

PBZ Weekly Analysis

Number 608, May 25, 2018

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Weekly overview

- The total number of persons in employment, according to the number of active insured persons registered with the Croatian Pension Insurance Institute, rose by 2.6% yoy in April 2018 (to 1.514 million), due to a 6.9% increase in the number of persons employed in the Construction Sector and a larger number (+5.5%) of persons employed in the Accommodation and food service activities and the Manufacturing (+2.2%). The total number of persons in employment increased by 1.7% mom in April, where the largest contribution (by 0.9 p.p.), in line with the usual seasonal movements in the labour market, came from an increased number of employed persons in the Accommodation and food service activities, which recorded a rise of 11,875 in newly employed persons, or +13.3%. Over the first four months of this year, the total number of persons in employment, impacted by the economic recovery, advanced by 2.5% yoy, where the above-average growth was registered in nine activities from the National Classification of Activities (out of 22), where the largest growth was recorded in Information and communication (+6.5%), while the strongest drop in the total number of persons in employment (out of five activities which recorded a decline) over the mentioned period was recorded in the category Real estate activities (-18.5% yoy).
- For March 2018, the average monthly paid off net earnings per person in paid employment in legal entities amounted to 6,253 kuna, which is a nominal increase of 231 kuna, or 3.8% versus the same month last year, while in real-terms (adjusted by a rise in consumer prices) the average net earnings increased slightly less by 2.7%. As compared with February this year, the average net earnings rose by 2.0% in nominal terms and 1.4% in real terms. In the first quarter this year, the average net earnings thus reached 6.190 kuna, which is an increase of 253 kuna, or 4.3% versus the same period last year, where the largest growth was recorded in the categories (according to the National Classification of Activities): Administrative and support service activities (+13.2% yoy), Construction (+6.6%), Other service activities (+6.2%) and Wholesale and retail trade (+5.8%), in fact, mostly in those activities which have been currently affected by the absence of (qualified) workers. At the same time, the average gross earnings amounted to 8,368 kuna, which is an increase of 4.8% in nominal terms and 3.8% in real terms yoy.

Kuna slightly weaker, dollar stronger

Last week, the EUR/USD trading closed at 1.665, down by 0.9% wow, owing to a rising uncertainty resulting from political instability in several Eurozone countries.

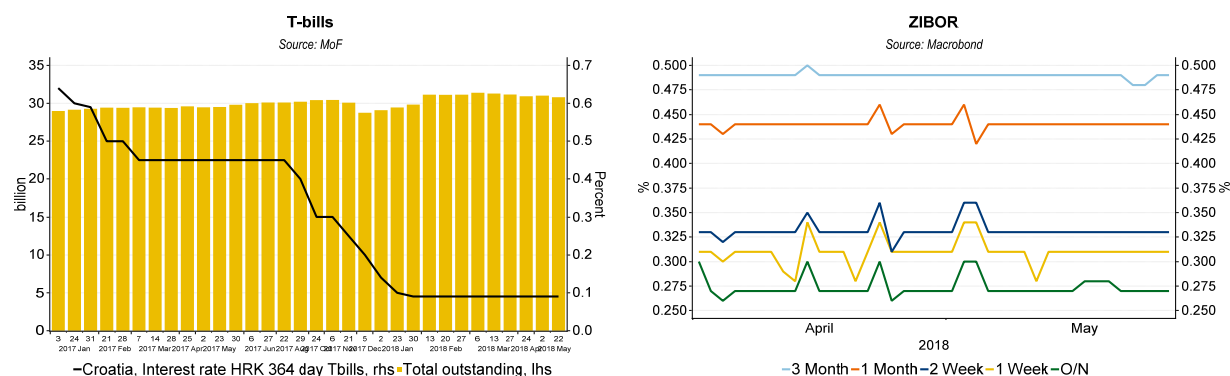
At the same time, the mid-exchange rate closed at 7,3870 kuna to the euro last week, or up by 0.2% wow, whereas the kuna simultaneously weakened against the dollar by 0.8% and the exchange rate increased to 6.3105 kuna to the dollar. This week, we expect trading in the range 7.37-7.42 kuna to the euro.



T-bill auction held

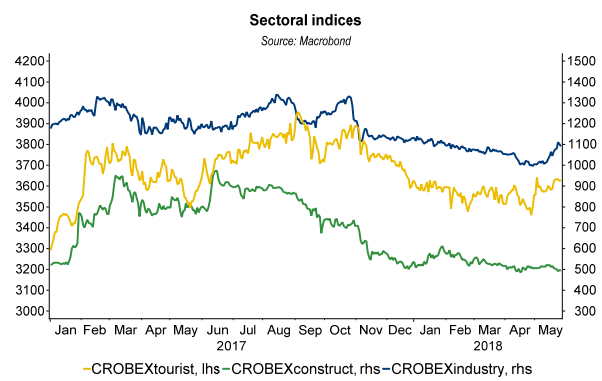
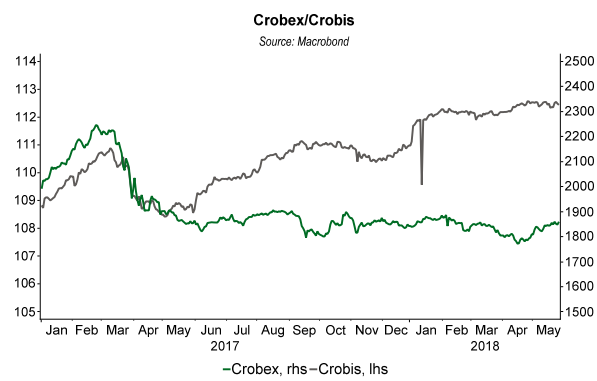
The overnight Zibor moderately decreased by 1 b.p. wow to 0.27%, while 1M and 3M stayed unchanged at 0.44% and 0.49%, respectively. Excess liquidity declined slightly below 28 billion kuna, while there was no turnover at the regular reverse repo auction and no turnover on ZMM.

Last week, 20 million euro and 400 million kuna in T-bills matured and there was an issue of 28 million euro and 190 million kuna in T-bills at the 364-day period, at the interest rate of 0.0% and 0.09%, respectively, due to which the government debt under the mentioned securities declined to a total of 30.8 billion kuna. A new auction has been announced for this week, given that the T-bill amounting to 1 billion kuna will mature.



Crobex up wow

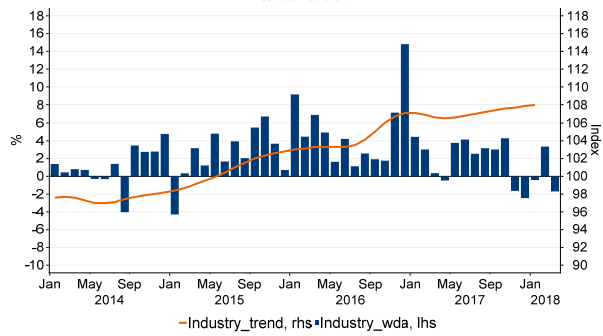
The Crobex Index closed on Friday at 1,860.12 points, or up by 0.3% wow, while Crobis closed at 112.44 points, or up by 0.1%. As regards sector indices, CROBEXconstruct (494.80 points) closed last week down by 2.4% wow, whereas CROBEXtourist (3,628.90 points) and CROBEXindustry (1,091.37 points) closed up by 0.1% and 2.2%, respectively. Last week, the total ZSE turnover amounted to 285.6 million kuna, which is down by 69.3% versus the week before, due to a decrease in the turnover in bonds of 71.2% (to 254.4 million kuna) and a decrease in the turnover in shares of 36.3% (to 31.2 million kuna).



Statistics

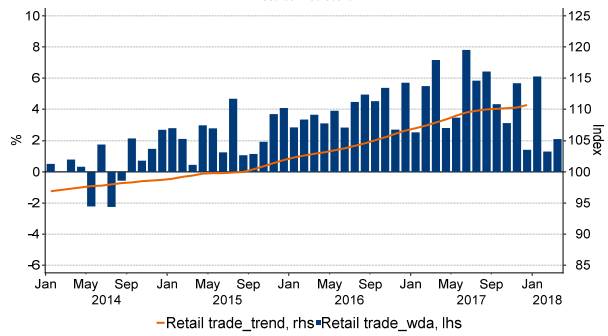
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



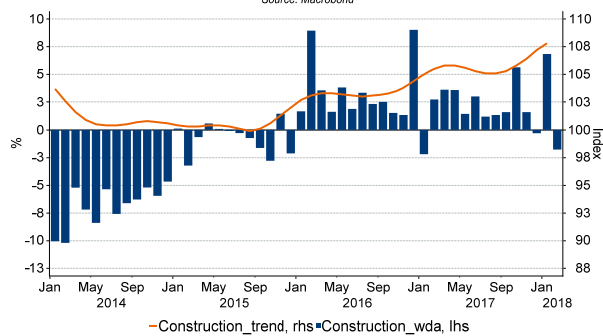
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



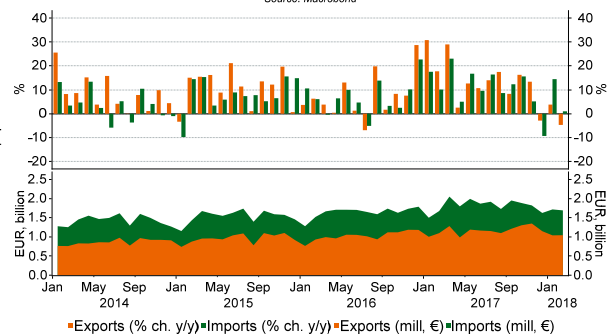
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



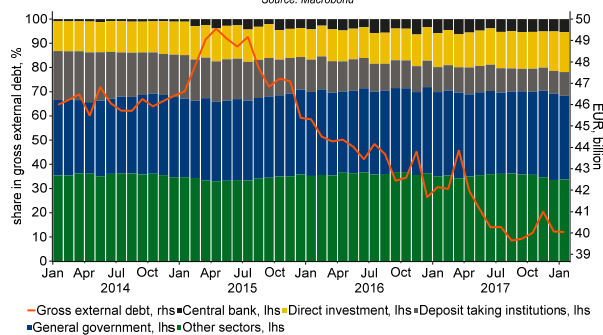
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



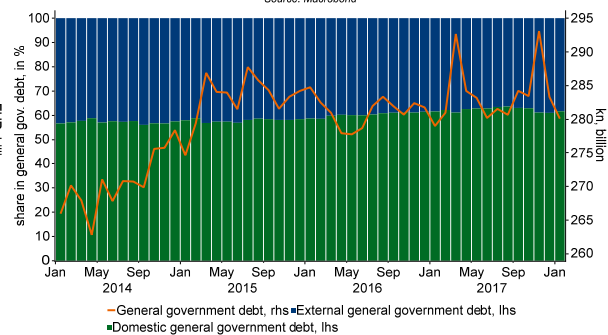
Gross external debt

Source: Macrobond



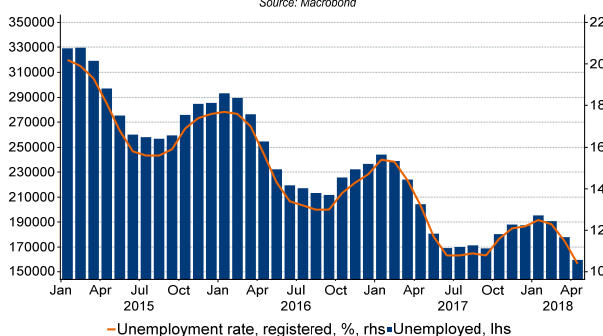
General government debt

Source: Macrobond



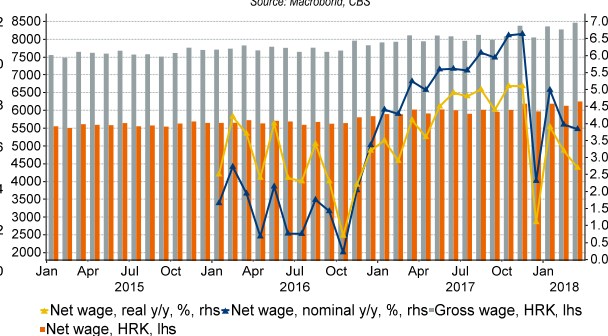
Total number of unemployed and unemployment rate

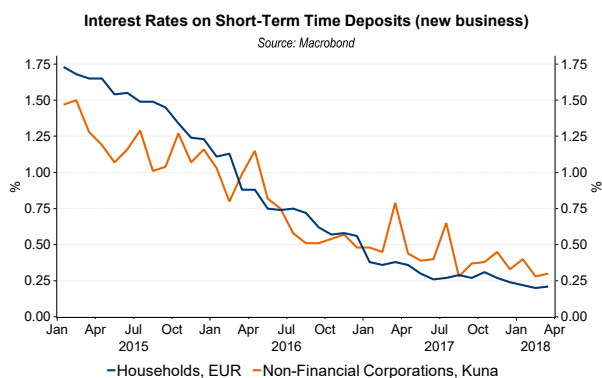
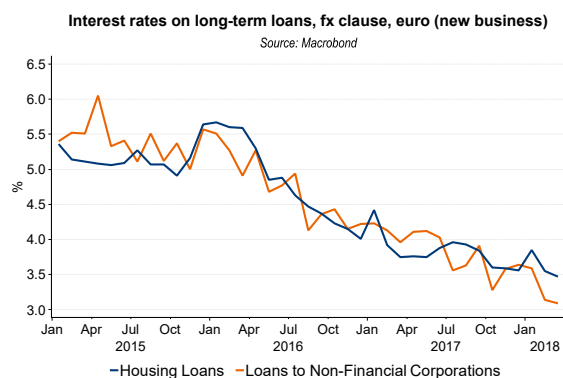
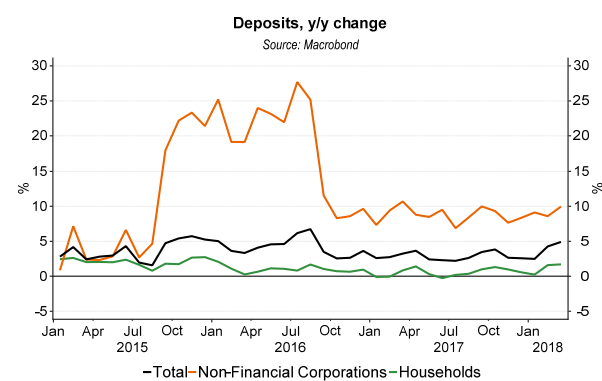
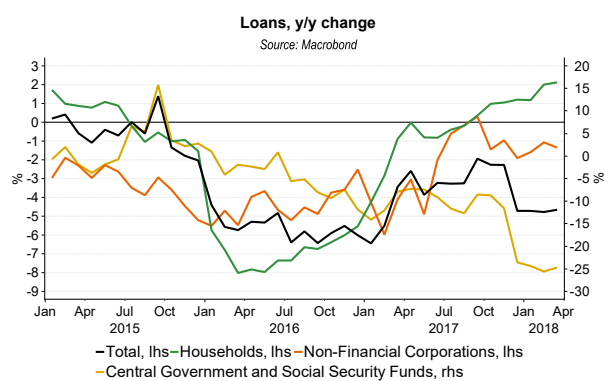
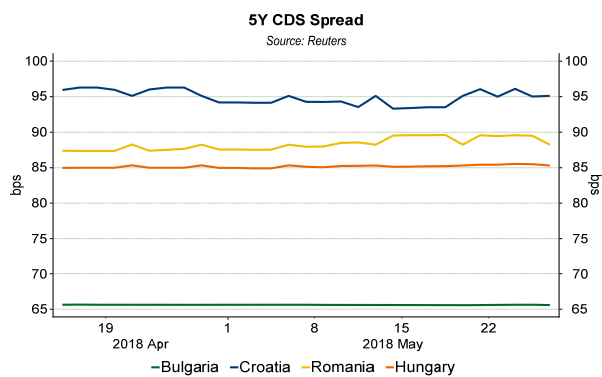
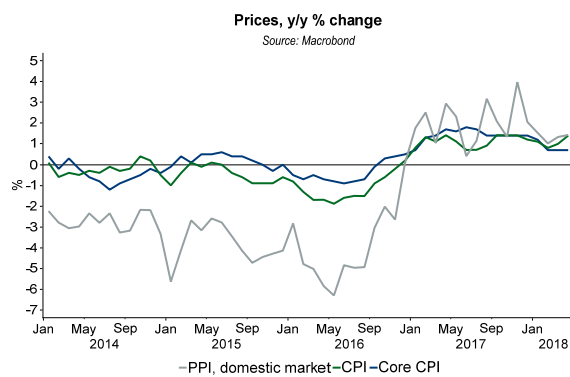
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





RESEARCH OFFICE

Ivana Jović

Ana Lokin

Ivan Odrčić

TREASURY

Eugen Bulat

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