Information on economic trends

March 2018

Summary

After stable growth in the first nine months of 2017, in the last quarter of the year real GDP stagnated on a quarterly basis. The annual growth rate decelerated to 2.0%, so that taking 2017 as a whole real GDP grew by 2.8%. The beginning of the current year was marked by a continued growth in employment and a further decline in the number of unemployed persons, although at a weaker intensity than at the end of 2017. In January, consumer prices dropped by 0.2% from December, primarily due to the seasonal decrease in the prices of clothing and footwear, whereas inflation slowed down to 1.1% on an annual level. In January, domestic corporate and household lending continued to strengthen gradually on an annual level, while placements to the central government decreased further. Although there had been strong deleveraging during the previous two quarters, the net external debt of domestic sectors rose slightly in the fourth quarter of 2017. Available data suggest that if 2017 it taken as a whole, a significant fiscal adjustment was achieved and favourable fiscal trends continued in the beginning of 2018.

According to the CBS first estimate, in the last quarter of 2017, economic activity remained at the level of the previous three months, while at an annual level, economic growth amounted to 2.0%. The data point to a strong deceleration in the annual growth of gross fixed capital formation, weaker annual growth of personal consumption and a higher negative contribution of net foreign demand. Since 2016 was the last year in which EU funds from the old programming period could be used, lower absorption of EU funds than at the end of 2016 might have had a negative impact on investments. The slowdown in personal consumption could be due to one-off factors, such as the announcement of excise duties on cars being lower in 2018, which could have resulted in the postponement of car purchases. Goods exports were also weaker than suggested by data on foreign trade for the fourth quarter, which points to the noticeable corrections of data on exports in national accounts relative to the foreign trade statistics. Imports of services continued to grow sharply at the end of 2017.

In 2017, real GDP growth slowed down from 2016 to 2.8% (Figure 2). All components of aggregate demand contributed to real economic growth, with the largest positive contribution of the exports of goods and services and personal consumption. The slowdown in growth on an annual level was largely related to the lower growth in investments. Data show that such movements are primarily the result of lower capital investment by the general government. In the conditions of stagnation in the growth of total domestic demand, the increase in real imports of goods and services accelerated noticeably, thus making a significantly negative contribution to GDP trends. The acceleration of imports was probably also driven by the weakening of price and cost competitiveness of domestic production in 2017 (Figure 22).

Developments in consumer and business confidence suggest that the stagnating GDP recorded at the end of 2017 could be only temporary. The results of the Consumer Confidence Survey show that consumer confidence continued to grow in February 2018 and reached a historical high. The improvement was primarily the reflection of expectations that the financial situation in the next year would be better than that currently prevailing. As for business expectations, the confidence index grew considerably in industry in January and February of the current year relative to the end of the previous year, reflecting higher expected production in the subsequent three months, and growth was also recorded in construction. Confidence in trade remained at a similar level as in the previous quarter, while optimism in service activities deteriorated slightly due to a less favourable assessment of the business situation in the previous three months (Figure 8).

The beginning of 2018 was marked by the continuation of favourable developments in the labour market, but at a slower pace. Total employment grew in January from the average of the fourth quarter of 2017, albeit at a slower pace than at the end of the previous year. The weakening of positive trends was noticeable in all NCA activities, except construction in which the strengthening of the rise in employment continued (Figure 14). At the same time, the decline in the number of unemployed persons slowed down (Figure 15). The decrease in unemployment was driven slightly more by the clearings from records for other reasons (non-compliance with legal provisions, registration cancellation and failure to report regularly) than by new employment from the CES register. In accordance with the above movements, the registered unemployment rate fell moderately from 11.6% in the last quarter of 2017 to 11.4% in January 2018 (according to seasonally adjusted data). In January 2018, nominal gross and net wages decreased relative to the average of the previous three months (Figure 16) and at the beginning of 2018 stopped the intensive wage growth that had marked the whole of 2017. A wage decrease was recorded in all activities, except construction, with movements in industry making the strongest contribution to the drop in total wages.

Consumer prices fell by 0.2% in January 2018 relative to December 2017 (Table 1), with the most significant contribution coming from the seasonal decrease in the prices of clothing and footwear, which was sharper than in the previous years. On the other hand, the decline in the aggregate consumer price index was primarily offset by the increase in food prices. In addition, the prices of refined petroleum products and water supply increased. In the conditions of strengthening global economic activity and the agreement on limiting the supply of crude oil reached, the average price of Brent crude oil in the world market in January increased by slightly over 8% from the previous month (Figure 19). The annual overall inflation rate slowed down to 1.1% in January from 1.2% in December (Figure 18), while the annual core inflation rate dropped from 1.4% in December to 1.2% in January, primarily due to the slowdown in the annual growth in the prices of clothing and footwear, motor vehicles (because of the decrease in excise duties) and restaurant and hotel services.

According to the CBS foreign trade statistics, in the fourth quarter of 2017, exports rose sharply in foreign trade in goods, in addition to only a slight growth of imports relative to the average of the previous quarter. The growth of total exports by 7.9% (Figure 10) was primarily attributed to the growth of exports of energy (in particular of oil and refined petroleum products), while the growth of the narrow aggregate (excluding energy) was weaker (3.8%). The increase in exports of other goods was mainly affected by the exports of other transportation equipment, road vehicles, textile products and electrical machinery, apparatus and appliances. Total goods imports (Figure 11) increased only slightly (by 0.8%), which was attributed to the growth in the imports of energy (in particular of oil and refined petroleum products). At the same time, the imports of other goods stagnated, as the growth of the imports of road vehicles (Figure 12) and textile products was accompanied by a decrease in the imports of capital goods (notably power generating machinery and equipment), scientific and control instruments and food.

Having appreciated by 1.3% in January, the exchange rate of the kuna against the euro depreciated by 0.4% and stood at EUR/HRK 7.44 at the end of the month, or approximately at the same level compared to the same period last year. In February, the kuna depreciated against most other currencies in the basket of currencies for the calculation of the effective exchange rate, primarily against the yen, the yuan renminbi and the US dollar as a result of the weakening of the euro against the mentioned currencies in the global foreign exchange market. Thus the index of the nominal effective exchange rate of the kuna at the end of February was 0.4% higher than at the end of January.

The ECB's expansionary monetary policy and the high euro area banking system liquidity helped maintain short-term interest rates on the European money market in negative territory in February 2018. The overnight interest rate on the euro area banking market, EONIA, ended the month of February at –0.35%, and the six-month EURIBOR stood at –0.27% (Figure 24). The risk premium for Croatia did not change significantly during February, standing at 85 basis points at the end of the month, nearly equal to that of Romania and Hungary (Figure 25).

The liquidity of the domestic financial market remained at very high levels in February. The average liquidity surplus of HRK 27.0bn in February contributed to keeping the average weighted interest rate on the domestic interbank overnight market at the level of 0.10%, with very little turnover (Figure 54). The interest rate on one-year kuna T-bills without a currency clause fell to its all-time low of 0.09% in February.

Interest rates on new bank loans granted to households and corporations on average increased slightly at the beginning of 2018 (Figures 28 and 29). In the case of corporations this is primarily evident in average interest rates on kuna loans without a currency clause. However, if only original new loans are observed (excluding renegotiated loans), interest rates on corporate loans mostly decreased, particularly on kuna investment loans indexed to foreign currency, the interest rate of which dropped from 3.5% in December to 3.0% in January (Figure 31). In the household sector, the average interest rates on original new housing and consumer loans mostly stagnated in January, while interest rates on renegotiated housing and consumer loans increased (Figures 32 and 33). Interest rates on corporate and household time deposits decreased moderately in January (Figures 34 and 35). As a result of the trends described above, the spread between interest rates on total new loans and deposits in January 2018 increased to 5.5 percentage points, while the gap between interest rate spreads on loans and deposits fell slightly to 4.7 percentage points (Figure 37).

Monetary developments in January 2018 were marked by a decrease in the net foreign assets (NFA) and net domestic assets (NDA) of the monetary system. This led to a decrease in total liquid assets (M4) by HRK 5.6bn, or 1.8% (Figure 49), excluding the effects of the appreciation of the kuna in January, by HRK 2.8bn, or 0.9%. The decrease in the net foreign assets (NFA) is the result of the decline in the net external position of the CNB because of a steep decline in the assets of banks deposited with the CNB for participation in TARGET2 that followed their temporary spike at the end of December. On the other hand, credit institutions increased their net foreign assets in January. Net domestic assets (NDA) decreased in January driven by the fall in demand both from the central government and from other domestic sectors. If analysed on an annual basis, total liquid assets (M4) increased at the end of January 2018, as it had the previous month, and stood at 3.3% (excluding the effects of exchange rate changes). The annual rate of growth of the narrow monetary aggregate, money (M1), was 18.9% (Figure 48) at the end of January, while the annual fall of quasi-money was lower than in the previous month and stood at –2.6% (excluding the effects of exchange rate changes).

Total placements of monetary institutions to domestic sectors (excluding the government) decreased in January (transaction-based), with their annual growth rate increasing slightly to 3.1% (Figure 40). The annual growth of placements to households continued to accelerate, reaching 4.3% (Figure 42), while placements to non-financial corporations grew at a rate of 2.8% (Figure 41). The share of kuna placements in total household placements continued its long-standing upward trend, reaching 49.0% at the end of January (Figure 47). The nominal stock of placements was 1.2% smaller at the end of January 2018 than at the end of January 2017, primarily as a result of the sale of non-performing placements.

Gross international reserves decreased in February by EUR 0.2bn or 1.0% and stood at EUR 16.1bn (Figure 56) at the end of the month. The slight decrease in reserves was predominantly driven by a lower level of agreed repo transactions. Net international reserves remained almost unchanged in February, totalling EUR 14.1bn at the end of the month.

External debt capital flows show that, after a steep decline during the previous two quarters, the net external debt of domestic sectors rose by EUR 0.2bn (Figure 60) in the fourth quarter of 2017. Net external general government debt increased by EUR 0.7bn following the international bond issue in November, which was then mostly used to reduce the liabilities of enterprises in the road sector on domestic credit institutions' and, to a smaller extent, foreign banks' loans. The net external position of credit institutions deteriorated by EUR 1.2bn during that period, primarily reflecting the withdrawal of assets from abroad. This, however, was accompanied by an international reserve accumulation, which, combined with the temporary increase in foreign assets of the central bank within TARGET2, resulted in a significant improvement of the central bank's external position (by EUR 1.6bn). In 2017, the trend of deleveraging by domestic sectors continued, albeit at a slower rate than in 2016. A significant improvement of the net external position of the central bank was accompanied by the significant slowdown in deleveraging by credit institutions, while in general government, after a noticeable decrease in the previous year, foreign liabilities in 2017 increased due to the previously mentioned bond issue at the end of the year. At the end of December 2017, net external debt stood at 30.9% of GDP, and gross external debt stood at 82.3% of GDP, which is a decrease by approximately ten and seven percentage points respectively from the end of the previous year.

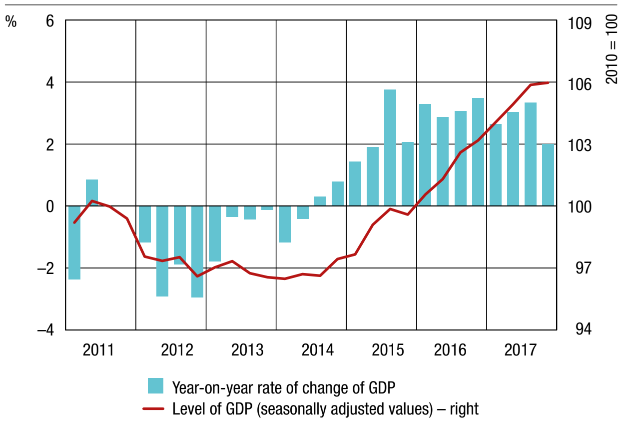
According to the data of the Ministry of Finance[1], the central government budget deficit appears to have been wider in the last quarter of 2017 than in the same period last year, reflecting a growth in expenditures faster than that in revenues. Nevertheless, owing to favourable results in the first three quarters, a considerable fiscal adjustment was achieved at the level of the whole of 2017, and the general government balance according to the ESA methodology

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

should be much better than the level foreseen by the budget revision from November 2017 (–0.6% of GDP). Data for January 2018 show an improvement in the balance at the beginning of the year than in the same period in 2017 due to the faster growth in revenues than in expenditures.

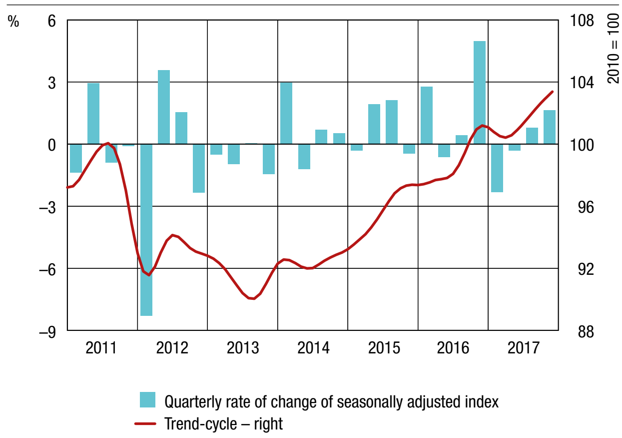
At end-November 2017, general government debt stood at HRK 300.2bn, increasing slightly above the level recorded in late October, primarily due to two bond issues: a foreign bond issue worth EUR 1.275bn and a domestic bond issue in the amount of HRK 5.8bn. Since these issues were mostly used for the financial restructuring of existing liabilities, their impact on the debt level was only temporary.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



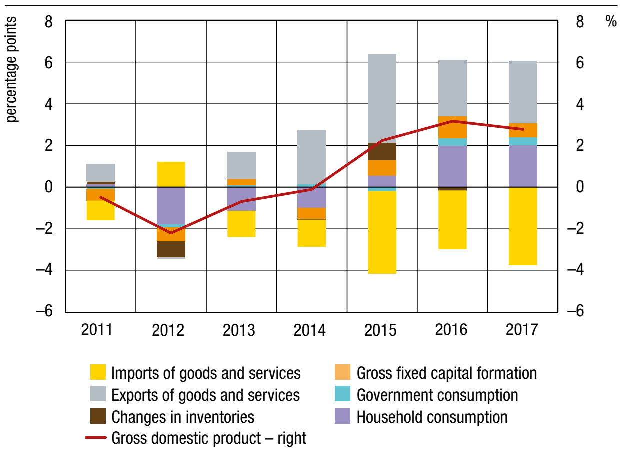
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 3 Industrial production



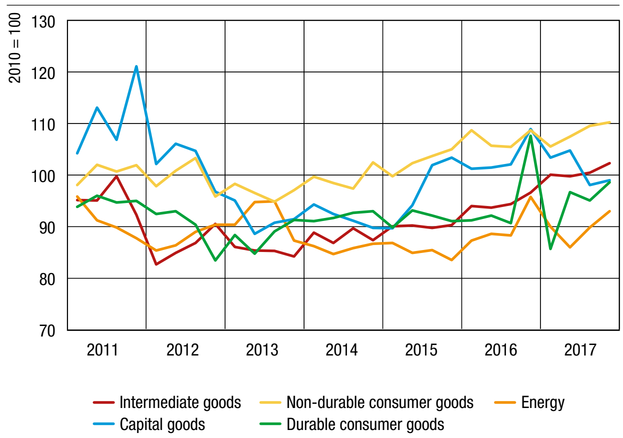
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



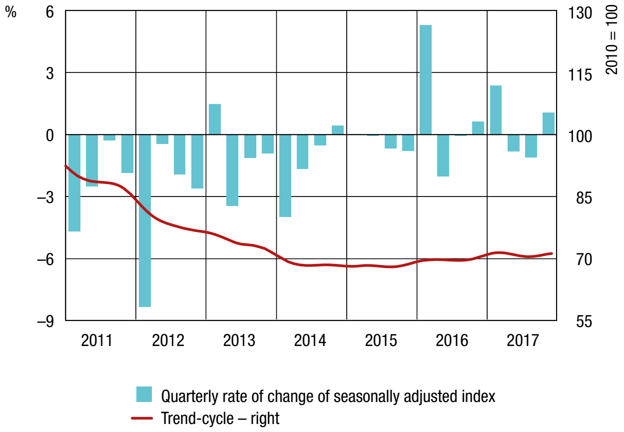
Source: CBS.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



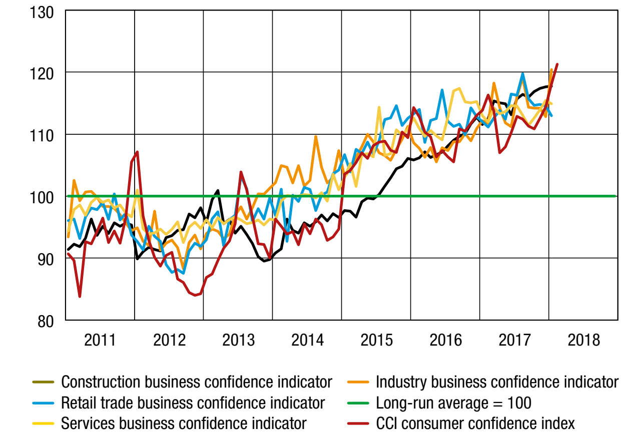
Note: Quarterly data are calculated as the average of monthly data.
Source: CBS data seasonally adjusted by the CNB.

Figure 5 Total volume of construction works



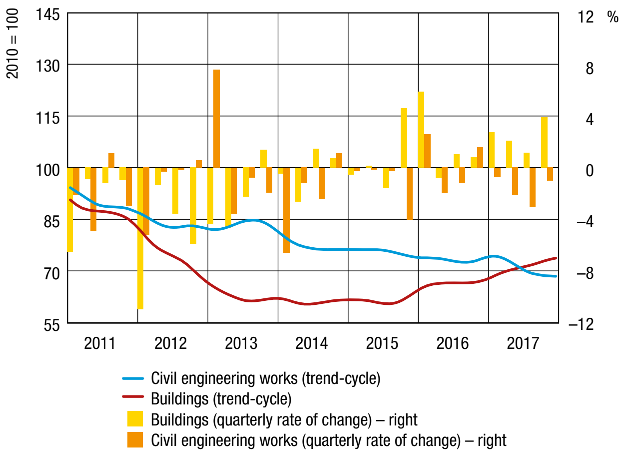
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators
standardised and seasonally adjusted values



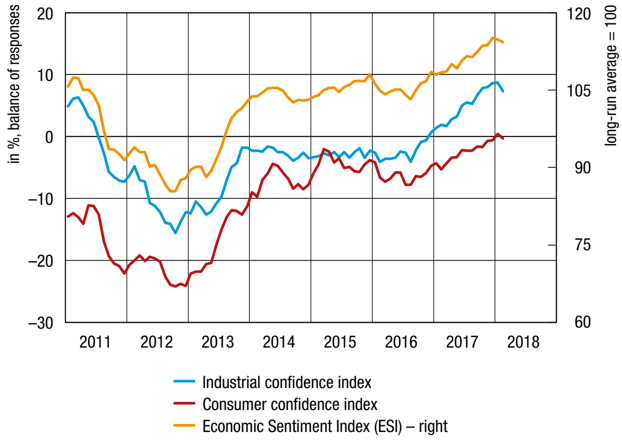
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



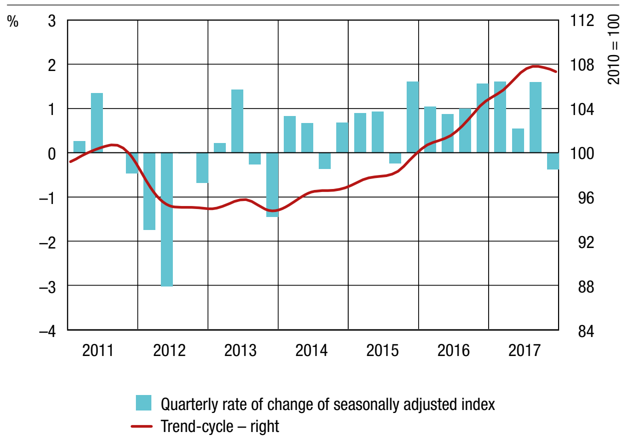
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices
seasonally adjusted series



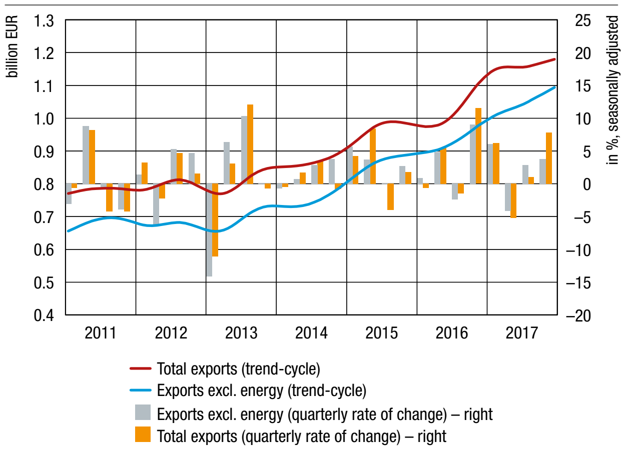
Source: Eurostat.

Figure 7 Real retail trade turnover



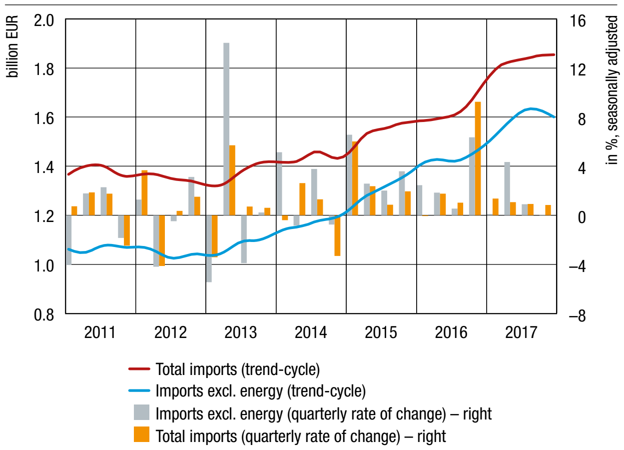
Source: CBS data seasonally adjusted by the CNB.

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



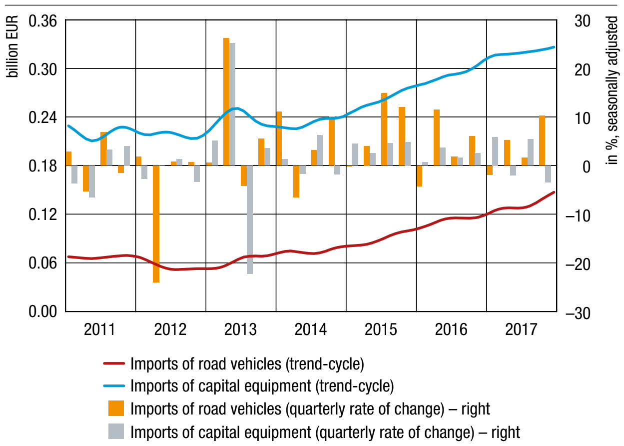
Source: CBS data seasonally adjusted by the CNB.

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



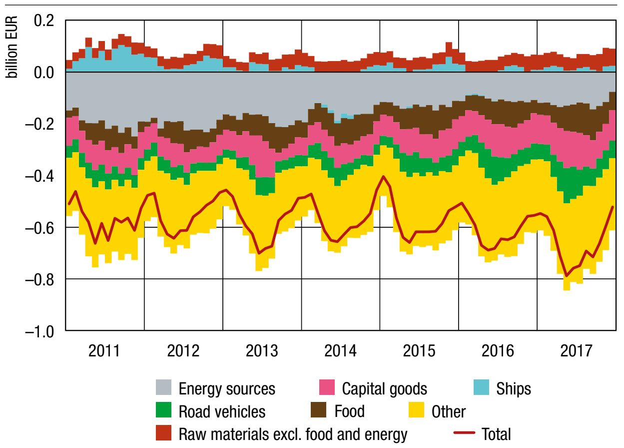
Source: CBS data seasonally adjusted by the CNB.

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



Note: Imports of capital equipment (SITC divisions 71 – 77).
Source: CBS data seasonally adjusted by the CNB.

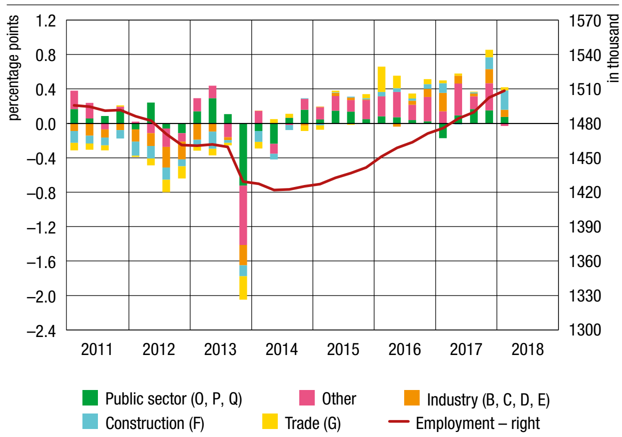
Figure 13 Trade in goods balance



Note: Series are shown as three-member moving averages of monthly data.
Source: CBS.

Figure 14 Employment by NCA activities

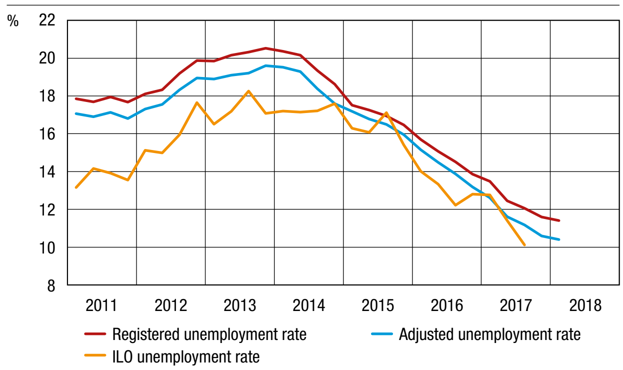
seasonally adjusted data, contributions to the quarterly rate of change



Note: Data for the first quarter of 2018 refer to January.
Source: CPII data seasonally adjusted by the CNB.

Figure 15 Unemployment rates

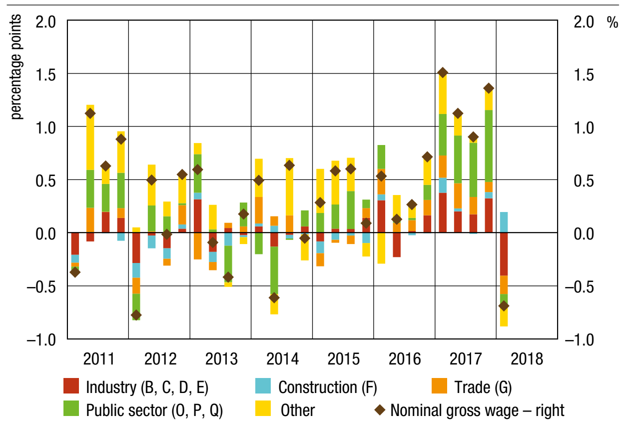
seasonally adjusted data



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). Data for the first quarter of 2018 refer to January.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

Figure 16 Average nominal gross wage by NCA activities

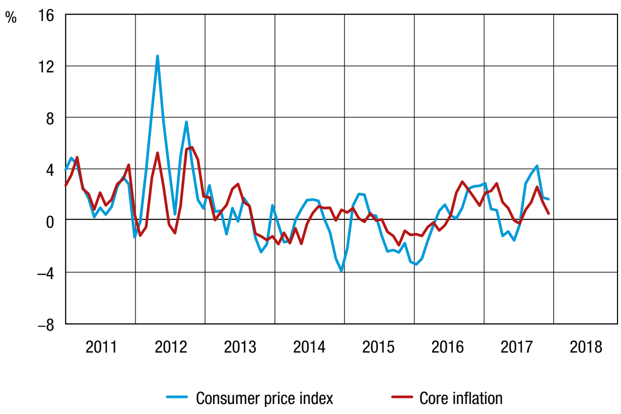
seasonally adjusted data, contributions to the quarterly rate of change



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 first quarter of 2018 refer to January.
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

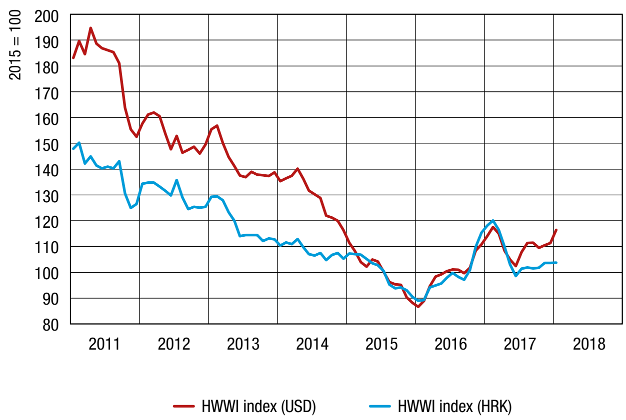
Figure 17 Consumer price index and core inflation

annualised month-on-month rate of change[a]



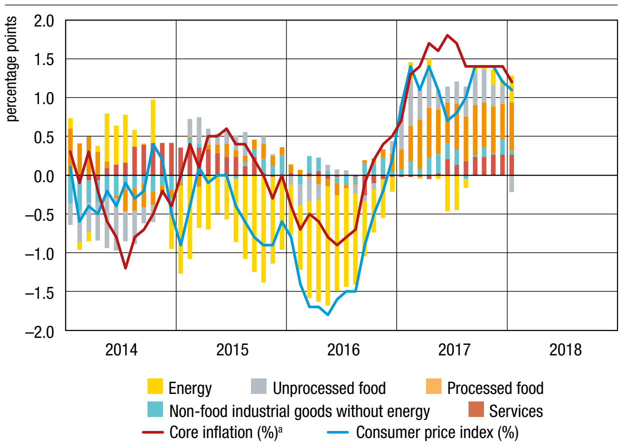
[a] The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.
Sources: CBS and CNB calculations.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

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



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

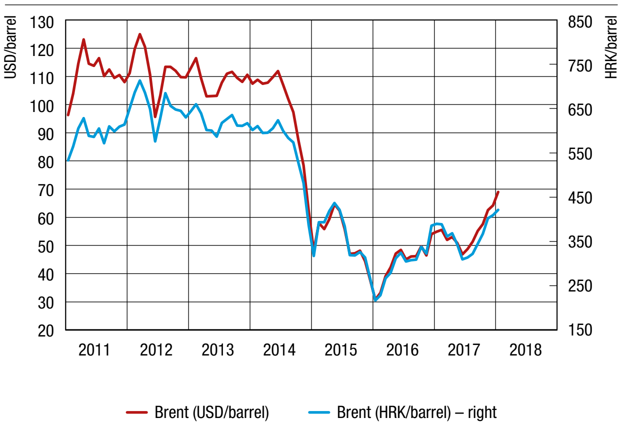
Table 1 Price indicators

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

	Year-on-year rates		Month-on-month rates	
	12/17	1/18	1/17	1/18
Consumer price index and its components				
Total index	1.2	1.1	–0.1	–0.2
Energy	0.4	2.1	–1.3	0.4
Unprocessed food	2.6	–2.3	6.3	1.2
Processed food	2.0	2.7	0.9	1.6
Non-food industrial goods without energy	0.8	0.2	–2.6	–3.2
Services	1.0	1.0	–0.1	0.0
Other price indicators				
Core inflation	1.4	1.2	–0.5	–0.7
Index of industrial producer prices on the domestic market	2.1	1.5	0.7	0.1
Brent crude oil price (USD)	18.8	25.7	1.5	7.4
HWWI index (excl. energy, USD)	0.5	2.2	2.9	4.6

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

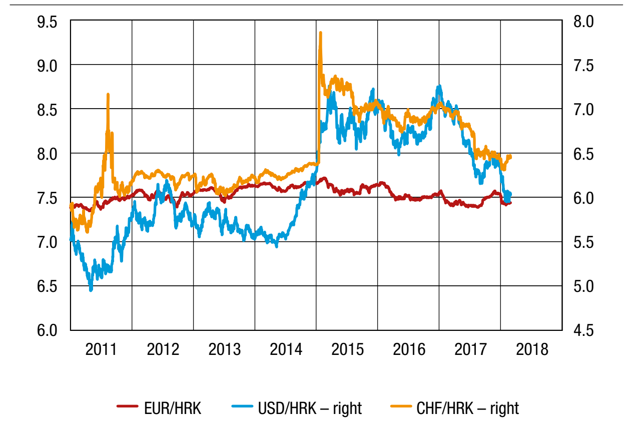
Figure 19 Crude oil prices (Brent)



Sources: Bloomberg and CNB calculations.

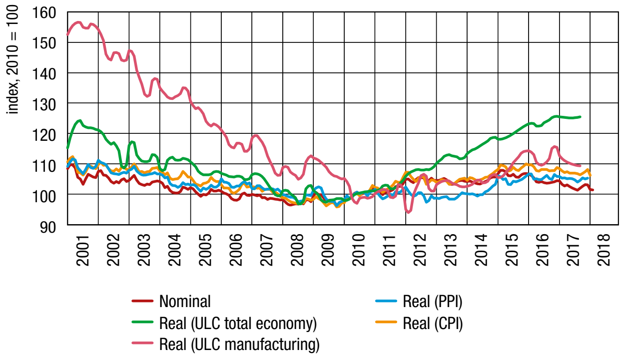
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



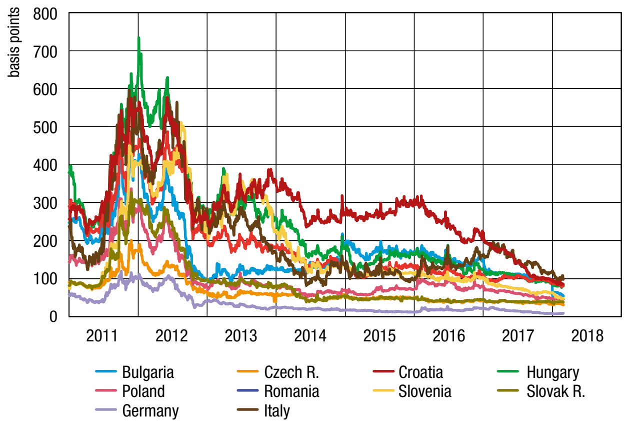
Source: CNB.

Figure 22 Nominal and real effective exchange rates of the kuna



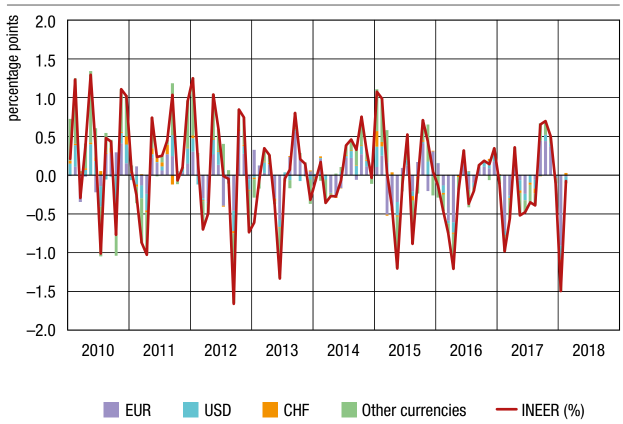
Notes: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the total market. The unit labour cost is calculated as the ratio between compensation per employee and labour productivity (defined as GDP per person employed),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

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



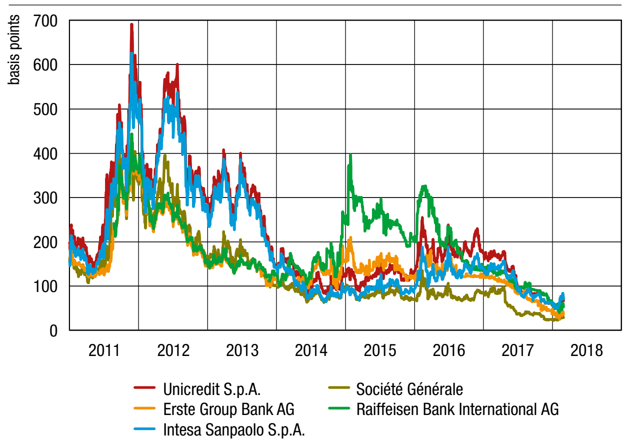
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.
Source: S&P Capital IQ.

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



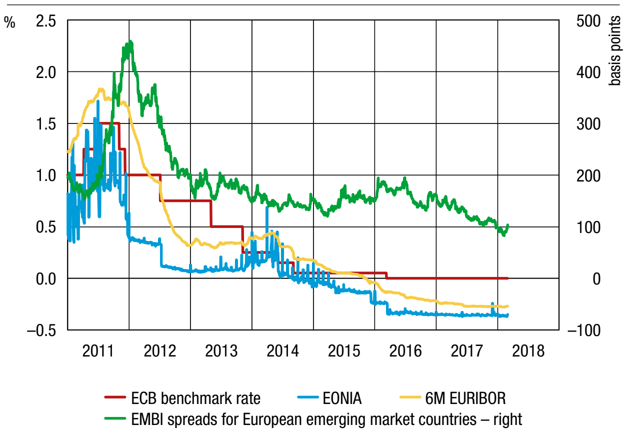
[a] Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

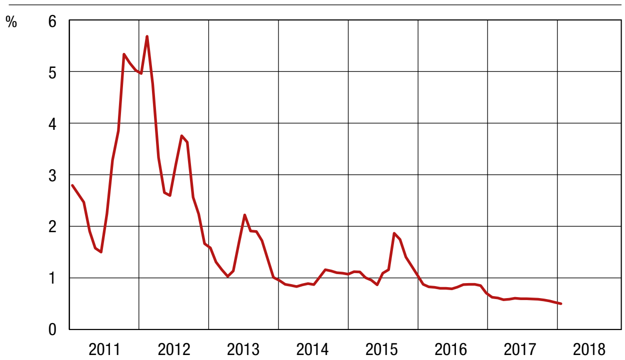
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



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

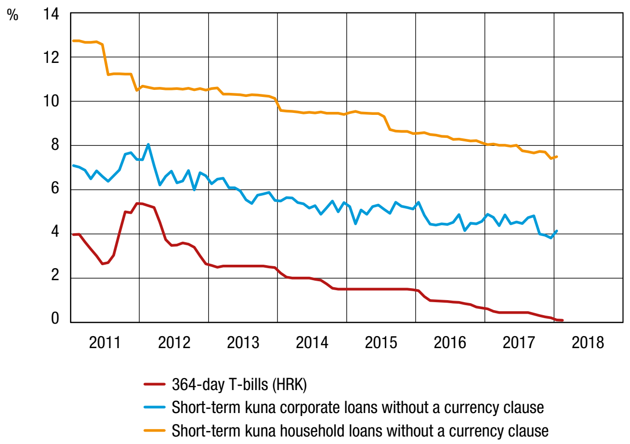
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



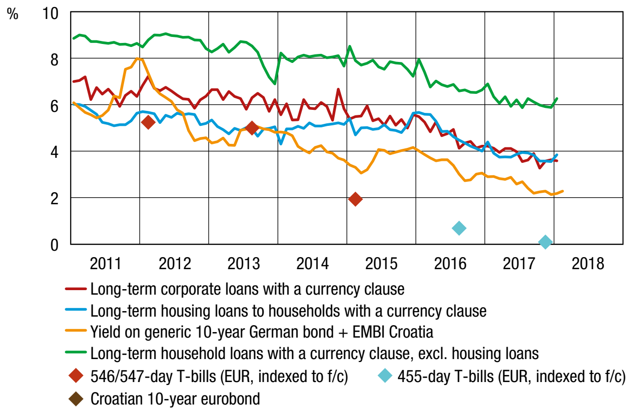
Source: CNB.

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



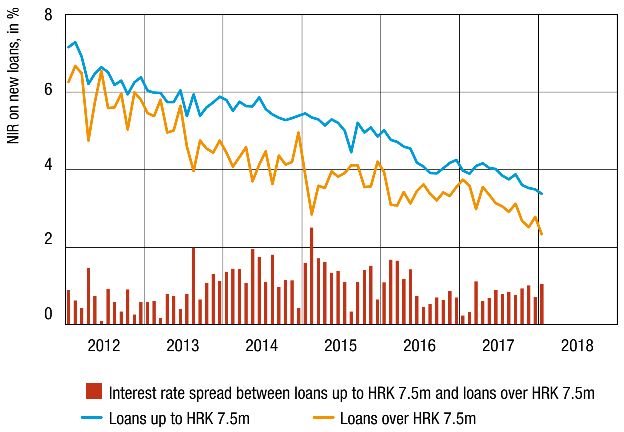
Sources: MoF and CNB.

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



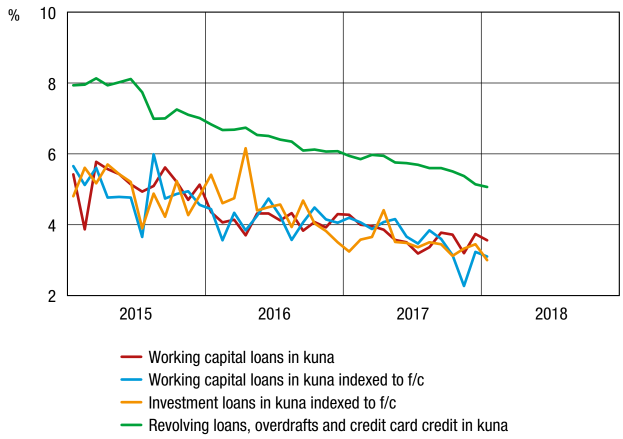
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.
Sources: MoF, Bloomberg and CNB.

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



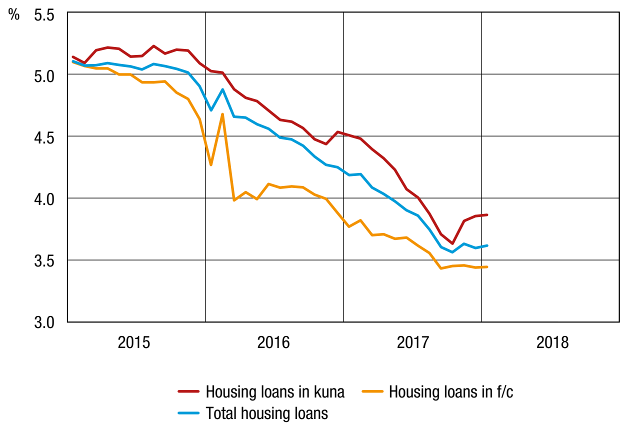
Source: CNB.

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



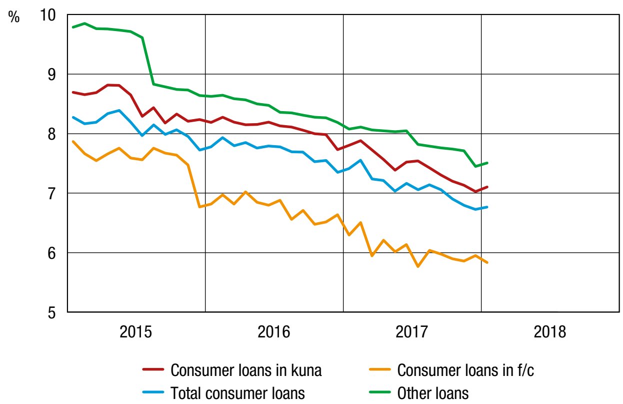
Source: CNB.

Figure 32 Interest rates on original new housing loans to households



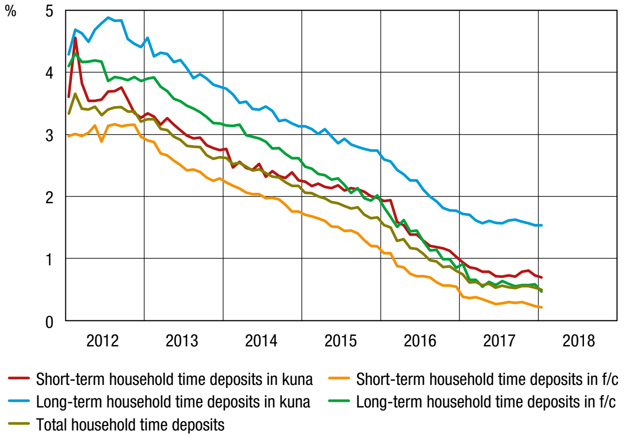
Source: CNB.

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



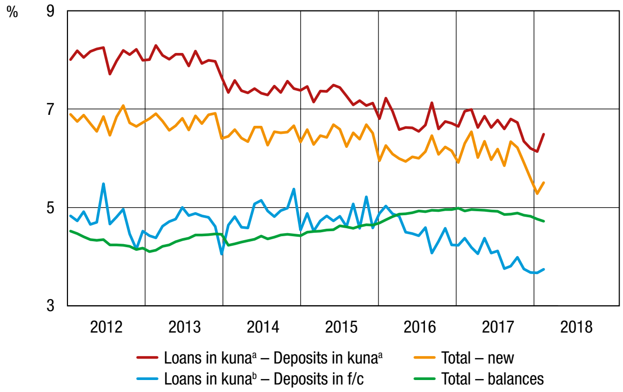
Notes: Consumer loans include total loans to households excl. housing and other loans. Other loans to households (denominated almost exclusively in kuna) include credit card loans, overdrafts, revolving loans and receivables on charge cards.
Source: CNB.

Figure 34 Interest rates on household time deposits



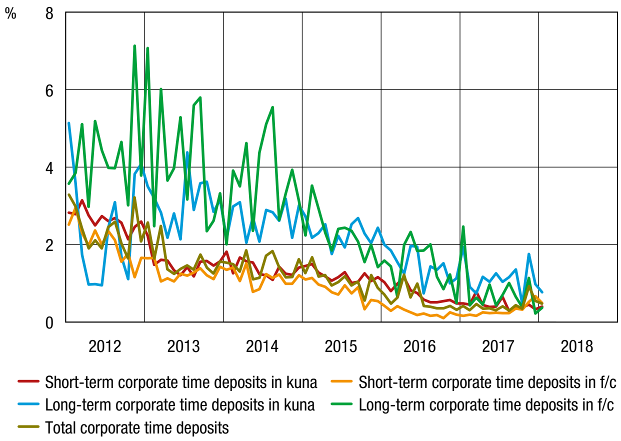
Source: CNB.

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



[a] Non-indexed to f/c. [b] Indexed to f/c.
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

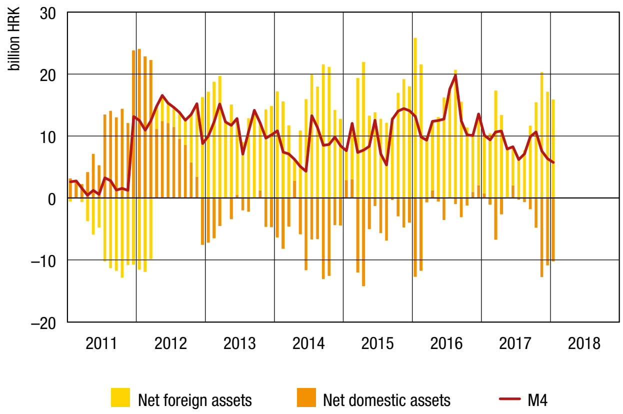
Figure 35 Interest rates on corporate time deposits



Source: CNB.

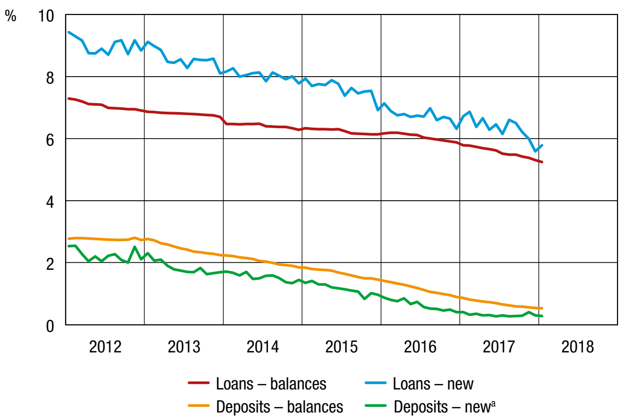
Figure 38 Net foreign assets, net domestic assets and total liquid assets (M4)

absolute change in the last 12 months



Source: CNB.

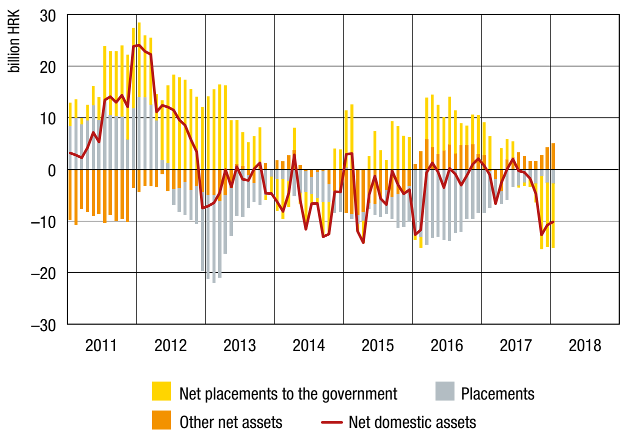
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



[a] For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

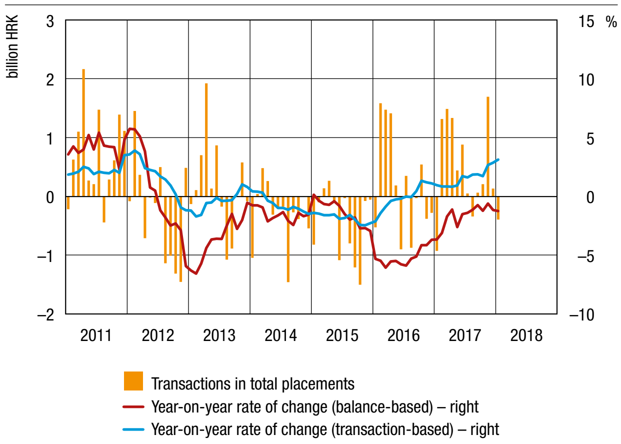
Figure 39 Net domestic assets, structure

absolute change in the last 12 months



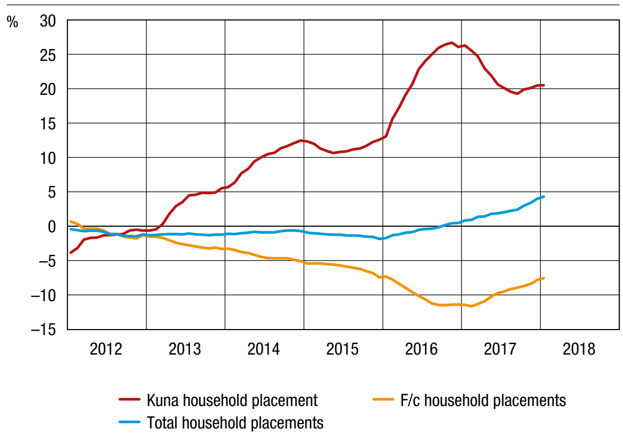
Source: CNB.

Figure 40 Placements



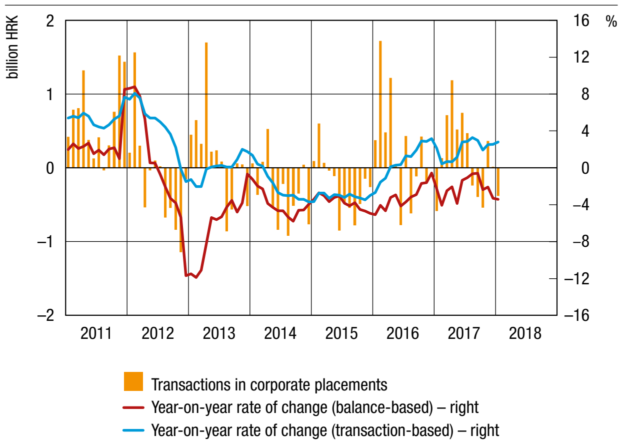
Source: CNB.

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



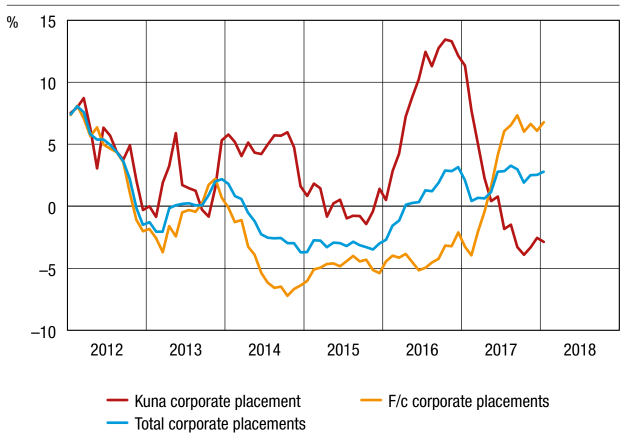
Source: CNB.

Figure 41 Placements to corporates



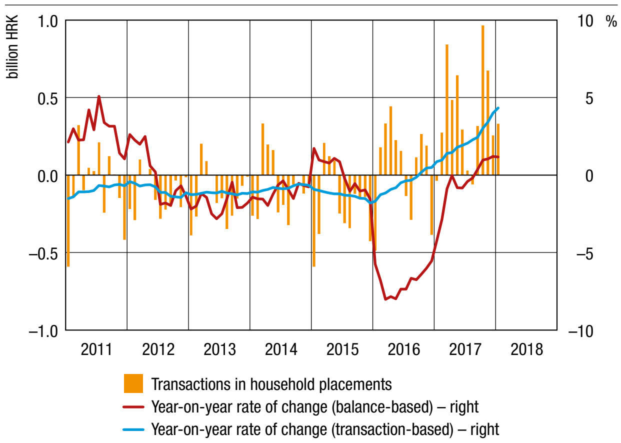
Source: CNB.

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



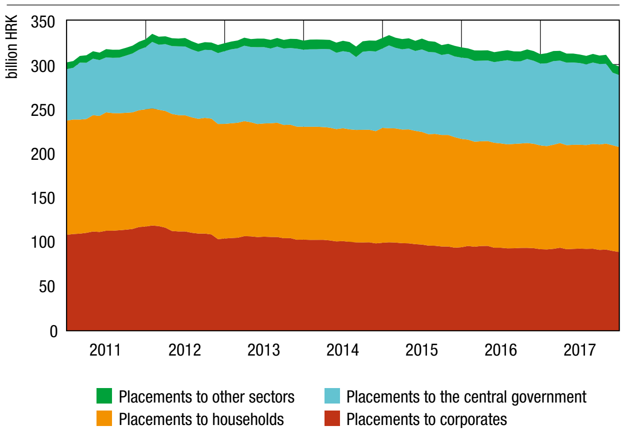
Source: CNB.

Figure 42 Placements to households



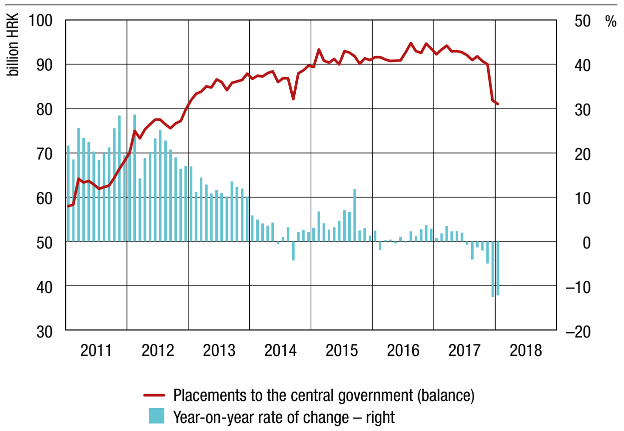
Source: CNB.

Figure 45 Structure of credit institution placements



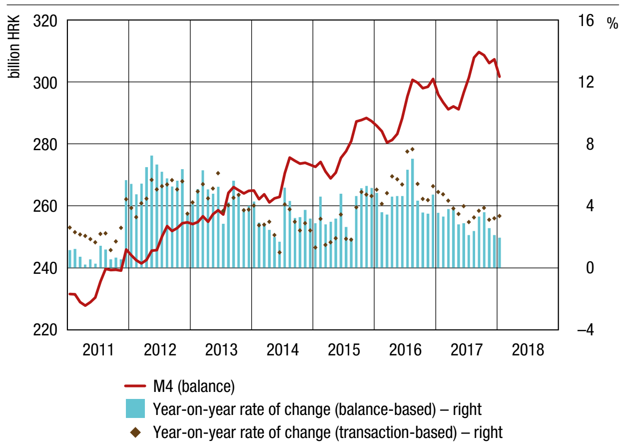
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



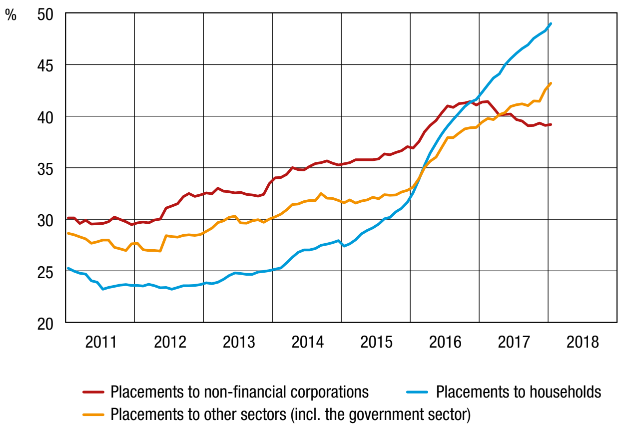
Source: CNB.

Figure 49 Total liquid assets (M4)



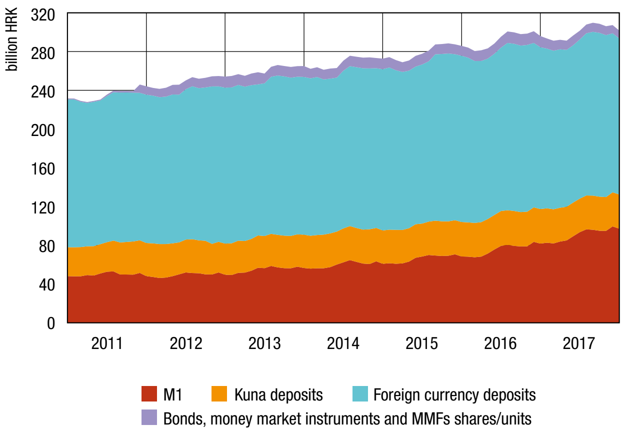
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



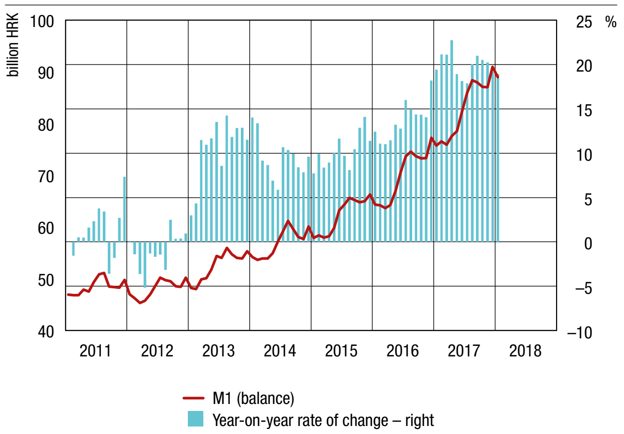
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



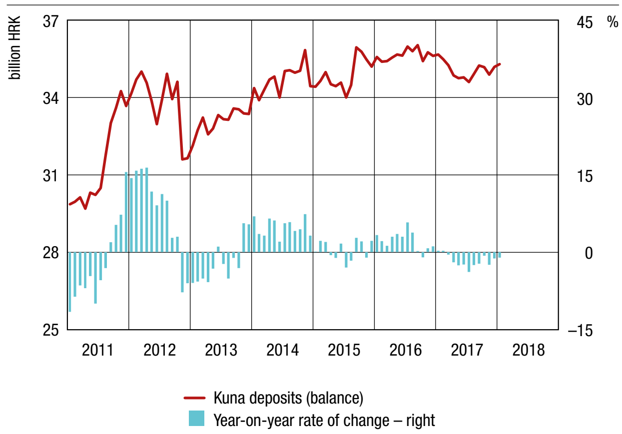
Source: CNB.

Figure 48 Money (M1)



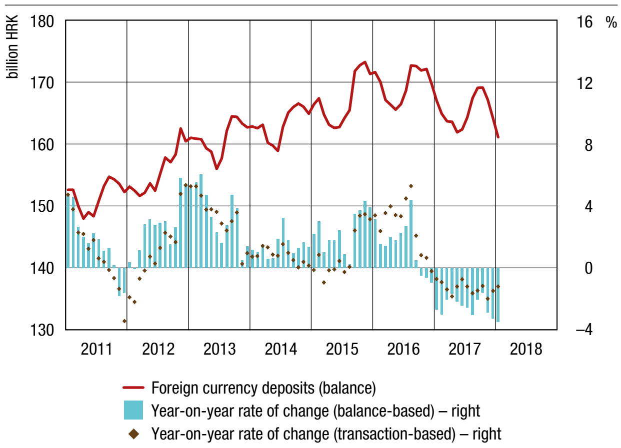
Source: CNB.

Figure 51 Kuna savings and time deposits



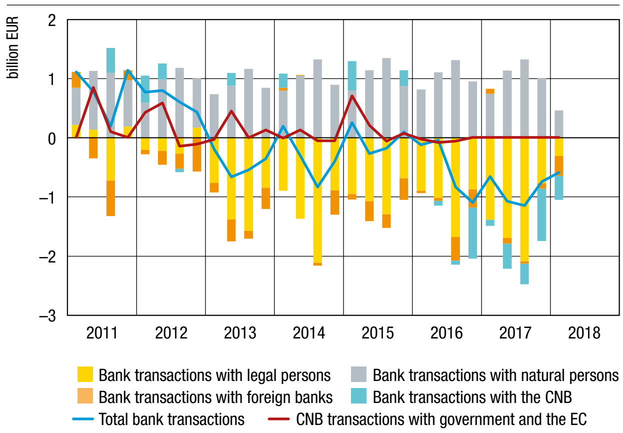
Source: CNB.

Figure 52 Foreign currency deposits



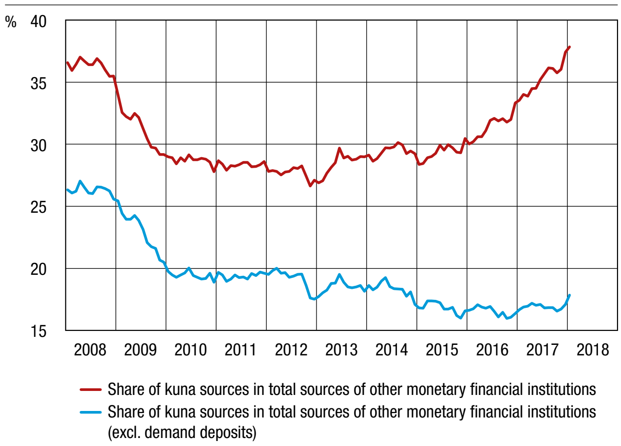
Source: CNB.

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



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2018 refer to February.
Source: CNB.

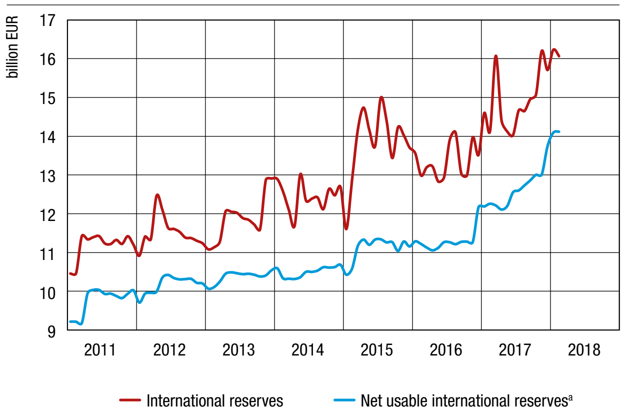
Figure 53 Share of kuna sources



Source: CNB.

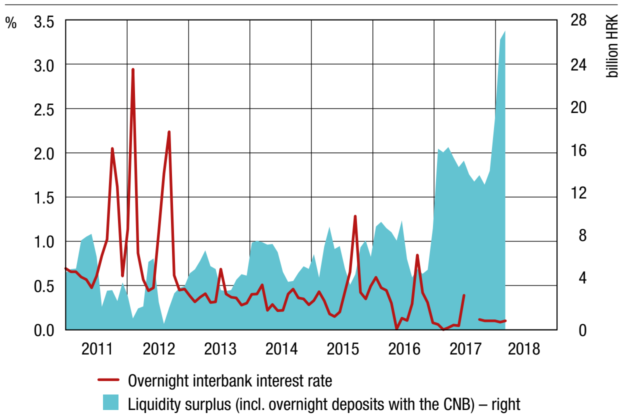
Figure 56 International reserves of the CNB

at current rate of exchange



[a] NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.
Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



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

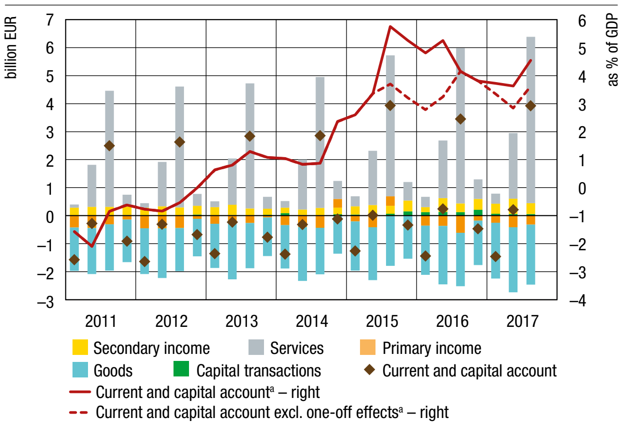
Table 2 Balance of payments

preliminary data, in million EUR

	2016	Q3/2017[a]	Indices 2016/ 2015	Indices 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

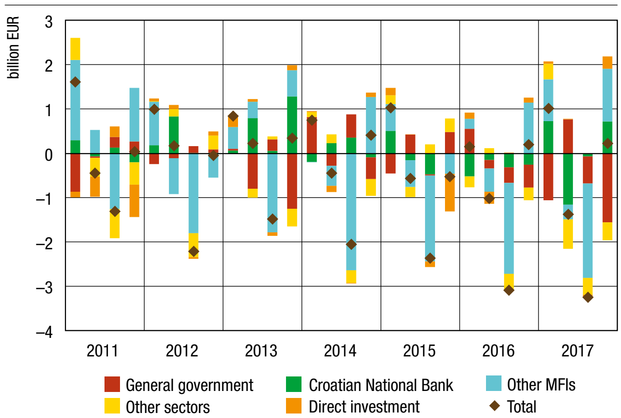
[a] Sum of the last four quarters.
Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).
Source: CNB.

Figure 57 Current and capital account flows



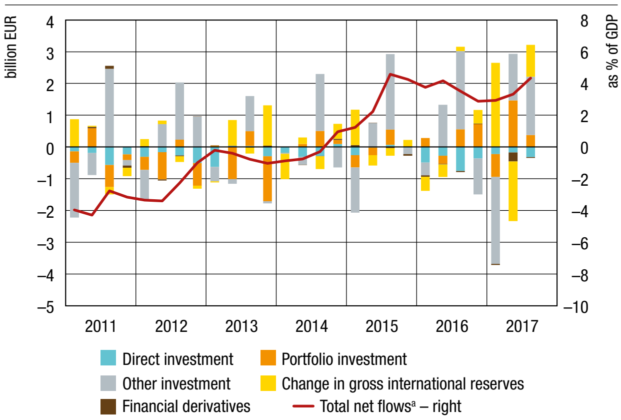
[a] Sum of the last four quarters.
Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017.
Source: CNB.

Figure 60 Net external debt transactions



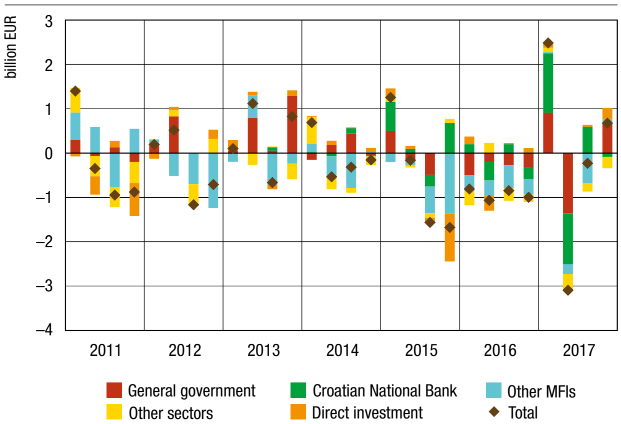
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims.
Source: CNB.

Figure 58 Financial account flows by type of investment



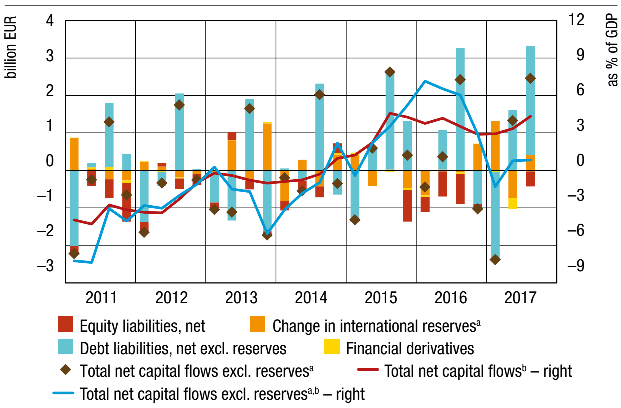
[a] Sum of the last four quarters.
Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).
Source: CNB.

Figure 61 Gross external debt transactions



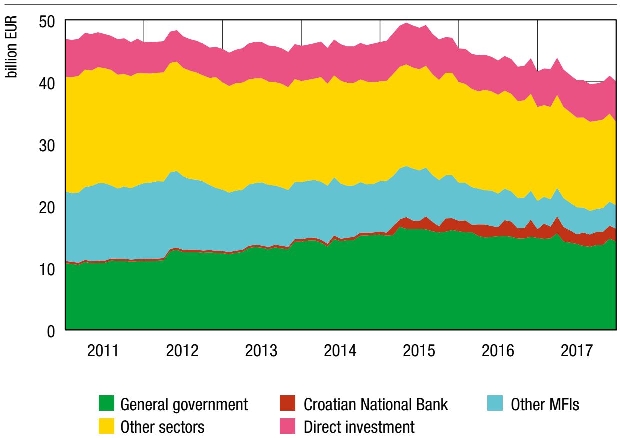
Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.
Source: CNB.

Figure 59 Financial account flows by capital structure



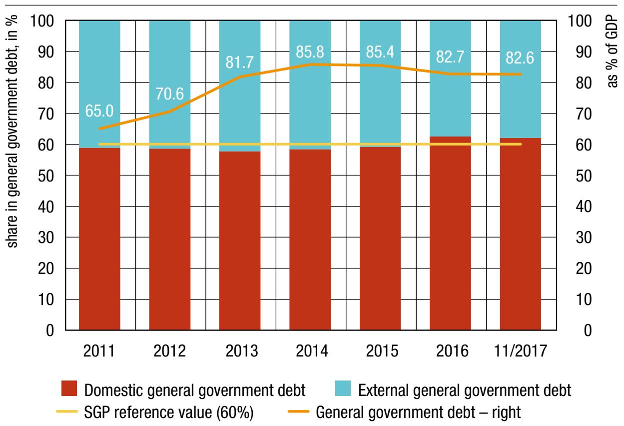
[a] The change in gross international reserves is reported net of foreign liabilities of the CNB. [b] Sum of the last four quarters.
Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
Source: CNB.

Figure 62 Gross external debt
end of period



Source: CNB.

Figure 63 General government debt



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

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Sep. 2016	Jan. – Sep. 2017
Total revenue	**119,976**	**120,933**
Direct taxes	15,932	15,948
Indirect taxes	51,466	53,737
Social contributions	30,436	31,665
Other	22,143	19,582
Total expenditure	**121,700**	**120,093**
Social benefits	41,739	42,014
Subsidies	4,115	3,770
Interest	8,455	8,343
Compensation of employees	29,240	30,100
Intermediate consumption	21,061	22,281
Investment	7,890	6,173
Other	9,200	7,412
Net lending (+)/borrowing (–)	**–1,724**	**840**

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.–Nov. 2016	Jan.– Nov. 2017
Change in total debt stock	104	11,168
Change in domestic debt stock	8,390	5,602
– Securities other than shares, short-term	–1,082	95
– Securities other than shares, long-term	14,413	9,673
– Loans	–4,898	–4,086
Change in external debt stock	–8,286	5,566
– Securities other than shares, short-term	–48	121
– Securities other than shares, long-term	–7,662	5,116
– Loans	–576	329
Memo item:		
Change in total guarantees issued	1,745	920

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