

Information on economic trends

June 2021

Summary

The recovery in economic activity accelerated in the first quarter of 2021, partly owing to an epidemiological situation somewhat less unfavourable than at the peak of the second and the third wave of the pandemic in Croatia but also to a seasonally lower level of activity in some segments of the services sector. Relatively favourable economic developments witnessed at the beginning of the second quarter did not bring about any considerable improvement in labour market indicators, probably due to a less pronounced strengthening of seasonal activities amid a deterioration of the epidemiological situation. Inflation in April accelerated to 2.1% (from 1.2% in March), largely owing to the increase in the annual growth rate of energy prices, due to the positive effect of the base period. Banks' free reserves again reached historic highs in May, mostly as a result of a fall in government kuna deposits with the CNB. The annual growth of bank placements accelerated in April to 2.6% from 2.3% in March, mostly fuelled by the acceleration in the growth in household placements (from 2.2% in March to 3.1% in April), with the growth in housing loans accelerating while that in general-purpose cash loans fell at a slower pace than before. At the same time, the growth in corporate placements accelerated only slightly on an annual level (from 1.0% to 1.1%) due to the base effect, i.e. a steeper fall in corporate lending in April last year. In the first four months of 2021, budget indicators were more favourable than those in the same period of the previous year due to a faster rise in revenues than expenditures.

The recovery in economic activity accelerated in the first quarter of 2021, partly owing to an epidemiological situation somewhat less unfavourable than at the peak of the second and the third wave of the pandemic in Croatia but also to a seasonally lower level of activity of some segments of the services sector. Thus, preliminary CBS data show that real GDP rose by 5.8% in the first quarter of 2021 from 4.1% in the previous quarter. Acceleration of economic activity on a quarterly level reflects the increase in all the components of domestic and foreign demand. Favourable current developments were not sufficient to result in economic growth from the same period of the year before; however, the annual fall in real GDP in the first three months of 2021 was noticeably smaller than that recorded at the end of last year (−0.7% compared to −7.2% in the last quarter of 2020). Observed by components on an annual level, more favourable developments in the economy were particularly observed in the growth in gross fixed capital formation and goods exports. Acceleration of investment activity earlier this year was supported by heightened construction activity. The increase was witnessed not only in the construction of buildings but also in civil engineering works, helped also by relatively favourable weather conditions. The fall in GDP on an annual level continues to mirror the unfavourable developments in services exports associated with epidemiological measures on a global level. Goods imports rose from the first three months of 2020, reflecting investment and goods exports growth, but the imports of services shrank sharply, with the total imports on an annual level falling. Thus the contribution of net foreign demand to total economic growth was positive.

The GDP nowcasting model, based on the small number of data available for April, suggests a slowdown in economic growth on a quarterly level, which may be associated with closing of the bulk of the gap in relation to the pre-pandemic level, the third wave of the pandemic in Croatia that peaked in the first half of the second quarter and the greater importance of seasonally sensitive activities, which are still under the unfavourable influence of the pandemic (Figure 1). Industrial production thus rose 0.8% in April from its first quarter average, although it fell on a monthly level. If observed according to the main industrial groupings, a faster growth on a quarterly level was seen in energy production, the production of capital and durable consumer goods, while the growth of intermediate goods slowed down from the first quarter average. At the same time, the production of non-durable consumer goods shrank (Figures 3 and 4). The real trade turnover fell in April by 2.1% from the month before, and if compared with the first quarter it fell by 2.2%. Retail trade

rose by 9.0% from the average outturn in the second quarter of 2020, which witnessed a record decline (Figure 7). In the first quarter of the year construction activity rose by 3.9% from the previous quarter, despite recording a small fall of 0.4% in March as a result of a decline in the volume of civil engineering works. When observed by components, construction works on buildings and civil engineering rose on a quarterly level (Figures 5 and 6).

Consumer and business expectations improved considerably in May. The Consumer Confidence Survey suggests that households in May had better expectations than in April regarding the overall economic situation in Croatia and the financial situation of households for the next 12 months. As a result, the average consumer confidence index in April and May was higher than its average level in the previous three months. As regards entrepreneurs' expectations, business expectations improved in May from April in all activities, with the largest rise in the confidence index being seen in service activities. The average confidence index in trade in April and May was the only one that stood below the average level in the first three months of this year, which can be attributed to extremely low expectations in April (Figure 8).

Relatively favourable economic developments at the beginning of the second quarter were not mirrored in any pronounced improvement in labour market indicators. Employment growth was thus slower than is common for the months characterised by a strengthening of seasonal economic activity, and the fall in unemployment was less pronounced. As a result, seasonally adjusted indicators for April point to a fall in employment from the first quarter average (0.2%) and a rise in the unemployment rate of 0.2 percentage points, i.e. to 8.8% of the labour force. With adverse impacts of the pandemic already being highly pronounced in April 2020, both indicators were considerably more favourable on an annual level. Adverse current developments are also reflected in the stagnation of the average gross wage in April relative to the first quarter. Also, the annual growth in the average nominal net wage in March 2021 (3.7%) fully offset the fall in the amount of non-taxable compensations not recorded in the net wages statistics, with the average total income of employed persons (net wages increased by non-taxable compensations) falling by 0.7%. The decline in the share of employed persons covered by job preservation measures (from 10% in January and February to 8% in March) nevertheless suggests a certain reduction of latent risks to employment, although account should be taken of a somewhat greater lag in the availability of these data than in other labour market indicators.

Consumer prices rose by 0.7% in April from the month

before (Table 1), mostly as a result of a seasonal rise in the prices of clothing and footwear and the rise in the price of natural gas (the price of which is administered). The prices of refined petroleum products remained almost unchanged in April, mirroring stagnation in the average price of a barrel of Brent crude oil in the global market, which stood at USD 65 in April, the same as in March (Figure 20). The annual rate of consumer price inflation rose from 1.2% in March to 2.1% in April (Figure 19) and further acceleration of inflation can largely be attributed to the increase in the annual growth rate of energy prices. This in turn was the result of a positive effect of the base period, due to a much lower average crude oil price in April 2020 when it stood at USD 23. The contribution of energy to overall inflation thus amounted to 1.6 percentage points, an increase of 1.0 percentage point from March. Inflation acceleration was also slightly fuelled by the increased contribution of industrial products, mostly owing a seasonal increase in the prices of clothing and footwear that was more pronounced than in April of the previous year. Conversely, the contribution of processed food products to overall inflation decreased in April, while the contribution of unprocessed food products and services remained almost unchanged from March. The annual core inflation rate, which excludes energy, agricultural product and administered prices, stood at 0.6% in April, remaining low and stable. The annual growth rate of producer prices in the domestic market accelerated from 3.2% in March to 5.3% in April. However, energy excluded, the annual growth of producer prices slowed down slightly to 0.6% in April (from 0.7% in March), suggesting that inflationary pressures arising from the growth in raw material prices (energy excluded) in the global market have as yet not started spilling over to producer prices in any considerable amount.

The growth in goods exports and imports in the first two months of 2021 slowed down from the last quarter of the previous year. The growth in the prices of refined petroleum products had a strong impact on current nominal developments. Thus total goods exports (excluding energy) rose by 3.6% (0.7%, Figure 10) in January and February, and total goods imports (excluding energy) by 5.7% (–2.1%, Figure 11) from the previous three months' average. Export and import growth was propelled by the same group of products, particularly energy products (most notably oil and refined petroleum products) and to a lesser extent capital goods (particularly electrical machinery, apparatus and appliances) and metal industry and food industry products. The trade in goods deficit widened by 16.4% (Figure 13), mainly owing to the worsening of the balance in the trade of energy products. If the first results for March are taken into account, the entire first quarter recorded a faster growth of total goods exports (6.0%) and imports (6.4%), and a slower deficit growth (9.0%).

The nominal exchange rate of the kuna against the euro appreciated in May, driven by the increased supply of foreign exchange provided by the Ministry of Finance and the banks, which, probably influenced by the expected increased inflow of foreign currency during the summer season, resorted to shorting their foreign exchange positions (Figure 22). At the end of May, the exchange rate stood at EUR/HRK 7.51, having fallen 0.6% from the end of the previous month or 1.0% from the same period last year. The nominal effective exchange rate of the kuna appreciated in April by 0.3%, entirely as a result of the strengthening of the kuna against the euro.

Short-term interest rates on the European money market did not change much in May. Thus EONIA, the overnight interest rate on the banking market in the euro area, fell slightly to the level of –0.49%, while the six-month EURIBOR rose slightly,

standing at –0.51% at the end of May (Figure 25). Yields on long-term government bonds on the global market started fluctuating in mid-May, driven by the expectation of a faster economic recovery and rising inflation, with yields on the European market rising slightly amid the expectations of an earlier reduction of the monetary support provided by the ECB. The risk premiums for European emerging market economies remained almost unchanged in May (Figure 26). The risk premium for Croatia fell only slightly, standing at 78 basis points at the end of May, and, with the exception of Romania, continued to be higher than that in peer CEE countries.

Monetary policy continued to be highly expansionary, which resulted in historically high levels of banks' free reserves. The average daily surplus kuna liquidity of the domestic banking market stood at HRK 69.1bn (Figure 55) in May, largely owing to a fall in government kuna deposits with the CNB. Amid ample kuna liquidity, no turnover was recorded in the domestic inter-bank overnight market since April last year, and for the second month in a row, there were no repo transactions of banks. The turnover in other money market segments in May was modest, with the implicit interest rate derived from banks' currency swap trading agreements continuing to rise, reaching –0.27% at the end of the month, while the overnight interest rate on banks' demand deposit trading fell slightly, reaching –0.02% (Figure 28). At the same time, the interest rate on one-year kuna T-bills without a currency clause stood at 0.02% in May, the same as in the previous two months (Figure 29), while the interest rate on the auctioned euro-denominated T-bills of the same maturity remained unchanged at –0.05%. Also, in early May, the government held an auction refinancing EUR 1.0bn worth of due T-bills by a new issue of 364-day T-bills worth EUR 1.2bn, at a negative interest rate of 0.05% or 0.11 percentage points lower than that of the April 2020 issue.

Bank interest rates on new corporate and household loans, which include pure new loans and renegotiated loans, mostly either fell or remained unchanged at the end of April (Figures 29 and 30). The only increase that took place in April was that in interest rates on short-term corporate kuna loans without a currency clause, mostly as a result of developments in interest rates on pure new kuna loans for working capital (Figure 32). By contrast, the costs of household housing financing came close to the lowest levels ever recorded (Figure 33). As regards deposits, the interest rates on corporate and household time deposits remained almost unchanged from the previous month (Figures 35 and 36). The spread between interest rates on total new loans and deposits and on their balance held steady in April at the level of 4.6 percentage points and 3.9 percentage points, respectively (Figure 37).

Monetary developments in April were marked by an increase in net domestic assets (NDA) and net foreign assets (NFA) of the monetary system, with the total liquid assets (M4) rising by HRK 3.3bn or 0.9% (transaction-based) from March 2021 (Figure 39). As regards the structure of NDA, net claims on the central government rose (Figure 40), with kuna deposits of the central government with the CNB falling. As regards the components of total liquid assets, money (M1) rose by HRK 1.5bn or 0.9%, mostly owing to an increase in the funds in household transaction accounts, while quasi-money grew by HRK 1.7bn or 0.9%, growth being seen particularly in kuna deposits of other financial institutions. The annual growth of M4, after slowing down in March, accelerated to 8.1% in April (from 7.4%) (Figure 50). The annual growth in money (M1) slowed down from 18.4% to 18.1% (Figure 49), while the growth in quasi-money accelerated from –0.1% in March to 1.2% in April.

Lending to domestic sectors remained subdued, with only a

small acceleration in household lending. Thus total placements of monetary institutions to domestic sectors (except the central government) fell in April by HRK 0.8bn, or 0.3% (transaction-based) from March, while on an annual level their growth accelerated from 2.3% in March to 2.6% in April (Figure 41). Placements to other financial institutions and placements to corporates fell by HRK 0.6bn and HRK 0.4bn, respectively. By contrast, household placements continued to grow, having risen by HRK 0.2bn from the month before, with housing and general-purpose cash loans rising by approximately the same amount (HRK 0.2bn or 0.3%). On an annual level, the growth in household placements accelerated from 2.2% in March to 3.1% in April (Figure 43), mirroring acceleration in the growth of housing loans from 8.9% to 9.3% and slower fall in general-purpose cash loans from -2.5% to -1.2% (transaction-based). As regards the currency structure, the share of kuna placements in total household placements remained almost unchanged in April, holding steady at 55% (Figure 48). The annual growth rate of corporate placements accelerated slightly from 1.0% to 1.1%, in light of a somewhat more pronounced fall in corporate placements in April last year (Figure 42).

Gross international reserves rose slightly in May (EUR 0.4bn or 1.8%) from April, ending the month at EUR 21.1bn (Figure 57). The small increase can mostly be attributed to the purchase of foreign exchange from the government. Gross international reserves rose by EUR 2.1bn or 11.3% from the end of the previous year, while net usable reserves rose by EUR 1.3bn or 7.2% and stood at EUR 19.0bn at the end of April.

The net external debt rose by EUR 0.8bn in the first three months of 2021 (Figure 61), mainly as a result of a fall in banks' funds within the TARGET2 system and transactions in government debt in the secondary securities market that resulted in a

rise in government liabilities. In addition, the government issued two tranches of eurobonds on the international capital market, using over one half of the receipts to repay the due ten-year dollar bonds. Government long-term credit liabilities also rose, reflecting, among others, the borrowing under the SURE instrument of temporary support against the risk of unemployment. However, the growth in government's net liabilities was mitigated by a rising gap between the funds received from the EU budget and the funds distributed to end beneficiaries.¹ Also, the CNB purchased some foreign exchange from the central government, which, in addition to rising government foreign exchange deposits with the CNB, increased international reserves, and helped improve noticeably the net external position of the central bank. At the same time, net foreign liabilities of credit institutions and other domestic sectors rose slightly. At the end of March, the stock of gross external debt stood at EUR 43.4bn, an increase of EUR 3.3bn from the end of 2020 (Figure 63).

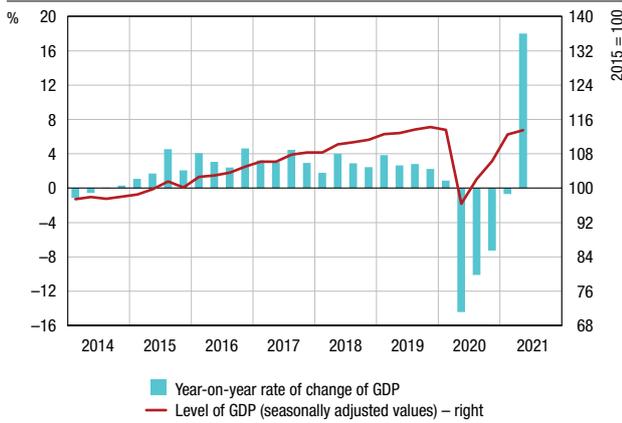
According to Ministry of Finance data² on a cash basis, in the first four months of 2021, the budget deficit stood at HRK 5.2bn, an improvement from the budget deficit in the same period of the previous year (HRK 7.4bn). These developments reflect a somewhat faster annual growth of revenues (15.2%) than of expenditures (9.8%).

At the end of February 2021, the consolidated general government debt stood at HRK 331.1bn, having increased by HRK 1.4bn from the end of 2020 (the increase in the public debt during that period partly reflects a small depreciation of the exchange rate of the kuna against the euro). As regards the relative indicator of public debt, at the end of February it rose to 89.1% of GDP, from 88.7% of GDP at the end of 2020, with the relative shares being also reported in accordance with the newly released revised GDP values (Figure 64).

¹ Under ESA methodology, this difference is not included in government public debt statistics.

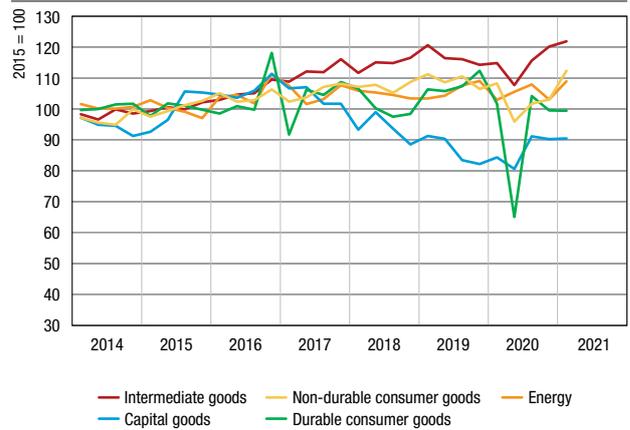
² Monthly data for the central government, state government and social security sub-sectors, which are required, under Council Directive 2011/85/EU, to be published before the end of the following month. The published data refer to general government units according to the scope of ESA 2010 statistical methodology, except for data pertaining to local government, which are published on a quarterly basis.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



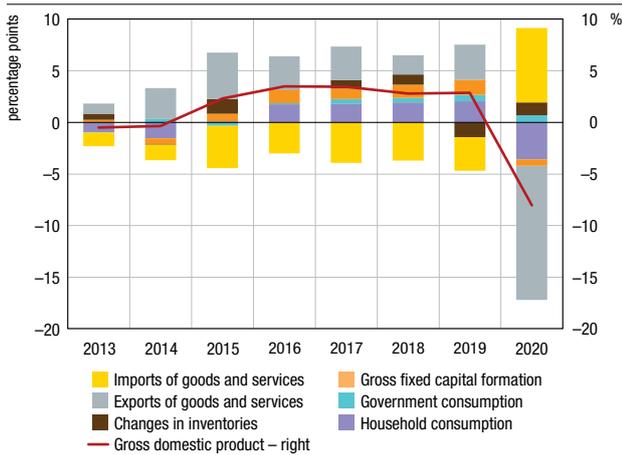
Note: Data for the second quarter of 2021 refers to the CNB's monthly indicator of real economic activity, estimated on the basis of data published until 31 May 2021.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



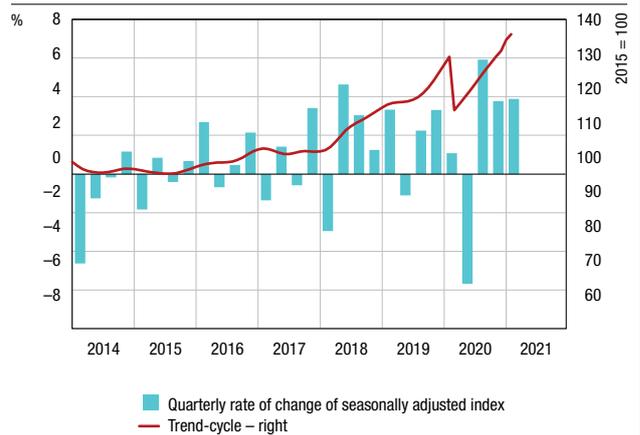
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



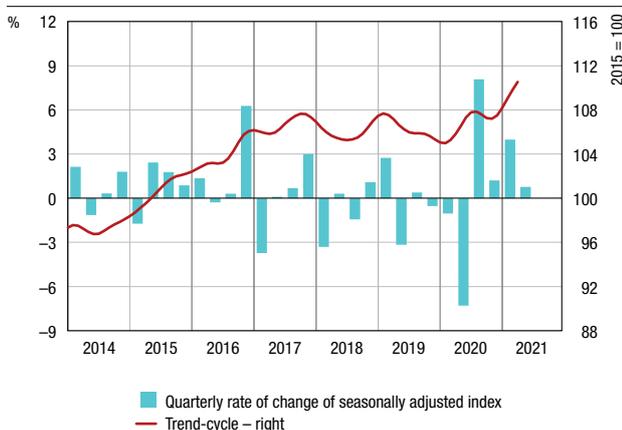
Source: CBS.

Figure 5 Total volume of construction works



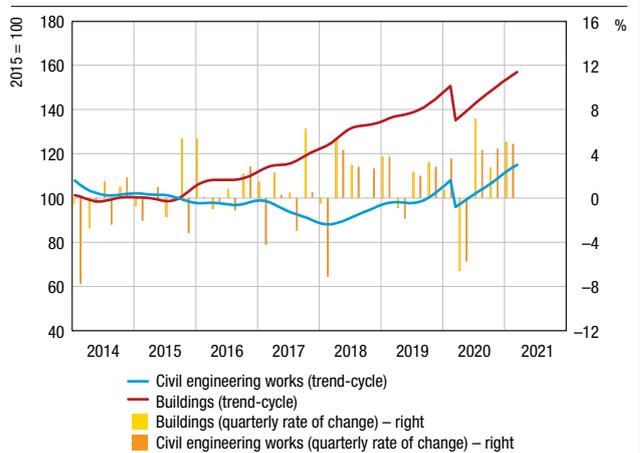
Source: CBS data seasonally adjusted by the CNB.

Figure 3 Industrial production



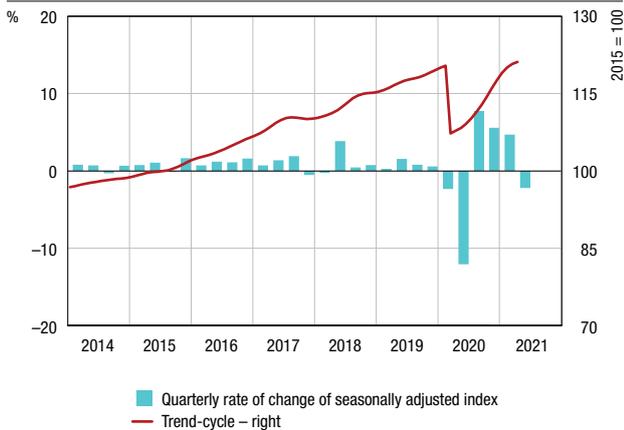
Note: Data for the second quarter of 2021 refers to April.
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



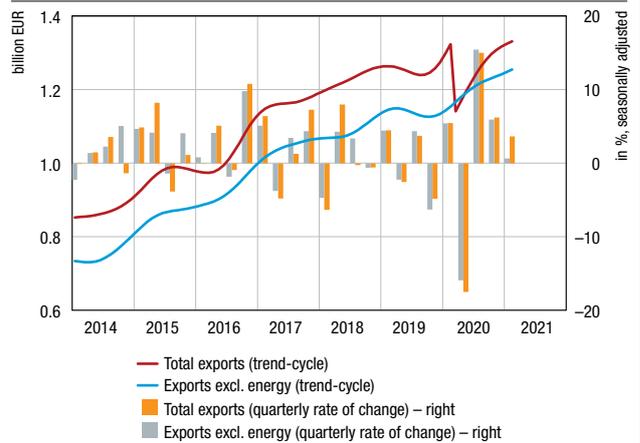
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



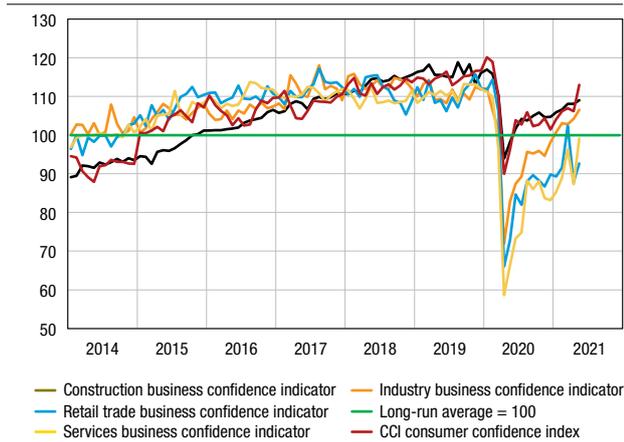
Note: Data for the second quarter of 2021 refers to April.
Source: CBS data seasonally adjusted by the CNB.

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



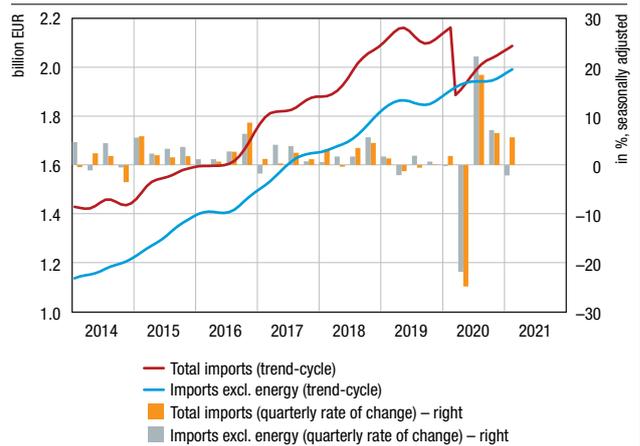
Note: Data for the first quarter of 2021 refer to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Consumer and business confidence indicators standardised and seasonally adjusted values



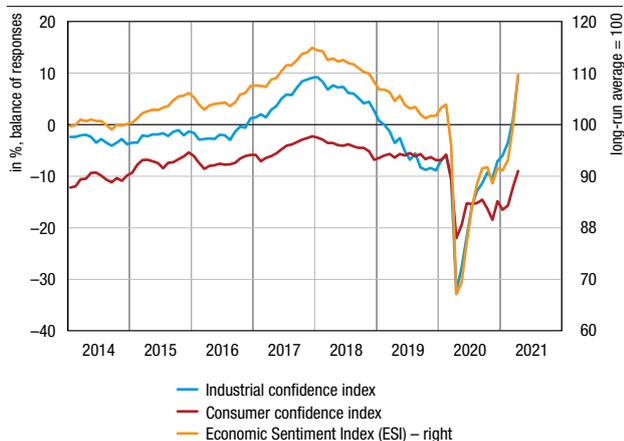
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



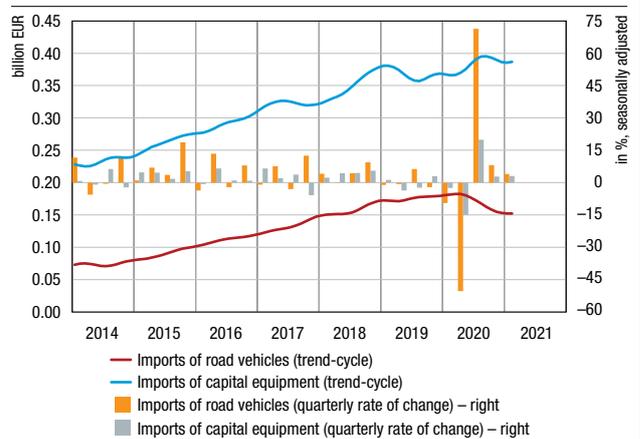
Note: Data for the first quarter of 2021 refer to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



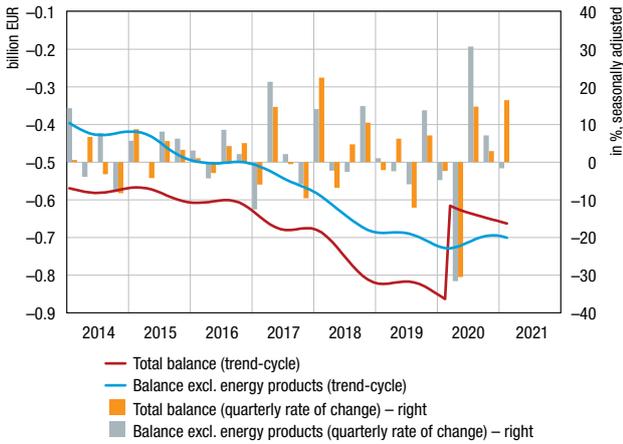
Note: Data are up to April 2021.
Source: Eurostat.

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



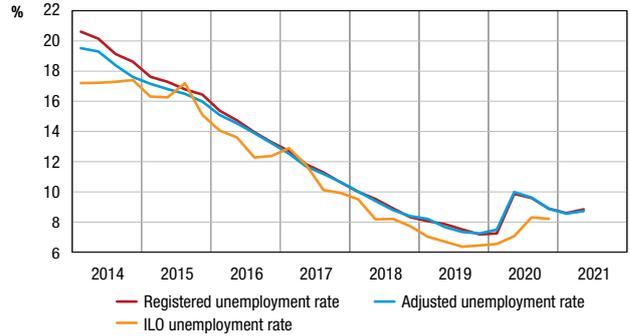
Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the first quarter of 2021 refer to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 13 Trade of goods balance



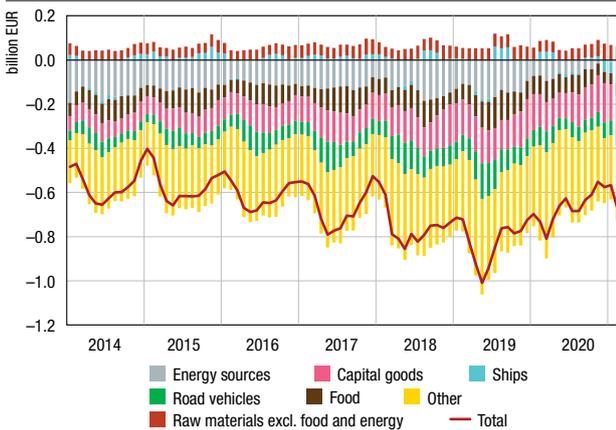
Note: Data for the first quarter of 2021 refer to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 16 Unemployment rates
seasonally adjusted data



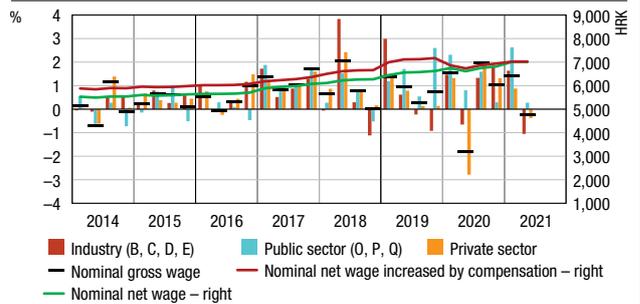
Notes: Since January 2015, the calculation of the registered unemployed rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate 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). Data for the second quarter of 2021 refer to April.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 14 Trade in goods balance by product groups



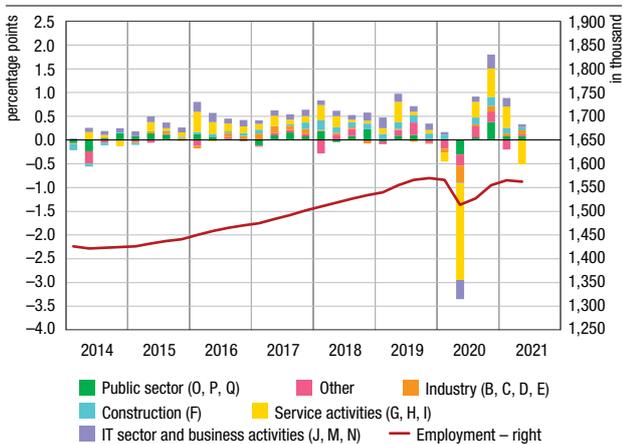
Notes: Series are shown as three-member moving averages of monthly data. Data are up to February 2021.
Source: CBS.

Figure 17 Average nominal gross wage by NCA activities
seasonally adjusted data, quarterly rate of change



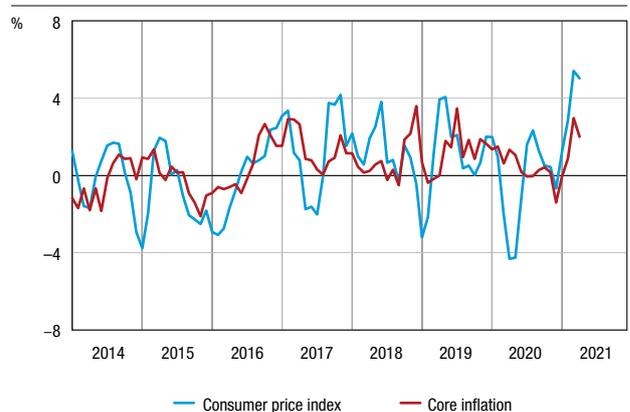
Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data on average wages paid in February 2020 were reported in full-time equivalent, in contrast with the previous periods, when average wages were calculated by dividing total disbursements by the number of employees who received these disbursements, excluding all those who worked fewer than 80 hours per month. Data on wages in 2019 reported in full-time equivalent were released for analytical purposes. Data on disbursements paid before 2016 are CNB estimates. Data for the second quarter of 2021 refer to April.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 15 Employment by NCA activities
seasonally adjusted data, contributions to the quarterly rate of change



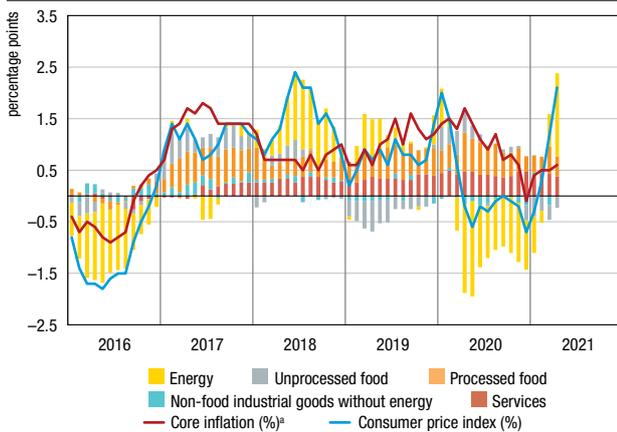
Note: Data for the second quarter of 2021 refer to April.
Source: CPII data seasonally adjusted by the CNB.

Figure 18 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 19 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

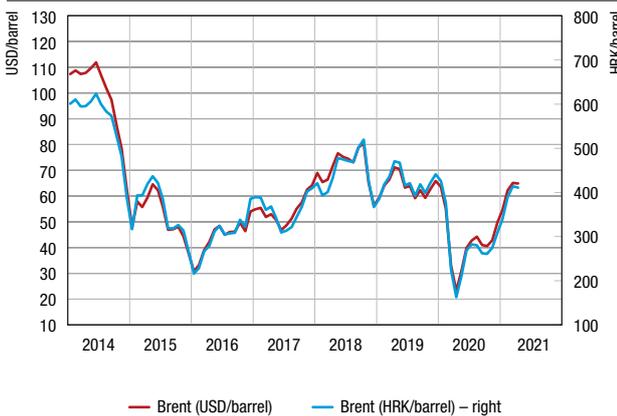
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	3/21	4/21	4/20	4/21
Consumer price index and its components				
Total index	1.2	2.1	-0.2	0.7
Energy	3.9	9.9	-5.1	0.4
Unprocessed food	-3.3	-2.7	0.0	0.6
Processed food	2.2	1.6	1.2	0.5
Non-food industrial goods without energy	-0.7	0.0	0.6	1.4
Services	1.7	1.5	0.5	0.2
Other price indicators				
Core inflation	0.5	0.6	0.7	0.8
Index of industrial producer prices on the domestic market	3.2	5.3	-2.4	-0.4
Brent crude oil price (USD)	97.6	178.0	-29.2	-0.5
HWWI index (excl. energy, USD)	54.3	69.7	-5.8	3.6

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

Figure 20 Crude oil prices (Brent)



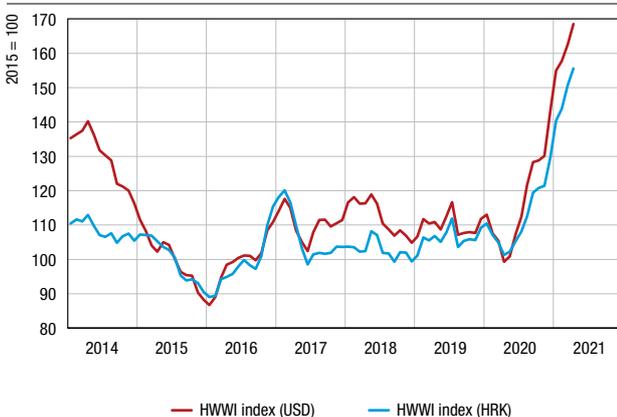
Sources: Bloomberg and CNB calculations.

Figure 22 Daily nominal exchange rate – HRK vs. EUR, USD and CHF
CNB midpoint exchange rate



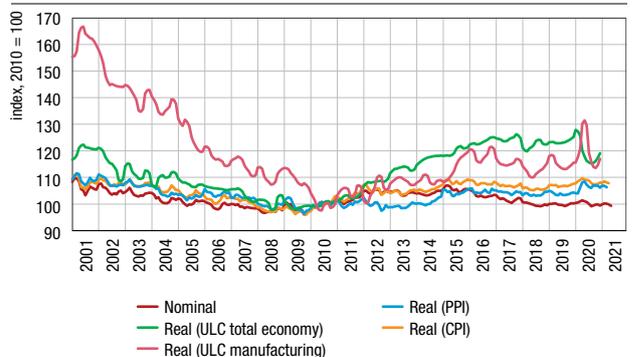
Source: CNB.

Figure 21 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

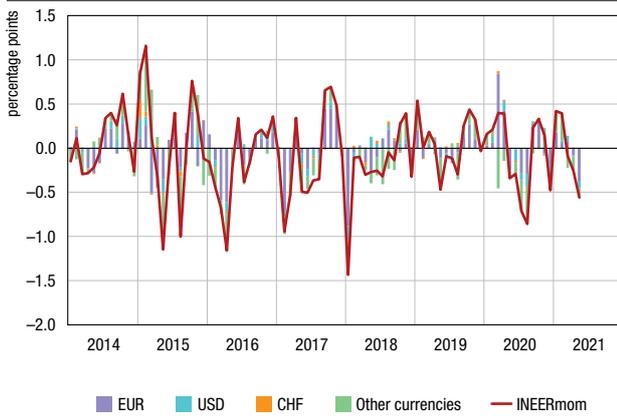
Figure 23 Nominal and real effective exchange rates of the kuna



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.

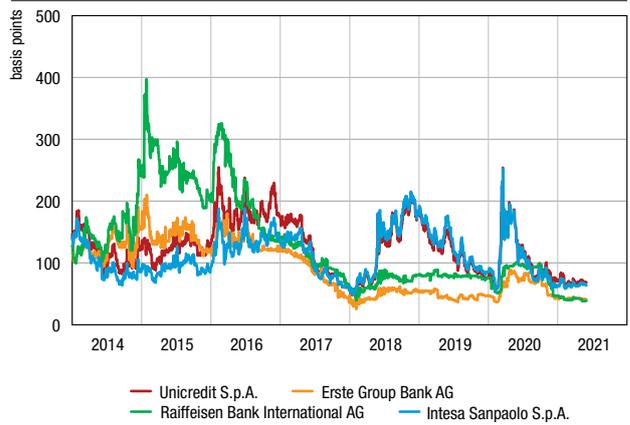
Figure 24 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



^a Negative values indicate contributions to the appreciation of the INEER.

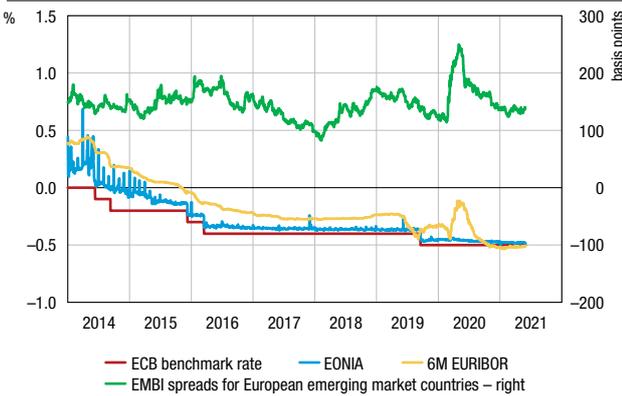
Source: CNB.

Figure 27 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

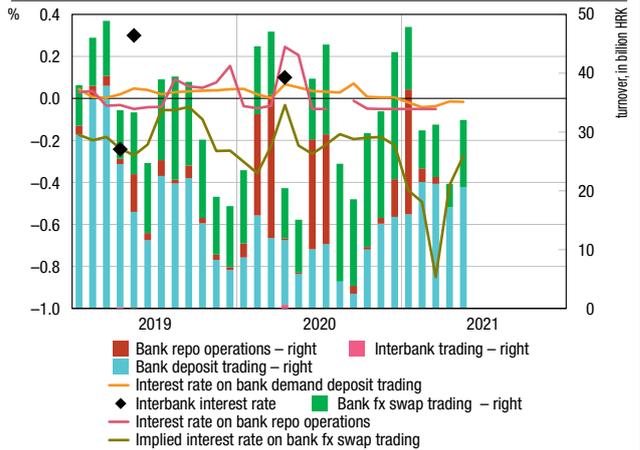
Figure 25 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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.

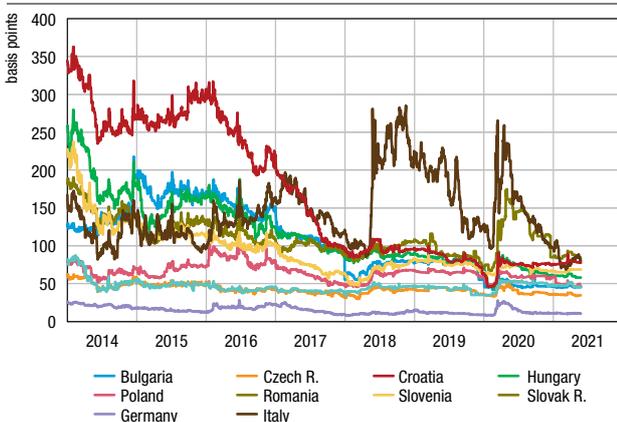
Sources: ECB, Bloomberg and J.P. Morgan.

Figure 28 Overnight interest rates and turnovers



Source: CNB.

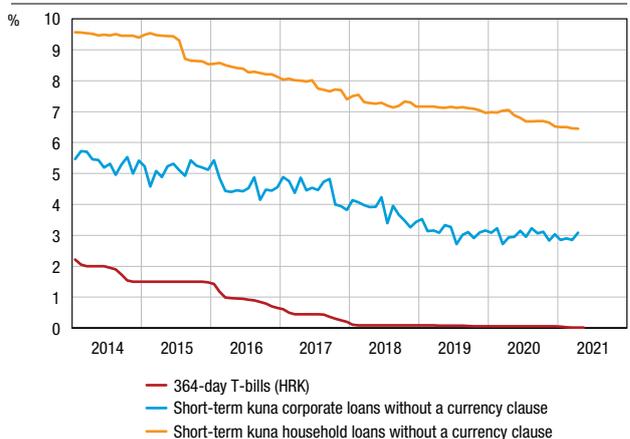
Figure 26 CDS spreads for 5-year government bonds of selected countries



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

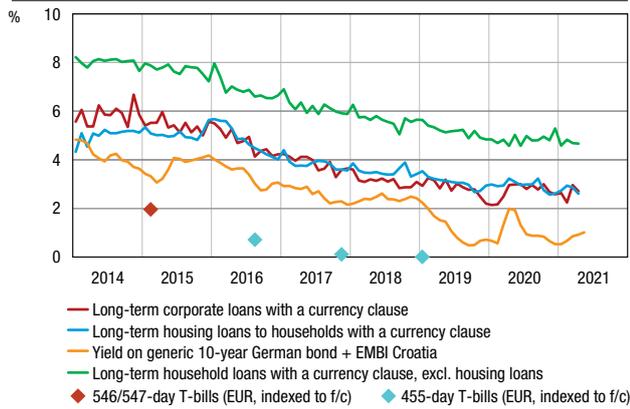
Source: S&P Capital IQ.

Figure 29 Short-term financing costs in kuna without a currency clause



Sources: MoF and CNB.

Figure 30 Long-term financing costs in kuna with a currency clause and in foreign currency



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

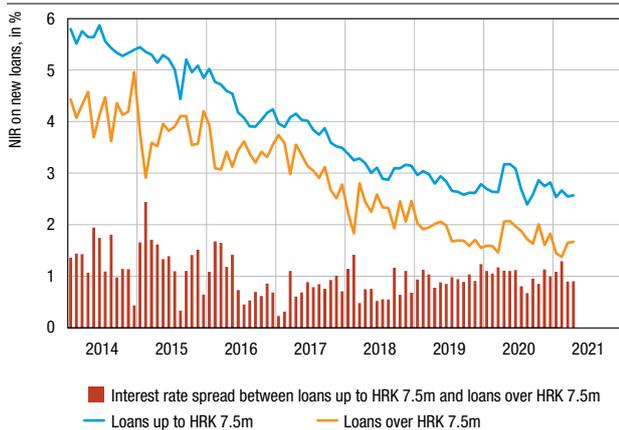
Sources: MoF, Bloomberg and CNB.

Figure 33 Interest rates on pure new housing loans to households



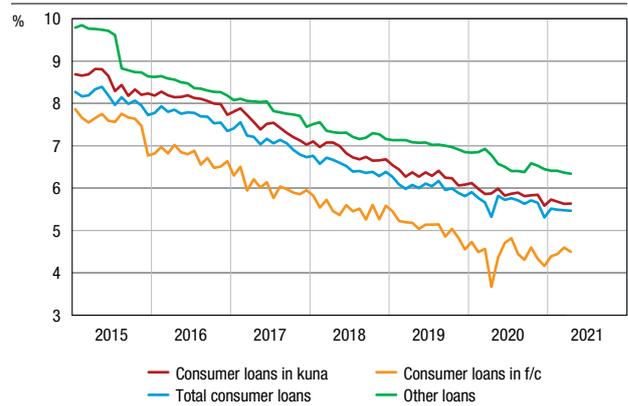
Source: CNB.

Figure 31 Bank interest rates on loans to non-financial corporations by volume



Source: CNB.

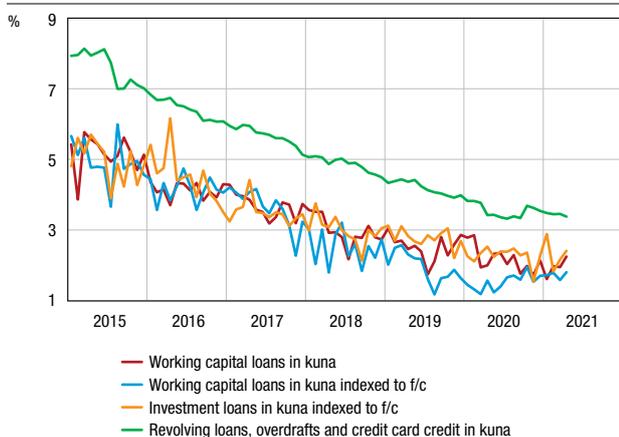
Figure 34 Interest rates on pure new consumer loans and other loans to households



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.

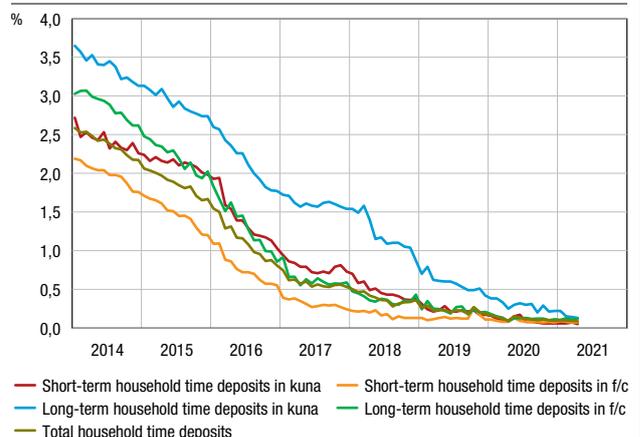
Source: CNB.

Figure 32 Interest rates on pure new loans to non-financial corporations



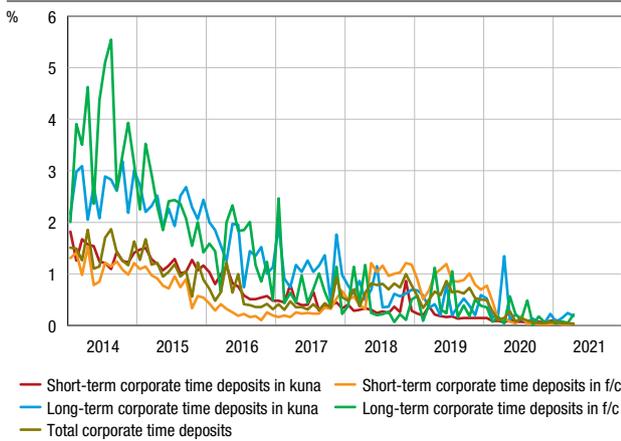
Source: CNB.

Figure 35 Interest rates on household time deposits



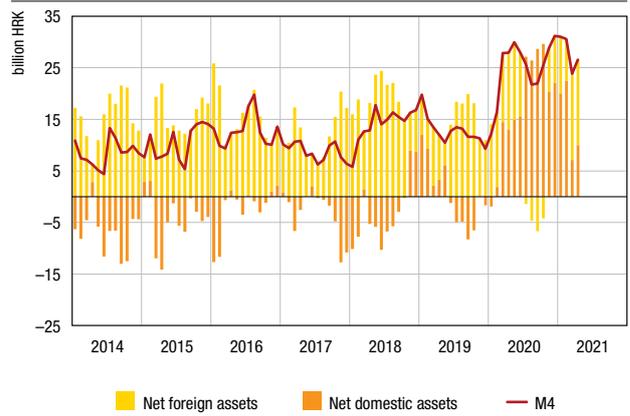
Source: CNB.

Figure 36 Interest rates on corporate time deposits



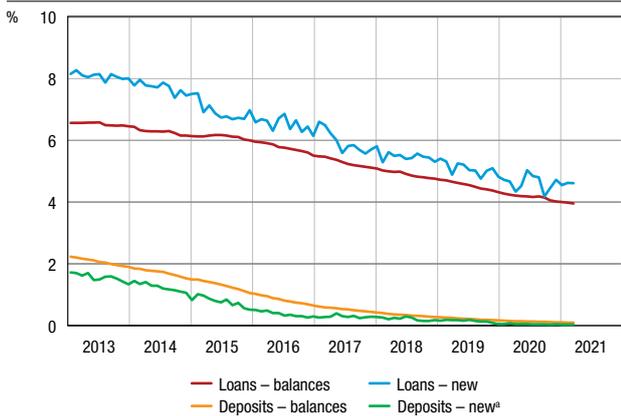
Source: CNB.

Figure 39 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



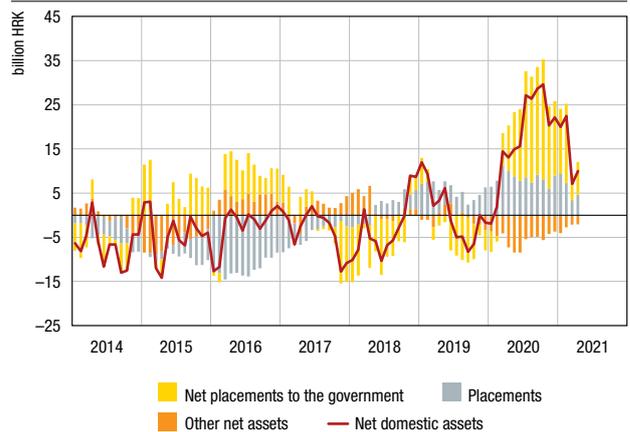
Source: CNB.

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



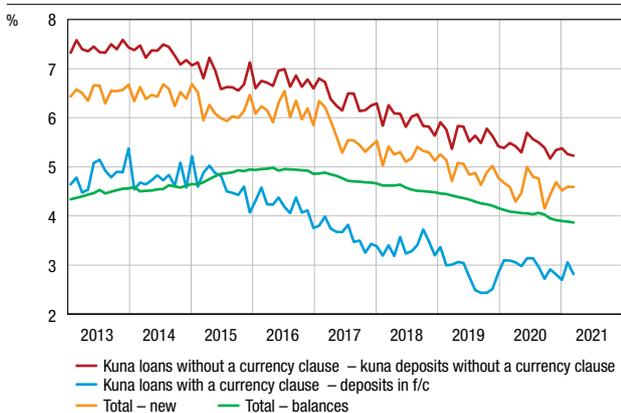
^a For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

Figure 40 Net domestic assets, structure absolute change in the last 12 months



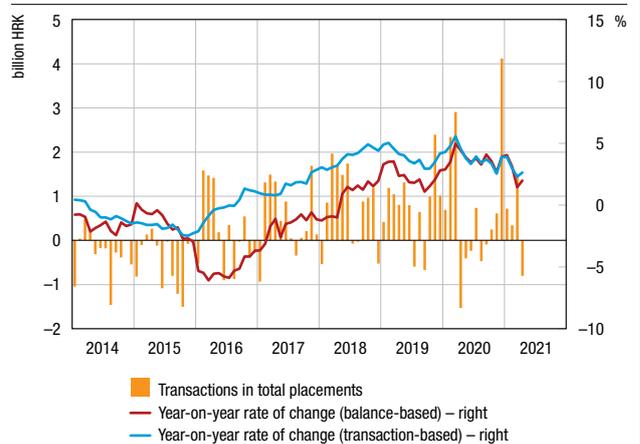
Source: CNB.

Figure 38 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



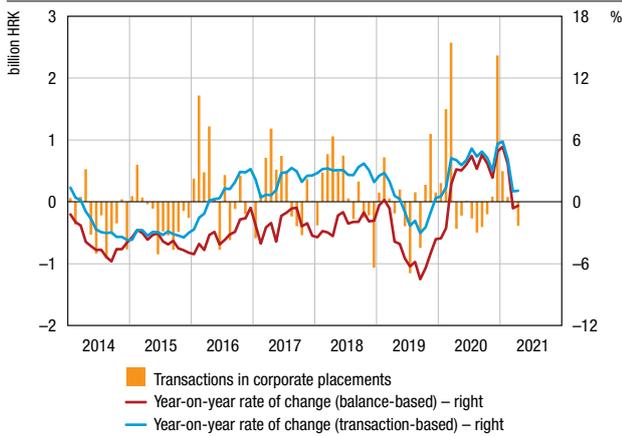
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

Figure 41 Placements



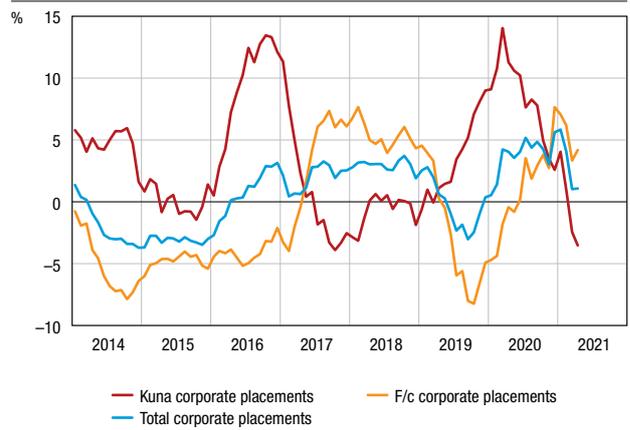
Source: CNB.

Figure 42 Placements to corporates



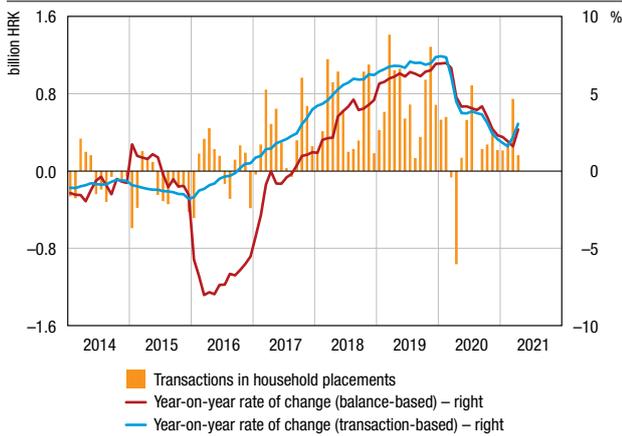
Source: CNB.

Figure 45 Annual rate of change in corporate placements transaction-based



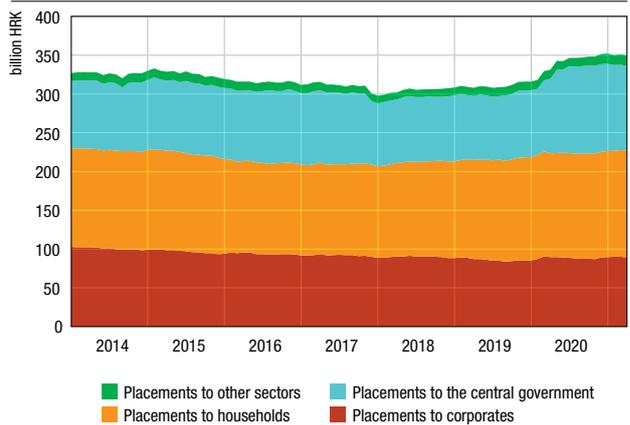
Source: CNB.

Figure 43 Placements to households



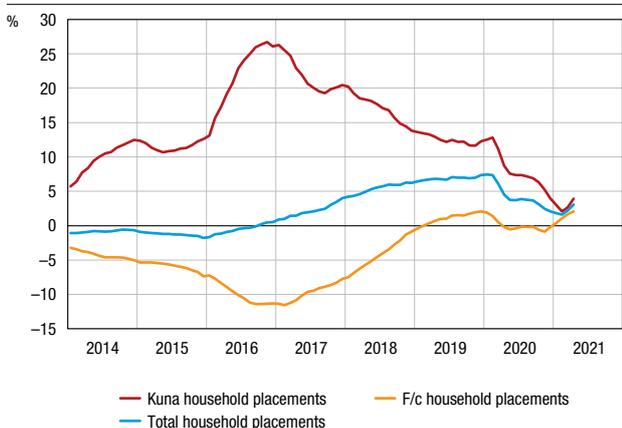
Source: CNB.

Figure 46 Structure of placements of monetary financial institutions



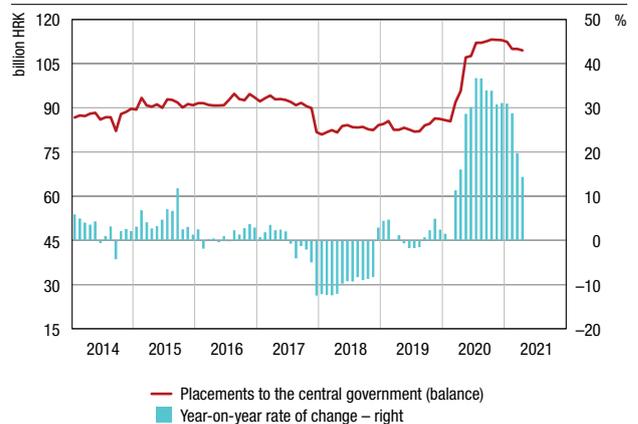
Source: CNB.

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



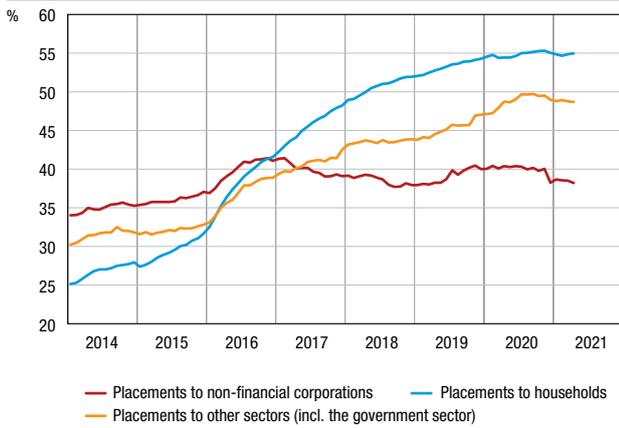
Source: CNB.

Figure 47 Placements of monetary financial institutions to the central government



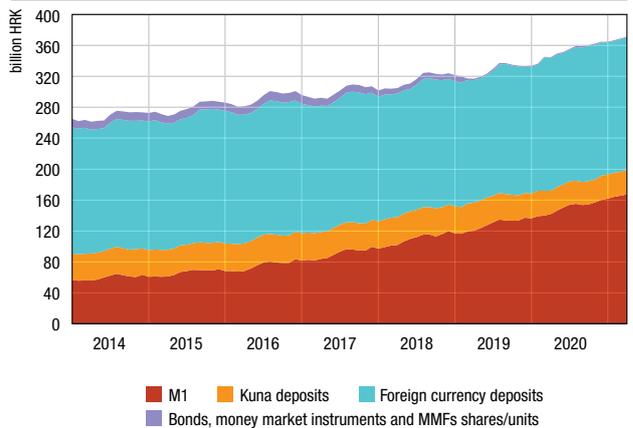
Source: CNB.

Figure 48 Share of kuna placements in total sector placements



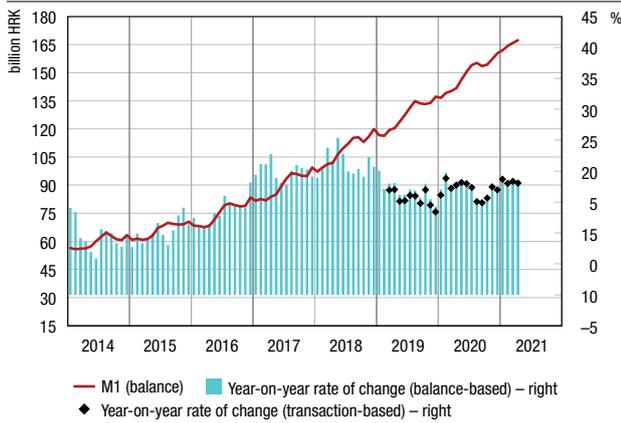
Source: CNB.

Figure 51 Structure of M4 monetary aggregate



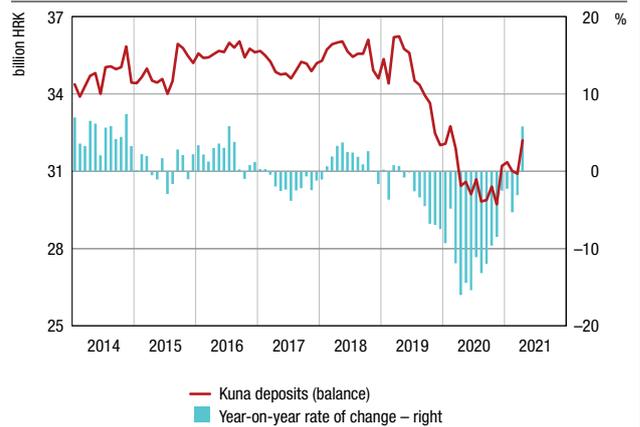
Source: CNB.

Figure 49 Money (M1)



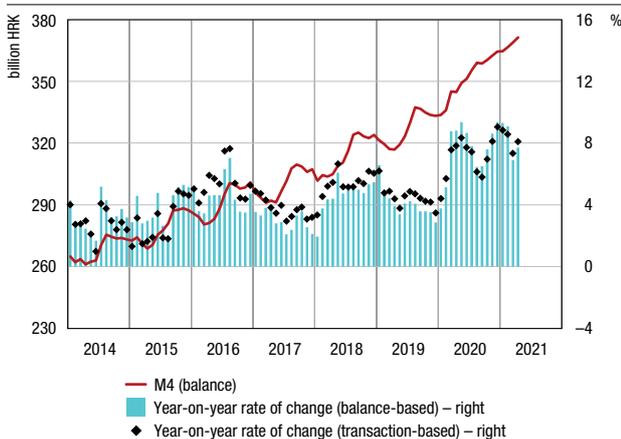
Note: From March 2019, the growth rate (transaction-based) excludes the effect of the reclassification of money market funds.
Source: CNB.

Figure 52 Kuna savings and time deposits



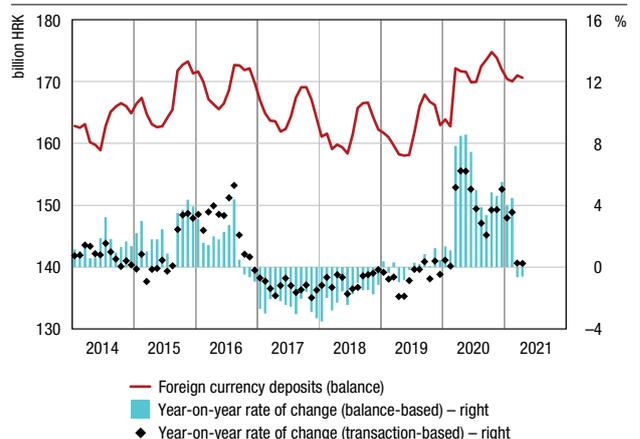
Source: CNB.

Figure 50 Total liquid assets (M4)



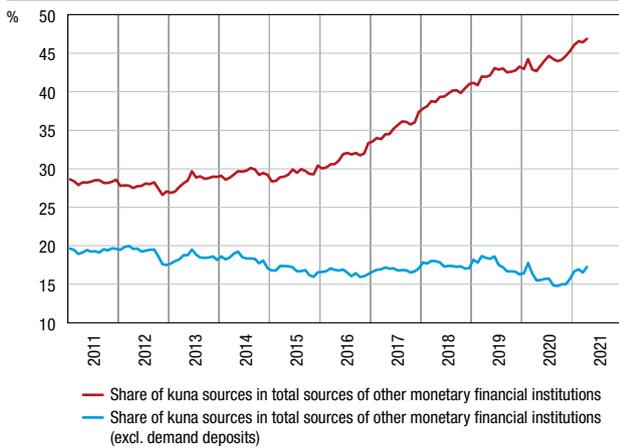
Source: CNB.

Figure 53 Foreign currency deposits



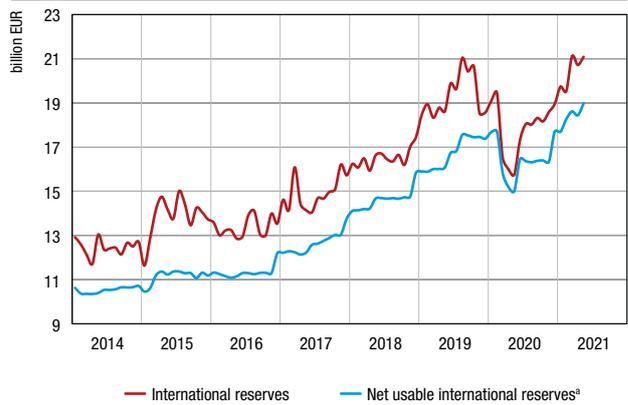
Source: CNB.

Figure 54 Share of kuna sources



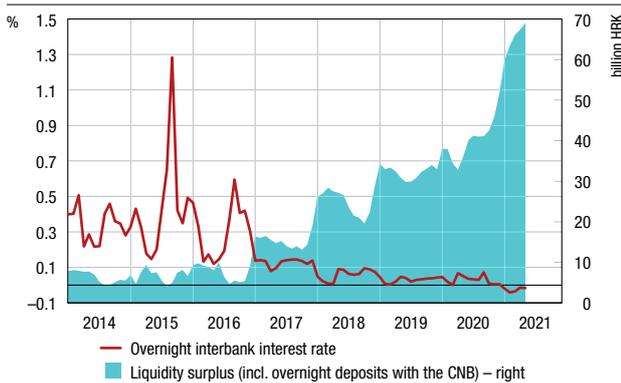
Source: CNB.

Figure 57 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.

Figure 55 Bank liquidity and overnight interest rate on bank demand deposit trading



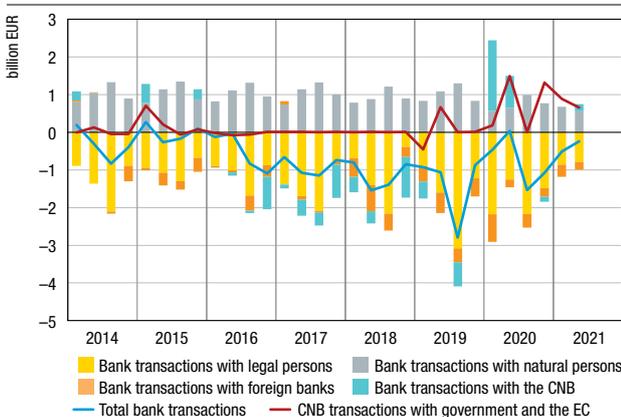
Notes: Liquidity surplus is the difference between the balance in bank settlement accounts with the CNB and the amount that banks are required to hold in their accounts after the calculation of reserve requirements. The overnight interest rate until the end of 2015 refers to the overnight interbank interest rate and as of the beginning of 2016 to the overnight interest rate on bank demand deposit trading.
Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

	2019	2020	Indices	
			2019/2018	2020/2019
Current account	1,519.9	-379.0	162.6	-24.9
Capital account	1,114.5	1,316.1	154.0	118.1
Financial account (excl. reserves)	1,473.8	176.9	741.4	12.0
International reserves	989.4	603.5	64.0	61.0
Net errors and omissions	-171.2	-156.7	-201.8	91.5

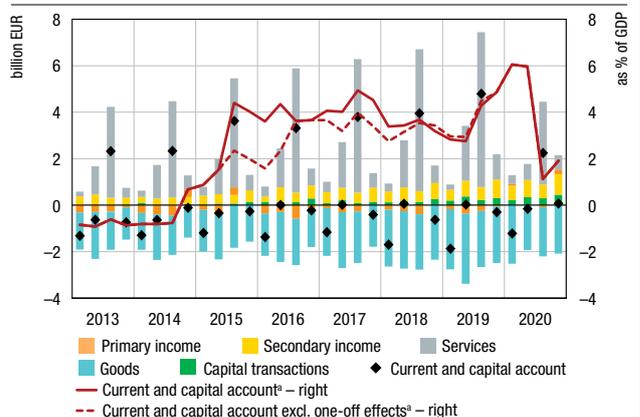
Source: CNB.

Figure 56 Spot transactions in the foreign exchange market (net turnover)



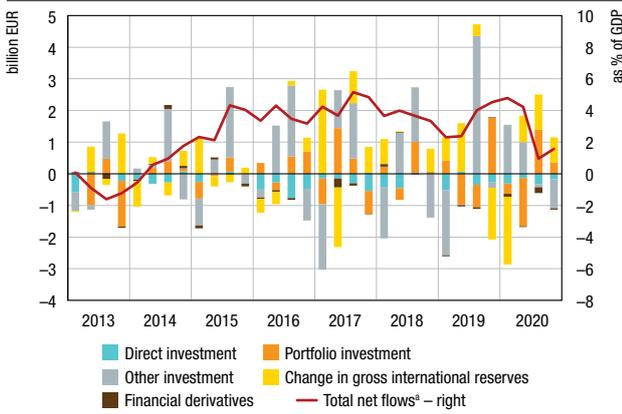
Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the second quarter of 2021 refer to April and May.
Source: CNB.

Figure 58 Current and capital account flows



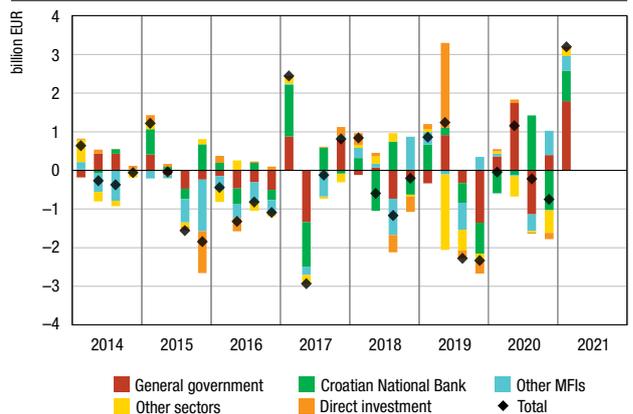
^a Sum of the last four quarters.
Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokro Group in 2017 and 2018.
Source: CNB.

Figure 59 Financial account flows by type of investment



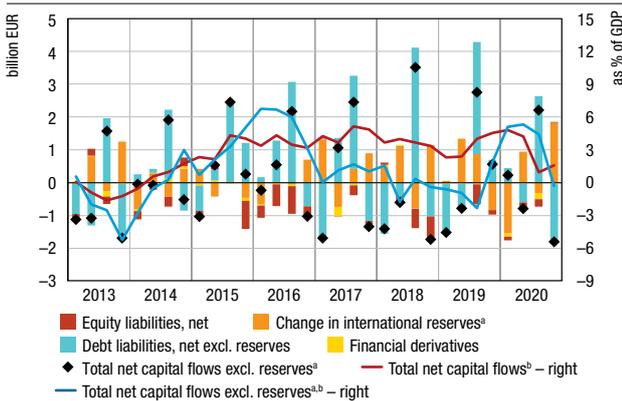
^a Sum of the last four quarters.
 Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).
 Source: CNB.

Figure 62 Gross external debt transactions



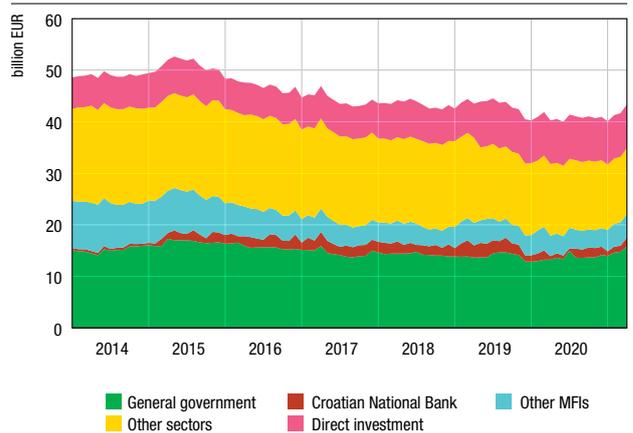
Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.
 Source: CNB.

Figure 60 Financial account flows by equity to debt ratio



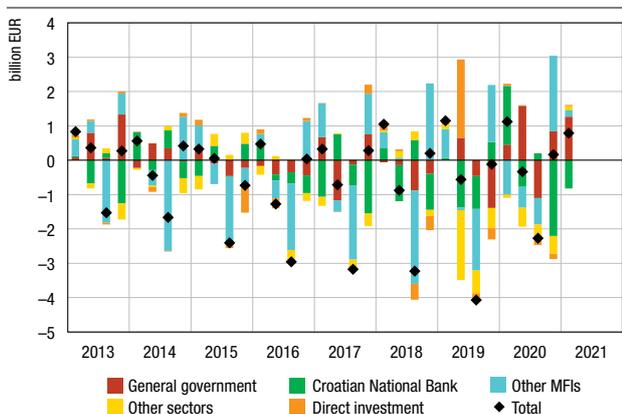
^a The change in gross international reserves is reported net of foreign liabilities of the CNB. ^b Sum of the last four quarters.
 Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
 Source: CNB.

Figure 63 Gross external debt end of period



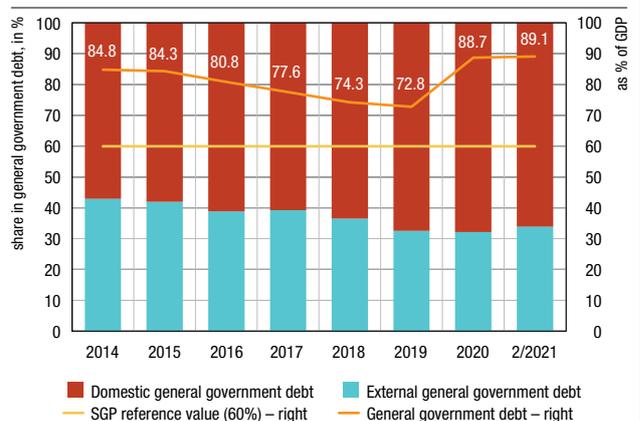
Note: Data are up to March 2021.
 Source: CNB.

Figure 61 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 64 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. 2019	Jan. – Dec. 2020
Total revenue	190,912	178,459
Direct taxes	26,683	25,076
Indirect taxes	81,285	70,704
Social contributions	47,366	45,069
Other	35,579	37,610
Total expenditure	189,713	205,958
Social benefits	62,197	64,637
Subsidies	6,195	14,242
Interest	8,907	7,404
Compensation of employees	47,845	50,380
Intermediate consumption	33,675	32,376
Investment	17,366	20,707
Other	13,528	16,213
Net lending (+)/borrowing (-)	1,199	-27,499

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Dec. 2018	Jan. – Dec. 2019
1 Revenue	148,629	160,186
2 Disposal of non-financial assets	605	1,069
3 Expenditure	142,139	152,827
4 Acquisition of non-financial assets	4,329	5,978
5 Net borrowing (1 + 2 – 3 – 4)	2,767	2,450

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Feb. 2020	Feb. 2021
Change in total debt stock	-1,697	1,397
Change in domestic debt stock	-4,331	-4,736
– Securities other than shares, short-term	-1,486	522
– Securities other than shares, long-term	-2,606	-3,237
– Loans	-135	-1,992
Change in external debt stock	2,634	6,133
– Securities other than shares, short-term	0	104
– Securities other than shares, long-term	2,672	4,150
– Loans	-38	1,879
Memo item:		
Change in total guarantees issued	89	274

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
TRY	– Turkish lira
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