

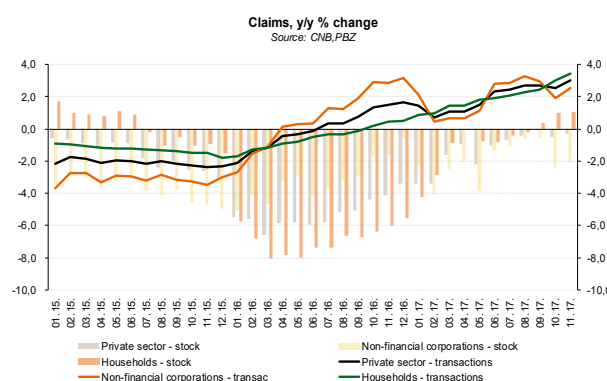
PBZ Weekly Analysis

Number 590, January 8, 2017

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Weekly overview

At the end of November 2017, total assets of other MFIs continued their negative trend, decreasing by 1.1% yoy. A decrease in the assets is mostly a result of deleveraging of banks (foreign liabilities -17.2%) due to increased deposits (+2.6%) and a simultaneous decline in claims on the central government (-5.0%) and other domestic sectors (-0.4%). The largest part of decline in claims relates to a decrease in loans,

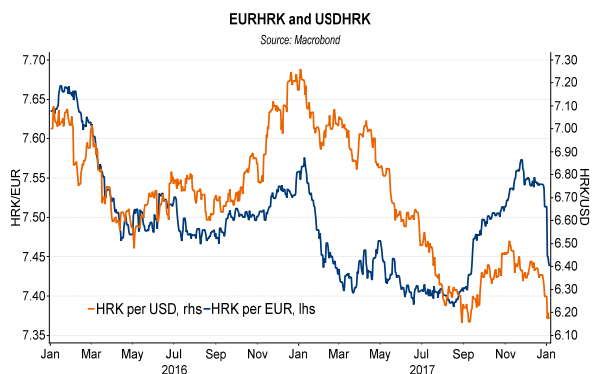


therefore total loans in November were down by 2.3%, the same as the previous month, which is mainly a result of a 11.6% decrease in loans to the central government and the social security funds, whereas loans to the private sector moderately rose by 0.2% (0.0% in October). However, the rise in loans to the private sector is a result of higher household demand (+1.1%), while corporate loans fell by 1.0%. Data on transactions show a speed-up of the private sector demand (+3.0% yoy), of both households (+3.4%) and non-financial corporations (+2.5%). Breaking down loans to households by type shows that a strong rise in cash loans continued (+5.2%), while other loans sank (-2.0%) and card loans and overdrafts continued to decline at the rates recorded over the previous period as well (-2.7% and -7.7%, respectively). It is of great importance to note that housing loans, after their continuous negative yoy trends recorded from October 2015 to October 2017, finally gained ground in November, increasing by 0.9%. Data on loans to non-financial corporations show that November saw a recovery of loans for working capital (+0.8% yoy), whereas loans for investments and other loans continued to decline (-1.4% and -3.3%, respectively). In November, a growth of corporate deposits slightly slowed down to a still high 7.7%, while deposits of households rose by 1.0%. According to our estimate, last year saw a yoy increase in loans to the private sector around 0.5%, and deposits around 3.0%.

Dollar keeps calm, appreciation pressures on kuna

Last week there were no major changes in the EUR/USD exchange rate, so trading closed at 1.2029 dollar to the euro at the end of the week, up by 0.2% wow.

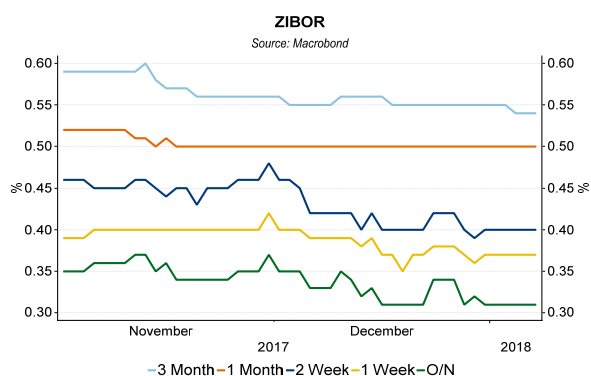
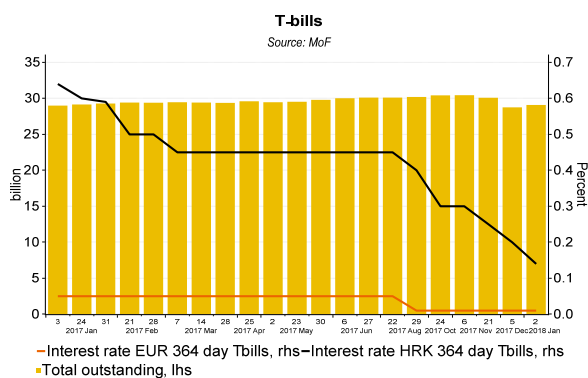
Last week, due to appreciation pressures and a fall in the exchange rate to the 7.42-7.425 level, the central bank intervened by purchasing 405.5 billion euro from banks at the average exchange rate of 7.4535 kuna to the euro, thus creating 2.6 billion kuna. At the end of the week, the mid-exchange rate amounted to 7.4379, down by 1.0% versus the end of last year. The kuna against the dollar strengthened by 1.5% and the exchange rate dropped to 6.1736 kuna to the dollar.



Liquidity surplus 23 billion kuna

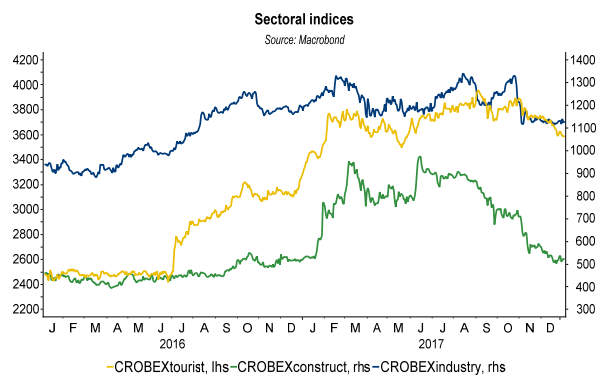
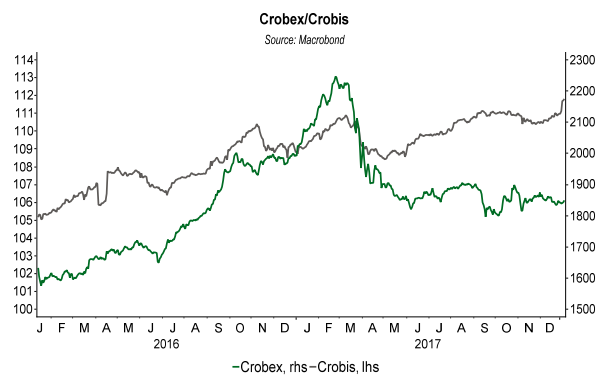
Excess liquidity was around 22-23 billion kuna from Tuesday to Thursday last week. The overnight Zibor remained at 0.31%, 1M at 0.50% and 3M declined wow by 1 b.p. to 0.54%. There was no activity at the regular reverse repo auction and no turnover on the ZMM.

Last week, 1.5 billion kuna in T-bills matured, therefore 1.9 billion kuna in one-year kuna T-bills were sold at the auction at the interest rate of 0.14%, 6 b.p. lower from the previous issue. Thus the government debt increased to 29.1 billion kuna. This week there will be no maturity or auction.

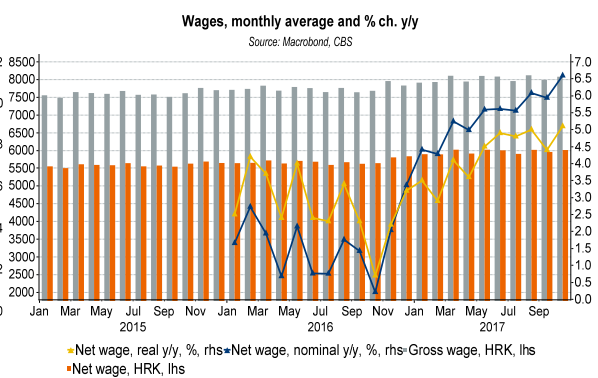
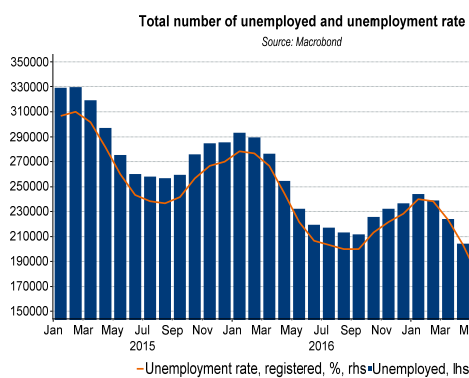
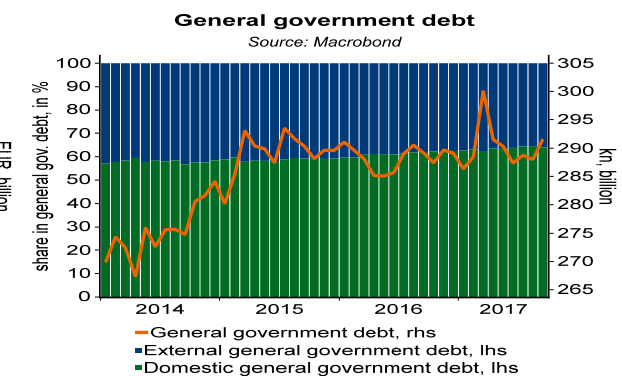
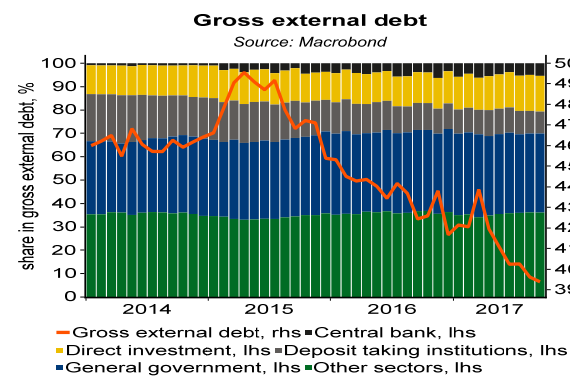
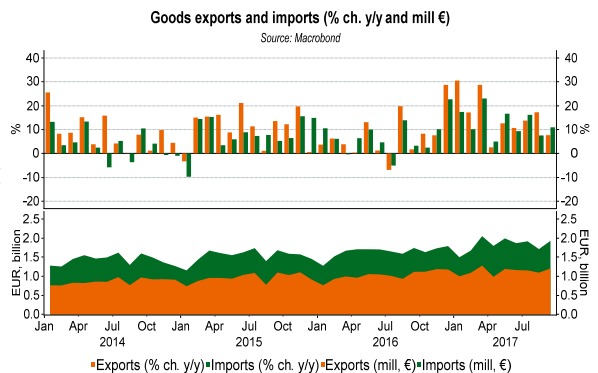
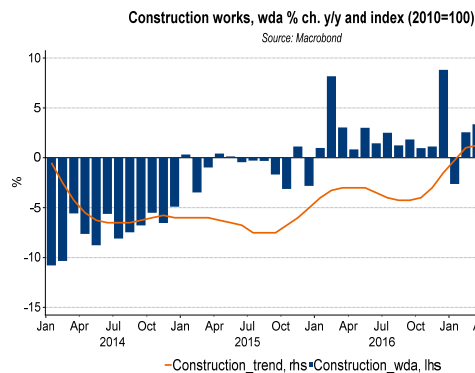
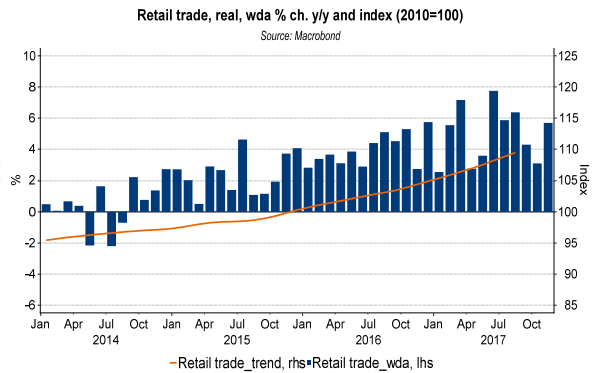
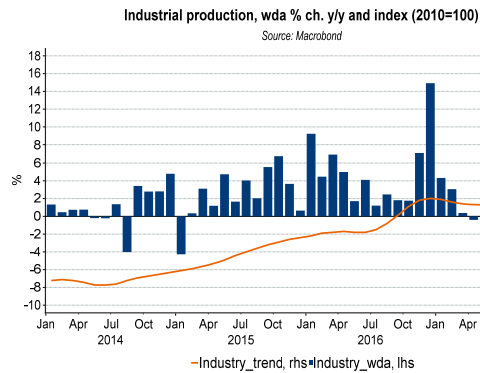


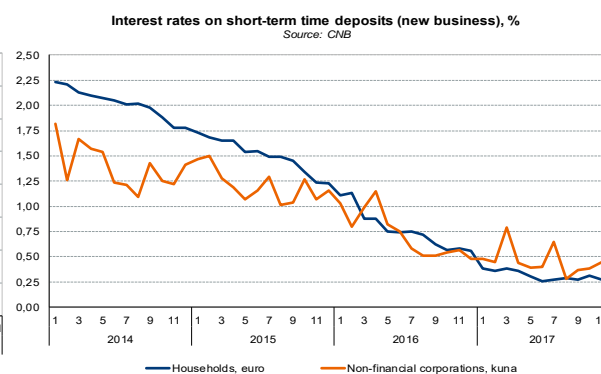
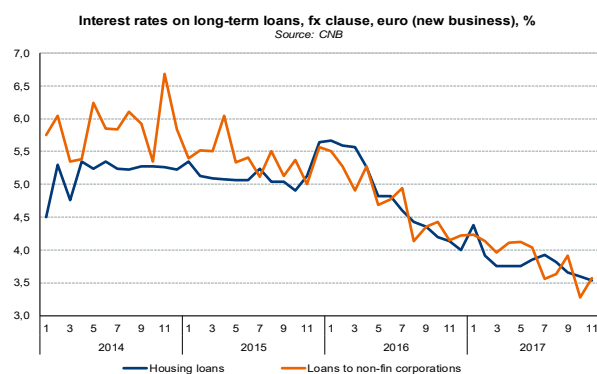
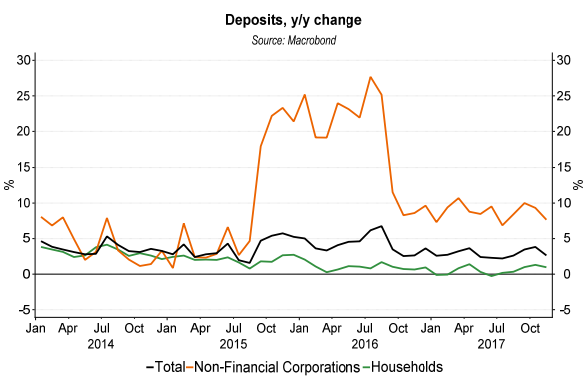
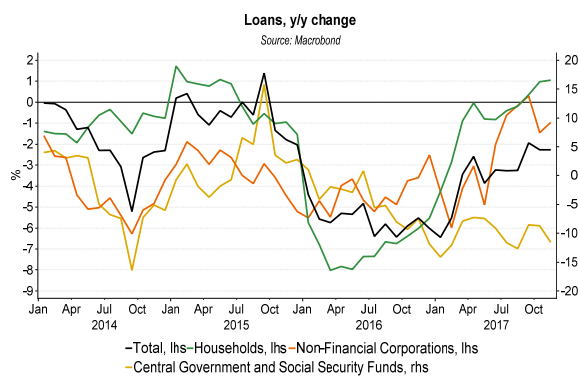
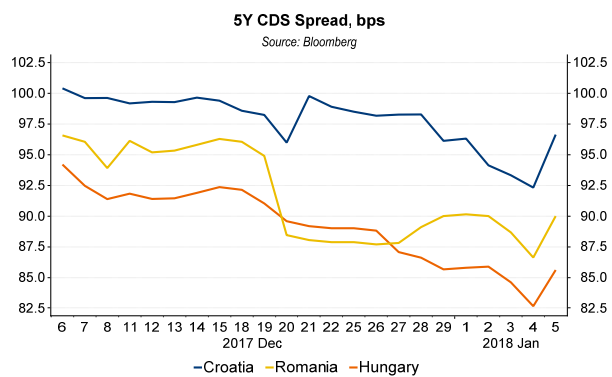
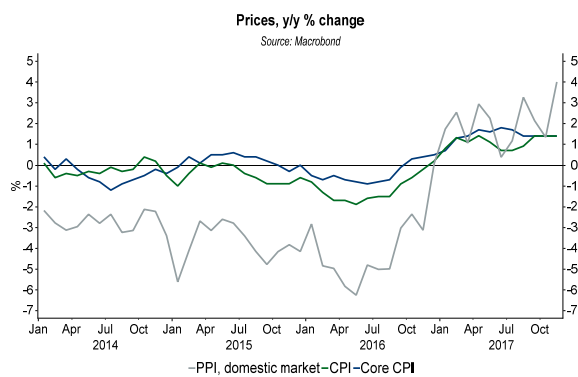
Crobex up wow

Last week, the Crobex index closed at 1,849.71 points, i.e. up by 0.4% versus the week before, while the index was down by 7.6% at the end of 2017, versus the end of 2016. The Crobis index closed at 111.81 points on Friday, up by 0.7% wow. Sector indices closed the week in negative territory, where the largest fall was recorded by CROBEXconstruct (-2.9% wow), closing the week at 519.73 points. CROBEXtourist decreased by 1.2% wow (to 3,579.04 points), while CROBEXindustry closed on Friday at a 0.1% lower level wow (at 1,129.64 points). Last week, the total ZSE turnover decreased by 62.5% (to 197.0 million kuna) versus the week before, of which the turnover in bonds fell by 66.9% (to 140.3 million kuna) and the turnover in shares by 44.0% (to 56.7 million kuna).



Statistics





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