



Exchange rate regime

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The Croatian National Bank implements the managed floating exchange rate regime.

The Croatian National Bank implements the policy of the so-called managed floating exchange rate. This means that, on the one hand, the value of domestic currency is not fixed against another foreign currency or a basket of foreign currencies, but rather reflects the developments on the exchange rate market. On the other hand, the nominal exchange rate of the kuna against the euro is stabilised by occasional foreign exchange interventions by the CNB. The developments on the foreign exchange market are primarily influenced by international capital flows such as the payments related to imports and exports, inflows of foreign exchange related to foreign borrowing, repayments of external debt and inflows of EU funds. The exchange rate of the kuna against the euro is freely determined on the foreign exchange market, depending on the trends in the foreign exchange supply and demand. The CNB occasionally participates in the foreign exchange market, mostly when it considers the exchange rate fluctuation to be or may become excessive. The CNB does not predetermine the upper and the lower limit of the exchange rate of the kuna against the euro which it would defend (the upper and lower intervention point).

In contrast to the kuna/euro exchange rate, the Croatian National Bank is not able to affect the value of the kuna against other foreign currencies (US dollar, pound sterling, Swiss franc, etc.) as their values are determined by the exchange rate of the euro against those currencies on the global foreign exchange markets.