



Information on economic trends

January 2018

Summary

Monthly statistical indicators available for the fourth quarter of 2017 suggest that economic activity continued to grow, although at a slower pace than in the preceding part of the year. The rise in employment intensified at the beginning of the fourth quarter of 2017, while unemployment continued to decline. Following a stagnation in November, consumer prices dropped by 0.3% on a monthly level, while the annual rate of inflation fell to 1.2%. Due to pressures driving the kuna upwards, the CNB continued to purchase foreign exchange from banks in December, which resulted in a historically high amount of free reserves of credit institutions totalling an average of HRK 19.1bn in December. Corporate and household placements grew in November and picked up on an annual level. After a steep decline at mid-year, the net external debt of domestic sectors continued to decrease gradually in October. Available fiscal data for the second half of 2017 point to an improvement in general government balance. Such developments are reflected in the further drop in the general government debt-to-GDP ratio.

The GDP nowcasting model¹ suggests that current economic activity continued to grow at the end of 2017, although at a slower pace than in the first nine months of 2017 (Figure 1). Industrial production continued to increase on a quarterly level in October and November, reflecting the rise in production in all main industrial groupings (Figures 3 and 4). Such developments primarily reflect the growth recorded in industrial production in October, while November saw a decline in industrial production on a monthly level. Construction was up in October from the average of the previous quarter owing to a noticeable rise in construction works on buildings, while other civil engineering works dropped (Figures 5 and 6). On the other hand, following a relatively sharp increase in the first nine months of 2017, real retail trade turnover decreased slightly in October and November on a quarterly level (Figure 7).

The fourth quarter of 2017 saw relatively favourable developments in consumer and business confidence. The results of the Consumer Confidence Survey for the fourth quarter suggest that the consumer confidence indicator improved, and, according to the results of the survey on business expectations, business confidence also grew in construction and services. Confidence in industry and trade subsided, but remained at relatively high levels (Figure 8).

Favourable labour market trends continued in late 2017. The total number of employed persons in the fourth quarter grew noticeably from the average of the preceding quarter, primarily due to the increase in their number in the private sector (Figure 14). At the same time, unemployment continued to decrease as a result of both new employment and the clearings from records for other reasons (failure to comply with legal regulations, registration cancellation and failure to report regularly). Consequently, the registered unemployment rate (according to seasonally adjusted data) fell to 11.7% in November. According to the latest available Labour Force Survey data for the third quarter of 2017, the unemployment rate went down from 11.4% in the second quarter to 10.1% (Figure 15). At the beginning of the fourth quarter, average nominal gross and net wages picked up considerably, primarily driven by the rise in the wages in the public sector and industry (Figure 16). The rise in real wages was less pronounced due to the simultaneous increase in consumer prices.

After stagnating in November, consumer prices fell by 0.3% on a monthly level in December (Table 1). The most significant contribution to the drop in consumer prices in December came from the seasonal decrease in the prices of clothing and footwear and processed food (cheese, milk, oil and fats). At the same time, the aforementioned price decrease was partially offset by the increase in the prices of tobacco (due to the rise in excises), vegetables and fuels and lubricants for personal transport

equipment (caused by the increase in the price of crude oil on the global market). Having grown for the sixth consecutive month, the average price of a barrel of Brent crude oil was 11.4% higher in December than in October (Figure 19). The increase in the price of crude oil on the global market resulted from favourable global economic developments, the agreement between OPEC and Russia on continued production restrictions and political turmoil in the Middle East. Furthermore, the annual overall CPI inflation rate went down from 1.4% in November to 1.2% in December (Figure 18). The annual growth in the prices of unprocessed and processed food slowed down in the last two months of 2017, whereas the annual increase in the prices of other main CPI components gained pace. Core inflation was stable, remaining at 1.4% in November and December, unchanged from the preceding three months.

At the beginning of the fourth quarter, exports of goods picked up considerably, while imports continued to grow at a slow pace. Total imports of goods in October 2017 rose by 6.7% from the average of the preceding quarter (Figure 10). This may primarily be attributed to the exports of oil and refined petroleum products, while the increase in the exports of the narrow aggregate (excluding oil and ships) was smaller, standing at 2.3%. Favourable results were recorded in, among other categories, the exports of food products, oil seeds and fruits, cork and wood, natural and manufactured gas and wearing apparel. At the same time, imports of goods continued to grow at a rate similar to that recorded in the first three quarters of 2017, increasing by 1.0% due to the imports of oil and refined petroleum products and other transport equipment (Figure 11). In contrast, imports of other goods went down by 1.8%, primarily affected by the decrease in the imports of electricity and natural and industrial gas, food products, capital goods and medical and pharmaceutical products.

The nominal exchange rate of the kuna against the euro remained stable in December, mostly moving within a very narrow range of $\pm 0.1\%$ around the average value of EUR/HRK 7.54 (Figure 21). Foreign exchange interventions of the CNB, by which a total of EUR 765.5m was purchased from banks in December, contributed to the stability of the nominal exchange rate. The exchange rate strengthened to EUR/HRK 7.51 at the end of the month, appreciating by 0.4% from the end of the previous month. The kuna strengthened modestly against most other currencies of the main trading partners, so that the nominal effective kuna exchange rate index at end-December weakened by 0.3% from the end of November.

Influenced by the expansionary monetary policy of the ECB and high euro area banking system liquidity, short-term interest rates on the European money market remained in negative territory until the end of 2017. The overnight interest rate on

1 For details, see Kunovac, D., and B. Špalat: *Nowcasting GDP Using Available Monthly Indicators* (WP-39, October 2014).

the euro area banking market, EONIA, ended the month of December at -0.35% , and the six-month EURIBOR at -0.27% (Figure 24). The risk premium of European emerging market countries did not change significantly over the last three months; however, compared with the level recorded at the beginning of the year, the risk premium for Croatia saw the most substantial decrease (of 124 basis points). Standing at 96 basis points at the end of the December, the risk premium for Croatia was almost the same as the risk premiums for Bulgaria and Romania (Figure 25).

The liquidity of the domestic financial system aided by the CNB's expansionary monetary policy remained high during the last two months of 2017 as well. A total of HRK 6.1bn was generated by the purchase of foreign exchange from banks in November and, particularly, December, contributing to the all-time high average surplus kuna liquidity of HRK 19.1bn in December. As a result of high liquidity, no significant turnover was recorded on the domestic interbank overnight market, and the average interest rate stood at 0.10% (Figure 54). At the same time, the interest rate on one-year kuna T-bills without a currency clause fell to its all-time low of 0.20% in December.

Interest rates on new bank loans to non-financial corporations and households fell in October and November 2017 (Figures 28, 29 and 30). In corporate loans, interest rates on kuna loans for working capital with a currency clause granted for the first time saw the most substantial decline (Figure 31), while in household loans, interest rates on renegotiated housing loans in domestic currency decreased the most (Figure 32), along with the interest rates on consumer loans in kuna granted for the first time (Figure 33). Interest rates on time deposits increased in October and November, most notably on those of non-financial corporations, due to the change in the structure of time deposits (Figures 34 and 35). As a result of the trends described above, the spread between interest rates on loans and deposits shrank in November, with the spread between interest rates on new loans and deposits standing at 5.58 percentage points, and the spread between interest rates on loans and deposits at 4.82 percentage points (Figure 37).

Monetary developments in November 2017 were characterised by a drop in total liquid assets (M4) in the amount of HRK 2.5bn, mainly under the influence of investments of other domestic financial institutions in the new foreign government bond. Consequently, the rise in total liquid assets slowed down on an annual level, having gone down to 3.1% from the preceding month (exchange rate effects excluded, Figure 49). The annual rate of growth of the narrower monetary aggregate, money (M1), saw no significant change from the previous month, standing at 20.2% at end-November (Figure 48), while quasi-money dropped by 3.0% on an annual level (exchange rate effects excluded). The asset side of the balance sheet of monetary institutions saw a simultaneous substantial decrease in net domestic assets (NDA) and an increase in net international assets (NIA) caused by a surge in foreign currency government deposits with the CNB (of HRK 8.7bn) as a result of an inflow of euro funds generated by the issued bond. Since the government used the funds to restructure its debt (i.e., the debt of public enterprises in the road sector included in the so-called general government), government foreign exchange deposits with the CNB had decreased by the same amount by the end of December 2017.

Total placements of monetary institutions to domestic sectors (excluding the central government) increased in November, with

their annual rate of growth accelerating to 2.7% (transaction-based, Figure 40). The increase in total placements is primarily attributable to the rise in placements to households and other domestic financial institutions. However, placements to non-financial corporations also grew after declining over the previous three months. The annual growth in placements to non-financial corporations picked up to 2.5% (Figure 41) and to households to 3.4% (Figure 42). The share of kuna placements in total household placements continued its long-standing upward trend, reaching almost 48% at end-November (Figure 47). The nominal stock of placements was 0.6% smaller at the end of November 2017 than at the end of the same month the year before, primarily as a result of the sale of non-performing placements. As for lending to the government, the annual fall of bank placements to the central government accelerated to 5.0% (Figure 46) at end-November.

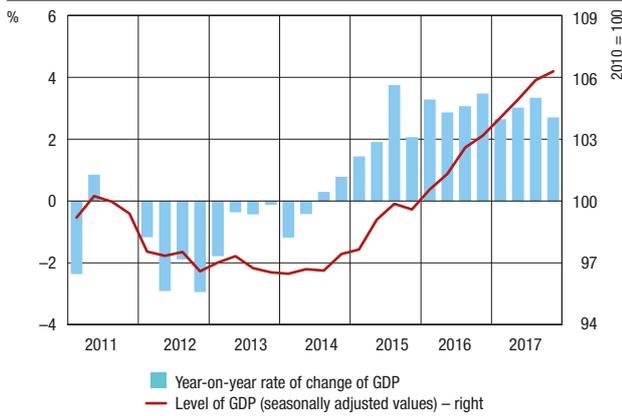
Despite the drop in November brought about by the decrease in central government foreign exchange deposits, gross international reserves grew by EUR 2.2bn or 16.2% over the whole of 2017, totalling EUR 15.7bn at the end of the year (Figure 56). The rise in reserves in 2017 was primarily driven by the purchase of foreign exchange from banks (EUR 1.8bn) and the EUR 0.6bn increase in agreed repo transactions from the end of 2016. Net international reserves grew by EUR 1.6bn or 12.9% in 2017, totalling EUR 15.7bn at the year's end.

Net external debt decreased slightly in October 2017, following a considerable decline of EUR 3.4bn in the third quarter (Figure 60). The net external position of credit institutions continued to improve in October, although at a significantly slower pace than during the summer months. In addition, the central bank also slightly improved its positive net external position, mainly by purchasing foreign exchange from banks. On the other hand, following the strong deleveraging over the preceding part of the year, government external debt saw a marginal increase in October deriving from CBRD borrowing. Other domestic sectors recorded a slight increase in net external debt to affiliated creditors.

MoF data point to continued fiscal adjustment in the second half of 2017. Total general government revenues (GFS 2001 methodology) thus increased by 2.2% in the period from July to September relative to the same period a year earlier, while expenditures remained the same. According to cash basis data for October, the growth in revenues and the stagnation in expenditures continued into the beginning of the last quarter of 2017 as well. Owing to favourable fiscal results, the amendments to the government budget and financial plans of extrabudgetary users from November 2017 considerably decreased the expected general government budget deficit for 2017 according to ESA 2010 methodology, reducing it by 0.7 percentage points to 0.6% of GDP.

At end-September 2017, consolidated general government debt stood slightly above the level recorded in late 2016, reaching HRK 291.6bn, while its share in GDP dropped to 81% (Figure 63). The government continued to refinance its liabilities at favourable conditions throughout the second half of 2017, maintaining high liquidity. A foreign bond in the amount of EUR 1.275bn was issued in November as a part of the financial restructuring of the debt of public enterprises in the road sector, along with a domestic bond in the amount of HRK 5.8bn. Euro-denominated T-bills in the amount of EUR 1.5bn were also issued in November with a maturity of 455 days and considerably lower yields than those paid on earlier issues.

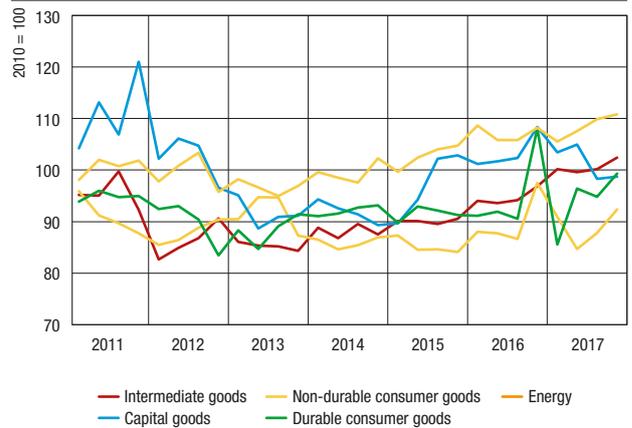
Figure 1 Quarterly gross domestic product seasonally adjusted real values



Note: Data for the fourth quarter of 2017 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 3 January 2018.

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

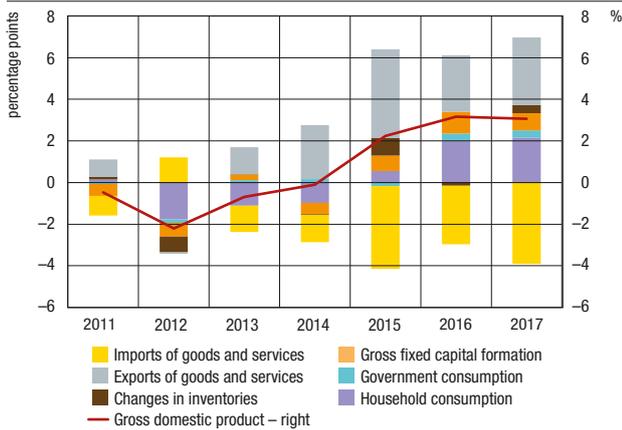
Figure 4 Industrial production by main industrial groupings seasonally adjusted indices



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

Source: CBS data seasonally adjusted by the CNB.

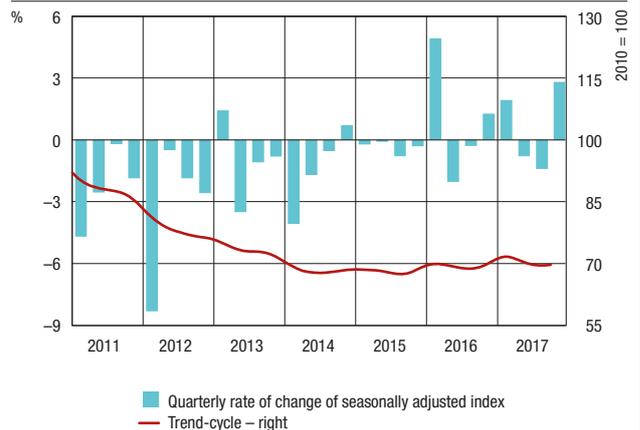
Figure 2 GDP rate of change contributions by components



Note: The projection for 2017 refers to the official projection of the CNB from December 2017.

Source: CBS.

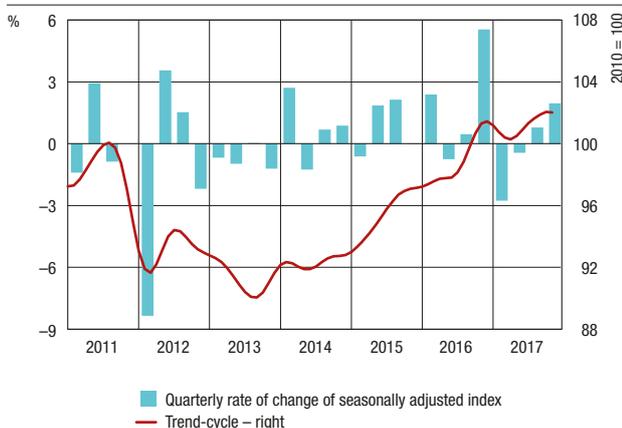
Figure 5 Total volume of construction works



Note: Data for the fourth quarter of 2017 refers to October.

Source: CBS data seasonally adjusted by the CNB.

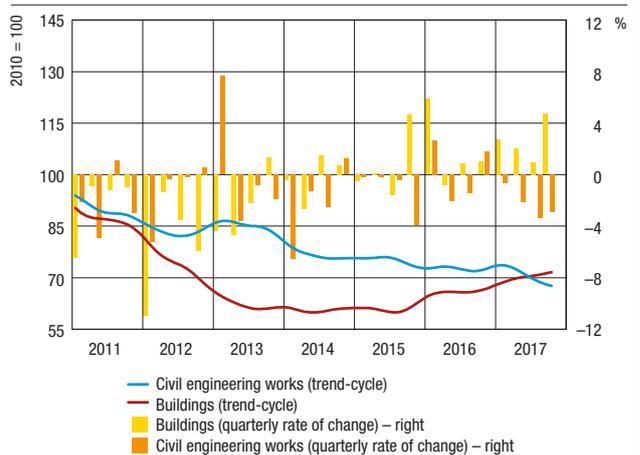
Figure 3 Industrial production



Note: Data for the fourth quarter of 2017 refers to October and November.

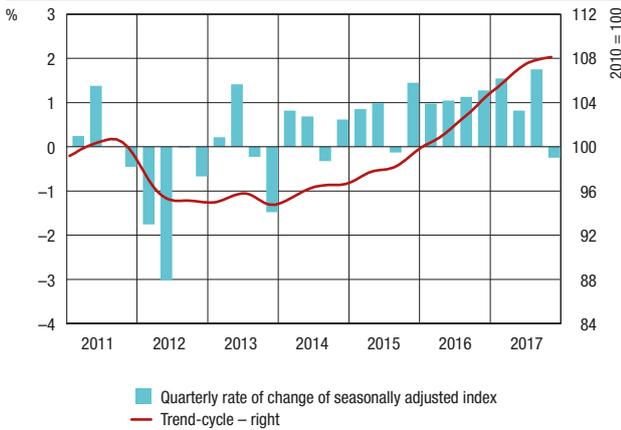
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



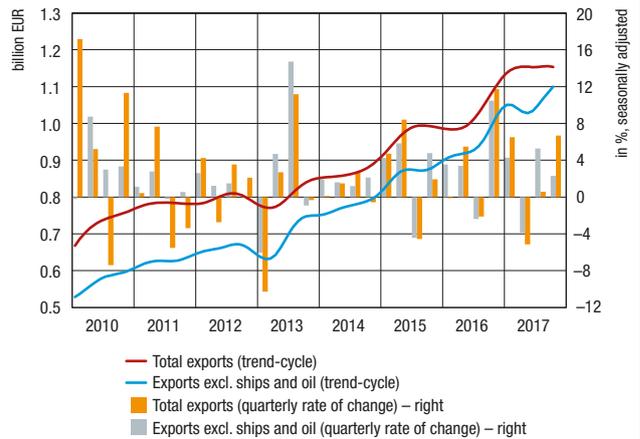
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



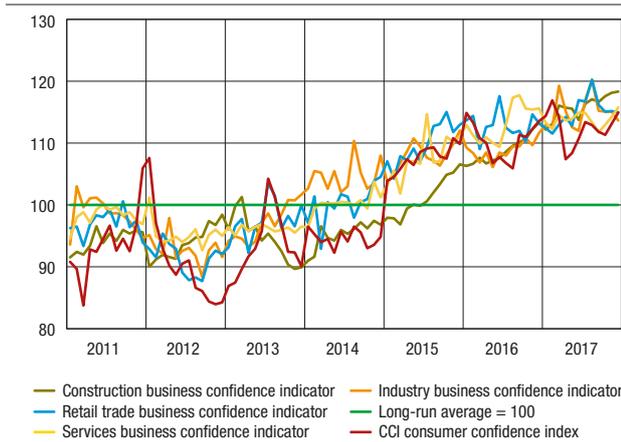
Note: Data for the fourth quarter of 2017 refers to October and November.
 Source: CBS data seasonally adjusted by the CNB.

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



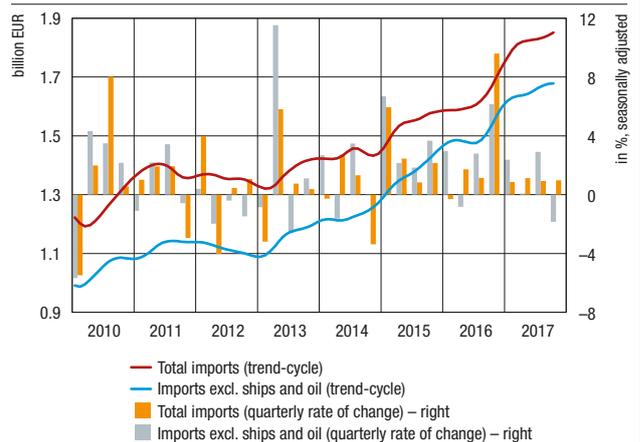
Note: Data for the fourth quarter of 2017 refers to October.
 Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators standardised and seasonally adjusted values



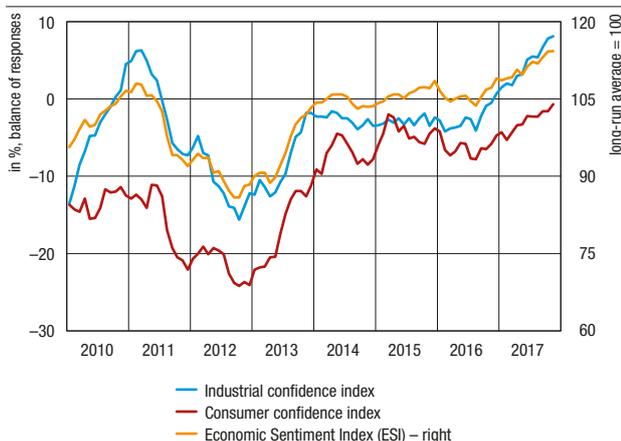
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



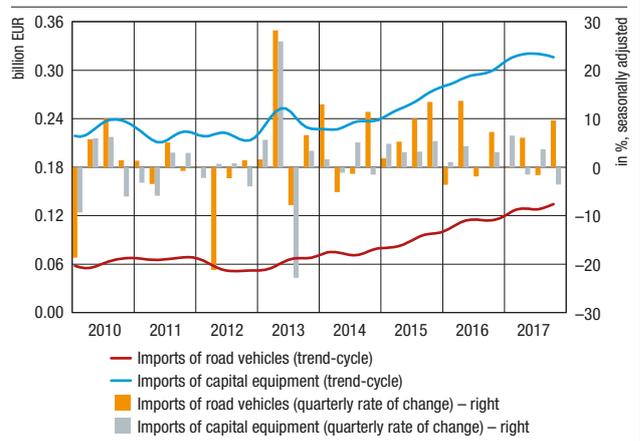
Note: Data for the fourth quarter of 2017 refers to October.
 Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



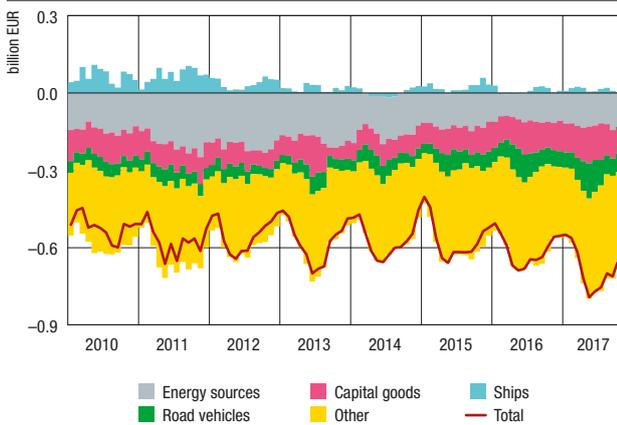
Source: Eurostat.

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



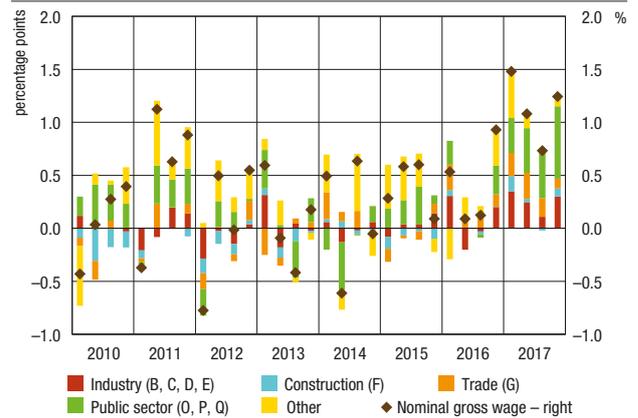
Notes: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2017 refers to October.
 Source: CBS data seasonally adjusted by the CNB.

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



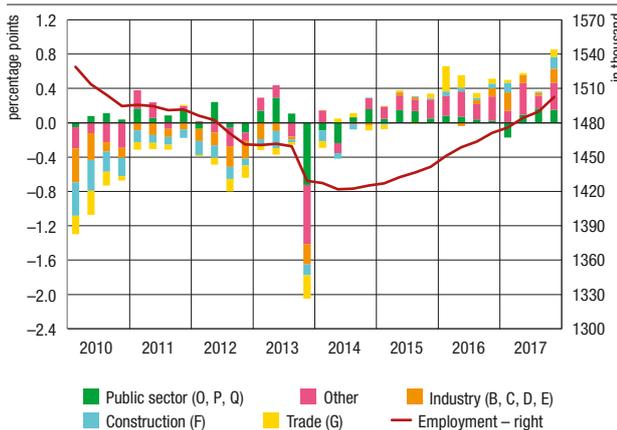
Source: CBS.

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



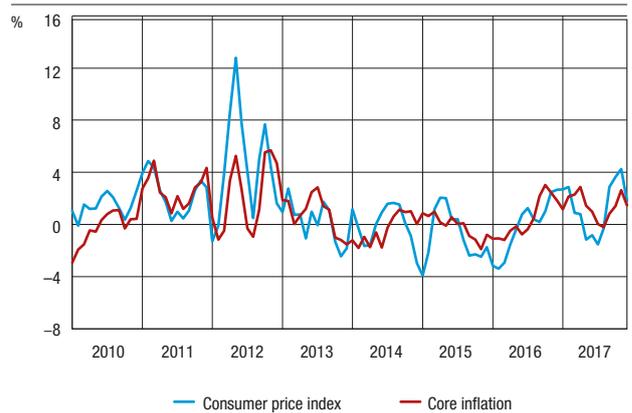
Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the fourth quarter of 2017 refer to October and November.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



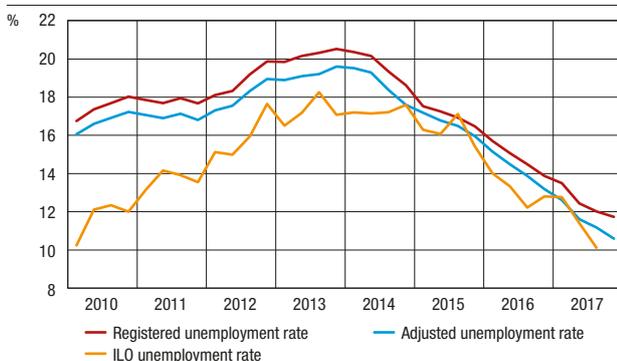
Source: CPII data seasonally adjusted by the CNB.

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



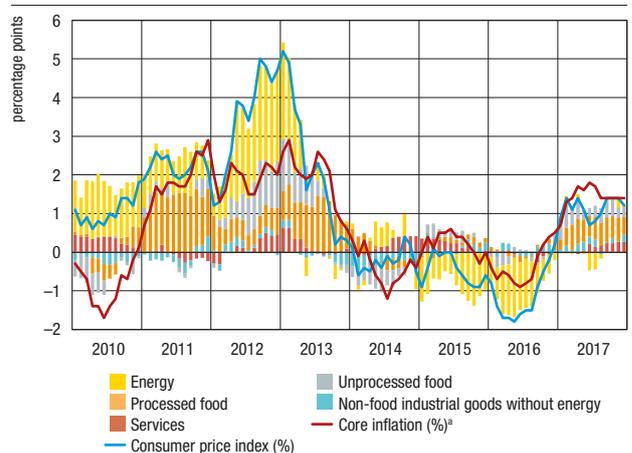
^a The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.
Sources: CBS and CNB calculations.

Figure 15 Unemployment rates
seasonally adjusted data



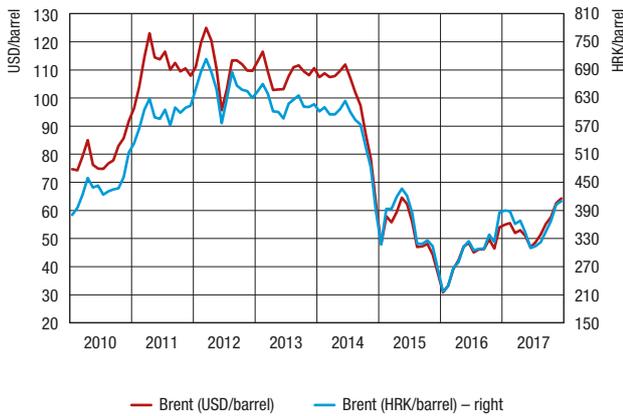
Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII). The registered and adjusted unemployment rate data for the fourth quarter of 2017 refer to October and November.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



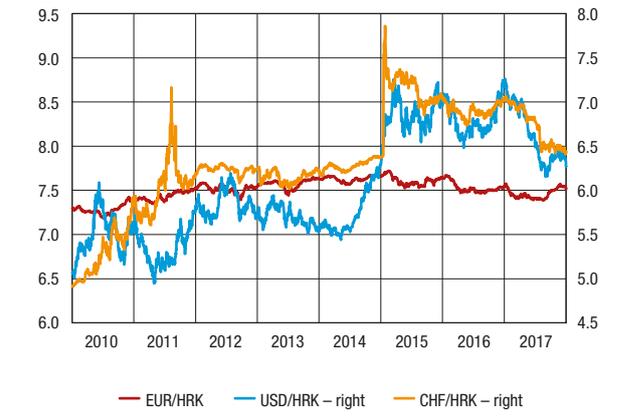
^a Core inflation does not include agricultural product prices and administered prices.
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



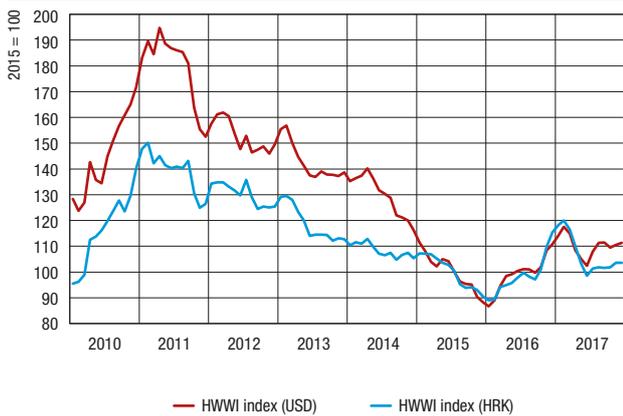
Sources: Bloomberg and CNB calculations.

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



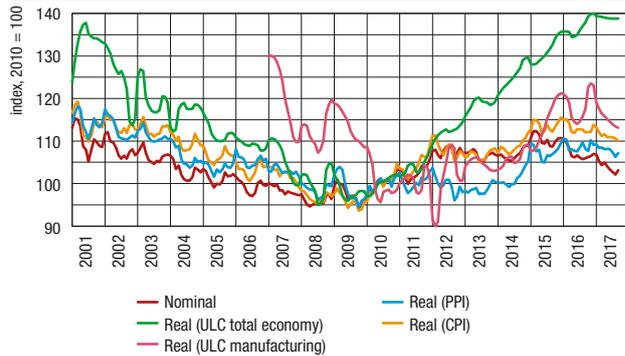
Source: CNB.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Figure 22 Nominal and real effective exchange rates of the kuna



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

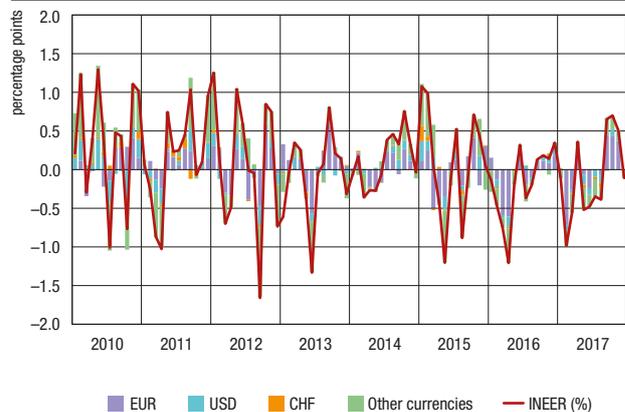
Table 1 Price indicators

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

| | Year-on-year rates | | Month-on-month rates | |
|--|--------------------|-------|----------------------|-------|
| | 11/17 | 12/17 | 12/16 | 12/17 |
| Consumer price index and its components | | | | |
| Total index | 1.4 | 1.2 | -0.2 | -0.3 |
| Energy | 1.2 | 0.4 | 1.2 | 0.3 |
| Unprocessed food | 3.0 | 2.6 | 1.5 | 1.1 |
| Processed food | 2.6 | 2.0 | 0.0 | -0.5 |
| Non-food industrial goods without energy | 0.1 | 0.8 | -2.2 | -1.6 |
| Services | 1.0 | 1.0 | 0.2 | 0.1 |
| Other price indicators | | | | |
| Core inflation | 1.4 | 1.4 | -0.6 | -0.7 |
| Index of industrial producer prices on the domestic market | 4.0 | 2.1 | 1.7 | -0.1 |
| Brent crude oil price (USD) | 34.8 | 18.8 | 16.4 | 2.6 |
| HWWI index (excl. energy, USD) | 1.9 | 0.5 | 2.2 | 0.8 |

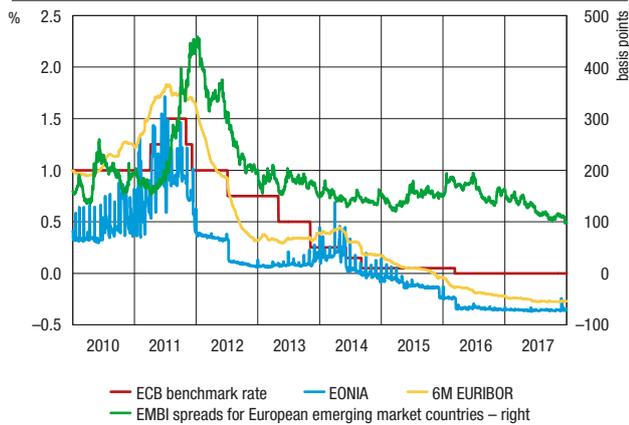
Note: Processed food includes alcoholic beverages and tobacco.
Sources: CBS, Bloomberg and HWWI.

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



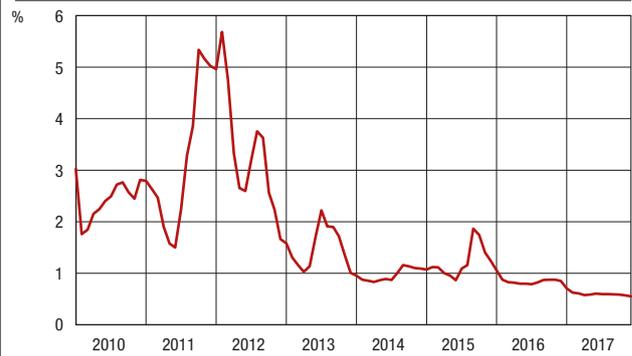
^a Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

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



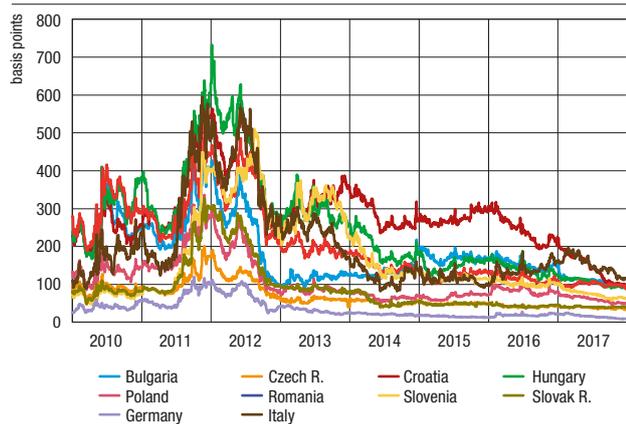
Sources: ECB, Bloomberg and J. P. Morgan.

Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR) monthly averages of simple daily averages of bank quotations



Source: CNB.

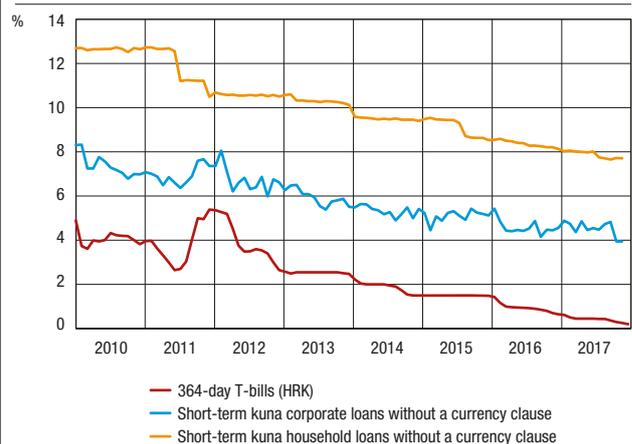
Figure 25 CDS spreads for 5-year government bonds of selected countries



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.

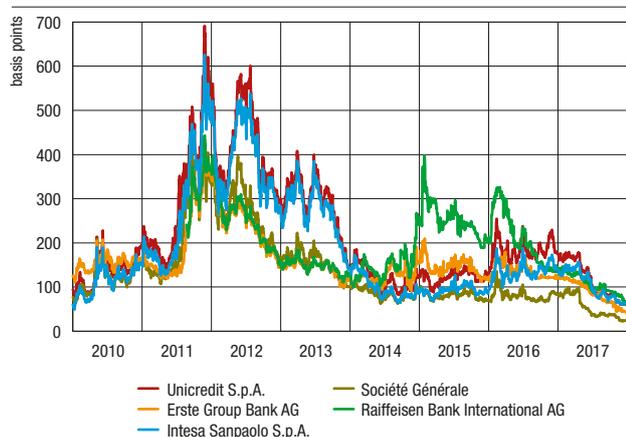
Source: S&P Capital IQ.

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



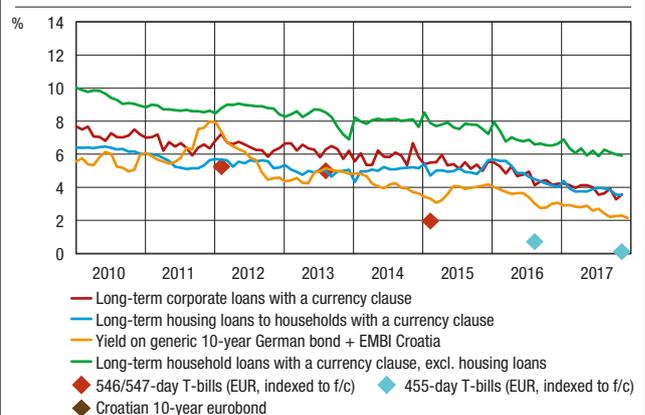
Sources: MoF and CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

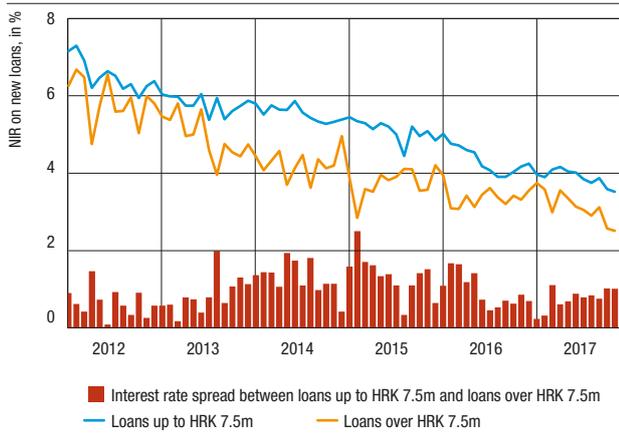
Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency



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.

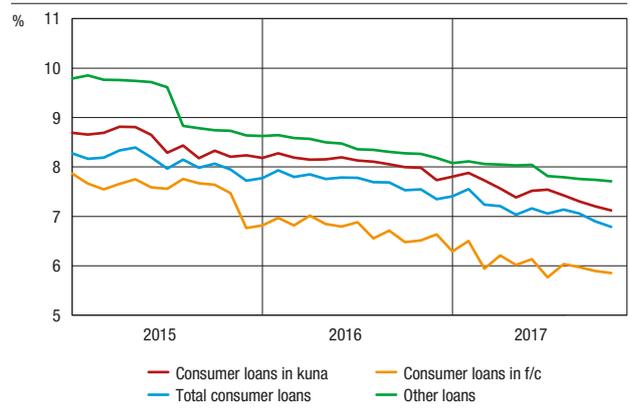
Sources: MoF, Bloomberg and CNB.

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



Source: CNB.

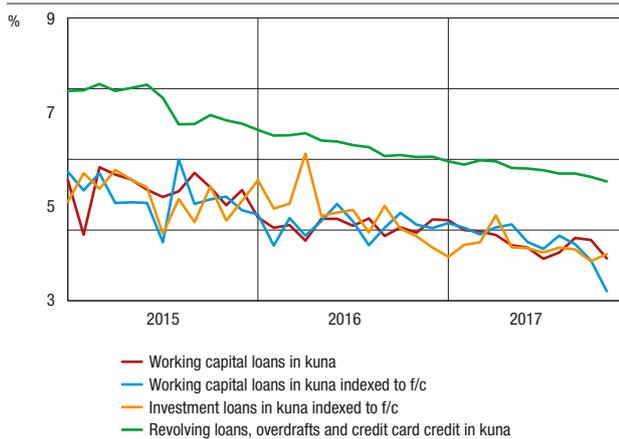
Figure 33 Interest rates on original new consumer and other loans to households



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

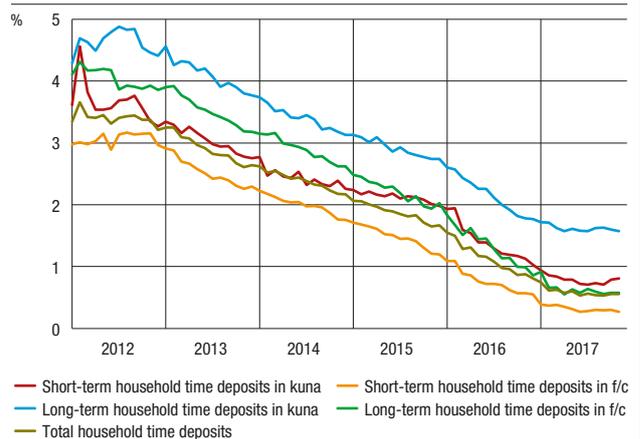
Source: CNB.

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



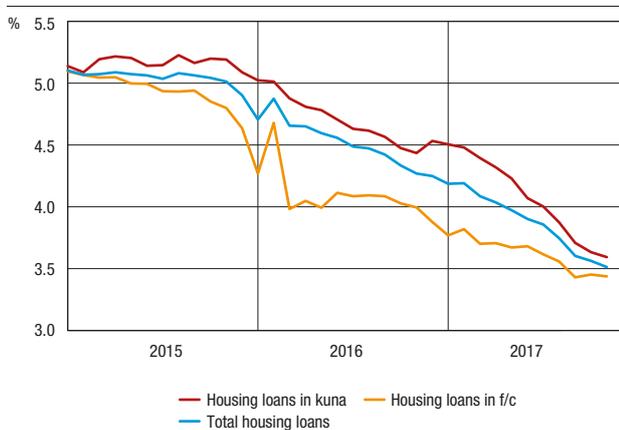
Source: CNB.

Figure 34 Interest rates on household time deposits



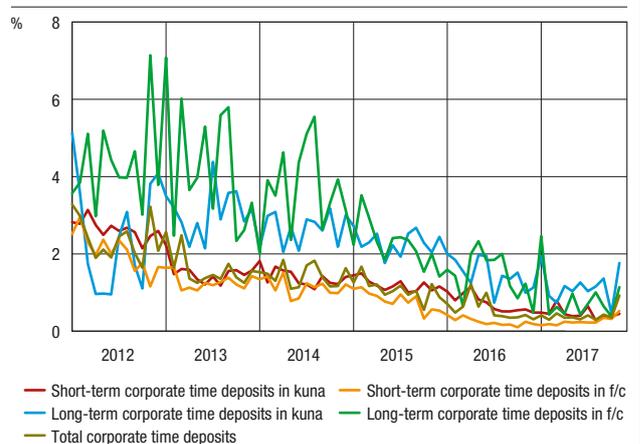
Source: CNB.

Figure 32 Interest rates on original new housing loans to households



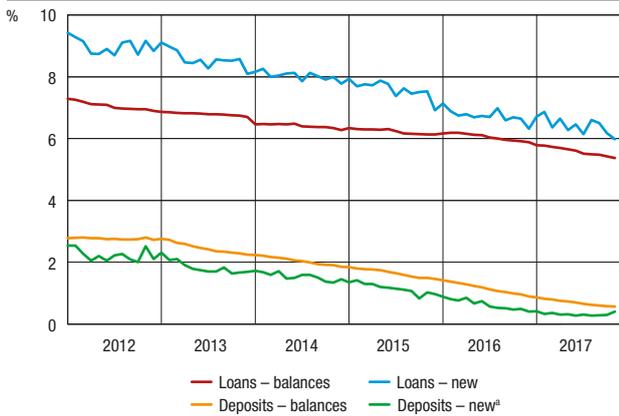
Source: CNB.

Figure 35 Interest rates on corporate time deposits



Source: CNB.

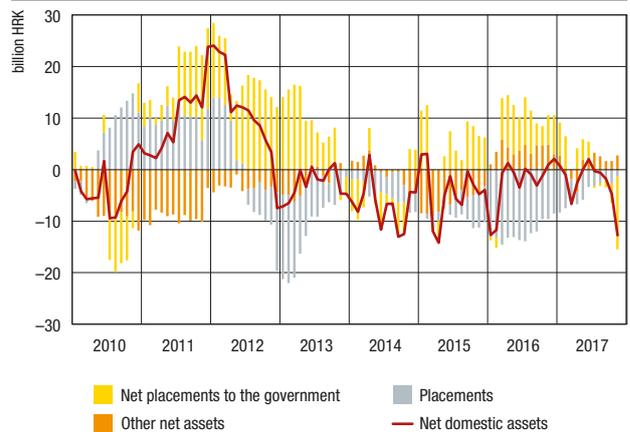
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



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

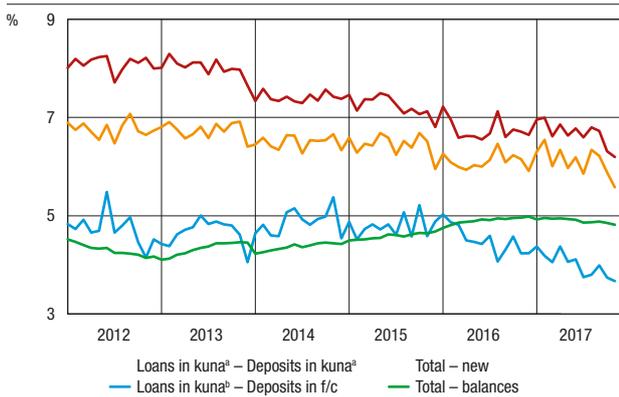
Source: CNB.

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



Source: CNB.

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

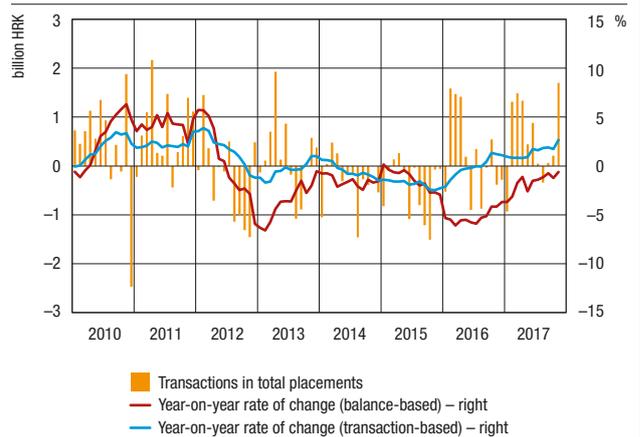


^a Non-indexed to f/c. ^b Indexed to f/c.

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

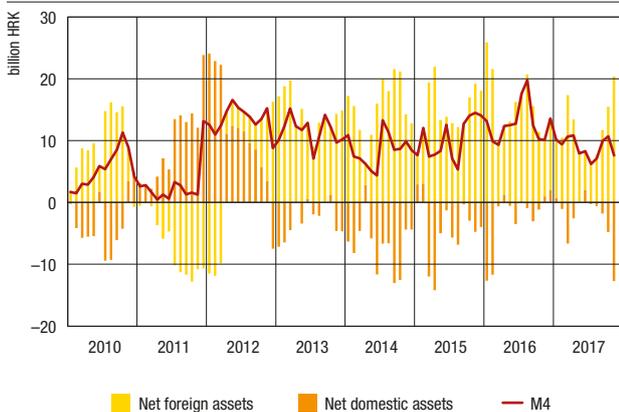
Source: CNB.

Figure 40 Placements



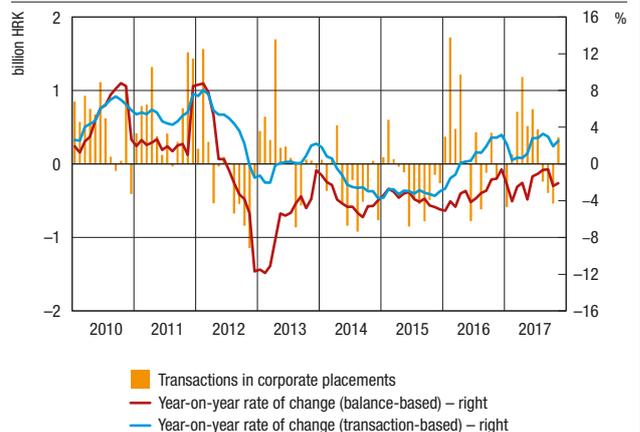
Source: CNB.

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



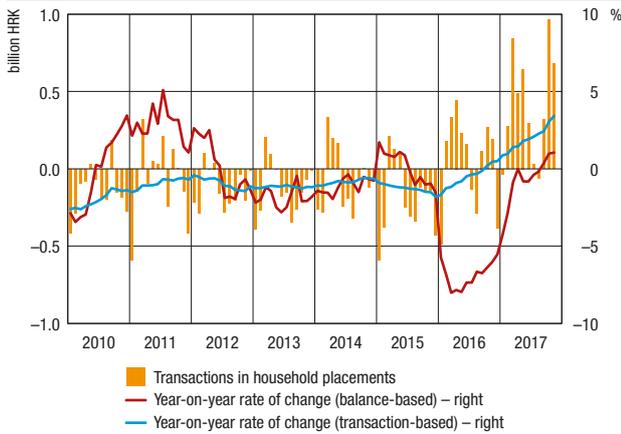
Source: CNB.

Figure 41 Placements to corporates



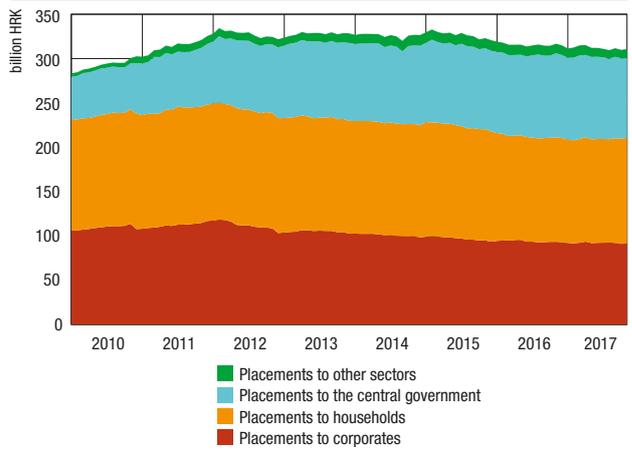
Source: CNB.

Figure 42 Placements to households



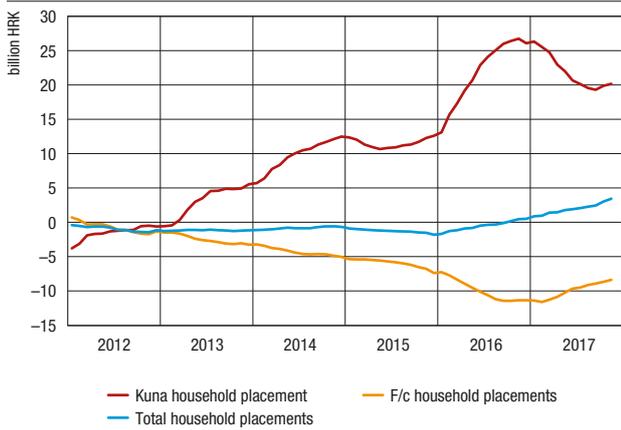
Source: CNB.

Figure 45 Structure of credit institution placements



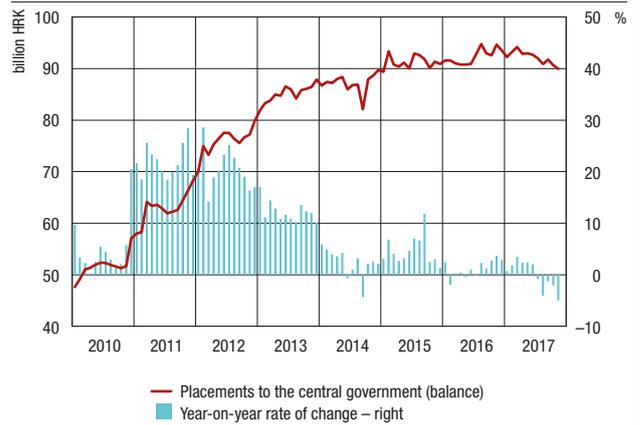
Source: CNB.

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



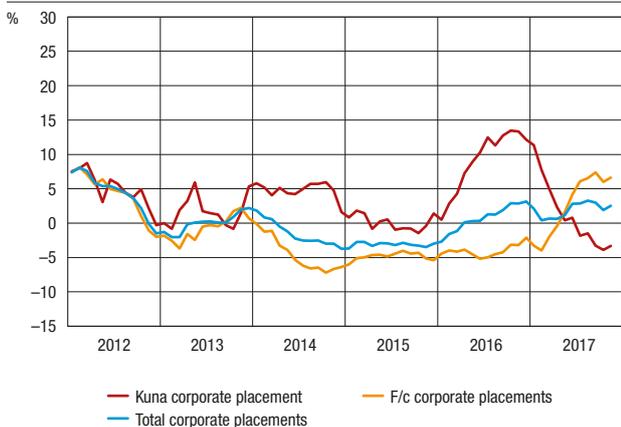
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



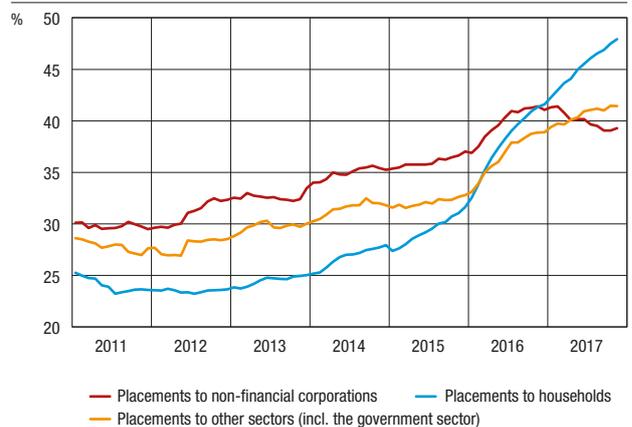
Source: CNB.

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



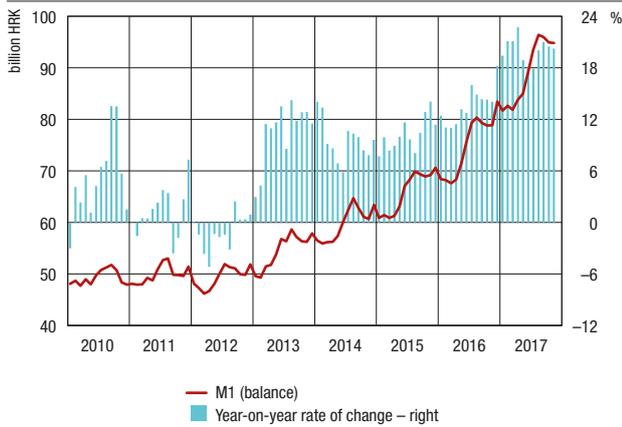
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



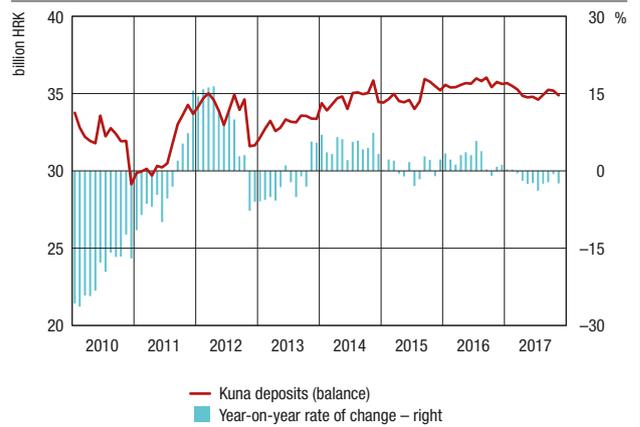
Source: CNB.

Figure 48 Money (M1)



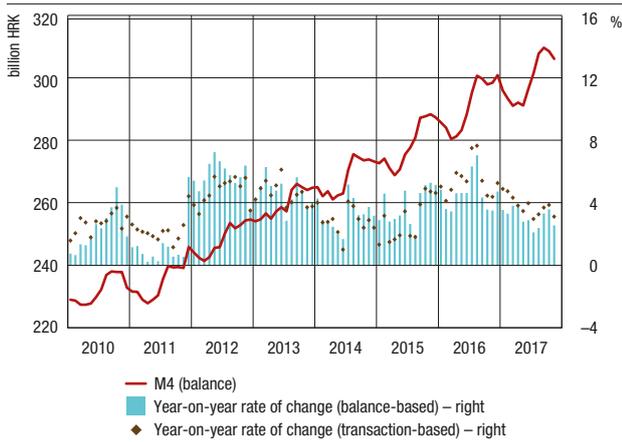
Source: CNB.

Figure 51 Kuna savings and time deposits



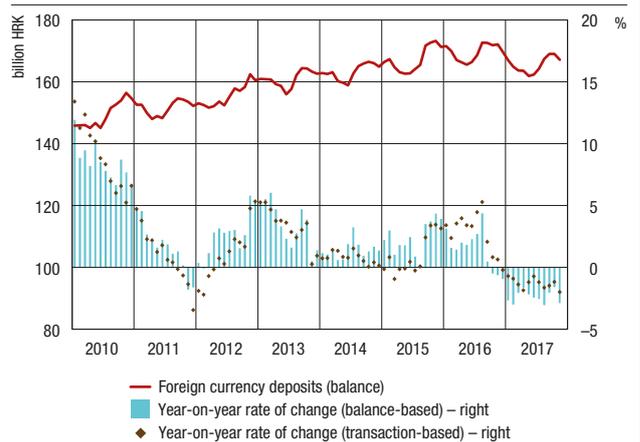
Source: CNB.

Figure 49 Total liquid assets (M4)



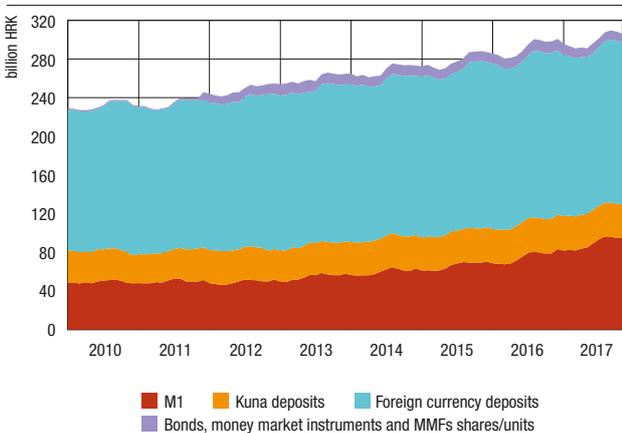
Source: CNB.

Figure 52 Foreign currency deposits



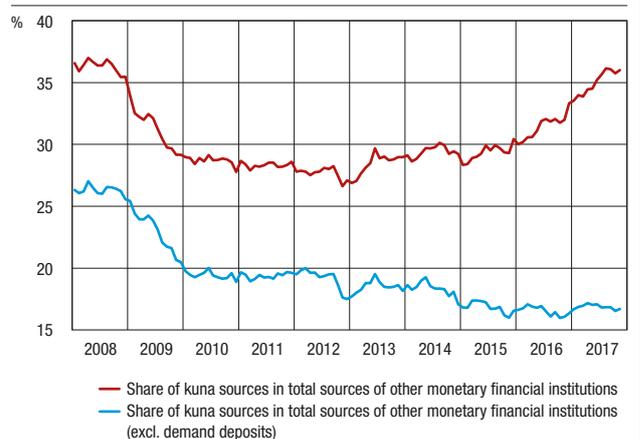
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



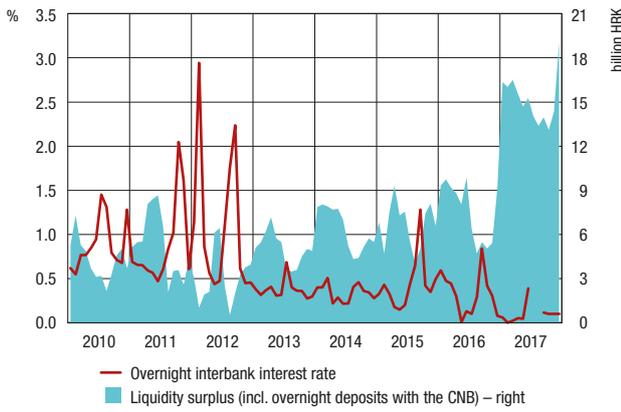
Source: CNB.

Figure 53 Share of kuna sources



Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



Note: Liquidity surplus is the difference between the balance in bank settlement accounts with the CNB and the amount that banks are required to hold in their accounts after the calculation of reserve requirements.

Source: CNB.

Table 2 Balance of payments

preliminary data, in million EUR

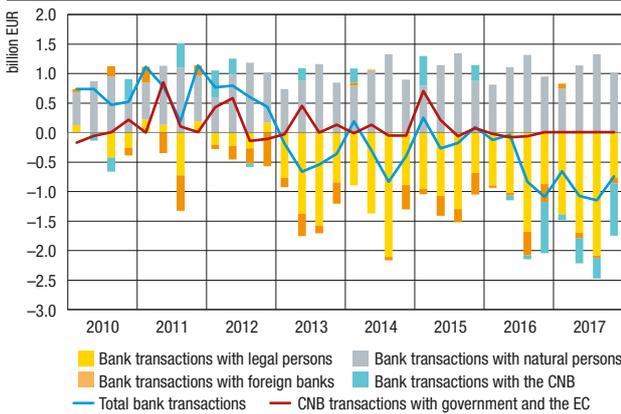
| | 2016 | Q3/2017 ^a | Indices | |
|------------------------------------|---------|----------------------|-----------|----------------------------|
| | | | 2016/2015 | Q3/2017 ^a /2016 |
| Current account | 2,018.8 | 1,172.0 | 58.1 | 154.5 |
| Capital account | 320.7 | 597.5 | 186.3 | 64.3 |
| Financial account (excl. reserves) | 1,112.8 | 1,327.7 | 119.3 | 30.1 |
| International reserves | 745.3 | -264.7 | - | - |
| Net errors and omissions | -481.5 | -432.1 | 89.8 | 23.7 |

^a Sum of the last four quarters.

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

Source: CNB.

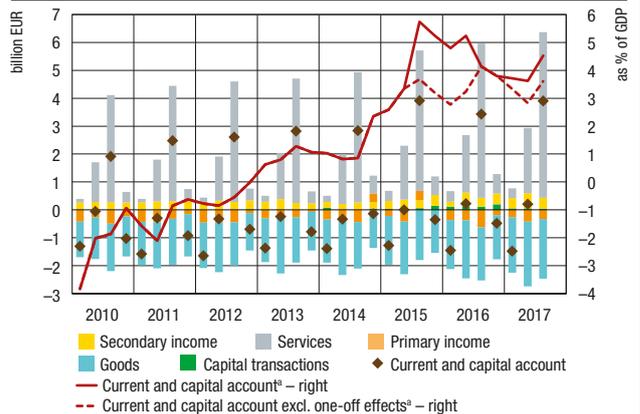
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the fourth quarter of 2017 refer to October.

Source: CNB.

Figure 57 Current and capital account flows

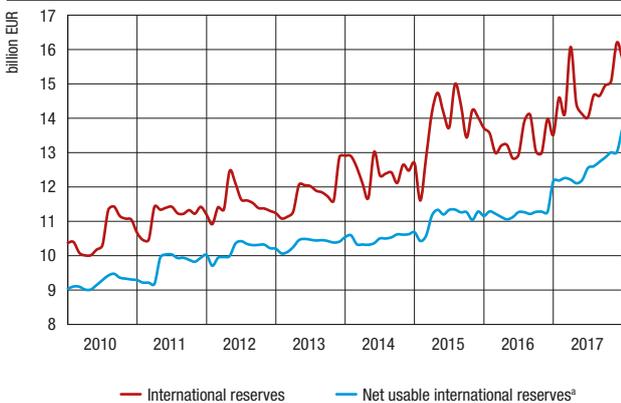


^a Sum of the last four quarters.

Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017.

Source: CNB.

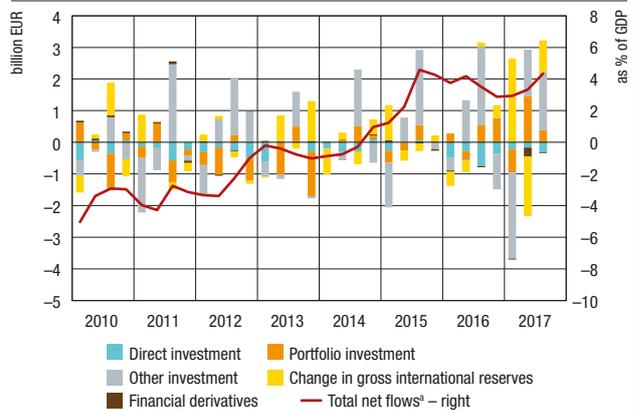
Figure 56 International reserves of the CNB at current rate of exchange



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

Source: CNB.

Figure 58 Financial account flows by type of investment

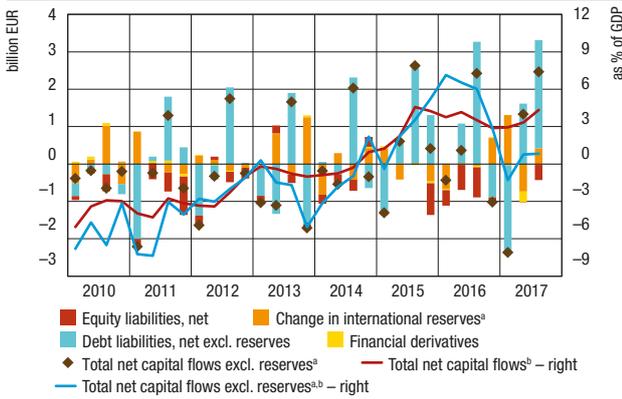


^a Sum of the last four quarters.

Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).

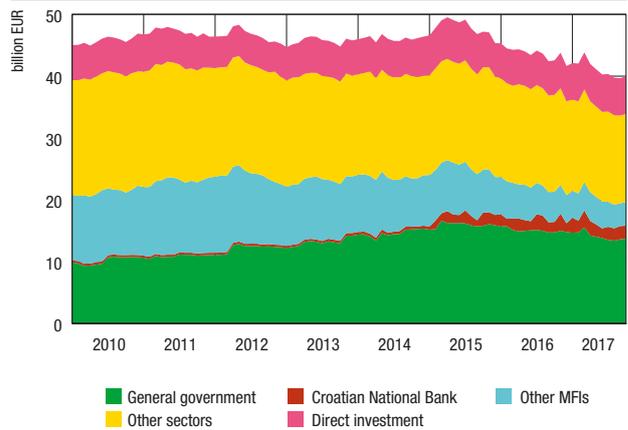
Source: CNB.

Figure 59 Financial account flows by capital structure



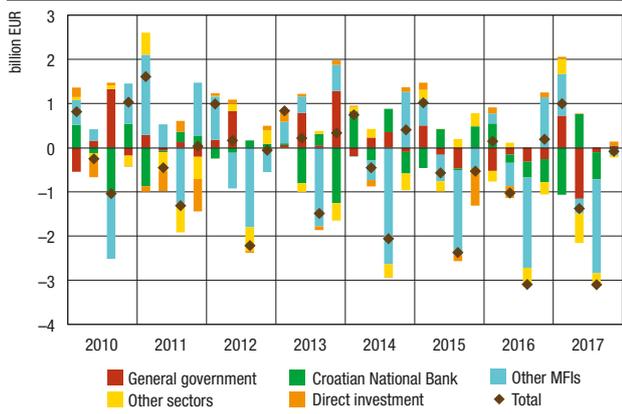
^a The change in gross international reserves is reported net of foreign liabilities of the CNB. ^b Sum of the last four quarters.
Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
Source: CNB.

Figure 62 Gross external debt end of period



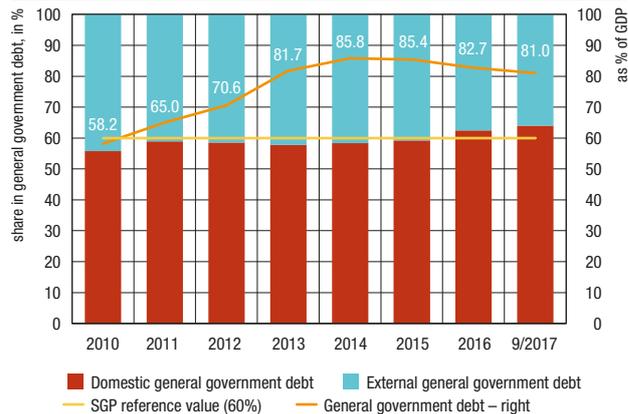
Source: CNB.

Figure 60 Net external debt transactions



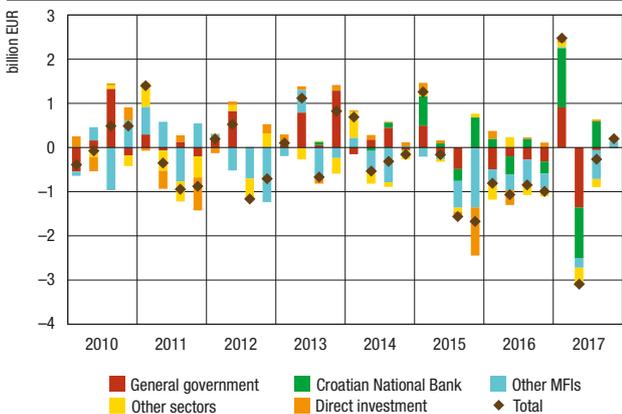
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the fourth quarter of 2017 refer to October.
Source: CNB.

Figure 63 General government debt



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

Figure 61 Gross external debt transactions



Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the fourth quarter of 2017 refer to October.
Source: CNB.

Table 3 Consolidated general government balance
ESA 2010, in million HRK

| | Jan. – Jun. 2016 | Jan. – Jun. 2017 |
|--------------------------------------|------------------|------------------|
| Total revenue | 77,740 | 77,561 |
| Direct taxes | 11,227 | 11,454 |
| Indirect taxes | 31,920 | 32,614 |
| Social contributions | 20,038 | 20,773 |
| Other | 14,555 | 12,720 |
| Total expenditure | 81,572 | 78,708 |
| Social benefits | 27,709 | 28,046 |
| Subsidies | 2,883 | 1,517 |
| Interest | 5,690 | 5,566 |
| Compensation of employees | 19,386 | 19,793 |
| Intermediate consumption | 14,104 | 14,838 |
| Investment | 5,448 | 4,199 |
| Other | 6,352 | 4,748 |
| Net lending (+)/borrowing (-) | -3,833 | -1,148 |

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

| | Jan. – Oct. 2016 | Jan. – Oct 2017 |
|---------------------------------------|------------------|-----------------|
| 1 Revenue | 113,442 | 117,610 |
| 2 Disposal of non-financial assets | 331 | 550 |
| 3 Expenditure | 109,854 | 110,036 |
| 4 Acquisition of non-financial assets | 3,221 | 2,496 |
| 5 Net borrowing (1 + 2 – 3 – 4) | 698 | 5,628 |

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

| | Jan. – Sep. 2016 | Jan. – Sep. 2017 |
|--|------------------|------------------|
| Change in total debt stock | –453 | 2,553 |
| Change in domestic debt stock | 7,885 | 5,886 |
| – Securities other than shares, short-term | –1,166 | 1,382 |
| – Securities other than shares, long-term | 13,611 | 6,820 |
| – Loans | –4,536 | –2,248 |
| Change in external debt stock | –8,338 | –3,333 |
| – Securities other than shares, short-term | –49 | 125 |
| – Securities other than shares, long-term | –7,811 | –4,145 |
| – Loans | –477 | 687 |
| Memo item: | | |
| Change in total guarantees issued | 792 | 384 |

Source: CNB.

Abbreviations and symbols

Abbreviations

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

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

Three-letter currency codes

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

Two-letter country codes

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

Symbols

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