



SPRING 2011 ECONOMIC OUTLOOK FOR SLOVENIA: ANSWERS FROM ZDS

MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	1,2	1,9
Consumer price inflation	1,8	2,1
Unemployment rate	7,2	7,9
Employment growth	-2,6	-1,2
Government net lending (% of GDP)	-5,7	-1,2
Gross public debt (% of GDP)	39,6	42,0
Current account balance (% of GDP)	-1,1	-1,6

Components of aggregate demand - in real terms

Annual % change		
Private consumption	0,5	0,8
Public consumption	0,8	-0,4
Investment (Gross Fixed Capital Formation)	-6,7	-1,0
Private non-residential investment	n.a.	n.a.
Exports	7,8	7,2
Imports	6,6	5,5

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged			
Trend in business climate over the next 6 months			Industry		Services	
Trend in profitability over the next 6 months			Industry		Services	
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace) Industry	Decrease (faster pace)	
			Services			
Influence on companies' investment decisions	Global demand	Domestic demand	Cost of finance	Availability of finance	Company Profitability	Capacity Utilisation
	positive	negative	negative	negative	neutral	neutral
Driving force behind investment decisions in the next 6 months	Replacement	Extension	Rationalisation	Innovation		
	na	na	na	na		
Overall trend in employment	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months		
	Down	Down	Same	Same		

ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been... for SMEs</i>	sharply up / restrained	up / more difficult Cost Access	same	down / easier
<i>for larger companies (>250 employees)</i>		Cost Access		

<i>Over the next 6 months, cost /access to finance will be... for SMEs</i>	sharply up / restrained	up / more difficult	same Cost Access	down / easier
<i>for larger companies (>250 employees)</i>			Cost Access	

	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
<i>Measures to alleviate current financial difficulties for SMEs</i>	Very limited effect	Very limited effect	Very limited effect	Very limited effect	Very limited effect
	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private-Partnerships
<i>Measures to alleviate current financial difficulties for midsize and large companies</i>	Very limited effect	Very limited effect	Very limited effect	Very limited effect	Very limited effect

POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
Monetary policy is...					
	<i>adequate</i>	<i>inadequate</i>			
Consistency between fiscal and monetary policies		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
Regarding the sustainability of public finances, government shows ...				yes	
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
Exit Strategies					
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>				yes	
<i>Credible cost-cutting measures</i>				yes	
<i>Increased scope of public-private partnerships</i>				yes	
<i>Reform of pension systems</i>	yes				
<i>Improved efficiency of healthcare sector</i>			yes		
	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
Entry Strategies					
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
In 2015, the government deficit will...	no	yes			