

BULLETIN

YEAR III
No. 27

MAY 1998

REAL SECTOR

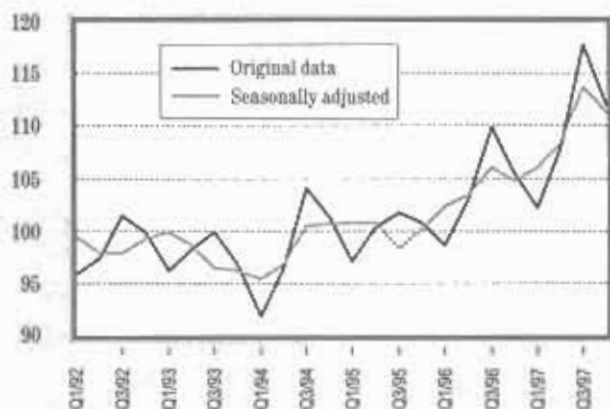
The index of physical volume of industrial production recorded in March 1998 was 10.9% higher than that recorded in March last year. This contributed to the 6.3% cumulative increase in the first quarter. Although significantly higher than the average level attained in the first quarter of the preceding year, the level of industrial production in the first quarter of 1998 was still 0.8% lower than the average level of industrial production recorded in 1997. This was due to unfavorable seasonal effects at the beginning of this year. Measured by the quarter-on-quarter index, all major industrial groupings recorded growth. The most rapid growth was recorded in the production of capital goods (9.0%), and production of intermediate products exclusive of energy products (8.7%). The bottom end of the growth scale featured the production of durable goods (3.1%) and non-durable consumer goods (4.5%).

In the first quarter of the year, growth was recorded in all sectors of the new classification of economic activity. The processing industry recorded the most rapid growth (6.9%), followed by the supply of electric energy, gas and water (6.6%), while mining and mineral extraction barely grew at all (0.3%). Production of food and beverages, the largest sector within processing industry, recorded above-average growth of 7.7%. The most rapid-growing sectors in processing industry in the first quarter of the year are production of other non-metallic mineral products (28.3%), production of metals (28.0%), production of other transportation vehicles (25.5%) and recycling (22.2%). The most significant decrease in the level of physical production was recorded in the production of office equipment and computers (-46.8%) and the processing of wood and production of wooden products, excluding furniture (-13.8%).

Commodity trade with foreign countries increased in March. This

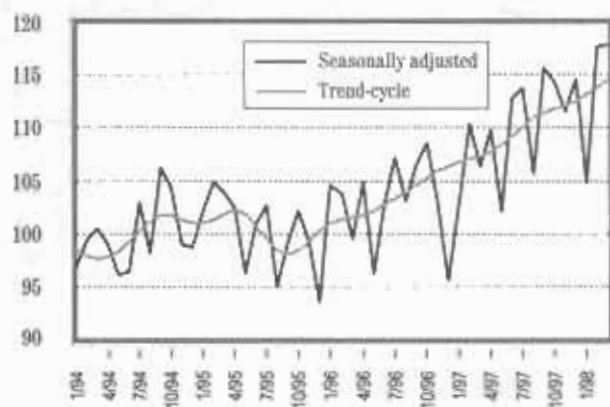
GROSS DOMESTIC PRODUCT

Real index (1995=100)



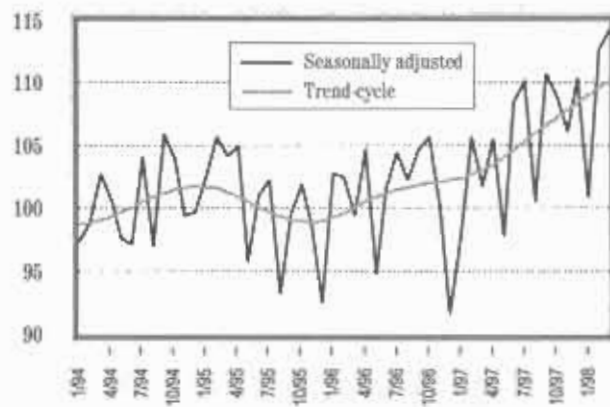
MANUFACTURING PRODUCTION INDEX

Seasonally adjusted and trend-cycle (1995=100)



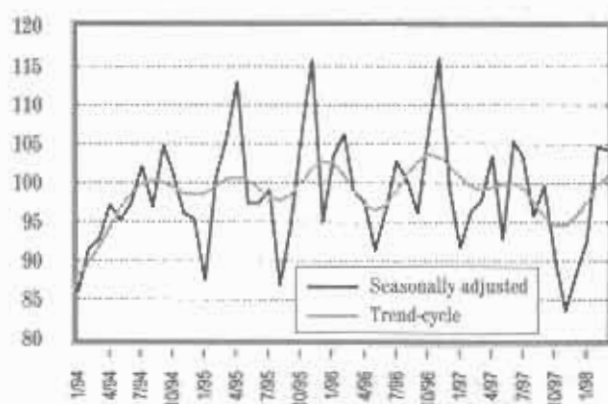
PROCESSING INDUSTRY

Seasonally adjusted and trend-cycle (1995=100)



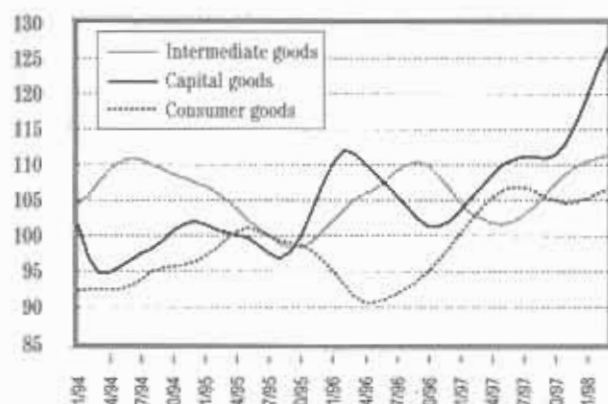
PRODUCTION OF FOOD AND BEVERAGES

Seasonally adjusted and trend-cycle (1995=100)



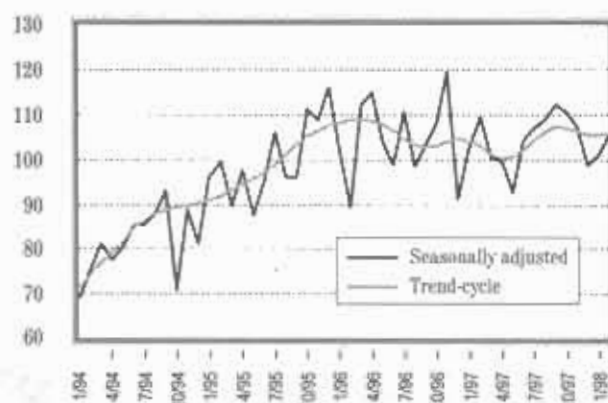
INDEX OF PRODUCTION VOLUME IN INDUSTRY BY MAIN INDUSTRIAL GROUPS

Trend-cycle (1995=100)



TRANSPORTATION - GOODS

Seasonally adjusted and trend-cycle (1995 = 100)



increase made up, to some degree, for the lower level of commodity exports and imports during the first two months of the year compared to last year. Along with the increase in commodity exports of 22.7%, measured in US dollars, and the increase in commodity imports of 11.1% compared to March of last year, the coefficient of coverage of imports with exports also increased from 50.7% to 56.0%. Nevertheless, if we look at the first quarter as a whole, commodity exports measured in US dollars decreased by 8.4%, while imports decreased by 5.4%.

The only industrial group with increased exports and imports (together with marginal items unallocated from other activities exclusive of industry) was capital goods. The most significant decrease in imports and exports was recorded in the energy products.

In spite of an above-average decrease, production of chemicals and chemical products managed to retain the largest share in the processing industry exports, which in turn accounts for the majority of the total commodity trade. It was followed by production of clothes and production of other transportation vehicles (which recorded 78.3% growth). On the side of imports, production of chemicals and chemical products was once again dominant, although its imports grew only slightly, by 2.9%. With 31.4% import growth, the production of motor trailers and semi-trailers was the second most significant importer. It was followed by the production of engines and equipment.

The number of employed persons in processing industry decreased in January and February, following employment trends in the economy as a whole. While employment decreased in the above period by 4.1% on average, employment in processing industry decreased by 6.6%. With production increasing and employment falling in processing industry, labor productivity increased by 12.9%.

The areas with the largest employment within processing industry are: the production of food and bev-

erages and clothing production; and finishing and dying of fur. Preliminary data on the average employment in these two areas during the first two months of the year indicate an above-average decrease in employment (4.8% and 4.3% compared to the same period last year).

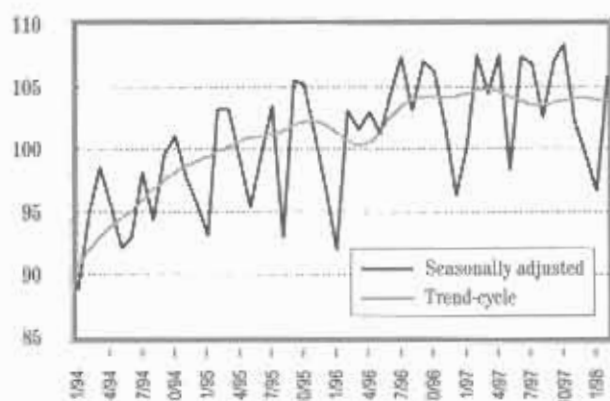
Indicators of developments in transportation, warehousing and communications in February, as well as in January, indicate a decrease in the number of passengers transported, compared to the same months last year. The number of passengers transported in February was 2.3% lower. However the index of mileage traveled was 1.4% higher. The cumulative indicator of the number of passengers transported in the first two months of the year decreased by 3.1% compared to the same period last year, while the indicator of mileage traveled was 1.2% lower for the first two months of the year compared to the same period last year. The cumulative indicator of the quantity of goods transported was 5.0% lower, while the index of ton mileage was 14.7% lower.

Poor tourist results in March neutralized the positive trend from the first two months of the year. 127 thousand guests arrived in March, 22.2% less than the same month last year. The cumulative indicator for the first quarter of the year is 318 thousand guests, 9.5% less than the same period last year, because Easter holidays came later this year.

Along with the decrease in the number of guests, March brought a decrease in the average number of night-stays per visit, from 3 to 2.8, which represents a 7% decrease. Hence, the number of night-stays decreased from 495 thousand recorded in March 1997, to 360 thousand recorded in March 1998, which represents a 27.3% decrease. Cumulative indicator of the number of night-stays recorded in the first three months of the year decreased from one million and 51 thousand recorded in 1997, to 926 thousand recorded in 1998, which represents a 11.9% decrease.

TRANSPORTATION - PASSENGERS

Seasonally adjusted and trend-cycle (1995 = 100)

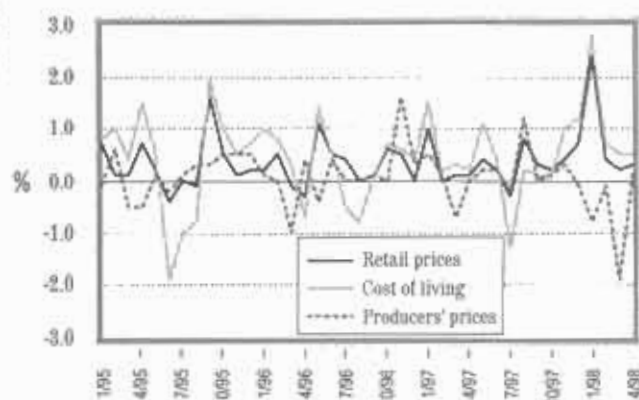


TOURISM - OVERNIGHT STAYS

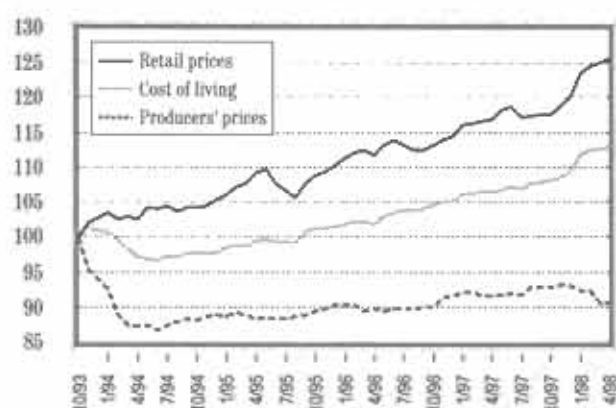
Seasonally adjusted and trend-cycle (1995 = 100)



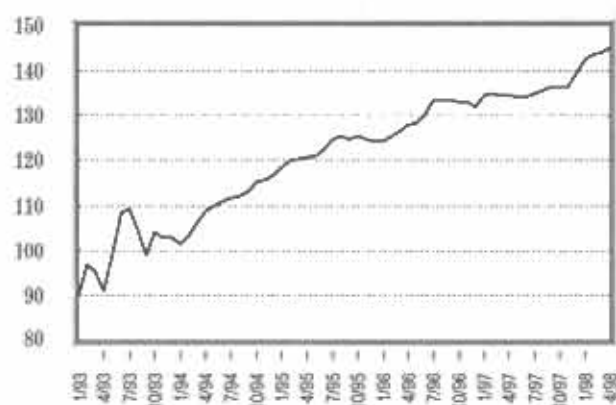
MONTHLY RATES OF CHANGE (%) OF RETAIL PRICES, PRODUCERS' PRICES AND COST OF LIVING



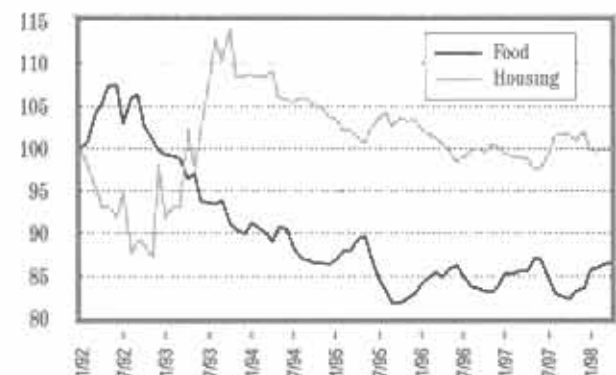
INDICES OF RETAIL PRICES, COST OF LIVING AND PRODUCERS' PRICES
October 1993 = 100



RELATIVE PRICE INDEX FOR NON-TRADABLE GOODS
(prices of services relative to goods' prices), 1992 = 100



INDICES OF RELATIVE PRICES OF FOOD AND HOUSING
January 1992 = 100



Note: index is calculated as ratio of food prices and housing prices to total cost of living index.

PRICES

Retail prices recorded a 0.3% increase in April. Compared to the growth of retail prices recorded in April last year, this increase is quite significant. It was caused, in major part, by an increase in the prices of services (0.8%), which was caused mainly by the increase in prices of telecommunication services. Seasonal agricultural products caused a 0.1% increase in the prices of goods in April. Namely, the prices of agricultural products inclusive of seasonal products grew by 3.3%. The prices of seasonal foodstuffs inclusive of seasonal products increased by 0.5%, prices of beverages increased by 0.3%, while the prices of other goods mainly remained stable. On the annual level, retail prices recorded a 5.9% increase, while the rate of growth recorded since the beginning of this year amounted to 3.2%.

The cost of living increased in April by 0.5%. Compared to April 1997, this amounts to an increase in the cost of living of 7.6%. The fastest-growing components of the cost of living in April were services and food. The increase in food costs is usual at this time of year, while the increase in services expenses was caused by the same factor that caused retail prices to increase; the increase in prices of telecommunications services. Accommodation expenses increased in April by 0.5%, while the hygiene and health expenses increased by 0.4%.

Following three months of decreases in producers' prices, producers' price rose by 0.2% in April compared to March. Prices of energy products (-0.3%), semi-finished products (-0.2%) and durable consumer products (-1.3%) decreased in April, while at the same time the prices of capital goods and non-durable consumer goods increased by 0.2%. The price of electrical energy, gas and water increased by 3.9%. This increase was mainly caused by an incredibly high 25.3% one-month increase in the price of the collection, purification and distribution of water.

EMPLOYMENT AND PAY

In March, which has in past years been the month with the highest unemployment, registered unemployment increased by 846, reaching 292,332. In the last 12 months, registered unemployment increased by 7,721 persons or 2.7%. Average unemployment increased by 12,253 or 4.4% in the first quarter of the year compared to the first quarter of last year. This increase exceeds the increase in the monthly index due to more rapid increase in unemployment at the beginning of 1997.

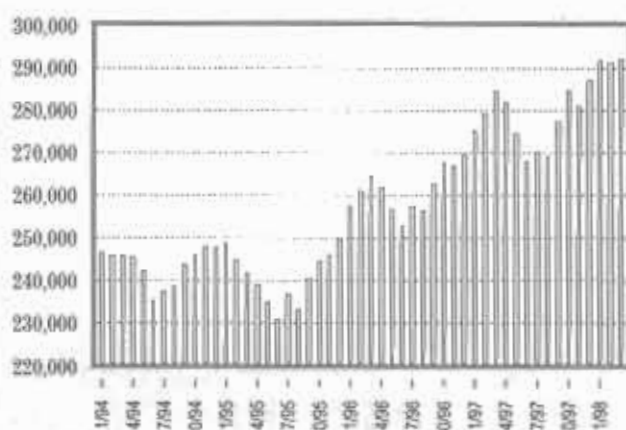
Total employment decreased in March by 2,546, falling to 1,323,712 employed persons. This represents the continuation of a trend that started at the beginning of 1996, when a new methodology for tracking total employment was introduced. Compared to March of last year, total employment decreased by 91,173 or 6.4%. The unemployment rate increased to 18.1% (compared to 18.0% in the previous month and 16.7% in March of last year). The 1.4 percentage point increase in the rate of unemployment in the last twelve months was in major part caused by the decrease in employment, but to a smaller extent was also due to the increase in registered unemployment.

In March, wages decreased for the third consecutive month. Average nominal net wages decreased by 26 kuna or 1.0%, which, along with the increase in the cost of living of 0.5%, gives a total decrease of 1.5%. Compared to the first quarter of last year, real net wages increased by 5.3%. Average gross wages decreased in March by 1.7%, while the index of the first quarter average showed the real growth of 6.7%.

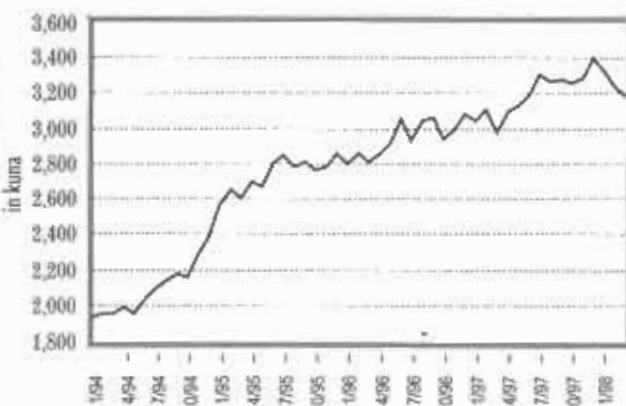
MONETARY DEVELOPMENTS

Data on monetary and credit developments in the first quarter of the year do not indicate a slowdown in the growth of credit, nor a decrease in the intensity of banks' foreign indebt-

NUMBER OF THE UNEMPLOYED



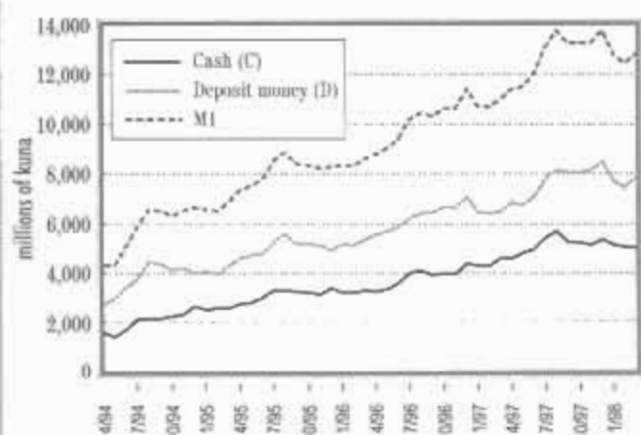
REAL AVERAGE GROSS WAGE
Constant prices, January 1994



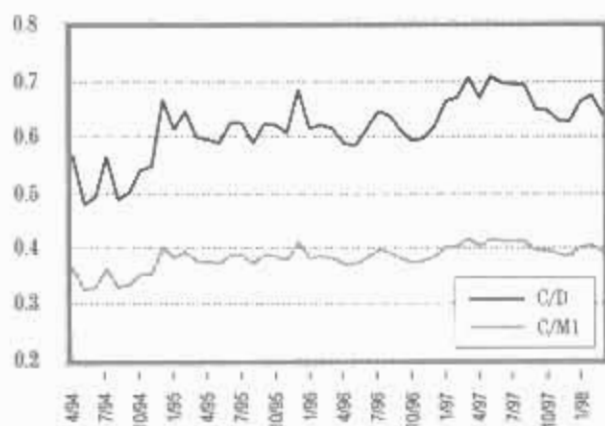
REAL AVERAGE NET WAGE
Constant prices, January 1994



MONEY SUPPLY

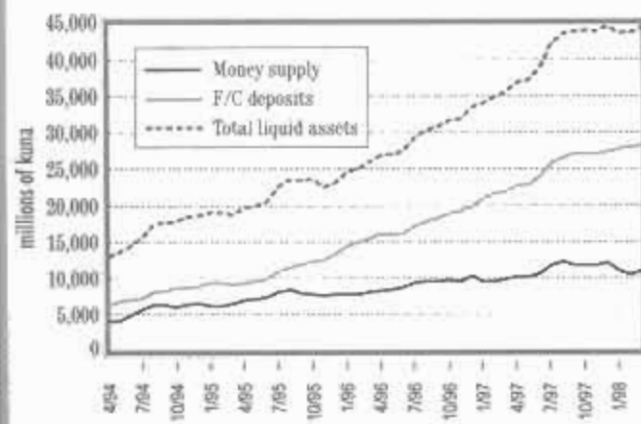


CASH TO DEPOSIT RATIO (C/D) AND SHARE OF CASH IN MONEY SUPPLY (C/M1)



REAL MONEY

Constant prices, April 1994 = 100



edness. The growth of total liquid assets was very moderate in March.

Total credit grew in March by 1.6 billion kuna (i.e. 3.2%) compared to the end of February, reaching 52 billion kuna. The annual growth of total credit (March 1998/ March 1997) was 43.7%, i.e. the same as in 1997. The growth of total credit was equally divided between the enterprise sector (0.7 billion kuna) and the household sector (0.6 billion kuna). Also, growth was almost evenly divided between growth in long-term credit (0.7 billion kuna) and in credit up to one year (0.6 billion kuna).

Foreign indebtedness of commercial banks increased continuously throughout March, and even somewhat faster than before. Commercial banks' foreign liabilities grew to 1.4 billion kuna (9.2%). Along with the very mild increase in foreign assets (0.4 billion kuna), commercial banks' net foreign assets continued to decrease, amounting to 0.1 billion kuna at the end of March.

The majority of the increase in foreign liabilities came from increases in long-term credit granted by foreign banks in foreign currency (0.8 billion kuna). Short-term credit granted by foreign banks increased by 0.1 billion kuna.

March is the fifth consecutive month of rapid increase in banks' foreign indebtedness (at an average of almost 1 billion kuna per month). As the data for March showed, an autonomous slowdown of growth of total credit and banks' foreign indebtedness is far from imminent. This fact justifies the additional measures introduced by the Croatian National Bank at the beginning of April. As a reminder: due to the fact that last year's large credit expansion significantly contributed to the increase in the current account deficit to 11.8% of the Gross Domestic Product, the Croatian National Bank introduced certain capital restrictions on the inflow of short-term capital.

Having identified the increase in foreign indebtedness as a primary source of growth of domestic credit,

the Croatian National Bank introduced mandatory deposits on loans received from abroad. The deposits were set at 30% of the amount of the loan for short-term loans, at 5% for long-term loans, and at 15% for bank guarantees. Preliminary data for the first ten days of April show an increase in total credit of only 130 million kuna. Should such slower growth continue throughout the remainder of April, a significant decrease in banks' credit activity would be implied. However, evaluation of these effects will have to wait until final data are available.

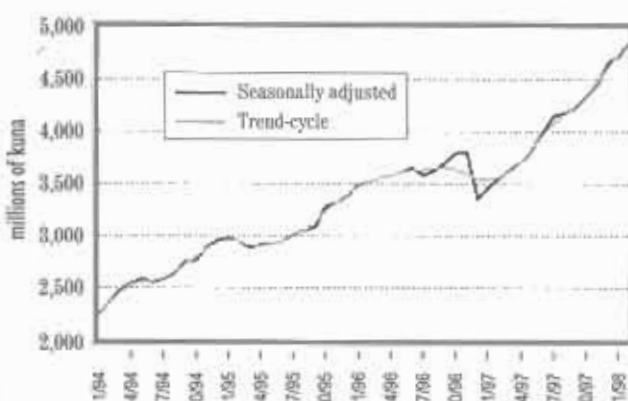
The central government continued to decrease its (net) liabilities to the banking system throughout March. The total decrease in the banking system's net claims on central government amounted to 1 billion kuna (7.8%) in the first quarter of the year.

Total liquid assets recorded moderate growth in March. However, this was still slightly more rapid than growth had been in the last couple of months. Following a two-month decrease, deposit money of the enterprise sector increased by 0.35 billion kuna (5.6%). Along with the stagnation of currency in circulation, this resulted in a mild increase in the money supply (of 0.4 billion kuna), which had been decreasing since December 1997.

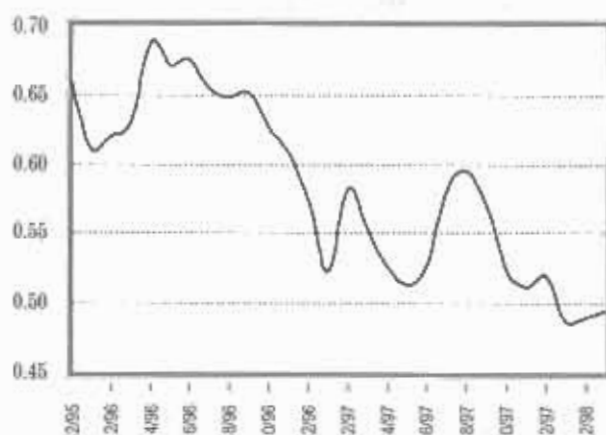
Foreign currency deposits grew by a moderate 0.5 billion kuna, and almost all of this growth came in the item time deposits of the household sector. Short-term (0.2 billion kuna) and long-term time deposits of the household sector (0.3 billion kuna) grew approximately the same amount. Kuna savings decreased slightly in March compared to February.

The central bank intervened in the market via kuna transactions with deposit money banks. The balance of credit to the central bank remains zero. Liabilities show the effects of new instruments - National Bank foreign currency bills and compulsory deposits on credits received from abroad as well as on deposits and bank guarantees issued.

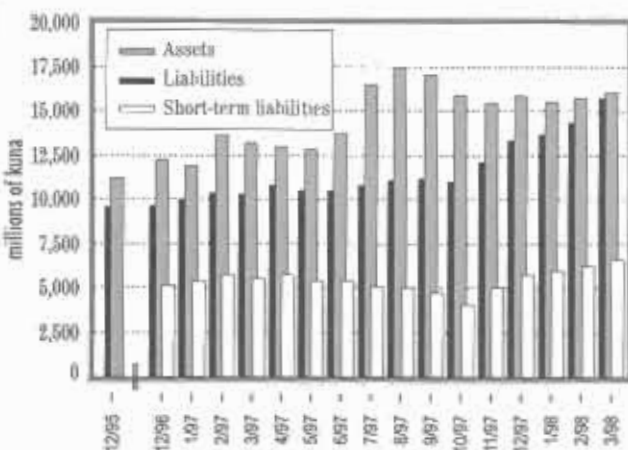
DMB's DOMESTIC CREDITS
Constant prices, January 1994



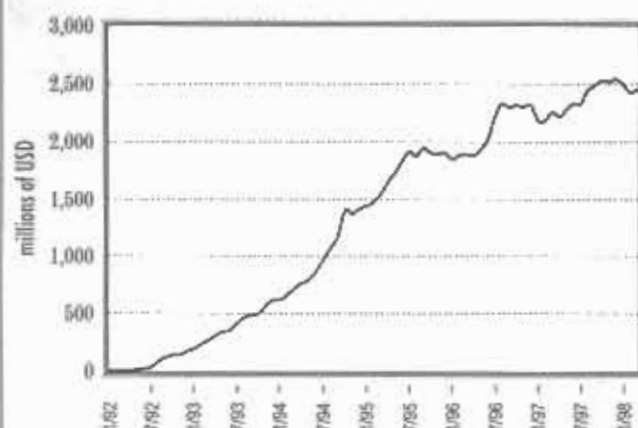
RATIO OF COMMERCIAL BANKS' FOREIGN ASSETS TO F/C DEPOSIT



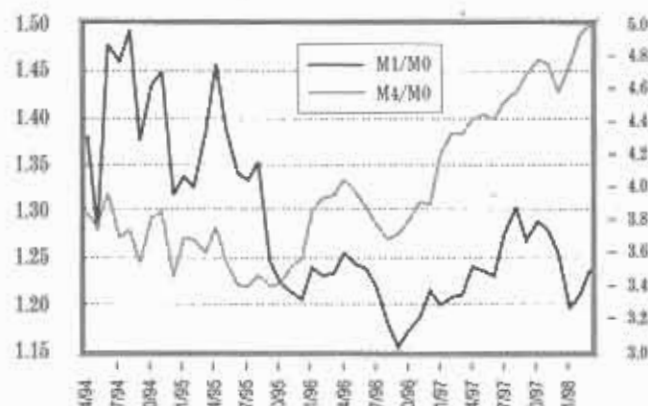
FOREIGN ASSETS AND LIABILITIES



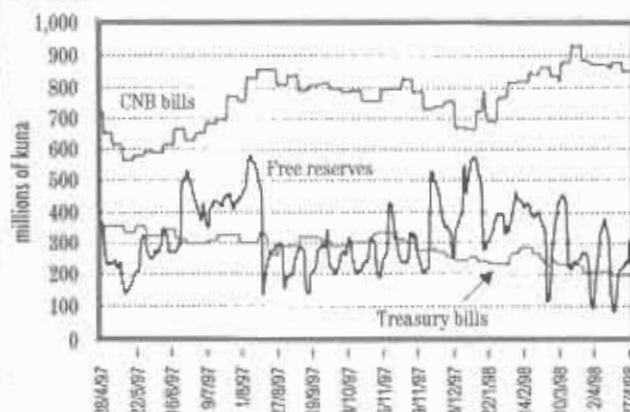
CNB's FOREIGN EXCHANGE RESERVES



MONEY MULTIPLIERS

 $m1 = M1/M0$ and $m4 = M4/M0$


CNB BILLS, TREASURY BILLS OF THE MINISTRY OF FINANCE AND DMB'S FREE RESERVES AT THE CNB



The high level of credit granted by the Croatian National Bank to commercial banks (600 million kuna¹) was caused in the first place by the 500 million kuna liquidity loan granted to the Dubrovačka Banka, for ensure timely execution of its kuna and foreign exchange liabilities.

Daily Lombard credit used averaged 45 million kuna, roughly twice as much as in the previous month. Adding the repurchase of treasury bills of 76 million kuna, which comes due on 5 May, we can say that banks' have had significant use of secondary sources of liquidity throughout the month of April.

Cash was at the high level of 5.3 million kuna around the end of April due to pre-holiday increase.

Banks' legal reserve requirements increased due to the introduction of the mandatory deposits on foreign currency deposits accepted, as well as on credit received from abroad and bank guarantees issued. Banks held 253 million kuna in all the above accounts, of which 2.5 million resulted from the use of credit and guarantees issued, and the rest resulted from foreign currency deposits. In spite of the additional liquidity burden caused by these measures, banks' giro accounts with the Croatian National Bank were at the satisfactorily high level of 563 million kuna per day on average during the month.

Auctions of the new instrument, foreign exchange National Bank bills, were held twice in April, and were well-received by deposit money banks.

The total amount of National Bank foreign exchange bills held by banks amounted to 35 million German marks and 9 million US dollars at the end of April. As a reminder we should note that the intention behind the introduction of this new instrument was to create another channel for "sterilization" of foreign currency inflow, i.e. to redirect these funds away from domestic credits. Preliminary data for April give reason to hope that these new instruments have been successful.

¹ All data refer to April 28, 1998.

EXCHANGE RATE

The trend of depreciation of the kuna, which began this February, continued throughout April. In April, the kuna depreciated relative to the German mark by 0.95%, in March by 0.60%, i.e. in total by 1.8% from the beginning of the year. The mean exchange rate of the Croatian National Bank reached 3.5757 kuna for one German mark in April. The kuna appreciated on only two occasions during the month of April; immediately before the holidays and once in the second half of April. In all other days of the month, the kuna depreciated relative to the German Mark.

Such exchange rate developments can still be considered seasonal, due to the fact that the demand for foreign currency on the foreign exchange market exceeded supply. The coming tourist season should most certainly increase the supply of foreign currency on the market, which is expected to cause an appreciation of the kuna.

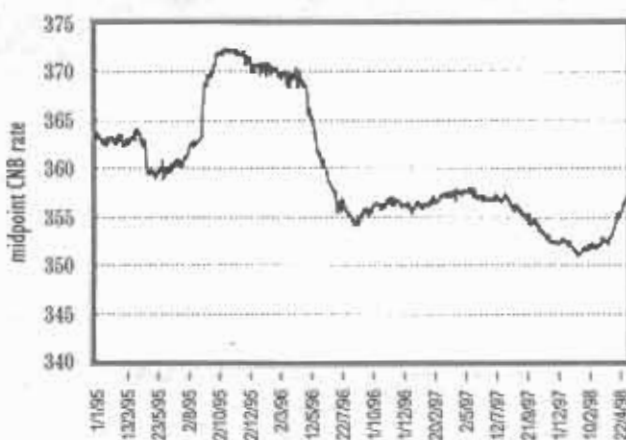
The seasonal characteristics of the exchange rate of the German mark were much stronger this year than in 1997. Last year the kuna also depreciated in March and April, but it appreciated on a number of occasions throughout that period, and the total depreciation recorded in the period was less than half a percent.

Nominal depreciation also resulted in a depreciation of the real effective exchange rate. The real effective exchange rate deflated by producers' prices depreciated by 3.72% during the first quarter. This was caused by the depreciation of the nominal exchange rate, as well as by the decrease in producers' prices in March. This depreciation of the real effective exchange rate most certainly increased the potential competitiveness of Croatian exports. The real effective exchange rate of the kuna deflated by retail prices appreciated by 1.58% in the first quarter as a whole, while it depreciated by 0.38% in March.

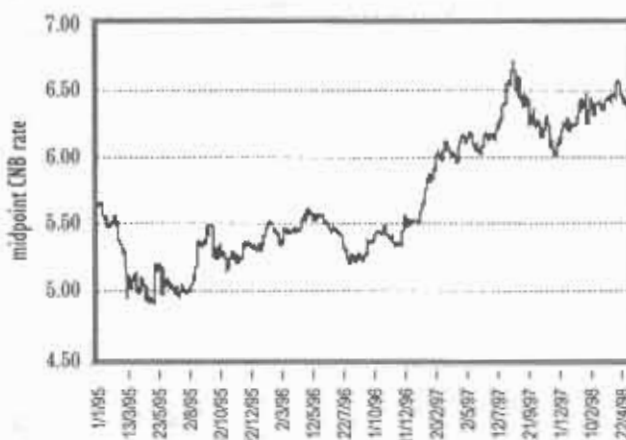
INDICES OF DAILY NOMINAL EXCHANGE RATES OF KUNA VS. DEM AND USD, (January 1, 1995 = 100)



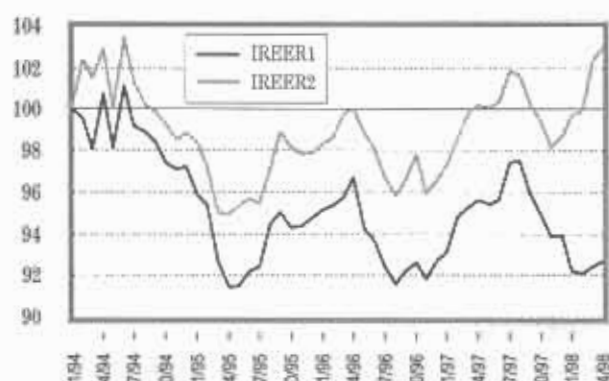
DAILY NOMINAL EXCHANGE RATE - KUNA VS. 100 DEM



DAILY NOMINAL EXCHANGE RATE - KUNA VS. USD

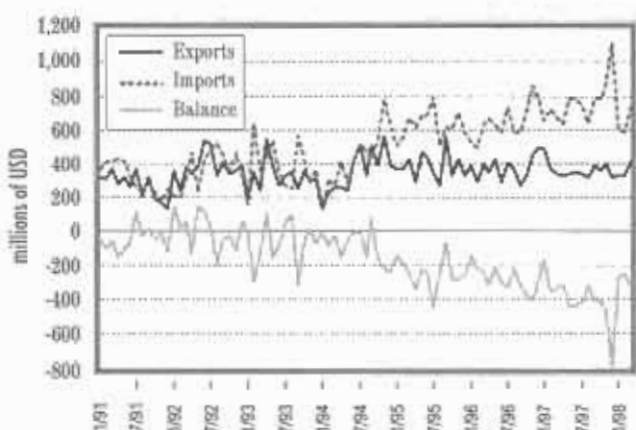


INDEX* OF REAL EFFECTIVE EXCHANGE RATE OF CROATIAN KUNA
(IREER1 - with retail prices, IREER2 - with producers' prices), January 1994=100



* fall of index denotes real appreciation

MERCHANDISE EXPORTS (f.o.b.), IMPORTS (c.i.f.) AND TRADE BALANCE



BALANCE OF PAYMENTS in millions of USD (preliminary data)

	Jan-Dec. 1997	Jan-Dec. 1996	indices Jan.-Dec. 97/Jan.-Dec.96
Current account	-2,282.9	-880.8	256.4
Capital and financial account	2,807.8	1,464.2	144.4
CNB international reserves	-225.0	-418.8	53.7
Net errors and omissions	-299.8	-583.4	-

Source: CNB

MERCHANDISE EXPORTS AND IMPORTS (in millions of USD)

	Jan.-Mar. 1998	Jan.-Mar. 1997	Mar. 1998	Mar. 1997
Exports f.o.b.	1,080.4	1,195.7	415.7	338.9
Imports c.i.f.	1,930.5	2,040.7	743.1	668.9
Balance	-850.1	-845.0	-327.4	-330.0

Source: Bureau of Statistics

BALANCE OF PAYMENTS

In 1997, the deficit on the current account of the balance of payments increased to USD 2.3 billion. The share of the current account deficit in the Gross National Product increased from 4.5% to 11.8% in 1997. The increase in the merchandise trade deficit to USD 5,072.5 million, due to the growth in commodity imports, had the most significant negative effect on the current account. In addition, transfers to the central government also recorded a significant decrease with the improved military situation in the country. At the same time, net revenues on trade in services increased to USD 2,022.1 million (an annual increase of 14.6%), caused by the increase in tourist revenues.

The means of deficit financing also changed in 1997. Whereas in 1996, the current account deficit was mainly financed by the net decrease in foreign assets of all other sectors, in 1997 there was a significant increase in foreign indebtedness (USD 2.25 billion). The reason for this increase in foreign indebtedness was the investment grade credit rating received by Croatia, which significantly decreased the price of foreign debt for our country.

International reserves of the Croatian National Bank increased in 1997 by USD 225 million, a 46.3% smaller increase than in the year before. This decrease was partly caused by the increase in the exchange rate of the dollar relative to other currencies. At the end of 1997, the international reserves of the Croatian National Bank were enough to cover 2.8 months worth of imports of goods and services. The item net errors and omissions amounted to only USD 299.8 million in 1997, which supports the decision to change the methodology of compilation of the balance of payments.

Merchandise trade recorded a higher (0.6%) deficit during the first quarter of 1998 than in the same period last year. In March of this year,

exports were 22.7% higher than in March 1997. Imports also increased by 11.1 percent.

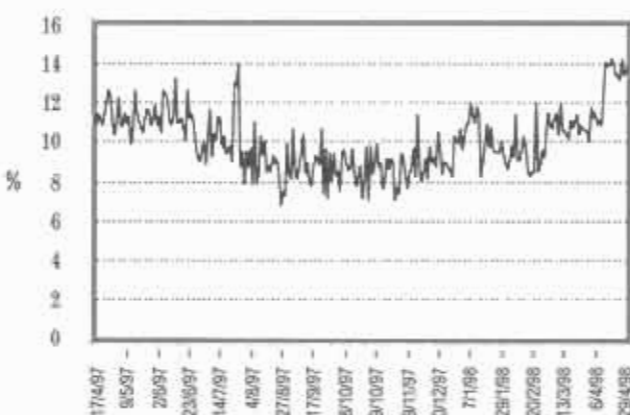
MONEY MARKET AND INTEREST RATES

The significant growth in average daily interest rates on the Zagreb Money Market reflects liquidity problems in April. The daily averages oscillated between 10.8 and 14.3% during the month, with the mean value of daily averages for the month slightly nearer the upper bound. The deterioration of the liquidity situation in the first half of the month was expected, due to Easter holidays. However the imbalance of supply and demand for money in the second half of the month was significantly on the side of the demand, which most certainly was the main cause of the continued increase in average daily interest rates. The deterioration in liquidity also changed the structure of transactions in the money market. Call money prevailed, with the price exceeding 13% near the end of the month (only a month ago the interest rate on call money was 10%). Time loans were rare both in number and by turnover. Nevertheless, regardless of the very small volume, interest rates on time loans also grew by 2 to 3 percentage points compared to March 1998. Due to the deterioration of liquidity of the banking system in April, banks continuously used Lombard credits. Near the end of the month, the Croatian National Bank intervened with a Repo auction of National Bank bills, for the purpose of a short-term improvement of the liquidity situation. However, not even the Repo auction could improve the (im)balance between the supply and demand for money. Consequently, the average daily interest rate remained at the very high level of 13.5%.

The novelty on the short-term securities market is the introduction of National Bank foreign currency bills, which can be purchased in German marks or US dollars for pe-

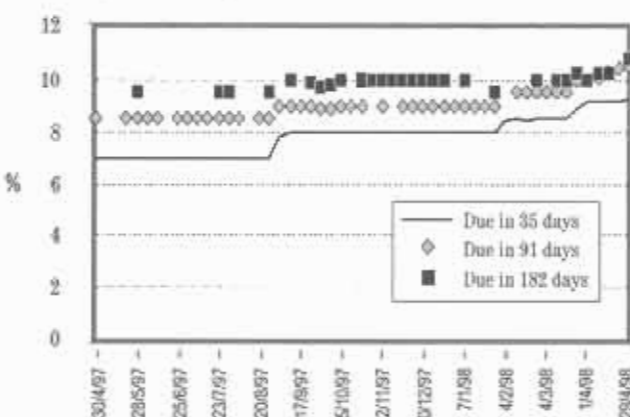
ANNUAL INTEREST RATE ON THE ZAGREB MONEY MARKET

Daily data



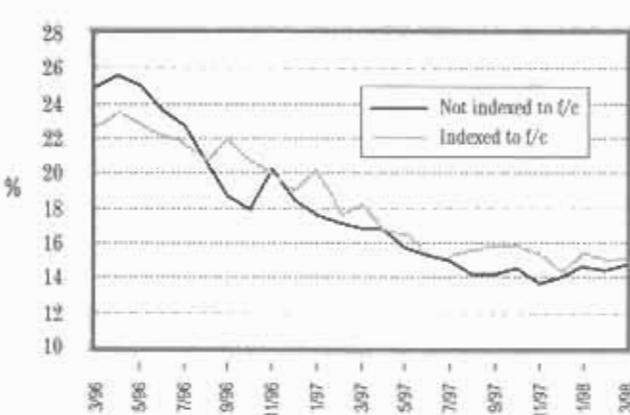
INTEREST RATES ON CNB BILLS

Annual level, on auction days



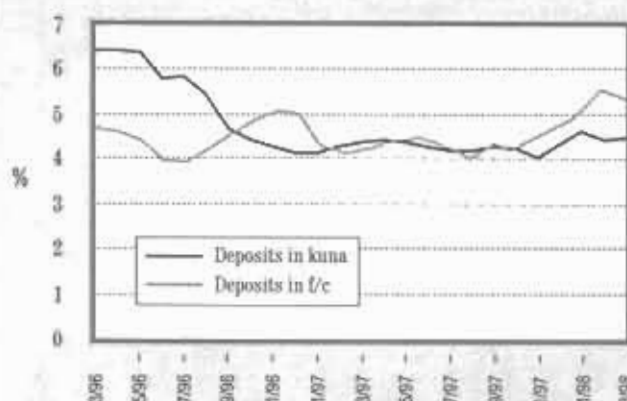
DMBs' AVERAGE INTEREST RATES ON CREDITS IN KUNA

Annual level

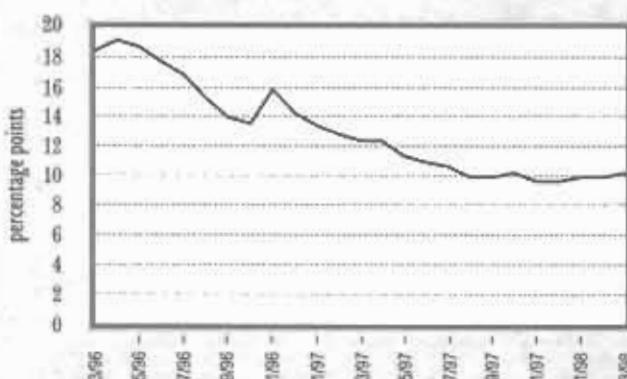


DMBs' AVERAGE INTEREST RATES ON DEPOSITS

Annual level

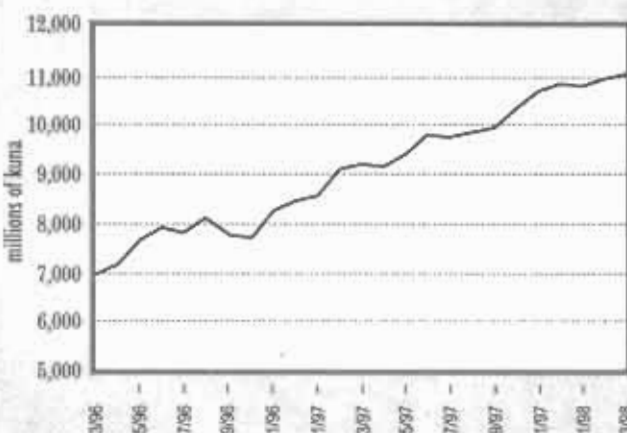


DIFFERENCE BETWEEN INTEREST RATES ON CREDITS IN KUNA AND INTEREST RATES ON DEPOSITS IN KUNA



Note: spread is calculated as a difference between interest rates on non-indexed credits in kuna and interest rates on non-indexed deposits in kuna.

ARREARS REPORTED TO PAYMENTS INSTITUTE



riods of 63, 91, 182 and 364 days. The first two auctions of foreign currency treasury bills were held in April. Foreign currency treasury bills in DEM and USD yielded 3.43% and 5.47% respectively for 63 days, 3.45 and 5.50% for 91 days and 3.55 and 5.53% for 182 days. Interest rates on the kuna bills of the Croatian National Bank, as well as on Treasury Bills of the Ministry of Finance, both increased. CNB bills yielding 9.20% for 35 days, 10.34% for 91 days and 10.40% for 182 days, continue to be very profitable investments for commercial banks, since they serve as good coverage in case of liquidity problems. Treasury Bills of the Ministry of Finance brought 9.20% interest for 42 days, and 10.50% for 91 days in April.

Commercial banks' lending rates moved in very diverse directions throughout the month of March. The average interest rate on kuna loans without the currency clause, increased by 0.3 percentage points, reaching 14.81% (short-term loans 14.84%, long-term loans 14.04%). The average interest rate on kuna loans with the currency clause decreased slightly, reaching 15.16% (short-term loans 16.90%, long-term loans 12.87%). The average interest rate on foreign exchange credit decreased by 0.9 percentage points, currently holding at 14.62%.

March brought a slight increase in average interest rates on kuna deposits (now at 4.51%), as well as a mild decrease in the average interest rate on foreign currency deposits. The average interest rate on foreign currency deposits decreased by 0.1 percentage points, reaching 5.45%.

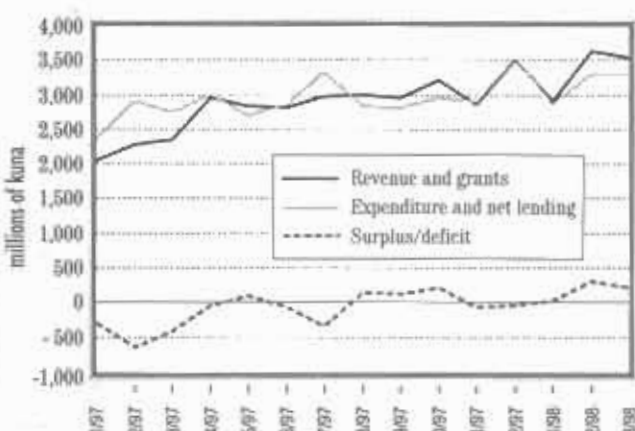
The consequence of the increase in interest rates on kuna loans without the currency clause and of the stagnation of interest rates on kuna deposits is an expansion of the interest rate spread. The interest rate "spread" grew by almost 0.3 percentage points in March compared to February, and is now at 10.30 percentage points.

STATE BUDGET

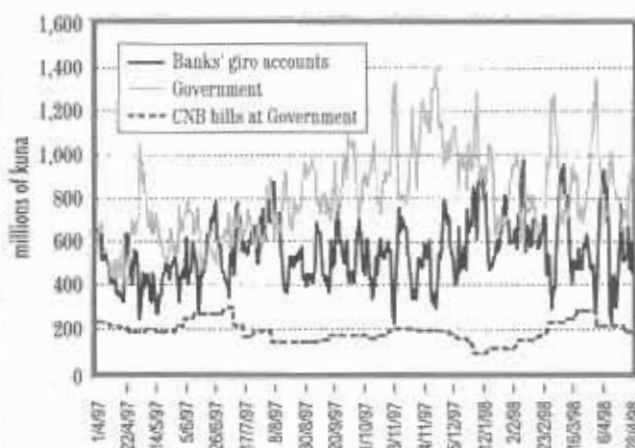
For the third consecutive month since the beginning of 1998, the central government recorded a surplus. With the 227 million kuna surplus recorded in March, the total surplus of revenues over expenditures in the first quarter of the year amounts to 600 million kuna. During the same period last year, the central government recorded a 1,200 million kuna deficit. This year's developments in the central government budget reflect higher and more effective collection of revenues compared to the first quarter last year (by 50.9%), along with a slower growth in expenditures (18.4%). The dynamics of revenue collection was extraordinary: the total amount of revenues and aids collected in the first quarter of the year amounts to 27.2% of total planned annual revenues and aids, while expenditures hardly reached one quarter of planned expenditures. Among various forms of expenditures, government expenditures for purchase of goods and services were the most significant in the first quarter of the year, while salaries and employers' contributions underachieved compared to the three-month average.

During the first three months of the year, the central government decreased its net financial liabilities toward domestic sectors by 1.1 billion kuna, by paying back 1.2 billion kuna to deposit money banks and the central bank. At the same time the central government increased its debt to other domestic creditors by 0.1 billion kuna. Net foreign indebtedness increased in that period by 0.5 billion kuna. 0.1 billion kuna was paid back to foreign countries, while at the same time another 0.6 billion kuna was drawn from foreign development institutions and other foreign creditors. Roughly one fifth of that amount refers to the issue of the "Matador" government bond or "europeso", issued in the nominal value of 15 billion Spanish pesos. These bonds mature in the period 1999 to 2001. With a 6.5% interest rate, USD 6.3 million will be becoming due for payment every year.

OUTTURN OF CENTRAL GOVERNMENT BUDGET



CENTRAL GOVERNMENT DEPOSITS AT THE CNB AND BANKS' GIRO ACCOUNTS



FINANCING OF CENTRAL BUDGET DEFICIT

(in millions of kuna)

	Jan.-Mar. 1998	1998 Budget
TOTAL FINANCING	- 600	2,011
DOMESTIC FINANCING	- 1,119	- 2,350
from monetary authorities	- 541	- 58
from deposit money banks	- 680	- 1,921
Other domestic financing	102	- 371
FOREIGN FINANCING	519	4,361
From international develop. institut.	163	1,757
From foreign governments	- 110	- 503
Other foreign financing	466	3,106