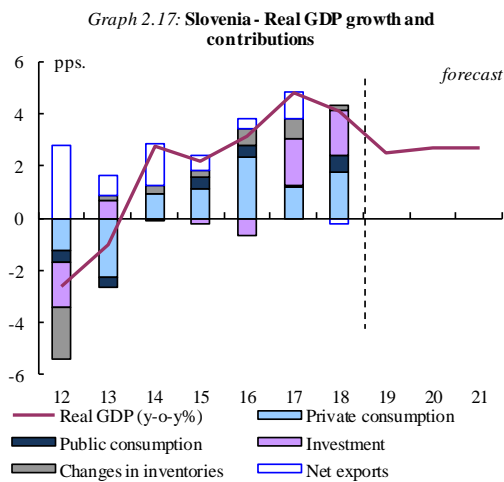


2.17. SLOVENIA

Slovenia's economic growth is estimated to have reached 2.5% in 2019, down from 4.1% in 2018. Growth was driven by domestic demand and net exports had a negative contribution. Driven mainly by external factors, economic sentiment continued to slide in 2019 and was in January 2020 only slightly above its long-term average. The unemployment rate decreased from 5.1% in 2018 to 4.6%.

With the employment rate expected to remain high and wage growth expected to continue, private consumption is set to continue growing in 2020 and 2021. Investment growth is also expected to continue, although at slightly lower rate than in 2019 as economic confidence is lower. In particular, recent increases in house prices are expected to lead to an increase in housing investment. Commercial real estate investment and public investment are also projected to continue growing.

Net exports are expected to weigh on growth over the forecast horizon, as export demand growth is expected to be lower than in previous years while import growth should remain strong due to robust domestic demand growth. Overall, Slovenia's GDP is forecast to grow by 2.7% in both 2020 and 2021.



Inflation slowed in the second half of last year, with headline inflation reaching an average rate of 1.7% in 2019, down from 1.9% in 2018. In 2020 and 2021, wage increases are expected to drive up inflation through the price of services. Overall, consumer price inflation is forecast at 1.9% in 2020 and 2.0% in 2021.