

# PBZ Weekly Analysis

## Number 619, September 17, 2018

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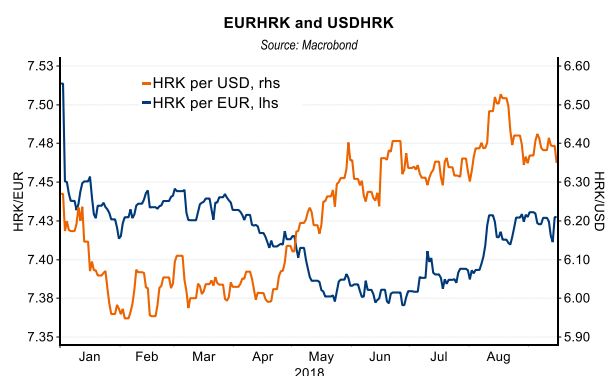
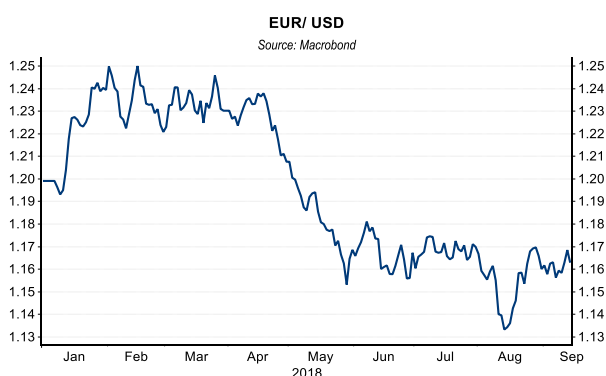
## Weekly overview

- After five consecutive months of growth mom, loans decreased by 0.9% in July versus June. The main reason for the above is a reduced financing of the central government and the corporate sector. The yoy rate of decrease thus further deepened to -2.4%, where the central government and the social security funds decreased by 21.0% and non-financial corporations by 1.5%, whereas households continued to speed up (+4.1%). Data on transactions followed the trend of households (claims +5.7%), whereas placements to non-financial corporations moderately slowed down to +2.6% in July. Breaking downs loans to households by purpose shows that housing loans accelerated to 2.7%, where both the growth of kuna loans and the decline of loans indexed to the euro continued to slow down (+21.9% and -2.6%, respectively), which is a result of higher demand for loans indexed to the euro, due to lower interest rates (July: kuna loans 3.70%, euro currency clause 3.39%). In July, cash loans soared by 10.1%, overdrafts moderately rose by 0.1%, card loans by 1.6%, whereas other loans decreased by 5.3%. Breaking down the corporate portfolio by purpose shows a strong decline in loans for working capital (-4.4% yoy) followed by a 0.4% increase in investment loans and 0.7% in other loans. The ascent of deposits continued in July (+1.4% mom and +5.2% yoy) owing to a 5.0% rise in deposits of non-financial corporations and 4.0% in deposits of households.

## Euro stronger, kuna stable

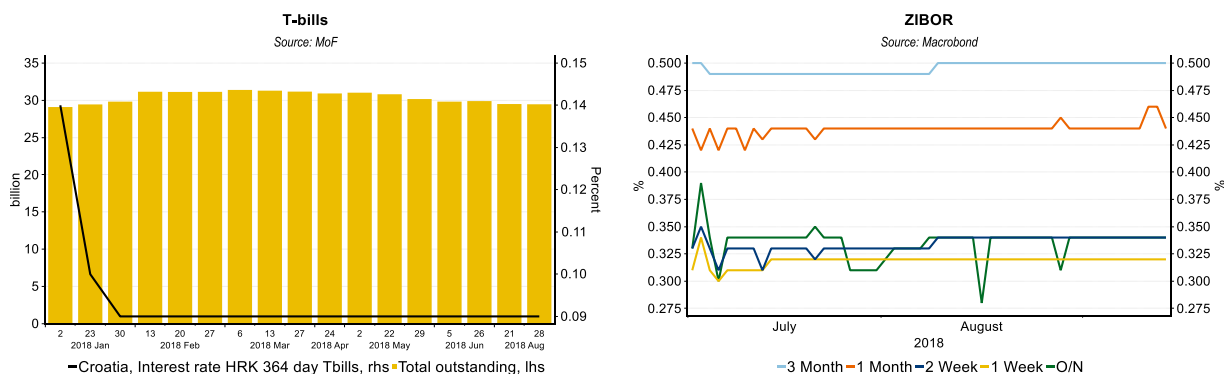
The central Eurozone bank slightly lowered its growth projections for 2018 and 2019, however, their unchanged rhetoric reveals that the interest rate hike is still a year away, which boosted the strengthening of the euro. At the end of the week, trading in EUR/USD pair closed at 1.16 dollar to the euro, up by 0.6% wow.

The EURHRK exchange rate stayed calm, reaching 7.4275 kuna to the euro on Friday, almost unchanged wow. The kuna against the dollar strengthened by 0.5% wow, to 6.3494 kuna to the dollar.



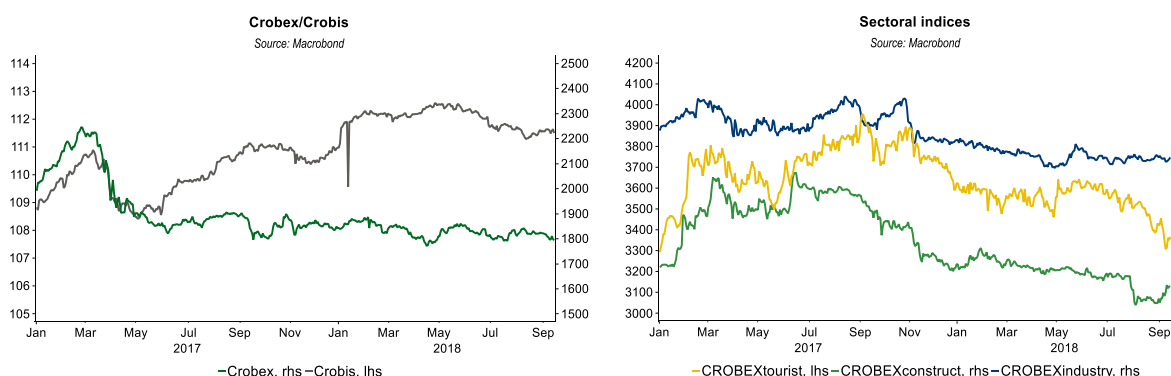
## Interest rates stagnate

Excess liquidity rose to 22 billion kuna after a payment of pensions, while interest rate stagnated (overnight Zibor 0.34%, 1M 0.44%, 3M 0.50%). Due to generous liquidity, there was not turnover at the regular reverse repo auction of CNB nor on ZMM. No T-bills will mature this week and the first scheduled maturity is on 25 October.



## Crobex down wow

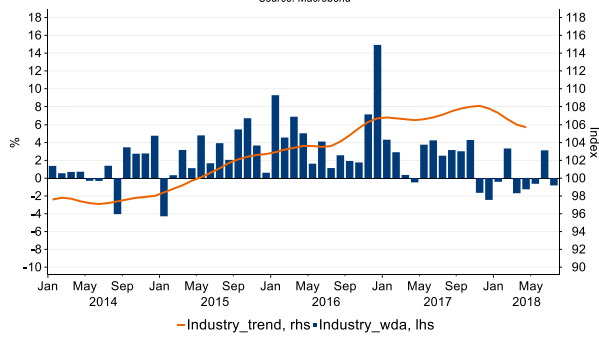
Last Friday, the Crobex Index closed down by 0.7% wow (at 1,793.99 points), while Crobis closed down by 0.1% wow (at 111.63 points). Sector indices ended in positive territory, where CROBEXconstruct (430.28 points) registered a wow growth of 12.3% on Friday, CROBEXtourist (3,366.74 points) of 0.6%, and CROBEXindustry (1,047.61 points) of 0.3%. Last week, the total ZSE turnover amounted to 236.0 million kuna, which is an increase of 2.1 times wow, due to a 2.2 times rise in the turnover in bonds (to 183.2 million kuna) and a rise in the turnover in shares of 87.7% (to 52.8 million kuna).



# Statistics

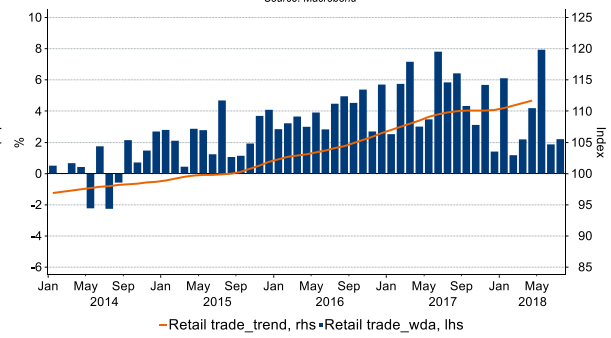
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



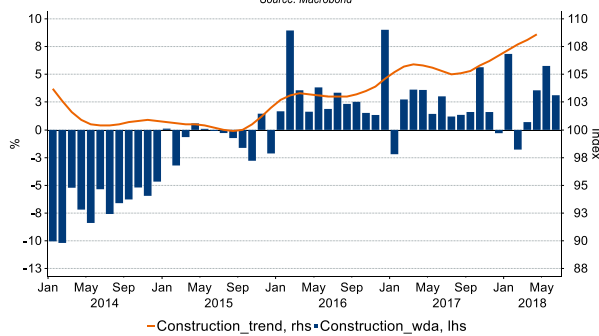
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



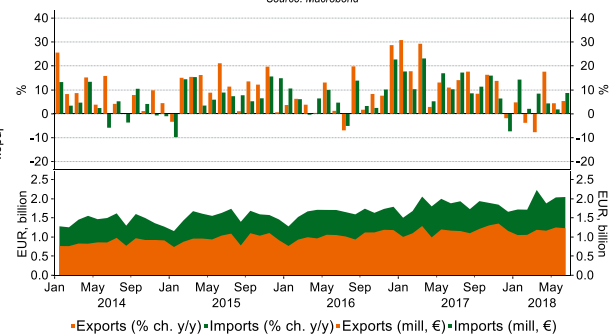
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



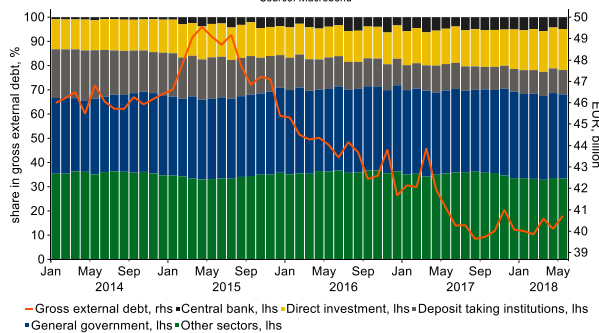
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



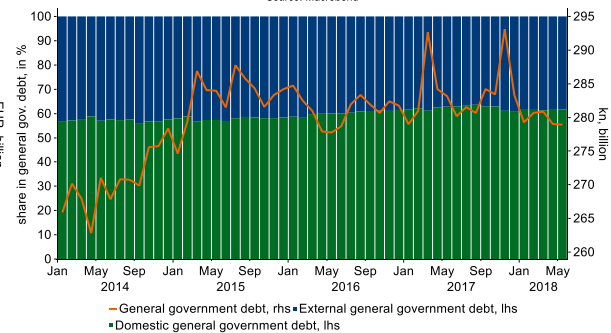
Gross external debt

Source: Macrobond



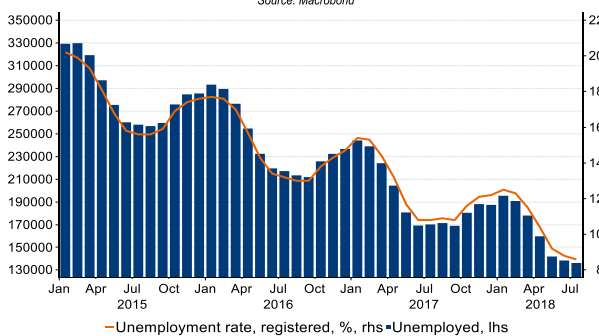
General government debt

Source: Macrobond



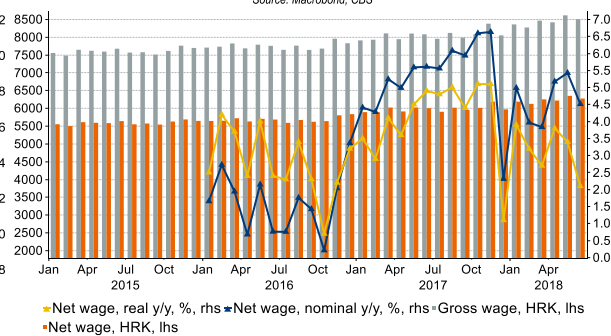
Total number of unemployed and unemployment rate

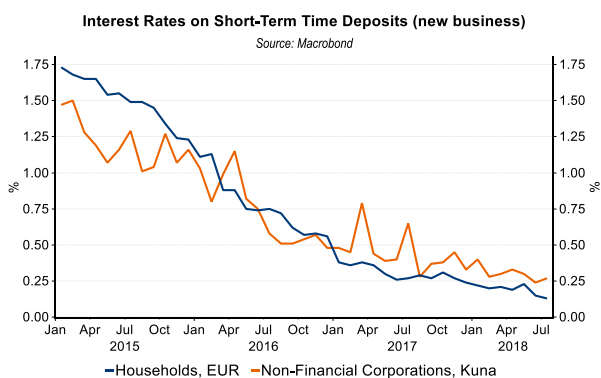
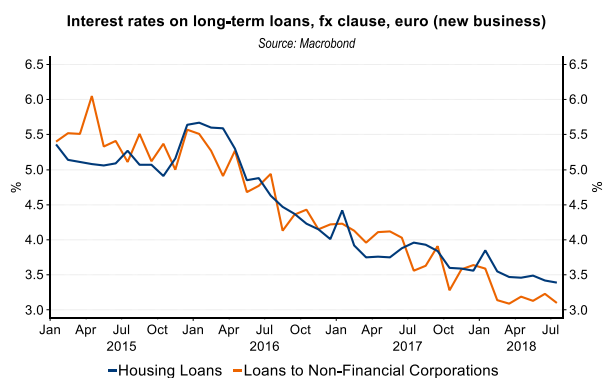
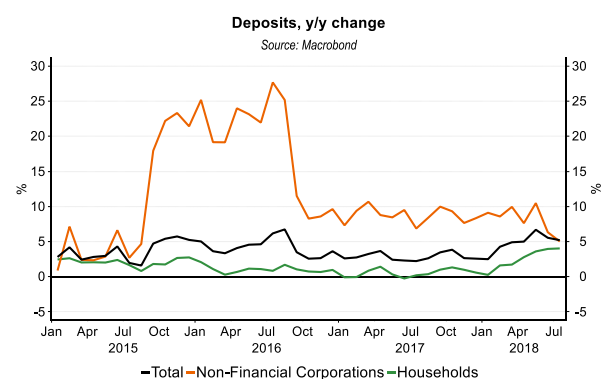
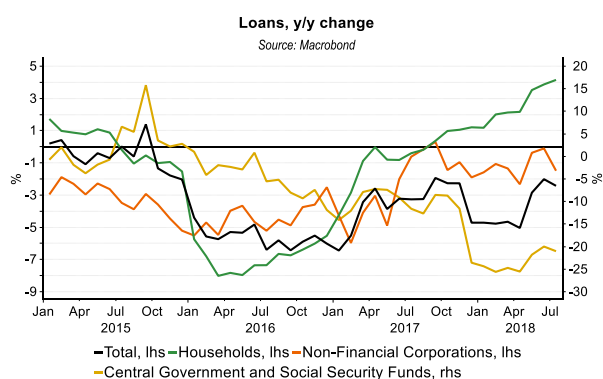
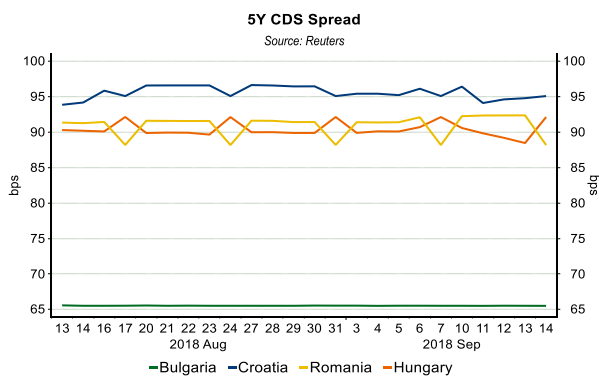
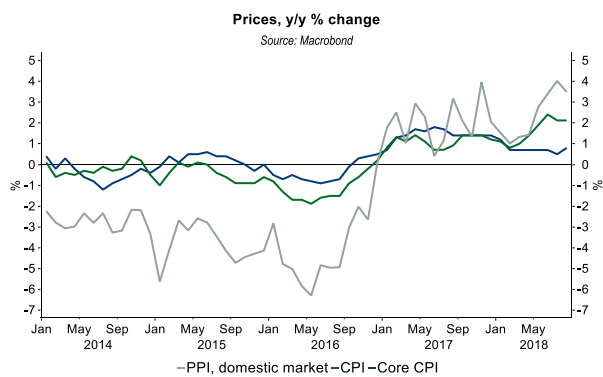
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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#### **TREASURY**

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