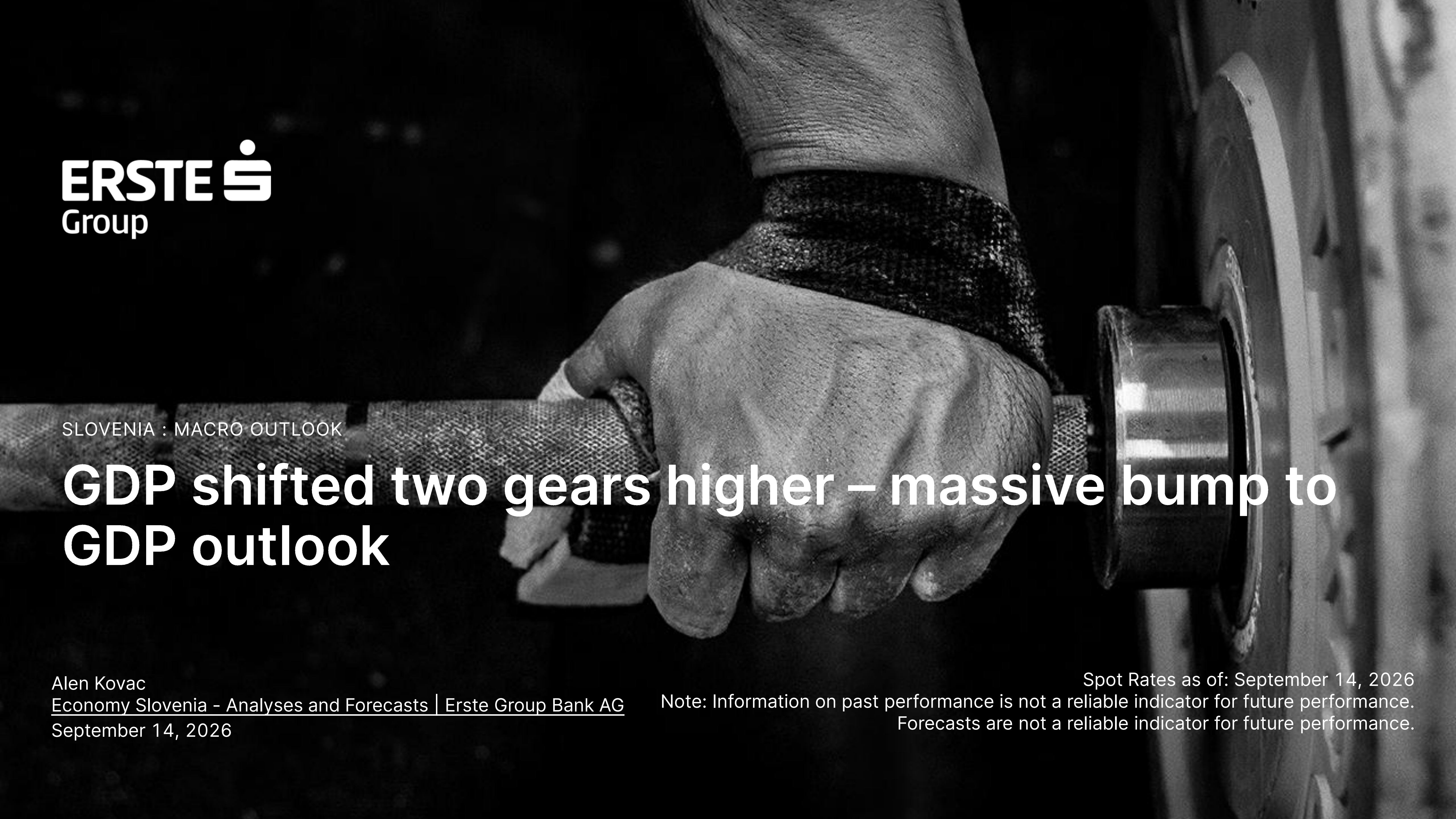


SLOVENIA : MACRO OUTLOOK

GDP shifted two gears higher – massive bump to GDP outlook

Alen Kovac
Economy Slovenia - Analyses and Forecasts | Erste Group Bank AG
September 14, 2026

Spot Rates as of: September 14, 2026
Note: Information on past performance is not a reliable indicator for future performance.
Forecasts are not a reliable indicator for future performance.

GDP growth expected not far from 3.5% - inflation outlook remains uncertain

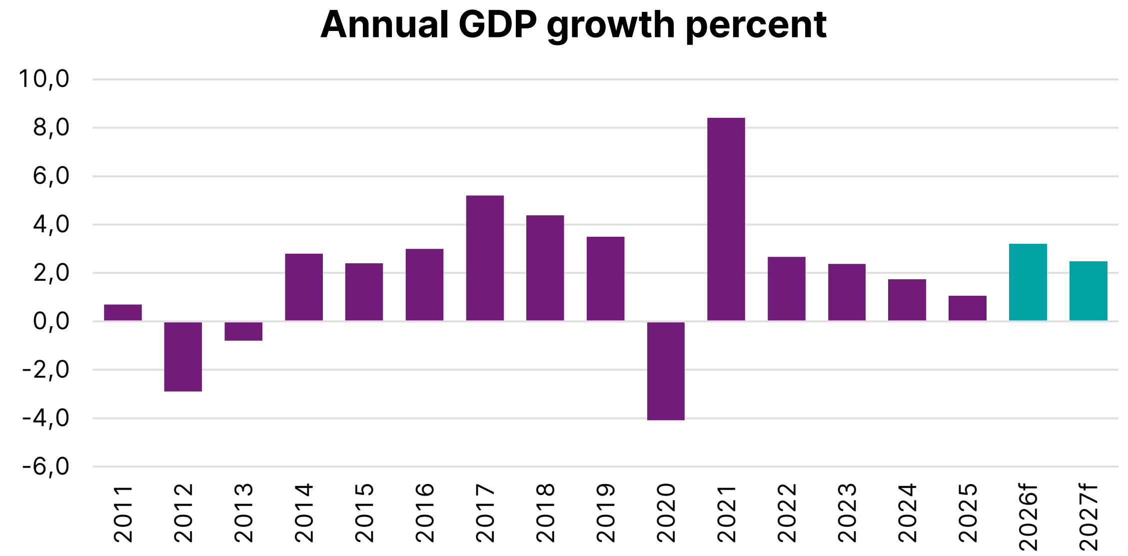
The strong 1H26 performance prompted a sizeable upgrade to our growth outlook. GDP expanded by 4.1% y/y in 1H26, with domestic demand remaining firmly in the lead and investment providing particularly strong support. Private consumption should stay resilient, on the back of solid real wage growth and a supportive labor market, while investment momentum should gradually moderate as some one-offs fade and the RRF enters its final phase. External demand remains less certain, although recovering demand from key trading partners and new capacities in the automotive and pharma sectors should provide some support. We have raised our FY26 GDP forecast to 3.2%, from 2.0%, with risks still tilted mostly to the upside, before some moderation towards 2.5% in 2027.

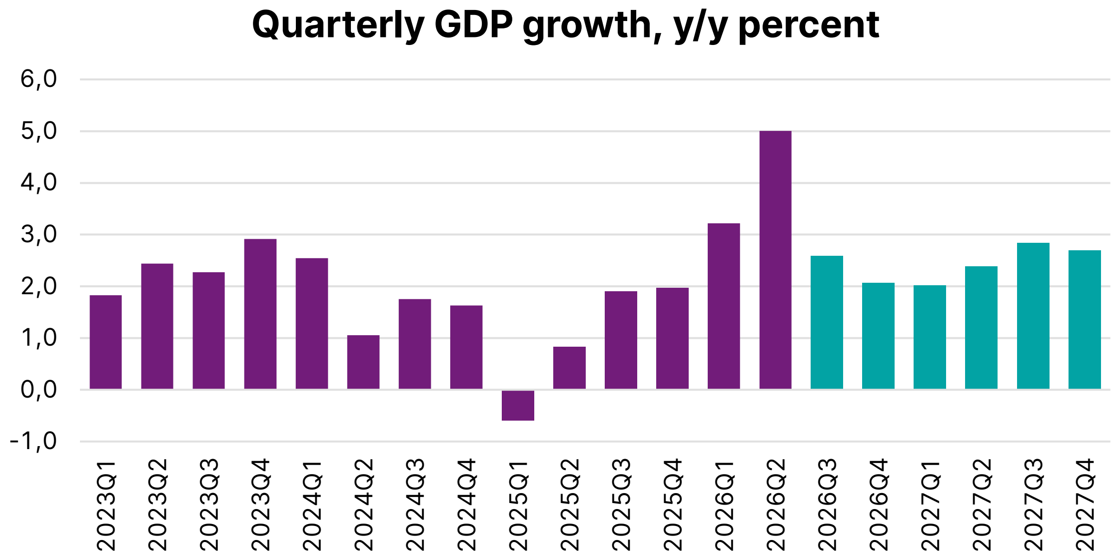
Inflation pressures strengthened in 2Q, largely reflecting renewed energy effects, before July-August brought some relief and the headline moved back close to 3% y/y. Energy remains the key source of volatility, while services continue to run above the headline and food prices provide an important offset. Encouragingly, second-round effects remain relatively contained thus far. We see inflation averaging around 3.2-3.3% in 2026 and gradually moderating towards 2.5% in 2027, although geopolitical developments and the energy-price outlook keep risks tilted to the upside.

On the fiscal side, the 2026 budget rebalance confirms a broadly supportive stance, with the budget deficit target remaining just shy of 3% of GDP. Stronger growth and tax intake provide an important offset to higher defense, RRF and social policy-related spending, although expenditure momentum continues to limit room for rebuilding fiscal buffers. On the market side, global factors continue to dominate yield moves, while spreads remain firmly in the sub-40bp zone. The improved growth backdrop and solid rating profile continue to support our view of broadly steady spreads ahead.

Source: Eurostat, Refinitiv, Erste Group Research
September 14, 2026

1H26 GDP expanded 4.1% y/y, triggering substantial GDP outlook upgrade





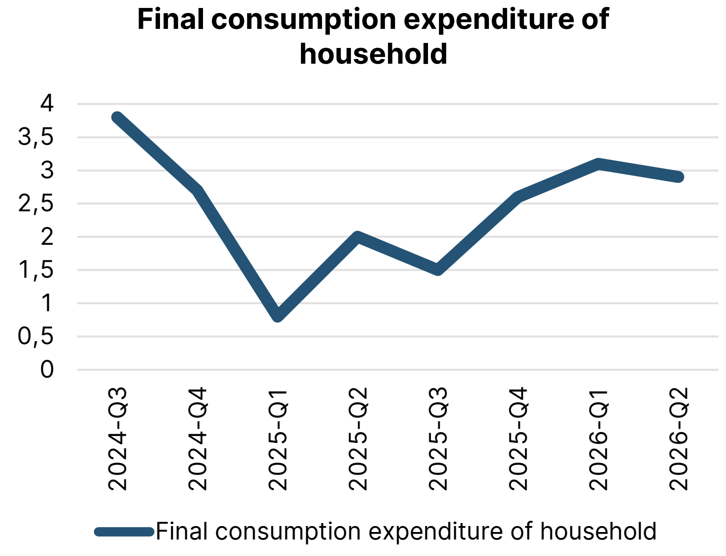
The strong 1H26 outcome calls for a substantial update to our 2026 GDP forecast. We are conservatively upgrading our FY26 GDP forecast to 3.2% (from 2.0%), suggesting the strongest growth rate since 2021, while seeing risks still tilted mostly to the upside. Some moderation is anticipated in 2027, but growth should remain in solid gear at around 2.5%.

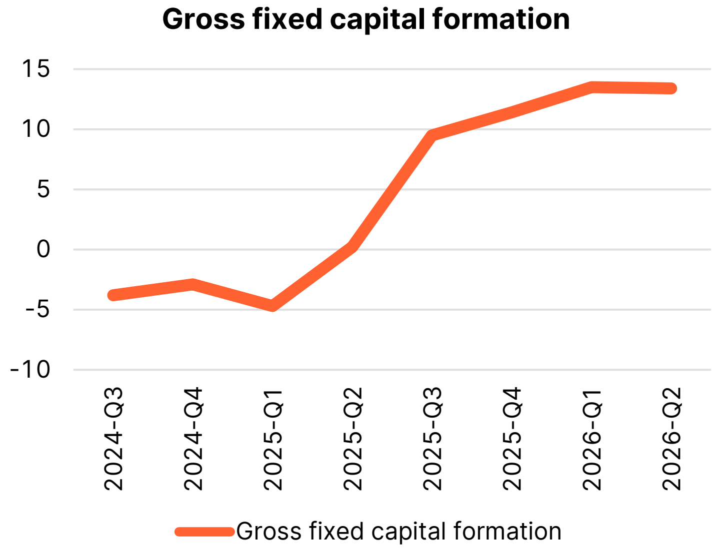
Domestic demand should remain the driving force. The private consumption outlook suggests a relatively steady performance, as the labor market remains supportive – wage growth averaged slightly above 7% in 1H26, allowing for solid real wage growth of around 4%, while employment and consumer confidence remain supportive. While one-offs on the investment side should gradually moderate, investments should remain moderately supportive, albeit at lower levels, also owing to some base effects, with the RRF entering its final phase and the private sector adding to the mix.

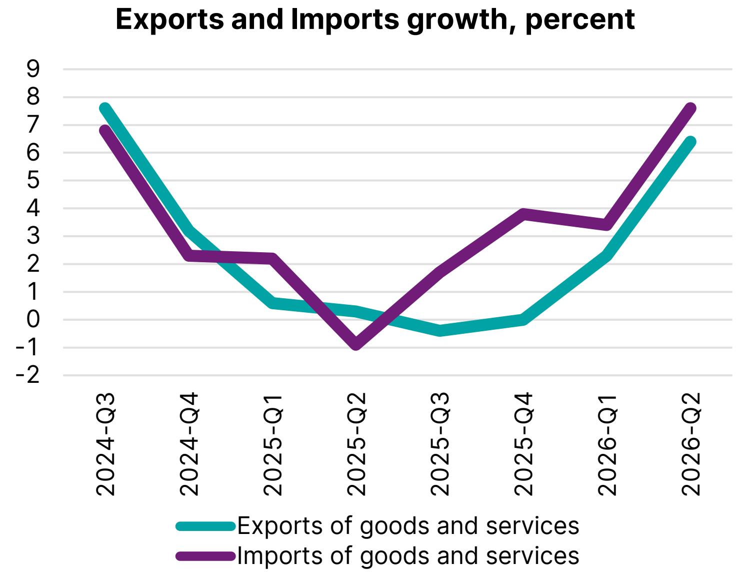
The external demand outlook remains uncertain, but some recovery in demand from key trading partners, along with higher production capacities in the automotive and pharma sectors, should support a relatively broad-based expansion in exports.

Source: Eurostat, Refinitiv, Erste Group Research

Export pace picked up, domestic demand remained robust







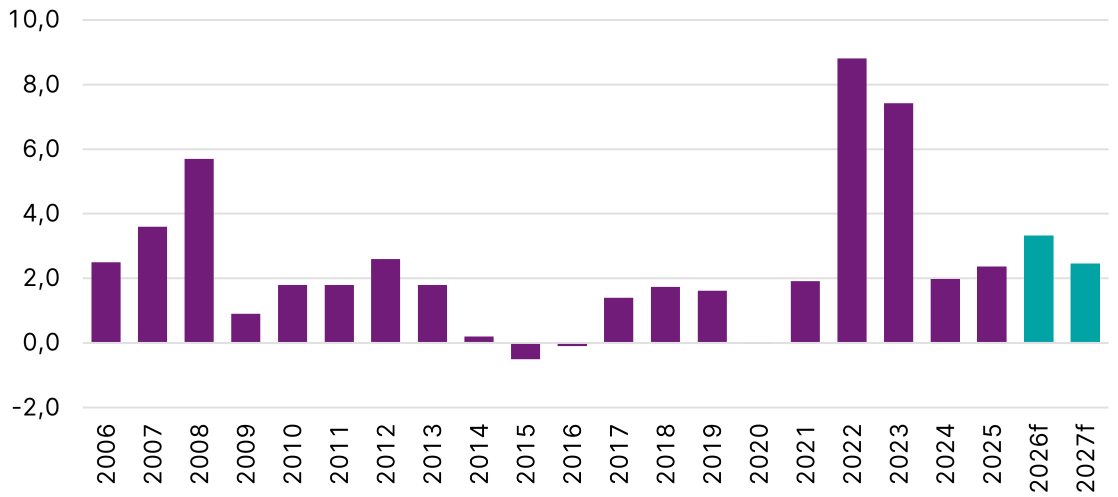
2Q delivered the strongest GDP print since the start of 2022 – seasonally-adjusted figures came in at 1.8% q/q and 4.8% y/y. This brought 1H26 growth to 4.1% y/y, well ahead of both our and consensus expectations. Domestic demand maintained robust momentum, adding approx. 5.5pp to the headline. Consumption accelerated, with private consumption growing by 3.4% y/y and public spending up 5.2% y/y.

Investment sustained a double-digit pace at 13.2% y/y and remained a strong tailwind (2.7pp contribution), also supported by some one-offs (RRF, the railway project and stronger public investment ahead of the local elections). After shaving 1.5pp off the headline in 1Q, inventories were practically neutral in 2Q (-0.1pp), providing further support. Both exports and imports gained traction in 2Q, showing growth of 6.4% y/y and 7.6% y/y, respectively, keeping the net exports contribution mildly negative (-0.7pp).

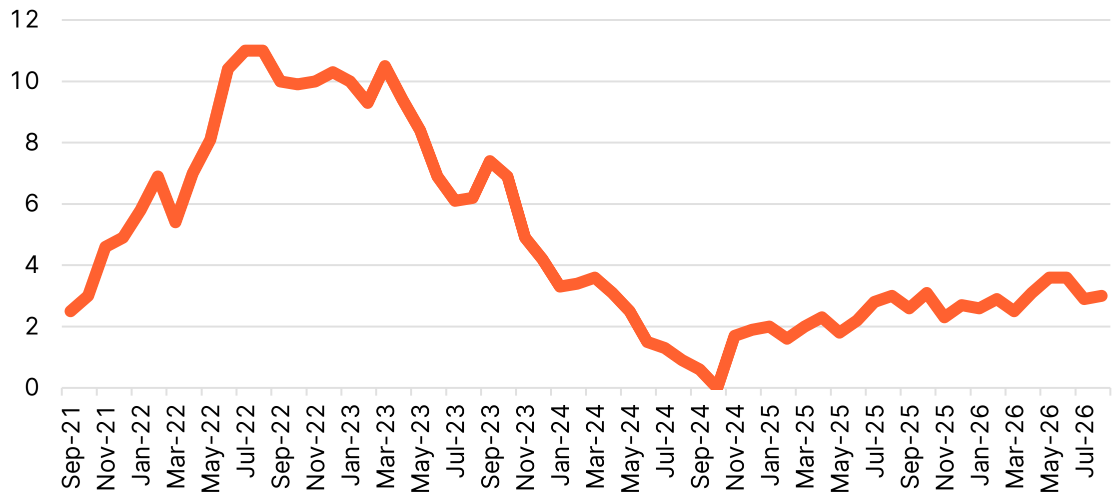
Source: Eurostat, Refinitiv, Erste Group Research
September 14, 2026

Inflation accelerates as energy effects resurface

Annual inflation, percent



Monthly inflation development, y/y percent



After the energy-driven acceleration in 2Q (CPI hitting 3.6% y/y), July-August prints offered some relief, with the headline figure moving close to 3% y/y. Energy continued to shape the trajectory (up 14.3% y/y on average in the Apr-Aug period) and m/m volatility. Food/beverages/tobacco has been a strong offsetting factor, now trending broadly flat y/y (down from a 4Q25 average of 5%). Services kept a relatively steady trend around 4% YTD, thus remaining above the headline.

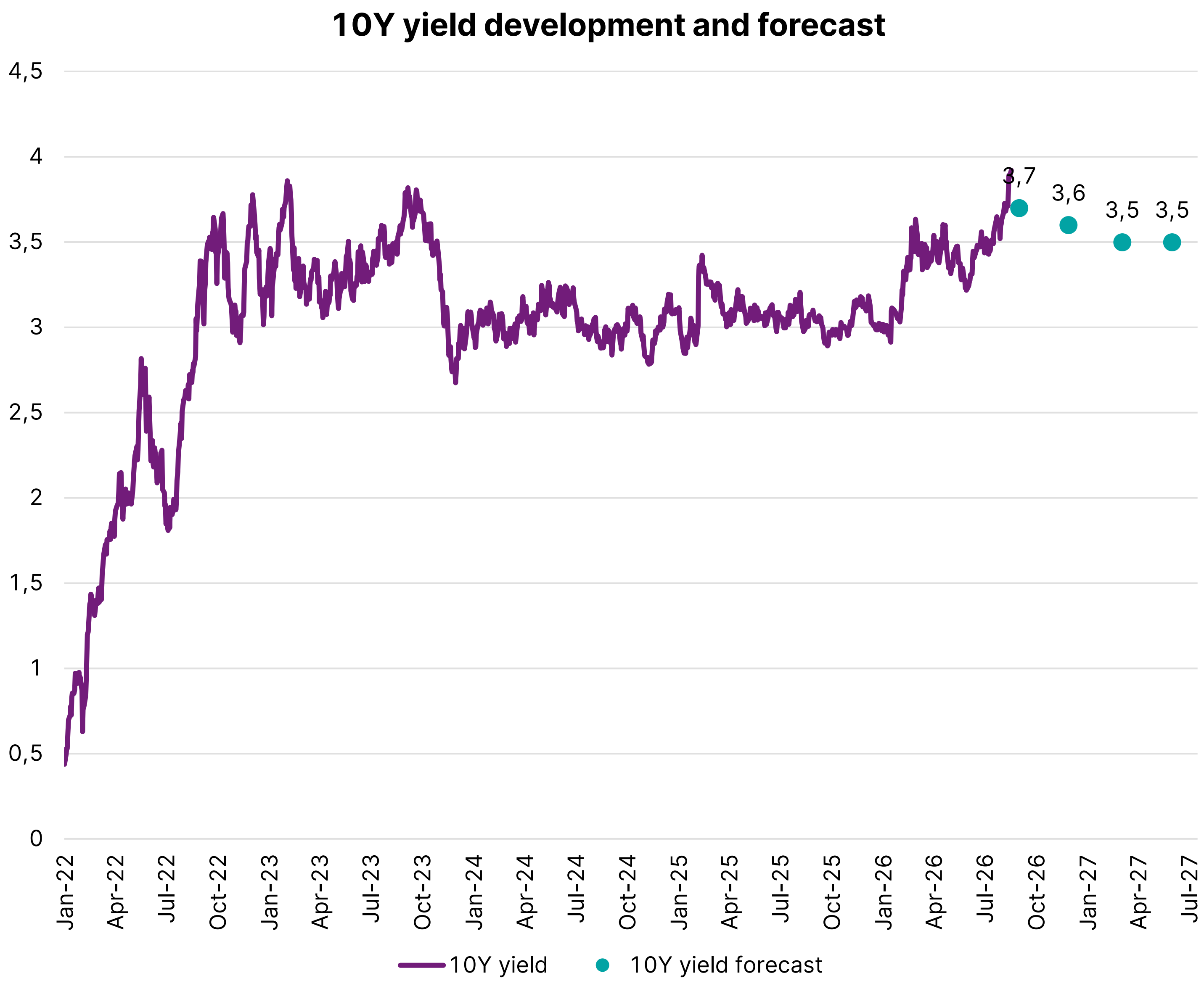
The outlook remains blurred by geopolitical and supply-side risks, with the energy price outcome shaping the narrative. Second-round effects appear relatively limited thus far. Policymakers' focus is extending beyond energy price controls and tax/excise modifications towards targeted sector support (transportation and agriculture). We see inflation remaining elevated in the coming months, with our baseline suggesting a 2026 average in the 3.2-3.3% range and anticipating gradual normalization towards 2.5% in 2027. Risks are tilted to the upside owing to global tensions and potentially stronger spill-over effects to other components should tensions persist.

Source: Eurostat, Refinitiv, Erste Group Research
September 14, 2026

Spreads firm in sub-40bp zone

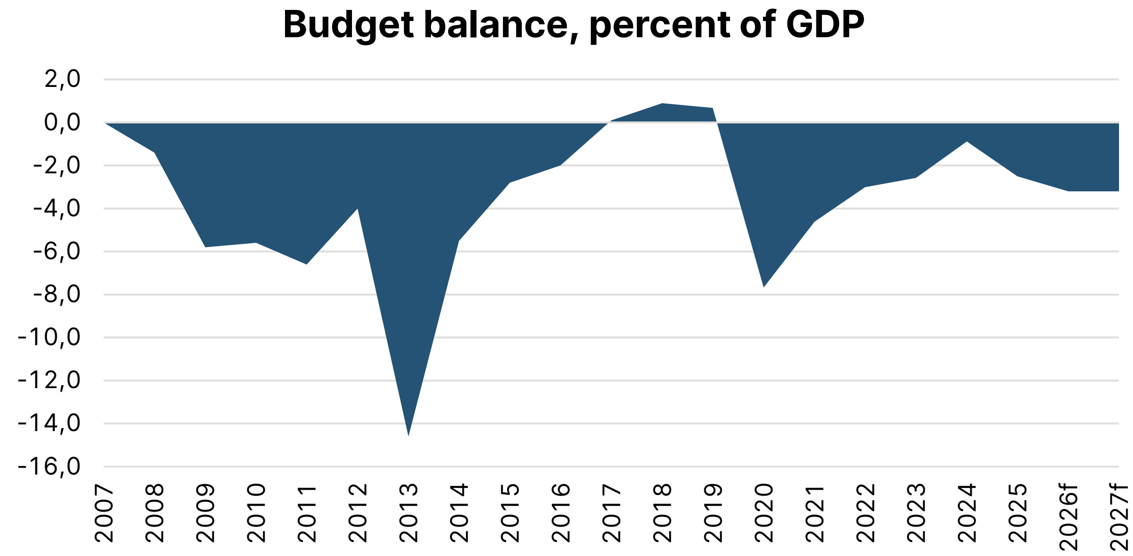
On the yield front, global factors continued to shape the moves, i.e. uncertainty around the inflation outlook and a more hawkish ECB policy outlook pushed the long end of the curve up by approx. 50bp into the 3.8-3.9% region. On a positive note, spreads continued to hold ground firmly in the sub-40bp region, while the fundamental narrative received a further boost from the improved GDP outlook for both 2026 and 2027, supporting our view of a steady spread outlook in the coming quarters.

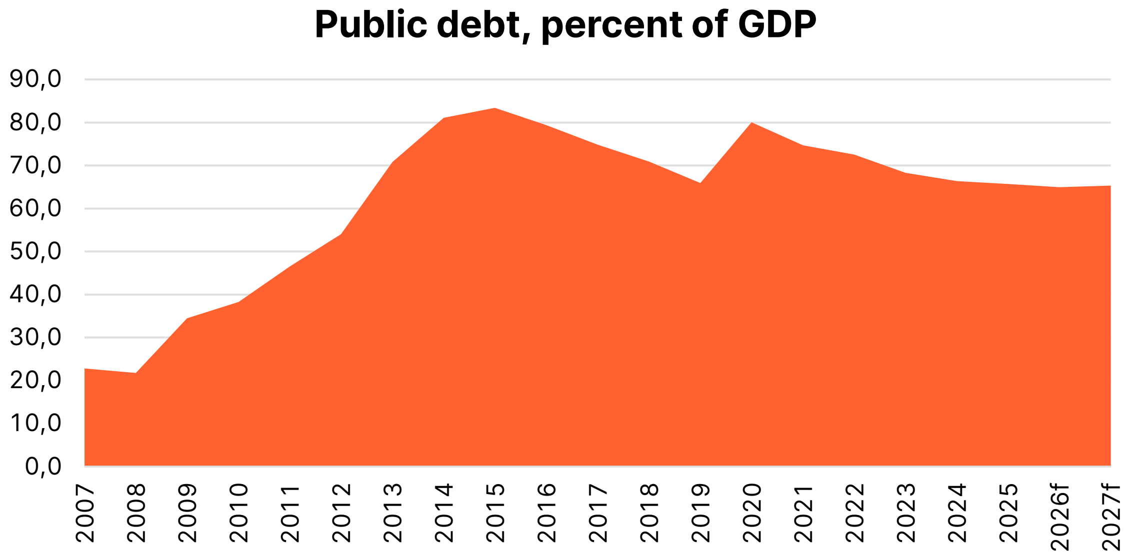
Through year-end, the rating profile should not bring any changes. In recent weeks, Moody's and Fitch both affirmed their ratings at A2 and A+, respectively, with stable outlooks, while we expect the same from S&P (AA, stable) in late September. The rating profile remains relatively heterogeneous, hence, together with favorable fundamental drivers, supporting further convergence potential over the medium term.



Source: Eurostat, Refinitiv, Erste Group Research

Budget rebalance keeps deficit target near 3% of GDP





The fresh 2026 budget rebalance confirmed a broadly supportive fiscal stance and a largely unchanged headline deficit target. Both revenues and expenditures were bumped up by around 6%, to EUR 16.5bn and EUR 18.8bn, respectively, leaving the state-budget cash deficit at EUR 2.2bn, or just shy of 3% of GDP. The increase in expenditures largely reflects the RRF finale, higher defense spending and additional labor- and social-policy-related spending, while the stronger GDP growth backdrop and tax intake provide an important offset. Hence, fiscal policy remains supportive rather than consolidation-driven, with expenditure momentum still strong and limited room for buffers to rebuild.

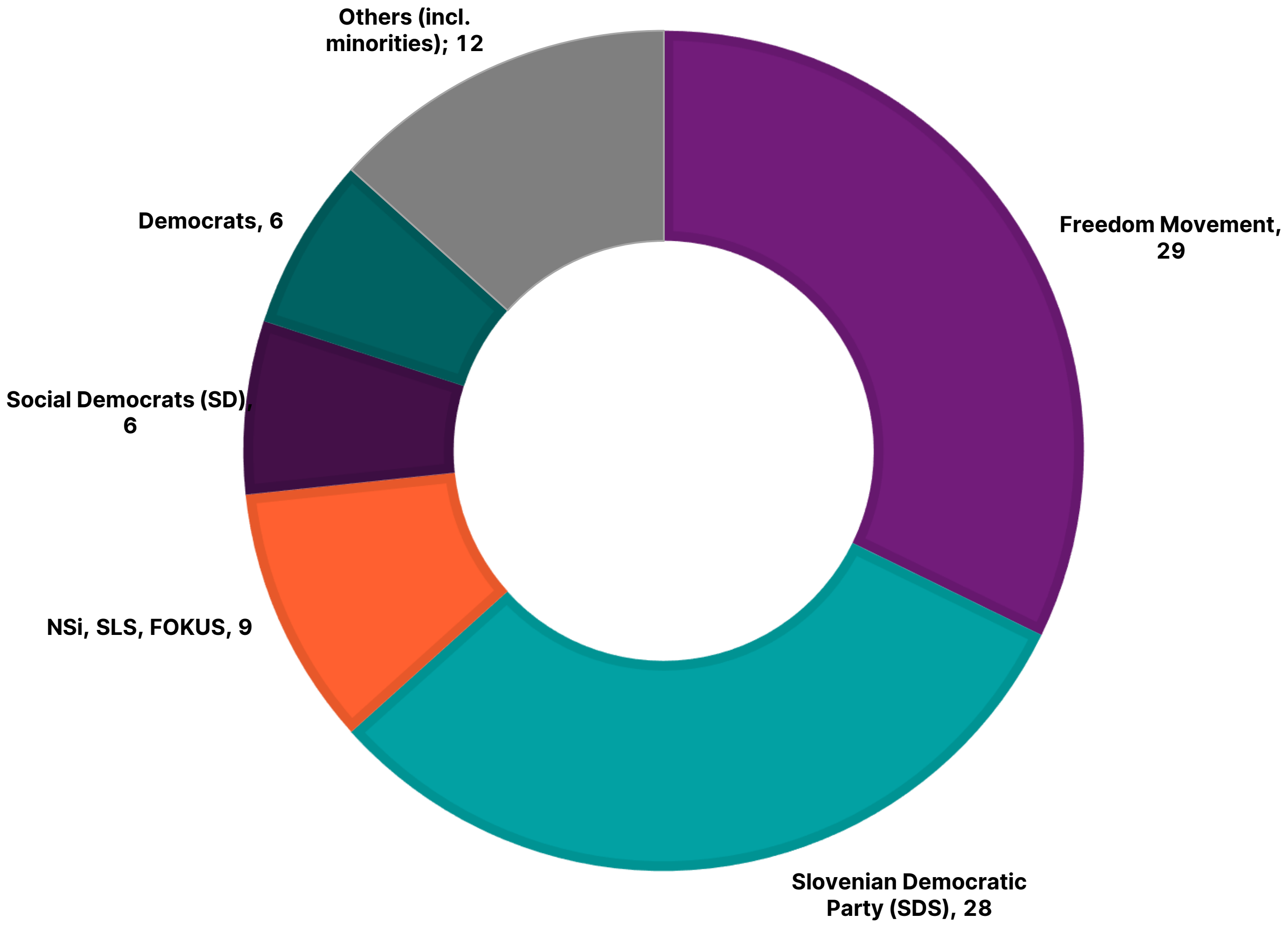
Attention therefore shifts to the 2027 budget, where we anticipate the new cabinet will continue to anchor the budget position close to 3% of GDP, balancing strong expenditure momentum against a more encouraging revenue profile. Fiscal risks remain, yet we do not anticipate meaningful deviations, hence also seeing public debt remaining relatively close to 65% of GDP.

Policy implementation hitting obstacles

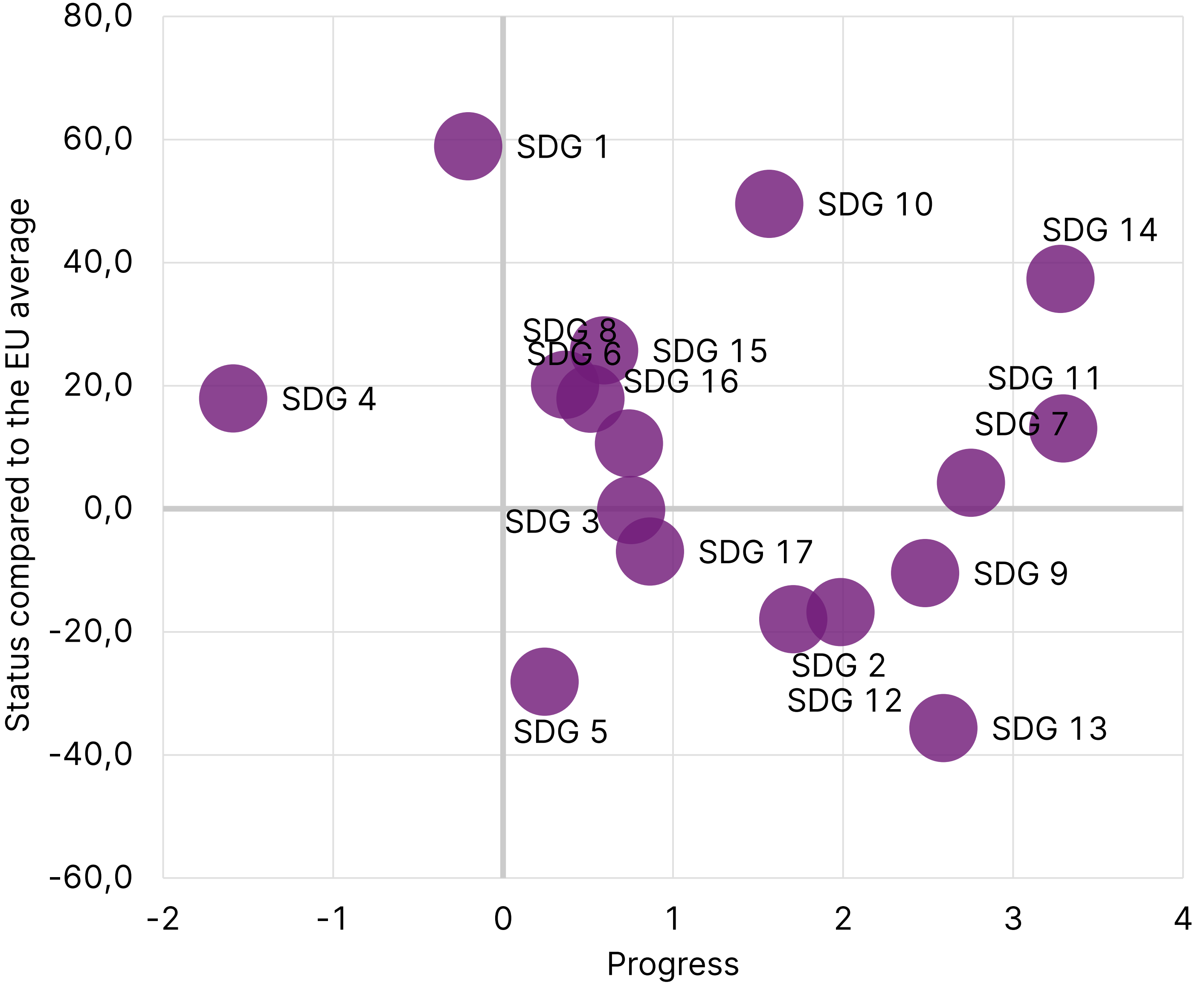
Following the March 22 parliamentary elections, Slovenia faced several weeks of coalition negotiations after no political bloc secured an outright majority. The Freedom Movement (Gibanje Svoboda) remained the largest party with 29 seats, narrowly ahead of the Slovenian Democratic Party (SDS) with 28. However, its inability to assemble sufficient parliamentary support opened the way for SDS leader Janez Janša to form a five-party center-right coalition and return as prime minister in May 2026. The coalition controls 43 of the 90 parliamentary seats and relies on additional parliamentary support, leaving it with a relatively narrow operating majority.

During its first months in office, the government has moved quickly to outline a more business-friendly policy agenda, including tax relief initiatives, administrative simplification and higher defense spending. However, implementation has already faced some institutional and political bottlenecks. Most visibly, the broad Act on Intervention Measures for Slovenia’s Development, covering tax, labor-market, pension and other reforms, has been caught in a referendum process. The initiative to overhaul the anti-corruption framework, along with proposed changes to the governance and financing of the public broadcaster (RTV Slovenia), has also proved politically sensitive. Overall, the coalition’s narrow parliamentary base, referendum mechanisms and broader institutional checks could prove to be an impediment to policymaking.

Parliamentary seats



Source: Eurostat, Refinitiv, Erste Group Research



Social Development Goals

Regarding SDGs, Slovenia continues to rank among leading European countries and remains in the global top tier. 2026 figures point to broad-based improvement, with 15 out of 17 SDGs showing progress and 10 out of 17 above the EU average. Strengths remain Reduced inequalities (SDG 10), No poverty (SDG 1) and Life below water (SDG 14).

Compared with previous results, the largest positive moves came from Life below water (SDG 14) scoring more then 20 points higher, while Decent work and Economic growth improved (SDG 8) almost 15 points. Responsible consumption and production (SDG 12) improved by 10 points. On the negative side, Clean water (SDG 6) scored almost 40 points lower, though dominated by methodological changes. On a more fundamental note, Climate action (SDG 13) scored almost 30 point lower, reflecting flood damage and a less favorable energy mix. Quality education (SDG 4) deteriorated by more than 20 points, largely reflecting underperformance in the digital skills segment.

Source: Eurostat, Refinitiv, Erste Group Research

September 14, 2026

Slovenia: Forecasts

	2019	2020	2021	2022	2023	2024	2025	2026f	2027f
Percent					**Annual average**				
Real GDP growth	3.5	-4.1	8.4	2.7	2.4	1.7	1.1	3.2	2.5
Private consumption growth	5.5	-6.2	11.2	3.6	0.0	3.8	1.7	3.0	2.7
Fixed capital formation growth	4.9	-7.2	11.9	4.7	5.5	-0.3	4.1	8.9	4.1
Inflation	1.6	0.0	1.9	8.8	7.4	2.0	2.4	3.3	2.5
Unemployment rate	4.5	5.0	4.8	4.0	3.7	3.7	3.9	3.9	3.8
Percent of GDP									
Budget balance	0.7	-7.7	-4.6	-3.0	-2.6	-0.9	-2.5	-3.2	-3.2
Public debt	65.9	80.1	74.7	72.5	68.3	66.4	65.7	64.9	65.4
Current account balance	6.4	7.3	3.5	-0.8	4.9	5.2	4.1	3.5	3.2
					End of year				
10Y Yield	0.27	-0.10	0.40	3.70	2.90	3.00	3.15	3.60	3.50
Spread								40.00	40.00

Source: Eurostat, Refinitiv, Erste Group Research
September 14, 2026

Slovenia: Country overview

Official EU language: Slovenian

Capital: Ljubljana

Geographical size: 20 273 km2

Population: 2 116 972

GDP per capita: EUR 33 062, below the EU average

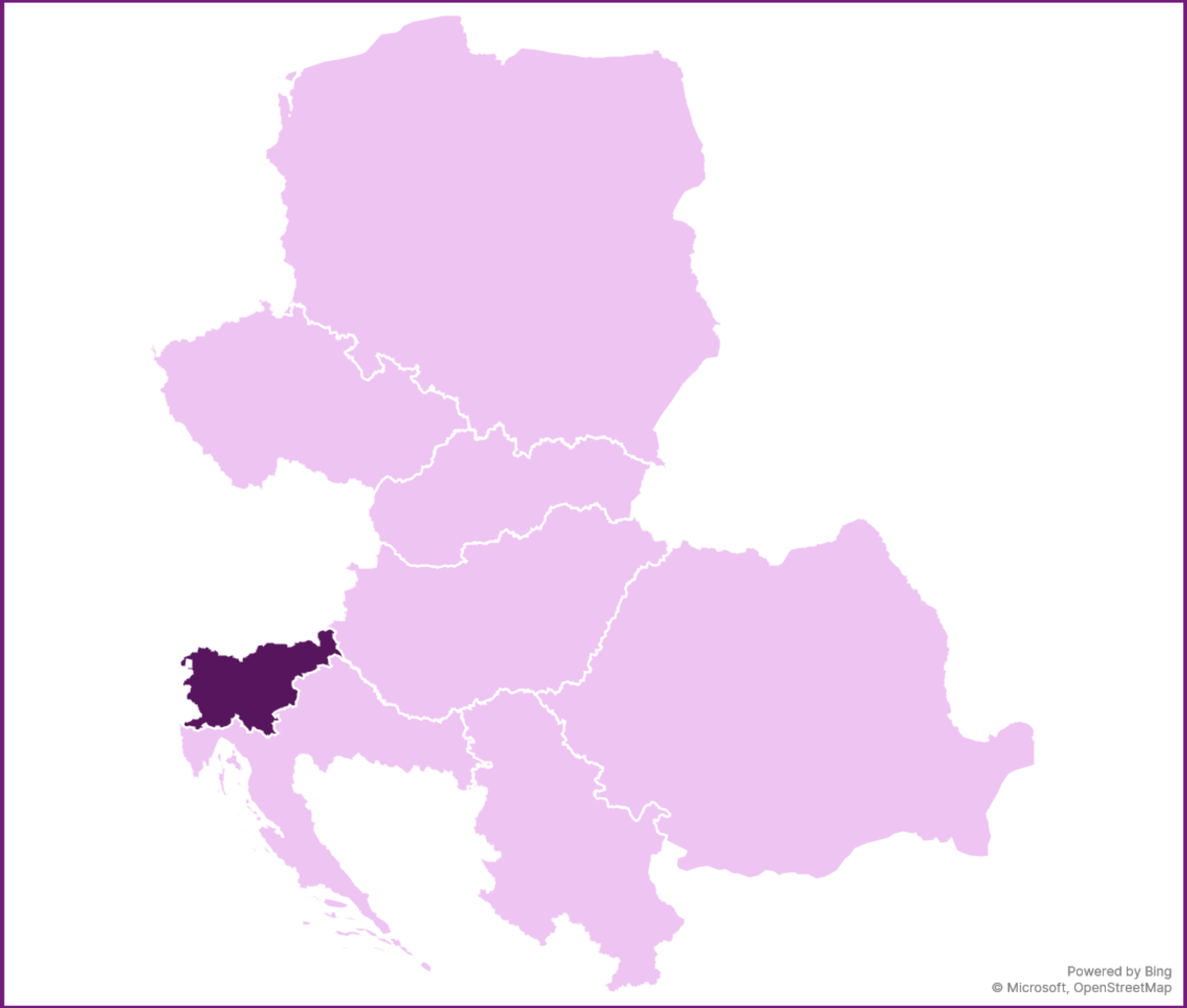
Currency: Euro EUR since January 1 2007

Credit Ratings:

- **Moody's: A2, outlook stable**
- **S&P: AA, outlook stable**
- **Fitch: A+, outlook stable**

EU member state: since 1 May 2004

Schengen: member since 21 December 2007



Source: Eurostat, Refinitiv, Erste Group Research
September 14, 2026

Follow #ErsteGroupResearch on LinkedIn

Alen Kovac

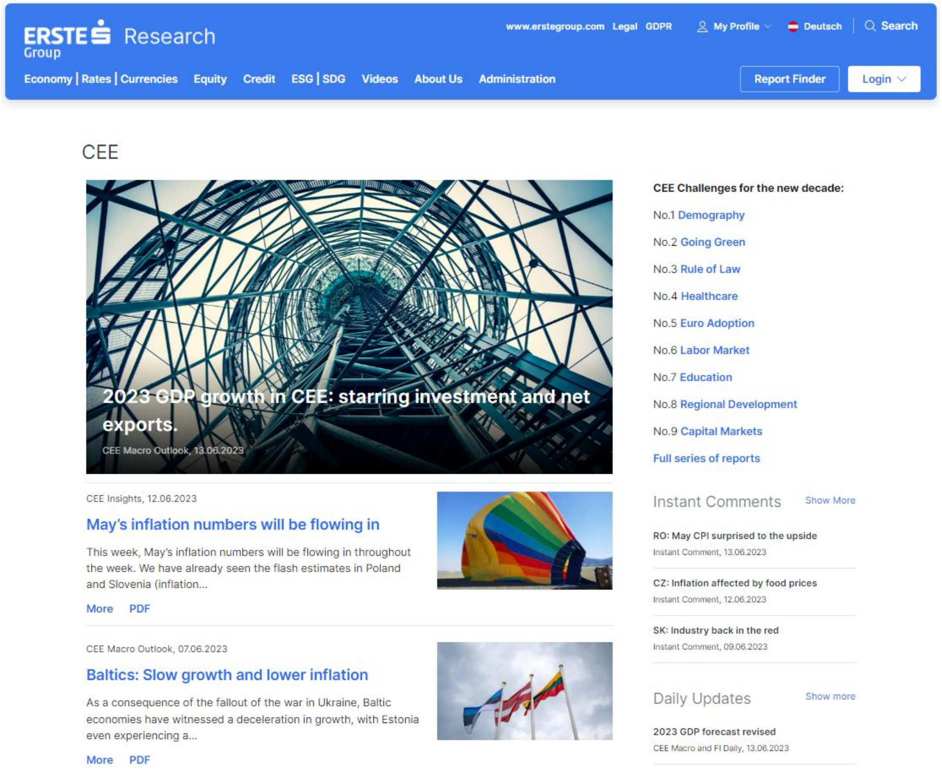
Ivana Rogic

Mate Jelic

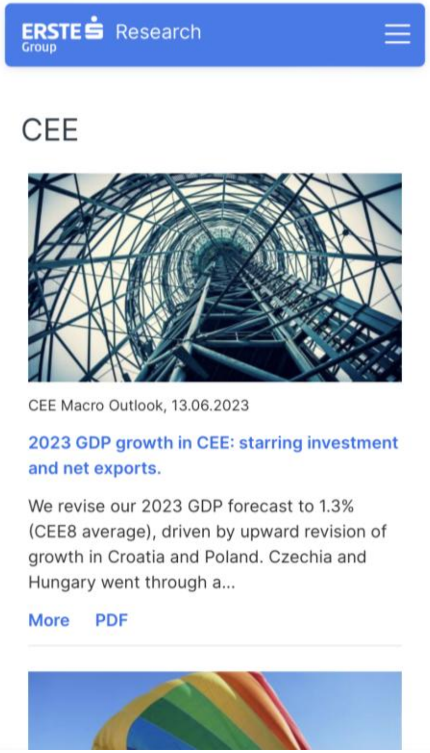
Give us feedback!

Macro reports & forecasts are publicly available on Erste Group‘s website and our mobile applications

Open in your **browser**



On your **mobile**



Scan our QR code

Visit our research page:
erstegroup.com/en/research

Contacts

Visit www.erstegroup.com or type on Bloomberg ESTE <GO>

Erste Group Research (Vienna)

Fritz Mostböck, CEFA®, CESGA®
Head of Group Research
+43 5 0100 11902
friedrich.mostboeck@erstegroup.com

Juraj Kotian
Head of CEE Macro/ FI Research
+43 5 0100 17357
juraj.kotian@erstegroup.com

Henning Eßkuchen
Head of CEE Equity Research
+43 5 0100 19634
henning.esskuchen@erstegroup.com

Rainer Singer, CEFA®
Head of Major Markets & Credit Research
+43 5 0100 11909
rainer.singer@erstegroup.com

Local Research Offices

Bratislava
Slovenska Sporitelna
Head: Maria Valachyova
+421 (2) 4862 4158
valachyova.maria@slsp.sk

Budapest
Erste Bank Hungary
Head: Jozsef Miro
+36 (1) 235 5131
Jozsef.Miro@erstebroker.hu

Bucharest
Banca Comerciala Romana (BCR)
Head: Ciprian Dascalu
+40 3735 10 424
ciprian.dascalu@bcr.ro

Prague
Ceska Sporitelna
Head: David Navratil
+420 224 995 439
DNavratil@csas.cz

Warsaw
Erste Securities Polska
Head: Cezary Bernatek
+48 22 257 5751
Cezary.Bernatek@erstegroup.com

Zagreb/ Belgrade
Erste Bank
Heads: Alen Kovac, Mladen Dodig
+385 72 37 1383, +381 1122 09178
akovac2@erstebank.com
Mladen.Dodig@erstebank.rs

Disclaimer

Published by:
Erste Group Bank AG
Group Research
1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

Erste Group Homepage: www.erstegroup.com