Information on economic trends

November 2017

Summary

Favourable economic developments continued in the third quarter of 2017, with available data indicating an acceleration in real growth. At the same time, positive labour market trends lost momentum. Consumer prices went up 1.5% and annual inflation picked up from 1.0% to 1.4% from August to September, largely due to an increase in electricity prices. The CNB continued its expansionary monetary policy, which was as of September supported by the newly-introduced possibility of collateral management by means of the pool of eligible assets for all credit operations of the CNB. Lending to households trended up steadily in September, particularly in the domestic currency, while the growth in corporate placements slowed down slightly on an annual basis. The net external debt of domestic sectors shrank noticeably in July and August, mostly thanks to the sustained improvement in the external position of credit institutions. The general government generated a surplus in the second quarter, although it was somewhat lower than in the same period a year ago, while the Ministry of Finance data on a cash basis suggest that favourable developments continued into the early third quarter.

The GDP nowcasting model shows that economic activity continued to pick up pace in the third quarter of 2017, mainly due to very favourable developments in tourism (Figure 1). The growth in real retail trade turnover accelerated from the second quarter this year, but dropped on a monthly basis in September (Figure 7). Having decreased for two consecutive quarters, industrial production increased in the same period – viewed by MIG components, production of intermediate goods, energy, and non-durable consumer goods grew on a quarterly basis (Figures 3 and 4). On the other hand, the real volume of construction works was lower in July and August 2017 than the average for the preceding three months, with a downturn in civil engineering works and stagnation in construction works on buildings.

The consumer confidence index has remained above its long-term average, although it was lower in October than in the third quarter this year because of lower expectations of households regarding the economic situation in the year ahead compared with the present situation. Confidence indices in industry and trade were also lower than the average for the preceding quarter. On the other hand, expectations in service activities held steady from the third quarter, while the upward trend in optimism in the construction activity, which has been noticeable since early 2014, continued (Figure 8).

Favourable developments in the labour market continued into the third quarter, but at a slower pace. The increase in employment figures slowed down in the third quarter as a whole as private sector results were poorer in July and August than the previous quarter's average (Figure 14). Due to a decline in both employment and clearings from the records for reasons other than employment (non-compliance with legal provisions, registration cancellation and failure to report), the fall in the unemployment rate slowed down in the third quarter of 2017, so that the rate averaged 12.00% (seasonally adjusted data) (Figure 15). As regards wages, the increase in the average nominal gross and net wage also slowed down in the third quarter (Figure 16).

Consumer prices were 1.5% higher in September than in the month before (Table 1), mostly on account of the seasonal increase in the prices of clothing and footwear. Electricity prices also grew significantly on a monthly basis (by 6.3%), owing to the rise in renewable energy sources tariffs. In addition, as September was the third month in a row that saw an increase in the global price of crude oil (Figure 19), this growth spilled over to the prices of refined petroleum products in the domestic market. The overall annual inflation rate picked up from 1.0% in August to 1.4% in September. This was attributable to all the main components of the consumer price index, energy in particular, due to the much slower decline in the annual rate of change in electricity prices (Figure 18). The annual core inflation rate was 1.4% in September, the same as in August.

As regards foreign trade, exports continued to decline in early third quarter 2017, albeit at a slower rate than in the second quarter, while imports held steady at the previous quarter's level. Total goods exports were 2.7% lower in July than the previous quarter's average (Figure 10) as a result of unfavourable trends in exports of other transport equipment (mostly ships). At the same time, exports of the narrow aggregate excluding ships and oil and refined petroleum products held steady. Among other things, exports of road vehicles, medical and pharmaceutical products and electricity went up, while exports of clothing and miscellaneous manufactured articles went down. The stagnation in total imports of goods (Figure 11) was the outcome of the decline in imports of oil and refined petroleum products and ships, while imports of the narrow aggregate increased by 2.7% compared with the previous quarter's average. An upturn was recorded in imports of capital goods (Figure 12), chemical products (excluding medical and pharmaceutical products), and metal industry products, while a decline was seen in imports of road vehicles.

The kuna/euro exchange rate was stable in October. At the end of the month it stood at EUR/HRK 7.51, 0.1% up on the end of September (Figure 21). Similarly, the index of the nominal effective kuna exchange rate at the end of October was almost equal to its value at the end of the previous month (Figure 22).

The ECB's sustained expansionary monetary policy and the high liquidity of the euro area banking sector helped maintain euro benchmark interest rates in negative territory. The overnight interest rate for the euro area, EONIA, ended October at –0.35%, while the six-month EURIBOR dropped to –0.28% (Figure 24). The risk premiums for European emerging market economies did not change much in October, with Croatia recording the sharpest decrease (of 118 basis points) from the beginning of the year. The spread between the risk premium for Croatia and peer countries dropped sharply, standing at 102 basis points at the end of October (Figure 25).

There was very little overnight interbank trade on the domestic market in October, at the average interest rate of 0.10%. Liquidity levels across the domestic financial system remained strong and were additionally boosted in October by the purchase of foreign exchange from banks of EUR 80m, which created HRK 0.6bn. In addition, an auction of MoF T-bills was held in October, at which one-year kuna and euro T-bills were placed at the lowest interest rates thus far: totalling 0.30% for kuna and only 0.01% for euro T-bills.

In September, the interest rates on new bank loans to non-financial corporations grew marginally, which reflected the change in the structure of loans granted, while the interest rates on household loans continued to go down (Figures 28, 29 and 30). As regards corporate loans, an increase was seen in interest rates on renegotiated loans and original new kuna loans for working capital. The rates on original new investment loans dropped slightly (Figure 31). As regards household loans, interest rates on housing loans steadily decreased, particularly those on kuna loans (Figure 32). Interest rates on corporate time deposits grew mildly in September, while those on household deposits held steady, which may be attributed to extended maturity of deposits (Figures 34 and 35). As a result of the developments described above, the spread between interest rates on loans and deposits did not change much in September compared with the average for the first eight months of 2017. The spread between interest rates on new loans and deposits stood at 6.22 percentage points, while the gap between interest rate spreads on loans and deposits was 4.88 percentage points in September (Figure 37).

Monetary developments in September 2017 were marked by an upturn in the net foreign assets (NFA) of the monetary system, which exceeded the drop in net domestic assets (NDA), leading to an increase in total liquid assets (M4) of HRK 1.8bn or 0.6% (Figure 38). In September, M4 was largely influenced by the increase in the kuna equivalent of foreign currency deposits triggered by the weakening of the kuna against the euro. Total liquid assets grew by 3.8% from end-September 2016 to end-September 2017 (exchange rate changes excluded), accelerating from August (Figure 49). This was largely driven by the steady, strong annual increase in money (M1), of as much as 21.0% in September (Figure 48), which was accompanied by a 2.4% drop in quasi-money (excluding exchange rate effects).

Total placements of monetary institutions to domestic sectors (excluding the government) did not change much in September (transaction-based), and their annual growth rate held steady at 1.9% (Figure 40). Observed on an annual basis, the growth in household placements continued to accelerate, ending September at 2.6% (Figure 42), while the growth in placements to non-financial corporations slowed to 2.9% (Figure 41). Furthermore, it should be noted that the annual growth rate of total placements was reduced by the sharp annual decrease in placements to other financial institutions. The share of kuna placements in total household placements remained on an upward trajectory, reaching almost 47% at end-September (Figure 47), whereas the share of corporate placements has been decreasing since March. The nominal stock of placements was 0.7% lower at-end September 2017 than at end-September 2016, which was largely due to the sale of non-performing placements. As for lending to the government, bank placements to the central government registered an annual decrease of 1.3% at end-September 2017 (Figure 46).

Due mostly to foreign exchange purchases from banks, gross international reserves grew slightly in October 2017 (by 0.7%), standing at EUR 15.1bn at the end of the month (Figure 56). Net usable reserves also went up, by 1.1%, reaching EUR 13.0bn at the end of October.

In September the CNB Council adopted a new Decision on monetary policy implementation of the CNB, thereby introducing a system of collateral management by means of the pool of eligible assets for all credit operations of the CNB. Under the Decision, banks may set up an eligible assets pool comprising securities the maturity of which is not linked to the maturity of the liquidity obtained from the central bank. This is in contrast with the former decision under which maturity of collateral had to be equal to or longer than the maturity of the funds obtained from the CNB. Also, banks may now replace, add to and withdraw the securities in the pool of eligible assets. Collateral management by means of the eligible assets pool has enabled the formation of a uniform List of eligible securities for all CNB credit operations and the use of short-term securities as collateral for long-term credit operations of the CNB, such as structural repo operations.

After having fallen in the second quarter (by EUR 1.4bn), net external debt (Figure 60) shrank even more in July and August 2017 (by EUR 2.7bn), largely as a result of the growth in foreign claims, while foreign liabilities decreased marginally (Figure 61). This was mainly due to credit institutions, which usually improve their net foreign position during the peak tourist season; their foreign assets exceeded their liabilities to foreign creditors by almost 5% of GDP at the end of August. In addition, the central bank's positive net foreign position improved as well, aided by interventions in the foreign exchange market and banks' funds in the TARGET2 account with the CNB, while the investment of reserves in repo agreements contributed to a pronounced, parallel growth in gross international reserves and foreign liabilities of the CNB. The external debt of the government sector also decreased marginally, owing to transactions in the secondary market (purchase of bonds issued in the foreign market by domestic investors) and interest payments falling due. The net external debt of other domestic sectors edged up slightly as private non-financial enterprises raised their debt, while public enterprises deleveraged against foreign creditors.

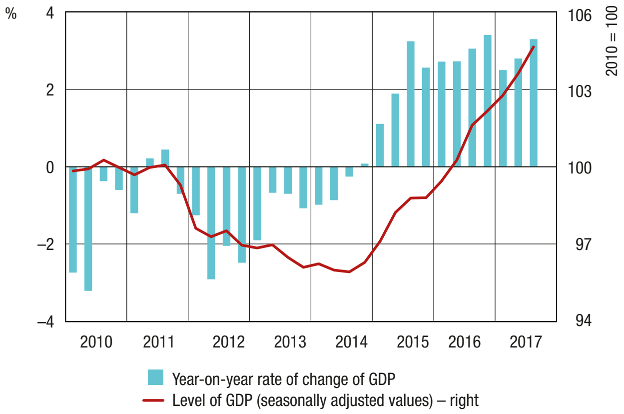
The consolidated general government deficit (ESA 2010) was only HRK 1.1bn in the first half of 2017, or 0.3% of GDP.[1] The second quarter saw a surplus of HRK 0.1bn, which was HRK 0.3bn less than in the same period of 2016. The slight decrease in the budget surplus in the second quarter reflects a somewhat faster annual fall in revenues (of around HRK 1.6bn) relative to expenditures (around HRK 1.3bn). Broken down by category, the annual decrease in total revenues was a direct consequence of the drop in other current revenues, while most other categories grew mildly; a particularly strong positive contribution came from indirect taxes, supported by expanded personal consumption. The sharp reduction on the expenditure side of the budget reflected the fall in other current expenditures, and expenditures for subsidies and investments. By contrast, expenditures for intermediary consumption of the government, social benefits and employee compensation recorded a moderate annual growth in the same period, which was nevertheless insufficient to offset the decline in other categories.

According to the monthly MoF data for July and August 2017, it seems that favourable fiscal developments marked the third quarter as well. Revenue growth on an annual level was seen in all tax categories and social contributions. On the other hand, total expenditures held steady, with moderate growth being recorded only in some categories.

Following a short-lived increase at the end of the first quarter, triggered by the pre-financing of some liabilities, general government debt returned in the second quarter to the end-2016 level. It remained almost the same in July, standing at HRK 288.6bn. It is noteworthy that exchange rate developments in the observed period were conducive to a reduction in the nominal debt amount, while economic growth helped lower the debt-to-GDP ratio.

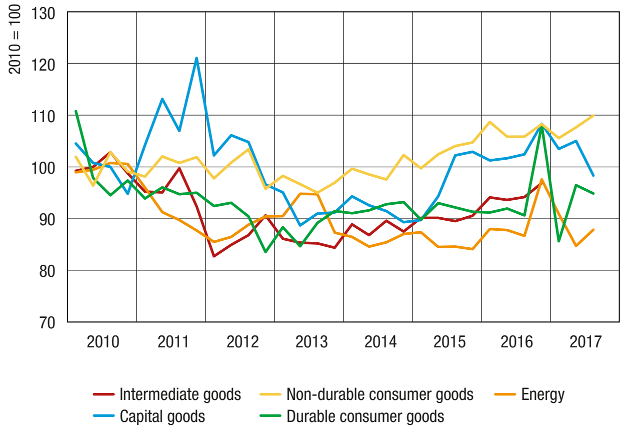
1 Data series for previous periods were revised in October. The general government deficit was raised by 0.1 percentage point, to –0.9% in 2016. Also, the growth rate of VAT revenues went down in 2016, from 7.1% to 4.6%, while the growth rate of expenditures for employees went up from 2.5% to 3.4%.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



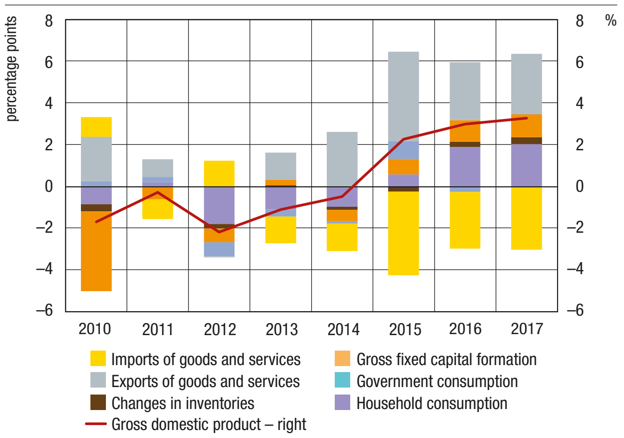
Note: Data for the third quarter of 2017 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 30 October 2017.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



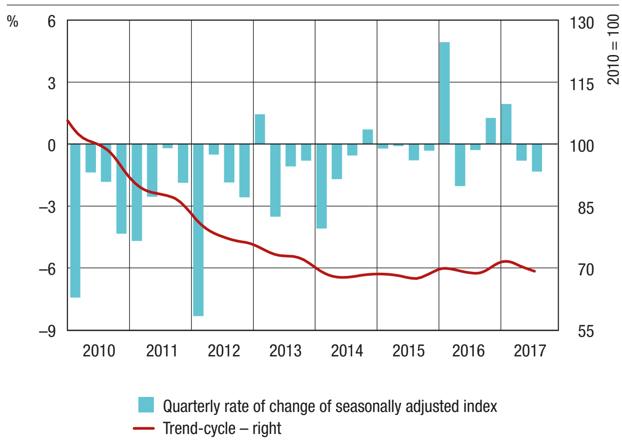
Note: Quarterly data are calculated as the average of monthly data.
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contribution by components



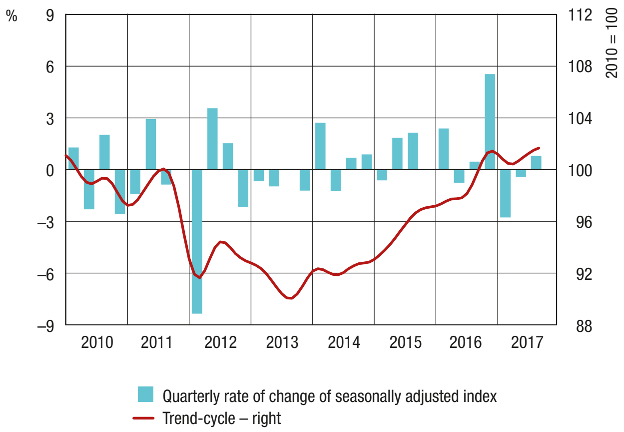
Note: The projection for 2017 refers to the official projection of the CNB from October 2017.
Source: CBS.

Figure 5 Total volume of construction works



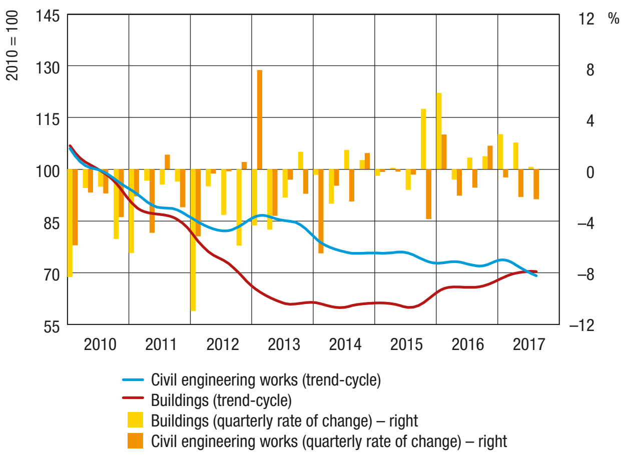
Note: Data for the third quarter of 2017 refers to July and August.
Source: CBS data seasonally adjusted by the CNB.

Figure 3 Industrial production



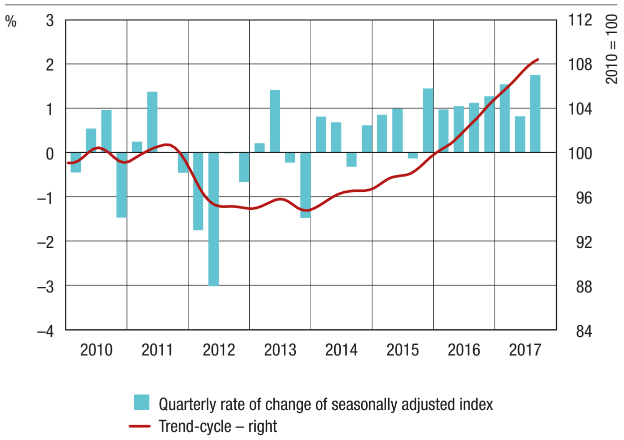
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



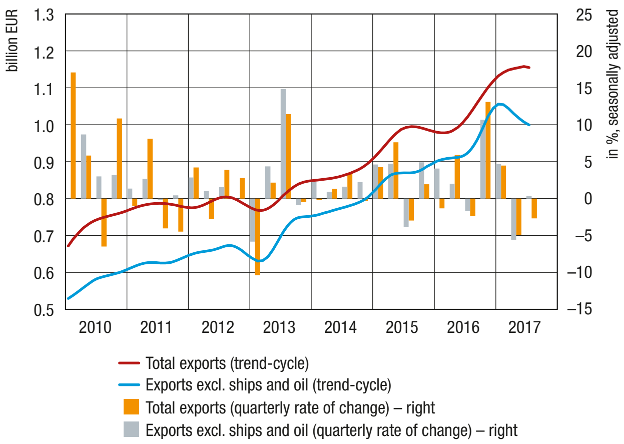
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



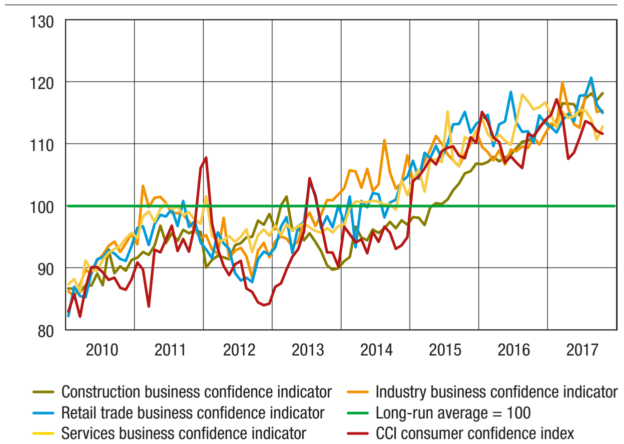
Source: CBS data seasonally adjusted by the CNB.

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



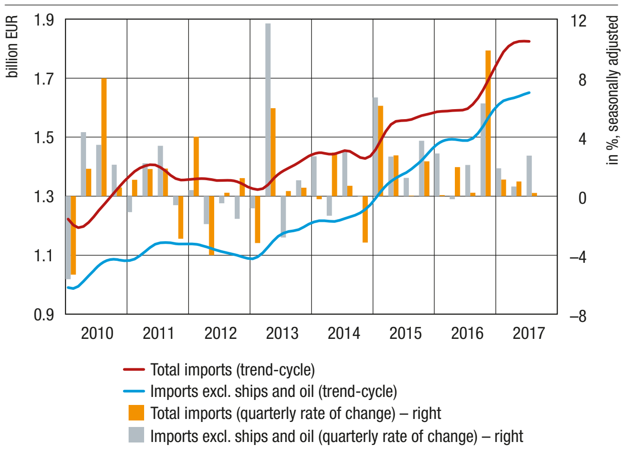
Note: Data for the third quarter of 2017 refer to July.
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators
standardised and seasonally adjusted values



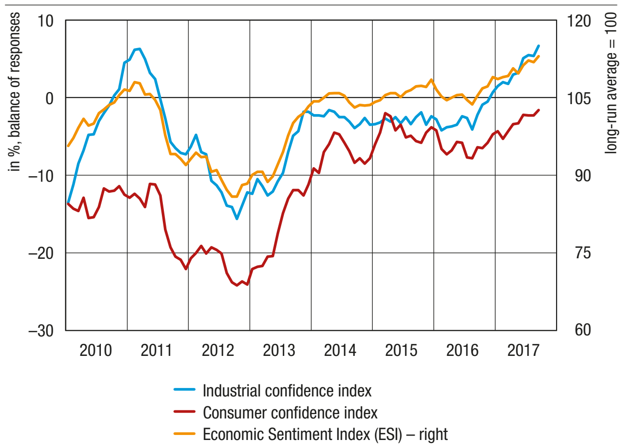
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



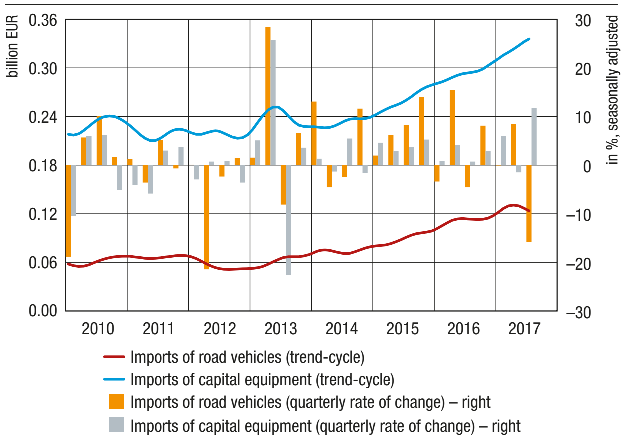
Note: Data for the third quarter of 2017 refer to July.
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



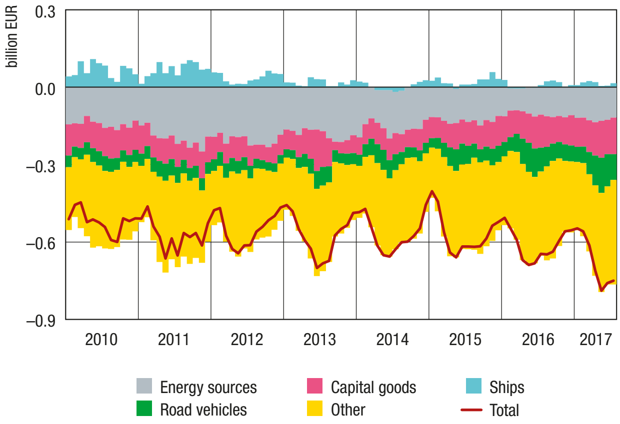
Source: Eurostat.

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



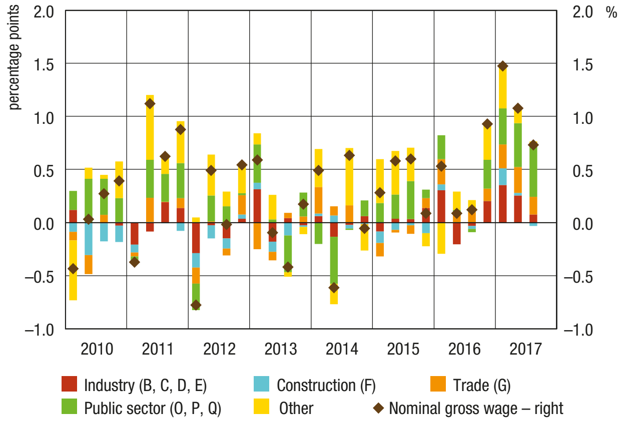
Note: Imports of capital equipment (SITC divisions 71 – 77). Data for the third quarter of 2017 refer to July.
Source: CBS data seasonally adjusted by the CNB.

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



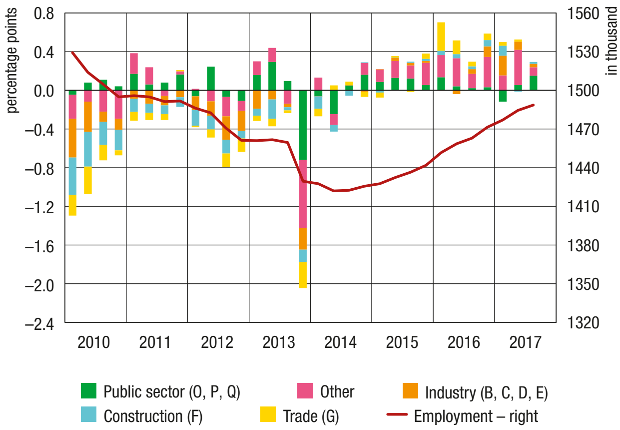
Source: CBS.

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



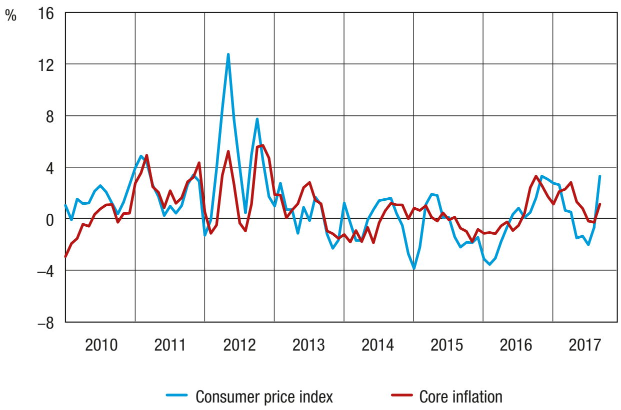
Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



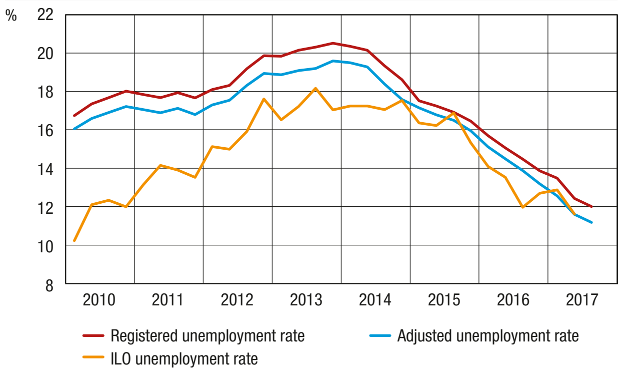
Source: CPII data seasonally adjusted by the CNB.

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



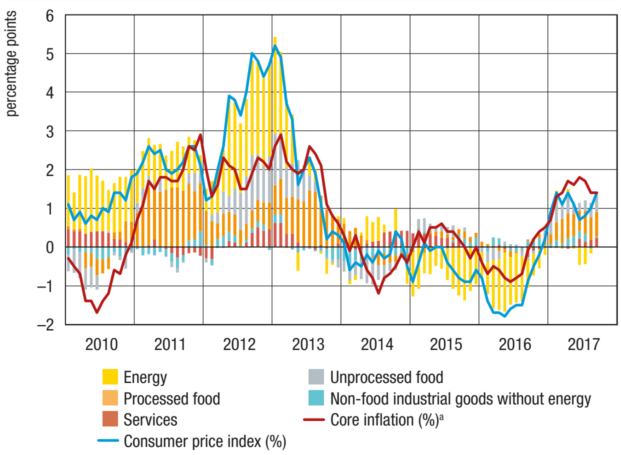
[a] The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.
Sources: CBS and CNB calculations.

Figure 15 Unemployment rates
seasonally adjusted data



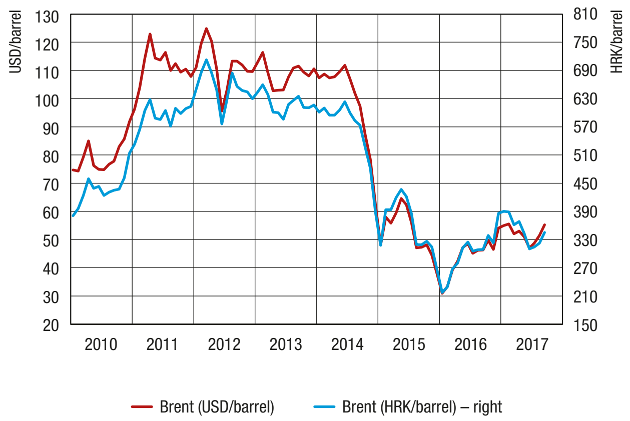
Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population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

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



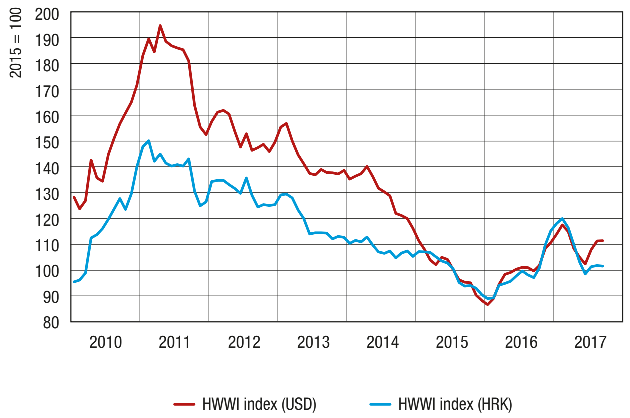
[a] Core inflation does not include agricultural product prices and administrative prices.
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



Sources: Bloomberg and CNB calculations.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Table 1 Price indicators

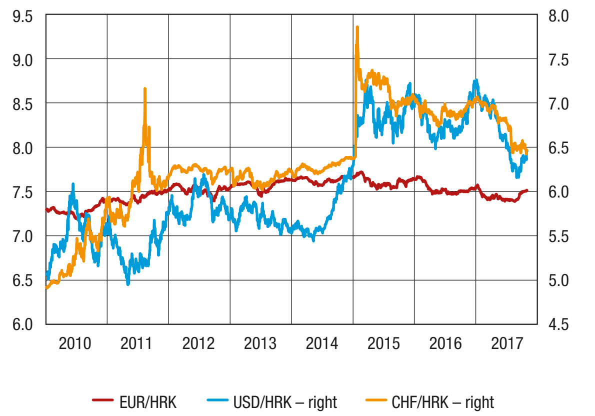
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	8/17	9/17	9/16	9/17
Consumer price index and its components				
Total index	1.0	1.4	1.1	1.5
Energy	–0.7	0.5	1.3	2.5
Unprocessed food	4.1	4.5	–0.4	0.0
Processed food	2.5	2.8	0.3	0.5
Non-food industrial goods without energy	–0.2	0.1	3.9	4.3
Services	0.7	0.9	–0.4	–0.2
Other price indicators				
Core inflation	1.4	1.4	1.3	1.4
Index of industrial producer prices on the domestic market	3.2	2.2	1.5	0.4
Brent crude oil price (USD)	11.3	19.4	0.1	7.4
HWWI index (excl. energy, USD)	10.3	11.8	–1.3	0.1

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

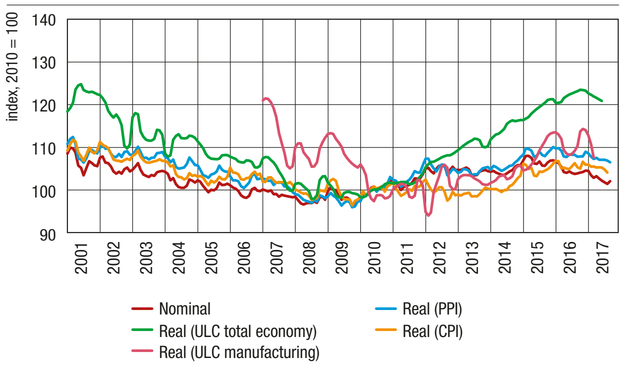
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



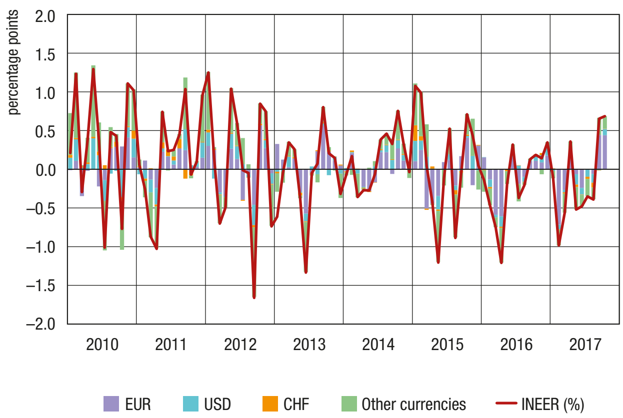
Source: CNB.

Figure 22 Nominal and real effective exchange rates of the kuna



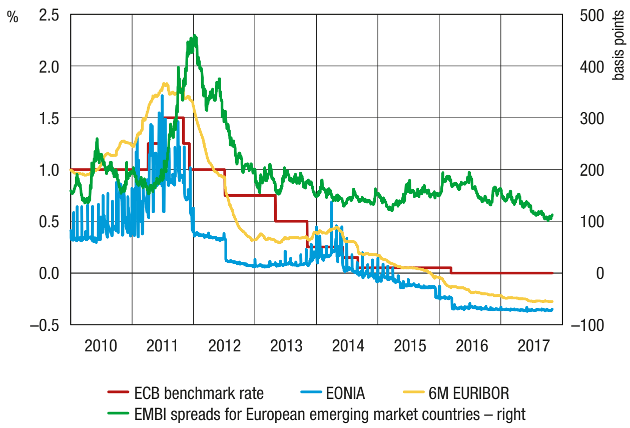
Notes: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the total market. The unit labour cost is calculated as the ratio between compensation per employee and labour productivity (defined as GDP per person employed),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

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



[a] Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

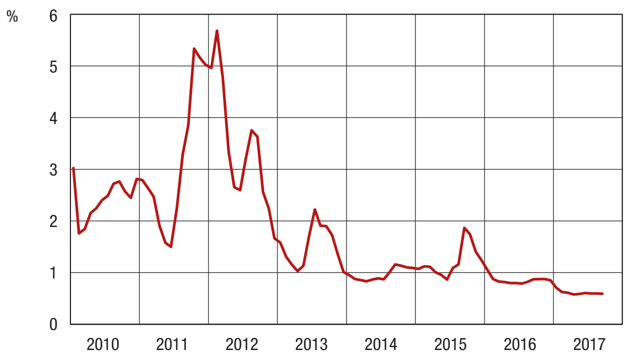
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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

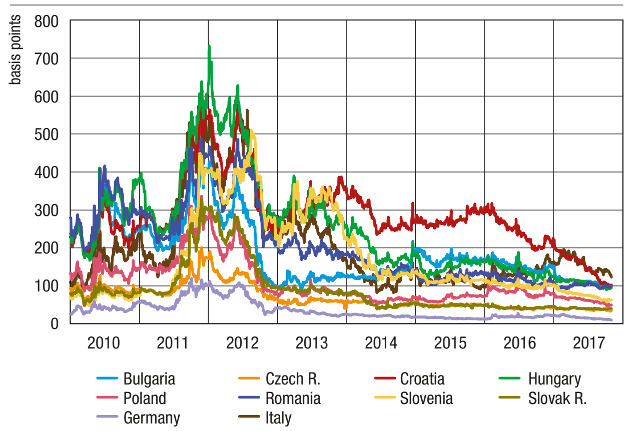
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



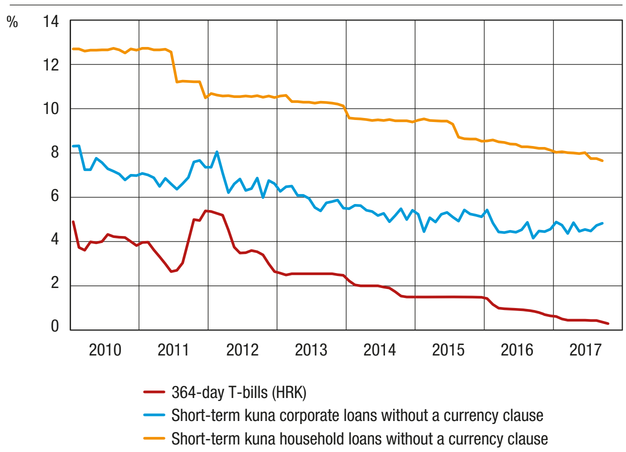
Source: CNB.

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



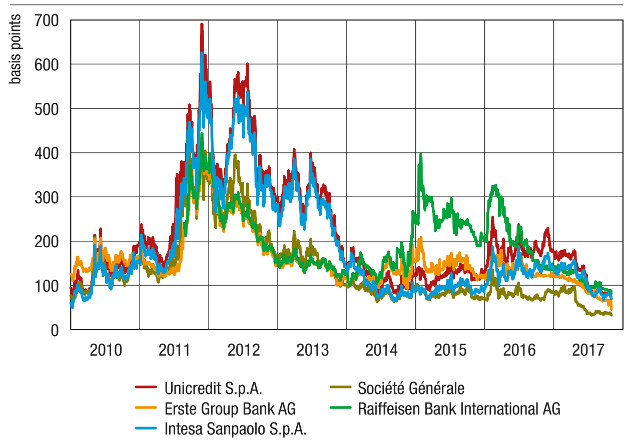
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.
Source: S&P Capital IQ.

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



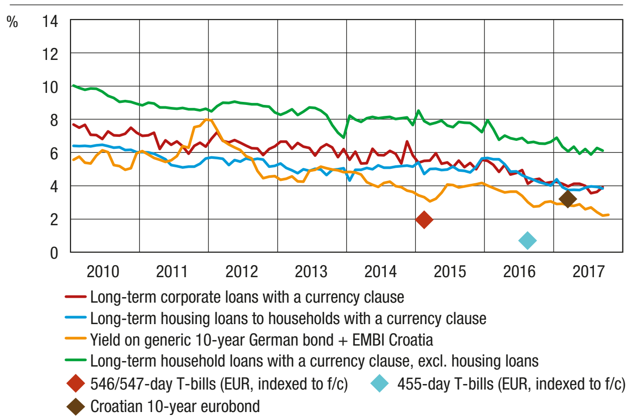
Sources: MoF and CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



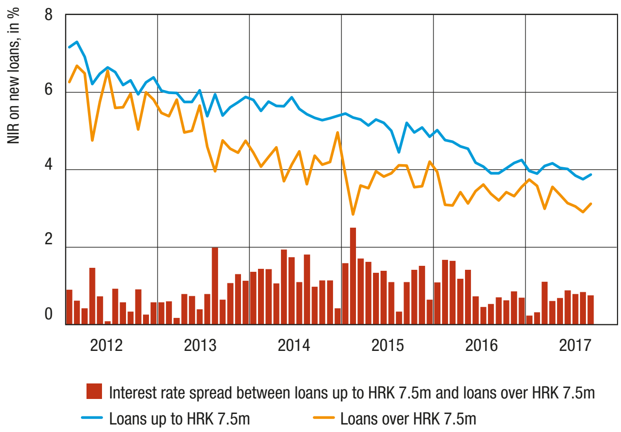
Source: S&P Capital IQ.

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



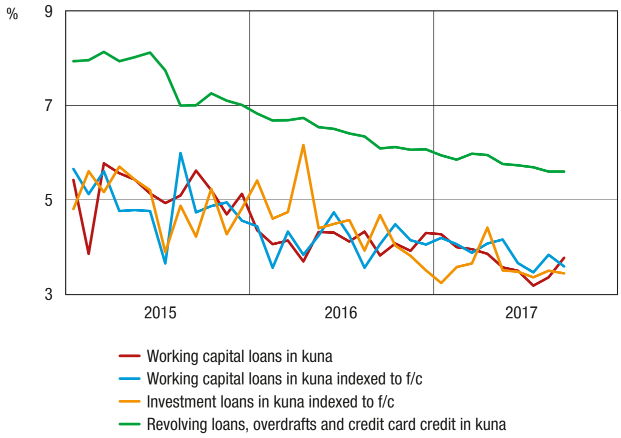
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.
Sources: MoF, Bloomberg and CNB.

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



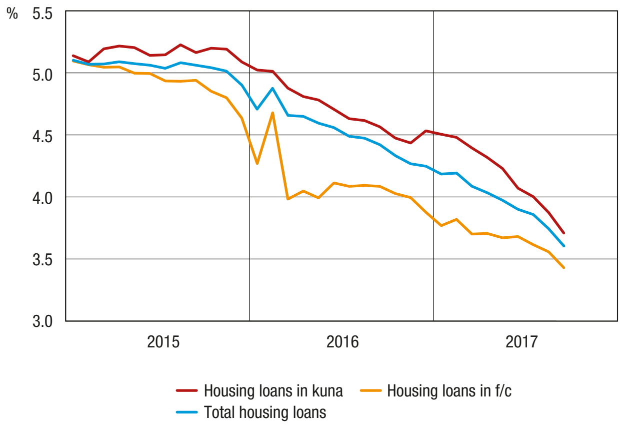
Source: CNB.

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



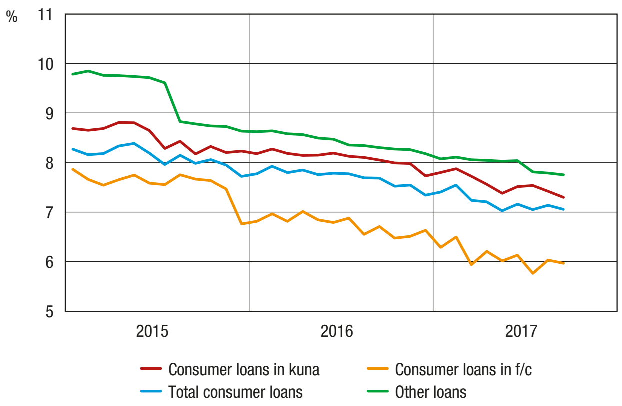
Source: CNB.

Figure 32 Interest rates on original new housing loans to households



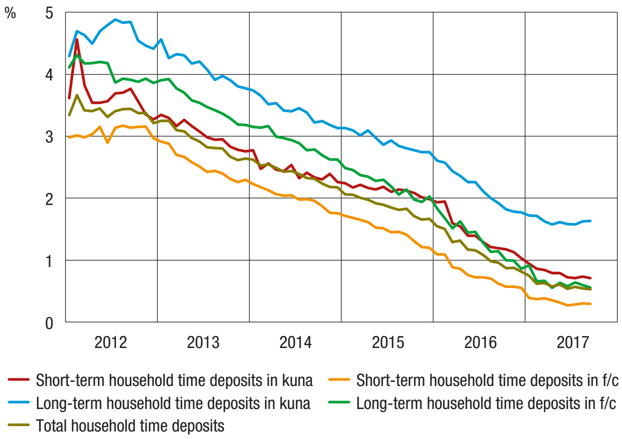
Source: CNB.

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



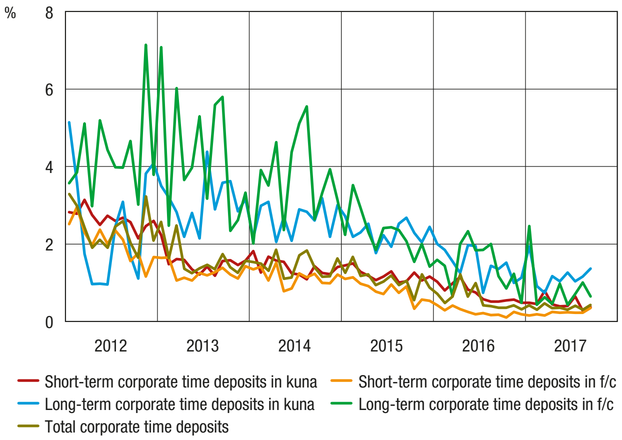
Notes: Consumer loans include total loans to households excl. housing and other loans. Other loans to households (denominated almost exclusively in kuna) include credit card loans, overdrafts, revolving loans and receivables on charge cards.
Source: CNB.

Figure 34 Interest rates on household time deposits



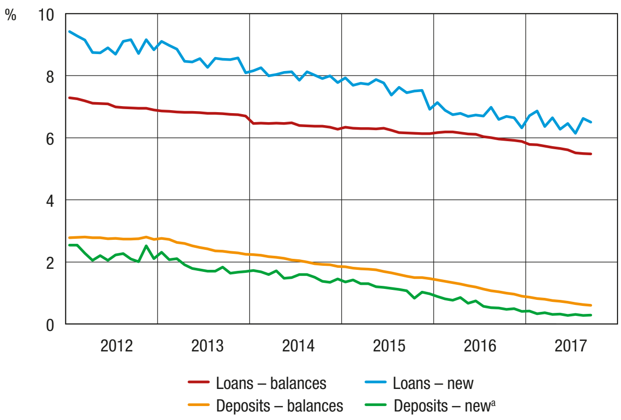
Source: CNB.

Figure 35 Interest rates on corporate time deposits



Source: CNB.

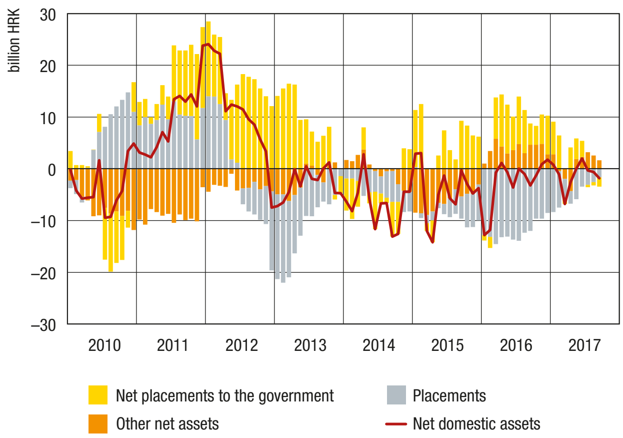
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



[a] For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

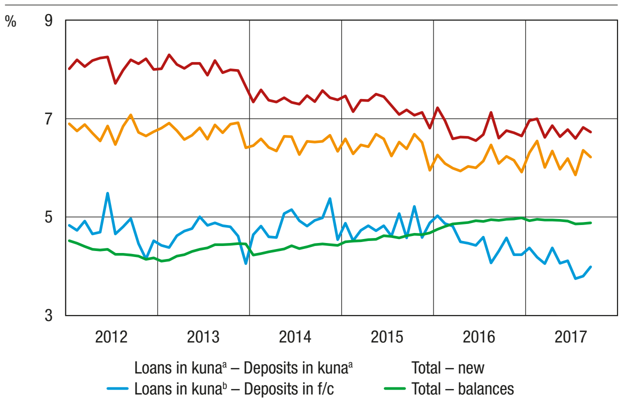
Figure 39 Net domestic assets, structure

absolute change in the last 12 months



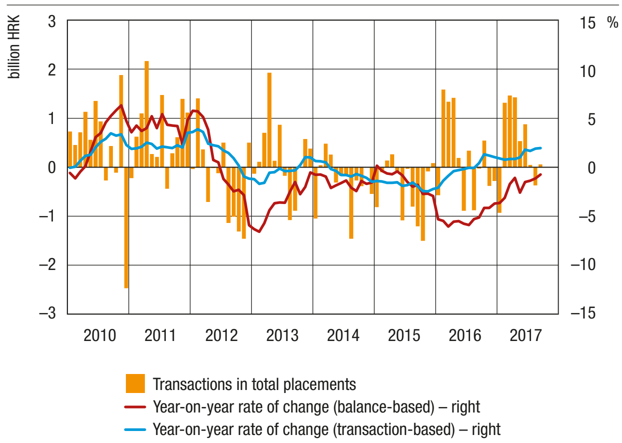
Source: CNB.

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



[a] Non-indexed to f/c. [b] Indexed to f/c.
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

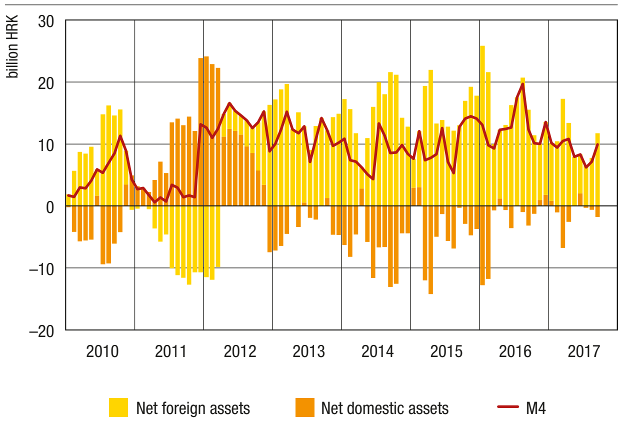
Figure 40 Placements



Source: CNB.

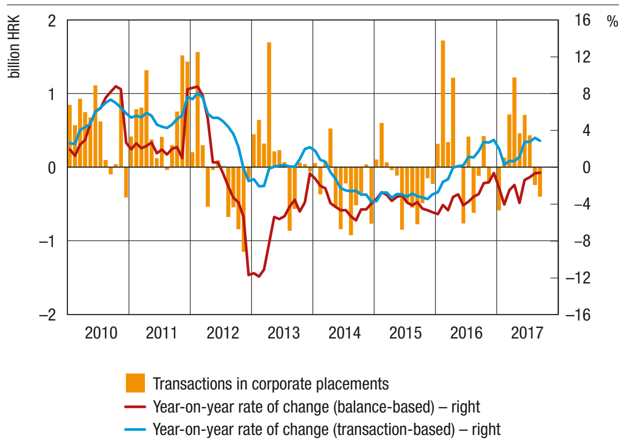
Figure 38 Net foreign assets, net domestic assets and total liquid assets (M4)

absolute change in the last 12 months



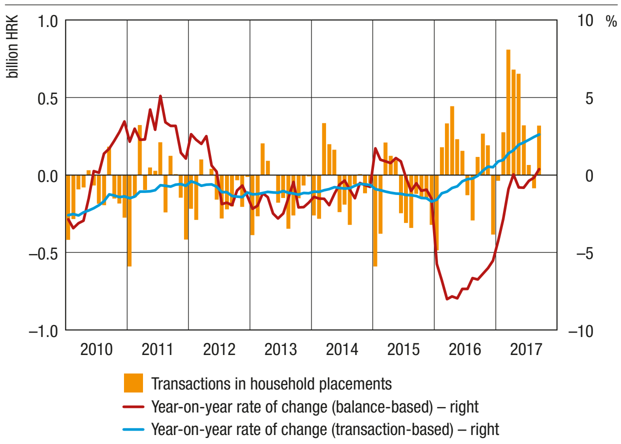
Source: CNB.

Figure 41 Placements to corporates



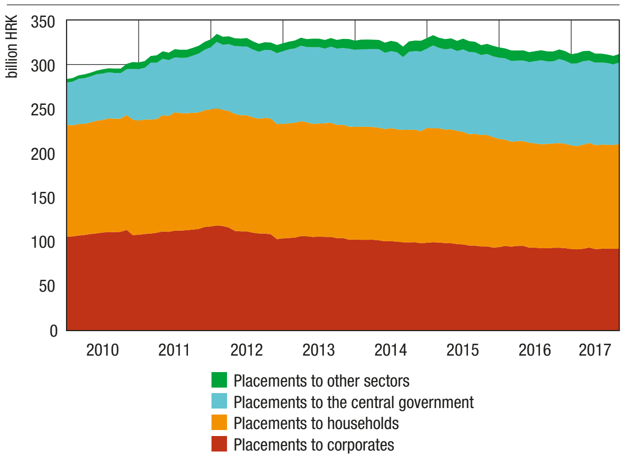
Source: CNB.

Figure 42 Placements to households



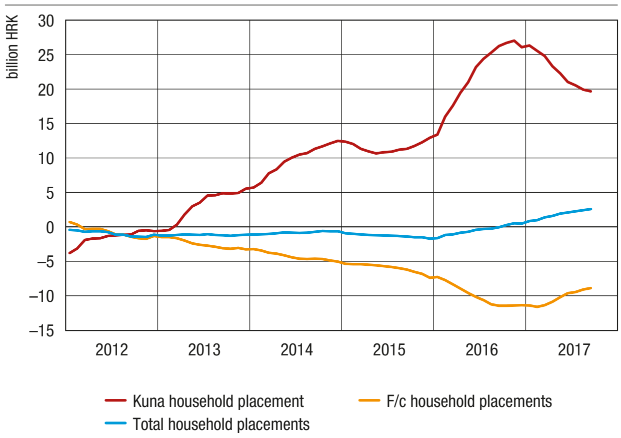
Source: CNB.

Figure 45 Structure of credit institution placements



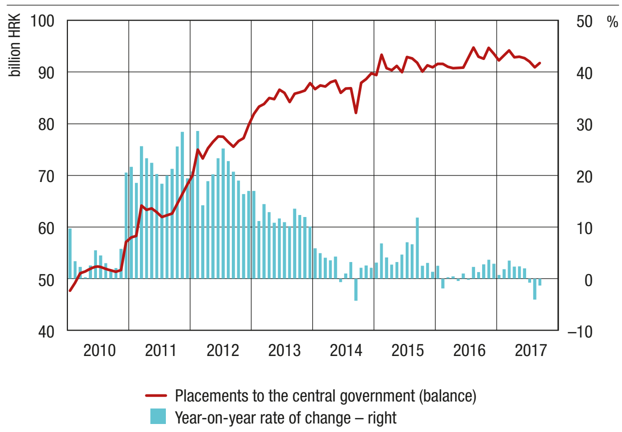
Source: CNB.

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



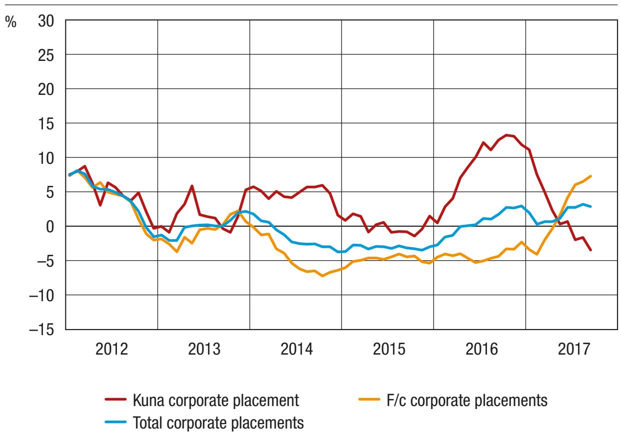
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



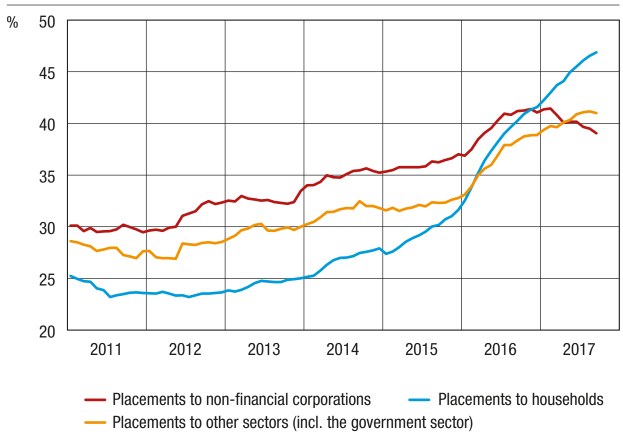
Source: CNB.

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



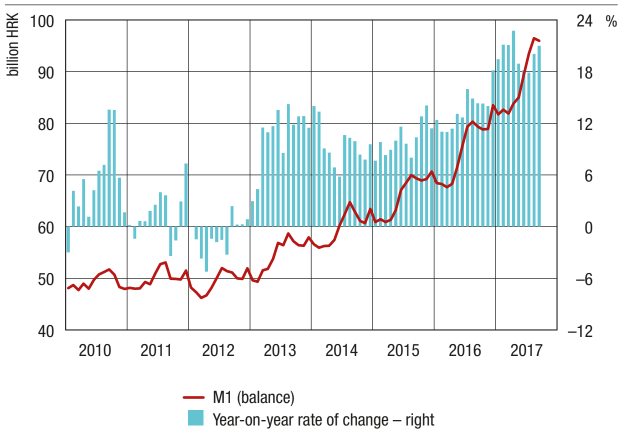
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



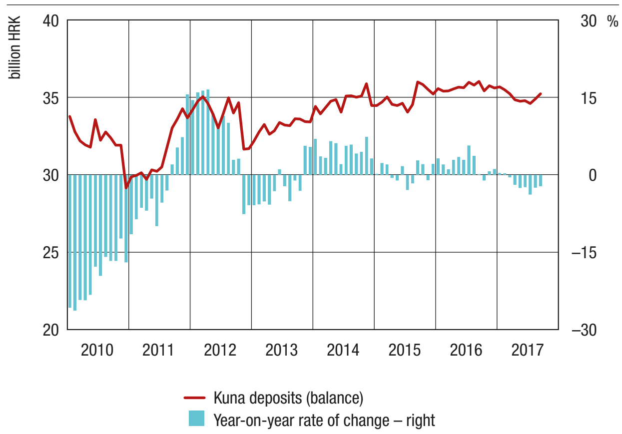
Source: CNB.

Figure 48 Money (M1)



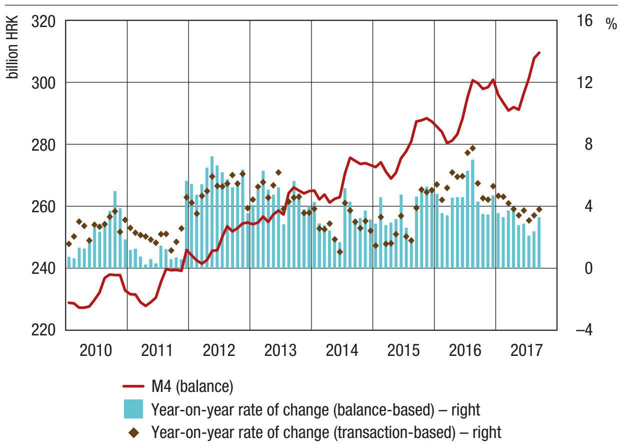
Source: CNB.

Figure 51 Kuna savings and time deposits



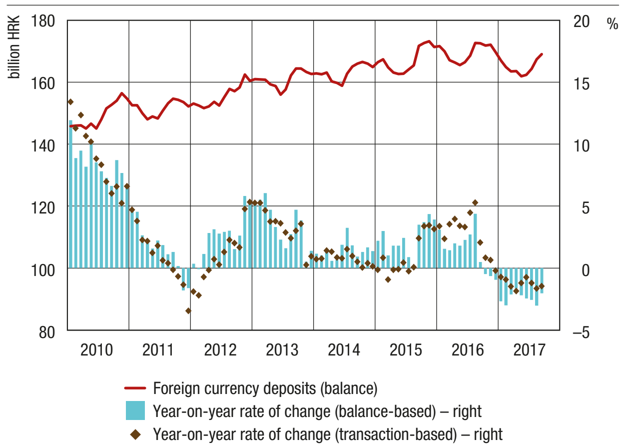
Source: CNB.

Figure 49 Total liquid assets (M4)



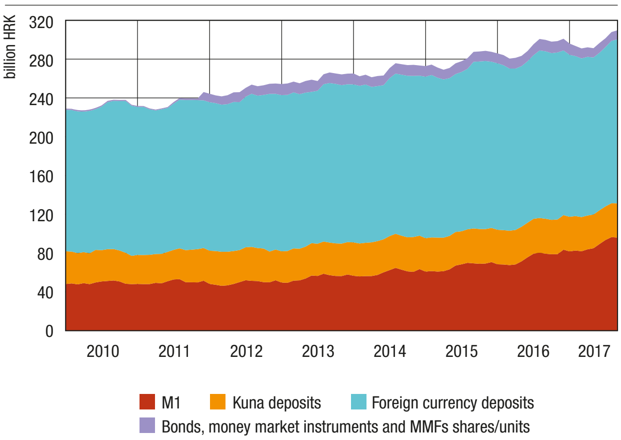
Source: CNB.

Figure 52 Foreign currency deposits



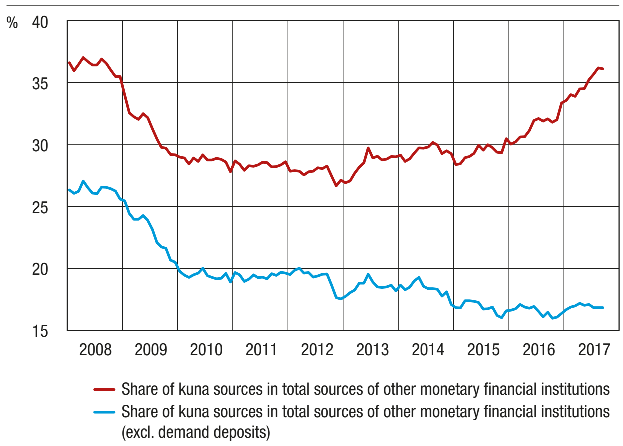
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



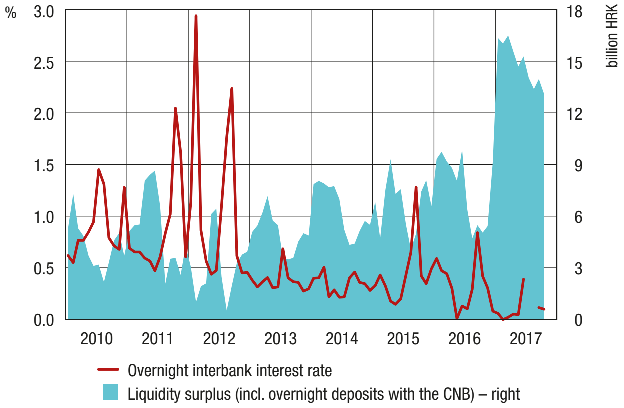
Source: CNB.

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.

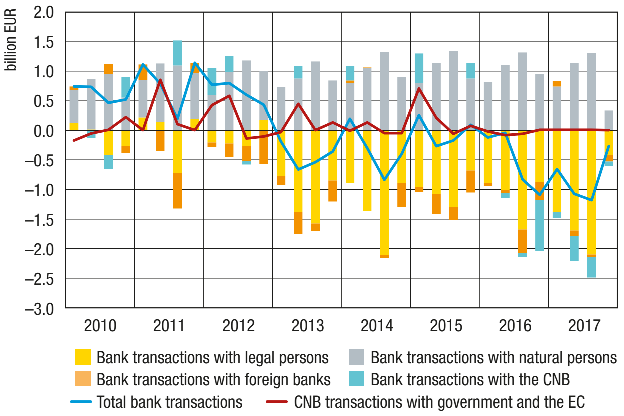
Table 2 Balance of payments

preliminary data, in million EUR

	2016	Q2/2017[a]	Indices 2016/2015	Indices Q2/2017[a]/2016
Current account	2,018.8	1,158.5	57.4	106.9
Capital account	320.7	597.5	186.3	75.1
Financial account (excl. reserves)	1,112.8	1,385.6	124.5	–
International reserves	745.3	–264.7	–	–
Net errors and omissions	–481.5	–635.2	131.9	73.8

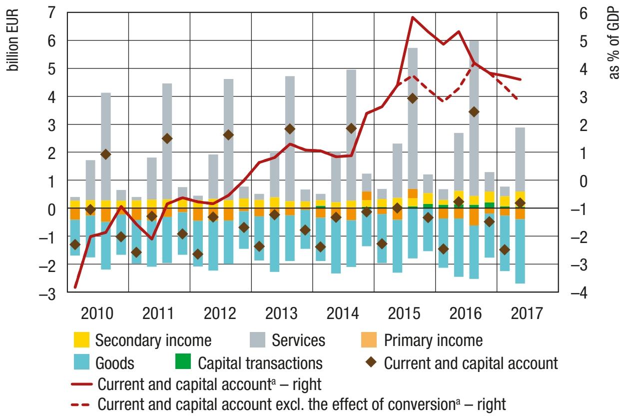
[a] Sum of the last four quarters.
Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).
Source: CNB.

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

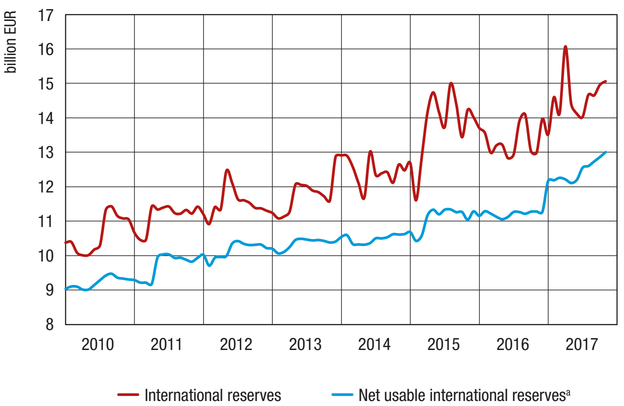
Figure 57 Current and capital account flows



[a] 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.

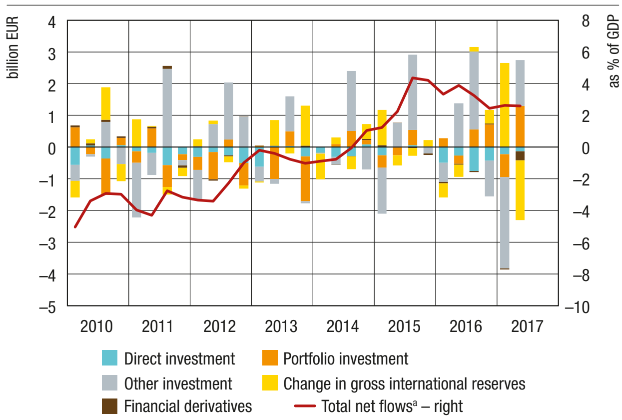
Figure 56 International reserves of the CNB

at current rate of exchange



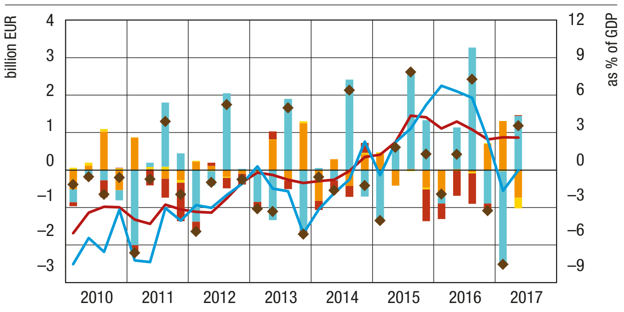
[a] NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.
Source: CNB.

Figure 58 Financial account flows by type of investment



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

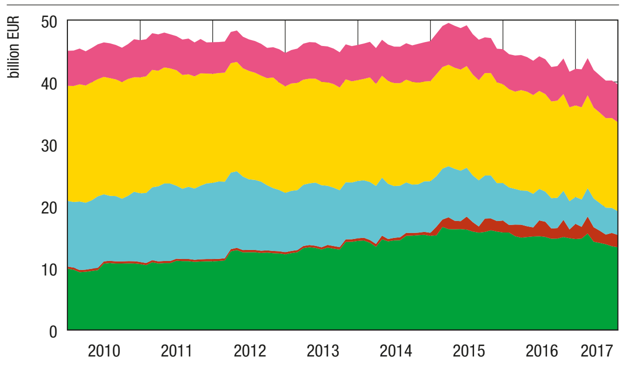
Figure 59 Financial account flows by capital structure



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

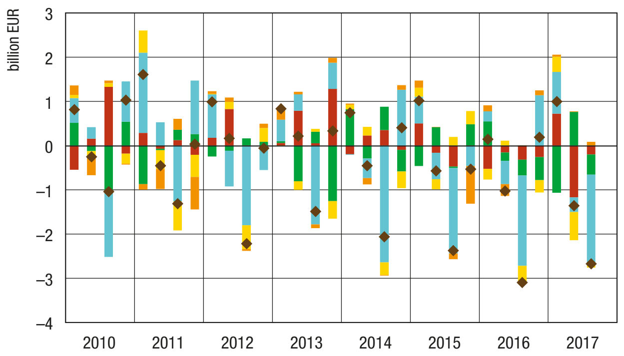
Figure 62 Gross external debt

end of period



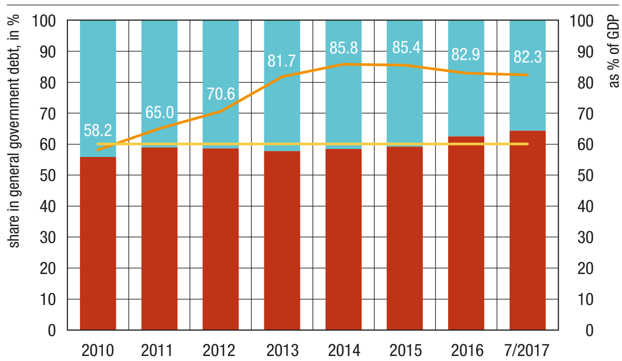
Source: CNB.

Figure 60 Net external debt transactions



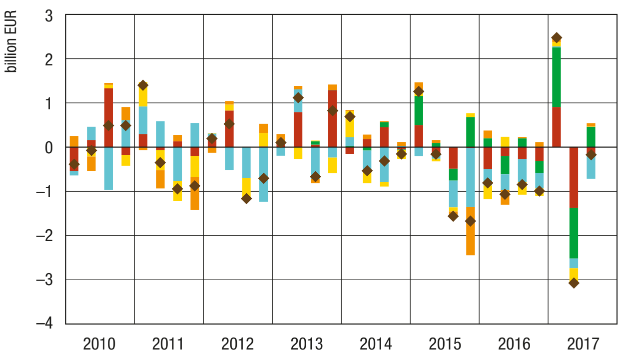
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as gross external debt stock net of foreign debt claims. Data for the third quarter of 2017 refer to July and August.
Source: CNB.

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



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the third quarter of 2017 refer to July and August.
Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Jun. 2016	Jan. – Jun. 2017
Total revenue	**77,740**	**77,561**
Direct taxes	11,227	11,454
Indirect taxes	31,920	32,614
Social contributions	20,038	20,773
Other	14,555	12,720
Total expenditure	**81,572**	**78,708**
Social benefits	27,709	28,046
Subsidies	2,883	1,517
Interest	5,690	5,566
Compensation of employees	19,386	19,793
Intermediate consumption	14,104	14,838
Investment	5,448	4,199
Other	6,352	4,748
Net lending (+)/borrowing (–)	**–3,833**	**–1,148**

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan.–Jul. 2016	Jan.– Jul 2017
1 Revenue	76,510	80,147
2 Disposal of non-financial assets	208	371
3 Expenditure	78,203	78,901
4 Acquisition of non-financial assets	2,237	1,782
5 Net borrowing (1+2–3–4)	–3,723	–165

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan.–Jul. 2016	Jan.– Jul 2017
Change in total debt stock	–552	–435
Change in domestic debt stock	5,779	5,221
– Securities other than shares, short-term	–1,032	1,206
– Securities other than shares, long-term	9,323	6,149
– Loans	–2,500	–2,083
Change in external debt stock	–6,331	–5,656
– Securities other than shares, short-term	–52	144
– Securities other than shares, long-term	–5,991	–4,898
– Loans	–288	–903
Memo item:		
Change in total guarantees issued	127	–104

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