**The analysis of time series for the currency pair Croatian Kuna / Euro**

Marko Martinović

University of Applied Sciences in Slavonski Brod

Dr. Mile Budaka 1,

35000 Slavonski Brod, Croatia

mmartinovic@vusb.hr

Phone: +38535492631

Željko Požega

Josip Juraj Strossmayer University of Osijek

Faculty of Economics in Osijek

Trg Ljudevita Gaja 7,

31000 Osijek, Croatia

zpozega@efos.hr

Phone: +38531224454

Boris Crnković

Josip Juraj Strossmayer University of Osijek

Faculty of Economics in Osijek

Trg Ljudevita Gaja 7,

31000 Osijek, Croatia

bcrnko@efos.hr

Phone: +38531224434

**Abstract**

The domestic currency Croatian kuna (HRK) was introduced in May 1995. To date, the Croatian National Bank (HNB), as a regulator and holder of monetary policy in Croatia, operates a policy of stable exchange rate, typically referenced to the formal currency of the European Union Euro (EUR). From the date of introduction of the euro 01/01/1999. until 01.01.2016. the value of the currency pair HRK / EUR was changed in value only 4.25% (HNB).

Although the value of Croatian kuna is relatively stable, there are some fluctuations on the year (eg. the last few years because of the global crisis), and within the annual periodic level.

The aim of this paper is to show the movement of the value of the currency pair since the beginning of 2002 to the present day (the time curve), analyze the correctness, trends and periodicity (seasonal behavior) if any exist.

The research will be done using the method of Time Series Analysis, assuming that the external (global economy) and internal factors (economic policy) remain similar or the same. According to the results, further assessment of price developments in the period followed will be made by using the obtained predicative models. In the event that the curve contains a component periodicity will further study the observed patterns.

**Key words:** Croatian kuna, euro, time series analysis, HRK/EUR, prediction