

# CURRENT ECONOMIC TRENDS

## OVERVIEW AND FORECASTS

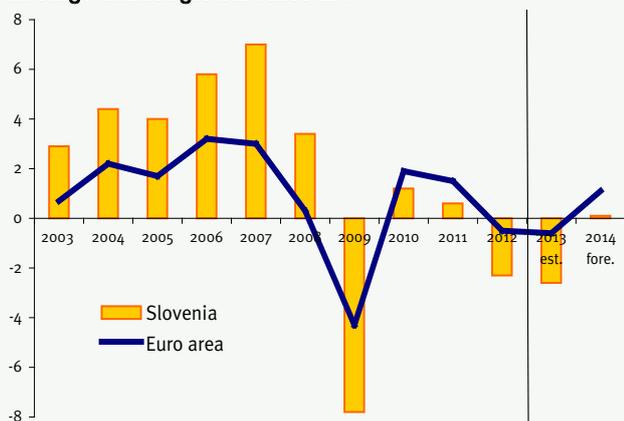
### In 2013 the Slovenian Economic Activity will Decline Again

Slovenia is lagging behind the level of the EU and the Euro-zone. In total, in the first half of 2013, Slovenian GDP decreased by 3.2%. GDP decreased also in the 1st and 2nd quarter of this year (seasonally adjusted for 0.5 and 0.3%). The interim decrease was thus 4.6% in the 1st quarter and 1.7% in the 2nd quarter. It still remains worrying that, among the EU countries, a more significant quarter-annual GDP decrease in the 2nd quarter was recorded only by Cyprus; in most countries the GDP increased when compared to the 1st quarter. Despite the current good signal, the EU and the Euro-zone are still recording a decrease of economic growth (EA-0.9% and EU28-0.5%) when compared to last year's half-year. The OECD and the ECB now expect that the GDP of the European monetary union will this year decrease by 0.6%. The EU is significant for Slovenian exporters; the value of their share of these markets represents 68.6%

of the total export. The risk of the Euro-zone remains high, and the financial, banking and debt crisis will again deepen. Numerous banks in the Euro-zone remain malnourished in terms of capital and burdened with bad debt loans. Last but not least, all these movements significantly also impact the Slovenian economy.

SKEP Chamber of Commerce estimates that in 2013, economic activity in Slovenia fell by 2.6 per cent, while for 2014 given the current situation can only be smaller, 0.1-percent economic recovery. Of course, these projections are associated with risks down to a lack of access to financial resources, the number of defaults, pressure on selling prices, high prices of raw materials.

**GDP GROWTH - SLOVENIA AND EA17**  
Average annual growth rates in %



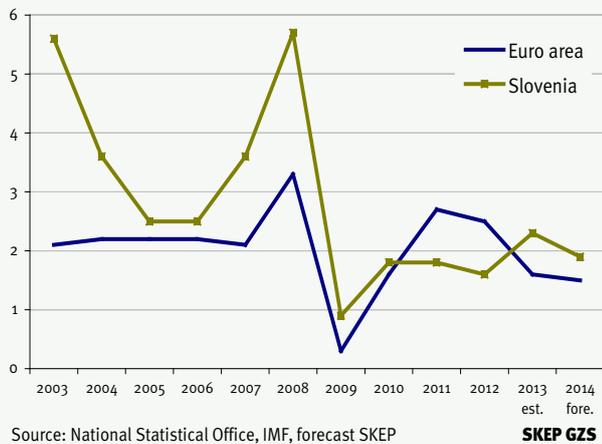
Source: National Statistical Office, OECD, forecast SKEP

**SKEP GZS**

### FORECASTS FOR SLOVENIA BY OTHER INSTITUTIONS

GDP – growth rate, in %	Forecast 2013	Forecast 2014
SKEP GZS (Junij 2013)	-2.6	0.1
IMAD (Mar. 2013)	-2.4	-0.2
Bank of Slovenia (Oct. 2012)	-1.9	0.5
Consensus forecasts (Aug.13)	-2.4	0.6
WIIW (July13)	-3.0	-0.4
OECD (May 2013)	-2.3	0.1
EBRD (May 13)	-2.5	1.1
EC (May 2013)	-2.0	-0.9
European Commission (Feb 2013)	-2.0	0.7

**INFLATION - SLOVENIA AND EA17**  
Average annual growth rates in %



Source: National Statistical Office, IMF, forecast SKEP

**SKEP GZS**

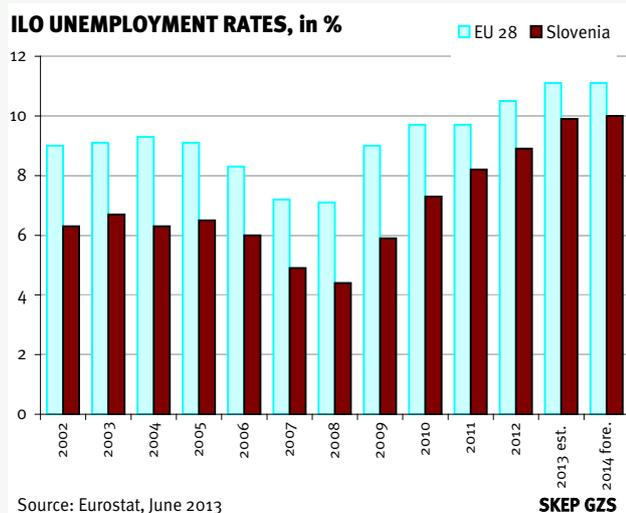
Consumer prices in 2012 to average 2.6 per cent, measured at the end of the year, up 2.7 percent. The surge in energy prices, taxes and food to an average annual inflation in 2013 at 2.3 percent and 1.9 percent in 2014.

**FORECASTS FOR SLOVENIA**

Inflation – growth rate, in %	Forecast 2013	Forecast 2014
SKEP GZS (Oct. 2012)	2.3	1.9
IMAD (Jul. 2013)	1.9	1.7
Bank of Slovenia (Apr. 13)	2.3	1.4
Consensus forecasts (Aug. 2013)	2.3	1.4
WIIW (Mar.13)	2.5	2.0
IMF (Apr. 2013)	1.8	1.9
OECD (May 2013)	2.2	1.4
European Commission (May 2013)	2.1	1.2

**General prospects of the Slovenian economy in 2013 are worsening.** In May and June most institutions decreased their Slovenian GDP forecasts for 2013. The EC thus forecasts that in 2013 the GDP will decrease by 2.4%, OECD by 2.3%, while at CCIS Economic Outlook, Analysis and Forecasts, we estimate a 2.6% GDP drop.

**The labor market situation is deteriorating.** In 2012, Slovenia registered a 8.9 per cent in the first half of 2013, already 11.1 percent ILO unemployment. For the second half of 2013 and 2014, the situation will worsen.



Source: Eurostat, June 2013

**SKEP GZS**

**Slovenia is again lowering its competitiveness.** On the WEF scale of global competitiveness for the year 2013, Slovenia lost 6 positions, thus ranking 62nd (among 148 countries).

**Global Competitiveness Index**

	Rank (out of 148)	Score (1-7)
<b>GCI 2013–2014</b> .....	<b>62</b>	<b>4.3</b>
GCI 2012–2013 (out of 144).....	56	4.3
GCI 2011–2012 (out of 142).....	57	4.3
<b>Basic requirements (20.0%)</b> .....	<b>37</b>	<b>5.1</b>
Institutions.....	68	3.9
Infrastructure.....	36	4.9
Macroeconomic environment.....	53	5.0
Health and primary education.....	17	6.4
<b>Efficiency enhancers (50.0%)</b> .....	<b>62</b>	<b>4.1</b>
Higher education and training.....	25	5.2
Goods market efficiency.....	62	4.3
Labor market efficiency.....	106	4.0
Financial market development.....	134	3.0
Technological readiness.....	33	4.9
Market size.....	83	3.5
<b>Innovation and sophistication factors (30.0%)</b> .....	<b>49</b>	<b>3.9</b>
Business sophistication.....	58	4.1
Innovation.....	40	3.6

**GENERAL INFORMATION ON SLOVENIA, 2011-2013**

Area of Slovenia (sq. km)	20,273		
Density, persons/sq. km	101		
Capital	Ljubljana – 279,898 inhabitants		
National currency: Euro, as from 1 January, 2007	EUR		
	<b>2011</b>	<b>2012</b>	<b>I-VI 2013</b>
Population (Half-year; as of 1. 7.)	2,051,277	2,056,262	2,058,457 (as of 1.4.)
Number of pensioners	595,299 (Dec.)	600,513 (Dec.)	602,748 (June)
Labour force	934,658	920,184	913,482
Persons in employment	823,967	810,001	791,909
Activity rate, in %	57.9	57.6	56.7
Unemployment rate, ILO definition, in %	8.2	8.9	11.1
Average monthly gross earnings	1,524.65	1,525.47	1,512.89
Inflation rate – annual average in %	1.8	2.6	1.9
Inflation rate – Year-end (Y-to-Y), in %	2.0 (Dec.)	2.7 (Dec.)	1.9 (June)
Gasoline, unleaded, 95-oct. (EUR/litre)	1.342 (28.Dec.)	1.486 (25. Dec.)	1.496 (25. June)
Exchange rate – USD per EUR	1.392	1.2932	1.313
Current deficit, % of GDP	-6.4	-4.0	-6.5 (I-III)
Gross public debt, % of GDP	46.9	54.1	54.5 (I-III)
Current account balance, as % of GDP	0.0	+2.3	...

**GROSS DOMESTIC PRODUCT**

	<b>2011</b>	<b>2012</b>	<b>I-VI 2013*</b>
GDP, real growth rate	0.7	-2.5	-3.2
GDP, million EUR (current prices)	36,150	35,319	17,156
GDP, million US\$ (current prices)	50,321	45,377	22,532
GDP per capita, in EUR (current prices)	17,610	17,172	8,334
GDP per capita, in US\$ (current prices)	24,513	22,062	10,946
GDP per capita in purchasing power standards (PPS)	84% of avg. EU28	84% of avg. EU28	...

	Share in % (Value added=100)		
<b>GDP - STRUCTURE BY ACTIVITIES</b>	<b>2011</b>	<b>2012</b>	<b>I-VI 2013</b>
1. Agriculture, Forestry, Fishing (A)	2.8	2.7	3.0
2. Industry, Construction (B+C+D+E+F)	30.4	31.1	31.7
Manufacturing (C)	20.2	20.8	21.6
Construction (F)	6.0	5.9	5.3
3. Services (G ... U)	66.8	66.2	65.4

**EXPORTS AND IMPORTS BY VALUE**

	<b>2011</b>	<b>2012</b>	<b>I-VI 2013</b>
Exports total, in mio EUR	26,389	26,870	13,590
Goods	21,450	21,631	11,058
Services	4,939	5,239	2,532
Imports total, in v mio EUR	25,830	25,167	12,439
Goods	22,442	21,775	10,950
Services	3,388	3,392	1,489
Exports total, real growth rate, in %	7.0	0.6	1.8
Imports total, real growth rate, in %	5.6	-4.7	-1.2

\* Data for 2012 and 2013 are provisional.