

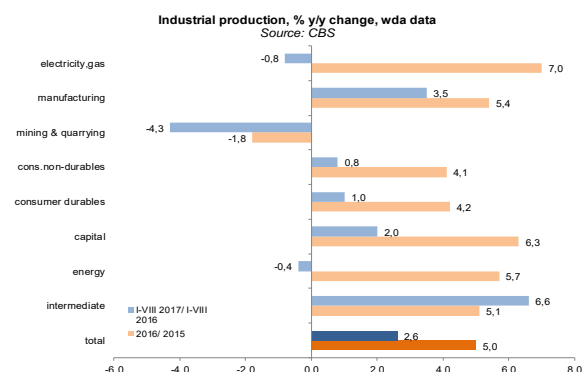
PBZ Weekly Analysis

Number 579, October 2, 2017

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Weekly overview

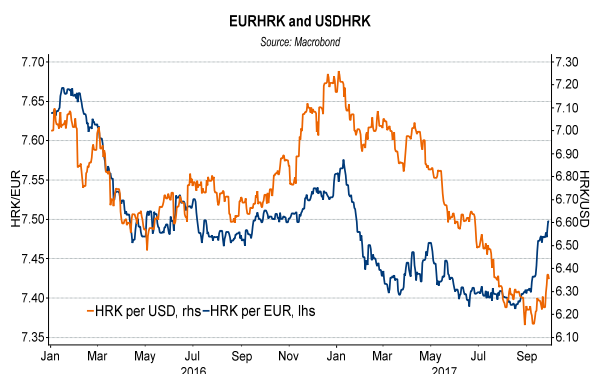
- After an increase of 2.5% in July, the industrial production accelerated the yoy growth to +3.2% (wda) in August, due to which a positive yoy growth trend continued for the thirtieth consecutive month (with a smaller contraction of 0.4% in April this year). At the mom level (seasonally and working-day adjusted), the industrial production rose by 0.3% in August (-1.2% in July). According to MIGs, all the components contributed to the yoy IP growth in August, where the production of Consumer durables recorded the largest increase (+9.4%). The production of Intermediate goods rose by 6.8% yoy, Capital goods by 2.9%, Consumer non-durables by 2.1% and Energy by 0.8%. Over the first eight months of 2017, owing to positive movements of foreign and domestic demand, the industrial production volume rose by 2.6% yoy (although substantially less versus the first eight months of 2016, when the IP volume growth was +4.3% yoy), where the largest growth was recorded in the production of Intermediate goods (+6.6%), Capital goods (+2.0%), Consumer durables (+1.0%) and Consumer non-durables (+0.8%). At the same time, the only yoy reduction over the indicated period was recorded by the production of Energy (-0.4%).



Dollar recovers, kuna at 7.5

The dollar strongly increased last week, driven by the expectations that there will be one more interest rate hike by the end of the year and a release of fiscal stimulus measures for the upcoming period. Trading on Friday closed at 1.1814 dollar to the euro, which is down by 1.4% wow.

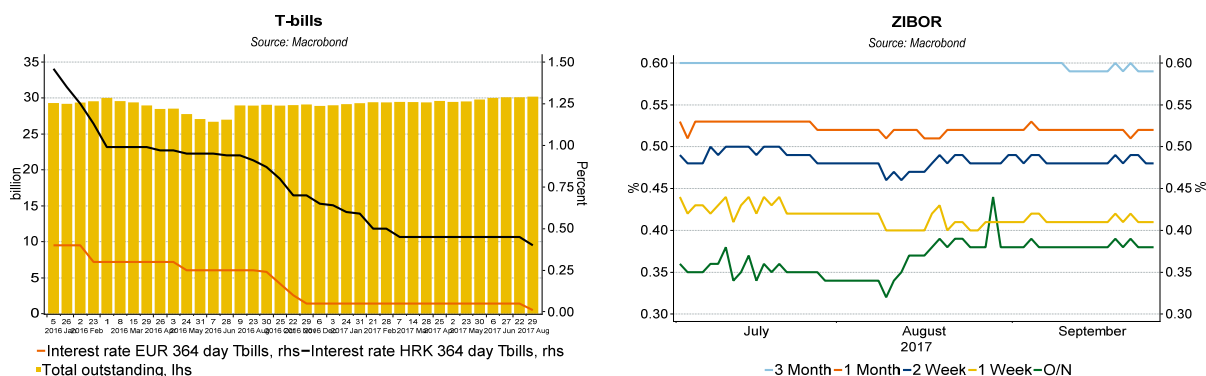
A gradual mild depreciation of the kuna against the euro continued, therefore the mid-exchange rate reached 7.4971 kuna to the euro at the end of the week, up by 0.3% wow. The kuna against the dollar weakened by 2.0% to 6.3540 kuna to the dollar. This week, we expect a continuation of the upward trend and trading in the range 7.48-7.51.



Money market unchanged

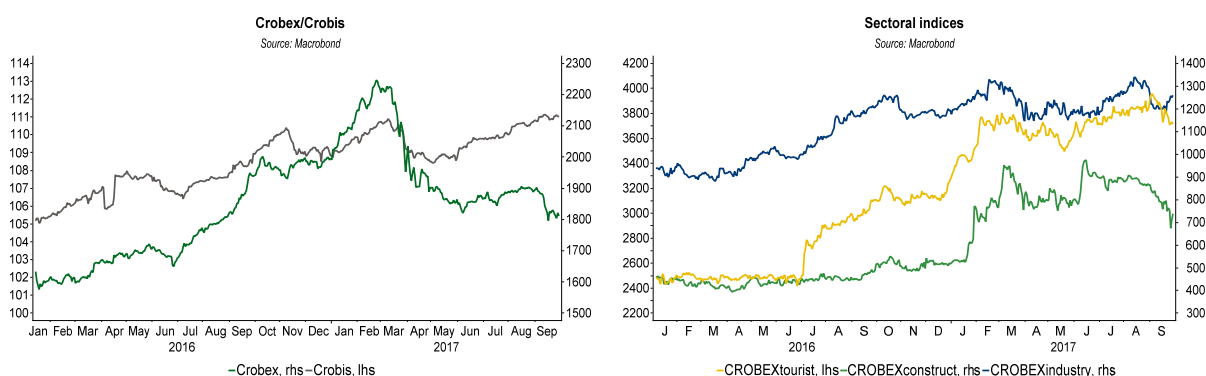
Last week, excess liquidity remained around 15 billion kuna, so interest rates recorded only minor changes wow. The overnight Zibor decreased by 3 b.p. to 0.36%, 1M stayed at 0.51%, while 3M decreased by 1 b.p. to 0.59%. At the regular reverse repo auction CNB injected 30 million kuna in the system at the fixed repo rate of 0.3%, while there was no ZMM turnover.

There was no T-bill auction as there was no maturity, and the government debt under T-bills remained at 30.2 billion kuna. This week, there will be no maturity and no auction again.

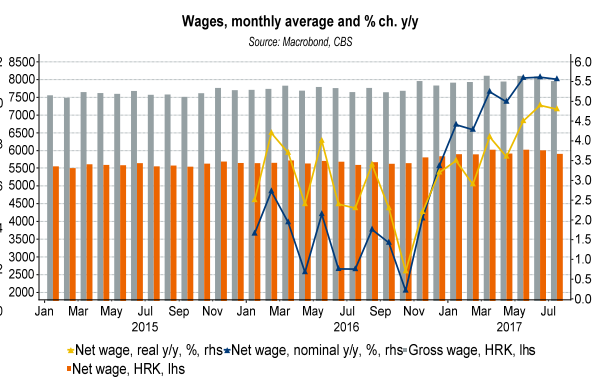
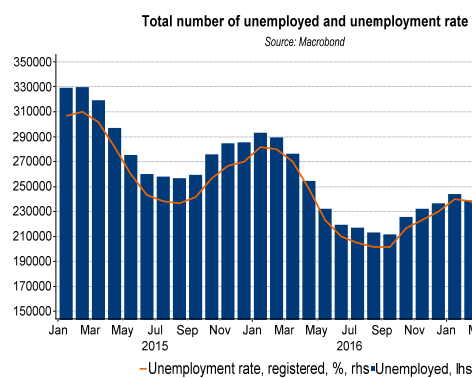
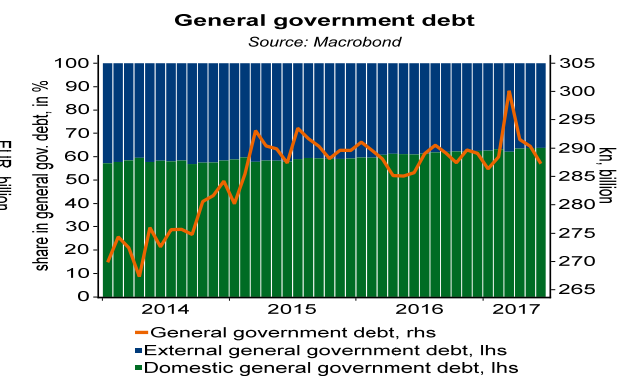
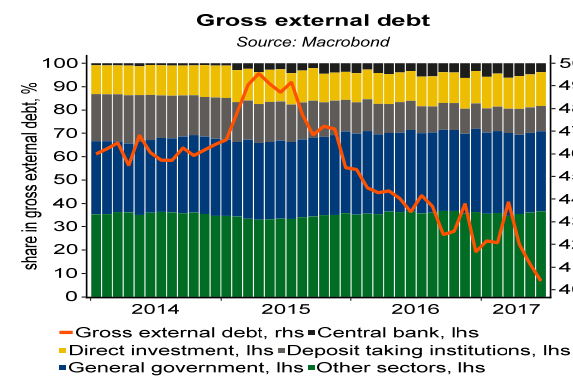
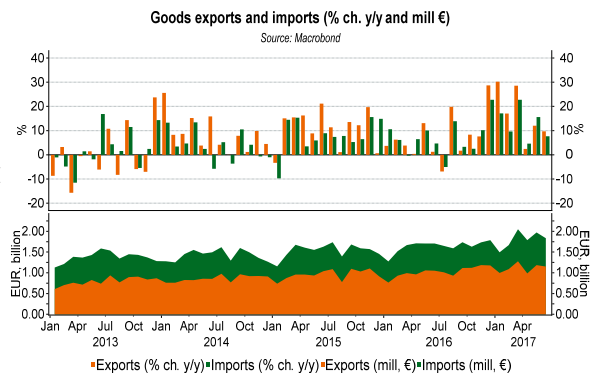
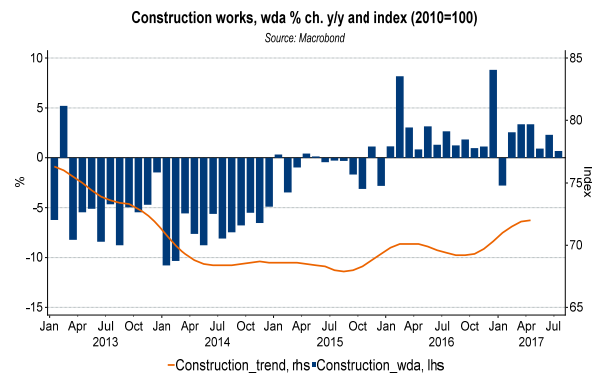
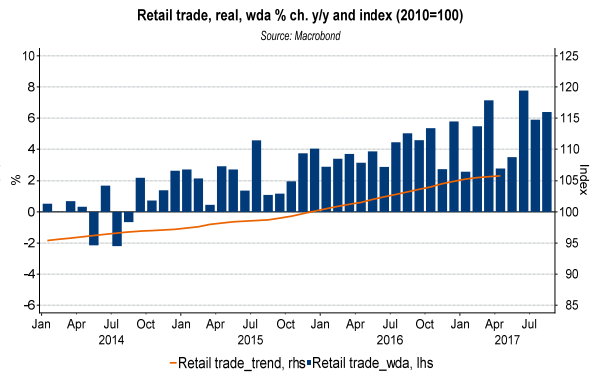
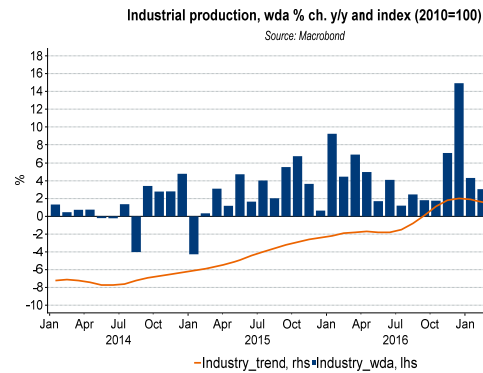


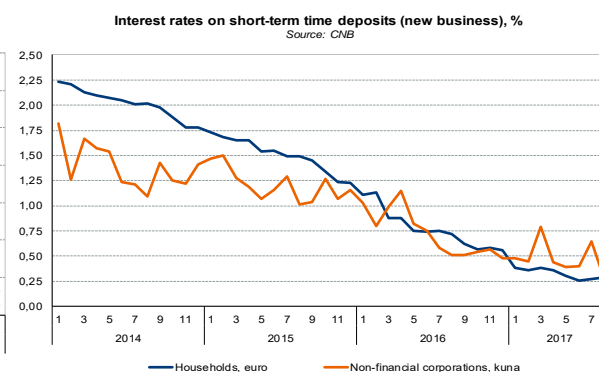
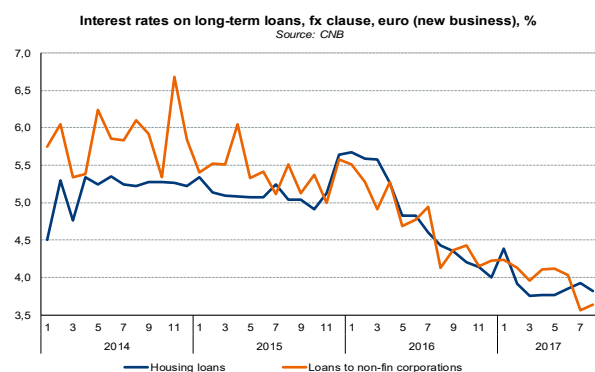
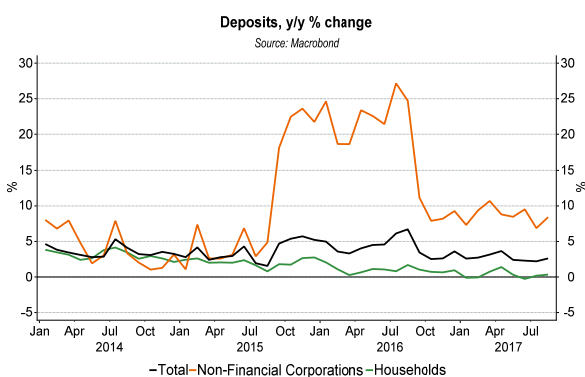
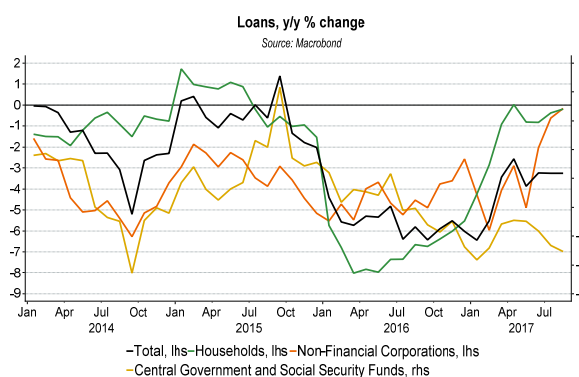
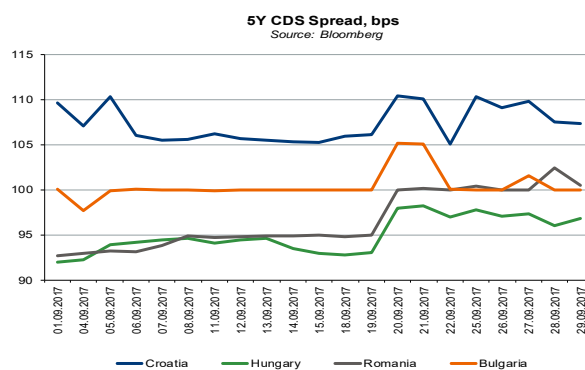
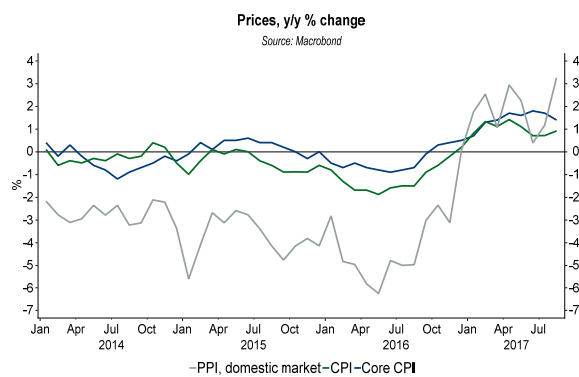
Crobex down wow

Last Friday, the Crobex index closed at a 1.0% lower level of 1,811.12 points wow, while Crobis moderately rose by 0.1%, reaching 111.00 points. As regards sector indices, CROBEXindustry closed last week at 1,259.51 points, or up by 2.1%, whereas CROBEXtourist (3,715.30 points) and CROBEXconstruct (737.56 points) closed on Friday down by 1.9% wow, or 1.6%. The total ZSE turnover last week amounted to 213.3 million kuna, which is a decline of 42.9% wow, of which the turnover in bonds amounted to 176.3 million kuna (-47.5% wow), and the turnover in shares was 37.0 million kuna (-1.5%).



Statistics





RESEARCH OFFICE

Ivana Jović

Ana Lokin

Ivan Odrčić

TREASURY

Eugen Bulat

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