

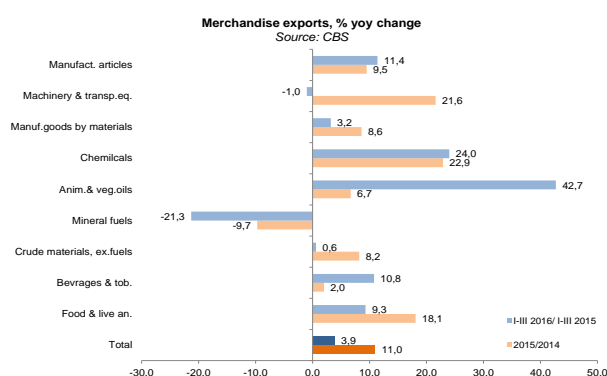
# PBZ Weekly Analysis

## Number 520, June 13, 2016

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## Weekly overview

- Total loans of other MFIs decreased in April by 5.3% yoy due to a 2.3% lower debt level of the central government and the social security funds, a 4.0% decline in loans to non-financial corporations and a 7.8% drop in loans to households. Loans to non-financial corporations moderately recovered in April, increasing by 0.8% mom (working capital +2.1%, investment +0.6%, other -1.2%), while a yoy level saw a decrease of 4.0% (working capital -1.7%, investment -5.3%, other -6.1%). External refinancing of large companies and the sale of bank loans still have a dominant negative impact on the corporate loan portfolio, despite of its mild recovery this year. At the same time, household loans have recorded a slight slowdown in the rate of decrease, as the conversion process is gradually coming to an end. Housing loans in April decreased by 14.9% yoy, where loans with a currency clause fell by 20.2%, while, on the other hand, kuna loans rose by 51.0%. The last two months saw a noticeable speedup in the growth of kuna housing loans (by around 500 million kuna per month), which citizens use to refinance loans indexed to the euro. For other types of household loans, a yoy growth, as over the earlier months, was recorded by kuna cash any-purpose loans (+27.6%). Deposit growth accelerated yoy, reaching 4.0%. Deposits of non-financial corporations were up at the end of April by 23.4% yoy, amid a lower last-year's base and mom recovery (+0.5%). Household deposits have continued to decline mom, due to which the growth rate in April recorded the low 0.7%.
- The total exports of goods over the first three months of 2016 amounted to 20.5 billion kuna (+3.9% yoy), while the imports reached 34.1 billion kuna, up by 4.0% from the same period of 2015. As a result, the deficit increased by 4.2% to 13.5 billion kuna), while the coverage of imports by exports fell to 60.3% (-0.5 p.p. compared with the same quarter last year). The exports to the EU countries (which accounts for 67.5% of the total exports of goods) increased by 3.1% in the first quarter, while the exports to CEFTA countries (with a 15.7% share in the total exports) shrank 3.4%. The preliminary data for April show that the exports of goods decreased by 5.1% and the imports of goods by 2.9%.

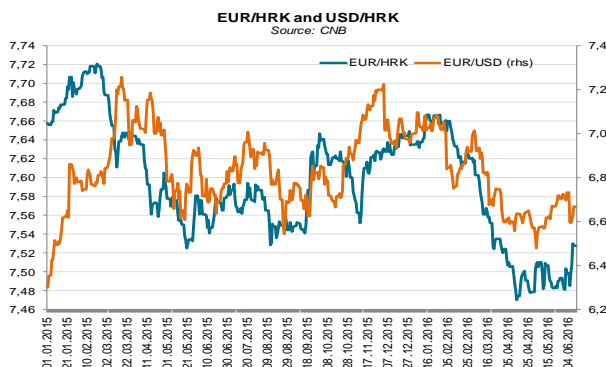
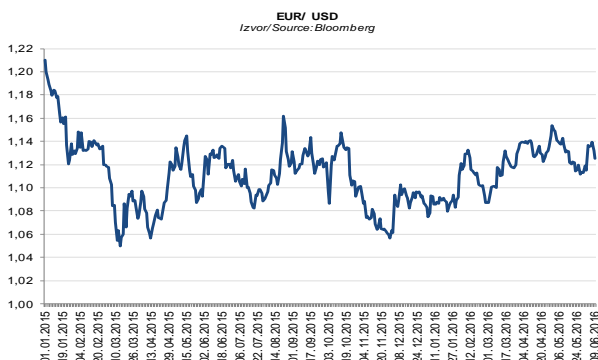


## Kuna weakens

The dollar regained some of the losses against the euro in the wake of this week's FOMC meeting. At the end of the week, trading closed at 1.1251 dollar to the euro, down by 1.0% wow.

The kuna weakened against the euro last week, amid higher demand for foreign exchange of the banking and corporate sector, therefore the mid-exchange rate on Friday amounted to 7.5275, up by

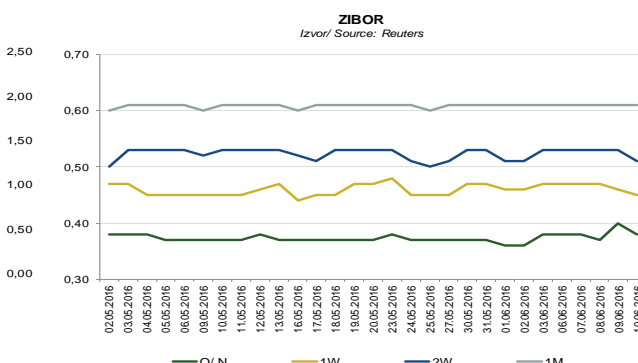
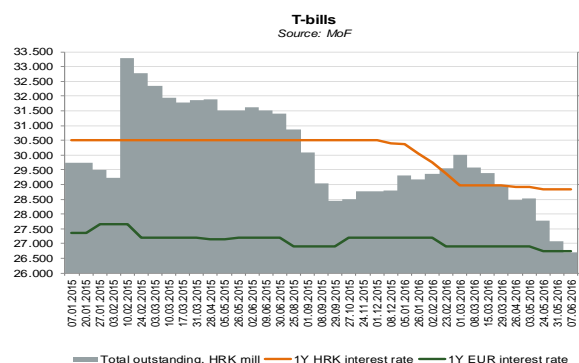
0.4% wow. The kuna against the dollar strengthened to 6.6698 kuna to the dollar, down by 0.9% from the previous Friday. This week, we expect trading in the range 7.52-7.55.



## Interest rates remain the same

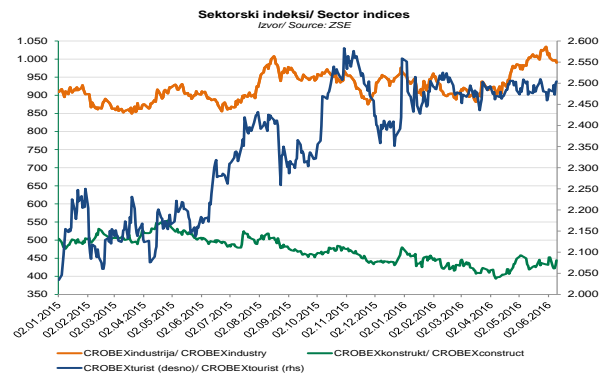
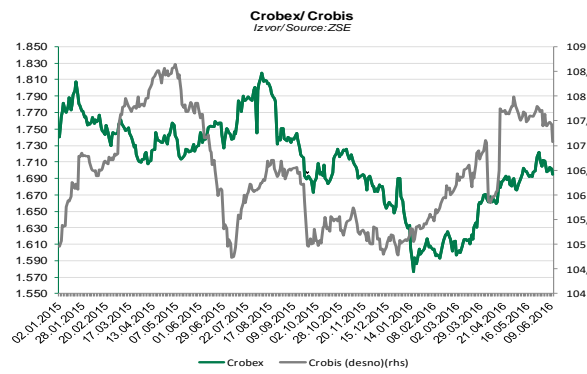
Interest rates remained the same and the overnight Zibor closed on Friday at the unchanged 0.38%, while 1M and 3M stayed at 0.61 and 0.80%. At the regular reverse repo auction, 100 million kuna at the fixed repo rate of 0.50% were injected in the system, whereas the total ZMM turnover amounted only to 20 million kuna, where supply exceeded demand by an average of 360 million kuna per day.

The MF auction saw a subscription of 402 million kuna and, as 0.8 billion kuna matured, the government debt under T-bills dropped to 26.7 billion kuna. There was a subscription of 402 million kuna in one year kuna T-bills with the unchanged interest rate of 0.95%. There will be no maturity or auction this week.



## Crobex fall continues

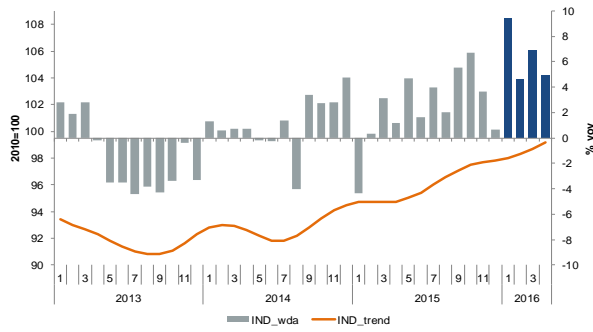
The total ZSE turnover decreased by 56.3% compared with the earlier week (to 464.2 million kuna), due to a 94.0% decline in the turnover in shares (to 24.2 million kuna) and a 33.5% turnover in bonds (to 438.9 million kuna). The Crobex index closed the week below the psychological threshold, at 1,694.96 points (-0.5% wow), while the Crobis closed the week at 107.08 points (-0.3% wow). Regarding sector indices, CROBEXconstruct dropped by 1.8% wow (to 444.49 points), CROBEXindustry decreased by 1.3% (to 990.35 points), while CROBEXtourist rose by 0.9% wow, closing the week at 2,504.54 points.



# Statistics

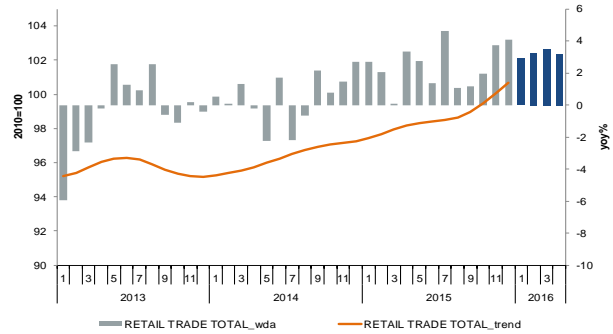
**Industrial production, wda yoy % ch.**

Source: Eurostat



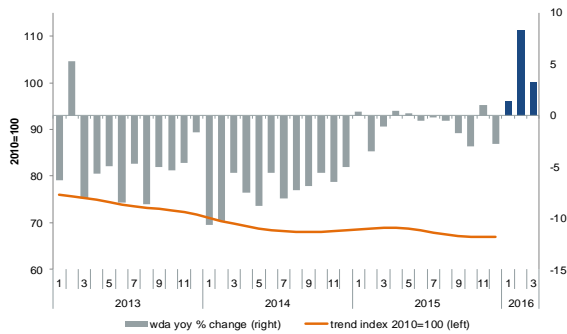
**Retail trade, real, wda yoy ch.**

Source: CBS



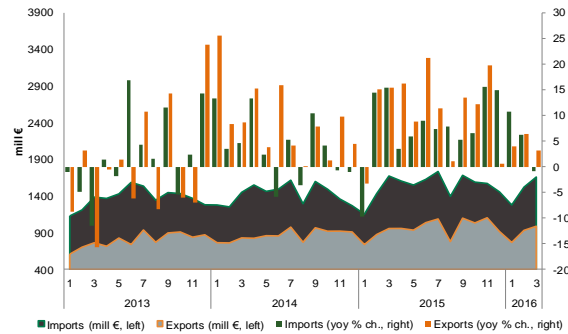
**Construction works, yoy % ch. and index 2010=100**

Source: CBS



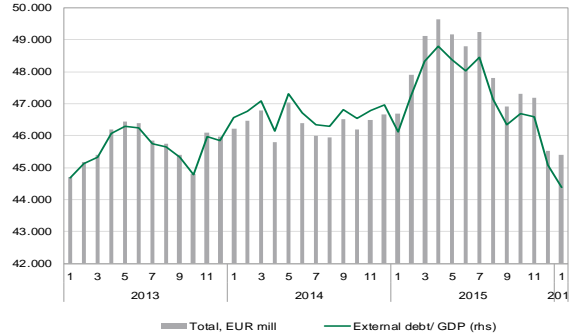
**Goods exports and imports (yoy % ch. and mill €)**

Source: CBS



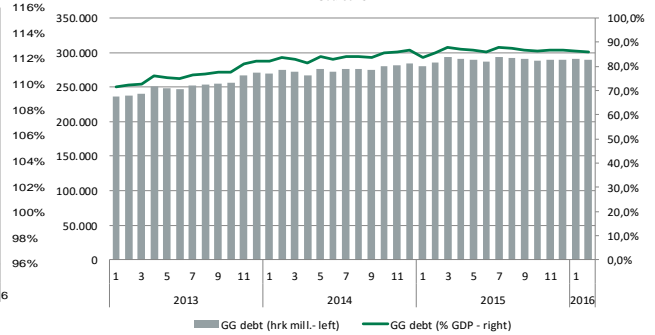
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



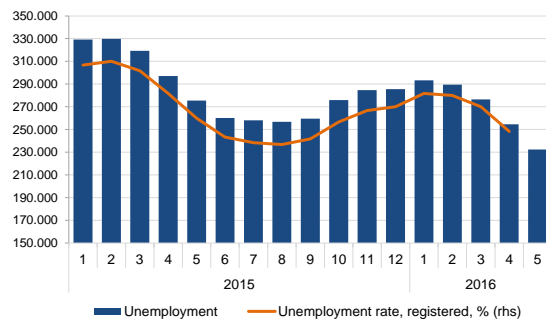
**General government debt**

Source: CNB



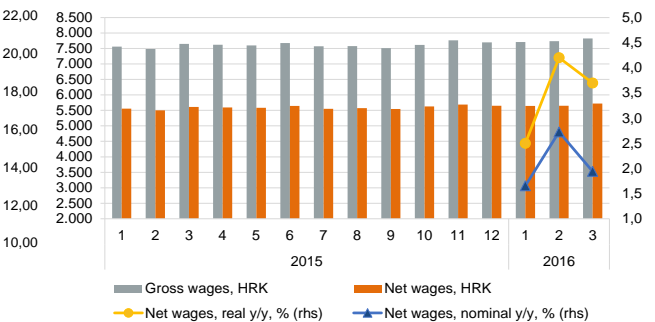
**Total unemployment and unemployment rate**

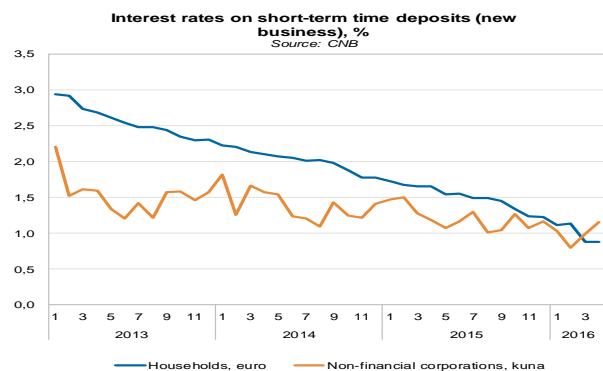
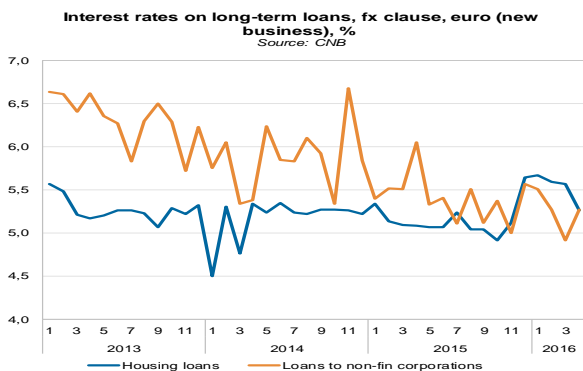
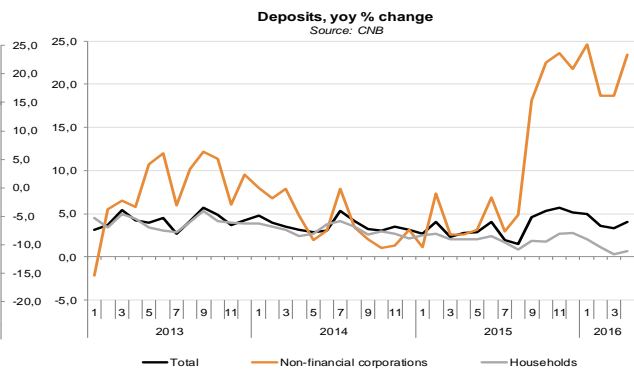
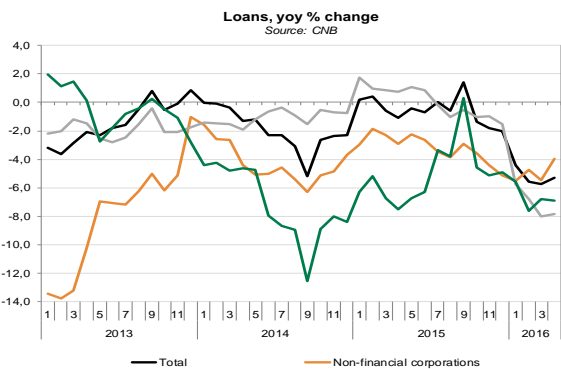
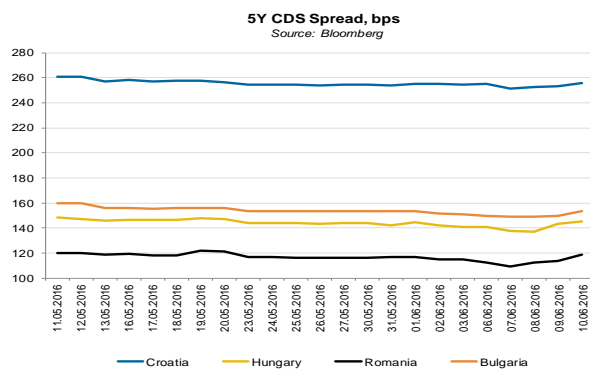
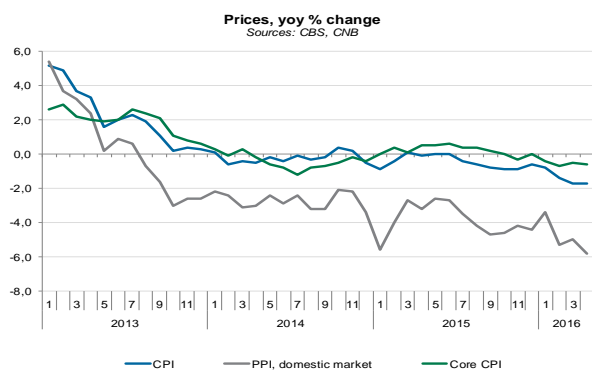
Source: CBS



**Wages, monthly average**

Source: CBS





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