

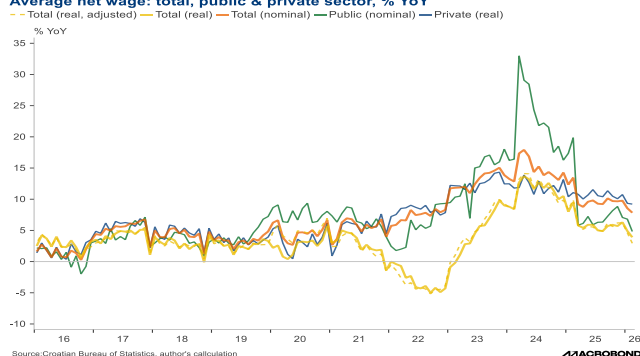
NO. 942, 27 APRIL 2026

Revised 2025 GDP data, fiscal deficit at the Maastricht limit

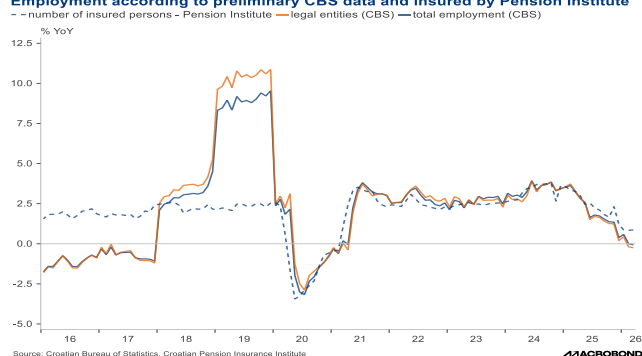
- Last week brought upon a number of interesting data, starting with labour market data, followed by revision of quarterly GDP data for 2025, and then the publication of fiscal statistics for last year. And as we announced earlier, a series of survey indicators for the eurozone was published.
- The average net salary paid in March for February was EUR 1,527, i.e., up by 7.8% than the same month a year before; in real terms, the growth was 3.9%, i.e., 2.9% if we deflate salaries with March inflation (the month in which they were paid out). The average net salary in the public sector (NCA P, Q and R) was EUR 1,795, or up by 4.8% y-o-y, while the average net salary in the "private" sector (remaining NCA areas) was EUR 1,430, or +9.2%. Provisional CBS data indicate that the total number of employed persons in March was 1,698,257, i.e., 0.1% less compared to the provisional data for the same month a year before (in legal entities -0.2%), considering that the comparison with the final data for March 2025 is misleading regarding a decrease in the number of total employed persons by 1.4%, i.e., 1.8% in legal entities. Simultaneously, the Croatian Pension Insurance Institute data on the number of insured persons indicate a 0.9% growth, similar to the previous two months and significantly slower compared to previous years. Considering that there is also a slowdown in the number of total vacancies published (down by 6.6% y-o-y in Q1 2026), it is interesting that in late March the number of unemployed persons was down by as much as 16.5% i.e., 15 k compared to the same month last year. The unemployment records show that 18,136 people exited the records during March (2,318 more than in March 2025), of which 11,784 of them found employment (+304 people y-o-y), about the same number left the labour force, while 5,853 of them were removed from the records, which is about 2 k more compared to March last year. At the same time, a little more than 10 k people entered the unemployment records.

Labour market slowdown

Average net wage: total, public & private sector, % YoY



Employment according to preliminary CBS data and insured by Pension Institute



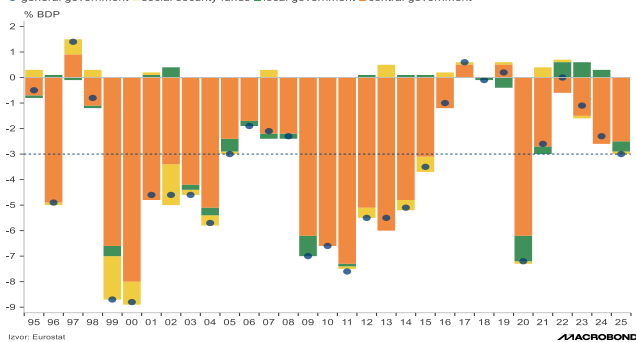
- Revised data for quarterly GDP resulted in total GDP 2025 growth rate of 3.4%, i.e., up by 0.2 p.p. compared to previously published data. The biggest change referred to the government spending quarterly revision, the growth rate of which, compared to the previous version, increased in the last year's first three quarters, and decreased in Q4, per the data published as part of the April fiscal notification. At the annual level, the total growth rates of individual expenditure components remained unchanged, and the revision of the data on inventory changes contributed the aforementioned additional 0.2 p.p. to total growth, thus making the contribution of this revision 0.5 p.p. to total growth instead of the previously published 0.3 p.p.

Revised contribution of inventory changes further raised 2025 GDP growth rate

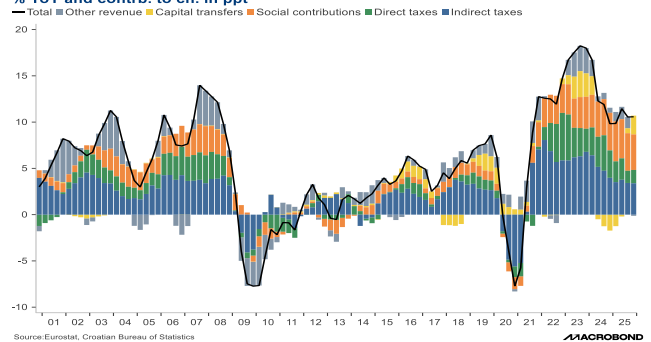
April EDP notification showed that the general government's total deficit in 2025 slipped to the very limit of the Maastricht criteria, i.e., 3.0% of GDP from 2.3% the year before. And while the deficit at the central government level remained almost unchanged (EUR 2.3 billion, i.e., -2.5% of GDP or -0.1 p.p. vs 2024), the local units significantly worsened fiscal position with a deficit of EUR 417 million (-0.4% GDP), compared to a surplus of EUR 222 million (0.3% GDP) realised in 2024. Social security funds contributed an additional 0.1 p.p. to the overall deficit. Total general government revenues reached EUR 43.8 billion (47.1% of GDP), i.e., 10.6% more compared to 2024. The largest contribution to revenue growth came from social security contributions (+15.4% to 11.4 billion, share in total revenues 26%), indirect taxes (VAT) which increased by 8.1% to 17.8 billion and that make up 41% of revenues. Other revenues increased by 11.6% to 7.2 billion, while direct taxes grew by 8.4% to EUR 7.3 billion. Simultaneously, the expenditure side rose by 12% to 46.5 billion, i.e., 50.1% of GDP, primarily influenced by social benefits (+12.4% to 14.7 billion), the wage bill (+12.6% to 12.6 billion) and capital expenditure (+29%, to EUR 5.7 billion). In local units, revenues went up by 11.8% to EUR 11.6 billion, and expenditures by as much as 18.3% to 12 billion, with the largest growth in capital expenditure (+59.7% to 2.5 billion), commitments for employed persons increased by 15.8% (to 5.5 billion), while intermediary consumption of local units rose by 12% to EUR 2.8 billion. Although public debt finished the year at EUR 52.4 billion, i.e., up by 6.3% compared to the end of 2024, faster growth of nominal GDP (+8.2%) cut the debt-to-GDP ratio to 56.3%.

General government deficit 3% of GDP, public debt 56.3%

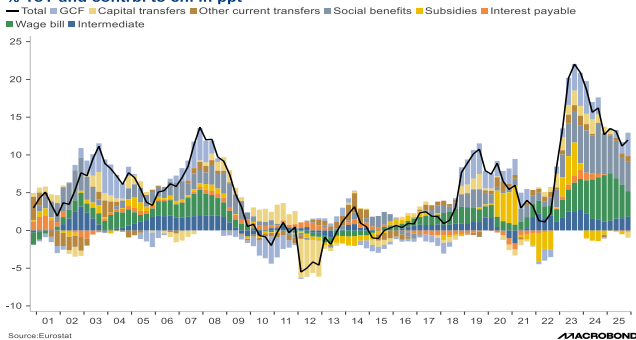
General Government net lending/borrowing, % of GDP



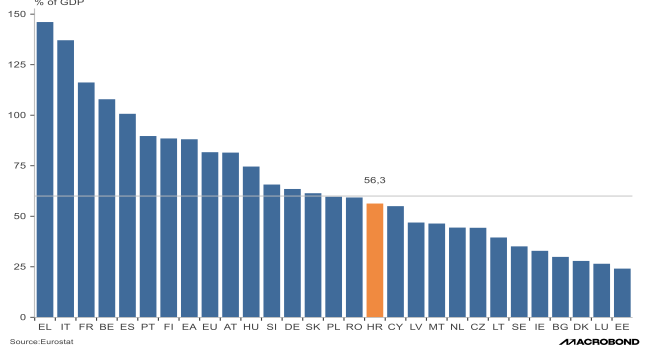
Consolidated general government revenue (ESA2010), 4Q-rolling basis



Consolidated general government expenditures (ESA2010), 4Q-rolling basis



General Government Gross Debt, 2025

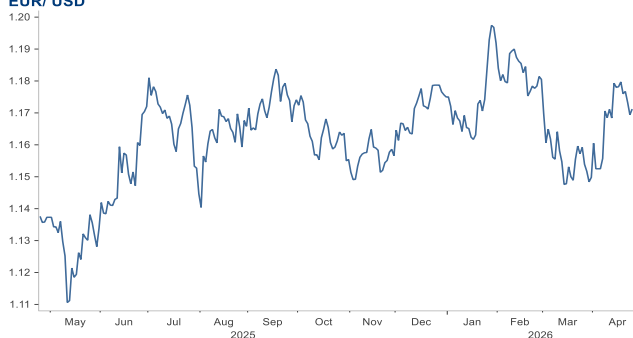


The week was also marked by the publication of a series of survey indicators for the eurozone and its largest economies (consumer confidence index, PMI, German IFO and French INSEE) which (as expected) pointed to further deterioration compared to that already noted in March, but also confirmed currently stronger negative impact of the energy shock on the consumer sentiment than on the business one, and additionally showed that the service segment is currently more strongly affected than the manufacturing one within the business sentiment. Simultaneously, the surveys also recorded both strong input price and sales price growth.

Survey indicators point to a bad start of Q2

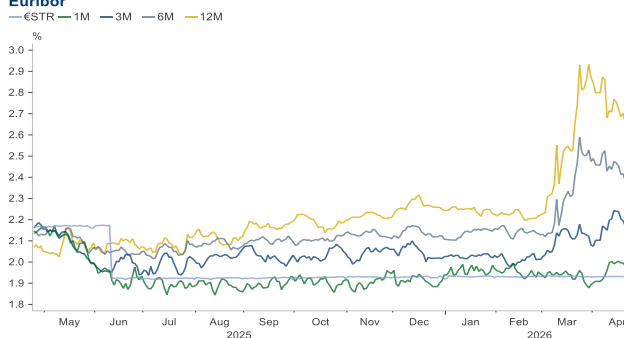
- The EUR/USD exchange rate finished Friday at 1.1712 dollars to the euro (-0.7% w-o-w). During the week, we will find out the flash estimates for GDP trends in Q1, that is, the inflation in April in the eurozone (ISP expectations: +0.3% q-o-q, inflation 3%) and GDP in Q1 in the U.S. (ISP expectation 2.5% q-o-q annualized), and the Governing Council of the ECB and the FOMC are in session (probably for the last time under Jerome Powell), and we do not expect any interest rate changes on either side of the Atlantic.
- Compared to the previous week, 3M Euribor finished the week at 2.16% (-4.1 bps), while 6M Euribor finished it at 2.46% (+4.4 bps).
- Crobex finished the week at 3,992 points, i.e., +0.4% w-o-w, whereas CROBEXindustry declined by 1.3% to 3,784, and CROBEXnutris and CROBEXturst increased by 0.5% to 844, i.e., 1.5% to 5,704 points. Crobis stagnated at 98.5 points.

EUR/ USD



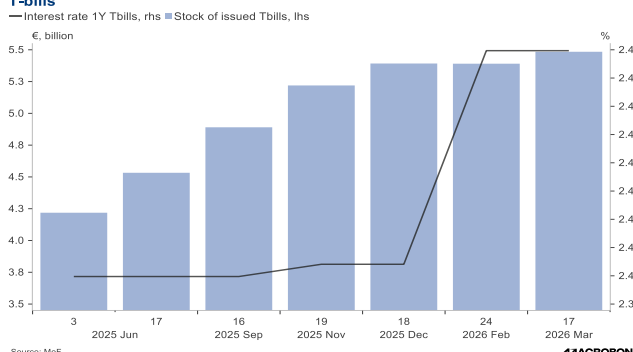
Source: ECB

Euribor



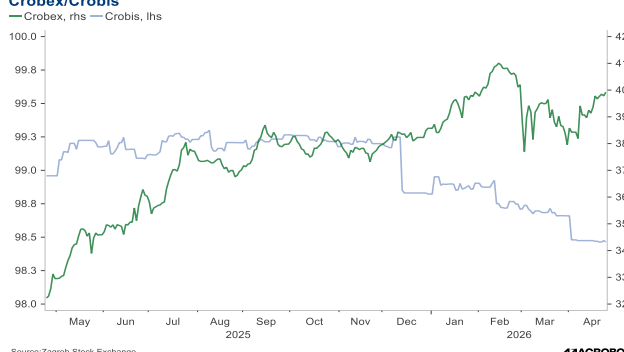
Source: EMMI, ECB

T-bills



Source: MoF

Crobex/Crobis



Source: Zagreb Stock Exchange

LEGAL DISCLAIMER

This publication is issued by PRIVREDNA BANKA ZAGREB-DIONIČKO DRUŠTVO (Zagreb, Radnička 50 (hereinafter: PBZ) and aimed at clients of the PBZ Group. This publication is intended for information purposes only and may not in any way be considered an offer or invitation to purchase any property or rights mentioned in it. The informative nature of this publication means that it may not serve as a substitute for the personal judgement and assessment of any reader or anyone who receives this publication. The information, opinions, analyses, conclusions, forecasts and projections given here are founded on publicly available data whose accuracy PBZ relies on but cannot guarantee. Accordingly, all the opinions, attitudes, conclusions, forecasts and projections given in this publication are subject to changes, which depend on changes to the data as published by the source used. PBZ allows further utilization of the data given in this publication on the condition that the publication is indicated as the source. All the property mentioned in this publication and whose movement is the subject of comment may from time to time be the subject of trade or positions taken by PBZ.

ECONOMIC RESEARCH

Ivana Jović
Ana Lokin

TRANSLATION

Ana Biloš
Jelena Marinović

www.pbz.hr