

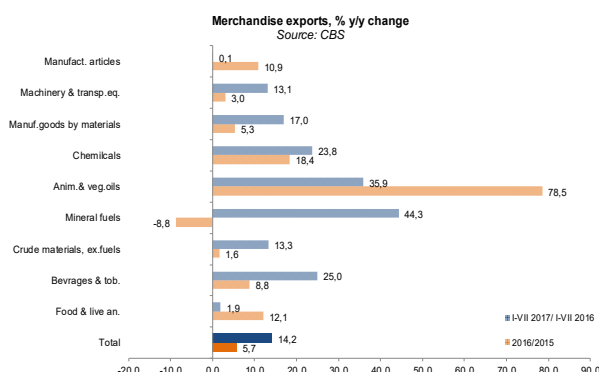
# PBZ Weekly Analysis

## Number 581, October 16, 2017

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## Weekly overview

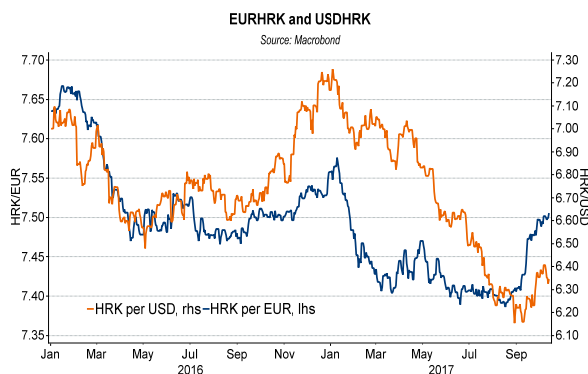
- The total exports of goods in July amounted to 8.5 billion kuna, which is up by 11.3% compared with the same month last year, while the imports amounted to 13.9 billion kuna, up by 12.1% yoy. Thus, the foreign trade deficit in July amounted to 5.4 billion kuna, i.e. increased by 13.5% yoy, while the coverage of imports by exports amounted to 61.0% (July 2016: 61.5%). Analysing the period from January to July 2017, the total exports of goods amounted to 58.5 billion kuna (+14.2% yoy), where the largest growth (according to NKD, in absolute terms) was recorded in the Manufacture of coke and refined petroleum products (by 1.6 billion kuna, due to an increase in the price of petroleum products, impacting a larger production in this activity, which rose by 20.2%), then the Manufacture of basic pharmaceutical products and pharmaceutical preparations (by 1.3 billion kuna) and the Manufacture of other transport equipment (by 0.9 billion kuna). The largest reduction in the exports over the mentioned period was recorded in the Manufacture of fabricated metal products, except machinery and equipment (by 0.3 billion kuna). Over the first seven months of 2017, partly owing to a recovery in domestic demand, the imports reached 94.7 billion kuna, i.e. an increase of 11.6% yoy, due to which the foreign trade deficit rose by 2.6 billion kuna, or 7.7% versus the same period last year (to 36.3 billion kuna), whereas the coverage of imports by exports amounted to 61.7% (I-VII 2016: 60.3%). The preliminary data of the Croatian Bureau of Statistics for August show a substantial rise in the exports of goods of 12.3% yoy, while the imports moderately increased by 1.1%, due to which the foreign trade deficit declined by 14.7% and the coverage of imports by exports rose by 6.5 p.p. (to 65.2%).



## Dollar and kuna weaker

Last week, the dollar recorded mostly a technical correction, which was somewhat more pronounced due to a release of the FOMC Meeting Minutes. The Minutes revealed that the expectations of one more interest rate hike by year end are well-founded, however, the uncertainty over its further trend rose, affected by low inflation. The EUR/USD trading on Friday closed at 1.1820 dollar to the euro, up by 0.8% wow.

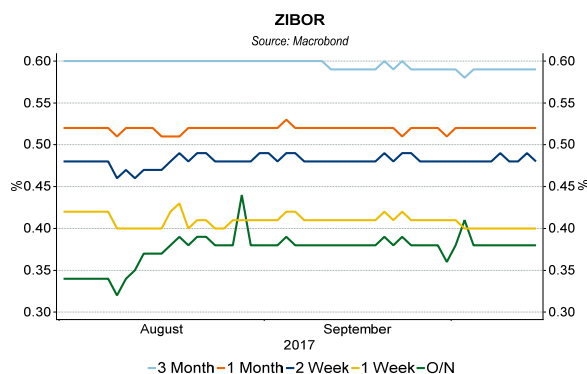
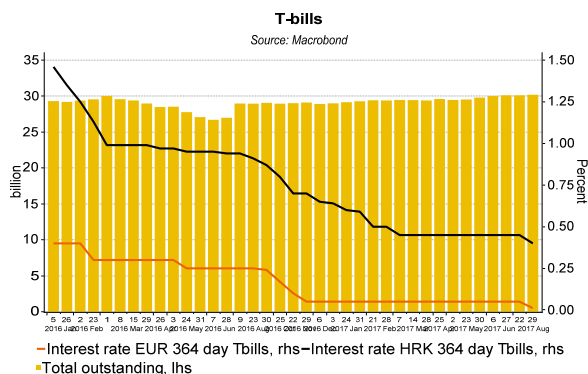
Last week was calm and the EUR/HRK exchange rate fluctuated around 7.50. The mid-exchange rate was up by 0.1% wow at the end of the week, amounting to 7.5056 kuna to the euro. The kuna simultaneously appreciated by 1.0% against the dollar, while the exchange rate dropped to 6.3456 kuna to the dollar. This week, we expect a continuation of the weaker kuna trend as well as trading in the range 7.50-7.53 kuna to the euro.



## Liquidity rises

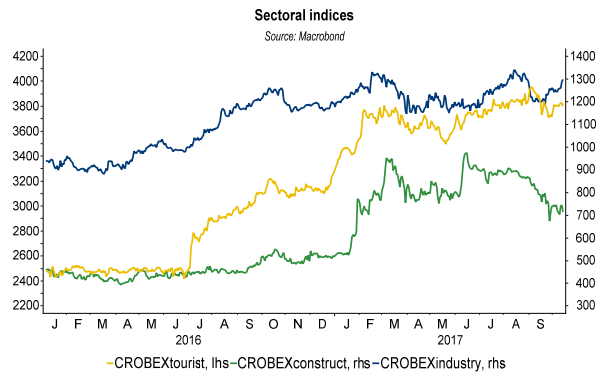
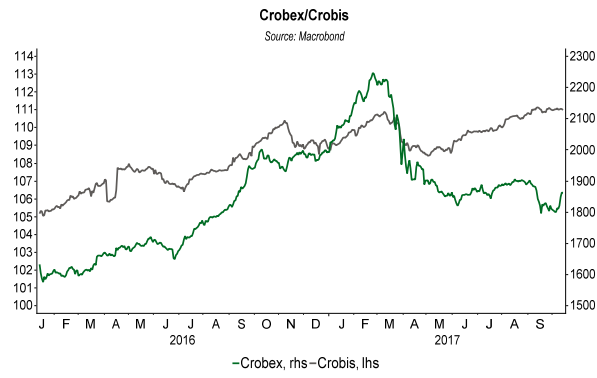
The beginning of a new obligatory reserve maintenance period did not bring changes to the money market, as excess liquidity rose to 15 billion kuna again. The overnight Zibor stayed at 0.38%, 1M at 0.52% and 3M at 0.59%. There was no activity at the CNB's regular reverse repo auction again, neither the turnover on the ZMM.

There was no T-bill maturity or auction last week. The next maturity amounting to 1.4 billion kuna is scheduled for next week, when an auction is expected as well.

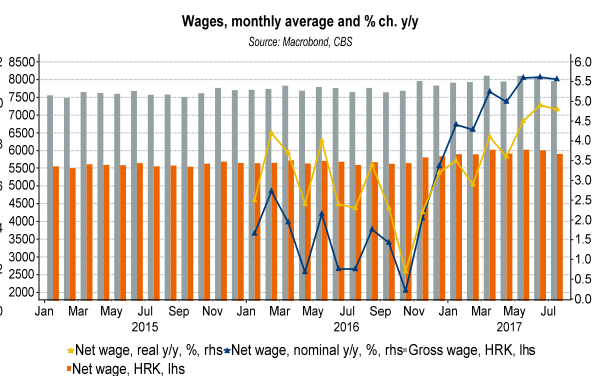
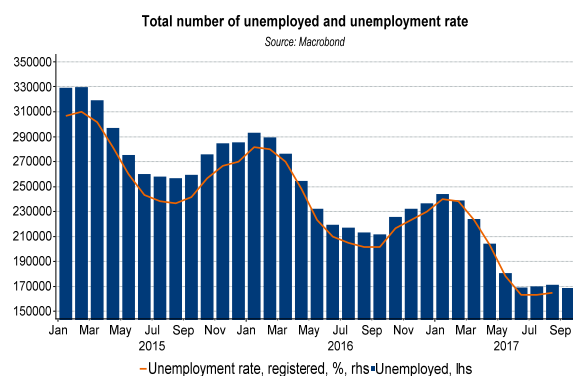
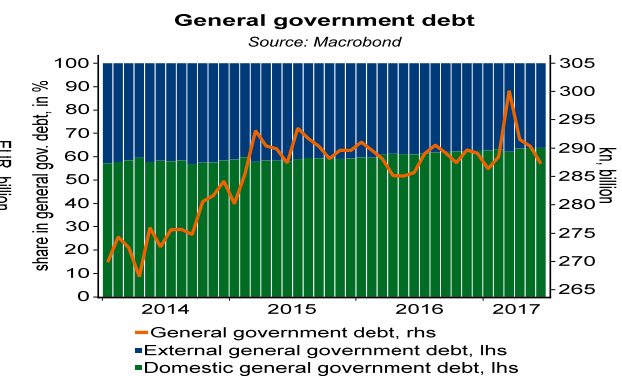
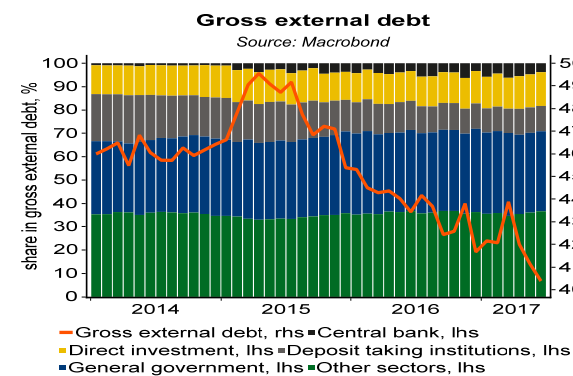
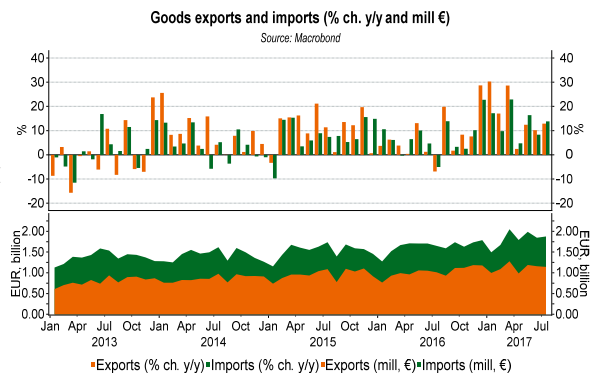
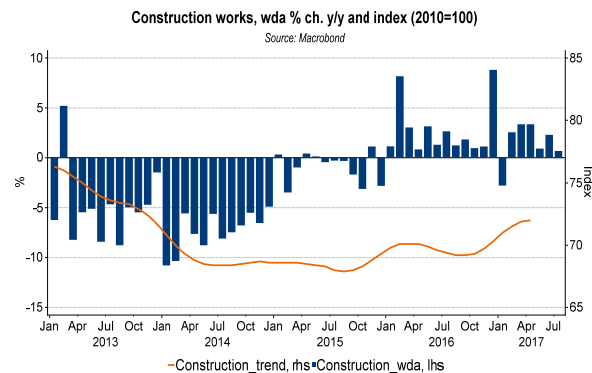
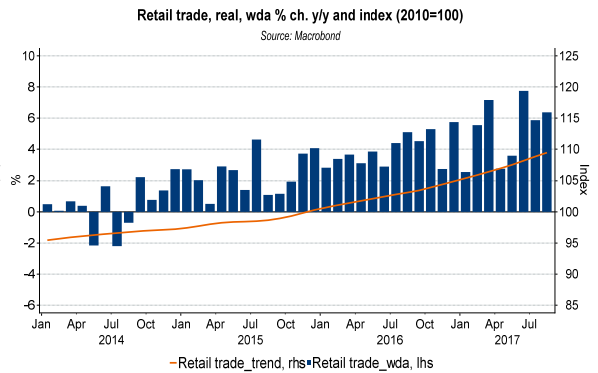
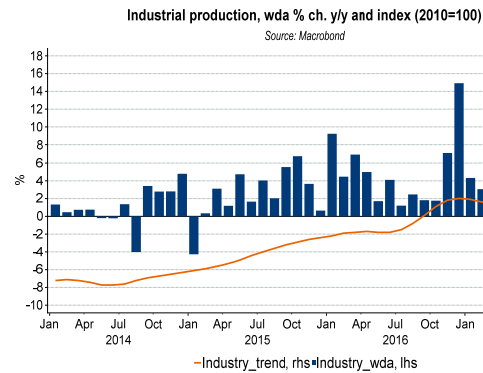


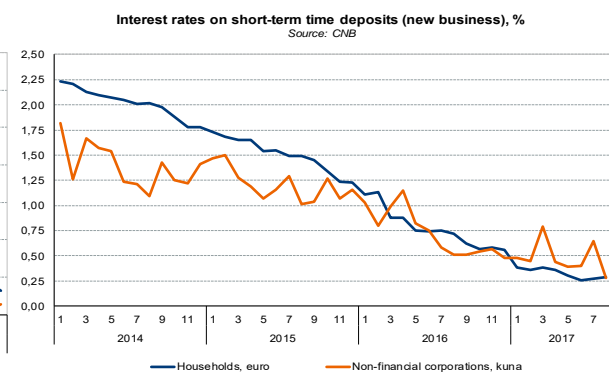
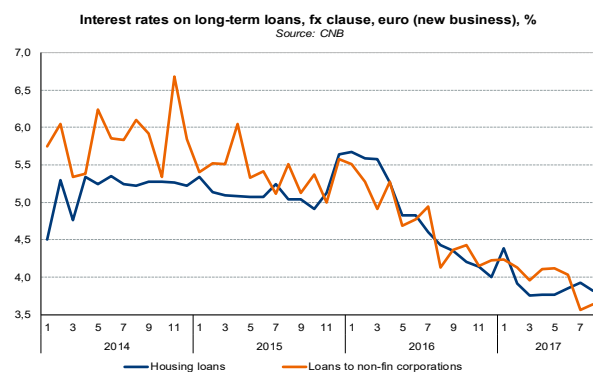
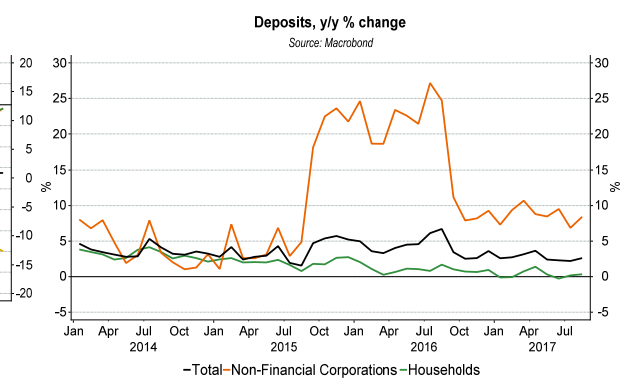
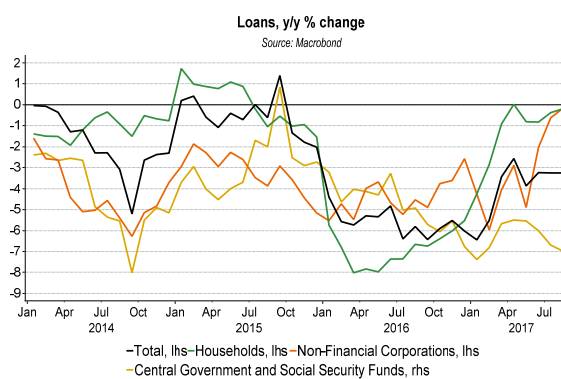
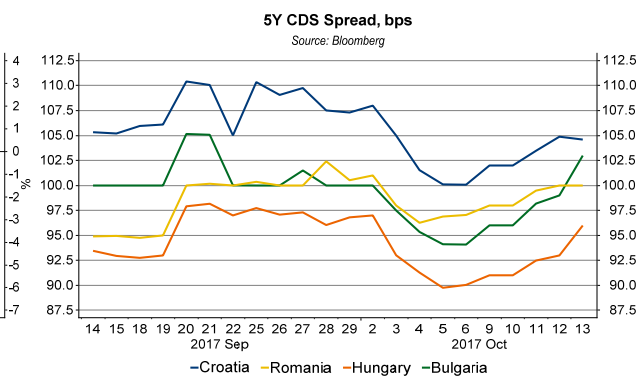
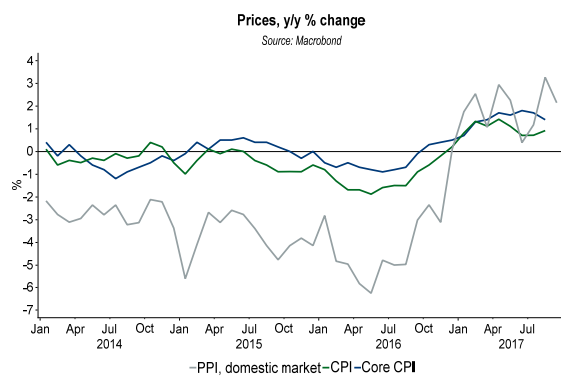
## Crobex up wow

The Crobex index closed by an increase of 2.7% wow on Friday, reaching 1,862.48 points, while Crobis closed the week down by 0.1%, declining to 110.98 points. As regards sector indices, CROBEXindustry closed last week up by 4.3% (to 1,298.25 points), whereas CROBEXconstruct (714.71 points) and CROBEXtourist (3,799.25 points) decreased by 0.7% and 0.1% wow, respectively. The total ZSE turnover amounted to 136,0 million kuna last week, which is a decrease of 68.2% wow, owing to a 71.6% lower turnover in bonds (115.8 million kuna) and 2.2% lower turnover in shares (20.2 million kuna).



# Statistics





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