

PBZ Weekly Analysis

Number 556, March 27, 2017

- Weekly overview (p. 1)
- Kuna strengthening continues (p. 1)
- Interest rates unchanged (p. 2)
- Crobex in negative territory for second consecutive week (p. 2)
- Statistics (p. 4-5)

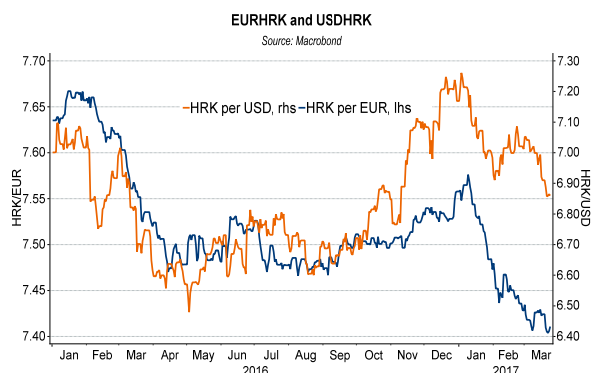
Weekly overview

- According to the data of the Croatian Bureau of Statistics, the registered unemployment rate at the end of February was 15.3%, down by 0.1 p.p. compared with the previous month, but also 2.5 p.p. down compared with the same month last year, whereas the number of unemployed persons reached 238.934, i.e. a decrease of 2.1% mom and 17.4% yoy, respectively. Thus, a decrease in the number of unemployed persons was recorded in February for the first time, following four previous consecutive monthly increases, which indicates a beginning of seasonal employment (last year, a decline in the number of unemployed persons was also recorded in February), which may also be seen from the data on a 15.4% increase in job openings for seasonal employees versus January 2017. According to the preliminary results of the internationally comparable Labour Force Survey, the number of persons in employment reached 1.579 million in the last quarter of 2016, showing a decrease of around 50 thousand versus the third quarter of the same year, but also a decrease of 4 thousand persons versus the same quarter of 2015, while the employment rate amounted to 44.4% (-1.3 p.p. qoq, +0.4 p.p. yoy). The number of unemployed persons over the last quarter of 2016 was 244 thousand, which is an increase of 44 thousand persons qoq and a decrease of 57 thousand persons yoy, while the unemployment rate was 13.4% (+2.5 p.p. qoq, -2.7 p.p. yoy). Therefore, in the last quarter of 2016, labour force amounted to 1.824 million persons, showing a decline of 5 thousand persons qoq and a decline of 52 thousand persons yoy, while the activity rate amounted to 51.3% (unchanged qoq, down by 1.1 p.p. yoy). The data that causes particular concern is the number of inactive population, which amounted to 1.734 million in the last quarter of 2016, up by 31 thousand persons compared with the same quarter of 2015 (the number remained the same qoq). As a result of unfavourable demographic trends (negative natural increase rate, higher number of retired persons) and an increase in net outflow of people (mostly young people), the total number of working-age population (persons aged 15 years and over) over the last quarter of 2016 hit a new record low of 3.558 million, showing a decrease of 5 thousand persons versus the third quarter of the same year and, simultaneously, a decline of 21 thousand versus the last quarter of 2015.

Kuna strengthening continues

The dollar has lost further value against the euro, so trading closed at 1.0798 dollar to the euro on Friday, up by 0.5% wow.

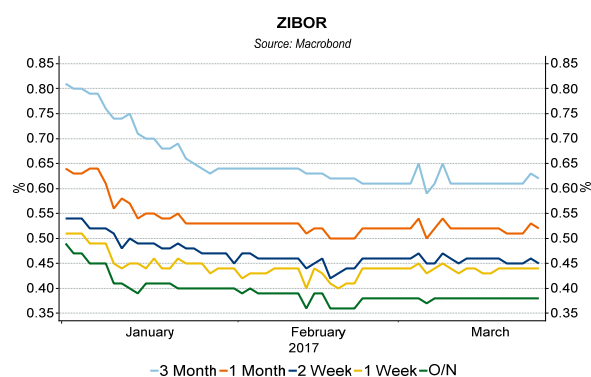
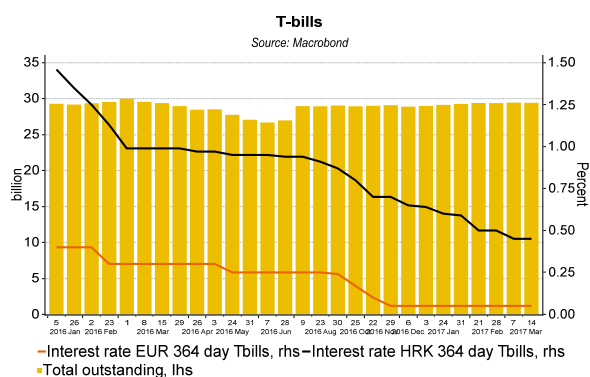
The kuna continued to strengthen and the mid-exchange rate on Friday amounted to 7.4060 kuna to the euro, down by 0.2% wow, while the kuna against the dollar strengthened by 0.7% to 6.8644 kuna to the dollar. This week, we expect the trading range 7.40-7.45 kuna to the euro.



Interest rates unchanged

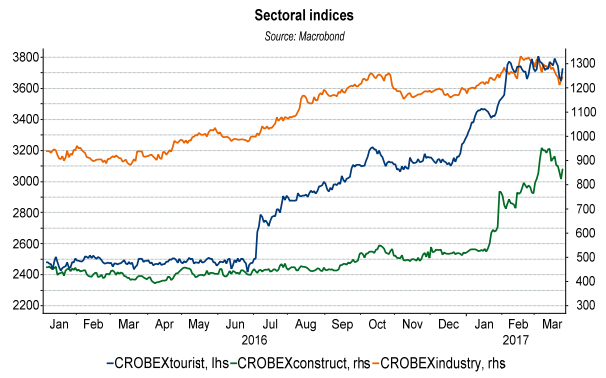
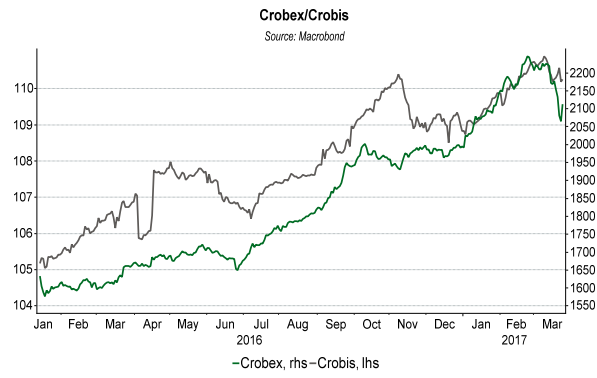
Money market stood still due to liquidity which remained at record levels, over 17 billion kuna. The overnight Zibor stayed at 0.38%, 1M at 0.52%, whereas 3M rose by 1 b.p. wow to 0.62%. There was again no demand at the CNB's regular reverse repo auction, whereas the ZMM turnover was just 17.5 million kuna.

Last week, there was no maturity or auction, so the government debt under T-bills remained at 29.4 billion kuna. This week, a total of 0.6 billion kuna will mature and the auction with the planned 0.5 billion kuna has been announced.

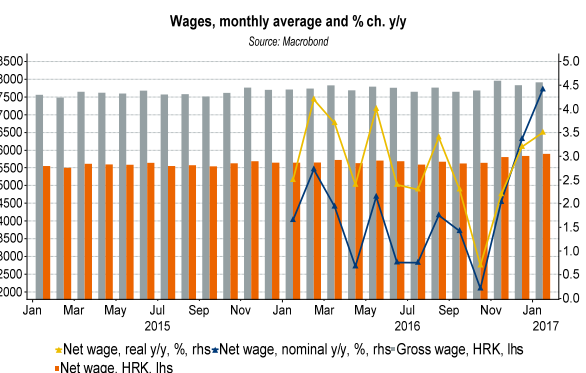
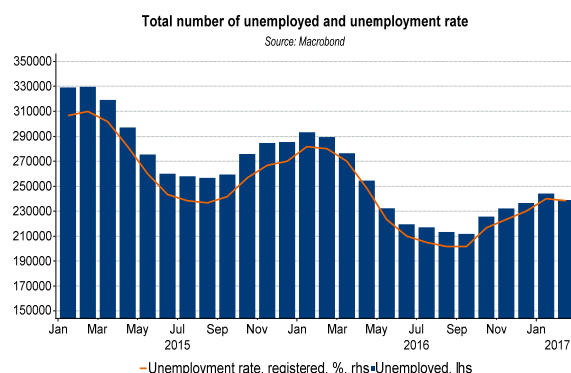
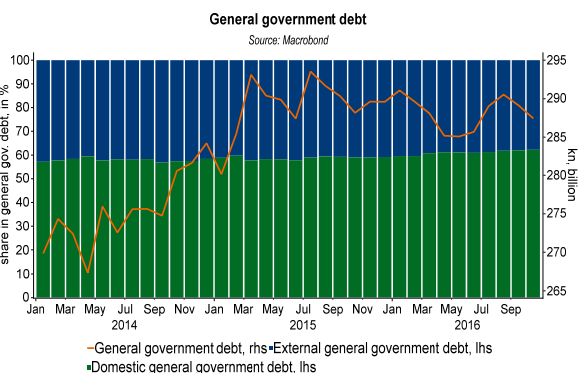
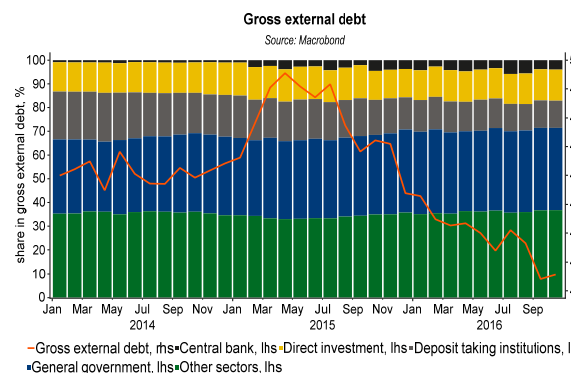
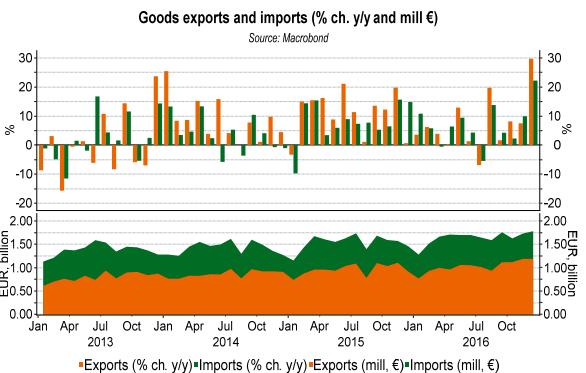
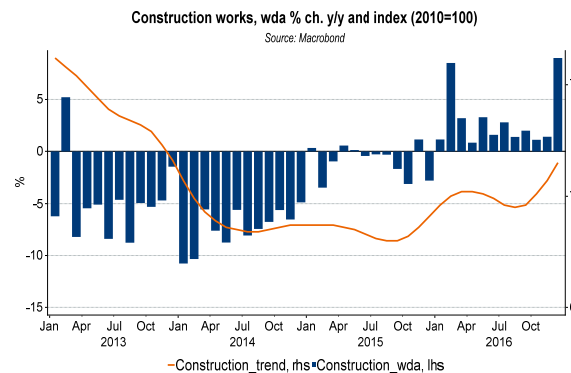
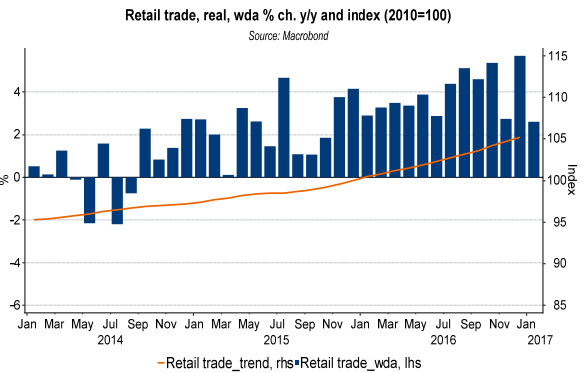
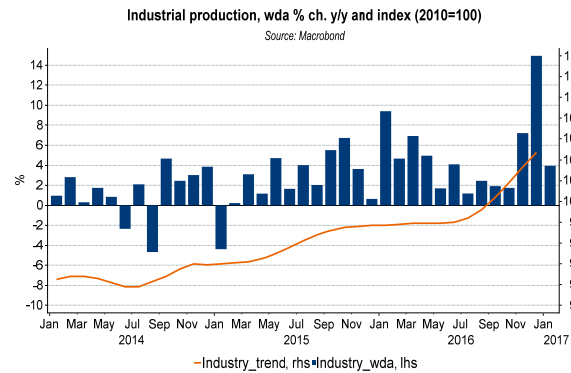


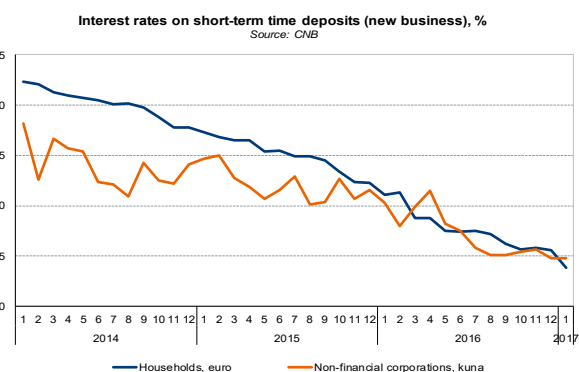
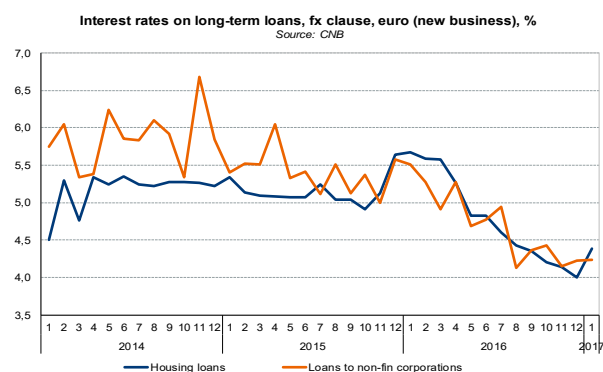
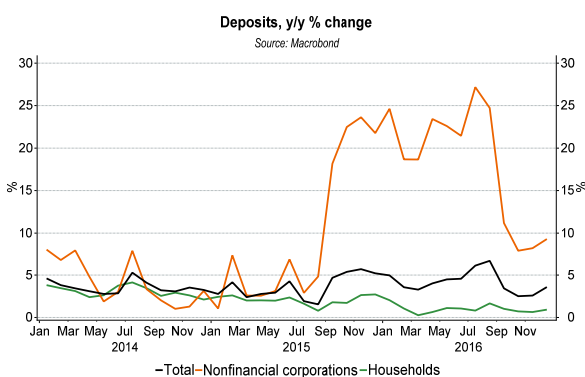
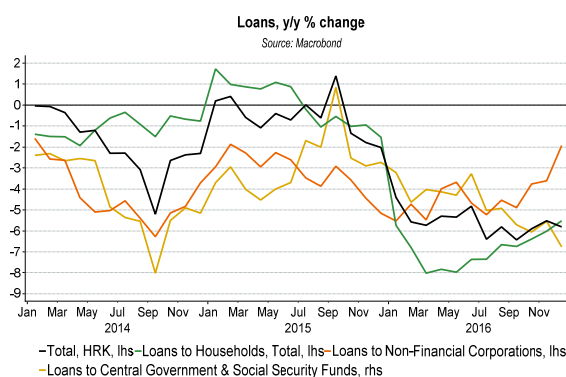
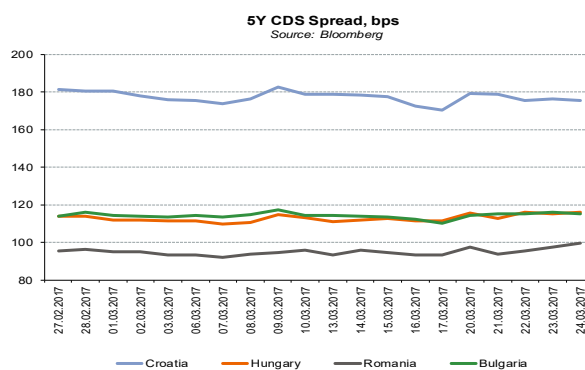
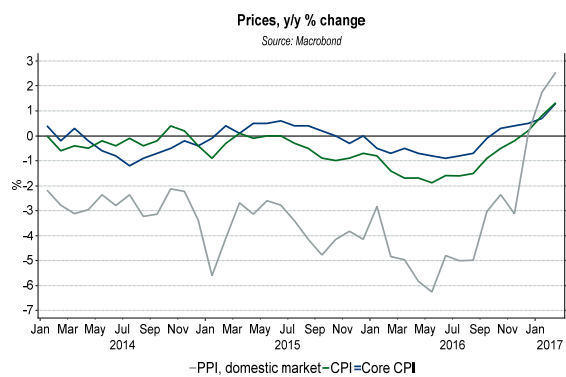
Crobex in negative territory for second consecutive week

The total ZSE turnover amounted to 472.8 million kuna, i.e. down by 53.5% wow, where the turnover in bonds fell by 56.9% compared with the previous week (to 372.2 million kuna), and the turnover in shares by 34.3% (to 100.6 million kuna). The Crobex index dropped by 3.0% wow, closing the week at 2,112.83 points, while Crobis was unchanged (110.25 points). Sector indices ended in negative territory, where CROBEXconstruct recorded the largest decrease of 5.6% wow, closing the week at 866.24 points, while CROBEXtourist (3,728.23) and CROBEXindustry (1,245.69) closed the week declining 1.7% and 1.6%, respectively.



Statistics





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