



Global Economic Review

No. 20

22nd - 26th May 2017



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**FINANSE
i GOSPODARKA**

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Student scientific club „Finance and Economy”

to students of University of Pula, Croatia

Monetary Policy

• **Croatia:** Croatia and the Schengen area. Despite the fact that Croatia joined the European Union in 2013, still has not joined the eurozone and the Schengen area. Lack of affiliation is a big problem especially for vacationers who want to cross the Slovenian-Croatian border. Stricter rules of border checks caused monstrous traffic jams and frustration among people wishing to rest in the Balkans. In addition, the economic situation does not allow Croatia to fulfill the criteria to adopt the euro as the currency of the country. It is also a major impediment to European tourists, because of the need to exchange euros for Croatian kuna. This situation makes Croatia one of the few countries in the European Union that does not belong either to the Schengen area nor to the eurozone.

Paulina Krupa

Labor Market

• The unemployment rate in Croatia is still falling. This is the one of the EU countries, that recorded one of the greatest drops of unemployment in. The rate dropped to 11.3 percent in March 2017 (compared to 14.0 percent in March 2016).

Ewelina Kownacka

Currency Market

Exchange rates (05/26/2017):

■ EUR/USD	1.1176 \$	-0.27%
■ USD/GBP	0.7809 £	+1.79%
■ USD/CHF	0.9753 Fr.	+0.21%
■ USD/JPY	111.154 ¥	-0.09%

Rate of return: 7 days

HRK/PLN 0.56310 zł -2.95%

• Although official currency of Croatia, since 1995, remains Kuna (HRK), EUR is also widely accepted. This is due to close connections between Croatia's economy and EUR (a significant part of Croatia's loans and receivables is denominated in EUR). What is more, Croatia's Central Bank supports introduction of the EUR as the national currency. It believes that joining the euro zone would be a cheaper and simpler solution for clearing and managing exchange rates. However, to make it happen, Croatia at first has to meet convergence criteria, among others reduction of budget deficit.

GDP

• Croatia's GDP growth was higher than originally estimated. The International Bank for Reconstruction and Development has increased its estimated economic growth to 2.9% in 2017. Originally forecasted to grow at 2.0%. The change in forecasts was caused by higher-than-expected tourism revenue and strong external demand in 2016. The World Bank, however, warns against a probable decline in growth in 2018.

Aleksandra Kossakowska

Retail Sales

• Croatian citizens spend more in shops this year. The retail turnover in the first quarter was nominally 5.8 % higher than last year. Supermarkets (36% in total consumption) recorded increase of 0.9%. The biggest entity - Konzum - recorded a drop in sales so probably next Lidl, Kaufland, Spar and Metro have profited from its problems.

Alexander van den Akker

Consumer moods

• Croatian Consumer Confidence Index dramatically low. Its value decreased to -21.40 points in April from -14.70 points in March. In Croatia the indicator measures consumer confidence on a scale from -100 to 100 points, where -100 indicates extreme lack of confidence, 0 indicates neutrality and 100 - extreme confidence. The survey provides essential information about present and short-term forecasting economic situation of households and the country.

Wiktoria Warych