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# Information on economic trends

May 2022



## Summary

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The GDP nowcasting model points to an acceleration in economic growth in the first quarter of 2022, which suggests an increase in real economic activity on an annual level. In the first quarter of 2022, the labour market saw a further growth in employment and a small acceleration in the growth of gross nominal wages. Consumer price inflation accelerated from 6.3% in February to 7.3% in March, mainly as a result of increased prices of refined petroleum products and food. April saw a further increase in short-term and long-term costs of government financing, with interest rates on corporate loans also rising slightly. The annual growth in total bank placements accelerated from 4.0% in February to 5.0% in March, mostly mirroring a strong acceleration in the growth of placements to non-financial corporations (from 3.6% to 7.5%). At the same time, the annual growth in household placements increased only slightly to 4.5%, with the growth in housing and general-purpose cash loans holding steady at the previous month's level. According to this year's fiscal report for April, the general government ran a deficit of 2.9% of GDP in 2021, which is a considerable improvement from 2020. Such developments can largely be attributed to increased revenues stemming from the recovery in economic activity and a fall in pandemic-related subsidies. According to Ministry of Finance data, the central government deficit in the first quarter of 2022 improved slightly from that recorded in the same period of 2021, with the annual growth in revenues and expenditures slowing down considerably.

The GDP nowcasting model points to an acceleration in real economic growth in the first quarter of 2022. Despite a quarterly acceleration, the annual growth rate might be a little slower than in the previous quarter as a result of the waning of the base effect (Figure 1). Economic growth at the start of the year is suggested by data on industrial production, which rose by 1.5% in the first quarter of 2022 from the end of 2021. However, its growth on a quarterly level primarily reflects favourable developments in February when industrial production rose by 2.7% on a monthly level, then fell by 2.6% in March from the month before (Figure 3). The growth on a quarterly level, broken down by main industrial groupings, was mostly due to the increased production of intermediate goods, whose monthly growth in March continued for the fifth consecutive month. In addition, the production of non-durable consumer goods also increased in the January to March period from the previous quarter. The production of other MIG components fell (Figure 4). The volume of construction works increased by 1.7% in January and February from the previous quarter average (Figure 5), with both construction works on buildings and civil engineering works recording growth (1.3% and 3.8%, respectively) (Figure 6). The increase on a quarterly level primarily reflects more favourable developments in February, with total construction activity increasing on a monthly level by 1.2%, after falling by a small 0.3% in January. The volume of construction works in February reflects an increased volume of construction works on buildings and civil engineering works. In the first quarter of the year, the real retail trade turnover fell by 1.5% from the previous quarter, when it held steady. The start of 2022 thus saw the first decline in retail trade on a quarterly level since mid-2020. Even though the retail trade turnover rose on a monthly level in February and March by 1.6% and 2.0%, respectively, the increase was not sufficient to make up for the fall in January (Figure 7). The unfavourable developments in real retail trade can be linked to accelerating inflation, a fall in real wages and a worsening of consumer optimism.

The consumer confidence index rose in April this year, after months of mainly falling since May 2021, recovering slightly only briefly at the turn of the year. The growth in the index in April mirrors improved expectations regarding households' financial situation and the overall economic situation in Croatia over a period of one year, which more than offset the worsening of the perception of the current financial situation in households and the expectations regarding spending on durable consumer goods in the next compared to the past 12 months. Nevertheless, the

level of consumer optimism in April remained below its average level in the first three months of this year, which may result in consumption remaining subdued in the second quarter as well. Business optimism in April improved in all activities except services. However, only business entities in industry had improved expectations compared to the first quarter of this year (Figure 8).

The seasonally adjusted number of employed persons in the first quarter of 2022 continued to grow with the same intensity, having risen 0.7% from the previous period, with the steepest growth being seen in accommodation and food service activities. This growth slowed down towards the end of the quarter with the number of employed persons in March being similar to that in February. On an annual level, employment was up by 2.3% (Figure 15). The fall in unemployment slowed down in the first quarter, with the number of unemployed persons in March holding steady at a level similar to that in February. The job vacancy rate fell and so did the registered unemployment rate (6.8% of labour force in the first quarter of 2022, down from 7.2% in the fourth quarter of 2021) (Figure 16).

As regards developments in wages, the growth in the average nominal gross wage on a quarterly level continued to accelerate for the third consecutive quarter and in the first quarter of the year it stood at 2.4%. This growth was mostly fuelled by an accelerated increase in wages outside public and government sectors. By contrast, after stagnating in mid-year in 2021, real gross wages continued to fall for the second consecutive quarter (Figure 17).

Consumer price inflation continued to accelerate in March, reaching 7.3%, up from 6.3% in February. This was the result of the increased contribution of energy to overall inflation, particularly of refined petroleum products, the prices of which went up by some 10% from the previous month. These developments reflect the sharp rise in crude oil prices on the global market that followed the Russian invasion of Ukraine. The price growth would have been even bigger had it not been for the arrangement of 7 March to fix the margin of oil traders and temporarily reduce excise duties on diesel and gasoline, since the average price of a barrel of Brent crude oil reached USD 116 in March and fluctuated heavily during the month, having risen by approximately 17% from 23 February. The importance of Russia and Ukraine in the global supply of agricultural raw materials (cereals, sunflower) and artificial fertilisers put additional upward pressure on the prices of food raw materials on the global market and spurred an acceleration in food price growth, from

10.2% in February to 11.2% in March. The intensity of the increase in food prices was somewhat mitigated by the discounted rate of VAT on some food products having been passed on by some food chains to retail prices ahead its official launch date of 1 April. In addition to energy and food, the acceleration in the annual rate of inflation was also the result of the increase in the annual growth rate of the prices of industrial products (particularly clothing and non-durable consumer goods) as well as services (particularly those related to hotels and restaurants services). As a result, core inflation accelerated from 5.9% in February to 6.7% in March. Inflation measured by the harmonised index of consumer prices (HICP) accelerated to 7.3% in March from 6.3% in February, which is 0.1 percentage point below the inflation rate in the euro area. The core inflation rate in Croatia (measured by HICP, excluding energy, food, alcoholic beverages and tobacco) accelerated strongly to 4.7% in March, exceeding that in the euro area by 1.8 percentage points. The annual growth rate of producer prices on the domestic market accelerated from 21.3% in February to 24.7% in March. The annual growth rate of non-energy producer prices accelerated from 6.2% in February to 6.8% in March.

The foreign trade in goods continued to rise markedly in early 2022. According to CBS data, total goods exports in January 2022 rose by 9.3% from the previous quarter average (Figure 10), mostly owing to bigger exports of energy products (especially natural and manufactured gas), chemical products (especially medical and pharmaceutical products) and metal industry products. By contrast, exports of electricity fell visibly. Total goods imports rose by 8.8% (Figure 11), mostly as a result of bigger imports of energy products (especially natural and manufactured gas and oil and refined petroleum products), capital goods, chemical products (especially medical and pharmaceutical products) and road vehicles (Figure 12). Despite a somewhat faster growth of exports than imports, the growth in imports exceeded in an absolute amount the growth in exports, with the total foreign trade deficit widening by 24.1% (Figure 13). If trade in energy products is excluded, the foreign trade deficit widened by a much lower 6.6%. If first aggregate data for February 2022 are included, it is evident that goods exports growth is slowing down and goods imports growth accelerating. Total goods exports in January and February 2022 rose by 7.8%, imports by 10.4% and the deficit by 27.6% from the previous quarter average.

Following a small depreciation over the past several months, the nominal exchange rate of the kuna against the euro stood at EUR/HRK 7.56 at the end of April, having appreciated 0.2% from the end of March<sup>1</sup> (Figure 22). The daily nominal exchange rate rose 0.1% from the end of April of the year before. At the end of April, the nominal effective exchange rate of the kuna was down 0.1% from the end of March<sup>1</sup>. The strengthening of the kuna against the euro and the Hungarian forint was mostly offset by the weakening of the kuna against the American dollar.

The Euro short-term rate €STR remained almost unchanged in April and stood at -0,58% at the end of the month, while the six-month EURIBOR continued to rise, standing at -0,23% at the end of April (Figure 26). The yields on US and German government bonds continued to rise in April (Figure 25) and the same developments were seen in most peer countries. Such developments continue to be influenced by inflationary pressures, growing uncertainty associated with the Russian aggression

against Ukraine and changes in central banks' monetary policy direction. After mostly widening in March, risk premiums for European emerging market countries remained relatively stable in April (Figure 27) except in Romania, Hungary and Poland, the risk premiums of which continued to rise. The risk premium for Croatia was at 108 basis points at the end of April, only slightly above its level at the end of March.

The overnight money market in April recorded modest and mostly lower volumes of trading than in March with the overnight interest rates tending to hold steady in slightly negative territory without changing much (Figure 27). The costs of short-term and long-term government financing continued to rise in April. The interest rate on one-year kuna T-bills of the Ministry of Finance rose to 0.1% from 0.05% in March (Figure 30). The increased costs of long-term government borrowing were mirrored in a small upward shift in the yield curve on Croatian government bonds (Figure 31). In addition, in April the government issued a 10-year euro bond on the international capital market with a yield at issue of 2.975% and in March the market yield on the long-term euro government bond stood at 2.31%.

In March, the interest rate on pure new corporate loans rose by 33 basis points to 1.92% (Figure 34), mostly driven by an increase in the interest rates on loans to medium-sized and large enterprises (Figure 37). The fall in interest rates on an annual level fell to only 15 basis points (Figure 35), with the contribution of changes in the interest rates on investment and syndicated loans turning positive, while the changes in the interest rates on loans for working capital continuing to provide a negative annual contribution. As for households, the interest rate on pure new loans to that sector fell by 4 basis points to 4.05% in March (Figure 38) as a result of a fall in the interest rate on housing loans. The costs of household financing on an annual level fell by 54 basis points (Figure 39), mainly due to a fall in the interest rates on general-purpose cash loans and housing loans but also due to a smaller share of housing loans, granted at relatively lower interest rates, in total financing (Figure 40). As for deposits, the interest rates on time deposits moved within the common volatility range (Figures 41 and 42). The spread between interest rates on total new loans and deposits in March fell only slightly to 3.9 percentage points (Figure 44) and the spread between interest rates on total loans and deposits fell to 3.5 percentage points.

Monetary developments in March were marked by a fall in total liquid assets (M4) of HRK 2.7bn or 0.7% (transaction-based) as a result of a sharp fall in net foreign assets (NIA) of the monetary system while net domestic assets (NDA) rose during that period (Figure 45). The growth in NDA mirrors the growth in placements to domestic sectors and net claims on the central government (Figure 46), which is mostly due to a fall in government deposits with the CNB. Money (M1) shrank by HRK 0.6bn (0.3%) on a monthly level, mostly reflecting a fall in demand deposits of non-financial corporations. Quasi-money fell considerably on a monthly level in March (HRK 2.1bn or 1.0%), mostly as a result of a fall in household foreign currency deposits and to a lesser extent a fall in foreign currency deposits of other domestic sectors. Influenced by the Russian aggression against Ukraine, monetary developments in March saw a fall in the NFA of the monetary system in the first half of the month resulting from a withdrawal of household deposits. As a result, the annual growth in M4 and M1 continued to decelerate, from 9.6% to 8.2% and 14.9% to 13.6%, respectively (Figures 55 and 56).

Total placements of monetary institutions to domestic sectors (except the central government) rose by a steep HRK 4.0bn (1.6%, transaction-based) in March, with their annual growth

<sup>1</sup> The exchange rate of the Russian rouble was fixed until further notice at the level of the last available ECB reference rate on 1 March, thus excluding the effect of this currency's pronounced volatility in the international foreign exchange market on effective exchange rates of the kuna.

rate accelerating from 4.0% to 5.0% (Figure 47). Corporate placements rose the most in March (HRK 3.5bn), followed by household placements (HRK 0.9bn), while placements to other domestic sectors shrank (HRK 0.4bn). As for the structure of household placements, housing loans and general-purpose cash loans continued to rise (both by HRK 0.3bn). The annual growth rates of housing and general-purpose cash loans remained the same as in the month before (8.0% and 3.4%, respectively), with household placements accelerating only slightly from 4.4% in February to 4.5% in March (Figure 49). By contrast, the growth in corporate placements accelerated markedly on an annual level, rising from 3.6% to 7.5% (Figure 48).

Gross international reserves rose in April by EUR 1.8bn or 7.3% from the month before and stood at EUR 25.8bn at the end of the month (Figure 65). The growth in reserves was mostly spurred by an increase in government foreign currency deposits with the CNB as a result of an inflow of foreign currency arising from government borrowing on the international capital market. Net usable reserves rose only slightly (EUR 0.1bn or 0.6%) and stood at EUR 20.6bn at the end of the month. Gross international reserves rose by EUR 5.1bn or 24.7% and net reserves by EUR 2.1bn or 11.5% from the same month of the year before.

The net external debt of domestic sectors rose by a considerable EUR 0.7bn in the first two months of 2022 (Figure 67), mostly fuelled by a deterioration in the net debt position of credit institutions as a result of a simultaneous increase in foreign liabilities and a decrease in assets. Net debt positions of other domestic sectors also rose slightly, direct investments included, and the net foreign position of the CNB deteriorated by almost the same measure, entirely as a result of a decline in the assets of banks in the TARGET2 system managed by the central bank. Net debt liabilities of the government rose only slightly during that period. The gross external debt stock stood at EUR 46.0bn

at the end of February, having risen by EUR 1.4bn from the end of 2021 (Figure 69).

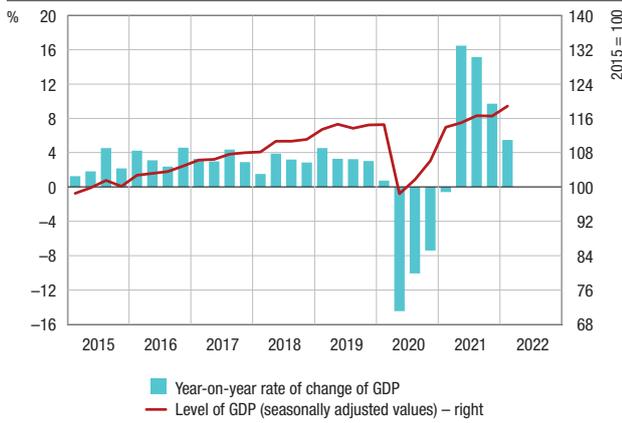
The Excessive Deficit Procedure Report for April shows a significant improvement in the 2021 general government budget balance. According to the ESA 2010 methodology, the general government budget deficit stood at 2.9% of GDP in 2021, which is an improvement of 4.4 percentage points from the deficit reported for 2020 (7.3% of GDP). The narrowing of the general government deficit particularly reflects an increase in revenues due to a strong recovery in economic activity, with revenue growth being boosted the most by revenues from indirect taxes, mirroring recovery in personal and tourist consumption. Budget expenditures rose relatively slightly on an annual level, taking into account a considerable fall in support to the economy to mitigate the impacts of the pandemic, a fall in capital transfers and a further fall in interest expenditures. By contrast, employee compensation saw a further relatively sharp rise, mostly reflecting the increase in the base for the calculation of wages of civil servants and government employees.

According to Ministry of Finance data<sup>2</sup>, the central government deficit in the first quarter of 2022 amounted to HRK 3.3bn, a small improvement from the deficit generated in the same period of the 2021 (HRK 3.5bn). Such developments in the deficit reflect a somewhat faster annual growth in revenues (1.7%) than expenditures (1.2%), with the annual growth in revenues and expenditures slowing down noticeably; however, the absence of disaggregated data makes a more detailed analysis impossible.

The consolidated general government debt totalled HRK 343.3bn at the end of January 2022, having fallen by HRK 0.3bn from the end of 2021. As regards the relative indicator of public debt, at the end of January 2021 it fell slightly to 79.7% from 79.8% of GDP at the end of 2021 (Figure 70).

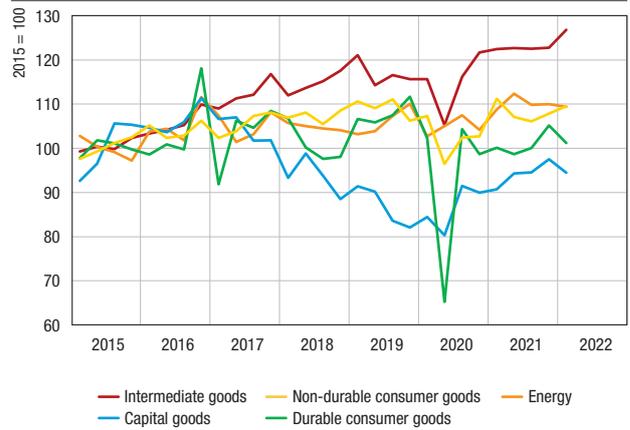
<sup>2</sup> The budget balance and total revenues and expenditures refer to monthly data for the central government, state government and social security sub-sectors, the publication of which by the Ministry of Finance before the end of the following calendar month is required under Council Directive 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



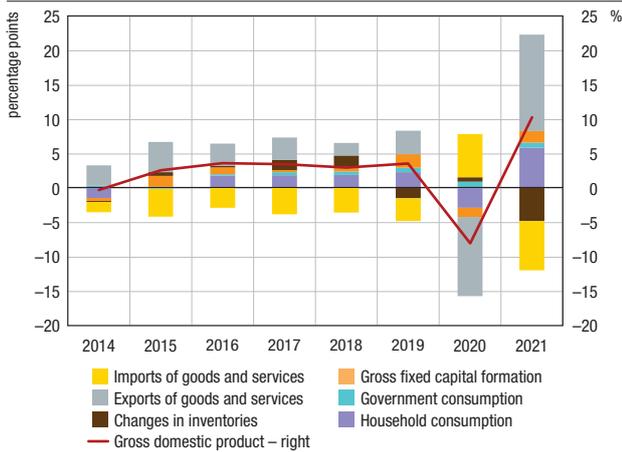
Note: Data for the first quarter of 2022 refers to the CNB's monthly indicator of real economic activity, estimated on the basis of data published until 29 April 2022.  
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

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



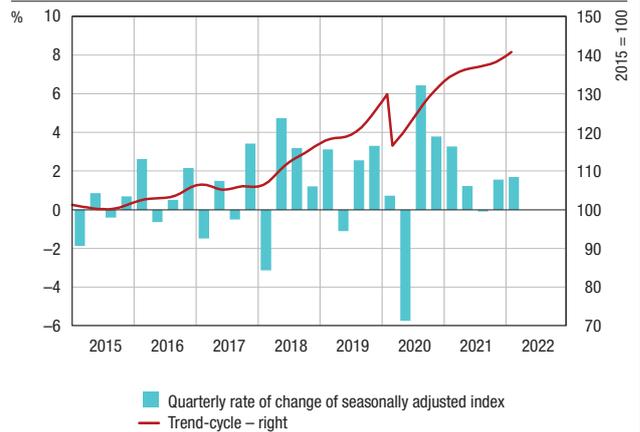
Source: CBS data seasonally adjusted by the CNB.

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



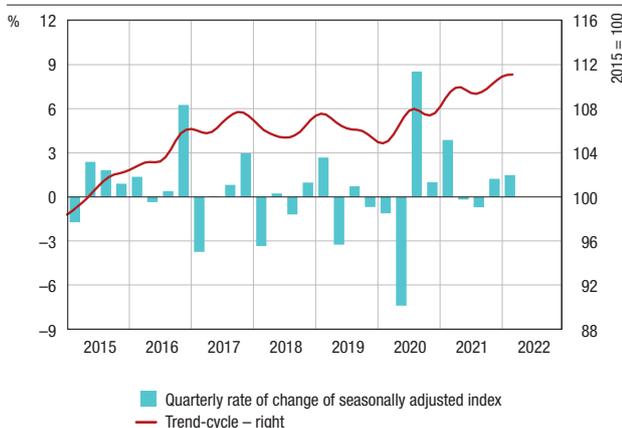
Source: CBS.

**Figure 5 Total volume of construction works**



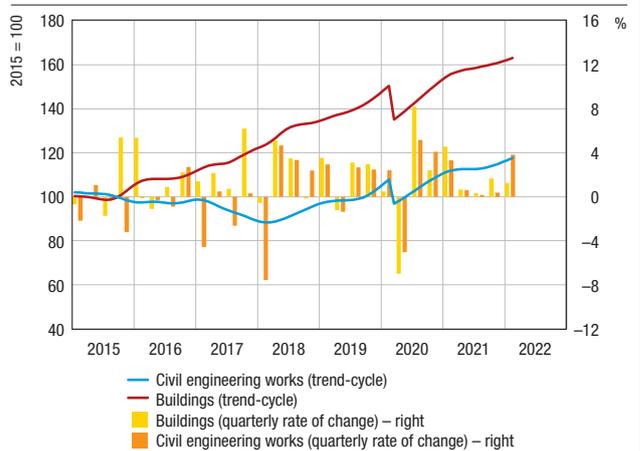
Note: Data for the first quarter of 2022 refers to January and February.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 3 Industrial production**



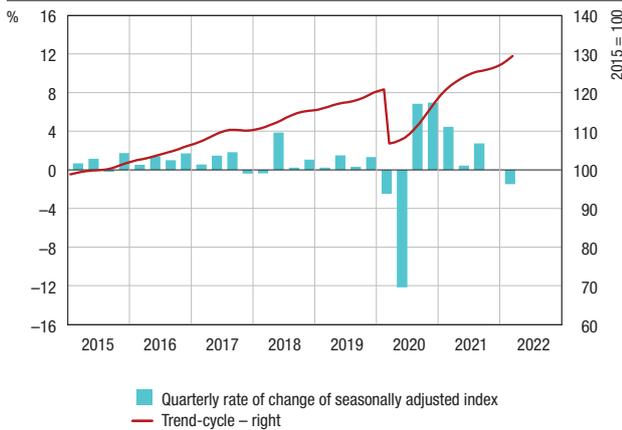
Source: CBS data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



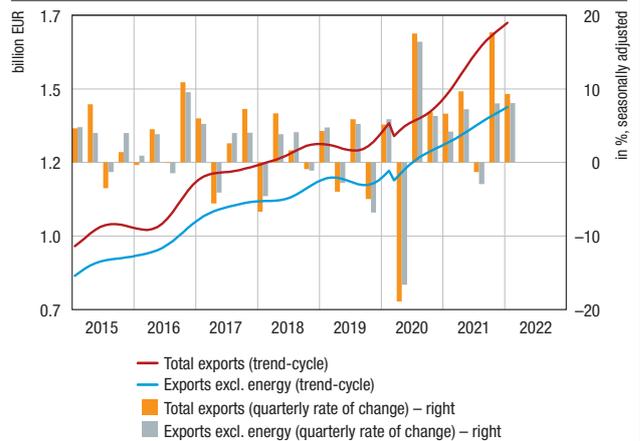
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



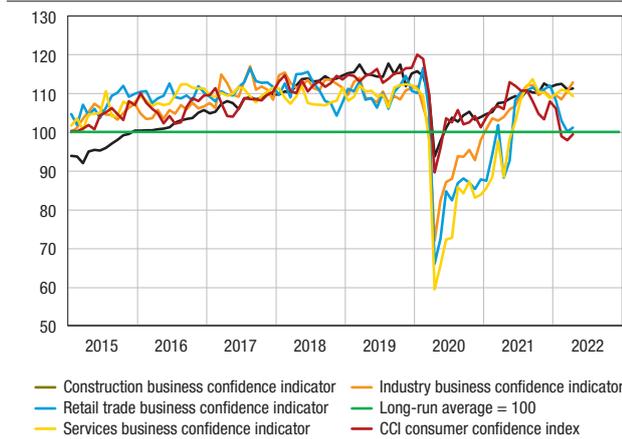
Source: CBS data seasonally adjusted by the CNB.

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



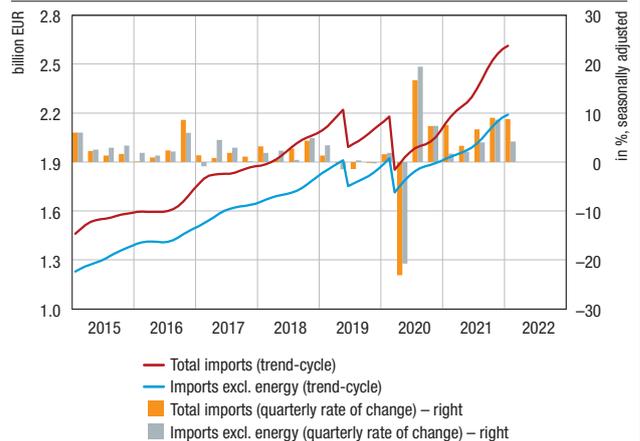
Data for the first quarter of 2022 refer to January.  
Source: CBS data seasonally adjusted by the CNB.

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



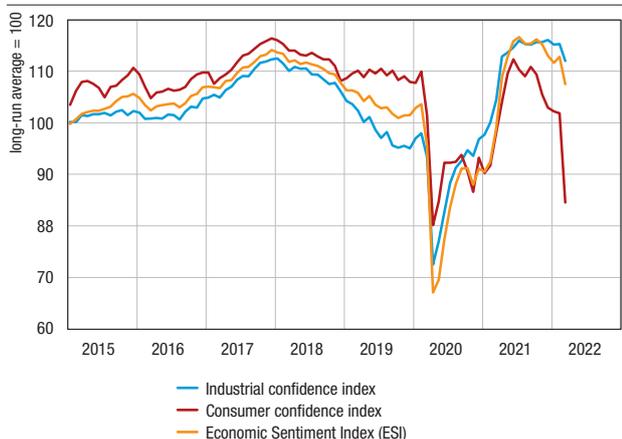
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



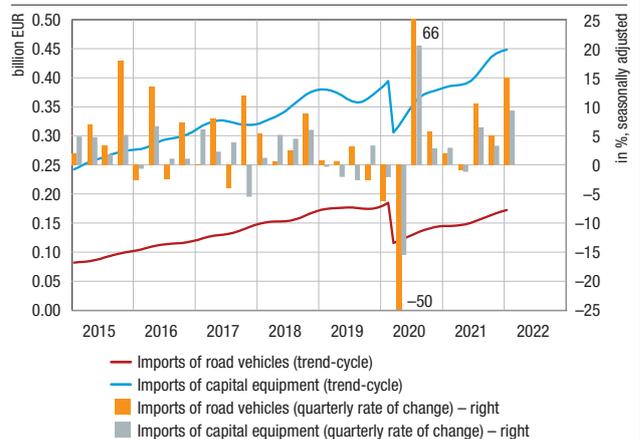
Data for the first quarter of 2022 refer to January.  
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



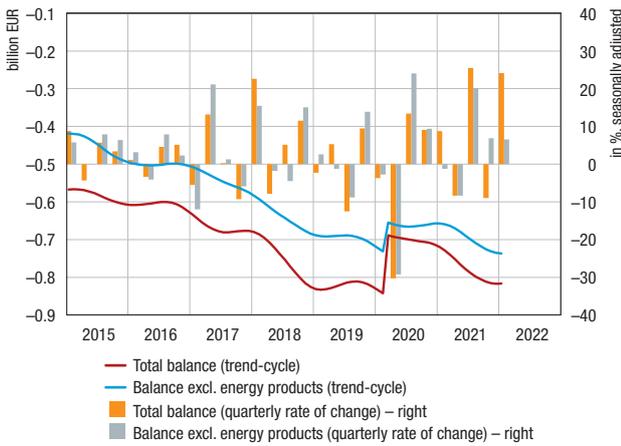
Note: Data are up to March 2022.  
Sources: Eurostat, CNB calculations.

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



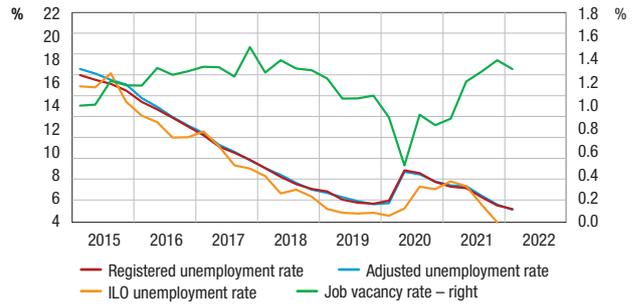
Notes: Imports of capital equipment (SITC divisions 71 – 77).  
Data for the first quarter of 2022 refer to January.  
Source: CBS data seasonally adjusted by the CNB.

Figure 13 Trade of goods balance



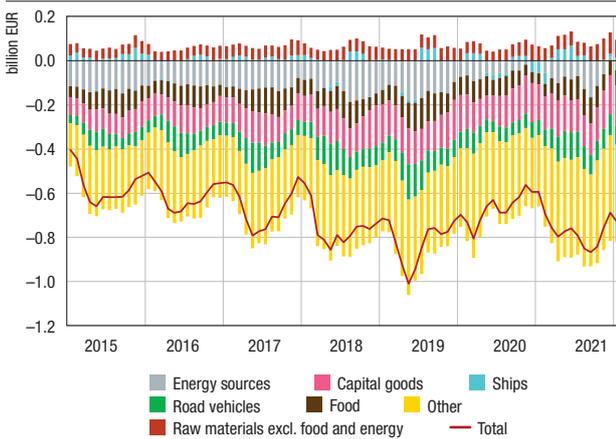
Data for the first quarter of 2022 refer to January.  
Source: CBS data seasonally adjusted by the CNB.

Figure 16 Unemployment and job vacancy rates seasonally adjusted data



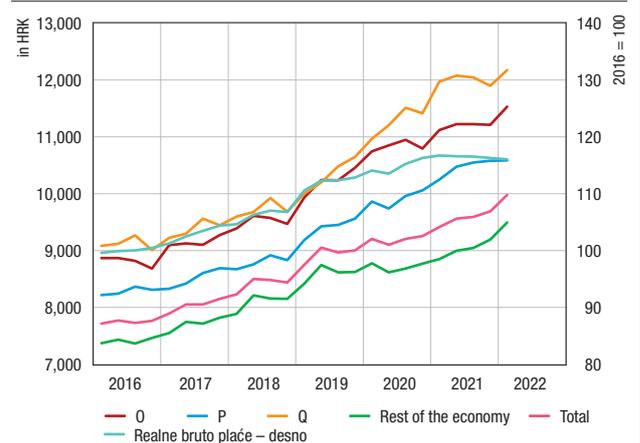
Notes: Since January 2015, the calculation of the registered unemployment rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate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

Figure 14 Trade in goods balance by product groups



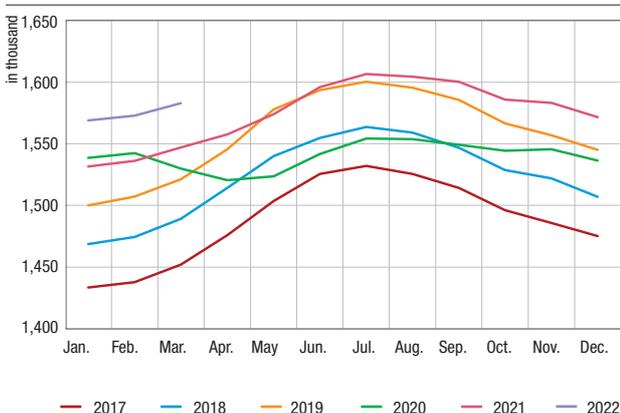
Notes: Data are up to January 2022. Series are shown as three-member moving averages of monthly data.  
Source: CBS.

Figure 17 Average nominal and real gross wage by NCA activities original and seasonally adjusted data



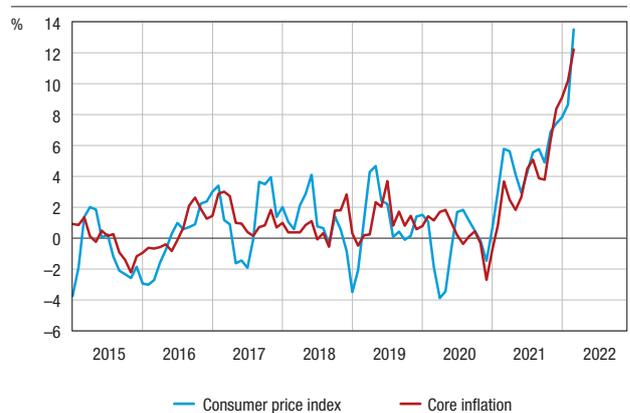
Notes: O – Public administration and compulsory social security, P – Education, Q – Human health.  
Sources: CBS and CNB calculations.

Figure 15 Employment original data



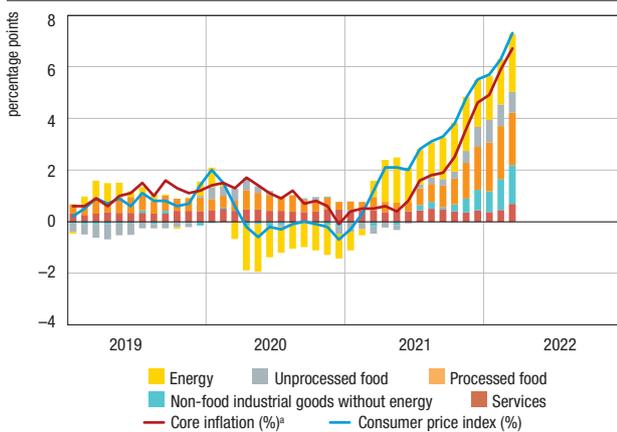
Source: CPII.

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**

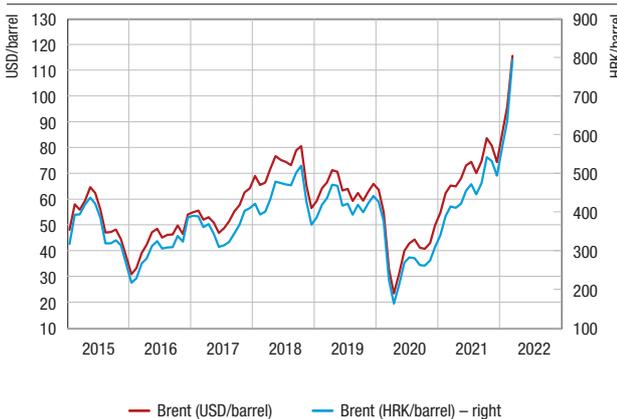
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	2/22	3/22	3/21	3/22
<b>Consumer price index and its components</b>				
Total index	6.3	7.3	1.1	2.1
Energy	10.4	13.3	2.0	4.7
Unprocessed food	10.0	9.5	0.9	0.4
Processed food	9.1	9.0	1.1	1.0
Non-food industrial goods without energy	4.6	5.8	1.9	3.1
Services	1.7	2.6	-0.1	0.8
<b>Other price indicators</b>				
Core inflation	5.9	6.7	1.1	1.9
Index of industrial producer prices on the domestic market	21.3	24.7	1.0	3.9
Brent crude oil price (USD)	53.8	77.3	4.7	20.7
HWWI index (excl. energy, USD)	25.2	31.6	3.1	8.1

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

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



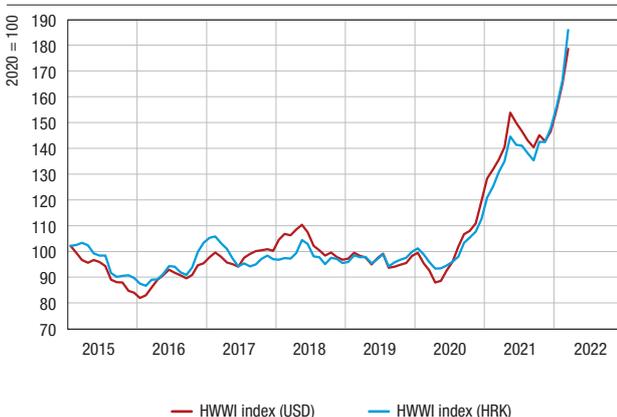
Sources: Bloomberg and CNB calculations.

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



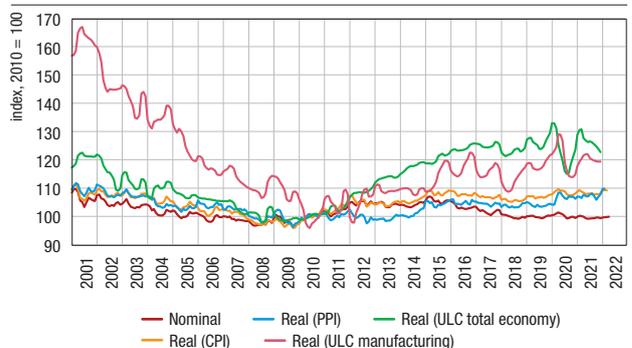
Source: CNB.

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



Sources: HWWI and CNB calculations.

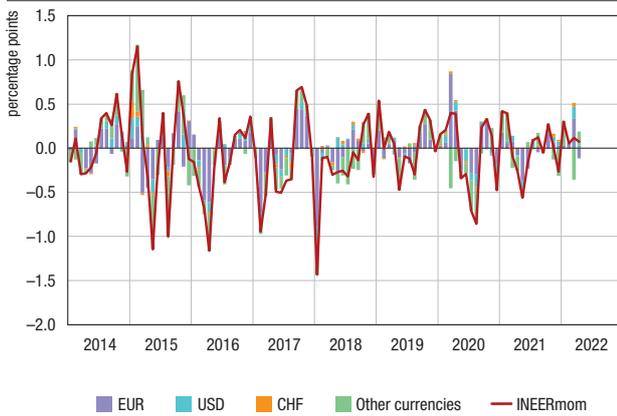
**Figure 23 Nominal and real effective exchange rates of the kuna**



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.

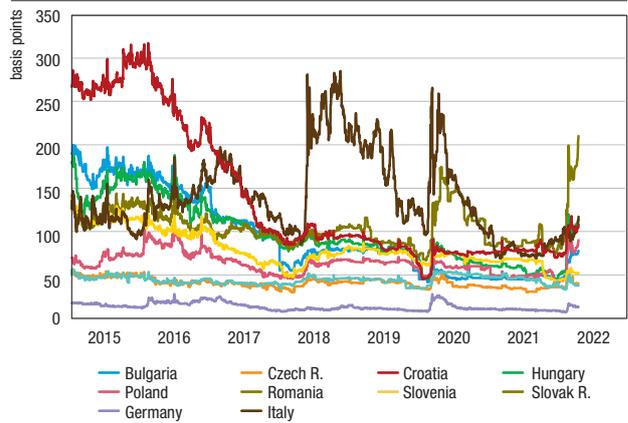
**Figure 24 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)**



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

Source: CNB.

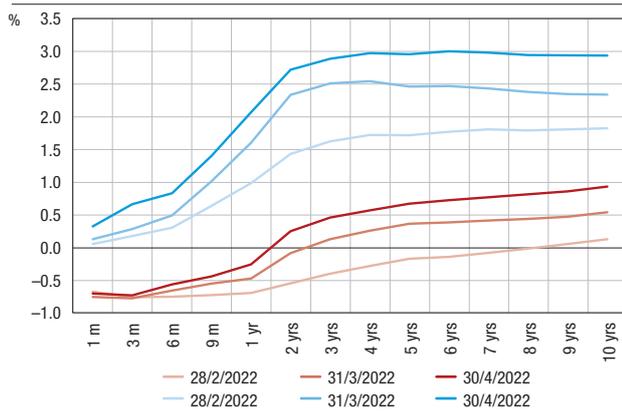
**Figure 27 CDS spreads for 5-year government bonds of selected countries**



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 25 Yields to maturity on US government and German government bonds**



Note: Blue denotes yields on US bonds and red yields on German bonds. The first four labels on the individual dates refer to monthly yields and the remaining ones refer to annual yields.

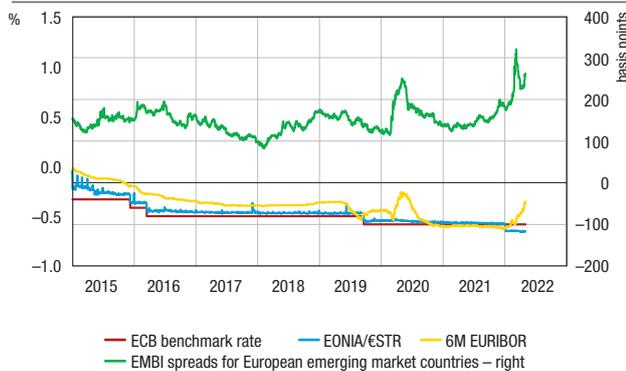
Source: Bloomberg.

**Figure 28 CDS spreads for selected parent banks of domestic banks**



Source: S&P Capital IQ.

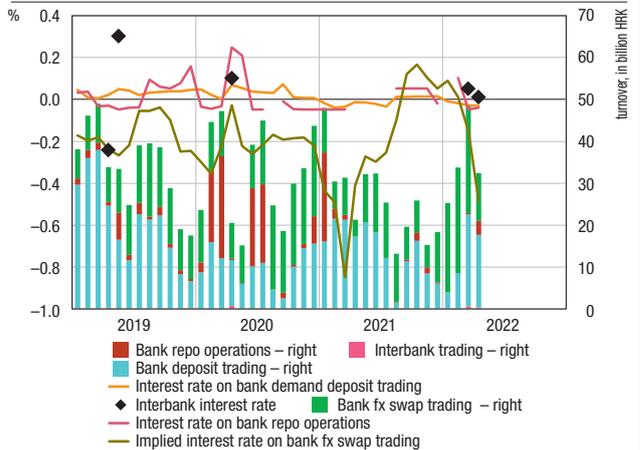
**Figure 26 Interest rates on the euro and the average yield spread on bonds of European emerging market countries**



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.

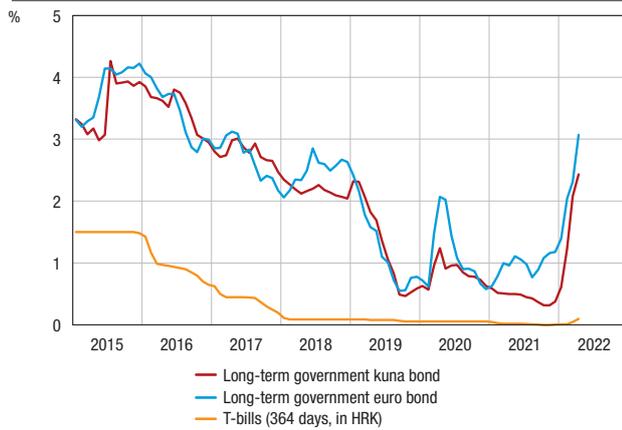
Sources: ECB, Bloomberg and J.P. Morgan.

**Figure 29 Overnight interest rates and turnovers**



Source: CNB.

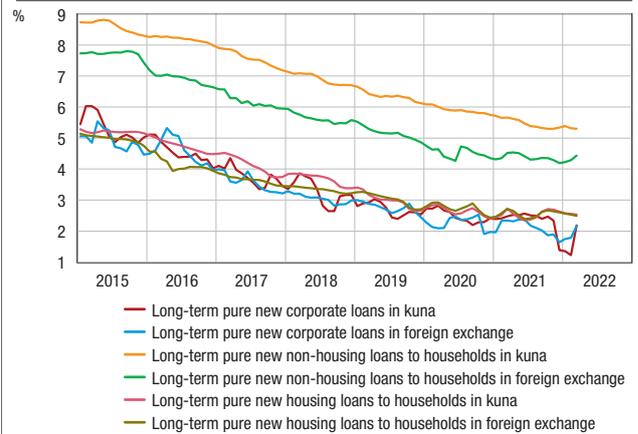
**Figure 30 Yields on T-bills and bonds of the Republic of Croatia**



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.

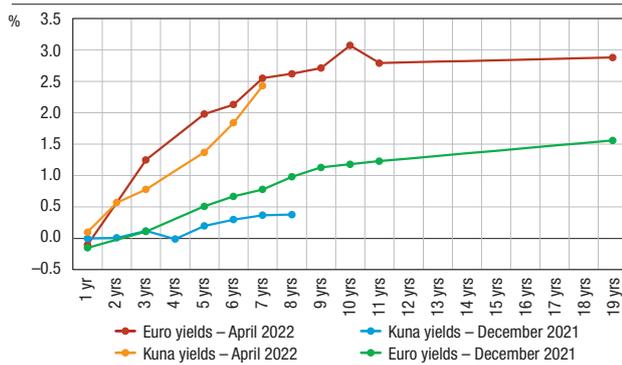
**Figure 33 Long-term financing costs**



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

Source: CNB.

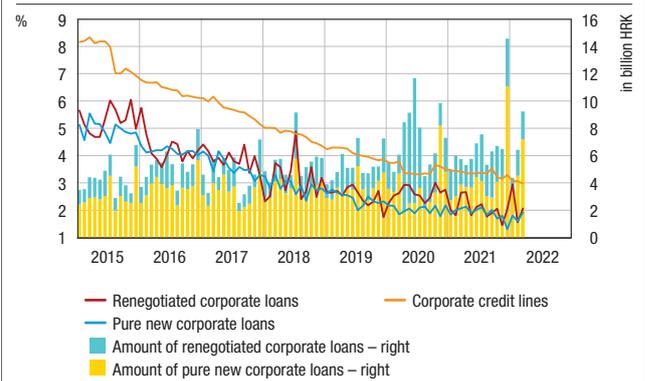
**Figure 31 Yields to maturity on RC bonds**



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 November. The yield on one-year T-bills with a currency clause in the euro refers to October 2021 and February 2022, respectively.

Source: CNB.

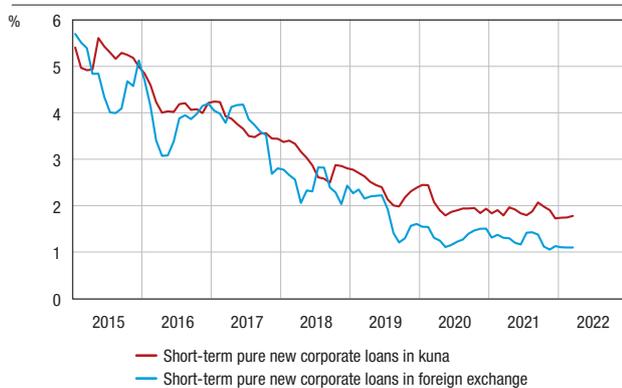
**Figure 34 Interest rates and amount of corporate loans**



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.

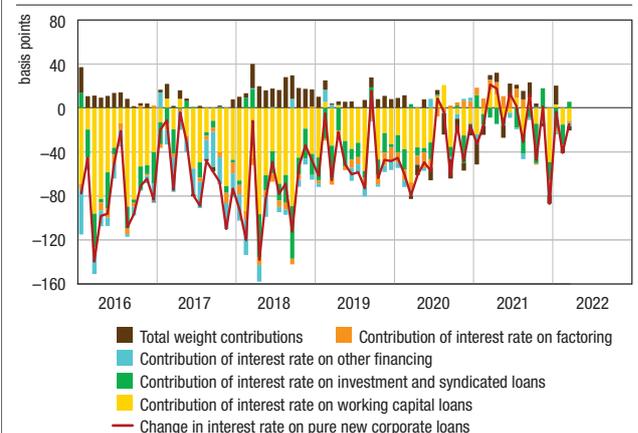
**Figure 32 Short-term financing costs**



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.

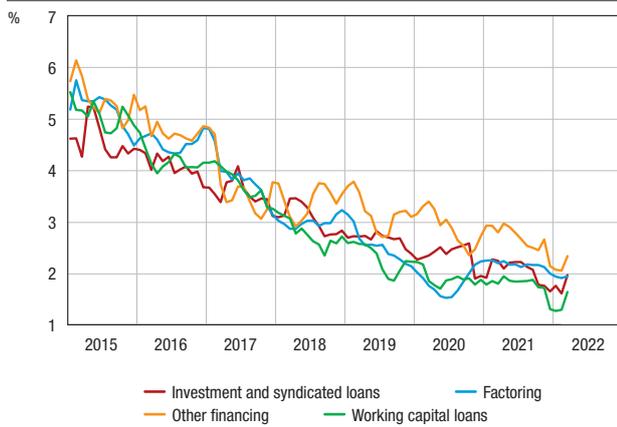
**Figure 35 Contributions to the annual change in the interest rate on pure new corporate loans**



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

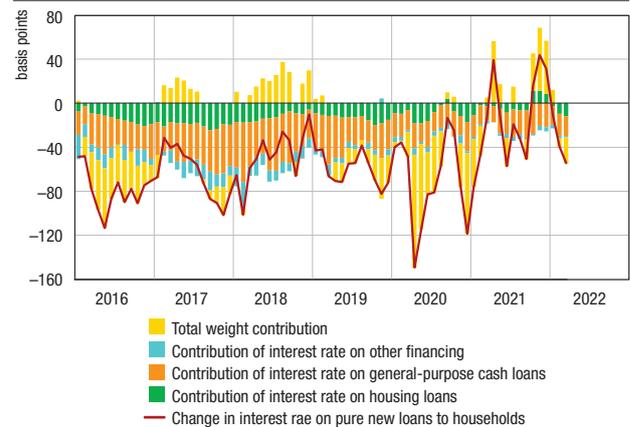
Source: CNB.

**Figure 36 Interest rates on pure new corporate loans by purpose**



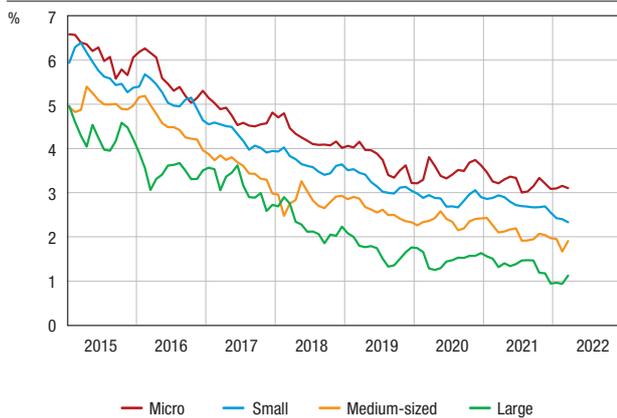
Note: Quarterly weighted moving averages.  
Source: CNB.

**Figure 39 Contributions to the annual change in the interest rate on pure new household loans**



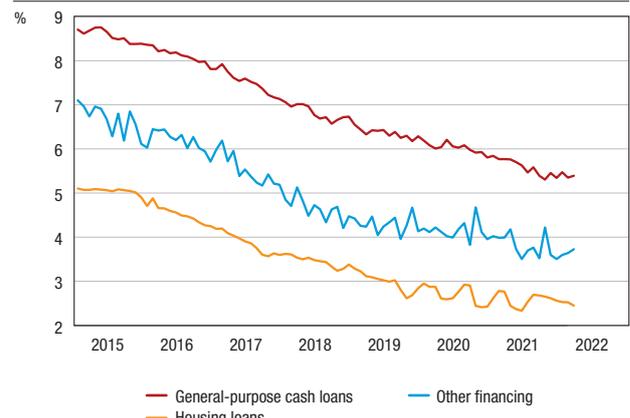
Note: Calculated by applying the Bennet index, according to which total contribution is divided into interest rate effect and weight effect.  
Source: CNB.

**Figure 37 Interest rates on pure new loans by corporate size**



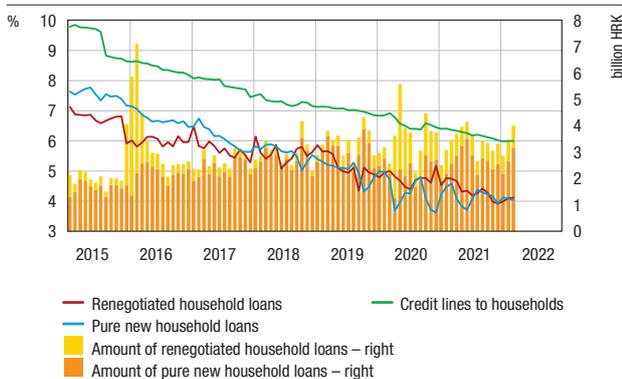
Note: Quarterly weighted moving averages.  
Source: CNB.

**Figure 40 Interest rates on pure new household loans by purpose**



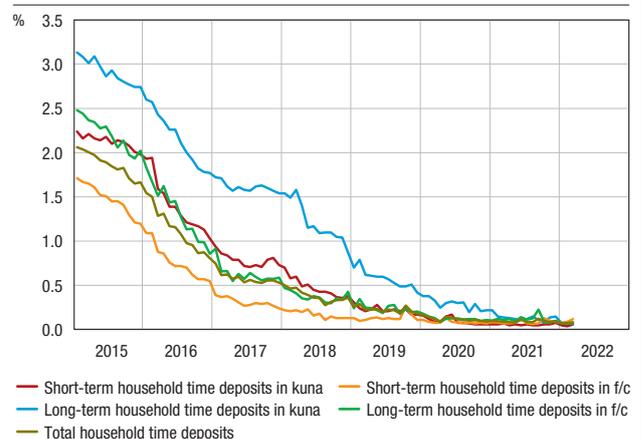
Source: CNB.

**Figure 38 Interest rates and amount of household loans**



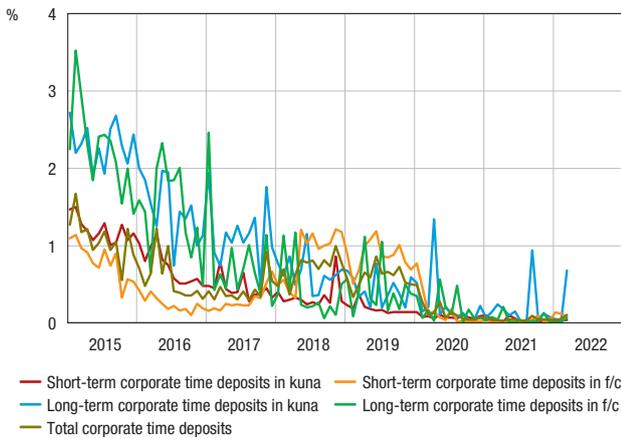
Note: Data on pure new loans are not available for credit card loans, overdrafts, revolving loans and receivables on charge cards since their new business volume (for other instruments, this includes both pure new loans and renegotiated loans) is equal to balances and thus included in the credit line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

**Figure 41 Interest rates on household time deposits**



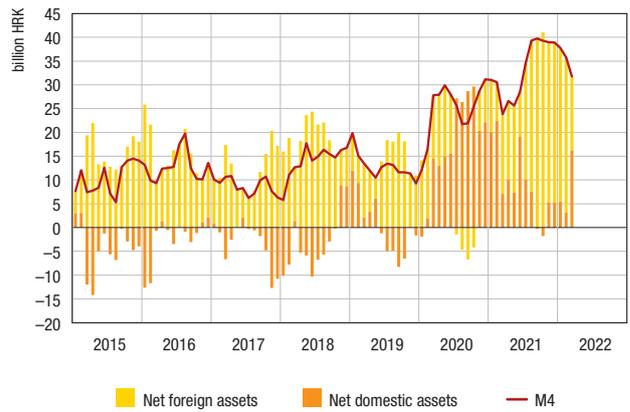
Source: CNB.

Figure 42 Interest rates on corporate time deposits



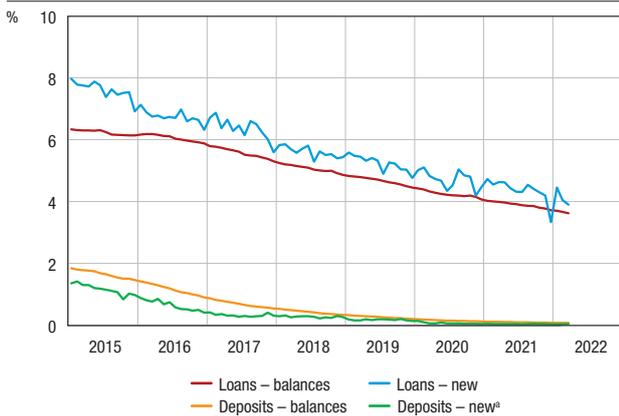
Source: CNB.

Figure 45 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



Source: CNB.

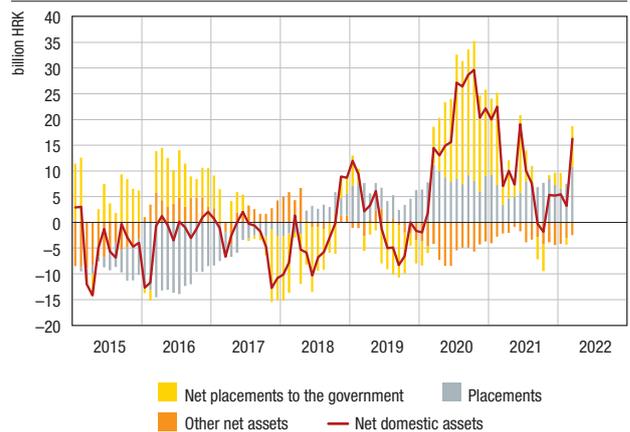
Figure 43 Average interest rates on loans (excl. revolving loans) and deposits



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

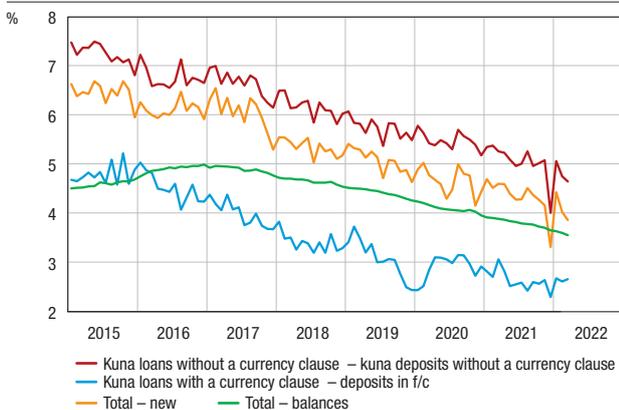
Source: CNB.

Figure 46 Net domestic assets, structure absolute change in the last 12 months



Source: CNB.

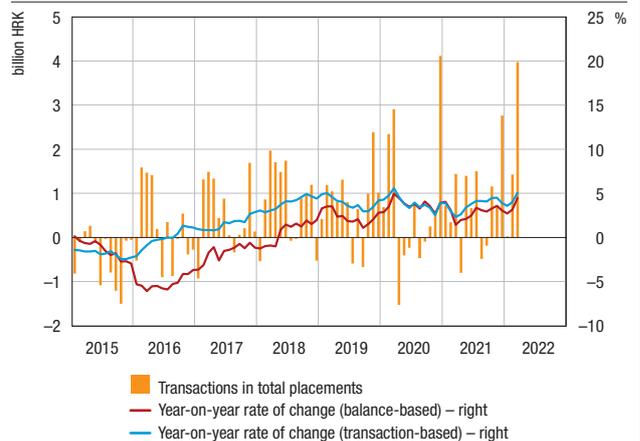
Figure 44 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



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).

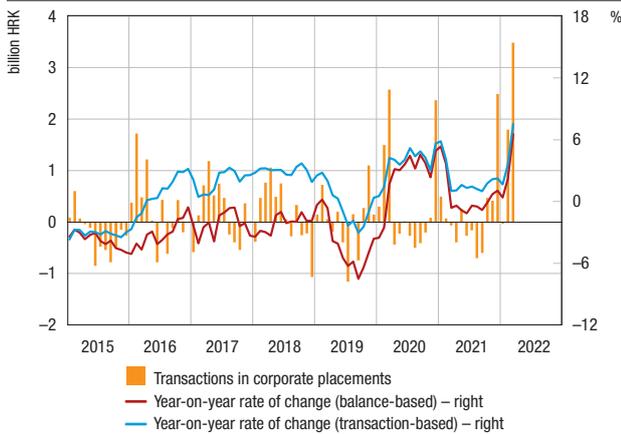
Source: CNB.

Figure 47 Placements



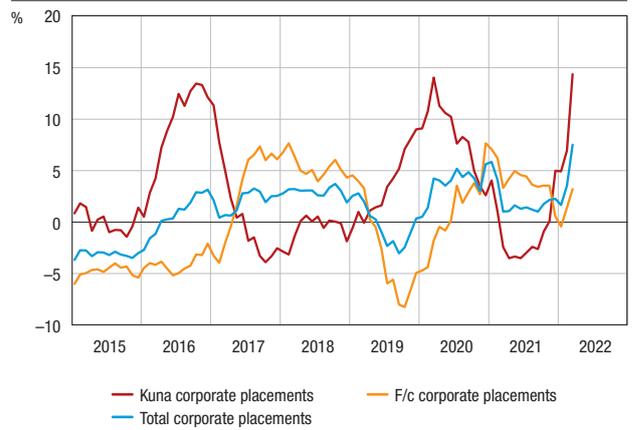
Source: CNB.

Figure 48 Placements to corporates



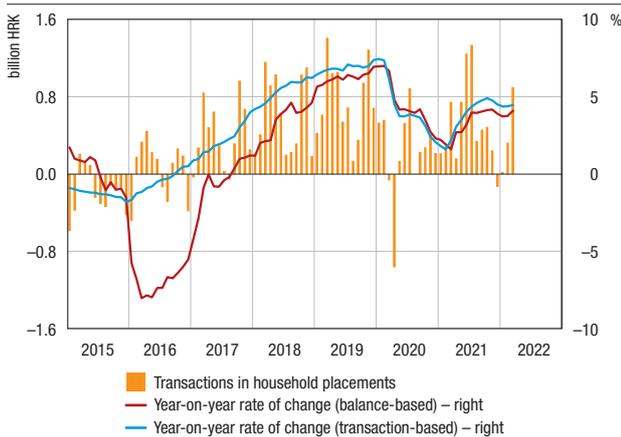
Source: CNB.

Figure 51 Annual rate of change in corporate placements transaction-based



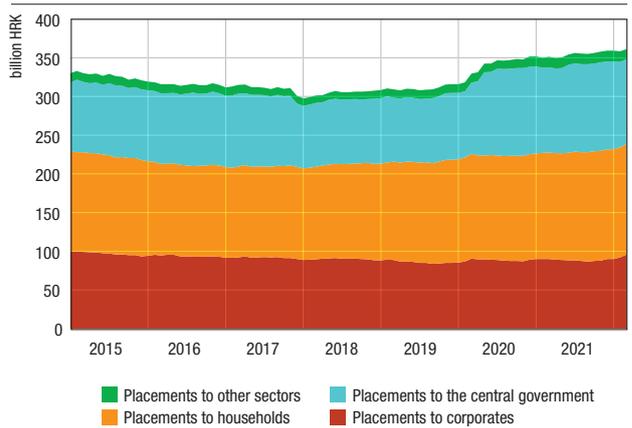
Source: CNB.

Figure 49 Placements to households



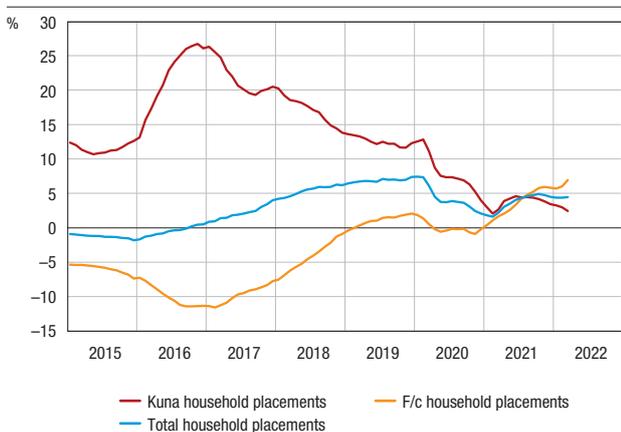
Source: CNB.

Figure 52 Structure of placements of monetary financial institutions



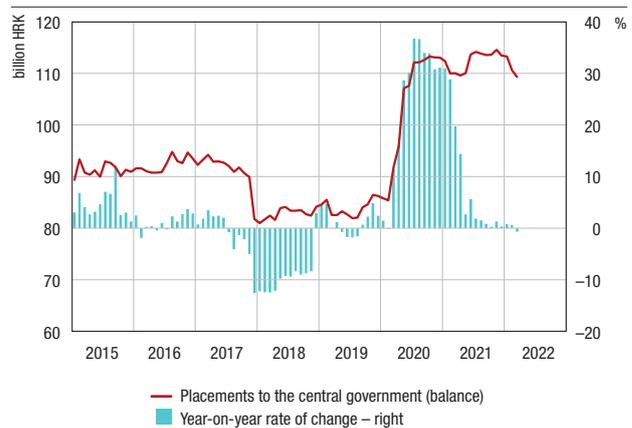
Source: CNB.

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



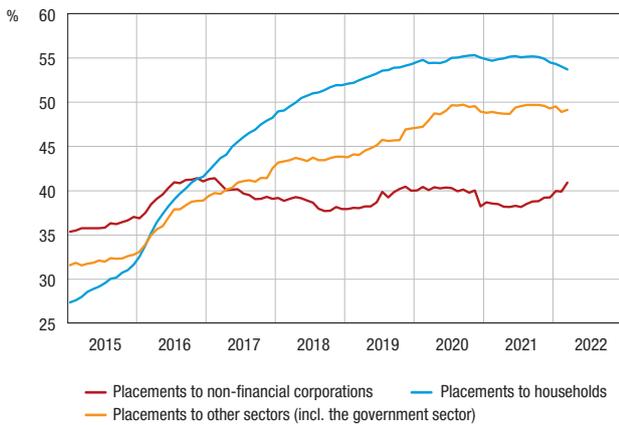
Source: CNB.

Figure 53 Placements of monetary financial institutions to the central government



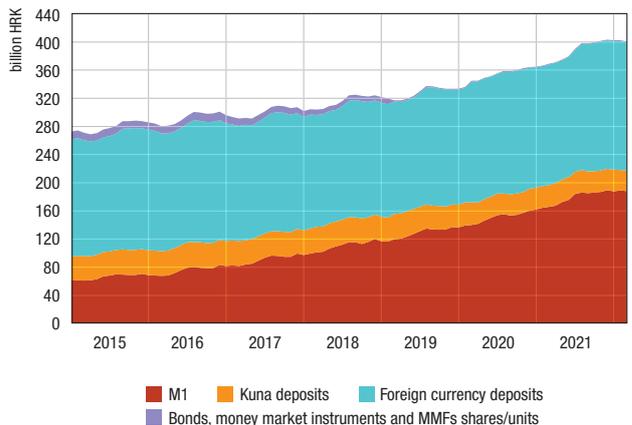
Source: CNB.

**Figure 54 Share of kuna placements in total sector placements**



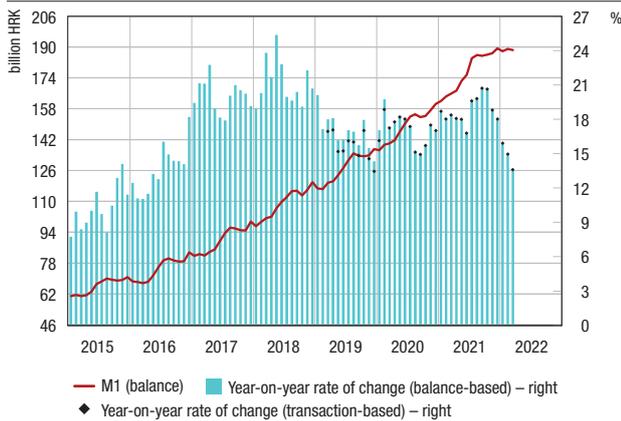
Source: CNB.

**Figure 57 Structure of M4 monetary aggregate**



Source: CNB.

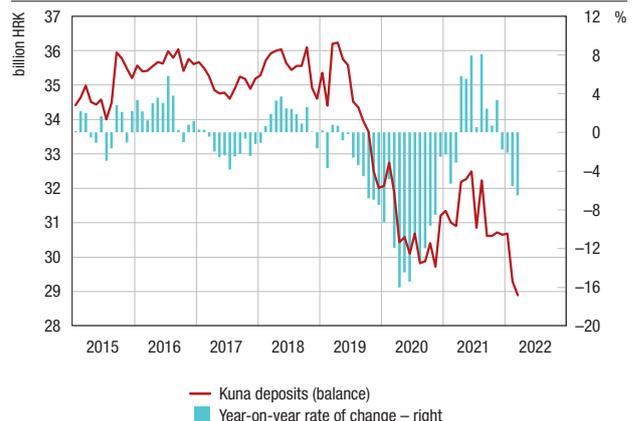
**Figure 55 Money (M1)**



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

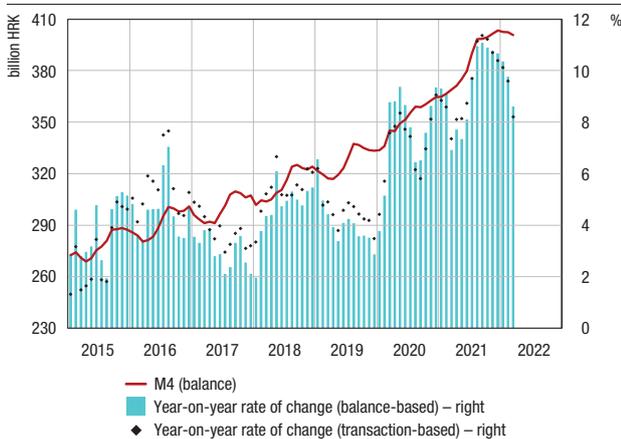
Source: CNB.

**Figure 58 Kuna savings and time deposits**



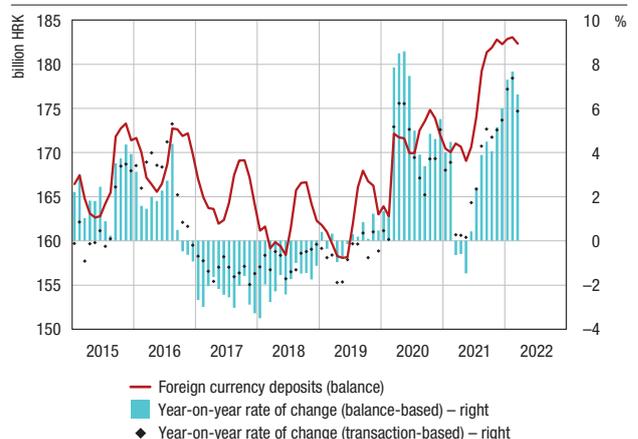
Source: CNB.

**Figure 56 Total liquid assets (M4)**



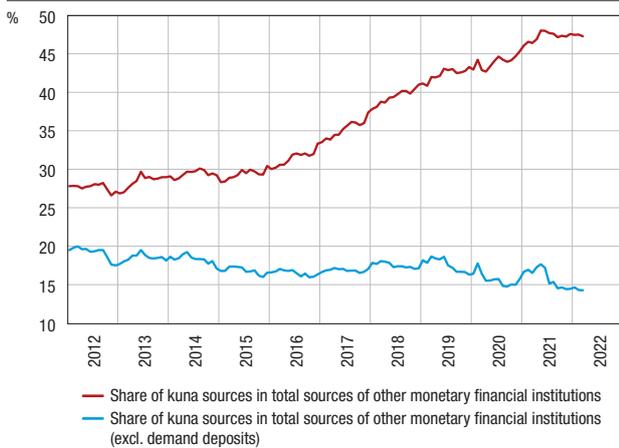
Source: CNB.

**Figure 59 Foreign currency deposits**



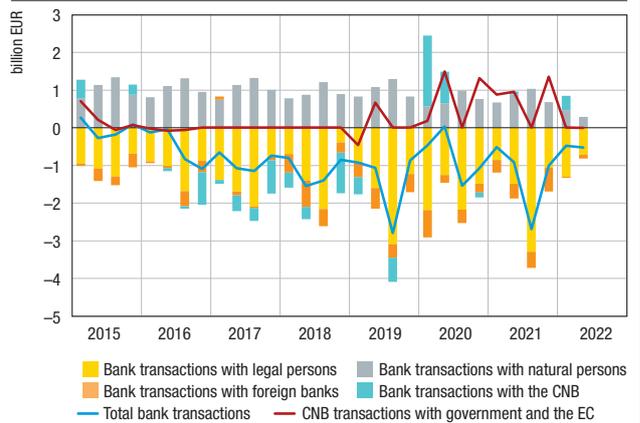
Source: CNB.

Figure 60 Share of kuna sources



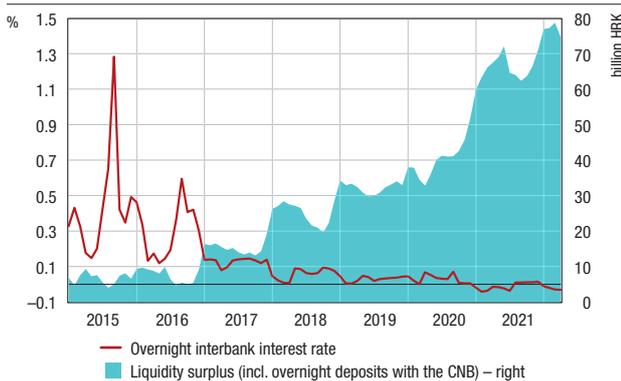
Source: CNB.

Figure 62 Spot transactions in the foreign exchange market (net turnover)



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

Figure 61 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 63 International reserves of the CNB at current rate of exchange



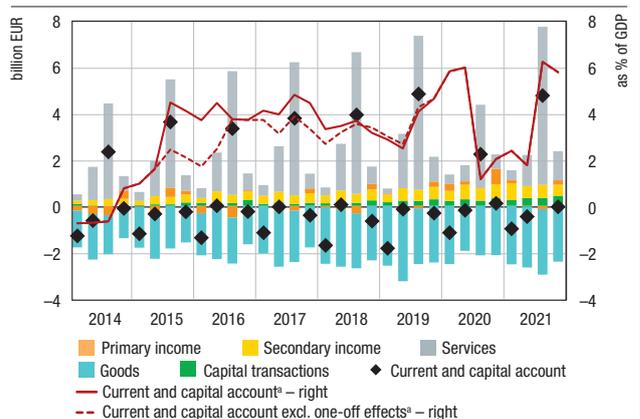
<sup>a</sup> NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.  
Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

	2020	2021	Indices	
			2020/2019	2021/2020
Current account	-56	1,945	-	-
Capital account	1,074	1,367	120.8	127.3
Financial account (excl. reserves)	20	-3,481	1.4	-
International reserves	603	6,031	60.9	999.7
Net errors and omissions	-395	-762	294.2	193.0

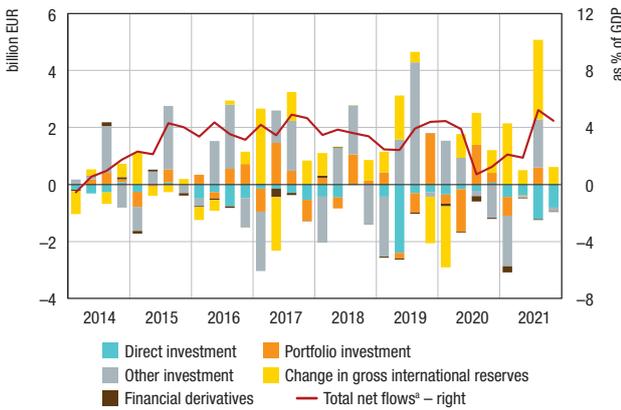
Source: CNB.

Figure 64 Current and capital account flows



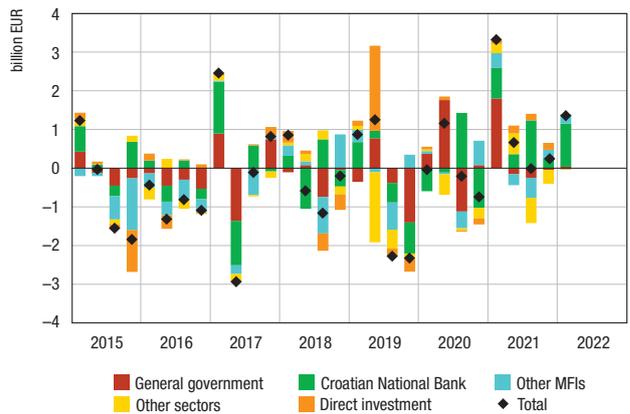
<sup>a</sup> Sum of the last four quarters.  
Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017 and 2018.  
Source: CNB.

Figure 65 Financial account flows by type of investment



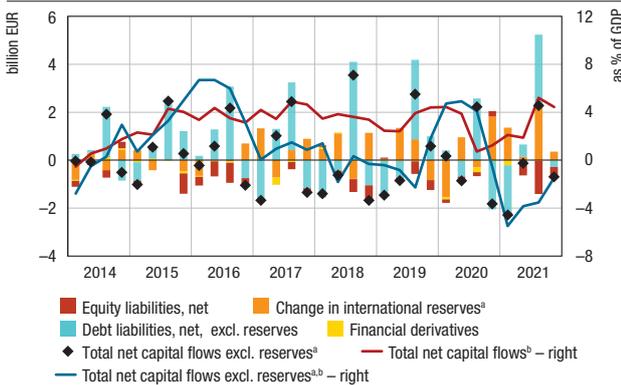
<sup>a</sup> Sum of the last four quarters.  
 Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).  
 Source: CNB.

Figure 68 Gross external debt transactions



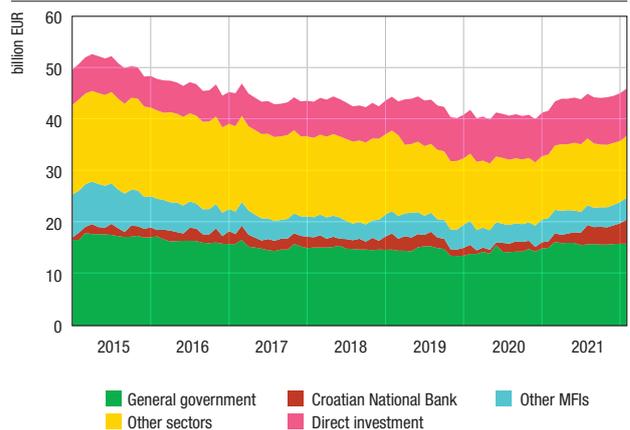
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the first quarter of 2022 refer to January and February.  
 Source: CNB.

Figure 66 Financial account flows by equity to debt ratio



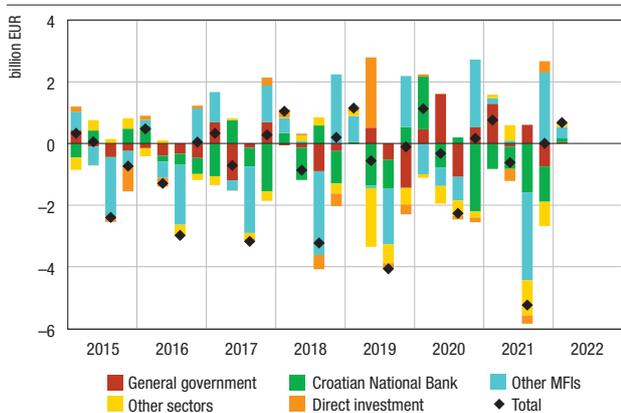
<sup>a</sup> The change in gross international reserves is reported net of foreign liabilities of the CNB.  
<sup>b</sup> Sum of the last four quarters.  
 Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in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

Figure 69 Gross external debt end of period



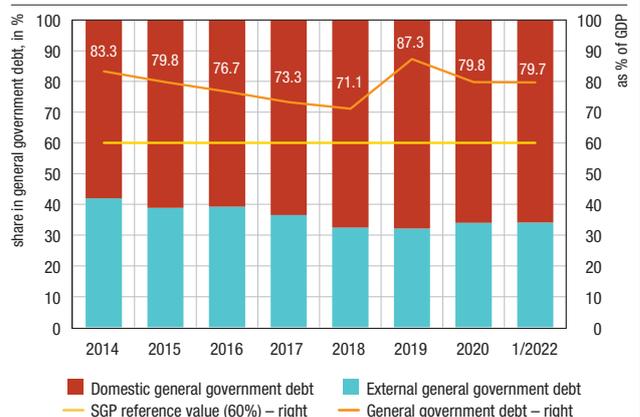
Note: Data are up to February 2022.  
 Source: CNB.

Figure 67 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 2022 refer to January and February.  
 Source: CNB.

Figure 70 General government debt



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

**Table 3 Consolidated general government balance**

ESA 2010, in million HRK

	Jan. – Dec. 2020	Jan. – Dec. 2021
<b>Total revenue</b>	<b>178,627</b>	<b>199,633</b>
Direct taxes	24,708	23,315
Indirect taxes	70,709	83,103
Social contributions	44,159	48,868
Other	39,052	44,348
<b>Total expenditure</b>	<b>206,338</b>	<b>212,071</b>
Social benefits	64,658	66,870
Subsidies	14,243	11,599
Interest	7,508	6,691
Compensation of employees	50,449	53,852
Intermediate consumption	31,831	35,536
Investment	21,340	20,588
Other	16,310	16,936
<b>Net lending (+)/borrowing (-)</b>	<b>-27,710</b>	<b>-12,438</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
<b>5 Net lending (+)/borrowing (-)(1+2-3-4)</b>	<b>-18.333</b>	<b>-11.827</b>

Sources: MoF and CNB calculations.

**Table 5 General government debt**

in million HRK

	Jan. 2021	Jan. 2022
<b>Change in total debt stock</b>	<b>1,953</b>	<b>-303</b>
<b>Change in domestic debt stock</b>	<b>-3,089</b>	<b>-566</b>
- Cash and deposits	12	2
- Securities other than shares, short-term	-737	113
- Securities other than shares, long-term	-2,414	-358
- Short-term loans	46	39
- Long-term loans	-2	-362
<b>Change in external debt stock</b>	<b>5,041</b>	<b>263</b>
- Cash and deposits	0	0
- Securities other than shares, short-term	100	-98
- Securities other than shares, long-term	2,827	596
- Short-term loans	145	-199
- Long-term loans	1,969	-36
Memo item:		
Change in total guarantees issued	88	110

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

Source: CNB.

