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# Information on economic trends

October 2017



## Summary

Favourable economic developments continued in the third quarter of 2017, with available data for July and August indicating an acceleration in real growth. In the same period, the labour market saw a slower increase in employment and a slower decrease in unemployment. Consumer prices were, on average, at the same level in August as in July, while the annual rate of inflation picked up from 0.8% in July to 1.0% in August, largely due to the higher annual rate of change in energy prices. The CNB continued to pursue an expansionary monetary policy while maintaining a high level of liquidity. As of September, liquidity should also be supported by the newly-introduced possibility to manage collateral by means of eligible asset pools for all CNB's credit operations. Lending to corporates and households strengthened slightly in August on an annual basis, with a steady increase in kuna loans to households. In the second quarter, the surplus in the current and capital account of the balance of payments dropped slightly on an annual basis. Deleveraging abroad continued with only marginal inflows of foreign direct investments. Ministry of Finance cash-basis data for the second quarter indicate that the government budget recorded a sizeable surplus, so that its balance was almost in equilibrium, while public debt steadily decreased.

The GDP nowcasting model<sup>1</sup> shows that in the third quarter of 2017 there was a continued acceleration in economic activity, aided considerably by the favourable results of the tourist season and the sustained recovery in personal consumption (Figure 1). Such conclusions were suggested by the data on real retail turnover, which grew by as much as 2.2% in July and August on the previous three months (Figure 7). In addition, industrial production grew moderately – viewed by MIG components, production of energy and non-durable consumer goods grew on a quarterly basis (Figures 3 and 4). On the other hand, the real volume of construction works was lower in July than the average for the preceding three months, with a downturn in civil engineering works and stagnation in construction works on buildings.

The consumer confidence index was, on average, much higher in the third quarter than in the quarter before, despite the slight September decrease triggered by unfavourable expectations regarding the economic situation in the year ahead. As regards business confidence, the third quarter of 2017 saw the highest confidence index in construction since 2008, when expectations of business entities began to be monitored. Indices of business expectations in industry and trade were also higher in the third quarter than the average for the previous three months, but they deteriorated in September. Expectations in service activities held steady from the second quarter (Figure 8).

The favourable labour market developments that characterised the first half of the year lost much momentum in the third quarter. Employment growth was slower in July and August than in the second quarter, with the increase being largely generated in the public sector. The fall in unemployment also slowed down markedly in that period so that the registered unemployment rate (according to seasonally adjusted data) was only marginally lower than the second quarter average (Figure 15). According to the latest available data from the Labour Force Survey, the ILO unemployment rate went down from 12.9% in the first quarter to 11.6% in the second quarter thanks to the sharp decrease in unemployment, and employment growth. The beginning of the third quarter of 2017 saw slower growth in the average nominal gross and net wage, while real wages grew more due to the current drop in consumer prices (Figure 16).

Consumer prices in August were on average at the same level as in July (Table 1). On a monthly level, they were pushed down mostly by the seasonal reduction in the prices of clothing and footwear (which was sharper than in the previous years) and the fall in fruit prices, while they were pushed up by higher prices of refined petroleum products, vegetables, milk and dairy products. After falling for five months in a row, prices of refined petroleum

products increased due to the recovery of crude oil prices in the world market. The annual overall inflation rate edged up from 0.8% in July to 1.0% in August, largely due to the higher annual rate of change in energy prices (oil derivatives), as well as the base period effect associated with the monthly drop of these prices in August 2016. Core inflation slowed down from 1.7% in July to 1.4% in August, mostly due to the fall in the annual rate of change in the prices of clothing and footwear.

The current and capital account surplus was slightly lower in the second quarter of 2017 than in the same period of 2016 (Figure 57). The foreign trade deficit expanded as imports grew faster than exports (according to the balance of payments data, by 8.6% and 7.3% respectively, on an annual basis), although the dynamics of trade in goods slowed down noticeably from the beginning of the year. The deterioration in foreign trade was offset by an equal increase in the service trade surplus, particularly in tourism, which was also due to the later Easter holidays. The primary income balance deteriorated slightly, mainly as a result of growing expenditures from direct investments. Corporate profits of non-residents grew in most activities, particularly manufacturing and trade, while they dropped in banking due to provisions associated with the Agrokor group. In the same period, the overall secondary income and capital account balance deteriorated slightly due to the larger payments paid into the EU budget as well as the fewer EU funds distributed to end users. Observing the last four quarters, the surplus in the current and capital account fell from 3.8% of GDP in 2016 to 3.6% of GDP at the end of the second quarter 2017 (or 2.8% of GDP excluding the effect of lower bank profits due to provisions associated with the Agrokor group).

The nominal exchange rate of the kuna against the euro depreciated by 1.2% from end-August to end-September, standing at EUR /HRK 7.50. It was 0.1% lower at the end of September than in the same period last year, when it stood at EUR/HRK 7.51 (Figure 24). The nominal effective exchange rate of the kuna depreciated by 1.1% from end-August to end-September, largely due to the depreciation of the kuna against the euro as well as its weakening against the pound sterling and the US dollar, which reflects the weakening of the euro against these currencies on the global foreign exchange market. In particular, the five-year trend of the euro strengthening against the US dollar came to a halt in September, mostly due to intensified expectations regarding further tightening of US monetary policy.

Short-term interest rates in the European money market remained in negative territory in September, which was the effect of the expansionary monetary policy of the European Central Bank and high euro area banking sector liquidity. The six-month

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

EURIBOR stood at  $-0.27\%$  at the end of September, while the overnight interest rate for the euro area, EONIA, was  $-0.35\%$  (Figure 24). The risk premiums for European emerging market economies did not change much in September, with Croatia recording the sharpest decrease (of 113 basis points) from the beginning of the year; its risk premium fell by 27 basis points in August and September alone (Figure 25). Furthermore, the rating agency Standard & Poor's raised Croatia's outlook from stable to positive, retaining the BB rating for long-term loans.

The overnight interbank interest rate on the domestic market was  $0.12\%$  in September, with very little turnover and no T-bill auctions held in that month. At the same time, the average daily surplus liquidity in the domestic banking system drifted up in September, to HRK 14.0bn (Figure 54), boosted also by the purchase of foreign exchange from banks outside auctions of EUR 120m.

In August, the interest rates on new bank loans to non-financial corporations and households, which include original new loans and renegotiated loans, were at approximately the levels seen in the preceding part of the year (Figures 28, 29 and 30). The downward trend in interest rates applied to original new housing loans continued and was particularly pronounced in kuna housing loans (Figure 32). On the other hand, most interest rates on original new corporate loans went up slightly in August (Figure 31). Interest rates on household and corporate time deposits decreased in August (Figures 34 and 35) after growing moderately in the previous month. The spread between interest rates on new loans and deposits increased in August to 6.36 percentage points, while the gap between interest rate spreads on loans and deposits remained almost unchanged at 4.86 percentage points (Figure 37).

Monetary developments in August 2017 were marked by a seasonal upsurge in the net foreign assets (NFA) of the monetary system, which exceeded the drop in net domestic assets (NDA), leading to an increase in total liquid assets (M4) (Figure 38). Growing by HRK 6.4bn or 2.1% on a monthly basis, the broadest monetary aggregate amounted to HRK 307.8bn at end-August, mostly thanks to the seasonal upturn in quasi-money, of HRK 3.4bn (1.7%), in particular foreign currency deposits of non-financial corporations and households. A strong boost to the August increase in M4 was provided also by money (M1), which went up by HRK 2.9bn (3.1%) owing to the sharp growth in demand deposits. The increase in the monetary aggregate M4 was 3.4% on an annual level (exchange rate changes excluded), accelerating slightly from July (Figure 49). The annual growth in money (M1) swelled to 20.0% (Figure 48).

After growing steadily for almost half a year, total placements of monetary institutions to domestic sectors (excluding the government) edged down from July to August. Nevertheless, their annual growth rate picked up from 1.7% (transaction-based) at end-July to 1.9% in August (Figure 40). The annual growth of placements to non-financial corporations and households accelerated to 3.2% (Figure 41) and 2.4% (Figure 42), respectively. The nominal stock of placements was 1.1% lower at the end of

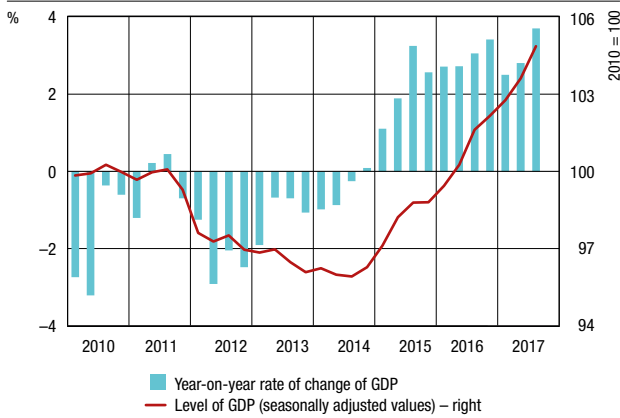
August 2017 than at the end of the same month of the previous year, which was the result of the sale of non-performing placements and, to some extent, of the strengthening of the kuna against the euro, which diminished the kuna equivalent of placements indexed to the euro. As for lending to the government, bank placements to the central government dipped by 4.1% from the end of August 2016 to the end of August 2017 (Figure 46).

Gross international reserves went up by EUR 0.3bn (2.1%) in September 2017, reaching EUR 15.0bn at month-end (Figure 56). The increase in gross reserves was predominantly a result of a higher level of agreed repo transactions compared with the end of August and the purchase of foreign exchange from banks. At the same time, net usable reserves went up 1.1%, standing at EUR 12.9bn at the end of September.

The net foreign financial liabilities of domestic sectors decreased by EUR 1.2bn in the second quarter of 2017 (excluding the change in gross international reserves and CNB liabilities). The capital outflow can be attributed entirely to a reduction in net debt liabilities, while net foreign equity investment edged up marginally (Figure 59). As regards the structure of net debt liabilities, the central government reported the biggest changes, with its repayment of five-year US dollar bonds in April. However, as the government's repayment was made by using the funds deposited with the central bank, which depleted international reserves, the net outflow in the financial account was lower and stood at EUR 0.4bn. This was primarily due to the net deleveraging by enterprises and banks, which for banks continued into July (Figure 60). Equity investment was very modest in the second quarter of 2017. On the one hand, lower profits and increased dividend payments in the banking sector reduced the sector's retained earnings, while the takeover of a formerly foreign-owned enterprise by a resident diminished the already weak net inflow of new direct equity investments from abroad.

MoF cash-basis data indicate that the favourable dynamics of central government revenues continued into the second quarter. Revenues from VAT and social contributions grew steeply, which can be attributed to the sustained recovery in personal consumption and favourable trends in the labour market. On the other hand, revenues from excise duties on tobacco continued to drop sharply in the second quarter, which was probably the outcome of the previous year's increased issuance of tobacco stamps. Expenditures were lower in the second quarter of 2017 than in the same period last year. This was primarily associated with a large reduction in expenditures for subsidies (the payment dynamics of which changes across the year, strongly influencing the annual rates). The central government recorded a sizeable budget surplus in the second quarter of 2017, which almost offset the negative balance from the first quarter. Favourable fiscal movements were also confirmed by the data on government financial assets and liabilities. In line with this, general government debt dipped to HRK 287.3bn at the end of June, or slightly below the level at the end of 2016, which was also due to the appreciation of the kuna in that period.

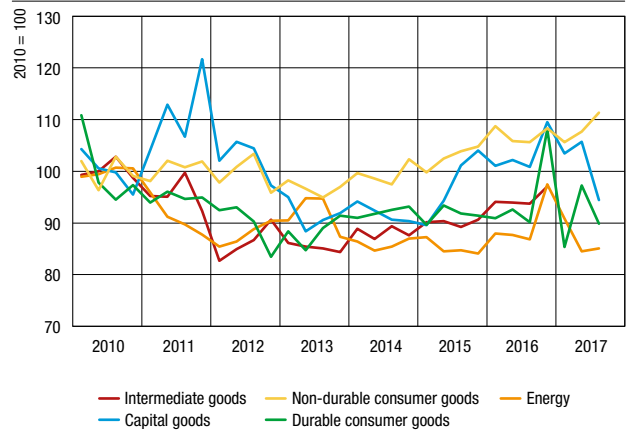
**Figure 1 Quarterly gross domestic product seasonally adjusted real values**



Note: Data for the third quarter of 2017 are estimated with the use of the CNB's monthly indicator of real economic activity, on the basis of data published until 29 September 2017.

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

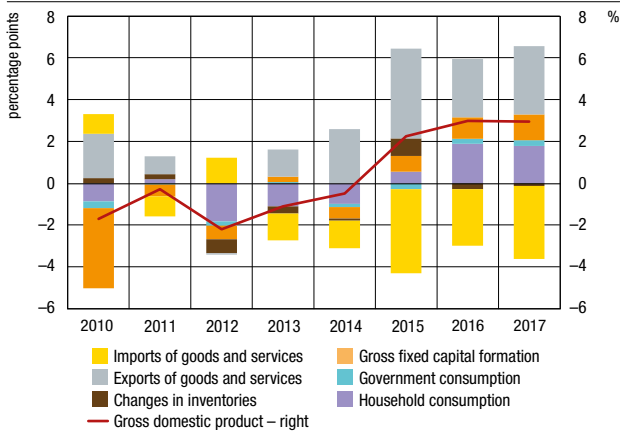
**Figure 4 Industrial production by main industrial groupings seasonally adjusted indices**



Note: Quarterly data are calculated as the average of monthly data.

Source: CBS data seasonally adjusted by the CNB.

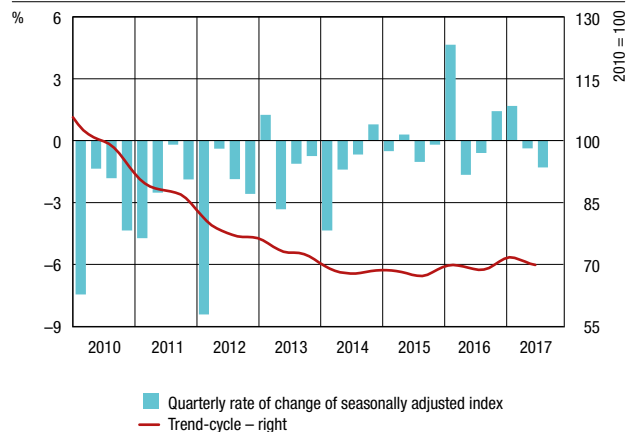
**Figure 2 GDP rate of change contribution by components**



Note: The projection for 2017 refers to the official projection of the CNB from July 2017.

Source: CBS.

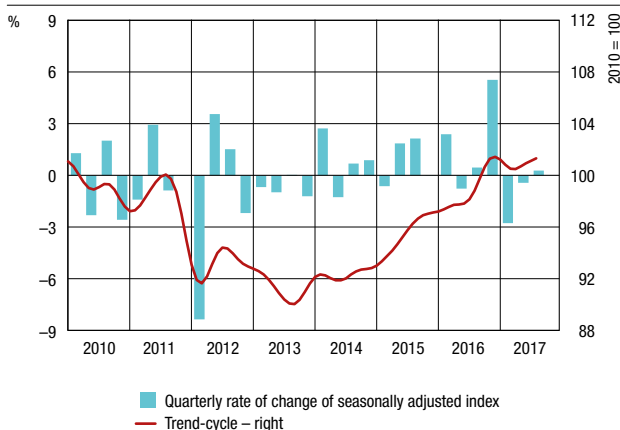
**Figure 5 Total volume of construction works**



Note: Data for the third quarter of 2017 refers to July.

Source: CBS data seasonally adjusted by the CNB.

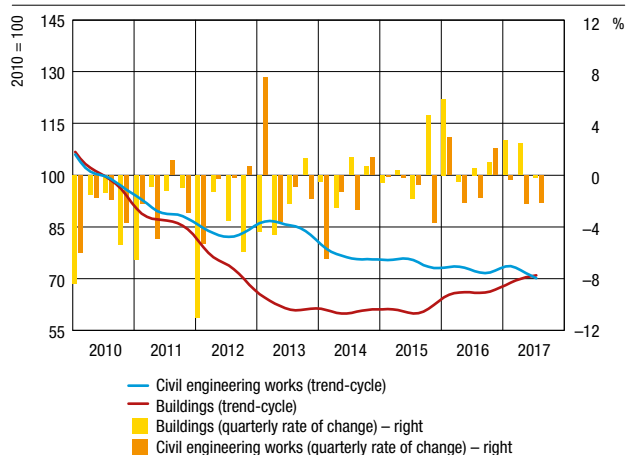
**Figure 3 Industrial production**



Note: Data for the third quarter of 2017 refers to July and August.

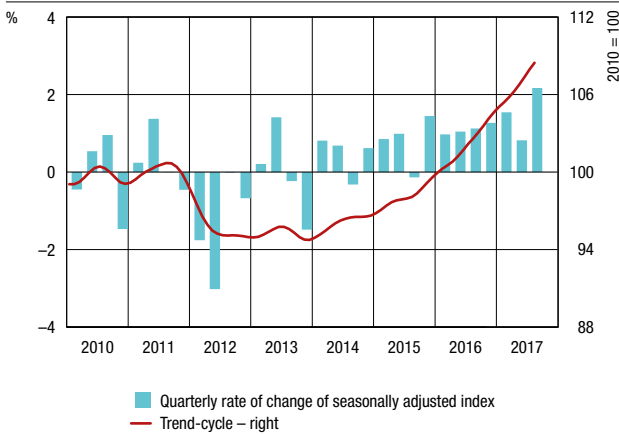
Source: CBS data seasonally adjusted by the CNB.

**Figure 6 Buildings and civil engineering works**



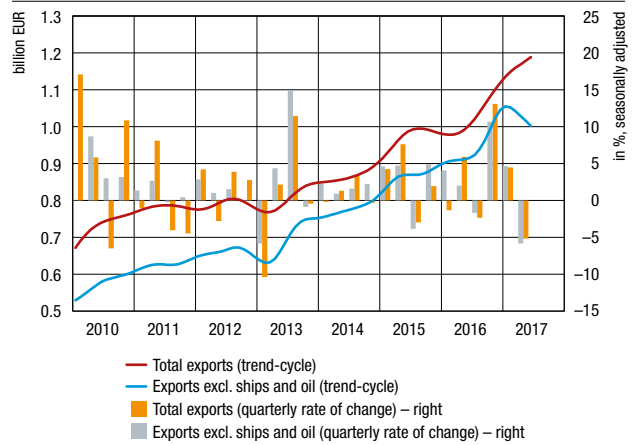
Source: CBS data seasonally adjusted by the CNB.

Figure 7 Real retail trade turnover



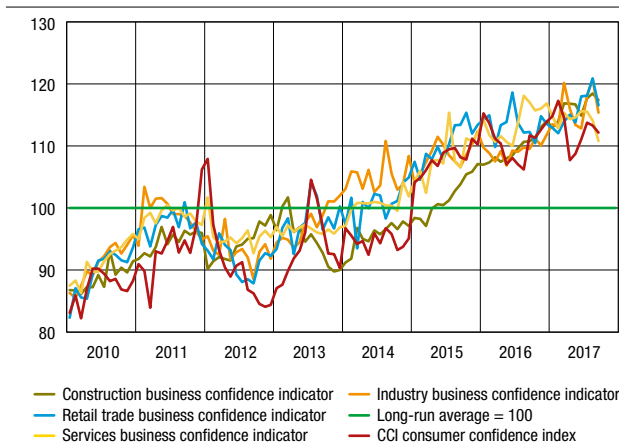
Note: Data for the third quarter of 2017 refers to July and August.  
Source: CBS data seasonally adjusted by the CNB.

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



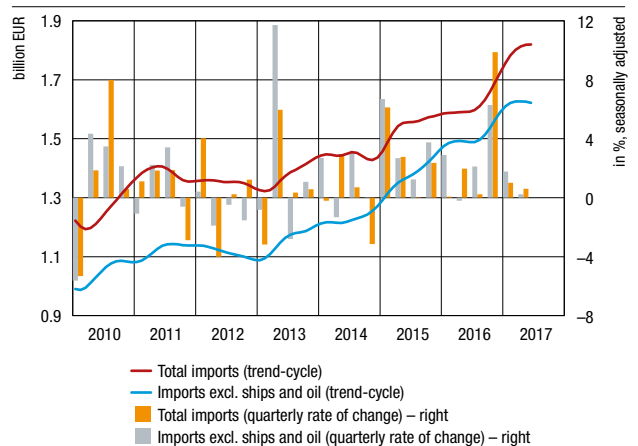
Source: CBS data seasonally adjusted by the CNB.

Figure 8 Business confidence indicators standardised and seasonally adjusted values



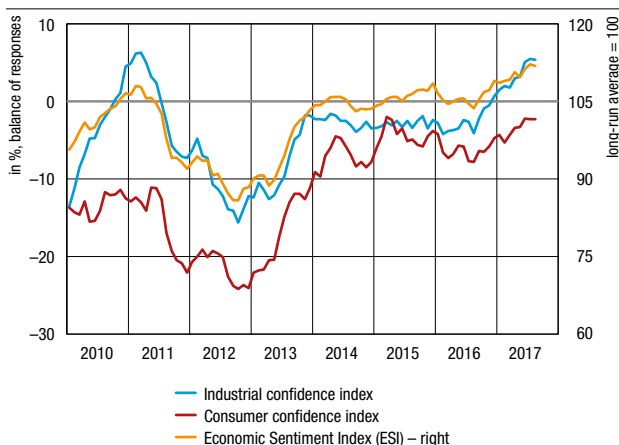
Sources: Ipsos and CNB data seasonally adjusted by the CNB.

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



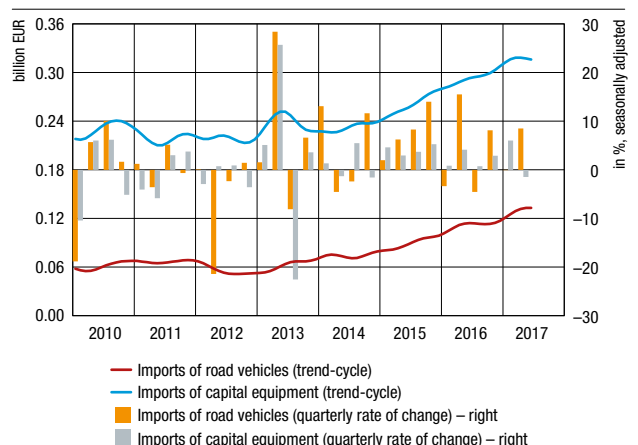
Source: CBS data seasonally adjusted by the CNB.

Figure 9 EU confidence indices seasonally adjusted series



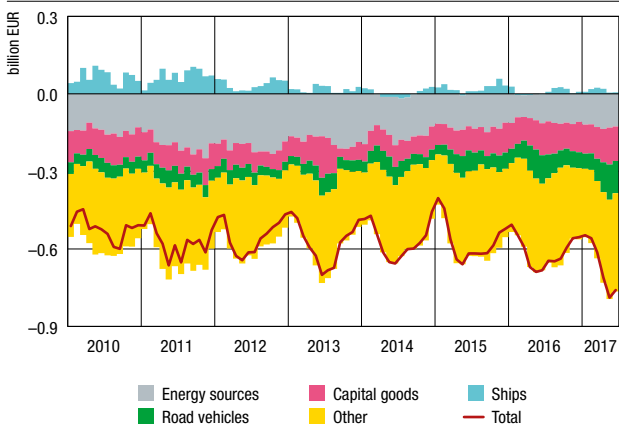
Source: Eurostat.

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



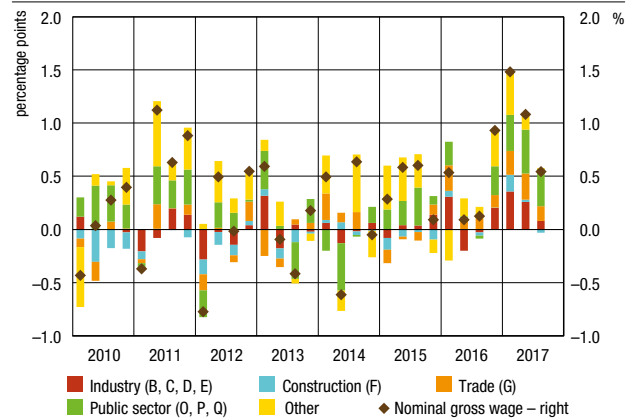
Note: Imports of capital equipment (SITC divisions 71 - 77).  
Source: CBS data seasonally adjusted by the CNB.

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



Source: CBS.

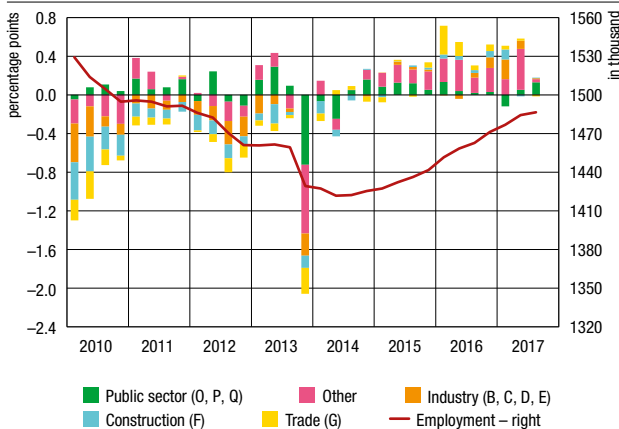
**Figure 16 Average nominal gross wage by NCA activities**  
seasonally adjusted data, contributions to the quarterly rate of change



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 third quarter of 2017 refer to July and August.

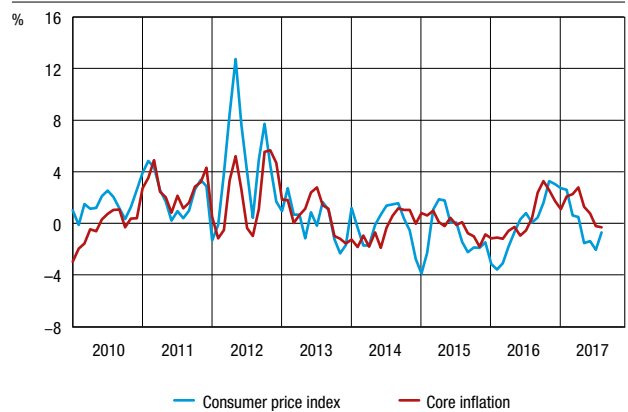
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

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



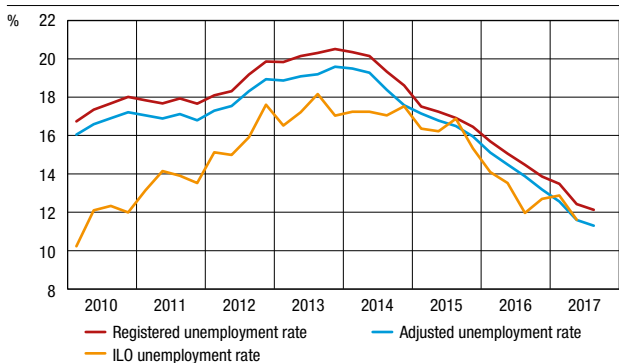
Note: Data for the third quarter of 2017 refer to July and August.  
Source: CPIA data seasonally adjusted by the CNB.

**Figure 17 Consumer price index and core inflation**  
annualised month-on-month rate of change<sup>a</sup>



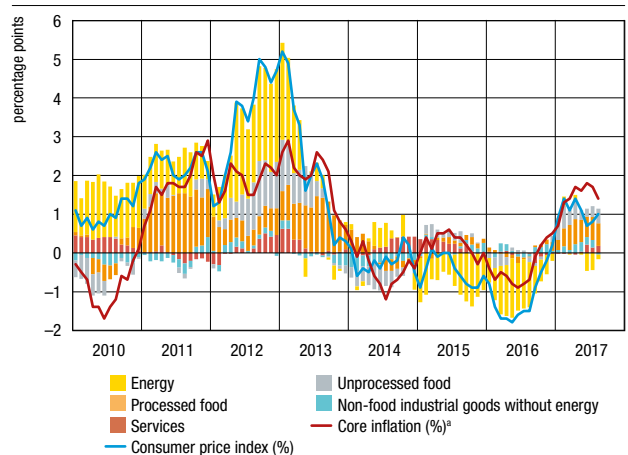
<sup>a</sup> The month-on-month rate of change is calculated based on the quarterly moving average of seasonally adjusted consumer price indices.  
Sources: CBS and CNB calculations.

**Figure 15 Unemployment rates**  
seasonally adjusted data



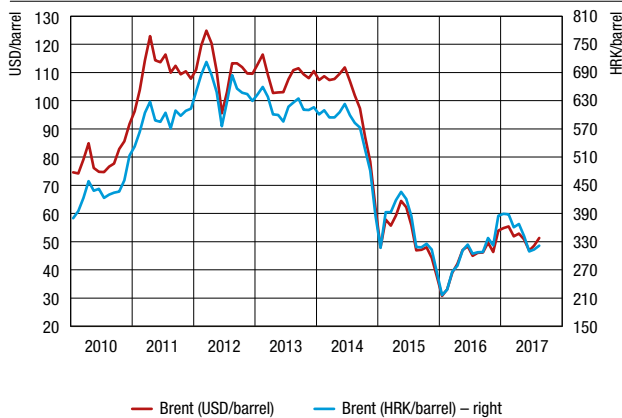
Notes: Since January 2015, the calculation of the registered unemployed rate has been made using the data on employed persons from the JOPPD form. The adjusted unemployment rate is the CNB estimate and is calculated as the share of registered unemployed persons in the working age population (unemployed persons and persons insured with the CPIA).  
Data for the third quarter of 2017 refer to July and August.  
Sources: CBS and CNB calculations (seasonally adjusted by the CNB).

**Figure 18 Year-on-year inflation rates and components' contribution to consumer price inflation**



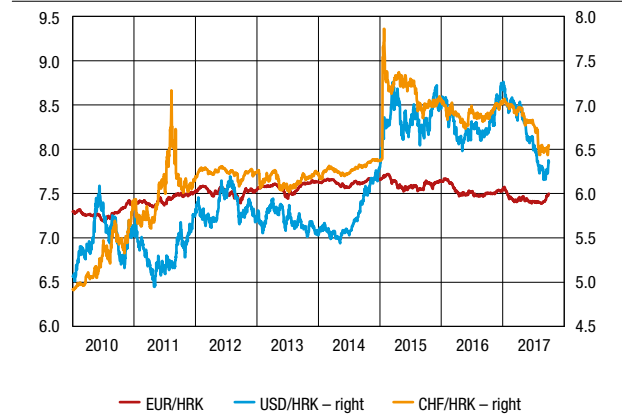
<sup>a</sup> Core inflation does not include agricultural product prices and administrative prices.  
Sources: CBS and CNB calculations.

Figure 19 Crude oil prices (Brent)



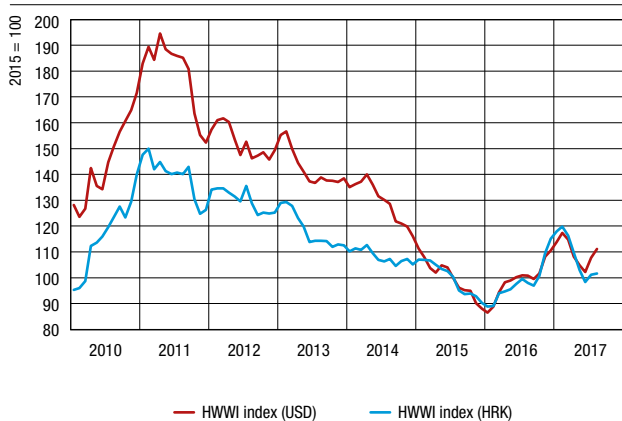
Sources: Bloomberg and CNB calculations.

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



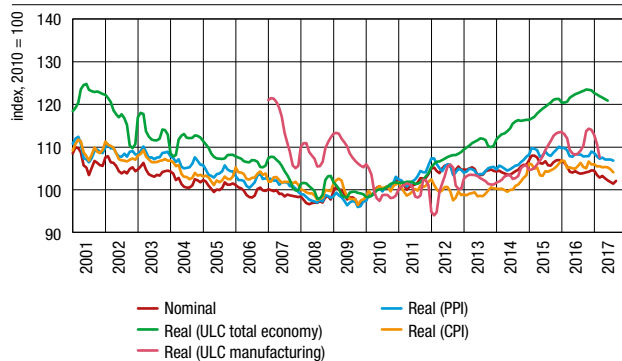
Source: CNB.

Figure 20 HWWI index (excl. energy)



Sources: HWWI and CNB calculations.

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.

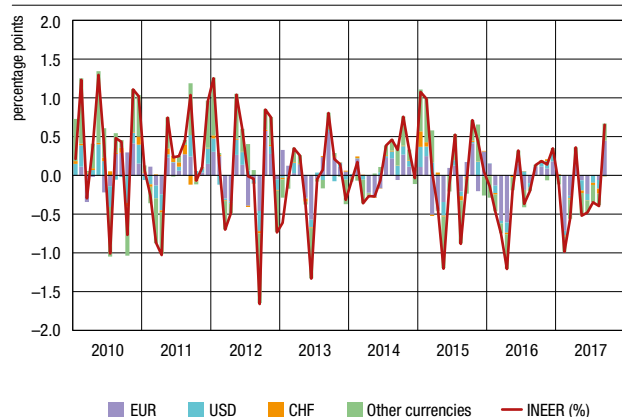
Table 1 Price indicators

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

	Year-on-year rates		Month-on-month rates	
	7/17	8/17	8/16	8/17
<b>Consumer price index and its components</b>				
Total index	0.8	1.0	-0.2	0.0
Energy	-2.7	-0.7	-1.2	0.9
Unprocessed food	3.0	4.1	-0.9	0.2
Processed food	2.6	2.5	0.2	0.2
Non-food industrial goods without energy	0.8	-0.2	-0.1	-1.1
Services	0.5	0.7	0.1	0.2
<b>Other price indicators</b>				
Core inflation	1.7	1.4	0.1	-0.2
Index of industrial producer prices on the domestic market	1.1	3.2	-1.4	0.7
Brent crude oil price (USD)	8.0	11.3	2.4	5.5
HWWI index (excl. energy, USD)	6.7	10.3	-0.1	3.2

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

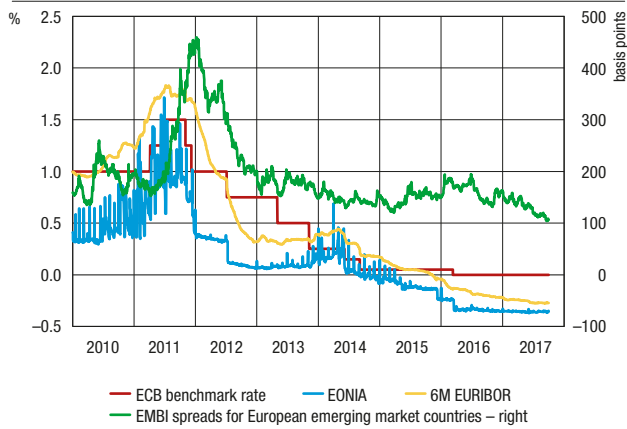
Figure 23 Contributions<sup>a</sup> of individual currencies to the monthly rate of change of the average index of the nominal effective kuna exchange rate (INEER)



<sup>a</sup> Negative values indicate contributions to the appreciation of the INEER.  
Source: CNB.

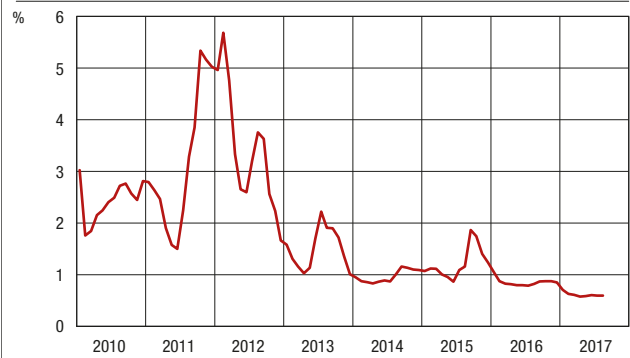


**Figure 24 Interest rates on the euro and the average yield spread on bonds of European emerging market countries**



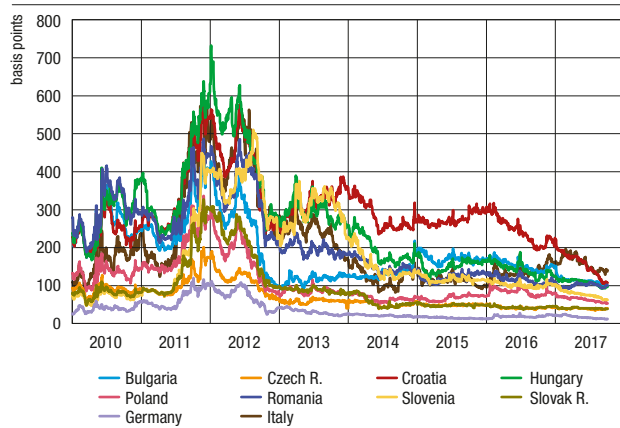
Sources: ECB, Bloomberg and J. P. Morgan.

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



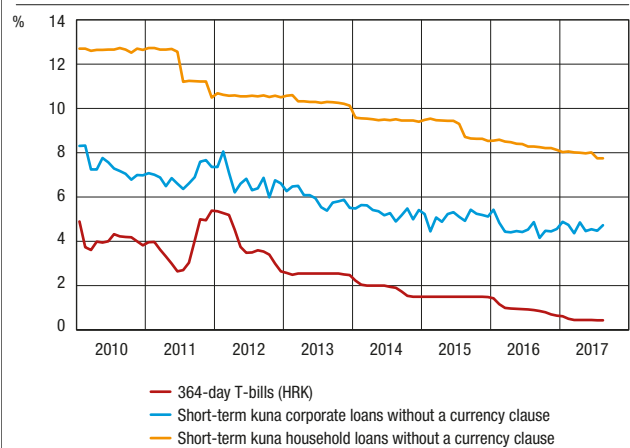
Source: CNB.

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



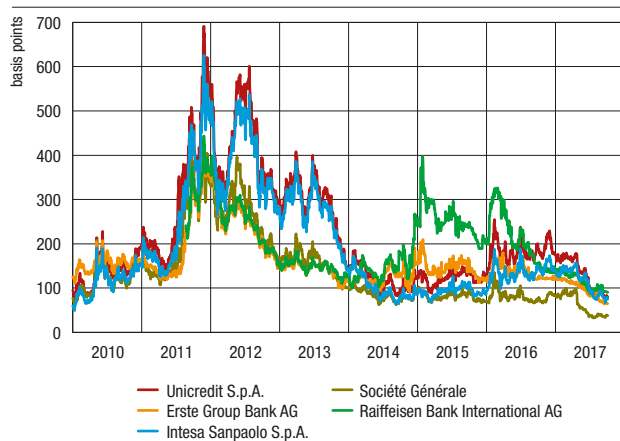
Note: Credit default swaps (CDS) spread is an annual premium that a CDS buyer pays for protection against credit risk associated with an issuer of an instrument.  
Source: S&P Capital IQ.

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



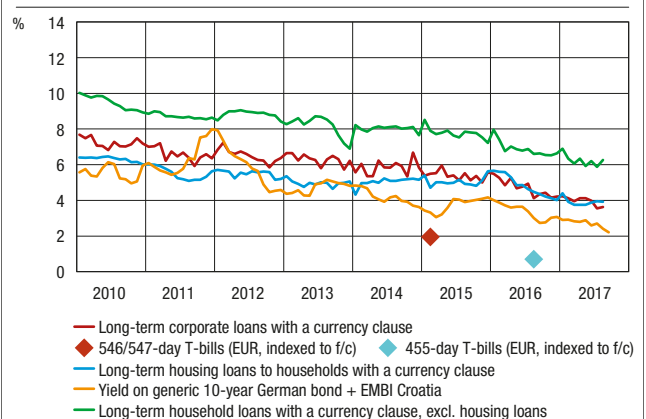
Sources: MoF and CNB.

**Figure 26 CDS spreads for selected parent banks of domestic banks**



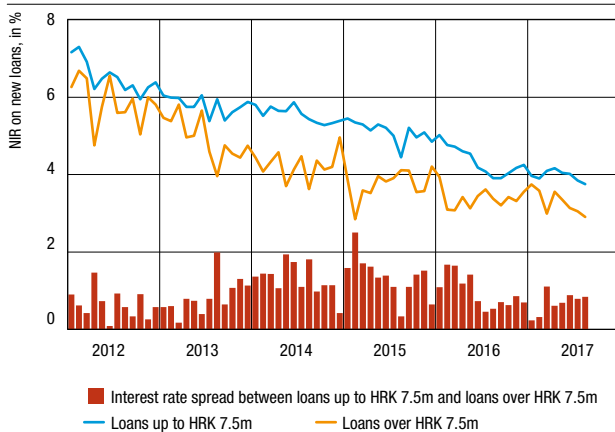
Source: S&P Capital IQ.

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



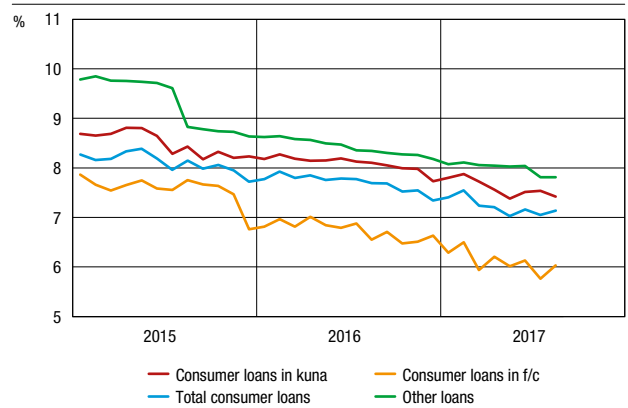
Note: EMBI, or the Emerging Market Bond Index, shows the spread between yields on government securities of emerging market economies, Croatia included, and risk-free securities issued by developed countries.  
Sources: MoF, Bloomberg and CNB.

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



Source: CNB.

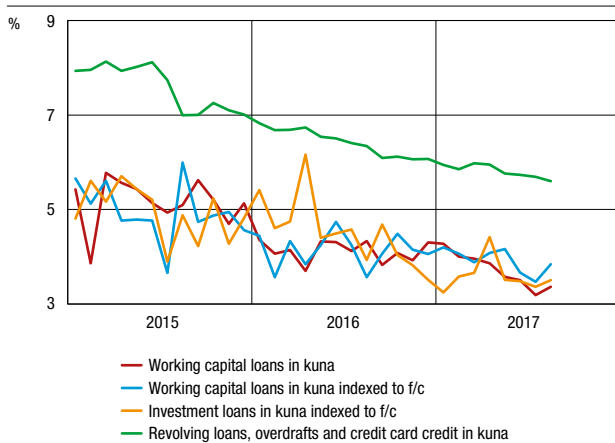
**Figure 33 Interest rates on original new consumer and other loans to households**



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.

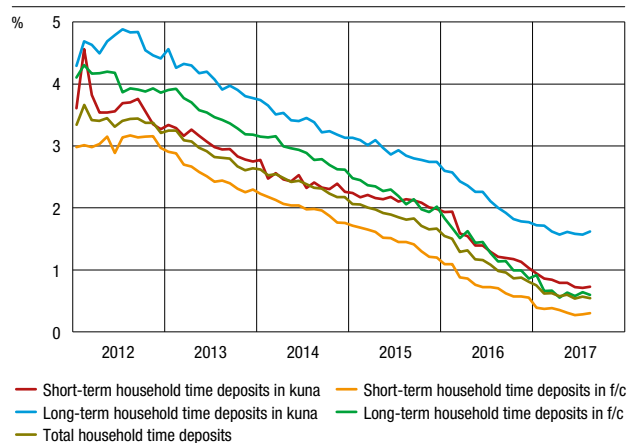
Source: CNB.

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



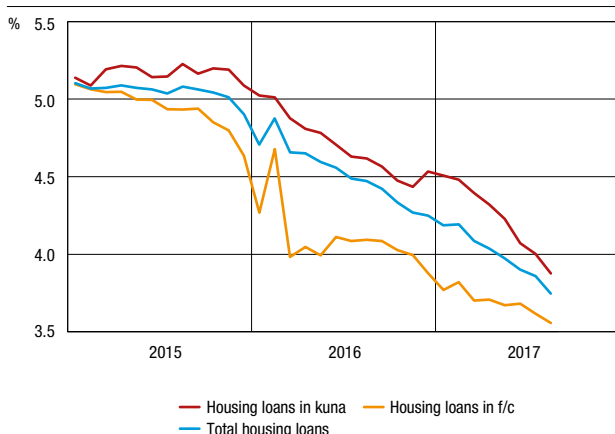
Source: CNB.

**Figure 34 Interest rates on household time deposits**



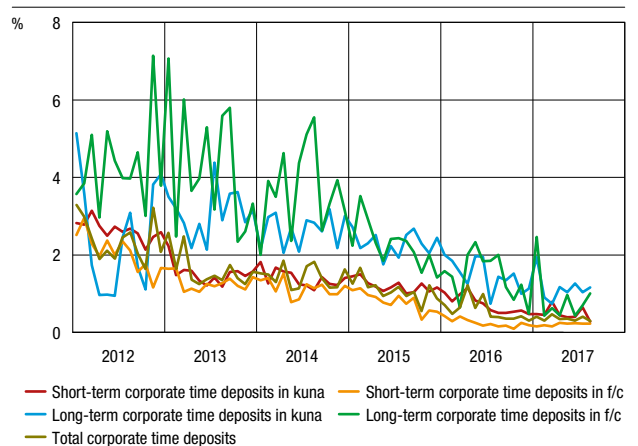
Source: CNB.

**Figure 32 Interest rates on original new housing loans to households**



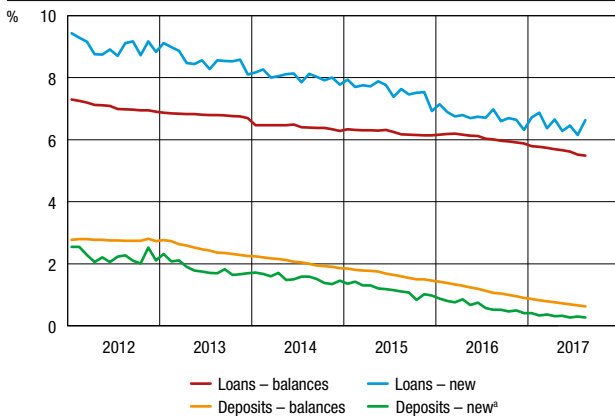
Source: CNB.

**Figure 35 Interest rates on corporate time deposits**



Source: CNB.

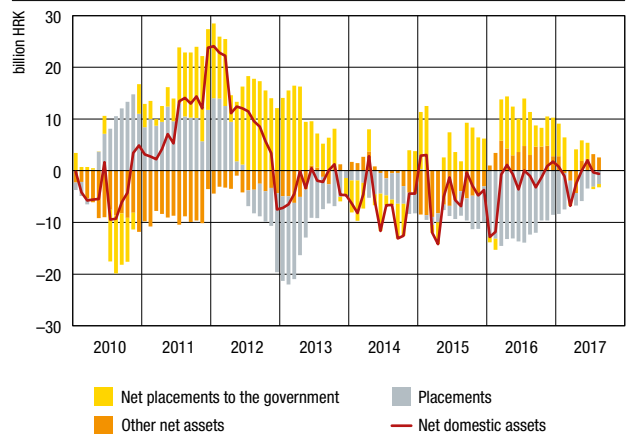
**Figure 36 Average interest rates on loans (excl. revolving loans) and deposits**



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

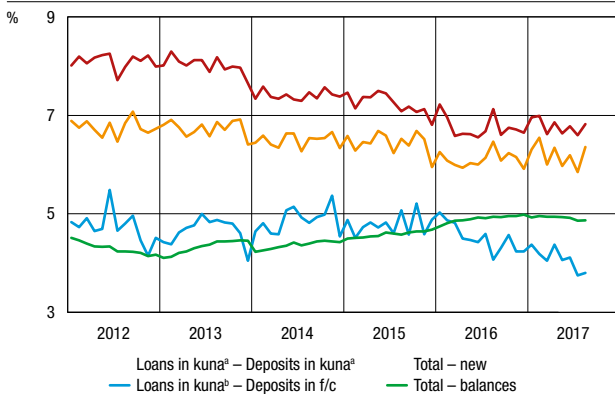
Source: CNB.

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



Source: CNB.

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

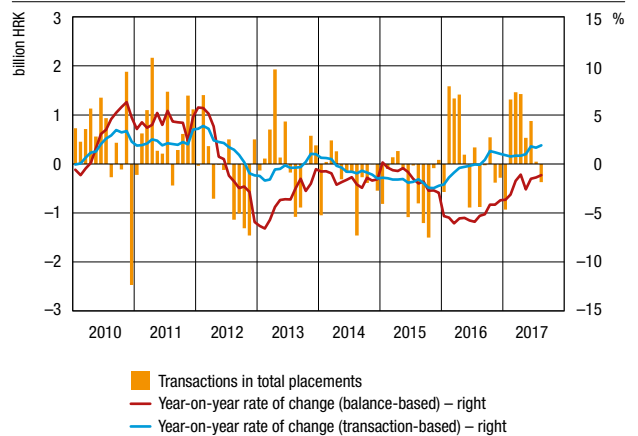


<sup>a</sup> Non-indexed to f/c. <sup>b</sup> Indexed to f/c.

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

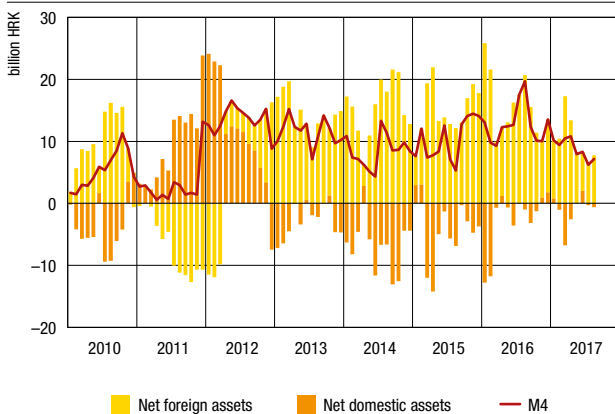
Source: CNB.

**Figure 40 Placements**



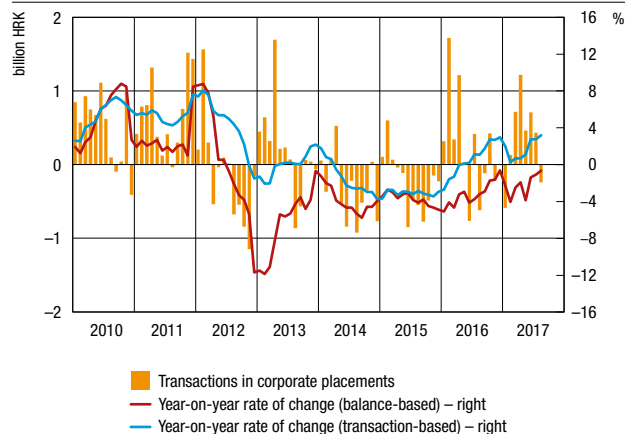
Source: CNB.

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



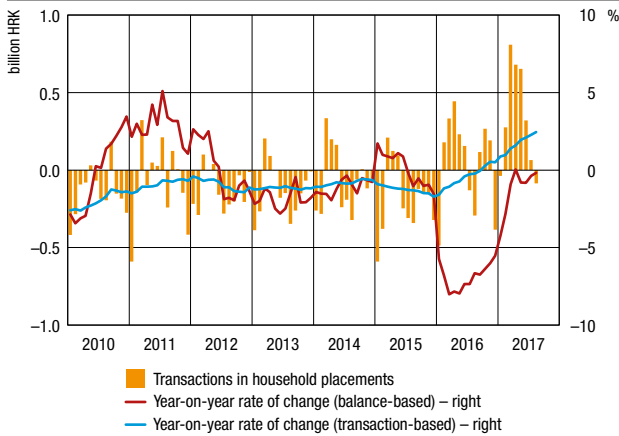
Source: CNB.

**Figure 41 Placements to corporates**



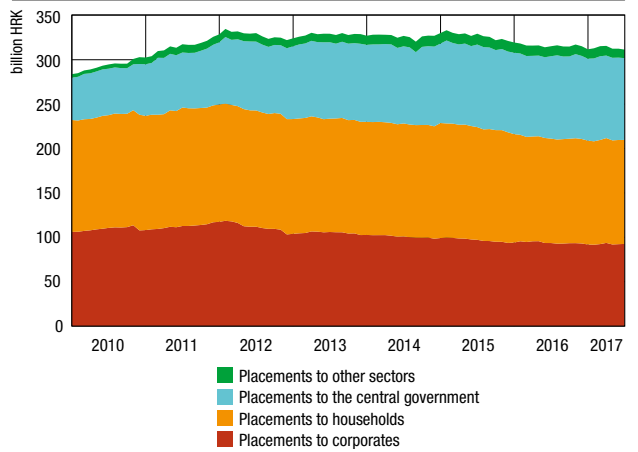
Source: CNB.

Figure 42 Placements to households



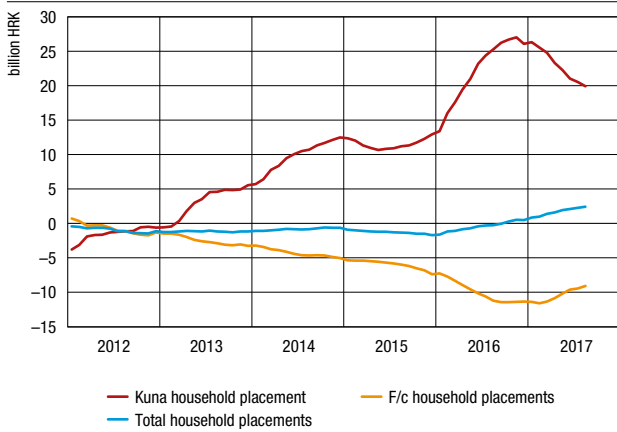
Source: CNB.

Figure 45 Structure of credit institution placements



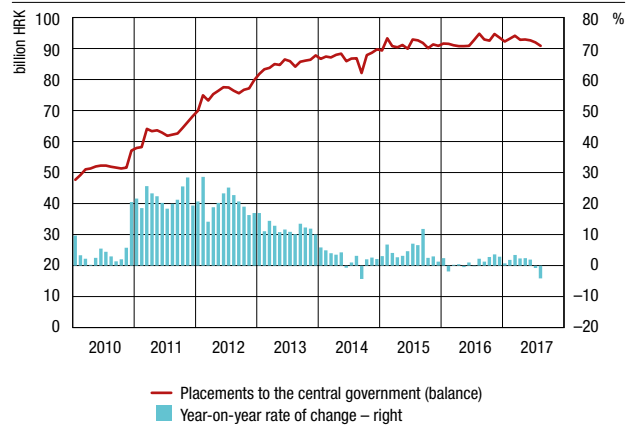
Source: CNB.

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



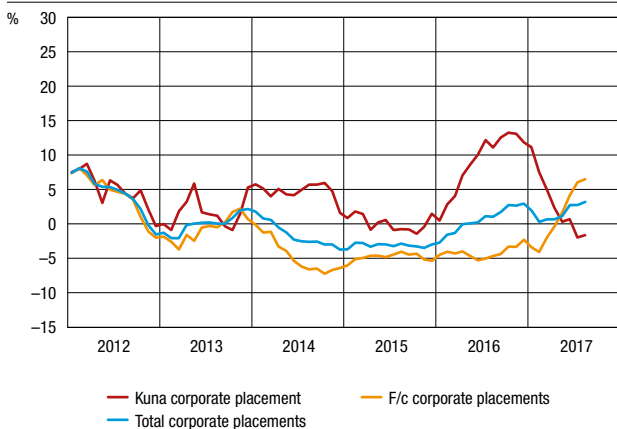
Source: CNB.

Figure 46 Credit institution and MMF placements to the central government



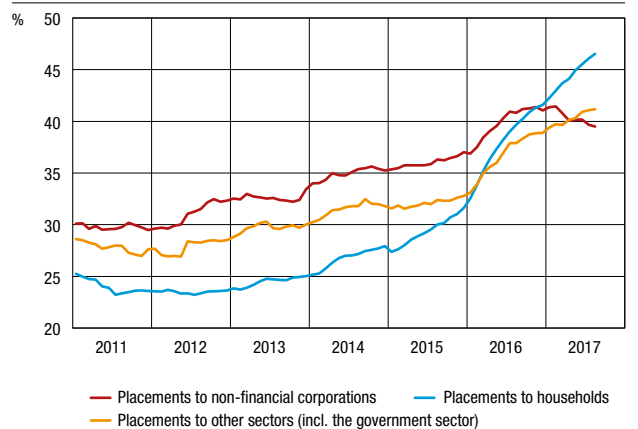
Source: CNB.

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



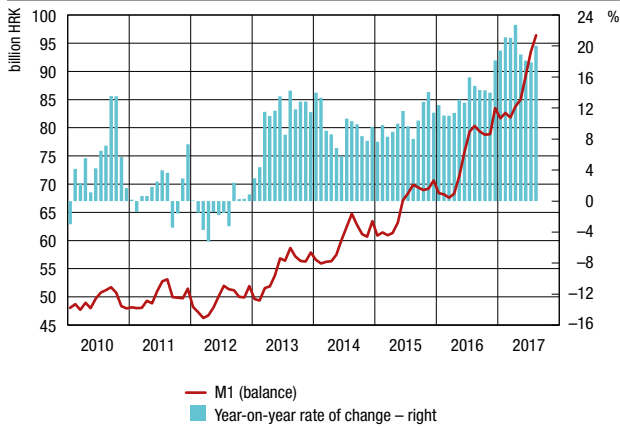
Source: CNB.

Figure 47 Share of kuna placements in total sector placements



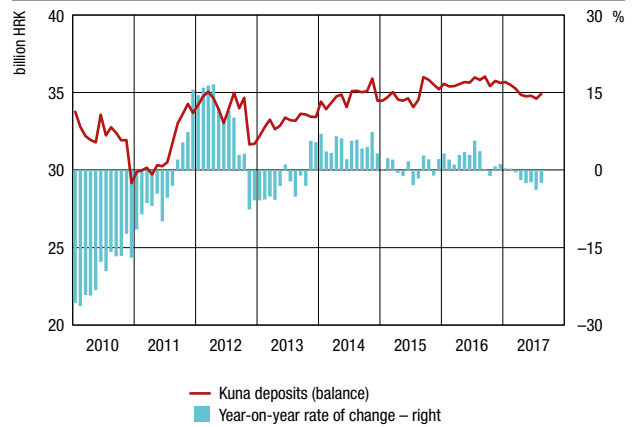
Source: CNB.

Figure 48 Money (M1)



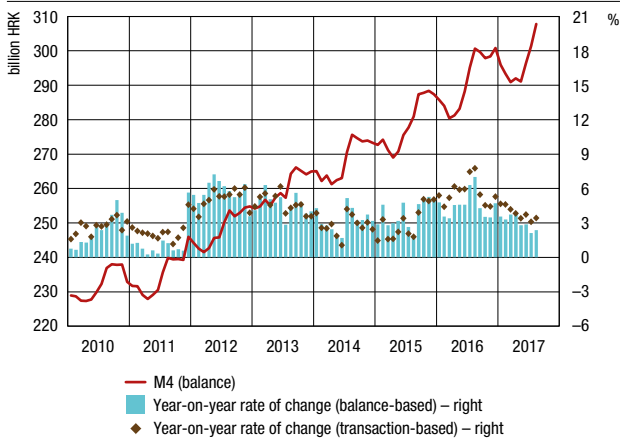
Source: CNB.

Figure 51 Kuna savings and time deposits



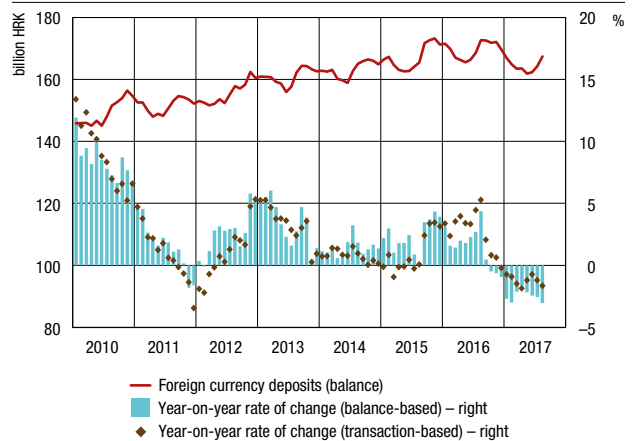
Source: CNB.

Figure 49 Total liquid assets (M4)



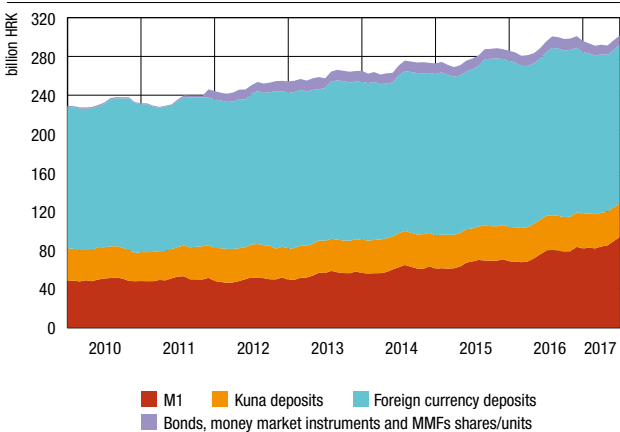
Source: CNB.

Figure 52 Foreign currency deposits



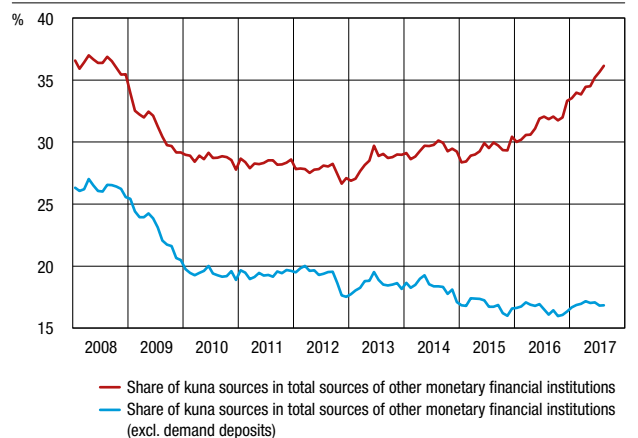
Source: CNB.

Figure 50 Structure of M4 monetary aggregate



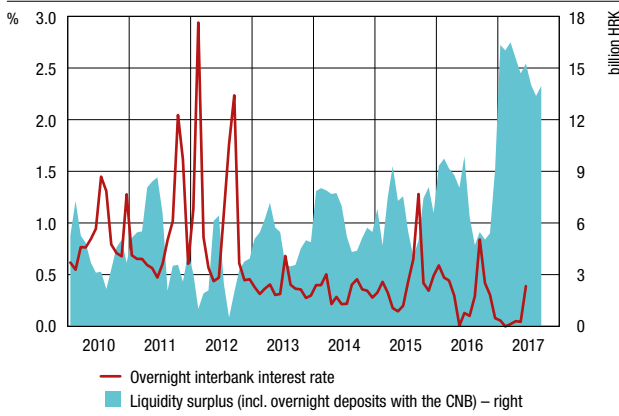
Source: CNB.

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

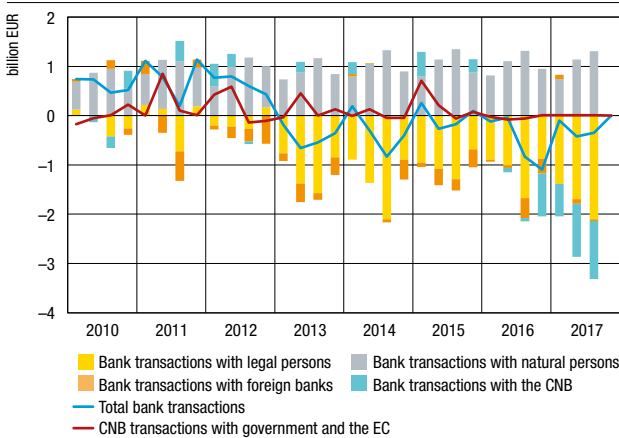
	2016	Q2/2017 <sup>a</sup>	Indices	
			2016/2015	Q2/2017 <sup>a</sup> /2016
Current account	2,018.8	1,158.5	57.4	106.9
Capital account	320.7	597.5	186.3	75.1
Financial account (excl. reserves)	1,112.8	1,385.6	124.5	-
International reserves	745.3	-264.7	-	-
Net errors and omissions	-481.5	-635.2	131.9	73.8

<sup>a</sup> 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.

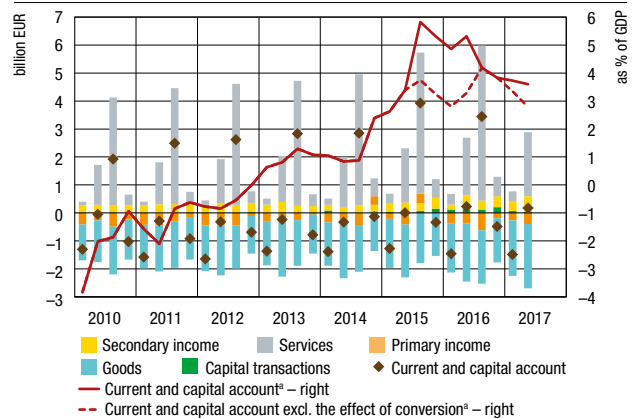
**Figure 55 Spot transactions in the foreign exchange market (net turnover)**



Notes: Positive values indicate net purchases and negative values indicate net sales. Legal persons include the government. Data up to August 2017.

Source: CNB.

**Figure 57 Current and capital account flows**

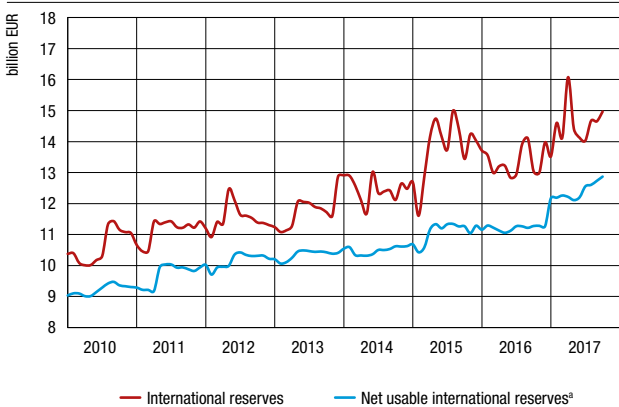


<sup>a</sup> Sum of the last four quarters.

Note: One-off effects include conversion of CHF-linked loans in 2015 and bank provisions for loans to the Agrokor Group in 2017.

Source: CNB.

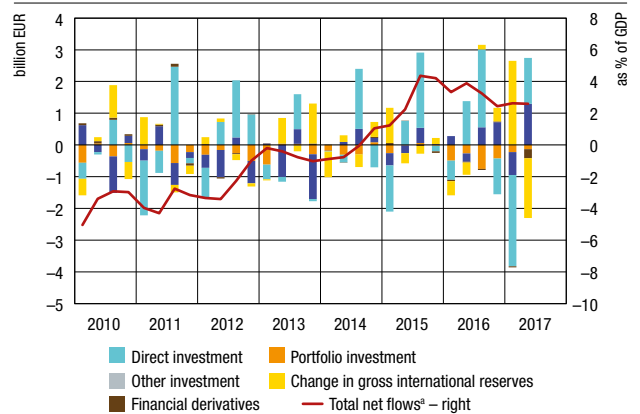
**Figure 56 International reserves of the CNB at current rate of exchange**



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

Source: CNB.

**Figure 58 Financial account flows by type of investment**

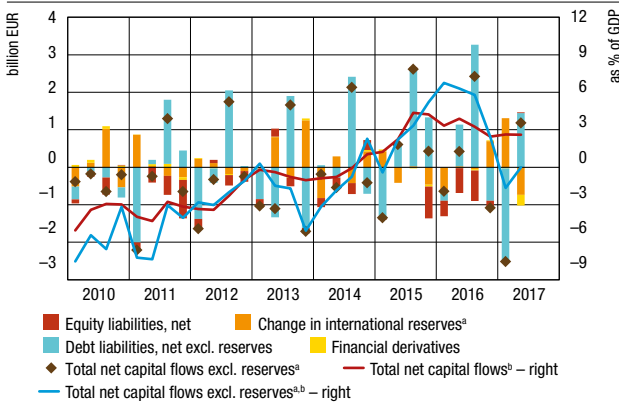


<sup>a</sup> Sum of the last four quarters.

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

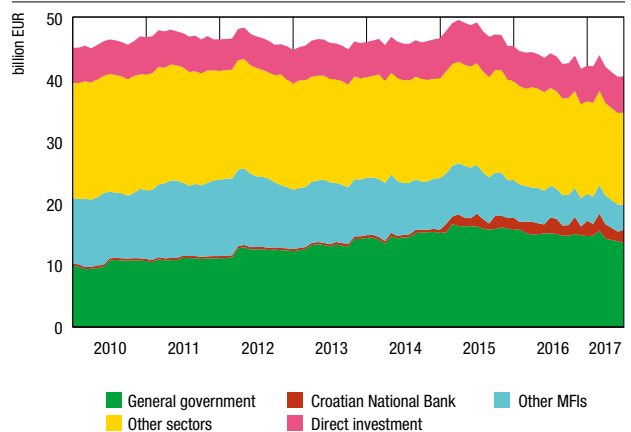
Source: CNB.

Figure 59 Financial account flows by capital structure



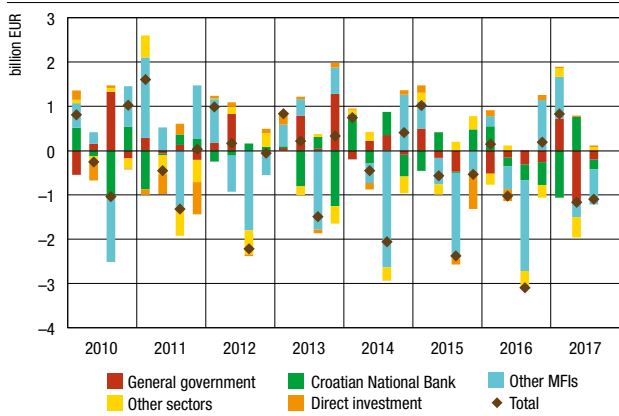
<sup>a</sup> The change in gross international reserves is reported net of the liabilities of the CNB.  
<sup>b</sup> Sum of the last four quarters.  
 Notes: A positive value indicates net outflow of equity abroad. Net flows represent the difference between the change in assets and the change in liabilities.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

Figure 62 Gross external debt end of period



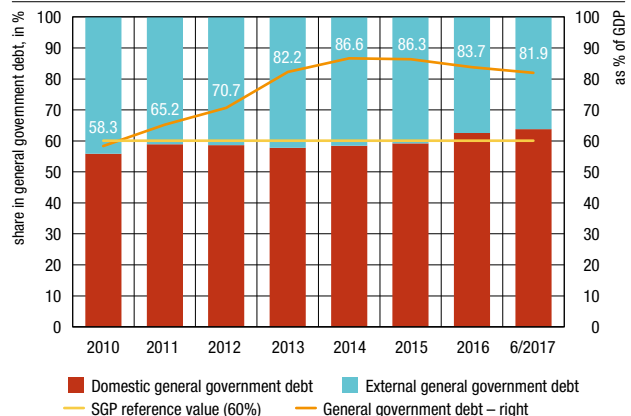
Source: CNB.

Figure 60 Net external debt transactions



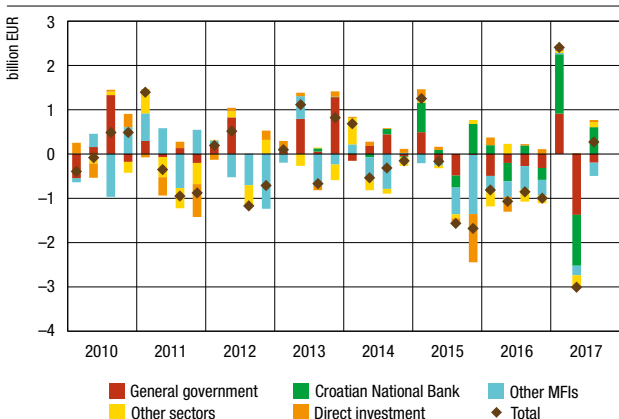
Notes: Transactions refer to the change in debt excl. cross-currency changes and other adjustments. Net external debt is calculated as gross external debt stock net of foreign debt claims. Data for the third quarter of 2017 refer to July.  
 Source: CNB.

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 third quarter of 2017 refer to July.  
 Source: CNB.

Table 3 Consolidated general government balance

ESA 2010, in million HRK

	Jan. – Mar. 2016	Jan. – Mar. 2017
<b>Total revenue</b>	<b>35,552</b>	<b>35,357</b>
Direct taxes	5,398	5,297
Indirect taxes	14,349	13,329
Social contributions	9,810	10,164
Other	5,994	6,566
<b>Total expenditure</b>	<b>39,404</b>	<b>37,464</b>
Social benefits	14,003	14,011
Subsidies	891	911
Interest	2,916	2,659
Compensation of employees	9,760	9,707
Intermediate consumption	5,837	5,965
Investment	2,361	2,341
Other	3,636	1,870
<b>Net lending (+)/borrowing (-)</b>	<b>-3,852</b>	<b>-2,108</b>

Sources: Eurostat and CBS.

**Table 4 Consolidated central government net borrowing**

GFS 2001, in million HRK

	Jan. – Jun. 2016	Jan. – Jun 2017
1 Revenue	65,464.4	67,312.3
2 Disposal of non-financial assets	177.6	333.6
3 Expenditure	66,057.9	66,680.7
4 Acquisition of non-financial assets	1,820.2	1,550.7
5 Net borrowing (1 + 2 – 3 – 4)	-2,236	-585

Sources: MoF and CNB calculations.

**Table 5 General government debt**

in million HRK

	Jan. – Jun. 2016	Jan. – Jun. 2017
Change in total debt stock	-3,915	-1,819
Change in domestic debt stock	2,710	2,657
– Securities other than shares, short-term	-1,032	1,255
– Securities other than shares, long-term	6,538	2,346
– Loans	-2,797	-902
Change in external debt stock	-6,625	-4,476
– Securities other than shares, short-term	-50	144
– Securities other than shares, long-term	-4,762	-3,808
– Loans	-1,813	-812
Memo item:		
Change in total guarantees issued	93	19

Source: CNB.