PRIVREDNA BANKA ZAGREB

PBZ Weekly Analysis

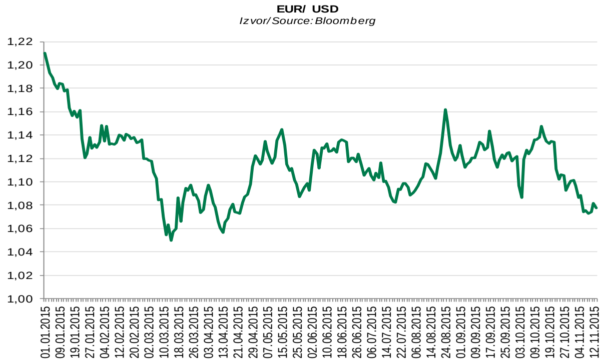
Number 495, November 16, 2015

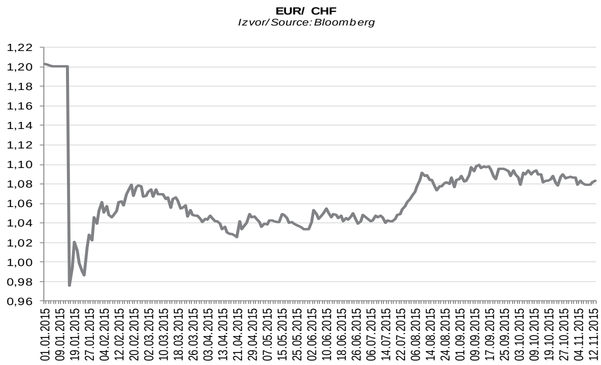
Weekly overview

- The Croatian Bureau of Statistics confirmed the preliminary results of retail trade for September, according to which a real-term increase of 1.3% yoy, i.e. 0.3% mom was recorded. Consequently, in the third quarter of this year, a real retail trade turnover rose by 2.2% compared to the same period of 2014, which indicates a positive contribution of personal consumption to the GDP growth over this period.

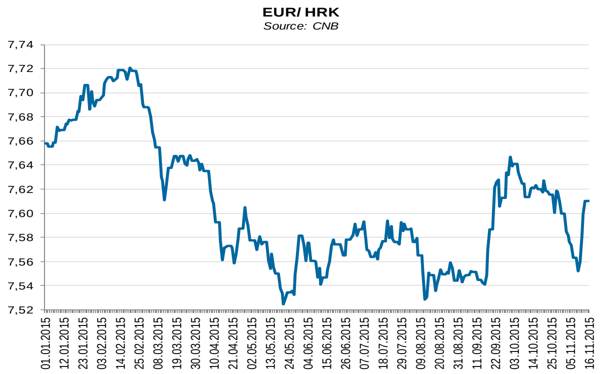
Volatility in FX markets

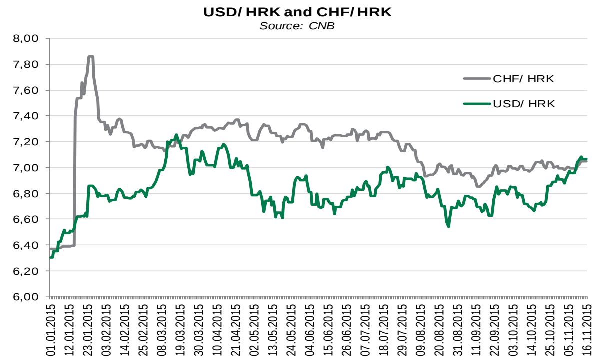
Last week, moderate volatile movements were recorded in FX markets, both international and domestic. The euro recovered slightly, closing the week at 1.0773 dollar, i.e. 0.3% more wow, and at 1.0834 Swiss franc to the euro, respectively, 0.3% more wow.





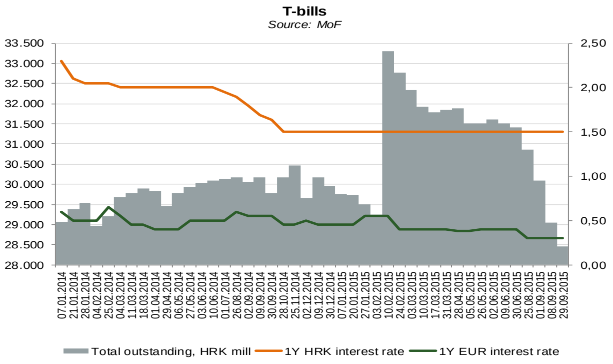
The domestic market saw depreciation pressures and the EUR/HRK exchange rate amounted to 7.6103 kuna to the euro at the end of the week, i.e. 0.6% more wow. The kuna weakened against the dollar as well (by 1.6%, to 7.0649) and the Swiss franc (by 0.9% to 7.0511), respectively.

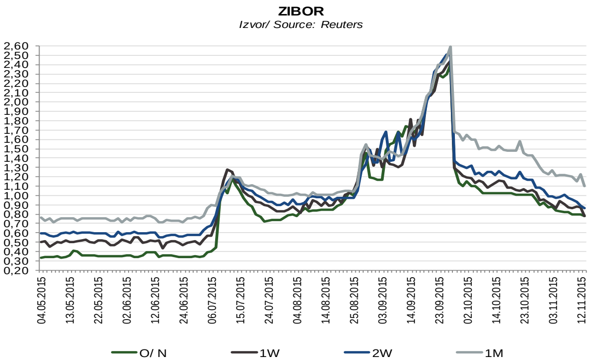




Further interest rate corrections

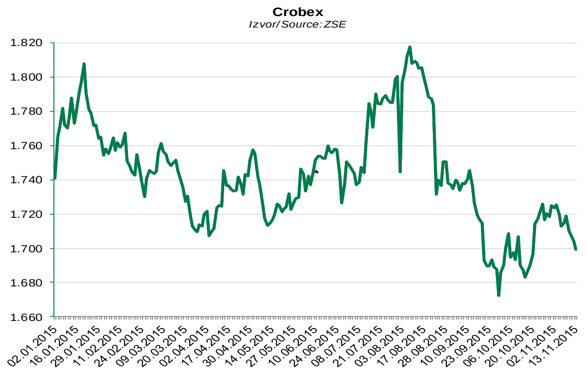
High liquidity and further reverse repo auctions (this week's auction, at a reduced interest rate of 0.5%) corrected interest rates and the overnight Zibor closed the week at 0.78% (vs 0.82%), while 1M and 3M at 1.10% (vs 1.22%), and 1.39% (vs 1.45% the previous week), respectively.

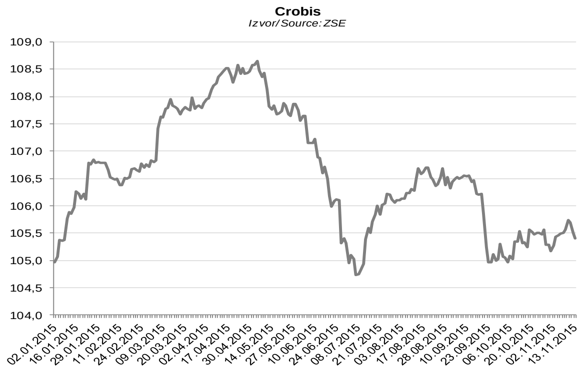




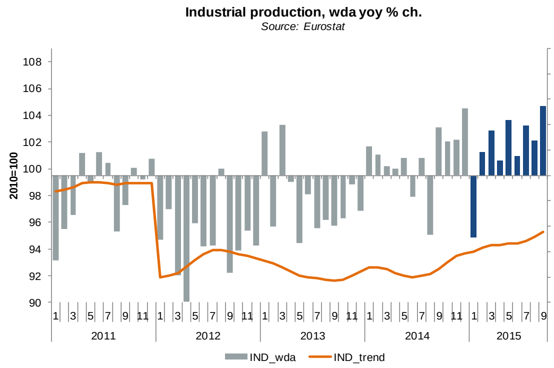
Drop of indices

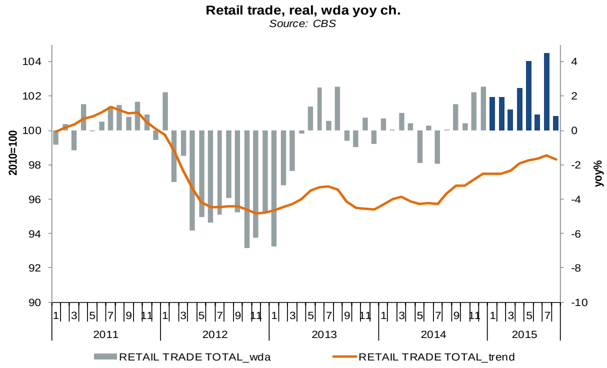
Last week, the Crobex closed at 1,699.25 points, i.e. losing 0.9% wow, whereas the Crobis closed the week at a 0.1% lower level, i.e. 105.40 points. The total ZSE turnover was 12% higher wow, amounting to 310 million kuna.

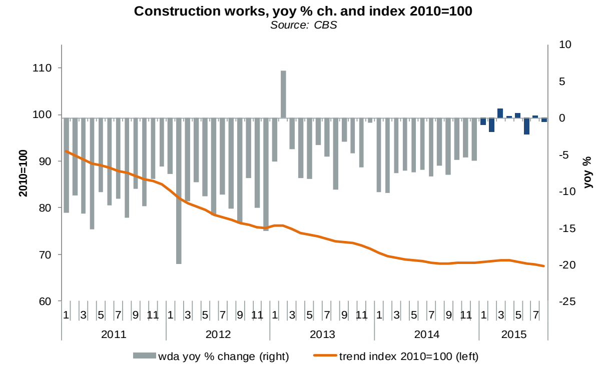


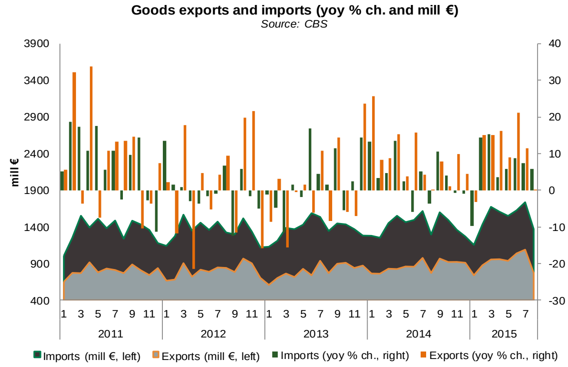


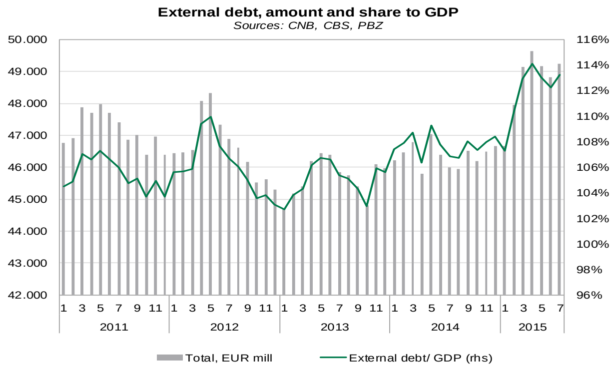
Statistics and macroeconomic forecasts

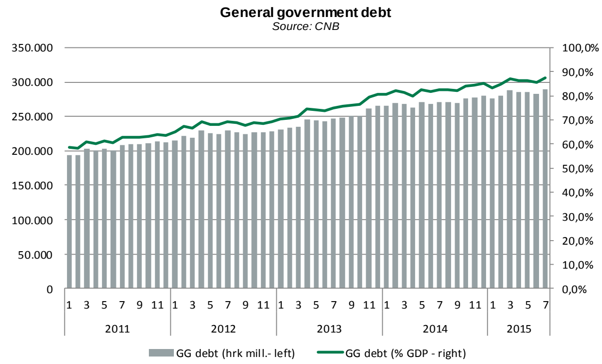


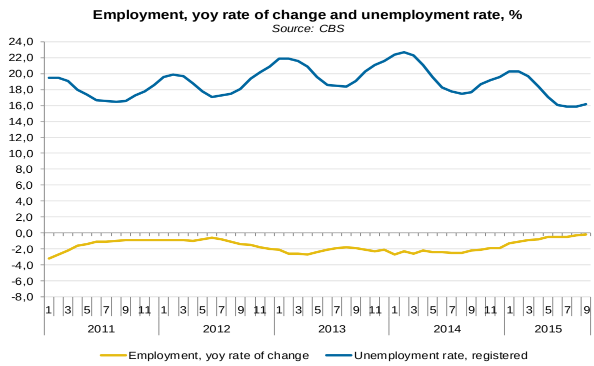


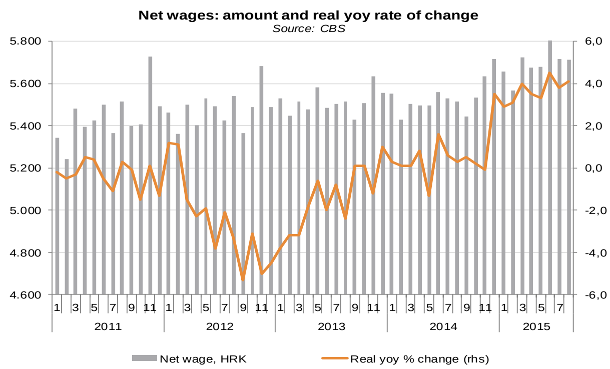


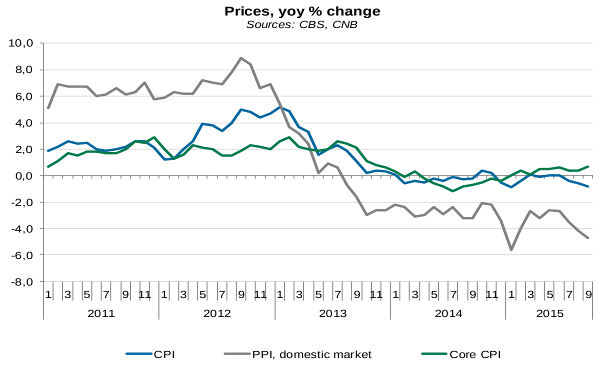


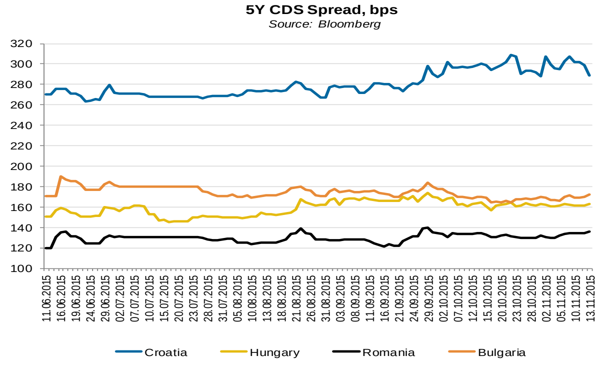


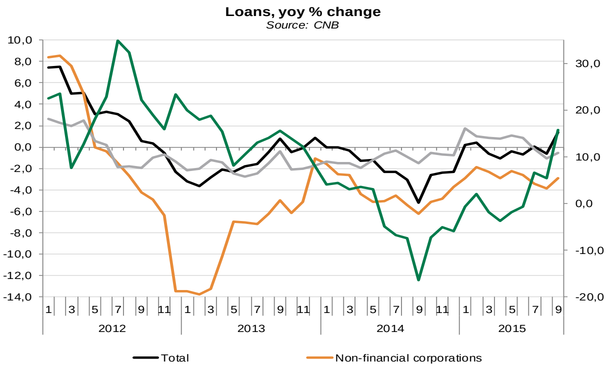


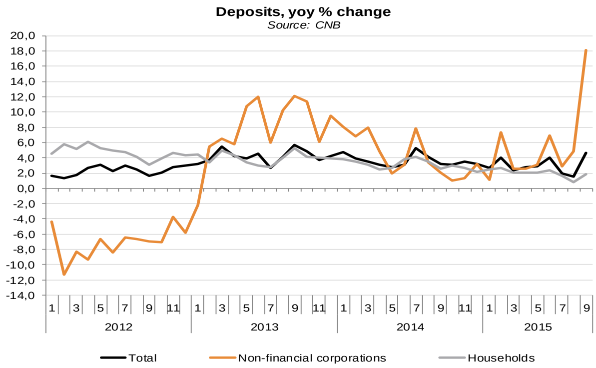


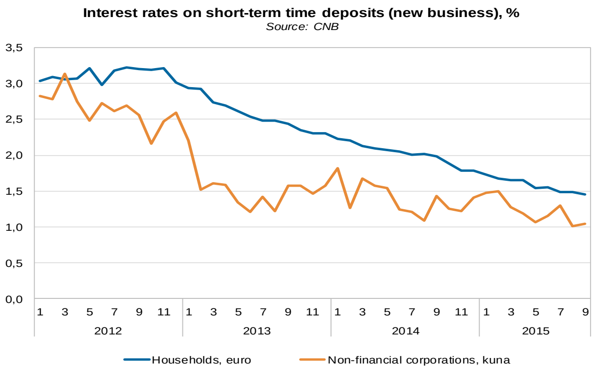


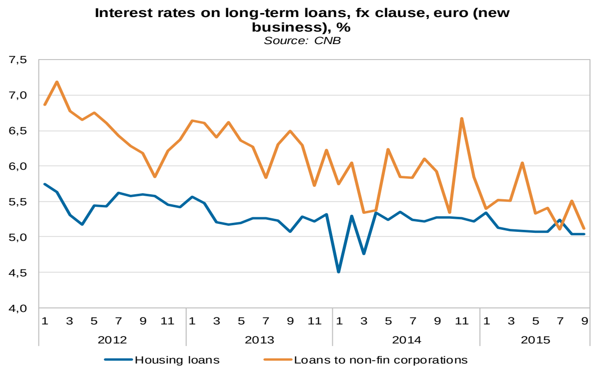

Prices, yoy % change
Sources: CBS, CNB
CPI
PPI, domestic market
Core CPI


5Y CDS Spread, bps
Source: Bloomberg
Croatia
Hungary
Romania
Bulgaria


Loans, yoy % change
Source: CNB
Total
Non-financial corporations


Deposits, yoy % change
Source: CNB
Total
Non-financial corporations
Households


Interest rates on short-term time deposits (new business), %
Source: CNB
Households, euro
Non-financial corporations, kuna


Interest rates on long-term loans, fx clause, euro (new business), %
Source: CNB
Housing loans
Loans to non-fin corporations

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