

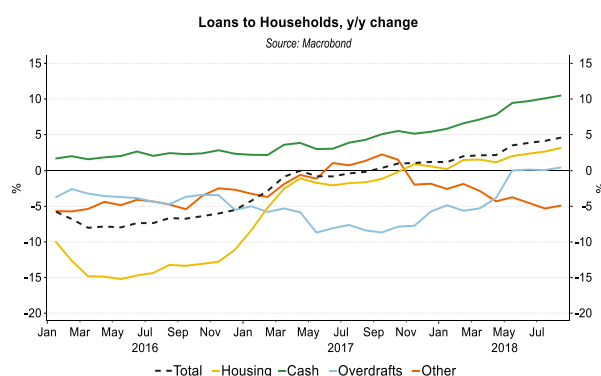
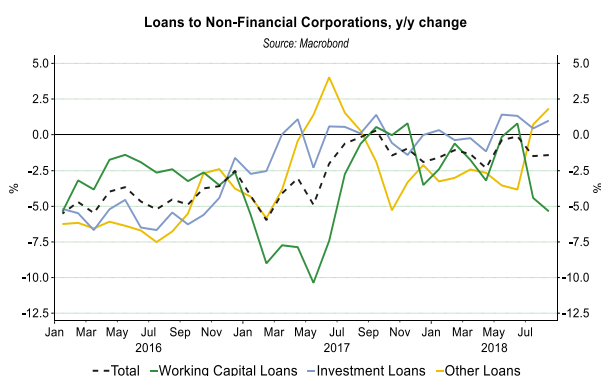
# PBZ Weekly Analysis

## Number 623, October 22, 2018

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## Weekly overview

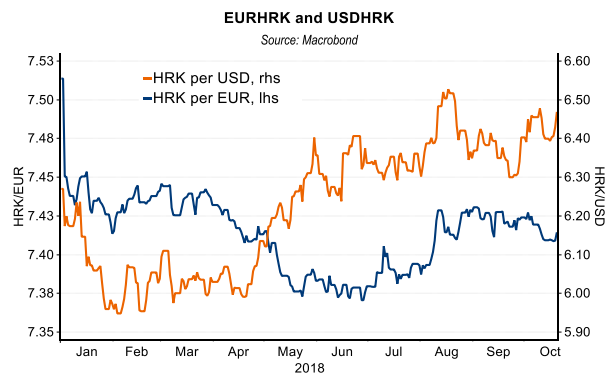
- The balance sheet of other MFIs in August jumped by 1.9% mom, due to a pronounced seasonal increase in deposits of 2.7% (demand deposits +3.6%, kuna savings and time deposits +0.3%, FX savings and time deposits +2.7%), thus showing a slightly stronger increase versus the increase recorded in August last year. Thereby, the yoy balance sheet growth of 2.1% was recorded, where the increase in deposits reached 5.1% and was followed by a 14.3% decrease in foreign liabilities, whereas the asset side saw a 19.7% increase in kuna reserves, 1.8% decrease in total loans and a 7.6% rise in foreign assets, due to which the net external position of other MFIs in August reached a historically highest level of 27.1 billion kuna. The yoy rate of decrease of total loans in August slowed down, owing to a continuation of the increase in loans to households (+4.6%) and a moderately lower decrease in loans to the central government (-19.2%) and non-financial corporations (-1.4%). According to the data on transactions, the cumulative growth of placements to households accelerated to +6.0% yoy in August, whereas the growth of placements to non-financial corporations remained at +2.6%. Housing and cash loans in August speeded up to +3.2, i.e. +10.5% yoy, but a slight recovery of overdrafts and card loans continued as well (+0.4%; +1.7%), while other loans maintained their negative trend (-4.9%). Loans to non-financial corporations remain under pressure from significant sales volumes, while the breakdown by purpose shows a continuation of an upward trend in investment loans and other loans (+1.0%; +1.8% yoy), i.e. volatile movements of loans for working capital (-5.4%). We anticipate a growth of loans and deposits of the private sector around 2% yoy this year.



## Euro weakened, EURHRK stable

The euro weakened against the dollar due to political developments in Italy thus the week closed 1.15 dollar for the euro, down by 0.4% wow.

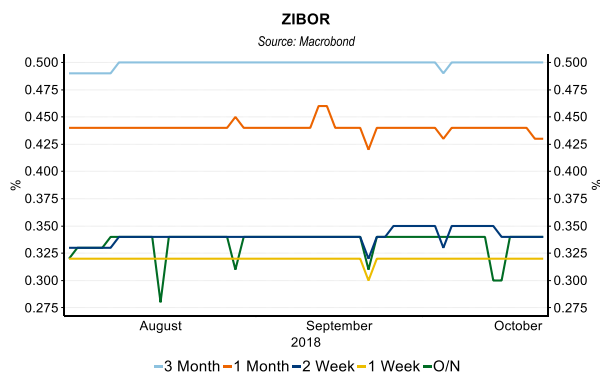
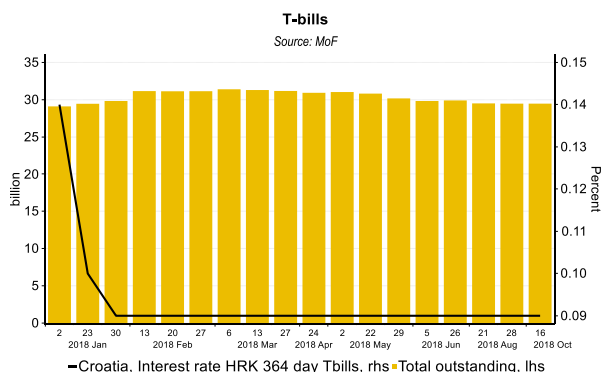
Domestic FX market recorded slight depreciation pressures on the kuna, and the mid-exchange rate was on Friday 7.4144 kuna for the euro, up by 0.1% wow. At the same time, the kuna significantly depreciated against the dollar, by 1.1% wow, thus the exchange rate grew up to 6.4687 kuna for the dollar.



## T-bills auction announced

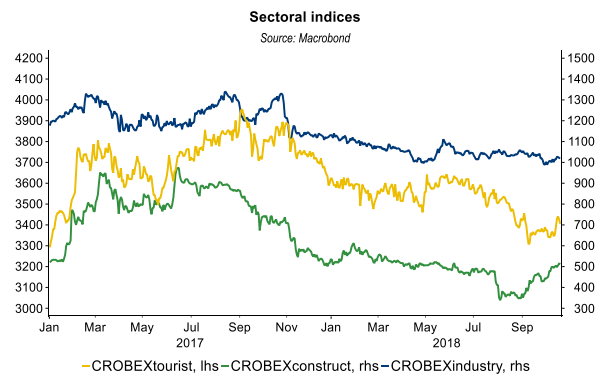
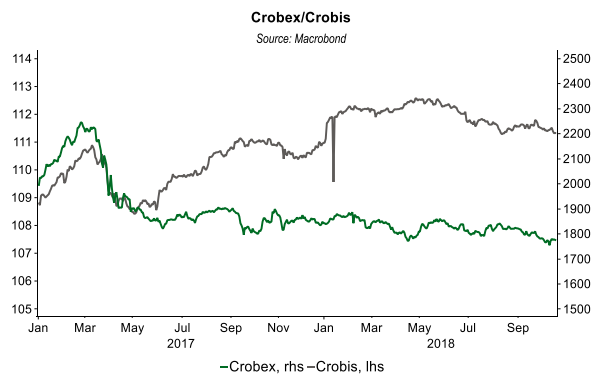
Excess liquidity remained last week at 20 billion kuna, and interest rates recorded slight shifts wow (overnight Zibor +4 b.b. at 0.34%, 1M -1 b.p. to 0.43%) or stood still (3M at 0.50%). There were no placements at the CNB regular reverse repo auction or ZMM.

This week 1.4 billion kuna of one year kuna T-bills and 11 million kuna of one year euro T-bills will mature, thus the announced auction is planned in the amount of 1 billion kuna and 10 million euro.



## Turnover grew up, Crobex in slight plus

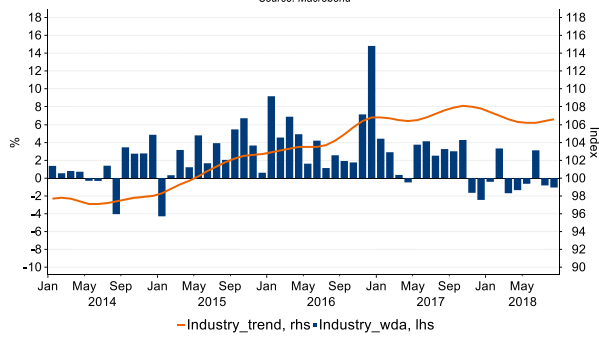
The past week the total ZSE turnover was 341 million kuna, up 74.2% wow, owing to the 2.6% higher share turnover (41 million kuna) and 92.5% higher bond turnover (301 million kuna), where investors focused on tourist sector shares. Crobex realised only the 0.1% growth wow and Friday closed at 1,774.64 points, while Crobis fell by 0.1% to 111.33 points. Sectorial indices closed the week in plus, where CROBEXconstruct jumped by 2.6% (to 512.59 points), CROBEXtourist by 1.6% (to 3,405.97 points), and CROBEXindustry grew by 0.6% (to 1,020.36 points).



# Statistics

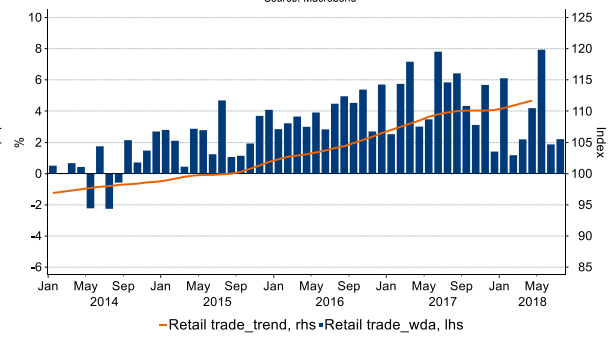
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



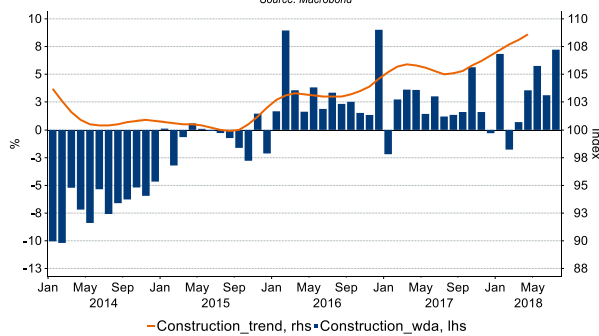
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



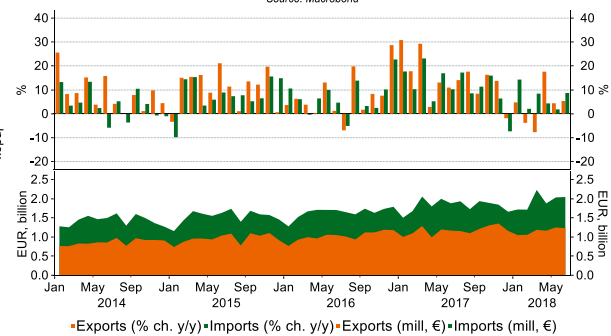
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



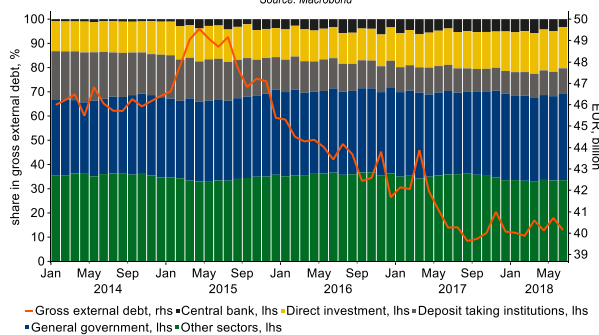
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



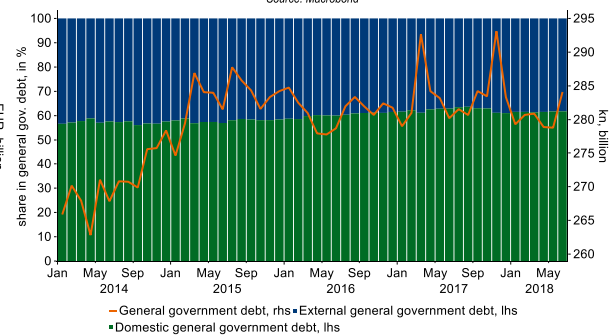
Gross external debt

Source: Macrobond



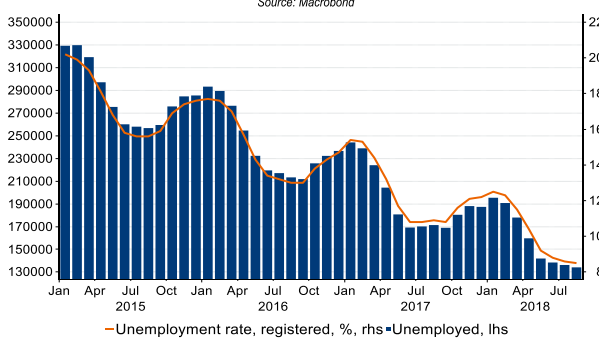
General government debt

Source: Macrobond



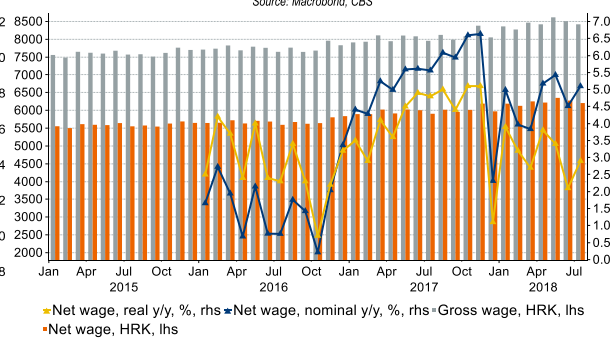
Total number of unemployed and unemployment rate

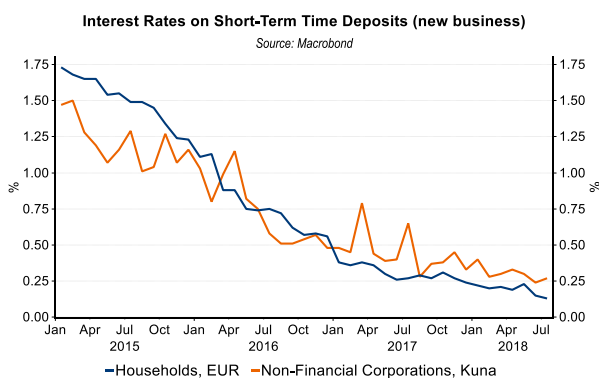
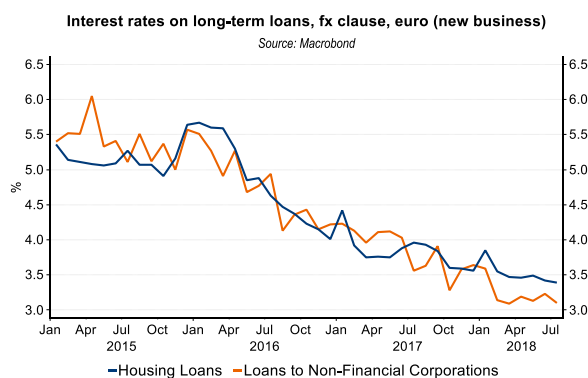
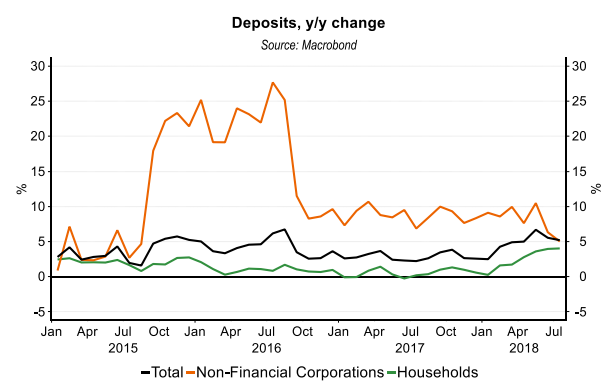
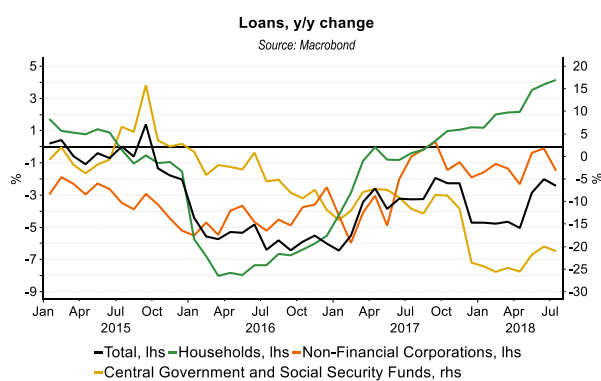
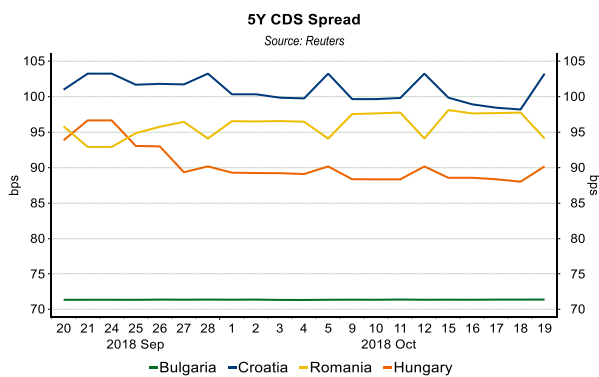
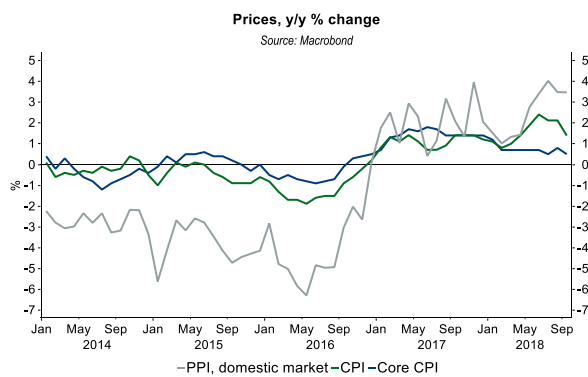
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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