

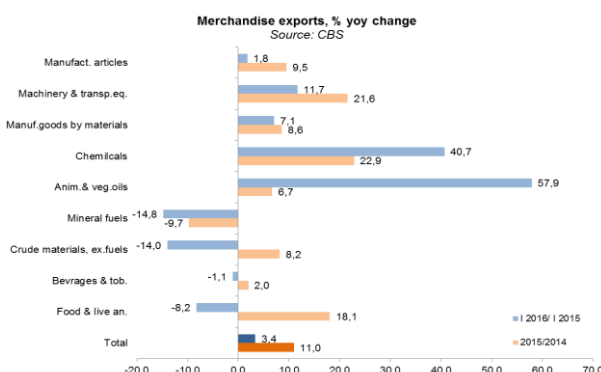
# PBZ Weekly Analysis

## Number 511, April 11, 2016

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## Weekly overview

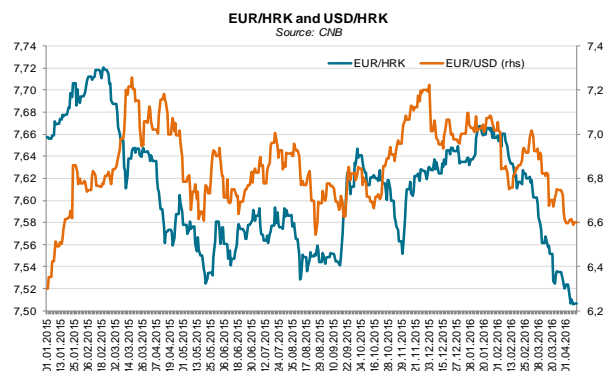
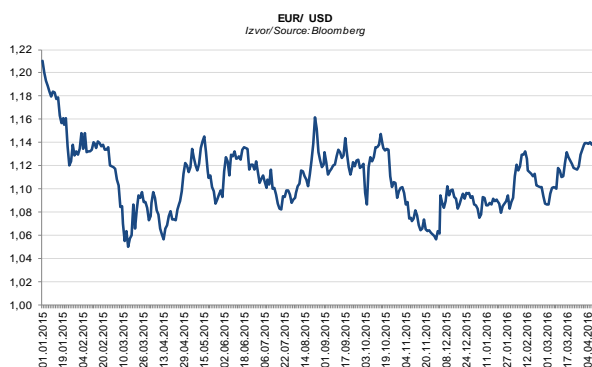
- The total exports of goods in January 2016 amounted 5.859 billion kuna, or 3.4% more compared with January 2015, while the imports amounted to 9.727 billion kuna, or 10% more yoy. The foreign trade deficit increased by 21.9% yoy (to 3.868 billion kuna), whereas the coverage of imports by exports was 60.2% (down by 3.9 p.p. from January 2015). The exports in the EU countries (which accounts for 70.9% of the total exports of goods) rose in January by 9.1%, while the exports in the CEFTA countries (with a share of 14.3% in total exports) dropped by 11.5% compared with January 2015. The preliminary data for February show an increase in the exports of 2.1% and a decrease in the imports of 2% yoy.



## Kuna strengthening continues

As it has become more obvious that the Fed will not raise interest rates at the April meeting, and the Fed's Chair Yellen has signalled that the likelihood of the interest rate hike in June is fading away, the dollar continued to lose its value against the euro last week, so at a certain moment EUR/USD reached the 1.145 level. However, the euro slightly decreased by the end of the week and the trading on Friday closed at 1.1399 dollar to the euro, up by 0.1% wow.

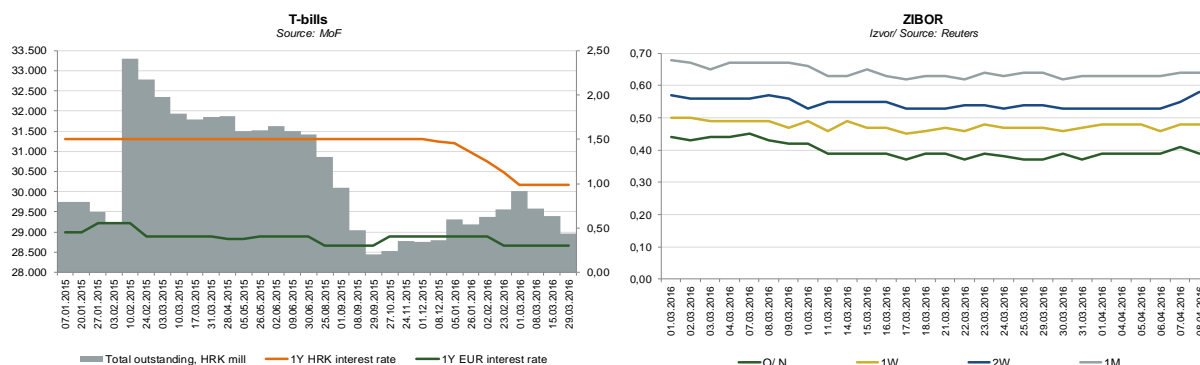
The gradual appreciation of the kuna continued, so the exchange rate, with a relatively modest domestic market turnover, slipped below 7.50. At the end of the week, the trading was around 7.4950 and the mid-exchange rate reached 7.5063 kuna to the euro, -0.2% wow, while the USD/HRK exchange rate stayed the same, amounting to 6.5995 kuna to the dollar on Friday. This week, we expect trading in the range 7.48-7.52 kuna to the euro.



## Minor changes in interest rates

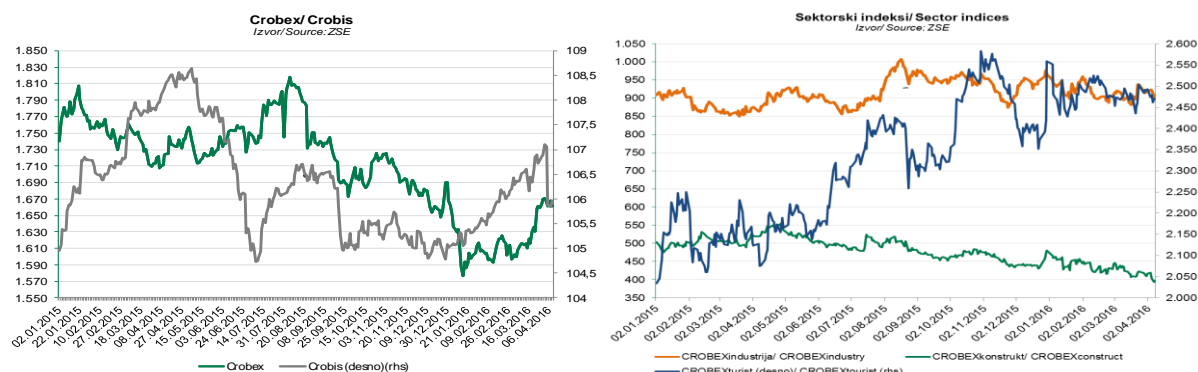
The last week of the current cycle of maintaining reserve requirements saw no significant news in the money market and the liquidity, although slightly lower from previous weeks, remained ample. At the regular reverse repo auction a total of 80 million kuna (30 million kuna more from the week before) at the fixed repo rate of 0.5% was injected into banks, while the total ZMM turnover fell to 55 million kuna, where supply exceeded demand by an average of around 300 million kuna per day. Interest rates on shorter maturities recorded only minor changes, therefore the overnight Zibor closed the week at the unchanged 0.39%, while 1M and 3M at 0.64, and 0.84%, respectively (+1 b.p. wow).

There was no MF T-bill auction and, as there was no maturity either, the government debt under T-bills remained at 29.0 billion kuna. There will be no maturity or auction this week as well.



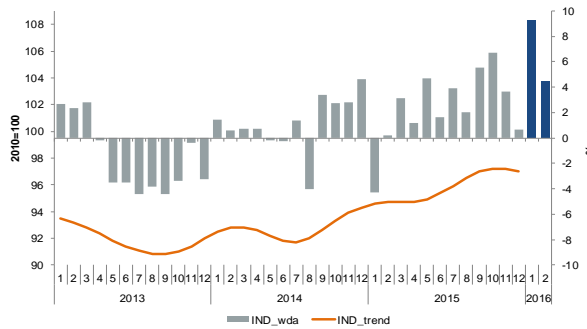
## Crobex drops after four-week growth

The Crobex index dropped by 0.86% wow, closing the week at 1,661.17 points, while the Crobis closed the week at 105.96 points, or down by 1.1% from the week before. Sector indices recorded a decline for the second consecutive week, where CROBEXconstruct closed the week at 397.42 points (-4.6% wow), CROBEXindustry at 901.64 points (-1.8% wow), while CROBEXtourist closed the week at 2,469.88 points, i.e. at a 0.9% lower level compared with the previous week. The total ZSE turnover declined by 41.2% wow, due to a fall in the bond turnover of 42.3% (to 286 million kuna), while the share turnover decreased to 32 million kuna (-31% wow).

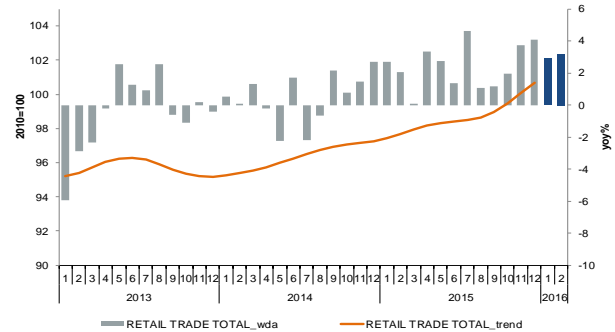


# Statistics

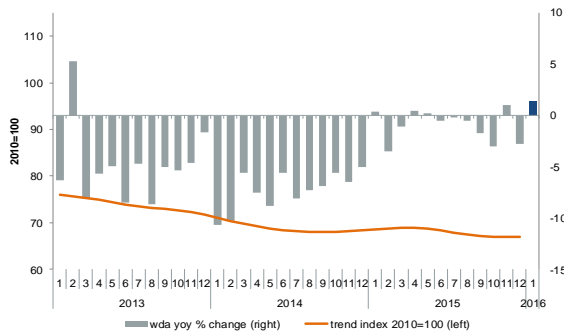
**Industrial production, wda yoy % ch.**  
Source: Eurostat



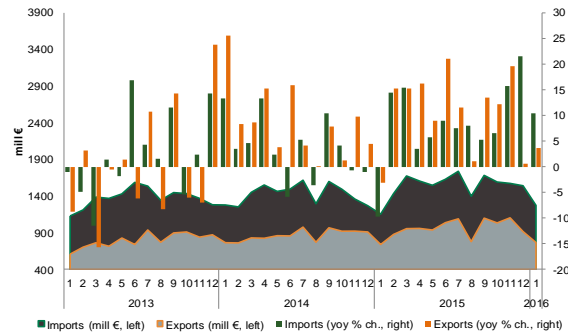
**Retail trade, real, wda yoy ch.**  
Source: CBS



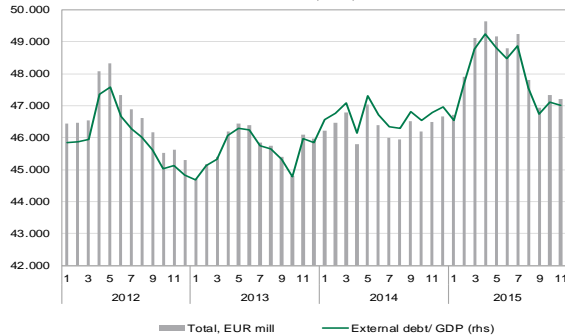
**Construction works, yoy % ch. and index 2010=100**  
Source: CBS



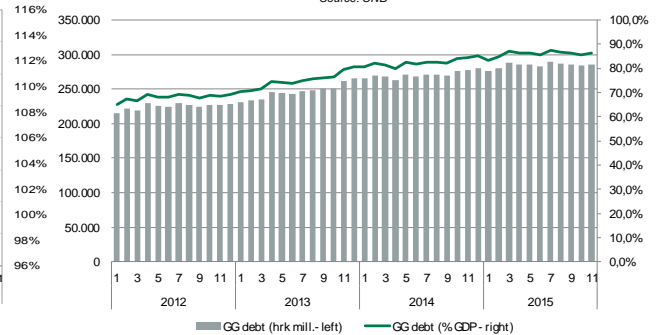
**Goods exports and imports (yoy % ch. and mill €)**  
Source: CBS



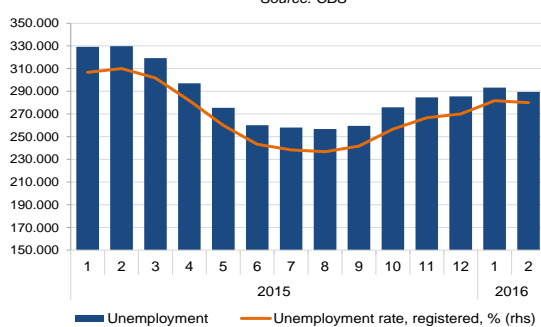
**External debt, amount and share to GDP**  
Sources: CNB, CBS, PBZ



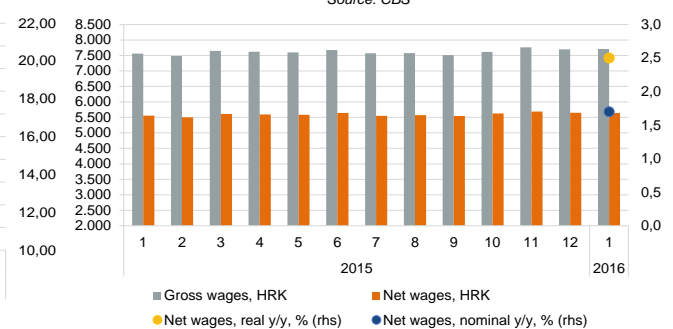
**General government debt**  
Source: CNB

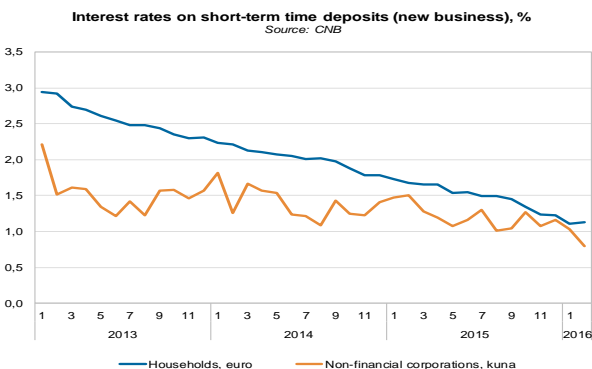
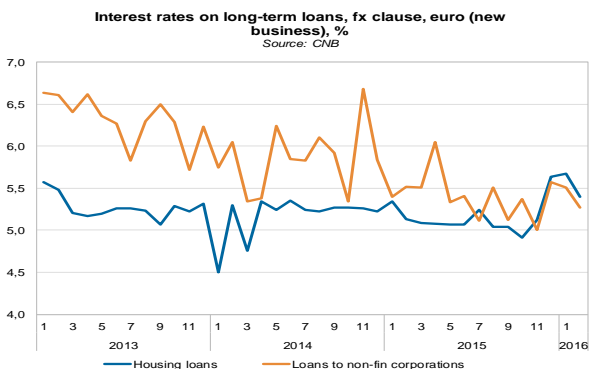
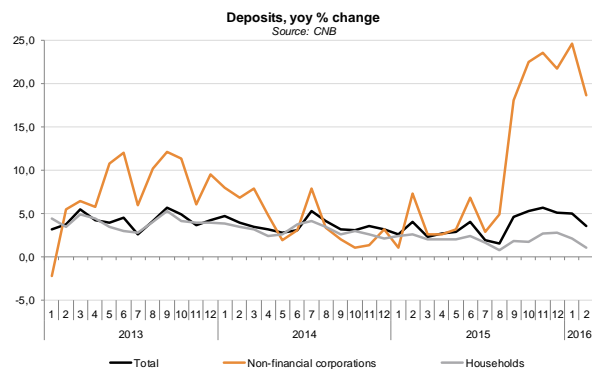
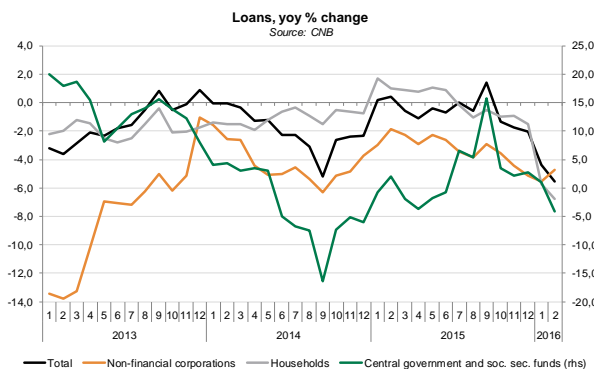
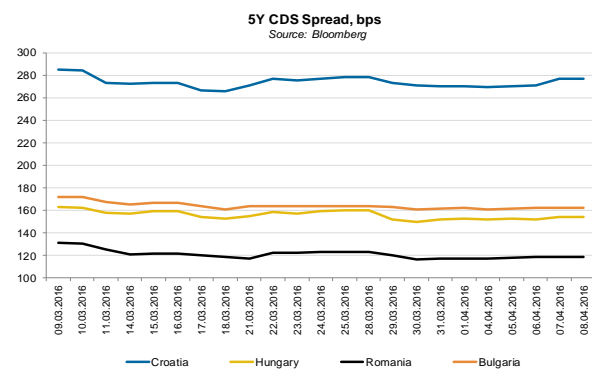
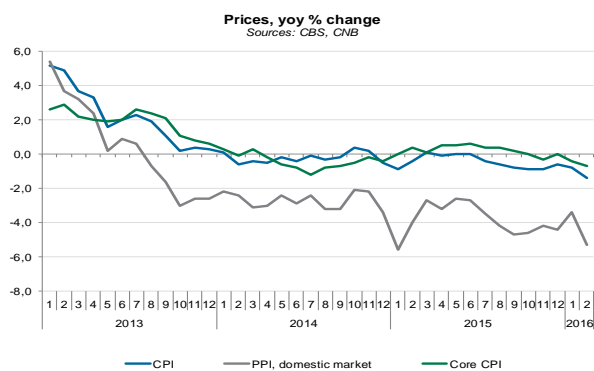


**Total unemployment and unemployment rate**  
Source: CBS



**Wages, monthly average**  
Source: CBS





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#### **TREASURY**

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