



---

# Information on economic trends

April 2019



## Summary

Monthly economic indicators suggest a growth in real GDP in early 2019, following a temporary stagnation at the end of last year. The annual consumer price inflation rate accelerated from 0.2% in January to 0.5% in February, the largest contribution to the rise coming from energy prices. The CNB continued to pursue an expansionary monetary policy, maintaining very high levels of liquidity in the domestic financial market. The annual growth of placements to corporates and households accelerated slightly. In the last quarter of 2018, the current and capital account balance deteriorated and external debt of domestic sectors increased. Favourable fiscal developments in 2018 were partially subdued at the end of the year by payments for guarantees issued to shipyards. However, it seems that at the annual level we could again see a budget surplus.

The GDP nowcasting model shows that economic activity in the first quarter of 2019 has grown following stagnation at the end of 2018 (Figure 1). Despite the fall in industrial production in February this year in relation to January, in the first two months of this year it increased by 6.0% from the previous quarter's average (Figure 3). The said increase reflects the growth in all MIG components, except energy, with the greatest positive contribution coming from the production of intermediate goods (Figure 4). In addition, the growth in retail trade turnover intensified in January and February, growing by 2.8% from the previous quarter (Figure 7). Construction works on buildings and civil engineering works increased significantly in January, so after a slight decline at the end of the previous year, total construction activity grew at a staggering 12.0% on a quarterly level. (Figures 5 and 6).

Consumer confidence index stood at its highest level since measurements were started.<sup>1</sup> In the first quarter, the index increased slightly from the previous quarter, primarily owing to improved expectations regarding the financial situations of households in 12 months' time as compared with the current situation, while a slight improvement was also registered as regard spending on durable consumer goods in the following 12 months in relation to the previous 12 months. Business entities' expectations increased in the first quarter from the previous three months in all activities, so business optimism continued to hold steady at relatively high levels. The most significant improvement in expectations was registered in trade, almost repeating the record level achieved in the first half of 2018 (Figure 8).

Favourable developments in the labour market continued in the first two months of 2019, at a weaker intensity than in the last quarter of 2018, however. The overall number of employed persons rose 0.5% in January and February from the average in previous months. The growth was widespread across NCA activities and the strongest contribution to this growth came from employment in the construction sector and other service activities (Figure 14). At the same time, unemployment continued to decrease, largely as a result of clearings from the records for reasons other than employment (non-compliance with legal provisions, registration cancellation and failure to report regularly) and not due to new employment from the CES register. Consequently, the registered unemployment rate dropped to 8.5% in January and February from the 8.9% in the last three months of 2018 (Figure 15). Wage growth accelerated in January and February 2019, following stagnation at the end of the past year, so

nominal gross wages increased by 1.3% from the previous quarter. Private sector wages grew (1.4%) at a faster rate than public sector wages (1.2%, Figure 16).

Consumer prices were up by 0.2% in February from the previous months, primarily because of the increase in the prices of energy (refined petroleum products, solid fuels and gas) and vegetables. Crude oil prices in the global market continued to trend upwards. The price per barrel of Brent crude oil increased from USD 61 at the end of January to USD 66 at the end of February, which is to be primarily attributed to the decline in the supply of this energy product in the global market. The monthly growth of prices was partly offset by the seasonal fall in prices of clothing and footwear and a decrease in those of air transport. In addition, the prices of certain food products (meat, milk, cheese and eggs) decreased in February, which can partly be attributed to the deferred effect of the cut in the VAT rate from 25% to 13%. The annual consumer price growth rate accelerated from 0.2% in January to 0.5% in February, the largest contribution to the rise coming from energy prices. The contribution of energy to annual inflation thus increased from -0.1 percentage points in January to 0.3 percentage points in February, mostly due to the contribution of solid fuels, while the contribution of refined petroleum products to inflation was slightly negative. The core inflation rate was 0.6% in February, the same as in January.

The current and capital account of the balance of payments ran a deficit of EUR 0.6bn in the last quarter of 2018, having widened by EUR 0.1bn from the same period of the previous year (Figure 57). This unfavourable outturn was a consequence of the substantial increase in the foreign trade deficit since the annual growth in imports was much faster than the growth in exports (11.2% vs 1.8%). In contrast, the surplus in the account of services noticeably increased, largely owing to travel services, research and development services and computer services. The secondary income and capital account surplus increased significantly as a result of greater payments from EU funds to end users. Improvement in the business results of domestic enterprises and foreign-owned banks was offset by the growth in the profit of foreign enterprises in resident ownership, reduction in interest expenses on external debt and an increase in revenues from the compensation of persons temporarily employed abroad so the balance in the primary income account remained slightly positive and almost unchanged from the same period of the previous year. As shown by the results for the whole of 2018, the surplus in the current and capital account totalled 4.0% of GDP, reduced from the previous year exclusively due to the

<sup>1</sup> In accordance with the decision of the European Commission the methodology for calculating the Consumer Confidence Index was changed. In accordance with the new methodology the Index includes four questions: 1) Assessment of the financial situation in the household 12 months ago compared with the current situation, 2) Expectations of the financial situation in the household in 12 months' time as compared with the current situation, 3) Expectations of the overall economic situation in Croatia in 12 months' time as compared with the current situation, 4) Expectations as regard the spending on durable consumer goods in the following 12 months in relation to the previous 12 months. The old methodology included the following questions: 1) Expectations of the financial situation in the household in 12 months' time as compared with the current situation 2) Expectations of the overall economic situation in Croatia in 12 months compared with the current situation, 3) Expectations of the number of unemployed in 12 months' time, 4) Likelihood of an increase in savings in the forthcoming 12 months. The change in the questions included in the survey does not significantly affect the value and the dynamics of the index but it makes its interpretation easier.

negative impact of the costs of value impairments of claims on the Agrokor Group on current year profit in 2017, which thus caused lower expenses in the primary income account.

In March, the nominal exchange rate of the kuna against the euro moved within a very narrow range of  $\pm 0.1\%$  around the average exchange rate of EUR/HRK 7.42 (Figure 21). At the end of the month, the nominal exchange rate stood at 7.43 EUR/HRK, the same as at the end of the previous month and almost the same as at the end of March last year. The nominal effective kuna exchange rate index at the end of March was close to its end-February level.

Short-term interest rates on the European money market remained in negative territory in March. The overnight interbank interest rate for the euro area, EONIA, ended March at  $-0.36\%$ , while the six-month EURIBOR dropped to  $-0.23\%$  (Figure 24). Risk premiums for European emerging market economies remained relatively stable during the same period (Figure 25). The same goes for the risk premium for Croatia, which totalled 93 basis points at the end of March 2019, which is, excluding Romania, slightly higher than in comparable CEE countries.

The liquidity of the domestic banking system, fuelled by the expansionary monetary policy of the CNB, remained at exceptionally high levels. The average surplus kuna liquidity inched up in March to HRK 33.3 bn, which is only slightly less than the highest level of kuna liquidity in January thus far. Amid such conditions, no turnover has been recorded on the domestic interbank overnight market since July 2018 (Figure 54). The interest rate on MoF one-year kuna T-bills has remained unchanged since February 2018, standing at  $0.09\%$  in March (Figure 28).

Bank interest rates on newly-granted loans to non-financial corporations and households mostly declined in February (Figures 28 and 29). Favourable developments in interest rates on original new corporate loans were the greatest contributor to the reduction in interest rates (Figure 31). Interest rates on original new housing and consumer loans to households (Figures 32 and 33) decreased as well, with the costs of kuna housing loans for the first time being lower than the costs of foreign currency housing loans. The interest rates on total time deposits went down to their all-time low in February as a result of the decrease in interest rates on corporate time deposits (Figure 35), while the interest rate on household time deposits slightly increased due to the extension of maturity of new deposits (Figure 34). The spread between interest rates on total new loans and deposits decreased in February, while the gap between interest rate spreads on loans and deposits remained almost unchanged (Figure 37).

Monetary developments in February 2019 were marked by a fall in net domestic assets (NDA) of the monetary system caused by the growth in general government deposits and to a lesser extent by the reduction in net foreign assets (NFA) of the monetary system. As a result of such developments, total liquid assets (M4) fell by HRK 1.9bn or  $0.6\%$  in February. Observed on an annual level, the growth in total liquid assets (M4) slowed down significantly in February, to  $4.8\%$ , excluding the effects of exchange rate changes (Figure 49). In the structure of M4, the annual growth in money (M1) slowed down to  $17.1\%$  (Figure 48), while the annual fall in quasi-money accelerated, totalling  $1.2\%$  at the end of February (excluding the effects of exchange rate changes).

Total placements of monetary institutions to domestic sectors (excluding the government) increased by HRK 1.2bn in

February (transaction-based), their annual growth rate reaching  $5.0\%$  (Figure 40). Non-financial corporate loans granted increased  $2.8\%$  in February from the same month a year ago (Figure 41), while household loans increased  $6.6\%$  (Figure 42). The stronger growth of placements to households was aided by the accelerated annual growth of general-purpose cash loans ( $12.9\%$ ), while housing loans slowed down to  $3.7\%$  at an annual level. In terms of currency structure, the share of kuna placements in total household placements continued to grow, reaching  $52.2\%$  at the end of February (Figure 47). Again in February, the sale of non-performing placements affected the annual growth in the nominal stock of placements ( $3.5\%$ ), which continued to be significantly slower than the transaction-based growth.

At the end of March, gross international reserves stood at EUR 18.4bn, decreasing by EUR 0.6bn or  $3.0\%$  from the previous month, which was aided by the lower level of agreed repo transactions (Figure 56). Gross reserves rose by EUR 0.9bn or  $5.3\%$  from the end of the previous year. Net usable reserves grew only slightly from the end of the previous year ending March at EUR 16.0bn.

The net foreign financial liabilities of domestic sectors increased by EUR 2.0bn in the last quarter of 2018 (excluding the change in gross international reserves and CNB liabilities). Net debt liabilities rose by EUR 1.5bn and net foreign equity investment by EUR 0.5bn (Figure 59). The growth in net debt liabilities is a result of the deterioration in the net foreign position of banks of EUR 2.2bn. The central bank purchased a half of that amount from banks, which increased international reserves (Figure 60). On the other hand, net debt liabilities of other domestic sectors fell considerably due to the noticeable decline in debt to affiliated creditors abroad, which was partly a result of sizeable debt-to-equity transactions. Foreign direct equity investment in Croatia remained relatively modest and, excluding the mentioned increase in the inflow of equity investments from abroad based on the transformation of debt into equity, mostly took place in real estate activities. According to available data for January 2019, the increase in net external debt continued at the beginning of the year.

Thanks to the favourable effect of the economic cycle on tax revenues and the parallel controlled growth of most expenditure categories, it seems that a general government surplus may be expected again in 2018. However, the budget surplus might come out lower than in 2017, partly under the influence of the year in which payments were made under government guarantees issued to certain shipyards. In accordance with EU statistical methodology (ESA 2010), these payments include general government expenses, unlike the national statistical methodology.

The favourable budget outturn, in addition to economic growth and the strengthening of the exchange rate of the kuna against the euro, led to a reduction in the general government debt-to-GDP ratio from  $77.5\%$  at the end of 2017 to  $74.1\%$  in December 2018. It is noteworthy that public debt data has been revised within the framework of the continued adjustment of sector classification of institutional units with ESA 2010 methodology. The revision included a relatively large number of sector reclassifications, with tourist boards and development agencies accounting for a dominant share. This increased the public debt level in 2018 to nearly HRK 1.0bn.<sup>2</sup>

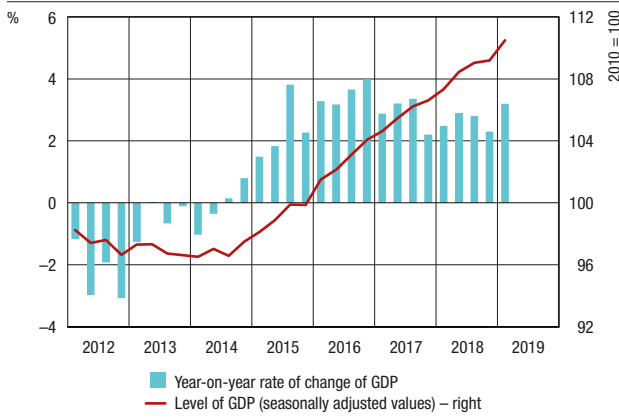
Since fiscal and economic indicators had improved, one of the rating agencies upgraded Croatia's credit rating to

2 The consequence of this revision is a different scope of data in the government finance statistics relative to other macroeconomic statistics, which will be harmonised at a later date (not known at the moment).

investment grade. According to the MoF data<sup>3</sup>, the central government budget deficit was wider in January and February 2019

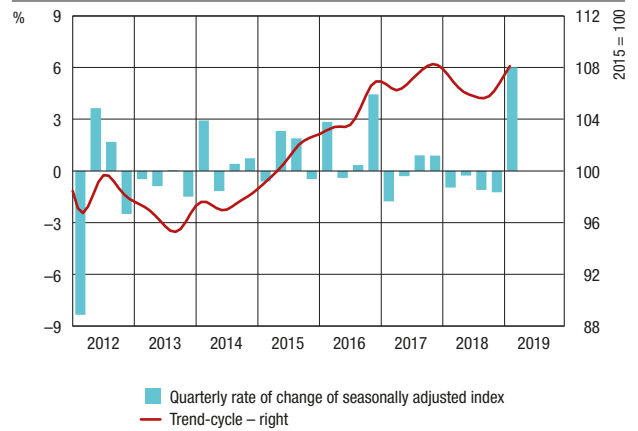
than in the same period last year, reflecting a growth in expenditures faster than that in revenues.

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



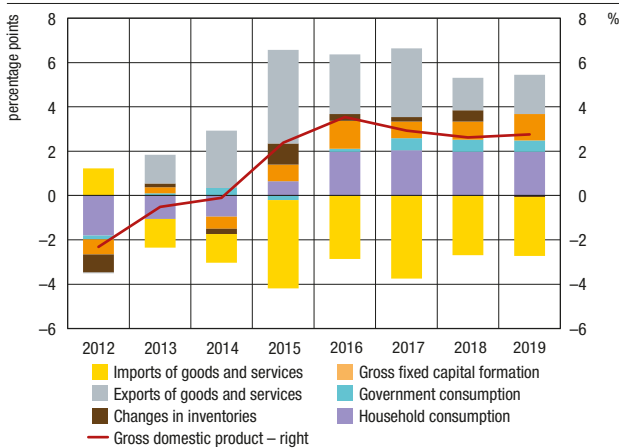
Note: Data for the first quarter of 2019 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 29 March 2019.  
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

**Figure 3 Industrial production**



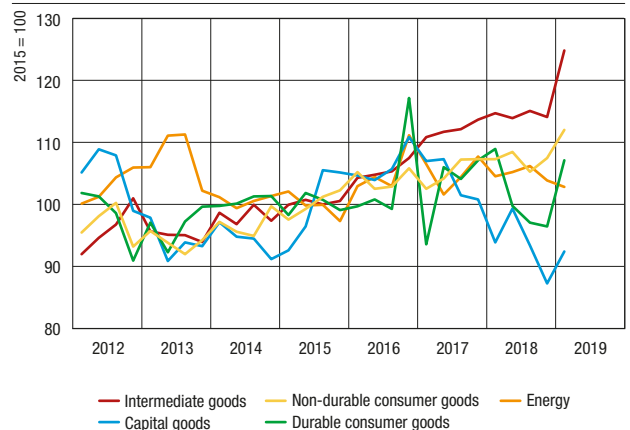
Note: Data for the first quarter of 2019 refers to January and February.  
Source: CBS data seasonally adjusted by the CNB.

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



Note: The projection for 2019 refers to the official projection of the CNB from December 2018.  
Source: CBS.

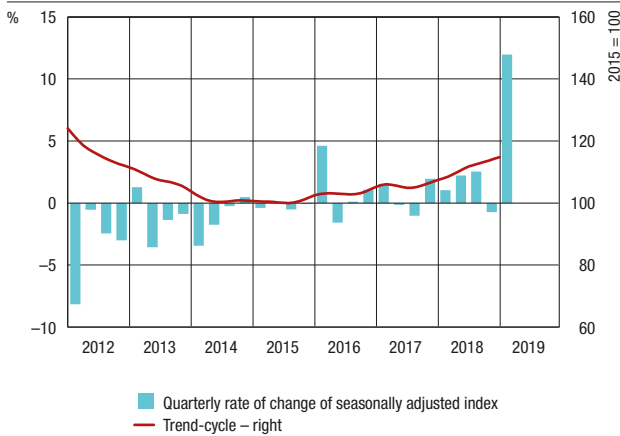
**Figure 4 Industrial production by main industrial groupings seasonally adjusted indices**



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

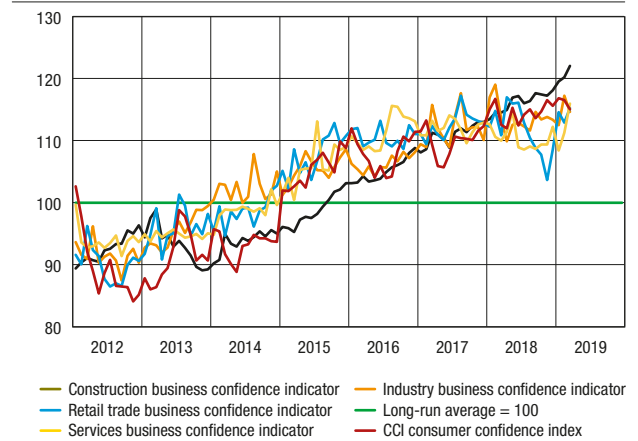
<sup>3</sup> Monthly data for central government, state government and social security sub-sectors which, pursuant to Council Directive 2011/85/EU, have to be published before the end of the following calendar month. The published data refer to general government units according to the scope of the ESA 2010 statistical methodology, except for data for the local government, which are published on a quarterly basis.

**Figure 5 Total volume of construction works**



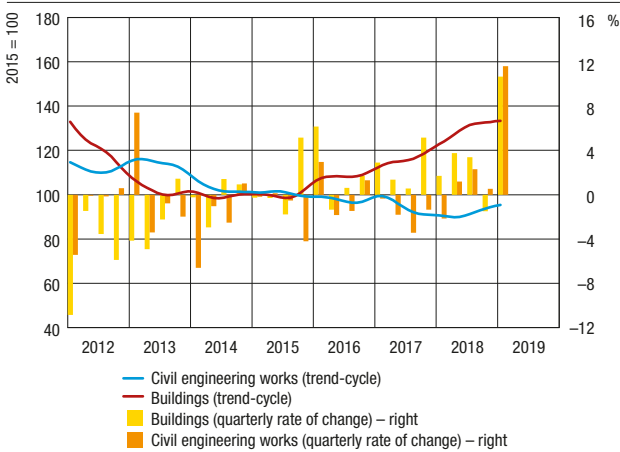
Note: Data for the first quarter of 2019 refers to January.  
Source: CBS data seasonally adjusted by the CNB.

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



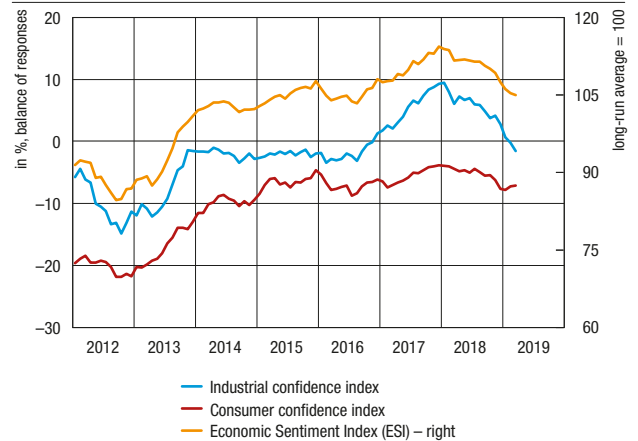
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



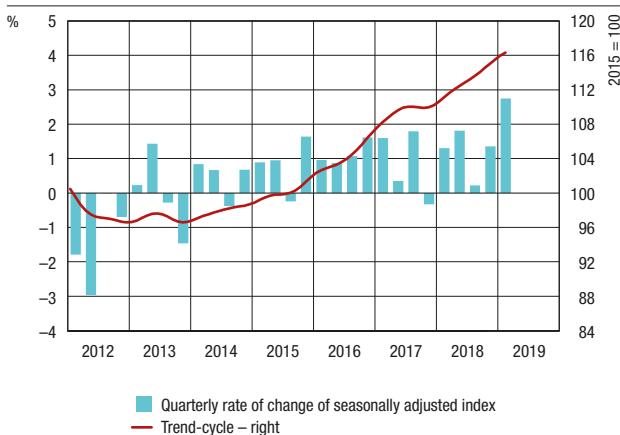
Note: Data for the first quarter of 2019 refers to January.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 9 EU confidence indices**  
seasonally adjusted series



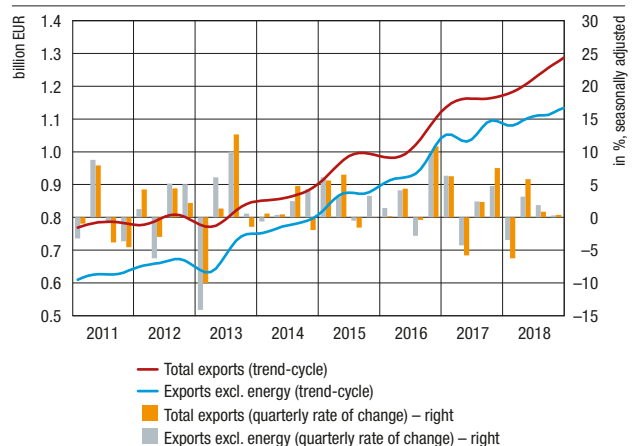
Note: Data are up to March 2019.  
Source: Eurostat.

**Figure 7 Real retail trade turnover**



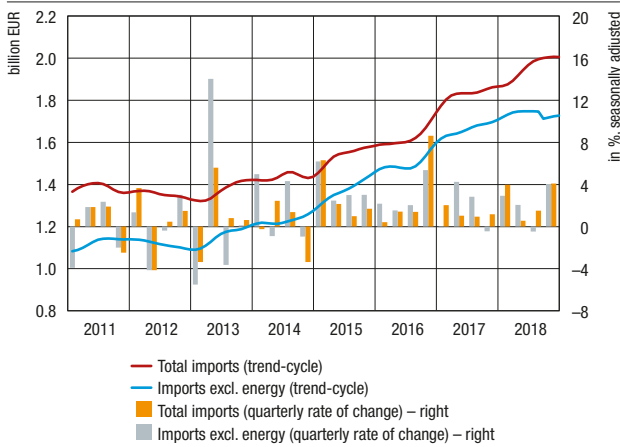
Note: Data for the first quarter of 2019 refers to January and February.  
Source: CBS data seasonally adjusted by the CNB.

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



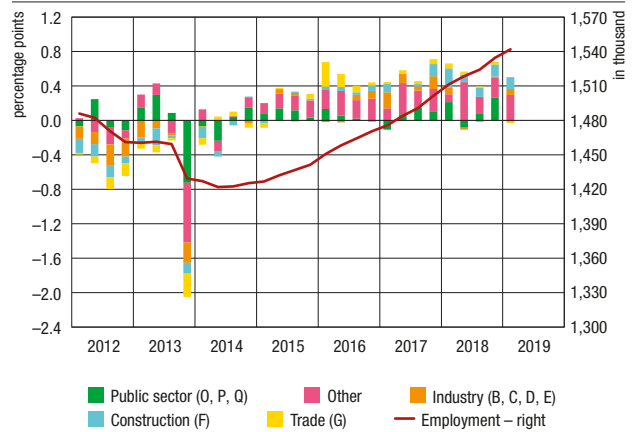
Source: CBS data seasonally adjusted by the CNB.

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



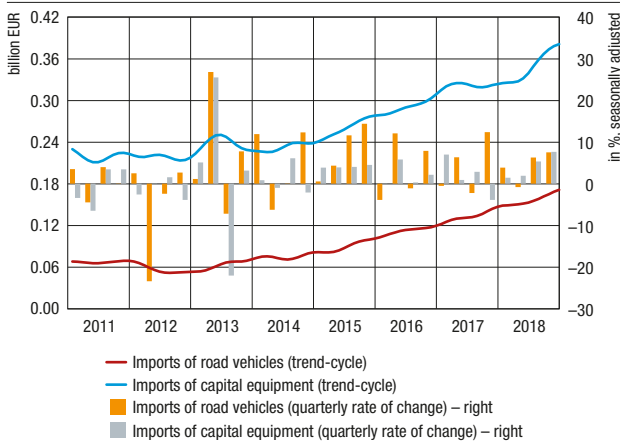
Source: CBS data seasonally adjusted by the CNB.

Figure 14 Employment by NCA activities seasonally adjusted data, contributions to the quarterly rate of change



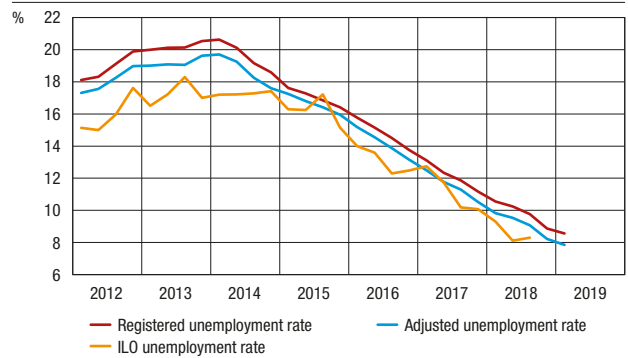
Note: Data for the first quarter of 2019 refer to January and February. Source: CPII data seasonally adjusted by the CNB.

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



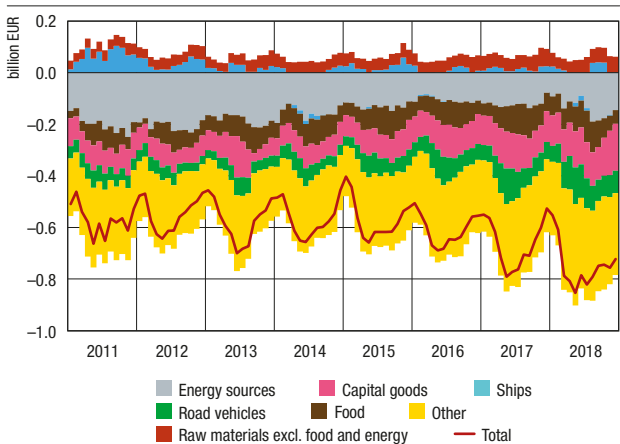
Note: Imports of capital equipment (SITC divisions 71 - 77). Source: CBS data seasonally adjusted by the CNB.

Figure 15 Unemployment rates seasonally adjusted data



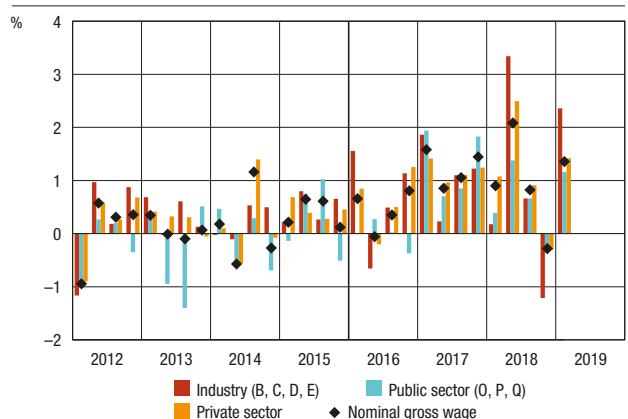
Notes: Since January 2015, the calculation of the registered unemployed persons has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII). Data for the first quarter of 2019 refer to January and February. Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 13 Trade in goods balance



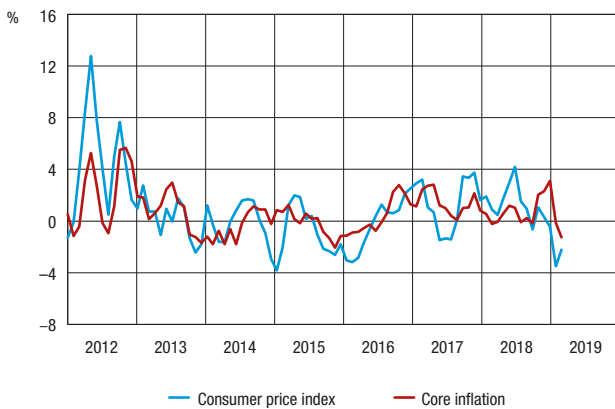
Note: Series are shown as three-member moving averages of monthly data. Source: CBS.

Figure 16 Average nominal gross wage by NCA activities seasonally adjusted data, quarterly rate of change



Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the first quarter of 2019 refer to January and February. Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

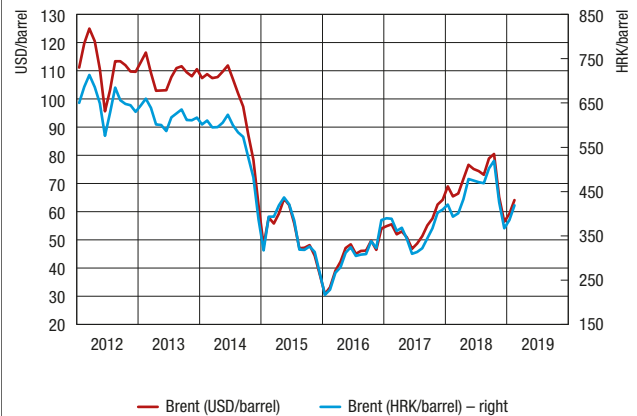
**Figure 17 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



<sup>a</sup> The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.

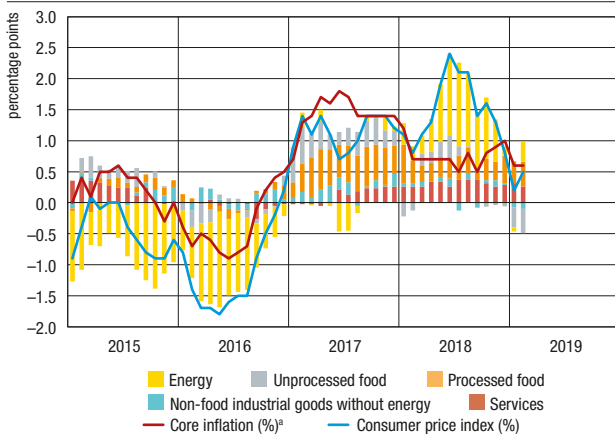
Sources: CBS and CNB calculations.

**Figure 19 Crude oil prices (Brent)**



Sources: Bloomberg and CNB calculations.

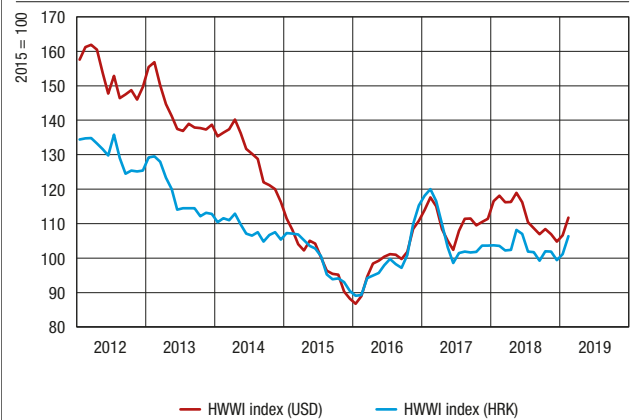
**Figure 18 Year-on-year inflation rate and contributions of components to consumer price inflation**



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

Sources: CBS and CNB calculations.

**Figure 20 HWWI index (excl. energy)**



Sources: HWWI and CNB calculations.

**Table 1 Price indicators**

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

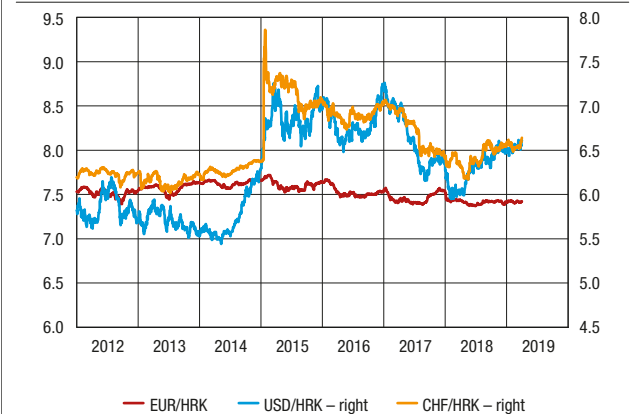
	Year-on-year rates		Month-on-month rates	
	1/2019	2/2019	2/2018	2/2019
<b>Consumer price index and its components</b>				
Total index	0.2	0.5	-0.1	0.2
Energy	-0.4	1.9	-0.5	1.7
Unprocessed food	-3.5	-4.2	1.6	0.9
Processed food	1.5	1.7	-0.5	-0.3
Non-food industrial goods without energy	-0.3	-0.4	-0.1	-0.2
Services	1.2	1.0	0.0	-0.2
<b>Other price indicators</b>				
Core inflation	0.6	0.6	-0.2	-0.2
Index of industrial producer prices on the domestic market	0.5	1.6	-0.5	0.5
Brent crude oil price (USD)	-14.1	-2.0	-5.2	8.2
HWWI index (excl. energy, USD)	-8.5	-5.4	1.4	4.8

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

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

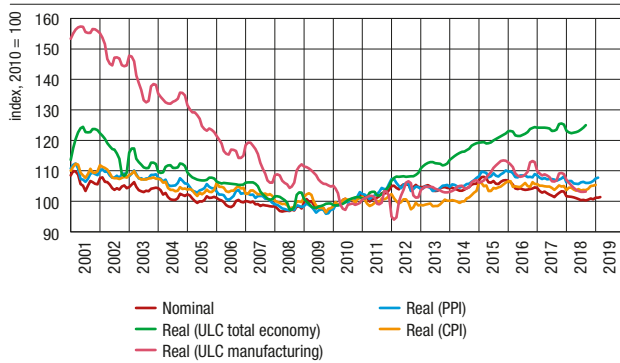
CNB midpoint exchange rate



Source: CNB.



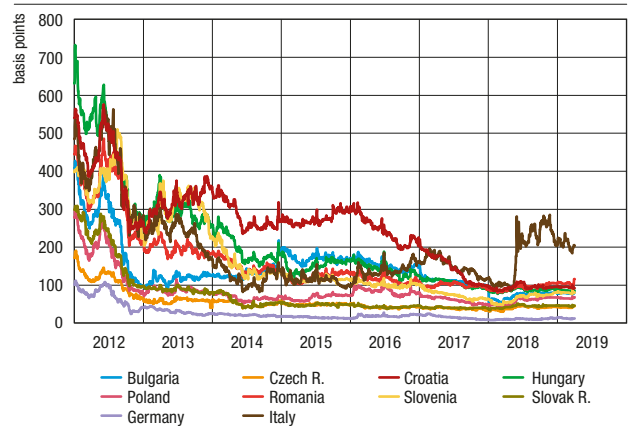
**Figure 22 Nominal and real effective exchange rates of the kuna**



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

Source: CNB.

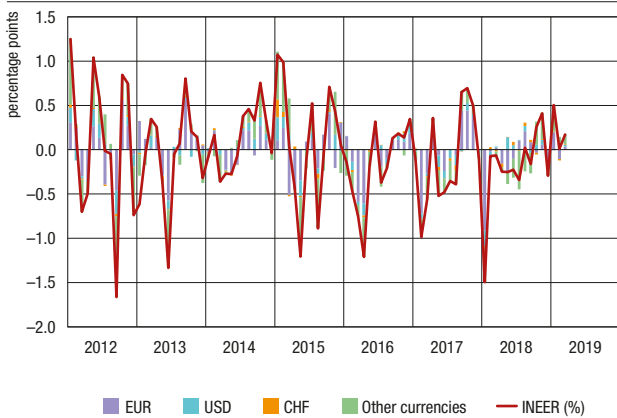
**Figure 25 CDS spreads for 5-year government bonds of selected countries**



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

Source: S&P Capital IQ.

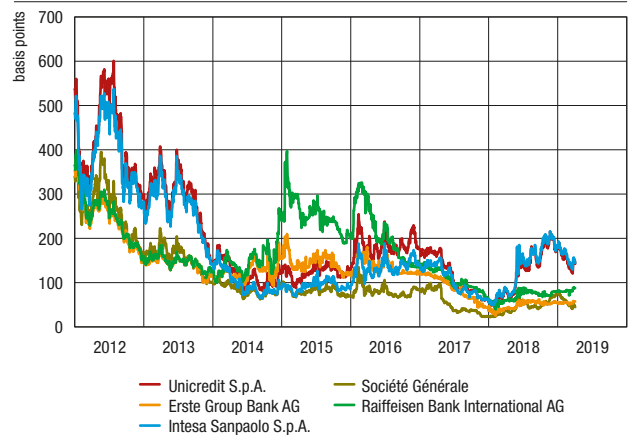
**Figure 23 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)**



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

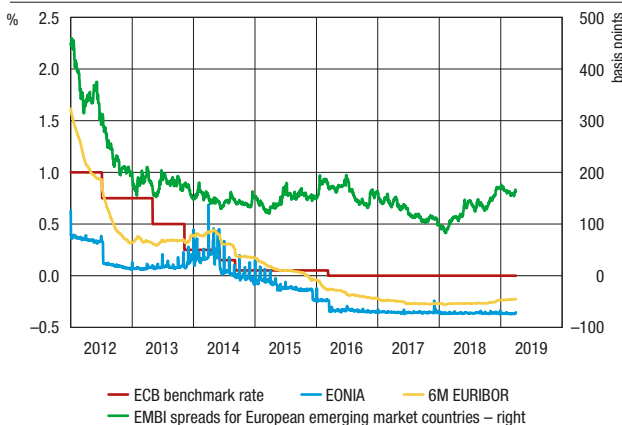
Source: CNB.

**Figure 26 CDS spreads for selected parent banks of domestic banks**



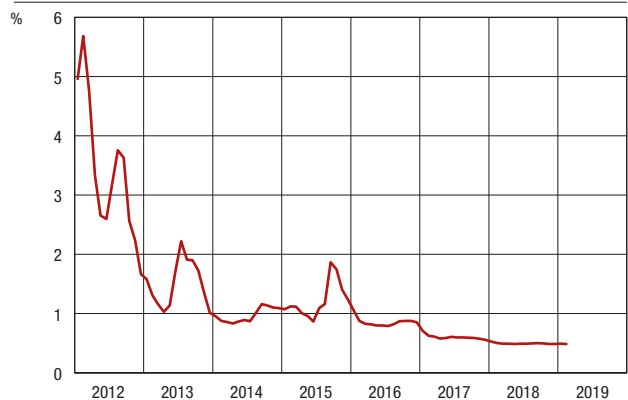
Source: S&P Capital IQ.

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



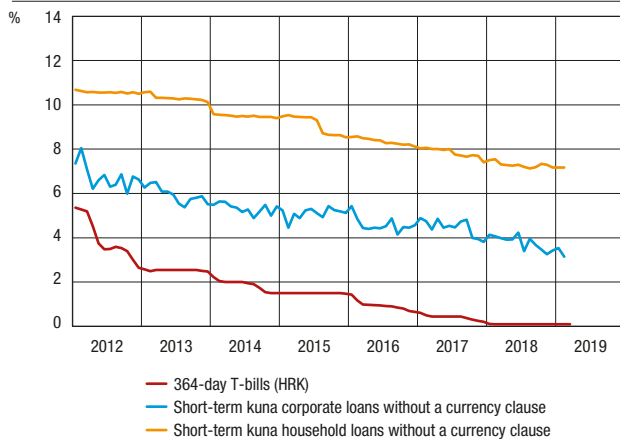
Sources: ECB, Bloomberg and J. P. Morgan.

**Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR) monthly averages of simple daily averages of bank quotations**



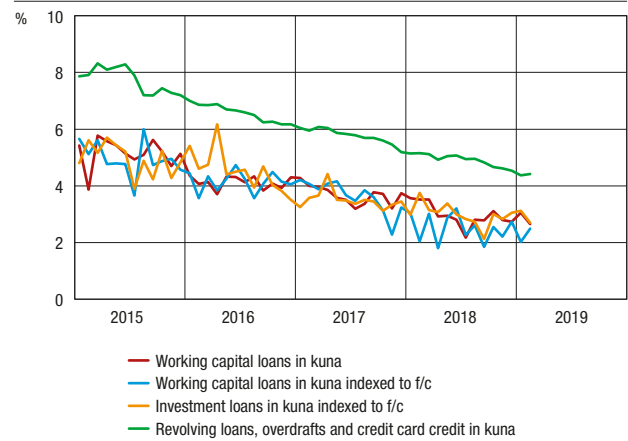
Source: CNB.

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



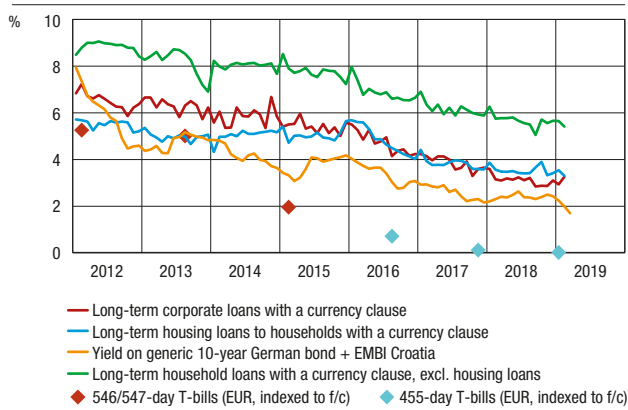
Sources: MoF and CNB.

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



Source: CNB.

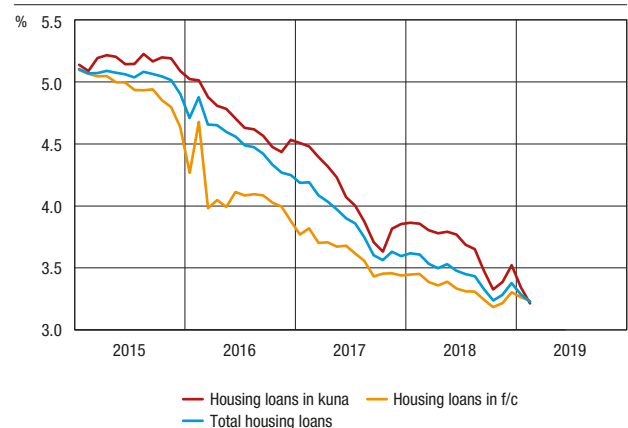
**Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency**



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

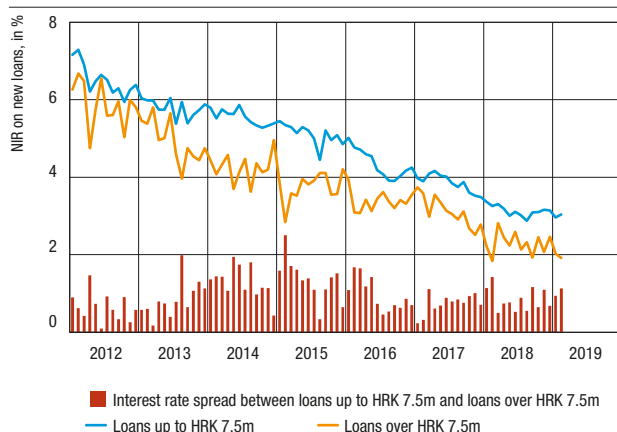
Sources: MoF, Bloomberg and CNB.

**Figure 32 Interest rates on original new housing loans to households**



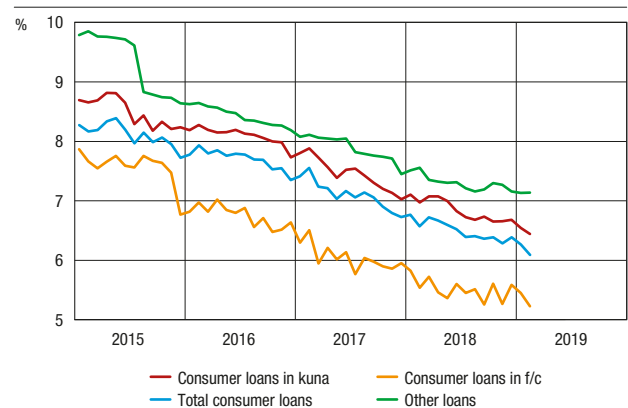
Source: CNB.

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



Source: CNB.

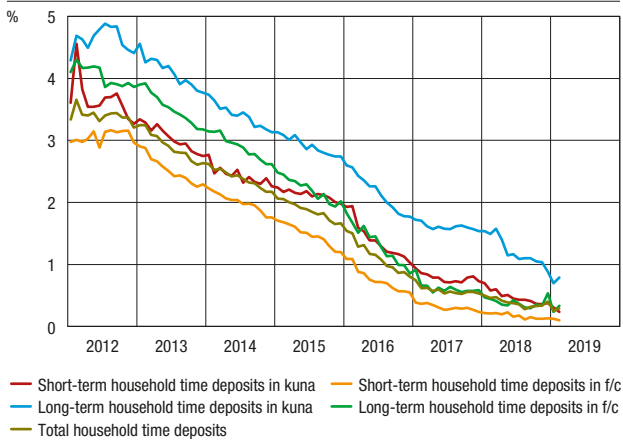
**Figure 33 Interest rates on original new consumer and other loans to households**



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

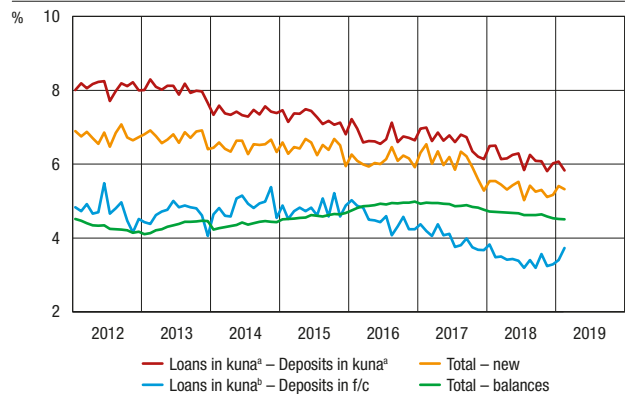
Source: CNB.

**Figure 34 Interest rates on household time deposits**



Source: CNB.

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

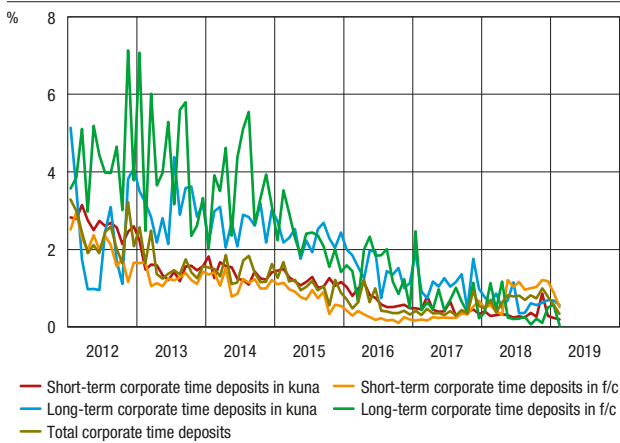


<sup>a</sup> Non-indexed to f/c. <sup>b</sup> Indexed to f/c.

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

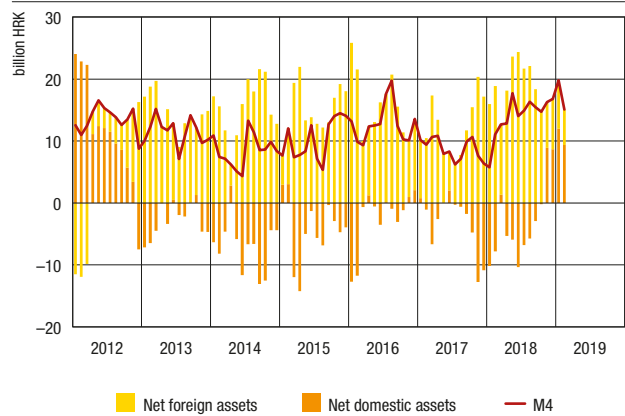
Source: CNB.

**Figure 35 Interest rates on corporate time deposits**



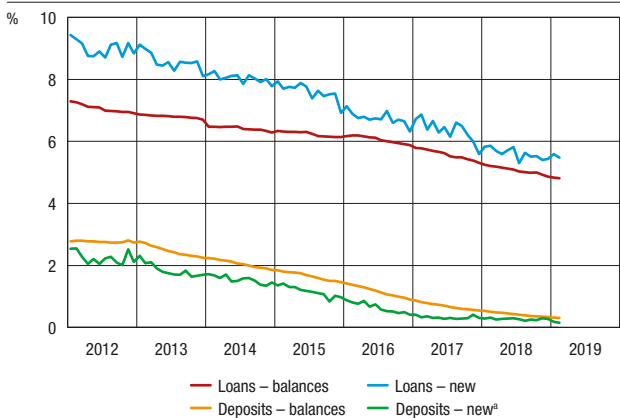
Source: CNB.

**Figure 38 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months**



Source: CNB.

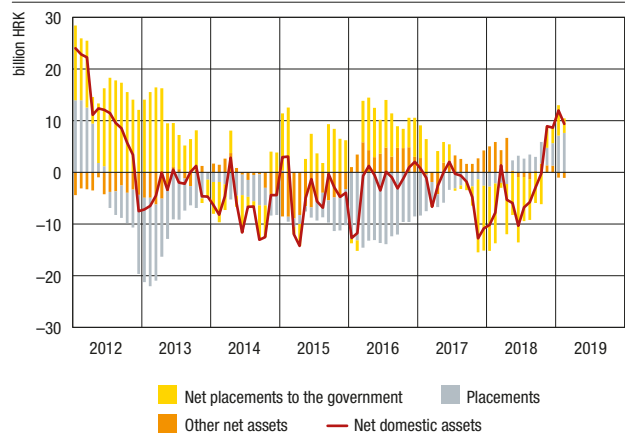
**Figure 36 Average interest rates on loans (excl. revolving loans) and deposits**



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

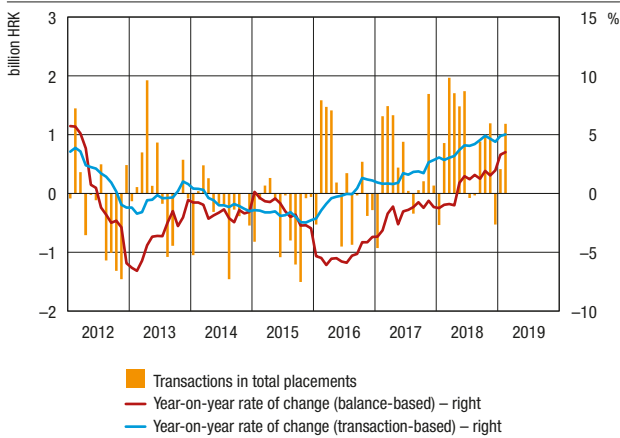
Source: CNB.

**Figure 39 Net domestic assets, structure absolute change in the last 12 months**



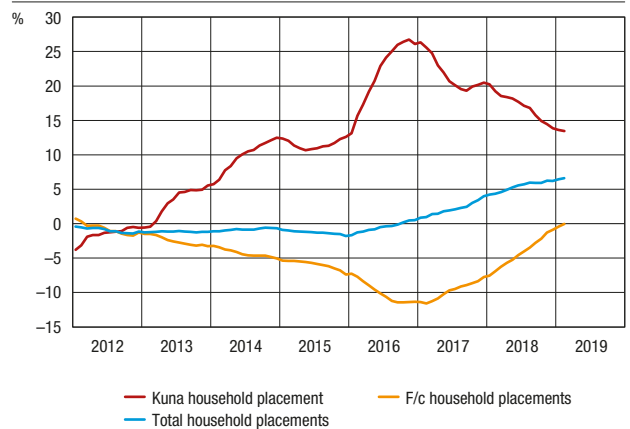
Source: CNB.

Figure 40 Placements



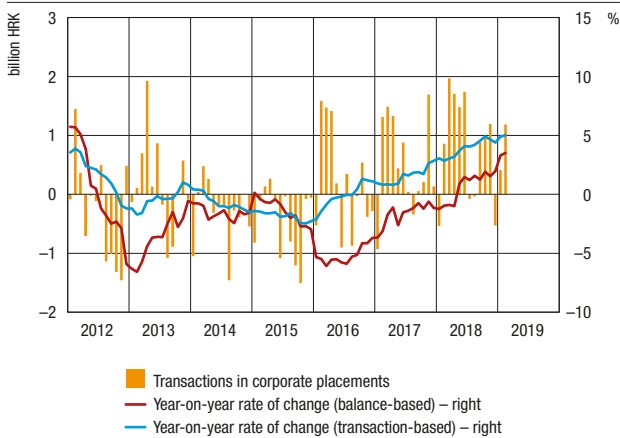
Source: CNB.

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



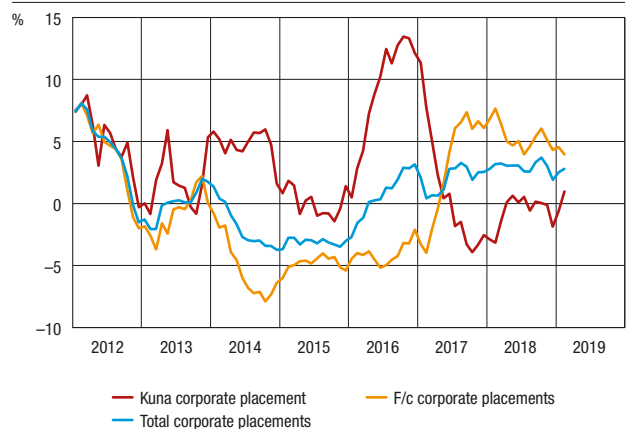
Source: CNB.

Figure 41 Placements to corporates



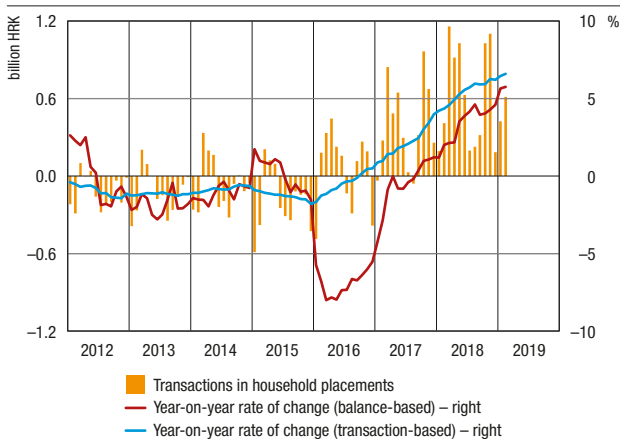
Source: CNB.

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



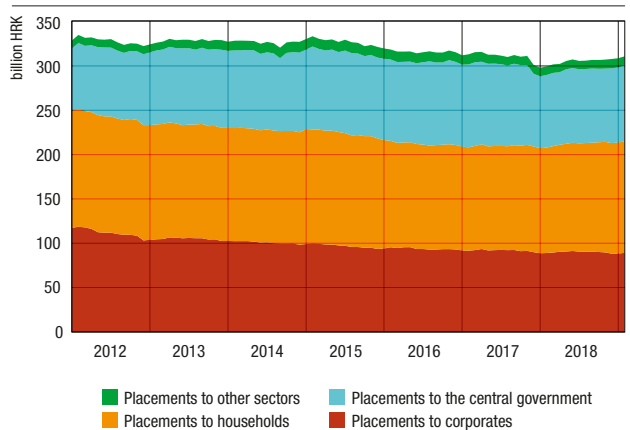
Source: CNB.

Figure 42 Placements to households



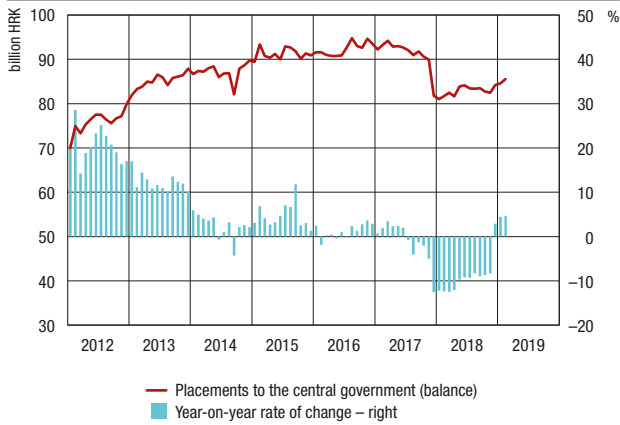
Source: CNB.

Figure 45 Structure of credit institution placements



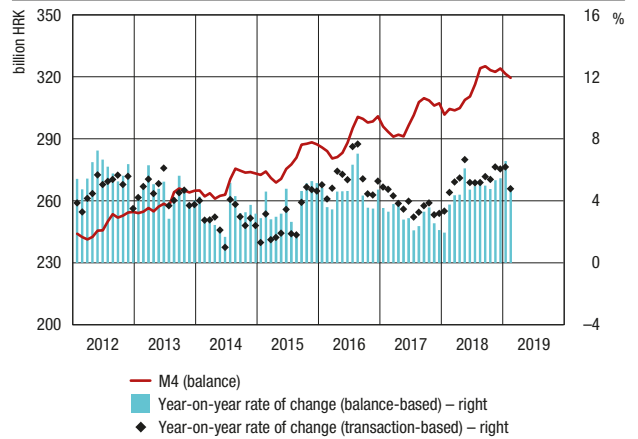
Source: CNB.

**Figure 46 Credit institution and MMF placements to the central government**



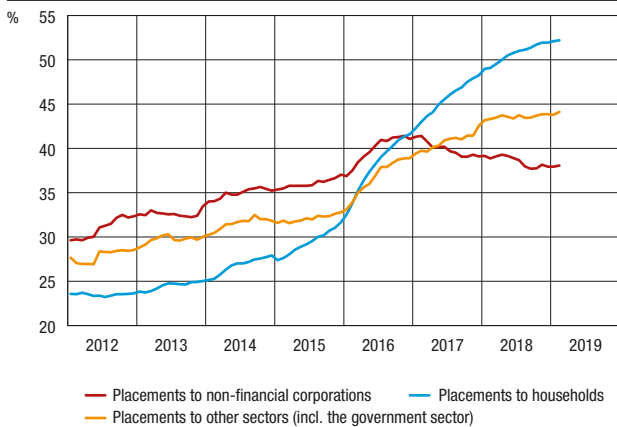
Source: CNB.

**Figure 49 Total liquid assets (M4)**



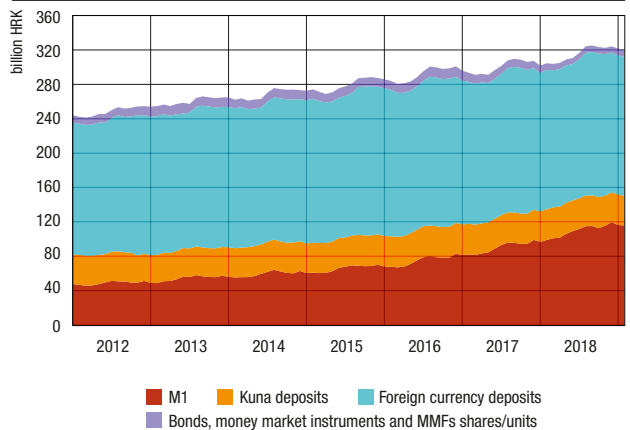
Source: CNB.

**Figure 47 Share of kuna placements in total sector placements**



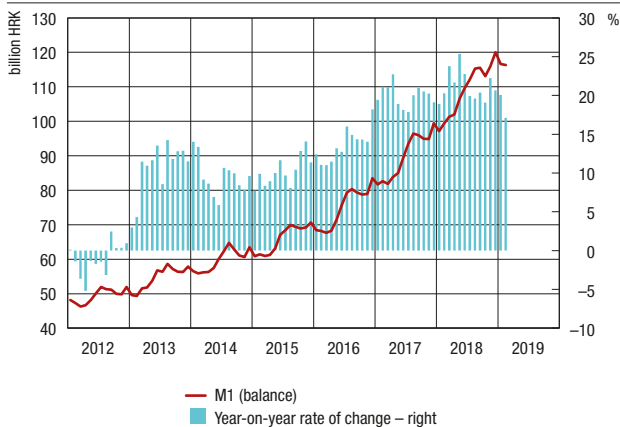
Source: CNB.

**Figure 50 Structure of M4 monetary aggregate**



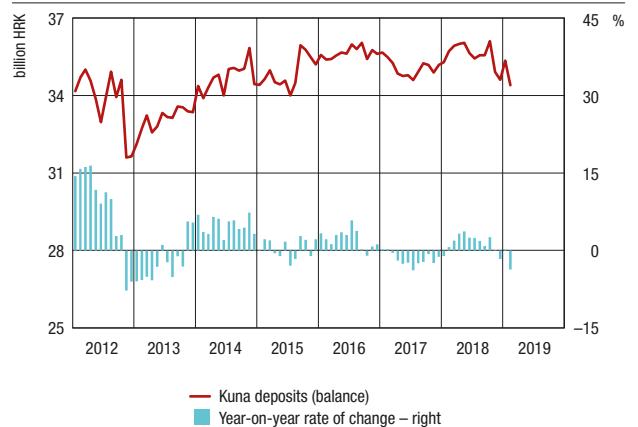
Source: CNB.

**Figure 48 Money (M1)**



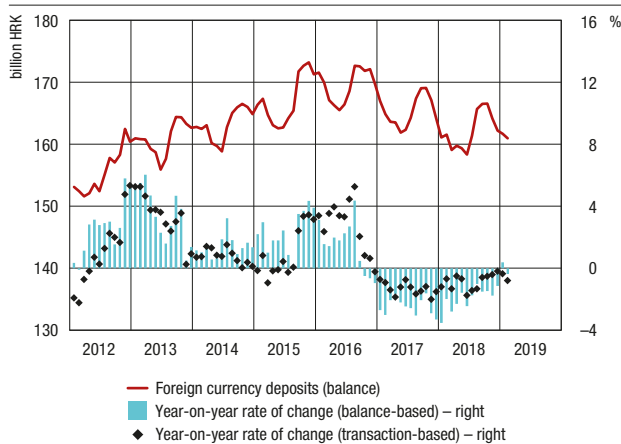
Source: CNB.

**Figure 51 Kuna savings and time deposits**



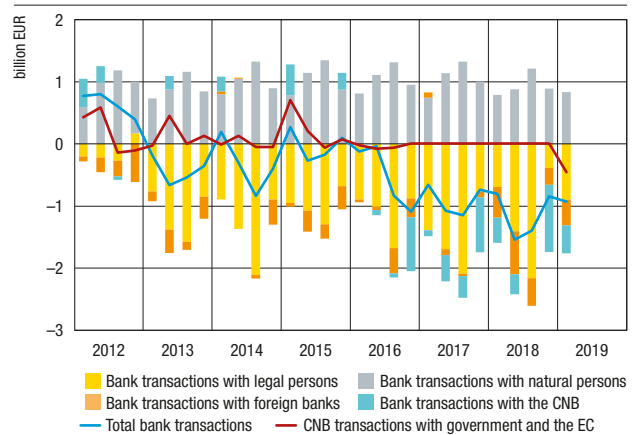
Source: CNB.

Figure 52 Foreign currency deposits



Source: CNB.

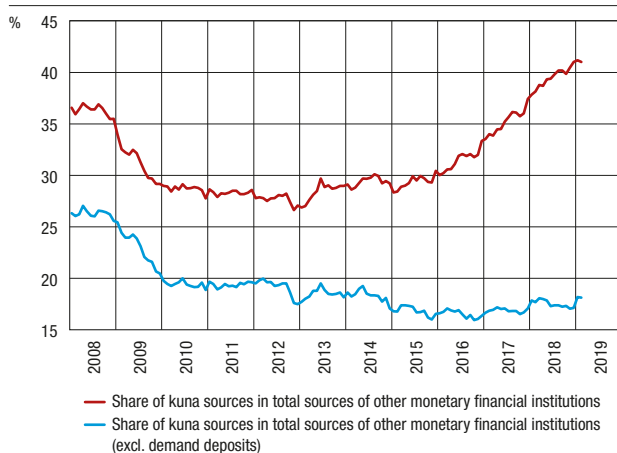
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government.

Source: CNB.

Figure 53 Share of kuna sources



Source: CNB.

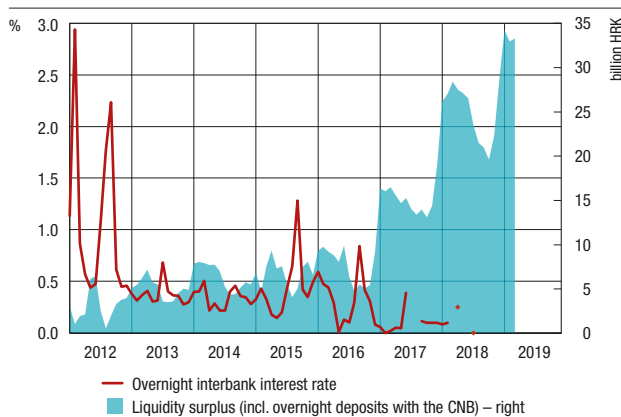
Figure 56 International reserves of the CNB at current rate of exchange



\* NUIR = international reserves – foreign liabilities – reserve requirements in t/c – foreign currency government deposits.

Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



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

Source: CNB.

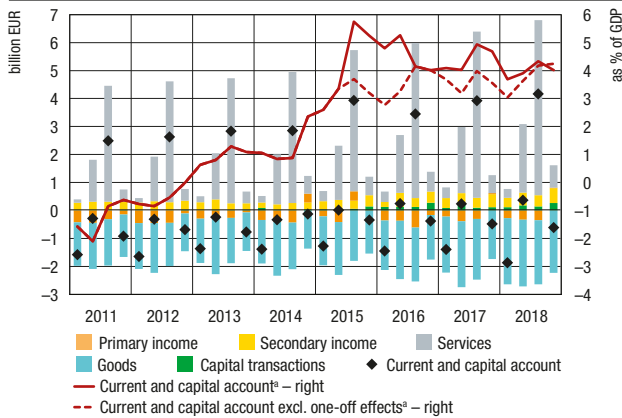
Table 2 Balance of payments preliminary data, in million EUR

	2017	2018	Indices	
			2017/ 2016	2018/ 2017
Current account	1,794.9	1,354.4	148.9	75.5
Capital account	501.6	710.8	75.2	141.7
Financial account (excl. reserves)	-954.1	-119.0	-58.9	12.5
International reserves	2,593.1	1,545.0	-	59.6
Net errors and omissions	-657.5	-639.3	127.3	97.2

Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).

Source: CNB.

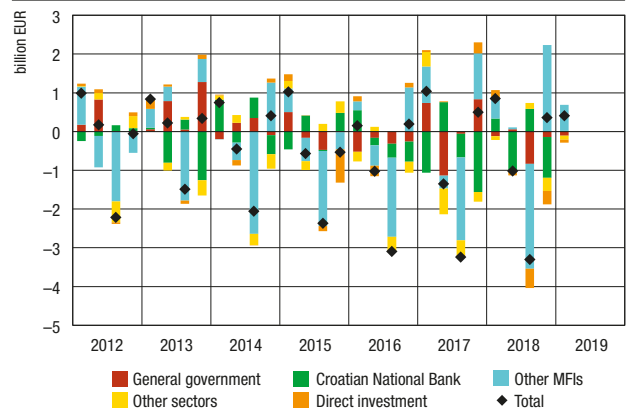
Figure 57 Current and capital account flows



<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.

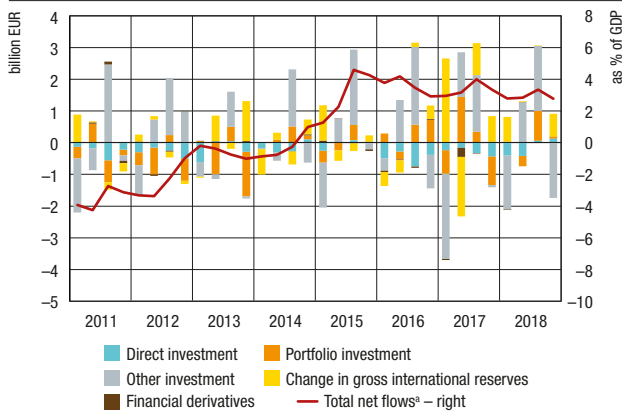
Figure 60 Net external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the first quarter of 2019 refer to January.

Source: CNB.

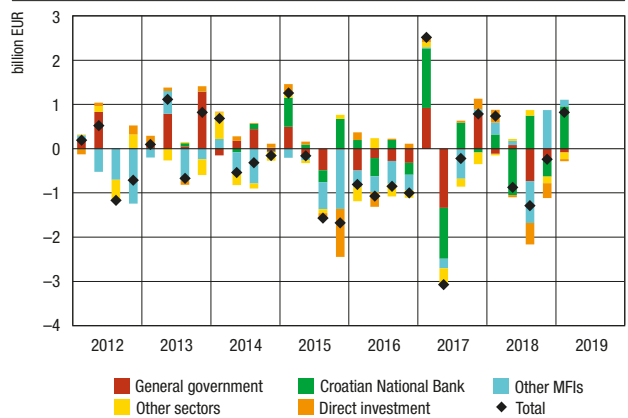
Figure 58 Financial account flows by type of investment



<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.

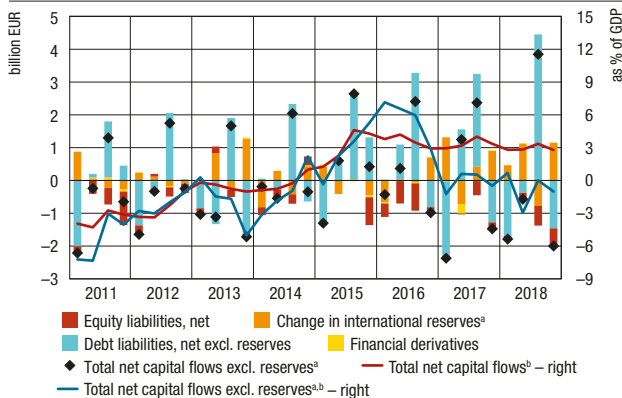
Figure 61 Gross external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the first quarter of 2019 refer to January.

Source: CNB.

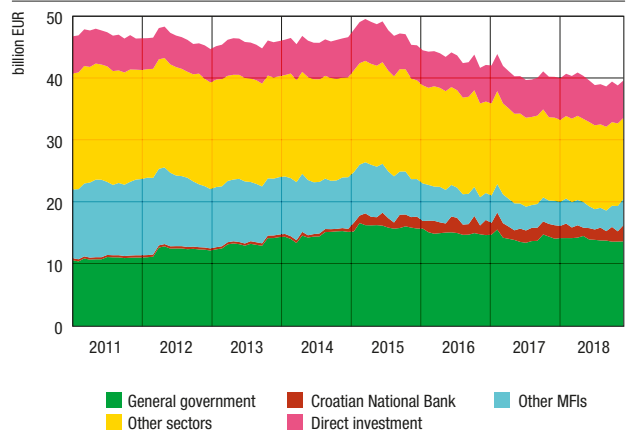
Figure 59 Financial account flows by capital structure



<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.

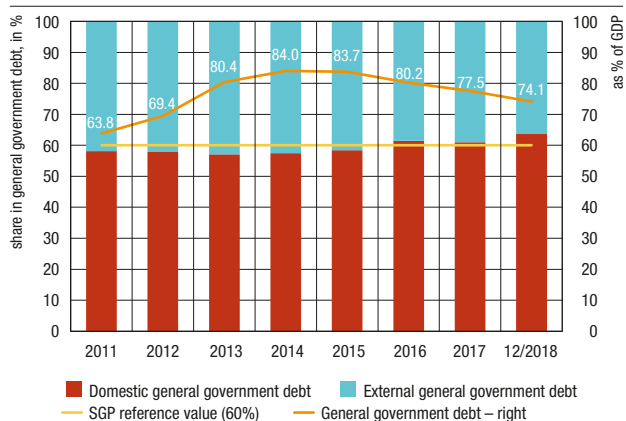
Source: CNB.

Figure 62 Gross external debt end of period



Note: Data are up to end-January 2019.  
 Source: CNB.

Figure 63 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2017	Jan. – Sep. 2018
<b>Total revenue</b>	<b>123,357</b>	<b>131,145</b>
Direct taxes	15,868	17,046
Indirect taxes	53,895	57,505
Social contributions	32,137	33,633
Other	21,457	22,961
<b>Total expenditure</b>	<b>121,733</b>	<b>124,584</b>
Social benefits	42,687	43,643
Subsidies	4,212	4,094
Interest	7,345	7,269
Compensation of employees	30,243	31,704
Intermediate consumption	21,667	22,606
Investment	7,236	6,210
Other	8,342	9,058
<b>Net lending (+)/borrowing (-)</b>	<b>1,624</b>	<b>6,561</b>

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Nov. 2017	Jan. – Nov. 2018
1 Revenue	129,322	136,049
2 Disposal of non-financial assets	592	504
3 Expenditure	122,743	126,510
4 Acquisition of non-financial assets	2,833	3,292
5 Net borrowing (1 + 2 – 3 – 4)	4,338	6,751

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan. – Dec. 2017	Jan. – Dec. 2018
Change in total debt stock	1,550	-1,532
Change in domestic debt stock	-392	6,991
– Securities other than shares, short-term	-124	-721
– Securities other than shares, long-term	10,791	7,022
– Loans	-10,959	781
Change in external debt stock	1,942	-8,524
– Securities other than shares, short-term	137	-145
– Securities other than shares, long-term	3,358	-4,230
– Loans	-1,552	-4,148
Memo item:		
Change in total guarantees issued	348	-2,746

Source: CNB.



## Abbreviations and symbols

### Abbreviations

BIS	– Bank for International Settlements
bn	– billion
b.p.	– basis points
BOP	– balance of payments
c.i.f.	– cost, insurance and freight
CBRD	– Croatian Bank for Reconstruction and Development
CBS	– Croatian Bureau of Statistics
CCI	– consumer confidence index
CDCC	– Central Depository and Clearing Company Inc.
CDS	– credit default swap
CEE	– Central and Eastern European
CEFTA	– Central European Free Trade Agreement
CEI	– consumer expectations index
CES	– Croatian Employment Service
CHIF	– Croatian Health Insurance Fund
CLVPS	– Croatian Large Value Payment System
CM	– Croatian Motorways
CNB	– Croatian National Bank
CPF	– Croatian Privatisation Fund
CPI	– consumer price index
CPII	– Croatian Pension Insurance Institute
CR	– Croatian Roads
CSI	– consumer sentiment index
DAB	– State Agency for Deposit Insurance and Bank Resolution
dep.	– deposit
DVP	– delivery versus payment
EC	– European Commission
ECB	– European Central Bank
EFTA	– European Free Trade Association
EMU	– Economic and Monetary Union
ESI	– economic sentiment index
EU	– European Union
excl.	– excluding
f/c	– foreign currency
FDI	– foreign direct investment
Fed	– Federal Reserve System
FINA	– Financial Agency
FISIM	– financial intermediation services indirectly measured
f.o.b.	– free on board
GDP	– gross domestic product
GVA	– gross value added
HANFA	– Croatian Financial Services Supervisory Agency
HICP	– harmonised index of consumer prices
ILO	– International Labour Organization
IMF	– International Monetary Fund
incl.	– including
IPO	– initial public offering
m	– million
MIGs	– main industrial groupings
MM	– monthly maturity
MoF	– Ministry of Finance
NCA	– National Classification of Activities
NCB	– national central bank
NCS	– National Clearing System

n.e.c.	– not elsewhere classified
OECD	– Organisation for Economic Co-Operation and Development
OG	– Official Gazette
R	– Republic
o/w	– of which
PPI	– producer price index
RTGS	– Real-Time Gross Settlement
Q	– quarterly
RR	– reserve requirement
SDR	– special drawing rights
SITC	– Standard International Trade Classification
SGP	– Stability and Growth Pact
VAT	– value added tax
WTO	– World Trade Organization
ZMM	– Zagreb Money Market
ZSE	– Zagreb Stock Exchange

### Three-letter currency codes

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

### Two-letter country codes

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

### Symbols

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