

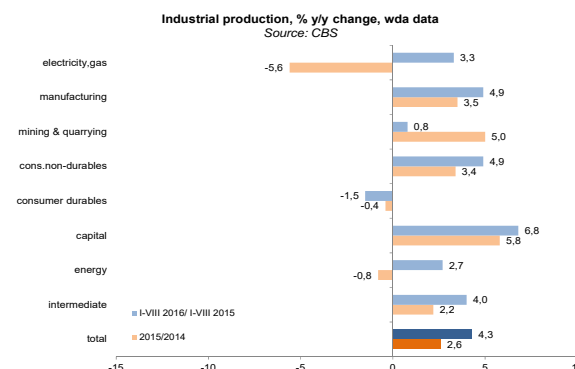
# PBZ Weekly Analysis

## Number 534, October 3, 2016

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## Weekly overview

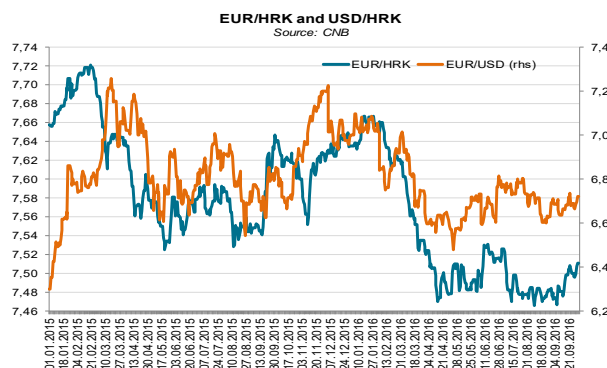
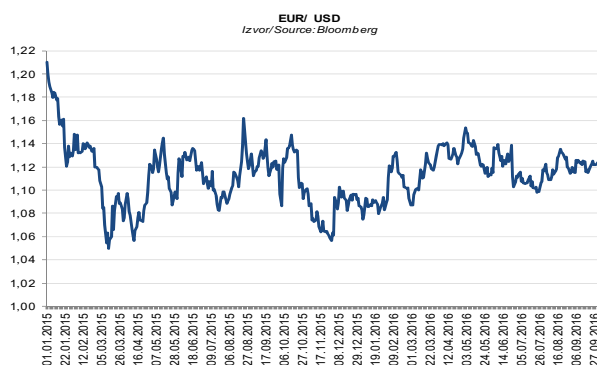
- The industrial production in August rose by 2.5% yoy (according to wda indices), considerably more than in July when a yoy increase of +1.2% was recorded. At the monthly level (according to seasonally adjusted and wda indices) IP decreased by 1.2% (-0.5% in July). The largest yoy growth was recorded in the category Electricity, gas, steam and air conditioning supply (+11.7%), Mining and quarrying (+2.7%), while the growth in Manufacturing amounted to 1.7%. A slightly lower yoy IP growth in July and August (versus +5.2% in 1H2016) is a result of a slowdown of growth in Manufacturing (+1.5% in July, +1.7% in August), the share of which in total industrial production amounts to 77.9%. Due to large external demand and the recovery of domestic supply, IP rose by 4.3% yoy (+1.7% in the same period of 2015) over the first eight months of 2016, where Manufacturing rose by 4.9%, Electricity, gas, steam and air conditioning supply 3.3%, and Mining and quarrying 0.8%.



## Foreign markets stay calm

Last week, with no major events, the market continued to consolidate after the Fed and ECB meetings, thus, the EUR/USD exchange rate underwent only technical corrections. Trading on Friday closed at 1.1235 dollar to the euro, up by 0.1% wow.

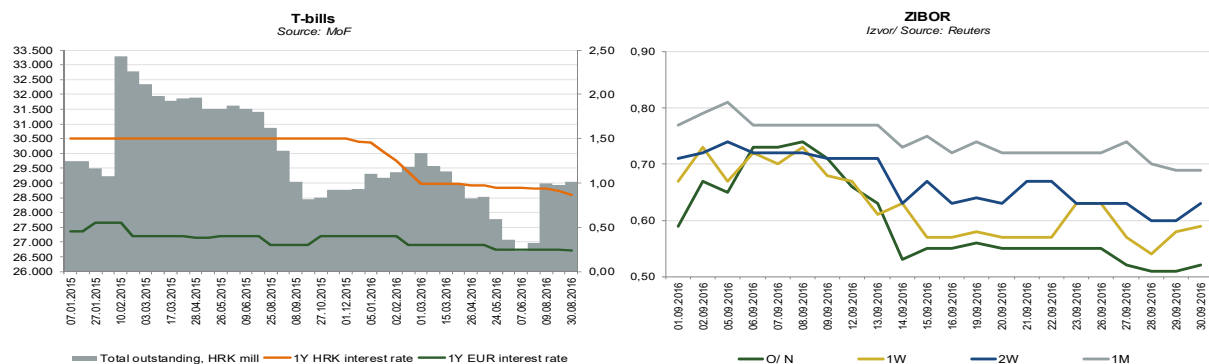
As the end of the tourism season is approaching, the exchange rate has continued its upward trend towards higher levels last week. The mid-exchange rate on Friday amounted to 7.5113 kuna to the euro, up by 0.1% wow, while the kuna against the dollar weakened by 0.5% to 6.7216 kuna to the dollar.



## Moderate decline in interest rates

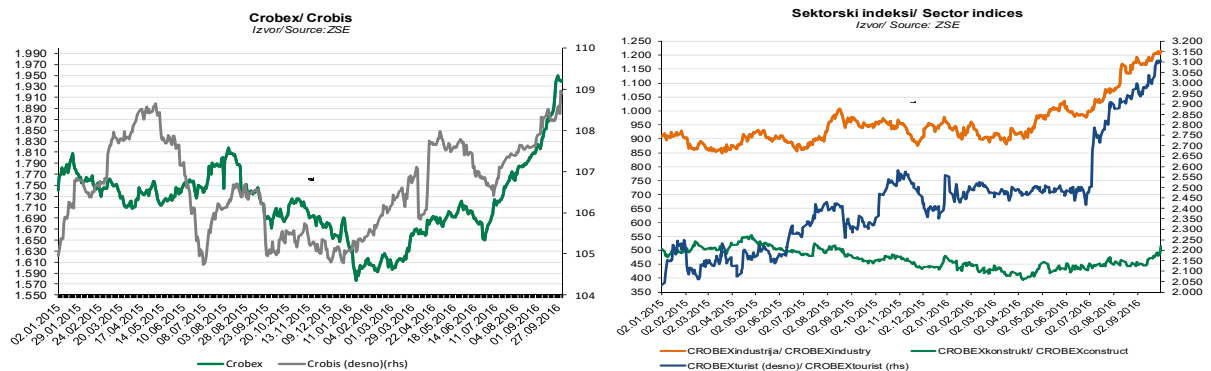
Last week saw ample liquidity in the money market and a marginal fall in interest rate. The overnight Zibor dropped wow by 3 b.p. to 0.52%, 1M also by 3 b.p. to 0.69%, while 3M by 9 b.p. to 0.78%. The same as the week before, at its regular reverse repo auction, the Croatian National Bank injected 40 million kuna at the fixed repo rate of 0.3%, whereas the total ZMM turnover significantly decreased to 15 million kuna, and the average daily excess of supply over demand climbed to 295 million kuna.

The balance of the subscribed T-bills is still 28.9 billion kuna and the first maturity is expected in the first week of October.



## Crobex continues its positive trend

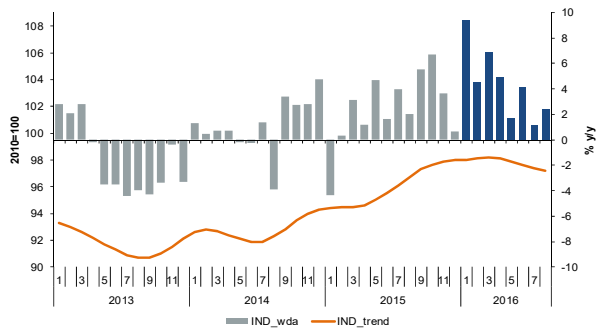
Last week, the total ZSE turnover decreased by 28.9% wow, amounting to 425.1 million kuna, due to a 45.6% decline in the bond turnover (to 281.8 million kuna), while the share turnover increased by 79.1% (to 143.2 million kuna). The Crobex index has recorded a wow growth for the eight consecutive week (+0.2%), closing the week at 1,941.31 points, while the Crobis closed at 108.90 points, up by 0.5%. Sector indices closed the week in positive territory, therefore CROBEXconstruct recorded the highest increase wow (+6.8%), closing the week at 514.88 points, CROBEXtourist rose by 0.7%, hitting a new historically highest level (of 3,107.40 points) for the third consecutive week, while CROBEXindustry rose by 0.5%, closing the week at 1,214.01 points (the highest level since inclusion).



# Statistics

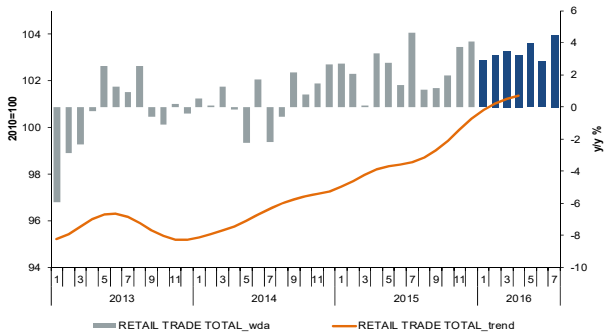
**Industrial production, wda y/y % ch.**

Source: Eurostat



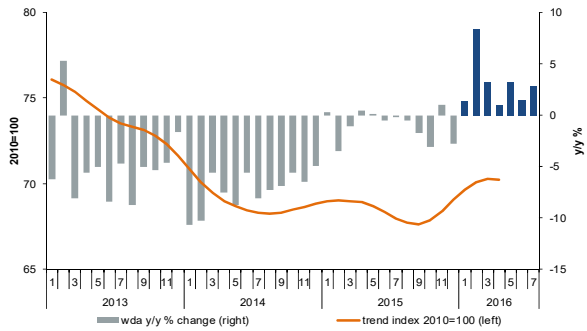
**Retail trade, real, wda y/y ch.**

Source: CBS



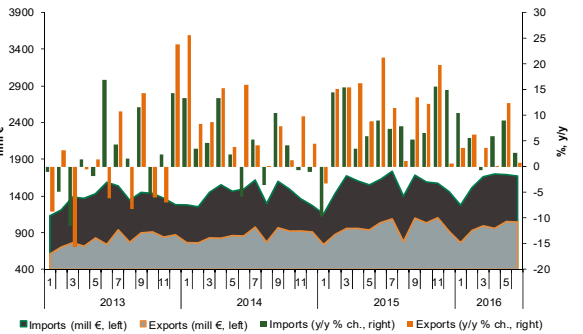
**Construction works, y/y % ch. and index 2010=100**

Source: CBS



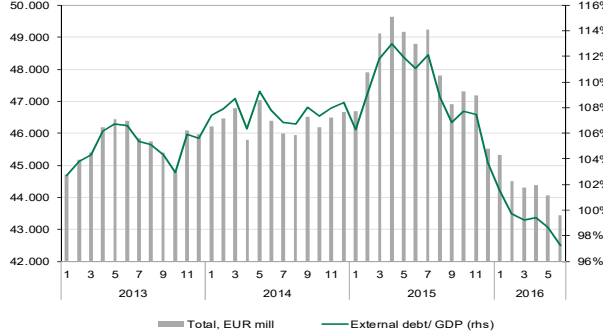
**Goods exports and imports (y/y % ch. and mill €)**

Source: CBS



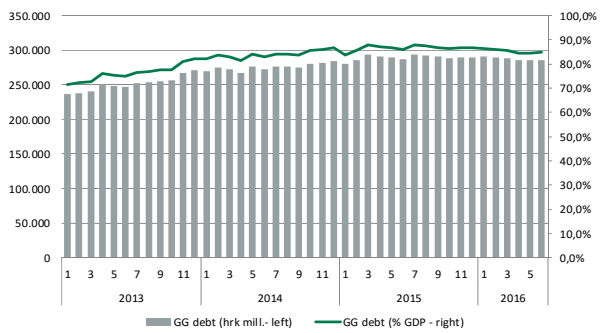
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



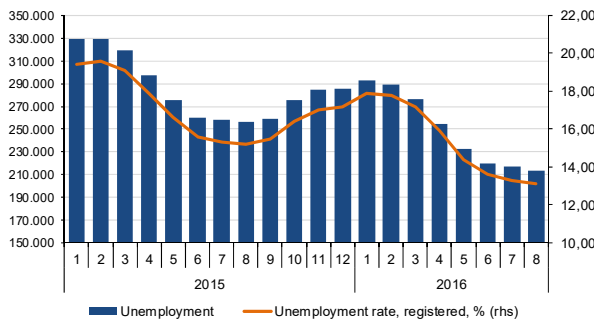
**General government debt**

Source: CNB



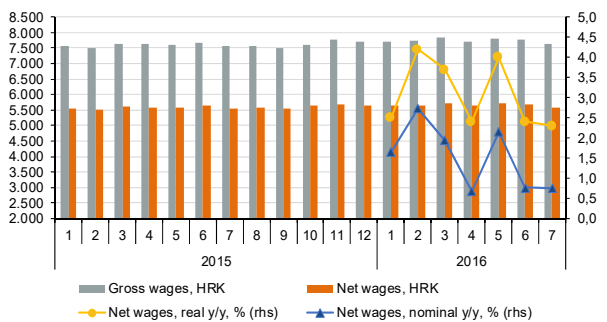
**Total unemployment and unemployment rate**

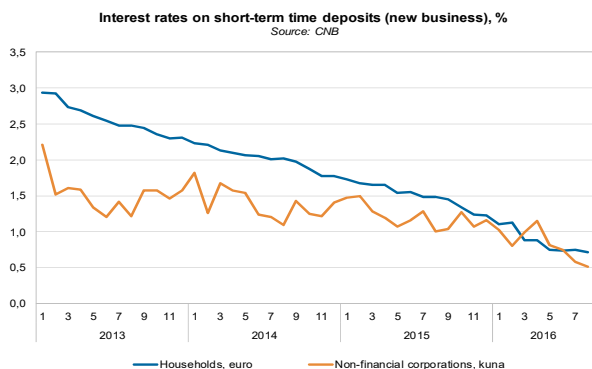
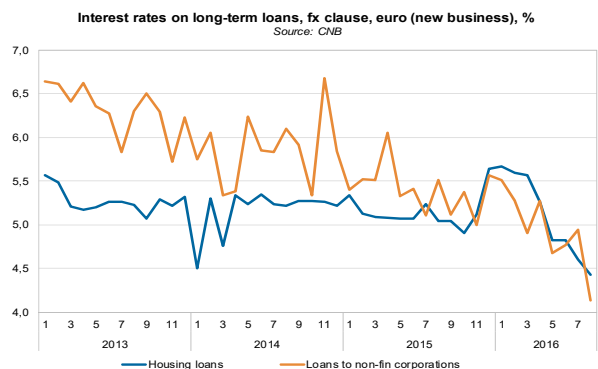
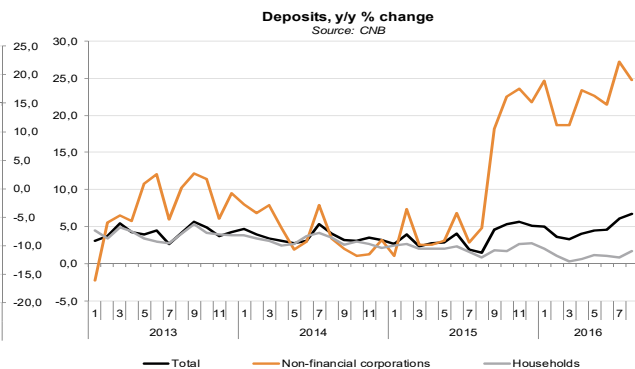
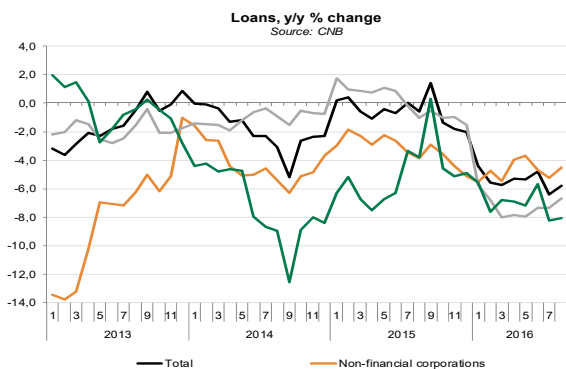
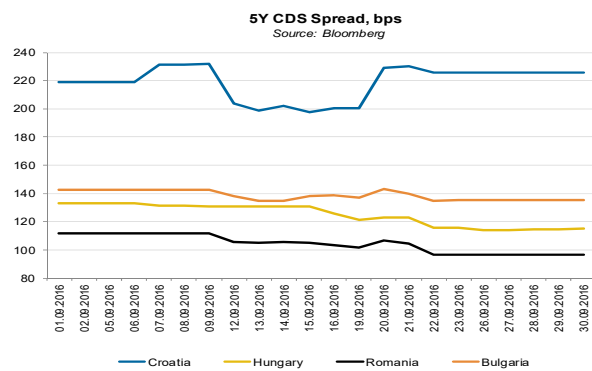
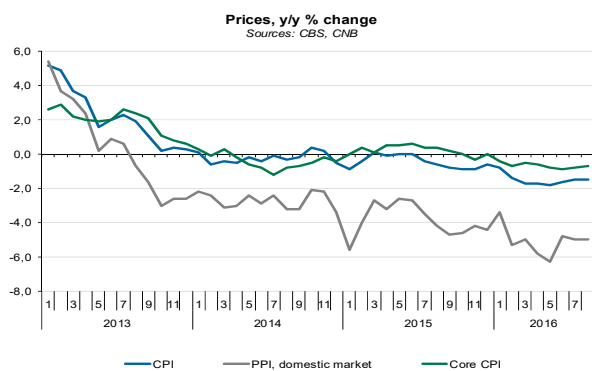
Source: CBS



**Wages, monthly average**

Source: CBS





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