

PBZ Weekly Analysis

Number 484, August 31, 2015

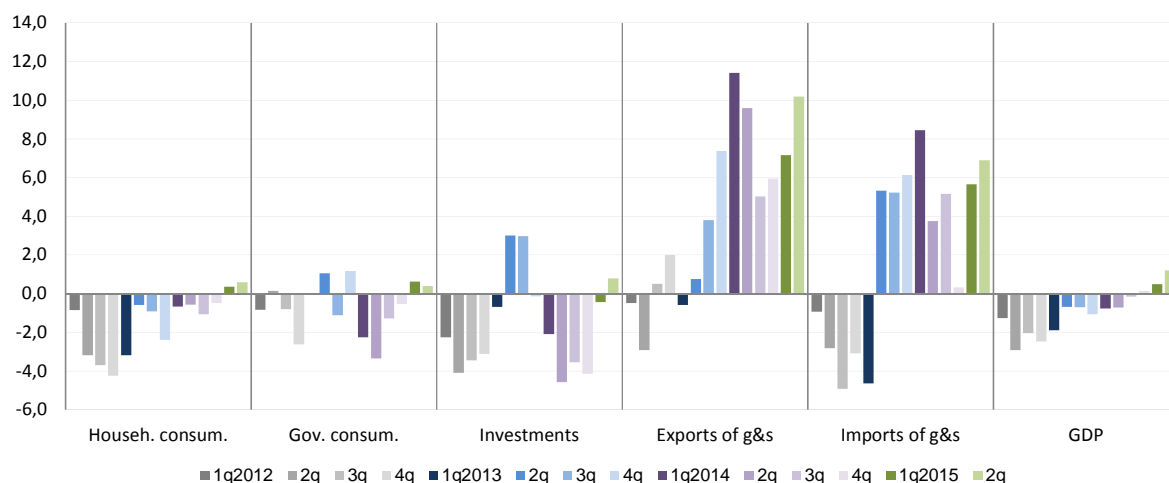
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Weekly overview

- The Croatian Bureau of Statistics released its flash estimate of the quarterly GDP for the second quarter of 2015, according to which an increase of 1.2% compared with the same quarter of 2014, or 0.7% compared with the previous quarter was recorded, as shown by the seasonally adjusted data. Looking at the second quarter according to components, we may see that the growth of personal consumption accelerated to 0.6% (from 0.3% in q1), as a result of the increased net earnings due to tax relief and lower prices, e.g. fuel prices, which had a positive impact on the disposable household income and, therefore, a slightly larger inclination to consumption. At the same time, government spending rose by 0.4%, which is a slightly slower growth rate of 0.6% recorded in q1. We have least anticipated a 0.8% growth of investments (vs -0.4% in q1), as we have expected their stagnation. As 2q saw a real growth of goods and services of 10.2%, while imports of 6.9%, a positive contribution of net foreign demand amounted to 1.1 p.p. The realised GDP growth rate in 2q exceeded our expectations (+0.8%), mainly due to a stronger growth of investments and personal consumption than anticipated.

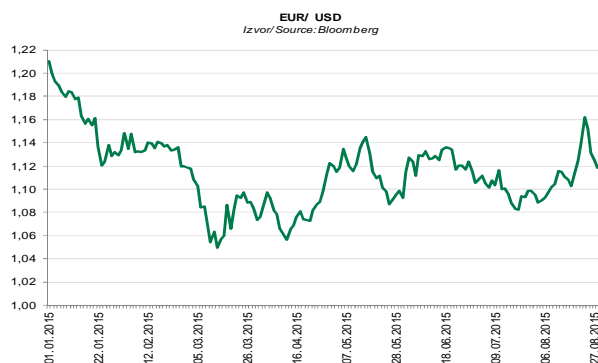
GDP components, real yoy growth rates

Source: CBS

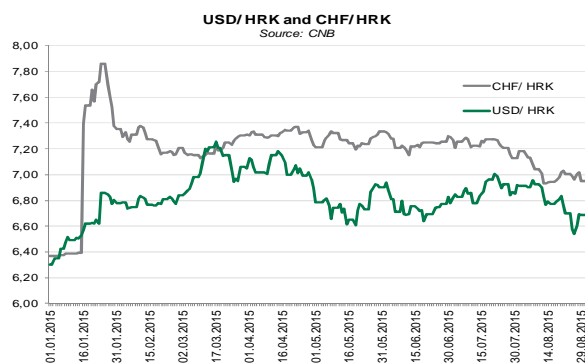
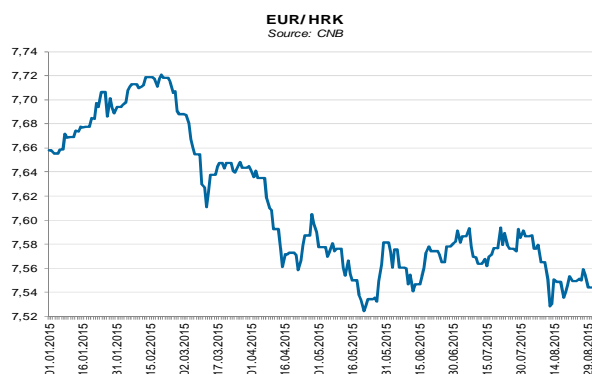


Kuna almost unchanged against euro

At the end of last week, the dollar strengthened against the euro, supported by a revised GDP growth in q2, therefore the trading on Friday closed at 1.1185 dollar to the euro, down by 1.8% wow. The Swiss franc also moderately strengthened against the euro, closing the week at 1.07645 franc to the euro, down by 0.1% wow.



The EUR/HRK exchange rate was 7.5546 kuna to the euro at the end of the week, which is up by 0.02% wow. The kuna strengthened against the dollar and the Swiss franc, respectively, and the mid-exchange rate on Friday amounted to 6.6932 kuna to the dollar and 7.0171 kuna to the franc, i.e. down by 1.13% and 0.14%, respectively, wow.

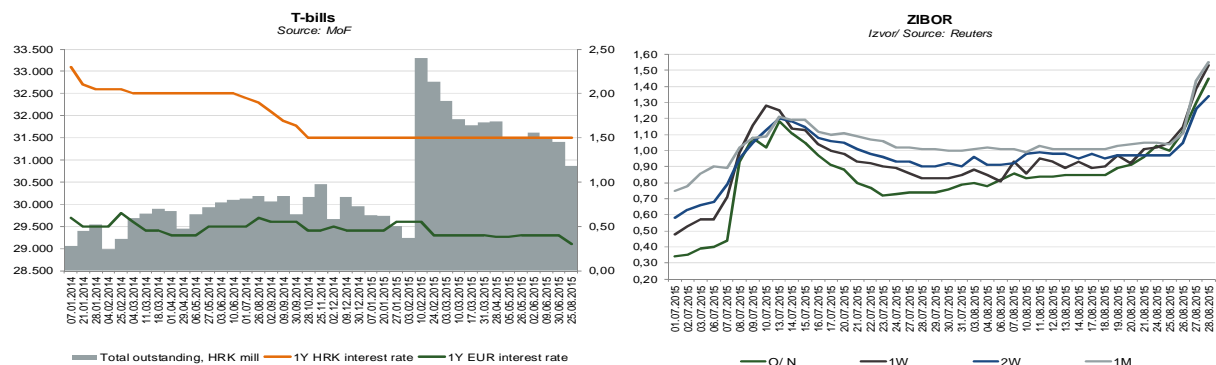


Interest rate rise along the curve

At the end of last week, interest rates increased again and the overnight Zibor closed the week at 1.45% (vs 0.96%), while 1M and 3M at 1.55% (vs 1.05%), or 1.46% (vs 1.10% the previous week). Interest rates thus reached the highest levels since the beginning of the year. The turnover in the ZMM amounted to 223.7 million kuna, whereas the average daily supply exceeding demand was 58 million kuna.

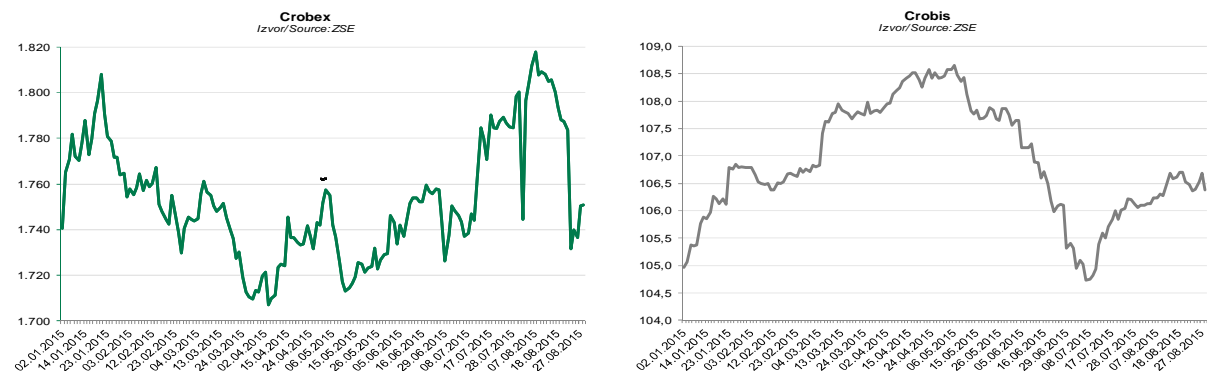
At the last week's auction, the Ministry of Finance issued a total of 1.2 billion in kuna T-bills, specifically, 30 million with 182-day maturity and a yield of 0.40% as well as 1.161 billion with 364-day maturity and a yield of 1.50%. A total of 10 million euro in T-bills with 91-day maturity and a yield of 0.20% was issued as well as 4 million euro in one-year T-bills with a yield of 0.30%. The overall public

debt under T-bills amounts to 30.8 billion kuna. A total of 1.14 billion kuna in T-bills will mature this week and an auction has been announced.

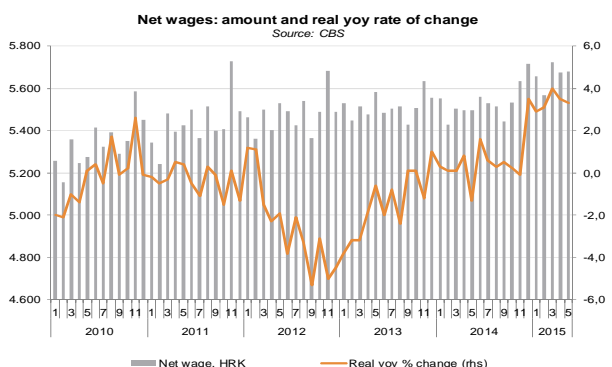
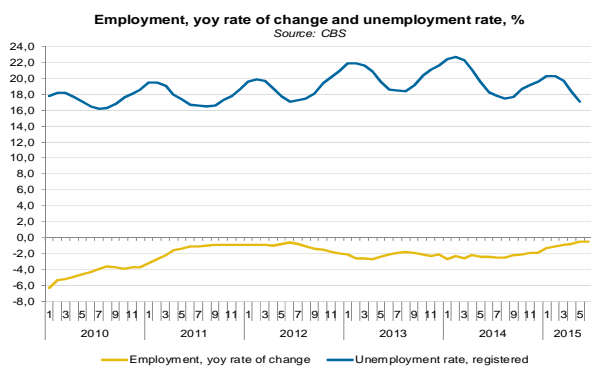
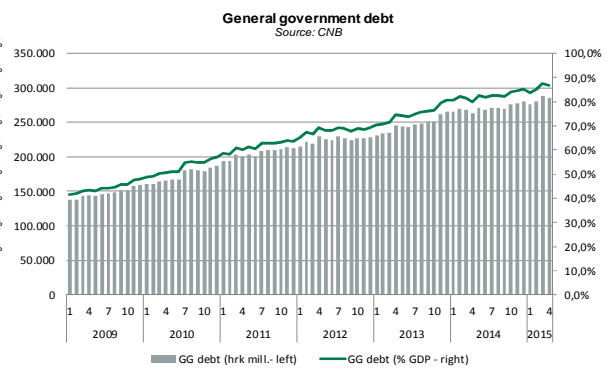
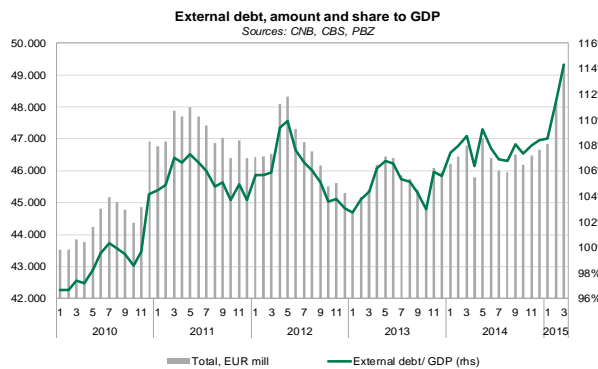
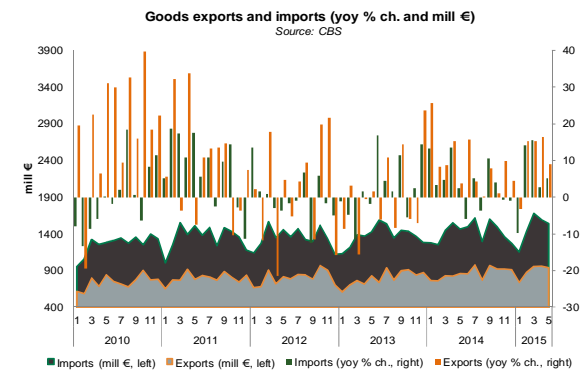
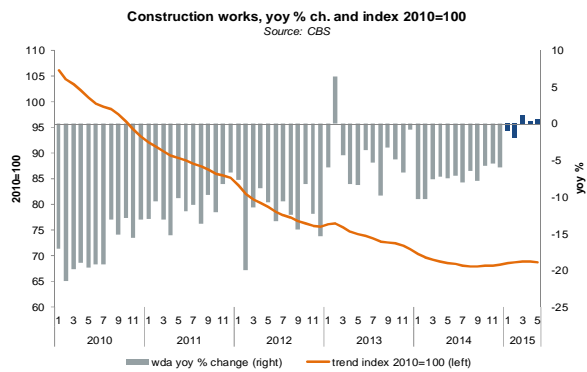
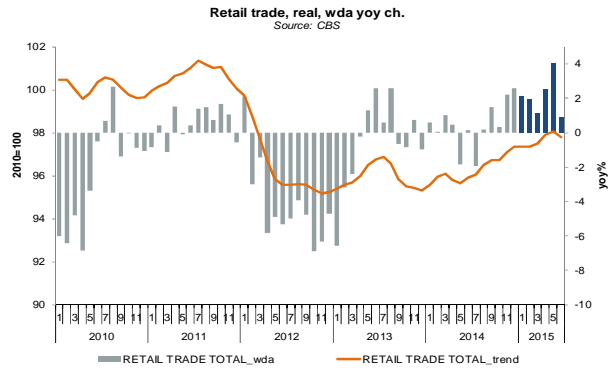
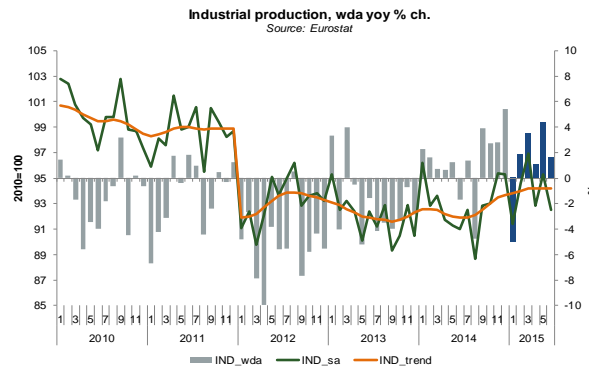


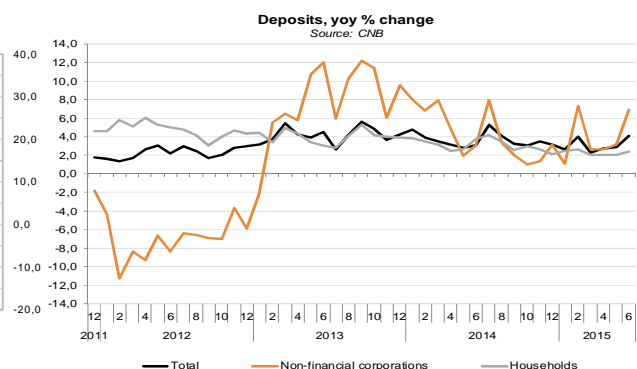
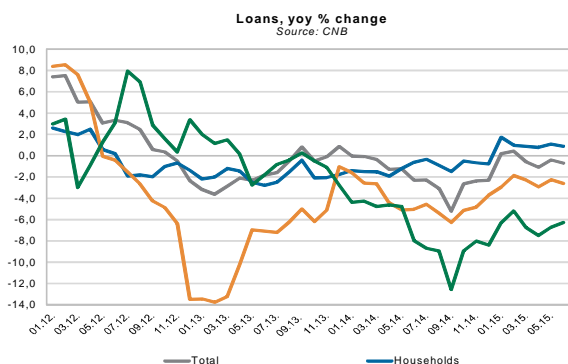
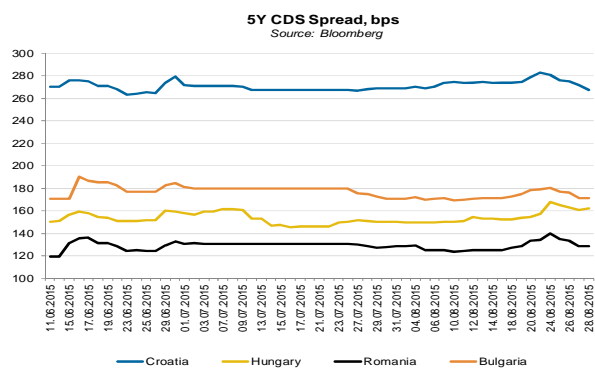
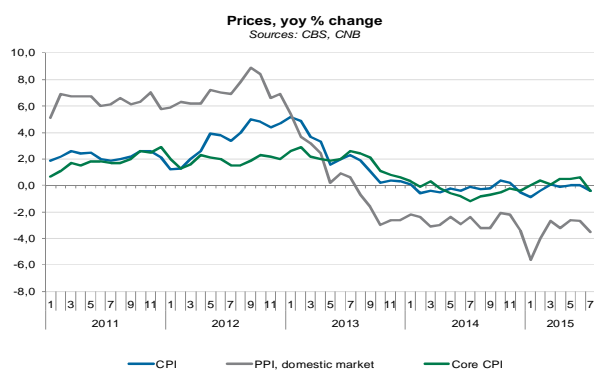
Indices in the negative territory wow

Although the week began with a fall, the end brought a mild growth of the Crobex to 1,750.70, however, still at -1.8% wow. The Crobis closed the week at a 0.09% lower level, i.e. at 106.38.



Statistics and macroeconomic forecasts





BASIC MACROECONOMIC INDICATORS

based on data available till 06/22/2015		2014	2015f
GDP, current prices	HRK mill	328.431	329.580
GDP, current prices	EUR mill	43.045	43.167
GDP, real	annual growth, in %	-0,4	0,3
GDP, nominal	annual growth, in %	-0,3	0,3
CPI	annual average, in %	-0,2	0,0
HRK / EUR	annual average	7,63	7,64
HRK / USD*	annual average	5,75	7,07
HRK / CHF*	annual average	6,28	7,14

* computed on the basis of ISP forecasts for EUR/USD and EUR/CHF

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