



Information on economic trends

May 2019

Summary

In spite of the temporary stagnation at the end of the previous year, real GDP continued to grow in the first quarter of 2019. Labour market developments remained favourable. The annual growth rate of consumer prices accelerated from 0.5% in February to 0.9% in March, primarily due to an increase in the annual growth rate of energy prices (especially refined petroleum prices) and processed food products. Corporate and household placements continued to grow on the back of mostly favourable trends in financing costs, supported by the CNB's expansive monetary policy. Having increased in the last quarter of the previous year, net external debt of domestic sectors rose further in the first two months of 2019. According to the CBS fiscal report for April, the general government budget again ran a surplus in 2018, although considerably lower than in 2017 due to strong growth on the expenditure side. The general government debt-to-GDP ratio continued to decline, dropping to 74.6% at the end of the previous year.

The GDP nowcasting model shows a quarterly economic growth in the first quarter of 2018, which followed an economic stagnation at the end of the previous year (Figure 1). Although it weakened on a monthly basis in February and March this year, after having increased sharply at the beginning of the year, industrial production rose at a quarterly rate of 5.4%. Production increased in all main industrial groupings, except in energy (Figures 3 and 4). Real retail trade growth also accelerated in the first quarter this year, up by 2.8% from the last quarter of 2018 (Figure 7). Total construction activity decreased in February from January 2019, but increased sharply by 10.7% in the first two months from the last quarter in 2018. Both construction works on buildings and civil engineering works grew considerably on a quarterly level (Figures 5 and 6).

The results of the Consumer Confidence Survey for April 2019 show an increase in consumer optimism and continued quarterly growth of the index, which is considerably below its long-term average. The increase in the index from the first-quarter average primarily reflects the fact that the respondents consider their households' financial situation better than it was 12 months ago. Business expectations worsened on a monthly level in April in all activities, except in services, where optimism remained above its average in the previous quarter (Figure 8).

The favourable labour market trend continued into the first quarter of 2019. Total employment rose at a quarterly rate of 0.6% from January and March, similarly as in the previous quarter. The growth was widespread across NCA activities and primarily driven by employment in the construction sector and other service activities (Figure 14). Unemployment continued to fall at a somewhat steeper rate, slightly more 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) than of employment from the CES register. Consequently, the registered unemployment rate dropped to 8.5% in the first quarter from 8.9% in the last three months of 2018 (Figure 15). Nominal net and gross wages grew in the first quarter, after having stagnated at the end of the previous year. Nominal gross wages were 1.8% higher than in the previous three months. Private sector wages grew faster (2.0%) than public sector wages (1.1%) (Figure 16).

Consumer prices were 1.0% higher in March than in the month before, mostly as a result of a seasonal increase in the prices of clothing and footwear. In addition, retail petroleum product prices grew strongly in March due to a sharp increase in global crude oil prices. The price per barrel of Brent crude oil reached USD 68 in February, up 27% from the end of 2018. The increase was due to the cuts in oil output agreed by OPEC countries and other major producers, US sanctions imposed on Iran and Venezuela and the expectation of a trade agreement between the USA and China that might boost global growth. A slightly lower contribution to consumer price growth in March came from the prices of fruit, passenger air transport, milk,

cheese and eggs. The annual consumer price growth rate accelerated from 0.5% in February to 0.9% in March, primarily due to an increase in the annual growth rate of energy prices (especially refined petroleum prices) and processed food products. An accelerated annual decline in unprocessed food prices had the opposite effect on inflation. Core inflation accelerated from 0.6% in February to 0.9% in March, primarily due to the mentioned growth of the annual rate of change of processed food products, and to a smaller extent also to an accelerated annual rise in market-based services prices. The annual growth rates of domestic producer prices accelerated from 1.6% in February to 2.3% in March, mainly due to an increase in the annual growth rate of energy prices. The annual growth of non-energy producer prices, however, remained very low at 0.1%, holding steady from the previous two months.

Foreign trade developments at the beginning of 2019 included a continuing slight increase in exports and a stagnation in imports. Total goods exports increased by 0.5% in January relative to the average of the previous three quarters (Figure 10) due to a 2.1% growth in the exports of the narrow aggregate, which excludes energy products, caused mainly by greater exports of other transport equipment (mostly ships) and of metal industry products and electrical machinery, apparatus and appliances. In contrast with exports, total goods imports, having grown strongly at the end of the previous year, were stagnant in January compared with the average of the previous three quarters (Figure 11). The imports of the narrow aggregate increased by a considerable 3.8%, with the increase mostly driven by food, chemical products and metal industry products. However, the imports of energy products, like exports, dropped markedly because of a steep decrease in the imports of oil and refined petroleum products, while electricity imports grew. According to the first available data for February, total goods exports grew by 0.6% in the first two months of 2019, while imports rose by a slight 0.2% from the previous quarter.

In April, the nominal exchange rate of the kuna against the euro moved within a narrow range of $\pm 0.2\%$ around the average exchange rate of EUR/HRK 7.43 (Figure 21), depreciating slightly from the average EUR/HRK 7.42 in March. In the last few days of April, the exchange rate fell slightly below the average level, standing at EUR/HRK 7.41 at the end of the month. The kuna slightly strengthened against most other currencies of major trading partners in April, which resulted in an appreciation of its nominal effective exchange rate of 0.3% from the end of the previous month.

The high euro area banking system liquidity helped maintain short-term interest rates on the European money market in negative territory in April 2019. The overnight interest rate on the euro area banking market (EONIA) ended the month of April at -0.36% , and the six-month EURIBOR stood at -0.23% (Figure 24). Risk premiums for European emerging market economies did not change significantly in April, with the exception of the

risk premium for Romania, which fell by 20 basis points. Croatia's risk premium edged down to around 90 basis points at the end of April, but remained the highest among the premiums of peer CEE countries, matched only by that of Romania (Figure 25).

Following eight months without any turnover, the domestic interbank market did record some turnover in April, with the average interest rate entering the negative territory for the first time (−0.24%). The same month saw an auction of MoF T-bills, at which one-year kuna bills were auctioned at a historically low interest rate of 0.08%. The average daily surplus liquidity in the domestic banking system decreased slightly, amounting to a still high HRK 32.5bn in April (Figure 54).

Interest rates on new bank loans granted to households and corporations edged down on average in March 2019 (Figures 28 and 29). This was primarily due to a decline in interest rates on new housing and consumer loans to households, notably in interest rates on loans in the domestic currency (Figures 32 and 33). In contrast, interest rates on original new corporate loans edged up, especially those on kuna investment loans indexed to foreign currency (Figure 31). Interest rates on household time deposits declined slightly in March, while interest rates on corporate deposits grew (Figures 34 and 35). Due to these trends, and a slight decrease in interest rates on loans, the spread between interest rates on total new loans and deposits and the spread between interest rates on loans and deposits remained almost unchanged from the previous month (Figure 37).

As regards monetary developments in March 2019, total liquid assets (M4) stagnated (transaction-based), whereas their annual growth rate accelerated slightly to 4.9% (Figure 49). M4 decreased by HRK 2.3bn on a monthly basis (0.7%) in nominal terms due to the reclassification of all money market funds from the sector of monetary financial institutions to the sector of investment funds other than money market funds, required to bring the monetary and financial statistics into compliance with the Regulation on money market funds (EU 2017/1131) of the European Parliament and of the Council¹. In the structure of M4, the annual growth in money (M1) slowed down slightly to 16.9% (transaction-based, Figure 48), while the annual fall in quasi-money moderated, totalling 1.1% (transaction-based).

Total placements of monetary institutions to domestic sectors (excluding the government) increased by HRK 1.0bn in March (transaction-based), their annual growth rate standing at 4.6% (Figure 40). These trends were due to a slowdown in lending to non-financial corporations, which grew at an annual rate of 2.0% in March (Figure 41), and a fall in lending to other financial institutions, excluding the effect of the reclassification of money market funds. In contrast, the growth of placements to households continued to accelerate, reaching an annual rate of 6.7% in March (Figure 42). The annual growth of general-purpose cash loans slightly decelerated to 12.8%, while the dynamics of other forms of lending by this sector mainly strengthened. In terms of the currency structure, the share of kuna placements in total household placements continued to grow, up to 52.5% at the end of March (Figure 47). As for the nominal stock of

placements, their annual growth stood at 3.5% in March and was slower than the transaction-based growth, primarily as a result of the sale of non-performing placements.

Gross international reserves went up EUR 0.5bn (2.5%) in April and reached EUR 18.8bn at the end of the month (Figure 56), with the increase mainly due to the growth of agreed repo transactions. Gross international reserves increased by EUR 1.3bn (7.7%) from the end of the previous year. Net usable international reserves grew by EUR 0.2bn (1.1%) from the end of the previous year, standing at EUR 16.0bn at the end of April.

Having increased in the last quarter of the previous year, net external debt of domestic sectors rose further by EUR 0.4bn (Figure 60) in the first two months of 2019. The rise was almost completely due to credit institutions' net external positions worsening by EUR 0.7bn. The net external position of the central bank only slightly deteriorated as the decrease in reserves caused by the sale of foreign exchange to the central government was to a large extent offset by foreign exchange purchases from banks through interventions. In contrast, adverse trends were alleviated by a decrease in net debt liabilities of other domestic sectors and, to a smaller extent, of the government. Total gross domestic debt increased from the end of 2018, standing at EUR 40.2bn at the end of February.

The Excessive Deficit Procedure Report for April 2019 shows that general government budget balance was positive in 2018, although it was considerably lower than in the year before. The general government budget surplus stood at 0.2% of GDP in 2018, down by 0.6 percentage points from 2017. The deterioration of the balance resulted from the strong growth on the expenditure side of the budget, whose decrease in 2017 was followed by an annual increase of 0.7%, driven by the growth of all categories except interest expenditures and other current expenditures. Capital expenditures increased at an especially high rate (38.1%) due to the growth of investment expenditures (33.8%), financed, according to available data, from national sources, and not from EU funds, and of capital transfers (46.6%), resulting from the payment of guarantees issued for shipyards. Consequently, the expenditure-to-GDP ratio increased by about one percentage point from 2017, up to 46.4%. The revenue side was marked by favourable developments in almost all main revenue categories, with total revenues increasing 5.6% at an annual level and the total revenue-to-GDP ratio growing slightly to 46.6%.

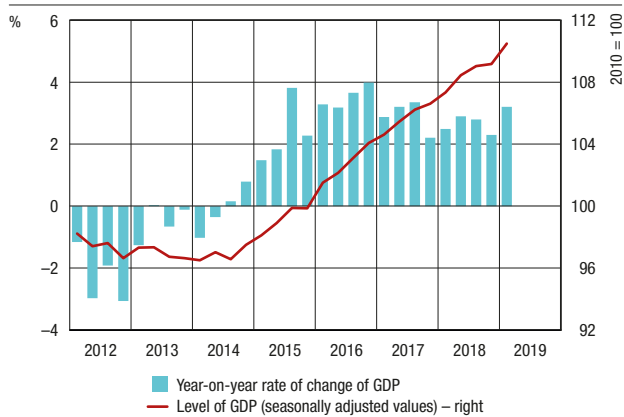
The April Report also presented a revised series public debt series, inclusive of total issued guarantees for shipyards in financial difficulties. The positive general government budget balance, continuing economic recovery and the strengthening of the kuna exchange rate against the euro resulted in the government debt-to-GDP ratio falling by 3.2 percentage points from the end of 2017, to 74.6% of GDP.

According to the MoF data² the central government budget deficit was about HRK 450m narrower in the first quarter of 2019 than in the same period in the previous year, reflecting a stronger annual growth in revenues than in expenditures. Public debt stood at HRK 283.7bn at the end of January 2018, a slight decrease of about HRK 1bn from the previous month.

¹ The reclassification of money market funds also led to changes in the balance of other monetary aggregates. The asset side of the balance sheet of monetary institutions mostly saw a decrease in credit institutions' gross claims against the central government and an increase in claims against investment funds other than money market funds. On the liability side, money increased by slightly over HRK 1.0bn due to the growth of demand deposits of investment funds other than money market funds. Quasi-money dropped by HRK 3.3bn, with the money market fund shares/units down to only HRK 1.3bn from HRK 6.0bn at the end of February, while the balance of total deposits (excluding demand deposits) of investment funds other than money market funds increased by HRK 2.7bn.

² 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 local government, which are published on a quarterly basis.

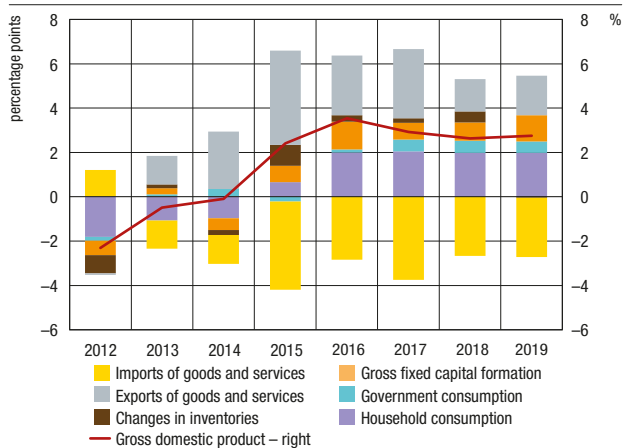
Figure 1 Quarterly gross domestic product
seasonally adjusted real values



Note: Data for the first quarter of 2019 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 30 April 2019.

Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

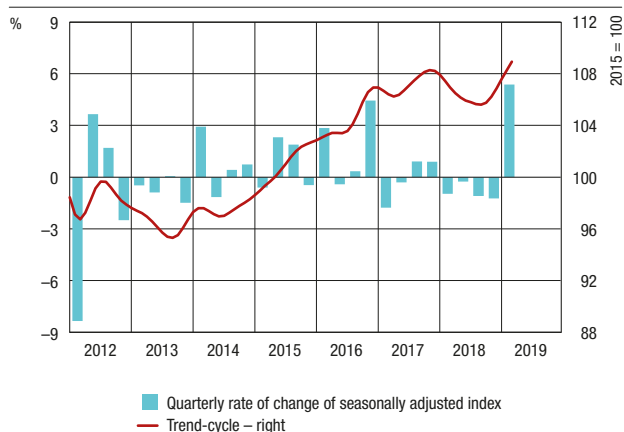
Figure 2 GDP rate of change
contributions by components



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

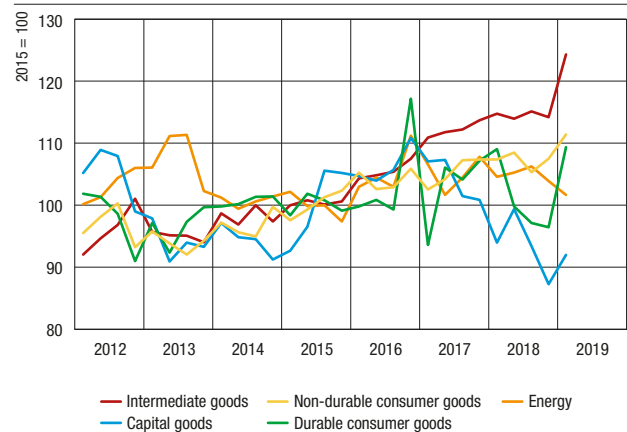
Source: CBS.

Figure 3 Industrial production



Source: CBS data seasonally adjusted by the CNB.

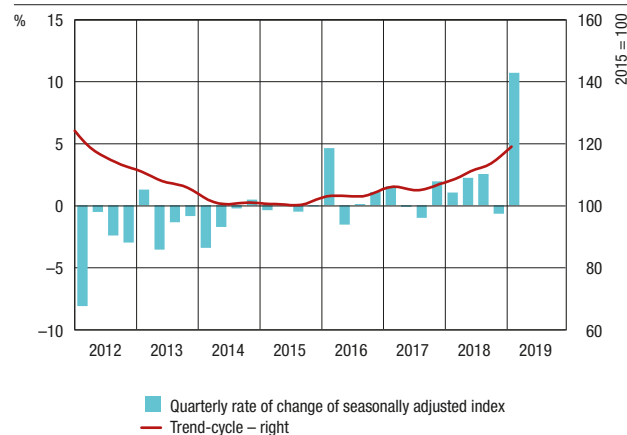
Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



Note: Quarterly data are calculated as the average of monthly data.

Source: CBS data seasonally adjusted by the CNB.

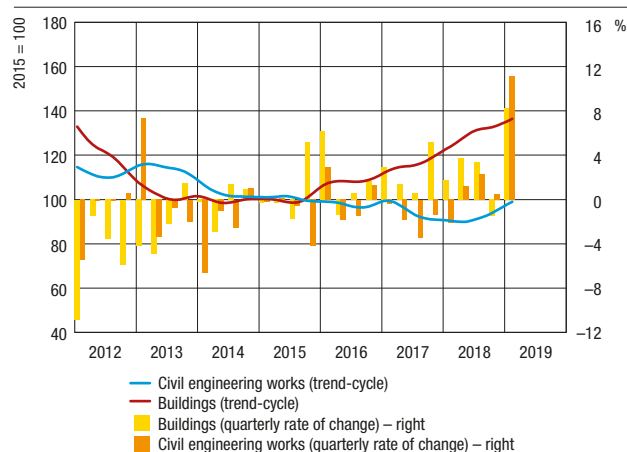
Figure 5 Total volume of construction works



Note: Data for the first quarter of 2019 refers to January and February.

Source: CBS data seasonally adjusted by the CNB.

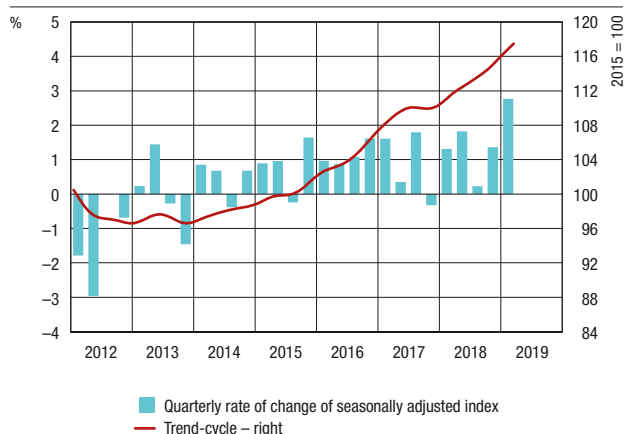
Figure 6 Buildings and civil engineering works



Note: Data for the first quarter of 2019 refers to January and February.

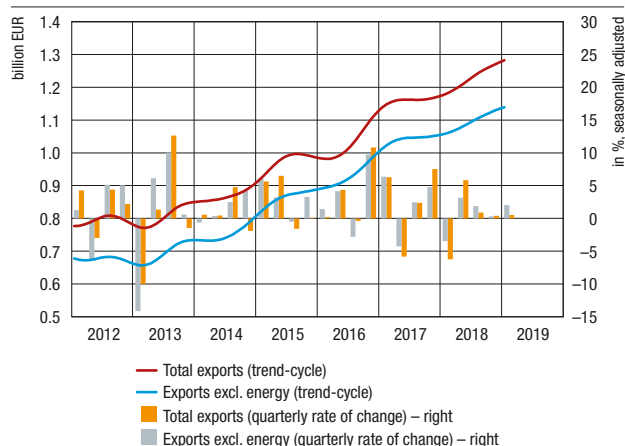
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



Source: CBS data seasonally adjusted by the CNB.

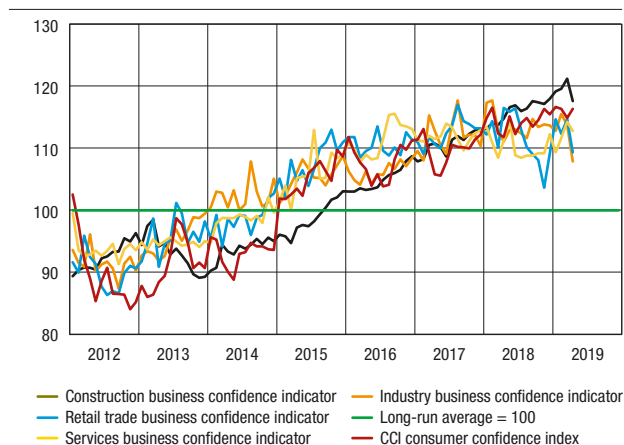
Figure 10 Goods exports (f.o.b.)



Note: Data for the first quarter of 2019 refer to January.

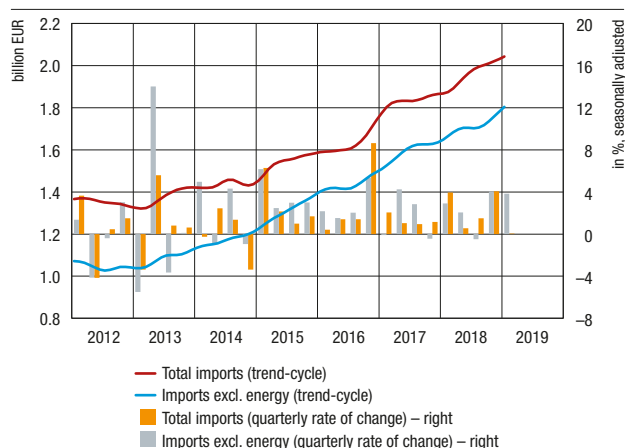
Source: CBS data seasonally adjusted by the CNB.

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



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

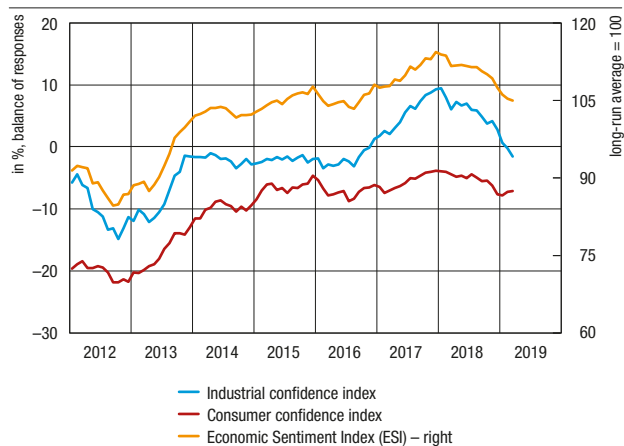
Figure 11 Goods imports (c.i.f.)



Note: Data for the first quarter of 2019 refer to January.

Source: CBS data seasonally adjusted by the CNB.

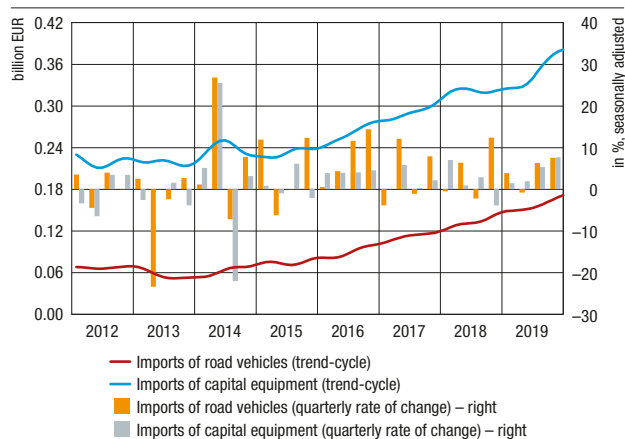
Figure 9 EU confidence indices seasonally adjusted series



Note: Data are up to end-March 2019.

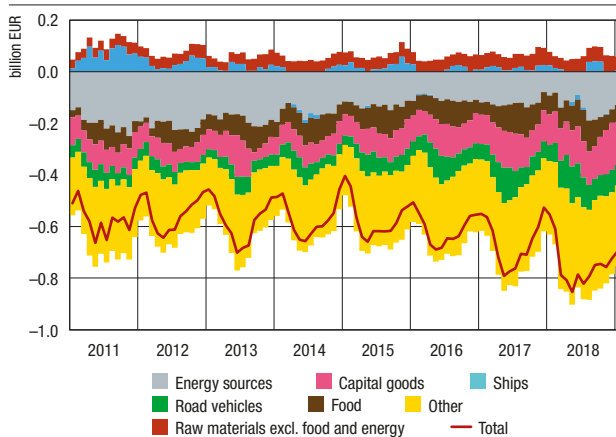
Source: Eurostat.

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



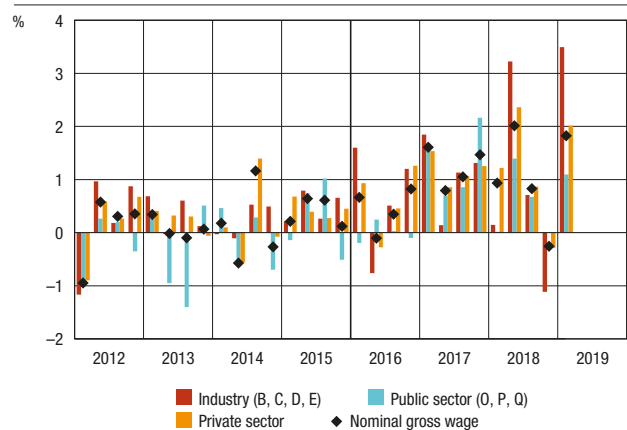
Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the first quarter of 2019 refer to January.

Source: CBS data seasonally adjusted by the CNB.

Figure 13 Trade in goods balance

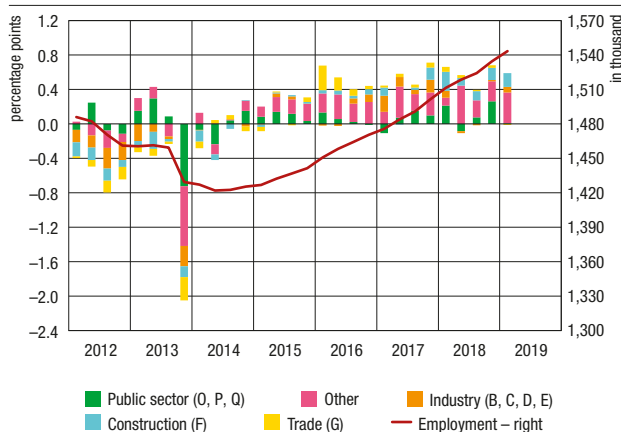
Notes: Series are shown as three-member moving averages of monthly data. Data are up to end-January 2019.

Source: CBS.

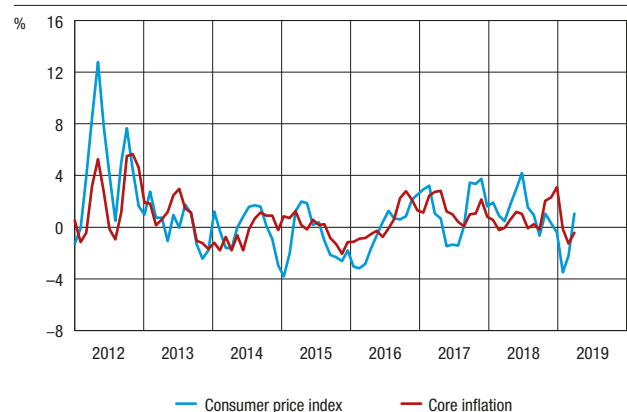
Figure 16 Average nominal gross wage by NCA activities
seasonally adjusted data, quarterly rate of change

Note: 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.

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

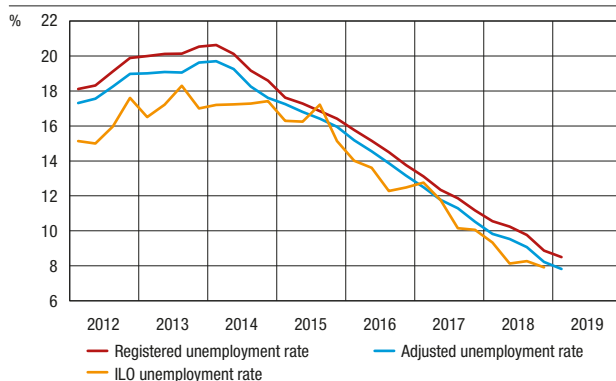
Figure 14 Employment by NCA activities
seasonally adjusted data, contributions to the quarterly rate of change

Source: CPII data seasonally adjusted by the CNB.

Figure 17 Consumer price index and core inflation
annualised month-on-month rate of change^a

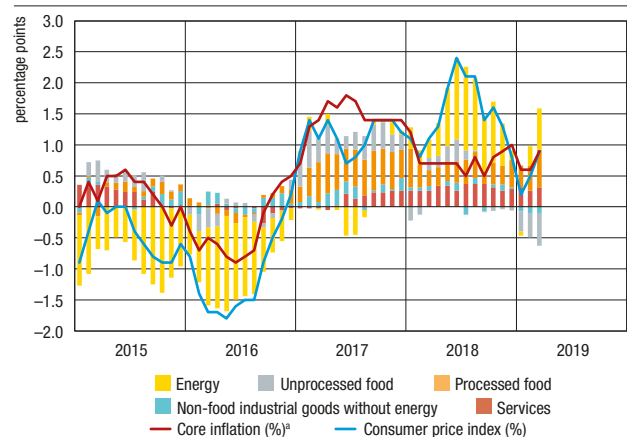
^a The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.

Sources: CBS and CNB calculations.

Figure 15 Unemployment rates
seasonally adjusted data

Notes: Since January 2015, the calculation of the registered unemployed rate 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).

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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

^a 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

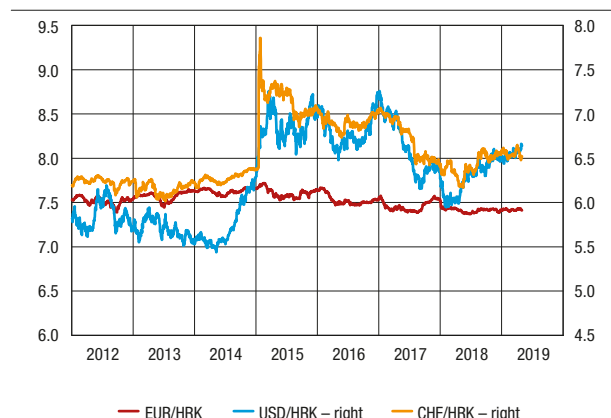
	Year-on-year rates		Month-on-month rates	
	2/2019	3/2019	3/2018	3/2019
Consumer price index and its components				
Total index	0.5	0.9	0.6	1.0
Energy	1.9	4.0	-0.6	1.5
Unprocessed food	-4.2	-5.7	0.9	-0.6
Processed food	1.7	2.6	-0.4	0.4
Non-food industrial goods without energy	-0.4	-0.4	3.1	3.0
Services	1.0	1.2	-0.1	0.1
Other price indicators				
Core inflation	0.6	0.9	0.9	1.2
Index of industrial producer prices on the domestic market	1.6	2.3	-0.1	0.6
Brent crude oil price (USD)	-2.0	-0.1	1.6	3.6
HWWI index (excl. energy, USD)	-5.4	-5.0	-1.6	-1.2

Note: Processed food includes alcoholic beverages and tobacco.

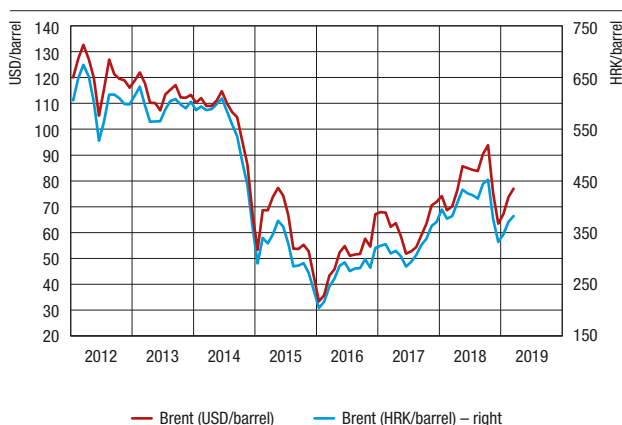
Sources: CBS, Bloomberg and HWWI.

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

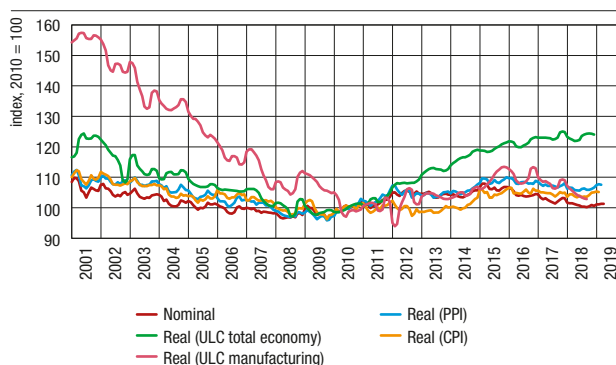
CNB midpoint exchange rate



Source: CNB.

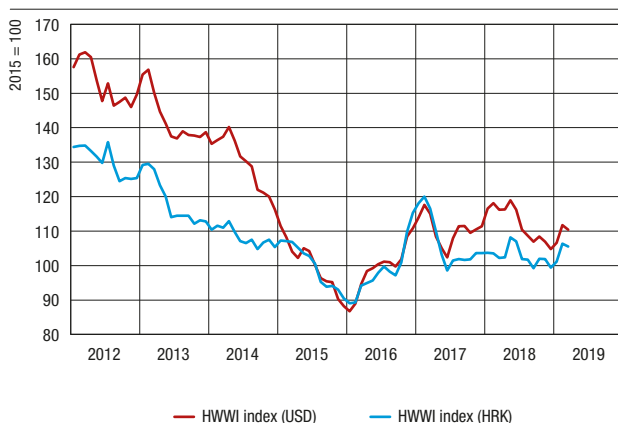
Figure 19 Crude oil prices (Brent)

Sources: Bloomberg and CNB calculations.

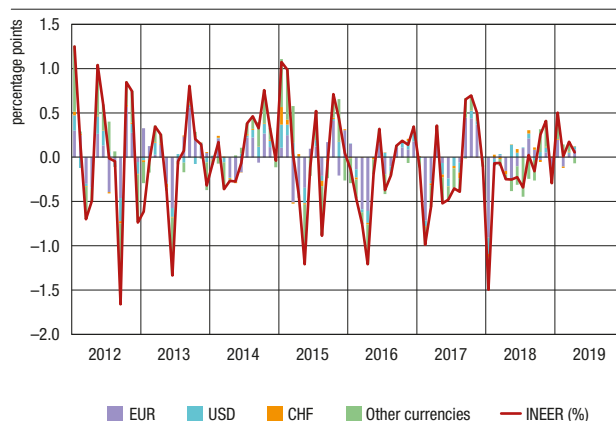
Figure 22 Nominal and real effective exchange rates of the kuna

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.

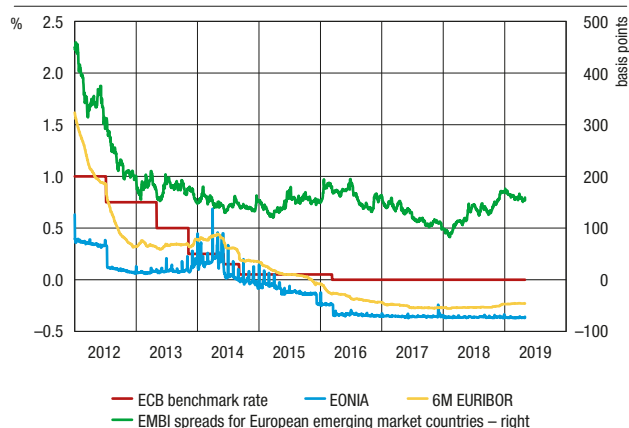
Figure 20 HWWI index (excl. energy)

Sources: HWWI and CNB calculations.

Figure 23 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)^a Negative values indicate contributions to the appreciation of the INEER.

Source: CNB.

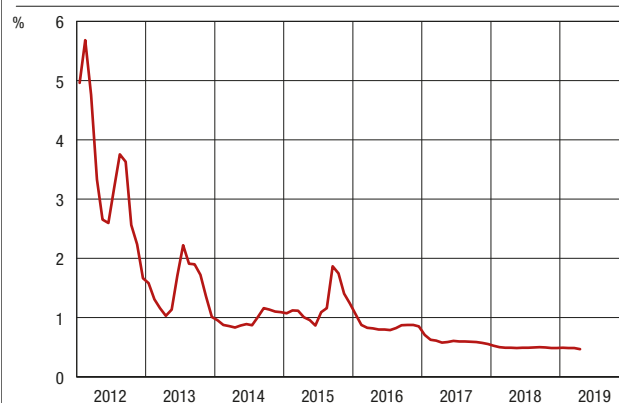
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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

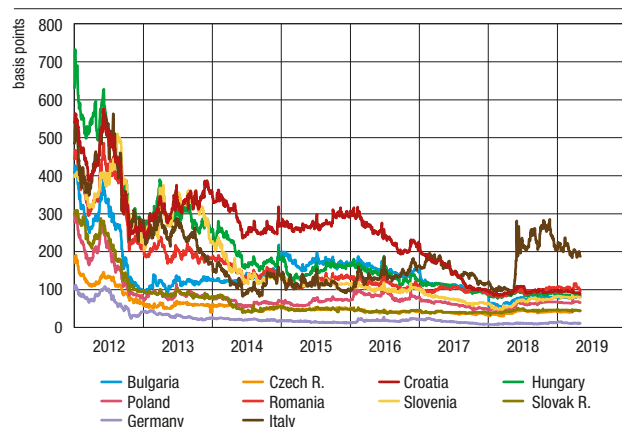
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



Source: CNB.

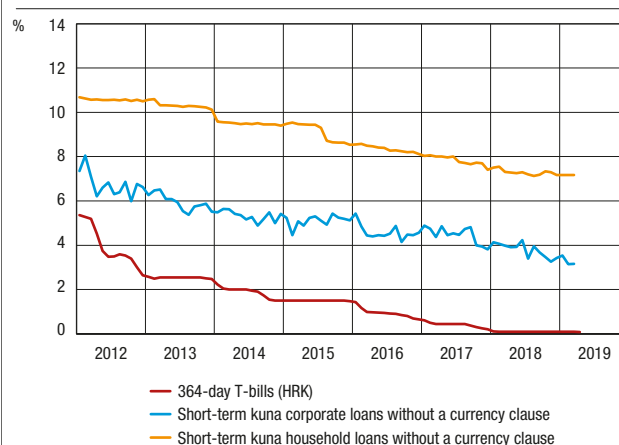
Figure 25 CDS spreads for 5-year government bonds of selected countries



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.

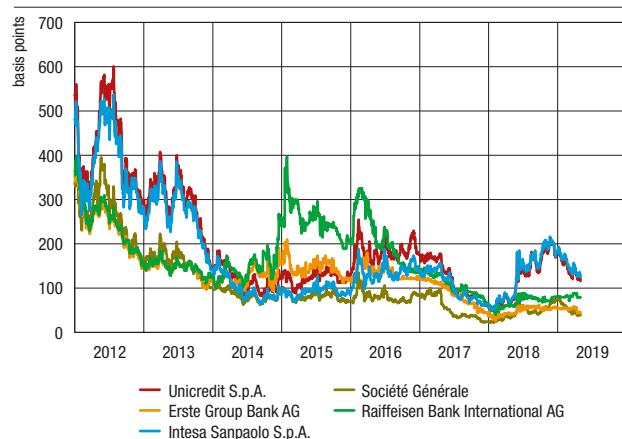
Source: S&P Capital IQ.

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



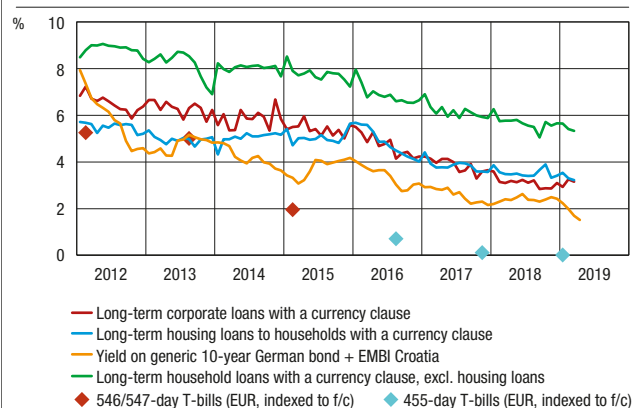
Sources: MoF and CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

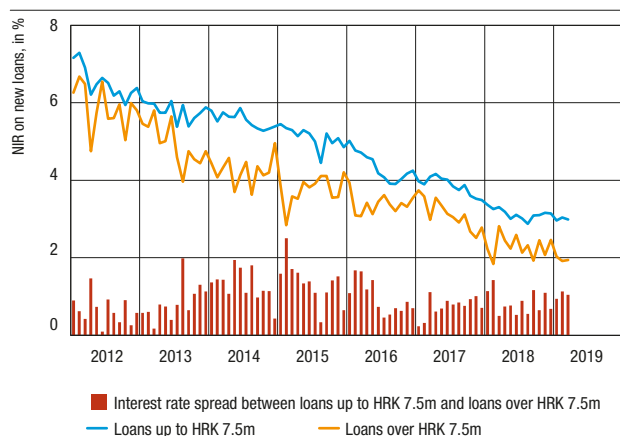
Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency



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.

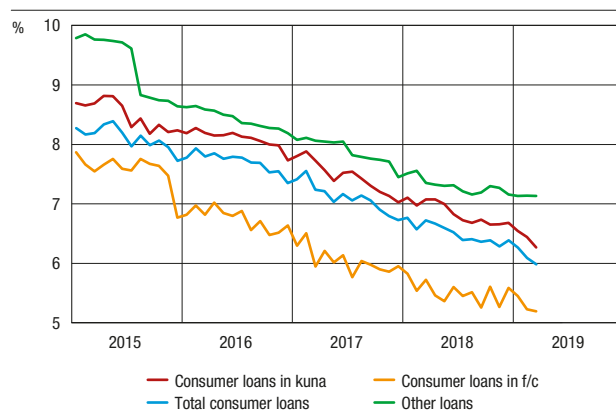
Sources: MoF, Bloomberg and CNB.

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



Source: CNB.

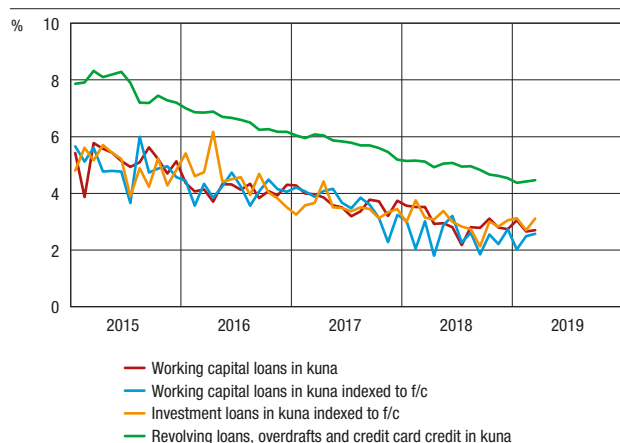
Figure 33 Interest rates on original new consumer and other loans to households



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.

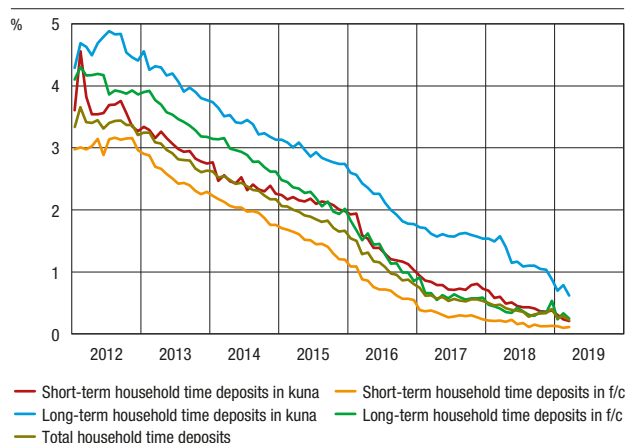
Source: CNB.

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



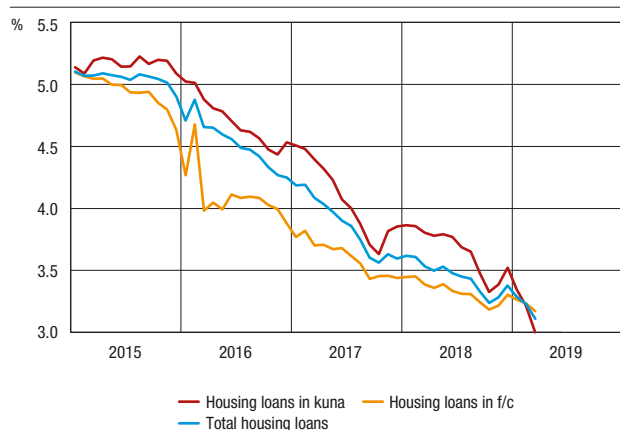
Source: CNB.

Figure 34 Interest rates on household time deposits



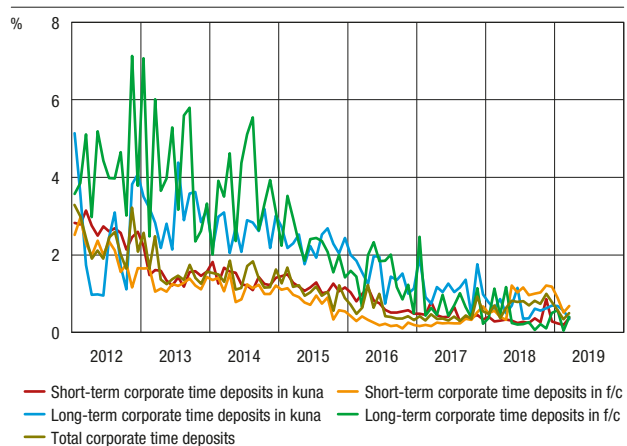
Source: CNB.

Figure 32 Interest rates on original new housing loans to households



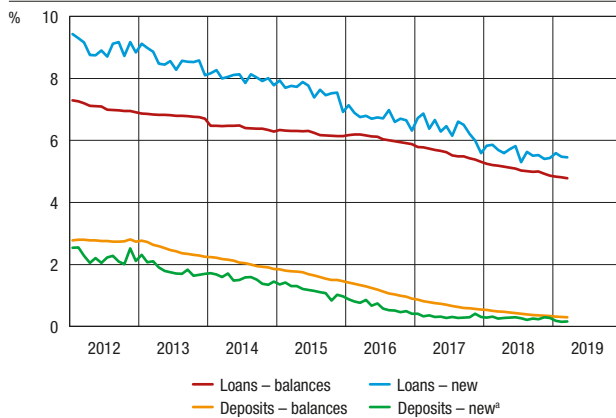
Source: CNB.

Figure 35 Interest rates on corporate time deposits



Source: CNB.

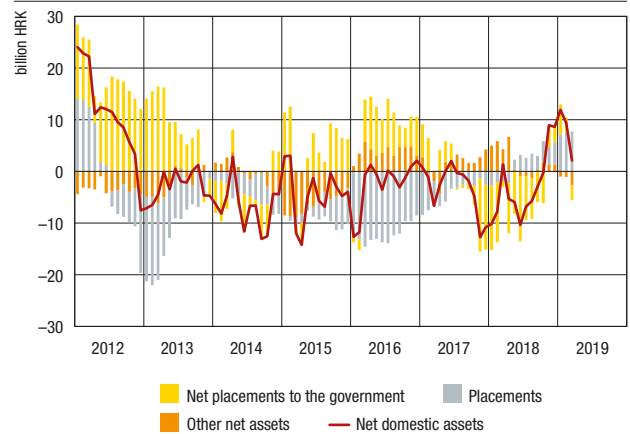
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



^a For time deposits, interest rates on newly received deposits are weighted by their balances.

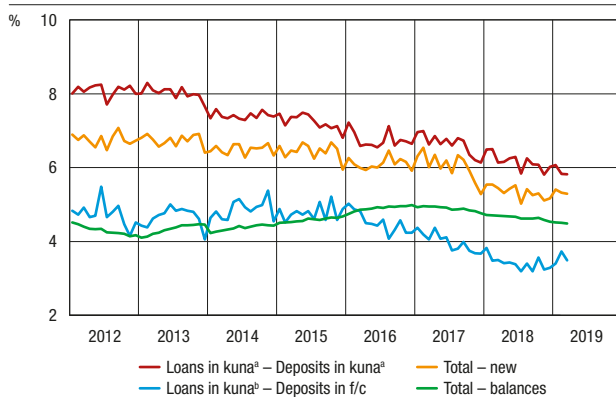
Source: CNB.

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



Source: CNB.

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

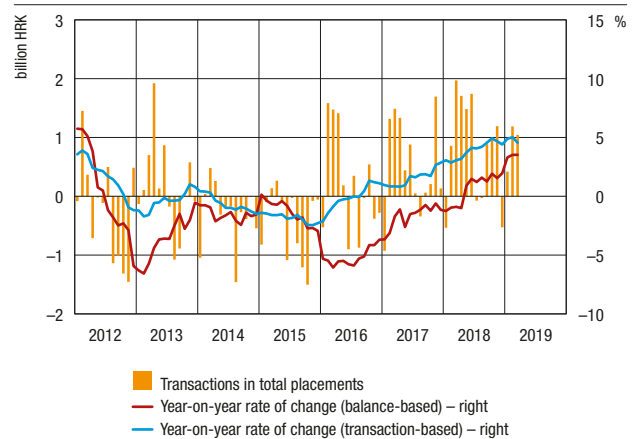


^a Non-indexed to f/c. ^b Indexed to f/c.

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).

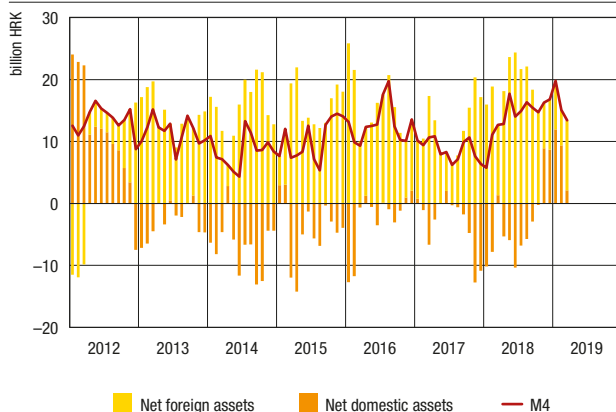
Source: CNB.

Figure 40 Placements



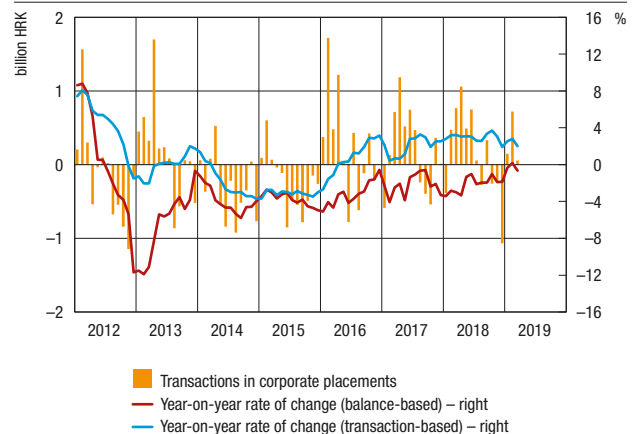
Source: CNB.

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



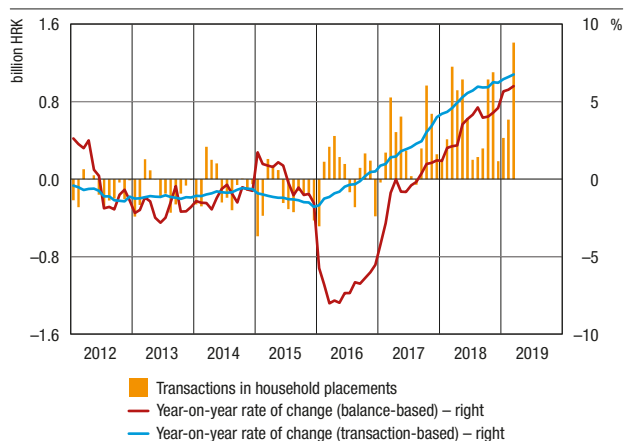
Source: CNB.

Figure 41 Placements to corporates



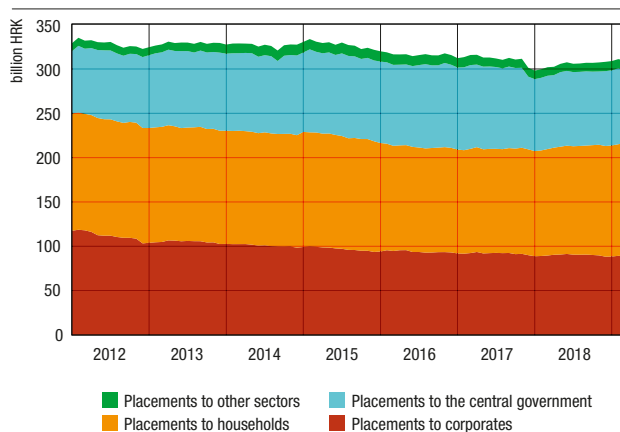
Source: CNB.

Figure 42 Placements to households



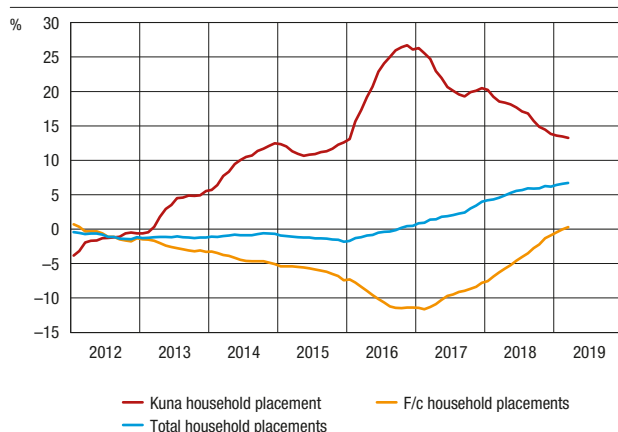
Source: CNB.

Figure 45 Structure of credit institution placements



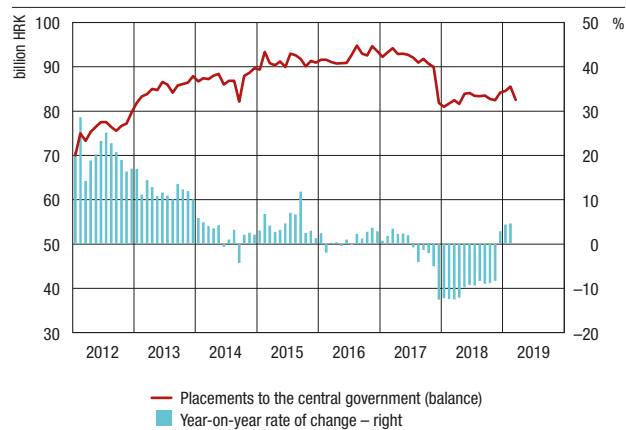
Source: CNB.

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



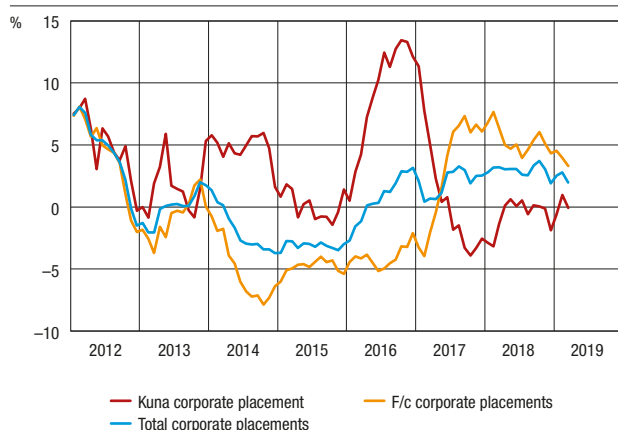
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



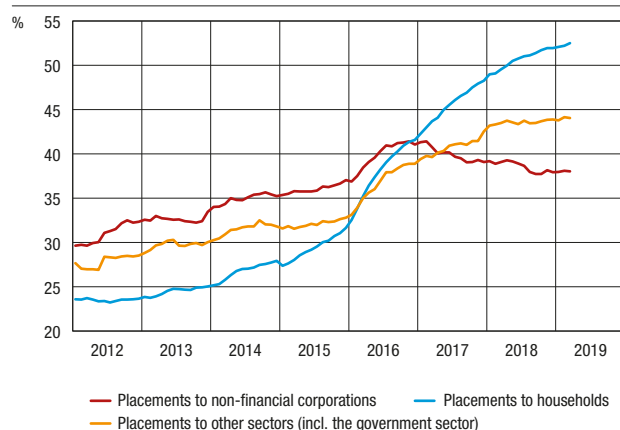
Source: CNB.

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



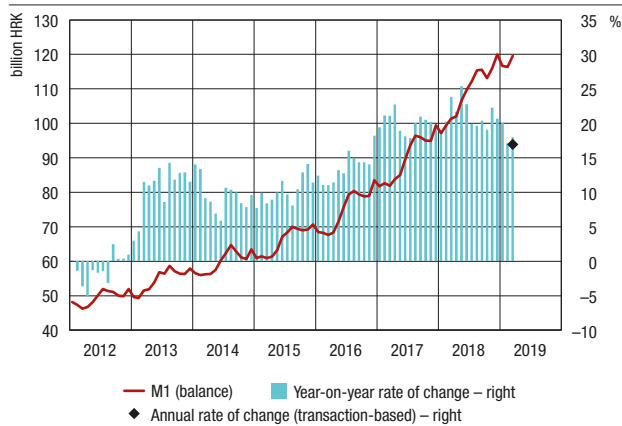
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



Source: CNB.

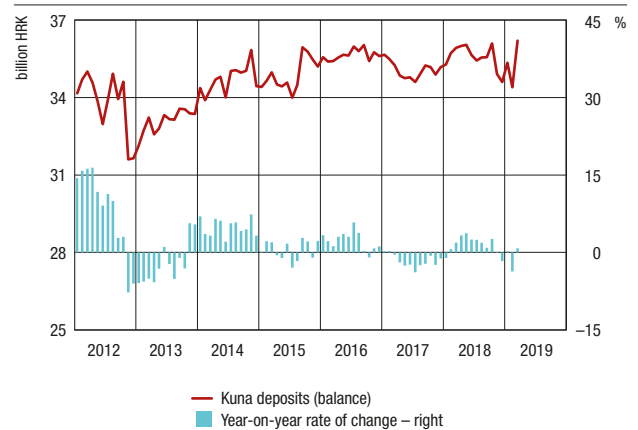
Figure 48 Money (M1)



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

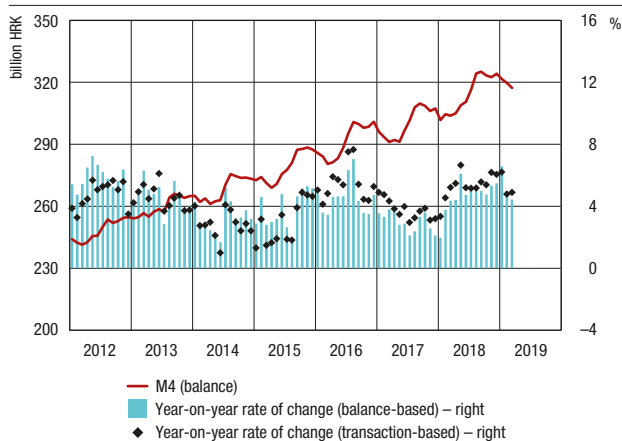
Source: CNB.

Figure 51 Kuna savings and time deposits



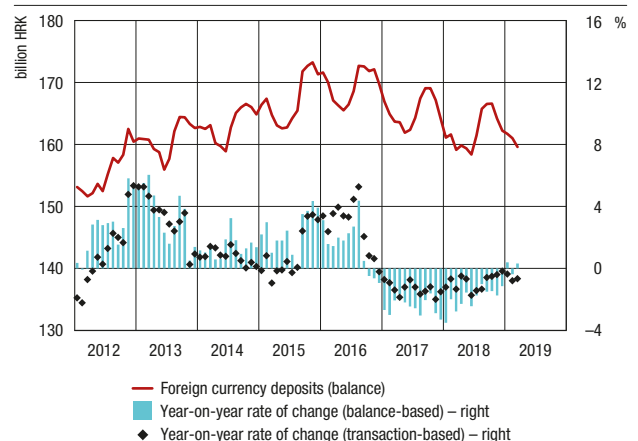
Source: CNB.

Figure 49 Total liquid assets (M4)



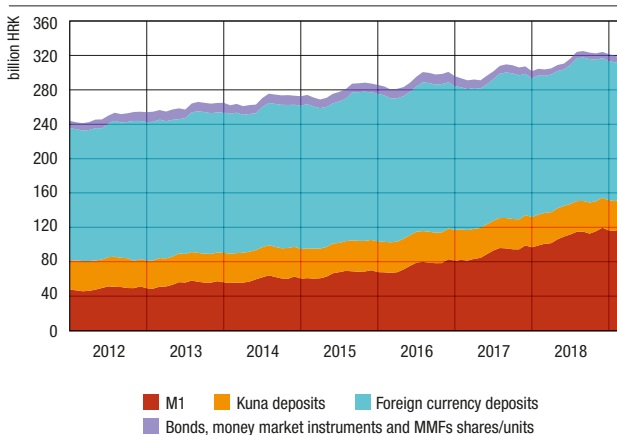
Source: CNB.

Figure 52 Foreign currency deposits



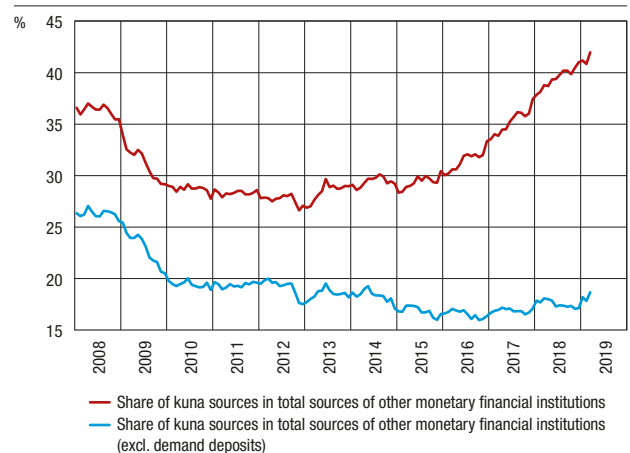
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



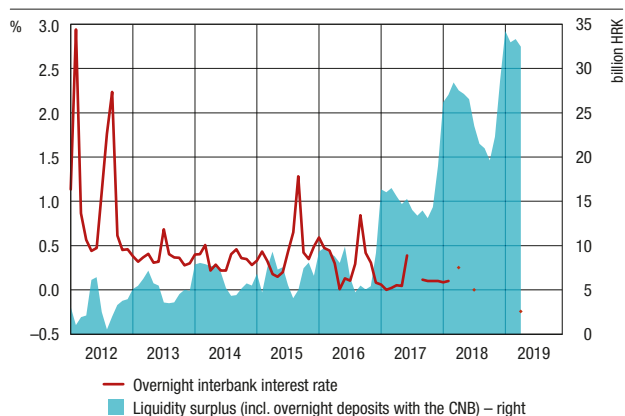
Source: CNB.

Figure 53 Share of kuna sources



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

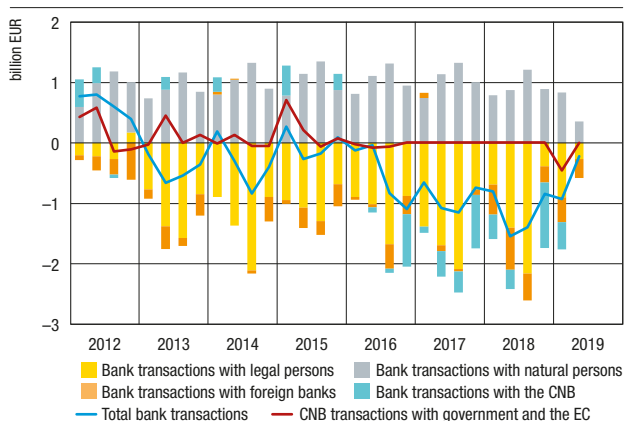
preliminary data, in million EUR

	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.

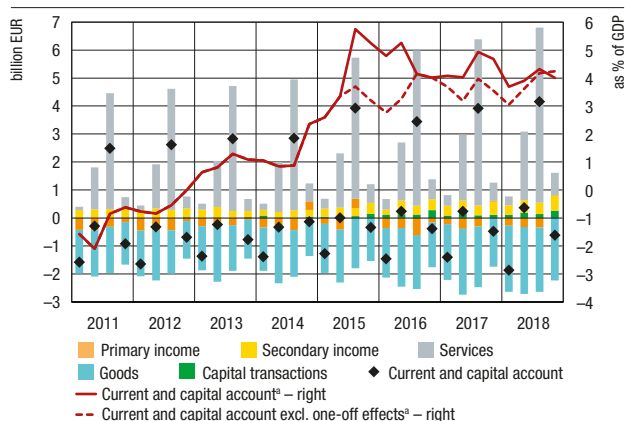
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the second quarter of 2019 refer to April.

Source: CNB.

Figure 57 Current and capital account flows

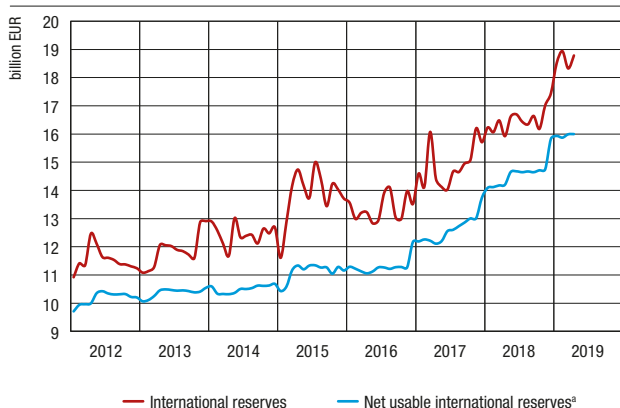


* Sum of the last four quarters.

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.

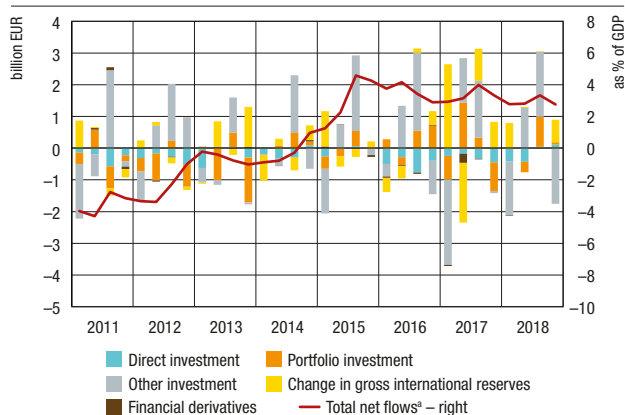
Figure 56 International reserves of the CNB at current rate of exchange



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

Source: CNB.

Figure 58 Financial account flows by type of investment

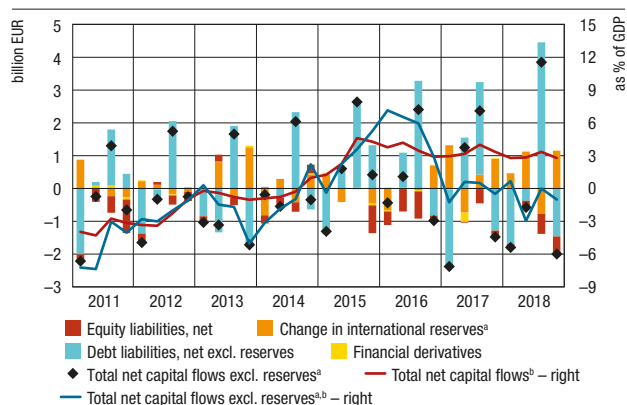


* Sum of the last four quarters.

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

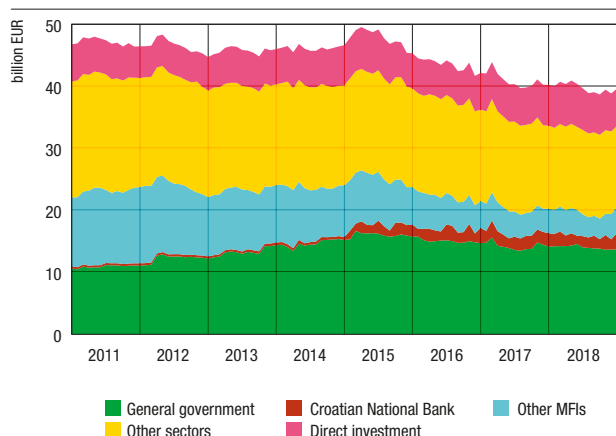
Source: CNB.

Figure 59 Financial account flows by capital structure



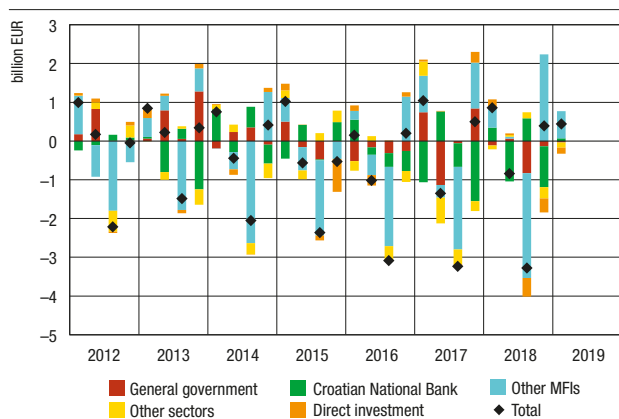
^a The change in gross international reserves is reported net of foreign liabilities of the CNB. ^b Sum of the last four quarters.
Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
Source: CNB.

Figure 62 Gross external debt end of period



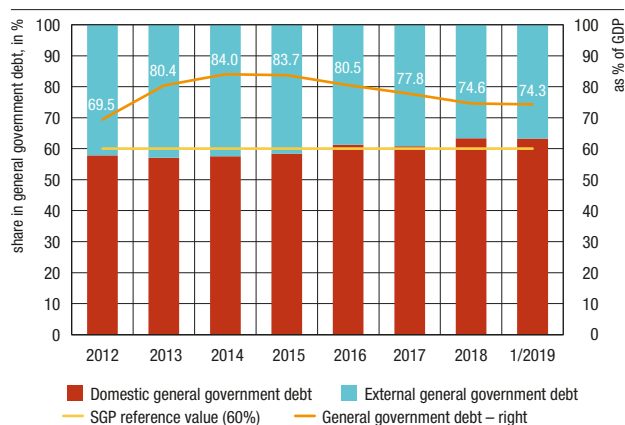
Note: Data are up to end-February 2019.
Source: CNB.

Figure 60 Net external debt transactions



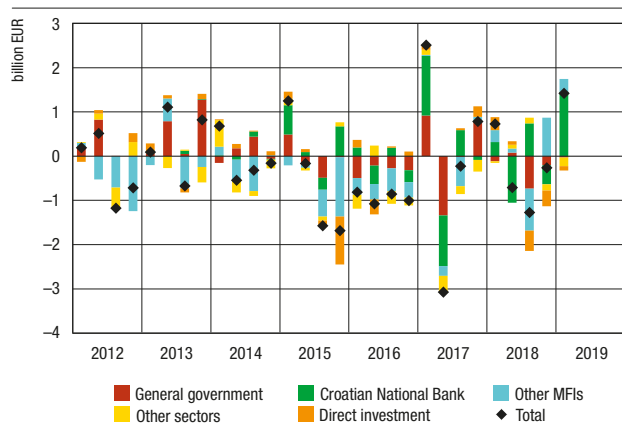
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the first quarter of 2019 refer to January and February.
Source: CNB.

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.

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 and February.
Source: CNB.

Table 3 Consolidated general government balance
ESA 2010, in million HRK

	Jan.–Dec. 2017	Jan.–Dec. 2018
Total revenue	168,602	178,065
Direct taxes	22,980	24,513
Indirect taxes	71,657	76,804
Social contributions	43,634	45,908
Other	30,331	30,839
Total expenditure	165,713	177,307
Social benefits	57,188	59,516
Subsidies	5,193	5,758
Interest	9,765	8,877
Compensation of employees	41,671	44,580
Intermediate consumption	29,498	31,164
Investment	9,877	13,213
Other	12,520	14,199
Net lending (+)/borrowing (-)	2,889	758

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. 2018	Jan. 2019
Change in total debt stock	–4,055	–998
Change in domestic debt stock	–1,056	–870
– Securities other than shares, short-term	93	–771
– Securities other than shares, long-term	156	–38
– Loans	–1,306	–43
Change in external debt stock	–2,999	–128
– Securities other than shares, short-term	–100	38
– Securities other than shares, long-term	–2,338	123
– Loans	–560	–289
Memo item:		
Change in total guarantees issued	–180	–30

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
Ø	– average
a, b, c, ...	– indicates a note beneath the table and figure
*	– corrected data
()	– incomplete or insufficiently verified data