Economic and Monetary Developments

Summer 2021

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Contents

Abbreviations

CPI	Consumer Price Index
EA	euro area
ECB	European Central Bank
EC	European Commission
EME	emerging market economy
EONIA	euro overnight index average
ESA 2010	European System of Accounts 2010
ESI	Economic Sentiment Indicator (European Commission)
EU	European Union
EUR	euro
EURIBOR	euro interbank offered rate
Eurostat	statistical office of the European Union
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
IPI	industrial production index
MFI	monetary financial institution
MF SR	Ministry of Finance of the Slovak Republic
MTF	NBS's Medium-Term Forecast (published on a quarterly basis)
NACE	Statistical Classification of Economic Activities in the European Community (Rev. 2)
NBS	Národná banka Slovenska
NEER	nominal effective exchange rate
NFC	non-financial corporation
OECD	Organisation for Economic Co-operation and Development
p.a.	per annum
p.p.	percentage point
PMI	Purchasing Managers' Index
REER	real effective exchange rate
SME	small and medium-sized enterprise
SO SR	Statistical Office of the Slovak Republic
ÚPSVR	Ústredie práce, sociálnych vecí a rodiny – Central Office of Labour, Social Affairs and Family
USD	US dollar
VAT	value-added tax

Symbols used in the tables
. – Data are not yet available.
- – Data do not exist / data are not applicable.
(p) – Preliminary data

1 Summary

The global economic recovery has been stronger than expected. The rebound in global trade is being led by China and the United States; China's GDP growth has already returned to its pre-crisis path, and US GDP growth is very close to that point. This is all highly beneficial for Slovakia and its export performance, given the country's strong reliance on manufacturing industry and its integration in global supply chains. The Slovak economy has been supported by the global economy's impetus. This was seen again in the first quarter of 2021, when domestic GDP contracted more moderately than projected in the Bank's spring 2021 projections. Exports therefore partly offset the negative GDP growth contribution from the crisis-affected domestic side of the economy.

Compared with the spring 2021 projections, the outlook for the Slovak economy has not changed significantly. GDP is expected to reach its pre-crisis level in the second half of this year. On the back of an improving epidemiological situation and the easing of pandemic containment measures, consumer demand is picking up and is expected to be the main driver of the recovery over the next two years.

The economy is projected to grow by 4.5% in 2021 and even faster in 2022, by 5.9%. Foreign demand, which has recently been the main driver of Slovakia´s GDP growth, is projected to soften moderately owing to supply bottlenecks. Investment is expected to start picking up amid the increasing use of EU funds and the implementation of Slovakia's recovery and resilience plan (RRP) for accessing funds from the EU's Recovery and Resilience Facility (RRF). This is also why the economy is expected in 2023 to finish recouping its crisis-related losses and to return to the growth path projected before the crisis.

The GDP growth projection for 2021 has been revised down slightly from the spring projection, reflecting mainly better than expected figures for last year and also this year. A slower rate of growth will still suffice to return the economy to its pre-crisis level within roughly the same period of time. It is partly caused, however, by a shortage of intermediate inputs and an increase in all commodity prices. Plant shutdowns and lower household purchasing power will slightly dampen the recovery.

A key assumption underlying the projections is the continuing roll-out of vaccines. If the government's target to have 60% of the population vaccinated by the end of the third quarter were not met, the situation would be appreciably worse and our adverse scenario might then materialise. In that scenario, outbreaks of infection would spread and result in the imposition of localised containment measures. The economy's return to its pre-crisis level would therefore be delayed until summer 2022 and there would be significant permanent losses in living standards.

The labour market situation has deteriorated slightly since the end of last year. Public sector employment has surprised on the downside. On the other hand, public support measures have helped retain jobs. The easing of pandemic containment measures has been accompanied by rising recruitment, including in those sectors hardest hit by the crisis. Employment is projected to increase gradually, while wages are expected to accelerate strongly in line with increases in the number of hours worked and in labour productivity.

Inflation will be affected by problems in the supply of almost all intermediate inputs and by accelerating commodity prices. The headline inflation rate is expected to peak at three per cent in early 2022. Cost factors will pass through directly to prices of food and automotive fuel. Prices of other inputs will have only a partial, lagged impact on consumer prices. Firms are absorbing some of the higher costs by cutting margins. Headline inflation is projected to accelerate in 2022, with administered price increases and rebounding consumer demand having an upward impact. After the effect of cost factors has faded, inflation is expected to moderate slightly in 2023.

On the fiscal front, a revision of pandemic-related expenditure will increase the general government deficit in 2021. However, compared with last year, the deficit is expected to be only moderately higher. Public debt will also edge up. Subsequent years should see an improving fiscal performance and debt stabilisation.

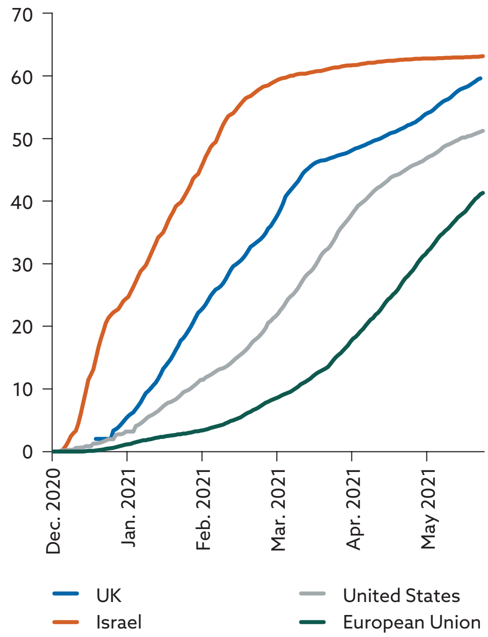
The main risk to the outlook for the real economy is the downside risk of weaker than expected growth. There is greater uncertainty about the short-term outlook, largely relating to the progress of the pandemic crisis and shortages of intermediate inputs. The main risk to the inflation forecast is the upside risk of higher input prices passing through to final consumer prices.

2 Current macroeconomic developments in the external environment and Slovakia

2.1 External environment

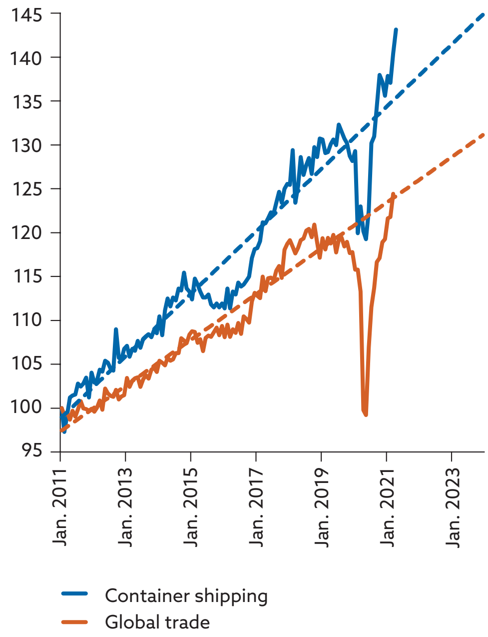
In the first quarter of 2021 the global economy remained afflicted by the pandemic crisis. In those countries not severely affected by the coronavirus (COVID-19) pandemic and those with a high vaccination rate, economic recovery continued. As progress in the roll-out of vaccines (Chart 1) has brought an easing of containment measures also in other regions, economies have been rapidly recovering. Demand has gradually increased, and the volume of global trade has returned to its inter-crisis (2011–19) trend path. Container shipping trends are pointing to further growth in global trade activity (Chart 2).

Chart 1
Percentage of the population that has received at least one dose of a COVID-19 vaccine



Source: Macrobond.

Chart 2
Global trade and container shipping – actual data and the 2011–19 trend (index: 1 January 2011 = 100)

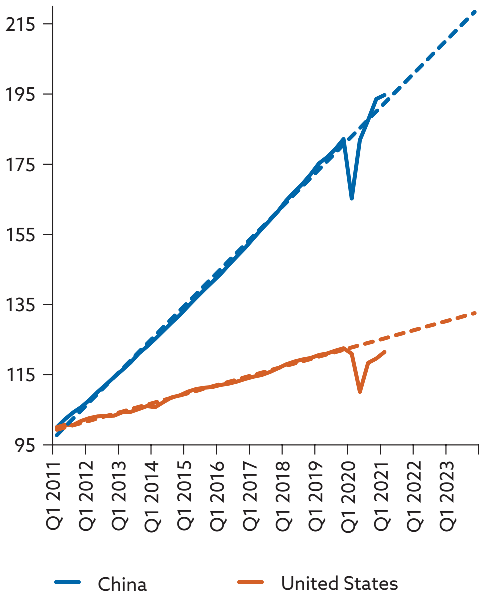


Source: Macrobond.

One of the fastest recovering economies is China (Chart 3), which has not been so severely affected by the pandemic. Its upturn has been supported by rapid and rigorous public support measures. By the end of 2020 China's GDP was back to just above its inter-crisis trend level. In the United States, too, economic activity is returning to trend relatively quickly (Chart 3) on the back of hefty fiscal stimulus and quick vaccination roll-outs. Furthermore, it may be expected that the assistance that households received from public budgets in the first quarter of this year will also support consumer demand in the second quarter. It is also envisaged that public support measures in the United States will have a positive impact on global activity. Purchasing Managers' Indices (PMIs) are indicating the continuation of strong economic growth, mainly in advanced economies and above all in the United States (Chart 4).

Chart 3

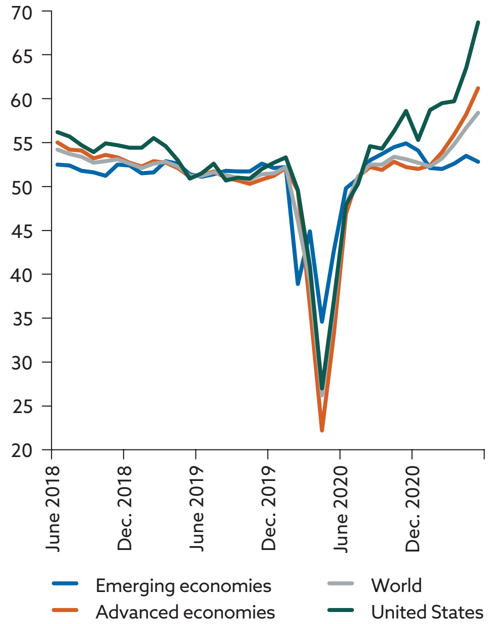
GDP figures for China and the United States – actual data and the 2011–19 trend (index: Q1 2011 = 100)



Source: Macrobond.
Note: The linear trend is shown for illustrative purposes.

Chart 4

Purchasing Managers' Indices

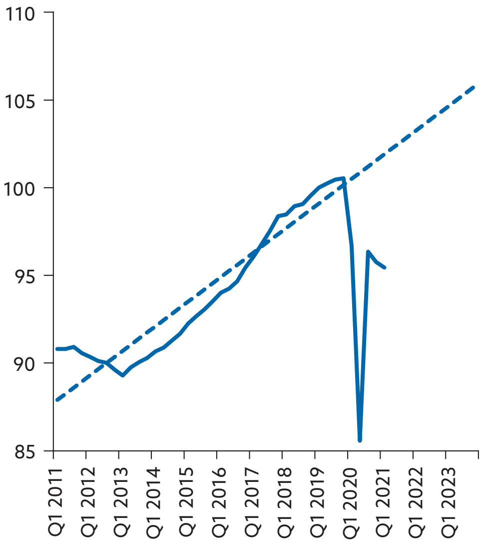


Source: Macrobond.

In the euro area, the sluggish roll-out of vaccination programmes and the pandemic's second wave have severely hampered the economic recovery. The euro area economy slid into a technical recession in the first quarter, as GDP declined by 0.3%, quarter on quarter, (Chart 5) after falling by 0.7% in the fourth quarter of 2020. Pandemic containment measures stifled domestic demand, in particular private consumption, which recorded a further decline. At the same time, the economy was confronted with a shortage of intermediate inputs, and not only in manufacturing industry. A global shortage of semiconductors had an adverse impact, especially on the manufacture of motor vehicles. Production was therefore unable to keep up with demand, and this problem has continued in the second quarter, with surveys indicating a rising number of unmet orders. The mismatch between strong demand and struggling supply may also have an impact on price developments. This, along with rising prices of inputs (energy and non-energy commodities, metals, construction timber), is having an upward impact on selling price expectations (Chart 6).

Chart 5

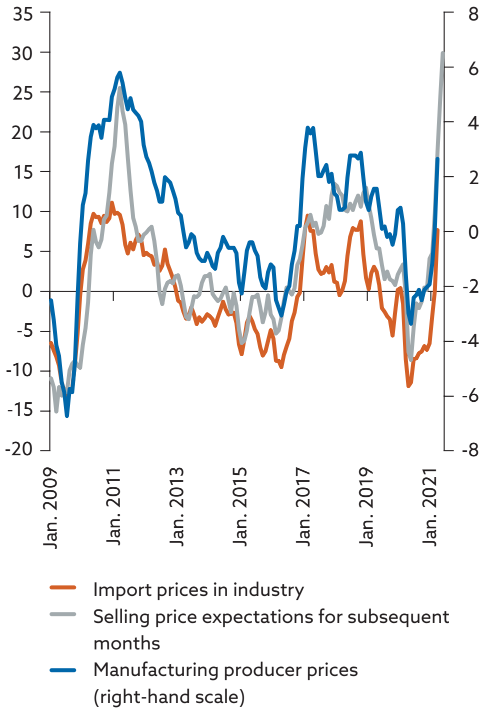
Euro area: GDP – actual data and the 2011–19 trend (index: Q1 2019 = 100)



Source: Macrobond.
Note: The linear trend is shown for illustrative purposes.

Chart 6

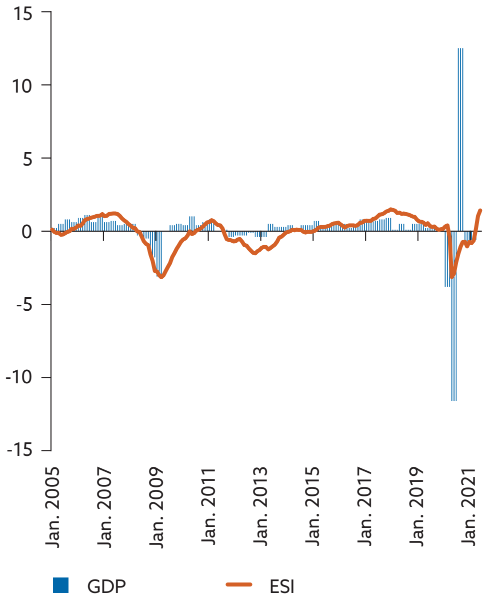
Euro area: industry prices and price expectations (annual percentages changes; percentage balances)



Source: Macrobond.

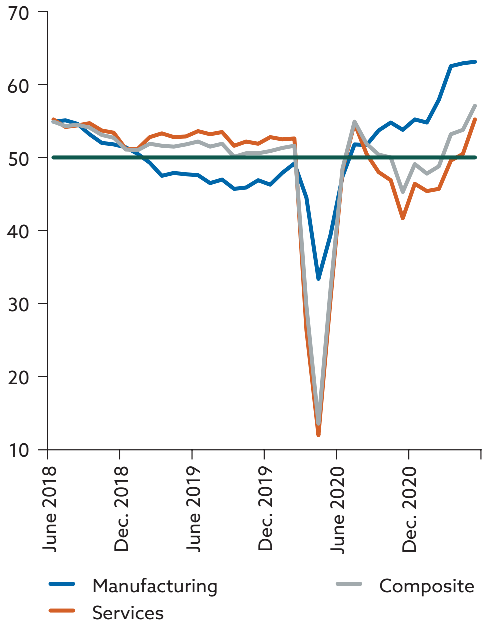
Leading indicators suggest that the euro area economy will experience a relatively strong recovery in coming quarters, buoyed by the ongoing strength of global demand and by the economy's gradual reopening. The services sector should be the principal beneficiary of these developments. The Economic Sentiment Indicator (ESI) for the euro area rose strongly in May, climbing above pre-crisis levels (Chart 7). Confidence improved in all sectors and most notably in services. Similar trends are shown by the final composite Purchasing Managers' Index for the euro area, which in May reached its highest level in more than three years (Chart 8). The increase in new orders was the largest since June 2006. The PMI's rise was driven mainly by the acceleration of growth in services. Manufacturing output growth remained highly elevated.

Chart 7
Euro area: Economic Sentiment Indicator (standardised) and quarterly GDP growth (percentages)



Sources: Macrobond, and NBS calculations.

Chart 8
Euro area: Purchasing Managers' Index (a level of 50 indicates economic stagnation)

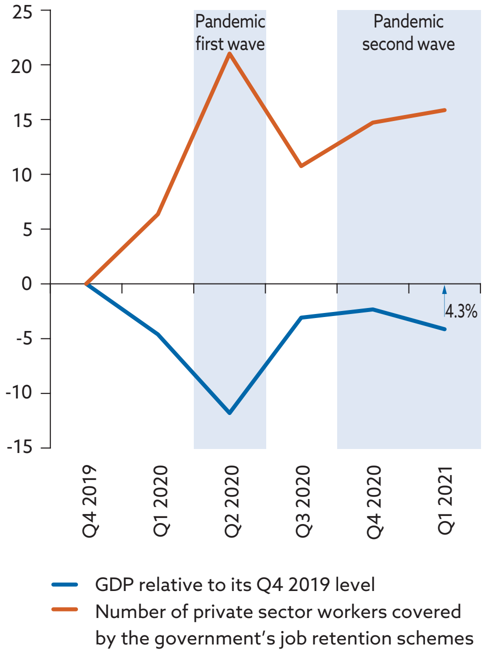


Source: Macrobond.

2.2 Slovakia

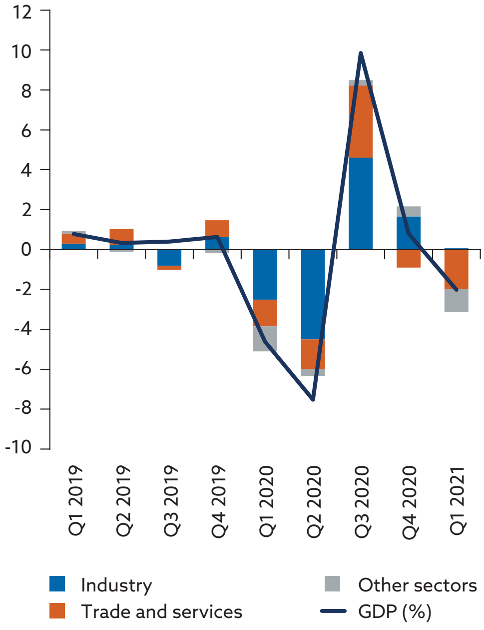
The losses recorded by the Slovak economy in the early part of 2021 were smaller than expected. Although the pandemic's second wave was more prolonged than the first wave, its impact on the economy was more moderate (Chart 9). The difference lay in global trade, which during the second wave, unlike the first wave, functioned almost without restriction. Hence Slovak industry was able to maintain production levels and meet demand for its goods. In this context, it should be noted that the pandemic crisis has caused households' consumption of goods to increase at the expense of their consumption of services. As for the labour market, it likewise was less severely affected by the second wave than by the first wave of the crisis in spring last year. Firms used the government's job retention schemes to a lesser extent during the second wave than they did during the first wave.

Chart 9
Current state of the economy and labour market (difference vis-à-vis Q4 2019; percentages)



Sources: SO SR, and NBS calculations.

Chart 10
GDP broken down by sector (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS calculations.

The high level of infections and stringent lockdown measures throughout the first quarter of 2021 made the situation in the trade and services sectors much harder; hence, compared with the previous quarter, the economy contracted by 2.0% (Chart 10). The impact of sharply falling domestic demand was only partly offset by favourable developments in foreign trade (Chart 11). In April the epidemiological situation improved to the point that most of the containment measures could be eased. This resulted in an almost immediate surge in retailers' revenues, as shown by data collected from electronic cash registers. As mobility increased, so the situation in the services sector also gradually improved. The consumption recovery is apparently, however, being hampered by supply bottlenecks in industry.

Slovak exports reached all-time monthly highs in the first quarter, amid rising demand for goods produced in Slovakia. Carmakers were, as usual, in the vanguard of the country's export growth, and their uptrend supported related sectors: machinery and equipment, electronics, and metal manufacturing. Looking at the breakdown of exports by destination, there was a pick-up in exports to EU countries, where the pandemic situation was gradually improving amid increasing vaccination coverage rates. With industry gaining momentum, imports started to rebound from weak levels; as a result, the trade surplus decreased. The main area of import growth was in intermediate imports for industry, which partly reflected front-loading of imports in anticipation of future supply problems. On the other hand, the shutting down of most brick-and-mortar stores had a downward impact on consumption goods imports.

Component supply bottlenecks across the world affected Slovak industry in April 2021. Most of the country's large manufacturers even had to suspend production to a greater or lesser extent. The producers' uncertainty resulted in a deterioration of industry confidence in May. On the one hand, the pandemic situation is improving throughout the world, supported by rising vaccination rates; on the other hand, the situation surrounding future component supplies is highly problematic and represents an increasing downside risk to the economic outlook.

Households saw their income rise marginally even during the pandemic's second wave; however, they had far fewer opportunities to spend their income. With industry performing better during the second wave than it did during the first wave, wages continued to grow. As for households employed in the sectors worst affected by the pandemic crisis, the government's job retention schemes helped maintain their income levels, as did pandemic-related sickness allowance and carer's allowance payments. These social benefits partly compensated for lost labour income. Because of the spending constraints resulting from containment measures, the household saving ratio climbed to a historical high.

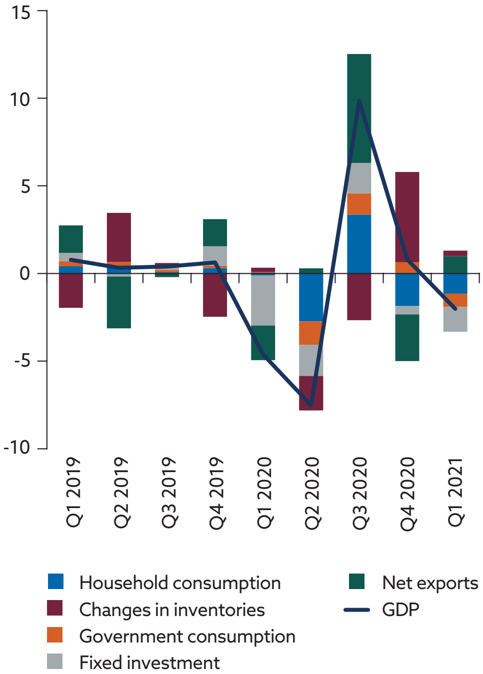
There is a big question mark over how households will allocate the savings they have been accumulating. Increases in bank account balances have been observed mainly among people with lower balances. These people may gradually increase their spending and so boost consumer demand. What is clear, however, from the Bank's survey of indebted households,[1] is that the middle-income group is inclined to maintain a higher financial buffer even after the pandemic crisis has passed.

With people spending a greater amount of time at home, spending on food and housing increased in the first quarter of 2021, while other consumption expenditure fell sharply (Chart 12). Consumption trends in the first quarter reflected the greater use of remote working and the constraints on people's mobility. Faced with the closure of most brick-and-mortar stores, people to some extent increased their use of online shopping. At the same time, however, they deferred many purchases, in particular those of costlier durable goods. Because of the shutdown of many service provid-

1 See the NBS Analytical Commentary entitled "Prieskum zadlžených domácností: ako sa im darí po skončení moratória?" (Survey of indebted households: how are they doing after the expiry of moratoria).

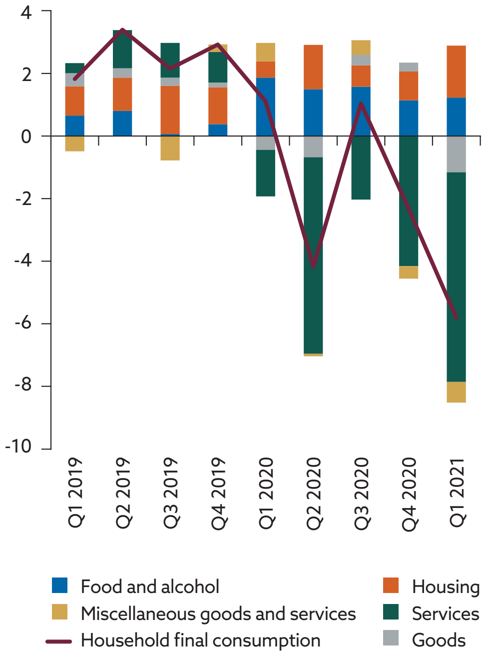
ers, consumption of services plummeted during the first quarter. In the end, household consumption fell slightly below its level during the pandemic's first wave, as projected in the Bank's spring forecast.

Chart 11
GDP in Slovakia and its components (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS calculations.

Chart 12
Household consumption broken down by Classification of Individual Consumption According to Purpose (COICOP) (constant prices; annual percentage changes; percentage point contributions)



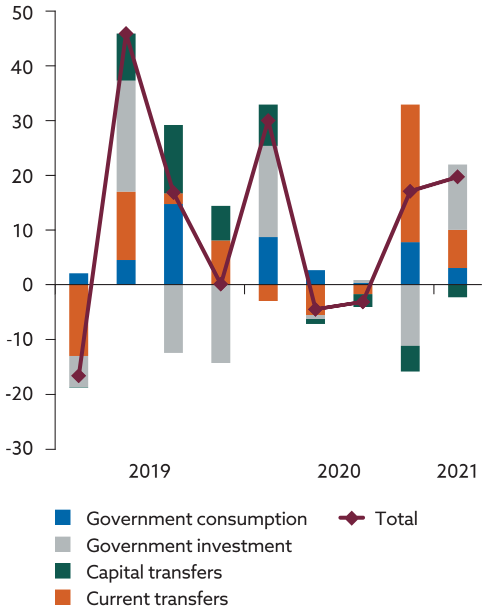
Sources: SO SR, and NBS calculations.

Like households and the government, firms have continued to keep investment expenditure to a minimum. Despite relatively stable foreign demand and uninterrupted production, firms were further reining in their investment activity in the first quarter of 2021. With other sectors taking the same approach, the share of fixed investment in GDP fell to an all-time low. After falling in the latter part of 2020, public investment continued to decline. As the economy has reopened, however, signs of recovery can already be seen. At the start of year, investment activity was severely curtailed, but as early as March it was gradually beginning to pick up. Deliveries of railway rolling stock that had been postponed were finally made, and local authorities stepped up their construction activity.

Data for the first quarter of 2021 confirmed that government consumption in monetary terms was lower than at any time since 2012. After two years of double-digit indexed growth, public sector wages increased far more slowly in the first quarter; however, their growth rate was still higher than 3% despite no indexed increase. The pandemic crisis and economic shutdown was reflected in temporarily lower health insurance expenditure and non-tax revenues and in savings on goods and services expenditure.

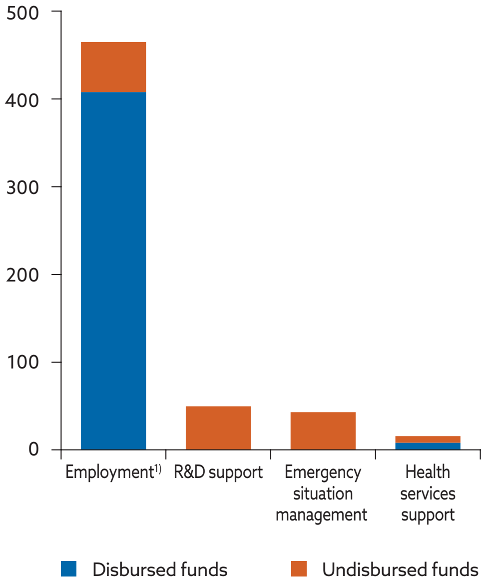
The total amount of domestic expenditure financed with EU funds recorded relatively strong growth in early 2021 (Chart 13). This increase was largely based on the use of EU funds for transport projects and for pandemic-related job retention schemes. In April, however, following the expiry of the job retention support and with relative stagnation in other operational programmes subject to co-financing by the EU, the use of European structural and investment funds declined in year-on-year terms. A total of €0.6 billion in EU funds have been allocated to Slovakia to help the economy overcome the effects of the pandemic crisis, and more than two-thirds of those funds have already been used. Most (80%) of these funds have been used to fund job retention schemes, while the rest has been targeted at R&D support and purchases of medical supplies and equipment (Chart 14).

Chart 13
Absorption of EU funds in Slovakia (annual percentage changes)



Sources: Ministry of Finance of the Slovak Republic, State Treasury, and NBS calculations.
Note: Adjusted for transfers to financial instruments and for assistance to entrepreneurs in the form of loan guarantees.

Chart 14
COVID-19-related programmes in Slovakia co-financed by the EU (EUR millions)



Sources: NBS, and ITMS 214+.
1) Including the integration of marginalised communities.

The labour market situation became slightly worse in the first quarter of 2021. The number of people in employment declined more in the public sector, but also in the trade and services sectors (Chart 16). Employment in central government fell slightly. Local authorities were making less use of activation works and laid off some people owing to the expiry of certain EU-funded projects. Despite the availability of public support in the form of wage cost compensation, a number of firms in the trade and services sectors went out of business and had to lay off their staff. Amid the persisting uncertainty, firms were hiring sole traders to a greater extent (Chart 15). The layoffs not only swelled the ranks of the unemployed, but also increased the inactive population. Some people remained at home to care for other members of their household. The number of discouraged workers increased during the pandemic's second wave.

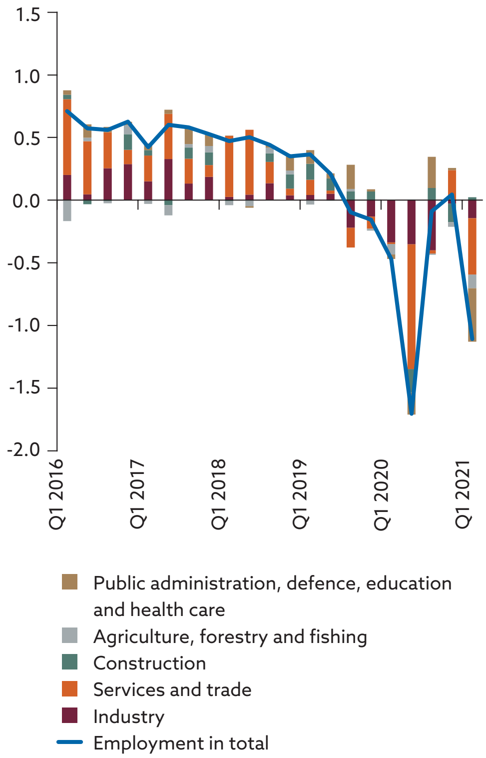
Chart 15

Employment (quarter-on-quarter percentage changes; percentage point contributions)

Sources: SO SR, and NBS calculations.

Chart 16

Employment by sector (annual percentage changes; percentage point contributions)



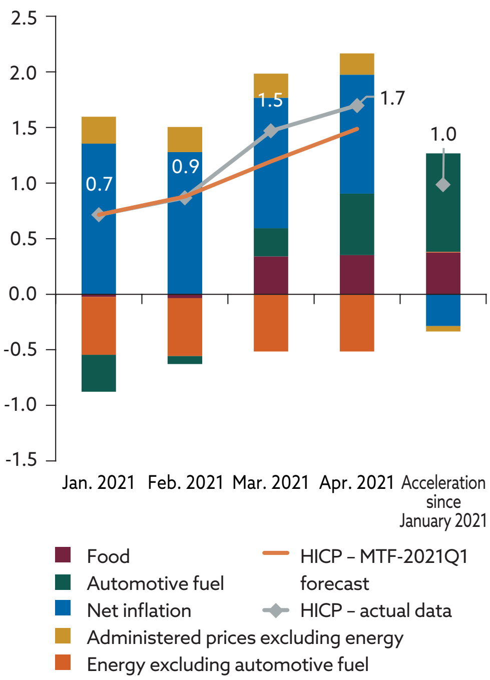
Sources: SO SR, and NBS calculations.

Annual wage growth slowed in the first quarter, in line with a decrease in the number of hours worked. Non-standard factors had a significant impact on wage developments. The government continued its policy of compensating private sector wage costs, so moderating the pandemic's adverse impact on firms' balance sheets and performance and ensuring the retention of as many jobs as possible. Even during the pandemic's second wave, there was a high uptake of crisis-related sickness allowance and carer's allowance payments. Abstracting from these factors, private sector wage growth was slightly lower than labour productivity growth. Firms facing reduced revenues were optimising their expenditure, and their profitability increased sharply even amid relatively high wage growth.

Inflation is accelerating faster than expected (Chart 17), but input prices are not yet passing through to final consumer prices. Current price developments reflect mainly the movement of oil and cigarette prices. External factors in the form of the current elevated increases in all input prices are for the time being only a risk to the inflation outlook.

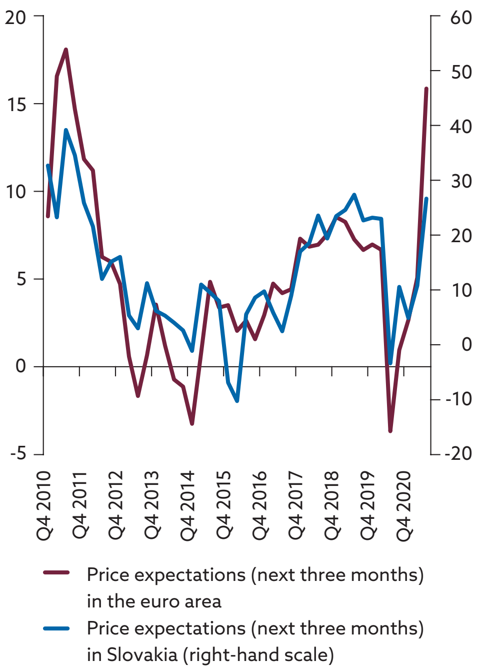
Net inflation has moderated temporarily since the beginning of the year. The rates of increase in services prices and non-energy industrial goods prices have continued to slow. Because of pandemic-related business shutdowns, prices of several consumer basket items have had to be imputed. The gradual easing of containment measures will give a more realistic picture of price developments and ensure that price formation more closely reflects economic factors. The short-term outlook for net inflation is subject to an upside risk. Services inflation could come under upward pressure from, in particular, accumulated costs not covered by revenues. In manufacturing industry, costs are rising because of increasing input prices. This represents an upside risk to producer prices, which could result in the acceleration of industrial goods inflation. The high probability that these factors will pass through to consumer prices is evident from price expectations in the retail trade sector (Chart 18).

Chart 17
Decomposition of the acceleration of inflation since January 2021 (percentage point contributions)



Sources: SO SR, and NBS calculations.

Chart 18
Retail trade confidence indicator (percentage balances)

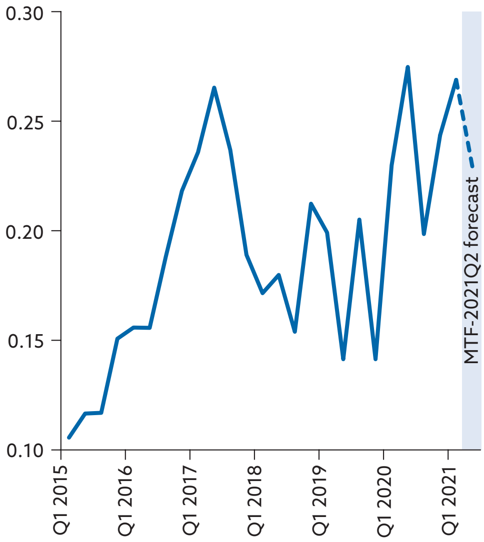


Sources: SO SR, and Macrobond.

Financial conditions in Slovakia were eased further in the first quarter of 2021 and supported the economy. For households, the cost of borrowing decreased, while housing prices and total loans continued to increase. On the other hand, the yield curve became steeper (Chart 20) amid a global increase in yields that stemmed from an improving economic outlook and, relatedly, changing inflation expectations. The estimated value of the financial conditions index for the second quarter indicates the continuation of favourable financing conditions for all sectors (Chart 19).

Chart 19

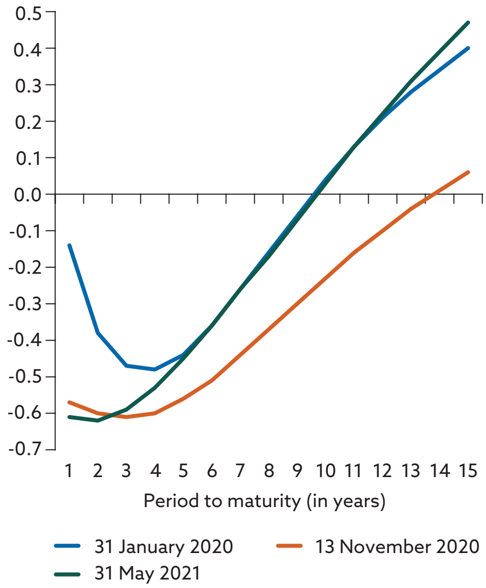
Financial conditions index[2]



Source: NBS calculations.
Note: The value of the financial conditions index for the second quarter of 2021 is an estimation. A higher positive value denotes more accommodative conditions.

Chart 20

The yield curve (percentages per annum)



Source: NBS calculations.

The financial sector remained in sound condition during the pandemic's second wave and supported the recovery of economic activity. Banks eased credit standards for the household sector. At the same time, lending to non-financial corporations was helped by moratoria on loan repayments and by public loan guarantee schemes.

During the pandemic crisis, firms have relied heavily on banks in dealing with liquidity shortages resulting from falling revenues. Government-guaranteed loans have been a major support to lending activity in the sectors hardest hit by the crisis, helping mainly small and medi-

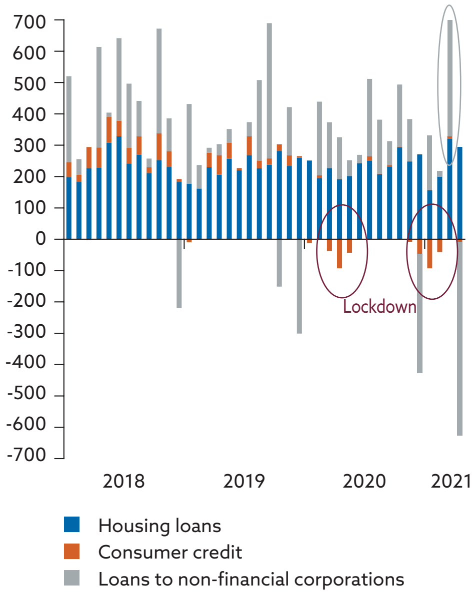
[2] The financial conditions index is an application of an approach presented in Kupkovič, P. and Šuster, M., "Identifying the Financial Cycle in Slovakia", *NBS Working Paper*, No 2, Národná banka Slovenska, Bratislava, 5 February 2020.

um-sized enterprises. At the same time, banks have significantly increased their lending to other firms, too.

Growth in loans to households for house purchase has maintained a solid pace, supported by low interest rates and rising housing prices. Furthermore, households are to an increasing extent refinancing their loans and raising the outstanding amount in the process. Consumer credit has continued to decline, partly because of the lockdown (Chart 21). With spending opportunities greatly reduced by business shutdowns, households were less inclined to take out loans during the lockdown.

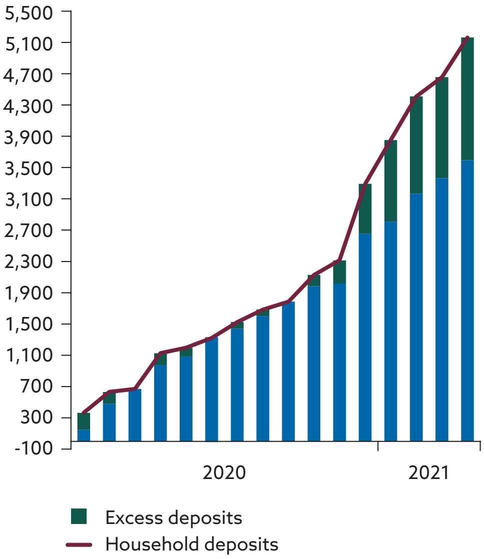
Households' excess savings[3] have been gradually building up since the end of 2020 (Chart 22). Amid business closures and falling consumption during the pandemic's second wave, households have accumulated around €1.6 billion worth of excess savings, which as a share of annual household final consumption represents approximately 3%.

Chart 21
Lending (EUR millions)



Source: NBS calculations.

Chart 22
Growth in household deposits (EUR millions)



Source: NBS calculations.

[3] Excess savings estimated as the difference between the actual increase in bank deposits and the average increase for the five years prior to the pandemic crisis.

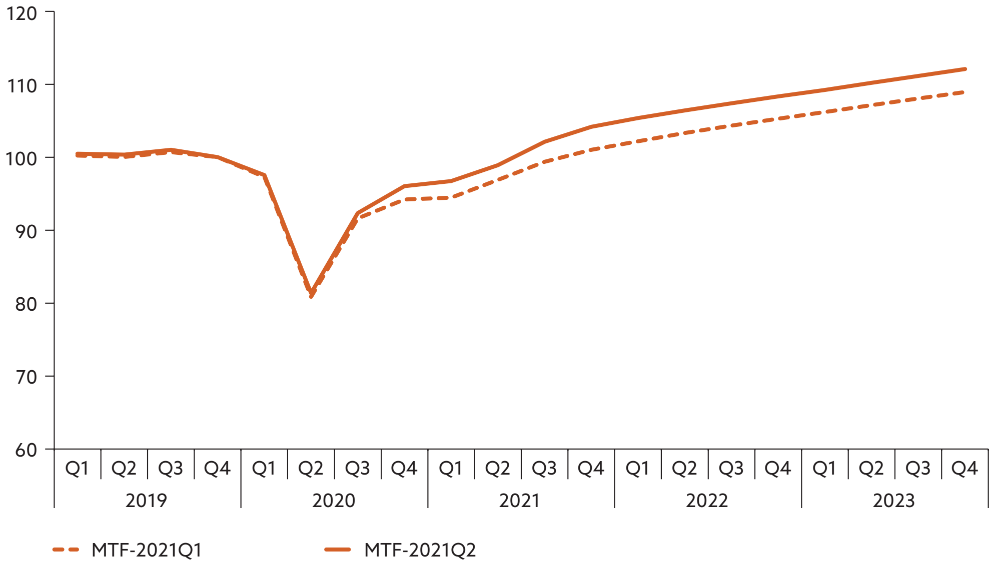
3 Medium-term forecast

3.1 Global outlook and technical assumptions of the forecast[4]

Strongly recovering global demand has had a favourable impact on the foreign demand outlook for the projection period. Developments in the first quarter of 2021 were adversely affected by the pandemic's second wave, resulting in a temporary slowdown in foreign demand growth. With the pandemic situation improving and with containment measures being gradually unwound, trading partners' demand for Slovak exports during the rest of this year is assumed to pick up more strongly than foreseen in the previous forecast. After falling in 2020, foreign demand is therefore assumed to return to its pre-crisis trend. A downside risk to this assumption is the persisting supply bottlenecks for various components and raw materials.

Foreign demand for Slovak exports is assumed to climb by more than 9% in 2021 after declining in the previous year (Chart 23). Thereafter, its growth rate is assumed to moderate to 6.4% in 2022 and 3.5% in 2023.

Chart 23
Foreign demand (index: Q4 2019 = 100)



Source: NBS calculations.

4 The technical assumptions of this Medium-Term Forecast are based on the June 2021 Eurosystem staff macroeconomic projections for the euro area.

The technical assumptions of this forecast also include large rises in commodity and input prices. This affects a whole spectrum of commodities, transportation and logistics. The other technical assumptions are largely unchanged from the spring forecast.

Table 1 External environment and technical assumptions (annual percentage changes, unless otherwise indicated)

	Actual data	MTF-2021Q2			Difference vis-à-vis MTF-2021Q1		
	2020	2021	2022	2023	2021	2022	2023
Slovakia's foreign demand	-8.6	9.4	6.4	3.5	1.8	0.4	-0.2
USD/EUR exchange rate [1), 2)] (level)	1.14	1.21	1.21	1.21	-0.2	0.1	0.1
Oil price in USD [1), 2)] (level)	42.3	65.8	64.6	61.9	5.5	9.5	9.3
Oil price in USD [1)]	-33.9	55.6	-1.9	-4.1	8.1	3.5	-0.1
Oil price in EUR [1)]	-35.2	47.0	-2.1	-4.1	8.0	3.3	-0.1
Non-energy commodity prices in USD	3.2	39.0	0.1	-8.0	20.0	2.2	-6.6
Three-month EURIBOR (percentage per annum)	-0.4	-0.5	-0.5	-0.3	0.0	0.0	0.1
Ten-year Slovak government bond yield (percentage)	0.0	0.1	0.3	0.5	0.2	0.2	0.3

Sources: ECB, SO SR, and NBS calculations.
Notes:
1) Annual percentage changes and changes vis-à-vis the previous forecast are calculated from unrounded figures.
2) Differences vis-à-vis the previous forecast are in percentages.

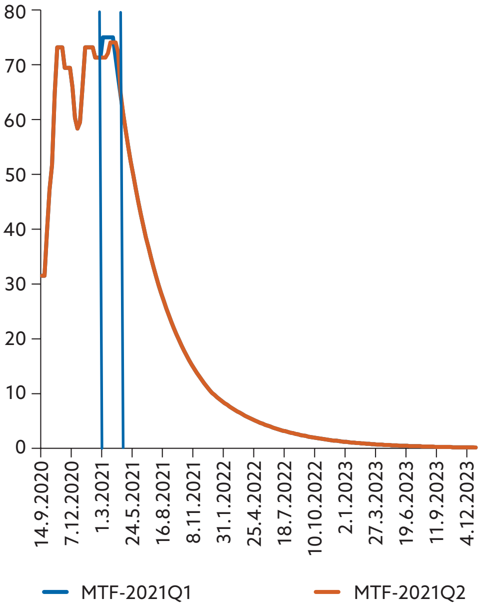
3.2 Macroeconomic forecast for Slovakia

3.2.1 Economic growth

Compared with the March forecast, the economic outlook is largely unchanged. Slovakia's GDP is still expected to overtake its pre-crisis level in the last quarter of this year.

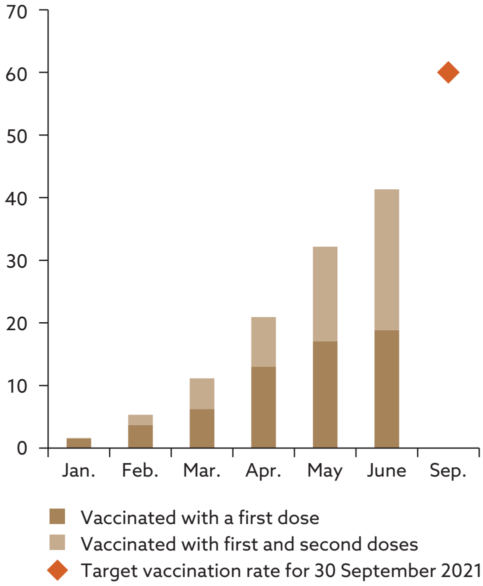
The Slovak economy is projected to grow by 4.5% in 2021. The assumption of an improvement in the epidemiological situation has proved to be correct, and the subsequent period is expected to see a relatively quick reopening of the economy (Chart 24). It remains the case that some of the pandemic containment measures will not be unwound until next year. These, however, are not expected to hamper the rapid pick-up of the economy's domestic side. Economic growth is projected to accelerate to 5.9% in 2022, before easing back to 3.8% in 2023. Despite growing more slowly in 2023, the economy is projected to resume to its pre-crisis path in that year (Charts 26 and 27).

Chart 24
Stringency of pandemic containment measures (Oxford Stringency Index)



Sources: Oxford University, and NBS calculations.

Chart 25
Vaccination rate against COVID-19 (as at end-May) (percentages)

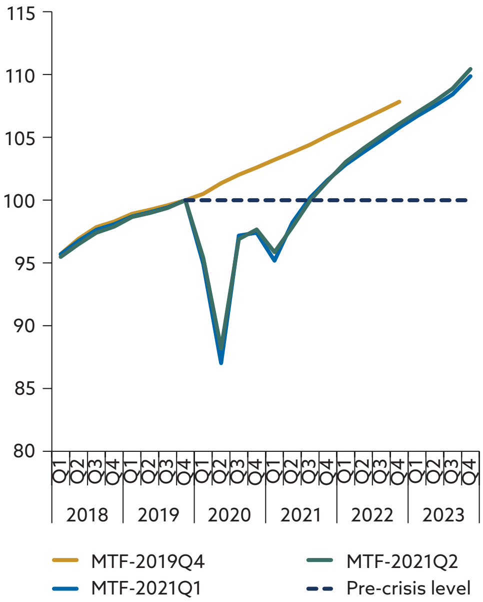


Sources: Our World in Data, SO SR, and NBS calculations.
Note: The June figure for the percentage of the population vaccinated with a first and second dose includes the number vaccinated as at end-May and the number registered for a first dose as at that date.

These projections are strongly contingent on the pace of vaccination roll-out. The number of people vaccinated against COVID-19 is still quite far short of the government's target to have 60% of the population vaccinated by the end of the third quarter of 2021 (Chart 25). But unless a high share of the population is vaccinated, a return to normal life in the near term will be unattainable. If the vaccination campaign is not successful, a third wave of the pandemic will very likely appear in the autumn, necessitating the reimposition of stringent containment measures and resulting in the further delay of the economy's return to its pre-crisis level. Therefore, an adverse scenario is also considered in this forecast.

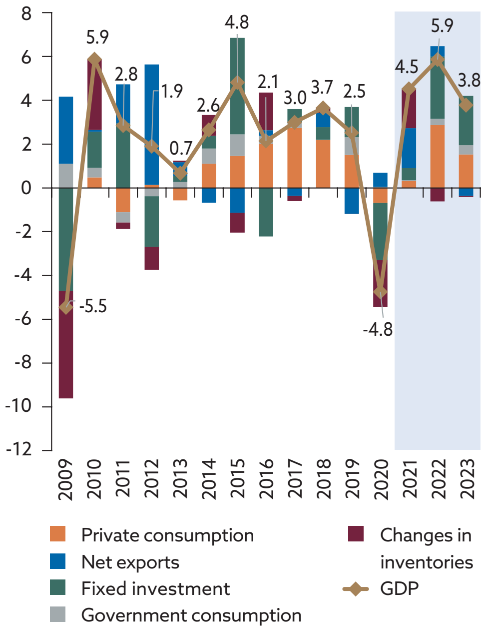
Among the adverse repercussions that will be seen this year is a shortage of inputs and therefore high prices of the same. On the one hand, Slovak industry has been benefiting from the pick-up in global demand led by the United States and China. On the other hand, severe shortages of inputs have started to appear and input prices are therefore rising. This will weigh on industrial production, export performance and domestic consumption in 2021. Regarding the problem of semiconductor supply bottlenecks, we do not know how deep the problem is, so it is quite difficult to gauge how long it will last.

Chart 26
GDP projections (index: Q4 2019 = 100)



Source: NBS calculations.

Chart 27
GDP and its components (annual percentage changes; percentage point contributions)



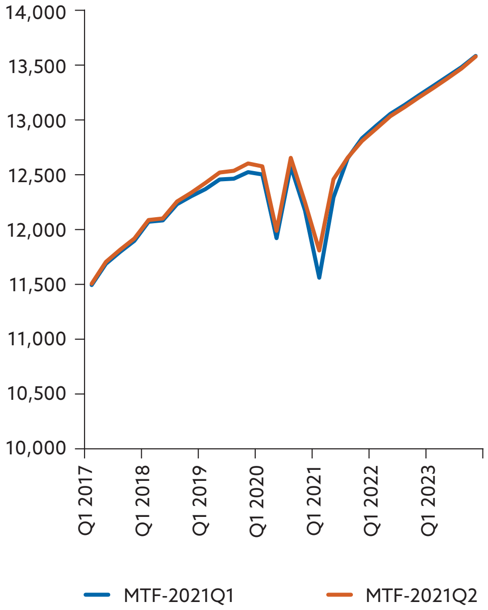
Source: NBS calculations.

Industry is facing a shortage of inputs, which this year will hamper the export of goods from Slovakia. Component supply bottlenecks have resulted in temporary plant shutdowns in the automotive industry. This information is factored into the projection for export performance in the second quarter of this year. Thereafter, we expect some of the lost ground to be recouped before the end of the year; nevertheless, component supplies are not expected to return to normal until next year. The expansion of car industry production is expected to have a positive impact towards the end of the projection period and to increase the market shares of carmakers based in Slovakia.

Private consumption will be a key element in the recovery of domestic demand. In the early part of 2021, private consumption was considerably subdued by the impact of stringent pandemic containment measures. Even so, consumption figures were better than projected (Chart 28). As the economy gradually reopened, household consumption started to increase and is expected to return relatively quickly to the path projected in the previous forecast. Since consumption was more resilient than expected earlier in the year, its growth will be more moderate than projected in March. It will also be curbed to some extent by accelerating inflation, as that trims households' disposable income. The saving ratio is projected to drop to pre-crisis levels. Accumulated savings remain an upside risk to demand projections (Chart 29).

Chart 28

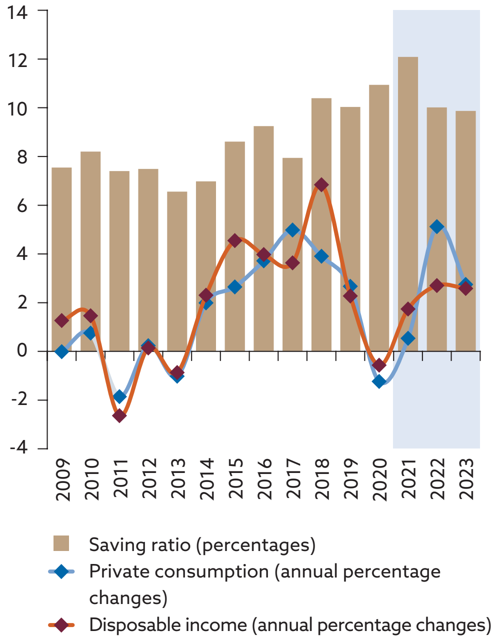
Level of private consumption (EUR millions)



Source: NBS calculations.

Chart 29

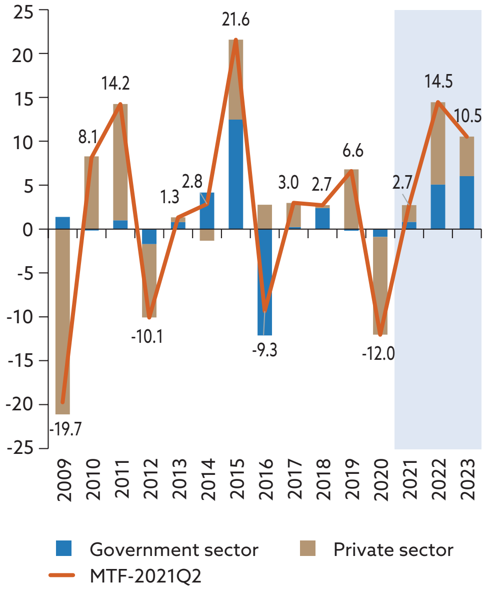
Household income, household consumption and the household saving ratio (annual percentage changes; constant prices)



Sources: SO SR, and NBS calculations.

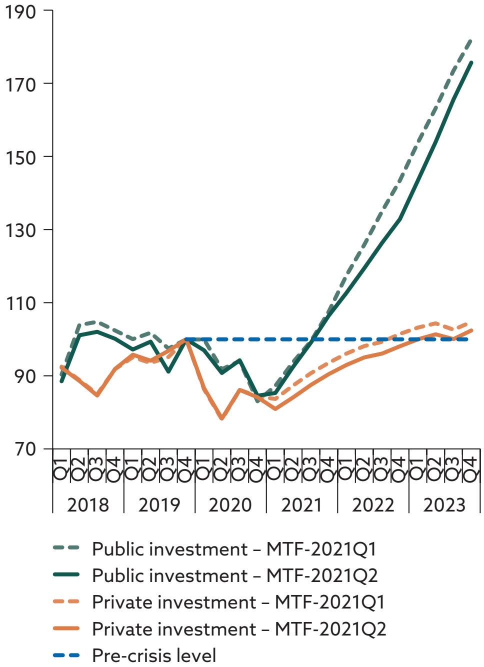
Investment is not expected to recover until 2022 (Chart 30). In the short term, public investment is expected increase faster than private investment, owing to the absorption of EU funds under different programmes. Despite favourable financial conditions, private investment will remain subdued until next year and is not projected to return to its pre-crisis level until early 2023 (Chart 31).

Chart 30
Investment (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS calculations.

Chart 31
Investment (index: Q4 2019 = 100)



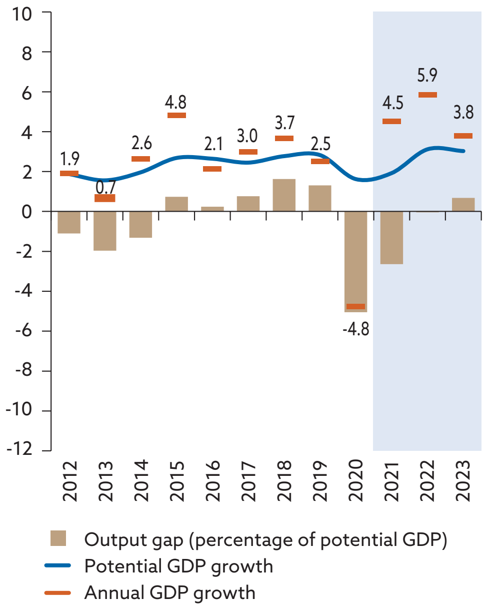
Sources: SO SR, and NBS calculations.

3.2.2 The economy's supply side and cyclical position

The global economy's stronger recovery is contributing significantly to the maintenance of the Slovak economy's productive capacity. The pandemic crisis has, however, resulted in a short-term reduction in productive capacity, mainly in the trade and services sectors. Industry, on the other hand, has benefited from the recovery of foreign demand. In 2020 and 2021 the scope for growth in all production factors has been temporarily reduced, with declines in labour supply and productivity and, above all, in investment activity and hence fixed capital formation. Suppression of the pandemic and the easing of containment measures is expected to result in economic potential gradually returning to close to the levels expected in the pre-crisis period (Chart 32). The Slovak economy's sustainable and sound growth is also expected to be supported by the efficient use of funds from the Recovery and Resilience Facility (RRF), the centrepiece of the EU's Next Generation EU (NGEU) instrument.

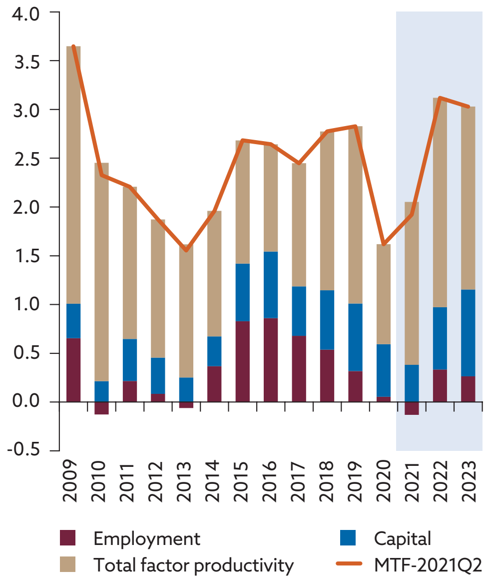
On the demand side, the pandemic crisis has caused the economy to fall below its potential, and this shortfall is projected to run for two and a half years. Following the outbreak of the crisis in the first half of 2020, the economy plunged far below its potential (Chart 33). Both domestic and foreign demand subsequently rallied, but their recovery was checked by the pandemic's second wave during late 2020 and early 2021. The consequent adoption of containment measures reduced demand again and had an adverse impact on the economy's cyclical position. A medical solution in the form of a successful vaccination campaign is expected to lead to the easing of containment measures and a gradual recovery of demand. The economy is projected to return to its equilibrium in mid-2022 and to continue expanding thereafter.

Chart 32
GDP and the output gap (percentages)



Sources: SO SR, and NBS calculations.

Chart 33
Potential GDP (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS calculations.

3.2.3 Funds from the EU budget

Slovakia's net financial position vis-à-vis the EU budget is expected to remain favourable and to increase gradually over the projection period. It is therefore envisaged that Slovakia will gain additional funds to support its development, at an average level of 2.3% of GDP per year (Chart 34). This projection reckons mainly on Slovakia using the relatively large outstanding amount of its allocation under the EU's 2014–2020 budget, starting simultaneously to use its allocation under the 2021-2027 budget, and implementing its recovery and resilience plan (RRP) for accessing RRF funds.

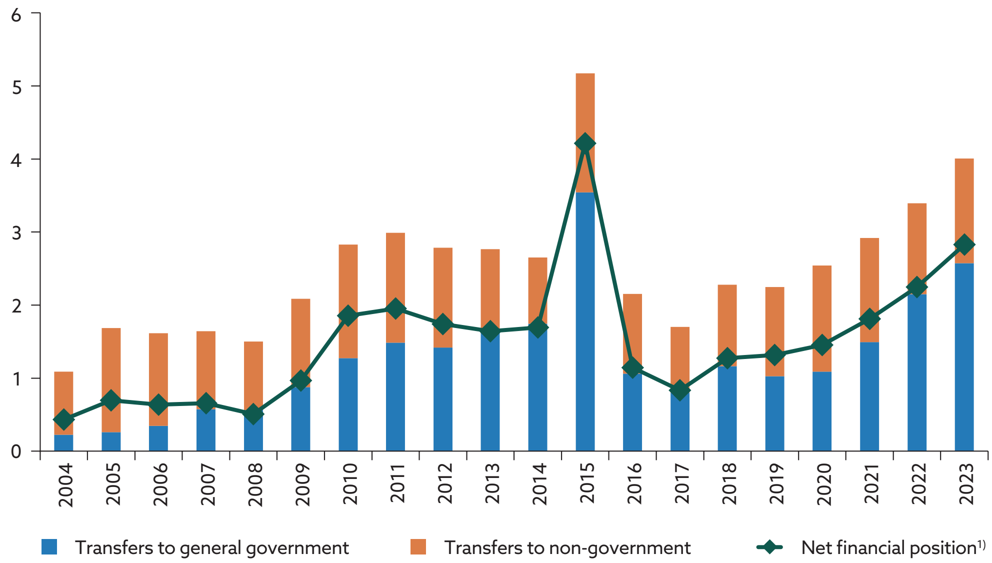
While the 2014–2020 programming period officially ended in 2020, Slovakia has drawn only 43% of the total EU structural and investment funds allocated to it under that budget.[5] The remaining allocation amounts to almost €7.9 billion of funds that can be tapped before the end of 2023, which together with RRF funds will add significant impetus to investment projects in Slovakia.

5 Excluding the Rural Development Programme.

The RRP approved by the Slovak government and submitted to the European Commission envisages Slovakia drawing €6.3 billion from the Recovery and Resilience Facility between 2021 and 2026. The disbursement of these funds is expected to increase gradually over the projection period. By the end of 2023, around one-third of the total allocation is expected to have been used, mainly for public investment projects.

The disbursement of funds allocated to Slovakia under the 2021–2027 budget is expected to involve mainly the provision of subsidies under the EU's Common Agricultural Policy. Funds earmarked for supporting regional development are projected to have a negligible impact, given that the implementation mechanism is set to be phased in gradually and that the more significant calls for the submission of projects will begin only in 2022. At the same time, it is assumed that administrative capacities will be focused as a matter of priority on using up the outstanding allocation under the 2014–2020 budget, and therefore that the initial disbursements under the 2021–2027 budget will proceed more slowly than they otherwise would.

Chart 34
Slovakia's absorption of EU funds and its net financial position (percentages of GDP)

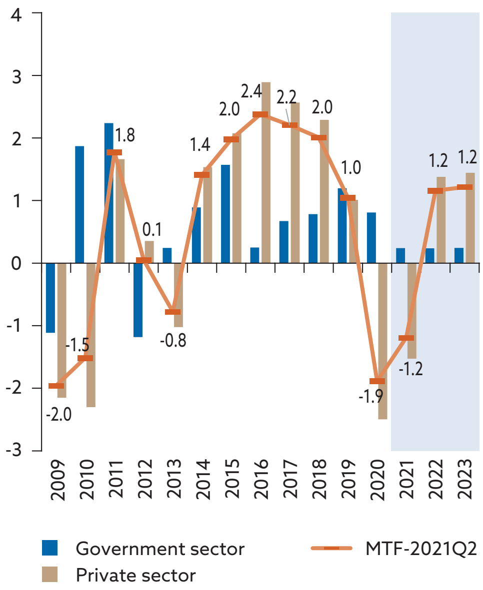


Source: NBS.
1) Net of the EU's own resources collection costs.

3.2.4 Labour market

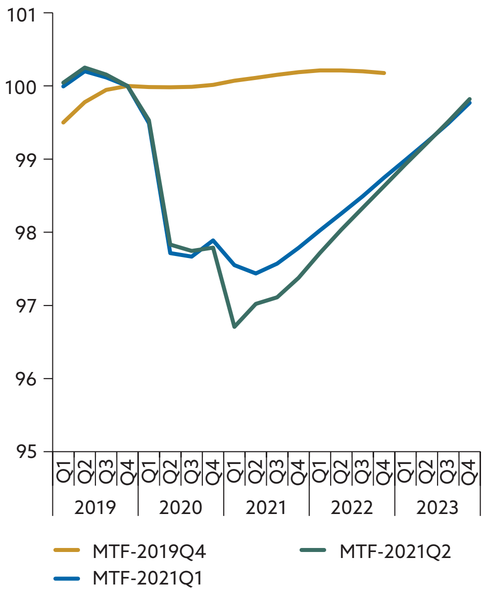
Employment is set to recover more quickly than previously projected (Chart 35). The pandemic's second wave took a toll in the form of job losses in early 2021. In subsequent months, firms are envisaged to be rehiring as the economy reopens (Chart 36). Job creation in the near term is expected to be higher in those services industries that were most restricted by the pandemic containment measures. Some firms, particularly in manufacturing industry, may face temporary shortages of skilled labour. This problem should pass, however, as the pandemic fades and as the recruitment of foreign workers picks up again (following an outflow of these workers during the crisis).

Chart 35
Employment (annual percentage changes)



Sources: SO SR, and NBS calculations.

Chart 36
Employment (index: 2019 average = 100)



Source: NBS calculations.

3.2.5 Prices and labour costs

Nominal wages are projected to grow strongly in subsequent years. In the near term, firms will continue to benefit from fiscal measures aimed at retaining jobs, by receiving compensation for part of their wage costs. The gradual easing of pandemic containment measures will be conducive to stronger wage growth, which nevertheless is not expected to outpace labour productivity growth in the years ahead. The projected higher inflation is expected to be reflected in wage negotiations.

Table 2 Wages (annual percentage changes)

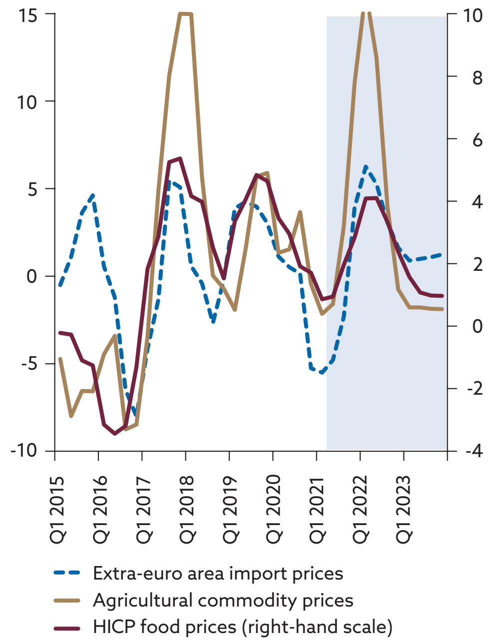
	2020	2021	2022	2023
Nominal labour productivity	-0.6	7.4	7.4	4.5
Whole economy – nominal wages	2.2	4.8	5.2	4.4
Whole economy – real wages	0.2	3.2	2.8	2.3
Private sector – nominal wages	1.4	6.0	5.9	4.5
Private sector – real wages	-0.6	4.3	3.4	2.3
Public administration, education and health care – nominal wages	8.8	3.7	3.0	4.4
Public administration, education and health care – real wages	6.7	2.1	0.6	2.2

Sources: SO SR, and NBS calculations.
Notes: Deflated by the CPI. Nominal labour productivity – GDP divided by persons in employment (ESA 2010).

Under upward pressure from cost factors, prices are expected to rise more sharply than previously envisaged. Rising commodity prices are foreseen as the main source of the inflation rate's acceleration (Chart 37). High increases in prices of agricultural commodities and oil are expected to pass through to food and automotive fuel prices. By the end of this year, food prices will probably be accounting for more than half of the increase in headline inflation. Accelerating import prices are projected to be reflected in sharply rising domestic producer prices (Chart 38). Input shortages and rising input prices in manufacturing industry are expected to result in, for example, a higher rate of increase in housing goods prices and construction work prices.

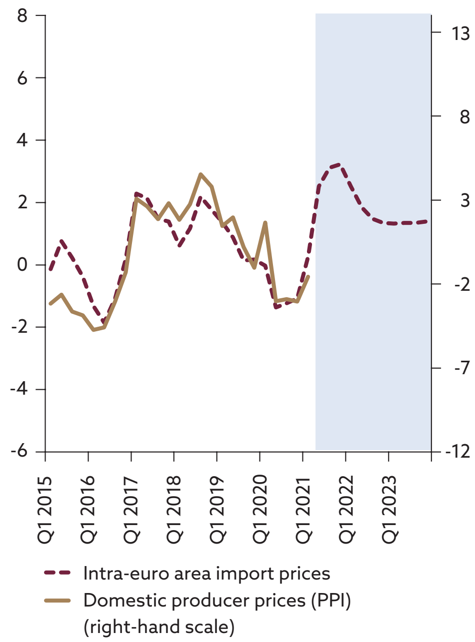
Slovakia's annual HICP inflation is expected to accelerate in 2022, when administered prices of energy will be raised. The recent large increases of European wholesale prices of electricity and gas reflect the expected recovery of the global economy. A combination of the applicable legislation and historical practice means that elevated commodity prices will pass through with a lag to the household gas and electricity prices in force from the start of 2022. On the basis of year-ahead contracts, it is expected that electricity prices and gas prices will rise by 7% and 3% respectively. High food commodity prices are expected to have an upward impact on headline inflation. Food inflation is projected to peak in early 2022. By the end of the projection period, food inflation is expected to be coming under demand pressures stemming from an improving labour market.

Chart 37
Commodity prices, extra-EU import prices, and food prices (annual percentage changes)



Sources: ECB, and NBS calculations.

Chart 38
Import prices and domestic producer prices (annual percentage changes)



Sources: SO SR, and NBS calculations.

Table 3 Components of HICP inflation (annual percentage changes)							
	Average for 2004–08 (pre-crisis period)	Average for 2010–14 (post-crisis period with euro currency)	2019	2020	2021	2022	2023
HICP	**4.1**	**2.0**	**2.8**	**2.0**	**1.7**	**2.5**	**2.1**
Food	3.6	3.1	3.7	2.2	2.3	4.0	2.5
Non-energy industrial goods	0.2	0.3	1.1	1.7	1.2	1.0	1.4
Energy	8.3	2.3	4.2	0.0	-1.2	3.1	1.9
Services	5.3	2.5	2.8	3.1	2.8	2.1	2.4
Net inflation	1.8	1.0	2.2	2.5	2.0	1.5	1.8

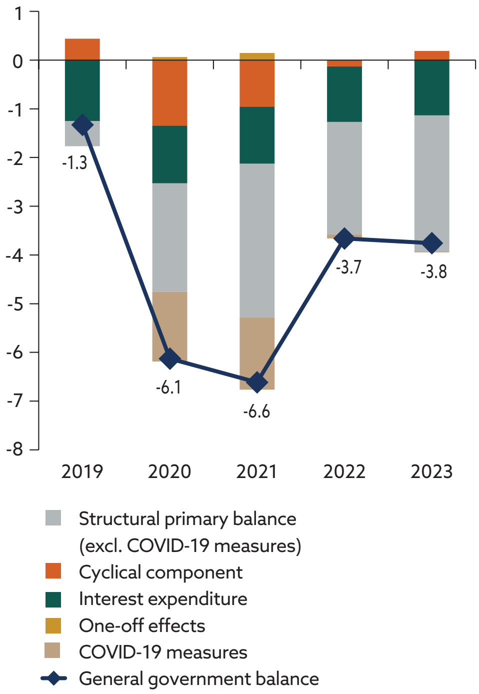
Sources: SO SR, and NBS calculations.

3.3 Public finance projections

Slovakia's general government deficit for 2021 is projected to be 6.6% of GDP, representing a year-on-year increase of 0.5 percentage points (Chart 39). Amid a gradual improvement in the economy's cyclical conditions, this fiscal stimulus is driven by further loosening of the structural balance. This deterioration stems mainly from the ongoing repercussions of the pandemic crisis, which in early 2021 necessitated additional government expenditure. Tax revenues are expected to pick up mainly in the second half of the year.

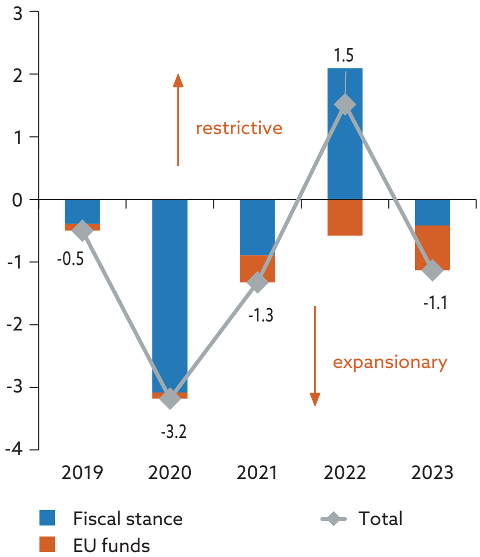
The fiscal performance is expected to start improving in 2022. This stems largely from the unwinding of pandemic relief measures as well as from an acceleration of tax revenues in 2021. High expenditure growth in the latter part of the projection period will result in the deficit remaining at around the same level in 2023 (Chart 40). The projection for that year also factors in an expected import of military equipment.

Chart 39
Breakdown of the general government balance (percentages of GDP)



Sources: SO SR, and NBS calculations.
Note: One-off factors include non-cyclical effects that have a temporary impact on the general government balance and should be eliminated in the future.

Chart 40
Fiscal stance (percentage points of GDP)

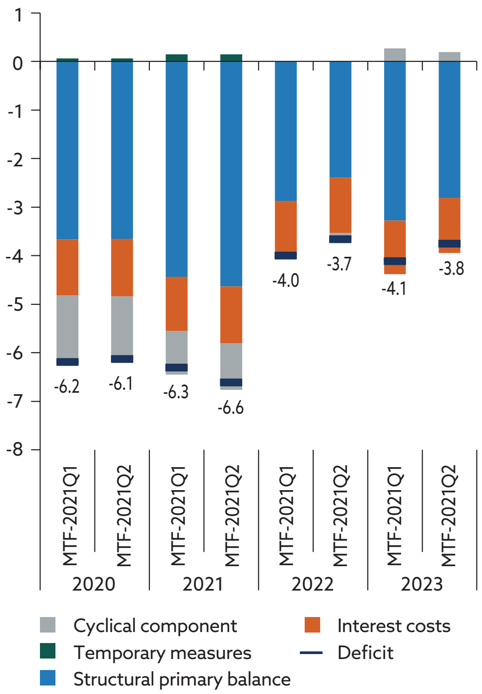


Sources: SO SR, and NBS calculations.
Note: Fiscal stance – annual rate of change in the cyclically adjusted primary balance.

The deficit projection for 2021 is slightly worse in this forecast than in the spring forecast (Chart 41). This stems mainly from higher than expected public sector wage growth in early 2021, as well as from pandemic-related health expenditure and employment support measures. The impact of these developments has been partly offset by an upturn in corporate tax revenues, whose level in 2020 suggests they will not be as severely affected by the pandemic crisis as was previously envisaged.

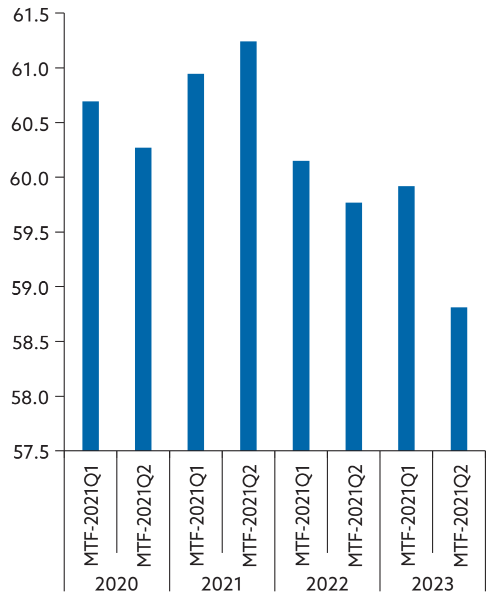
The fiscal performance estimates become more optimistic from 2022. Strong tax revenue results, as well as an only moderate revision of expenditure levels after the fading of the pandemic crisis, has improved the fiscal balance outlook for the years ahead. The deferral of a planned import of military equipment until beyond the forecast period has also slightly eased the projected burden on public finances.

Chart 41
The fiscal deficit and its decomposition (percentages of GDP; percentage point contributions)



Source: NBS calculations.

Chart 42
Public debt (percentages of GDP)

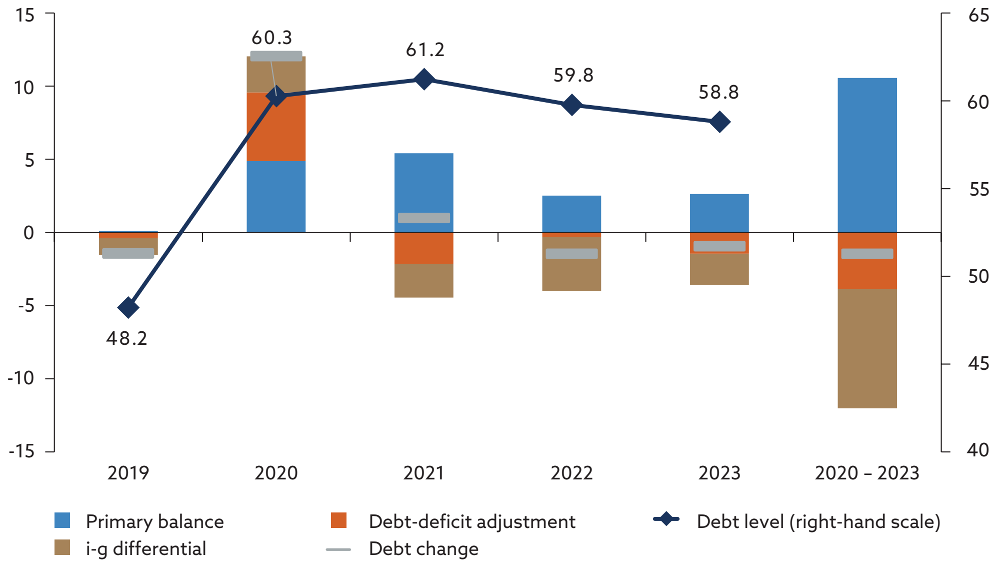


Source: NBS calculations.

Public debt is projected to remain above 60% of GDP in 2021 (Chart 42). It is expected to continue rising this year, to 61.2% of GDP, on the back of a relatively high fiscal deficit. Given, however, partial financing of the deficit out of accumulated reserves, the debt increase is not expected to be as large as in the previous year.

With the fading of one-off deficit-increasing factors, public debt is projected to fall gradually over the rest of the projection period, down to 58.8% of GDP in 2023 (Chart 43). Besides a falling primary deficit, the debt decrease is also expected to reflect partial deficit financing from reserves, which by the end of the forecast period are projected to amount to around 6.8% of GDP. Interest charges on new public debt remain favourable amid accommodative financial conditions and are not putting significant upward pressure on debt servicing costs. The anticipated economic recovery is also expected to support the reduction of the debt ratio.

Chart 43
Public debt (percentages of GDP; percentage points of GDP)



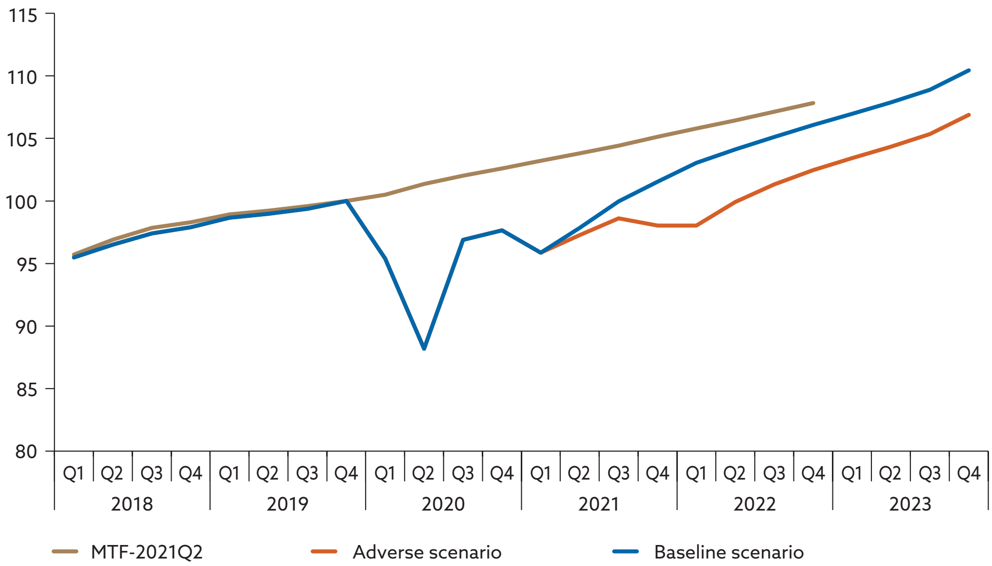
Sources: NBS, and SO SR.
Note: The i-g differential is a factor taking into account the impact of interest costs and economic growth on the debt change.

3.4 Risks to the forecast

The uncertainty surrounding real economy developments remains high, and risks to the economic outlook remain tilted to the downside. In this context, we have produced an alternative scenario (Chart 44) whose key assumptions are predicated on the vaccination rate being lower (45% of the population) than in the baseline scenario and the impact of that worse rate on economic activity. On the health front, this scenario assumes a third wave of the pandemic in late this year and early next year. The same situation is assumed to apply in Slovakia's trading partners. The temporary deterioration in the pandemic situation necessitates the adoption of more stringent public containment measures at the local level, which have an adverse impact on the services sector and the labour market. The economic impact of the third wave is assumed to be around one-third as severe as that of this year's second wave. Nevertheless, it still causes significant disruption of global supply chains and may result in permanent economic losses throughout the global economy. Compared with the baseline, the Slovak economy's growth in 2023 is estimated to be more than 3% lower.

As a result of additional containment measures and government support measures, fiscal performance is worse under the alternative scenario than under the baseline throughout the projection period. The weaker economic performance has a direct downward impact on consumption tax, labour tax and corporate tax revenues. Compensation measures to mitigate the impact of the third wave result in higher growth in social expenditure in late 2021 and early 2022, mainly on measures aimed at preserving household income. On the other hand, the lower assumption for headline inflation is assumed to have a favourable impact on fiscal performance by moderating nominal expenditure growth, particularly in the area of social security. The alternative scenario's worse fiscal performance automatically implies an increase in financial requirements, which if met through debt financing would cause the public debt to rise to 65% of GDP.

Chart 44
GDP under the baseline and adverse scenarios (index: Q4 2019 = 100)



Source: NBS calculations.

Table 4 Comparison of scenarios (annual percentage changes, unless otherwise indicated)	Baseline scenario			Adverse scenario		
	2021	2022	2023	2021	2022	2023
Gross domestic product	**4.5**	**5.9**	**3.8**	**3.1**	**3.1**	**4.5**
Private consumption	0.5	5.1	2.7	-0.4	2.2	3.4
Government consumption	0.2	1.6	2.4	0.2	2.0	2.4
Fixed investment	2.7	14.5	10.5	1.3	9.4	11.8
Exports	15.8	6.7	4.4	12.8	2.4	5.1
Employment	-1.2	1.2	1.2	-1.3	0.7	1.0
Unemployment rate (percentage)	7.1	6.8	6.2	7.2	7.3	6.8
Wages	4.8	5.2	4.4	4.3	3.2	4.9
Inflation	**1.7**	**2.5**	**2.1**	**1.7**	**2.2**	**1.8**
Foreign demand	9.4	6.4	3.5	6.7	1.8	4.0
General government deficit (percentage of GDP)	-6.6	-3.7	-3.8	-7.4	-5.2	-4.9
Public debt (percentage of GDP)	61.2	59.8	58.8	62.9	65.1	64.7

Source: NBS calculations.

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3.5 Comparison with forecasts of other institutions

Compared with forecasts produced by other institutions, our projections for the Slovak economy in 2021 were around the middle of the range. The different forecasts appear to be very similar in their assumptions about the progress of the pandemic situation. All envisage a significant improvement in the second half of this year and a consequent positive impact on economic growth in the following year. Compared with most of the other forecasts, our growth projection for 2022 is higher, owing mainly to different assumptions about foreign demand and its resulting impact on the Slovak economy's export performance.

Table 5 Comparison with forecasts of other institutions (annual percentage changes, unless otherwise indicated; constant prices)

	2021					2022					2023				
	NBS	IFP	EC	IMF	OECD	NBS	IFP	EC	IMF	OECD	NBS	IFP	EC	IMF	OECD
Gross domestic product	4.5	4.6	4.8	4.7	4.2	5.9	5.0	5.2	4.5	5.2	3.8	4.8	-	3.8	-
Private consumption	0.5	2.8	0.8	-	0.1	5.1	2.0	5.2	-	4.9	2.7	0.8	-	-	-
Government consumption	0.2	3.5	2.5	-	2.3	1.6	-3.4	-0.2	-	0.8	2.4	4.5	-	-	-
Gross fixed capital formation	2.7	1.9	8.6	-	1.1	14.5	20.5	12.5	-	13.7	10.5	15.1	-	-	-
Exports of goods and services	15.8	14.9	12.2	10.8	10.2	6.7	6.5	5.3	4.5	5.9	4.4	5.9	-	5.1	-
Imports of goods and services	14.2	15.4	10.9	11.5	9.5	6.5	6.2	5.6	5.8	6.5	5.0	5.9	-	6.3	-
Harmonised Index of Consumer Prices 1)	1.7	1.5	1.5	1.2	1.1	2.5	2.9	1.9	1.9	2.2	2.1	2.5	-	2.0	-
Employment (ESA 2010)	-1.2	-0.7	-0.6	-	-	1.2	0.9	0.8	-	-	1.2	0.7	-	-	-
Unemployment rate (percentage)	7.1	7.0	7.4	7.3	7.6	6.8	5.7	6.6	6.7	7.2	6.2	5.1	-	6.3	-
Average nominal wage	4.8	6.2	-	-	-	5.2	4.1	-	-	-	4.4	4.9	-	-	-
Nominal compensation per employee	5.4	6.9	4.0	-	-	5.3	4.1	4.7	-	-	4.5	5.1	-	-	-
General government deficit (percentage of GDP)	-6.6	-9.9	-6.5	-7.1	-6.8	-3.7	-5.1	-4.1	-4.9	-4.1	-3.8	-4.1	-	-4.4	-
General government debt (percentage of GDP)	61.2	64.1	59.5	64.0	61.0	59.8	65.5	59.0	64.3	59.0	58.8	64.6	-	63.3	-
Balance of payments current account (percentage of GDP)	-0.4	-1.5	-0.3	-1.2	0.3	0.2	-1.3	-0.4	-2.0	0.0	0.0	-1.3	-	-2.7	-

Sources: NBS, Institute for Financial Policy (IFP), European Commission (EC), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD).
1) In the IMF forecast, the consumer price index (CPI).

NÁRODNÁ BANKA SLOVENSKA
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Table 6 Medium-Term Forecast (MTF-2021Q2) for key macroeconomic indicators

Indicator	Unit	Actual data	MTF-2021Q2			Difference vis-à-vis MTF-2021Q1		
		2020	2021	2022	2023	2021	2022	2023
Prices								
HICP inflation	annual percentage change	2.0	1.7	2.5	2.1	0.4	0.6	0.2
CPI inflation	annual percentage change	1.9	1.6	2.4	2.1	0.2	0.6	0.2
GDP deflator	annual percentage change	2.4	1.6	2.6	1.9	-0.2	0.6	-0.1
Economic activity								
Gross domestic product	annual percentage change, constant prices	-4.8	4.5	5.9	3.8	-0.5	0.3	0.1
Private consumption	annual percentage change, constant prices	-1.2	0.5	5.1	2.7	0.2	-1.0	0.0
General government final consumption	annual percentage change, constant prices	0.3	0.2	1.6	2.4	-2.1	-0.7	-0.4
Gross fixed capital formation	annual percentage change, constant prices	-12.0	2.7	14.5	10.5	-3.2	-0.7	0.6
Exports of goods and services	annual percentage change, constant prices	-7.6	15.8	6.7	4.4	2.8	0.5	-0.1
Imports of goods and services	annual percentage change, constant prices	-8.5	14.2	6.5	5.0	2.6	-0.9	-0.2
Net exports	EUR millions at constant prices	2,494	4,053	4,474	4,131	-225.9	909.4	1,049.0
Output gap	percentage of potential output	-5.1	-2.6	0.0	0.7	-0.2	-0.3	-0.2
Gross domestic product	EUR millions at current prices	91,555	97,197	105,570	111,691	-100.7	766.7	892.4
Labour market								
Employment	thousands of persons, ESA 2010	2,399	2,370	2,398	2,427	-13.8	-5.7	-0.8
Employment (rate of change)	annual percentage change, ESA 2010	-1.9	-1.2	1.2	1.2	-0.6	0.4	0.2
Number of unemployed	thousands of persons[1)]	181	192	185	166	-7.7	-6.9	-5.1
Unemployment rate	percentage	6.7	7.1	6.8	6.2	-0.3	-0.3	-0.1
NAIRU estimate [2)]	percentage	6.5	6.8	6.8	6.6	-0.3	-0.6	-0.7
Labour productivity [3)]	annual percentage change	-2.9	5.8	4.6	2.5	0.2	-0.1	-0.1
Nominal productivity [4)]	annual percentage change	-0.6	7.4	7.4	4.5	-0.1	0.6	-0.2
Nominal compensation per employee	annual percentage change, ESA 2010	3.3	5.4	5.3	4.5	0.0	0.1	-0.1
Nominal wages [5)]	annual percentage change	2.2	4.8	5.2	4.4	-0.2	0.4	0.1
Real wages [6)]	annual percentage change	0.2	3.2	2.8	2.3	-0.5	-0.3	-0.3
Households and non-profit institutions serving households								
Disposable income	annual percentage change, constant prices	-0.6	1.7	2.7	2.6	-0.2	-0.1	0.1
Saving ratio [7)]	percentage of disposable income	10.9	12.1	10.0	9.9	-0.6	0.1	0.1
General government sector [8)]								
Total revenue	percentage of GDP	41.6	41.3	41.3	41.6	-0.1	-0.1	-0.1
Total expenditure	percentage of GDP	47.8	47.9	44.9	45.4	0.2	-0.3	-0.4
General government balance [9)]	percentage of GDP	-6.1	-6.6	-3.7	-3.8	-0.3	0.2	0.2
Cyclical component	percentage of trend GDP	-1.3	-1.0	-0.1	0.2	0.1	-0.1	0.0
Structural balance	percentage of trend GDP	-4.8	-5.8	-3.5	-3.9	-0.4	0.3	0.3
Cyclically adjusted primary balance	percentage of trend GDP	-3.6	-4.5	-2.4	-2.8	-0.3	0.3	0.3
Fiscal stance [10)]	annual percentage point change	-3.1	-0.9	2.1	-0.4	-0.3	0.6	0.0
General government gross debt	percentage of GDP	60.3	61.2	59.8	58.8	0.3	0.0	-0.8

Table 6 Medium-Term Forecast (MTF-2021Q2) for key macroeconomic indicators (continued)								
Indicator	Unit	Actual data	MTF-2021Q2			Difference vis-à-vis MTF-2021Q1		
		2020	2021	2022	2023	2021	2022	2023
Balance of Payments								
Goods balance	percentage of GDP	0.6	0.4	1.2	0.7	-0.1	1.1	1.2
Current acount	percentage of GDP	-0.4	-0.4	0.2	0.0	-0.1	1.1	1.2
External environment and technical assumptions								
Slovakia's foreign demand	annual percentage change	-8.6	9.4	6.4	3.5	1.8	0.4	-0.2
USD/EUR exchange [11), 12)]	level	1.14	1.21	1.21	1.21	-0.2	0.1	0.1
Oil price in USD [11), 12)]	level	42.3	65.8	64.6	61.9	5.5	9.5	9.3
Oil price in USD [11)]	annual percentage change	-33.9	55.6	-1.9	-4.1	8.1	3.5	-0.1
Oil price in EUR [11)]	annual percentage change	-35.2	47.0	-2.1	-4.1	8.0	3.3	-0.1
Non-energy commodity prices in USD	annual percentage change	3.2	39.0	0.1	-8.0	20.0	2.2	-6.6
Three-month EURIBOR	percentage per annum	-0.4	-0.5	-0.5	-0.3	0.0	0.0	0.1
Ten-year Slovak government bond yield	percentage	0.0	0.1	0.3	0.5	0.2	0.2	0.3

Sources: NBS, ECB, and SO SR.
Notes:
1) Labour Force Survey.
2) Non-accelerating inflation rate of unemployment.
3) GDP at constant prices / employment (ESA 2010).
4) Nominal GDP divided by persons in employment (according to SO SR quarterly statistical reporting).
5) Average monthly wages (ESA 2010).
6) Wages (ESA 2010) deflated by CPI inflation.
7) Saving ratio = gross savings / (gross disposable income + adjustments for any pension entitlement change) *100; Gross savings = gross disposable income + adjustments for any pension entitlement change – private consumption.
8) Sector S.13.
9) B9n – Net lending (+) / net borrowing (-).
10) Year-on-year change in cyclically adjusted primary balance; a positive value denotes a restrictive stance.
11) Year-on-year percentage changes and changes vis-à-vis the previous forecast are calculated from unrounded figures.
12) Changes vis-à-vis the previous forecast (percentages).

More detailed time series of selected macroeconomic indicators can be found on the NBS website at:
https://www.nbs.sk/en/publications-issued-by-the-nbs/economic-and-monetary-developments