

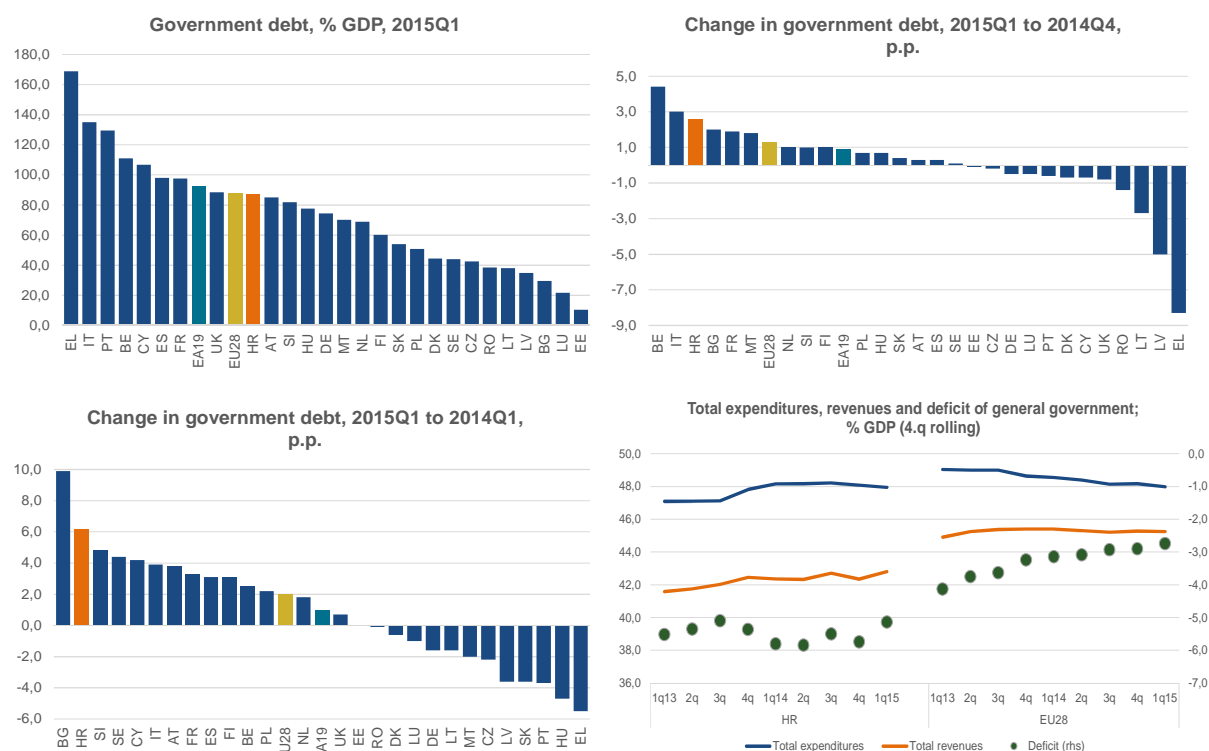
PBZ Weekly Analysis

Number 483, July 27, 2015

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Weekly overview

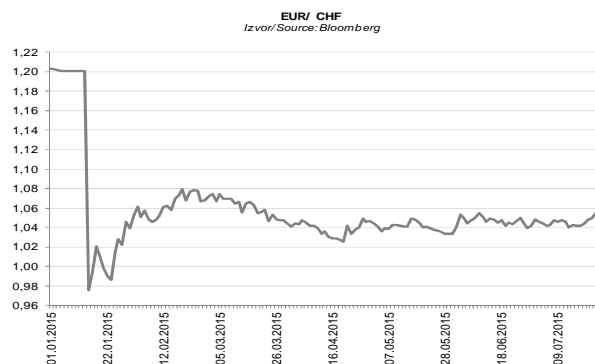
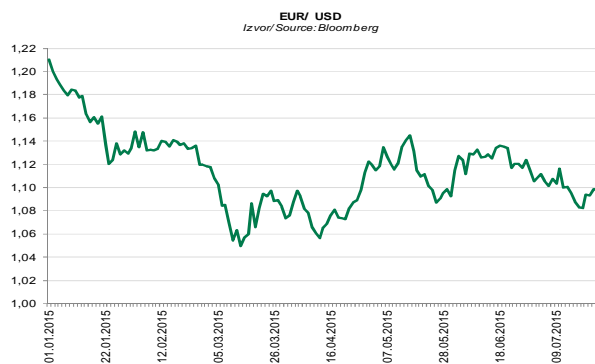
- According to the EUROSTAT statistics, the public debt of the Republic of Croatia this quarter equalled to 87.7% of GDP, ranking Croatia to the 9th place according to the volume of the public debt within EU. Compared to the previous quarter, the Croatian public debt grew by 2.6 p.p., faster growth belonged only to Bulgaria and Italy. In the most recent one year period the public debt grew by 6.2 p.p., also in this period a higher grow was recorded only in Bulgaria. In parallel with the release of the public debt figures, released were also the figures on trends in government budget. According to such data, the total government debt in Croatia in 1Q2015 was 7.5% of GDP, while the EU28 average was 2.8% of GDP.



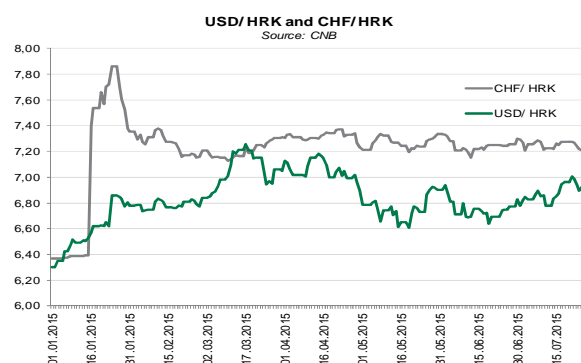
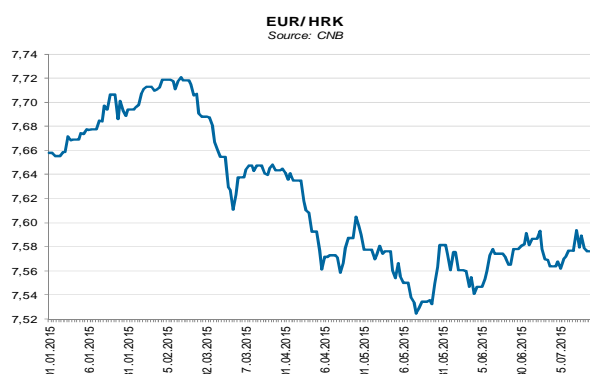
- According to the figures of the State Bureau of Statistics, the construction works grew in May 2015 by 0.7% yoy, according to working-day adjusted indices. The 1.2% annual growth was recorded both at works on buildings and on civil engineering works. Although the growth was not spectacular, it was after all the third positive month after a number of years, so we can say yet that the construction activities showed the signs of life.

Kuna almost unchanged against euro

Last week the euro recovered and strengthened against the dollar, so the trading was closed on Friday at 1.0984 dollar to the euro, growth by 1.4% wow. The Swiss franc weekend against the euro and closed the week on 1.05723 franc to the euro, growth by 1.5% wow.



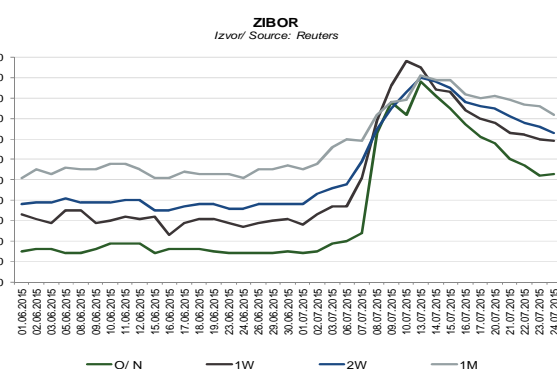
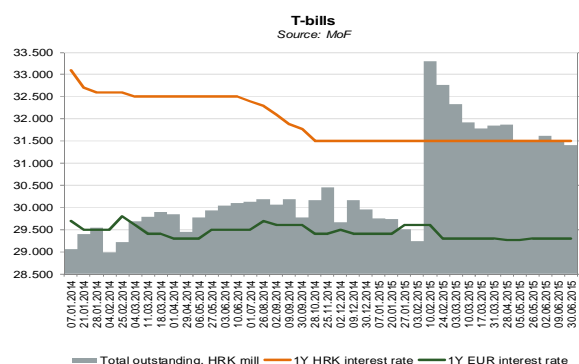
In the end of the week the EUR/HRK exchange rate was 7.5759 kuna for the euro, down by only 0.01% wow, specifically it ranged between 7.570 and 7.5950, which is a relatively high range for the peak of the tourist season. In the forthcoming week we expect the trends ranging between 7.58 and 7.61. The kuna strengthened both against the dollar and Swiss franc, thus the mid-exchange rate on Friday was 6.9281 kuna to the dollar and 7.2055 kuna to the franc, down by 0.5 or 0.9% wow, respectively.



Fall in short run interest rates

The growth of the liquidity in the system resulted again in the fall in interest rates in the short run so the Zibor on overnight loans closed the week on 0.73% (vs 0.91%), while 1M and 3M at 1.02% (vs 1.10%), or 1.10% (vs 1.13% the previous week). The turnover in the ZMM was 67.5 million kuna, while the average daily supply exceeding demand was 32 million kuna.

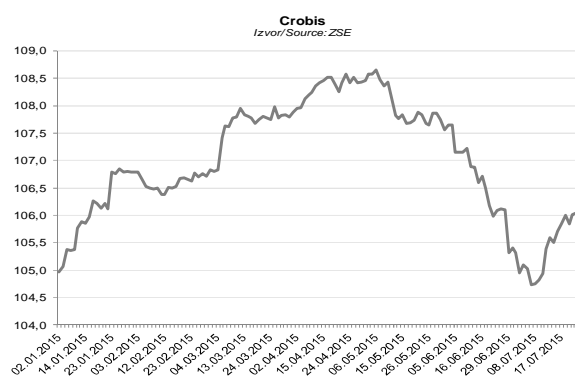
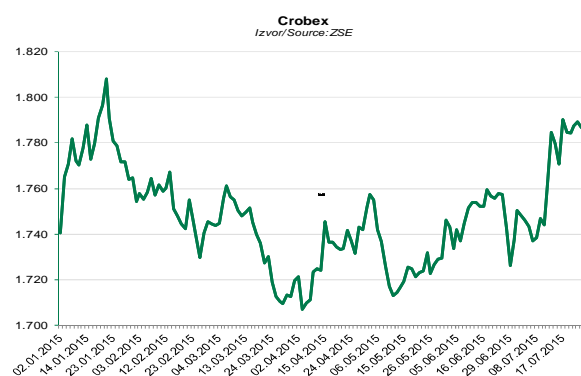
This week only 30 million kuna T-bills will mature, while the next maturity will be in late August when 1.3 million T-bills will be due.



Growth in Crobis

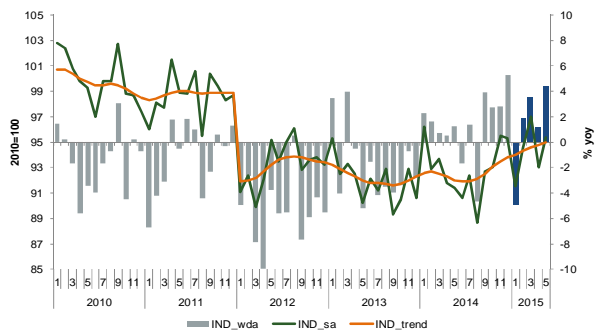
Last week the total turnover in the ZSE fell by 73%, down to 341 million kuna, due to 76% lower turnover in bonds amounting to 290 million and 20% lower turnover in shares amounting to 50 million kuna.

Crobex closed the week at 1,786.70 (-0.2%), and Crobis at a 0.4% higher level of 106.22 points.

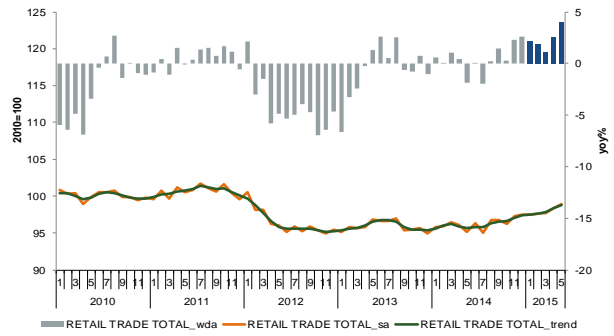


Statistics and macroeconomic forecasts

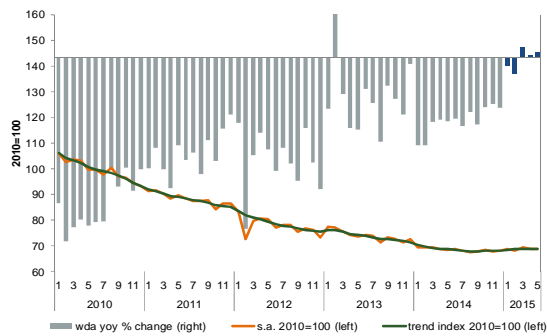
Industrial production, wda yoy % ch.
Source: Eurostat



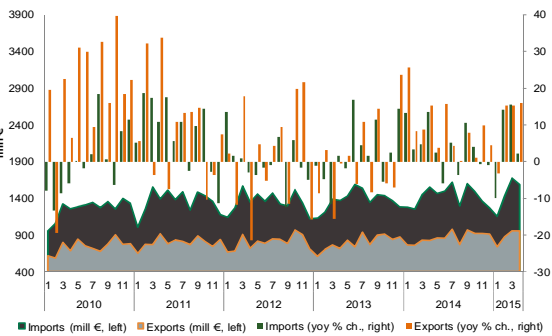
Retail trade, real, wda yoy ch. and index 2010=100
Source: CBS



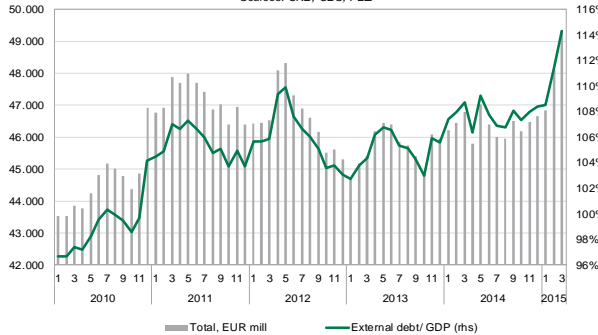
Construction works, yoy % ch. and index 2010=100
Source: CBS



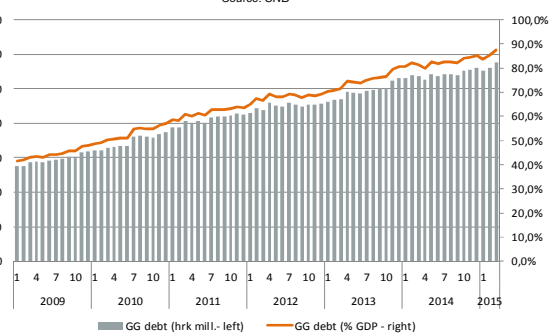
Goods exports and imports (yoy % ch. and mill €)
Source: CBS



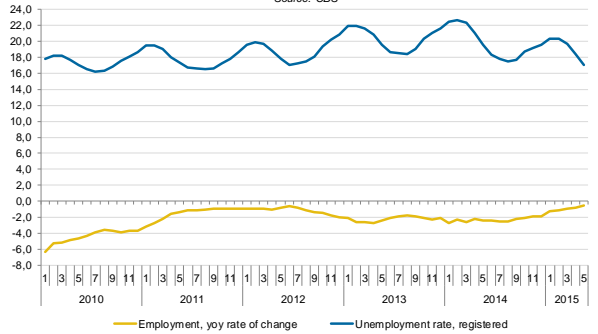
External debt, amount and share to GDP
Sources: CNB, CBS, PBZ



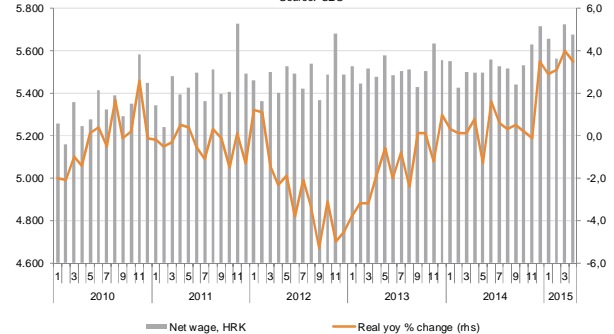
General government debt
Source: CNB

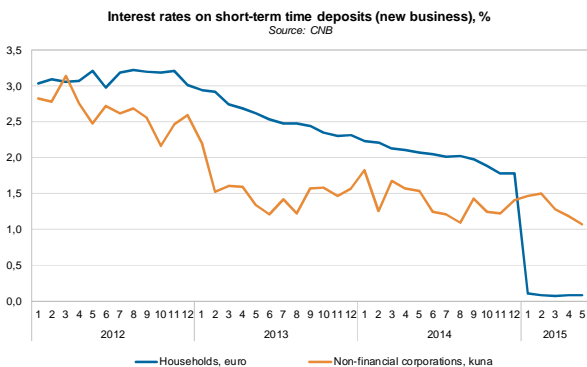
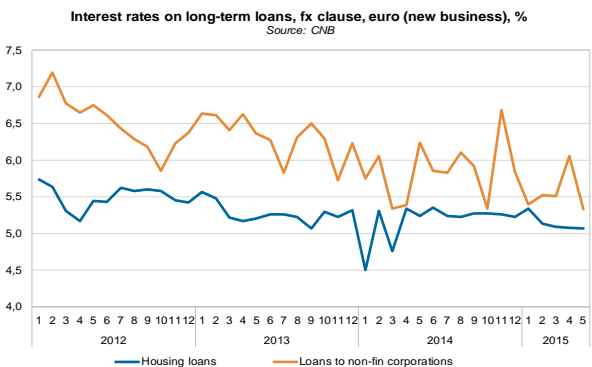
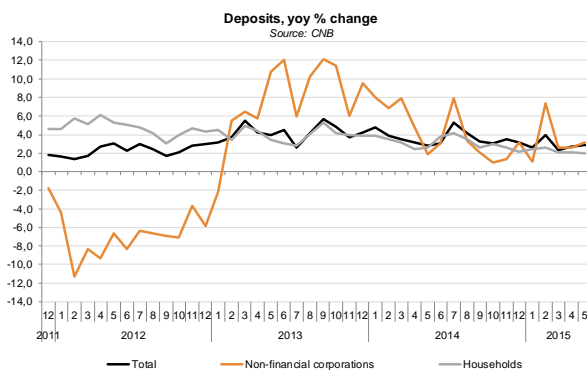
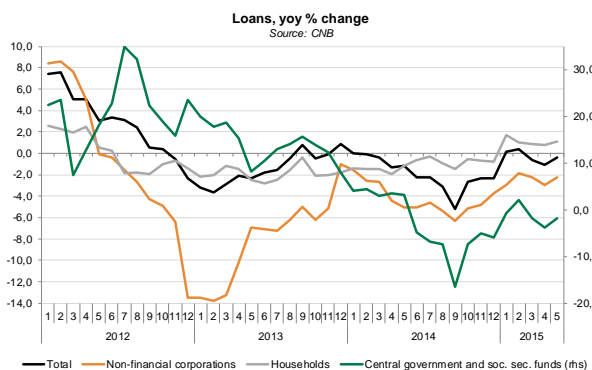
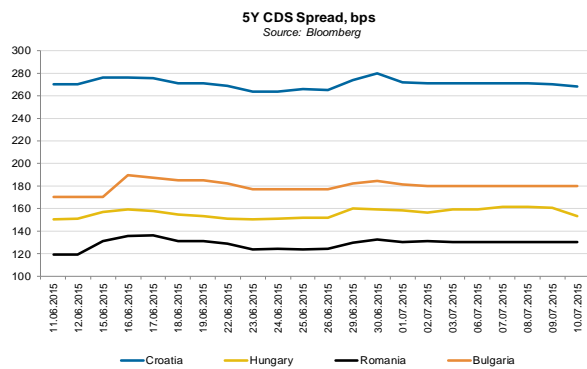
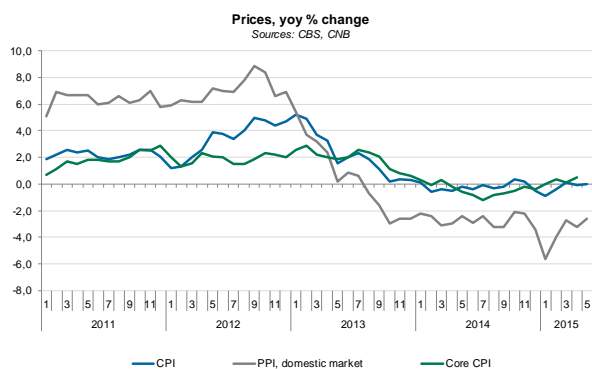


Employment, yoy rate of change and unemployment rate, %
Source: CBS



Net wages: amount and real yoy rate of change
Source: CBS





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

OFFICE FOR ECONOMIC RESEARCH AND STRATEGIC PLANNING

Ivana Jović, ivana.jovic@pbz.hr

Ana Lokin, ana.lokin@pbz.hr

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