

PBZ Weekly Analysis

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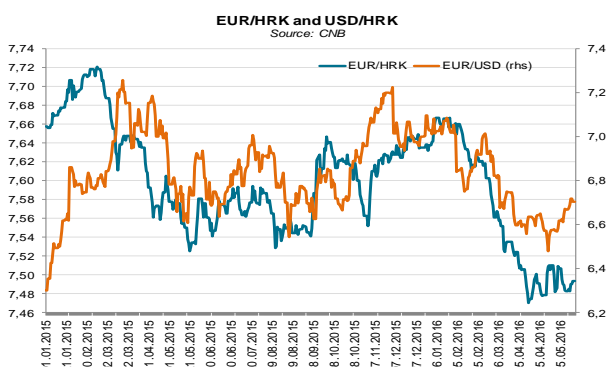
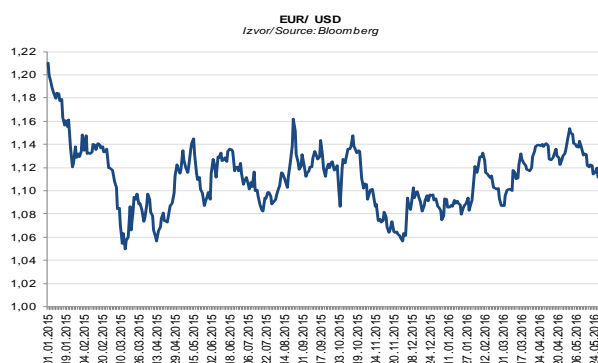
Weekly overview

- According to the preliminary data of the Croatian Bureau of Statistics (CBS), the average monthly net earnings per person in employment in legal entities in March 2016 increased by 1.9% in nominal terms and 3.7% in real terms yoy, amounting to 5,722 kuna. At the same time, the average monthly gross earnings increased by 2.3% in nominal terms and 4.1% in real terms, amounting to 7,825 kuna. The registered number of unemployed persons in April decreased to 254,591 persons (-7.9% mom and -14.3% yoy), while, according to the preliminary data of the CBS, the registered unemployment rate amounted to 15.9% (-1.3 p.p. mom and -2.0 p.p. yoy).

Kuna stays the same against the euro

The ascent of the dollar against the euro has continued amid expectations that the Fed will raise interest rates this summer. The trading on Friday closed at 1.1115 dollar to the euro, down by 1.0% wow.

The exchange rate of the kuna against the euro recorded only marginal shifts last week, therefore the mid-exchange rate on Friday amounted to 7.4937, up by 0.1% wow. The kuna against the dollar weakened by 0.6% to 6.7052 kuna to the dollar.

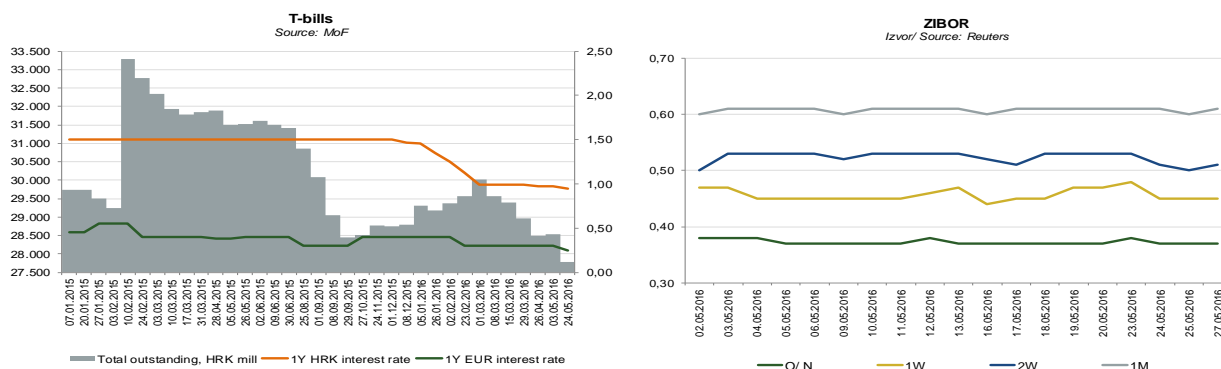


Second structural repo operation conducted

The money market remained flat last week and the biggest news was this year's second structural repo operation, where 146.5 million kuna were injected in the system at the fixed repo rate of 1.8%, maturing on 28 May 2020. A total of 80 million kuna at the fixed repo rate of 0.50% were injected at the regular reverse repo auction. The total ZMM turnover amounted barely to 23 million kuna, where supply exceeded demand by an average of 293 million kuna per day. The overnight Zibor closed the week at the unchanged 0.37%, while 1M and 3M remained at 0.61 and 0.80%, respectively.

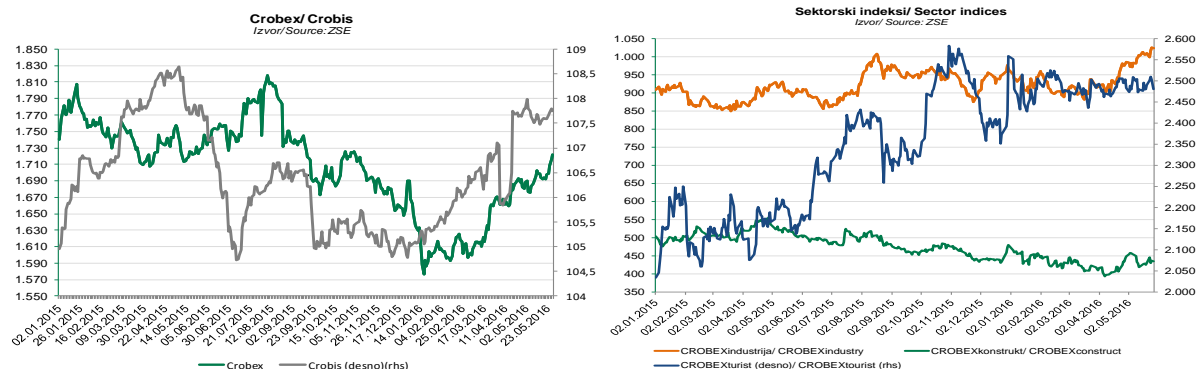
The MF T-bill auction saw a subscription of 440 million kuna and, as 1.2 billion kuna matured, the government debt under T-bills dropped to 27.8 billion kuna. There was a subscription of 320 million kuna in one year kuna T-bills with the interest rate of 0.95% (-2 b.p. compared with the previous auction) and 16 million euro in one-year T-bills with the interest rate of 0.25% (-5 b.p.). This week, a

total of 1.4 billion kuna will mature and the auction with the planned issue of 700 million kuna has been announced.



Crobex above psychological threshold

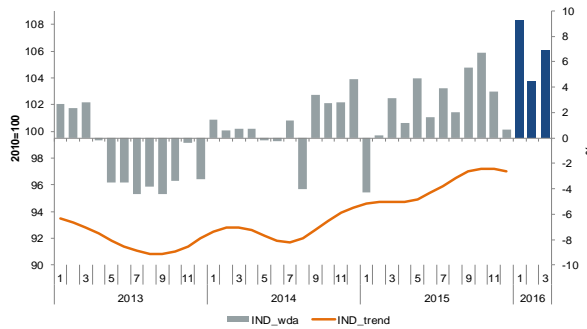
The past four trading days saw an increase in the total ZSE turnover by 16.5% compared with the previous week, reaching 412.6 million kuna, due to a 23.3% rise in the turnover in bonds (to 388.2 million kuna), with a simultaneous wow decline in the turnover in shares of 38.7% (to 23.1 million kuna). The Crobex index closed the week at 1,721.49 points (+1.4% wow), reaching the highest level this year, while the Crobis modestly rose by 0.1% (to 107.74 points). With regard to sector indices, CROBEXindustry closed the week at 1,023.72 points (+1.4% wow), CROBEXconstruct at 435.05 points (+1.2%), while CROBEXtourist closed the week at 2,480.33 points (-0.4%).



Statistics

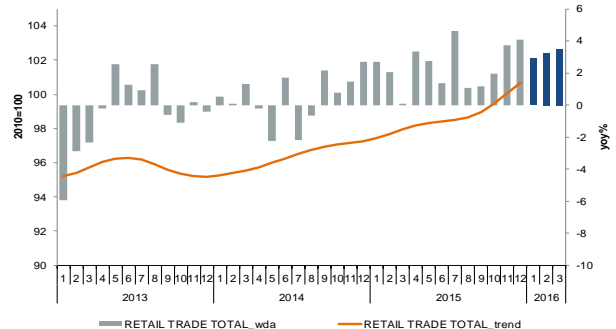
Industrial production, wda yoy % ch.

Source: Eurostat



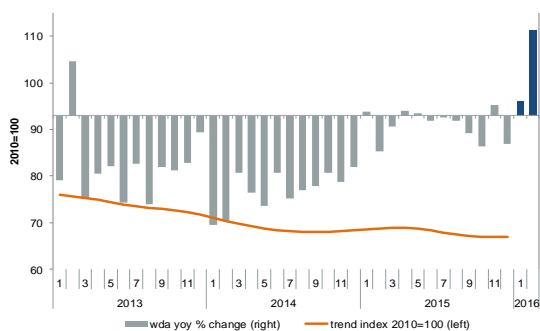
Retail trade, real, wda yoy ch.

Source: CBS



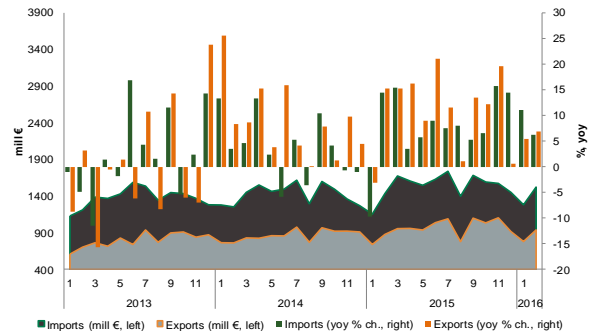
Construction works, yoy % ch. and index 2010=100

Source: CBS



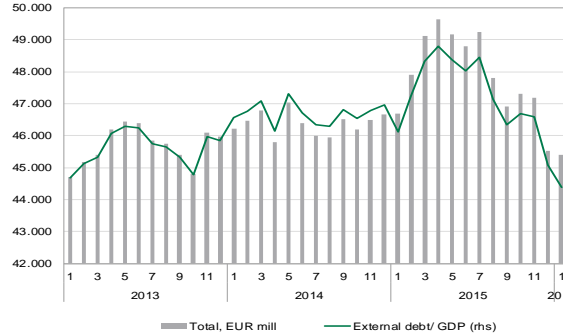
Goods exports and imports (yoy % ch. and mill €)

Source: CBS



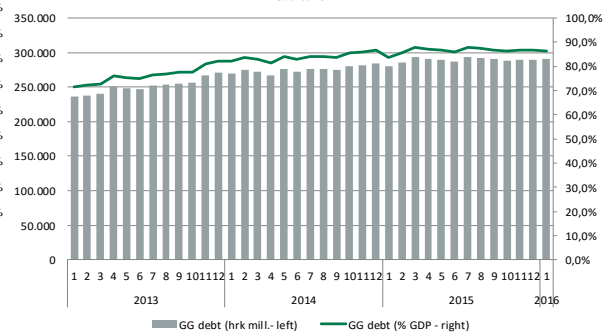
External debt, amount and share to GDP

Sources: CNB, CBS, PBZ



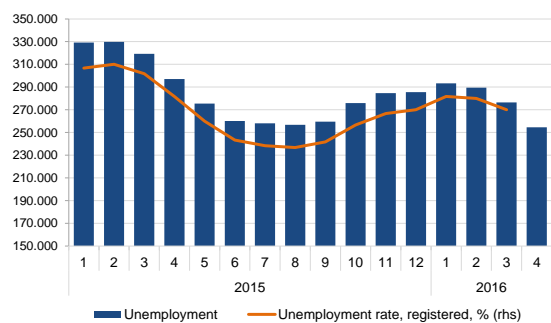
General government debt

Source: CNB



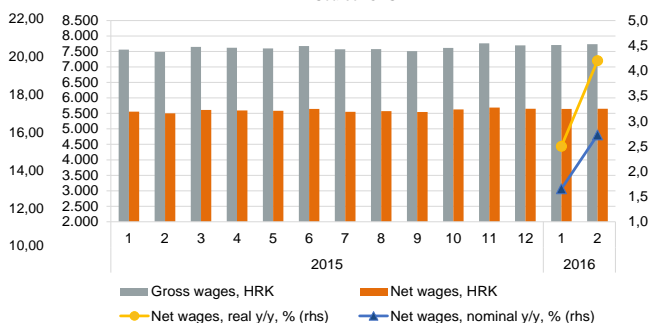
Total unemployment and unemployment rate

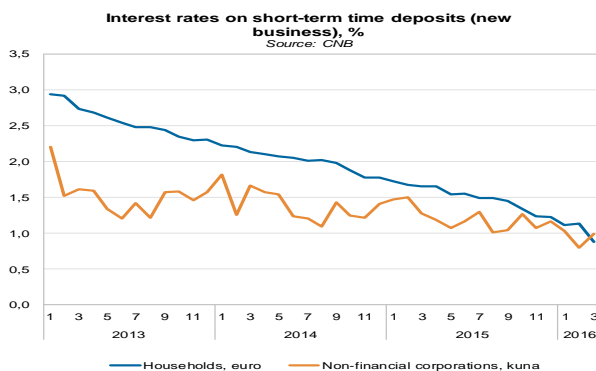
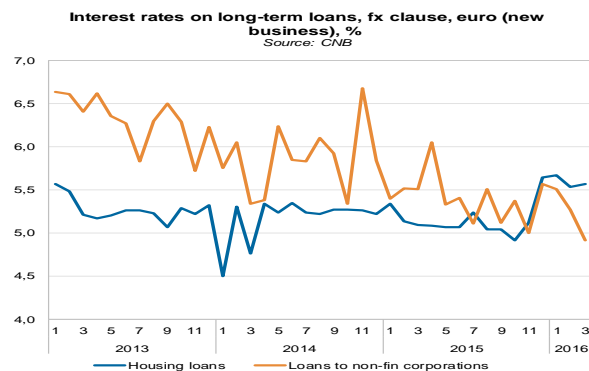
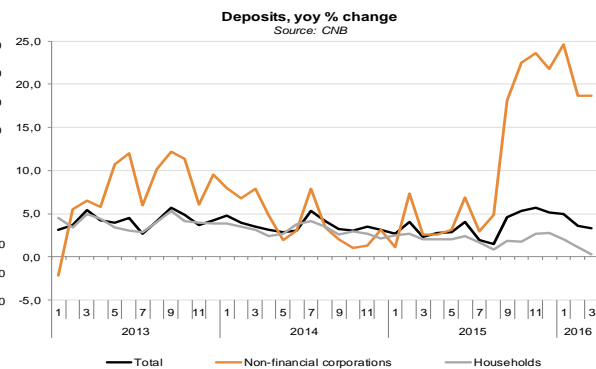
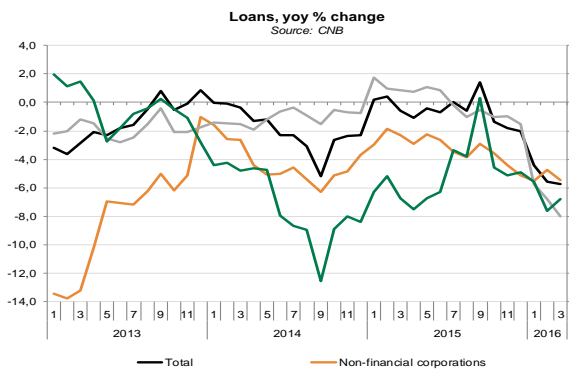
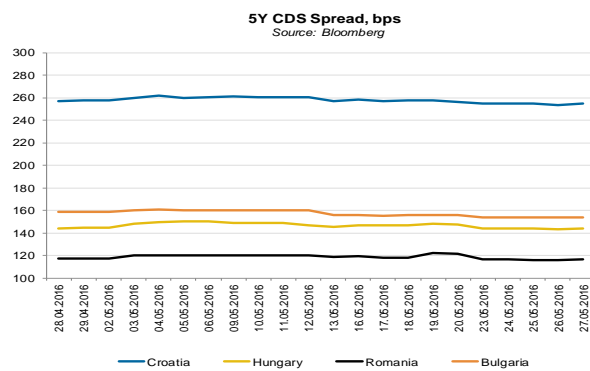
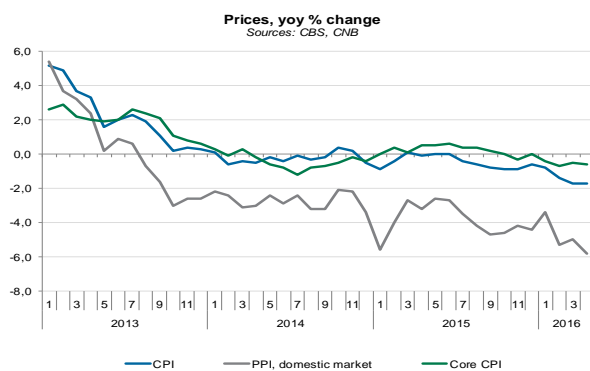
Source: CBS



Wages, monthly average

Source: CBS





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