

CROATIAN NATIONAL BANK



BULLETIN

YEAR III
No. 28

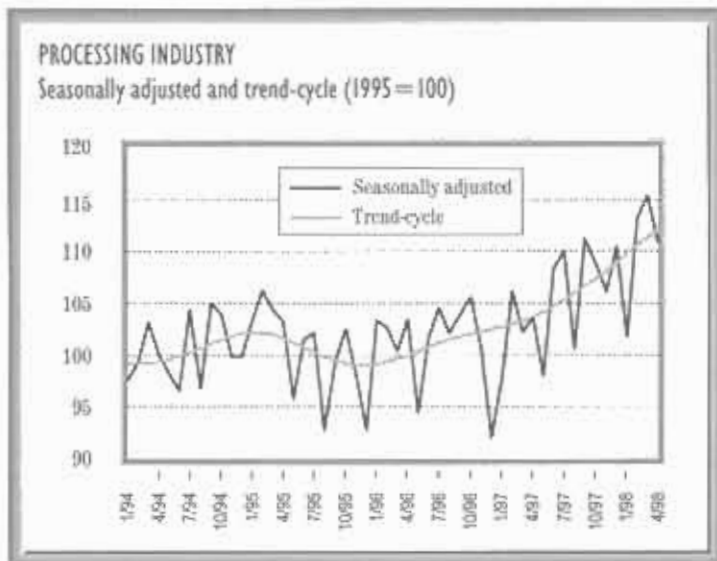
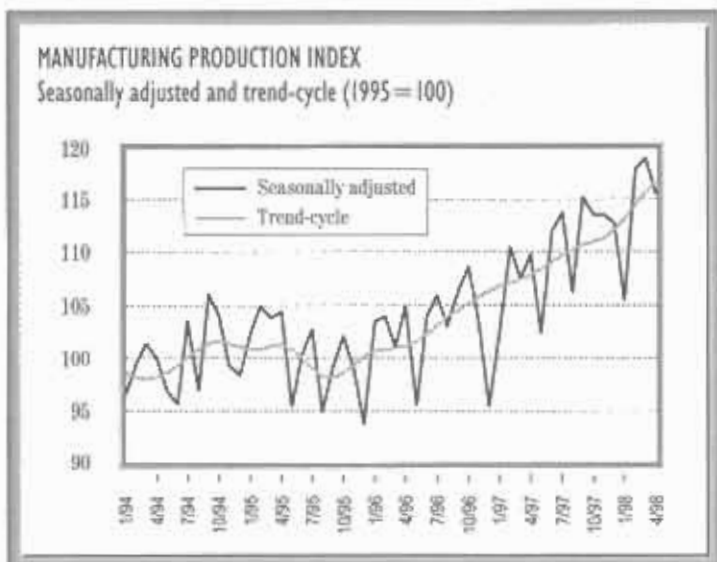
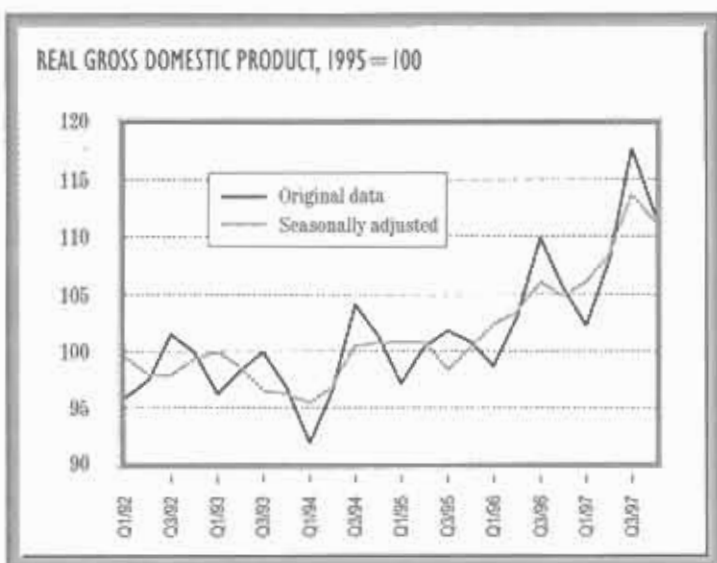
JUNE 1998

REAL SECTOR

Industrial production, trading activity and tourist night-stays were higher in the first four months of the year, compared to the figures attained in the corresponding period last year. Transportation services were lower in the first quarter of 1998 than in the same period last year. However, in general, monthly data on the other activities that generate gross domestic product is lacking.

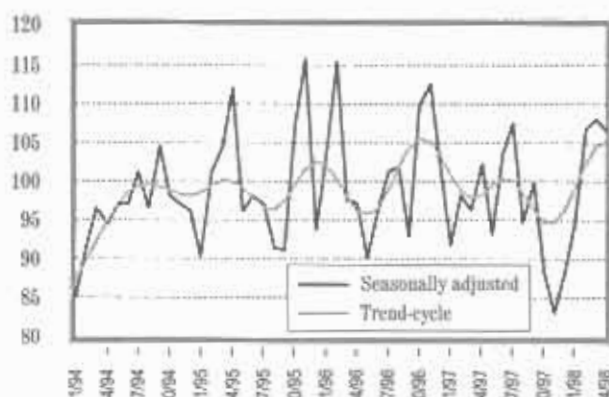
Total industrial production grew by 6.3 percent compared to the first four months of last year. This year, the fastest growth was recorded in the processing industry - 7.4 percent cumulatively, while average monthly seasonally-adjusted growth this year amounts to 0.4 percent. The energy supply is growing slower than in 1997; however, the cumulative increase of 3.7 percent is not insignificant. In mining and extraction, the level of production equals the last years'. The growth of the processing industry is based on the strong increase in the largest compartments - production of food and beverages (6.9%), production of chemicals and chemical products (8.2%), and publishing and printing activity (5.7%). Following several years of recuperation and stagnation, 1997 recorded a significant increase in processing industry output, and the positive trend has continued this year. In addition to the war, the process of restructuring and transition explains such developments.

The decrease in total orders and export orders for products of the processing industry recorded in the first quarter of 1998 compared to the fourth quarter of 1997 is the result of a conjuncture test which is being run by the Center for Research of Conjuncture with the *Privredni Vjesnik* (Centar za istraživanje konjunktura Privrednog vjesnika). Only in the production of chemicals and chemical products and in the production of transportation vehicles are demand expectations more optimistic than in the fourth quarter of 1997. Nevertheless, the increase in production of 1.8 percent recorded in the first quarter of the current year compared to the fourth quarter of the pre-



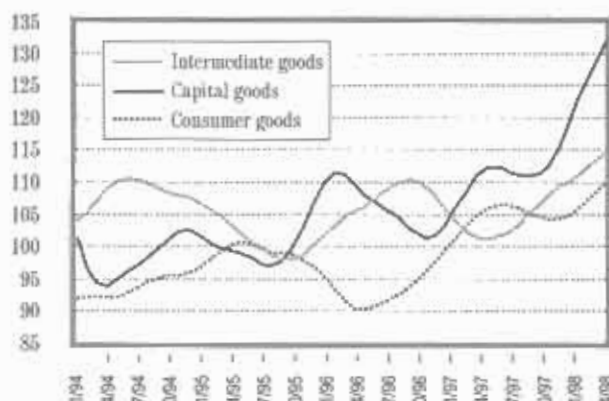
PRODUCTION OF FOOD AND BEVERAGES

Seasonally adjusted and trend-cycle (1995=100)



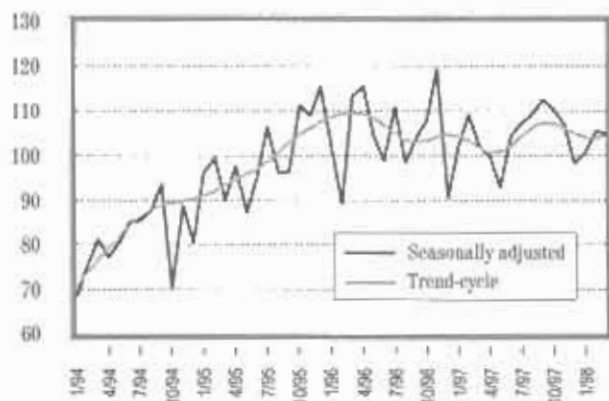
INDEX OF PRODUCTION VOLUME IN INDUSTRY BY MAIN INDUSTRIAL GROUPS

Trend-cycle (1995=100)



TRANSPORTATION - GOODS

Seasonally adjusted and trend-cycle (1995 = 100)



ceding year (calculated based on the trend-cycle component), a further intensification of production in the fourth month of the year, as well as the possible non-representativeness of the sample (24% of the total earnings and 21% of employed in the processing industry), could all be signs that actual expectations may significantly differ from those shown in the questionnaire.

The problem of insolvency in legal entities in domestic economy is still very prominent. Among various compartments in the processing industry, insolvency is most prominently present in production of food and beverages, production of machines and equipment, production of metal products, and in the processing of wood and production of wooden products. This is evident from the record of unsettled payment orders with the Payments Institute. The increase in the number of insolvent enterprises is in major part a consequence of private enterprises' increasing incapability to meet their obligations in accordance with agreed-upon payment terms.

Trade data in 1998 are in conformance with European statistical standards. Trading activity as defined by the National Classification of Economic Activities (Nacionalna klasifikacija djelatnosti) is wider than the trade sector per se. Data will in the future be collected monthly. The monthly reports encompass turnover in enterprises registered in the retail trade, those registered in the activity of sale, maintenance and repair of motor vehicles (Compartment 50 of the National Classification of Economic Activities, and groups 52.1 - 52.6), as well as selected enterprises registered in other activities, to the extent that they engage in trade. Total trade turnover thus defined grew 6.2 percent in real terms in the first quarter. In retail trade, the real rate of growth of turnover amounts to 2.5 percent. The year-on-year increase in prices in the retail trade amounted to 4.1 percent for the first quarter. As far as insolvency is concerned, the wholesale trade sector and trade intermediation, and the retail trade sector and home appliances repair were in first and second place.

The trend curve of the transportation of goods stagnated in the first quarter at the level of last year's average, while original figures show a decrease in the total transportation of goods of 2.9 percent compared to the first quarter of the preceding year. Transportation of passengers recorded a 2.5 percent decrease compared to the same quarter last year, which is clearly illustrated by the trend curve.

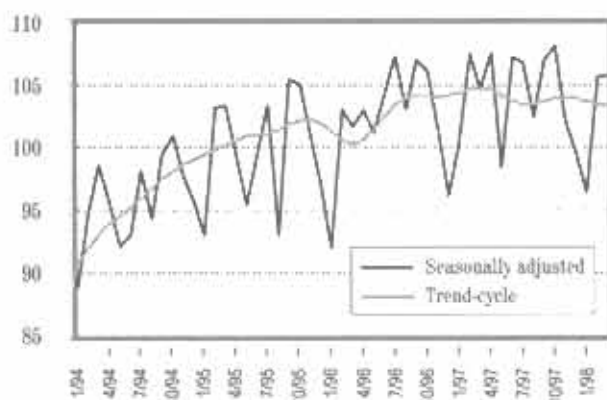
Tourist night-stays recorded at the end of the quarter were below the figures attained in the first quarter last year. This is in discordance with the continuous increase in the number of tourist night stays recorded in the last two years. However, the number of tourist night-stays in April contributed to the fact that the number of night stays recorded in the first quarter of 1998 exceeded the corresponding period of the preceding year by 2.9 percent. Turnover in the catering industry for all of 1997 grew by 19 percent in nominal terms. This suggests that significant value added was produced in tourism and catering last year. The structure of turnover in the catering industry in 1997, considering the type of services provided, shows that the largest earnings come from night-stays (44%), sale of food (34%) and beverages (16%). Employment in the catering industry in 1997 increased by 19.1 percent compared to the preceding year.

PRICES

Retail prices grew by 0.5 percent in May. Prices of services continued to grow slightly faster than the prices of goods throughout the month of May. Prices of services grew by 1.4 percent, while the prices of goods grew by 0.3 percent. Among the various goods, the prices of agricultural products exclusive of seasonal products grew fastest at 10.5 percent in May. At the same time, prices of agricultural products inclusive of seasonal products increased by only 4.1 percent. In May, the prices of non-seasonal foodstuffs grew by 1.6 percent while seasonal foodstuffs grew by mere 0.7 percent. The prices of industrial

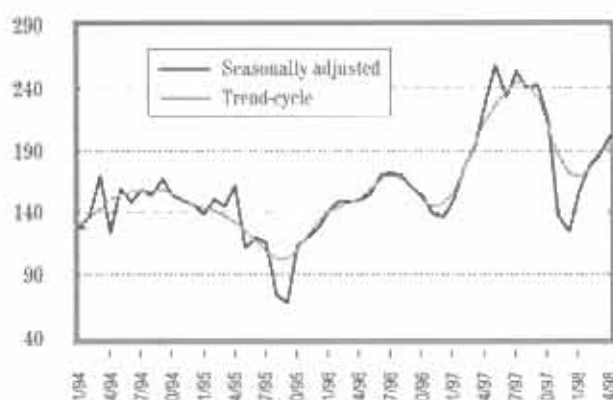
TRANSPORTATION - PASSENGERS

Seasonally adjusted and trend-cycle (1995 = 100)

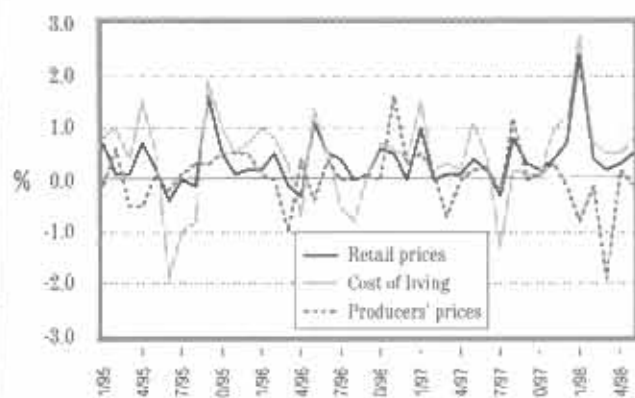


TOURISM - OVERNIGHT STAYS

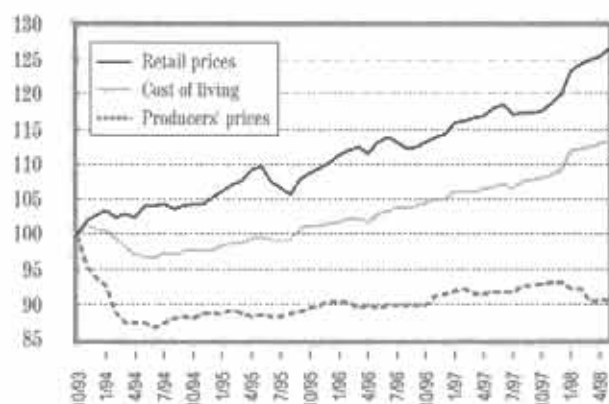
Seasonally adjusted and trend-cycle (1995 = 100)



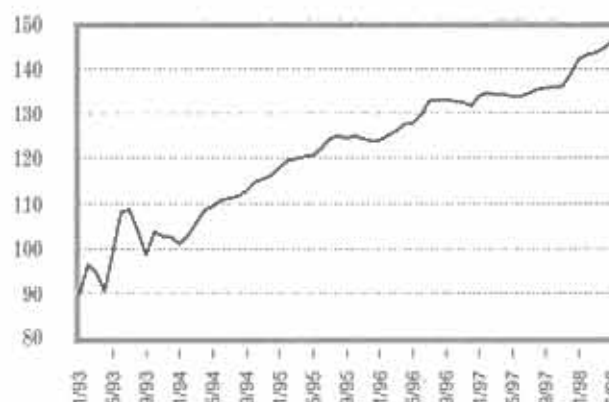
MONTHLY RATES OF CHANGE (%) OF RETAIL PRICES, PRODUCERS' PRICES AND COST OF LIVING



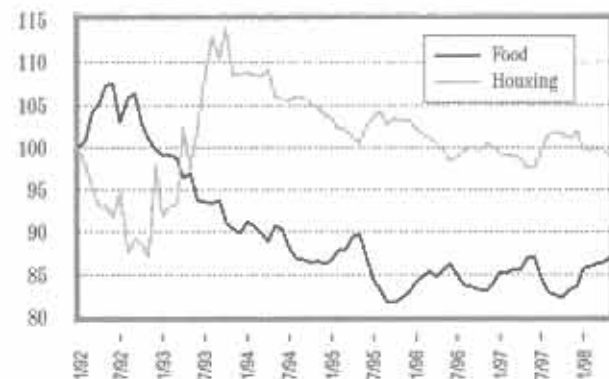
INDICES OF RETAIL PRICES, COST OF LIVING AND PRODUCERS' PRICES
October 1993 = 100



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 a ratio of food prices and housing prices to total cost of living index.

foodstuffs increased in May by 0.3 percent, while the prices of industrial non-foodstuffs increased by only 0.1 percent. The prices of beverages decreased by 0.2 percent, while the prices of tobacco remained at their April levels.

The cost of living increased in May by 0.8 percent. Expenses in connection with services grew at the rate of 1.6 percent, while the expenses in connection with goods grew at the rate of 0.7 percent. The most significant increase in May was recorded in expenses in connection with transportation services and with postal and telecommunication services, which increased 5.6 percent. Expenses in connection with means of transportation and transportation services grew at the rate of 2.5 percent, while expenses in connection with nutrition increased by 1.5 percent. Expenses in connection with clothes and footwear, as well as expenses in connection with education, culture and leisure increased by 0.2 percent. Expenses in connection with hygiene and health increased by only 0.1 percent, while expenses in connection with accommodation remained on their April levels. Only the expenses in connection with tobacco and beverages recorded a decrease, at the rate of 0.1 percent.

Following the growth in recent months, producers' prices decreased again, by 0.1 percent in May. This decrease is result of decreases in the prices of energy products, which decreased by 0.4 percent in May compared to April.

EMPLOYMENT AND WAGES

Following the seasonal maximum attained in March, registered unemployment decreased in April by 4,354 persons, reaching the total number of 287,978 registered unemployed persons at the end of the month. If we compare April 1998 with April 1997, we notice an increase in registered unemployment by 5,906 persons, while also noticing that average unemployment in the first four month of the current year exceeds the average in the corresponding period in 1997 by 10,667 or 3.8 per-

cent. If we look at seasonal characteristics of unemployment, as seen in the preceding years, we can forecast a decrease in unemployment - from levels above the seasonally-adjusted values during the preceding months, to levels below the seasonally-adjusted values in the coming months. This means that the decrease in registered unemployment is most likely to continue throughout the next couple of months.

Data on employment are currently being revised. The preliminary data for the month of April show 1,350,310 employed, which is 0.3 percent less than indicated by the preliminary data for the month of March. Using the preliminary data, which indicate a less significant decrease in employment than the data used for previous estimates, we get a rate of unemployment of 17.6 percent in April. This represents a slight decrease compared to the 17.8 percent unemployment rate recorded in March.

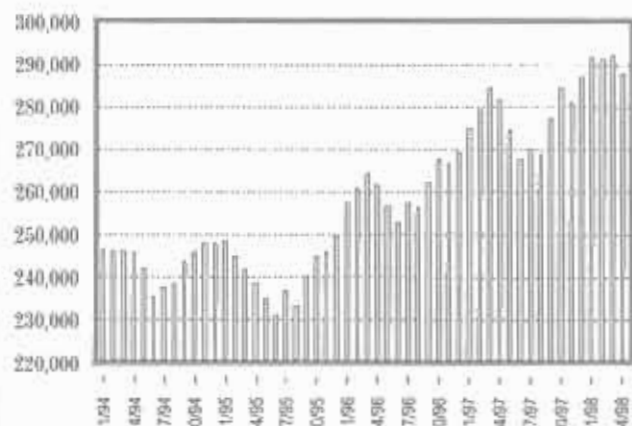
Real wages paid in April increased slightly, for the first time in this year. The average real net wage paid in the first four months of the year was 5 percent higher than in the same period last year. At the same time, real gross wages grew by 6.5 percent. Despite the downward trend in 1998, both gross and net real wages paid in April were higher than those paid in April 1997 (by 4.4 and 4.9%, respectively).

MONETARY DEVELOPMENTS

The main characteristics of developments in monetary aggregates in April were: a decrease in foreign liabilities, a more moderate increase in total credit compared to the previous months, as well as further stagnation of total liquid assets. A series of five-months of continuous growth of foreign liabilities ended in April, i.e. in April foreign liabilities decreased slightly (0.3 billion kuna).

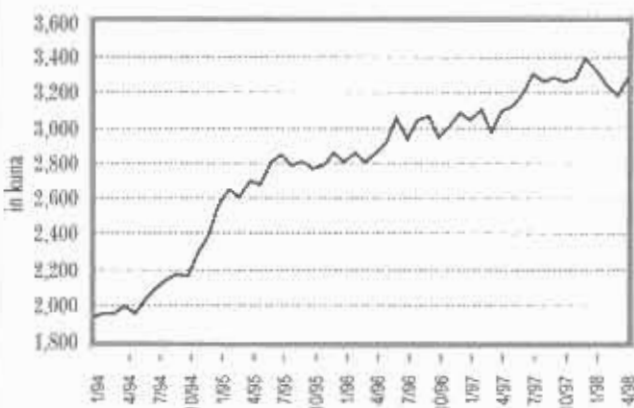
Simultaneously with the April decrease in foreign liabilities, deposit money banks' foreign assets decreased

NUMBER OF THE UNEMPLOYED



REAL AVERAGE GROSS WAGE

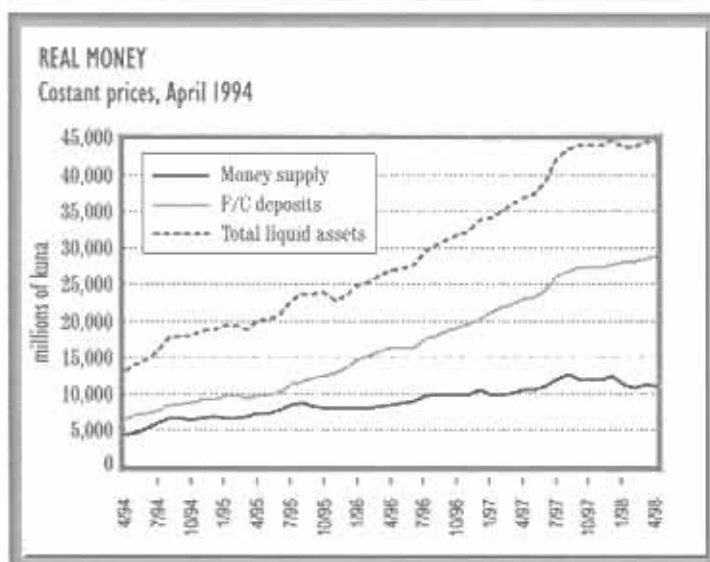
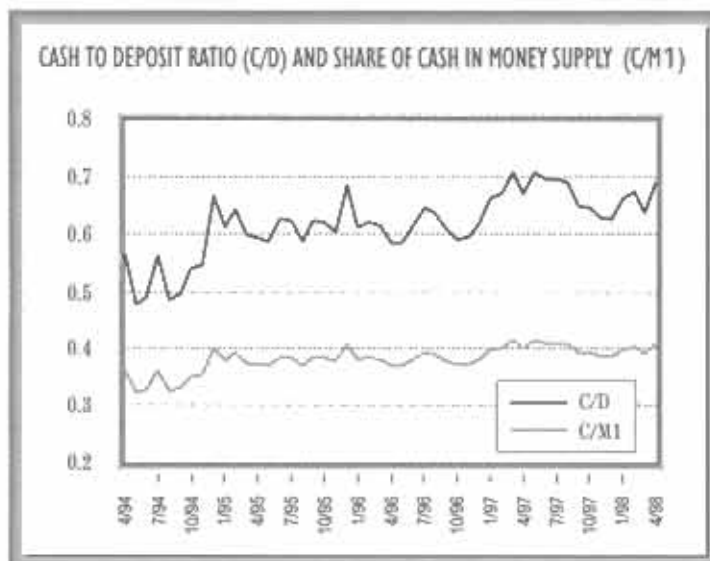
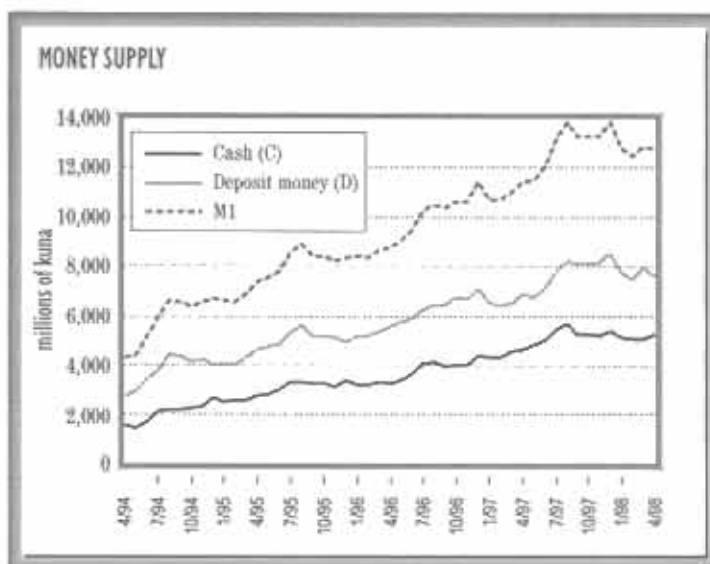
Constant prices, January 1994



REAL AVERAGE NET WAGE

Constant prices, January 1994





compared to March by 0.6 billion kuna. This was enough for the deposit money banks' net foreign assets to turn negative after a year of being positive. This means that deposit money banks' foreign liabilities exceeded their foreign assets by 0.3 billion kuna.

The decrease in foreign assets was in major part due to the decrease in short-term deposits of 0.6 billion kuna.

April was the first month of Croatian National Bank bills denominated in foreign currency were offered. This caused a reallocation of deposit money banks' foreign assets from deposits (which had been held abroad) to claims on the central bank, i.e. from foreign to domestic foreign exchange assets of deposit money banks. This is also partially the reason for withdrawal of deposit money banks' foreign currency deposits abroad. The balance of foreign exchange CNB bills outstanding at the end of April amounted to 182 million kuna, out of which 53 million kuna were suitable for refinancing.

Total credits increased in April by 1 billion kuna (i.e. 2%), which is approximately equal to the average monthly growth attained in the last 12 months. At the end of April, total credits amounted to 53 billion kuna. On an annual level (April 1998/ April 1997) this represents a growth of 41 percent, which is only slightly less than last year's 44 percent. Nevertheless, a closer look at the structure of total credit reveals that *the growth of lending literally halved* in April compared to the average monthly increase recorded throughout the last six months (645 million kuna compared to 1,356 million kuna), in which the increase in lending to households (0.5 billion kuna) was slightly larger than the increase in lending to the enterprise sector (0.3 billion kuna). Growth of investment in shares amounted to 0.1 billion kuna.

Total liquid assets continue its near stagnation. In April, it grew by (a mere) 0.2 billion kuna, which resulted from a slight increase in foreign currency deposits and a decrease in kuna deposits (as well as in deposit money and non-monetary deposits). The household sector reacted to the mild depre-

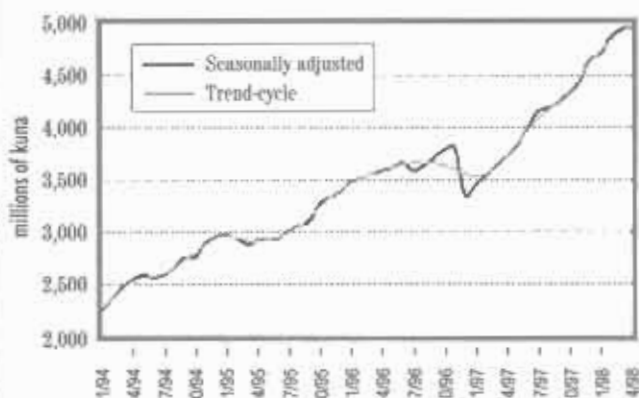
ciation of the kuna by currency transformation of its deposits.

Significant collection of tax revenues was reflected in the growth of deposit money of the central government with the central bank, as well as in the growth of kuna time deposits with deposit money banks. A mirror image of these developments is the decrease in deposit money and kuna deposits in the enterprise sector, which grew cumulatively by 1.2 billion kuna in the first four months of the year.

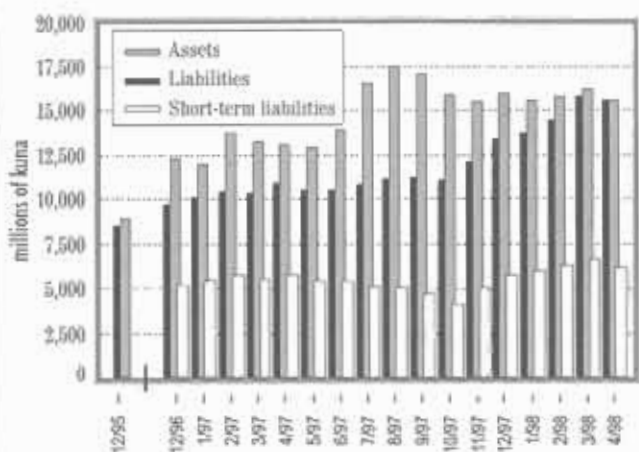
For the Croatian central bank, May was an exceptionally busy month. On the assets side, both kuna and foreign exchange transactions occurred in large amounts. This year's first foreign exchange auctions by central bank, held in May, recorded a purchase of 460 million kuna (total net, non-inclusive of the effects of the January repurchase of foreign currency, first commenced in December 1997), which corresponds with the total value of purchase of kuna in the first five months of the preceding year (440 million). The Croatian National Bank sold in total DEM 120 million and USD 10 million to deposit money banks. By June 26, 1997 it sold DEM 10 million with repurchase. The deposit money banks compensated the outflow of kuna through one and a half times more intensive use central bank's credits than in April (on average 250 million kuna per day through Lombard loan and repos of CNB bills). At the end of the month, the central bank lowered the rate of reserve requirement to 29.5 percent, thus injecting 300 million kuna of free reserves. The assets of the Croatian National Bank changed in May also due to the fact that the month earlier the central government returned the 500 million kuna which the Croatian National Bank granted to Dubrovačka Banka in pre-rehabilitation, for fulfillment of its kuna and foreign currency obligations.

The main cause for such developments was the May retraction in liquidity. After months of foreign exchange liquidity overflowing into kuna liquidity, the streams of liquidity suddenly changed direction. The intro-

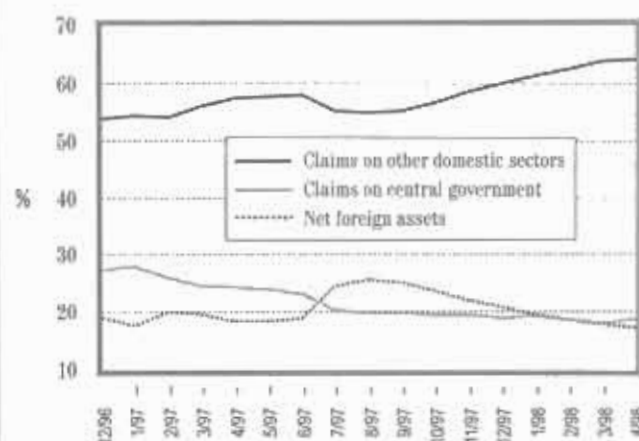
DMB's DOMESTIC CREDITS
Constant prices, January 1994

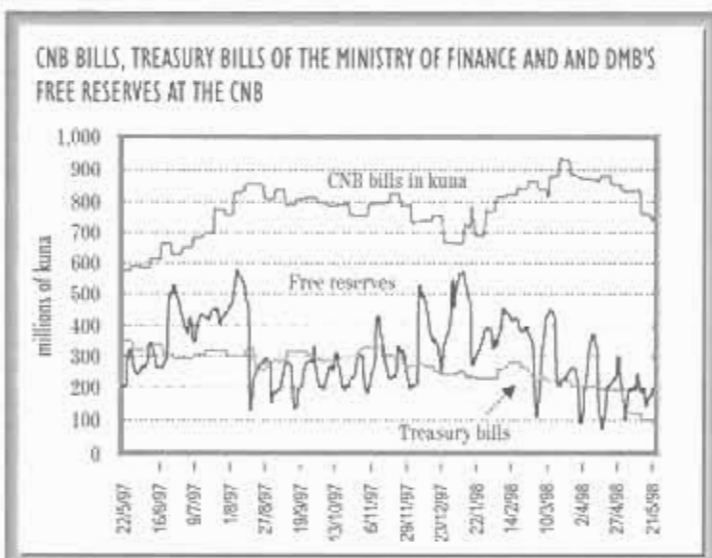
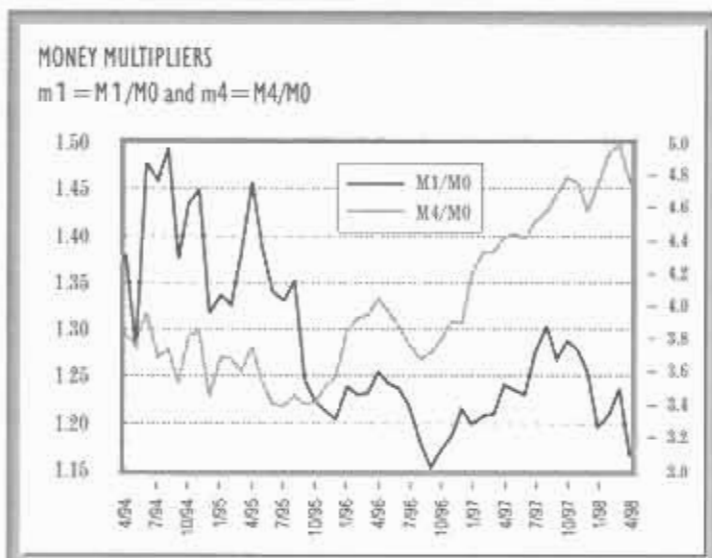
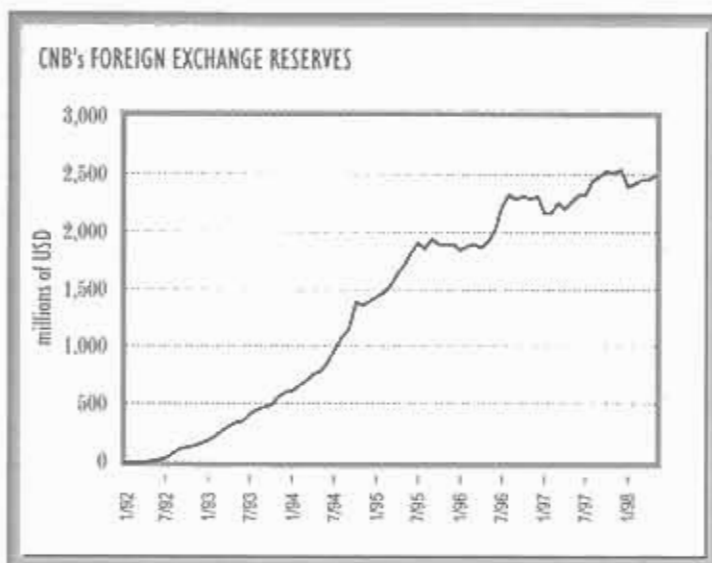


FOREIGN ASSETS AND LIABILITIES



STRUCTURE OF ASSETS OF MONETARY SURVEY





duction of mandatory kuna deposits on deposit money banks' short-term foreign debt, and partially on long-term foreign debt, slowed down the inflow of foreign exchange from abroad. It also withdraw approximately 250 million kuna from banks' giro accounts to required reserves during the months of April and May. At the same time, due to the escalation of the financial crisis in Dubrovačka Banka, banks suddenly became very cautious in their business policies, credit activity slowed down, as well as the inflow of deposits which serve as the basis (collateral) for use of credit. In addition, a part of total liquidity was withdrawn to (on average) higher balances on the accounts of the central government. In such a situation, the demand for foreign exchange, necessary for servicing and paying obligations due to foreign countries and monetary authorities, increased in the domestic market. This caused a strong flow of kuna into the foreign currency and a decrease in the supply of the kuna on the money market. A more cautious management of free kuna reserves in some banks made the liquidity problem for banks which are net borrowers on the money market even more acute. Consequently, intervention loans were used in May (this is the second time intervention loans have been used in 1998), by two banks; by one bank for one day (in the amount of 7.1 million kuna), and by another for the total of five days on two different occasions (in the total amount of 20 million kuna). Liquidity of the total banking system in May (with normal oscillations throughout the month) stayed around 500 million kuna on bank's giro accounts on average daily.

EXCHANGE RATE

The nominal exchange rate of the kuna depreciated in May relative to the German mark by 1.45 percent, which is a more significant depreciation than that recorded in April (when the exchange rate depreciated by 0.95%). It is also twice the amount of depreciation recorded in March, which amounted to (only) 0.60 percent.

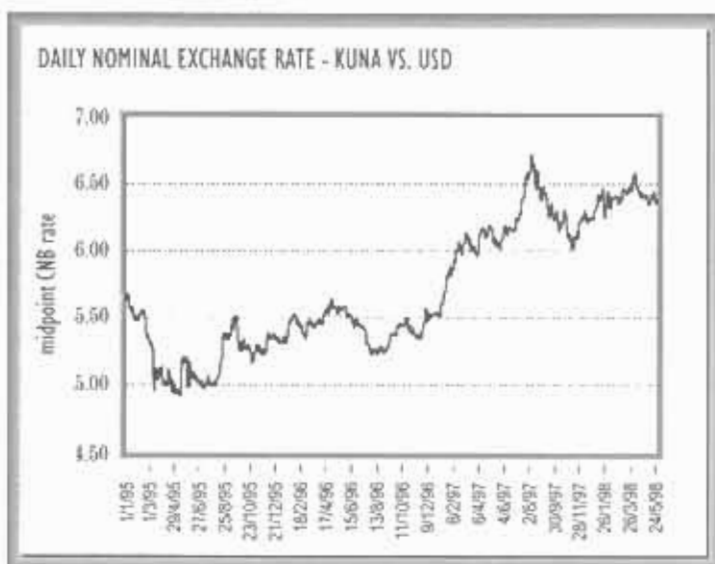
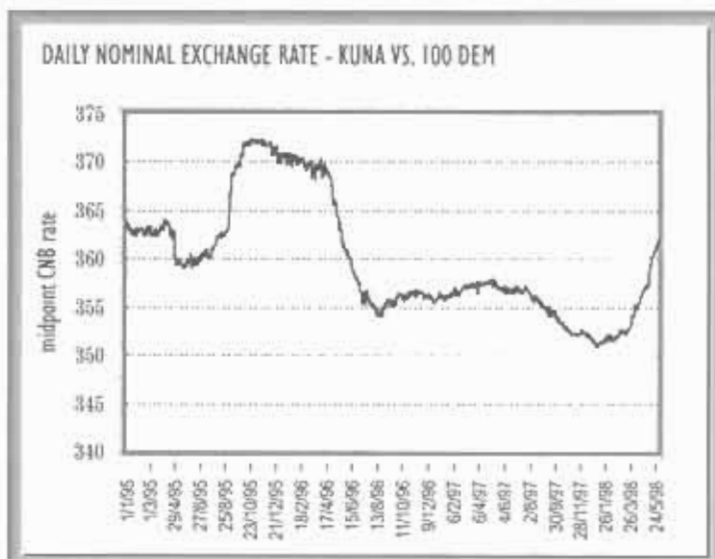
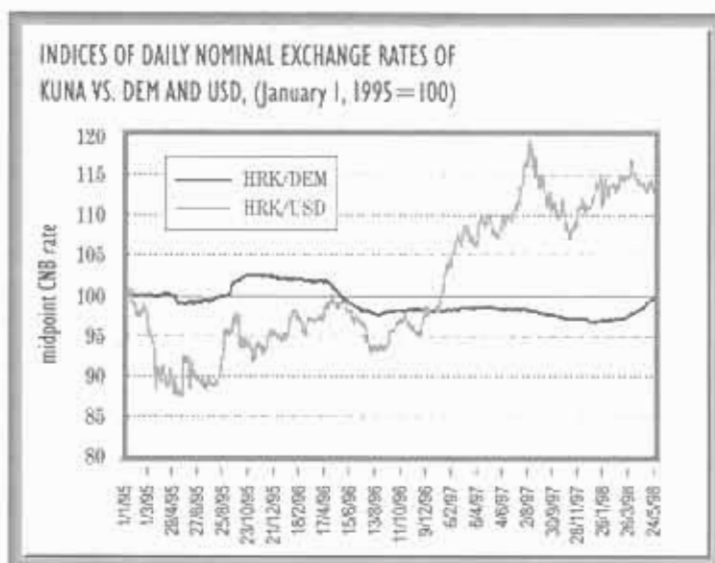
At the end of May (on May 28), the value of the German mark reached the level of 3.6227 kuna, which is almost equal to the exchange rate recorded two years ago, i.e. at the beginning of 1995. Since the beginning of 1998, the kuna depreciated against the German mark by 3.25 percent. The beginning of the year marked the historically lowest exchange rate of the German mark of 3.5087 kuna.

Such depreciation, although much greater than in the preceding years, is still seasonal in character. It also contains elements that indicate the shortage of foreign currency on the domestic foreign currency market. The lack of foreign currency is a result of the introduction of partial restrictions on the capital account.

In relation to the US dollar, the kuna appreciated slightly in May, due to the fact that the dollar has weakened in relation to the German mark on the world market. The average exchange rate of the US dollar was 1.2 percent lower in May than in April. That is, in part, the reason for the depreciation of the real effective exchange rate measured by retail prices of only 0.10 percent in May. However, these are all just preliminary data. Cumulatively, the real effective exchange rate measured by retail prices still appreciated at the rate of 1.02 percent in the first five months of the year, thanks to the increase in prices at the beginning of the year. The real effective exchange rate measured by the producers' prices depreciated by 0.4 percent in May. The depreciation recorded since the beginning of the year amounts to a substantial 4.57 percent. The value of the index indicates that this exchange rate is 3.2 percent weaker than the exchange rate recorded at the beginning of 1994.

BALANCE OF PAYMENTS

Capital inflows restrictions introduced at the beginning of April, caused (in part) a decrease in the value of merchandise imports. Consequently, merchandise imports measured c.i.f. amounted to USD 613 million in April, which is 17.5 percent less than in

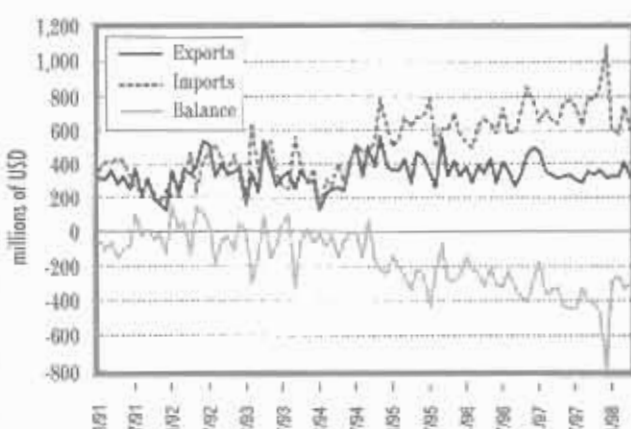


INDEX* OF REAL EFFECTIVE EXCHANGE RATE OF CROATIAN KUNA
(IREER1 - with retail prices, IREER2 - with producers' prices), January 1994 = 100



* 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
Current account	-2,434.9	-880.8
Capital and financial account	2,807.8	1,883.0
CNB international reserves	-225.0	-418.8
Net errors and omissions	-147.9	-583.4

Source: CNB

MERCHANDISE EXPORTS AND IMPORTS (in millions of USD)

	Jan.-Apr. 1998	Jan.-Apr. 1997	Apr. 1998	Apr. 1997
Exports f.o.b.	1,403.1	1,500.1	322.7	321.1
Imports c.i.f.	2,543.5	2,675.7	613.0	635.0
Balance	-1,140.4	-1,175.6	-290.4	-313.9

Source: Bureau of Statistics

March. Merchandise imports in the first four months of the year amounted to USD 2,543.5 million, i.e. 4.9 percent less than in the same period last year. At the same time, merchandise exports at f.o.b. amounted to USD 1,403.1 million, or 6.5 percent less than last year. Trade deficit was 1,140.4 million USD or 3 percent less than in the same period last year.

Significant fluctuations of the exchange rate of the dollar toward the European currencies, which amount to approximately 70 percent of total Croatian merchandise trade, distort the actual picture. Expressed in kuna, Croatian exports amounted to 9,002.5 million kuna, or 2.1 percent more than in the same period last year. At the same time, Croatian imports amounted to 16,305.4 million kuna, which represents an increase, at the rate of 2.6 percent. In the same period, merchandise trade deficit amounted to 7,302 million kuna or 3.2 percent more than last year.

If observed by the different sectors of the SITC, the most significant growth in exports in the last four months came in machines and transportation equipment (40.3 percent increase), and in oil and lubricants (81.4 percent). At the same time, the most significant decrease in exports compared to last year was in mineral fuels and lubricants (-43.2 percent).

1997 saw an increase in the current account deficit of USD 2,282.9 million, which represents an annual increase of 159.2 percent (according to data processed before the latest revision of data on imports and exports of goods). The share of the current account deficit in Gross Domestic Product increased from 4.5 percent to 12.6 percent in 1997. The increase in the merchandise trade deficit to USD 5,224.4 million, due to an increase in merchandise imports, had the most significant effect on the deterioration of the balance of payment. Transfers to the government also recorded a significant decrease, due to the calming-down of the political situation. At the same time, net revenues from services increased to USD 2,022.1 million,

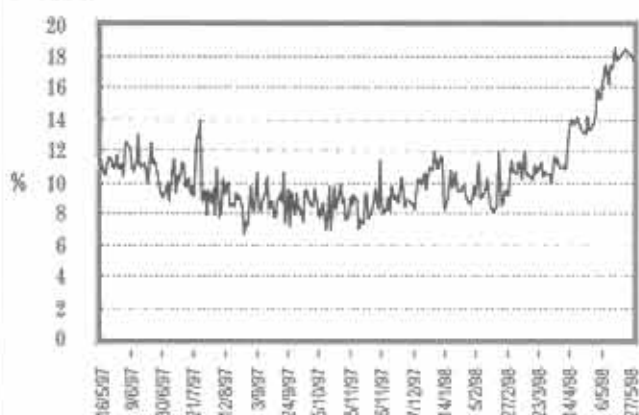
which represents an annual increase of 14.6 percent, due to an increase in tourist revenues.

MONEY MARKET AND INTEREST RATES

The significant growth of the average daily interest rates on the Money Market Zagreb best reflects liquidity difficulties seen in May. Daily averages fluctuated throughout the month between 15.40 and 18.70 percent, with the mean value of the daily averages for the month slightly nearer the upper bound. The imbalance between supply and demand for money was significantly on the side of the demand throughout the month. Consequently, the interest rate on the money market grew continuously. The heaviest pressure on the money market was felt around the middle of the month, when the interest rate was the highest. At that time, call money was not available at a price lower than 18 percent. This is five full percentage points more than the price at the end of April. Naturally, call loans were predominant, while at the same time the commercial banks were using Lombard credit throughout the month. The reason for such a steep increase in interest rates on the money market should be sought in the measures of monetary policy (which were originally created to decrease Croatian banks' foreign indebtedness), segmentation of the market (certain banks have made a list of banks they do not wish to lend their excess reserves to), as well as in the increase in the average balance on the accounts of the central government. Following the increase in tension in the first half of the month of May, the Croatian National Bank decided to intervene. A decision on extension of the number of days of possible use of the Lombard credit was promulgated. In addition, the Croatian National Bank allowed the banks to allocate only 60 percent (previously 75%) of the legal reserve requirement to their account with the Croatian National Bank, while the rest could be maintained at deposit money banks' giro ac-

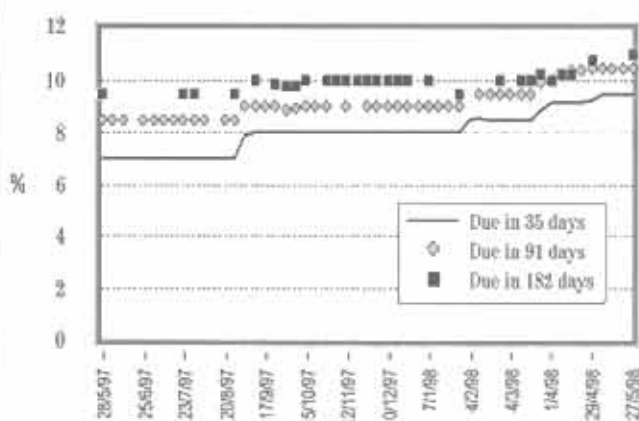
ANNUAL INTEREST RATE ON THE ZAGREB MONEY MARKET

Daily data



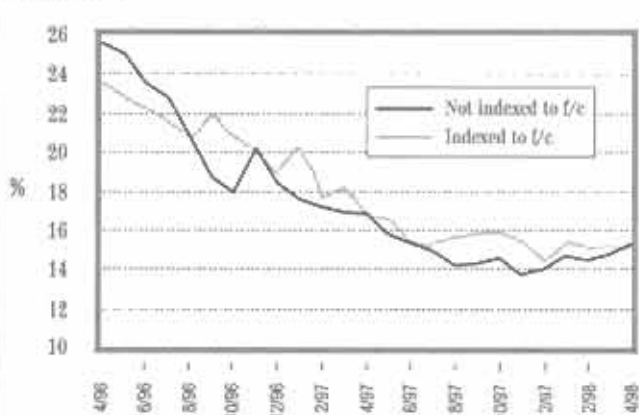
INTEREST RATES ON CNB BILLS

Annual level, on auction days



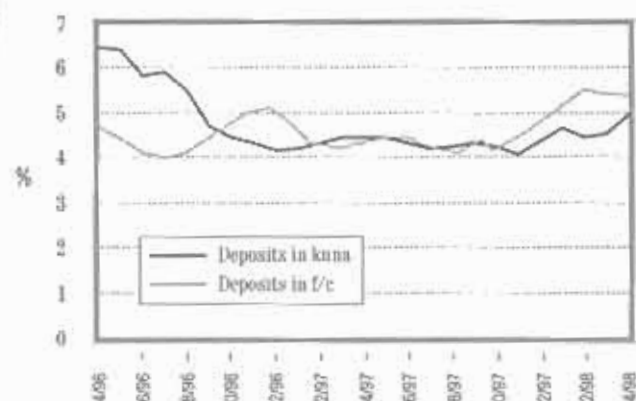
DMBS' AVERAGE INTEREST RATES ON CREDITS IN KUNA

Annual level

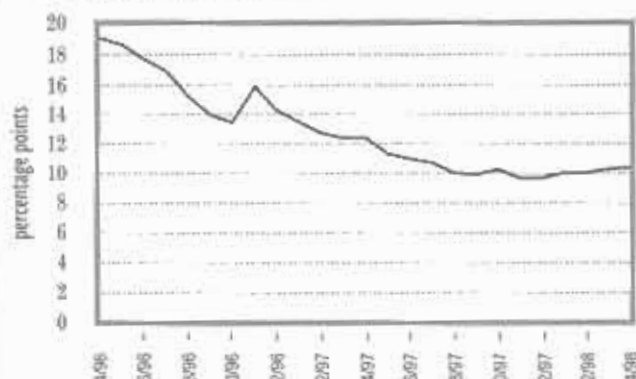


DMB's AVERAGE INTEREST RATES ON DEPOSITS

Annual level

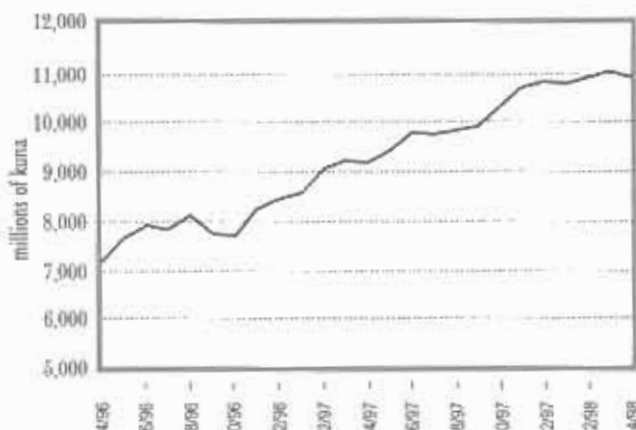


DIFFERENCE BETWEEN INTEREST RATES ON CREDITS IN KUNA AND INTEREST RATES ON DEPOSITS IN KUNA



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



counts. Finally, at the end of the month, the rate of the reserve requirement was decreased by 2.35 percentage points, i.e. to 29.5 percent. These measures were designed to increase the liquidity of the banking system, and to lower the pressure on the price of money, as well as to prepare for the start of the season of increased demand for money.

The growth of interest rates on kuna bills of the Croatian National Bank, as well as on Treasury Bills of the Ministry of Finance continued. Croatian National Bank bills, yielding 9.49 percent for 35 days, 10.50 percent for 91 days and 11.00 percent for 182 days, continue to be very profitable investments for commercial banks, since they serve as good coverage in case of problems with liquidity. Treasury Bills of the Ministry of Finance yielded 10.00 percent interest for 42 days, and 10.40 percent for 91 and 182 days in April. Foreign exchange CNB bills in German marks yielded 3.46 percent for 63 days and 3.54 percent for 91 days, while foreign exchange treasury bills in US dollars yielded 5.57 percent for 63 days and 5.64 percent for 182 days.

Commercial banks' lending rates recorded a slight increase in April. The average interest rate on kuna loans without the currency clause increased by 0.5 percentage points, reaching the level of 15.31 percent (short-term loans 15.38%, long-term loans 13.40%). The average interest rate on kuna loans with the currency clause remained at the same level of 15.17 percent (short-term loans 16.84%, long-term loans 12.81%). The average interest rate on foreign exchange loans increased by 1.2 percentage points, reaching the level of 15.82 percent.

April brought a slight increase in the average interest rates on kuna deposits (now holding at 4.93%), as well as a mild decrease in the average interest rate on foreign currency deposits (currently holding at 5.40%).

The interest rate spread expanded in April by slightly less than 0.1 percentage points, currently holding at 10.38 percentage points.

STATE BUDGET

Through the end of April, 13.8 billion kuna were collected in state budget revenues. This is 37.7 percent of the total revenue collection estimated for this year. Compared to the collection of revenues in the first four months of the previous year, this represents a 43.2 percent increase.

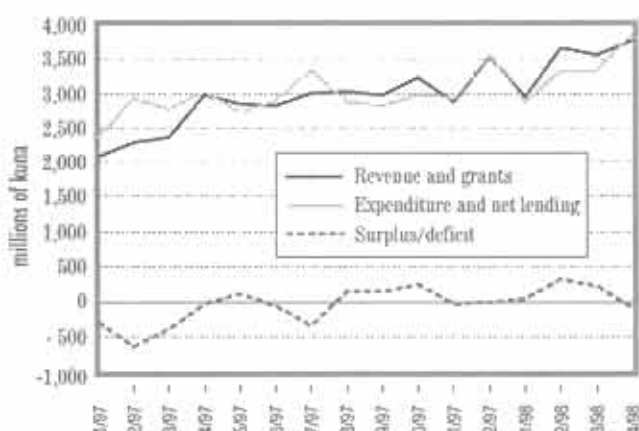
At the same time, 13.3 billion kuna were spent, which is 34.1 percent of the total expenditures planned in 1998. The nominal increase in expenditures on the annual level amounts to 21.0 percent. Although April was the first month since the beginning of the year which recorded a deficit, the total four-month balance shows a surplus. Currently, this surplus amounts to one third of the total deficit planned for 1998. Surplus in the amount of 502 million kuna and foreign borrowing in the amount of 498 million kuna were spent on decreasing the central government's debt toward domestic sectors (1.0 billion kuna, largely to deposit money banks)

Tax revenues exceeded last year's figures by 44.2 percent. The majority of these revenues (i.e. 73.2%) come from taxes on sales (value added tax, final calculation of the sales tax on goods and services for 1997 and the excise tax). A decrease in producers' expenses, caused by the introduction of the new tax system, and elimination of the cumulative effect of the sales tax, resulted in a decrease in producers' prices of industrial products in 1998.

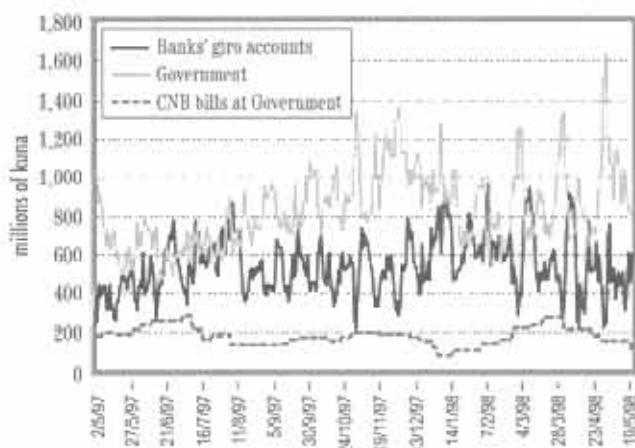
Capital revenues were more than doubled in the first four months of the year compared to the same period last year. More than one half of these revenues originated from privatization.

On the expenditure side, the most significant annual increase was recorded in central government's current expenditures for goods and services, as well as in current transfers. Capital expenditures were identical to those in 1997. In capital expenditures, the most significant items were capital transfers and procurement of fixed capital goods.

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.-Apr. 1998	1998 Budget
TOTAL FINANCING	- 502	2,011
DOMESTIC FINANCING	- 1,000	- 2,350
From monetary authorities	- 238	- 58
From deposit money banks	- 892	- 1,921
Other domestic financing	129	- 371
FOREIGN FINANCING	499	4,361
From international develop. institut.	142	1,757
From foreign governments	- 110	- 503
Other foreign financing	466	3,106