NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

MEDIUM-TERM FORECAST

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1 Summary

This Medium-Term Forecast (MTF-2010Q1) not only updates the macroeconomic projections previously made, but also includes projections for the year 2012. As regards the external environment, the latest forecast is based on more favourable assumptions for external demand.

Gross domestic product for 2009 contracted by 4.7%, in line with NBS expectations. The Slovak economy slumped as a result of developments in the first quarter of the year, but then began picking up from the second quarter to record quarter-on-quarter growth for the rest of the year. These figures were indicative of the economy's gradual recovery, which was above all boosted by the acceleration of exports and also by the rebound of consumer demand.

All components of GDP are expected to report growth in 2010. Slovak economic growth has been revised slightly from the previous forecast (MTF-2009Q4), to reflect the more favourable developments in both domestic and external demand. Exports are expected to rise more sharply given the faster recovery of external economies, and this will mean an increase in imports, too.

Employment continued to fall steadily towards the end of 2009, recording an annual drop of 2.4% in accordance with NBS projections. The labour market situation in 2010 is expected to remain unfavourable (as in the previous forecast), but it may begin to revive moderately only towards the end of the year.

The inflation rate in 2009 slowed down more sharply than NBS had predicted. Consumer price developments in 2010 are expected to be affected by the slowdown in inflation in the first months of the current year, caused largely by a relatively steeper decline in regulated energy prices and a reduction in excise duty on diesel. Therefore the average inflation rate has been revised down from the previous forecast.

The projection for economic growth in 2011 remains in line with MTF-2009Q4. As stated in the previous forecast, external demand is expected to continue recovering and, combined with the anticipated expansion of production in the local car industry in 2011, this should have a favourable effect on Slovakia's export performance. As in MTF-2009Q4, investment activity is assumed to rise slightly in 2011, driven partly by investment in PPP infrastructure projects. As output climbs, the situation in the labour market will gradually improve.

Amid rising demand, the year-on-year inflation rate is expected to accelerate in 2011. Compared with MTF-2009Q4, however, the average annual HICP inflation rate is projected to be slightly lower, largely due to a slower rise in prices of services.

In 2012, domestic as well as foreign demand are projected to continue rising. As economic activity gradually picks up, employment will continue to increase in the medium-term horizon, as will consumer price inflation.

Risks to the latest medium-term forecast for GDP growth are balanced. On the upside, the main risk is a faster recovery of external demand, which in turn could drive up export performance markedly and thus boost domestic demand. Other upward risks include a sharper rise in household final consumption (stemming from possible steeper growth in compensation per employee) and the implementation of further PPP project packages. The downside risks include the impact that the essential consolidation of EU countries' public finances will have on both domestic and external demand, as well as the withdrawal of global stimulus measures and the potentially adverse effect of higher than projected import intensity, the result of which could be a rise in imports.

Risks to the medium-term forecast for inflation are judged to be balanced, with none of the selected inflation-determining factors being reported as a substantial risk.

2 Technical assumptions and the international environment

The technical assumptions for the medium-term forecast as well as developments in the international economy were taken from the ECB's December forecast (ECB Staff Macroeconomic Projections for the Euro Area).[1, 2]

The assumption about short-term interest rates is of a purely technical nature. The average level of short-term interest rates is expected to be 0.9% for 2010 and 1.7% for 2011. The market expectations for euro area ten-year nominal government bond yields imply an average level of 4.0% in 2010 and 4.5% in 2011. The baseline projection takes into account the recent further improvements in financing conditions and assumes that, over the projection horizon, bank lending rate spreads vis-à-vis the above-mentioned interest rates will stabilize or narrow somewhat. Similarly, credit supply conditions are expected to ease over the projection horizon. As regards commodities, oil prices per barrel are assumed to average USD 75.1 in 2010 and USD 79.8 in 2011. The prices of non-energy commodities in US dollars are assumed to rise by 18.4% in 2010 and a further 2.7% in 2011. The bilateral EUR/USD exchange rate is stated as the average level prevailing in the two-week period ending on the cut-off date, and this implies a rate of 1.38 over the whole projection horizon and an effective exchange rate of the euro that, on average, depreciates by 2.6% in 2010 and a further 0.2% in 2011 (in the December projection, by contrast, the rate was assumed to appreciate by 2.2% in 2010).

Compared with the ECB's December forecast, the March forecast assumes lower oil prices in both 2010 and 2011, and a more moderate rise in prices of non-energy commodities in 2010 as well as in 2011.

The global economic outlook is showing stronger signs of improvement. In the near term, the recovery is expected to continue to be driven primarily by the impact of monetary and fiscal stimuli, the normalization in trade and the inventory cycle. While some of these factors are temporary, the improvement in financing conditions is expected to provide more lasting support to the global recovery. Overall, however, global economic growth is expected to remain below past trends over the whole projection horizon. World real GDP outside the euro area is assumed to grow, on average, by 4.2% in 2010 and 4.0% in 2011. Reflecting the projected recovery in global trade, growth in the euro area's export markets is assumed to increase in comparison with the previous forecast, to 6.9% in 2010 and 5.4% in 2011. In its projection for 2012, Národná banka Slovenska assumes a slight rise in commodity prices and the continuing recovery of the global economy.

Table 1 Technical assumptions (year-on-year changes in %, unless otherwise indicated)

	Forecast from	Forecast for the period		
		2009	2010	2011
Oil (USD/barrel)	December 2009	62.2	81.4	85.9
	March 2010	-	75.1	79.8
Non-energy commodities	December 2009	-22.3	24.7	4.0
	March 2010	-	18.4	2.7

Zdroj: ECB.

1 *The technical assumptions about interest rates and both energy and non-energy commodity prices are based on market expectations, with a cut-off date of 12 February 2010.*
2 *More detailed information about the ECB projection is available at www.ecb.int.*

3 Medium-term forecast for the euro area

The euro area posted a second consecutive quarter of positive real GDP growth in the last quarter of 2009. The recovery was driven by exports, following the rebound in world trade. In addition, temporary factors, such as the fiscal stimulus packages and the inventory cycle, provided support to the recovery. As the effects of these factors fade away over time, GDP growth in 2010 is expected to remain moderate, supported by exports and a slowly recovering domestic demand. Although economic growth is assumed to accelerate in 2011, it is expected to remain on a weaker path than before the recession, as consumption is dampened by weak labour market prospects and high precautionary savings. Furthermore, private investment, while picking up over the horizon, is projected to be dampened by high levels of unused capacity and low demand prospects.

Expectations for real GDP growth are more favourable compared with the Eurosystem staff macroeconomic projections published in December. Although the projection range for GDP growth in 2010 lies within the previous one, the range for 2011 has been revised upwards.

Having reached a low of -0.4% in the third quarter of 2009, the annual inflation rate, as measured by the Harmonized Index of Consumer Prices, turned positive in the fourth quarter of the year. This pattern was mostly due to strong base effects from past falls in commodity prices. The HICP inflation rate for February 2010 was 0.9% (following January's 1.0%), and inflation is expected to remain close to this level over the following months. Thereafter, inflation is projected to increase gradually, reflecting the steady improvements that are expected in economic activity. Growth in compensation per employee is expected to remain low, dampened by the weakness of the labour market. As employment is assumed to continue falling, the resulting productivity increases should contribute to a significant drop in unit labour cost growth from the high levels observed in 2009. This, in turn, is projected to allow a moderate growth in profit margins and a partial recouping of the losses incurred in 2009.

The projection range for HICP inflation for 2010 has been adjusted marginally downwards with respect to that of 2009, while the range for 2011 has been adjusted slightly upwards, in line with the improved prospects for economic activity.

Table 2 Projections of selected euro area indicators (average year-on-year changes in %)

		2009	2010	2011
HICP	December 2009	0.3 – 0.3	0.9 – 1.7	0.8 – 2.0
	March 2010	0.3	0.8 – 1.6	0.9 – 2.1
Real GDP	December 2009	-4.1 – -3.9	0.1 – 1.5	0.2 – 2.2
	March 2010	-4.0	0.4 – 1.2	0.5 – 2.5
Private consumption	December 2009	-1.2 – -1.0	-0.2 – 0.8	0.2 – 1.8
	March 2010	-1.0	-0.3 – 0.5	0.2 – 2.0
Government consumption	December 2009	2.2 – 3.0	0.5 – 1.7	0.4 – 1.8
	March 2010	2.5	0.1 – 1.1	0.2 – 1.6
Gross fixed capital formation	December 2009	-11.3 – -10.5	-3.1 – -0.1	-1.7 – 2.3
	March 2010	-10.8	-3.1 – -0.5	-1.1 – 2.9
Exports (goods and services)	December 2009	-14.5 – -12.5	0.6 – 5.6	0.7 – 6.5
	March 2010	-13.0	3.2 – 7.6	1.4 – 7.8
Imports (goods and services)	December 2009	-12.6 – -11.0	0.4 – 4.6	0.8 – 5.4
	March 2010	-11.6	1.9 – 5.7	0.7 – 6.5

Source: ECB.

4 Medium-term forecast for Slovakia

4.1 The real economy

Current account

The balance of payments **current account** for 2009 included positive developments in the **trade balance.** These were driven mainly by export growth towards the year-end, which in turn reflected the relatively faster recovery in external demand. Overall in 2009, exports slumped by 19.8% year-on-year as a consequence of the global economic crisis. The effect of the crisis on imports was even more pronounced, as they plunged by 23.4%. Along with the drop in imports of semi-finished goods was a decline in imports of investment goods and final consumption goods. As for import intensity during 2009, it slumped in the first half of the year as a possible consequence of lower restocking. Although import intensity rose in the second half of 2009, it fell short of the levels recorded in previous years.

Given the projected continuation of positive developments in external demand (in comparison with MTF-2009Q4), export levels and dynamics are expected to improve further in 2010 and 2011. The assumption for exports in 2012 is that they will continue rising, since the economies of Slovakia's major trading partners are expected to recover gradually. Imports are assumed to be stimulated by the rise in exports, although over the whole projection horizon they should be partially offset by import intensity, which is expected to be relatively low.

Having declined by around 20% in 2009, exports and imports are expected to make a gradual return to positive territory in 2010 and 2011, in line with the previous forecast. Given, however, the projected upturn in external demand, their rate of growth in 2010 is assumed to be greater than originally projected. The positive development of their dynamics is expected to continue in 2012 as well.

Because of the effect of these factors, the trade balance forecast for 2010 has been revised up from the previous forecast. Subsequent years are expected to see further steady improvements in the trade balance, largely due to higher external demand. Compared with MTF-2009Q4, the projections for new investment in the car industry, which is expected to increase imports from 2011, have remained unchanged.

Although the deficit in the **balance of services** for 2009 was slightly worse than expected, it did not diminish the expectations for this current account component in 2010 and 2011. Furthermore, the deficit is assumed to come down gradually, as a corollary of the growth in external demand that is expected to continue in 2012. Receipts of residents working abroad in 2009 exceeded the previous forecast, thus allowing revisions of the projections for this item in subsequent years. This, along with the projected lower interest payments (based on the restructuring of external debt in response to developments in 2009), should feed through to a modest improvement in the **balance of income**. The balance of income in 2012 is assumed to follow a similar path as in 2011, in other words the positive effect of rising receipts from residents working abroad is expected to continue. The projection for the **balance of current transfers** has been adjusted largely because of new assumptions for income and expenditure in relation to EU funds. In line with a lower estimate for income, the projected full-year balance of current transfers in both this year and next year has been revised downwards. In 2012, with income from EU funds assumed to be at a similar level as in the previous year, the balance is expected to change by only a small amount year-on-year. The income figure has been revised down largely due to the new estimate for the drawing of funds under the National Strategic Reference Framework, made in regard to the current situation in the approval, contracting and drawing of funds and in the indicative plan for new invitations to bid for non-repayable financial grants. Because of this estimate, the projections of the full-year balance of current transfers for this year and next year have been adjusted downwards.

The **current account deficit to GDP ratio** in the years 2010 and 2011 is assumed to improve in comparison with the previous forecast, owing to the positive developments expected in external demand. The favourable outlook for the current account, and especially the trade balance, is expected to continue in 2012.

Labour market

As 2009 drew to a close, the **growth in compensation per employee** was continuing to slow down, probably reflecting the slower increase in the basic wage component, which in turn stemmed from falling corporate profits as well as the lower amount of severance payments. The growth in employee compensation for the whole of 2009 was in line with NBS expectations. The revised data implies that the bulk of this growth occurred in the second half of 2009, which means that the compensation in 2010 should rise at a faster pace than projected in the previous forecast. Another boost to compensation per employee in 2010 could come from the rise in the number of hours worked (which already started to appear towards the end of 2009) as well as from the slight acceleration in labour productivity.

The growth in compensation per employee in 2011 is expected to be slightly slower compared with MTF-2009Q4, since the lower inflation rate assumed for 2010 should subsequently be reflected in wage negotiations and also because of the base effect from the previous year. With economic activity picking up, and entailing an increase in productivity and inflation, compensation per employee is expected to continue rising in 2012 in comparison with the previous periods.

Employment towards the end of 2009 remained on a gradual downward trajectory. At the same time, however, the number of hours worked began to rise as production gradually commenced at individual enterprises.

Despite the recovery in economic activity, the labour market will still not be sufficiently stimulated and employment over the whole of 2010 is expected to decline, as projected in MTF-2009Q4. The assumption is that the revival in economic activity will be reflected, first of all, in a rise in the number of hours worked, as employment slack is taken up and labour productivity increases. Only after that will employment start to rise.

In the years 2011 and 2012, employment is expected to rise moderately in connection with the recovery of economic activity.

Towards the end of 2009, the number of **unemployed** rose sharply, causing the unemployment rate to be higher than projected. Since 2010 is not expected to see an improvement in the employment situation, this latest forecast projects a higher unemployment rate compared with MTF-2009Q4. As economic growth accelerates in 2011 and 2012, the labour market is expected to recover slowly and the rate of unemployment should decline slightly.

GDP

In line with the projections in MTF-2009Q4, GDP in the fourth quarter of 2009 recorded a successive quarter-on-quarter increase, thereby confirming the Slovak economy's steady recovery. The rise in GDP was driven mainly by the acceleration of exports, as well as the continuing growth in consumer demand.

GDP for the whole of 2009 fell in line with the NBS forecast. From the view of GDP components, this decline was mostly attributable to the slump in exports, weaker domestic demand, as well as the effect of falling investment, inventories and private consumption. The final consumption of general government recorded a moderate rise in 2009. Net exports made a positive contribution to GDP growth, as the downturn in imports more than offset the decline in exports.

The forecast for growth in domestic demand in 2010 has been revised up slightly from the previous projection. As for components of domestic demand, household final consumption and fixed capital formation are assumed to rise at a faster pace compared with MTF-2009Q4. This sharper rise is expected to be partially offset by a slower increase in the final consumption of general government. Given the relatively stronger recovery of foreign demand, exports and imports are also expected to increase at a faster pace than that projected in the previous forecast, with the rise in imports being related to import intensity. Therefore the contribution of net exports to GDP growth will improve only slightly. Overall, for these reasons, economic growth is expected to be slightly faster than projected in MTF-2009Q4.

In the medium-term horizon, the recovery of economic activity is expected to be faster than stated in the December forecast, reflecting the positive developments in the global economy. The higher external demand should show up in the continuing improvement of the Slovak economy's export performance in 2011 and its further acceleration in 2012. A corollary of this development will be a sharper rise in domestic demand. As stated in the previous forecast, the acceleration in economic growth in 2011 is expected to be driven also by the expansion of production in the car industry.

For 2012, the assumption is that Slovakia's economy will continue to grow at the same pace as in the previous year, the expansion being driven mainly by domestic demand.

Domestic demand

After declining in 2009, **household final consumption** is expected to pick up gradually in 2010. Because of the sharper rise in compensation per employee, and consequently also in household disposable income, private consumption in 2010 is assumed to rise at a faster pace compared with the previous forecast. The growth in household consumer spending in 2010 is expected to be reflected in a gradual decline in the savings ratio. Household consumption in the medium-term horizon should continue rising in conjunction with improvements in the labour market, as projected in MTF-2009Q4.

Fixed investments slumped in 2009 as low external demand hit corporate profits and thus led companies to cut back their investment activities. Investment growth in 2010 is expected to be faster than projected in the December forecast, driven largely by investment in PPP infrastructure projects (their effect has been shifted to 2010 after not showing up in 2009 to the expected extent) as well as the ramping up of car industry production. In the years 2011 and 2012, investments in machinery and construction are expected to rise slightly, as economic activity recovers.

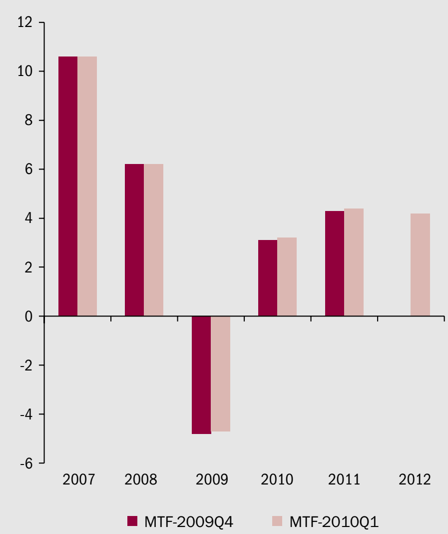
Although inventories fell in 2009, their destocking was less than NBS had projected in MTF-2009Q4. Thus the contribution of destocking to the decline in GDP was more moderate than expected. In 2010, as economic activity picks up, inventories should be gradually restocked and consequently make a positive contribution to economic growth. Over the medium-term horizon, inventory developments are assumed to have a negligible effect on GDP.

Net exports

Towards the end of 2009, the export performance of the Slovak economy outdid expectations. At the same time, however, import volumes remained at low levels (reflecting subdued domestic demand as well as the declining import intensity of exports). This development was reflected in the positive contribution of net exports to GDP growth. In 2010, external demand is expected to be stronger than projected in the previous forecast; export performance should continue to improve and, as domestic demand rises, imports should also report stronger growth. Nevertheless, the contribution of net exports to GDP growth is expected to be as negative as projected in MTF-2009Q4, largely due to their positive contribution in 2009 and to the projected rise in restocking. As stated in the previous forecast, export performance should continue improving in the medium-term horizon, supported also by the expansion of car industry production in 2011.

The risks to the GDP projection in this medium-term forecast are balanced. On the upside, the

Chart 1 Forecast for GDP growth at constant prices (%)



Source: NBS.

main risk is a faster recovery of external demand, which in turn could drive up export performance and thus boost domestic demand. Other upward risks include a sharper rise in household final consumption (stemming from possible steeper growth in compensation per employee) and the implementation of further PPP project packages, which this forecast does not take into account. The downside risks include the impact that the essential consolidation of EU countries' public finances will have on both domestic and external demand, as well as the withdrawal of global stimulus measures. GDP growth could be adversely affected also by higher than projected import intensity, the result of which could be a rise in imports.

Potential GDP and the output gap

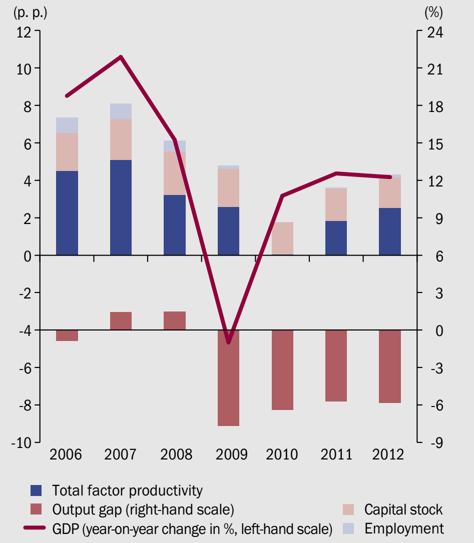
The economic crisis in 2009 affected not only the real performance of the Slovak economy, but also its potential (equilibrium) performance. Before the onset of the crisis, the projection for potential output growth in the period 2009–2011 was that its rapid rise, driven mainly by the increase in total factor productivity (TFP), would slow down to around 4% per year, but in fact the crisis led not only to a slowdown in potential output, but even to its temporary stagnation. The downturn in investment activity and deteriorating situation in the labour market in 2009 not only led to a decline in the GDP actually produced, but, through lower capital formation and the rising rate of equilibrium unemployment (NAIRU), also dampened the pace of potential GDP growth.

Nevertheless, the projected rise in potential output in 2009 was a relatively high 4.8%, owing to the base effect of the rapid quarter-on-quarter growth recorded during 2008. Potential GDP is expected to increase by 1.8% in 2010, and then to accelerate in 2011 and 2012 (by, respectively, 3.6% and 4.3%) as the recovery gradually picks up and the crisis recedes.

TFP is expected to rise only slightly in 2010, but to begin climbing more sharply at the beginning of 2011 in conjunction with the launch into production of a new car model. This growth is assumed to continue, albeit not at the levels seen during the period of major FDI inflows. The accumulation of capital over the projection horizon is following a similar trajectory. Affected by the adverse situation in investment activity in 2009, capital accumulation is slowing down and its contribution to potential output growth is expected to remain below pre-crisis levels until 2012. As regards the share of potential GDP growth accounted for by equilibrium employment, it averaged 0.7 percentage points over the pre-crisis years of 2006 to 2008. During that time, the non-accelerating inflation rate of unemployment (NAIRU) fell from 13.5% in 2006 to 11.1% in 2008. As a consequence of the crisis and its repercussions on the labour market, the NAIRU climbed back to 12.1% in 2010. Although the NAIRU is expected to fall slowly over the projection horizon, the contribution of equilibrium employment to potential output growth should remain at close to zero, owing to gradual ageing of the domestic population and stagnation in workforce developments.

Because of the sharp downturn in real GDP, the negative output gap widened in 2009, to -7.7%. This gap is expected to close gradually over the projection horizon, down to -5.8% in 2012. Thus the outlook for the cyclical position of the economy remains unchanged from the previous forecast, since also the medium-term prospects for the economy's performance are the same as stated in MTF-2009Q4.

Chart 2 Contributions to potential GDP growth and the output gap



Source: NBS.

4.2 INFLATION

The negative year-on-year inflation rate in January and February 2010 showed the highest ever level of deflation. As measured by the Harmonized Index of Consumer Prices (HICP), the inflation rate included a slower rise in the prices of services and a sharper year-on-year fall in energy prices. Prices of non-energy industrial goods continued to decline on an annual basis, while prices of processed as well as non-processed foods saw a further acceleration of their dynamics.

Compared with forecast in MTF-2009Q4, the actual inflation rate for recent months was lower by 0.3 of a percentage point. The largest difference was recorded in energy prices, owing to the relatively slower rise in fuel prices and to regulated energy prices falling more sharply than projected. Fuel prices reflected the reduction in excise duty on diesel as from February 2010, without which the overall inflation rate would have been 0.13 of a percentage point higher.

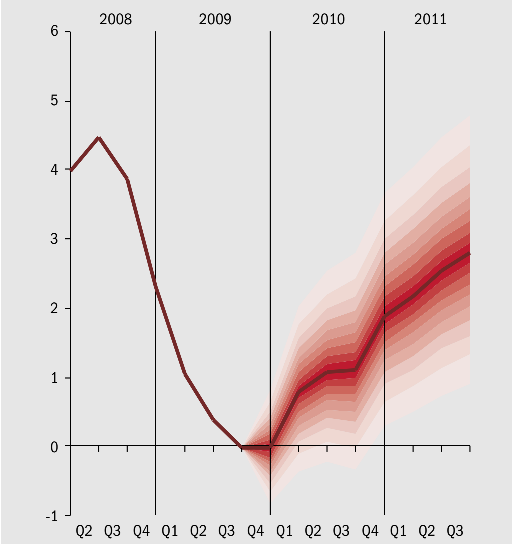
At the same time, prices of non-energy industrial goods and prices of services rose more slowly in comparison with the previous forecast, as a consequence of stagnating demand. By contrast, prices of both processed and non-processed foods rose at a faster pace than that forecast in MTF-2009Q4.

Compared with MTF-2009Q4, the latest forecast assumes lower annual average inflation in 2010 and 2011. In the case of 2010, this should reflect a lower than expected rate of inflation in the last months of the year (in prices of services and non-energy industrial goods), a sharper than expected decline in regulated energy prices, and the reduction in excise duty on diesel (which the previous forecast did not anticipate). At the same time, however, the current steeper rise in food prices has been recorded.

The forecast for 2011 assumes a moderate decline in the average annual rate of HICP inflation in comparison with MTF-2009Q4, largely because of the projected slower rise in prices of services.

As mentioned above, the prices of processed and unprocessed foods in the inflation structure are expected to rise more sharply in 2010 and 2011 than projected in MTF-2009Q4. This development will reflect mainly the faster increase in their prices during the last period of the year. In 2012, prices of (processed) foods are expected to rise more slowly, as a corollary of the projected slower rise in prices of agricultural commodities.

Chart 3 HICP inflation forecast (%)



Source: NBS.

In 2010 and 2011, the rise in prices of non-energy industrial goods is expected to be more subdued than forecast in MTF-2009Q4, owing to developments in recent months. In 2012, as global demand continues to pick up, the rise in prices of industrial goods should be steeper than in 2011. As for prices of services, the slowdown in economic activity shows up in the fact that their rise over the final months of 2009 was lower than projected in MTF-2009Q4. Over the whole of 2010, however, prices of services should accelerate, albeit at a relatively lower level. Similar developments are expected to continue in 2011 and 2012.

Average annual administrative prices are expected to fall by 3.4% in 2010, and then rise by 3.3% in 2011 and 5.5% in 2012 (in MTF-2009Q4, these prices were forecast to rise by 0.9% in 2010 and 3.2% in 2011). The downward shift in the dynamics of administrative prices in 2010 as compared with assumptions in MTF-2009Q4 is largely attributable to the sharper decline in regulated prices in January 2010.

According to the assessment of the respective risks, the medium-term forecast for inflation is realistic, with none of the selected inflation-determining factors being reported as a substantial risk. Were the risks to materialize, the inflation rate could shift to slightly higher levels over the whole projection horizon.

Table 3 Medium-term forecast MTF-2010Q1 – main macroeconomic indicators

	2009	2010	2011	2012	2010	2011	2012
	Actual	Forecast			Difference versus MTF-2009Q4		
Prices (annual percentage changes)							
HICP inflation (average)	0.9	0.7	2.4	2.9	-0.5	-0.1	-
CPI inflation (average)	1.6	1.0	2.2	3.3	-0.9	-0.9	-
ULC (compensation per employee at current prices / labour productivity ESA 95 at constant prices)	7.2	-2.1	1.4	2.7	0.2	-0.6	-
Labour productivity ESA 95 (GDP at constant prices / employment ESA 95)	-2.4	4.5	4.0	3.8	0.1	0.2	-
Compensation per employee (current prices)	4.7	2.3	5.4	6.6	0.3	-0.4	-
Economic activity (annual percentage change; unless otherwise indicated)							
Real GDP	-4.7	3.2	4.4	4.2	0.1	0.1	-
Final consumption of households	-0.7	1.4	3.8	4.1	1.3	0.0	-
Final consumption of general government	2.8	1.6	2.0	0.2	-1.4	-0.7	-
Gross fixed capital formation	-10.5	3.6	0.7	3.5	0.6	-1.0	-
Exports of goods and services	-16.5	14.2	6.5	6.8	7.5	0.0	-
Imports of goods and services	-17.6	16.0	4.8	5.8	7.6	0.4	-
Gross real disposable income of households	-0.2	2.2	3.4	4.0	1.3	-0.4	-
Output gap (% of the potential output)	-7.7	-6.4	-5.7	-5.8	0.0	0.0	-
Labour market							
Employment, based on ESA 95 (annual percentage change)	-2.4	-1.3	0.4	0.4	-0.1	-0.1	-
Unemployment rate, LFSS-based (%)	12.1	14.0	13.6	13.3	1.4	1.1	-
Balance of payments							
Economic openness (% of GDP)	139.8	154.0	154.9	157.1	13.3	14.3	-
Balance of trade (% of GDP)	1.9	1.2	2.2	2.6	1.5	1.0	-
Balance of services (% of GDP)	-2.0	-1.6	-1.3	-1.1	-0.1	0.0	-
Current account (% of GDP)	-3.2	-3.2	-1.6	-0.7	1.2	0.6	-
Current and capital account (% of GDP)	-2.5	-1.6	0.3	1.1	0.5	0.3	-

Source: NBS.
Note: LFSS stands for Labour Force Sample Survey.