

## NUMBER 913, SEPTEMBER 1, 2025

### GDP growth in line with expectations

- In line with expectations, the first estimate of GDP developments in the second quarter of this year brought an acceleration in the growth rate both on a quarterly and annual level. Namely, after a quarter-on-quarter growth of only 0.4% and a year-to-year growth of 2.9% in the first quarter, the quarter-on-quarter growth rate accelerated to 1.2% in the second quarter, with the year-to-year growth rate accelerating to 3.4% according to the original data, while according to seasonally adjusted data the growth rate remained unchanged at 3.2%. As we indicated in the analysis of data for the first quarter, the second quarter saw a recovery in the growth rate of private consumption, which accelerated to 4.0% after 1.7% recorded in Q1, and the contribution of private consumption to the overall growth rate amounted to 2.3 p.p. At the same time, after ten quarters of relatively strong real growth, public spending recorded a slowdown in the growth rate to 2.4%, which lowered the contribution to total growth to 0.5 p.p. from 1.5 in the previous quarter. The investment growth rate accelerated slightly from 4.5% in the first quarter to 5.2% in the second quarter, which only slightly increased the positive contribution of investments to 1.3 p.p., but in contrast to the first quarter in which it amounted to 1.5 p.p., although still positive, contribution of the change in inventories decreased to only 0.2 p.p. Growth in total exports, again in line with the announced trends, slowed to 1.6% after 6.0% recorded in the first quarter, with exports of goods recording real growth of 3.7% - a significant slowdown after growth of 11.6% in the previous quarter, while exports of services, again in line with our expectations of a slight decline, recorded a decline of 0.3%. At the same time, import growth also slowed to 3.3% after 8.8% recorded in the first quarter, with imports of goods slowing to 0.9% from 8.5% in the previous quarter, while growth in imports of services accelerated from 11.4% to 16.4%. In line with these developments, the negative contribution of net foreign demand amounted to 0.9 p.p.

**GDP posted a 3.4% growth in Q2**

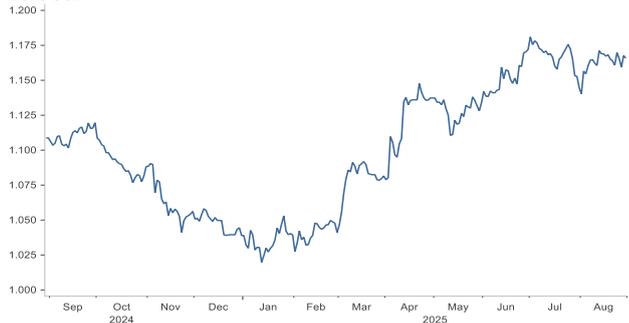
Currently, relatively little data is available for the third quarter, so the data on retail trade movements in July show that, after strong growth in June, the volume of retail trade in July recorded a month-on-month decline of 4% (s.a. and w.d.a.), while year-on-year the growth rate slowed down to 1.4% (w.d.a.), which is the lowest growth rate recorded in the last 25 months. Daily data of the Tax Administration on fiscalization indicate that as of Saturday, August 30, the amount of fiscalized invoices in the G-47 activity recorded a nominal growth of 6.6%, which would suggest a somewhat more dynamic growth in retail trade turnover than was the case in July. At the same time, the

data on the amounts of fiscalized invoices in the activity I-55 Accommodation indicate a nominal increase in the amount of invoices by 6.1% and a 9.8% increase in the activity I-56 - Food service, which, together with the estimated increase in prices, would suggest that a real decline was recorded in the accommodation activity during August, and in the food service sector a real growth in turnover, i.e. overall in the activity of NKD I a very thin real growth compared to the same period last year. If we look at July and August together, real growth is closer to "positive zero", so it is unlikely that exports of services will bring a noticeable contribution to growth in the third quarter. At the same time, although the currently available data on goods exports refer to the first six months, the fact that in that period the growth of exports, as we have already emphasized in previous analyses, was mainly driven by the reactivation of the Rijeka refinery, does not leave much room for stronger growth in the rest of the year. Therefore, the summary would be to continue to estimate that the total annual GDP growth in the current year will be around 2.9%, given that we expect a further slowdown in private consumption in the rest of the year and a continuation of more subdued investment growth compared to the second half of last year, and the export component is unlikely to make a serious contribution to growth.

**We remain with the estimate that FY25 growth will be around 2.9%**

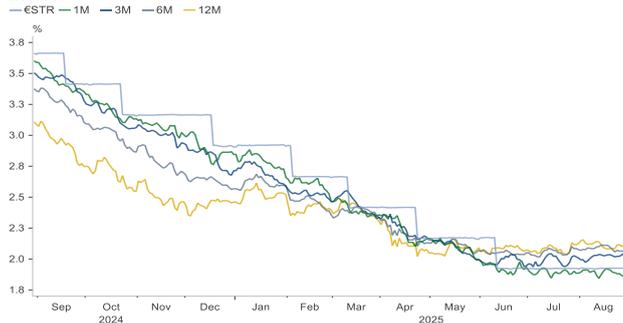
- The turmoil in the Fed and the anticipation of the September meetings of central banks affected the EUR/USD exchange rate in the week behind us, in which Friday closed at \$1.1658 per euro, up by 0.4% week-on-week.
- Euribor recorded a slight shift week-on-week, to 4 b.p., so both 3M and 6M amounted to 2.1% at the end of the week.
- Crobex achieved only a marginal 0.1% weekly growth (to 3,702 points) due to the varied performance of sectoral indices (CROBEXindustry +2.3% to 2,896, CROBEXnutris -3.0% to 828, CROBEXtourist +1.0% to 4,813). Crobis stood still at 99.2 points.

### EUR/ USD



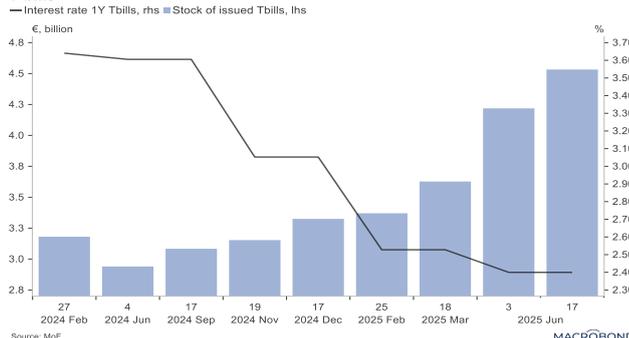
Source: ECB

### Euribor



Source: EMMI, ECB

### T-bills



Source: MoF

### Crobex/Crobis



Source: Zagreb Stock Exchange

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