

# SPRING FORECAST OF ECONOMIC TRENDS 2021

## HIGHLIGHTS

- **The second wave of the epidemic affected particularly service activities.** Activities integrated in international trade (manufacturing and transport) and construction recovered throughout the second half of last year. Similar developments also continue in the first months of this year.
- **The improvement in the forecasts for 2021 in our main trading partners** is related to greater resilience of part of the economy, a fast development of vaccines and the beginning of mass vaccination, and better prospects for the most important global economies, particularly the US.
- In the Spring Forecast, we took into account a gradual improvement in the epidemiological situation in Slovenia and the beginning of recovery in service activities in the second quarter of this year, which will have a positive impact on growth in overall economic activity. **With increased vaccination coverage, the recovery should accelerate in the second half of the year.**
- **Support from fiscal policy measures will continue to play a crucial role** and their withdrawal should be gradual and well-planned.

## RISKS

- **A prolonged persistence of the epidemic related to coronavirus mutations and slower progress in vaccination**

**Substantial damage to the economic and social structure (bankruptcies, job losses, negative impact on the financial sector)**

**Premature withdrawal of policies to support the economy**

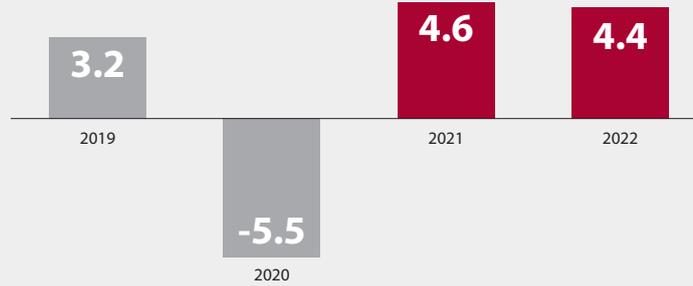
- + **Faster-than-expected improvement in epidemiological conditions**

**Faster-than-expected availability of a vaccine or medicine**

**Positive effects of the Next Generation EU**

## ECONOMIC GROWTH

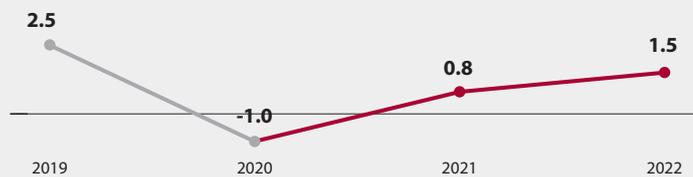
Real growth, in %



After last year's sharp decline, we forecast 4.6% GDP growth for this year and similar growth for next year.

## LABOUR MARKET

Employment, growth in %



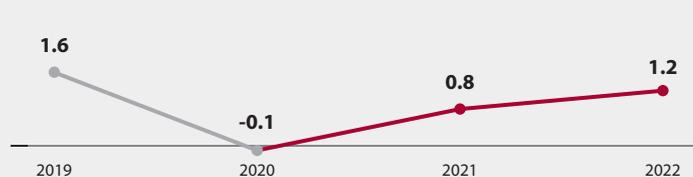
Following last year's deterioration, labour market conditions are expected to improve gradually, but in the next years the average number of unemployed will remain higher than in 2019. We expect government measures continuing to mitigate the negative impact of the coronavirus crisis on the labour market, particularly in the first half of 2021, and being lifted only gradually.

Number of registered unemployed, average in '000



## INFLATION

Annual average, in %



After last year's deflation, inflation will gradually approach 2% again, assuming a moderate economic recovery.

The greatest risk to the forecast remains associated with the epidemiological situation in Slovenia and its most important trading partners.

