

Information on economic trends

November 2019

Summary

Available monthly indicators suggest that real GDP growth accelerated, employment growth and wages growth continued in the third quarter 2019, while the number of unemployed persons decreased. The annual rate of consumer price inflation held steady in September at its August level of 0.8%. Financing costs continued to fall for the most part, reflecting the accommodative monetary policy. The annual growth of bank placements slowed down at the end of September to 3.0%, reflecting the continuation in the decrease of corporate lending. The general government budget surplus of as much as HRK 2.5bn in the second quarter 2019 had increased by some HRK 200m from the same time the year before. The available Ministry of Finance data indicate continued favourable developments in the third quarter.

The GDP nowcasting model shows that according to the available high-frequency indicators the growth of economic activity might accelerate in the third quarter (Figures 1 and 2¹). Industrial production in the third quarter increased by 0.6% from the second quarter, when it fell due to a reduction in the production of all main industrial groupings, except energy. In the July-September period, the production of all MIG components increased on a quarterly basis, except capital goods (Figures 3 and 4). Real retail trade turnover, after having fallen in July and August on a monthly basis, increased in September, up 0.4% in the third quarter from the previous quarter (Figure 7). The real volume of construction works rose in July and August by 0.3% from the previous quarter average, with the growth in construction works on buildings outstripping that of civil engineering works (Figure 5 and 6).

In October, the consumer confidence index was above the average in the third quarter of the year, primarily due to better expectations regarding consumption in the next 12 months related to the purchase of durable goods. The consumer confidence index thus remained at its historical high since the beginning of consumer confidence monitoring. As regards corporate expectations, business confidence grew in October in all activities but industry compared with the previous quarter average. Expectations in construction thus climbed to their historical high since business expectations measurement began, while expectations in services remained at the record high registered in mid 2016. Expectations in trade also grew, bringing the index back to the levels attained at the beginning of the year (Figure 8).

In the third quarter 2019, labour market developments were relatively favourable. The rise in employment decelerated in the third quarter (Figure 14). The number of employed persons rose the most in construction, transportation and storage, and information and communication activities. On the other side, the number of persons employed in industry declined for the second consecutive month. Unemployment continued to fall in the third quarter 2019, after stagnating in the previous three months. The drop in the number of unemployed was caused by increased employment but also by removals from the CES register. The registered unemployment rate decreased to 7.8% from 8% in the second quarter due to the decline in unemployment (Figure 15). The growth of nominal gross wages accelerated slightly in the third quarter (1.1% from 0.9% in the second quarter). Wages grew both in the public and in the private sector (Figure 16). At the same time, the growth of real wages was less prominent (0.9%) due to the increase in consumer prices.

Consumer prices increased by 0.8% in September from the month before (Table 1). This was primarily due to clothing and footwear prices, whose growth was more prominent than in the same month of the previous year. The annual rate of consumer price

inflation held steady in September at its August level of 0.8% (Figure 18). The increased contribution of industrial goods without energy (primarily clothing and footwear) and processed food products to annual inflation in September was offset by the declining contribution of unprocessed food products (primarily vegetables) and energy. Accordingly, core inflation (which excludes agricultural product prices, energy prices and administered prices) accelerated from 1.0% in August to 1.6% in September. As for producer prices in the domestic market, their annual growth rate in September was -0.3%, the same as a month earlier. The annual growth rate of industrial producer prices (excluding energy) increased by 0.2 percentage points (from 0.6% in August to 0.8% in September), which was a result of the acceleration in the annual growth in the prices of non-durable consumer goods. The average price of a barrel of Brent crude oil increased by 5% in September from August, totalling USD 62 (Figure 19). The increase in crude oil prices in the global market was most prominent in mid September as a result of the attacks on oil fields in Saudi Arabia, which pushed crude oil prices up to USD 68 per barrel. Later in the month they gradually declined to USD 60.

After declining in the second quarter 2019, the total exports of goods increased strongly in July from the average recorded in the preceding three months (Figure 10), which was predominantly aided by the exports of other transport equipment (ships). Exports of medical and pharmaceutical products increased as well, while there were no major changes in the exports of energy products. In contrast, total imports of goods (Figure 11) went down by 2.0% in July from the average of the previous month as a consequence of the decline in imports of energy products (especially oil and refined petroleum products and natural and manufactured gas), while the imports of other goods stagnated. The first August data indicate a significantly slower growth of total exports of goods, of 5.8% in July and August, and an even more prominent reduction in total imports of goods, of 4.4%, from the previous quarter average.

The nominal exchange rate of the kuna against the euro depreciated in October, mostly moving within a range of $\pm 0.3\%$ around the average value of EUR/HRK 7.43 (Figure 21). At the end of October, the exchange rate stood at EUR/HRK 7.45, which was 0.7% higher than at the end of the previous month or 0.4% higher than in the same period last year. A slightly more prominent depreciation of the kuna exchange rate against the euro at the end of October was aided by the government's increased demand for foreign currency. The weakening of the kuna against the euro contributed the most to the depreciation of the nominal effective exchange rate by 0.7% from the end of September. In addition, the kuna depreciated against most other currencies within the currency basket for the calculation of effective exchange rates, but this was offset by the strengthening of the kuna against the Turkish lira and the American dollar, reflecting

1 The Croatian Bureau of Statistics published revised annual data for national accounts for the period 1995-2017, that are harmonised with the revised RC balance of payments data published at the end of September 2019. A lower level of services exports each year since 2000 did not result in a nominal decrease of the GDP level. However, the nominal level of personal consumption increased. Given that deflators predominantly remained unchanged, revised nominal levels of the exports of services and personal consumption resulted in the change of the real rates of change in exports of services and personal consumption. It should be stressed that the CBS noticeably revised deflators for 2018, which led to divergences of annual rates of change in the main components of real GDP in 2018 from the previously published data, making data interpretation difficult. The Bureau will publish the revised quarterly data for national accounts on 29 November, when detailed explanations of the implemented changes are also expected to become available.

the strengthening of the euro against these currencies on the global foreign exchange market.

Short-term interest rates on the European money market remained in negative territory in October, reflecting the exceptionally expansionary monetary policy of the European Central Bank that was additionally strengthened by its September measures. The overnight interest rate on the euro area banking market, EONIA, declined to -0.46% , while the six-month EURIBOR slightly increased to -0.34% at the end of October (Figure 24). Risk premiums for European emerging markets (Figure 25) remained similar to those recorded late in September. At the end of October, the risk premium for Croatia was 81 basis points and, excluding Romania, remained slightly higher than for CEE peers.

No trading took place in the domestic overnight interbank market in October, which was a consequence of an ample liquidity surplus in the domestic banking market that reached an average of HRK 33.1bn in October (Figure 54). At the same time, the interest rate on one-year kuna T-bills without a currency clause fell to 0.06% (Figure 28), while the interest rate on the auctioned euro-denominated T-bills of the same maturity remained unchanged at -0.05% .

Interest rates on new bank loans granted to households and corporates predominantly decreased or held steady in September, except for interest rates on short-term corporate loans, which edged up (Figures 28, 29 and 30). The increase in the funding costs of new corporate loans that was especially prominent in relation to kuna loans for working capital (Figure 31) contributed to this growth. On the other hand, interest rates on original new housing and consumer loans to households decreased (Figure 32 and 33), with the costs of housing funding registering their all-time low. Interest rates on corporate and household time deposits were slightly lower in September than in August (Figures 34 and 35). The spread between interest rates on total new loans and deposits and on their balance remained almost unchanged in September at 5.06 basis points and 4.36 basis points respectively (Figure 37).

Monetary developments in September 2019 were marked by a decrease in net domestic assets (NDA) of the monetary system, primarily due to the decline in placements to corporates, while net foreign assets increased, thus offsetting the impact of the NDA decrease on total liquid assets (M4) which stagnated in comparison to the end of August (based on transactions) (Figure 49).² If analysed on an annual basis, the growth in total liquid assets slowed down to 4.4% in September 2019 (based on transactions). In the structure of M4, the annual growth of money (M1) slowed down to 14.8% (Figure 48), while the annual fall in quasi-money was slightly less intensive amid the increase in foreign currency deposits, ending September at -1.3% (based on transactions).

Total placements of monetary institutions to domestic sectors (excluding the government) decreased in September by 0.3% from the end of August (based on transactions) primarily due to the fall in placements to the non-financial corporations sector (-0.9%). As a result, the annual fall in placements to non-financial corporations accelerated from -1.9% at the end of August to -3.0% at the end of September (Figure 41). On the other hand, the annual growth of placements to households remained at the 7.0% it attained in August (Figure 42). The acceleration in the annual growth of housing and general-purpose cash loans to households was offset by the slower pace of other forms of lending to this sector. In terms of currency structure, the several-years-long upward trend in the growth of kuna placements in total placements to households continued, reaching 53.9% (Figure 47). As for the nominal stock of total placements,

their annual growth stood at 1.1% in September and was significantly slower than the transaction-based growth, primarily as a result of the sale of non-performing placements.

Gross international reserves increased in October by EUR 0.2bn or 1.2% and stood at EUR 20.7bn (Figure 56) at the end of the month. In October, gross reserves had grown by EUR 3.2bn or 18.5% since the end of 2018. Net usable reserves rose by EUR 1.6bn or 10.2% from the end of the previous year and stood at EUR 17.4bn at the end of October.

Net external debt decreased substantially in July and August 2019 by EUR 3.2bn (Figure 60), which was primarily a consequence of the growth in assets (by 2.5bn EUR) and to a lesser extent by the decrease in liabilities (by EUR 0.7bn). Positive developments were largely a result of the usual seasonal improvement in banks' net foreign positions due to strong inflow of foreign currency at the peak of the tourist season. The decline in net external debt was also greatly aided by foreign exchange market interventions by the CNB and to a lesser extent by other domestic sectors. At the same time, the country's net foreign position slightly improved thanks to the increase in CBRD assets. Total gross external debt stood at EUR 44.4bn (Figure 62), decreasing by only EUR 0.2bn from the end of the second quarter despite deleveraging of domestic sectors due to unfavourable effects of cross-currency changes (amid the strengthening of the US dollar against the euro) and other adjustments (mostly associated with sale transactions in the secondary market).

The consolidated general government surplus (ESA 2010) stood at HRK 0.2bn in the first half of 2019, improving by HRK 300m from the same period a year ago.³ This positive result primarily reflects results from the second quarter of the current year, when a surplus of almost HRK 2.5bn was recorded (the surplus in the same period last year was HRK 2.3bn). The significant budget surplus in the second quarter reflects equally strong increases in revenues and expenditures from the same period last year. A detailed review of the revenue side of the budget in the first half of the year shows that the increase in total revenues of 7.5% was primarily caused by revenues from indirect taxes, whose growth of 6.6% was aided by the rise in imports and personal consumption. Other revenues that include subsidies, proprietary income and other current transfers increased by as much as 14.9% , probably reflecting stronger EU funds absorption capacity. On the other hand, revenues from contributions increased by a mere 3.1% , i.e. in other words, less than the growth indicated by the increases in wages and employment. At the same time, there was also a substantial increase in revenues from the first half of the previous year, totalling 7.2% . This reflects the increase in most components, with the increase in other expenditures of 45.4% predominantly contributing to the total increase in expenditures, although expenditures for investments (23.5%), intermediate consumption (6.9%) and employee compensations (5.4%) also grew strongly. Social benefits rose by 3.3% . In contrast, expenditures for interest and subsidies were lower than in the same period of the previous year.

Available indicators suggest that the third quarter could also witness favourable fiscal developments. According to MoF monthly data⁴ for the period from July to September of this year, the central government ran a surplus of HRK 7.4bn, which was much larger than the surplus realised in the same period of the previous year (HRK 5.1bn). The increase in the surplus reflects a faster growth in revenues than in expenditures.

Consolidated general government debt totalled HRK 297.1bn at the end of July, up almost HRK 11bn on the end of 2018, despite the favourable effect of the appreciation of the exchange rate of the

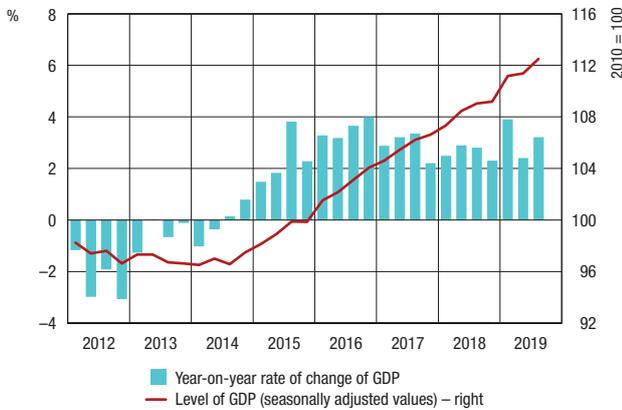
² The nominal decrease in total liquid assets in September was a consequence of the change in statistical methodology under which starting from September 2019 liabilities under operating leasing are reported in the item Other liabilities, while they were previously reported in the item Bonds and money market instruments.

³ Historical fiscal data series were revised in October. The general government surplus recorded in 2018 was increased by 0.1 percentage point to 0.3% of GDP, mainly due to the substantial downward revision of the level of recorded expenditures in relation to realised revenues.

kuna against the euro in the observed period. The increase in debt predominantly reflects the issue of a foreign bond, worth EUR 1.5bn in June; advantage was taken of the favourable circumstances in

financial markets to raise funds for repayment of the foreign bond in the same amount that falls due in November.

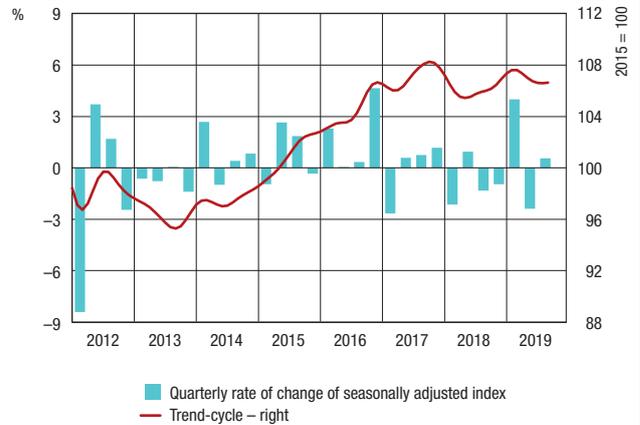
Figure 1 Quarterly gross domestic product
seasonally adjusted real values



Note: Data for the third quarter of 2019 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 30 October 2019.

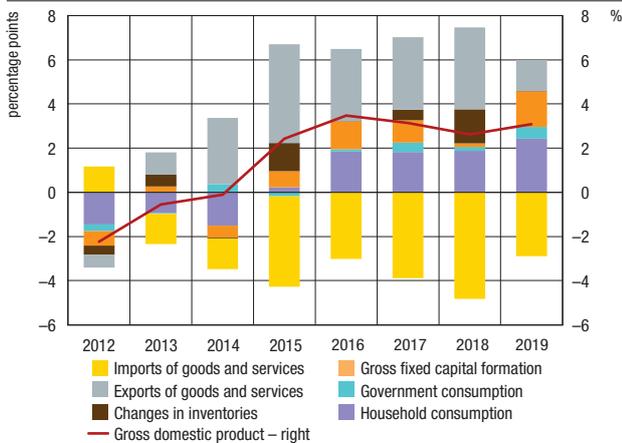
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 3 Industrial production



Source: CBS data seasonally adjusted by the CNB.

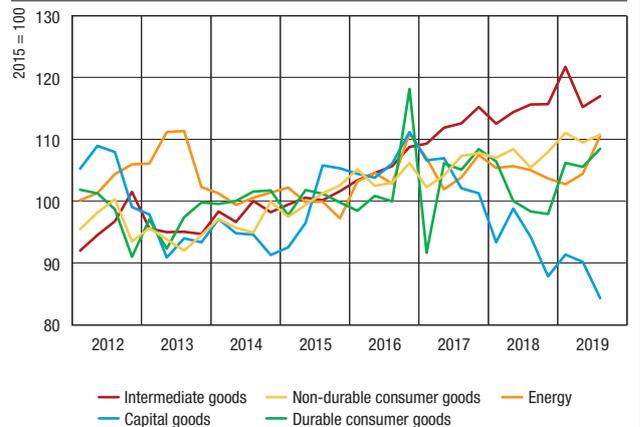
Figure 2 GDP rate of change
contributions by components



Note: The projection for 2019 refers to the official projection of the CNB from July 2019.

Source: CBS.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices

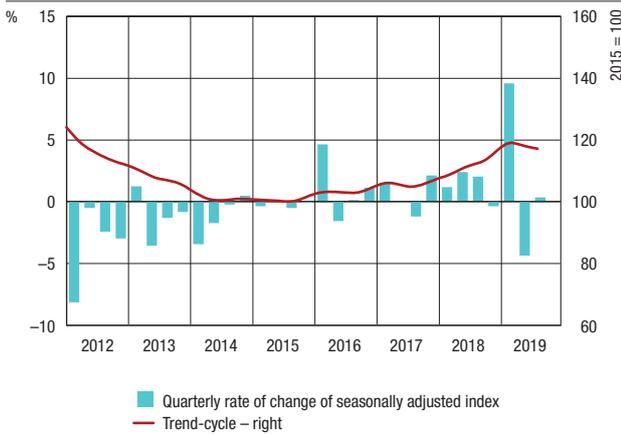


Note: Quarterly data are calculated as the average of monthly data.

Source: CBS data seasonally adjusted by the CNB.

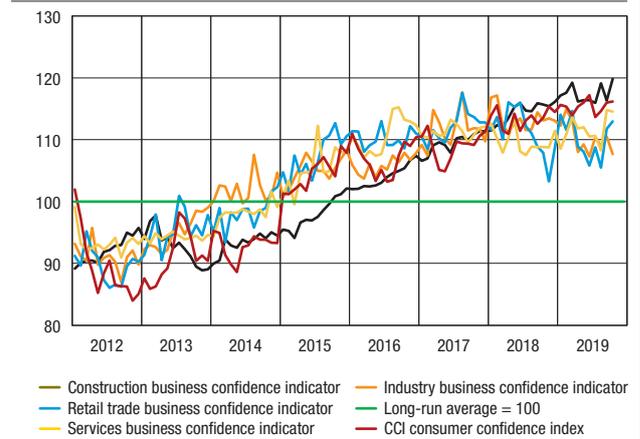
4 Monthly data for central government, state government and social security sub-sectors which, pursuant to Council Directive 2011/85/EU, have to be published before the end of the following calendar month. The published data refer to general government units according to the scope of the ESA 2010 statistical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

Figure 5 Total volume of construction works



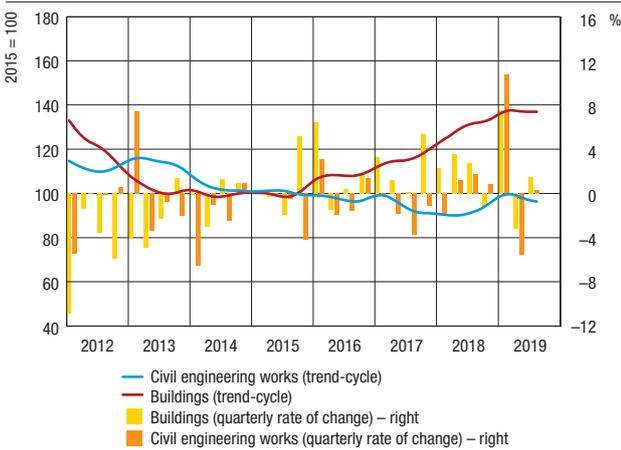
Note: Data for the third quarter of 2019 refers to July and August.
Source: CBS data seasonally adjusted by the CNB.

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



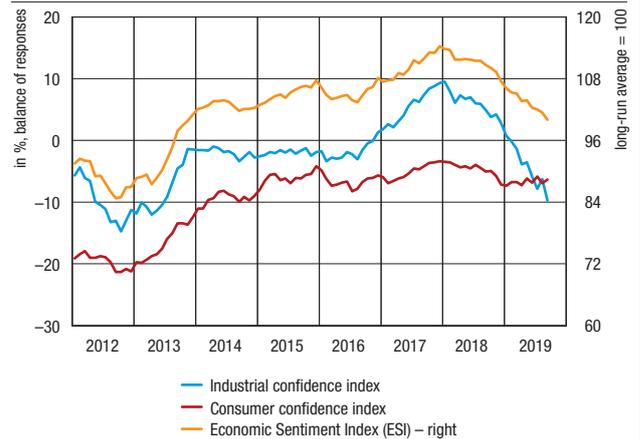
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



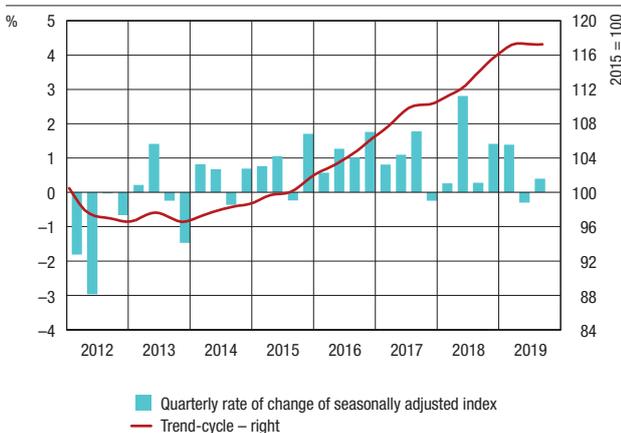
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



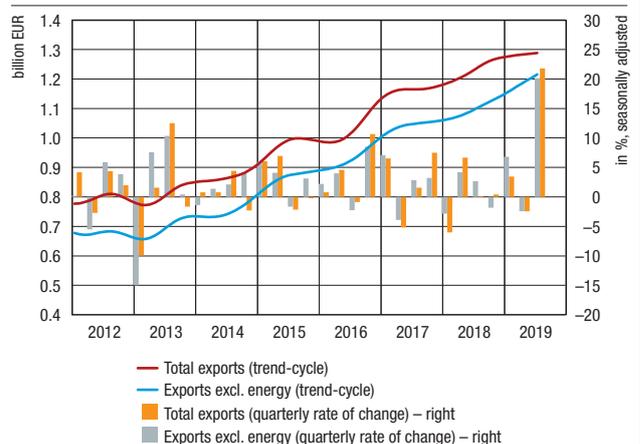
Note: Data are up to end-September 2019.
Source: Eurostat.

Figure 7 Real retail trade turnover



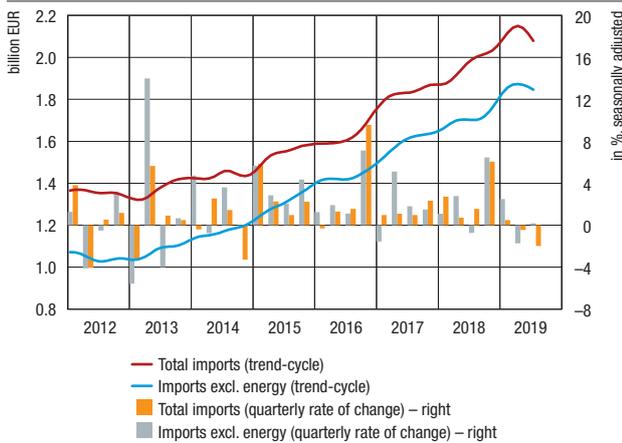
Source: CBS data seasonally adjusted by the CNB.

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



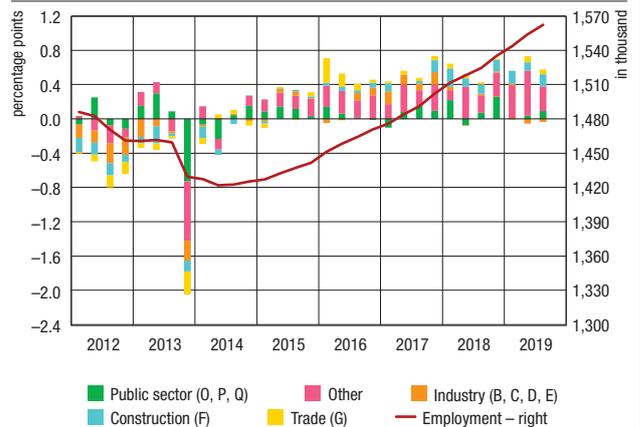
Note: Data for the third quarter of 2019 refer to July.
Source: CBS data seasonally adjusted by the CNB.

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



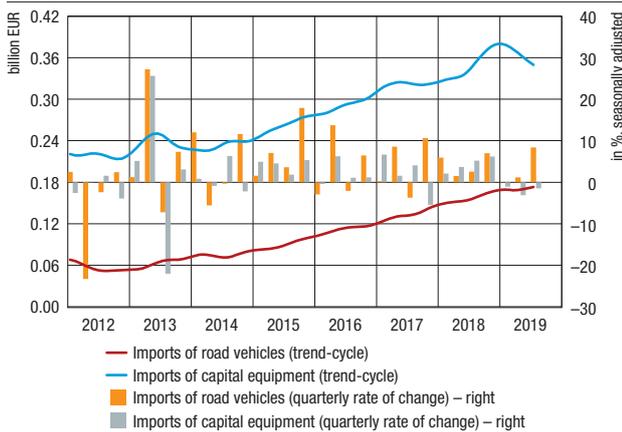
Note: Data for the third quarter of 2019 refer to July.
Source: CBS data seasonally adjusted by the CNB.

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



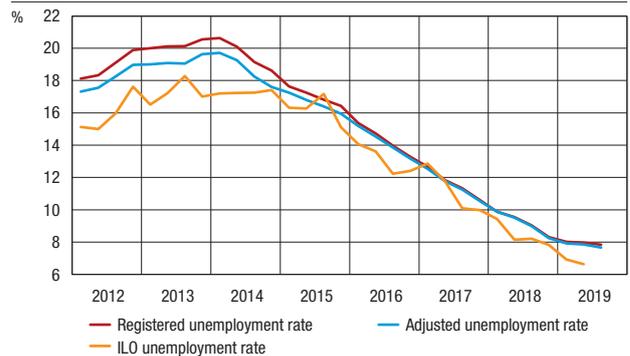
Source: CPII data seasonally adjusted by the CNB.

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



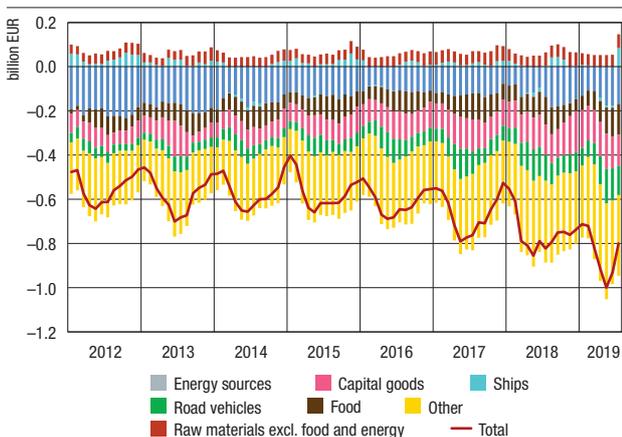
Notes: Imports of capital equipment (SITC divisions 71 - 77). Data for the third quarter of 2019 refer to July.
Source: CBS data seasonally adjusted by the CNB.

Figure 15 Unemployment rates
seasonally adjusted data



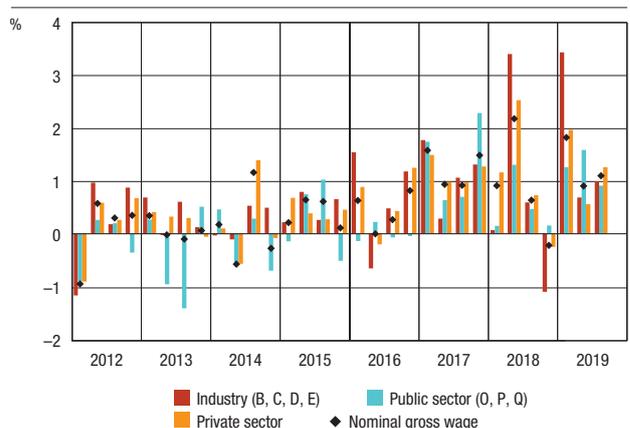
Notes: Since January 2015, the calculation of the registered unemployed person has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to July 2019. The adjusted unemployment rate is the CNB estimate 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).
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 13 Trade in goods balance



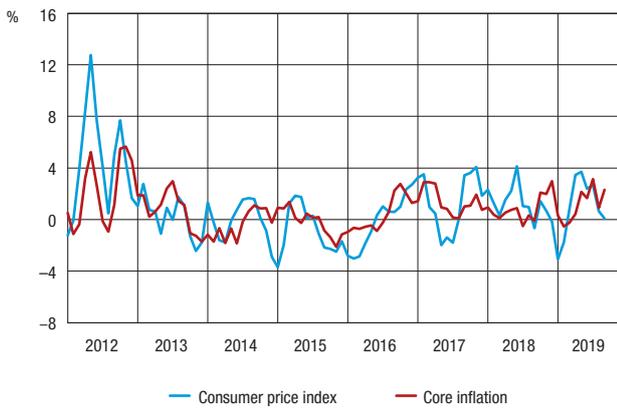
Notes: Series are shown as three-member moving averages of monthly data. Data are up to end-July 2019.
Source: CBS.

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

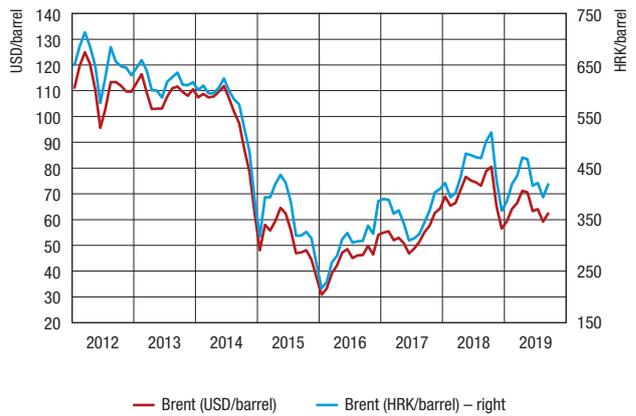
Figure 17 Consumer price index and core inflation
annualised month-on-month rate of change^a



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

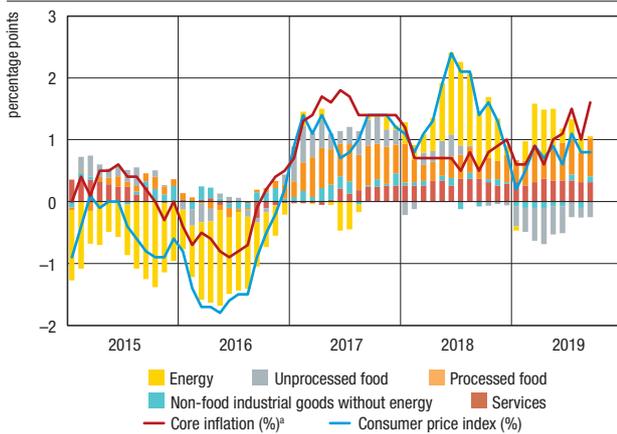
Sources: CBS and CNB calculations.

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

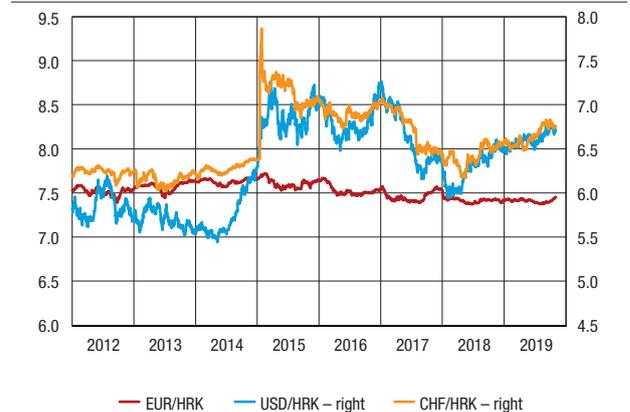
	Year-on-year rates		Month-on-month rates	
	8/2019	9/2019	9/2018	9/2019
Consumer price index and its components				
Total index	0.8	0.8	0.8	0.8
Energy	1.6	0.2	0.9	-0.5
Unprocessed food	-1.7	-2.7	-0.3	-1.4
Processed food	2.0	2.6	-0.4	0.2
Non-food industrial goods without energy	-0.4	0.4	3.5	4.3
Services	1.2	1.2	-0.2	-0.2
Other price indicators				
Core inflation	1.0	1.6	1.0	1.6
Index of industrial producer prices on the domestic market	-0.3	-0.3	0.4	0.5
Brent crude oil price (USD)	-19.0	-21.0	7.8	5.2
HWWI index (excl. energy, USD)	-1.5	0.7	-1.7	0.5

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

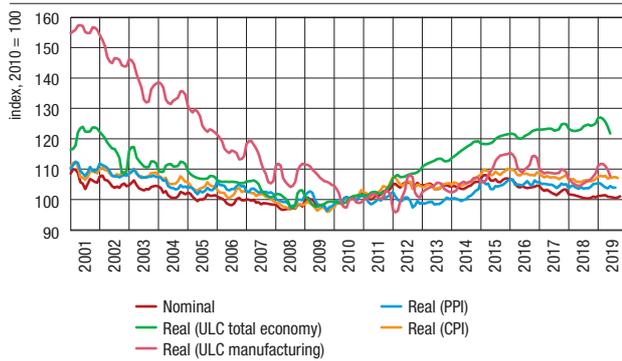
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



Source: CNB.

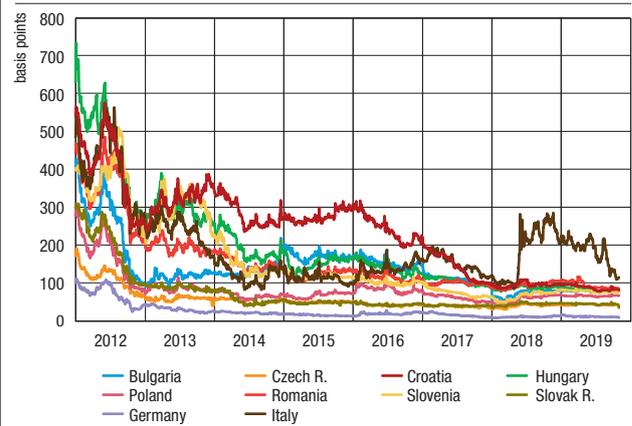
Figure 22 Nominal and real effective exchange rates of the kuna



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

Source: CNB.

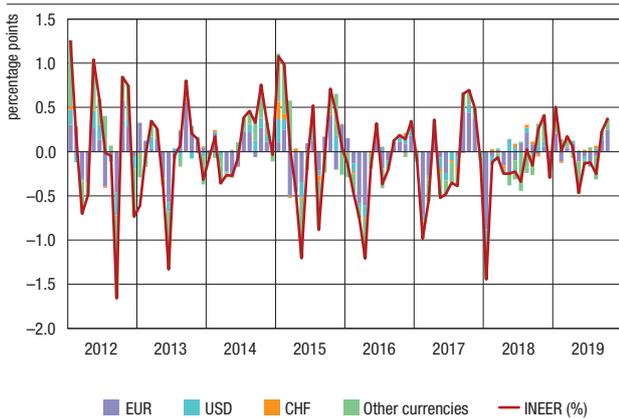
Figure 25 CDS spreads for 5-year government bonds of selected countries



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.

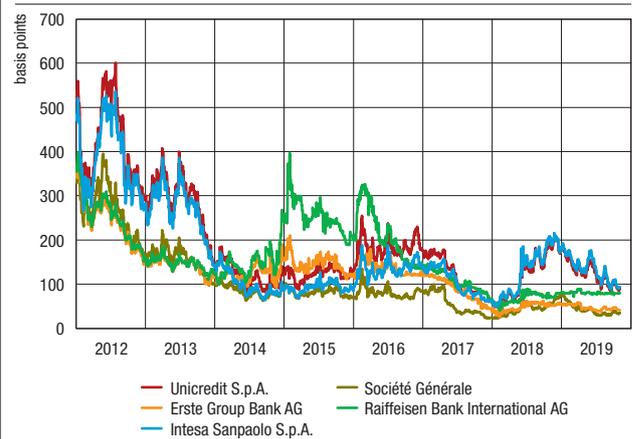
Figure 23 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



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

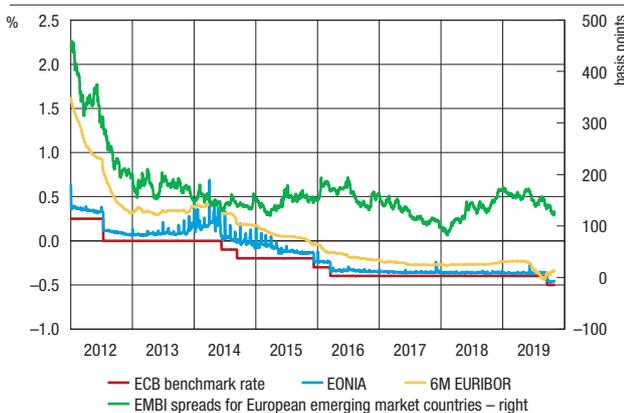
Source: CNB.

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

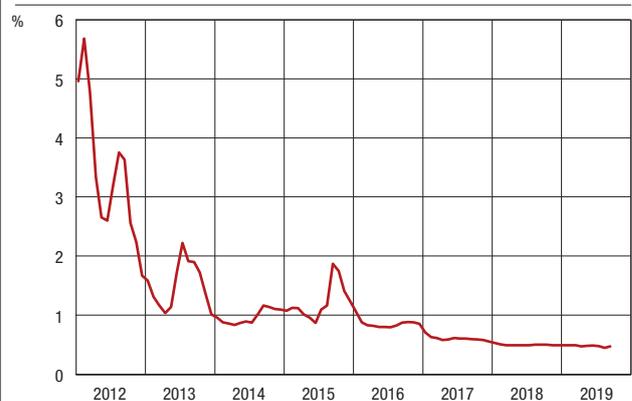


Note: The J.P. Morgan Emerging Market Bond Index (EMBI) shows the spread between yields on government securities of emerging market economies and risk-free securities issued by developed countries.

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

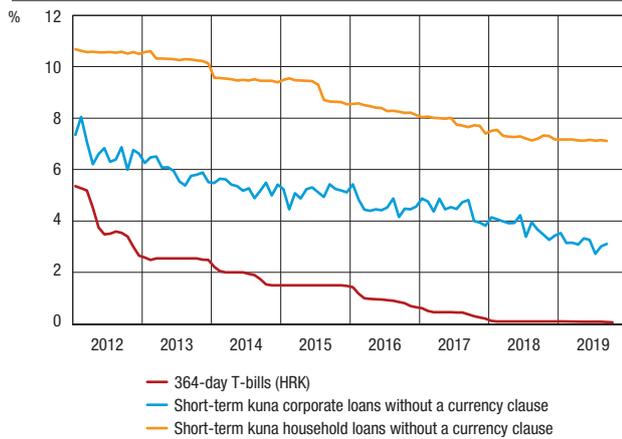
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



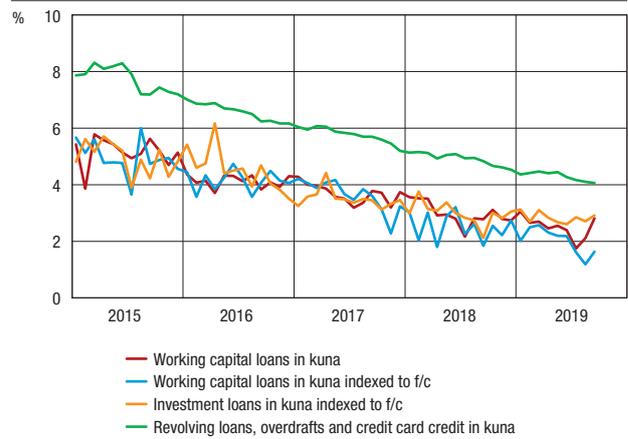
Source: CNB.

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



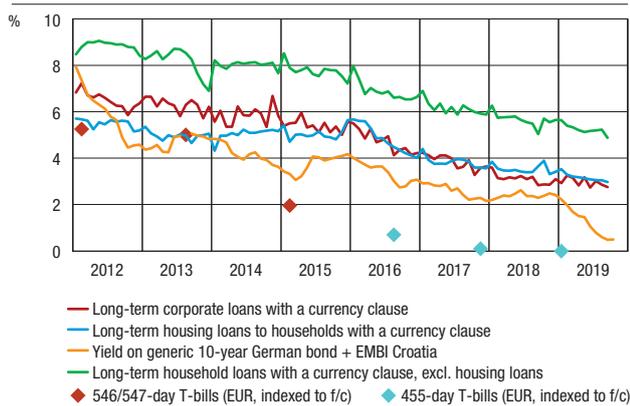
Sources: MoF and CNB.

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



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

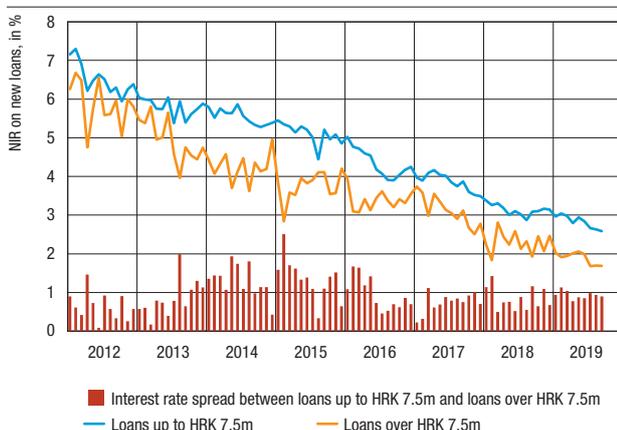
Sources: MoF, Bloomberg and CNB.

Figure 32 Interest rates on original new housing loans to households



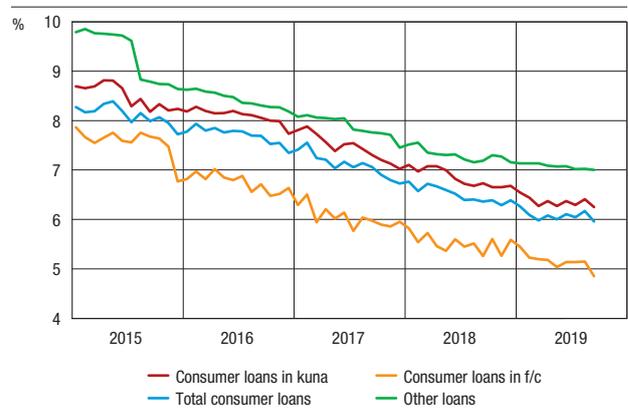
Source: CNB.

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



Source: CNB.

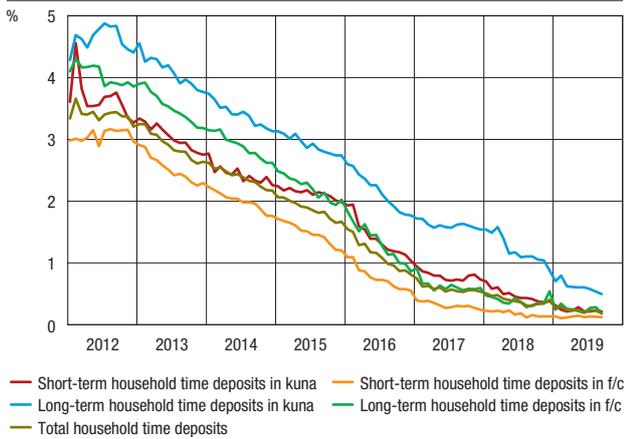
Figure 33 Interest rates on original new consumer and other loans to households



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

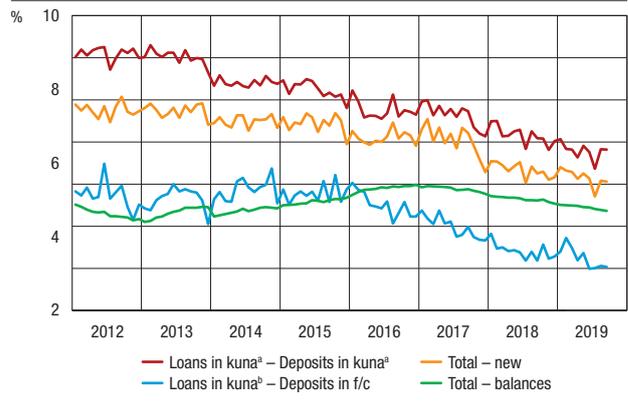
Source: CNB.

Figure 34 Interest rates on household time deposits



Source: CNB.

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

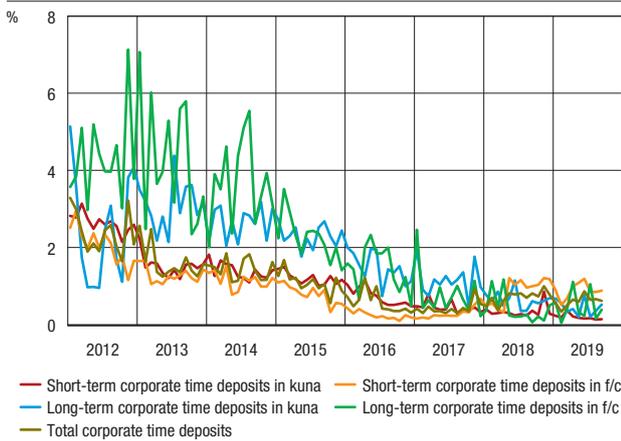


^a Non-indexed to f/c. ^b Indexed to f/c.

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

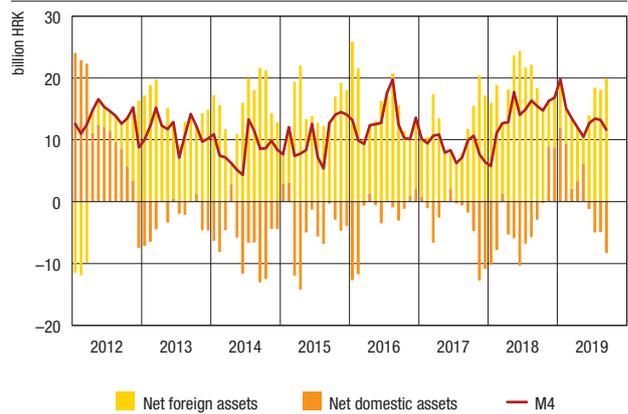
Source: CNB.

Figure 35 Interest rates on corporate time deposits



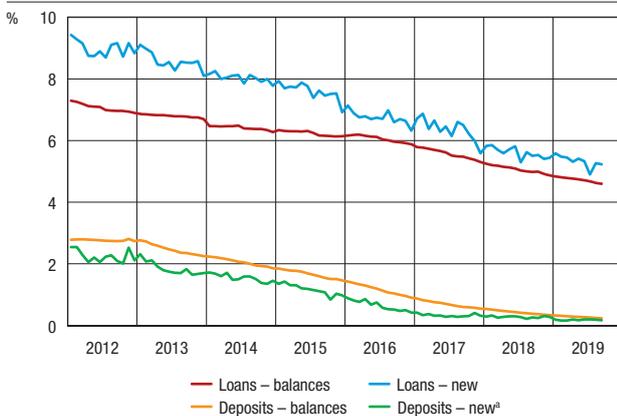
Source: CNB.

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



Source: CNB.

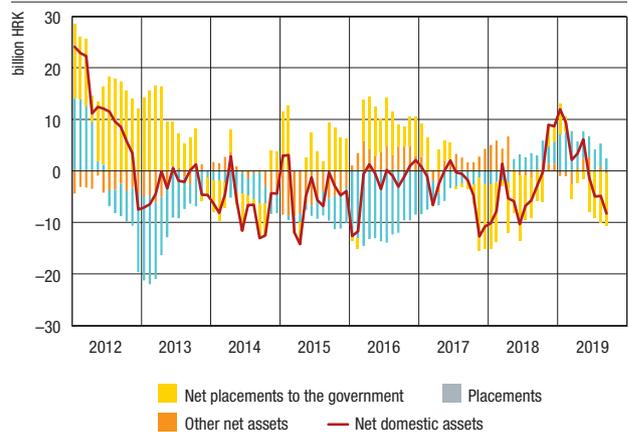
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



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

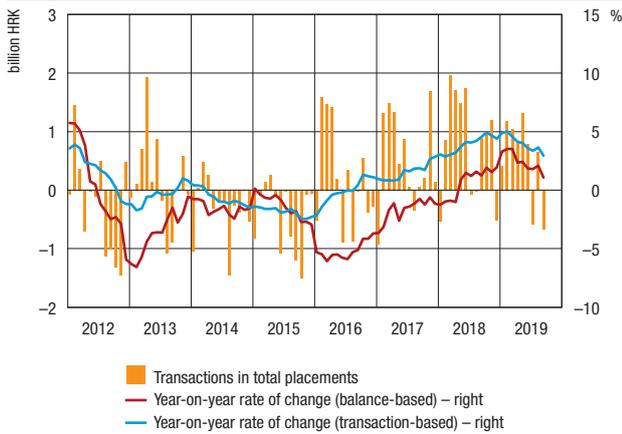
Source: CNB.

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



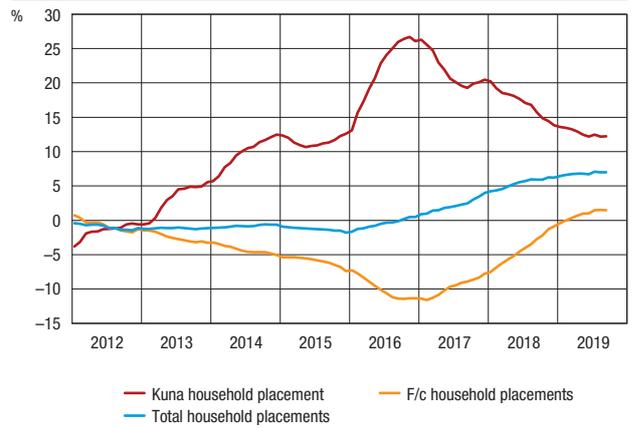
Source: CNB.

Figure 40 Placements



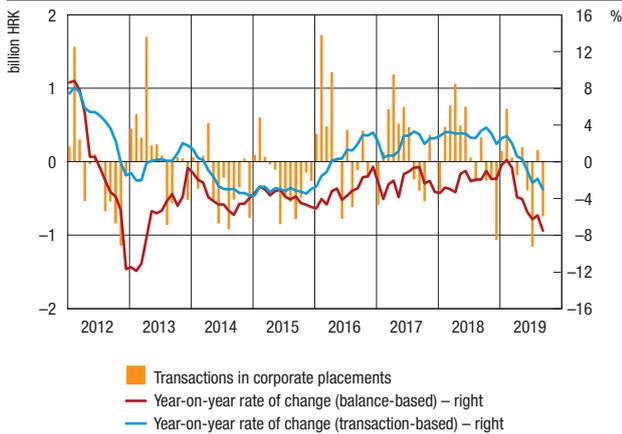
Source: CNB.

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



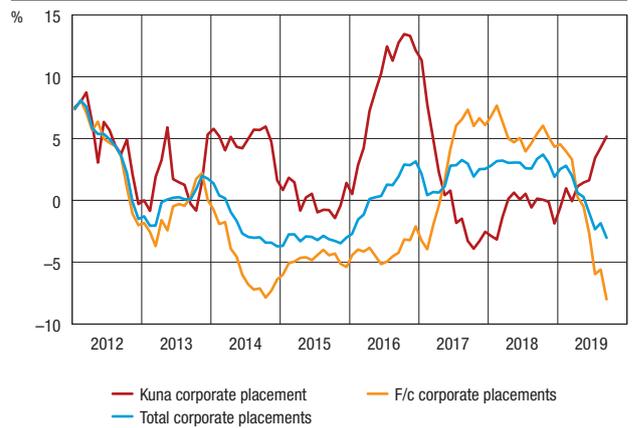
Source: CNB.

Figure 41 Placements to corporates



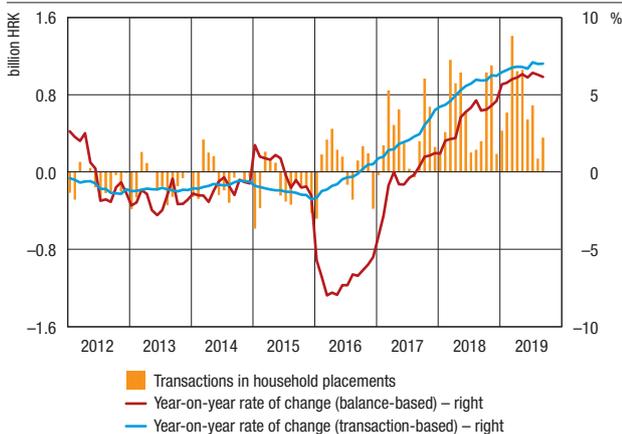
Source: CNB.

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



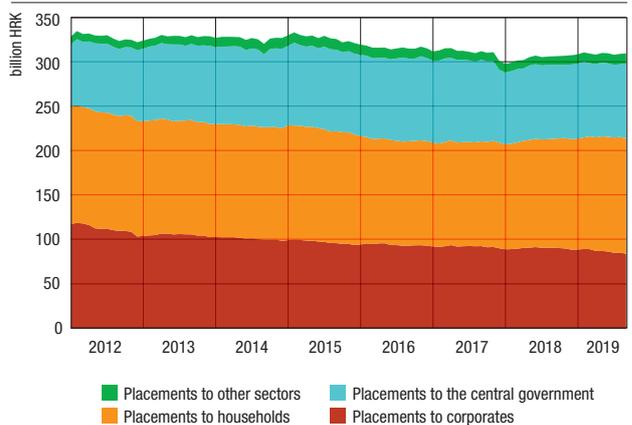
Source: CNB.

Figure 42 Placements to households



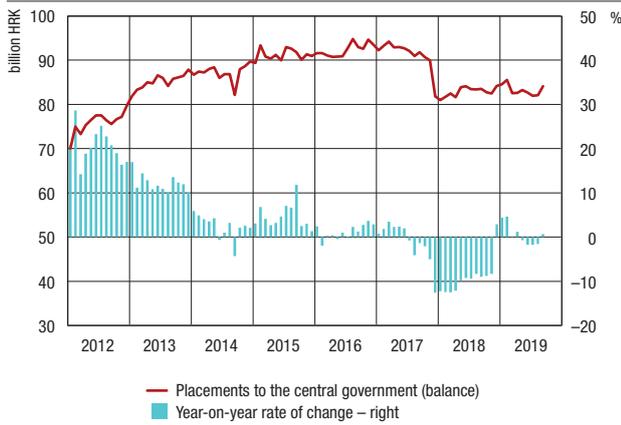
Source: CNB.

Figure 45 Structure of credit institution placements



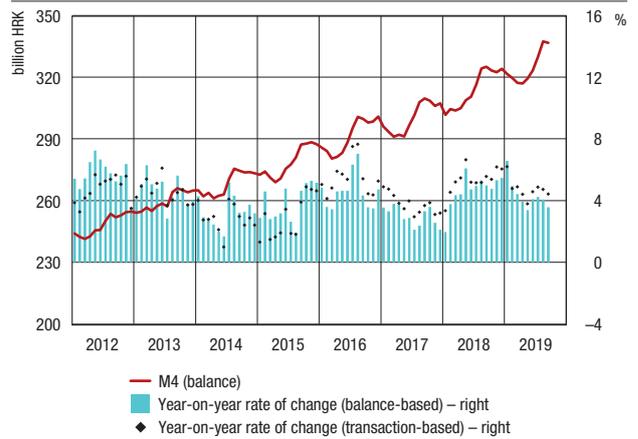
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



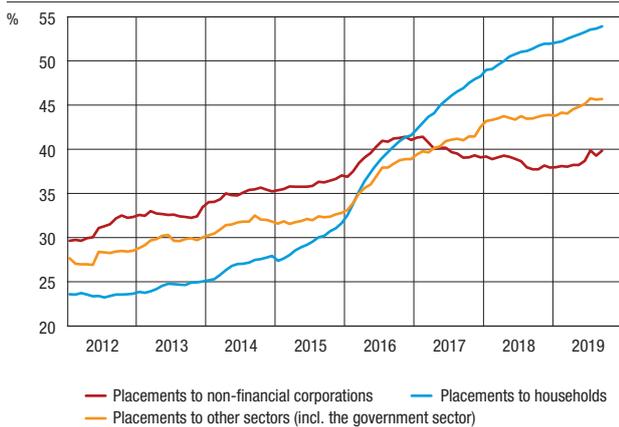
Source: CNB.

Figure 49 Total liquid assets (M4)



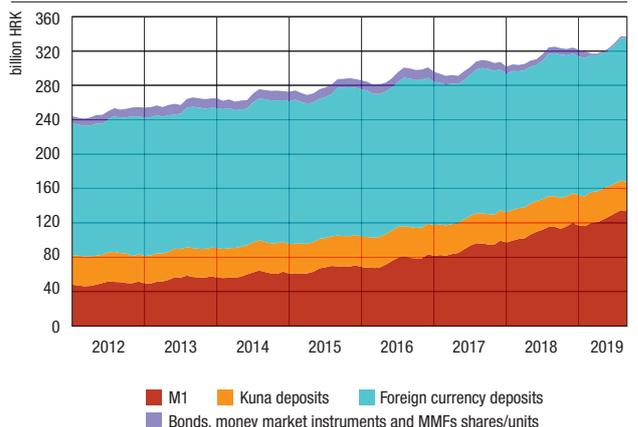
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



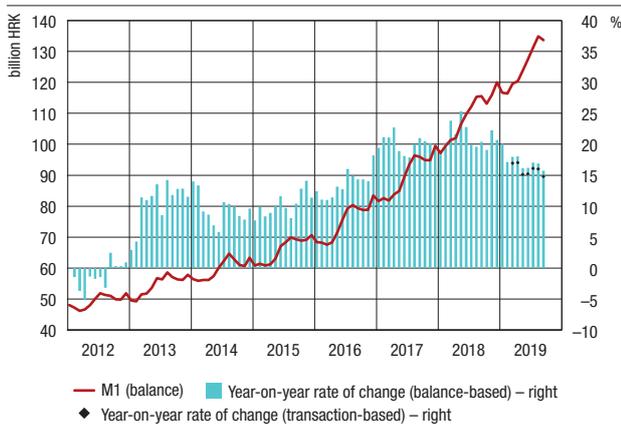
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



Source: CNB.

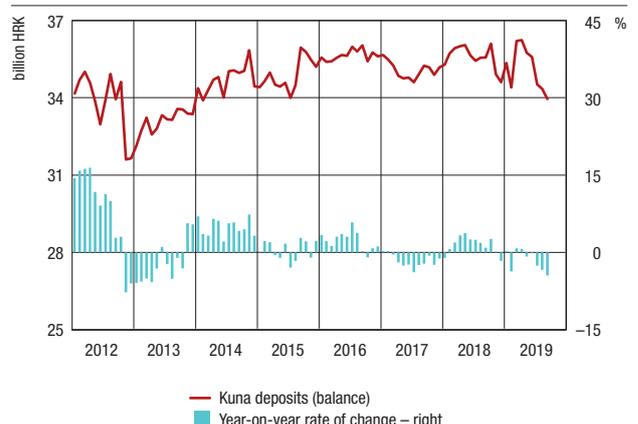
Figure 48 Money (M1)



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

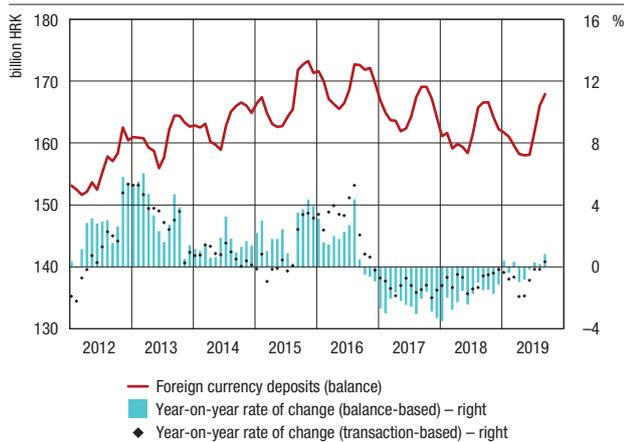
Source: CNB.

Figure 51 Kuna savings and time deposits



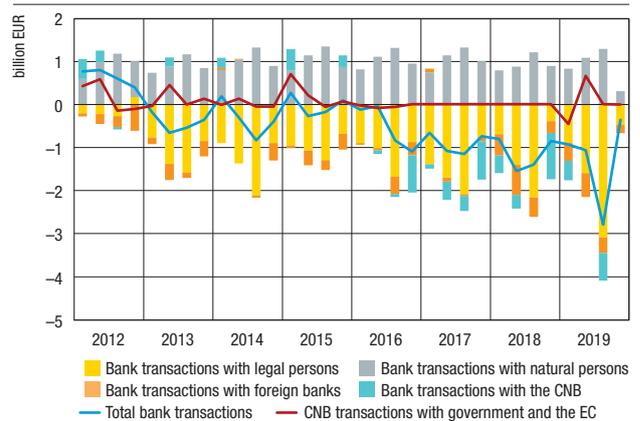
Source: CNB.

Figure 52 Foreign currency deposits



Source: CNB.

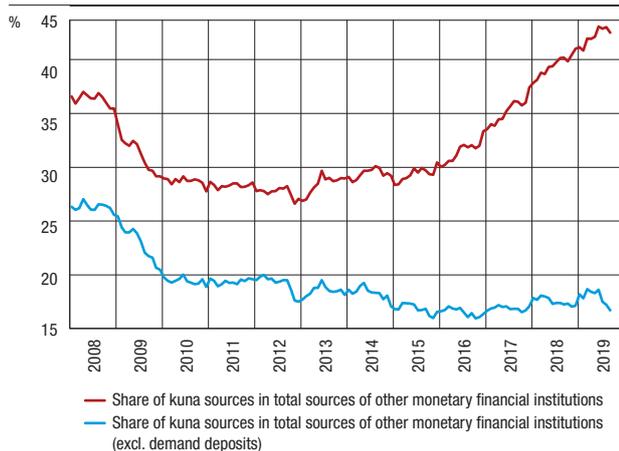
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the fourth quarter of 2019 refer to October.

Source: CNB.

Figure 53 Share of kuna sources



Source: CNB.

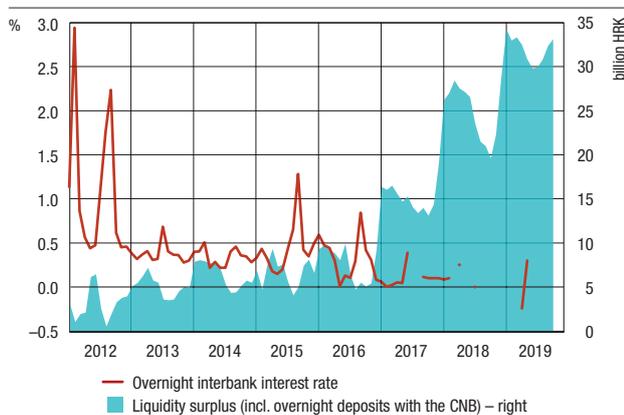
Figure 56 International reserves of the CNB at current rate of exchange



^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.

Source: CNB.

Table 2 Balance of payments preliminary data, in million EUR

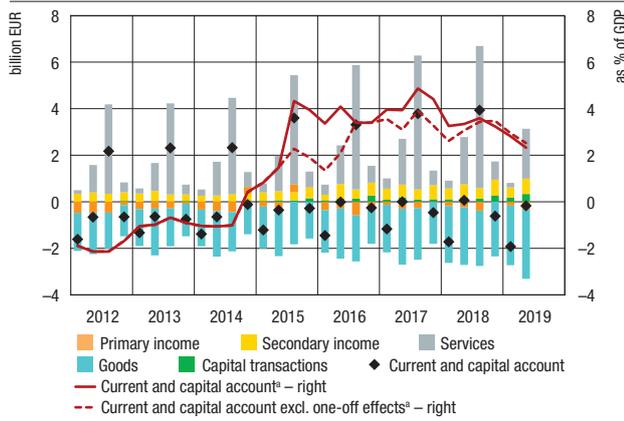
	2018	Q2/2019*	Indices	
			2018/2017	Q2/2019 / 2018
Current account	987.3	309.1	58.8	31.3
Capital account	680.6	915.8	140.4	134.6
Financial account (excl. reserves)	307.5	-1,364.9	-129.0	-443.9
International reserves	1,545.0	2,991.4	59.6	193.6
Net errors and omissions	184.7	401.7	96.7	217.5

* 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.

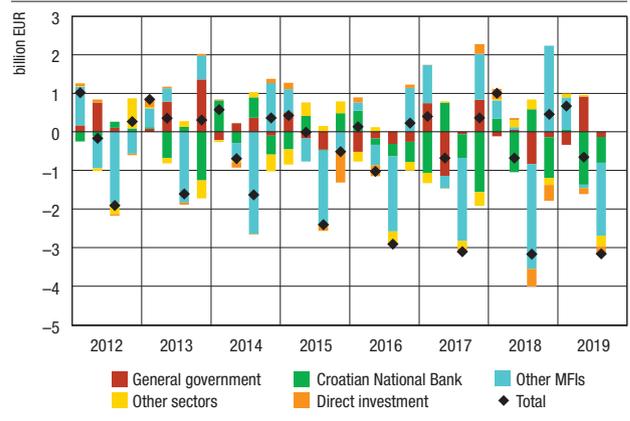
Figure 57 Current and capital account flows



^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.

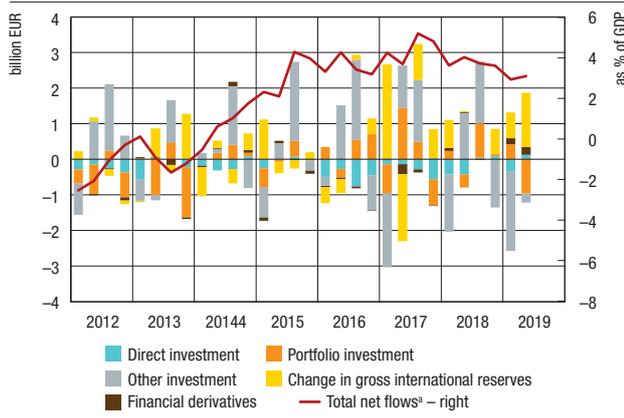
Figure 60 Net external debt transactions



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 third quarter of 2019 refer to July and August.

Source: CNB.

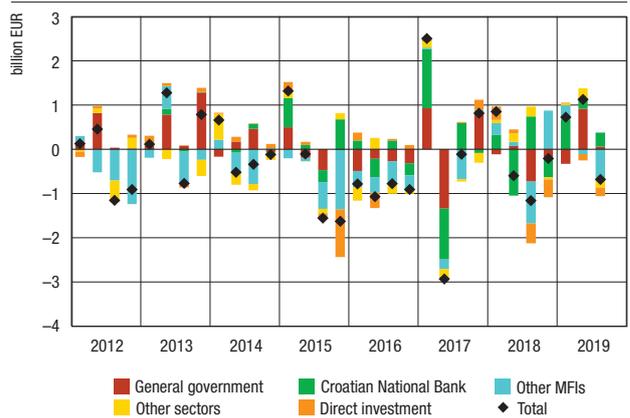
Figure 58 Financial account flows by type of investment



^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.

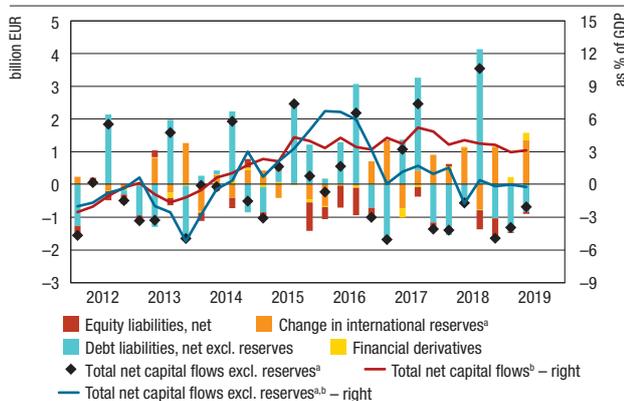
Figure 61 Gross external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the third quarter of 2019 refer to July and August.

Source: CNB.

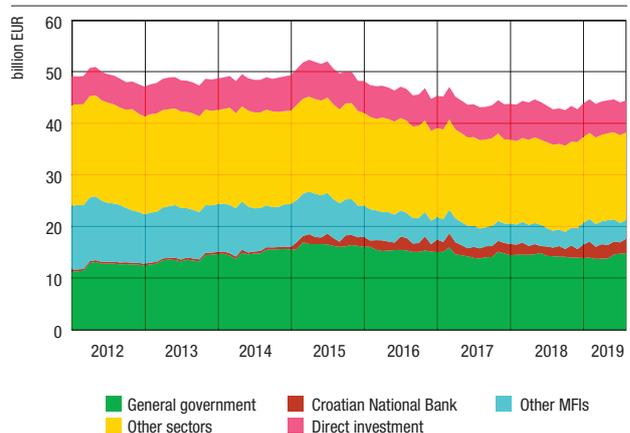
Figure 59 Financial account flows by capital structure



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

Source: CNB.

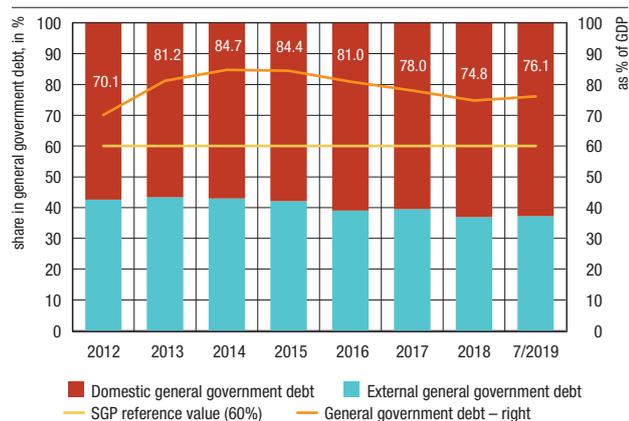
Figure 62 Gross external debt end of period



Note: Data are up to end-August 2019.

Source: CNB.

Figure 63 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. –Jun. 2018	Jan. –jun 2019
Total revenue	84,649	91,027
Direct taxes	12,010	13,185
Indirect taxes	35,298	37,619
Social contributions	22,687	23,382
Other	14,653	16,842
Total expenditure	84,764	90,826
Social benefits	28,957	29,918
Subsidies	4,750	4,538
Interest	4,657	4,403
Compensation of employees	21,713	22,894
Intermediate consumption	15,264	16,314
Investment	4,282	5,288
Other	5,140	7,472
Net lending (+)/borrowing (-)	-115	200

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. –Aug. 2018	Jan. –Aug. 2019
1 Revenue	97,367	104,618
2 Disposal of non-financial assets	357	611
3 Expenditure	91,035	97,509
4 Acquisition of non-financial assets	2,347	2,852
5 Net borrowing (1 + 2 – 3 – 4)	4,342	4,868

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jul. 2018	Jul. 2019
Change in total debt stock	-1,899	10,952
Change in domestic debt stock	3,578	6,254
– Securities other than shares, short-term	-347	629
– Securities other than shares, long-term	4,400	9,553
– Loans	-448	-3,808
Change in external debt stock	-5,477	4,698
– Securities other than shares, short-term	-146	44
– Securities other than shares, long-term	-2,173	6,458
– Loans	-3,159	-1,804
Memo item:		
Change in total guarantees issued	-852	-476

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