

# PBZ Weekly Analysis

## Number 476, June 01, 2015

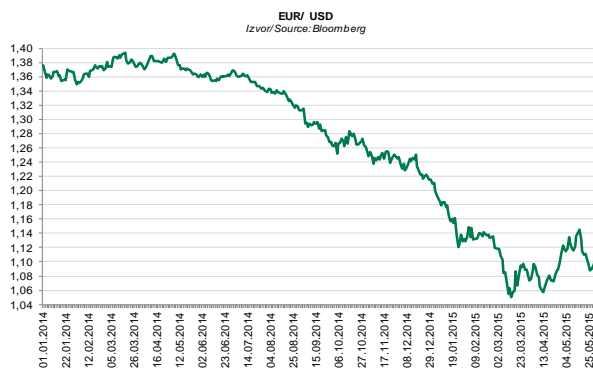
- Weekly overview (p. 1)
- Dollar's slight recovery, kuna strengthening stops (p. 1)
- No major changes (p. 2)
- Crobex grows (p. 3)
- Statistics and macroeconomic forecasts (p. 4-5)

## Weekly overview

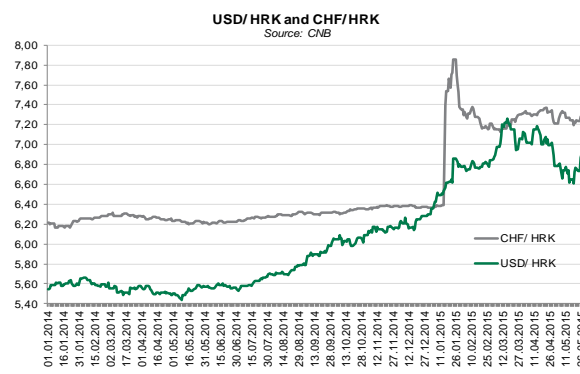
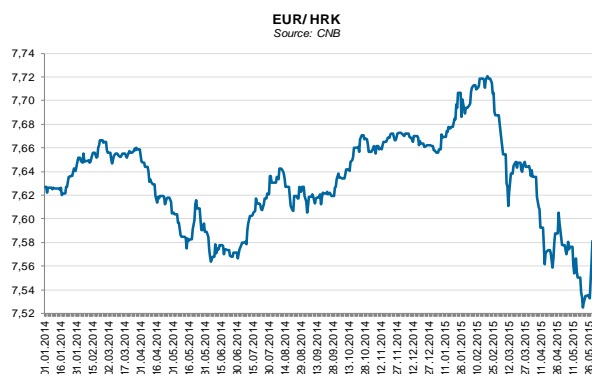
- The Croatian Bureau of Statistics released its flash estimate of the quarterly GDP for the first quarter of 2015, according to which GDP increased by 0.5% compared with the same quarter of 2014, however, comparison with the previous quarter shows GDP stagnation. At the same time, the released revised data for four quarters of 2014 show that the decrease in 1q14 was revised from -0.6% to -0.8%; in 2q from -0.8% to -0.7%; in 3q from -0.5% to -0.2%, while the growth in 4q was revised downwards from 0.3% to 0.2%. The analysis of the first quarter according to components shows that, after declining for 12 consecutive quarters, personal consumption rose by 0.3%. A simultaneous growth of government consumption by 0.6% was recorded as well as a significant slowdown of the decrease in investments to -0.4%, which is the lowest rate of decrease recorded in the last five quarters. In accordance with the above mentioned, the contribution of domestic demand to the realised real rate of change of GDP was positive (0.47 p.p.). As 1q saw a real growth of 7.2% in the exports of goods and services, while 5.7% in the imports, a positive contribution of net external demand was 0.01 p.p. The realised growth rate of GDP in 1q exceeded our expectations (+0.2%) mainly due to a positive growth rate of government consumption and a significantly lower fall in investments than anticipated. Positive trends in personal consumption and a continued positive contribution of net external demand are in accordance with our expectations.
- While the release of data on GDP trends brought a positive shift, a simultaneous release of data on the annual industrial production growth in April of barely 1.2% is below expectations as, save for the January fall, this represents the lowest growth in the last seven months. In fact, April brought a significant slowdown in the growth of manufacturing to just 0.3%, thereby nullifying a 7.2% growth in mining and quarrying and 3.0% growth in electricity supply. The overall increase in the industrial production in the first four months amounted to 0.5%.

## Dollar's slight recovery, kuna strengthening stops

The dollar slightly recovered last week, as a result of economic data which exceeded expectations of investors, indicating the strengthening of economic activity in the second quarter, however, by the end of the week the dollar lost some of its value after the data on the U.S. first quarter GDP were revised from positive to negative growth. At the same time, the news on the possibility of reaching an agreement with the Greek government brought a moderate support to the euro, therefore, in such an environment, the EUR/USD exchange rate closed at 1.0986 dollar to the euro on Friday, down by 0.2% from the previous Friday. The franc also strengthened slightly against the euro, closing the week at 1.03384 franc to the euro, down by 0.5% wow.



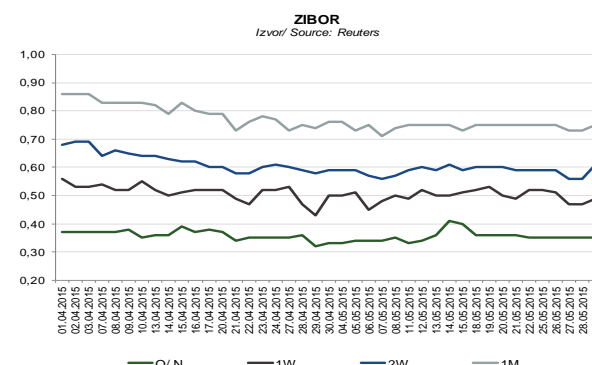
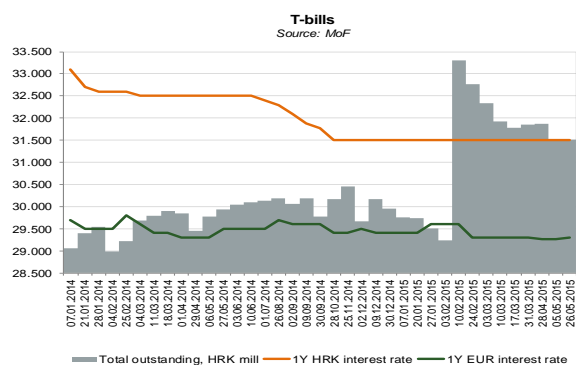
The strengthening of the kuna was stopped last week and the mid-exchange rate amounted to 7.5813 kuna to the euro by the end of the week, up by 0.6% wow. At the same time, the kuna also weakened against the Swiss franc (1.4%) to 7.3362 kuna to the franc and by 2.5% against the dollar to 6.9008 kuna to the dollar.



## No major changes

Interest rates: the Zibor on overnight loans closed the week at the unchanged 0.35%, while 1M and 3M at 0.75% and 0.94%, respectively, vs the previous week. Last week, the turnover in the money market amounted to 63.2 million kuna, whereas the average daily supply exceeding demand was 177 million kuna.

At the last week's auction, the Ministry of Finance issued 743 million kuna in T-bills with 364-day maturity and an unchanged yield of 1.50% as well as 32.23 million euro in T-bills with the same maturity and a yield of 0.40%. The overall public debt under T-bills is 31.5 billion kuna. A total of 1.3 billion kuna in T-bills will mature this week and an auction has been announced.

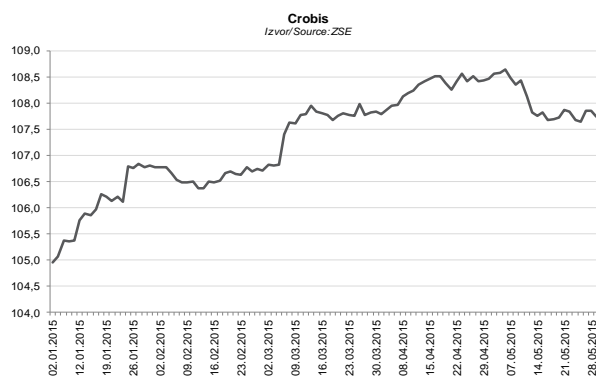
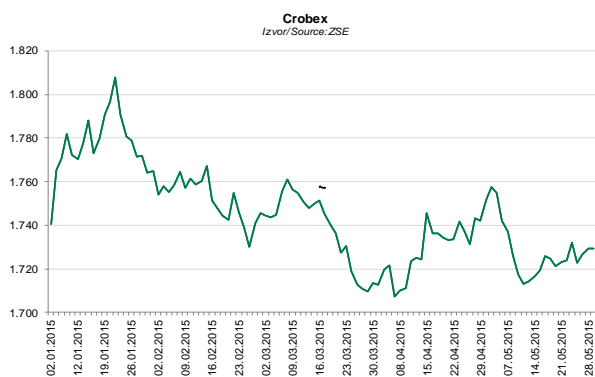


## Crobex grows

The total turnover in the ZSE was 115% higher wow, amounting to 455 million kuna. The turnover in shares rose by 7% to 45 million kuna, whereas the turnover in bonds jumped by 143% to 409 million kuna.

The Crobex climbed mildly by 0.3% wow, closing the week at 1,729.44 points due to a mixed performance of the major index components shares (Ina +1.4%, Adris Grupa +2.1%, HT -2.1%, Valamar +1.1%, Končar EI -0.5%, Atlantic Grupa -0.1%, Podravka +0.6%, Ledo 0.0%, Ericsson NT -0.2%). The highest turnover of almost 7 million kuna was achieved by the Ina shares, the price of which increased from 3,400.84 to 3,449.82 kuna, followed by the Adris grupa preferential share with a turnover of 6 million kuna and a price growth from 353.01 kuna to 360.59 kuna.

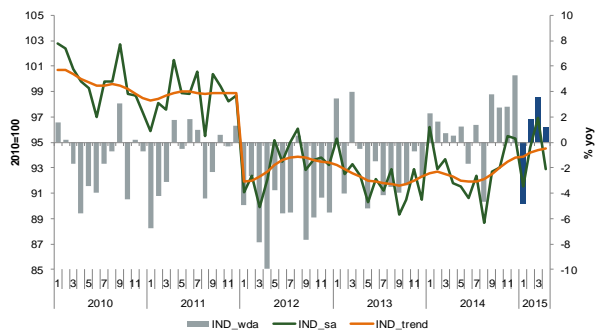
The highest, 123 million kuna turnover in the debt market was achieved by the kuna bond maturing in 2016, followed by the kuna bond RHMF-O-17BA maturing in 2017, with a turnover of 121 million kuna. The Crobis closed the week at the almost unchanged 107.7 points.



# Statistics and macroeconomic forecasts

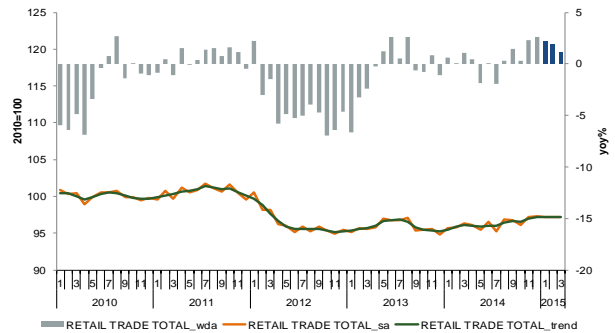
**Industrial production, wda yoy % ch.**

Source: Eurostat



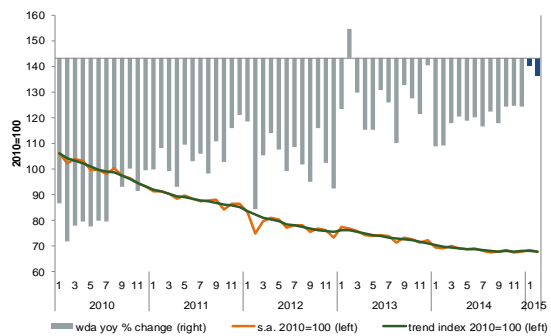
**Retail trade, real, wda yoy ch. and index 2010=100**

Source: CBS



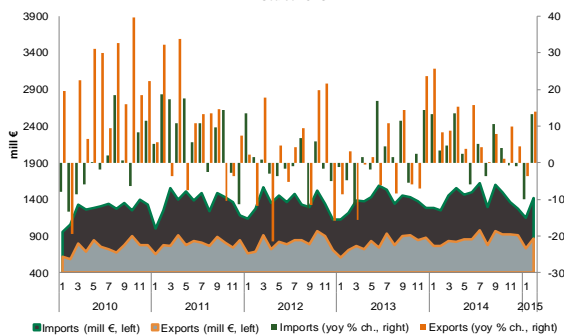
**Construction works, yoy % ch. and index 2010=100**

Source: CBS



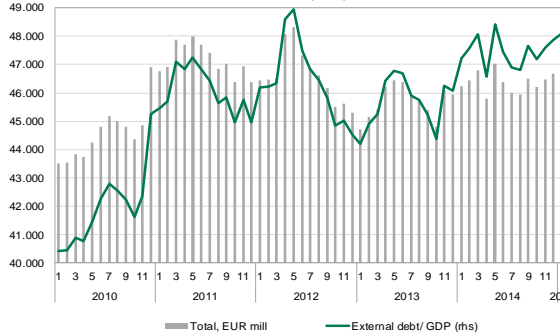
**Goods exports and imports (yoy % ch. and mill €)**

Source: CBS



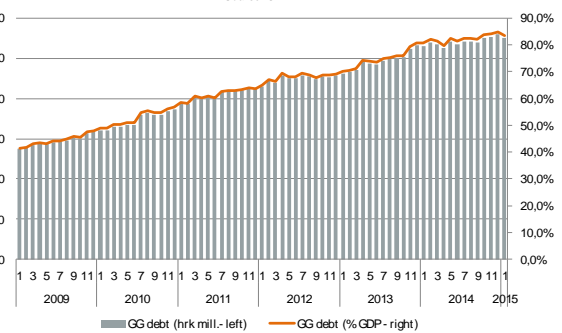
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



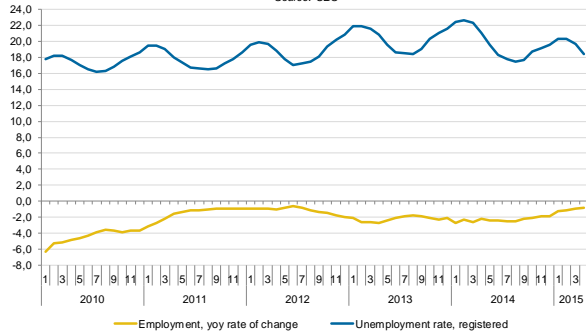
**General government debt**

Source: CNB



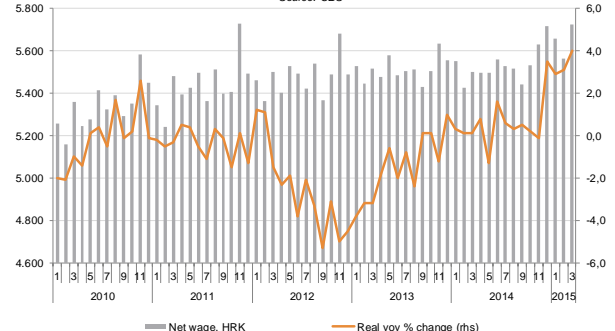
**Employment, yoy rate of change and unemployment rate, %**

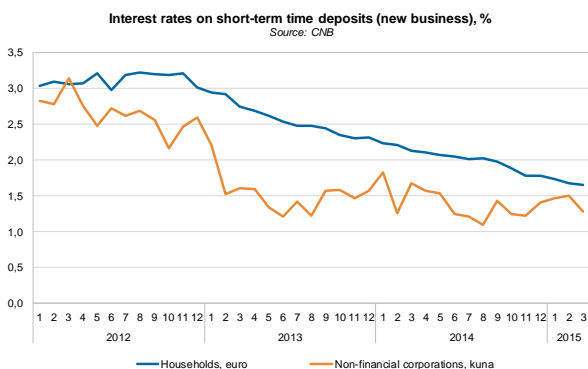
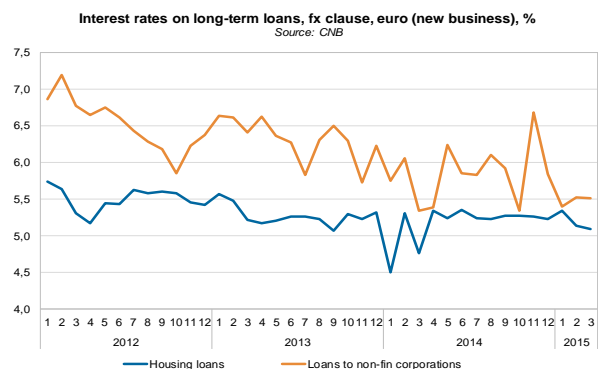
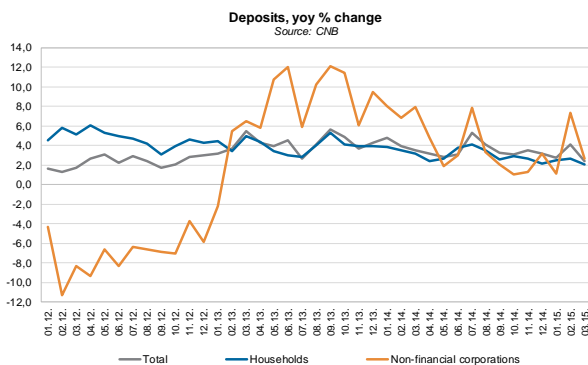
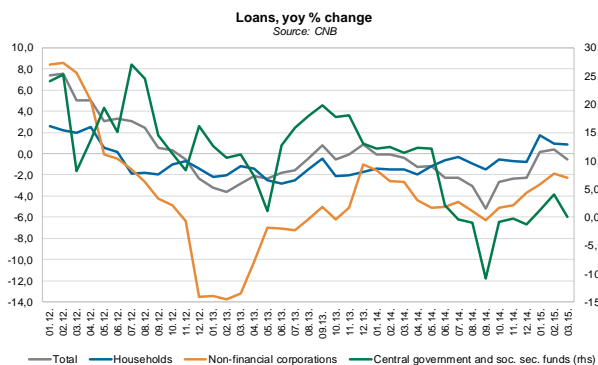
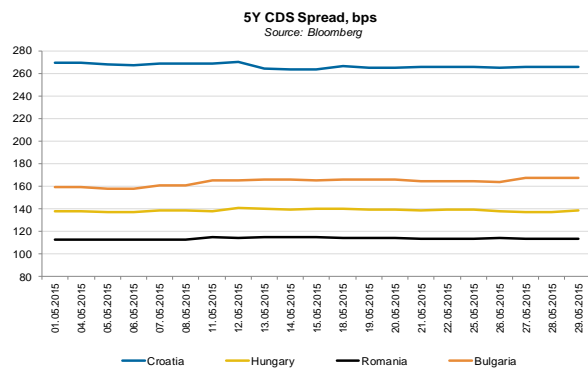
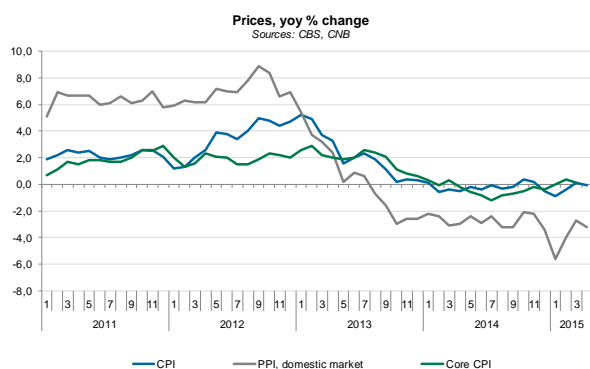
Source: CBS



**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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