

PBZ Weekly Analysis

Number 480, June 29, 2015

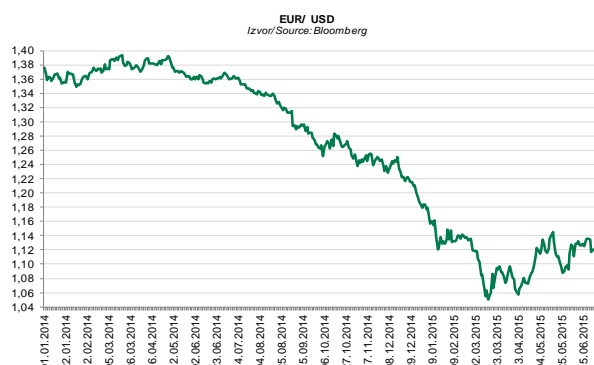
- Weekly overview (p. 1)
- Dollar recovers some of its losses, kuna unchanged (p. 1)
- Calm week in the money market (p. 2)
- Shares in negative territory (p. 2)
- Statistics and macroeconomic forecasts (p. 3-4)

Weekly overview

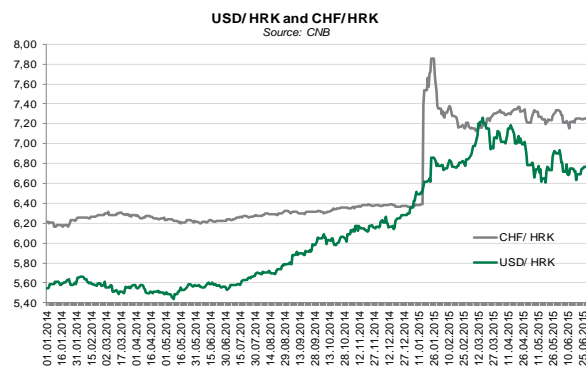
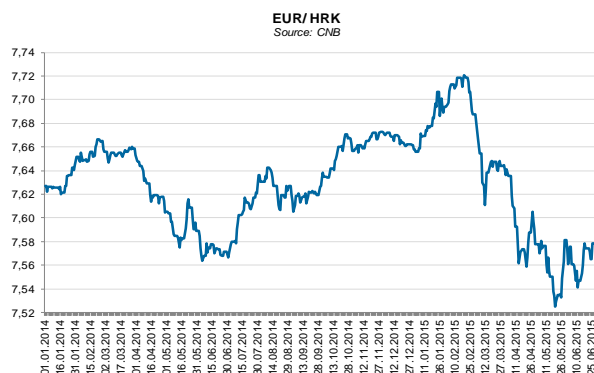
- The unemployment rate in May fell to 17.1%, which is a decrease of 1.3 p.p. mom, or 2.5 p.p. yoy. At the end of the month, the number of unemployed persons amounted to 275 thousand and, as the downward trend has continued in June, we expect that at the end of the current month the rate will be 0.8 p.p. lower mom.
- The average net earnings for April amounted to 5,676 kuna, which is a nominal increase of 3.3, or a real-term increase of 3.4% yoy. In the first four months, net earnings rose by 2.9% in nominal terms, or by 3.3% in real terms yoy.

Dollar recovers some of its losses, kuna unchanged

The signals that the Fed might start raising interest rates in September are becoming stronger and, consequently, the dollar recovered some of its losses against the euro last week. EUR/USD closed on Friday at 1.1167 dollar to the euro, down by 1.6% compared with the previous Friday. The Swiss franc moderately weakened against the euro wow, closing the week at 1.04315 franc to the euro, up by 0.2% wow.



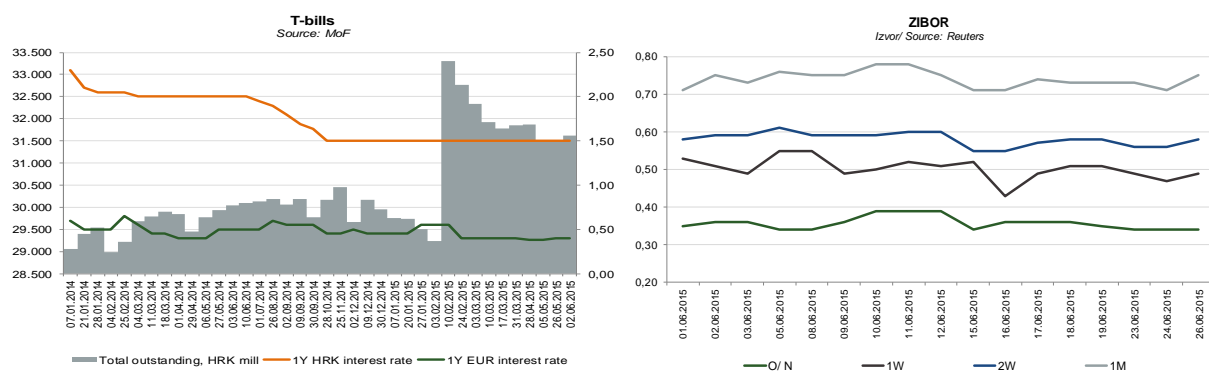
Last week was calm and the exchange rate of the kuna against the euro did not record larger changes, therefore the mid-exchange rate on Friday was 7.5782 kuna to the euro, the same wow. The kuna remained unchanged against the Swiss franc as well, so the exchange rate amounted to 7.2553 kuna to the franc at the end of the week, whereas the kuna against the dollar weakened by 1.1%, to 6.7711 kuna to the dollar. The trading might strengthen this week, as the end of the month is approaching, and the market is still expecting the news on the issue of a new government bond.



Calm week in the money market

Due to a substantial level of excess liquidity, interest rates in the money market recorded a slight decrease. The Zibor on overnight loans closed the week at 0.34% (vs 0.35%), while 1M and 3M at 0.75% (vs 0.73%), or 0.94% (vs 0.94% the previous week), respectively. The turnover in the ZMM reached barely 60 million kuna, while the average daily supply exceeding demand was 210 million kuna.

Last week, there was no T-bill maturity or auction, while this week, 446 million kuna will mature and the auction has been announced.

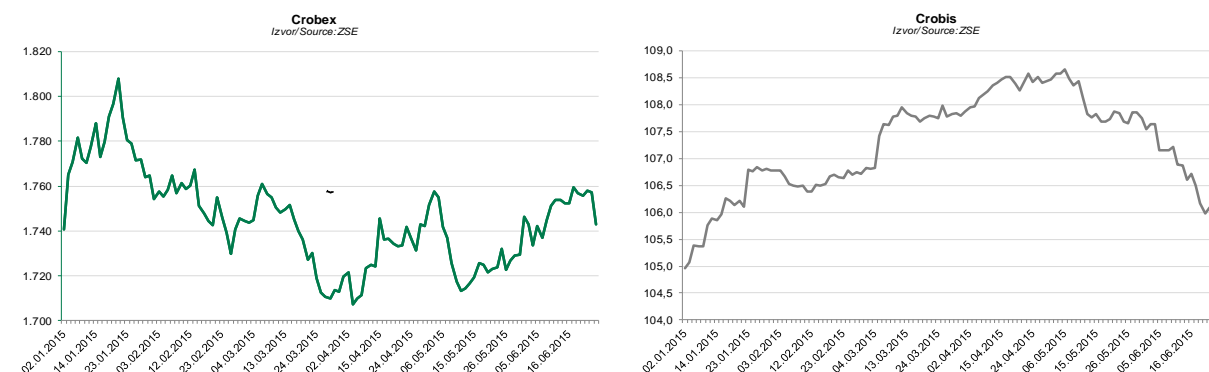


Shares in the negative territory

Over the three working days of the last week, the total turnover in the ZSE decreased by 74% wow, amounting to 282 million kuna, due to a 75% lower bond turnover of 259 million kuna and 46% lower share turnover of 23 million kuna.

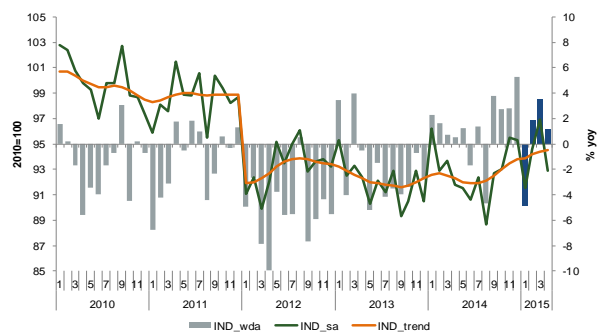
The Crobex dropped by 0.7% wow, closing the week at 1,742.89 points, as a result of a mostly negative performance of the major index components shares (Adris Grupa -0.8%, Ina -2.9%, HT +0.4%, Valamar +0.3%, Končar EI +0.2%, Atlantic Grupa -1.1%, Podravka -1.8%, Ledo 0.0%, Ericsson NT +4.3%). The highest turnover of 6 million kuna was achieved by the HT shares, while the share price grew from 156.31 to 156.92 kuna.

The highest, 119 million kuna turnover in the debt market was achieved by the kuna bond maturing in 2015, whereas the Crobis closed the week at a 0.1% higher level of 106.10 points.

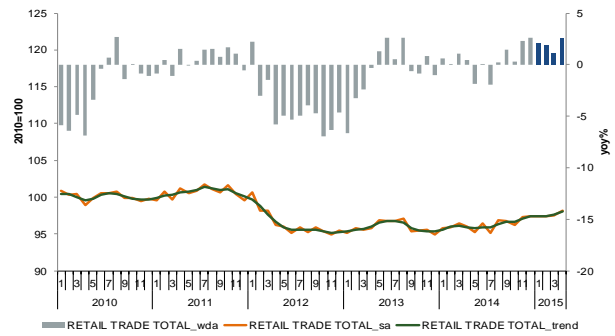


Statistics and macroeconomic forecasts

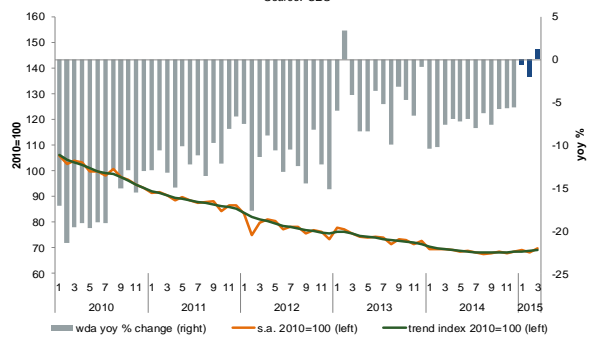
Industrial production, wda yoy % ch.
Source: Eurostat



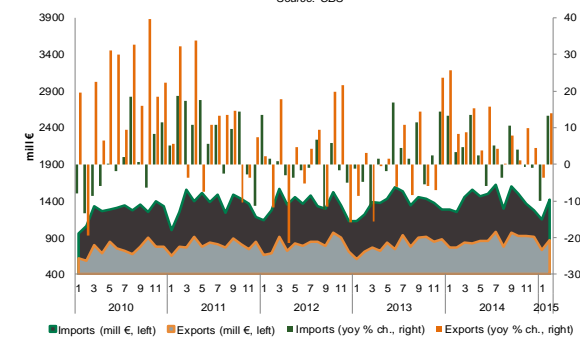
Retail trade, real, wda yoy ch. and index 2010=100
Source: CBS



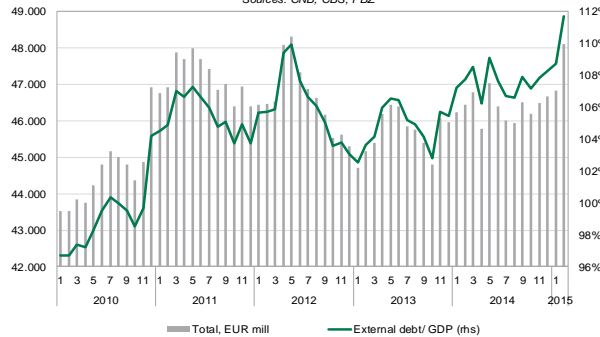
Construction works, yoy % ch. and index 2010=100
Source: CBS



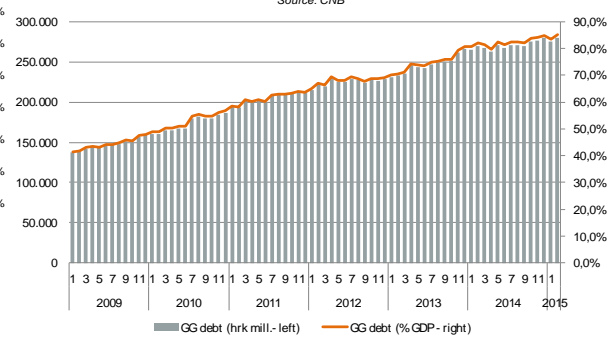
Goods exports and imports (yoy % ch. and mill €)
Source: CBS



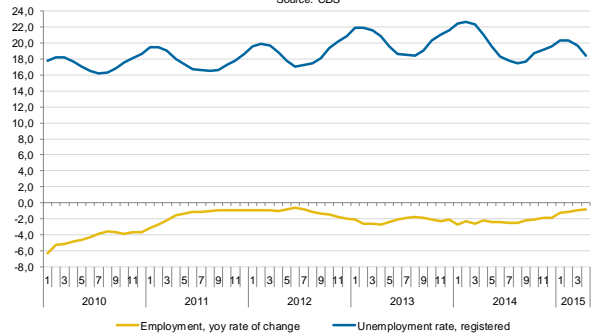
External debt, amount and share to GDP
Sources: CNB, CBS, PBZ



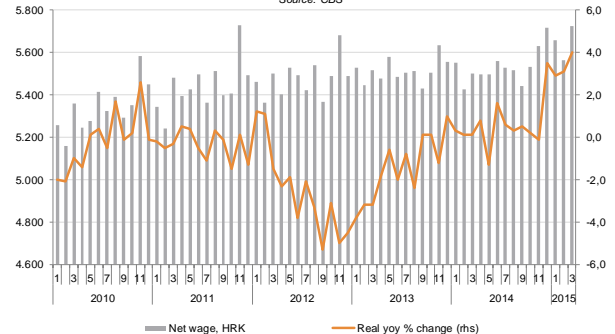
General government debt
Source: CNB

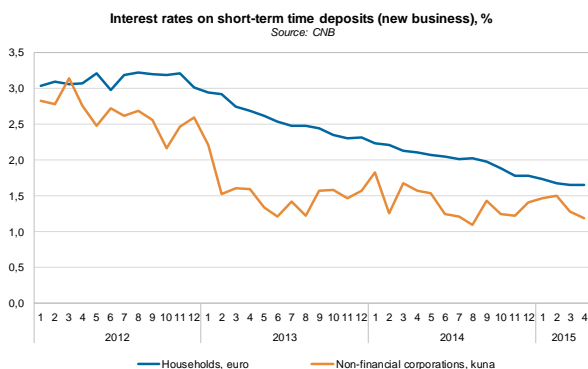
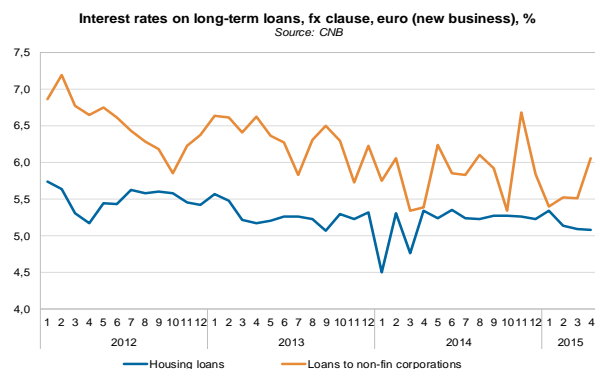
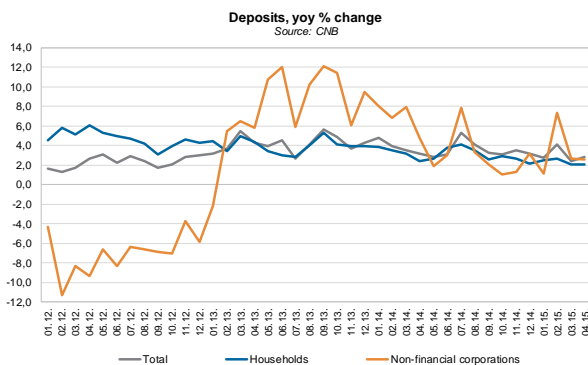
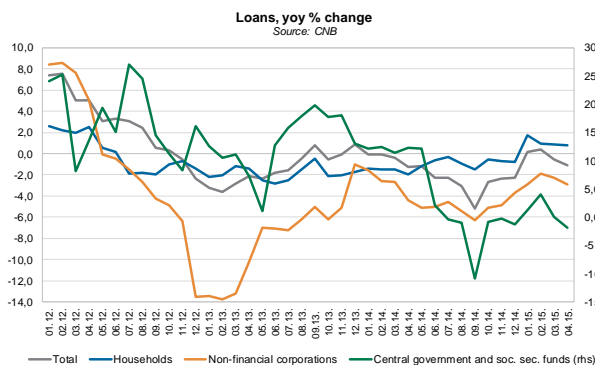
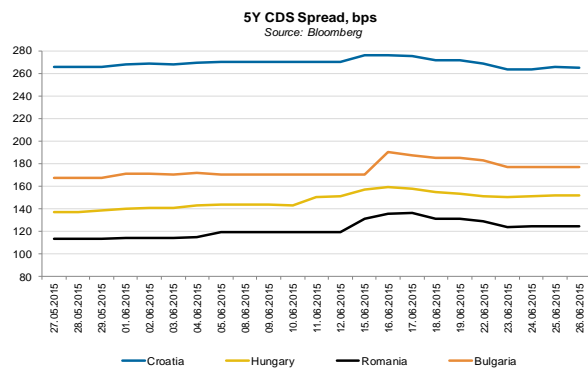
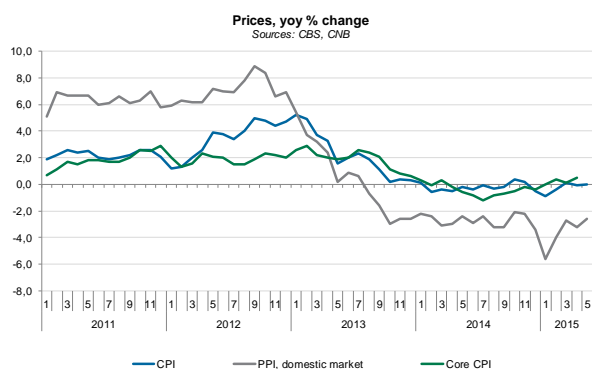


Employment, yoy rate of change and unemployment rate, %
Source: CBS



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

LEGAL DISCLAIMER

This publication is issued by PRIVREDNA BANKA ZAGREB-DIONIČKO DRUŠTVO, Zagreb, Radnička 50 (hereinafter: PBZ) and aimed at clients of the PBZ Group. This publication is intended for information purposes only and may not in any way be considered an offer or invitation to purchase any property or rights mentioned in it. The informative nature of this publication means that it may not serve as a substitute for the personal judgment and assessment of any reader or anyone who receives this publication. The information, opinions, analyses, conclusions, forecasts and projections given here are founded on publicly available data whose accuracy PBZ relies on, but cannot guarantee. Accordingly, all the opinions, attitudes, conclusions, forecasts and projections given in this publication are subject to changes, which depend on changes to the data as published by the source used. PBZ allows further utilization of the data given in this publication on the condition that the publication is indicated as the source. All the property mentioned in this publication and whose movement is the subject of comment may from time to time be the subject of trade or positions taken by PBZ.