

# PBZ Weekly Analysis

## Number 548, January 30, 2017

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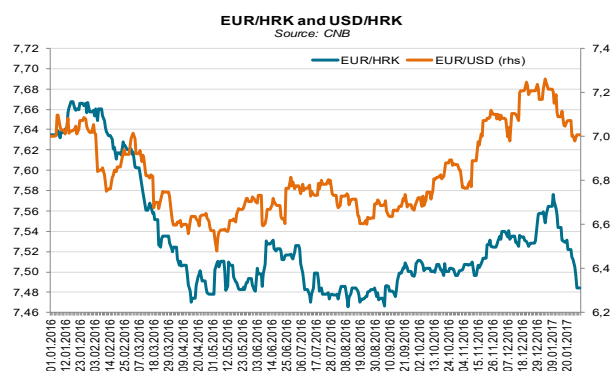
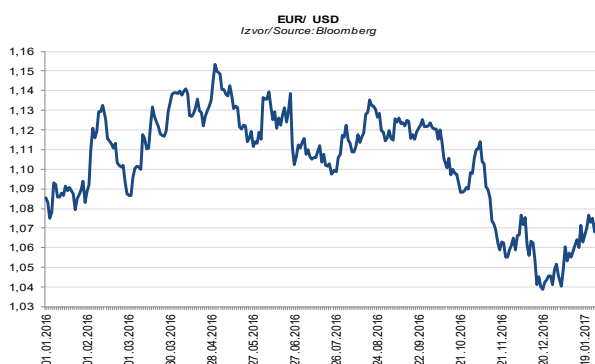
## Weekly overview

- The volume of construction works in November 2016 (wda data) increased by 1.4% yoy (+1.1% the month before), while the mom data (seasonally and working-day adjusted data) show a decline of 0.3% (-1.3% in October 2016). The volume of construction works on buildings, in November 2016, rose by 3.4% yoy, while a decrease in civil engineering works continued for the ninth consecutive month, recording a drop of 0.3% yoy. Over the first eleven months of 2016, total construction activity increased by 2.4% (I-XI 2015: -0.8%), compared with the same period of the previous year, thus signalling that this sector is slowly exiting a consecutive period of seven crisis years. At the same time, the volume of construction works on buildings increased by 8.9% yoy (I-XI 2015: +0.4%), supported by a better utilisation of EU funds and investments in tourism industry as well as energy renovation programmes, while the volume of civil engineering works decreased by 3.0% (I-XI 2015: -1.8%), owing to lower investments in the infrastructure. Over the first eleven months of 2016, a total of 7,150 building permits were issued, an increase of 25.2% versus the same period of 2015, while the anticipated value of works amounted to 20.4 billion kuna (+9.0% yoy).

## EURUSD unchanged, kuna stronger

The dollar continued to weaken against the euro by the middle of the week, however, recording a technical correction on Thursday and Friday. Trading on Friday closed at 1.0699 dollar to the euro, unchanged now.

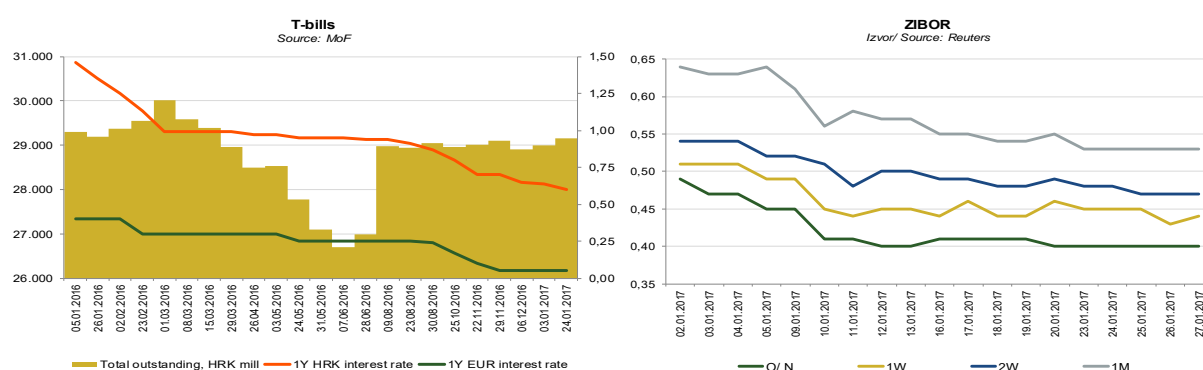
Last week, due to higher demand for foreign exchange, appreciation pressures strengthened and the mid-exchange rate on Friday amounted to 7.4839 kuna to the euro, down by 0.5% now, while the kuna against the dollar strengthened by 0.9% to 7.0074 kuna to the dollar. This week, we expect trading in the range 7.47-7.52 kuna to the euro.



## Record liquidity

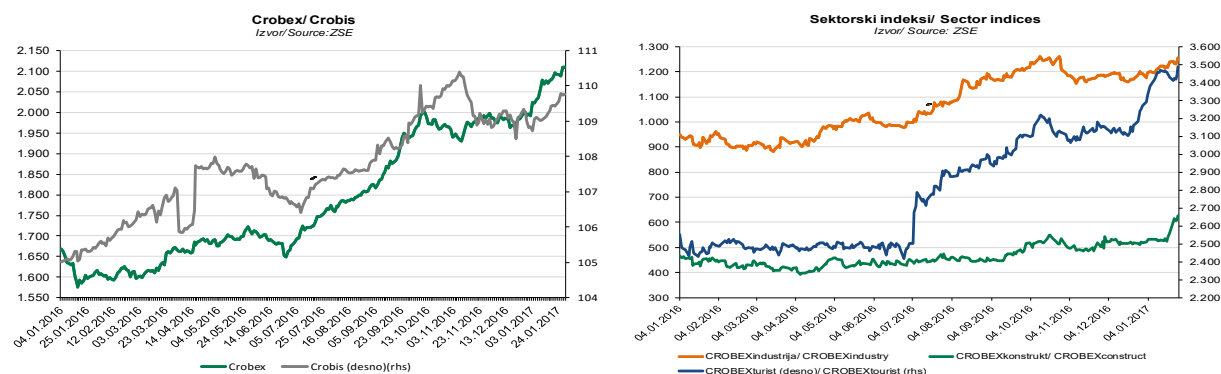
Liquidity breaks records, due to which interest rates stayed the same or recorded a slight decrease. The overnight Zibor remained at 0.40%, 1M fell to 0.53% (down by 2 b.p. wow) and 3M to 0.64% (down by 5 b.p. wow). At the regular reverse repo auction, the same as the week before, the central bank injected in the system 110 million kuna at the fixed repo rate of 0.3%, whereas the ZMM recorded only minor demand.

Last week, 0.7 billion kuna matured and a total of 0.9 billion kuna in one-year kuna T-bills was subscribed at the rate of 0.6%, down by 4 b.p. from the previous issue. Thus, the government debt under T-bills moderately rose to 29.2 billion kuna. This week, a total of 0.6 billion kuna will mature and the auction with the same amount of T-bills has been announced.



## Crobex on upward trend

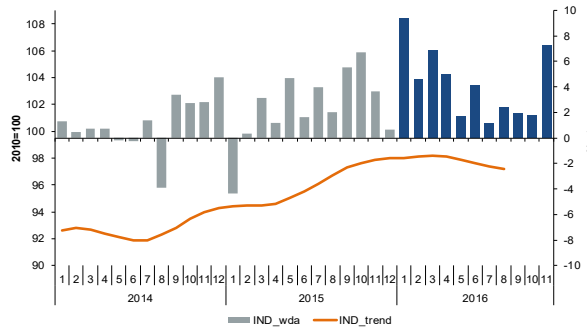
The total ZSE turnover amounted to 358.1 million kuna, down by 14.7% wow, as a result of a decrease in the turnover in bonds of 19.8% (to 297.3 million kuna), while the turnover in shares rose by 23.8% wow (to 60.8 million kuna). The Crobex index closed at 2,108.89 points last Friday, i.e. rose by 0.6% wow, while Crobis closed the week at 109.77 points (+0.3% wow). Sector indices ended in positive territory, where the largest increase was recorded by CROBEXconstruct (+12.1% wow), which closed at 625.89 points on Friday, due to excellent performance of some joint-stock companies of the construction sector. CROBExtourist was up by 1.7% wow, closing on Friday at a new, highest level of 3,486.48 points, while CROBEXindustry closed at 1,255.42 points (+1.2%).



# Statistics

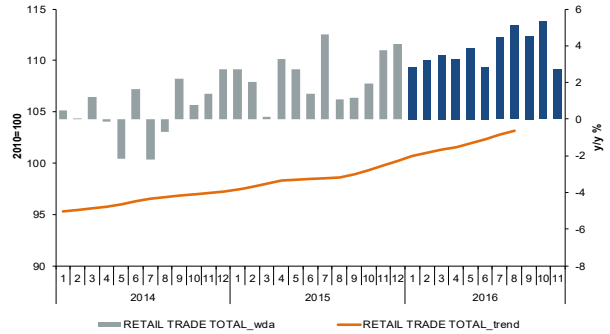
**Industrial production, wda y/y % ch.**

Source: Eurostat



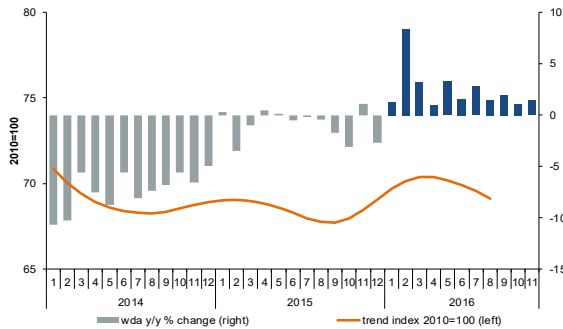
**Retail trade, real, wda y/y ch.**

Source: CBS



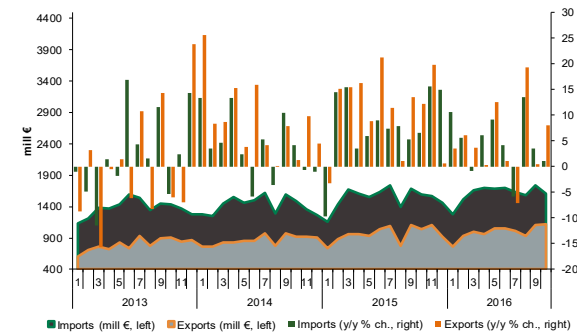
**Construction works, y/y % ch. and index 2010=100**

Source: CBS



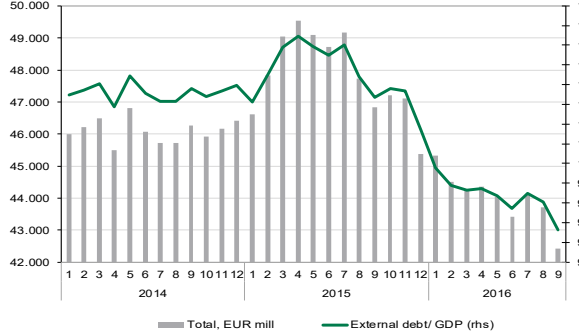
**Goods exports and imports (y/y % ch. and mill €)**

Source: CBS



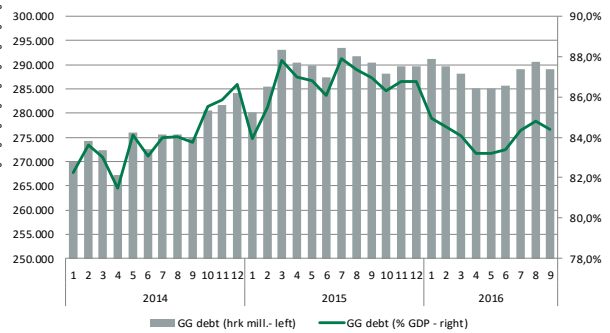
**External debt, amount and share to GDP**

Sources: CNB, CBS, PBZ



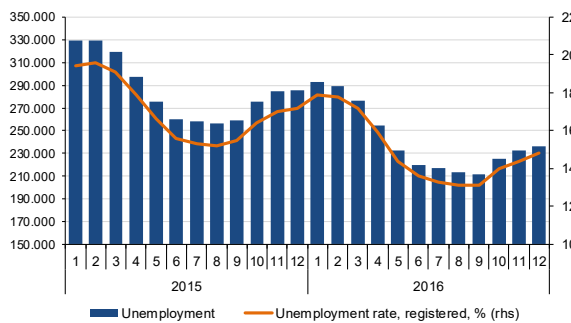
**General government debt**

Source: CNB



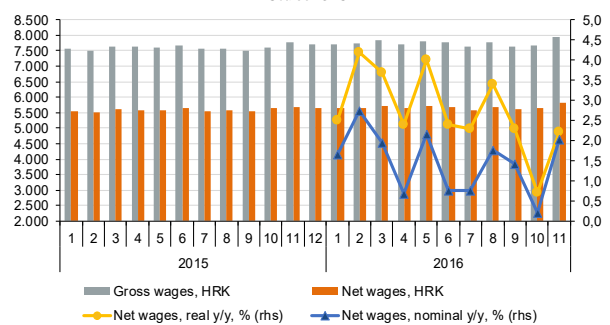
**Total unemployment and unemployment rate**

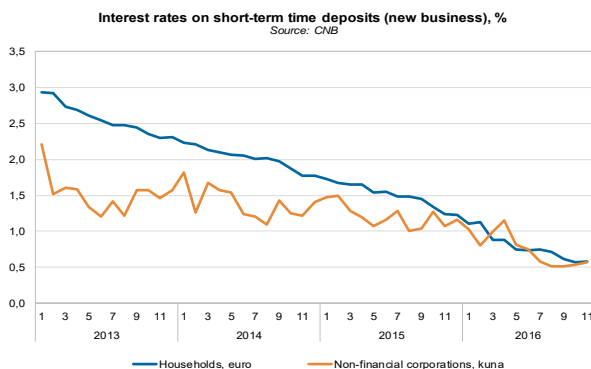
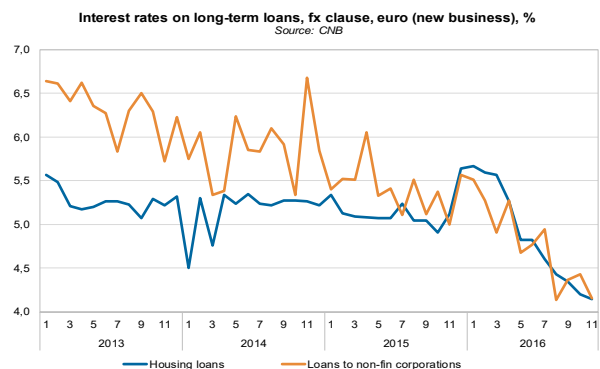
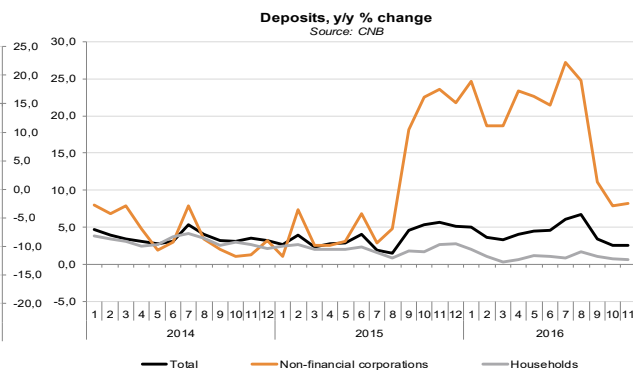
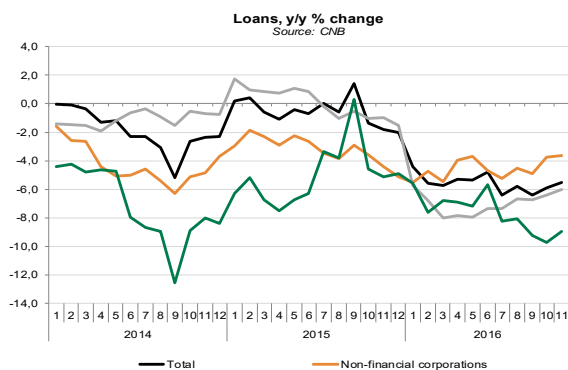
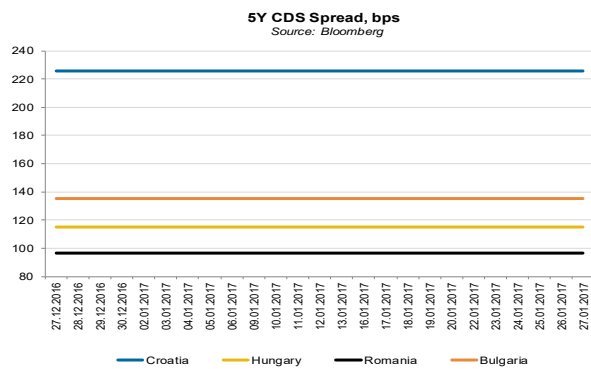
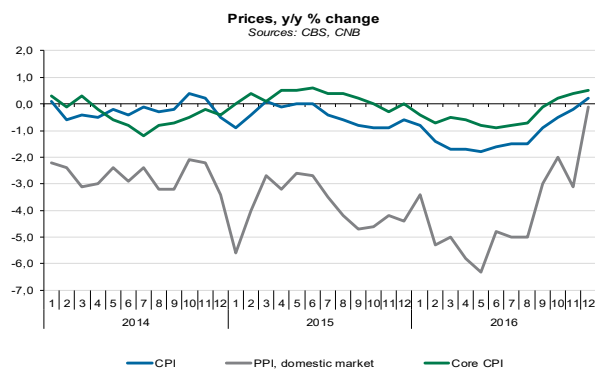
Source: CBS



**Wages, monthly average**

Source: CBS





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