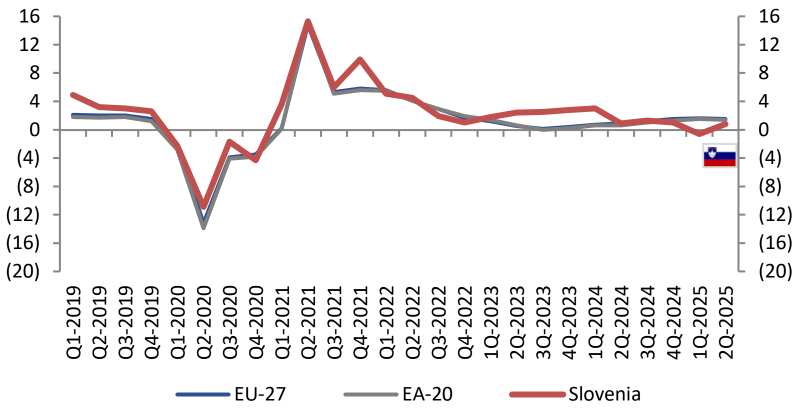
Republic of Slovenia
Ministry of Finance
Treasury Directorate

Newsletter, 1-8/2025

1 SLOVENIA'S ECONOMIC PERFORMANCE IN Q2 2025

In the second quarter of 2025, Slovenian economic activity strengthened and grew by 0.8% year-on-year in real terms, following a decline of 0.6% in the previous quarter (Figure 1), based on seasonally adjusted data from the Statistical Office of the Republic of Slovenia (SORS). Growth was mainly driven by private household consumption and the build-up of inventories, while investments stagnated, and foreign trade continued to have a negative effect. According to a flash estimate by Eurostat, Slovenia's annual economic growth lagged behind the GDP of the euro area (1.4 %) and the GDP of the EU (1.5%).

Figure 1: Real Quarterly GDP Growth Rate (SA % change Q/Q-4)



Source: SORS, Eurostat, (SA) Seasonally Adjusted data, 14.8.2025

Total employment

Employment declined by –0.4% in the second quarter of 2025. The total employment in Slovenia was 1,097,200, which corresponds to a decline of around 4,400 employees. The sharpest declines were in manufacturing (- 4.1 thousand persons or 1.9%, which was the seventh consecutive decline) and in construction (by - 2.3 thousand persons or -2.6%; this sector has recorded a decline in employment since the second half of 2024). In contrast, employment increased in public administration, education, health and social work (by 4.6 thousand persons or 2.1%). In the second quarter, construction sector recorded the strongest growth (3.9%) in value added, followed by the IT sector (2.8%) and professional and scientific activities (2.7%). The manufacturing sector recorded the highest decline among the sectors with a fall of 1.9% year-on-year.

The unemployment rate in Slovenia stood at 3.7% at the end of July 2025, well below the euro area average (6.2%) and the EU average (5.9%).

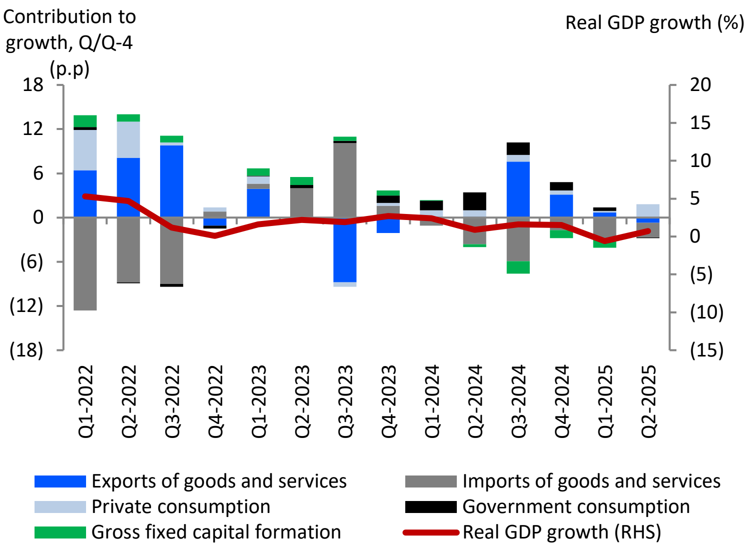
External Trade

The external trade balance had a negative impact of 2.7 percentage points on GDP growth in the 2q2025. Activity in the export sector fell by 0.8%, with the markedly declines recorded in exports of metals and metal products, as well as machinery, equipment, and vehicles. In contrast, exports of pharmaceutical products (excluding processing trade) remained relatively strong. Exports of services rose by 1.6% year-on-year, mainly due to business and tourism services, while transport services recorded a slight decline. In contrast, imports rose by 2.7 %, outpacing exports, which contributed to the negative trade balance.

Domestic consumption

Domestic spending rose by 3.6% in the second quarter of 2025, private consumption increased and had the most positive effect on economic activity compared to the same period of the previous year. Following a decline in the first quarter, investment remained at a similar level to the second quarter of last year (–0.2%). Construction investments increased, although civil engineering is still lagging behind the comparable level of the previous year, while government spending fell by 0.5%. The relatively strong growth in imports combined with subdued investment was reflected in a positive contribution of 1.7 percentage points from inventories, which indicates cautious stockpiling in view of the ongoing economic uncertainty.

Figure 2: Contributions to Real GDP Growth (% change Q/Q-4)



Source: SORS, Original data, 14.8.2025

2 R&I UPGRADES SLOVENIA'S CREDIT RATING TO A+ (STABLE) FROM A (STABLE)

On Monday, August 4, 2025, the rating agency R&I upgraded Slovenia's ratings to A+, from A, with a stable outlook. The upgrade highlights the strength of Slovenia's relatively advanced industrial base and the resilience of its open economy. It outlines a strong current account surplus and a net asset position in terms of international investment position, indicating high external stability. In addition, the rating agency acknowledges that the fiscal position is improving, as the general government debt-to-GDP ratio continues to decline.

The full report can be found on the R&I website:
Credit Rating Service ｜Rating and Investment Information, Inc.