

# **Research Quarterly Outlook for Slovenia**

**OTP banka Slovenija**

December 2025

# Key Opportunities and Threats

## Top 3 opportunities



- Lower geopolitical risk in the Eastern Europe (some kind of armistice) could reduce the relatively high domestic savings rate and improve access to reconstruction projects in Ukraine for the commercial sector.
- Higher spending on infrastructure in Germany broadens the commercial possibility for Slovenian providers of construction and auxiliary services.

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*General elections that are expected to take place in second half of March in Slovenia may further increase the government spending and boost the infrastructure investments, especially in Q4 25 and Q1 26.*

## Top 3 threats



- Different policy priorities (faster-than-expected), like increased defence spending may reduce the government investments in construction or discretionary spending.
- High household's savings rate that may prove to be structural due to aging and will only add to the price growth of real estate.

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*Producers of automotive, steel, machinery and equipment are facing pressure from Chinese competition and growing labour costs.*

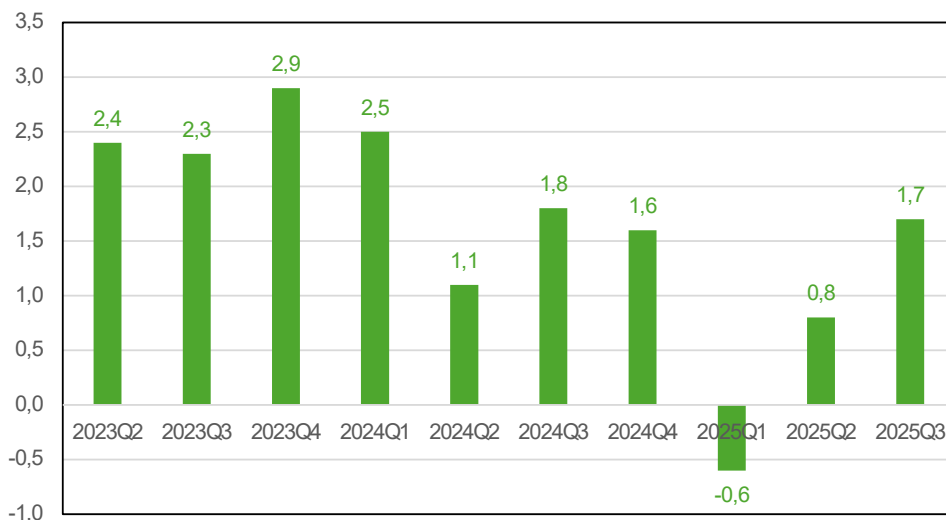
# Slovenia's GDP: Construction investments driving the growth in Q3 2025



## Quarterly highlights

- GDP growth in Q3 2025 was slightly better than expected (average FocusEconomics estimate), as GDP expanded by 0.8% q-o-q, very similar to the growth in Q2 (0.9%); in addition, Q1 and Q2 both saw a positive revision (+0.1 p.p. and +0.2 p.p.).
- On an annual basis (y-o-y), growth profile strengthened to 1.7%, but lower outturn in Q1 (-0.6%) and Q2 (0.8%) prevents average GDP in 2025 to rise above 1%.
- Revision to average GDP growth in 2025 is expected to be relatively modest, whereas the central estimate has already dropped from 1.1% to 1.0% at FocusEconomics.

Graph 1: Quarterly GDP, constant prices, y-o-y % change

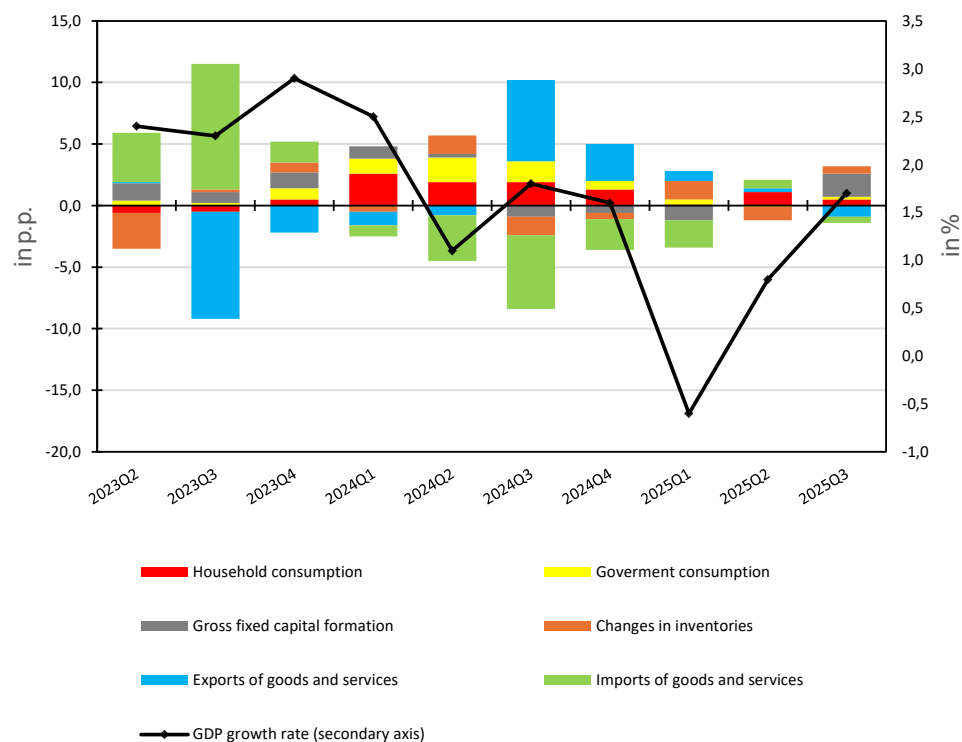


Source: Statistical Office of RS.

- With regard to the expenditure method, growth in household consumption was below the expected (+1% y-o-y), whereas the negative revision was also surprisingly high in Q1 (-0.2 p.p.) and Q2 (-1.4 p.p.), implying that 9-month growth was only slightly above 1%.
- Government consumption rose by 1.2% y-o-y, which was quite strong, but negative revisions for Q1 (-0.4 p.p.) and Q2 (-0.2 p.p.) were relatively large. In the first 9 months, growth was meagre (+0.8%), and the lack of contribution was due to the lack of additional long-term care spending, that was expected to positively contribute to GDP already in this quarter.
- The external environment remained very demanding in Q3, as exports dropped by 1.1% y-o-y, mainly as a result of a decline in goods exports (-1.7%), whereas services exports barely rose (+0.1%). However, the revision was positive for Q1 (+0.2 p.p.) and Q2 (+1.1 p.p.), what led to stagnating exports over the 9-month period.
- Imports rose by 0.7% in Q3 y-o-y, which was relatively slow growth, reflecting weak household spending and investment. However, the negative revision was large (-0.9 p.p. in Q1 and -3.6 p.p. in Q2), reflecting a change in the treatment of one large trade deal (cars at Port of Koper). Taking this into account, import estimates were revised downwards, in addition to changes in inventories (-0.6 p.p. in Q1 and -2.8 p.p. in Q2), implying a rather neutral overall effect on the GDP.

*GDP growth in Q3 2025 was slightly better than expected, expanding by 0.8% q-o-q and strengthening to 1.7% y-o-y.*

**Graph 2: Decomposition of quarterly GDP growth by expenditure aggregates, contributions to y-o-y growth in p.p.**



Source: Statistical Office of RS, calculation by OTP Banka Slovenia.

*Investment activity rebounded by 9.1% y-o-y in Q3 2025, driven by strong growth in non-residential building and infrastructure projects.*

Investment activity was surprisingly strong (+9.1% y-o-y), rising for the first time since Q2 2024. This was primarily driven by high growth in non-residential buildings, railway and road investments. Investments in transportation machinery dropped for the 10th quarter in a row, implying weaker transportation trends and a decline in construction activity (the latter has rebounded since Q2 2025). Investments in other machinery and equipment fell slightly (-0.3% y-o-y), a trend similar to the last 4 quarters, and reflect a weak order book in the manufacturing sector.

**Table 1: Quarterly GDP by expenditure method, constant prices, y-o-y, % change**

	Share in GDP, in %	Last 12 months, y-o-y	Q3 2025, y-o-y
<b>GDP</b>	100	+0.9	+1.7
<b>Household consumption</b>	51	+1.5	+1.0
<b>Government consumption</b>	21	+1.6	+1.2
<b>Investments</b>	20	+0.3	+9.1
<b>Exports</b>	80	+1.0	-1.1
<b>Imports</b>	75	+1.5	+0.7
<b>Inventories</b>	1	+0.1 p.p.	+0.6 p.p.

Source: Statistical Office of RS.

The main driver of growth in Q3 2025 were investments, which added 1.9 p.p. to the 1.7% y-o-y GDP growth. This was followed by inventories (+0.6 p.p.) and household consumption (+0.5 p.p.), whereas exports made a negative contribution (-0.9 p.p.) and government consumption a small positive one (+0.2 p.p.).

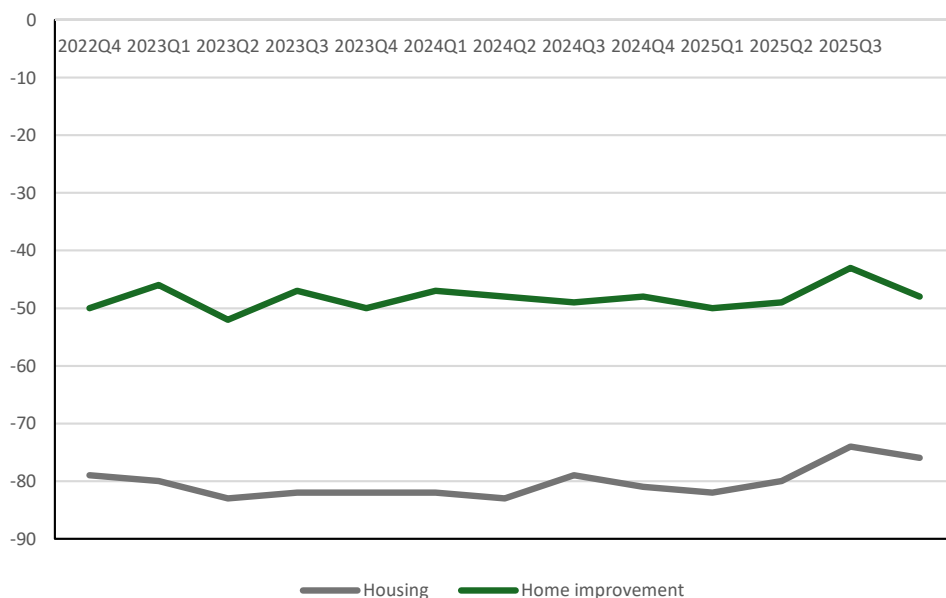
Household consumption growth in Q3 2025 was weak (+1.0% y-o-y) and was driven by durable goods spending (+2.6% y-o-y) and services spending (+2.1% y-o-y), but non-durable goods spending was extremely weak (-1.2% y-o-y), reflecting a shift to services (food and restaurants instead of grocery purchases).



Poor growth in household consumption came as a surprise, as real net wages (net wages paid in Q3, adjusted for inflation) rose by 2.7% y-o-y, led by the public sector (+4.4% y-o-y), whereas at NFCs they rose less, by 2.1%. Quarterly wage growth slowed down remarkably (in Q1 real net wages rose by 3.4% and in Q2 by 5.3% y-o-y), but this nevertheless cannot explain the weak consumption growth. An increase in the gross household savings rate most likely explains it.

Consumer confidence was largely unchanged in Q3 (-27 on a net basis) compared to Q2 (-26), but improved in Q4 (-24, based on the 2 months of data available), mainly due to increased optimism regarding the mandatory Christmas bonus payment as well as some additional perks that will allow households to make some savings (the validity of highway vignettes will be extended for four months). In Q3 alone, households assessed the economic situation over the past 12 months as rather weak (-46) compared to Q2 (-42), but this assessment improved notably in Q4 (-38) due to the abovementioned factors.

**Graph 3: Quarterly consumer sentiment (purchase intentions for 2 important items in next 12 months), seasonally adjusted**



Source: Statistical Office of RS.

## Slower growth of budget revenue

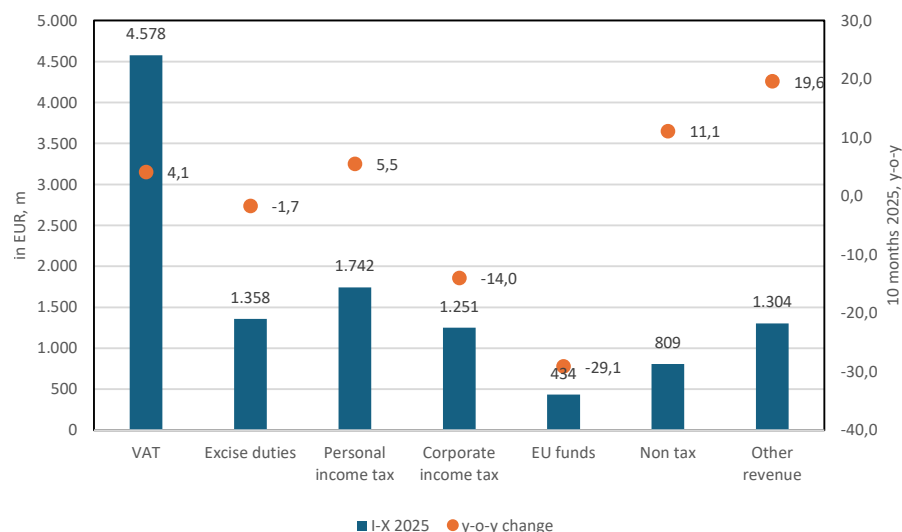


In the first 10 months, budget revenue rose by 1.4% year-on-year (y-o-y), slower than in the previous year (6.2%). This slowdown is mainly due to lower corporate income tax growth, reflecting both slow GDP growth and a high base effect (last year's payment was one of the highest on record). Revenue from EU funds was approximately one-third lower y-o-y, due to the slow absorption of cohesion funds from the 2021–2027 EU budget (MFF), as well as lower receipts from the Recovery and Resilience Plan (RRP). According to the Ministry of Finance's updated budget estimate for this year, revenues are projected to increase by 3.1% in 2025. To achieve this projection, the Fiscal Council estimates that y-o-y revenue growth for the remainder of the year would need to reach around 10%.

On the other hand, expenditure growth was higher in the first 10 months (+8.5%) than in the previous year (+8.2%), where the main contributor were higher labour costs. Further growth is expected following the next planned salary adjustment, which is scheduled to be included in the November payroll for the month October salary. Other significant contributors to growth include the transfers for the provision of regular public transport services, compensation to the TEŠ power plant, and expenditure on goods and services, which increased by around 13% y-o-y (doubling of expenditure on railway infrastructure maintenance). Investment grew by around 10% y-o-y in the first ten months of the year, following a strong months of September and October. This year's growth is almost entirely due to increased defence investments, accounting for a good quarter of all investment. On the contrary, investment in road infrastructure has decreased noticeably. A significant proportion of Slovenia's investment activity occurs outside the state budget, including through budgetary funds (2TDK, DARS etc.). These funds increased the volume of investment spending by approximately 70% this year, reaching EUR 455 million and accounting for approximately half of the total value of investments realised through the state budget this year.

In the first nine months of this year, the Fund for the Reconstruction of Slovenia recorded inflows totalling around EUR 370 million. By the end of October, the Fund's resources totalled around EUR 720 million. In the first ten months of this year, the Fund disbursed EUR 182 million, primarily for replacement construction (EUR 61 million), local infrastructure (EUR 55 million) state road infrastructure (EUR 40 million) and the rehabilitation of water infrastructure (EUR 17 million). In addition to the Fund's own resources, around EUR 50 million was disbursed for reconstruction from the state budget's integrated funds, which are predominantly financed by the EU Solidarity Fund.

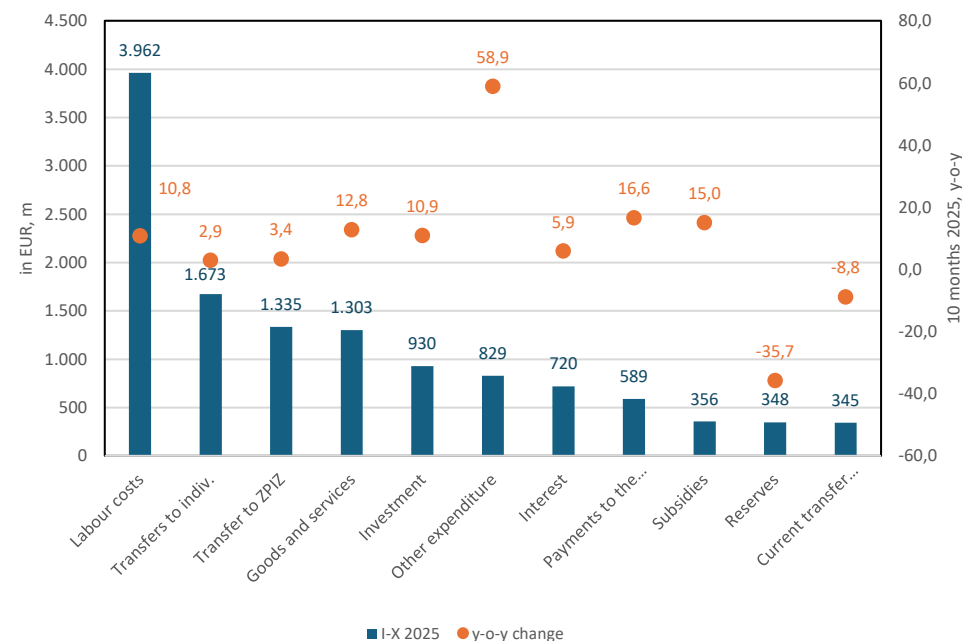
Graph 4: State budget revenue dynamics, w-o floods, I-X 2025 and y-o-y



Source: Fiscal Council, calculation by OTP Banka Slovenia.

The state budget deficit, excluding intervention measures, was around EUR 900 million in the first ten months of this year. This represents approximately half of the Ministry of Finance (MF)'s projected full-year deficit. Per rule, deficit is almost always lower compared to the forecast of MF, mainly due to investments which are overestimated. The mandatory winter bonus will further contribute to the deterioration of the fiscal situation this year and in the coming years. The bonus will put permanent pressure on public finances, as it would increase the general government deficit by around 0.3 p.p. of GDP in the medium term. This increase would bring the deficit close to 3% of GDP. Nevertheless, this risk is not currently reflected in the debt market, as the credit spread on Slovenian 10-year bonds remains relatively low (30 basis points) compared with German Bunds.

Graph 5: State budget expenditure dynamics, w-o floods, I-X 2025 and y-o-y



Source: Fiscal Council, calculation by OTP Banka Slovenia.

*Budget revenue grew by only 1.4% y-o-y in the first 10 months, while expenditure surged by 8.5%, driven mainly by higher labour costs.*

## Wage growth slowed in Q3 25



Gross wages grew by 6.6% over the first 10 months (measured by the month in which the wage is received), with growth slowing in Q3 2025 to around 6.3% y-o-y (Q1: 5.8%; Q2: 7.6%). Net wage growth slowed slightly more, reaching 5.4% in Q3, as the new mandatory long-term care contribution rate reduced net wages slightly. Average gross wages at non-financial companies rose by 5.3% over the first 10 months (5.4% in Q3 2025), at financial companies by 5% (2.1% in Q3 2025), and at the state level (public employees) by 10% (8.7% in Q3 2025).

By sector, gross wage growth in the first 10 months was highest in education (+10.8%), human health and social work (+10.3%), public administration and defence (+9.3%), and arts, entertainment, and recreation (+7.9%), all of which have a higher prevalence of state entities. In manufacturing, wholesale and retail trade, wages rose by 4.8% over the first 10 months, but growth was stronger in Q3 (+5.4% in manufacturing and +5.2% in wholesale and retail) compared with Q1 and Q2. In the financial sector (+5% in 10 months; +2.2% in Q3), energy (+3.7% in 10 months; +0.3% in Q3), and mining (+8% in 10 months; +2.5% in Q3), wage growth slowed considerably, also reflecting lower one-off payments tied to the business results of individual firms.

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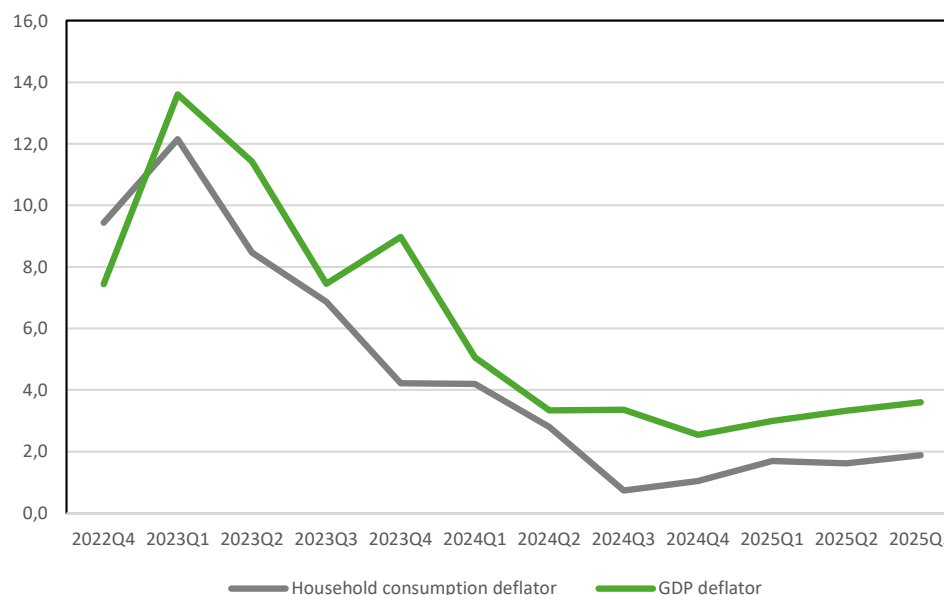
*Gross wages grew by 6.6% in the first 10 months, but slowed to 6.3% y-o-y in Q3 2025.*

## Prices ticked up again in Q3 25



Prices in the economy ticked up in Q3 2025, driven in part by the base effect, and this was reflected in the CPI as well as in the GDP and household consumption deflators. Growth of household consumption deflator stood at 1.9%, the highest since Q2 2024, driven mainly by rising prices of food and non-alcoholic beverages. The GDP deflator increased to 3.6%, the highest since Q1 2024. In other words, nominal GDP in Q3 2025 rose by 5.3%, which was 3.6 p.p. above real GDP growth (1.7%), while nominal household consumption increased by 2.9%, compared with 1.0% in constant prices.

**Graph 6: Price deflator in household consumption and GDP**



Source: Statistical Office of RS, calculations: OTP banka.

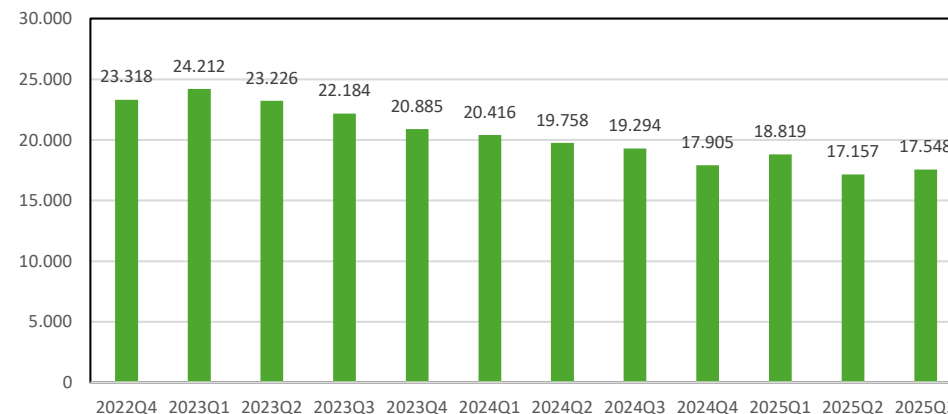
## Overall job market relatively stable since beginning of the year



Labour market dynamic has not changed much since the December 2024 drop, which reflected an unusually high number of retirements due to favourable conditions for pension benefit calculation. In September 2025, the number of employees was 0.4% lower year-on-year, a rate similar to that observed over the first nine months of the year. Over the first nine months of 2025, the total number of employees shrunk by 3.5 thousand y-o-y, driven primarily by declines in manufacturing (-3.9 thousand, and possibly an additional -1.5 thousand indirectly through lower employment at employment agencies), construction (-1.3 thousand), wholesale and retail trade (-1 thousand), and agriculture (-0.8 thousand). Within manufacturing, sectors linked to the automotive industry saw the largest reductions, with 3.3 thousand jobs lost, while some sectors added employment, most notably pharmaceuticals (+1.3 thousand), rubber and plastics (+0.8 thousand), and food production (+0.5 thousand). Health and social work and education added a combined 3.8 thousand jobs, offsetting the decline in manufacturing. Some signals in the labour market improved in Q3 2025. After nine consecutive months of declines in the number of job vacancies (seasonally and calendar-adjusted), vacancies rose slightly in Q3 2025 (+2% q-o-q), led by construction (+9%), the financial sector (+107%, from a low base), administrative and support services (+13%), and accommodation and food services (+10%). Vacancies also edged up slightly in manufacturing (+2%), reflecting improved production dynamics in Q3 2025.

*Number of employees fell by 3.5 thousand y-o-y in the first nine months of 2025, mainly due to declines in manufacturing and construction.*

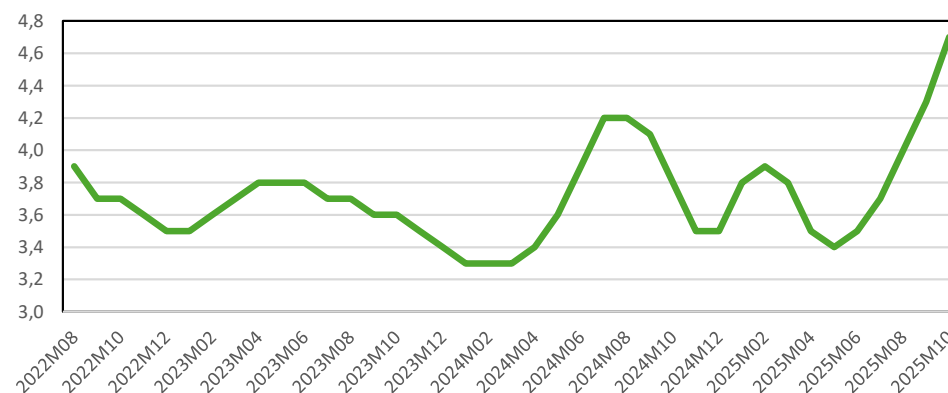
Graph 7: Number of jobs vacant, seasonally adjusted



Source: Statistical Office of RS.

As the annual labour inflow in domestic economy is decreasing over time (now at around 20,000) and around 25,000 people generally exit the labour market each year, this implies structural tightness of the labour market, what is reflected also in the low registered and survey unemployment rate. However, we must point out that the monthly unemployment data is quite noisy, and high revisions were made for the months after June 25. For example, September unemployment rate stood at 4.3% (previously at 3.1%) and rose to 4.7% in October 25.

Graph 8: Unemployment rate (ILO survey), 15-75 years, in %, seasonally adjusted



Source: Statistical Office of RS.



**Table 2: Quarterly GDP by production method, constant prices, orig. data,  
y-o-y % change**

	Share in GDP, in %	Last 12 months, y-o-y	Q3 2025, y-o-y
(A) Agriculture, forestry	1.6	-0.4	+2.1
(BCDE) Mining, manufacturing, electricity and water supply, waste management	22.5	+0.1	-1.0
..of which: manufacturing	18.9	+0.6	0.3
(F) Construction	6.0	+2.4	14.2
(GHI) Trade, transportation and storage, accommodation and food service activities	17.2	+0.6	0.0
(J) ICT	4.0	+2.5	+4.2
(K) Finance	4.6	+0.9	+3.3
(L) Real estate services	6.3	+0.2	+2.4
(MN) Professional, scientific, technical, administrative and support services	8.8	+2.1	+4.2
(OPQ) Public administration, education, human health and social work	15.6	+1.9	+2.1
(RST) Other services	2.1	+1.1	+1.0
Value added, total	88.6	+2.0	+2.0
Net taxes on products	11.4	+0.3	-0.3
GDP	100.0	+0.9	+1.7

Source: Statistical Office of RS.

*Construction sector recorded the strongest growth in Q2 2025, up by 14.2% y-o-y, significantly outperforming other industries.*

## A rebound in construction even stronger in Q3 25

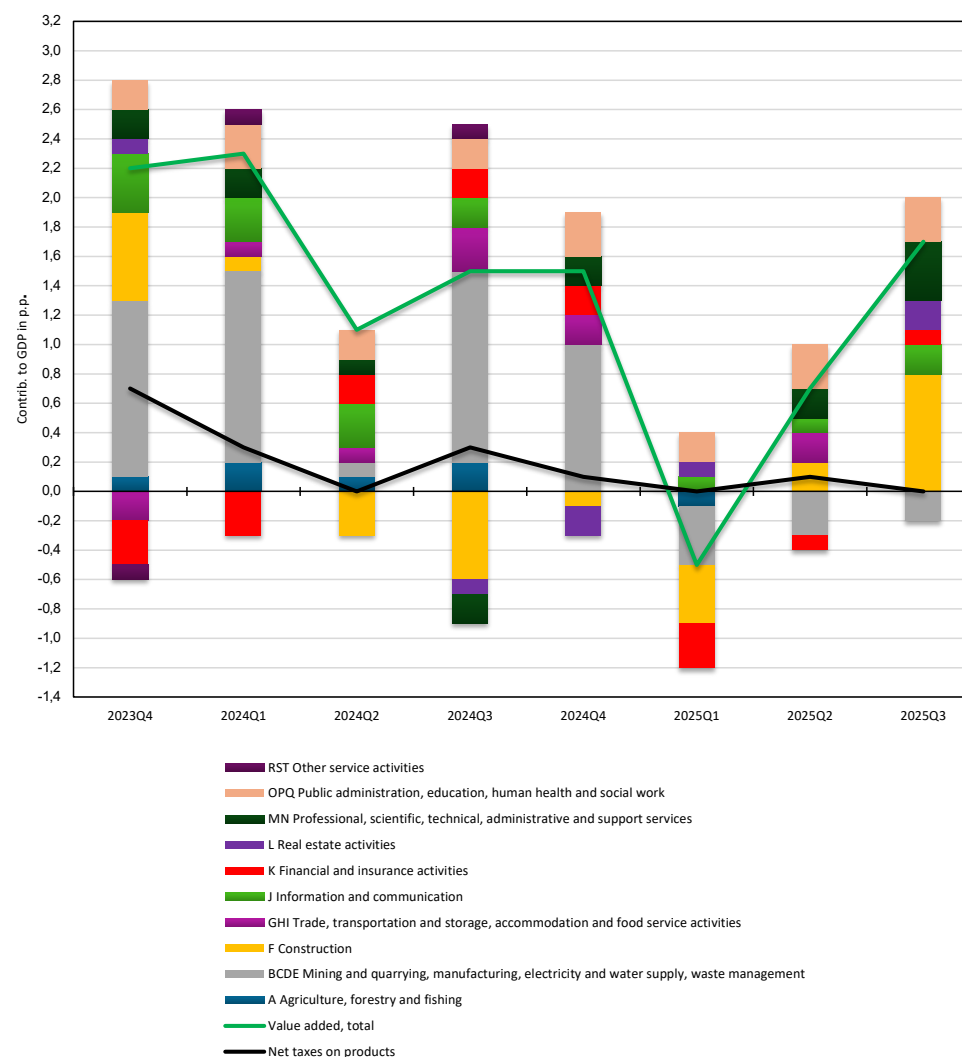


The production approach to GDP showed a strong rebound in value added in construction in Q3 2025, with growth of +14.2% y-o-y, following a more moderate increase in Q2 (+3.9%). Closely linked to construction, high knowledge-intensive services also performed well (+4.2%). The construction sector has made a remarkable turnaround since Q1 2025, when construction activity was 8% lower y-o-y. It improved to +3.4% in Q2 and surged by around +25% in Q3, leading to growth over the first nine months of +6.7%. Q3 2025 performance was driven by strong growth in non-residential construction (+30%), civil engineering (+33%), and specialised construction services (+20%), while residential construction has not yet rebounded (-4.4% y-o-y), despite strong demand and favorable mortgage conditions. However, the future pipeline appears relatively robust, supported by public announcements of several upcoming projects.

Growth in the ICT sector (+4.2%) reached its highest level since Q3 2024, while the real estate sector also improved (+2.4%) after three years of weak growth. Below expectations results came from the group of sectors comprising trade, transportation and storage, and accommodation and food services, where growth was absent. These sectors together account for around one-sixth of GDP. Poor performance was also observed in the group of sectors representing industry and public utilities, which make up roughly 23% of GDP. Gross value added in this group declined by 1% y-o-y, marking the third consecutive quarter of decline, although manufacturing (which accounts for 84% of industry) managed to avoid this trend, growing by 0.3%, thus halting the previous two quarters of decline and signalling improved conditions.

*Growth of value added in ICT reached the highest rate since Q3 2024 (+4.2%).*

Graph 9: Decomposition of quarterly GDP growth by value added (NACE Rev. 2), contributions to y-o-y growth in p.p.



Source: Statistical Office of RS, calculation by OTP Banka Slovenia.

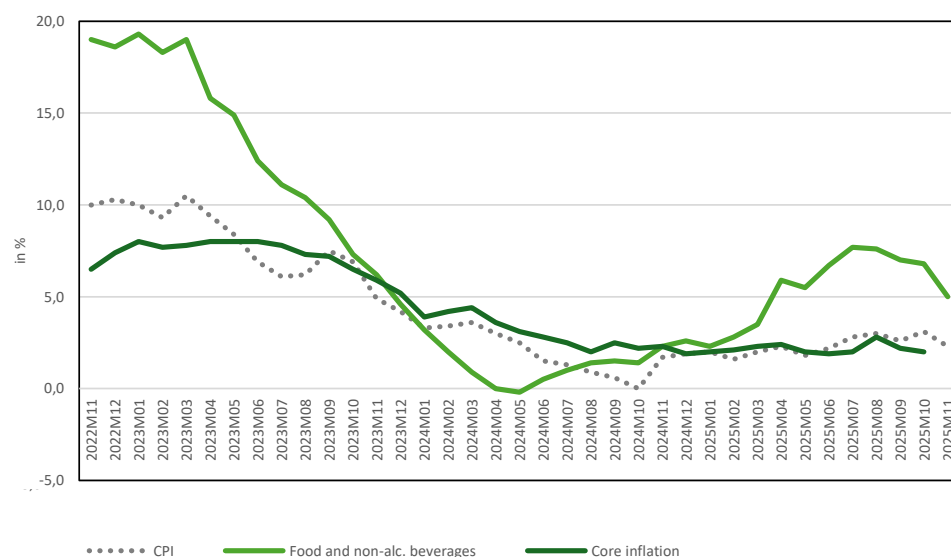
In sectors largely driven by the public entities, value added increased by 2.1%, a rate similar to the last 12 months' growth (1.9%). This was slightly below expectations, as the anticipated roll-out of long-term care services had raised growth expectations for even higher growth. Additional growth is expected in the coming quarters if employment in these sectors expands and the backlog of paperwork at the Centres for Social Work (CSD) is cleared.

## Consumer price growth again lower in November 2025



Consumer prices (CPI) rose again in Q3 2025, reaching to 2.8% y-o-y, up from 2.0% in H1 2025. This increase was largely driven by base effects, as monthly price growth was only around 0.1% per month during the quarter. Two months of unchanged prices (October and November) brought the annual rate back down to approximately 2.3%. Additionally, a 50% reduction in the RES and CHP contribution (the administrative component of household electricity prices) between November 2025 and February 2026 is also expected to further support lower inflation.

**Graph 10: CPI, food prices and core inflation, last 12 months, y-o-y**

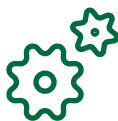


Source: Statistical Office of RS.

Core inflation (CPI excluding food, non-alcoholic beverages, alcoholic beverages, fuel, and energy) fell to 2% in October 2025 (November data are not yet available), reflecting generally weak household spending. Since September 2025, food and non-alcoholic beverage prices declined by 0.3% month-on-month, bringing food inflation in November 2025 back to 5%, its lowest rate since March 2025. Slovenia's HICP rose by 2.4% y-o-y in November 2025, a rate similar to the increase over the first 11 months of the year (+2.5%). In the EA20, November inflation was slightly lower at 2.2%. The difference compared with Slovenia's HICP is mainly due to Slovenia's double growth rate in the food, alcohol, and tobacco category, while services inflation remained similar at 3.5%. Two neighbouring countries, Austria and Croatia, experienced even higher inflation in November (4.1% and 4.0%, respectively), driven by higher food prices in the region, particularly of meat, vegetables and fruits, as well as the strength of tourism. Some of the price increases in the food and beverages category can also be attributed to global agricultural prices, especially cocoa and coffee, though these increases were broadly similar across countries. On the other hand, reduced sugar prices have had a positive effect on the inflation in the food category.

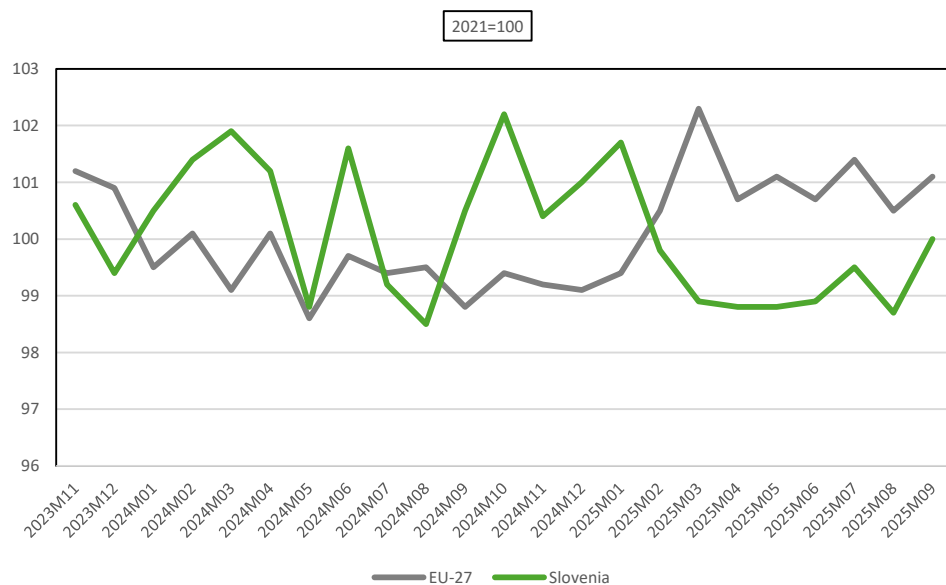
*Slovenia's HICP rose by 2.4% y-o-y in November 2025, while core inflation fell to 2%, its lowest rate since March 2025.*

## Industrial production not recovering as expected



Manufacturing production in Slovenia is generally more volatile than in the EU-27, which can be explained by the higher share of SMEs in the economy, despite a relatively diversified sector composition. However, automotive parts production, recreational vehicle assemblies, and car manufacturing were particularly affected over the first nine months of 2025, reflecting both structural and cyclical factors. The cyclical factors, in particular, are expected to support a turnaround in the following year.

**Graph 11: Industrial production in EU-27 and Slovenia, seasonally and calendar-adjusted**



Source: Eurostat.

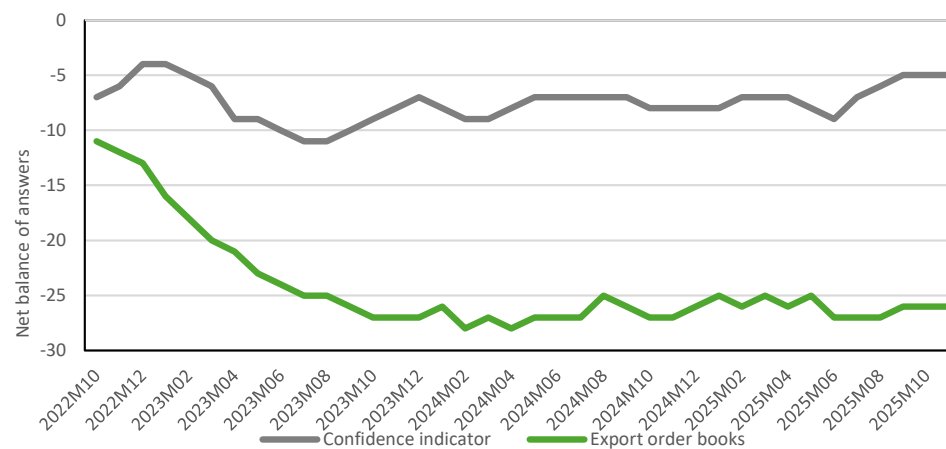
*Over the first nine months of 2025, industrial production in manufacturing rose by 1.4% at the EU-27 level, whereas in Slovenia it declined by 0.9%.*

Comparing industrial production dynamics between the EU-27 and Slovenia shows that Slovenia has underperformed, with only a small uptick in September (+1% m-o-m). However, last month's data is generally less accurate and subject to significant revisions. Over the first nine months of 2025, industrial production in manufacturing rose by 1.4% at the EU-27 level, whereas in Slovenia it declined by 0.9%.

Slovenia's underperformance can be attributed to a relatively weaker trend in capital goods production (machinery and equipment), which declined by 1.4% y-o-y in Slovenia, compared with an increase of 0.3% at the EU-27 level over the same period. However, data for August and September were more encouraging for Slovenia, showing 5.6% annual growth. Slovenia also underperformed in intermediate goods production, where industrial output declined by 1.7%, compared with a smaller decline of 0.8% at the EU-27 level.

The decline in durable consumer goods production, which includes cars and recreational vehicles (RVs), was similar, with low output at Slovenia's only car assembly factory being an important factor. By contrast, production of non-durable consumer goods, where pharmaceuticals are a key component, was positive (+2.4% over the first nine months), but weaker than at the EU-27 level (+6.5%). The stronger EU-27 performance was driven in part by Ireland and its significant rise in pharmaceutical exports to the USA, in anticipation of potential tariff introduction.

**Graph 12: Sentiment in manufacturing and export order books (net balance of companies), seasonally adjusted**



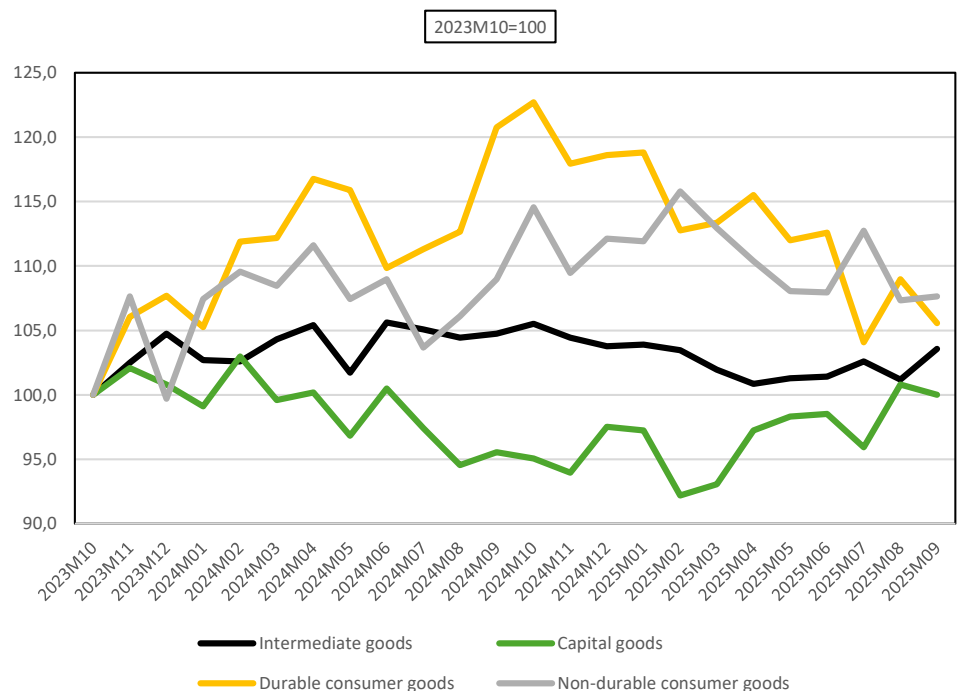
Source: Statistical Office of RS.

A quick look at confidence indicators in manufacturing and export order books (based on survey balances) shows that since July 2025, a slow recovery has been taking place, which should gradually translate into higher output. However, this recovery remains weaker than in the EA20 manufacturing PMIs, reflecting some specific characteristics of Slovenia. The export order book has not yet expanded, signalling a potentially unsteady growth pattern in the coming months. The planned production of new vehicle model at Revoz from December 2025 is of great importance for the durable goods sector. The main source of drag and uncertainty comes from automotive suppliers, who face lower order books—some are even undergoing “soft” restructuring—and find it more difficult to enter Asian value chains compared with established European multinationals. Nevertheless, the total GDP share of the automotive sector in Slovenia is around 4%, which is lower than in many CEE countries. By contrast, pharmaceutical manufacturing, which is expanding, currently accounts for around 2.8% of GDP.

The EA20 manufacturing PMIs have recovered alongside industrial production. Since July, they have remained close to the 50 threshold, indicating growth roughly in line with the long-term trend. In an environment of intense pressure from Chinese competitors across numerous sectors (machinery, robotics, pharmaceutical appliances), additional import barriers—such as minimum requirements for European car parts in vehicle assembly—may be needed, or alternatively, German infrastructure and European defence spending would need to increase substantially for recovery to take place.

Manufacturing sentiment shows slow recovery since July 2025, but export order books remain weak, signaling an unsteady growth outlook.

**Graph 13: Industrial production by main sector, seasonally and calendar-adjusted**



Source: Statistical Office of RS.



## Stronger final quarter of the year expected



Despite weak GDP growth over the first nine months (+0.6% y-o-y), the rise in consumer sentiment over the last two months supports our view that Q4 2025 should be the strongest quarter of the year. Nevertheless, the quarterly GDP decline in Q1 2025 remains the main reason why we do not expect real GDP growth to reach 1% in 2025. Several factors contributed to the weak performance this year: weak household consumption despite strong real income growth, weak investments (notably a decline in transportation and residential investments), slow growth in government consumption (due to a backlog of paperwork and staff shortages in healthcare and social care), and weak exports (decline in goods and only modest growth in services). From the production side, the two largest sectors—industry and retail—were similarly affected, reflecting the meagre overall growth.

Looking ahead to 2026, we expect GDP growth to double to 2%, which remains a relatively conservative view compared with the average forecaster (+2.2%). This stems from a more cautious assessment of investment and export growth. We agree that the lack of recovery in industry in 2025 was partly cyclical; however, structural headwinds and intense pressure from Slovenia's two main trading partners (the USA and China) reduce the likelihood of fully shielding European industry from foreign competition. We nevertheless expect that sporadic measures at the EU level will be implemented to protect certain sectors, such as automotive and steel. At the same time, many emerging sectors—including machinery and equipment and online retail—face more intense competition than in the past, putting their future growth prospects into question.

Investments in construction are expected to remain strong at least through 2026, led by non-residential buildings (supported by the Recovery and Resilience Facility) and civil engineering (railways, roads construction, and renovations). In addition, residential construction is anticipated to rebound, supported by rising real estate prices, increasing wages, and structurally low household indebtedness. Consumer loans are expected to support household consumption, while the volume of leasing will be driven by rising car sales. In manufacturing, we expect a modest increase of 2–3% in machinery and equipment purchases, reflecting the weak dynamics of investment in previous periods.

Table 3: Main forecasts\*, y-o-y % change

	Last 5 years	2025E	2026F
GDP, real	2.2	0.9	2.0
GDP, nominal	7.0	4.2	4.9
Household consumption, real	2.3	1.3	2.1
Government consumption, real	4.1	1.4	4.2
Investments, real	1.9	1.6	3.4
Exports, real	2.8	0.2	2.3
Imports, real	3.5	0.9	2.9
Inventories, in p.p.	0.0	0.2	0.0
CPI (average of the year)	4.0	2.4	2.2
Nb. of employed people, in %	1.1	-0.2	0.3
Wages (nominal change, in %)	6.1	6.9	5.3
Industrial production in manufacturing, in %	1.4	0.0	2.5
Construction works, constant prices, in %	6.3	5.0	6.0
Real estate prices, in %	9.0	4.5	4.0

\*Dynamic factor models. Source: Statistical Office of RS, calculation by OTP banka Slovenia.

Exports and industrial production are expected to gradually rebound in the last quarter of 2025 and continue rising in 2026. This recovery will be supported by reduced electricity prices for industrial users and positive regional spillovers from the German infrastructure plan. The main threat to this base-case scenario comes from external factors that could negatively affect exports and industrial production, given that around three-quarters of Slovenia's production is exported. A key structural challenge for the manufacturing sector is Chinese competition in industries where it was previously negligible, such as automotive, machinery, and online retail. Additionally, US tariffs on global imports could redirect more Asian goods to the European and Slovenian markets, potentially leading to stagnation or a slow decline in production.

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