



HRVATSKA NARODNA BANKA

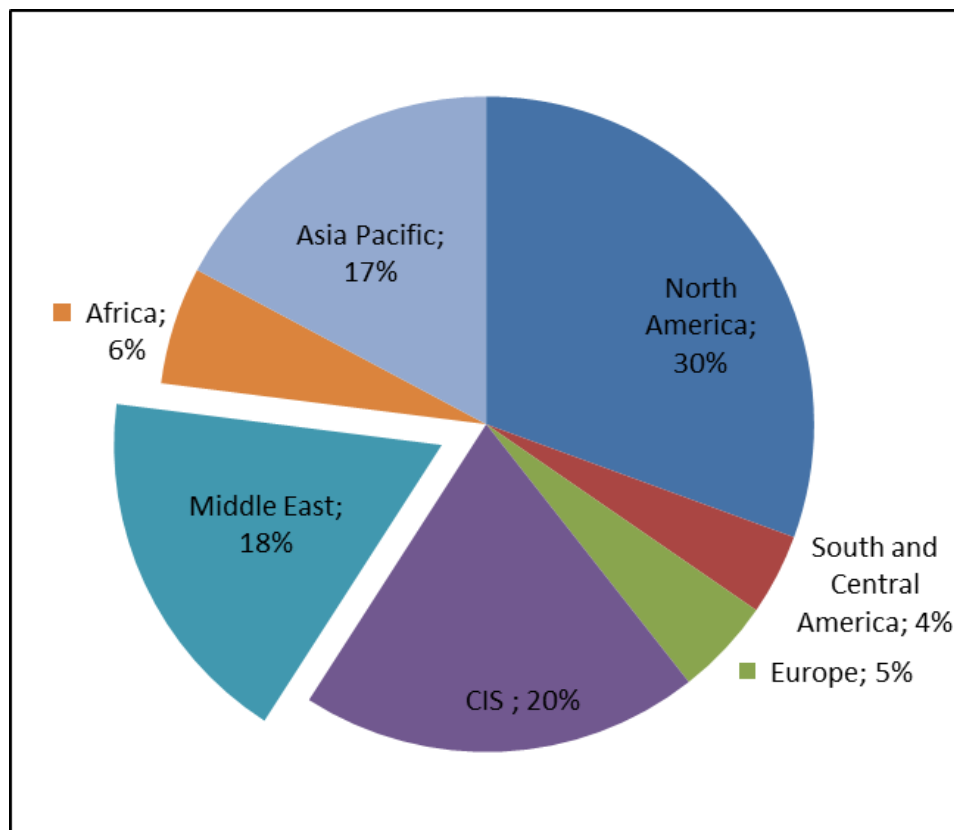
EUROSUSTAV

Energy shock 2.0: *What risks are we facing?*

Lider – Financial forum 2026
Boris Vujčić, CNB Governor
April, 13th 2026, Zagreb

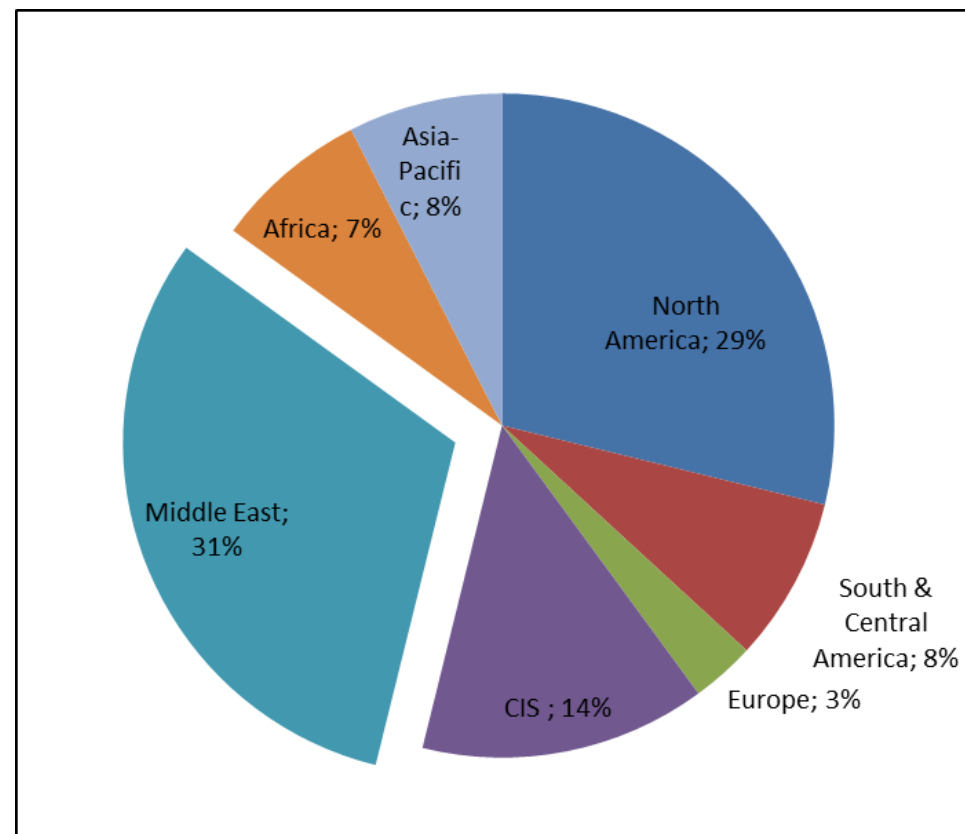
The high concentration of oil and gas production in the Middle East makes global energy prices sensitive to instability in the region

Global natural gas production by region



Note: The data refer to 2024.
Source: Energy Institute Statistical Review of World Energy 2025.

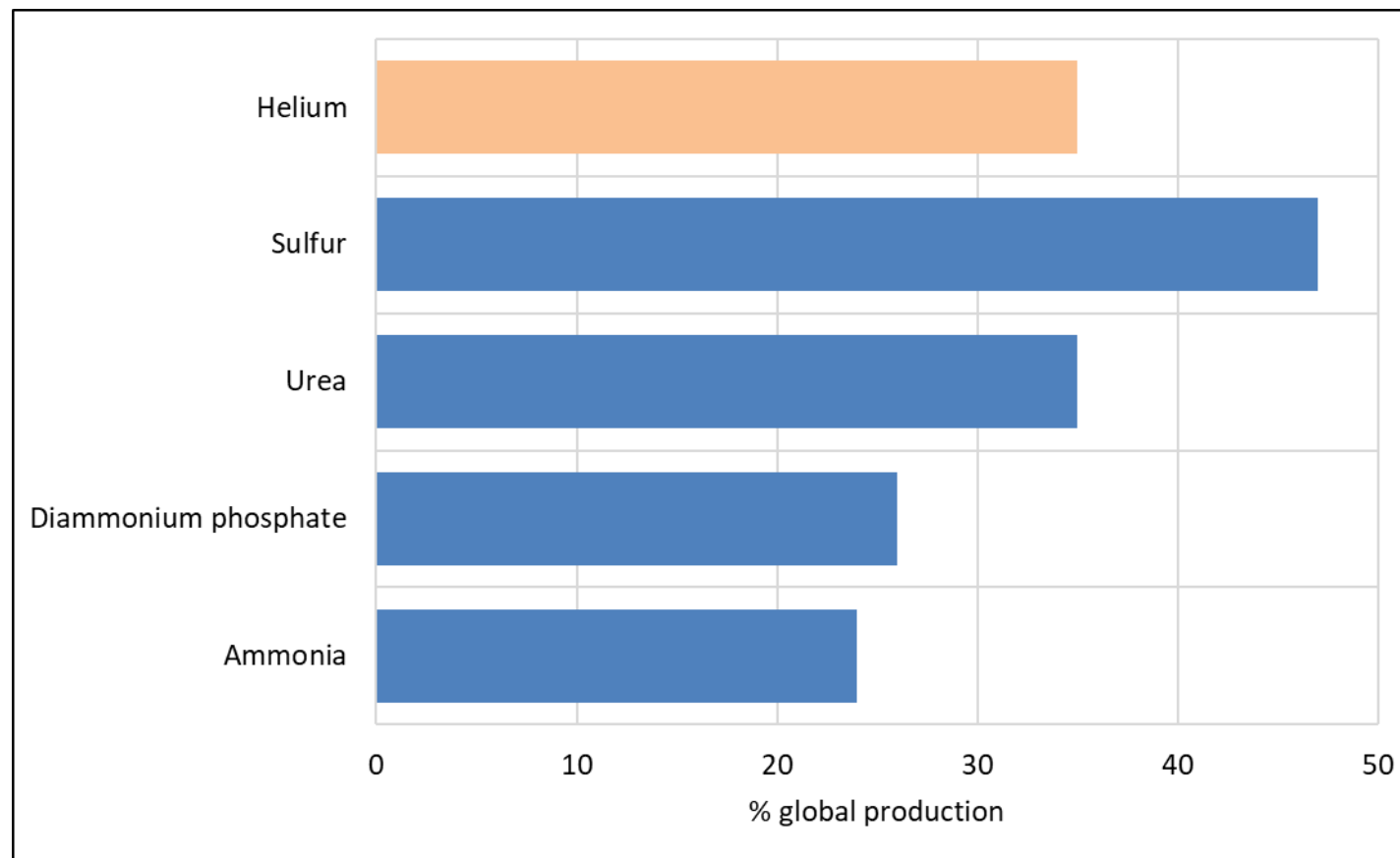
Global oil production by region



Note: The data refer to 2024.
Source: Energy Institute Statistical Review of World Energy 2025.

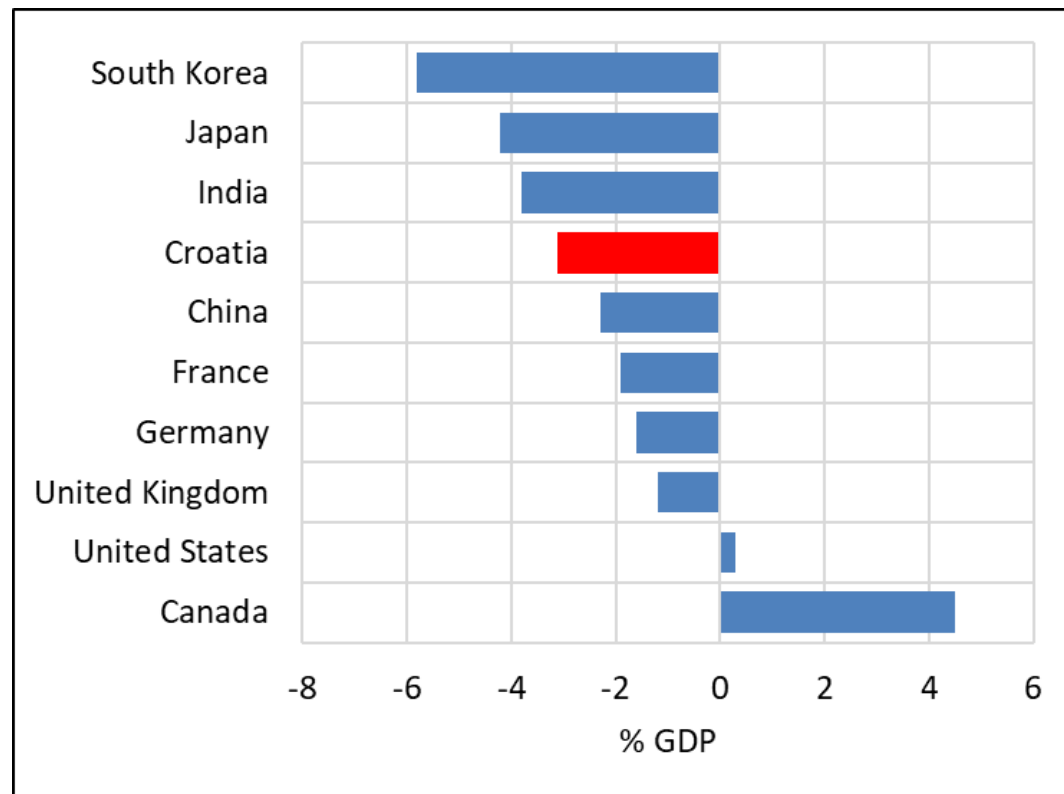
The Middle East's key role in the supply of raw materials for fertilizers and helium increases the risk of rising food prices and creates supply chain disruptions

The Middle East's share in global production of inputs for fertilizers and helium



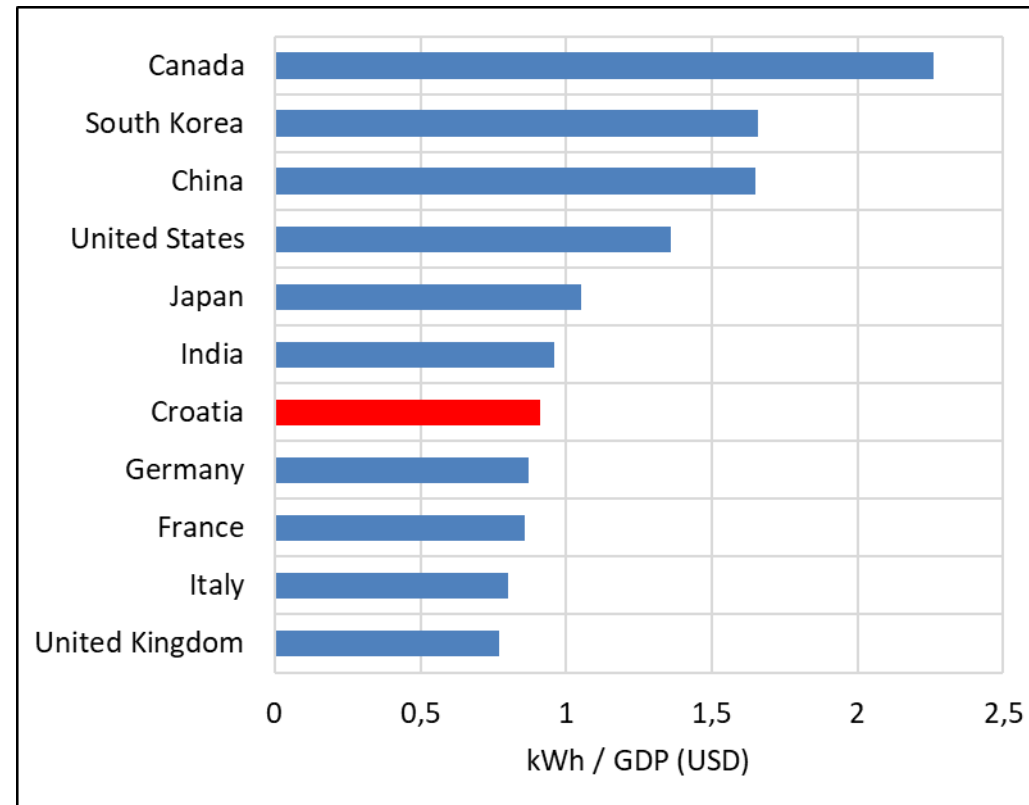
Europe and Asia are the most exposed to the negative effects of conflicts in the Middle East due to their dependence on energy imports

Energy trade balance



Note: The data refer to 2024.
Source: Capital Economics; Eurostat for Croatia.

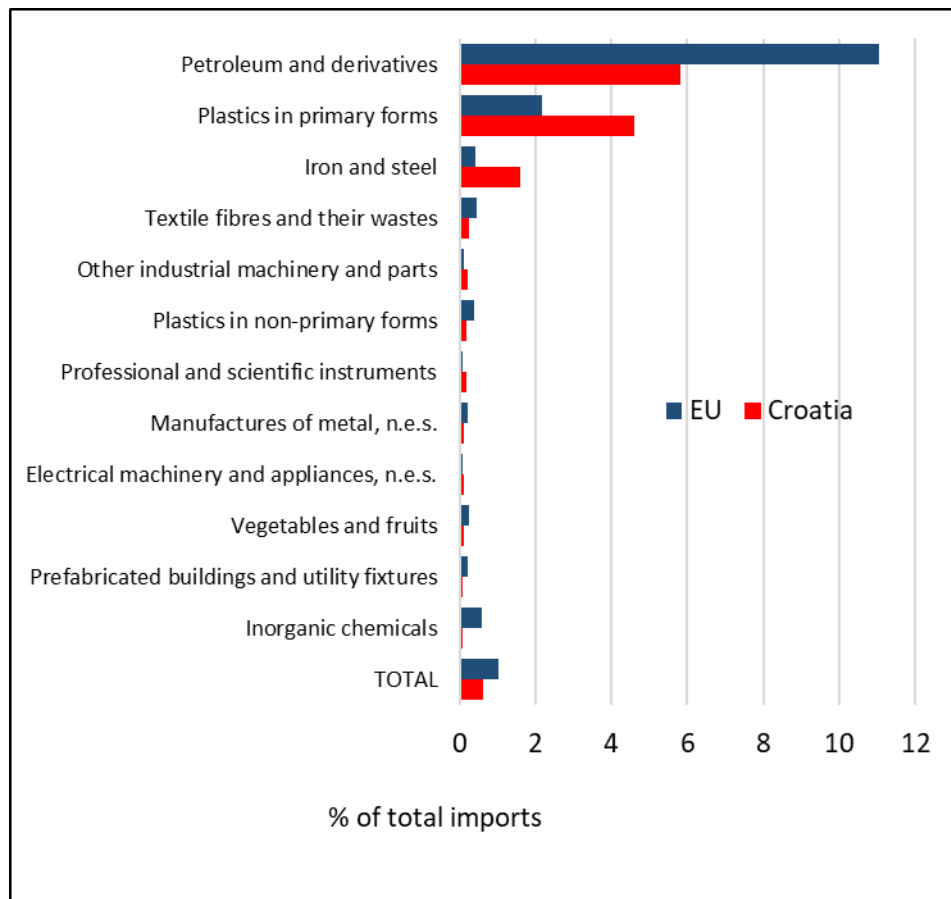
Energy intensity



Note: The data refer to 2022 and are expressed in kilowatt-hours per constant 2011 international dollar of GDP.
Source: World Resources Institute

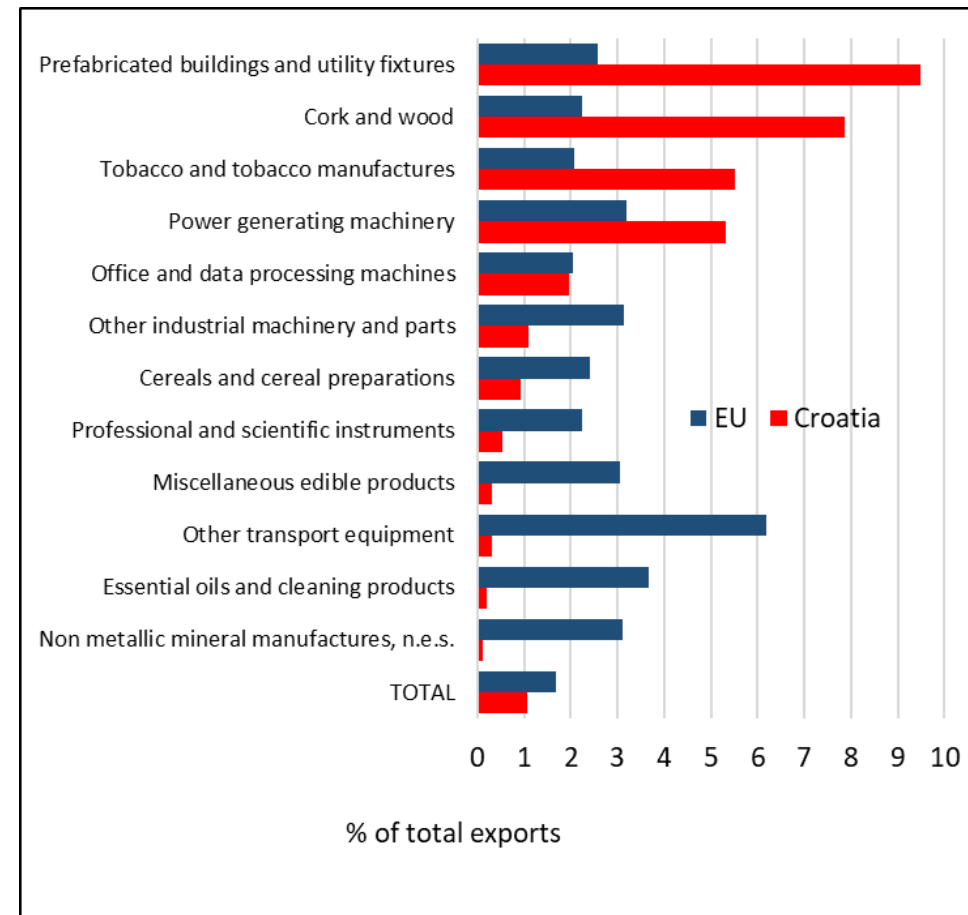
The European Union has relatively limited direct trade with the Middle East, except in the energy sector and its by-products

Imports of goods from the Middle East



Note: The data refer to 2025.
Source: Eurostat

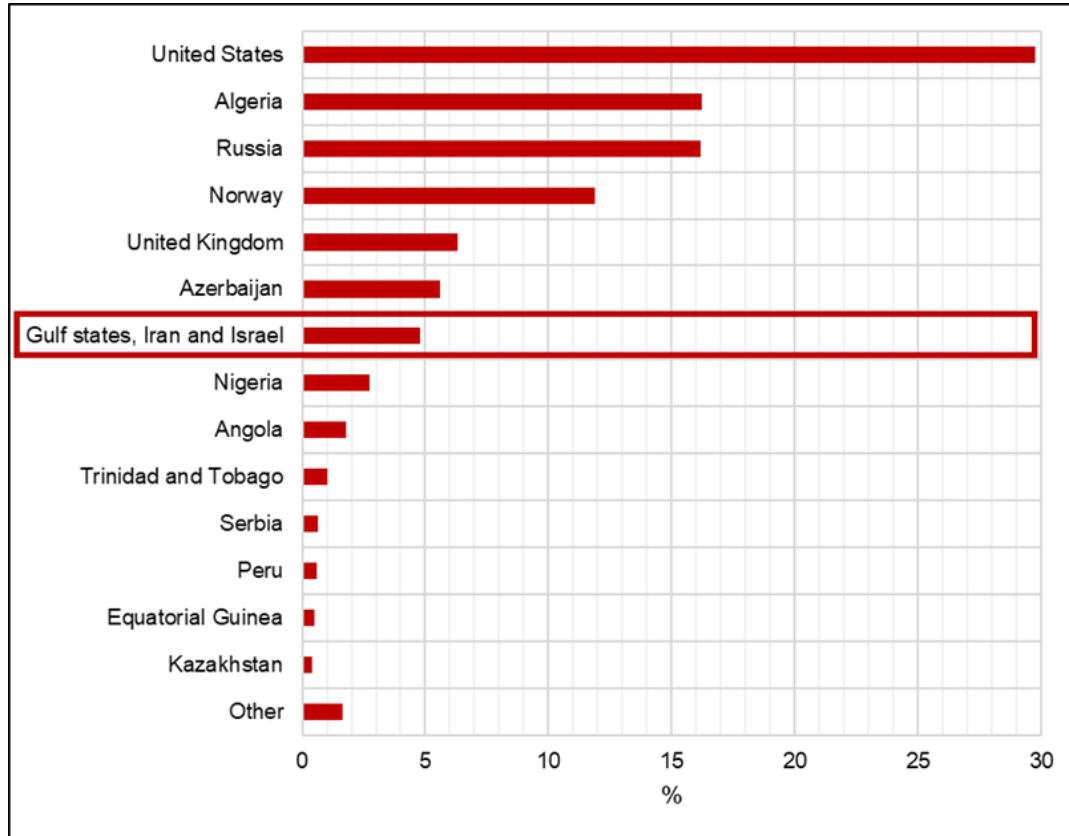
Exports of goods to the Middle East



Note: The data refer to 2025.
Source: Eurostat

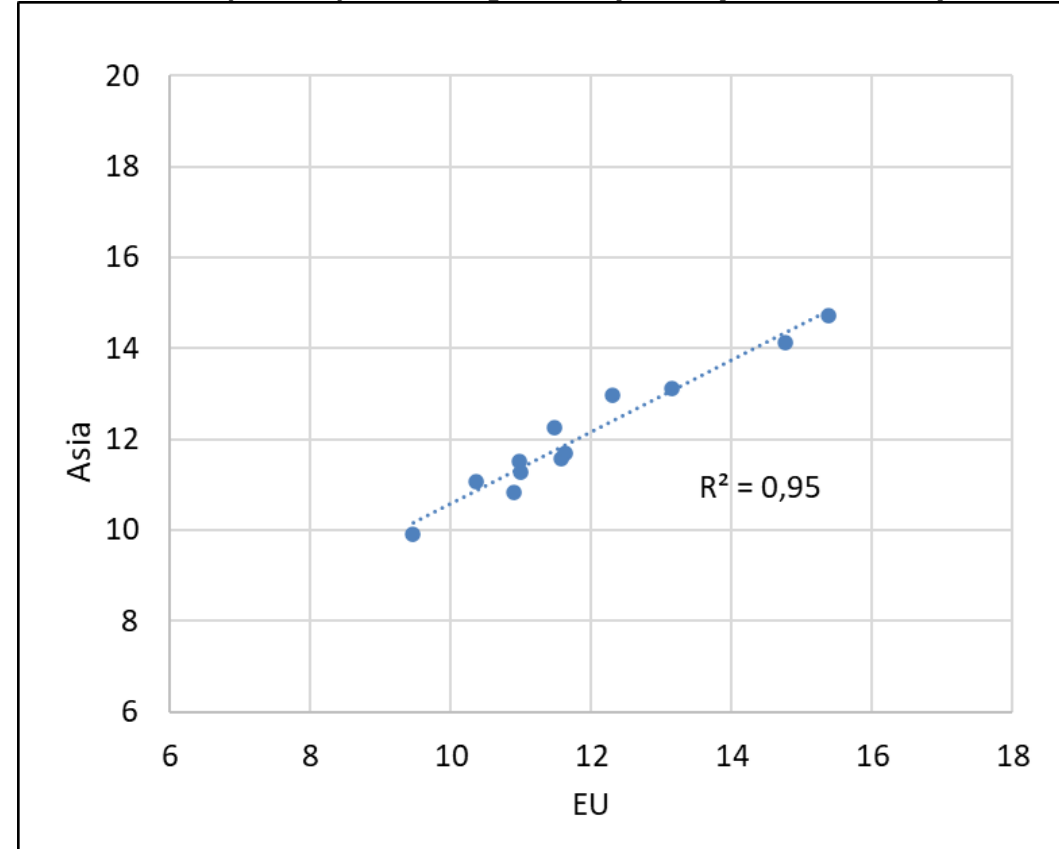
Although the EU is not directly dependent on gas from the Middle East, it is still exposed to price pressures due to the interconnectedness of the global market

Structure of natural gas imports into the EU by country of origin



Note: The data refer to 2025.
Source: Eurostat

Correlation of gas prices in the European and Asian markets, 2025, monthly data (USD per MMBTU)



Source: Federal Reserve Bank of St. Louis

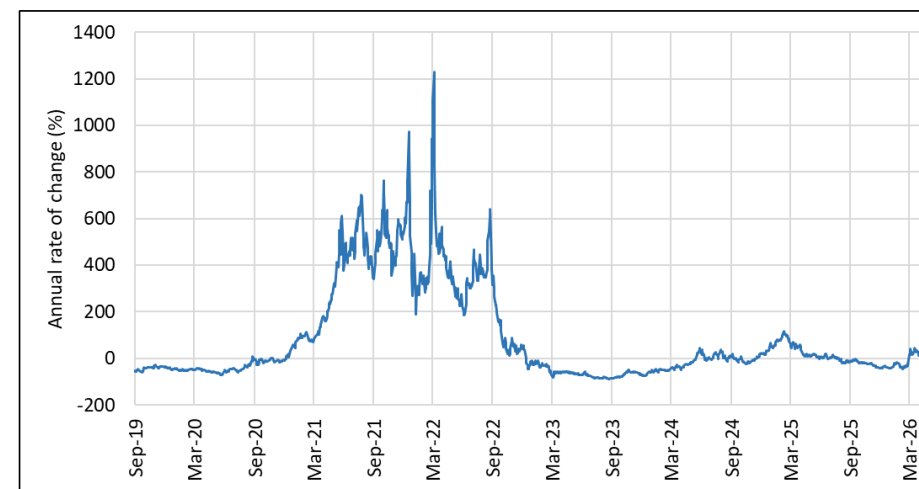
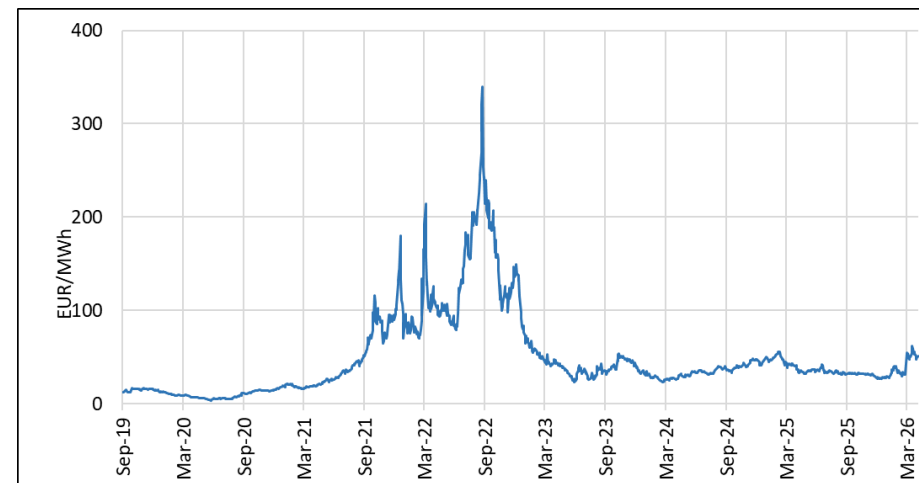
Energy price levels and relative changes indicate a milder shock compared to 2022

Brent oil prices



Source: Bloomberg

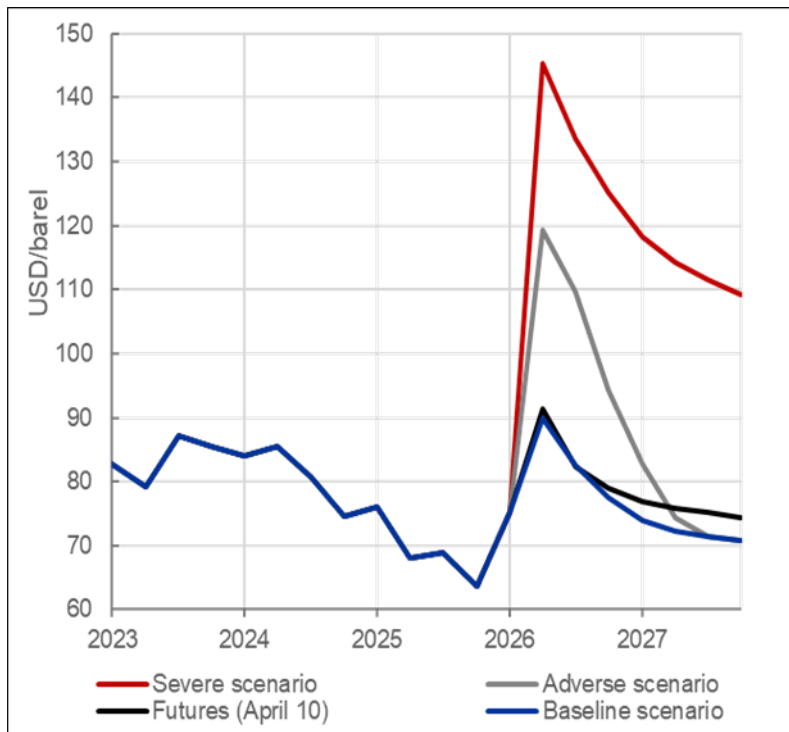
TTF gas prices



Source: Bloomberg

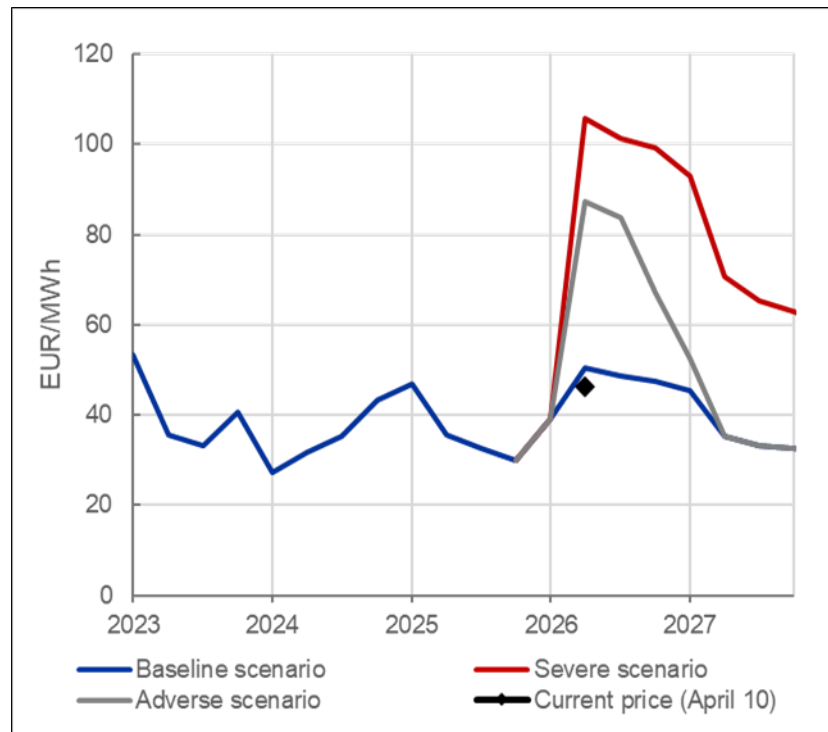
Moreover, the agreed two-week ceasefire in April led to a decline in oil and gas prices to levels very close to those projected in the baseline scenario from the March projection

Oil



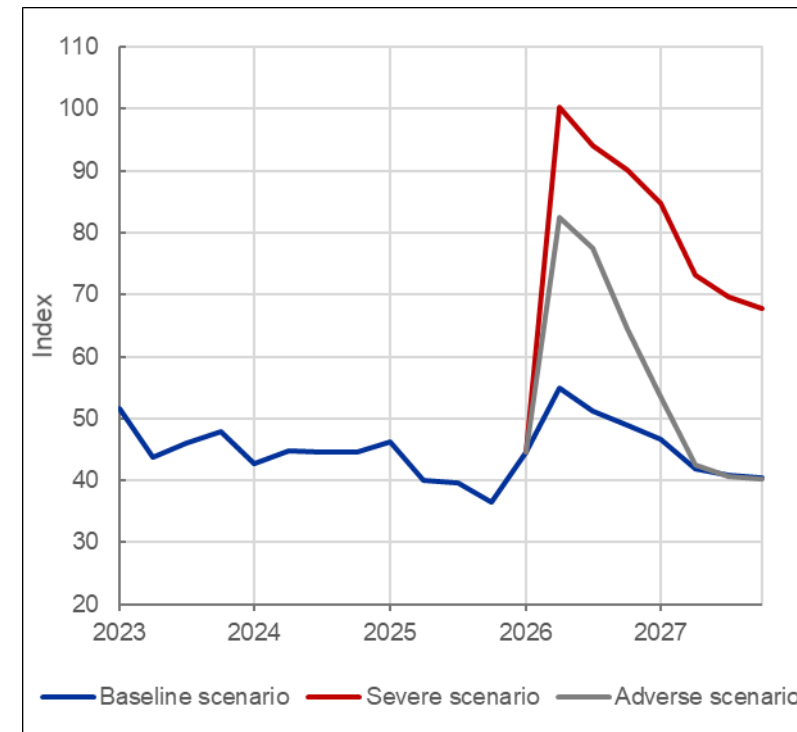
Sources: ESB, Bloomberg

Gas



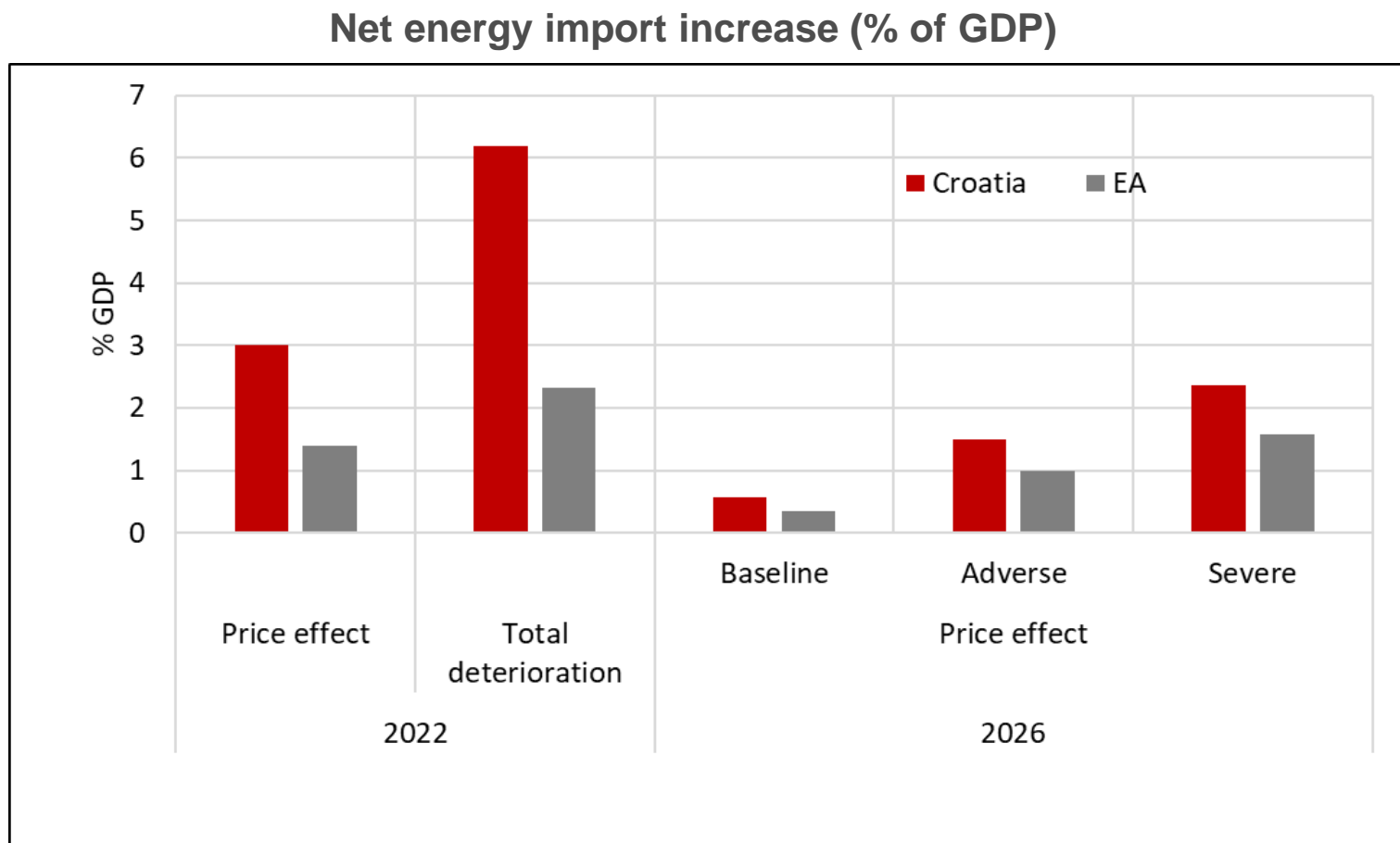
Sources: ESB, Bloomberg

Uncertainty index



Source: ESB

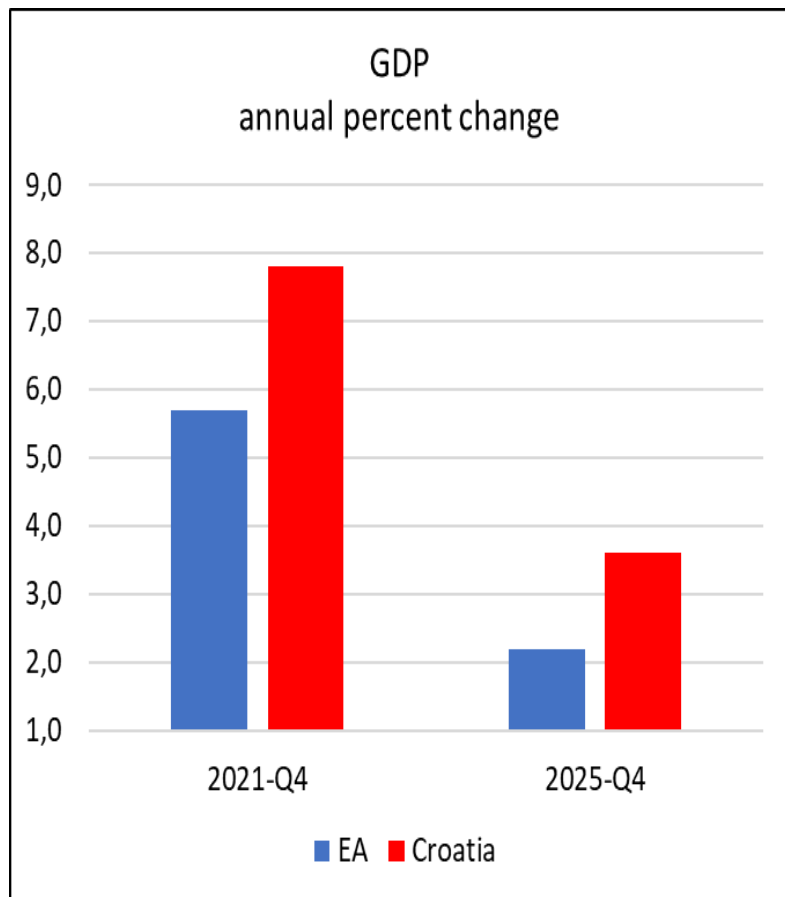
As a result, the impact on the energy trade balance may be smaller than in 2022



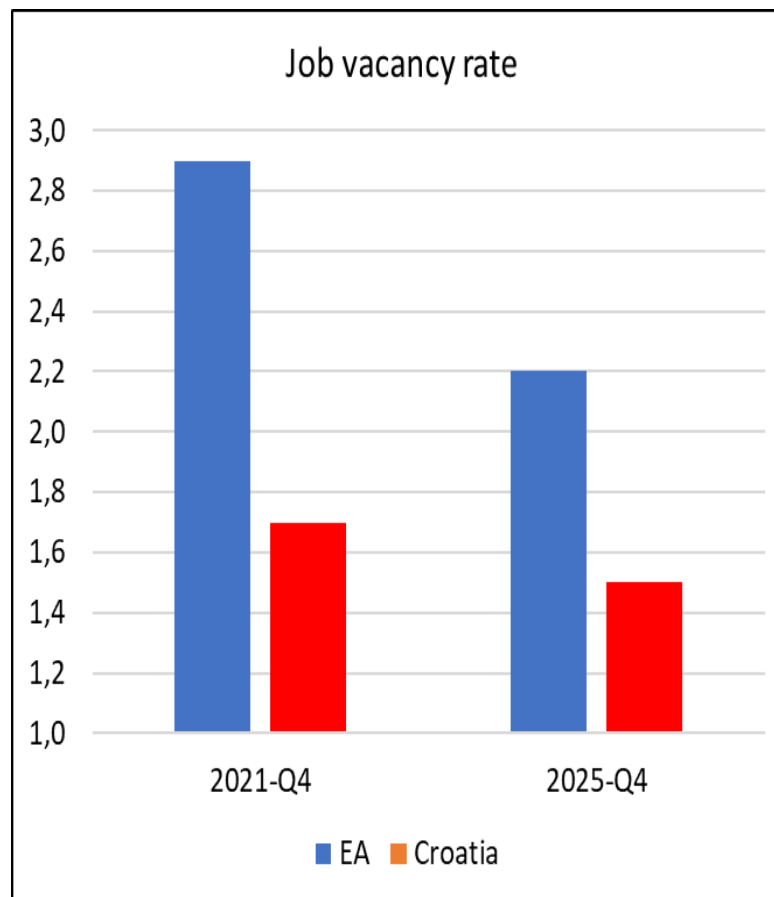
Note: The price effect represents the direct impact of changes in energy prices on the trade balance, while the overall deterioration also includes indirect effects through changes in net imported quantities. The projections for 2026 assume unchanged net import volumes, while energy prices are based on different ECB scenarios from the latest official projection.

Source: Eurostat; CNB calculations.

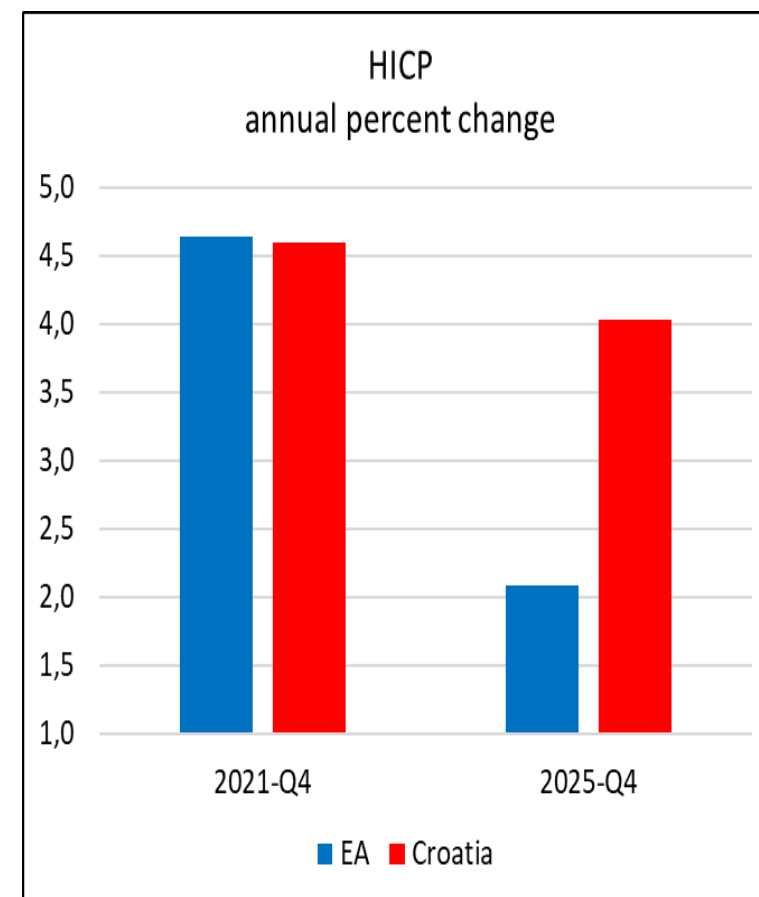
The current shock is occurring amid weaker growth, inflation closer to target, and lower labour market pressures than in 2022, reducing the risk of second-round effects on inflation



Source: Eurostat



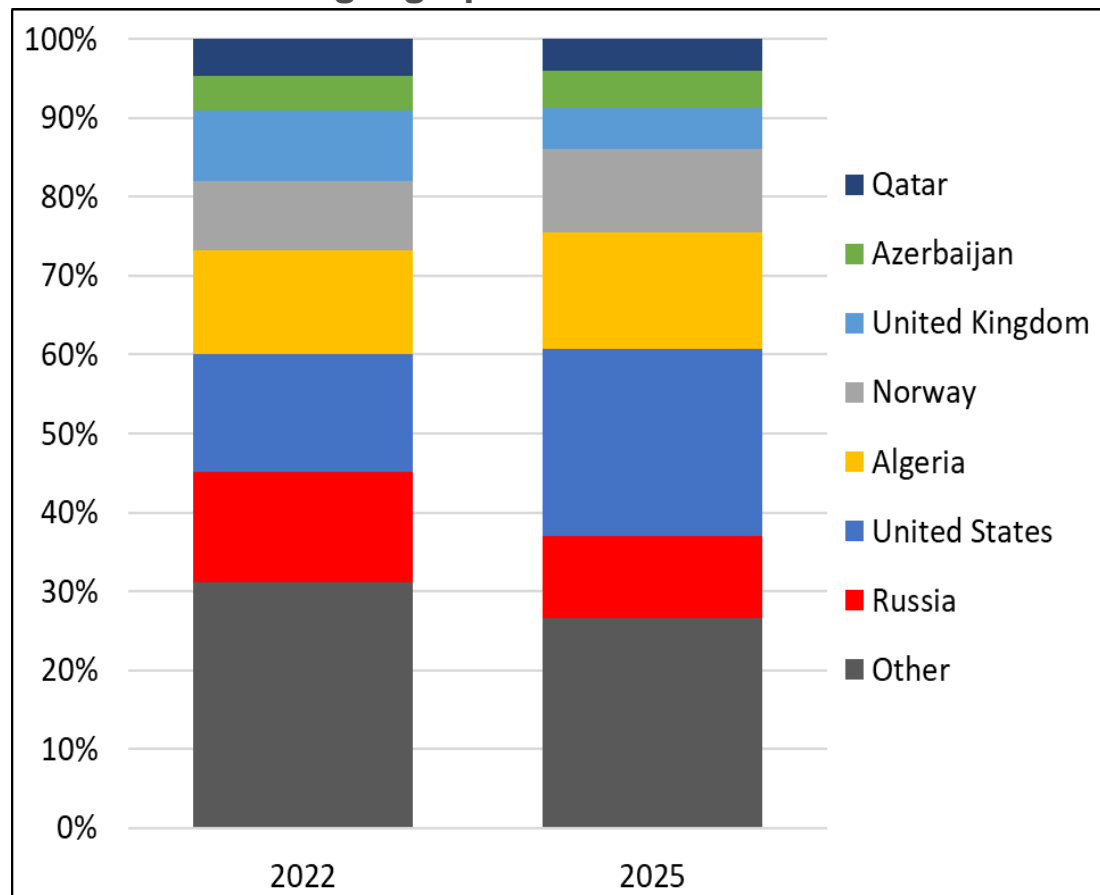
Source: Eurostat



Source: Eurostat

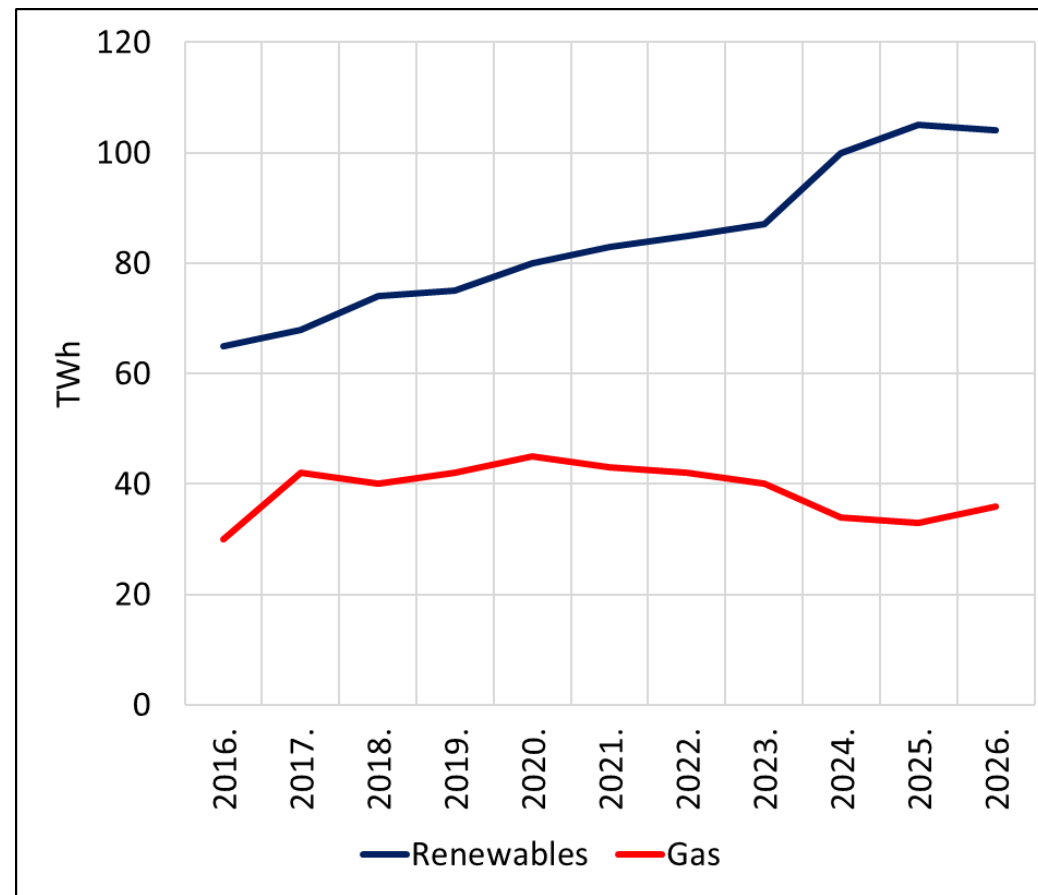
Moreover, the European energy system is now more resilient to shocks thanks to the diversification of supply and sources of production

Natural gas imports into the EU,
geographical structure



Source: Eurostat

Electricity production in the European Union



Source: Capital economics

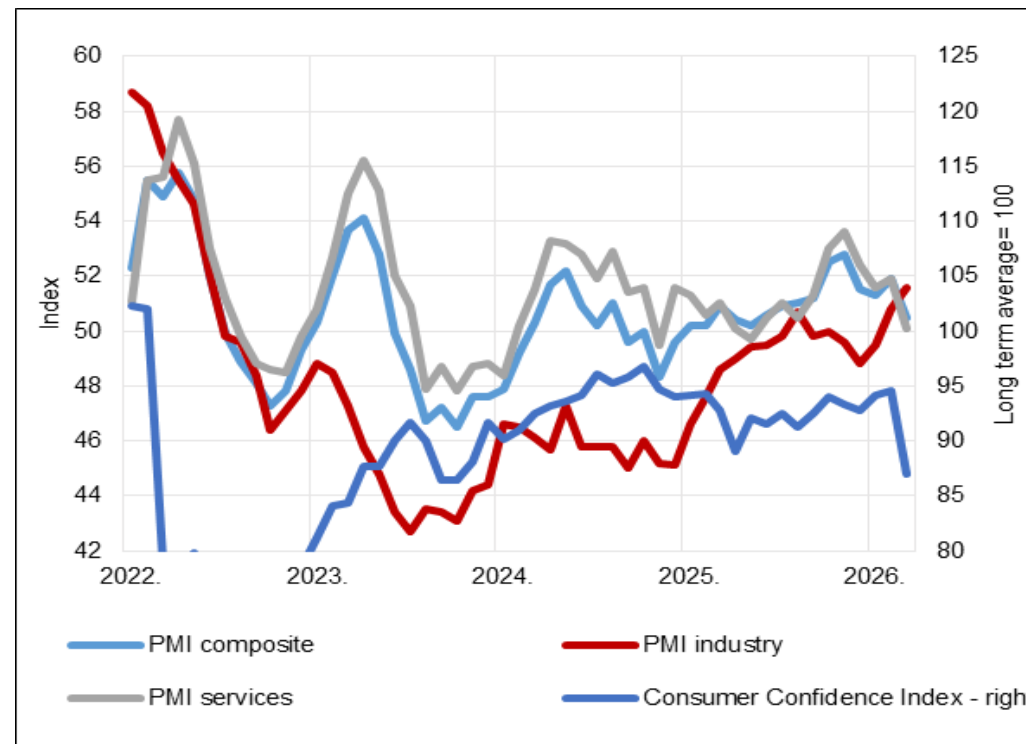
Survey data signal the first negative impacts of the crisis in the Middle East on economic activity in the euro area

Projection of economic growth in the euro area



Notes: The abbreviation ECB – March refers to the ECB’s March 2026 short-term projection for euro area real growth (Macroeconomic Projection Exercise, MPE).
Sources: Eurostat, ESB

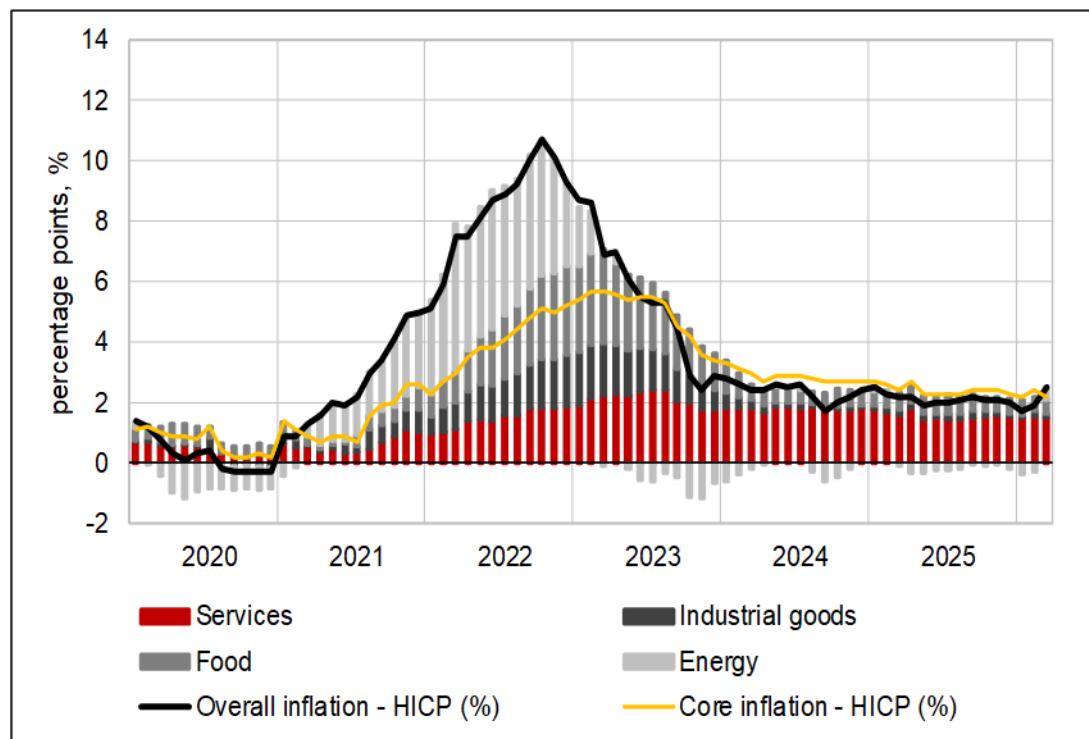
Survey data for the euro area



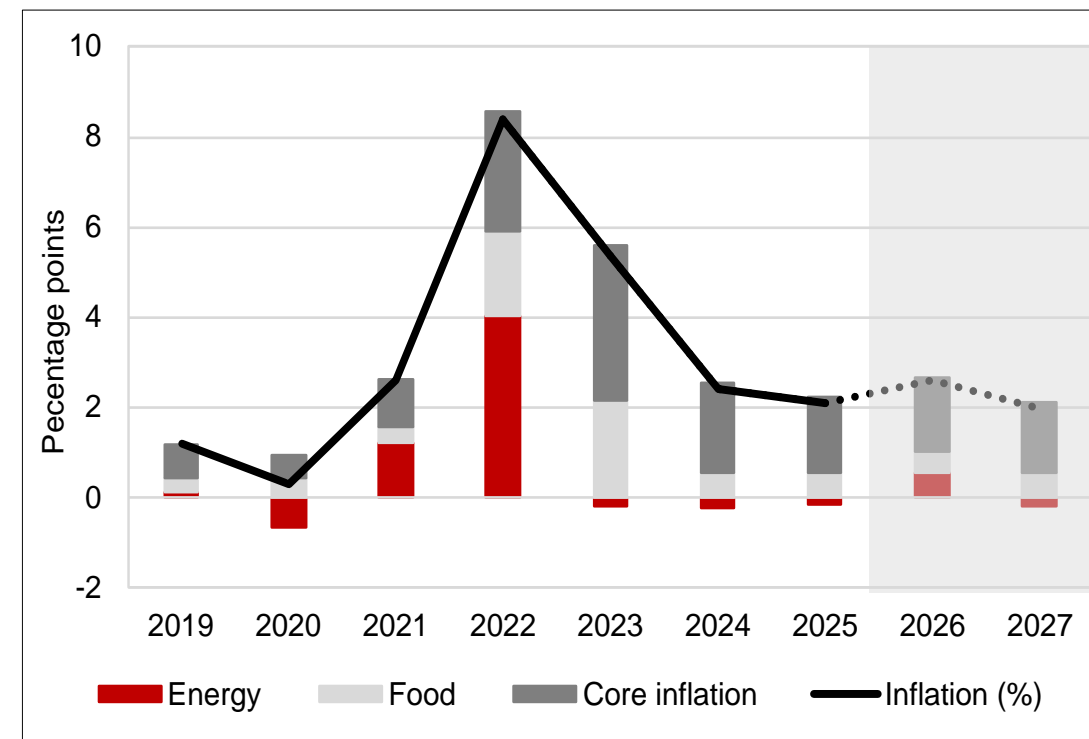
Sources: S&P Global, European Commission

Euro area inflation accelerated in March and, according to the baseline scenario, could rise from 2.1% in 2025 to 2.6% in 2026

Annual inflation rate in the euro area and contributions of the main components



Inflation forecast in the euro area



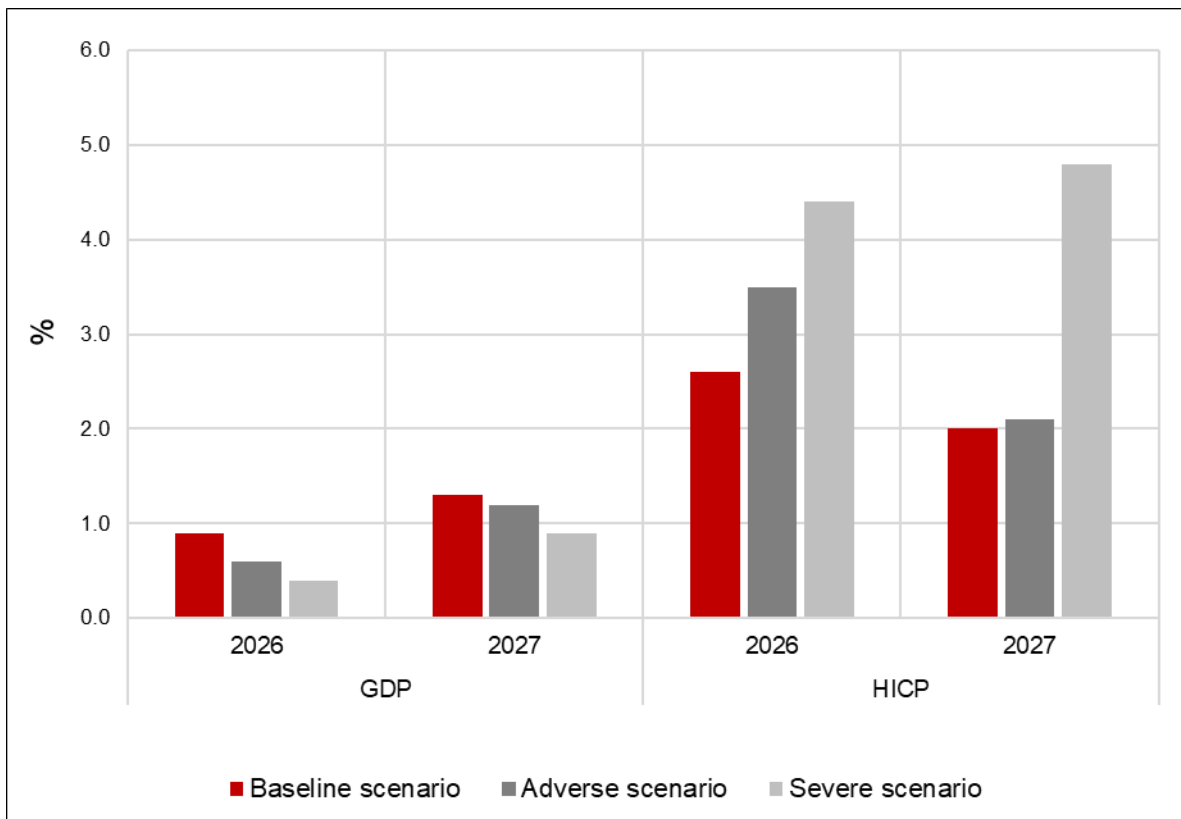
Note: Core inflation is measured by the Harmonised Index of Consumer Prices, which excludes the prices of energy, food, alcohol and tobacco.

Sources: Eurostat, CNB calculations

Sources: Eurostat, ECB

In the event of a Middle East conflict escalation, ECB March projection predicts a notably greater impact on Euro area GDP and inflation

Gross domestic product and harmonised index of consumer prices projections



Sources: Eurostat; ECB staff macroeconomic projections

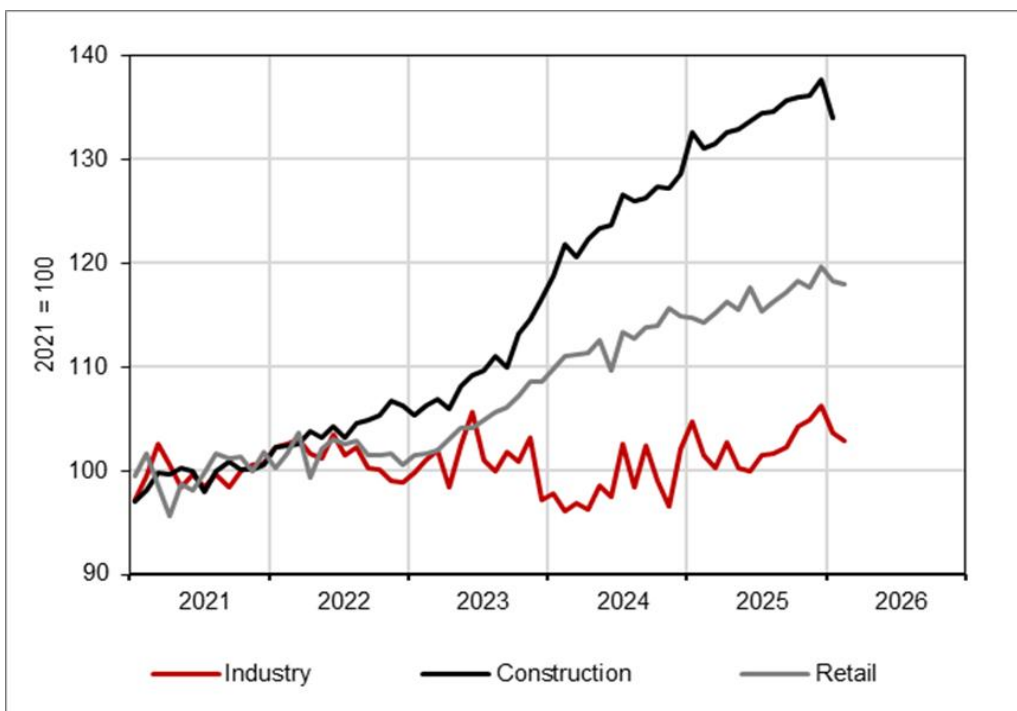
Gross domestic product and harmonised index of consumer prices projections under alternative scenarios

		Annual percentage change (%)			Deviation from baseline (p.p.)	
		Baseline scenario	Adverse scenario	Severe scenario	Adverse scenario	Severe scenario
GDP	2026	0.9	0.6	0.4	-0.3	-0.5
	2027	1.3	1.2	0.9	-0.1	-0.4
HICP	2026	2.6	3.5	4.4	0.9	1.8
	2027	2.0	2.1	4.8	0.1	2.8

Sources: Eurostat; ECB staff macroeconomic projections

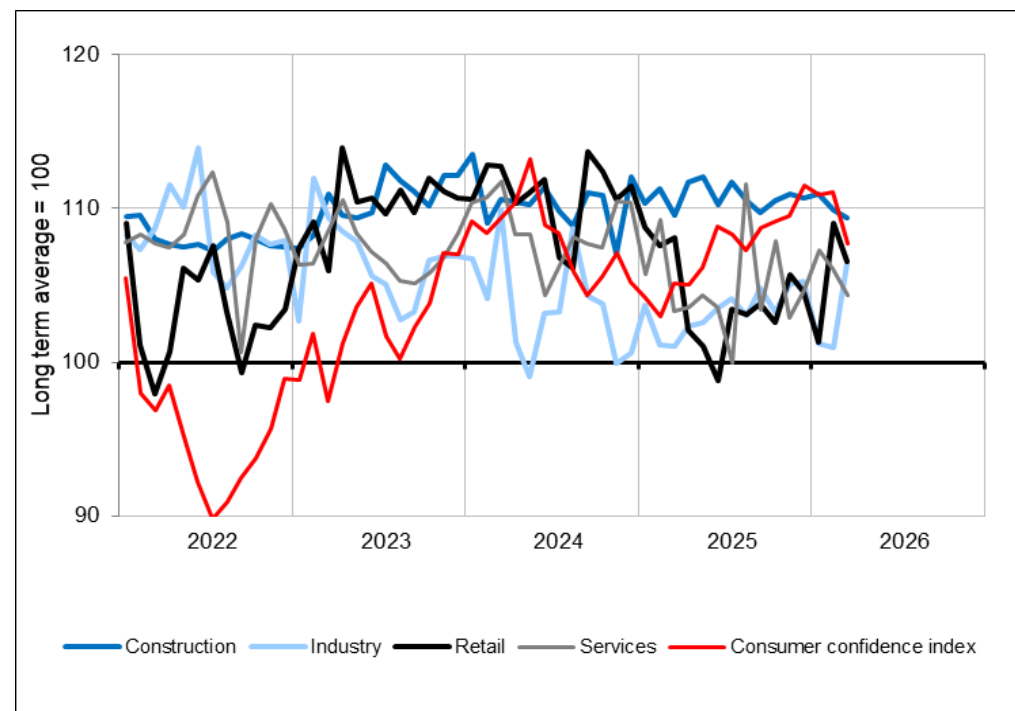
March survey data point to negative impacts on Croatian economic growth, although these effects are still relatively limited

Monthly indicators of economic activity in Croatia



Note: Q1 2026 data for construction refer to January, while data for retail trade and industry refer to February
Sources: CBS, CNB estimate

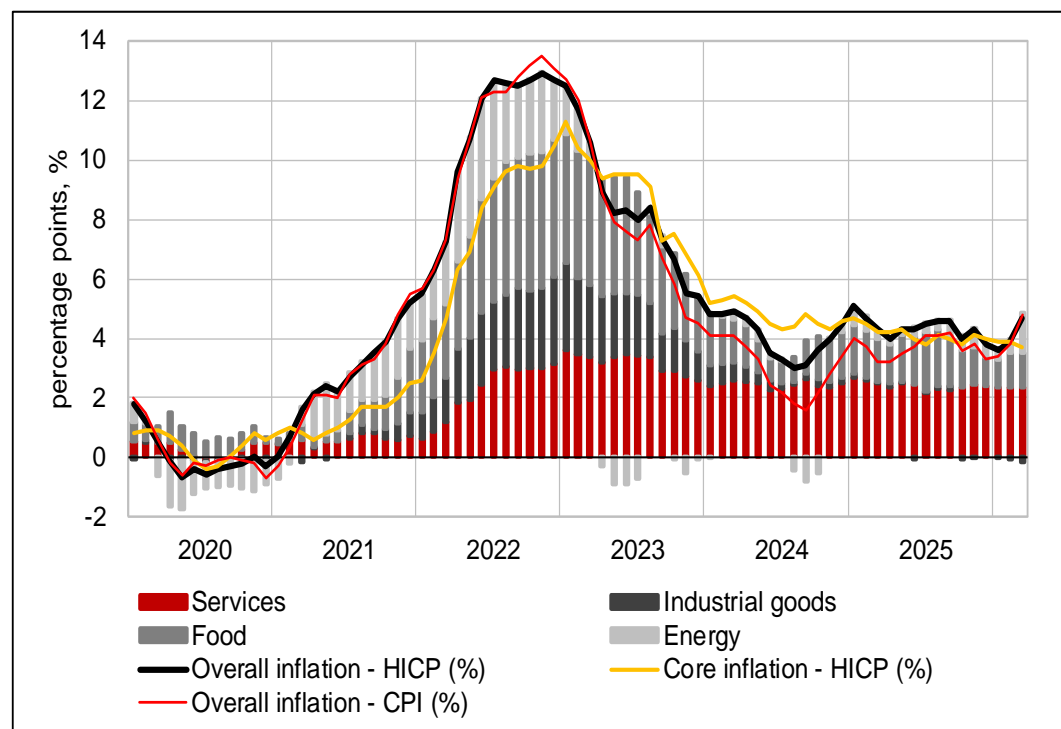
Consumer and business confidence indices



Source: Ipsos

Rising energy prices directly spill over into inflation in Croatia

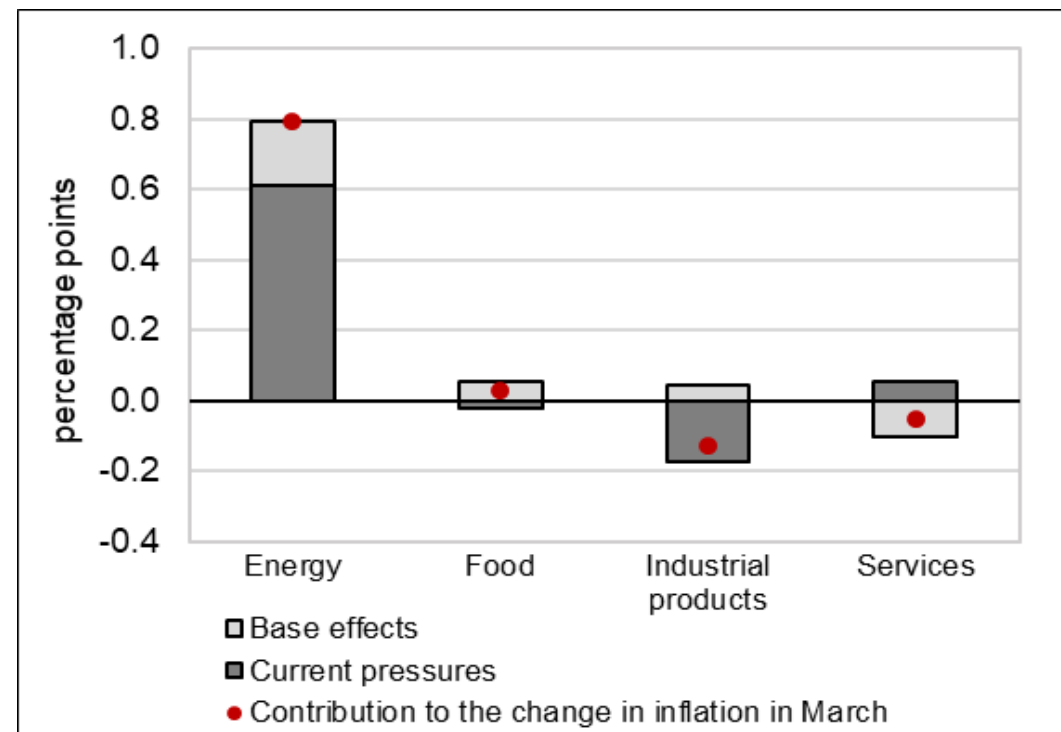
Annual inflation rate in Croatia and contributions of the main components



Note: Core inflation is measured by the harmonized consumer price index, which excludes energy, food, alcohol and tobacco prices.

Sources: Eurostat, CNB calculations

Contributions of base effects and current pressures to the change of overall inflation in March

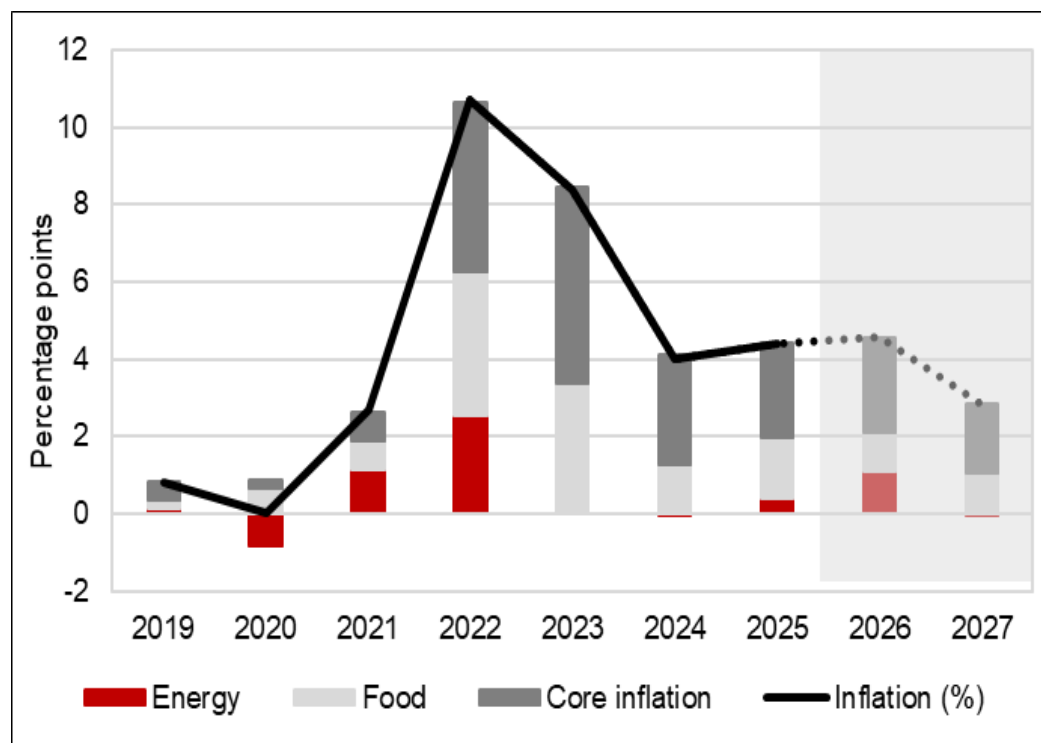


Note: Base effects and current pressures are adjusted for common movements that are relatively stable and do not significantly affect annual inflation.

Sources: Eurostat, Kunovac and Luketina (2024), CNB calculations

In Croatia, amid a sharp rise in energy prices, inflation is expected to accelerate in 2026, after which it could slow down again in 2027.

Harmonised index of consumer prices projection



Sources: Eurostat; CNB estimates and projectinos

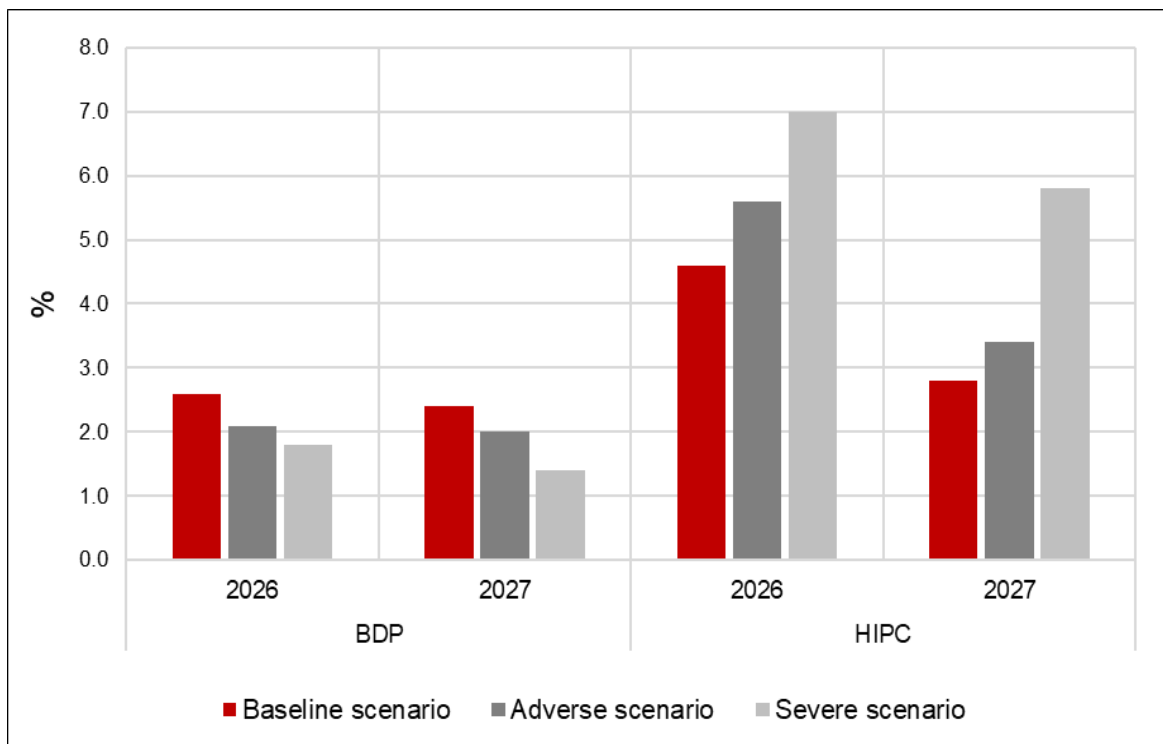
Forecast and deviations from the December projection

	2024	2025	2026	2027
Energy	-0.3	3.3	8.9	-0.2
Food	4.4	5.5	3.5	3.7
Core inflation	4.8	4.1	4.2	3.0
Overall HICP	4.0	4.4	4.6	2.8
Overall CPI	3.0	3.7	4.4	2.7
Deviations from the previous projection (p.p.)				
Energy	0.0	-0.1	4.2	-1.2
Food	0.0	0.1	0.1	1.0
Core inflation	0.0	0.0	1.0	0.5
Overall HICP	0.0	0.0	1.1	0.4
Overall CPI	0.0	0.0	1.3	0.4

Sources: Eurostat; CNB estimates and projectinos

The Croatian National Bank's spring projection also foresees stable economic growth in 2026, but with pronounced downside risks in the event of an escalation of the conflict in the Middle East.

Gross domestic product and harmonised index of consumer prices projections



Sources: Eurostat; ECB staff macroeconomic projections

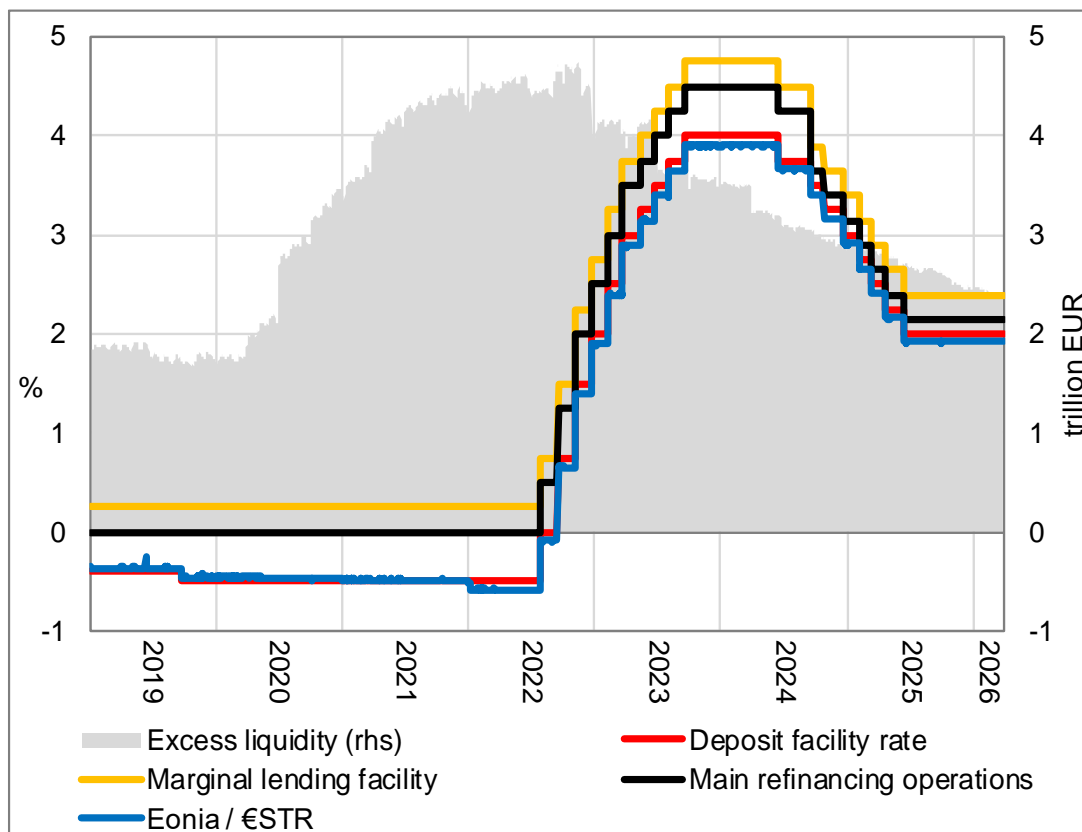
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GDP	2026	2.6	2.1	1.8	-0.5	-0.8
	2027	2.4	2.0	1.4	-0.4	-1.0
HICP	2026	4.6	5.6	7.0	1.0	2.4
	2027	2.8	3.4	5.8	0.6	3.0

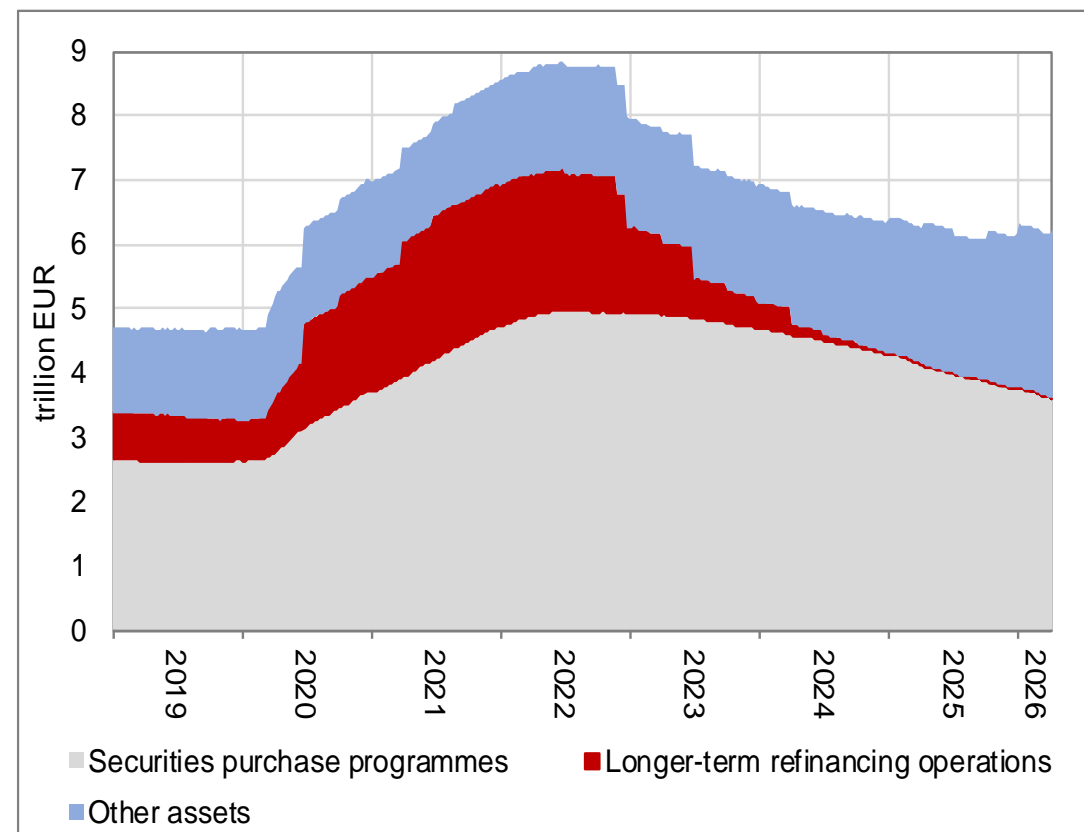
Sources: Eurostat; ECB staff macroeconomic projections

The Governing Council kept the key interest rates unchanged in March as monetary assets of the Eurosystem continue to decrease

Key ECB interest rates



Eurosystem balance sheet

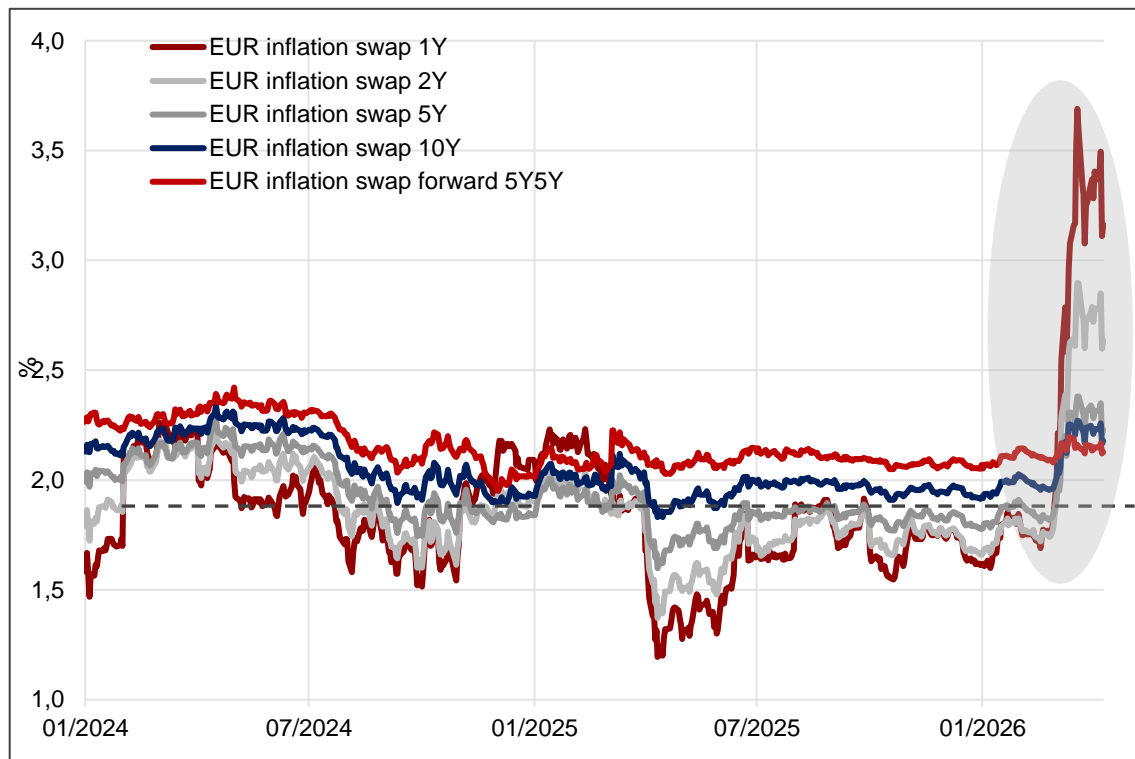


Note: The EONIA was replaced by €STR in early 2022.
Source: ECB.

Source: ECB.

The war in Iran increased EA short-term inflation expectations, while long-term expectations remained anchored; markets expect multiple interest rate hikes by the ECB

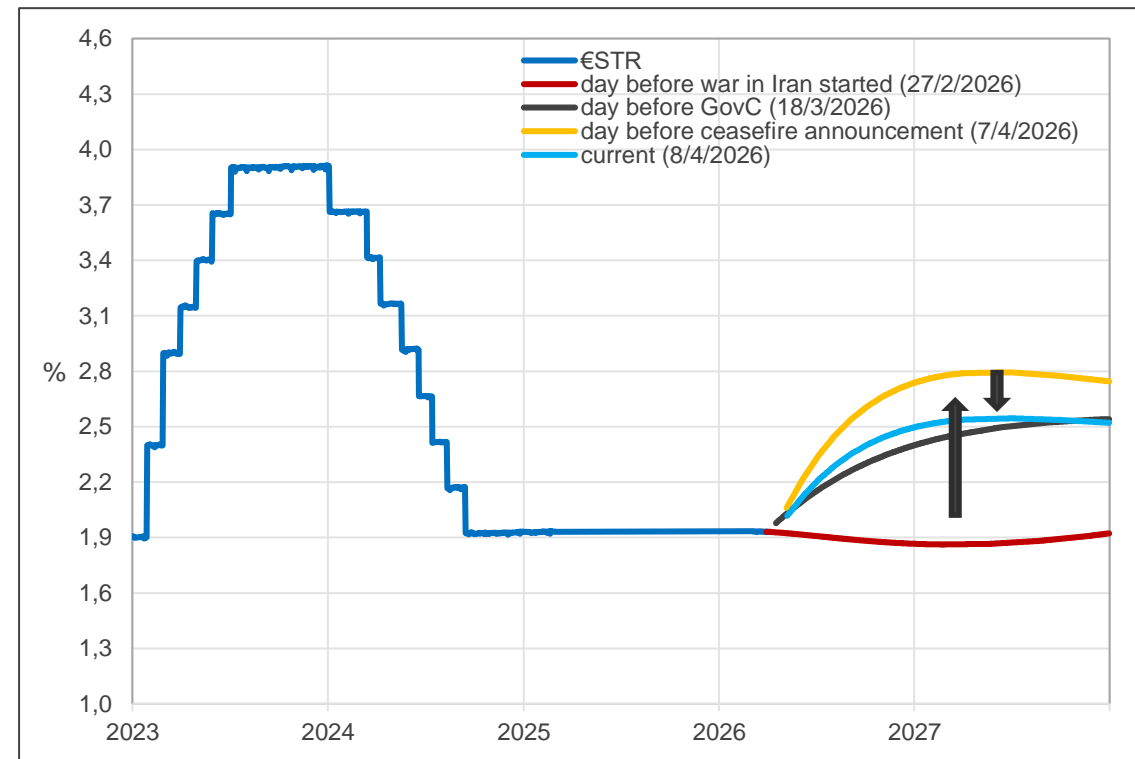
EA inflation expectations (%)



Note: Inflation swaps are linked to the HICP excluding tobacco. The black dashed line represents the ECB's targeted inflation rate of 2%, or 1.86% after adjusting for the average contribution of the tobacco category to total annual inflation.

Source: Bloomberg

€STR forward curve

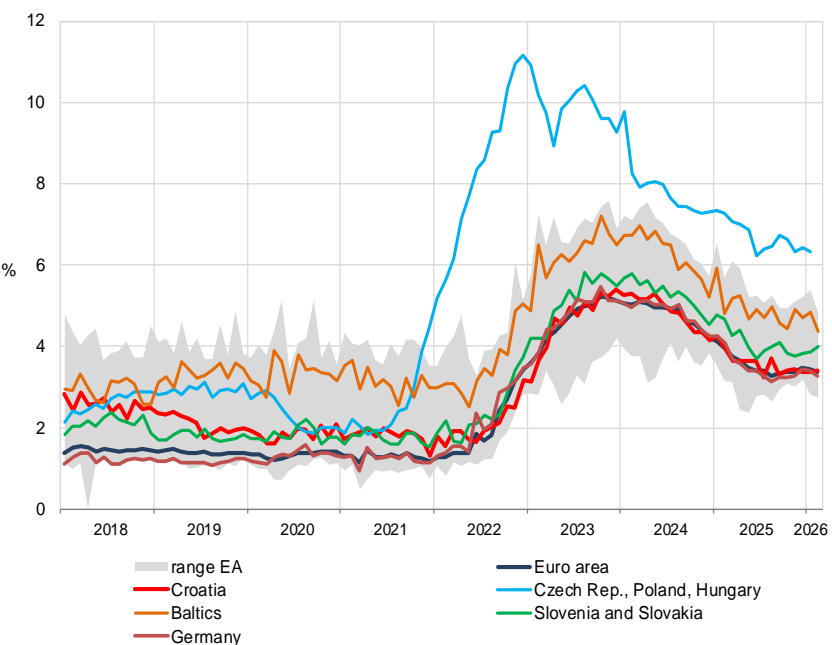


Note: The picture shows forward curve estimated using the overnight indexed swap rate (OIS). The curves represent forward curves formed at the selected dates and on the last observation date.

Sources: Bloomberg, CNB calculations

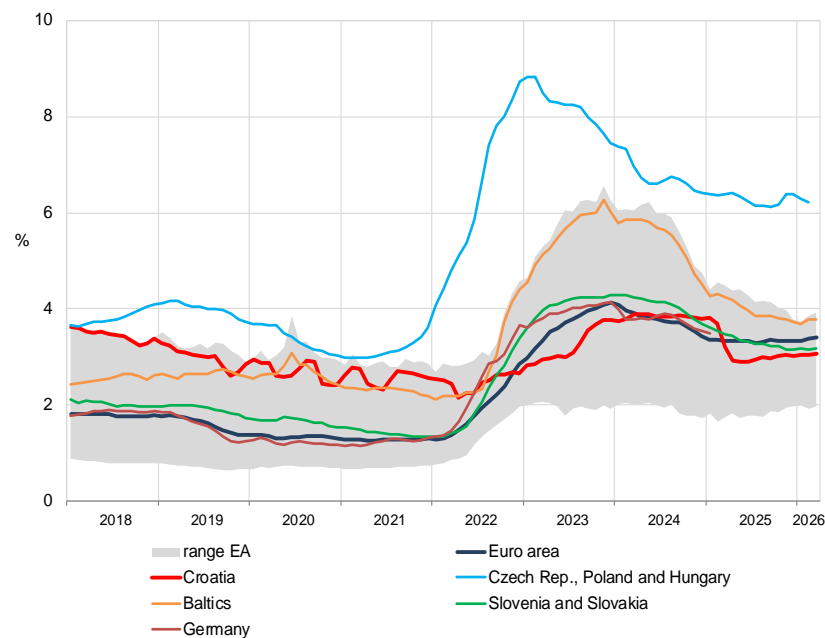
Interest rates on new loans to corporates and households in Croatia are around or below the euro area average

Interest rates on new loans to corporates



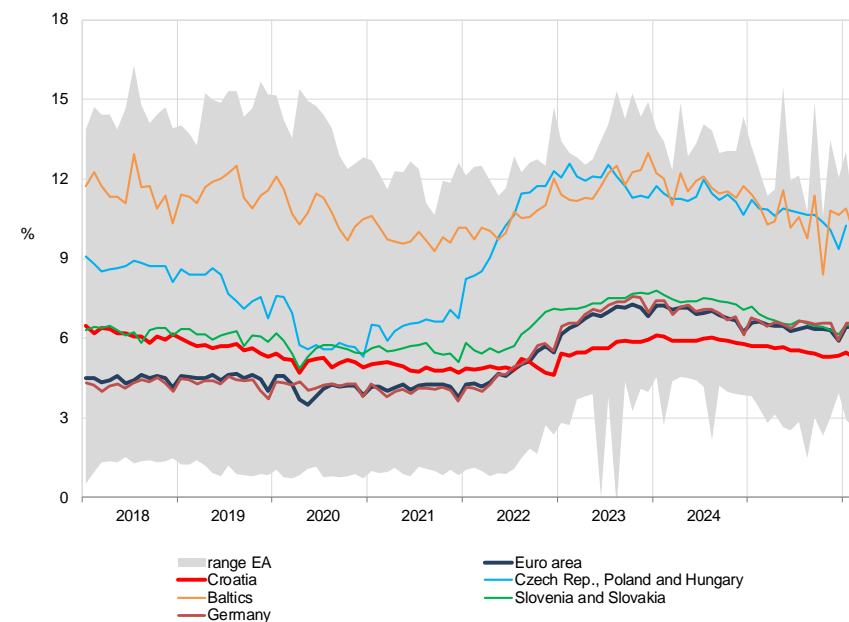
Source: ECB.

Interest rates on new housing loans



Source: ECB.

Interest rates on new consumer and other loans to households

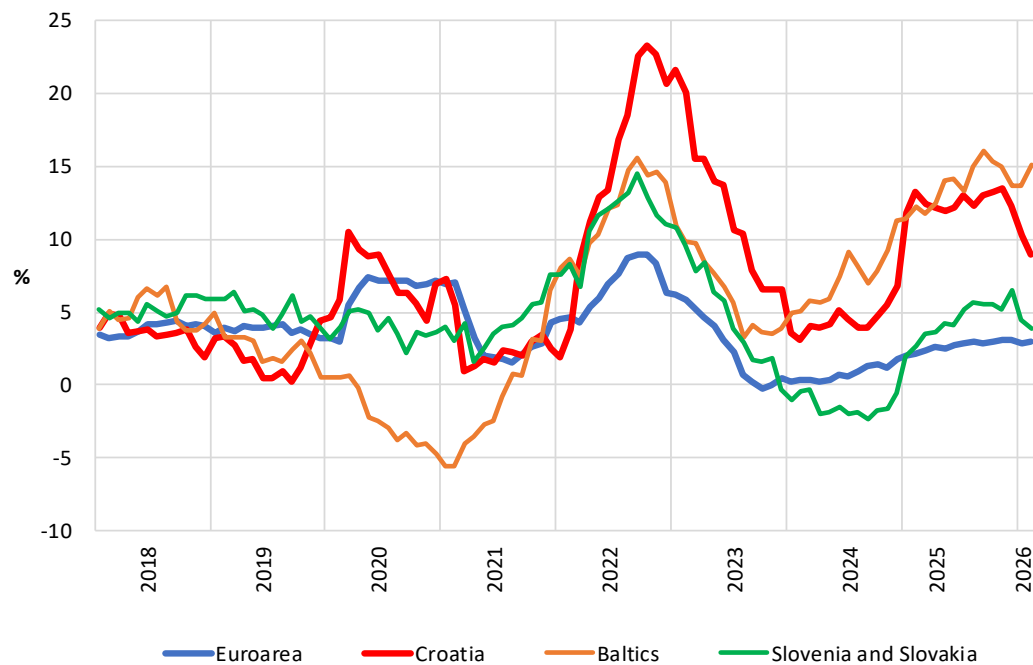


Source: ECB.

Credit activity in the euro area is gradually recovering

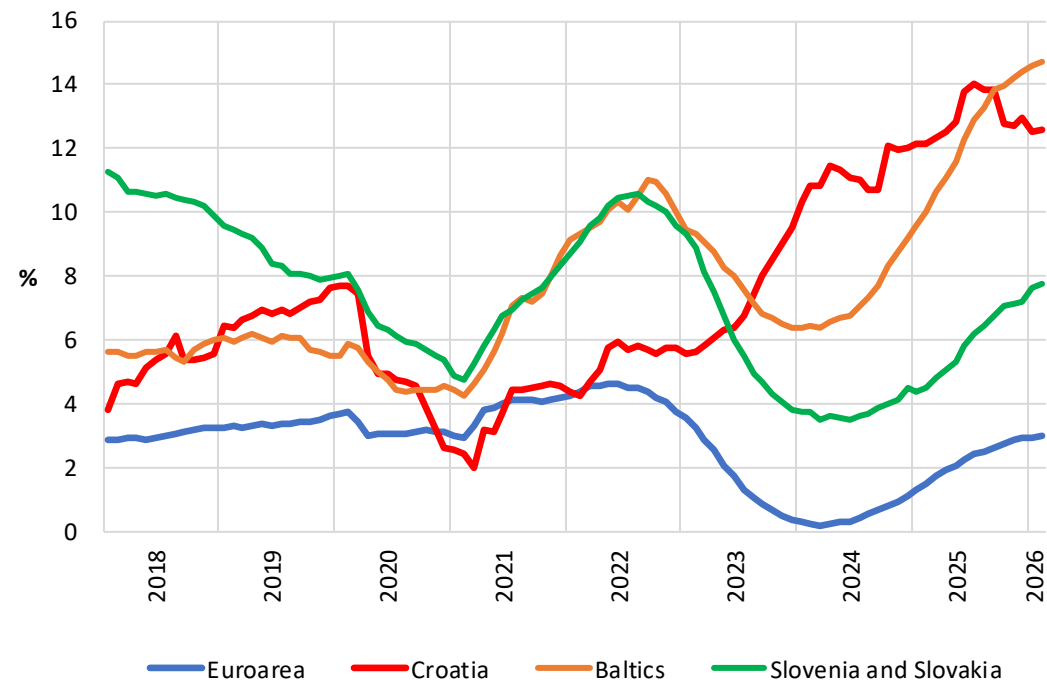
Loans to corporates

annual growth rate



Loans to households

annual growth rate

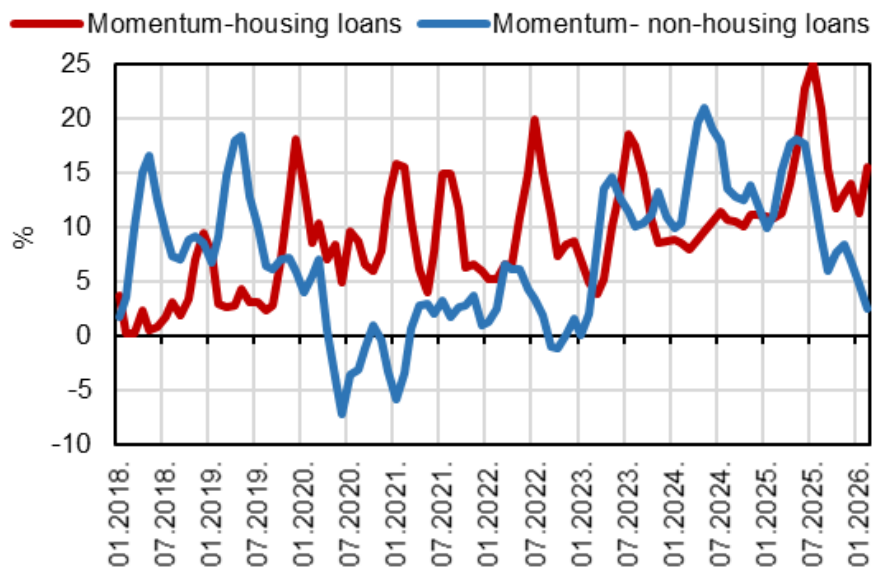


Source: ECB.

Note: The data for Croatia are not adjusted for the effect of the merger of Erste Card Club.
Source: ECB.

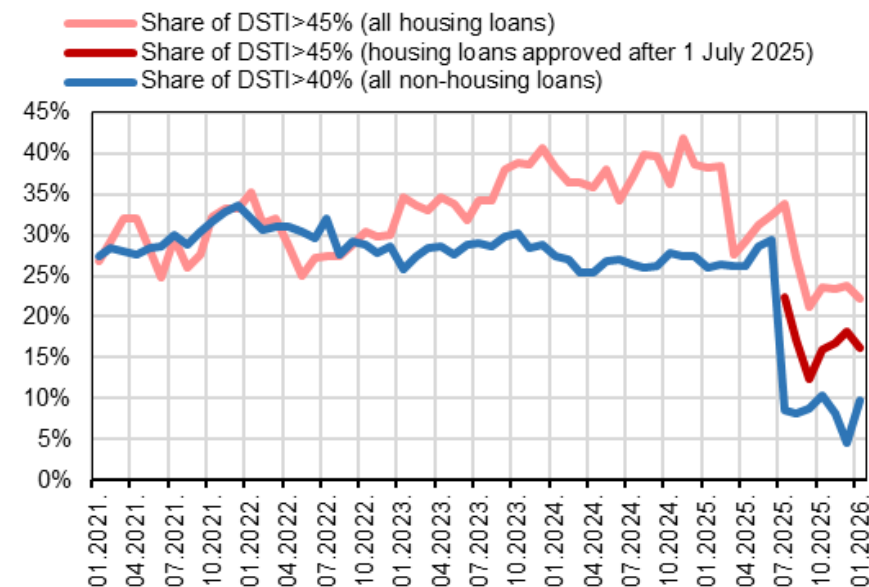
The macroprudential measures on lending criteria achieved the expected results

Lending activity for non-housing loans slowed considerably after July 1, 2025, while the effect on residential loans was modest.



Source: HNB

The share of housing and non-housing loans with DSTI ratios above the limit decreased



Note: The 'Loans approved after 1 July 2025' series includes loans both approved and disbursed after 1 July 2025, representing a subset of the 'All loans' series, which covers all loans disbursed within a given month, irrespective of the contract month. While this definition differs from the permitted exceptions under the Decision on Consumer Credit Criteria, it enables tracking the temporal distribution of the loans under analysis

Source: HNB



HNB

Thank you for your attention!