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## In the spotlight

**The European Commission and the IMF revised their forecasts of economic growth downward again in January; for 2009, the IMF projects world growth to fall to its lowest rate since World War II.** In its January outlook, the IMF scaled down its forecast for world economic growth from 2.2% to 0.5%. Similarly, the EC also revised downward its forecast for economic growth in the euro area in January, by 2.0 p.p. to -1.9%, and predicted a slower recovery in 2010 (from 0.9% to 0.5%). New forecasts for all of Slovenia's main trading partners are also significantly lower than IMAD assumptions in the Revised Autumn Forecast of Economic Trends. The deterioration of forecasts is not surprising, given that economic activity in the euro area dropped sharply in November. Amid slowing economic activity and further oil price drops, inflation totalled 1.1% in January and continues to slow. In January, the ECB cut its key interest rate again, by 50 basis points to 2.0%.

**In November, economic activity also slowed notably in Slovenia.** The y-o-y real decline in merchandise exports (-14.2%) in November was the largest since 1995, while the decline in industrial production in manufacturing (-12.7%) was the largest since 1992. In November, the value of construction put in place posted its first y-o-y decline in 2008 (-8.1%). Growth in retail trade continued to slow, particularly in the sale of durable goods. The business climate indicator dropped again in January, hitting a new low since measurement began in the year 2000, which suggests a further slowdown of economic activity in the first months of 2009.

**The weaker economic activity is already reflected in the labour market. Employment growth fell sharply in November.** After the fall in October, the y-o-y growth of the number of employed persons declined by a further 0.5 p.p. to 2.2%. Relative to October, the number of persons in employment dropped most notably in manufacturing and construction. In the final quarter of 2008, the number of the registered unemployed increased by more than a tenth (up by approximately 7,000 from the end of September).

**November's growth of wages was the lowest in the past four years.** The gross wage per employee was 8.9% higher in nominal terms than in the previous month, but the November increase was the lowest in the last four years as a result of a smaller number of recipients and a lower amount of extra payments in 2008. Owing to weak y-o-y growth of wages in the private sector, where growth was only recorded in production services, y-o-y growth of the total gross wage (3.9%) moderated significantly as well, while public sector wages recorded much stronger growth. Despite the slowdown in y-o-y growth over the last two months, growth of the total gross wage in the first eleven months of 2008 (8.3%) was still notably stronger than in the same period of 2007.

**Y-o-y inflation (2.1%) and inflation excluding prices of non-processed food and energy declined further in December (3.9%).** Due to lower prices of liquid fuels and food and a concurrent decline in economic activity, growth of the harmonised index of consumer prices declined in the second half of 2008, from 6.9% in July to 1.8% in December, which was a much faster decline than in the total euro area (from 4.0% to 1.6%).

**With slower growth in November, the current account deficit exceeded EUR 1.8 bn in the first eleven months of 2008.** In November, the current account deficit was among the lowest in 2008. In the first eleven months, it was EUR 676.3 m higher than in the same period of 2007. The deficit narrowed in November on account of a higher surplus in the services balance and a lower trade deficit. In the first eleven months, the current account deficit totalled EUR 1,825.6 m (compared with EUR 1,149 m in the same period of 2007).

**Growth of general government revenue started to ease at the end of the year.** According to the available data on paid taxes and social security contributions for 2008 as a whole, growth of general government revenue slowed gradually from July onward, after favourable growth in the first half of the year, and totalled 9.8% for the year as a whole. According to the consolidated balance, general government revenue increased by 11.1% and general government expenditure by 9.8% in the first ten months of 2008.

**Slovenia closed the year 2008 with a negative net position of its state budget towards the EU budget in the amount of EUR 64.7 m.** On the basis of the new estimates of statistical aggregates for Slovenia, total payments into the EU budget in 2008 were 10% higher than envisaged in the supplementary budget, while the absorbed funds were more than one half lower than planned (44.4%).



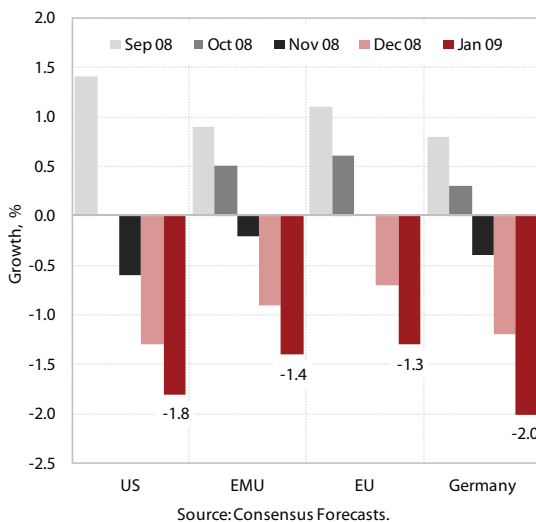
# current economic trends



## International environment

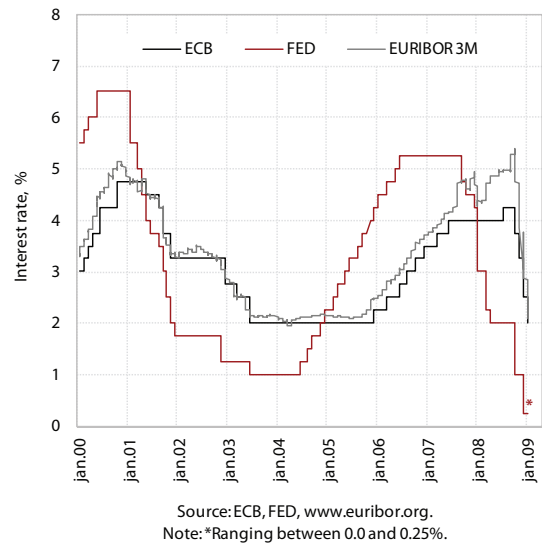
Amid the further deterioration of economic conditions in the euro area, the forecasts of economic growth continue to worsen for 2009 and 2010. Economic activity in the euro area fell sharply in November, as the volume of industrial production and the value of construction works recorded the greatest y-o-y drops in the past 17 and 12 years, respectively. Furthermore, the values of industrial production and construction works were down for the seventh and ninth successive month, respectively, on a year-on-year basis. Turnover in retail trade declined y-o-y for the first time since data have been available (1996). The decline in activity is also increasingly reflected in the labour market, given that the unemployment rate in the euro area rose by 1.0 p.p. to 8.3% in the period between September and December, the largest figure since March 2006. The value of the business sentiment indicator for the euro area, which has been falling already since May 2007, dropped in January again. According to the new IMF forecast published in January, global economic growth is expected to only total 0.5% in 2009, which will be the weakest growth since World War II (2.2% in November), notwithstanding the effects of all already adopted stimulus packages to cushion the crisis. The Consensus forecasts were also revised downward again in January, projecting that the economy in the euro area will contract by 1.4% in 2009 and increase by 0.8% in 2010. The European Commission also scaled down significantly its forecasts in its Interim Forecast in January (see Box 1).

Figure 1: Evolution of Consensus forecasts of economic growth for 2009



Based on preliminary estimates, GDP in the US shrank considerably in the fourth quarter of 2008 (-3.8%). GDP (annualised, q-o-q) thus contracted for the second successive quarter and also for the first time year-on-year (-0.2%). The GDP decline was mainly underpinned by the negative contributions of private consumption (-2.5 p.p.) and exports (-2.8 p.p.), while the international trade

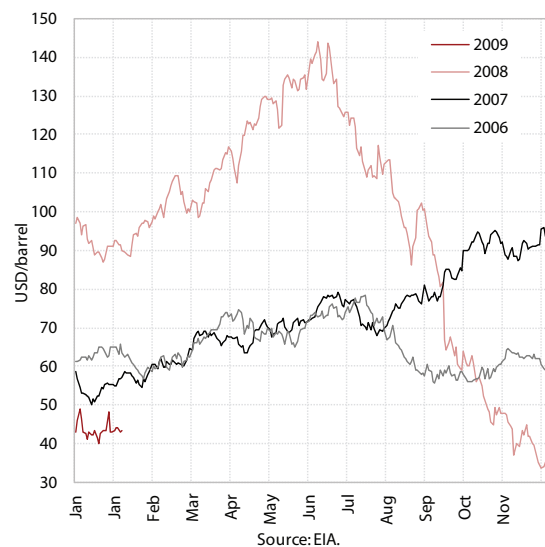
Figure 2: Interest rate movements



balance had a slightly positive influence on total growth due to the positive contribution of imports (2.9 p.p.). A sizeable negative contribution to total growth came from gross fixed capital formation (-1.8 p.p.), on the back of notable declines in investment in equipment and software (-27.8%) and housing investment (-23.6%), which have been dropping since the first quarter of 2006. In the final quarter of 2008, the unemployment rate increased by 0.6 p.p. to 7.2%, the largest increase since January 1993. The American authorities are also attempting to prevent a further deepening of the recession with a new stimulus package in the amount of close to USD 900 bn.

Amid a further slowdown of inflation, the ECB cut its key interest rates further in January. Inflation in the euro area continues to decline, totalling 1.1% in January based on

Figure 3: Oil price movements (Brent crude)





**Box 1: European Commission Interim Forecast**

The European Commission (EC) released significantly deteriorated forecasts of economic trends in January. The main reason for the downward revision of the EC forecast is the deepening of the financial crisis in the autumn months, which is increasingly affecting the real sector of the euro-area economy, given that by the third quarter of 2008 the euro-area economy entered its first technical recession after GDP contracted for the second quarter in a row (-0.2 % q-o-q). GDP is expected to have contracted further in the fourth quarter relative to the third quarter (-1.5%), while the recession is predicted to continue at least in the first two quarters of 2009. GDP is thus expected to fall by 1.9% in real terms in 2009 and to post modest growth in 2010 (0.4%).

The downturn is expected to be broad-based across all demand aggregates in the euro area this year, except government consumption. The unemployment rate will rise sharply, while inflation is expected to decline further until the second half of the year. Consistent with the negative situation in the labour market, private consumption will drop by 0.1% this year (0.3% growth in the next year); investment is also expected to fall (-5.5%; 2010: -0.7%). The decline in investment activity is a result of a marked drop in private investment, while public investment will increase by around 9.0% in both years. The global slowdown of economic activity will also affect euro-area exports, which will decline by 4.0% in 2009 before rising somewhat again in 2010. A positive contribution to economic growth this year will come from growth in government consumption, which will increase by 1.6% (2010: 1.2%). Negative trends will also be reflected in the labour market and the unemployment rate in the euro area will rise steeply from 7.5% in 2008 to 9.3% in 2009 and 10.2% in 2010. Inflation is expected to ease rapidly in the first half of 2009 and will, mainly due to the base effect, hit bottom in Q3 2009 (0.5%). Average inflation in the euro area will total 1.0% in 2009 and 1.8% in the next year.

Most countries have already taken fiscal measures to limit the impact of the crisis, in the absence of which economic growth would have been even lower. According to the EC, the government measures announced so far amount to 1% of GDP in 2009, 0.5% in 2010, other measures to boost demand for 0.5% of GDP, and automatic stabilisers for an additional 2.0%, which is 4.0% in total. In the absence of these measures, economic growth would have been by a further 0.75 p.p. lower this year, and from 0.50 to 0.75 p.p. in 2010. Together with the impact of automatic stabilisers, these measures will weaken government balances in the euro area, as the deficit is projected to rise from 1.7% of GDP in 2008 to 4.0% of GDP this year and 4.4% of GDP in 2010, the widest deficit in the last 15 years.

Figure 4: Comparison of November and January forecasts for key indicators

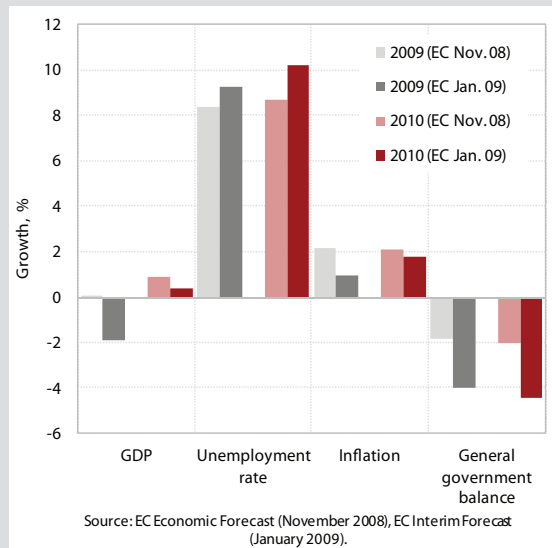


Table 1: Comparison of EC forecasts and IMAD's assumptions

	EKC Nov 08	IMAD Dec 08	EC Jan 09	EC Nov 08	IMAD Dec 08	EKC Jan 09
EU	0.2	-0.2	-1.8	1.1	1.1	0.5
EMU	0.1	-0.5	-1.9	0.9	0.9	0.4
DE	0.0	-0.6	-2.3	1.0	1.0	0.7
IT	0.0	-0.6	-2.0	0.6	0.6	0.3
AT	0.6	0.5	-1.2	1.3	1.2	0.6
FR	0.0	-0.5	-1.8	0.8	1.0	0.4
UK	-1.0	-1.3	-2.8	0.4	0.8	0.2
US	-0.5	-0.7	-1.6	1.0	1.3	1.7

Source: European Commission Economic Forecast (November 2008), IMAD Revised Autumn Forecast (December 2008), European Commission Interim Forecast (January 2009).

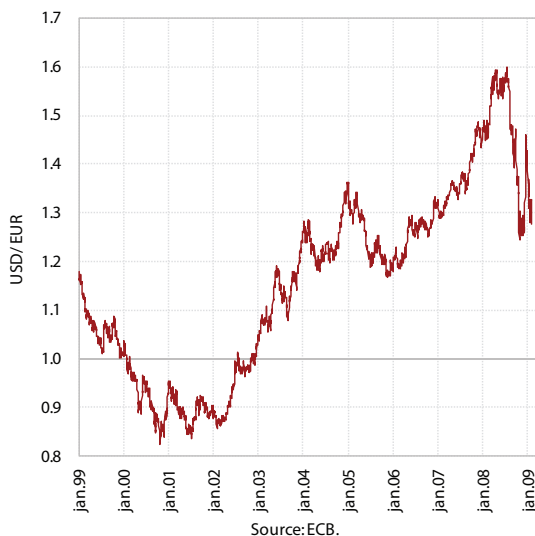
the first Eurostat estimate (0.1% in the US in December). The slowdown in inflation is still mainly underpinned by oil price drops and a substantial deterioration of economic activity. In January, the ECB had thus cut its key interest rate by 50 basis points, while in February it left it

unchanged, at 2.0%. The Fed key interest rate remains at the December level of 0.0% to 0.25%. The interest rates in interbank markets also continue to decline. The three-month EURIBOR declined further in January, reaching an average of 2.457%.

Oil prices rose somewhat in January, moving slightly above USD 40 per barrel. The average price of Brent crude was at USD 43.5 per barrel in January, 8.8% more than in December 2008. Prices per barrel are down by more than half (52.9%) relative to January 2008.

The euro depreciated against the US dollar again in January. The average exchange rate of the euro stood at USD 1.3239 to EUR 1 in January, 10.1% down from January 2008. In January, the euro continued its depreciation against the Japanese yen (the average exchange rate of JPY 119.73 to EUR 1) and against the Swiss franc (the average exchange rate of CHF 1.4935 to EUR 1), while it appreciated against the British pound sterling for the third consecutive month (the average exchange rate of GDP 0.9182 to EUR 1).

Figure 5: Movements of the USD/EUR exchange rate



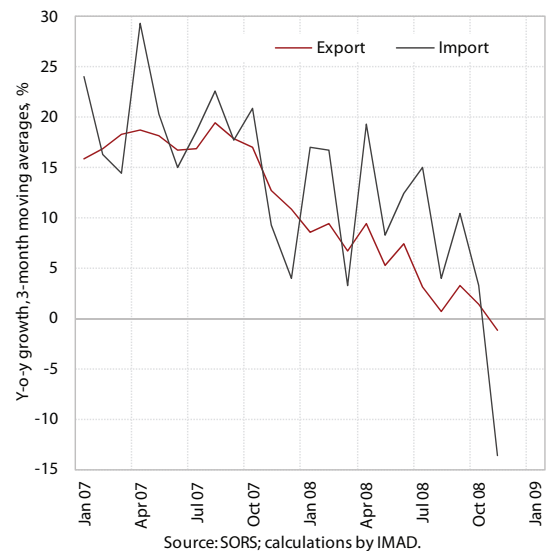
## Economic developments in Slovenia

In November, **merchandise exports** recorded the largest year-on-year decline since 1995. November's decrease in exports (-14.2%) was largely due to a significant decline of exports to EU Member States (-17.1%), though exports to non-EU countries also dropped. Exports to the EU declined y-o-y already in Q3, for the first time since Slovenia's accession to the EU, while their negative growth intensified in October and November. Growth of exports to non-EU countries was, in contrast, still fairly strong in Q3 (12.8%), but decelerated in October (9.0%) and dropped y-o-y in November (-7.1%). Total merchandise exports rose by 3.2% y-o-y in the first eleven months of 2008. Consistent with the degree of the slowdown in economic activity in Slovenia's main trading partners, the decline in exports to Italy and UK, which had started in Q3, also continued in October.<sup>1</sup> Exports to Austria and

<sup>1</sup>Data on merchandise exports by country are available until October 2008.

Germany, which had still been rising in Q3, also declined. October's decline in growth of exports to other non-EU countries was mainly linked to a significant decline in exports to the US (-30.8%), while exports to the former Yugoslavia and the Russian federation were still on the increase. With regard to the structure of exports (SITC), there were no major changes given that in October the largest contribution to total export growth still mainly came from exports of medicinal and pharmaceutical products as well as exports of electricity, which rose somewhat y-o-y relative to Q3 2008; the largest negative contribution was from road vehicle exports.

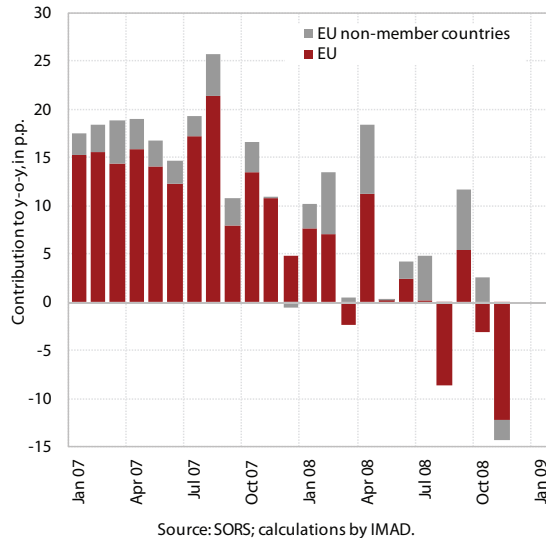
Figure 6: Exports and imports



**Merchandise imports** also recorded the largest drop since 1995. After increasing y-o-y in October (3.3%), merchandise imports dropped substantially in November (-13.6%), and were 8.3% higher y-o-y in the first eleven months of 2008. This significant drop in merchandise imports could be explained by a high import component in exports, given that in recent years domestic producers used more than half of imported intermediate goods in products intended for export. According to the available data on the structure of imports (SITC) for the first ten months of 2008, the largest contribution to October's import growth still came from imports of oil and oil products (5.1 p.p.) and the largest negative contribution from imports of road vehicles and other transport vehicles (-3.1 p.p.).

The deterioration of the terms of merchandise trade moderated substantially in October, mainly as a result of significantly weaker growth of import prices. The terms of merchandise trade deteriorated by only 0.9% y-o-y in October (in September by 4.2%). Export prices increased by 2.0% y-o-y in October (in September by 2.5%), import prices by 2.9% (in September by 6.9%). The slower growth of import prices in October is mainly related to the y-o-y

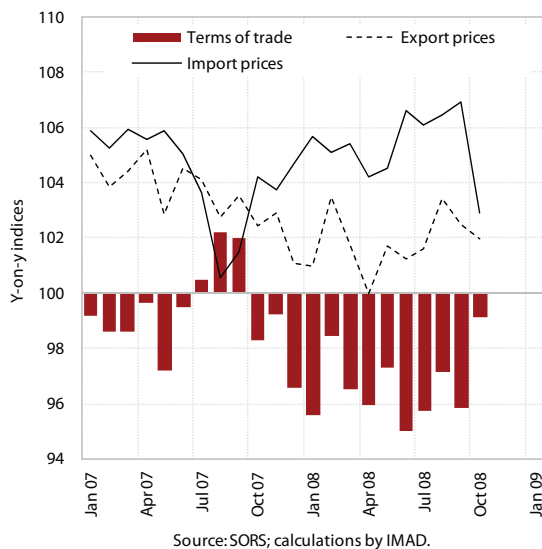
Figure 7: Geographic distribution of merchandise exports



Source: SORS; calculations by IMAD.

drop in prices of oil and other primary commodities. In the first ten months of 2008, export prices recorded weaker growth (index 101.9) than import prices (index 105.4) and the terms of trade deteriorated by 3.3% (by 0.4% in the same period of 2007).

Figure 8: Dynamics of the terms of trade



Source: SORS; calculations by IMAD.

Growth of **trade in services**, particularly exports, increased significantly y-o-y in November. Export growth strengthened from 15.5% in October to 25.4% in November. The total growth of services exports was mainly driven by exports of other business services (especially merchandising and various professional, business and technical services) as well as travel and road transport services. The contribution of the latter stagnated, while the contributions of the other two groups strengthened notably, relative to

the third quarter of 2008. After dropping y-o-y in October, imports of services increased marginally in November (0.9%). Total import growth was mainly underpinned by transport and travel services, while the contribution of construction services was negative. In the first eleven months of 2008, exports of services increased by 19.4% y-o-y and imports by 8.6%.

Table 2: Selected monthly indicators of economic activity in Slovenia

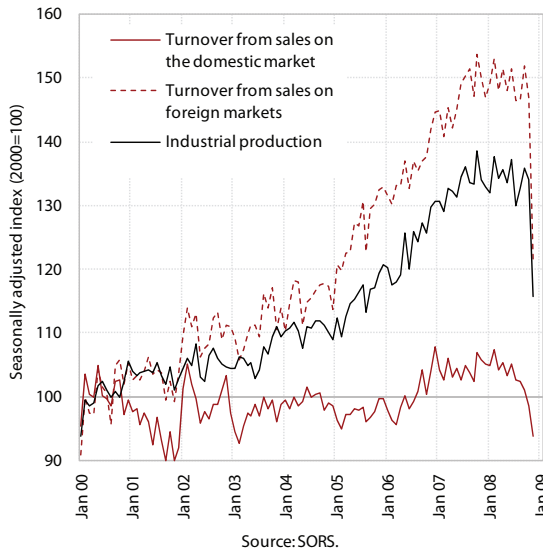
In %	2007	XI 08/ X 08	XI 08/ XI 07	I-XI 08/ I-XI 07
<b>Exports<sup>1</sup></b>	16.9	-16.3	-8.1	6.5
-goods	16.3	-17.2	-13.9	3.8
-services	20.1	-12.7	25.4	19.4
<b>Imports<sup>1</sup></b>	18.3	-17.8	-11.5	8.5
-goods	18.1	-18.6	-13.0	8.5
-services	20.1	-12.4	0.9	8.6
Industrial production	6.2	-12.8 <sup>2</sup>	-12.0 <sup>3</sup>	-0.6
-manufacturing	7.5	-13.7 <sup>2</sup>	-12.7 <sup>3</sup>	-0.5
Construction -value of construction put in place	18.2	-20.3 <sup>2</sup>	-8.1 <sup>3</sup>	16.2
Distributive trade - turnover in distributive trade and the sale and repair of motor vehicles	9.5	-1.7 <sup>2</sup>	2.8 <sup>3</sup>	11.1
Hotels and restaurants - turnover in hotels and restaurants	0.3	-1.2 <sup>2</sup>	-6.2 <sup>3</sup>	-3.8

Sources: BS, SORS, calculations by IMAD. Notes: <sup>1</sup>balance of payments statistics, <sup>2</sup>seasonally adjusted, <sup>3</sup>working-day adjusted data

In November, **manufacturing** recorded the greatest decline in the volume of industrial production since data have been available (1992). The volume of production was down 12.7% (working-day adjusted) relative to November 2007 and down 13.7% (seasonally adjusted) in comparison with the previous month. The volume of production thus dropped to the level of 2005. With a lag of a few months, the decline in new orders (which had dropped significantly already a few months before) was followed by a decline in sales (enterprises in manufacturing have production assured for four months, on average). Real turnover from sales in foreign markets, which used to be the main level of growth over the past years, recorded the most notable decline. In the euro area, it was by as much as 22.9% lower relative to November 2007; a significant decline was also recorded in foreign currency markets (-16.1%). The lowest decline, albeit pronounced, was recorded in turnover from sales in the domestic market (-14.4%).

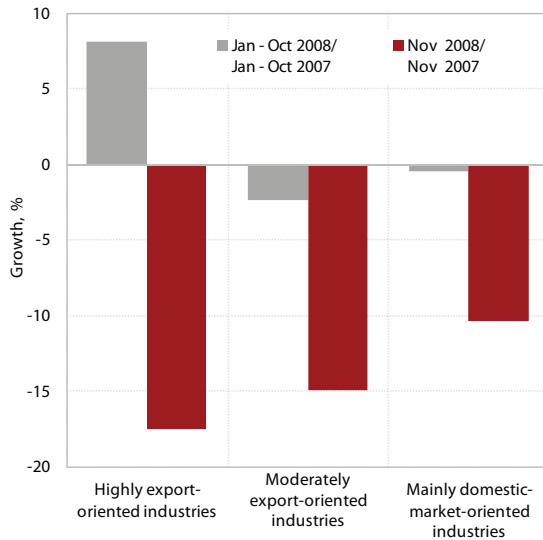
In November, the volume of production dropped in all manufacturing activities, most notably in highly export-oriented sub-industries. Growth rates of the latter were still relatively favourable on average in the first ten months, largely on account of the chemical industry, while in November the volume of production was down 17.5% relative to the previous November. Among the highly export-oriented sub-industries, the largest drop in activity was recorded in the manufacture of transport

Figure 9: Production and turnover from sales in manufacturing



equipment (-32.8% y-o-y), but the effect of the 18.6% drop in the manufacture of the chemical industry was even somewhat greater, due to its size. Given that sales also dropped notably in the domestic market, it is not surprising that production dropped significantly in all fourteen manufacturing sub-industries.

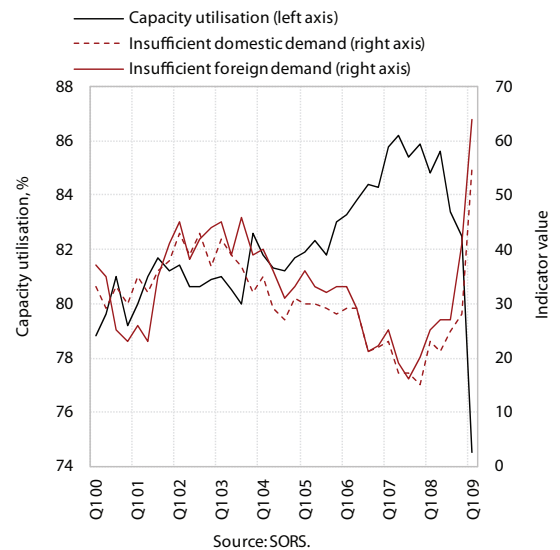
Figure 10: Production in manufacturing according to export orientation



Weak production activity is also reflected in the labour market and low capacity utilisation. In November, the number of persons in formal employment in manufacturing declined by 1,484 relative to the previous month, the majority in the metal (450) and textile (249) industries and in the manufacture of transport equipment (217).

Labour market prospects are also grim for the coming months. According to the latest business trend survey (January 2009), the share of enterprises that expect to cut jobs was 53 p.p. higher than the share of those expecting to create new jobs. While in January 2008 enterprises still cited the shortage of skilled workers as the main limiting factor to production, this answer was among the less frequent answers in January 2009. Most enterprises report insufficient domestic and foreign demand (55% and 64%, respectively) as factors limiting production; in September's survey, a notably higher share of enterprises considered uncertain economic conditions (41%) and financial problems (23%) to be an impediment to production. Capacity utilisation also dropped notably, relative to September, to 74.5%, the lowest level since data have been available (from 1996).

Figure 11: Selected indicators of business tendency in manufacturing

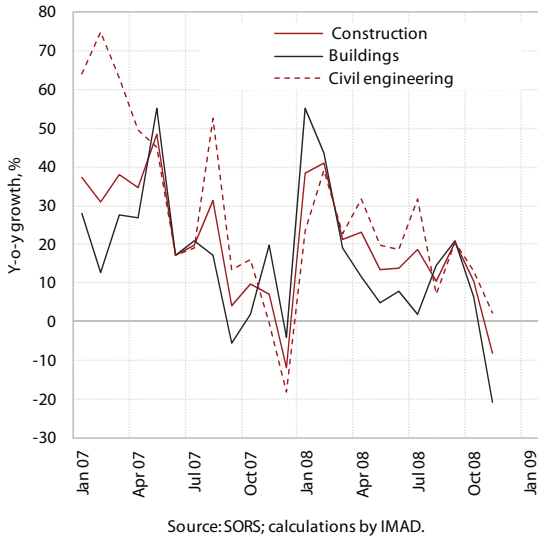


**Construction activity declined in November.** After the strong growth at the beginning of the year and a slowdown of growth to approximately 15% in Q2 and Q3 and in October, the value of construction put in place was 8.1% lower in November than the year before. The value of non-residential construction works was 30.5% lower, while the value of civil-engineering works increased by 2.5% and the value of residential construction works<sup>2</sup> by 24.5%. According to seasonally adjusted data, activity dropped by as much as 20.3% in November relative to October.

The data on new contracts and business tendencies show that the slowdown of activity is set to continue. According to the construction statistics, the value of the stock of

<sup>2</sup>In interpreting data on the value of residential construction, it should be noted that these figures exclude the activity of smaller enterprises, where the main activity is judged to be the construction of residential buildings.

Figure 12: Value of construction put in place

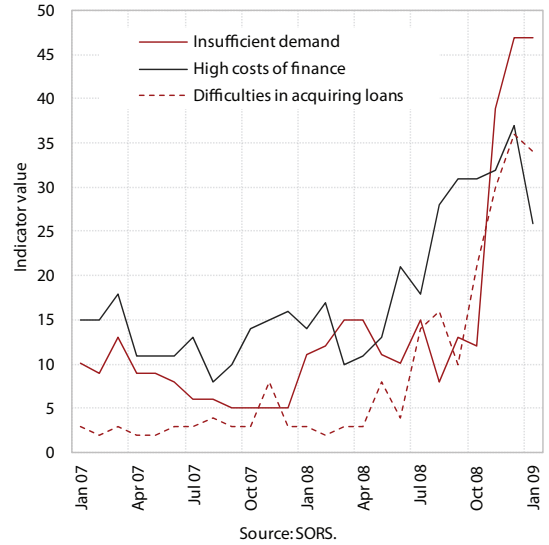


contracts was 10.8% lower in November, relative to the same month of 2007. In the first eleven months of 2008, the value of new contracts was 1.4% lower than in the same period of 2007, particularly as a result of the decline posted in the last few months. A similar moderation is also indicated by business tendency data on limiting factors, according to which the share of enterprises citing insufficient demand as a factor limiting building activity is growing. This indicator reached its six-year high in December and stayed at that level in January. Over the last few months, construction companies are also increasingly facing difficulties in acquiring loans as well as higher costs of finance.

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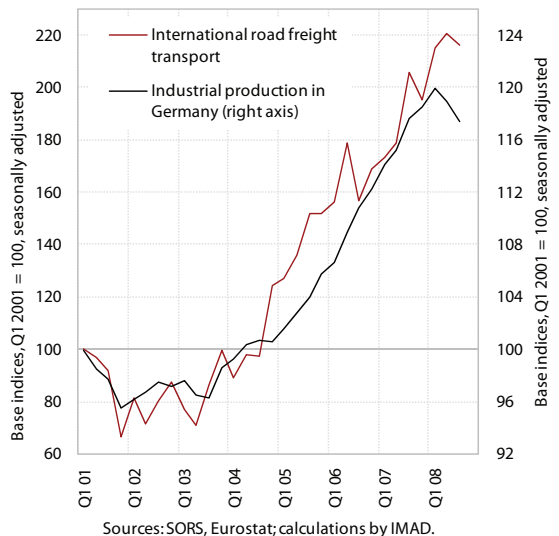
Growth in the volume of road freight transport slowed notably in the third quarter of 2008 and is expected to deteriorate further in the last quarter. After it had increased by 25% in the first half of 2008, the volume of road freight transport rose by a mere 7.7% in the third quarter, and by 18.8% in total in the first three quarters y-o-y. In Q3, growth of international road freight transport by domestic

Figure 13: Limiting factors in construction according to business tendency surveys



carriers was twice as high (8.5%) as growth of transport in Slovenia (4.1%). Given the decline in industrial production (and in the volume of construction) in Slovenia and in our main trading partners over the past few months, the prospects for Q4 growth are modest. In Q3, the volume of rail freight transport slightly increased, but dropped in the first nine months by 1.9% year-on-year in total, even though national transport increased by a tenth. The share of national transport in both road transport and rail transport thus accounts for a mere 19% of all transport services, while the other transport is international. Within other categories that together represent just over a third of all transport activities, harbour and maritime transport rose by 6.3% and 20.4% y-o-y, respectively, in the first

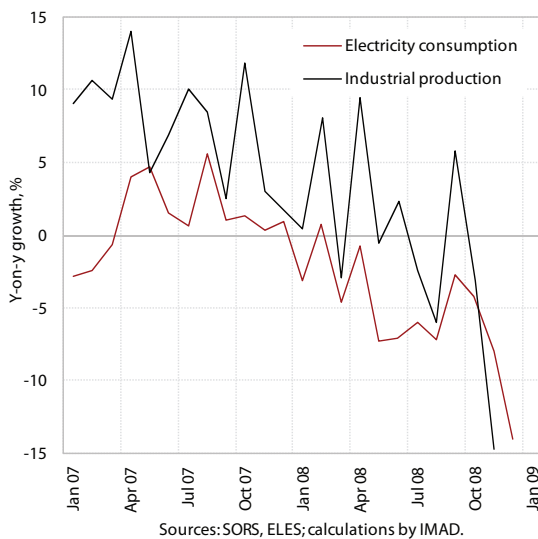
Figure 14: International road freight transport and industrial production in Germany



eleven months of 2008. Within passenger transport, urban transport and suburban commuter transport stagnated (-0.7% and -0.2% y-o-y, respectively, in the first eleven months), while rail transport increased by 6.1% year-on-year in the first three quarters of 2008. Due to the high base (Slovenian presidency of the EU), growth in air and airport traffic started to slow rapidly in the second half of 2008, but will remain high at the annual level.

**Electricity** production increased significantly in 2008, while electricity consumption dropped. The latter reflects the deepening of the economic crisis over the past few months. Electricity production increased by 6.7% y-o-y in December, and by 9.7% in 2008 as a whole. The output of hydroelectric power plants surged by as much as 120.6% in December and by a quarter in 2008 as a whole; the 2008 output of the nuclear power plant (without the regular overhaul) increased by a tenth, as expected, while the output of thermal power plants recorded practically no increase (0.5%). Electricity consumption dropped by 14.0% y-o-y in December, and by 5.4% in 2008 as a whole. December's reduction in consumption by direct users was by far the largest in 2008, at 38.2%, as was the decline in consumption from the distribution network (9.7%), which goes hand in hand with a further decline in industrial production in December 2008. Exports increased by a quarter and imports declined by a seventh; Slovenia thus posted net exports accounting for 19.2% of production in December and 10.6% in 2008 as a whole, the largest since 2001.

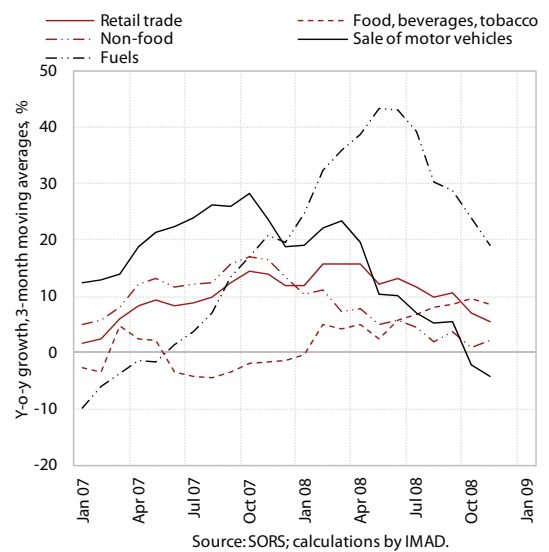
Figure 15: Electricity consumption and industrial production in manufacturing



In November, activity in the **retail trade**<sup>3</sup> of durable and semi-durable goods continued to slow. Y-o-y growth of real turnover in retail trade moderated significantly in October and November. Real turnover in the sale of motor

vehicles where growth has been slowing since March dropped y-o-y for the second successive month. Growth in the sale of automotive fuels more than halved relative to the average growth in the first three quarters. After being strong in the first two months of 2008, the growth of the number of new car registrations slowed in the following months; the number of new car registrations in November was lower than in the previous November (-18.9%) for the second month in a row. In the first eleven months of 2008, growth in the sale of non-food products more than halved relative to the same period of 2007, while growth in the sale of food remained strong. Activity in retail trade can be expected to moderate further in the coming months, as according to the seasonally adjusted data the confidence indicator in January again dropped to its lowest level in the whole analysed period.

Figure 16: Turnover in retail trade

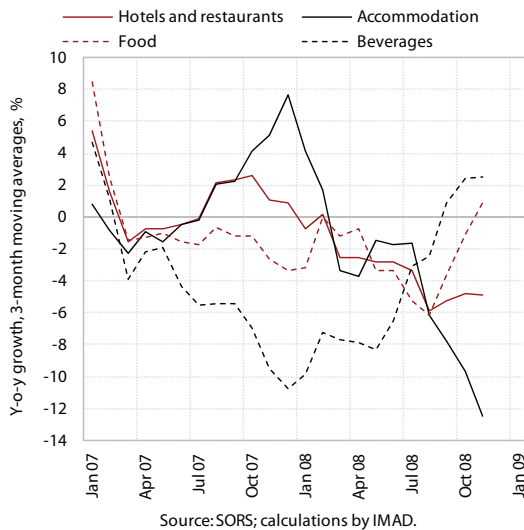


Activity in **hotels and restaurants** also declined in November. Real turnover dropped y-o-y for the fifth consecutive month, again largely on account of lower real turnover in accommodation and related services (-15.7%). In the first eleven months of the year, the y-o-y decline of the real turnover in this group (-5.9%) was three times higher than in the hotel and restaurant group and almost twice as high as in the bar group. The number of overnight tourist stays also dropped again year-on-year in November (-4.4%), given that the number of overnight stays by foreign tourists dropped y-o-y for the fourth month in a row (-11.9%). With a 0.9% decline in overnight stays by foreign tourists (9.0% growth in 2007) and a 4.8% increase in overnight stays by domestic tourists, the number of tourists' overnight stays increased by 1.4% in the period to November relative to the same period of 2007 (7.2% in 2007).

**Consumer** sentiment deteriorated again in January; major purchases of durable goods moderated significantly over the past few months. In January, for the third month in a

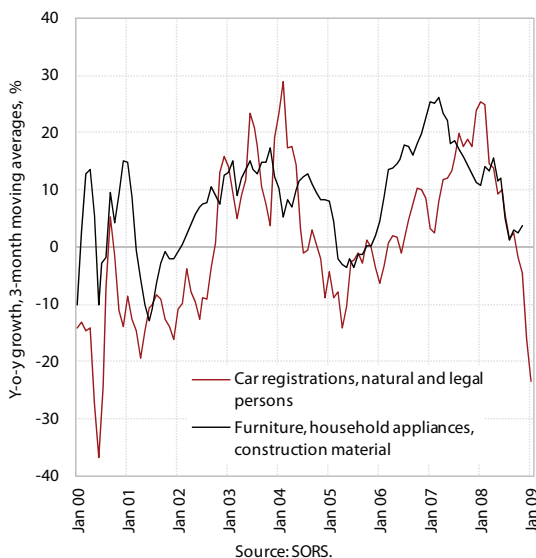
<sup>3</sup> In retail trade, sale and maintenance of motor vehicles and retail sale of automotive fuels combined (50+52)

Figure 17: Turnover in hotels and restaurants



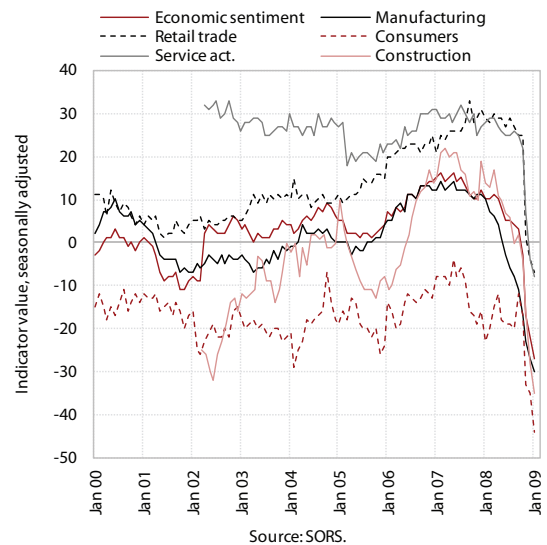
row, the consumer confidence indicator dropped to its lowest level so far; its original value fell by as much as 8.0 p.p. relative to December. Consumers are very pessimistic regarding the economic situation in the next twelve months (as well as regarding the past economic situation), unemployment and major purchases. Moreover, they also think that now is the time to save and are planning to save more in the next twelve months (these indicators rose to their highest levels since July 2007). Purchases of durables moderated notably in the second half of the year. In the second half of 2008, natural persons registered roughly 1,100 passenger vehicles (-7.5%) less than in the same period of the previous year. The value of furniture and household appliance purchases was still higher than the year before, but the growth rate slowed notably from 12.5% y-o-y in the first half to 2.0% in the second half of the year.

Figure 18: Purchases of durable goods



**The business climate indicator** dropped in January again, hitting a new low since its formation in 2000. The values of all five sub-indices fell again and reached their lowest levels since the beginning of measurement for the third consecutive month (with the exception of construction). In January, the overall decline was mostly underpinned by the decline of the indicator in services, where the values of most sub-indices (business situation, demand, expected employment, selling price expectations and trust) dropped to their lowest levels since the beginning of measurement, and the decline in the consumer confidence indicator.

Figure 19: Business tendency

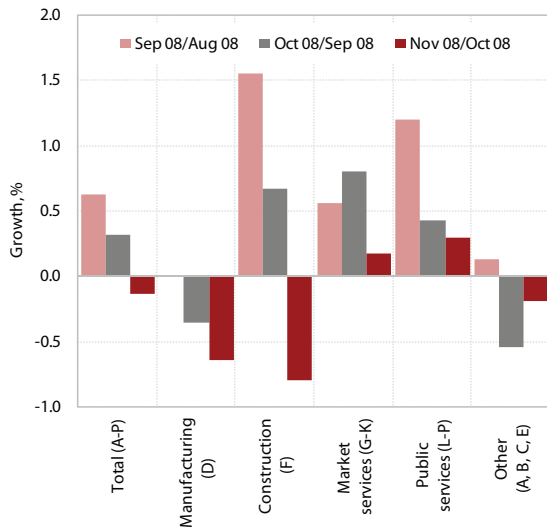


## Labour market

The situation in the **labour market** in terms of employment is deteriorating further. The number of persons in employment declined by 0.1% in November; the y-o-y growth rate fell by 0.5 p.p. to 2.2%. Compared with October, the number of employed persons continued to increase in most services (most notably in distributive trades). The largest declines were recorded in construction and manufacturing. In December, the number of registered vacancies and the number of persons hired dropped for the third month in a row, by 22.0% each relative to November and by 13.4% and 8.1%, respectively, year-on-year. The number of work permits for foreigners, which already exceeded 90,000 in October, is not falling yet and increased by a further 261 (to 90,696) in December. At the end of January, the government adopted the decree laying down the work permit quota for 2009 – 24,000, which is less than last year (32,000).

*Unemployment also continued to grow in December.* The number of persons who lost their jobs has been rising already since September. Among these, the shares of people who lost a fixed-term job and were made

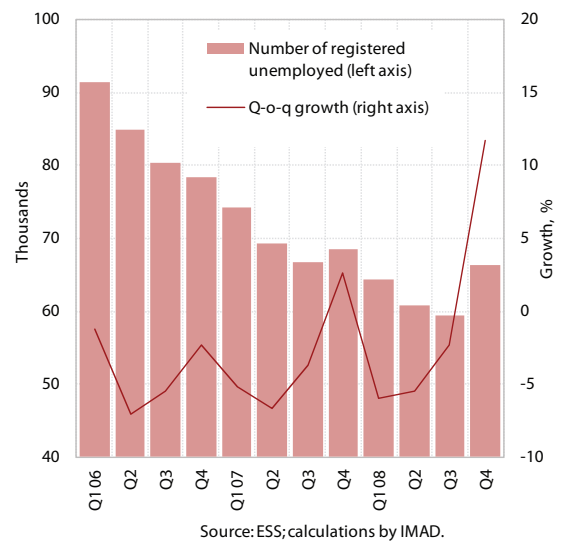
Figure 20: Change in the number of employed persons by activity



redundant are increasing. The number of persons who found work is dropping.<sup>4</sup> The registered unemployment rate climbed to 6.7% in November. Even though the number of the registered unemployed increased for the third successive month and rose by 11.7% relative to the previous quarter in Q4 2008 alone, it was still 3.2% lower y-o-y in December. On average, 63,215 persons were registered as unemployed in 2008, 8,121 (11.4%) fewer than in 2007. In 2008, the number of the unemployed declined primarily owing to the lower number of registered first-time job seekers (15.1% fewer than in 2007). The total number of all other people who registered as unemployed because they lost work also decreased by November, but December's inflow was so high (6,349 persons) that in 2008, as a whole, the total number of these unemployed was 1% higher than the year before. Among the unemployed who lost their jobs in 2008, 57.1% lost their fixed-term jobs, 12.6% quit their jobs voluntarily (these shares are still rising), 16.2% were laid off for business reasons, 4.7% lost work due to bankruptcy, while the rest (9.5%) were left jobless for other reasons. Outflows from unemployment, on the other hand, were lower than in 2007. There was 15.2% fewer unemployed who got a job, while outflows from various administrative reasons declined by 12.3% relative to 2007. The share of women among the unemployed dropped somewhat in 2008 (to 52.8%, which is 2.1 p.p. less than the year before). The shares of young unemployed persons and first-time job seekers are increasing, while the share of older unemployed people aged over 50 is rising (accounting for 34.7% in 2008, 3.6 p.p. more than the year before).

*In November, wage growth surged on account of year-end extra payments; in the first eleven months of 2008, it was still significantly stronger than in the same period of 2007, despite the y-o-y moderation recorded in the last two months. The*

Figure 21: Movement of the number of registered unemployed persons



gross wage per employee rose by a nominal 8.9% in November compared with the previous month, which is the lowest November rise in the past four years. Without extra payments, the November gross wage would have been even somewhat lower than in October, partly also due to two fewer working days. The slowdown of wage growth was even more pronounced y-o-y (3.9%), mainly due to a considerable wage growth decline in the private sector. The average gross wage growth was 8.3% in the first eleven months of 2008 and was much higher than in the comparable period of 2007 (5.9%), while in real terms it even lagged behind. With somewhat faster growth of wages and progressive taxation, net wage growth in the same period was half a percentage point slower.

Table 3: Labour market indicators

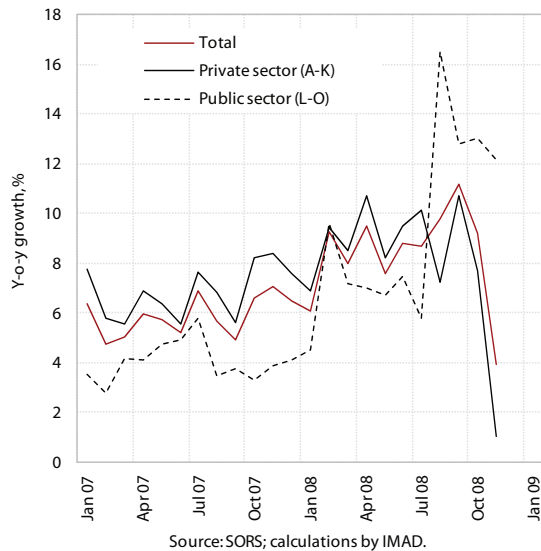
In %	2007	XI 08/ X 08	XI 08/ XI 07	I-XI 08/ I-XI 07
Labour force	1.6	0.0	1.5	1.9
Persons in formal employment	3.5	-0.1	2.2	3.1
- Employed in in enterprises and organisations and by those self-employed	3.3	-0.2	2.2	3.2
Registered unemployed	-16.9	1.2	-7.3	-12.1
Average nominal gross wage	5.9	8.9	3.9	8.3
- private sector	6.9	11.2	1.0	8.0
- public sector	4.1	3.4	12.2	9.4
	<b>2007</b>	<b>XI 07</b>	<b>X 08</b>	<b>XI 08</b>
Rate of registered unemployment, v %	7.7	7.3	6.6	6.7
Average nominal gross wage (in EUR)	1,284.79	1,491.65	1424.08	1,550.29
Private sector (in EUR)	1,217.14	1,467.82	1333.46	1,482.97
Public sector (in EUR)	1,485.09	1,563.28	1696.23	1,753.49

Sources: ESS, SORS, calculations by IMAD.

<sup>4</sup> See Slovenian Economic Mirror, December 2008

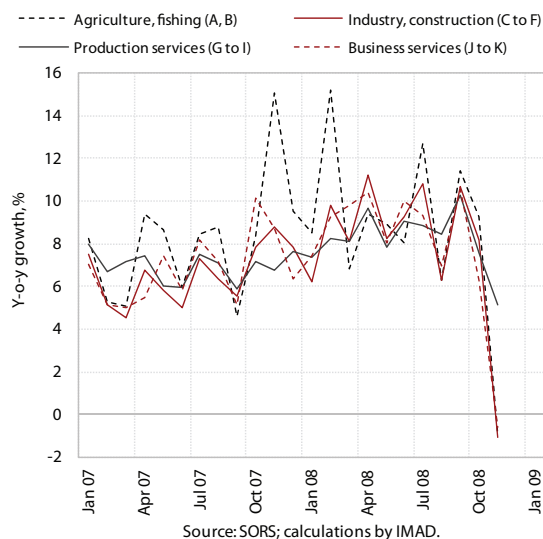


Figure 22: Nominal gross wage per employee



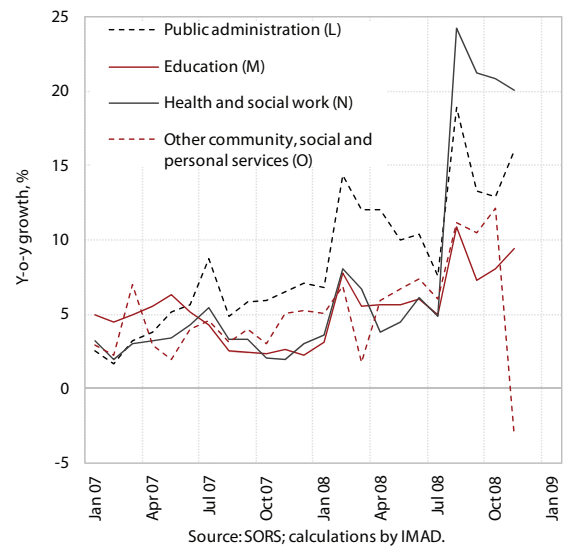
The movement of wages in the private sector has begun to mirror the tightening of economic conditions. The November increase in the gross wage in the private sector (11.2%) was otherwise characterised by year-end extra payments, though these were more modest than in 2007. The average amount of 13<sup>th</sup> month payments was 8.8% lower; the percentage of recipients was also lower (19.9%, 3.9 p.p. less than in November 2007). The gross wage increased by a mere 1.0% year-on-year, and by 8.0% on average in the first eleven months. Positive y-o-y growth was only recorded by wages in the group of production services (G to I; 5.1%), while in all other groups wages declined by just below one percent on average. These wage dynamics are linked to last year's smaller volume of year-end extra payments (as a result of adverse business situations) and the high base in 2007.

Figure 23: Gross wages in the private sector



Public sector wages recorded strong growth in November (3.4%); the y-o-y and average wage rises remained higher than in the private sector. The monthly growth of wages was unexpectedly strong, particularly in the public administration, largely due to increased payments to judges (by slightly over 15%). Wages increased by 12.2% on average (relative to November 2007) and by 9.4% in the first eleven months of 2008 (relative to the same period of the previous year). As a result of the funds disbursed to eliminate wage disparities, high y-o-y and average wage rises were seen in all public sector activities, particularly in health and social work (20.1% y-o-y growth in November) thanks to the highest volume of disbursed funds. In other community, social and personal services, wages dropped y-o-y in November (by 3.2%), which is attributable to the fact that most employees in these services work in the private sector where wages also mainly declined.

Figure 24: Gross wages in the public sector



## Prices

Y-o-y **inflation** in Slovenia stood at 2.1% in December.<sup>5</sup> In Slovenia, inflation slowed faster than in the euro area. In the second half of the year, y-o-y growth of the harmonised index of consumer prices dropped from 6.9% in July to 1.8% in December, while at the level of the total euro area it dropped from 4.0% to 1.6% in the same period. The faster slowdown of y-o-y inflation in Slovenia was, similarly to the period of rising inflation,

<sup>5</sup> For more on inflation movement see Slovenian Economic Mirror, December 2008. Data on inflation in January 2009 will be published by SORS on 9 February, because in January 2009 some methodological changes regarding consumer price indices will be carried out, such as a change of weights, updating of the list of goods and services and of the points of sale where the prices are collected.

Table 4: Prices

	2007		2008		
	XII 2007/ XII 2006	Φ (I 07–XII 07)/ Φ (I 06–XII 06)	XII 2008/ XI 2008	XII 2008/ XII 2007	Φ (I 08–XII 08)/ Φ (I 06–XII 07)
Consumer prices (CPI)	5.6	3.6	-0.6	2.1	5.7
Goods	6.0	3.2	-1.0	1.3	6.0
- Fuel and energy	9.8	3.1	-5.8	-7.2	10.6
- Other	5.2	3.2	0.1	3.2	5.0
Services	4.8	4.5	0.3	3.8	5.0
Consumer prices (HICP)	5.7	3.8	-0.7	1.8	5.5
Administered prices <sup>1</sup>	7.2	2.6	-5.8	-7.8	9.6
- Energy	9.6	2.7	-8.8	-11.9	14.4
- Other	1.5	2.4	0.3	0.4	0.1
Core inflation					
- trimmean	3.2	2.3	-0.1	2.6	3.9
- excluding (fresh) food & energy	4.0	2.7	0.2	3.9	4.6
Consumer prices in the EMU	3.1	2.1	-0.1	1.6	3.3
Producer prices of domestic manufacturers					
- domestic market	6.3	5.4	-0.4	3.1	5.6
- EMU	0.9	5.0	-1.1	-0.1	2.1

Sources: SORS, Eurostat, calculations by IMAD. Note: <sup>1</sup> due to annual changes of the administered price index, figures are not directly comparable across years.

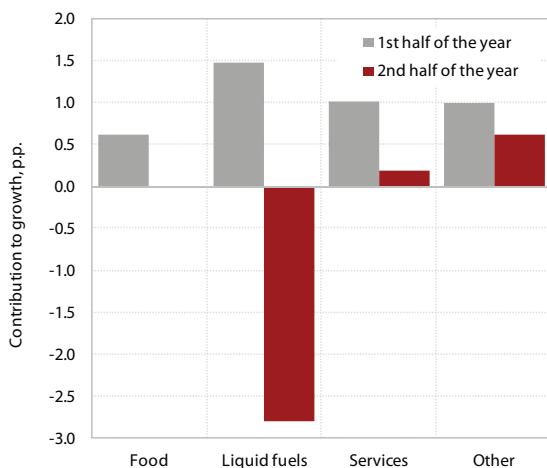
mainly due to the approximately 60% higher share of liquid fuels for transport and heating in the structure of average household expenditure and, thus, in the domestic consumer price index than at the level of the total euro area.

Core inflation also continued to ease in December. Y-o-y growth of the consumer price index excluding non-processed food and energy prices was down over the few past months, totalling 3.9% in December. The moderation

of core inflation was still mainly underpinned by slowing prices of processed food; their growth dropped from 11.3% in April to 5.2% in December.

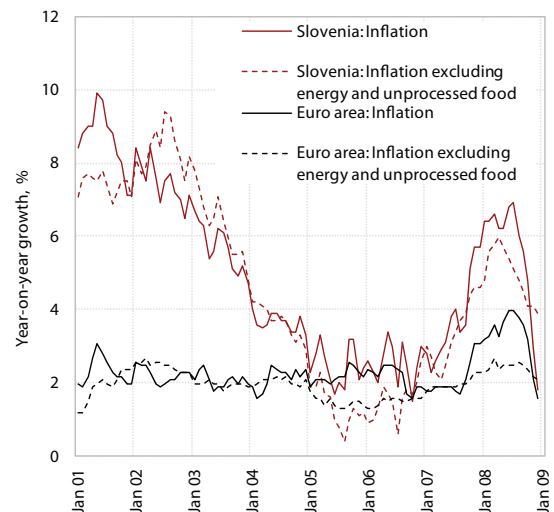
Prices under various regimes of regulation declined in 2008 (-7.8%). Energy prices dropped by 11.9%; other administered prices rose by 0.4%. Last year's growth of administered prices was thus in line with the Plan of Administered Price Adjustment for 2008 and 2009,

Figure 25: Contributions of individual price groups in 2008



Source: SORS; calculations by IMAD.

Figure 26: Inflation in Slovenia and in the total euro area



Source: SORS, Eurostat.

lagging behind the market-determined price rises, which increased by 3.6%, by our estimate.

In December, domestic producer prices of manufactured goods on the domestic market dropped for the fourth month in a row. Price growth also declined y-o-y, from 3.6% to 3.1%; growth of prices for sale on foreign markets dropped from 2.5% to 0.8%. The slowdown of y-o-y price growth is largely a consequence of slower price rises in the manufacture of food, beverages and animal feeds, as well as of price drops in the manufacture of metals and metal products where in December 2008 prices on the domestic and foreign markets dropped by a respective 2.8% and 5.4% relative to December 2007.

After improving at the monthly level for five months, in November **price competitiveness** measured by relative consumer prices also improved year-on-year. Amid a slightly decelerated monthly decline (-0.4%; -0.8% in October), the real effective exchange rate deflated by relative consumer prices also dropped year-on-year in November (-0.7%; in the first eleven months together, it was 3.0% higher), for the first time since March 2006. The nominal effective exchange rate continued to decline (-0.2% at the monthly level and -1.7% y-o-y) under the influence of a strong depreciation of the EUR against the USD, JPY and CHF; at the same time the EUR appreciated against most other EU currencies, most notably against the GBP and slightly less against the SEK, HUF and PLN. Relative prices

### Box 2: Prices of food

The prices of food increased significantly on global markets and also in Slovenia in 2007 and in the first half of 2008. In this period, prices of agricultural commodities on global markets increased at a very rapid pace. Slovenian prices of agricultural products increased as well, which led to accelerated growth of prices in the manufacture of food, beverages and animal feeds and in the retail prices of food. The growth of retail food prices was, in addition to price rises in liquid fuels for transport and heating, the main factor of faster consumer price rises in Slovenia in this period. Food price rises on global markets translated into faster food price rises in the whole euro area. Similar to Slovenia, intermediate prices in the manufacture and final prices in retail trade increased also in the euro area. Price rises in the manufacture of food, beverages and animal feeds and retail trade in Slovenia were much more pronounced than in the euro area average, which was the key difference in the food price dynamics between Slovenia and the euro area. In addition, food price rises in the retail sector in Slovenia exceeded price rises in the manufacturing sector, in contrast to the euro area where they lagged behind.

In the second half of 2008, prices of agricultural commodities started to slow both on global markets as well as in Slovenia, which had no impact on retail prices. In the second half of the year, prices of agricultural commodities on global markets declined. A similar downward trend was also seen in prices of agricultural products by Slovenian producers and was reflected in prices at the next link of the food chain, which began falling as well (i.e. prices in the manufacture of food, beverages and animal feeds). At the level of the total euro area, these developments came to be seen in September 2008, while in Slovenia they became more pronounced in December 2008. Final retail food prices, however, remain relatively high and do not mirror the price drops at the beginning of the chain neither in the euro area nor in Slovenia.

Figure 27: IMF food price index and index of domestic producer prices of agricultural products

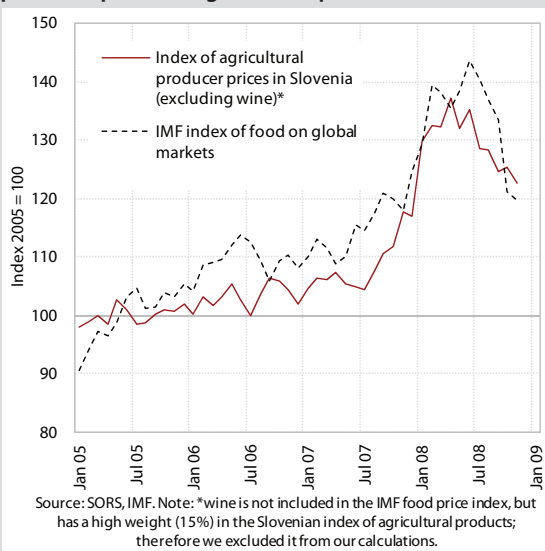


Figure 28: Price indices in the manufacture of food, beverages and animal feeds and in retail food prices

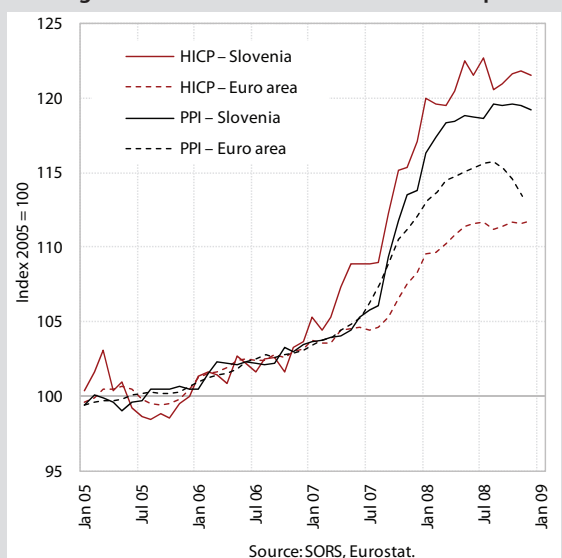
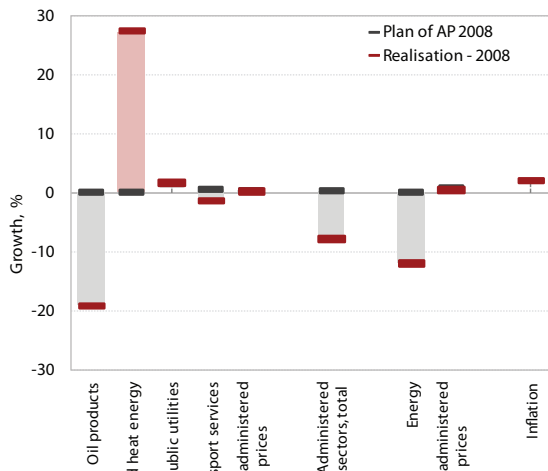


Figure 29: Administered prices

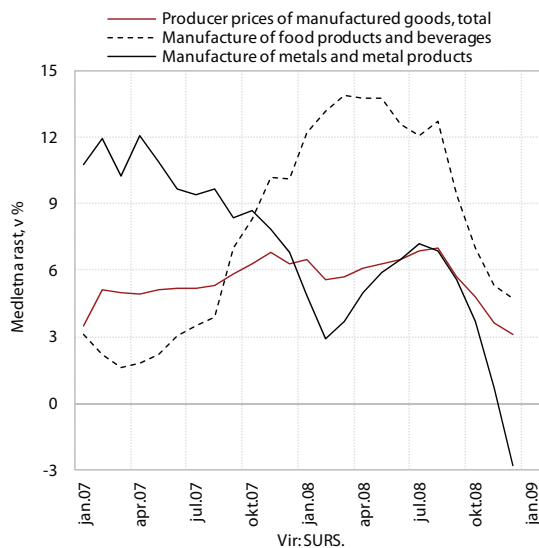


Source: SORS; calculations by IMAD.

dropped at the monthly level again in November (-0.2%) and the slowdown of their y-o-y growth (to 1.0% from 1.6% in October) again became more pronounced.

Price competitiveness measured by relative producer prices continued to improve slowly at the y-o-y level in November. In November, the real effective exchange rate deflated by relative producer prices in manufacturing<sup>6</sup> increased relative to October (by 0.8%); its y-o-y drop was, consequently, lower as well (-0.2%; -1.0% in October). The November deterioration of the otherwise favourable trends was linked to a more pronounced increase in relative prices (1.0% at the monthly level; 1.5% y-o-y), following their modest one-year growth when producer

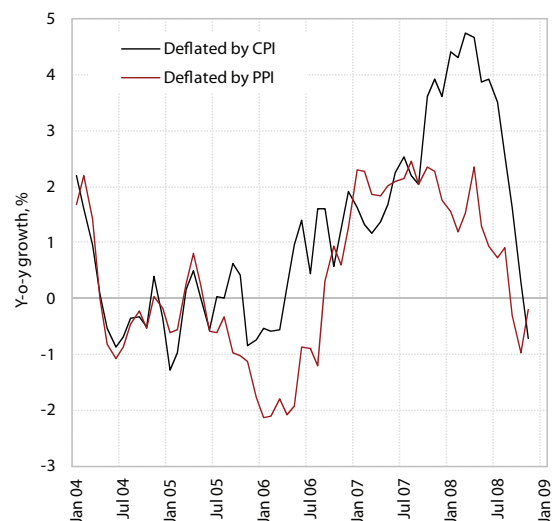
Figure 30: Producer prices of manufactured goods on the domestic market



Vir: SORS.

<sup>6</sup> On the domestic market.

Figure 31: Real effective exchange rate

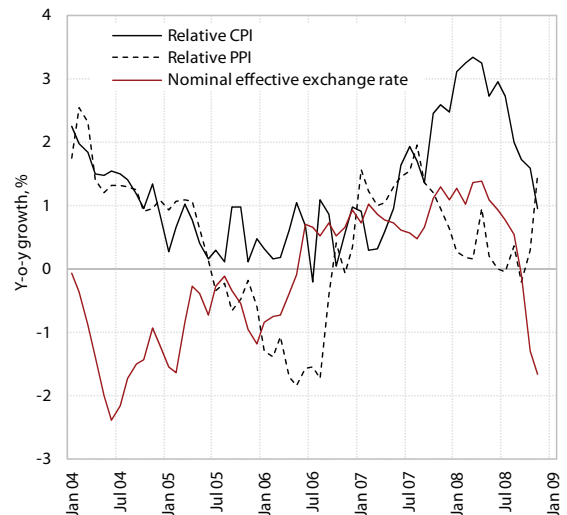


Source: ECB, SORS, OECD; calculations by IMAD.

prices in manufacturing in Slovenia rose at a similar rate as in its trading partners.

In November, all euro area countries posted better price competitiveness than the year before. Slovenia was among the Member States with the lowest y-o-y drop in the real effective exchange rate deflated by the HICP. Amid the still relatively high inflation, which otherwise gradually slowed,<sup>7</sup> the depreciation of the euro had a

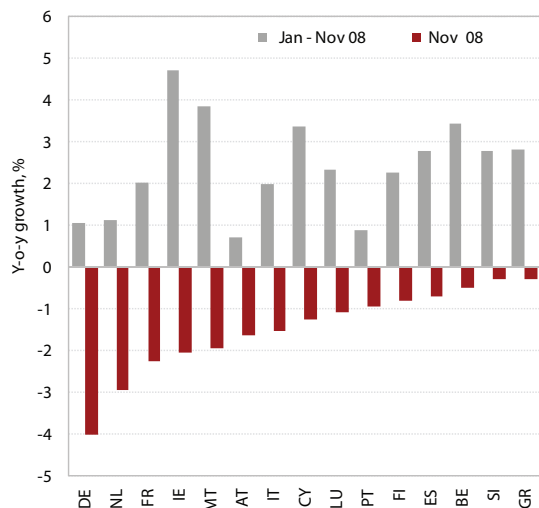
Figure 32: Components of the real effective exchange rate



Source: ECB, SORS, OECD; calculations by IMAD.

<sup>7</sup> Slovenia shared the 1st to 2nd places with Belgium in terms of y-o-y inflation as late as in September, 3rd to 4th places in October, while in November it was ranked 5th to 6th together with Greece. Despite a relative reduction of the disparities, in the first eleven months Slovenia still recorded the highest y-o-y inflation in the euro area.

Figure 33: Real effective exchange rates in the euro area, deflated by the HICP



Source: ECB; calculations by IMAD.

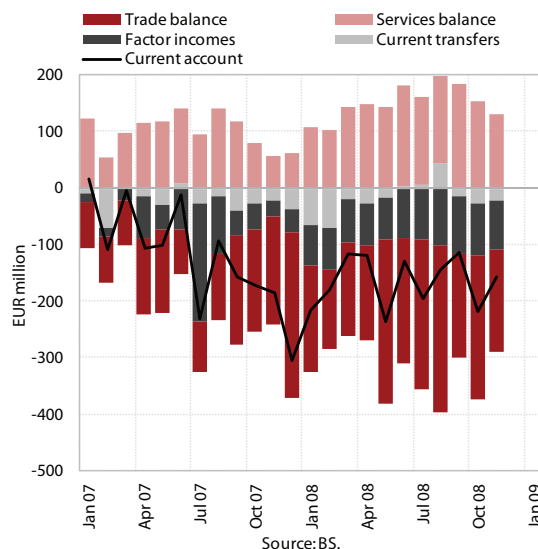
relatively smaller positive impact on Slovenia's price competitiveness, owing to the above-average share of Slovenia's trade in the euro area. In the total of eleven months, price competitiveness in all euro-area members was still worse than the year before; Slovenia was among the countries where the slowdown was modest.

## Balance of payments

With somewhat slower growth in November, the current account deficit exceeded EUR 1.8 bn in the first eleven months of 2008. In November, the current account deficit was among the lowest recorded in 2008 (EUR 157.5 m) and also somewhat lower than in November 2007, which was the result of a higher surplus in the services balance and a lower trade deficit. Deficits in factor incomes and current transfers, in contrast, widened. In the first eleven months of 2008, the current account deficit reached EUR 1,825.6 m and was EUR 676.3 m higher than in the same period of 2007.

The trade deficit totalled EUR 181.4 m in November and was the lowest since May (when it started to grow at a faster pace). In November 2008, the trade deficit also narrowed somewhat compared with November 2007; in the first eleven months of 2008, it was EUR 980 m higher than in the same period of 2007. The merchandise trade deficit widened by EUR 980 m in the period of the first eleven months: the deficit with EU countries increased, while the surplus with non-EU countries decreased. According to data for the first ten months, a breakdown by purpose shows that the merchandise trade deficit rose largely as a consequence of a widening trade deficit in intermediate goods, which is, given the high import component in exports, linked to the cooling of the international environment and weaker foreign demand. Even though

Figure 34: Components of the current account balance



Source: BS.

the year-on-year deterioration of the terms of merchandise trade was marginal in October, it nevertheless contributed more than two-thirds to the trade deficit increase in the first ten months of 2008 (68.5%).

The surplus in the services balance in November was narrower than in previous months, albeit still notably higher than in November 2007, largely on account of high business services exports. The surplus in the services balance totalled EUR 132.0 m in November. The y-o-y increase was mainly underpinned by higher exports in trade in other business services, especially merchanting and various business, professional and technical services. While net exports of construction services posted a significant increase in October, their contribution was already considerably lower in November. The trade surplus in the group of other services strengthened y-o-y in October and November, while the trade surplus in travel and the trade surplus in transport services narrowed. The narrowing of the latter was consistent with the decline in merchandise trade growth. In the first eleven months of 2008, the surplus in the services balance increased by EUR 522.6 m y-o-y to EUR 1,652.8 m.

The factor income deficit, which was rising due to higher net interest payments in 2008, widened y-o-y in November largely due to higher net outflows from dividends. The growth of net interest payments on foreign loans, which slowed somewhat in November, remains the main driver of factor income deficit growth. Net interest receipts from securities (mostly bonds and notes of the banking sector) declined in November year-on-year. Net outflows from dividends have been rising year-on-year since September, as in this period foreign direct investors increased payments of dividends and distributed profits more than Slovenian direct investors abroad. In the first eleven months of 2008, the factor income deficit totalled

Table 5: Balance of payments

I-XI 2008, EUR m	Inflows	Outflows	Balance <sup>1</sup>	Balance, I-XI 2007
Current account	25,810.2	27,635.8	-1,825.6	-1,149.3
- Trade balance (FOB)	19,062.7	21,416.1	-2,353.4	-1,373.3
- Services	4,694.9	3,042.1	1,652.8	1,130.2
- Income	1,156.8	2,084.9	-928.1	-669.4
Current transfers	895.8	1,092.7	-196.9	-236.8
Capital and financial account	4,689.3	-2,934.1	1,755.2	1,221.8
- Capital account	237.7	-280.5	-42.9	-31.5
- Capital transfers	234.8	-271.9	-37.1	-29.0
- Non-produced, non-financial assets	2.9	-8.6	-5.7	-2.5
- Financial account	4,451.6	-2,653.4	1,798.1	1,253.3
- Direct investment	1,017.4	-929.0	88.5	-319.1
- Portfolio investment	650.9	-259.4	391.5	-2,300.6
- Financial derivatives	0.0	5.7	5.7	-22.7
- Other investment	2,767.4	-1,470.8	1,296.6	3,828.3
- Assets	28.8	-1,455.9	-1,427.1	-4,946.7
- Liabilities	2,738.6	-14.9	2,723.7	8,775.0
- Reserve assets	15.9	0.0	15.9	67.5
Net errors and omissions	70.3	0.0	70.3	-72.5

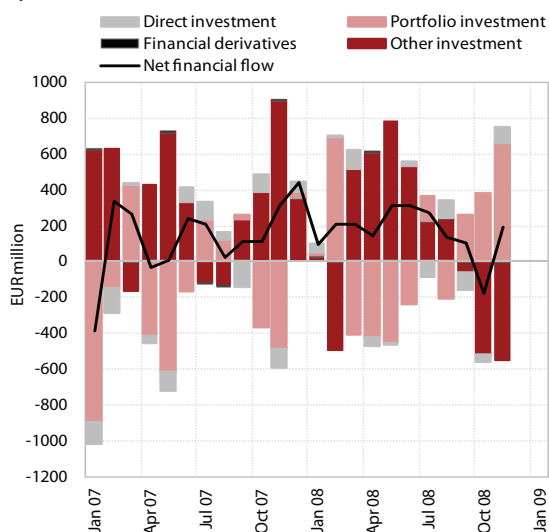
Sources: BS. Note: <sup>1</sup>a minus sign (-) in the balance indicates a surplus of imports over exports in the current account and a rise in assets in the capital and financial account and the central bank's international reserves.

EUR 928.1 m, EUR 258.7 m more than in the same period of 2007. In the total capital income balance, the greatest share (80.7%) came from net paid interest on loans.

The deficit in current transfers widened slightly y-o-y in November due to the general government deficit. The general government deficit was underpinned by higher net payments of taxes and contributions to the rest of

the world. In November, receipts from the EU budget exceeded payments from the state budget by EUR 30.3 m. The deficit in current transfers totalled EUR 196.6 m in the first eleven months of 2008 and was EUR 39.9% lower y-o-y, largely due to a higher surplus in other transfers.

Figure 35: Financial transactions of the balance of payments



Source: BS.

After posting net outflows in October, **financial transactions with the rest of the world** recorded a net capital inflow in November. The net capital inflow was largely driven by a higher net inflow from securities. The net financial inflow from direct investment also increased, while the net financial inflow from other investment declined, largely on account of repayment of foreign loans. The net financial flow totalled EUR 1,782.3 m in the first eleven months of 2008, against EUR 1,185.8 in the same period of 2007.

External financial liabilities declined in November relative to the previous month, largely as a result of lower liabilities from commercial bank loans; liabilities from currency and deposits of the BS and inflows from foreign direct investment increased. In November, commercial banks took out EUR 237.0 m of long-term loans and repaid EUR 820.6 m of short-term foreign loans. Among external financial liabilities, long-term bank loans prevailed in the first eleven months of 2008 (EUR 1,159.5 m), but their share in total loans declined; the volume of long-term loans raised by banks also dropped relative to the same period in 2007 (EUR 1.855.0 m). Bank financing through the ECB increased again in November. Liabilities of the BS to the Eurosystem, through which the BS ensures uninterrupted access of banks to liquid assets, increased. Inflows from

indirect investment remained modest since August 2008, while liabilities between affiliated enterprises increased. The inflow from indirect investment (EUR 1,017.4 m) was EUR 121.5 m higher in the first eleven months of 2008 than in the same period of 2007.

*External financial assets also declined in November, which was largely related to a further considerable decrease of assets in portfolio investment and other investment. After investing in money market instruments in September and October, the BS withdrew from these investments in November and assets in money market instruments notably declined (by EUR 649.5 m). In November, foreign enterprises repaid part of their short-term trade credits in the amount of EUR 130.4 m. The volume of short-term trade credits to the rest of the world dropped y-o-y in the first eleven months of 2008, totalling EUR 5.7 bn at the end of November 2008. The structure of short-term trade credits is similar to the structure of Slovenian merchandise exports. Slovenia thus recorded most claims on Germany, Italy, Austria, France and Great Britain. In November, the rest of the world also net repaid loans to Slovenian commercial banks, as the repaid debt (long-term) exceeded given loans (short-term). The drop in assets in currency and deposits of banks in November was the largest in 2008 (457.0 m). Within external assets, capital exports in the form of direct investment abroad (EUR 928.9 m), trade credits (EUR 591.5 m), loans (EUR 439.1 m) and currency and deposits (EUR 425.3 m) prevailed in the first eleven months of 2008.*

*At the end of November, Slovenia's gross external debt totalled EUR 39.6 bn (EUR 34.7 bn at the end of 2007) and Slovenia's gross external assets in debt instruments EUR 31.1*

*bn (EUR 28.5 bn at the end of 2007). Slovenia's net external debt amounted to EUR 8.5 bn at the end of November (22.7% of the estimated GDP) and rose by EUR 2.3 bn compared with December 2007.*

## Financial markets

*After slowing gradually in the first ten months of 2008, the lending activity of domestic banks almost ceased in November due to the tightening conditions in international interbank markets, and was at its lowest since March 2005.<sup>8</sup> The tightening also coincided with the repayment of a major loan raised by NLB abroad in June 2008, which contributed to a further slowing of the lending activity of domestic banks. In November, banks thus net repaid foreign loans in the amount of EUR 583.6 m, which is the highest figure so far. Net repayment is thus a result of the repayment of short-term loans in the amount of EUR 820.6 m; in spite of the tightened conditions, banks managed to obtain long-term loans in the net amount of EUR 237.0 m, which is the third highest figure in the first eleven months of 2008. The lending activity of domestic banks otherwise strengthened somewhat in December, but was still very low relative to the first ten months of 2008 (the monthly net flow of loans was EUR 63.5 m). Despite the relatively weak lending activity in December 2007, the y-o-y growth rate thus declined by another 0.8 p.p. to 18.1% at the end of the year and was 14.2 p.p. down from the end of 2007.*

*The volume of assets in mutual funds dropped also in December and was, at 5.9%, the lowest in the final quarter of 2008. A large part of the decline is due to a further*

Table 6: **Financial market indicators**

	Nominal amounts, EUR bn		Nominal loan growth, %		
	31. XII 2007	30. XI 2008	30. XI 2008/ 31. X 2008	30. XI 2008/ 31. XII 2007	30. XI 2008/ 30. XI 2007
Loans total	26,715.5	31,488.6	0.0	17.9	18.9
Enterprises and NFI	19,378.7	23,107.4	0.0	19.2	20.6
Government	519.2	596.5	15.4	14.9	19.2
Households	6,817.7	7,784.7	-0.9	14.2	14.0
Consumer credits	2,742.5	2,891.0	-1.3	5.4	3.4
Lending for house purchase	2,667.9	3,336.6	-0.6	25.1	27.1
Other lending	1,407.3	1,557.0	-1.0	10.6	10.6
Bank deposits total	12,541.8	13,507.4	1.2	7.7	13.0
Overnight deposits	5,387.7	5,303.6	0.9	-1.6	4.2
Short-term deposits	5,112.4	5,519.6	1.5	8.0	13.4
Long-term deposits	1,286.0	1,824.1	2.8	41.8	43.5
Deposits redeemable at notice	755.6	860.1	-2.4	13.8	18.8
Mutual funds	2,924.4	1,513.4	-5.9	-48.2	-48.2

Sources: Monthly Bulletin of the BS, SMA (Securities Market Agency), calculations by IMAD.

<sup>8</sup> See Slovenian Economic Mirror, December 2008.

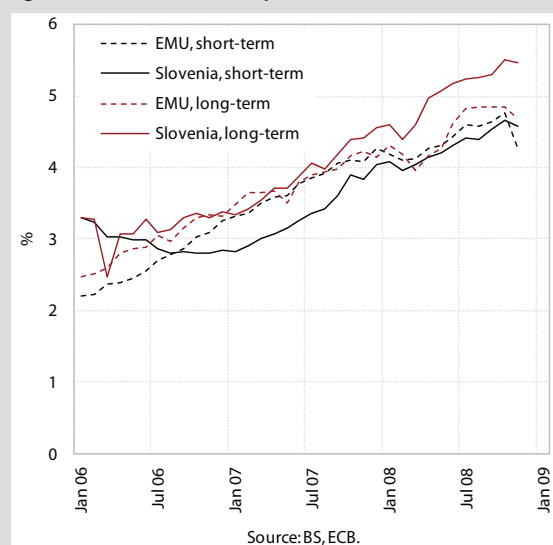
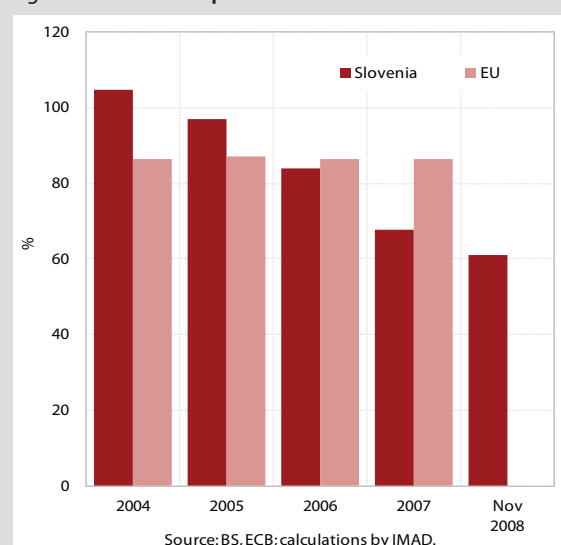
**Box 3: Impact of the financial crisis on the Slovenian banking sector**

Due to its low exposure to the securities that triggered the financial crisis, the Slovenian banking sector was mainly indirectly affected by the financial crisis. The conditions in interbank markets, which were the most important source of financing the lending activity of domestic banks, tightened significantly after the spillover of the financial crisis in September 2008. The lending conditions deteriorated, in particular, given that interest rates increased (reference interest rates and spreads) and the maturity of loans shortened as a result of high uncertainty. The lending activity of Slovenian banks thus started to slow gradually in 2008 and almost ceased at the end of the year.

As banks largely resorted to external financial resources over the past years, the ratio of loans to deposits saw a significant drop. Over the last few years, bank financing abroad became cheaper and available to the whole banking sector; deposits of non-banking sectors were partly transferred to other forms of investment with higher expected returns. In the last three years,<sup>1</sup> banks net borrowed EUR 6.6 bn abroad; deposits of non-banking sectors recorded net inflows of EUR 4.8 bn, reaching 30% growth, while the volume of loans to non-banking sectors more than doubled. The change in the attitude of Slovenian banks towards deposits is also reflected in the evolution of deposit interest rates, which used to be so low in the past that they did not even allow savings in banks to maintain their real value. Short-term interest rates were kept at a lower level than in EMU from the second half of 2006 to October 2008, even though inflation in Slovenia was higher than in EMU. Long-term interest rates in that period moved only slightly above the EMU level; the gap widened somewhat in 2008, due to the worsening of conditions in international interbank markets. The ratio of loans to deposits thus declined significantly in the period to December 2008. While deposits of domestic and foreign non-banking sectors still exceeded the level of loans to domestic and foreign non-banking sectors at the end of 2004, they only accounted for just over 60% of loans to non-banking sectors at the end of December, which is significantly less than the EU average (86.5%)<sup>2</sup>, where the loan-to-deposit ratio has not been changing substantially over the past five years.

The external vulnerability of the Slovenian banking sector increased significantly over the last few years.<sup>3</sup> While in 2004 it still reached less than half of total assets of banks and was lower than the EU average, it climbed to just below two-thirds by 2007, exceeding the EU average by almost 10 p.p. The gap with EMU is even wider, as the bank vulnerability in EMU does not even reach half of the total assets of banks.

Given the small share of domestic sources and an increasingly higher proportion of foreign financing of banks' lending activity, the vulnerability of Slovenian banks to developments in international financial markets increased. This was also evidenced at the end of 2008, when the situation in the international interbank markets worsened significantly and the availability of financing sources shrank; as Slovenian banks also had to pay maturing external liabilities at the same time, the lending activity, which had already been slowing gradually in previous months, almost came to a halt. Y-o-y growth

**Figure 36: Evolution of deposit interest rates****Figure 37: Loan-to-deposit ratios in Slovenia and in the EU**

<sup>1</sup> From November 2005 to November 2008.

<sup>2</sup> The figure refers to December 2007.

<sup>3</sup> The external vulnerability is measured as the stock of all external assets and liabilities with regard to banks' total assets.



rates of loans thus dropped to their lowest levels in the last few years. Their decline was much more notable than that at the level of the total euro area.

The interest rates in interbank markets dropped significantly over the last few months, but the situation is not yet stable enough to allow for a full refinancing of foreign bank loans, let alone new borrowing. Banks thus still obtain a large part of the necessary assets from non-banking sector deposits. The government adopted several measures to increase banking sector liquidity, bank guarantees among other things to restore confidence in interbank markets; however, these measures have not yet had a significant impact on the liquidity of the banking system. The spillover of the crisis into other sectors of the economy, which have already started to face liquidity problems, represents an ever greater liquidity risk. The conditions of operation deteriorated considerably in the final quarter of 2008, which will have a negative effect on the capability of enterprises and NFI to repay loans. Over the last three years, corporate and NFI net borrowing totalled EUR 12.0 bn and accounted for just over three quarters of total net flows of non-banking sector loans.

Figure 38: External vulnerability as a share of banks' total assets

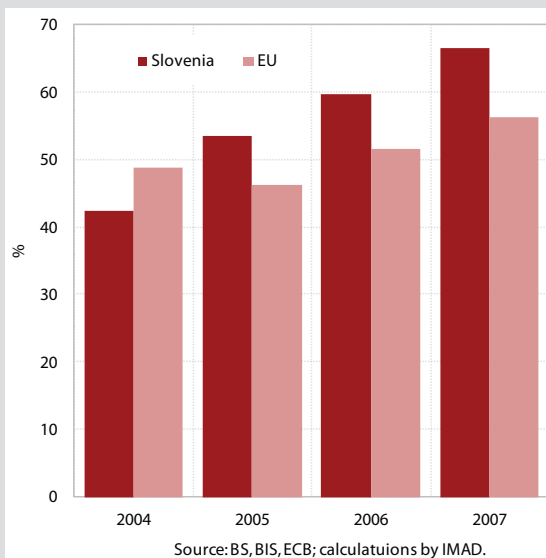
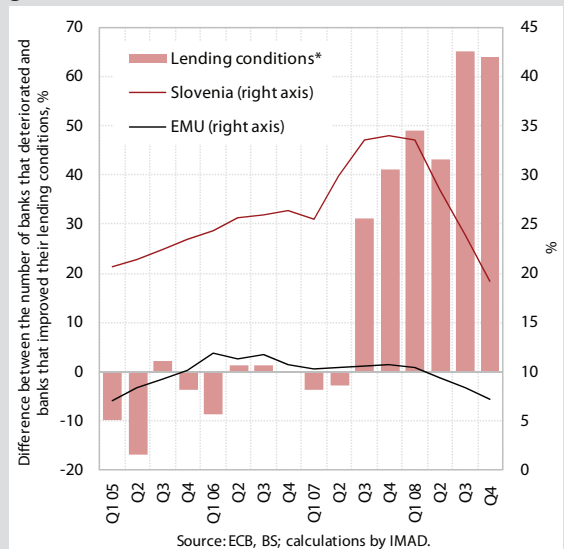


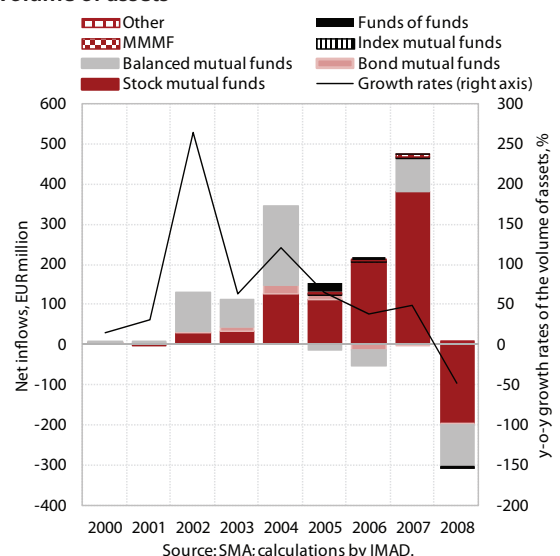
Figure 39: Lending conditions and growth of bank loans to non-banking sectors other than general government



decline in the value of investments and only slightly over a tenth to net outflows from mutual funds, which were, in December, the lowest in the last four months (EUR 13.2 m). The bulk of net outflows came from stock and mixed mutual funds.

While the volume of assets in mutual funds managed by domestic administrators recorded almost 90% annual growth, on average, in 2000–2007, the value of these assets almost halved in 2008. Mutual funds thus lost EUR 1.4 bn in 2008. The decline in the volume of assets was recorded by almost all groups of mutual funds, the largest by stock mutual funds (by more than a half). At the end of 2008, an increase was only recorded by money market mutual funds that mainly place assets in the safest and most liquid investments; however, these assets only account for just over 1% of all assets in mutual funds managed by domestic administrators. Almost 80% of the total decline is due to the lower value of investment, while the rest can be attributed to net outflows, which totalled EUR 303.6 m (against record inflows of EUR 469.7 m posted in the year before). Despite high net outflows, the structure of

Figure 40: Net inflows into mutual funds managed by domestic administrators and y-o-y growth rates of the volume of assets



mutual funds saw no major changes in 2008, given that more than 95% of assets come from riskier stock and mixed mutual funds.

The value of the SBI20 index recorded 3.8% growth in January, after falling throughout 2008. For the second month in a row, the main index on the Ljubljana Stock Exchange no longer moved in line with foreign capital markets, where the values of indices fell significantly again in February, following the relatively favourable developments in December. Among the selected main world indices, the highest decline (9.8%) was recorded by the main Tokyo and Frankfurt stock exchange indices (NIKKEI 225 and DAX 30).

## Public finance

In 2008, revenue from **taxes and social security contributions** increased by 9.8% relative to the year before. According to the data on paid taxes and social security contributions,<sup>9</sup> the payments totalled EUR 14.2 bn. In 2008, general government revenue was created according to slightly amended tax legislation and tax instruments in a relatively favourable macroeconomic environment and amid higher inflation. After a fairly favourable growth in the first half of 2008, the dynamics of revenue from taxes and contributions moderated gradually from July onward. The slowdown of growth was particularly pronounced in November and December, when the cooling of the business cycle contributed to slower growth of revenues from all categories of taxes and contributions. At the end of the year, total general government revenue was somewhat higher than envisaged in the supplementary budgets and financial plans of the national Health Insurance Institute (HIIS) and the Pension and Disability

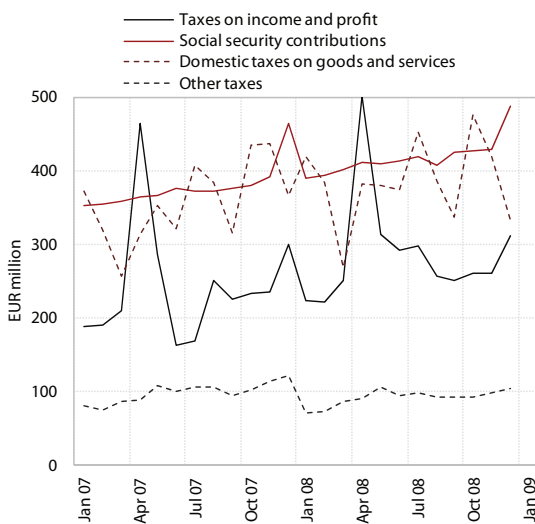
Insurance Institute (PDII), especially in personal income tax, social security contributions and excise duties, while revenue from other categories, particularly from value added tax, was even lower than planned.

General government revenue from personal income tax recorded the fastest growth (21.1%) in 2008. The Personal Income Tax Act, which was modified and amended several times in 2008, increased general tax relief for taxpayers in lower income brackets and introduced tax relief for investment in research and technological development for sole proprietors, as well as investment in agricultural holdings. Among the categories of revenue from personal income tax, revenue from tax on wages and salaries, which account for the major part of the personal income tax, increased by 12.7%. The growth of revenue from this tax was fairly stable for the total period to December; December's developments deviate from the dynamics recorded in previous years, mainly due to lower 13<sup>th</sup> month payments. Revenue from other personal income tax categories increased by nearly 21% in 2008. After reaching very high values due to accelerated sales of securities in the middle of 2008, revenues, particularly from tax on income from capital gains and tax on wealth, moderated at the end of the year. Personal income tax refunds in 2008 were much smaller than in 2007; revenue from personal income tax thus declined by EUR 59 m in 2008, compared with EUR 158 m in 2007, which was largely a result of the changes in the personal income tax scale.

The growth of revenue from corporate income tax (12.9%) was also higher than total revenue growth in 2008. After the final assessments of the corporate income tax based on annual accounts for 2007, growth in revenue from this tax was slowing from July onward. Monthly advance payments declined gradually in the last months of 2008 (from around EUR 92 m in July to around EUR 86 m in December) as, in light of the pending economic crisis, taxpayers were increasingly taking advantage of the (otherwise procedurally complicated) possibility of adjusting advance payments to new tax bases according to the new (lower) rate of taxation. In this sense, an amendment to the Tax Procedure Act (Act Amending the Tax Procedure Act) was adopted in December as a measure to increase the liquidity of legal persons and mitigate the negative impacts of the financial crisis, enabling all taxable persons to immediately adjust (reduce) advance payments of the corporate income tax according to the new act.

Revenue from domestic taxes on goods and services increased by 7.8% in 2008. Within that, revenue from value added tax rose by 8.2% and revenue from excise duties by 8.4%, while revenue from tax on insurance transactions increased by a mere 1.1% and revenue from taxes on special gambling and real estate transactions even declined. The dynamics of domestic taxes on goods and services also moderated at the end of the year. In December alone, revenue from domestic taxes on goods and services declined almost by 9% year-on-year. This slowdown can also be attributed to the timing of value

Figure 41: Taxes and social security contributions



Source: Public Payments Administration; calculations by IMAD.

<sup>9</sup> Based on the Report on payments of all public revenues, January–December 2008, Public Payments Administration.

Table 7: Consolidated general government revenues and expenditure

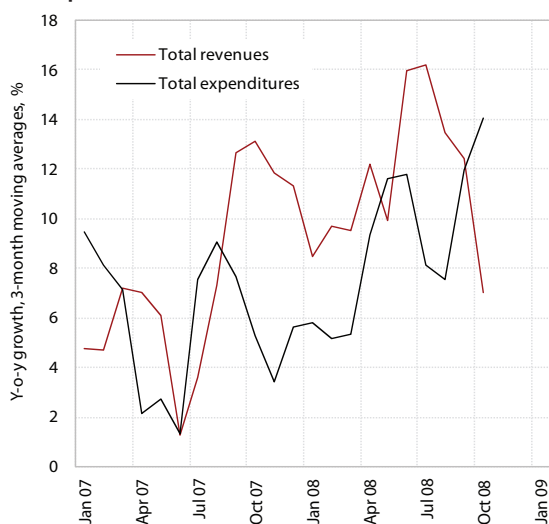
	2007			2008		
	EUR m	% of GDP	Growth. %	EUR m I-X 08	X 08/ X 07	I-X 08/ I-X 07
Revenues - total	14,006.1	40.6	8.1	12,524.1	98.9	111.1
- Tax revenues	12,757.9	37.0	8.5	11,518.2	103.4	111.3
- Taxes on income and profit	2,917.6	8.5	6.7	2,868.5	111.9	120.4
- Social security contributions	4,597.9	13.3	8.7	4,165.2	113.0	111.6
- Domestic taxes on goods and services	4,498.6	13.1	10.3	3,999.5	95.3	109.9
- Receipts from the EU budget	347.9	1.0	-0.1	242.1	16.3	97.5
Expenditure - total	13,915.5	40.4	5.4	12,053.9	110.4	109.8
- Wages and other personnel expenditure	3,276.9	9.5	3.0	2,885.1	109.0	106.1
- Purchases of goods and services	2,212.2	6.4	6.7	1,932.6	112.2	115.2
- Transfers to individuals and households	5,093.3	14.8	4.6	4,545.9	110.8	108.4
- Capital expenditure	1,130.5	3.3	25.4	809.3	80.5	118.9
- Capital transfers	334.3	1.0	-17.4	276.6	148.6	146.7
- Payment to the EU budget	355.9	1.0	23.6	319.4	161.1	115.6

Source: MF, calculations by IMAD.

added tax and excise duty payments, as well as to weaker activity and waning domestic demand at the end of the year. December 2008 and January 2009 saw a rise in excise duties on oil products, which will increase revenue from excise duties in 2009.

Revenue from social security contributions increased by 10.7% in 2008. The growth of revenue from social security contributions was very stable up to December when it more than halved y-o-y. Relative to November, December's growth of revenue from social security contributions was among the lowest in the past years (4-5 p.p. slower than in previous years). The social security contributions are

Figure 42: Consolidated general government revenue and expenditure



Source: MF; calculations by IMAD.

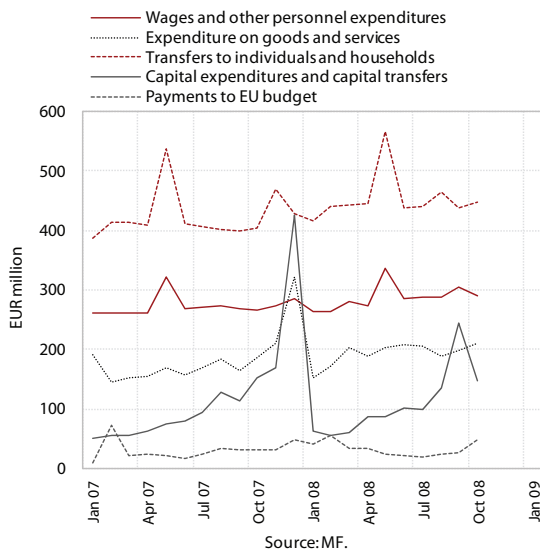
based on the movement of the wage bill, which was in the last months of 2008 affected by layoffs of workers and a decline in 13<sup>th</sup> month payments as a consequence of the economic crisis.

According to the **consolidated balance**<sup>10</sup> of the Ministry of Finance, general government revenue rose by 11.1% and general government expenditure by 9.8% in the first ten months of 2008 relative to the same period of 2007. General government revenue according to the consolidated balance of the Ministry of Finance (using the cash flow method) totalled EUR 12.5 bn, posting substantially stronger growth than in the comparable period of 2007 (7.7%). Consolidated general government expenditure in the same period totalled EUR 12.1 bn and also recorded stronger growth than in the same period of 2007 (5.0%), albeit weaker than general government revenue. In terms of the economic structure of expenditure, the largest y-o-y increase in the first ten months was seen in expenditure on investment and investment transfers (25.0%). The increases in payments to the EU budget, in expenditure on goods and services and in expenditure on subsidies (11.6%) were also higher than the total expenditure increase. In the first ten months of 2008, expenditure on transfers to individuals and households rose by 8.4% relative to the same period of 2007; within that, the increase in expenditure on social security transfers (13.5%) was higher than the total increase, largely as a result of the one-off payment of the cost-of-living allowance for pensioners and expenditure on other transfers to individuals and households (16.7%), within which free meals for secondary-school pupils

<sup>10</sup> The consolidated balance includes revenues and expenditures of state and local government budgets as well as the pension and health funds.

were introduced at the beginning of the school year in September and free kindergarten care for the second child in a family. Family benefits and parental allowances also recorded strong growth (13.9%). Expenditure on pensions increased by 7.1% y-o-y in the first ten months of the year; the growth of expenditure on pensions is set to strengthen after the adjustment of pensions in November (by 4.6%). Expenditure on transfers to the unemployed dropped y-o-y in the first ten months of the year (-6.9%); the decline in this expenditure is decreasing month to month. In the wake of September's disbursement of the first quarter of funds to adjust public sector wages, wages, contributions and other personnel expenditure strengthened somewhat in the first ten months of 2008, increasing by 6.1%. Expenditure on interest payments dropped by nearly 6% y-o-y in the first ten months of the year.

Figure 43: Main consolidated general government expenditure



Slovenia closed the year 2008 with a negative **net position of its state budget towards the EU budget** (EUR 64.7 m). Whether Slovenia will remain a net recipient of EU funds will not be known until the data have also been published by the European Commission.<sup>1</sup> As expected, payments into the EU budget rose in December. In 2008, they were higher than planned, as Slovenia's obligations to the EU increased on the basis of the new estimates of statistical aggregates for Slovenia.<sup>2</sup>

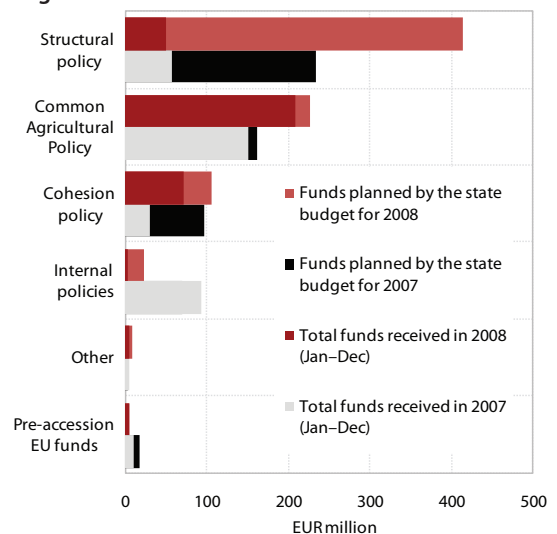
After the high utilisation of funds in November, absorption in December was lower than expected; less than half of

<sup>1</sup> The data published by the Ministry of Finance comprise funds returned to the state budget in the calendar year, while the data released by the European Commission comprise funds (payments to both the state budget and directly to final recipients) for individual budgetary periods and are therefore higher. See also Slovenian Economic Mirror, December 2008.

<sup>2</sup> See Slovenian Economic Mirror, December 2008.

total planned funds were absorbed in 2008.<sup>3</sup> In December, absorption was even lower in nominal terms than in previous years (with the exception of 2004). It was highest in the area of funds under the heading of the common agricultural policy for the rural development programme according to the new financial perspective. Absorption from the European Social Fund and the Cohesion Fund for transport and environment projects according to the old financial perspective increased. The absorption of cohesion funds increased somewhat in 2008 relative to the previous year, while the absorption of structural funds remained approximately at the same level as in the year before in nominal terms and was the lowest to date (with the exception of 2004). Absorption from the European Regional Development Fund was lowest, while the utilisation of funds for implementing the common agricultural policy was, as in previous years, almost in line with expectations.

Figure 44: Planned and absorbed funds from the EU budget



<sup>3</sup> As a result of the gross budget principle, the data on expenditure and revenue published by the Ministry of Finance also include the funds Slovenia paid into the EU budget in January 2008 to meet its obligations from December 2007, as well as the overpaid amounts refunded by the European Commission into Slovenia's budget. For the purpose of our analyses, we excluded these funds in the amount of EUR 15.5 m on both expenditure and revenue sides, which has no impact on Slovenia's net position, as it only affects the levels of paid and absorbed funds (44.4% of planned funds).



# selected topics



## Disposable income and consumption of households and NPISH, 2007<sup>14</sup>

*The propensity to consume of households and NPISH increased in 2007.*<sup>15</sup> In nominal terms, the increase in consumption was higher (9.4%) than the increase in disposable income (8.8%). By our estimate, this was linked to the favourable business cycle, which boosted consumer optimism. Amid higher wage bill growth, durable goods purchases thus increased by more than 16% in real terms, even though they had already posted relatively strong growth in the previous few years.<sup>16</sup> Households allocated as much as a fifth more assets to the purchase of vehicles, and spent approximately a tenth more on the purchase of household appliances and furniture than the year before. The latter is also related to the boost in housing purchases since 2005, which is corroborated by data on close to EUR 2 bn of housing loans raised by households in the period from 2005 to 2007.<sup>17</sup>

*In terms of the average disposable income per capita, Slovenia still lags considerably behind the EU average, but the gap is narrowing from year to year.* In 2007 Slovenia achieved 67.1% of the per capita income in the EU-27 (and 58.6% in the EU-13). In comparison with the year 2000, when Slovenia reached 57.7% of the average income in

the EU, we advanced by 10 p.p., which may be one of the indicators of the increase in the welfare of Slovenian households in the analysed period.

*The structure of disposable income shows that Slovenian households earn more income from employment and less from property than, on average, households in the EU.* The share of compensation of employees in the EU is significantly lower than in Slovenia, showing that households in the EU obtain a smaller share of their income from employment and a greater share from other sources. The difference is particularly pronounced in the share of property income (dividends, interest, land rents, etc.), which totals as much as 13.2% in the EU-27 average (and an additional 1.4 p.p. in EMU). The share of current taxes on income and wealth is also smaller in Slovenia, which can reflect the lower wealth of Slovenian households compared with those in the EU, but may also be attributed to a rather incomplete property registry.

*In 2007, households in Slovenia spent a smaller share of their income on average than households in the EU (EU-27 91.1%; EU-15 87.1%).* This may be linked to the above-mentioned relatively high investment of Slovenian households in dwellings over the last few years and the boom in available alternatives to conventional bank

Table 8: **Components of disposable income**

	2000	2006	2007	Percentage of income, 2006	Percentage of income, 2007	Average annual real growth, 2007/2000 <sup>1</sup>
<b>RESOURCES, EUR m, current prices</b>	<b>17,139</b>	<b>27,451</b>	<b>30,075</b>	<b>139.7</b>	<b>140.8</b>	<b>4.0</b>
Compensation of employees	9,650	15,757	17,242	80.2	80.7	3.7
Social benefits other than social transfers in kind <sup>2</sup>	3,175	5,059	5,366	25.8	25.1	2.9
Gross operating surplus and mixed income	3,112	4,989	5,487	25.4	25.7	3.5
Property income	477	605	850	3.1	4.0	3.6
Other current transfers	699	1,004	1,099	5.1	5.1	1.8
<b>USES, EUR m, current prices</b>	<b>4,809</b>	<b>7,807</b>	<b>8,712</b>	<b>39.7</b>	<b>40.8</b>	<b>3.9</b>
Social security contributions <sup>2</sup>	2,874	4,713	5,121	24.0	24.0	3.6
Current taxes on income and wealth	1,169	1,943	2,138	9.9	10.0	4.0
Property income	1,169	1,943	2,138	9.9	10.0	4.3
Other current transfers	526	908	1,022	4.6	4.8	4.9
<b>GROSS DISPOSABLE INCOME = Resources – Uses</b>	<b>12,330</b>	<b>19,643</b>	<b>21,363</b>	<b>100.0</b>	<b>100.0</b>	<b>3.2</b>
<b>PRIVATE CONSUMPTION</b>	<b>10,610</b>	<b>16,438</b>	<b>17,984</b>	<b>83.7</b>	<b>84.2</b>	<b>3.1</b>

Source: SORS – Annual non-financial sector accounts 2000–2007 (31. 12. 2008); SURS – Gross domestic product, main aggregates of national accounts and employment, Slovenia, 2000–2007 (10. 9. 2008); construction of the balance sheet and calculations by IMAD. Notes: private consumption – expenditure on final consumption and NPISH (non-profit institutions serving households); <sup>1</sup>Disposable income is deflated by CPI, while private consumption is deflated by the corresponding deflator. <sup>2</sup>Due to the small scale of the categories, social benefits listed under resources are reduced by those listed under uses, while social security contributions listed under uses side are reduced by those listed under resources; for that reason, the sum of the categories in resources and uses does not equal the total figure for resources and uses.

<sup>14</sup> At the end of December 2008, SORS published sectoral accounts for 2007 for the first time, along with the revised data for 2000–2006.

<sup>15</sup> Households and NPISH allocated 84.2% of disposable income for consumption (0.5 p.p. more than the year before).

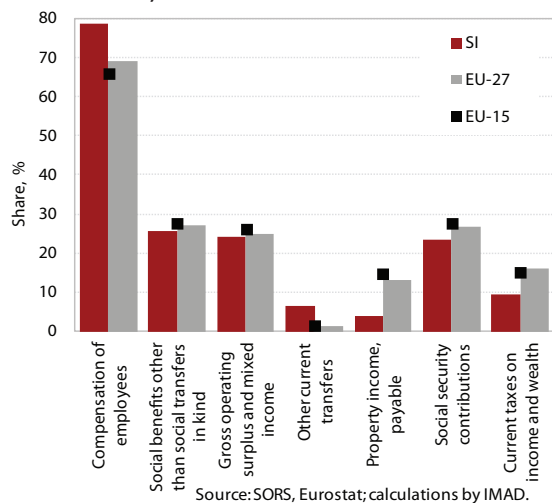
<sup>16</sup> The highest increase to date; data have been available since 1995.

<sup>17</sup> The remaining part of the income (15.8%) that was not spent on consumption as defined in the national accounts was thus probably mainly spent on investment in dwellings. Households could spend, on average, 5% more of their income for non-consumer purposes every year in the period of 2001–2007.



savings (which have been known in the EU for a longer period of time than in Slovenia).<sup>18</sup> Nevertheless, in 2007 per capita consumption in Slovenia reached 62.0% of that in the EU (56.6% in the EU-15).

Figure 45: Components of disposable household and NPISH income, 2007



## Environmental taxes, 2006<sup>19</sup>

The renewed EU Sustainable Development Strategy (2006) stresses the impact of market-based instruments in achieving prices which also include damage to human health and environment. Environmentally-related taxes are one of the most important market-based instruments of environmental policy and comprise taxes on energy consumption, transportation, pollution and use of natural resources. Taxes on energy consumption constitute the largest share (approx. three quarters) of all general government revenues from environmental taxes.

In 2006, inflows from these taxes accounted for 2.6% of GDP in the EU average and 3.1% of GDP in Slovenia. In the EU-15, this share was rising particularly in the early 1990s, while in the new Member States it increased at a later time in connection with the process of joining the EU. In 2006, the greatest share of environmental taxes relative to GDP was recorded by Denmark (6%); it had by far the greatest proportion of taxes on transport and pollution and use of natural resources. The latter two accounted for almost two-thirds of all environmental taxes in Denmark, while in the EU average the share of taxes on pollution and use of natural resources stood at around 25%. Given that

<sup>18</sup> By our estimate, the share of savings in banks declined from 90% to around half since 1995. According to financial accounts of the BS available since 2001, the share of currency and deposits continues to decline, as they accounted for 52.1% of all assets in 2007 and for 45.6% in 2007; in this period, the volume of assets increased by a factor of 2.2 in nominal terms.

<sup>19</sup> The most recent data are available up to 2006.

Table 9: Revenue from environmental taxes

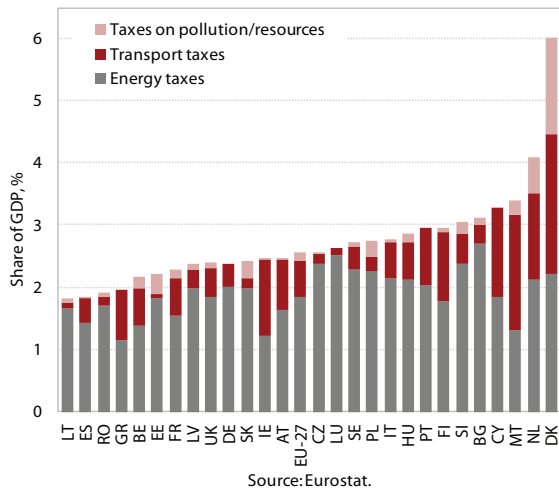
	1995	2000	2001	2002	2003	2004	2005	2006
<b>EU</b>	N/A	N/A	N/A	2.69	2.71	2.67	2.62	2.56
Austria	2.11	2.38	2.58	2.65	2.71	2.68	2.62	2.48
Belgium	2.24	2.27	2.26	2.21	2.27	2.37	2.35	2.17
Bulgaria	N/A	2.46	2.78	2.27	3.02	3.38	3.07	3.12
Cyprus	2.85	2.67	2.96	2.93	3.75	3.98	3.52	3.30
Czech Rep.	2.85	2.48	2.55	2.47	2.55	2.64	2.69	2.58
Denmark	4.52	5.18	5.14	5.29	5.13	5.51	5.84	6.00
Estonia	0.77	1.69	2.11	1.97	1.89	2.12	2.27	2.21
Finland	2.92	3.12	2.94	3.03	3.16	3.21	3.07	2.96
France	2.80	2.49	2.35	2.51	2.43	2.43	2.35	2.31
Greece	3.12	2.34	2.53	2.28	2.17	2.16	2.05	1.96
Ireland	3.05	2.88	2.33	2.31	2.30	2.47	2.48	2.47
Italy	2.85	2.67	2.96	2.93	3.75	3.98	3.52	3.30
Latvia	1.21	2.40	2.16	2.30	2.50	2.60	2.66	2.38
Lithuania	1.18	1.82	1.91	2.10	2.09	2.02	1.91	1.83
Luxembourg	2.96	2.78	2.82	2.77	2.79	3.06	2.97	2.64
Hungary	3.07	2.99	2.85	2.82	2.65	2.80	2.80	2.86
Malta	3.19	3.68	3.68	3.45	3.42	3.08	3.34	3.40
Germany	2.32	2.38	2.52	2.52	2.65	2.53	2.46	2.40
Netherlands	3.61	3.89	3.76	3.63	3.70	3.84	3.96	4.10
Poland	1.84	2.09	2.07	2.40	2.46	2.59	2.65	2.76
Portugal	3.48	2.73	2.97	3.15	3.11	3.11	3.06	2.95
Romania	N/A	N/A	N/A	2.13	2.45	2.41	2.02	1.93
Slovakia	N/A	2.21	1.94	2.36	2.62	2.68	2.56	2.43
<b>Slovenia</b>	<b>N/A</b>	<b>2.99</b>	<b>3.29</b>	<b>3.31</b>	<b>3.36</b>	<b>3.37</b>	<b>3.26</b>	<b>3.07</b>
Spain	2.19	2.19	2.08	2.08	2.05	2.00	1.94	1.86
Sweden	2.76	2.74	2.78	2.85	2.86	2.80	2.83	2.72
U.K.	2.94	3.04	2.81	2.73	2.67	2.60	2.50	2.40

Source: Environment, Environmental Accounts (Eurostat). Note: N/A - not available.

these taxes are mainly calculated on the basis of quantity (specific taxes), their share of GDP declines if the level of taxes does not increase with the rise of prices.

The share of environmental taxes in Slovenia has been dropping over the last few years. In Slovenia, the share of environmental taxes increased from 3.0% to 3.4% of GDP in the period from 2000 to 2004; in 2004, it began to drop, falling to the 2000 level in 2007, according to our estimate (3.0% of GDP). The decline was mainly attributable to low taxation rates for automotive fuels in those years; specifically, the upward pressure of rising global prices of oil on inflation was buffered in Slovenia by lowering taxes on automotive fuels. The share of environmental taxes in Slovenia is relatively high in comparison with other EU countries. In 2006, higher shares were only recorded by Bulgaria, Cyprus, Malta, the Netherlands and Denmark. With regard to the structure of environmental taxes as a

Figure 46: Revenue from environmental taxes, 2006



share of GDP, Slovenia has relatively large shares of taxes on energy and pollution and use of natural resources and a somewhat lower share of taxes on transport. With regard to the latter, as many as 13 Member States have already related their taxes on passenger cars to their CO<sub>2</sub> emissions. In Slovenia, such regulations are not yet in preparation.

The movement of the indicator of revenue from environmental taxes as a share of GDP does not necessarily reflect the extent of the implementation of environmental policy. The share of revenue from environmental taxes relative to GDP does not by itself prove the implementation of environmental objectives, as it may increase due to greater use of natural resources and energy, which implies unfavourable structural changes in the economy. Revenues may decline due to more efficient use of energy and natural resources, or as a result of environmentally-oriented fiscal policy introducing tax relief for products that are less detrimental to the environment. Similarly, the share of revenue from environmental taxes relative to GDP may also drop as a consequence of lower road traffic tax on account of higher tolls that are not regarded as tax revenue, or due to new environmental policy instruments, such as trading with emission allowances, which substitutes the tax on energy of entities participating in emission-trading schemes. These shortcomings are eliminated by the indicator of the implicit tax rate of environmental taxes. Among the latter, these statistics for now show the implicit tax rate on energy consumption, portraying taxation in euros per unit of final energy consumption.<sup>20</sup>

<sup>20</sup>This indicator will be included in the Development Report 2009 as an indicator monitoring Slovenia's Development Strategy.

## General government expenditure by function (COFOG)<sup>21</sup>

SORS releases data on general government expenditure by purpose or function once a year. The data are prepared using the COFOG methodology,<sup>22</sup> classifying general government expenditure into ten divisions of functions financed by the state, which are sub-divided at levels 2 and 3. According to the European Commission, all Member States should start preparing and publishing data by function at level 2, as 2<sup>nd</sup> level data on expenditure by function are crucial in analysing the effectiveness and efficiency of general government spending. Due to the high limitations in data preparation faced by all Member States, internationally comparable COFOG 2<sup>nd</sup> level data are not available as yet. For Slovenia, 2<sup>nd</sup> level data are available for three groups of functions, which (besides expenditure on general public services) represent the largest shares of total general government expenditure: social protection, health and education.

Total general government expenditure as a share of GDP declined by 2 p.p. in 2007. General government expenditure relative to GDP has been falling in recent years, but in 2007 the decline was most pronounced. It was partly attributable to slower growth of expenditure against the background of favourable macroeconomic conditions.

In terms of expenditure as a share of GDP, Slovenia is ranked near the EU average for most functions. Slovenia earmarks more assets for education than the EU average, but is among the worst-ranking countries in expenditure on environmental protection, where it is second to last (above Austria). Slovenia also allocates less than the EU average for housing and health.

The largest share of expenditure comes from expenditure on social protection. Social protection expenditure accounts for the largest share, even though social protection as a share of GDP declined by 1.4 p.p. in 2007, after being fairly stable for a number of years. Part of this reduction can be attributed to the changed legislation in the field of social transfers. Slovenia allocates a lower share of GDP for expenditure on social protection than the EU average, but is nevertheless still among the countries with a high share of expenditure on social protection.

Expenditure on social protection is followed by expenditure on general public services, health and education. After

<sup>21</sup>The most recent data for Slovenia are available for 2007.

<sup>22</sup>COFOG is a United Nations methodology, which is prescribed for the preparation of data within the scope of the so-called Transmission Programme in line with the European System of Accounts (ESA-95) also by the European Commission. COFOG is a three-level classification with 10 divisions (marked with two-digit numbers from 01 to 10) at the top level, 69 groups (marked with three-digit numbers from 011 to 109) at the second and 111 classes (marked with four-digit numbers from 0111 to 1099) at the third.

Table 10: **General government expenditure by function**

	2000	2001	2002	2003	2004	2005	2006	2007
Total general government expenditure	46.7	47.6	46.3	46.4	45.8	45.3	44.5	42.4
General public services	6.7	7.7	7.0	6.6	6.5	6.4	6.1	6.2
Defence	1.1	1.2	1.2	1.2	1.3	1.3	1.5	1.3
Public order and safety	1.7	1.8	1.8	1.8	1.8	1.6	1.7	1.6
Economic affairs	5.2	4.3	4.4	4.8	4.1	4.0	3.9	4.0
Environmental protection	0.4	0.5	0.5	0.6	0.6	0.5	0.4	0.4
Housing and community amenities	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.5
Health	6.4	6.7	6.6	6.5	6.2	6.1	6.0	5.9
Recreation, culture and religion	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1
Education	6.3	6.4	6.3	6.4	6.3	6.4	6.3	5.8
Social protection	17.3	17.3	17.0	17.0	17.4	17.3	16.9	15.5

Source: General government expenditure by function, Slovenia, 2000-2007 (SORS), 2009.

declining for a number of years, expenditure on general public services as a share of GDP rose slightly again in 2007. Expenditure on health as a share of GDP has been declining slightly for quite some time. Expenditure

on education also dropped relative to 2006, while the shares of expenditure for other functions relative to GDP remained at approximately the same levels as in 2006, without major deviations.

# statistical appendix



MAIN INDICATORS	2003	2004	2005	2006	2007	2008	2009	2010
						Revised Autumn forecast 2008		
						estimate	forecast	forecast
GDP (real growth rates, in %)	2.8	4.3	4.3	5.9	6.8	4.1	1.1	3.1
GDP in EUR million (current prices and current exchange rate)	25,752	27,162	28,704	31,013	34,471	37,403	38,905	41,435
GDP per capita, in EUR (current prices and current exchange rate)	12,900	13,599	14,346	15,446	17,076	18,464	19,151	20,345
GDP per capita (PPS) <sup>1</sup>	17,000	18,400	19,500	20,700	22,000	-	-	-
GDP per capita (PPS EU27=100) <sup>1</sup>	82	85	87	88	89	-	-	-
Gross national income (current prices and current exchange rate)	25,553	26,848	28,460	30,645	33,792	36,432	37,895	40,379
Gross national disposable income (current prices and current exchange rate)	25,583	26,803	28,316	30,429	33,531	36,135	37,602	40,253
Rate of registered unemployment	10.9	10.3	10.2	9.4	7.7	6.7	7.7	8.1
Standardised rate of unemployment (ILO)	6.7	6.3	6.5	6.0	4.9	4.6	5.2	5.4
Labour productivity (GDP per employee)	3.2	4.0	4.5	4.2	3.7	1.3	2.5	2.8
Inflation, <sup>2</sup> year average	5.6	3.6	2.5	2.5	3.6	5.7	1.1	3.0
Inflation, <sup>2</sup> end of the year	4.6	3.2	2.3	2.8	5.6	2.2	3.0	3.0
<b>INTERNATIONAL TRADE – BALANCE OF PAYMENTS STATISTICS</b>								
Exports of goods and services <sup>3</sup> (real growth rates, in %)	3.1	12.4	10.6	12.5	13.8	5.8	1.5	4.8
Exports of goods	4.4	12.8	10.3	13.4	13.1	3.2	1.3	4.1
Exports of services	-2.5	10.9	12.0	8.6	17.0	17.6	2.4	7.5
Imports of goods and services <sup>3</sup> (real growth rates, in %)	6.7	13.3	6.6	12.2	15.7	6.5	0.5	5.3
Imports of goods	7.3	14.6	6.8	12.7	15.1	6.0	0.1	5.3
Imports of services	2.8	5.6	5.5	8.8	19.7	10.4	3.1	5.5
Current account balance, in EUR million	-196	-720	-498	-771	-1,455	-2,266	-1,630	-1,717
As a per cent share relative to GDP	-0.8	-2.6	-1.7	-2.5	-4.2	-6.1	-4.2	-4.1
Gross external debt, in EUR million	13,225	15,343	20,508	24,034	34,358	39,546 <sup>4</sup>	-	-
As a per cent share relative to GDP	51.4	56.5	71.4	77.5	99.7	-	-	-
Ratio of USD to EUR	1.128	1.242	1.244	1.254	1.371	1.460	1.270	1.270
<b>DOMESTIC DEMAND – NATIONAL ACCOUNTS STATISTICS</b>								
Private consumption (real growth rates, in %)	3.3	2.7	2.6	2.9	5.0	3.4	2.8	3.8
As a % of GDP*	56.0	55.0	54.4	53.0	52.2	52.6	52.5	52.7
Government consumption (real growth rates, in %)	2.2	3.4	3.3	4.1	2.5	3.9	2.2	2.6
As a % of GDP*	19.0	18.9	19.0	18.8	17.7	18.2	18.9	19.2
Gross fixed capital formation (real growth rates, in %)	8.1	5.6	3.8	10.4	11.9	7.0	-2.0	5.0
As a % of GDP*	24.0	24.9	25.3	26.3	27.5	28.0	26.5	26.8
Sources of data: SORS, BS, Eurostat-New Cronos, estimate, calculations and forecasts by IMAD. Notes: <sup>1</sup> Measured in purchasing power standard; <sup>2</sup> Consumer price index; <sup>3</sup> Balance of payments statistics (exports F.O.B., imports F.O.B.); real growth rates are adjusted for inter currency changes and changes in prices on foreign markets; <sup>4</sup> End November 2008; *Shares GDP are calculated for GDP in current prices at fixed exchange rate (EUR=239.64).								

PRODUCTION	2006	2007	2008	2007				2008				2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1	2	3	4
<b>INDUSTRIAL PRODUCTION, y-o-y growth rates, %</b>															
Industry, total	6.1	6.2	-	8.4	6.9	5.9	3.8	1.5	3.3	-1.0	-	7.6	8.9	8.5	12.7
C Mining and quarrying	10.4	3.6	-	9.4	13.3	0.7	-6.7	5.0	-9.4	-12.0	-	-14.8	10.2	34.3	23.5
D Manufacturing	6.5	7.5	-	9.7	8.1	6.8	5.7	1.7	3.6	-0.6	-	9.1	10.6	9.3	14.0
E Electricity, gas & water supply <sup>1</sup>	-0.9	-11.1	-	-8.1	-14.9	-5.0	-15.9	-3.3	7.1	-2.1	-	0.2	-11.9	-13.0	-10.9
<b>CONSTRUCTION,<sup>2</sup> real indices of construction put in place, y-o-y growth rates, %</b>															
Construction, total	15.3	18.4	-	35.5	31.5	16.7	2.8	32.5	16.5	16.6	-	37.4	30.9	38.1	34.7
Buildings	14.0	15.7	-	22.6	31.5	9.9	5.6	37.2	7.9	12.4	-	27.8	12.7	27.6	26.8
Civil engineering	16.8	24.9	-	67.0	35.2	26.1	2.4	28.3	23.0	19.6	-	64.1	75.0	63.1	49.7
<b>TRANSPORT, tonne-km in m, y-o-y growth rates, %</b>															
Tonne-km in road transport	9.8	13.4	-	7.0	0.1	30.2	19.1	26.7	23.5	7.7	-	-	-	-	-
Tonne-km in rail transport	3.9	6.8	-	14.9	12.1	5.8	-3.7	-5.3	-2.9	2.9	-	-	-	-	-
<b>Distributive trades, y-o-y growth rates, %</b>															
Total real turnover*	6.3	9.7	-	6.0	8.3	12.3	11.8	15.7	13.2	10.5	-	1.9	6.0	9.5	8.9
Real turnover in retail trade	1.6	5.5	-	6.4	3.8	5.7	6.0	5.8	5.7	6.1	-	3.5	2.4	12.3	6.0
Real turnover in the sale and maintenance of motor vehicles and in retail sale of automotive fuel	11.7	14.2	-	5.6	13.0	19.6	18.2	26.5	21.2	15.4	-	0.3	9.6	6.8	11.9
Nominal turnover in wholesale trade & commission trade	10.5	16.1	-	19.7	15.0	15.1	15.2	20.6	23.9	20.8	-	19.6	19.0	20.2	21.7
<b>TOURISM, y-o-y growth rates, %</b>															
Total, overnight stays	2.0	7.0	1.6	4.8	10.1	6.8	5.5	4.2	1.0	1.8	-0.9	1.7	7.2	5.4	19.7
Domestic tourists, overnight stays	1.9	4.9	4.8	0.5	13.7	2.3	5.5	4.8	4.6	4.7	5.2	-8.4	5.4	2.3	23.4
Foreign tourists, overnight stays	2.0	8.4	-0.7	9.0	7.9	9.8	5.5	3.6	-1.3	0.1	-5.8	8.9	9.8	8.4	17.6
Turnover in hotels and restaurants	6.1	0.4	-	-1.4	-0.5	2.3	0.9	-2.7	-2.8	-6.4	-	-3.1	-2.0	0.5	-0.8
<b>AGRICULTURE, y-o-y growth rates, %</b>															
Purchase of agricultural products, SIT bn, since 2007 in EUR m	106.7	492.2	-	101.3	109.7	120.8	160.3	117.9	125.6	134.1	-	32.2	31.1	37.9	37.5
<b>BUSSINES TENDENCY (indicator values**)</b>															
Sentiment indicator	10	13	2	15	15	13	11	10	8	4	-14	15	16	14	15
Confidence indicator															
- in manufacturing	10	12	-6	13	13	12	11	8	1	-8	-22	12	14	12	13
- in construction	3	17	3	19	21	15	14	15	9	3	-16	15	21	22	20
- in services	26	29	22	30	29	30	27	29	26	25	8	31	29	29	30
- in retail trade	22	27	23	23	26	29	29	29	28	27	7	21	25	24	26
Consumer confidence indicator	-14	-11	-20	-8	-7	-10	-17	-19	-16	-17	-28	-8	-8	-8	-10

Source of data: SORS. Notes: <sup>1</sup>Only companies with activity of electricity supply are included. <sup>2</sup>The survey covers all larger construction enterprises and some other enterprises that perform construction work. \*Total real turnover in retail trade, the sale and repair of motor vehicles, and retail sale of automotive fuels; \*\*Seasonally adjusted data.

2007								2008												2009	
5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	
3.2	5.4	8.7	8.0	1.5	10.0	1.6	-0.7	0.6	7.7	-3.0	9.0	-1.0	2.2	-2.1	-7.0	5.4	-2.8	-14.0	-	-	
8.8	8.3	-5.8	18.9	-9.7	-2.0	-4.6	-15.2	12.8	9.5	-3.9	0.2	-17.1	-11.5	7.6	-36.7	-0.9	-7.2	-20.6	-	-	
4.3	6.9	10.0	8.4	2.5	11.8	3.0	1.7	0.8	8.1	-2.9	9.4	-0.6	2.2	-2.5	-5.9	5.8	-2.9	-14.7	-	-	
-16.1	-17.4	-5.1	-1.7	-8.2	-10.9	-14.3	-21.5	-7.2	0.3	-2.2	7.1	3.1	11.1	-0.7	-6.6	0.9	0.0	3.7	-	-	
48.6	17.4	20.0	31.6	4.1	10.0	7.4	-11.8	38.7	41.3	21.2	23.1	13.6	14.0	18.6	10.4	20.8	10.7	-8.1	-	-	
55.1	17.3	21.1	17.3	-5.4	1.9	19.7	-4.1	55.0	43.7	19.1	11.7	4.8	7.9	1.9	14.7	20.9	6.6	-20.7	-	-	
45.2	17.4	19.3	52.7	13.5	16.1	-0.1	-18.0	23.7	39.3	22.9	32.0	20.0	18.8	31.7	7.3	20.7	13.1	2.5	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	6.5	10.6	12.9	13.4	16.8	11.7	7.0	18.1	23.9	7.2	17.4	11.8	10.3	12.7	5.8	12.8	2.8	0.9	-	-	
4.5	1.2	4.7	4.7	7.9	9.4	4.5	4.3	6.4	14.9	-1.8	8.2	4.8	4.1	7.6	2.8	7.9	3.9	3.2	-	-	
14.8	12.3	17.1	22.6	19.3	24.4	19.2	10.5	31.4	33.4	17.0	27.5	19.2	17.1	18.3	9.3	18.1	2.2	-0.8	-	-	
15.5	8.4	19.6	12.7	13.2	19.5	19.2	7.5	21.6	30.1	12.2	31.8	20.7	19.2	22.8	11.1	27.8	11.4	1.3	-	-	
7.6	6.0	6.0	9.6	3.6	4.6	8.3	4.0	2.9	9.0	0.5	-8.5	14.0	-2.4	3.6	3.2	-3.2	-2.1	-4.4	4.0	-	
8.6	12.0	0.9	7.2	-3.7	4.2	2.6	9.6	12.1	11.7	-8.5	8.5	10.5	-2.1	1.1	8.9	3.9	6.0	4.4	5.0	-	
7.0	2.1	9.8	11.0	7.8	4.8	13.7	-0.9	-2.6	5.6	8.9	-18.3	16.2	-2.6	5.3	-0.2	-6.8	-7.4	-11.9	3.0	-	
-2.0	1.2	0.5	4.7	1.7	1.3	0.1	1.1	-3.4	2.6	-6.9	-3.3	1.6	-6.7	-5.1	-5.9	-4.8	-3.8	-6.2	-	-	
38.4	33.8	38.3	41.8	40.7	46.2	53.1	61.0	38.5	39.3	40.0	42.6	43.0	39.9	44.5	42.2	47.4	49.0	45.3	-	-	
16	14	15	13	11	10	10	12	10	10	11	10	8	5	5	4	3	-3	-17	-22	-27	
14	12	12	12	11	10	11	11	10	7	6	4	1	-3	-6	-8	-11	-17	-23	-27	-30	
21	21	17	16	11	12	10	19	14	13	17	11	10	7	6	0	2	-4	-16	-28	-35	
28	30	32	30	28	30	25	27	28	29	29	27	26	25	25	26	25	22	7	-4	-8	
26	26	26	28	33	28	29	31	29	28	30	29	29	27	29	27	25	25	1	-4	-7	
-4	-8	-6	-9	-16	-17	-19	-16	-23	-20	-15	-12	-18	-19	-19	-20	-12	-17	-33	-35	-44	



LABOUR MARKET	2005	2006	2007	2007				2008			2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3	4
<b>FORMAL LABOUR FORCE (A=B+E)</b>	905.0	910.7	925.3	919.1	923.5	924.6	934.2	937.7	940.9	942.5	918.0	919.2	920.0	921.6
<b>PERSONS IN FORMAL EMPLOYMENT (C+D)<sup>1</sup></b>	813.1	824.8	854.0	841.8	852.7	856.1	865.4	870.8	879.4	881.7	838.0	841.5	845.8	849.0
In agriculture, forestry, fishing	38.7	38.9	41.6	43.1	42.0	41.0	40.3	41.9	41.2	40.6	43.0	43.1	43.1	41.9
In industry, construction	310.9	313.3	322.9	317.4	322.2	324.8	327.3	327.3	331.5	333.2	316.2	317.8	318.3	320.5
Of which: in manufacturing	233.7	227.9	229.9	229.4	230.2	229.6	230.4	230.0	230.2	228.6	228.9	229.6	229.7	230.0
in construction	61.7	69.9	77.8	72.8	76.8	80.0	81.7	82.2	86.2	89.5	72.1	73.0	73.3	75.3
In services	463.5	472.6	489.5	481.3	488.5	490.3	497.8	501.6	506.7	507.9	478.8	480.7	484.4	486.6
Of which: in public administration	49.1	50.2	50.1	49.7	50.1	50.2	50.3	50.6	50.7	50.9	49.8	49.7	49.7	49.9
in education, health-services, social work	106.5	109.1	110.0	109.9	110.2	109.3	110.6	111.3	111.9	111.1	109.5	109.9	110.2	110.4
<b>FORMALLY EMPLOYED<sup>1</sup></b>	731.6	741.6	766.0	753.1	764.7	768.6	777.8	781.2	790.3	792.7	749.5	752.9	757.0	761.3
In enterprises and organisations	666.2	675.1	696.1	685.8	695.0	697.5	706.2	710.4	718.0	719.8	682.8	685.6	689.0	692.4
By those self-employed	65.4	66.5	69.9	67.3	69.8	71.1	71.6	70.8	72.2	73.0	66.7	67.3	68.0	68.9
<b>SELF-EMPLOYED AND FARMERS</b>	81.5	83.3	87.9	88.7	87.9	87.6	87.6	89.6	89.2	88.9	88.5	88.6	88.8	87.8
<b>REGISTERED UNEMPLOYMENT</b>	91.9	85.8	71.3	77.3	70.9	68.4	68.8	66.8	61.4	60.5	80.0	77.7	74.2	72.6
Female	49.4	47.0	39.1	42.0	39.3	38.0	37.3	35.6	32.8	32.1	43.2	42.1	40.7	40.2
By age: under 26	22.2	18.2	11.9	14.0	11.6	10.3	11.7	10.3	8.4	7.7	15.1	14.2	12.8	12.2
aged over 40	40.1	39.7	37.1	38.7	37.2	36.6	36.1	36.3	34.7	34.3	39.0	38.8	38.1	37.7
Unskilled	37.5	33.7	28.0	30.4	27.7	27.0	26.9	26.8	24.6	24.3	31.6	30.7	29.0	28.2
For more than 1 year	43.4	41.9	36.5	38.8	36.7	35.5	35.0	34.0	32.5	31.9	39.6	39.0	37.9	37.4
Those receiving benefits	23.3	22.7	16.6	19.1	16.8	15.8	14.7	15.0	13.6	13.9	19.9	19.1	18.3	17.2
<b>RATE OF REGISTERED UNEMPLOYMENT, E/A, in %</b>	10.2	9.4	7.7	8.4	7.7	7.4	7.4	7.1	6.5	6.4	8.7	8.4	8.1	7.9
Male	8.6	7.7	6.2	6.9	6.1	5.9	6.0	6.0	5.4	5.4	7.2	7.0	6.6	6.3
Female	12.1	11.5	9.6	10.3	9.6	9.3	9.0	8.6	7.9	7.8	10.6	10.3	10.0	9.8
<b>FLOWS OF FORMAL LABOUR FORCE</b>	8.0	5.2	21.5	8.7	5.4	0.6	6.7	5.7	4.2	1.9	6.7	1.2	0.8	1.6
New unemployed first-job seekers	21.7	18.6	14.7	2.9	2.4	2.3	7.2	2.2	1.8	1.9	1.3	0.8	0.9	1.0
Redundancies	67.2	63.8	52.5	15.4	11.6	12.6	12.9	12.5	10.7	12.5	7.6	3.8	4.0	4.0
Registered unemployed who found employment	53.9	57.4	49.1	14.8	12.1	11.3	10.9	12.4	9.7	9.9	5.1	4.4	5.2	4.2
Other unemployed erased out of register	33.1	39.2	28.0	7.6	6.9	6.2	7.4	6.4	6.3	5.9	2.0	2.5	3.1	2.4
Increase in number of work permits for foreigners	3.9	7.8	15.3	3.9	4.9	4.3	2.2	6.0	9.5	7.0	0.3	1.2	2.5	3.6
Retirements <sup>2</sup>	18.4	20.6	20.7	5.2	4.7	5.0	5.9	5.4	4.8	6.3	2.0	1.8	1.4	1.7
Deaths <sup>2</sup>	2.3	2.5	2.4	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.2	0.2	0.2	0.2
Others who found employment <sup>2</sup>	32.7	36.7	37.8	14.3	9.2	4.6	9.9	8.9	3.3	4.5	9.1	3.5	1.8	0.8
<b>REGISTERED VACANCIES<sup>3</sup></b>	16.9	19.0	20.2	20.5	21.0	20.4	19.1	21.6	21.1	21.5	20.0	17.8	23.6	20.6
For a fixed term, in %	75.6	75.3	76.5	76.7	77.5	77.2	74.4	73.0	74.0	76.6	77.1	75.1	77.5	76.9
<b>WORK PERMITS FOR FOREIGNERS</b>	41.6	48.3	60.2	52.6	59.3	63.0	65.8	68.7	79.0	86.3	51.0	52.2	54.7	58.3
As % of labour force (I/A)	4.6	5.3	6.5	5.7	6.4	6.8	7.0	7.3	8.4	9.2	6.1	6.2	6.5	6.9
<b>NEW JOBS</b>	137.0	155.9	160.0	39.1	40.7	38.7	41.5	40.9	41.0	42.7	13.5	11.6	13.9	14.4

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.

2007								2008										
5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
923.6	925.4	924.5	923.1	926.0	934.0	935.8	932.8	936.6	937.9	938.5	939.1	940.8	942.7	942.4	940.5	944.6	950.7	950.3
852.9	856.2	854.4	854.6	859.4	864.5	867.4	864.4	867.3	870.9	874.2	876.6	879.6	882.0	879.9	879.8	885.3	888.1	886.9
42.0	42.0	41.0	41.0	41.0	40.4	40.3	40.2	41.8	41.9	42.1	41.2	41.2	41.2	40.6	40.6	40.7	40.3	40.2
322.3	323.9	324.3	324.4	325.7	327.7	328.4	325.7	326.0	327.1	328.8	330.3	331.4	332.8	332.7	332.7	334.1	333.9	331.6
230.2	230.3	229.8	229.3	229.7	230.7	230.9	229.7	229.8	229.9	230.4	230.3	230.1	230.2	229.0	228.5	228.5	227.6	226.1
76.8	78.3	79.1	79.9	80.9	81.8	82.4	80.9	81.2	82.2	83.3	84.8	86.2	87.5	88.7	89.2	90.6	91.2	90.4
488.6	490.3	489.1	489.2	492.7	496.4	498.7	498.5	499.6	502.0	503.4	505.2	507.0	508.0	506.5	506.6	510.6	513.9	515.1
50.1	50.2	50.2	50.2	50.2	50.3	50.3	50.4	50.6	50.7	50.5	50.6	50.7	50.9	50.7	50.8	51.0	50.9	50.8
110.1	110.2	109.0	108.7	110.1	110.6	110.8	110.5	110.9	111.4	111.5	111.7	112.0	111.9	110.6	110.4	112.3	113.0	113.4
764.9	768.1	767.0	767.1	771.6	777.0	779.7	776.7	777.9	781.3	784.3	787.6	790.5	792.8	791.1	790.9	796.1	798.5	797.0
695.1	697.5	696.2	696.1	700.1	705.2	707.7	705.9	707.8	710.5	713.0	715.8	718.2	720.2	718.5	718.2	722.6	724.6	723.4
69.8	70.6	70.8	71.0	71.5	71.8	72.0	70.8	70.2	70.8	71.3	71.8	72.3	72.6	72.7	72.7	73.5	74.0	73.5
88.0	88.1	87.3	87.5	87.8	87.5	87.7	87.7	89.4	89.6	89.9	89.1	89.2	89.2	88.8	88.9	89.2	89.6	89.9
70.7	69.3	70.1	68.5	66.7	69.5	68.4	68.4	69.2	67.0	64.3	62.4	61.2	60.7	61.6	60.7	59.3	62.6	63.4
39.2	38.5	39.3	38.1	36.7	38.0	37.1	36.7	36.9	35.7	34.3	33.5	32.6	32.4	33.0	32.3	31.1	32.7	32.6
11.5	11.1	11.1	10.4	9.5	12.2	11.6	11.2	11.1	10.3	9.5	8.8	8.4	8.1	8.1	7.8	7.3	9.8	9.9
37.2	36.7	36.9	36.6	36.3	36.1	36.0	36.3	37.0	36.4	35.6	35.0	34.7	34.5	34.6	34.4	33.9	34.0	21.5
27.7	27.1	27.2	27.0	26.7	27.0	26.8	27.1	27.6	26.9	25.9	25.0	24.6	24.3	24.3	24.3	24.3	24.9	25.5
36.8	36.0	35.8	35.6	35.0	35.3	35.0	34.7	34.7	34.0	33.3	32.7	32.5	32.2	32.1	31.8	31.6	31.4	30.9
16.9	16.3	16.3	16.0	15.2	14.8	14.5	14.7	15.6	15.1	14.2	13.7	13.6	13.4	13.9	13.9	13.7	14.1	14.4
7.7	7.5	7.6	7.4	7.2	7.4	7.3	7.3	7.4	7.1	6.8	6.6	6.5	6.4	6.5	6.5	6.3	6.6	6.7
6.1	6.0	6.0	5.9	5.8	6.0	6.0	6.1	6.2	6.0	5.7	5.5	5.4	5.4	5.4	5.4	5.3	5.6	5.7
9.6	9.4	9.6	9.3	9.0	9.2	9.0	8.9	8.9	8.6	8.3	8.1	7.9	7.8	8.0	7.8	7.5	7.9	7.9
2.0	1.8	-0.9	-1.4	2.9	8.0	1.8	-3.0	3.8	1.4	0.6	0.6	1.7	2.0	-0.3	-1.9	4.1	6.1	-0.5
0.7	0.6	0.7	0.6	1.0	5.3	1.2	0.6	0.9	0.6	0.7	0.8	0.5	0.5	0.5	0.5	0.9	4.6	1.2
4.0	3.7	4.9	3.5	4.2	4.5	4.3	4.1	5.8	3.4	3.3	3.6	3.4	3.6	4.6	3.4	4.5	5.2	5.2
4.1	3.7	3.0	3.8	4.4	4.3	4.1	2.5	4.1	4.2	4.1	3.6	3.2	2.9	2.3	3.1	4.5	4.0	3.2
2.5	2.0	1.6	1.9	2.7	2.6	2.5	2.2	1.8	2.1	2.5	2.6	2.0	1.7	2.0	1.6	2.3	2.5	2.4
1.7	-0.5	2.2	1.6	0.5	1.7	0.3	0.2	-0.2	2.4	3.8	4.2	2.8	2.5	2.3	2.9	1.9	1.7	0.1
1.6	1.4	1.6	1.1	2.3	2.2	2.1	1.6	2.4	1.4	1.7	1.7	1.6	1.5	1.6	2.2	2.6	2.3	2.0
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	0.2	0.2	0.2	0.2	0.2	0.2
3.3	5.0	-0.7	-0.9	6.2	5.6	4.6	-0.3	7.1	1.7	0.1	-0.4	1.7	2.0	-0.8	-0.7	6.0	4.4	2.4
19.3	23.1	18.8	19.7	22.8	24.4	18.7	14.2	22.4	22.8	19.8	21.6	21.6	20.2	19.8	20.1	24.7	19.7	15.7
79.1	76.6	78.4	77.1	76.5	76.4	75.2	69.8	71.9	73.0	74.2	72.7	74.4	74.9	76.9	76.8	76.0	74.9	75.6
60.1	59.5	61.7	63.3	63.9	65.6	65.9	66.1	65.8	68.3	72.1	76.3	79.1	81.6	83.8	86.7	88.6	90.3	90.4
7.0	7.0	7.2	7.4	7.4	7.6	7.6	7.6	7.6	7.8	8.2	8.7	9.0	9.2	9.5	9.9	10.0	10.2	10.2
13.4	13.0	11.8	9.9	16.9	18.2	13.6	9.7	14.5	13.0	13.4	15.4	13.1	12.5	12.7	10.4	19.6	17.8	11.4

WAGES AND INDICATORS OF OVERALL COMPETITIVENESS	2005	2006	2007	2007				2008			2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3	4
<b>GROSS WAGE PER EMPLOYEE, y-o-y growth rates, %</b>														
Total	4.8	4.8	5.9	5.4	5.6	5.8	6.7	7.8	8.6	9.9	6.4	4.8	5.0	5.9
<b>Private sector (A to K)</b>	5.4	5.4	6.9	6.3	6.3	6.7	8.1	8.3	9.4	9.3	7.7	5.8	5.5	6.9
Agriculture, fishing (A, B)	3.9	5.6	8.2	6.2	8.0	7.3	11.2	10.1	8.8	10.1	8.2	5.3	5.1	9.4
A Agriculture	3.7	5.6	8.2	6.4	8.0	7.3	11.0	10.2	8.8	10.1	8.4	5.5	5.5	9.4
B Fishing	6.9	7.9	8.0	-3.8	8.2	8.2	17.5	6.8	7.7	9.5	3.3	-2.7	-11.4	9.9
Industry, construction (C to F)	5.8	5.5	6.5	5.7	5.8	6.3	8.1	8.0	9.5	9.2	7.5	5.1	4.5	6.7
C Mining and quarrying	6.3	4.5	7.0	3.6	4.3	6.0	13.4	10.1	14.1	16.1	4.2	3.2	3.4	3.3
D Manufacturing	5.8	5.5	6.8	5.9	5.9	6.8	8.4	8.2	9.7	9.3	7.8	5.3	4.5	7.1
E Electricity, gas & water supply	9.7	5.6	6.2	3.0	5.0	5.5	10.7	9.0	9.4	9.3	4.6	2.8	1.6	4.2
F Construction	4.8	6.2	6.5	7.1	6.7	5.6	6.6	7.5	9.5	9.1	8.4	6.4	6.6	7.5
Production services (G to I)	4.7	5.0	7.0	7.3	6.4	6.8	7.2	7.9	8.9	9.2	8.0	6.7	7.1	7.4
G Distributive trades	4.8	5.6	7.6	8.0	7.4	7.5	7.4	7.4	9.0	8.8	9.1	6.7	8.3	8.6
H Hotels & restaurants	3.2	4.4	6.0	4.0	5.3	5.4	8.7	10.1	10.3	10.1	3.9	2.7	5.4	4.4
I Transport, storage & communications	5.1	3.6	5.7	6.7	4.4	5.6	5.9	7.7	7.9	9.4	6.9	7.9	5.3	5.4
Business services (J to K)	3.9	4.7	6.8	5.7	6.2	6.8	8.3	8.8	9.4	8.9	7.0	5.2	5.0	5.4
J Financial intermediation	6.7	7.2	7.3	7.9	7.8	5.7	7.4	8.1	8.8	8.2	8.7	9.1	6.0	6.5
K Real estate	3.2	3.9	7.2	5.3	6.1	7.8	9.4	9.5	10.1	9.6	6.8	4.0	5.1	5.6
Public services (L to O)	3.3	3.5	4.1	3.5	4.6	4.4	3.8	7.1	7.0	11.7	3.6	2.8	4.2	4.1
L Public administration	3.2	3.1	5.1	2.5	4.9	6.5	6.4	11.1	10.8	13.2	2.6	1.7	3.2	3.8
M Education	4.8	4.8	3.9	4.8	5.7	3.1	2.4	5.5	5.8	7.7	4.9	4.5	4.9	5.5
N Health & social work	2.2	2.7	3.2	2.7	3.7	4.0	2.4	6.1	4.8	16.7	3.2	1.9	3.0	3.2
O Other community, social & personal services	2.7	2.1	3.9	4.1	2.9	3.9	4.5	4.5	6.7	9.2	2.9	2.3	7.0	2.9
<b>INDICATORS OF OVERALL COMPETITIVENESS, y-o-y growth rates, %</b>														
Effective exchange rate, <sup>1</sup> nominal	-0.7	0.2	0.8	0.9	0.7	0.6	1.2	1.2	1.1	0.4	0.7	1.0	0.9	0.8
Real (relative consumer prices)	-0.2	0.7	2.3	1.4	1.8	2.3	3.7	4.5	4.2	2.6	1.6	1.3	1.2	1.4
Real (relative producer prices) <sup>2</sup>	-0.6	-0.9	2.1	2.1	2.0	2.2	2.1	1.4	1.5	0.4	2.3	2.3	1.9	1.8
USD/EUR	1.2448	1.2557	1.3706	1.3105	1.3482	1.3745	1.4494	1.4998	1.5620	1.5038	1.2999	1.3074	1.3242	1.3516
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														

2007								2008										
5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
5.8	5.2	6.9	5.7	4.9	6.6	7.1	6.5	6.1	9.3	8.0	9.5	7.6	8.8	8.7	9.8	11.2	9.2	3.9
6.4	5.5	7.6	6.8	5.6	8.2	8.4	7.6	6.9	9.4	8.5	10.7	8.2	9.5	10.1	7.2	10.7	7.7	1.0
8.6	6.0	8.5	8.8	4.6	8.4	15.1	9.5	8.5	15.2	6.8	9.4	8.9	8.1	12.7	6.3	11.4	9.2	-0.9
8.7	5.9	8.5	8.7	4.6	7.9	15.2	9.5	8.7	15.5	6.7	9.6	8.9	7.9	12.7	6.3	11.4	9.8	-0.8
5.3	9.5	8.6	12.4	3.5	30.6	13.0	10.0	2.5	4.4	14.0	-1.3	10.2	14.8	12.5	5.7	10.4	-11.5	-7.2
5.8	5.0	7.3	6.3	5.5	7.8	8.7	7.8	6.2	9.8	8.1	11.2	8.2	9.2	10.8	6.3	10.6	8.1	-1.1
4.7	4.8	6.6	3.9	7.5	9.5	10.2	21.6	5.9	10.4	14.1	12.3	17.7	12.3	17.5	10.2	20.5	38.5	-5.0
5.7	5.1	7.5	6.9	6.0	7.9	9.2	8.0	6.1	10.2	8.5	11.2	8.4	9.5	10.8	6.5	10.7	6.8	-1.1
3.0	7.7	3.5	5.2	7.7	11.1	11.2	9.6	8.1	10.8	8.3	12.1	8.5	7.7	14.1	6.9	7.4	20.9	1.9
8.1	4.5	8.5	5.3	3.1	6.7	7.4	5.6	7.3	8.6	6.6	11.9	7.3	9.5	9.9	6.0	11.4	7.4	-0.7
6.0	5.9	7.5	7.1	5.9	7.2	6.7	7.7	7.3	8.2	8.1	9.7	7.8	9.1	8.9	8.4	10.3	7.6	5.1
6.8	6.7	7.8	7.8	7.0	7.1	8.3	6.7	6.5	8.8	7.0	10.1	8.0	8.9	9.2	7.0	10.1	7.9	4.1
5.1	6.5	6.5	6.0	3.8	7.6	10.5	8.0	10.6	11.0	8.7	10.9	11.1	8.9	10.5	9.1	10.8	7.7	1.9
4.1	3.8	6.9	5.7	4.0	6.6	2.6	9.1	7.5	5.9	9.6	8.3	6.2	9.2	7.4	10.7	10.1	6.9	7.7
7.4	5.8	8.2	7.2	5.1	10.1	8.7	6.3	7.4	9.3	9.8	10.4	8.0	9.9	9.3	7.0	10.5	6.2	-0.6
9.9	7.0	8.5	7.1	1.6	13.9	8.0	1.0	6.7	6.7	10.7	12.0	6.6	7.9	6.9	6.5	11.1	0.9	-6.6
6.8	5.8	8.4	7.6	7.3	8.7	9.8	9.6	8.1	10.8	9.6	10.0	9.1	11.3	10.7	7.6	10.6	8.9	3.8
4.7	4.9	5.8	3.5	3.8	3.3	3.9	4.1	4.5	9.6	7.2	7.0	6.7	7.5	5.8	16.5	12.8	13.1	12.2
5.2	5.7	8.7	4.9	5.9	5.9	6.5	6.9	6.8	14.3	12.0	12.0	10.0	10.4	7.6	18.9	13.3	12.9	16.0
6.4	5.1	4.3	2.6	2.4	2.3	2.6	2.2	3.1	7.8	5.6	5.7	5.6	6.0	5.0	10.8	7.3	8.0	9.4
3.4	4.3	5.4	3.3	3.3	2.1	2.0	3.0	3.6	8.0	6.7	3.8	4.4	6.2	4.8	24.2	21.2	20.8	20.1
1.9	3.9	4.5	3.1	4.0	3.0	5.1	5.3	5.0	6.9	1.8	5.9	6.7	7.3	6.0	11.1	10.5	12.1	-3.2
0.7	0.6	0.6	0.5	0.7	1.1	1.3	1.1	1.3	1.0	1.4	1.4	1.1	0.9	0.8	0.6	-0.1	-1.3	-1.7
1.7	2.3	2.5	2.2	2.0	3.6	3.9	3.6	4.4	4.3	4.7	4.7	3.9	3.9	3.5	2.6	1.6	0.3	-0.7
2.0	2.1	2.1	2.5	2.0	2.3	2.3	1.8	1.5	1.2	1.5	2.4	1.3	0.9	0.7	0.9	-0.3	-1.0	-0.2
1.3511	1.3419	1.3716	1.3622	1.3896	1.4227	1.4684	1.4570	1.4718	1.4748	1.5527	1.5750	1.5557	1.5553	1.5770	1.4975	1.4369	1.3322	1.2732

PRICES	2006	2007	2008	2007				2008				2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	1	2	3	4
<b>CPI, y-o-y growth rates, %</b>	2.5	3.6	5.7	2.3	3.0	3.6	5.4	6.6	6.6	6.1	3.3	2.7	2.1	2.3	2.6
Food, non-alcoholic beverages	2.3	7.8	10.1	3.7	6.5	8.2	12.6	14.0	12.0	9.8	4.9	4.0	3.0	3.9	6.3
Alcoholic beverages, tobacco	3.7	6.5	3.2	5.5	6.0	8.0	6.5	5.4	5.0	0.7	2.1	5.5	5.4	5.6	5.7
Clothing and footwear	-0.5	2.1	4.4	1.8	0.9	3.3	2.5	4.9	5.2	2.1	5.2	3.6	2.6	-0.5	-0.7
Housing, water, electricity, gas	5.3	2.6	9.7	-0.2	1.0	2.2	7.6	10.5	11.4	11.5	5.3	-0.1	-0.9	0.4	1.0
Furnishings, household equipment	4.1	4.5	5.8	5.0	5.2	3.6	4.0	4.5	5.5	6.5	6.7	5.1	5.3	4.7	4.8
Medical, pharmaceutical products	-1.7	1.1	2.9	1.5	1.4	1.1	0.4	-0.5	1.7	4.9	5.8	0.9	1.4	2.3	1.4
Transport	1.3	0.3	1.9	-0.2	0.8	-0.9	1.6	2.9	2.9	4.1	-2.2	-0.4	-0.9	0.6	0.4
Communications	0.3	0.3	0.6	0.0	0.4	0.6	0.3	2.2	1.9	0.1	-1.7	1.4	-0.7	-0.6	-0.3
Recreation and culture	2.1	3.6	4.4	2.5	2.5	4.6	4.7	4.6	5.0	4.8	3.2	2.9	2.6	2.2	1.4
Education	3.1	1.9	5.2	1.1	0.6	2.2	3.6	4.7	5.4	4.8	6.1	0.5	1.5	1.1	-1.1
Catering services	4.5	7.3	9.6	6.9	6.6	7.0	8.7	9.3	10.0	10.4	8.7	6.9	7.1	6.7	6.6
Miscellaneous goods & services	4.1	3.6	3.9	4.2	3.1	3.7	3.4	3.9	4.5	3.8	3.4	5.0	4.7	3.0	2.9
HCPI	2.5	3.8	5.5	2.6	3.3	3.7	5.5	6.5	6.4	6.2	3.1	2.8	2.3	2.6	2.9
Core inflation (trim mean)	2.8	2.3	3.9	1.6	2.0	2.5	3.1	4.4	4.4	4.1	2.8	2.0	1.3	1.5	1.7
Core inflation (excluding fresh food and energy)	1.1	2.6	4.6	1.9	1.9	2.9	3.9	4.7	4.9	4.7	4.0	2.3	1.9	1.5	1.5
<b>PRODUCER PRICE INDICES, y-o-y growth rates, %</b>															
Total	2.3	4.2	3.9	4.3	4.6	4.1	3.6	3.4	3.9	5.2	3.0	3.9	4.6	4.5	4.7
Domestic market	2.3	5.4	5.6	4.5	5.1	5.4	6.5	5.9	6.3	6.5	3.8	3.5	5.1	5.0	4.9
Non-domestic market	2.2	2.9	2.1	4.1	4.2	2.8	0.7	0.8	1.4	3.8	2.2	4.2	4.1	4.0	4.4
euro area	2.6	5.0	2.1	7.1	7.3	4.6	1.4	1.2	1.6	4.1	1.3	7.1	6.9	7.3	7.6
non-euro area	1.6	-0.5	2.1	-0.6	-0.6	-0.3	-0.5	0.1	1.0	3.4	3.9	-0.3	-0.3	-1.2	-0.7
Import price indices	5.8	4.0	1.6	7.0	6.6	2.4	0.1	-0.2	0.3	3.8	1.4	7.8	6.6	6.7	7.0
<b>PRICE CONTROL,<sup>1</sup> y-o-y growth rates, %</b>															
Energy prices	8.0	0.6	12.4	-2.0	-0.1	-1.6	6.2	13.1	16.9	21.1	-1.2	-0.4	-4.6	-0.8	-0.3
Oil products	10.3	-0.9	11.7	-4.0	-2.2	-4.3	7.4	14.8	17.4	21.1	-5.7	-2.0	-7.5	-2.3	-2.6
Basic utilities	-2.6	-2.3	0.6	-6.3	-6.2	-3.7	8.4	1.4	1.3	-1.3	1.1	-7.4	-5.8	-5.8	-6.5
Transport & communications	1.5	0.6	-0.4	0.7	0.6	0.6	0.6	0.5	0.6	-1.3	-1.3	0.7	0.8	0.6	0.6
Other controlled prices	2.6	2.9	1.8	3.0	2.6	3.0	3.0	1.4	1.7	1.7	2.4	2.4	3.3	3.4	3.1
Direct control – total	7.0	3.1	8.6	1.9	3.2	1.6	5.9	9.5	11.7	13.7	-0.2	2.8	0.0	2.8	3.1
Source of data: SORS, calculations and estimates IMAD. Note: <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.															

2007								2008											
5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
2.9	3.6	3.8	3.5	3.5	5.1	5.7	5.6	6.4	6.5	6.9	6.5	6.4	7.0	6.9	6.0	5.5	4.9	3.1	2.1
6.3	6.9	7.6	6.9	10.0	13.3	11.7	12.9	13.9	14.6	13.5	12.3	12.1	11.6	12.2	10.1	7.2	5.3	5.6	3.8
6.2	6.0	8.1	8.5	7.6	6.5	6.6	6.6	5.7	5.5	5.1	4.8	5.0	5.1	-0.2	0.5	1.8	2.1	2.1	2.0
1.0	2.4	2.7	4.1	3.1	1.8	3.5	2.1	2.9	4.8	6.7	7.0	4.6	4.1	0.8	1.7	3.7	6.0	4.6	4.8
0.4	1.7	1.9	3.2	1.4	6.7	8.2	8.0	11.7	9.6	10.4	9.4	11.4	13.4	13.6	10.4	10.5	9.0	4.8	2.4
5.2	5.7	4.5	3.3	3.0	3.6	4.1	4.3	4.0	4.3	5.2	5.7	5.7	5.2	5.9	6.4	7.3	7.0	6.7	6.5
1.1	1.7	2.0	0.7	0.8	0.8	0.5	0.0	-0.9	-1.2	0.5	1.4	1.7	1.9	4.5	5.0	5.1	5.2	5.4	6.7
0.4	1.5	0.9	-1.6	-1.9	0.4	2.5	1.9	2.8	2.7	3.1	2.1	2.4	4.4	4.9	3.7	3.6	2.6	-3.6	-5.4
0.2	1.2	1.2	1.2	-0.7	-0.7	-0.2	1.9	1.0	2.8	2.9	2.8	1.5	1.5	0.7	0.5	-0.9	-0.9	0.0	-4.3
3.0	3.3	4.4	4.8	4.5	4.9	4.6	4.7	4.1	4.9	4.9	5.4	4.4	5.3	5.6	4.9	4.0	2.8	3.2	3.6
1.4	1.4	1.4	1.4	3.7	3.6	3.6	3.6	3.4	3.8	7.0	7.0	4.6	4.6	4.6	4.6	5.0	6.0	6.1	6.1
6.8	6.4	6.5	7.0	7.6	7.9	9.6	8.6	9.2	9.4	9.4	10.1	9.9	10.1	10.7	10.4	10.0	9.7	8.8	7.7
3.1	3.2	3.3	4.0	3.8	3.0	3.6	3.6	3.6	3.8	4.2	4.7	4.5	4.5	4.0	3.7	3.6	3.4	3.2	3.4
3.1	3.8	4.0	3.4	3.6	5.1	5.7	5.7	6.4	6.4	6.6	6.2	6.2	6.8	6.9	6.0	5.6	4.8	2.9	1.8
1.9	2.5	2.5	2.3	2.5	2.7	3.3	3.2	4.2	4.3	4.6	4.3	4.4	4.4	4.7	4.0	3.6	3.1	2.8	2.6
1.9	2.4	2.6	2.9	3.0	3.7	4.0	4.0	4.2	4.9	5.1	5.3	4.9	4.7	5.1	4.7	4.5	4.1	3.9	3.9
4.7	4.6	4.3	4.2	3.9	3.7	3.5	3.4	3.5	3.4	3.3	3.3	3.7	4.6	5.2	5.6	4.8	4.0	3.1	2.0
5.1	5.2	5.2	5.3	5.8	6.3	6.8	6.3	6.5	5.5	5.7	6.2	6.3	6.5	6.9	7.0	5.7	4.8	3.6	3.1
4.3	3.9	3.4	3.0	1.9	1.1	0.3	0.6	0.5	1.2	0.8	0.4	1.0	2.7	3.5	4.1	3.9	3.3	2.5	0.8
7.6	6.7	5.5	4.7	3.8	2.1	1.1	0.9	0.8	1.9	1.0	0.4	0.8	3.5	3.9	4.6	3.7	2.9	1.2	-0.1
-0.8	-0.5	0.0	0.3	-1.1	-0.4	-1.1	0.1	-0.2	-0.1	0.5	0.4	1.3	1.1	2.5	3.3	4.3	3.9	5.1	2.7
6.7	6.1	2.9	3.6	0.8	-0.2	0.0	0.5	-0.7	-0.1	0.1	-0.4	0.5	0.7	3.5	3.2	4.6	3.7	1.6	-1.1
-1.0	0.9	1.3	-2.6	-3.6	2.2	8.4	7.9	12.4	12.1	14.8	11.9	15.5	23.2	24.8	20.0	18.4	14.1	-4.3	-12.7
-3.3	-0.8	-0.8	-5.5	-6.6	2.1	10.3	9.8	14.0	14.1	16.4	12.6	15.3	24.1	25.5	20.0	17.7	12.2	-9.4	-18.9
-6.0	-6.0	-6.0	0.7	-5.7	14.3	6.5	4.8	2.8	0.7	0.7	1.3	1.3	1.3	1.3	-5.7	0.7	0.7	0.8	1.6
0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.6	0.6	0.6	0.6	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3
2.4	2.3	2.2	3.8	3.0	3.0	2.9	2.9	2.1	1.2	1.0	1.2	1.9	1.9	1.1	1.6	2.4	2.4	2.4	2.4
2.6	4.0	4.3	2.9	-2.3	3.9	7.1	6.6	9.3	8.8	10.4	8.5	10.8	15.7	16.3	12.2	12.4	9.7	-2.2	-7.8

BALANCE OF PAYMENTS	2005	2006	2007	2007				2008			2007				
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3	4	5
<b>BALANCE OF PAYMENTS, in EUR m</b>															
Current account	-498	-771	-1,455	-96	-216	-480	-663	-512	-482	-454	17	-109	-3	-105	-100
Goods <sup>1</sup>	-1,026	-1,151	-1,666	-242	-359	-401	-664	-494	-679	-744	-82	-80	-80	-134	-146
Exports	14,599	17,028	19,798	4,783	5,027	4,927	5,062	5,138	5,413	5,125	1,471	1,514	1,798	1,586	1,729
Imports	15,625	18,179	21,464	5,025	5,386	5,328	5,726	5,632	6,093	5,869	1,553	1,594	1,878	1,720	1,874
Services	920	993	1,193	275	366	354	198	355	469	544	123	56	97	116	119
Exports	3,214	3,572	4,291	897	1,038	1,307	1,049	1,107	1,243	1,518	321	254	323	347	337
Imports	2,293	2,580	3,098	622	672	953	851	752	774	974	198	198	226	230	218
Income	-295	-440	-708	-52	-188	-356	-112	-221	-235	-293	-16	-16	-20	-74	-43
Receipts	647	872	1,169	234	293	298	344	294	325	313	76	75	82	93	100
Expenditure	942	1,312	1,877	286	481	654	456	515	560	607	92	91	102	167	143
Current transfers	-97	-173	-274	-76	-34	-78	-86	-152	-37	39	-7	-69	0	-14	-30
Receipts	738	785	905	197	237	219	252	195	265	277	51	59	87	75	65
Expenditure	835	958	1,178	273	271	296	338	347	301	238	58	128	87	89	95
Capital and financial account	970	1,092	1,713	281	177	339	915	426	823	458	-187	220	249	22	-66
Capital account	-114	-131	-52	15	-27	-32	-8	-2	-21	-42	18	6	-9	0	-7
Financial account	1,084	1,223	1,765	266	204	371	923	428	844	501	-205	214	258	22	-59
Direct investment	-43	-174	-269	-248	-64	-4	47	151	-34	-84	-114	-135	2	-43	-100
Domestic abroad	-516	-687	-1,319	-326	-296	-439	-257	-160	-326	-334	-107	-157	-62	-148	-116
Foreign in Slovenia	473	513	1,050	79	232	435	304	311	292	250	-8	22	64	104	17
Portfolio investment	-1,313	-1,442	-2,264	-624	-1,204	377	-814	303	-1,127	180	-902	-152	430	-414	-620
Financial derivatives	-10	-13	-21	2	-2	-12	-10	2	0	3	6	-4	1	0	0
Other investment	2,639	1,571	4,179	1,080	1,484	-22	1,636	53	1,924	401	620	628	-168	425	726
Assets	-1,459	-1,939	-4,877	-2,413	-455	-1,405	-605	-994	-198	370	-734	-836	-843	-847	481
Commercial credits	-226	-442	-394	-385	-180	32	139	-508	-166	-8	-27	-164	-194	-97	-10
Loans	-340	-733	-1,890	-372	-456	-435	-627	53	-440	161	-21	-90	-261	-48	-213
Currency and deposits	-872	-743	-2,601	-1,675	182	-990	-118	-530	366	235	-754	-575	-345	-685	701
Other assets	-22	-21	7	18	0	-12	1	-9	42	-19	68	-7	-43	-16	3
Liabilities	4,098	3,510	9,057	3,493	1,939	1,383	2,241	1,047	2,122	31	1,355	1,464	675	1,272	245
Commercial credits	291	479	503	269	55	-88	268	177	300	68	-172	218	223	-19	89
Loans	2,731	2,064	3,840	32	1,554	910	1,345	640	1,469	234	146	-52	-62	1,021	301
Deposits	1,053	998	4,727	3,208	338	567	613	253	346	-272	1,406	1,282	521	279	-140
Other liabilities	23	-30	-14	-16	-7	-6	16	-22	7	2	-25	16	-6	-9	-5
International reserves <sup>2</sup>	-189	1,281	140	55	-11	32	64	-81	80	1	185	-123	-7	55	-65
Statistical error	-473	-321	-258	-185	39	141	-252	86	-341	-4	170	-110	-245	84	166
<b>EXPORTS AND IMPORTS BY END-USE OF PRODUCTS, in EUR m</b>															
Export of investment goods	1,392	1,680	1,933	456	508	466	504	523	578	595	136	134	185	159	176
Intermediate goods	7,723	9,368	10,438	2,609	2,670	2,560	2,593	2,752	2,894	2,731	811	835	963	854	921
Consumer goods	5,282	5,709	7,014	1,647	1,746	1,790	1,858	1,754	1,816	1,648	503	521	623	545	592
Import of investment goods	2,163	2,565	3,004	658	736	740	870	772	928	855	198	211	249	229	265
Intermediate goods	9,764	11,319	12,874	3,152	3,212	3,162	3,344	3,416	3,663	3,543	1,006	987	1,159	1,016	1,119
Consumer goods	3,877	4,456	5,609	1,238	1,446	1,413	1,508	1,456	1,515	1,468	359	402	477	478	494

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.

2007							2008										
6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
-10	-230	-93	-158	-173	-184	-306	-215	-181	-116	-118	-236	-128	-195	-145	-114	-219	-157
-79	-89	-117	-195	-180	-191	-293	-189	-139	-166	-168	-290	-222	-265	-297	-183	-255	-181
1,712	1,741	1,478	1,708	1,855	1,781	1,426	1,637	1,724	1,778	1,886	1,737	1,791	1,836	1,366	1,923	1,852	1,534
1,791	1,830	1,595	1,903	2,035	1,973	1,719	1,826	1,863	1,944	2,053	2,027	2,012	2,101	1,662	2,106	2,107	1,716
130	94	141	119	79	56	63	109	102	145	149	143	177	154	205	185	153	132
354	443	465	399	382	307	360	372	351	384	413	386	444	521	521	475	442	385
224	349	324	280	303	251	297	264	249	240	264	243	267	367	316	291	289	253
-71	-210	-102	-44	-45	-28	-39	-72	-74	-76	-73	-75	-88	-90	-99	-104	-92	-86
100	97	91	110	112	112	120	97	96	100	108	109	108	108	102	103	114	110
171	307	193	154	157	139	159	169	170	176	181	183	196	199	201	207	206	197
10	-25	-15	-38	-27	-22	-37	-63	-70	-18	-26	-15	4	6	45	-13	-25	-22
96	70	89	59	74	85	93	56	63	75	76	86	102	93	108	76	76	83
87	96	104	97	101	106	130	119	133	94	102	101	98	87	62	89	101	105
221	323	19	-2	139	286	491	99	247	80	228	323	271	186	238	34	-154	203
-20	-11	3	-24	7	5	-20	6	2	-10	6	-6	-21	-11	2	-33	-6	29
240	334	16	21	132	281	511	93	245	90	222	330	293	197	237	67	-149	174
79	96	45	-145	99	-103	50	41	11	99	-50	-7	24	-92	101	-93	-36	91
-32	-154	-61	-224	6	-159	-104	-42	-40	-78	-155	-133	-37	-212	-26	-96	-91	-18
111	250	107	79	93	56	154	83	51	177	105	126	61	120	126	4	56	108
-169	234	119	24	-360	-490	36	18	688	-404	-426	-457	-244	134	-207	253	379	657
-2	-7	-5	-1	-11	0	1	3	3	-3	1	0	0	2	0	1	0	0
333	-121	-136	235	384	901	351	30	-494	517	613	777	534	226	239	-64	-525	-556
-89	-605	-360	-439	-302	-372	70	139	-955	-177	396	183	-776	123	-95	342	-508	-97
-73	31	155	-154	-233	-18	390	-76	-224	-208	-23	-96	-46	16	144	-168	-39	130
-194	-214	-148	-74	-131	-136	-359	174	-41	-80	18	-205	-253	256	-377	282	-286	74
165	-408	-371	-211	53	-217	45	27	-685	129	352	493	-480	-154	140	249	-192	-305
13	-14	3	-1	8	-1	-6	14	-5	-18	48	-9	3	5	-2	-22	9	5
423	484	225	674	686	1,273	282	-108	461	694	217	595	1,310	103	334	-406	-17	-460
-15	59	-303	156	163	97	8	-78	106	150	94	214	-8	29	-97	136	-3	-133
232	231	254	425	209	881	254	116	215	309	-175	511	1,133	108	225	-99	37	-484
199	188	281	98	328	299	-14	-134	150	236	294	-128	180	-40	206	-438	-51	159
6	7	-8	-6	-14	-4	34	-13	-10	0	4	-2	5	6	0	-5	0	-2
-1	132	-8	-91	20	-28	72	0	37	-118	85	16	-21	-73	104	-30	33	-17
-211	-93	74	160	34	-101	-185	116	-65	36	-110	-87	-143	9	-93	80	374	-45
174	166	140	160	180	165	159	146	178	199	194	193	191	202	152	241	196	N/A
895	918	778	864	959	927	707	892	934	927	1,015	925	953	977	755	998	974	N/A
610	619	520	651	679	653	526	561	580	613	635	578	604	607	411	630	638	N/A
242	246	199	295	303	299	268	248	251	273	316	312	301	293	225	337	270	N/A
1,077	1,105	955	1,102	1,161	1,185	998	1,116	1,144	1,156	1,225	1,220	1,219	1,292	1,028	1,223	1,296	N/A
475	478	424	511	576	492	440	466	473	518	515	501	498	519	403	547	543	N/A



MONETARY INDICATORS AND INTEREST RATES	2005	2006	2007	2007							
				1	2	3	4	5	6	7	8
<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	17.4	16.6	67	69	69	69	68	68	68	68	68
Central government (S. 1311)	780.5	776.6	2,367	3,184	3,219	2,944	2,748	2,574	2,465	2,408	2,342
Other government (S. 1312, 1313, 1314)	23.1	24.9	118	108	106	107	105	107	107	107	110
Households (S. 14, 15)	1025.9	1289.4	6,818	5,428	5,488	5,633	5,748	5,892	6,015	6,157	6,323
Non-financial corporations (S. 11)	2620.9	3236.0	18,105	14,086	14,250	14,660	15,142	15,426	15,788	16,274	16,720
Non-monetary financial institutions (S. 123, 124, 125)	230.9	368.1	2,305	1,554	1,563	1,574	1,761	1,747	1,911	2,034	2,083
Monetary financial institutions (S. 121, 122)	1408.2	1158.7	2401	3,505	2,770	2,267	2,033	2,257	2,211	2,218	2,439
<b>Claims on domestic sectors, TOTAL</b>											
In domestic currency	2099.2	2298.2	26,555	21,761	21,634	21,726	22,297	23,089	23,558	24,146	24,892
In foreign currency	2199.4	3149.0	1,990	1,048	1,100	1,160	1,248	1,335	1,456	1,560	1,638
Securities, total	1375.1	1286.8	3,570	5,055	4,662	4,299	3,992	3,577	3,484	3,492	3,488
<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	2,610.3	2,903.4	20,029	17,823	17,912	17,914	18,066	18,367	18,446	18,880	19,299
Overnight	987.0	1,178.6	6,887	6,645	6,598	6,648	6,676	6,849	6,953	7,047	6,881
With agreed maturity – short-term	1,175.5	1,251.2	8,913	7,673	7,837	7,639	7,758	7,777	7,592	7,867	8,331
With agreed maturity – long-term	309.9	292.4	2,857	2,486	2,492	2,560	2,569	2,573	2,693	2,728	2,790
Short-term deposits redeemable at notice	137.8	181.2	1,372	1,019	985	1,067	1,063	1,168	1,208	1,238	1,297
Deposits in foreign currency, total	1,346.6	1,454.5	559	634	614	607	597	615	610	605	628
Overnight	534.8	552.7	218	311	293	285	264	280	274	270	278
With agreed maturity – short-term	481.2	545.5	248	240	239	237	251	248	249	242	258
With agreed maturity – long-term	295.2	318.3	56	64	64	62	60	61	60	61	62
Short-term deposits redeemable at notice	35.4	38.0	37	19	18	23	22	26	27	32	30
<b>INTEREST RATES OF MONETARY FINANCIAL INSTITUTIONS, %</b>											
<b>New deposits in domestic currency</b>											
<b>Households</b>											
Overnight deposits	0.47	0.32	0.36	0.33	0.33	0.33	0.34	0.34	0.34	0.35	0.35
Time deposits with maturity of up to one year	3.34	2.96	3.36	2.83	2.91	3.01	3.07	3.15	3.26	3.36	3.41
<b>New loans to households in domestic currency</b>											
Housing loans, 5-10 year fixed interest rate	4.99	4.56	5.80	5.16	5.44	5.50	5.35	5.37	5.36	5.79	5.98
<b>New loans to non-financial corporations in domestic currency</b>											
Loan over EUR 1 million, 1-5 year fixed interest rate	5.23	4.64	5.76	5.49	6.53	-	-	4.86	5.12	6.49	-
<b>INTEREST RATES OF THE EUROPEAN CENTRAL BANK, %</b>											
Main refinancing operations	2.02	2.78	3.85	3.50	3.50	3.75	3.75	3.75	4.00	4.00	4.00
<b>INTERBANK INTEREST RATES</b>											
<b>EURIBOR</b>											
3-month rates	2.19	3.58	4.28	3.75	3.82	3.89	3.98	4.07	4.15	4.22	4.54
6-month rates	2.24	3.58	4.35	3.89	3.94	4.00	4.10	4.20	4.28	4.36	4.59
<b>LIBOR CHF</b>											
3-month rates	0.80	1.51	2.55	2.15	2.21	2.26	2.32	2.41	2.55	2.72	2.80
6-month rates	0.87	1.65	2.65	2.26	2.32	2.36	2.44	2.54	2.70	2.85	2.86

Sources of data: BS, BBA - British Bankers' Association.

2007				2008										
9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
67	67	67	67	67	67	66	66	66	65	66	66	67	69	69
2,345	2,348	2,374	2,367	2,412	2,397	2,392	2,123	2,162	2,052	2,030	2,069	2,046	2,058	2,176
111	114	112	118	123	124	124	128	129	133	136	143	178	184	181
6,468	6,607	6,830	6,818	6,918	7,009	7,133	7,235	7,318	7,409	7,521	7,603	7,705	7,857	7,785
17,004	17,269	17,748	18,105	18,570	18,754	18,938	19,351	19,616	20,064	20,404	20,619	20,872	21,134	21,092
2,205	2,367	2,396	2,305	2,390	2,411	2,494	2,558	2,568	2,736	2,726	2,729	2,798	2,815	2,845
2,448	2,460	2,580	2,401	2,455	2,432	2,444	2,624	2,375	2,386	2,403	2,400	2,737	2,965	2,963
25,310	25,864	26,596	26,555	27,164	27,406	27,768	28,503	28,871	29,380	29,805	30,108	30,888	31,444	31,594
1,699	1,789	1,900	1,990	2,117	2,192	2,280	2,276	2,259	2,263	2,228	2,271	2,344	2,512	2,371
3,573	3,511	3,544	3,570	3,586	3,529	3,477	3,239	3,038	3,137	3,188	3,184	3,104	3,059	3,077
19,386	19,579	19,558	20,029	20,088	20,674	20,779	20,774	20,613	21,144	21,341	21,465	21,992	22,177	22,385
6,907	6,695	6,573	6,887	6,924	6,557	6,787	6,711	6,841	7,071	6,744	6,703	6,918	6,666	6,577
8,247	8,689	8,723	8,913	8,899	9,862	9,745	9,734	9,292	9,439	9,936	9,929	10,038	10,530	10,659
2,874	2,820	2,817	2,857	2,845	2,803	2,814	2,926	3,046	3,170	3,241	3,378	3,519	3,555	3,727
1,358	1,375	1,445	1,372	1,420	1,452	1,433	1,403	1,434	1,464	1,420	1,455	1,517	1,426	1,422
608	589	585	559	571	560	520	529	527	488	491	502	493	537	551
269	255	260	218	248	240	226	222	225	218	220	228	218	244	247
248	241	226	248	229	237	220	224	224	196	192	190	196	213	227
60	60	57	56	55	48	45	45	42	42	43	42	43	44	42
31	33	42	37	39	35	29	38	36	32	36	42	36	36	35
0.37	0.42	0.40	0.40	0.44	0.41	0.41	0.43	0.46	0.46	0.48	0.48	0.48	0.51	0.52
3.61	3.89	3.83	4.04	4.08	3.95	4.03	4.14	4.20	4.30	4.40	4.39	4.53	4.65	4.56
6.16	6.45	6.44	6.58	6.75	6.40	6.61	6.53	6.53	6.63	6.71	6.95	6.99	7.10	7.17
5.76	5.59	-	6.25	..	..	5.63	6.32	5.47	6.63	6.91	6.53	6.94	6.76	7.24
4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.25	3.75	3.25
4.74	4.69	4.64	4.85	4.48	4.36	4.60	4.78	4.86	4.94	4.96	4.97	5.02	5.11	4.24
4.75	4.66	4.63	4.82	4.50	4.36	4.59	4.80	4.90	5.09	5.15	5.16	5.22	5.18	4.29
2.82	2.79	2.75	2.77	2.70	2.74	2.83	2.85	2.78	2.84	2.79	2.75	2.78	3.00	1.97
2.90	2.89	2.85	2.84	2.77	2.77	2.87	2.93	2.89	2.98	2.94	2.89	2.92	3.09	2.16

PUBLIC FINANCE	2005	2006	2007	2007				2008			2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	1	2	3	4
<b>CONSOLIDATED BALANCE OF PUBLIC FINANCING (GFS-IMF methodology), current prices, EUR m</b>														
<b>GENERAL GOVERNMENT REVENUES</b>														
TOTAL REVENUES	11,976.1	12,958.7	14,006.1	3,063.2	3,454.0	3,429.1	4,059.8	3,353.8	4,005.7	3,854.7	1,060.6	958.7	1,043.9	1,293.0
Current revenues	11,517.2	12,395.3	13,467.2	2,955.0	3,374.9	3,332.1	3,805.1	3,274.0	3,881.0	3,731.3	1,034.4	926.2	994.4	1,272.6
Tax revenues	10,884.0	11,762.0	12,757.9	2,828.7	3,199.7	3,123.6	3,606.0	3,110.0	3,702.0	3,472.0	994.5	883.2	951.0	1,219.0
Taxes on income and profit	2,241.9	2,735.3	2,917.7	587.7	914.3	646.3	769.4	694.4	1,106.5	806.5	188.2	189.9	209.7	462.9
Social security contributions	3,987.7	4,231.2	4,598.0	1,083.4	1,123.7	1,139.1	1,251.8	1,203.1	1,254.2	1,272.9	358.4	360.5	364.6	371.1
Taxes on payroll and workforce	526.2	472.9	418.1	96.1	99.7	101.5	120.9	59.4	62.2	63.5	32.8	32.1	31.1	32.8
Taxes on property	170.4	189.1	206.4	22.2	58.0	67.3	59.0	27.5	62.6	69.6	6.2	7.9	8.1	10.7
Domestic taxes on goods and services	3,914.7	4,077.3	4,498.6	1,017.6	973.0	1,135.5	1,372.5	1,099.4	1,181.7	1,227.8	403.2	286.9	327.6	332.5
Taxes on international trade & transactions	39.1	50.7	117.1	21.5	30.7	33.2	31.7	25.6	33.7	31.0	5.5	6.3	9.7	8.9
Other taxes	4.0	5.4	2.1	0.3	0.4	0.7	0.7	0.6	1.0	0.7	0.3	-0.3	0.3	0.1
Non-tax revenues	633.3	633.3	709.2	126.3	175.2	208.6	199.1	164.0	179.0	259.3	39.9	43.0	43.4	53.6
Capital revenues	113.4	166.8	136.6	19.7	15.2	39.6	62.1	28.0	26.9	28.8	7.5	6.1	6.1	6.0
Grants	9.1	5.4	11.9	2.1	2.8	2.0	5.0	2.0	2.1	3.1	0.7	0.4	1.0	0.7
Transferred revenues	34.0	42.8	42.5	0.2	1.4	0.4	40.5	1.2	0.9	0.6	0.1	0.0	0.0	0.3
Receipts from the EU budget	302.4	348.4	348.0	86.2	59.6	55.1	147.1	48.5	94.8	91.0	17.9	26.0	42.3	13.4
<b>GENERAL GOVERNMENT EXPENDITURES</b>														
TOTAL EXPENDITURES	12,275.7	13,208.7	13,915.5	3,201.2	3,392.6	3,240.0	4,081.8	3,373.0	3,792.9	3,628.5	983.7	1,108.8	1,108.7	1,061.8
Current expenditures	5,353.9	5,689.0	5,950.9	1,482.0	1,448.5	1,362.2	1,658.2	1,575.9	1,581.7	1,513.4	489.3	473.2	519.5	506.4
Wages, salaries and other personnel expenditures	3,016.3	3,180.3	3,276.9	785.8	851.7	814.4	825.0	812.0	898.8	884.1	262.1	262.1	261.6	261.8
Expenditures on goods and services	1,911.0	2,073.2	2,212.2	490.3	482.6	518.0	721.3	530.8	597.3	594.2	192.1	146.0	152.2	155.1
Interest payments	372.1	376.4	357.0	197.5	105.3	17.5	36.7	221.0	69.8	12.9	32.4	62.4	102.7	87.1
Reserves	54.6	59.0	104.8	8.3	8.9	12.3	75.2	12.1	15.8	22.2	2.6	2.7	3.0	2.4
Current transfers	5,598.6	5,925.8	6,143.9	1,457.2	1,665.6	1,456.0	1,565.1	1,489.9	1,856.8	1,567.3	434.9	507.9	514.4	468.2
Subsidies	381.2	402.9	423.4	104.4	137.9	88.3	92.8	60.5	243.0	57.7	6.7	54.8	42.8	10.0
Current transfers to individuals and households	4,628.6	4,871.5	5,093.3	1,219.0	1,359.2	1,211.1	1,304.0	1,303.4	1,448.9	1,344.8	388.1	415.5	415.5	409.2
Current transfers to non-profit institutions, other current domestic transfers	563.1	624.1	595.3	130.9	158.4	145.3	160.8	118.7	151.2	153.2	39.7	35.5	55.6	48.5
Current transfers abroad	25.7	27.4	32.0	2.9	10.2	11.3	7.6	7.2	13.6	11.6	0.3	2.1	0.5	0.6
Capital expenditures	654.2	901.4	1,130.5	133.4	162.9	266.9	567.3	149.0	215.9	350.0	44.7	46.3	42.4	46.6
Capital transfers	383.4	404.6	334.3	28.6	55.0	69.3	181.4	30.6	62.3	130.8	6.5	9.4	12.7	16.5
Payments to the EU budget	285.6	287.9	355.9	100.0	60.6	85.6	109.8	127.7	76.2	67.0	8.3	71.9	19.7	24.1
<b>SURPLUS / DEFICIT</b>	<b>-299.6</b>	<b>-250.0</b>	<b>90.6</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. Data prior to 2007 are recalculated on the basis of the irrevocable SIT/EUR exchange rate = 239.64.



## Acronyms

**BIS** – Bank of International Settlements, **BS** – Bank of Slovenia, **ECB** – European Central Bank, **EC** – European Commission, **ELES** – Electro Slovenia, **ESS** – Employment Service of Slovenia, **FED** – Federal Reserve System, **GDP** – Gross domestic product, **HICP** – Harmonised Index of Consumer Prices, **HII** – Health Insurance Institute, **IMAD** – Institute of Macroeconomic Analysis and Development, **IMF** – International Monetary Fund, **MF** – Ministry of Finance, **NLB** – Nova ljubljanska banka, **OECD** – Organization for Economic Cooperation and Development, **PDII** – Pension and Disability Insurance Institute, **PPA** – Public Payments Administration of the Republic of Slovenia, **SMA** – Securities Market Agency, **SORS** – Statistical Office of the Republic of Slovenia

### Acronyms of Standard Classification of Activities (SCA)

**A**-Agriculture, hunting, forestry, **B**-Fishing, **C**-Mining and quarrying, **D**-manufacturing, **DA**-food, beverages and tobacco, **DB**-textiles and textile products, **DC**-leather and leather products, **DD**-wood and wood products, **DE**-paper, publishing, printing, **DF**-coke, petroleum products and nuclear fuel, **DG**-chemicals, **DH**-rubber and plastic products, **DI**-non-metal mineral products, **DJ**-metals and metal products, **DK**-machinery and equipment, **DL**-electrical and optical equipment, **DM**-transport equipment, **DN**-furniture and NEC, **E**-Electricity, gas and water supply, **F**-Construction, **G**-Wholesale, retail, trade, repair, **H**-Hotels and restaurants, **I**-Transport, storage, communications, **J**-Financial intermediation, **K**-Real estate, renting and business activities, **L**-Public administ. & defence; comp. soc. sec., **M**-Education, **N**-Health and social work, **O**-Other social and personal services.

### Acronyms of Countries

**AT**-Austria, **BE**-Belgium, **BG**-Bulgaria, **BY**-Belarus, **CH**-Switzerland, **CZ**-Czech Republic, **CY**-Cyprus, **DE**-Germany, **DK**-Denmark, **ES**-Spain, **EE**-Estonia, **EL**-Greece, **FR**-France, **FI**-Finland, **HU**-Hungary, **I**-Italy, **IE**-Ireland, **JP**-Japan, **LU**-Luxembourg, **LV**-Latvia, **LT**-Lithuania, **MT**-Malta, **NL**-Netherlands, **NO**-Norway, **PT**-Portugal, **RO**-Romania, **RU**-Russia, **SE**-Sweden, **UA**-Ukraine, **UK**-United Kingdom, **US**-United States of America, **PL**-Poland, **SI**-Slovenia, **SK**-Slovakia.

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