

Economic and Monetary Developments

Autumn 2026



NÁRODNÁ
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Abbreviations

AI	artificial intelligence
bp	basis point(s)
CPI	Consumer Price Index
DSA	debt sustainability analysis
EA	euro area
EC	European Commission
ECB	European Central Bank
ESA 2010	European System of Accounts 2010
ESI	Economic Sentiment Indicator
EU	European Union
EUR	euro
EURIBOR	euro interbank offered rate
FOMC	Federal Open Market Committee
GDP	gross domestic product
GSCPI	Global Supply Chain Pressure Index
HICP	Harmonised Index of Consumer Prices
ICT	information and communication technology
IMF	International Monetary Fund
ISCO	International Standard Classification of Occupations
LFS	Labour Force Survey
MFF	Multiannual Financial Framework
MF SR	Ministry of Finance of the Slovak Republic
MPSVaR SR	Ministry of Labour, Social Affairs and Family of the Slovak Republic (Ministerstvo práce, sociálnych vecí a rodiny Slovenskej republiky)
MTF	medium-term forecast
NARKS	National Association of Real Estate Agencies in Slovakia (Národná asociácia realitných kancelárií Slovenska)
NBS	Národná banka Slovenska
NPISHs	non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
p.a.	per annum
PMI	Purchasing Managers' Index
pp	percentage point(s)
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
SO SR	Statistical Office of the Slovak Republic
ÚPSVaR SR	Central Office of Labour, Social Affairs and Family of the Slovak Republic (Ústredie práce, sociálnych vecí a rodiny Slovenskej republiky)
US	United States
USD	US dollar
VAT	value added tax

Conventions used in the tables

- data do not exist/data are not applicable
- . data are not yet available
- ... nil or negligible
- (p) provisional

1 Summary

The Slovak economy has so far been developing more favourably than we expected in our forecasts over the past year. Households continue to spend, while firms and the public sector are investing more. Together with a recovery in foreign demand, this is supporting economic growth and helping to maintain stability in the labour market. Hence, the growth outlook for this year has been revised up slightly.

The positive developments are, however, accompanied by risks. Higher energy prices could stoke inflation in the coming years, putting upward pressure on both living and business costs. Moreover, the Slovak economy remains vulnerable owing to the unfavourable state of public finances, which will not improve significantly without further substantial measures. Additional fiscal consolidation and continued increases in energy prices would weigh on economic activity.

The global economy has so far proved resilient to the effects of the conflict in the Middle East, although uncertainty remains elevated. As a result, foreign demand for Slovak products has been stronger than we expected in the summer. At the same time, the conflict continues to be reflected in higher energy commodity prices. Oil prices have risen almost to the levels seen at the start of the war, while gas prices have already exceeded them, partly because of low gas storage levels.

The resilience of Slovak households and firms, together with a brighter external picture, has prompted us to revise up the GDP growth projection for 2026 to 0.8%. The outlook for 2027 and 2028 is largely unchanged, with growth expected to accelerate gradually, supported by both domestic and foreign demand. The forecast for this period does not incorporate future fiscal consolidation measures. Such an effort will inevitably be required, but at present neither the size nor composition of the measures is known.

Labour market developments have also been more favourable than envisaged in the summer. Employment has stabilised, while firms, despite facing elevated uncertainty, have yet to reduce staffing levels significantly. Accelerating wage growth, together with lower inflation, has supported households' real incomes. Population ageing and the growing need for foreign labour remain long-term challenges.

Inflation has been lower than expected this year, but the outlook for the coming years has deteriorated. The headline rate has slowed to around 3%, owing mainly to food price developments. In the period ahead, however, inflation is expected to be higher than projected in the summer. Higher energy prices, more expensive imports and rising business costs will gradually pass through to consumer prices. We assume that continued government support in 2027 will partly shield households from the effects of the energy shock, but that higher market energy prices will be reflected more substantially in household energy prices in 2028.

Public finances remain one of the weak points of the Slovak economy. The general government deficit is projected to be around 4.4% of GDP in 2026 and, absent additional consolidation measures, is unlikely to improve significantly. Public debt will continue to rise and is projected to exceed 64% of GDP by 2028.

Overall, risks to the forecast remain elevated. A more prolonged or more intense conflict in the Middle East could result in higher energy prices, stronger inflationary pressures and weaker economic growth. Growth would also suffer in the event of more pronounced volatility in global financial markets. On the other hand, 2027 is an election year in Slovakia, implying the possibility of a more expansionary fiscal stance that could support economic activity, albeit only temporarily. Nevertheless, risks to the growth outlook remain tilted to the downside. As regards the inflation outlook, the risks are predominantly on the upside, owing partly to uncertainty surrounding food prices. These will reflect not only the impact of energy prices, but also the effects of the summer drought, global climate events and the continuing war in Ukraine.

Table 1
Key economic indicators

	Actual data	Autumn 2026 forecast (MTF-2026Q3)			Difference vis-à-vis the summer 2026 forecast (MTF-2026Q2)		
	2025	2026	2027	2028	2026	2027	2028
GDP (annual percentage change)	0.8	0.8	1.9	2.7	0.3	0.0	0.1
HICP (annual percentage change)	4.2	3.6	3.1	3.8	-0.4	0.2	0.4
Average nominal wage (annual percentage change)	5.7	4.6	4.4	4.9	0.5	0.2	0.1
Average real wage (annual percentage change)	1.6	1.0	1.1	1.1	0.8	-0.1	-0.4
Employment (annual percentage change; ESA 2010)	-0.1	0.0	-0.1	0.0	0.2	0.0	-0.1
Unemployment rate (percentage; Labour Force Survey)	5.4	5.8	6.0	6.0	-0.2	-0.3	-0.2

Source: NBS

Note: Real wages deflated by CPI inflation.

The current forecast is supplemented by analytical boxes that include the following insights:

- If gas prices remain at current levels, they could reduce economic growth, particularly in 2027. In this scenario, household energy bills could increase more markedly in 2028.
- War-displaced persons from Ukraine are becoming increasingly integrated and are moving into more skilled occupations. This increases the likelihood that they will remain in Slovakia for longer and help firms fill vacant positions.
- Elections affect spending by both local authorities and central government. Local authorities undertake substantial investment both before and shortly after elections. In the case of current expenditure, we observe increasing activity ahead of elections at both local authority and central government levels.

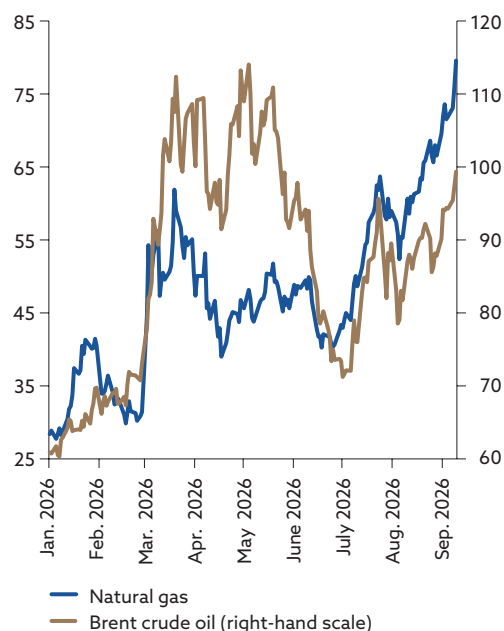
2 Macroeconomic developments in the external environment and Slovakia

2.1 External environment

Global economic growth has so far remained resilient to the effects of the ongoing conflict in the Middle East. To a large extent, this resilience has been supported by the strong performance of several economies, particularly in Asia, that supply products linked to AI infrastructure investment. The US economy has continued to benefit from robust domestic demand, especially consumer demand, while non-residential investment has also continued to grow. Persistently strong demand for AI-related products in the United States has translated into higher imports. In China, growth has slowed owing to weak domestic demand. Euro area economic growth surprised on the upside in the second quarter, supported by solid industrial performance and resilient consumer demand.

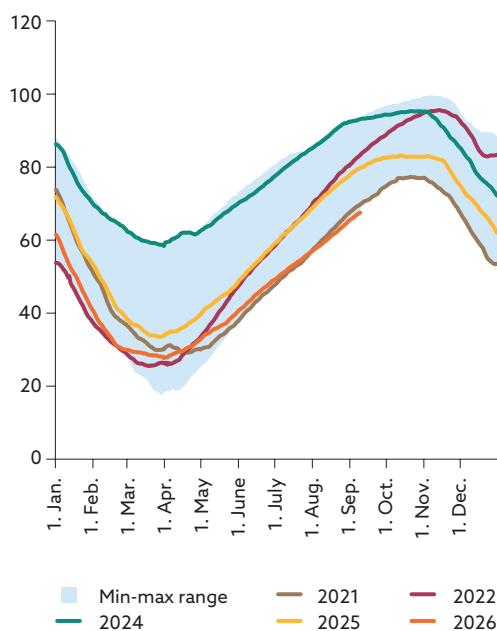
The Middle East conflict has become a source of uncertainty, putting upward pressure on energy commodity prices. After a temporary decline in early summer, oil prices climbed back to around USD 100 per barrel. European natural gas prices rose even more sharply (Chart 1), reaching a level in early September almost 40% above their July average. The increase was driven by low gas storage levels in Europe (Chart 2) and strong competition from Asia for gas supplies.

Chart 1
Brent oil and European natural gas prices
(USD/barrel; EUR/MWh)



Source: Macrobond.

Chart 2
Europe – gas storage levels (percentages)



Source: Macrobond

US economic growth continues to benefit from strong domestic demand. Although high energy prices have reduced households' disposable income, private consumption remains robust. It is supported by households' savings as well as by growth in their wealth resulting from higher

market valuations of technology companies, particularly semiconductor manufacturers and cloud service providers. Investment remains buoyed by strong AI-related demand, while investment in transport equipment and industrial machinery has also increased.

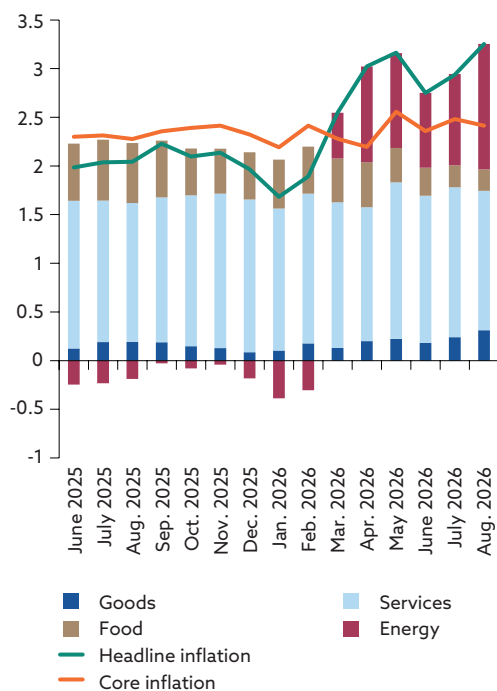
In China, the economy is offsetting weak domestic demand through export growth. The mismatch between high domestic production capacity and weak domestic demand is leading China to export excess output. This is particularly evident in sectors focused on advanced AI-related technologies, including industrial robots, semiconductors and advanced energy products. At the same time, sectors with lower value added continue to account for a large share of exports. On the downside, domestic demand remains weak and continues to weigh on economic activity. The residential property sector is an ongoing structural weakness, adversely affecting investment and construction activity.

The euro area economy has remained resilient despite the energy shock. It has been supported not only by stronger foreign demand, but also by continued growth in private consumption despite higher energy prices. Households have responded to the energy shock by reducing their saving rate rather than curtailing consumption.

Economic activity in the second quarter of 2026 was also strongly supported by industry, which recorded its strongest performance in five quarters. The sector benefited primarily from frontloading, as firms sought to hedge against shortages of inputs and increases in their prices. Industry was also partly supported by AI-related production, particularly computing, optical and electrical goods. Production related to rising defence expenditure also rose quite significantly.

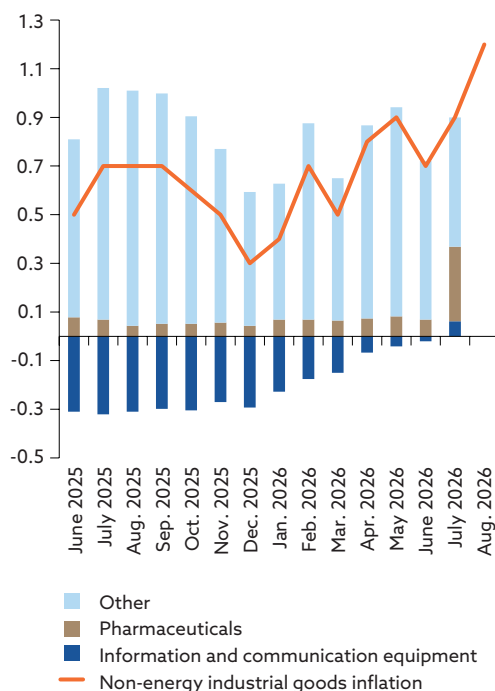
Euro area inflation reached 3.3% in August, up by 1.4 percentage points compared with the period before the outbreak of the war in the Middle East. The acceleration in consumer price growth was driven almost exclusively by energy prices, particularly fuel prices (Chart 3). The increase in energy commodity prices is, however, gradually beginning to pass through to household energy prices, especially gas prices and, to a lesser extent, electricity prices.

Chart 3
Headline inflation and its components;
core inflation (annual percentage changes;
percentage point contributions)



Source: Macrobond.

Chart 4
Goods inflation and selected components
(annual percentage changes; percentage
point contributions)



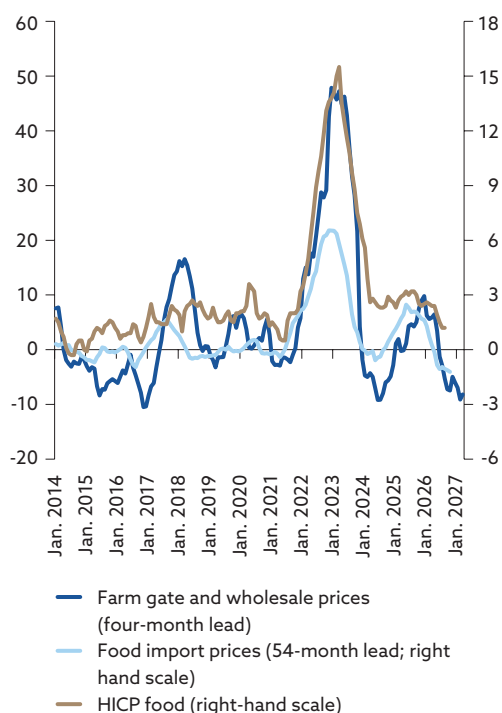
Source: Macrobond.

Core inflation (HICP excluding energy and food) stood at 2.4% in August, the same level as in February before the outbreak of the Middle East war. Its path has been somewhat affected by one-off factors. Goods inflation was twice as high as its pre-war level, the increase stemming largely from rises in certain administered prices (such as pharmaceuticals) as well as strong global demand for AI-related products¹ (Chart 4) and possibly second-round effects from the energy shock. Services inflation, by contrast, was lower in August than its pre-war level. Prices of some services remain highly volatile, however, owing to strong seasonal influences. Indirect effects are likely starting to have a moderate upward impact on inflation in transport and telecommunication services, two relatively energy-intensive sectors.

The main downward pressure on headline inflation came from slower food inflation, reflecting declines in farm gate, wholesale and import prices (Chart 5). However, the combination of higher energy prices, weaker harvests and the effects of this year's El Niño episode may exert upward pressure on prices in the period ahead. Some commodities are already becoming more expensive, including wheat and, in recent months, cocoa (Chart 6).

Chart 5

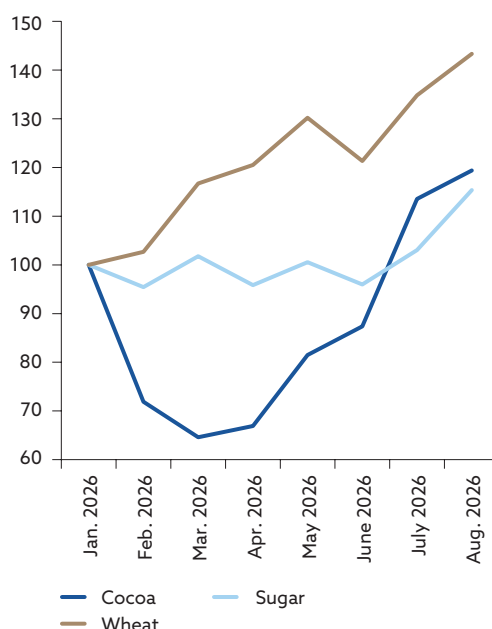
Food prices (annual percentage changes)



Source: Macrobond.

Chart 6

Selected food commodity prices (annual percentage changes)



Source: Macrobond.

In September, the ECB raised its three key interest rates for the second time this year, again by 25 basis points. The escalation of the Middle East conflict resulted in the fastest increase in household energy prices since January 2023. This acceleration will gradually pass through to core inflation and food prices, implying that inflation will remain above target for an extended period. The interest rate increase is consistent with the ECB's commitment to ensure that inflation stabilises at its 2% target in the medium term.

¹ For example, storage media inflation accelerated from 1.2% in December 2025 to almost 50% in July 2026.

2.1 Slovakia

The Slovak economy has outperformed our expectations thanks to resilient domestic demand, but its growth has remained subdued for more than two years. Industry continues to face pressure from weakening competitiveness, although the global economy has so far been largely insulated from the effects of the Middle East conflict.

The economy grew by 0.2% in the second quarter of 2026, recording the same modest quarter-on-quarter expansion as it did in the previous period. Household consumption and investment proved resilient to headwinds, while firms restored investment to a level comparable to that of a year earlier (Chart 7). At the same time, exporters continued to benefit from favourable global demand.

Chart 7

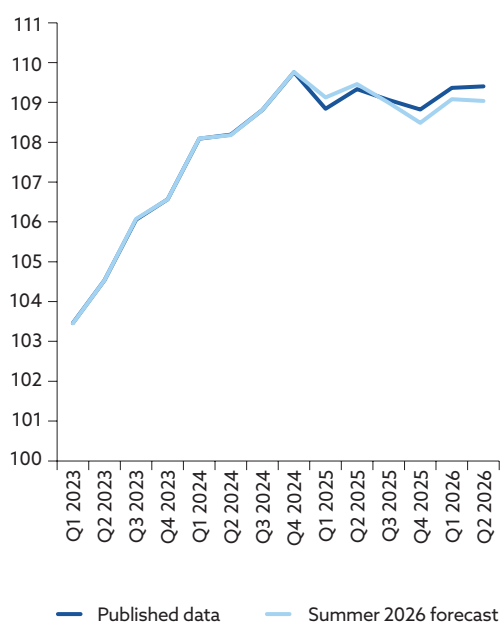
GDP growth and its components
(quarter-on-quarter percentage changes;
percentage) point contributions)



Sources: SO SR, and NBS.

Chart 8

Household consumption (index: 2020 = 100)

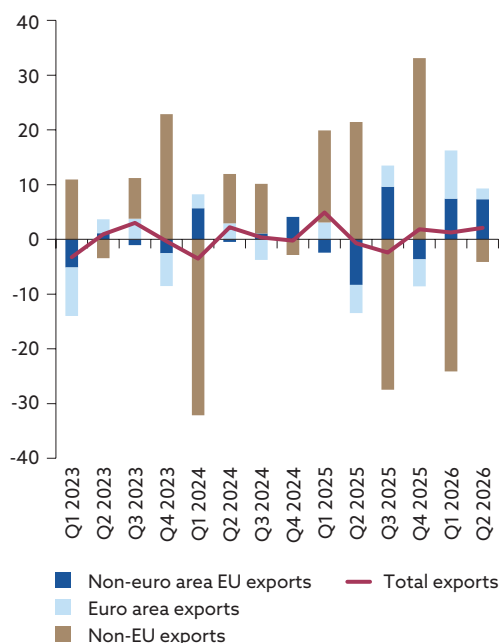


Sources: SO SR, and NBS.

Fiscal consolidation had a weaker than expected impact on household consumption, which increased rather than declined as we projected (Chart 8). Consumption was also supported by an overall improvement in households' financial situation, as incomes rose and inflation declined more than envisaged. The use of savings remains an additional source of support.

Chart 9

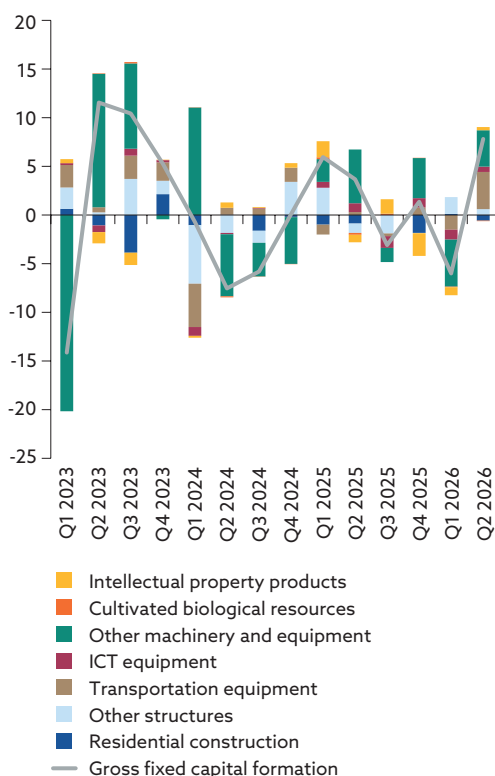
Goods and services exports (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 10

Gross fixed capital formation (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

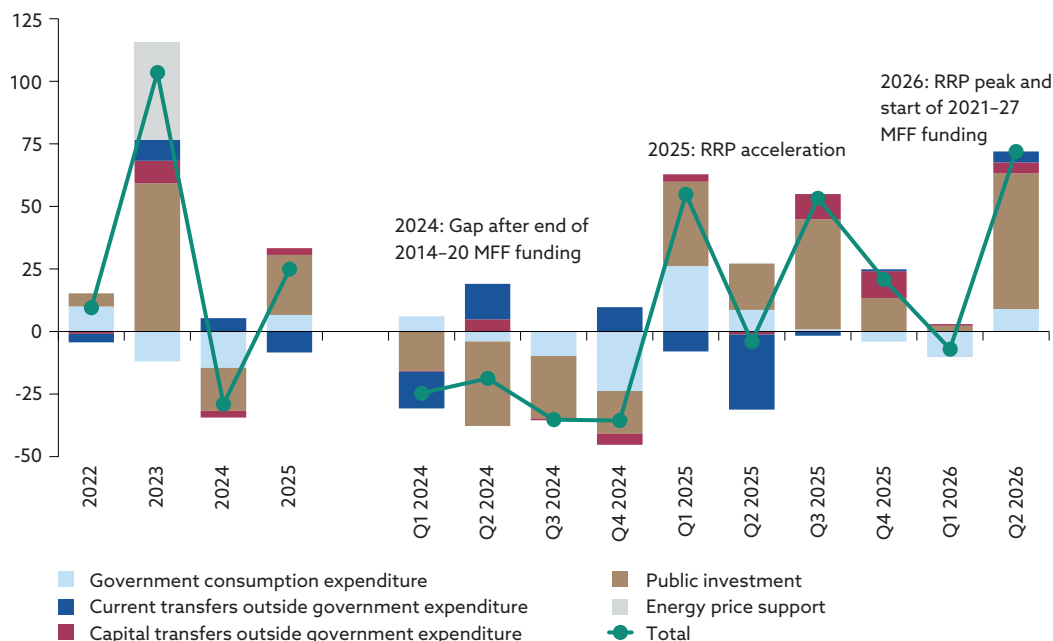
The conflict in the Middle East has yet to significantly dent global demand, and its effects continue to be seen mainly in higher commodity prices. **Growth in Slovak exports** in the second quarter was concentrated primarily in European markets, although exports to other destinations are gradually stabilising as well (Chart 9). Motor vehicles and munitions remained the main export drivers, while exports of machinery, chemical products and refined petroleum products also gradually recovered. The conflict's adverse consequences may nevertheless emerge with a lag and weigh on Slovak exporters in the periods ahead.

Government consumption continues to grow at a relatively rapid pace despite the need for fiscal consolidation. This is reflected primarily in the strong growth of expenditure on goods and services. The slowdown in wage growth is attributable mainly to last year's one-off bonus for public sector employees rather than to consolidation efforts.

Firms have reversed the sharp decline in investment observed at the start of the year. In an environment of heightened uncertainty and rising interest rates, many firms remain hesitant to undertake large-scale investment projects, although this is no longer the case across a substantial part of the economy. Investment growth in the second quarter was driven mainly by purchases of transport equipment and other machinery and equipment (Chart 10). Household investment activity has remained subdued for an extended period and edged down further in the second quarter. Insufficient residential construction is adding to upward pressure on housing prices.

Public investment continues to grow rapidly in 2026, with intensive absorption of EU funds remaining the main stimulus to growth. Investment growth is also being supported by domestic funding, whose importance is particularly evident at the local government level. Investment expenditure is focused mainly on the construction and renovation of buildings, the development of road and rail infrastructure, and the modernisation of vehicle fleets and technical equipment.

Chart 11
EU co-financed expenditure in Slovakia¹⁾ (annual percentage changes)



Sources: MF SR, State Treasury of the Slovak Republic, and NBS.

1) Adjusted to exclude absorption for financial instruments.

Note: MFF stands for Multiannual Financial Framework; RRP stands for Recovery and Resilience Plan.

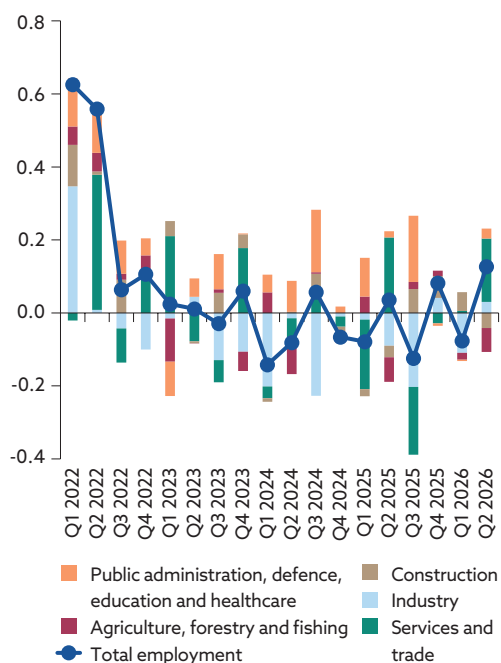
After accelerating last year, expenditure co-financed with EU funds slowed slightly in early 2026 (Chart 11). However, the situation was already starting to improve in the second quarter, reflecting higher government consumption, increased investment co-financed with Cohesion Policy funds from the EU's 2021–2027 programming period, and the completion of projects under the Recovery and Resilience Plan (RRP). Investment growth in the second quarter was concentrated primarily in transport infrastructure projects, including local and regional roads. The absorption rate for cohesion funds has reached around 22%, slightly below the level for the previous programming period. Data for the first half of the year nevertheless point to a gradual acceleration in fund absorption.

Despite this acceleration, around €10 billion in cohesion funds under the current programming period remains to be absorbed. Around 74% of RRP funds have been drawn, leaving approximately €1.3 billion still available. In terms of expenditure structure, investment-oriented spending supporting public capital formation continues to predominate.

Labour market developments have been more favourable than anticipated in the summer forecast. Employment increased by 0.1% in the second quarter, while data for the previous quarter were revised upwards owing to the economy's stronger-than-expected resilience. The services sector was the main contributor to employment growth (Chart 12), while another contributing factor was the continued movement of people from self-employment into paid employment. The number of self-employed has been in decline for several quarters, largely due to the impact of fiscal consolidation measures, in particular the increase in the tax and social security contribution burdens on the self-employed. The increase in fixed costs has weighed particularly heavily on low-income entrepreneurs, incentivising some of them to seek paid employment. The increase in employee numbers may also have been supported by stricter enforcement of labour legislation. The National Labour Inspectorate expanded inspections focusing on the proper use of employment contracts and agreements, agency work, and the employment of foreign workers. At the same time, tougher penalties for illegal employment came into force in January. The combination of these factors resulted in a further increase in the number of employees (Chart 13).

Chart 12

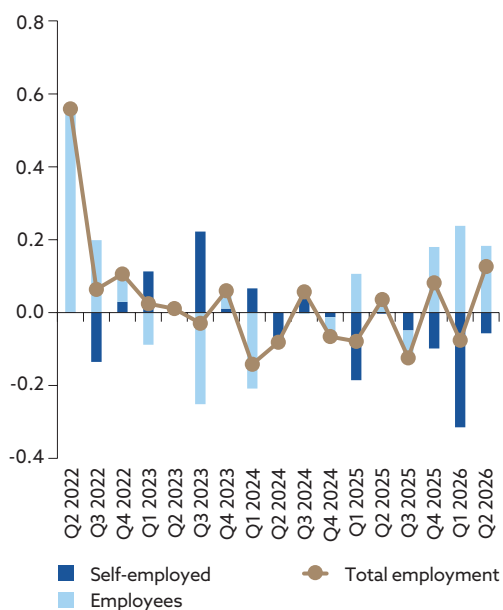
Employment by sector (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 13

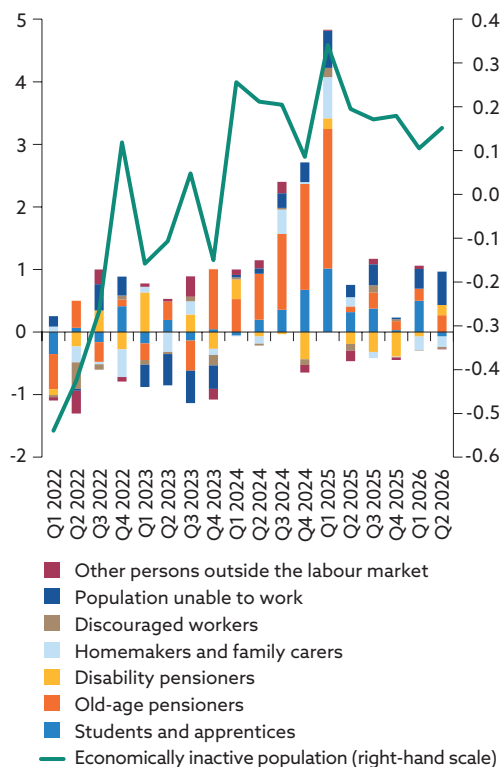
Employment by type of work (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 14

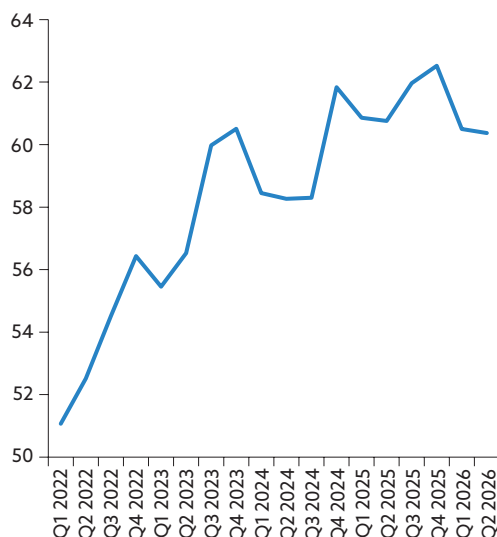
Persons outside the labour market (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR (Labour Force Survey), and NBS.

Chart 15

Labour force participation rate of persons aged over 60 (percentages)

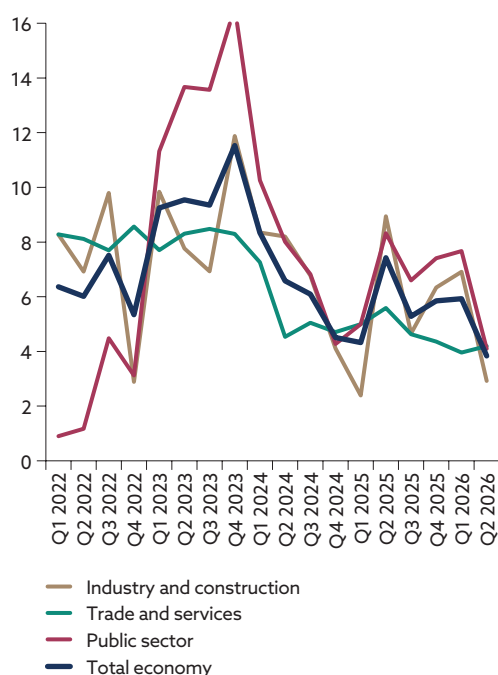


Sources: SO SR, and NBS.

Population ageing and the poor health status of older people are contributing to lower labour market participation among older age groups. This was reflected in the second quarter of 2026 in a slight decline in the participation rate of people aged over 60 (Chart 15). Economic inactivity increased during the quarter, owing mainly to higher numbers of old-age and disability pensioners, as well as individuals unable to work for health or other reasons. On the other hand, there was a drop in the number of people staying at home for family reasons or to care for a household member, indicating that a proportion of them have returned to the labour market. The number of discouraged workers (i.e. people who are able to work but have given up seeking a job) also declined, pointing to a modest improvement in labour market conditions (Chart 14).

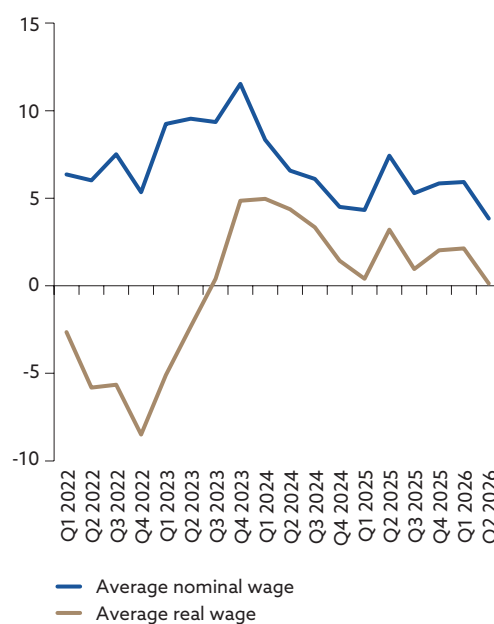
Wage developments continue to exceed our expectations. In nominal terms, annual wage growth² stood at 3.8% in the second quarter. We had expected a more pronounced slowdown, consistent with lower inflation, weak economic growth and the high comparison base from the previous year.³ Wage growth was lowest in the more subdued parts of the economy. In the services sector, by contrast, employment increased and wage growth accelerated (Chart 16). Overall, despite slower wage growth, households' purchasing power did not deteriorate because inflation eroded wages less than before (Chart 17).

Chart 16
Nominal wages by sector (annual percentage changes)



Sources: SO SR, and NBS.

Chart 17
Nominal and real wages (annual percentage changes)



Sources: SO SR, and NBS.

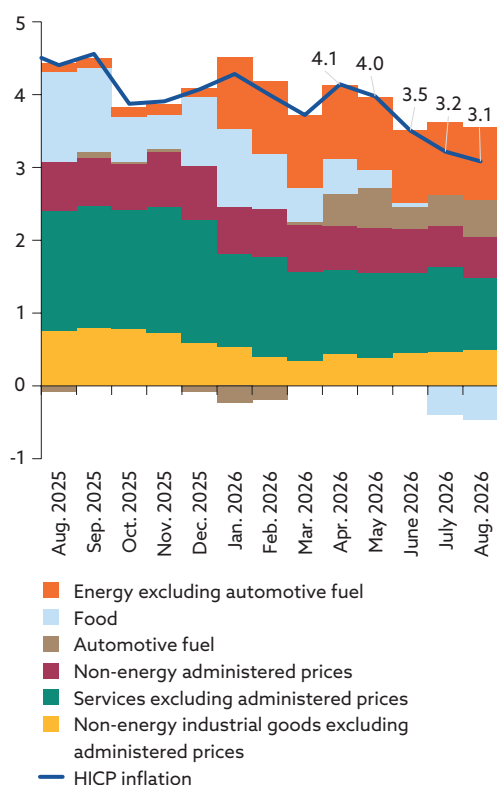
Slovakia's annual inflation rate slowed to almost 3% in August, its lowest level in two years (Chart 18). The summer forecast projected stronger price growth, but food prices in particular developed more favourably than anticipated (Chart 19). Food inflation in June and July fell more sharply than projected, as significantly lower agricultural commodity prices fed through to consumer prices. Non-energy administered prices have continued to record persistently high annual growth as a result of ongoing fiscal consolidation.

² ESA methodology.

³ Owing to one-off bonuses paid in the public sector last year, as well as higher bonus payments in the private sector.

Chart 18

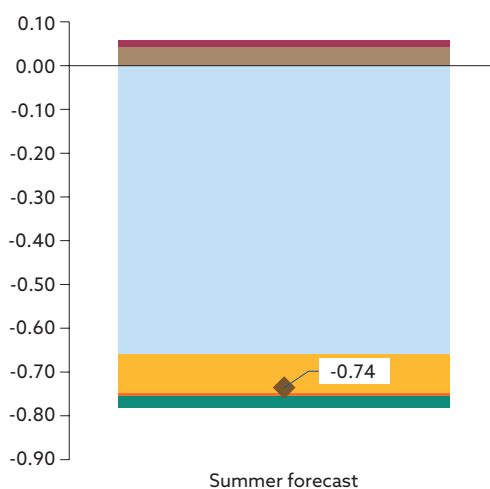
HICP inflation and its components (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 19

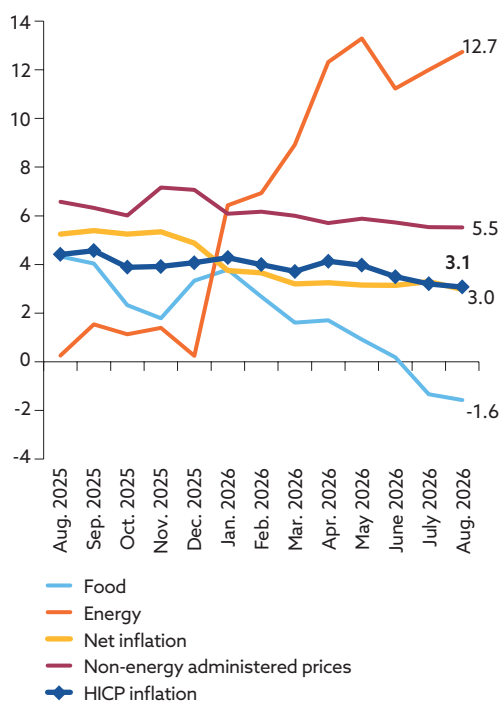
Deviation of flash HICP estimate for August from summer forecast (percentage point contributions)



Sources: SO SR, and NBS.

Chart 20

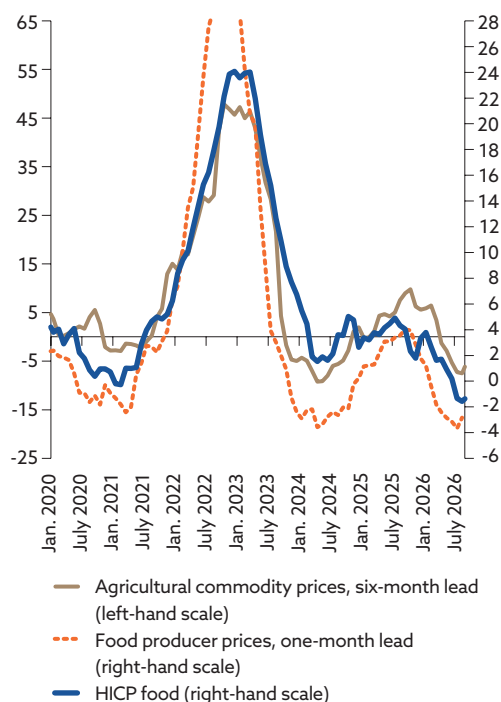
HICP inflation and its main components (annual percentage changes)



Sources: SO SR, and NBS.

Chart 21

Food and input prices (annual percentage changes)



Sources: SO SR, and NBS.

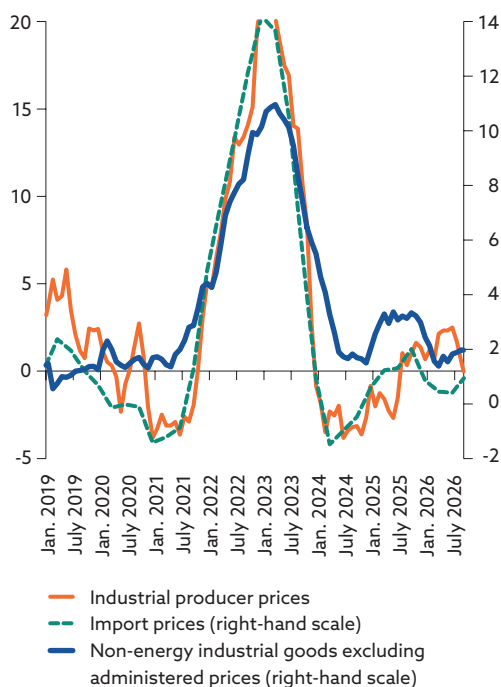
Food prices continued to decline in recent months (Chart 21). They followed, with a lag, the earlier decline in agricultural commodity prices and producer prices of food products for the domestic market. Errors in food price forecasts arose due to market prices for agricultural commodities being lower than anticipated. This resulted in a more pronounced slowdown in the pace of food price growth than had been expected in the summer forecast. Once those assumptions were updated, our model estimations fully explained the pattern of food price developments in recent months. Signs have emerged, however, of a turning point in global agricultural commodity markets, which, together with rising energy prices, are creating inflationary pressures for the period ahead.

Annual growth in market prices of goods has been gradually accelerating since March (Chart 22), reflecting the delayed pass-through of rising import prices. Some further acceleration is expected by the end of the year. Rising input costs, including higher energy prices and transport costs, could keep goods inflation elevated in the coming period.

Annual growth in market prices of services is at its lowest level since April 2024 (Chart 23). Although services inflation continues to moderate gradually, it remains elevated. This likely reflects still relatively strong demand for services and stronger wage growth in the sector. In the short term, we expect services inflation to stabilise, as higher energy-related costs offset further disinflationary pressures.

Chart 22

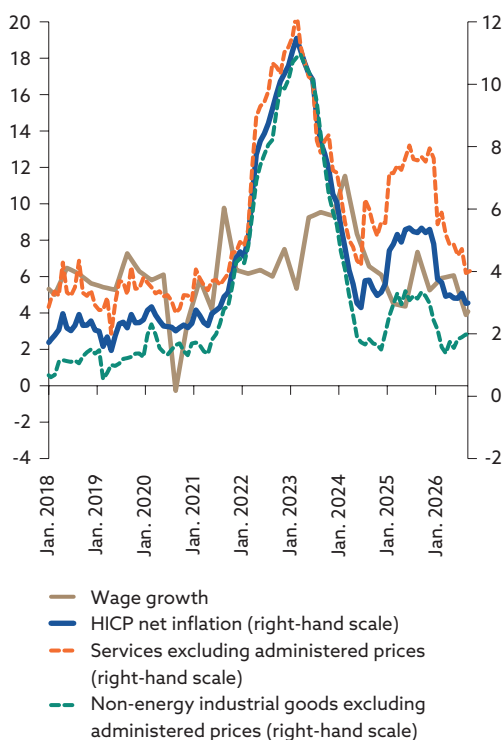
Import prices, producer prices and market prices of goods (annual percentage changes)



Sources: SO SR, and NBS.

Chart 23

Net inflation and its components; wages (annual percentage changes)



Sources: SO SR, and NBS.

Note: Net inflation represents the prices of services and regular goods, both excluding administered prices.

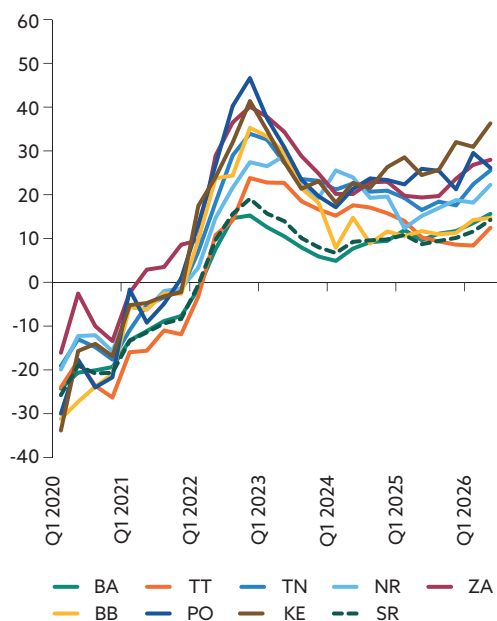
Housing prices recorded their slowest growth in more than two years in the second quarter of 2026. Compared with the previous quarter, they increased by 1.2% (9.5% year-on-year). Price growth was driven mainly by regional capitals, while a downward trend is already emerging in rural areas. Prices increased most rapidly in the Košice Region, whereas the Prešov Region experienced a mild correction following a sharp increase in the previous quarter. Prices of houses rose slightly faster than prices of flats.

Housing affordability deteriorated despite the slowdown in housing price growth (Chart 24).

Wages rose more slowly than housing prices in the second quarter, while interest rates increased at the same time. The Housing Affordability Index deteriorated by 2.6 points, with the Košice Region recording the largest decline in affordability. In the Prešov Region, the price correction resulted in a slight improvement in affordability.

Chart 24

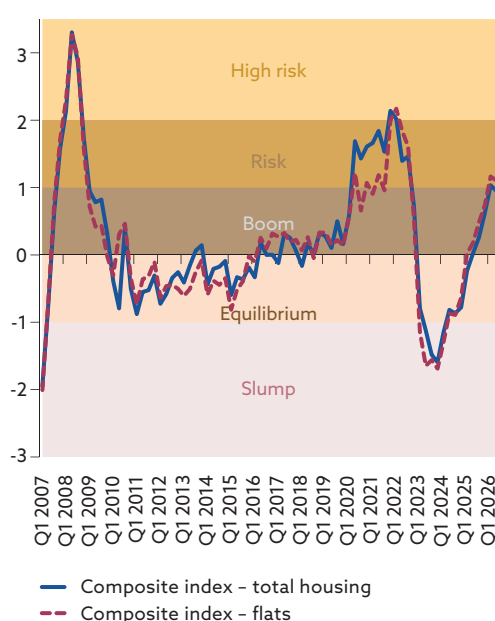
Housing Affordability Index (percentages of historical average)



Sources: NARKS, SO SR, United Classifieds, and NBS.

Chart 25

Composite index to assess housing price developments



Sources: NARKS, SO SR, United Classifieds, and NBS.

The slower pace of housing price growth also curbed growth in the composite index⁴ (Chart 25).

The gap between housing prices and disposable income narrowed slightly in the second quarter. After a subdued start to the year, rents started rising again, although their year-on-year increase is only around 2%. The composite index remains close to the band indicating a risk of correction.

Mortgage interest rates increased in the second quarter after two years of decline (Chart 26).

The average interest rate on new mortgages reached 3.7%, with market expectations pointing to further increases ahead. The volume of new mortgage lending continues to grow rapidly, with its level in the second quarter fully one-fifth higher than in the first quarter. Our interpretation is that mortgages are being taken out earlier in anticipation of higher interest rates, similarly to what happened in the first half of 2022.

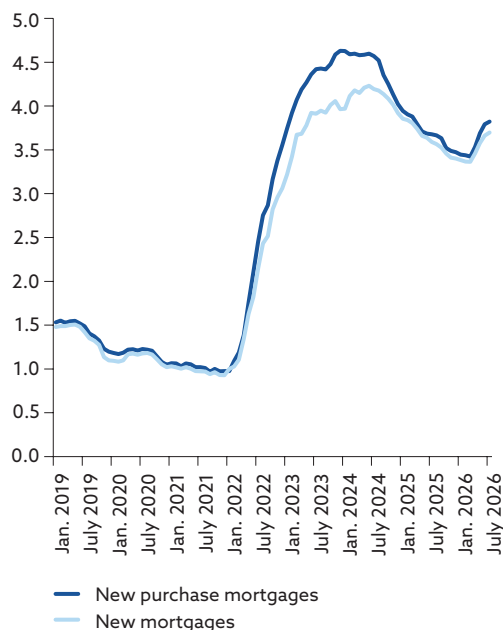
The continued decline in new residential construction remains one of the few factors supporting housing price growth (Chart 27). According to the latest Statistical Office data, the number of dwelling construction starts in the second quarter was 40% lower than a year earlier, and the number of building permits issued declined similarly. The number of construction completions was 36% lower year on year. In absolute terms, these are the lowest volumes since 2003. By

⁴ In order to assess the impact of housing prices on financial and economic stability, we compare their evolution with the evolution of their underlying theoretical fundamentals. We do so using a composite index based on ratio indicators (the real housing price; price/income; price/rent; mortgage loans/households' gross disposable income; amount of residential construction/GDP). Further information on the composite index's compilation is provided in Cár, M. and Vrbovský, R., 'Composite index to assess housing price development in Slovakia', Biatic, Vol. 27, No 3, Národná banka Slovenska, Bratislava, 2019

contrast, growth in construction material prices has been gradually accelerating, reaching 6.4% in the second quarter.

Chart 26

Average contractual interest rate (percentages)

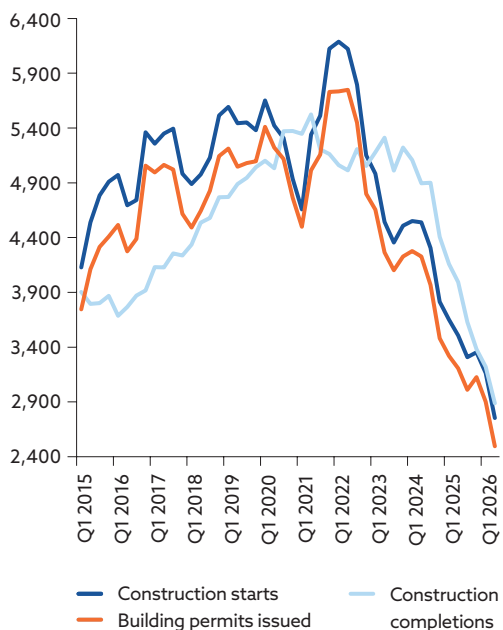


Sources: United Classifieds, NARKS, and NBS.

Note: 'New purchase mortgages' excludes mortgage refinancings, while 'new mortgages' includes them.

Chart 27

Construction of dwellings (moving annual averages)



Sources: SO SR, and NBS.

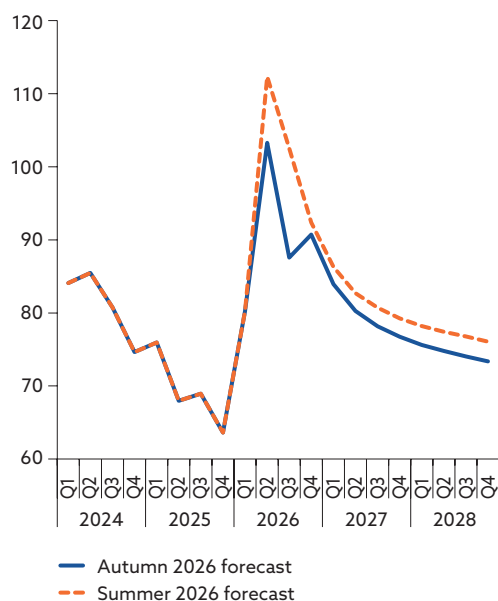
3 Medium-term forecast

3.1 Global outlook and technical assumptions⁵

Energy prices remain the main source of uncertainty surrounding the outlook. For this reason, the autumn forecast once again includes alternative scenarios based on different assumptions for the evolution of the conflict in the Middle East (Box 4).

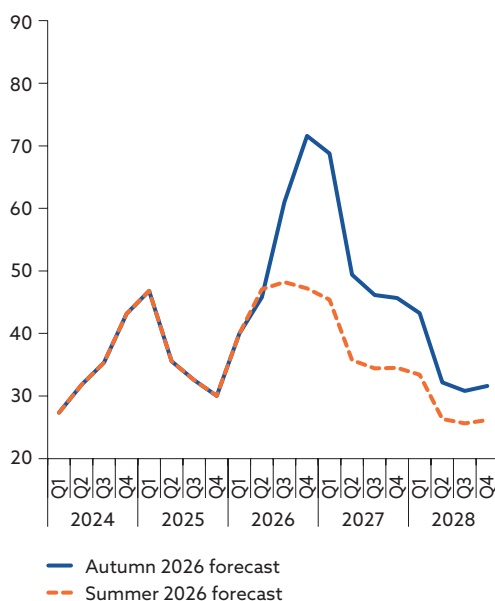
The largest change compared with the summer forecast concerns the assumed path of gas prices. In the baseline scenario of the autumn forecast, the average gas price is estimated to reach around EUR 70 per megawatt-hour (MWh) in the fourth quarter of 2026, before declining relatively rapidly to below EUR 50 per MWh in the first half of 2027 and then gradually falling to around EUR 30 per MWh by the end of 2028 (Chart 29). Compared with the summer forecast, the assumed gas price path is around 25% higher in 2026 and 14% higher in 2027. By contrast, our assumptions for the average oil price have been revised down slightly (Chart 28), although oil prices remain highly volatile.

Chart 28
Oil price (USD/barrel)



Source: NBS.

Chart 29
Gas price (EUR/MWh)

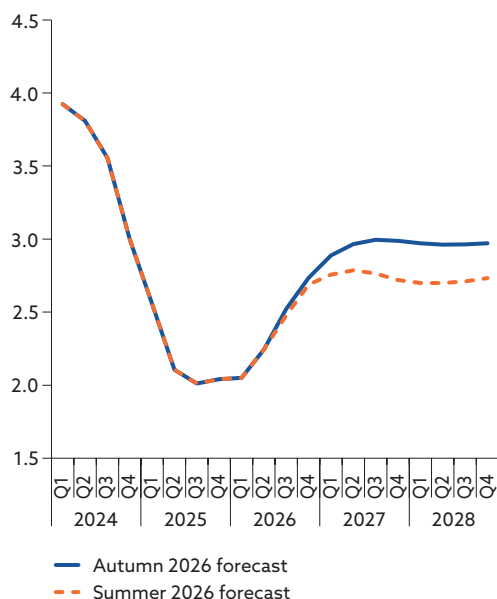


Source: NBS.

Interest rates in financial markets continued to increase broadly in line with expectations. The assumption for the level of the three-month EURIBOR at the end of 2026 is roughly the same as in the summer forecast (Chart 30). In 2027 and 2028 the rate is assumed to average 3%, approximately 25 basis points higher than envisaged in the summer. The autumn forecast therefore incorporates market expectations of further monetary policy tightening. Long-term interest rates have also increased this year, averaging 3.7%, and are expected to rise gradually to 4.1% by the end of 2028 (Chart 31).

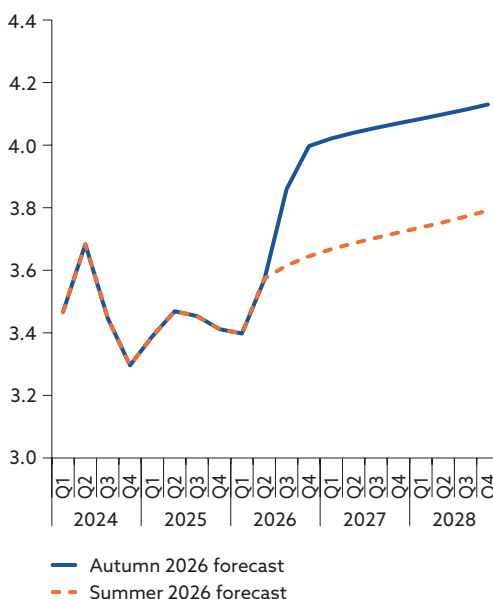
⁵ The technical assumptions of this medium-term forecast are based on the September 2026 ECB staff macroeconomic projections for the euro area. The assumptions for energy commodity and exchange rate developments were updated with a cut-off date of 1 September 2026.

Chart 30
Three-month EURIBOR (percentages)



Sources: European Commission, and NBS.

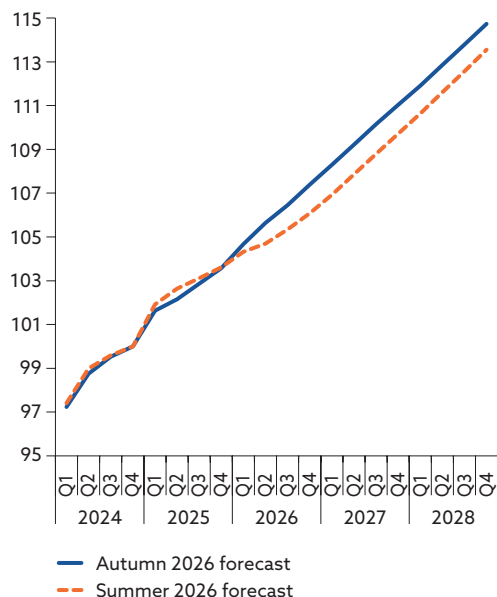
Chart 31
Ten-year Slovak government bond yield (percentages)



Sources: SO SR, and NBS.

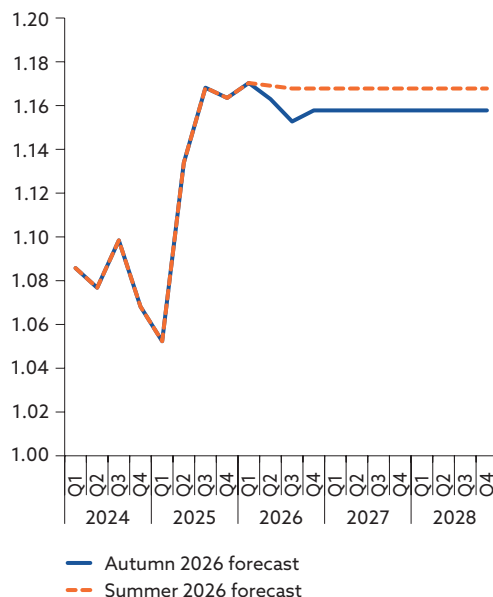
The baseline scenario assumes that foreign demand will continue growing throughout the projection horizon. Compared with the summer forecast, growth is somewhat stronger (Chart 32), with demand for Slovak exports assumed to be 1.2% higher by the end of 2026.

Chart 32
Foreign demand (index: Q4 2024 = 100)



Source: NBS.

Chart 33
USD/EUR exchange rate



Source: NBS.

Compared with the previous forecast, the assumed exchange rate of the euro against the US dollar is 0.9% weaker throughout the projection horizon to the end of 2028 (Chart 33). The exchange rate is thus assumed to be stable throughout the projection horizon at a level slightly below 1.16 dollars per euro.

Table 2

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

	Actual data	Autumn 2026 forecast (MTF-2026Q3)			Difference vis-à-vis the summer 2026 forecast (MTF-2026Q2) in pp		
	2025	2026	2027	2028	2026	2027	2028
Slovakia's foreign demand	3.7	3.4	3.4	3.3	1.2	0.3	-0.2
USD/EUR exchange rate ¹⁾ (level)	1.13	1.16	1.16	1.16	-0.7	-0.9	-0.9
Oil price in USD ¹⁾ (level)	69.1	90.4	79.8	74.4	-6.6	-3.0	-3.5
Oil price in USD	-14.9	30.8	-11.8	-6.7	-9.3	3.3	-0.4
Oil price in EUR	-18.5	27.3	-11.6	-6.7	-8.1	3.5	-0.4
Non-energy commodity prices in USD	5.8	3.5	3.0	-0.1	0.5	2.2	1.8
Electricity price (EUR/MWh)	7.6	41.5	-1.0	-21.7	34.7	11.4	-8.7
Gas price (EUR/MWh)	5.4	50.6	-3.8	-34.4	24.7	14.0	-8.7
Three-month EURIBOR (percentage per annum)	2.2	2.4	3.0	3.0	0.0	0.2	0.3
Ten-year Slovak government bond yield (percentage)	3.4	3.7	4.0	4.1	0.1	0.3	0.3

Sources: ECB, SO SR, and NBS.

Note: Annual percentage changes and differences vis-à-vis the previous forecast are calculated from unrounded figures.

1) Differences vis-à-vis the previous forecast are in percentages.

3.2 Macroeconomic forecast for Slovakia

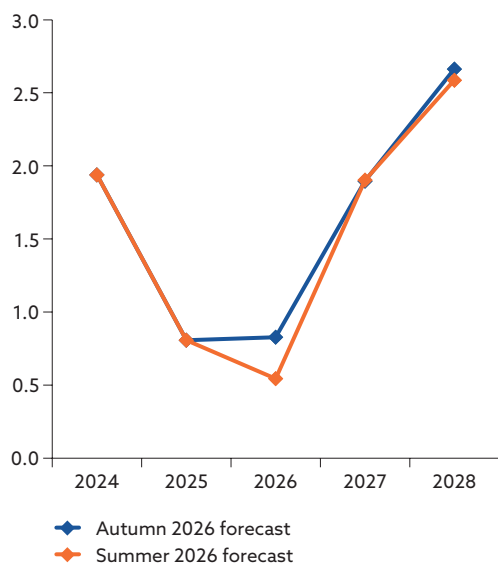
The conflict in the Middle East continues to generate uncertainty for the economy, mainly owing to sharp fluctuations in energy commodity prices on global markets. The effects of these developments are expected to unfold over an extended period. Both the euro area and Slovak economies have withstood the initial shock following the outbreak of the conflict. In both cases, economic growth in the second quarter exceeded expectations.

Our projection for Slovakia's economic growth in 2026 has been revised up to 0.8% (Chart 34).

The resilience shown by households and firms in the first half of the year will continue to support economic activity over the remainder of 2026. However, given the prevailing uncertainty and elevated energy prices, we are not factoring that impetus into the projections for 2027 and 2028, which therefore remain unchanged. Economic activity is expected to be supported by growing foreign demand for Slovak goods and services, the absence of further fiscal consolidation measures, and the launch of production at a new automotive plant. On the other hand, higher energy prices, alongside tighter financing conditions, represent an additional cost factor for firms, undermining their competitiveness and putting pressure on profitability. This is expected to weigh on economic growth particularly in 2027.

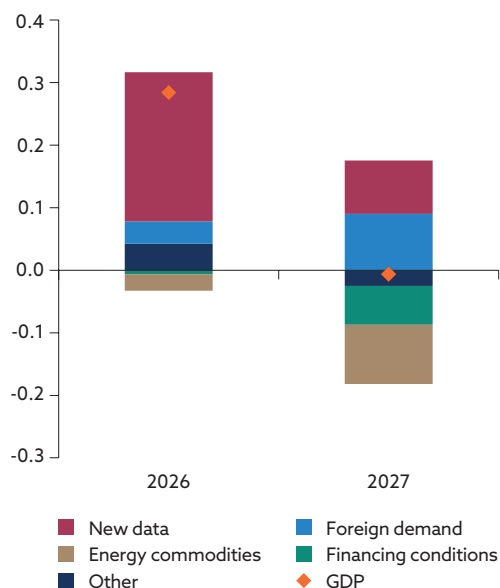
Uncertainty remains elevated and the future course of the conflict will be crucial. In the baseline scenario, we assume that the conflict will come to an end within the foreseeable future and that trade with Middle Eastern countries will resume. Energy commodity prices are expected to decline from their current elevated levels in line with futures market pricing. Although these prices will remain higher than at the beginning of the year, uncertainty should diminish significantly.

Chart 34
GDP (annual percentage changes)



Sources: SO SR, and NBS.

Chart 35
GDP growth – difference vis-à-vis the summer forecast (percentage points)

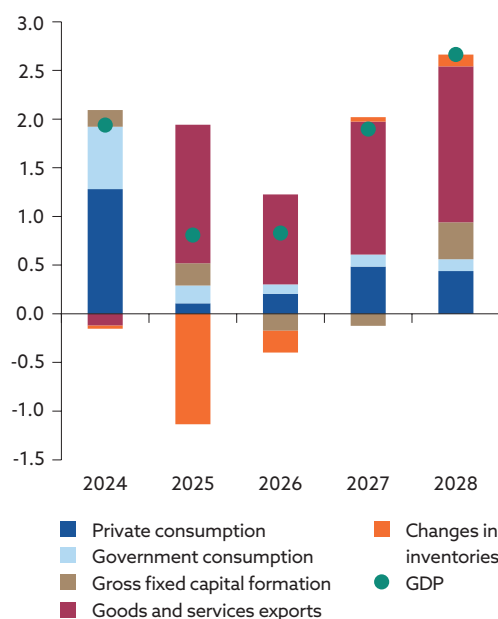


Sources: SO SR, and NBS.

Foreign demand is expected to remain a strong driver of growth in the years ahead (Chart 37).

The European economy has performed better than expected, sending a positive signal for future developments. We expect conditions in Slovakia's trading partners to further improve and Slovakia's export performance to strengthen. In addition to traditional automotive production, Slovakia could also benefit from supplying the defence industry and from AI-related investment.

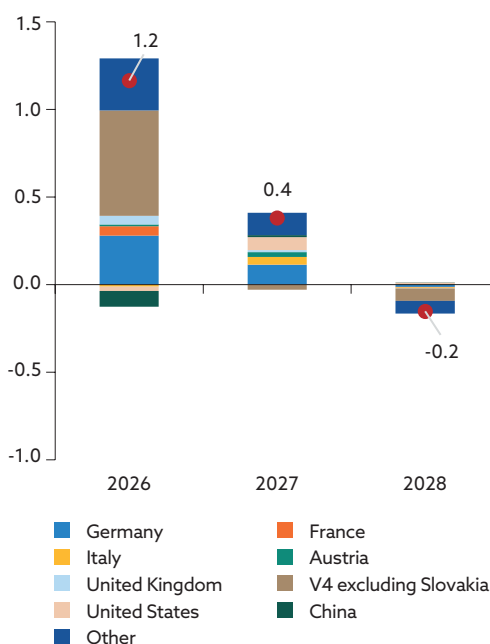
Chart 36
Decomposition of GDP growth (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Note: GDP components are adjusted for import intensity. Changes in inventories also include unallocated imports.

Chart 37
Foreign demand growth – geographical breakdown (difference vis-à-vis the summer forecast in percentage points)

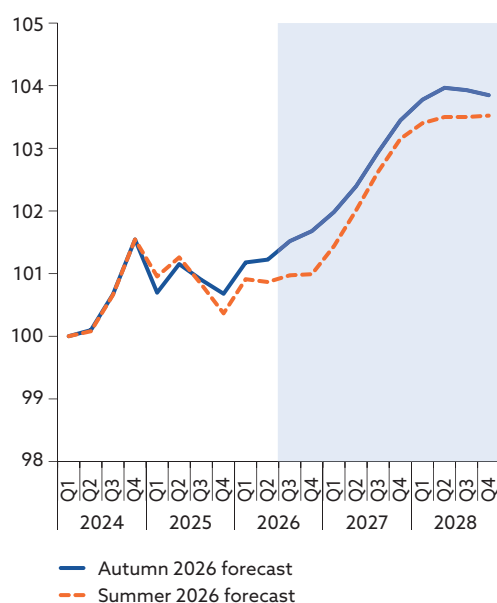


Sources: ECB, and NBS.

Households and firms have both proved more resilient than expected, and 2026 is expected to end on a stronger note than we anticipated in the summer. Households have benefited from a stable labour market and rising incomes, which, together with declining inflation, have enabled them to maintain their standard of living. In the coming years, however, they will have to contend with somewhat higher inflation, largely owing to a renewed surge in global energy prices that will gradually pass through to a broad range of goods and services. Even so, households' real incomes are expected to continue increasing, supporting growth in private consumption (Chart 39).

Chart 38

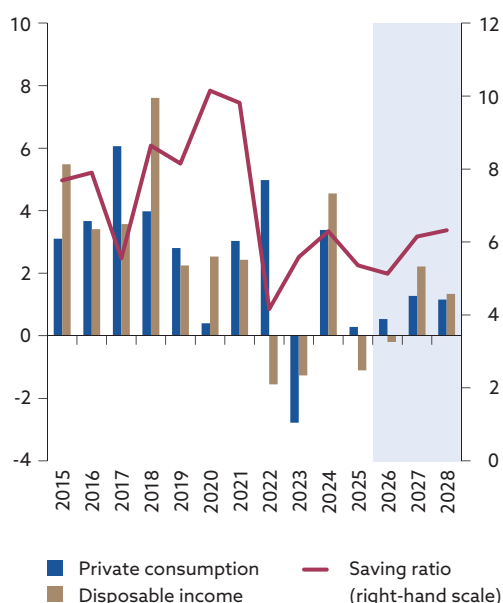
Private consumption (index: Q1 2024 = 100)



Sources: SO SR, and NBS.

Chart 39

Private consumption (left-hand scale: annual percentage changes; right-hand scale: percentages)



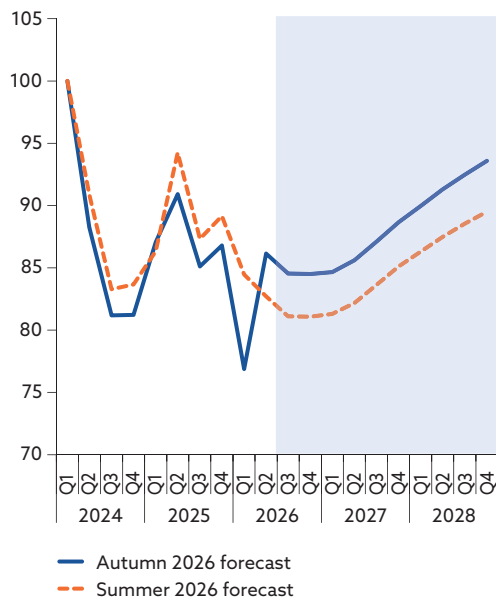
Sources: SO SR, and NBS.

Despite rising input costs and elevated uncertainty, firms continue to invest, partly supported by Recovery and Resilience Plan (RRP) funds. At current elevated energy prices, many firms are investing in renewable energy sources, while growing AI adoption is providing an additional incentive to invest. However, rising market interest rates are expected to weigh on investment in the years ahead. At the same time, the Recovery and Resilience Plan is coming to an end and will be replaced by standard EU funds. As a result, government investment is expected to decline slightly in the short term (Chart 41), before recovering.

In 2026 expenditure co-financed from the EU budget continues to be supported by the peak phase of RRP implementation and by increasing absorption of Cohesion Policy funds from the 2021-2027 programming period (Chart 42). In the period ahead, RRP-financed expenditure is expected to decline gradually, with capital expenditure being most affected by this development. By contrast, expenditure on consumption and subsidies is expected to decline at a slower pace. From 2027, following the end of the RRP, cohesion funds will become the mainstay of EU funding for Slovakia, helping to mitigate the decline in total expenditure co-financed from the EU budget. After peaking during the height of RRP implementation, Slovakia's net financial position vis-à-vis the EU budget is projected to decline gradually, but to remain above its historical average thanks to the continued inflow of cohesion funds.

Chart 40

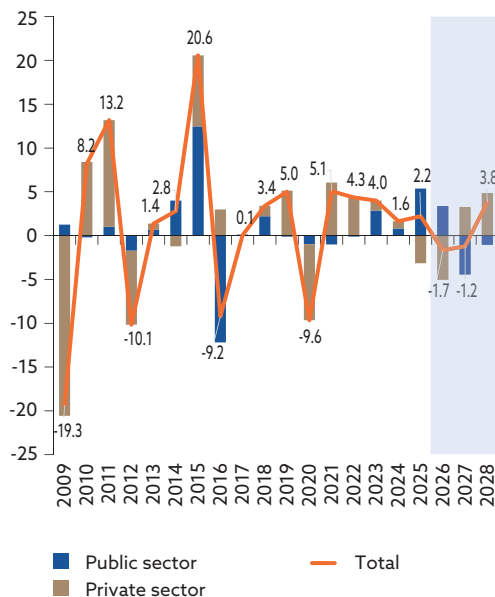
Non-residential private investment (index: Q1 2024 = 100)



Sources: SO SR, and NBS.

Chart 41

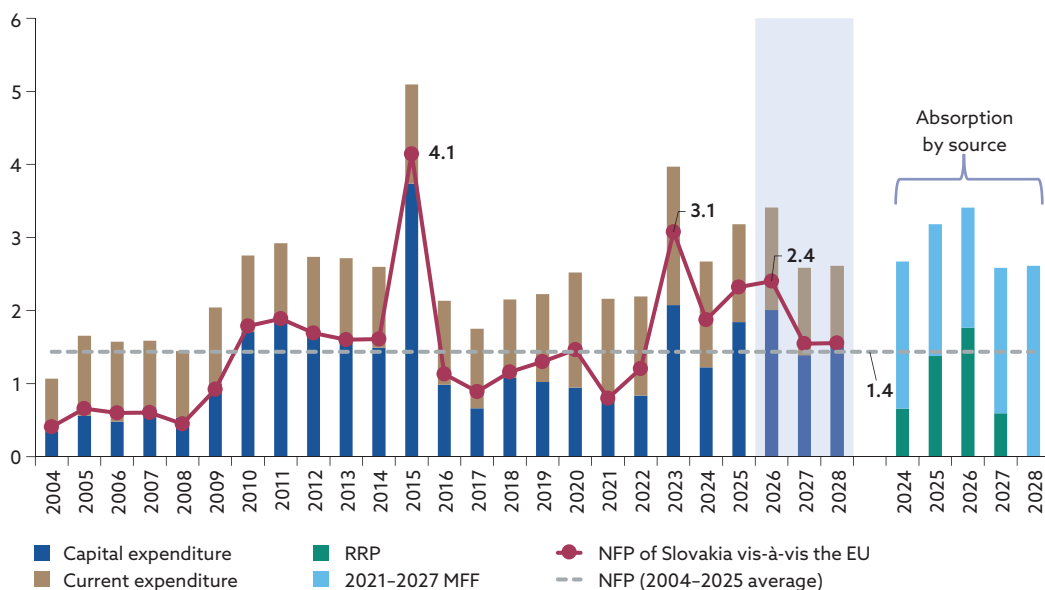
Investment (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 42

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



Source: NBS.

Note: NFP stands for net financial position; MFF stands for Multiannual Financial Framework; RRP stands for Recovery and Resilience Plan.

BOX 1

Higher gas prices will affect firms sooner than households

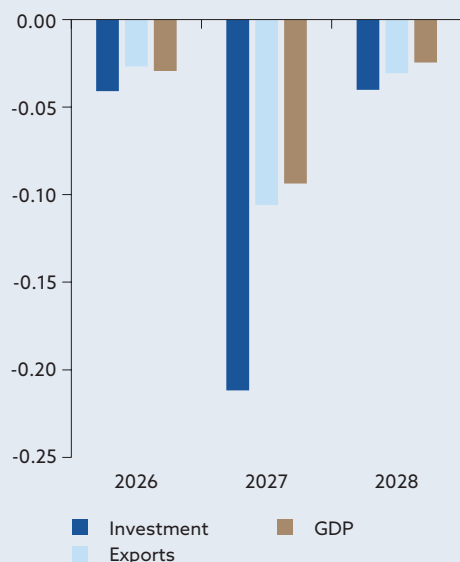
The rise in gas prices is primarily acting as a negative supply-side shock, increasing energy prices while simultaneously reducing economic activity. The immediate burden falls on firms through higher production costs and weaker competitiveness, while households will feel the brunt of higher prices only with a lag, owing to energy price regulation and fiscal support measures.

Higher gas prices reflect persistent geopolitical tensions. The ongoing conflict in the Middle East is stoking concerns about disruption to energy supplies and is increasing uncertainty in global energy markets. As a result, gas and electricity prices have risen above the levels assumed in the summer forecast. For the domestic economy, this represents a negative cost shock, the effects of which will be felt differently across sectors and with varying time lags.

The largest share of the shock will be absorbed by the corporate sector through higher energy costs. More expensive gas increases imported inflation and production costs, particularly in energy-intensive industries. Firms respond by passing part of these higher costs on to the prices of their products, thereby weakening their price competitiveness in foreign markets. However, firms will bear the greater part of the shock in the form of lower profitability and reduced investment and overall economic activity (Chart A).

Chart A

Estimated impact of higher gas prices compared with the summer forecast (percentage points)

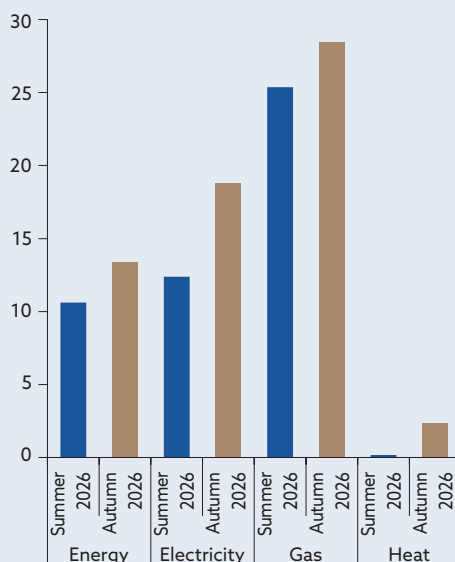


Source: NBS.

Note: Impact on the growth of selected variables estimated using an NBS macroeconomic model simulation.

Chart B

Projected HICP energy inflation in 2028 (annual percentage change)

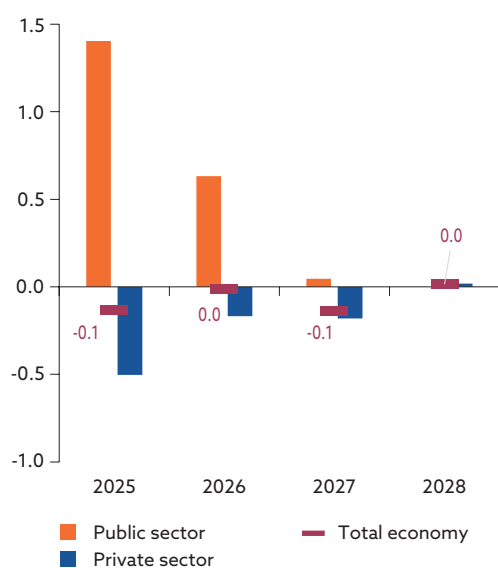


Source: NBS.

Higher gas prices will affect households with a lag owing to the current regulatory and fiscal framework. Households will not feel the full impact until 2028 (Chart B). The current framework of administered prices delays the pass-through of wholesale gas prices to final consumer prices, while energy price subsidies will continue to mitigate increases in household energy costs in 2027. Although this support cushions households' purchasing power and dampens inflation, it comes at the cost of higher fiscal expenditure.

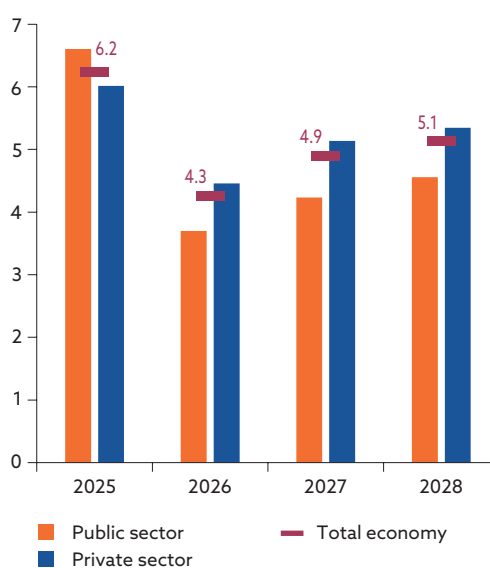
The labour market remains a point of stability in a world of heightened uncertainty and is expected to remain so in the years ahead. Despite the challenging environment, firms have managed to increase staff levels. Unlike in the summer forecast, we no longer expect employment to decline this year and instead expect it to remain broadly unchanged (Chart 43). In the coming years, we foresee employment remaining broadly stable. Against the backdrop of population ageing, firms will need to intensify their search for new workers and rely more heavily on foreign labour to fill job vacancies. The labour market may become tighter, supporting continued strong wage growth in the period ahead.

Chart 43
Employment (annual percentage changes)



Sources: SO SR, and NBS.

Chart 44
Nominal compensation per employee (annual percentage changes)



Sources: SO SR, and NBS.

Nominal wage growth in 2026 is expected to be stronger than previously projected and to remain robust in the years ahead (Chart 44). Better-than-expected economic developments have created scope for stronger labour productivity growth, likely giving firms the wherewithal to sustain solid nominal wage growth. Wage growth is expected to remain strong in the coming years as the Slovak economy continues to recover.

Table 3

Wages (annual percentage changes)

	2024	2025	2026	2027	2028
Nominal labour productivity	5.6	5.2	5.0	5.3	6.2
Nominal wages – whole economy	6.4	5.7	4.6	4.4	4.9
Real wages – whole economy	3.5	1.6	1.0	1.1	1.1
Nominal wages – private sector	6.0	5.4	4.3	4.5	5.3
Real wages – private sector	3.2	1.3	0.8	1.2	1.5
Nominal wages – public sector	7.2	6.4	5.4	4.3	3.9
Real wages – public sector	4.3	2.3	1.8	1.0	0.1

Sources: SO SR, and NBS.

Notes: Deflated by the CPI. Nominal labour productivity is defined as GDP per person in employment (ESA 2010).

BOX 2

Gradual integration of war-displaced Ukrainians changes forecast assumptions

In previous forecasts, we assumed that the war in Ukraine would gradually end and that a proportion of the war-displaced Ukrainians in Slovakia would return to their country. Those remaining were expected to be mainly individuals already integrated into the labour market and society. The current forecast includes revised assumptions for inflows and outflows of displaced persons from Ukraine. We now envisage the war continuing throughout the projection horizon, implying a further, albeit slower, inflow of people granted temporary protection. At the same time, an increasing number of the displaced persons are successfully establishing themselves in the labour market, suggesting a more permanent integration into the Slovak economy.

Since the beginning of the war, our forecasts have assumed that the war would end within the foreseeable future. We expected the war's conclusion to be followed by an approximately one-year transition period during which new arrivals of persons under temporary protection would largely cease; at the same time, returns to Ukraine would remain limited and integration into the Slovak labour market would continue. Only thereafter would a proportion of the displaced persons gradually start returning to Ukraine, mostly those who had not yet settled permanently in Slovakia. By contrast, Ukrainians with established employment, knowledge of the Slovak language and children enrolled in the Slovak education system were assumed to remain in Slovakia. Consequently, even if the overall number of the displaced declined, the total number of economically active persons would decrease only marginally.

The new technical assumption is that the war will persist throughout the projection horizon, resulting in further inflows of people from Ukraine under temporary protection, albeit at a gradually slower pace. This assumption is consistent with historical data which, despite short-term fluctuations, continue to indicate an increase in the number of displaced persons (Chart C).

The number of displaced Ukrainians employed in Slovakia increased by around 3,300 over the past year. By the end of June 2026, their total number stood at almost 26,000. As

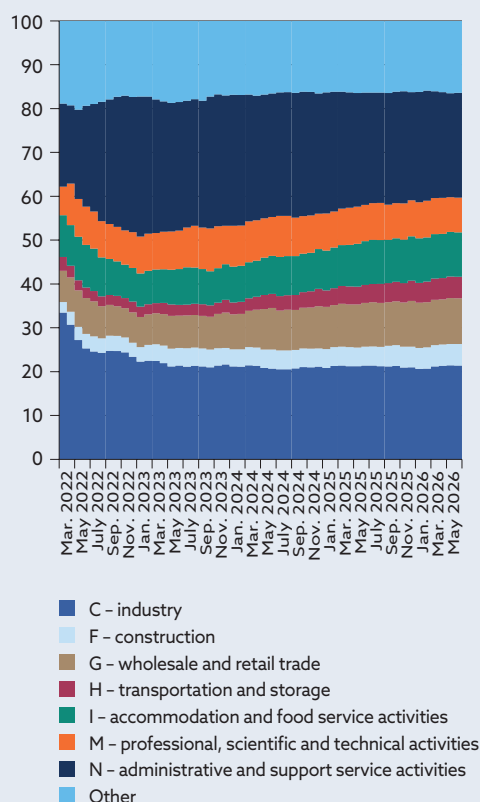
the war has dragged on and integration has progressed, displaced Ukrainians in Slovakia now hold more than one job per person on average.

The Ukrainians who came to Slovakia immediately after the outbreak of the war integrated rapidly into the domestic labour market. They were employed mainly in manufacturing and in administrative and support service activities (Chart A). During the first year after arrival, employment in these sectors grew most rapidly, suggesting that the availability of job opportunities was the key factor behind where displaced Ukrainians found work.

Since mid-2023, the sectoral distribution of employment among displaced Ukrainians has been relatively stable. The share employed in administrative and support services has declined slightly, while the share working in trade and in tourism- and hospitality-related services has increased. The nature of the jobs performed, however, has changed more substantially. While there has been little shift in the sectoral distribution of their employment since 2023 (Chart B), the occupational structure has shifted towards more skilled positions.

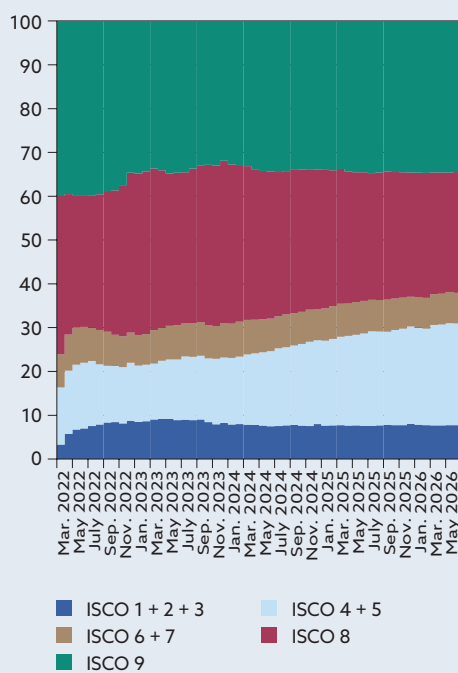
Initially, the displaced persons were largely employed in elementary occupations (ISCO 9) and as plant and machine operators and assemblers (ISCO 8). Over time, however, the share employed as clerical support workers (ISCO 4) and service and sales workers (ISCO 5) has increased. The combined share of these occupations rose from around 13% in March 2022 to more than 23% by mid-2026, while the share of elementary occupations declined.

Chart A
Employment by sector (percentages)



Sources: MPSVaR SR, ÚPSVaR SR, and NBS.

Chart B
Employment by skill level (percentages)

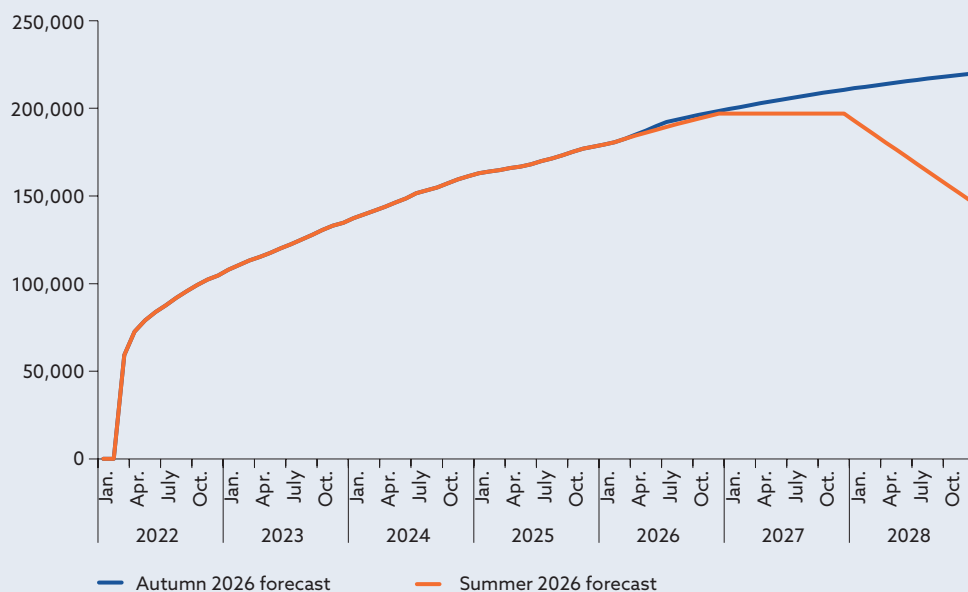


Sources: MPSVaR SR, ÚPSVaR SR, and NBS.

Note: ISCO classification: 1 - Managers; 2 - Professionals; 3 - Technicians and associate professionals; 4 - Clerical support workers; 5 - Service and sales workers; 6 - Skilled agricultural, forestry and fishery workers; 7 - Craft and related trades workers; 8 - Plant and machine operators, and assemblers; 9 - Elementary occupations.

The revised assumptions are reflected primarily in the projected number of persons under temporary protection. Compared with the previous scenario, their number is forecast to be more than 67,000 higher at the end of the projection horizon (Chart C). The impact on the labour market is, however, considerably smaller. Since the original scenario also envisaged that those remaining in Slovakia would predominantly be persons already integrated into the labour market, the additional contribution to employment at the end of the projection horizon amounts to around 2,500 persons.

Chart C
Number of displaced persons from Ukraine



Sources: MPSVaR SR, ÚPSVaR SR, and NBS.

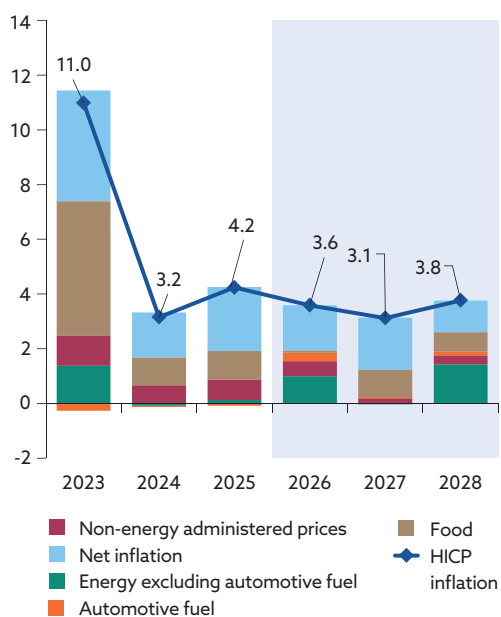
The current increase in energy prices will have an upward impact on headline inflation only in the coming years (Chart 45). For this year, the inflation projection has been revised down from the summer forecast (Chart 46), reflecting favourable food price developments. Unlike in the previous forecast, we no longer assume that higher energy prices will pass through to consumer food prices in 2026. However, once this year's surpluses of certain food commodities have dissipated, food inflation is expected to accelerate in the years ahead. At the same time, upward pressure from rising input costs, driven by higher energy prices and this year's drought and weaker harvests, is expected to intensify. As a result, food prices should begin having a gradual upward impact on headline inflation.

Energy prices will pass through to a broad range of goods and services over the next two years. Slightly higher import prices are expected to push up goods prices, while somewhat stronger wage growth is likely to contribute to higher services prices. On the other hand, these cost pressures could be partly offset by weaker consumer demand.

We assume that government support in 2027 will shield households from the current increase in global energy prices (with the exception of motor fuel prices). In 2028, however, we expect households to begin feeling the effects of higher energy prices more fully. Energy is expected to make the largest contribution to headline inflation.

Chart 45

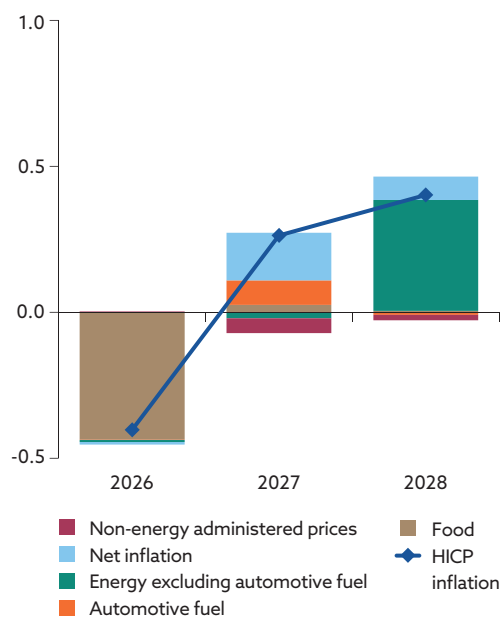
HICP inflation and its components (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 46

Difference vis-à-vis the summer 2026 forecast (percentage points)



Sources: SO SR, and NBS.

Table 4

Components of HICP inflation (annual percentage changes)

	Average for 2004-08 (pre-crisis period)	Average for 2010-14 (post-crisis period with euro currency)	2024	2025	2026	2027	2028
HICP	4.1	2.0	3.2	4.2	3.6	3.1	3.8
Food	3.6	3.1	3.2	3.6	0.3	3.5	2.5
Non-energy industrial goods	0.2	0.3	2.6	2.9	2.3	2.5	1.4
Energy	8.3	2.3	-0.9	0.3	11.2	0.0	13.4
Services	5.3	2.5	5.9	8.0	4.9	4.4	3.4
Net inflation	1.8	1.0	3.7	5.1	3.3	3.8	2.3

Sources: SO SR, and NBS.

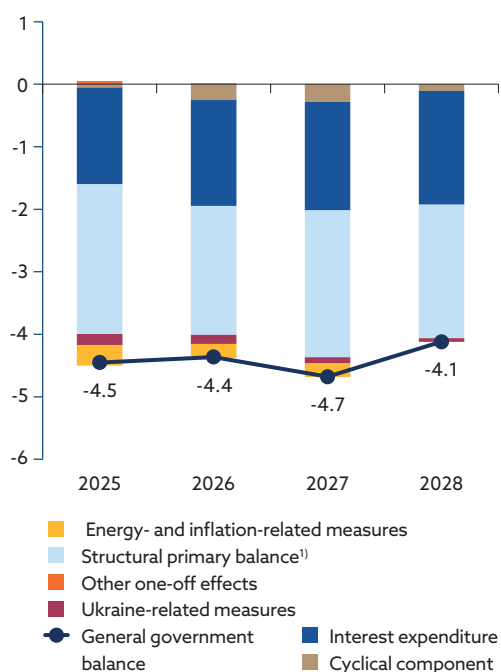
3.3 Public finance projections

Slovakia's general government deficit is projected to be 4.4% of GDP in 2026 (Chart 47). It is expected to deteriorate in 2027, before improving gradually in subsequent years. The main constraints on fiscal deficit improvement remain weaker economic performance, the expected continuation of energy price support in 2027, and the absence of additional fiscal consolidation measures. Another factor is rising interest expenditure. The projected moderation of the deficit in 2028 is based on an upturn in the business cycle and the assumed expiry of energy price support.

The structural balance outlook has changed only marginally. The overall fiscal stance remains restrictive throughout the projection horizon. The temporary fiscal expansion envisaged in 2027 is more than offset by lower financing of public expenditure from EU funds (Chart 48). As a result of persistently high deficits, public debt is projected to continue rising, from 62.8% of GDP in 2026 to around 64.3% of GDP at the end of the projection horizon (Chart 50).

Chart 47

Decomposition of the general government balance (percentages of GDP)



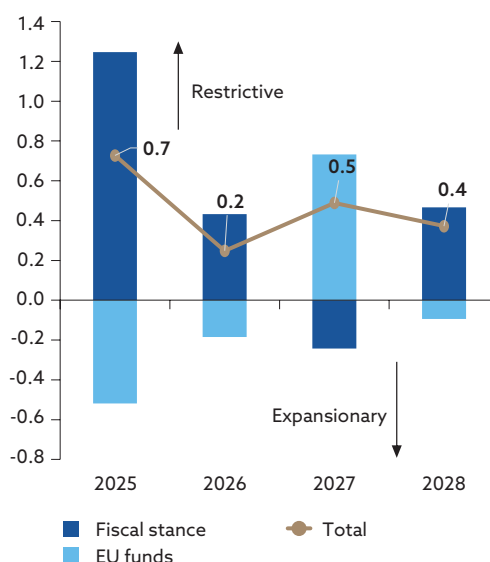
Sources: SO SR, and NBS.

1) Excluding COVID-19-, Ukraine- and energy-related measures

Notes: One-off factors include non-cyclical effects that have a temporary impact on the general government balance and are supposed to be eliminated in the future. Additional government spending from 2025 should include targeted social assistance for vulnerable groups at risk from rising gas prices. Given, however, that the form and size of these expenditures are still unclear, they are classified within the structural primary balance.

Chart 48

Fiscal stance (percentage points of GDP)



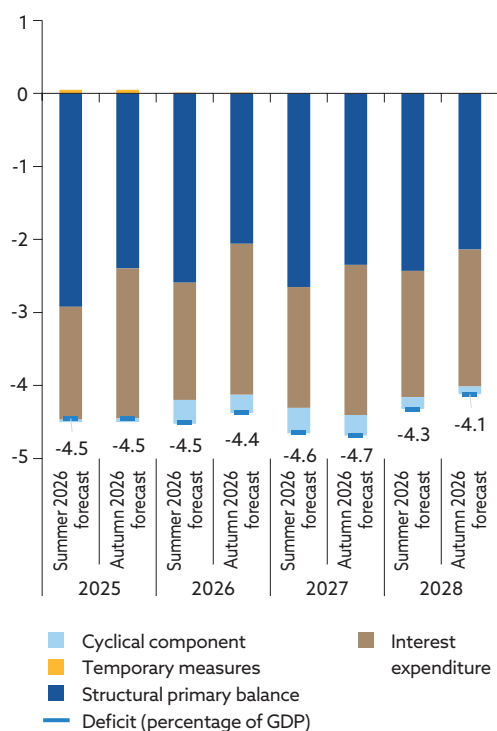
Sources: SO SR, and NBS.

Notes: Fiscal stance – annual rate of change in the cyclically adjusted primary balance. 'EU funds' includes funding from the EU's Recovery and Resilience Facility (allocated through the national Recovery and Resilience Plan).

Compared with the summer forecast, the slight deterioration in the deficit projection, by 0.1% of GDP in 2027 (Chart 49), is driven mainly by higher government expenditure on goods and services and stronger investment activity, particularly at the local government level. These factors temporarily outweigh the more favourable development of tax revenues and government receipts. Since 2027 follows the local elections in 2026, we expect local authorities to reduce their investment activity (Box 3). However, overall investment will remain elevated owing to the expected ramp-up in capital expenditure financed under the Security Action for Europe (SAFE) instrument. The subsequent improvement in the fiscal position envisaged in 2028 is structural in nature. By the end of the projection horizon, the effect of stronger nominal economic growth is expected to come to the fore, supporting fiscal revenues in particular. On the other hand, the impact of higher inflation in 2028 will subsequently be reflected in higher indexation of social benefits beyond the projection horizon, limiting any further improvement in the fiscal balance.

Chart 49

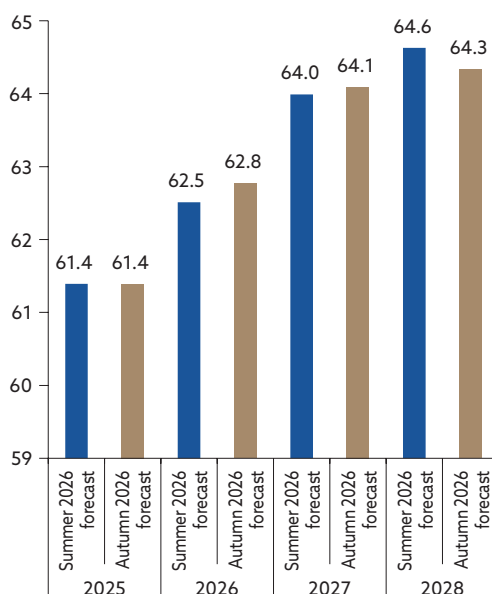
Comparison of projections for the deficit and its decomposition (percentages of GDP; percentage point contributions)



Source: NBS.

Chart 50

Comparison of public debt projections (percentages of GDP)



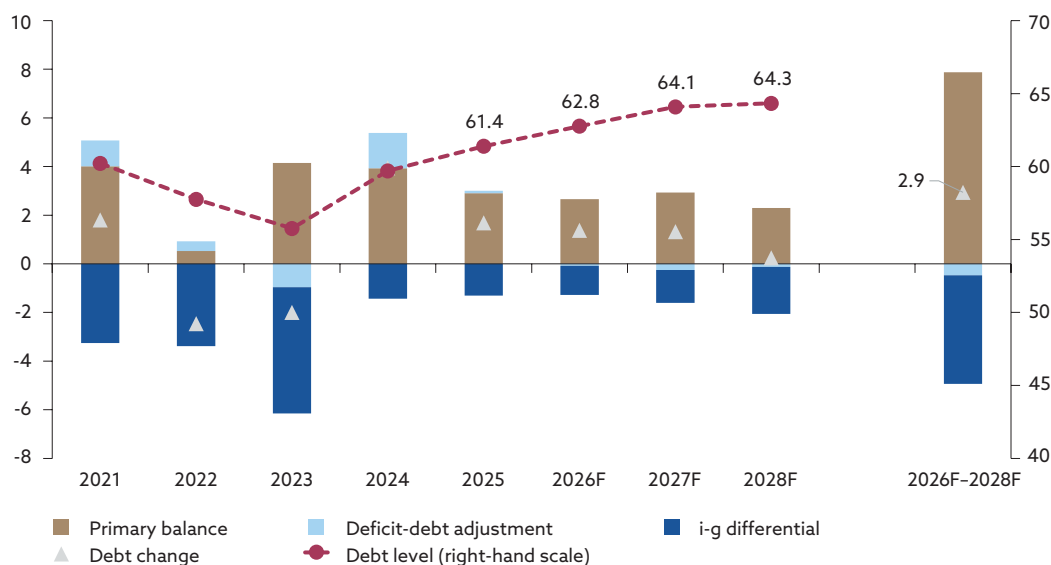
Source: NBS.

Despite the persistently high fiscal deficit, gross general government debt is expected to increase only gradually, reaching 64.3% of GDP in 2028 (Chart 50). The primary deficit remains the main driver of debt accumulation. Its impact, however, is more than offset by an improving macroeconomic environment, with nominal GDP growth exceeding debt servicing costs. Another curb on public debt growth is the use of accumulated cash reserves to finance part of the deficit spending (deficit-debt adjustment). As a result, the debt-to-GDP ratio is projected to increase only gradually over the projection horizon.

Risks associated with Slovakia's fiscal position nevertheless remain elevated, particularly owing to the current high deficits, expected demographic pressures and rising debt servicing costs. Failure to address fiscal consolidation needs, together with adverse demographic developments, could push the debt ratio towards 90% of GDP over a ten-year horizon.

Chart 51

Public debt and factors of its change (left-hand scale: percentage points of GDP; right-hand scale: percentages of GDP)



Sources: NBS, and SO SR.

Notes: The deficit-debt adjustment refers to the factor that reconciles the fiscal deficit with the debt change. The i-g differential captures the impact of interest rates and economic growth on the debt change.

BOX 3

The impact of electoral cycles on general government investment and current expenditure

Electoral cycles influence the development of general government investment and current expenditure. The data suggest that, in the case of local authorities (municipalities and local governments), local elections have a relatively pronounced impact, particularly on investment, which tends to peak in the election year and the year immediately thereafter. By contrast, central government investment is less closely linked to parliamentary elections, as it is driven to a greater extent by multiannual planning and the implementation of large-scale projects. As regards current expenditure, however, spending activity shows a rising trend ahead of elections at both the local and central government levels.

In Slovakia, local elections will be held in 2026 and parliamentary elections in 2027. To assess the impact of electoral cycles, we analysed levels of investment and current expenditure over the period from two years before elections to one year after.⁶

Local elections

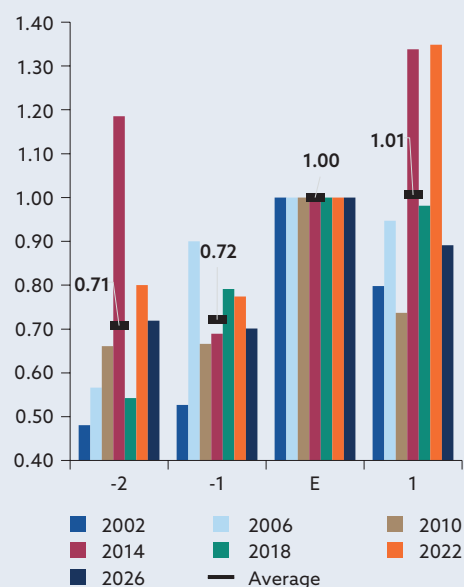
In the case of local authorities, the impact of the local electoral cycle on investment activity is relatively substantial. In the election year and the year immediately following it, investment is

⁶ The analysis includes only expenditure financed from domestic sources, thereby eliminating the effect of the EU funds cycle. To remove the impact of rising prices on expenditure aggregates, data at 2020 constant prices were used. To compare individual electoral cycles, an index was constructed with the election year set equal to 1 ($E = 1$).

on average around 30% higher than two years before the election. This pattern suggests that local authorities' investment activity peaks in the election year and the following year. Their current expenditure displays a similar, albeit less pronounced, relationship with the electoral cycle. Spending on wages, goods and services, and routine maintenance is around 10% higher in the period leading up to elections than in other years of the cycle. Local authorities' strong investment activity in 2026, exceeding the levels observed during the previous two local electoral cycles, partly explains the revision to the public investment projections.

Chart A

Local authority investment, local election cycle (index: election year E = 1)

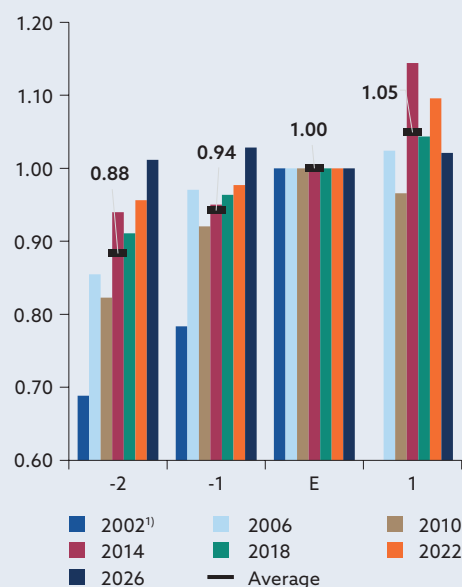


Sources: Eurostat, MF SR, and NBS calculations.

Note: Values for 2026 are based on the current forecast.

Chart B

Local authority current expenditure, local election cycle (index: election year E = 1)



Sources: Eurostat, MF SR, and NBS calculations.

Note: Values for 2026 are based on the current forecast.

1) The value for the post-election year is excluded. In 2003 there was a major transfer of competences from central government to municipalities and local governments (including for education, social services, second- and third-class roads, cultural institutions, and other areas).

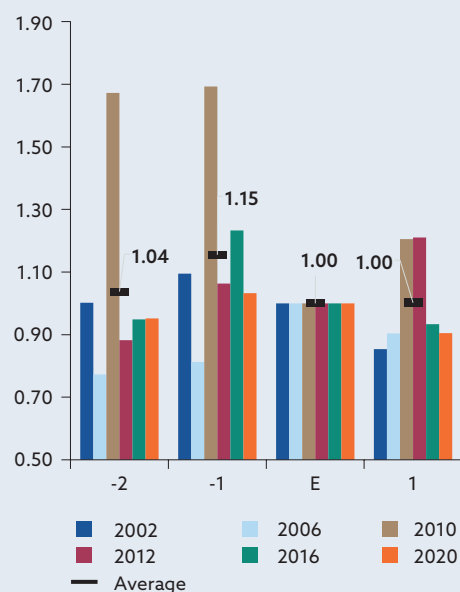
Parliamentary elections

In the case of central government, the relationship between the electoral cycle and investment activity is less clear-cut. Government investment is generally tied to multiannual projects and long-term strategic decisions, limiting the scope for short-term adjustments in response to approaching elections. In addition, for a number of investment projects,⁷ expenditure is incurred on an ongoing basis, whereas the investment itself is recorded in the public accounts only upon completion or delivery. Typical examples include purchases of military equipment and large-scale infrastructure projects.

The situation is different with central government current expenditure, which exhibits a pattern similar to that observed for local authorities. Its growth tends to increase moderately ahead of elections, continues to do so during the election year, and peaks in the year following the election.

⁷ Projects financed with EU funds represent a specific case, as their implementation follows the EU's multiannual programming periods. Since their timing, including that of the national co-financing component, is not linked to the electoral cycle, they may distort the assessment of expenditure changes associated with electoral cycles.

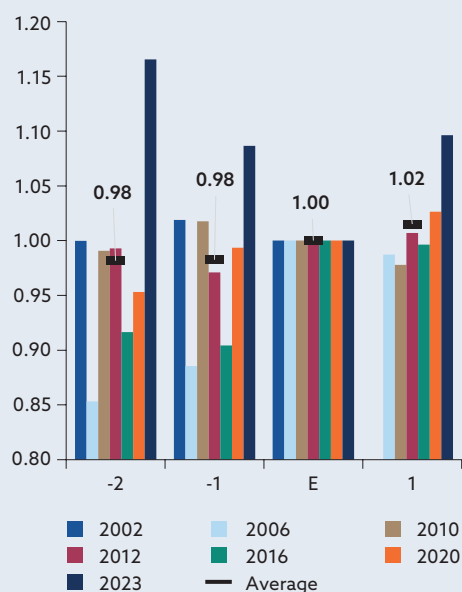
Chart C
Central government investment,
parliamentary election cycle (index:
election year E = 1)



Sources: Eurostat, MF SR, and NBS calculations.

Notes: Values for 2023 are excluded. Exceptionally strong absorption of Recovery and Resilience Plan funds and very low use of domestic funding sources make the years before and after 2023 unusually high compared with other years.

Chart D
Central government consumption
expenditure, parliamentary election cycle
(index: election year E = 1)



Sources: Eurostat, MF SR, and NBS calculations.

3.4 Risks to the forecast

Risks to the economic growth outlook remain broadly unchanged compared with the summer forecast. Pronounced volatility in global energy markets is heightening uncertainty. Higher energy prices could weigh on the global economy and, by extension, on the Slovak economy, with the risk that they give rise to broader inflationary pressures through stronger indirect and second-round effects. Together with higher-than-expected interest rates, this could dampen economic activity. Potential turbulence in financial markets would also have an adverse impact on growth.

Geopolitical developments remain central to the assessment of risks, but we also see substantial uncertainty on the domestic front. With 2027 being a general election year, the general government deficit could be higher than currently projected, with any resulting benefit to economic activity being only temporary.

As regards the inflation outlook, risks remain predominantly on the upside. The elevated energy prices observed in the first half of the year have so far had a relatively muted impact on prices of goods and services. However, if the Middle East conflict continues for an extended period, the risk increases that high energy commodity prices and supply chain disruptions put upward pressure across a broad range of goods and services prices. The impact of the conflict could therefore be greater and more persistent than currently assumed. There is also a growing risk that persistently elevated inflation will lead to stronger wage demands. The risk of inflationary pressures stemming from an overly expansionary fiscal policy next year has also risen. In the case

of food prices, uncertainty remains linked to this year's drought and global climate events, as well as the continuing war in Ukraine.

Given the high uncertainty, we have prepared alternative scenarios for how the situation may evolve.

BOX 4

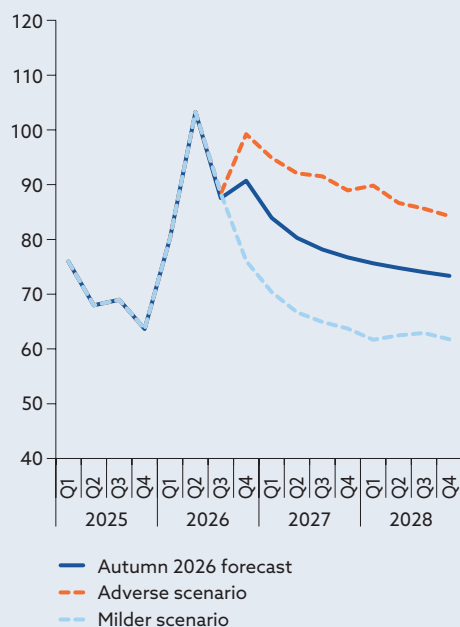
Scenarios for the macroeconomic impact of the Middle East conflict

The evolution of the conflict in the Middle East could affect the Slovak economy mainly through energy prices, uncertainty and foreign demand. Alongside the baseline scenario, we therefore assess two alternative scenarios: a **milder** scenario based on a rapid de-escalation of the conflict, and an **adverse** scenario in which higher energy prices and elevated uncertainty persist for longer.⁸

The scenarios differ in three areas. The first is the trajectory of energy commodity prices and foreign demand (Charts A, B, C and D). The second is the extent and duration of heightened uncertainty in both the global and domestic economies. The third is the extent to which the energy shock passes through to prices and the real economy. In each alternative scenario, fiscal and monetary policy settings are the same as in the baseline scenario, with neither policy responding actively to the shock.⁹

Chart A

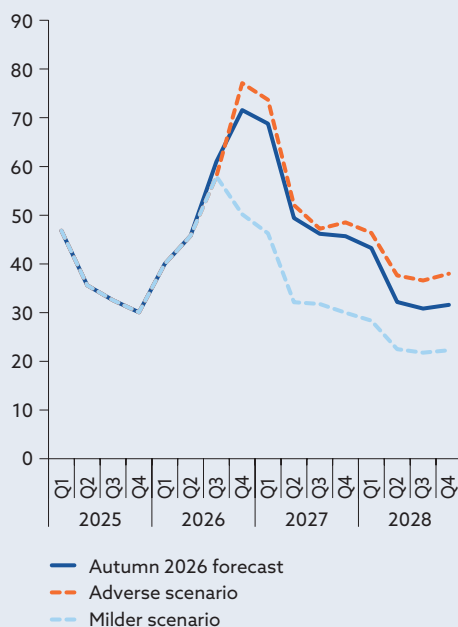
Oil price (USD/barrel)



Sources: ECB, and NBS calculations.

Chart B

Gas price (EUR/MWh)

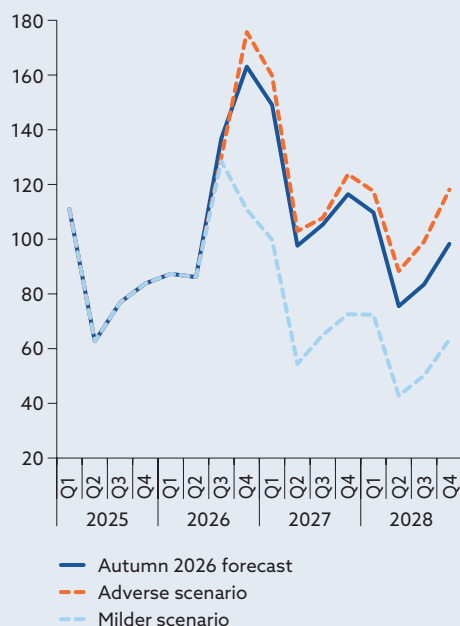


Sources: ECB, and NBS calculations.

⁸ ECB staff macroeconomic projections for the euro area, September 2026. The assumptions underlying the milder scenario are consistent with the ECB's milder scenario, while those of the adverse scenario are consistent with the ECB's adverse scenario. Owing to the later cut-off date for the technical assumptions in the NBS autumn forecast, the NBS baseline scenario already partly incorporates higher energy commodity prices, particularly for natural gas and electricity.

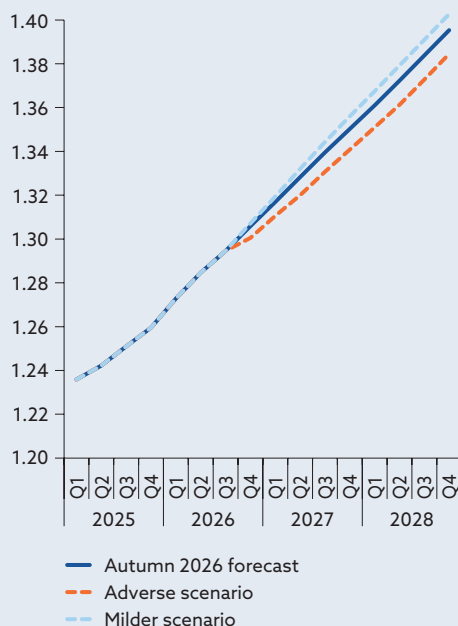
⁹ The overall design of the scenarios is unchanged from the NBS summer forecast (see Box 4 in [Economic and Monetary Developments – Summer 2026](#)).

Chart C
Electricity price (EUR/MWh)



Sources: ECB, and NBS calculations.

Chart D
Foreign demand (index: 2020 = 1)



Sources: ECB, and NBS calculations.

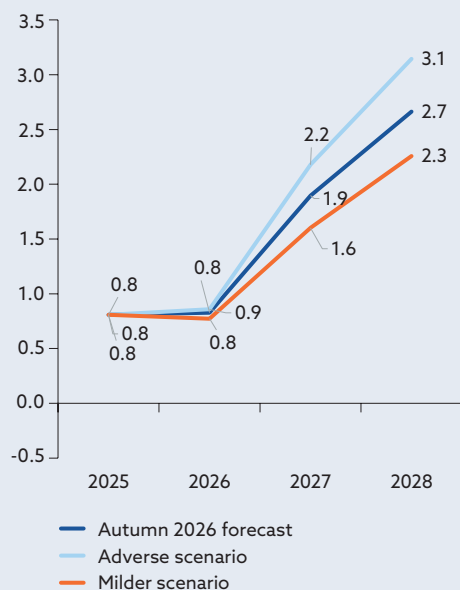
The **milder scenario** assumes a rapid de-escalation of the conflict and a return of prices to lower levels. Uncertainty recedes quickly and second-round price effects remain minimal. As a result, the adverse impact on the global economy is short-term and external conditions evolve more favourably than in the baseline scenario.

The **adverse scenario** assumes that energy prices remain elevated for longer and that uncertainty persists, leading to greater financial market volatility, tighter financing conditions and weaker global economic activity. The pass-through of the energy shock to food prices, core inflation and other consumer prices is stronger, similar to that observed in 2022 and 2023.

Impact on the Slovak economy (Charts E and F)

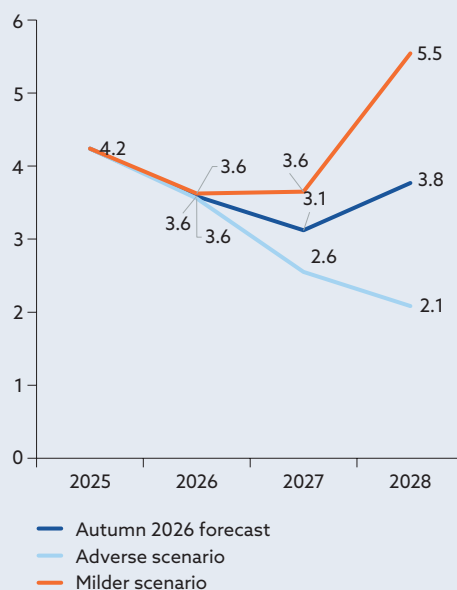
In the **milder scenario**, lower energy prices improve firms' cost competitiveness and increase households' purchasing power. Stronger foreign demand stimulates exports. As a result, compared with the baseline, economic growth is higher and inflation is lower.

Chart E
Real GDP growth (percentages)



Source: NBS calculations.

Chart F
Annual HICP inflation (percentages)

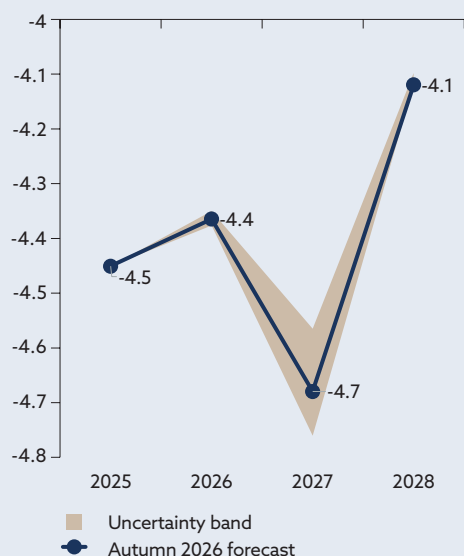


Source: NBS calculations.

The **adverse scenario** implies a more pronounced slowdown in Slovakia's economic activity. Higher energy prices significantly raise firms' costs and reduce households' real incomes (we envisage household energy prices, and therefore headline inflation, rising most sharply in 2028, owing to developments in administered energy prices). In this scenario, higher uncertainty, tighter financing conditions and weaker foreign demand weigh on exports, investment and private consumption. As a result, GDP growth remains below the baseline projection throughout the projection horizon, while inflation exceeds the baseline.

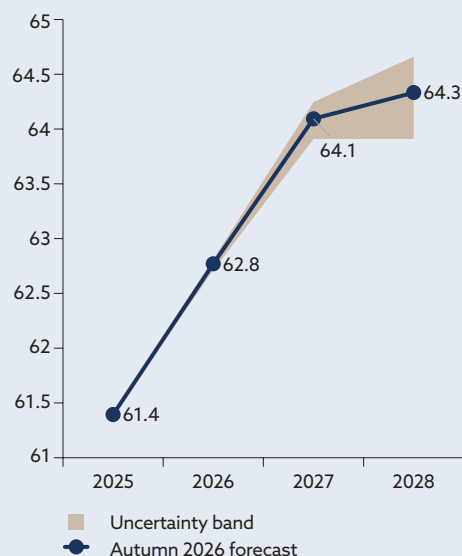
Fiscal risks stemming from uncertainty regarding energy commodity prices are most pronounced in 2027. On the one hand, stronger price growth leads to higher indexation of public sector wages and higher expenditure on the consumption of goods and services, exerting a negative impact on public finances from 2027 onwards. On the other hand, a higher price level generates additional tax revenues, particularly from consumption and the labour market. This effect is assumed to become more evident in 2028, temporarily improving the general government deficit. From 2029 onwards, however, higher indexation of social expenditure takes effect, resulting in a lasting deterioration of the deficit. Conversely, a scenario with lower price growth affects public finances in the opposite direction. The different scenarios' effects on the fiscal deficit and public debt are shown in Charts G and H.

Chart G
Fiscal deficit (percentages of GDP)



Source: NBS calculations.

Chart H
Public debt (percentages of GDP)



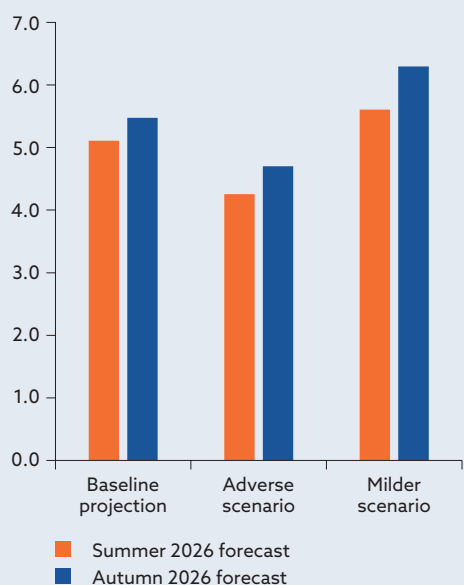
Source: NBS calculations.

Cumulative perspective

Compared with the summer forecast, the cumulative GDP growth projection for 2026–2028 has been revised up slightly in the autumn update (Charts I and J) across all three scenarios, while the cumulative inflation projection has been revised up slightly in the baseline and adverse scenarios.

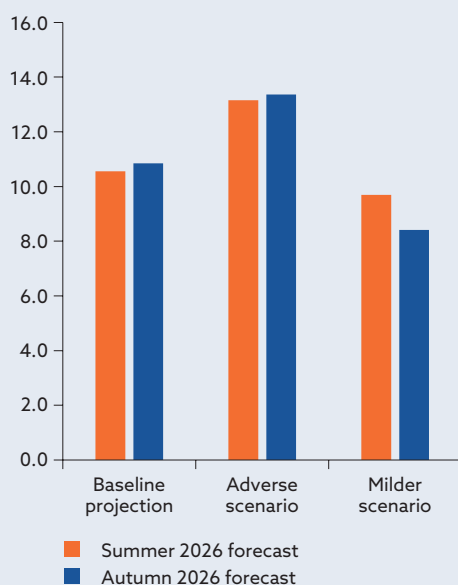
The differences between the scenarios nevertheless remain significant. **In the adverse scenario, the level of GDP at the end of the projection horizon is lower than in the baseline projection, while inflation is higher.** In that case, the economy would face an unfavourable combination of weaker growth and higher inflation.

Chart I
GDP by scenario (cumulative percentage change from 2026 to 2028)



Source: NBS calculations.

Chart J
HICP price level by scenario (cumulative percentage change from 2026 to 2028)



Source: NBS calculations.

Table 5
Forecast for key macroeconomic indicators

Autumn 2026 medium-term forecast (MTF-2026Q3)									
Indicator	Unit	Actual data	Autumn 2026 forecast (MTF-2026Q3)				Differences vis-à-vis the summer 2026 forecast (MTF-2026Q2)		
		2025	2026	2027	2028	2026	2027	2028	
Price developments									
HICP inflation	annual percentage change	4.2	3.6	3.1	3.8	-0.4	0.2	0.4	
CPI inflation	annual percentage change	4.0	3.6	3.3	3.7	-0.2	0.4	0.4	
GDP deflator	annual percentage change	4.2	4.1	3.2	3.5	-0.5	0.3	0.5	
Economic activity									
Gross domestic product	annual percentage change, constant prices	0.8	0.8	1.9	2.7	0.3	0.0	0.1	
Private consumption	annual percentage change, constant prices	0.3	0.5	1.3	1.2	0.4	-0.1	0.1	
General government final consumption	annual percentage change, constant prices	1.1	0.6	0.8	0.7	-0.4	0.3	-0.5	
Gross fixed capital formation	annual percentage change, constant prices	2.2	-1.7	-1.2	3.8	3.1	0.8	-0.2	
Exports of goods and services	annual percentage change, constant prices	4.1	2.6	3.8	4.3	1.5	-0.1	-0.1	
Imports of goods and services	annual percentage change, constant prices	3.9	2.7	2.4	3.3	2.4	-0.1	-0.3	
Net exports	EUR millions at constant prices	3,708	3,677	5,115	6,318	-731.9	-759.0	-574.9	
Output gap	percentage of potential output	-0.3	-0.9	-0.9	-0.2	0.2	0.2	0.2	
Gross domestic product	EUR millions at current prices	136,754	143,539	151,006	160,389	-266.4	172.2	995.9	
Labour market									
Employment	thousands of persons, ESA 2010	2,427	2,427	2,424	2,424	5.6	5.4	3.7	
Employment	annual percentage change, ESA 2010	-0.1	0.0	-0.1	0.0	0.2	0.0	-0.1	
Number of unemployed	thousands of persons, LFS ¹⁾	150	159	165	163	-5.8	-8.9	-8.0	
Unemployment rate	percentage	5.4	5.8	6.0	6.0	-0.2	-0.3	-0.2	
NAIRU estimate ²⁾	percentage	6.1	6.1	6.0	6.0	0.0	0.0	0.0	
Labour productivity ³⁾	annual percentage change	0.9	0.8	2.0	2.6	0.0	0.0	0.1	
Nominal productivity ⁴⁾	annual percentage change	5.2	5.0	5.3	6.2	-0.4	0.3	0.6	
Nominal compensation per employee	annual percentage change, ESA 2010	6.2	4.3	4.9	5.1	0.3	0.6	0.0	
Nominal wages ⁵⁾	annual percentage change	5.7	4.6	4.4	4.9	0.5	0.2	0.1	
Real wages ⁶⁾	annual percentage change	1.6	1.0	1.1	1.1	0.8	-0.1	-0.4	
Households and non-profit institutions serving households									
Disposable income	annual percentage change, constant prices	-1.1	-0.2	2.2	1.3	0.3	-0.1	0.0	
Saving ratio ⁷⁾	percentage of disposable income	7.1	6.9	7.9	8.0	0.3	0.4	0.4	

Table 5

Forecast for key macroeconomic indicators (continued)

Indicator	Unit	Actual data	Autumn 2026 forecast (MTF-2026Q3)				Differences vis-à-vis the summer 2026 forecast (MTF-2026Q2)		
		2025	2026	2027	2028	2026	2027	2028	
General government sector ⁸⁾									
Total revenue	percentage of GDP	43.5	43.6	41.9	41.1	0.8	0.5	0.3	
Total expenditure	percentage of GDP	47.4	47.9	48.0	46.6	0.6	0.5	0.1	
General government balance ⁹⁾	percentage of GDP	-4.5	-4.4	-4.7	-4.1	0.1	0.0	0.2	
Cyclical component	percentage of trend GDP	-0.1	-0.3	-0.3	-0.1	0.1	0.1	0.1	
Structural balance	percentage of trend GDP	-4.4	-4.1	-4.4	-4.0	0.1	-0.1	0.1	
Cyclically adjusted primary balance	percentage of trend GDP	-2.9	-2.4	-2.7	-2.2	0.2	0.0	0.2	
Fiscal stance ¹⁰⁾	annual percentage point change	1.2	0.4	-0.2	0.5	0.1	-0.2	0.3	
General government gross debt	percentage of GDP	61.4	62.8	64.1	64.3	0.3	0.1	-0.3	
Balance of payments									
Goods balance	percentage of GDP	-0.5	-0.2	0.7	1.8	0.8	0.8	1.1	
Current account	percentage of GDP	-4.8	-3.6	-2.9	-1.6	0.2	0.2	0.4	
External environment and technical assumptions									
Slovakia's foreign demand	annual percentage change	3.7	3.4	3.4	3.3	1.2	0.3	-0.2	
USD/EUR exchange rate ^{11), 12)}	level	1.13	1.16	1.16	1.16	-0.7	-0.9	-0.9	
Oil price in USD ^{11), 12)}	level	69.1	90.4	79.8	74.4	-6.6	-3.0	-3.5	
Oil price in USD ¹¹⁾	annual percentage change	-14.9	30.8	-11.8	-6.7	-9.3	3.3	-0.4	
Oil price in EUR ¹¹⁾	annual percentage change	-18.5	27.3	-11.6	-6.7	-8.1	3.5	-0.4	
Non-energy commodity prices in USD	annual percentage change	5.8	3.5	3.0	-0.1	0.5	2.2	1.8	
Electricity price in EUR/MWh ¹¹⁾	annual percentage change	7.6	41.5	-1.0	-21.7	34.7	11.4	-8.7	
Gas price in EUR/MWh ¹¹⁾	annual percentage change	5.4	50.6	-3.8	-34.4	24.7	14.0	-8.7	
Three-month EURIBOR	percentage per annum	2.2	2.4	3.0	3.0	0.0	0.2	0.3	
Ten-year Slovak government bond yield	percentage	3.4	3.7	4.0	4.1	0.1	0.3	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://nbs.sk/en/publications/economic-and-monetary-developments/>