

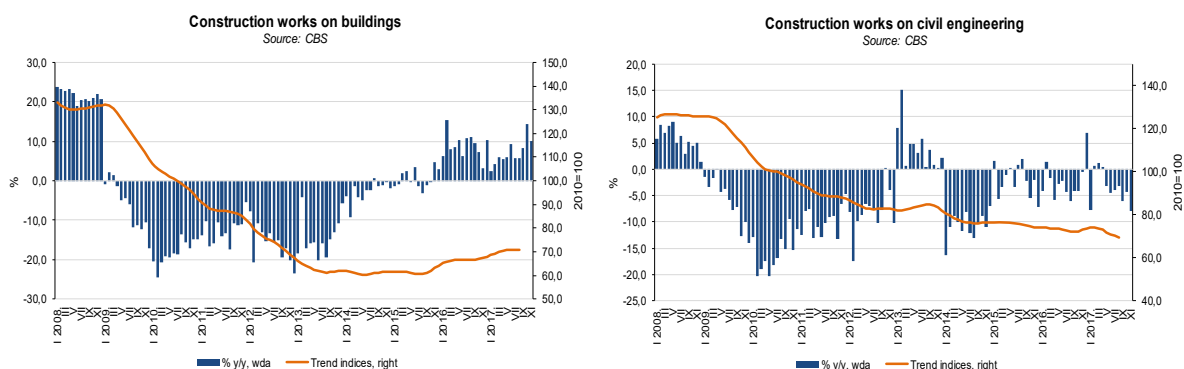
# PBZ Weekly Analysis

## Number 593, January 29, 2017

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## Weekly overview

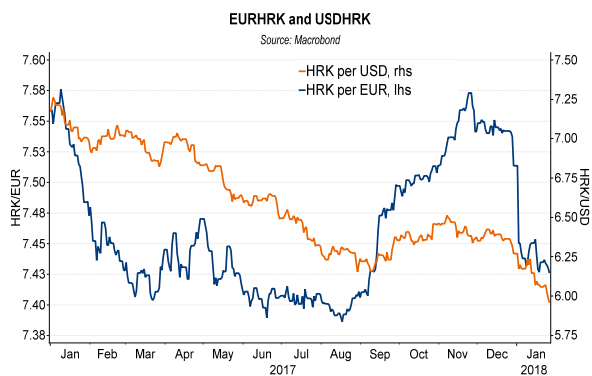
According to the wda data, the volume of construction works in November 2017 rose by 0.7% yoy (+4.6% in the previous month), while the mom data, seasonally and working-day adjusted, show a decline of 2.4% (+3.1% in October 2017). The construction works on buildings recorded a double-digit (+10.0%) increase yoy in November, while a decline in civil engineering works continued for the seventh consecutive month, recording a yoy decline of 8.0%. In the period January-November 2017, the total volume of construction works increased by 1.7%, showing a slightly lower growth versus the same period of 2016, when the growth was +2.3%. At the same time, the volume of construction works on buildings advanced 7.1%, due to a larger number of mostly private sector investments (tourism in particular), while civil engineering works recorded a drop in the activity of 3.5%, as a result of lower number of investments in infrastructural projects. Despite a slower growth of the last year's volume of construction works compared with the first eleven months of 2016, data on the number of the issued building permits are encouraging, since the mentioned number rose from January to November last year by 20.2% yoy (where the total value of works confined in those permits increased by 15.3%, reaching 23.5 billion kuna), whereas the number of persons employed in the construction sector (according to the data of the Croatian Pension Insurance Institute) simultaneously rose by 3.0%.



## Euro soars, kuna stable

Last week's ECB meeting did not bring significant changes versus December meeting regarding a reduction in the bond purchase programme and the pace of the interest rate rise, announcing a gradual normalisation of the monetary policy. Amid these events and the anticipation of this week's FOMC meeting, which is not expected to bring major news, the euro continued to strengthen against the dollar. Trading closed at 1.2427 dollar to the euro on Friday, up by 1.7% wow.

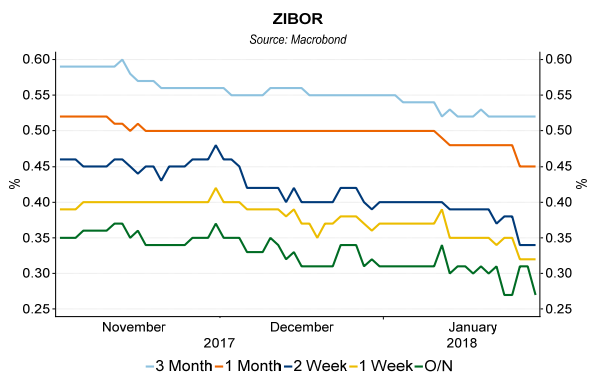
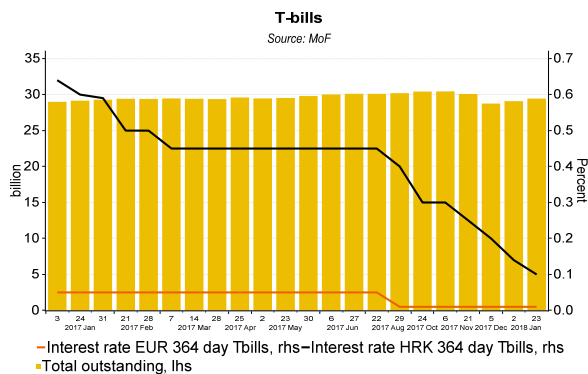
Last week, the exchange rate of the kuna against the euro fluctuated around 7.43, amounting to 7.4260 at the end of the week, down by 0.1% wow. The kuna against the dollar continued its strong rise, therefore the exchange rate decreased by 1.6%, to 5.9594 kuna to the dollar. This week, we expect trading in the range 7.40-7.45 kuna to the euro.



## Calm week for domestic market

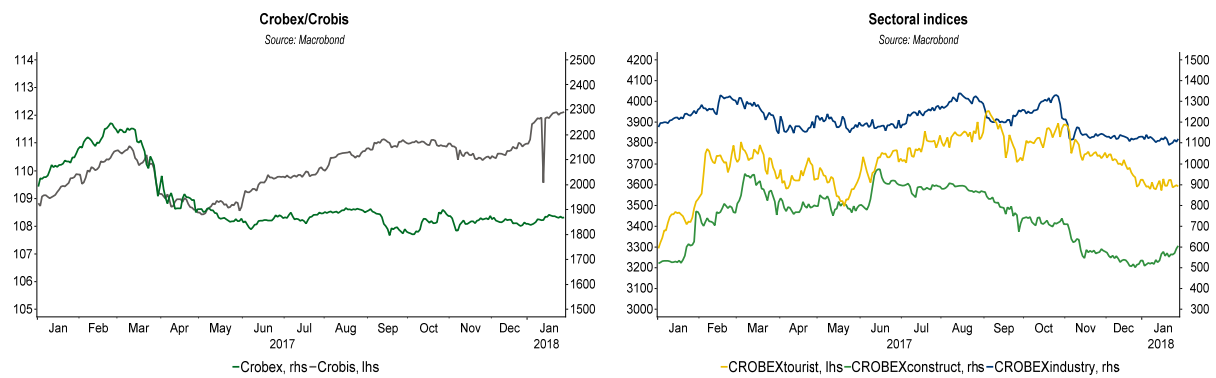
The money market was calm last week, where excess liquidity remained at 27 billion kuna and interest rates recorded a moderate decrease in the short end of the curve. The overnight Zibor fell wow by 4 b.p. to 0.27%, 1M by 3 b.p. to 0.45% and 3M stayed at 0.52%. No interest was shown at the reverse repo auction for the fifth consecutive week and there was no turnover on the ZMM.

Last week, 928 million kuna matured and 1,400 million kuna in T-bills were subscribed, therefore the government debt advanced to 29.4 billion kuna. There was a subscription of one-year kuna T-bills at the interest rate of 0.10%, 4 b.p. lower from the previous issue. This week, 800 million kuna will mature and the auction with the planned 800 million kuna has been announced.

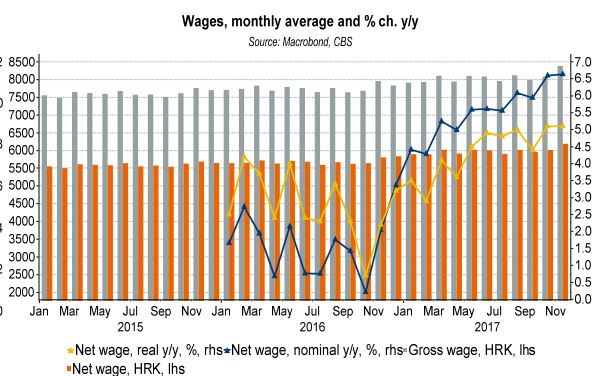
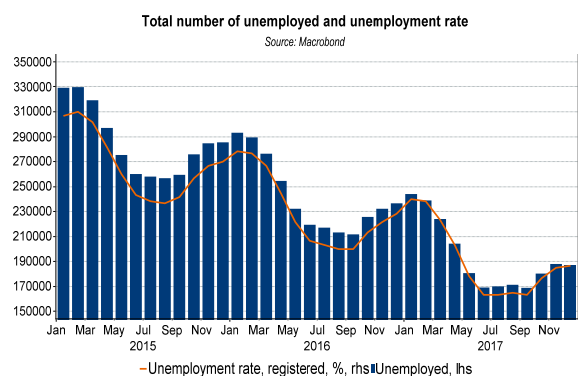
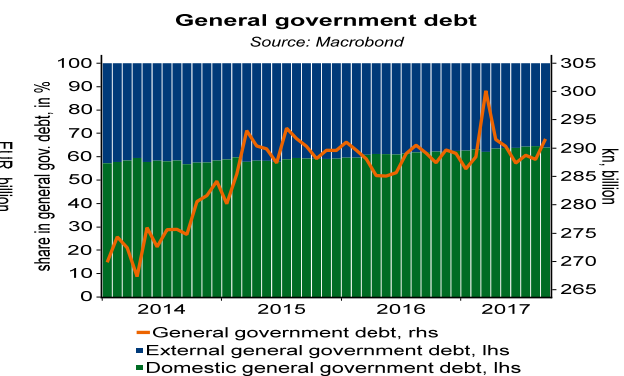
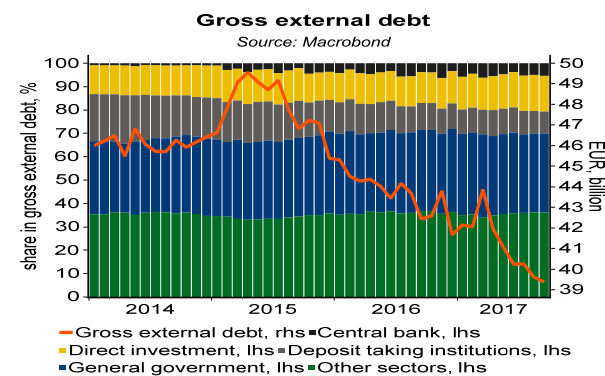
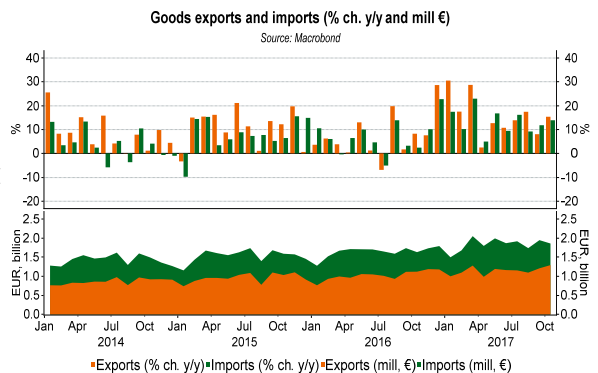
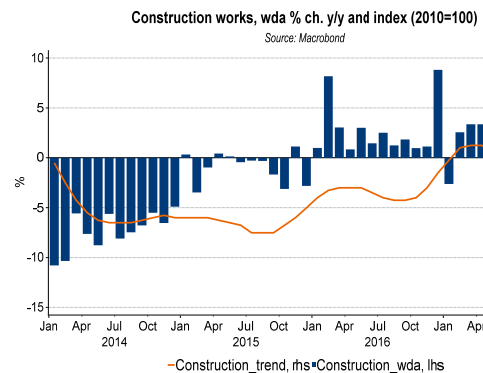
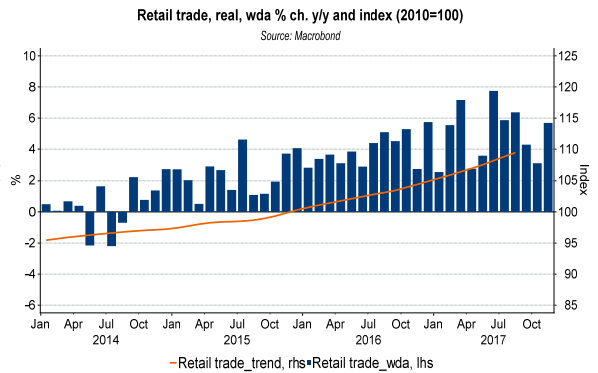
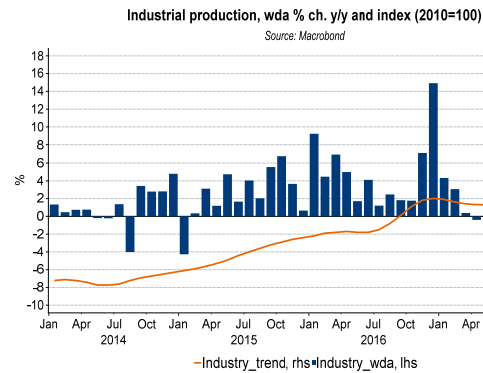


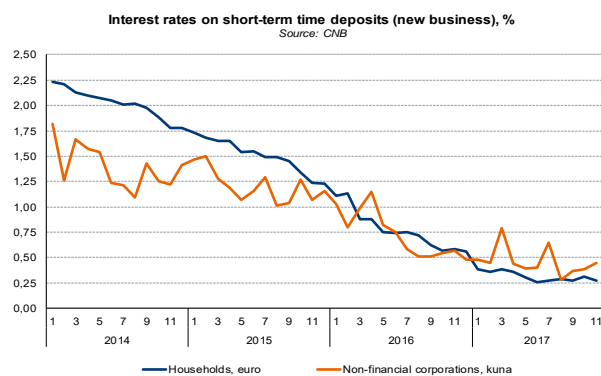
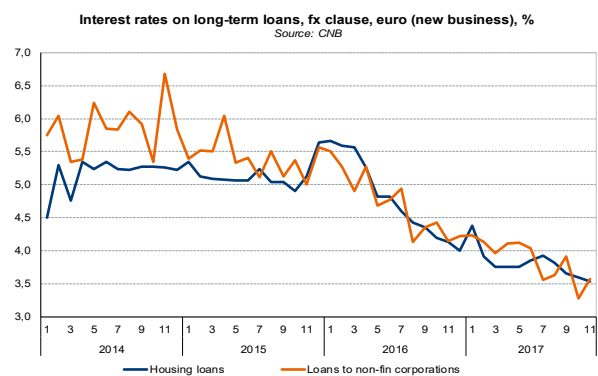
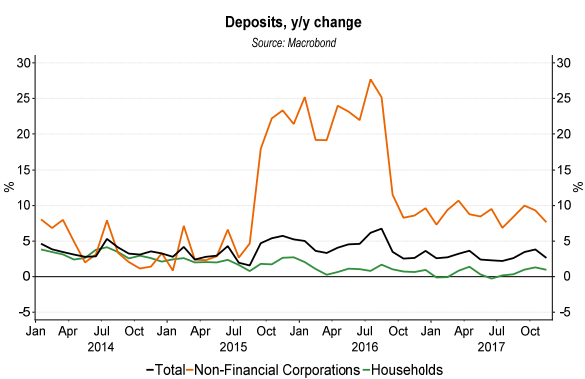
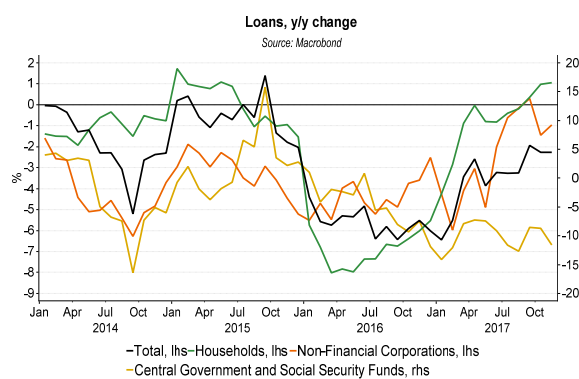
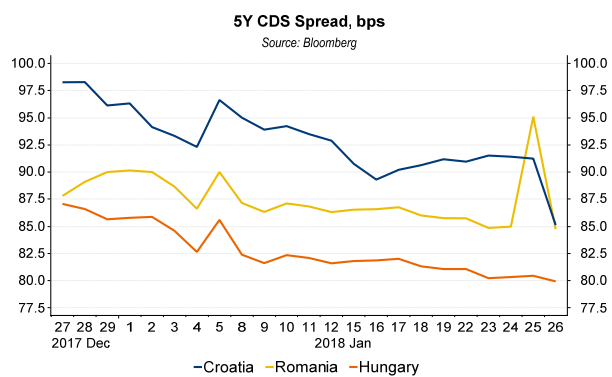
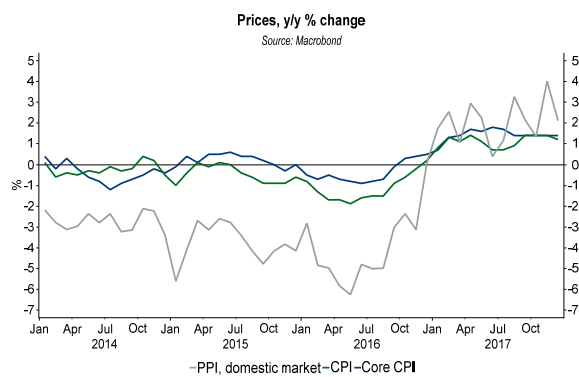
## Crobex down wow

The total ZSE turnover last week amounted to 448.3 million kuna, up by 42.0% wow, owing to a 16.4% higher turnover in bonds (reaching 317.4 million kuna) and a three times higher turnover in shares (to 130.9 million kuna). The Crobex Index closed last Friday at a 0.3% lower level wow, dropping to 1,868.39 points, whereas Crobis stagnated (at 112.12 points). As regards sector indices, CROBEXtourist closed last week at 3,591.54 points (-0.8% wow), CROBEXindustry at 1,119.82 points (+2.7%) and CROBEXconstruct at 606.11 points (+9.7%).



# Statistics





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