

PBZ Weekly Analysis

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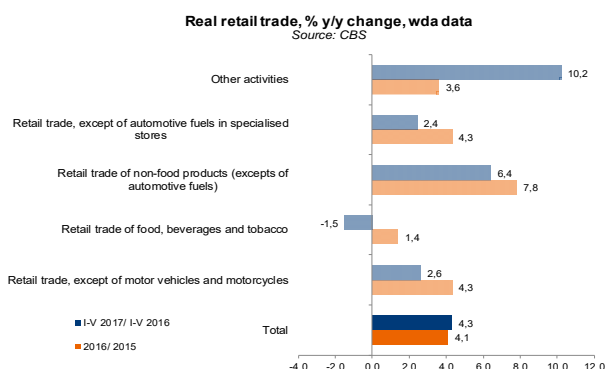
Weekly overview

- CBS confirmed the first estimate according to which real-term retail trade index in May (working-day adjusted) grew by 3.5% yoy, by which a positive trend of growth yoy continued for the 33rd month in a row. Real retail trade at the monthly level grew by 0.5% (seasonally and working-day adjusted).

Considering the Jan-May period this

year, the real retail trade turnover, partly owing to personal income tax changes (which resulted in growth of net wages), then to excellent physical results in tourism (I-V 2017: 14.5% more arrivals, 9.8% more nights yoy) and positive trends in the labour market (I-V 2017: 1.8% higher employment yoy, according to the Croatian Pension Insurance Institute), grew by 4.3% yoy, i.e. faster than in the first five months of 2016, when the annual growth in real retail trade was +3.4%. The real retail trade of non-food products (except of automotive fuels) in the first five months of 2017 grew by 6.4% yoy (I-V 2016: +8.1%), while the real retail trade of food, beverages and tobacco fell by 1.5% (I-V 2016: +1.8%).

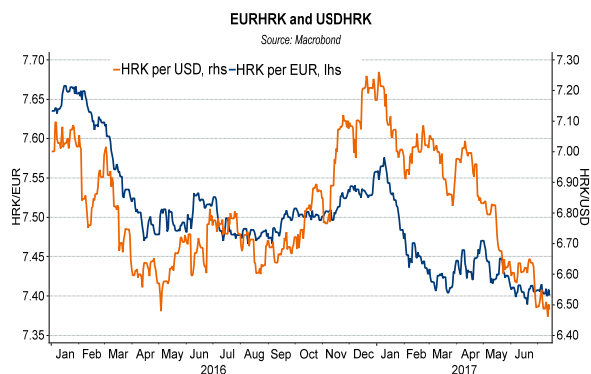
- According to the CBS statistics, there were a total of 861 building permits issued in May (708 on buildings, 153 on civil engineering works), which is 23.5% higher than in May 2016, while the planned value of works, contained in those permits, was 2.4 billion HRK (+74.9% yoy). In 2017 in total, there were 3,893 building permits issued, representing the 30.3% growth yoy, with the total value of works amounting 11.2 billion HRK (+58.9% yoy).



CNB intervened

A fall in the real retail trade turnover in USA mom (for the second month in a row) discouraged investors so on Friday the dollar weakened 0.6% wow, closing the week on 1.1470 dollar for the euro.

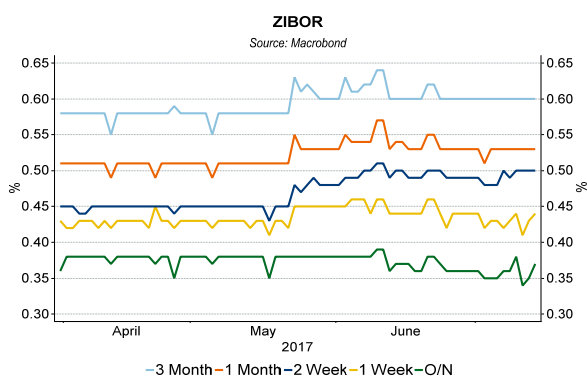
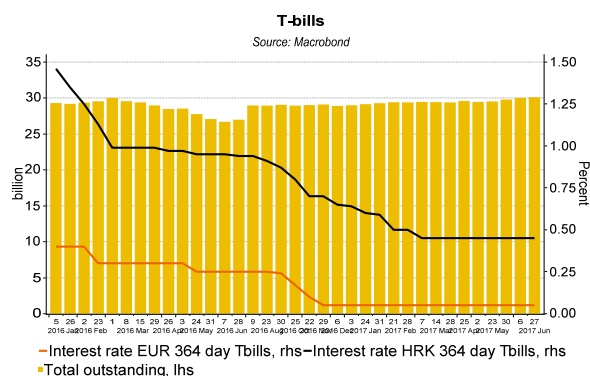
Last week CNB intervened in foreign exchange when the central bank purchased 101.5 million euro from banks at the average exchange rate of 7.420966 kuna for the euro. At the close of the week the mid-exchange rate of kuna to the euro was 7.4008 kuna for the euro, i.e. it remained almost unchanged wow, the same as the kuna exchange rate against the dollar, which was at the close of the week 6.4845 kuna for the dollar. This week we expect the trade ranging within 7.40 and 7.45 kuna for the euro.



Liquidity still generous

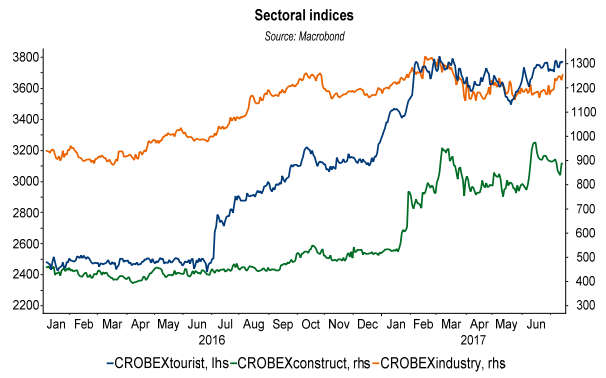
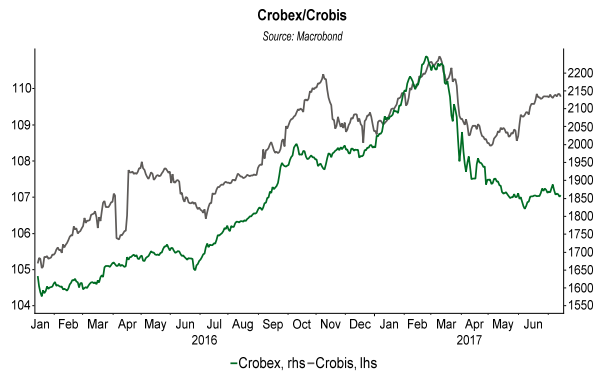
Pressures on growth in interest rates lacked due to liquidity surplus which ranged about 14 billion kuna. The overnight Zibor closed the week at 0.37%, and 1M and 3M at 0.53% and 0.60%. At the regular reverse repo auction CNB placed 60 million kuna at the fixed 0.3% repo rate, while the ZMM turnover was 10 million kuna.

This week there will be no maturity or auction either.

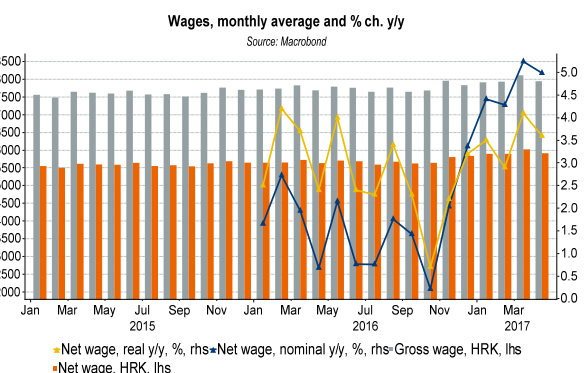
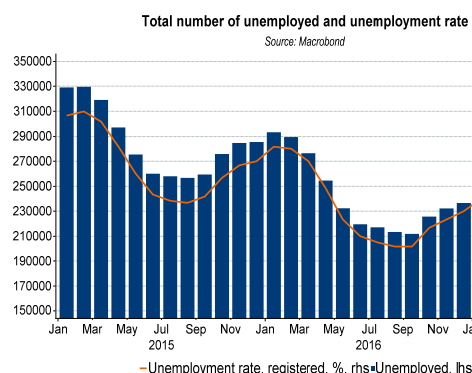
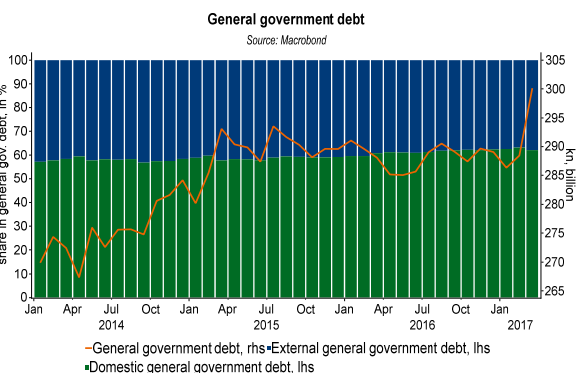
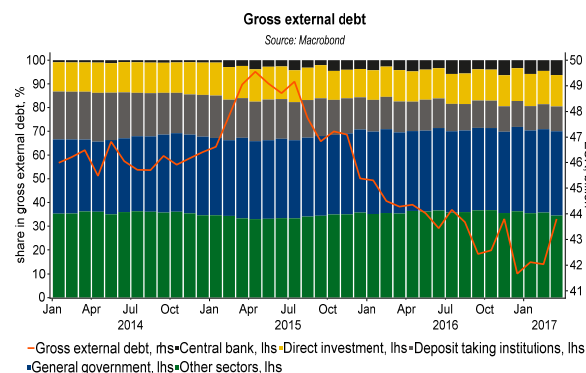
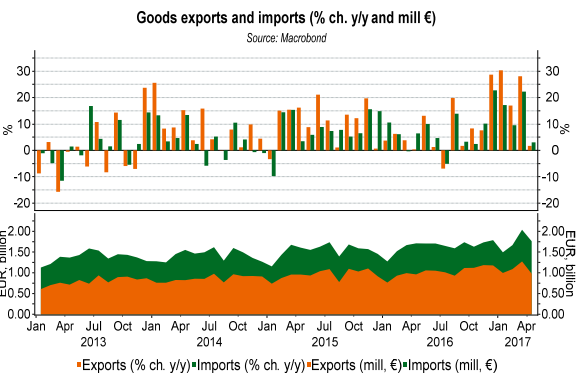
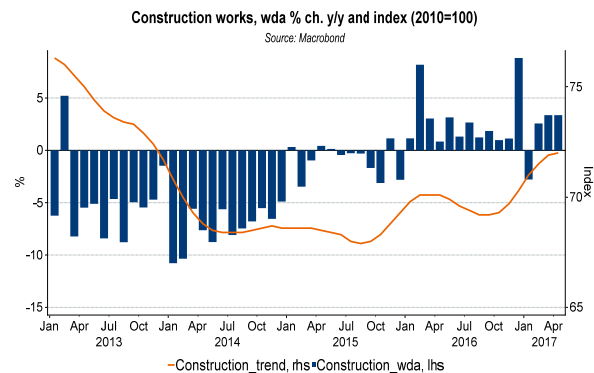
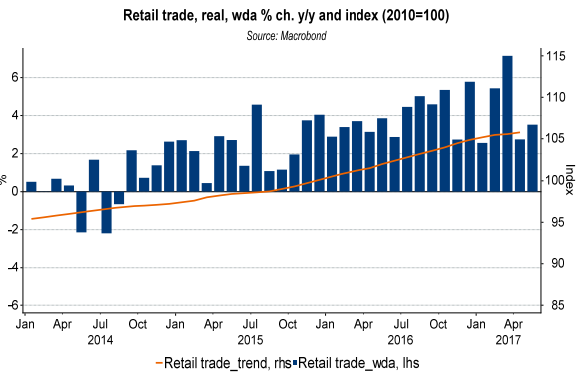
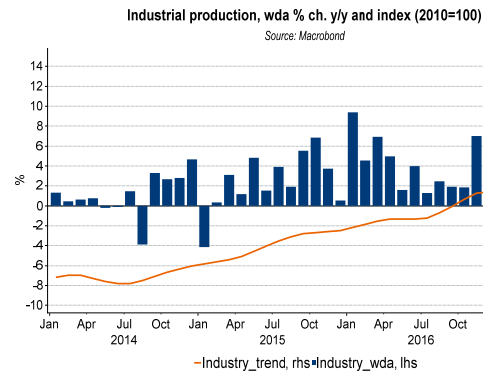


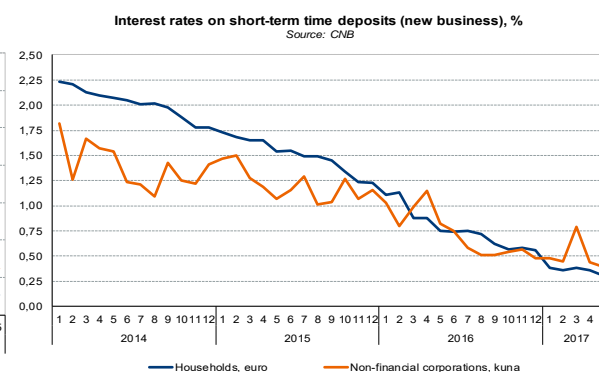
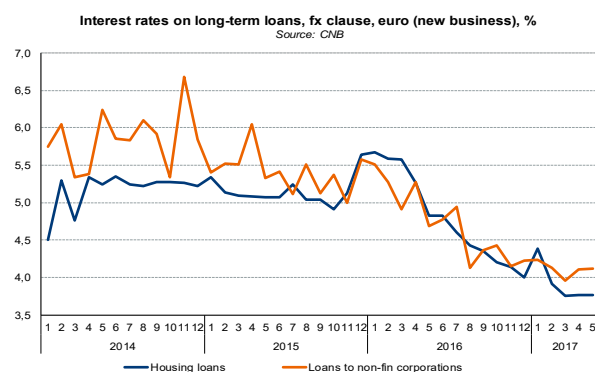
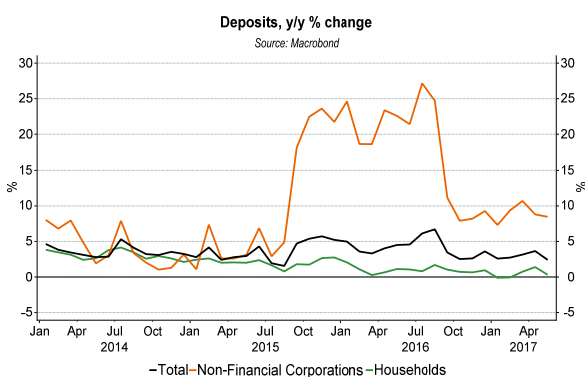
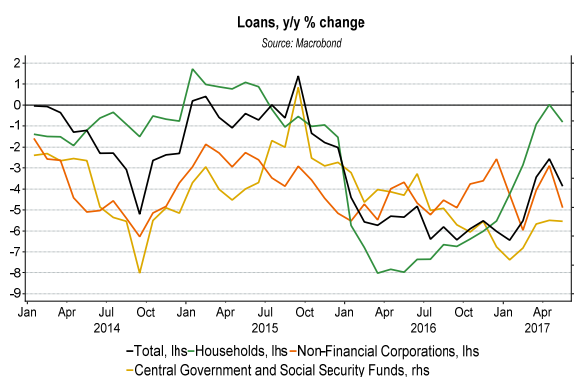
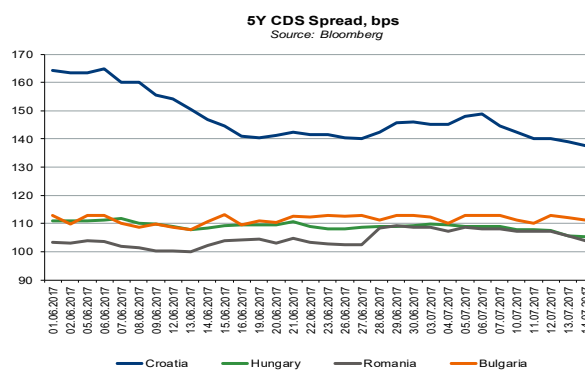
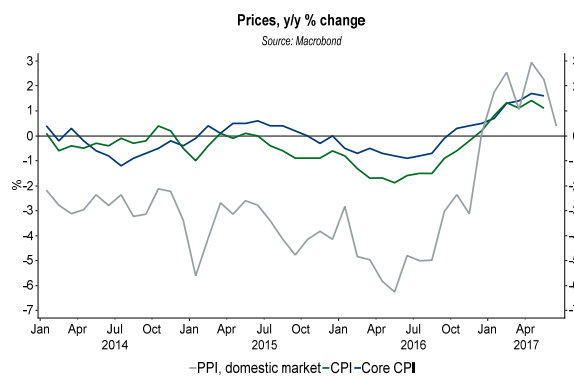
Crobex fell wow

In the past week the total ZSE turnover was 262.9 million kuna (-0.4% wow), of which the bond turnover was 239.3 million kuna (-1.7%) and share turnover 23.6 million kuna (+14.4%). Crobex closed the week at 0.7% lower level of 1,858.63 points, while Crobis stagnated wow, closing the week at 109.78 points. As far as sector indices are concerned, CROBEXconstruct closed at 888.71 points (-0.2% wow), CROBEXtourist at 3,774.46 points (unchanged wow), and CROBEXindustry at 1,256.21 points (+2.2%).



Statistics





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