



## RATING AGENCY S&P GLOBAL AFFIRMED SLOVENIA RATING 'AA-/A-1+', OUTLOOK STABLE

On 12<sup>th</sup> June 2020 S&P Global Ratings affirmed Slovenia rating 'AA-/A-1+' outlook stable.

According to S&P Global Ratings report despite the deterioration in growth outlook for the Slovenian, European, and global economies in 2020, mainly due to the COVID-19 pandemic, Slovenia has substantial buffers to weather the temporary shock without a lasting adverse impact on its credit metrics. Based on the agency report, in the past decade Slovenian fiscal and external buffers were underpinned by its efficient economic expansion, high current surpluses, private sector deleveraging, decline of government debt to GDP as well as by the Slovenian government's policy response, along with benefits from the ECB monetary policy.

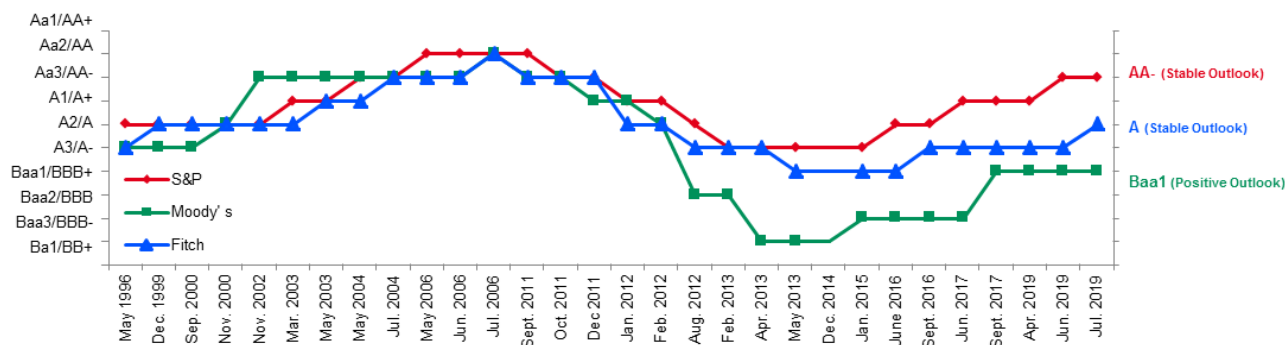
In the report the agency expects that:

- (1) The Slovenian economy will contract by 7.8% in 2020 before recovering in 2021.
- (2) The new government, in office since March, will focus on limiting the economic repercussions from the COVID-19 pandemic in the near term.
- (3) The government's fiscal response will help cushion the pandemic's impact on the labor market and on businesses.
- (4) The general government deficit will widen to nearly 8% of GDP in 2020, pushing net debt to almost 60% of GDP.
- (5) Despite rising borrowing needs, the ECB's crisis response, low interest rates, and Slovenia's fiscal buffers will contain debt service costs.
- (6) The current account will remain in a sizable surplus over 2020-2023, and government debt is projected to return to its downward path following surge in 2020.

The full report can be found on the S&P Global Ratings' website: <https://www.spglobal.com/en/>

The credit rating information of the Republic of Slovenia is presented in the below chart.

**Figure: Credit Rating of the Republic of Slovenia Over Time**



Source: S&P, Fitch and Moody's, 18.6.2020

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