



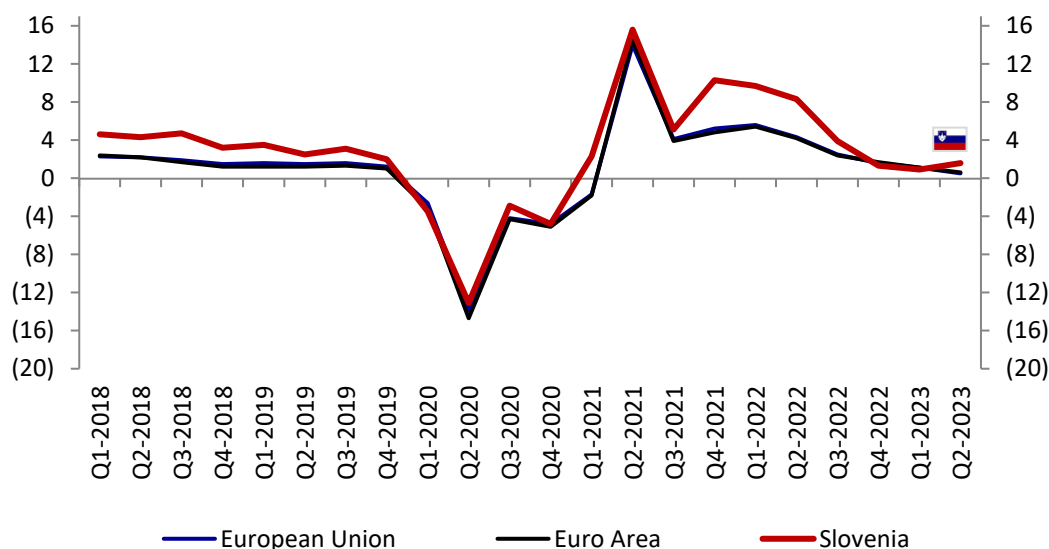
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ECONOMIC GROWTH IN SLOVENIA CONTINUES IN Q2 2023

Economic growth in Slovenia accelerated in the second quarter of the year. 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 0.6% year-on-year in the EA and by 0.5% in the EU (figure 1).

Economic activity in Slovenia continues to be supported by the high external trade surplus and the labour market. Government consumption and investment are contributing positively to GDP growth, as 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, 16.8.2023

Total employment

The positive employment trend in Slovenia continues, in the second quarter of 2023 total employment was 1,093,200 workers, up 1.2% year-on-year (12,800 persons), i.e. mainly in the construction sector. According to Eurostat's flash estimate, the number of employed persons increased by 1.5% year-on-year in Q2 2023 in EA and by 1.3% in the EU, after +1.6% in both areas in the first quarter of 2023.

The unemployment rate in Slovenia was 3.3% at the end of June 2023, well below the EA average (6.1%) and the EU average (5.7%).

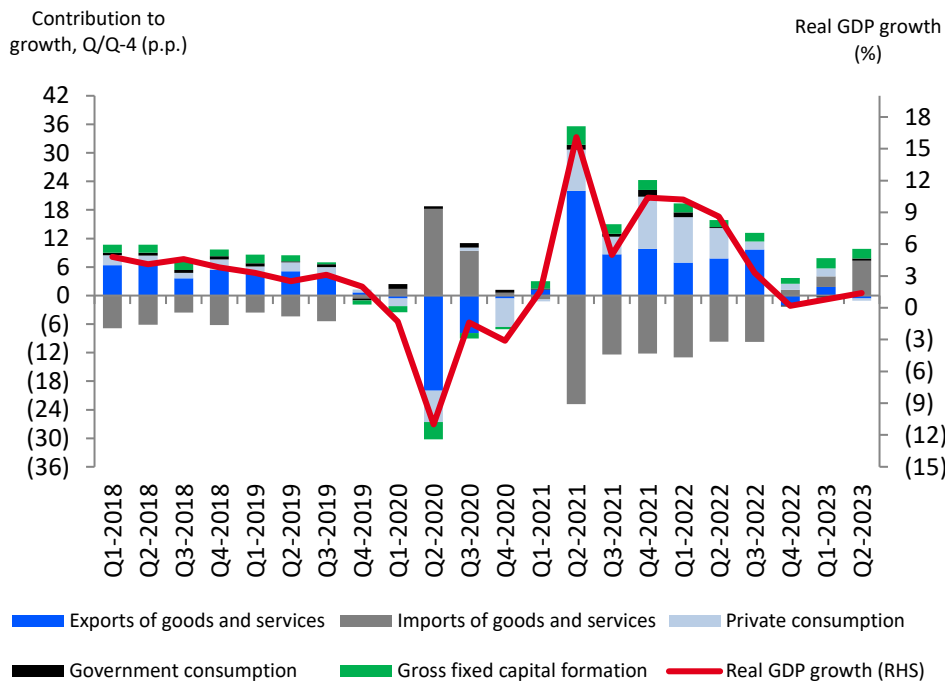
Domestic Expenditure

Domestic expenditure contracted 5.4% y/y in the Q2 2023, as gross capital formation fell 20.1% mainly due to the negative contribution of inventories, while final consumption expenditure was unchanged. Government consumption increased by 2.5% and gross fixed capital formation by 9.3%, mainly due to investments in buildings and structures.

External trade balance

External trade balance contributed 6.7 percentage points to total GDP. Exports of goods and services decreased by 0.7% and imports by 8.3%. In Q2 2023, the decline in import demand was more pronounced for goods than for services. The difference in the dynamics of imports and exports led to a very high external trade balance, the statistical office said in a statement.

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



Source: Statistical Office of the Republic of Slovenia (SORS), Original data, 18.8.2023

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

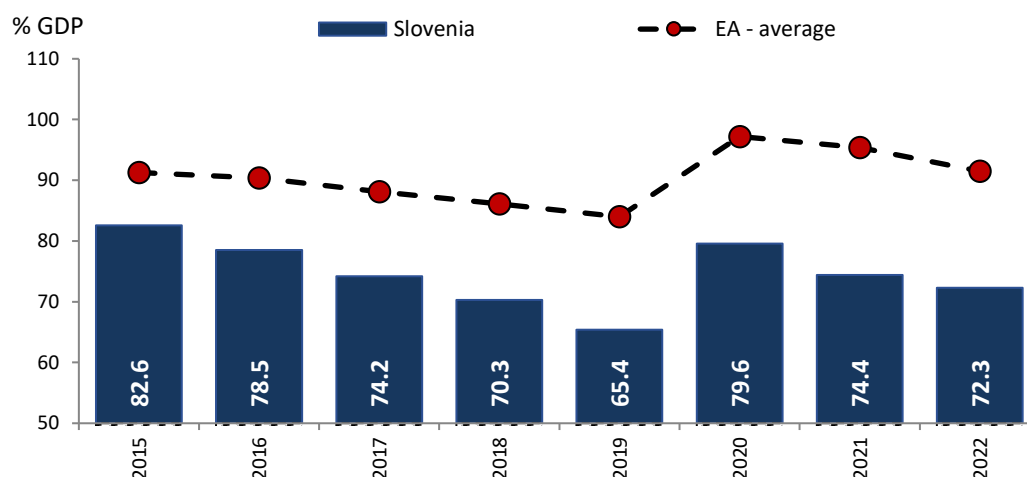
Measured by the Harmonised Index of Consumer Prices (HICP), annual consumer prices in Slovenia fell to 5.7% in July 2023 (11.7% in July 2022), according to Eurostat. On average, service prices increased by 8.3% and goods prices by 4.4%. Semi-durable goods prices increased by 6.3%, non-durable goods prices by 4.8% and durable goods prices by 1.0%.

According to Eurostat, the EA HICP inflation rate fell to 5.3% in July 2023 and 6.1% in the EU.

Annual estimates revision

Following a routine revision of annual estimates, Slovenia's gross domestic product for 2022 was estimated at EUR 57,038 million (previously at EUR 58,989 million, based on quarterly data sources). The general government debt was 72.3% of GDP (69.9% of GDP before the GDP revision). General government debt in 2022 is well below the average of EA-20 (91.5% of GDP) and EU-27 (84.0% of GDP) (Figure 3).

Figure 3: Republic of Slovenia general government debt in comparison to Euro area average



Source: Statistical Office of the Republic of Slovenia, Eurostat, 4.9.2023

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SLOVENIA CREDIT RATING AFFIRMED

Rating Agency: S&P (AA-, Stable Outlook)

On Friday, 9 June, 2023, S&P Global published their rating review outcome on Slovenia. The rating for Slovenia remains unchanged AA-. The trend on the rating remains stable.

The full reports can be found on the S&P website: <https://www.spglobal.com/ratings/en>

Rating Agency: DBRS Morningstar (A (high), Stable Trend)

On Friday, 9 June 2023, DBRS Morningstar confirmed the Republic of Slovenia's Long-term Foreign and Local Currency ratings at A (high). The trend on the rating remains stable.

The full report can be found on the DBRS Morningstar website: <https://www.dbrsmorningstar.com>

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