



Information on economic trends

May 2021

Summary

The GDP nowcasting model points to an acceleration in the growth of real GDP in the first quarter of 2021 from the last quarter in 2020. The number of employed persons remained almost unchanged in March 2021 relative to the beginning of the year, while the number of unemployed persons rose slightly. The annual consumer price inflation rate went up to 1.2% in March (from 0.3% in February), largely as a result of the rise in the annual rate of change in energy prices, driven by the current increase in the prices of refined petroleum products and the positive base effect. Banks' free reserves continued to reach historical highs in April, mostly fuelled by the decrease in government kuna deposits with the CNB. The annual growth of bank placements continued to decelerate in March, falling to 2.3% from 3.0% in February. The annual growth of corporate placements slowed down (from 4.1% in February to 1.0% in March) due to an underlying base effect, that is, strong lending to corporates in the same month in 2020. By contrast, the annual growth of household placements inched up from 1.6% to 2.2% due to accelerated growth in housing loans and a less pronounced decrease in general-purpose cash loans. According to the fiscal report for April, the general government budget ran a deficit of 7.4% of GDP in 2020, after staying in surplus for three consecutive years. The negative result is attributable to a concurrent strong decrease in revenues and an increase in expenditures, generated by the decline in economic activity and the costs of measures aimed at mitigating the damage suffered during the pandemic. The possibility of using EU funds to finance the costs of the pandemic, as well as their larger availability, mitigated the deterioration of government finances in 2020 and the negative consequences of the pandemic on the economy as a whole.

The GDP nowcasting model suggests an increase in economic growth in the first quarter of 2021 (Figure 1). The growth in industrial production accelerated to 4.5% from 0.8% in the last quarter in 2020. Broken down by main industrial groupings, on a quarterly basis, the production of non-durable consumer goods rose the most. Growth was also observed in all other main industrial groupings, except in the production of durable consumer goods, which remained at its level from the previous three months (Figure 4). Real retail trade also picked up in the first quarter (6.6%) from the last quarter in 2020 (5.9%) (Figure 7). Construction activity continued to trend upward in February, its quarterly growth amounting to 3.9%; construction works on buildings (4.7%) and civil engineering works (5.8%) grew from the last quarter in 2020 (Figures 5 and 6).

The worsening of the epidemiological situation and the third wave of the epidemic in Croatia in April adversely affected indicators of business and consumer confidence. According to the Survey data, the beginning of the second quarter saw a slight deterioration in expectations regarding the overall economic situation in Croatia and the financial situation of households in twelve months' time. However, thanks to its gradual increase in the first quarter, the consumer confidence index did not change much from the previous quarter's average. As regards business confidence, business expectations improved in industry, stagnated in construction and sharply deteriorated in trade and services in April from March. Developments in trade and services mostly reflect a less favourable assessment of the current business situation and unfavourable expectations regarding demand over the next three months. In terms of the first-quarter average level, the confidence index of business entities in construction and industry rose in April above its average level for the first three months of 2021, while it decreased in trade and services (Figure 8).

In March, employment held steady at its beginning-of-year level. Hence, it exceeded the figure reported in March 2020 when the labour market felt the first impact of the pandemic. Viewed on a quarterly basis, the number of employed persons in the first three months of 2021 rose by 0.9% (compared to the growth of 2% in the fourth quarter of 2020, Figure 15). According to the most recent data available for January and February 2021, one tenth of all persons in employment were covered by measures aimed at preserving jobs, which is almost equal to the share observed in December 2020. After falling steadily for several months, the number of unemployed persons edged up in March and thus remained above its last year's levels. In line

with the rise in the number of unemployed persons, the registered unemployment rate went up slightly, to 8.5% of the labour force in March (8.4% in February), which was an increase of 0.8 percentage points from the same month in 2020 (Figure 16). Wages grew in March 2021 following their stagnation in February, while the average nominal gross wage was 1.4% higher in the first quarter of 2021 than at the end of 2020 (Figure 17). Viewed on an annual level, the average nominal gross wage rose by 2% in March 2021. In addition to wages, disposable employee income in recent years was also significantly affected by non-taxable compensations which, however, almost completely disappeared in the period from May 2020. According to the most recent data available for February 2021, the average nominal net wage increased by non-taxable compensations fell by 1.7% from the same period in 2020 and the nominal net wage grew by 2.7%.

Consumer prices grew by 1.1% in March from the previous month (Table 1) or at the same rate as core inflation (excluding agricultural products prices, energy prices and administered prices). The monthly growth of total inflation largely resulted from a seasonal price increase in clothing and footwear and price increases in tobacco and refined petroleum products. The rise in tobacco prices is attributable to higher excise duties and to the growth in these products' producer prices in March. The increase in the prices of refined petroleum products reflects the 5% growth in the prices of Brent crude oil in the global market in March from the previous month (Figure 20), or twice as much as in March 2020. The annual consumer price inflation rate increased from 0.3% in February to 1.2% in March. The surge in inflation was due to the rise in the annual rate of change in energy prices which was driven by the growth in refined petroleum product prices in March 2021 and, to a large extent, by the positive base effect (the sharp decline in these prices at the onset of the pandemic in March 2020) (Figure 19). Processed food (including alcoholic beverages and tobacco) contributed slightly more to inflation in March due to the mentioned rise in tobacco prices. By contrast, the contribution of industrial goods to inflation decreased, mostly due to a less pronounced seasonal increase in the prices of clothing and footwear than in March 2020. As a result, the annual core inflation rate stood at 5% in March, remaining unchanged from February.

Following substantial growth in total exports of goods (by 6.2%) and total imports of goods (by 6.6%) in the last quarter of 2020, the foreign trade in goods decelerated noticeably in

early 2021. Total goods exports thus increased by 3.2% in January 2021 from the previous quarter average (Figure 10), mostly due to larger exports of medical and pharmaceutical products, individual capital goods (notably machinery specialised for particular industries and electrical machinery, apparatus and appliances), all categories of energy products (primarily natural and manufactured gas) and metal industry products. During the same period, total goods imports increased by 1.8% from the previous quarter average (Figure 11) due to higher imports of energy products (especially oil and refined petroleum products) and metal industry and food products. Despite a stronger growth in exports than in imports, the foreign trade deficit grew as a result of perceptibly higher import base or by as much as 6.2% (Figure 13). According to the first available data for February, the growth of goods exports held steady in the first two months of 2021 (3.2%), paired with stronger rise in imports (4.2%) and the foreign trade deficit (by 12.9%) relative to the average of the preceding three months.

The CNB intervened on the foreign exchange market in early April, selling to banks a total of EUR 190m. Stronger fluctuations of the nominal exchange rate of the kuna against the euro were not observed until the end of April, and it moved within a narrow range of -0.2% to 0.1% around the average exchange rate of EUR/HRK 7.57 (Figure 22). At the end of April, the nominal exchange rate stood at EUR/HRK 7.55, which was almost the same as in April 2020, but it appreciated by 0.2% from the end of the previous month. The nominal effective exchange rate of the kuna strengthened by 0.5% in April, primarily as a result of the kuna appreciation against the euro as well as against the US dollar and the yuan renminbi, reflecting the strengthening of the euro against these currencies on the global foreign exchange market.

The overnight interest rate on the euro area banking market, EONIA, edged up in April to -0.48% , and the six month EURIBOR edged down to -0.52% (Figure 25). The risk premiums for European emerging market economies decreased only slightly in April (Figure 26). At the end of April, the risk premium for Croatia stood at 79 basis points, remaining higher than premiums for Central and Eastern European peer countries (Romania excluded).

The CNB maintained its highly expansionary monetary policy in April so banks' free reserves continued to reach historical highs. Thus the average daily surplus kuna liquidity of the domestic banking market stood at HRK 67.4bn in April (Figure 55), largely thanks to the decrease in government kuna deposits with the CNB. Amid such conditions, no turnover has been recorded on the domestic interbank overnight market for a year. In addition, April also recorded an absence of bank repo transactions, while turnover in other money market segments continued to be modest. The implicit interest rate on foreign exchange swap trading came close to its pre-March level (-0.41%) following the disappearance of the previous month's effect of the eurobond issue on this market (Figure 28). At the same time, the overnight interest rate on bank demand deposit trading rose slightly, to -0.01% , and the interest rate on one-year kuna T-bills without a currency clause remained unchanged in April at 0.02% (Figure 29).

Bank interest rates on new corporate and household loans, which include pure new loans and renegotiated loans, held almost steady at the end of March (Figures 29 and 30). The increase in interest rates on long-term corporate loans indexed to foreign currency in March largely reflected the trends in interest rates on pure new investment loans with a currency clause (Figure 32). As regards household financing costs, interest rates fell only slightly (Figures 33 and 34). Interest rates on household

and corporate time deposits remained almost unchanged from the end of the previous month (Figures 35 and 36). In line with the described developments, the spread between interest rates on new loans and deposits edged up to 4.6 percentage points in March, due mostly to less favourable trends in corporate financing costs, while the spread between interest rates on loan and deposit balances stayed at 3.9 percentage points (Figure 38).

Monetary developments in March 2021 were marked by a sharp increase in net foreign assets (NFA) of the monetary system, coupled with a decrease in net domestic assets (NDA), which resulted in a rise of HRK 2.2bn or 0.6% in total liquid assets (M4) (transaction-based, Figure 39).

Trends in NFA and NDA were influenced by the inflow of funds from the eurobond issue¹ to the central government account with the CNB, with about a half of the funds generated used for the repayment of ten-year US dollar bond. The annual growth of M4 fell from 8.6% in February to 7.4% in March (Figure 50) due to the base effect, that is, a much stronger increase in foreign currency deposits in the same period of 2020 (Figure 53). At the onset of the pandemic, the growth in foreign currency deposits was influenced by the withdrawal of deposits from investment funds, that is, their transfer to banks. As regards the components of total liquid assets, money (M1) rose by HRK 1.5bn (0.9%) from February, its annual growth accelerating from 18.0% in February to 18.4% in March (Figure 49), while quasi-money grew by HRK 0.7bn (0.4%) on a monthly basis and fell by 0.1% on an annual basis (following the 2.0% growth achieved in February).

Total placements of monetary institutions to domestic sectors (excluding the government) went up by HRK 1.4bn or 0.6% (transaction-based) in March from the previous month, primarily as a result of the rise in placements to other financial institutions (HRK 0.8bn) and households (HRK 0.7bn), while placements to non-financial corporations decreased very slightly (HRK 0.1bn). The growth in household placements picked up on the back of the rise in housing loans (HRK 0.3bn or 0.5%) and general-purpose cash loans which, after falling steadily for several months, grew slightly for the second consecutive month (HRK 0.3bn or 0.6%). The annual growth of total placements went down from 3.0% to 2.3% (Figure 41) as a result of the slowdown in the growth of corporate placements (from 4.1% to 1.0%) due to the base period effect or the steep rise in lending to corporates in the same month in 2020 (Figure 42). By contrast, the annual growth of household placements picked up (from 1.6% to 2.2% , Figure 43) on the back of the accelerated growth in housing loans (from 8.7% to 8.9%) and a less pronounced decrease in general-purpose cash loans (from -3.0% to -2.5%). The currency breakdown points to a slight increase in the share of kuna placements in total household placements, from 54.7% to 54.9% (Figure 48).

Gross international reserves decreased slightly in April from March (by EUR 0.4bn or 1.9%), ending the month at EUR 20.7bn (Figure 57). The decrease in reserves was predominantly the result of a lower level of agreed repo transactions and foreign currency sales to banks. From the end of the previous year, gross international reserves increased by EUR 1.8bn or 9.4% , while net usable reserves grew by EUR 0.7bn or 4.2% , standing at EUR 18.4bn at the end of April.

The net external debt of domestic sectors rose by EUR 0.9bn in the first two months of 2021 (Figure 61). This was mostly driven by the rise in government liabilities or government debt

1 Early in March the Ministry of Finance issued two tranches of eurobonds in the international capital market: a twelve-year bond worth EUR 1bn with a yield of 1.257% and maturing in 2033 and a twenty-year bond worth EUR 1bn with a yield of 1.788% and maturing in 2041.

transactions in the secondary market and government borrowing from the International Bank for Reconstruction and Development (IBRD). To a much smaller extent, unfavourable developments resulted from the seasonal increase in net external debt of credit institutions, brought about by a somewhat sharper increase in foreign liabilities than in foreign assets. Moreover, the central bank's net foreign position deteriorated, exclusively as a result of a decline in banks' funds within the TARGET2 system. These funds excluded, the central bank's net foreign position improved, thanks mainly to the purchase of foreign currency from the central government. Unfavourable developments were at the same time only partly mitigated by the fall in net external debt of other domestic sectors (direct investments included) which primarily resulted from the reduction in short-term trade credit liabilities. The gross external debt stood at EUR 42.0bn at the end of February 2021, up by EUR 1.4bn from the end of 2020 (Figure 63).

The Excessive Deficit Procedure Report for April shows significant deterioration in the 2020 general government budget balance. The general government budget deficit stood at 7.4% of GDP in 2020, which is a deterioration of 7.7 percentage points from the surplus reported for 2019 (0.3% of GDP). The worsening of the balance in 2020 in relation to the previous year resulted from a concurrent decrease in revenues and increase in expenditures. The strong fall in revenues, 6.5% on an annual basis, is attributable to the decrease in most main revenue categories due to strong contraction of the economic activity during the pandemic. However, other revenue categories grew at a substantial rate on the back of growing absorption of EU funds, payments from the Solidarity Fund for post-earthquake reconstruction and the payment of one-off exceptional aid from the EU to help ease the impact of the pandemic. Under the European Commission decision member states were allowed to use

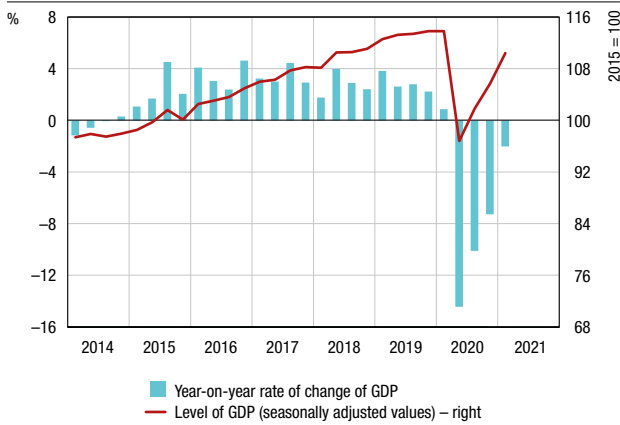
the remaining funds from the multiannual financial framework (2014 – 2020) to finance measures aimed at addressing the negative effects of the crisis. The annual fall in revenues notwithstanding, total revenue-to-GDP ratio grew by 0.5 percentage points from the previous year, or to 48.0% of GDP, due to the simultaneous fall in GDP value. Concurrently, government budget expenditures surged on an annual basis (8.6%) due to the rise in all expenditure categories, excluding intermediate consumption and interest expenditures. Expenditures for subsidies grew markedly as a result of the cost of measures aimed at preserving jobs. The continuation of strong growth in general government investments is seen as a positive trend. Overall, total expenditure-to-GDP ratio grew by 8.3 percentage points from 2019, reaching 55.4% of GDP.

According to Ministry of Finance data² on a cash basis, a more favourable deficit of HRK 3.5bn was generated in the first quarter of 2021 than in the same period in 2020 (HRK 4.6bn). These developments reflect somewhat faster annual growth in revenues (10.0%) than in expenditures (6.8%), whereas particular attention should be paid to the results for March as this month marked the onset of direct negative effects of the pandemic on the economic activity in 2020. More specifically, revenues grew considerably in March 2021 from the same period in 2020, or by about HRK 3.8bn (an increase of 26.2%), while expenditures rose by HRK 1.2bn (7.0%).

The consolidated general government debt totalled HRK 332.3bn at the end of January 2021, an increase of HRK 2.6bn from the end of 2020. The relative indicator of public debt grew from 88.7% of GDP at the end of 2020 to 89.5% at the end of January 2021, while the reported relative shares were also influenced by the revision of GDP figures published in the meantime (Figure 64).

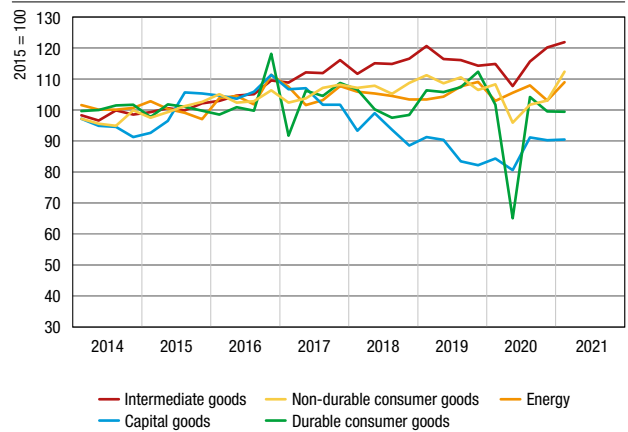
² Monthly data for the central government, state government and social security sub-sectors, which are required, under Council Directive 2011/85/EU, to be published before the end of the following month. The published data refer to general government units according to the scope of ESA 2010 statistical methodology, except for data pertaining to local government, which are published on a quarterly basis.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



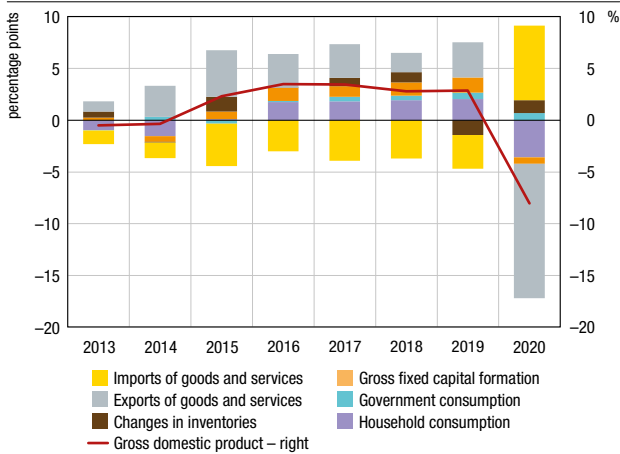
Note: Data for the first quarter of 2021 refers to the CNB's monthly indicator of real economic activity, estimated on the basis of data published until 30 April 2021.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



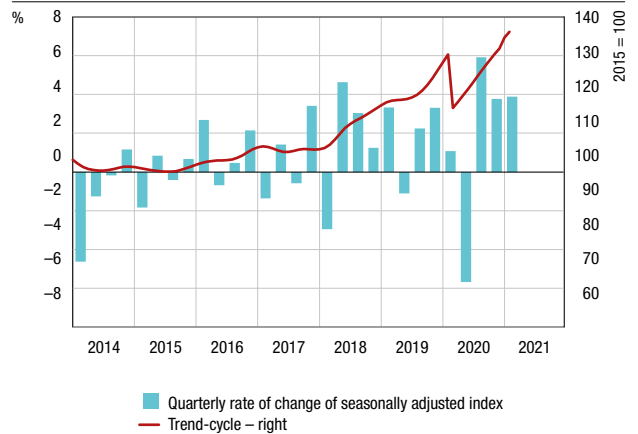
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



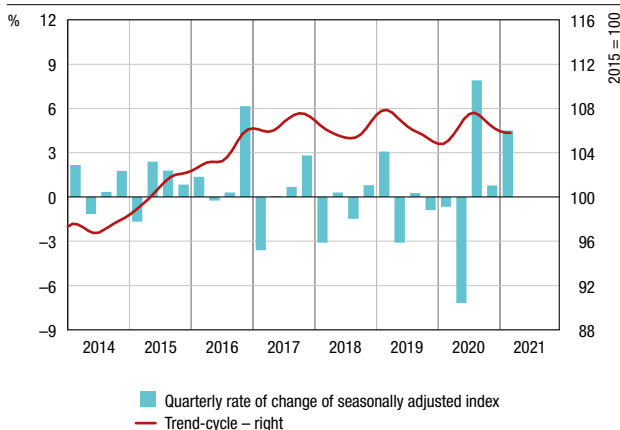
Source: CBS.

Figure 5 Total volume of construction works



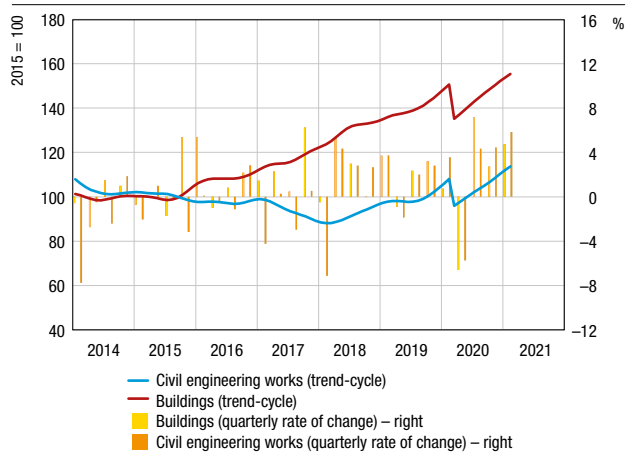
Note: Data for the first quarter of 2021 refers to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 3 Industrial production



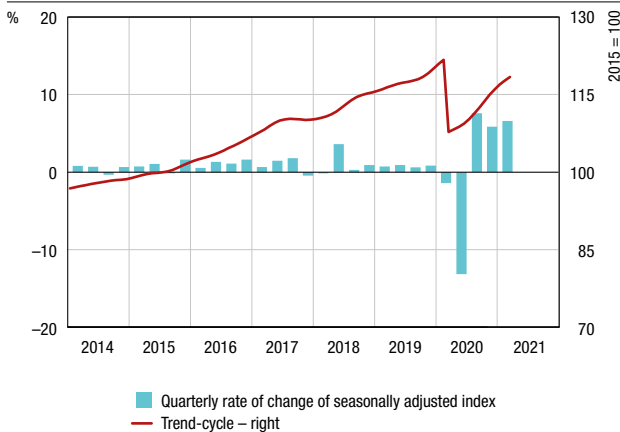
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



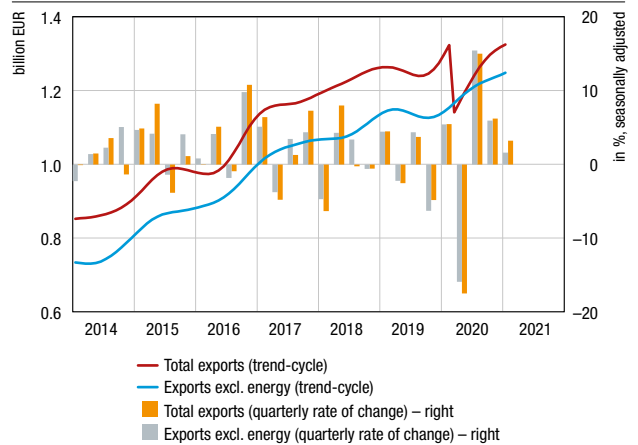
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



Source: CBS data seasonally adjusted by the CNB.

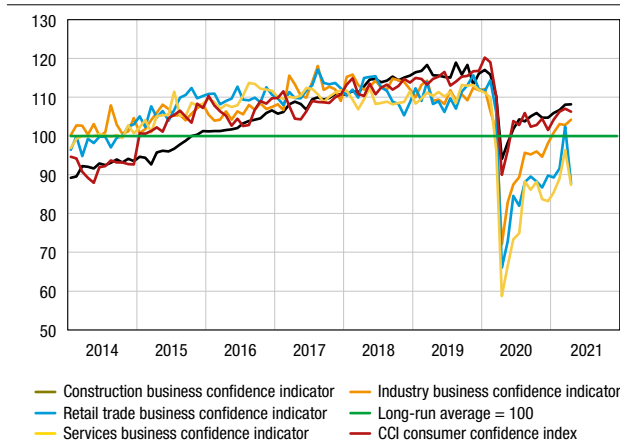
Figure 10 Goods exports (f.o.b.)



Note: Data for the first quarter of 2021 refer to January.

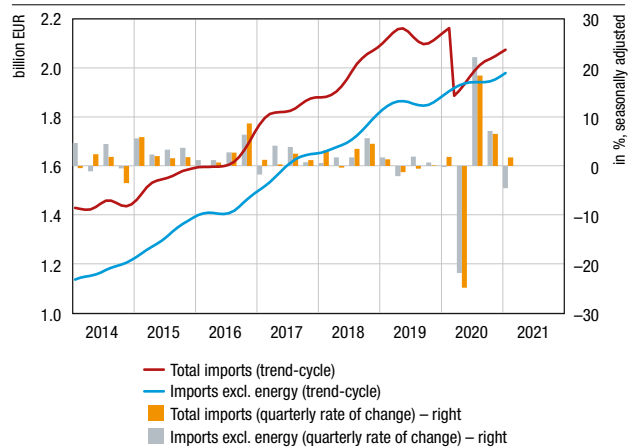
Source: CBS data seasonally adjusted by the CNB.

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



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

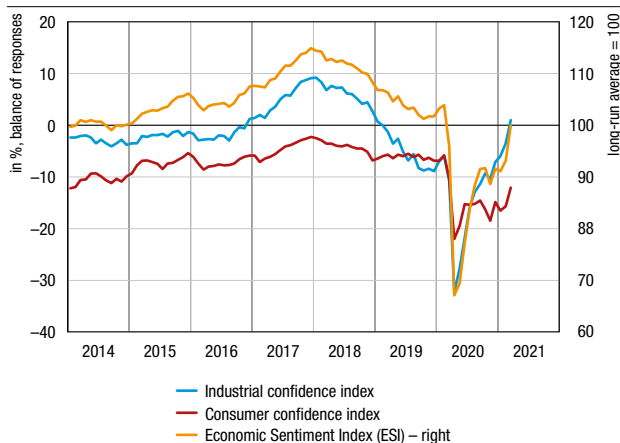
Figure 11 Goods imports (c.i.f.)



Note: Data for the first quarter of 2021 refer to January.

Source: CBS data seasonally adjusted by the CNB.

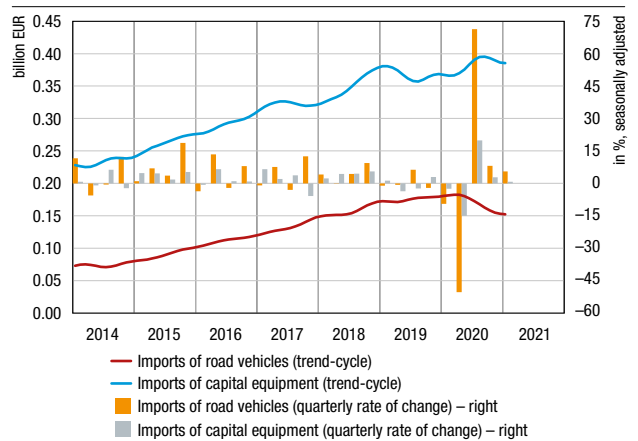
Figure 9 EU confidence indices seasonally adjusted series



Note: Data are up to March 2021.

Source: Eurostat.

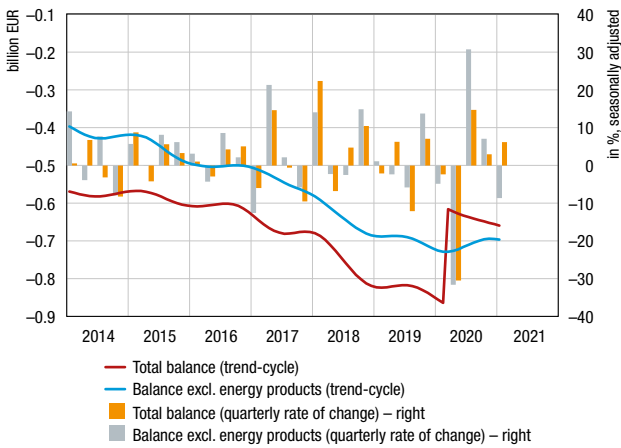
Figure 12 Imports of capital equipment and road vehicles (c.i.f.)



Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the first quarter of 2021 refer to January.

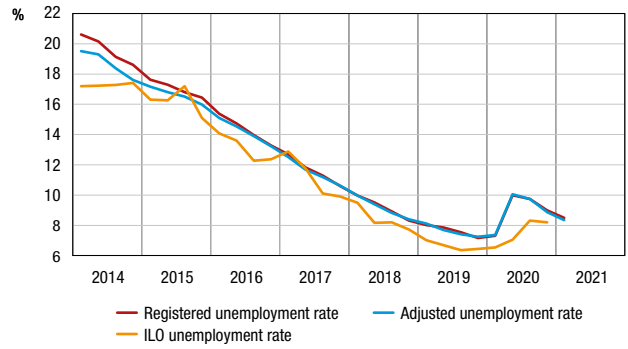
Source: CBS data seasonally adjusted by the CNB.

Figure 13 Trade of goods balance



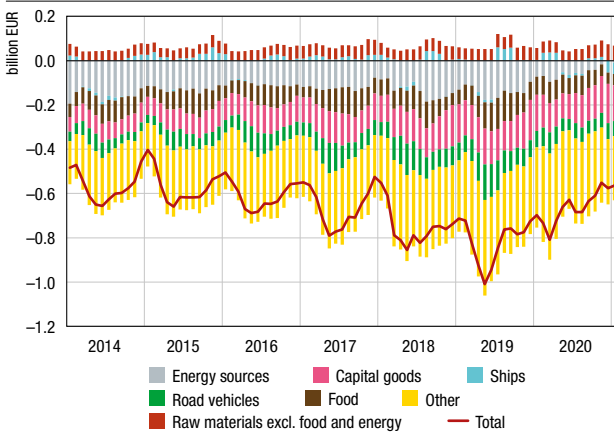
Note: Data for the first quarter of 2021 refer to January.
Source: CBS data seasonally adjusted by the CNB.

Figure 16 Unemployment rates
seasonally adjusted data



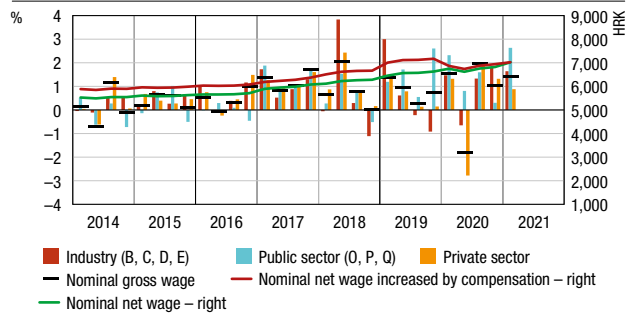
Notes: Since January 2015, the calculation of the registered unemployed rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII).
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 14 Trade in goods balance by product groups



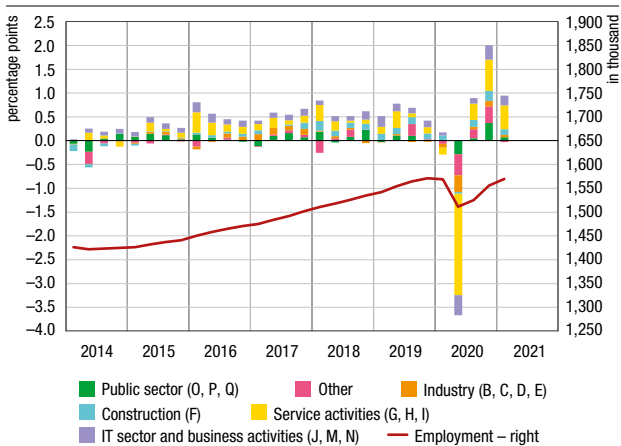
Notes: Series are shown as three-member moving averages of monthly data. Data are up to January 2021.
Source: CBS.

Figure 17 Average nominal gross wage by NCA activities
seasonally adjusted data, quarterly rate of change



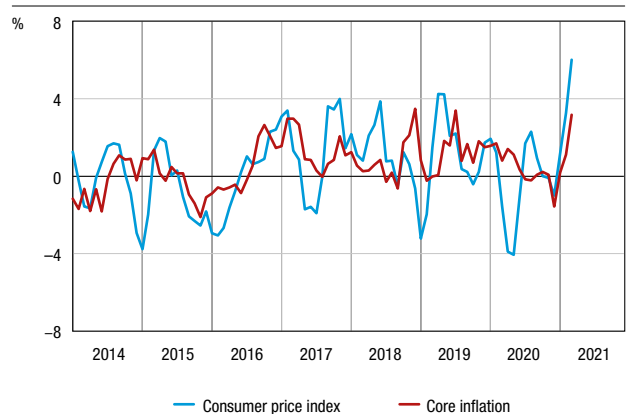
Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data on average wages paid in February 2020 were reported in full-time equivalent, in contrast with the previous periods, when average wages were calculated by dividing total disbursements by the number of employees who received these disbursements, excluding all those who worked fewer than 80 hours per month. Data on wages in 2019 reported in full-time equivalent were released for analytical purposes. Data on disbursements paid before 2016 are CNB estimates.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 15 Employment by NCA activities
seasonally adjusted data, contributions to the quarterly rate of change



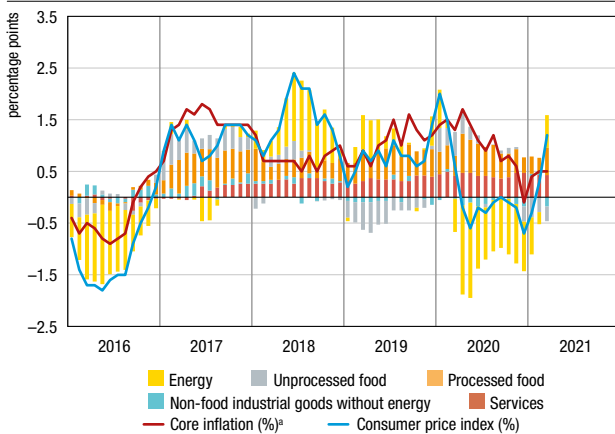
Source: CPII data seasonally adjusted by the CNB.

Figure 18 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 19 Year-on-year inflation rate and contributions of components to consumer price inflation



^a Core inflation does not include agricultural product prices, energy prices and administered prices.

Sources: CBS and CNB calculations.

Table 1 Price indicators

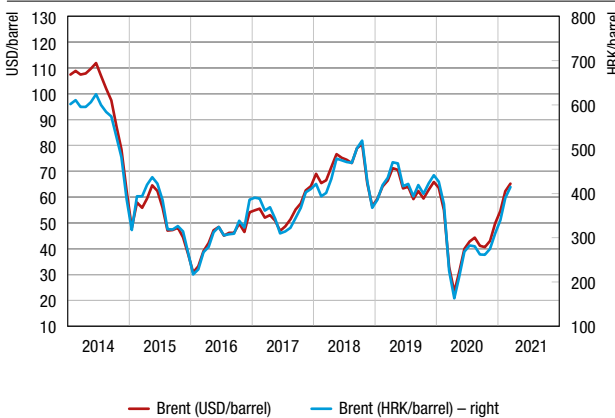
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	2/21	3/21	3/20	3/21
Consumer price index and its components				
Total index	0.3	1.2	0.2	1.1
Energy	-1.4	3.9	-3.2	2.0
Unprocessed food	-3.4	-3.3	0.8	0.9
Processed food	1.3	2.2	0.1	1.1
Non-food industrial goods without energy	0.1	-0.7	2.8	1.9
Services	1.7	1.7	-0.1	-0.1
Other price indicators				
Core inflation	0.5	0.5	1.0	1.1
Index of industrial producer prices on the domestic market	0.2	3.2	-1.9	1.0
Brent crude oil price (USD)	13.2	97.6	-40.0	4.7
HWWI index (excl. energy, USD)	46.7	54.3	-2.0	3.1

Note: Processed food includes alcoholic beverages and tobacco.

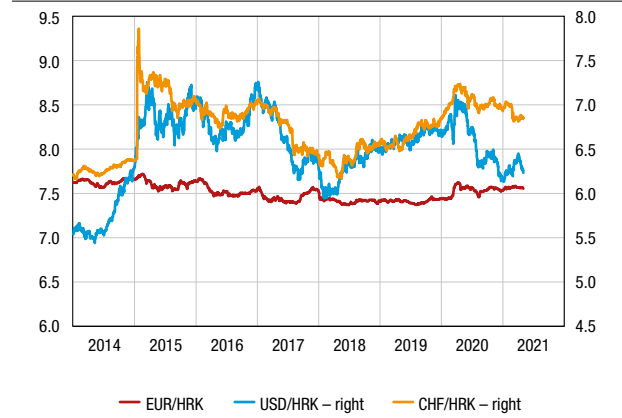
Sources: CBS, Bloomberg and HWWI.

Figure 20 Crude oil prices (Brent)



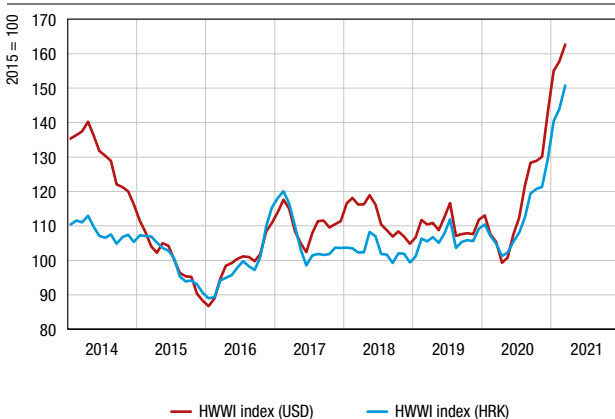
Sources: Bloomberg and CNB calculations.

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



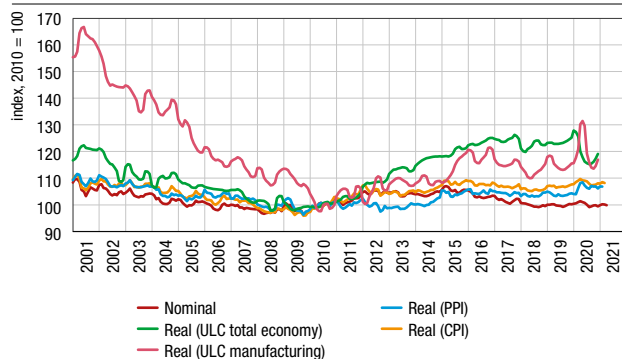
Source: CNB.

Figure 21 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

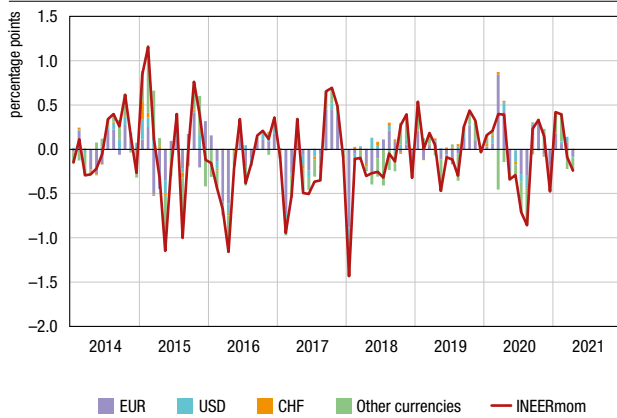
Figure 23 Nominal and real effective exchange rates of the kuna



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

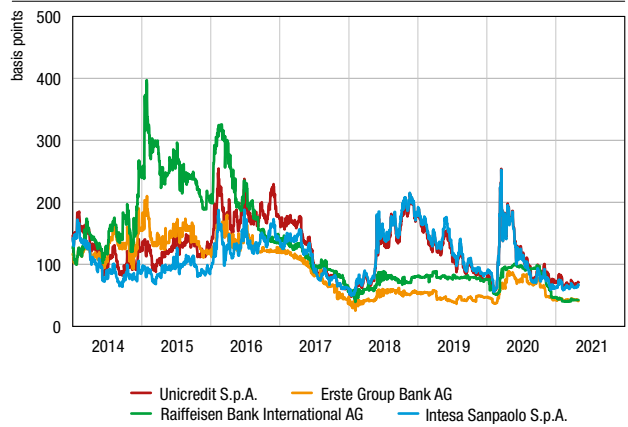
Source: CNB.

Figure 24 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



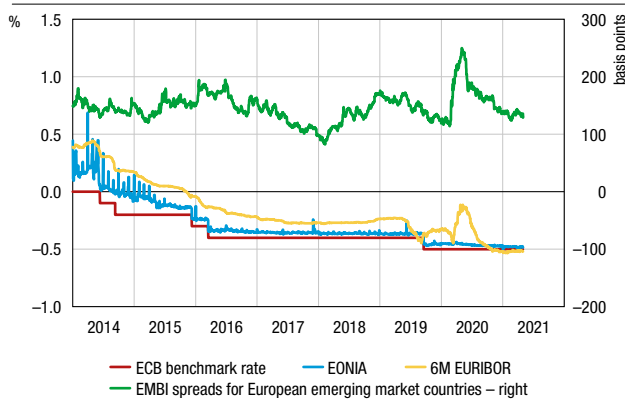
^a Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

Figure 27 CDS spreads for selected parent banks of domestic banks



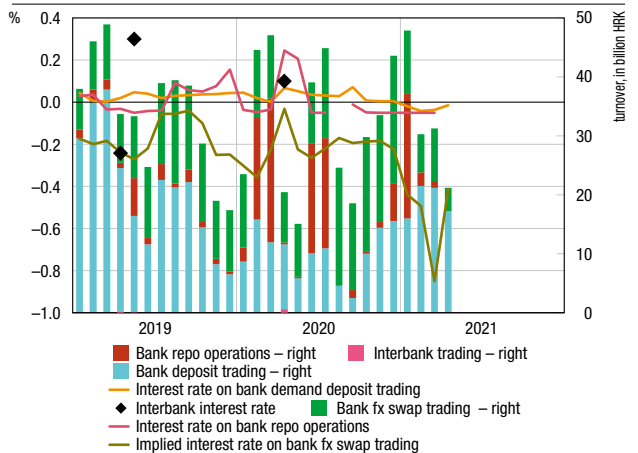
Source: S&P Capital IQ.

Figure 25 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



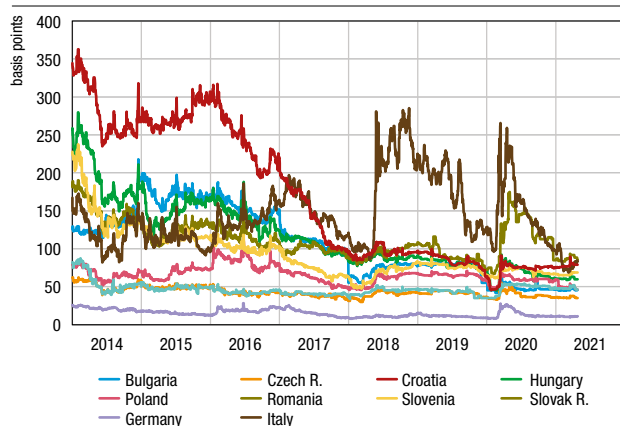
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.
Sources: ECB, Bloomberg and J.P. Morgan.

Figure 28 Overnight interest rates and turnovers



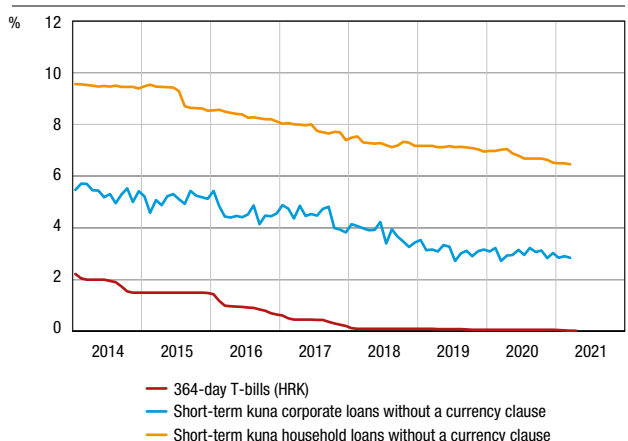
Source: CNB.

Figure 26 CDS spreads for 5-year government bonds of selected countries



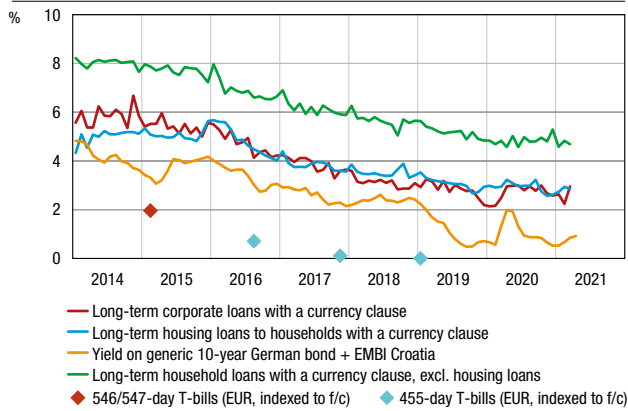
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with the issuer of an instrument.
Source: S&P Capital IQ.

Figure 29 Short-term financing costs in kuna without a currency clause



Sources: MoF and CNB.

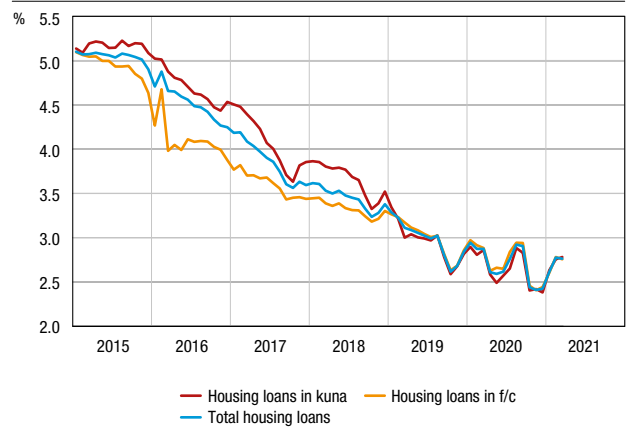
Figure 30 Long-term financing costs in kuna with a currency clause and in foreign currency



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

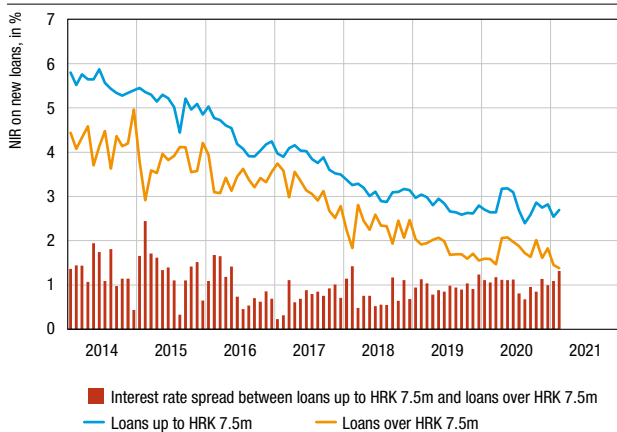
Sources: MoF, Bloomberg and CNB.

Figure 33 Interest rates on pure new housing loans to households



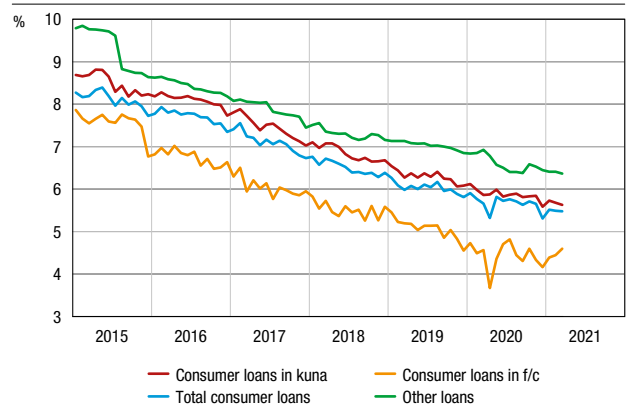
Source: CNB.

Figure 31 Bank interest rates on loans to non-financial corporations by volume



Source: CNB.

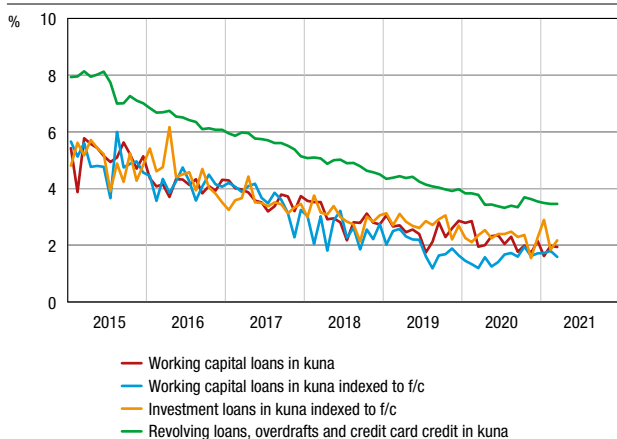
Figure 34 Interest rates on pure new consumer loans and other loans to households



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.

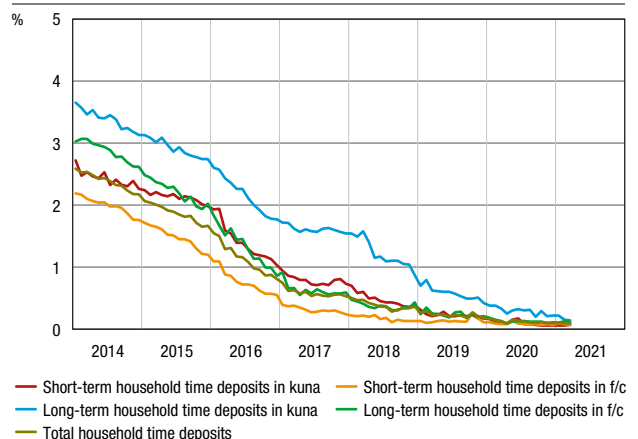
Source: CNB.

Figure 32 Interest rates on pure new loans to non-financial corporations



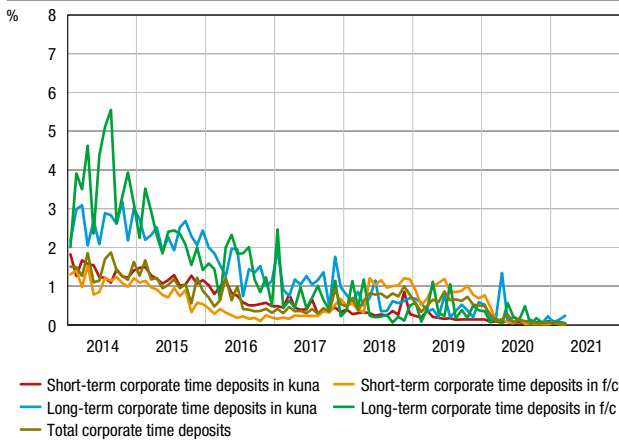
Source: CNB.

Figure 35 Interest rates on household time deposits



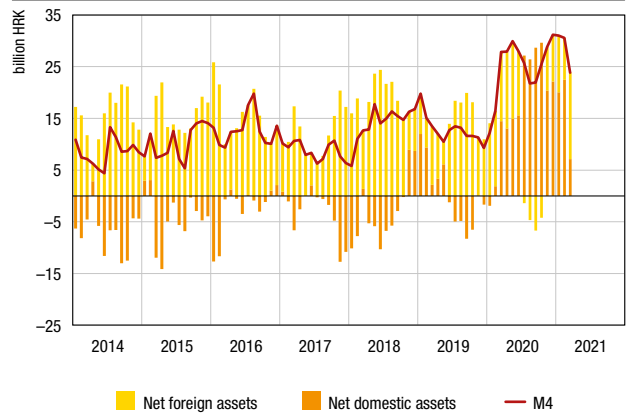
Source: CNB.

Figure 36 Interest rates on corporate time deposits



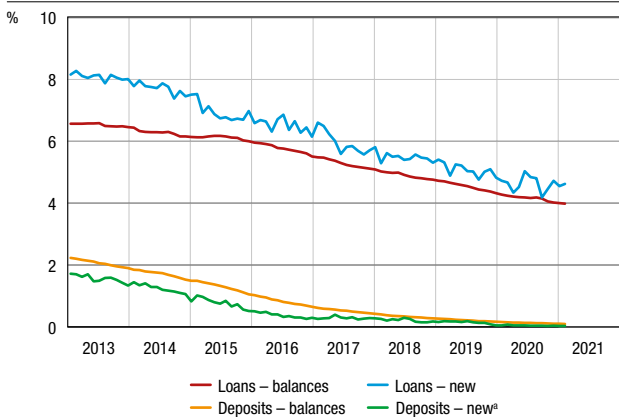
Source: CNB.

Figure 39 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



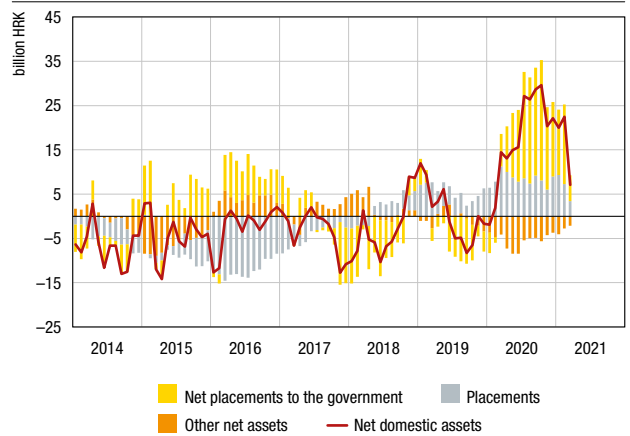
Source: CNB.

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



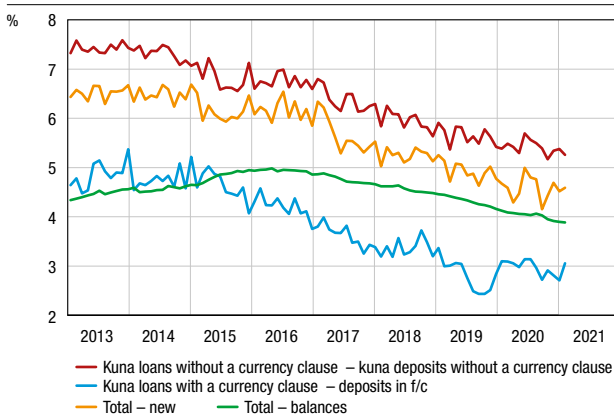
^a For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

Figure 40 Net domestic assets, structure absolute change in the last 12 months



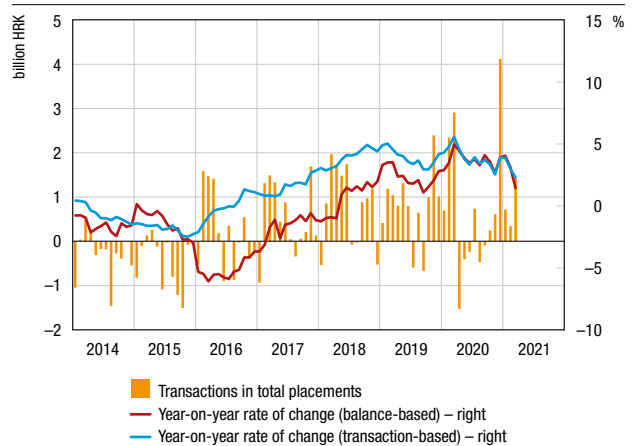
Source: CNB.

Figure 38 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



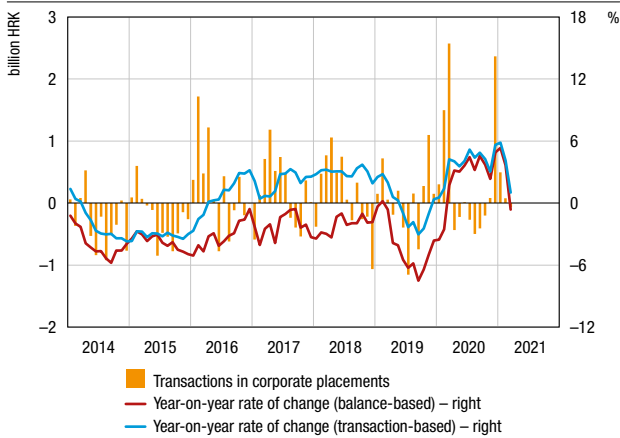
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

Figure 41 Placements



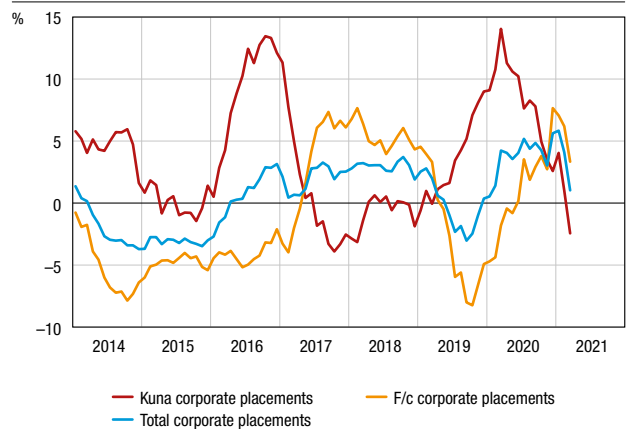
Source: CNB.

Figure 42 Placements to corporates



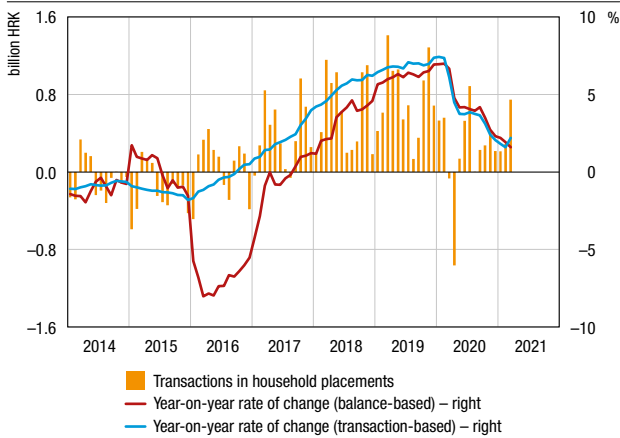
Source: CNB.

Figure 45 Annual rate of change in corporate placements transaction-based



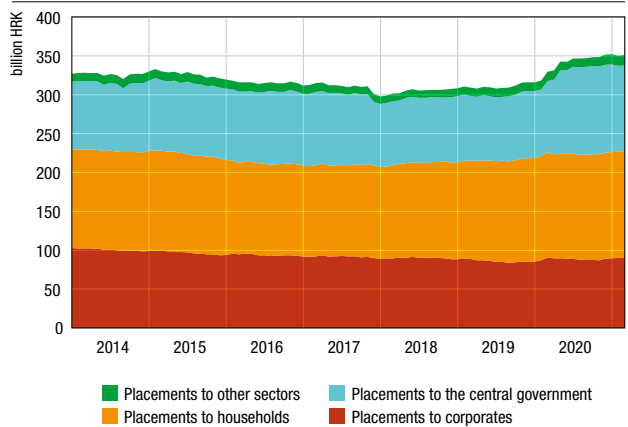
Source: CNB.

Figure 43 Placements to households



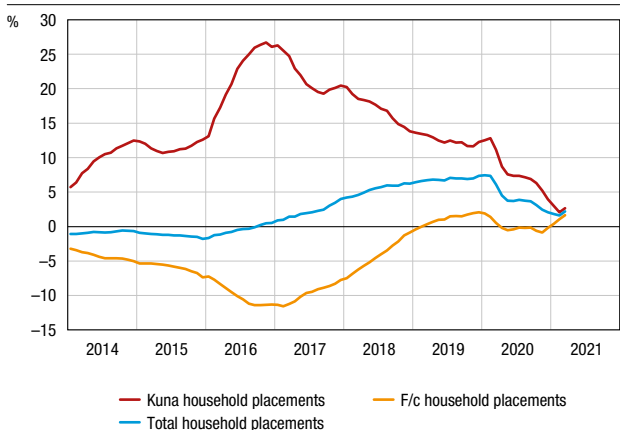
Source: CNB.

Figure 46 Structure of placements of monetary financial institutions



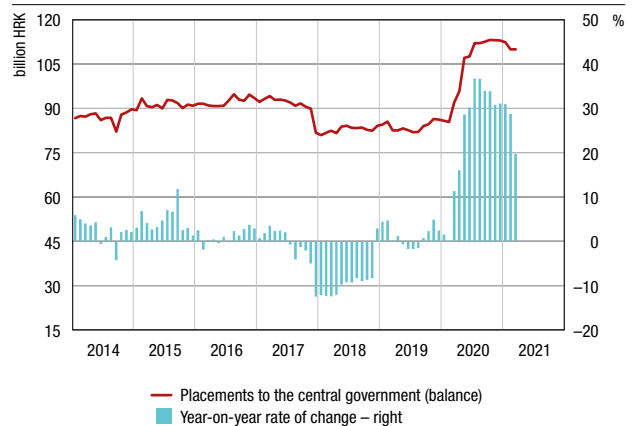
Source: CNB.

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



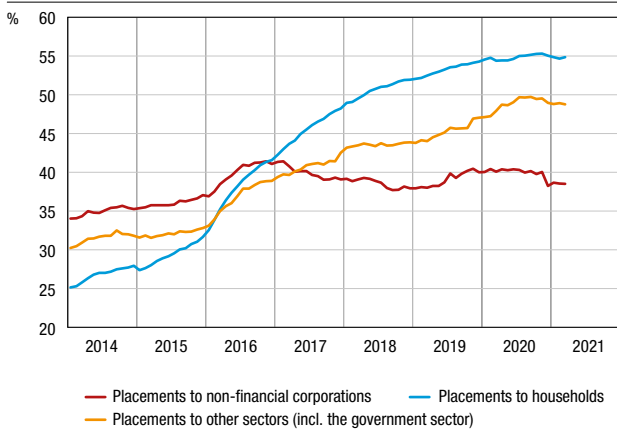
Source: CNB.

Figure 47 Placements of monetary financial institutions to the central government



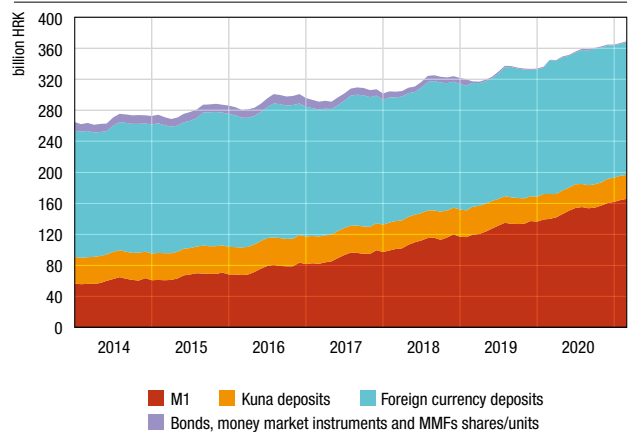
Source: CNB.

Figure 48 Share of kuna placements in total sector placements



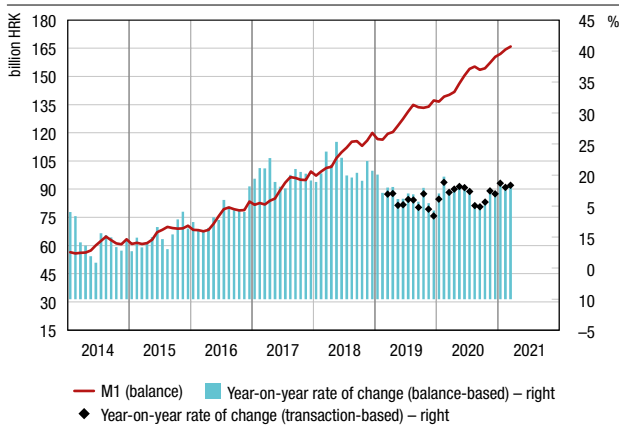
Source: CNB.

Figure 51 Structure of M4 monetary aggregate



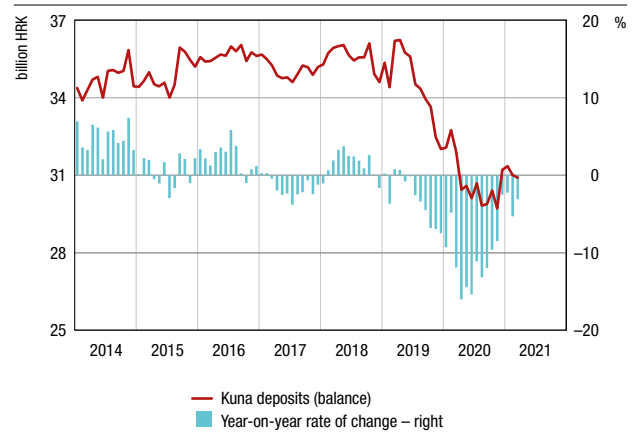
Source: CNB.

Figure 49 Money (M1)



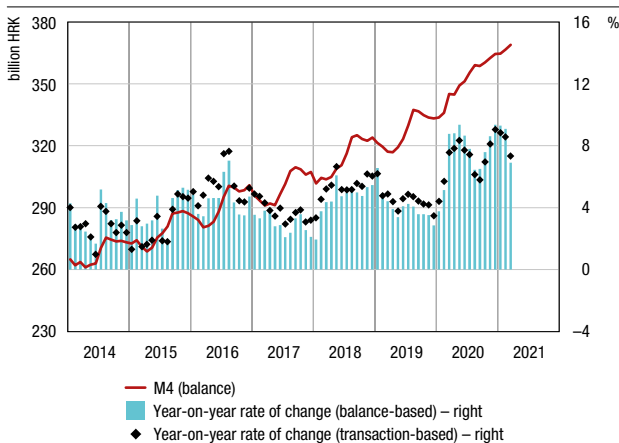
Note: From March 2019, the growth rate (transaction-based) excludes the effect of the reclassification of money market funds.
Source: CNB.

Figure 52 Kuna savings and time deposits



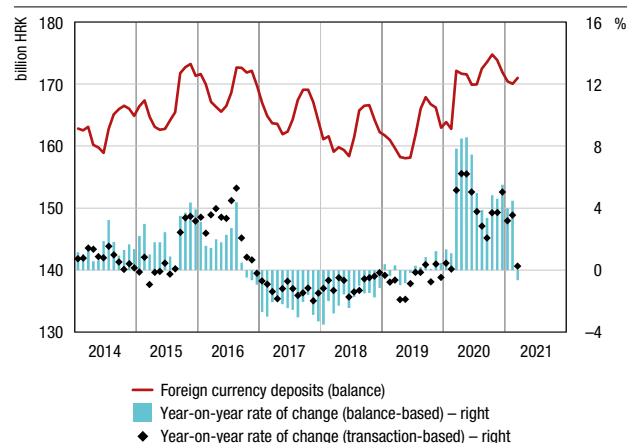
Source: CNB.

Figure 50 Total liquid assets (M4)



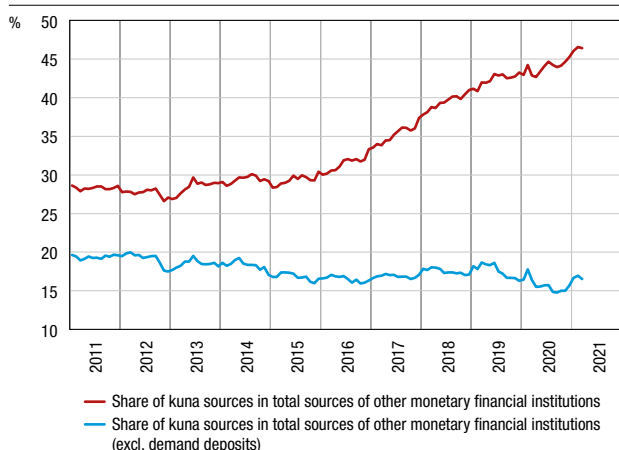
Source: CNB.

Figure 53 Foreign currency deposits



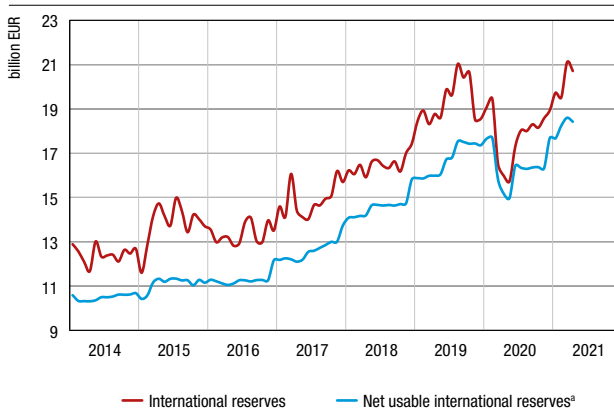
Source: CNB.

Figure 54 Share of kuna sources



Source: CNB.

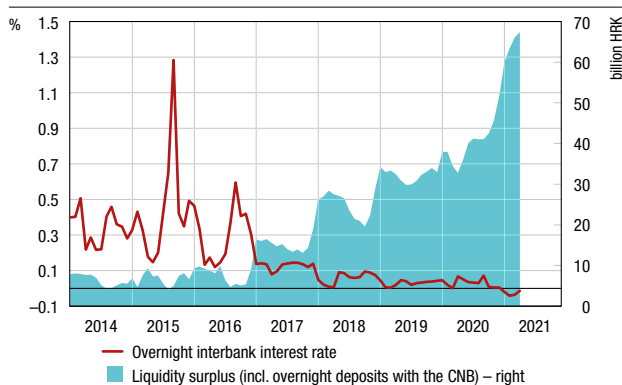
Figure 57 International reserves of the CNB at current rate of exchange



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

Source: CNB.

Figure 55 Bank liquidity and overnight interest rate on bank demand deposit trading



Notes: Liquidity surplus is the difference between the balance in bank settlement accounts with the CNB and the amount that banks are required to hold in their accounts after the calculation of reserve requirements. The overnight interest rate until the end of 2015 refers to the overnight interbank interest rate and as of the beginning of 2016 to the overnight interest rate on bank demand deposit trading.

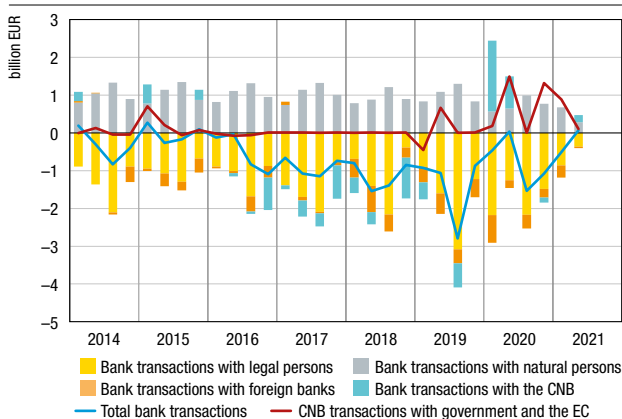
Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

	2019	2020	Indices	
			2019/2018	2020/2019
Current account	1,519.9	-379.0	162.6	-24.9
Capital account	1,114.5	1,316.1	154.0	118.1
Financial account (excl. reserves)	1,473.8	176.9	741.4	12.0
International reserves	989.4	603.5	64.0	61.0
Net errors and omissions	-171.2	-156.7	-201.8	91.5

Source: CNB.

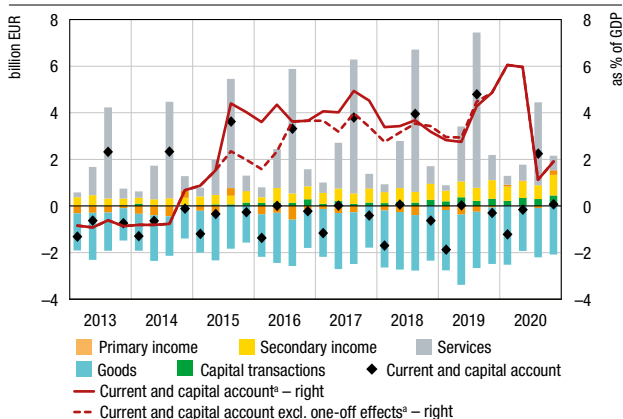
Figure 56 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the second quarter of 2021 refer to April.

Source: CNB.

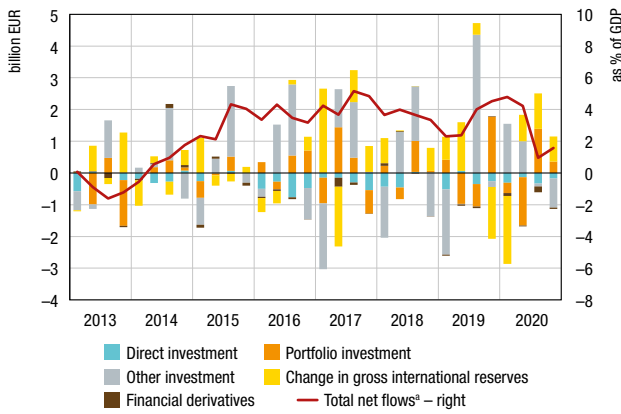
Figure 58 Current and capital account flows



^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 and 2018.

Source: CNB.

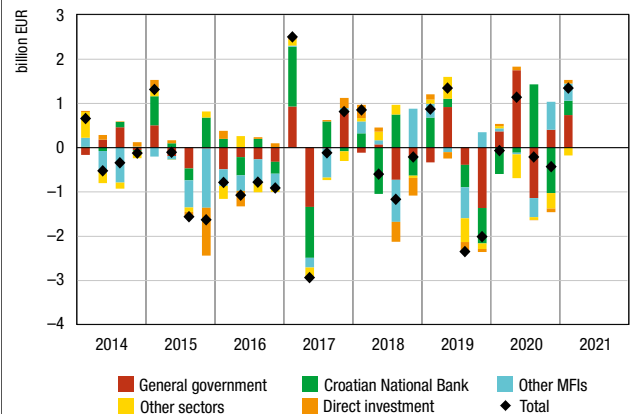
Figure 59 Financial account flows by type of investment



^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.

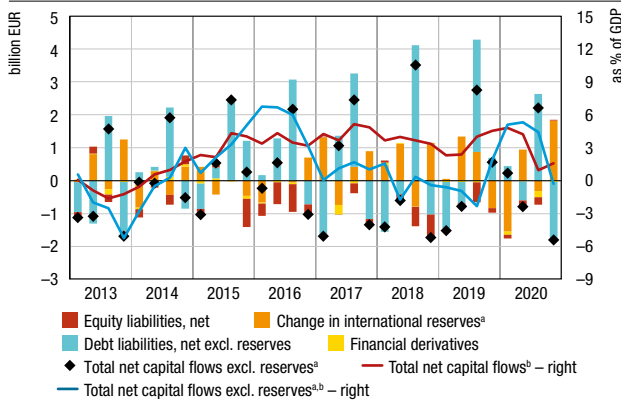
Figure 62 Gross external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the first quarter of 2021 refer to January and February.

Source: CNB.

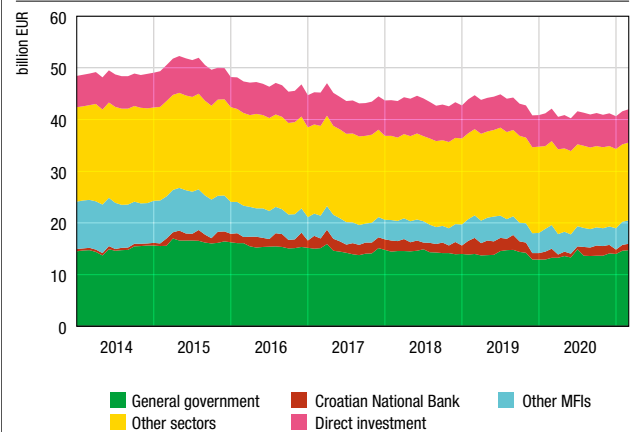
Figure 60 Financial account flows by equity to debt ratio



^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.

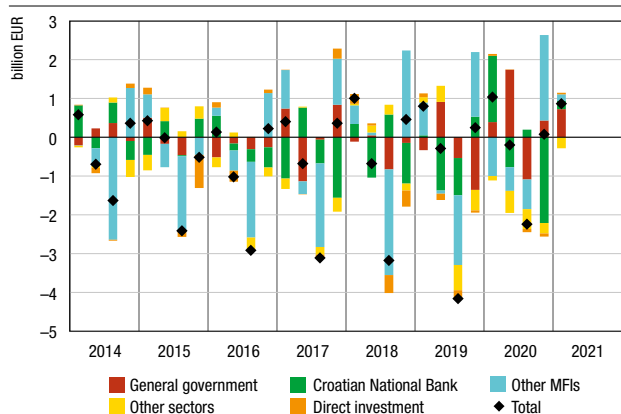
Figure 63 Gross external debt end of period



Note: Data are up to February 2021.

Source: CNB.

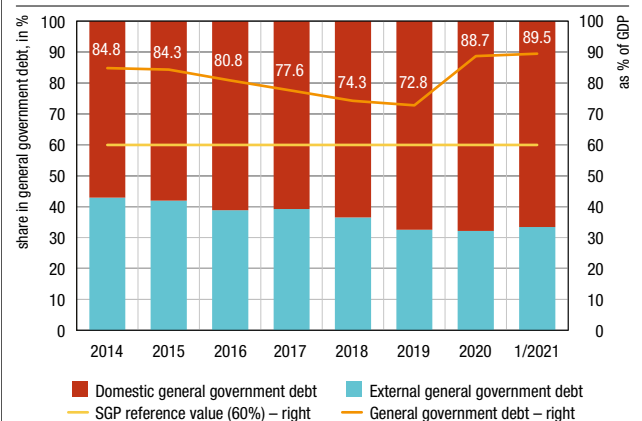
Figure 61 Net external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the first quarter of 2021 refer to January and February.

Source: CNB.

Figure 64 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Dec. 2019	Jan. – Dec. 2020
Total revenue	190,912	178,459
Direct taxes	26,683	25,076
Indirect taxes	81,285	70,704
Social contributions	47,366	45,069
Other	35,579	37,610
Total expenditure	189,713	205,958
Social benefits	62,197	64,637
Subsidies	6,195	14,242
Interest	8,907	7,404
Compensation of employees	47,845	50,380
Intermediate consumption	33,675	32,376
Investment	17,366	20,707
Other	13,528	16,213
Net lending (+)/borrowing (-)	1,199	-27,499

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Dec. 2018	Jan. – Dec. 2019
1 Revenue	148,629	160,186
2 Disposal of non-financial assets	605	1,069
3 Expenditure	142,139	152,827
4 Acquisition of non-financial assets	4,329	5,978
5 Net borrowing (1 + 2 – 3 – 4)	2,767	2,450

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan. 2020	Jan. 2021
Change in total debt stock	-1,196	2,645
Change in domestic debt stock	-1,631	-2,395
– Securities other than shares, short-term	-598	46
– Securities other than shares, long-term	-600	-2,409
– Loans	-415	-29
Change in external debt stock	435	5,040
– Securities other than shares, short-term	0	100
– Securities other than shares, long-term	515	2,826
– Loans	-80	2,114
Memo item:		
Change in total guarantees issued	-71	86

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
TRY	– Turkish lira
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