

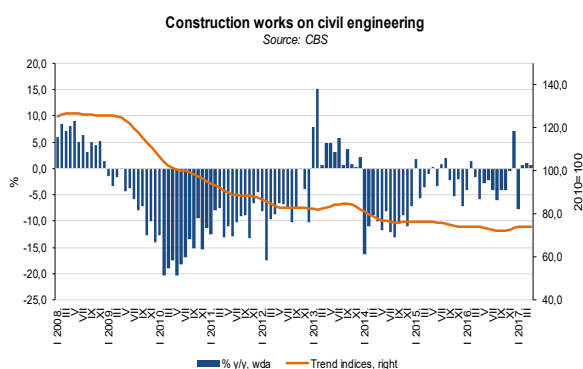
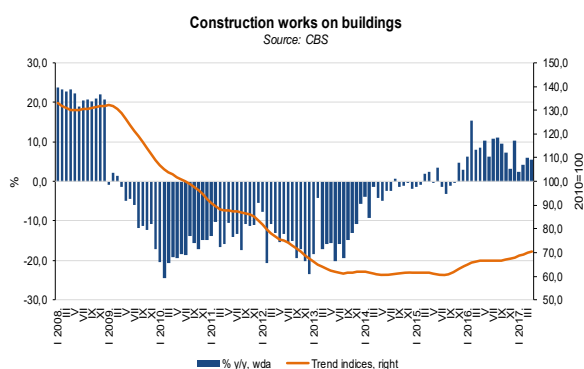
PBZ Weekly Analysis

Number 569, June 26, 2017

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Weekly overview

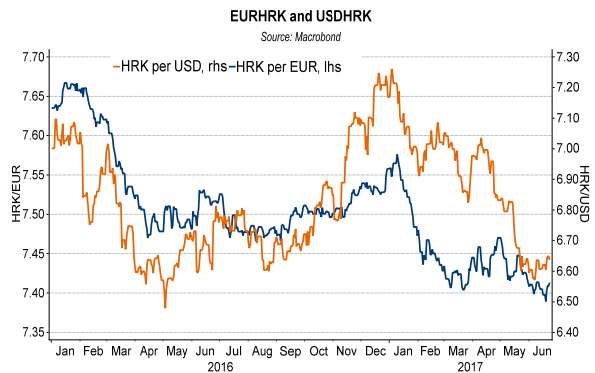
- Following an increase of 3.6% in the first this year's quarter, the volume of construction works, according to wda data, recorded a slightly lower yoy growth of +3.3% in April, where the construction works on buildings rose +5.6% (1q2017: +5.1%), while civil engineering works +0.6% (1q2017: +0.6%). The above mentioned is a continuation of positive developments in this sector, the recovery of which (after seven consecutive years of reduced activities) began last year, when the total yoy growth of the volume of construction works amounted to +2.6%, mainly supported by a better withdrawal of EU funds, but also increased investments (particularly in tourism) and energy renovation programmes for buildings. This year, we anticipate a continuation of a positive trend, due to a beginning of the announced investments in large infrastructural projects such as LNG terminal on the island of Krk and the Pelješac Bridge. We expect a substantial contribution from the upcoming active measures of subsidised housing loans for persons under the age of 45, which are likely to be implemented during July. The data on an increase of 32.3% in building permits issued over the first four months of this year versus the same period last year (the total work value of 8.8 billion kuna, i.e. up by 55.0% yoy) and an increase of 19.1% in job openings in the category Construction recorded over the first five months of 2017 versus the same period last year, indicate a positive trend in this sector.



Kuna slightly weaker

In the absence of significant information on economic trends, the dollar closed last week at the level of 1.1194 dollar to the euro, remaining almost unchanged wow.

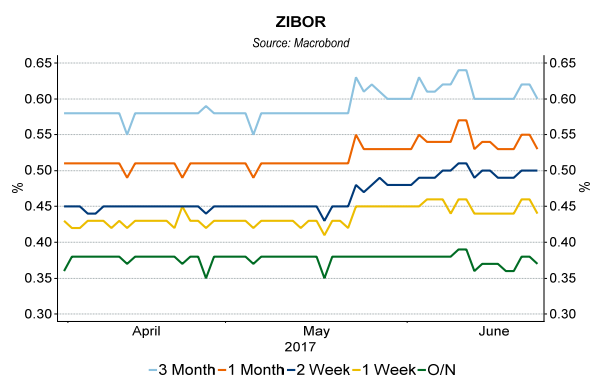
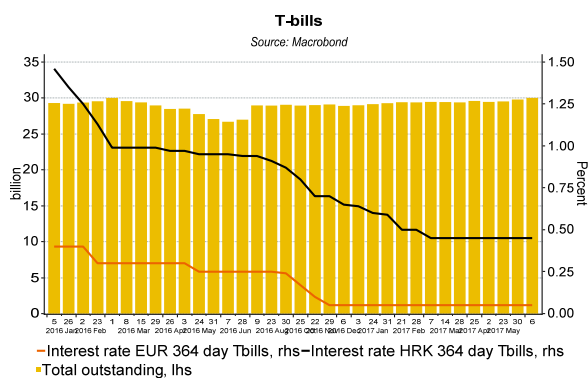
Thus, the kuna closed at a 0.2% higher level on Friday wow, i.e. at 7.4132 kuna to the euro, while the same kuna growth was recorded against the dollar, rising to 6.6373 kuna to the dollar. This week, we expect trading in the range 7.40-7.43 kuna to the euro.



Interest rates unchanged

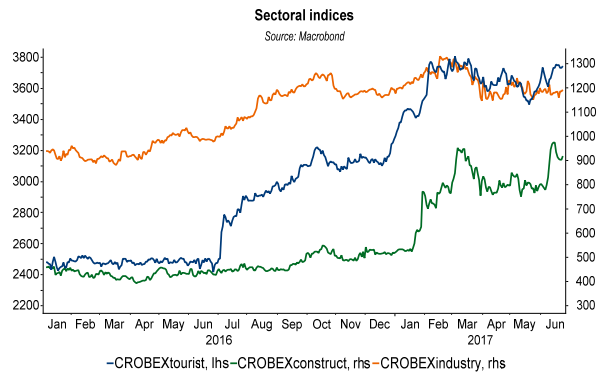
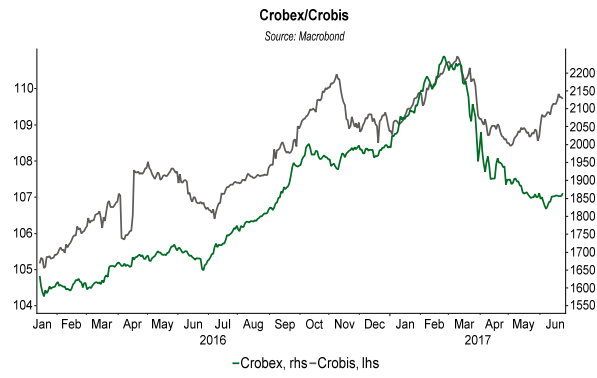
There were no pressures to increase interest rates, as a result of excess liquidity which was around 16 billion kuna. The overnight Zibor remained at 0.37%, 1M at 0.53% and 3M at 0.60%. There was no demand at the regular reverse repo auction again, whereas the ZMM turnover amounted to 5 million kuna.

Last week, there was no maturity or auction, therefore the government debt under T-bills remained at 30.0 billion kuna. This week, 562 million kuna will mature and an auction amounting to 550 million kuna has been announced.

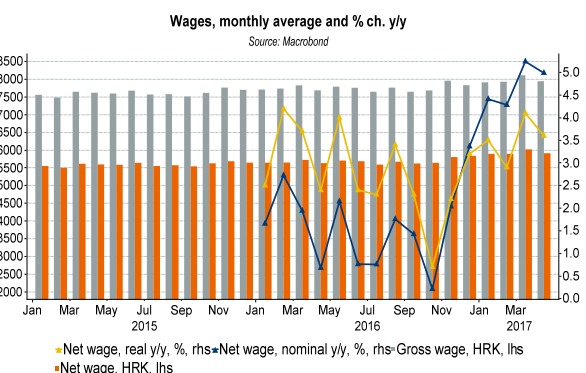
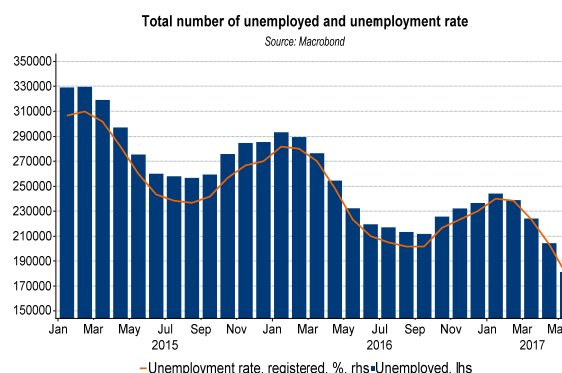
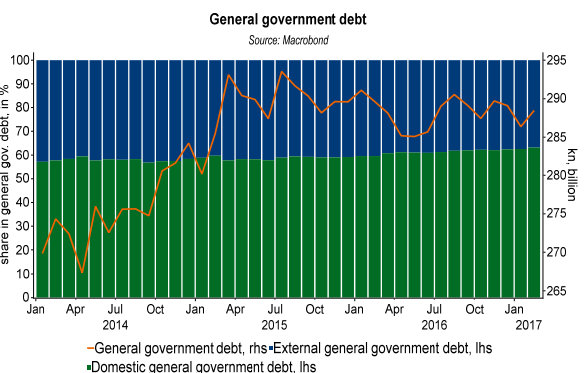
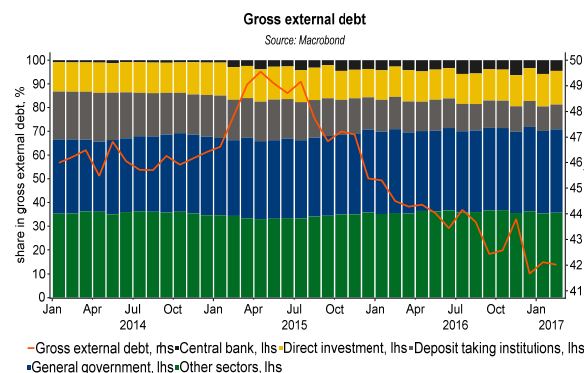
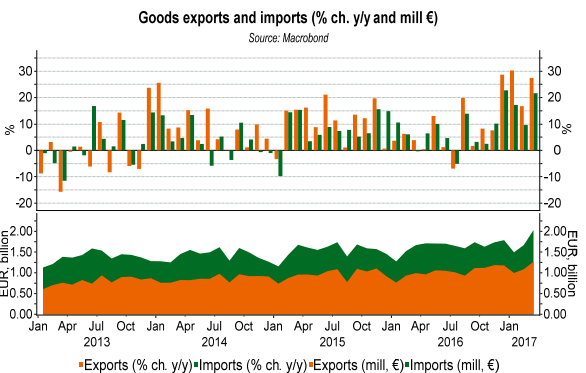
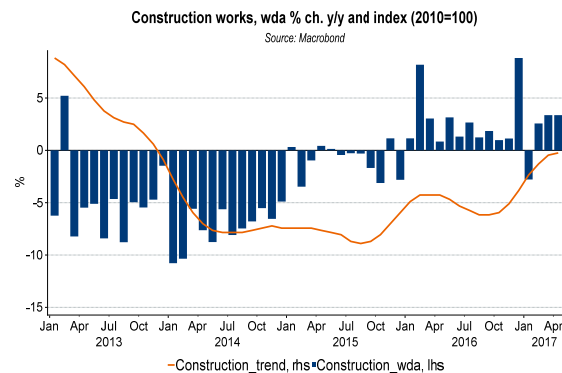
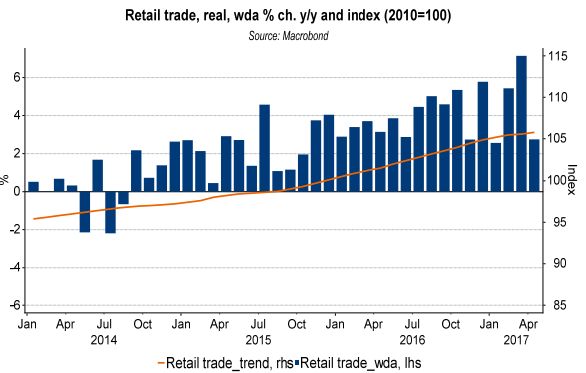
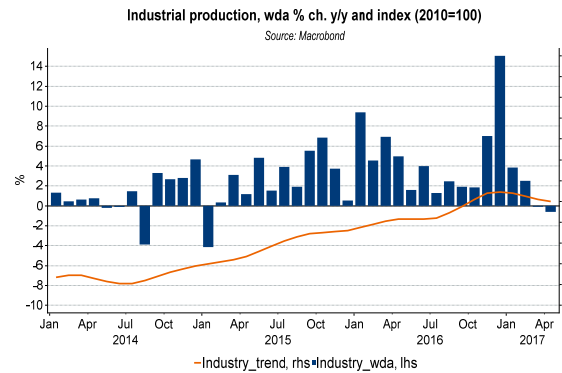


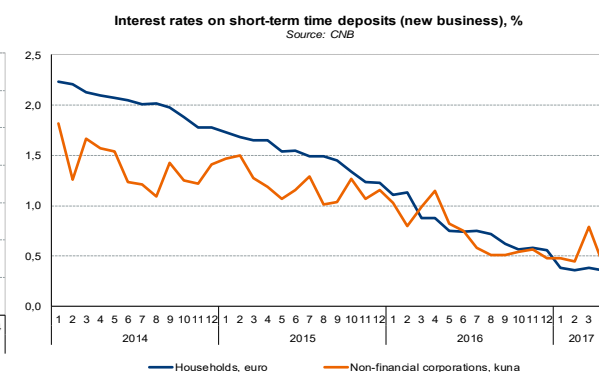
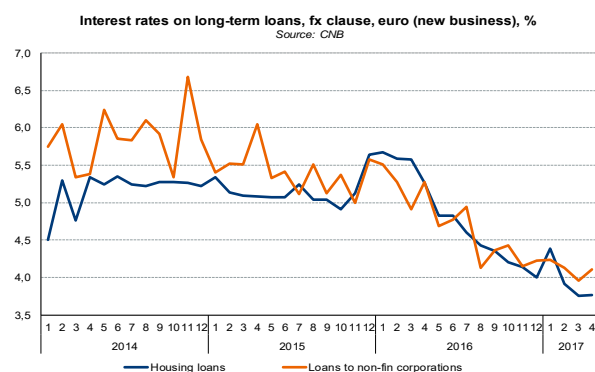
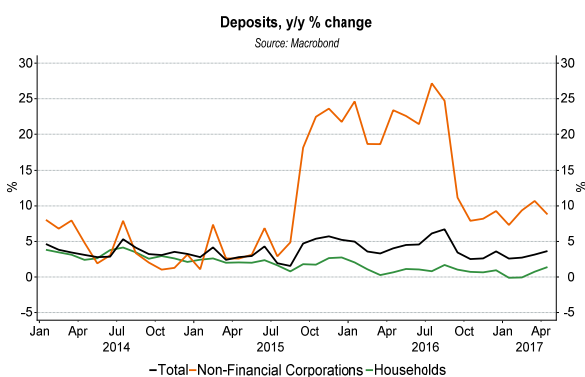
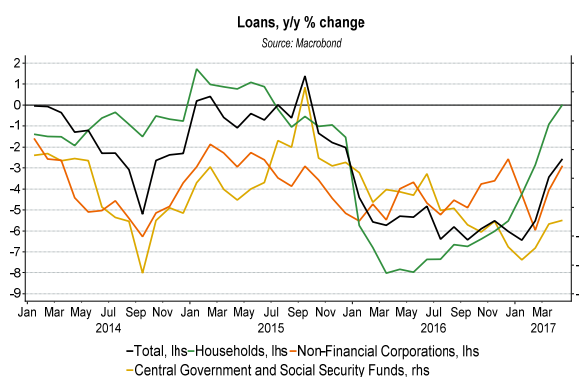
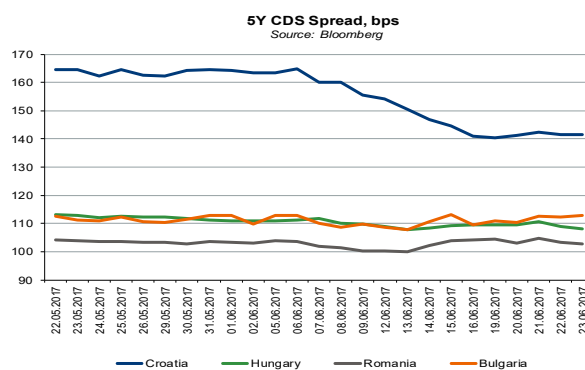
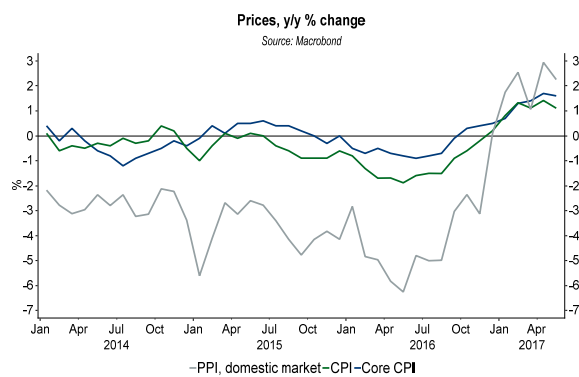
Crobex up for second consecutive week

The Crobex index closed last week at 1,864.58 points, which is up by 0.4% wow, while Crobis closed at the level of 109.71 points (+0.1%). As regards sector indices, CROBEXindustry rose by 0.7% on Friday wow (to 1,191.82 points), while CROBEXconstruct (918.53 points) and CROBEXtourist (3,742.56 points) closed on Friday by a drop of 1.7% and 0.3%, respectively, wow. The total ZSE turnover over the four trading days amounted to 338.9 million kuna, i.e. up by 25.2% versus the week before, where the turnover in bonds rose by 28.5% (to 302.1 million kuna) and the turnover in shares by 3.5% (to 36.8 million kuna).



Statistics





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