Information on economic trends

June 2018

Summary

After stagnating towards the end of 2017, real economic activity growth started picking up, albeit very slowly, in the first quarter of 2018 and high-frequency data for the early second quarter point to an acceleration of economic activity. The beginning of the second quarter was marked by further employment growth and a decrease in the number of unemployed persons. The annual consumer price inflation rate rose from 1.1% in March to 1.3% in April, mostly due to a refined petroleum products price hike. The CNB continued to pursue an expansionary monetary policy, maintaining very high levels of liquidity in the domestic financial market. Credit institutions' placements to corporates and households continued to rise, while the interest rates on newly-granted loans generally held steady. The net external debt of domestic sectors rose by EUR 0.9bn in the first quarter of 2018. At the end of February, general government debt fell by HRK 1.4bn from the end of the previous year, primarily owing to the appreciation of the exchange rate of the kuna against the euro and the US dollar during the same period.

According to the first CBS results about the developments in real economic activity, in the first quarter of 2018, real GDP rose by only 0.2% from the previous quarter. On an annual level, real GDP grew by 2.5%, a slightly faster annual growth than that at the end of 2017. Such developments reflect the strengthening of domestic demand, with personal consumption growing the fastest, followed by government consumption and gross fixed capital formation. By contrast, total exports fell slightly from the same period of the previous year, bringing to a halt the continuous growth in goods exports that started in early 2014. Strong domestic demand resulted in a further increase in goods and services imports, resulting in a negative contribution of net foreign demand to total economic growth.

Based on the few data available, including those relating to industrial production, employment, confidence indices and financial markets, the GDP nowcasting model[1] indicates a strengthening of economic activity, compared to its stagnation in the previous two quarters. Industrial production continued to shrink in April 2018, having fallen by –2.3% from the average for the first three months of that year. The fall in industrial production on a quarterly level was observed in all MIG components, except capital goods (Figures 3 and 4). The May 2018 Consumer Confidence Survey shows that the consumer confidence index held steady at first-quarter level, with the expectations regarding economic and financial situation not changing much from the beginning of the year. At the same time, the Business Confidence Survey shows a further upward trend in optimism in construction, and compared to the first quarter of the year, the expectations in trade and services improved considerably too. In May 2018, the business expectations of legal entities in industry were slightly better than the month before but the confidence index in industry continued to fall on a quarterly level (Figure 8).

Favourable developments in the labour market continued at the beginning of the second quarter of 2018. Employment continued to rise in April, though at a slower rate than at the beginning of the year (Figure 14). The number of employed persons rose the most in tourism-related service activities (accommodation and food service activities, trade and transportation and storage activities). Unemployment continued to fall, driven more by new employment than by clearing from the records for other reasons (non-compliance with legal provisions, registration cancellation and failure to report regularly), and the number of unemployed persons fell to below 160,000 in April. In April 2018, registered unemployment thus fell to 10.2%, from 10.8% in the first quarter of the year (Figure 15). The average nominal gross and net wages grew faster at the beginning of the second quarter of 2018 than at the beginning of the year. Wage growth was widely distributed and was most prominent in industry (Figure 16). The rise in real wages was less pronounced than that in nominal wages, due to a simultaneous increase in consumer prices.

In April, consumer prices rose by 0.7% from March, mostly due to a seasonal rise in clothing and footwear prices as well as to the growth in the prices of refined petroleum products (Table 1). The rise in refined petroleum products prices was due to a considerable increase in crude oil prices on the global market, mostly driven by rising geopolitical tensions in the Middle East and falling petroleum production in Venezuela due to growing political and economic uncertainties in that country. The decision of the USA to reimpose economic sanctions on Iran fuelled a further oil price hike, with the result that in mid-May a barrel of Brent crude oil reached USD 79, having surged USD 10 from the end of March. The annual overall consumer price inflation rate rose to 1.3% in April, up from 1.1% in March (Figure 18). This was mainly due to an increase in energy prices, i.e. higher prices of fuels and lubricants for personal transport equipment. In April, the annual core inflation rate remained at the previous two months level of 0.7%. At the same time, the annual rate of change of industrial producer prices on the domestic market (excluding energy) fell from 0.5% in March to –0.1% in April, mostly reflecting price decreases in the production of non-durable consumer goods (food products and beverages), which points to a small decrease in inflationary pressures coming from the production process.

After having strengthened considerably towards the end of last year, in the first three months of 2018, total goods exports fell by 7.0%, from the previous quarter's average, mainly influenced by a sharp fall in energy exports (particularly oil and refined petroleum products), while the fall in exports of the narrow aggregate (excluding energy) was smaller and stood at 4.3% (Figure 10). The adverse trends in exports reflected not only declining sales of energy but also a fall in the exports of medical and pharmaceutical products, capital goods (power generating machinery and equipment and electrical machinery, apparatus and appliances) and textile industry products. By contrast, in the first quarter of 2018, total goods imports rose by 2.6% from the previous quarter average (Figure 11), while the growth of imports of the narrow aggregate (excluding energy) was only slightly slower and stood at 2.3%. The growth in imports was broadly based, and in addition to those of energy (oil and refined petroleum products), the imports of capital goods (particularly power-generating machinery and equipment and

1 See Kunovac, D., and B. Špalat: *Nowcasting GDP Using Available Monthly Indicators* (WP-39, October 2014). The estimate for the first quarter of 2018 is based on available data on the industrial production, construction works, labour market, financial markets and consumer and business confidence indicators.

telecommunication apparatus), road vehicles and ships, medical and pharmaceutical products and metal industry products also rose.

Influenced by seasonal developments, the nominal exchange rate of the kuna versus the euro strengthened in May and stood at EUR/HRK 7.38 at the end of the month, down by 0.4% from the end of April (Figure 21). To contain excessive strengthening of the kuna, the central bank intervened in the foreign exchange market, purchasing from the banks a total of EUR 320.5m on 10 May. The kuna also strengthened against most other major trading partners' currencies in May, which resulted in an appreciation of the nominal effective exchange rate of the kuna of 0.2% from the end of April. In addition to the aforementioned appreciation of the exchange rate of the kuna against the euro, this was mostly due to the appreciation of the kuna against the Turkish lira, which reflects the considerable weakening of that currency against the euro on the global foreign exchange market. The weakening of the kuna against the yuan renminbi and the American dollar mitigated these developments the most. The May strengthening of the American dollar against the euro was largely spurred by rising global uncertainties. The weakening of the euro was also due to political events in Italy.

Short-term interest rates on the European money market remained in negative territory in May, reflecting the expansionary monetary policy of the European Central Bank and high euro area banking sector liquidity. The six-month EURIBOR stood at –0.27% at the end of May, and the overnight interest rate on the euro area banking market, EONIA, stood at –0.35% (Figure 24). The risk premiums for European emerging market economies rose slightly in May. The risk premium for Croatia (CDS) thus rose by 13 basis points and, after almost six months, reached over 100 basis points (Figure 25).

In the conditions of ample surplus liquidity in the domestic financial market, which in May stood at HRK 27.1bn (Figure 54), no trading took place in the domestic overnight interbank market in May. However, the Ministry of Finance held T-bill auctions in May, placing one-year kuna T-bills at a 0.09% interest rate (Figure 28) and one-year euro T-bills at a 0.00% interest rate.

The interest rates on new bank loans granted to households and corporates mainly held steady, on average, in April 2018 (Figures 28 and 29). As regards original new loans, a somewhat more substantial fall was seen only in interest rates on loans for working capital (Figures 31, 32 and 33). As regards deposits, in April, the average interest rate on household time deposits fell to 0.42% and that on corporate time deposits rose to 0.63% (Figures 34 and 35). As a result of movements in interest rates on total new loans and deposits, their spread narrowed slightly in April to 5.31 percentage points, while the spread between interest rates on loans and deposits held steady at the level of approximately 4.70 percentage points (Figure 37).

In April 2018, monetary developments were marked by an increase in net foreign assets (NFA) and a small fall in net domestic assets (NDA) of the monetary system, which resulted in an increase in total liquid assets (M4) of HRK 1.1bn or 0.4% (Figure 49). The CNB and credit institutions witnessed almost equal increases in net foreign assets. By contrast, the fall in net domestic assets was the result of a fall in credit institutions' net claims from the central government. On an annual level, the growth in total liquid assets (M4) accelerated to 5.5% in April, the effects of exchange rate changes excluded. As regards the components of total liquid assets, the annual growth in money (M1) stood at a high 21.7% (Figure 48), while the annual fall in quasi-money slowed down to –1.1%, exchange rate changes excluded.

Total placements of monetary institutions to domestic sectors (excluding the government) continued to rise in April (transaction-based), and their annual growth rate rose to 3.2% (Figure 40). The annual growth in household placements continued to accelerate, reaching 4.9% at the end of April (Figure 42), again mostly driven by cash general-purpose loans, the annual rate of change of which reached 9.5% (transaction-based). As regards the currency structure of household placements, kuna placements continued to trend upwards, in line with their trend over the years, reaching for the first time the level of foreign currency placements at the end of April (Figure 47). The annual growth of placements to corporates stood at 3.0% in April (Figure 41), with lending rising in all activities except construction and trade. As regards the nominal stock of total placements, at the end of April 2018 they were down by 1.0% from the end of the same month of the previous year, which is mainly the result of the sale of non-performing placements and kuna strengthening.

Gross international reserves rose to EUR 16.6bn in May (Figure 56), an increase of EUR 0.9bn or 5.5% from the end of the previous year. The growth of gross reserves was mostly driven by foreign currency purchases from banks. At the end of May, net international reserves were up by EUR 0.9bn or 6.7% from the end of 2017 and stood at EUR 14.7bn.

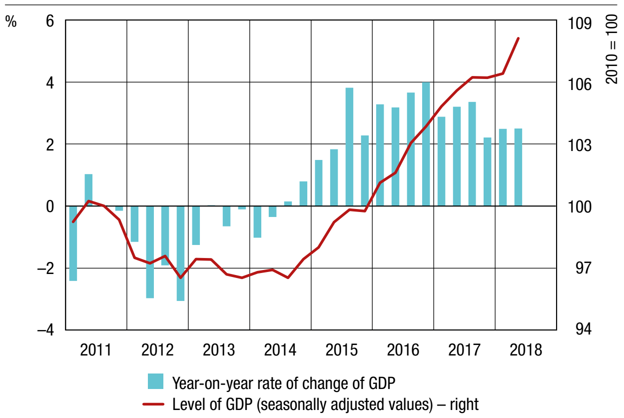
After growing in the last quarter of the previous year, Croatia's net external debt rose by a further EUR 0.9bn in the first three months of 2018 (Figure 60). The net foreign positions of both banks and the central bank worsened (EUR 0.5bn and EUR 0.3bn, respectively), mirroring a considerable fall in banks' funds within the TARGET2 system). The net debt of other domestic sectors also rose slightly (EUR 0.1bn) as a result of borrowing from affiliated creditors. By contrast, after rising towards the end of the previous year, government net liabilities decreased by EUR 0.1bn in the first quarter of 2018. At the end of March 2018, the total gross external debt stood at EUR 40.6bn, (Figure 61), an increase of EUR 0.6bn from the end of the previous year.

In May this year, the European Commission issued an assessment of the mid-term fiscal projections of the Republic of Croatia presented in the Convergence Programme, according to which there might be a sharp turn in fiscal policy direction in 2018 due to a possible rise in the structural deficit of two percentage points from 2017. According to the Convergence Programme of the Republic of Croatia, the expectations are that in 2019 the deficit might slightly exceed the medium-term budgetary objective determined under the Stability and Growth Pact. Nevertheless, government debt is estimated to continue to fall in accordance with the prescribed fiscal rules. According to the Commission's assessment (based on Spring forecasts), the fiscal balance (nominal and structural) could be much more favourable than envisaged under the Convergence Programme, largely because of the expectation of a smaller increase in expenditures on investments. The Commission's assessments do not take into account the announced tax cuts in 2019, because they have not been insufficiently explained.

According to preliminary MoF data, on a cash basis, the consolidated general government deficit in the first three months of 2018 was slightly low relative to the same period of the previous year, reflecting a faster growth in revenues than in expenditures (Table 4). As regards developments in revenues, the first quarter of the year saw an annual growth in all revenue categories with the exception of the so called other revenues, which held steady. Positive developments were seen in revenues from VAT, social contributions supported by favourable developments in the labour market and current aids from international organisations which is associated with received EU funds. By contrast, the increase in budget expenditures in the first three months of 2018 was mostly driven by expenditures for employee compensations and social benefits and other expenditure categories.

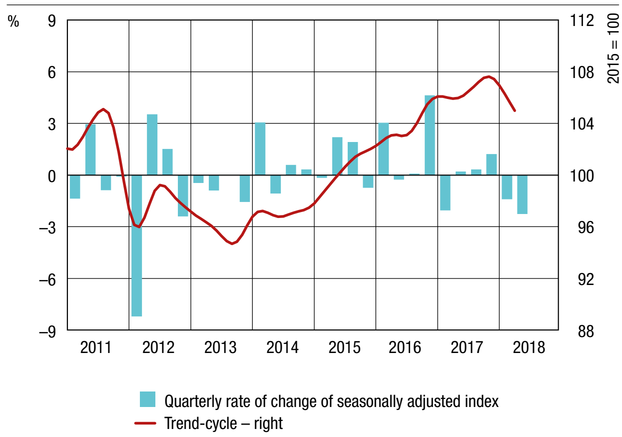
At the end of February, general government debt stood at HRK 281.9bn, down HRK 1.4bn from the end of the previous year, primarily owing to the appreciation of the exchange rate of the kuna against the euro and the dollar during the same period (Table 5). The domestic financial market was again marked by favourable conditions and high liquidity with the result that May T-bill auctions again witnessed extremely low interest rates on kuna and, for the first time, zero interest rate on euro T-bills.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



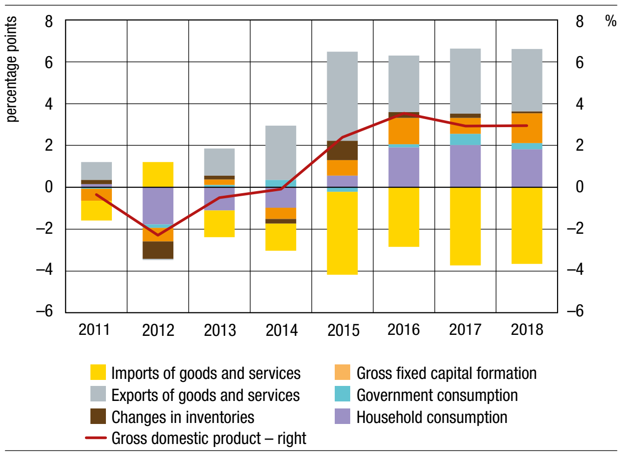
Note: Data for the second quarter of 2018 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 30 May 2018.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 3 Industrial production



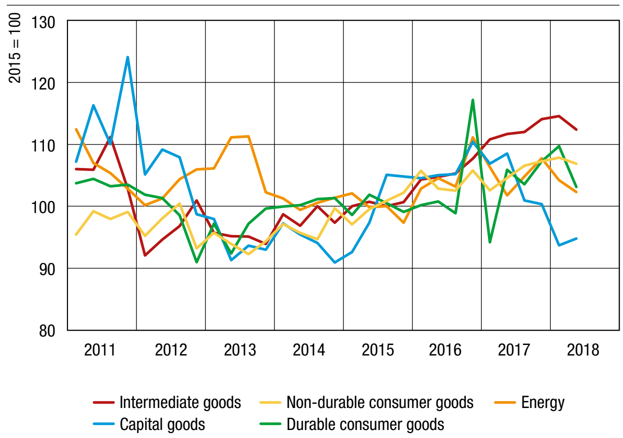
Note: Data for the second quarter of 2018 refers to April.
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



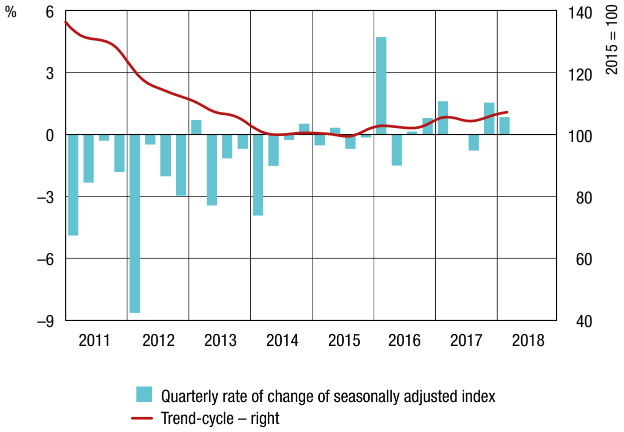
Note: The projection for 2018 refers to the official projection of the CNB from December 2017.
Source: CBS.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



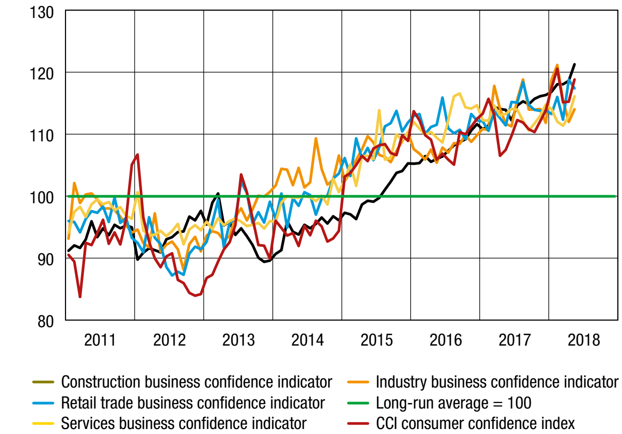
Note: Quarterly data are calculated as the average of monthly data.
Source: CBS data seasonally adjusted by the CNB.

Figure 5 Total volume of construction works



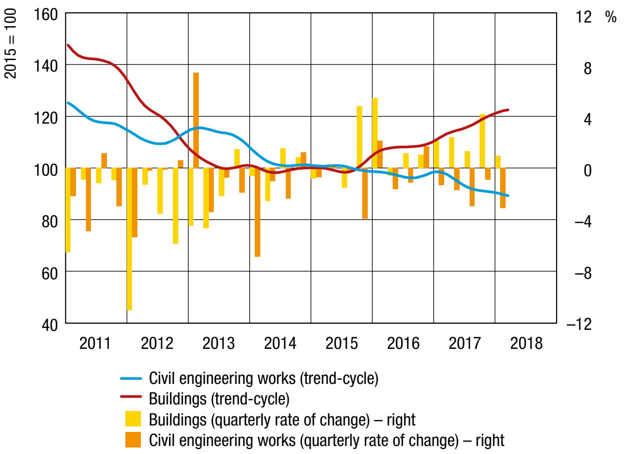
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators
standardised and seasonally adjusted values



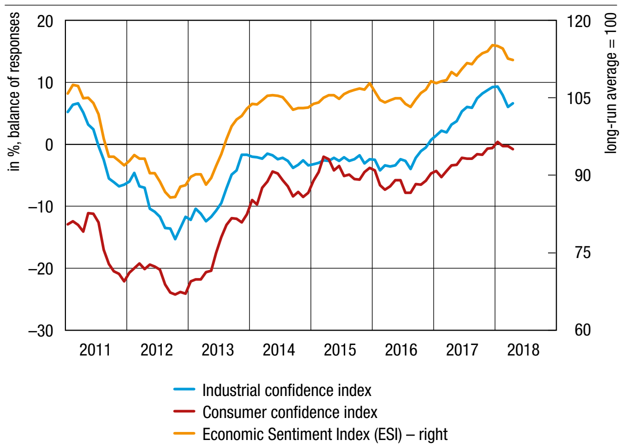
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



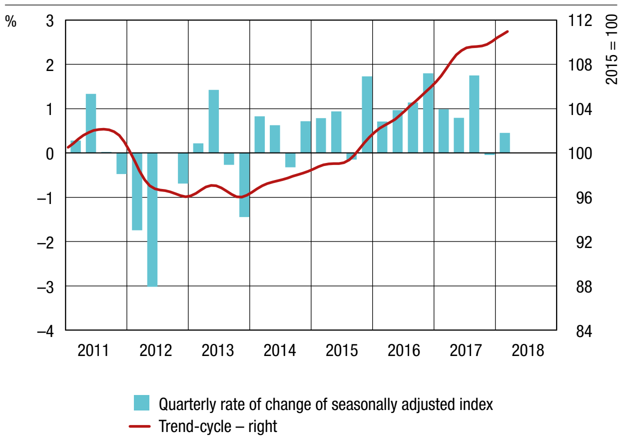
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



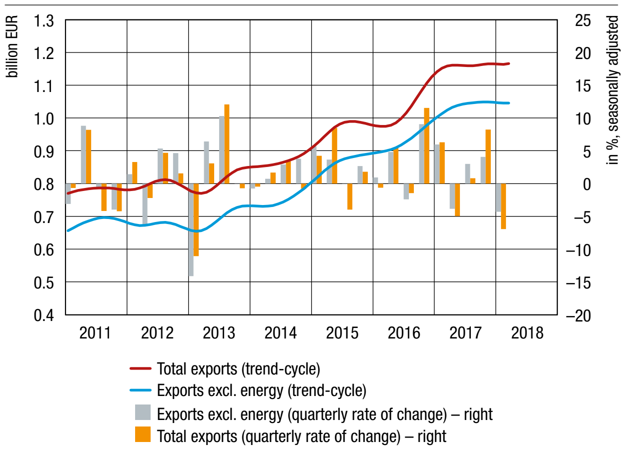
Note: Data are up to April 2018.
Source: Eurostat.

Figure 7 Real retail trade turnover



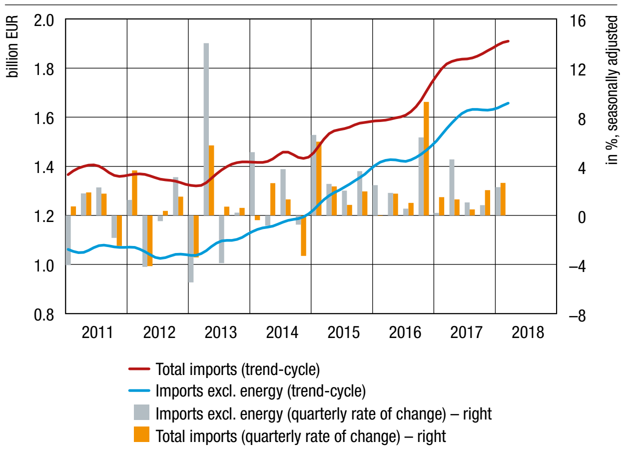
Source: CBS data seasonally adjusted by the CNB.

Figure 10 Goods exports (f.o.b.)



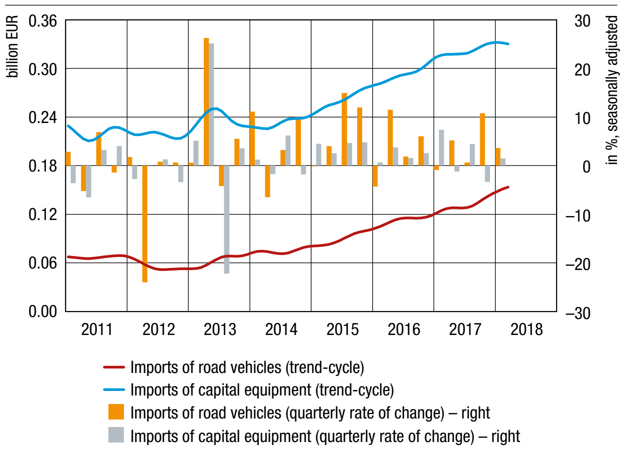
Source: CBS data seasonally adjusted by the CNB.

Figure 11 Goods imports (c.i.f.)



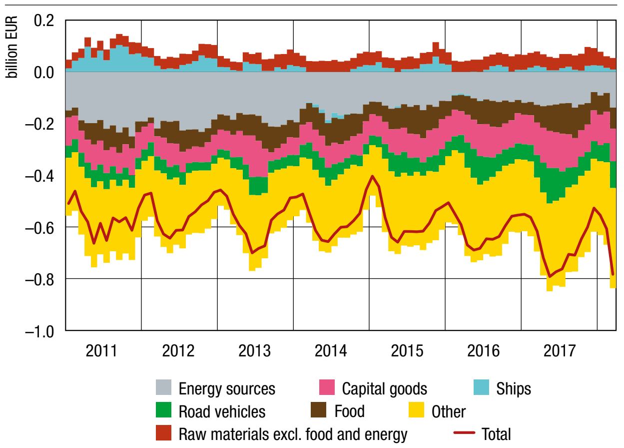
Source: CBS data seasonally adjusted by the CNB.

Figure 12 Imports of capital equipment and road vehicles (c.i.f.)



Notes: Imports of capital equipment (SITC divisions 71 – 77).
Source: CBS data seasonally adjusted by the CNB.

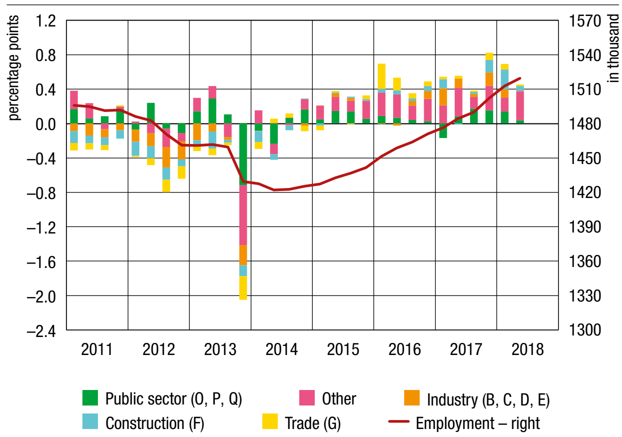
Figure 13 Trade in goods balance



Note: Series are shown as three-member moving averages of monthly data.
Source: CBS.

Figure 14 Employment by NCA activities

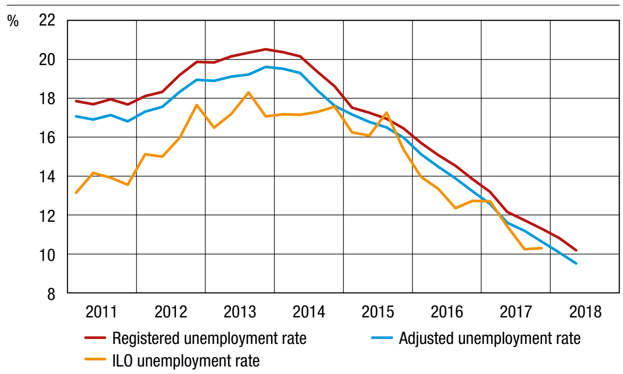
seasonally adjusted data, contributions to the quarterly rate of change



Note: Data for the second quarter of 2018 refer to April.
Source: CPII data seasonally adjusted by the CNB.

Figure 15 Unemployment rates

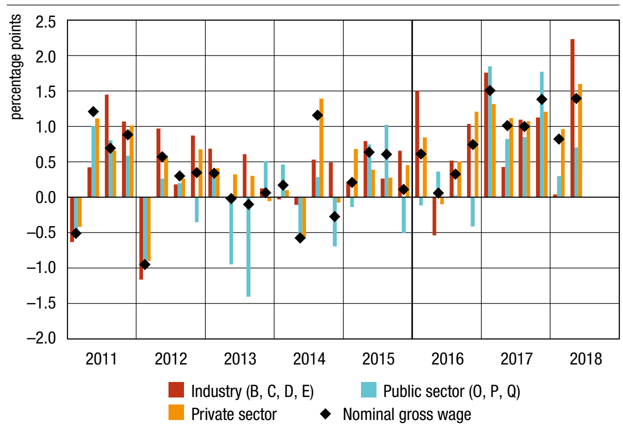
seasonally adjusted data



Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII). The most recent data available refers to April 2018.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 16 Average nominal gross wage by NCA activities

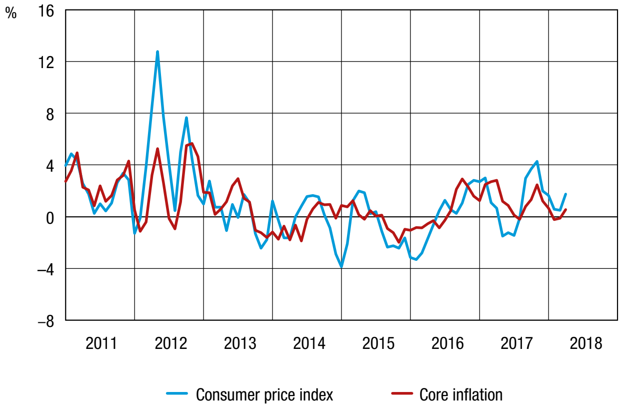
seasonally adjusted data, quarterly rate of change



Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the second quarter of 2018 refer to April.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

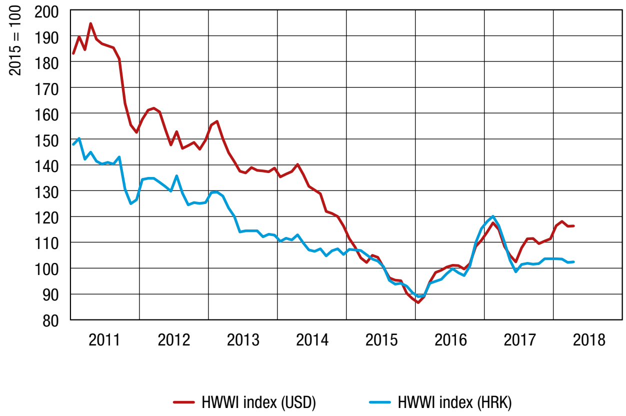
Figure 17 Consumer price index and core inflation

annualised month-on-month rate of change[a]



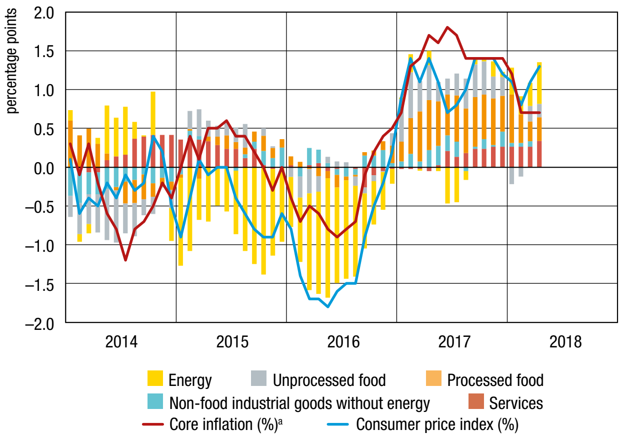
[a] The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.
Sources: CBS and CNB calculations.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Figure 18 Year-on-year inflation rate and contributions of components to consumer price inflation



[a] Core inflation does not include agricultural product prices, energy prices and administered prices.
Sources: CBS and CNB calculations.

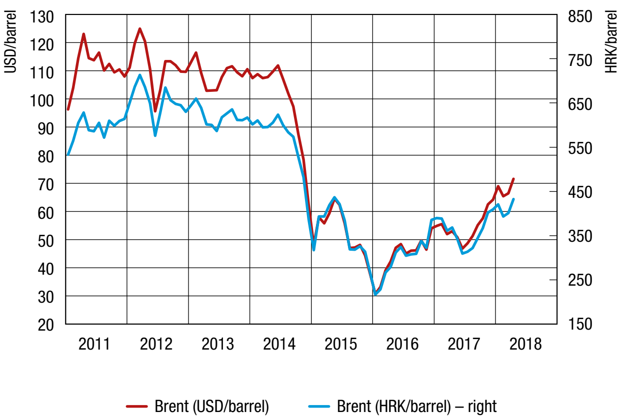
Table 1 Price indicators

year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	3/18	4/18	4/17	4/18
Consumer price index and its components				
Total index	1.1	1.3	0.5	0.7
Energy	1.8	3.2	–0.2	1.2
Unprocessed food	2.1	1.9	0.9	0.8
Processed food	1.1	1.3	0.3	0.5
Non-food industrial goods without energy	0.3	0.0	1.4	1.2
Services	1.0	1.3	0.0	0.2
Other price indicators				
Core inflation	0.7	0.7	0.7	0.7
Index of industrial producer prices on the domestic market	1.2	1.4	0.4	0.5
Brent crude oil price (USD)	27.9	35.2	1.9	7.8
HWWI index (excl. energy, USD)	1.0	7.3	–5.7	0.1

Note: Processed food includes alcoholic beverages and tobacco.
Sources: CBS, Bloomberg and HWWI.

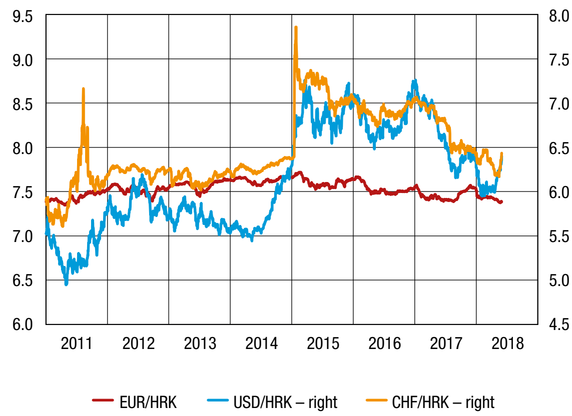
Figure 19 Crude oil prices (Brent)



Sources: Bloomberg and CNB calculations.

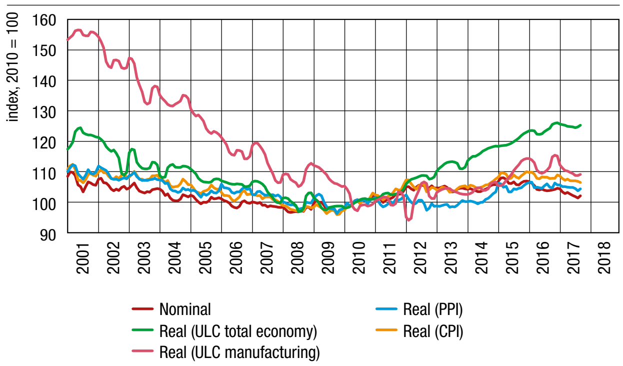
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



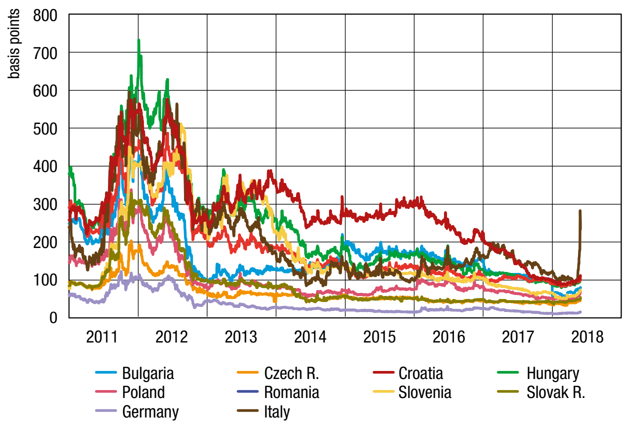
Source: CNB.

Figure 22 Nominal and real effective exchange rates of the kuna



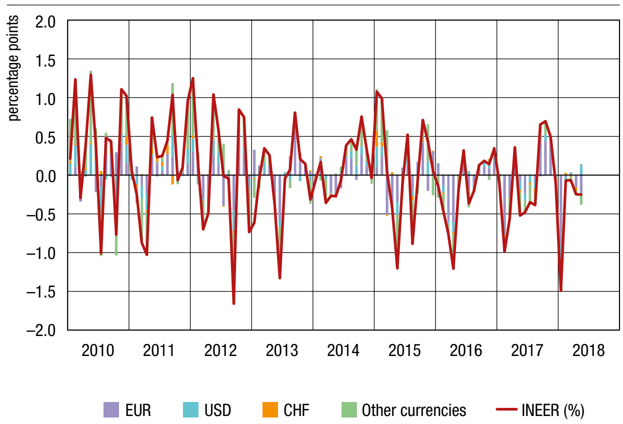
Notes: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the total market. The unit labour cost is calculated as the ratio between compensation per employee and labour productivity (defined as GDP per person employed), while the real effective exchange rate of the kuna deflated by unit labour costs is the result of the interpolation of quarterly values. A fall in the index indicates an effective appreciation of the kuna.
Source: CNB.

Figure 25 CDS spreads for 5-year government bonds of selected countries



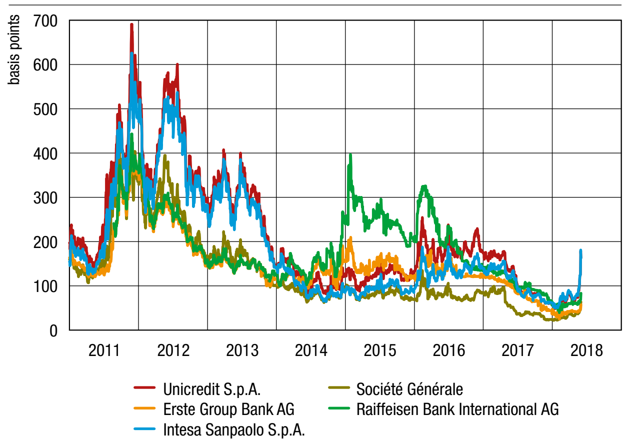
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.
Source: S&P Capital IQ.

Figure 23 Contributions[a] of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



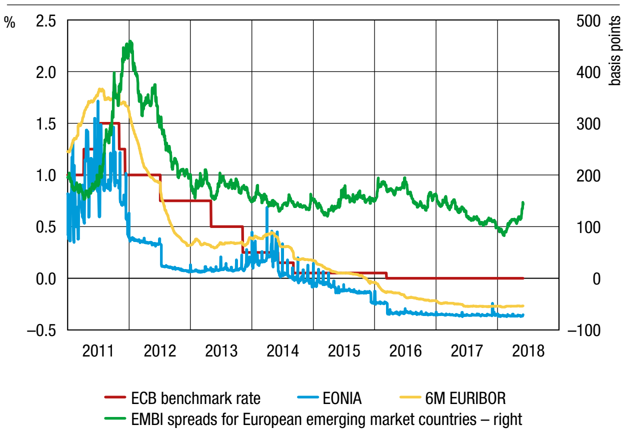
[a] Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

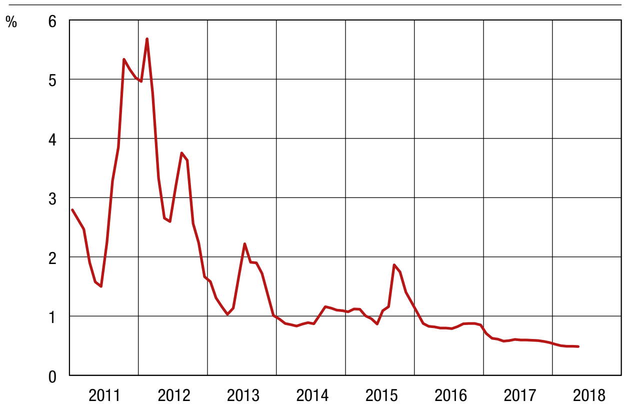
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



Sources: ECB, Bloomberg and J. P. Morgan.

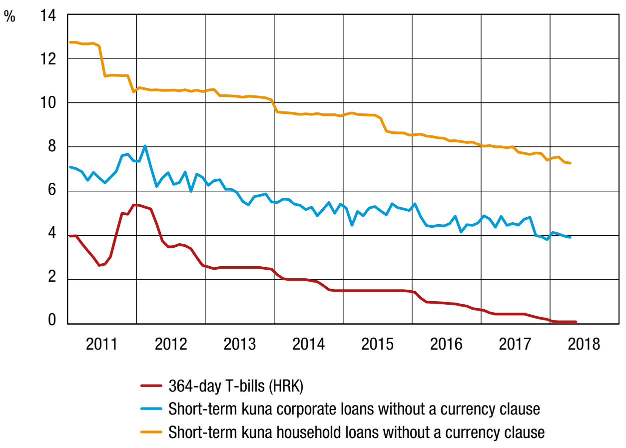
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



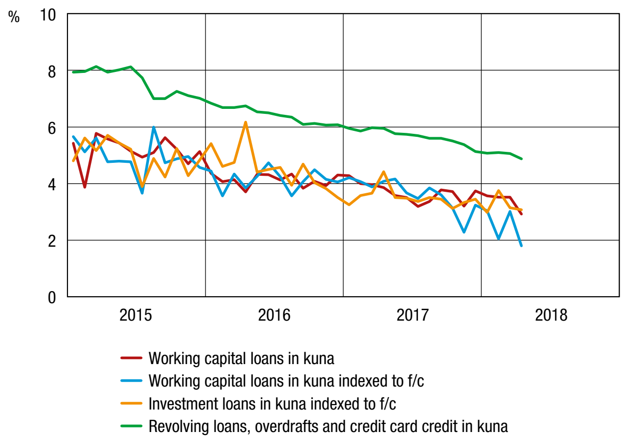
Source: CNB.

Figure 28 Short-term financing costs in kuna without a currency clause



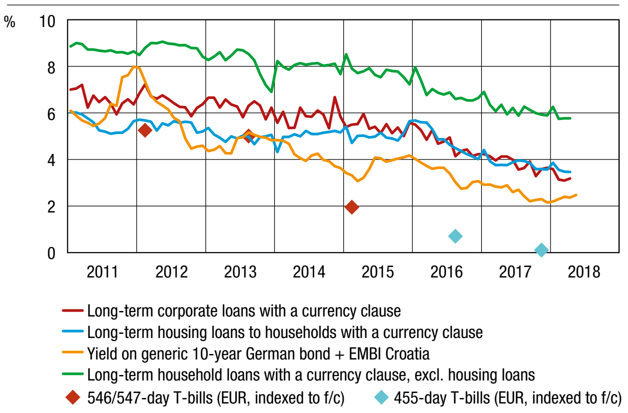
Sources: MoF and CNB.

Figure 31 Interest rates on original new loans to non-financial corporations



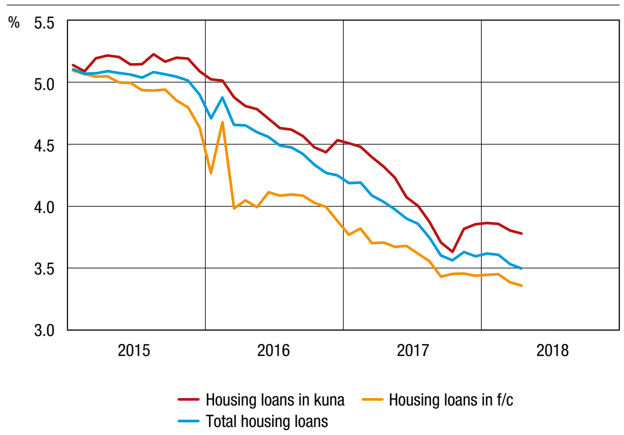
Source: CNB.

Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency



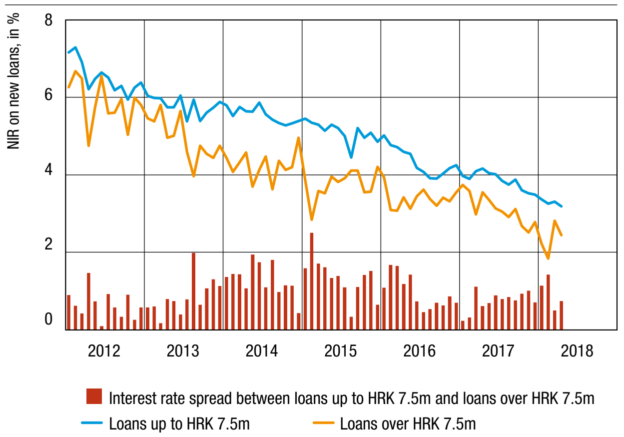
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.
Sources: MoF, Bloomberg and CNB.

Figure 32 Interest rates on original new housing loans to households



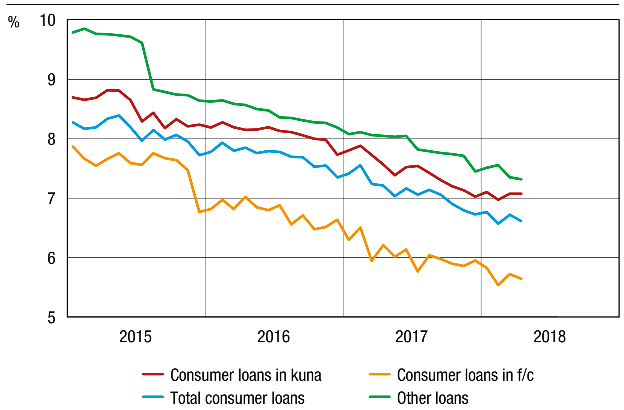
Source: CNB.

Figure 30 Bank interest rates on loans to non-financial corporations by volume



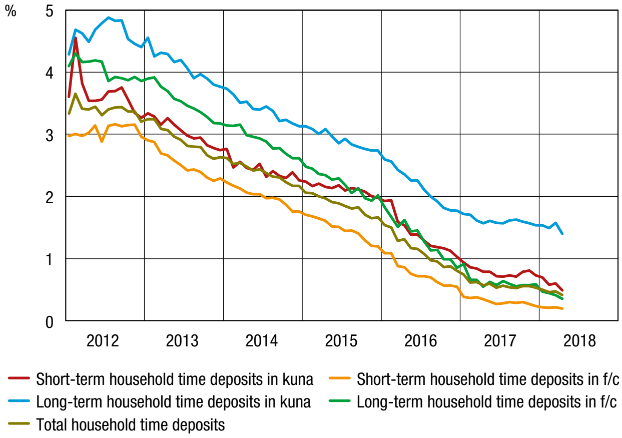
Source: CNB.

Figure 33 Interest rates on original new consumer and other loans to households



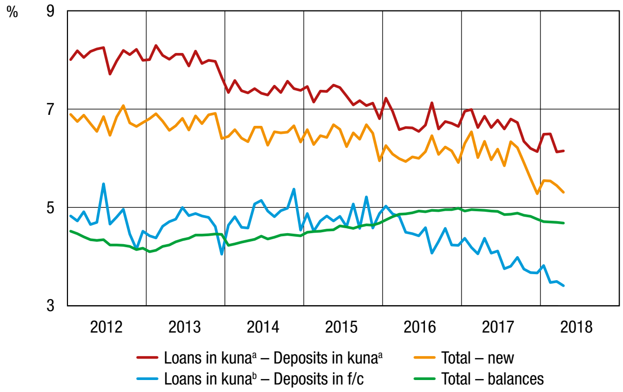
Notes: Consumer loans include total loans to households excl. housing and other loans. Other loans to households (denominated almost exclusively in kuna) include credit card loans, overdrafts, revolving loans and receivables on charge cards.
Source: CNB.

Figure 34 Interest rates on household time deposits



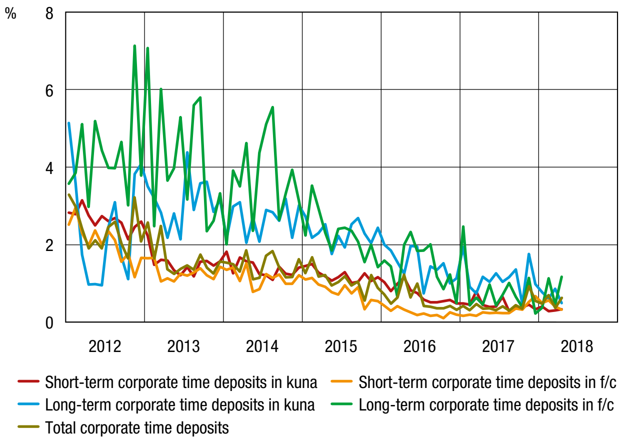
Source: CNB.

Figure 37 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



[a] Non-indexed to f/c. [b] Indexed to f/c.
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

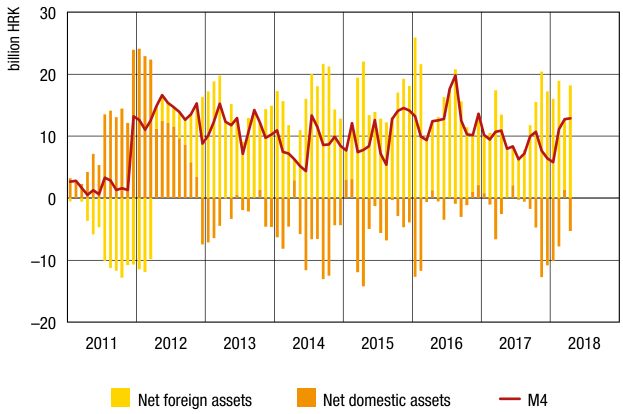
Figure 35 Interest rates on corporate time deposits



Source: CNB.

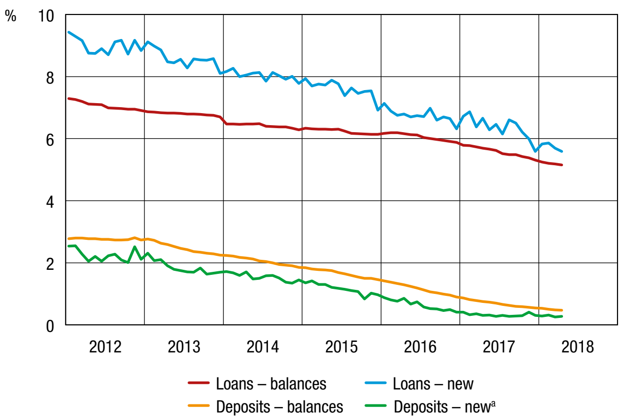
Figure 38 Net foreign assets, net domestic assets and total liquid assets (M4)

absolute change in the last 12 months



Source: CNB.

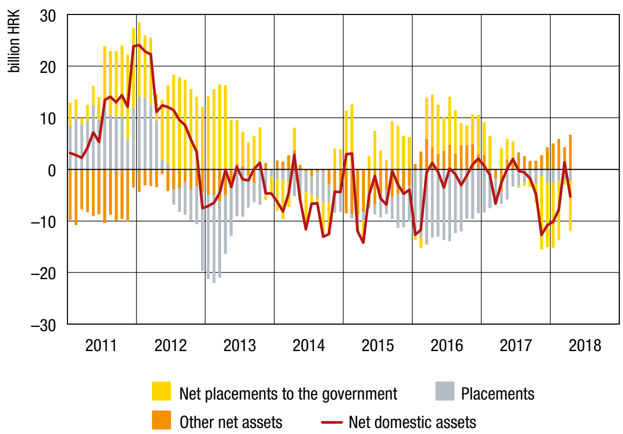
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



[a] For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

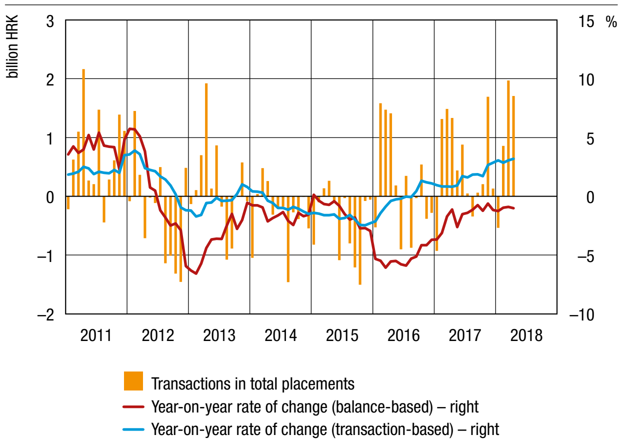
Figure 39 Net domestic assets, structure

absolute change in the last 12 months



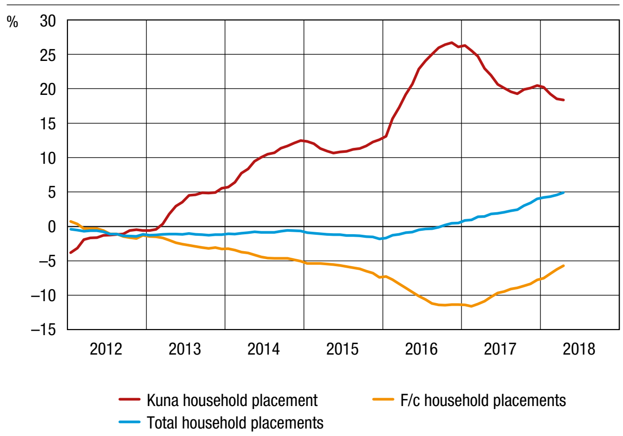
Source: CNB.

Figure 40 Placements



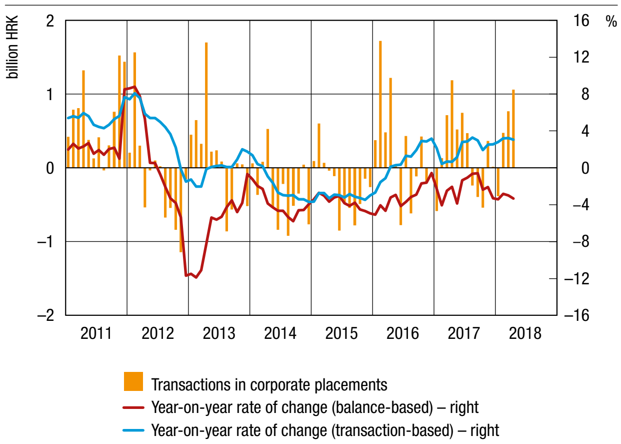
Source: CNB.

Figure 43 Annual rate of change in household placements
transaction-based



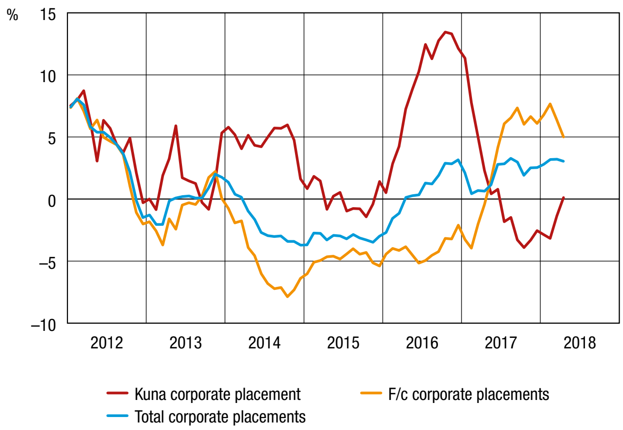
Source: CNB.

Figure 41 Placements to corporates



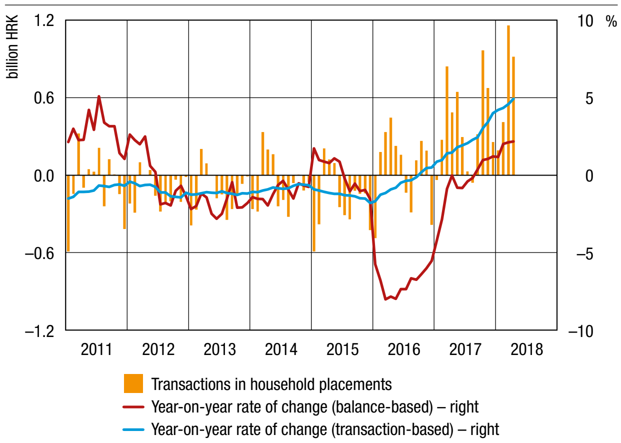
Source: CNB.

Figure 44 Annual rate of change in corporate placements
transaction-based



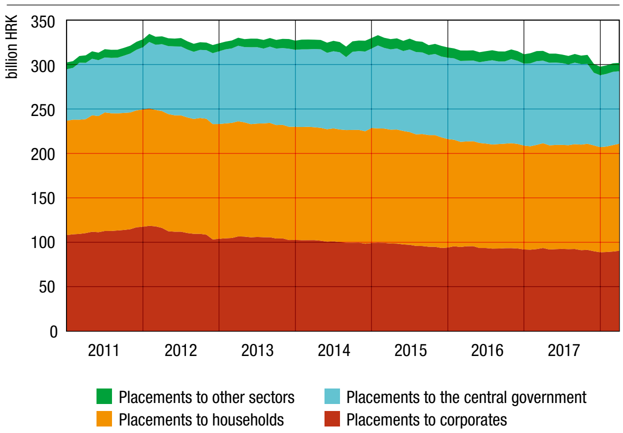
Source: CNB.

Figure 42 Placements to households



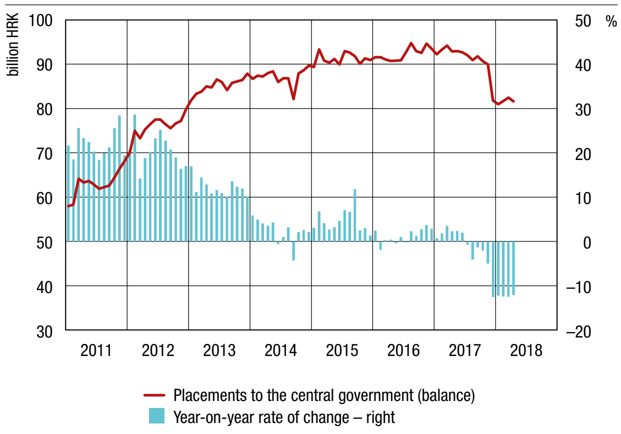
Source: CNB.

Figure 45 Structure of credit institution placements



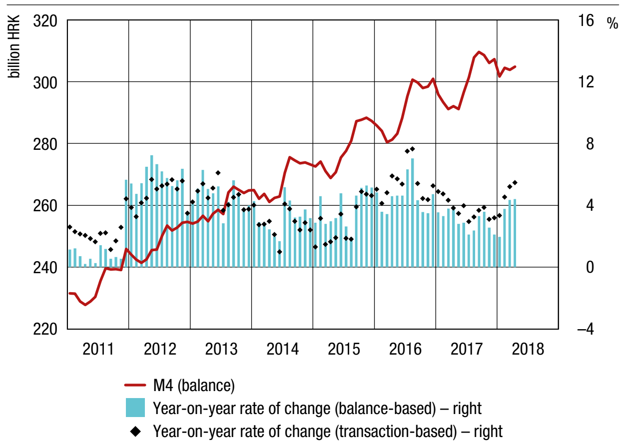
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



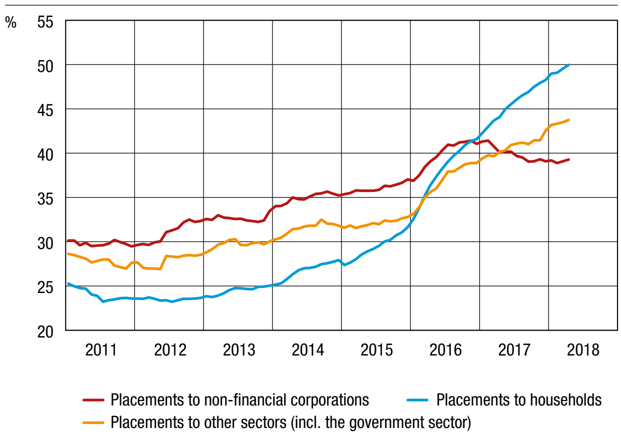
Source: CNB.

Figure 49 Total liquid assets (M4)



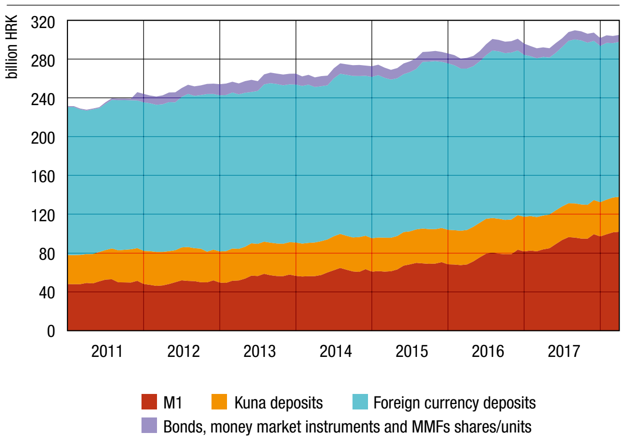
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



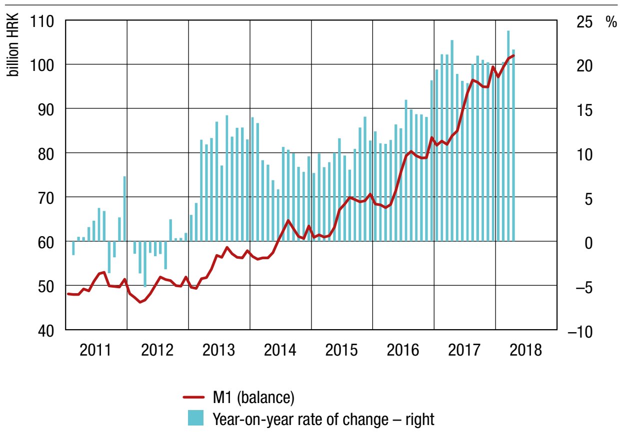
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



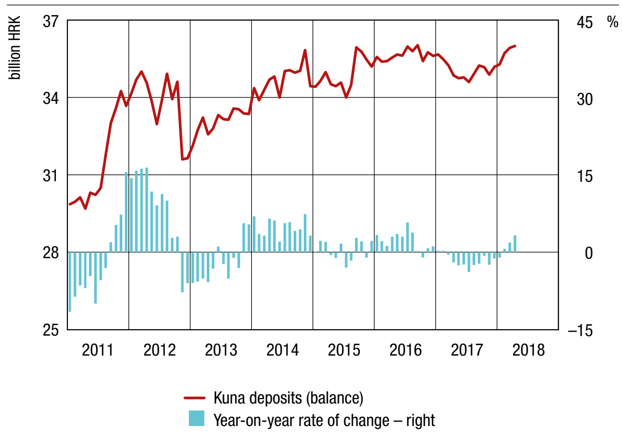
Source: CNB.

Figure 48 Money (M1)



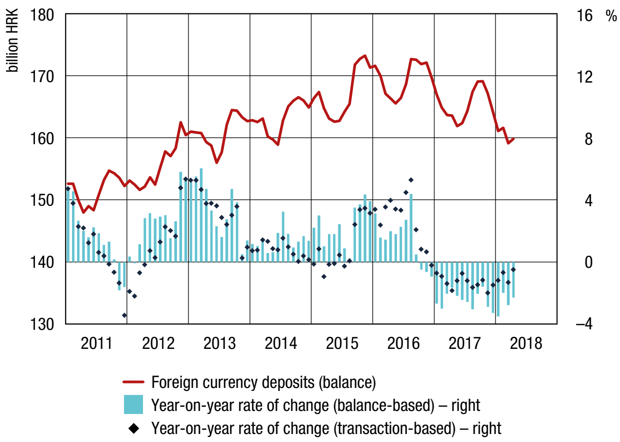
Source: CNB.

Figure 51 Kuna savings and time deposits



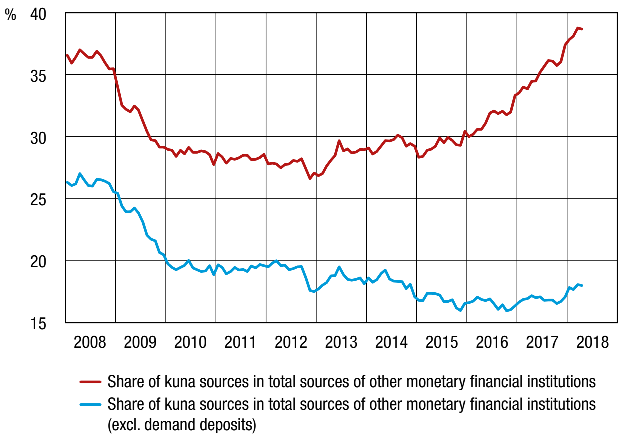
Source: CNB.

Figure 52 Foreign currency deposits



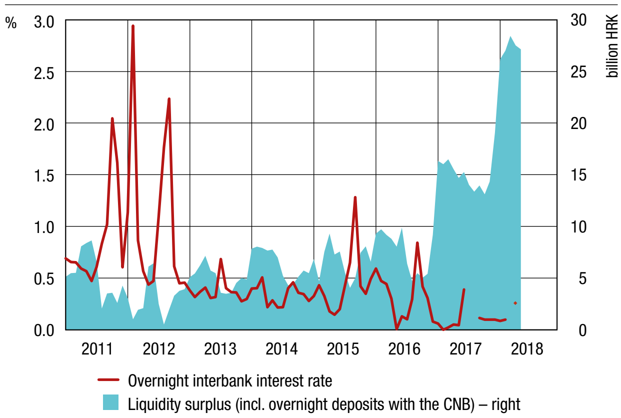
Source: CNB.

Figure 53 Share of kuna sources



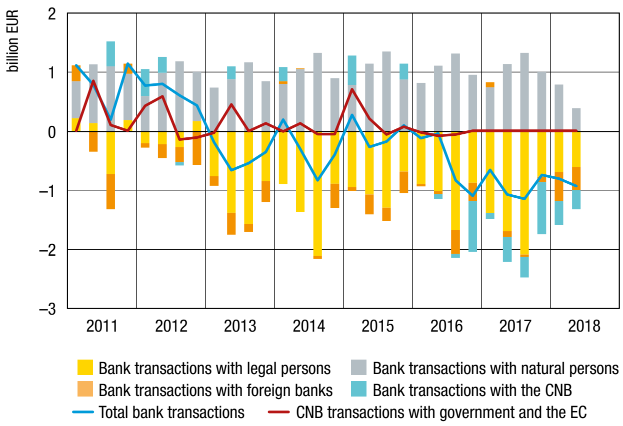
Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



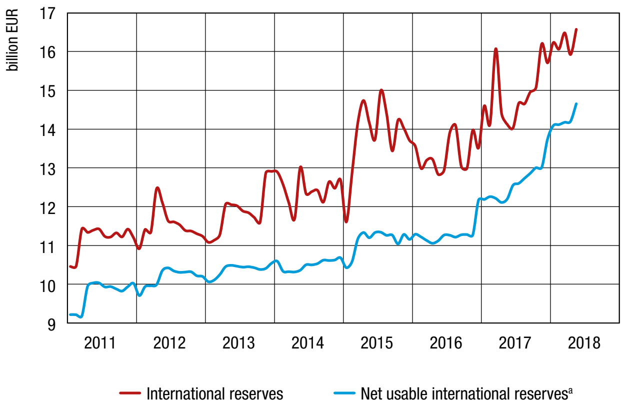
Note: Liquidity surplus is the difference between the balance in bank settlement accounts with the CNB and the amount that banks are required to hold in their accounts after the calculation of reserve requirements.
Source: CNB.

Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the second quarter of 2018 are up to 25 May.
Source: CNB.

Figure 56 International reserves of the CNB
at current rate of exchange



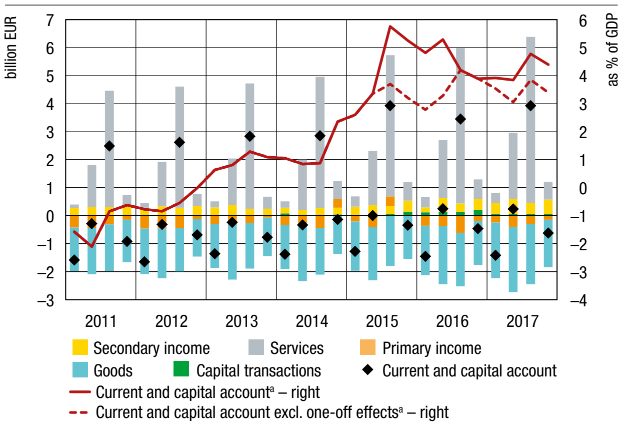
[a] NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.
Source: CNB.

Table 2 Balance of payments
preliminary data, in million EUR

	2016	2017	Indices 2016/ 2015	Indices 2017/ 2016
Current account	1,208.7	1,903.8	59.9	157.5
Capital account	597.5	236.8	186.3	39.6
Financial account (excl. reserves)	1,584.7	–925.8	142.4	–58.4
International reserves	–264.7	2593.1	–	–
Net errors and omissions	–486.2	–473.2	101.0	97.3

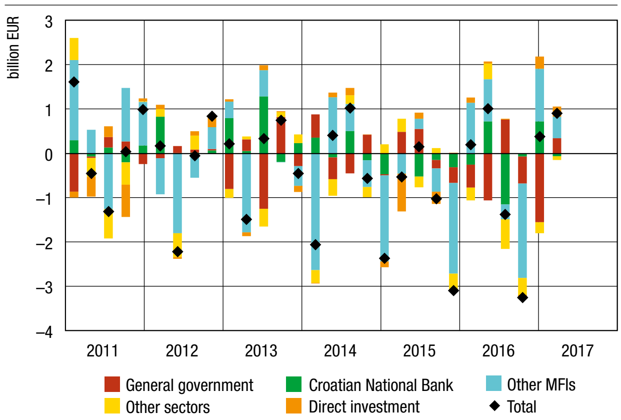
[a] Sum of the last four quarters.
Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).
Source: CNB.

Figure 57 Current and capital account flows



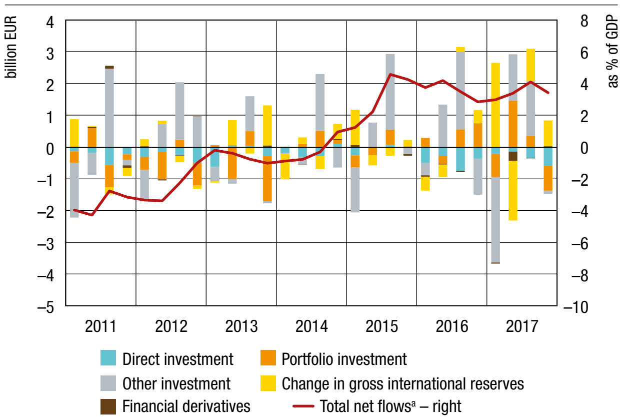
[a] Sum of the last four quarters.
Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017.
Source: CNB.

Figure 60 Net external debt transactions



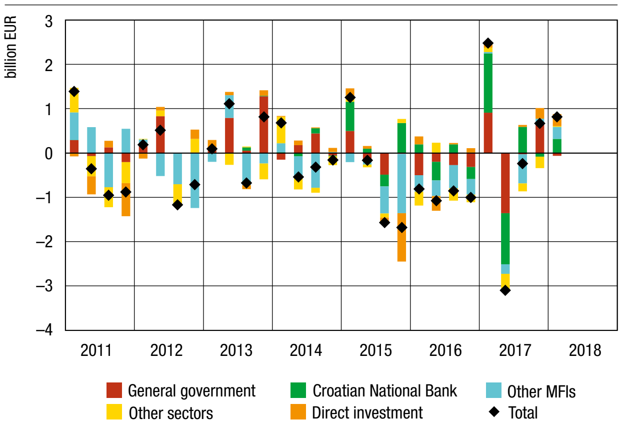
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims.
Source: CNB.

Figure 58 Financial account flows by type of investment



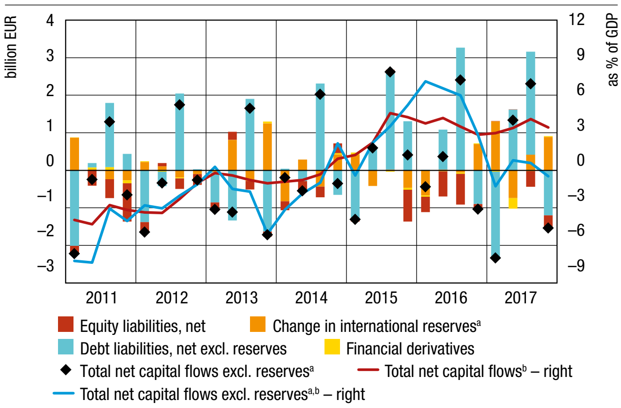
[a] Sum of the last four quarters.
Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).
Source: CNB.

Figure 61 Gross external debt transactions



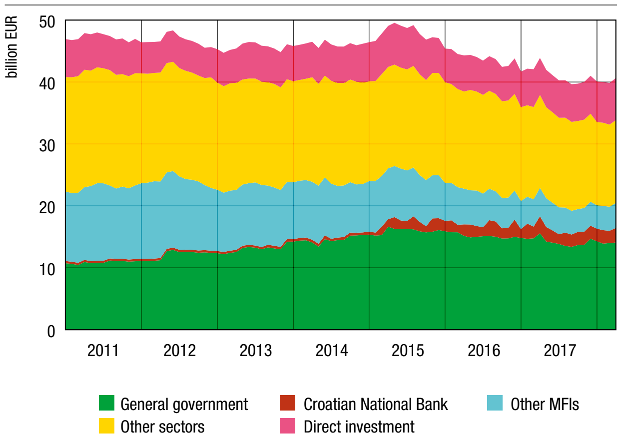
Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.
Source: CNB.

Figure 59 Financial account flows by capital structure



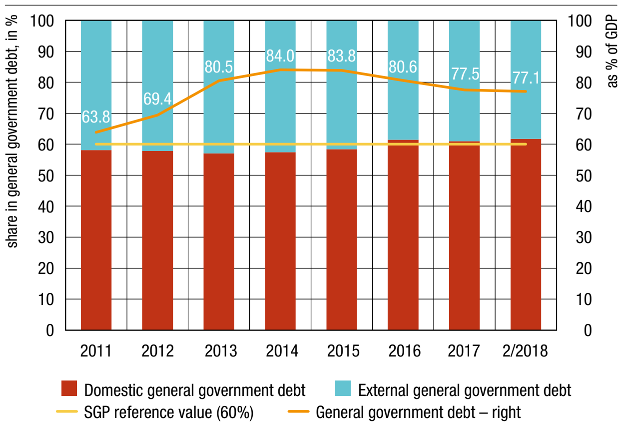
[a] The change in gross international reserves is reported net of foreign liabilities of the CNB. [b] Sum of the last four quarters.
Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
Source: CNB.

Figure 62 Gross external debt
end of period



Note: Data are up to end-March 2018.
Source: CNB.

Figure 63 General government debt



Note: Nominal GDP for the last four available quarters was used for the calculation of the relative indicator.
Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Dec. 2016	Jan. – Dec. 2017
Total revenue	**161,645**	**167,202**
Direct taxes	22,912	22,955
Indirect taxes	67,896	71,602
Social contributions	41,645	43,339
Other	29,192	29,307
Total expenditure	**164,920**	**164,448**
Social benefits	56,026	57,188
Subsidies	5,344	6,208
Interest	10,817	9,769
Compensation of employees	39,740	41,440
Intermediate consumption	28,006	28,808
Investment	11,303	9,821
Other	13,684	11,213
Net lending (+)/borrowing (–)	**–3,275**	**2,754**

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan.–Mar. 2017	Jan.–Mar. 2018
1 Revenue	35,755	38,027
2 Disposal of non-financial assets	358	272
3 Expenditure	36,862	38,621
4 Acquisition of non-financial assets	1,449	1,569
5 Net borrowing (1+2–3–4)	–2,198	–1,891

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan.–Feb. 2017	Jan.–Feb. 2018
Change in total debt stock	–774	–1,424
Change in domestic debt stock	1,553	1,185
– Securities other than shares, short-term	340	2,692
– Securities other than shares, long-term	2,138	128
– Loans	–924	–1,628
Change in external debt stock	–2,327	–2,608
– Securities other than shares, short-term	151	–135
– Securities other than shares, long-term	–1,372	–1,746
– Loans	–1,106	–727
Memo item:		
Change in total guarantees issued	–48	97

Source: CNB.

Abbreviations and symbols

Abbreviations

BIS – Bank for International Settlements
bn – billion
b.p. – basis points
BOP – balance of payments
c.i.f. – cost, insurance and freight
CBRD – Croatian Bank for Reconstruction and Development
CBS – Croatian Bureau of Statistics
CCI – consumer confidence index
CDCC – Central Depository and Clearing Company Inc.
CDS – credit default swap
CEE – Central and Eastern European
CEFTA – Central European Free Trade Agreement
CEI – consumer expectations index
CES – Croatian Employment Service
CHIF – Croatian Health Insurance Fund
CLVPS – Croatian Large Value Payment System
CM – Croatian Motorways
CNB – Croatian National Bank
CPF – Croatian Privatisation Fund
CPI – consumer price index
CPII – Croatian Pension Insurance Institute
CR – Croatian Roads
CSI – consumer sentiment index
DAB – State Agency for Deposit Insurance and Bank Resolution
dep. – deposit
DVP – delivery versus payment
EC – European Commission
ECB – European Central Bank
EFTA – European Free Trade Association
EMU – Economic and Monetary Union
ESI – economic sentiment index
EU – European Union
excl. – excluding
f/c – foreign currency
FDI – foreign direct investment
Fed – Federal Reserve System
FINA – Financial Agency
FISIM – financial intermediation services indirectly measured
f.o.b. – free on board
GDP – gross domestic product
GVA – gross value added
HANFA – Croatian Financial Services Supervisory Agency
HICP – harmonised index of consumer prices
ILO – International Labour Organization
IMF – International Monetary Fund
incl. – including
IPO – initial public offering
m – million
MIGs – main industrial groupings
MM – monthly maturity
MoF – Ministry of Finance
NCA – National Classification of Activities
NCB – national central bank
NCS – National Clearing System
n.e.c. – not elsewhere classified
OECD – Organisation for Economic Co-Operation and Development
OG – Official Gazette
R – Republic
o/w – of which
PPI – producer price index
RTGS – Real-Time Gross Settlement
Q – quarterly
RR – reserve requirement
SDR – special drawing rights
SITC – Standard International Trade Classification
SGP – Stability and Growth Pact
VAT – value added tax
WTO – World Trade Organization
ZMM – Zagreb Money Market
ZSE – Zagreb Stock Exchange

Three-letter currency codes

ATS – Austrian schilling
CHF – Swiss franc
CNY – Yuan Renminbi
DEM – German mark
EUR – euro
FRF – French franc
GBP – pound sterling
HRK – Croatian kuna
ITL – Italian lira
JPY – Japanese yen
USD – US dollar

Two-letter country codes

BG – Bulgaria
CZ – Czech R.
EE – Estonia
HR – Croatia
HU – Hungary
LV – Latvia
LT – Lithuania
PL – Poland
RO – Romania
SK – Slovak R.
SI – Slovenia

Symbols

– – no entry
.... – data not available
0 – value is less than 0.5 of the unit of measure being used
∅ – average
a, b, c,... – indicates a note beneath the table and figure
* – corrected data
( ) – incomplete or insufficiently verified data