Information on economic trends

February 2020

Summary

Available monthly indicators suggest a slowdown in real GDP growth in the fourth quarter 2019. Favourable developments in the labour market continued, as reflected in employment and wage growth and the decrease in the number of the unemployed. The annual rate of consumer price inflation accelerated from 0.7% in November to 1.4% in December 2019. The biggest contribution to this increase came from food (primarily the strong growth in the prices of pork) and petroleum products (as a result of the base period effect). Financing costs mostly continued to decrease, reflecting the accommodative monetary policy. The annual growth of bank placements accelerated to 4.2% at the end of 2019, as a result of the growth of household and corporate lending. The stronger growth of placements to households was spurred predominantly by the continued annual growth of housing loans and to a lesser degree of general-purpose cash loans. At the same time, the annual growth of placements to non-financial corporations was, except for a negligible increase in new borrowings, to the greatest extent aided by the waning of a larger part of the negative effect of the activation of government guarantees to shipyards at the end of 2018. The available fiscal data for the third quarter of 2019 suggest that favourable developments in public finance continued thanks to the growth of budget revenues outstripping the strong growth of budget expenditures.

The GDP nowcasting model points to a slowdown in the growth of economic activity at the end of 2019 from the previous quarter (Figure 1). Industrial production decreased by 1.4% on a quarterly level, after having slightly grown in the period from July to September. Broken down by main industrial groupings, all MIG components registered a decline in production, except for durable consumer goods (Figures 3 and 4). In contrast, construction and trade saw favourable developments. The growth of construction activity thus intensified in October and November from to the previous three months, during which it increased by 1.4%. The volume of construction works increased both in the segment of buildings and in civil engineering works (Figures 5 and 6). Real retail trade growth also accelerated, increasing by 1.5% in the last quarter from the quarter earlier.

The results of the consumer confidence survey for the last quarter of 2019 show that household expectations started improving from the period from July to September. On a quarterly level, all components of the consumer confidence index improved. Consumer optimism continued to grow in January 2020, reaching record highs in the history of the survey. Expectations of business entities were also high, largely exceeding the historical average over several years. In the last three months of 2019, expectations increased in all activities except construction. In January 2020, a rise in corporate optimism was seen in construction, industry and trade, while expectations in service industries were slightly less positive than at the end of the previous year (Figure 8).

Favourable trends in the labour market marked the end of 2019. Employment growth accelerated in the fourth quarter on a quarterly level. The number of employed persons rose the most in construction, information and communication activities and trade. Industry also registered employment growth following two consecutive quarters of decline (Figure 14). The fall in registered unemployment also picked up in the last quarter of 2019. The decrease in the number of unemployed persons was due equally to intensified removal from the CES register and increase in new employment. The lower number of unemployed persons also decreased the registered unemployment rate to 7.3%, from 7.8% in the third quarter 2019 (Figure 15). The end of the year was marked by a slowdown in the growth of the nominal gross wage (0.4% in comparison to 1.1% in the third quarter) resulting from the stagnation of private sector wages, while the growth of wages in the public sector intensified (Figure 16).

Consumer prices fell slightly in December 2019 (0.1%) from the previous month (Table 1). The most significant contribution came from the seasonal decrease in the prices of clothing and footwear. However, this was partly offset by the significant upturn in the prices of meat and vegetables. The growth in the prices of meat primarily reflects the increase in retail prices of pork in the domestic market, which in turn mirrors the growth of these prices in the world market, primarily due to increased demand from China. The annual rate of consumer price inflation accelerated substantially in December 2019, totalling 1.4%, up 0.7 percentage points from November (Figure 18). The greatest contribution to the acceleration in annual inflation came from food (primarily meat) and from oil derivatives. The annual rate of change in energy prices increased from –1.5% in November to 6.1% in December, mostly on account of the favourable base effect, i.e. of the strong decline in the prices of oil derivatives in December 2018 (Figure 19). Core inflation accelerated slightly to 1.2% in December (from 1.1% in November), aided primarily by the mentioned acceleration in the annual growth of the prices of meat. The average annual consumer price inflation rate decreased from 1.5% in 2018 to 0.8% in 2019, which was a result of the decrease in the annual growth rate of energy and food prices (primarily as a result of a cut in VAT on some food products). In contrast, the average annual consumer price inflation rate accelerated from 0.8% in 2018 to 1.0% in 2019.

After a noticeable growth in the third quarter, total goods exports fell strongly in October and November (by 5.4%) from the previous quarter's average (Figure 10). The drop in the exports of the narrow aggregate (excluding energy) was even more prominent (7.4%), largely as a result of the fall in the exports of other transport equipment, mostly ships, medical and pharmaceutical products and capital goods, primarily telecommunications apparatus. On the other hand, total imports of goods (Figure 11) increased by 3.0% in October and November from the previous quarter average, primarily as a result of the rise in the imports of energy products (in particular of oil and refined petroleum products). At the same time, the growth in imports of other goods (1.1%) was strongly influenced by medical and pharmaceutical products, followed by capital goods, primarily electrical machinery, apparatus and appliances, as well as food products. The initial December data indicate an even stronger fall in overall goods exports, totalling 7.7% in the fourth quarter, and a negligible growth in total goods imports of 0.2% from the previous quarter average.

At the end of 2019 and early in 2020, the exchange rate of the kuna against the euro was stable. The daily exchange rate in December and January moved within a narrow band of ±0.1% around its average value of HRK 7.44/EUR. At the end of January, the nominal effective exchange rate stood at 7.44 EUR/HRK, the same as at the end of December and almost the same as at the end of January last year (Figure 21). In contrast to December, when the index of the nominal effective kuna exchange rate remained unchanged from the previous month, the effective kuna exchange rate slightly depreciated in January, reflecting the weakening of the euro in the international foreign exchange market.

Short-term interest rates on the European money market remained in negative territory at the end of 2019 and early in 2020, influenced by the expansionary monetary policy of the European

Central Bank and high euro area banking system liquidity. The overnight interest rate on the euro area banking market, EONIA, ended the month of January at –0.45%, and the six-month EURIBOR at –0.34% (Figure 24). Risk premiums for all European emerging market economies saw positive trends at the end of last and at the beginning of this year, Bulgaria and Croatia boasting the greatest risk reduction (Figure 25). The risk premium for Croatia stood at 64 basis points in December 2019, compared with 96 basis points at the end of 2018. It continued to decrease in January 2020 to fall to 47 basis points at the end of the month.

No trading took place in the domestic overnight interbank market at the end of 2019 and at the beginning of 2020, while the the interest rate on one-year kuna T-bills without a currency clause remained unchanged at the level of 0.06% (Figure 28), influenced by the monetary policy of the CNB. At the same time, banks' free reserves reached their historical high, aided, among other things, by the repurchase of foreign exchange from the government, totalling EUR 170.7m, at the beginning of January. The average liquidity surplus in the domestic banking market totalled HRK 38bn (Figure 54) in January.

The interest rates on new bank loans granted to households and corporates mostly continued to trend downwards (Figures 28 and 29) and there was also a reduction in interest rates on original new loans for working capital with a currency clause (Figure 31). In the households sector, interest rates on original new consumer loans decreased, while interest rates on housing loans slightly increased (Figures 32 and 33). Interest rates on corporate and household time deposits decreased as well at the end of 2019 (Figures 34 and 35). As a result of the trends described above, the spread between interest rates on total new loans and deposits at the end of 2019 shrank to 4.58 and the gap between interest rate spreads on loans and deposits to 4.26 percentage points (Figure 37).

Monetary developments in December 2019 were marked by an increase in net domestic assets (NDA) of the monetary system and an almost equal decrease in net foreign assets (NFA), resulting in stagnation of total liquid assets (M4) from the end of November (transaction-based). When two years are compared, the annual growth of this broadest monetary aggregate (M4) slowed down from 6.1% at the end of 2018 to 3.5% at the end of 2019 (Figure 49); there was a similar growth in money (M1), which totalled 13.4% at the end of 2019 as against the 20.7% at the end of 2018 (Figure 48). The 2019 slowdown in M4 in 2019 was a result of the slower growth in net domestic assets of monetary institutions. Such developments were determined by the decline in net claims on the central government and social security funds, while the growth of domestic placements and net foreign assets was slightly slower than in 2018 (transaction-based).

Total placements of monetary institutions to domestic sectors (excluding the government) increased by HRK 1.0bn in December, their annual growth accelerating from 3.5% in November to 4.2% (transaction-based, Figure 40). The placements to non-financial corporations, after six continuous months of decline, increased by 0.4% on an annual level at the end of 2019 (Figure 41). Except for a negligible increase in new borrowings, this was for the most part aided by the waning of a larger part of the negative effect of the activation of government guarantees to shipyards at the end of 2018, the remaining part of which is expected to disappear by the end of the first quarter of this year. The annual growth of placements to the household sector accelerated to 7.4% in December (Figure 42). The stronger growth of placements to households was mainly led by the continued acceleration in the annual growth of housing loans that reached 6.4% at the end of 2019, which must also be reflecting the effect of the continued housing loans subsidy programme implemented by the Croatian Government. At the same time, the annual growth of general-purpose cash loans accelerated negligibly to 11.5%. In terms of currency structure, the years-long upward trend in the growth of kuna placements in total placements to households continued, reaching 54.3% at the end of 2019 (Figure 47). In 2019 placements to households grew 1.2 percentage points faster than in 2018, while corporations registered a noticeable slowdown, which was, paired with the effect of the activation of government guarantees for loans to shipyards and the reduction of claims on the Fortenova Group (former Agrokor), also associated with the operational implementation of the settlement. If these one-off effects are excluded, the deceleration in the growth of placements to corporates was slightly slower last year. The annual growth in the nominal stock of placements, totalling 2.8% in December, was lower than transaction-based growth, primarily as a consequence of the sale of non-performing corporate placements.

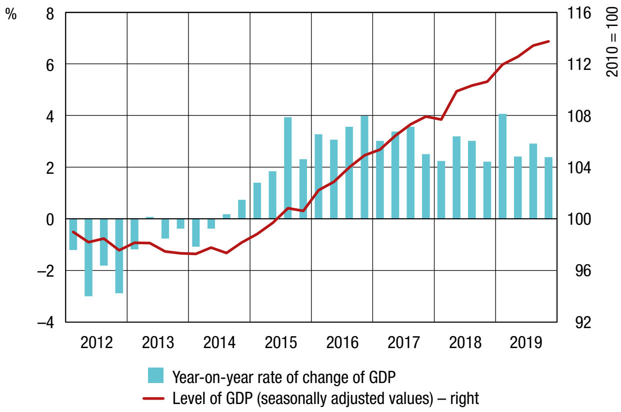
Gross international reserves increased by EUR 0.5bn or 2.7% in January 2019 and stood at EUR 19.1bn (Figure 56) at the end of the month. The increase in reserves was a result of a higher level of agreed repo transactions and purchase of foreign exchange from the government. Net international reserves grew by EUR 0.3bn or 1.6% in January, totalling EUR 17.6bn at the end of the month.

Net external debt increased by EUR 0.4bn (Figure 60) in October and November 2019, as a consequence of a more pronounced decrease in foreign assets than foreign liabilities. The deterioration in the net foreign position of banks stood out, primarily due to the decrease in their foreign assets accumulated mostly during the peak of the tourist season. At the same time, the central bank's net foreign position strongly deteriorated, as a consequence of the withdrawal of the foreign currency deposit which the government deposited on several occasions over the previous months, primarily after the international bond issue in 2019. The withdrawn funds were used by the government in November to refinance the matured USD bond, worth USD 1.5bn, which resulted in a noticeable reduction of the government's external debt. The transactions between the CNB and the government related to the repayment of a foreign bond that had fallen due had a positive effect on the overall net external debt in October and November because the government raised some of the funds for refinancing in the foreign exchange market. Private non-financial corporations contributed the most to the decline in external indebtedness of other domestic sectors. Total gross external debt stood at EUR 41.1bn (Figure 62) at the end of November, down EUR 2.2bn from the end of the third quarter.

Data for the third quarter of 2019 showed that favourable fiscal developments present in the first half of the year continued, the general government surplus in the period from July to September rising to HRK 6.2bn from HRK 5.1bn in the same period of 2018 (according to the ESA 2010 methodology). Such developments reflect a faster growth in total revenues than in expenditures. Total general government revenues thus increased by 8.1% in the period from July to September, largely driven by the increase in VAT revenues, brought about in turn by the growth in personal consumption and last but not least by other current revenues and revenues from the sale of goods and services. Total revenues increased by 6.6%, predominantly due to government investments, subsidies paid and capital transfers. Budgetary trends were much affected by the withdrawal of EU funds (although this has no direct influence on the budget balance).

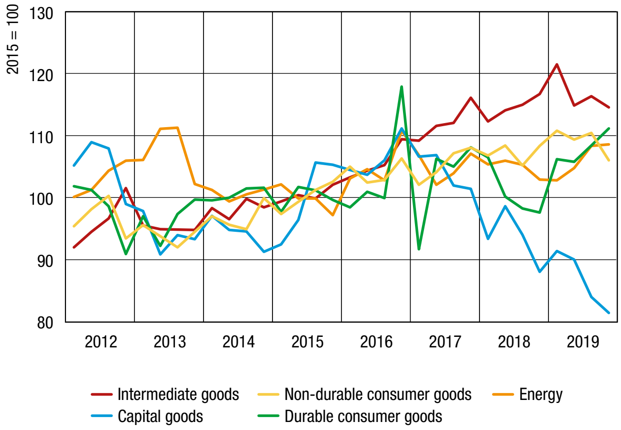
According to MoF (cash basis) data for October 2019, consolidated central government generated a HRK 1.3bn surplus, lower than that registered in the same month of the year before. Consolidated general government debt totalled HRK 298.1bn at the end of October, up some HRK 12bn from the end of 2018. This largely mirrored the effect of the prefinancing of the USD bond. As for the relative indicator of public debt, despite the favourable influence of economic growth, the share of public debt in GDP increased slightly in October to 75.3% of GDP, from 74.7% at the end of 2018.

Figure 1 Quarterly gross domestic product
seasonally adjusted real values



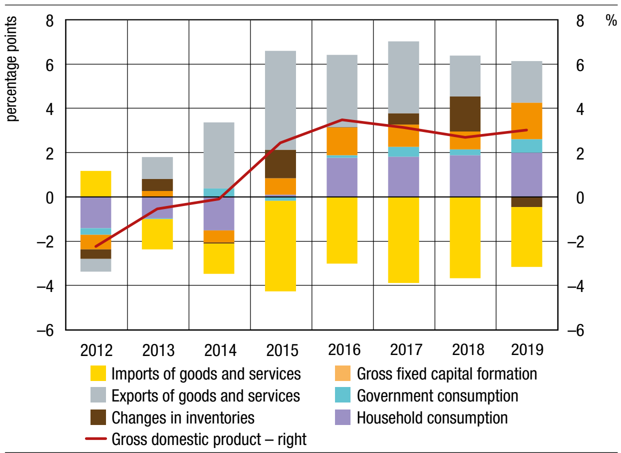
Note: Data for the fourth quarter of 2020 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 30 January 2020.
Sources: CBS data seasonally adjusted by the CNB and CNB calculations.

Figure 4 Industrial production by main industrial groupings
seasonally adjusted indices



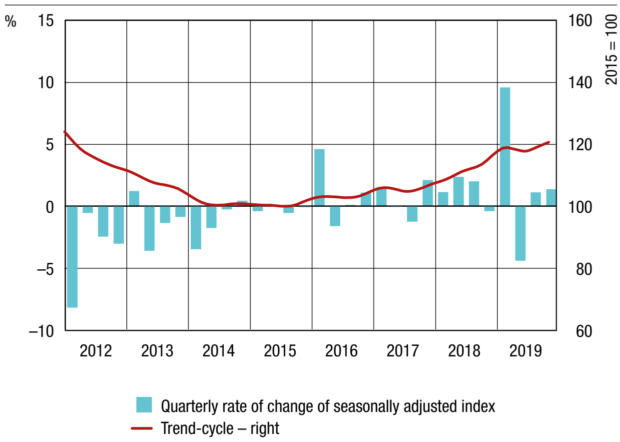
Note: Quarterly data are calculated as the average of monthly data.
Source: CBS data seasonally adjusted by the CNB.

Figure 2 GDP rate of change
contributions by components



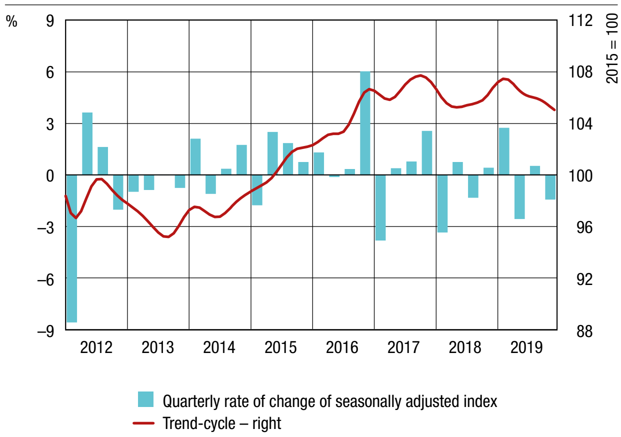
Note: The projection for 2019 refers to the official projection of the CNB from December 2020.
Source: CBS.

Figure 5 Total volume of construction works



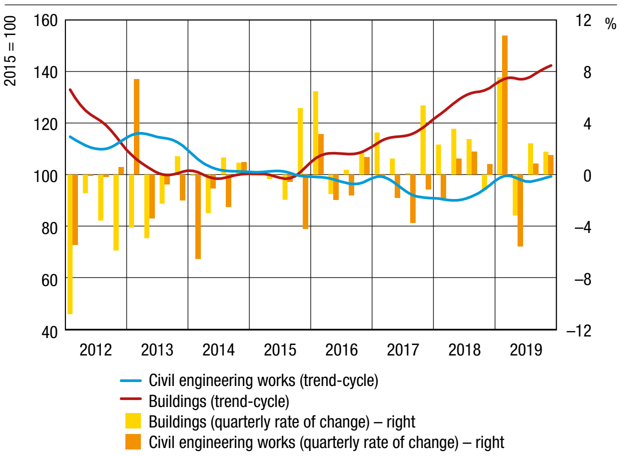
Note: Data for the fourth quarter of 2019 refers to October and November.
Source: CBS data seasonally adjusted by the CNB.

Figure 3 Industrial production



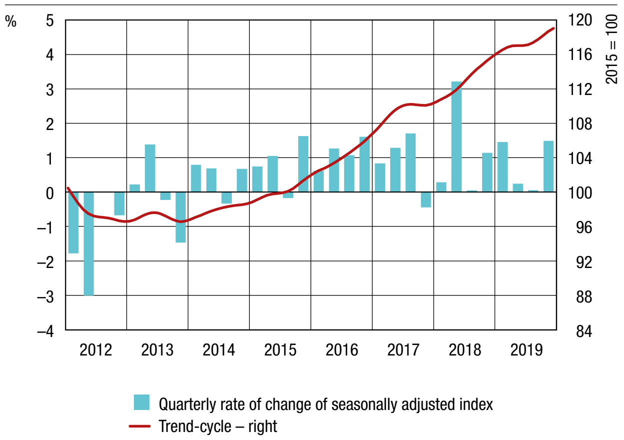
Source: CBS data seasonally adjusted by the CNB.

Figure 6 Buildings and civil engineering works



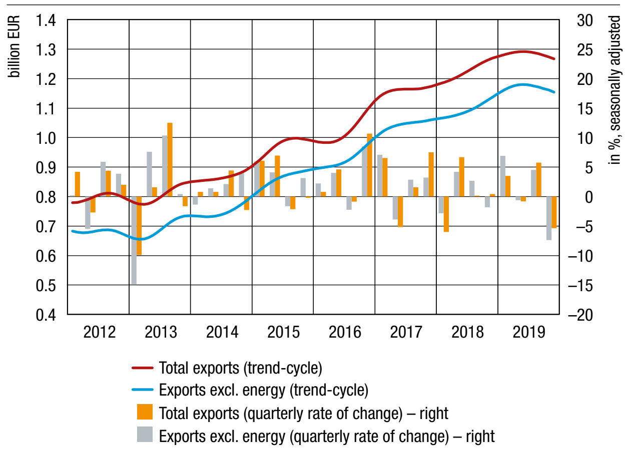
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



Source: CBS data seasonally adjusted by the CNB.

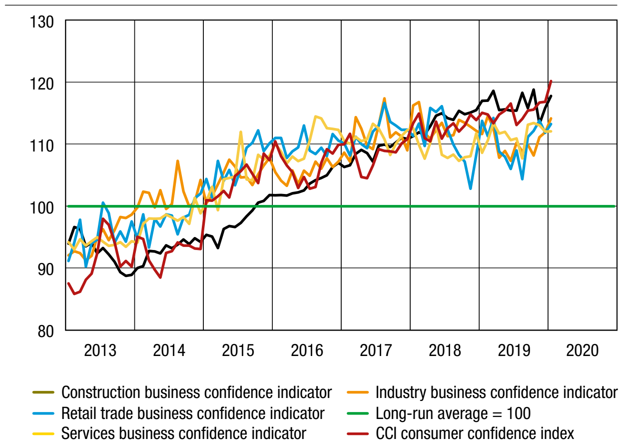
Figure 10 Goods exports (f.o.b.)



Note: Data for the fourth quarter of 2019 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

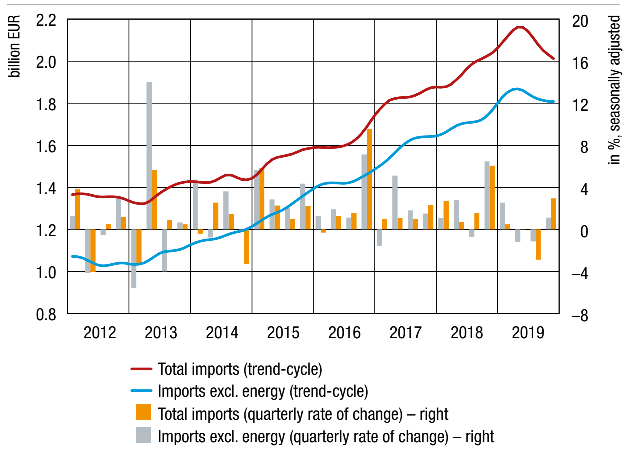
Figure 8 Consumer and business confidence indicators

standardised and seasonally adjusted values



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

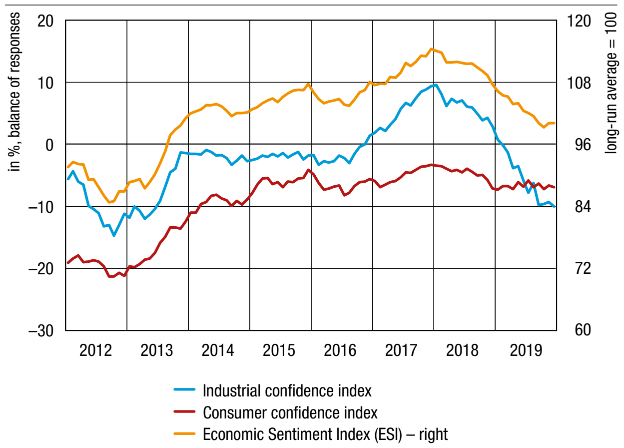
Figure 11 Goods imports (c.i.f.)



Note: Data for the fourth quarter of 2019 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

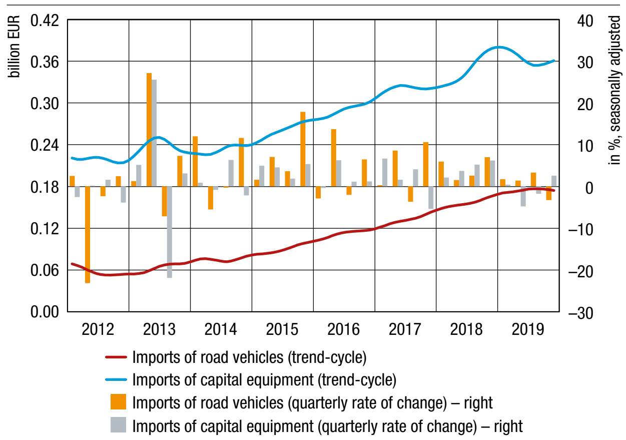
Figure 9 EU confidence indices

seasonally adjusted series



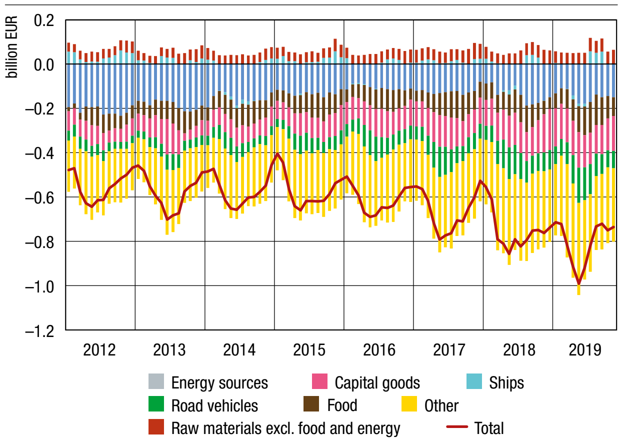
Source: Eurostat.

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



Note: Imports of capital equipment (SITC divisions 71 – 77). Data for the fourth quarter of 2019 refer to October and November.
Source: CBS data seasonally adjusted by the CNB.

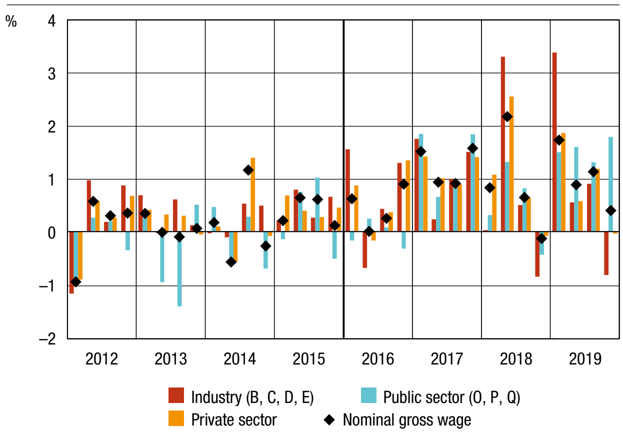
Figure 13 Trade in goods balance



Note: Series are shown as three-member moving averages of monthly data. Data for the fourth quarter of 2019 refer to October and November.
Source: CBS.

Figure 16 Average nominal gross wage by NCA activities

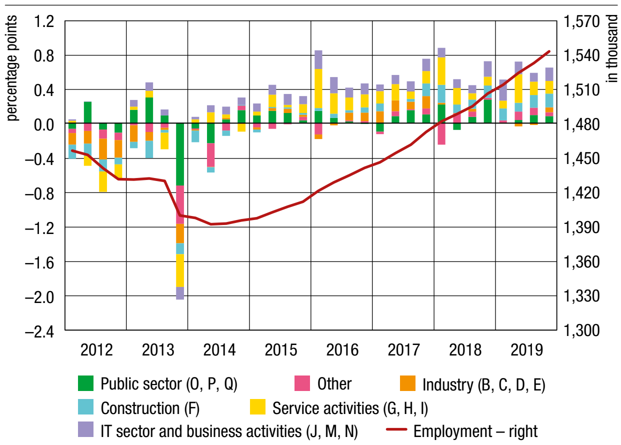
seasonally adjusted data, quarterly rate of change



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

Figure 14 Employment by NCA activities

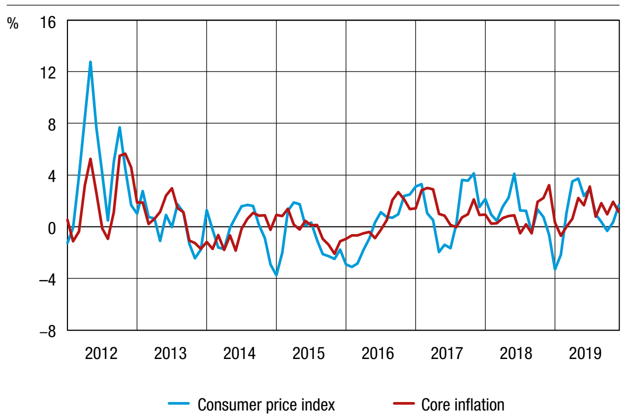
seasonally adjusted data, contributions to the quarterly rate of change



Source: CPII data seasonally adjusted by the CNB.

Figure 17 Consumer price index and core inflation

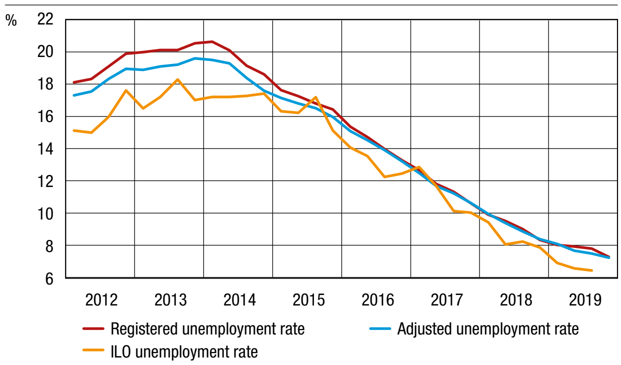
annualised month-on-month rate of change[a]



[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.

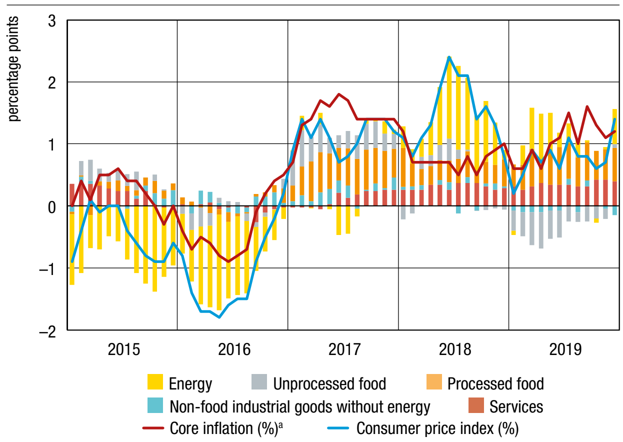
Figure 15 Unemployment rates

seasonally adjusted data



Note: Since January 2015, the calculation of the registered unemployed rate has used the data on employed persons from the JOPPD form. Data on the number of employed persons have been revised backwards for the period from January 2016 to July 2019. 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).
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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.

Table 1 Price indicators

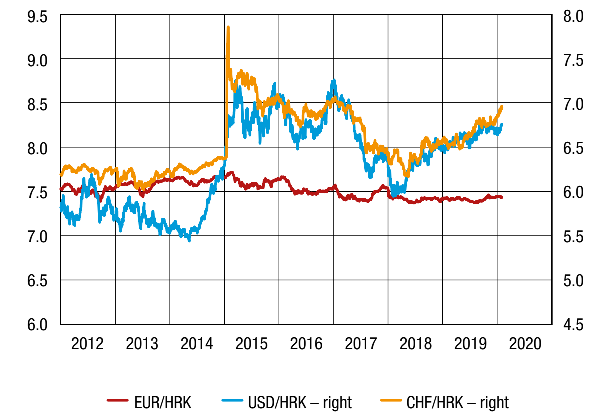
year-on-year and month-on-month rates of change

	Year-on-year rates		Month-on-month rates	
	11/2019	12/2019	12/2018	12/2019
Consumer price index and its components				
Total index	0.7	1.4	–0.8	–0.1
Energy	0.2	3.4	–2.8	0.3
Unprocessed food	–1.7	0.7	0.8	3.2
Processed food	2.1	2.3	0.0	0.2
Non-food industrial goods without energy	–0.2	–0.6	–1.9	–2.3
Services	1.6	1.5	0.2	0.1
Other price indicators				
Core inflation	1.1	1.2	–0.6	–0.5
Index of industrial producer prices on the domestic market	0.3	1.4	–1.1	0.0
Brent crude oil price (USD)	–3.7	16.6	–13.4	5.0
HWWI index (excl. energy, USD)	0.7	6.7	–2.0	3.9

Note: Processed food includes alcoholic beverages and tobacco.
Sources: CBS, Bloomberg and HWWI.

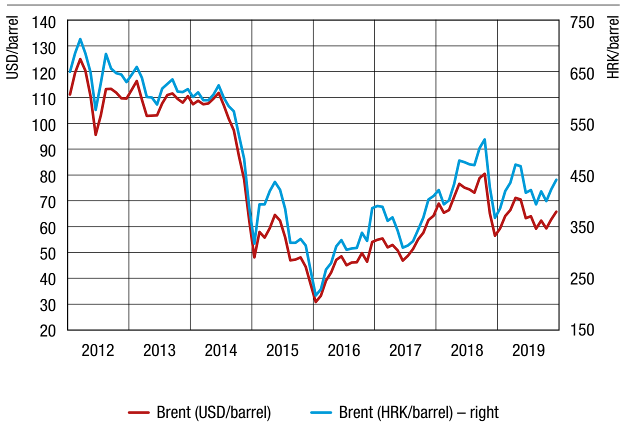
Figure 21 Daily nominal exchange rate – HRK vs. EUR, USD and CHF

CNB midpoint exchange rate



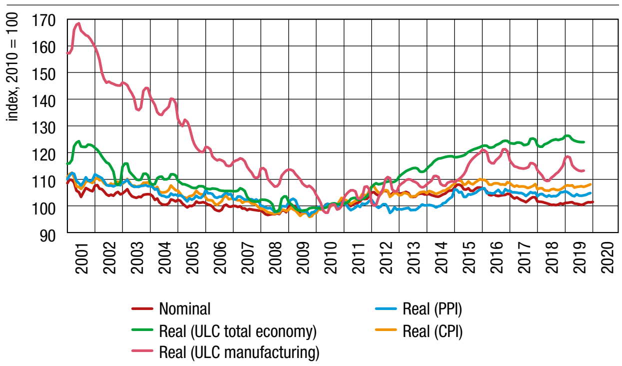
Source: CNB.

Figure 19 Crude oil prices (Brent)



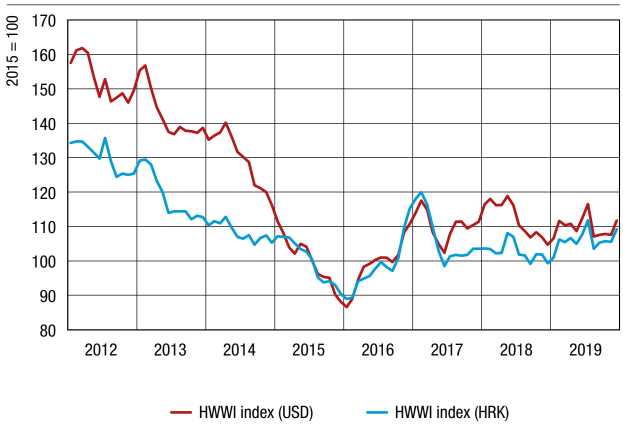
Sources: Bloomberg and CNB calculations.

Figure 22 Nominal and real effective exchange rates of the kuna



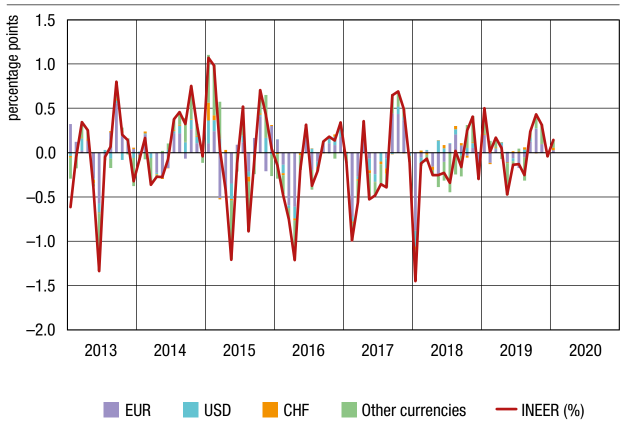
Note: The real effective exchange rate of the kuna deflated by producer prices includes the Croatian index of industrial producer prices on the total market. The unit labour cost is calculated as the ratio between compensation per employee and labour productivity (defined as GDP per person employed), 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 20 HWWI index (excl. energy)



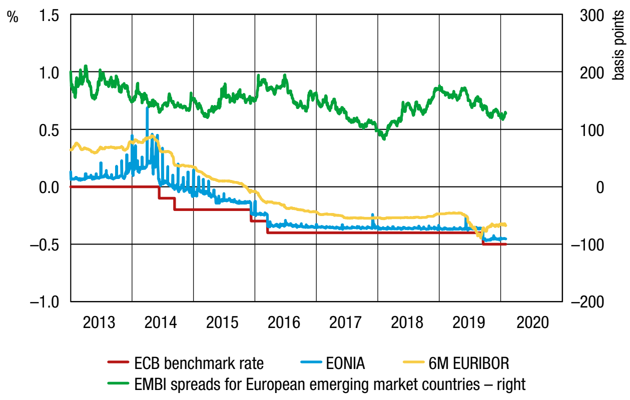
Sources: HWWI and CNB calculations.

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)



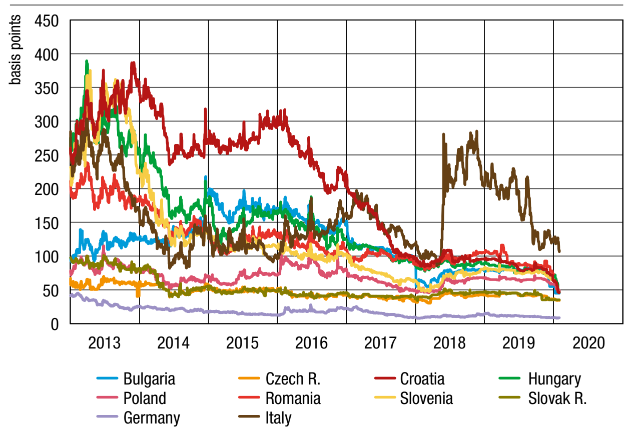
[a] Negative values indicate contributions to the appreciation of the INEER.
Source: CNB.

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



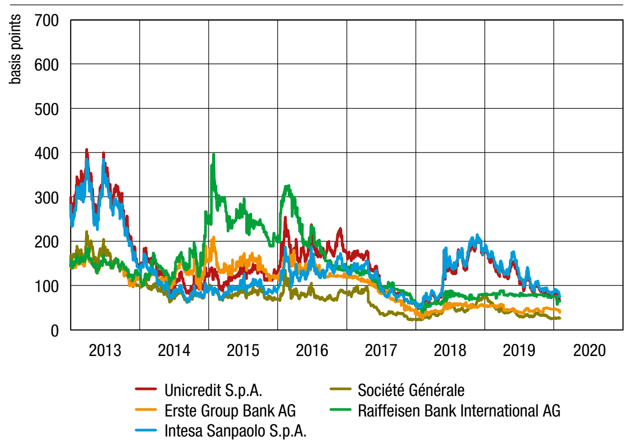
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.
Sources: ECB, Bloomberg and J.P. Morgan.

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.

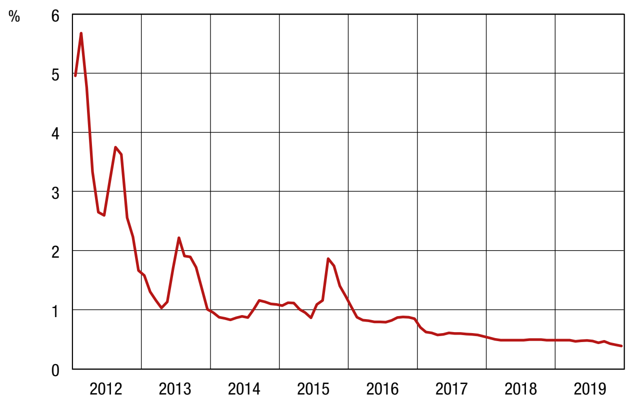
Figure 26 CDS spreads for selected parent banks of domestic banks



Source: S&P Capital IQ.

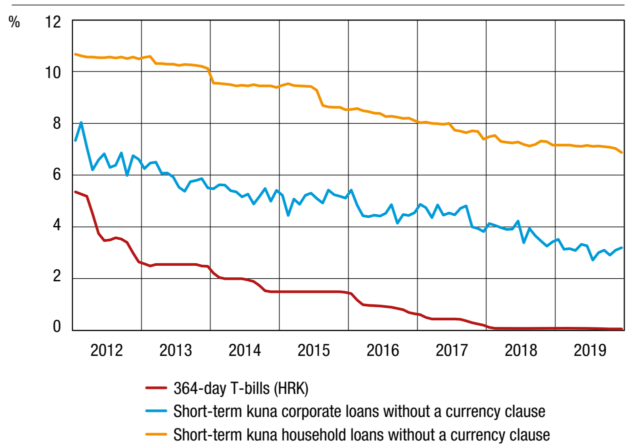
Figure 27 Interest rates quoted on the interbank market (3-month ZIBOR)

monthly averages of simple daily averages of bank quotations



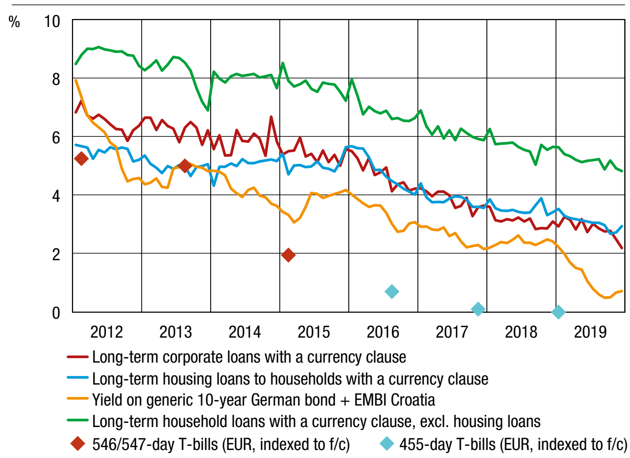
Source: CNB.

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



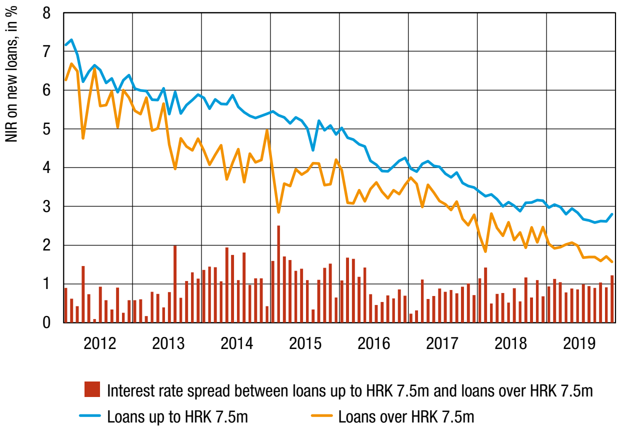
Sources: MoF and CNB.

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



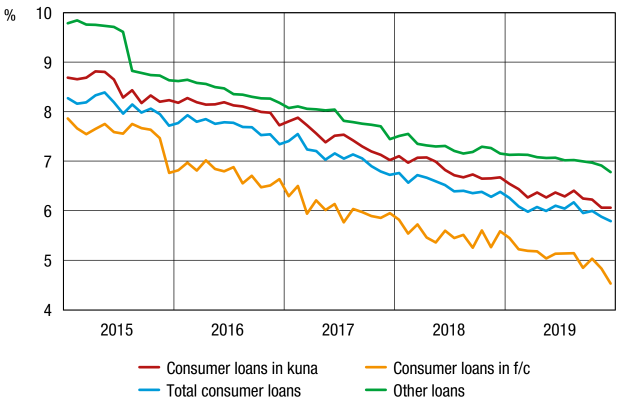
Sources: MoF, Bloomberg and CNB.

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



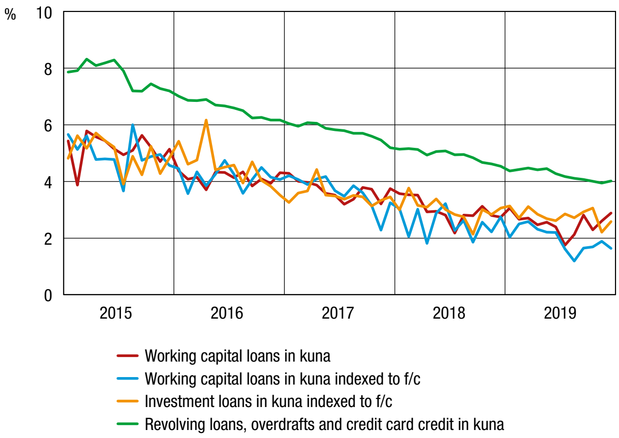
Source: CNB.

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



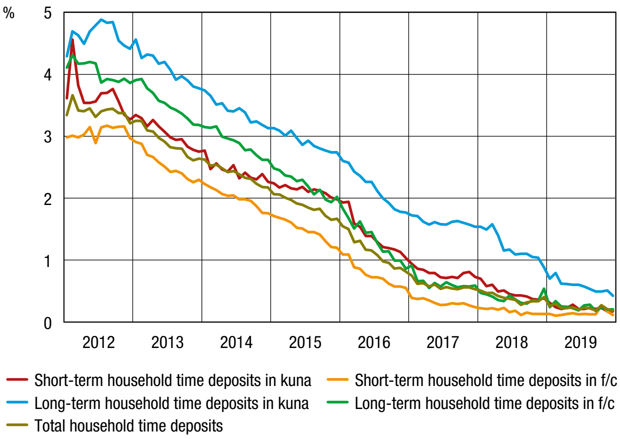
Note: Consumer loans include total loans to households excl. housing and other loans. Other loans to households (denominated almost exclusively in kuna) include credit card loans, overdrafts, revolving loans and receivables on charge cards.
Source: CNB.

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



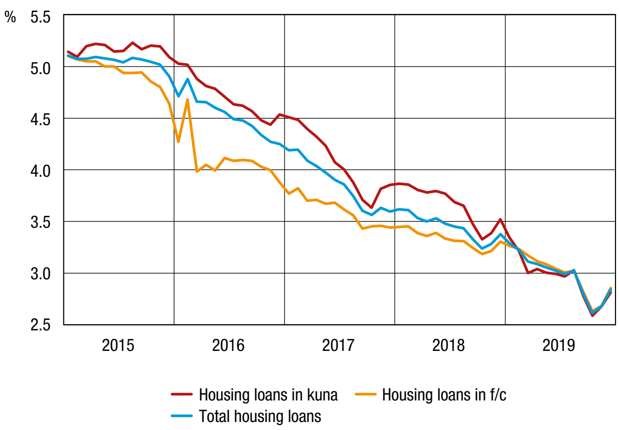
Source: CNB.

Figure 34 Interest rates on household time deposits



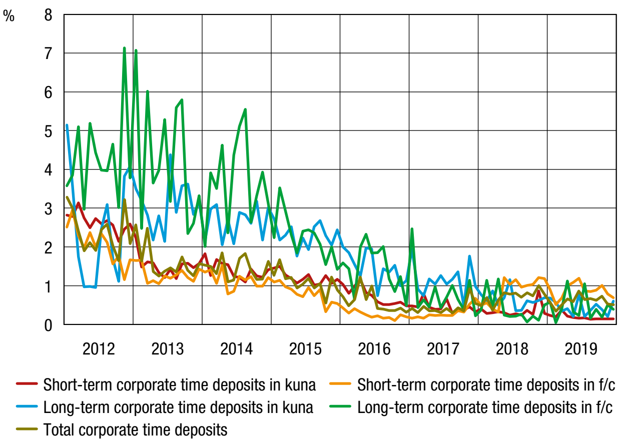
Source: CNB.

Figure 32 Interest rates on original new housing loans to households



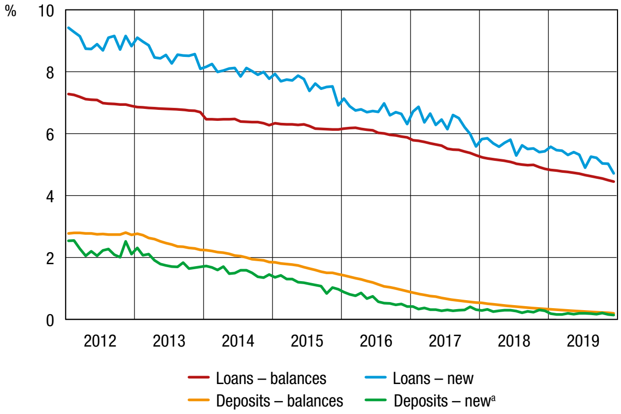
Source: CNB.

Figure 35 Interest rates on corporate time deposits



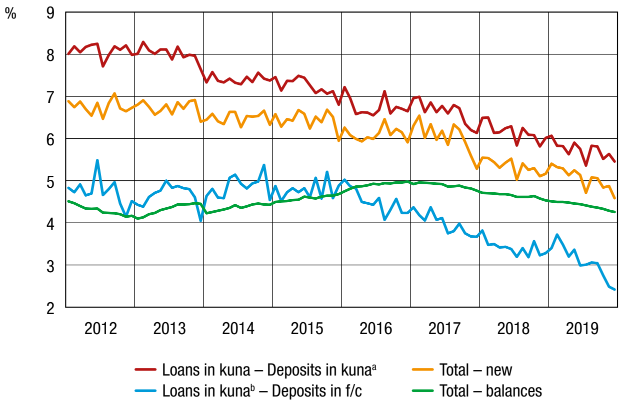
Source: CNB.

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



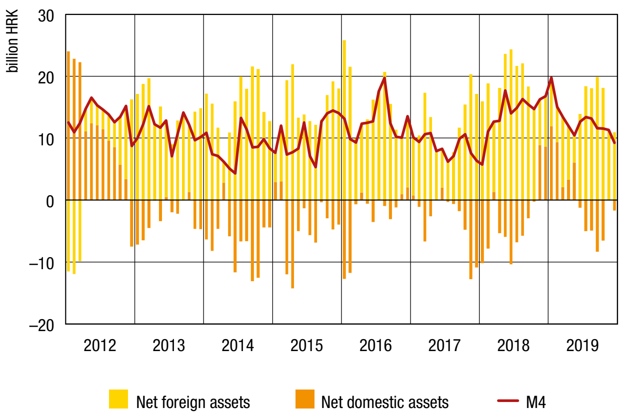
[a] For time deposits, interest rates on newly received deposits are weighted by their balances.
Source: CNB.

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



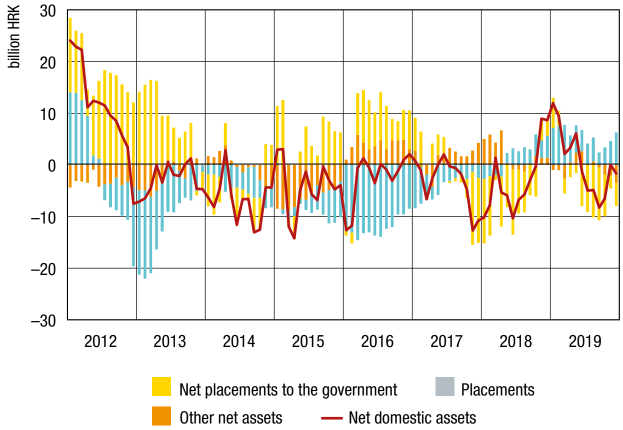
Note: Spread between average interest rates on loans and average interest rates on deposits should be differentiated from net interest margin (the ratio of the difference between interest income and interest expenses to total assets of credit institutions).
Source: CNB.

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



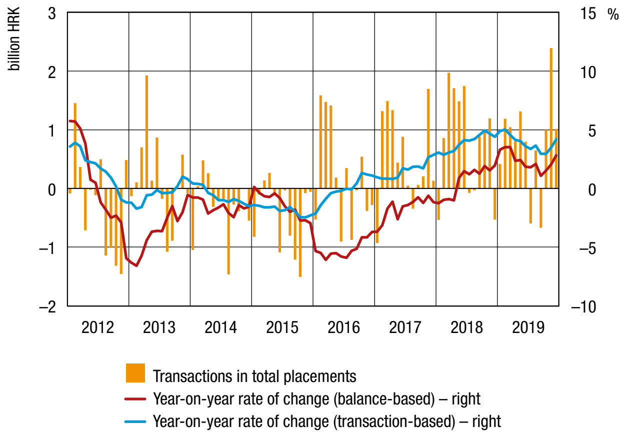
Source: CNB.

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



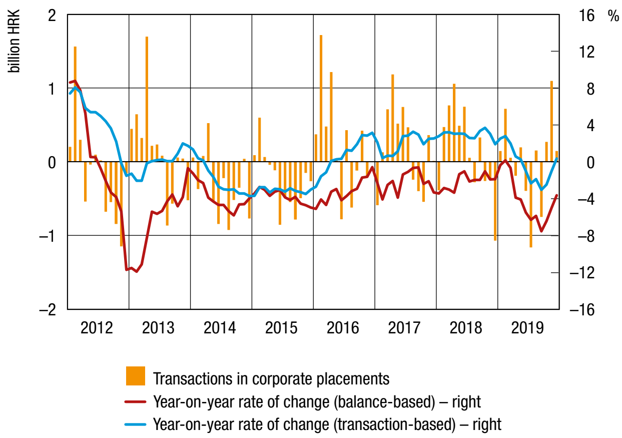
Source: CNB.

Figure 40 Placements



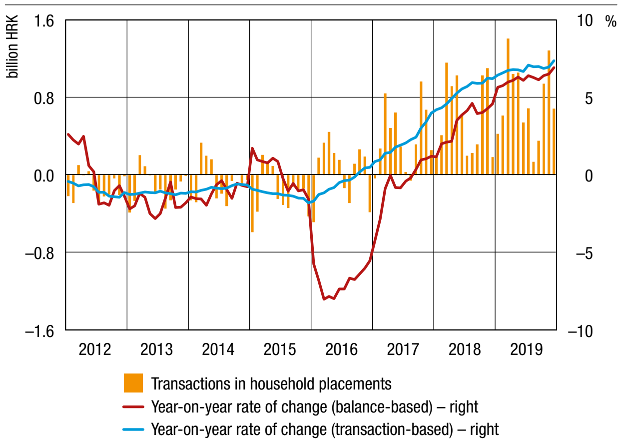
Source: CNB.

Figure 41 Placements to corporates



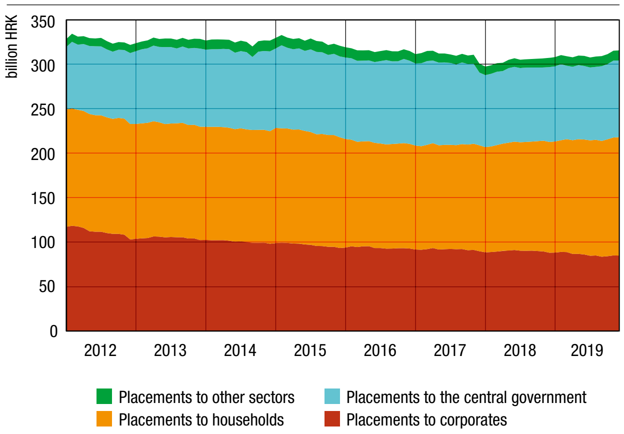
Source: CNB.

Figure 42 Placements to households



Source: CNB.

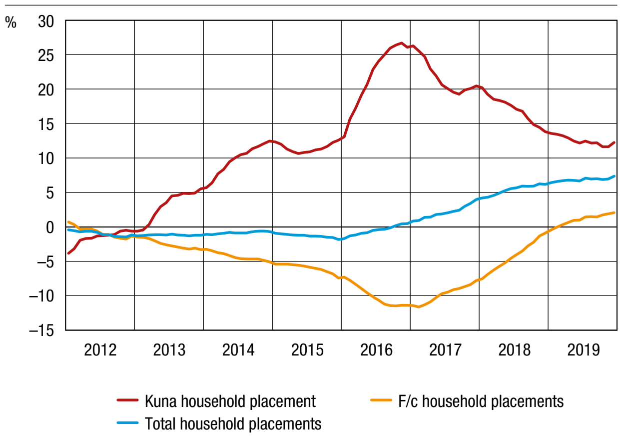
Figure 45 Structure of credit institution placements



Source: CNB.

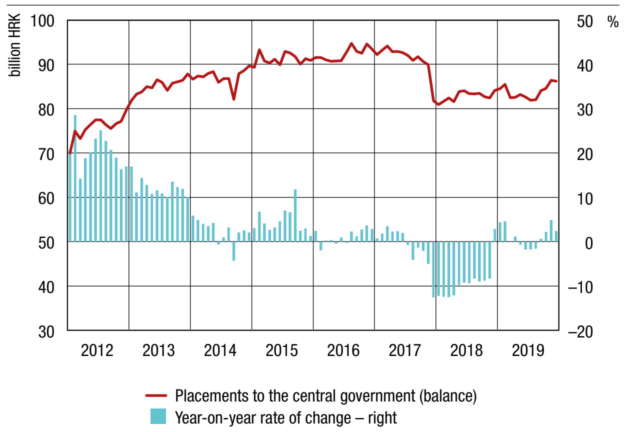
Figure 43 Annual rate of change in household placements

transaction-based



Source: CNB.

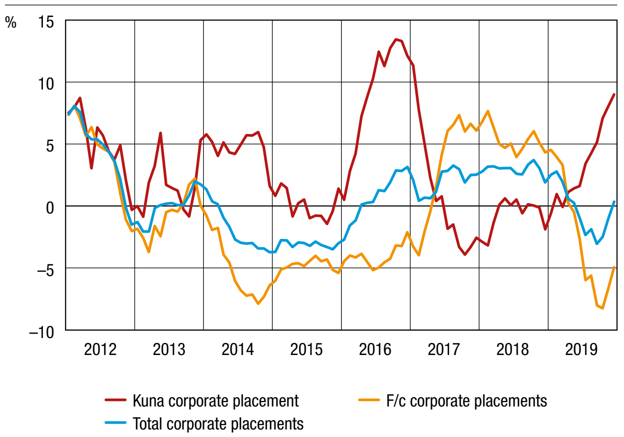
Figure 46 Credit institution and MMF placements to the central government



Source: CNB.

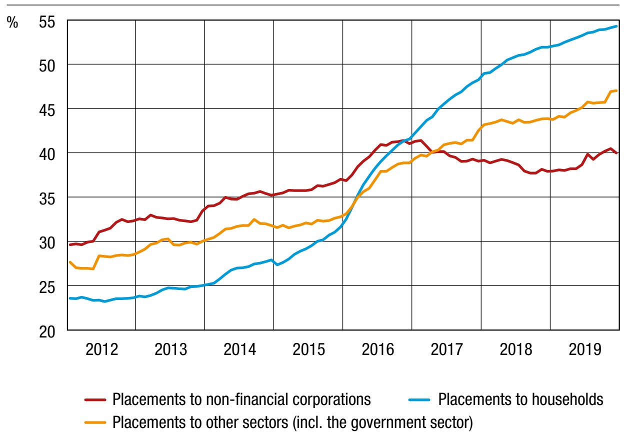
Figure 44 Annual rate of change in corporate placements

transaction-based



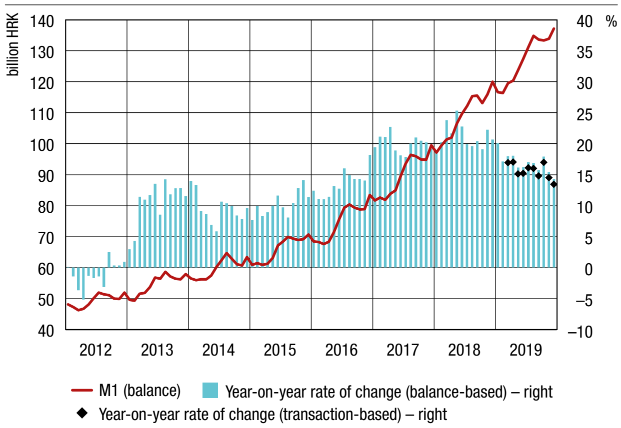
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



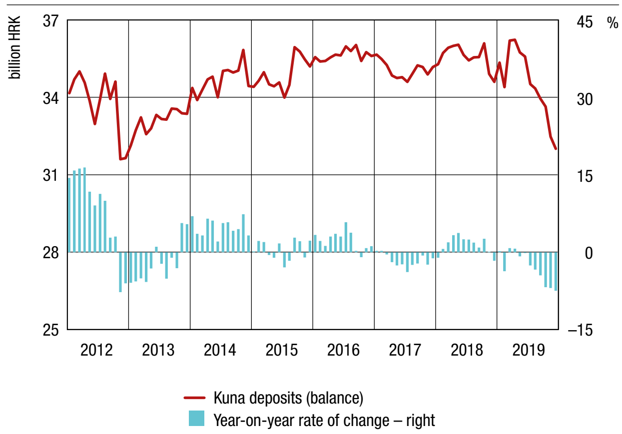
Source: CNB.

Figure 48 Money (M1)



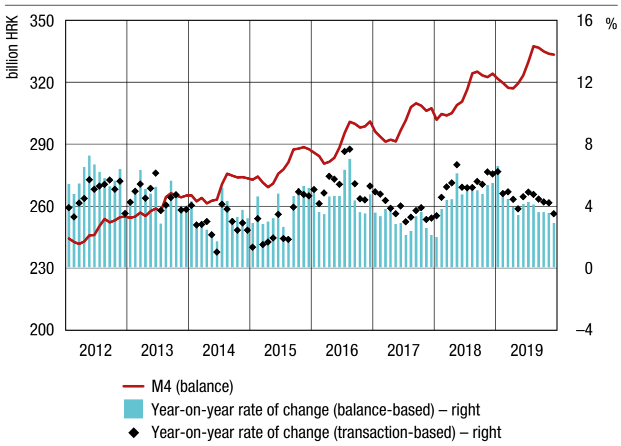
Note: From March 2019, the growth rate (transaction-based) excludes the effect of the reclassification of money market funds.
Source: CNB.

Figure 51 Kuna savings and time deposits



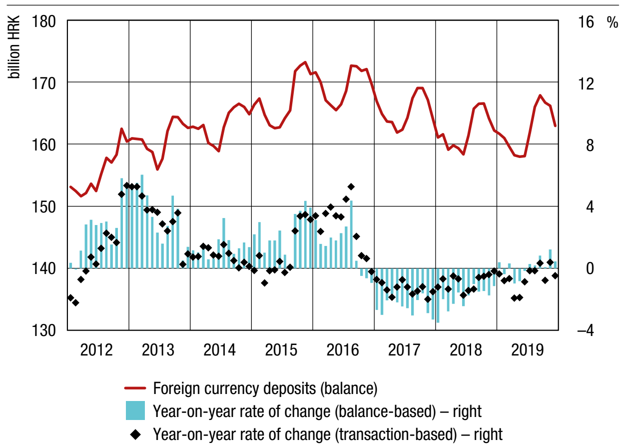
Source: CNB.

Figure 49 Total liquid assets (M4)



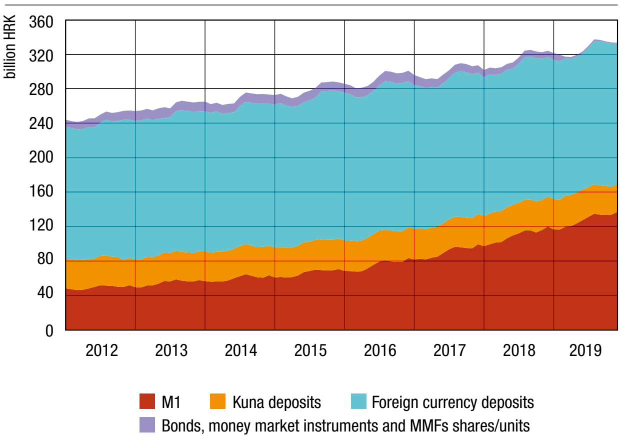
Source: CNB.

Figure 52 Foreign currency deposits



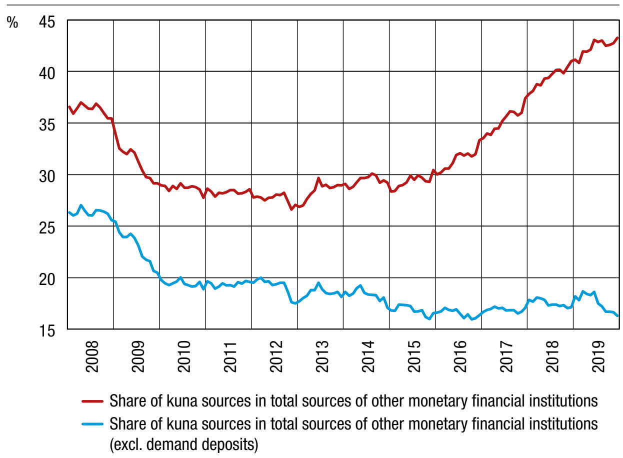
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



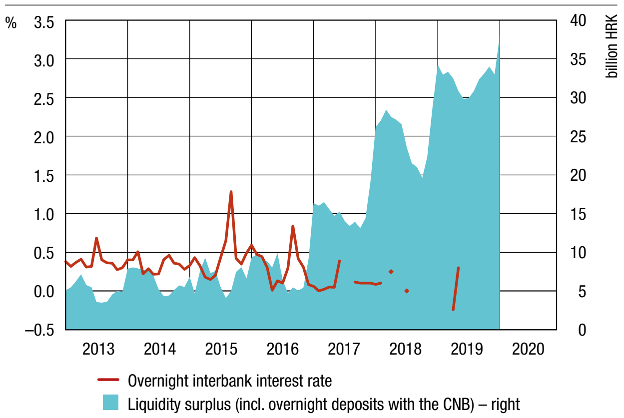
Source: CNB.

Figure 53 Share of kuna sources



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.

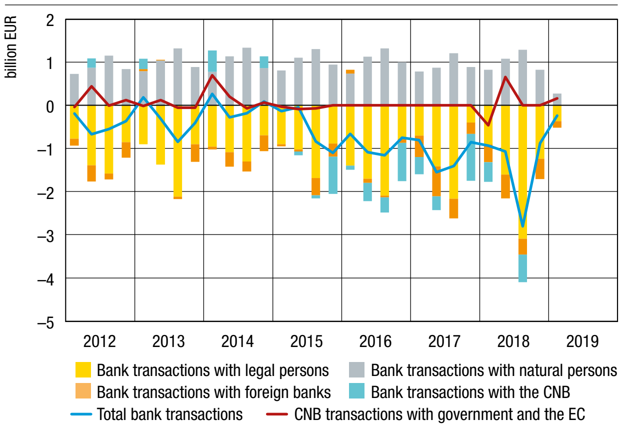
Table 2 Balance of payments

preliminary data, in million EUR

	2018	Q2/2019[a]	Indices	
			2018/ 2017	Q2/2019 [a]/ 2018
Current account	987.3	309.1	58.8	31.3
Capital account	680.6	915.8	140.4	134.6
Financial account (excl. reserves)	307.5	–1,364.9	–129.0	–443.9
International reserves	1,545.0	2,991.4	59.6	193.6
Net errors and omissions	184.7	401.7	96.7	217.5

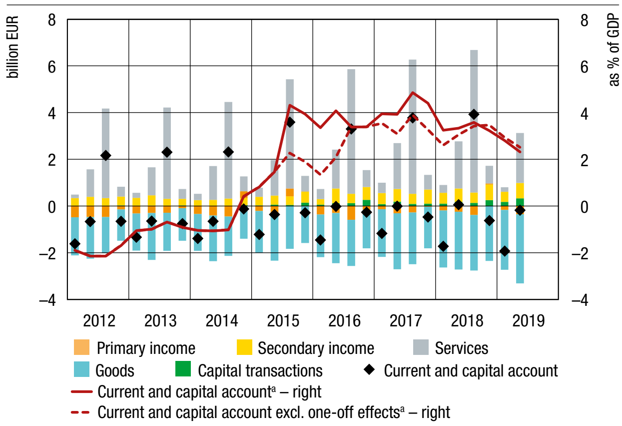
[a] Refers to the sum of the last four quarters.
Note: In line with the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6).
Source: CNB.

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



Note: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data for the first quarter of 2020 refer to January.
Source: CNB.

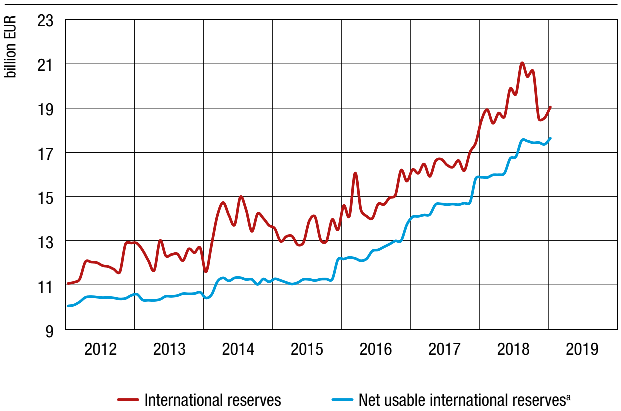
Figure 57 Current and capital account flows



[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.

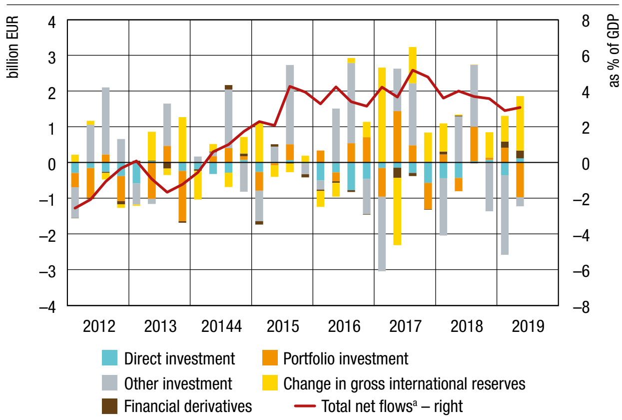
Figure 56 International reserves of the CNB

at current rate of exchange



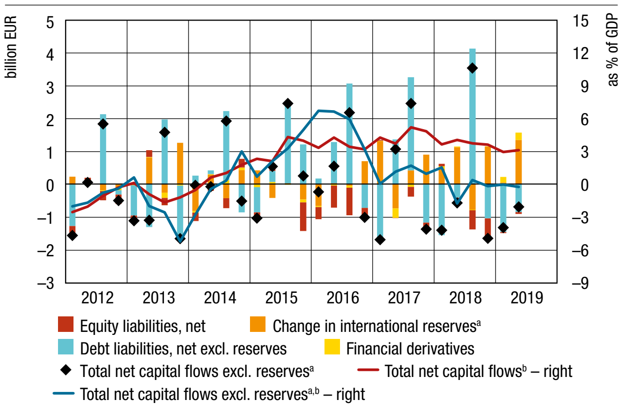
[a] NUIR = international reserves – foreign liabilities – reserve requirements in f/c – foreign currency government deposits.
Source: CNB.

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.

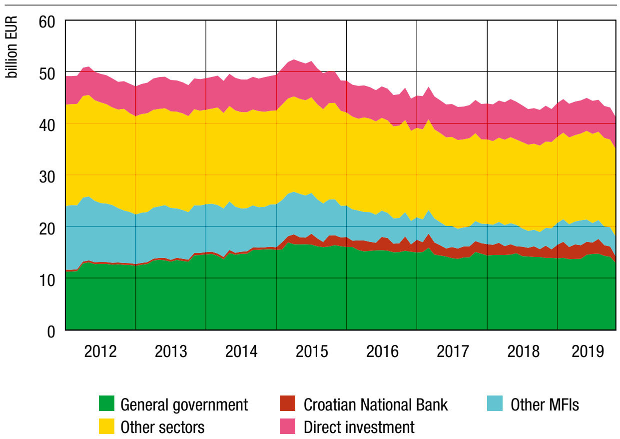
Figure 59 Financial account flows by capital structure



[a] The change in gross international reserves is reported net of foreign liabilities of the CNB. [b] Sum of the last four quarters.
Note: 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.

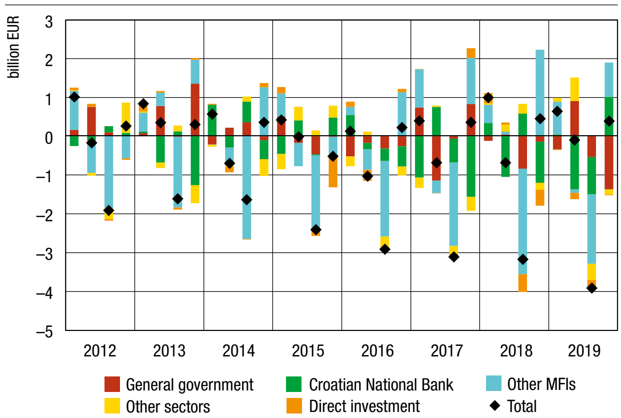
Figure 62 Gross external debt

end of period



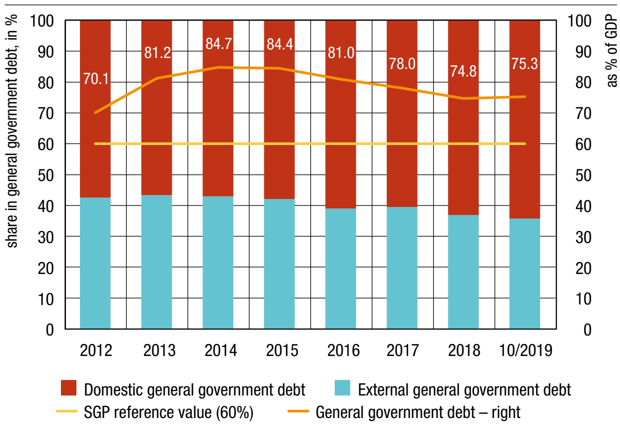
Note: Data are up to end-November 2019.
Source: CNB.

Figure 60 Net external debt transactions



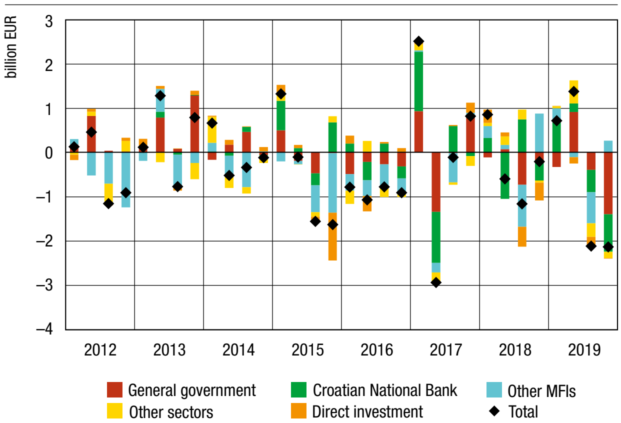
Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as the gross external debt stock net of foreign debt claims. Data for the fourth quarter of 2019 refer to October and November.
Source: CNB.

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.

Figure 61 Gross external debt transactions



Note: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Data for the fourth quarter of 2019 refer to October and November.
Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan.–Sep. 2018	Jan.–Sep. 2019
Total revenue	**131,997**	**142,231**
Direct taxes	17,208	18,689
Indirect taxes	57,912	61,600
Social contributions	34,439	35,366
Other	22,438	26,576
Total expenditure	**126,965**	**135,793**
Social benefits	43,721	44,952
Subsidies	5,158	5,653
Interest	6,853	6,629
Compensation of employees	32,881	34,378
Intermediate consumption	23,125	24,152
Investment	7,383	9,207
Other	7,845	10,822
Net lending (+)/borrowing (–)	**5,032**	**6,438**

Sources: Eurostat and CBS.

Table 4 Consolidated central government net borrowing

GFS 2001, in million HRK

	Jan.–Oct. 2018	Jan.–Oct. 2019
1 Revenue	123,651	133,312
2 Disposal of non-financial assets	459	728
3 Expenditure	113,654	121,918
4 Acquisition of non-financial assets	2,943	3,757
5 Net borrowing (1+2–3–4)	7,513	8,365

Sources: MoF and CNB calculations.

Table 5 General government debt

in million HRK

	Oct. 2018	Oct. 2019
Change in total debt stock	–2,641	12,031
Change in domestic debt stock	4,746	10,931
– Securities other than shares, short-term	–681	667
– Securities other than shares, long-term	6,345	11,611
– Loans	–854	–1,194
Change in external debt stock	–7,387	1,100
– Securities other than shares, short-term	–145	–5
– Securities other than shares, long-term	–3,311	5,992
– Loans	–3,931	–4,935
Memo item:		
Change in total guarantees issued	–852	–476

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