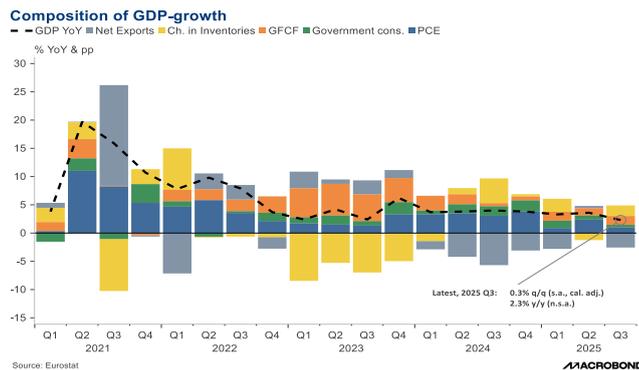


NUMBER 924, DECEMBER 1, 2025

Noticeable slowdown in economic growth in Q3

■ In line with expectations, the first estimate of the Croatian Bureau of Statistics brought a noticeable slowdown in the economic growth rate in the third quarter. Namely, according to the published data, the quarterly growth of gross domestic product amounted to only 0.3%, while the annual growth rate slowed down from 3.6% in Q2 to

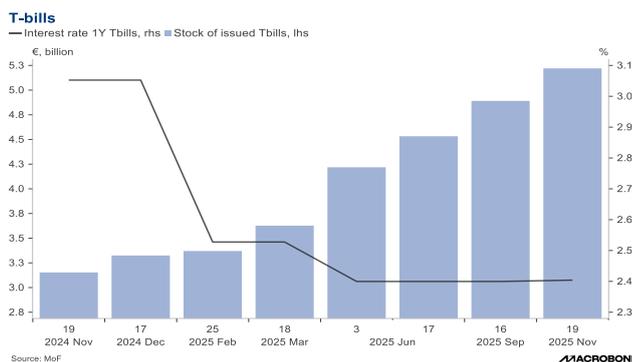
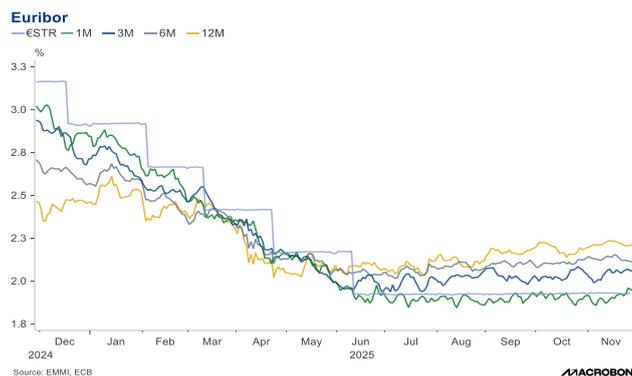
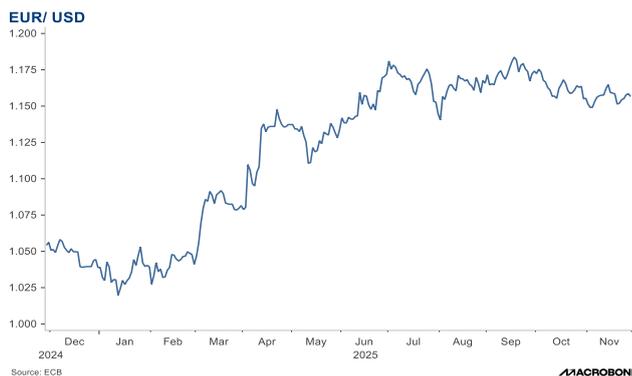


Decelerated private consumption and continued real decline in exports of services

2.3% in Q3 according to unadjusted data, i.e. from 3.3% to 2.6% according to seasonally adjusted data. As we hinted in PBZ Weekly Analysis of November 10, the release of data confirmed a slowdown in the growth of private consumption and a decline in exports of services. Namely, the growth of private consumption slowed to 1.9% from 4.0% recorded in the second quarter, which halved the positive contribution of this most significant component to overall growth in terms of share. At the same time, the decline in exports of services deepened (from -1.1% in Q2 to -4.6%), which, along with a (faster) growth in exports of goods (4.1%), resulted in a decline in total exports of -1.1%. On the other hand, after stagnating in the second quarter, the growth in imports of goods accelerated to 2.4%, with imports of goods recording only a slight increase of 0.3%, while imports of services accelerated to 12.7%. In conclusion, the contribution of net foreign demand in the third quarter amounted to a negative 2.6 p.p., while the positive contribution of gross capital formation amounted to 3.5 p.p., where 1.6 p.p. is the contribution of the 7.5% growth in investments, and the remaining part of the change in inventories. Relatively few available data for the last quarter of this year show that in October retail trade maintained the monthly growth rate of 1.3% recorded in September, which accelerated the annual growth rate to 4.1% from 3.1% a month earlier. At the same time, incomplete data from the Tax Administration indicate that, as of Saturday, November 29, retail trade turnover recorded a nominal growth of 7.5% compared to the same period last year, which therefore suggests a recovery in private consumption in the first two months of the last quarter of this year. October also brought a noticeable increase in the volume of industrial production month-on-month (3.1%) and year-on-year (5.5%), with the same year-on-year growth rate recorded by manufacturing, while electricity production advanced at the rate of 9.4%. All in all, the available data suggest that this year's GDP growth will be, if not exactly, then very close to our estimate (3.0%), and we will continue to maintain it in the new, December, round of macroeconomic assessments. As for the projections for next year, there is a certain correction of the expected growth rate from 2.9% (the estimate we have had since March 2025) to 2.6% - which, interestingly, is the expectation we had for 2026 exactly a year ago.

Unchanged estimate for 2025, slightly lowered expectations for 2026

- The dollar weakened slightly against the euro as the published data pointed to weaker-than-expected developments, thus supporting the likelihood of another interest rate cut at the upcoming Fed meeting. On Friday, the exchange rate reached \$1.1566 to the euro, up by 0.4% week-on-week.
- Euribor almost stagnated week-on-week, so at the end of the week 3M was 2.06% and 6M 2.11%.
- Crobex recovered by recording a 1.7% week-on-week increase to 3,794 points due to the growth of all sectoral indices (CROBEXindustry +2.0% to 3,344, CROBEXnutris +0.4% to 793, CROBEXtourist +3.8% to 4,973. Crobis remained at 99.2 points.



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