

PBZ Weekly Analysis

Number 485, September 7, 2015

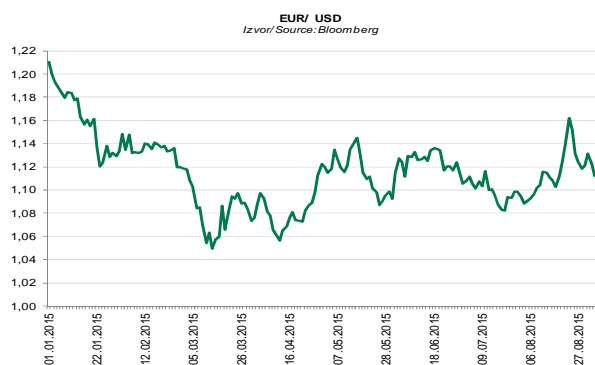
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Weekly overview

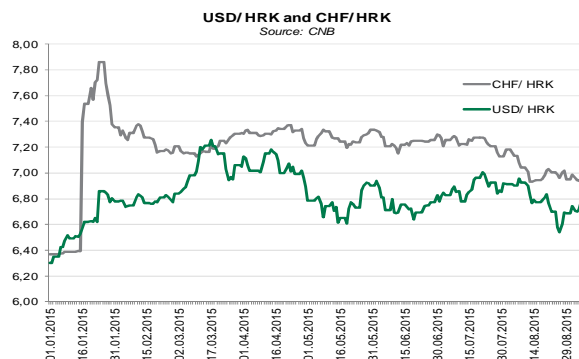
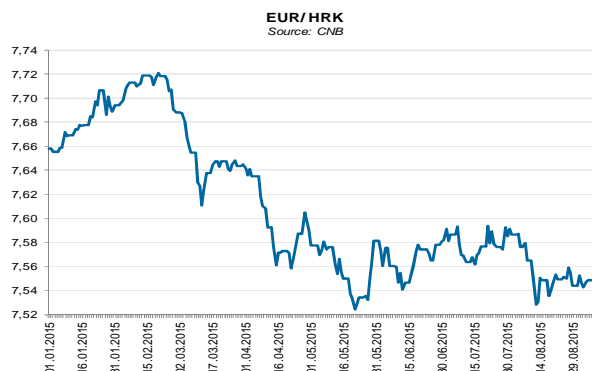
- The Croatian Bureau of Statistics confirmed its flash estimate of the quarterly GDP for the second quarter of 2015, according to which an increase of 1.2% compared with the same quarter of 2014, or 0.7% compared with the previous quarter was recorded, as shown by the seasonally adjusted data. At the same time, the preliminary data on the high-frequency indicator movements in this year's third quarter trickle in slowly. Thus, according to the preliminary data, the real-term retail trade turnover in July recorded a working-day adjusted growth of 4.5%, compared with the same month last year, showing a retail trade increase for the twelfth consecutive month. The July growth is the highest growth rate recorded since September 2007. The working-day adjusted increase of 3.9% in July was also recorded by industrial production, which led to a 1.8% increase in the cumulative IP growth rate over the first seven months. And, while the real sector with its positive rates supports anticipations that the third quarter will see a continued dynamization of the GDP growth, the data on the bank credit activity reveal that both households and corporates are still cautious. Specifically, according to the July data, total retail loans dropped by 0.2% compared with the same month last year, whereas corporate loans fell by 3.5%. At the same time, loans to the central government rose by 6.6% yoy, therefore ultimately, total loans stagnated in July, compared with July 2014.

The kuna remains almost unchanged against the euro

Last week, the dollar strengthened against the euro, supported by the data on the lower U.S. trade deficit and relatively favourable indicators of the labour market, therefore the trading on Friday closed at 1.1149 dollar to the euro, down by 0.3% wow. The Swiss franc moderately weakened against the euro, closing the week at 1.0837 franc to the euro, up by 0.7% wow.



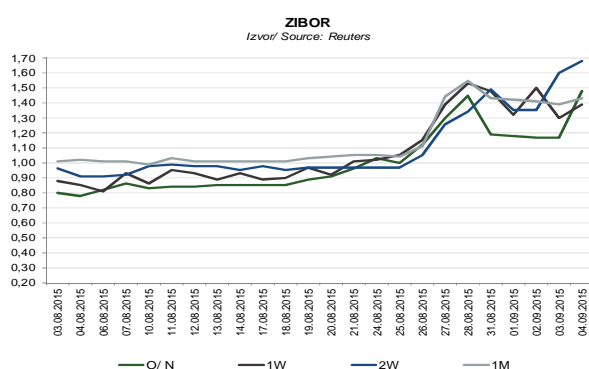
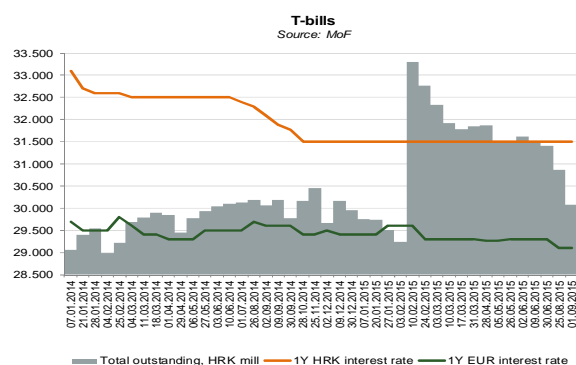
The EUR/HRK exchange rate amounted to 7.5476 kuna to the euro at the end of the week, i.e. 0.1% less wow. The kuna weakened against the dollar and strengthened against the Swiss franc, so the mid-exchange rate on Friday amounted to 6.7210 kuna to the dollar and 6.9365 kuna to the franc, i.e. up by 0.42%, or down by 1.15%, respectively, wow.



MF auction announced

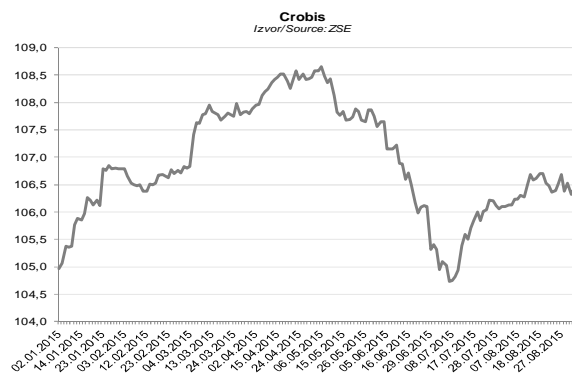
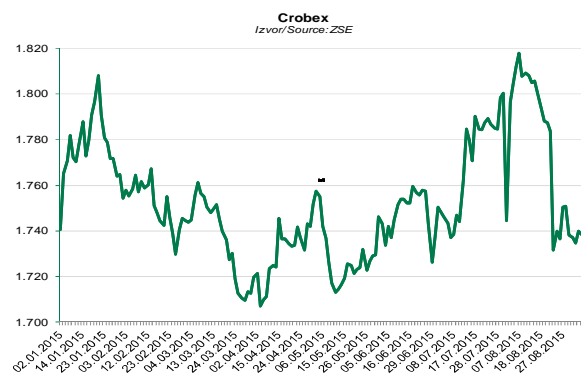
Last week saw corrections in interest rates, therefore the overnight Zibor closed the week at 1.48% (vs 1.45%), whereas 1M and 3M at 1.43% (vs 1.55%), or 1.47% (vs 1.46% the previous week), respectively. The turnover in the ZMM amounted to 296.3 million kuna, while the average daily supply exceeding demand was 2 million kuna.

At the last week's auction, the Ministry of Finance issued a total of 436 million in kuna T-bills with 364-day maturity and an unchanged yield of 1.50%. The overall public debt under T-bills amounts to 30 billion kuna. A total of 1.2 billion kuna in T-bills will mature this week and the auction has been announced.



Crobex continues to decrease

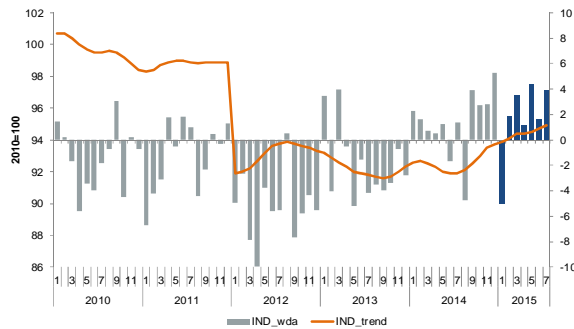
Last week, the Crobex closed at 1,738.66, or at -0.7% wow, whereas the Crobis closed the week at a 0.13% higher level, i.e. at 106.52.



Statistics and macroeconomic forecasts

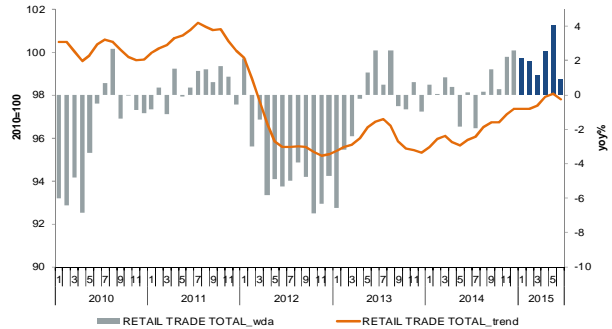
Industrial production, wda yoy % ch.

Source: Eurostat



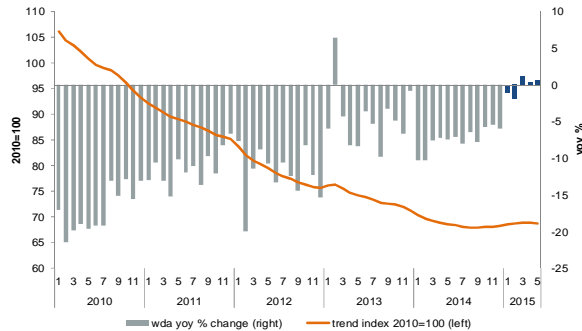
Retail trade, real, wda yoy ch.

Source: CBS



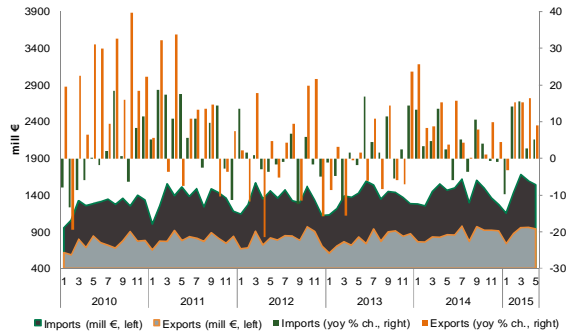
Construction works, yoy % ch. and index 2010=100

Source: CBS



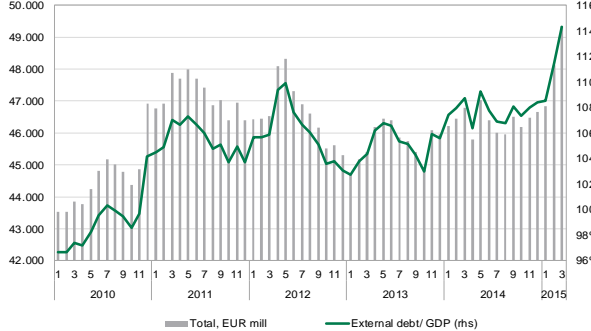
Goods exports and imports (yoy % ch. and mill €)

Source: CBS



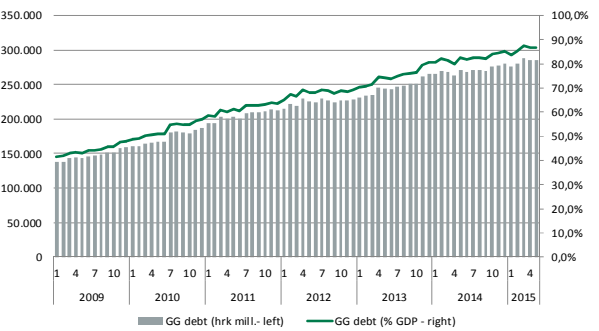
External debt, amount and share to GDP

Sources: CNB, CBS, FBZ



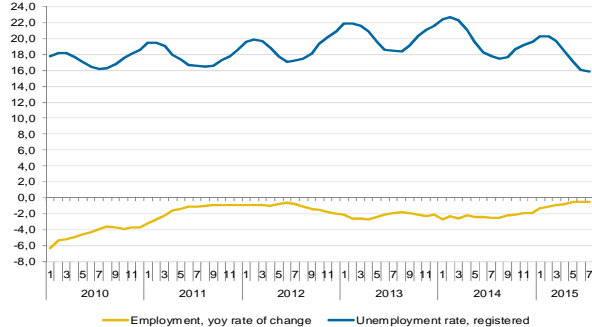
General government debt

Source: CNB



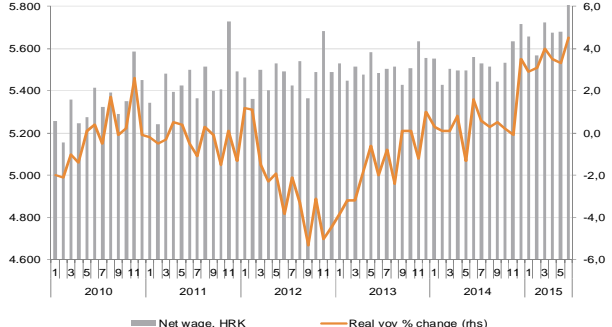
Employment, yoy rate of change and unemployment rate, %

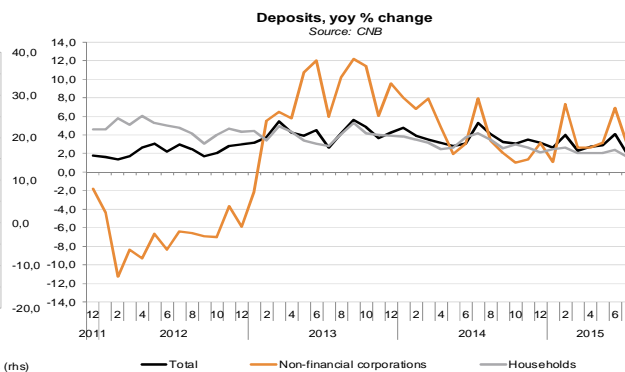
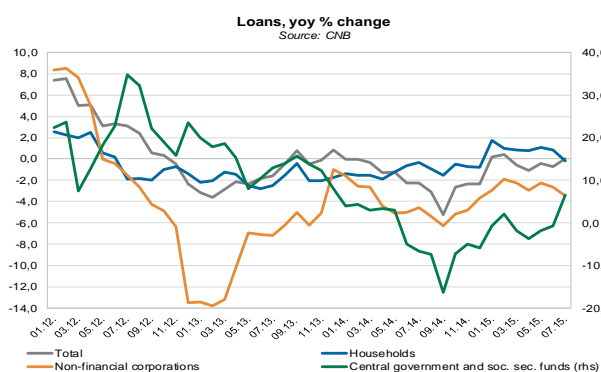
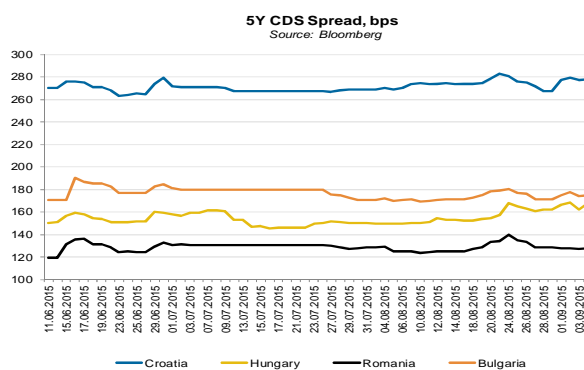
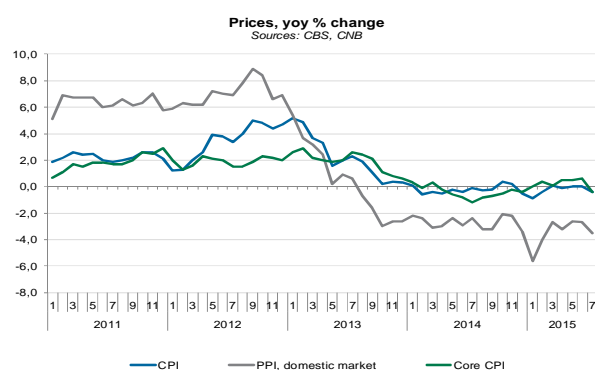
Source: CBS



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

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