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# Information on economic trends

March 2022



## Summary

In the last three months of 2021, real economic activity held steady at the previous quarter level; the annual growth rate decelerated, reflecting the waning of the effect of the low base but nevertheless remaining at a high 9.7%. Although the available monthly data point to a growth in real GDP on a quarterly and an annual level in the first quarter of 2022, future developments will be negatively influenced by the outbreak of war in Ukraine and the introduction of sanctions against Russia. The start of 2022 was marked by a further growth in employment and a fall in unemployment. Nominal wages continued to rise although purchasing power was reduced by an increase in consumer prices. The annual rate of consumer price inflation accelerated from 5.5% in December to 5.7% in January, mostly driven by higher prices of processed food products. Amid rising inflation the yields on Croatian government bonds continued to increase. Banks' free reserves reached record highs and the costs of corporate and household financing rose. Bank placements remained almost unchanged from the month before, while their annual growth rate slowed down from 3.9% in December of last year to 3.6% in January this year. Such developments largely mirror the slowdown in the growth of corporate placements (from 2.3% in December to 1.6% in January) and, if to a much lesser extent, the slowdown in the growth of household placements (from 4.5% to 4.4%). Housing loans growth continued to slow down ahead of a new round of housing loan subsidies, while the growth of general-purpose cash loans accelerated. The strong recovery in economic activity in 2021 resulted in a considerable drop in the public debt to GDP ratio, which fell from 87.3% of GDP at the end of 2020 to 80.0% at the end of November last year.

According to the first CBS results on real GDP estimates for the fourth quarter of 2021, economic activity from October to December last year held steady from the previous quarter. Goods and services exports continued to rise sharply while personal consumption and investments fell, partly attributable to the deterioration of the epidemiological situation. By contrast, government consumption rose considerably, after falling in the previous quarter. Total imports exceeded those in the preceding three months, although they grew slower than total exports, with the contribution of net foreign demand to total economic growth being positive. The waning of the low base effect and stagnation on a quarterly level resulted in a fall in the annual growth rate of quarterly GDP, although it remained at a high 9.7%. On the entire year level, real GDP grew by 10.4%, spurred by strong positive contributions from both domestic and foreign demand (Figure 1).

The GDP nowcasting model suggests real GDP growth on a quarterly and an annual level in the first quarter of 2022. Data on industrial production in January this year point to an increase of 0.6% from the average in the previous three months (Figure 3). The production of intermediate goods rose while other main industrial groupings witnessed a fall (Figure 4). Observed on a monthly level, industrial production fell by 0.6% in January, after rising by 2.1% in December. The production of energy and intermediate goods rose from December, in contrast with the fall in the production of capital goods and durable and non-durable consumer goods. The real retail trade turnover in January was down 3.9% from December last year, which resulted in a 3.2% fall on a quarterly level (Figure 7).

The Consumer Confidence Survey suggests a sharp deterioration in household expectations in February from January 2022.<sup>1</sup> The survey suggests a drop in household expectations regarding the overall economic situation in Croatia and the financial situation in households for the next 12 months compared with the current situation as well as in the assessment of the current financial situation in the household compared with 12 months ago. The dampening of consumer optimism may be associated with the effect of inflationary expectations, expectations in February regarding price developments in the following 12 months, as compared with the previous 12 months, reaching

their highest levels ever since the survey was introduced. If the average value in January and February is observed, the consumer confidence index is falling rapidly for the second consecutive quarter. As a result, the index dropped to a lower level than in the first quarter of the previous year. As regards business expectations, February witnessed a particularly strong deterioration of expectations in trade on a monthly level. Business expectations in industry also deteriorated slightly, while the optimism of business entities in construction and services improved. The average value of the business expectation index in construction and services in January and February thus exceeded the average in the previous quarter, while trade and industry saw a deterioration from the previous quarter. On an annual level, the confidence indices in all activities outperformed those recorded in the first quarter of 2021 (Figure 8).

The start of 2022 was marked by further employment growth, which rose in January by 0.4% from the previous month and by 0.6% from the previous three months' average. Compared with the same month of the year before, employment rose by 2.4%, and compared with the pre-pandemic January it rose by 2% (Figure 15). In early 2022, the job vacancy rate decreased from December 2021, but still remained above that in the fourth quarter of 2021. January 2022 witnessed a slowdown in the fall of the number of unemployed persons with the registered unemployment rate falling to 6.8% of the labour force, its lowest level ever (Figure 16). Unemployment fell by 20.8% and 6.4% from January 2021 and January 2020, respectively.

The nominal gross wage in January 2022 was up 0.9% from the previous three months' average, reflecting continued nominal wage growth in the public sector and the rest of the economy. By contrast, the real gross wage fell by 0.5% during the same period as a result of an increase in consumer prices. The nominal (real) gross wage rose (fell) by 4.6% (1.1%) from January 2021. The annual growth rate of nominal net (real) wages slowed down in January to 4.0% (-1.6%), once the effects of 2021 tax burden reduction ebbed away and income taxation increased amid rising wages.

The monthly growth of consumer prices stood at 0.3% in January as a result of, on the one hand, a sharp increase in the prices of food and fuels and lubricants, and on the other, the

<sup>1</sup> The Survey was carried out in the first half of February, before the outbreak of the war in Ukraine and the introduction of sanctions against Russia.

seasonal fall in the prices of clothing and footwear and services. The annual consumer price inflation rate accelerated from 5.5% in December 2021 to 5.7% in January 2022 (Figure 19). The rise in inflation was mostly driven by acceleration in the annual growth in the prices of processed food products from 7% in December to 8.4% in January, reflecting high prices of food raw materials and energy on the global market (Figures 20 and 21). The increased contribution of unprocessed food products to inflation was mostly fuelled by vegetables. However, the intensity of the increase in the annual rate of inflation was partly mitigated by a decreased contribution of energy due to an increase in its prices in January 2022 that was less pronounced than in January 2021, as well as by a decreased contribution of services after their prices fell in January this year (telephone services, passenger air transport and package holidays). Food prices (including alcoholic beverages and tobacco) increasingly affect the level of overall inflation with food accounting for almost one half of overall inflation (2.8 percentage points) in January. The contribution of energy to overall inflation continues to be considerable, although it fell for the second consecutive month and stood at 1.7 percentage points in January. The annual rate of core inflation (excluding the prices of agricultural products and energy and administrative prices) rose from 4.6% in December to 4.9% in January (Table 1), mostly driven by the increase in the annual growth rate in the prices of processed food products. Inflation measured by the harmonised index of consumer prices (HICP) continued to reflect developments in the euro area and thus continued to accelerate in January 2022 when it reached 5.5%, 0.4 percentage points above inflation in the euro area. The rate of inflation measured by the HICP, the calculation of which excludes volatile components (energy, food, alcoholic beverages and tobacco) stood at 2.6% in January in Croatia, 0.3 percentage points above that in the euro area. Because of the importance of Russia and Ukraine in the supply of energy products, agricultural raw materials and metals, the war in Ukraine and sanctions against Russia had an immediate impact on the global market in raw materials and energy, which will further increase imported inflationary pressures.

In October and November 2021, foreign trade in goods rose considerably, particularly goods exports, which outperformed the average in the preceding three months by 15.7% (Figure 10). Export performance benefited the most from a rise in energy exports (particularly electricity and oil and refined petroleum products), followed by textile industry products and capital goods. At the same time, total goods imports rose by 7.5% (Figure 11), mostly as a result of the increased imports of metal and textile industry products and capital goods (Figure 12). By contrast, the imports of energy products fell only slightly given that the imports of natural and manufactured gas and electricity was more than offset by a noticeable decrease in imports of oil and refined petroleum products. Thus the total foreign trade deficit narrowed by 6.8% (Figure 13), while the deficit, excluding the trade in energy products, widened by 8.5% from the previous three month average. According to the first aggregate data for December, on the entire 2021 level, total goods exports rose by a steep 27.9%, while the growth rate of total goods imports on an annual level was somewhat lower and stood at 23.2%. Despite a faster growth of exports than of imports, due to the larger export base, the total foreign trade in goods deficit rose by 14.5% in 2021.

The nominal exchange rate of the kuna against the euro remained relatively stable throughout the major part of February 2022 (Figure 22), until towards the end of the month when depreciation pressures emerged amid rising geopolitical uncertainties. At the end of February, the exchange rate stood at EUR/

HRK 7.54, having risen 0.2% from the end of the previous month and fallen 0.5% from the same period of the year before. The nominal effective exchange rate of the kuna appreciated in February and by the end of the month was down 0.3% from the end of January. This was mostly the result of the weakening of the Russian rouble and Hungarian forint against the kuna, mirroring the weakening of these currencies against the euro on the international foreign exchange market.

The Euro short-term rate €STR did not change in February and stood at -0.58% at the end of the month, while the six-month EURIBOR rose slightly to -0.49% (Figure 25). The yields on US and German ten-year government bonds continued to rise in February and the same developments were seen in most peer countries. The Russian invasion of Ukraine led to an increase in the risk premiums of the European emerging market economies in February (Figure 26), with Romania and Poland witnessing the biggest increase. The risk premium for Croatia rose by 21 basis points and stood at 94 basis points at the end of February, thus continuing to record slightly higher values than peer Central and Eastern European countries, excluding Romania.

Banks' free reserves reached record highs. Thus the average daily surplus kuna liquidity of the domestic banking system stood at HRK 77.2bn in February (Figure 60), having risen from HRK 76.9bn in the previous month. Amid such ample kuna liquidity, there has been no turnover in the domestic interbank overnight market since April 2020. As regards other segments of the overnight money market, the implicit interest rate derived from banks' foreign exchange swap trading fell to 0.01% in February (Figure 28) and the interest rate on banks' demand deposit trading fell to -0.02%. Following the absence of trading in January, the interest rate on overnight repo transactions of banks rose to 0.1% in February, amid a very low trading volume. The uncertainties brought about by the impacts of the sanctions imposed on the Russian Federation sparked banks' interest in additional liquidity, prompting the CNB to place towards the end of February, for the first time since May 2020, funds to the banks through a regular operation, which resulted in banks borrowing a total of HRK 260m with one week maturity at a fixed rate of 0.05%. As regards the costs of government financing, the interest rate on one-year kuna T-bills of the Ministry of Finance held steady in February at 0.01% (Figure 29) and the interest rate on one-year kuna T-bills with a currency clause in euro stood at -0.1%, having risen slightly from -0.15% in October last year. The yield curve on Croatian government bonds rose in February from January, suggesting rising costs of government borrowing.

The interest rate on pure new corporate loans rose in January by 50 basis points to 1.80% (Figure 33), almost equalling the decrease seen in the previous month. The rise in financing costs was mainly the result of a fall in the share of large enterprises' financing, whose strong borrowing in December led to a noticeable fall in the total interest rate on pure new corporate loans. The cost of corporate financing on an annual level fell by 4 basis points (Figure 34), mostly fuelled by a fall in the interest rate on investment and syndicated loans (-18 basis points), while the structure of financing brought about an increase in the total interest rate (17 basis points). As for households, the interest rate on pure new loans to that sector rose in January by 19 basis points and stood at 4.13% (Figure 37), mostly driven by the rise in the share of general-purpose cash loans in total financing (8 basis points), for they carry a relatively higher interest rate (Figure 39), followed by the growth in interest rates on this type of financing (6 basis points). The costs of household financing on an annual level dropped by 11 basis points (Figure

38), mostly driven by a fall in interest rates on general-purpose cash loans (–17 basis points), while the structure of financing spurred growth in total interest rate. As regards deposits, the interest rate on household time deposits fell slightly in January while that on corporate time deposits remained unchanged (Figures 40 and 41). The spread between interest rates on total new loans and deposits rose considerably to 4.4 percentage points in January (Figure 43), after having fallen significantly in the month before, mainly as a result of considerable borrowing by large enterprises at low interest rates. The spread between interest rates on total loans and deposits remained almost unchanged at 3.6 percentage points.

Monetary developments in January were marked by a fall in total liquid assets (M4) of HRK 1.5bn or 0.4% (transaction-based) from the end of the previous year as a result of a fall in the net foreign assets (NFA) of the monetary system (Figure 44). The monthly fall in NFA can largely be attributed to a fall in NFA of the CNB, i.e. a drop in bank assets in TARGET2. Money (M1) fell by HRK 1.6bn or 0.8%, mostly attributable to a fall in currency outside credit institutions, while quasi-money rose by a modest HRK 0.1bn or 0.1% from the previous month. On an annual level, the growth rates of M4 and M1 decelerated to 10.1% and 15.9%, respectively in January (Figures 54 and 55) while the growth in quasi-money accelerated to 5.6%. As regards the structure of quasi-money, kuna deposits are falling and foreign currency deposits are rising (Figure 58), with household foreign currency deposits witnessing a particularly strong growth, rising in January by HRK 0.9bn and pushing their annual growth up from 6.0% in December to 6.6% in January. At the same time, corporate foreign currency deposits, despite falling by HRK 1.1bn on a monthly level, continue to rise at high growth rates on an annual level (7.7% in January). Despite growing at high rates, the share of foreign currency deposits in total deposits is falling slightly

Total placements of monetary institutions to domestic sectors (except to the central government) remained almost unchanged from the month before, with their annual growth rate slowing down from 3.9% in December last year to 3.6% in January this year (Figure 46). Such developments in January mirror stagnation in loans to non-financial corporations and households, with the growth in loans to other financial institutions being offset by the fall in loans to the local government. As for household lending, general-purpose cash loans and housing loans continued to rise, in contrast with credit card loans guaranteed by credit card companies, which fell by approximately the same amount (Figure 48). In terms of currency structure, the share of kuna placements in total household placements stood at 54.3% at the end of January (Figure 53). On an annual level, the growth in corporate placements slowed down, from 2.3% in December

to 1.6% in January (Figure 47), and so did the growth in placements to households, albeit at a much slower pace, having fallen from 4.5% to 4.4%). The growth in housing loans continued to slow down ahead of a new round of housing subsidies (from 9.2% to 8.4%), in contrast with the acceleration in the growth of general-purpose cash loans from 2.4% to 3.3%.

Gross international reserves rose in February by EUR 0.7bn or 2.6% from January and stood at EUR 26.3bn at the end of the month (Figure 62). The monthly increase in gross reserves mirrors a larger volume of repo transactions. At the same time, net usable reserves recorded only a modest decline, standing at EUR 20.9bn at the end of the month. Thus, gross international reserves rose by EUR 6.7bn or 34.5% from the same month of the year before.

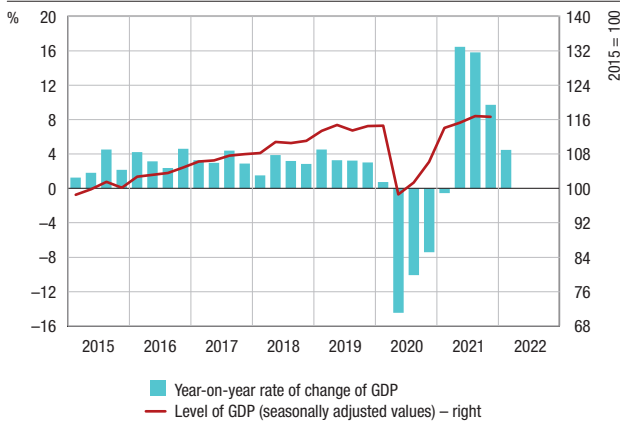
Following a very sharp fall in the third quarter, in the last three months of 2021, net foreign debt liabilities of domestic sectors rose by a noticeable EUR 0.6bn (Figure 66). This is entirely the result of a pronounced deterioration in the net foreign positions of credit institutions owing to the usual seasonal decline in the foreign assets accumulated in tourism during the summer months. However, the unfavourable developments were mitigated by a noticeable improvement in the net external position of the central bank spurred by a considerable increase in banks' assets in TARGET2, which are managed by the central bank, and to a lesser extent, by transactions with the government. Although to a much lesser extent, government net liabilities also fell, mirroring the increase in debt liabilities owing to the amount of funds distributed to end users exceeding the amount received from the EU budget. Net liabilities of other domestic sectors also fell (including transactions based on direct investment), reflecting a concomitant increase in claims and a decrease in liabilities in the last three months of 2021. The total gross external debt stood at EUR 44.7bn at the end of December, having risen by EUR 0.4bn from the end of the third quarter, or by EUR 4.7bn from the end of 2020 (Figure 68).

According to Ministry of Finance data<sup>2</sup>, the budget deficit in January 2022 amounted to HRK 258.6m, a considerable improvement from the deficit generated in the same period of the year before (HRK 725.2m). Such fiscal developments reflect a somewhat faster growth in annual revenues than in expenditures (3.9% and 0.9%, respectively), with the growth in revenues being slower than that seen in the previous quarter.

At the end of November 2021, the consolidated general government debt stood at HRK 345.1bn, an increase of HRK 14.9bn from the level of debt at the end of 2020. As regards the relative indicator of public debt, the strong recovery in economic activity fuelled a considerable contraction in the public debt to GDP ratio from 87.3% at the end of 2020 to 80.0%.

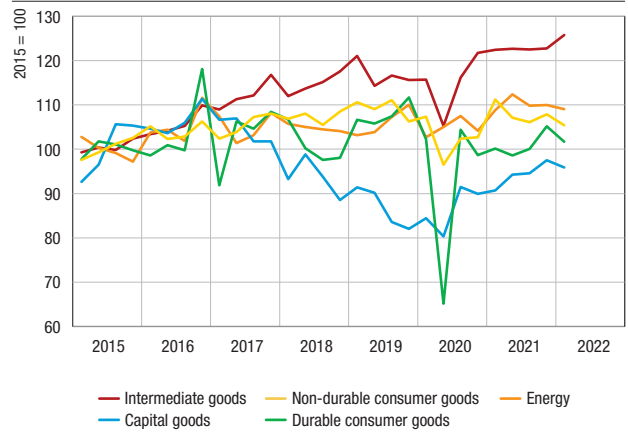
2 The budget balance and total revenues and expenditures refer to monthly data for the central government, state government and social security sub-sectors, the publication of which by the Ministry of Finance before the end of the following calendar month is required under Council Directive 2011/85/EU. The published data refer to general government units according to the scope of the ESA 2010 statistical methodology, except for data for local government, which are published on a quarterly basis.

**Figure 1 Quarterly gross domestic product seasonally adjusted real values**



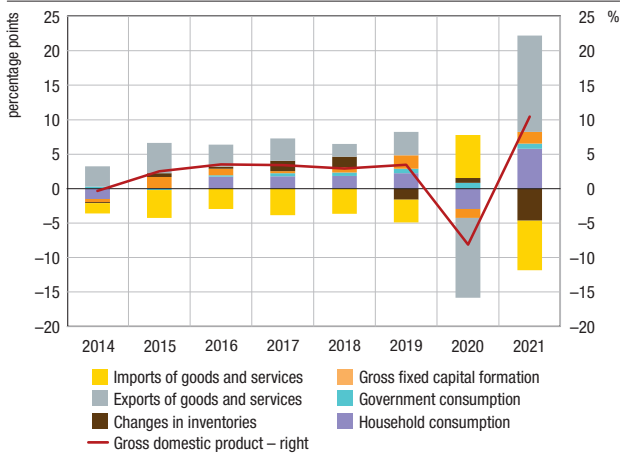
Note: Data for the first quarter of 2022 refers to the CNB's monthly indicator of real economic activity, estimated on the basis of data published until 4 March 2022.  
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

**Figure 4 Industrial production by main industrial groupings seasonally adjusted indices**



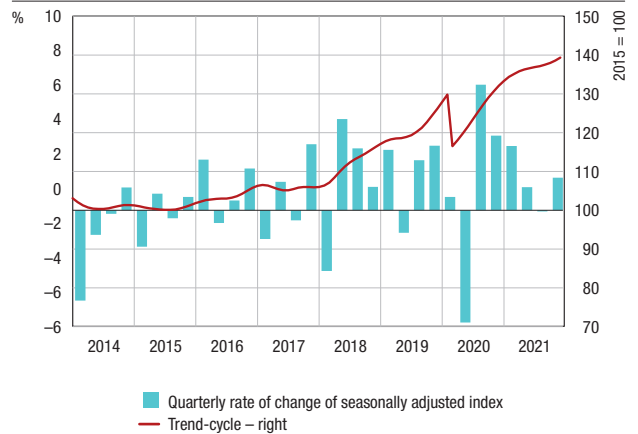
Source: CBS data seasonally adjusted by the CNB.

**Figure 2 GDP rate of change contributions by components**



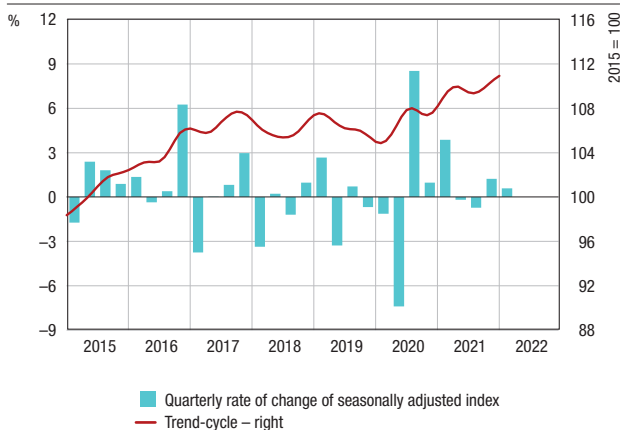
Source: CBS.

**Figure 5 Total volume of construction works**



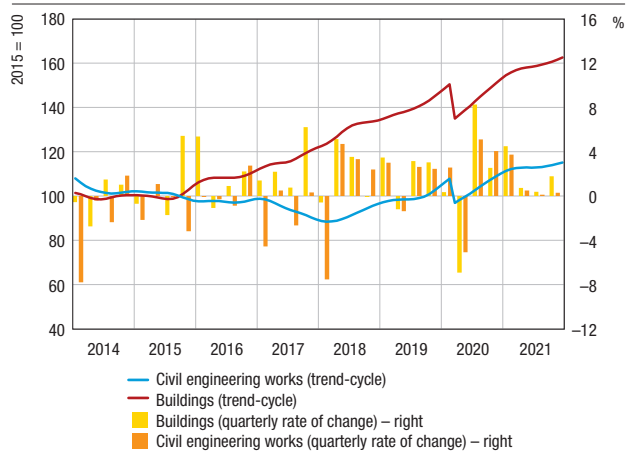
Source: CBS data seasonally adjusted by the CNB.

**Figure 3 Industrial production**



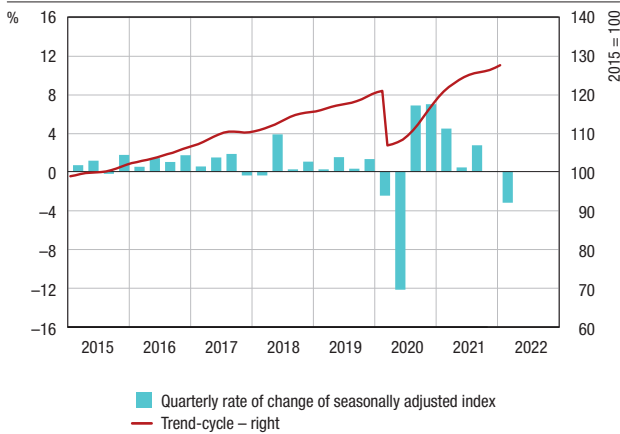
Note: Data for the first quarter of 2022 refer to January.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



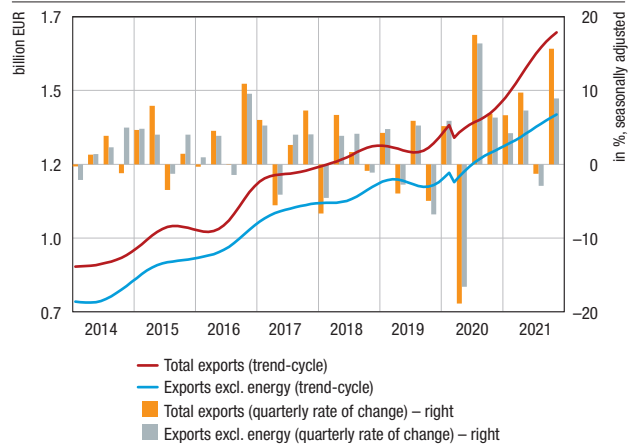
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



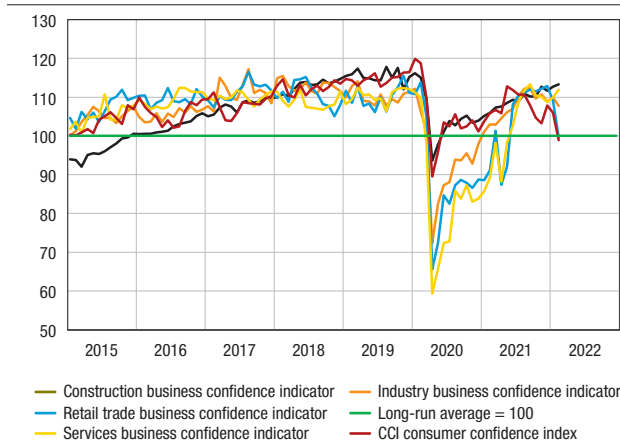
Note:  
Source: CBS data seasonally adjusted by the CNB.

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



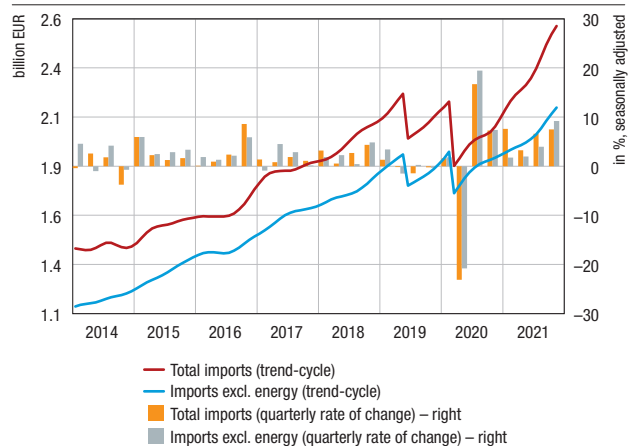
Note: Data for the fourth quarter of 2021 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

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



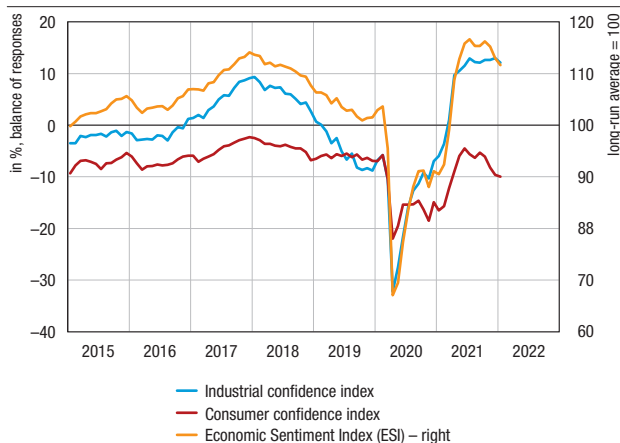
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



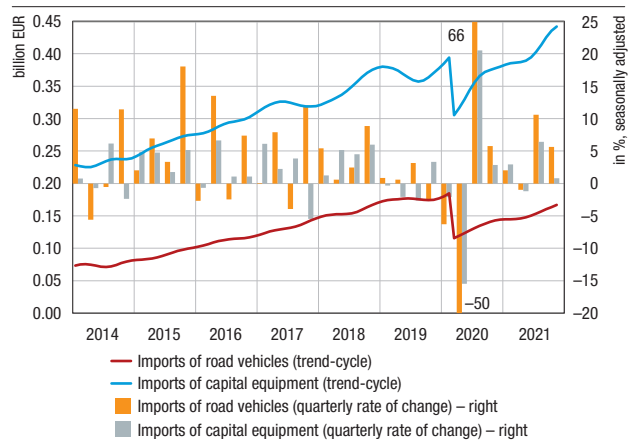
Note: Data for the fourth quarter of 2021 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



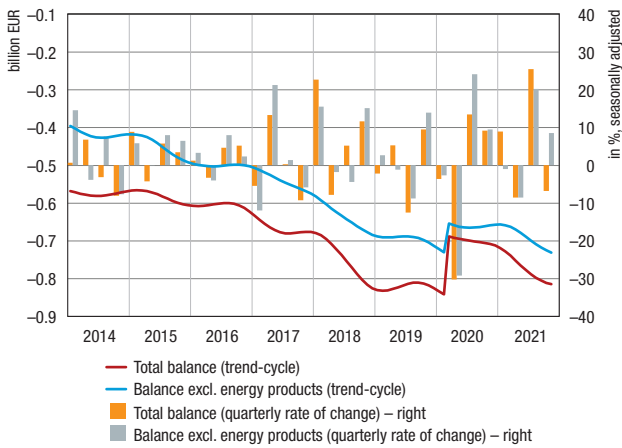
Note: Data are up to January 2022.  
Source: Eurostat.

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



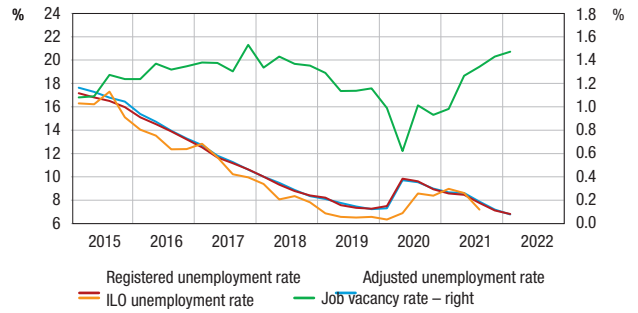
Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2021 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 13 Trade of goods balance**



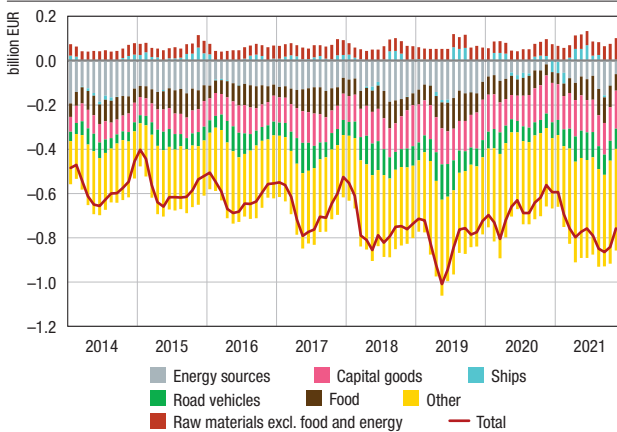
Note: Data for the fourth quarter of 2021 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 16 Unemployment**  
seasonally adjusted data



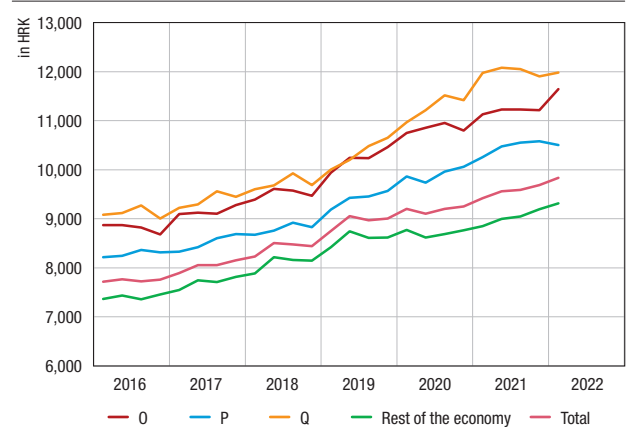
Notes: Since January 2015, the calculation of the registered unemployment rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate 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). The job vacancy rate is calculated as the share of total posts that are vacant in the total demand for labour (the sum of the number of persons insured with the CPII and vacant posts). Data for the first quarter of 2022 refer to January.  
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

**Figure 14 Trade in goods balance by product groups**



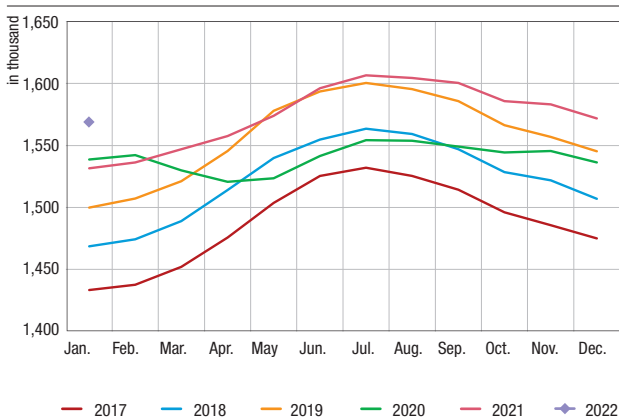
Notes: Series are shown as three-member moving averages of monthly data. Data are up to November 2021.  
Source: CBS.

**Figure 17 Average nominal gross wage by NCA activities**  
original data



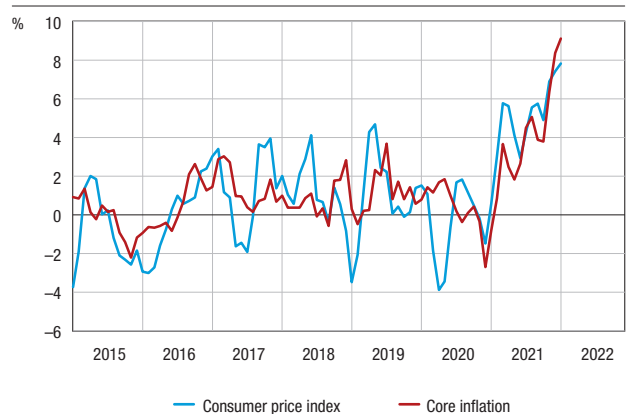
Notes: O – Public administration and compulsory social security, P – Education, Q – Human health. Data for the first quarter of 2022 refer to January.  
Sources: CBS and CNB calculations.

**Figure 15 Employment**  
original data



Source: CPII.

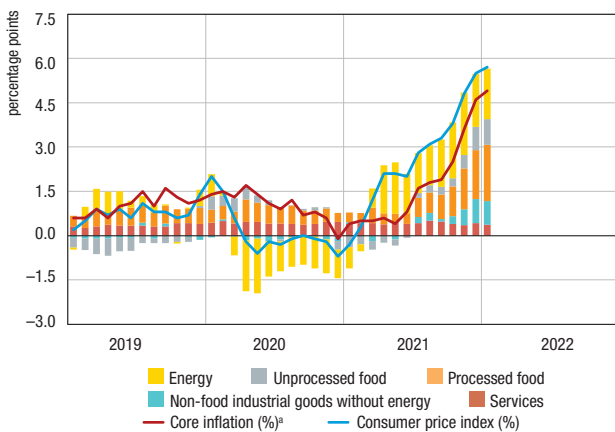
**Figure 18 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



<sup>a</sup> 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**



<sup>a</sup> Core inflation does not include agricultural product prices, energy prices and administered prices.

Sources: CBS and CNB calculations.

**Table 1 Price indicators**

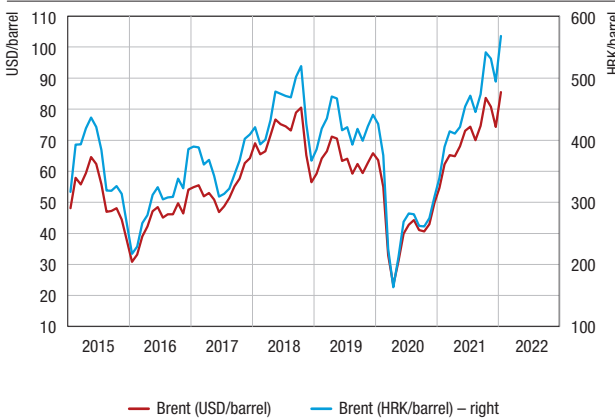
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	12/21	1/22	1/21	1/22
<b>Consumer price index and its components</b>				
Total index	5.5	5.7	0.1	0.3
Energy	11.0	10.2	1.6	0.8
Unprocessed food	9.0	10.3	2.0	3.2
Processed food	7.0	8.4	1.0	2.3
Non-food industrial goods without energy	3.1	3.1	-2.2	-2.2
Services	1.7	1.4	0.1	-0.2
<b>Other price indicators</b>				
Core inflation	4.6	4.9	-0.4	-0.1
Index of industrial producer prices on the domestic market	19.6	20.7	0.6	1.5
Brent crude oil price (USD)	49.0	56.6	9.5	15.1
HWWI index (excl. energy, USD)	22.7	21.0	7.4	5.9

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

**Figure 20 Crude oil prices (Brent)**



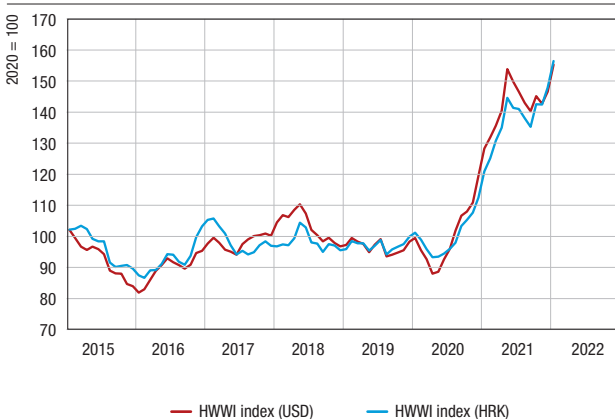
Sources: Bloomberg and CNB calculations.

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



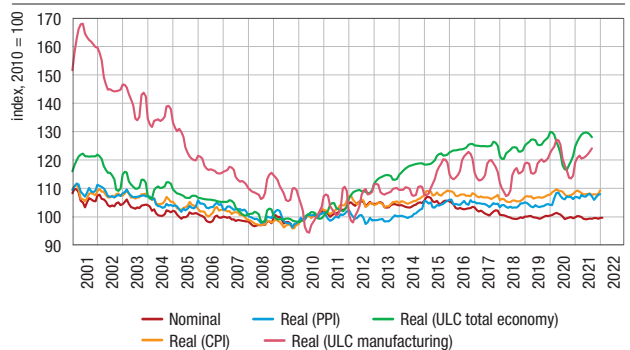
Source: CNB.

**Figure 21 HWWI index (excl. energy)**



Sources: HWWI and CNB calculations.

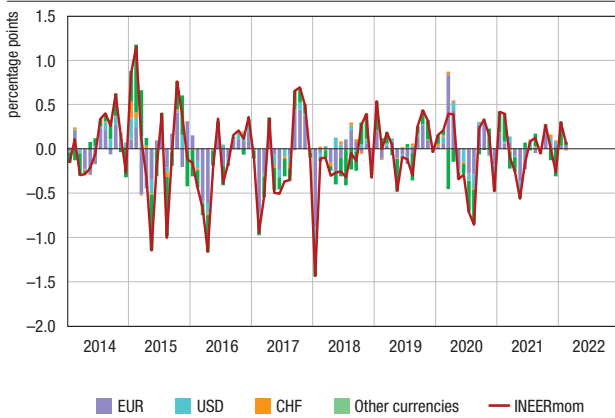
**Figure 23 Nominal and real effective exchange rates of the kuna**



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.

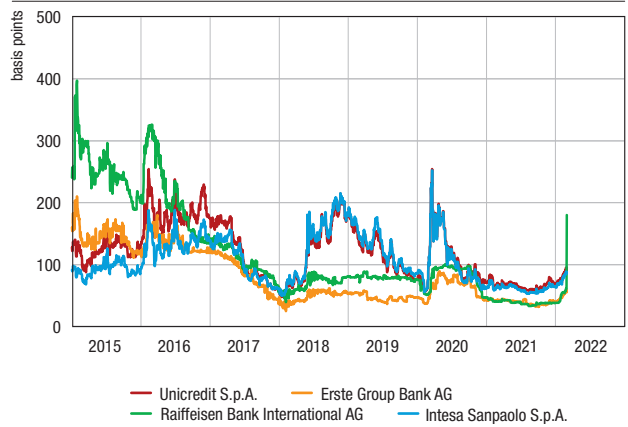
Source: CNB.

**Figure 24 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)**



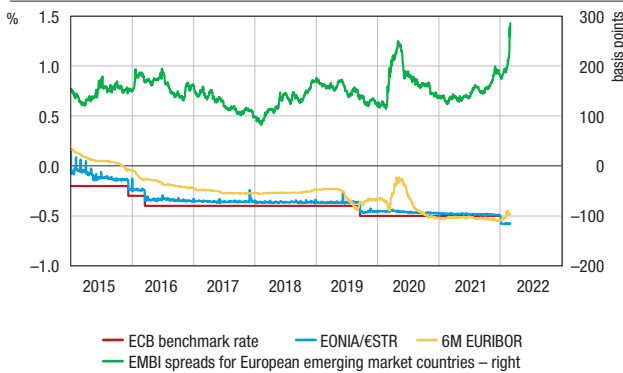
<sup>a</sup> Negative values indicate contributions to the appreciation of the INEER.  
Source: CNB.

**Figure 27 CDS spreads for selected parent banks of domestic banks**



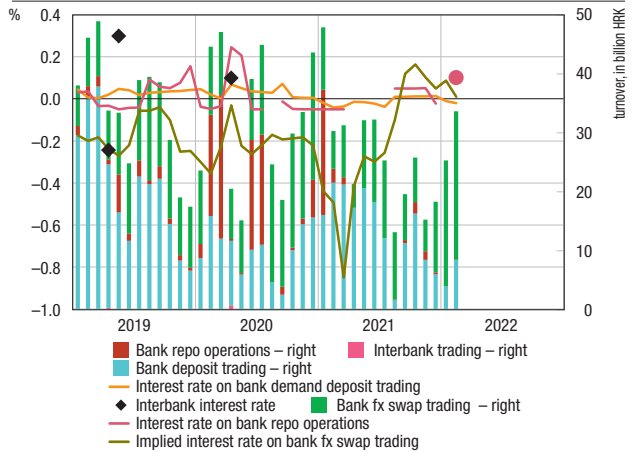
Source: S&P Capital IQ.

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



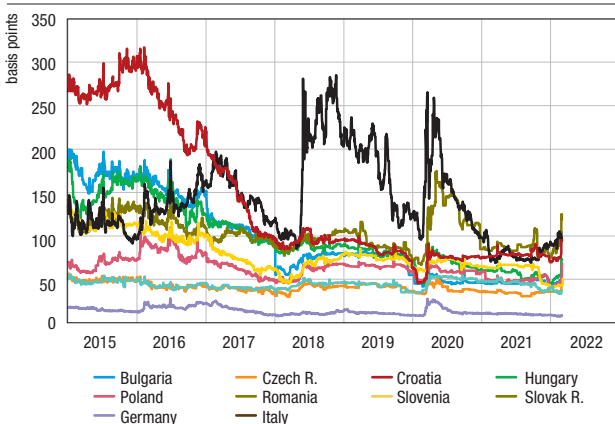
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries. Since the start of 2022, the EONIA has been replaced by €STR.  
Sources: ECB, Bloomberg and J.P. Morgan.

**Figure 28 Overnight interest rates and turnovers**



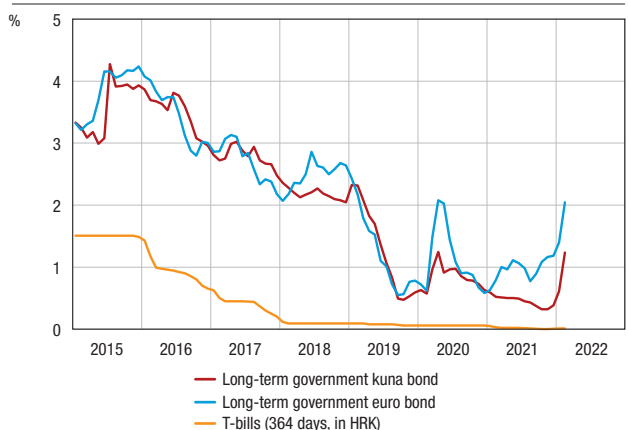
Source: CNB.

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



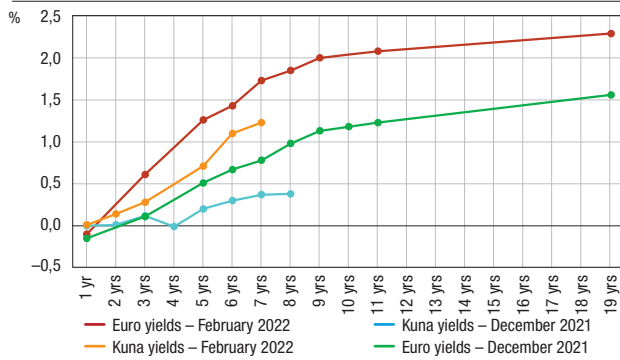
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with the issuer of an instrument.  
Source: S&P Capital IQ.

**Figure 29 Yields on T-bills and bonds of the Republic of Croatia**



Note: Yields on long-term bonds refer to bonds with a remaining maturity of ten years, i.e. to bonds of the most similar maturity.  
Source: CNB.

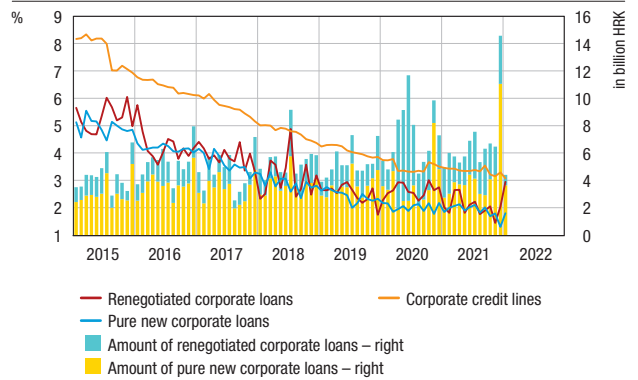
**Figure 30 Yields to maturity on RC bonds**



Note: The dots show the achieved yields, while other values have been interpolated. Data for a one-year yield refer to the achieved interest rate on one-year T-bills without a currency clause and with a currency clause in the euro. The yield on one-year T-bills without a currency clause at end-2021 refers to October. The yield on one-year T-bills with a currency clause in the euro refers to October 2021 and February 2022, respectively.

Source: CNB.

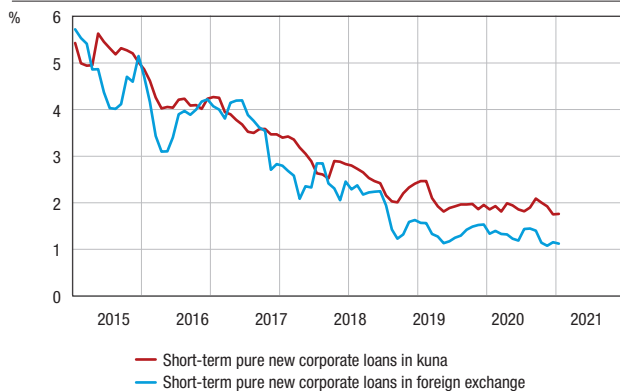
**Figure 33 Interest rates and amount of corporate loans**



Note: Data on pure new loans are not available for credit card loans, overdrafts, revolving loans and receivables on charge cards since their new business volume (for other instruments, this includes both pure new loans and renegotiated loans) is equal to balances and thus included in the credit line category.

Source: CNB.

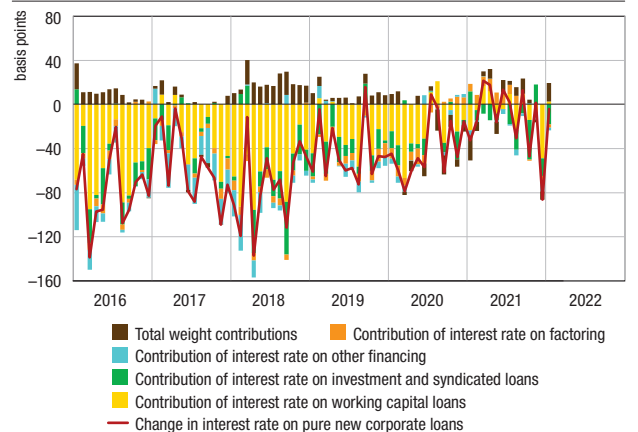
**Figure 31 Short-term financing costs**



Note: Quarterly weighted moving averages. Foreign currency loans also include kuna loans with a currency clause. Interest rates on short-term pure new household loans are not shown because they account for a very small share of total pure new household loans.

Source: CNB.

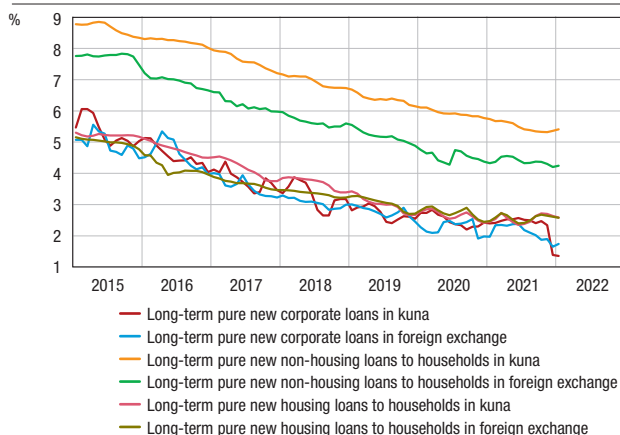
**Figure 34 Contributions to the annual change in the interest rate on pure new corporate loans**



Note: Calculated by applying the Bennet index, according to which total contribution is divided into interest rate effect and weight effect.

Source: CNB.

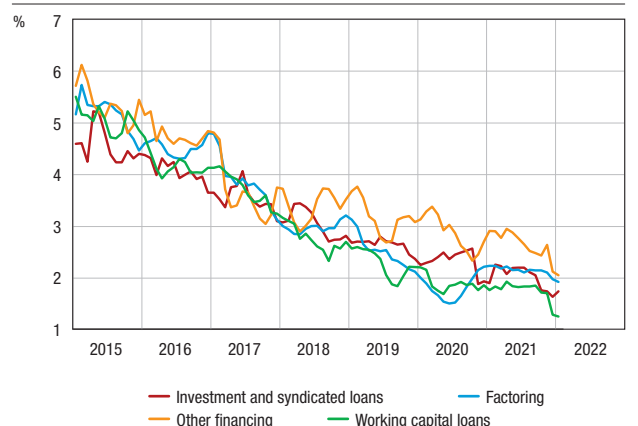
**Figure 32 Long-term financing costs**



Note: Quarterly weighted moving averages. Loans in foreign exchange also include loans in kuna with a currency clause.

Source: CNB.

**Figure 35 Interest rates on pure new corporate loans by purpose**



Note: Quarterly weighted moving averages.

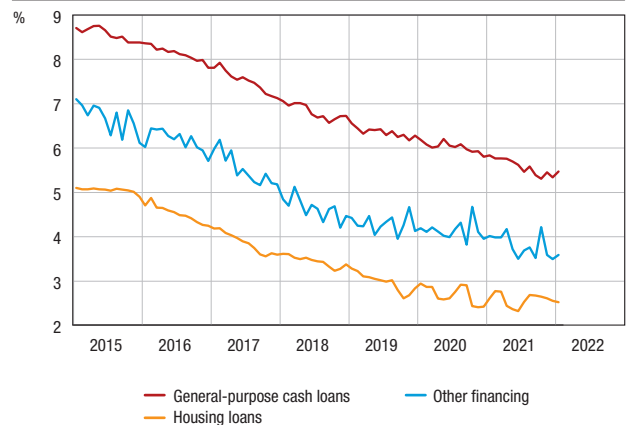
Source: CNB.

Figure 36 Interest rates on pure new loans by corporate size



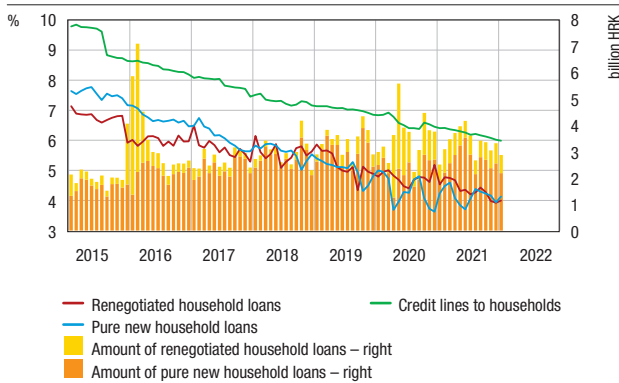
Note: Quarterly weighted moving averages.  
Source: CNB.

Figure 39 Interest rates on pure new household loans by purpose



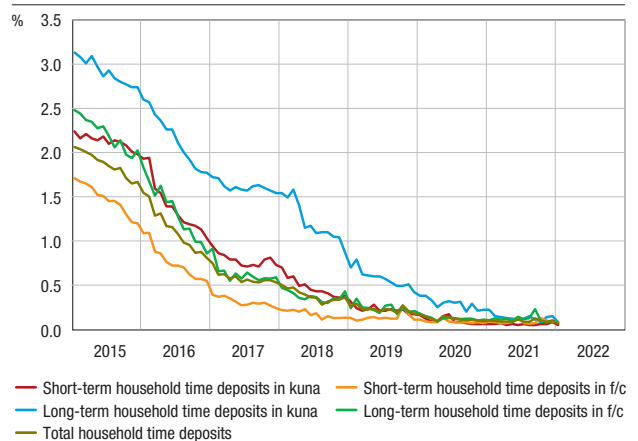
Source: CNB.

Figure 37 Interest rates and amount of household loans



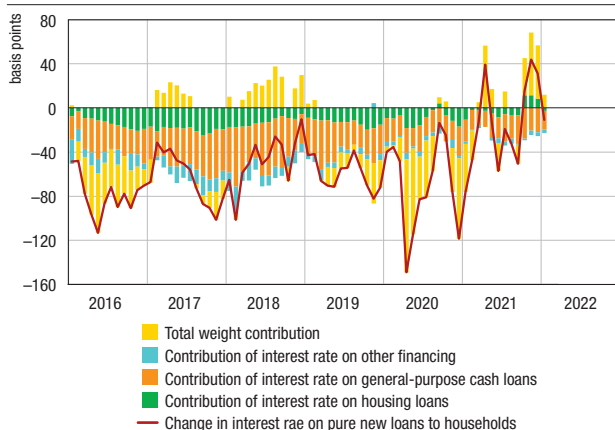
Note: Data on pure new loans are not available for credit card loans, overdrafts, revolving loans and receivables on charge cards since their new business volume (for other instruments, this includes both pure new loans and renegotiated loans) is equal to balances and thus included in the credit line category).  
Source: CNB.

Figure 40 Interest rates on household time deposits



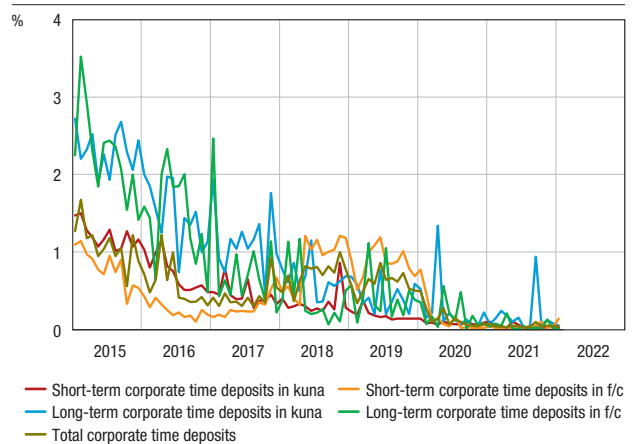
Source: CNB.

Figure 38 Contributions to the annual change in the interest rate on pure new household loans



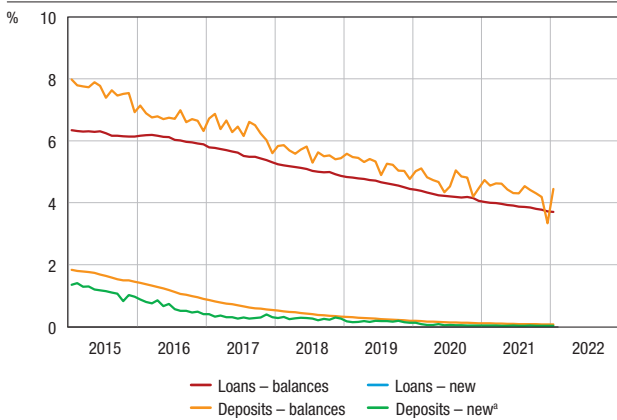
Note: Calculated by applying the Bennet index, according to which total contribution is divided into interest rate effect and weight effect.  
Source: CNB.

Figure 41 Interest rates on corporate time deposits



Source: CNB.

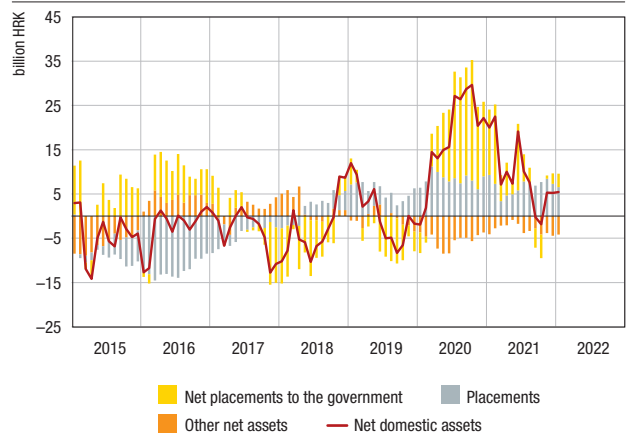
**Figure 42 Average interest rates on loans (excl. revolving loans) and deposits**



<sup>a</sup> For time deposits, interest rates on newly received deposits are weighted by their balances.

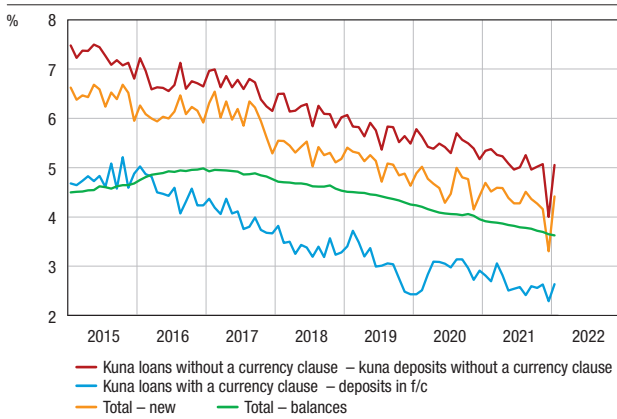
Source: CNB.

**Figure 45 Net domestic assets, structure absolute change in the last 12 months**



Source: CNB.

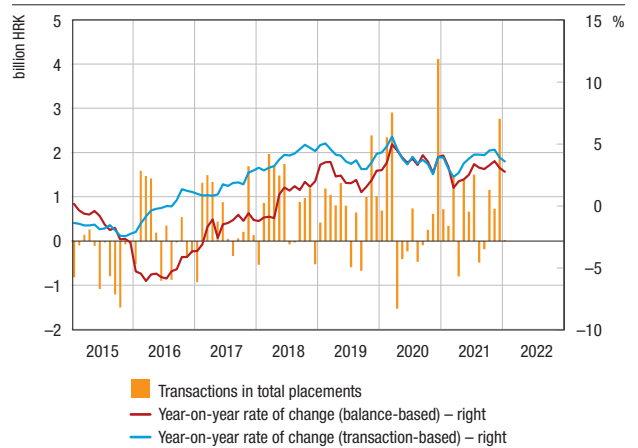
**Figure 43 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits**



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).

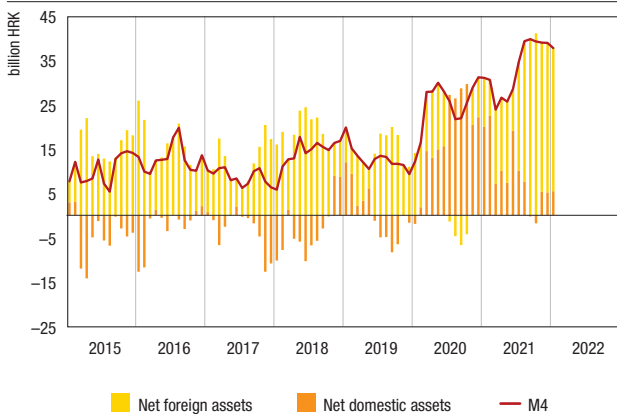
Source: CNB.

**Figure 46 Placements**



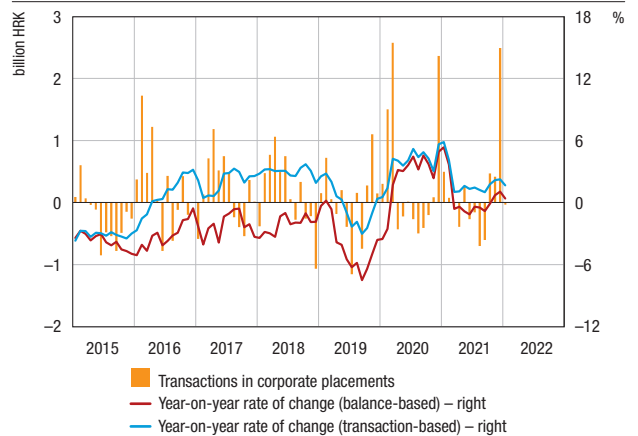
Source: CNB.

**Figure 44 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months**



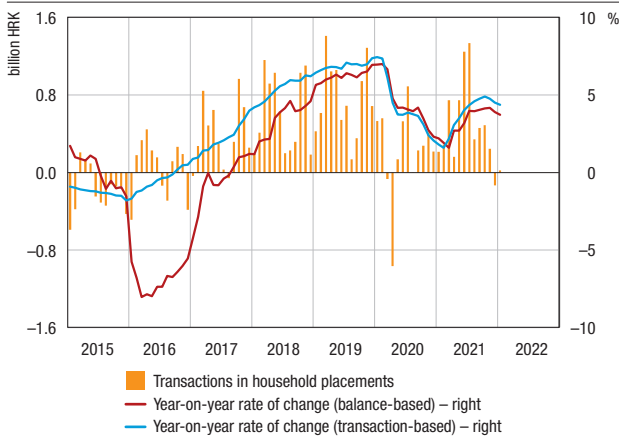
Source: CNB.

**Figure 47 Placements to corporates**



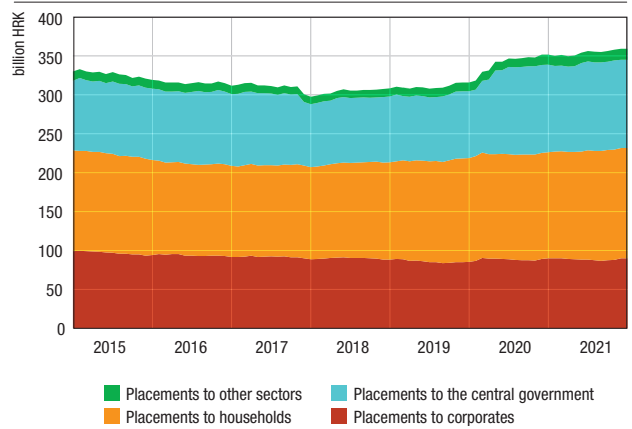
Source: CNB.

Figure 48 Placements to households



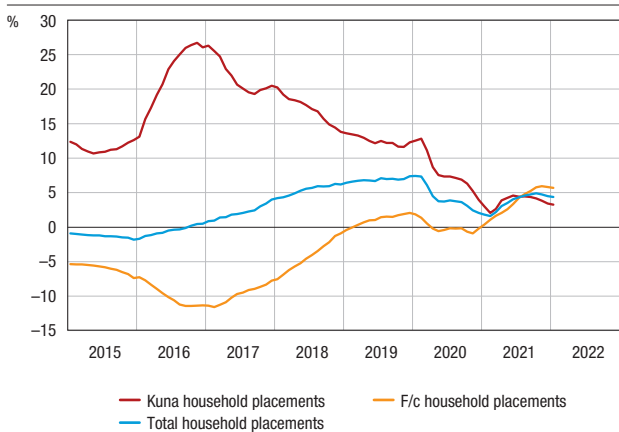
Source: CNB.

Figure 51 Structure of placements of monetary financial institutions



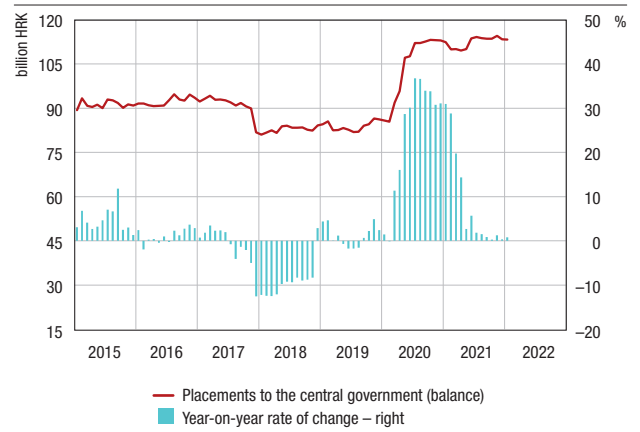
Source: CNB.

Figure 49 Annual rate of change in household placements transaction-based



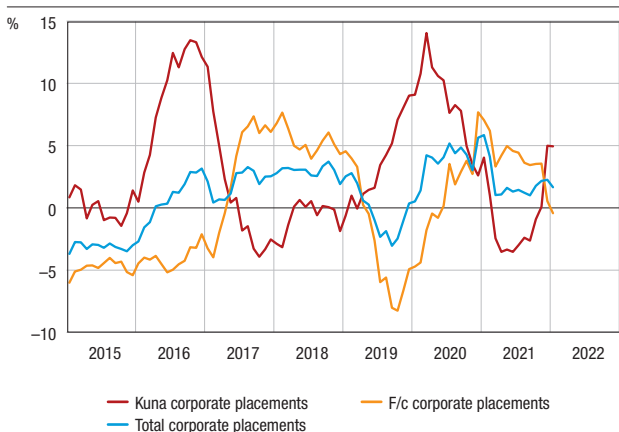
Source: CNB.

Figure 52 Placements of monetary financial institutions to the central government



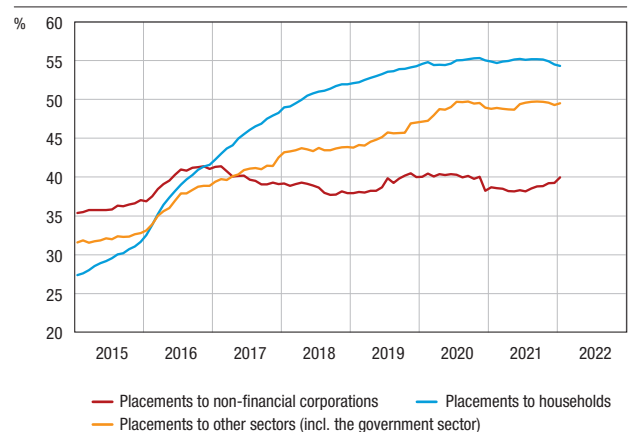
Source: CNB.

Figure 50 Annual rate of change in corporate placements transaction-based



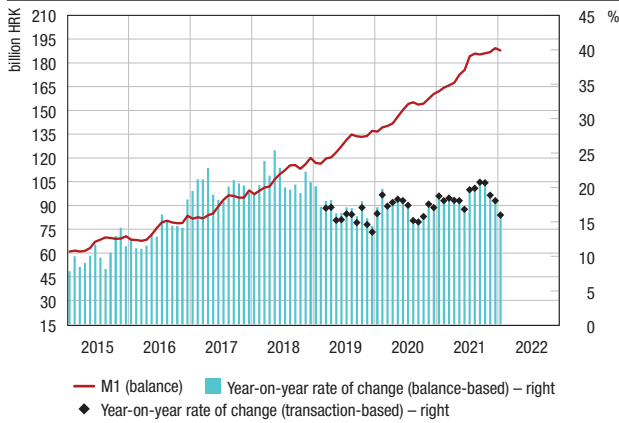
Source: CNB.

Figure 53 Share of kuna placements in total sector placements



Source: CNB.

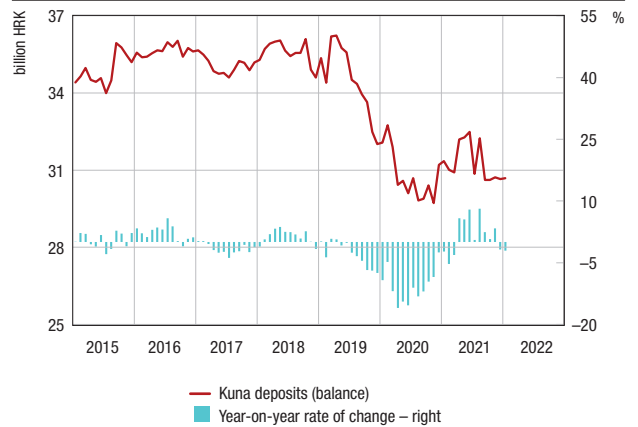
Figure 54 Money (M1)



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

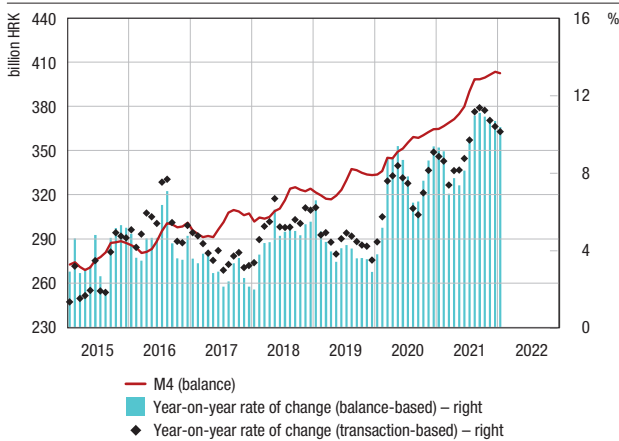
Source: CNB.

Figure 57 Kuna savings and time deposits



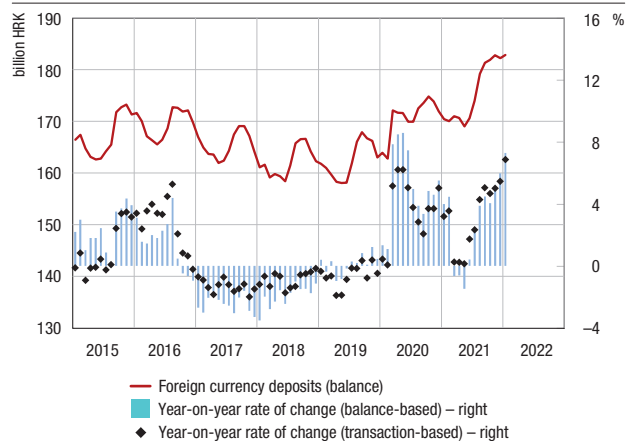
Source: CNB.

Figure 55 Total liquid assets (M4)



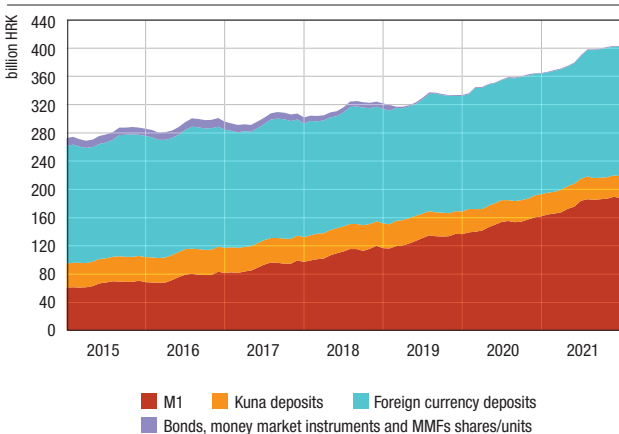
Source: CNB.

Figure 58 Foreign currency deposits



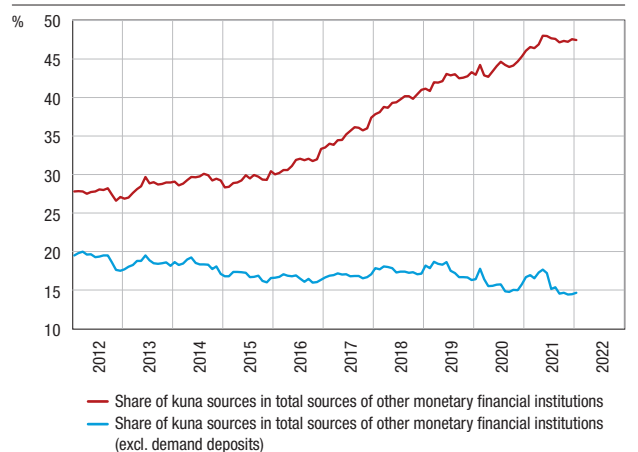
Source: CNB.

Figure 56 Structure of M4 monetary aggregate



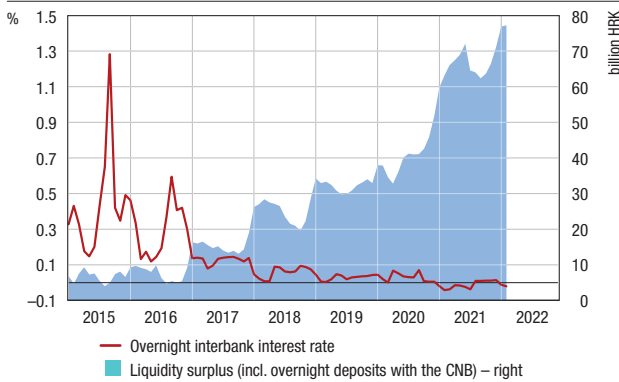
Source: CNB.

Figure 59 Share of kuna sources



Source: CNB.

**Figure 60 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.

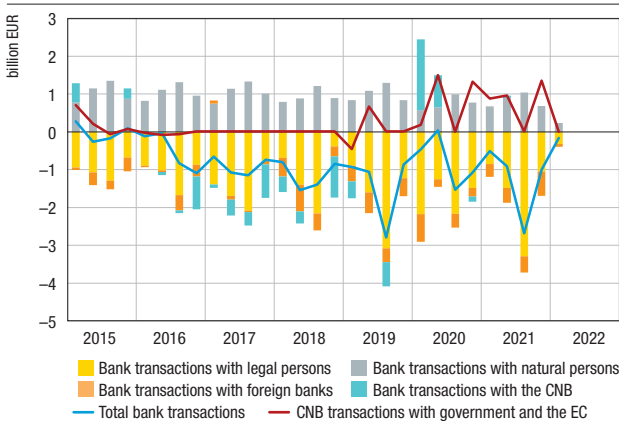
**Figure 62 International reserves of the CNB at current rate of exchange**



<sup>a</sup> NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.

Source: CNB.

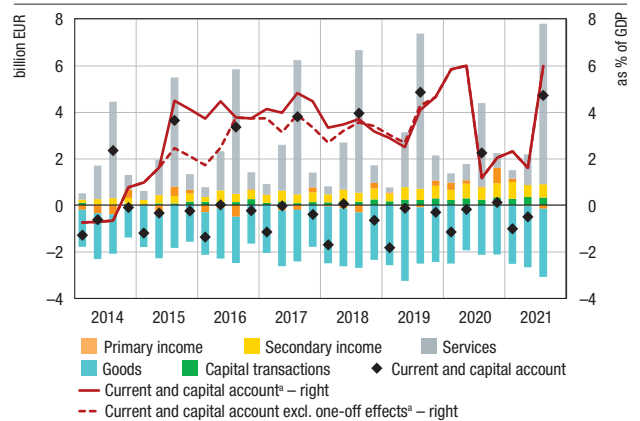
**Figure 61 Spot transactions in the foreign exchange market (net turnover)**



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2022 refer to January and February.

Source: CNB.

**Figure 63 Current and capital account flows**



<sup>a</sup> 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 and 2018.

Source: CNB.

**Table 2 Balance of payments**

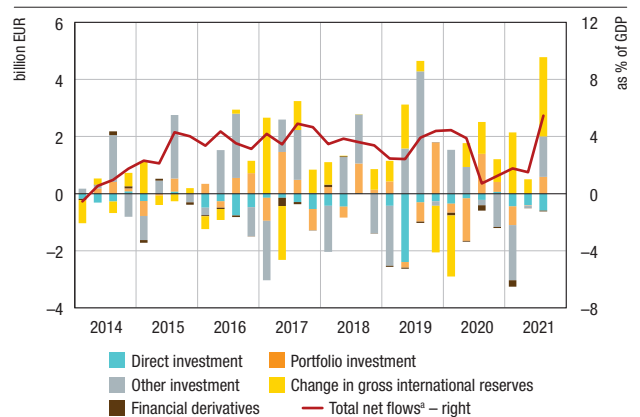
preliminary data, in million EUR

	2020	Q3/2021 <sup>a</sup>	Indices	
			2020/2019	Q3/2021 <sup>a</sup> /2020
Current account	-56.5	2,035.5	-	-
Capital account	1,074.4	1,272.1	120.8	118.4
Financial account (excl. reserves)	19.9	-3,180.3	1.4	-
International reserves	603.2	6,214.1	60.9	1,030.1
Net errors and omissions	-394.8	-273.7	294.2	69.3

<sup>a</sup> Refers to the sum of the last four quarters.

Source: CNB.

**Figure 64 Financial account flows by type of investment**



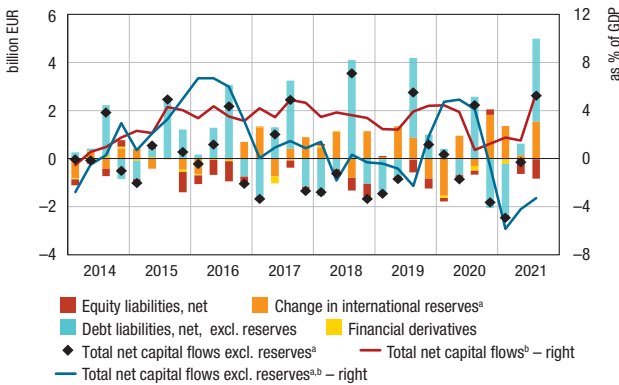
<sup>a</sup> Sum of the last four quarters.

Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).

Source: CNB.

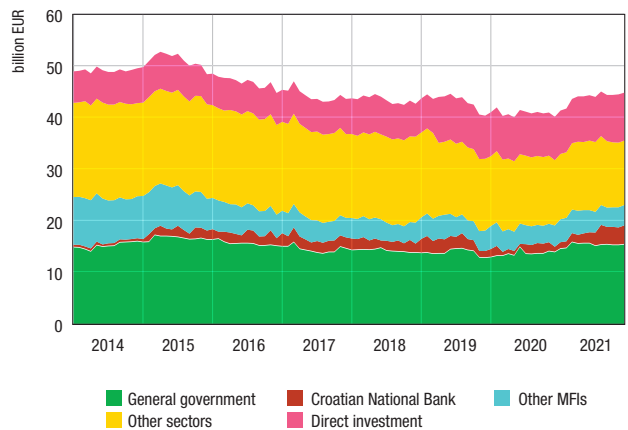


Figure 65 Financial account flows by equity to debt ratio



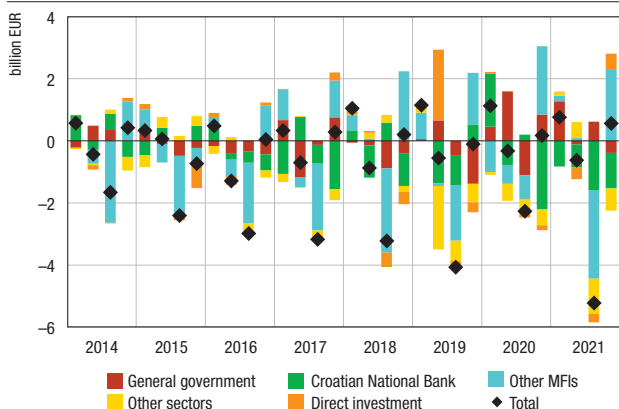
<sup>a</sup> The change in gross international reserves is reported net of foreign liabilities of the CNB.  
<sup>b</sup> Sum of the last four quarters.  
 Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in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

Figure 68 Gross external debt end of period



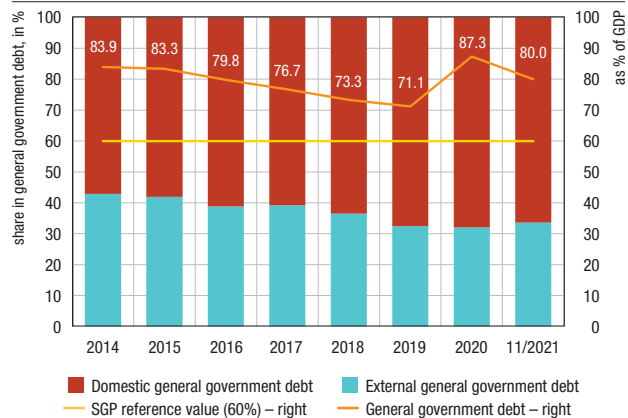
Note: Data are up to December 2021.  
 Source: CNB.

Figure 66 Net external debt transactions



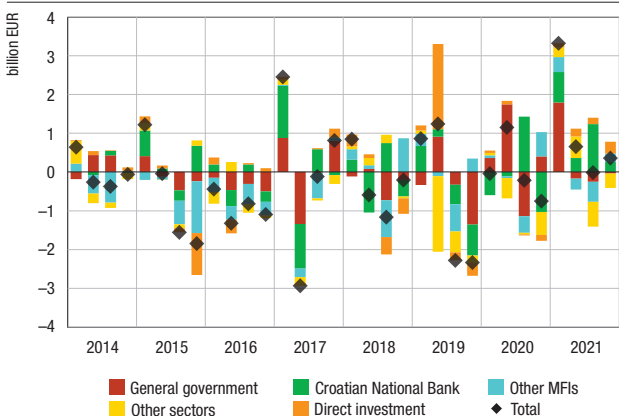
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims.  
 Source: CNB.

Figure 69 General government debt



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

Figure 67 Gross external debt transactions



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

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2020	Jan. – Sep. 2021
<b>Total revenue</b>	<b>128,753</b>	<b>148,581</b>
Direct taxes	17,752	16,426
Indirect taxes	51,498	62,969
Social contributions	33,348	36,918
Other	26,155	32,268
<b>Total expenditure</b>	<b>148,317</b>	<b>154,757</b>
Social benefits	47,549	49,897
Subsidies	11,254	8,690
Interest	5,614	5,171
Compensation of employees	37,149	39,652
Intermediate consumption	23,112	24,285
Investment	12,785	14,324
Other	10,854	12,738
<b>Net lending (+)/borrowing (-)</b>	<b>-19,563</b>	<b>-6,176</b>

Sources: Eurostat and CBS.

**Table 4 State budget**

according to the national budgetary chart of accounts methodology, in million HRK

	Jan. – Nov. 2020	Jan. – Nov. 2021
1 Revenue	119.155	138.600
2 Disposal of non-financial assets	464	355
3 Expenditure	134.238	144.464
4 Acquisition of non-financial assets	3.714	6.318
5 Net lending (+)/borrowing (-)(1+2-3-4)	-18.333	-11.827

Sources: MoF and CNB calculations.

**Table 5 General government debt**

in million HRK

	Oct. 2020	Oct. 2021
Change in total debt stock	33.382	14.132
Change in domestic debt stock	22.555	3.880
– Cash and deposits	68	13
– Securities other than shares, short-term	5.600	-1.973
– Securities other than shares, long-term	10.676	5.354
– Short-term loans	2.098	-283
– Long-term loans	6.476	674
Change in external debt stock	10.828	10.252
– Cash and deposits	0	0
– Securities other than shares, short-term	114	1.366
– Securities other than shares, long-term	9.171	4.225
– Short-term loans	0	-179
– Long-term loans	1.543	4.839
Memo item:		
Change in total guarantees issued	1.814	1.827

Note: Change in the domestic debt of general government = (change in individual categories – consolidation elements).

Source: CNB.