

PBZ Weekly Analysis

Number 515, May 09, 2016

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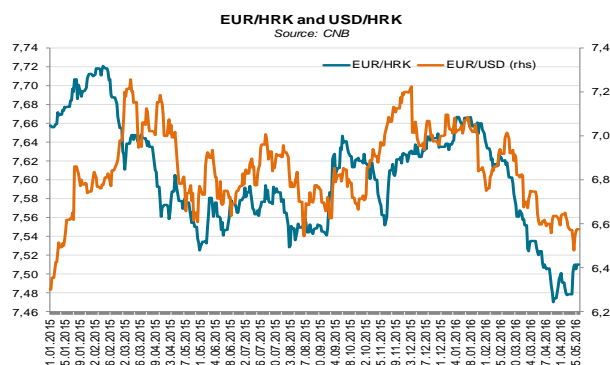
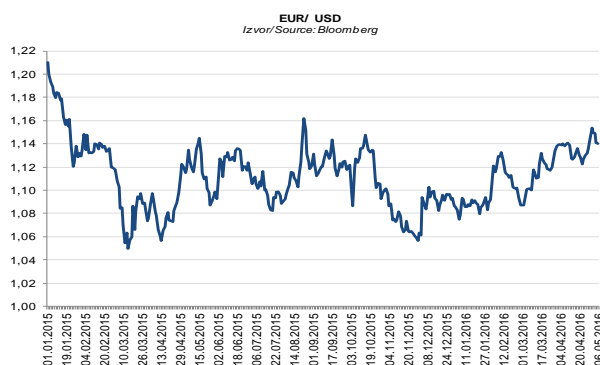
Weekly overview

- Total loans of other MFIs ended the first quarter at a 2.8% lower level, compared to the end of the last year. Loans of the central government decreased by 4.0%, household loans by 5.0%, while loans of non-financial corporations recorded a growth of 0.8% qoq. The latter, however, after the mom growth of 0.4% in January and 1.6% in February, respectively, recorded a decline in March from the previous month by 1.2% (working capital -0.4%, investment -2.2%, other -1.0%), indicating a continuation of volatile movements. Housing loans fell by 10.0% qoq; loans indexed to the franc fell by 82.4% (14.5 billion kuna) over the monitored period, while housing loans indexed to the euro increased by 21.7% (7.8 billion kuna). With regard to other types of household loans, qoq growth was recorded by kuna housing loans (+15.2%) and any-purpose cash loans (+7.5%). An increase of 2.9% was recorded by car loans, which follows the data on the sale of vehicles, while overdrafts on transaction accounts are also slightly up by 0.4%. Of other significant types of loans, other loans declined by 0.3%, and card loans by 3.2%, compared with the end of 2015. Total deposits in March were down by 2.6%, where household deposits fell by 3.0% and deposits of non-financial corporations by 6.0%. By the end of this year, we expect a continuation of meagre demand and deleveraging of the private sector, and demand of households for kuna loans (refinancing of loans with a currency clause), and the refinancing of large international corporations, while we expect the recovery of deposits as the tourist season is intensifying.
- Retail trade in March, according to the preliminary data of the Croatian Bureau of Statistics, recorded a real-term growth of 3.5%, compared with the same month of 2015 (wda data), while the mom data show a moderate real-term growth of 0.2% (seasonally and working-day adjusted data).

Kuna slightly weaker

At the beginning of last week, the dollar continued to weaken against the euro, exceeding the 1.15 level, however, picking up by the end of the week amid the expectations of positive US employment trends. Thus, the trading on Friday closed at 1.1404 dollar to the euro, down by 0.4% wow.

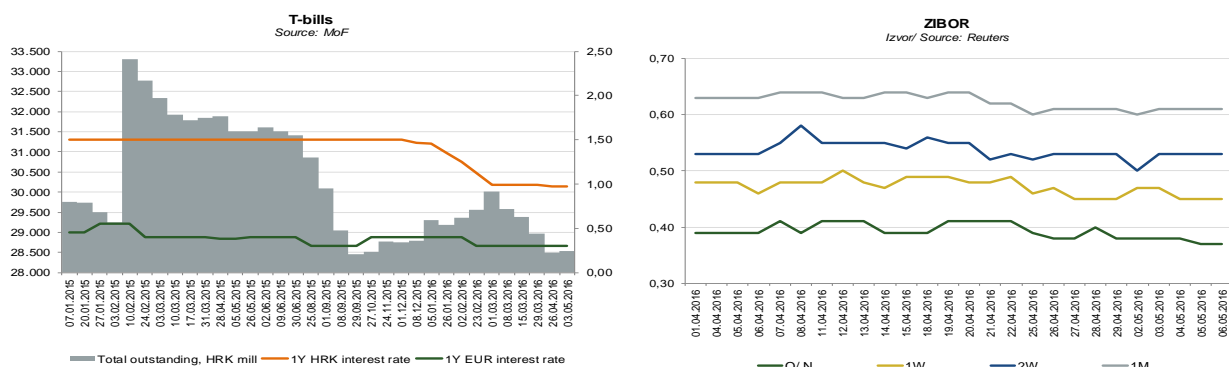
Last week, trading was in the range 7.50-7.52 kuna to the euro, while the mid-exchange rate on Friday amounted to 7.5103, up by 0.4% wow. The exchange rate of the kuna against the dollar amounted to 6.5765 kuna to the dollar at the end of the week, up by 0.1% wow. This week, we expect trading in the range from 7.48 to 7.52 kuna to the euro.



Money market sees calm week

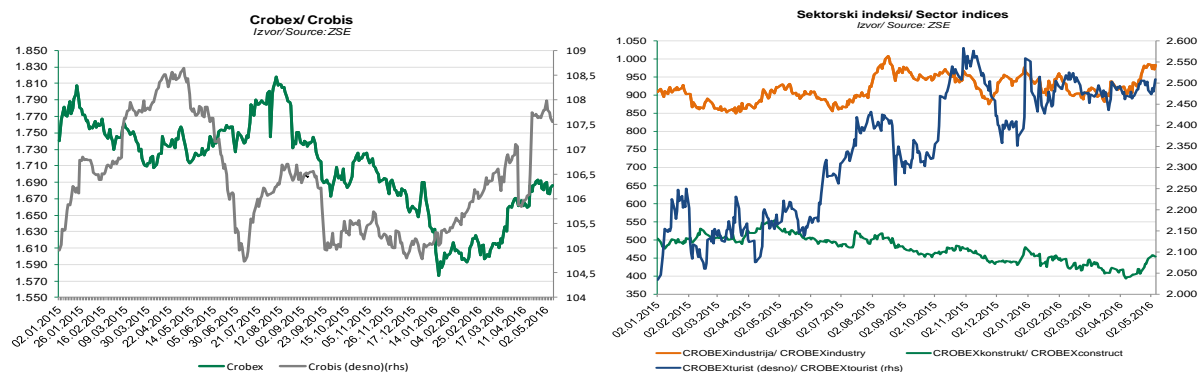
The liquidity of the system was a little lower from the previous weeks, however, still more than plentiful, therefore the CNB injected only 90 million kuna at the fixed repo rate of 0.5% at the regular reverse repo auction. The total ZMM turnover barely amounted to 45 million kuna, where supply exceeded demand by an average of 289 million kuna per day. The overnight Zibor closed the week at 0.37% (-1 b.p. wow), while 1M and 3M at the unchanged 0.61 and 0.80%, respectively.

The MF T-bill auction saw a subscription of 575 million kuna in one-year kuna T-bills with an unchanged yield of 0.97%. As 0.6 billion kuna in T-bills matured, the government debt under T-bills remained at 28.5 billion kuna. This week there will be no maturity or auction.



Crobex enters negative territory again

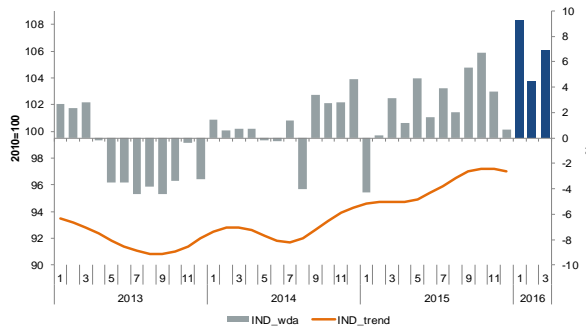
The Crobex index slightly declined by 0.1% wow, closing the week at 1,686.40 points, while the Crobis dropped by 0.2% wow, closing the week at 107.56 points. CROBEXconstruct closed the week at 454.05 points (+1.2%), CROBEXtourist at 2,509.16 points (+1.1%), while CROBEXindustry closed the week at 983.28 points (-0.2% wow). The total ZSE turnover decreased by half from the previous week, amounting to 179.9 million kuna, as a result of a 54.3% drop in the turnover in shares (to 51.5 million kuna) and 48.0% drop in the turnover in bonds (to 127.5 million kuna).



Statistics

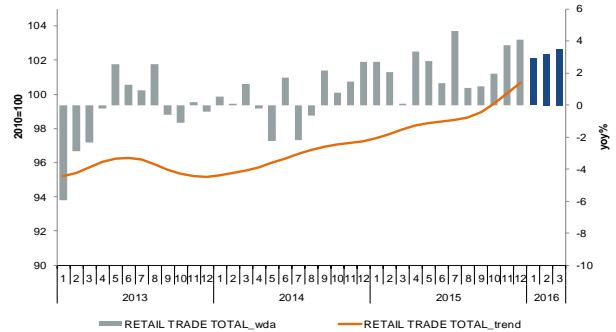
Industrial production, wda yoy % ch.

Source: Eurostat



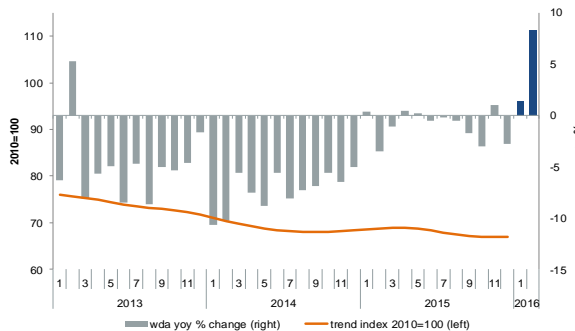
Retail trade, real, wda yoy ch.

Source: CBS



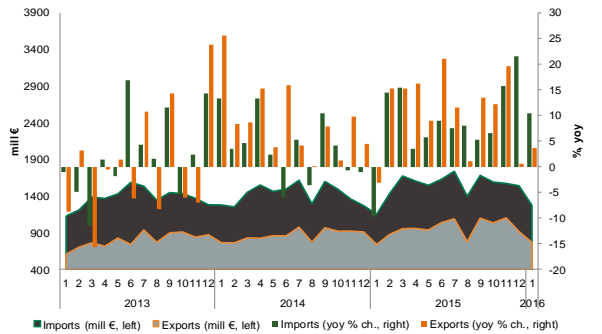
Construction works, yoy % ch. and index 2010=100

Source: CBS



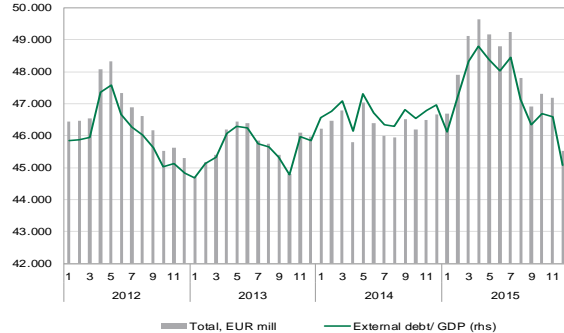
Goods exports and imports (yoy % ch. and mill €)

Source: CBS



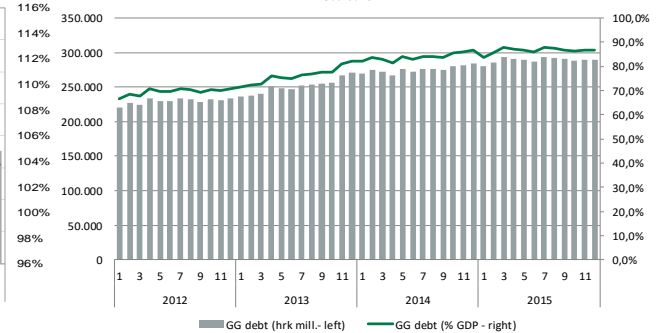
External debt, amount and share to GDP

Sources: CNB, CBS, PBZ



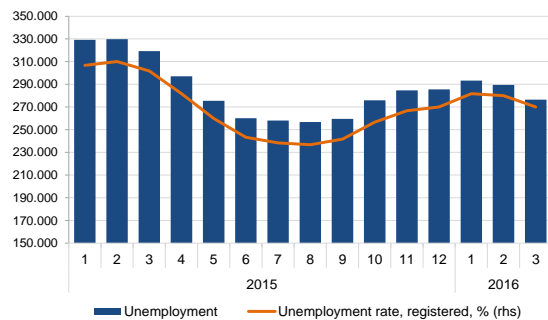
General government debt

Source: CNB



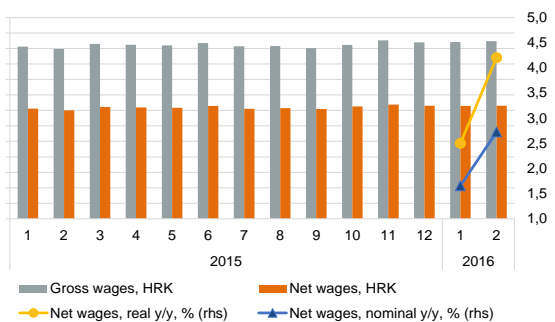
Total unemployment and unemployment rate

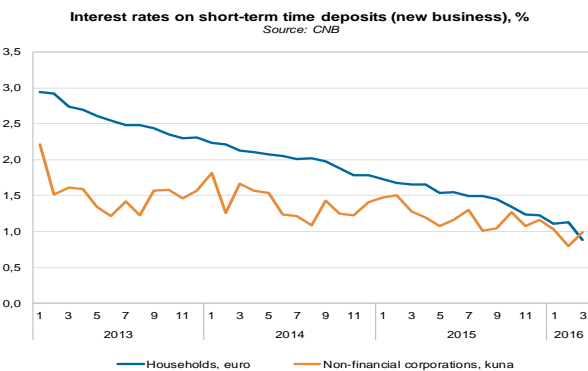
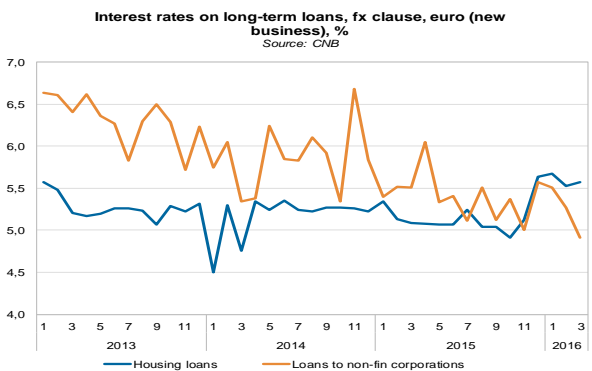
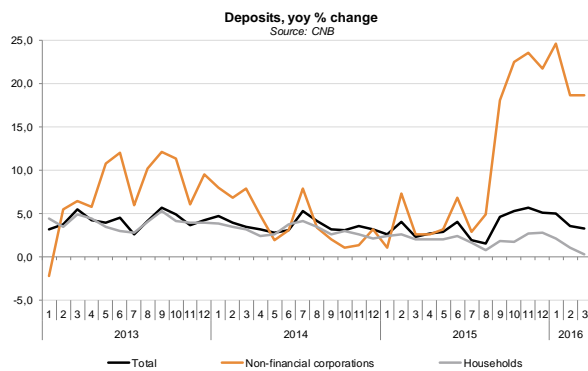
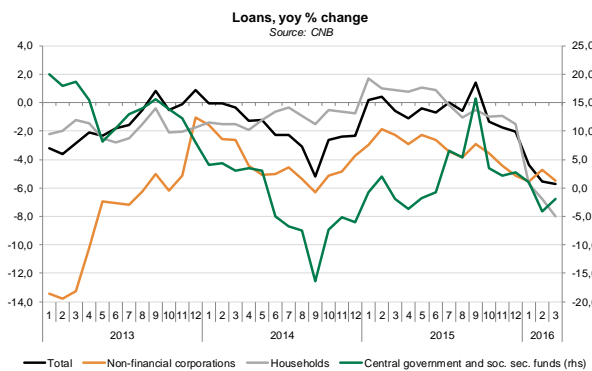
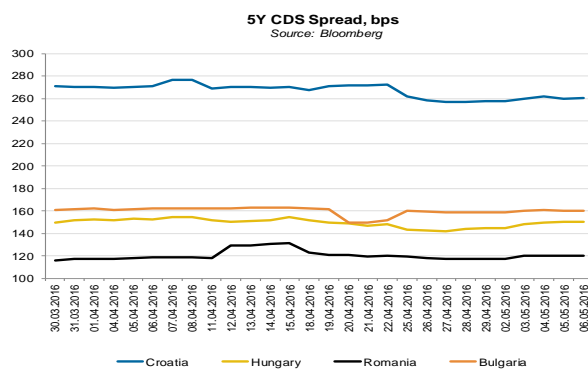
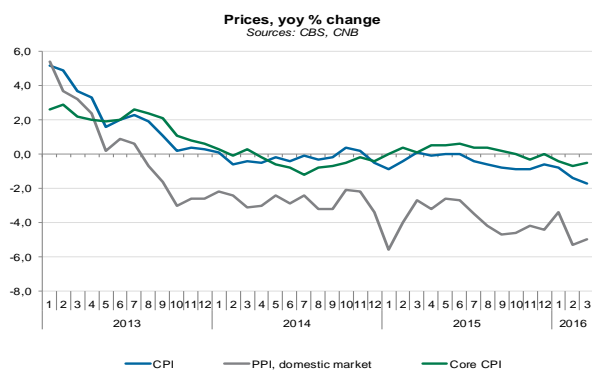
Source: CBS



Wages, monthly average

Source: CBS





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