



Information on economic, financial and monetary developments

February 2023

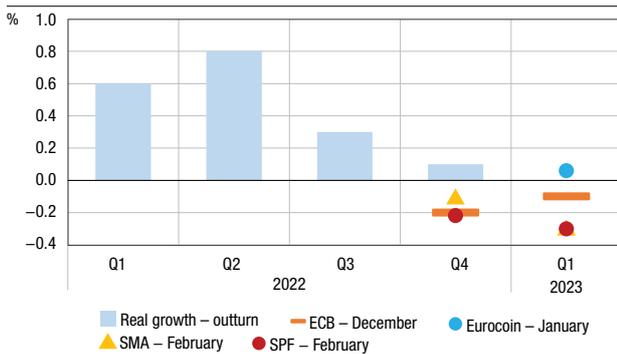
Summary

The slowdown in euro area growth that started in the first half of 2022 continued into the final three months of last year, with GDP on a quarterly level, after growing 0.3% in the third quarter, rising by only 0.1%. Such an outturn is somewhat better than expected and better than model estimates, which suggested a small decline in economic activity (Figure 1); this can largely be attributed to the sharp quarterly growth of the Irish economy driven by the performance of multinational companies. Other members of the euro area mostly held steady in the fourth quarter, and of the largest economies, France and Spain saw a modest increase in real activity, while Italian and German economies recorded a small fall. In addition to a relatively stable household consumption, extremely good weather conditions had a favourable impact on economic developments, helping the construction sector and reducing the consumption and prices of energy, particularly of natural gas, the price of which fell below the level prior to the war in Ukraine, thus considerably reducing

the risk of a more pronounced contraction. High-frequency economic and confidence indicators continued to improve in early 2023, particularly in the services sector, with the purchasing manager index in January exiting the contraction. Nevertheless, most market participants expect to see a further small decline in real activity in the euro area in the first quarter of 2023. Inflation, measured by the annual rate of change in the harmonised index of consumer prices, has slowed down since the beginning of the fourth quarter, falling to 9.2% (Figure 2) in December, mostly as a result of the mentioned fall in energy prices. The fall in the total index, according to the first estimates, continued into January (8.5%) but core inflation remained unchanged at 5.2%.

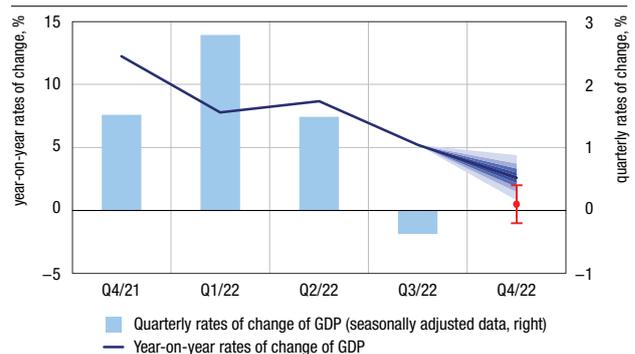
High-frequency indicators for Croatia point to a stagnation in economic activity in the fourth quarter, following a fall in the third quarter. According to the CNB monthly indicator of real economic activity (MRGA), the annual growth rate of real GDP in the last three months of last year fell to 2.6%, suggesting

Figure 1 Quarterly growth rates of real GDP in the euro area



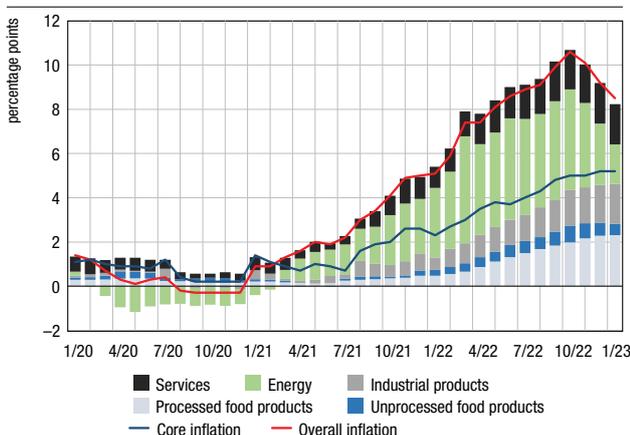
Notes: Abbreviation ECB – December refers to ECB December projections of the real growth in the euro area. Abbreviations SMA (Survey of Monetary Analysts) and SPF (Survey of Professional Forecasters) refer to the results of the February ECB survey of market participants. The Eurocoin indicator developed by Banca d'Italia refers to the model for nowcasting the quarterly rate of change in the real GDP of the euro area derived from the available high-frequency data (estimate for January).
Sources: Eurostat, ECB and Banca d'Italia.

Figure 3 Quarterly gross domestic product



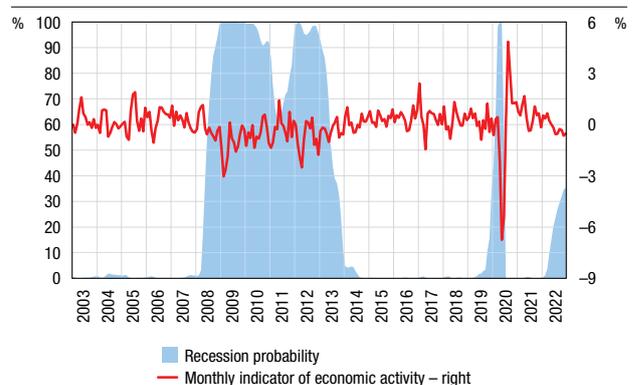
Notes: The estimate for the fourth quarter of 2022 refers to the Monthly indicator of real economic activity of the CNB (for more details on the calculation of the MRGA indicator, see CNB survey Kunovac, D., and B. Špalat: "Nowcasting GDP Using Available Monthly Indicators"). The models are estimated on the basis of data published until 30 January 2023. The red dot denotes an estimate of the quarterly change in real GDP, with historical errors of estimates within ± 1 standard deviation.
Sources: CBS (seasonally adjusted by the CNB) and CNB calculations.

Figure 2 Annual rates of inflation in the euro area



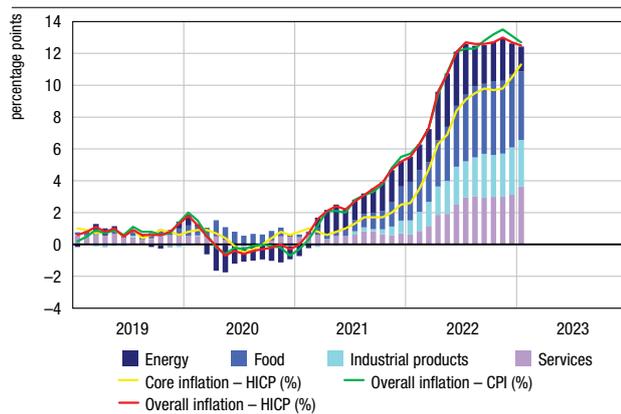
Note: Core inflation is measured by the harmonised index of consumer prices that excludes energy, food, alcoholic beverages and tobacco prices.
Source: Eurostat.

Figure 4 Recession indicator seasonally adjusted real values



Note: The monthly indicator of economic activity is a synthetic index of economic activity constructed on the basis of available high-frequency indicators using a principle component analysis method (for more details see HNBlog "Ulazi li Hrvatska u recesiju?" by Kunovac and Šimatović).
Source: CNB.

Figure 5 Inflation indicators in Croatia



Notes: Core inflation measured by the harmonised index of consumer prices, which excludes energy, food, alcoholic beverages and tobacco prices. The last available data refer to the first estimate.

Sources: Eurostat and CNB calculations.

a stagnation in the level of economic activity from the previous quarter (Figure 3). The CNB's recession indicator suggests that the domestic economy was not in recession, although the risk of recession increased (Figure 4). Such an assessment is supported by the fall in industrial production having accelerated towards the end of last year as a result of a fall in the production of energy and non-durable consumer products, while the growth in the production of capital goods mitigated the unfavourable dynamics. The real retail trade turnover also slowed down, which may be associated with a further fall in real wages and a slump in consumer optimism, which despite recovering towards the end of the year, held steady at a long-term average. By contrast,

construction activity continued to strengthen, while data on fiscalized accounts suggest favourable developments in the services sector. As regards developments at the entire 2022 level, with growth estimated in the fourth quarter, the growth rate of real GDP last year might stand at approximately 6%, primarily reflecting favourable developments in the first half of the year.

Though slowly abating, inflationary pressures are still high. The annual inflation (measured by the harmonised index of consumer prices) in Croatia thus started a slight slowdown towards the end of 2022 and in early 2023; according to the first Eurostat estimates, it was 12.5% in January (down from 12.7% in December 2022). The core inflation, which excludes energy and food prices, accelerated in January to 11.3% (up from 10.5% in December). The inflationary pressures subsided primarily as a result of a fall in the prices of energy and other raw materials on the global market (Figure 6), but nevertheless remained elevated. The bottlenecks in global supply chains are gradually being removed, which mitigates the shortages of individual goods. The slowdown in the economic activity in the euro area and in Croatia reduces the ability of companies to pass on increased costs to consumers. However, the domestic labour market is still characterised by a strong demand for workers and low and falling unemployment accompanied by a relatively fast growth in nominal wages. The slowdown in the growth of industrial product prices is only modest (Figure 5), while the growth in service prices accelerated. Price developments in January suggest that the introduction of the euro in Croatia probably had a very small impact on developments in inflation, mostly attributable to price increases in the services sector, which is in line with the developments seen in other member states of the European Union that introduced the euro.

At its last meeting held on 2 February, the Governing Council of the European Central Bank raised the key interest rates by 50 basis points (in line with market expectations)

Figure 6 Indicators of external and domestic price pressures

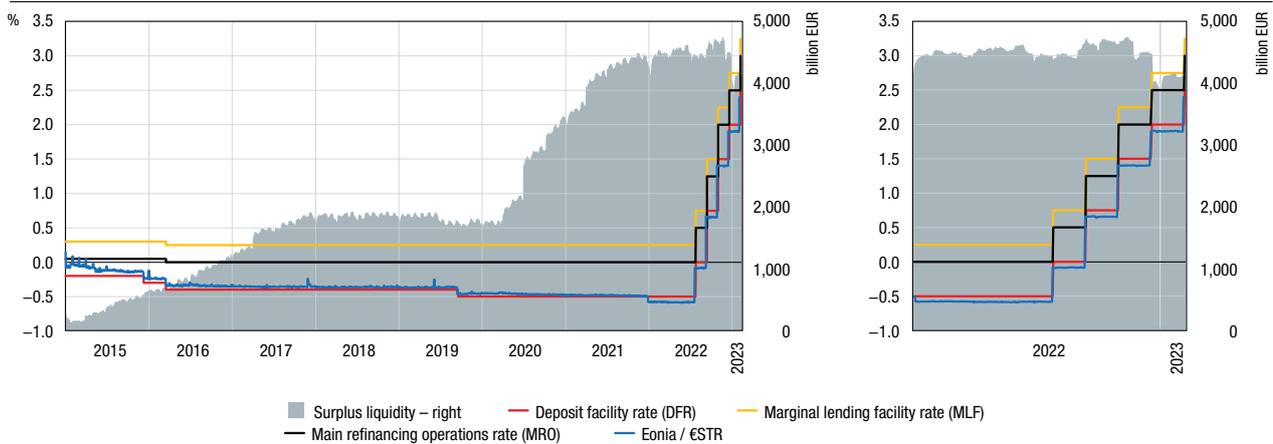
		2021												2022											
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
External inflationary pressures	Euro area demand	PMI EA Composite																							
		ESI EA																							
	Energy and raw materials prices on the global market	Brent crude oil (USD/barel) ^a																							
		Natural gas (EUR/MWh) ^a																							
		Electricity (EUR/MWh) ^a																							
DG Agri ^a																									
Costs	Industrial raw materials (HWWI) ^a																								
	Producer prices in the EA ^a																								
	Intermediate products ^a																								
	Energy ^a																								
	Capital goods ^a																								
	Durable consumer goods ^a																								
Competitiveness	Non-durable consumer goods ^a																								
	Food ^a																								
Real activity and labour market	EUR/USD exchange rate																								
	Global supply chain pressure index (GSCPI)																								
Domestic inflationary pressures	Retail trade ^a	Unemployment rate																							
		Nominal net wages ^a																							
		Labour shortage																							
	Industrial production ^a	Business confidence in the services sector																							
		Domestic industrial producer prices ^a																							
		Intermediate products ^a																							
Costs	Energy ^a																								
	Capital goods ^a																								
	Durable consumer goods ^a																								
	Non-durable consumer goods ^a																								
Inflationary expectations	Food ^a																								
	Consumers (12 months ahead)																								
	Enterprises – industry (3 months ahead)																								
Enterprises – services (3 months ahead)																									

^a Annual rate of change.

Notes: Labour shortage shows the ratio between the job vacancy rate and the registered unemployment rate. The PMI EA Composite and ESI EA series have been corrected after standardisation so as to show the neutral value in white.

Sources: ECB, SDW, Eurostat, Bloomberg, NY Fed, HWWI, CBS and Ipsos.

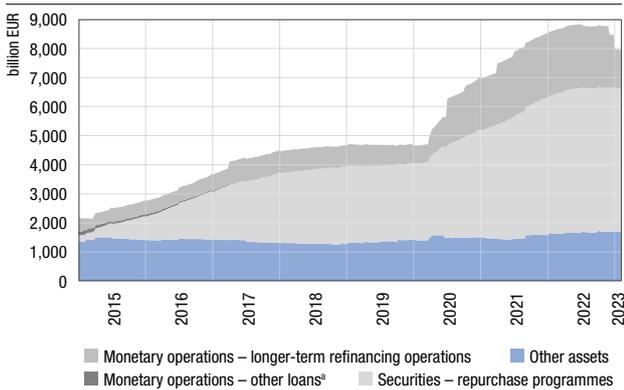
Figure 7 ECB key interest rates and reference market interest rates in the euro area



Note: The EONIA was replaced by €STR in early 2022.

Source: ECB.

Figure 8 ECB balance sheet



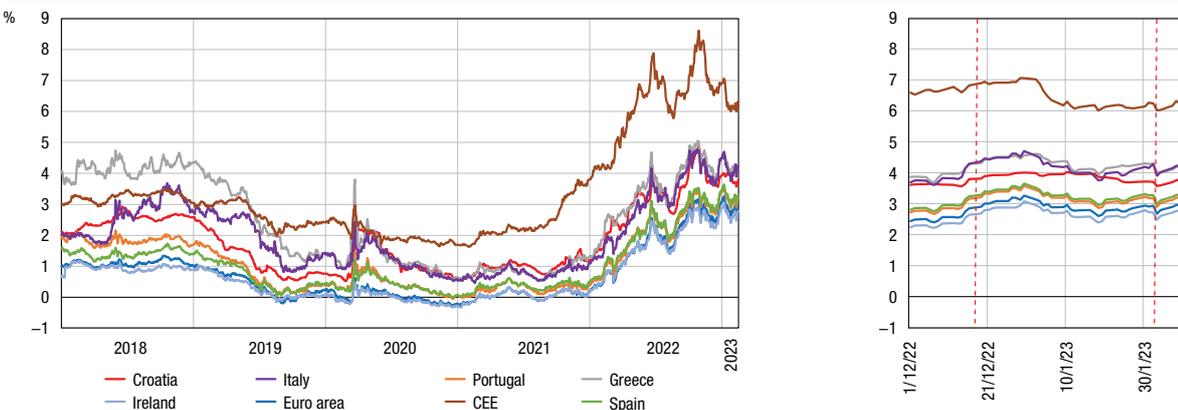
Note: The monetary ECB balance sheet asset items are shown in grey and non-monetary in blue.

* Other loans: main refinancing operations, fine-tuning reverse operations, structural reverse operations, marginal lending facility and credits related to margin calls.

Source: ECB.

and announced a further interest rate increase in the forthcoming period, with that announced for March standing at 50 basis points. In accordance with the new decision, the interest rate on monetary deposits of credit institutions with the central bank (currently the most important ECB interest rate, which in the present conditions of high primary liquidity determines the interest rates on the money market) has been set at 2.5% starting from February (Figure 7). The Governing Council decided to continue with ECB balance sheet normalisation (Figure 8), i.e. to reduce the portfolio of Eurosystem securities purchased within the asset purchase programme, APP. Starting from early March 2023, this portfolio of securities will be reduced at a moderate and foreseeable pace (average monthly reduction of EUR 15bn) until the end of the second quarter of 2023, which means that the principals of the securities falling due will not be fully reinvested. In contrast, to reduce the risk to the monetary policy transmission mechanism associated with a potential fragmentation of financial markets during monetary policy normalisation, it has been decided that the flexible reinvesting of the principal of due securities in the portfolio of the pandemic emergency purchase programme, (PEPP) will continue.

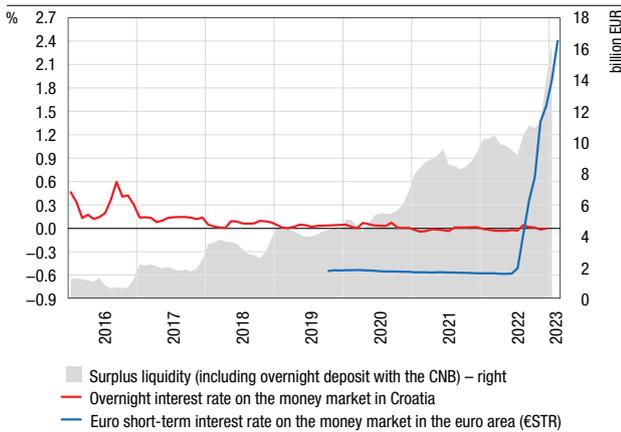
Figure 9 Yields on long-term government bonds with the remaining maturity of approximately 10 years



Notes: CEE – countries of Central and Eastern Europe (the Czech Republic, Hungary, Poland and Romania); yields for the euro area and CEE have been weighted by the share of GDP of the countries included. The euro area does not include data for Estonia, Latvia, Luxembourg and Malta. The red dotted lines denote ECB Governing Council meetings in December and February.

Sources: Bloomberg, Eurostat and CNB calculations.

Figure 10 Surplus liquidity and overnight interest rates

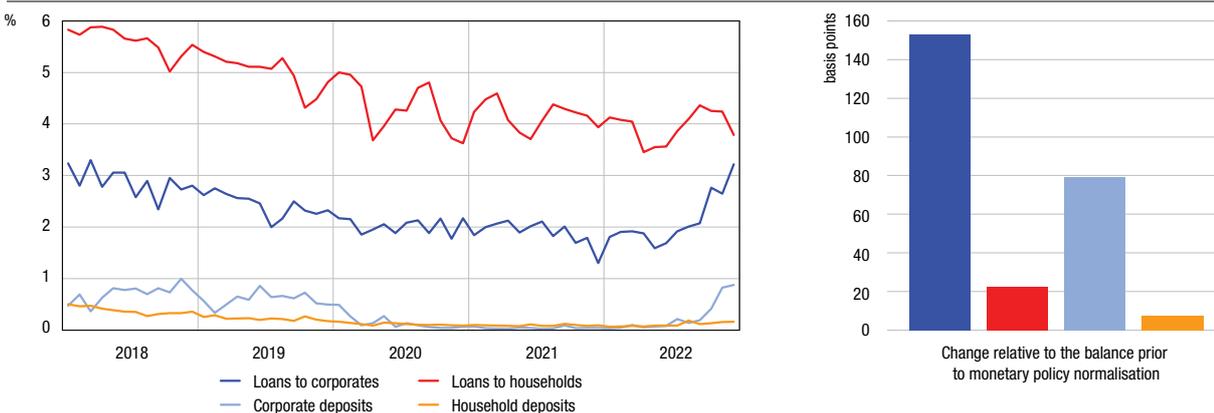


Note: The overnight interest rate on the money market in Croatia refers to the overnight interest rate on banks' demand deposits trading.

Sources: ECB and CNB.

The tightening of ECB monetary policy is reflected in developments in the financial markets in the euro area; its transmission to the Croatian financial market is beginning to be felt but, due to structure and friction, it will take a while until the full effect of the transmission is felt. Thus the overnight interest rate on the European money market, €STR, rose by 50 basis points following the December meeting of the Governing Council and by an additional 50 basis points after its February meeting. After the latest decision entered into force, on 8 February the €STR reached 2.4%. The six-month EURIBOR has been rising gradually but steadily and stood at 3.1% on that day. The yields on long-term government bonds in the euro area responded to the mentioned meetings of the Governing Council with a short-term increase, with yields on Croatian long-term government bonds responding more slowly than the average of the countries of the euro area (Figure 9). Amid extremely high bank liquidity, no significant activity took place in the domestic money market (Figure 10), with a visible increase in short-term euro interest rates in a small number of transactions in demand deposit trading among the banks, pension funds and insurance companies.

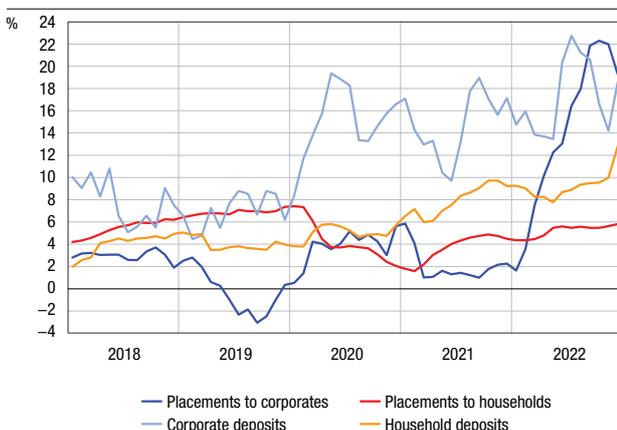
Figure 11 Interest rates on pure new loans and time deposits of corporates and households



Notes: The interest rate on corporate time deposits was corrected in 2022 for short-term deposits in the US dollar and the Hungarian forint of several large enterprises carrying a much higher interest rate than the average interest rate on deposits of other enterprises, which are predominantly in the euro and the kuna. The balance before monetary policy normalisation refers to June 2022.

Source: CNB.

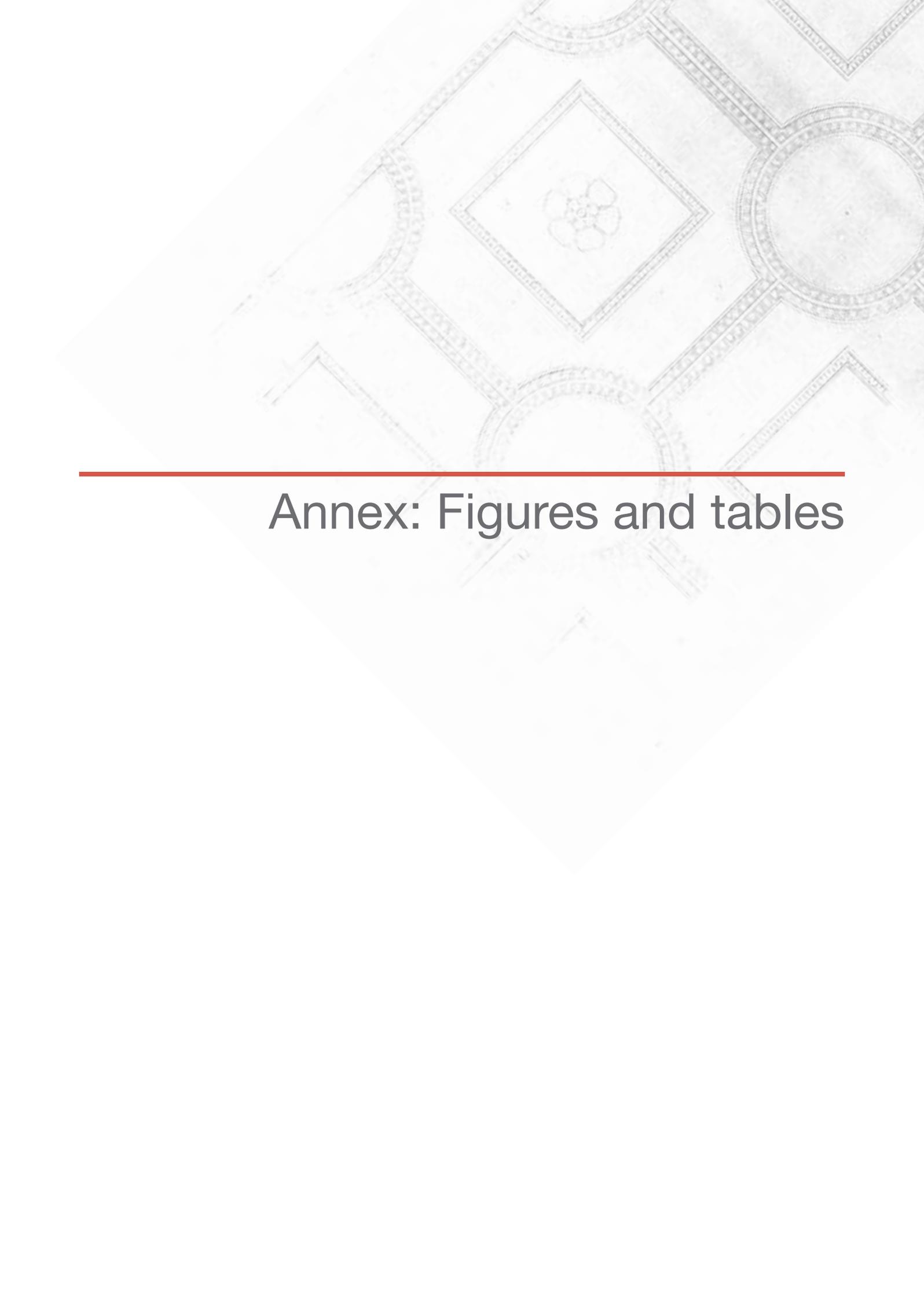
Figure 12 Corporate and household placements and deposits



Note: Annual rates of change, transaction-based.

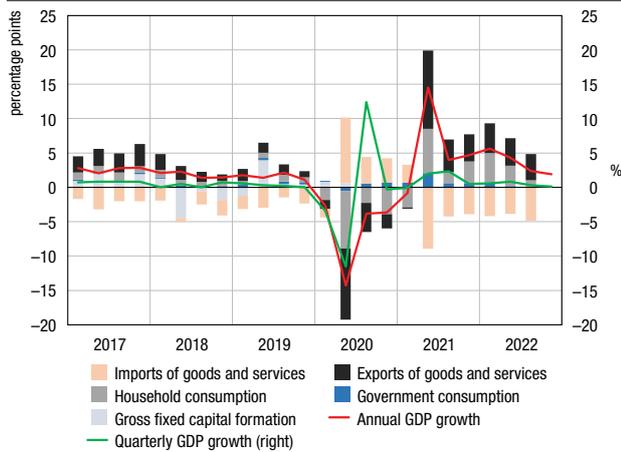
Source: CNB.

The tightening of the common monetary policy was accompanied by a growth in interest rates on corporate loans, while other interest rates in Croatia generally remained unchanged. The average interest rate on pure new corporate loans rose in December to 3.22% (Figure 11), which is in line with the results of the bank lending survey, which suggests faster tightening of the standards of lending to the corporates. Despite unfavourable conditions, the banks continue to record an increased corporate demand for loans, albeit slower than in the preceding months, as confirmed by loan growth shown in the balance sheets of banks (Figure 12). In contrast with corporates, households have not seen yet any significant pressures on the costs of financing, with the average interest rate on pure new loans standing at 3.79% in December and household lending rising steadily, driven particularly by a larger contribution of housing loans. As regards the interest rates on time deposits, their level has not changed much.



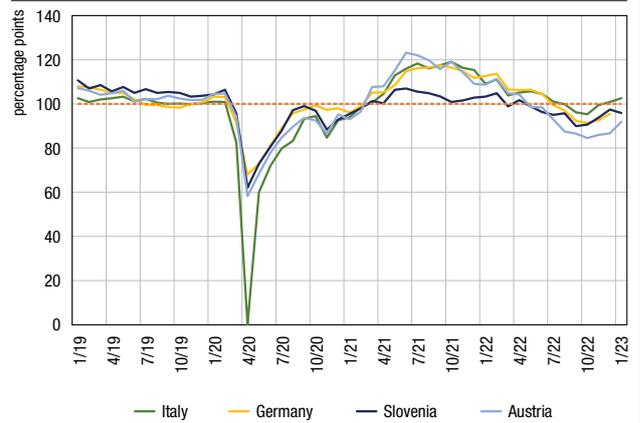
Annex: Figures and tables

Figure 1 Change in euro area GDP contributions by components



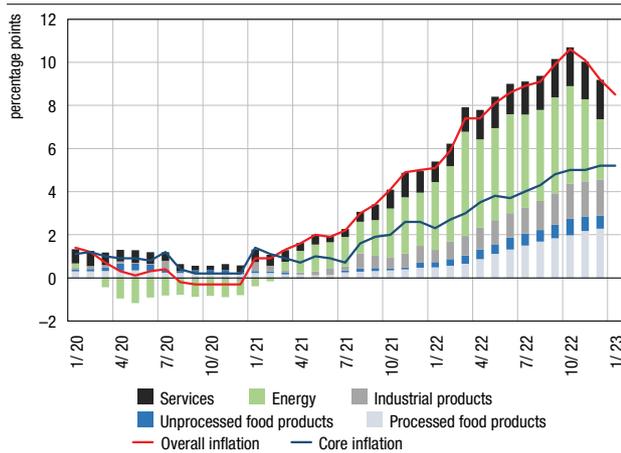
Source: Eurostat.

Figure 4 Confidence indicators in selected euro area members



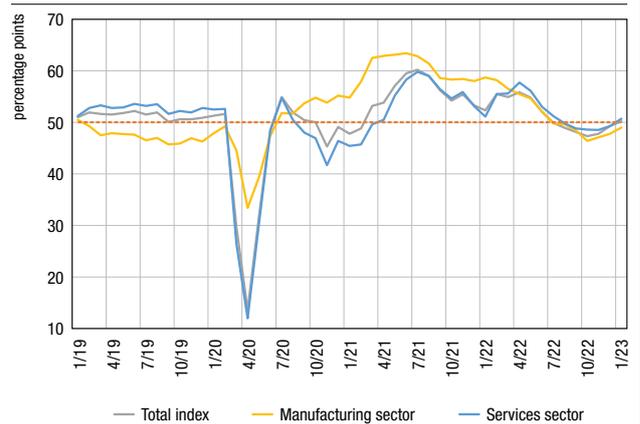
Notes: Data are up to January 2023. Value 100 represents a long-term average.
Source: Eurostat.

Figure 2 Euro area annual inflation contributions by components



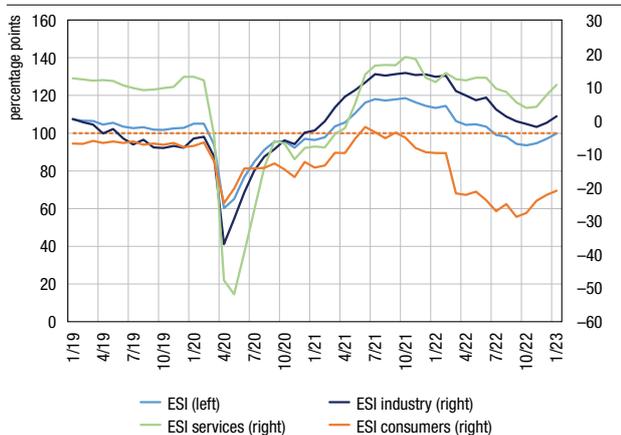
Source: Eurostat.

Figure 5 Euro area PMI index



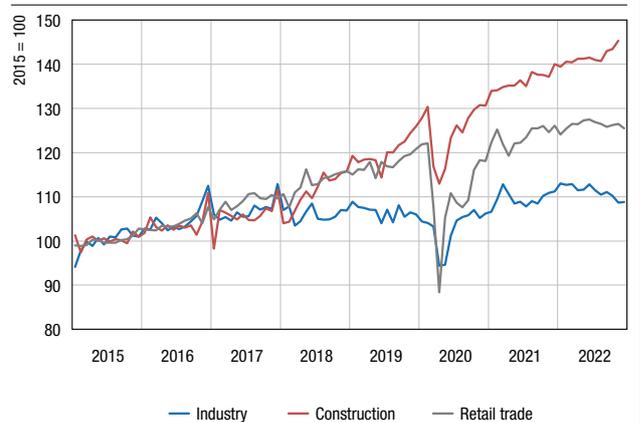
Notes: Data are up to January 2023. Value 50 denotes the borderline between economic activity expansion and contraction.
Sources: Eurostat and S&P Global.

Figure 3 Euro area confidence indicators



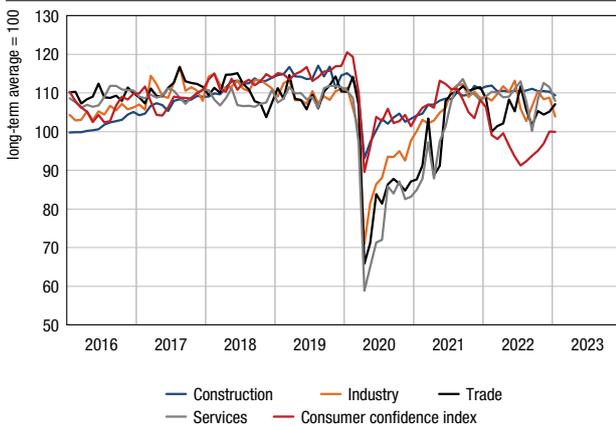
Notes: Data are up to January 2023. Value 100 represents a long-term average.
Source: Eurostat.

Figure 6 High frequency indicators of economic activity seasonally adjusted real values



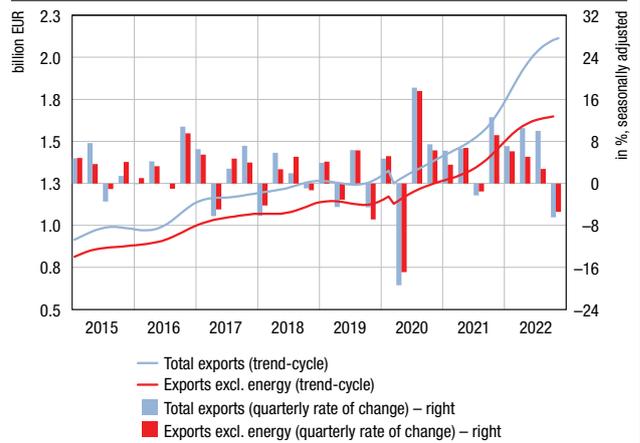
Source: CBS (seasonally adjusted by the CNB).

Figure 7 Consumer and business confidence index
standardised seasonally adjusted values



Source: CBS (seasonally adjusted by the CNB).

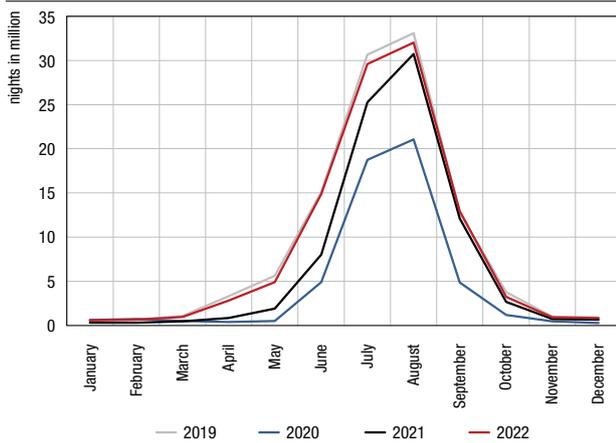
Figure 10 Goods exports (f.o.b.)



Note: Data for the fourth quarter of 2022 refer to October.

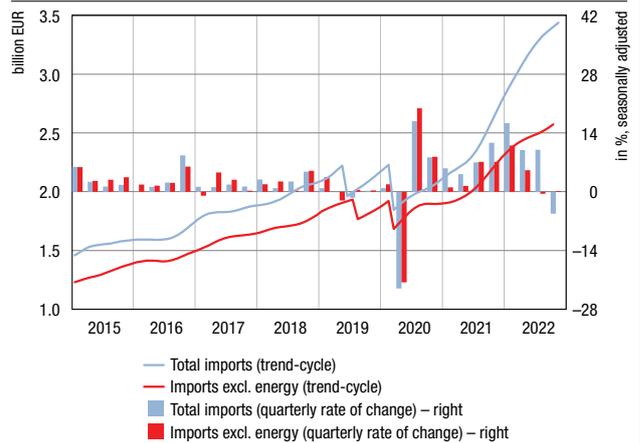
Source: CBS (seasonally adjusted by the CNB).

Figure 8 Nights stayed by foreign tourists in all types of accommodation



Source: HTZ.

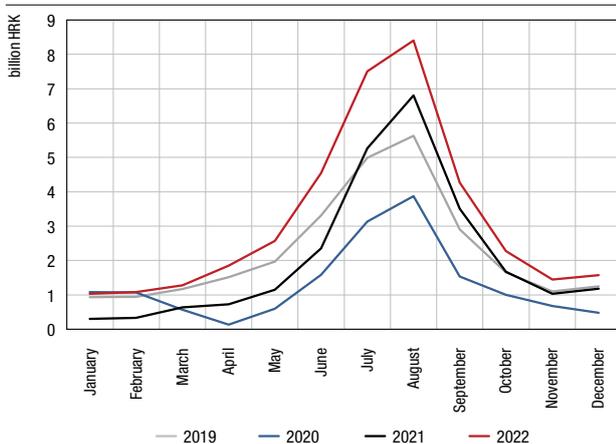
Figure 11 Goods imports (c.i.f.)



Note: Data for the fourth quarter of 2022 refer to October.

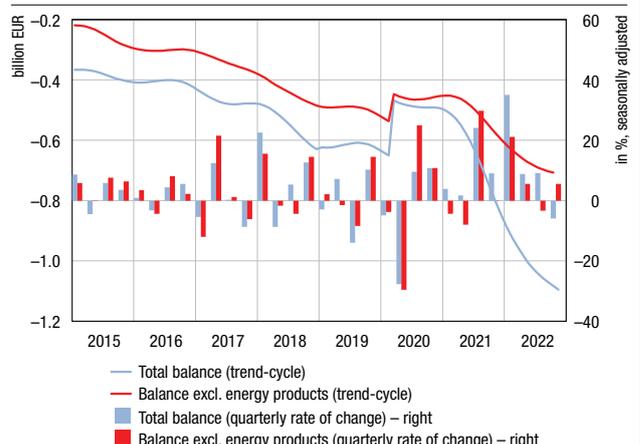
Source: CBS (seasonally adjusted by the CNB).

Figure 9 Fiscalization in accommodation and food service activities



Source: Ministry of Finance (Tax Administration)

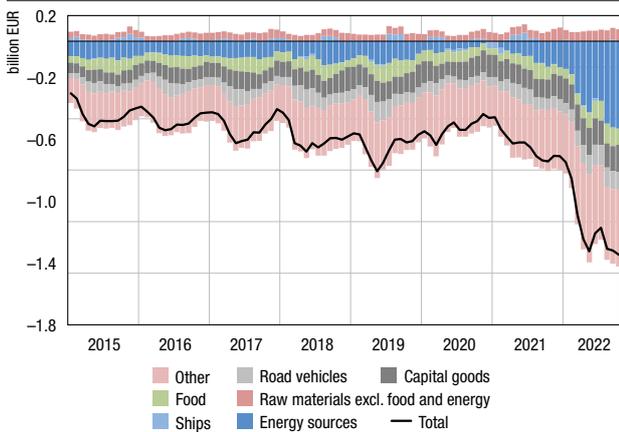
Figure 12 Trade of goods balance



Note: Data for the fourth quarter of 2022 refer to October.

Source: CBS (seasonally adjusted by the CNB).

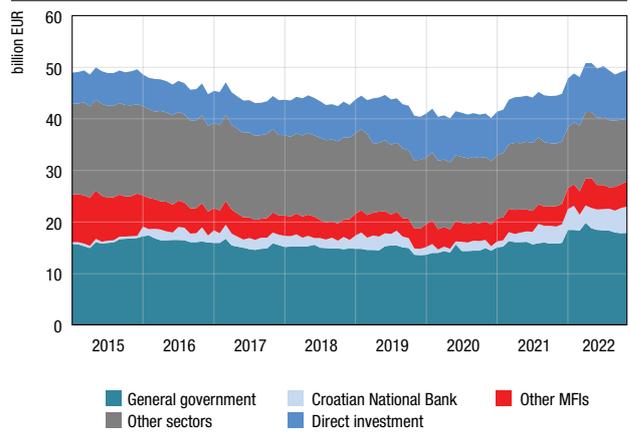
Figure 13 Trade in goods balance by product groups



Notes: Series are shown as three-member moving averages of monthly data. Data are up to October 2022.

Source: CBS.

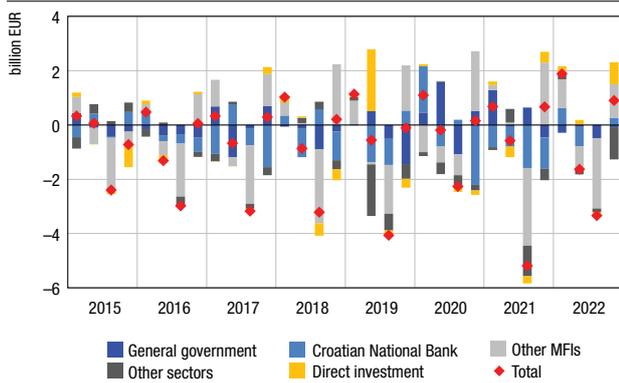
Figure 16 Gross external debt end of period



Note: Data are up to November 2022.

Source: CNB.

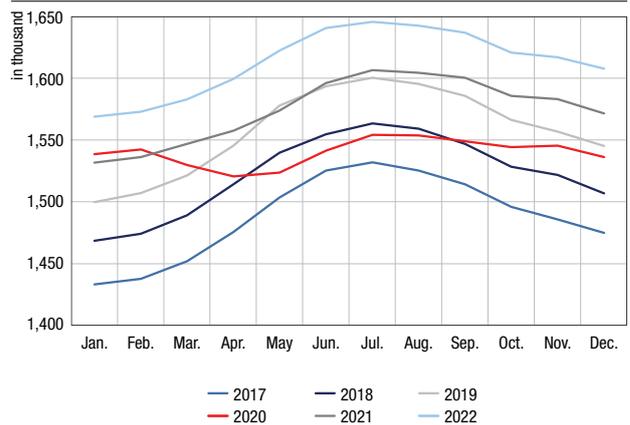
Figure 14 Net external debt transactions



Notes: Transactions refer to the change in debt excluding cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of external debt claims. Data for the fourth quarter of 2022 refer to October and November.

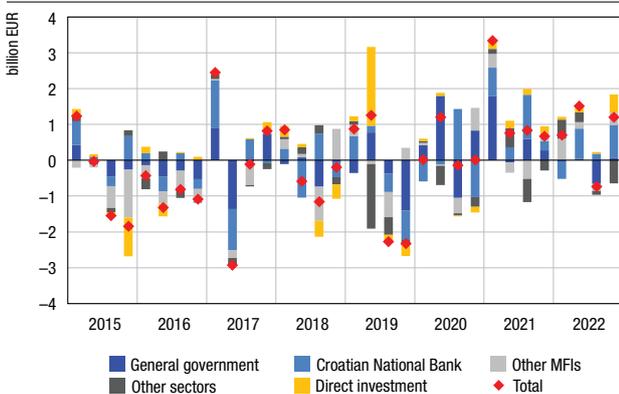
Source: CNB.

Figure 17 Employment original data



Source: CPII.

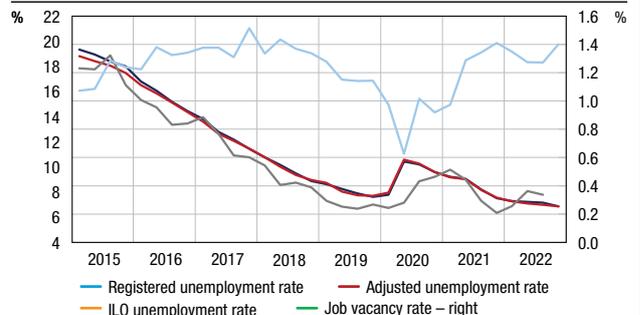
Figure 15 Gross external debt transactions



Notes: Transactions refer to the change in debt excluding cross-currency changes and other adjustments. Data for the fourth quarter of 2022 refer to October and November.

Source: CNB.

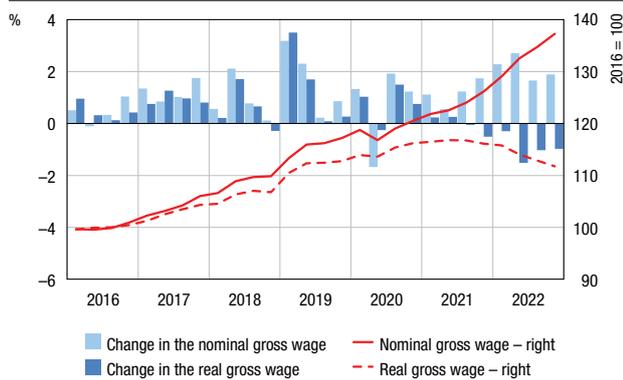
Figure 18 Unemployment and job vacancy rates seasonally adjusted data



Notes: Since January 2015, the calculation of the registered unemployment rate has used data on employed persons from the JOPPD form. Employment data have been revised backwards from January 2016 to December 2019. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII). The job vacancy rate is calculated as the share of total posts that are vacant in the total demand for labour (the sum of the number of persons insured with the CPII and vacant posts).

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

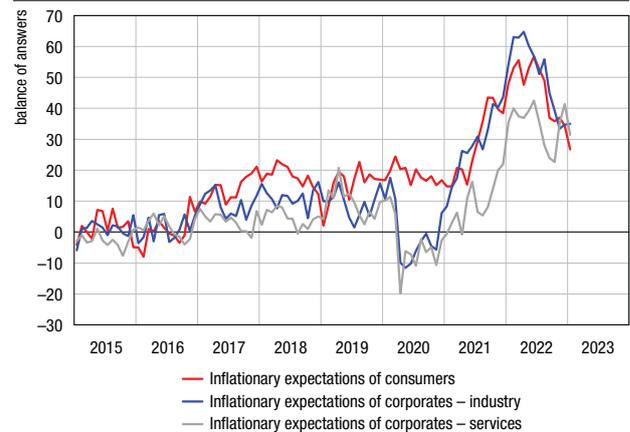
Figure 19 Average nominal and real gross wage seasonally adjusted data



Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data on average wages paid in February 2020 were reported in full-time equivalent. Data on wages in 2019 reported in full-time equivalent were released for analytical purposes.

Sources: CBS and CNB calculations.

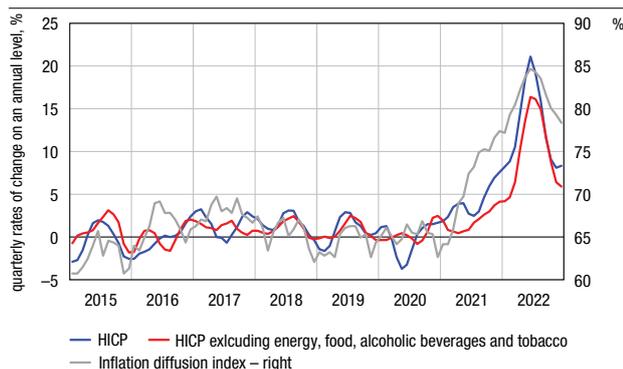
Figure 21 Short-term consumers' and corporates' inflationary expectations



Note: Consumer expectations refer to a twelve-month period ahead and corporate expectations refer to a three-month period ahead.

Source: Ipsos.

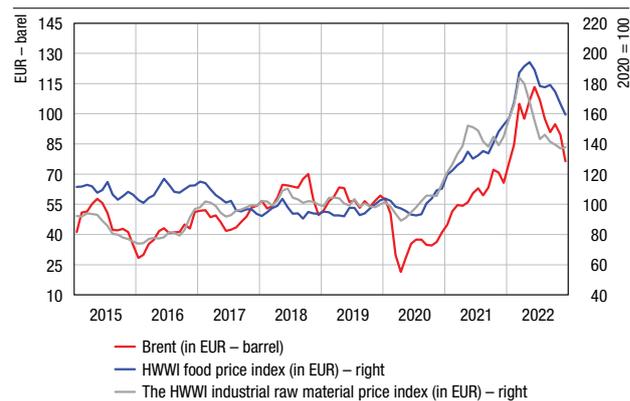
Figure 20 Indicators of current inflation trends



Notes: The quarterly rate of change is calculated from the quarterly moving average of seasonally adjusted harmonised indices of consumer prices. The inflation diffusion index shows the share of the number of products that increased in price in a given month in the total number of products. It is based on the seasonally adjusted monthly rates of change and is shown as a six-month moving average.

Sources: Eurostat and CNB calculations.

Figure 22 Crude oil prices (Brent) and HWWI index of raw material prices (without energy)



Notes: The HWWI food price index comprises the prices of cereals, oil seeds and oil and tropical beverages and sugar. The HWWI industrial raw material price index comprises the prices of agricultural raw materials (cotton, wool, natural rubber, wood and wood pulp), non-ferrous metals, iron ore and scrap.

Sources: Bloomberg, HWWI and CNB calculations.

Table 1 Price indicators

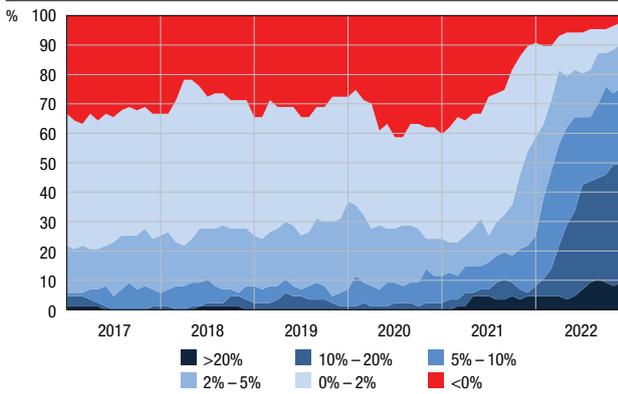
year-on-year rates of change (%)

	12/2021	3/2022	6/2022	10/2022	11/2022	12/2022
Harmonised index of consumer prices and its components						
Total index	5.2	7.3	12.1	12.7	13.0	12.7
Energy	12.4	15.8	25.8	19.0	20.3	14.7
Food	7.3	8.6	13.3	16.0	15.9	16.0
Unprocessed food products	8.9	9.2	12.2	16.7	15.5	13.3
Processed food products	6.9	8.5	13.6	15.8	16.0	16.8
HICP excluding energy, food, alcoholic beverages and tobacco	2.5	4.7	8.4	9.7	9.8	10.5
Non-food industrial goods without energy	2.9	5.7	9.0	9.9	10.2	11.2
Services	2.3	3.7	7.9	9.5	9.5	9.9
Other price indicators						
The national consumer price index	5.5	7.3	12.1	13.2	13.5	13.1
Index of industrial producer prices on the domestic market	19.6	24.7	30.8	23.6	24.2	19.9
Index of industrial producer prices on the domestic market (excl. energy)	4.3	6.8	9.9	11.8	11.1	11.5

Note: Processed food includes alcoholic beverages and tobacco.

Sources: Eurostat and CBS.

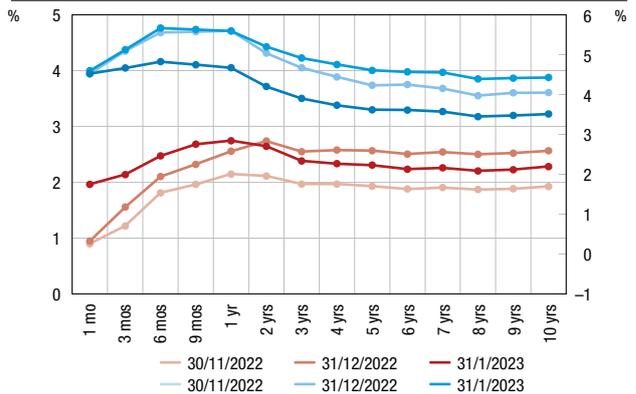
Figure 23 Diffusion of consumer price inflation (HICP)



Note: The figure shows the share of the number of products the prices of which changed to a degree in the total number of products, and according to the quarterly moving averages of the year-on-year rates of change of the seasonally adjusted indices of the prices of 87 components of the harmonised index of consumer prices.

Sources: Eurostat and CNB calculations.

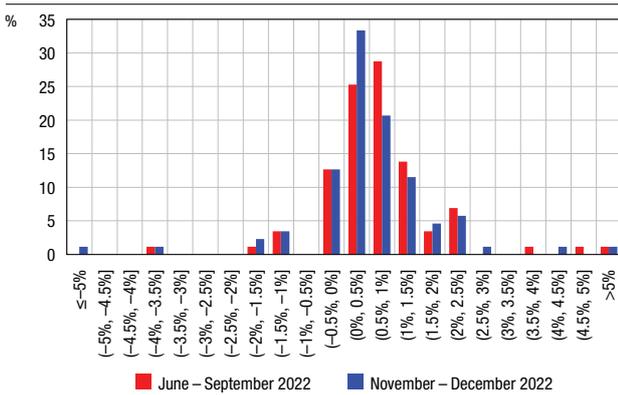
Figure 26 Yields to maturity on US and German government bonds



Notes: Blue denotes yields on US bonds and red on German bonds. The first four markings on individual dates refer to monthly yields and the other on annual yields. The yields on US bonds with the remaining maturity of 9 months have been interpolated.

Source: Bloomberg.

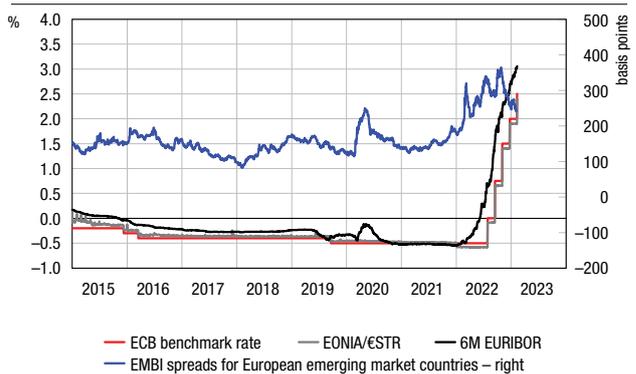
Figure 24 Distribution of monthly rates of change of inflation subcomponents



Note: The figure shows the share of the number of products the prices of which changed to a degree in the total number of products, and according to the quarterly moving averages of the year-on-year rates of change of the seasonally adjusted indices of the prices of 87 components of the harmonised index of consumer prices.

Sources: Eurostat and CNB calculations.

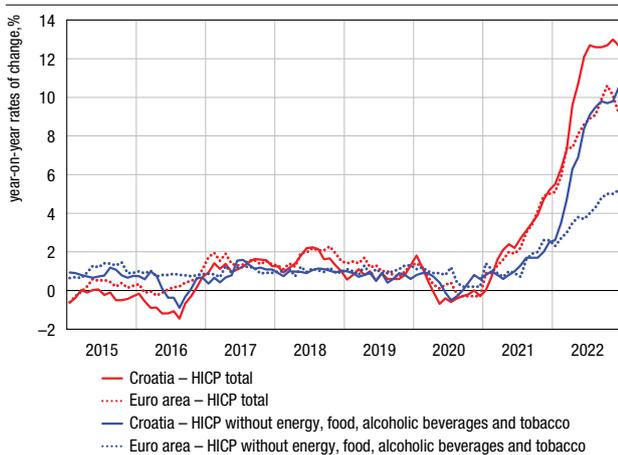
Figure 27 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



Notes: The 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. The EONIA was replaced by €STR in early 2022.

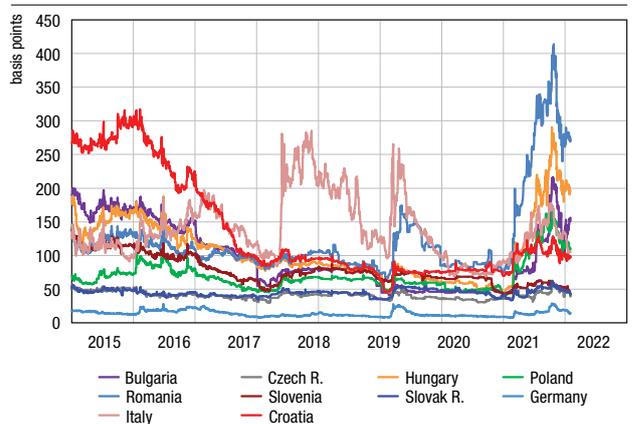
Sources: ECB, Bloomberg and J.P. Morgan.

Figure 25 Inflation in Croatia and the euro area



Source: Eurostat.

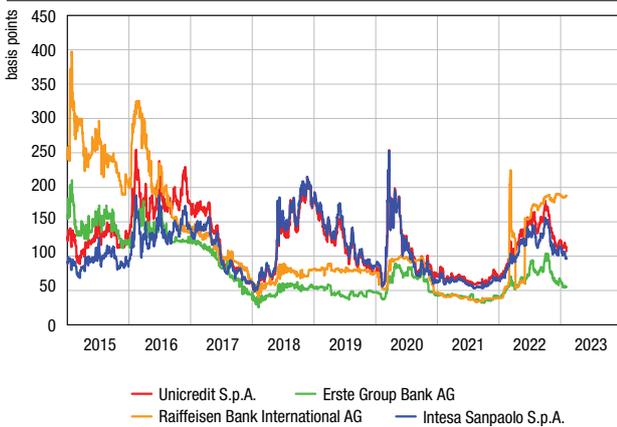
Figure 28 CDS spreads for 5-year government bonds of selected countries



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

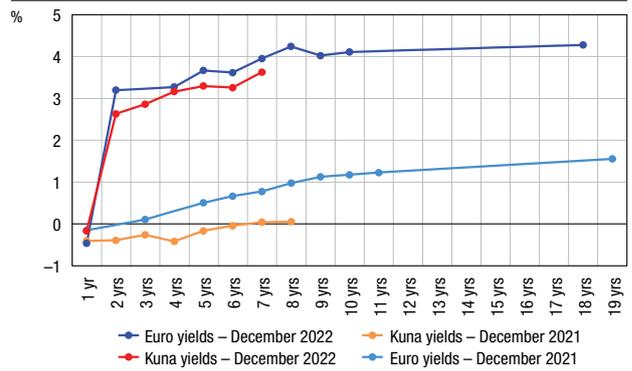
Source: S&P Capital IQ.

Figure 29 CDS spreads for selected parent banks of domestic banks



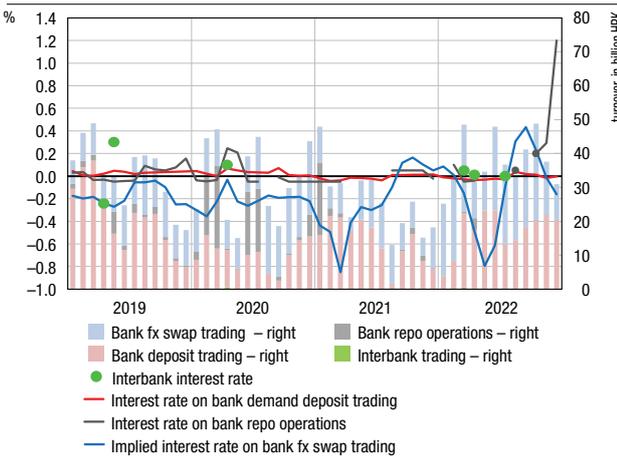
Source: S&P Capital IQ.

Figure 32 Yields to maturity on RC bonds



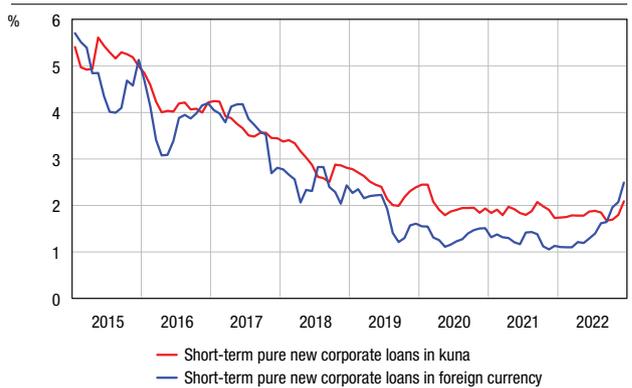
Notes: The dots show the achieved yields, while other values have been interpolated. Data for a one-year yield refer to the achieved interest rate on one-year T-bills without a currency clause or with a currency clause in euro. The yield on one-year T-bills without a currency clause at end-2021 refers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

Figure 30 Overnight interest rates and turnovers



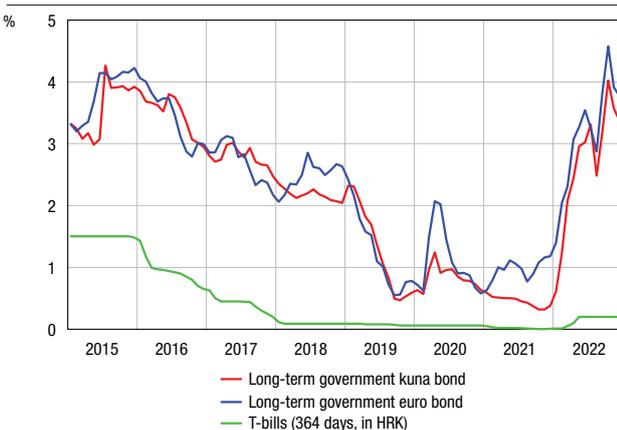
Source: CNB.

Figure 33 Short-term financing costs



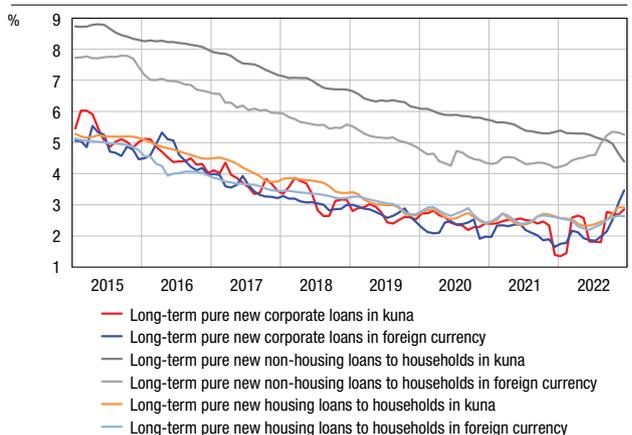
Notes: Quarterly weighted moving averages. Foreign currency loans include kuna loans with a currency clause. The interest rates on short-term pure new household loans are not shown due to their very low share in the total pure new household loans.
Source: CNB.

Figure 31 Yields on T-bills and bonds of the Republic of Croatia



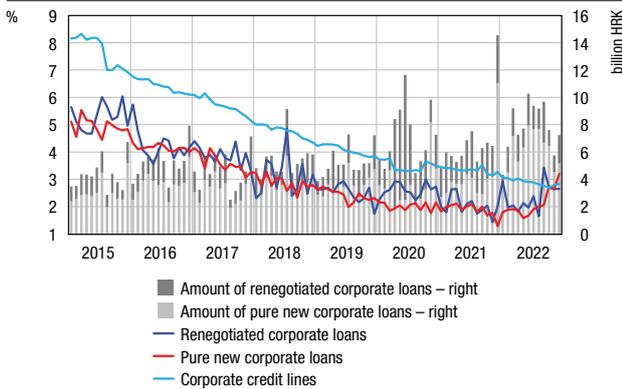
Note: Yields on long-term bonds refer to bonds with the remaining maturity of 10 years, or the bonds with the most similar remaining maturity.
Source: CNB.

Figure 34 Long-term financing costs



Notes: Quarterly weighted moving averages. Foreign currency loans include kuna loans with a currency clause.
Source: CNB.

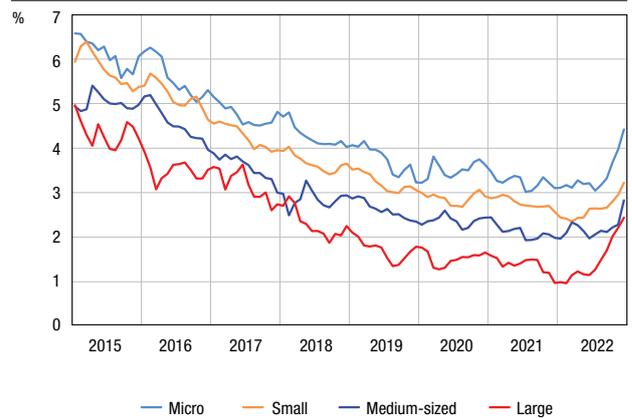
Figure 35 Interest rates and amount of corporate loans



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

Source: CNB.

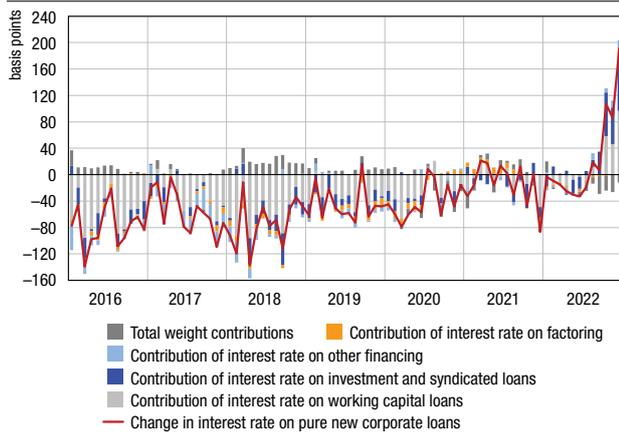
Figure 38 Interest rates on pure new loans by corporate size



Note: Quarterly weighted moving averages.

Source: CNB.

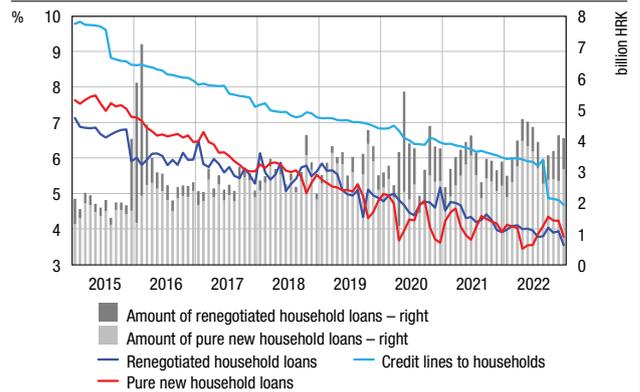
Figure 36 Contributions to the annual change in the interest rate on pure new corporate loans



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

Source: CNB.

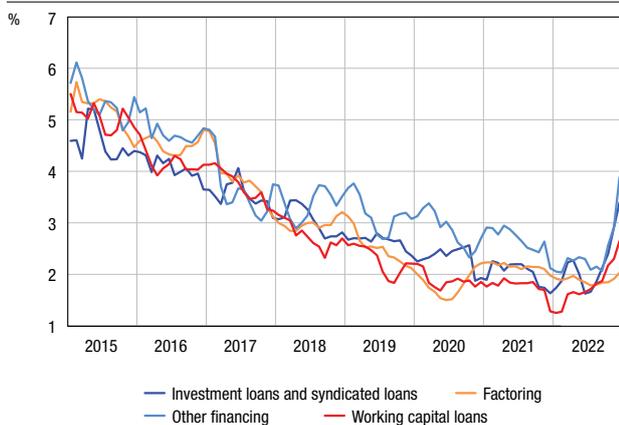
Figure 39 Interest rates and amount of household loans



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

Source: CNB.

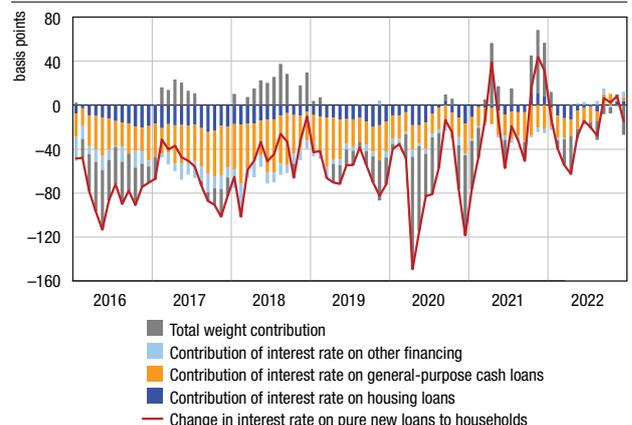
Figure 37 Interest rates on pure new corporate loans by purpose



Note: Quarterly weighted moving averages.

Source: CNB.

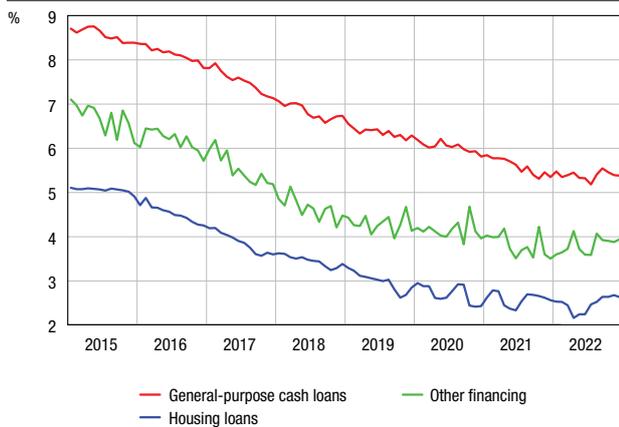
Figure 40 Contributions to the annual change in the interest rate on pure new household loans



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

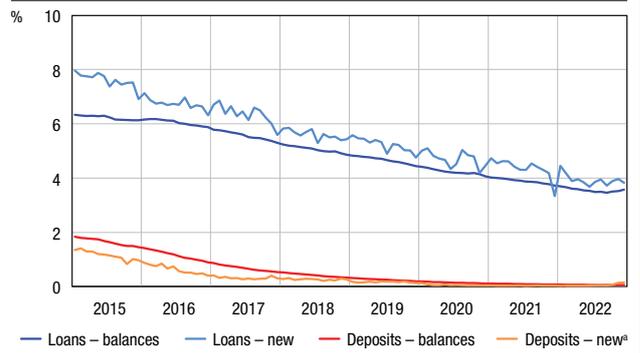
Source: CNB.

Figure 41 Interest rates on pure new household loans by purpose



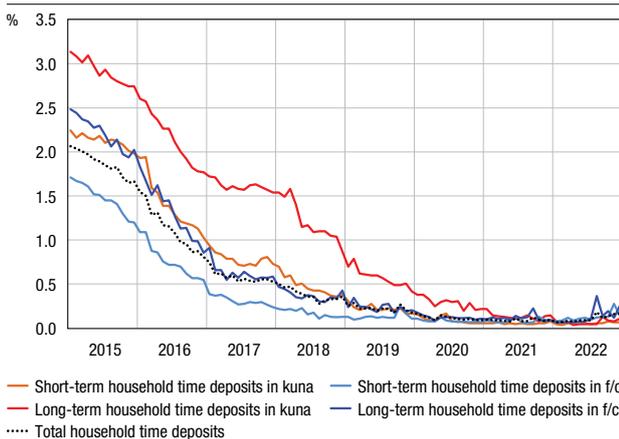
Source: CNB.

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



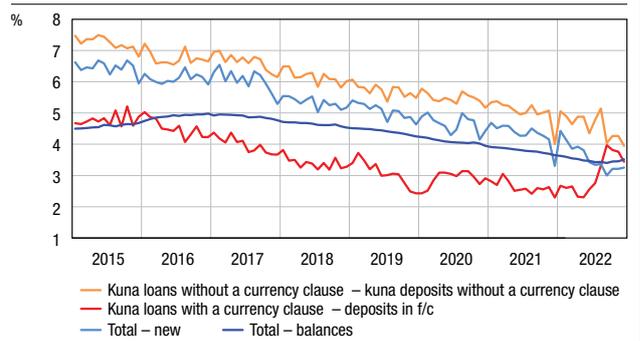
^a For time deposits, the interest rates on new business have been weighted by their balances.
 Note: The interest rate on corporate time deposits has been corrected for short-term deposits in the US dollar and the Hungarian forint of several large enterprises carrying a much higher interest rate than the average interest rate on deposits of other enterprises, which are predominantly in the euro and the kuna.
 Source: CNB.

Figure 42 Interest rates on household time deposits



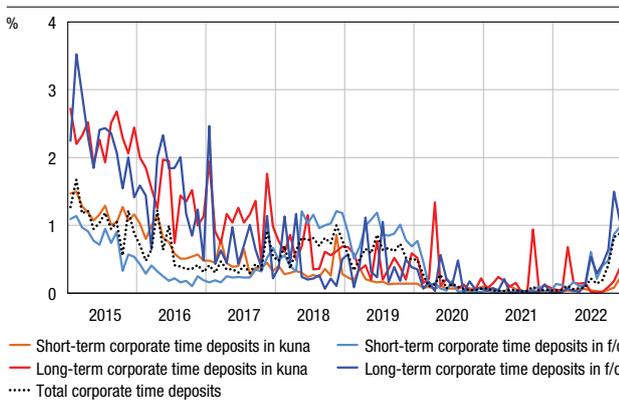
Source: CNB.

Figure 45 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits



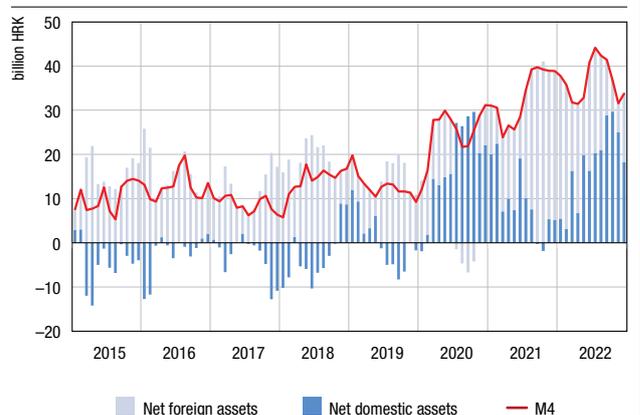
Notes: The spread between the average interest rates on loans and the average interest rates on deposits should be differentiated from the net interest margin (interest income to interest expense ratio and total assets of credit institutions). The interest rate on corporate time deposits has been corrected for short-term deposits in the US dollar and the Hungarian forint of several large enterprises carrying a much higher interest rate than the average interest rate on deposits of other enterprises, which are predominantly in the euro and the kuna.
 Source: CNB.

Figure 43 Interest rates on corporate time deposits



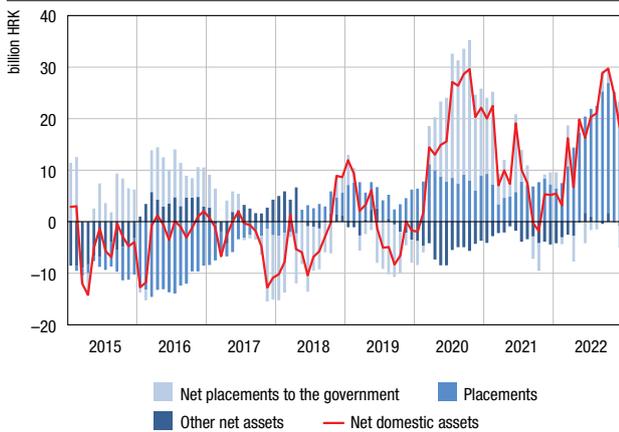
Note: The interest rate on corporate time deposits has been corrected for short-term deposits in the US dollar and the Hungarian forint of several large enterprises carrying a much higher interest rate than the average interest rate on deposits of other enterprises, which are predominantly in the euro and the kuna.
 Source: CNB.

Figure 46 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



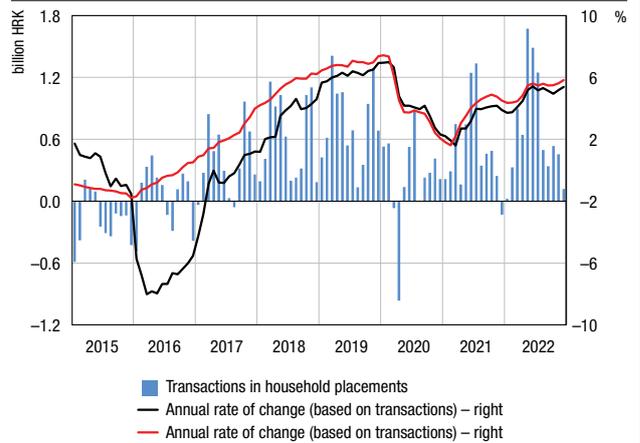
Source: CNB.

Figure 47 Net domestic assets, structure
absolute change in the last 12 months



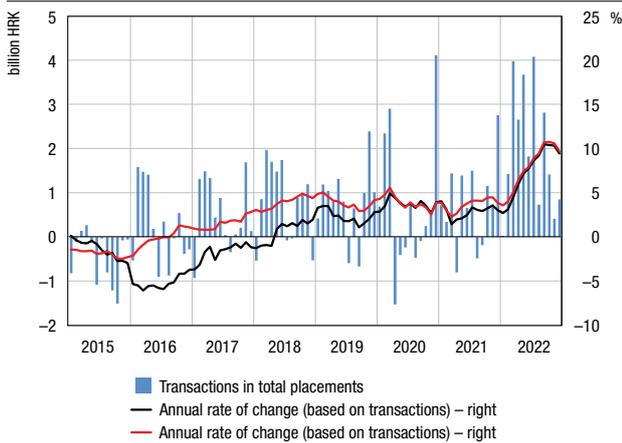
Source: CNB.

Figure 50 Placements to households



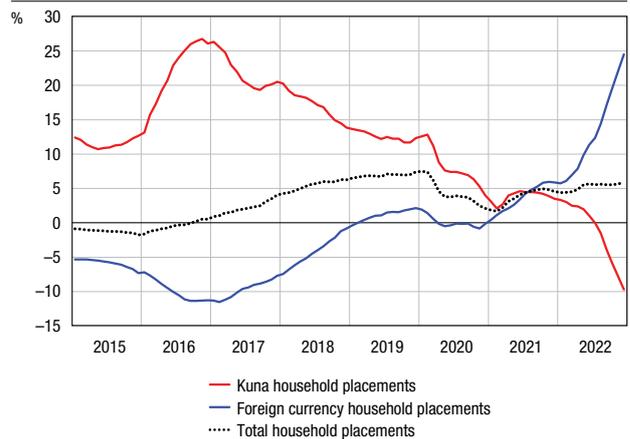
Source: CNB.

Figure 48 Placements



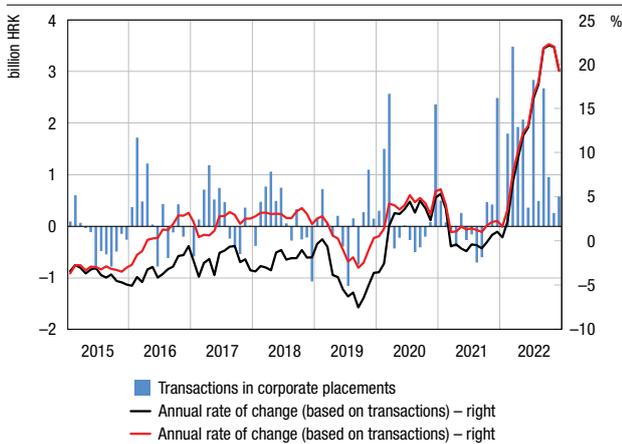
Source: CNB.

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



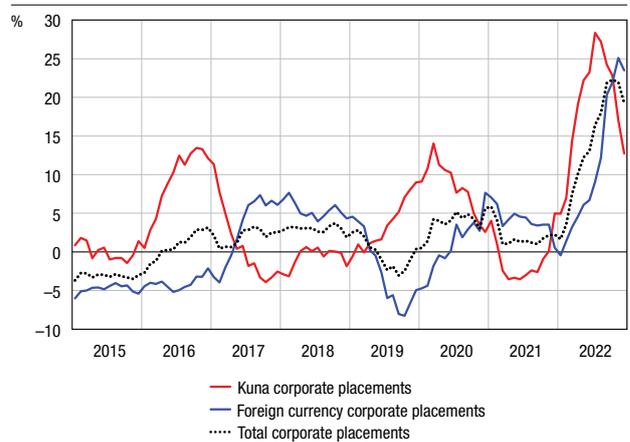
Source: CNB.

Figure 49 Placements to corporates



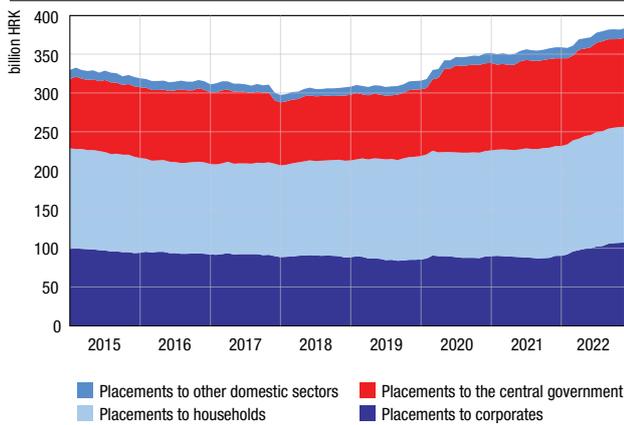
Source: CNB.

Figure 52 Annual rate of change in corporate placements
transaction-based



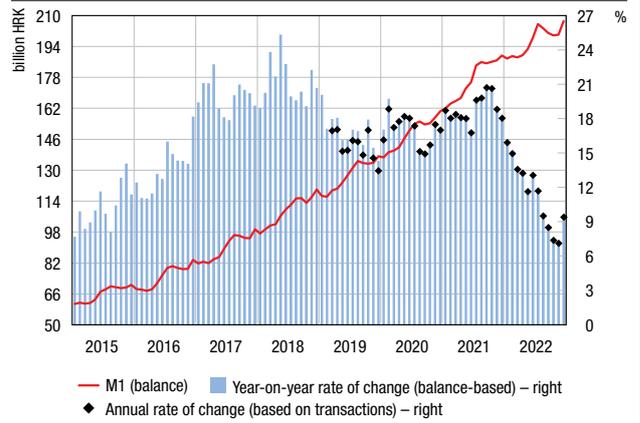
Source: CNB.

Figure 53 Structure of placements of monetary financial institutions



Source: CNB.

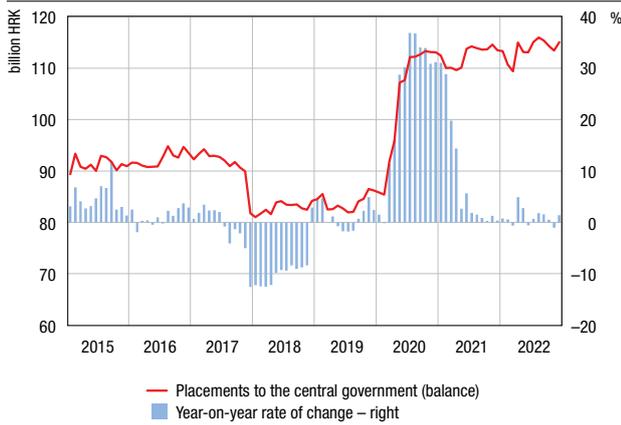
Figure 56 Money (M1)



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

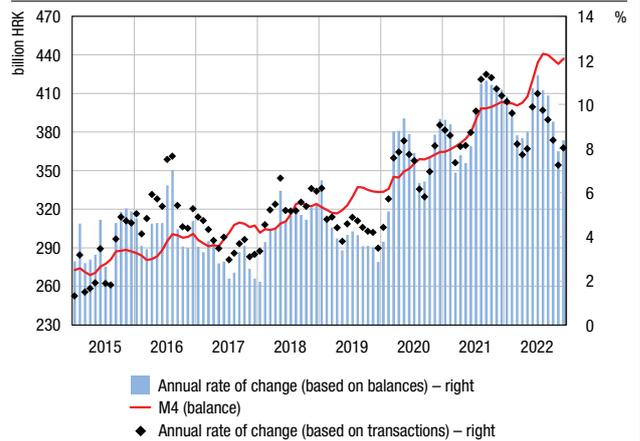
Source: CNB.

Figure 54 Placements of monetary financial institutions to the central government



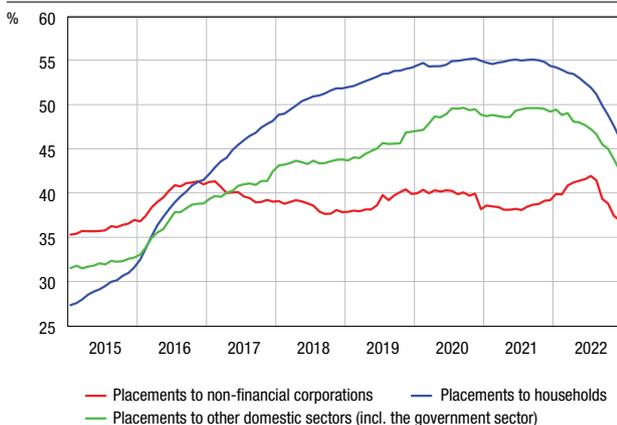
Source: CNB.

Figure 57 Total liquid assets (M4)



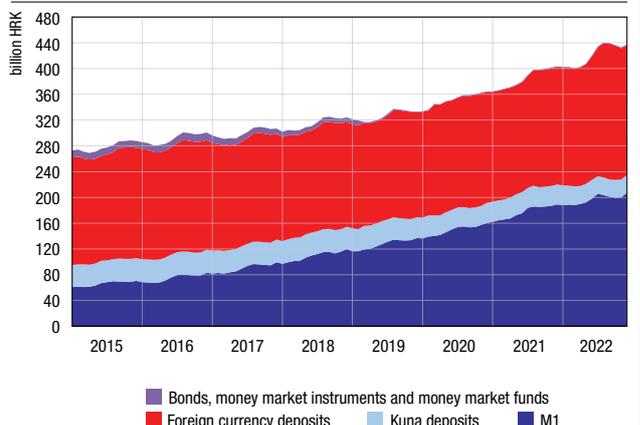
Source: CNB.

Figure 55 Share of kuna placements in total sector placements



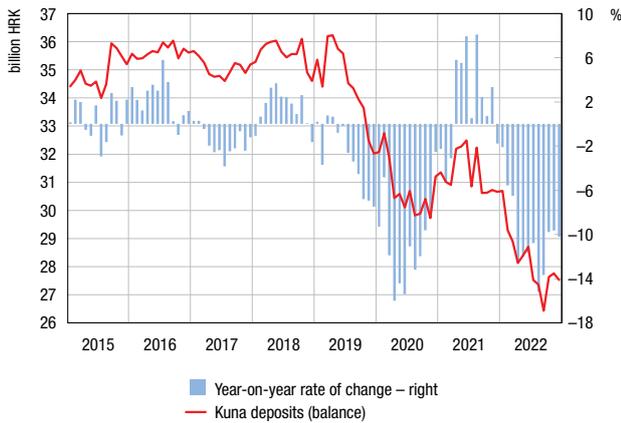
Source: CNB.

Figure 58 Structure of the monetary aggregate M4



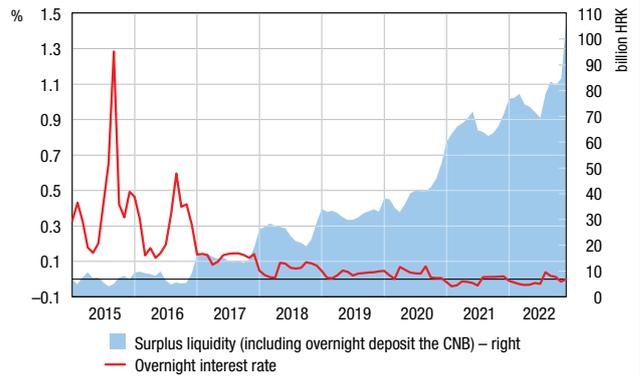
Source: CNB.

Figure 59 Kuna savings and time deposits



Source: CNB.

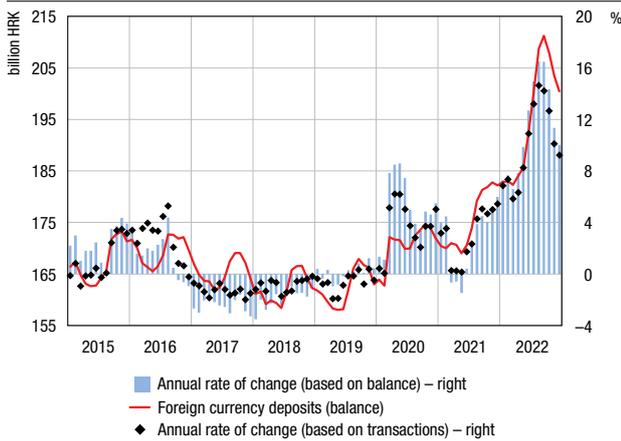
Figure 62 Bank liquidity and overnight interest rate on bank demand deposit trading



Notes: Surplus liquidity is the difference between balances in banks' settlement accounts with the CNB and the amount that the banks have to maintain in these accounts based on the reserve requirement calculation. Until the end of 2015, the overnight interest rate refers to the overnight interbank interest rate and from early 2016, it refers to the overnight interest rate on banks' demand deposits trading.

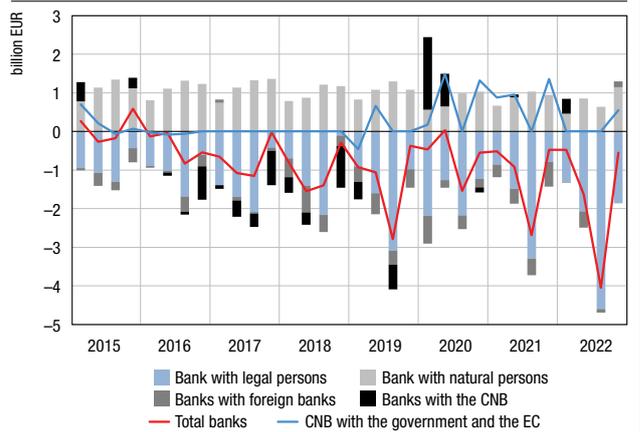
Source: CNB.

Figure 60 Foreign currency deposits



Source: CNB.

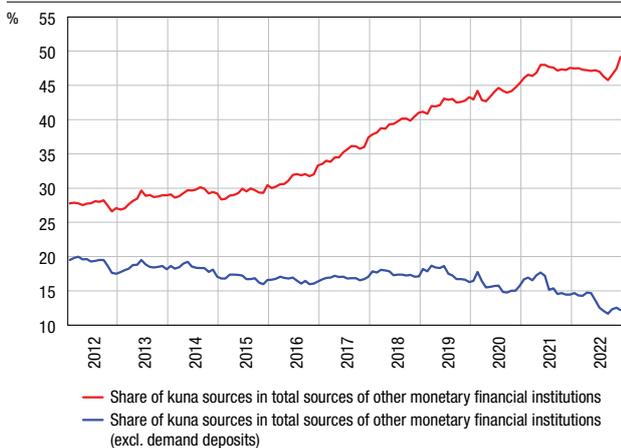
Figure 63 Spot transactions in the foreign exchange market (net turnover)



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

Source: CNB.

Figure 61 Share of kuna sources



Source: CNB.

Figure 64 International reserves of the Croatian National Bank at current rate of exchange



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

Source: CNB.

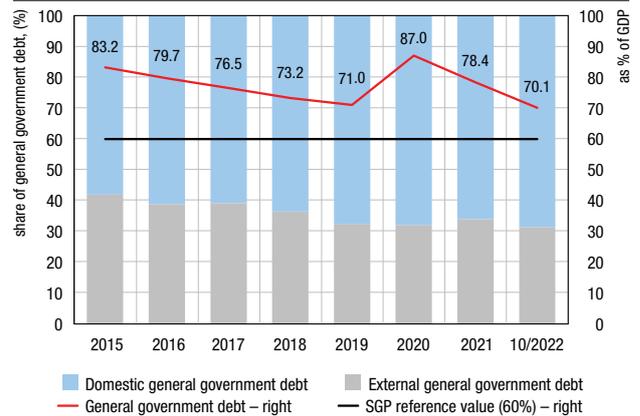
Table 2 Consolidated general government balance
according to ESA 2010 methodology, in million EUR

	1-9/2021	1-9/2022	Percentage change*
Total revenues	19,732	22,069	11.8
Direct taxes	2,200	2,814	27.9
Indirect taxes	8,221	9,341	13.6
Social contributions	4,796	5,418	13.0
Other	4,515	4,496	-0.4
Total expenditures	20,428	20,522	0.5
Social benefits	6,623	6,879	3.9
Subsidies	1,159	676	-41.7
Interest	677	648	-4.3
Employee compensations	5,296	5,496	3.8
Intermediate consumption	3,279	3,529	7.6
Investment	1,899	1,615	-14.9
Other	1,495	1,678	12.2
Net lending (+) / borrowing (-)	-696	1,547	2,242

* Absolute change calculated for the balance.

Sources: CBS and Eurostat.

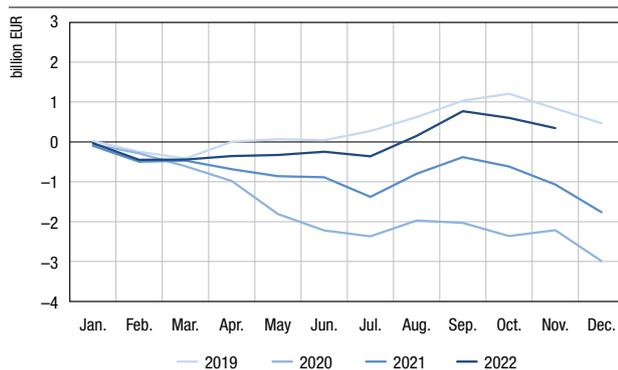
Figure 66 General government debt



Notes: Nominal GDP for the last four available quarters was used to calculate the relative indicator. SGP means the Stability and Growth Pact.

Source: CNB.

Figure 65 Cumulative central government balance in accordance with Council Directive 2011/85/EU



Notes: The budget balance refers to monthly data for the central government, state government and social security sub-sectors, the publication of which by the Ministry of Finance is required under Council Directive 2011/85/EU. Units scope is in line with ESA 2010 methodology but different accounting methodologies were used to calculate the balance.

Sources: Eurostat and MF.

Abbreviations and symbols

Abbreviations

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

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

Three-letter currency codes

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

Two-letter country codes

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

Symbols

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