

# Short Note Slovakia

## Last year's budget deficit comes in lower than expected

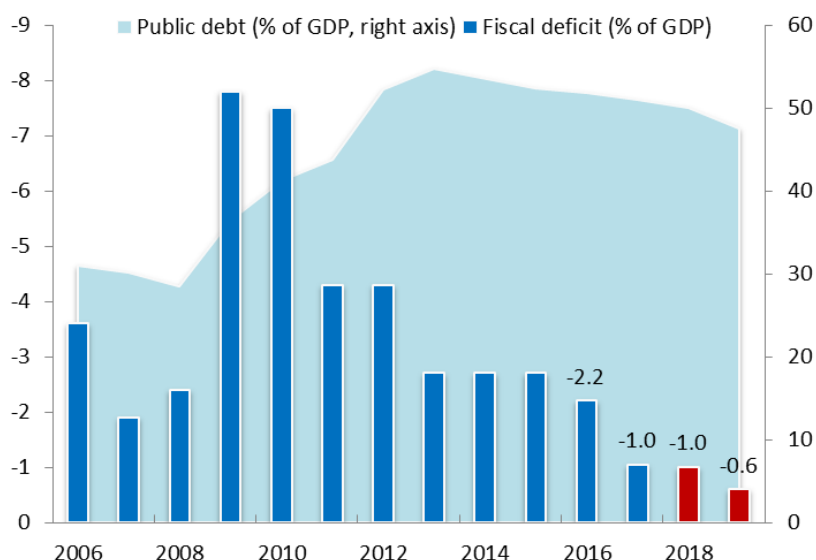
**According to Eurostat's spring notification, Slovak fiscal deficit fell by 1.2pp to 1% of GDP last year, matching the EU average (and only slightly higher than the Eurozone average of 0.9% of GDP).**

**Government debt decreased to 50.9% of GDP in 2017**, marking a drop of 0.9pp and comfortably remaining compliant with the Maastricht criteria.

The spring notification surprised on the positive side as the Ministry of Finance expected a budget deficit of 1.3% of GDP in the official budget for last year, whereas our forecast was at 1.5% of GDP. However, the more accurate notification of public finances will be known in the autumn therefore we have to wait for the final figures until then (last year's spring and autumn notifications differed by 0.5pp).

**Both fiscal deficit and sovereign debt remain comfortably below the Maastricht criteria and further consolidation of public finances is expected.** We expect consolidation of public finances to continue this year, mostly on the back of higher tax revenues, as fiscal deficit is projected to fall to 0.8% of GDP (our forecast stands a bit higher, at close to 1% of GDP).

### Fiscal deficit and public debt (% GDP)



Source: Eurostat, SLSP

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