



1

S&P REVISED ITS OUTLOOK ON THE REPUBLIC OF SLOVENIA TO POSITIVE AND AFFIRMED A/A-1 RATING

On December 16, 2016 S&P Global Ratings revised its outlook on the Republic of Slovenia to positive on the back of the robust economic growth. 'A/A-1' ratings affirmed.'

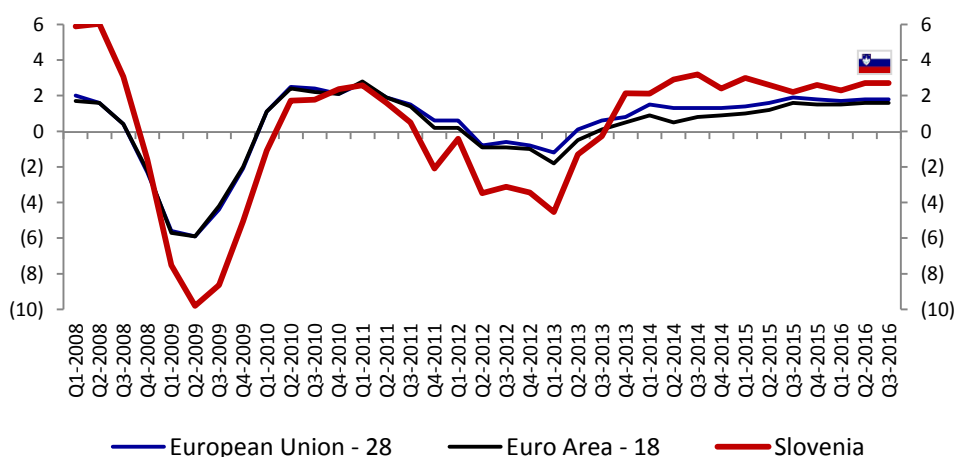
For more information please see www.standardandpoors.com.

2

SLOVENIA'S GDP UP BY 2.7% IN THE THIRD QUARTER OF 2016 (% CHANGE Q/Q-4)

In the third quarter of 2016 GDP increased by 2.7% in comparison to the same quarter of 2015. Accumulated growth in the first three quarters of 2016 was higher by 2.6% compared to the same period in 2015. The growth continues to be underpinned by exports and becoming more balanced by a growing domestic private consumption. The growth is well above the EA-18 average of 1.6% and the EU-28 average of 1.8%.

Figure 1: Real Quarterly GDP Growth Rate (SA % change Q/Q-4)



Source: Statistical Office of the Republic of Slovenia (SORS), Eurostat, (SA) Seasonally Adjusted data, 22.12. 2016

Exports Keep growth momentum

In the third quarter of 2016 total exports increased by 5.4%; goods by 5.2% and services by 5.8%. Total imports increased by 4.5%; goods by 4.9% and services by 2.5%. The external trade surplus contributed 1.1 percentage points to the economic growth.

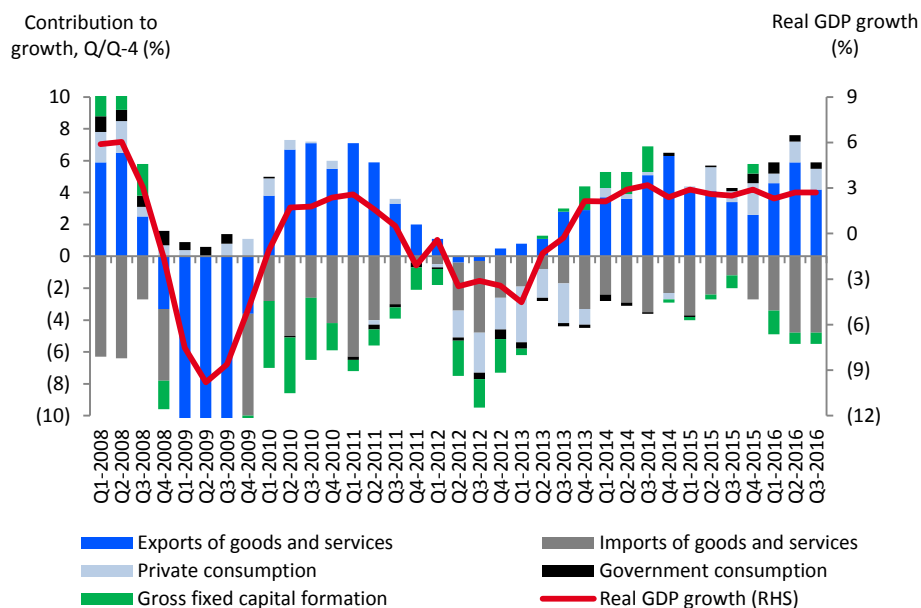
Private consumption continues recovering

Private consumption continues to have a positive impact on economic activity in Slovenia. In the third quarter of 2016 it increased by 2.6%. Private investment in machinery and equipment increased by 6.6% mitigating the fall in government investment.

Total Employment Increased by 2.1%

In the third quarter of 2016 total employment increased by 2.1%, similarly to the second quarter of 2016 when it increased by 2.0%. Employment in manufacturing increased by 3.3%, in accommodation and food service activities by 4.7%, in human health and social work activities by 4.6% and in transportation and storage by 4.3%.

Figure 2: Contributions to Real GDP Growth (% chg. Q/Q-4)



Source: Statistical Office of the Republic of Slovenia (SORS), Original data, 22.12.2016

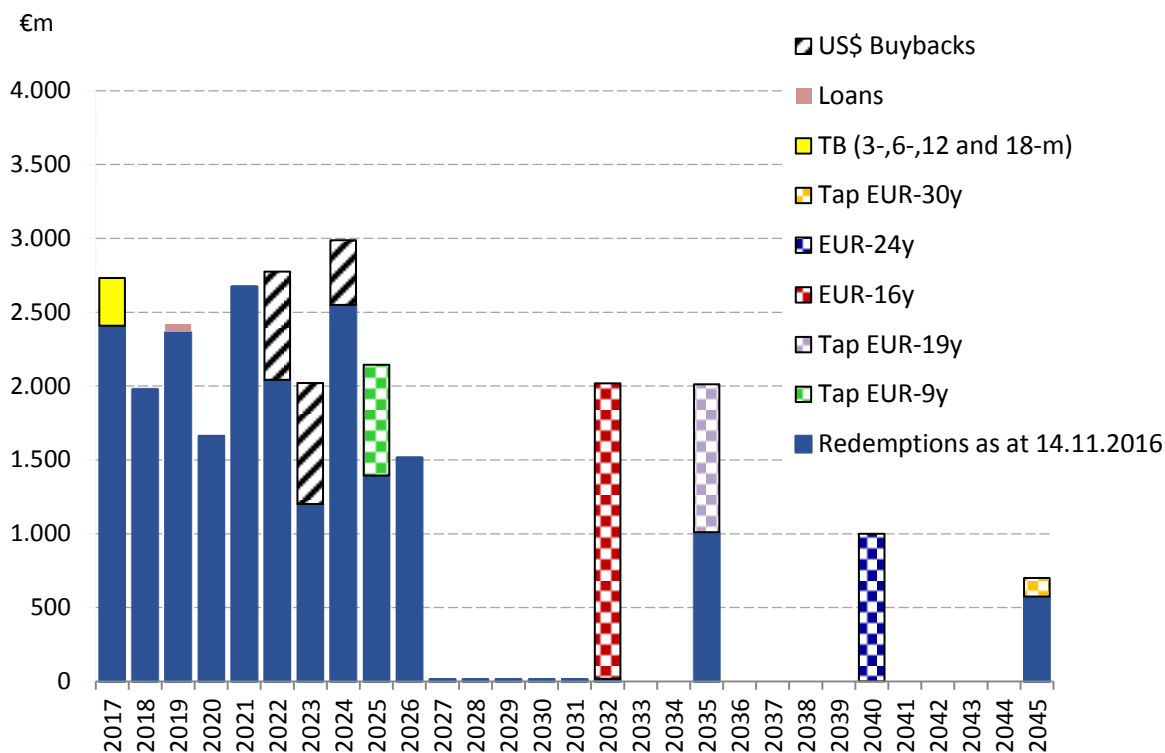
Notes

Unless otherwise specified, all comparisons in this text refer to original data, to volume or real changes and to changes compared with the same quarter of the previous year.

REPUBLIC OF SLOVENIA FINANCING PROGRAMME EXECUTION AND DEBT MANAGEMENT IN 2016

In 2016 Republic of Slovenia issued new 16-year and 24-year euro bonds and tapped 29-year, 19-year and 9-year euro bonds. The T-bills programme was executed according to the auction calendar for 2016. Significant part of euro bonds proceeds was used to finance US\$ buybacks in May, September and November of a total amount of US\$ 2.6 Bn, i.e. 28.6 % of the total US\$ debt exposure. The key focus of the state treasury operations was and remains the extension of the debt portfolio duration (i.e. modified duration increased from 5.2 in 2015 to 7.0 in 2016), hence reducing roll-over risk, while reducing debt service costs at the same time.

Figure 3: Financing Programme Execution and Debt Management in 2016 Through Redemption Profile Optics*



*Marked Maturity Buckets depict Buybacks and Newly Issued EUR debt in 2016.

Source: Ministry of finance, 22.12.2016

DISCLAIMER: The information included in this Newsletter corresponds to the best value obtained for each period at the date of publication, and has been carefully compiled. The possibility of any mistake cannot, however, be excluded. The Treasury bears no responsibility for losses incurred as a result of using this document. This document may not be copied, distributed for any commercial purposes or published in any other way without the consent of the Treasury. This document contains data which are for information purposes only. They do not constitute an offer or invitation to subscribe or to purchase securities, nor are the information contained thereon meant to serve as a basis for any kind of obligation, contractual or otherwise.