:
	15.02.2023	15.03.2023	% (M/M-12)	31.5	25.7	56.6	45.3	74.5	:
Turnover in trade, real	27.01.2023	27.02.2023	% (M/M-1) ³	2.9	-0.5	-2.9	0.4	:	:
	27.01.2023	27.02.2023	% (M/M-12)	17.2	12.7	3.9	3.0	:	:
Real turnover in market services	31.01.2023	28.02.2023	% (M/M-1) ³	2.4	-0.7	-0.8	0.7	:	:
	31.01.2023	28.02.2023	% (M/M-12)	6.7	4.9	3.6	5.9	:	:
				2016	2017	2018	2019	2020	2021
General government deficit/surplus (ESA 2010)	30.09.2022	31.03.2023	% BDP	-1.9	-0.1	0.7	0.6	-7.7	-4.7
Consolidated gross general government debt (ESA 2010)	30.09.2022	31.03.2023	% BDP	78.5	74.2	70.3	65.4	79.6	74.5
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
Economic sentiment indicator ⁵ , seasonally adjusted	25.01.2023	22.02.2023	% ³	-0.4	-5.0	-5.3	-1.7	0.7	-0.8
				2022 m 8	2022 m 9	2022 m 10	2022 m 11	2022 m 12	2023 m 1
EURIBOR, 3-month	Beginning of the month *		%	0.395	1.011	1.428	1.825	2.066	2.345
Long-term government bond yields	Beginning of the month		%	2.18	2.95	3.46	3.35	3.35	3.38
Exchange rate, USD to EUR	Beginning of the month		US\$	1.013	0.990	0.983	1.020	1.059	1.077

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/paeis>

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 Slovenia).

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