



Information on economic trends

April 2022

Summary

The GDP nowcasting model suggests current acceleration in real activity growth in the first quarter, although the annual growth rate might fall from the previous quarter. At the same time, developments in the labour market suggest employment growth and a somewhat faster growth in nominal wages. Consumer price inflation continued to accelerate in February, amid a gradual widening of the breadth of price increase. Although the current and capital account balance deteriorated in the last quarter of 2021 from the same period of the year before, mainly driven by rising profits of banks and enterprises in non-resident ownership, it improved considerably on an annual level. Banks' free reserves continued to rise, reaching their highest level ever at the end of March, while the costs of corporate and household financing further decreased in February. The annual growth rate of bank placements accelerated from 3.6% in January to 4.0% in February, mirroring acceleration in the growth of placements to non-financial corporations from 1.6% to 3.6%, while the growth rate of household placements remained at the previous month level (4.4%). The growth in housing loans continued to slow down, while the growth in general-purpose cash loans accelerated slightly. The strong recovery in economic activity in 2021 resulted in a considerable drop in the public debt to GDP ratio, from 87.3% of GDP at the end of 2020 to 79.6% of GDP at the end of December last year. According to recent Ministry of Finance data, the deficit narrowed slightly in the first two months of 2022 from the same period of the year before.

The GDP nowcasting model suggests current acceleration in real activity growth, although the annual growth rate might shrink from the previous quarter (Figure 1). A strengthening of economic growth at the beginning of the year is suggested by data on industrial production, which rose by 1.9% from the average seen in the last three months of 2021 (Figure 3). Broken down by MIGs, the production of intermediate goods, capital goods and non-durable consumer goods rose. The production of energy held steady at the previous quarterly average and the production of durable consumer goods decreased (Figure 4). Observed on a monthly level, industrial production rose in February by 2.7% from January when it fell by 0.6%. The volume of construction works in January increased by 1.1% from the previous three-month average (Figure 5), with both works on buildings and other construction works recording growth (0.7% and 3.0%, respectively) (Figure 6). On a monthly level, the volume of construction works in January fell by 0.3% from December 2021, as a result of a fall in works on buildings (0.2%). At the same time, other construction works rose by 0.2%. In contrast with favourable developments in industry and construction, the real retail trade turnover was down 2.4% in January and February from the previous quarter average (Figure 7). The increase in the real retail trade turnover in February of 1.6% from January was not sufficient to compensate for the sharp monthly fall of 3.9% in January.

Consumer optimism was further dampened in March after plunging in February, thus continuing the trend present, with certain fluctuations, since mid-last year. The February survey was conducted in the first part of the month, before the Russian invasion of Ukraine, so the escalation of geopolitical tensions does not appear to have had any considerable additional impact on domestic consumer optimism thus far. The expectations of the financial situation in the household and in the overall economic situation in Croatia for the following period of one year deteriorated the most, while the assessment of the current financial situation in households deteriorated only slightly. Business optimism was relatively stable in the first quarter, buoying expectations in construction and services, while those in industry held steady at end-last year level and those in trade deteriorated. In March, optimism in industry improved slightly from February. The expectations in trade held steady at the level of the previous month, while those in construction and services

deteriorated slightly (Figure 8).

Employment in February 2022 remained almost unchanged from the month before, its average value in January and February 2022 rising 0.6% from the previous quarter average. The slowdown in the demand for labour at the start of the year was also visible in a fall in the job vacancy rate for two consecutive quarters, which led to an increase in the number of unemployed persons in February. The registered unemployment rate in February 2022 remained at the level of the previous month (6.8% of labour force). Employment rose by 2.4% from February 2021, while the number of unemployed persons fell by almost 20% (Figure 15). The results of the Labour Force Survey for the fourth quarter of 2021 confirmed favourable developments in the labour market towards the end of the year, with the seasonally adjusted ILO unemployment rate in the fourth quarter of 2021 falling to 5.9% of the labour force, from 7.2% in the third quarter (Figure 16).

The growth in the average nominal gross wage accelerated considerably in February 2022, mainly driven by a faster growth in wages outside the civil sector and government employees sector (Figure 17). The average nominal gross wage in January and February was up 1.9% from the previous three months' average, while its purchasing power remained unchanged. The fast growth in gross wages spurred acceleration in the annual growth rate of nominal wages in February to 5.7%, although its real value fell by 0.6%.

The monthly increase in consumer prices of 0.9% in February was broadly based and included higher prices of refined petroleum products, clothing and footwear, bread and cereals, catering services and some durable and non-durable consumer goods. The annual rate of consumer price inflation continued to accelerate for the eighth consecutive month and, after reaching 5.7% in January, rose to 6.3% in February (Figure 19). Its annual growth rate exceeded 6% for the first time since 2008. Although food and energy continue to be the biggest contributors to inflation, the increase in consumer prices in February is almost fully the result of higher prices of products included in the calculation of core inflation, i.e. industrial products excluding food and energy, such as clothing and footwear, household appliances, consumer goods for household maintenance, gardens and pets. Such developments can largely be attributed to the inclusion of the increased costs arising from the earlier increase in

the prices of energy and other intermediate goods on the global market as well as freight rates, in the domestic prices of industrial products. Although to a smaller extent, the increase in inflation in February was also due to an acceleration in the annual growth rate in the prices of processed food products (primarily bread and cereals and non-alcoholic beverages), mirroring the persistently high prices of food raw materials, fertilisers and energy on the global market that are used in their production. The contribution of services to overall inflation, particularly those related to catering, also rose slightly in February. By contrast, the contribution of energy and unprocessed food products to overall annual inflation has not changed much from January, since their price increase in February 2022 was of similar intensity to that in the same month of the year before. As a result, core inflation rose by one percentage point, from 4.9% in January to 5.9% in February (Table 1). The inflation rate measured by the harmonised index of consumer prices (HICP) accelerated in February to 6.3% from 5.5% in January, exceeding the rate of inflation in the euro area by 0.5 percentage points. The rate of inflation measured by the HICP excluding energy, food, alcoholic beverages and tobacco accelerated in February somewhat faster in Croatia than in the euro area and stood at 3.5%, exceeding that in the euro area by 0.8 percentage points. In addition to the factors mentioned above, the developments in inflation in the upcoming period will be affected by the war in Ukraine and sanctions against Russia that prompted a steep rise in raw materials and energy prices.

The current and capital account recorded a deficit of EUR 31m in the fourth quarter of 2021, having widened by EUR 144m from the same period of the year before (Figure 64). This is mostly the result of a growth in the profits of banks and enterprises owned by non-residents (particularly in the real estate activity). The foreign trade deficit also rose (EUR 0.3bn) amid a fast growth in goods exports and imports (42.3% and 31.1%, respectively). The very high growth rates of goods exports and imports reflect increased foreign and domestic demand as well as the increased prices of goods, particularly energy and other raw materials on the global market. At the same time, the surplus in the secondary income and capital transaction accounts fell only slightly, while the unfavourable developments in the current and capital account were mitigated by a sharp rise in net services exports (EUR 0.6bn), particularly travel services and to a lesser extent net exports of other services, most notably construction services. Taking 2021 as a whole, the surplus on the current and capital account stood at 5.8% of GDP, having increased 3.7 percentage points from 2020.

March saw stronger pressures on the exchange rate of the kuna against the euro amid rising geopolitical uncertainties, despite the approaching entry of Croatia into the euro area. To alleviate the weakening of the domestic currency in the context of the policy of maintaining the stability of the exchange rate, the CNB intervened in the foreign exchange market on three occasions in March, selling a total of EUR 385 mil worth of foreign exchange to the banks, with one intervention taking place outside of auction. At the end of March, the exchange rate stood at EUR/HRK 7.58, having risen 0.4% from the end of February or 0.1% from the same period of the previous year (Figure 22). The nominal effective exchange rate of the kuna at the end of March was up 0.4% from the end of February¹. The depreciation was mostly the result of the weakening of the kuna against the euro and to a lesser extent of kuna weakening against the

yuan renminbi and the US dollar, mirroring the strengthening of these currencies against the euro on the international foreign exchange market.

The euro short-term interest rate, €STR, remained almost unchanged in March and stood at -0.59% at the end of the month, while the six-month EURIBOR continued to grow, reaching -0.37% at the end of March (Figure 26). Investors' expectations regarding further inflation growth, the uncertainty associated with the Russian aggression against Ukraine and further monetary policy tightening by the Fed and other central banks fuelled a faster growth in the yields on U.S. and Germany government bonds in March (Figure 25), with similar developments being recorded in most peer countries. The risk premiums for European emerging market economies continued to grow, particularly in the first half of March (Figure 27), with Romania and Hungary witnessing the fastest growth. The risk premium for Croatia rose by 9 basis points and stood at 103 basis points at the end of March, thus continuing to record slightly higher values than peer CEE countries, except Romania.

Banks' free reserves reached record highs. Thus the average daily surplus kuna liquidity of the domestic banking system in March stood at HRK 78.7bn (Figure 61), having risen from HRK 77.2bn in the preceding month. For the first time since April 2020, the domestic interbank overnight market recorded a modest turnover at the interest rate of 0.05% (Figure 29). Other segments of the overnight money market witnessed a fall in interest rates. The implicit interest rate derived from banks' swap trading fell to -0.15% in March, the interest rate on bank demand deposit trading to -0.03% and the interest rate on repo transactions of banks to -0.05% amid a small turnover. The average daily balance of regular weekly operations in March stood at HRK 167m, with the average fixed interest rate standing at 0.05%, and the banks exhibiting no interest in CNB funding at the end of March. As regards the costs of government financing, the interest rate on one-year kuna T-bills of the Ministry of Finance rose to 0.05% in March (Figure 30), after standing at 0.01% in the first two months of 2022. Even though yields on Croatian government bonds fell slightly in the second half of March, the yield curve held steady at a higher level than that prior to the Russian invasion of Ukraine (Figure 31).

The interest rate on pure new corporate loans fell in February by 22 basis points to 1.59% (Figure 34). The fall in the costs of corporate financing was mostly driven by a fall in the interest rate on loans to medium-sized enterprises (-15 basis points) and a fall in the share of financing of micro enterprises (-14 basis points) that borrow at higher interest rates (Figure 37). The cost of corporate financing on an annual level fell by 41 basis points (Figure 35), mostly fuelled by a fall in the interest rate on investment and syndicated loans (-18 basis points) and loans for working capital (-15 basis points). As regards households, the interest rate on pure new loans to that sector fell in February by 4 basis points to 4.08% (Figure 38), mainly as a result of a fall in the interest rate on general-purpose cash loans. The costs of household financing fell by 40 basis points on an annual level (Figure 39), mostly driven by a fall in interest rates on general-purpose cash loans (-20 basis points) and housing loans (-10 basis points). As regards deposits, the interest rates on household and corporate time deposits remained almost unchanged in February (Figures 41 and 42). In line with the monthly fall in the costs of financing, the spread between interest rates on total pure new loans and deposits fell to 4.0 percentage points in February (Figure 44), while the spread between interest rates on total loans and deposits remained unchanged at 3.6 percentage points.

Monetary developments in February were marked by a

¹ The exchange rate of the Russian rouble has been fixed until further notice at the level of the last published ECB reference rate on 1 March, thus counteracting the effect of a pronounced volatility of this currency in the international foreign exchange market on effective exchange rates of the kuna.

further gradual slowdown in the growth of monetary aggregates. Total liquid assets (M4) fell by a slight HRK 0.4bn or 0.1% (transaction-based), reflecting the fall in net foreign assets (NFA) of the monetary system and a simultaneous growth in net domestic assets (NDA) (Figure 45). Money (M1) rose by HRK 1.2bn or 0.6% on a monthly level, with household demand deposits growing the most. Quasi-money fell by HRK 1.6bn (0.7%) as a result of a fall in kuna deposits of the domestic sectors, particularly other financial institutions. Although still growing at high growth rates: M4 by 9.6% and M1 by 14.9%, the annual growth in M4 and M1 continued to slow down gradually (Figures 55 and 56).

Total placements of monetary institutions to domestic sectors (except the central government) rose by HRK 1.4bn (0.6%) in February, with their annual growth rate accelerating to 4.0% in February from 3.6% in January (Figure 47). The monthly growth in placements can fully be accounted for by loans as the prevailing item of placements, with loans to non-financial corporations growing the fastest (HRK 1.8bn). Household loans rose slightly (HRK 0.3bn) while loans to other financial institutions fell (HRK 0.7bn). If loans to households are broken down by instruments, housing loans continued to grow slightly (HRK 0.2bn), followed by general-purpose cash loans (HRK 0.1bn). Thus, the growth in housing loans continued to slow down on an annual level, having fallen from 8.4% in January to 8.0% in February) while the growth in general-purpose cash loans accelerated slightly from 3.3% to 3.4%. The annual growth in total household placements thus held steady at the level of the previous month (4.4%, Figure 49). By contrast, the annual growth in placements to non-financial corporations accelerated, reaching 3.6% in February (Figure 48).

Gross international reserves fell in March by EUR 2.2bn or 8.4% from February, reaching EUR 24.1bn at the end of the month (Figure 63). The fall in gross reserves was the result of a lower level of agreed repo operations and the sale of foreign exchange to the banks to preserve the stability of the exchange rate of the kuna against the euro. At the same time, net usable reserves fell by EUR 0.5bn or 2.3% and stood at EUR 20.4bn at the end of the month. Gross international reserves thus rose by

EUR 3.0bn or 14.0% from the same month of the year before.

In the fourth quarter of 2021, the financial account of the balance of payments witnessed, if the change in the gross international reserves and liabilities of the CNB is excluded, a net capital inflow of EUR 0.7bn (Figure 66). The net inflow of capital seen during that period mostly mirrors the growth in net equity liabilities of domestic sectors arising from the growth in liabilities from reinvested earnings of banks and enterprises in foreign ownership, and to a lesser extent, the growth in direct equity investments in Croatia, particularly in the real estate activity. In addition to net equity liabilities, net debt liabilities also rose slightly, primarily as a result of a seasonal deterioration in the net foreign position of credit institutions (Figure 67). By contrast, the assets of banks in TARGET2² managed by the central bank grew. Government debt liabilities also rose noticeably on account of the amount of funds allocated to end users exceeding the amount of funds received from the EU budget and the pre-payment made for the acquisition of fighter aircrafts, while other domestic sectors also reduced their net debt liabilities, including liabilities towards their affiliated creditors. At the same time, the international reserves of the central bank grew as a result of a purchase of foreign exchange from the government so the total net inflow of capital, including the CNB reserves was thus noticeably smaller, at EUR 0.3bn.

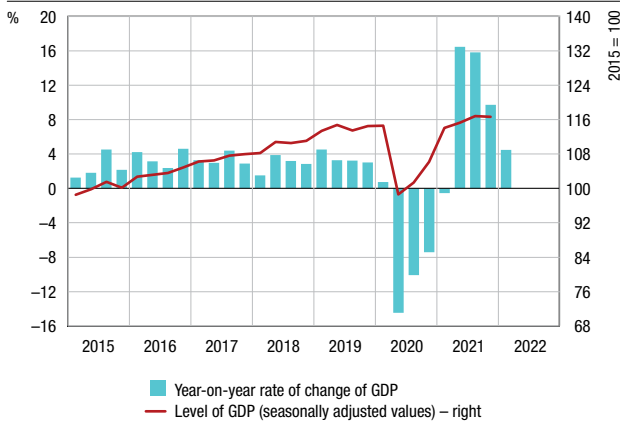
According to the Ministry of Finance data³, the budget deficit in February was HRK 3.1bn, a slight deterioration from the deficit generated in the same month of 2021 (HRK 3.0bn). These developments reflect a small fall in revenues (−0.9%) and a stagnation in expenditures (0.0%) on an annual level. In the first two months of 2022, the deficit stood at HRK 3.4bn, having improved by some HRK 0.3bn from the deficit generated in the same period of the previous year (HRK 3.7bn).

At the end of December 2021, the consolidated general government debt came to HRK 343.6bn, having risen by HRK 13.2bn from the end of 2020. As for the relative indicator of public debt, the strong recovery in economic activity resulted in a drop in the public debt to GDP ratio from 87.3% of GDP at the end of 2020 to 79.6% at the end of December last year.

2 Bank funds within the TARGET2 system constitute central bank foreign assets but are not part of the international reserves.

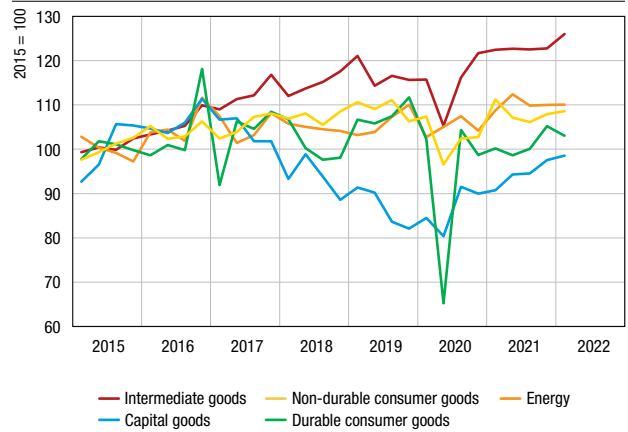
3 The budget balance and total revenues and expenditures refer to monthly data for the central government, state government and social security sub-sectors, the publication of which by the Ministry of Finance before the end of the following calendar month is required under Council Directive 2011/85/EU. The published data refer to general government units according to the scope of the ESA 2010 statistical methodology, except for data for the local government, which are published on a quarterly basis.

Figure 1 Quarterly gross domestic product seasonally adjusted real values



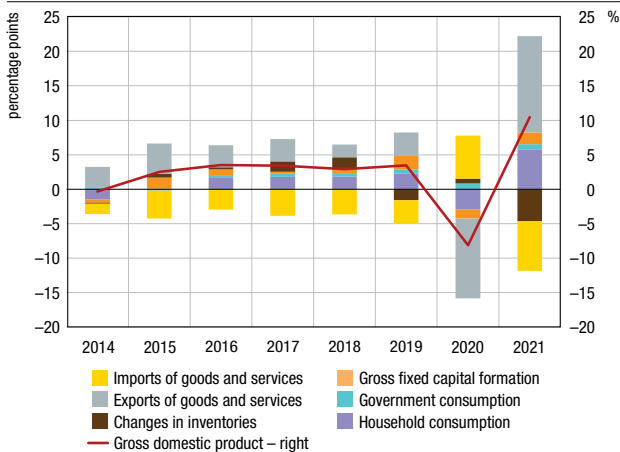
Note: Data for the first quarter of 2022 refers to the CNB's monthly indicator of real economic activity, estimated on the basis of data published until 31 March 2022.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 4 Industrial production by main industrial groupings seasonally adjusted indices



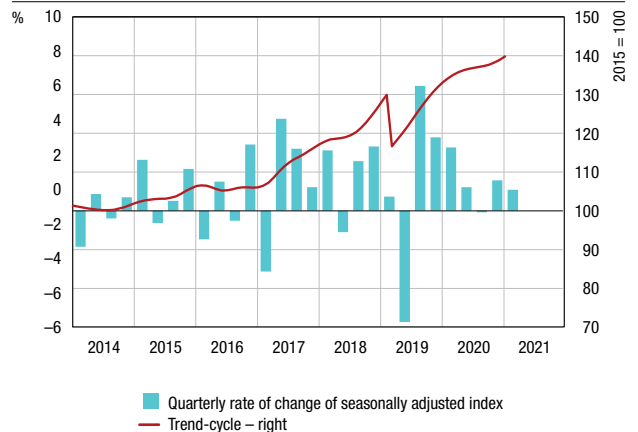
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change contributions by components



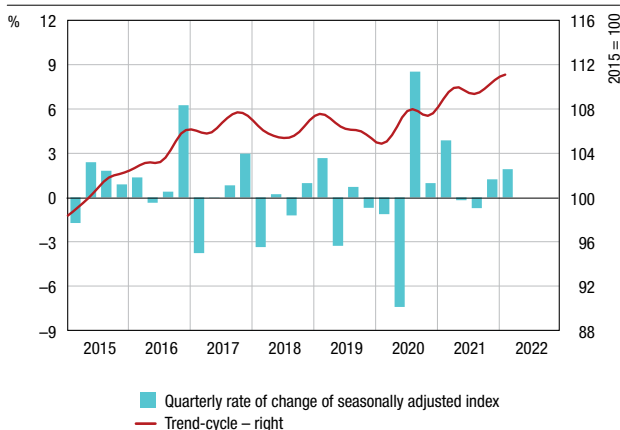
Source: CBS.

Figure 5 Total volume of construction works



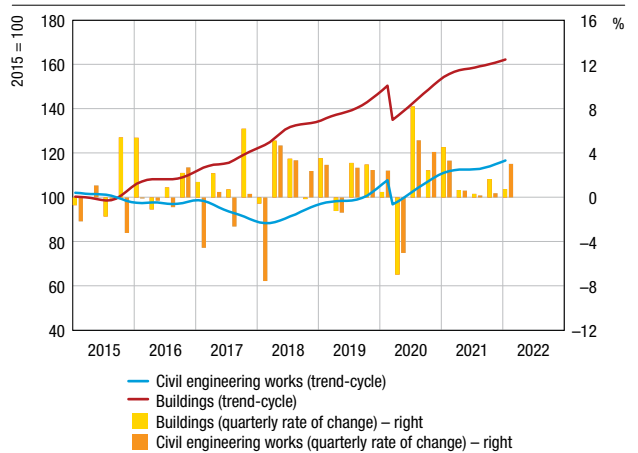
Note: Data for the first quarter of 2022 refers to January.
Source: CBS data seasonally adjusted by the CNB.

Figure 3 Industrial production



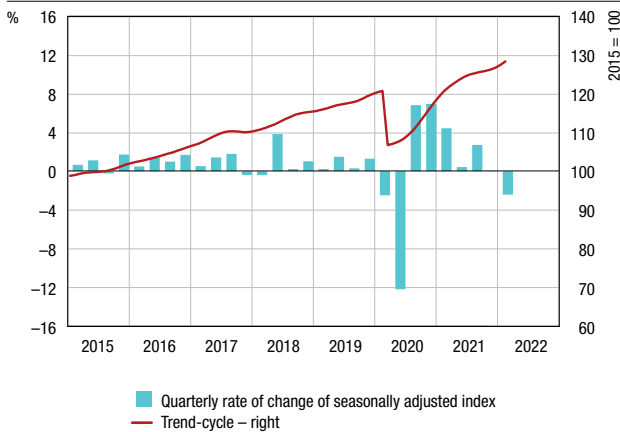
Note: Data for the first quarter of 2022 refers to January and February.
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



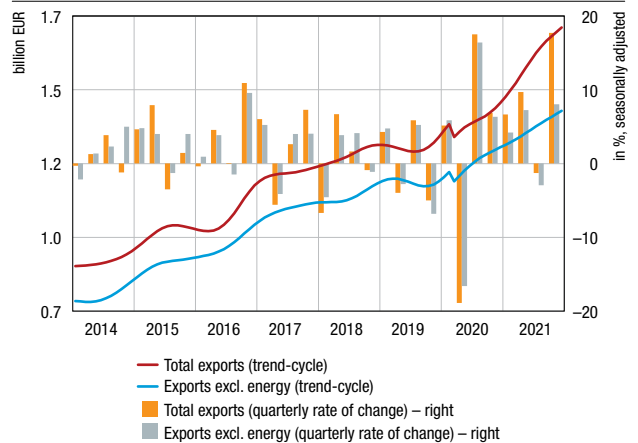
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



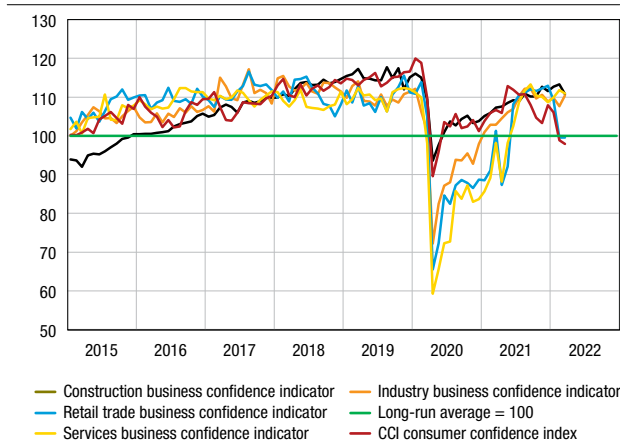
Note: Data for the first quarter of 2022 refer to January and February.
Source: CBS data seasonally adjusted by the CNB.

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



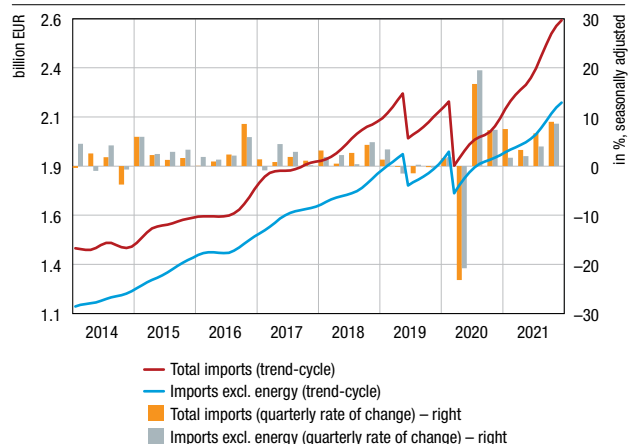
Source: CBS data seasonally adjusted by the CNB.

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



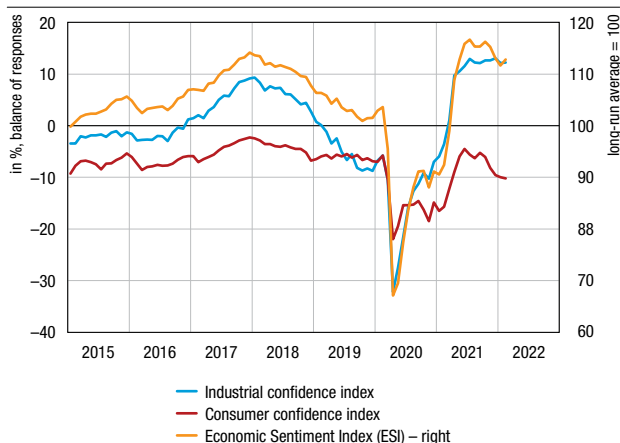
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



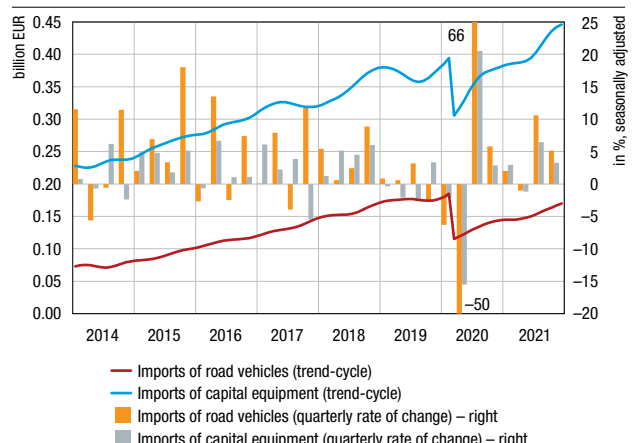
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



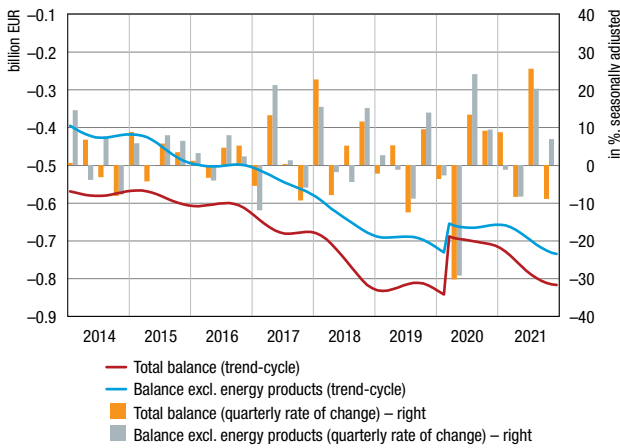
Note: Data are up to February 2022.
Source: Eurostat.

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



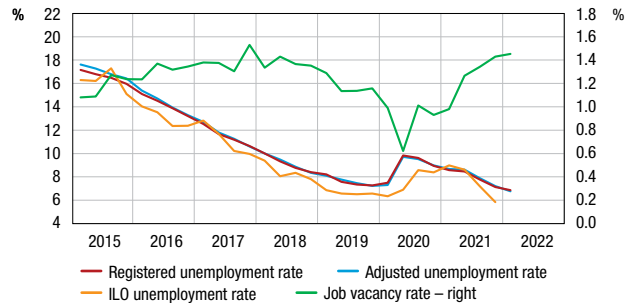
Notes: Imports of capital equipment (SITC divisions 71 – 77).
Source: CBS data seasonally adjusted by the CNB.

Figure 13 Trade of goods balance



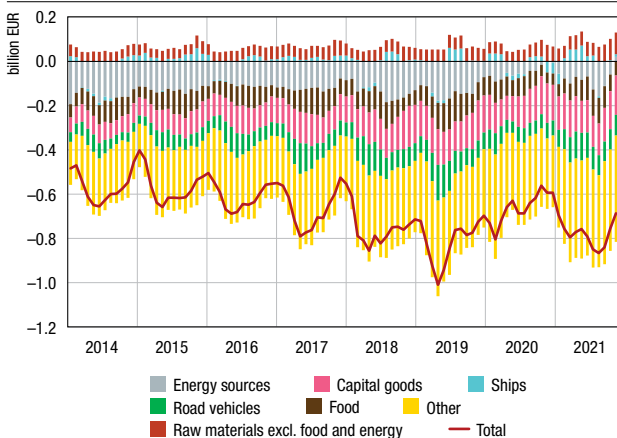
Source: CBS data seasonally adjusted by the CNB.

Figure 16 Unemployment and job vacancy rates seasonally adjusted data



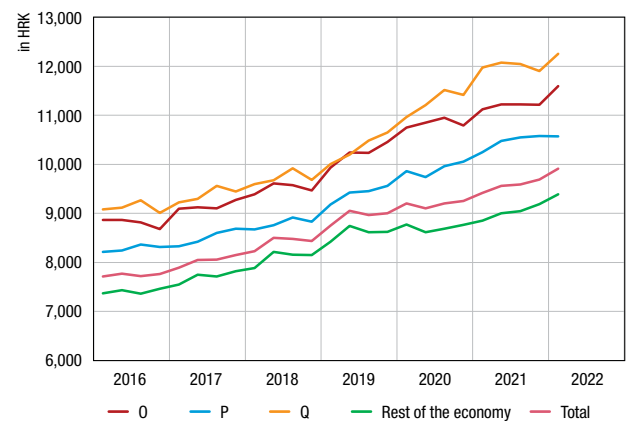
Notes: Since January 2015, the calculation of the registered unemployment rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate 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). The job vacancy rate is calculated as the share of total posts that are vacant in the total demand for labour (the sum of the number of persons insured with the CPII and vacant posts). Data for the first quarter of 2022 refer to January and February.
Sources: CBS, CES and CNB calculations (seasonally adjusted by the CNB).

Figure 14 Trade in goods balance by product groups



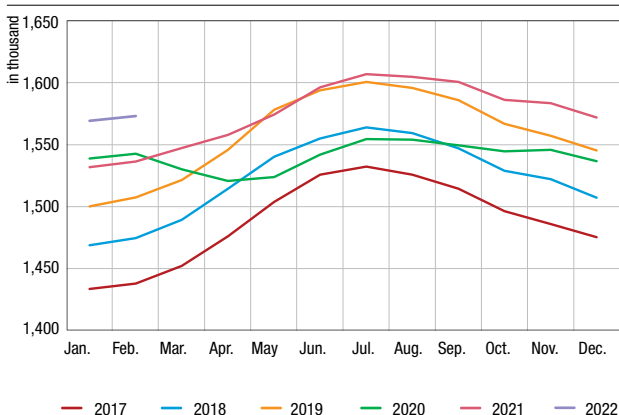
Notes: Series are shown as three-member moving averages of monthly data.
Source: CBS.

Figure 17 Average nominal gross wage by NCA activities original data



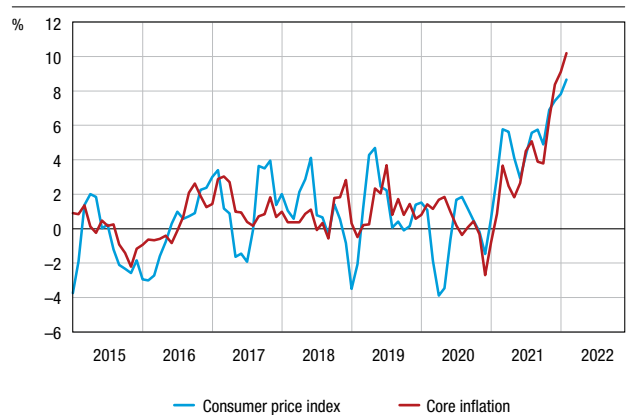
Notes: O – Public administration and compulsory social security, P – Education, Q – Human health. Data for the first quarter of 2022 refer to January and February.
Sources: CBS and CNB calculations.

Figure 15 Employment original data



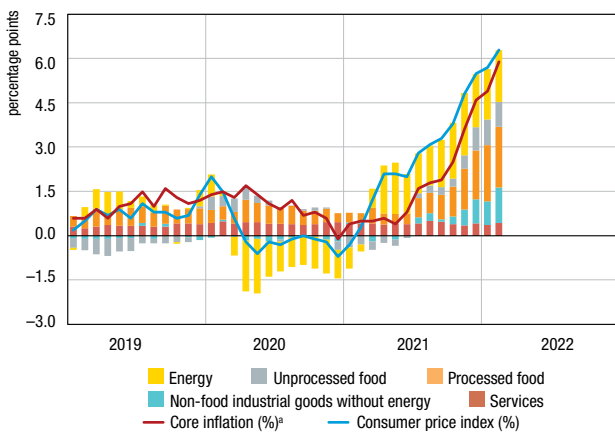
Source: CPII.

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

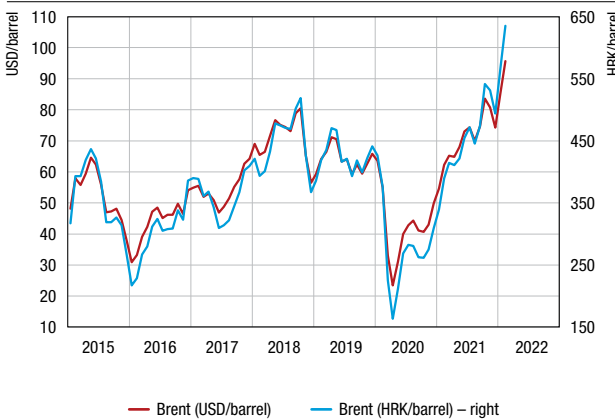
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	1/22	2/22	2/21	2/22
Consumer price index and its components				
Total index	5.7	6.3	0.3	0.9
Energy	10.2	10.4	1.3	1.5
Unprocessed food	10.3	10.0	0.6	0.4
Processed food	8.4	9.1	-0.3	0.4
Non-food industrial goods without energy	3.1	4.6	0.1	1.5
Services	1.4	1.7	0.1	0.5
Other price indicators				
Core inflation	4.9	5.9	0.0	0.9
Index of industrial producer prices on the domestic market	20.7	21.3	1.4	1.9
Brent crude oil price (USD)	56.6	53.8	14.0	12.0
HWWI index (excl. energy, USD)	21.0	25.2	2.8	6.3

Note: Processed food includes alcoholic beverages and tobacco.

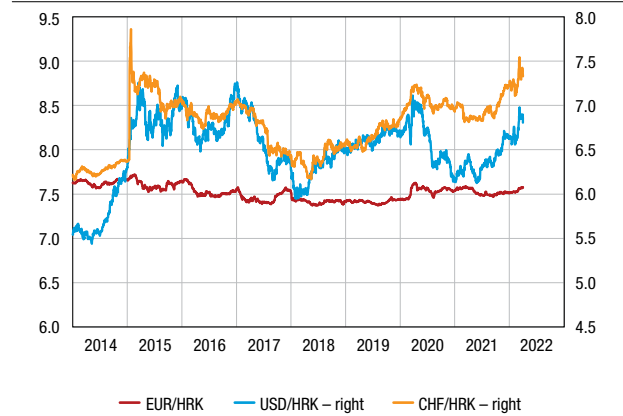
Sources: CBS, Bloomberg and HWWI.

Figure 20 Crude oil prices (Brent)



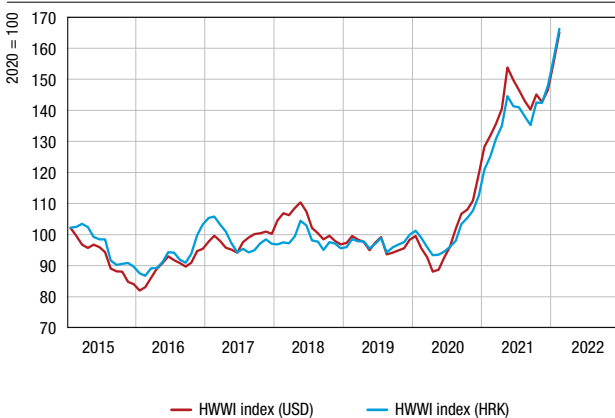
Sources: Bloomberg and CNB calculations.

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



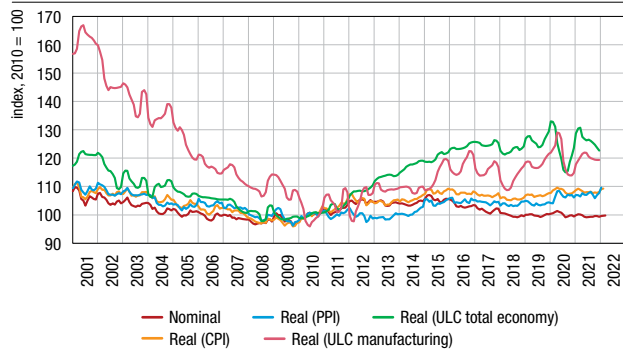
Source: CNB.

Figure 21 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

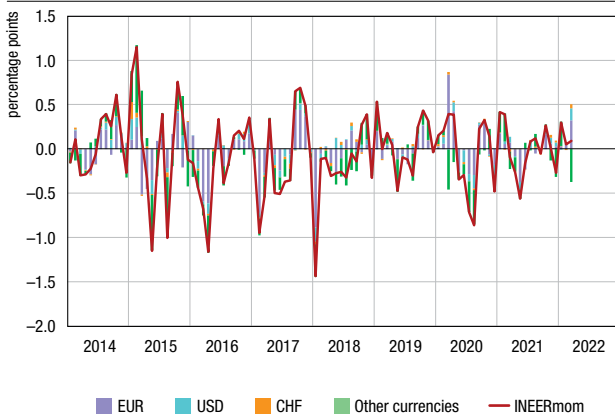
Figure 23 Nominal and real effective exchange rates of the kuna



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.

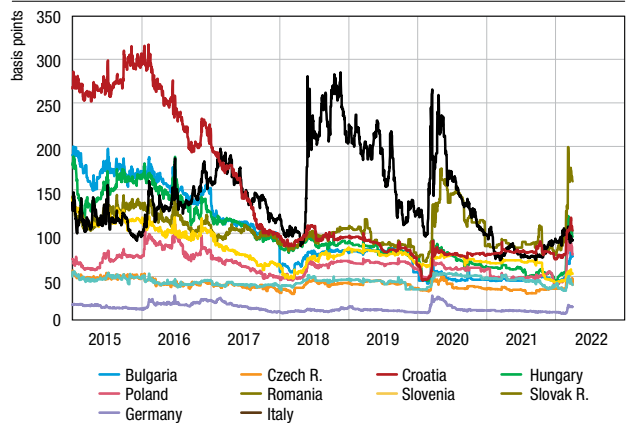
Figure 24 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



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

Source: CNB.

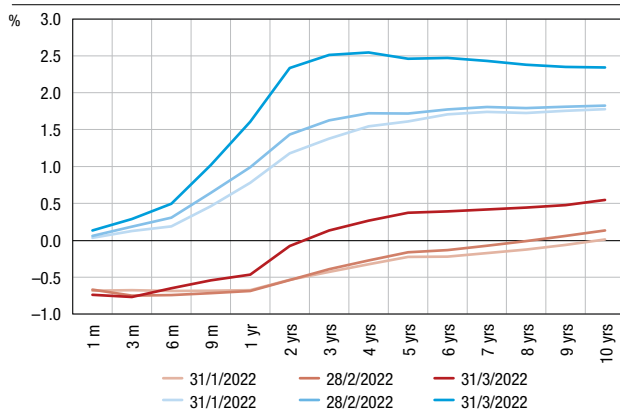
Figure 27 CDS spreads for 5-year government bonds of selected countries



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.

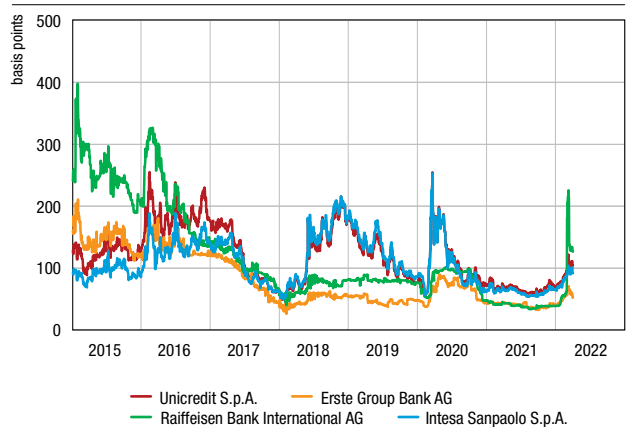
Figure 25 Yields to maturity on US government and German government bonds



Note: Blue denotes yields on US bonds and red yields on German bonds. The first four labels on the individual dates refer to monthly yields and the remaining ones refer to annual yields.

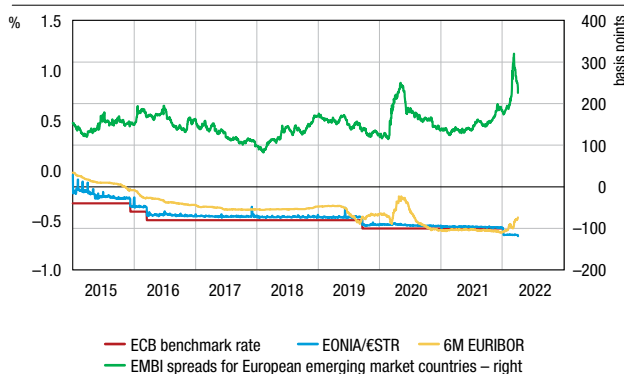
Source: Bloomberg.

Figure 28 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

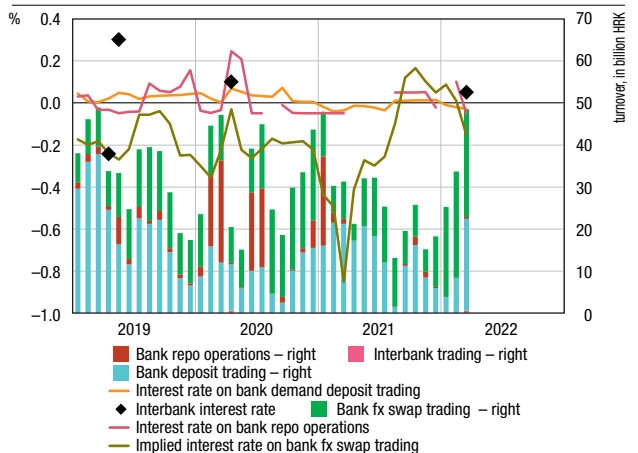
Figure 26 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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. Since the start of 2022, the EONIA has been replaced by €STR.

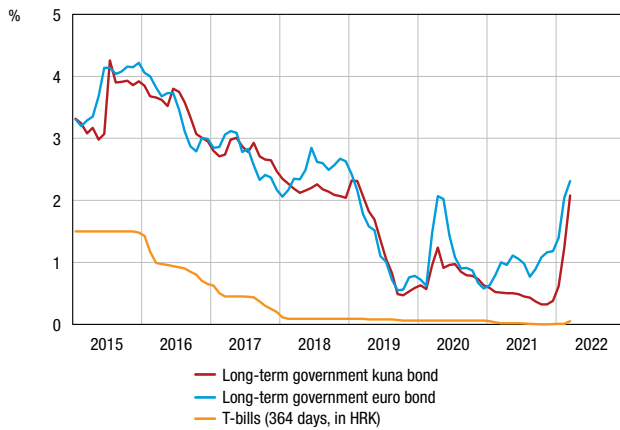
Sources: ECB, Bloomberg and J.P. Morgan.

Figure 29 Overnight interest rates and turnovers



Source: CNB.

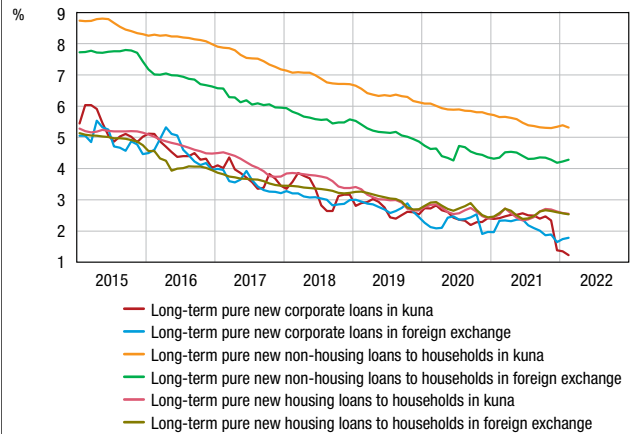
Figure 30 Yields on T-bills and bonds of the Republic of Croatia



Note: Yields on long-term bonds refer to bonds with a remaining maturity of ten years, i.e. to bonds of the most similar maturity.

Source: CNB.

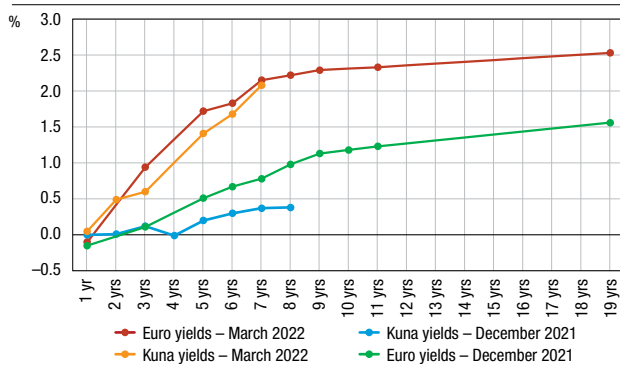
Figure 33 Long-term financing costs



Note: Quarterly weighted moving averages. Loans in foreign exchange also include loans in kuna with a currency clause.

Source: CNB.

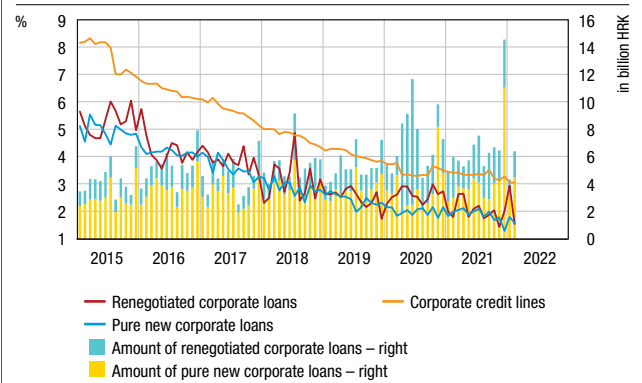
Figure 31 Yields to maturity on RC bonds



Note: The dots show the achieved yields, while other values have been interpolated. Data for a one-year yield refer to the achieved interest rate on one-year T-bills without a currency clause and with a currency clause in the euro. The yield on one-year T-bills without a currency clause at end-2021 refers to November. The yield on one-year T-bills with a currency clause in the euro refers to October 2021 and February 2022, respectively.

Source: CNB.

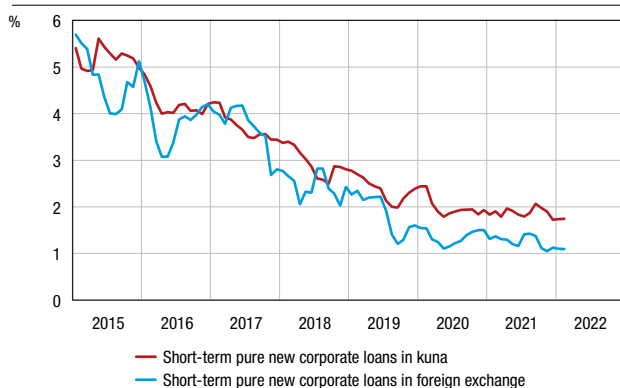
Figure 34 Interest rates and amount of corporate loans



Note: Data on pure new loans are not available for credit card loans, overdrafts, revolving loans and receivables on charge cards since their new business volume (for other instruments, this includes both pure new loans and renegotiated loans) is equal to balances and thus included in the credit line category).

Source: CNB.

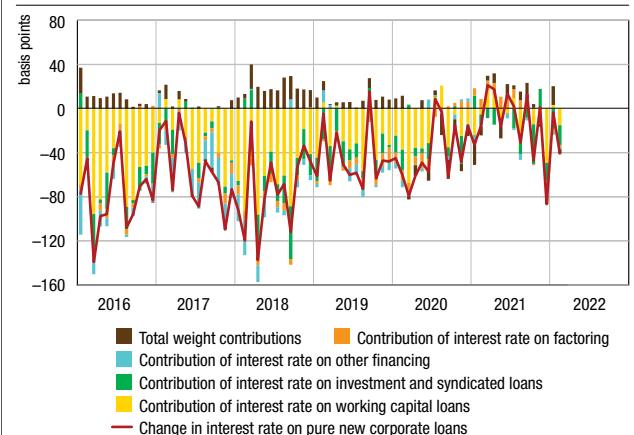
Figure 32 Short-term financing costs



Note: Quarterly weighted moving averages. Foreign currency loans also include kuna loans with a currency clause. Interest rates on short-term pure new household loans are not shown because they account for a very small share of total pure new household loans.

Source: CNB.

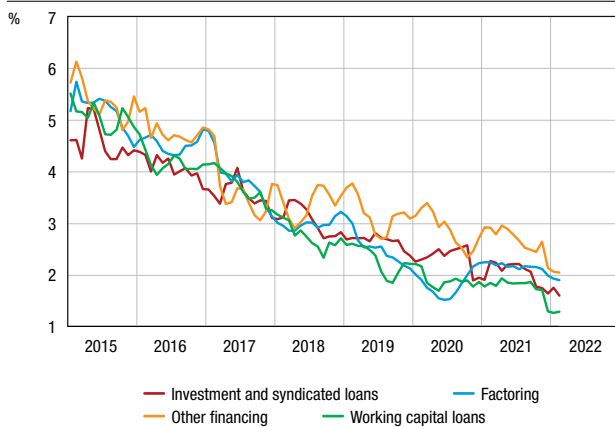
Figure 35 Contributions to the annual change in the interest rate on pure new corporate loans



Note: Calculated by applying the Bennet index, according to which total contribution is divided into interest rate effect and weight effect.

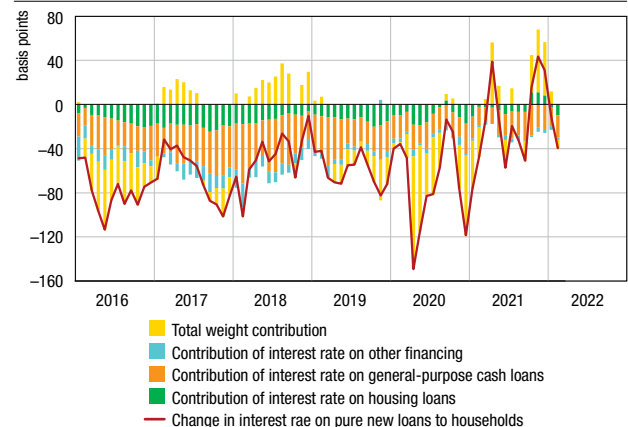
Source: CNB.

Figure 36 Interest rates on pure new corporate loans by purpose



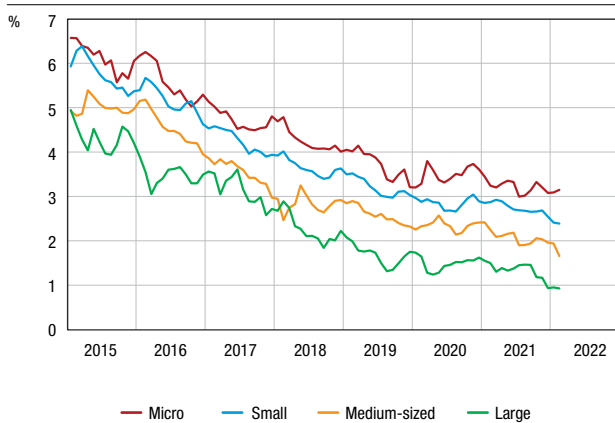
Note: Quarterly weighted moving averages.
Source: CNB.

Figure 39 Contributions to the annual change in the interest rate on pure new household loans



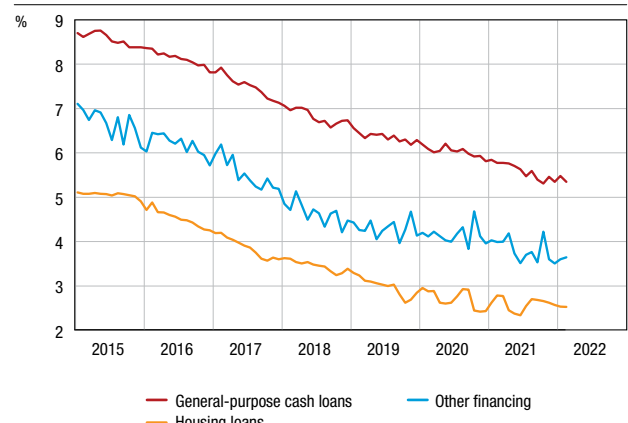
Note: Calculated by applying the Bennet index, according to which total contribution is divided into interest rate effect and weight effect.
Source: CNB.

Figure 37 Interest rates on pure new loans by corporate size



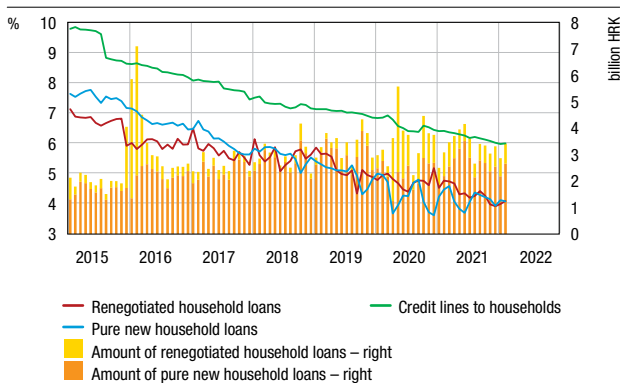
Note: Quarterly weighted moving averages.
Source: CNB.

Figure 40 Interest rates on pure new household loans by purpose



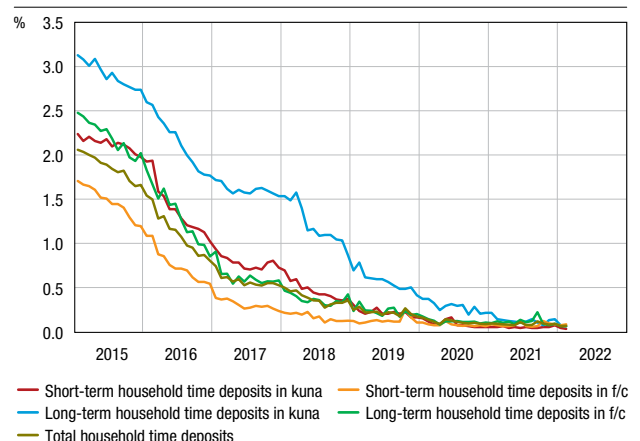
Source: CNB.

Figure 38 Interest rates and amount of household loans



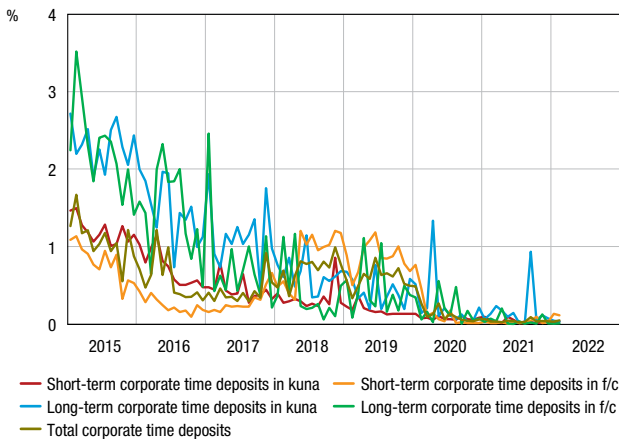
Note: Data on pure new loans are not available for credit card loans, overdrafts, revolving loans and receivables on charge cards since their new business volume (for other instruments, this includes both pure new loans and renegotiated loans) is equal to balances and thus included in the credit line category.
Source: CNB.

Figure 41 Interest rates on household time deposits



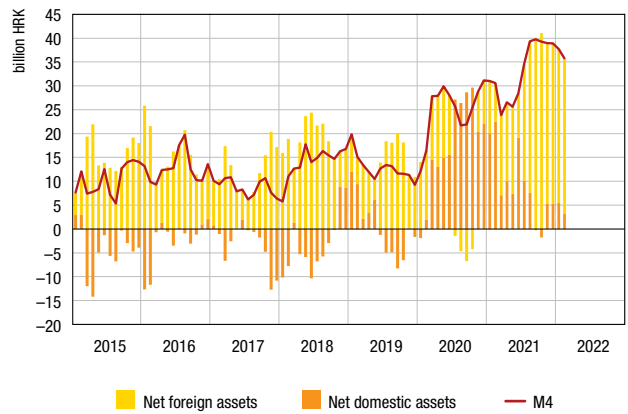
Source: CNB.

Figure 42 Interest rates on corporate time deposits



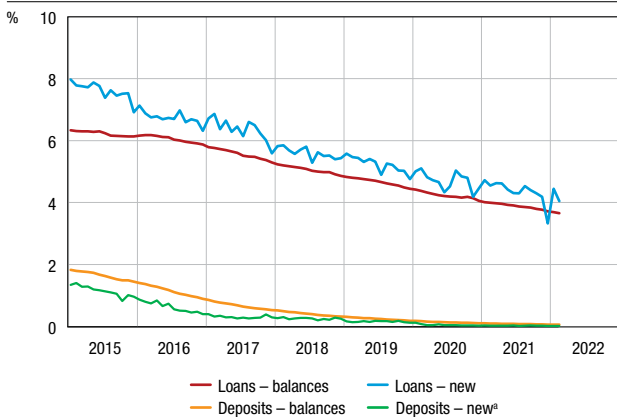
Source: CNB.

Figure 45 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



Source: CNB.

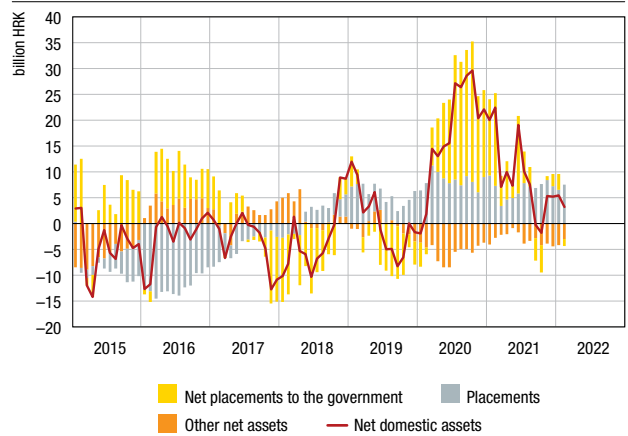
Figure 43 Average interest rates on loans (excl. revolving loans) and deposits



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

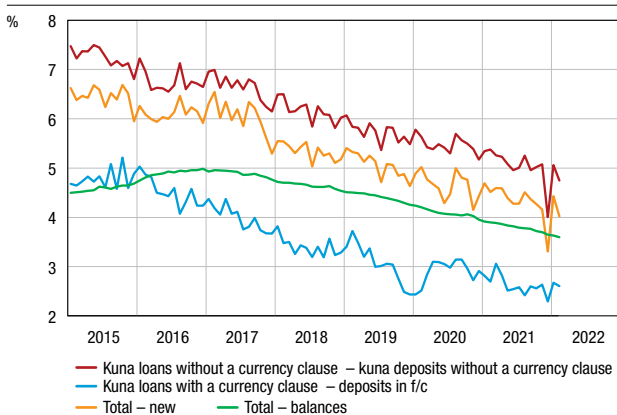
Source: CNB.

Figure 46 Net domestic assets, structure absolute change in the last 12 months



Source: CNB.

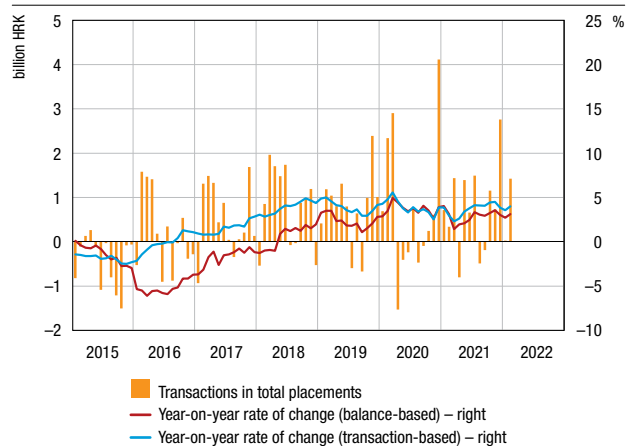
Figure 44 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



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).

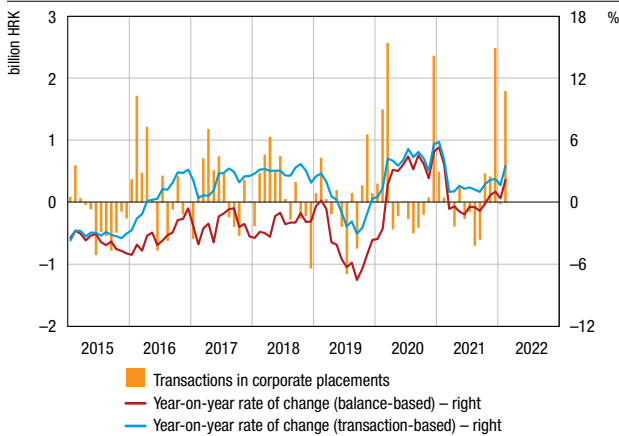
Source: CNB.

Figure 47 Placements



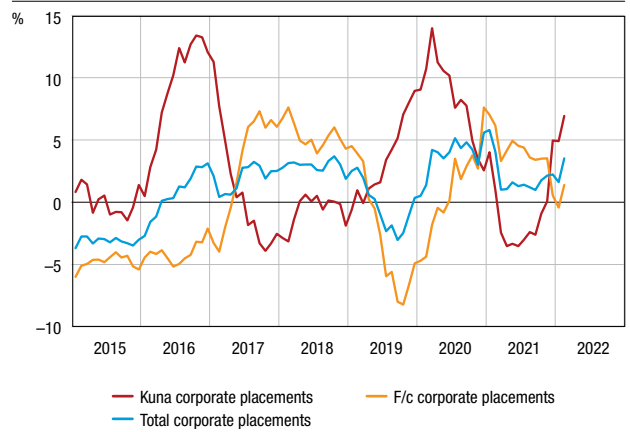
Source: CNB.

Figure 48 Placements to corporates



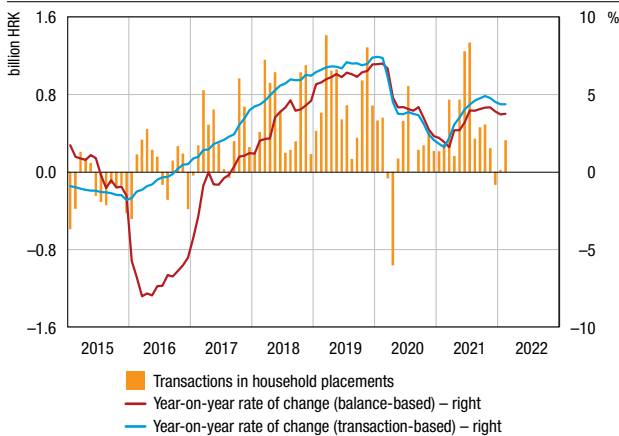
Source: CNB.

Figure 51 Annual rate of change in corporate placements transaction-based



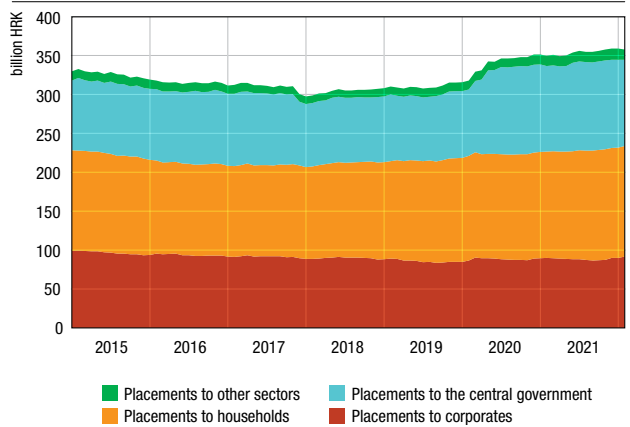
Source: CNB.

Figure 49 Placements to households



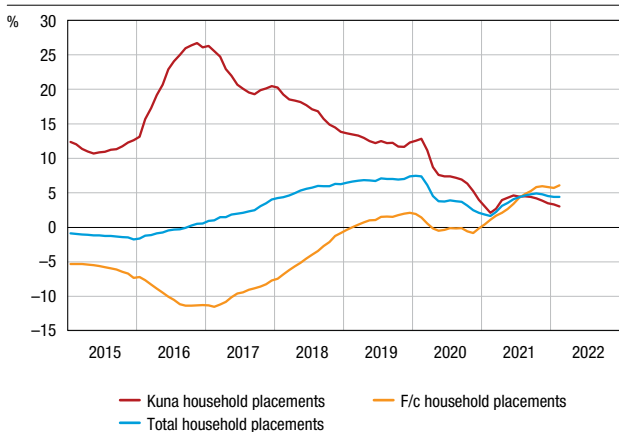
Source: CNB.

Figure 52 Structure of placements of monetary financial institutions



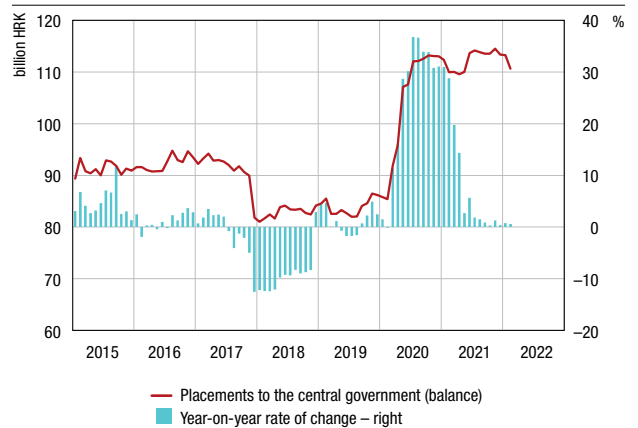
Source: CNB.

Figure 50 Annual rate of change in household placements transaction-based



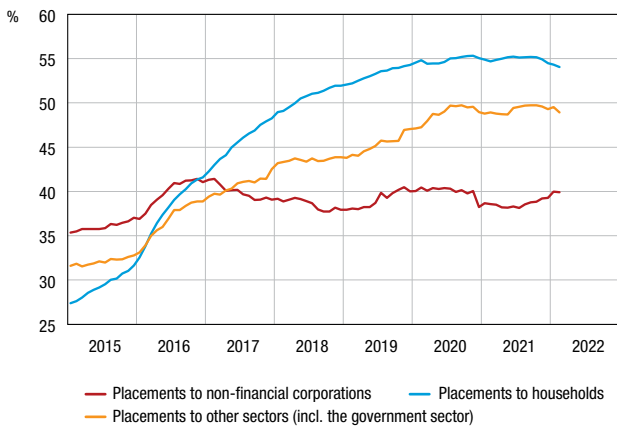
Source: CNB.

Figure 53 Placements of monetary financial institutions to the central government



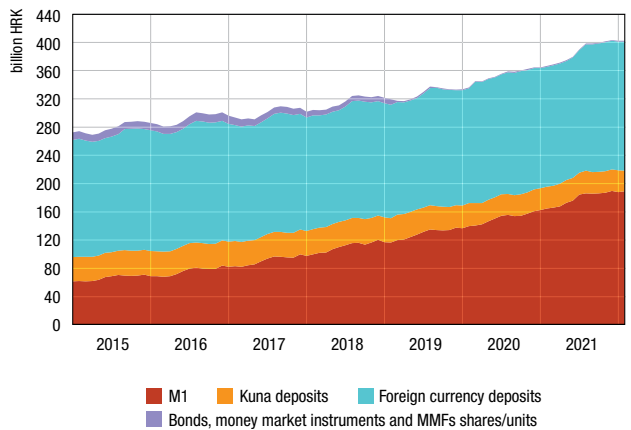
Source: CNB.

Figure 54 Share of kuna placements in total sector placements



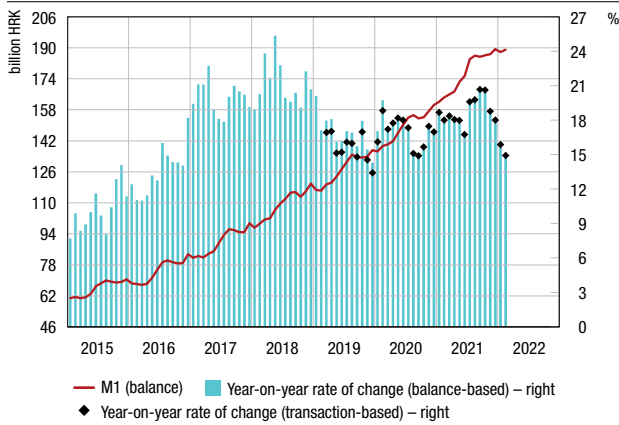
Source: CNB.

Figure 57 Structure of M4 monetary aggregate



Source: CNB.

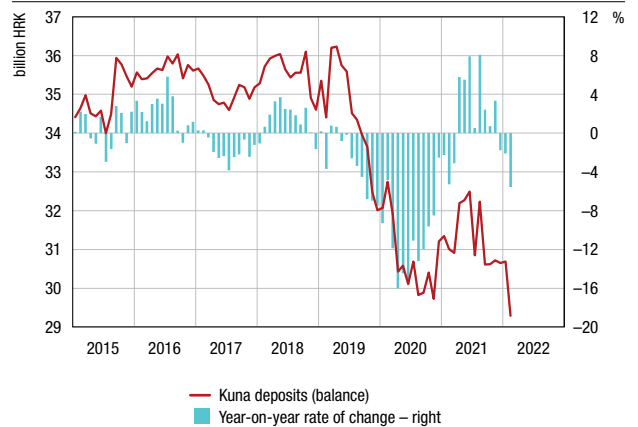
Figure 55 Money (M1)



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

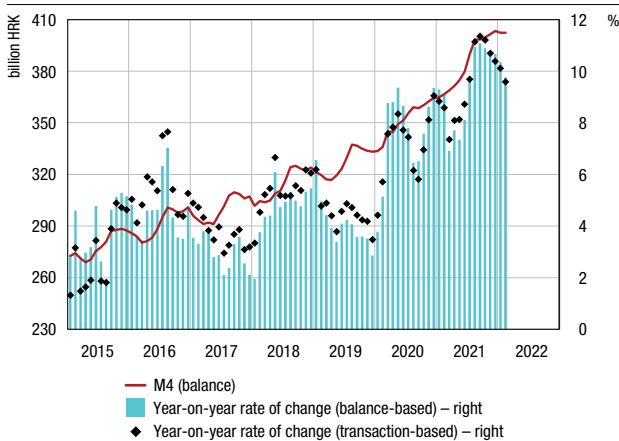
Source: CNB.

Figure 58 Kuna savings and time deposits



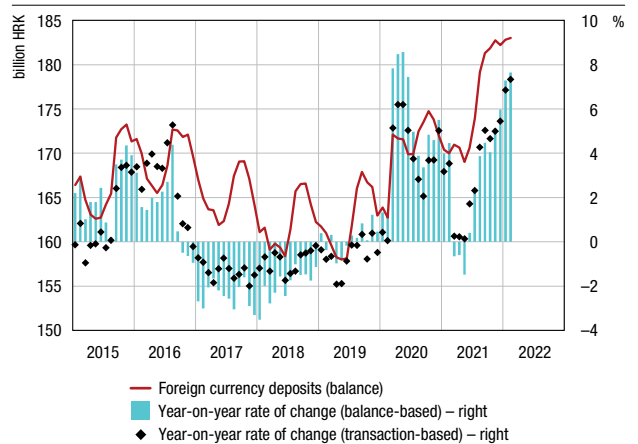
Source: CNB.

Figure 56 Total liquid assets (M4)



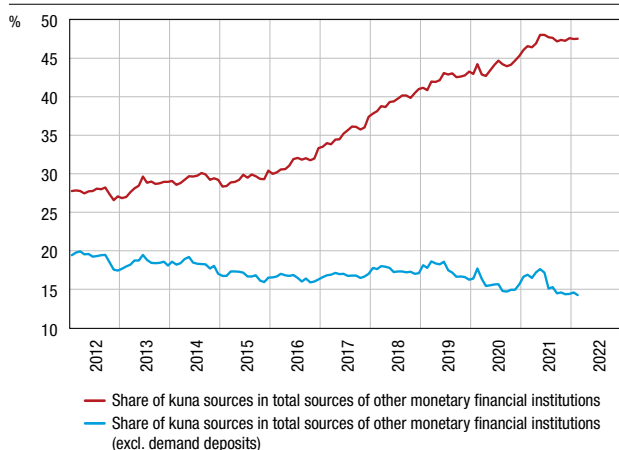
Source: CNB.

Figure 59 Foreign currency deposits



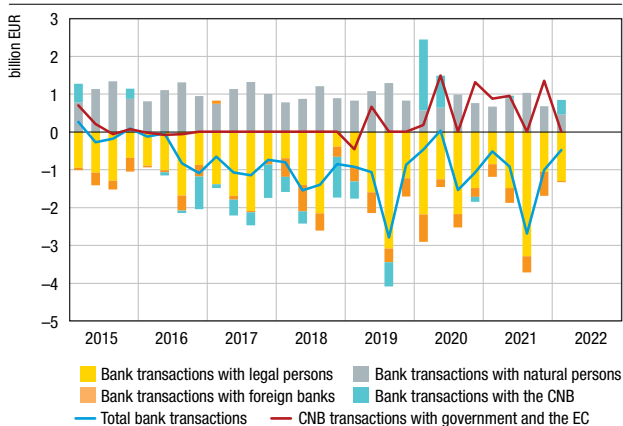
Source: CNB.

Figure 60 Share of kuna sources



Source: CNB.

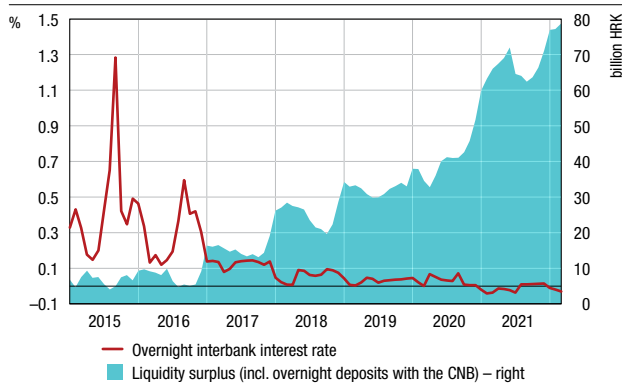
Figure 62 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government.

Source: CNB.

Figure 61 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.

Figure 63 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.

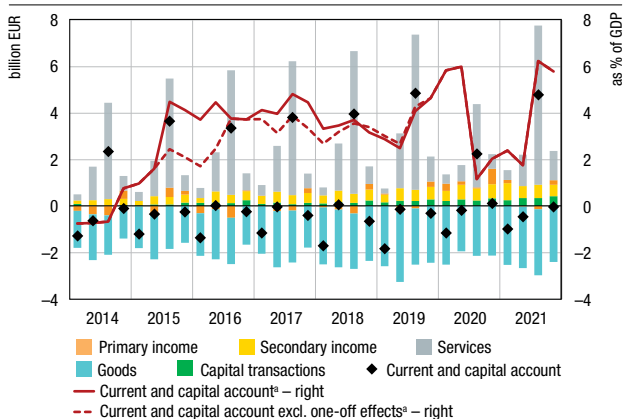
Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

	2020	2021	Indices	
			2020/2019	2021/2020
Current account	-56.4	1,944.7	-	-
Capital account	1,074.4	1,367.4	120.8	127.3
Financial account (excl. reserves)	19.9	-3,480.8	1.4	-
International reserves	603.2	6,030.7	60.9	999.7
Net errors and omissions	-394.8	-762.2	294.2	193.0

Source: CNB.

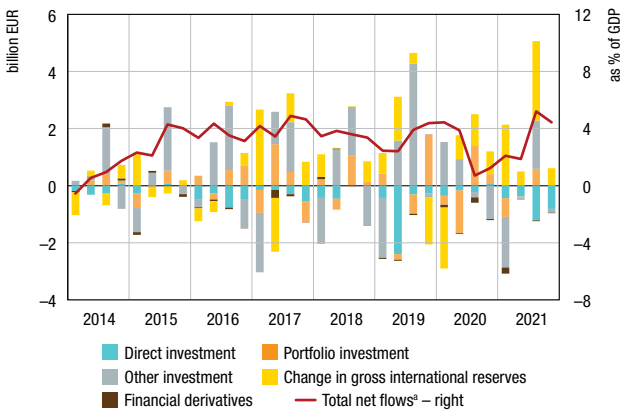
Figure 64 Current and capital account flows



^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.

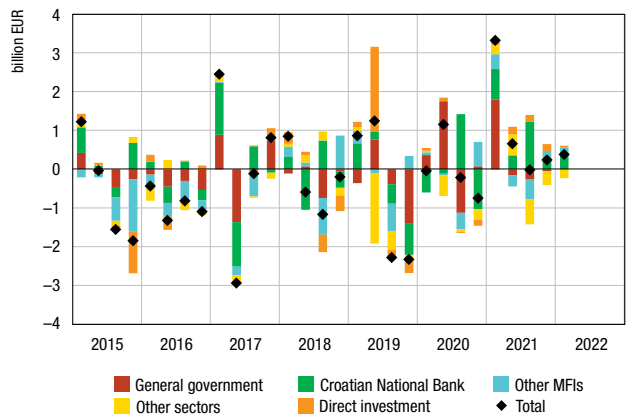
Figure 65 Financial account flows by type of investment



^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.

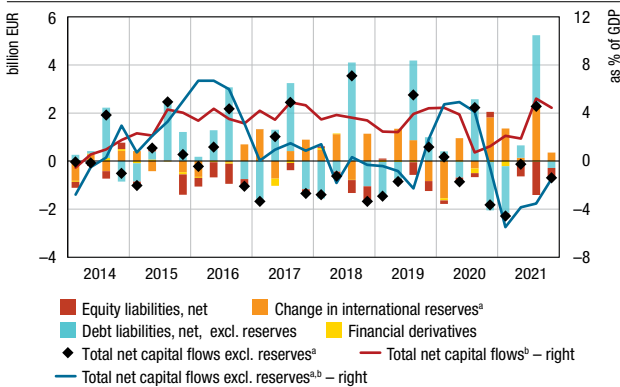
Figure 68 Gross external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the first quarter of 2022 refer to January.

Source: CNB.

Figure 66 Financial account flows by equity to debt ratio

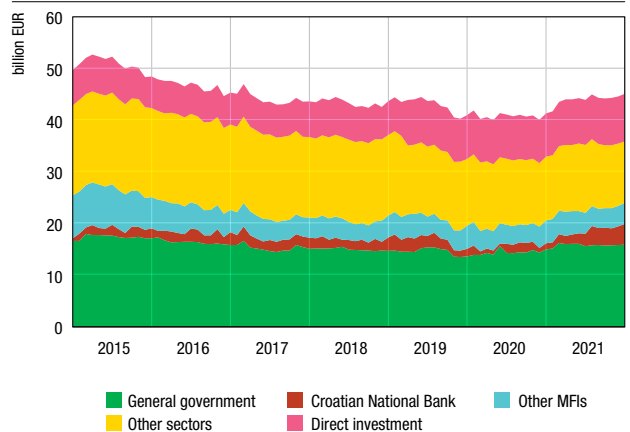


^a The change in gross international reserves is reported net of foreign liabilities of the CNB.

^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.

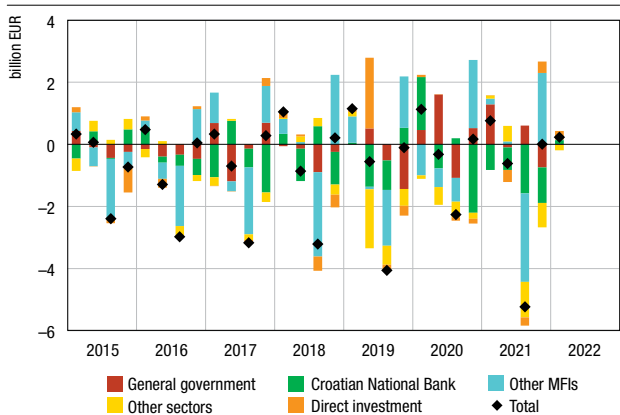
Figure 69 Gross external debt end of period



Note: Data are up to January 2022.

Source: CNB.

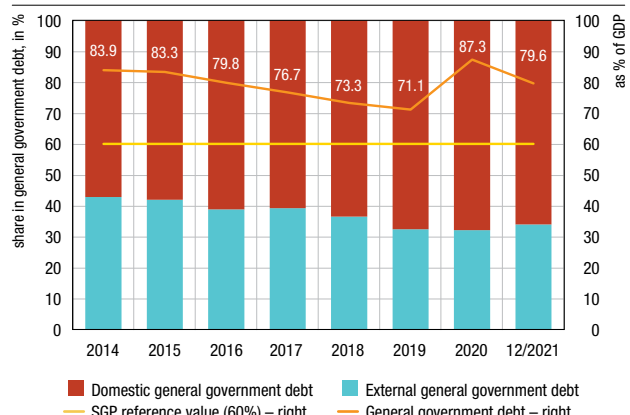
Figure 67 Net external debt transactions



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 2022 refer to January.

Source: CNB.

Figure 70 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2020	Jan. – Sep. 2021
Total revenue	128,753	148,581
Direct taxes	17,752	16,426
Indirect taxes	51,498	62,969
Social contributions	33,348	36,918
Other	26,155	32,268
Total expenditure	148,317	154,757
Social benefits	47,549	49,897
Subsidies	11,254	8,690
Interest	5,614	5,171
Compensation of employees	37,149	39,652
Intermediate consumption	23,112	24,285
Investment	12,785	14,324
Other	10,854	12,738
Net lending (+)/borrowing (-)	-19,563	-6,176

Sources: Eurostat and CBS.

Table 4 State budget

according to the national budgetary chart of accounts methodology, in million HRK

	Jan. – Nov. 2020	Jan. – Nov. 2021
1 Revenue	119.155	138.600
2 Disposal of non-financial assets	464	355
3 Expenditure	134.238	144.464
4 Acquisition of non-financial assets	3.714	6.318
5 Net lending (+)/borrowing (-)(1+2-3-4)	-18.333	-11.827

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Dec. 2020	Dec. 2021
Change in total debt stock	37,216	13,170
Change in domestic debt stock	26,259	2,492
– Cash and deposits	52	9
– Securities other than shares, short-term	5,268	-2,262
– Securities other than shares, long-term	10,578	4,936
– Short-term loans	2,446	63
– Long-term loans	10,119	215
Change in external debt stock	10,956	10,679
– Cash and deposits	0	0
– Securities other than shares, short-term	210	1,525
– Securities other than shares, long-term	8,776	4,826
– Short-term loans	626	-208
– Long-term loans	1,345	4,536
Memo item:		
Change in total guarantees issued	2,004	1,963

Note: Change in the domestic debt of general government = (change in individual categories – consolidation elements).

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