Economic and Monetary Developments

Spring 2026

NÁRODNÁ BANKA SLOVENSKA
EUROSYSTÉM

www.nbs.sk

Published by Národná banka Slovenska
© Národná banka Slovenska 2026

Contact
Národná banka Slovenska
Imricha Karvaša 1
813 25 Bratislava
info@nbs.sk

Electronic version
https://nbs.sk/en/publications/economic-and-monetary-developments/

ISSN 2729-8604 (online)

Contents

List of boxes

List of tables

List of charts

Charts in boxes

Abbreviations

AI	artificial intelligence
bp	basis point(s)
CEE	central and eastern Europe(an)
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 (of the European Union)
EU	European Union
EUR	euro
EURIBOR	euro interbank offered rate
GDP	gross domestic product
GSCPI	Global Supply Chain Pressure Index
HAI	housing affordability index
HICP	Harmonised Index of Consumer Prices
ICT	information and communication technology
IMF	International Monetary Fund
LFS	Labour Force Survey
MFF	Multiannual Financial Framework (of the European Union)
MF SR	Ministry of Finance of the Slovak Republic
MTF	medium-term forecast (of NBS)
NACE	Statistical Classification of Economic Activities in the European Community (Rev. 2)
NARKS	Národná asociácia realitných kancelárií Slovenska / National Association of Real Estate Agencies in Slovakia
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 (of the European Union)
RRP	Recovery and Resilience Plan (of the Slovak Republic)
SO SR	Statistical Office of the Slovak Republic
ÚPSVaR SR	Ústredie práce, sociálnych vecí a rodiny Slovenskej republiky / Central Office of Labour, Social Affairs and Family of the Slovak Republic
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

With no clear end in sight to the war in the Middle East, uncertainty in the global economy has intensified, bringing risks for Slovakia as well. If the conflict ends relatively soon and without significant damage to the region's energy infrastructure, its economic damage will be manageable. The economy will suffer mainly because firms and households reduce investment and consumption during times of uncertainty. The latest NBS forecast is based on the assumption of an early end to the war.

If the war is short, the Slovak economy is projected to grow by 0.5% in 2026. Growth is expected to be driven mainly by foreign demand, while the domestic side of the economy remains subdued by moderately higher prices and ongoing fiscal consolidation. Conditions could improve in the following years, although the projections for that period do not yet incorporate additional consolidation efforts.

Economic developments could be somewhat better than envisaged in the winter forecast. However, the war in the Middle East has tempered the previous optimism generated by a pick-up in the European economy and unexpected improvement in the Slovak labour market towards the end of last year. Heightened uncertainty will likely also affect the behaviour of Slovak households and firms. Wages could grow faster this year than originally expected, but still not sharply enough to improve households' purchasing power. Consumer demand will also be dampened by concerns about future developments.

The projection for annual headline inflation has been revised up, back to close to 4% for 2026. Thanks to support measures, households will be shielded from the impact of higher energy prices – though not pump prices – this year, but the elevated market levels of these prices will spill over to the rest of the economy, similarly to what happened in 2022. As a result, not only food prices but also prices across a wide range of goods and services are expected to increase significantly. Core inflation, which measures these broader price pressures, will likely remain around 3% until the end of 2027. In the previous forecast, we expected it to fall to around 2% already in 2026.

Under these conditions, the general government deficit is projected to decrease to 4.3% of GDP in 2026. Its year-on-year improvement of 0.3 percentage points of GDP is due mainly to adopted consolidation measures, although it is held back by the economy's continuing weakness. From 2027 we expect the fiscal deficit to stabilise at similar levels. Public debt is therefore forecast to reach 63% of GDP in 2026 and – absent additional consolidation measures – to exceed 65% of GDP in 2028.

However, a prolonged war in the Middle East and the resulting damage could fundamentally reshape developments both globally and in Slovakia. If the conflict drags on and/or energy prices remain very high in the coming years due to infrastructure damage, economic growth in many countries around the world, including Europe, would weaken noticeably, with higher inflation weighing on the budgets of firms and households. In such a scenario, inflation in Slovakia could gradually rise to as much as 7% and, on average, remain around 6% in the following years. Slovakia's economic performance would decline this year and recover only gradually thereafter. As a result, the economy could lose nearly 30,000 jobs, and the fiscal deficit, in the absence of additional support measures, would rise back above 5% of GDP.

This alternative, 'severe' scenario is particularly bleak and mainly serves to illustrate the degree of uncertainty. There are several possible scenarios in which prices rise sharply in the near term, while energy prices stabilise at levels seen in recent years by early 2027 at the latest. This scenario is closer to our main forecast, although it would likely involve weaker growth and slightly higher inflation compared with it. Our severe scenario therefore mainly serves to illustrate the level of uncertainty faced by the Slovak economy as a result of the war in the Middle East.

Table 1
Key economic indicators

	Actual data	Actual data Spring 2026 forecast (MTF-2026Q1)			Difference vis-à-vis the winter 2025 forecast (MTF-2025Q4)		
	2025	2026	2027	2028	2026	2027	2028
GDP (annual percentage change)	0.8	0.5	2.0	2.6	-0.1	-0.3	0.1
HICP (annual percentage change)	4.2	3.9	2.5	2.9	0.5	0.0	0.4
Average nominal wage (annual percentage change)	5.7	3.9	3.9	4.5	0.6	-0.2	0.3
Average real wage (annual percentage change)	1.6	0.0	1.3	1.6	0.0	-0.3	0.0
Employment (annual percentage change; ESA 2010)	-0.1	-0.1	-0.2	0.1	0.3	0.0	-0.1
Unemployment rate (percentage; Labour Force Survey)	5.4	6.0	6.4	6.3	-0.1	-0.1	0.0

Source: NBS.
Note: Real wages deflated by CPI inflation.

In the current forecast, we analyse the following topics:

- **The impact of the war in the Middle East on revisions to our economic outlook**. Recent data from the euro area and the domestic labour market pointed to a slight improvement in the outlook for economic activity; however, the impact of the war in the Middle East has proved stronger, with the cumulative negative impact of the conflict on Slovakia's GDP growth estimated at 0.6 percentage points.
- **Global uncertainty is very high, and risks are tilted towards weaker growth and higher inflation.** Since we cannot estimate when the war will end, we have also prepared a 'severe' scenario in which Slovakia slides into recession and recovers only slowly, while inflation remains above 6% and fiscal deficits exceed 5% of GDP. The labour market is also more adversely affected, with up to 30,000 jobs being lost.
- **Wage growth in recent years has been far higher in the public sector than in the private sector, with public sector employees now earning significantly more than private sector workers**. This development is not, however, consistent with the economy's capacity, especially at a time when public debt is increasing. Moreover, public sector wage growth has an upward impact on the average and minimum wages in the private sector beyond what is justified by labour productivity, which firms may not be able to sustain in the long term.
- **Corporate behaviour following the reintroduction of the minimum tax**. Data show that firms are now adjusting reported profits to levels corresponding to the minimum tax. The overall corporate tax burden has increased by 10% over the past two years, which may reduce competitiveness.

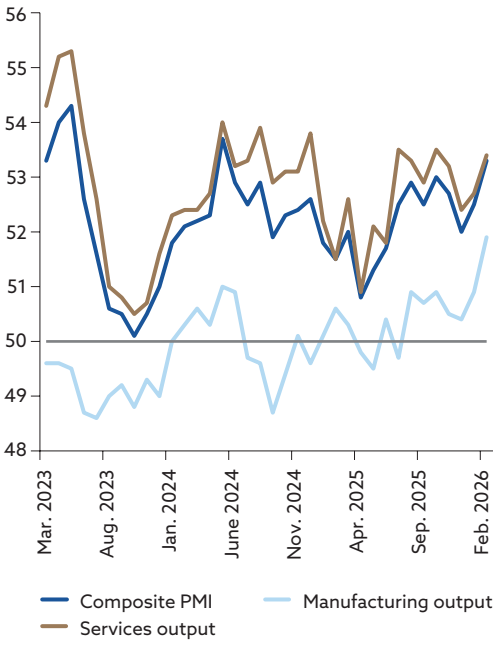
2 Macroeconomic developments in the external environment and Slovakia

2.1 External environment

The global economy continued to perform solidly in late 2025 and the first months of 2026. The global composite Purchasing Managers' Index (PMI) signalled relatively strong growth in the services sector, while manufacturing output also began to recover gradually (Chart 1). The resilience of the global economy, as well as global trade, has been largely supported by investment related to the deployment of artificial intelligence across the world's largest economies.

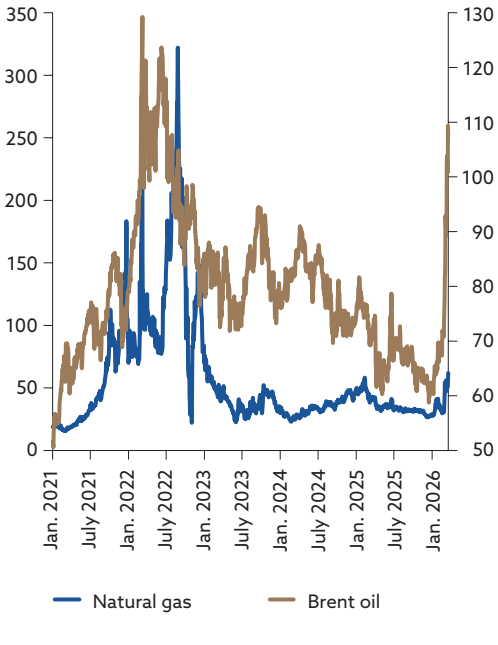
However, the war in the Middle East represents a major negative shock for the global economy. Following initial attacks by the United States and Israel, Iran responded with retaliatory operations targeting regional energy infrastructure. Several countries reduced oil production or temporarily halted refinery output. Due to security threats, shipping through the Strait of Hormuz has essentially come to a standstill; roughly 20% of global oil trade and a similar share of liquefied natural gas (LNG) normally pass through this route to global markets.

Chart 1
Global Purchasing Managers' Index



Source: Macrobond.

Chart 2
Energy commodity prices (EUR/MWh, USD/barrel)



Source: Macrobond.

This supply disruption has led to a sharp increase in energy commodity prices (Chart 2). Oil prices quickly rose well above USD 100 per barrel, with even stronger increases on Asian markets. Natural gas prices for Europe have more or less doubled compared with the end of February, reaching two-year highs. Nevertheless, they remain below the levels seen during the energy crisis

of 2022. The future path of energy commodity prices will depend primarily on the duration of the war, as well as on the extent of damage to energy infrastructure and extraction fields in the region. The increase in energy prices will affect mainly Asian economies – a large share of whose LNG imports comes from the Persian Gulf – and Europe, which is heavily dependent on energy imports. Moreover, gas storage levels are currently at around only 30% of capacity, one of the lowest levels in recent years.

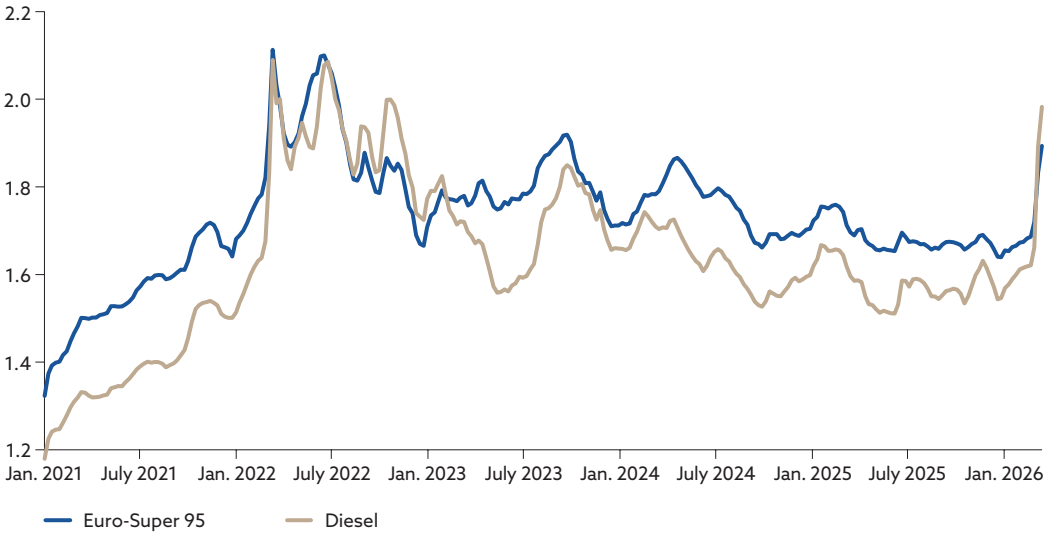
The US economy, despite decelerating due to a government shutdown, continued to grow at a brisk pace in the fourth quarter of 2025. Household consumption remained one of the main drivers of the economy, supported by a strong labour market, declining inflation, and rising real wages. Economic growth was also supported by investment directed primarily towards AI-related projects. The US economy is expected to cope with the current rise in energy prices more easily than Europe or Asia. Because the United States is a net exporter of energy commodities and ranks among the largest producers of oil and natural gas, its economy is likely to benefit from higher energy prices. On the other hand, oil prices are largely determined on global markets, so not even the United States will avoid increases in the prices of oil and petroleum products. By mid-March, pump prices had already risen by around 30%.

In China, fourth-quarter growth was based largely on strong export activity. However, the pace of economic growth slowed to below 5% year-on-year. This was due mainly to softer domestic demand, which continued to be undermined by the real estate crisis, as well as to a slight weakening of investment demand that likely reflected policy efforts to curb excess capacity in certain industries and the associated deflationary pressures. The current disruptions to energy supply from the Persian Gulf could have a negative impact on the Chinese economy. China imports about 50% of its oil and 30% of its natural gas from this region and has been almost the exclusive buyer of Iranian oil. Thanks to its large reserves, however, China is better placed than other Asian economies to cope with temporary disruptions to oil and gas supplies. Approximately 50% of its imported gas is pipelined under long-term contracts, which should mitigate short-term price fluctuations in the average gas price across the economy. In addition, coal still dominates China's energy mix, with around 90% of consumption covered by domestic production.

The euro area economy remained resilient in the last quarter of 2025, growing 0.2% compared with the previous quarter. Excluding the impact of Ireland, whose GDP figures are affected by multinational corporations' tax optimisation, euro area GDP increased by 0.3%. Growth was again supported by household consumption, which accelerated slightly towards the end of the year. Consumer demand benefited mainly from a still strong labour market, with unemployment rates reaching historic lows and real wages continuing to grow. Investment demand again had a positive impact on growth, as did rising activity in the services sector. In industry, however, growth remained subdued, and although leading indicators suggest a mild recovery, the current energy price shock caused by the war in the Middle East could pose significant constraints, particularly for energy-intensive industries. European industry has still not fully recovered from the energy crisis of 2021–2022. Industrial production remains below 2021 levels and is also facing strong competition from cheaper products from China, not only in foreign markets but also in domestic ones.

Annual headline inflation in the euro area stood at 1.9% in February, remaining close to the ECB's 2% medium-term target. Price growth continued to be dampened by energy prices, although their decline slowed. Core inflation, after previously easing, returned to a relatively high level in February (2.4%). Price growth accelerated for both services and goods. The current surge in global energy commodity prices will likely lead to a renewed acceleration in consumer price inflation in the near term. Their rise is passing through almost immediately to fuel prices, which rose sharply in the first weeks of March, approaching the 2022 peaks (Chart 3). This will inevitably affect transport prices over time. Higher wholesale gas and electricity prices will feed through with a lag to consumer energy prices, although the impact on headline inflation will depend on how long energy commodity prices remain elevated.

Chart 3
Euro area: Fuel prices (EUR)



Source: Macrobond.
Note: Data as at 16 March 2026.

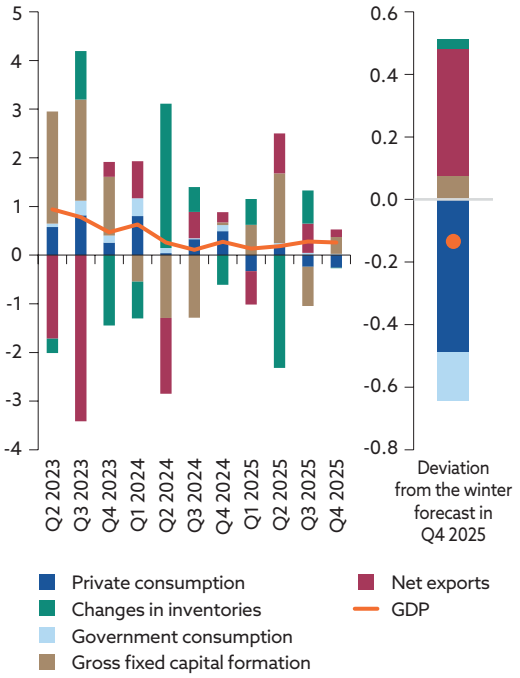
2.2 Slovakia

The Slovak economy's growth remained slow at the end of last year, in line with our expectations. Domestic factors are putting increasing pressure on activity, as shown by gradually declining domestic demand. As a result, growth remains slower than in neighbouring countries.

Compared with the previous quarter, the Slovak economy grew by 0.3% in the fourth quarter of 2025. Households affected by fiscal consolidation reined in spending more than expected (Chart 4). The easing of global uncertainty contributed to a recovery in some industrial sectors, but not enough to raise economic performance noticeably. Subdued consumption kept imports at lower levels, despite a slight recovery in exports. The main driver of growth at the end of the year was general government investment.

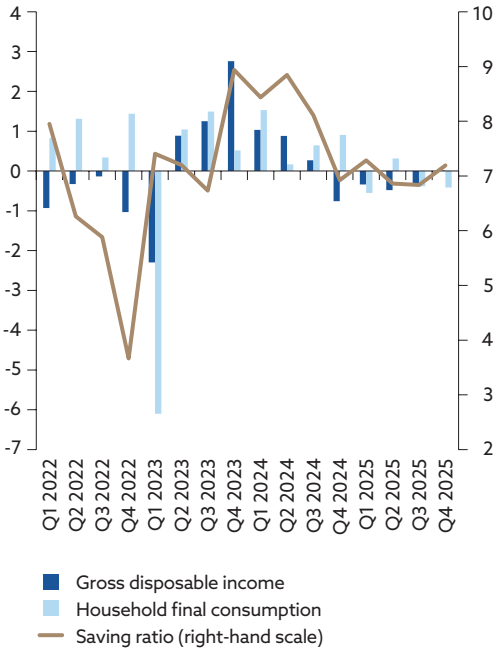
Household consumption gradually softened over the course of the year. The financial situation of households remained unfavourable. Real incomes stagnated under the pressure of consolidation measures, leading consumers to reduce spending across all categories. Towards the end of the year, households were purchasing fewer durable goods and services, but they were also saving on necessities such as food and energy. In addition, expectations that this year's fiscal consolidation would further constrain their budgets made households more cautious. Later in the year they therefore allocated slightly more of their income to savings (Chart 5).

Chart 4
GDP and its components (quarter-on-quarter percentage changes; percentage point contributions)



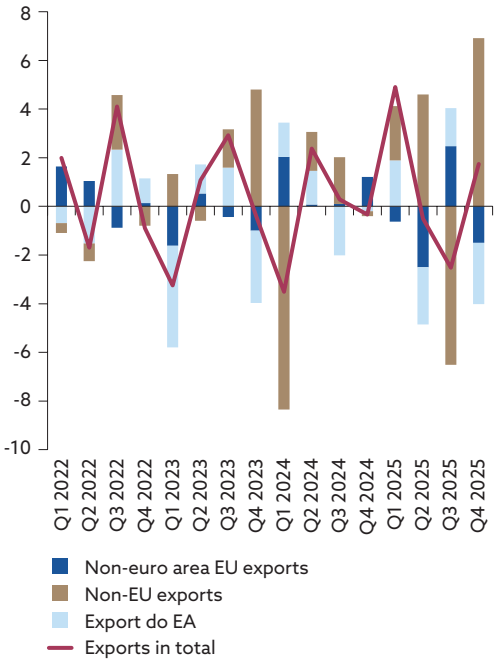
Sources: SO SR, and NBS.

Chart 5
Households' income, consumption and savings (left-hand scale: quarter-on-quarter percentage changes; right-hand scale: percentages)



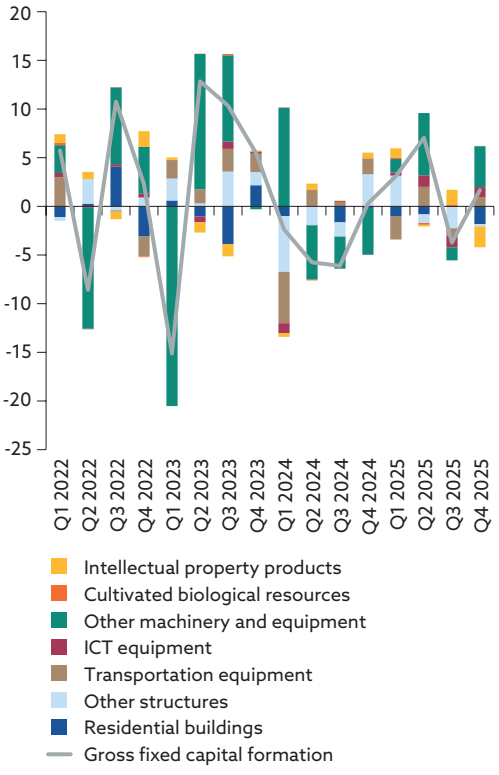
Sources: SO SR, and NBS.

Chart 6
Goods and services exports (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 7
Gross fixed capital formation (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

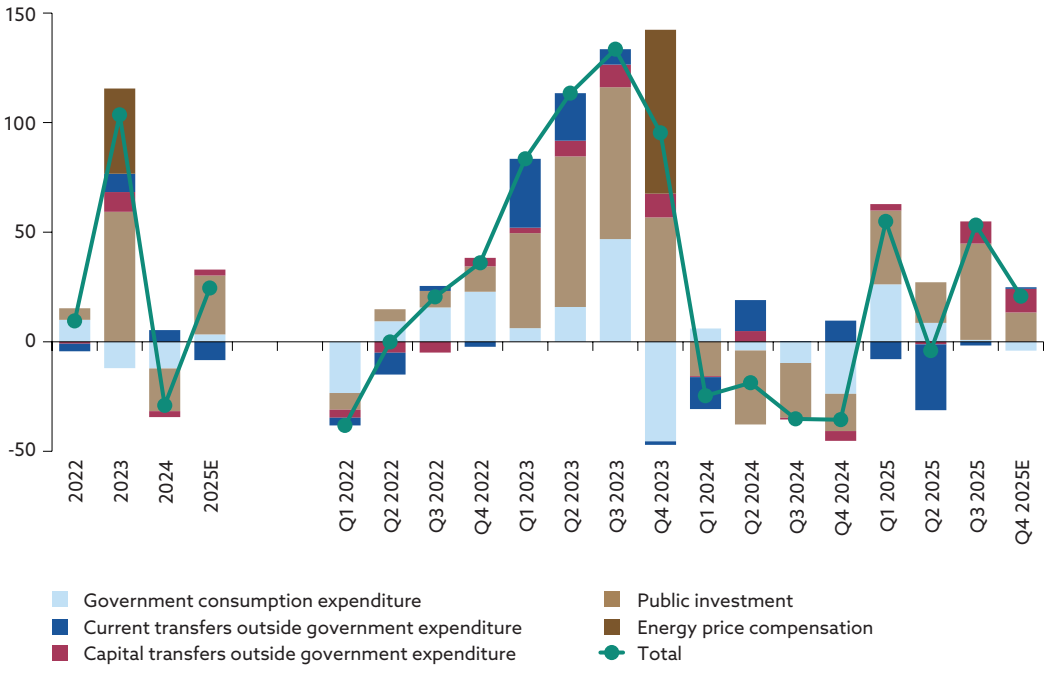
The pick-up in exports in the fourth quarter was helped by a reduction in uncertainty. The US-EU trade deal struck during the summer stabilised the situation, allowing previously halted extra-EU exports to resume (Chart 6). Export growth was concentrated in the automotive industry, although some improvement was also visible in other subdued sectors (machinery and equipment, metals). The upturn in exports did not fully translate into imports, which remained restrained mainly by soft domestic consumption.

Slower-than-expected growth in government consumption at the end of 2025 contributed slightly to an improvement in the fiscal deficit. Despite the public sector workforce reaching a record level, total wage growth in the sector slowed, reducing the overall package for compensating public sector workers. Fiscal performance also benefited from more moderate growth in expenditures on intermediate consumption and healthcare**.**

Government investment activity supported the economy at the end of the year, while private investment declined (Chart 7). Households are investing less and less, although the housing market is gradually reviving. Limited household budgets are likely constraining larger investments. Firms are also taking a cautious approach to investment, carrying out only necessary renovations and purchases. The investment contribution to GDP growth came mainly from government purchases of military equipment and increased absorption of EU funds.

Overall absorption of EU funds accelerated in 2025 (Chart 8). After declining in 2024, government consumption, public investment, and capital transfers rose last year, owing mainly to the increased implementation of projects under the Recovery and Resilience Plan (RRP) and the cohesion policy-funded Programme Slovakia 2021–2027, as well as the completion of older commitments under the Rural Development Programme. Disbursements for RRP projects from the EU's gradually concluding Recovery and Resilience Facility are increasingly focused on investment activities (including infrastructure in healthcare, transport and education) rather than current expenditure. This shifts the overall structure towards higher public capital formation and temporarily supports domestic demand through investment, thereby contributing positively to economic growth.

Chart 8
EU co-financed expenditure in Slovakia[1] (annual percentage changes)



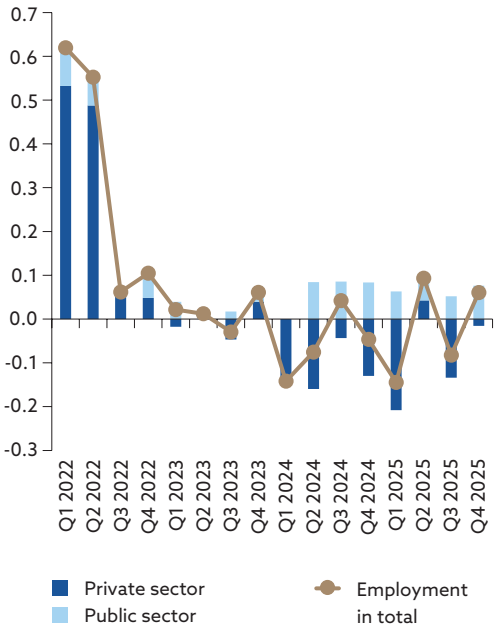
Sources: MF SR, and NBS.
1) Adjusted for absorption for financial instruments.

Employment edged up by 0.1% in the fourth quarter of 2025. Most of that growth occurred in the public sector, with rising numbers of workers in healthcare, education, and public administration (Chart 9). In the private sector, employment increased slightly in industry, construction, and services, while it continued to decline in trade. The fourth quarter continued the year-long downward trend in the number of self-employed workers (Chart 10), with the largest declines in trade and services.

Uncertainty in the business environment, mismatches between labour supply and demand, and firms' declining competitiveness had an upward impact on unemployment in the fourth quarter of last year, continuing a rising trend from the end of 2024. At the same time, weakening economic activity is gradually reducing the demand for labour, resulting in a declining number of job vacancies. The number of economically inactive people rose further in late 2025, particularly among old-age pensioners, people staying at home for family reasons, and workers on parental leave. This outflow of labour into inactivity and unemployment was offset by the inflow of foreign workers, whose total number reached a record level in the fourth quarter of 2025.

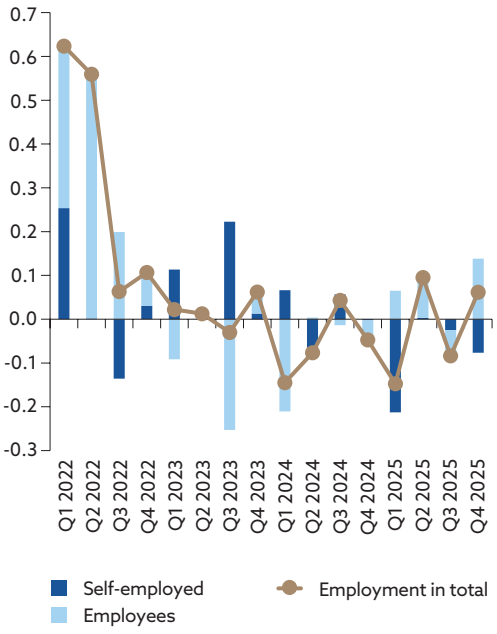
Firms' short-term expectations for future employment deteriorated in the fourth quarter, with the industrial sector contributing most negatively. Household expectations are also negative, as people increasingly anticipate rising unemployment and a worsening labour market. Nevertheless, monthly indicators in early 2026 painted a more favourable picture, with employment increasing and the number of unemployed declining.

Chart 9
Employment by sector (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

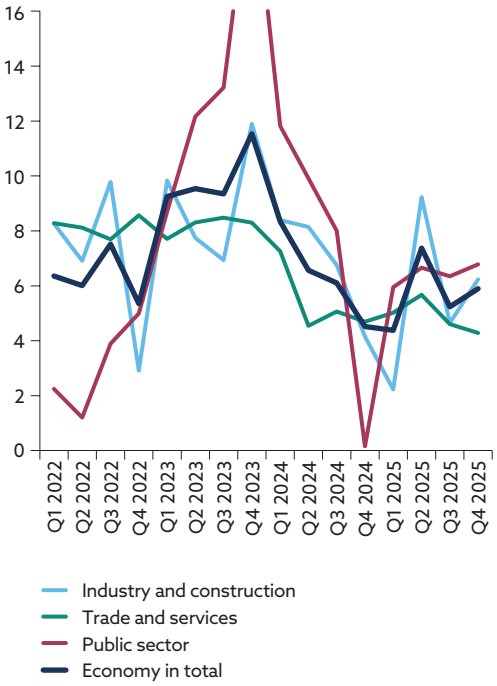
Chart 10
Employment by type of work (quarter-on-quarter percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

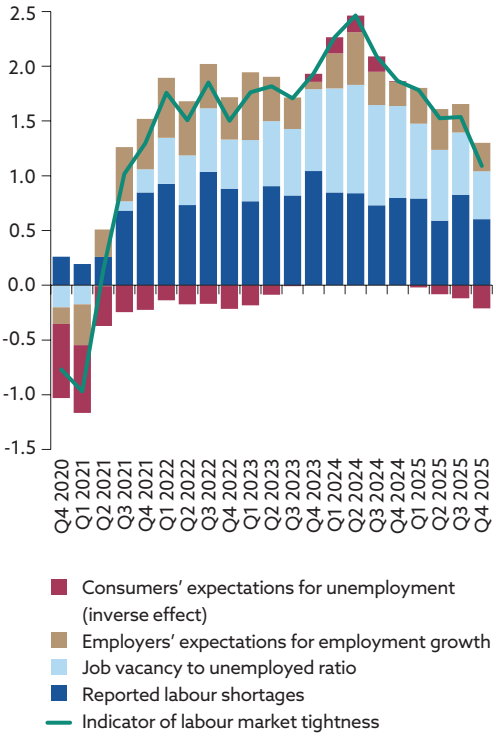
Annual wage growth reached almost 6% in the fourth quarter of 2025, with wages accelerating in both the private and public sectors. In the private sector, wage growth was driven mainly by industry and construction, while wage growth in trade and services gradually slowed (Chart 11). In the public sector, the main contributor to wage growth was the September wage increase in education. The ongoing easing of labour market tightness (Chart 12) and weakening demand for labour are beginning to moderate the upward pressure on wages. Although real wages continued to rise, their level still remained below that seen before the period of elevated inflation.

Chart 11
Nominal wages by sector (annual percentage changes)



Sources: SO SR, and NBS.

Chart 12
Indicator of labour market tightness



Source: www.profesia.sk (online job portal).

BOX 1

Public sector wages and the minimum wage

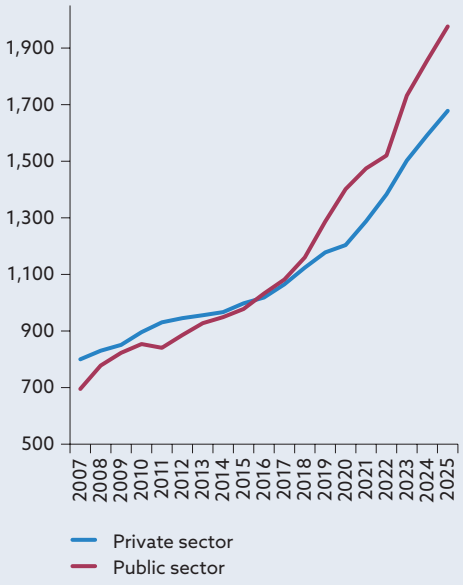
Wage growth in recent years has been far higher in the public sector than in the private sector (Chart A), even though economic developments do not warrant such growth and public finances require consolidation. This rapid increase is putting upward pressure on average, minimum, and private sector wages beyond what may be sustainable in the long term.

Wages in the private sector have for a long time been rising relatively steadily without major fluctuations, with their growth visibly accelerating over the past ten years as a result of increasing economic activity, stronger demand for labour, and consequent tightness in the labour market. The situation in the public sector has been similar, except that from around 2016 the average monthly wage in the public sector accelerated and then consistently exceeded the average wage in the private sector, thereby having a significant adverse impact on fiscal performance. Although the public sector employs only around one-fifth of the workforce, its rapid pay increases in some years had a noticeable impact on overall average wage growth in the economy and widened the gap between the two sectors. In 2020 public sector wages accounted for almost half of the total increase in the average wage. A combination of legislative changes, adjustments to wage scales, and efforts to maintain the competitiveness of public occupations in international comparison

helped slow the outflow of workers, particularly in healthcare and especially to the Czech Republic.

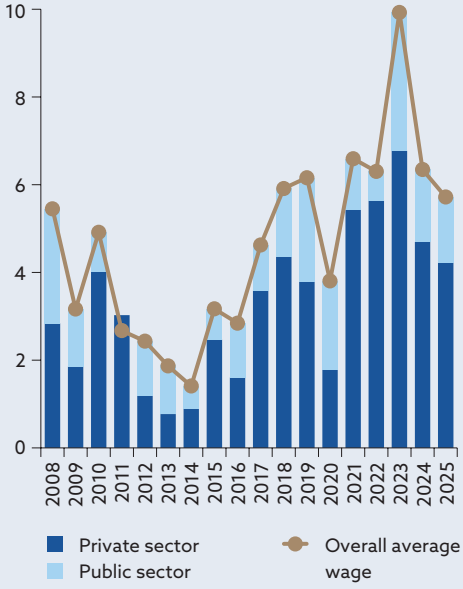
Such developments change incentives in the labour market. Higher wages in the public sector may be more attractive to some workers. However, developments in public sector wages also affect how firms in the private sector adjust remuneration, as do gradual increases in the minimum wage, which push the entire wage distribution upward and visibly affect wages across the economy. When public sector wages rise significantly – financed in this case by deficit spending – pressure builds for private sector wages to increase faster than productivity growth, which firms may not be able to sustain in the long term. Movements of workers between sectors are therefore important to monitor, as they gradually affect overall wage growth in the economy. This box takes a closer look at why public sector wages have risen so rapidly in recent years and how these trends have been reflected in the minimum wage.

Chart A
Average monthly wage in the private and public sectors (ESA methodology; EUR)



Sources: SO SR, and NBS calculations.

Chart B
Average wage and sectoral contributions to wage growth (ESA methodology; annual percentage changes; percentage point contributions)

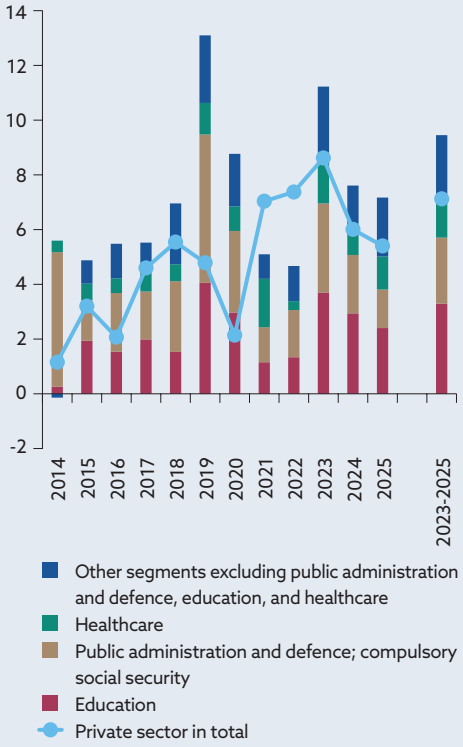


Sources: SO SR, and NBS calculations.

Public sector wage growth

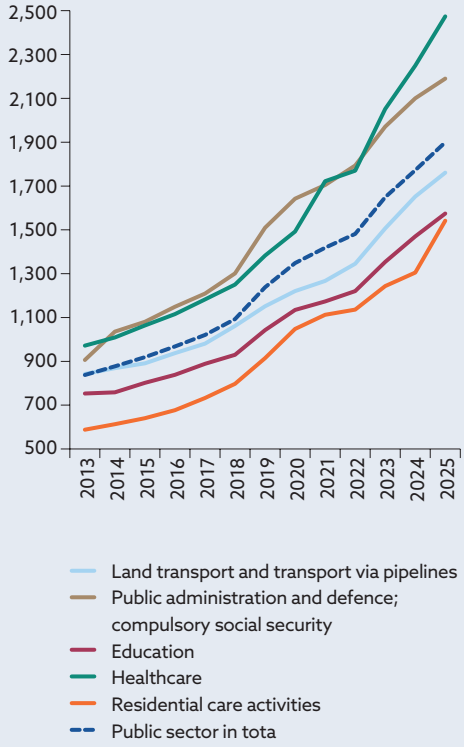
In the last three years, the education sector contributed most to growth in total public sector wage expenditure (Chart C), reflecting its high share of public sector employment and the more frequent wage indexation in this sector. The next largest contributor was the public administration and defence sector. However, the fastest average wage growth was recorded in the healthcare sector (Chart D), mainly owing to adjustments to salary scales, coefficients for healthcare workers, and the introduction of a wage indexation mechanism linked to the economy-wide average wage.

Chart C
Annual average wage growth: private sector (percentages) vs public sector (contributions to growth – weighted average in percentage points; NACE methodology)



Sources: SO SR, and NBS calculations.

Chart D
Average monthly wage in selected segments of the public sector (NACE methodology; EUR)



Sources: SO SR, and NBS calculations.

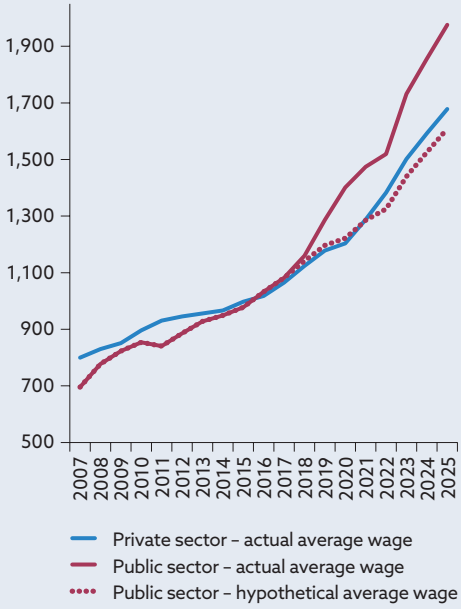
When comparing the present with 2013, the largest growth in public sector employee income has been in healthcare, followed by public administration and defence. Although teachers' salaries have been repeatedly increased, their compensation remains relatively low, below the levels observed in some other public sector segments, such as transport.

In the public sector, the structure of employee compensation is still largely centred on base salaries and salary scales, which are directly linked to pay indexation and subject to various indexing mechanisms. Also significant, however, are variable components of remuneration, such as personal allowances, bonuses, and various types of contributions (e.g. recruitment bonuses, retention allowances, or transport and accommodation allowances), whose importance has gradually increased over time. Their share of total wages paid has risen from around 20% in 2013 to nearly 30% today.

Effect on the minimum wage

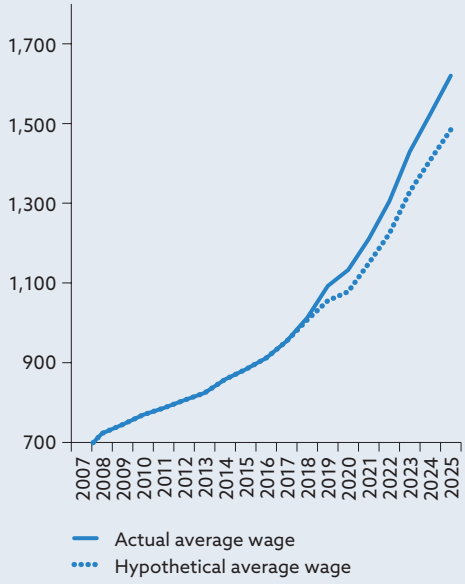
In this context, it makes sense to ask how both the average wage and the minimum wage would develop without such a marked rise in public sector wages. We therefore analysed a hypothetical scenario in which public sector wage growth does not exceed private sector wage growth. The average wage calculated in this way is then used to estimate a hypothetical minimum wage according to the statutory formula, which since 2018 has been 57% of the average wage from the previous two years (from 2026 the rate is 60%). Under this scenario, wage levels in the public sector are close to – but slightly below – those in the private sector (Chart E). As a result, the overall average wage rises more slowly between 2018 and 2025, and its level in 2025 is approximately €130 lower than it actually is (Chart F).

Chart E
Average wage in the private sector and public sector (ESA methodology; EUR)



Sources: SO SR, and NBS calculations.

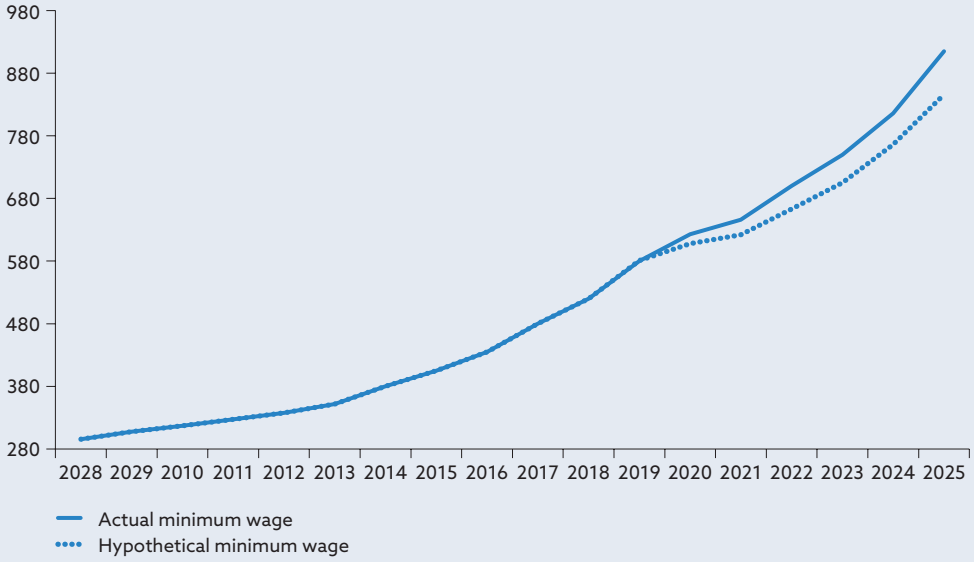
Chart F
Overall average wage (quarterly reporting methodology; EUR)



Sources: SO SR, and NBS calculations.

The minimum wage calculated from this estimated average wage stands at €846 in 2026 (Chart G), below the current level of €915. We estimate that around 8% of employees work for the minimum wage (or at its levels according to job difficulty); as a result, the hypothetical lower minimum wage provides the private sector with cumulative savings of approximately €445 million, including savings on related wage premia.

Chart G
Minimum monthly wage (quarterly reporting methodology; EUR)

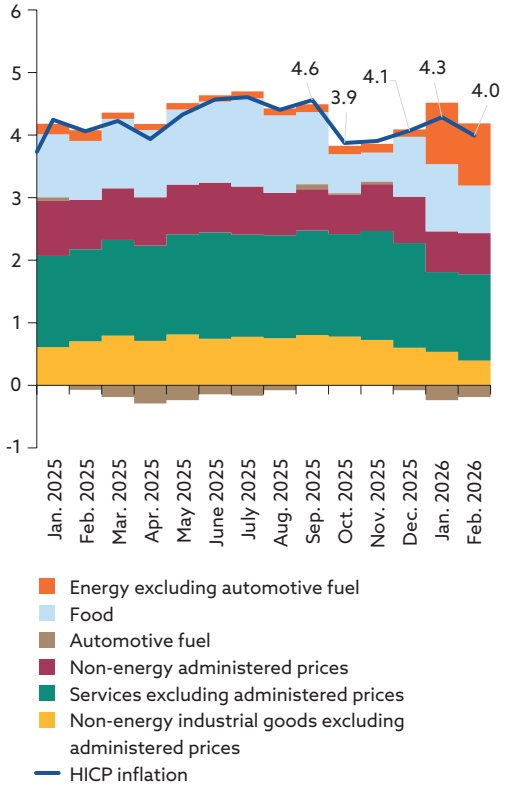


Sources: Ministry of Labour, Social Affairs and Family; NBS calculations.

Slovakia's annual inflation rate reached 4.0% in February 2026 (Chart 13), only slightly (+0.15 percentage points) above the winter 2025 forecast. Non-energy administered prices (e.g. postal services, water supply, and sewerage) and services prices increased faster than expected (Chart 14). By contrast, food and automotive fuel prices rose slightly more slowly than anticipated.

Energy prices increased fastest, mainly due to the January rise in administered prices of heat, gas and electricity for households (Chart 15). Non-energy administered price inflation has been persistently high for some time, partly reflecting ongoing fiscal consolidation efforts.

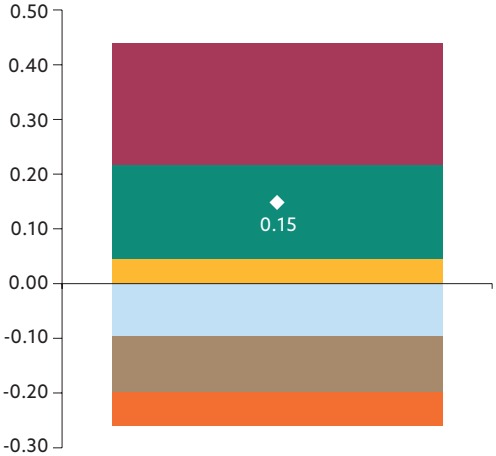
Chart 13
HICP inflation and its components (annual percentage changes; percentage point contributions)



Energy excluding automotive fuel
Food
Automotive fuel
Non-energy administered prices
Services excluding administered prices
Non-energy industrial goods excluding administered prices
HICP inflation

Sources: SO SR, and NBS.

Chart 14
HICP inflation – difference vis-à-vis the winter forecast (percentage points)



Non-energy administered prices
Services excluding administered prices
Energy excluding automotive fuel
Automotive fuel
Non-energy industrial goods excluding administered prices
Food
HICP inflation

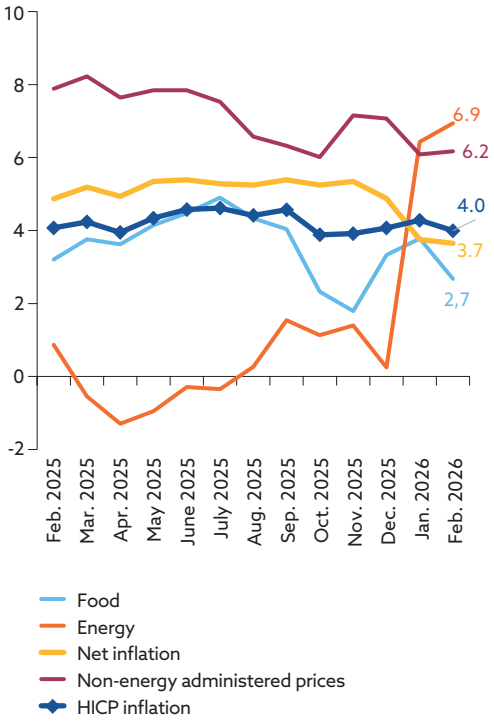
Sources: SO SR, and NBS.

Annual food inflation slowed in February (Chart 16). External and domestic factors are exerting mixed influences. Although inflation in global agricultural commodity prices has recently eased, its pass-through to domestic food prices will be somewhat lagged. Moreover, commodity prices are currently higher than envisaged in previous forecasts, so no significant slowdown in food inflation can be expected. Although wage growth is beginning to weaken, it will continue to put upward pressure on producer prices of food for the domestic market and on consumer food prices in the coming year.

Net inflation[1] slowed to below 4% due to the fading of the impacts of last year's tax changes and fiscal consolidation measures (Chart 18)**.** Goods prices did not rise as fast in early 2026 as they did following the VAT rate changes at the start of last year. Despite the fading of the impact of those tax changes, growth in market prices of services remains close to 6%. Services inflation in early 2026 was higher than projected in the winter forecast. By contrast, growth in market prices of goods (Chart 17) slowed markedly during the first two months of the year.

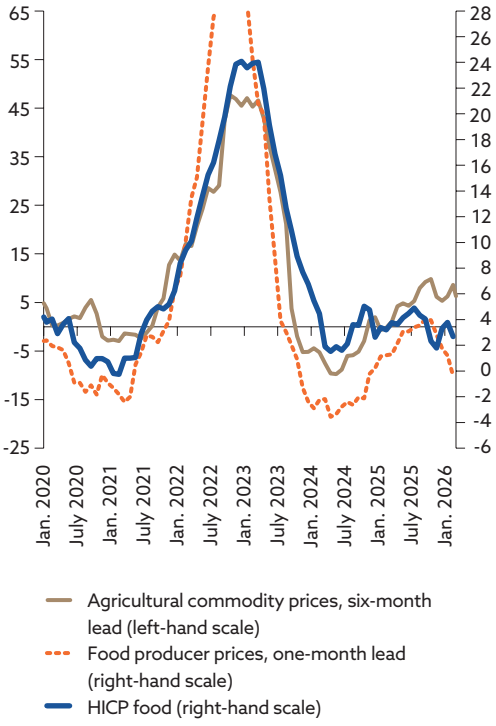
[1] Net inflation represents the prices of services and regular goods excluding administratively regulated prices.

Chart 15
HICP inflation components (annual percentage changes)



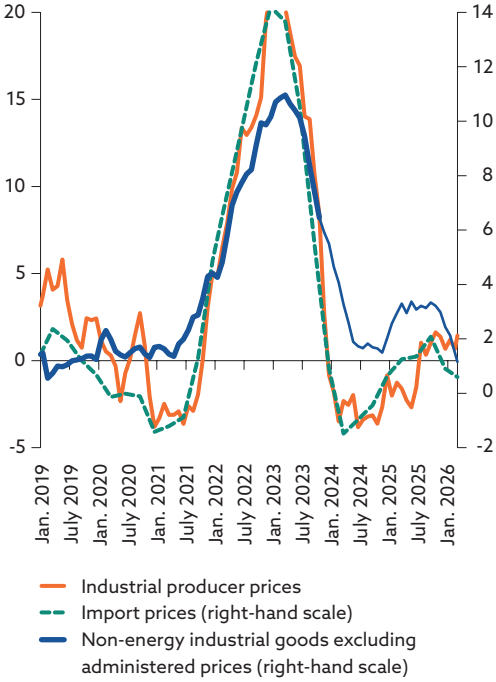
Sources: SO SR, and NBS.

Chart 16
Food and input prices (annual percentage changes)



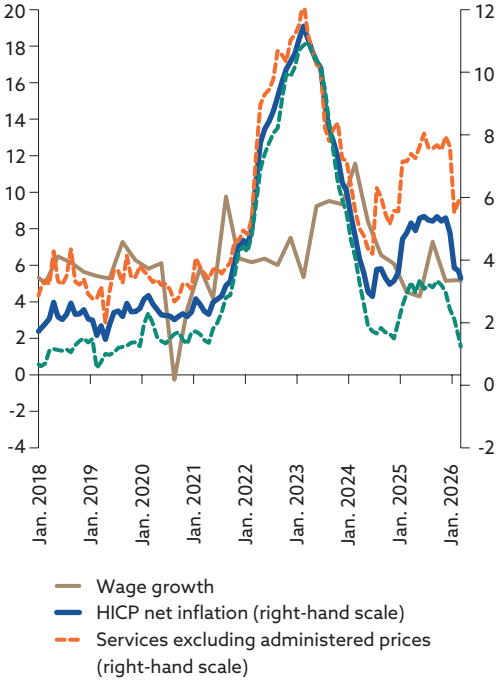
Sources: SO SR, and NBS.

Chart 17
Import prices, producer prices and market prices of goods (annual percentage changes)



Sources: SO SR, and NBS.

Chart 18
Net inflation and its components; wages (annual percentage changes)



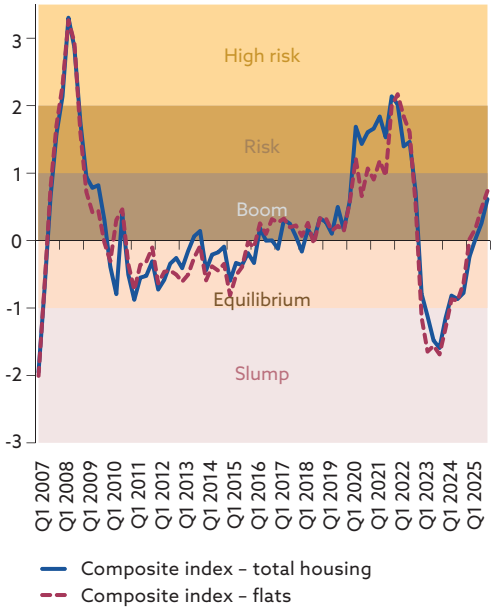
Sources: SO SR, and NBS.

After slowing in the third quarter of 2025, housing prices accelerated in the fourth quarter by 3.3% quarter-on-quarter (12% year-on-year), mainly due to rising prices of flats. Housing prices increased most in Košice Region, where the strong rise compensated for the decline in the previous quarter. Significant price increases were also observed in Žilina and Nitra regions. Prešov was the only region to see a slight decrease in housing prices.

Chart 19
Housing affordability index (percentages of historical average)

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

Chart 20
Composite index to assess housing price developments



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

After experiencing a significant rise in housing prices, Košice Region again became the region with the least affordable housing (Chart 19). Price developments in the fourth quarter of 2025 led to a slight deterioration in housing affordability, with the housing affordability index increasing (deteriorating) by 0.6 points. In Trnava Region, a favourable trend of gradually improving affordability was observed throughout 2025, and by the end of the year it had even surpassed Bratislava Region. In Nitra Region, by contrast, the trend was exactly the opposite.

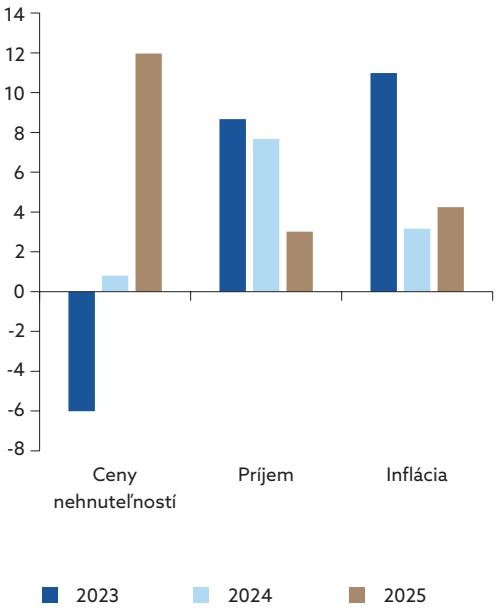
According to the composite index,[2] housing prices are gradually moving away from their equilibrium level (Chart 20). Last year, housing prices increased more than the prices of other goods and services for the first time in three years, exceeding household income growth as well (Chart 21). At the same time, household debt relative to earnings increased. Further rises in the index are being restrained by developments in the residential construction sector.

While the decline in interest rates is stimulating demand for housing, rates are still three times higher than before the period of rapid price growth (Chart 22). Interest rates on new mortgages reached 3.5% in December, declining by an average of 0.15 percentage points during the fourth quarter. The volume of newly originated mortgages was 2.5% higher than in the previous quarter. In the light of the current geopolitical situation, market expectations are gradually starting to factor in the risk that the decline in interest rates may stop or, in a worse-case scenario, even reverse.

---

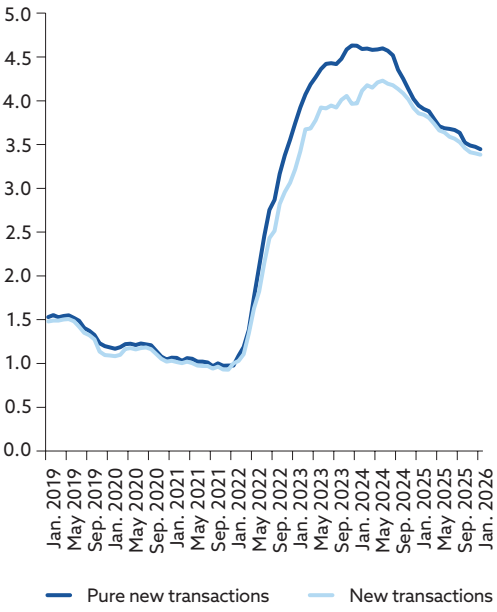
[2] In order to assess the impact of housing prices on financial and economic stability, we compare their evolution with the evolution of their underlying theoretical fundamentals. We do so using a composite index based on ratio indicators (the real housing price; price/income; price/rent; mortgage loans/households' 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', Biatec, Vol. 27, No 3, Národná banka Slovenska, Bratislava, 2019.

Chart 21
Housing prices, income and inflation (annual percentage changes)



Sources: United Classifieds, SO SR, and NBS.

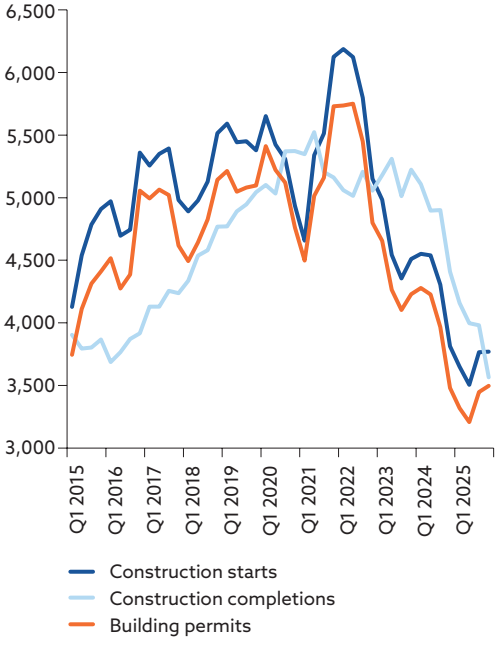
Chart 22
Average contractual interest rate (percentages)



Source: NBS.

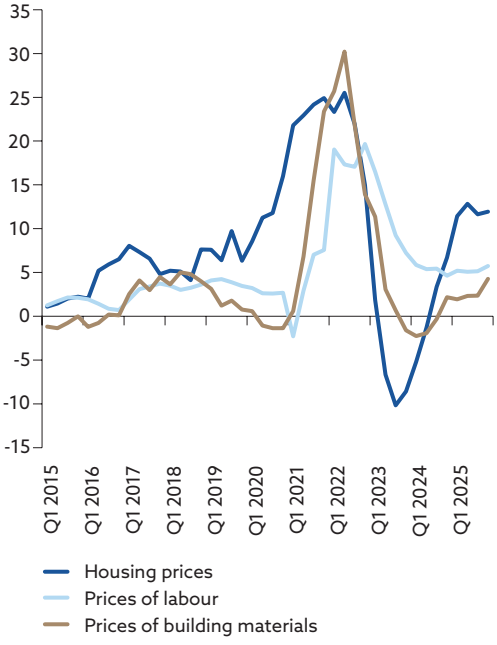
Regarding the construction of new flats, the number of construction completions at the end of 2025 was the lowest in the past ten years (Chart 23). Expectations of a turnaround in the construction sector did not materialise, as the number of both building permits issued and construction starts declined compared with the previous quarter. There is therefore still no indication that the supply side of the housing market is able to respond to current demand pressures. One likely reason is the rise in construction costs – for both materials and labour – which in previous years grew faster than housing asking prices (Chart 24) but did not do so in 2025.

Chart 23
Construction of flats (moving annual averages)



Sources: SO SR, and NBS.

Chart 24
Housing prices and construction prices (annual percentage changes)



Sources: United Classifieds, NARKS, and NBS.

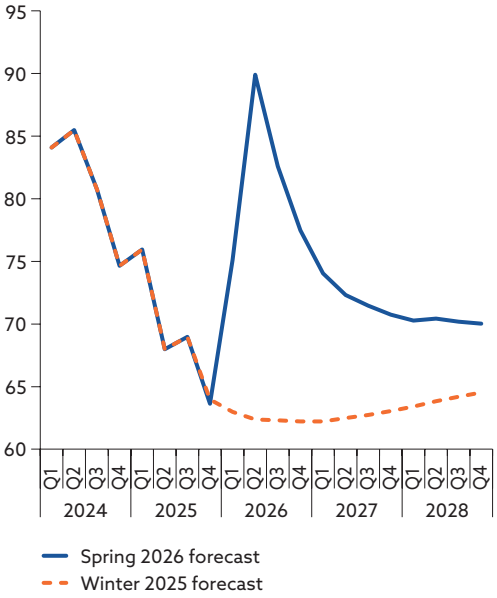
3 Medium-term forecast

3.1 Global outlook and technical assumptions of the forecast[3]

The assumptions of the spring 2026 forecast differ markedly from the previous forecasting round, primarily as a result of the war in the Middle East. Given the heightened uncertainty, we prepared two scenarios for future developments. The first, baseline scenario assumes a relatively short duration of the conflict and a rapid return of energy prices to more moderate levels. The severe scenario, by contrast, assumes that the conflict's economic consequences – particularly through energy prices – will affect the performance of economies for several years.

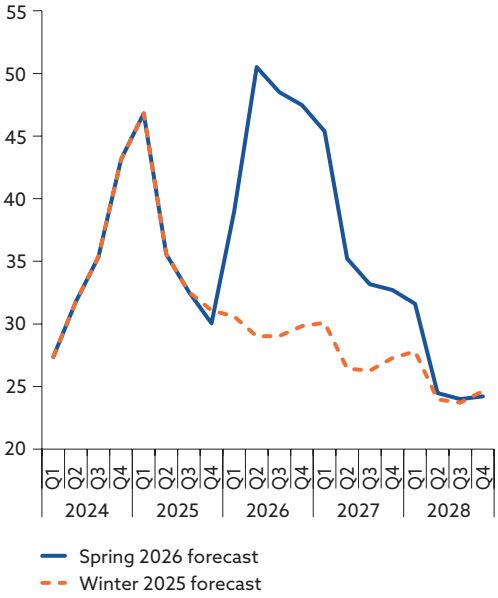
The most significant change compared with the previous round concerns energy commodity prices. The baseline scenario of the spring forecast assumes that the average price of a barrel of oil reaches USD 90 in the second quarter of 2026, before gradually declining to USD 70 by 2028 (Chart 25) – already approaching this level in early 2027. For 2026, the average annual increase in oil prices is assumed to be 30% higher in this forecast than in the winter forecast, while for 2028 it is 10% higher. The assumption for the average market price of gas has been revised up sharply for 2026, but it is expected to decline gradually in the following years (Chart 26).

Chart 25
Oil price (USD/barrel)



Source: NBS.

Chart 26
Gas price (EUR/MWh)



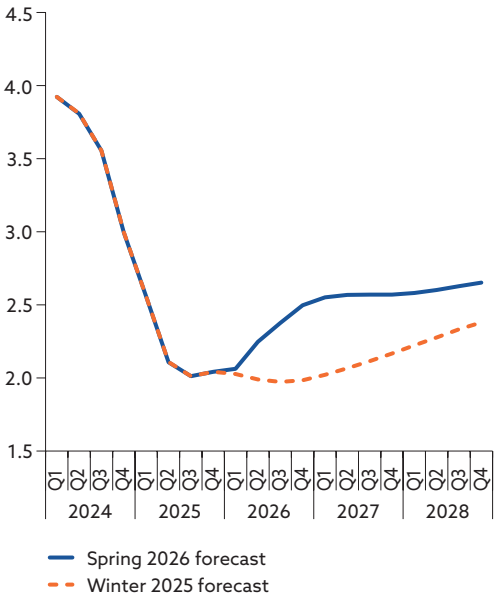
Source: NBS.

Assumptions for financial markets have also changed. Markets expect that the three-month EURIBOR at the end of 2026 may be 50 basis points higher than assumed in the winter forecast, rising from 2.0% to 2.5%. The assumed average value for 2027 and 2028 is 2.6% (Chart 29). This indicates that financial markets already anticipate some monetary policy response to the situation, and our

[3] The technical assumptions of this medium-term forecast are based on the March 2026 ECB staff macroeconomic projections for the euro area.

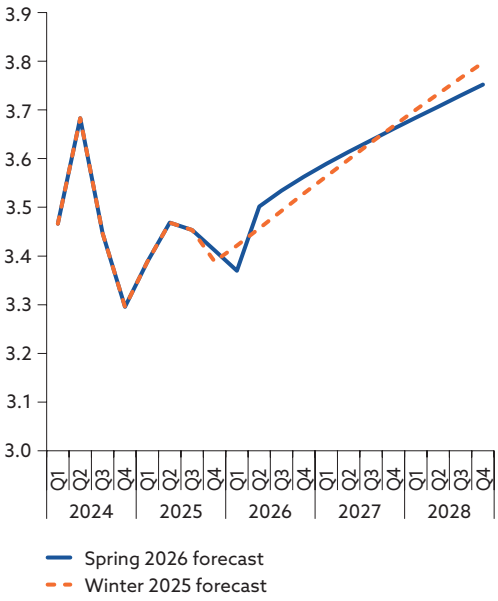
forecast incorporates that expectation. For long-term rates, we assume a temporary decrease of five basis points in the first quarter of 2026, followed by an increase to 3.5% from the second quarter. From this level, rates are expected to rise gradually to 3.8% by the end of 2028 (Chart 28).

Chart 27
Three-month EURIBOR (percentages)



Sources: European Commission, and NBS.

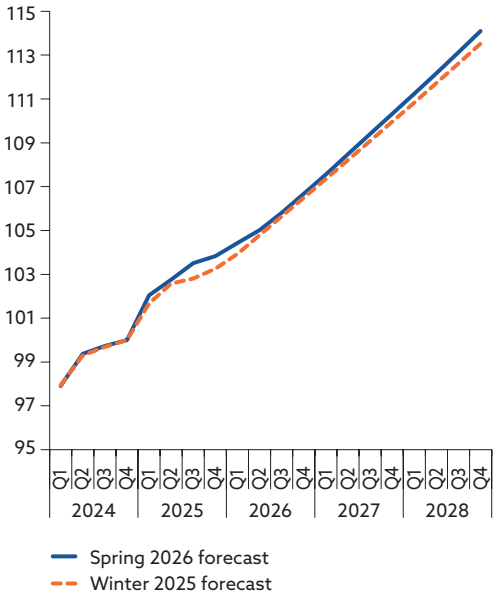
Chart 28
Ten-year Slovak government bond yield (percentages)



Sources: SO SR, and NBS.

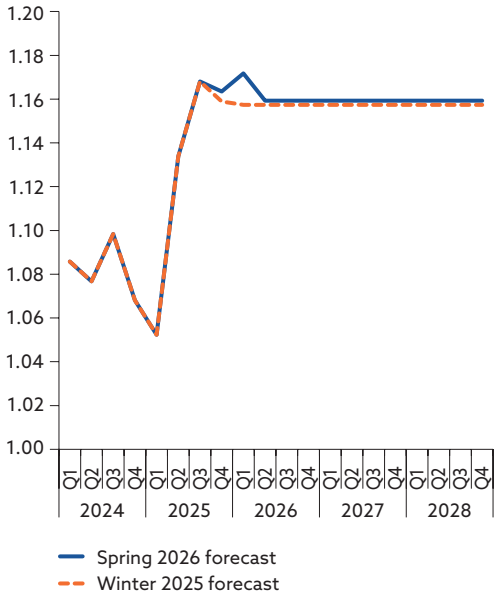
In the spring forecast's baseline scenario, we assume that foreign demand will continue to grow in 2026. Its progress will therefore build on the surprisingly favourable situation in the external environment observed at the end of last year. The level of demand for Slovak exports by the end of 2028 is assumed to be 0.5% higher compared with the winter forecast (Chart 29).

Chart 29
Foreign demand (index: Q4 2022 = 100)



Source: NBS.

Chart 30
USD/EUR exchange rate



Source: NBS.

Compared with the previous forecast, the spring forecast assumes that the euro's exchange rate against the US dollar is 1.2% stronger in the first quarter 2026 (Chart 30). Subsequently, the exchange rate is expected to stabilise throughout the projection horizon at just below 1.16 dollars per euro.

Table 2
External environment and technical assumptions (annual percentage changes, unless otherwise indicated)

	Actual data	Spring 2026 forecast (MTF-2026Q1)			Difference vis-à-vis the winter 2025 forecast (MTF-2025Q4) in pp		
	2025	2026	2027	2028	2026	2027	2028
Slovakia's foreign demand	3.8	2.4	3.3	3.4	-0.2	0.0	0.2
USD/EUR exchange rate [1] (level)	1.1	1.2	1.2	1.2	0.4	0.2	0.2
Oil price in USD [1] (level)	69.1	81.3	72.1	70.2	30.1	15.2	9.7
Oil price in USD	-14.9	17.6	-11.2	-2.7	27.3	-11.5	-4.8
Oil price in EUR	-18.5	14.3	-11.0	-2.7	26.3	-11.3	-4.8
Non-energy commodity prices in USD	5.8	-1.5	0.8	-0.1	-1.6	0.3	0.1
Electricity price (EUR/MWh)	7.6	4.9	-11.2	-16.3	15.4	-9.3	-13.2
Gas price (EUR/MWh)	5.4	27.9	-21.0	-28.8	46.8	-14.0	-19.7
Three-month EURIBOR (percentage per annum)	2.2	2.3	2.6	2.6	0.3	0.5	0.3
Ten-year Slovak government bond yield (percentage)	3.4	3.5	3.6	3.7	0.0	0.0	0.0

Sources: ECB, SO SR, and NBS.
Note: Annual percentage changes and changes 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

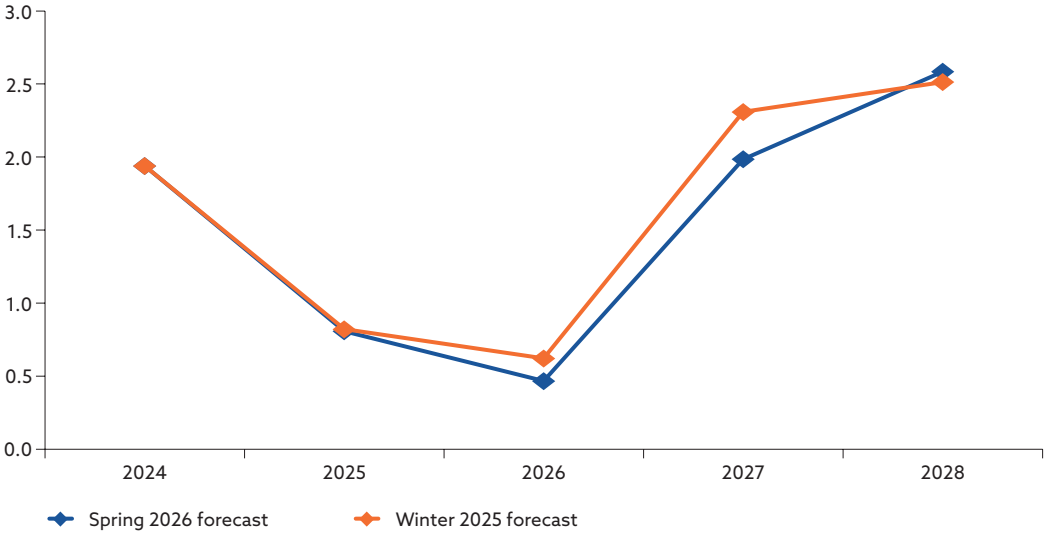
Geopolitical developments are undermining the economy's already weak growth. The dramatic rise in energy commodity prices on financial markets is reminiscent of the situation at the outset of the war in Ukraine. Although the price growth has not yet reached the magnitude observed at that time, it could nevertheless significantly slow the global economy. For Slovakia, as a small open economy dependent on exports, this is once again bad news. Just when it seemed that the euro area economy had weathered recent international trade tensions better than expected – potentially supporting the Slovak economy as well – another shock has arrived in the form of rising energy prices and heightened uncertainty. Had the war in the Middle East not begun, we would likely have slightly improved the outlook for the Slovak economy (Box 3).

The uncertainty is enormous, and the timing and manner of the war's end will be crucial. The longer the war lasts and the greater the damage to physical infrastructure in the energy sector, the worse the outlook for both the global economy and Slovakia.

The Slovak economy is projected to grow by 0.5% in 2026 (Chart 31). The baseline assumption is that the war will end in the coming weeks, with energy infrastructure in Middle Eastern countries remaining undamaged and operational. Energy commodity prices return to lower levels in line with futures contracts from the first days of March. Uncertainty declines significantly and the

short episode of high energy prices does not translate into additional inflationary pressures. In this scenario, the war's cumulative impact on the Slovak economy is estimated at 0.6 percentage points.

Chart 31
Economic growth (annual percentage changes)



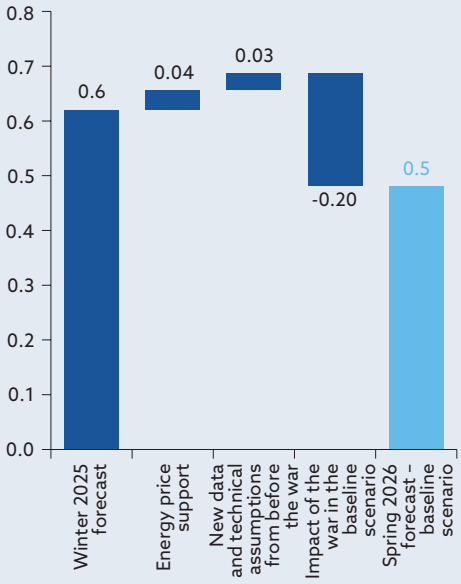
Sources: SO SR, and NBS.

BOX 2

Impact of the war in the Middle East on the economic growth outlook for 2026 and 2027

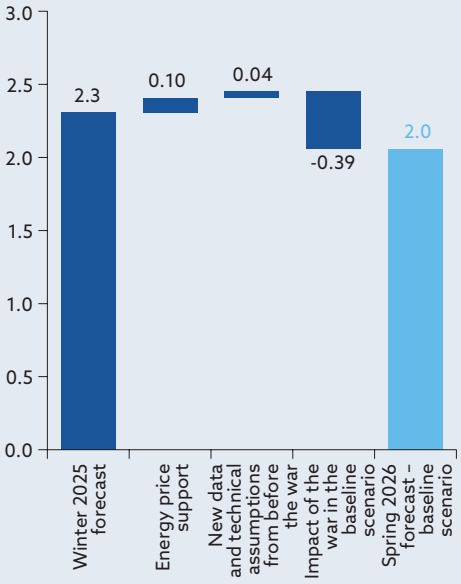
In the spring 2026 forecast, we have revised the outlook for Slovakia's economic growth to reflect energy price support for households (covering heating, gas, and electricity), as well as the impact of the war in the Middle East. Compared with the winter 2025 forecast, the baseline GDP growth projection is revised down from 0.6% to 0.5% for 2026, and from 2.3% to 2.0% for 2027. The decline stems mainly from a deterioration in energy commodity prices and interest rates due to the war, with this effect only partially offset by additional energy price support (Charts A and B). Neither the spring 2026 forecast nor its winter predecessor assumes any fiscal consolidation measures in 2027, and both retain the energy price support system introduced in 2026.

Chart A
Decomposition of the change in projected real GDP growth for 2026 compared with the winter 2025 forecast (percentage points)



Source: NBS calculations.

Chart B
Decomposition of the change in projected real GDP growth for 2027 compared with the winter 2025 forecast (percentage points)



Source: NBS calculations.

2026

- Energy price support (+0.04 pp)
  Government measures aimed at mitigating the impact of higher energy prices appear to be more generous than assumed in the winter forecast. They support households' real incomes and consumption and contribute around 0.04 pp to GDP growth in 2026 compared with the winter forecast.
- New data and technical assumptions from before the war (+0.03 pp)
  Updates of national accounts statistics and technical assumptions (e.g. developments in foreign demand and commodity prices prior to the war's outbreak) have only a slight positive impact of 0.03 pp on the growth outlook.
- Impact of the war in the baseline scenario (-0.20 pp)
  The war in the Middle East worsens the external environment mainly through tensions in energy markets. This translates into higher costs for firms as well as higher debt servicing costs, reducing GDP in 2026 by around 0.20 pp in the baseline scenario.
- Spring 2026 forecast – baseline scenario (0.5%)
  After taking all factors into account, the baseline projection for Slovakia's economic growth in 2026 is revised down to 0.5% (from 0.6% in the previous forecast).

2027

- Energy price support (+0.10 pp)
  The positive impact of energy price support is somewhat greater in 2027 than in 2026. It helps mitigate the continuing impact of elevated energy prices and supports domestic demand; as a result, GDP growth is around 0.10 pp higher compared with the winter forecast.
- New data and technical assumptions from before the war (+0.04 pp)
  The growth outlook for 2027 is practically unaffected by new data and technical assumptions from before the outbreak of the war.

- Impact of the war in the baseline scenario (-0.39 pp)
  The war's negative impact on the growth outlook is greater in 2027 than in 2026. Prolonged tensions in energy markets – reflected mainly in gas prices – together with higher import prices and higher interest rates weigh on production and investment activity, reducing the GDP growth in the baseline scenario by 0.39 pp.
- Spring 2026 forecast – baseline scenario (2.0%)
  As a result, the baseline projection for Slovakia's economic growth in 2027 is revised down to 2.0% (from 2.3% in the winter forecast). Absent the war in the Middle East, the economy would experience a modest recovery, but the growth rate is lower than projected in the winter 2025 forecast owing to the war.

Foreign demand is expected to be the main driver of economic growth in 2026. The euro area economy performed better than expected during the period of trade tensions, potentially helping the Slovak economy weather the period of weaker domestic activity caused by the necessary consolidation of public finances. Slovakia's economy will rely heavily on demand for cars, and domestic car plants are prepared to meet that demand after investing in production of vehicles with different types of powertrains.

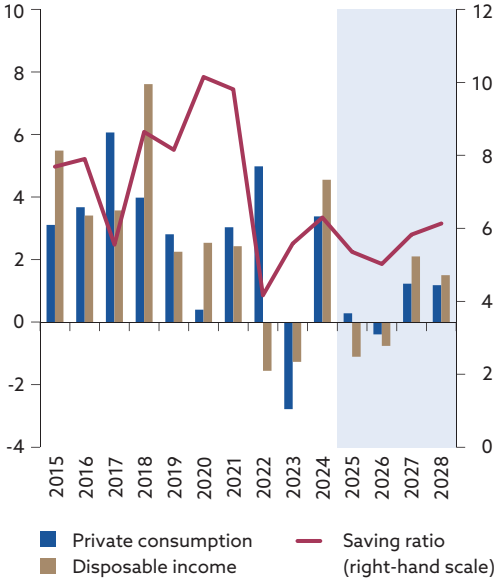
Households' purchasing power will decline further in 2026, with a downward impact on consumer demand (Chart 32). Household sentiment has been subdued for some time, and people remain pessimistic about the future economic situation. Reduced spending was already evident in private consumption at the end of last year. Available economic data indicate that households are likely to remain cautious in the near term. The war in the Middle East has not improved the mood of ordinary people, who are currently feeling its impact mainly through higher pump prices.

Investment is expected to decline this year (Chart 33). A combination of several factors is affecting business investment. Weak economic growth in Slovakia and the outlook for the coming period are not conducive to significant investment. At the same time, heightened uncertainty and rising interest rates are causing firms to defer or postpone investment decisions. Not even the accelerated absorption of EU funds will be sufficient to offset the decline in private investment.

Beyond 2026, economic activity is expected to improve noticeably. This outlook does not, however, include the necessary fiscal consolidation effort, which remains the main ongoing downside risk to growth. It is expected that growth will be driven mainly by export performance and, to a lesser extent, by household consumption. The global environment should benefit from an end to the war in the Middle East, renewed momentum in global trade, and a decline in energy commodity prices. In addition, economic growth is expected to be supported by the launch of car production at a newly built plant in Slovakia.

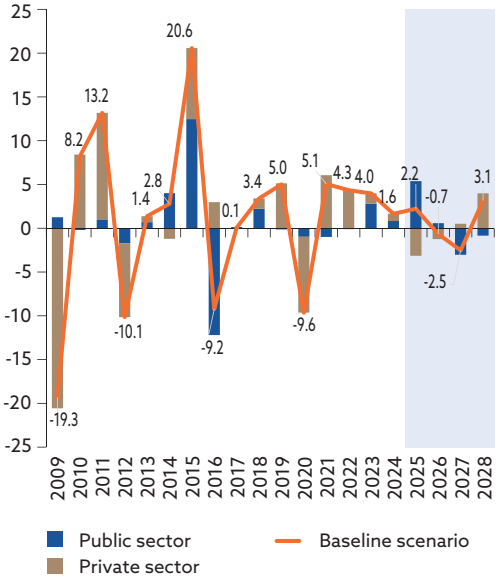
After two years of declining real incomes, consumers' purchasing power is expected to increase. Once the situation stabilises, households may resume higher spending. The labour market remains stable, and although tightness has eased, the employment rate still stands at historically high levels. This creates room for real incomes to recover the ground lost during the period of high inflation. As a result, nominal wage growth in the coming years is expected to be robust, supporting stronger consumer demand.

Chart 32
Private consumption (left-hand scale: annual percentage changes; right-hand scale: percentages)



Sources: SO SR, and NBS.

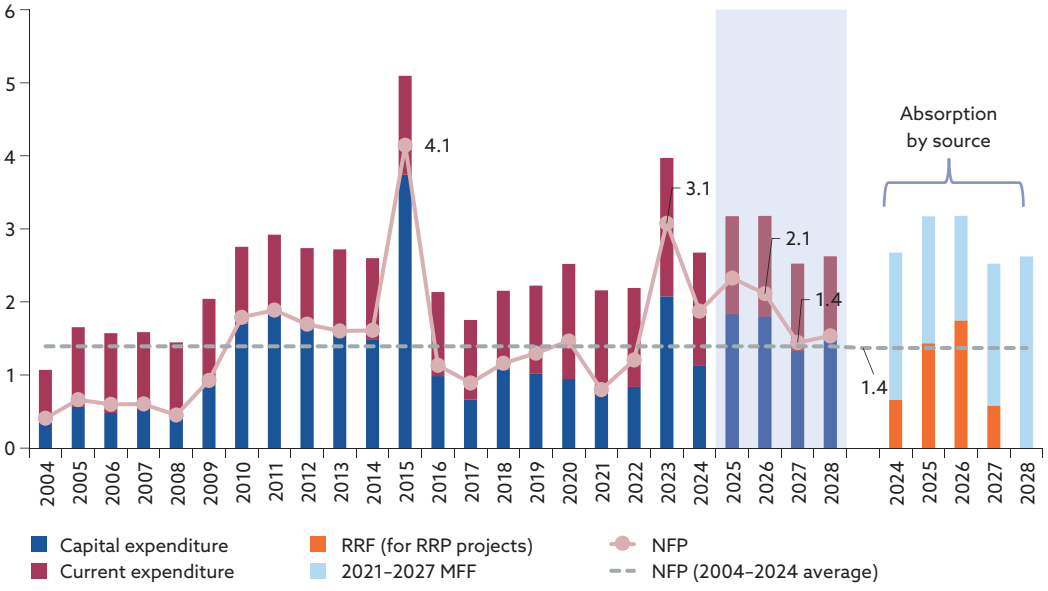
Chart 33
Investment (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

The increased absorption of EU funds in 2026 is driven mainly by the completion of disbursements for Recovery and Resilience Plan (RRP) projects. Expenditures net of payments to the EU budget (the net financial position) will remain at an above-average level (Chart 34). During this period, the uptake of cohesion funds from the 2021–2027 programming period is also expected to gain momentum. The RRP is entering its final, peak phase in 2026, after which it will be gradually phased-out and replaced by growing activity in the cohesion policy domain.

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

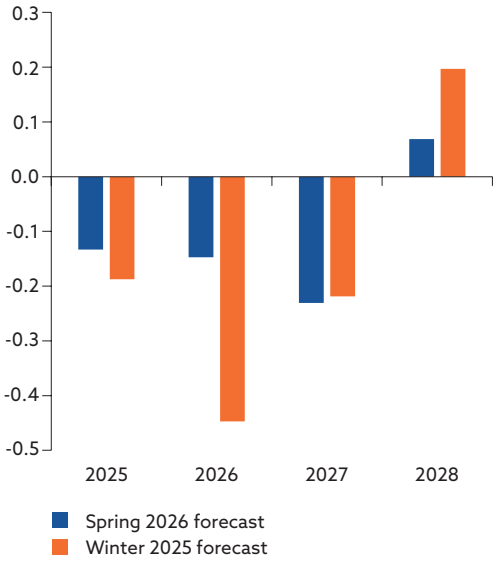


Source: NBS.
Note: NFP stands for net financial position; MFF stands for Multiannual Financial Framework; RRF stands for Recovery and Resilience Facility; RRP stands for Recovery and Resilience Plan.

From 2027, cohesion funds will become the dominant source of EU fund disbursements in Slovakia, and their absorption will gradually accelerate. This pattern is typical for the second half of an EU programming period, when projects are fully underway and progressively contribute to higher absorption than in the initial years. At the same time, Slovakia's net financial position vis-à-vis the EU budget will deteriorate, particularly in 2027, as RRP projects financed by RRF funds are gradually phased out. These resources will gradually be replaced by structural funds.

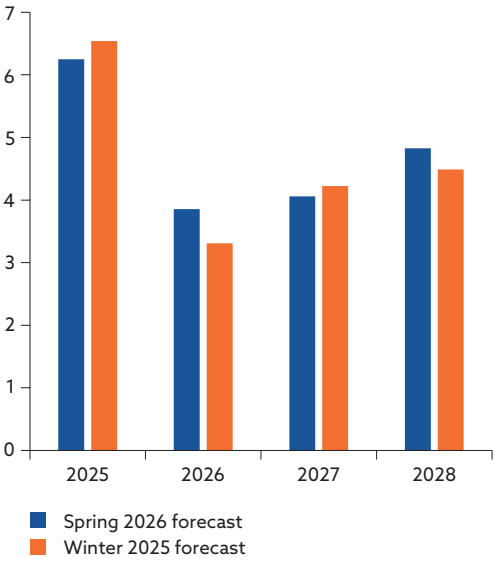
Employment is projected to decline more moderately than envisaged in the previous forecast (Chart 35). The labour market situation in recent months has outperformed the assumptions of the winter forecast. Adverse demographic trends appear to have been partly offset by a strong inflow of foreign workers. Moreover, incoming data from the Social Insurance Agency indicated positive developments. This, however, will not be sufficient to maintain employment at current levels. Subdued domestic demand is expected to reduce employment in the services and retail sectors. Employment is anticipated to stabilise as the economy recovers. In 2028, following several years of decline, the number of people in employment is expected to rise again.

Chart 35
Employment (annual percentage changes)



Sources: SO SR, and NBS.

Chart 36
Nominal compensation per employee (annual percentage changes)



Sources: SO SR, and NBS.

Nominal wage growth in 2026 is expected to be slightly higher than projected in the winter forecast (Chart 36). Firms were able to increase wages more than we expected, prompting an upward revision of the wage growth projection for this year. Nevertheless, this will not be sufficient to increase households' purchasing power. The economy is not productive enough to support higher wage growth. Improvement may only materialise in subsequent years, provided that fiscal consolidation does not again weigh on the economy and that inflation does not further erode wages.

Table 3
Wages (annual percentage changes)

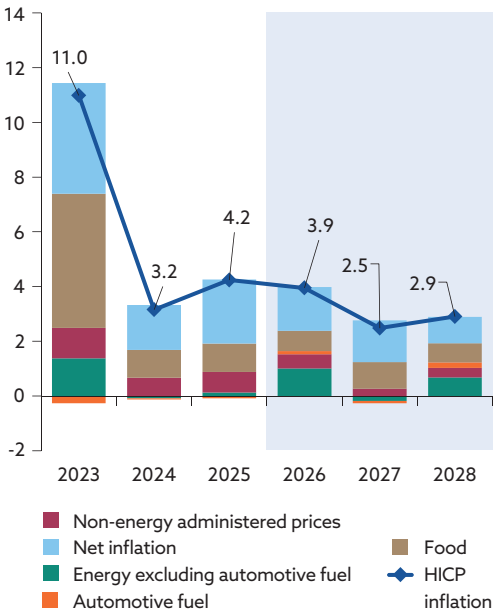
	2024	2025	2026	2027	2028
Nominal labour productivity	5.6	5.2	4.2	4.9	5.3
Nominal wages – whole economy	6.3	5.7	3.9	3.9	4.5
Real wages – whole economy	3.5	1.6	0.0	1.3	1.6
Nominal wages – private sector	6.0	5.4	4.0	4.1	4.6
Real wages – private sector	3.2	1.3	0.2	1.5	1.7
Nominal wages – public sector	7.2	6.4	3.4	3.3	4.4
Real wages – public sector	4.3	2.3	-0.5	0.6	1.4

Sources: SO SR, and NBS.
Notes: Deflated by the CPI. Nominal labour productivity is defined as GDP per person in employment (ESA 2010).

The war in the Middle East will push up inflation (Chart 37). With the fading of the impacts of tax changes and rapid wage growth, headline inflation was expected to ease in 2026. However, the war-related surge in energy commodity prices has led us to revise up the inflation projection for this year, with the initial impact reflected in pump prices. HICP energy prices for 2027 are expected to be only partially affected, as the targeted price support applied this year is envisaged to continue next year. In addition, the reference period for administered energy prices runs from October to June, so a large part of it still reflects lower prices.

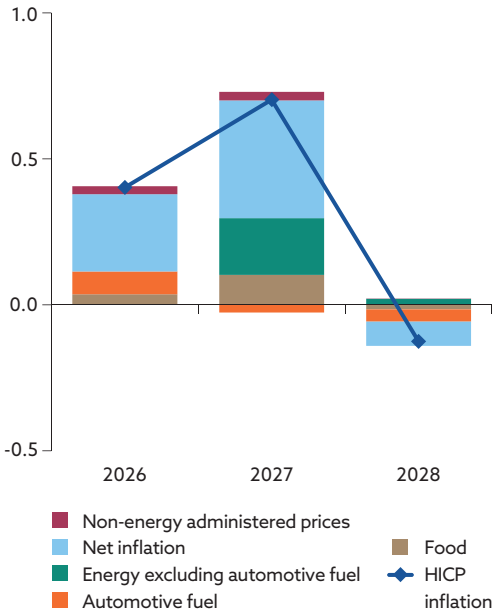
A more concerning development is the upward repricing of other commodities on global markets. This, together with energy costs for firms, will gradually pass through to prices across a broad range of goods and services over the course of this year. Indirect effects could add roughly half a percentage point to inflation over the next two years.

Chart 37
HICP inflation and its components (annual percentage changes; percentage point contributions)



Sources: SO SR, and NBS.

Chart 38
Change in projection vis-à-vis the winter 2025 forecast (percentage points)



Sources: SO SR, and NBS.

Annual headline inflation is projected to remain close to 4% in 2026, kept elevated mainly by administered energy prices. Other administered prices have also risen sharply, pushing inflation higher. Although consumer demand is cooling, prices of goods and services are adjusting only gradually and will thus remain a major contributor to inflation in the period ahead. A more pronounced easing of inflation (to below 3%) could occur in subsequent years, although in 2027 this depends on continued energy price support for households.

Food inflation has been revised up across the entire projection horizon, owing to increases in food commodity prices and input costs for energy and wages. We assume a proportionally similar effect as observed during the outbreak of the war in Ukraine.

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**	**3.9**	**2.5**	**2.9**
Food	3.6	3.1	3.2	3.6	2.6	3.5	2.4
Non-energy industrial goods	0.2	0.3	2.6	2.9	1.9	2.0	1.2
Energy	8.3	2.3	-0.9	0.4	9.6	-2.3	7.5
Services	5.3	2.5	5.9	8.0	5.8	3.8	3.0
Net inflation	1.8	1.0	3.9	5.2	3.2	3.0	1.9

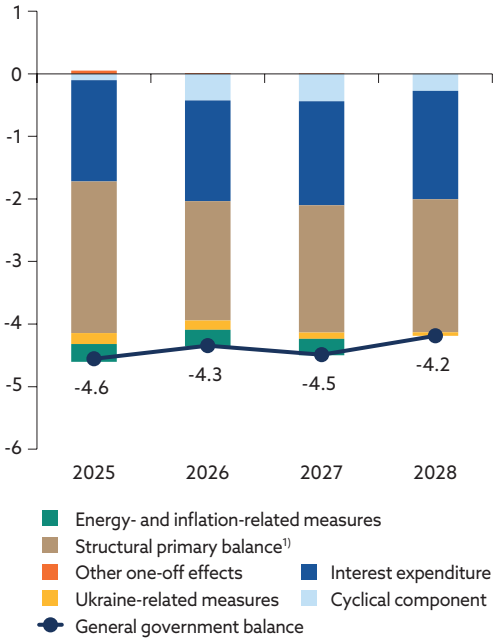
Sources: SO SR, and NBS.

3.3 Public finance projections

Slovakia's general government deficit for 2026 is projected to be 4.3% of GDP (Chart 39). The year-on-year improvement is mainly structural, resulting from the adopted fiscal consolidation package. This improvement is partly offset by unfavourable cyclical developments in the economy and the ongoing energy price support measures. In the absence of additional fiscal consolidation measures, the deficit is expected to remain relatively stable from 2027, at around 4–4.5% of GDP. Fluctuations will primarily reflect the profile of defence investments, the expected phase-out of energy price support, and the impact of the EU funding cycle, while the deficit will gradually be increased by higher public debt servicing costs. Insufficient deficit reduction will contribute to a continued rise in public debt, which is projected to climb from 63% of GDP in 2026 to above 65% of GDP by the end of the projection horizon.

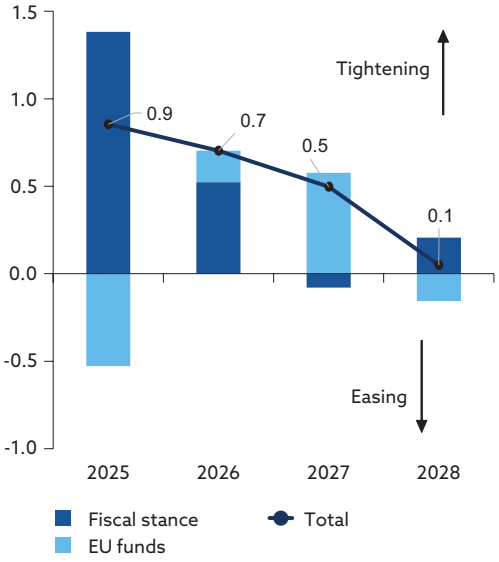
Compared with the winter forecast, the slight improvement in the deficit projections – by 0.1–0.2% of GDP across the forecast horizon – is structural in nature (Chart 41). This outcome primarily reflects the carry-over of lower social security expenditures in 2025 into the projection period, more favourable nominal economic developments that boost revenues, and the fading in 2027 of the previously significant impact of defence investments. The positive effect on fiscal performance is partly offset by lower revenues.

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



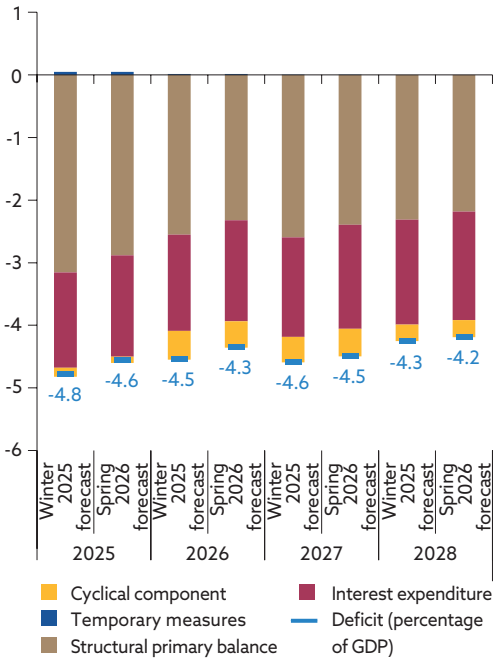
Sources: SO SR, and NBS.
1) Excluding pandemic-, Ukraine- and energy-related measures.
Notes: One-off factors include non-cyclical effects that have a temporary impact on the general government balance and are supposed to be eliminated in the future. Additional government spending from 2025 should include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

Chart 40
Fiscal stance (percentage points of GDP)



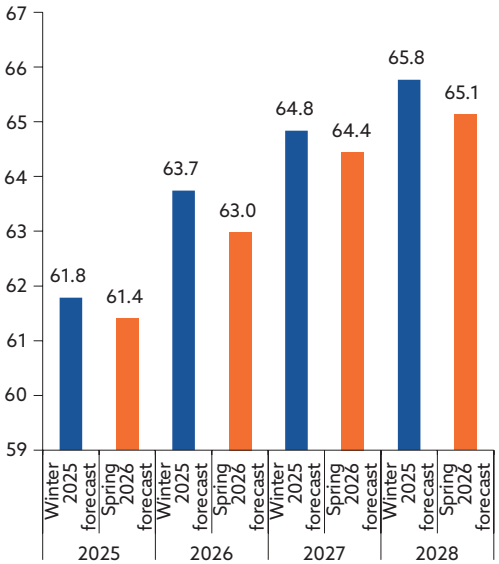
Sources: SO SR, and NBS.
Note: Fiscal stance – annual rate of change in the cyclically adjusted primary balance.

Chart 41
Comparison of projections for the deficit and its decomposition (percentages of GDP; percentage point contributions)



Source: NBS.

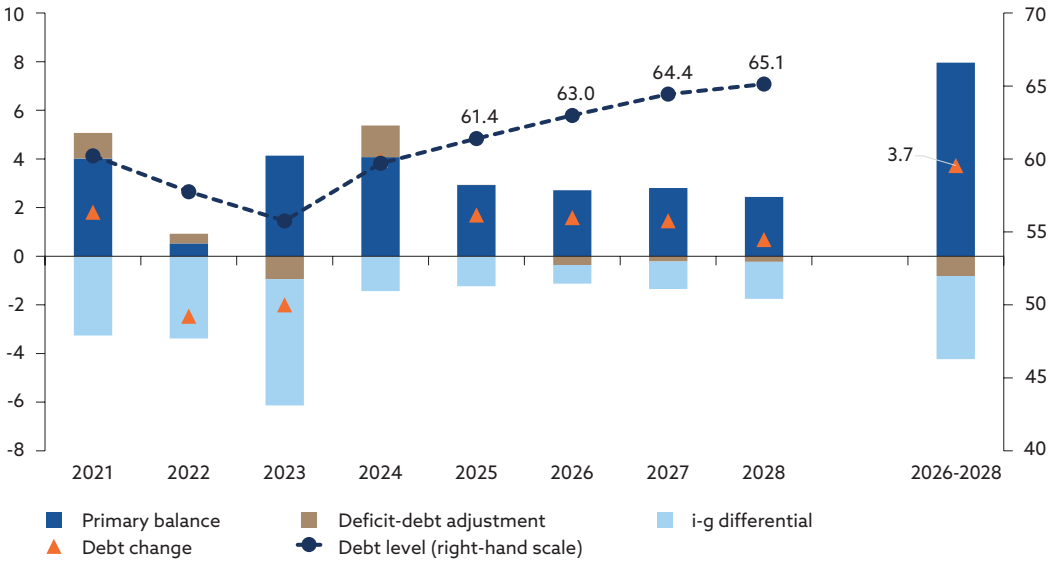
Chart 42
Comparison of public debt projections (percentages of GDP)



Source: NBS.

Gross general government debt is projected to rise steadily over the entire forecast horizon, from around 61% of GDP in 2025 to roughly 65% of GDP in 2028 (Chart 43). The main driver of this trend is the persistence of primary budget deficits – the principal source of debt growth – throughout the entire period under review. At the same time, the macroeconomic environment is losing its capacity to mitigate debt: the negative contribution of the interest-growth differential – which in earlier years helped reduce debt – declines significantly during this period, weakening its dampening effect. Debt accumulation is also slightly moderated by the use of reserves to partially finance the government's deficit spending (the deficit-debt adjustment). Taken together, these factors ensure that the annual change in public debt remains positive, with the debt increasing every year until the end of the horizon.

Chart 43
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

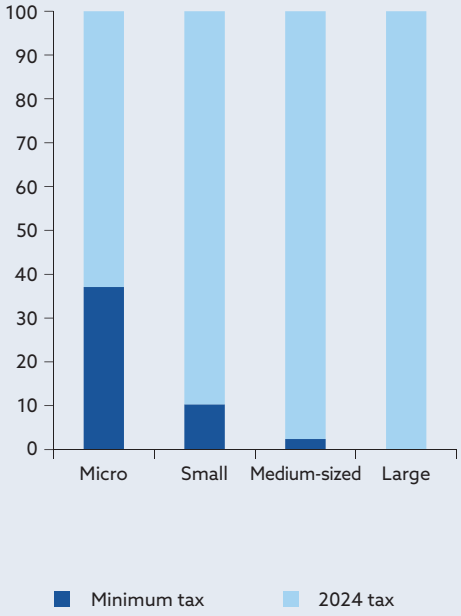
Impact of the minimum tax on firms

Fiscal consolidation measures effective from 2024 have resulted in a significant increase in the tax and sector-specific levy burden on the corporate sector. A special levy for banks was introduced, and a year later it was extended to sectors such as refineries, mobile operators and energy companies. At the same time, legal entities' tax obligations were expanded with the introduction of a minimum tax, which ensures that even firms reporting low profits contribute a fixed amount to public finances.

Minimum tax

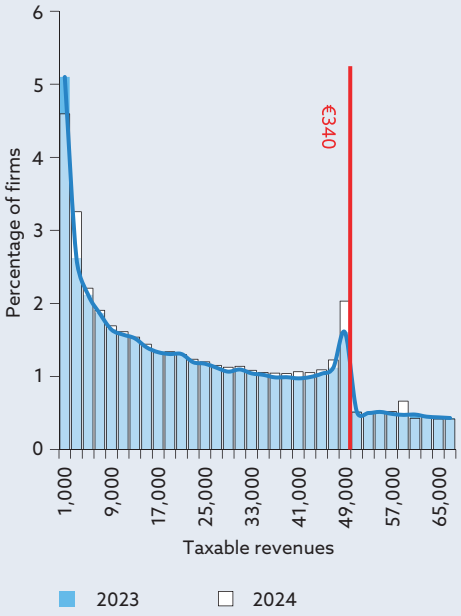
From 2025, the introduction of a minimum tax tiered according to revenue levels has expanded the tax obligation of firms that had previously paid little or no tax. In practice, this measure has mainly affected firms with the lowest revenues (Chart A). Since the minimum tax increases sharply once revenue thresholds of €50,000, €250,000, and €500,000 are exceeded, firms tend to optimise their tax base around these levels (Charts B, C, and D), which dampens the consolidation impact of the measure.

Chart A
Share of the minimum tax in total corporate income tax (2024) by firm size



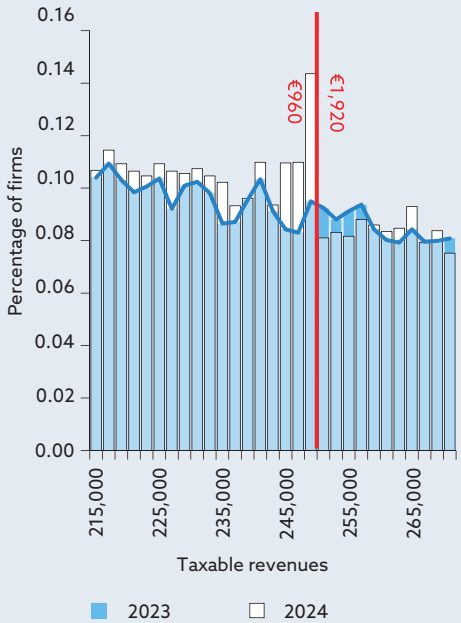
Source: NBS.
Notes:
'Micro' refers to firms with revenues not exceeding €50,000.
'Small' refers to firms with revenues exceeding €50,000 and not exceeding €250,000.
'Medium-sized' refers to firms with revenues exceeding €250,000 and not exceeding €500,000.
'Large' refers to firms with revenues exceeding €500,000.

Chart B
Impact of the minimum tax on small firms' decisions on their revenue level



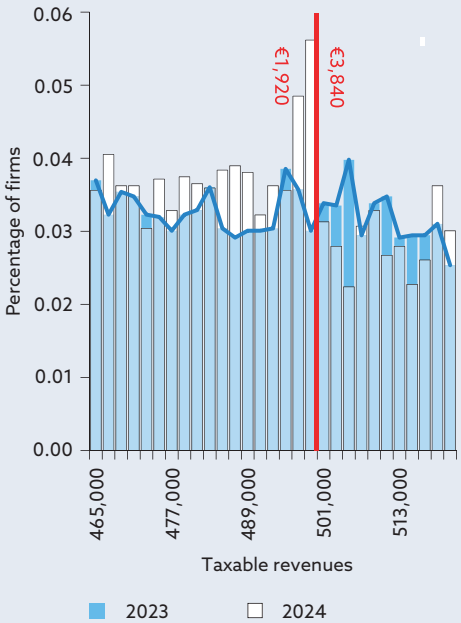
Source: NBS.

Chart C
Impact of the minimum tax on medium-sized firms' decisions on their revenue level



Source: NBS.

Chart D
Impact of the minimum tax on large firms' decisions on their revenue level



Source: NBS.

Several of the consolidation measures adopted in the past – whether targeted at smaller firms or at businesses with strong market positions and solid profitability – have significantly increased the corporate tax burden. Between 2023 and 2025, the burden rose by more than one-tenth[4] and last year exceeded 4% of GDP, the highest level so far this century. In international comparison, Slovakia's corporate tax burden is roughly in line with the OECD average (≈3.9% of GDP[5]). While changes to the minimum tax generate additional revenue for the state, they may also incentivise firms close to the thresholds to report lower revenues. Measures that weaken incentives for corporate growth may therefore have adverse consequences for long-term economic growth.

3.4 Risks to the forecast

Both the global economy and the Slovak economy are facing substantial uncertainty. Four years after the energy crisis and the period of high inflation – with some advanced economies still not having reached their inflation targets – uncertainty regarding high inflation and slow economic growth has increased again. While the nature of the shock caused by the war in the Middle East is known, the evolution of the conflict and the duration of disruptions to the supply of energy and other raw materials and products from the Persian Gulf remain unpredictable.

Even before the outbreak of the war, risks to the outlook for Slovakia's economic growth were already tilted to the downside, stemming from the ongoing need for fiscal consolidation. Now, geopolitical risk has become more pronounced. Given the magnitude of the shock assumed in the baseline scenario, there remains uncertainty that actual outcomes could be worse than anticipated. To illustrate the scale of these risks, we have prepared a severe scenario (Box 4).

Risks to the inflation outlook are tilted to the upside. The pass-through of high energy commodity prices to a broad range of goods and services could be stronger and more persistent. A key uncertainty remains the energy price support provided to households. Any changes to the framework applied by the government this year could expose inflation projections to significant risk in either direction.

[4] Including all sectoral and special taxes.
[5] The latest available data for the OECD countries' average share of corporate income tax revenues in GDP is for 2022, published in Corporate Tax Statistics 2025.

BOX 4

Severe scenario – transmission channels and macroeconomic consequences

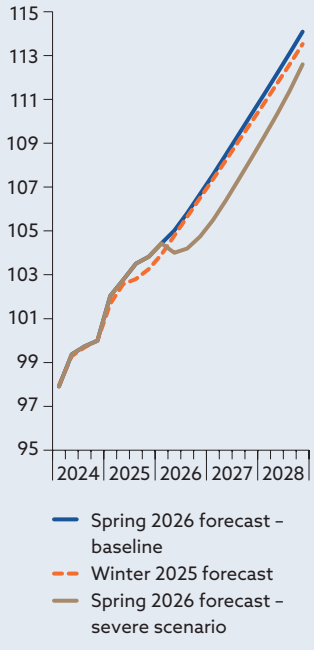
The conflict in the Middle East is a source of extreme uncertainty and many downside risks. We therefore developed an alternative, severe scenario illustrating the possible consequences should these risks materialise. The scenario is based on the ECB's 'severe scenario' from its March 2026 projections[6] and assumes a combination of adverse geopolitical, financial, and trade shocks that reinforce one another.

A combination of weaker foreign demand, higher oil, gas and food prices, and increased uncertainty could push Slovakia into a recession in 2026. Under the severe scenario, GDP declines by 0.3% this year and grows by only 1.2% in 2027, below the baseline projection. Inflation accelerates to 5.4% in 2026 and 6.3% in 2027, despite the continuation of energy price support measures.

The scenario's main assumption is that the war in the Middle East is more prolonged and causes more significant disruptions to global energy supplies. The Slovak economy could be affected through the following three channels:

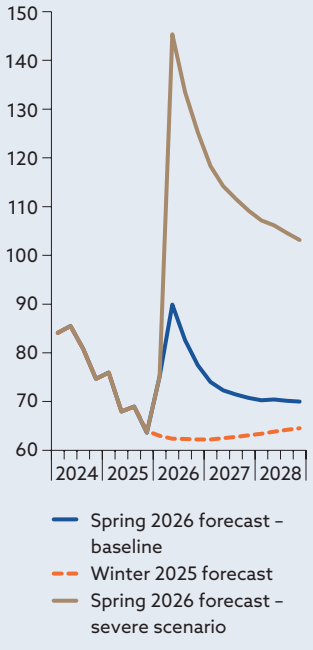
Channel I: Foreign trade and commodity prices. The scenario assumes weaker foreign demand, higher prices of oil and gas, and rising food commodity prices (Charts A, B, and C).

Chart A
Foreign demand (index: Q4 2022 = 100)



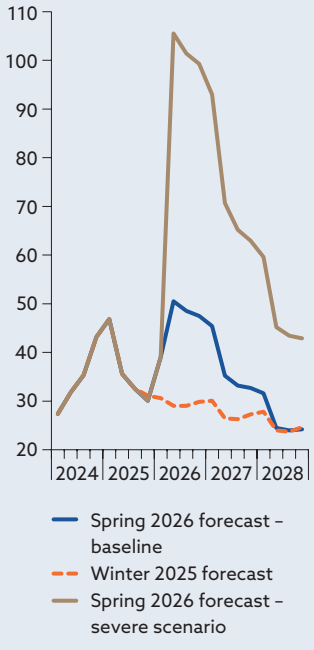
Sources: ECB, and NBS calculations.

Chart B
Oil (price level, USD/barrel)



Source: ECB.

Chart C
Gas (price level, EUR/MWh)



Source: ECB.

[6] March 2026 ECB staff macroeconomic projections for the euro area

Channel II: Domestic uncertainty. In addition to higher global uncertainty already embedded in the assumptions of the first channel, a channel of domestic uncertainty also operates through a deterioration in domestic investment activity and consumption (Charts A, B and C).

Channel III: Stronger and more persistent pass-through of cost shocks to prices. To capture the risk of a faster and stronger pass-through of higher food prices to other prices – similar to what was observed in 2022–2023 – the scenario assumes a more immediate reaction of goods and services prices to food prices.

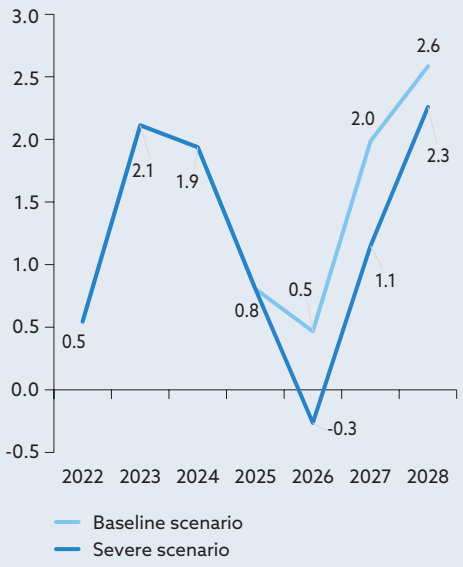
Results of the scenario

Economic activity is significantly weaker in the severe scenario (Charts D and F). As a result of lower household consumption and a slowdown in business investment, the economy contracts temporarily, with the decline further amplified by the deterioration in the external environment. Slower global economic growth and potential restrictions on international trade negatively affect Slovakia's export performance. The scenario currently envisages only damage to energy infrastructure in the Middle East, and not potential disruptions to global supply chains – an additional risk that the global economy previously faced during the pandemic crisis. If the war in the Middle East persists, this risk could also materialise, further exacerbating the war's negative impact on both economic activity and price developments.

Such a severe scenario could lead to a prolonged period of higher inflation (Charts E and G). A significant increase in energy costs amplifies second-round price effects, and food prices could again rise at a faster pace. Since food inflation also plays a particularly important role in the formation of expectations, the risk increases of a stronger indirect pass-through to consumer prices of other goods and services.

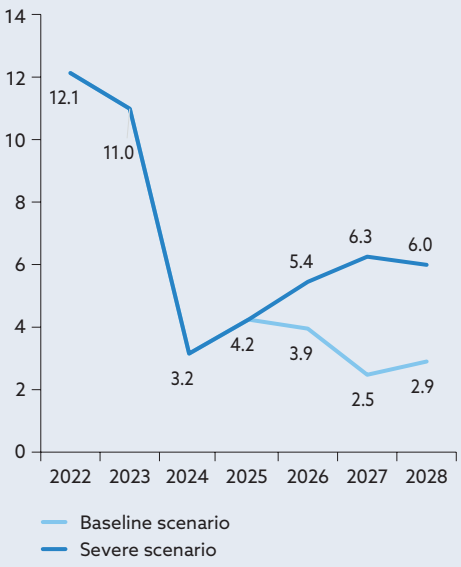
The scenario implies a relatively limited acceleration of inflation in 2027, reflecting the continuation of energy price support in its current form. Part of the price pressure therefore shifts out to 2028, when prices for heating energy, gas, and electricity are expected to reach market levels.

Chart D
Real GDP (annual percentage changes)



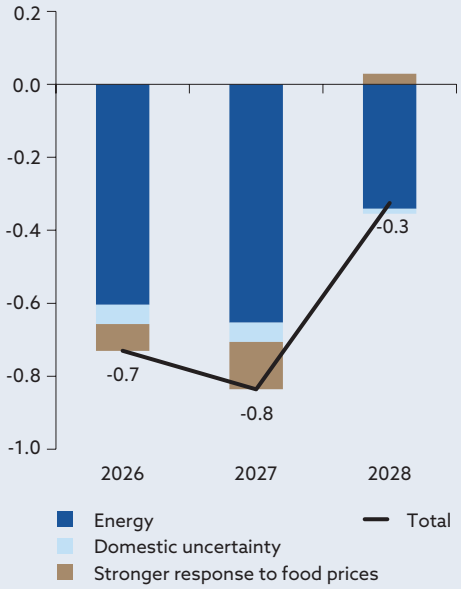
Source: NBS calculations.

Chart E
HICP inflation (annual percentage changes)



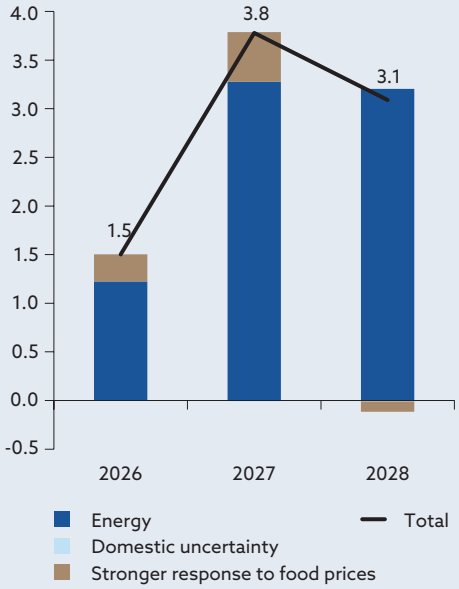
Source: NBS calculations.

Chart F
Decomposition of the difference in GDP growth rates between the baseline and severe scenarios (percentage points)



Source: NBS calculations.

Chart G
Decomposition of the difference in annual HICP inflation between the baseline and severe scenarios (percentage points)

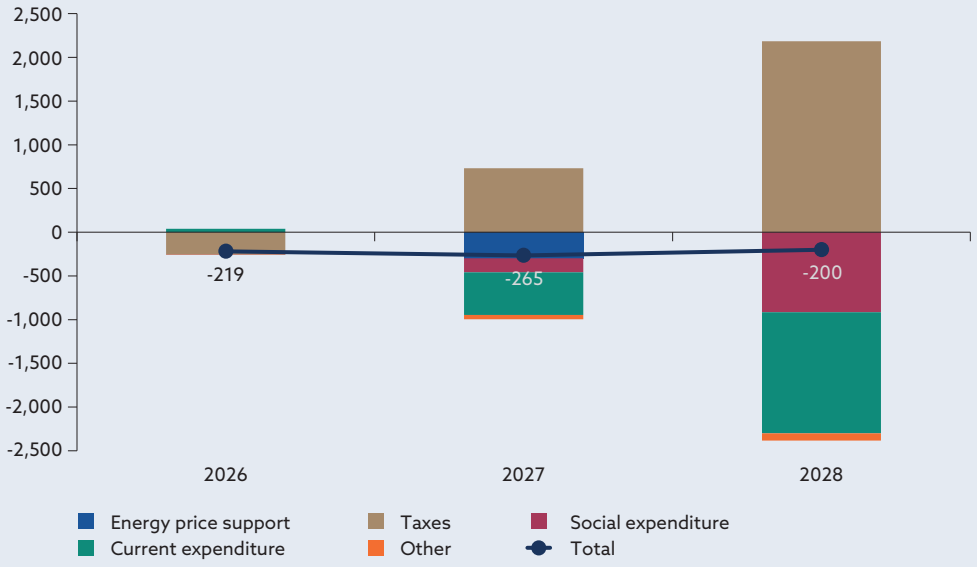


Source: NBS calculations.

The fiscal impacts of the higher-inflation scenario are twofold. In 2026 the decline in economic activity has a slight negative impact on tax revenues. In subsequent years, however, higher inflation and the associated higher nominal bases (wages and consumption) result in a marked increase in tax revenues, particularly those related to the labour market and consumption. At the same time, elevated inflation leads to higher indexation of wages for public sector employees and higher government consumption expenditure. Higher inflation also feeds into the indexation of social benefits (especially old-age pensions), albeit with a lag that is not fully captured within the projection horizon. Beyond the horizon, this effect significantly increases general government deficits and worsens the already unfavourable outlook for debt sustainability.

In this scenario, maintaining the energy price support scheme in 2027 requires additional expenditure of **€300 million**, bringing total spending on the scheme to an estimated **€700 million**. Most of this package would go towards support for gas prices, while the remaining portion would be used to provide income support (in the form of energy vouchers) for households facing higher heating costs.

Chart H
Fiscal impacts of the scenario (EUR millions)



Source: NBS calculations.

Table 5
Forecast for key macroeconomic indicators

Spring 2026 medium-term forecast (MTF-2026Q1)								
Indicator	Unit	Actual data	Spring 2026 forecast (MTF-2026Q1)			Difference vis-à-vis the winter 2025 forecast (MTF-2025Q4)		
		2025	2026	2027	2028	2026	2027	2028
Price developments								
HICP inflation	annual percentage change	4.2	3.9	2.5	2.9	0.5	0.0	0.4
CPI inflation	annual percentage change	4.0	3.9	2.6	2.9	0.6	0.0	0.3
GDP deflator	annual percentage change	4.2	3.6	2.6	2.7	0.5	0.2	0.4
Economic activity								
Gross domestic product	annual percentage change, constant prices	0.8	0.5	2.0	2.6	-0.1	-0.3	0.1
Private consumption	annual percentage change, constant prices	0.3	-0.4	1.2	1.2	-0.4	-0.2	0.1
General government final consumption	annual percentage change, constant prices	1.1	0.0	1.0	1.6	-0.1	-0.6	0.1
Gross fixed capital formation	annual percentage change, constant prices	2.2	-0.7	-2.5	3.1	-1.1	-1.8	0.7
Exports of goods and services	annual percentage change, constant prices	4.1	1.4	4.1	4.3	0.3	0.0	0.1
Imports of goods and services	annual percentage change, constant prices	3.9	0.4	2.5	3.5	0.0	-0.3	0.3
Net exports	EUR millions at constant prices	3,708	4,687	6,353	7,430	560.7	799.4	680.7
Output gap	percentage of potential output	-0.4	-1.5	-1.3	-0.8	0.1	-0.1	0.0
Gross domestic product	EUR millions at current prices	136,754	142,308	148,963	156,928	829.4	737.3	1,422.2
Labour market								
Employment	thousands of persons, ESA 2010	2,427	2,423	2,418	2,420	8.6	8.3	5.2
Employment	annual percentage change, ESA 2010	-0.1	-0.1	-0.2	0.1	0.3	0.0	-0.1
Number of unemployed	thousands of persons, LFS [1)]	150	164	175	172	-4.7	-4.3	-1.6
Unemployment rate	percentage	5.4	6.0	6.4	6.3	-0.1	-0.1	0.0
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	0.6	2.2	2.5	-0.5	-0.3	0.2
Nominal productivity [4)]	annual percentage change	5.2	4.2	4.9	5.3	0.0	-0.1	0.6
Nominal compensation per employee	annual percentage change, ESA 2010	6.2	3.9	4.1	4.8	0.6	-0.1	0.3
Nominal wages [5)]	annual percentage change	5.7	3.9	3.9	4.5	0.6	-0.2	0.3
Real wages [6)]	annual percentage change	1.6	0.0	1.3	1.6	0.0	-0.3	0.0
Households and non-profit institutions serving households								
Disposable income	annual percentage change, constant prices	-1.1	-0.8	2.1	1.5	-0.4	-0.2	-0.4
Saving ratio [7)]	percentage of disposable income	7.1	6.8	7.6	7.9	0.0	0.0	-0.4

Table 5
Forecast for key macroeconomic indicators (continued)

Indicator	Unit	Actual data	Spring 2026 forecast (MTF-2026Q1)			Difference vis-à-vis the winter 2025 forecast (MTF-2025Q4)		
		2025	2026	2027	2028	2026	2027	2028
General government sector [8]								
Total revenue	percentage of GDP	43.3	43.0	41.7	41.1	-0.2	-0.3	-0.4
Total expenditure	percentage of GDP	47.5	47.9	47.3	46.6	-0.4	0.0	0.4
General government balance [9]	percentage of GDP	-4.6	-4.3	-4.5	-4.2	0.2	0.1	0.1
Cyclical component	percentage of trend GDP	-0.1	-0.4	-0.4	-0.3	0.0	0.0	0.0
Structural balance	percentage of trend GDP	-4.5	-3.9	-4.1	-3.9	0.2	0.1	0.1
Cyclically adjusted primary balance	percentage of trend GDP	-2.8	-2.3	-2.4	-2.2	0.2	0.2	0.1
Fiscal stance [10]	annual percentage point change	1.4	0.5	-0.1	0.2	0.0	0.0	-0.1
General government gross debt	percentage of GDP	61.4	63.0	64.4	65.1	-0.8	-0.4	-0.6
Balance of payments								
Goods balance	percentage of GDP	-0.2	-0.7	0.8	1.7	0.3	0.7	0.7
Current account	percentage of GDP	-3.6	-3.4	-2.2	-1.1	0.8	0.9	0.9
External environment and technical assumptions								
Slovakia's foreign demand	annual percentage change	3.8	2.4	3.3	3.4	-0.2	0.0	0.2
USD/EUR exchange rate [11), 12]	level	1.13	1.16	1.16	1.16	0.4	0.2	0.2
Oil price in USD [11), 12]	level	69.1	81.3	72.1	70.2	30.1	15.2	9.7
Oil price in USD [11]	annual percentage change	-14.9	17.6	-11.2	-2.7	27.3	-11.5	-4.8
Oil price in EUR [11]	annual percentage change	-18.5	14.2	-11.0	-2.7	26.2	-11.2	-4.8
Non-energy commodity prices in USD	annual percentage change	5.8	-1.5	0.8	-0.1	-1.6	0.3	0.2
Electricity price in EUR/MWh [11]	annual percentage change	7.6	4.9	-11.2	-16.3	15.4	-9.4	-13.2
Gas price in EUR/MWh [11]	annual percentage change	5.4	27.9	-21.0	-28.8	46.8	-13.9	-19.7
Three-month EURIBOR	percentage per annum	2.2	2.3	2.6	2.6	0.3	0.5	0.3
Ten-year Slovak government bond yield	percentage	3.4	3.5	3.6	3.7	0.0	0.0	0.0

Sources: NBS, ECB, and SO SR.
Note:
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/