

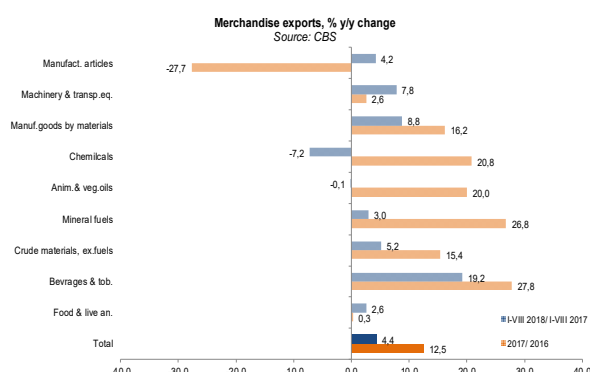
PBZ Weekly Analysis

Number 628, November 26, 2018

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Weekly overview

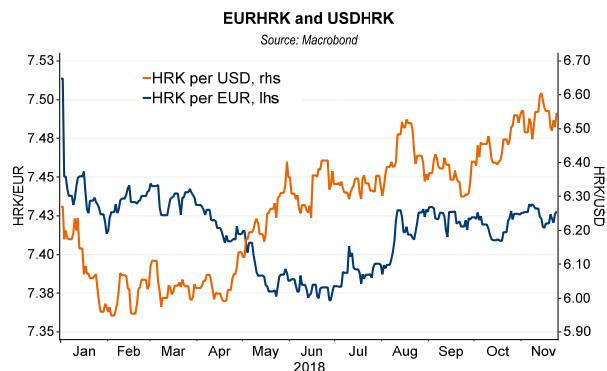
Total exports of goods in August rose by 6.7% yoy (to 8.7 billion kuna), which is a slower rise versus the imports of goods (+7.8%, to a total of 13.8 billion kuna), resulting in a 9.8% increase in the foreign trade deficit (of 5.1 billion kuna), while the coverage of imports by exports declined by 0.7 p.p. yoy (to 63.0%). From January to August 2018, total exports of goods increased by 4.4% yoy (to 69.9 billion kuna), whereas the imports of goods increased by 7.1% (to 116.1 billion kuna), due to which the foreign trade deficit advanced by 11.4% yoy, whereas the coverage rate decreased by 1.6 p.p. (to 60.2%). Analysing the largest components of Manufacturing (with a share of 90.5% in total exports of goods, rising by 6.1%), the largest absolute increase in exports over the first eight months of 2018 was recorded by Manufacture of coke and refined petroleum products (of 992 million kuna), Manufacture of motor vehicles, trailers and semi-trailers (of 701 million kuna) and Manufacture of wood and products of wood and cork, except furniture (of 396 million kuna). Analysing the destination, total exports of goods during the above mentioned period to the EU member states rose by 10.3% yoy (imports by +7.0%), while the exports to the CEFTA member countries rose moderately by 0.2% (imports by +5.9%). The preliminary data for September show a relatively modest increase in the exports of goods of +1.3% yoy, with a simultaneous fall in the imports of 0.8%, which resulted in a decline in the foreign trade deficit of 4.2% in this month, while the coverage rate grew to 63.9% (from 62.6% in September 2017).



Dollar stronger, kuna unchanged

Global FX markets slightly stabilised last week, while the dollar increased by 0.7% against the euro wow, to 1.13 dollar to the euro.

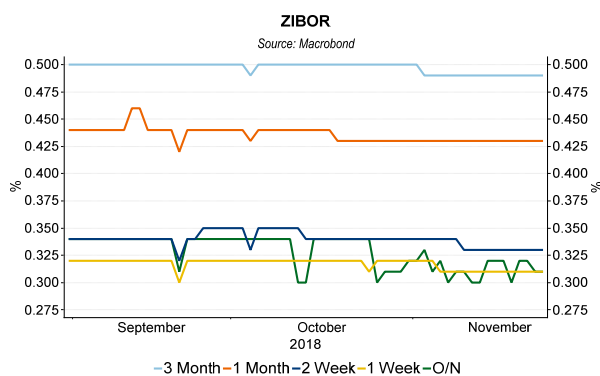
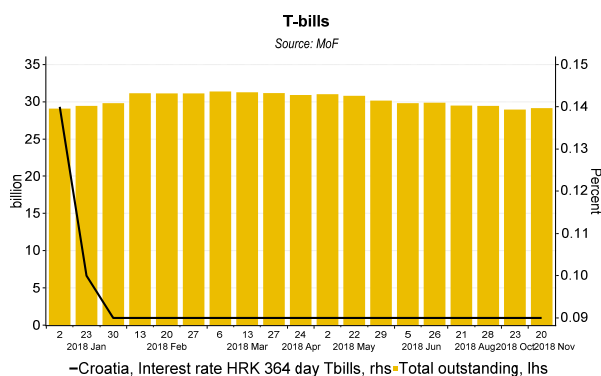
The kuna to the euro exchange rate continued to fluctuate slightly, amounting to 7.4279 kuna to the euro at the end of the week, up by 0.1% wow. The exchange rate of the kuna against the dollar decreased by 0.1% to 6.5461 kuna to the dollar. We expect a calm period and a stable exchange rate to continue this week.



Auction held

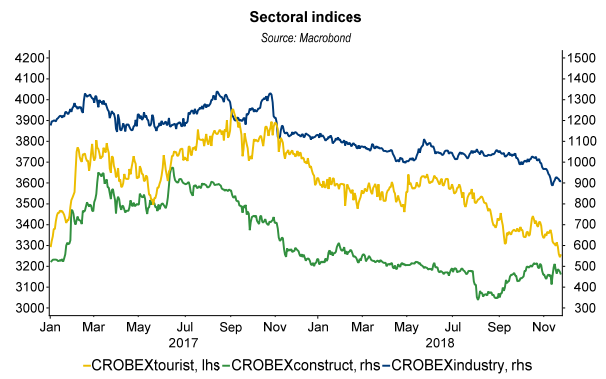
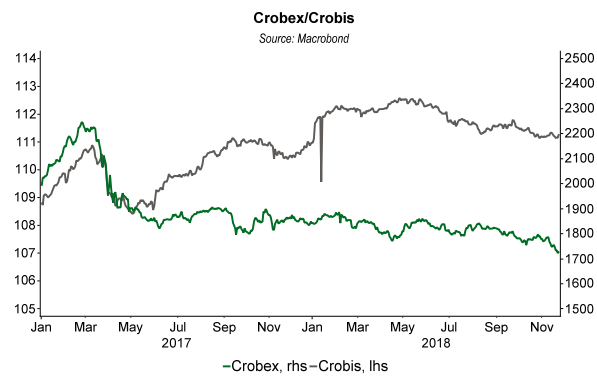
Excess liquidity stayed near 24 billion kuna, while interest rates recorded only minor changes wow (overnight Zibor -1 b.p. at 0.32%), or stagnation (1M at 0.43%, 3M at 0.49%). There was no activity at the CNB's regular reverse repo auction or at ZMM.

Last week saw a maturity of 1.3 billion kuna and a subscription of 1,5 billion kuna in T-bills, therefore the government debt under T-bills advanced to 29.2 billion kuna. One-year kuna T-bills were subscribed at the unchanged rate of 0.09%. There will be no maturity this week and no auction.



Crobex in negative territory again

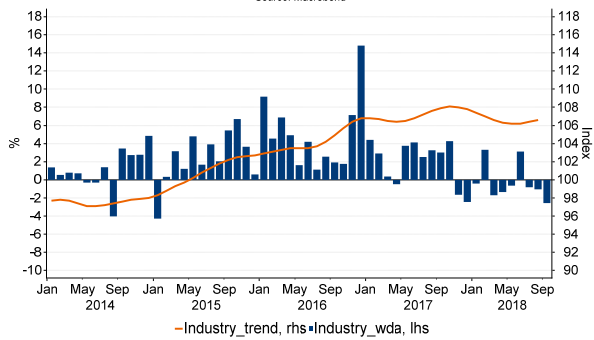
The Crobex Index closed down by 1.5% wow at 1,729.34 points on Friday, whereas Crobis increased moderately by 0.1% to 111.29 points. Sector indices closed last week in negative territory, where CROBEXconstruct fell by 4.6% wow (to 461.80 points), CROBEXindustry by 1.7% (to 910.91 points) and CROBEXtourist by 1.2% (to 3,258.15 points). Last week, the total ZSE turnover amounted to 121.9 million kuna, which is down by 13.5% versus the week before, owing to a 22.8% fall in the turnover in shares (to 39,8 million kuna) and a 8.2% fall in the turnover in bonds (to 82,1 million kuna).



Statistics

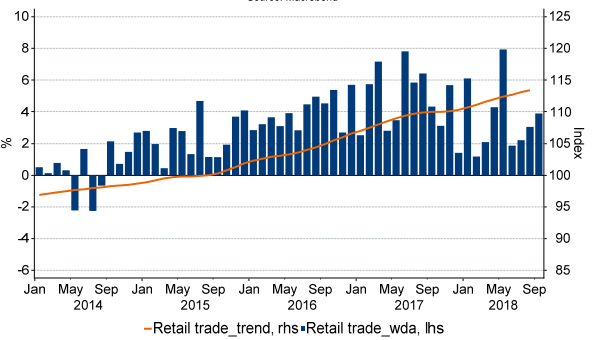
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



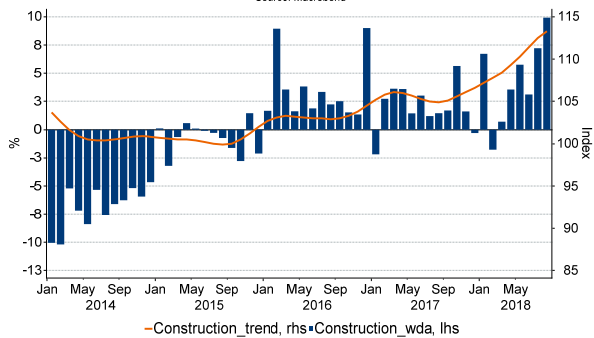
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



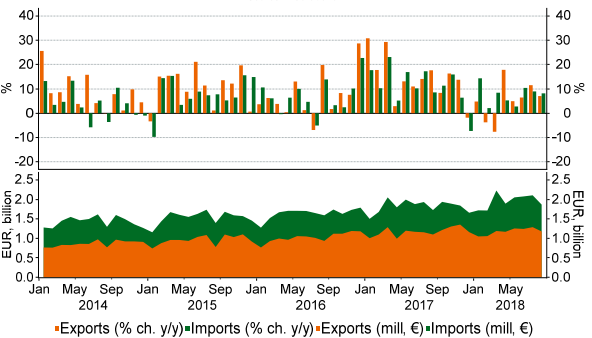
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



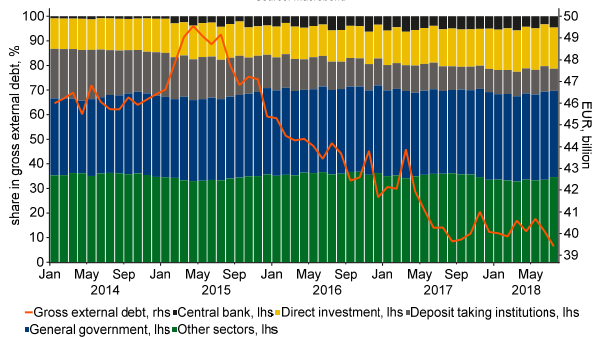
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



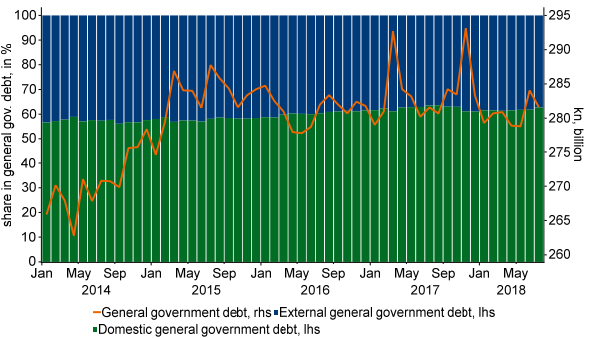
Gross external debt

Source: Macrobond



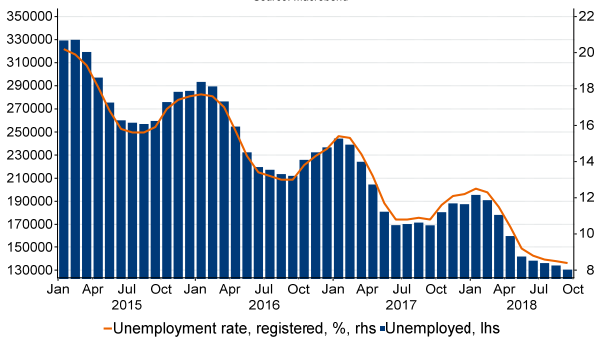
General government debt

Source: Macrobond



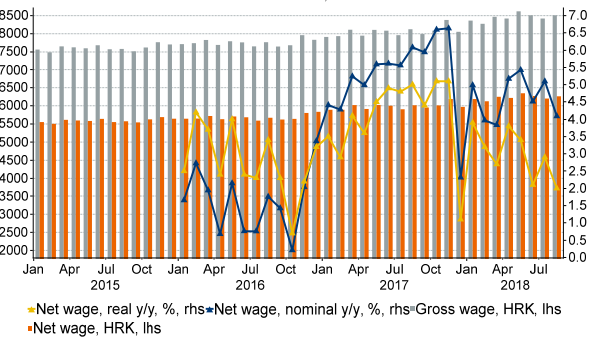
Total number of unemployed and unemployment rate

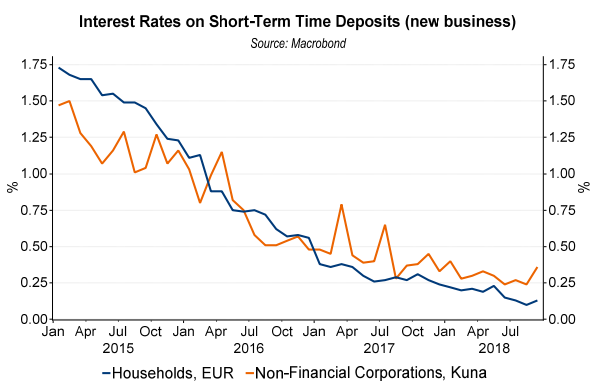
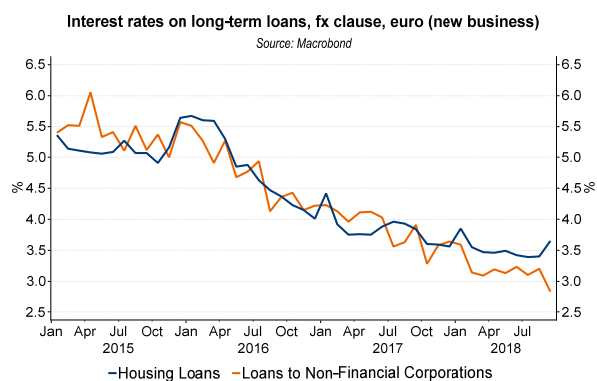
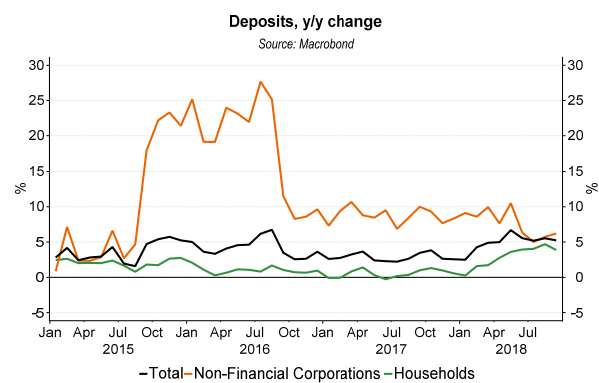
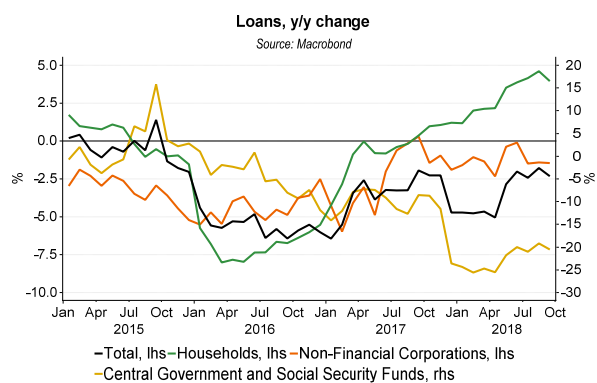
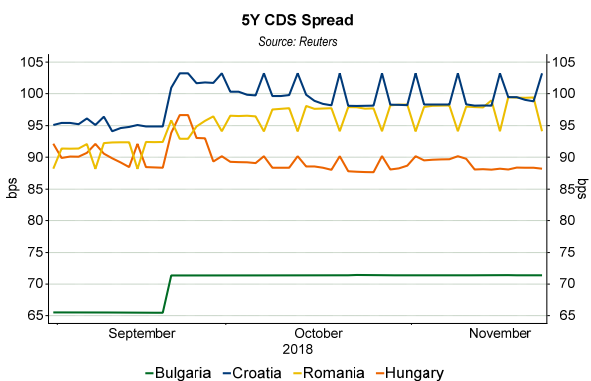
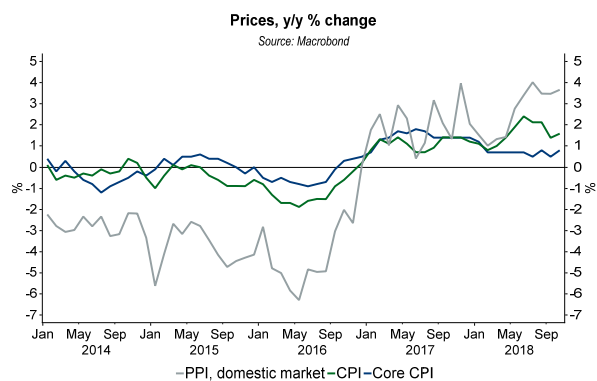
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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