



Information on economic trends

June 2019

Summary

Following a temporary stagnation at the end of last year, economic activity in Croatia intensified in the first four months of 2019. Favourable developments in the labour market continued, as reflected in employment and wage growth and decrease in unemployment. A slight slowdown in the annual growth of consumer prices from 0.9% in March to 0.7% in April was mainly aided by the decrease in the annual rate of change in the prices of processed food products and footwear. Financing costs continued to record mainly favourable developments, aided by the high liquidity of the domestic financial market that resulted from the CNB's expansive monetary policy. Although lending to households slightly accelerated, the rate of growth in total placements decreased on an annual level due to the slowdown in the growth of placements to non-financial corporations. Croatia's net external debt increased in the first quarter of 2019 almost entirely due to the deterioration in the net foreign position of credit institutions. Ministry of Finance cash-basis data indicate a consolidated general government deficit in the first three months of 2019, totalling HRK 3.1bn, which is roughly the same as in the same period the year before.

The first results published by the CBS show that economic growth greatly intensified in the first quarter of 2019. Real GDP rose by 1.8% from the previous quarter, in which it had stagnated. Economic activity accelerated further on an annual level, with real GDP growth totalling 3.9%, which is the highest annual rate of growth since the end of 2016. The acceleration in the first quarter growth was primarily a result of the significantly stronger investment activity and exports of goods; personal consumption also strengthened during the period. The acceleration in the growth of investments reflects strong growth in construction, with the increase being registered not only by construction works on buildings but also by civil engineering. The initiation of major infrastructural projects and relatively favourable weather in the first three months of this year contributed to this growth. A positive contribution also came from government spending, while exports of services stagnated. The strengthening of domestic demand and exports of goods contributed to the increase in the imports of goods. The imports of services also registered a substantial increase. The negative contribution of net foreign demand to total economic growth was slightly lower in the first quarter of 2019 than at the end of the previous year.

The GDP nowcasting model, which draws on a relatively small number of available monthly data, indicates that economic growth on a quarterly level continued in the second quarter of 2018 (Figure 1). April data show that industrial production maintained its February and March levels. However, taking into account the exceptionally favourable results in January, industrial production in April was 1.1% down on the average result in the first three months of this year. The increase in the production of capital goods and non-durable consumer goods on a quarterly level was not sufficient to make up for the decrease in other MIG components (Figures 3 and 4). On the other hand, real retail trade turnover increased by 0.5% from the first quarter, indicating a lower growth rate than at the beginning of the year (1.7%) (Figure 7).

The results of the Consumer Confidence Survey show that in May 2019 the confidence index continued to rise to its historical high. The increase in optimism in April and May 2019 from the first quarter average reflects more favourable developments in all subcomponents of the index. At the same time, the expectations of business entities deteriorated on a quarterly level in all activities, except service activities, with the fall in the confidence index being most prominent in trade (Figure 8).

Favourable developments in the labour market continued early in the second quarter of 2019 at a similar intensity as over the previous three months. Employment thus continued to grow at a similar pace as in the first quarter, the number of employed increasing by 0.4% in April from the January to March average. Employment growth was registered in most NACE activities, except in manufacturing, financial and insurance activities

and the public sector. The strongest contribution to this growth came from employment in the construction sector and tourism-related service activities (Figure 14). At the same time, the number of unemployed persons continued to decrease, driven slightly more by employment from the CES register than clearings from the records for reasons other than employment (non-compliance with legal provisions, registration cancellation and failure to report regularly). Consequently, the registered unemployment rate declined to 8.4% from 8.5% in the first quarter of this year (Figure 15). As for wages, they continued to grow in April, with nominal gross wages consequently 1.3% higher than the first quarter average. The increase in wages was greater in the public than in the private sector (2.0% as compared to 0.9%, Figure 16).

Consumer prices increased 0.6% in April from a month earlier, predominantly due to the usual seasonal increase in the prices of clothing and footwear, as well as higher retail prices of oil products, which was a consequence of further growth in the prices of crude oil in the global market; the average price of a barrel of Brent crude oil increased by 7.5% in April from the previous month, which was, in addition to the existing agreement among the largest oil producers on production caps and tensions in Venezuela and Libya, additionally aided by expected reductions in the supply of this energy product due to the US decision to terminate the exemption from sanctions for large importers of Iranian oil, such as China and India. The annual growth of consumer prices slowed down slightly, from 0.9% in March to 0.7% in April, as did the annual core inflation growth rate, which decreased from 0.9% to 0.6%. Such developments were primarily a consequence of the decline in the annual rate of change in the prices of food products and non-food industrial products (primarily footwear). At the same time, the monthly increase in prices of oil products in April failed to have any very significant effect on the annual rate of change in total inflation, given that the price of oil products substantially increased in April of last year as well. As for industrial producer prices, their annual growth in the domestic market accelerated slightly, from 2.3% in March to 2.4% in April. At the same time, the annual growth of producer prices, excluding energy accelerated, from 0.1% in March to 0.6% in August.

After two quarters of modest growth, exports of goods intensified early in 2019, with total exports rising in the first three months of the year by 3.4% from the previous quarter average thanks to the 4.3% growth of exports of the narrow aggregate (excluding energy products) (Figure 10). This was mostly due to greater exports of road vehicles, medical and pharmaceutical products and other chemical products, as well as capital goods (primarily electrical machinery, apparatus and appliances). On the other side, exports of energy products decreased because the fall in the exports of oil and oil products as well as of natural

and manufactured gas exceeded the growth in the exports of electricity. At the same time, total imports of goods went down slightly in the second quarter, by 0.4%, relative to the average of the preceding quarter (Figure 11) in consequence of a noticeable fall in the imports of energy products (in particular of oil and refined petroleum products). In contrast, the imports of other goods increased 2.4% from the previous quarter average, especially the growth of imports of medical and pharmaceutical products, metal industry products and food. The first April data indicate that total exports of goods decreased by 3.2%, while imports increased by 2.7% from the first quarter average.

In May, the nominal exchange rate of the kuna against the euro ranged within a narrow band of -0.1% do $+0.2\%$ around its average exchange rate of EUR/HRK 7.41 (Figure 21), appreciating slightly from the average exchange rate of EUR/HRK 7.45 in April. In the second half of the month, the exchange rate slightly depreciated for a few days, which was caused by dividend payments to parent banks. At the end of May the exchange rate reached EUR/HRK 7.42, which is a slight shift from the EUR/HRK 7.41 at the end of April. The kuna gained strength against most other major trading partners' currencies in May, so at the end of the month the index of the nominal effective exchange rate of the kuna was 0.2% down from the end of April.

Influenced by the high euro area banking system liquidity, short-term interest rates on the European money market remained in negative territory during May 2019. The overnight interest rate, EONIA, ended the month of May at -0.36% , and the six-month EURIBOR at -0.25% (Figure 24). Risk premiums of new EU Member States remained almost unchanged in May. The risk premium for Croatia of some 89 basis points was at a level similar to that of the premiums for Romania and Hungary (Figure 25).

At Ministry of Finance auctions of treasury bills the interest rate on one-year kuna T-bills held at 0.08%, while the interest rate on one-year euro T-bills totalled 0.00%, which equals the yield achieved at the last auction of these T-bills held in December of last year. The average surplus liquidity in the domestic banking system decreased in May. However, it totalled as much as HRK 30.9bn (Figure 54). The consequence of this high liquidity was a very small turnover in the domestic overnight interbank market. The average interest rate is calculated from a small number of transactions and therefore does not adequately reflect the situation in the market. The average interbank interest rate in May thus totalled 0.3% based on two transactions executed at the beginning of the month.

Interest rates on new bank loans granted to households and corporations mostly decreased or stagnated in April (Figures 28 and 29). Interest rates on new corporate loans decreased, especially on foreign currency indexed kuna investment loans and kuna loans for working capital (Figure 31). As for households, the interest rate on new kuna housing loans kept below the interest rate on foreign currency housing loans (Figure 32), while the costs of consumer credit slightly increased due to the growth of the interest rate on kuna consumer loans within the usual volatility range (Figure 33). As regards deposits, interest rates on household time deposits remained almost unchanged in April (Figure 34), while interest rates on corporate time deposits mostly grew (Figure 35). Accordingly, interest rates on total time deposits increased, which, together with the decrease in interest rates on new bank loans resulted in a reduction of the spread between interest rates on total new loans and deposits, while interest rate spreads on loans and deposits remained

almost the same as in the previous month (Figure 37).

Monetary developments in April 2019 were marked by stagnation in total liquid assets (M4), which was a result of the reduction in net foreign assets (NFA) and of an increase in net domestic assets (NDA) by almost the same amount. These changes were mostly attributable to the decrease in the capital account balance of credit institutions, primarily because of the April dividend payments. On an annual level, the growth of total liquid assets (M4) slowed down in April to 4.4%, based on transactions (Figure 49). As regards the components of M4, the annual growth in quasi-money accelerated to 1.9%, while the annual growth in money (M1) increased slightly, ending April at 17.0%, transaction-based (Figure 48).

Total placements of monetary institutions to domestic sectors (excluding the government) increased by HRK 0.8bn in April (transaction-based), totalling HRK 225.4bn at the end of the month. Observed on an annual level, the growth of total placements slowed down in April to 4.1% (Figure 40), aided by the annual slowdown in lending to non-financial corporations to 0.6%¹ (Figure 41), primarily as a result of the base period effect. In contrast, the annual growth in household placements continued to accelerate slightly, reaching 6.8% in April (Figure 42). In the structure of loans to the household sector, the annual growth of general-purpose cash loans at the end of April edged down to 12.7%, and that of household loans accelerated to 4.0%. In terms of currency structure, the share of kuna placements in total household placements continued to grow slightly, reaching 52.8% at the end of April (Figure 47). The annual growth of the nominal stock of total placements, which totalled 2.4% in April, was noticeably lower than the transaction-based growth, which was predominantly a consequence of the write-off of irrecoverable claims of the Agrokor Group carried out in accordance with the settlement with its creditors.

Gross international reserves decreased in February by EUR 0.2bn or 0.9%, mainly due to a lower level of agreed repo transactions, and stood at EUR 18.6bn (Figure 56) at the end of the month. Gross reserves rose by EUR 1.2bn or 6.7% from the end of the previous year. Net international reserves grew by EUR 0.2bn (1.5%) at the end of May from the end of the previous year, standing at EUR 16.1bn.

The net external debt of domestic sectors additionally increased in the first three months of 2019, by EUR 0.2bn (Figure 60), after growing in the last quarter of 2018. This was a consequence of the usual seasonal weakening of the net foreign position of credit institutions (EUR 0.8bn). In contrast, the net foreign position of the central bank remained unchanged, while the government and other domestic sectors reduced their net liabilities. At the end of March, the total gross external debt stood at EUR 49.3bn (Figure 62), which is EUR 0.5bn more than at the end of 2018.

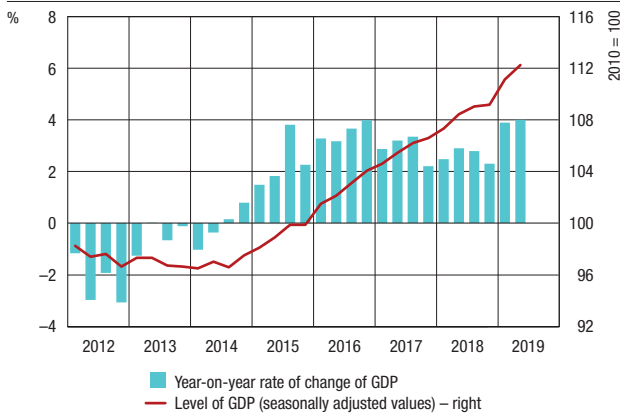
According to preliminary MoF data, the consolidated general government deficit in the first three months of 2019 was HRK 3.1bn, almost unchanged from the same period the year before (when it totalled HRK 3.0bn). Such a budget balance was a reflection of the equally strong annual growth in budget revenues and expenditures, which grew by almost HRK 3.0bn (Table 4). As for developments in individual components of revenues, the first quarter saw year-on-year growth in all main categories. Positive contributions came predominantly from the current aids from international organisations, which is associated with the received EU funds, while favourable economic developments contributed to the growth of revenues from social contributions.

¹ Were it not for the activation of the government guarantees issued to shipyards, the annual growth rate of placements to non-financial corporations would have totalled 2.5%.

Components on the expenditure side grew as well, although at a different pace. In addition to a substantial increase in expenditures on grants, which should reflect a previous payment to the EU budget, the increase in budgetary expenditures in the first three months of 2019 was predominantly a result of expenditures

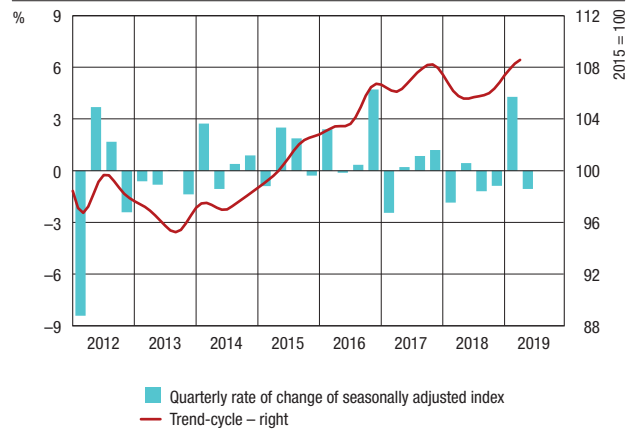
on social benefits, expenditures for the use of goods and services and subsidies. Public debt totalled HRK 287.6bn at the end of February, increasing by some HRK 3bn from the end of the previous year under the influence of the issue of bonds in the domestic capital market in February (Table 5).

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



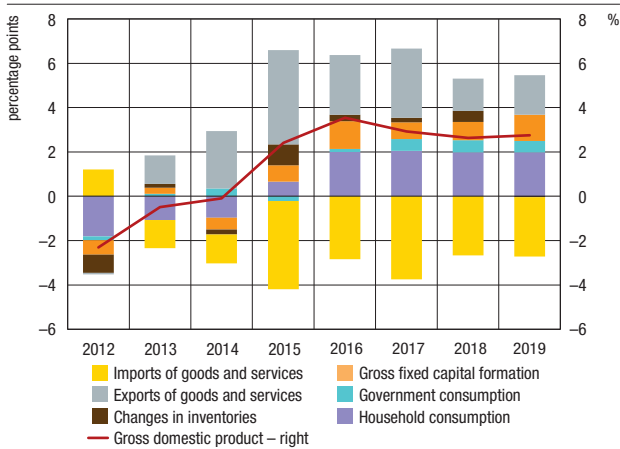
Note: Data for the second quarter of 2019 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 31 May 2019.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 3 Industrial production



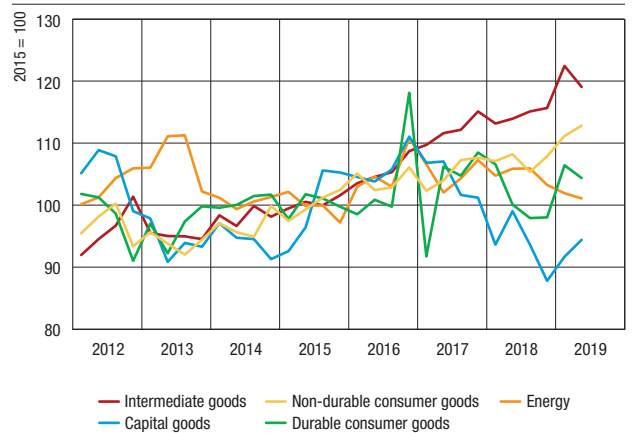
Note: Data for the second quarter of 2019 refers to April.
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



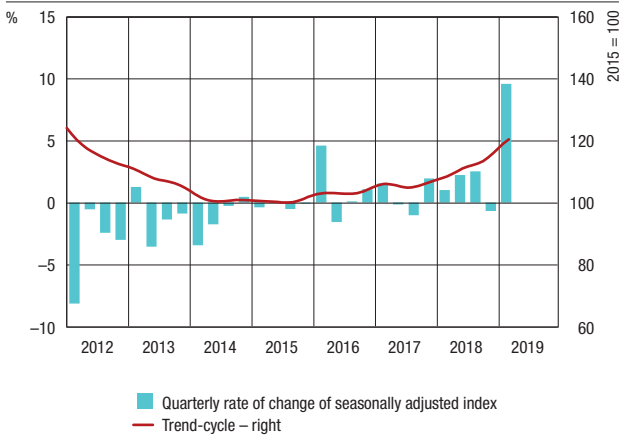
Note: The projection for 2019 refers to the official projection of the CNB from December 2018.
Source: CBS.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



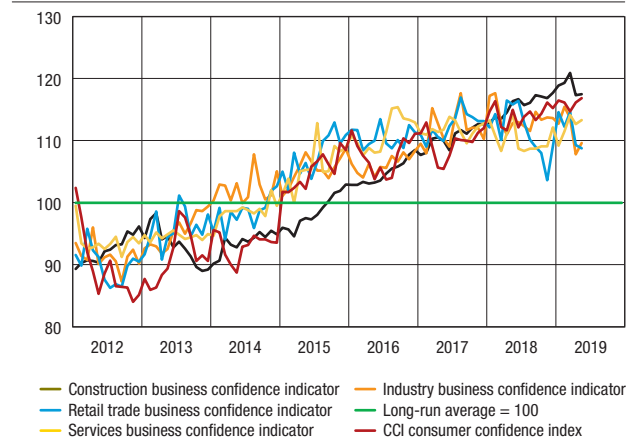
Note: Quarterly data are calculated as the average of monthly data.
Source: CBS data seasonally adjusted by the CNB.

Figure 5 Total volume of construction works



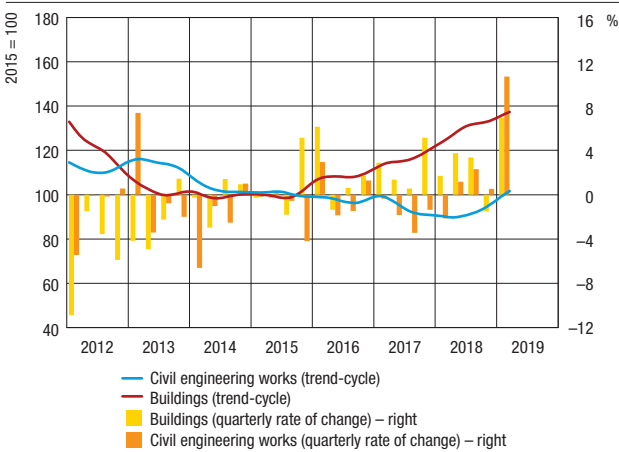
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Consumer and business confidence indicators standardised and seasonally adjusted values



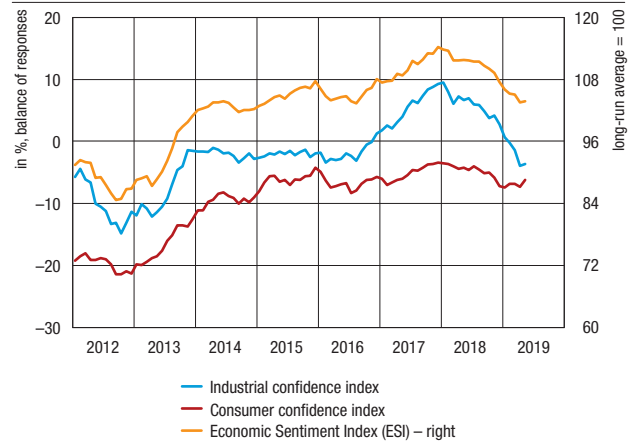
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



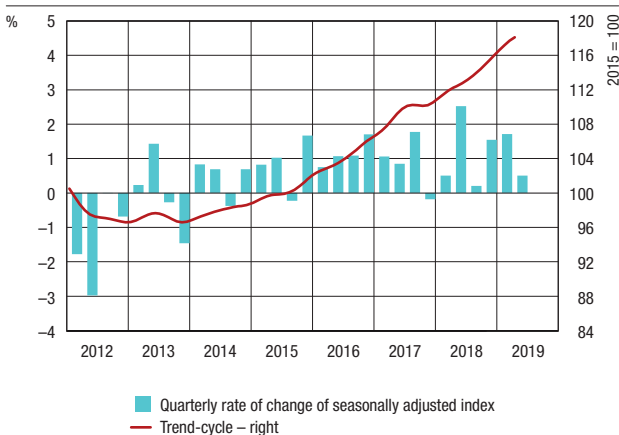
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



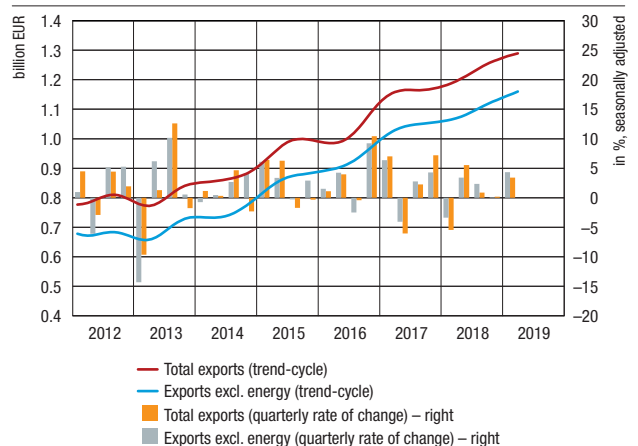
Note: Data are up to end-May 2019.
Source: Eurostat.

Figure 7 Real retail trade turnover



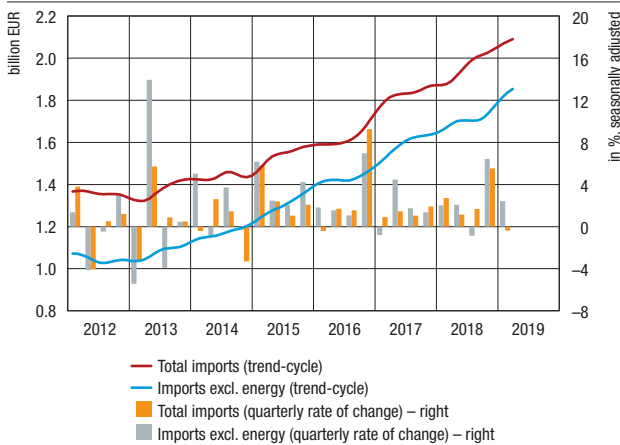
Note: Data for the second quarter of 2019 refers to April.
Source: CBS data seasonally adjusted by the CNB.

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



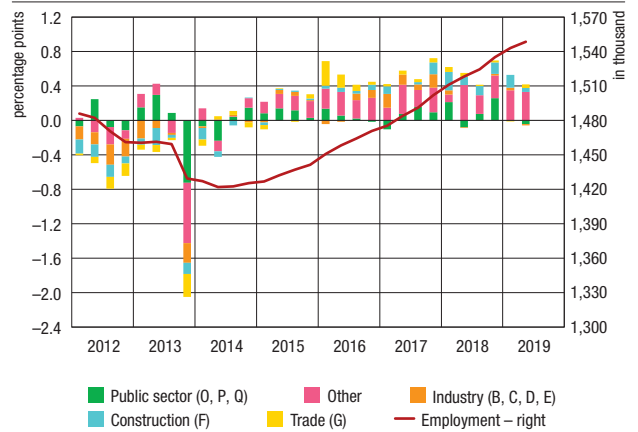
Source: CBS data seasonally adjusted by the CNB.

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



Source: CBS data seasonally adjusted by the CNB.

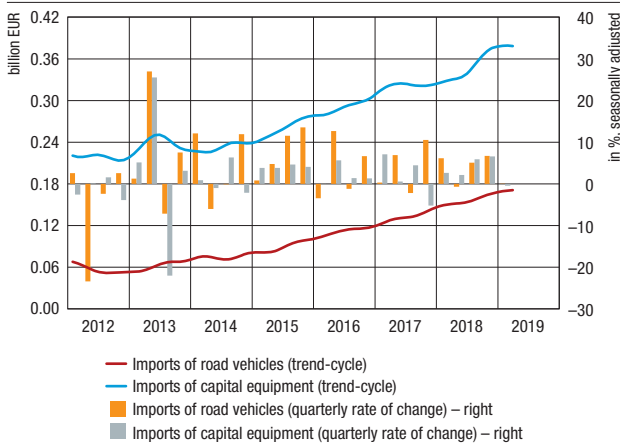
Figure 14 Employment by NCA activities seasonally adjusted data, contributions to the quarterly rate of change



Note: Data for the second quarter of 2019 refer to April.

Source: CPII data seasonally adjusted by the CNB.

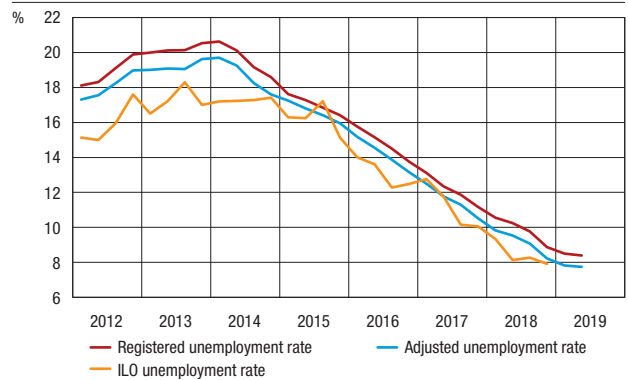
Figure 12 Imports of capital equipment and road vehicles (c.i.f.)



Note: Imports of capital equipment (SITC divisions 71 - 77).

Source: CBS data seasonally adjusted by the CNB.

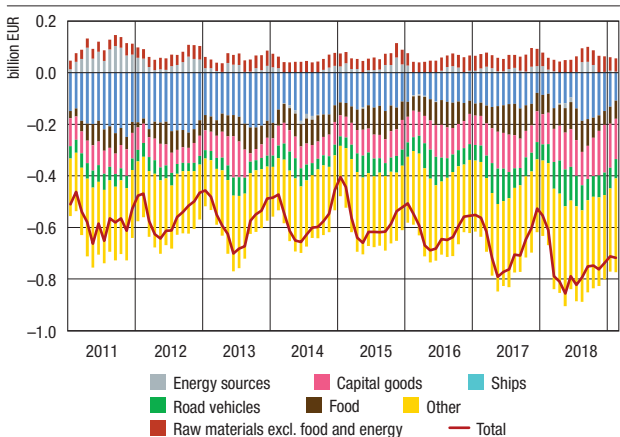
Figure 15 Unemployment rates seasonally adjusted data



Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of the number of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPII). Data for the second quarter of 2019 refer to April.

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

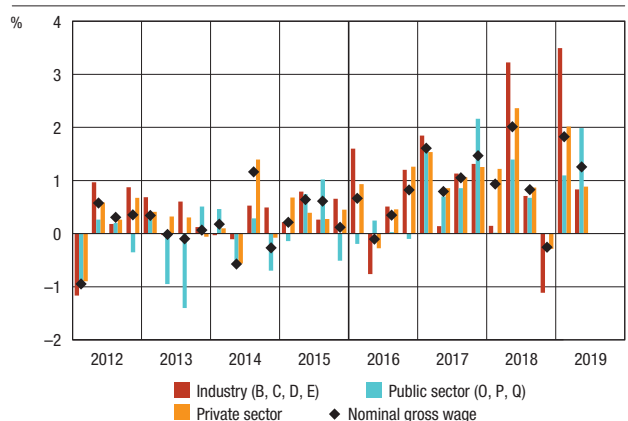
Figure 13 Trade in goods balance



Notes: Series are shown as three-member moving averages of monthly data. Data are up to end-March 2019.

Source: CBS.

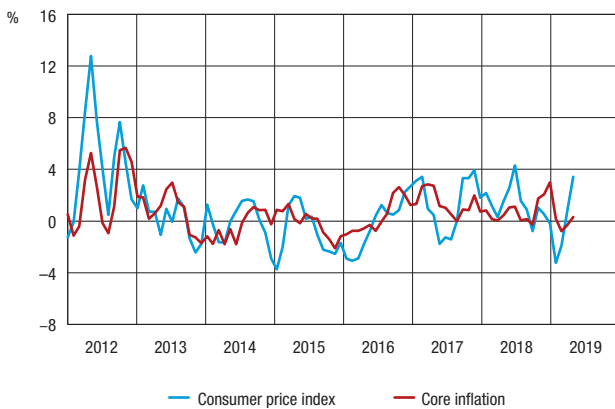
Figure 16 Average nominal gross wage by NCA activities seasonally adjusted data, quarterly rate of change



Notes: Data on the average nominal gross wage by activity refer to data from the RAD-1 form, and from January 2016 to data from the JOPPD form. Data for the second quarter of 2019 refer to April.

Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

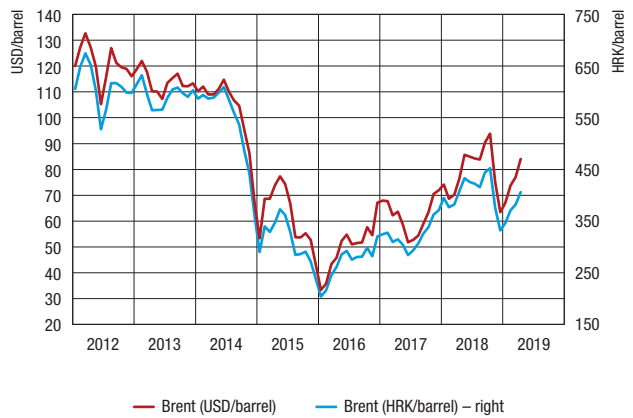
Figure 17 Consumer price index and core inflation
annualised month-on-month rate of change^a



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

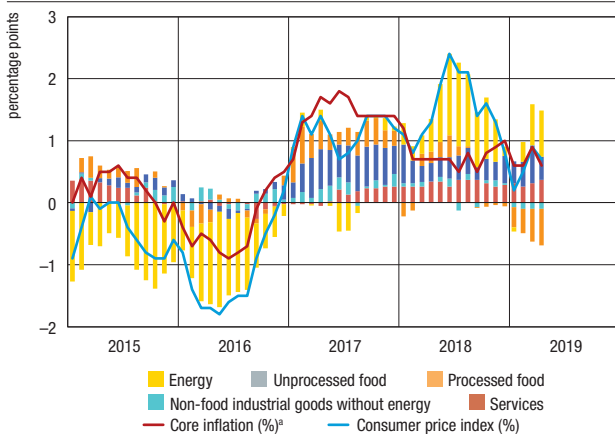
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



Sources: Bloomberg and CNB calculations.

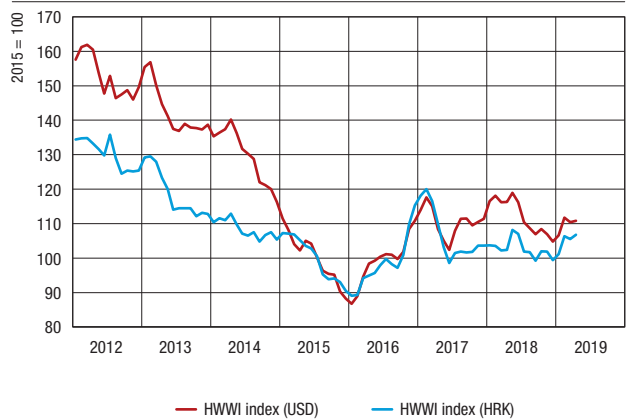
Figure 18 Year-on-year inflation rate and contributions of components to consumer price inflation



^a Core inflation does not include agricultural product prices, energy prices and administered prices.

Sources: CBS and CNB calculations.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

Table 1 Price indicators

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

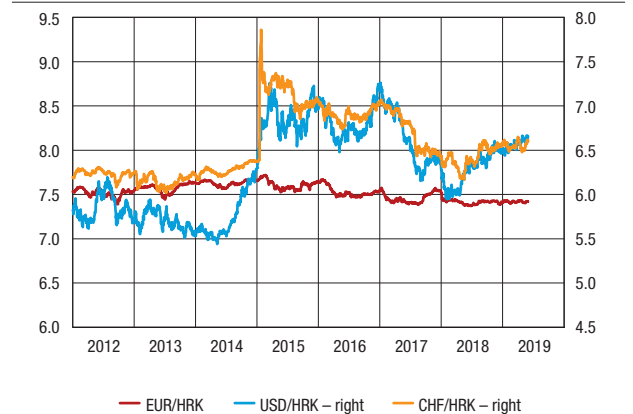
	Year-on-year rates		Month-on-month rates	
	3/2019	4/2019	4/2018	4/2019
Consumer price index and its components				
Total index	0.9	0.7	0.7	0.6
Energy	4.0	4.5	1.2	1.7
Unprocessed food	-5.7	-6.3	0.8	0.2
Processed food	2.6	1.6	0.5	-0.5
Non-food industrial goods without energy	-0.4	-0.4	1.2	1.1
Services	1.2	1.4	0.2	0.3
Other price indicators				
Core inflation	0.9	0.6	0.7	0.4
Index of industrial producer prices on the domestic market	2.3	2.4	0.5	0.6
Brent crude oil price (USD)	-0.1	-0.6	7.8	7.2
HWWI index (excl. energy, USD)	-5.0	-4.7	0.1	0.4

Note: Processed food includes alcoholic beverages and tobacco.

Sources: CBS, Bloomberg and HWWI.

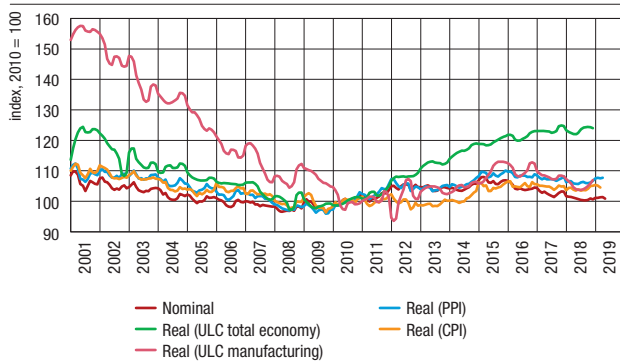
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



Source: CNB.

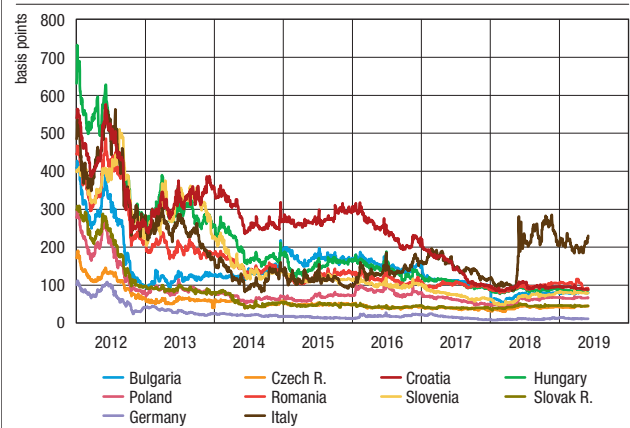
Figure 22 Nominal and real effective exchange rates of the kuna



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

Source: CNB.

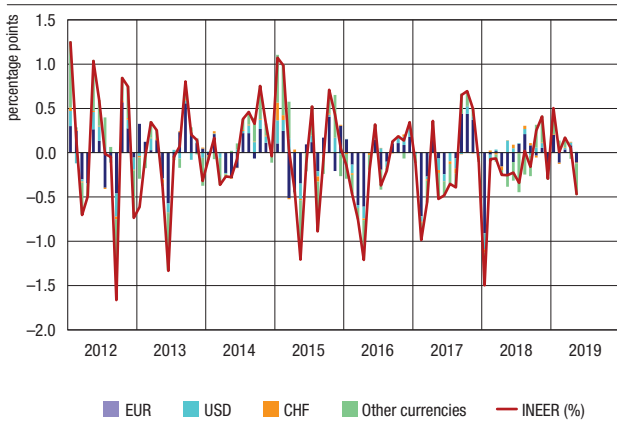
Figure 25 CDS spreads for 5-year government bonds of selected countries



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

Source: S&P Capital IQ.

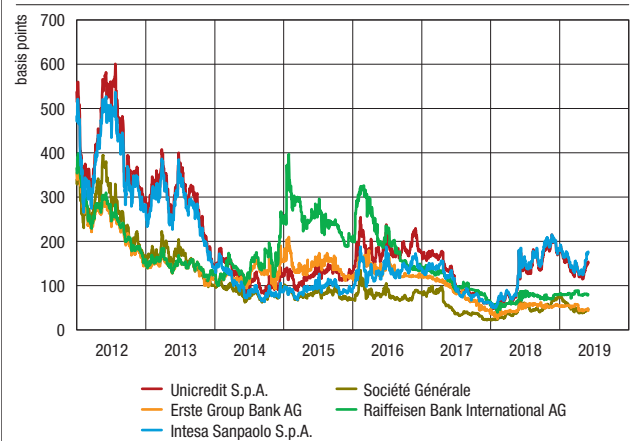
Figure 23 Contributions^a of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



^a Negative values indicate contributions to the appreciation of the INEER.

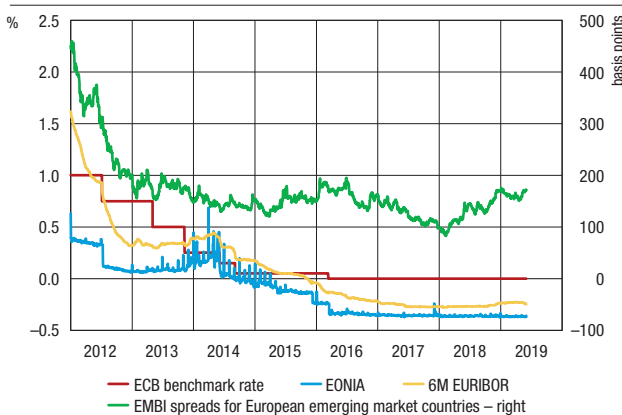
Source: CNB.

Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

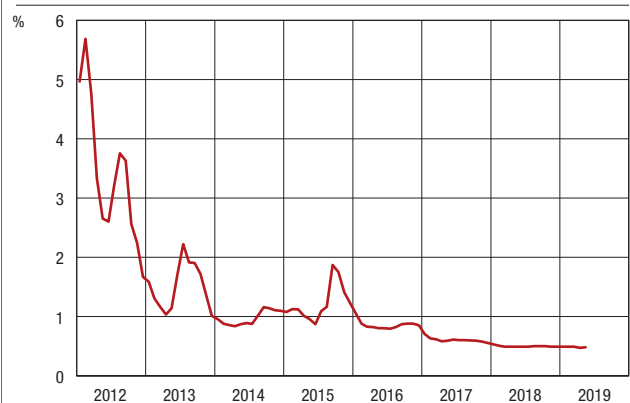
Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries



Note: The J.P. Morgan Emerging Market Bond Index (EMBI) shows the spread between yields on government securities of emerging market economies and risk-free securities issued by developed countries.

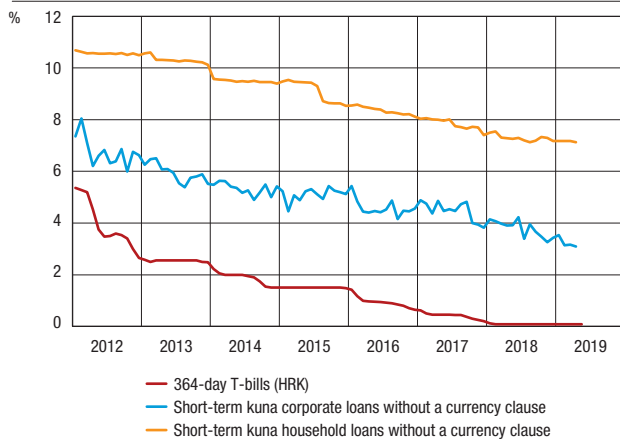
Sources: ECB and Bloomberg.

Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR) monthly averages of simple daily averages of bank quotations



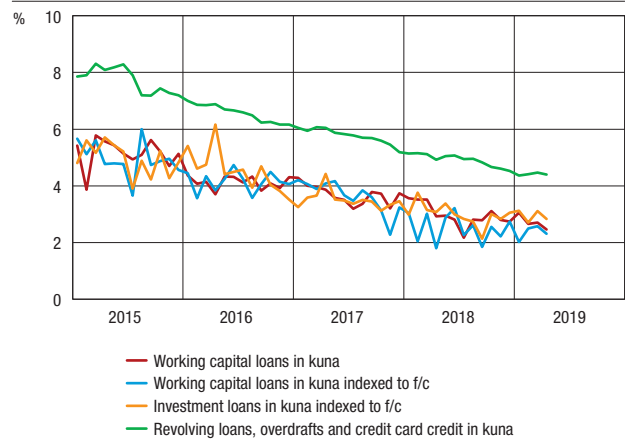
Source: CNB.

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



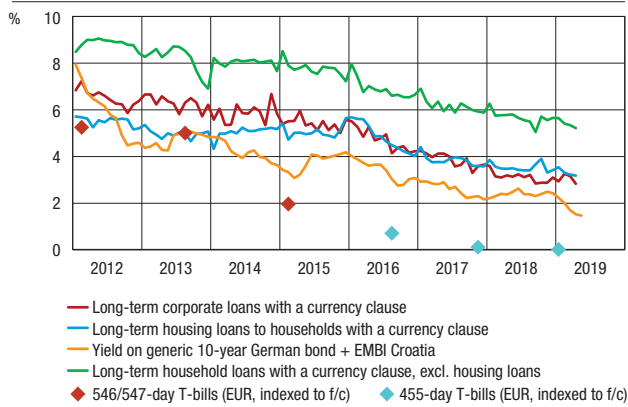
Sources: MoF and CNB.

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



Source: CNB.

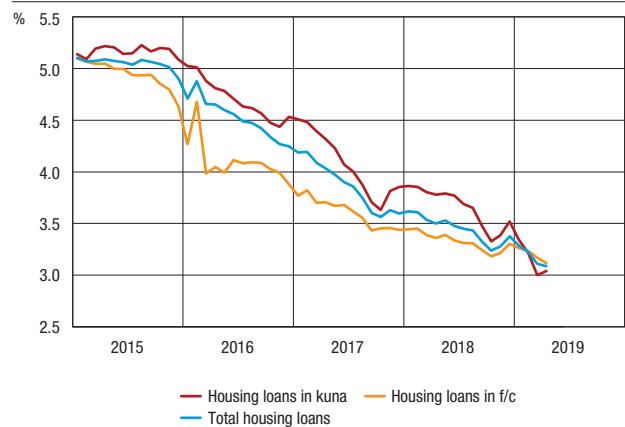
Figure 29 Long-term financing costs in kuna with a currency clause and in foreign currency



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

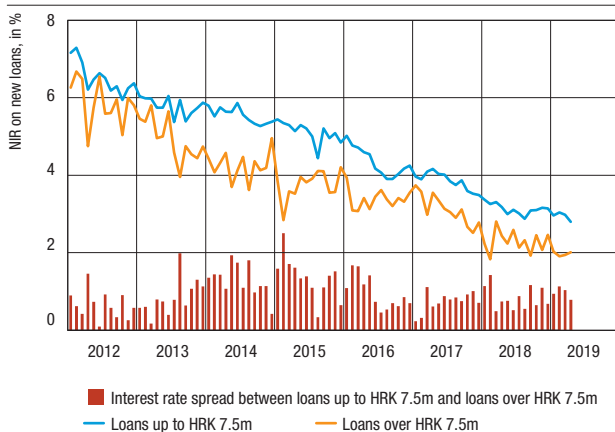
Sources: MoF, Bloomberg and CNB.

Figure 32 Interest rates on original new housing loans to households



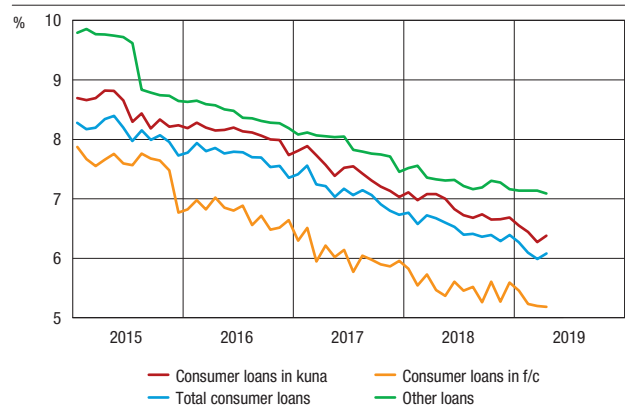
Source: CNB.

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



Source: CNB.

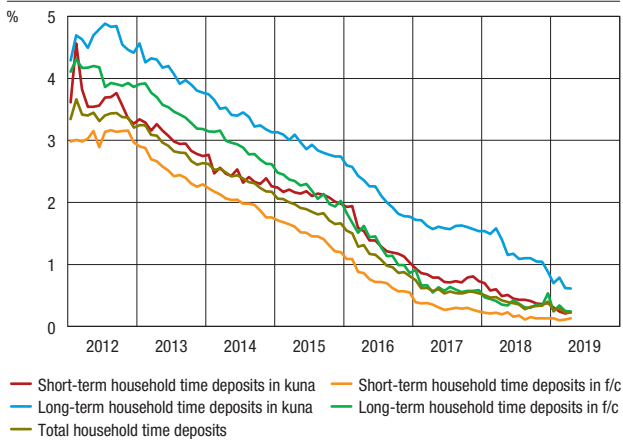
Figure 33 Interest rates on original new consumer and other loans to households



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

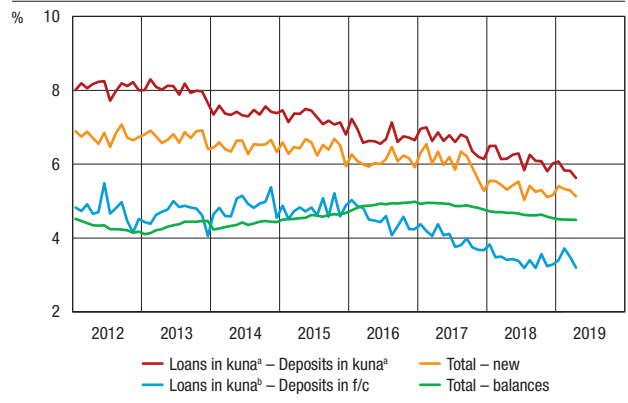
Source: CNB.

Figure 34 Interest rates on household time deposits



Source: CNB.

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

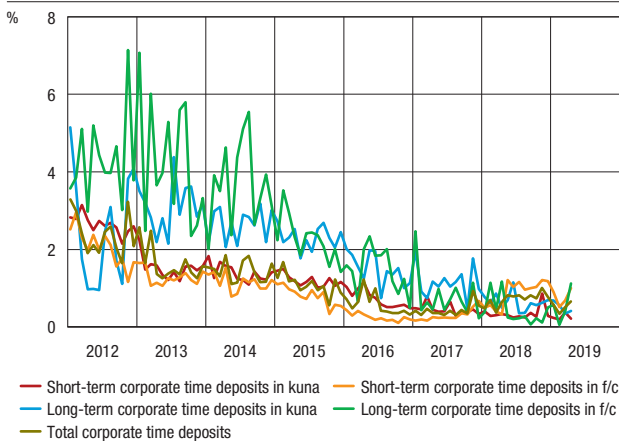


^a Non-indexed to f/c. ^b Indexed to f/c.

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

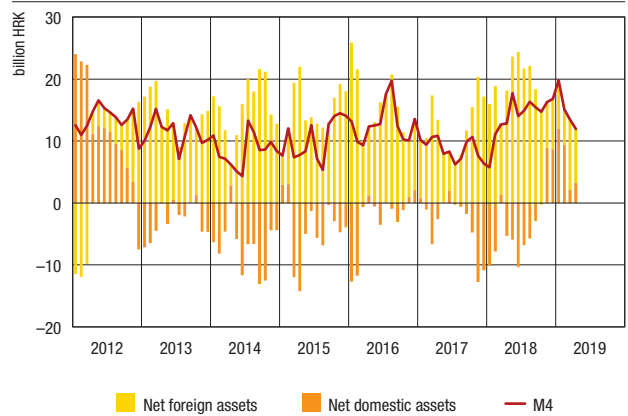
Source: CNB.

Figure 35 Interest rates on corporate time deposits



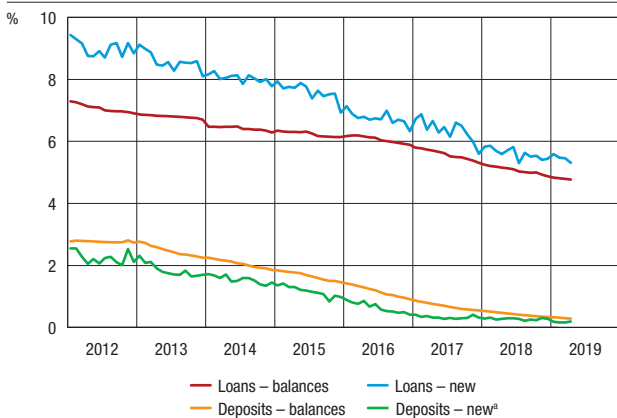
Source: CNB.

Figure 38 Net foreign assets, net domestic assets and total liquid assets (M4) absolute change in the last 12 months



Source: CNB.

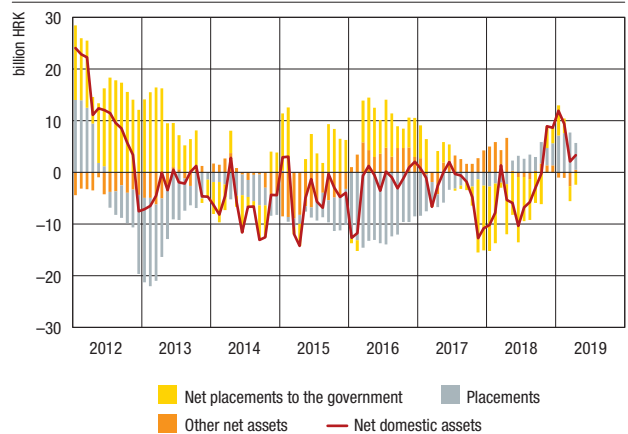
Figure 36 Average interest rates on loans (excl. revolving loans) and deposits



^a For time deposits, interest rates on newly received deposits are weighted by their balances.

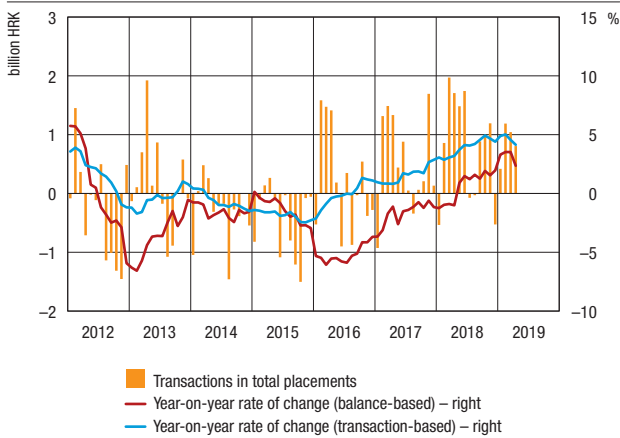
Source: CNB.

Figure 39 Net domestic assets, structure absolute change in the last 12 months



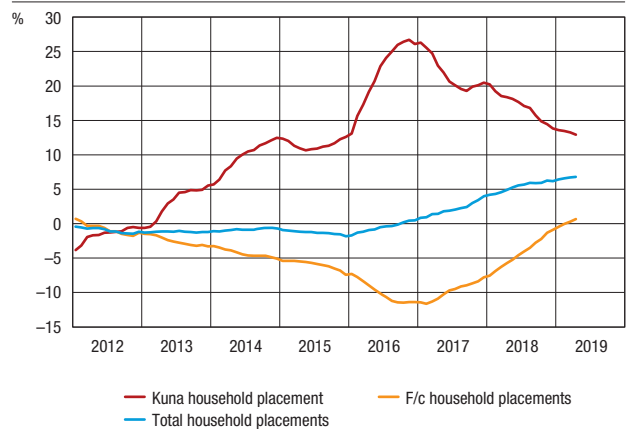
Source: CNB.

Figure 40 Placements



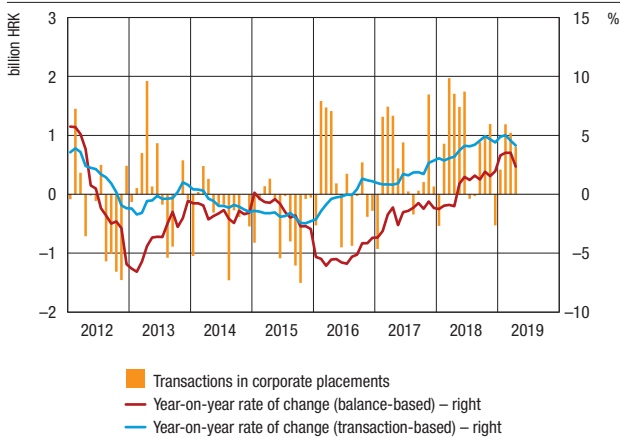
Source: CNB.

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



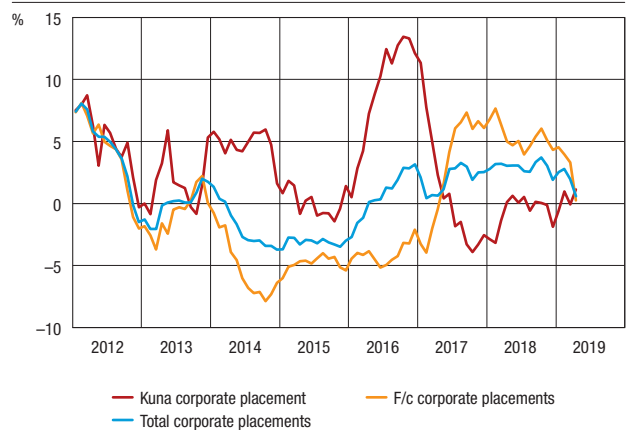
Source: CNB.

Figure 41 Placements to corporates



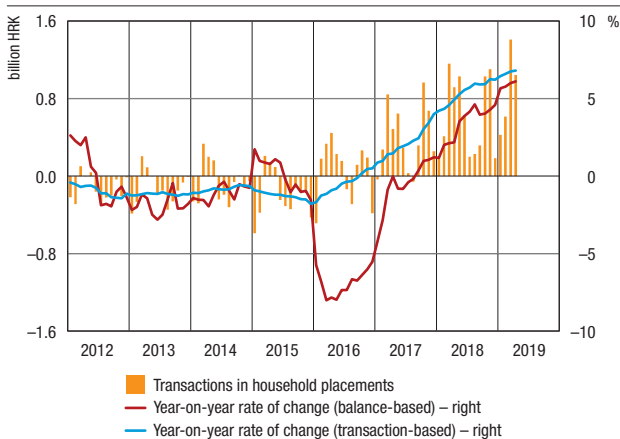
Source: CNB.

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



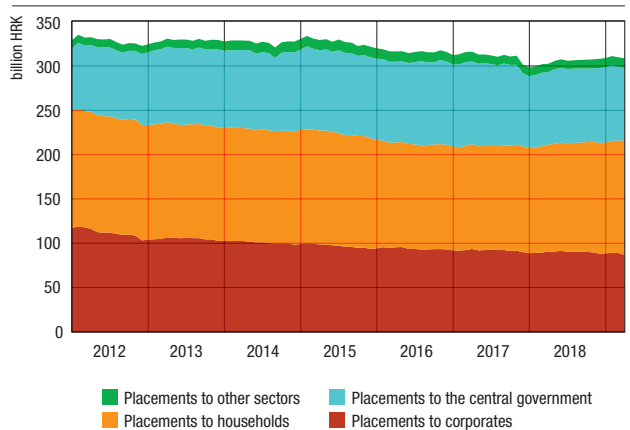
Source: CNB.

Figure 42 Placements to households



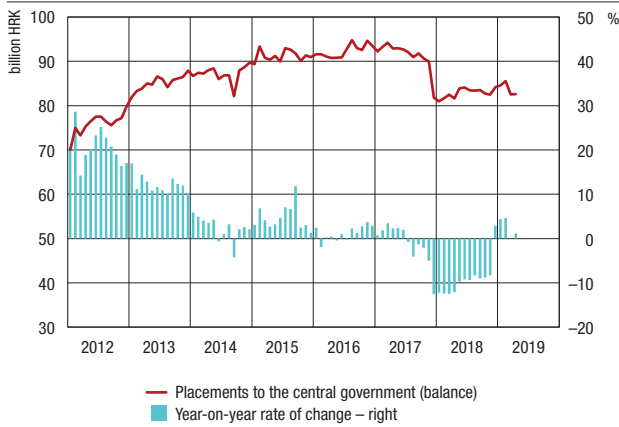
Source: CNB.

Figure 45 Structure of credit institution placements



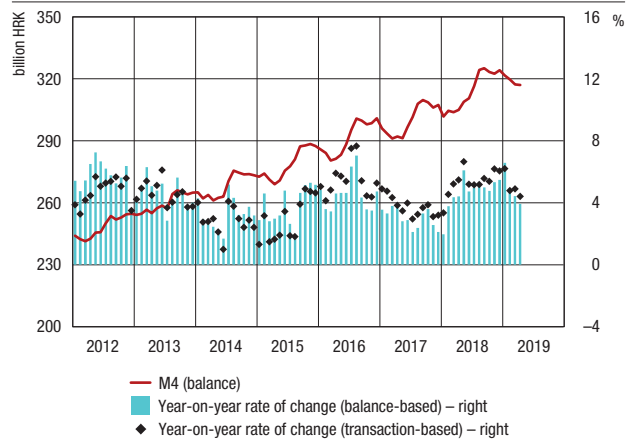
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



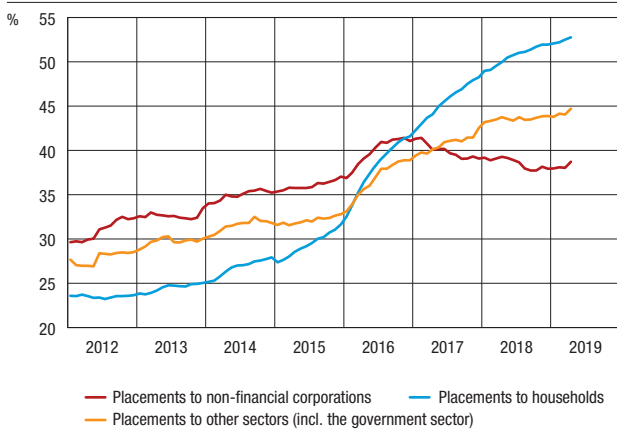
Source: CNB.

Figure 49 Total liquid assets (M4)



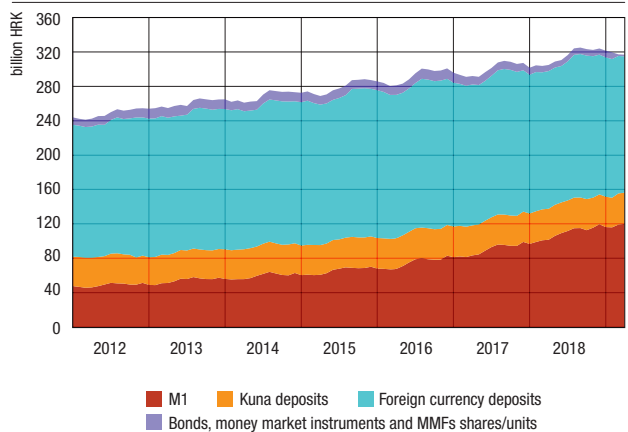
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



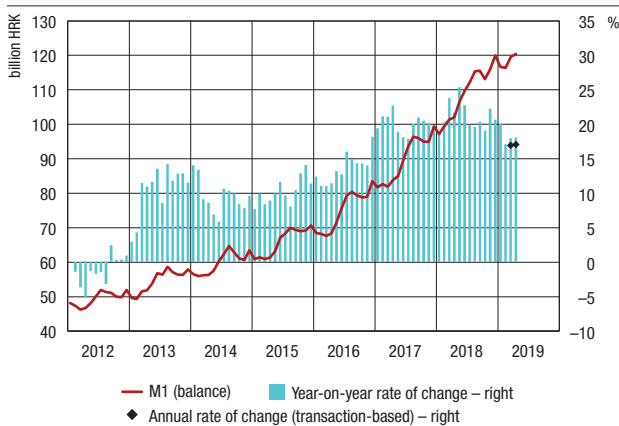
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



Source: CNB.

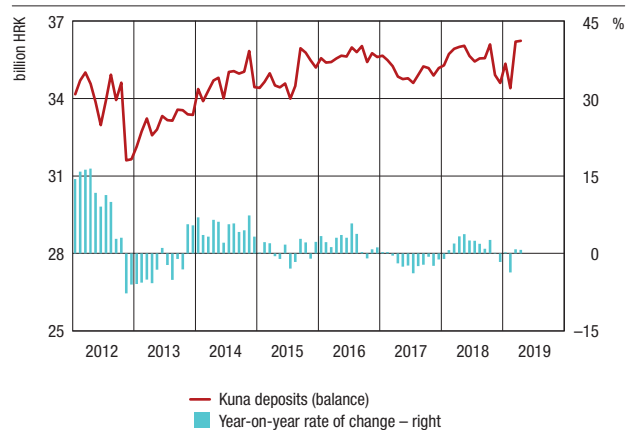
Figure 48 Money (M1)



Note: From March 2019, the growth rate (transaction-based) excludes the effect of the reclassification of money market funds.

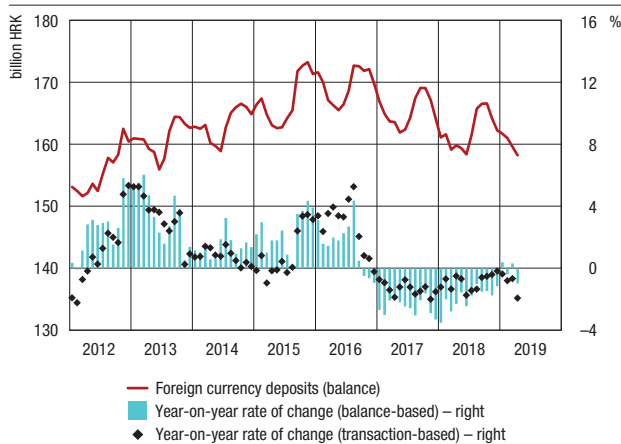
Source: CNB.

Figure 51 Kuna savings and time deposits



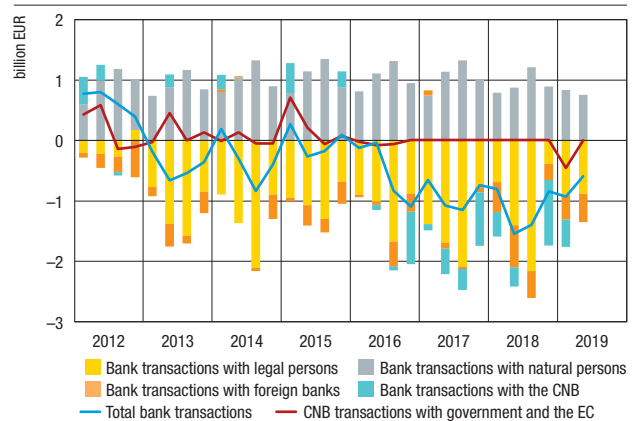
Source: CNB.

Figure 52 Foreign currency deposits



Source: CNB.

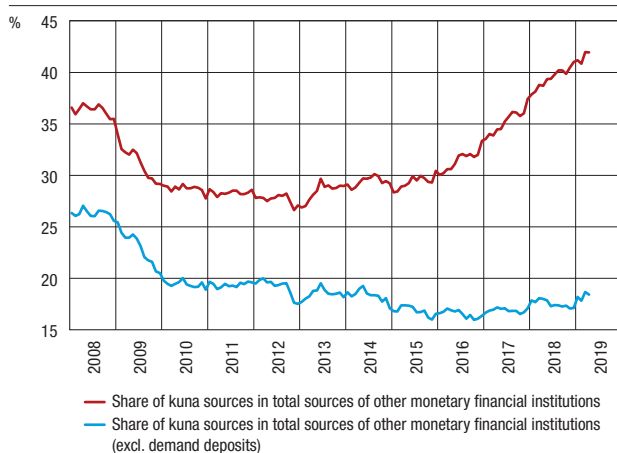
Figure 55 Spot transactions in the foreign exchange market (net turnover)



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the second quarter of 2019 refer to April and May.

Source: CNB.

Figure 53 Share of kuna sources



Source: CNB.

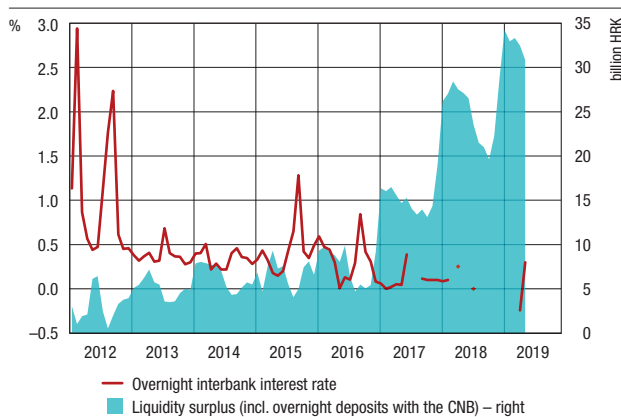
Figure 56 International reserves of the CNB at current rate of exchange



^a NUIR = international reserves – foreign liabilities – reserve requirements in t/c – foreign currency government deposits.

Source: CNB.

Figure 54 Bank liquidity and overnight interbank interest rate



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

Source: CNB.

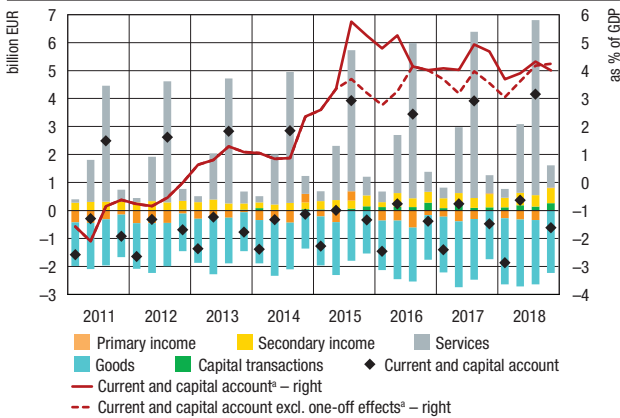
Table 2 Balance of payments preliminary data, in million EUR

	2017	2018	Indices	
			2017/2016	2018/2017
Current account	1,794.9	1,354.4	148.9	75.5
Capital account	501.6	710.8	75.2	141.7
Financial account (excl. reserves)	-954.1	-119.0	-58.9	12.5
International reserves	2,593.1	1,545.0	-	59.6
Net errors and omissions	-657.5	-639.3	127.3	97.2

Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).

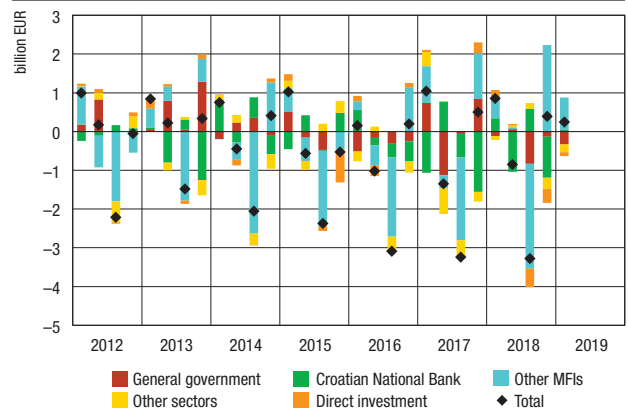
Source: CNB.

Figure 57 Current and capital account flows



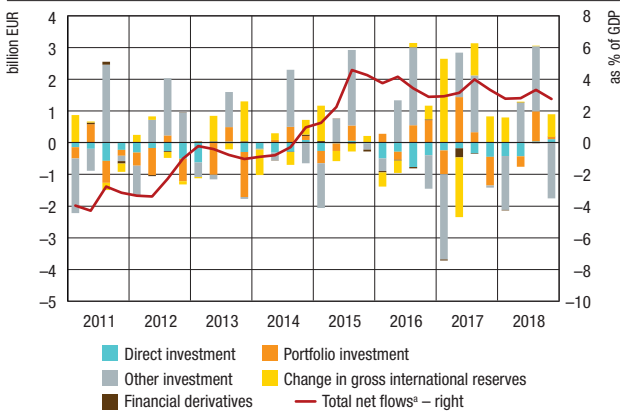
^a Sum of the last four quarters.
 Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017 and 2018.
 Source: CNB.

Figure 60 Net external debt transactions



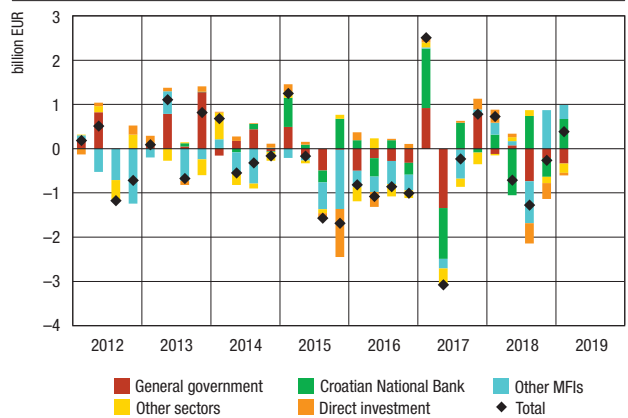
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims.
 Source: CNB.

Figure 58 Financial account flows by type of investment



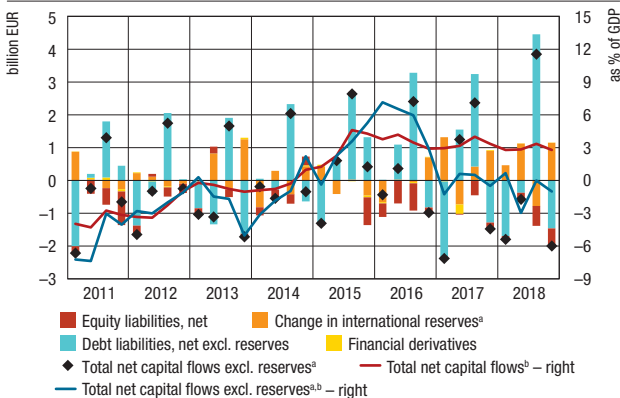
^a Sum of the last four quarters.
 Note: A positive value indicates net outflow of equity abroad (including on the basis of the growth in international reserves).
 Source: CNB.

Figure 61 Gross external debt transactions



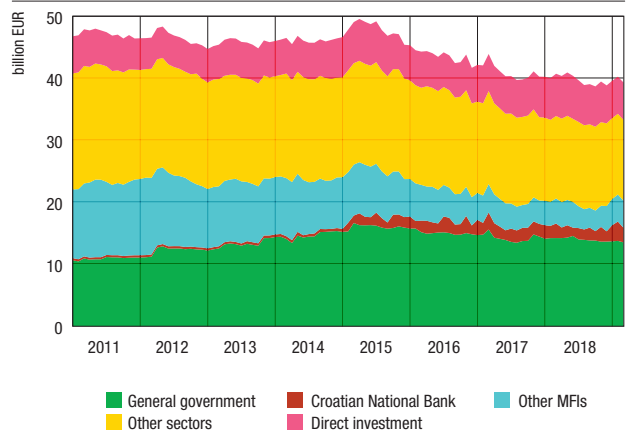
Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments.
 Source: CNB.

Figure 59 Financial account flows by capital structure



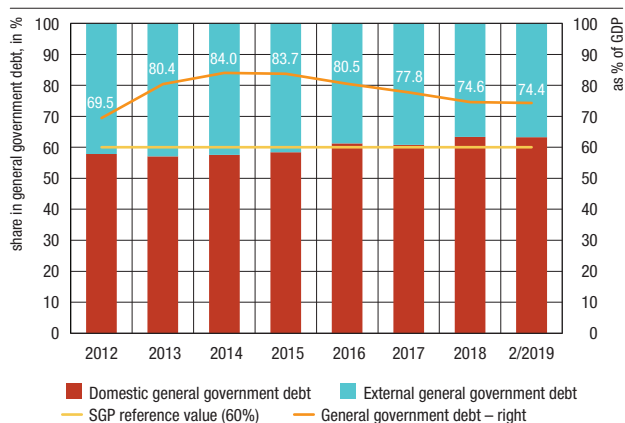
^a The change in gross international reserves is reported net of foreign liabilities of the CNB. ^b Sum of the last four quarters.
 Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.
 Source: CNB.

Figure 62 Gross external debt end of period



Note: Data are up to end-March 2019.
 Source: CNB.

Figure 63 General government debt



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

Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Dec. 2017	Jan. – Dec. 2018
Total revenue	168,602	178,065
Direct taxes	22,980	24,513
Indirect taxes	71,657	76,804
Social contributions	43,634	45,908
Other	30,331	30,839
Total expenditure	165,713	177,307
Social benefits	57,188	59,516
Subsidies	5,193	5,758
Interest	9,765	8,877
Compensation of employees	41,671	44,580
Intermediate consumption	29,498	31,164
Investment	9,877	13,213
Other	12,520	14,199
Net lending (+)/borrowing (-)	2,889	758

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan. – Mar. 2018	Jan. – Mar. 2019
1 Revenue	31,957	34,750
2 Disposal of non-financial assets	142	202
3 Expenditure	34,373	37,262
4 Acquisition of non-financial assets	758	810
5 Net borrowing (1 + 2 – 3 – 4)	-3,032	-3,120

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Feb. 2018	Feb. 2019
Change in total debt stock	-2,656	2,956
Change in domestic debt stock	-219	2,807
– Securities other than shares, short-term	1,341	-1,206
– Securities other than shares, long-term	80	4,800
– Loans	-1,632	-748
Change in external debt stock	-2,437	150
– Securities other than shares, short-term	-135	38
– Securities other than shares, long-term	-1,744	736
– Loans	-558	-625
Memo item:		
Change in total guarantees issued	-1,584	-26

Source: CNB.

Abbreviations and symbols

Abbreviations

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

n.e.c.	– not elsewhere classified
OECD	– Organisation for Economic Co-Operation and Development
OG	– Official Gazette
R	– Republic
o/w	– of which
PPI	– producer price index
RTGS	– Real-Time Gross Settlement
Q	– quarterly
RR	– reserve requirement
SDR	– special drawing rights
SITC	– Standard International Trade Classification
SGP	– Stability and Growth Pact
VAT	– value added tax
WTO	– World Trade Organization
ZMM	– Zagreb Money Market
ZSE	– Zagreb Stock Exchange

Three-letter currency codes

ATS	– Austrian schilling
CHF	– Swiss franc
CNY	– Yuan Renminbi
DEM	– German mark
EUR	– euro
FRF	– French franc
GBP	– pound sterling
HRK	– Croatian kuna
ITL	– Italian lira
JPY	– Japanese yen
USD	– US dollar

Two-letter country codes

BG	– Bulgaria
CZ	– Czech R.
EE	– Estonia
HR	– Croatia
HU	– Hungary
LV	– Latvia
LT	– Lithuania
PL	– Poland
RO	– Romania
SK	– Slovak R.
SI	– Slovenia

Symbols

–	– no entry
....	– data not available
0	– value is less than 0.5 of the unit of measure being used
∅	– average
a, b, c,...	– indicates a note beneath the table and figure
*	– corrected data
()	– incomplete or insufficiently verified data