

PBZ Weekly Analysis

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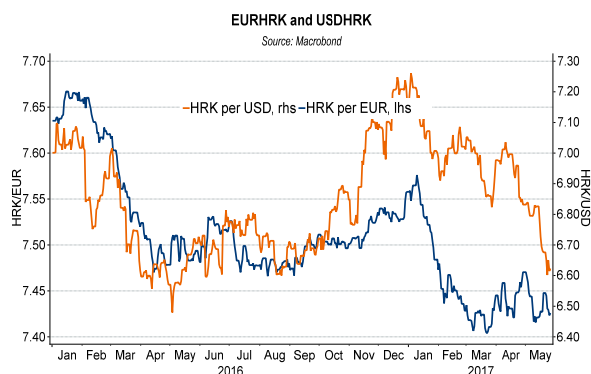
Weekly overview

- The average monthly paid off net earnings in paid employment in legal entities for March 2017, according to the preliminary data of CBS, recorded a nominal increase of 5.2%, or a real-term increase of 4.1% yoy, amounting to 6,022 kuna. At the same time, the average monthly gross earnings rose by 3.6% in nominal terms and 2.5% in real terms, amounting to 8,109 kuna. Compared with the same period last year, the average net earnings rose by 4.6% in nominal terms (gross: +2.9%) over the first three months of 2017, due to the changes in the income tax, while in real terms, affected by the return of inflation, the average net earnings recorded a more moderate increase of +3.5% (gross: +1.8%).
- The registered number of unemployed persons in 2017, mainly due to a stronger seasonal employment, fell to 204,316 persons, which is down by 8.8%, i.e. a decline of 19,752 persons mom and a decline of 19.7%, or 50,275 persons yoy. A decrease in the number of unemployed persons in April resulted in a fall in the registered unemployment rate, which dropped to 13.2% (-1.2 p.p. mom, -2,5 p.p. yoy), i.e. the lowest level since September 2016, when it amounted to 13.0%. Over the upcoming period, under the influence of a further seasonal employment and the adverse demographic trends as well as emigration, we expect a further reduction in the total number of unemployed persons, which may also be seen from the data of the Croatian Employment Bureau on 183 thousand of unemployed persons recorded at the end of May, also the lowest level since 1990. In this case, the registered unemployment rate should continue to fall at a slightly moderate pace, given the fact that the size of working-age population has been on a continuous downward trend.

Dollar decline stops, kuna exchange rate balanced

In the absence of significant news, the decline of the dollar stopped last week. Trading on Friday closed at 1.1183 dollar to the euro, down by 0.2% wow.

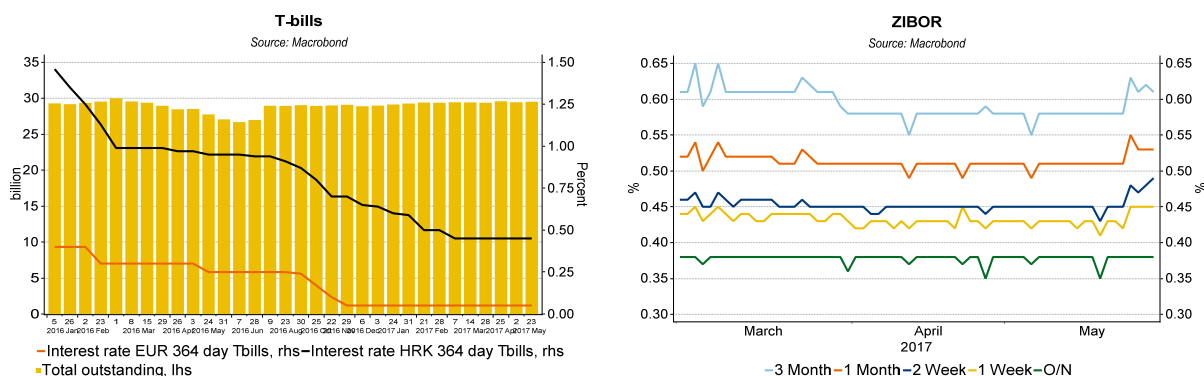
The exchange rate remained rather balanced, therefore the kuna strengthened wow moderately by 0.3% against the euro to 7.4259 kuna to the euro, while the kuna against the dollar strengthened by 0.8% to 6.6232 kuna to the dollar. This week, we expect a continuation of trading in the range 7.40-7.45 kuna to the euro.



Slight changes in interest rates

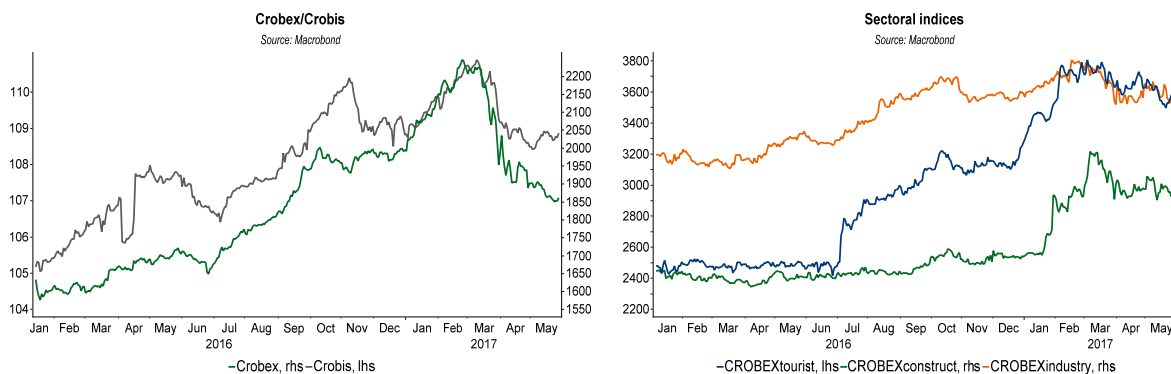
Liquidity stayed unchanged, so interest rates recorded only minor shifts wow. The overnight Zibor remained at 0.38%, 1M Zibor rose by 2 b.p. to 0.53%, while 3M by 3 b.p. to 0.61%. There was no demand at the regular reverse repo auction, while the ZMM turnover amounted to 10 million kuna.

Last week, 320 million kuna and 16 million euro matured, whereas 400 million kuna and 20 million euro were subscribed, due to which the government debt under T-bills rose from 29,463 to 29,522 million kuna. The issues were subscribed with a one-year maturity at the unchanged interest rate versus the previous issues (0.45% kuna, 0.05% euro). This week, 683 million kuna will mature and the auction with the planned issue of 700 million kuna has been announced.

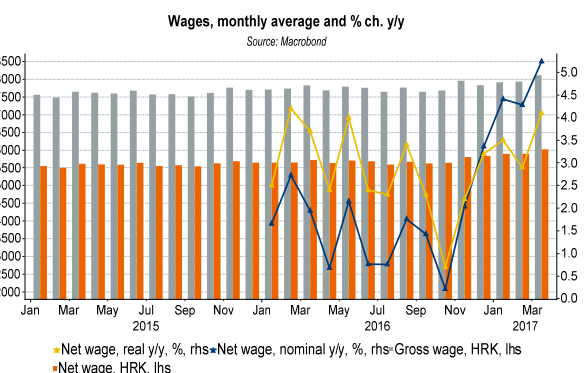
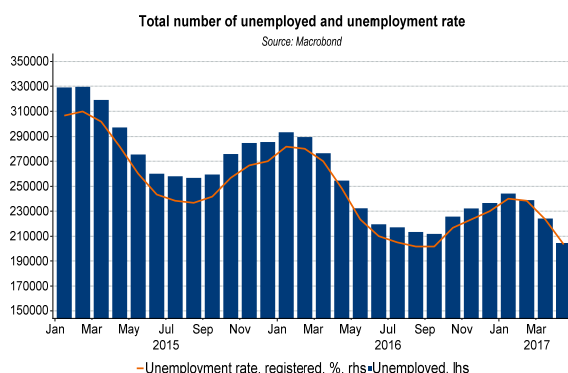
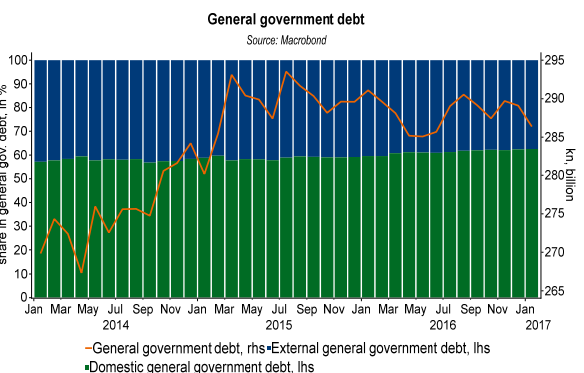
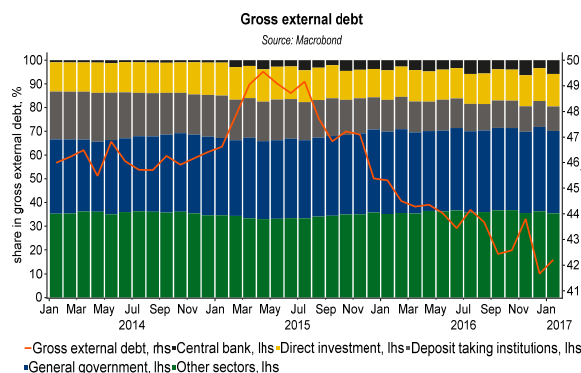
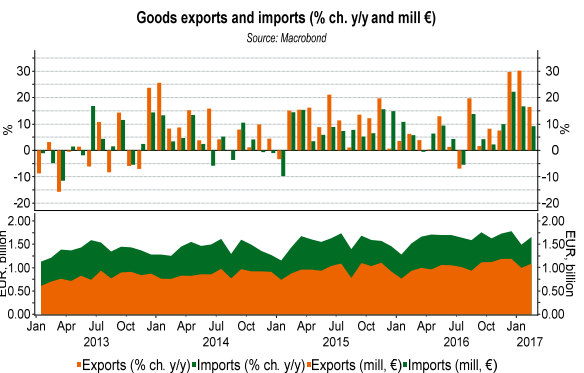
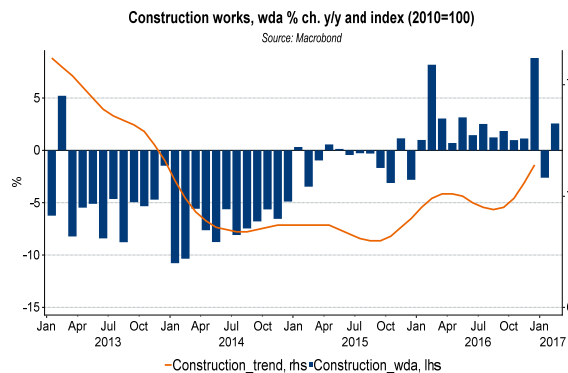
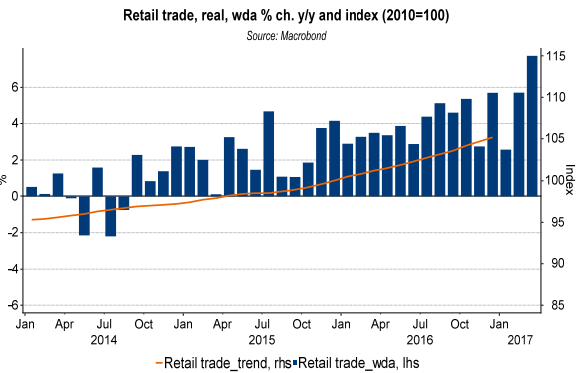
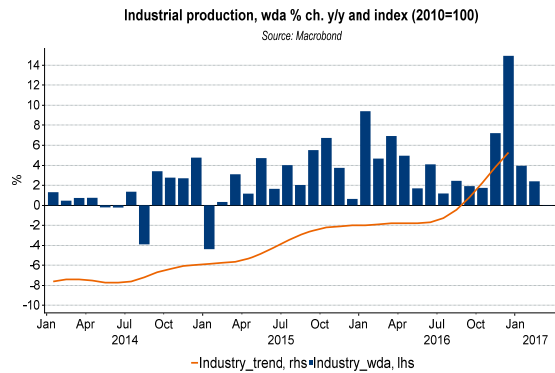


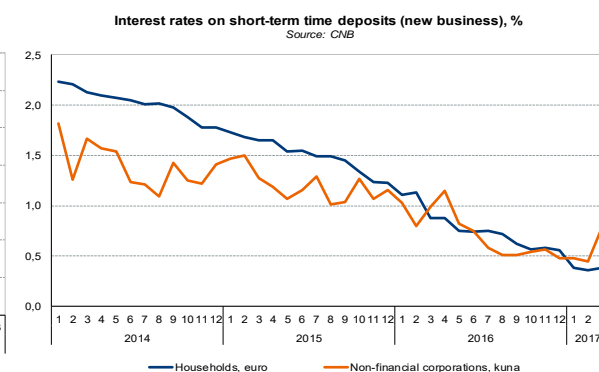
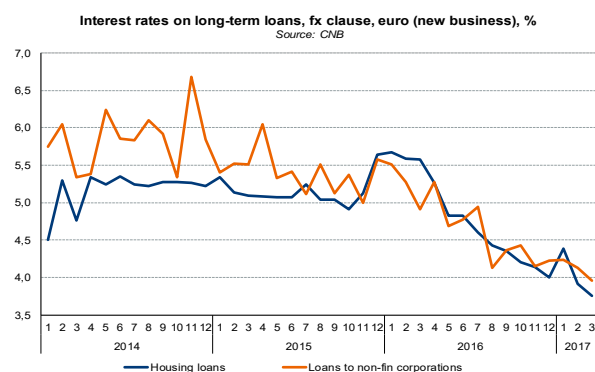
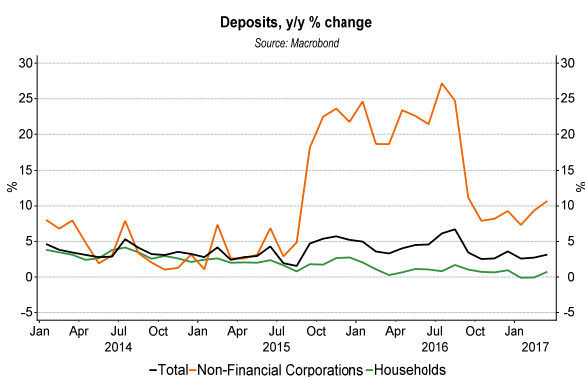
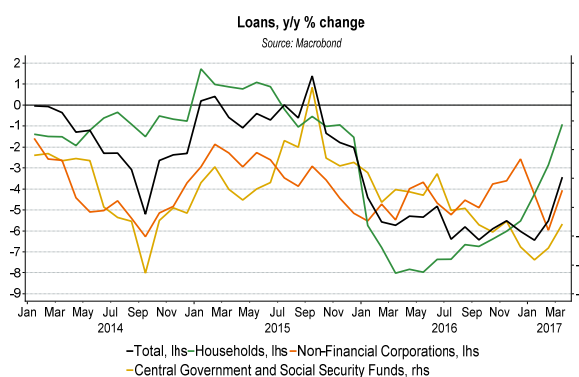
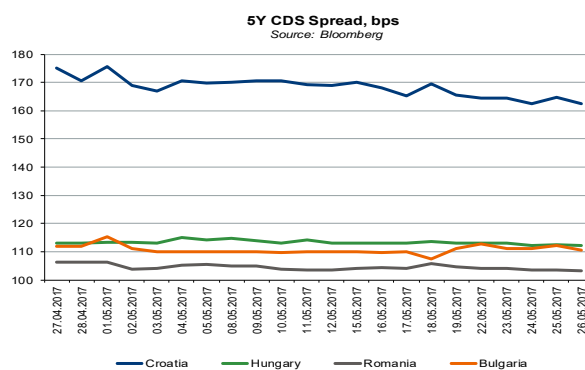
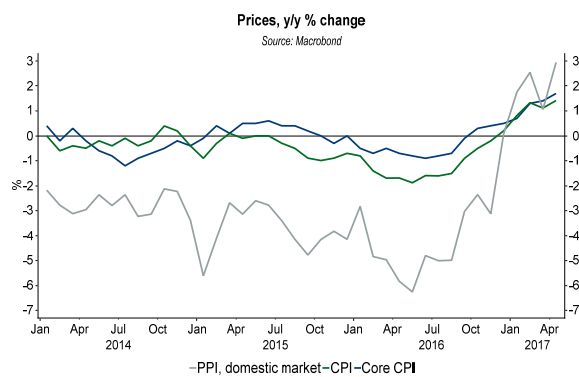
Crobex up wow

The Crobex index closed at 1,862.07 points last week, i.e. a slight increase wow (+0.1%), while Crobis closed the week at 108.87 points, also rising by 0.1%. As regards sector indices, CROBEXtourist recorded a 2.4% growth wow, closing on Friday at the level of 3,578.49 points, while CROBEXindustry and CROBEXconstruct closed the week declining by 3.6%, i.e. by 1.4%, recording a drop to 1,172.24, i.e. 796.94 points. Last week, the total ZSE turnover amounted to 269.0 million kuna, up by 85.3% compared with the week before, due to 2.1 times higher turnover in bonds (to 233.8 million kuna), while the turnover in shares declined by 3.0% (to 35.2 million kuna).



Statistics





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