

## 2.17. SLOVENIA

Slovenia's GDP is projected to have expanded by 6.9% in 2021. Growth in the first three quarters was strong across all components, especially investment. Imports increased more than exports, leading to a negative contribution from net exports. Growth in the third quarter was somewhat lower than in the first two quarters and is expected to be even lower in the final quarter. GDP exceeded its end-2019 level in the third quarter. Economic sentiment remained elevated throughout the year, employment recovered and the unemployment rate decreased, providing a good base for growth in 2022.

The rapidly increasing prices and supply bottlenecks are expected to limit growth in the beginning of 2022. Still, the high employment level and robust wage growth are expected to support strong consumption growth over the forecast horizon. In addition, investment growth is forecast to remain high, also sustained by public investments supported by the RRF. Strong demand in export markets is expected to remain supportive of export growth but, as in 2021, net exports are expected to be negative due to the strong imports. Overall, GDP is forecast to grow by 3.8% in 2022 and 3.6% in 2023.

Inflation in the final quarter of 2021 was particularly high, mainly driven by energy prices, but also by prices of non-energy goods and services. Overall, inflation averaged 2.0% in 2021 and is expected to remain high at the beginning of this year but to gradually ebb in the second half of the year, averaging 3.7% in 2022. In 2023, taking into account the projected recovery and assumed decrease in energy prices, inflation is expected to reach 2.1%.

