

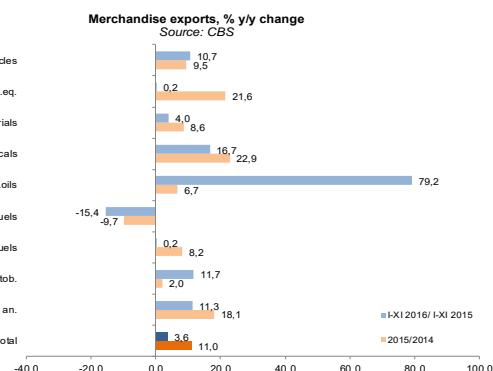
# PBZ Weekly Analysis

## Number 550, February 13, 2017

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## Weekly overview

- The yoy increase in imports of goods (+8.2%) in November 2016 was higher than the increase in exports (+5.7%), due to which the foreign trade deficit in the same month was up by 492.5 million kuna i.e. 13.9% yoy (to 4.04 billion kuna), while the coverage of imports by exports decreased to 68.7% (from 70.3% in November 2015). Over the



first eleven months of 2016, exports of goods rose by 3.6% yoy (to 83.7 billion kuna), a substantially more moderate rise than over the previous two years when the average exports growth rate recorded two-digit values, as a result of a diminished effect of the EU accession, whereas, simultaneously, imports of goods rose by 3.9% (to 134.7 billion kuna), mainly on the back of a stronger domestic demand, owing to which the foreign trade deficit increased by 4.4% yoy (to 51.0 billion kuna) and the coverage of imports by exports decreased by 0.2 percentage points (to 62.1%). In absolute terms, the largest increase was recorded in the exports of Chemical products (by 1.6 billion kuna), Miscellaneous manufactured articles (by 1.4 billion kuna) as well as Food and live animals (by 951 million kuna). At the same time, the largest yoy increase was recorded in the category Machinery and transport equipment (by 3.9 billion kuna), Miscellaneous manufactured articles (by 2.0 billion kuna) and Chemical products (by 1.6 billion kuna). While the data for the first eleven months of 2016 indicate that the growth of imports of goods exceed the growth of exports of goods, the preliminary data for December (increase in exports by 22.5% and imports by 13.1% yoy) suggest that the whole 2016 saw a slightly higher increase in exports (+5.1% yoy) versus imports (+4.6%), which should also be confirmed when detailed data for December are released in mid-March.

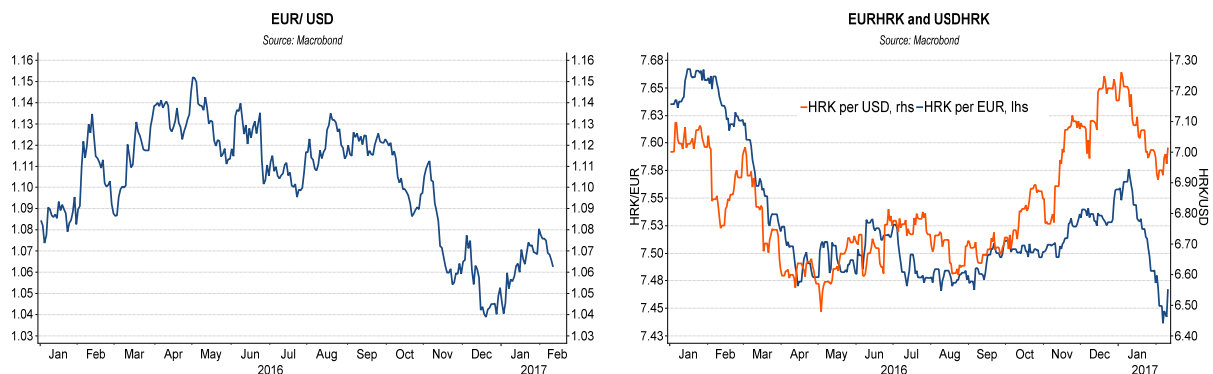
- According to the preliminary data of the Croatian Bureau of Statistics, almost 16 million tourist arrivals were recorded in 2016, up by 8.7% compared with 2015, of which the number of foreign tourist arrivals rose by 8.9%, while domestic arrivals by 7.6% yoy (to 13.8 and 1.8 million). A total of 78 million nights (+9.0% yoy) were recorded, where the number of foreign tourist nights rose by 9.6% and domestic tourist nights by 2.0% yoy. In 2016, the average number of nights per arrival show 5.2 (5.2 in 2015) for foreign tourists and 3.3 (3.5 in 2015) for domestic tourists. According to types of tourist accommodation establishments (section 55 of NKD), the largest number of nights was recorded in Holiday and other short-stay accommodation (37.1 million, or up by 15.9% yoy), then Hotels and similar accommodation (23.3 million nights, +5.0%), Camping sites (17.5 million, +1.9%), while the number of nights in the category Other accommodation reduced by 15.2% yoy (to 226 thousand). Analysis according to counties shows that the majority of total tourist arrivals (58.9%) and nights (66.6%) is recorded in the three "Adriatic" counties: Istria County, Split-Dalmatia County and

Primorje-Gorski kotar County, while the best result in the continental part of the country was recorded by the City of Zagreb, with 1.2 million arrivals and 2.0 million nights recorded last year, which is an increase of 6.9% in arrivals and 11.7% in nights versus 2015. The EU countries are still the main emissive markets, with Germany (7.2% more arrivals and 8.3% more nights yoy), Slovenia (8.9% and 6.9%), Austria (10.6% and 10.3%) and Italy (0.8% and 3.3%) as the leading countries, which together account for 43.0% arrivals and 49.4% nights of foreign tourists. Total tourism revenues (according to the balance of payment) over the first three quarters of 2016 increased by 8.3% yoy (to 7.9 billion euro) and, due to excellent results from the last quarter of 2016, when 16.7% more arrivals and 18.1% more nights were recorded, we expect that the total last year's revenue from tourism services will surpass 8.5 billion euro.

### Higher turnover in domestic FX market

Amid the announced new measures of fiscal policy, the dollar strengthened dramatically against the euro, so trading by the end of the week closed at 1.0643 dollar to the euro, down by 1.3% from the previous Friday.

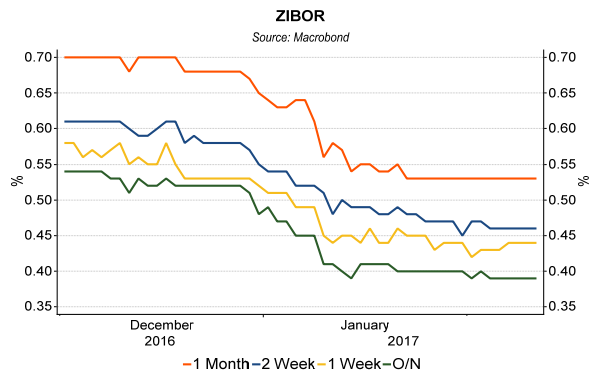
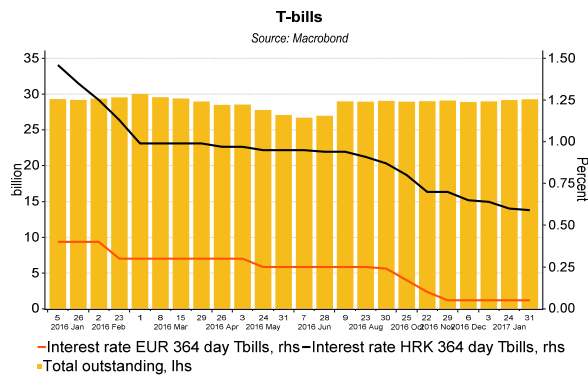
Last week, the domestic FX market saw a substantially higher turnover and volatility, with an increase in the exchange rate up to 7.47, however, with a decline to the final 7.4550 at the end of the week. The CNB mid-exchange rate amounted to 7.4674 kuna to the euro on Friday, up by 0.2% wow. The kuna against the dollar weakened by 1.1% and the exchange rate rose to 7.0149 kuna to the dollar. This week, we expect a rise in trading and the range 7.43-7.47 kuna to the euro.



### High liquidity

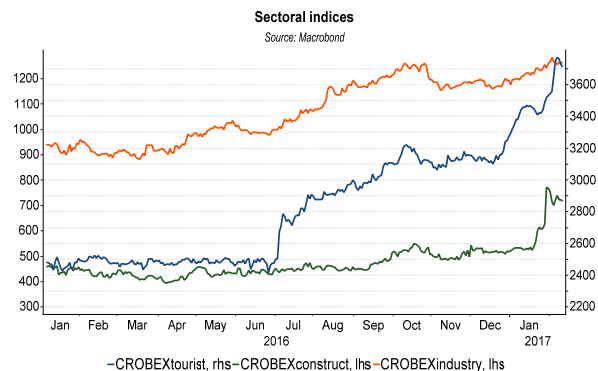
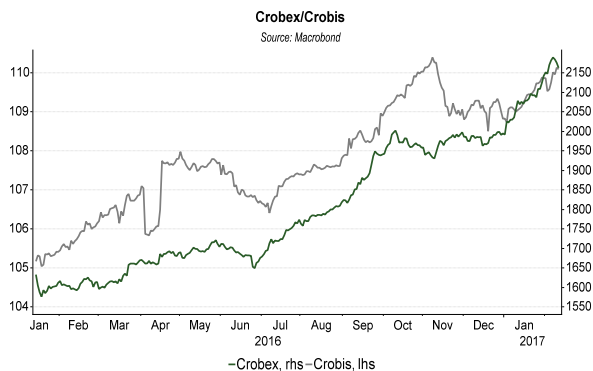
High liquidity continued during the last week of the obligatory reserve maintenance period, so interest rates stayed the same. The overnight Zibor remained at 0.39%, 1M at 0.53% and 3M at 0.64%. At the regular reverse repo auction, CNB injected 110 million kuna, 30 million kuna less than the previous week, at the fixed repo rate of 0.3%, whereas there was almost no demand on ZMM.

Last week, there was no maturity or auction, therefore, the government debt under T-bills remained at 29.3 billion kuna. There will be no maturity or auction this week again.

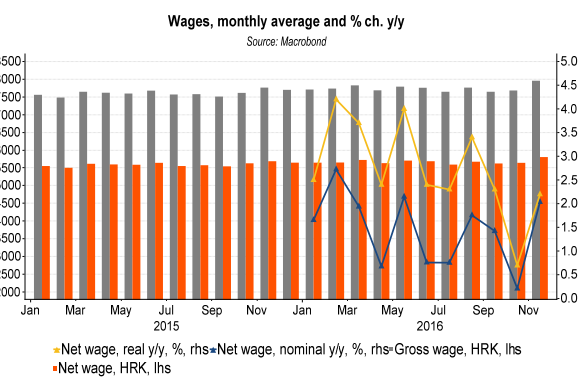
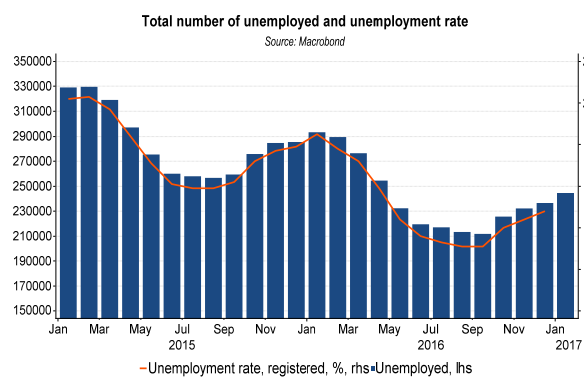
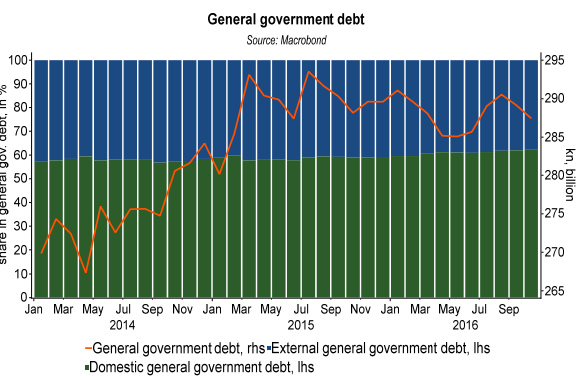
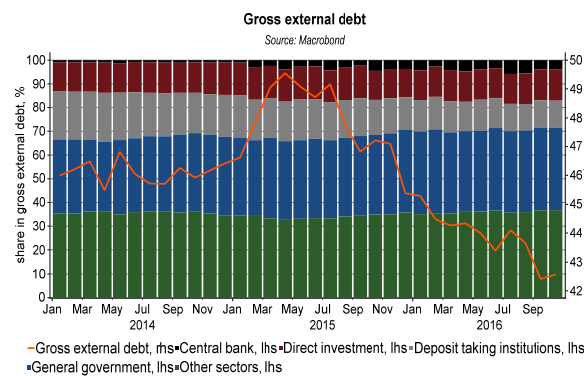
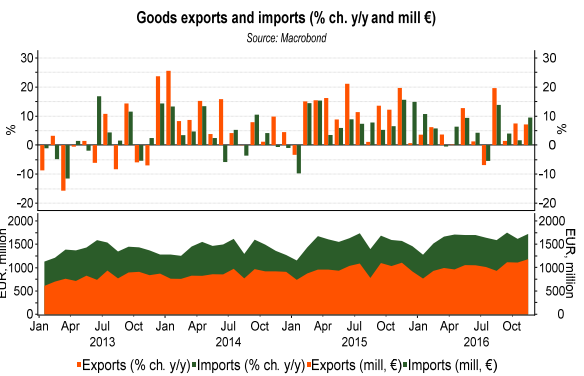
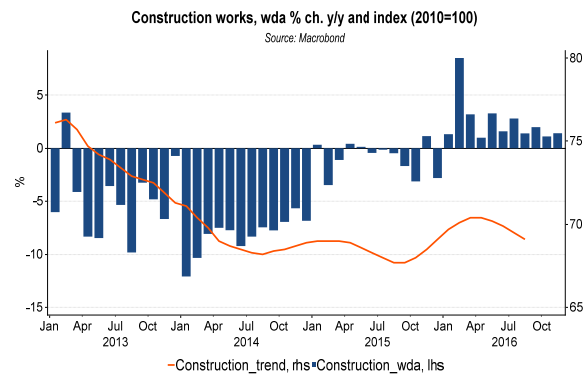
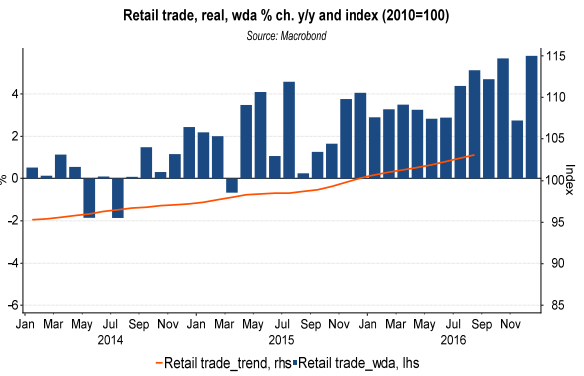
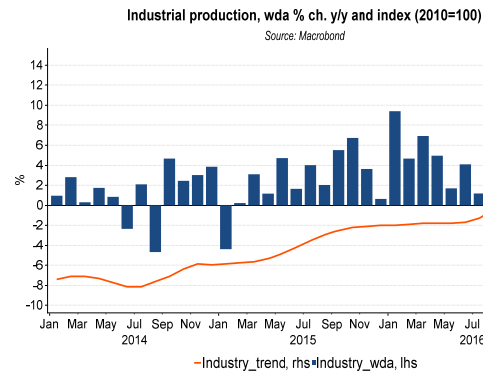


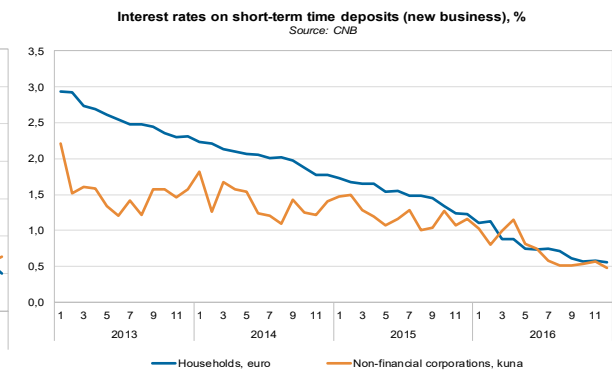
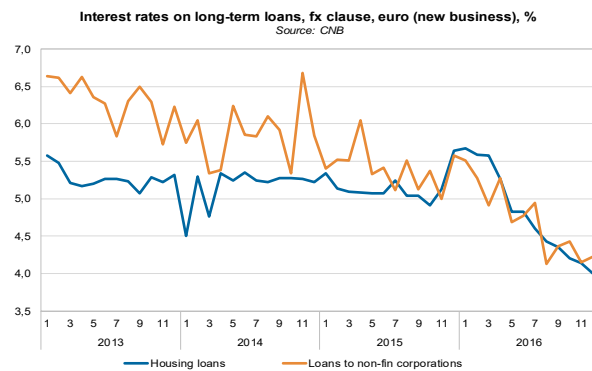
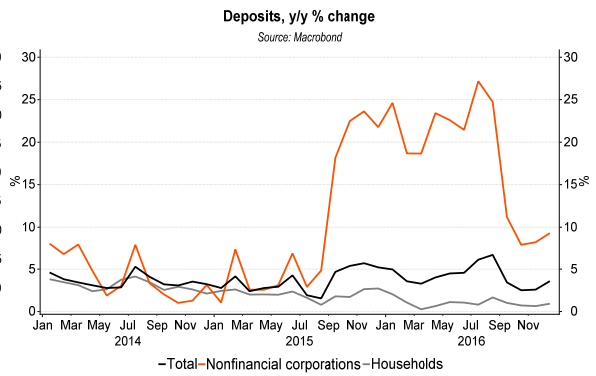
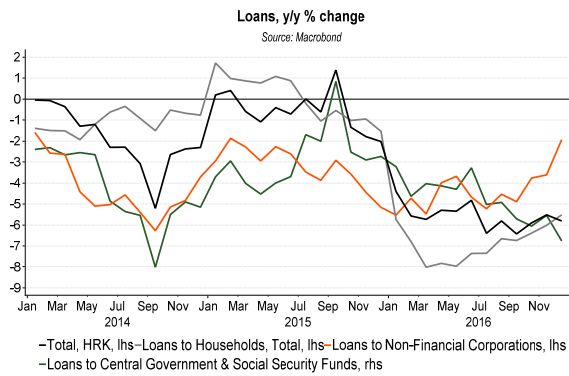
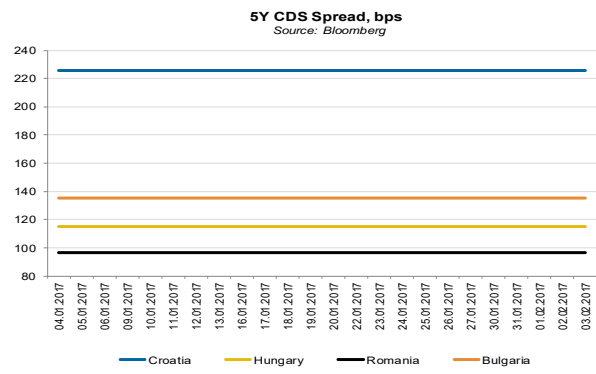
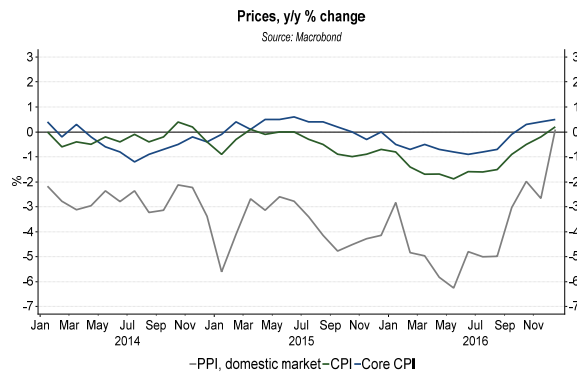
## Crobex down wow

The total ZSE turnover rose by 14.1% versus the week before, amounting to 658.2 million kuna, owing to a 20.6% increase in the turnover in bonds (to 553.1 million kuna), whereas the turnover in shares dropped by 11.3% (to 105.1 million kuna). Last week, the Crobex index closed by declining 0.3% wow (to 2,163.03 points), while Crobis closed the week at 110.09 points, or up by 0.5% wow. As regards sector indices, CROBEXconstruct closed the week at 717.27 points (+2.3% wow), CROBEXtourist at 3,708.96 points (+1.6%), while CROBEXindustry closed the week at 1,265.37 points, i.e. down by 0.1% wow. From 27 February 2017, in accordance with the revised index, the Crobis index will include the bonds of the Republic of Croatia maturing on 7 February 2022 (ticker RHMF-O-222A) and the bonds maturing on 7 February 2028 (ticker RHMF-O-282A).



# Statistics





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