

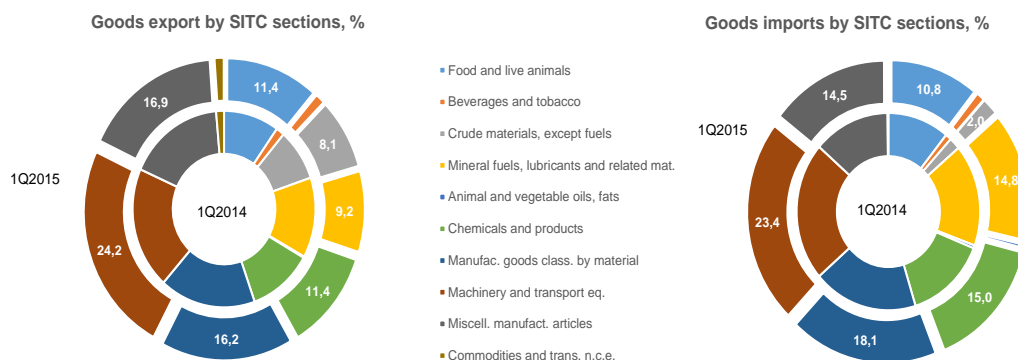
# PBZ Weekly Analysis

## Number 478, June 15, 2015

- Weekly overview (p. 1)
- Euro ascends, kuna appreciation continues (p. 1)
- Money market at a standstill (p. 2)
- Positive trend in ZSE (p. 2)
- Statistics and macroeconomic forecasts (p. 4-5)

## Weekly overview

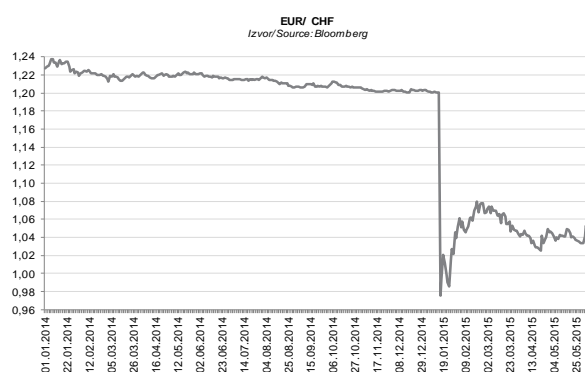
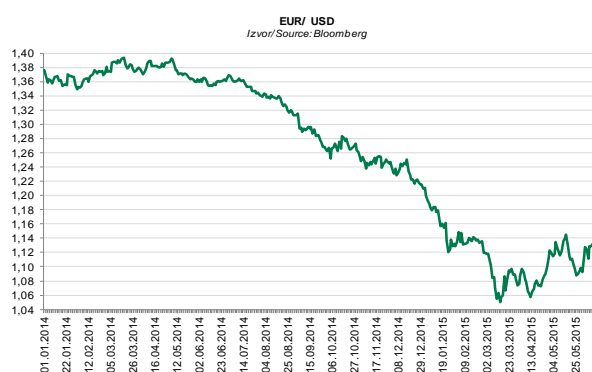
- According to the Croatian Bureau of Statistics data, the total exports of goods in the first three months amounted to 19.8 billion kuna (+9.7% yoy), while imports reached 32.7 billion kuna or 7.2% more compared with the same period of 2014. The foreign trade deficit was 12.9 billion kuna and the coverage of imports by exports was 60.5%. According to the preliminary data, exports of goods increased by 10%, while imports grew by 4% in the first four months.



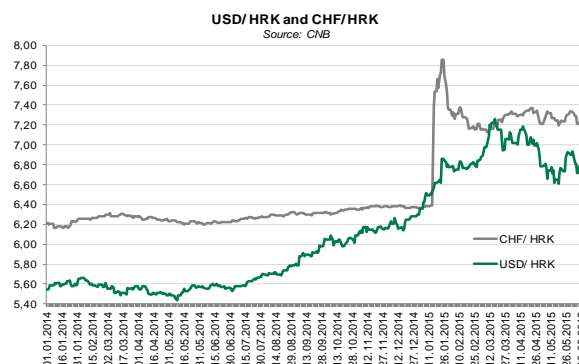
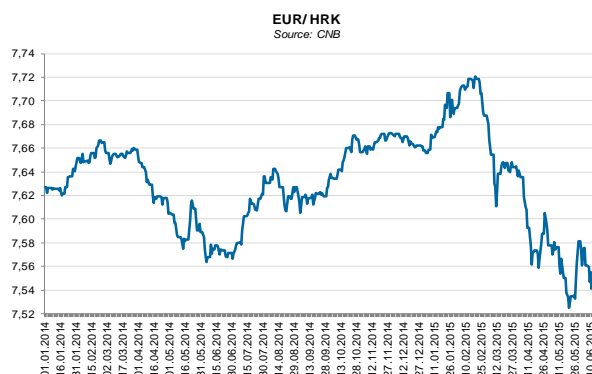
- As gross indices show, construction works in March rose by 2.5% from March of 2014 – since the end of 2008, according to gross indices, a positive rate was recorded only in March of 2009, also in February and December of 2013. According to working-day adjusted data, March saw an increase of 1.2% yoy – with the exception of March 2009 and February 2013, this is the first positive rate according to working-day adjusted indices recorded since the end of 2008. The growth of construction activities in March came primarily as a result of the construction of buildings (+3.2%), whereas the construction of civil engineering works dropped by 3.3%.

## Euro ascends, kuna appreciation continues

The euro has continued to strengthen against the dollar by the middle of last week, reaching 1.13, however, it lost some of its value at the end of the week, after the release of US data exceeded investor expectations. Still, EUR/USD closed on Friday at 1.1266 dollar to the euro, up by 1.4% compared with the previous Friday. The franc remained unchanged against the euro wow, closing the week at 1.04569.



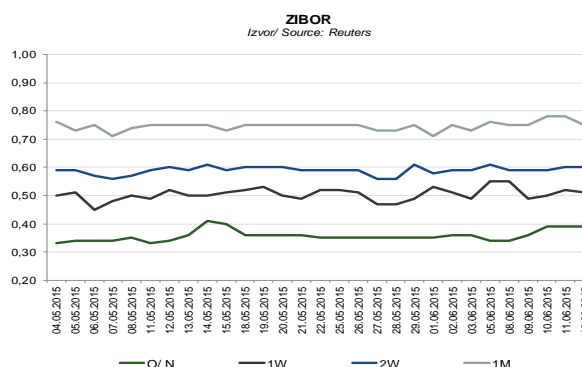
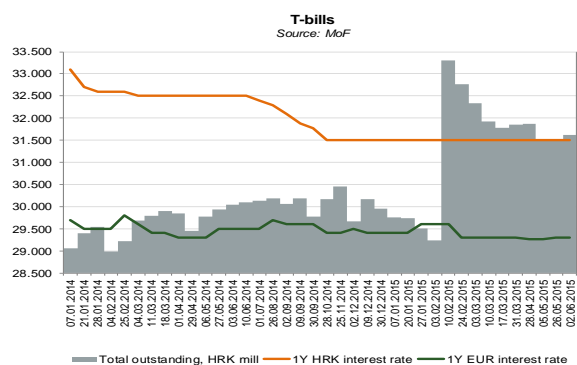
The growth of FX inflows from tourism and exports resulted in a further strengthening of the kuna against the euro, therefore the mid-exchange rate was 7.5469 kuna to the euro at the end of last week, down by 0.2% wow. At the same time, the kuna weakened by 0.2% against the Swiss franc and by 0.6% against the dollar, to 7.2198 kuna to the franc, or 6.7522 kuna to the dollar.



## Money market at a standstill

Interest rates: the Zibor on overnight loans closed the week at slightly corrected 0.39% (vs 0.34%), while 1M and 3M at 0.75% (vs 0.76%) or 0.93% (vs 0.94% the previous week). Last week, the turnover in the money market amounted to 170 million kuna, whereas the average daily supply exceeding demand was 172 million kuna.

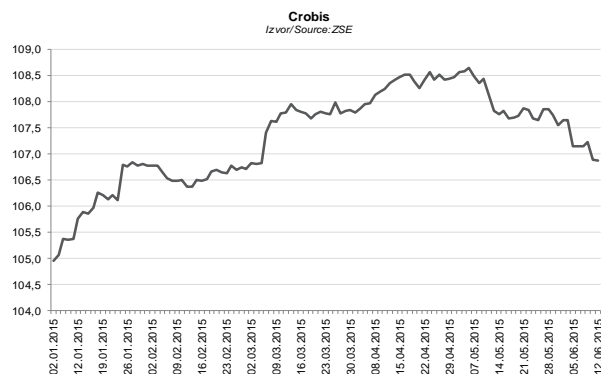
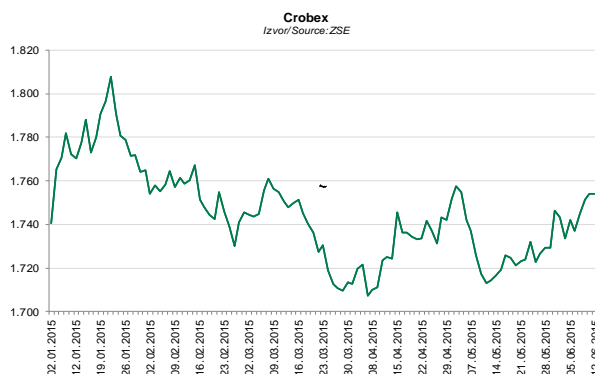
At the last week's auction, the Ministry of Finance issued a total of 726 million kuna in T-bills as follows: 40 million with 182-day maturity and a yield of 0.49% and 686 million with 364-day maturity and a yield of 1.50%. The overall debt under T-bills amounts to 31.5 billion kuna. There will be no maturity this week.



## Positive trend in ZSE

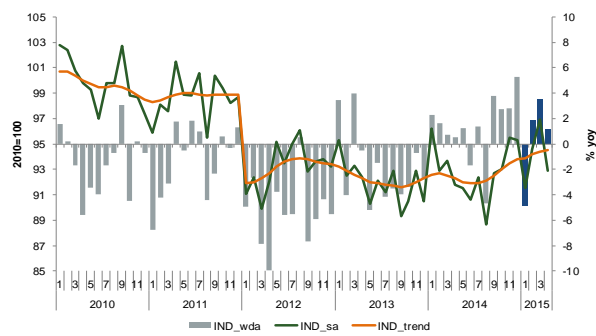
Last week, a day longer, the total turnover in the ZSE was three times lower wow, amounting barely to 256 million kuna, due to a four times lower share turnover of 191 million kuna. The turnover in bonds rose by 3%, to 63 million kuna.

The Crobex increased by 0.7% wow, closing the week at 1,753.91 points, due to a mostly positive performance of the major index components shares (Ina +0.6%, Adris Grupa +2.7%, HT -0.9%, Valamar +0.7%, Končar EI +2.0%, Atlantic Grupa 0.0%, Podravka +1.1%, Ledo -0.2%, Ericsson NT -7.3%). The highest turnover of 11 million kuna was achieved by the shares of Podravka, with a weekly growth of value from 312.97 to 316.54 kuna, followed by a turnover of 8 million kuna achieved by the preferential share of Adris grupa, the price of which grew from 375.93 to 386.05 kuna. The highest, 92 million kuna turnover in the debt market was achieved by the euro bond maturing in 2019, whereas the Crobis closed the week at a 0.3% lower level of 106.87 points.

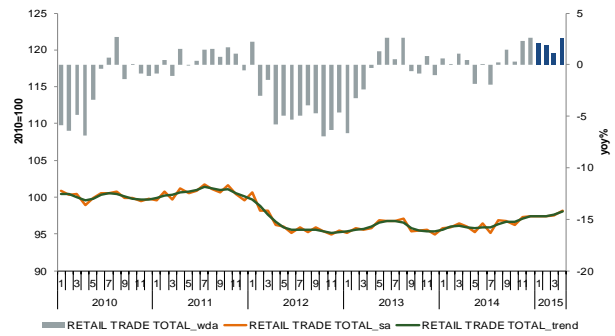


# Statistics and macroeconomic forecasts

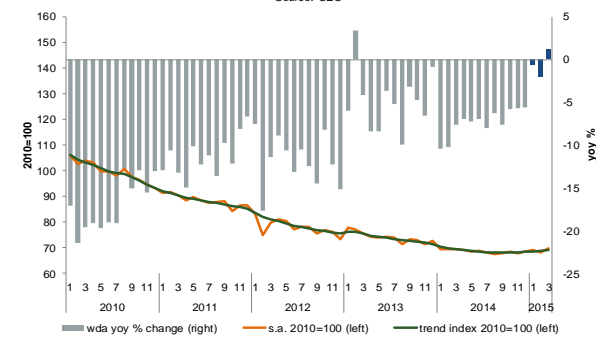
**Industrial production, wda yoy % ch.**  
Source: Eurostat



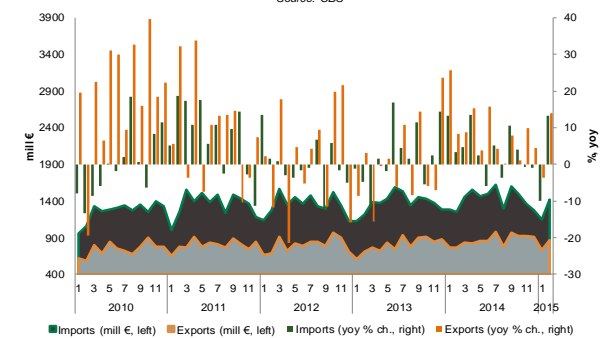
**Retail trade, real, wda yoy ch. and index 2010=100**  
Source: CBS



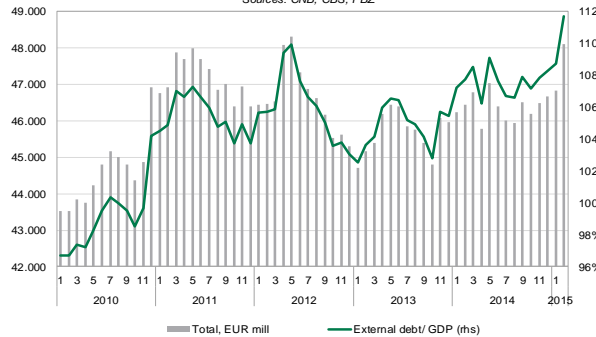
**Construction works, yoy % ch. and index 2010=100**  
Source: CBS



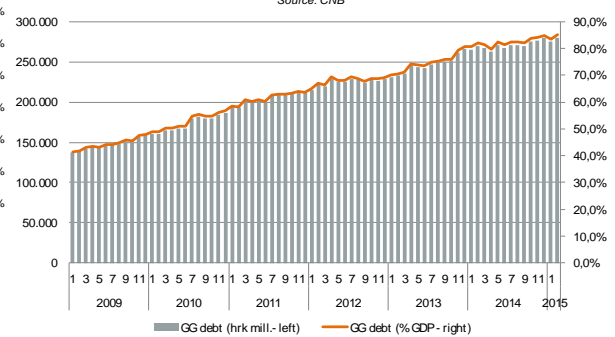
**Goods exports and imports (yoy % ch. and mill €)**  
Source: CBS



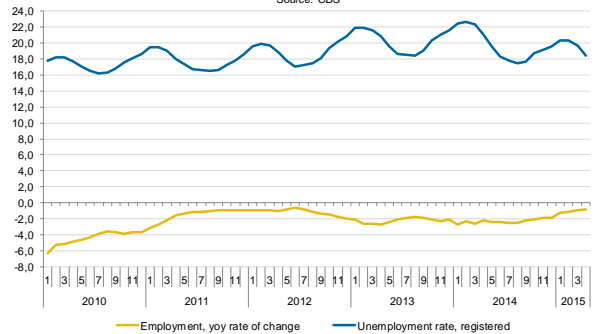
**External debt, amount and share to GDP**  
Sources: CNB, CBS, PBZ



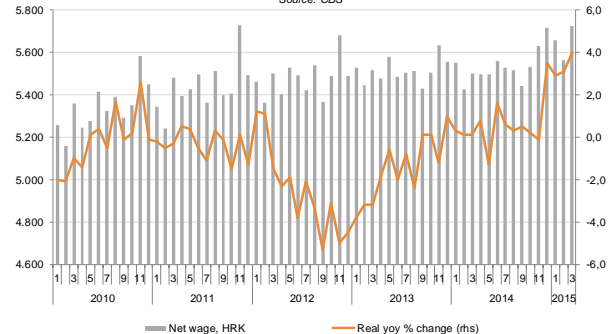
**General government debt**  
Source: CNB

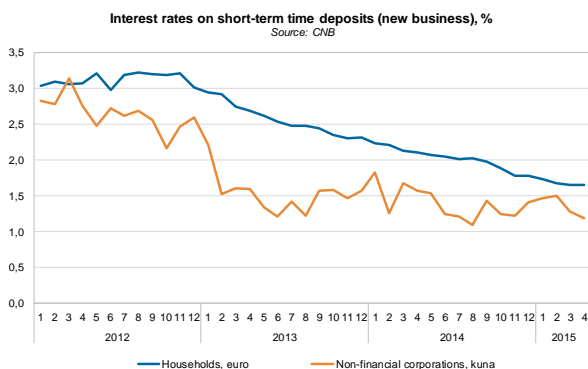
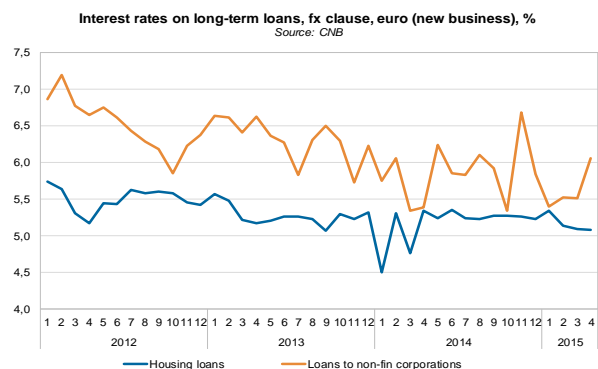
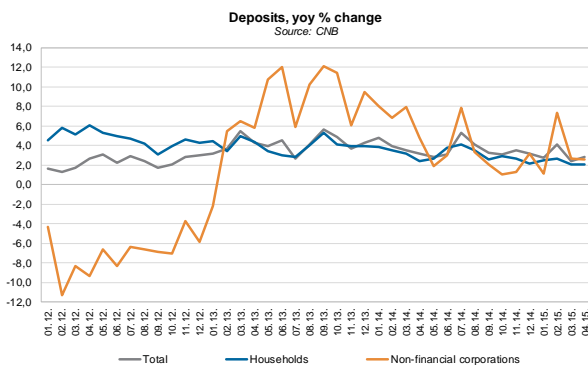
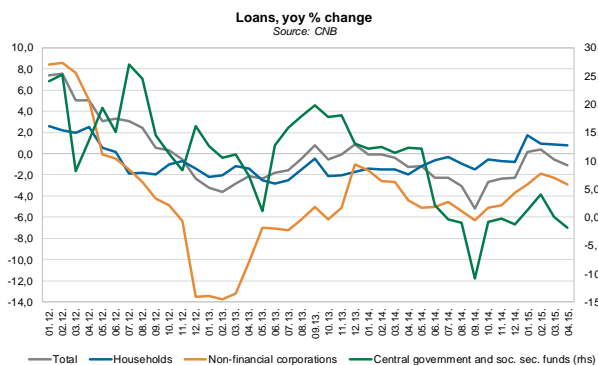
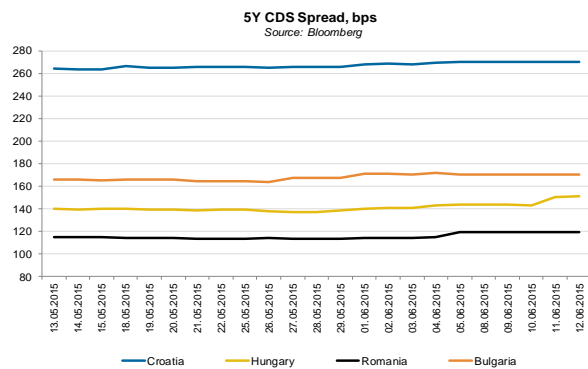
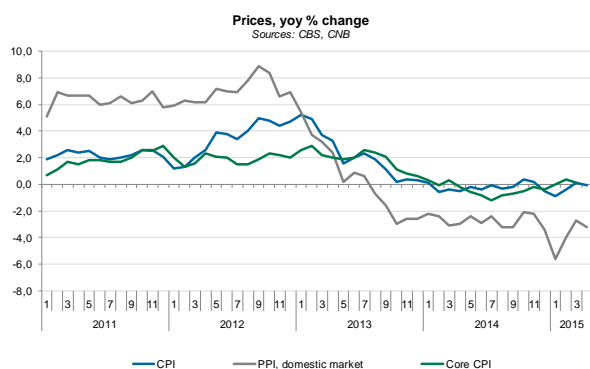


**Employment, yoy rate of change and unemployment rate, %**  
Source: CBS



**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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