

PBZ Weekly Analysis

Number 486, September 14, 2015

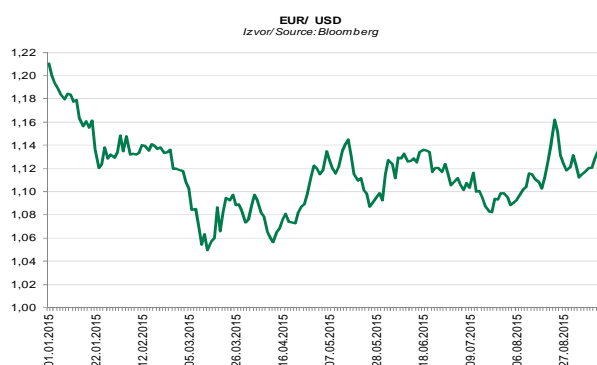
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Weekly overview

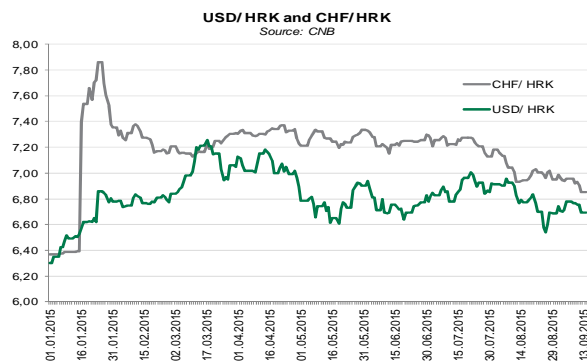
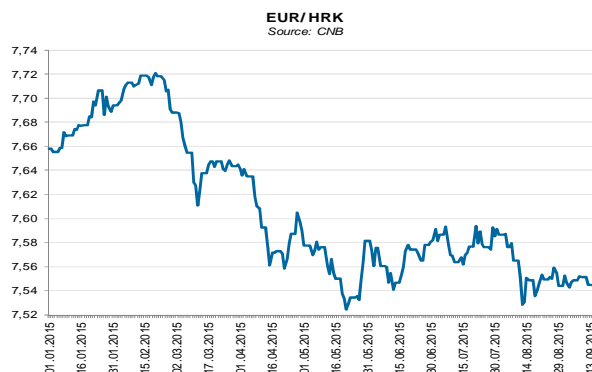
- A series of positive indicators for the real sector has continued with the released data showing a 13% increase in tourist arrivals and 10.7% in tourist nights in July, compared with the same month last year, which is in line with our expectations that the contribution of net exports of goods and services in this year's third quarter will be substantial, but also indicated by the preliminary data on the trade in goods over the first seven months. Specifically, the first seven months saw an increase of 11.1% (12.3% in H1) in the exports of goods and 5.4% (6.3% in H1) in the imports of goods.
- However, volatile movements continued in construction works as, according to gross indices, construction works in June 2015 rose by 2.1% compared with June 2014, whereas according to working-day adjusted data they declined by 2.3%. Although it is difficult to conclude clearly that the decline in the construction sector activities spanning many years has stopped, the current trend direction is more favourable. In fact, following the drop of 1.1% in 1q2015, the second quarter saw a rate of decrease of barely 0.2%, mainly due to a 1.7% drop in the construction of civil engineering works, while the construction of buildings increased by 1.6% compared with the same quarter last year. The uncertainty of future trends is also supported by the data revealing that, although July saw an increase of 2.1% in the issued building permits, over the first seven months a fall in the issued permits by 7.1% was recorded as well as a decrease in the overall anticipated construction work value.

USD and CHF weaker

At the end of last week, the euro strengthened against both the dollar and the Swiss franc, supported by greater investor risk appetite, therefore the trading on Friday closed at 1.1338 dollar to the euro, up by 1.7% wow. The Swiss franc closed the week at 1.09944 franc to the euro, up by 1.5% wow.



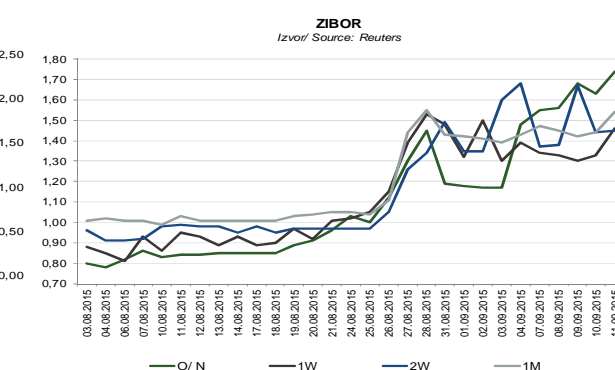
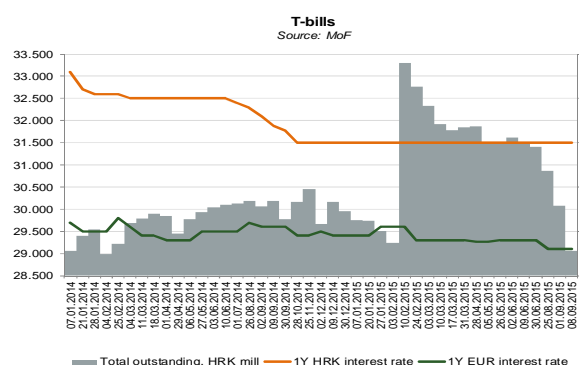
The EUR/HRK exchange rate was 7.5450 kuna to the euro at the end of the week, i.e. down by 0.05% wow. The kuna strengthened against both the dollar and the Swiss franc, and the exchange rate on Friday amounted to 6.6959 kuna to the dollar and 6.8535 kuna to the franc, i.e. down by 1.2% or 1.4%, respectively, wow.



Interest rate rise

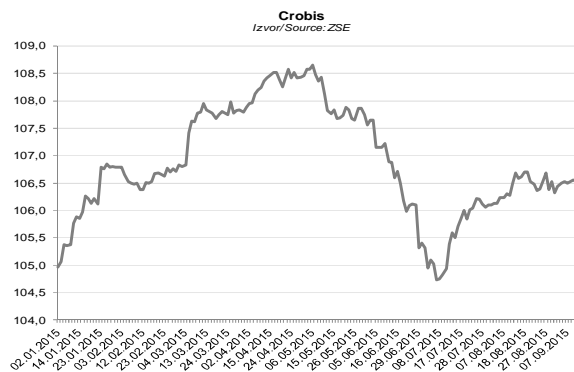
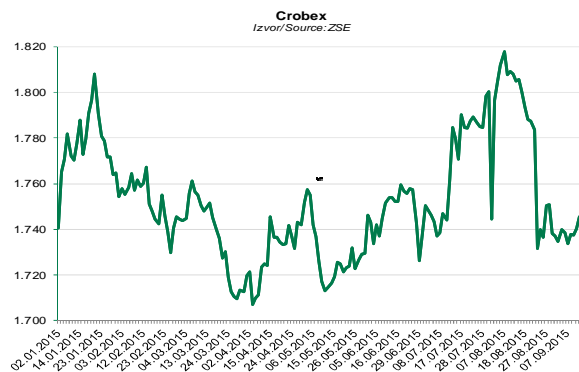
Last week saw corrections in interest rates and the overnight Zibor closed the week at 1.74% (vs 1.48%), whereas 1M and 3M at 1.54% (vs 1.43%), or 1.55% (vs 1.47% the previous week), respectively. The turnover in the ZMM amounted to 896.2 million kuna, while the average daily supply exceeding demand was 30 million kuna.

At the last week's auction, the Ministry of Finance issued a total of 187 million kuna in T-bills with 364-day maturity and an unchanged yield of 1.50%. The overall public debt under T-bills amounts to 29.1 billion kuna. There will be no maturity this week or the week after.

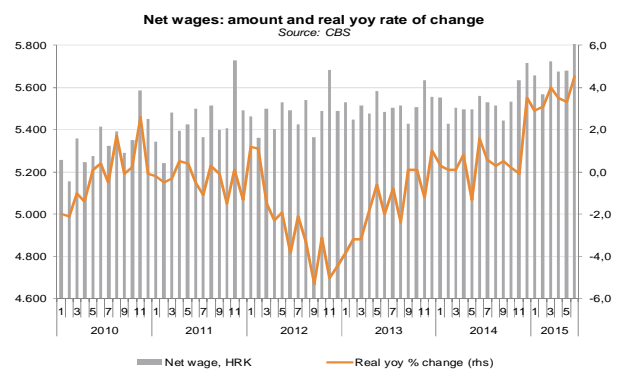
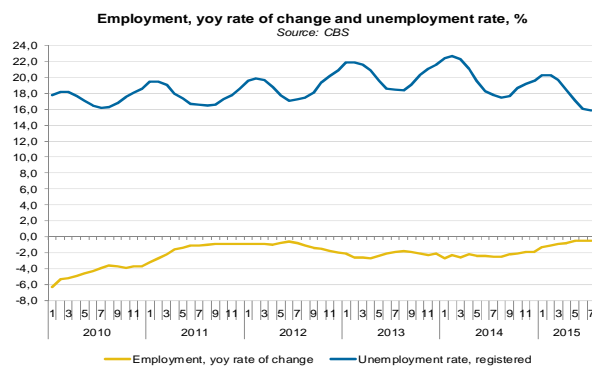
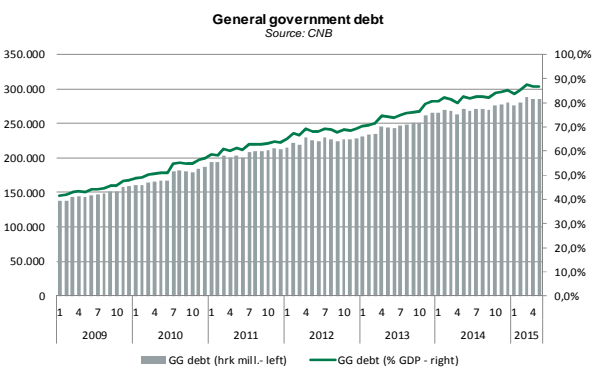
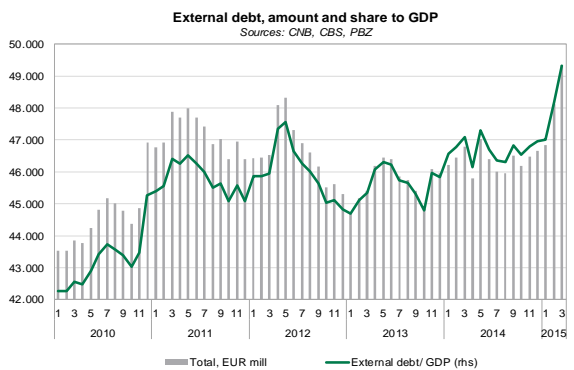
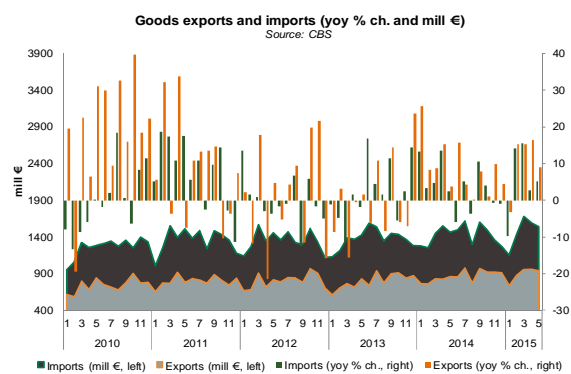
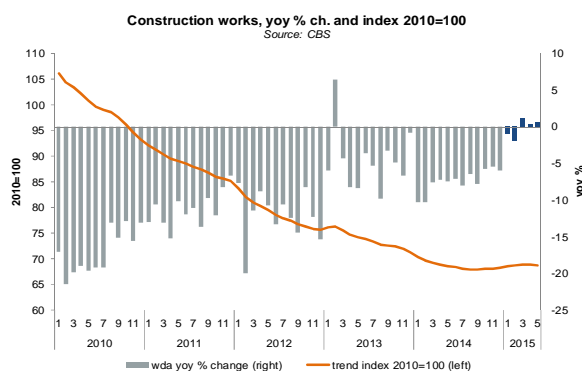
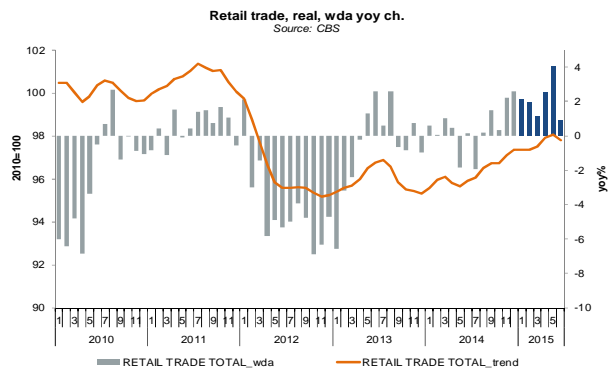
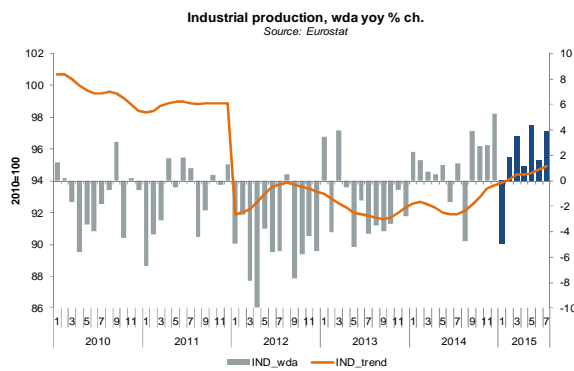


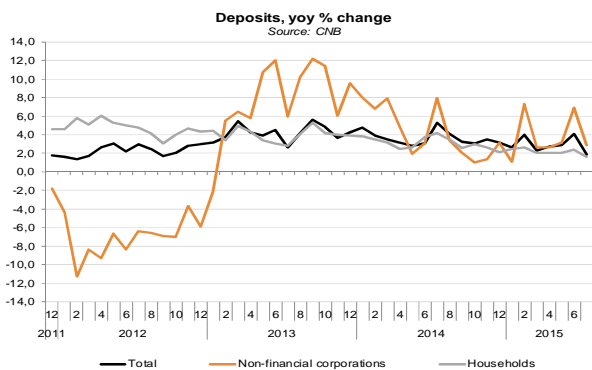
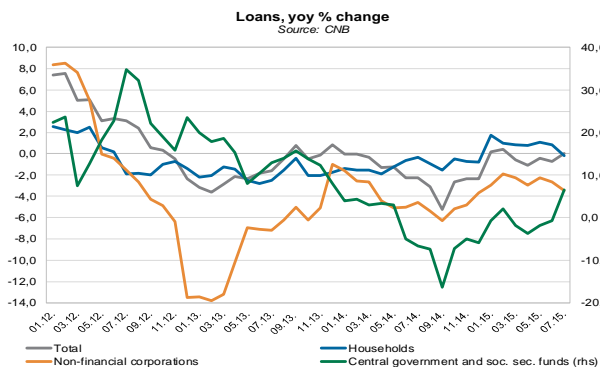
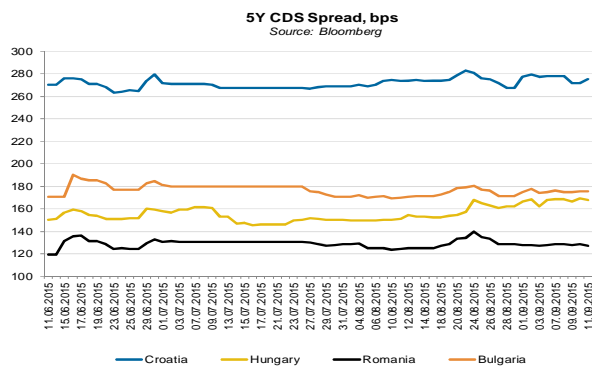
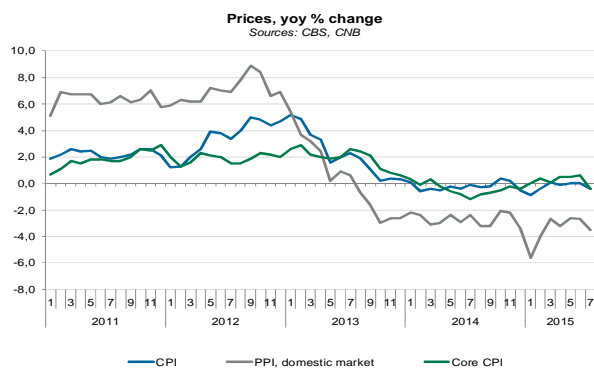
Crobex increases wow

Last week, the Crobex closed at 1,745.42 or gaining 0.4% wow, whereas the Crobis closed the week at a 0.04% higher level, i.e. at 106.56.



Statistics and macroeconomic forecasts





OFFICE FOR ECONOMIC RESEARCH AND STRATEGIC PLANNING

Ivana Jović, ivana.jovic@pbz.hr

Ana Lokin, ana.lokin@pbz.hr

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