

PBZ Weekly Analysis

Number 586, November 27, 2017

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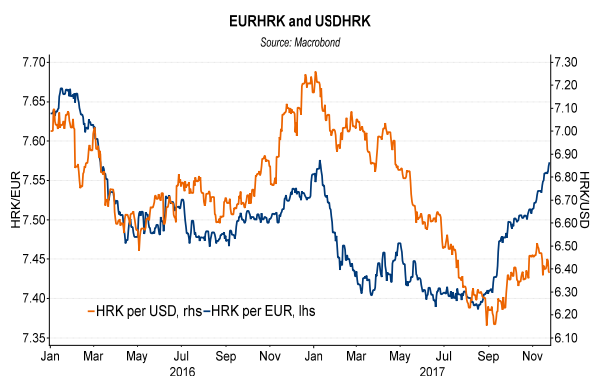
Weekly overview

- According to the preliminary CBS data, the average monthly paid off net earnings in legal entities for September 2017 increased yoy by 5.9% in nominal terms, or 4.4% in real terms, amounting to 5,958 kuna. Simultaneously, the average monthly gross earnings rose by 4.5% in nominal terms, or 3.1% in real terms, amounting to 7,989 kuna. Thus, the average net earnings for the first nine months of 2017, compared with the same period last year, recorded a nominal increase of 5.3% (gross: +3.7%), due to administrative changes to personal income tax, however, a slightly lower real increase of +4.2% (gross: +2.6%) of the mentioned net earnings was recorded, due to the impact of the return of inflation.
- In October 2017, the registered number of unemployed persons increased by 11,470 persons, i.e. 6.8% mom (to a total of 180,404), since a part of workers have been registered again after the end of the tourism season, whereas the yoy data show that the mentioned number decreased by 45,299 persons, i.e. 20.1%, due to the country's economic recovery, but also the emigration and unfavourable demographic trends. The registered unemployment rate in October was 11.6%, up by 0.8 p.p. versus the previous month, but also down by 2.2 p.p. versus October 2016. The November data show that the number of unemployed persons rose further by approximately 7,000 persons.

Euro strengthens, kuna continues to weaken

Favourable Eurozone economic indicators, particularly the advance of the German IFO Index in November to the historically highest level, have driven the strengthening of the euro against the dollar and a further growth of the EUR/USD exchange rate. Trading on Friday closed at 1.1933 dollar to the euro, up by 1.2% wow.

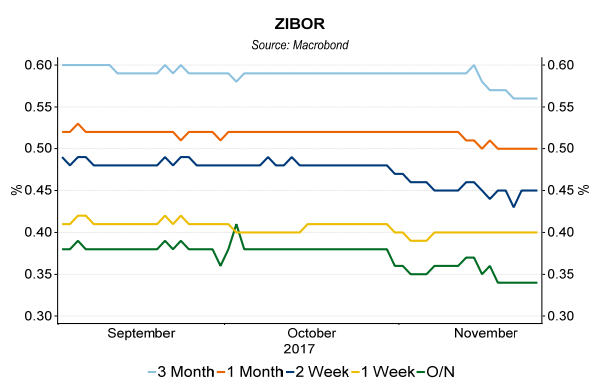
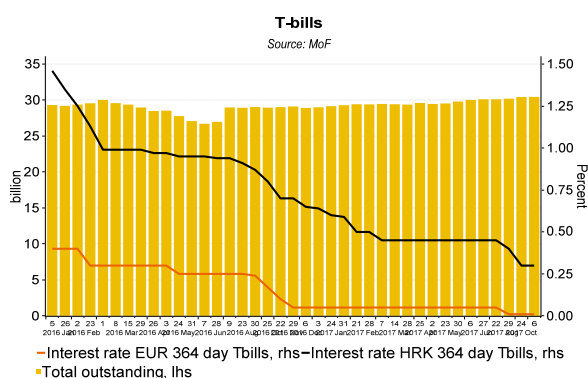
Depreciation pressures on the kuna continued, therefore last week ended with the exchange rate of 7.5731 kuna to the euro, up by 0.2% wow. The kuna against the dollar strengthened by 0.3% to 6.3832 kuna to the dollar. This week, we expect trading in the range 7.55-7.59 kuna to the euro again.



Interest rates unchanged

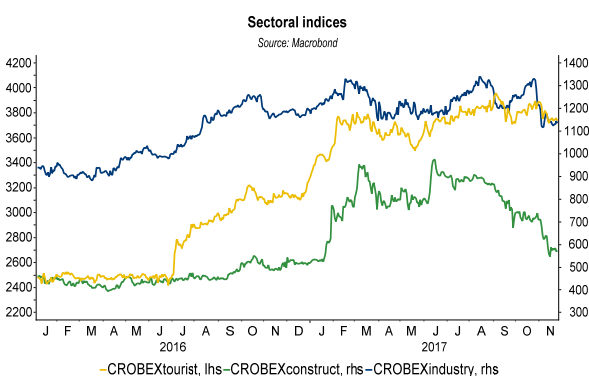
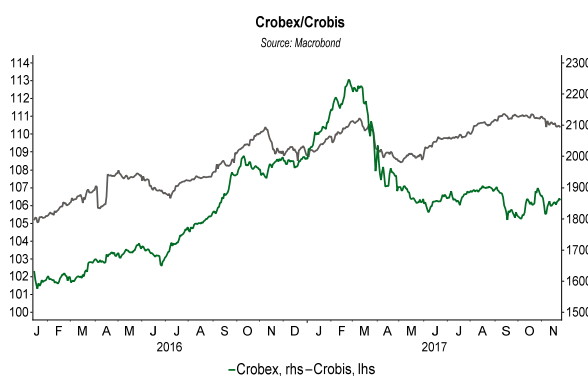
Liquidity rose above 16 billion kuna, so the overnight Zibor stayed at 0.34%, 1M at 0.50%, whereas 3M dropped by 1 b.p. wow to 0.56%. At the CNB's regular reverse repo auction, 15 million kuna were injected in the system at the fixed interest rate of 0.3%, the same as the week before. There was no ZMM turnover again.

Last week, 1.7 billion kuna matured and 1.3 billion kuna were subscribed, therefore the government debt under T-bills decreased to 30.1 billion kuna. One-year kuna T-bills were subscribed at the interest rate of 0.25%, 5 b.p. lower versus the previous issue. This week, 0.9 billion kuna will mature and there will be no auction.

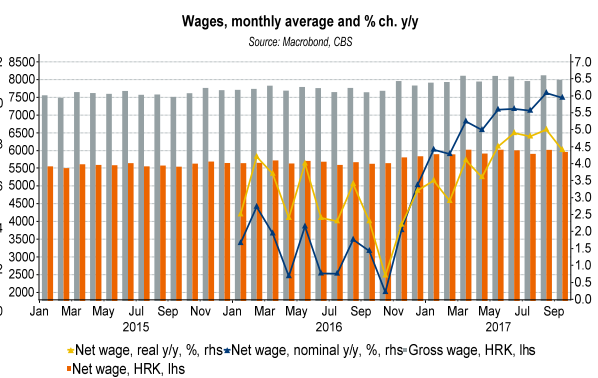
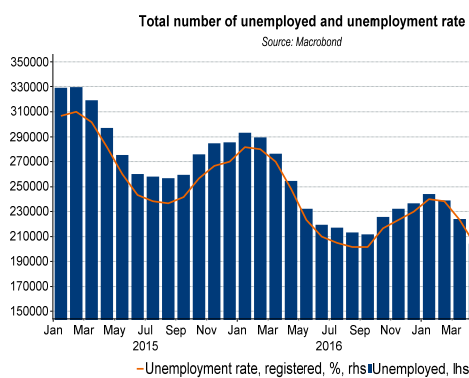
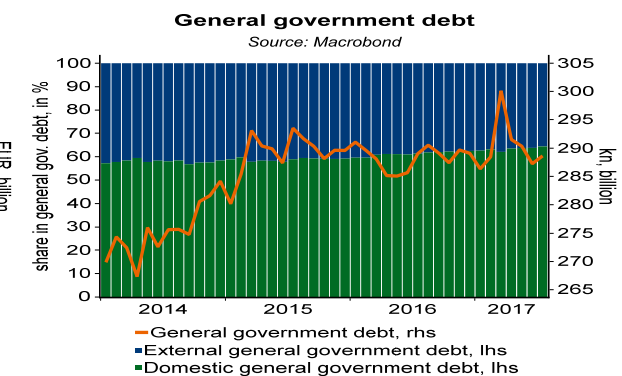
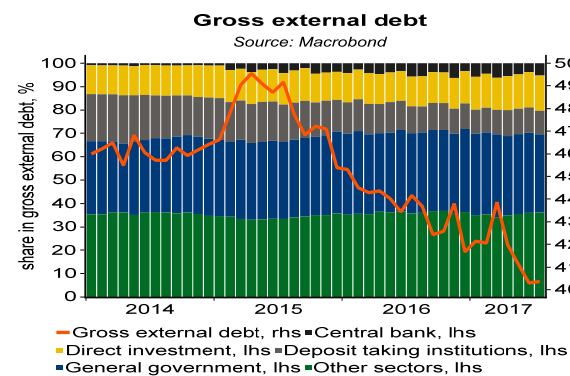
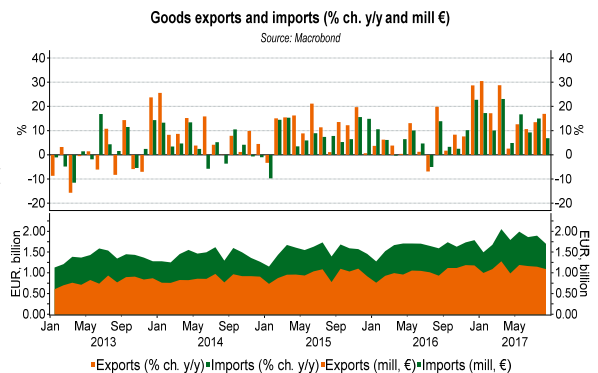
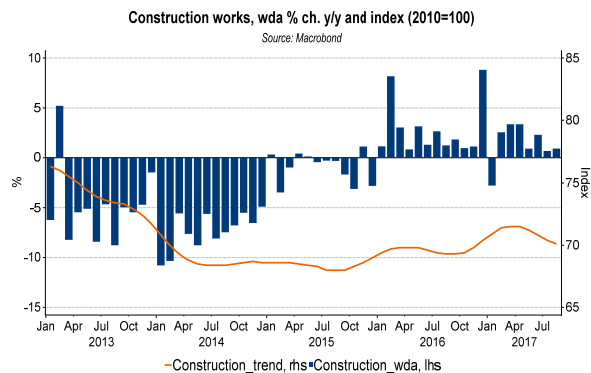
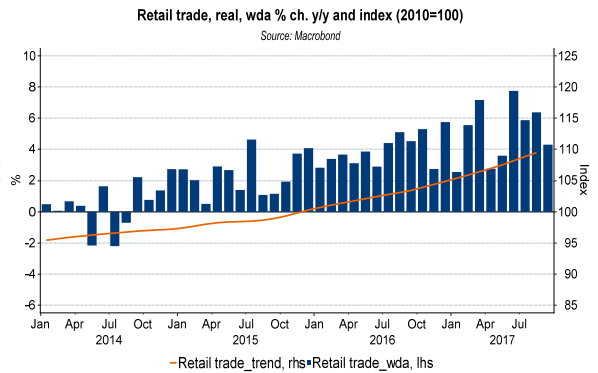
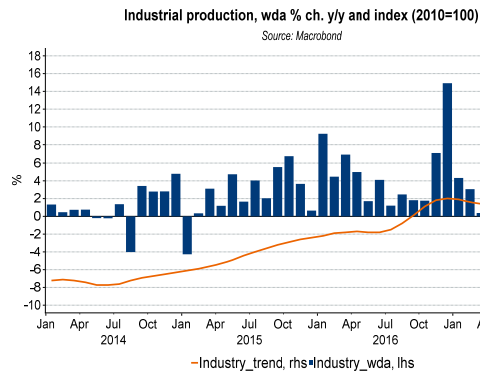


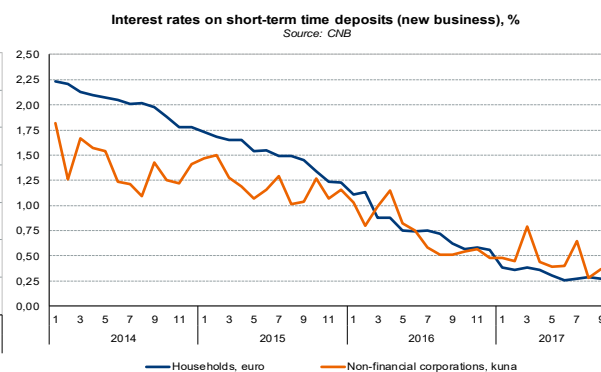
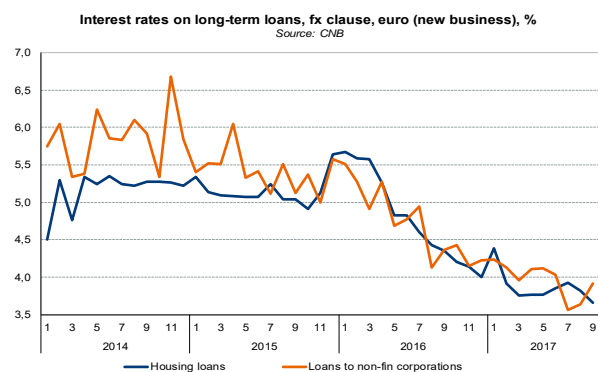
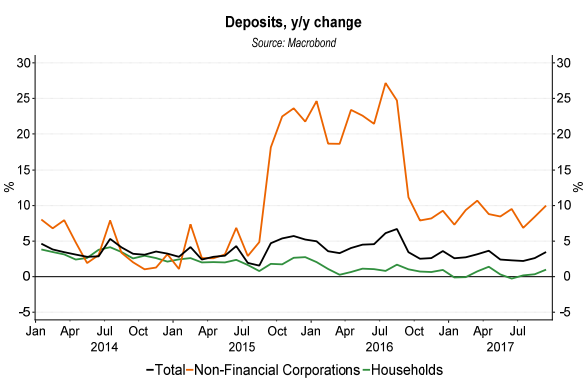
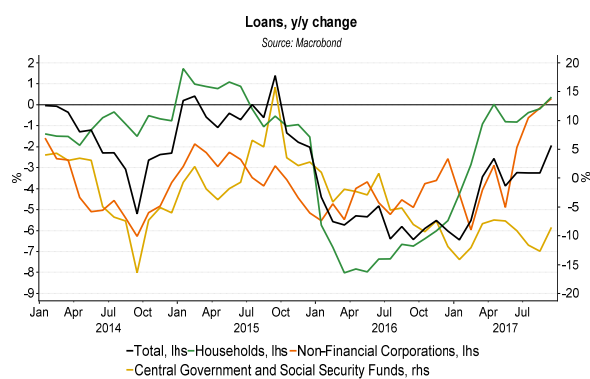
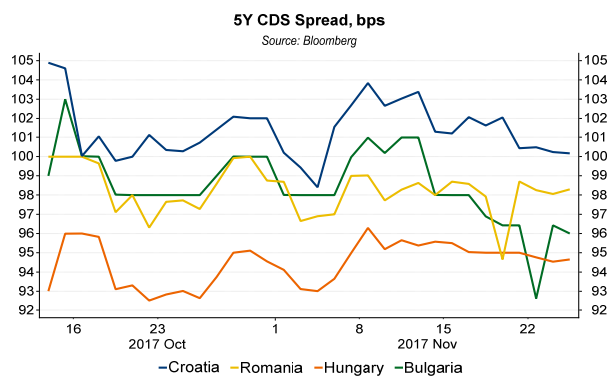
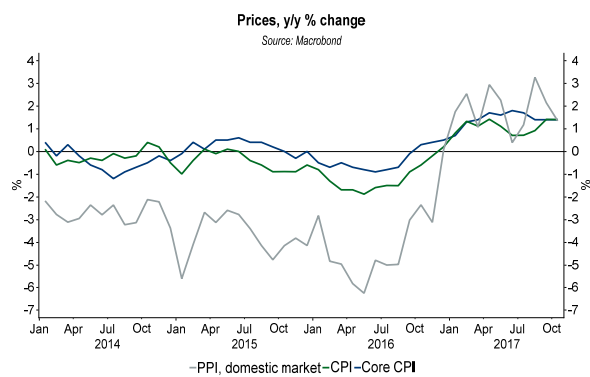
Crobex up wow

The total ZSE turnover last week amounted to 1,068.4 million kuna, which is up by 24.1% versus the week before, due to a 26.9% higher turnover in bonds, reaching 1,032.2 million kuna, while the turnover in shares simultaneously declined by 23.5% wow (to 36.2 million kuna). The Crobex index closed last week at a 0.4% higher level wow (at 1,859.92 points), while Crobis dropped by 0.2% (to 110.38 points). As regards sector indices, CROBEXindustry closed on Friday at 1,133.73 points (down by 0.4% wow), CROBEXconstruct at 573.25 points (-0.2%) and CROBEXtourist at 3,737.21 points (-0.6%).



Statistics





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