

# PBZ Weekly Analysis

## Number 475, May 25, 2015

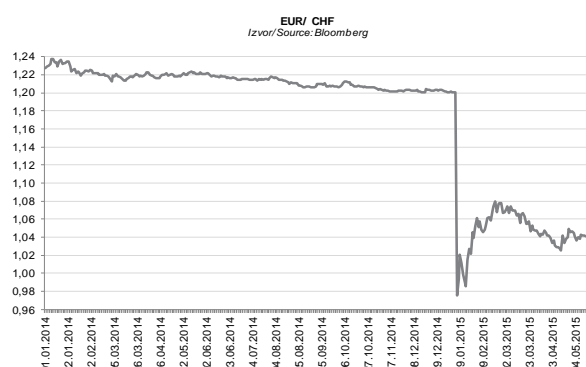
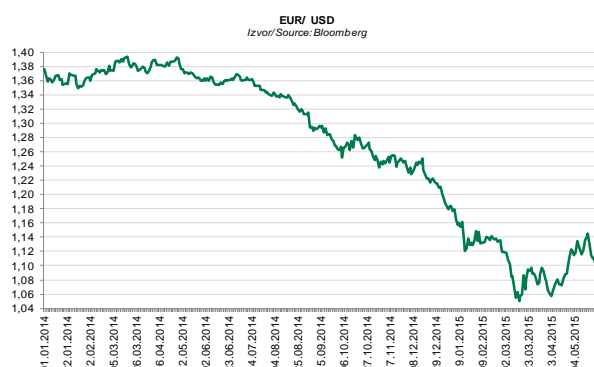
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## Weekly overview

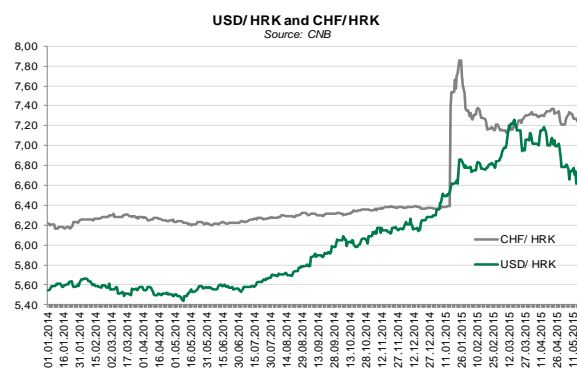
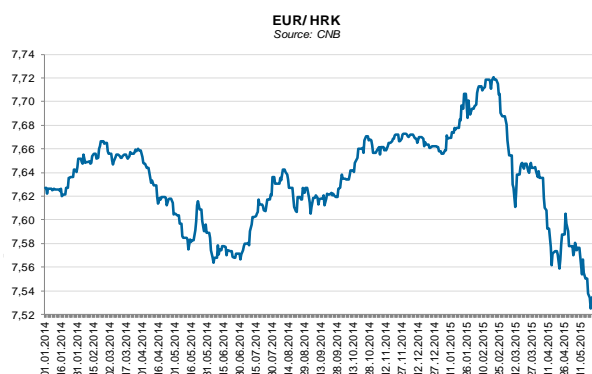
- The unemployment rate in April amounted to 18.4%, as we have estimated, thus representing respective decreases of 1.3 p.p. mom, or 2.7 p.p. yoy. In April, the number of unemployed persons dropped to 297 thousand and, as this number continued to decline during May, we expect a 1 p.p. lower rate by the end of the month, compared with April.
- The average net earnings for March amounted to 5,723 kuna (gross: 8,108 kuna), which is an increase of 4.0 in nominal terms, or 3.9% in real terms yoy (gross: 2.0, or 1.9%). Thus, in the first quarter, a 3.2% real-terms increase in net earnings was realised yoy (gross: +1.1%).

## EUR/USD correction, kuna continues to strengthen

After a longer period of strengthening of the euro, the EUR/USD exchange rate was corrected last week, as, after the release of data, investors weighed the timing for the initial rise in dollar interest rates. However, there are still no precise indications, as the FOMC Minutes once again confirmed that the Fed will carefully watch economic indicator trends which will allow them to make a decision. The trading on Friday closed at 1.1013 dollar to the euro, down by 3.8% wow. The franc also strengthened against the euro, ending the week at 1.03934 franc to euro, down by 0.9% wow.



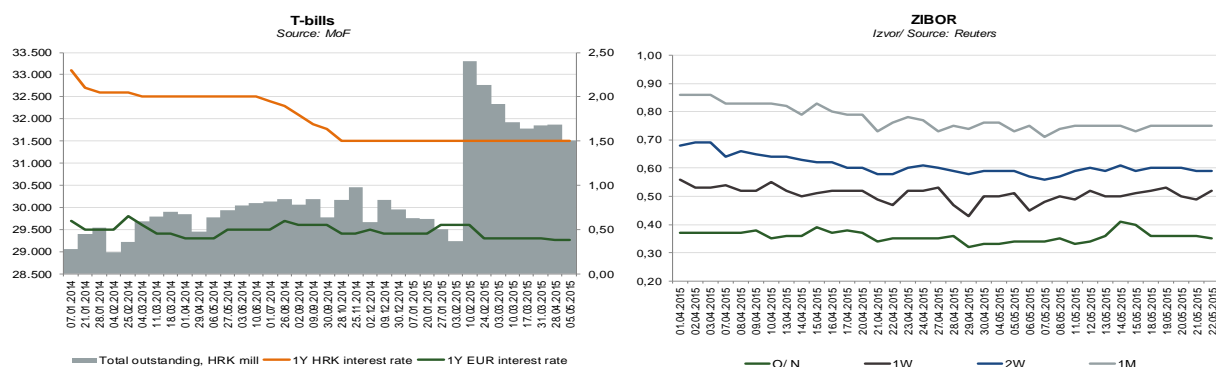
A moderate kuna appreciation trend continued, ending the week with a mid-exchange rate of 7.5346 kuna to the euro, down by 0.2% wow. The kuna slightly strengthened against the Swiss franc as well (0.1%) to 7.2372 kuna to the franc, whereas the kuna against the dollar weakened by 1.2%, therefore the exchange rate climbed to 6.7328 kuna to the dollar.



## T-bill auction announced

Interest rates: the Zibor on overnight loans ended the week at 0.35% (vs 0.40%), while 1M and 3M at 0.75% (vs 0.73%) and 0.94% (vs 0.95%, compared with the previous week), respectively. Last week, the turnover in the money market was 248 million kuna, whereas the average daily supply exceeding demand was 154 million kuna.

This week, a total of 932 million kuna in T-bills will mature and the auction has been announced.

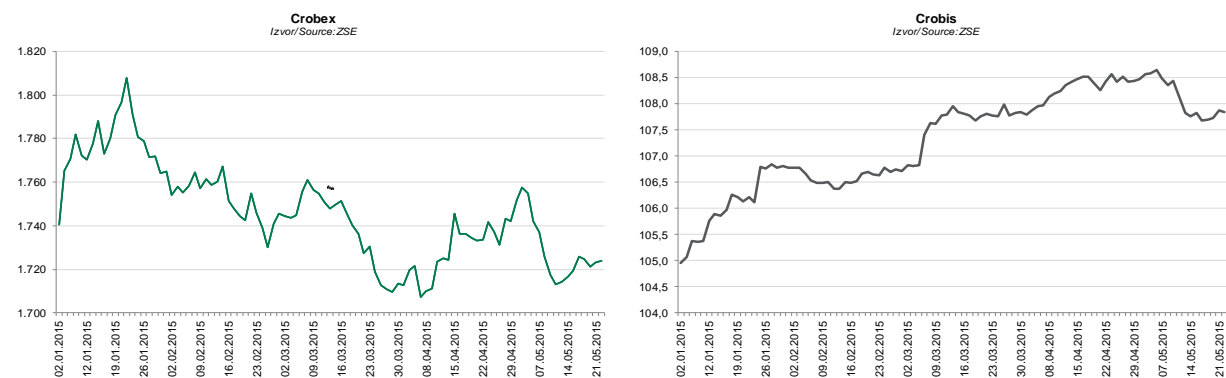


## Crobex slightly rises

The total turnover in the ZSE declined by half wow, amounting to 211 million kuna. The turnover in shares increased by 3% to 42 million kuna, whereas the turnover in bonds was reduced by half, amounting to 168 million kuna.

The Crobex recorded a slight upward correction, by 0.3% wow, closing the week at 1,723.81 points due to a mixed performance of the major index components shares (Ina +0.1%, Adris Grupa +6.1%, HT +0.7%, Valamar -0.4%, Končar EI -1.7%, Atlantic Grupa -2.2%, Podravka -0.6%, Ledo 0.0%, Ericsson NT +0.5%). The highest turnover of 10 million kuna was achieved by the Adris Grupa ordinary shares, the price of which jumped by 11.5% wow, from 405.90 to 452.51 kuna, followed by the HT share with a turnover of 8 million kuna and a price growth from 156.92 kuna to 158.09 kuna.

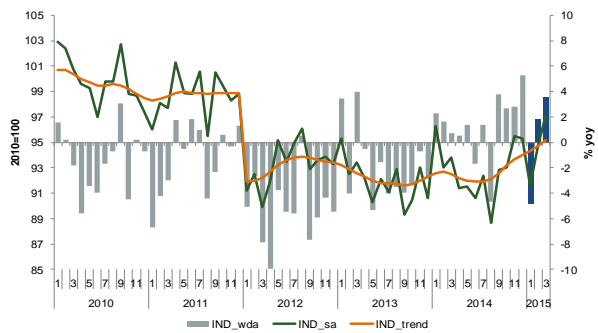
The highest, 73 million kuna turnover in the debt market was achieved by the MoF euro bond maturing in 2024, whereas the Crobis closed the week at the unchanged 107.8 points.



# Statistics and macroeconomic forecasts

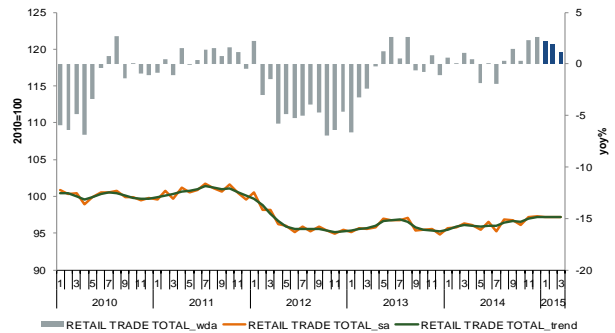
**Industrial production, wda yoy % ch.**

Source: Eurostat



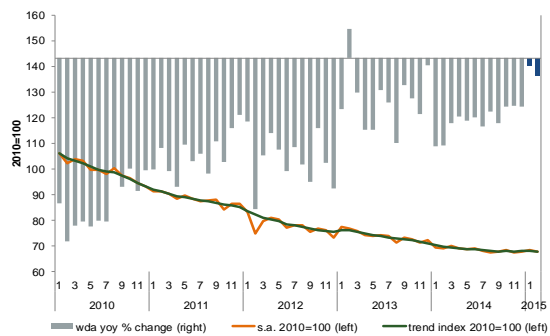
**Retail trade, real, wda yoy ch. and index 2010=100**

Source: CBS



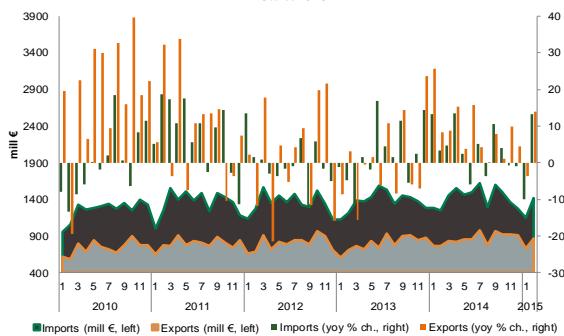
**Construction works, yoy % ch. and index 2010=100**

Source: CBS



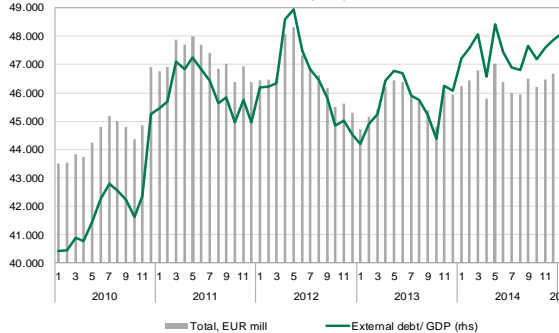
**Goods exports and imports (yoy % ch. and mill €)**

Source: CBS



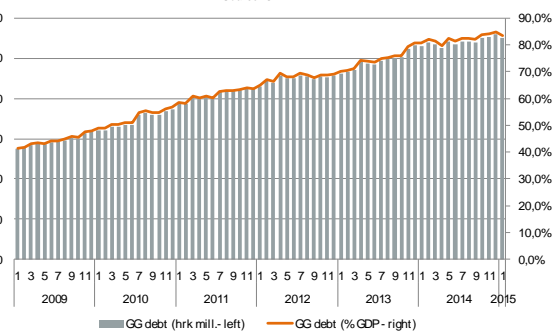
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



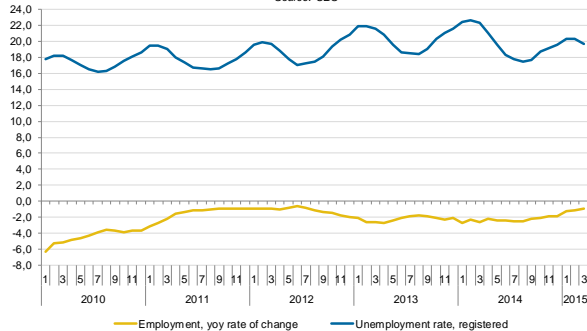
**General government debt**

Source: CNB



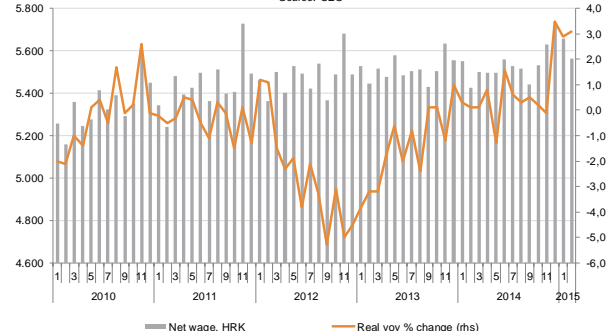
**Employment, yoy rate of change and unemployment rate, %**

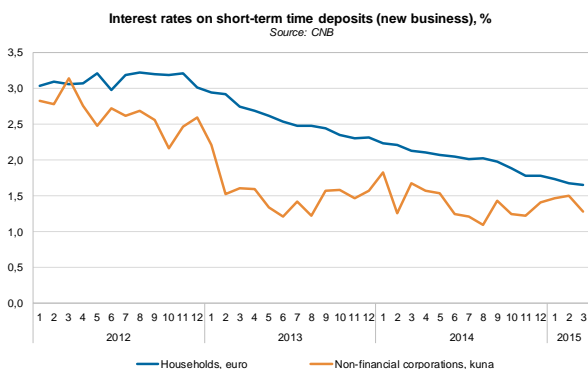
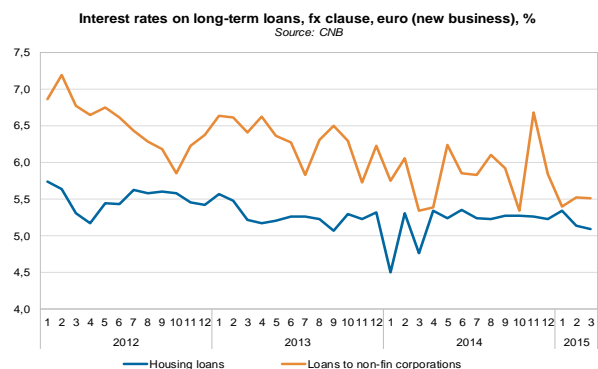
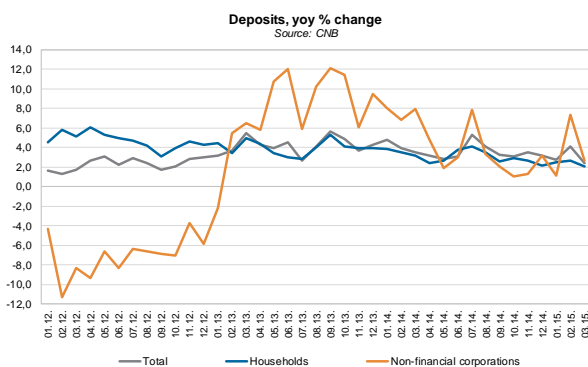
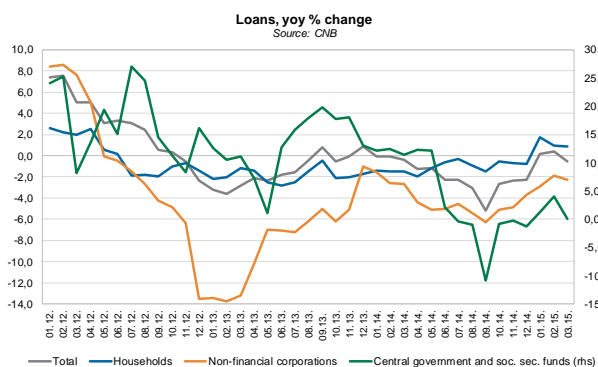
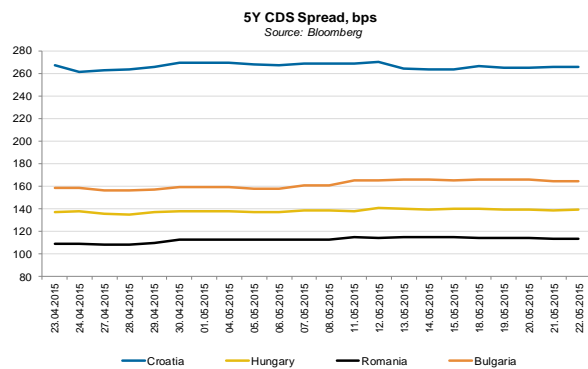
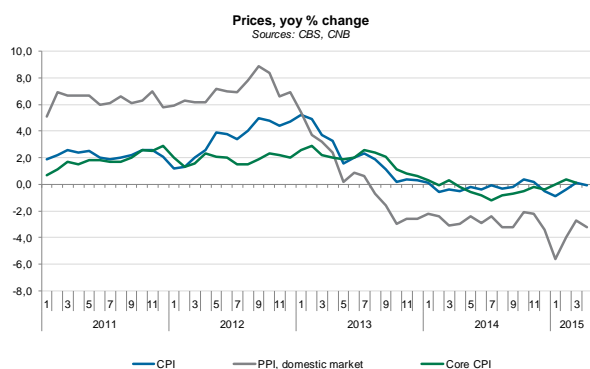
Source: CBS



**Net wages: amount and real yoy rate of change**

Source: CBS





## BASIC MACROECONOMIC INDICATORS

based on data available till 03/25/2015

		2014	2015f
GDP, current prices	HRK mill	328.927	329.914
GDP, current prices	EUR mill	43.110	43.070
GDP, real	annual growth, in %	-0,4	0,3
GDP, nominal	annual growth, in %	-0,4	0,3
CPI	annual average, in %	-0,2	0,0
HRK / EUR	annual average	7,63	7,66
HRK / USD*	annual average	5,75	6,96
HRK / CHF*	annual average	6,28	7,06

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

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