



---

# Information on economic trends

February 2017



## Summary

Favourable developments in economic activity continued at the end of 2016. Industrial production and exports of goods grew at a fast pace, retail trade turnover increased as well, while the fall in construction activity slowed down. The upward trend in the annual rate of change of consumer prices went on, entering positive territory in December. Monetary developments in 2016 were marked by more intensive lending to domestic sectors than in the previous few years. This was primarily aided by the continued recovery of corporate placements and, to a smaller extent, household placements, which increased for the first time after a seven-year deleveraging period. Data available for the second half of the year indicate that favourable fiscal developments continued during the period so the general government deficit at the annual level might come in much lower than at the same time last year. At the end of October, the general government deficit was much lower than at the end of 2015, primarily due to the favourable impact of the exchange rate.

After a noticeable intensification of economic activity in the third quarter, monthly indicators signalled favourable developments again in the fourth quarter of 2016.<sup>1</sup> Industrial production thus spiked by a high 6.4% at the end of last year relative to the average in the previous three months (Figure 3), nearing the levels from before the onset of the economic crisis. Broken down by main industrial groupings, favourable movements in industry are a consequence of the increase in production in all MIG components, with energy production boasting the strongest growth (Figure 4). Data grouped by NCEA activity reveal that industrial production grew across the board. The real retail trade turnover continued to increase in the last quarter of 2016, growing by as much as 1.3% on the previous three months (Figure 7). At the same time, the volume index of construction works continued to fall, although at a slower pace. This was supported by the intensification in the construction activity of the general government sector, as indicated by the strong rise in civil engineering works in November (Figures 5 and 6). As for expectations regarding future economic developments, the results of business and consumer confidence surveys from the end of 2016 and the beginning of this year suggest a continuation of favourable trends in business and consumer optimism. Consumer expectations clearly show an increase in confidence (Figure 8).

Employment growth accelerated again in the fourth quarter of 2016. The number of employed persons increased by 0.5% from the previous quarter, with employment growing across the board. For the most part, however, this growth reflected the increase in the number of persons employed in service activities in the private sector, although the contribution of industry was also noticeable (Figure 14). Unemployment continued to decrease during the same period as well but at a weaker intensity than in the first half of 2016. The reduction in the number of unemployed persons was primarily a result of clearings from the records for reasons other than employment. The registered unemployment rate, totalling 14.1% in the fourth quarter of 2016 (14.5% in the third quarter), continued decreasing in line with the reduction of the number of the unemployed.<sup>2</sup> The latest data from the Labour Force Survey for the third quarter 2016 also confirmed favourable developments in unemployment so the ILO unemployment rate in the period from July to September totalled 11.8%, as against the 13.3% in the second quarter (Figure 15). As for salaries, they grew strongly at the end of the year after a slight decrease in the third quarter (Figure 16). At the same time, real net salaries went down slightly due to the accelerated growth of prices.

At the end of 2016, the consumer price inflation entered positive territory, totalling 0.2% (Table 1). All major CPI components (except industrial products), but in particular the prices of food (including alcohol and tobacco) and energy, contributed to this inflation growth. The annual contribution of the prices of food to overall inflation rose to 0.4 percentage points in December, while the negative contribution of energy prices went down to -0.2 percentage points (Figure 18). The increase in the prices of petroleum products in December 2016 reflected developments in crude oil prices on the global market (Figure 19). The average price of Brent crude oil on the global market increased in December by some 16% from November due to expectations that OPEC members and other oil-producing countries would adhere to the reduced production quotas agreed at the end of November 2016. The annual growth rate of industrial producer prices decelerated due to the strong seasonal fall in the prices of clothing and footwear relative to December 2015. Core inflation accelerated slightly in December (to 0.5% from 0.4% in November), primarily due to the increase in the annual rate of change in the price of processed food products. This was predominantly a result of the rise in the prices of tobacco spurred by higher excise duties.

Foreign trade figures registered a considerable deficit decrease in October and November as a result of the noticeable growth in exports paired with slightly weaker growth in imports than in the previous quarter average. Total exports, after the negative results in the previous quarter, increased by as much as 11.5% (Figure 10), predominantly due to the growth in the exports of oil and refined petroleum products, while the exports of other transport equipment (mostly ships) declined. A growth in the exports of the narrow aggregate (6.7%) was observed across the board. This was true especially for medical and pharmaceutical products, capital equipment, electricity, road vehicles and individual food products. At the same time, after stagnating in the previous quarter, total imports of goods increased by 3.4% in October and November (Figure 11), to the greatest extent as a consequence of the rise in the imports of oil and refined petroleum products, while the growth in the narrow aggregate (1.0%) was spurred by stronger imports of capital equipment and clothing.

The exchange rate of the kuna against the euro mostly appreciated in January, ending the month at EUR/HRK 7.48, down 1.0% from the end of December 2016 (Figure 21). The kuna weakened against most other major trading partners' currencies in January, resulting in an appreciation of the nominal effective

<sup>1</sup> The model estimate of economic growth in the last quarter of 2016 reflects a stagnation in real GDP relative to the previous quarter due to the exceptionally high base in the third quarter when growth was greatly supported by strong exports of tourist services.

<sup>2</sup> The adjusted unemployment rate in the period, which uses the previously mentioned CPIA data instead of the data from the JOPPD form in the calculation of the unemployment rate, totalled 13.3% (relative to 13.8% in the third quarter 2016).

exchange rate of 1.3% compared to the end of the previous month. In addition to the strengthening of the kuna against the euro, this was aided by the appreciation of the domestic currency against the yuan renminbi, the Turkish lira and the US dollar, which was primarily a result of the strengthening of the euro against the mentioned currencies in the global foreign exchange market.

At the beginning of 2017, euro benchmark interest rates were still very low due to the ECB's expansionary monetary policy. The overnight interest rate for the euro area, EONIA, thus decreased slightly in January to  $-0.35\%$  and the six-month EURIBOR declined to  $-0.24\%$  (Figure 24). The risk premiums for European emerging markets, including Croatia, continued to decrease gradually early in 2017 after their temporary spike in November 2016 (Figures 24 and 25). However, Croatia's risk premium remained the highest among its CEE peers at the end of January 2017.

Early in 2017, the domestic money market was under the influence of strong liquidity boosted by the CNB's expansionary monetary policy. After the CNB created a large amount of reserve money by purchasing foreign currency from banks, the average surplus liquidity in January grew to a record HRK 16.4bn from HRK 9.2bn in December 2016 (Figure 50). This contributed to a further decline in the average weighted interest rate on overnight interbank loans, which fell to  $0.13\%$  (Figure 50). The interest rate on one-year kuna T-bills without a currency clause also decreased in January to its all-time low of  $0.62\%$ .

Interest rates on loans declined throughout 2016, on both corporate loans and housing loans (Figures 28 and 29). Interest rates on corporate investment loans indexed to a foreign currency fell by more than one percentage point, totalling  $3.5\%$  at the end of December (Figure 31). As for housing loans, there was a noticeable decline in interest rates on housing loans granted for the first time throughout 2016, although the end of the year saw a slight increase in interest rates on kuna housing loans. Deposit rates also continued their years-long downward trend in 2016. This is primarily true of interest rates on new time deposits of households (Figure 34) which totalled  $0.81\%$  in December 2016 and almost halved from the levels seen a year earlier. The spread between interest rates on total new loans and deposits narrowed slightly in 2016. However, it still exceeded six percentage points, while the gap between interest rate spreads on loans and deposits remained slightly below five percentage points (Figure 37).

Monetary developments in 2016 were marked by a strong growth in net foreign assets (NFA) of the monetary system and the stagnation in net domestic assets (NDA) (Figure 38) which resulted in the rise in total liquid assets (M4) of  $4.7\%$ , or  $5.3\%$  if the effect of exchange rate changes is excluded (Figure 46). Within the structure of M4, the greatest contribution to growth came from the increase in money (M1), whose growth rate reached as much as  $18.1\%$  at the end of 2016 (Figure 45), spurred particularly by the growth of demand deposits.

In 2016, movements in total placements were much more favourable than over the past few years (Figure 40). The increase in total placements of  $1.1\%$  (based on transactions) was supported by continued recovery in placements to corporates ( $3.1\%$ ) and to a smaller extent by placements to households which, for the first time in seven years, increased by  $0.5\%$  (Figures 41 and 42). On the other hand, the nominal value of placements was  $3.4\%$  lower at the end of 2016 than at the end

of 2015, reflecting a partial write-off of loans to households indexed to the Swiss franc (HRK 6.0bn in the period from November 2015 to December 2016) and the sale by banks of their non-performing placements (HRK 4.2bn in the first nine months of 2016). As for lending to the government, bank placements to the central government increased by  $3.0\%$  in 2016 on an annual level (based on transactions).

Gross international reserves rose by EUR 1.1bn ( $8.0\%$ ) in January 2017 on the end of the previous year, reaching EUR 14.6bn (Figure 52). The noticeable increase in gross reserves was predominantly a result of a higher level of agreed repo transactions. Net usable reserves went up only slightly ( $0.1\%$ ), standing at EUR 12.2bn at the end of January.

Net external debt of domestic sectors rose by EUR 0.6bn in October and November (Figure 56). The CNB's contribution to this growth totalled EUR 0.3bn due to the narrowing of reserves caused by the central government withdrawing funds from the foreign currency deposit with the CNB. After intensive deleveraging over the summer, net external debt of credit institutions increased by EUR 0.2bn.

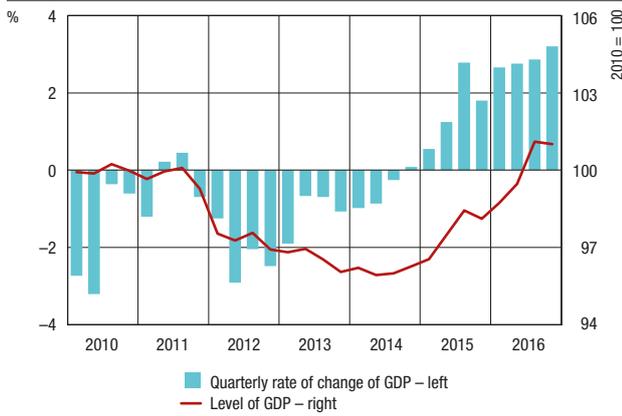
Fiscal data for the third quarter of 2016 under the ESA 2010 methodology reflect a continuation of the strong fiscal consolidation from the first half of the previous year. Total general government revenues thus increased by  $5.3\%$  in the period from July to September relative to the same period a year earlier, while at the same time expenditures increased by  $1\%$ . Broken down by category, on the revenue side VAT made a strong positive contribution (spurred by favourable developments in tourism), while on the expenditure side, the expected growth in expenses on employees was paired with a high increase in subsidies, relative to the same period a year earlier, which was partly due to a change in the payment dynamics across the year.

The available Ministry of Finance data on a cash basis (GFS 2001 methodology) for October indicate that fiscal adjustment continued at the beginning of the last quarter of 2016. Thus, according to data on a cash basis for October, revenues increased and expenditures decreased from the same period a year earlier.

Due to unexpectedly good results, amendments to the state budget and financial plans of extra budgetary users were adopted in November, and as a result the expected deficit of the general government budget was much reduced. The improvement in fiscal indicators is also reflected in the reactions of two international rating agencies, which upgraded their outlook for Croatia's credit rating from negative to stable in December and January respectively.

The consolidated general government debt in October 2016 was lower than at the end of 2015 (due to favourable fiscal developments but also due to the appreciation of the kuna against the euro), thus declining to HRK 287.4bn (Figure 59). As for the public debt structure, 2016 saw some positive changes in the form of extended debt maturity and the growth in the share of kuna debt instruments. In addition, the government continued to refinance its liabilities at favourable conditions throughout the second half of the year, maintaining high liquidity. After interest rates reached their historical low at the latest kuna bond issue in July 2016, interest rates on T-bills issued in the third and the fourth quarter mostly remained at exceptionally low levels and remained at similar levels when T-bills were issued at the beginning of 2017.

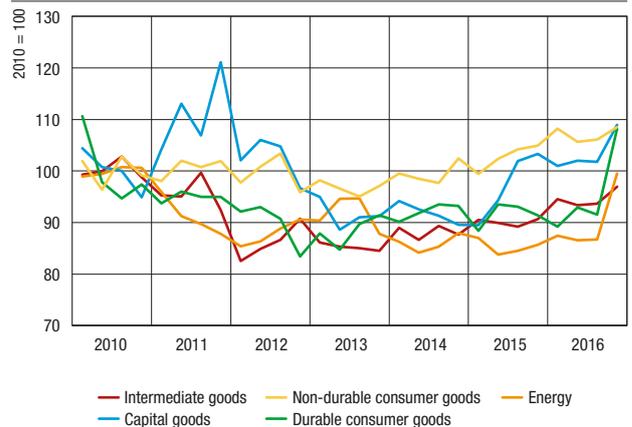
**Figure 1 Quarterly gross domestic product seasonally adjusted real values**



Note: Data for the fourth quarter of 2016 is the estimate derived using the CNB's Monthly indicator of real economic activity, on the basis of data published until 2 February 2017.

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

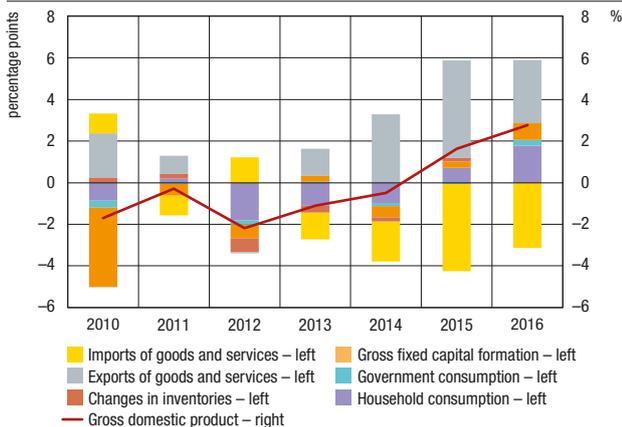
**Figure 4 Industrial production by main industrial groupings seasonally adjusted indices**



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

Source: CBS data seasonally adjusted by the CNB.

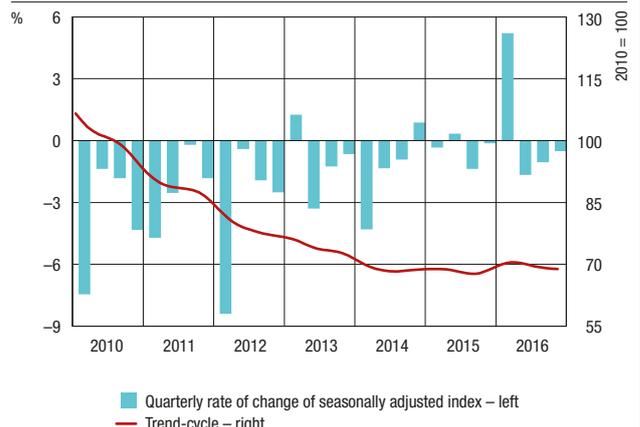
**Figure 2 GDP rate of change contribution by components**



Note: The projection for 2016 refers to the official projection of the CNB from December 2016.

Source: CBS.

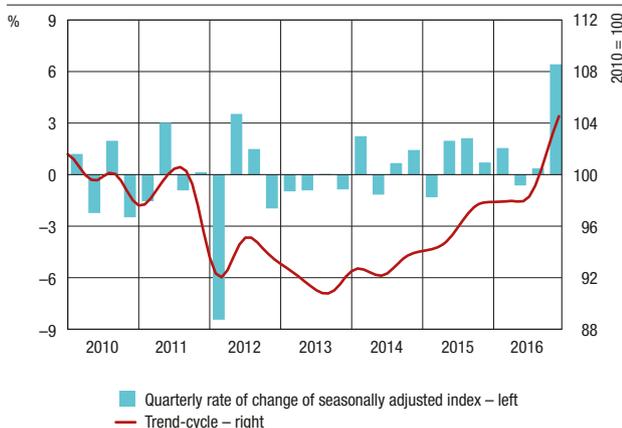
**Figure 5 Total volume of construction works**



Note: Data for the fourth quarter of 2016 refers to October and November.

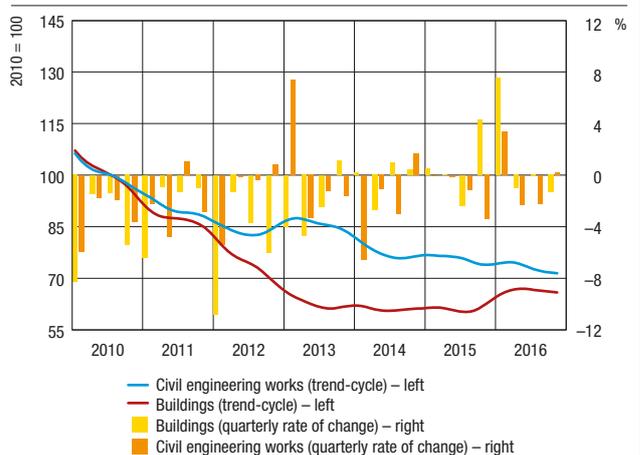
Source: CBS data seasonally adjusted by the CNB.

**Figure 3 Industrial production**



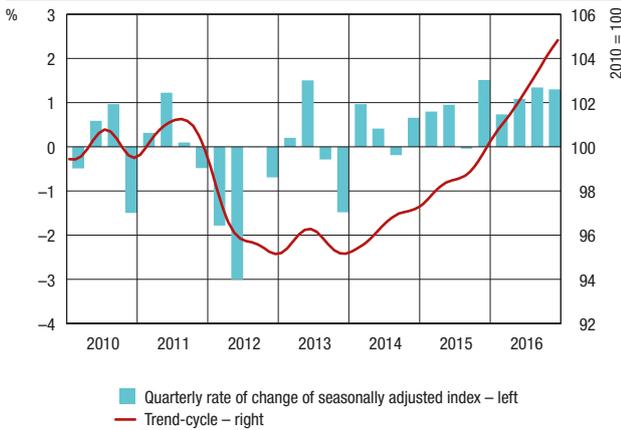
Source: CBS data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



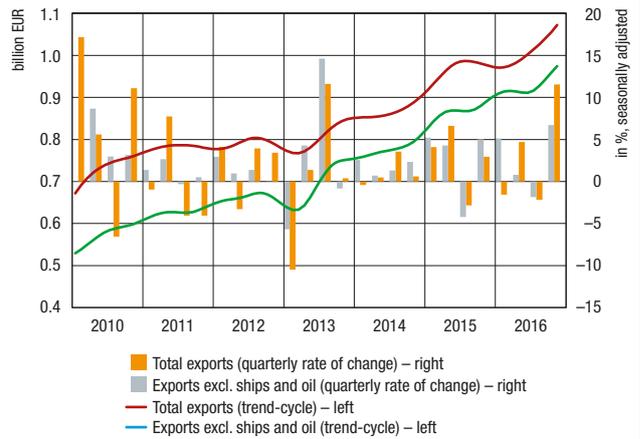
Source: CBS data seasonally adjusted by the CNB.

**Figure 7 Real retail trade turnover**



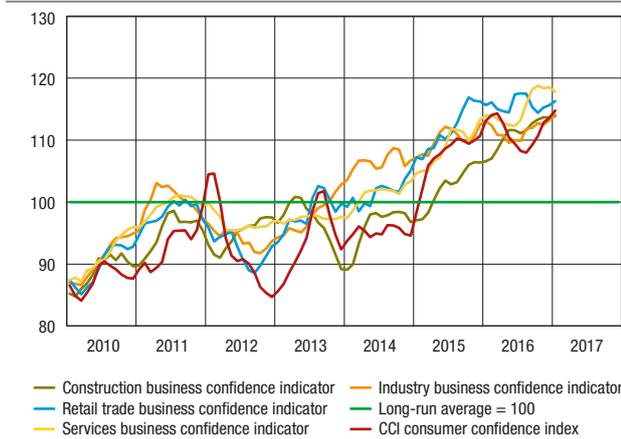
Source: CBS data seasonally adjusted by the CNB.

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



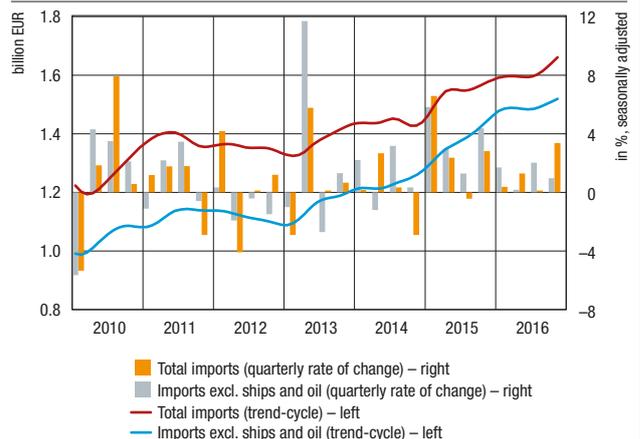
Note: Data for the fourth quarter of 2016 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 8 Business confidence indicators** standardised and seasonally adjusted values, three-member moving averages



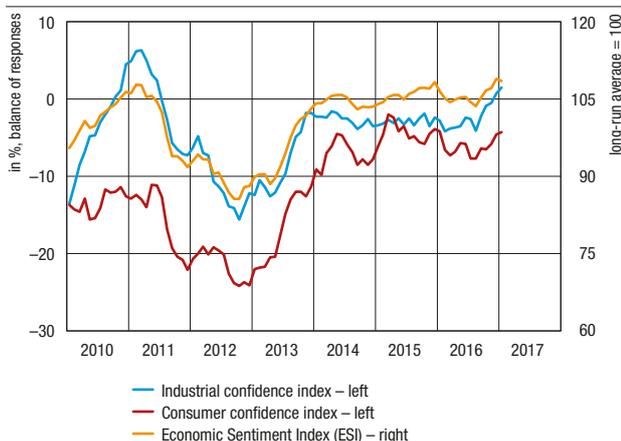
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



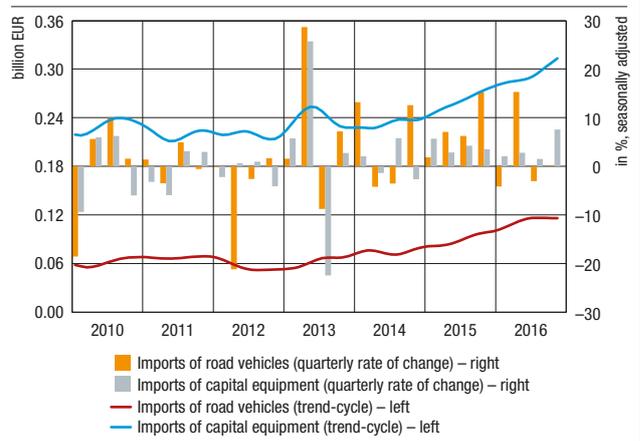
Note: Data for the fourth quarter of 2016 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 9 EU confidence indices** seasonally adjusted series



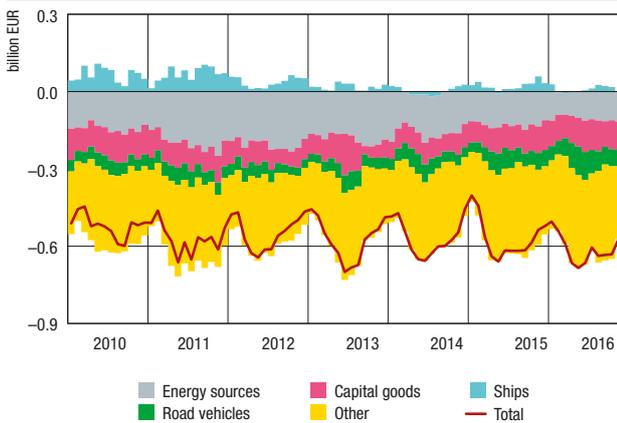
Source: Eurostat.

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



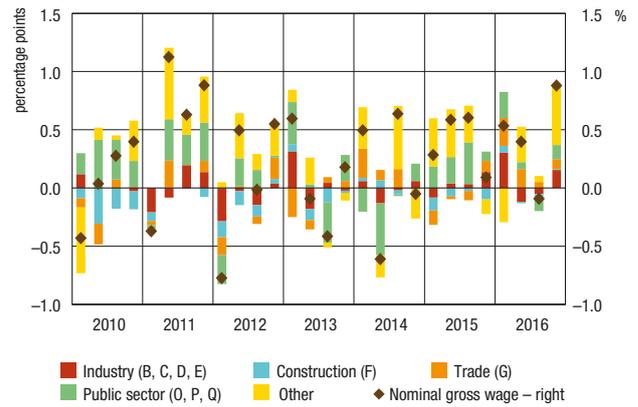
Note: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2016 refer to October and November.  
Source: CBS data seasonally adjusted by the CNB.

**Figure 13 Trade in goods balance**  
three-member moving averages of monthly data



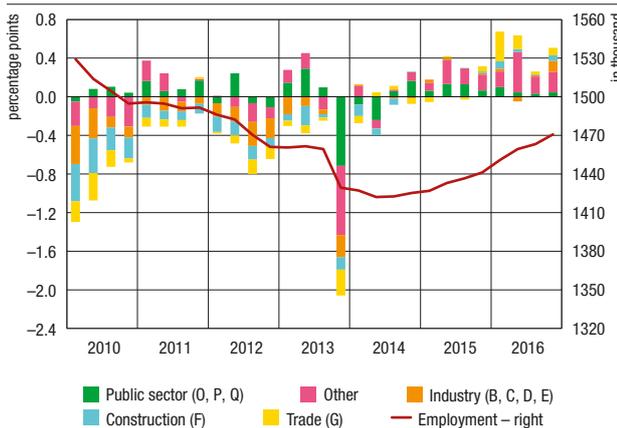
Source: CBS.

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



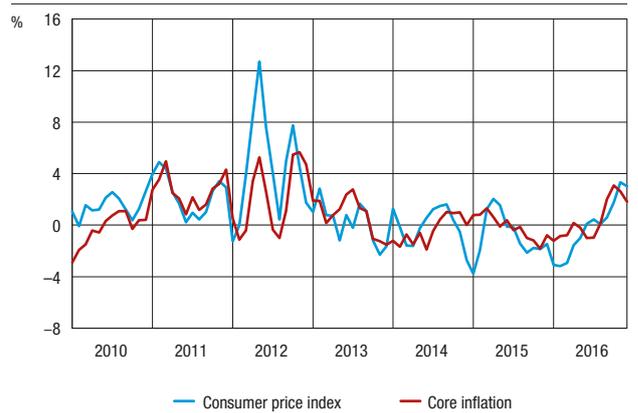
Note: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the fourth quarter of 2016 refer to October and November.  
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



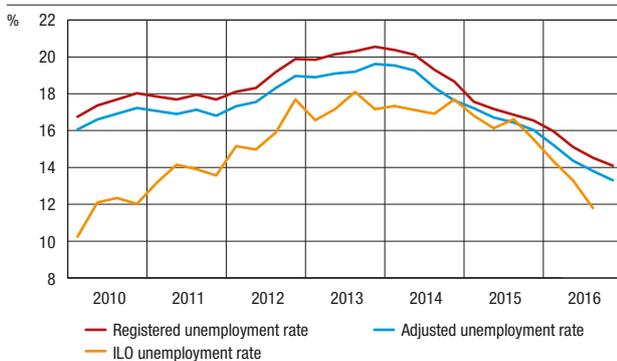
Sources: CPIA data seasonally adjusted by the CNB.

**Figure 17 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



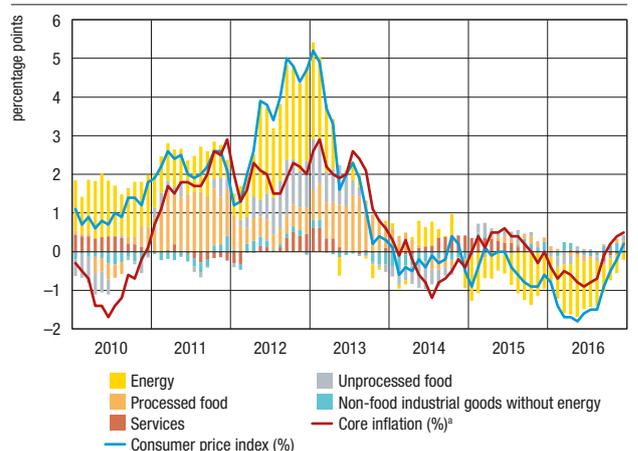
<sup>a</sup> The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.  
Sources: CBS and CNB calculations.

**Figure 15 Unemployment rates**  
seasonally adjusted data



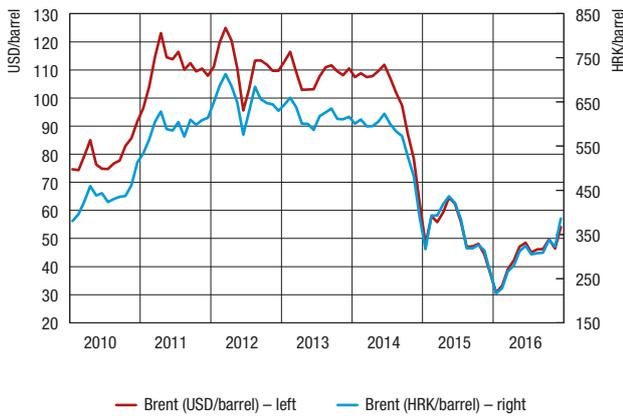
Note: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPIA). Data on the registered unemployed rate in the fourth quarter of 2016 refer to October and November.  
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

**Figure 18 Year-on-year inflation rates and components' contribution to consumer price inflation**



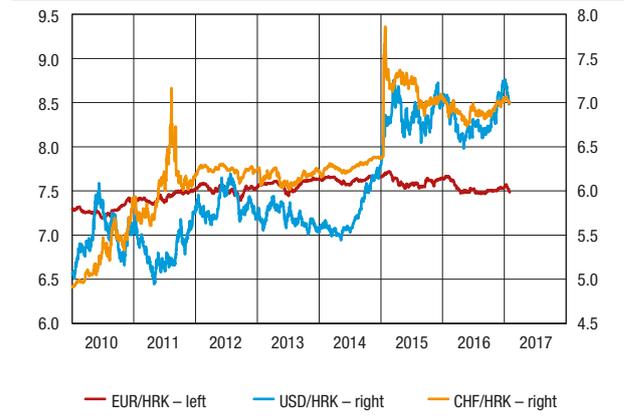
<sup>a</sup> Core inflation does not include agricultural product prices and administrative prices.  
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



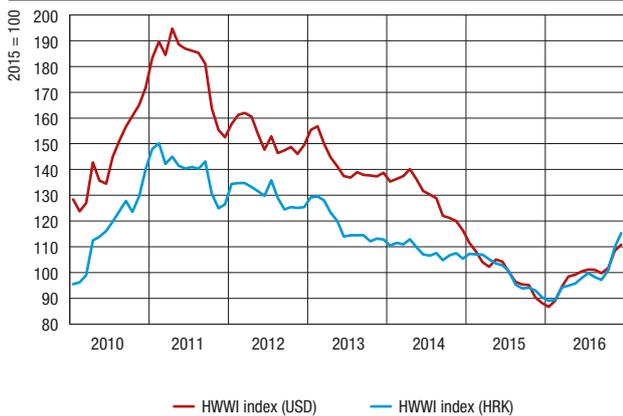
Sources: Bloomberg and CNB calculations.

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



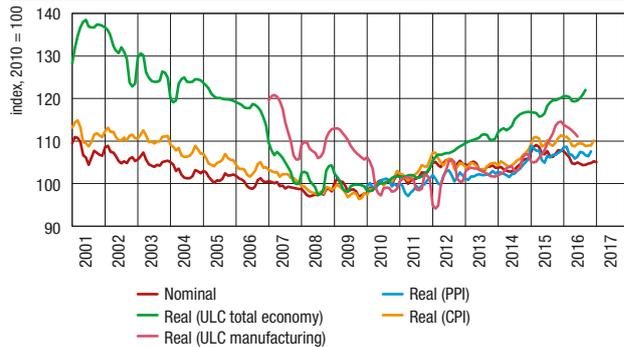
Source: CNB.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Figure 22 Nominal and real effective exchange rates of the kuna



Note: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the non-domestic market, which is available from January 2010. 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.

Table 1 Price indicators

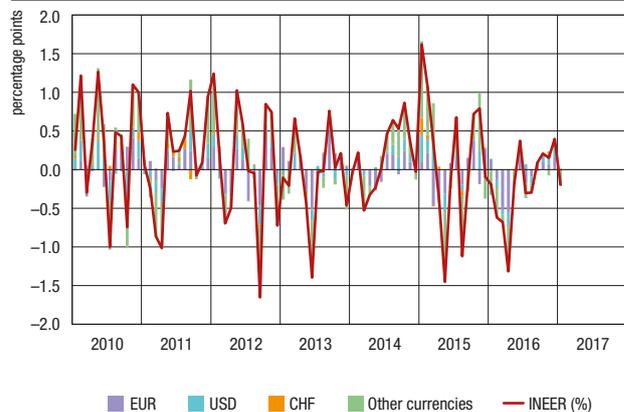
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	11/16	12/16	12/15	12/16
<b>Consumer price index and its components</b>				
Total index	-0.2	0.2	-0.6	-0.2
Energy	-2.9	-1.1	-0.6	1.2
Unprocessed food	-0.1	1.7	-0.3	1.5
Processed food (incl. alcoholic drinks and tobacco)	0.5	1.0	-0.5	0.0
Non-food industrial goods without energy	0.9	0.2	-1.5	-2.2
Services	-0.2	-0.1	0.1	0.2
<b>Other price indicators</b>				
Core inflation	0.4	0.5	-0.7	-0.6
Index of industrial producer prices on the domestic market	-3.1	-0.1	-1.4	1.7
Brent crude oil price (USD)	4.5	43.3	-15.1	16.4
HWWI index (excl. energy) <sup>a</sup>	20.0	25.6	-2.3	2.2

<sup>a</sup> The index is calculated on the basis of raw materials prices expressed in US dollars.

Sources: CBS, Bloomberg and HWWI.

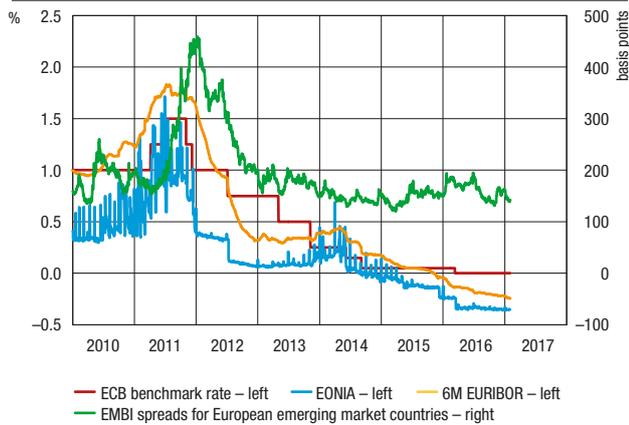
Figure 23 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



<sup>a</sup> Negative values indicate contributions to the appreciation of the INEER.

Source: CNB.

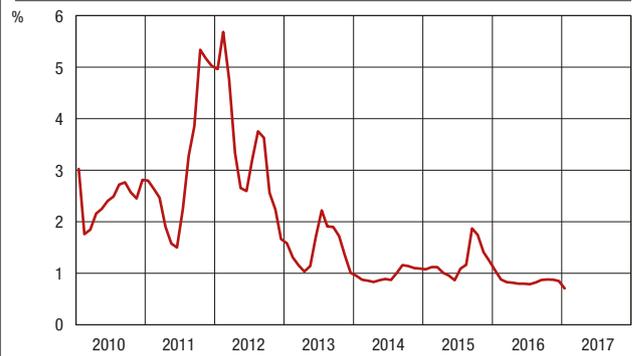
**Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries**



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

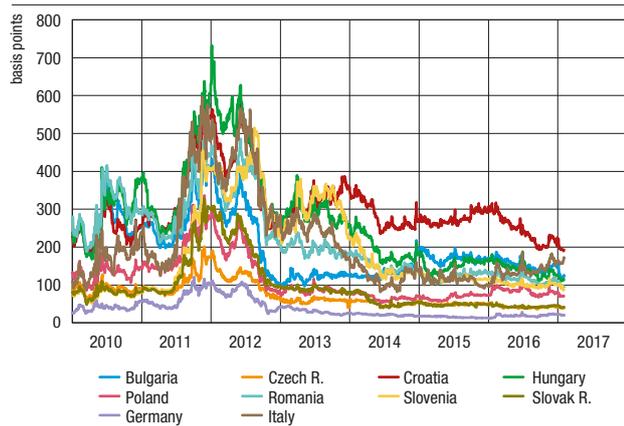
**Figure 27 Interest rates quoted on the interbank market (3 month ZIBOR)**

monthly averages of simply daily averages of bank quotations



Source: CNB.

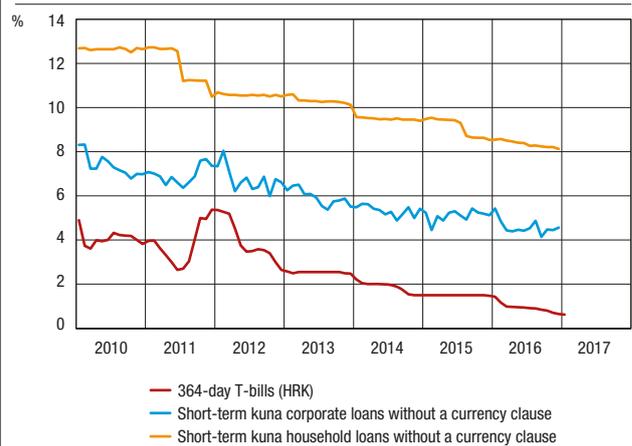
**Figure 25 CDS spreads for 5-year government bonds of selected countries**



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.

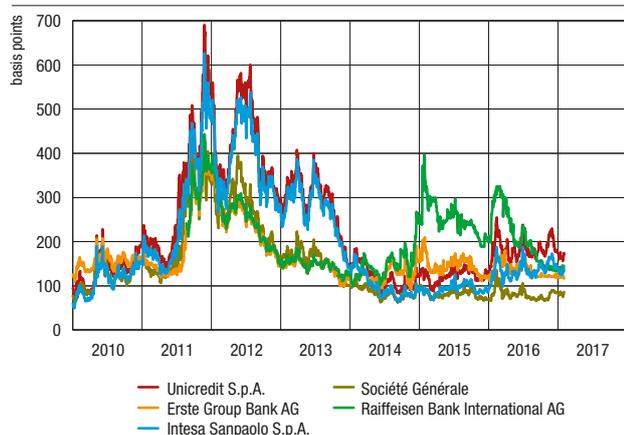
Source: S&P Capital IQ.

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



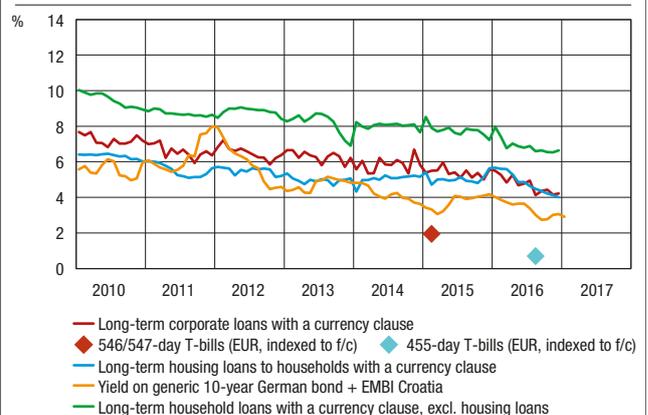
Sources: MoF and CNB.

**Figure 26 CDS spreads for selected parent banks of domestic banks**



Source: S&P Capital IQ.

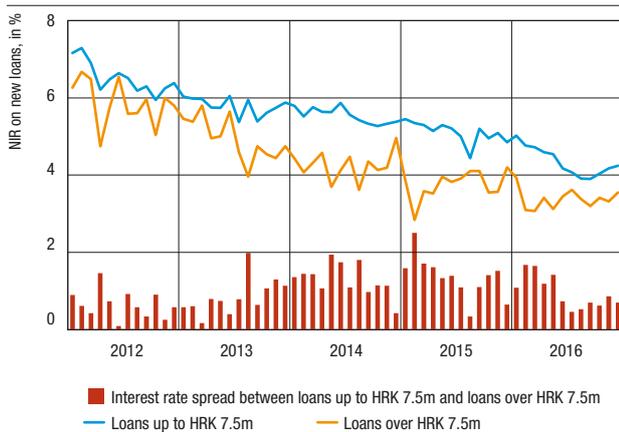
**Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency**



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.

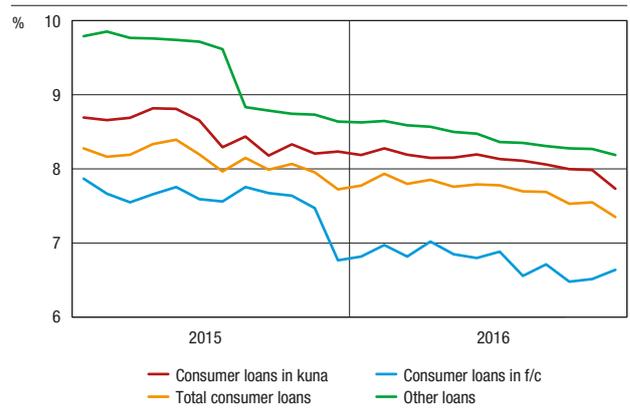
Sources: MoF, Bloomberg and CNB.

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



Source: CNB.

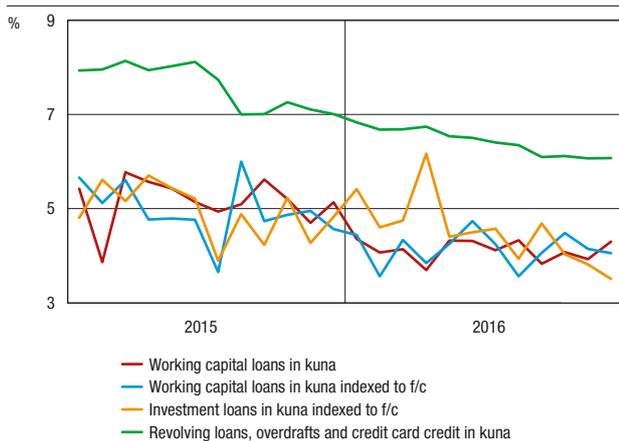
**Figure 33 Interest rates on original new consumer and other loans to households**



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

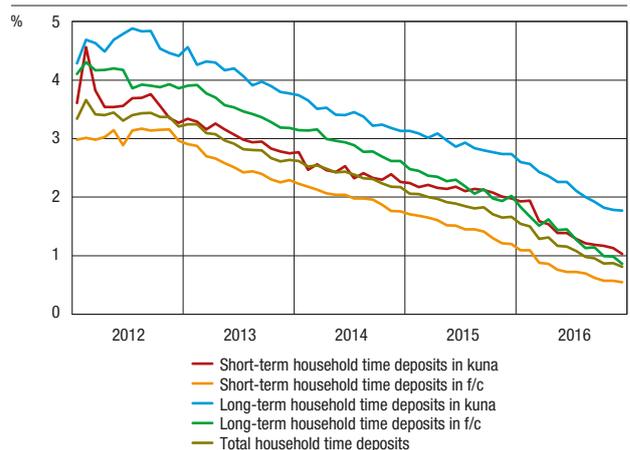
Source: CNB.

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



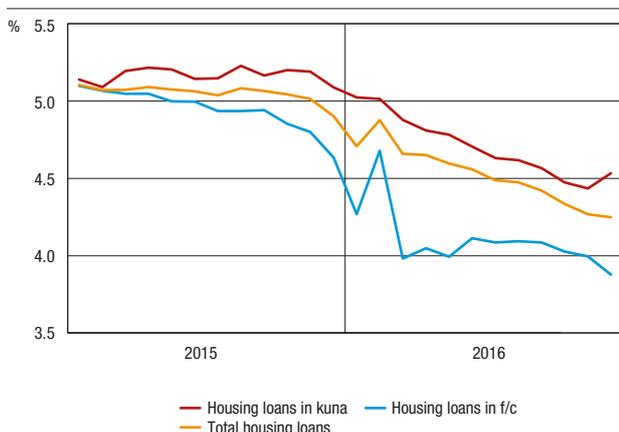
Source: CNB.

**Figure 34 Interest rates on household time deposits**



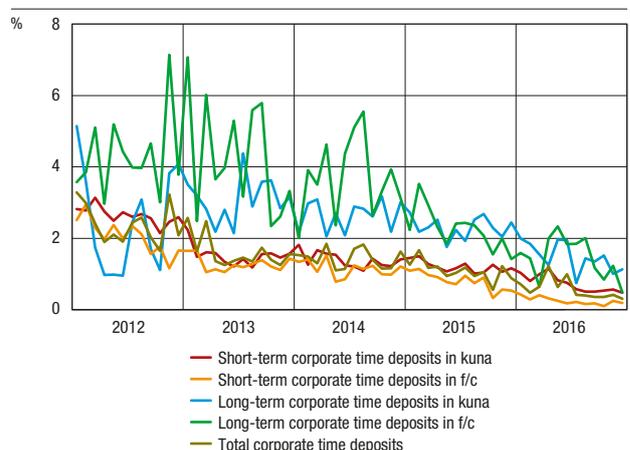
Source: CNB.

**Figure 32 Interest rates on original new housing loans to households**



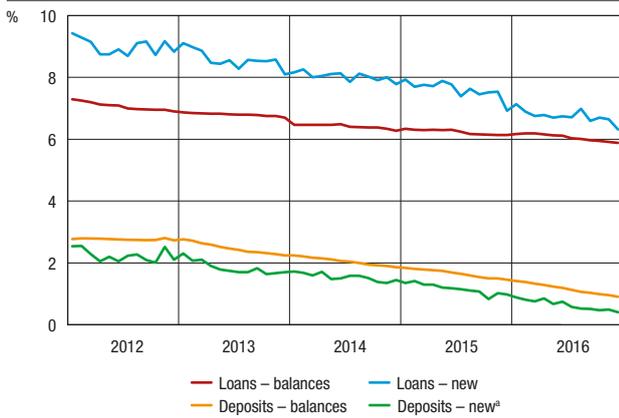
Source: CNB.

**Figure 35 Interest rates on corporate time deposits**



Source: CNB.

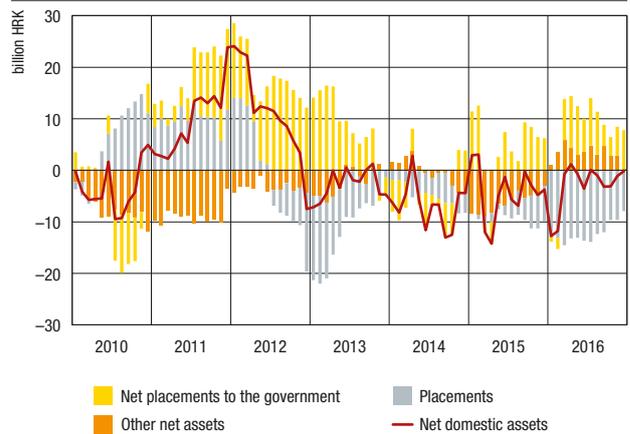
**Figure 36 Average interest rates on loans (excl. revolving loans) and deposits**



<sup>a</sup> For time deposits, interest rates on newly received deposits are weighted by their balances.

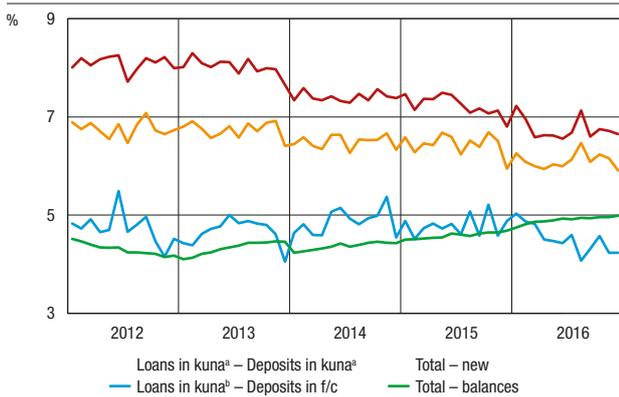
Source: CNB.

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



Source: CNB.

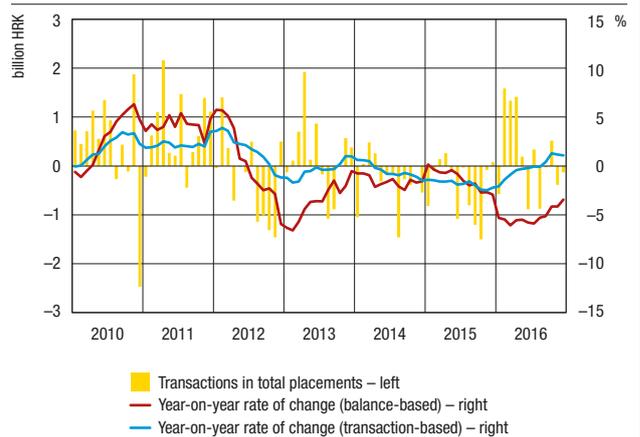
**Figure 37 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits**



<sup>a</sup> Non-indexed to f/c. <sup>b</sup> 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).

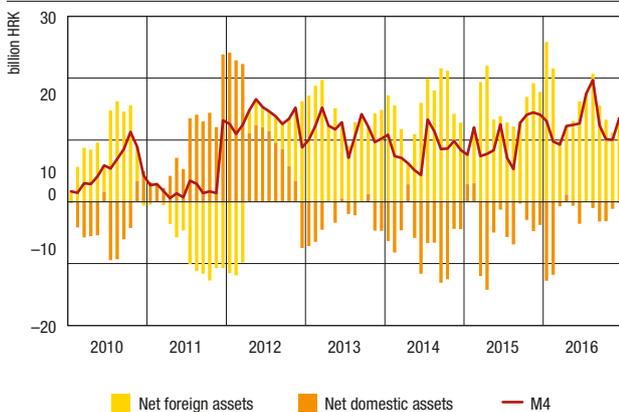
Source: CNB.

**Figure 40 Placements**



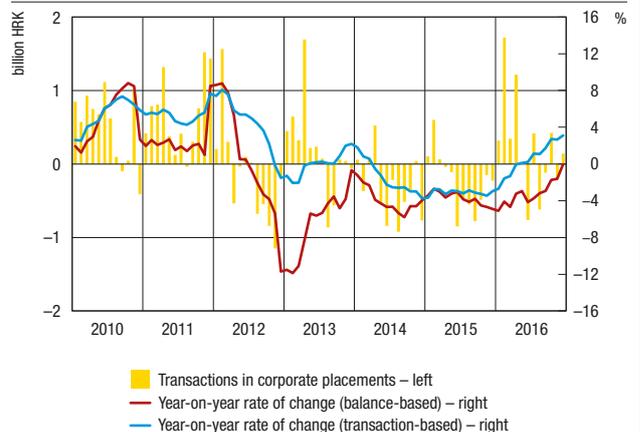
Source: CNB.

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



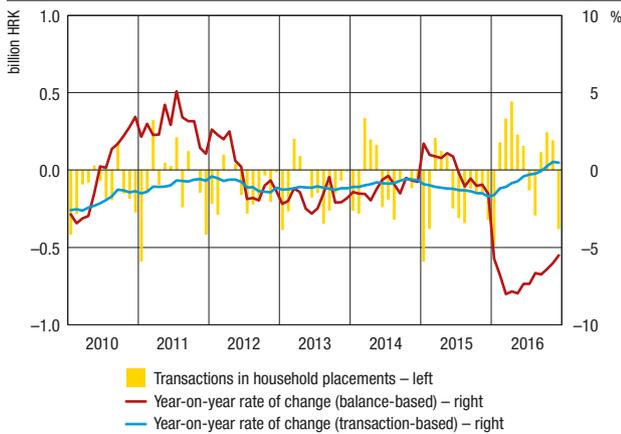
Source: CNB.

**Figure 41 Placements to corporates**



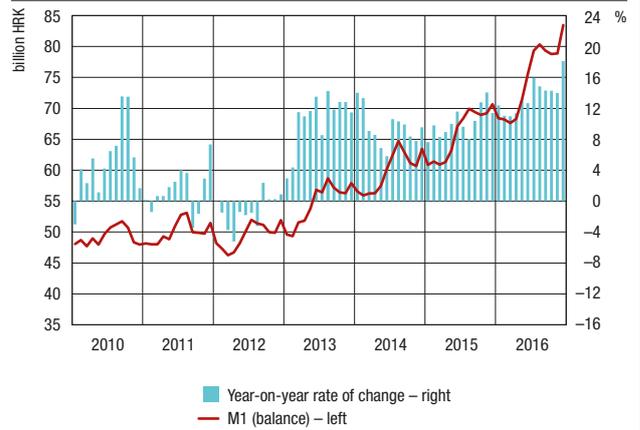
Source: CNB.

Figure 42 Placements to households



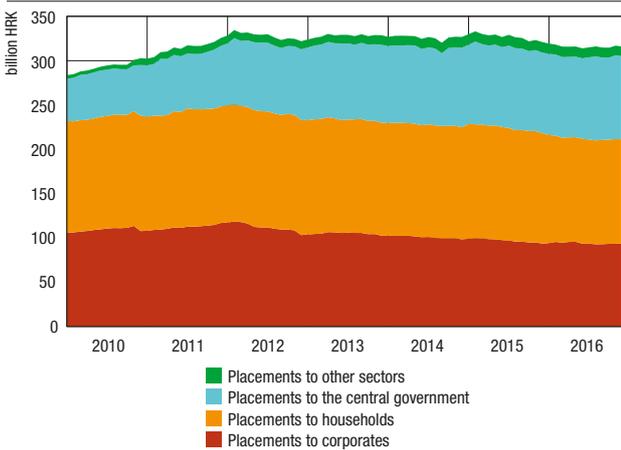
Source: CNB.

Figure 45 Money (M1)



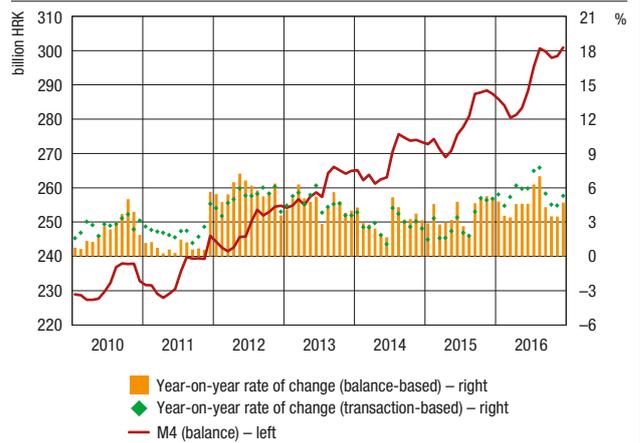
Source: CNB.

Figure 43 Structure of credit institution placements



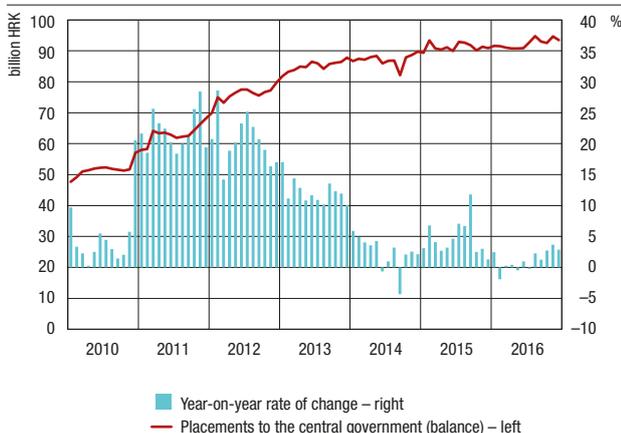
Source: CNB.

Figure 46 Total liquid assets (M4)



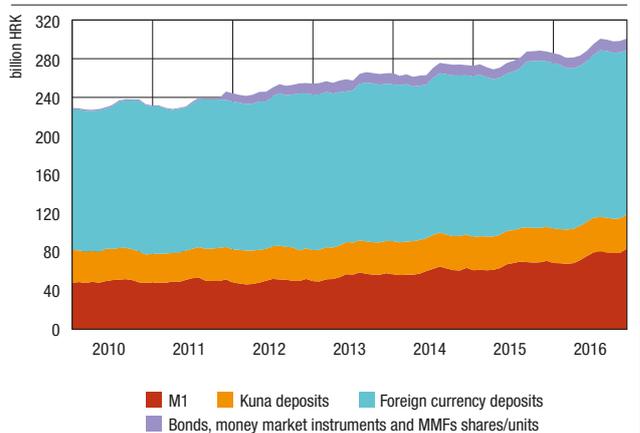
Source: CNB.

Figure 44 Credit institution and MMF placements to the central government



Source: CNB.

Figure 47 Structure of M4 monetary aggregate



Source: CNB.

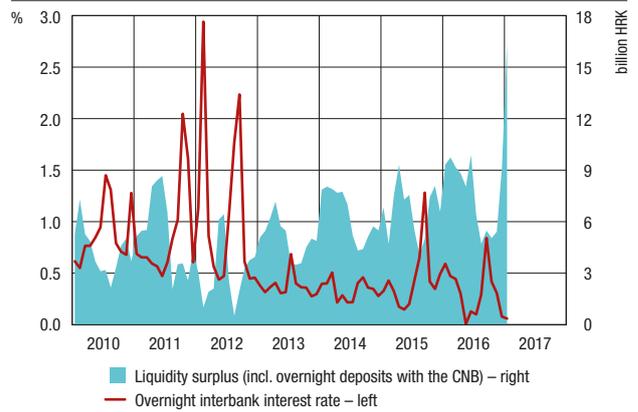
**Table 2 Balance of payments<sup>a</sup>**  
preliminary data, in million EUR

	2015	Jan. – Sep. 2015	Jan. – Sep. 2016	Indices	
				2015/2014	Jan. – Sep. 2016/Jan. – Sep. 2015
Current account	2,236.2	2,695.1	1,923.1	246.8	71.4
Capital account	310.6	161.7	304.2	442.0	188.2
Financial account (excl. reserves)	1,161.3	1,339.5	2,244.6	116.7	167.6
International reserves	745.3	550.5	-694.6	-	-
Net errors and omissions	-640.1	-966.8	-677.4	125.2	70.1

<sup>a</sup> In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).

Source: CNB.

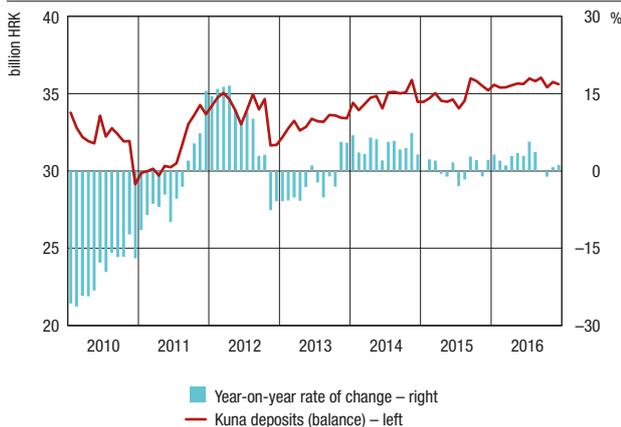
**Figure 50 Bank liquidity and overnight interbank interest rate**



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.

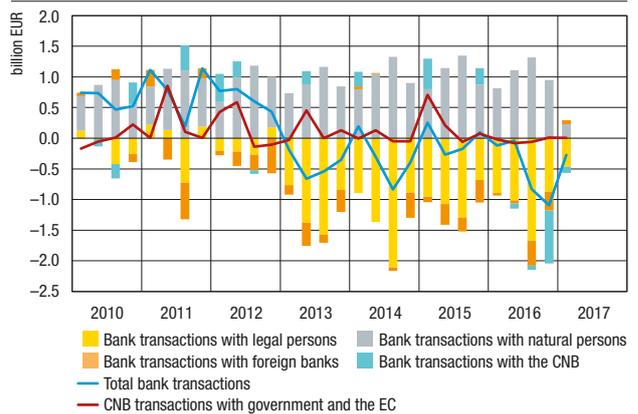
Source: CNB.

**Figure 48 Kuna savings and time deposits**



Source: CNB.

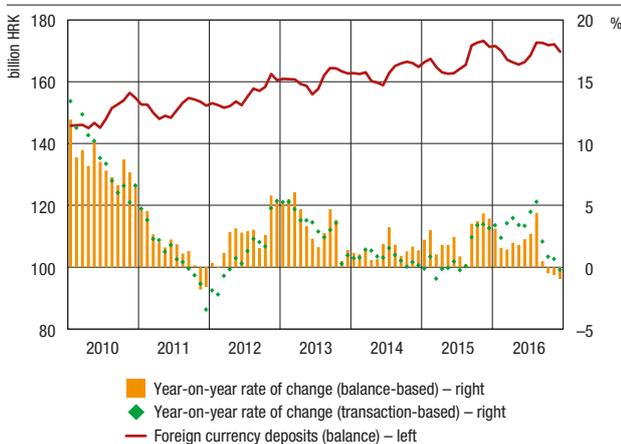
**Figure 51 Spot transactions in the foreign exchange market (net turnover)**



Note: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2017 refers to January.

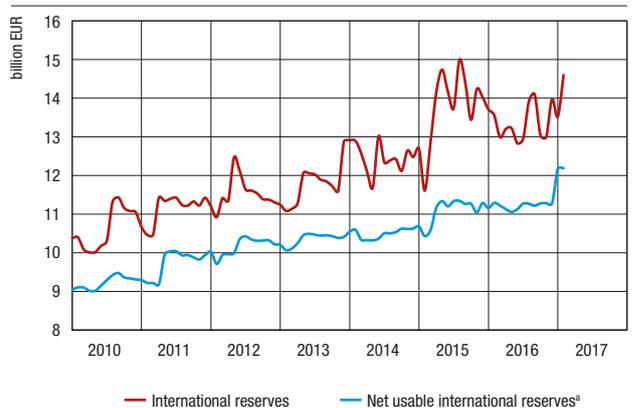
Source: CNB.

**Figure 49 Foreign currency deposits**



Source: CNB.

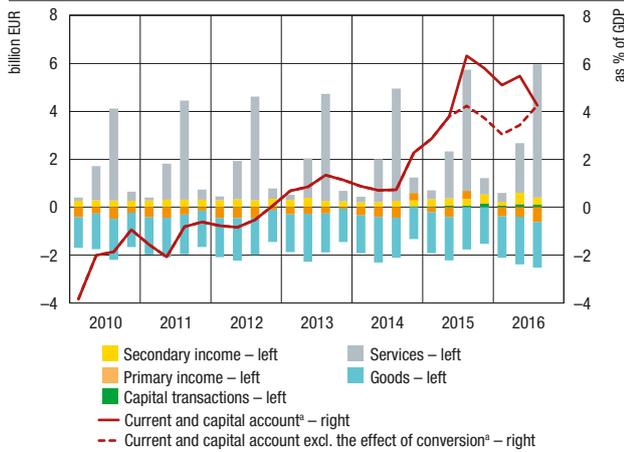
**Figure 52 International reserves of the CNB at current rate of exchange**



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

Source: CNB.

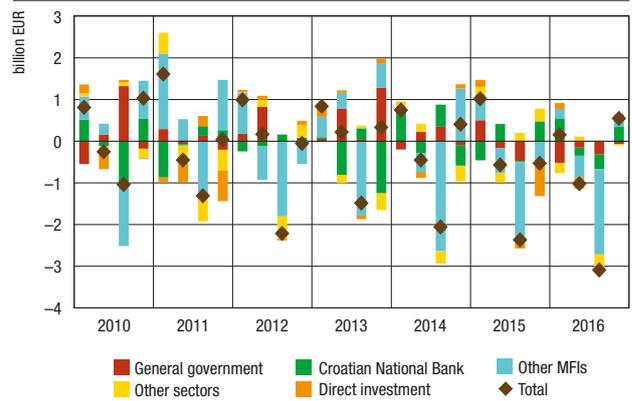
Figure 53 Current and capital account flows



<sup>a</sup> Sum of the last four quarters.

Source: CNB.

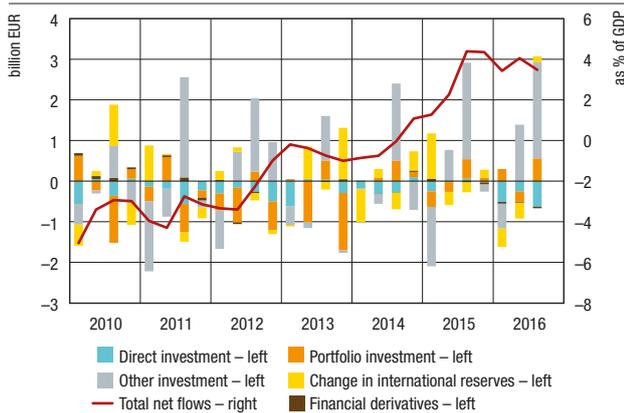
Figure 56 Net external debt transactions



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as gross external debt stock net of foreign debt claims. Data for the fourth quarter of 2016 refer to October and November.

Source: CNB.

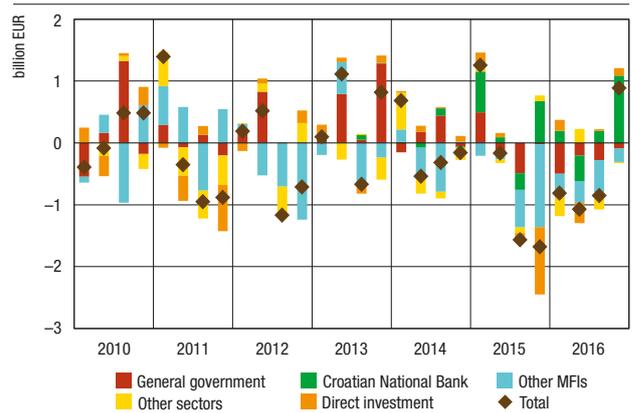
Figure 54 Financial account flows by type of investment



Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves). Total net capital flow series are shown as a four-quarter moving average.

Source: CNB.

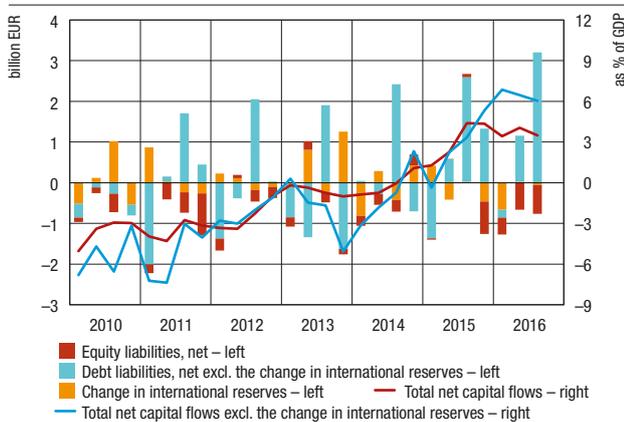
Figure 57 Gross external debt transactions



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the fourth quarter of 2016 refer to October and November.

Source: CNB.

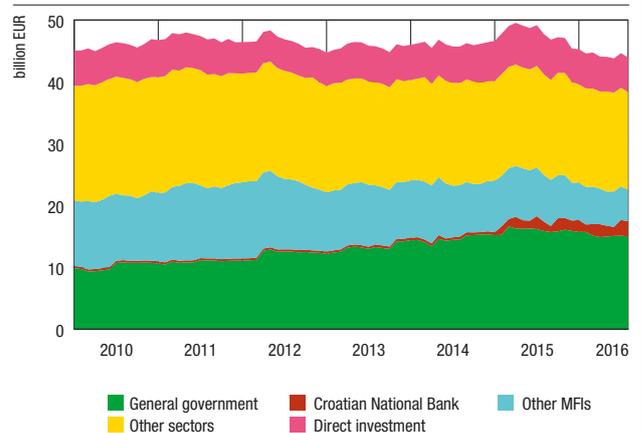
Figure 55 Financial account flows by capital structure



Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves). Total net capital flow series are shown as a four-quarter moving average.

Source: CNB.

Figure 58 Gross external debt end of period



Source: CNB.

Figure 59 General government debt

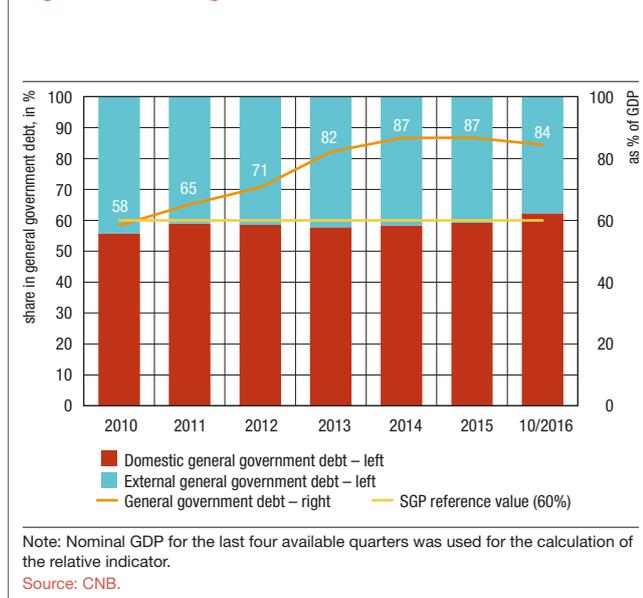


Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2015	Jan. – Sep. 2016
<b>Total revenue</b>	<b>108,293</b>	<b>118,822</b>
Direct taxes	13,745	15,624
Indirect taxes	49,588	53,223
Social contributions	29,642	30,430
Other	15,318	19,545
<b>Total expenditure</b>	<b>116,876</b>	<b>118,872</b>
Social benefits	40,772	41,116
Subsidies	4,437	5,425
Interest	8,921	8,701
Compensation of employees	28,247	29,072
Intermediate consumption	20,039	19,094
Investment	7,861	7,980
Other	6,600	7,483
<b>Net lending (+)/borrowing (-)</b>	<b>-8,583</b>	<b>-51</b>

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Oct. 2015	Jan. – Oct. 2016
1 Revenue	104,763	113,442
2 Disposal of non-financial assets	408	94
3 Expenditure	108,552	109,854
4 Acquisition of non-financial assets	3,520	3,221
<b>5 Net borrowing (1 + 2 – 3 – 4)</b>	<b>-6,902</b>	<b>461</b>

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Jan. – Oct. 2015	Jan. – Oct. 2016
Change in total debt stock	4,011	-2,130
Change in domestic debt stock	4,471	7,432
– Securities other than shares, short-term	-5,092	-1,105
– Securities other than shares, long-term	9,230	14,323
– Loans	333	-5,786
Change in external debt stock	-460	-9,562
– Securities other than shares, short-term	-577	-49
– Securities other than shares, long-term	3,461	-8,445
– Loans	-3,344	-1,068
Memo item:		
Change in total guarantees issued	-794	1,647

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	– Central 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
CM	– Croatian Motorways
CIHI	– Croatian Institute for Health Insurance
CLVPS	– Croatian Large Value Payment System
CNB	– Croatian National Bank
CPF	– Croatian Privatisation Fund
CPI	– consumer price index
CPIA	– Croatian Pension Insurance Administration
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