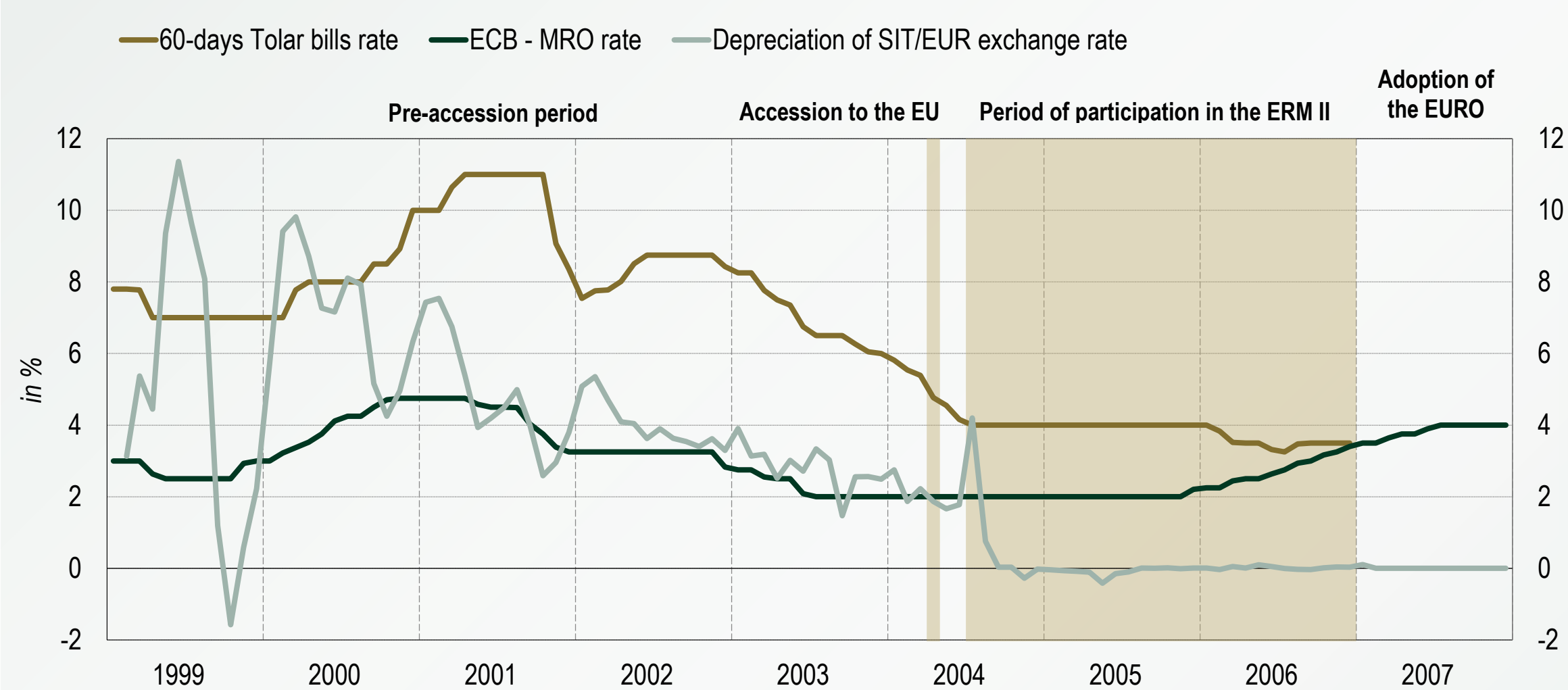


A central banker's view on monetary policy during transition

The case of Slovenia

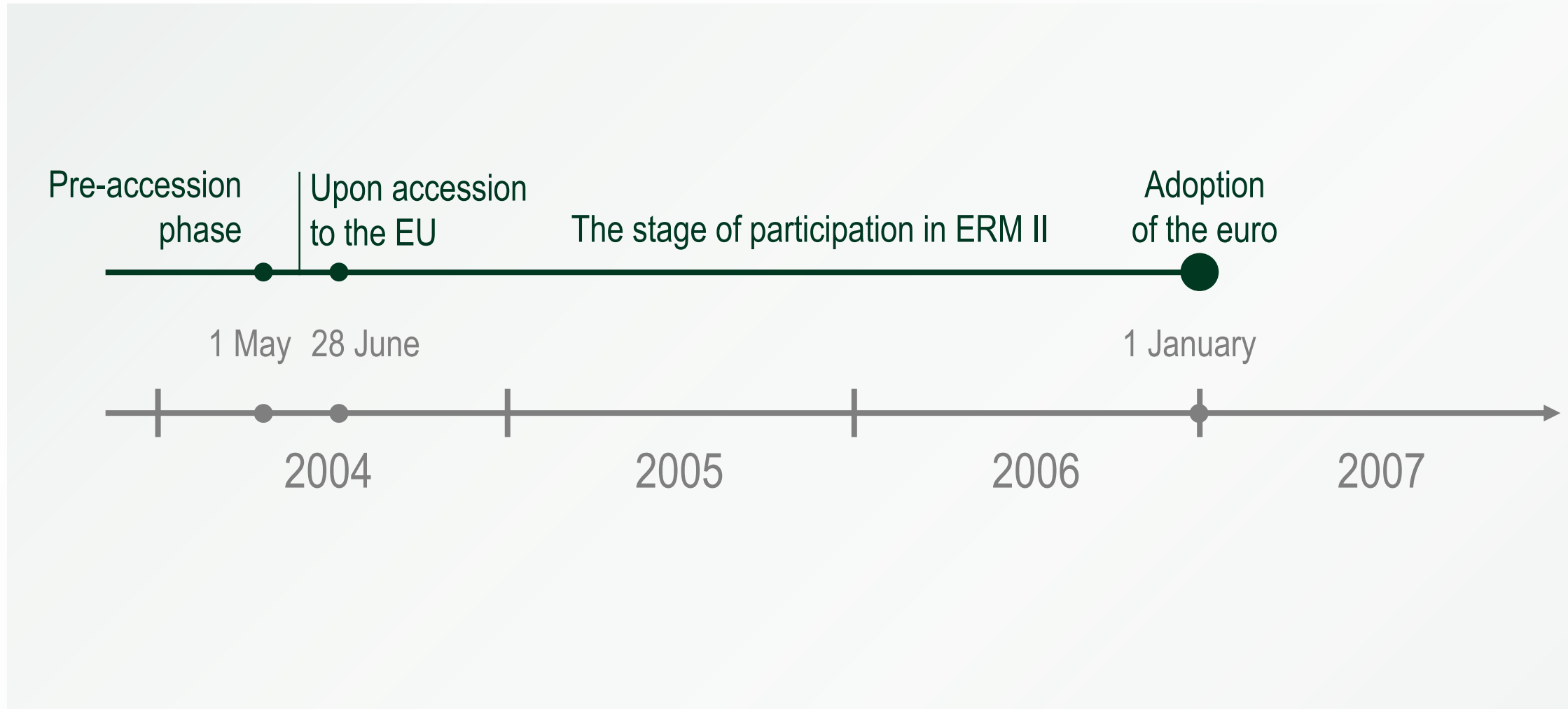
Boštjan Vasle

Monetary policy during the transition period



Source: Bank of Slovenia, ECB.

The Euro introduction in Slovenia - timeline



Experience after the euro adoption

As a member of the EMU, Slovenia benefited in particular from:

- credibility of common monetary policy (which helped contain inflationary pressures) and
- appropriate response to the common demand shock at the onset of the crisis.

However, economic recovery in Slovenia was postponed due to country-specific issues (increase in sovereign risk and indebtedness of private firms).

After recapitalisation of the banking sector, successful deleveraging of the private sector and structural adjustments in GDP and employment, **Slovenian economy emerged stronger and more efficient** than before. GDP growth strengthened and became broad based and well above the EA average.

Recent geopolitical tensions, **growing uncertainty** and the resulting maturing of the business cycle in the euro area, **advocate for further accommodation**.

As monetary policy approaches its limits, **policy-mix** could **provide that stimulus**.

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