



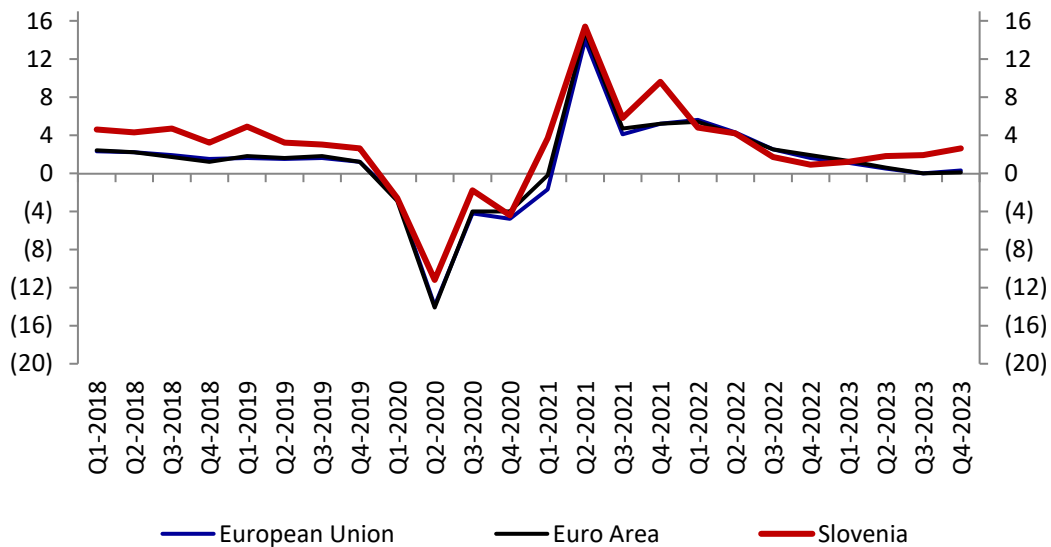
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ANNUAL ECONOMIC GROWTH IN 2023 ABOVE EA AND EU AVERAGE

In 2023, the Slovenian economy expanded by 1.6%, according to a first estimation of annual GDP growth published by the Statistical Office of the Republic of Slovenia (SORS). In the fourth quarter of 2023, growth accelerated, and GDP grew at an annual rate of 2.2%, or 2.6% when seasonally and calendar adjusted, which is above the level of the euro area (0.1%) and the EU (0.3%), according to a flash estimate by Eurostat (Figure 1).

Growth in construction investment remains strong, and continues to be supported by government consumption, while private consumption growth remained moderate compared to the previous year. Imports declined significantly faster than exports in 2023, resulting in a positive contribution of net exports to GDP. Employment remained strong throughout the year. HICP inflation declined significantly over the course of 2023.

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, 26.2.2024

Total Employment

Total employment in Slovenia amounted to 1,099,300 people in the fourth quarter of 2023, an increase of 0.7% or 7,600 persons compared to the same quarter of the previous year. According to the SORS, year-on-year employment growth was strongest in the information and communication and other service activities, while it declined in manufacturing.

The unemployment rate in Slovenia was 4.2% at the end of December 2023, well below the EA average (6.4%) and the EU average (5.9%).

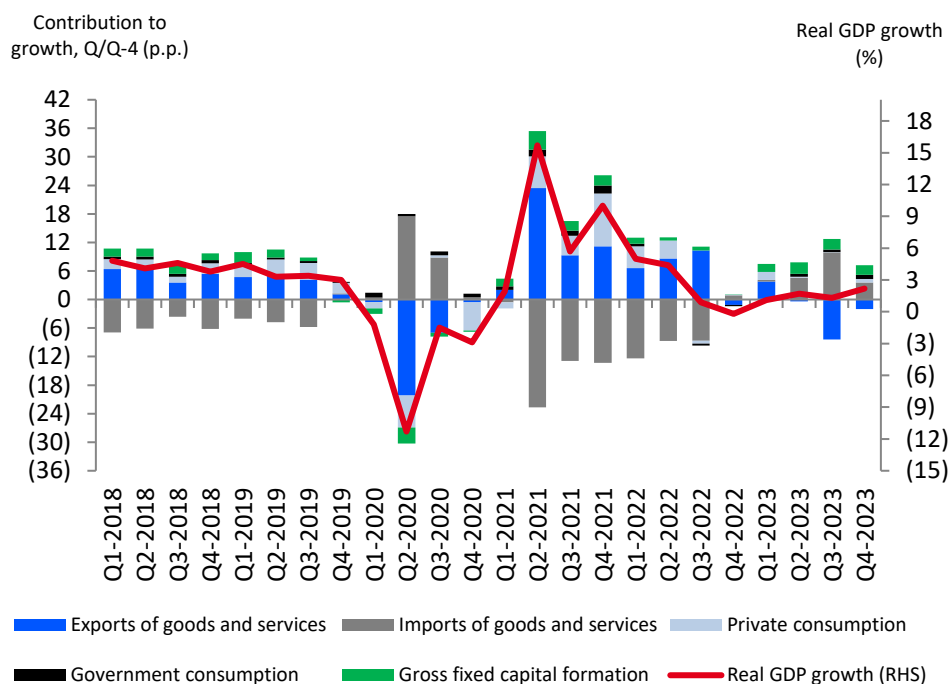
Domestic Expenditure

Domestic expenditure increased by 0.7% in the Q4 2023 compared to the same period of the previous year, as private (household) consumption increased by 1.2% and gross fixed capital formation by 9.1%. Growth in value added in the construction sector amounted to 17.3%, supported by investments in buildings and structures. Government consumption increased by 4.8%, driven by growth in employment and healthcare expenditure as well as expenditure on goods and services related to post-flood reconstruction measures. Changes in inventories had a negative impact on GDP growth.

External Demand and Competitiveness

The situation in the export sector of the economy improved slightly in the last quarter but remained below the previous year's level. Exports of goods and services continued to fall in Q4 2023, albeit at a lower rate of 2.3%. The decline in imports was 4%. The contribution of external trade balance to GDP growth was positive (1.5 percentage points).

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



Source: SORS, Eurostat, original data, 26.2.2024

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.

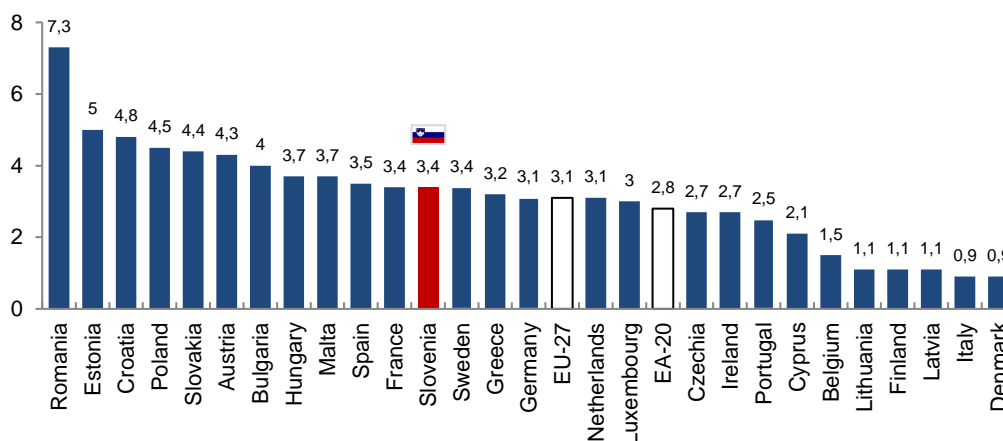
Inflation

Measured by the Harmonised Index of Consumer Prices (HICP), the annual inflation rate fell to 3.4% in January 2024 (9.9% in January 2023).

The slowdown in price growth was mainly due to lower annual growth in service prices, which reached 5.3% in January, while prices for goods increased by 2.3%. Prices for non-durable goods increased by 3.5% and for semi-durable goods by 2.4%, while durable goods fell by 2.0%. According to Eurostat, the annual inflation rate in the euro area fell to 2.8% in January and to 3.1% in the EU.

In 2023, the average annual inflation rate in Slovenia was 7.2% (9.3% in 2022), compared to 5.4% in the EA and 6.4% in the EU-27.

Figure 4: HICP inflation rates in EU countries, January 2024 (% chg. m/m-12)



Source: Eurostat, 26.2.2024

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DEBUT 3-YEAR EURO RETAIL BOND ISSUANCE

On February 23, 2024, the Republic of Slovenia successfully issued the first 3-year retail bond in the amount of EUR 261 million. In addition to meeting debt management strategic objectives the government decided to issue the first retail bond also to promote the development of the domestic capital market. The RS94 bond, with an annual interest rate of 3.40% was between February 1 and 16, 2024 subscribed by 9,427 citizens. People aged 18 and over with permanent or temporary residence in Slovenia were able to purchase bonds with a minimum value of €1,000 and a maximum of €100,000. The bonds will be listed on the Ljubljana Stock Exchange on February 27, 2024. Additional bonds in the amount of 1% of the bond issue were allocated to the official liquidity provider NKBM for treasury bills and government bonds.

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SLOVENIA CREDIT RATING AFFIRMED AT UPPER MEDIUM TO HIGH GRADE

Rating Agency: Scope Ratings (A, Stable Outlook)

On Friday, 19 January 2024, Scope Ratings affirmed the unsolicited long-term sovereign rating of A for the Republic of Slovenia. The outlook remains stable.

The full report can be found on the Scope Ratings website:

[Scope Ratings | European Rating Agency](#)

Rating Agency: Japan Credit Rating Agency (AA-, Stable Outlook)

On Friday, 16 February 2024, Japan Credit Rating Agency affirmed the unsolicited long-term sovereign rating of AA- for the Republic of Slovenia. The outlook remains stable.

The full report can be found on the JCR Ratings website:

[Japan Credit Rating Agency, Ltd. - JCR](#)

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