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# Information on economic trends

February 2018



## Summary

In the last quarter of 2017, economic activity continued to grow, although at a slower pace than in the preceding part of the year. At the end of 2017, the labour market was marked by a further decline in unemployment and a noticeable intensification of the quarterly growth rate of the number of employed persons. In December, consumer prices dropped by 0.3% on a monthly level, primarily due to the seasonal decrease in the prices of clothing and footwear, whereas inflation slowed down to 1.2% on an annual level. In early January, the CNB alleviated the pressures driving the kuna upwards by purchasing foreign exchange from banks, which resulted in an additional increase in the otherwise very high kuna liquidity of domestic credit institutions. Corporate and household placements grew moderately in December and picked up on an annual level, while placements of credit institutions to the central government decreased significantly after enterprises in the road sector had repaid loans. After a steep decline during the summer months, the net external debt of domestic sectors rose in October and November. Available fiscal data for the second half of 2017 point to the continuation of favourable movements in the area of public finance, i.e. an improvement in the general government balance and a drop in the general government debt-to-GDP ratio.

The monthly indicators of economic activity available for the fourth quarter of 2017 suggest that real GDP continued to grow, although at a slower pace than in the preceding part of the year.<sup>1</sup> Industrial production was 1.6% higher than in the previous quarter (Figure 3), with growth being recorded by all MIG components, mainly energy (Figure 4). According to the NCA, favourable movements were recorded in manufacturing, in particular in the production of coke and refined petroleum products, pharmaceutical products and machinery and equipment. Having decreased for two consecutive quarters, the total volume of construction works was 1.6% higher in October and November than the average of the third quarter. Such developments primarily reflect heightened construction activity by the private sector, owing to a rise in construction works on buildings, while other civil engineering works continued to decrease (Figures 5 and 6). On the other hand, real retail trade turnover decreased slightly by 0.4% in the last three months of 2017 on a quarterly level (Figure 7), which partly probably reflects deferred car purchases due to the announced tax disburdening, applied from the beginning of 2018.

The results of the Consumer Confidence Survey show that the consumer confidence index reached a historical high in January 2018. This was mostly attributed to much better expectations with regard to the economic situation for the following year; in addition, households also expect a financial situation more favourable than that prevailing in the beginning of the year. As for business entities, their expectations increased in all activities except trade. Industry recorded the most significant growth in optimism due to the higher expected consumption in the subsequent three months (Figure 8).

The end of 2017 was marked by the continuation of favourable developments in the labour market. The total number of employed persons in the fourth quarter grew noticeably from the average of the preceding quarter, primarily due to the increase in their number in the private sector (Figure 14). At the same time, unemployment continued to decrease, driven by new employment and the clearings from records for other reasons (non-compliance with legal provisions, registration cancellation and failure to report regularly). Consequently, the registered unemployment rate (according to seasonally adjusted data) fell to 11.4% in December (Figure 15). In the last quarter of 2017, average nominal gross and net wages picked up noticeably, primarily driven by the rise in the wages in the public sector and industry (Figure 16).

Consumer prices fell by 0.3% in December from November (Table 1). The most significant contribution came from the seasonal decrease in the prices of clothing and footwear. In

addition, the prices of processed food (dairy products, oil and fats) dropped significantly, but the prices of these products were still higher than in December 2016. The consumer price decrease in December was partially offset by the increase in the prices of tobacco (due to the rise in excises), vegetables and fuels and lubricants for personal transport equipment (caused by the increase in the price of crude oil on the global market). The annual overall CPI inflation rate went down from 1.4% in November to 1.2% in December (Figure 18). This was mainly due to the slowdown of the annual growth in the prices of processed food and energy (due to the base effect, i.e. a sharp increase in the prices of fuels and lubricants in December 2017). The annual growth of industrial producer prices on the domestic market (excluding energy) accelerated slightly, from 0.9% in November to 1.0% in December.

In October and November 2017, the growth of goods exports accelerated strongly, while imports declined moderately. The growth of total goods exports relative to the average of the third quarter by 9.6% (Figure 10) was primarily attributed to the exports of energy (in particular of oil and refined petroleum products), while the growth in exports of other goods (excluding energy) was slightly weaker (7.2%). The increase in the narrow aggregate was largely attributed to the significant growth in the exports of ships, road vehicles, textile and other chemical products (excluding medical and pharmaceutical products), while exports of pharmaceutical and capital goods decreased following the high supply in the third quarter. After stable growth in the previous part of the year, in October and November goods imports declined slightly by 0.4% (Figure 11). Imports of energy (notably electricity) decreased, while the narrow aggregate excluding energy increased only slightly (0.2%). Imports of capital goods, food and pharmaceutical products fell sharply, which was accompanied by the growth in imports of road vehicles, textile products and certain raw materials.

Appreciation pressures on the exchange rate of the kuna against the euro mounted in early 2018, prompting the CNB to intervene in the foreign exchange market on 4 January by purchasing EUR 405.5m from banks. Consequently, the exchange rate became stable and stood at EUR/HRK 7.41 at the end of January, having appreciated by 1.3% from the end of December (Figure 21). The kuna also strengthened against other Croatian main trading partners' currencies in January, so that the nominal effective kuna exchange rate index appreciated by 1.5% from the end of December. In addition to the strengthening of the kuna against the euro, this was primarily aided by the appreciation of the domestic currency against the US dollar and the yuan

1 The model estimate of economic growth in the last quarter of 2017 reflects a slight increase in real GDP relative to the previous quarter. For details on MRGA calculation, see Kunovac, D., and B. Špalat: *Nowcasting GDP Using Available Monthly Indicators* (WP-39, October 2014).

renminbi, reflecting the strengthening of the euro against these currencies on the global foreign exchange market. The appreciation of the exchange rate of the euro against the US dollar was, for the most part, driven by the positive indicators of economic activity in the euro area and expectations there would be no further strengthening of the ECB's expansionary monetary policy.

Influenced by the high euro area banking system liquidity, short-term interest rates on the European money market remained in negative territory in early 2018. The overnight interest rate on the euro area banking market, EONIA, ended the month of January at  $-0.36\%$ , and the six-month EURIBOR dropped to its all-time low of  $-0.28\%$  (Figure 24). Following the decrease of 124 basis points in 2017, the risk premium for Croatia in January 2018 continued to decline moderately, standing at 86 basis points at the end of the month (Figure 25).

Early in 2018, the domestic interbank money market was under the influence of very high liquidity boosted by the CNB's expansionary monetary policy. The record high liquidity surplus of HRK 19.1bn of December 2017 increased additionally in January after the purchase of foreign currency from banks, and on average stood at HRK 26.2bn. This contributed to a further decline in the average weighted interest rate on overnight interbank loans, which fell to  $0.09\%$  in January (Figure 54). The interest rate on one-year kuna T-bills without a currency clause fell to its all-time low of  $0.11\%$  in December.

Interest rates on new bank loans granted to households and corporations continued to decline in the fourth quarter of 2017 (Figures 28, 29 and 30). The average interest rate on original new corporate loans for working capital (particularly loans in kuna indexed to foreign currency) continued to decrease more strongly than the average interest rate on original new investment loans (Figure 31). On the other hand, interest rates on original new housing loans and consumer loans continued to decrease equally, dropping to  $3.4\%$ , i.e.  $6.6\%$  in December respectively (Figures 32 and 33). Interest rates on household time deposits continued to decrease very moderately, while they increased slightly for non-financial corporations (Figures 34 and 35). As a result of the trends described above, the spread between interest rates on total new loans and deposits in 2017 shrank to 5.3 percentage points, while the gap between interest rate spreads on loans and deposits remained at 4.8 percentage points (Figure 37).

Monetary developments in December 2017 were marked by an increase in net domestic assets (NDA) of the monetary system, which was larger in absolute terms than the decrease in the net foreign assets (NFA). This led to an increase in total liquid assets (M4) by HRK 1.2bn, or  $0.4\%$  (Figure 49), excluding the effects of the appreciation of the kuna in December (mostly against the euro), by as much as HRK 2.1bn, or  $0.7\%$ . Monetary institutions' net claims on the central government rose sharply, due to a fall in government deposits that was sharper than that in government debt in December. Following the eurobond issue in November, foreign exchange deposits with the CNB were used to reduce the liabilities of enterprises in the road sector on domestic and foreign credit institutions' syndicated loans, which resulted in a decrease in both central government debt owed to domestic credit institutions (Figure 46) and net foreign assets of the monetary system. Total liquid assets increased at an annual rate of  $3.2\%$  in December, without significant changes (excluding the effects of exchange rate changes). The annual rate of growth of the narrow monetary aggregate, money (M1), was high at  $19.1\%$  (Figure 48) at the end of December, while the annual fall of quasi-money deepened to  $2.9\%$  (excluding the effects of exchange rate changes).

Total placements of monetary institutions to domestic sectors (excluding the central government) held steady in December

(transaction-based), with their annual growth rate accelerating slightly to  $2.9\%$  (Figure 40). The annual growth of placements to households accelerated to  $4.0\%$  (Figure 42), while placements to non-financial corporations grew at a rate of  $2.6\%$  (Figure 41). The share of kuna placements in total household placements continued its long-standing upward trend, reaching  $48.2\%$  at the end of December (Figure 47). On the other hand, the nominal stock of placements was  $0.9\%$  smaller at the end of December 2017 than at the end of 2016, primarily as a result of the sale of non-performing placements.

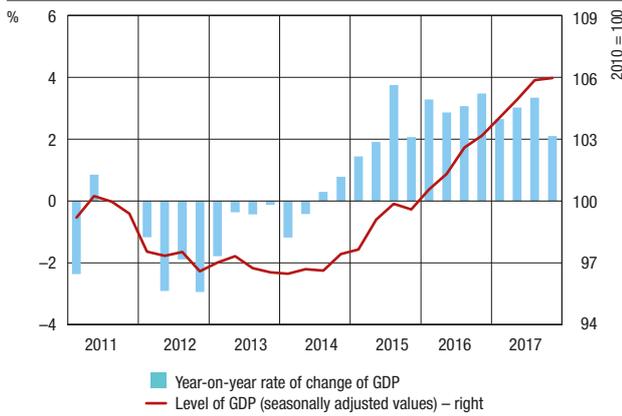
Gross international reserves continued to grow in early 2018. In January, they increased by EUR 0.5bn ( $3.3\%$ ), standing at EUR 16.2bn at the end of the month (Figure 56). Favourable trends in reserves were driven by the purchase of foreign exchange from banks and the increase in agreed repo transactions. Net international reserves grew by EUR 0.3bn or  $2.5\%$  in January 2018, totalling EUR 14.1bn at the end of the month.

Net external debt of domestic sectors rose in October and November 2017 by a total of EUR 0.5bn (Figure 60), mostly as a result of a decline in banks' foreign assets. Following the strong deleveraging during the summer months, credit institutions' net debt increased by EUR 0.7bn. Although the government issued bonds on the international market in November to repay early and refinance the debt of the road sector in December, this debt did not have any effect on the total net foreign debt. The external debt of the government sector increased temporarily (by EUR 1.1bn), while the depositing of funds generated with the CNB contributed to a sharp increase in international reserves, thus significantly improving the net external position of the central bank. The external position of other domestic sectors worsened only slightly due to the increase in debt to affiliated creditors.

Fiscal data for the third quarter of 2017 according to ESA 2010 methodology reflect a continuation of favourable fiscal trends that marked the first half of the year, as general government surplus increased noticeably in the period from July to September to HRK 3.2bn from HRK 2.1bn in the same period of 2016. Such movements were attributed to the continued growth in total revenues and the parallel slight decline in expenditures. Total general government revenues thus increased by  $2.4\%$  in the period from July to September. On the revenue side VAT made a strong positive contribution (spurred by favourable results in tourism), and most of the other categories, with the exception of income tax revenues, also grew. Expenditures were down by  $0.2\%$ , largely because of the decline in current transfers (mostly other current transfers and subsidies) and expenditures on investments. The impact of the decrease in these categories on the movement of total expenditures was almost offset by the parallel growth in expenses on employees, intermediate consumption and capital transfers. According to data on a cash basis (GFS 2001 methodology) for October, the growth in revenues and the stagnation in expenditures continued at the beginning of the fourth quarter of 2017.

At the end of October 2017, consolidated general government stood slightly above the level recorded in late 2016, reaching approximately HRK 291bn. Due to the recorded economic growth, the public debt-to-GDP ratio dropped to  $80.8\%$  (Figure 63). At the two auctions of MoF treasury bills held in January 2018, all-time low interest rates on kuna T-bills were recorded, which indicates the continuation of favourable conditions and high liquidity on the domestic financial market. One of the international credit rating agencies raised the credit rating for Croatia in January as a result of the continued improvement in fiscal and economic indicators.

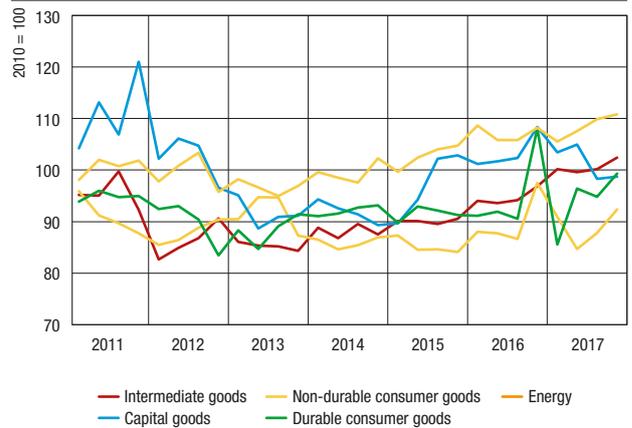
**Figure 1 Quarterly gross domestic product seasonally adjusted real values**



Note: Data for the fourth quarter of 2017 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 31 January 2018.

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

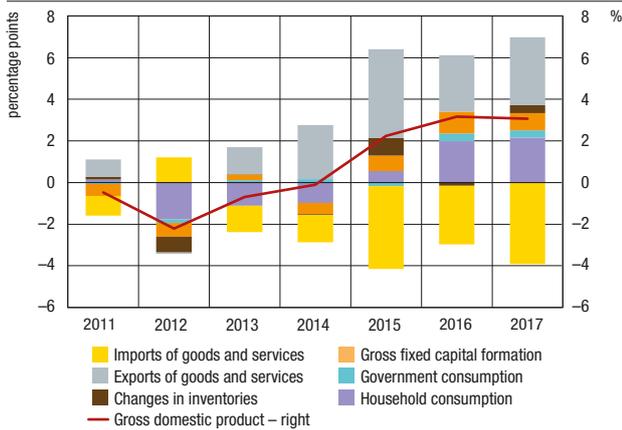
**Figure 4 Industrial production by main industrial groupings seasonally adjusted indices**



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

Source: CBS data seasonally adjusted by the CNB.

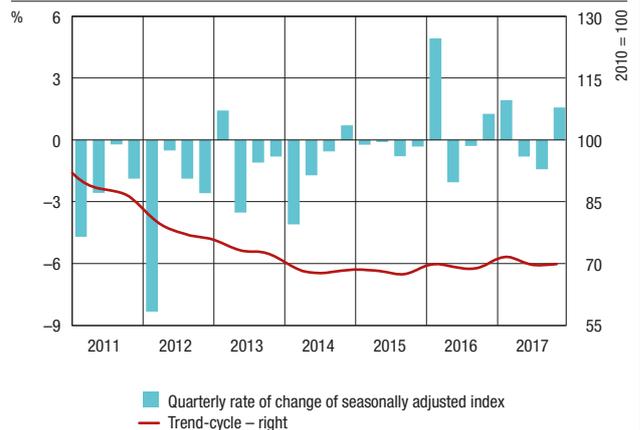
**Figure 2 GDP rate of change contributions by components**



Note: The projection for 2017 refers to the official projection of the CNB from December 2017.

Source: CBS.

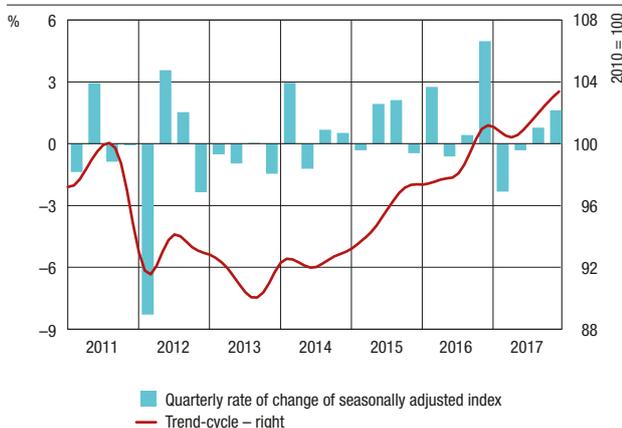
**Figure 5 Total volume of construction works**



Note: Data for the fourth quarter of 2017 refers to October and November.

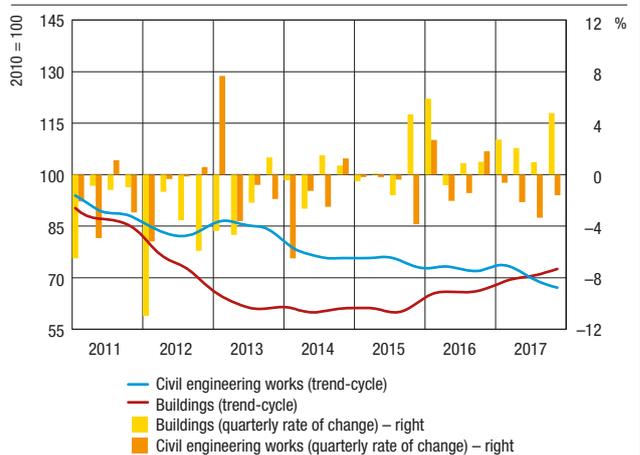
Source: CBS data seasonally adjusted by the CNB.

**Figure 3 Industrial production**



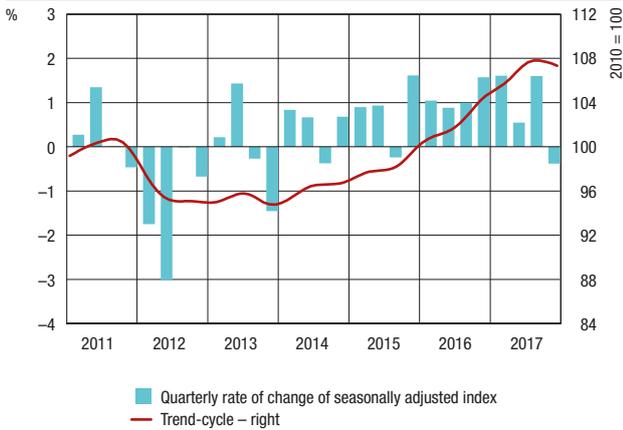
Source: CBS data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



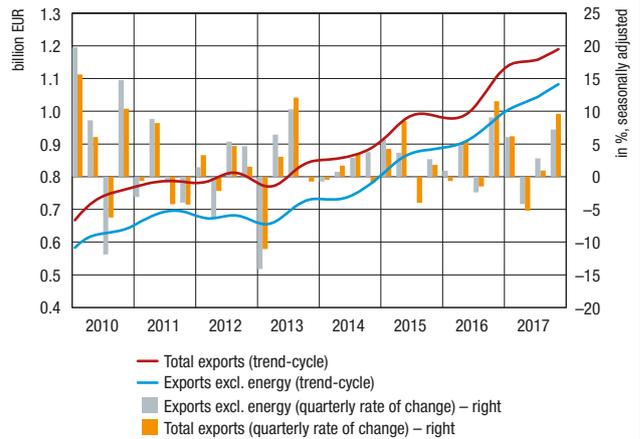
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



Source: CBS data seasonally adjusted by the CNB.

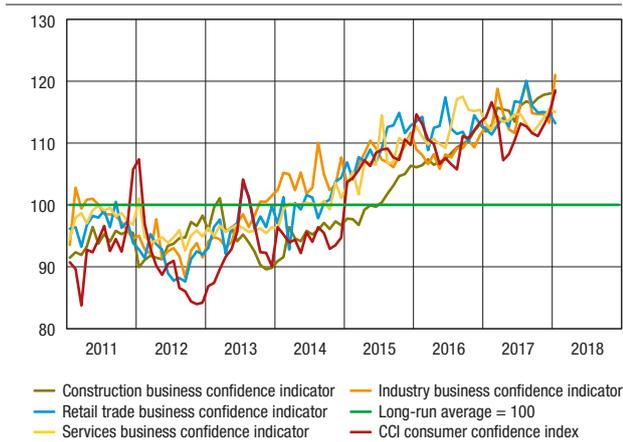
Figure 10 Goods exports (f.o.b.)



Note: Data for the fourth quarter of 2017 refers to October and November.

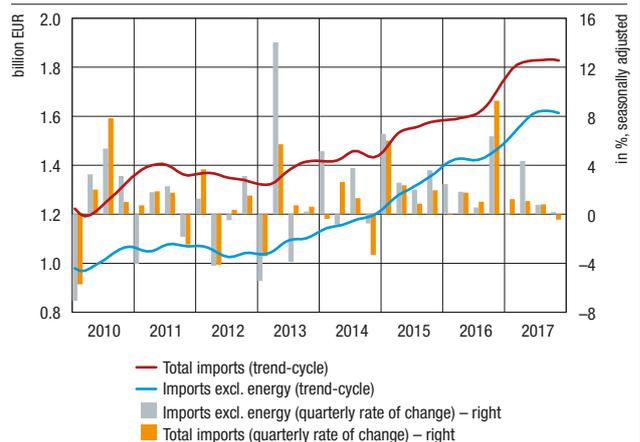
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators standardised and seasonally adjusted values



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

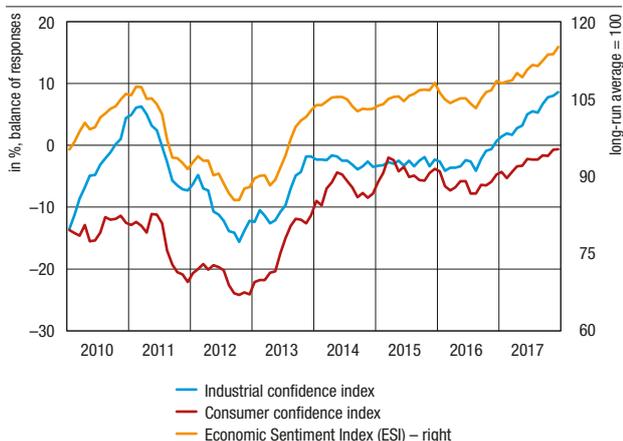
Figure 11 Goods imports (c.i.f.)



Note: Data for the fourth quarter of 2017 refers to October and November.

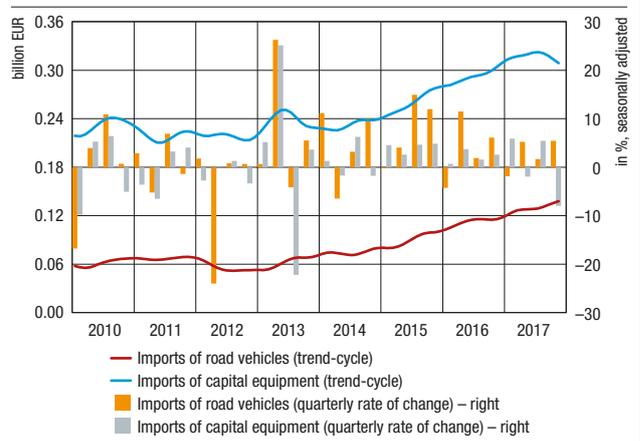
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



Source: Eurostat.

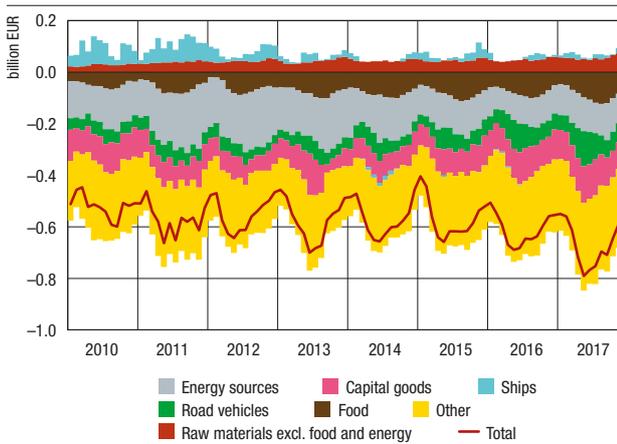
Figure 12 Imports of capital equipment and road vehicles (c.i.f.)



Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2017 refers to October and November.

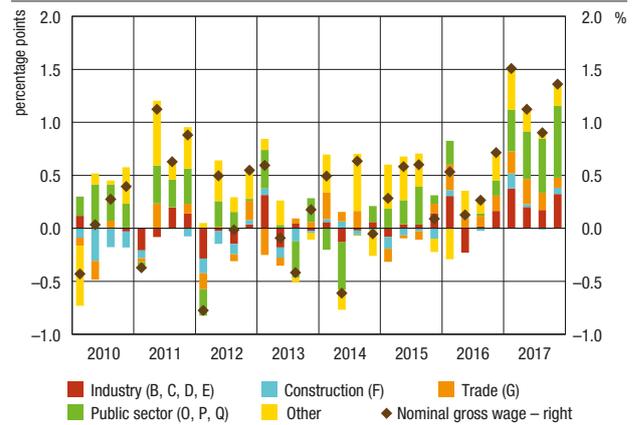
Source: CBS data seasonally adjusted by the CNB.

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



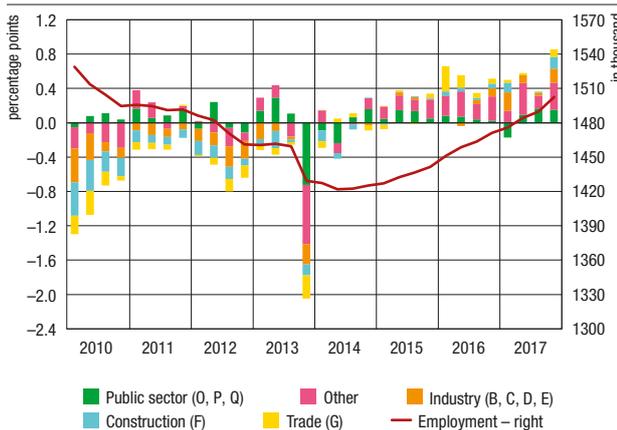
Note: Series are shown as three-member moving averages of monthly data.  
Source: CBS.

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



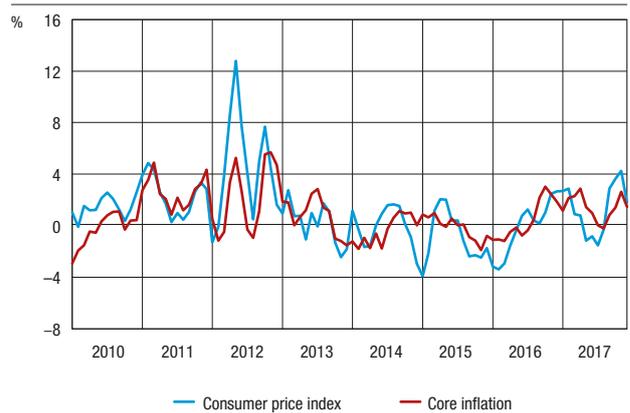
Note: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form.  
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



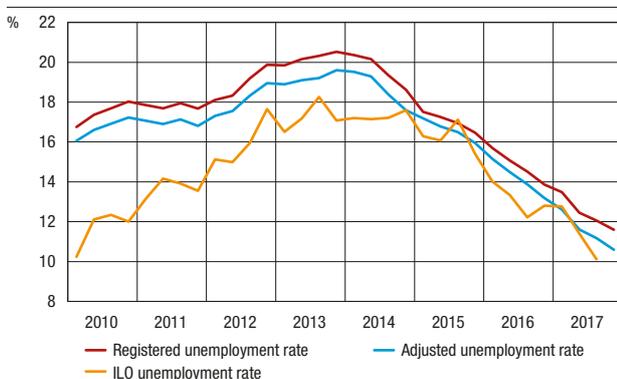
Source: CPII data seasonally adjusted by the CNB.

**Figure 17 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



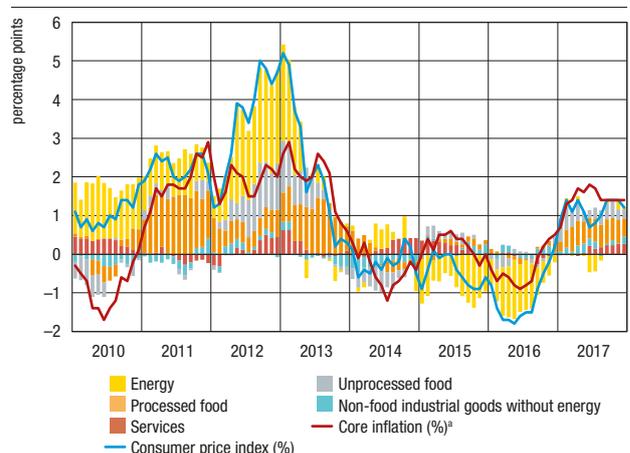
<sup>a</sup> The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.  
Sources: CBS and CNB calculations.

**Figure 15 Unemployment rates**  
seasonally adjusted data



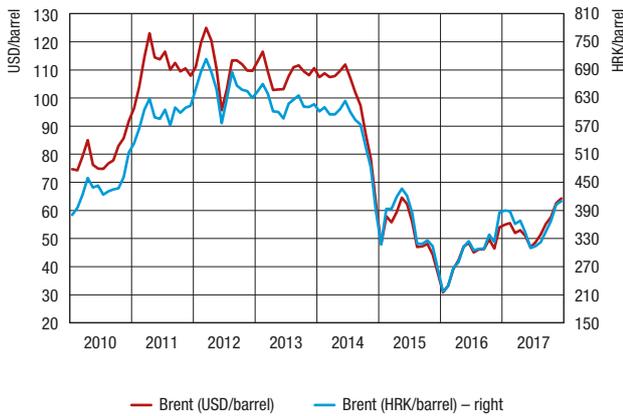
Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (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**



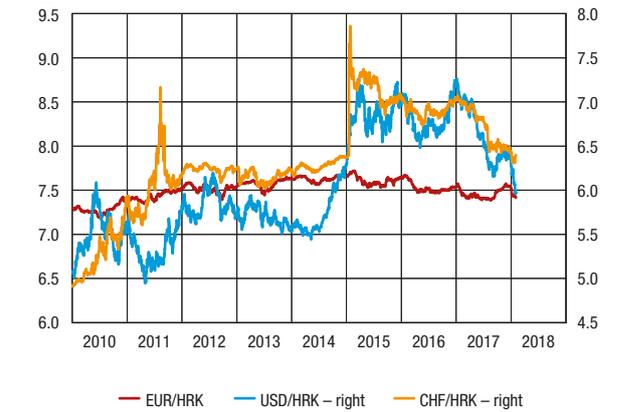
<sup>a</sup> Core inflation does not include agricultural product prices and administered prices.  
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



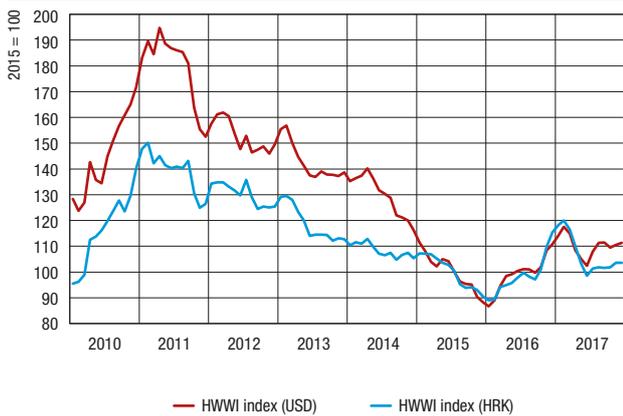
Sources: Bloomberg and CNB calculations.

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



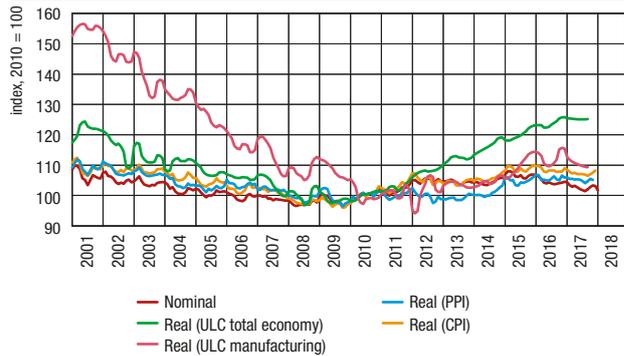
Source: CNB.

Figure 20 HWWI index (excl. energy)



Sources: HWWI 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.

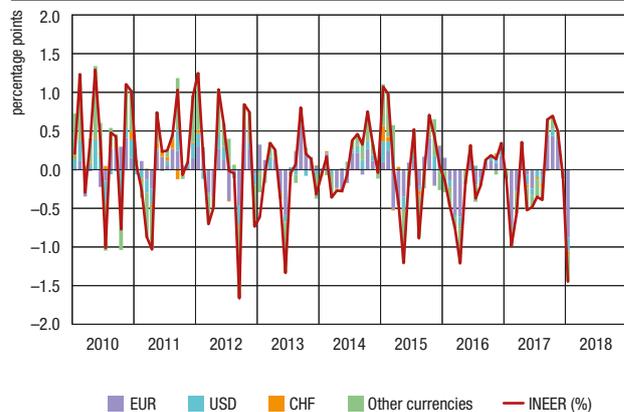
Table 1 Price indicators

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

	Year-on-year rates		Month-on-month rates	
	11/17	12/17	12/16	12/17
<b>Consumer price index and its components</b>				
Total index	1.4	1.2	-0.2	-0.3
Energy	1.2	0.4	1.2	0.3
Unprocessed food	3.0	2.6	1.5	1.1
Processed food	2.6	2.0	0.0	-0.5
Non-food industrial goods without energy	0.1	0.8	-2.2	-1.6
Services	1.0	1.0	0.2	0.1
<b>Other price indicators</b>				
Core inflation	1.4	1.4	-0.6	-0.7
Index of industrial producer prices on the domestic market	4.0	2.1	1.7	-0.1
Brent crude oil price (USD)	34.8	18.8	16.4	2.6
HWWI index (excl. energy, USD)	1.9	0.5	2.2	0.8

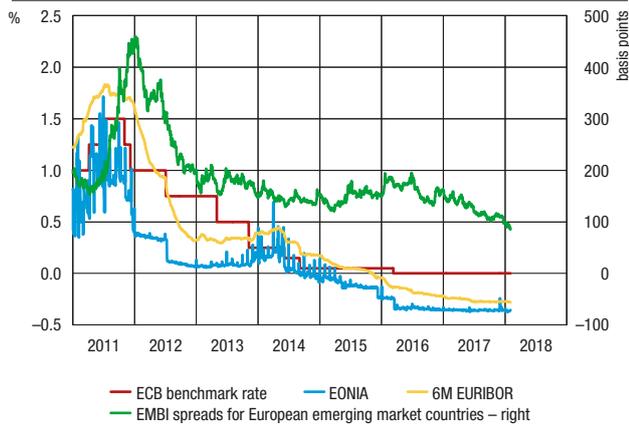
Note: Processed food includes alcoholic beverages and tobacco.  
Sources: CBS, Bloomberg and HWWI.

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



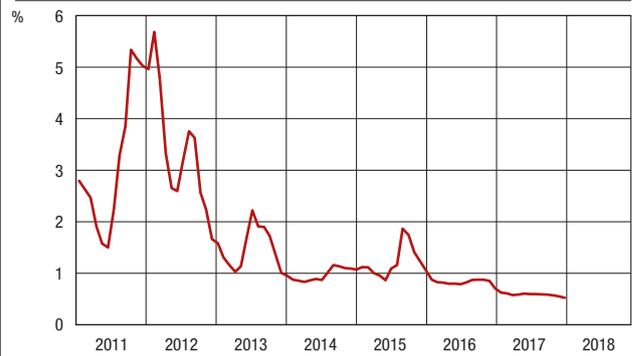
<sup>a</sup> Negative values indicate contributions to the appreciation of the INEER.  
Source: CNB.

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



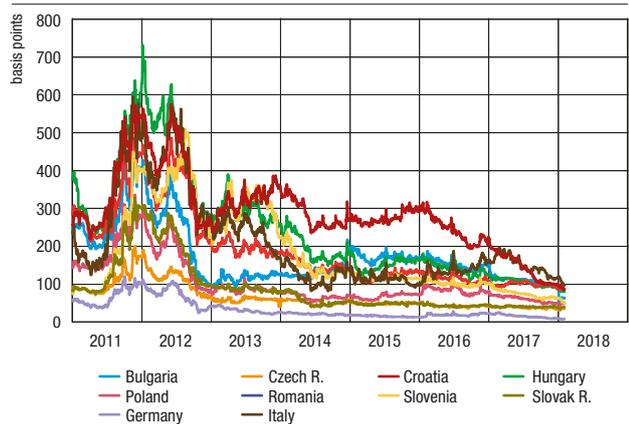
Sources: ECB, Bloomberg and J. P. Morgan.

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



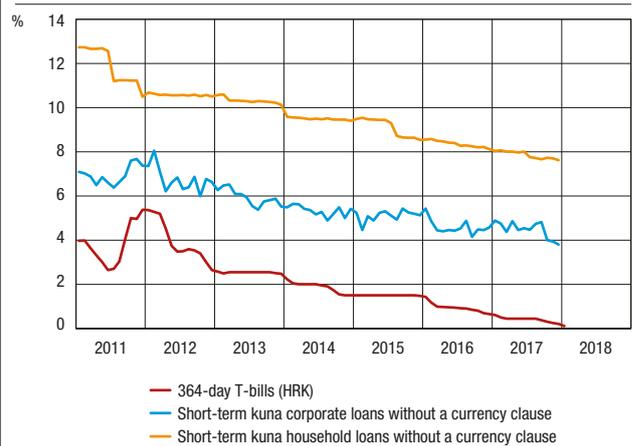
Source: CNB.

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



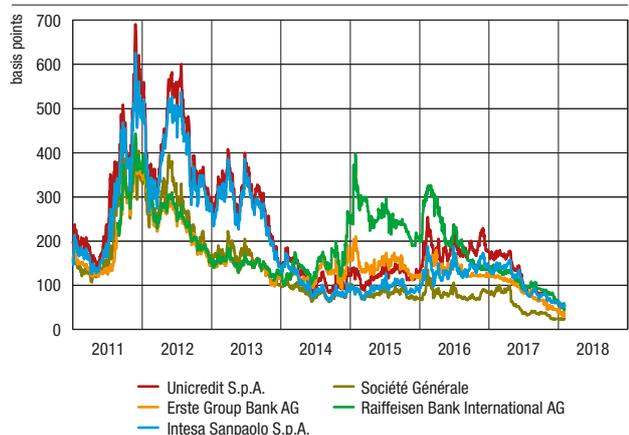
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.  
Source: S&P Capital IQ.

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



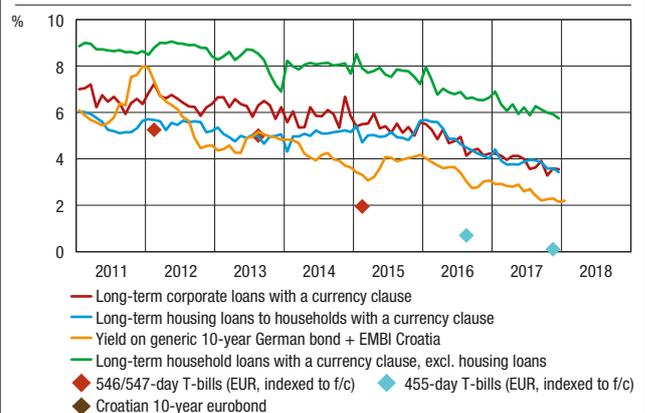
Sources: MoF and CNB.

**Figure 26 CDS spreads for selected parent banks of domestic banks**



Source: S&P Capital IQ.

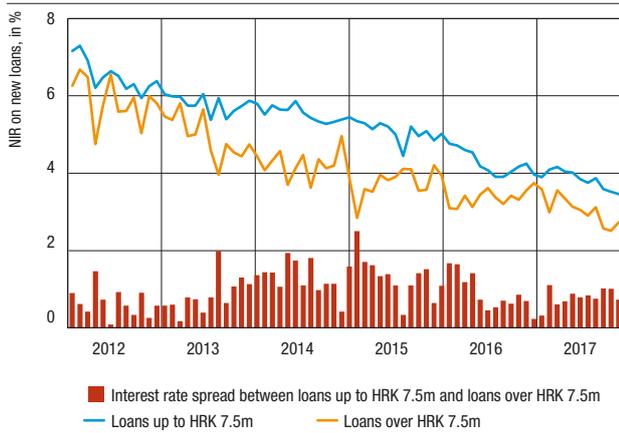
**Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency**



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.

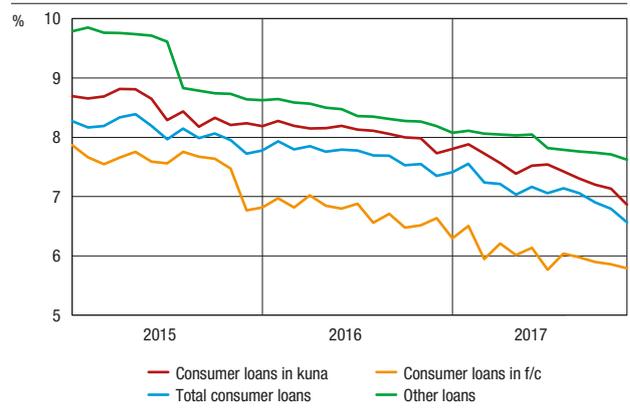
Sources: MoF, Bloomberg and CNB.

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



Source: CNB.

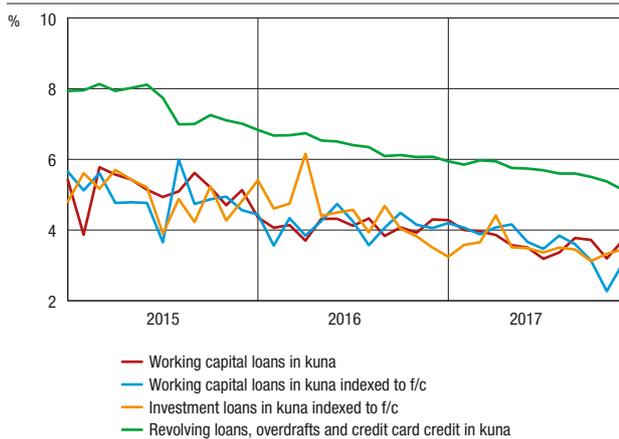
**Figure 33 Interest rates on original new consumer and other loans to households**



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.

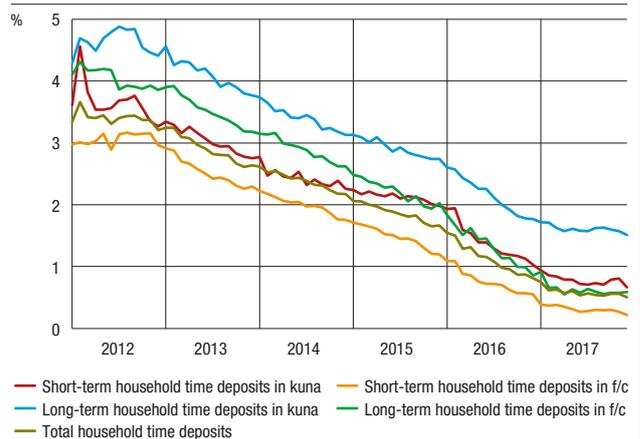
Source: CNB.

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



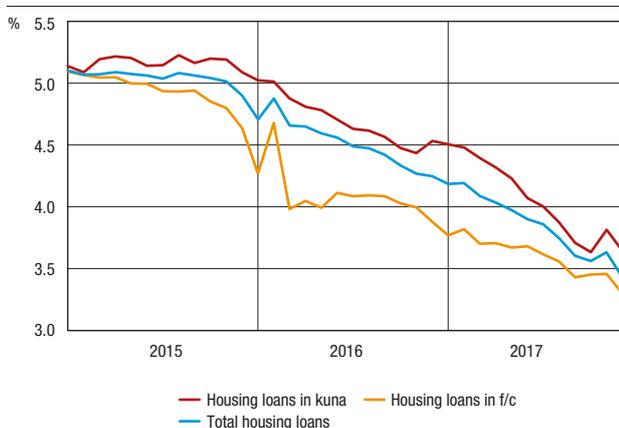
Source: CNB.

**Figure 34 Interest rates on household time deposits**



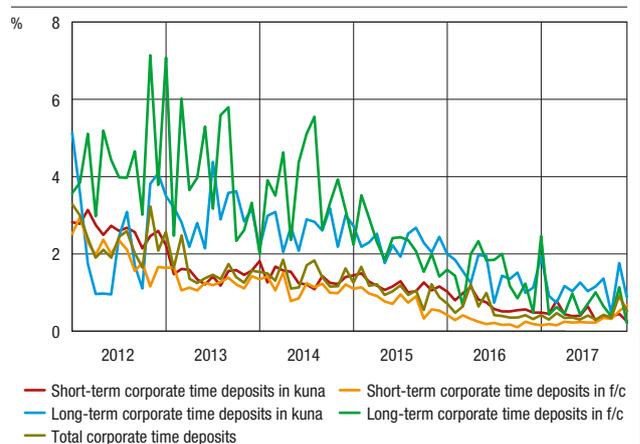
Source: CNB.

**Figure 32 Interest rates on original new housing loans to households**



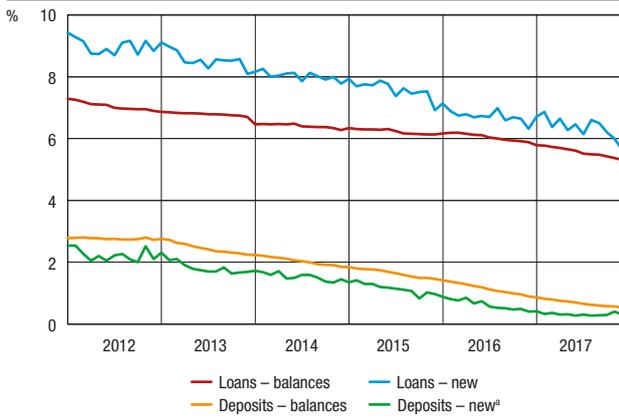
Source: CNB.

**Figure 35 Interest rates on corporate time deposits**



Source: CNB.

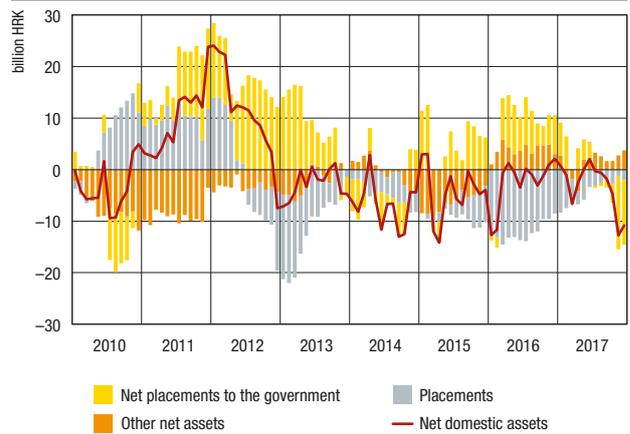
**Figure 36 Average interest rates on loans (excl. revolving loans) and deposits**



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

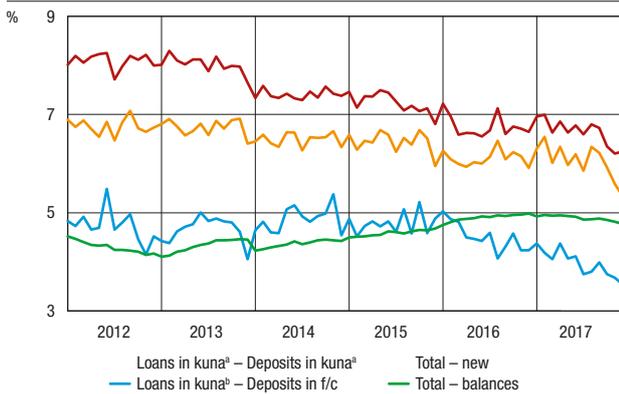
Source: CNB.

**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**

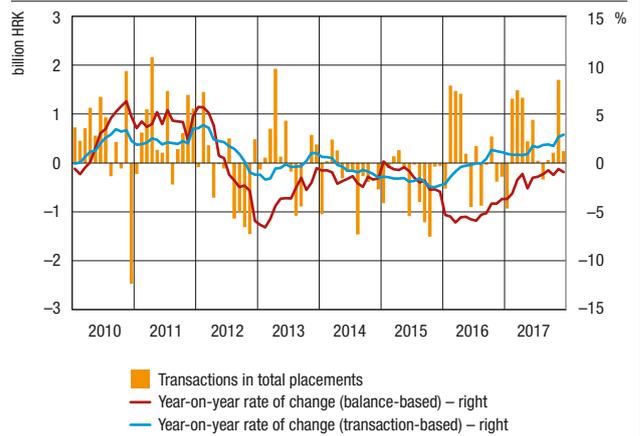


<sup>a</sup> Non-indexed to f/c. <sup>b</sup> Indexed to f/c.

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).

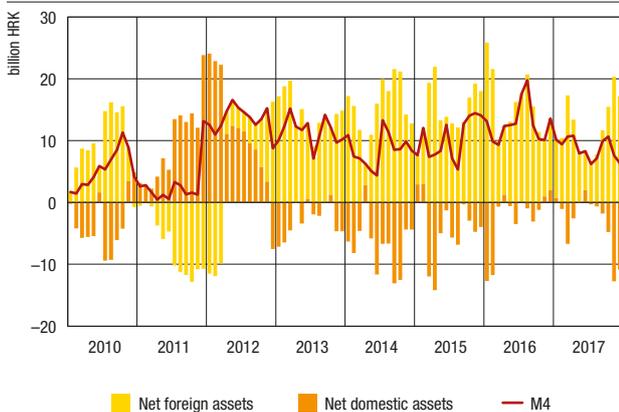
Source: CNB.

**Figure 40 Placements**



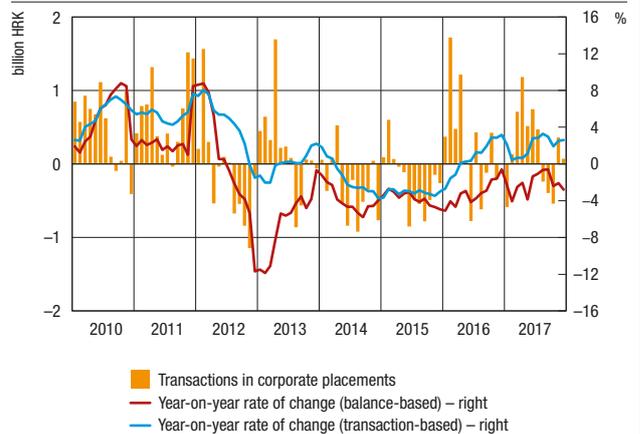
Source: CNB.

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



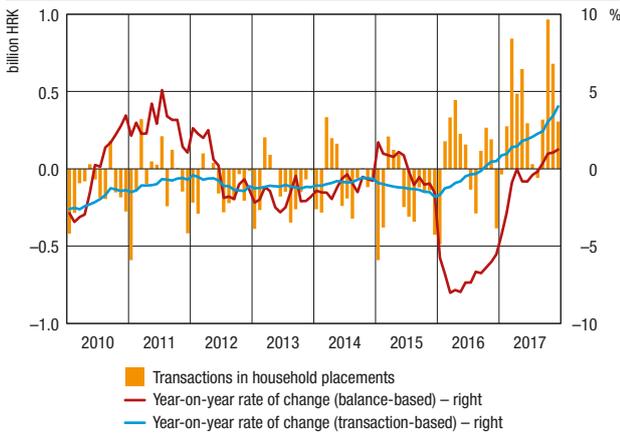
Source: CNB.

**Figure 41 Placements to corporates**



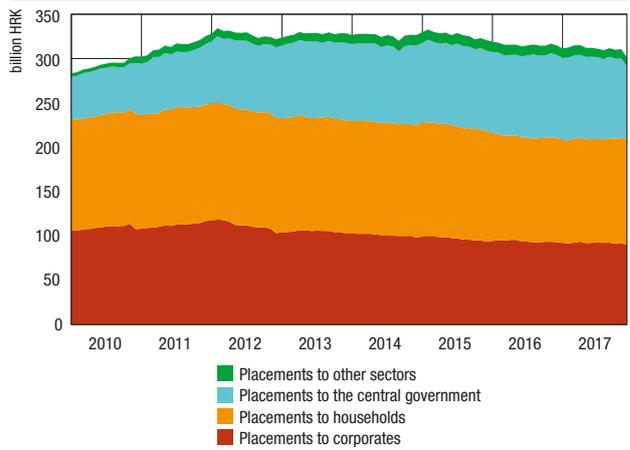
Source: CNB.

Figure 42 Placements to households



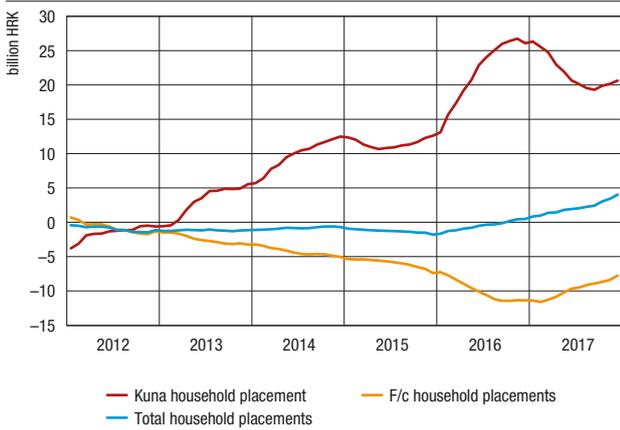
Source: CNB.

Figure 45 Structure of credit institution placements



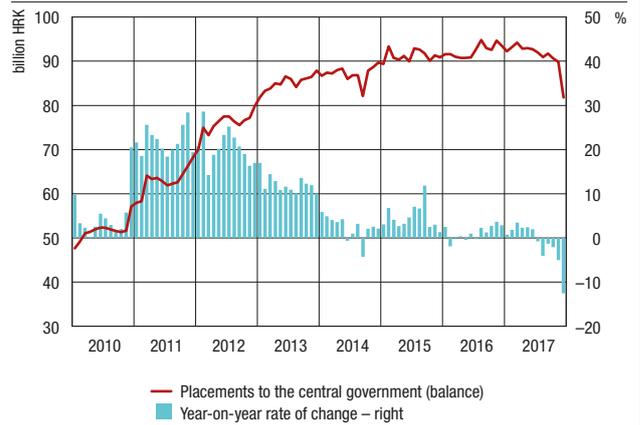
Source: CNB.

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



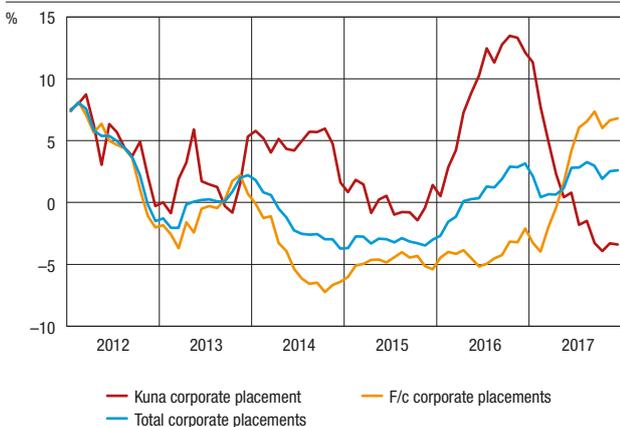
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



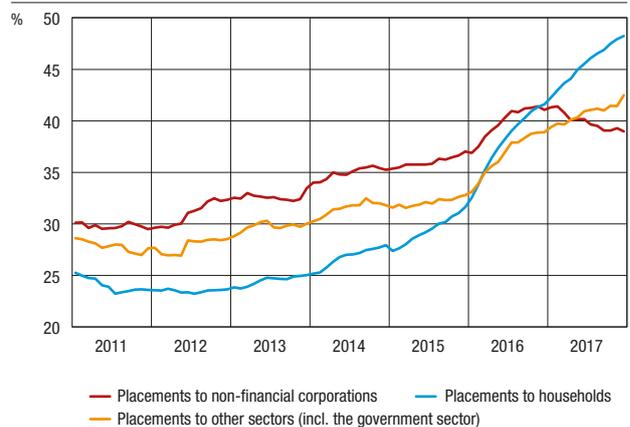
Source: CNB.

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



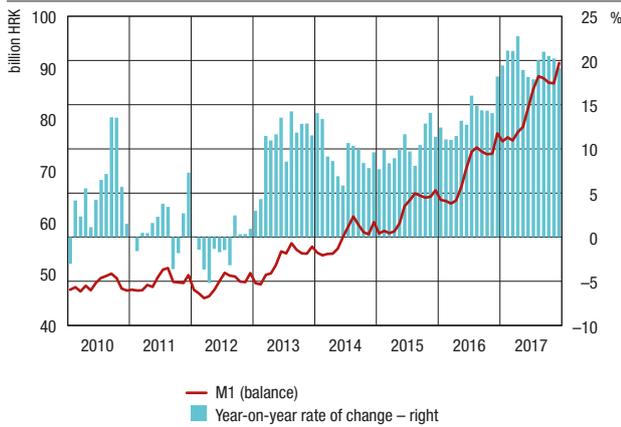
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



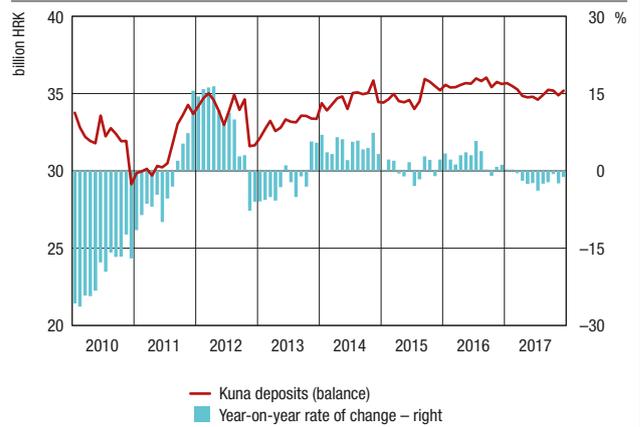
Source: CNB.

Figure 48 Money (M1)



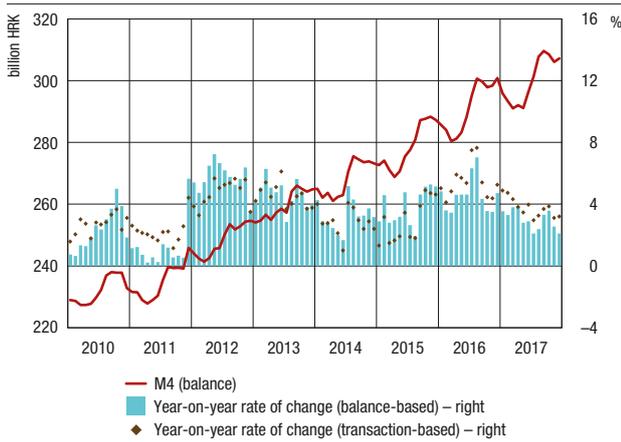
Source: CNB.

Figure 51 Kuna savings and time deposits



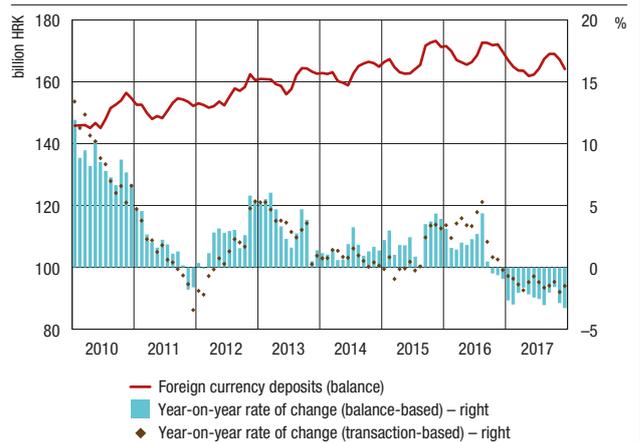
Source: CNB.

Figure 49 Total liquid assets (M4)



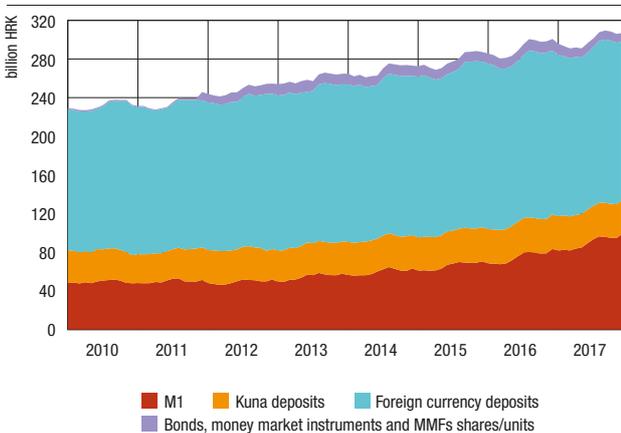
Source: CNB.

Figure 52 Foreign currency deposits



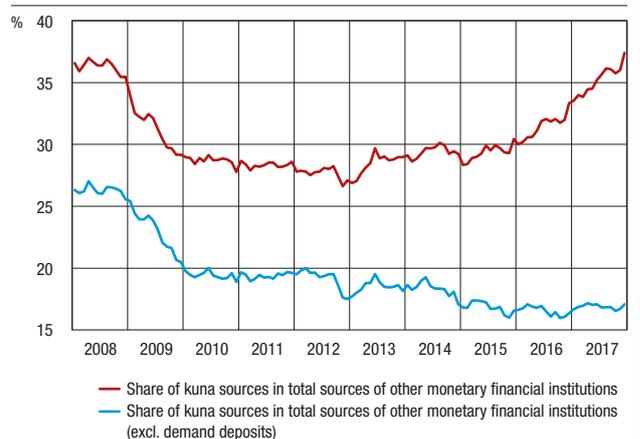
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



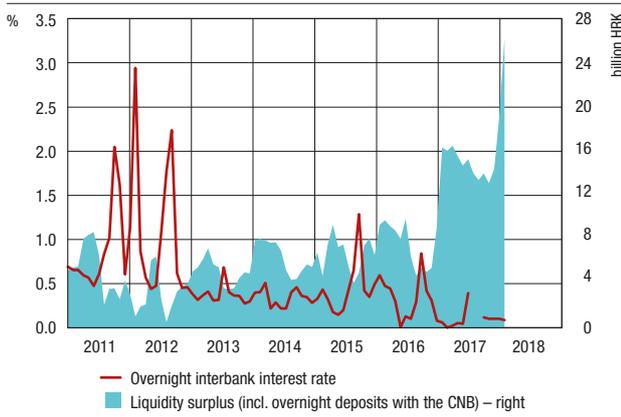
Source: CNB.

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

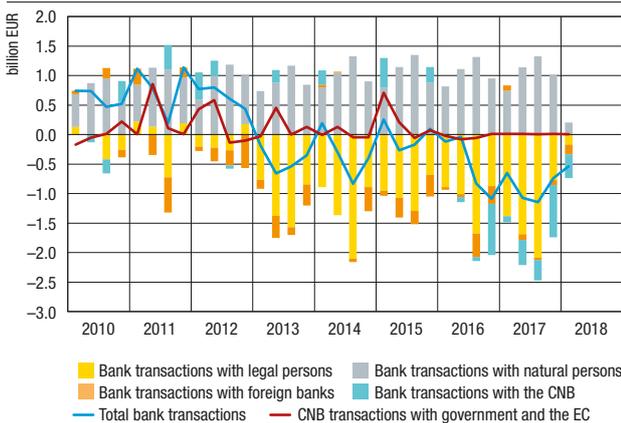
	2016	Q3/2017 <sup>a</sup>	Indices	
			2016/2015	Q3/2017 <sup>a</sup> /2016
Current account	2,018.8	1,172.0	58.1	154.5
Capital account	320.7	597.5	186.3	64.3
Financial account (excl. reserves)	1,112.8	1,327.7	119.3	30.1
International reserves	745.3	-264.7	-	-
Net errors and omissions	-481.5	-432.1	89.8	23.7

<sup>a</sup> Sum of the last four quarters.

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

Source: CNB.

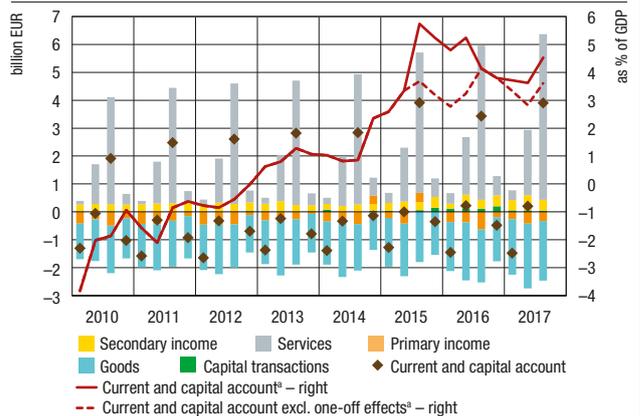
**Figure 55 Spot transactions in the foreign exchange market (net turnover)**



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2018 refer to January.

Source: CNB.

**Figure 57 Current and capital account flows**

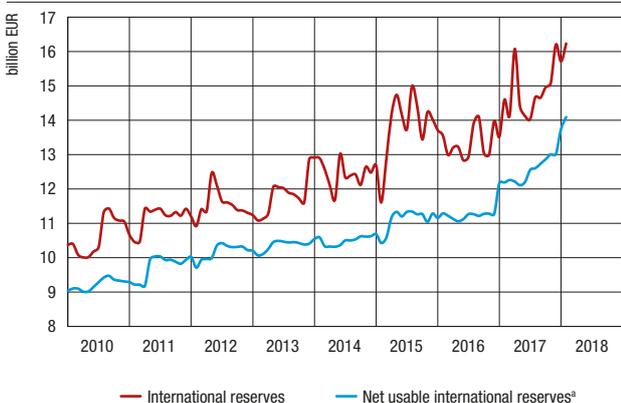


<sup>a</sup> Sum of the last four quarters.

Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017.

Source: CNB.

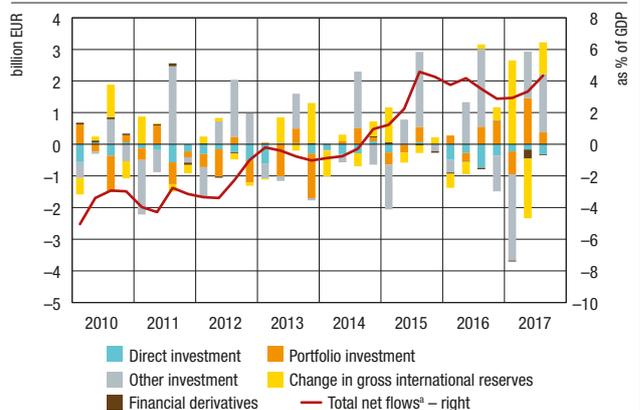
**Figure 56 International reserves of the CNB at current rate of exchange**



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

Source: CNB.

**Figure 58 Financial account flows by type of investment**

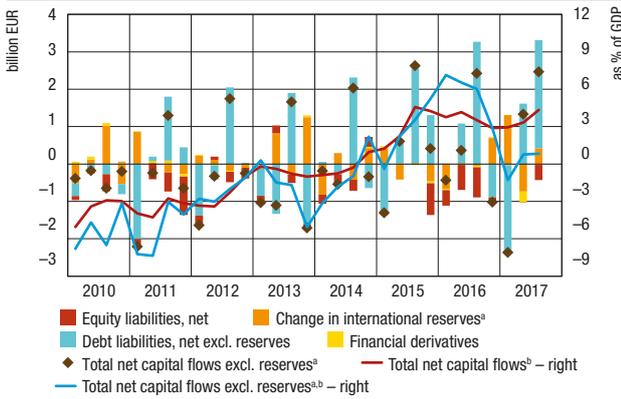


<sup>a</sup> Sum of the last four quarters.

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

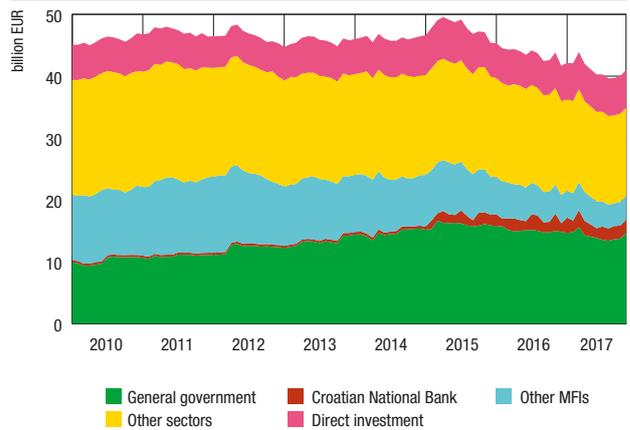
Source: CNB.

Figure 59 Financial account flows by capital structure



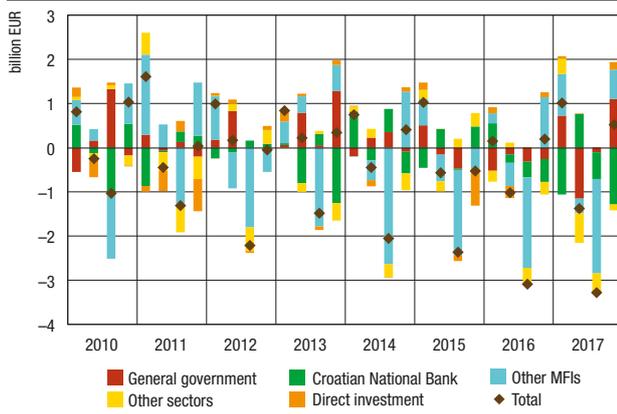
<sup>a</sup> The change in gross international reserves is reported net of foreign liabilities of the CNB. <sup>b</sup> Sum of the last four quarters.  
Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.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

Figure 62 Gross external debt end of period



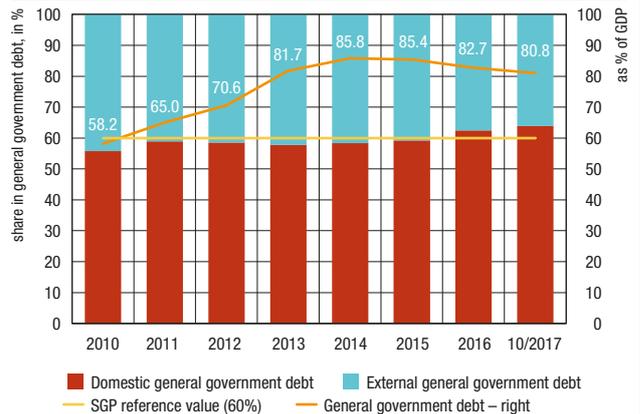
Source: CNB.

Figure 60 Net external debt transactions



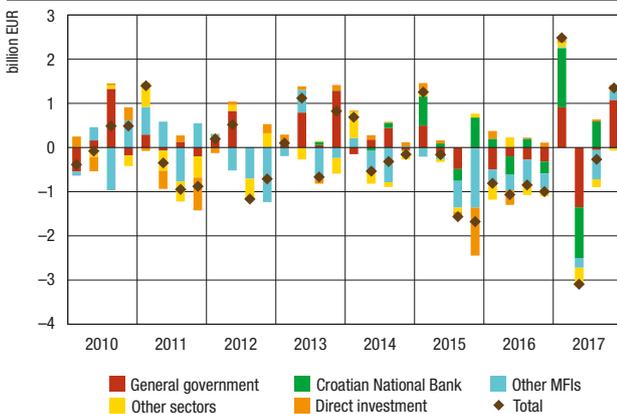
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the fourth quarter of 2017 refer to October and November.  
Source: CNB.

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 fourth quarter of 2017 refer to October and November.  
Source: CNB.

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

	Jan. – Sep. 2016	Jan. – Sep. 2017
<b>Total revenue</b>	<b>119,976</b>	<b>120,933</b>
Direct taxes	15,932	15,948
Indirect taxes	51,466	53,737
Social contributions	30,436	31,665
Other	22,143	19,582
<b>Total expenditure</b>	<b>121,700</b>	<b>120,093</b>
Social benefits	41,739	42,014
Subsidies	4,115	3,770
Interest	8,455	8,343
Compensation of employees	29,240	30,100
Intermediate consumption	21,061	22,281
Investment	7,890	6,173
Other	9,200	7,412
<b>Net lending (+)/borrowing (-)</b>	<b>-1,724</b>	<b>840</b>

Sources: Eurostat and CBS.

**Table 4 Consolidated central government net borrowing**

GFS 2001, in million HRK

	Jan.–Oct. 2016	Jan.–Oct. 2017
1 Revenue	113,442	117,610
2 Disposal of non-financial assets	331	550
3 Expenditure	109,854	110,036
4 Acquisition of non-financial assets	3,221	2,496
5 Net borrowing (1+2–3–4)	698	5,628

Sources: MoF and CNB calculations.

**Table 5 General government debt**

in million HRK

	Jan.–Oct. 2016	Jan.–Oct. 2017
Change in total debt stock	–2,165	1,874
Change in domestic debt stock	7,397	5,213
– Securities other than shares, short-term	–1,105	1,452
– Securities other than shares, long-term	14,323	7,306
– Loans	–5,786	–3,472
Change in external debt stock	–9,562	–3,339
– Securities other than shares, short-term	–49	121
– Securities other than shares, long-term	–8,445	–4,324
– Loans	–1,068	863
Memo item:		
Change in total guarantees issued	1,646	898

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