

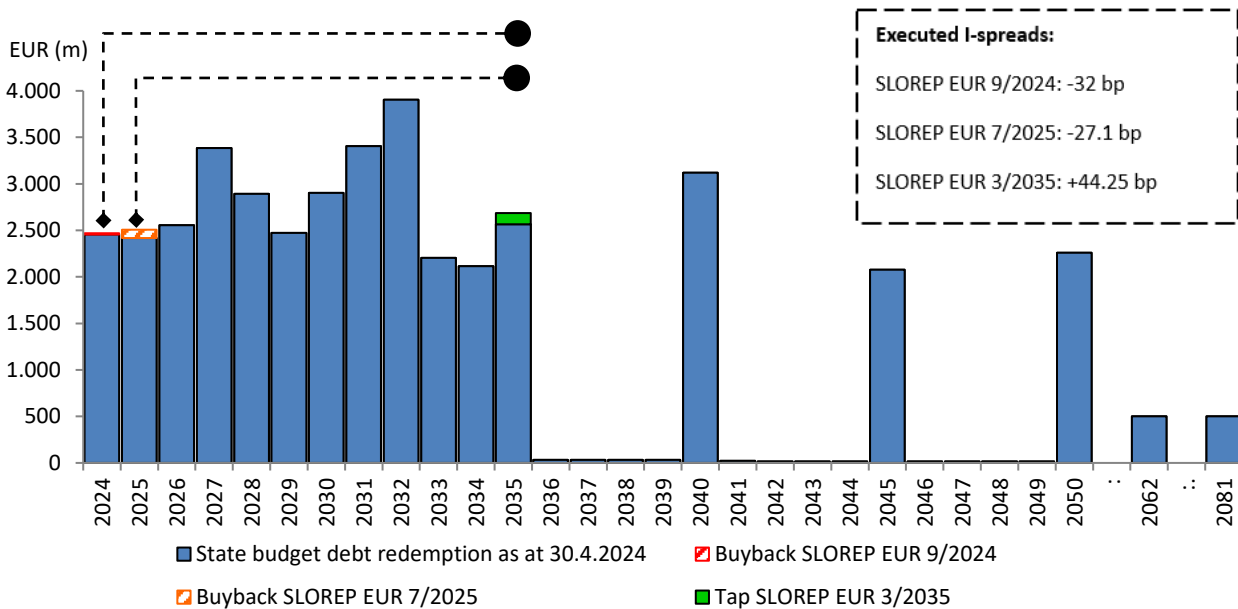


## 1 PROACTIVE STATE BUDGET DEBT MANAGEMENT

On May 21, 2024, the Ministry of Finance of RS executed bilateral liability management transaction by exchanging bonds maturing in 2024 and 2025, i.e., SLOREP 9/2024 (RS 66) in the nominal amount of EUR 14.42 million (re-offer price: 100.294) and SLOREP 7/2025 (RS 75) in the nominal amount of EUR 88.00 million (re-offer price: 98.694) with bonds maturing in 2035, i.e., SLOREP 3/2035 (RS 74) in the nominal amount of EUR 120.00 million (re-offer price: 84.357%).

The LME resulted in a positive net present value for the state budget with limited debt increase impact. As a matter of policy, the decision for the liability debt management is reached when the net present value of LME is non-negative value. The key strategic objectives of the bond exchange transaction were to manage the refinancing risk and strengthen the liquidity of the yield curve of the state budget debt.

**Figure 1:** Executed SLOREP bonds exchange through redemption profile optics



Source: Ministry of Finance, 27.5.2024

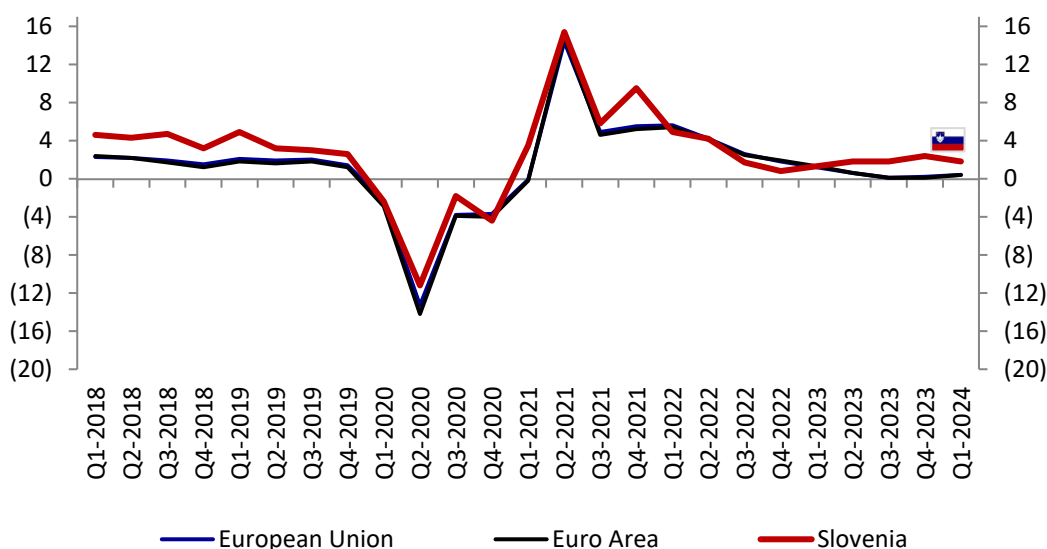
**Liability debt management strategic objectives met:**

|                                   |   |
|-----------------------------------|---|
| Debt portfolio duration extension | ✓ |
| Yield Curve Liquidity enhancement | ✓ |
| NPV transaction                   | ✓ |
| State Budget Debt Impact          | ✗ |

According to the Statistical Office of the Republic of Slovenia (SORS), seasonally and calendar adjusted GDP in Slovenia increased by 1.8% in the first quarter of 2024 compared to the same quarter of the previous year. According to Eurostat's flash estimate, seasonally adjusted GDP increased by 0.4% in the first quarter of 2024 compared to the same quarter of the previous year in both the euro area (EA) and in the EU (Figure 2).

The Slovenian economy continues to be supported by private and government consumption. Investment activity, which recorded significant growth last year, is slowing down and total exports remained negative in the first quarter of this year compared to the previous year. Inflation in Slovenia continues to be driven mainly by prices for services.

**Figure 2: Real Quarterly GDP Growth Rate (SA% change Q/Q-4)**



Source: Statistical Office of the Republic of Slovenia (SORS), Eurostat, (SA) Seasonally Adjusted data, 27.5.2024

### Total employment

The positive employment trend continued at the beginning of 2024. In the Q1 2024, it stood at 1,094,400 workers, increasing by 0.6% year-on-year (6,500 persons). Growth was the highest in construction, which faces severe labour shortage. According to Eurostat's flash estimate, in Q1 2024, the number of employed persons increased by 1.0% year-on-year in EA and by 0.7% in the EU. Growth in Slovenia continues to be driven by a higher number of foreigners in employment, particularly in construction, transportation and storage, and administrative and support service activities.

The unemployment rate in Slovenia was 3.1% at the end of March 2024, well below the EA average (6.5%) and the EU average (6.0%).

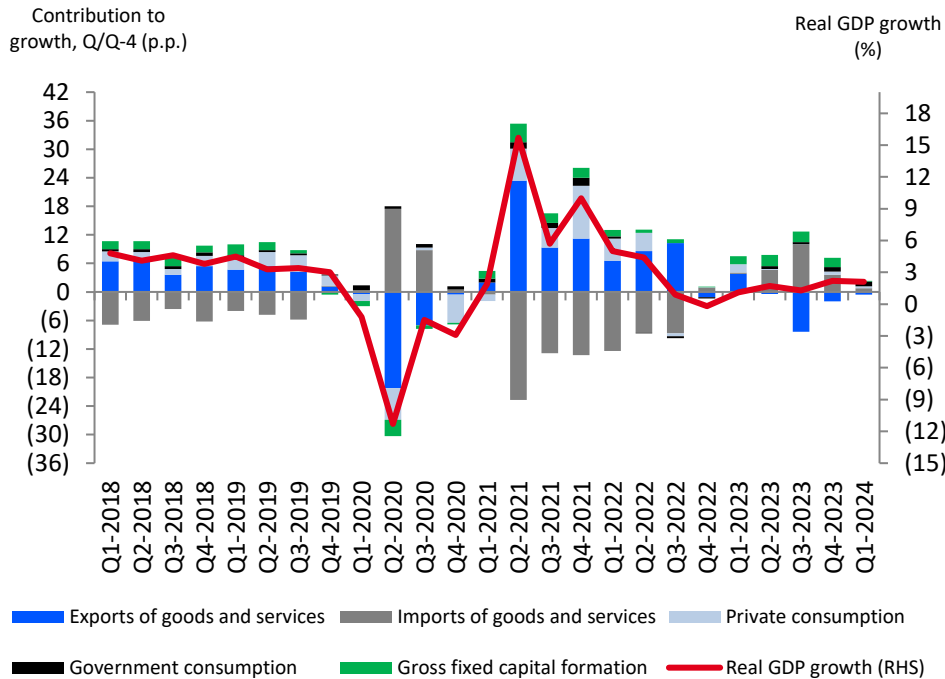
### Domestic Expenditure

Domestic spending rose by 1.7% year-on-year, the highest increase in the last six quarters. Growth in government consumption continued to increase (by 5.1% compared to the previous year). Household consumption rose by 0.9% year-on-year. Investment activity weakened (0.6% compared to the previous year), with the most significant slowdown observed in construction investment. Following a clearly negative contribution in the previous year, inventories made a positive contribution (0.1 percentage points).

## External trade balance

Compared to the same period last year, both exports and imports continued to decline in Q1 2024: exports of goods and services fell by 0.6%, although the decline was less than in the previous three quarters, and imports by 0.9%. The contribution of external trade balance to GDP growth in Q1 2024 was positive (by 0.2 percentage points). Value added in the manufacturing sector increased by 1.2% compared to the same quarter of the previous year.

**Figure 3: Contributions to Real GDP Growth (% chg. Q/Q-4)**



Source: Statistical Office of the Republic of Slovenia (SORS), Original data, 27.5.2024

### Notes:

Unless otherwise specified, all comparisons in this text refer to original data, to volume or real changes and to changes compared with the same quarter of the previous year.

## Inflation

Measured by the Harmonised Index of Consumer Prices, the annual increase in consumer prices in Slovenia was 3.0% in April 2024 (10.4% in April 2023), marking the lowest level since October 2021. Within one year, service prices rose by an average of 5.1% and prices for goods by 1.9%. Non-durable goods prices went up by 3.0% and semi-durable goods prices by 1.0%, while prices for durable goods fell by 1.6%.

According to Eurostat, the HICP inflation rate in the EA was stable at 2.4% in April 2024 and 2.6% in the EU.

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