



CROATIAN NATIONAL BANK

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# Information on economic trends

April 2016



## Summary

The monthly indicators of economic activity show that real GDP growth continued at the beginning of 2016, following its temporary decline at the end of 2015. The annual rate of change in consumer prices decreased from  $-0.8\%$  in January to  $-1.4\%$  in February, mostly as a result of developments in the prices of energy and food. The monetary policy in the first quarter of 2016 continued to be very expansionary, with record high levels of kuna liquidity surplus, while the placements of banks in January and February 2016 stagnated at the level from the end of the previous year. Monetary developments were also under the strong impact of the process of conversion and a partial write-off of household loans in Swiss francs. Data on government financing indicate that a strong fiscal adjustment was implemented in 2015, while favourable fiscal developments continued in the beginning of 2016.

The GDP nowcasting model shows that real GDP growth is expected during the first quarter of 2016, relative to the previous quarter, following the decline at the end of 2015 (Figure 1)<sup>1</sup>. The volume of industrial production increased in the first two months by  $0.5\%$  from the average of the fourth quarter of 2015, growing in January and declining in February (Figure 3). If analysed by activities according to the NCA, economic activity grew in manufacturing, electricity, gas, steam and air-conditioning supply, while it fell in mining and quarrying. Broken down by main industrial groupings, the production of intermediate goods and non-durable consumer goods increased, while other categories of industrial production recorded a decline. Real retail trade turnover also increased by  $0.5\%$  in January and February from the last quarter of 2015 (Figure 7). In January, relative to the previous three months, the total volume of construction works increased, with a rise in construction works on buildings and civil engineering works (Figures 5 and 6).

As shown by the results of the Consumer Confidence Survey, consumer optimism indices improved constantly from the beginning of 2015. A more favourable movement of the consumer confidence index in the first three months of 2016 was primarily the consequence of more favourable expectations of the financial situation in the household for the following period of one year, compared with the present situation (Figure 8). With regard to business optimism, the results of the Business Expectations Survey for the first quarter of 2016 point to a moderate increase in optimism in the construction activity and services, while it decreased slightly in industry and trade (Figure 8). Enterprises in trade and services also expect an increase in the number of employed persons. Business expectations in industry are adversely affected by the increasing number of enterprises that think they have insufficient orders, while in trade more and more estimate their inventories to be larger than optimal.

At the end of March, the CBS published the data on the number of persons in paid employment in legal entities and on wages for January 2016 according to the new methodology and revised the data for 2015 (Figures 16 and 18). The previous method of the collection of data through the RAD-1 monthly survey, which covered 70% of employed persons from each NCA section, was replaced by the collection of data from the Report on income, income tax and surtax as well as contributions for mandatory insurances (JOPPD form) with a full coverage of legal entities. The transfer to the JOPPD form resulted in lower values of gross and net wages and a higher level of employment than shown by the data from the RAD-1 monthly survey, but in a smaller number of employed persons, when compared with the CPIA data for 2015. Thus, according to the data from JOPPD forms (Figure 17) the average nominal net wage in 2015 stood

at HRK 5,594, or down by 2% from that shown by the data of the monthly survey (HRK 5,710), while the average nominal gross wage was down by more than 5% and in 2015 stood at HRK 7,610 (from HRK 8,054). The average gross wage in the private sector decreased by almost 9% (from HRK 7,913 to HRK 7,222), and in the public sector it increased by 3% (from HRK 8,378 to HRK 8,629). In addition, the average number of employed persons in 2015 was 3% lower than shown by CPIA data. On the other hand, relative to the data from the RAD-1 form, the average number of persons in paid employment in legal entities in 2015 was higher by 63 thousand or  $5.7\%$ , while total employment increased<sup>2</sup> by  $4.7\%$ . Of the total increase in the number of employed persons, a half refers to the growth in the number of persons employed in manufacturing, wholesale and retail trade and public administration. At the same time, due to the increase in the number of employed persons, there was a decrease in the unemployment rate (Figure 15), which in 2015, on average, had stood at  $17\%$  ( $17.7\%$ )<sup>3</sup>.

Consumer prices decreased by  $0.3\%$  in February from the previous month (Table 1), mostly because of the lower prices of refined petroleum products, the seasonal discount of clothing and footwear prices and the reduced prices of certain food products. The annual decrease in consumer prices accelerated from  $-0.8\%$  in January to  $-1.4\%$  in February, which was the result of the movement of all of the main components of the consumer price index, predominantly of food products and energy (Figure 20). The negative contribution of energy to annual inflation increased from  $-0.6$  percentage points in January to  $-0.8$  percentage points in February, mostly due to the fall in crude oil prices in the world market in January and also to the base effect. The annual decline in food prices accelerated in the conditions of the spillover of the previous reduction of the prices of food raw materials (Figure 22) and crude oil in the world market (Figure 21) to final food products and surpluses in the European market of agricultural products, which was mostly the result of the suspension of quotas for the production of milk and the inability to export certain food products from the EU to Russia. The contribution of unprocessed food (vegetables, fruit and meat) to annual

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

2 The data on the number of craftsmen, persons who are self-employed in a professional activity and individual farmers were taken over from the CPIA, so that they did not change.

3 Based on available data, it is difficult to explain current employment dynamics, which is thus not commented on in the text (Figure 14). According to new original data, the average number of employed persons in January and February 2016 decreased by  $1.6\%$  from the same period in the previous year because of the decline in the number of persons employed in private sector services, industry and construction. A slight decline was also recorded in the public sector. On the other hand, the CPIA data suggest that in January and February employment grew by  $1.7\%$  on an annual level. The new methodological approach does not seem to have had a noticeable effect on wage dynamics. According to new original data, gross wages were  $2\%$  higher in January than in the same month of 2015, primarily because of the rise in wages in the private sector, while net wages increased by  $1.7\%$ .

inflation decreased the most in February. In addition, the contribution of industrial non-food without energy to annual inflation decreased in February mostly driven by a more pronounced seasonal decline in the prices of clothing, when compared with the same period in the previous year, while the deceleration of the annual increase in prices was concentrated on a smaller number of products from this aggregate. The annual rate of change in core inflation dropped from  $-0.4\%$  in January to  $-0.7\%$  in February, largely as a result of the above mentioned movement of the prices of clothing and meat.

Foreign trade in goods at the turn of 2015 to 2016 was marked by volatile movements. After a temporary decline in the third quarter of 2015, exports and imports had rebounded by the end of the year. This recovery continued on the imports side in January 2016, while exports decreased. The decrease in the total exports of goods in January relative to the average of the previous quarter ( $7.0\%$ ) was due to a decline in the exports of oil and refined petroleum products, as well as a decline in the exports of ships (Figure 10). If ships and oil are excluded, the exports of the narrow aggregate continued to grow ( $1.8\%$ ), with the strengthening of the exports of capital goods (mostly electrical machinery, apparatus and appliances) and road vehicles being particularly pronounced. Total goods imports grew by  $2.3\%$  in January relative to the average of the last quarter of 2015, owing to the increase in the imports of ships previously exported for finishing purposes (Figure 11). At the same time, the imports of crude oil and refined petroleum products decreased. The increase in imports, excluding ships and oil, was even more marked ( $5.7\%$ ) and distributed over a large number of SITC divisions. The rise in imports of medical and pharmaceutical products, textile industry products and capital equipment was particularly noticeable (Figure 12).

Until the end of March, the exchange rate appreciated to EUR/HRK 7.52, or down by  $1.3\%$  from the end of February, when it stood at EUR/HRK 7.62 (Figure 23), partially because of reduced corporate demand, expected foreign currency inflows from borrowings and the start of the tourist season. In March, the kuna also appreciated against most other currencies of the main trading partners, which resulted in the appreciation of the index of the nominal effective exchange rate by  $1.8\%$  from the end of February (Figure 24), mostly because of the strengthening of the euro against the yuan renminbi, US dollar, yen and forint in the global foreign exchange market.

High banking sector liquidity in the euro area and the continued expansionary policy of the ECB in February and March 2016 resulted in a further fall in euro benchmark interest rates. The six-month EURIBOR fell to  $-0.13\%$  at the end of March, while the overnight interest rate EONIA declined to  $-0.35\%$  (Figure 26). The average costs of financing of the parent banks of the largest domestic banks moved at a similar dynamic, but at the end of March they were at a slightly higher level than at the end of January (Figure 28). After the growth in February, risk premiums for European emerging market economies also decreased during March and the risk premium for Croatia recorded the largest fall by about 20 b. p., but with the level of 271 b. p. at the end of March it still remained much higher than in peer countries.

The trend of maintaining high domestic banking system liquidity supported by the CNB's monetary measures continued in March 2016, which was reflected in low interest rates and a small trading volume in the money market. The weighted interest rate on overnight interbank loans stood at  $0.44\%$  in March 2016 (Figure 29). In the same month, four auctions of T-bills were held, at which three-month, half-year and one-year kuna T-bills were placed. One-year kuna T-bills were placed at a

historically low interest rate of  $0.99\%$  (Figure 30). In addition, the Ministry of Finance issued a new tranche of the ten-year kuna bond with a yield at issue of  $3.99\%$ , which is 0.4 percentage points lower than that of the tranche of the same bond issued in December 2015.

The several-year downward trend in the lending and deposit interest rates of banks continued in January and February 2016 (Figure 31). Such developments in interest rates are perceptible irrespective of the segment or the currency clause (Figures 32 and 33). The overall interest rate spread of balances rose slightly from the end of the previous year and stood at 4.81 percentage points in February 2016 (Figure 34).

Monetary developments in February 2016 were marked by a noticeable decrease in the net foreign assets (NFA) of the monetary system, which, combined with a slight increase in net domestic assets (NDA), led to a moderate fall in total liquid assets (M4). The fall in NFA was exclusively the result of the decrease in the foreign assets of credit institutions, while their foreign liabilities stagnated. On the other hand, the NFA of the CNB increased on the back of the growth in the government's foreign currency deposit at the central bank because of the inflow from EU funds. Despite the decrease in total liquid assets (M4) in February, primarily stemming from the decline in foreign currency deposits, a noticeable growth of this broadest monetary aggregate was maintained on an annual level (Figure 43), standing at  $4.4\%$  at the end of February (excluding the effects of changes in the exchange rate). The growth of deposit money of households and non-financial corporations mostly contributed to such movements.

The placements of credit institutions to domestic sectors (not including the government) at the end of February were at a level similar to that at the end of the previous year, while the fall in placements on an annual level (transaction-based) eased from  $-2.2\%$  to  $-1.6\%$  (Figure 37). During the first two months, placements to households decreased, while placements to corporations increased, rising sharply in February because of borrowing by a large company (Figure 38). With regard to nominal trends, placements to households were still largely under the large effect of the process of the conversion and a partial write-off of loans indexed to the Swiss franc. From the end of November 2015 until the end of February 2016, banks wrote-off a total of HRK 4.3bn of loans in Swiss francs, while the balance of total claims of credit institutions from households indexed to the Swiss franc dropped to HRK 5.5bn from HRK 21.7bn before the conversion. The annual rate of change in total transaction-based placements to households, which in addition to the movement in the exchange rate also excluded the effect of the write-off of loans, stood at  $-1.6\%$  (Figure 39).

Gross international reserves stood at EUR 13.1bn at the end of March, or down by  $4.1\%$  from the end of 2015 (Figure 49). At the end of the first quarter, net usable reserves reached the level of EUR 11.1bn, or were  $0.7\%$  down from the end of the previous year.

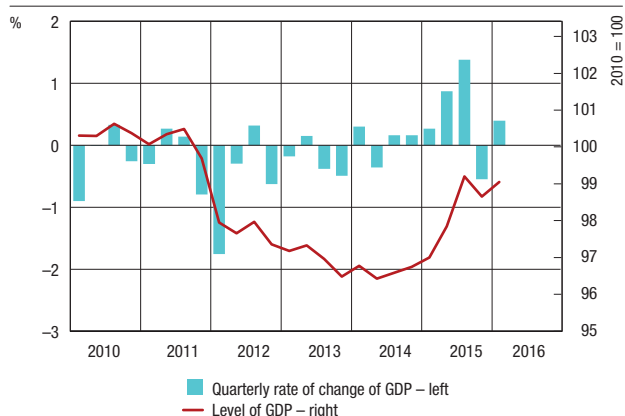
The net external debt of the domestic sectors shrank by EUR 0.1bn in January 2016 (Figure 53) as a result of the decrease in the liabilities of the domestic sectors to foreign creditors, with a slight decline in foreign assets. Gross external debt dropped to EUR 45.4bn at the end of January (Figure 55), and the decrease in total foreign liabilities was equally due to the deleveraging of the general government, mostly related to long-term debt securities, and by other domestic sectors, most of which was accounted for by the deleveraging of non-financial corporations with respect to non-affiliated creditors (Figure 54). Moreover, credit institutions also reduced their foreign liabilities and improved their net foreign position additionally by increasing their foreign assets.

The data on the general government debt indicate that a strong fiscal adjustment was implemented in 2015. The general government debt stood at 86.7% of GDP at the end of 2015, having increased only slightly from the year earlier. In addition to the decrease in the deficit, it was also due to the use of deposited government funds obtained by borrowing in 2014. The data on general government revenues, expenditures and deficit for the whole of 2015 according to the ESA 2010 methodology should be published by the end of April 2016.

The preliminary data on the state budget for January 2016, which are shown in accordance with the national accounting plan, point to the continuation of favourable fiscal trends at the beginning of the year (Table 3). Tax revenues rose, which was

mostly the result of improved performance in direct taxes and revenues from excise duties, while revenues from contributions also increased moderately. VAT revenues decreased on an annual level, although this appears to be associated with the shift of VAT payments to the beginning of February. With regard to the expenditure side of the budget, a noticeable decline was recorded, i.e. primarily in expenditures for material costs. However, such movements may partially be explained by the fact that the budget for 2016 had not yet been adopted, the Decision on the temporary financing of budgetary users in the first quarter of 2016 being in force instead, which probably accounted for the delay in consumption.

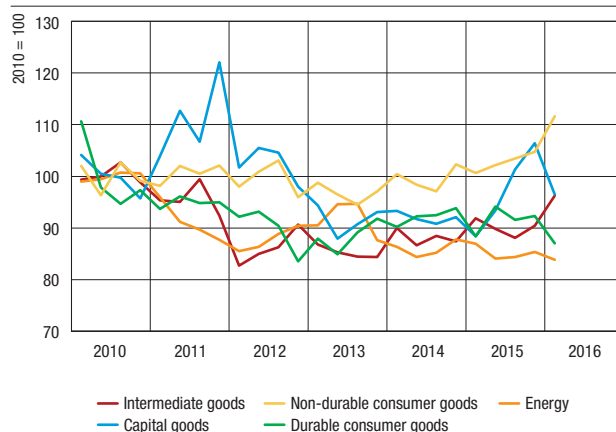
**Figure 1 Quarterly gross domestic product**  
seasonally and calendar adjusted real values



Note: Data for the first quarter of 2016 is the estimate derived using the CNB's Monthly indicator of real economic activity, on the basis of data published until 1 April 2016.

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

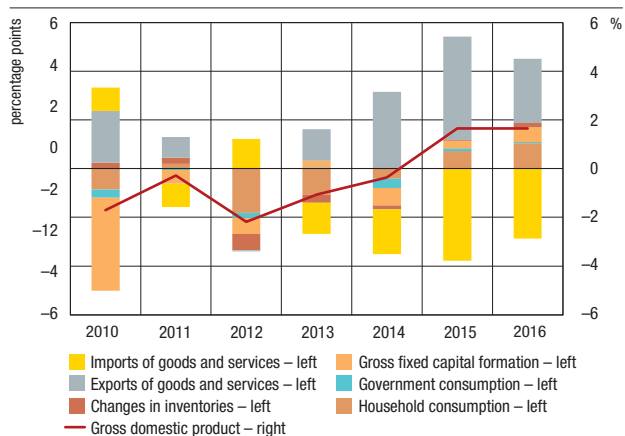
**Figure 4 Industrial production by main industrial groupings**  
seasonally adjusted indices



Note: Quarterly data are calculated as the average of monthly data. Data for the first quarter of 2016 refer to January and February.

Source: CBS data seasonally adjusted by the CNB.

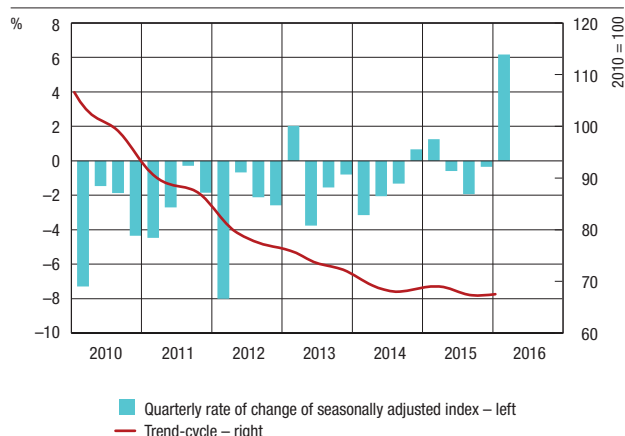
**Figure 2 GDP rate of change**  
contribution by components



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

Source: CBS.

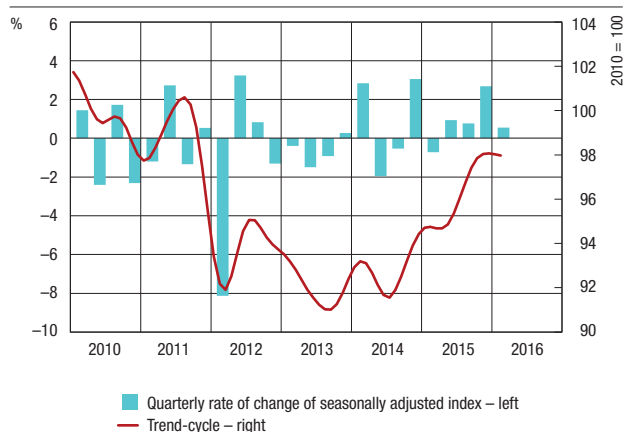
**Figure 5 Total volume of construction works**



Note: Data for the first quarter of 2016 refer to January.

Source: CBS data seasonally adjusted by the CNB.

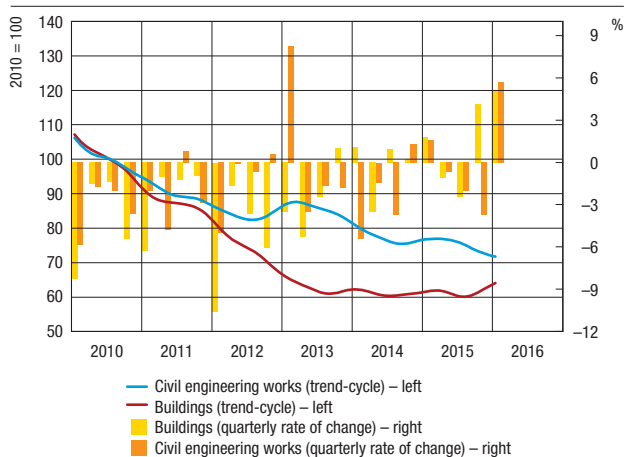
**Figure 3 Industrial production**



Note: Data for the first quarter of 2016 refer to January and February.

Source: CBS data seasonally adjusted by the CNB.

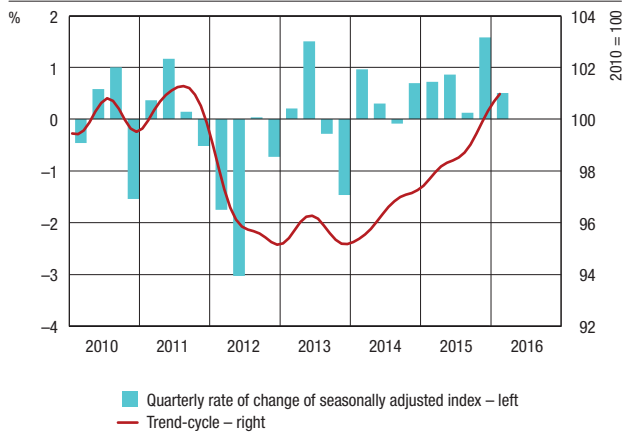
**Figure 6 Buildings and civil engineering works**



Note: Data for the first quarter of 2016 refer to January.

Source: CBS data seasonally adjusted by the CNB.

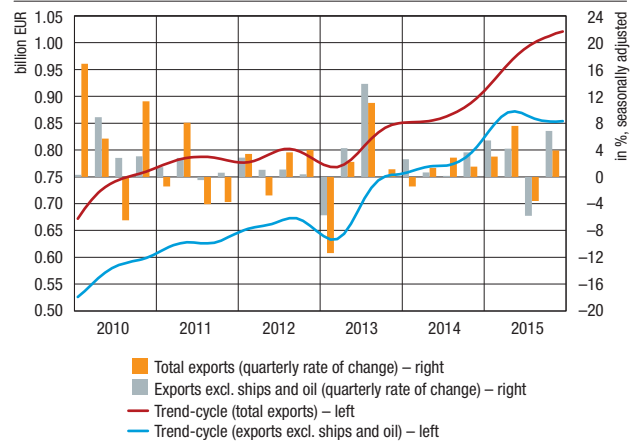
Figure 7 Real retail trade turnover



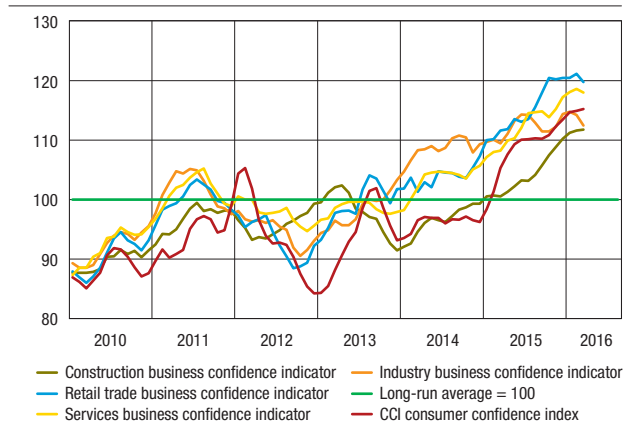
Note: Data for the first quarter of 2016 refer to January and February.

Source: CBS data seasonally adjusted by the CNB.

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



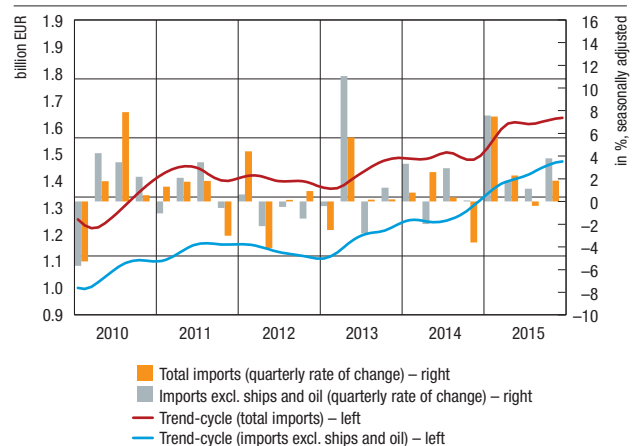
Source: CBS data seasonally adjusted by the CNB.

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

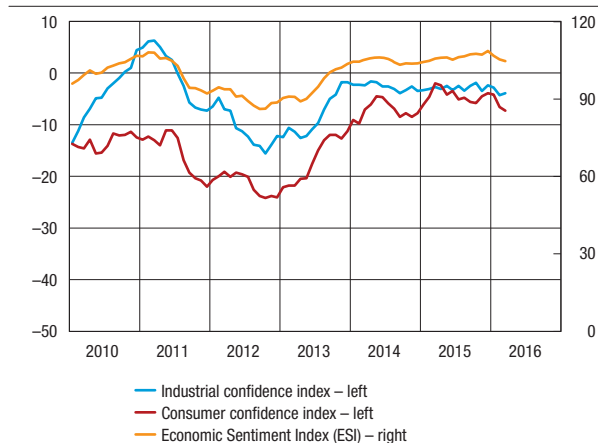
Note: New weights have been applied to the series of business confidence indicators; as of July 2014, the weights are based on total income instead of the number of employees. The Business Confidence Survey has been carried out since May 2008.

Sources: Ipsos, CNB and EC data seasonally adjusted.

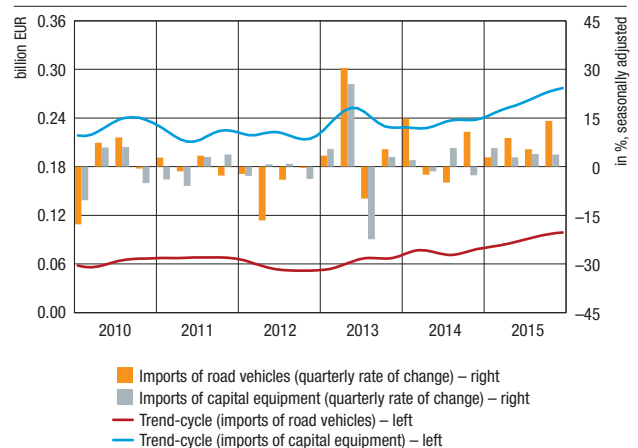
Figure 11 Goods imports (c.i.f.)



Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices  
seasonally adjusted indices

Source: Eurostat.

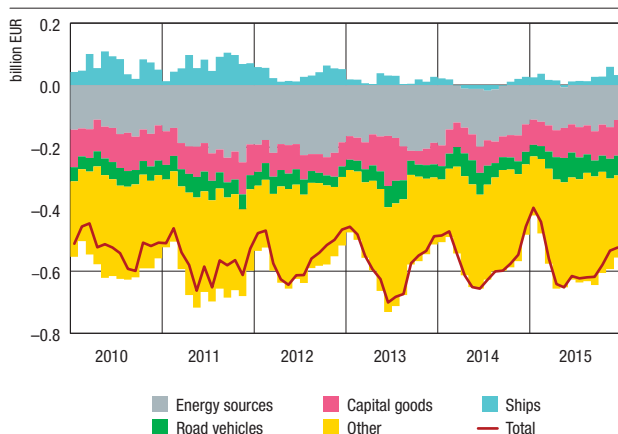
Figure 12 Imports of capital equipment<sup>a</sup> and road vehicles (c.i.f.)

<sup>a</sup> Imports of machinery (SITC divisions 71 – 77).

Source: CBS data seasonally adjusted by the CNB.

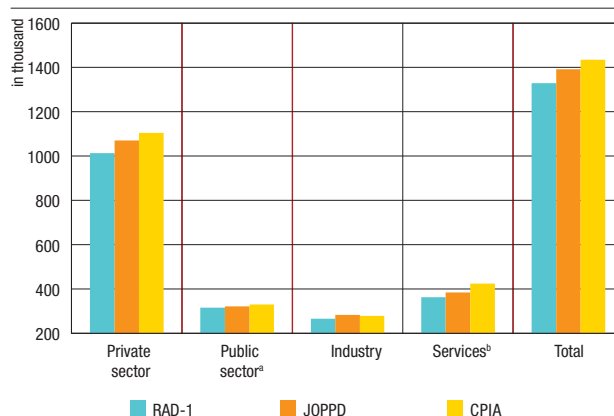


**Figure 13 Trade in goods balance**  
three-member moving averages of monthly data



Source: CBS.

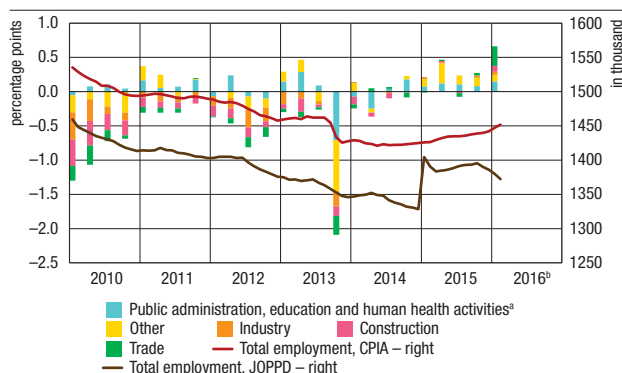
**Figure 16 Differences in employment indicators for 2015**



<sup>a</sup> Public administration and defence; compulsory social security, education, human health; <sup>b</sup> Wholesale and retail trade, transportation and storage, accommodation and food service activities.

Sources: CBS and CPIA.

**Figure 14 Total employment and contribution to employment growth by sector**  
seasonally adjusted series

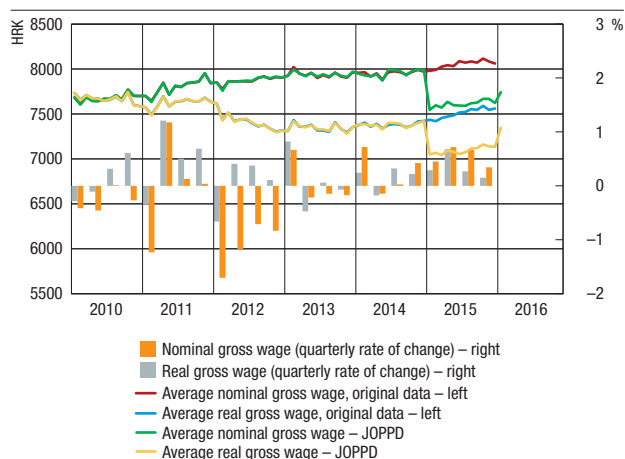


<sup>a</sup> Public administration and defence; compulsory social security, education, human health and social work activities.

Note: Around 20,000 insured persons were removed from the CPIA register due to administrative reasons in October 2013. Structural columns show contributions by sector in accordance with CPIA data. Data for the first quarter of 2016 refer to January and February.

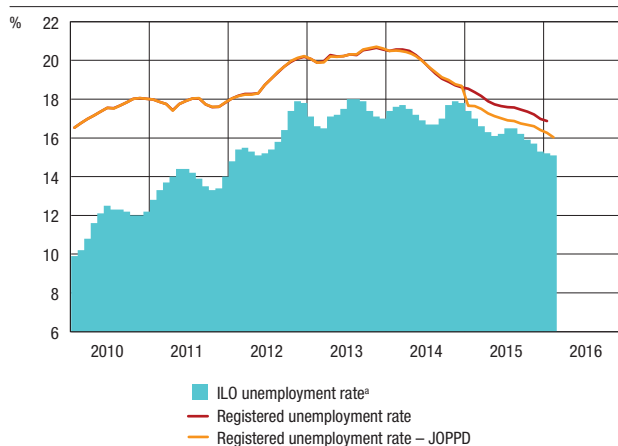
Source: CPIA and CBS data seasonally adjusted by the CNB.

**Figure 17 Average gross wages**



Source: CBS data seasonally adjusted by the CNB.

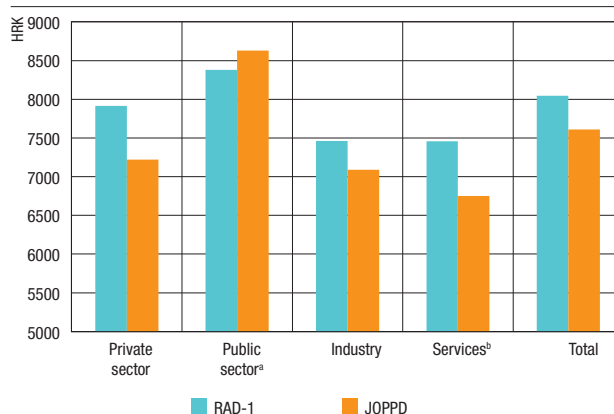
**Figure 15 Registered and ILO unemployment rates**  
seasonally adjusted data



<sup>a</sup> Monthly ILO unemployment rate is Eurostat's estimate.

Sources: CES and Eurostat data seasonally adjusted by the CNB.

**Figure 18 Nominal gross wage by sector in 2015, before and after the change in methodology**

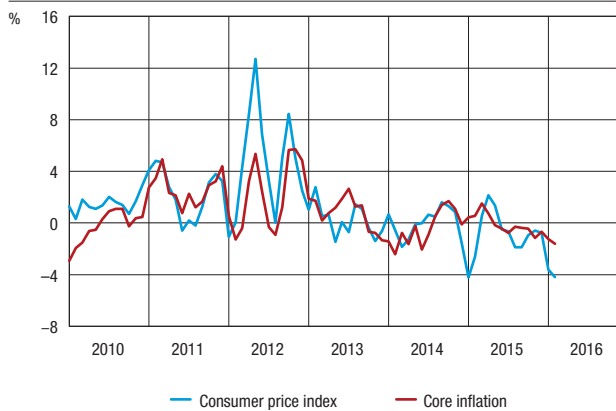


<sup>a</sup> Public administration and defence; compulsory social security, education, human health; <sup>b</sup> Wholesale and retail trade, transportation and storage, accommodation and food service activities.

Source: CBS.



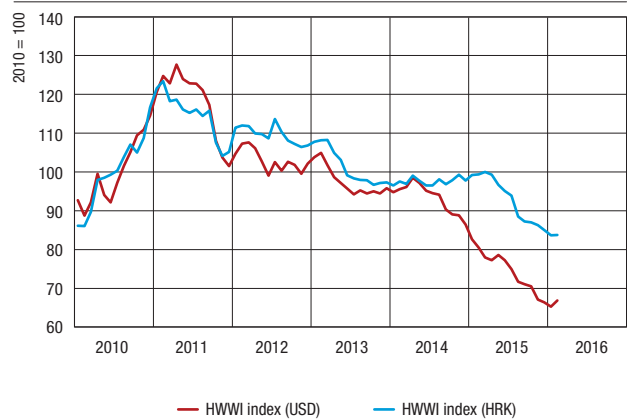
**Figure 19 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



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

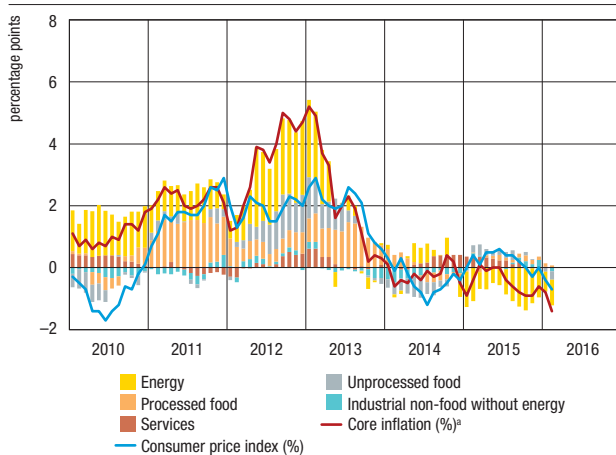
Sources: CBS and CNB calculations.

**Figure 22 HWWI index (excl. energy)**



Sources: HWWI and CNB calculations.

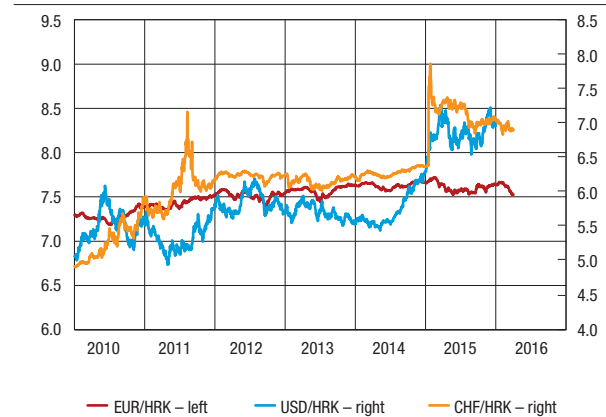
**Figure 20 Year-on-year inflation rates and components' contribution to consumer price inflation**



<sup>a</sup> Core inflation does not include agricultural product prices and administrative prices.

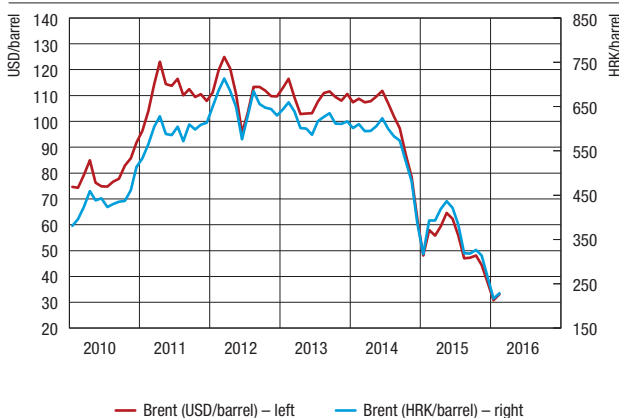
Sources: CBS and CNB calculations.

**Figure 23 Daily nominal exchange rate – HRK vs. EUR, USD and CHF**  
CNB midpoint exchange rate



Source: CNB.

**Figure 21 Crude oil prices (Brent)**



Sources: Bloomberg and CNB calculations.

**Table 1 Price indicators**

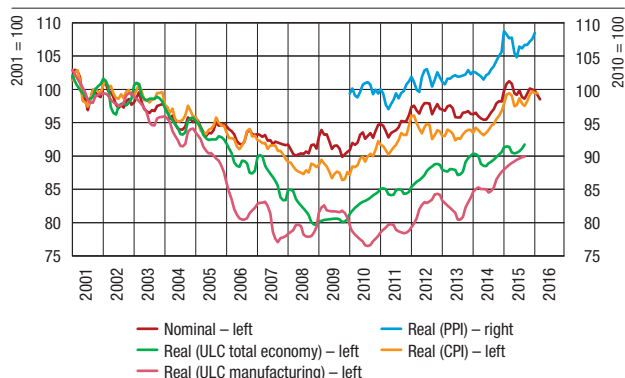
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	1/2016	2/2016	2/2015	2/2016
<b>Consumer price index and its components</b>				
Total index	-0.8	-1.4	0.2	-0.3
Energy	-3.8	-4.9	-0.1	-1.1
Unprocessed food	-1.4	-2.9	1.8	0.2
Processed food (incl. alcoholic drinks and tobacco)	0.5	0.3	0.0	-0.2
Industrial non-food without energy	0.0	-0.5	0.0	-0.4
Services	0.1	0.0	0.0	0.0
<b>Other price indicators</b>				
Core inflation	-0.4	-0.7	0.0	-0.3
Index of industrial producer prices on the domestic market	-2.8	-4.8	1.3	-0.8
Brent crude oil price (USD)	-35.9	-42.7	20.5	7.8
HWWI index (excl. energy) <sup>a</sup>	-21.0	-16.9	-2.7	2.5

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

Sources: CBS, Bloomberg, HWWI and Eurostat.

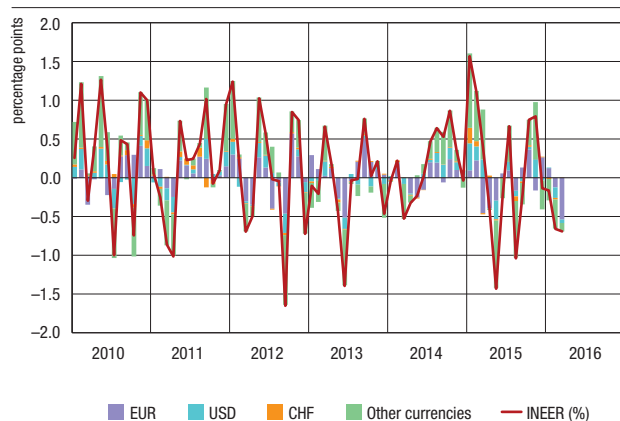
**Figure 24 Nominal and real effective exchange rates of the kuna**



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

Source: CNB.

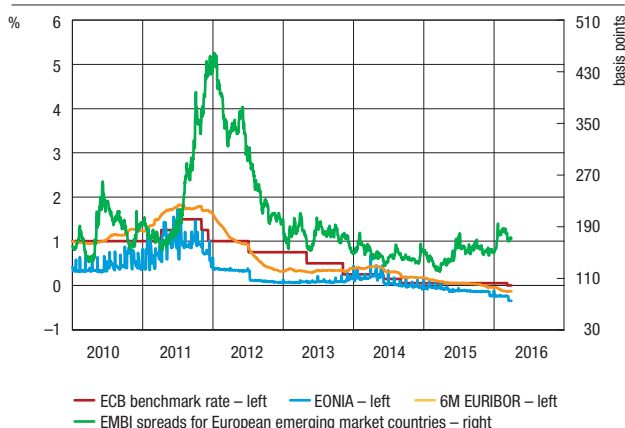
**Figure 25 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)**



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

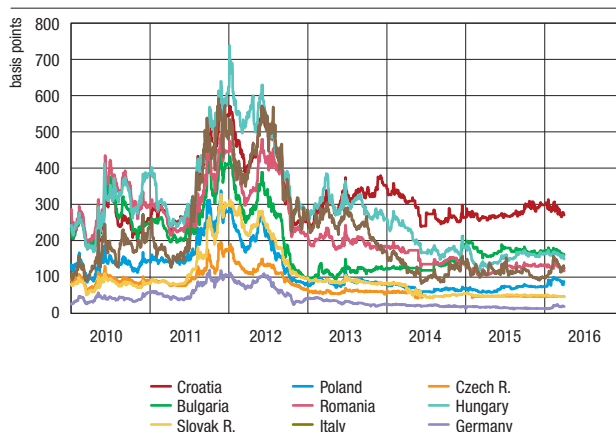
Source: CNB.

**Figure 26 Interest rates on the euro and the average yield spread on bonds of European emerging market countries**



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

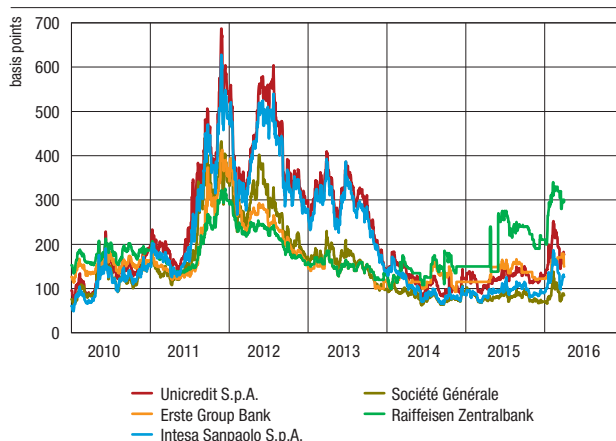
**Figure 27 CDS spreads for 5-year government bonds of selected countries**



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.

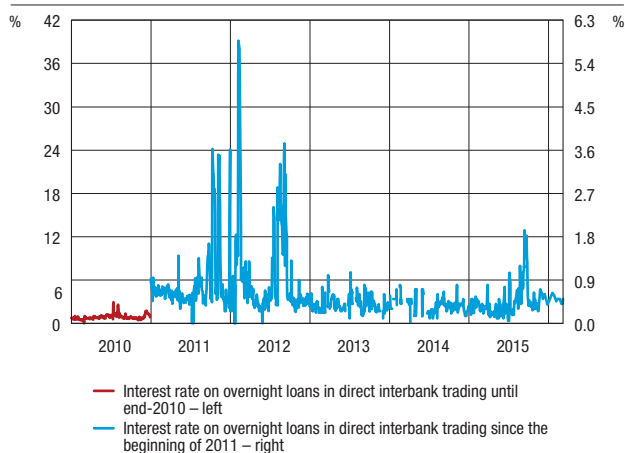
Source: Bloomberg.

**Figure 28 CDS spreads for selected parent banks of domestic banks**



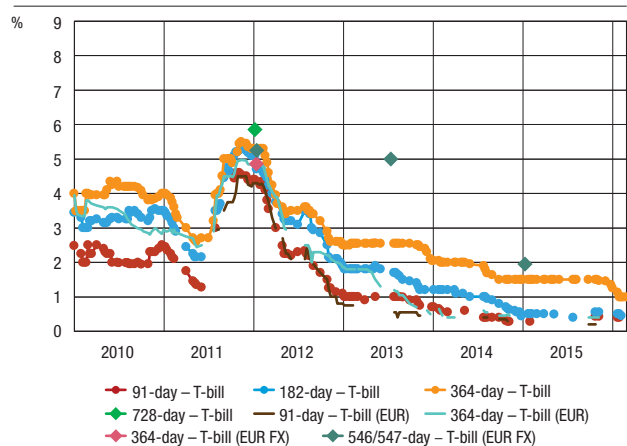
Source: Bloomberg.

**Figure 29 Average interest rate on the money market daily data, on annual basis**



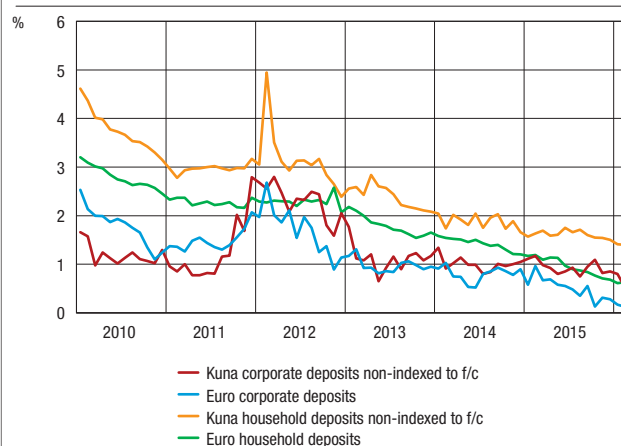
Source: CNB.

**Figure 30 Interest rates on kuna and euro T-bills on auction days**



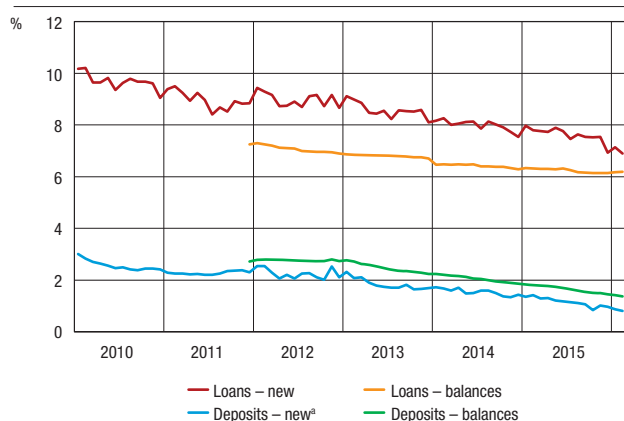
Source: CNB.

**Figure 33 Average interest rates on new time deposits maturing in three months on annual basis**



Source: CNB.

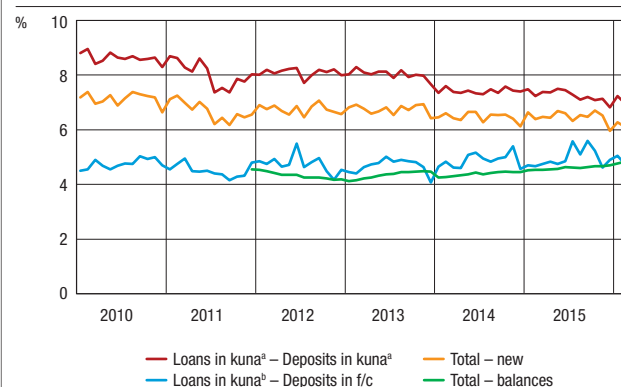
**Figure 31 Average interest rates on loans (excl. revolving loans) and deposits on annual basis**



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

Source: CNB.

**Figure 34 Spread between interest rates on loans (excl. revolving loans) and interest rates on deposits on annual basis**

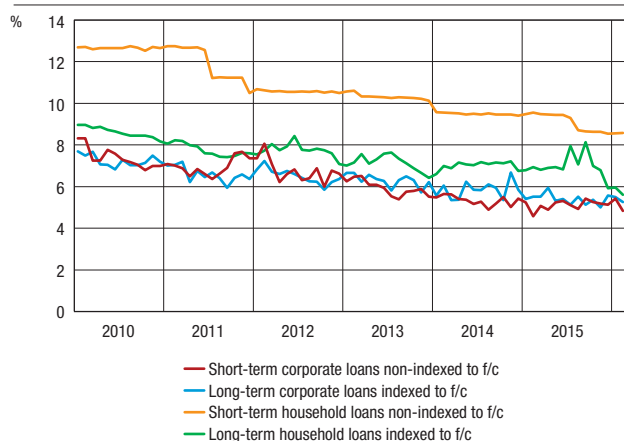


<sup>a</sup> Non-indexed to f/c. <sup>b</sup> Indexed to f/c.

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

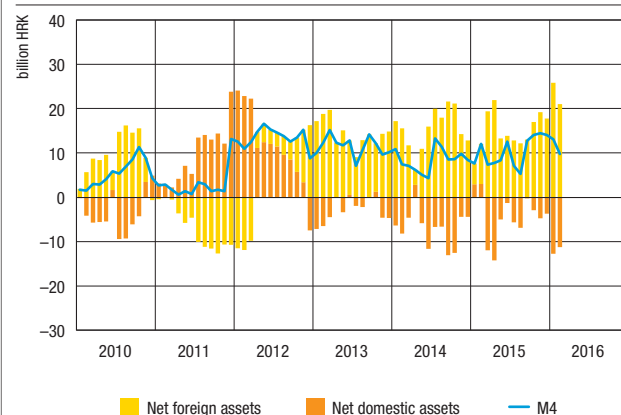
Source: CNB.

**Figure 32 Average interest rates on new kuna loans (excl. revolving loans) on annual basis**



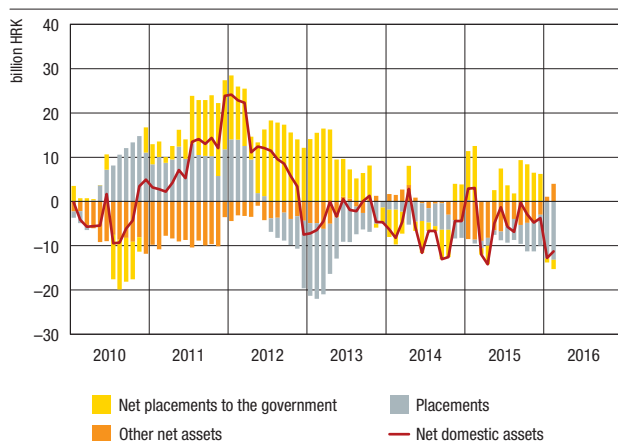
Source: CNB.

**Figure 35 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months**



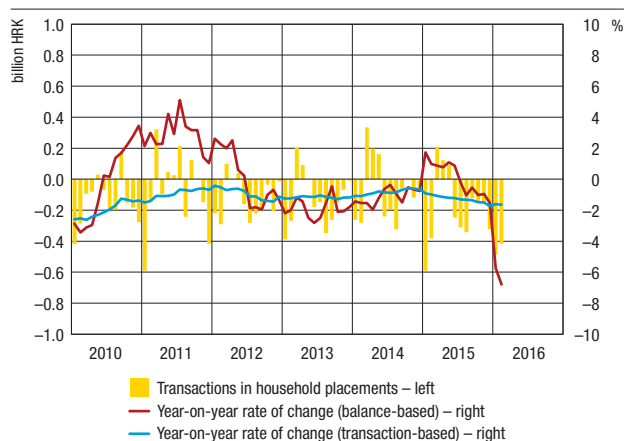
Source: CNB.

**Figure 36 Net domestic assets, structure**  
absolute change in the last 12 months



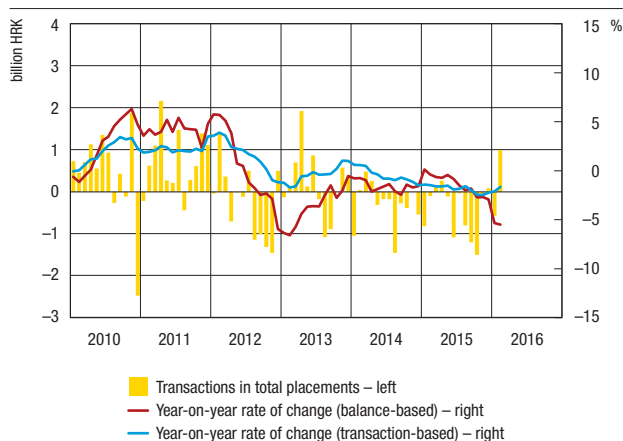
Source: CNB.

**Figure 39 Placements to households**



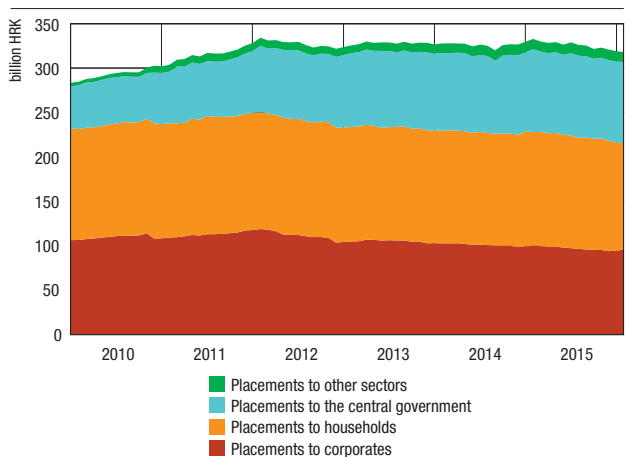
Source: CNB.

**Figure 37 Placements**



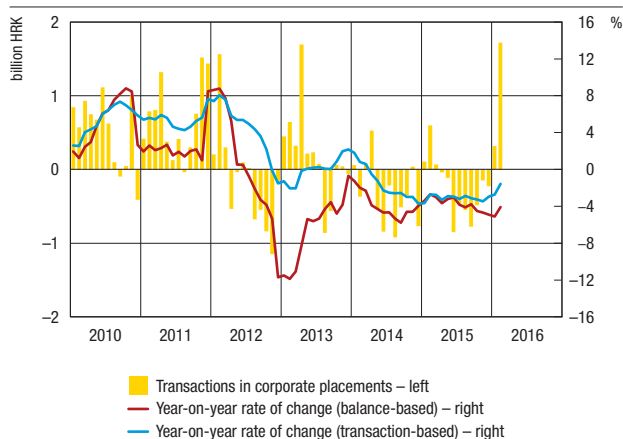
Source: CNB.

**Figure 40 Structure of credit institution placements**



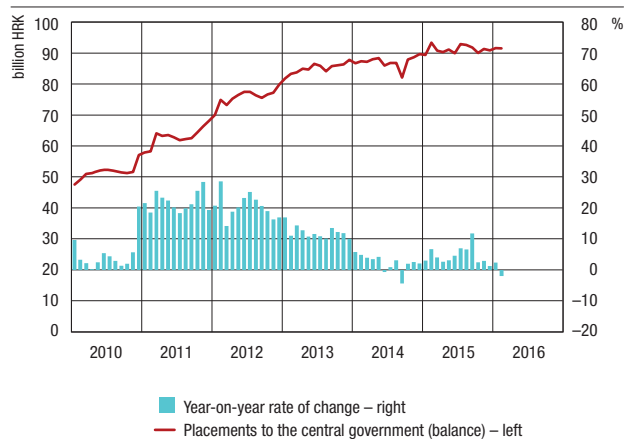
Source: CNB.

**Figure 38 Placements to corporates**



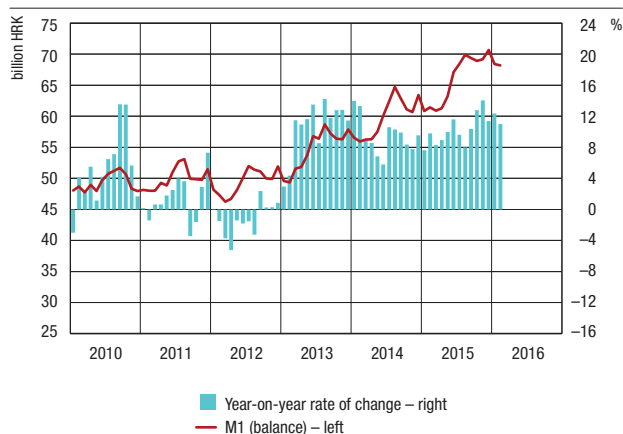
Source: CNB.

**Figure 41 Credit institution and MMF placements to the central government**



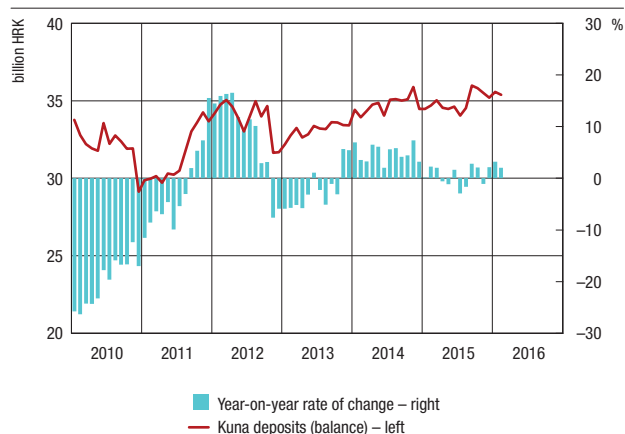
Source: CNB.

Figure 42 Money (M1)



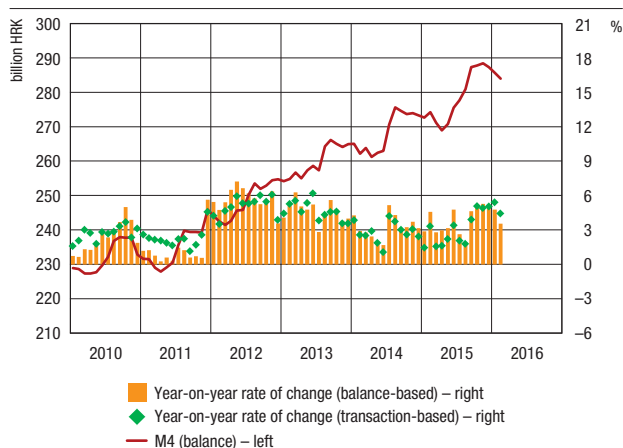
Source: CNB.

Figure 45 Kuna savings and time deposits



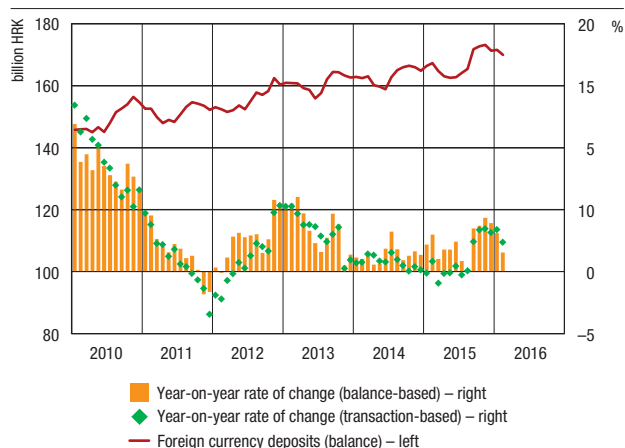
Source: CNB.

Figure 43 Total liquid assets (M4)



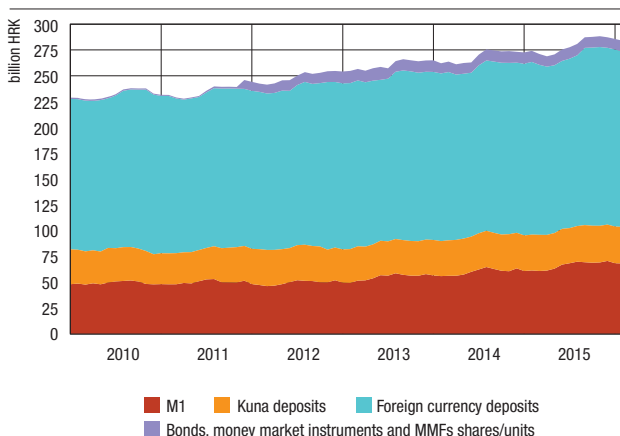
Source: CNB.

Figure 46 Foreign currency deposits



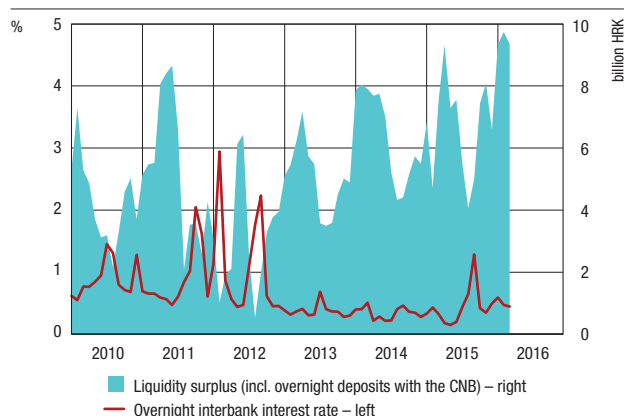
Source: CNB.

Figure 44 Structure of M4 monetary aggregate



Source: CNB.

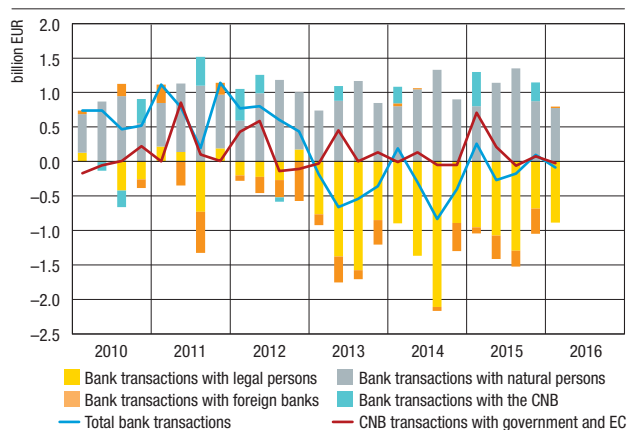
Figure 47 Bank liquidity and overnight interbank interest rate



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

Source: CNB.

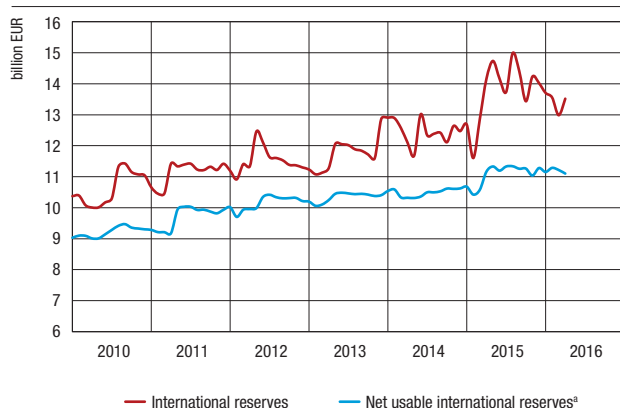
**Figure 48 Spot transactions in the foreign exchange market (net turnover)**



Note: Positive values denote net purchases and negative values denote net sales. Legal persons include the government.

Source: CNB.

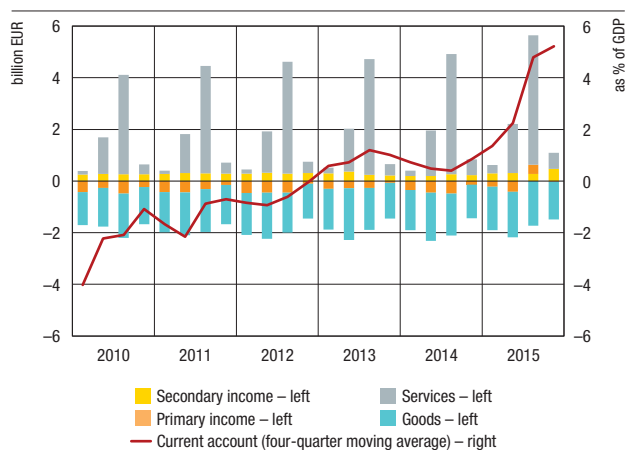
**Figure 49 International reserves of the CNB at current rate of exchange**



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

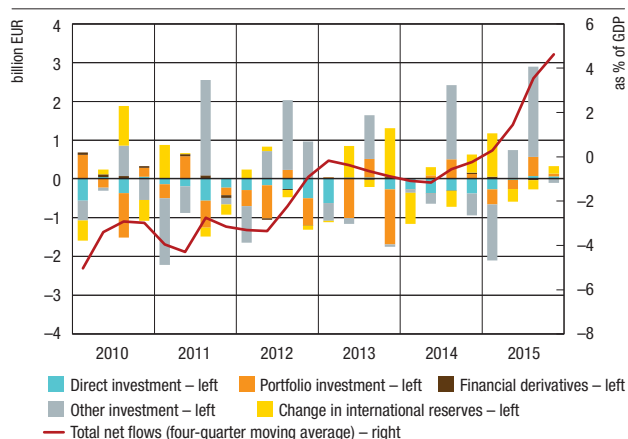
Source: CNB.

**Figure 50 Current account flows**



Source: CNB.

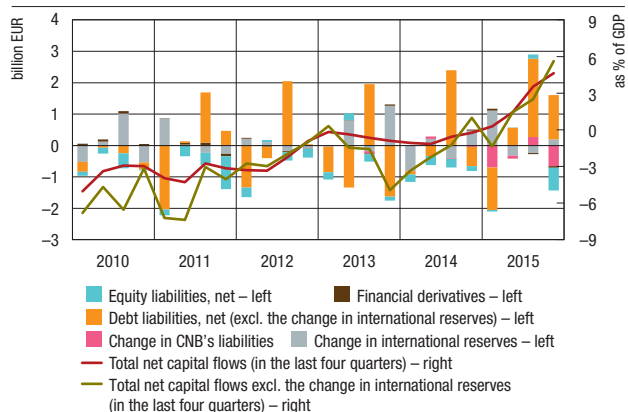
**Figure 51 Financial account flows**



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

Source: CNB.

**Figure 52 Financial account flows by types of investments**



Note: A positive value denotes net outflow of equity abroad (including on the basis of the growth in international reserves). Net liabilities represent the difference between the change in assets and the change in liabilities.

Source: CNB.

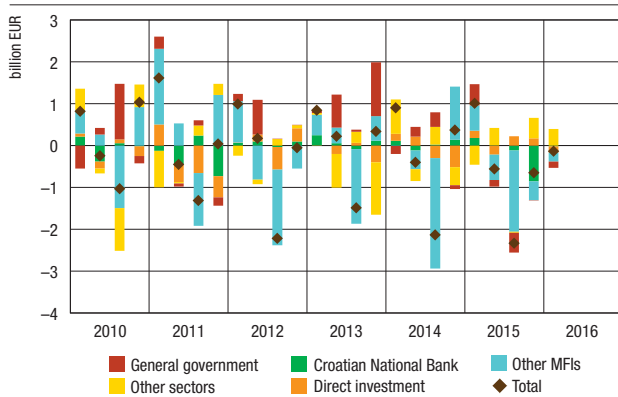
**Table 2 Balance of payments<sup>a</sup>**

preliminary data, in million EUR

	2014	2015	Indices	
			2014 / 2013	2015 / 2014
Current account	368.3	2.293.4	83.1	622.7
Capital account	85.4	174.5	142.4	204.3
Financial account (excl. reserves)	426.7	1.287.5	–	301.7
International reserves	–529.9	745.3	–	–
Net errors and omissions	–556.9	–435.1	62.6	78.1

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

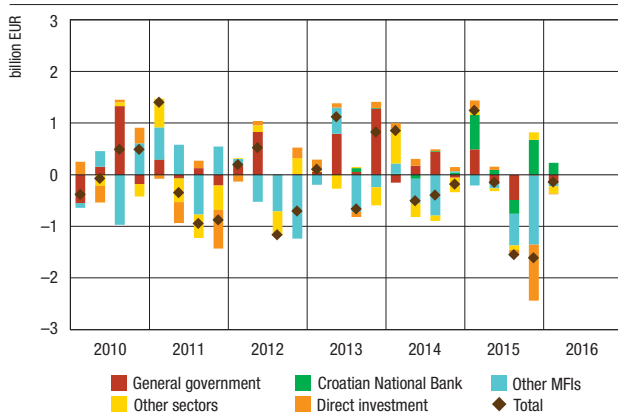
Source: CNB.

Figure 53 Net external debt (NED) transactions<sup>a</sup>

<sup>a</sup> Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as gross external debt stock net of foreign debt claims.

Note: Data for the first quarter of 2016 refer to January.

Source: CNB.

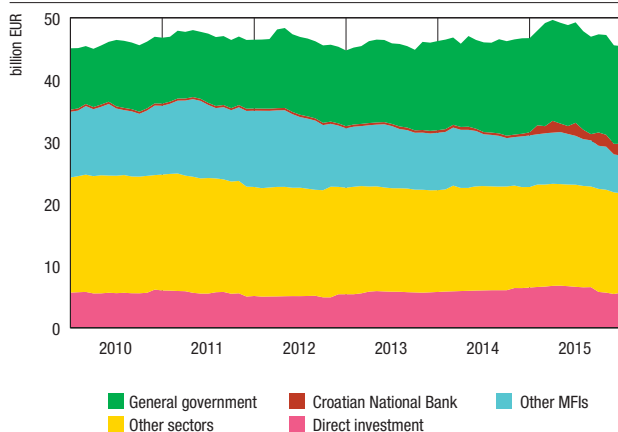
Figure 54 Gross external debt (GED) transactions<sup>a</sup>

<sup>a</sup> Transactions refer to the change in debt excl. cross-currency changes and other adjustments.

Note: Data for the first quarter of 2016 refer to January.

Source: CNB.

Figure 55 Gross external debt end of period



Source: CNB.

Table 3 Government budget deficit according to ESA 2010, in million HRK

	Jan. 2015	Jan. 2016
1 Revenue	7,580	7,940
2 Disposal of non-financial assets	26	22
3 Expense	9,933	8,982
4 Acquisition of non-financial assets	104	100
5 Net borrowing (1 + 2 – 3 – 4)	-2,430	-1,120

Sources: MoF and CNB calculations.

Table 4 General government debt in million HRK

	Jan. – Dec. 2014	Jan. – Dec. 2015
Change in total debt stock	13,326	5,485
Change in domestic debt stock	9,463	5,591
– Securities other than shares, short-term	1,397	-5,440
– Securities other than shares, long-term	10,793	10,454
– Loans	-2,710	646
Change in external debt stock	3,863	-106
– Securities other than shares, short-term	103	-580
– Securities other than shares, long-term	1,994	3,368
– Loans	1,767	-2,895
Memo item:		
Change in total guarantees issued	-347	-757

Source: CNB.



## Abbreviations and symbols

### Abbreviations

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

NCA	– National Classification of Activities
NCB	– national central bank
NCS	– National Clearing System
n.e.c.	– not elsewhere classified
OECD	– Organisation for Economic Co-Operation and Development
OG	– Official Gazette
R	– Republic
o/w	– of which
PPI	– producer price index
RTGS	– Real-Time Gross Settlement
Q	– quarterly
RR	– reserve requirement
SDR	– special drawing rights
SITC	– Standard International Trade Classification
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
Ø	– average
a, b, c,...	– indicates a note beneath the table and figure
*	– corrected data
( )	– incomplete or insufficiently verified data