

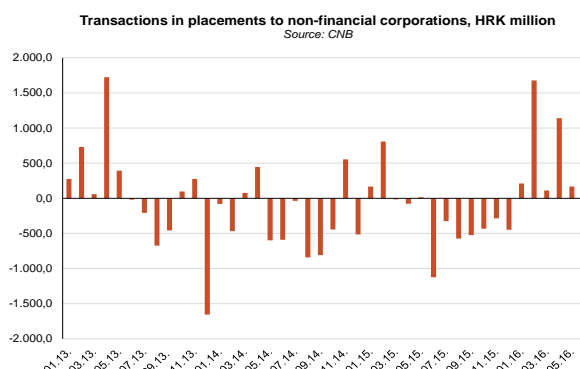
PBZ Weekly Analysis

Number 527, August 1, 2016

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Weekly overview

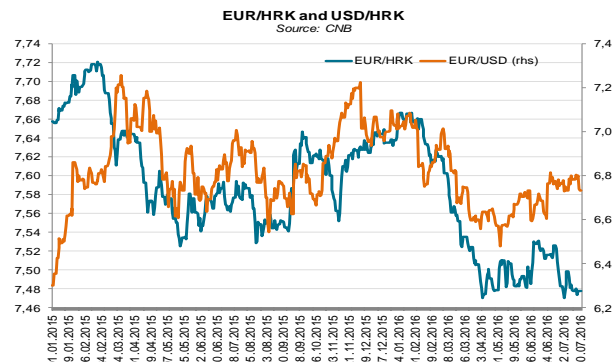
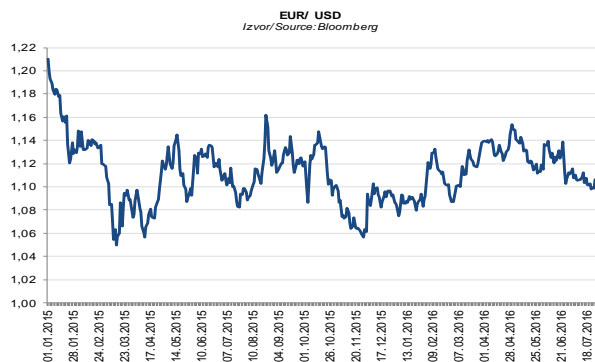
- In June the employment rate grew up by 1.5% mom, up to 1,397,789, which is still by 1.0% lower yoy. The growth in number of employees in relation to May mostly resulted from the tourist season related employment; thus in the accommodation and food service activity the number of employees jumped up by 7.0 thousand, i.e. by 12.0%, while the number of employees in wholesale and retail trade grew up by 1.3 thousand people or 0.7%, respectively, mom. The third ranked activity by the growth in number of employees in June was public administration and defence, and compulsory social security in which the number of employees rose by 940 people, representing the growth by 0.9% compared to the previous month.
- The annual rate of fall in total loans slightly slowed down in June to -4.8% due to the 0.8% growth in loans to central government and social security funds. In parallel, the fall in loans to non-financial corporations accelerated to -4.7% (May: -3.7%), while the rate of fall in household loans remained around 7%. The figures on the transactions in placements show that the growth in household loans resumed also in June, while the corporate sector recorded in the observed period slightly stronger deleveraging (approximately 750 million kuna). The total deposits grew up in June by 1.4% mom and thereby realised the growth by 4.6% yoy. The household deposits continued growing in June at rate of 1.1% yoy, while the deposits of non-financial corporations jumped by 4.0% in relation to May, thus recording the growth by 21.4% yoy.



Dollar under correction, kuna stabile

The FOMC left rates unchanged in the last week meeting, as the investor largely expected, and the dollar weakened against the euro despite the data on deceleration in the GDP growth in the Eurozone in Q2. The week was closed at 1.1174 dollar to the euro, up by 1.8% wow.

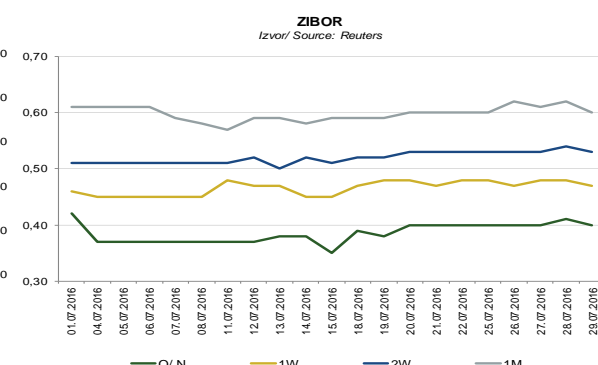
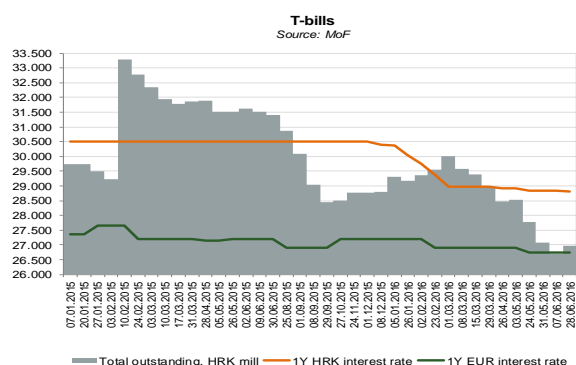
The past week the kuna exchange rate on the domestic foreign exchange market was exceptionally stabile due to an equalised supply and demand for foreign exchange and the exchange rate was consequentially retained within relatively narrow 7.48 and 7.49 kuna for the euro. The kuna mid-exchange rate in the end of week was 7.4775 kuna for the euro, remaining unchanged wow, while the kuna strengthened against the dollar by 0.8%, thus the exchange rate fell down to 6.7310 kuna for the dollar. This week we expect the trading to range between 7.47 and 7.50 kuna for the euro.



Interest rates stood still

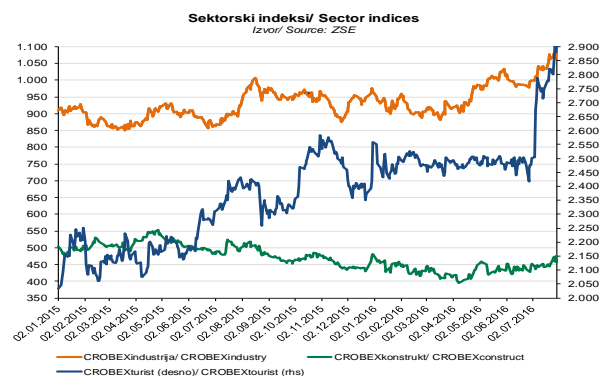
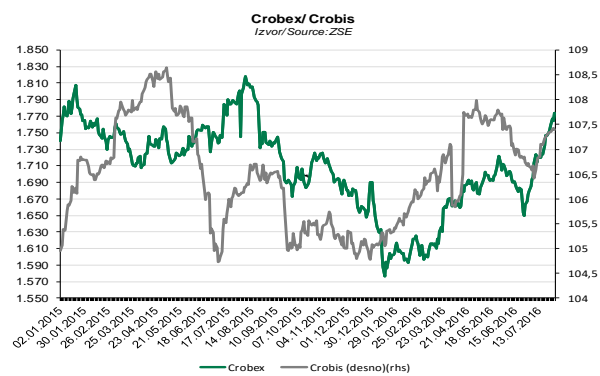
The past week the market was peaceful and interest rates stood still. The overnight Zibor remained at 0.40%, 1M at 0.60% and 3M at 0.80%. At the regular reverse repo auction injected was 60 million kuna at the usual fixed repo rate of 0.50%, and the total ZMM weekly turnover amounted 25 million kuna, the same as the previous week, while the average daily supply and demand gap was 378 million kuna.

In the past week there was no T-bills maturity nor auction took place, thus the government debt remained at 27.0 billion kuna. This week there will be no auction because there is no maturity, and the next week 1,225.4 million euro 546 day fx euro T-bills will mature.



Crobex continued the ascending trend

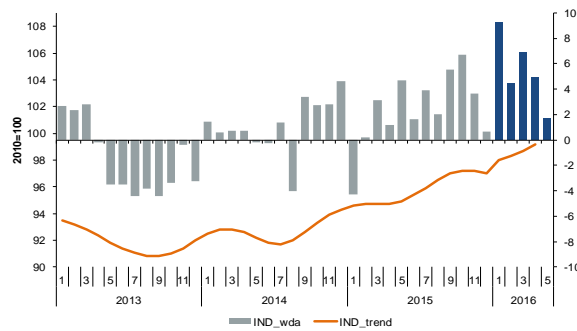
In the past week the total ZSE turnover was by 19.8% higher than the week before and amounted to 400.5 million. The growth in turnover resulted from the 4.4 times higher share turnover of 129.0 million kuna (out of which: 51.5 million kuna were the Ledo shares), while the bond turnover fell by 10.9% down to 271.0 million kuna. Crobex closed the week at 1,773.97 points, the growth by 1.4% wow, and Crobis at 107.40 points (+0.1%). With regard to sectoral indices, CROBEXtourist closed the week at the 1.2% higher level in comparison with the previous week, i.e. at 2,908,80 points, CROBEXindustry recorded the 1.2% growth and closed the week at 1,076.32 points, while CROBEXconstruct grew up by 1.4% and closed the week at 455.33 points.



Statistics

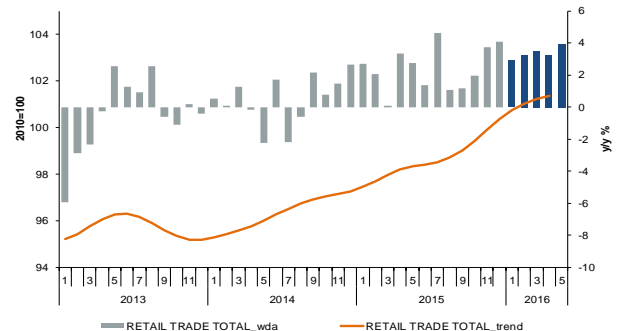
Industrial production, wda y/y % ch.

Source: Eurostat



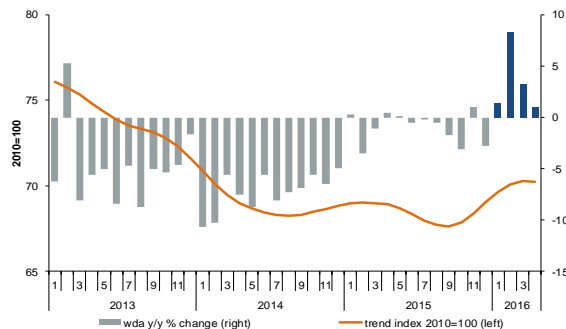
Retail trade, real, wda y/y ch.

Source: CBS



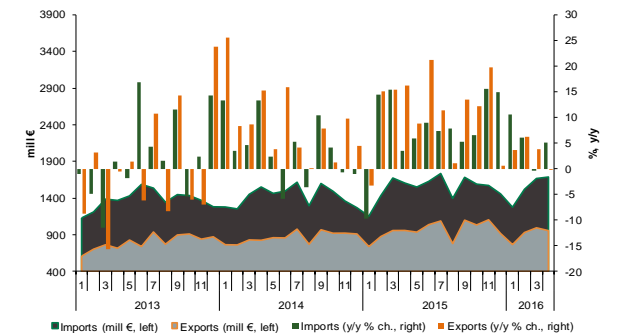
Construction works, y/y % ch. and index 2010=100

Source: CBS



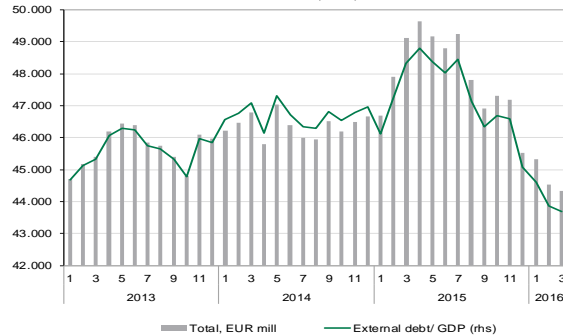
Goods exports and imports (y/y % ch. and mill €)

Source: CBS



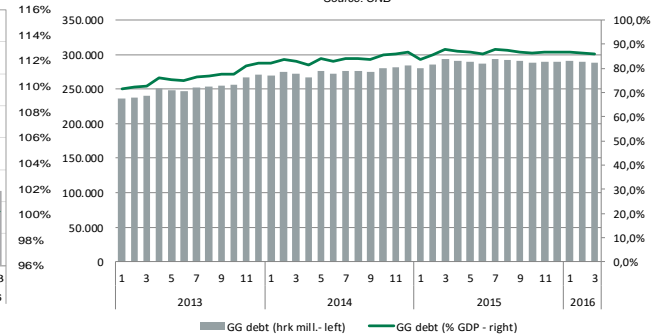
External debt, amount and share to GDP

Sources: CNB, CBS, PBZ



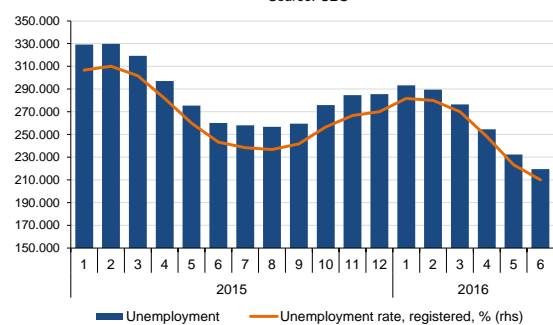
General government debt

Source: CNB



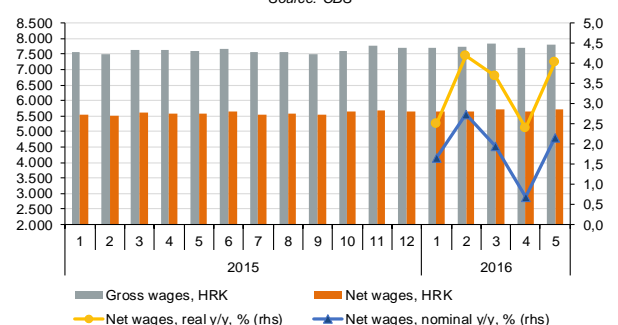
Total unemployment and unemployment rate

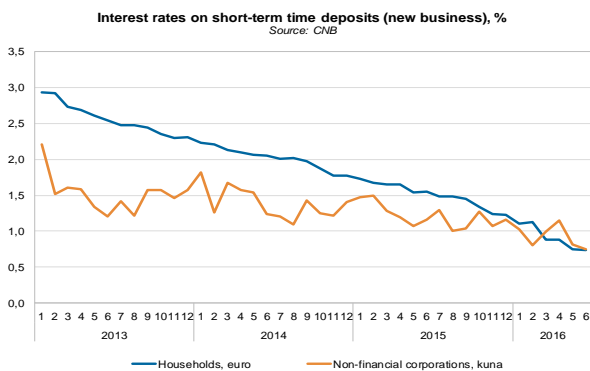
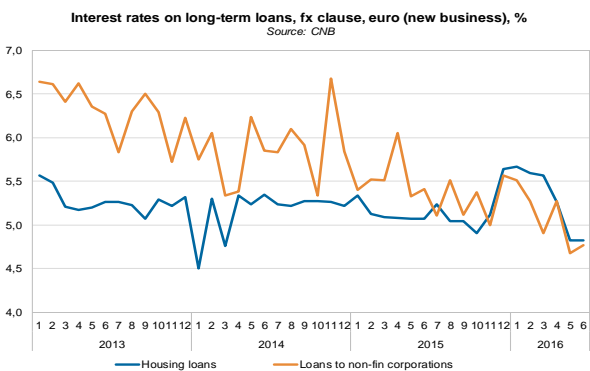
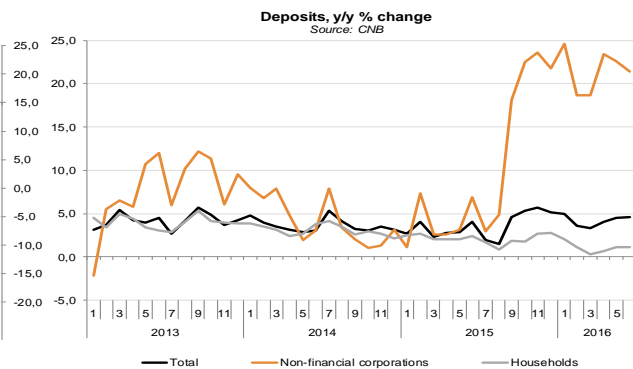
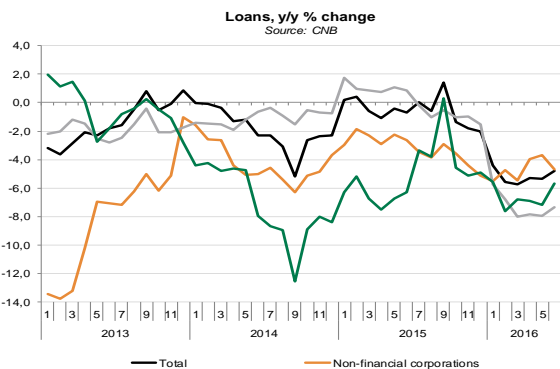
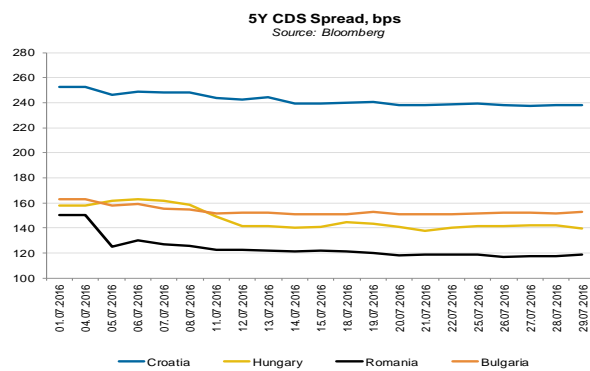
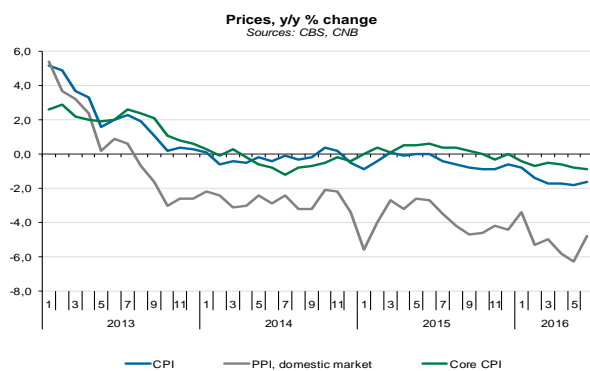
Source: CBS



Wages, monthly average

Source: CBS





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