



Information on economic trends

March 2017

Summary

After a noticeable intensification during the summer months, economic activity continued to accelerate at the end of 2016, although at a somewhat slower pace. At the level of the whole of 2016, growth was 2.9%. The upward trend in the annual inflation rate continued, increasing to 0.9% in January. While maintaining the stability of the kuna exchange rate against the euro, the CNB continued to pursue an extremely expansionary monetary policy at the beginning of 2017, and the average liquidity surplus in January and February reached historical highs. A decrease in external imbalances in 2016 continued at a rate faster than in the previous years, with a sharp decline in the share of external debt in the GDP. Available data show that the general government deficit for the whole of 2016 might come in much lower than in 2015, as well as relative to the deficit planned in the budget revision.

According to the CBS estimate, domestic economic activity continued to recover in the last quarter of 2016. Thus, economic activity grew by 0.6% from the previous quarter, while the annual growth rate reached 3.4% (Figure 1). Positive trends were recorded in all components of aggregate demand. Exports of goods grew noticeably from the third quarter. According to the trade in goods data for October and November, such movements were the consequence of a rise in the exports of intermediate goods and durable and non-durable consumer goods. After a fall during the summer months, the recovery of capital investment intensified again, and judging by the movement in production and the imports of capital equipment and construction works, private and public sector investments grew. Household consumption continued to grow at a relatively high rate, reflecting favourable developments in the labour market as well as high consumer confidence levels. Following the growth of domestic demand and exports, the imports of goods and services intensified in the last quarter.

In 2016, the growth of real GDP nearly doubled from 2015, reaching 2.9% (Figure 2). It was attributable to all components of aggregate demand, with the largest contribution coming from the exports of goods and services and personal consumption. Nevertheless, since imports also recorded a relatively strong growth, the contribution of net foreign demand was eventually slightly negative.

As for expectations regarding future economic developments, the results of the surveys on expectations from the beginning of 2017 suggested a continuation of growing optimism in construction and industry, while expectations in trade and services were slightly less favourable than at the end of 2016. Consumer confidence clearly continued to grow. Over the next 12 months, consumers expect a financial situation better than the present and consider that the probability of an increase in savings in the forthcoming period is higher than at present (Figure 8).

At the beginning of 2017, favourable labour market developments were prevailing. Employment continued to rise, although at a weaker intensity than at the end of 2016. The slowdown reflects employment trends in service activities and the public sector, while industry and construction recorded an acceleration of employment growth (Figure 14). The number of employed persons declined in January (Figure 15), due both to new employment and other reasons (primarily clearings from the records due to non-compliance with legal provisions, registration cancellation and failure to report regularly). In January, the registered unemployment rate stood at 14% (according to seasonally adjusted data) or slightly below the level at the end of 2016.¹ Nominal gross wages increased by 0.3% in January 2017 relative to the average of the previous three months (Figure 16), their

growth significantly slowing down (0.7% in the third quarter), while nominal net wages increased sharply (2.6%) because of changes in the income tax system.

Consumer prices were down by 0.1% in January from December (Table 1). This was mostly due to the seasonal fall in the prices of clothing and footwear and a decrease in the prices of electricity (by 9.6%) because of the decrease in the VAT rate on electricity from 25% to 13%. In addition, the VAT rate applicable to refuse disposal decreased by an equivalent amount, which resulted in a fall in the price of this service in January (by 8.3%). The monthly decline in consumer prices in January was offset primarily by a sharp rise in vegetable prices (19.0%), which was more pronounced than in previous years because of unfavourable weather conditions, i.e. the cold winter. The prices of other food products, in particular meat, fruit and milk, also rose. In January, the prices of refined petroleum products rose noticeably because of the rise in the price of crude oil in the global market, while the price of bottled gas also rose moderately. In addition, the increase in the VAT rate on sugar and hotel and restaurant services from 13% to 25% and higher excise duties on cars was driven by tax law amendments, which resulted in an increase in the prices of these groups of products in January. The monthly growth of prices of hotel and restaurant services (2.2%) was considerably lower than the increase in taxation (10.6%). The monthly fall of the overall CPI in January 2017 was less pronounced than in the same month of 2016, so that the annual inflation rate increased from 0.2% in December to 0.9% in January. If analysed by the main CPI groups, the largest contribution to the increase in the annual inflation rate in January from December was made by the prices of unprocessed food (mostly vegetables) and energy (due to a weaker decrease in energy prices in January 2017 than in the same month of the previous year). The annual rate of change of core inflation also increased from 0.5% in December to 0.7% in January, which was largely affected by the above-mentioned increase in the prices of meat, vehicles and hotel and restaurant services.

Foreign trade figures registered a noticeable growth in exports paired with a slightly weaker growth in imports in October and November 2016 than in the previous quarter average. Total exports, after the negative results in the previous quarter, increased by as much as 11.5% (Figure 10), due to the growth in the exports of oil and refined petroleum products, as well as the narrow aggregate, excluding oil and ships (6.7%), which was observed across the board. At the same time, after stagnating in the previous quarter, total imports of goods increased by 3.4% in October and November (Figure 11), to the greatest extent as a consequence of the rise in the imports of oil and refined petroleum products, while the narrow aggregate grew at a slightly slower pace (1.0%). According to preliminary data on aggregate goods exports and imports for December, the foreign trade in goods dynamics could be even stronger in the last quarter of 2016 than shown by these figures.

¹ The adjusted unemployment rate, which uses the data on the number of persons insured with the CPIA instead of the data from the JOPPD form in the calculation, also continued to decrease and stood at 13% in January.

The exchange rate of the kuna against the euro continued to appreciate in February, although at a slower pace than in January. At the end of February, the exchange rate stood at EUR/HRK 7.43, down by 0.7% from the end of January, and down by 1.7% from the end of 2016 (Figure 21). In February, the kuna appreciated against most other currencies in the basket of currencies for the calculation of the effective exchange rate, but it was mostly offset by the weakening of the kuna against the Turkish lira, the yuan renminbi and the yen as a result of the weakening of the euro against the mentioned currencies in the global foreign exchange market. The index of the nominal effective kuna exchange rate appreciated by 0.2% by the end of February from the end of January, and by 1.5% from the end of 2016.

The ECB's expansionary monetary policy and the high liquidity of the euro area banking system helped maintain short-term euro benchmark interest rates in negative territory in February 2017. The overnight interest rate, EONIA, ended the month of February at -0.35%, while the six-month EURIBOR stood at -0.24% (Figure 24). In January and February, the risk premiums for European emerging markets decreased slightly from the end of 2016. The decrease in risk premiums by around 40 basis points, in addition to Bulgaria, was the sharpest for Croatia (Figures 24 and 25). Despite this, the risk premium for Croatia remained higher than for CEE peers.

The liquidity of the domestic financial market boosted by the CNB's expansionary monetary policy remained at very high levels in February. After significant foreign exchange interventions and record high kuna liquidity in January (HRK 16.4bn), the average surplus liquidity in February stood at HRK 16.0bn (Figure 50). This contributed to a decline in the average weighted interest rate on overnight interbank loans from 0.06% in January to 0.00% in February (Figure 50). At the same time, the interest rate on one-year kuna T-bills without a currency clause dropped in February to its all-time low of 0.50%.

Interest rates on new short-term kuna loans to non-financial corporations and long-term household loans indexed to a foreign currency increased slightly in early 2017 (Figures 28 and 29). However, if interest rates on loans granted for the first time are analysed, interest rates on kuna investment loans indexed to a foreign currency granted to corporates fell in the beginning of 2017, while interest rates on kuna loans for working capital stagnated (Figure 31). Interest rates on foreign currency housing loans and consumer loans to households granted for the first time also declined (Figures 32 and 33). Interest rates on corporate time deposits increased slightly in January, and interest rates on household deposits continued to decrease, so that in January they reached the level of 0.75% (Figures 34 and 35). The spread between interest rates on total new loans and deposits increased in January to 6.31 percentage points, while the gap between interest rate spreads on loans and deposits remained below five percentage points (Figure 37).

Monetary developments in January 2017 were marked by a fall in net foreign assets (NFA) and a moderate increase in net domestic assets (NDA) of the monetary system (Figure 38), which resulted in the fall in total liquid assets (M4) (Figure 46). Within the structure of M4, both of its components (money and quasi-money) decreased in January, which is typical for the beginning of the year. Accordingly, at the end of January, money (M1) was 2.1% lower than at the end of 2016, but at the same time, its annual growth accelerated to 19.4% (Figure 45). On the other hand, after having grown uninterruptedly during 2016, quasi-money decreased in January on an annual level (by 1.4%) as well. This was mostly attributable to the nominal decrease in foreign currency deposits (Figure 49), mainly on account of

the appreciation of the kuna against the euro, which had an impact on the decrease in the kuna equivalent of foreign currency deposits. Total liquid assets (M4) on an annual level continued growing at a pace similar to that in the few previous months and at the end of January they stood at 3.6% (i.e. 4.7%, excluding the effect of exchange rate changes).

Total placements of monetary institutions to domestic sectors (other than the government) were 1.3% lower at the end of January 2017 than at the end of December 2016. On an annual level, the increase in placements (based on transactions) was still present, but it slowed down slightly, from 1.1% in December 2016 to 0.7% in January 2017 (Figure 40). In January, the annual growth of placements to households stood at 0.9% (Figure 42) and to corporates 1.5% (Figure 41). If nominal changes are observed, placements were 3.7% lower at the end of January 2017 than at the end of the same month of 2016, reflecting a partial write-off of loans to households indexed to the Swiss franc within the process of conversion, the sale by banks of their non-performing placements, which intensified during 2016 and the strengthening of the kuna against the euro (diminishing the kuna equivalent of placements indexed to the euro). Bank placements to the central government decreased in January, but on an annual level, they were up by 1.8% (based on transactions).

Gross international reserves declined by EUR 0.5bn (3.2%) in February 2017, reaching EUR 14.1bn (Figure 52). The decrease in gross reserves was predominantly a result of a lower level of agreed repo transactions from the end of January. At the same time, net usable reserves went up slightly (0.6%), standing at EUR 12.3bn at the end of February.

Total net external debt of domestic sectors remained almost unchanged in the last quarter of 2016, increasing by only EUR 0.1bn (Figure 56). However, credit institutions' net foreign position worsened considerably (EUR 1.1bn), which was particularly pronounced in December. By contrast, the net foreign position of the central bank improved (EUR 0.5bn), mostly owing to foreign exchange interventions, which increased the stock of international reserves, while the withdrawals of foreign currency of the government deposited with the CNB had the opposite effect. In addition, the general government and other domestic sectors continued to deleverage with respect to foreign creditors at a pace similar to that in the previous quarter. Despite the stagnation at the end of the year, overall deleveraging accelerated in the whole of 2016 from the year before, so that net external debt, as well as gross external debt, decreased by almost EUR 4.0bn. At the end of December 2016, net external debt stood at 41.3% of GDP, and gross external debt stood at 91.4% of GDP, which is a decrease of approximately 11 percentage points from the end of 2015.

Although the available Ministry of Finance data for the last quarter suggest a slight deepening of the government budget deficit relative to the same period of 2015, at the entire 2016 level, a noticeable fiscal adjustment was achieved on the back of a strong growth of revenues and noticeably slower increase in expenditures. The general government deficit could thus be much lower relative to the level foreseen by the November budget revision (1.6% of GDP), i.e. it could amount to about 1% of GDP. Such fiscal developments were determined by more favourable movements of government budget revenues than expected, but probably also by a much better total balance of extra budgetary users than planned.

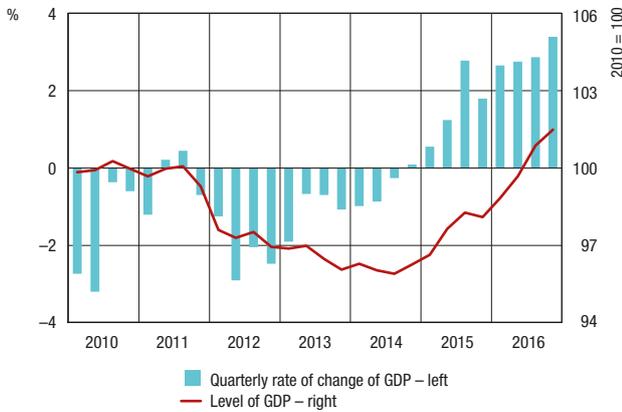
General government debt, which at the end of November stood at HRK 289.7bn, increased only slightly on a monthly level (partly influenced by exchange rate developments), while relative to the end of 2015, it stagnated.

The general improvement in fiscal, but also macroeconomic

indicators was also reflected in the continuation of favourable conditions of government refinancing, so that in February 2017, the government issued a five-year and an 11-year kuna bond

under very favourable conditions: the interest rate on the five-year bond stood at 2.25%, or down by 50 basis points relative to the kuna bond of the same maturity issued in July 2016.

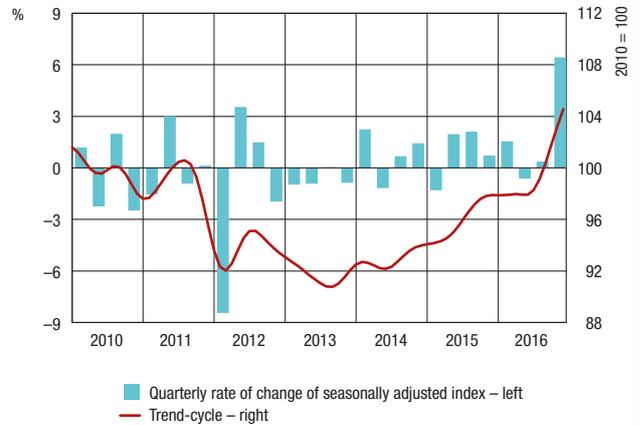
Figure 1 Quarterly gross domestic product seasonally adjusted real values



Note: Data for the fourth quarter of 2016 is the estimate derived using the CNB's Monthly indicator of real economic activity, on the basis of data published until 2 February 2017.

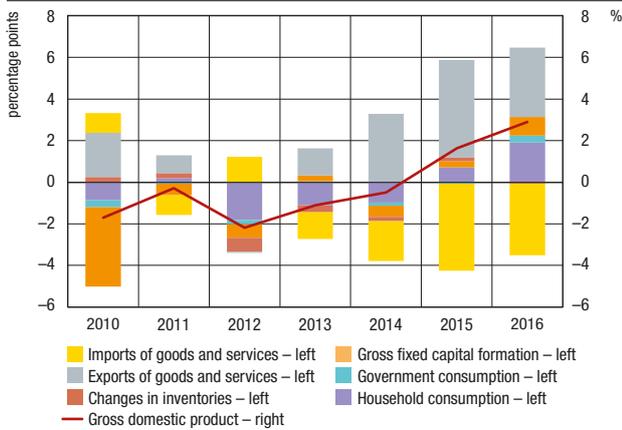
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 3 Industrial production



Source: CBS data seasonally adjusted by the CNB.

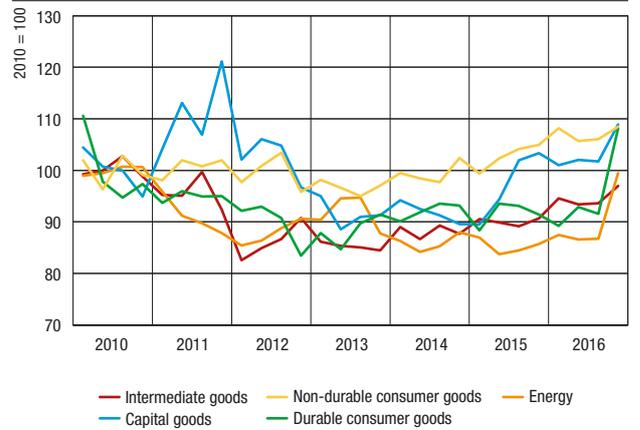
Figure 2 GDP rate of change contribution by components



Note: The projection for 2016 refers to the official projection of the CNB from December 2016.

Source: CBS.

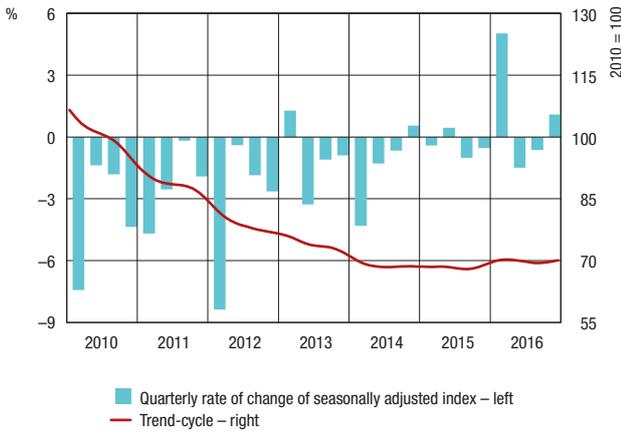
Figure 4 Industrial production by main industrial groupings seasonally adjusted indices



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

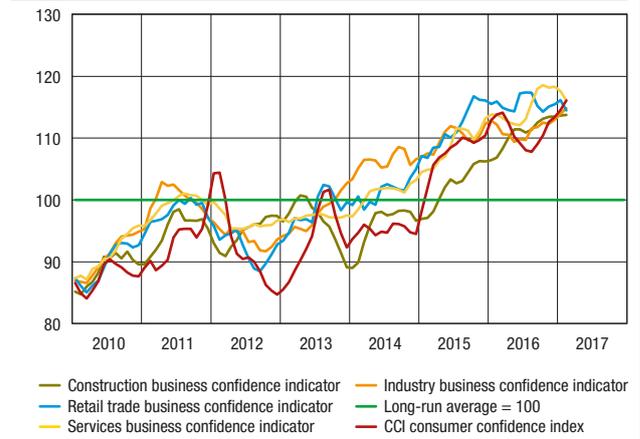
Source: CBS data seasonally adjusted by the CNB.

Figure 5 Total volume of construction works



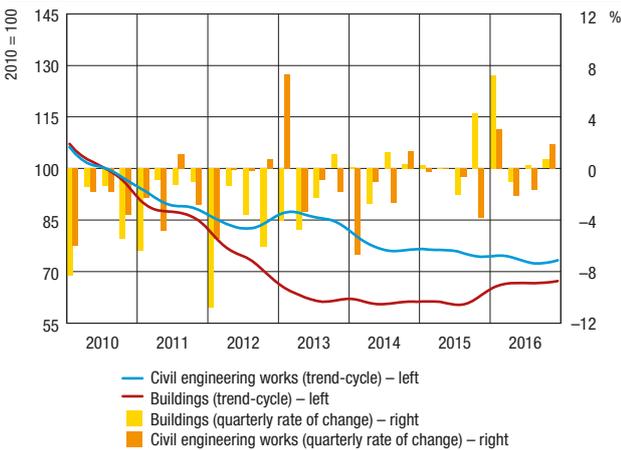
Note: Data for the fourth quarter of 2016 refers to October and November.
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators
standardised and seasonally adjusted values, three-member moving averages



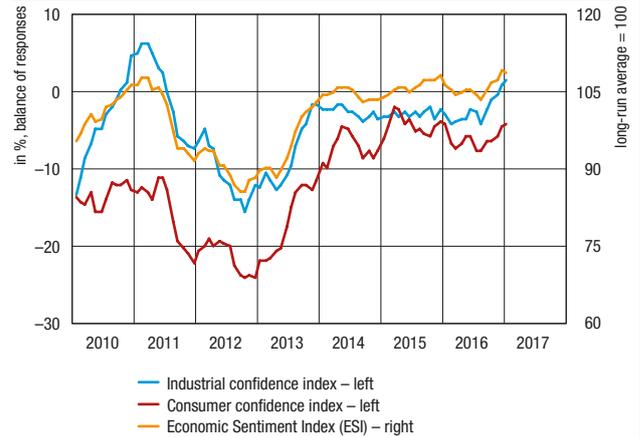
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



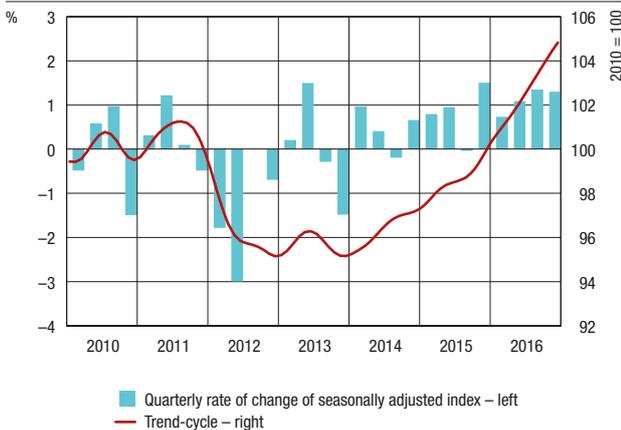
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



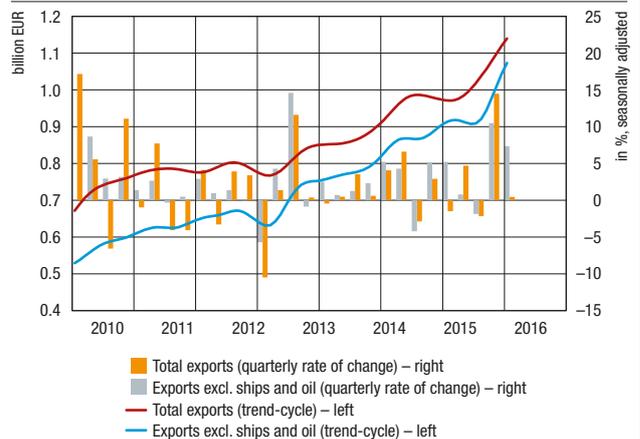
Source: Eurostat.

Figure 7 Real retail trade turnover



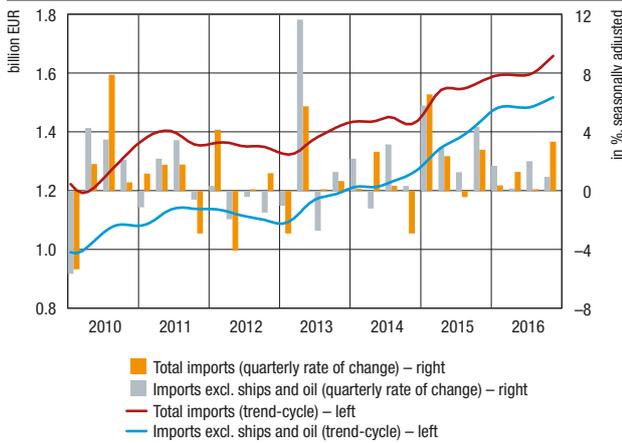
Source: CBS data seasonally adjusted by the CNB.

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



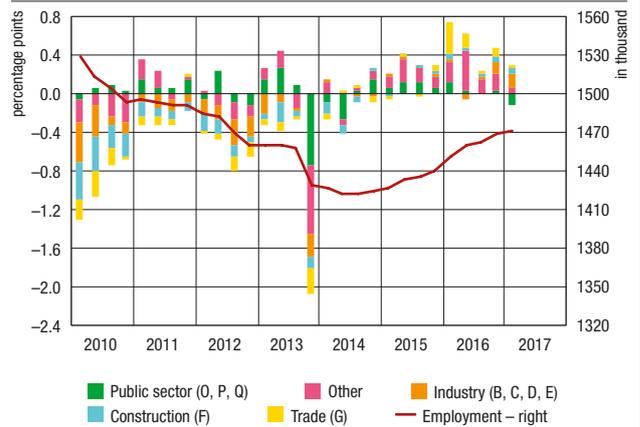
Note: Data for the first quarter of 2017 refer to January.
Source: CBS data seasonally adjusted by the CNB.

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



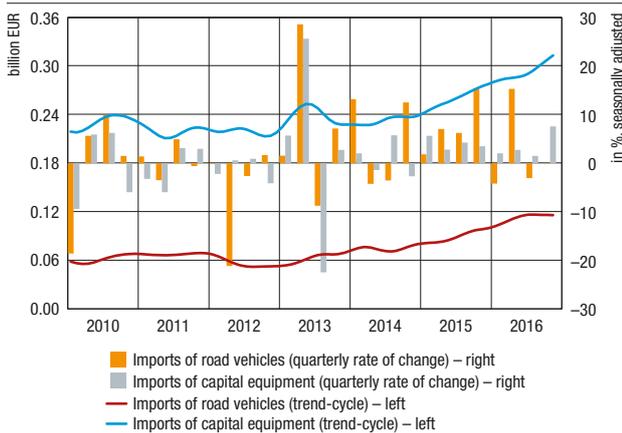
Note: Data for the fourth quarter of 2016 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

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



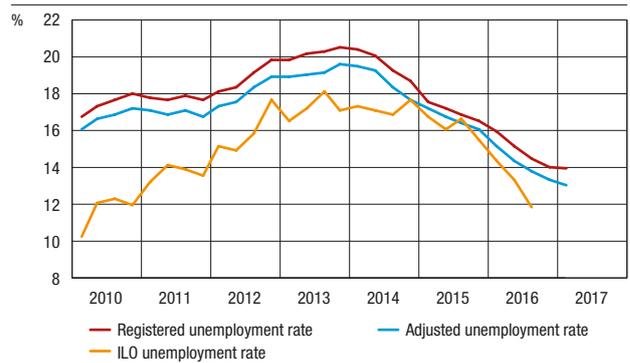
Note: Data for the first quarter of 2017 refer to January.
Sources: CPIA data seasonally adjusted by the CNB.

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



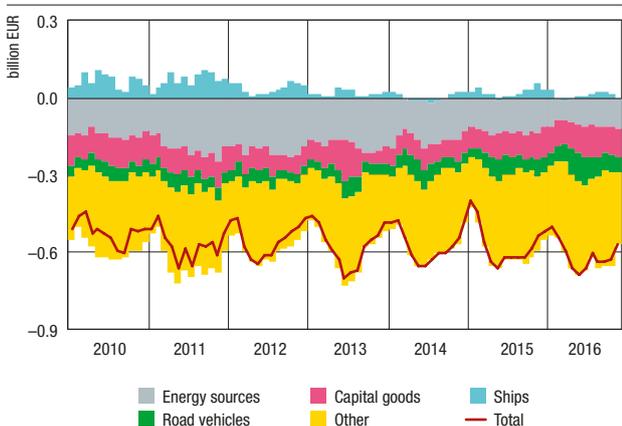
Note: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2016 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

Figure 15 Unemployment rates
seasonally adjusted data



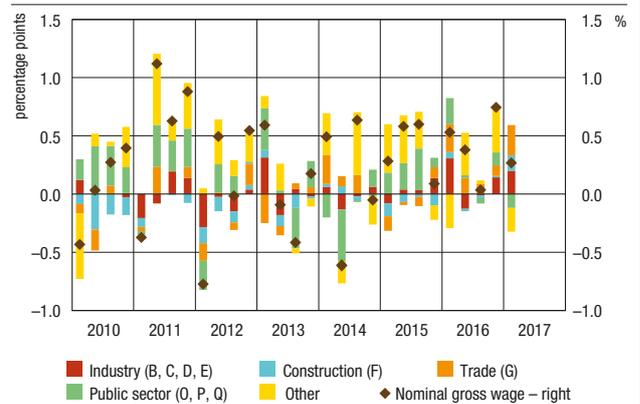
Note: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPIA). Data on the registered unemployed rate in the first quarter of 2017 refer to January.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 13 Trade in goods balance
three-member moving averages of monthly data



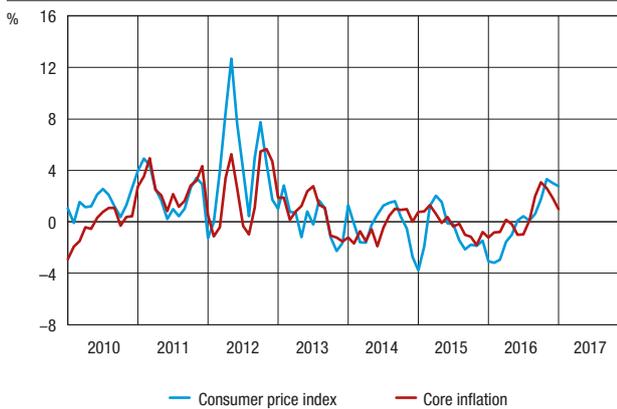
Source: CBS.

Figure 16 Average nominal gross wage by NCA activities
seasonally adjusted data, contributions to the 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. Data for the first quarter of 2017 refer to January.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



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

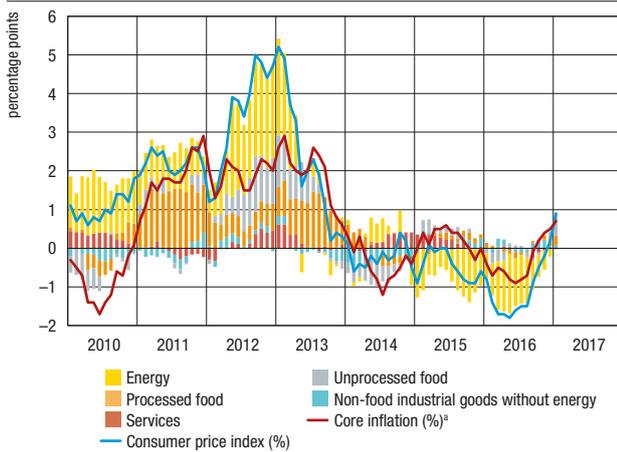
Sources: CBS and CNB calculations.

Table 1 Price indicators
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	12/16	1/17	1/16	1/17
Consumer price index and its components				
Total index	0.2	0.9	-0.7	-0.1
Energy	-1.1	0.1	-2.5	-1.3
Unprocessed food	1.7	5.9	2.0	6.3
Processed food (incl. alcoholic drinks and tobacco)	1.0	1.1	0.8	0.9
Non-food industrial goods without energy	0.2	0.3	-2.7	-2.6
Services	-0.1	-0.1	0.0	-0.1
Other price indicators				
Core inflation	0.5	0.7	-0.7	-0.5
Index of industrial producer prices on the domestic market	-0.1	1.8	-1.2	0.7
Brent crude oil price (USD)	43.3	78.2	-18.3	1.5
HWWI index (excl. energy) ^a	25.6	31.5	-1.7	2.9

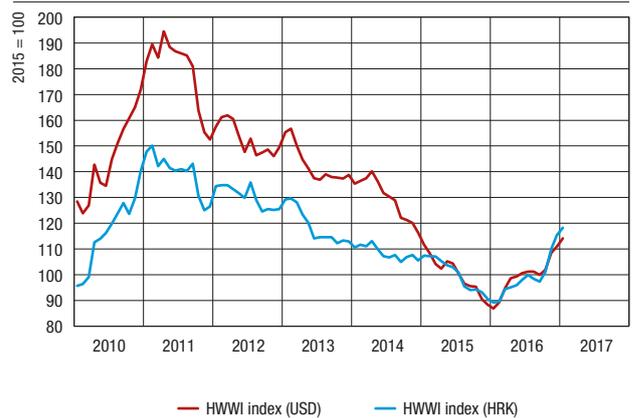
^a The index is calculated on the basis of raw materials prices expressed in US dollars.
Sources: CBS, Bloomberg and HWWI.

Figure 18 Year-on-year inflation rates and components' contribution to consumer price inflation



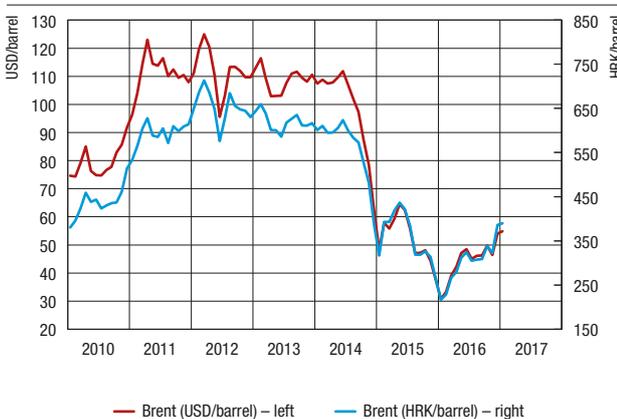
^a Core inflation does not include agricultural product prices and administrative prices.
Sources: CBS and CNB calculations.

Figure 20 HWWI index (excl. energy)



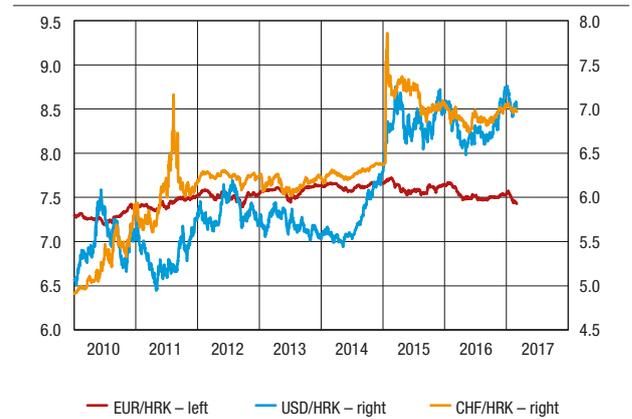
Sources: HWWI and CNB calculations.

Figure 19 Crude oil prices (Brent)



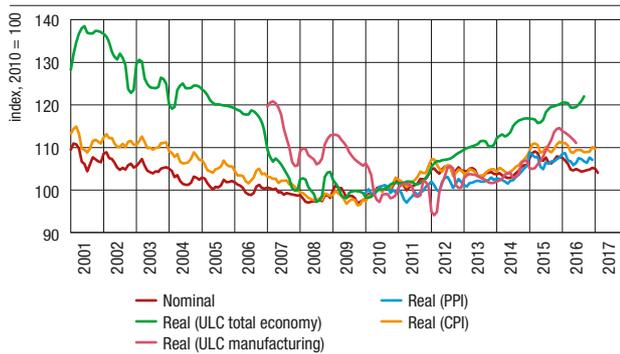
Sources: Bloomberg and CNB calculations.

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



Source: CNB.

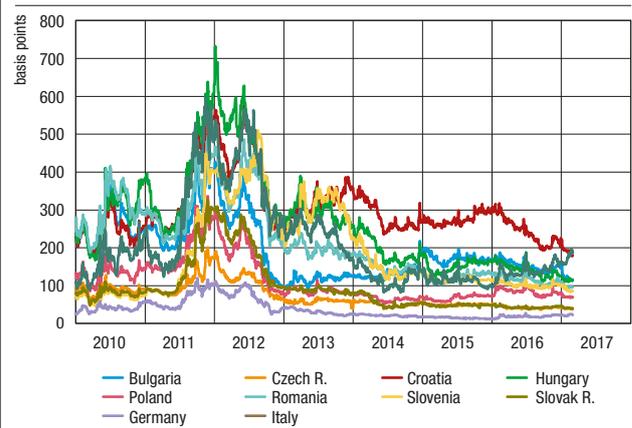
Figure 22 Nominal and real effective exchange rates of the kuna



Note: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the non-domestic market, which is available from January 2010. The unit labour cost is calculated as the ratio between compensation per employee and labour productivity (defined as GDP per person employed), while the real effective exchange rate of the kuna deflated by unit labour costs is the result of the interpolation of quarterly values. A fall in the index indicates an effective appreciation of the kuna.

Source: CNB.

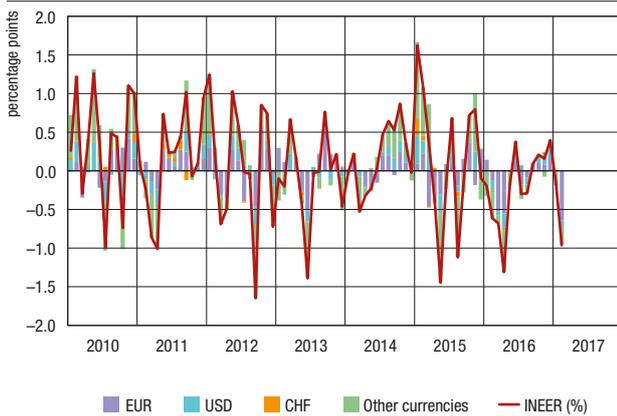
Figure 25 CDS spreads for 5-year government bonds of selected countries



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

Source: S&P Capital IQ.

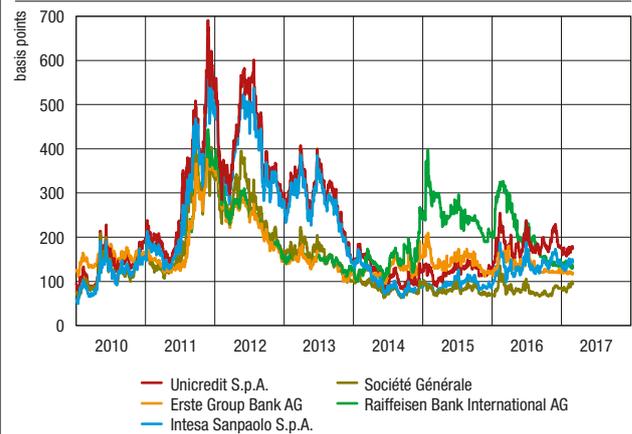
Figure 23 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



^a Negative values indicate contributions to the appreciation of the INEER.

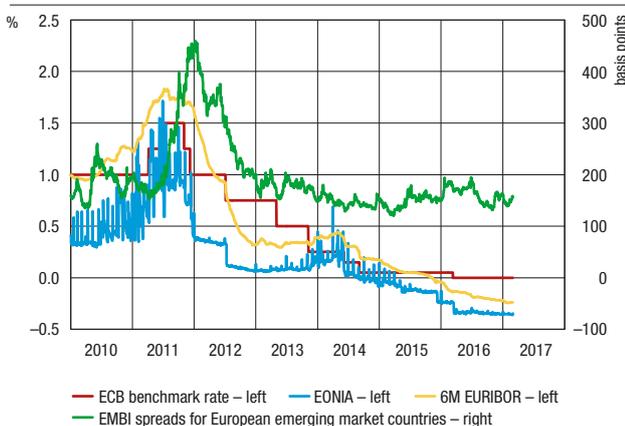
Source: CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



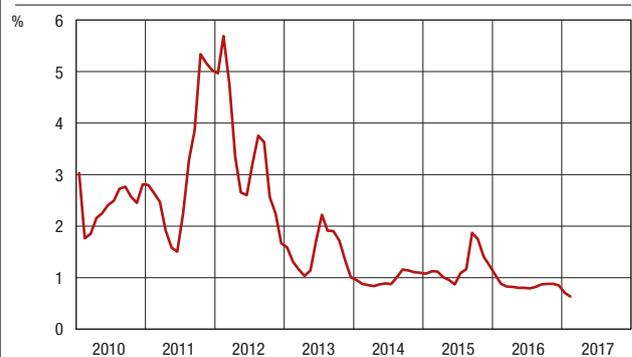
Source: S&P Capital IQ.

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



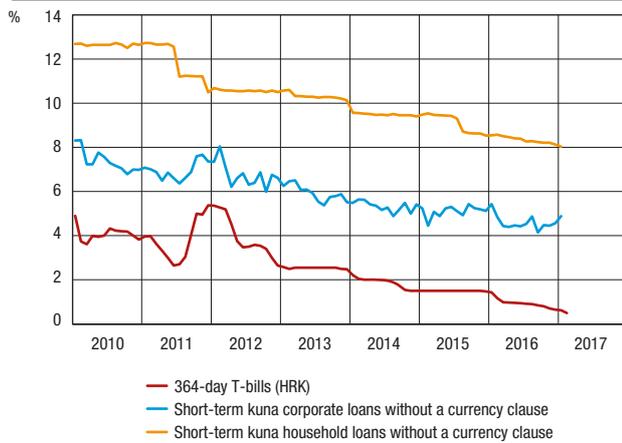
Sources: ECB, Bloomberg and J. P. Morgan.

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



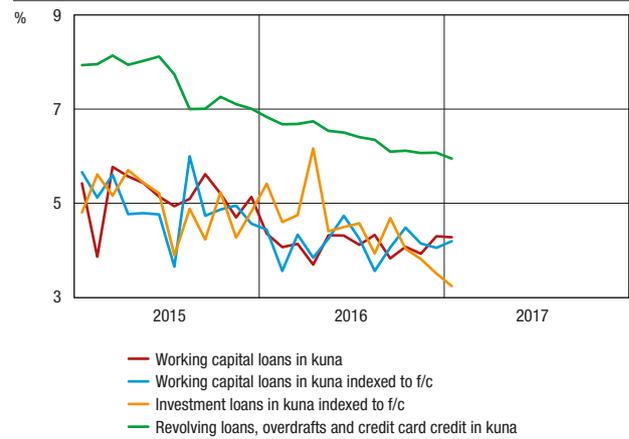
Source: CNB.

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



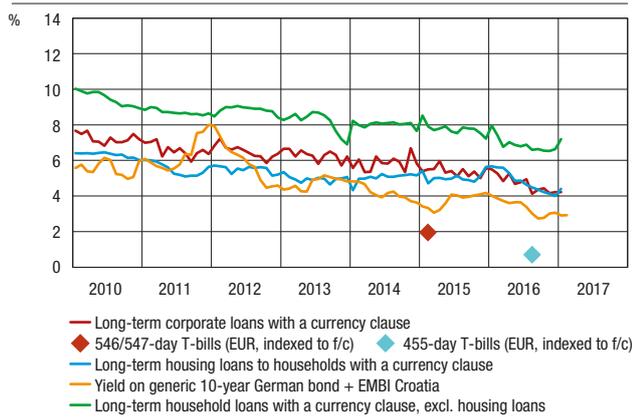
Sources: MoF and CNB.

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



Source: CNB.

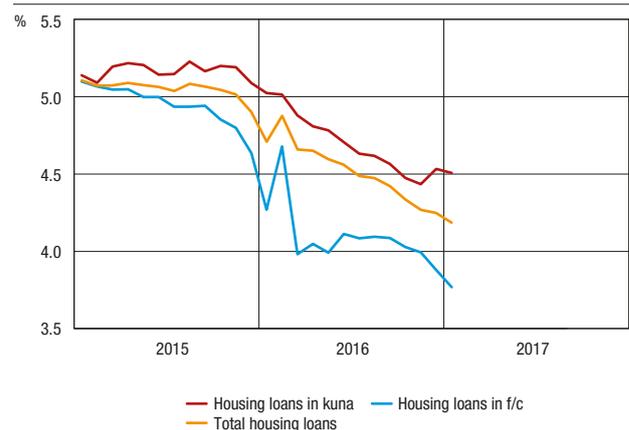
Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency



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

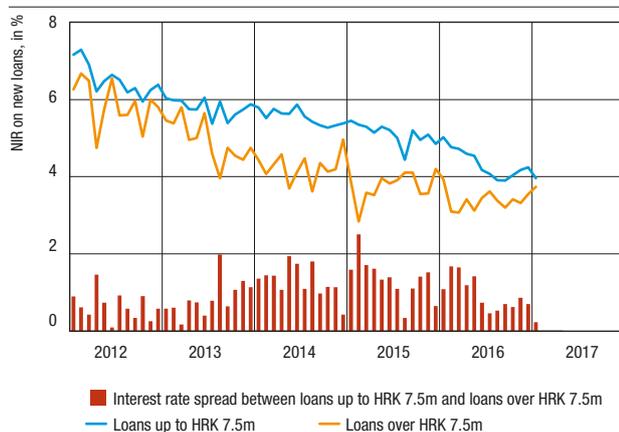
Sources: MoF, Bloomberg and CNB.

Figure 32 Interest rates on original new housing loans to households



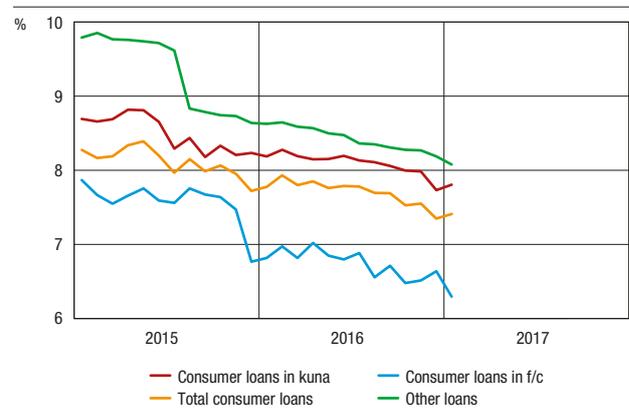
Source: CNB.

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



Source: CNB.

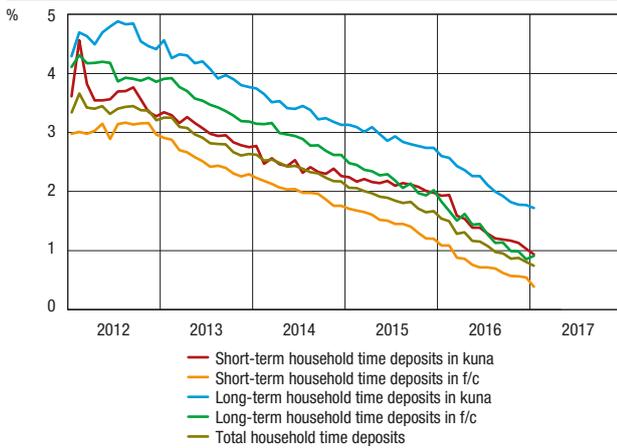
Figure 33 Interest rates on original new consumer and other loans to households



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

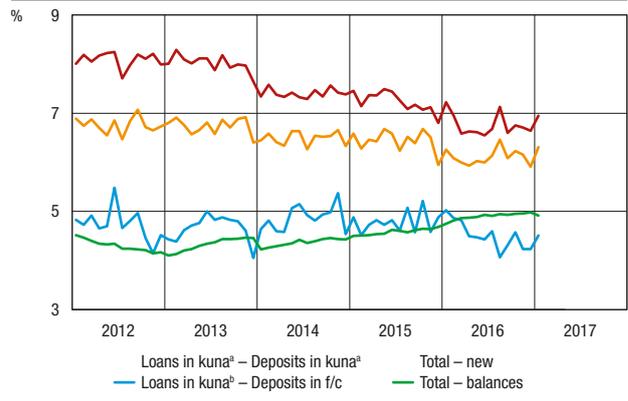
Source: CNB.

Figure 34 Interest rates on household time deposits



Source: CNB.

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

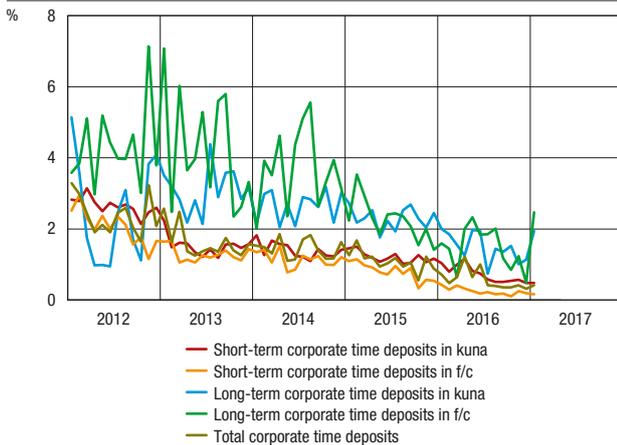


^a Non-indexed to f/c. ^b Indexed to f/c.

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).

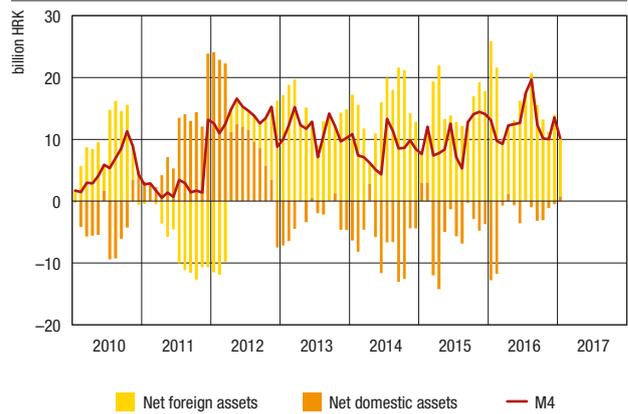
Source: CNB.

Figure 35 Interest rates on corporate time deposits



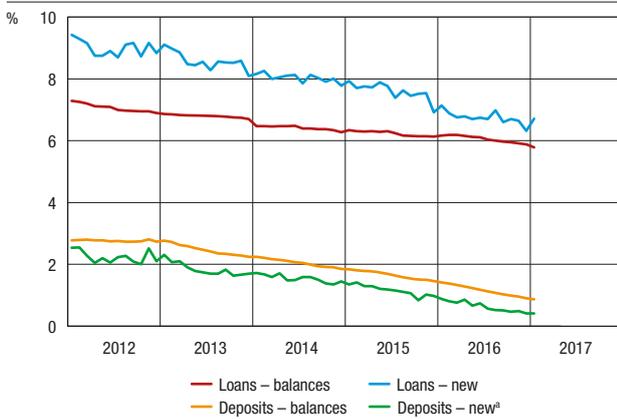
Source: CNB.

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



Source: CNB.

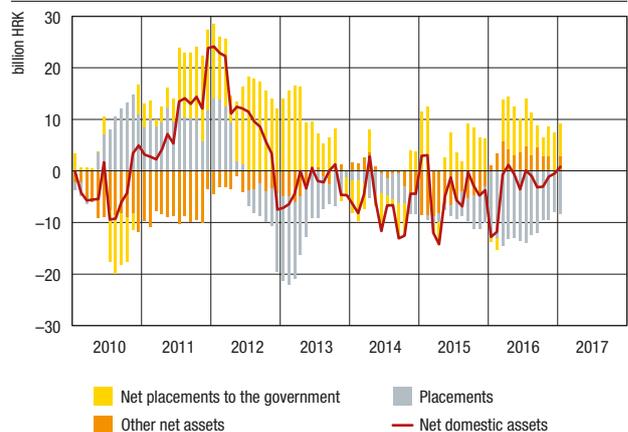
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



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

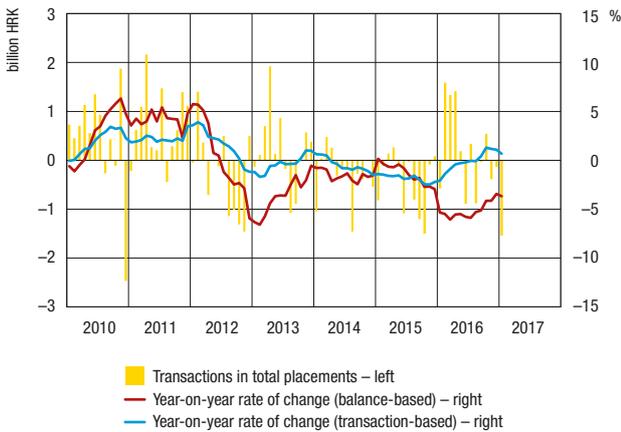
Source: CNB.

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



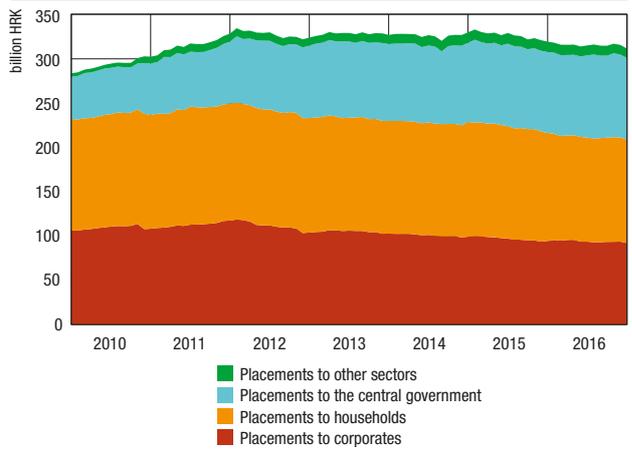
Source: CNB.

Figure 40 Placements



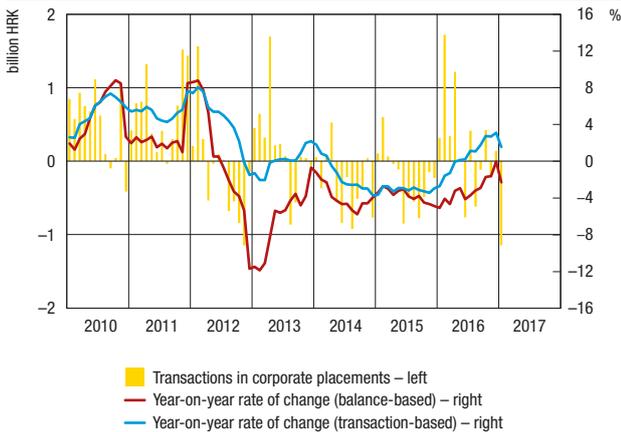
Source: CNB.

Figure 43 Structure of credit institution placements



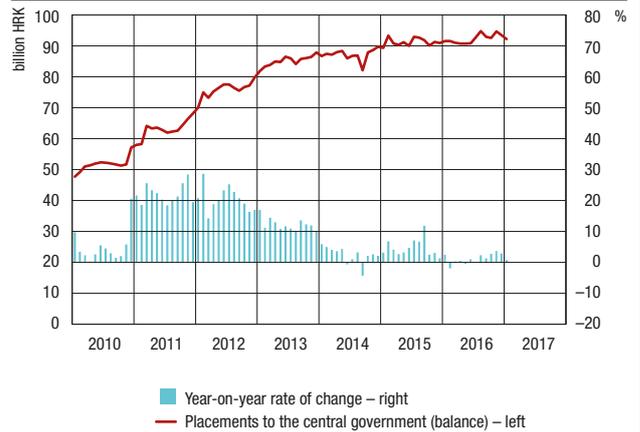
Source: CNB.

Figure 41 Placements to corporates



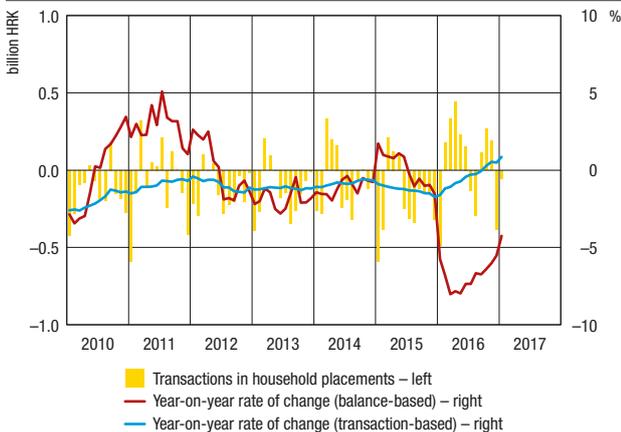
Source: CNB.

Figure 44 Credit institution and MMF placements to the central government



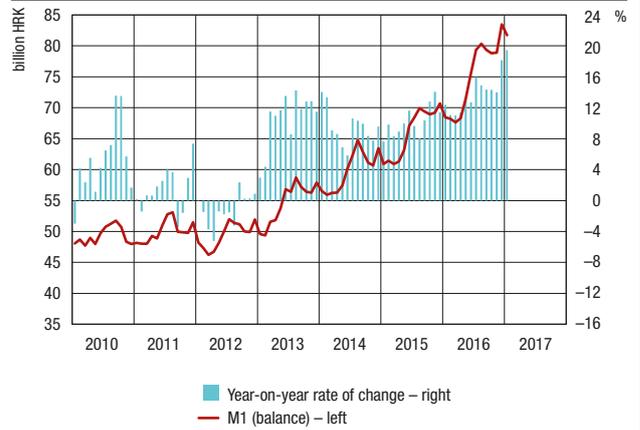
Source: CNB.

Figure 42 Placements to households



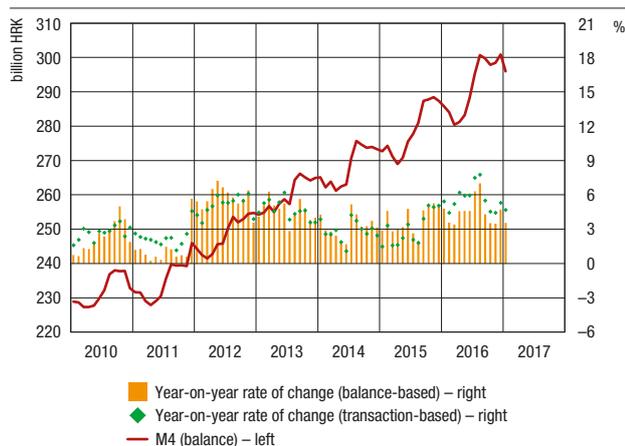
Source: CNB.

Figure 45 Money (M1)



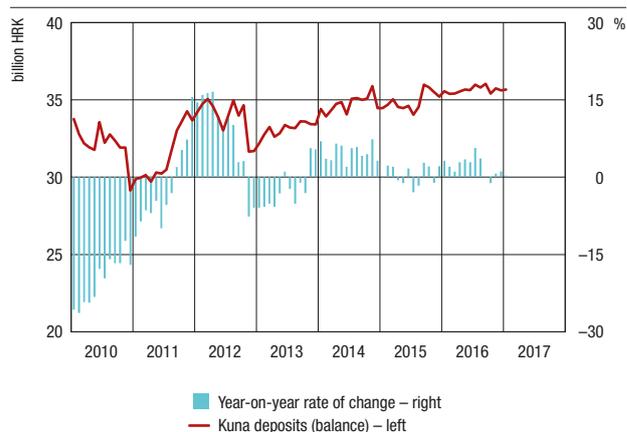
Source: CNB.

Figure 46 Total liquid assets (M4)



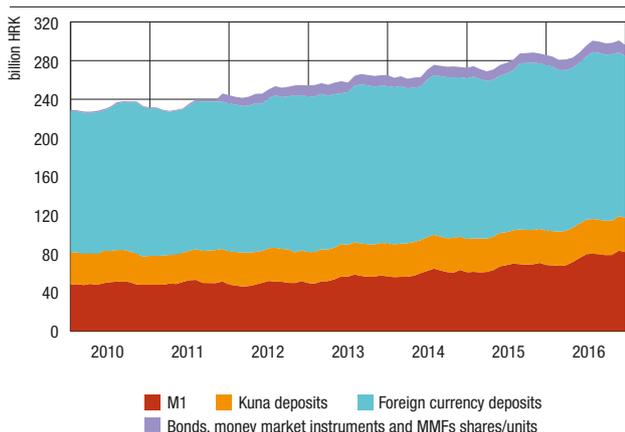
Source: CNB.

Figure 48 Kuna savings and time deposits



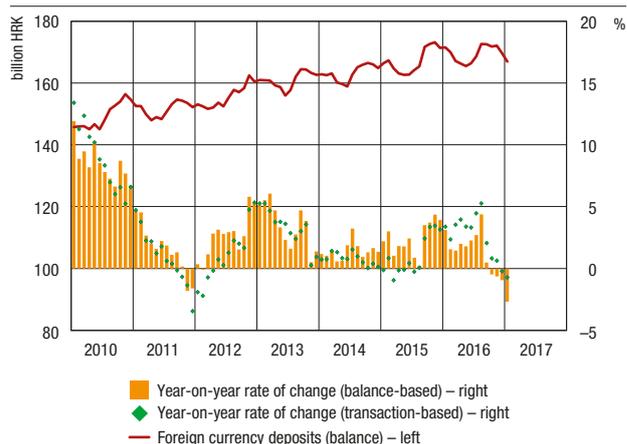
Source: CNB.

Figure 47 Structure of M4 monetary aggregate



Source: CNB.

Figure 49 Foreign currency deposits



Source: CNB.

Table 2 Balance of payments^a

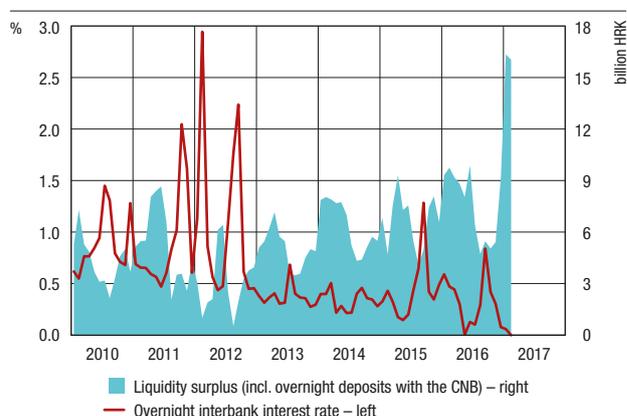
preliminary data, in million EUR

	2015	Jan. – Sep. 2015	Jan. – Sep. 2016	Indices	
				2015/2014	Jan. – Sep. 2016/Jan. – Sep. 2015
Current account	2,236.2	2,695.1	1,923.1	246.8	71.4
Capital account	310.6	161.7	304.2	442.0	188.2
Financial account (excl. reserves)	1,161.3	1,339.5	2,244.6	116.7	167.6
International reserves	745.3	550.5	-694.6	-	-
Net errors and omissions	-640.1	-966.8	-677.4	125.2	70.1

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

Source: CNB.

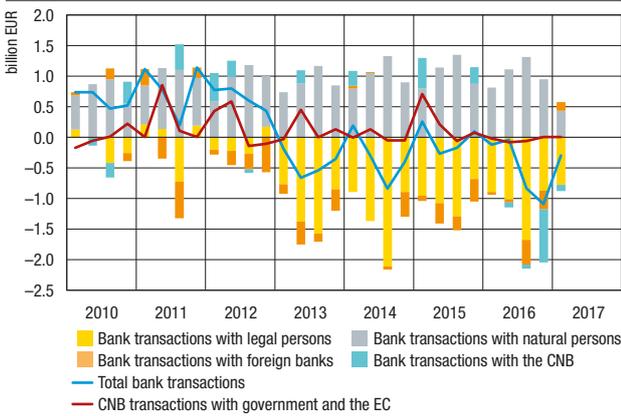
Figure 50 Bank liquidity and overnight interbank interest rate



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.

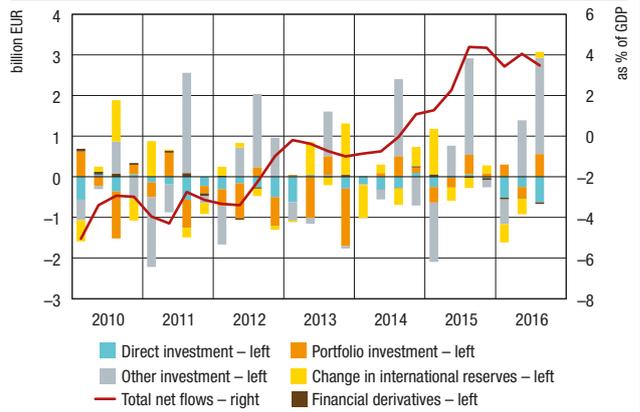
Figure 51 Spot transactions in the foreign exchange market (net turnover)



Note: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2017 refer to January and February.

Source: CNB.

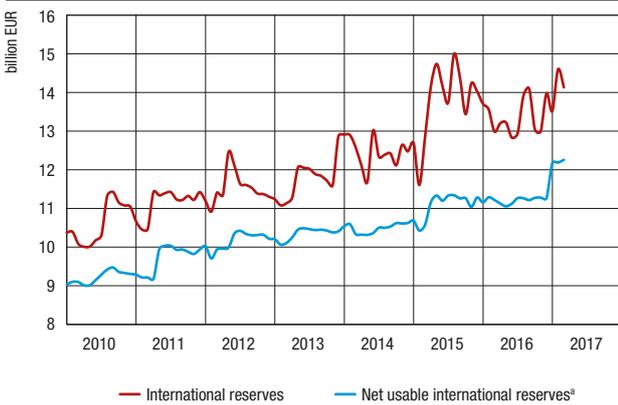
Figure 54 Financial account flows by type of investment



Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves). Total net capital flow series are shown as a four-quarter moving average.

Source: CNB.

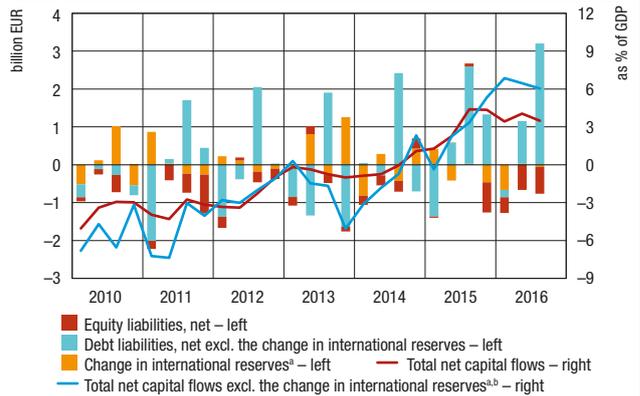
Figure 52 International reserves of the CNB at current rate of exchange



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

Source: CNB.

Figure 55 Financial account flows by capital structure



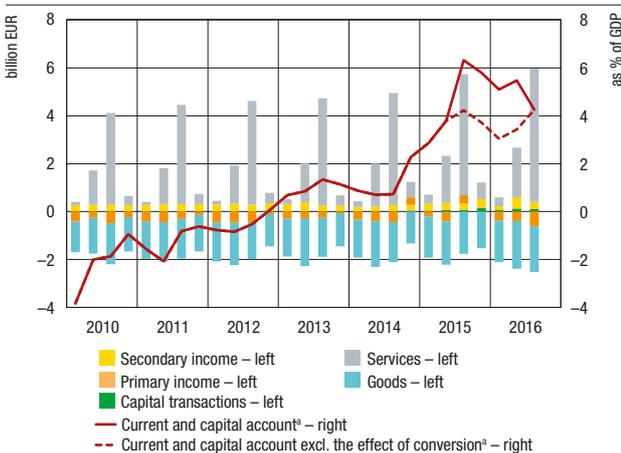
^a The change in gross international reserves is reported net of the liabilities of the CNB.

^b Sum of the last four quarters.

Note: 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.

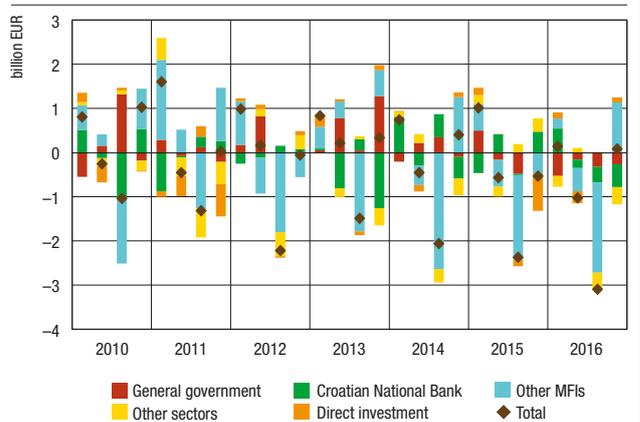
Figure 53 Current and capital account flows



^a Sum of the last four quarters.

Source: CNB.

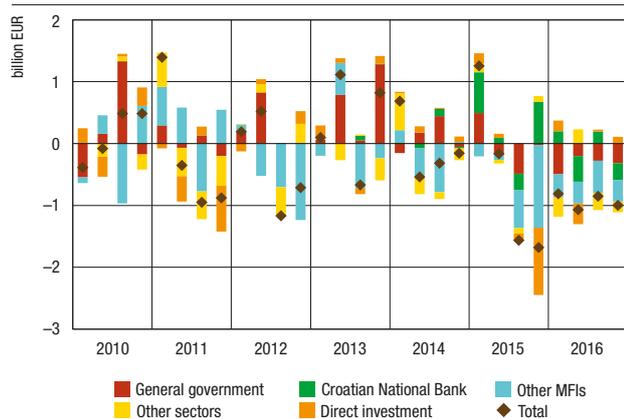
Figure 56 Net external debt transactions



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.

Source: CNB.

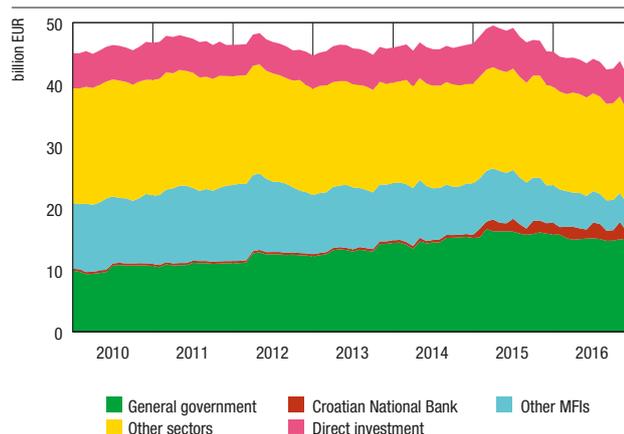
Figure 57 Gross external debt transactions



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.

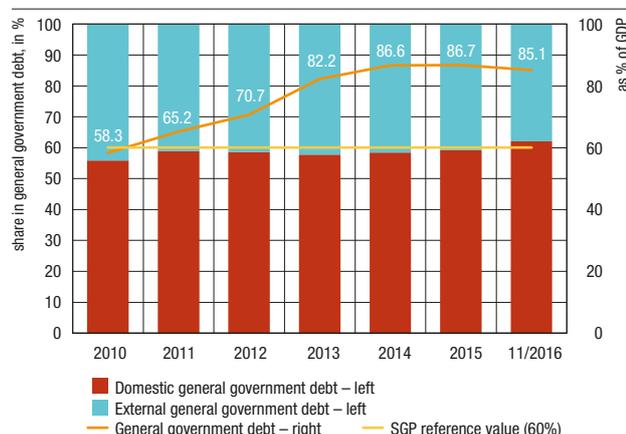
Source: CNB.

Figure 58 Gross external debt end of period



Source: CNB.

Figure 59 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2015	Jan. – Sep. 2016
Total revenue	108,293	118,822
Direct taxes	13,745	15,624
Indirect taxes	49,588	53,223
Social contributions	29,642	30,430
Other	15,318	19,545
Total expenditure	116,876	118,872
Social benefits	40,772	41,116
Subsidies	4,437	5,425
Interest	8,921	8,701
Compensation of employees	28,247	29,072
Intermediate consumption	20,039	19,094
Investment	7,861	7,980
Other	6,600	7,483
Net lending (+)/borrowing (-)	-8,583	-51

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Nov. 2015	Jan. – Nov. 2016
1 Revenue	116,719	124,046
2 Disposal of non-financial assets	447	375
3 Expenditure	119,607	121,269
4 Acquisition of non-financial assets	3,975	3,552
5 Net borrowing (1 + 2 – 3 – 4)	-6,416	-400

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan. – Nov. 2015	Jan. – Nov. 2016
Change in total debt stock	5,490	148
Change in domestic debt stock	5,251	8,434
– Securities other than shares, short-term	-4,861	-1,082
– Securities other than shares, long-term	10,018	14,413
– Loans	94	-4,897
Change in external debt stock	239	-8,286
– Securities other than shares, short-term	-577	-48
– Securities other than shares, long-term	3,491	-7,662
– Loans	-2,675	-576
Memo item:		
Change in total guarantees issued	-721	1,746

Source: CNB.

Abbreviations and symbols

Abbreviations

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

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

Three-letter currency codes

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

Two-letter country codes

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

Symbols

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