

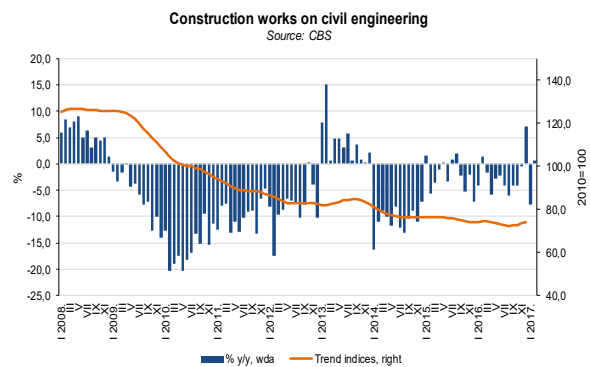
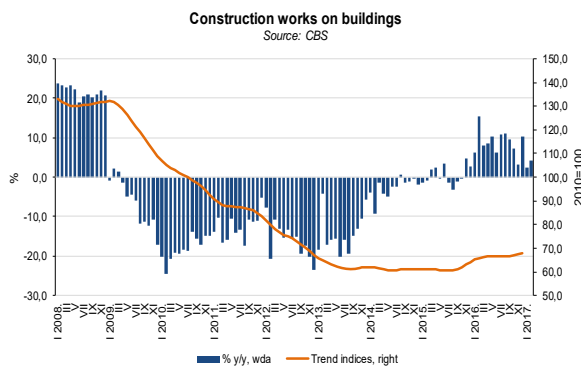
# PBZ Weekly Analysis

## Number 560, April 24, 2017

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## Weekly overview

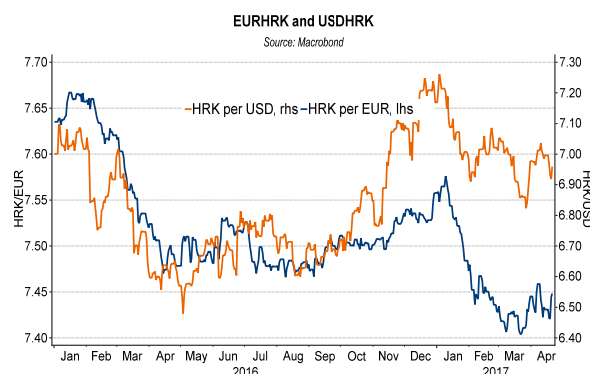
- Following a decrease in the construction activity of 2.7% yoy in the first month of 2017 (according to wda data), mostly due to unfavourable weather conditions, the volume of construction works in February rose by 2.6%, of which the construction works on buildings by 4.2% (+2.4% in January), while civil engineering works by 0.7% (-7.7% in January). The volume of construction works increased by 9.5% mom (seasonally and working-day adjusted), of which the construction works on buildings by 9.7% and civil engineering works by 11.5%. Thus, the volume of construction works over the first two months of 2017 increased only 0.1% versus the same period last year (+3.3% on buildings, -3.4% civil engineering works), however, as the number of building permits issued over the indicated period rose by 39.1% and the value of works increased even 80.6%, we expect the construction activity to accelerate its growth in the upcoming months, which will also be supported by the announced administrative incentive measures for housing loans.



## Dollar continues to weaken, kuna sees modest changes

On the eve of this week's FOMC meeting, the dollar continued to weaken, so trading on Friday closed at 1.0728 dollar to the euro, up by 1.0% from the previous Friday.

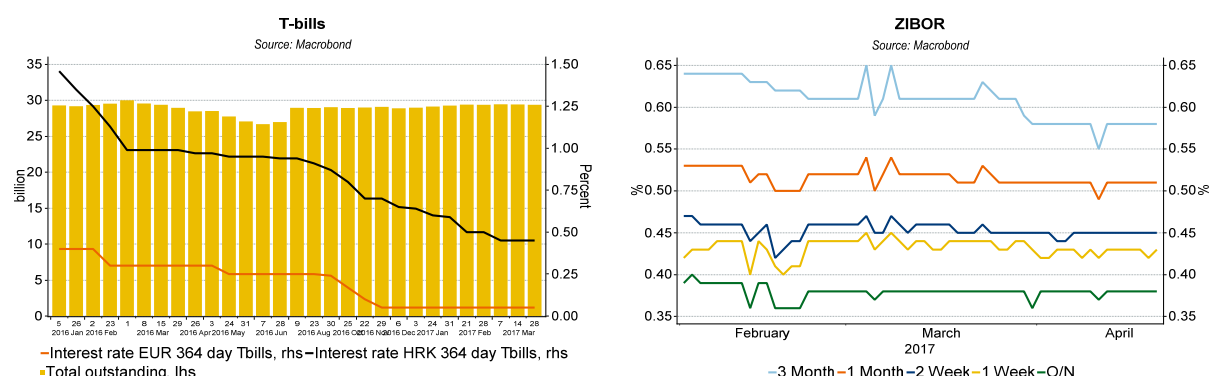
Higher corporate demand resulted in a slight increase in the exchange rate, therefore the mid-exchange rate on Friday reached 7.4482 kuna to the euro, up by 0.2% wow, while the kuna against the dollar strengthened by 0.5% to 6.9590 kuna to the dollar. This week, we expect the trading range 7.43-7.48 kuna to the euro.



## Interest rates unchanged

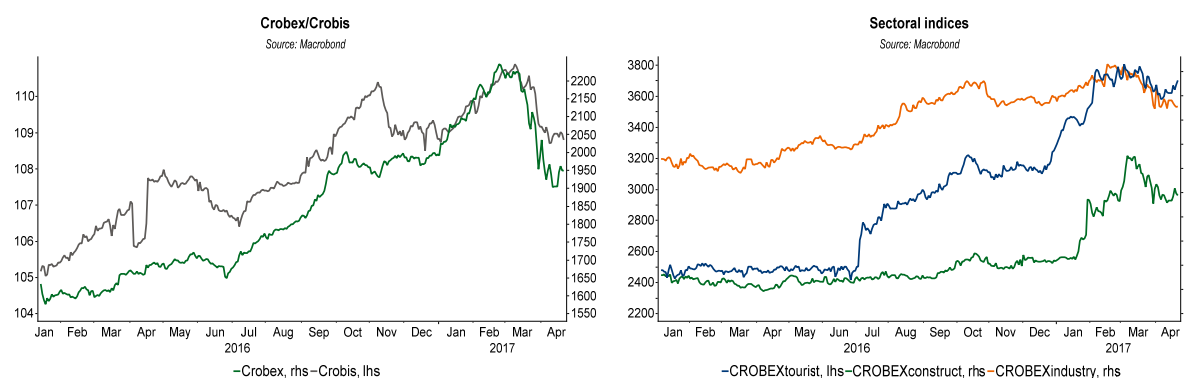
Last week, the money market saw a slightly higher demand, however, amid high liquidity, interest rates remained unchanged. The overnight Zibor stayed at 0.38%, 1M at 0.51% and 3M at 0.58%. Following a six-week standstill, new demand was seen at the CNB's regular reverse repo auction where 50 million kuna was injected in the system at the fixed repo rate of 0.3%, while the ZMM turnover barely amounted to 10 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, 672 million kuna will mature and the auction with the planned 650 million kuna has been announced.



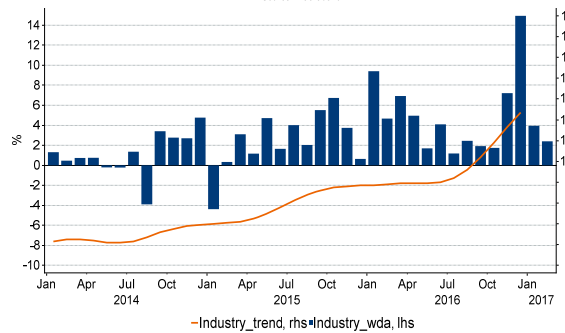
## Crobex up wow

The Crobex index closed last week at 1,949.21 points, i.e. up by 2.3% wow, while Crobis closed the week decreasing by 0.2% (to 108.80 points). As regards sector indices, CROBEXconstruct and CROBEXtourist closed the week at the level of 788.55 and 3,701.55 points, up by 2.7% and 2.3%, whereas CROBEXindustry closed the week at 1,155.12 points, or down by 2.2% wow. The total ZSE turnover amounted to 225.8 million kuna, which is a drop of 42.0% versus the week before, where the turnover in bonds declined by 54.5% (to 145.7 million kuna), while the turnover in shares rose by 15.9% (to 80.1 million kuna).

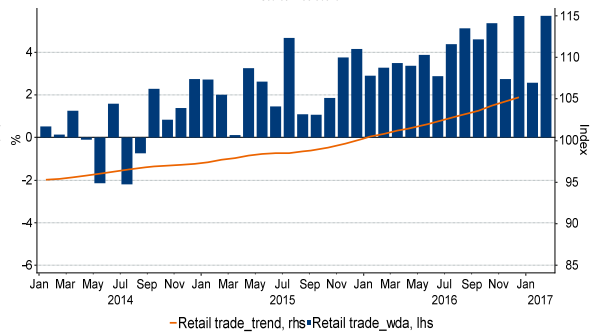


# Statistics

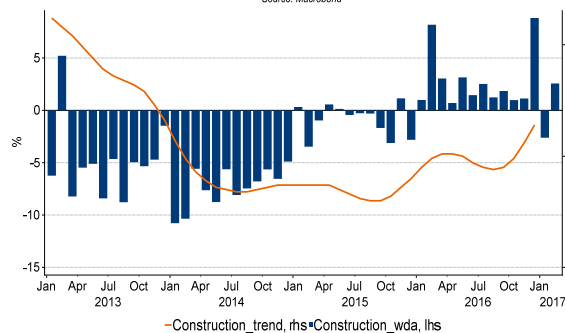
**Industrial production, wda % ch. y/y and index (2010=100)**  
Source: Macrobond



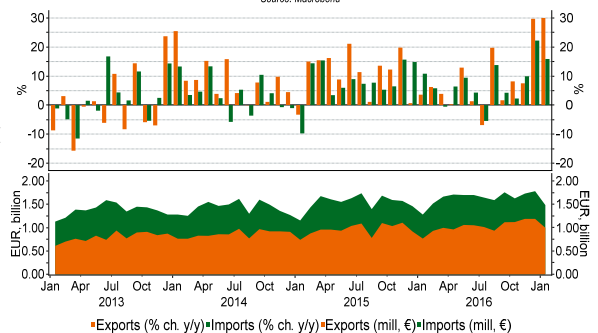
**Retail trade, real, wda % ch. y/y and index (2010=100)**  
Source: Macrobond



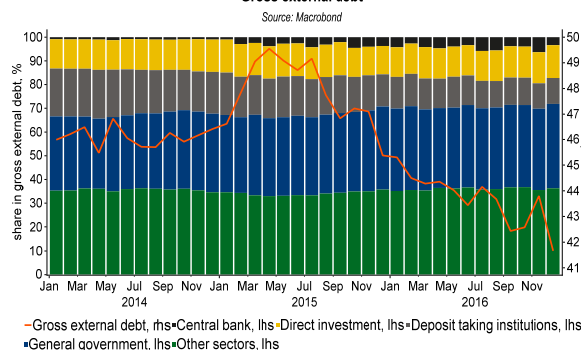
**Construction works, wda % ch. y/y and index (2010=100)**  
Source: Macrobond



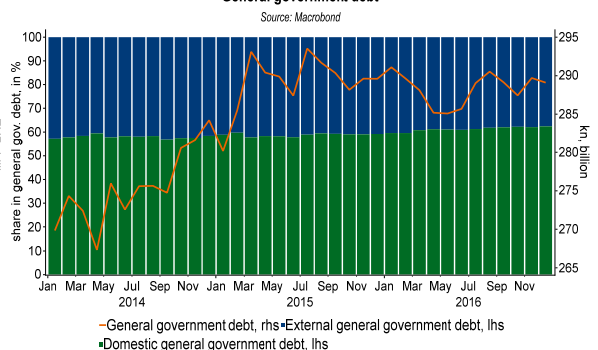
**Goods exports and imports (% ch. y/y and mill €)**  
Source: Macrobond



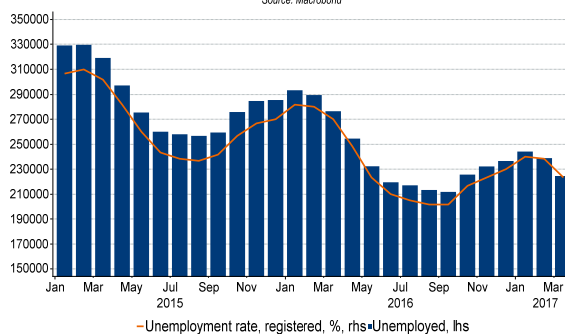
**Gross external debt**  
Source: Macrobond



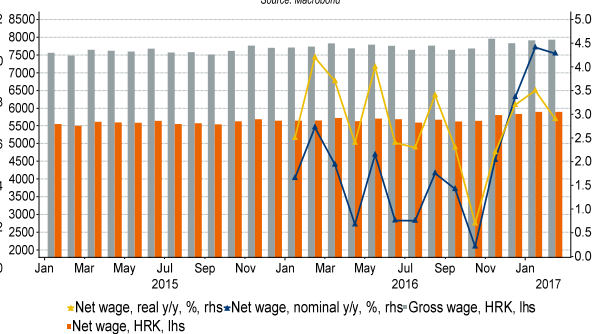
**General government debt**  
Source: Macrobond

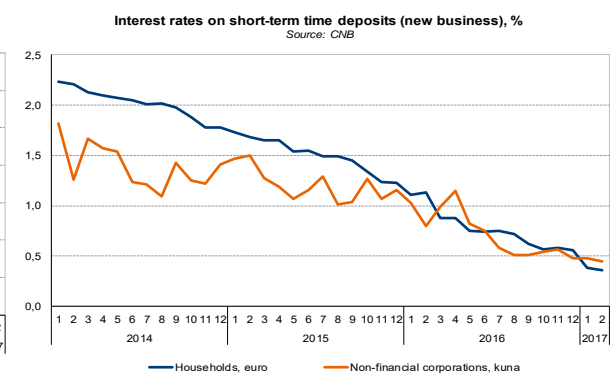
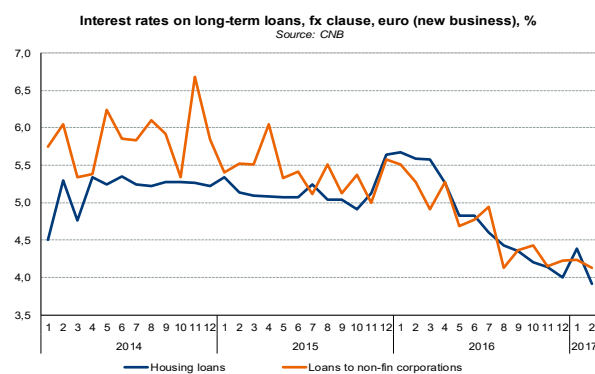
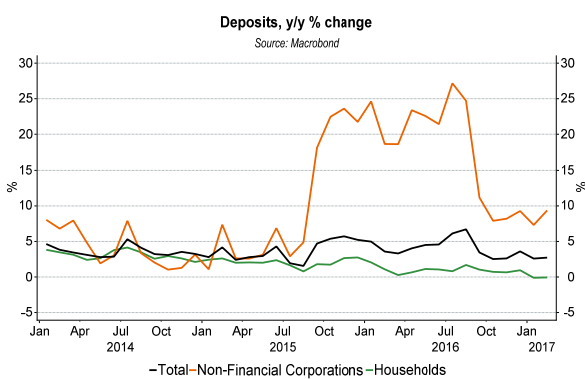
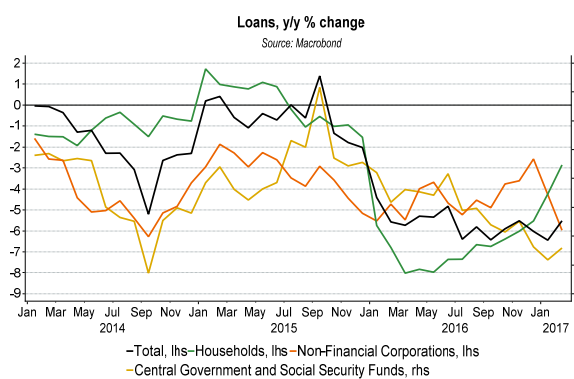
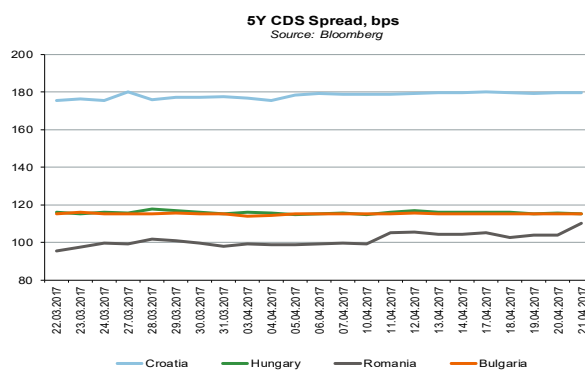
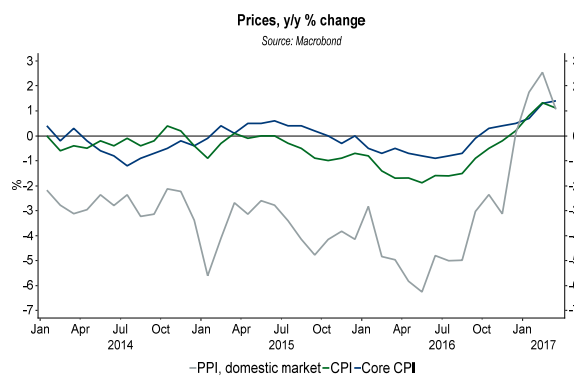


**Total number of unemployed and unemployment rate**  
Source: Macrobond



**Wages, monthly average and % ch. y/y**  
Source: Macrobond





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