



ISSN 1830-6292

**ECFIN Unit D-1**

Current update: 04 April 2012

Next update: July 2012

# *EU CANDIDATE AND PRE-ACCESSION COUNTRIES ECONOMIC QUARTERLY*

*CCEQ*

Cat. No. KC-AO-10-002-EN-N



# CANDIDATE AND PRE-ACCESSION COUNTRIES' ECONOMIC QUARTERLY

\*\*\*\*\*

## Contents

OVERVIEW.....	3
CROATIA .....	5
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA.....	9
ICELAND.....	13
MONTENEGRO.....	17
SERBIA .....	21
TURKEY .....	25
ALBANIA.....	29
BOSNIA AND HERZEGOVINA.....	33
KOSOVO*.....	37

\*as defined by UNSCR 1244

## OVERVIEW

*The pattern of growth in the pre-accession countries in the fourth quarter of 2011 generally mirrored the worsening global (and EU) environment. Growth rates moderated, sometimes significantly, and were too sluggish to make a major contribution to the reduction of very high unemployment. Effects on GDP growth for the whole year ranged from a slight slowdown in Turkey (8.5% as compared with 9.2% in 2010) to zero growth in Croatia, following two years of recession. In most other countries, growth continued to be positive and stronger than in 2010. However, judging from available indicators, a further weakening in the first quarter 2012 is to be expected in some countries such as Croatia and Serbia. The disinflation process, partly reflecting the decline of commodity prices in response to weaker global demand, continued in the 4<sup>th</sup> quarter and further in the 1<sup>st</sup> quarter 2012 despite the increase in oil prices since mid-December 2011.*

While decelerating markedly, GDP growth still reached 5.2% (year-on-year) in Turkey in Q4, driven by both domestic demand and net exports as export competitiveness improved, primarily due to a weaker lira. In 2011, growth at 8.5% was only slightly down from 9.2% in 2010. In Iceland, real growth still primarily driven by private consumption, was also lower (2.8%) in Q4, bringing the growth rate for 2011 to 3.1%, a marked improvement compared to the 4% output drop in 2010. In the Western Balkans, growth also moderated in the fourth quarter although the magnitude of the slowdown differed across countries. Croatia, which had started to recover modestly in the previous two quarters, was hardest hit as GDP decreased by 0.4%. Despite a further deceleration in the 4<sup>th</sup> quarter in Serbia (to 0.4%) and in the former Yugoslav Republic of Macedonia (to 0.2%), output growth for the year as a whole accelerated to respectively 1.6% and 3%, thanks to strong performance in the first half of the year.

Recent trade data suggest a decline of the current account deficit which had been ballooning in Turkey in 2011 (10% of GDP) as a result of strong domestic demand. In Iceland, despite

lower surpluses in the trade with goods and services over the last two quarters its current account deficit narrowed in 2011 (7.1%). In the Western Balkans, the picture is mixed. The current account deficit, although still elevated, declined to 19% of GDP in 2011 in Montenegro. It hardly improved in Croatia (1% of GDP). In all other countries the deficit deteriorated, either significantly (Albania, Bosnia and Herzegovina, Serbia) or to a limited extent (the former Yugoslav Republic of Macedonia and Kosovo). In Serbia, the underlying deterioration of the trade balance which continued in the first two months of 2012 is mainly due to the deterioration of exports and thus may reflect to some extent trade spillovers effects from the worsening situation of its main partners. In the other countries the picture is more nuanced and the effects of trade spillovers less discernible.

The labour market conditions generally deteriorated in the fourth quarter in tandem with the deceleration in economic activity and contributed to higher unemployment rates for the whole year as compared with 2010 in Bosnia and Herzegovina, Croatia and Serbia. Unemployment declined, nevertheless, in 2011 in Turkey, Iceland, the former Yugoslav Republic of Macedonia and Albania.

While average inflation increased in many countries in 2011, the disinflation process that started in mid 2011, in line with the downward correction of commodity prices, generally continued in the fourth quarter and in early 2012. A main exception is Iceland where the central bank subsequently raised for the third time its policy rate in March. In Turkey, where consumer price inflation still amounted to 10.4% in March, inflationary pressures appear to be diminishing. Monetary policy was eased in February. In line with decelerating inflation, key policy rates were also cut in Serbia in four consecutive steps from October to January and in Albania in January and March.

Lending activities have somewhat expanded, suggesting that adverse financial spillovers may have been limited. Credit growth further increased in 2011 in Albania, Kosovo, the former Yugoslav Republic of Macedonia and turned positive in Bosnia and Herzegovina. Adjusted for exchange rate effects, credit growth stagnated at a low level in Croatia. Although domestic credit still recorded a negative growth rate in 2011, it also turned positive in Iceland in the fourth quarter and further accelerated. It also reaccelerated in Serbia in early

2012, after a significant slowdown. In Turkey, credit growth slowed to 21% in February, i.e. significantly below the central bank cap of 25% but may have reaccelerated in March. Montenegro is the only country where credit growth remained still negative. The quality of the loan portfolio, however, continued to deteriorate and NPLs further increased in the 4<sup>th</sup> quarter in Albania, Croatia and Serbia. NPLs remain exceptionally high in Iceland (25% of total loans) but also in Serbia (19.2%), Albania (18.9%), Montenegro (15.5%) despite their recent reduction and in Bosnia and Herzegovina (11.8%).

Fiscal consolidation continued in 2011 in most of the pre-accession countries which recorded a lower deficit than in 2010. In Kosovo the deficit was 1.8% of GDP or about 0.8 percentage point lower than expected. The general government balance recorded a deficit of 4.4% of GDP in Iceland, much lower than 10% a year before. Turkey also reported strong fiscal results with a deficit amounting to 1.5% of GDP, down from 3.6% in 2010. The former Republic of Macedonia maintained its deficit at 2.5% of GDP. However, fiscal deficits increased in Albania and Croatia and slightly in Serbia.

## Candidate and potential candidate countries: Summary table

	2007 2008 2009 2010 2011					ECFIN Nov. Forecast							
	2007	2008	2009	2010	2011	2012	2013	Q3 11	Q4 11	Q1 12	Jan 12	Feb 12	Mar 12
<b>Gross domestic product</b> (in real terms, annual % change)													
Croatia	5.1	2.2	-6.0	-1.2	0.0	0.8	1.2	0.7	-0.4	:	n.a.	n.a.	n.a.
The former Yugoslav Republic of Macedonia	6.2	5.1	-1.0	1.7	3.2	2.5	3.5	2.3	0.2	:	n.a.	n.a.	n.a.
Iceland	6.0	1.3	-6.8	-4.0	3.1	1.5	2.7	3.8	2.7	:	n.a.	n.a.	n.a.
Montenegro	10.7	6.9	-5.7	2.5	2.7f	2.2	3.2	3.5	:	:	n.a.	n.a.	n.a.
Serbia	5.4	3.8	-3.5	1.0	1.6	:	:	0.7	0.4	:	n.a.	n.a.	n.a.
Turkey	4.7	0.7	-4.8	9.2	8.5	3.0	4.1	8.4	5.2	:	n.a.	n.a.	n.a.
Albania	5.9	7.5	3.3	4.1	3.0e	:	:	2.6	:	:	n.a.	n.a.	n.a.
Bosnia and Herzegovina	6.1	5.6	-2.9	0.7	2.4e	:	:	:	:	:	n.a.	n.a.	n.a.
Kosovo*	6.3	6.9	2.9	3.9	:	:	:	:	:	:	n.a.	n.a.	n.a.
<b>Unemployment</b> (LFS, in % of workforce)													
Croatia	9.6	8.4	9.1	11.8	13.5	13.2	12.4	12.2	13.9	:	n.a.	n.a.	n.a.
The former Yugoslav Republic of Macedonia	34.9	33.8	32.2	32.0	31.4	30.0	28.5	31.2	31.8	:	n.a.	n.a.	n.a.
Iceland	2.3	3.0	7.2	7.5	7.1	7.3	6.7	5.9	6.0	:	n.a.	n.a.	n.a.
Montenegro	11.9	10.7	11.4	12.2	11.6	:	:	11.1	11.6	:	11.9	11.9	:
Serbia	18.1	13.6	16.1	20.0	22.2	:	:	23.7	:	:	:	:	:
Turkey	9.9	11.0	14.1	12.0	9.8	10.3	10.4	9.2	9.1	:	:	:	:
Albania	13.4	12.8	13.0	13.7	13.3	:	:	13.3	13.3	:	:	:	:
Bosnia and Herzegovina	42.9	40.6	42.7	42.7	43.8	:	:	43.3	43.8	:	44.0	:	:
Kosovo*	43.6	47.5	45.4	:	:	:	:	:	:	:	:	:	:
<b>Current account balance</b> (% of GDP)**													
Croatia	-7.2	-8.8	-5.0	-1.0	-1.2f	-0.6	-1.4	0.4	:	:	n.a.	n.a.	n.a.
The former Yugoslav Republic of Macedonia	-7.1	-12.8	-6.7	-2.2	-2.8	-5.5	-6.5	-4.8	-2.8	:	n.a.	n.a.	n.a.
Iceland	-15.7	-24.5	-11.7	-8.0	-7.1	-9.6	-9.5	-7.4	-7.1	:	n.a.	n.a.	n.a.
Montenegro	-39.5	-50.6	-29.6	-24.7	-19.9	-20.4	-21.3	-20.4	-19.9	:	n.a.	n.a.	n.a.
Serbia	-16.1	-20.6	-7.4	-7.5	-9.5	:	:	-7.7	-9.9	:	n.a.	n.a.	n.a.
Turkey	-5.9	-5.5	-2.2	-6.4	-10.0	-8.8	-8.6	-9.8	-10.0	:	n.a.	n.a.	n.a.
Albania	-10.5	-15.5	-15.2	-11.3	-12.2	:	:	-12.6	-12.4	:	n.a.	n.a.	n.a.
Bosnia and Herzegovina	-10.7	-14.0	-6.3	-5.7	-8.7	:	:	-7.7	-8.8	:	n.a.	n.a.	n.a.
Kosovo*	-10.4	-16.3	-15.4	-17.4	:	:	:	-17.0	:	:	n.a.	n.a.	n.a.
<b>Inflation</b> (Consumer price index, annual % change)													
Croatia	2.9	6.1	2.4	1.0	2.3	1.5	1.7	2.1	2.4	:	1.2	1.3	:
The former Yugoslav Republic of Macedonia	2.3	8.3	-0.8	1.6	3.9	2.5	3.3	3.6	3.2	2.6	3.4	2.9	1.4
Iceland	5.1	12.7	12.0	5.4	4.0	3.6	2.8	5.3	5.3	6.4	6.5	6.3	6.4
Montenegro	4.3	7.4	3.4	0.5	3.1	2.6	3.2	3.3	3.1	:	2.7	4.2	:
Serbia	11.0	8.6	6.6	10.3	7.0	:	:	9.3	7.0	:	5.6	4.9	:
Turkey	8.8	10.4	6.3	8.6	6.5	7.2	7.2	6.4	9.2	10.5	10.6	10.4	10.4
Albania	2.9	3.4	2.3	3.6	3.5	:	:	3.2	2.5	:	1.6	0.6	:
Bosnia and Herzegovina	1.5	7.4	-0.4	2.1	3.7	:	:	4.0	3.5	:	2.6	2.5	:
Kosovo*	4.4	9.4	-2.4	3.5	7.4	:	:	6.1	4.1	:	2.9	1.7	:
<b>General government balance</b> (% of GDP)													
Croatia	-2.5	-1.4	-4.1	-4.9	-5.5f	-5.4	-5.2	:	:	:	n.a.	n.a.	n.a.
The former Yugoslav Republic of Macedonia	0.6	-1.0	-2.7	-2.5	-2.5f	-2.2	-2.0	:	:	:	n.a.	n.a.	n.a.
Iceland	5.4	-13.5	-10.0	-10.1	-4.4	-4.4	-3.1	-3.1	-7.0	:	n.a.	n.a.	n.a.
Montenegro	6.2	-0.4	-5.7	-4.9	-4.0	-2.6	-1.3	-1.8	-4.0	:	n.a.	n.a.	n.a.
Serbia	-2.0	-2.6	-4.5	-4.6	-4.7	:	:	-3.7	-4.2	:	n.a.	n.a.	n.a.
Turkey	-1.0	-2.2	-5.7	-3.6	-1.4f	-2.4	-2.5	:	:	:	n.a.	n.a.	n.a.
Albania	-3.5	-5.5	-7.0	-3.1	-3.5e	:	:	-2.5	-3.5	:	n.a.	n.a.	n.a.
Bosnia and Herzegovina	1.2	-2.2	-4.4	-2.5	-1.3e	:	:	:	:	:	n.a.	n.a.	n.a.
Kosovo*	7.1	-0.1	-0.7	-2.6	-1.8	:	:	-4.1	-1.8	:	n.a.	n.a.	n.a.

\* as defined by UNSCR 1244

Forecast: ECFIN forecast Autumn 2011

\*\* Q figures refer to a 4 quarters moving average.

# CROATIA



## Key developments

The Croatian Parliament unanimously ratified the treaty on EU accession on 9 March following a referendum on 22 January in which two thirds of voters had approved the treaty.

Due to the parliamentary elections and the change of government last December, the 2012 state budget was adopted after the beginning of the fiscal year, viz. on 24 February. It incorporates an increase of the VAT rate and other changes to the tax regime which were also adopted in February.

The government submitted Croatia's eight Pre-Accession Economic Programme (PEP) to the European Commission on 1 March. It projects gradually accelerating real GDP and a declining fiscal deficit in the programme period (2012-2014).

## Real sector

Real GDP stagnated (-0.0%) in 2011 following two years with declining output. The quarterly sequence suggests that Croatia may be returning to recession. GDP had started to recover modestly in the second and third quarters with year-on-year growth rates of 0.4 and 0.7%, respectively. In the fourth quarter, however, GDP fell by 0.4% year-on-year. In seasonally adjusted quarter-on-quarter terms, GDP decreased by 1.3% in the fourth quarter following an increase of the same magnitude in the third quarter.

Private consumption increased by only 0.1% in real year-on-year terms in the fourth quarter, the same rate as in the preceding quarter. Government consumption fell by 1.3% following a 0.4% decline. Fixed investment continued to drop at a significant rate (-6.1% following -8.4%). Export volumes mirrored the development of overall GDP with renewed contraction in the fourth quarter (-3.5%) following gains in the previous two quarters (+7.1% in Q3). According to revised estimates, import volumes actually expanded in the first three quarters of 2011, although only slightly in the third quarter (+0.1%), before starting to

decline in the fourth quarter (-3.0%).

In terms of growth contributions, fixed investment continued to exert a strong negative drag in the fourth quarter. Much of this was offset by a switch from substantial destocking in the third quarter to a modest build-up of inventories in the fourth quarter. Private consumption was close to neutral while public consumption contributed negatively to GDP growth. Net exports provided a small positive contribution. Overall, the GDP data for the fourth quarter are consistent with a situation of declining economic activity.

Monthly data suggest that the economy has weakened further in the first quarter of 2012. Most importantly, industrial production has continued its downward trend and was 5.0% down year-on-year in January-February. The three-year-old trend decline of construction persisted in January when output in this sector fell 1.1% month-on-month in seasonally-adjusted terms and was 5.7% lower year-on-year. Retail sales data were relatively strong in January and February, but they are likely to have been distorted by the announcement of a VAT rate hike. In foreign trade, the value of exported goods fell by 6.0% year-on-year in January-February extending a fall from the previous quarter. It suggests that declining economic activity in some of Croatia's major export markets continues to depress the domestic economy. Goods import increased by 4.5% year-on-year in value terms in January-February which seems mainly to be due to higher energy prices and a lower exchange rate.

## Labour market

Labour market conditions worsened in the fourth quarter of 2011 at a faster rate than in the preceding quarter. According to the labour force survey, employment was 3.2% lower year-on-year while the unemployment rate was 1.8 percentage points higher at 13.9%. For the first quarter of 2012, the more timely data on registered unemployment suggest a further deterioration of the labour market. The registered unemployment rate stood at 19.8% in

January and at 20.1% in February which is, respectively, 0.2 and 0.5 percentage point higher year-on-year. The average nominal gross wage was up by 1.8% year-on-year in the fourth quarter and by 2.7% in January.

### **External sector**

A significant revision of foreign trade data show that the current account hardly improved in 2011. The deficit only edged lower to 1.0% of GDP from 1.1% of GDP in 2010. The merchandise trade balance actually deteriorated from a deficit corresponding to 13.0% of GDP in 2010 to 14.0% in 2011. This was, however, more than offset by an improving services balance where the surplus increased from 12.8% to 14.1% of GDP thanks to a good tourist season. The balance trade in goods and services together showed a surplus equal to 0.1% of GDP in 2011 compared to a deficit of 0.2% in 2010. The deficit on the income balance increased from 3.3% of GDP to 3.5% while the surplus on transfers increased from 2.4% to 2.5% of GDP.

Net foreign direct investment increased from 0.8% of GDP in 2010 to 2.2% in 2011. Much of this increase was, however, the result of non-residents' debt-to-equity swaps while the inflow of real investments remained very weak.

In the course of the fourth quarter Croatia's total gross external debt decreased by € 0.8 billion to € 45.7 billion which corresponds to 100.5% of GDP. Gross international reserves amounted to € 11.4 billion (25.1% of GDP) at the end of February, up by € 0.2 billion since end-2011.

### **Monetary developments**

While average annual inflation increased from 1.1% in 2010 to 2.3% in 2011, headline inflation has declined in the winter months. It fell from 2.6% last November to 1.3% in February. There continues to be a dichotomy between deflation for services (-1.4%) and inflation for goods (+2.0%) which indicates that the only upward pressure on prices has come from the import side over the past year. The core inflation rate was as low as 0.4% year-on-year in February.

Reflecting the renewed weakening of the real economy, broad money (M4) stagnated in the last quarter of 2011. In January and February, M4 even fell by 2.0% and was only 2.0% higher on a year-on-year basis. Total assets of Croatian banks were 4.4% higher year-on-year at the end of February.

Last year's downward pressure on the kuna against the euro continued in January and February. The kuna/euro rate rose from at 7.54 at the end of December to 7.59 in mid-February which corresponds to a kuna depreciation of 0.7%. The central bank intervened in the foreign exchange market to support the domestic currency on three occasions in January and February selling a total of €458 million. Subsequently the kuna appreciated by 1.0% to 7.51 against the euro at the end of the quarter.

As an additional supporting measure for the kuna, the central bank withdrew kuna liquidity from the banking system by raising the reserve requirement ratio from 14% to 15% at the end of January.

### **Financial sector**

The domestic financial system remained highly liquid into January. Bank interest rates trended downward in 2011 as a whole, but remained at a relatively high level. The average annual interest rate on kuna credits fell by 0.6 percentage points year-on-year to 9.7% in January. The average interest rate on credits indexed to foreign currency fell by 0.3 percentage points to 7.2%. The quality of bank loans, as indicated by the ratio of non-performing loans to total loans, continued to deteriorate and reached 12.4% at the end of 2011. In a partial reversal of last year's downward trend, the Croatian stock market index gained 5.4% over the first quarter.

### **Fiscal developments**

According to preliminary data from the Ministry of Finance, the deficit of general government amounted to 5.5% of GDP in 2011 compared to 4.9% in 2010. Due to the parliamentary elections last December, the adoption of the 2012 state budget was delayed until 24 February while government expenditures were financed on a temporary basis. Based on the assumption of 0.8% real GDP growth, the new budget implies a general government deficit of 3.8% of GDP in 2012. The deficit reduction is projected to be achieved through higher revenues (+1.8%) and lower expenditures (-2.6%) compared to the previous year.

The revenue projection in the 2012 state budget is, inter alia, based on February's changes in the tax system. Most importantly, the general VAT rate has been increased by 2 percentage points to 25% as of 1 March and employers' contribution to the compulsory health insurance has been reduced from 15% to 13% as of 1 May 2012.

# TABLE

European Commission, ECFIN-D-1



## CROATIA

		2007	2008	2009	2010	2011	ECFIN Forecast		Q3 11	Q4 11	Q1 12	Jan 12	Feb 12	Mar 12
							2012	2013						
<b>1 Real sector</b>														
Industrial outlook <sup>1.1</sup>	Balance	70.9	38.0	-33.3	3.0	-0.8	:	:	25.0	-35.0	-19.0	N.A.	N.A.	N.A.
Industrial production <sup>1.2</sup>	Ann. % ch	5.6	1.6	-9.0	-1.5	-1.3	:	:	-2.0	0.4	:	-4.8	-5.1	:
Gross domestic product <sup>1.3</sup>	Ann. % ch	5.1	2.2	-6.0	-1.2	0.0	0.8	1.2	0.7	-0.4	:	N.A.	N.A.	N.A.
Private consumption <sup>1.4</sup>	Ann. % ch	6.3	0.8	-8.5	-0.9	0.2	0.3	1.0	0.1	0.1	:	N.A.	N.A.	N.A.
Gross fixed capital formation <sup>1.5</sup>	Ann. % ch	7.1	8.2	-11.8	-11.3	-7.2	-1.0	4.0	-8.4	-6.1	:	N.A.	N.A.	N.A.
Construction index <sup>1.6</sup>	Ann. % ch	N.A.	11.8	-6.5	-15.9	-9.1	:	:	-9.6	-7.5	:	-5.7	:	:
Retail sales <sup>1.7</sup>	Ann. % ch	N.A.	N.A.	-15.3	-1.8	1.0	:	:	1.4	0.8	:	1.9	3.4	:
<b>2 Labour market</b>														
Unemployment <sup>2.1</sup>	%	9.6	8.4	9.1	11.8	13.5	13.2	12.4	12.2	13.9	:	N.A.	N.A.	N.A.
Employment <sup>2.2</sup>	Ann. % ch	1.8	1.3	-1.9	-4.0	-3.2	-0.1	0.6	-0.4	-3.2	:	N.A.	N.A.	N.A.
Wages <sup>2.3</sup>	Ann. % ch	6.2	7.1	2.2	-0.4	1.5	0.4	0.8	2.1	1.8	:	2.7	:	:
<b>3 External sector</b>														
Exports of goods <sup>3.1</sup>	Ann. % ch	8.8	5.1	-20.2	17.3	:	:	:	5.9	:	:	3.8	-14.3	:
Imports of goods <sup>3.2</sup>	Ann. % ch	11.0	8.9	-25.6	-1.0	:	:	:	-2.9	:	:	11.5	-1.0	:
Trade balance* <sup>3.3</sup>	% of GDP	-21.7	-22.6	-16.2	-13.0	-12.8f	-12.4	-13.1	-12.3	:	:	N.A.	N.A.	N.A.
Exports goods and services <sup>3.4</sup>	% of GDP	42.1	41.7	35.4	38.3	40.8	:	:	40.7	40.8	:	N.A.	N.A.	N.A.
Imports goods and services <sup>3.5</sup>	% of GDP	49.8	49.9	39.4	38.8	40.8	:	:	40.6	40.8	:	N.A.	N.A.	N.A.
Current account balance* <sup>3.6</sup>	% of GDP	-7.2	-8.8	-5.0	-1.0	-1.2f	-0.6	-1.4	0.4	:	:	N.A.	N.A.	N.A.
Direct investment (FDI, net)* <sup>3.7</sup>	% of GDP	7.9	6.7	3.4	0.9	:	:	:	1.2	:	:	N.A.	N.A.	N.A.
International reserves <sup>3.8</sup>	mio EUR	9 307.4	9 120.9	10 375.8	10 660.3	11 194.9	:	:	11 323.8	11 194.9	:	10 916.7	11 410.8	:
Int. reserves / months imp <sup>3.9</sup>	Ratio	5.9	5.3	8.2	8.5	8.3	:	:	8.4	8.3	:	8.0	8.4	:
<b>4 Monetary Developments</b>														
CPI <sup>4.1</sup>	Ann. % ch	2.9	6.1	2.4	1.0	2.3	1.5	1.7	2.1	2.4	:	1.2	1.3	:
Producer prices <sup>4.2</sup>	Ann. % ch	:	:	-0.4	4.3	7.1	:	:	7.3	6.3	:	5.5	5.8	:
Food prices <sup>4.3</sup>	Ann. % ch	3.4	10.0	1.7	-1.5	3.5	:	:	3.0	4.1	:	2.2	2.3	:
M4 <sup>4.4</sup>	Ann. % ch	17.9	10.9	1.6	2.7	3.7	:	:	4.1	3.8	:	2.5	2.0	:
Exchange rate HRK/EUR <sup>4.5</sup>	Value	7.33	7.22	7.34	7.29	7.43	:	:	7.46	7.49	7.55	7.55	7.58	7.54
Nominal eff. exchange rate <sup>4.6</sup>	Index	98.0	96.1	97.2	98.2	100.2	:	:	100.52	101.08	:	102.50	102.92	:
<b>5 Financial indicators</b>														
Interest rate (3 months) <sup>5.1</sup>	% p.a.	5.66	7.19	8.96	2.44	3.14	:	:	3.10	5.18	5.14	4.96	5.67	4.78
Bond yield <sup>5.2</sup>	% p.a.	N.A.	5.9	6.4	5.8	5.7	:	:	5.4	6.2	6.9	6.7	7.1	6.8
Stock markets <sup>5.3</sup>	Index	4 673	3 299	1 871	1 990	2 079	:	:	2 021	1 774	1 783	1 727	1 787	1 834
Credit growth <sup>5.4</sup>	Ann. % ch	19.4	11.6	5.0	2.9	6.5	:	:	7.1	5.7	:	5.8	5.7	:
Deposit growth <sup>5.5</sup>	Ann. % ch	27.2	7.4	-15.2	-19.8	7.3	:	:	9.3	17.3	:	15.2	14.7	:
Non performing loans <sup>5.6</sup>	% of total	N.A.	N.A.	N.A.	N.A.	N.A.	:	:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>6 Fiscal developments</b>														
General government balance <sup>6.1</sup>	% of GDP	-2.5	-1.4	-4.1	-4.9	-5.5f	-5.4	-5.2	:	:	:	N.A.	N.A.	N.A.
General government debt <sup>6.2</sup>	% of GDP	32.9	28.9	35.2	41.2	45.8f	50.0	53.8	:	:	:	N.A.	N.A.	N.A.

f: ECFIN forecast Autumn 2011

\* Q figures refer to a 4 quarters moving average.



# CHARTS

European Commission, ECFIN-D-1



## CROATIA

