



Information on economic trends

March 2020

Summary

The GDP annual growth rate decelerated to 2.5% in the last three months of 2019, with the result that real activity growth in the whole calendar year was 2.9%. Employment continued to grow and unemployment to decline in early 2020, albeit at a slower pace, whereas wage growth accelerated. The annual consumer price inflation rate rose from 1.4% in December 2019 to 2.0% in January 2020, mostly driven by the price growth of unprocessed food products and pharmaceutical products (partly due to the base effect resulting from a cut in the VAT rate last year) as well as of refined petroleum products. Monetary policy remained supportive of favourable trends in funding conditions for domestic sectors. The annual growth of bank placements accelerated to 4.3% in January on the back of an annual growth in corporate placements, while household lending held steady. According to MoF data, the central government budget ran a surplus of 0.9% of GDP on an annual level in 2019.

Preliminary CBS data show that real GDP rose by 0.3% in the fourth quarter of 2019 from 0.6% in the previous quarter. The annual GDP growth rate slowed down to 2.5% in the last three months of 2019 (Figure 1). The annual increase in real economic activity at the end of the previous year primarily resulted from an accelerated growth in personal consumption, reflecting the continuation of favourable labour market trends and household borrowing as well as a high level of consumer optimism. The growth of investment activity and goods exports decelerated, while services exports picked up sharply. Due to a slowdown in investment activity and exports of goods, total exports held steady on an annual level. As a result, net foreign demand made a positive contribution to real GDP growth in the last quarter of 2019 (Figure 2).

The GDP nowcasting model, based on a small number of available high frequency monthly data, points to an annual slowdown in real activity in the first quarter of 2020 (Figure 1). Industrial production decreased by 0.6% in January 2020 from the previous quarter. Broken down by the main industrial groupings, the production of energy and non-durable consumer goods decreased, while the production of intermediate goods, capital goods and non-durable consumer goods decreased. (Figures 3 and 4). The real retail trade turnover increased by 3.4% in January from its average in the fourth quarter of 2019.

The consumer confidence index was higher in January and February 2020 than in the last three months in 2019, despite a slight deterioration in consumer optimism in February. It should be noted that the level of consumer confidence in January was the highest since the confidence survey started to be carried out. The deterioration in February was due to a downturn in expectations regarding the financial situation of households and the overall economic situation in Croatia in twelve months from now compared with the current situation. The expectations of businesses in construction, industry and trade improved on a quarterly basis, while business optimism in service activities deteriorated slightly from the last quarter of the previous year (Figure 8).

Employment in the labour market increased by 0.4% in January 2020 from the fourth quarter of 2019. The number of employed persons increased the most in construction, information technology and business services, remaining almost unchanged in industry (Figure 14). The fall in unemployment decelerated early in the year due to a decrease in new employment, while clearings from the records continued at a similar pace. The fall in the number of unemployed persons brought down the registered unemployment rate to 6.9% from 7.3% in the fourth quarter of 2019 (Figure 15). Having decelerated at the end of the previous year, wage growth picked up significantly in January 2020 (1.3% relative to 0.4%) due to the wage growth in both the public and the private sector.

Consumer prices decreased by 0.3% in January from the previous month (Table 1), primarily as a result of seasonal decreases

in clothing and footwear prices and to a smaller extent due to a drop in the prices of solid fuels and bread and cereals. The consumer price decrease in January 2020 was offset by the price growth of some food and refined petroleum products. The annual consumer price inflation rate accelerated by 0.6 percentage points in January from December and amounted to 2.0% (Figure 18). The greatest contribution to the acceleration in inflation came from unprocessed food products (primarily meat and fruit and vegetables), refined petroleum products and pharmaceutical products. This could partly be attributed to a base effect, that is, the ending of the effect of a decrease in these products' prices on the annual rate of change in January 2019, and partly to a price increase in these products in January this year. Core inflation, which excludes agricultural product prices, energy prices and administered prices, accelerated to 1.4% in January 2020 from 1.2% in December 2019, mainly driven by the acceleration of the annual growth rate of the prices of meat, footwear and pharmaceutical products. Producer prices in the domestic market grew at an annual rate of 1.8% in January, an increase of 0.4 percentage points from the previous month. The annual growth rate of domestic producer prices, excluding energy, slowed down slightly (from 0.5% in December 2019 to 0.4% in January 2020).

Total goods exports decreased sharply by 7.2% in the fourth quarter of 2019 from the previous quarter's average (Figure 10). The unfavourable trends were caused by a drop of 9.3% in the exports of the narrow aggregate, which excludes energy products, primarily ships and medical and pharmaceutical products, while exports of energy products grew. In contrast with exports, total imports of goods (Figure 11) increased by 0.9% in the fourth quarter of 2019 from the previous quarter average, primarily as a result of a 0.6% rise in the imports of the narrow aggregate, which excludes energy products. The growth in imports of other goods was primarily driven by capital goods, especially power generating machinery and equipment and electrical machinery, apparatus and appliances (Figure 12) as well as medical, pharmaceutical and food products. Total exports of goods accelerated at an annual rate of 5.8% in 2019 relative to 3.8% in 2018, while imports of goods decelerated markedly to 4.7% from 8.5% in 2018. According to the first available data on foreign trade in goods for January 2020, total exports of goods increased by 1.1% and imports accelerated at a rate of 2.4% from the average in the fourth quarter in 2019.

In February 2020, the nominal exchange rate of the kuna against the euro ranged within a narrow band of $\pm 0.2\%$ around the average rate of EUR/HRK 7.45 (Figure 21), depreciating slightly from the average exchange rate of EUR/HRK 7.44 in the previous quarter. The exchange rate rose slightly above its average in the last few days of February, amounting to EUR/HRK 7.46 at the end of the month, which is a slight depreciation compared with EUR/HRK 7.44 at the end of January. The nominal effective exchange rate of the kuna was at the end of

February close to the level it had reached at the end of January, with the weakening of the kuna against the euro offset by its strengthening against the Turkish lira, Polish zloty, pound sterling and Czech koruna.

Due to the high euro area banking system liquidity, short-term interest rates on the European money market remained in negative territory during February 2020. The overnight interest rate for the euro area banking market, EONIA, ended the month of February at -0.46% and the six-month EURIBOR at -0.39% (Figure 24). The EMBI for European emerging market countries increased at the end of February amid uncertainties surrounding the effect of coronavirus on economic trends (Figure 24), while risk premiums for these countries did not change considerably (Figure 25). The risk premium for Croatia was lower than those for Romania and Slovenia and lower than Poland's risk premium during February, standing at 48 basis points at the end of that month, compared with 64 basis points at the end of the previous year.

The overnight bank deposit rate dropped to 0.02% during February and the average excess liquidity of the domestic banking market edged down from the January peak to HRK 37.9bn (Figure 54). The repo rate and the implied rate on bank trading in foreign exchange swaps remained in negative territory during February (Figure 27) and the interest rate on one-year kuna T-bills without a currency clause held steady at 0.06% in the same period (Figure 28). At the end of February the MoF issued three bond tranches in the domestic market worth a total of almost HRK 15bn at the most favourable borrowing conditions to date. These included a new 5-year HRK 5bn bond with a yield at issue of 0.37% , the second tranche of a HRK 4bn bond indexed to trends in the kuna to euro exchange rate that matures in 2034 and has a yield of 1.12% and a EUR 800m worth bond indexed to foreign currency, with a yield of 1.28% and 20 year maturity, the longest maturity for a bond issue so far. The bulk of the collected funds will be used for the refinancing of the existing issues of two bonds maturing in early March.

Interest rates on new bank loans granted to corporations and households, which include original new loans and renegotiated loans, on average did not change much in January 2020 (Figures 28 and 29). Interest rates on original new corporate loans edged down, especially those on kuna investment loans indexed to foreign currency (Figure 31). In contrast, interest rates on original new housing and consumer loans to households went up slightly, returning to the level of September 2019 (Figures 32 and 33). Interest rates on household and corporate time deposits remained virtually unchanged in January (Figures 34 and 35). The spread between interest rates on total new loans and deposits increased in January to 4.88 percentage points, while the spread between interest rates on loans and deposits held almost steady at 4.23 percentage points (Figure 37).

Monetary developments in December 2020 were marked by an increase in the net domestic assets (NDA) of the monetary system and an almost equal decrease in net foreign assets (NFA), which resulted in a stagnation in total liquid assets (M4). NFA dropped much more in January 2019 than in January 2020, accelerating their annual growth at the end of January 2020. M4 annual growth accelerated to 4.4% in the same period due to the fact that trends in total liquid assets were much less favourable at the beginning of 2019 than at the beginning of this year (Figure 49). Due to the same reason, the annual rate of growth of money (M1) spiked up to 16.1% in January (Figure 48), while

the decrease in quasi-money decelerated slightly on an annual basis to -2.2% (transaction based).

Total placements of monetary institutions to domestic sectors (except central government) increased by HRK 0.7bn in January, with their annual growth accelerating slightly to 4.3% on the basis of transactions (Figure 40), driven by placements to non-financial corporations rising at an annual rate of 0.5% (Figure 41). The annual growth of household placements held steady at 7.4% from the end of the previous year (Figure 42). The annual growth rate of housing loans accelerated only slightly to 6.5% , while the growth of general-purpose cash loans slowed down (11.4%). In terms of the currency structure, the several-years-long upward trend in the share of kuna placements to households in total placements continued, reaching 54.6% at the end of January (Figure 47). The annual growth in the nominal stock of placements, totalling 2.9% in January, was lower than transaction-based growth, primarily as a consequence of the sale of non-performing corporate placements.

Gross international reserves increased by EUR 0.4bn (2.2%) in February 2020 and stood at EUR 19.5bn at the end of the month (Figure 56). The increase in reserves was a result of a higher level of agreed repo transactions. Net international reserves grew by EUR 0.1bn (0.4%) in the same period, amounting to EUR 17.7bn at the end of the month.

Having plummeted in the third quarter, net external debt grew by EUR 0.4bn in the fourth quarter of 2019 (Figure 60) due to domestic sectors' foreign assets decreasing at a lower rate than their liabilities (Figure 61). The greatest deterioration (by EUR 1.7bn) was observed in the net external position of credit institutions, the foreign assets they had accumulated during the summer months having decreased considerably. At the same time, the central bank's net external position deteriorated as a consequence of the withdrawal of a foreign currency deposit that the government deposited on several occasions over the previous months, primarily after the international bond issue in June 2019. The withdrawn funds were used by the government in November to refinance a matured USD bond, worth USD 1.5bn, with government foreign liabilities decreasing as a result. Transactions between the central bank and the government related to the repayment of a foreign bond that had fallen due had a positive effect on the overall net external debt in the fourth quarter because the government raised some of the funds for refinancing in the foreign exchange market. The net foreign liabilities of other domestic sectors also decreased. On an annual basis, the decrease in net external debt was more pronounced than in 2018. The largest improvements in net external positions were recorded by the central bank and general government, followed by other domestic sectors (including liabilities to affiliated creditors). In contrast, the net external position of credit institutions deteriorated. At the end of 2019, net external debt stood at 18.3% of GDP and gross external debt at 75.7% of GDP, which is a decrease of 8 and 7 percentage points respectively from the end of 2018.

As shown by monthly MoF data¹, central government ran a deficit of HRK 4.2bn in the last quarter of 2019, a figure close to the one in the same period in 2018. As regards the overall 2019 balance, the total surplus was HRK 3.5bn (0.9% of GDP), which is an increase of about HRK 2.6bn from 2018. Such a result suggests that, also in terms of ESA methodology, general government could record a surplus in 2019, as the performances are generally well attuned. The increase in the budget surplus

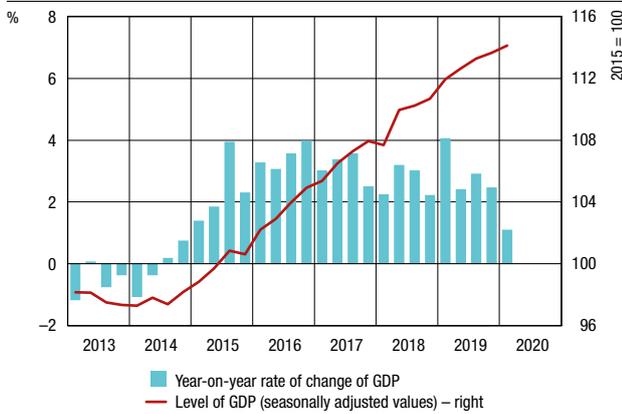
¹ Monthly data for central government, state government and social security sub-sectors which, pursuant to Council Directive 2011/85/EU, must be published before the end of the following calendar month. The published data refer to general government units according to the scope of the ESA 2010 statistical methodology, except for data for local government, which are published on a quarterly basis.

reflects a stronger growth of revenues (7.6%) than of expenditures (6.1%).

Consolidated general government debt totalled HRK 293.3bn at the end of November 2019, up HRK 7.2 from the end of 2018. The public debt level at the end of November was

influenced by the domestic issues of long-term securities in the same month. However, due to an increase in nominal GDP, the public debt to GDP ratio fell slightly in November 2019 to 74.1% from 74.7% at the end of 2018 (Figure 63).

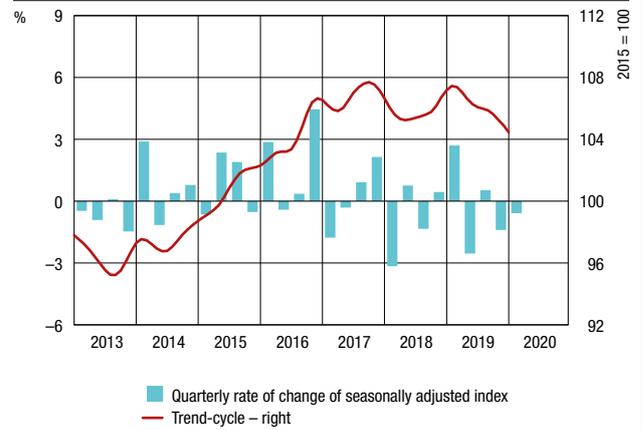
Figure 1 Quarterly gross domestic product
seasonally adjusted real values



Note: Data for the first quarter of 2020 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 6 March 2020.

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

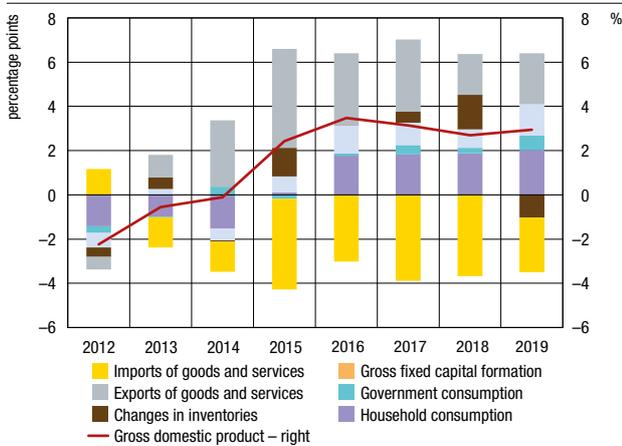
Figure 3 Industrial production



Note: Data for the first quarter 2020 refer to January.

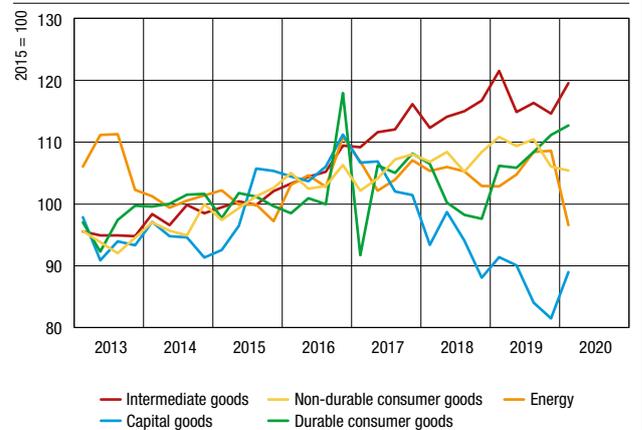
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



Source: CBS.

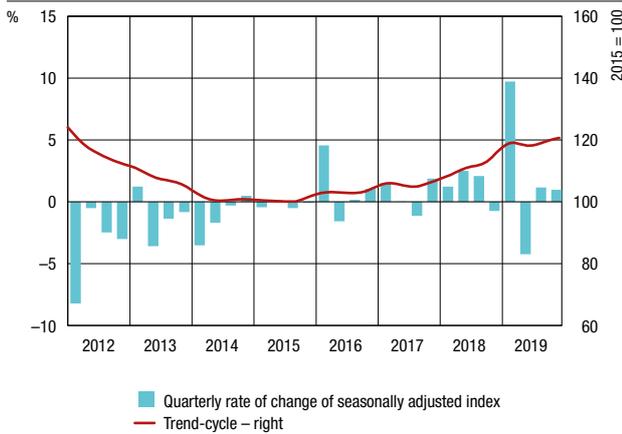
Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



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

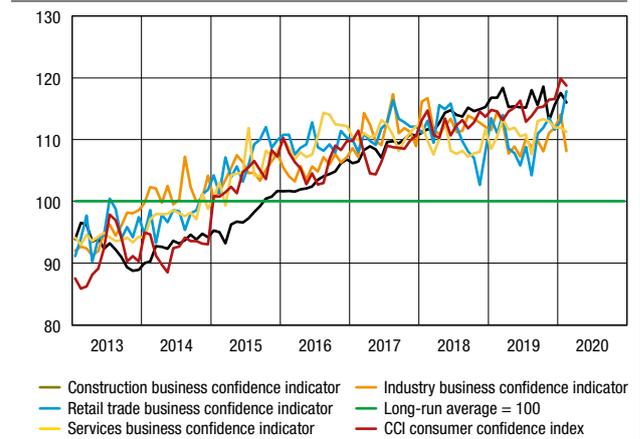
Source: CBS data seasonally adjusted by the CNB.

Figure 5 Total volume of construction works



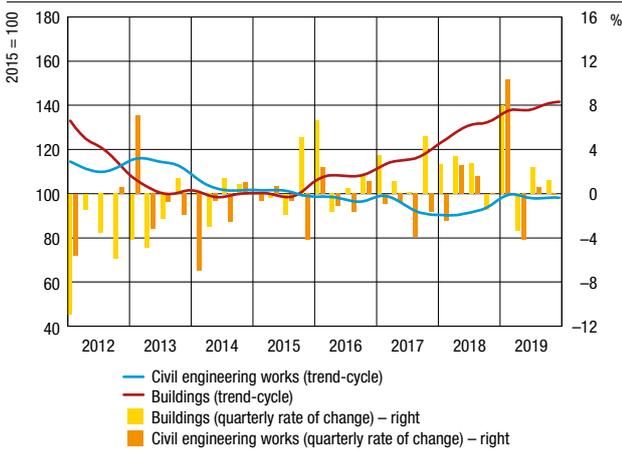
Source: CBS data seasonally adjusted by the CNB.

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



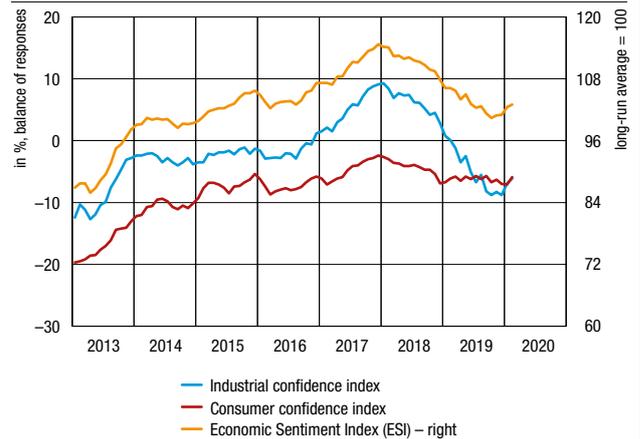
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



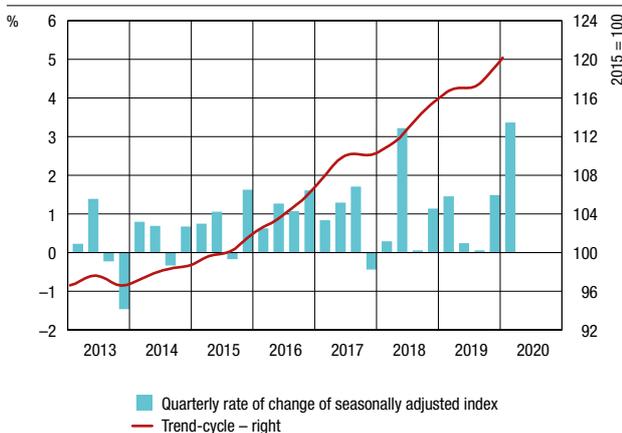
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



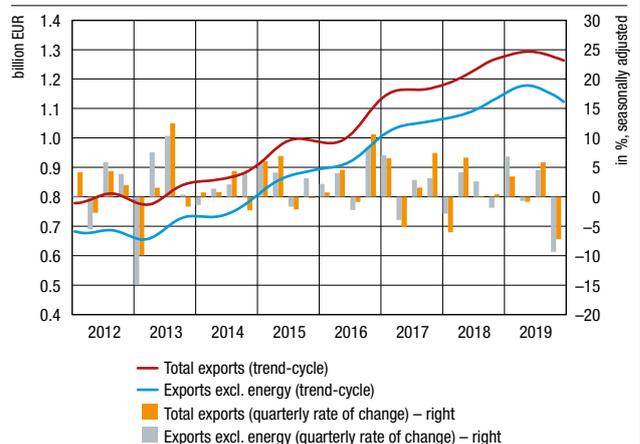
Source: Eurostat.

Figure 7 Real retail trade turnover



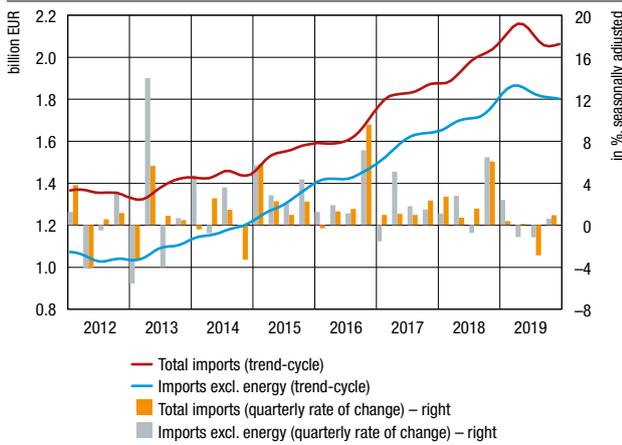
Note: Data for the first quarter of 2020 refer to January.
Source: CBS data seasonally adjusted by the CNB.

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



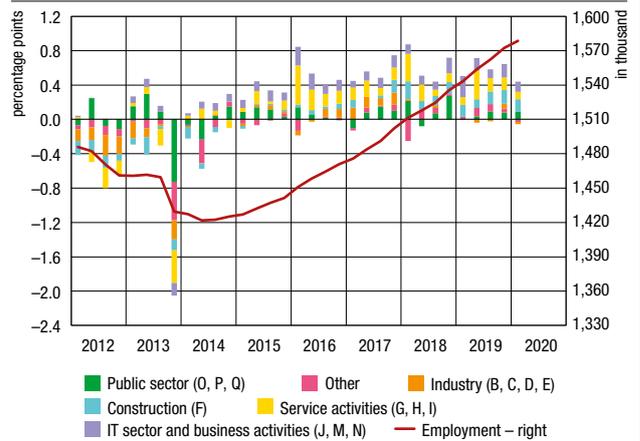
Note: Data for the fourth quarter of 2019 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

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



Source: CBS data seasonally adjusted by the CNB.

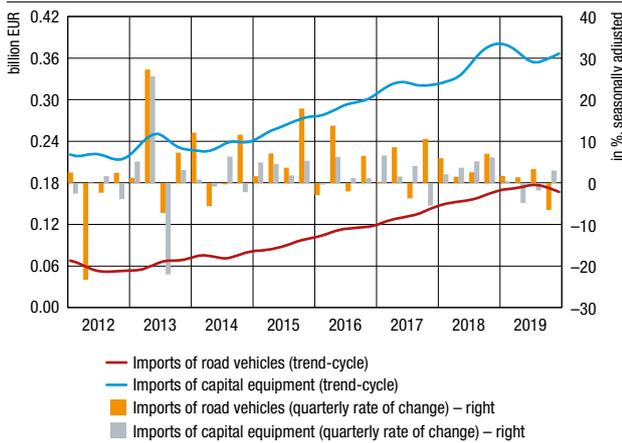
Figure 14 Employment by NCA activities seasonally adjusted data, contributions to the quarterly rate of change



Note: Data for the first quarter of 2020 refer to January.

Source: CPII data seasonally adjusted by the CNB.

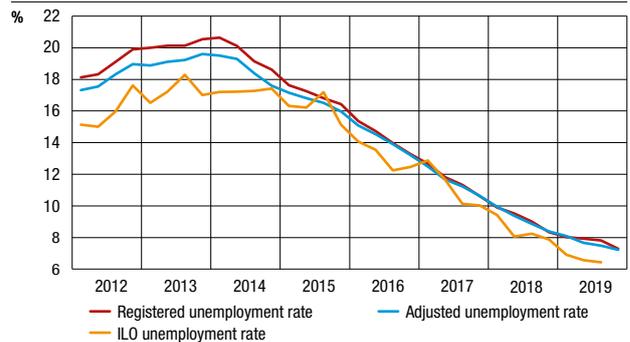
Figure 12 Imports of capital equipment and road vehicles (c.i.f.)



Note: Imports of capital equipment (SITC divisions 71 – 77).

Source: CBS data seasonally adjusted by the CNB.

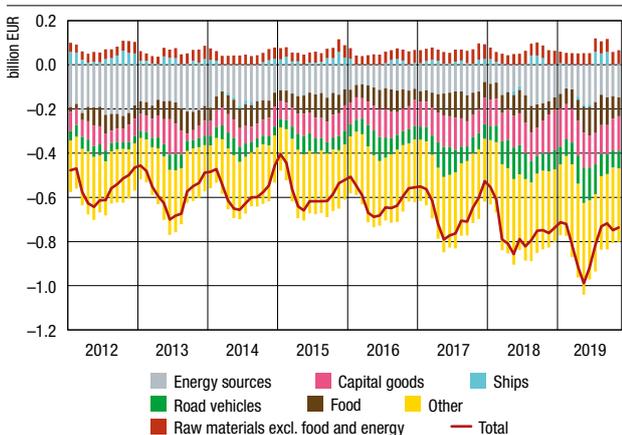
Figure 15 Unemployment rates seasonally adjusted data



Note: Since January 2015, the calculation of the registered unemployed rate has 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 July 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). Data for the first quarter of 2020 refer to January.

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

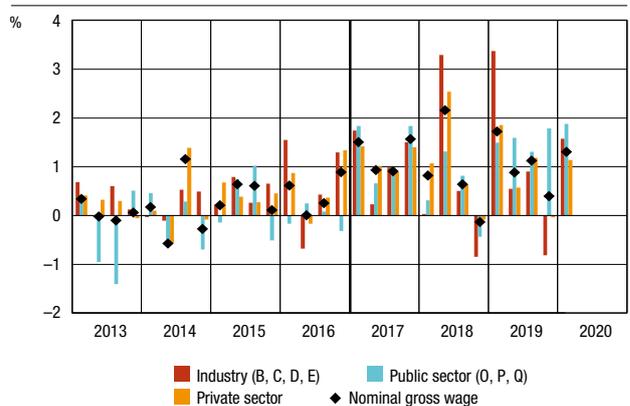
Figure 13 Trade in goods balance



Note: Series are shown as three-member moving averages of monthly data. Data are up to December 2019.

Source: CBS.

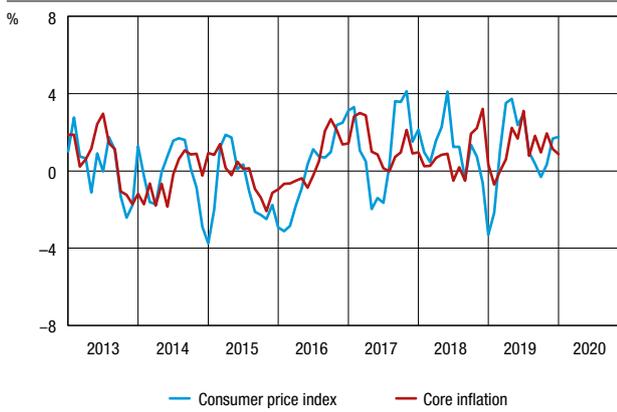
Figure 16 Average nominal gross wage by NCA activities seasonally adjusted data, quarterly rate of change



Note: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the first quarter of 2020 refer to wages paid in January.

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

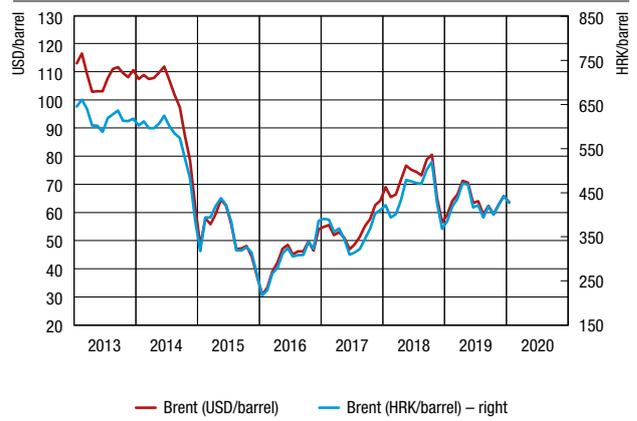
Figure 17 Consumer price index and core inflation
annualised month-on-month rate of change^a



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

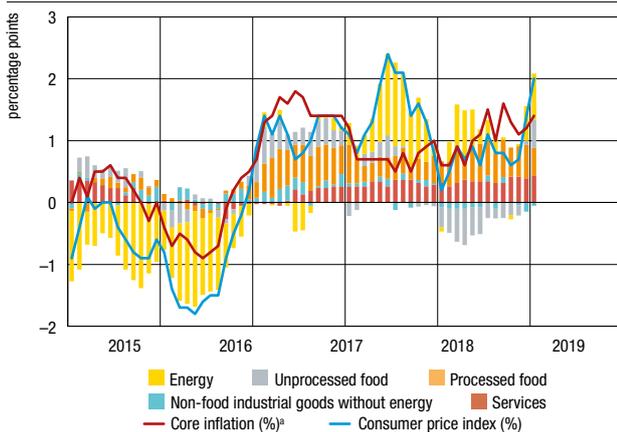
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



Sources: Bloomberg and CNB calculations.

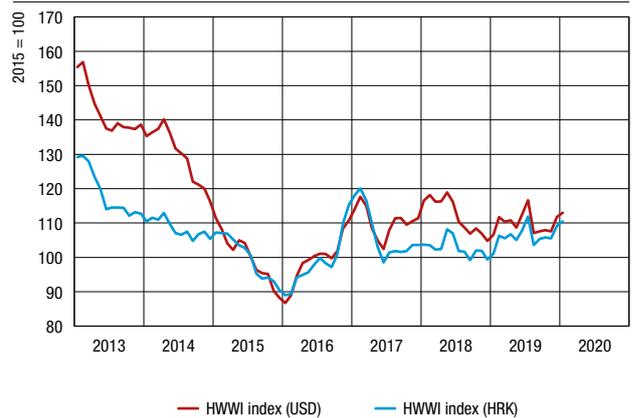
Figure 18 Year-on-year inflation rate and contributions of components to consumer price inflation



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

Sources: CBS and CNB calculations.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Table 1 Price indicators

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

	Year-on-year rates		Month-on-month rates	
	12/2019	1/2020	1/2019	1/2020
Consumer price index and its components				
Total index	1.4	2.0	-0.9	-0.3
Energy	3.4	4.4	-0.8	0.1
Unprocessed food	0.7	5.6	-1.8	3.1
Processed food	2.3	1.9	1.2	0.8
Non-food industrial goods without energy	-0.6	-0.2	-3.6	-3.1
Services	1.5	1.7	0.1	0.3
Other price indicators				
Core inflation	1.2	1.4	-1.1	-0.9
Index of industrial producer prices on the domestic market	1.4	1.8	0.1	0.5
Brent crude oil price (USD)	16.6	7.3	5.0	-3.4
HWWI index (excl. energy, USD)	6.7	6.0	1.7	1.1

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

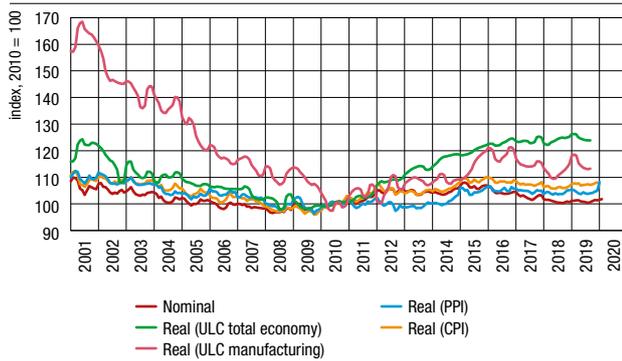
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



Source: CNB.

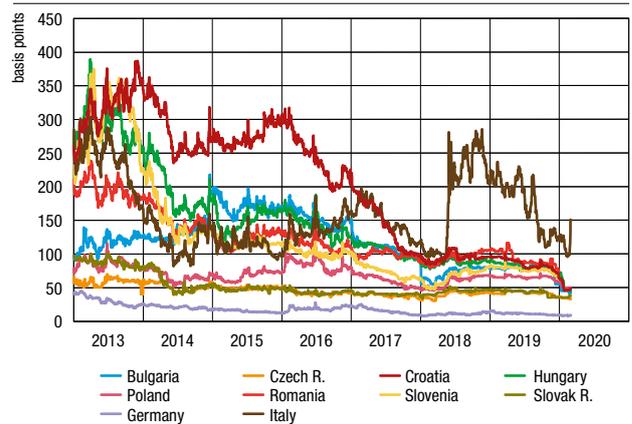
Figure 22 Nominal and real effective exchange rates of the kuna



Note: 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.

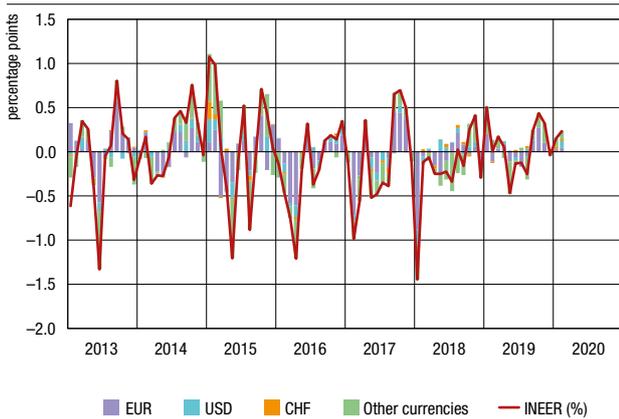
Figure 25 CDS spreads for 5-year government bonds of selected countries



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

Source: S&P Capital IQ.

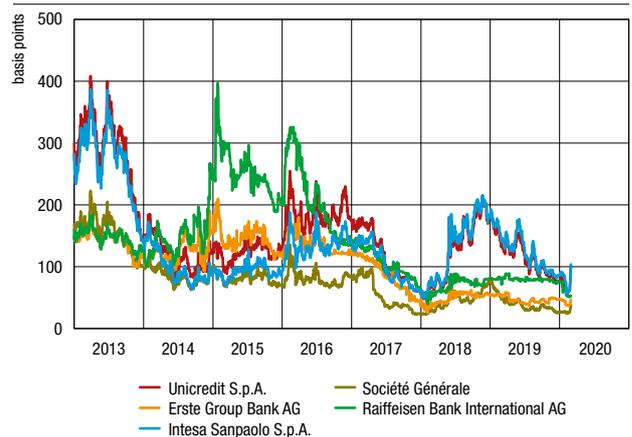
Figure 23 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



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

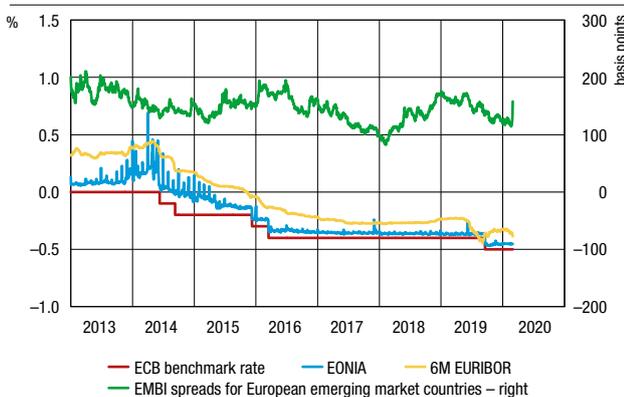
Source: CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

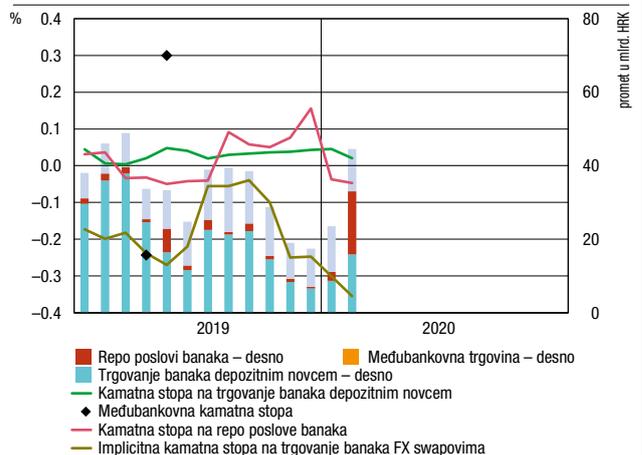
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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.

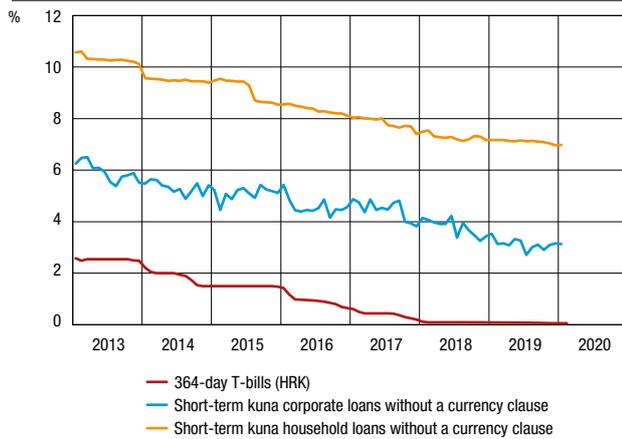
Sources: ECB, Bloomberg and J.P. Morgan.

Figure 27 Overnight interest rates and turnovers



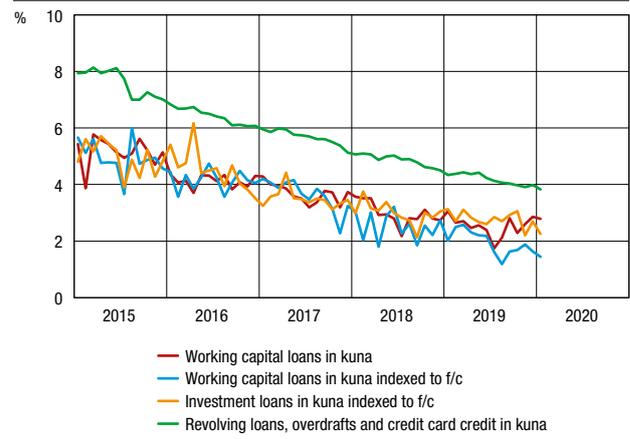
Source: CNB.

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



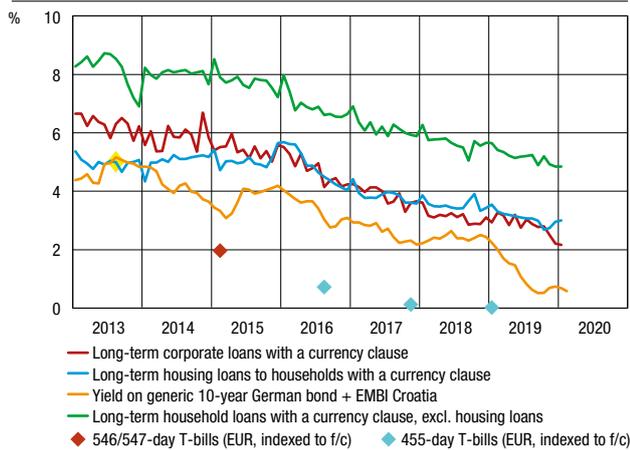
Sources: MoF and CNB.

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



Source: CNB.

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



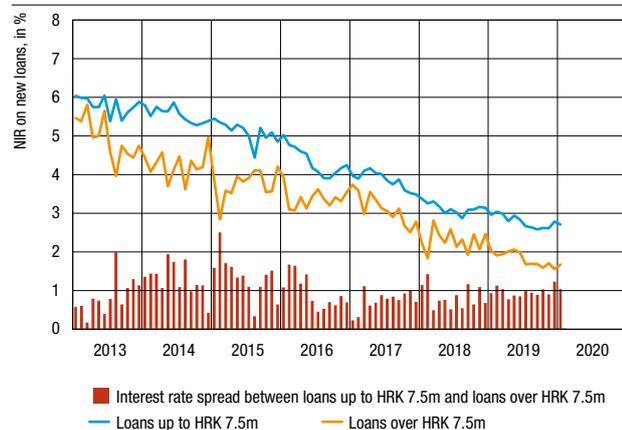
Sources: MoF, Bloomberg and CNB.

Figure 32 Interest rates on original new housing loans to households



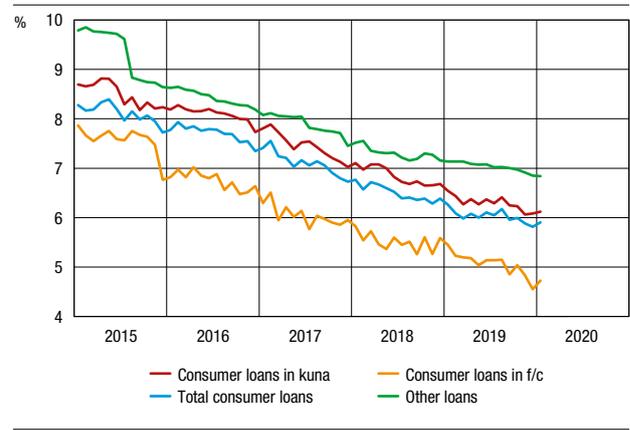
Source: CNB.

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



Source: CNB.

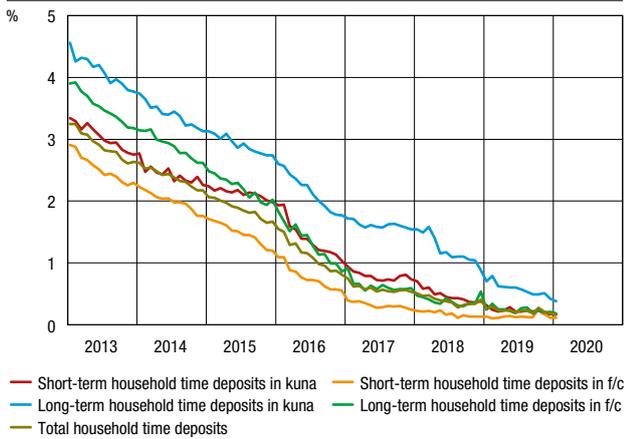
Figure 33 Interest rates on original new consumer and other loans to households



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

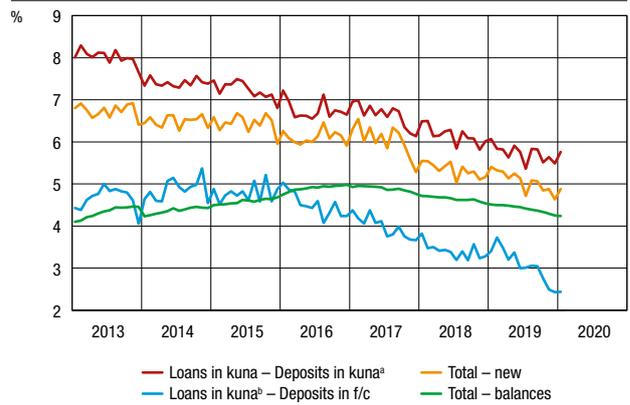
Source: CNB.

Figure 34 Interest rates on household time deposits



Source: CNB.

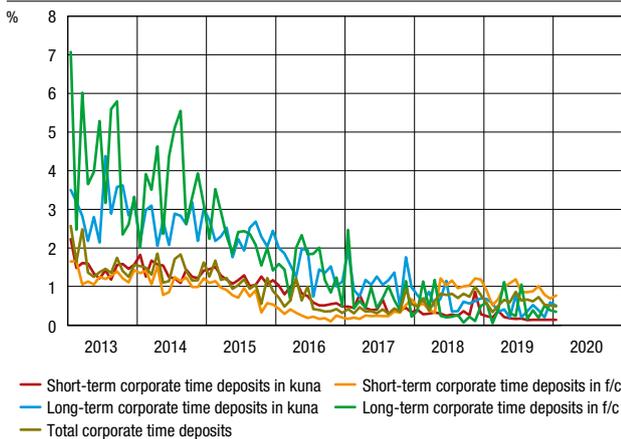
Figure 37 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



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

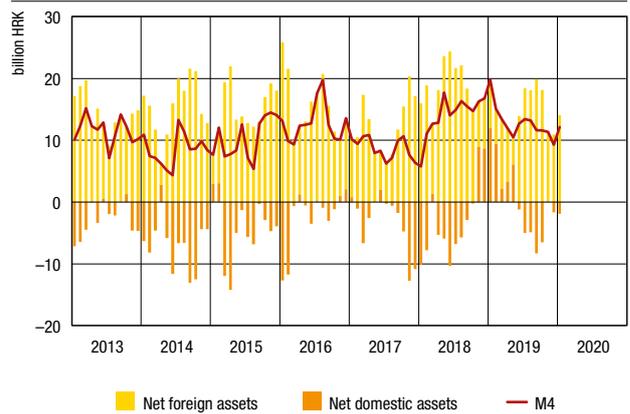
Source: CNB.

Figure 35 Interest rates on corporate time deposits



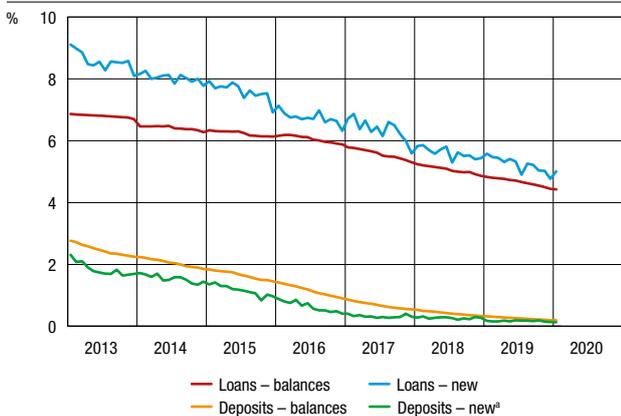
Source: CNB.

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



Source: CNB.

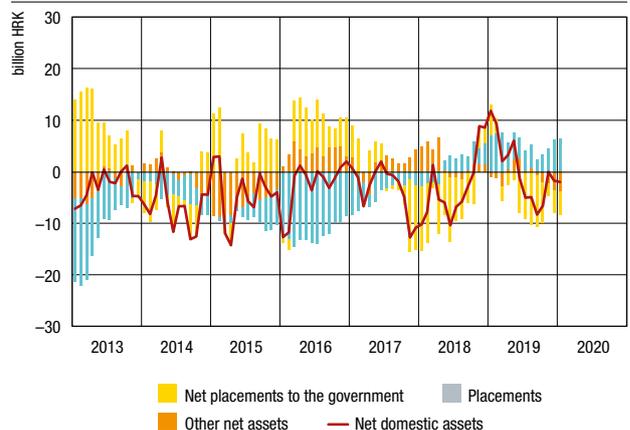
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



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

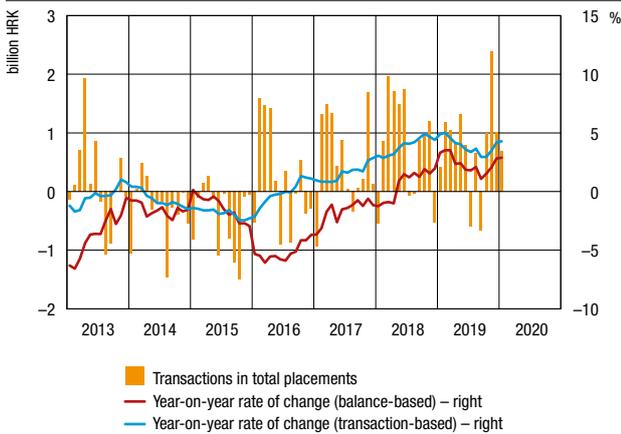
Source: CNB.

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



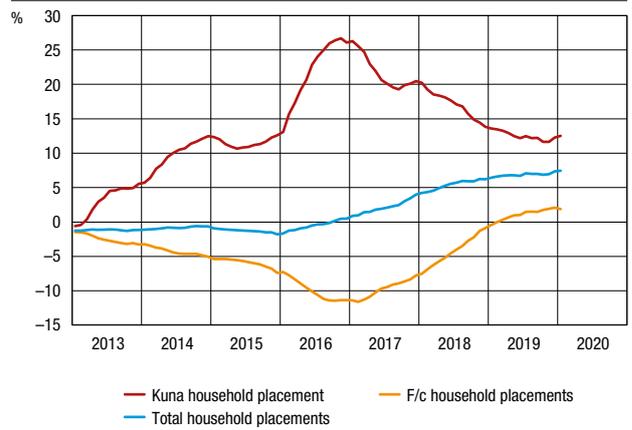
Source: CNB.

Figure 40 Placements



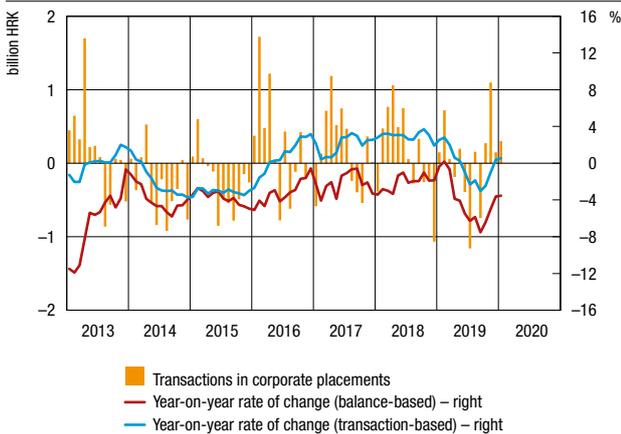
Source: CNB.

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



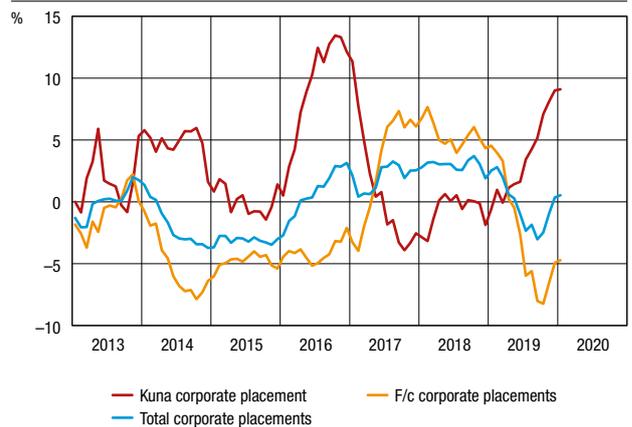
Source: CNB.

Figure 41 Placements to corporates



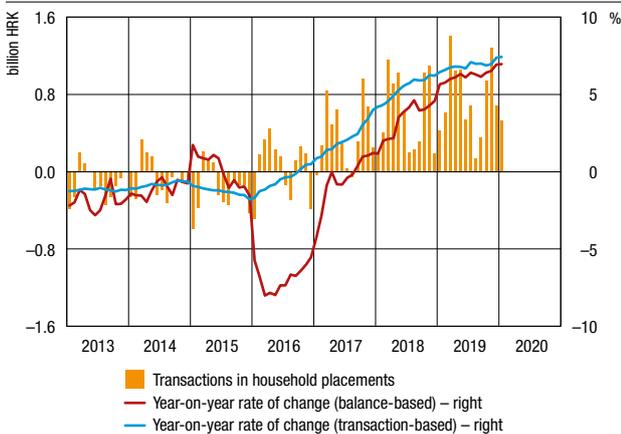
Source: CNB.

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



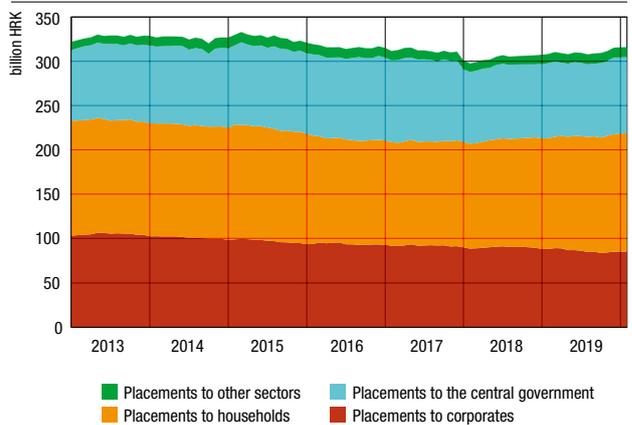
Source: CNB.

Figure 42 Placements to households



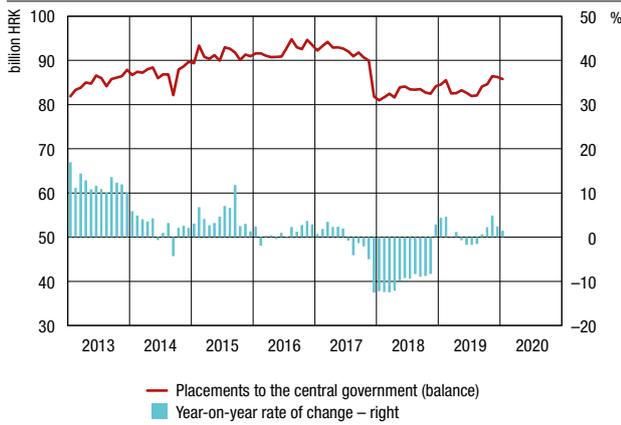
Source: CNB.

Figure 45 Structure of credit institution placements



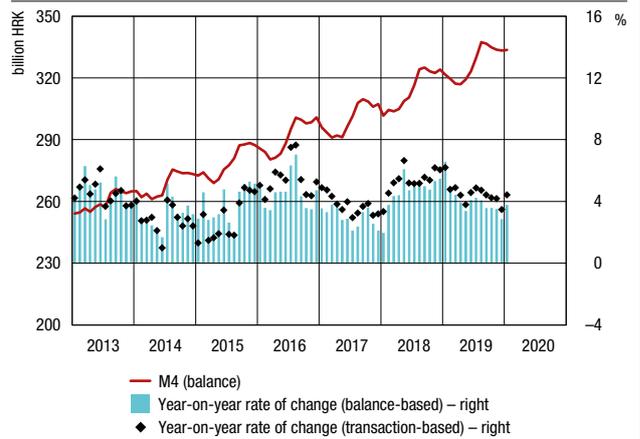
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



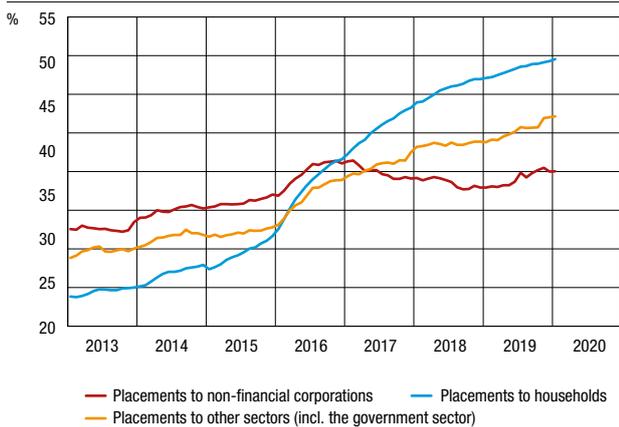
Source: CNB.

Figure 49 Total liquid assets (M4)



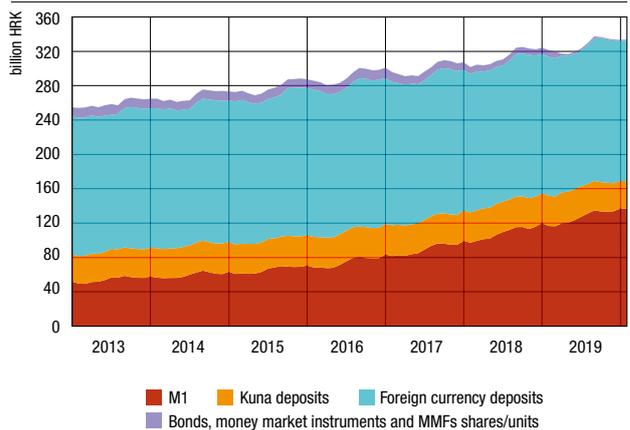
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



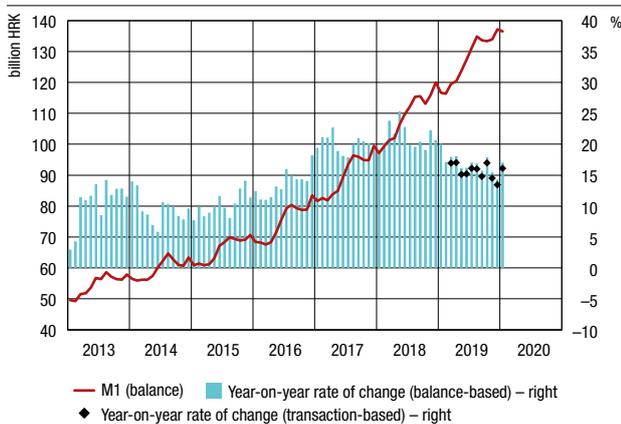
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



Source: CNB.

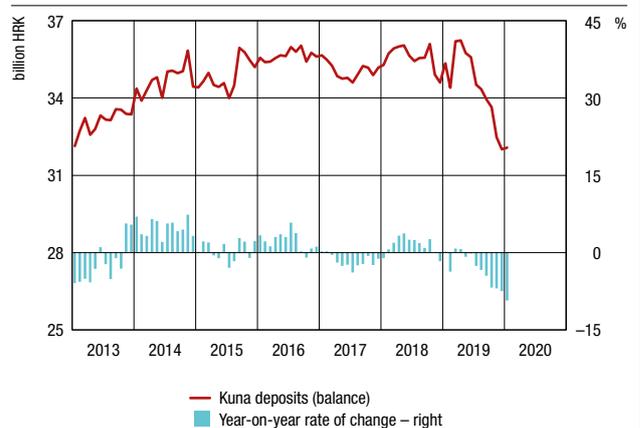
Figure 48 Money (M1)



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

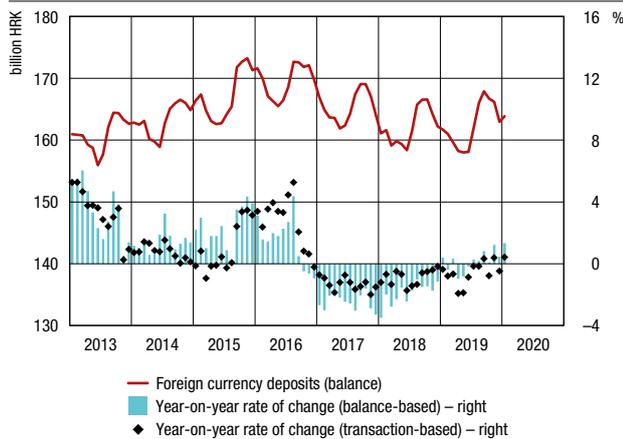
Source: CNB.

Figure 51 Kuna savings and time deposits



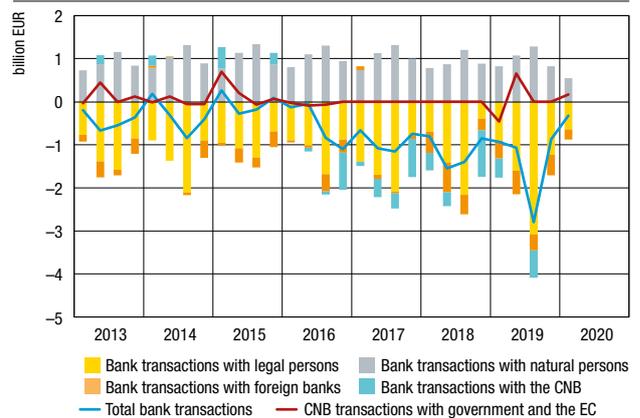
Source: CNB.

Figure 52 Foreign currency deposits



Source: CNB.

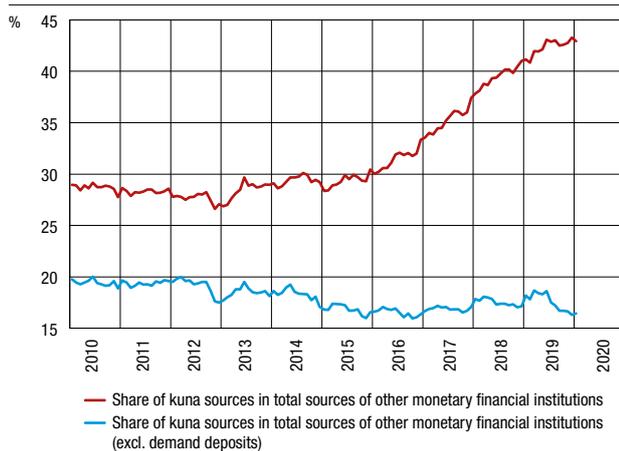
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Note: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2020 refer to January and February.

Source: CNB.

Figure 53 Share of kuna sources



Source: CNB.

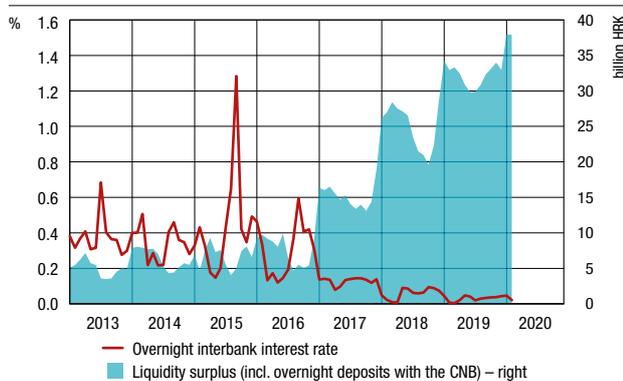
Figure 56 International reserves of the CNB at current rate of exchange



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

Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



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

Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

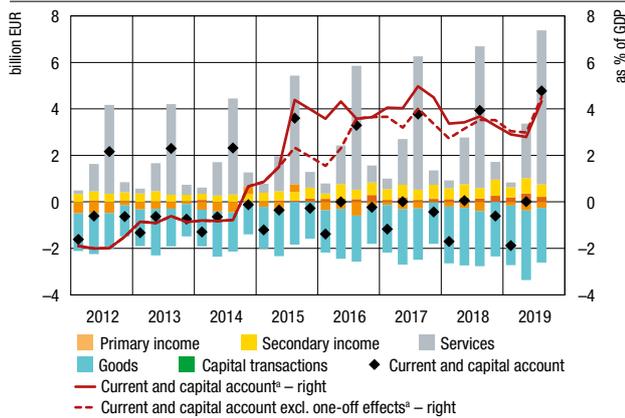
	2018	Q3/2019 ^a	Indices	
			2018/ 2017	Q3/2019 ^a / 2018
Current account	973.2	1,252.9	58.0	128.7
Capital account	729.8	1,070.4	135.7	146.7
Financial account (excl. reserves)	289.7	-804.9	-135.5	-277.8
International reserves	1,545.0	3,344.4	59.6	216.5
Net errors and omissions	131.7	216.1	80.9	164.2

^a Refers to the sum of the last four quarters.

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

Source: CNB.

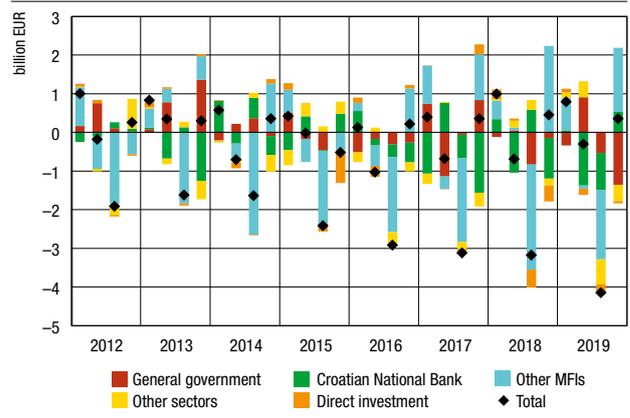
Figure 57 Current and capital account flows



^a Sum of the last four quarters.
 Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017 and 2018.

Source: CNB.

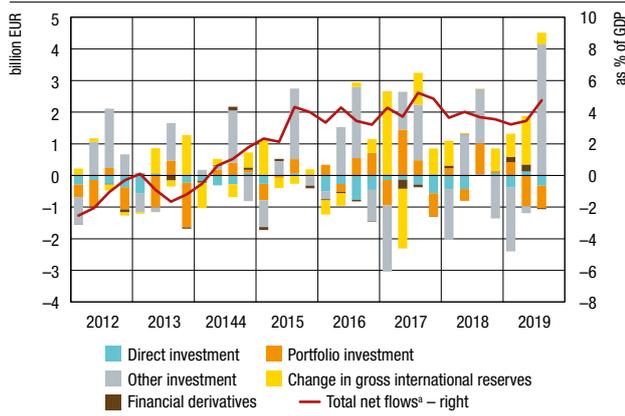
Figure 60 Net external debt transactions



Note: 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.

Source: CNB.

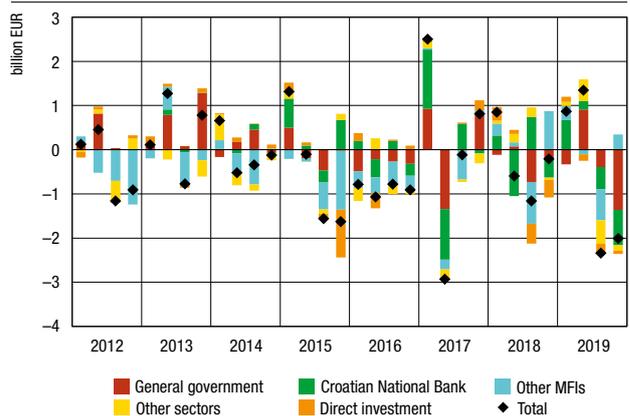
Figure 58 Financial account flows by type of investment



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

Source: CNB.

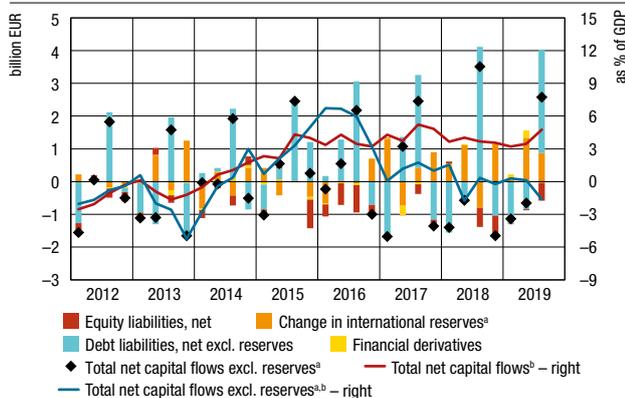
Figure 61 Gross external debt transactions



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

Source: CNB.

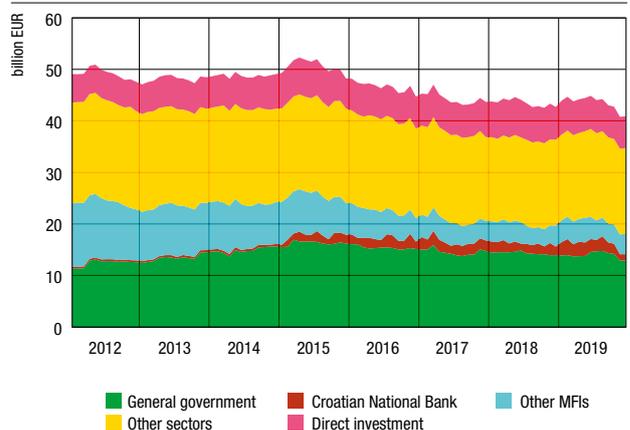
Figure 59 Financial account flows by capital structure



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

Source: CNB.

Figure 62 Gross external debt end of period



Note: Data are up to December 2019.

Source: CNB.

Figure 63 General government debt

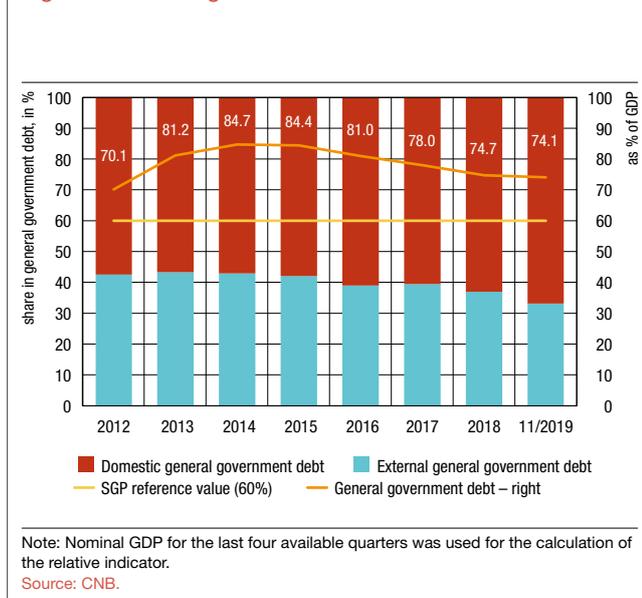


Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2018	Jan. – Sep. 2019
Total revenue	131,997	142,231
Direct taxes	17,208	18,689
Indirect taxes	57,912	61,600
Social contributions	34,439	35,366
Other	22,438	26,576
Total expenditure	126,965	135,793
Social benefits	43,721	44,952
Subsidies	5,158	5,653
Interest	6,853	6,629
Compensation of employees	32,881	34,378
Intermediate consumption	23,125	24,152
Investment	7,383	9,207
Other	7,845	10,822
Net lending (+)/borrowing (-)	5,032	6,438

Sources: CBS and Eurostat.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Nov. 2018	Jan. – Nov. 2019
1 Revenue	136,049	145,610
2 Disposal of non-financial assets	504	772
3 Expenditure	126,510	135,487
4 Acquisition of non-financial assets	3,292	4,290
5 Net borrowing (1 + 2 – 3 – 4)	6,751	6,606

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Nov. 2018	Nov. 2019
Change in total debt stock	-13,436	11,110
Change in domestic debt stock	-1,266	18,197
– Securities other than shares, short-term	-1,553	934
– Securities other than shares, long-term	8,137	14,017
– Loans	-7,758	3,440
Change in external debt stock	-12,169	-7,087
– Securities other than shares, short-term	-130	-5
– Securities other than shares, long-term	-5,878	-3,272
– Loans	-6,161	-3,810
Memo item:		
Change in total guarantees issued	-1,074	-4,358

Source: CNB.

Abbreviations and symbols

Abbreviations

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

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

Three-letter currency codes

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

Two-letter country codes

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

Symbols

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