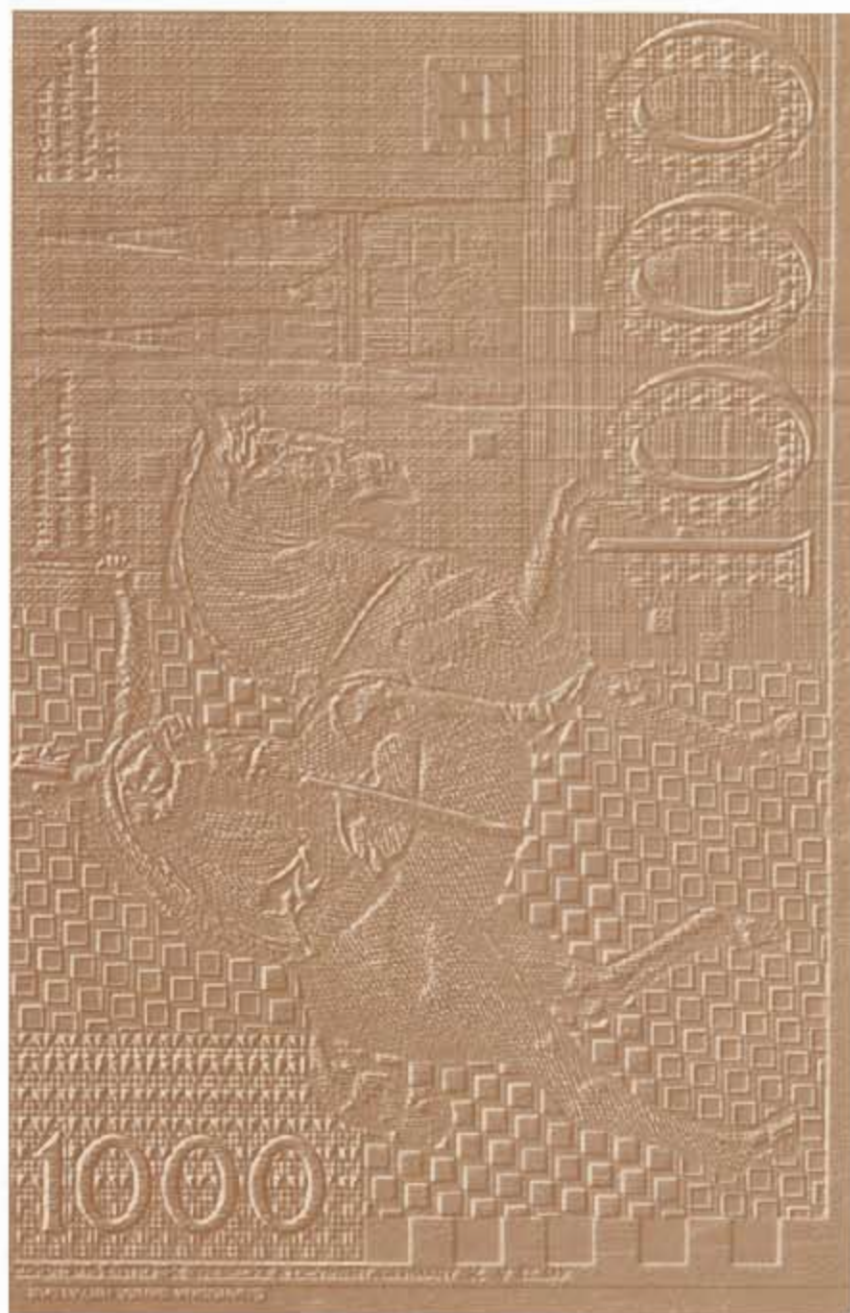


CROATIAN NATIONAL BANK



BULLETIN

YEAR III
No. 32

NOVEMBER 1998

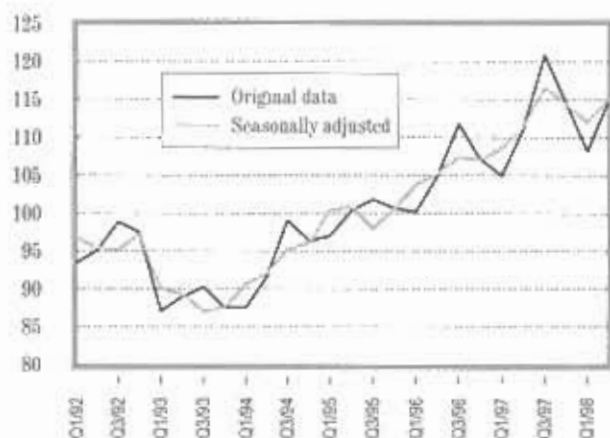
REAL SECTOR

Throughout 1998, industrial production has grown faster than the rest of the real sector. Its growth rate has also exceeded that of the whole economy. Quarterly year-on-year growth rates of industrial production amounted to 6.3 percent in first quarter, 5.2 percent in the second quarter and 8.8 percent in the third quarter. Positive developments in industrial activity have not had a major impact on the growth rate of the economy as a whole, since the share of the industrial production in gross domestic product is now less than 25 percent. At the end of September, annual growth of industrial production amounted to 6.7 percent. Processing industry and electric energy exceeded the aggregate growth rate, while production in the area of mining and extraction stagnated at last year's levels. The trend curve of total industry has grown for three consecutive years. The average trend level this year exceeds both the average trend level in the same period last year and the average trend level for all of 1997 (by 7.1 percent and 6.2 percent, respectively).

Developments in processing industry have been especially interesting. Processing industry accounts for 85 percent of total industrial production and almost all of the merchandise exports of the Republic of Croatia. In the first nine months of the year, processing industry exports increased 13.4 percent in kuna terms. This significant increase was primarily due to a large increase in exports of the publishing and printing industry (88.1%), production of machines and equipment (21.3%), and production of other transportation devices (299.3%). Exports of the foodstuffs industry and of the chemical industry remained at last year's levels. Therefore, the increased production of these two industries in 1998 has been sold on the domestic market.

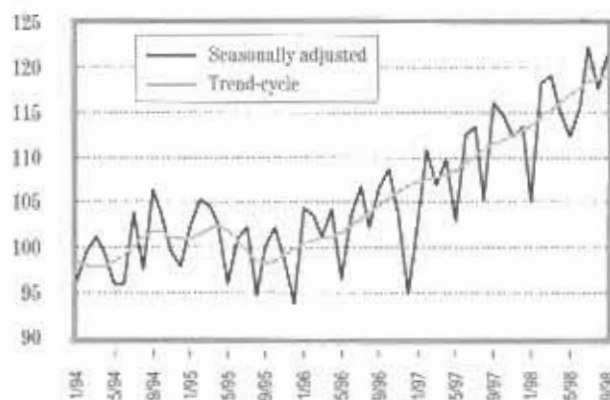
In the same period (the first nine months of the year), processing industry imports increased 5.8 percent in kuna terms. Sectors accounting for a substan-

REAL GROSS DOMESTIC PRODUCT, 1995 = 100



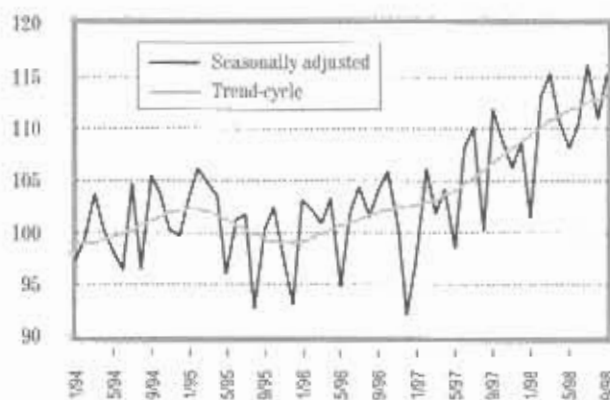
MANUFACTURING PRODUCTION INDEX

Seasonally adjusted and trend-cycle (1995 = 100)



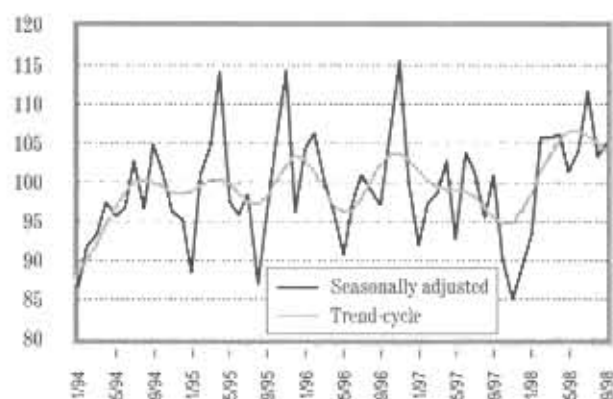
PROCESSING INDUSTRY

Seasonally adjusted and trend-cycle (1995 = 100)



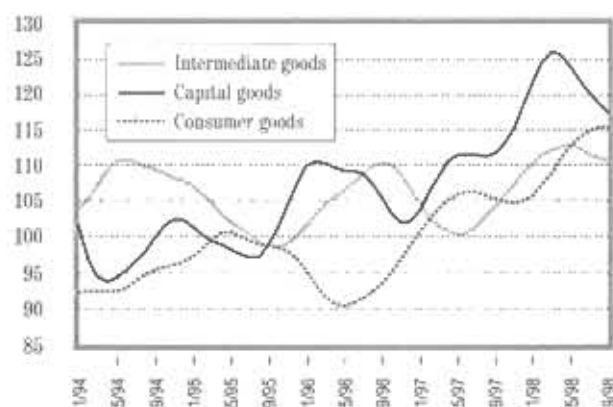
PRODUCTION OF FOOD AND BEVERAGES

Seasonally adjusted and trend-cycle (1995 = 100)



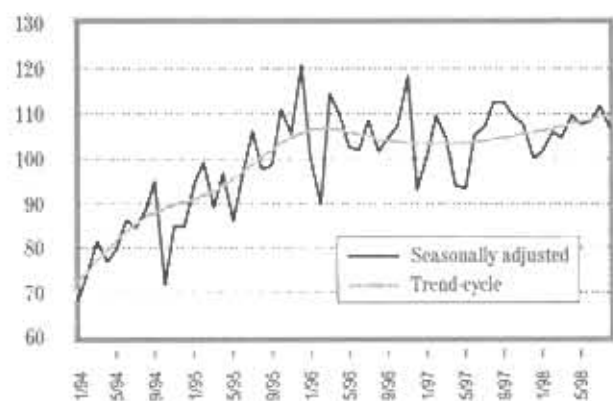
INDEX OF PRODUCTION VOLUME IN INDUSTRY BY MAIN INDUSTRIAL GROUPS

Trend-cycle (1995 = 100)



TRANSPORTATION - GOODS

Seasonally adjusted and trend-cycle (1995 = 100)



tial share of total imports whose imports fell this year relative to last year include: production of machines and equipment (2.6%), production of food and beverages (4.6%), and production of metals (2.6%). The largest contribution to the increase in total imports came from the production of motor vehicles, trailers and semi-trailers (14.2%) and production of chemicals and chemical products (11.4%).

Up to the seventh month of the year, chain indices of inventories of finished products in industry indicated, on average, a decrease in inventories of finished products. In August, the value of inventories of finished products increased suddenly compared to July, due to an increase in inventories in the production of metals and the production of furniture.

Productivity of labor in industry increased by 11.8 percent cumulatively in the first eight months of the year. The number of people employed in industry has continued its downward trend. Average employment in 1998 is 4.1 percent less than last year's average.

In line with increased industrial production, consumption of electrical energy and consumption of fuel for power-generation and technological purposes also increased. The cumulative annual increase at the end of August amounted to 2.6 percent.

The indicator of the quantity of goods transported shows an eight-month increase of 4.1 percent. The quantity of goods transported in August 1998 was 0.6 percent less than in August of last year. Passenger transportation has declined significantly throughout the year. The most significant decrease has occurred in road transportation. Compared to August of last year, passenger transportation decreased by 6.7 percent (i.e. cumulatively by 6.9%).

Real growth of retail trade turnover for the first eight months of the year amounted to 2.0 percent. Turnover during June - August of this year was equal, in real terms, to turnover in the same period last year.

Construction activity (measured by the physical volume of construction projects) in the first five months of the year exceeded the same period last year by 4.5 percent. The same indicator in 1997 had exceeded the 1996 figure by 15.9 percent. The monthly average volume of construction projects completed in the first five months of the year was lower than the average of construction projects completed for all of 1997. The value of construction projects carried out abroad in the second quarter exceeded the first quarter figure by 44.2 percent, while the value of orders for construction projects abroad was four times lower in the second quarter than in the first quarter of the year.

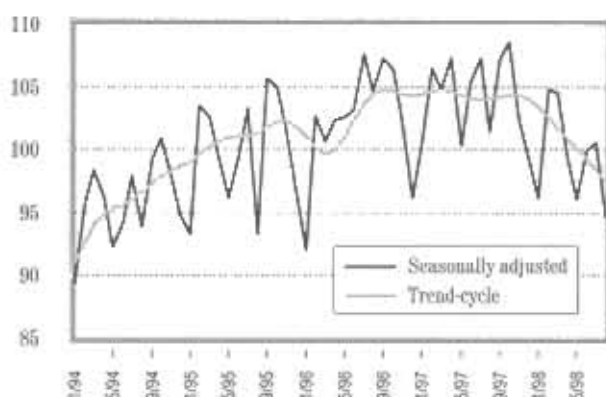
The number of tourist night-stays in the first nine months of the year exceeded the comparable period in 1997 by 3.3 percent. The number of foreign night-stays increased by 5.2 percent on the annual level. At the same time, the number of domestic night stays has declined throughout 1998. During the four most active months, the period June - September, the number of tourist night-stays was 4.2 percent higher than in same period last year. The number of foreign tourist night-stays increased by 6.1%, while the number of domestic tourist night-stays decreased by 6.5%.

PRICES

Retail prices continued their September upward trend throughout October. According to the State Bureau of Statistics' report, retail prices increased by 0.5 percent in October. Prices of goods participated with a 0.4 percent increase, while prices of services increased by 1.3 percent. Prices of services increased in October in major part due to the increase in the price of public transportation in Zagreb, as well as due to higher prices of the annual road-toll, pupils' dormitories and kindergartens. Prices of public transportation will return to their original (pre-increase) levels in November. Therefore, the effect of that price increase will not be nullified

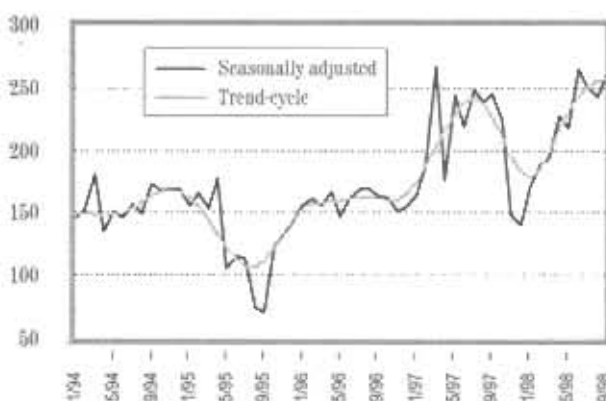
TRANSPORTATION - PASSENGERS

Seasonally adjusted and trend-cycle (1995 = 100)

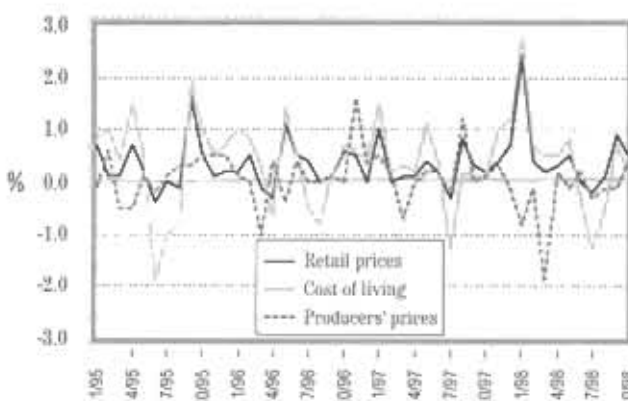


TOURISM - OVERNIGHT STAYS

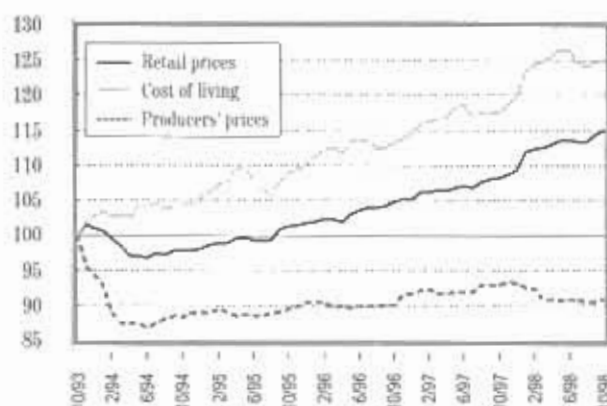
Seasonally adjusted and trend-cycle (1995 = 100)



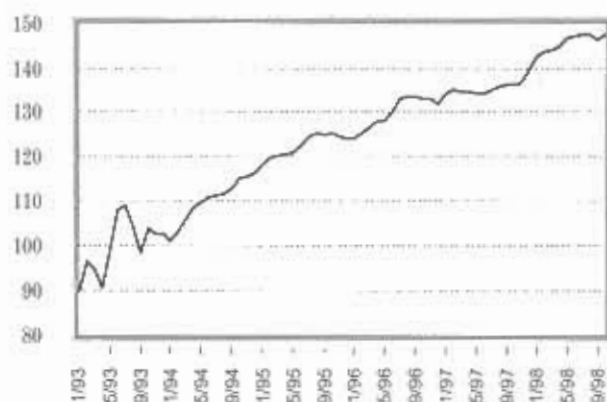
MONTHLY RATES OF CHANGE (%) OF RETAIL PRICES, PRODUCERS' PRICES AND COST OF LIVING



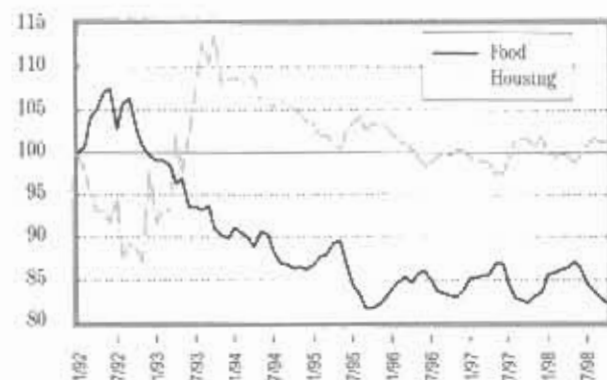
INDICES OF RETAIL PRICES, COST OF LIVING AND PRODUCERS' PRICES
October 1993 = 100



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.

until next month. The growth of goods prices can be explained by the depreciation of the kuna, which caused an increase in prices of imported products. The increase in prices of industrial non-foodstuffs amounted to 0.6 percent in October. Increased prices of automobiles, household appliances and textile products were the main contributors to this increase. Decreased prices were seen only in prices of agricultural products and foodstuffs, which stabilized the total retail price index. On the annual level, retail prices recorded a 6.1 percent increase; the prices of services grew by 13.2 percent and the prices of goods by 4.4 percent.

The cost of living increased by 0.2 percent in October, with prices of services increasing by 0.9 percent, while prices of goods remained unchanged. The major contributors to the increase in the cost of living are expenses on transportation services (1.5% increase) and clothes (1.4% increase). Nutrition expenses decreased in October by 0.6 percent. The cost of living increased by 6.2 percent on the annual level, with goods increasing 4.9%, and services increasing 13.7%.

Following a three-month period of decrease, producers' prices increased by 0.4 percent in October. On the annual level, producers' prices are still down by 2.1 percent.

EMPLOYMENT AND WAGES

In September, the number of registered unemployed increased by 8,136 or 2.9 percent, reaching a total of 286,780. This represents an increase of 9,443 (or 3.4%) compared to the end of September last year. The increase in registered unemployment in September was mainly due to a seasonally high inflow into the register, which, with September's total of 26,820 registered unemployed, exceeded last September's figure by 1,531. Average registered unemployment throughout the first nine months of the year exceeded the same period last year by 8,749 (i.e. 3.2%).

Employment decreased in September by 11,712 (i.e. 0.9%), reaching 1,349,066 at the end of the month. Compared to September 1997, employment decreased by 32,684 or 2.4 percent. In the first nine months of the year, employment was on average 47,442 (or 3.4%) lower than in the same period last year. The September decrease in the workforce amounted to 3,576 or 0.2 percent. Compared to September last year, the workforce decreased by 23,241 (or 1.4%). At the same time, the average of the first nine months of the year was lower than last year's average by 38,693 or 2.3 percent. The rate of unemployment was 17.5 percent at the end of September.

The September decrease in nominal net wages (by 36 kuna or 1.3%) as well as in gross wages (by 78 kuna or 2.2%) ended the long period of uninterrupted growth of wages that began towards the end of 1994. In nominal terms, net wages increased by 12.6 percent on average in the first nine months of the year compared to the same period last year, while in real terms the growth in net wages amounted to 5.6 percent.

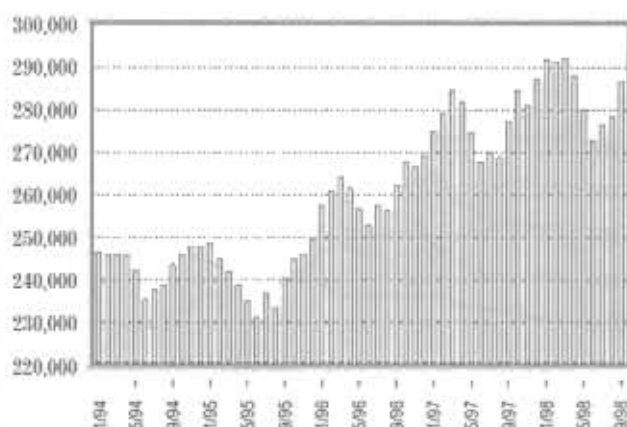
In the same period, gross wages increased by 13.4 percent nominally, i.e. 6.3 percent in real terms.

MONETARY DEVELOPMENTS

September developments in monetary and credit aggregates were significantly different from those in August. However, they were in line with expectations.

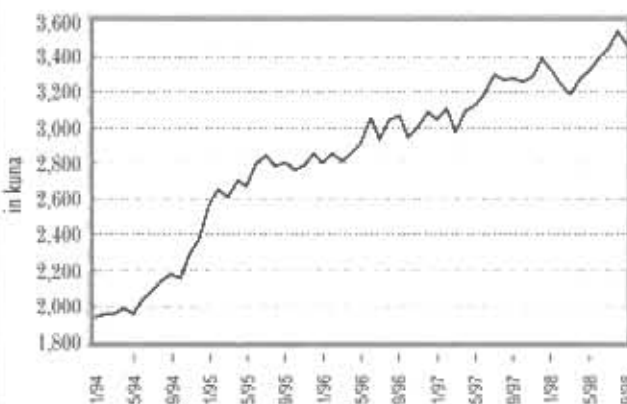
Throughout July and August, total liquid assets grew at an average monthly growth rate of 3.0 percent. In September, the growth of the total liquid assets ceased. Moreover, a decrease of 0.3 billion kuna (i.e. 0.6%) occurred. The money supply, the most liquid component of the M4, decreased by 0.8 billion kuna i.e. by 5.8 percent (by exactly the amount of its increase in August). This decrease in money supply was the result of an equal decrease in both cash and

NUMBER OF THE UNEMPLOYED



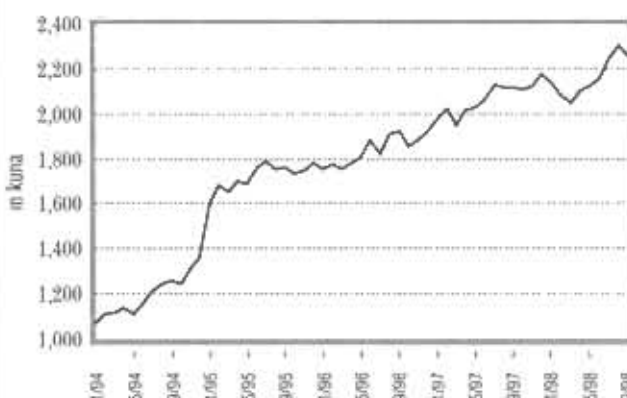
REAL AVERAGE GROSS WAGE

Constant prices, January 1994

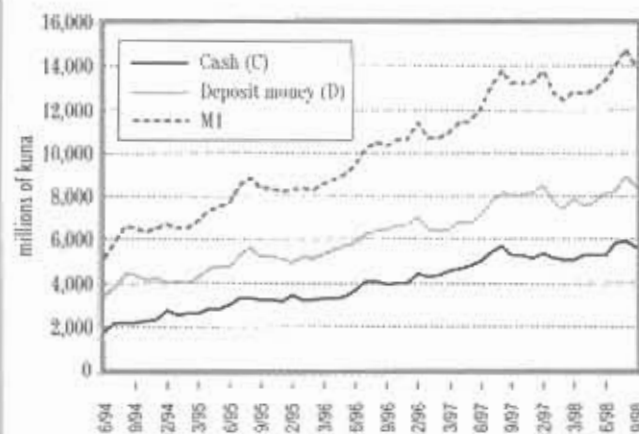


REAL AVERAGE NET WAGE

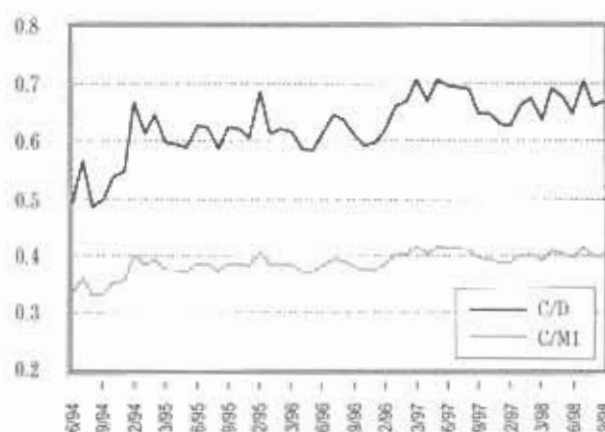
Constant prices, January 1994



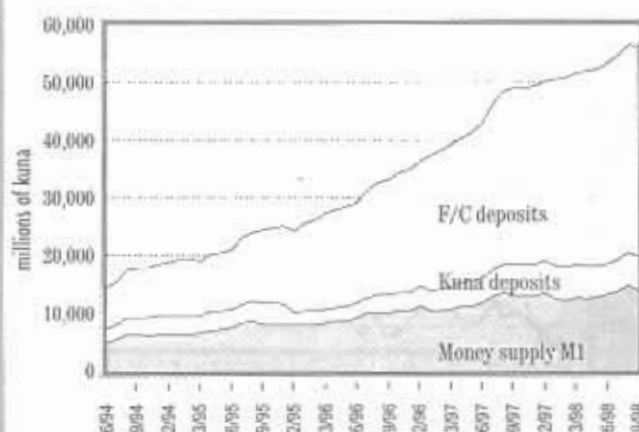
MONEY SUPPLY



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



MONETARY AGGREGATE M4



deposit money (around 6%), while in September last year, the decrease in cash was stronger and the decrease in deposit money was significantly milder.

While the money supply decreased, quasi-money increased by 0.5 billion kuna or 1.3 percent. Kuna non-monetary deposits stagnated at their end-of-August levels, while foreign currency deposits increased in September as well. The increase was only slightly below the average monthly growth of foreign currency deposits (1.88%) in the period from the beginning of June to the end of September this year. Nevertheless, the growth of foreign currency deposits (expressed in kuna) is currently being affected by the depreciation of the kuna. These developments brought total liquid assets to 56.2 billion kuna at the end of September.

According to September data, total credit has been growing at a more rapid pace again. The slow-down of growth of credit which started around the middle of the second quarter, primarily as a result of measures undertaken by the central bank, brought the monthly growth rate of credit to 0.2 percent in August. In September, however, the monthly growth rate of credit increased tenfold to 2.1 percent. Credit grew by 1.1 billion kuna, amounting to 57 billion kuna at the end of September.

At present, growth in credit is in part a result of the depreciation of the kuna, since some kuna credits are indexed to the exchange rate of the Croatian kuna to the German mark.

These developments caused an increase in the annual month-on-month growth rate of credit, from 30 percent in August to 31.3 percent in September. Analyzing by sectors, the growth of credit to the household sector continues to slow down on the annual level, while the growth rate of credit to the enterprise sector continues to accelerate. Almost half of the total growth of credit in September is accounted for by credits given by two of the largest domestic banks, while 15 percent of the increase is accounted for by credit granted by foreign banks.

In September, for the first time after four months of decrease, an increase in banks' claims on central government was seen: 0.2 billion kuna or 1.2 percent, mostly due to an increase in credit granted to extra-budgetary funds. Along with short-term credit of 0.6 billion kuna (granted to the state budget by the central bank) and with the fact that central government deposits increased, net bank claims on central government increased by 9 percent in September compared to August of this year.

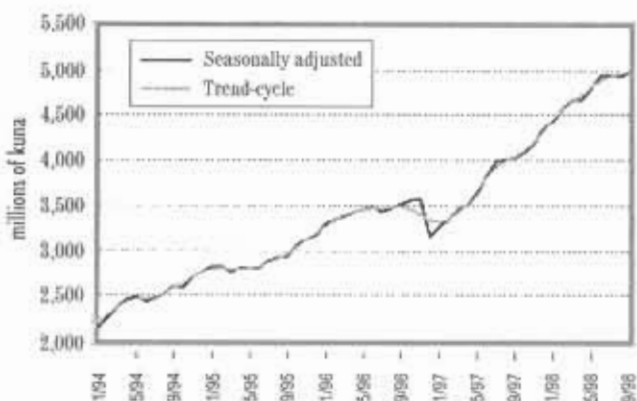
Although September saw more rapid growth of credit and net claims on the central government, net domestic assets of the monetary system did not exceed the level expected at the end of the month (i.e. 41 billion kuna).

Net foreign assets of banks and of the entire monetary system ended their two-month positive trend in September. Commercial banks' foreign liabilities increased by 0.2 billion kuna or 1.4 percent, due to a moderate increase in foreign banks' short-term deposits as well as an increase in long-term credit from foreign development banks. On the other hand, foreign assets decreased in September by 0.8 billion kuna or 5 percent. The main reason for the decrease in banks' foreign assets was the transfer of 0.5 billion kuna of required foreign exchange reserves into special accounts with the central bank. The rest of the decrease refers to the liquidation of debt service liabilities to foreign countries and institutions, as well as to the sale of foreign exchange to banks' domestic clients.

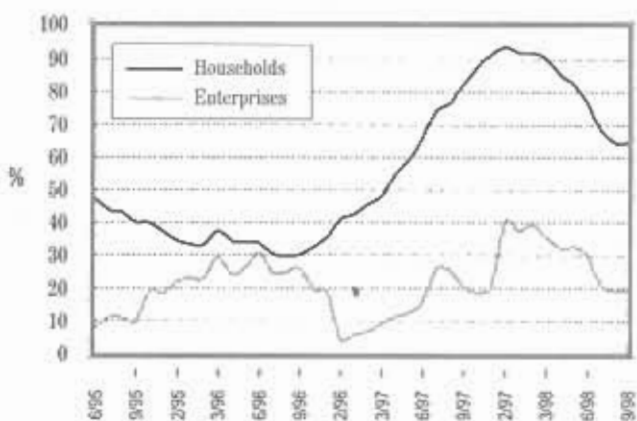
One of the reasons for the slow-down of growth (i.e. decrease in the value) of foreign assets items was the September depreciation of the US dollar. The dollar depreciated by 4.24 percent against the kuna.

The September depreciation of the US dollar caused a decrease in the kuna value of foreign assets of the central bank (which had a significant impact on the decrease of net foreign assets of the entire monetary system) by 0.7 billion kuna or 3.8 percent. This represents over 100 million US dollars. However,

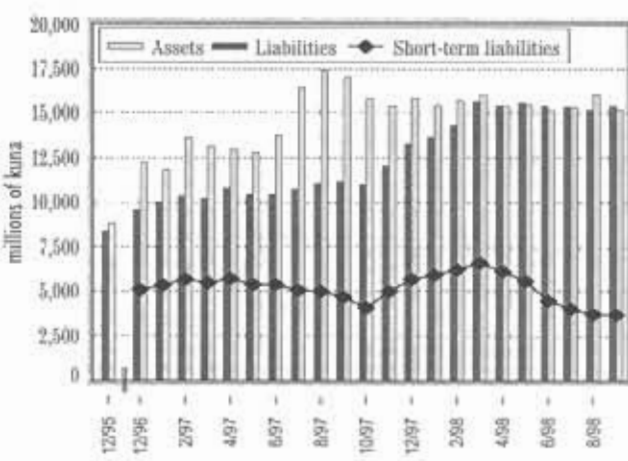
DMB's DOMESTIC CREDITS
Constant prices, January 1993



GROWTH RATES OF CREDITS TO HOUSEHOLDS AND ENTERPRISES
Relative to the same month previous year



FOREIGN ASSETS AND LIABILITIES OF COMMERCIAL BANKS

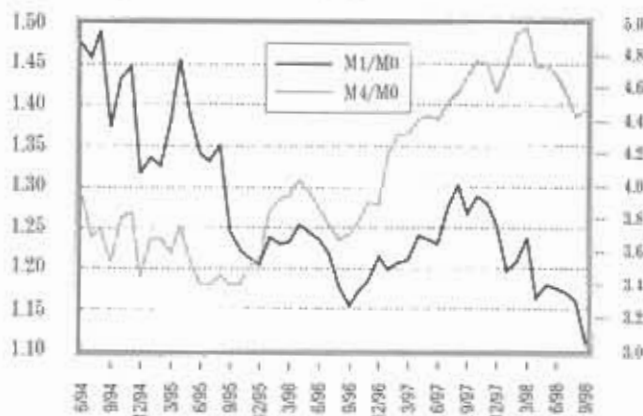


CNB'S INTERNATIONAL RESERVES



MONEY MULTIPLIERS

$m1 = M1/M0$ (left) and $m4 = M4/M0$ (right)



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



the dollar value of foreign reserves of the central bank increased in the same month by USD 12 million, reaching the level of USD 2,757.3 million.

October developments were significantly different. In the six foreign exchange auctions held by the Croatian National Bank, a total of USD 144.3 million was sold to commercial banks (50% more than in September), with a negative monetary effect of 0.9 billion kuna. Another USD 38.5 million was sold in direct trading with the central government. Despite the increase in the foreign exchange reserves of the central bank caused by the deposit of USD 138 million of commercial banks' required reserves in foreign exchange, net foreign assets of the Croatian National Bank decreased to USD 2,703.5 million. The willingness of the central bank to sell generous quantities of foreign exchange to commercial banks and to the government was part of the monetary authority's responsibility to maintain liquidity in payments to foreign creditors and regular debt service, as well as to realize the monetary authority's desire to slow the depreciation of the kuna. These actions resulted in decreases in the level of kuna liquidity. Consequently, the entire period saw increased use of secondary sources of liquidity: the average daily balance of lombard credit increased from 66 million kuna in the first nine months of the year to an average of 93 million kuna in the ten months of the year.

EXCHANGE RATE

The depreciation of the kuna against the German mark, which began in September, continued throughout October. At the beginning of October, the Croatian National Bank exchange rate of the German mark was 3.6877 kuna, while at the end of the month, the mark reached 3.7318 kuna. According to these data, the kuna depreciated against the German mark by 1.3 percent, which is significantly less than the

September depreciation of 2.27%. It should be noted that the highest level of exchange rate of the German mark during October was 3.7365 kuna. That is also the highest level the exchange rate has reached since February 1994.

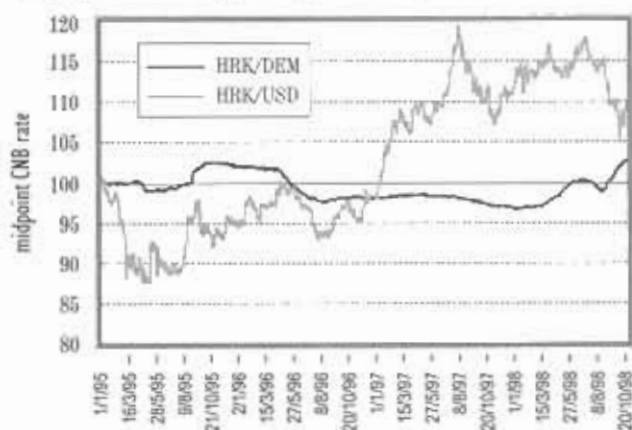
In spite of the depreciation of the kuna against the German mark in September and October, the kuna appreciated against other currencies. By the middle of October, the kuna had appreciated against the US dollar by 6.7 percent compared to the beginning of September. Therefore, the nominal effective exchange rate (which takes into account developments in all exchange rates relevant to Croatian foreign trade, weighted according to their share in Croatian foreign trade) appreciated until mid October (as shown in the third graph). The nominal effective exchange rate appreciated by 1.28 percent from the beginning of September to the end of the first 10 days of October. After that, the kuna started depreciating rapidly, due to its depreciation against both the German mark and the US dollar. By the end of October, the nominal effective exchange rate of the kuna had depreciated by 0.72 percent, which was still significantly lower than the depreciation of the kuna against the German mark (1.3%).

The real effective exchange rate of the kuna appreciated throughout the month of September, due to the fact that prices increased in September at the rate of 0.9 percent. The real effective exchange rate deflated by producers' prices appreciated by 0.26 percent and by 1.09 percent deflated by retail prices. Cumulatively, from the beginning of the year until September, the real effective exchange rate depreciated by 4.53 percent (PPI) and by 1.04 percent (CPI).

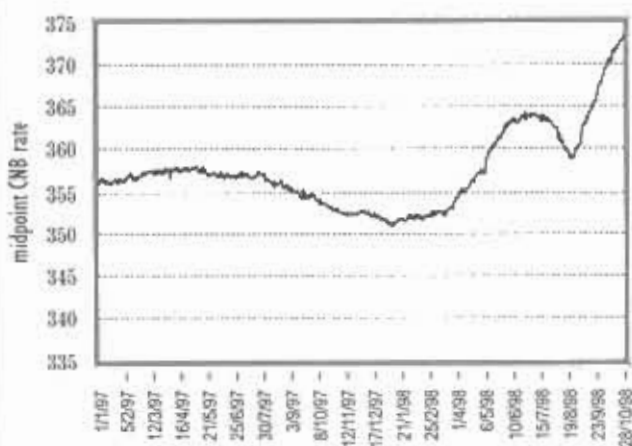
BALANCE OF PAYMENTS

The current account deficit in the first six months of 1998 amounted to USD 1,250.4 million, an 8.1 percent de-

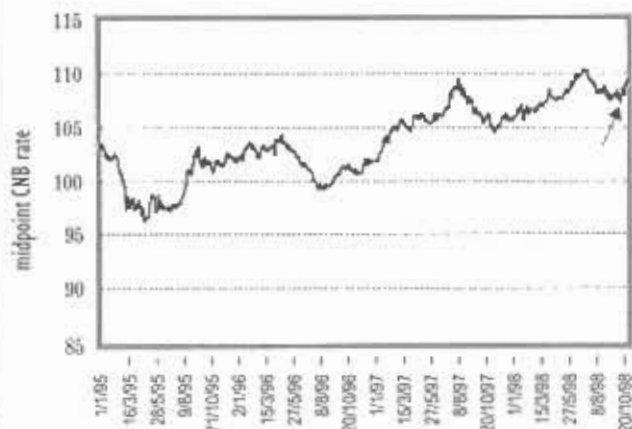
INDICES OF DAILY NOMINAL EXCHANGE RATES OF KUNA VS. DEM AND USD, (January 1, 1995=100)



DAILY NOMINAL EXCHANGE RATE - KUNA VS. 100 DEM

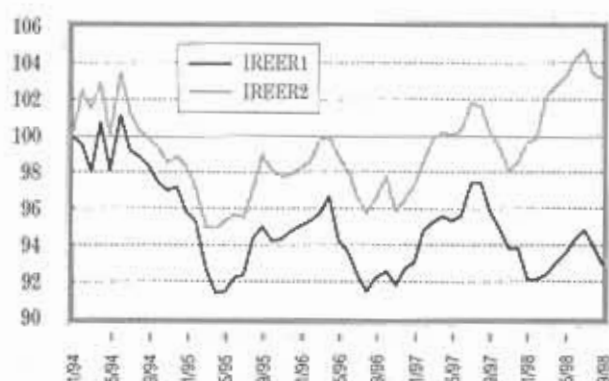


INDEX OF DAILY NOMINAL EFFECTIVE EXCHANGE RATE



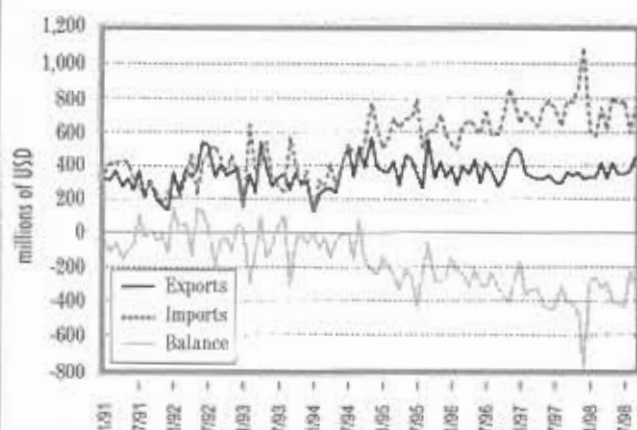
* the fall of index denotes appreciation

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



* the fall of index denotes real appreciation

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



crease compared to the same period last year. This decrease was mainly caused by the decrease in the merchandise trade deficit (which decreased by 8.0% in the first six months of the year compared to the same period last year). In the first half of 1998, the financial account surplus amounted to USD 1,083.6 million, 4.7 percent less than in the same period last year. The financial account also underwent some significant changes. The sale of Pliva stock caused an increase in direct investment of USD 434.7 million. This represents an increase of 110.4 percent compared to the first half of 1997. The decision to require banks to make deposits on certain categories of foreign borrowing caused a net decrease in foreign borrowing in the second quarter. Consequently, the increase in net credit liabilities to foreign creditors in the first six months of the year amounted to USD 262.1 million, a 42.6 percent decrease compared to the first six months of 1997.

The improvement was especially prominent in the second quarter of 1998. The current account deficit of USD 573.7 million represents a 17.5 percent decrease compared to the deficit in the second quarter of 1997. Further improvement is expected in the second half of the year. The merchandise trade deficit in the third quarter was 19.8 percent lower than in the same period last year.

According to the State Bureau of Statistics, merchandise imports c.i.f. were USD 6,245.0 million in the first nine months of the year, 2.0 percent less than in the same period last year. At the same time, merchandise exports f.o.b. were USD 3,347.6 million, 6.6 percent above the same period last year. The merchandise trade deficit amounted to USD 2,897.4 million, a 9.5 percent decrease compared to the same period last year. Expressed in kuna, Croatian exports amounted to 21,474.0 million kuna in the first nine months of the year (an 11.2 percent increase compared to the same period last year), while im-

BALANCE OF PAYMENTS in millions of USD (preliminary data)

	Jan. - Jun. 1998	Jan. - Jun. 1997	indices Jan. - Jun. 1998/ Jan. - Jun. 1997
Current account	-1,250.4	-1,360.4	91.9
Capital and financial account	1,083.6	1,136.9	95.3
CNB international reserves	-11.0	-12.6	87.2
Net errors and omissions	177.8	236.1	75.3

Source: CNB

MERCHANDISE EXPORTS AND IMPORTS (in millions of USD)

	Jan. - Sept. 1998	Jan. - Sept. 1997	Sept. 1998	Sept. 1997
Exports f.o.b.	3,347.6	3,140.8	453.5	360.5
Imports c.i.f.	6,245.0	6,372.2	750.3	784.7
Balance	-2,897.4	-3,201.4	-296.8	-424.2

Source: Bureau of Statistics

ports amounted to 40,078.6 million kuna (a 2.3 percent increase compared to the corresponding 1997 figure).

MONEY MARKET AND INTEREST RATES

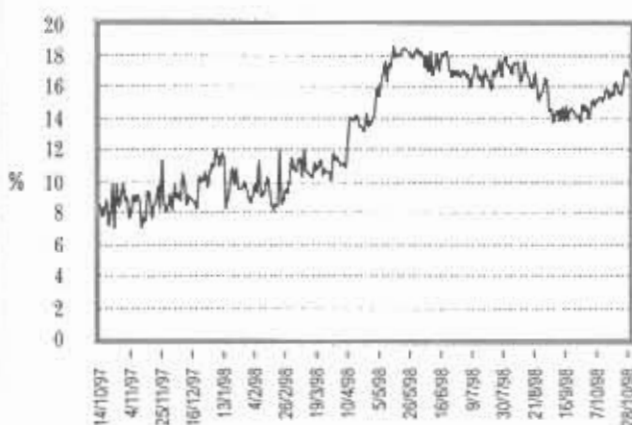
Last month brought another shift on the Money Market. Interest rates increased again. The average daily interest rate increased by around 2.5 percentage points compared to the end of September. Rates are currently oscillating between 16.5 percent and 17 percent. This is a result of the reversal of the situation on the Money Market compared to August and September, when supply was in excess of demand. Currently, we are in a period of high demand for kuna, which has been reflected not only on the Money Market Zagreb, but also on the inter-bank market and on the relationship between commercial banks and the Croatian National Bank. Namely, the usage of Lombard loans and repo auctions has been unusually high.

The increase in the average weighted interest rate on the money market is a result of the increase in all interest rates regardless of maturity. Callable loans are again being contracted with the interest rate of 15 percent. At the same time, loans for 11 to 15 days, for instance, are being arranged with interest rates of around 17 percent, loans for 16 to 30 days at 18 percent interest, while loans for 31 to 365 days currently cost around 20 percent.

The problem of the increased demand of the banking system for kuna is also evident from data available from the auctions of Croatian National Bank Bills and Treasury Bills of the Ministry of Finance. Despite the fact that both CNB bills and Treasury Bills of the Ministry of Finance are first class securities, with favorable yields and capable of being used as collateral for Lombard loans or for repo auctions of the Croatian National Bank, their purchase continues to decrease. At the same time,

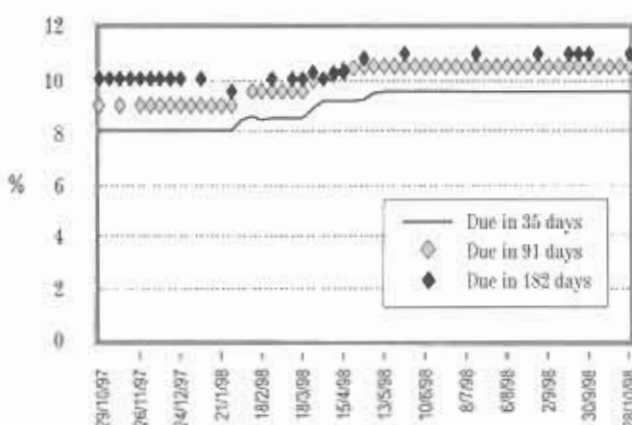
ANNUAL INTEREST RATE ON THE ZAGREB MONEY MARKET

Daily data



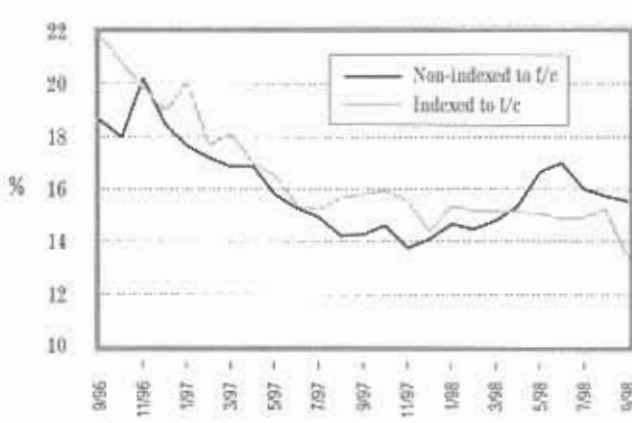
INTEREST RATES ON CNB BILLS

Annual level, on auction days



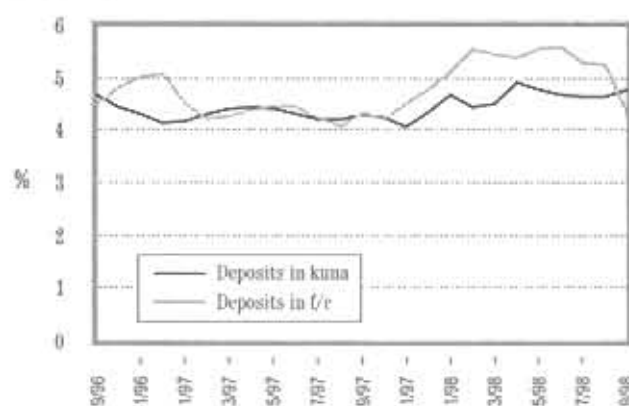
DMBs' AVERAGE INTEREST RATES ON CREDITS IN KUNA

Annual level



DMBS¹ AVERAGE INTEREST RATES ON DEPOSITS

Annual level



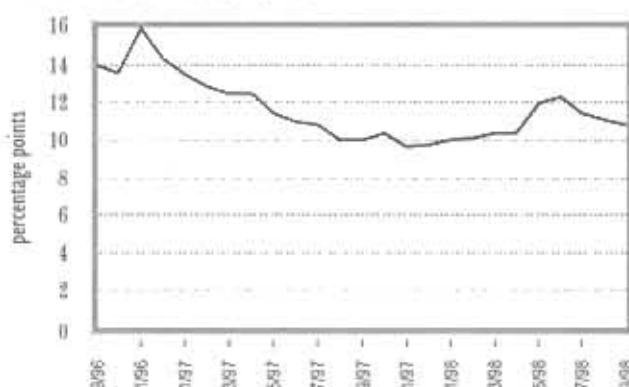
the net purchase of foreign exchange CNB bills (which can be used for the same purposes as kuna bills) continues to increase. Interest rates on Croatian National Bank bills and Treasury Bills of the Ministry of Finance remained unchanged compared to their September levels.

Commercial banks' lending rates have been decreasing significantly since the beginning of the year. The average interest rate on kuna loans with the currency clause was 1.2 percentage points below the June average in September (currently it is 13.4%). This is especially significant in light of the fact that 45 percent of newly-granted credit with the currency clause is long-term. The average interest rate on kuna loans without the currency clause amounted to 15.6 percent in September. Interestingly, 96 percent of newly-granted credit without the currency clause is short-term. The level of interest rate depends on several factors. First, these loans have no currency clause; therefore they are probably sensitive to developments in the exchange rate of the kuna (which has been depreciating lately). Second, their short term reveals their purpose; maintaining the liquidity and solvency of an enterprise. Third, these loans are usually given by smaller banks, which have (on average) higher interest rates.

The average interest rate on foreign exchange loans amounted to 7.4 percent in September, which gives the impression of a sudden decrease. However, the impression is incorrect: it increased compared to August by 1.6 percentage points. The incorrect impression was created by one commercial bank sending in incorrect reports, while at the same time its weight in these loans was very high. After corrections were made for the last three months, the result is an increase, not a decrease.

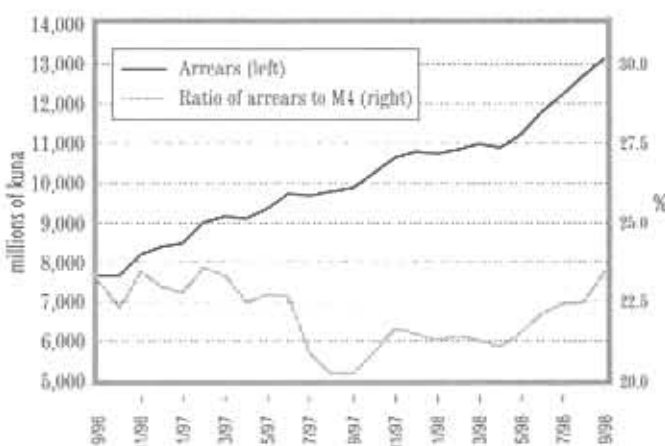
The average interest rate on kuna deposits increased slightly (to 4.8 percent), while the average interest rate on foreign exchange deposits decreased by one full percentage point, to the level of 4.3 percent.

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



These developments in commercial banks' lending and deposit interest rates have led to a decrease in the interest rate spread.

STATE BUDGET

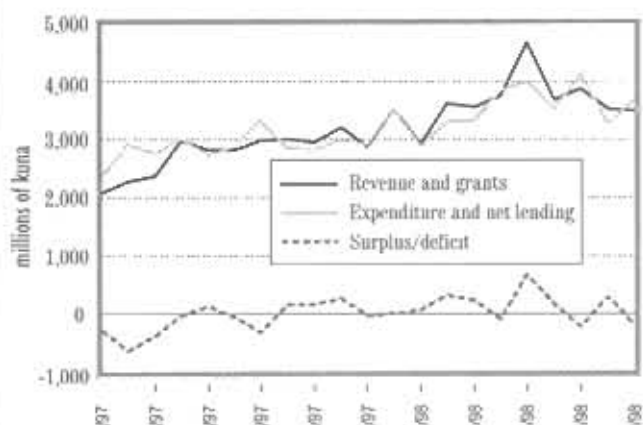
September was the second month since the rebalanced budget was approved in which the central government ended up with a deficit. However, the total balance in the first nine months of the year was positive, and amounted to 1,194 million kuna. The surplus, together with foreign indebtedness of 301 million kuna, was spent on repayment of debt to domestic sectors (1,495 million kuna). So far, domestic sectors were repaid 65.2 percent of the total anticipated amount of debt repayment for 1998. The most significant change in financing occurred when debt repayment to domestic sectors shifted from foreign sources of financing to current savings of the central government.

Revenues realized amounted to 74.2 percent of estimated revenues. On the annual level, they increased 36.5 percent. Profit tax collection and capital revenues increased at above-average rates.

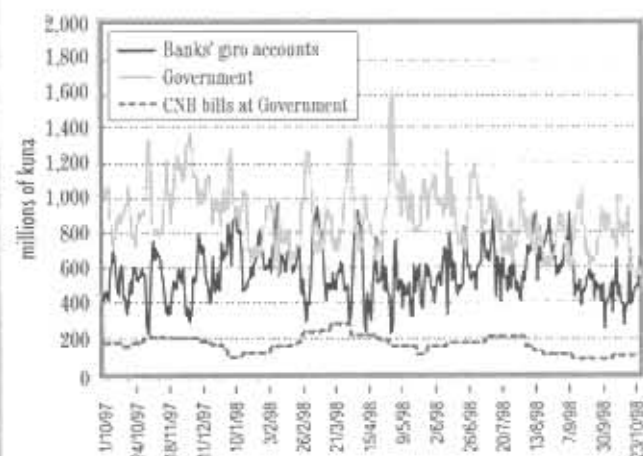
At the end of September, three-quarter realization of amounts projected for the year was noted in the following revenue items: income tax, profit tax, capital transfer tax and value added tax.

Expenditures were 71.7 percent of total budgeted expenditures for 1998 (or 24.7 percent more than in the same period last year). Savings (in the sense of realization below 75 percent at the end of third quarter) were achieved in expenditures for salaries and employer contributions (the largest expenditure item), expenditures in connection with payment of interest, subsidies and other current transfers and capital expenditures. Other purchases of goods and services have had the highest level of realization relative to the plan (80.2 percent). Their year-on-year growth is also high.

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. - Sept. 1998	1998 Budget
TOTAL FINANCING	-1,194	0
DOMESTIC FINANCING	-1,495	-2,292
From other general government	120	0
From monetary authorities	-60	0
From deposit money banks	-1,634	-1,921
Other domestic financing	79	-371
FOREIGN FINANCING	301	2,292
From international develop. institutions	281	1,102
From foreign governments	-442	-503
Other foreign financing	463	1,693

