

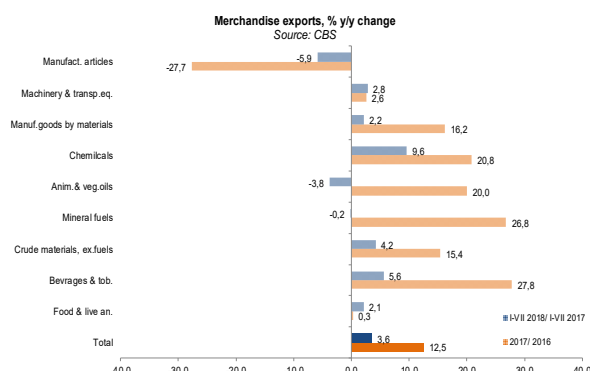
# PBZ Weekly Analysis

## Number 622, October 15, 2018

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## Weekly overview

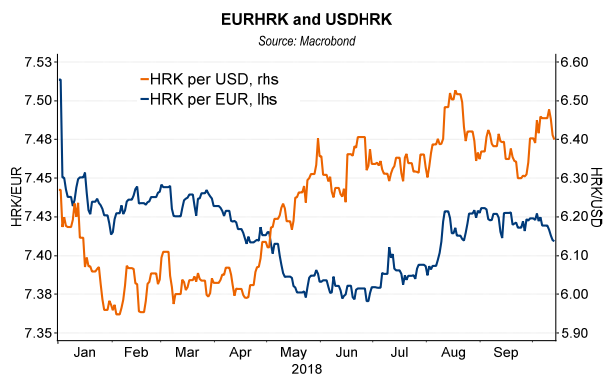
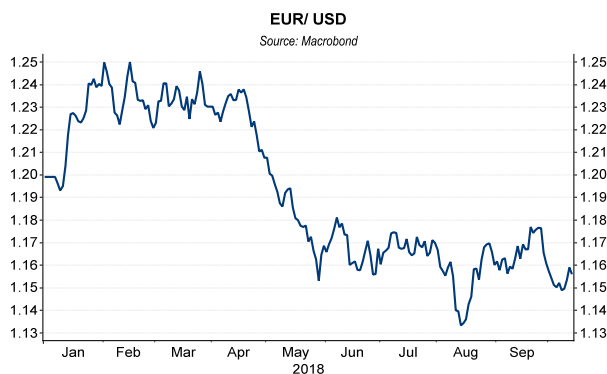
- The total goods exports in July amounted to a total of HRK 9.2 billion, which is an increase of 7.9% versus July 2017, whereas the total imports reached HRK 15.5 billion over the same month, thus showing a yoy growth of 8.2%. Thereby, the foreign trade deficit in July amounted to HRK 6.2 billion, which is an increase of 8.5% yoy, while the coverage rate of the imports by exports of goods was 59.7%, i.e. down by 0.1 p.p. versus July 2017. Analysing the period from January to July 2018, the total exports of goods amounted to HRK 60.9 billion, which is an increase of 3.6% yoy (of which the exports to EU rose by 9.1%), where the largest increase (in absolute terms and in accordance with the National Classification of Activities) was recorded in Manufacture of coke and refined petroleum products (by HRK 943 million), mainly as a result of a higher crude oil price (while the production in this activity declined by 4.5%), then Manufacture of motor vehicles, trailers and semi-trailers (by HRK 650 million) and Manufacture of wood and of products of wood and cork, except furniture (by HRK 361 million). The largest decrease in the exports over the mentioned period was recorded in Electricity, gas, steam and air conditioning supply (by HRK 735 million), Manufacture of other transport equipment, also including the manufacture of ships (by HRK 670 million) and Manufacture of basic pharmaceutical products and pharmaceutical preparations (by HRK 593 million). As a result of stronger domestic demand, the imports reached HRK 102.1 billion over the first seven months of 2018, which is an increase of 6.7% yoy, due to which the foreign trade deficit rose by HRK 4.3 billion, i.e. increase of 11.8% versus the same period last year (to 41.2 HRK billion), while the coverage of imports by exports amounted to 59.7% (I-VII 2017: 61.5%). The preliminary data for August show an increase in the exports of 6.3% and an increase in the imports of 8.1% yoy, due to which the foreign trade deficit substantially advanced by 11.1%, and the coverage rate dropped to 62.6% (from 63.7% in August 2017).



## Slight dollar and kuna movements

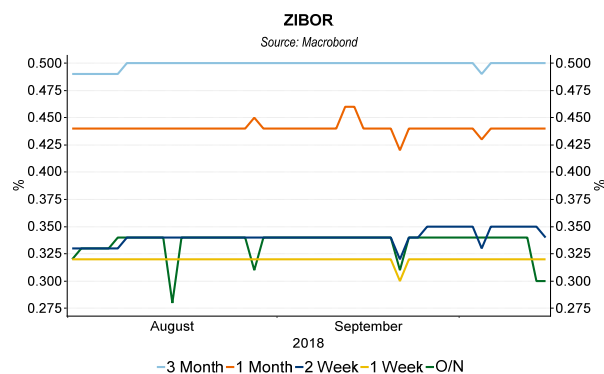
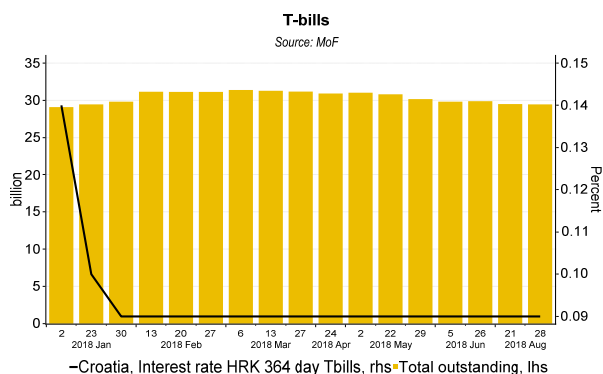
Following the Fed's decision, the period of a strong dollar continued and the dollar to euro exchange rate declined below 1.15 at the beginning of last week. The exchange rate was mildly corrected by the end of the week, after the fall of global stock market indices and the release of data on the unexpected decline in the US inflation rate in September. On Friday, trading in EUR/USD pair closed at 1.16, up by 0.3% wow.

Domestic FX market remained calm and the kuna to euro exchange rate amounted to 7.4093 kuna to euro on Friday, down by 0.1% wow. The kuna strengthened against the dollar by 0.9% wow, to 6.3994 kuna to the dollar. This week, we expect a continuation of the stable kuna to euro exchange rate.



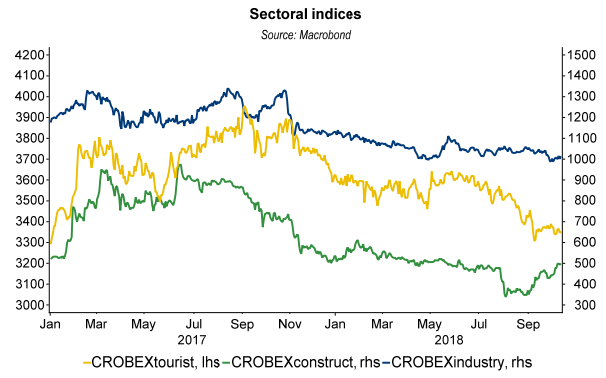
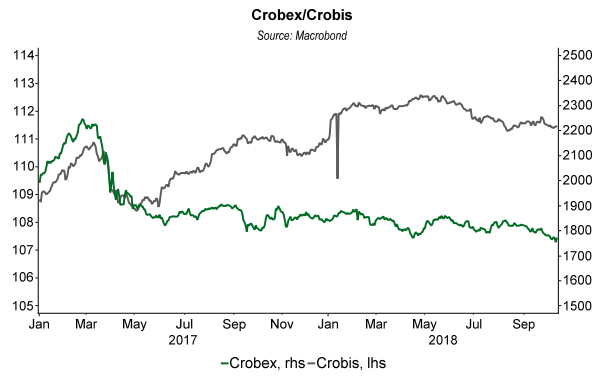
## Money market calm

Excess liquidity was above 20 billion kuna again and interest rates recorded slight changes. The overnight Zibor dropped by 4 b.p. to 0.34% wow, while 1M and 3M stagnated at 0.44% and 0.50%, respectively. There was no turnover at the regular reverse repo auction of CNB or on ZMM.



## Crobex up wow

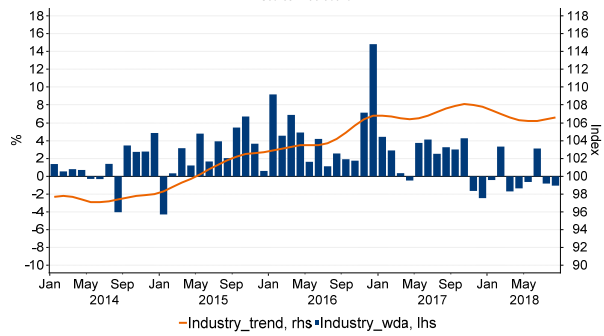
The Crobex Index closed up by 0.3% wow last Friday, reaching 1,772.68 points, while Crobis simultaneously rose by 0.1% wow (to 111.48 points). Sector indices closed in positive territory on Friday, where CROBEXconstruct rose by 4.3% (to 499.71 points), CROBEXindustry by 0.7% (to 1,014.42 points) and CROBEXtourist by 0.3% (to 3,352.79 points). The total ZSE turnover over the last week's four trading days amounted to 137.5 million kuna, which is down by 21.4% wow, due to a decrease in the turnover in bonds of 33.1% (to 100.7 million kuna), while the turnover in shares advanced by 51.4% (to 36.7 million kuna).



# Statistics

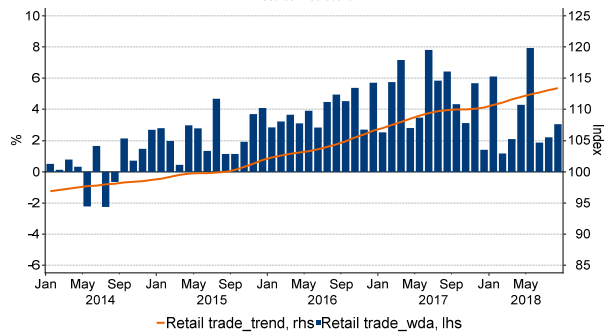
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



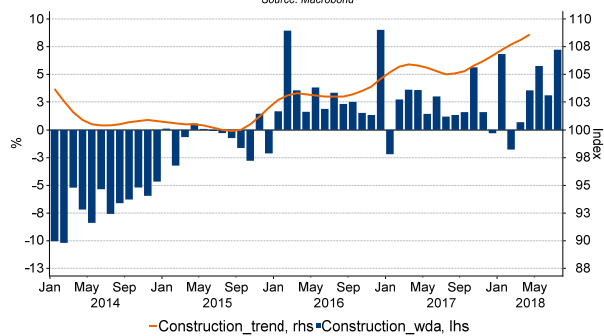
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



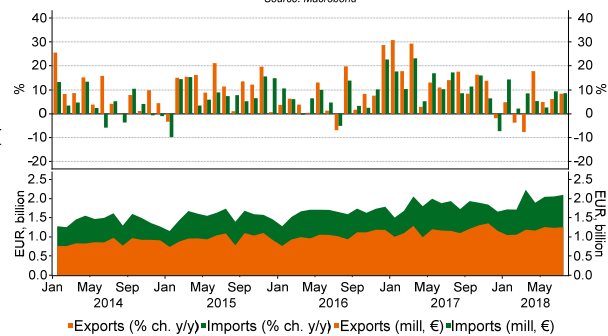
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



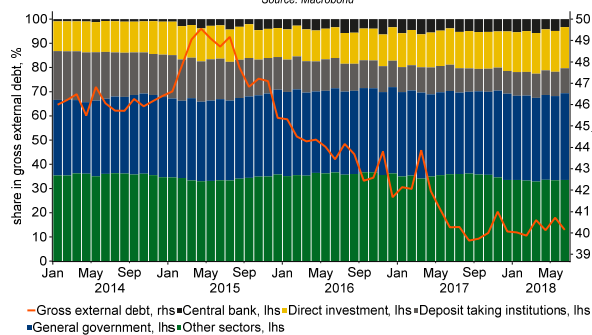
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



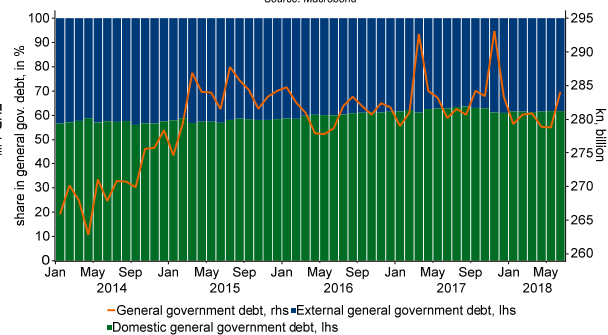
Gross external debt

Source: Macrobond



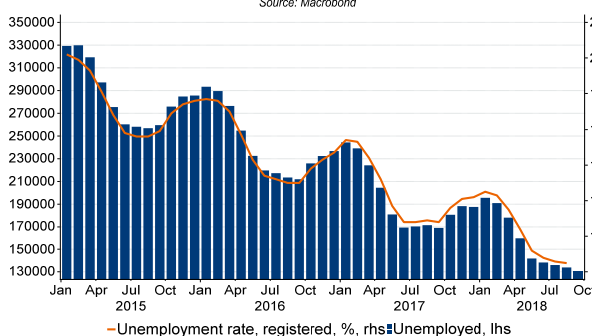
General government debt

Source: Macrobond



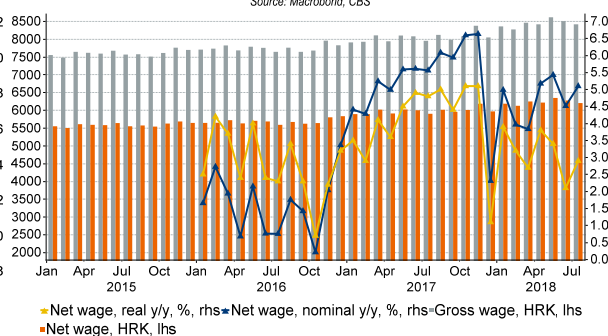
Total number of unemployed and unemployment rate

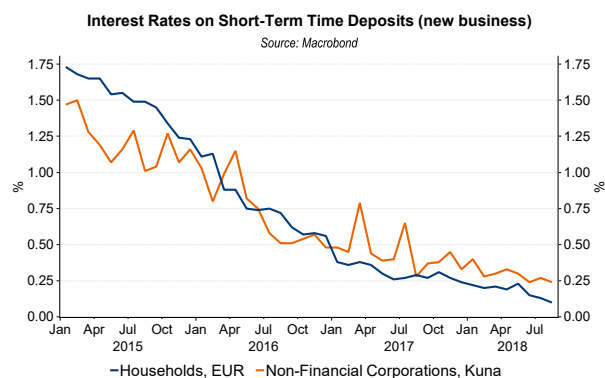
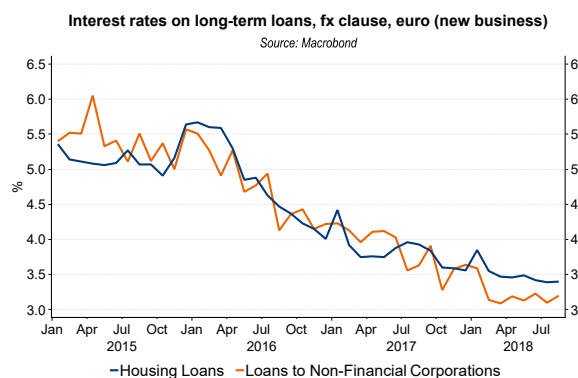
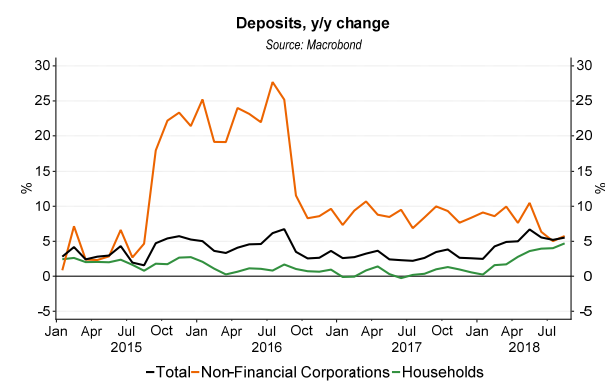
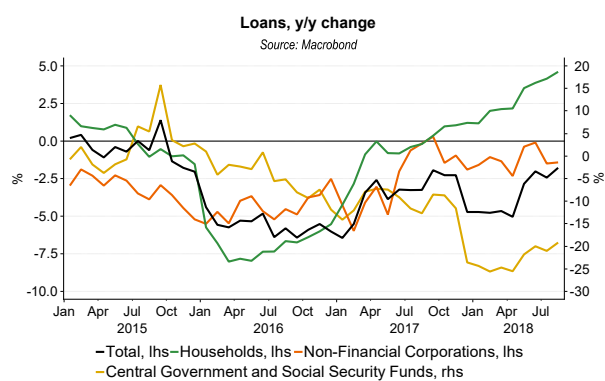
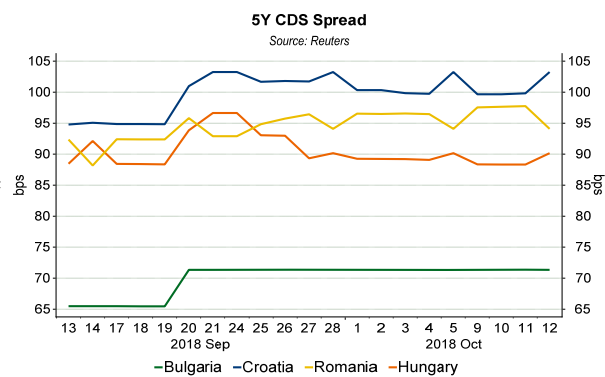
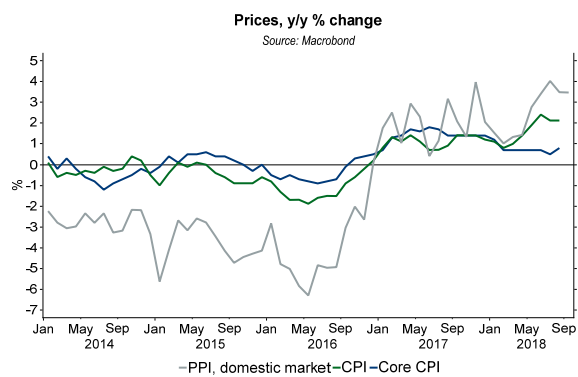
Source: Macrobond



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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