

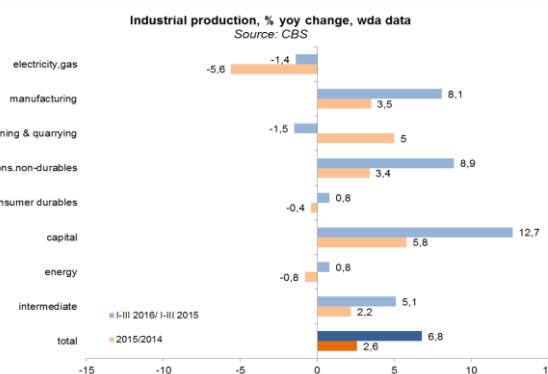
# PBZ Weekly Analysis

## Number 514, May 02, 2016

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## Weekly overview

- According to the working-day adjusted data, the industrial production in March 2016 increased by 6.9% from March 2015 (for the fourteenth consecutive month), whereas both seasonally adjusted and working-day adjusted data show an increase of 5% mom. According to MIGs, IP rose yoy in all the categories, where the largest increase was recorded in Capital goods (+13.2), Energy (+5.8%), Intermediate goods (+5.7%), Consumer non-durables (+4%) and Consumer durables (+0.9%). IP recorded a mom increase in Energy (+12.3%), Consumer durables (+6%), Capital goods (+3.9%) and Intermediate goods (+3.4%), while the category Consumer non-durables decreased by 3.3%. Thus, the industrial production rose by 6.8% in the first quarter of this year (wda data), compared with the same period last year, mainly as a result of a larger external demand and the recovery of the domestic market.
- March saw a total of 1,334,019 persons in paid employment, which is a mom decline of 0.2%. Both the number of persons in paid employment in legal entities and agriculture declined by 0.4% (to 1,130,168 and 20,075 persons, respectively), while the number of persons in paid employment in crafts and trades and free lances rose by 1.4% (to 183,776). The total annual number of persons in paid employment in March decreased by 1.4% (-1.5% in legal entities, -0.3% in crafts and trades and free lances and -6.4% in agriculture). The registered number of unemployed persons in March fell to 276,406 persons (-4.5% mom and -13.4% yoy), while the registered unemployment rate amounted to 17.2% (-0.6 p.p. mom and -1.9 p.p. yoy). The average monthly net earnings per person in employment in legal entities in February 2016 was higher by 2.7% in nominal terms and 4.2% in real terms yoy, amounting to 5.652 kuna, while the comparison with January 2016 shows an increase of 0.1% in nominal terms and 0.4% in real terms. Median net earnings for February amounted to 4.667 kuna.

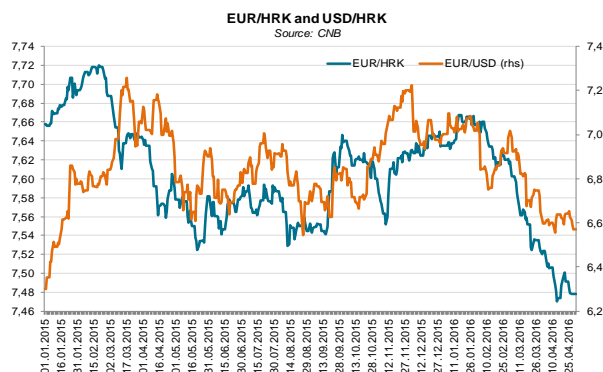


## Dollar sharply weaker

As expected, the FOMC maintained interest rates at the current levels and the release of this decision was followed by the correction of the dollar. Consequently, the euro strengthened against the dollar, also supported by the released data on the first quarter Eurozone GDP growth. Therefore, trading on Friday closed at 1.1451 dollar to the euro, up by 2.0% wow.

Last week, trading was around the 7.48 level, whereas, due to the interbank trading, Friday saw a growth reaching the 7.51 level. However, the kuna mid-exchange rate fell wow, amounting to 7.4783 kuna to the euro on Friday, down by 0.2% wow. The USD/HRK exchange rate amounted to 6.5703

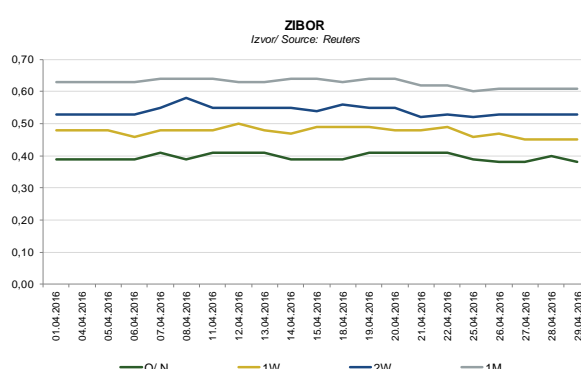
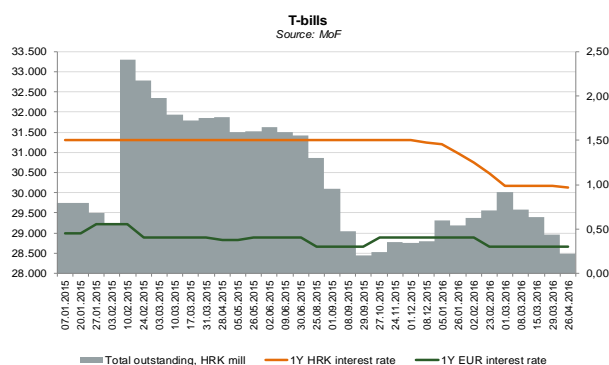
kuna to the dollar at the end of the week, -1.1% wow. This week, we expect trading in the range from 7.48 to 7.53 kuna to the euro.



## Ample liquidity

Liquidity has remained around 10 billion kuna, therefore, the Croatian National Bank injected only 80 million kuna at the fixed repo rate of 0.5% into banks at the regular reverse repo auction, the same as the week before. The total ZMM turnover barely amounted to 35 million kuna, where supply exceeded demand by an average of 301 million kuna per day. Interest rates on shorter maturities stayed the same or recorded insignificant reductions, so the overnight Zibor closed the week at 0.38% (-3 b.p. wow), 1M at 0.61% (-1 b.p.), and 3M at 0.80% (unchanged).

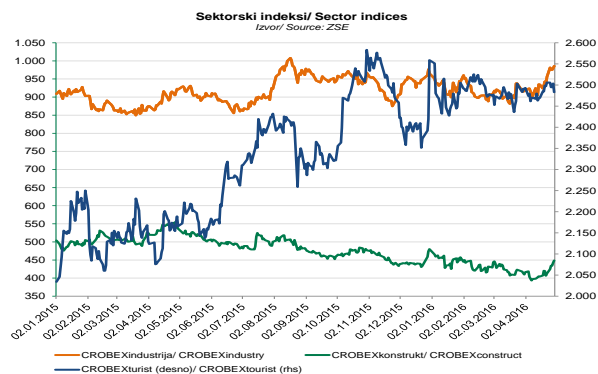
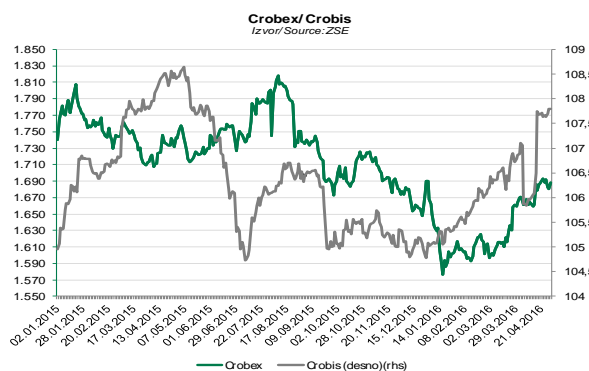
The T-bill auction saw a subscription of 672 million kuna in one-year kuna T-bills with an interest rate of 0.97%, 2 b.p. lower from the previous issue. As 1.1 billion kuna matured, the government debt under T-bills fell to 28.5 billion kuna. A total of 0.6 billion kuna in T-bills will mature this week and the auction with the planned issue amounting to 400 million kuna has been announced.



## Crobex declines wow

The Crobex index declined by 0.3% wow, closing the week 1,688.48 points, while the Crobis slightly rose by 0.1% wow, closing the week at 107.80 points. With regard to sector indices, CROBEXconstruct closed the week at 448.65 points (+8.7% wow), CROBEXindustry at 985.71 points (+3.1%), while CROBEXtourist dropped by 0.9% wow, closing the week at 2,483.00 points. The total ZSE turnover increased by 54.8% from the previous week, amounting to 358.6 million kuna, due to a

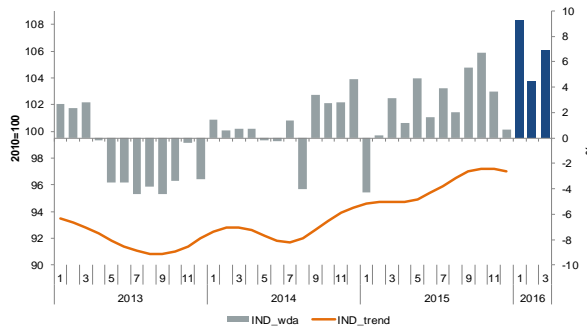
higher bond turnover of 27.9% wow (to 245 million kuna), while the share turnover reached 112.8 million kuna (+186.3% wow).



# Statistics

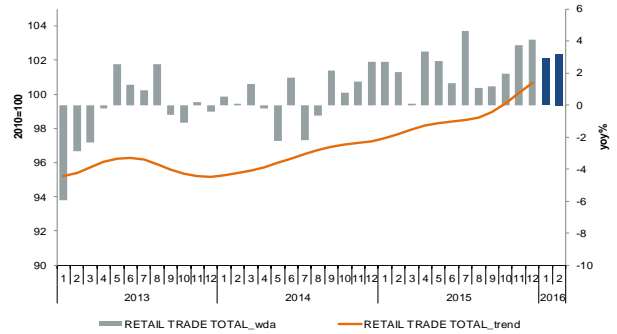
**Industrial production, wda yoy % ch.**

Source: Eurostat



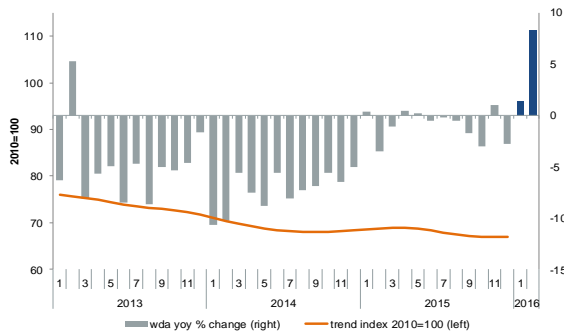
**Retail trade, real, wda yoy ch.**

Source: CBS



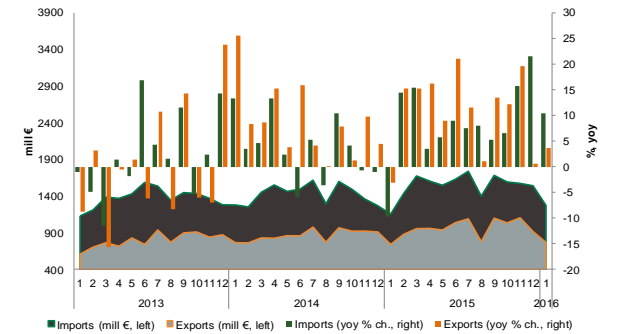
**Construction works, yoy % ch. and index 2010=100**

Source: CBS



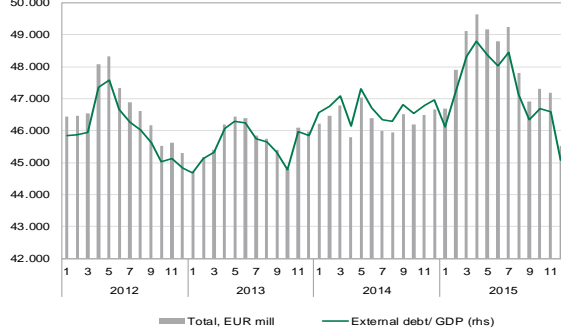
**Goods exports and imports (yoy % ch. and mill €)**

Source: CBS



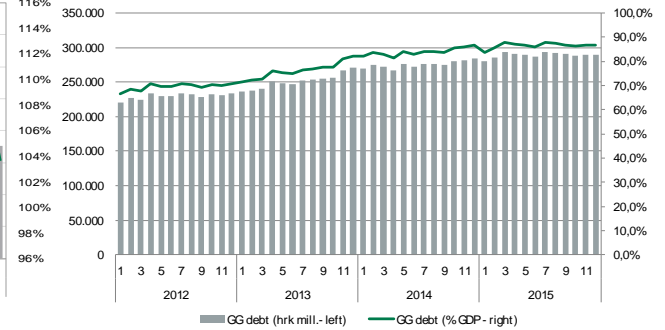
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



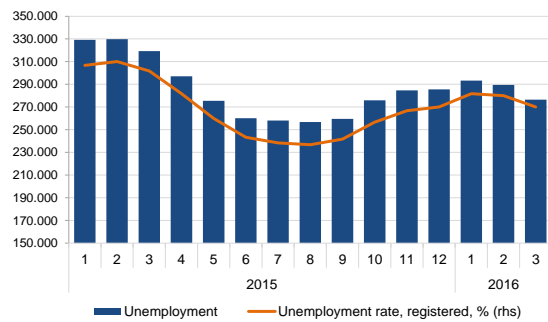
**General government debt**

Source: CNB



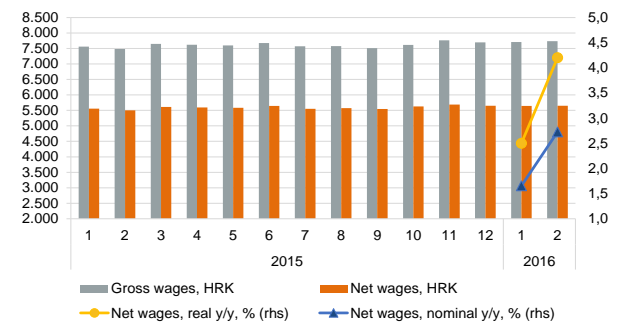
**Total unemployment and unemployment rate**

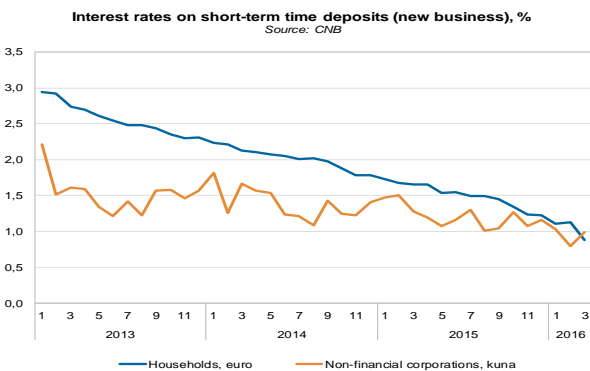
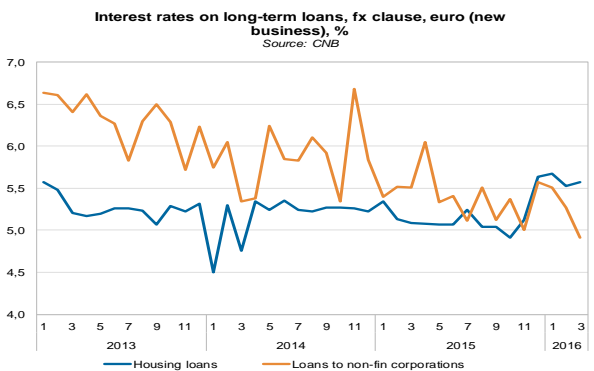
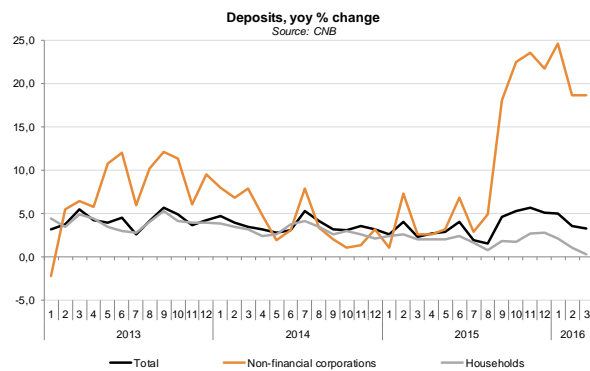
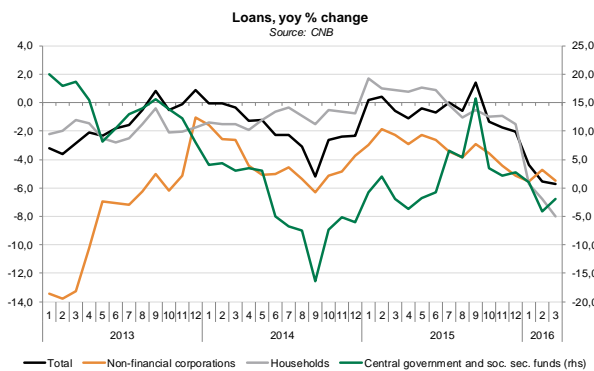
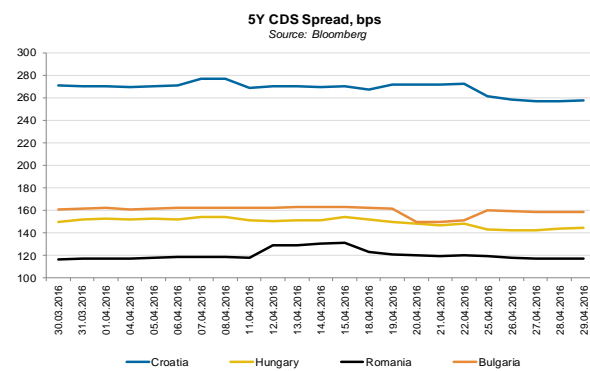
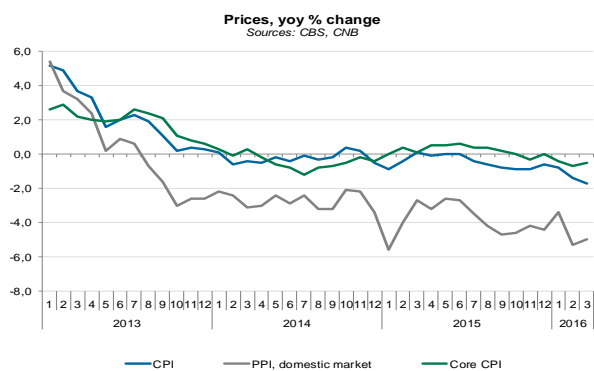
Source: CBS



**Wages, monthly average**

Source: CBS





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