

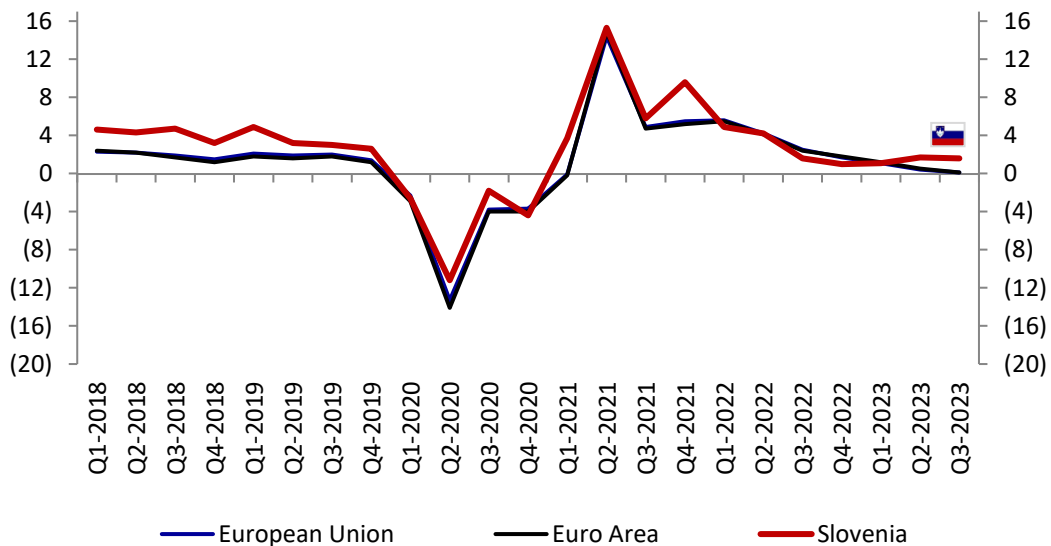


1 ECONOMIC GROWTH IN SLOVENIA IN THIRD QUARTER 2023

According to the Statistical Office of the Republic of Slovenia (SORS), seasonally and calendar-adjusted GDP in Slovenia increased by 1.6% year-on-year, above the euro area (EA) and EU average. According to a flash estimate published by Eurostat, seasonally adjusted GDP increased by 0.1% year-on-year in both the EA and the EU (Figure 1).

Economic activity in Slovenia continues to be supported by external trade balance and domestic labour market demand. Government consumption and investments continue to make a positive contribution to GDP growth, which is reflected in the continued strong construction activity.

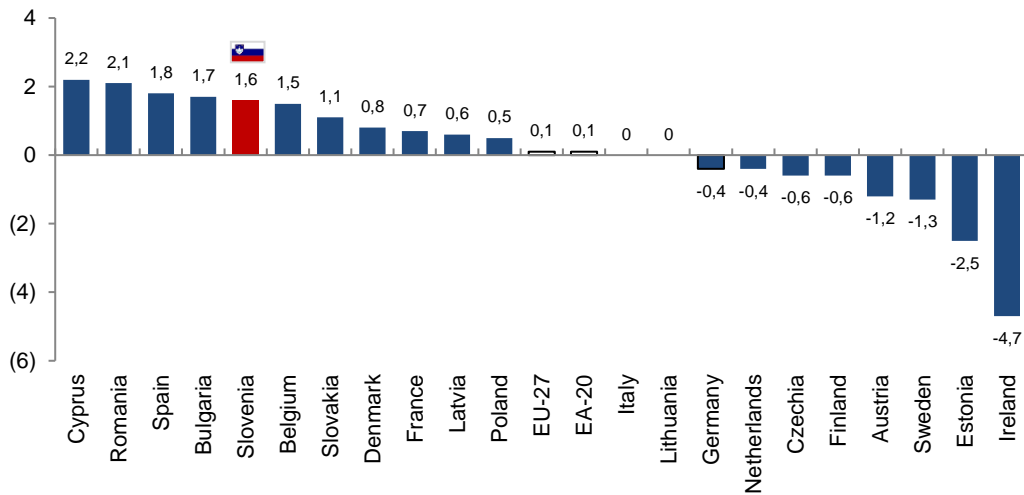
Figure 1: Real Quarterly GDP Growth Rate (SA% change Q/Q-4)



Source: Statistical Office of the Republic of Slovenia (SORS), Eurostat, (SA) Seasonally Adjusted data, 17.11.2023

The Republic of Slovenia belongs to the group of EU countries with moderately positive real GDP growth in the third quarter compared to the same period last year (Figure 2).

Figure 2: GDP growth rate of the countries in the EU area for Q3 2023 (SA% change Q/Q-4)



Source: Eurostat, (SA) Seasonally Adjusted data, 17.11.2023

Notes

Data not yet available for Greece, Croatia, Luxembourg and Malta

Total employment

The positive employment trend in Slovenia is still present, with total employment in the third quarter of 2023 at 1,099,972 workers, an increase of 1.0% (11,186 persons) compared to the previous year, i.e. mainly in the construction sector. According to Eurostat’s flash estimate, the number people in employment in the third quarter of 2023 increased by 1.4% year-on-year in EA and by 1.3% in the EU.

The unemployment rate in Slovenia stood at 3.6% at the end of September 2023, well below the EA average (6.5%) and the EU average (5.9%).

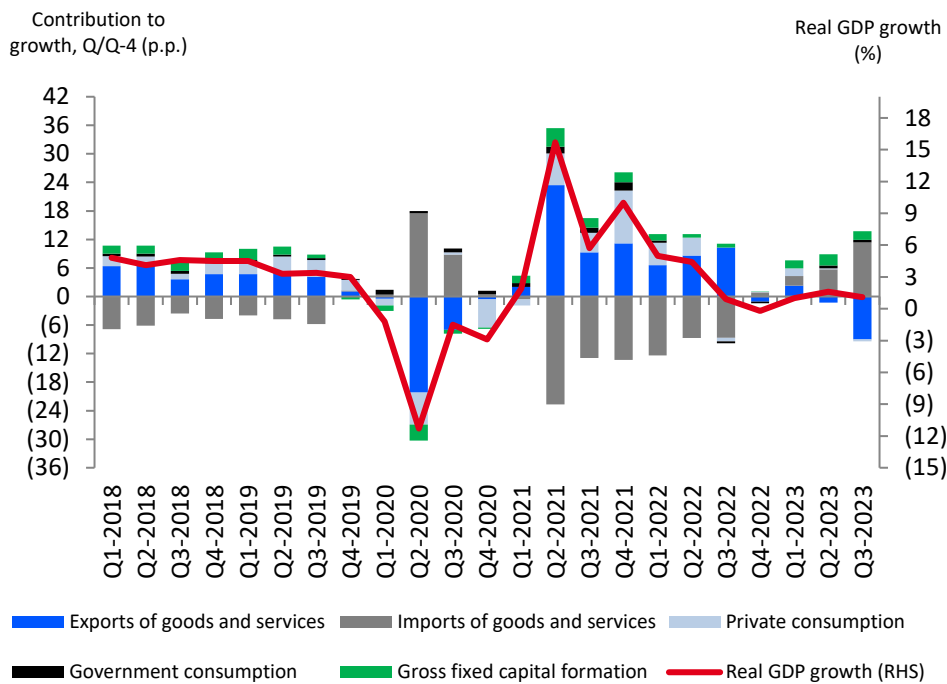
Domestic Expenditure

Domestic spending contracted by 1.4% Q3 2023 in comparison to the same period of the previous year, as gross capital formation decreased by 6.1%, mainly due to decumulation of inventories, while final consumption expenditure remained positive due to government consumption. Government consumption increased by 2.8% and gross fixed capital formation by 8.3%, mainly due to construction investments.

External trade balance

External trade, especially trade in goods exhibited more modest growth in comparison to the same period of the last year. External trade balance contributed 2.4 p.p. to overall GDP. Exports of goods and services decreased by 9.2% and imports by 12.1%. In Q3 2023, the decline in import demand for goods was more pronounced than for services.

Figure 3: Contributions to Real GDP Growth (% chg. Q/Q-4)



Source: Statistical Office of the Republic of Slovenia (SORS), Original data, 17.11.2023

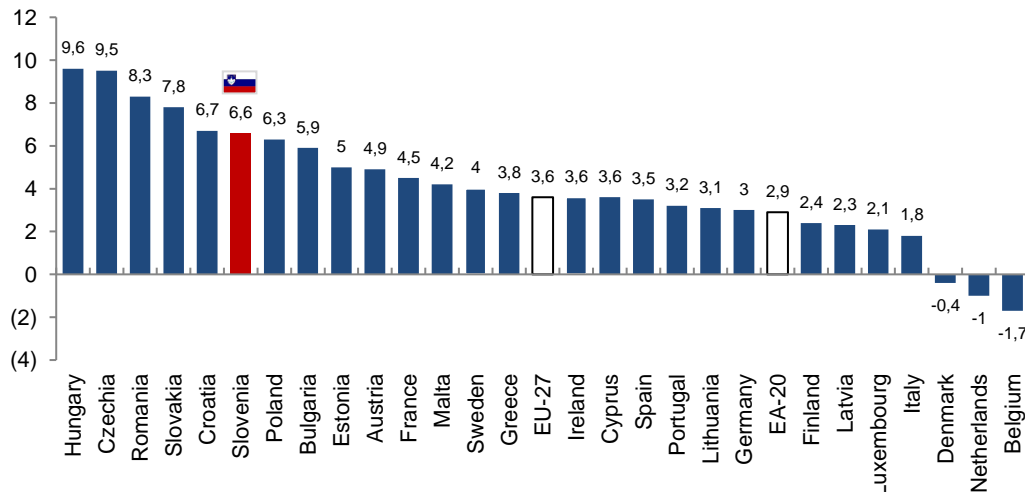
Notes

Unless otherwise specified, all comparisons in this text refer to original data, to volume or real changes and to changes compared with the same quarter of the previous year.

Inflation

Measured by the Harmonised Index of Consumer Prices (HICP), annual consumer prices in Slovenia decreased to 6.6% in October 2023 (10.3% in October 2022). On average, service prices increased by 7.9% and goods prices by 6.0%. Prices for non-durable goods increased by 8.3% and prices for semi-durable goods by 3.4%, while prices for durable goods went down by 0.7%. According to Eurostat, the EA HICP inflation rate fell to 2.9% in October 2023.

Figure 4: HICP inflation rates in EU countries, October 2023 (% chg. m/m-12)



Source: Eurostat, 17.11.2023

Rating Agency: Moody's (A3, Stable Outlook)

On Monday, 23 October, 2023, Moody's published their rating review outcome on Slovenia. The rating for Slovenia remains unchanged A3. The trend on the rating remains stable.

The full reports can be found on the Moody's website: <https://www.moodys.com>

Rating Agency: Fitch (A, Stable Outlook)

On Friday, 20 October, 2023, Fitch affirmed the Republic of Slovenia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'A' with a Stable Outlook.

The full report can be found on the Fitch website: <https://www.fitchratings.com/>

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