

PBZ Weekly Analysis

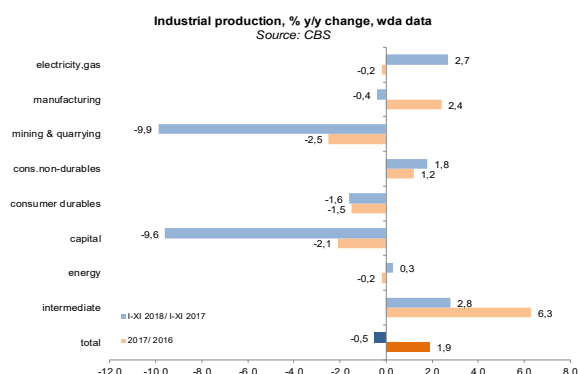
Number 632, January 7, 2019

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Weekly overview

The industrial production declined by 0.8% in November 2018 versus the same month of 2017 (wda), while the mom data show a decrease of 0.3% (seasonally and working-day adjusted data). The average yoy decrease in the industrial production over the first eleven months of 2018 amounted to 0.5%, mainly as a result (according to MIG) of a strong decline in the production of Capital goods (-9.6%), but also a 1.6% decrease

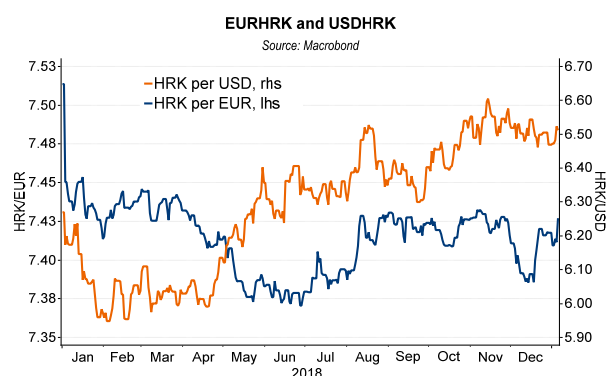
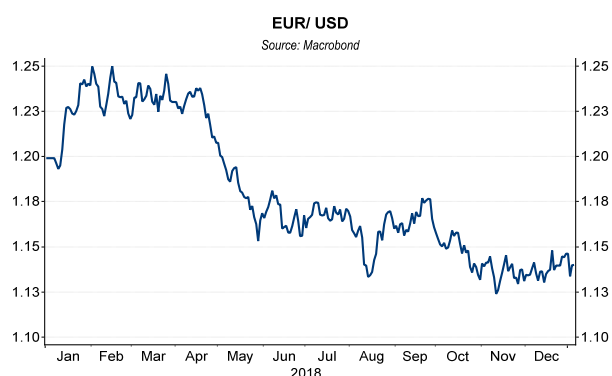
in the production of Consumer durables. On the other hand, an increase was recorded in the production of Energy (+0.3%), Consumer non-durables (+1.8%) and Intermediate goods (+2.8%). According to the National Classification of Activities, Manufacturing (with a 79.2% share in total IP) declined by 0.4% yoy in the first eleven months last year, where its largest component (Manufacture of food products, with a 14.9% share) dropped by 1.1%, while the largest decrease in real terms (38.9%) was recorded in Manufacture of other transport equipment (which includes the production of ships). At the same time, Mining and quarrying (5.3% share) also recorded a drop in the production (-9.9%, of which Extraction of crude petroleum and natural gas -10.2%), while Electricity, gas, steam and air conditioning supply (15.5% share) recorded a growth of 2.7% yoy.



Dollar stronger, kuna weaker

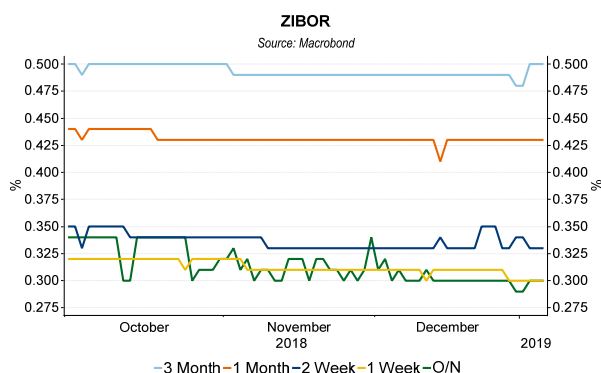
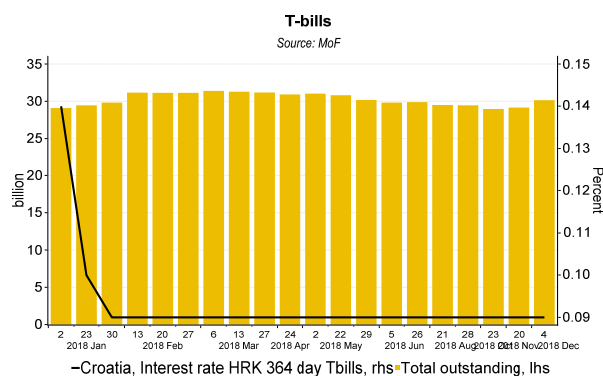
Last Friday, the dollar to euro exchange rate closed at 1.14 dollar to the euro, down by 0.4% from the previous Friday, partly as a result of the data on a surprisingly high job growth in the U.S.A.

The kuna to euro exchange rate amounted to 7.4270 kuna to the euro on Friday, up by 0.1% wow. The kuna weakened against the dollar by 0.6%, whereas the exchange rate rose to 6.5121 kuna to the dollar. This week, we expect trading in the range 7.42-7.46 kuna to the euro.



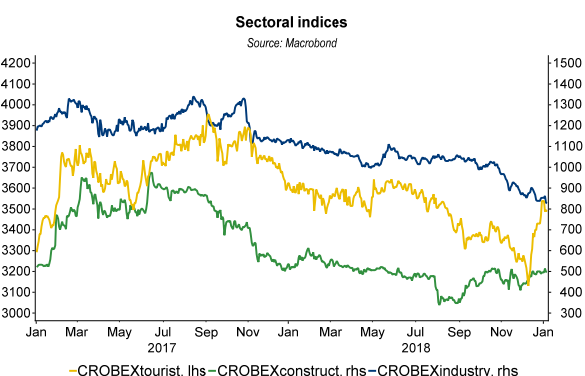
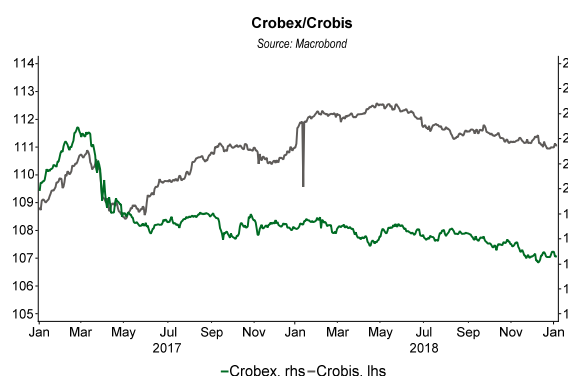
Money market unchanged

The overnight Zibor stayed at 0.30%, 1M remained at 0.43% and 3M rose by 1 b.p. to 0.50%. Excess liquidity was slightly above 32 billion kuna. There was no turnover at the CNB's regular reverse repo auction or on ZMM.



Crobex down wow

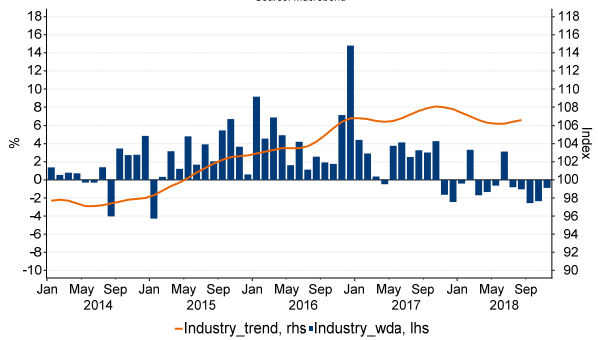
The Crobex Index closed on Friday at 1,729.79 points or down by 1.1% wow, while Crobis simultaneously rose by 0.1% (to 111.07 points). As regards sector indices, CROBEXconstruct advanced by 0.4% versus the Friday before (to 498.22 points), whereas CROBEXindustry (827.04 points) and CROBEXtourist (3,487.65 points) declined by 3.1% and 1.4%, respectively, wow. The total ZSE turnover last week amounted to 220.3 million kuna, i.e. 13.8% more versus the week before, due to a 23.1% higher turnover in bonds (reaching 190.6 million kuna), while the turnover in shares fell by 23.6% (to 29.7 million kuna).



Statistics

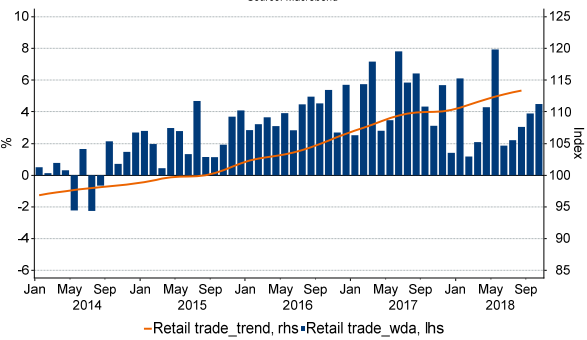
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



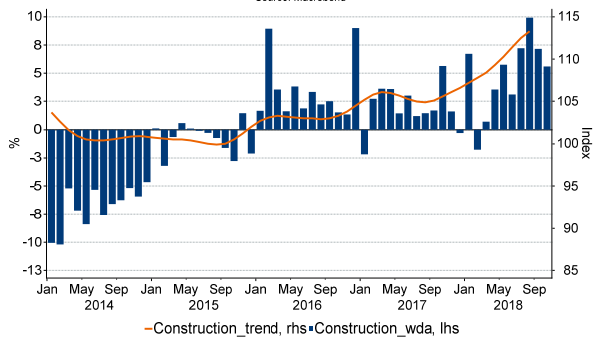
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



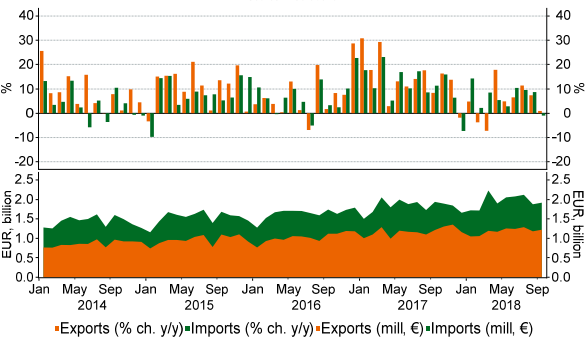
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



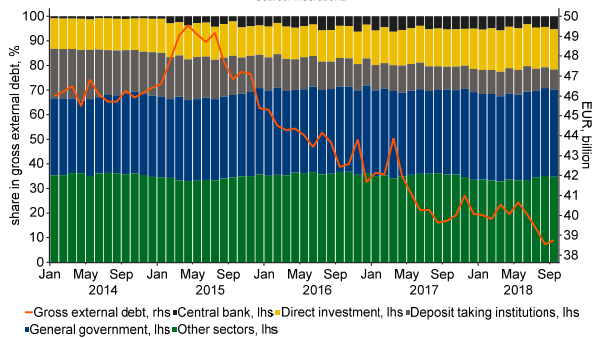
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



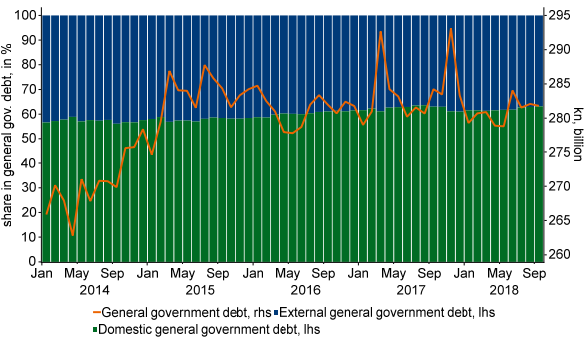
Gross external debt

Source: Macrobond



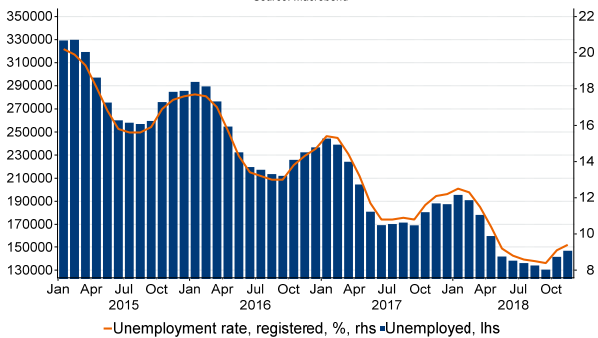
General government debt

Source: Macrobond



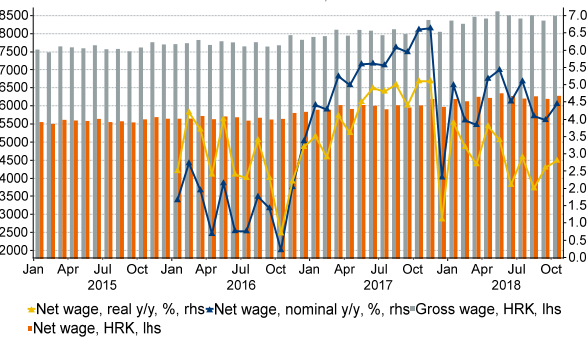
Total number of unemployed and unemployment rate

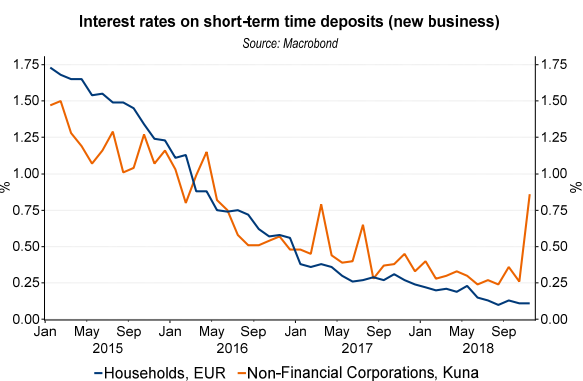
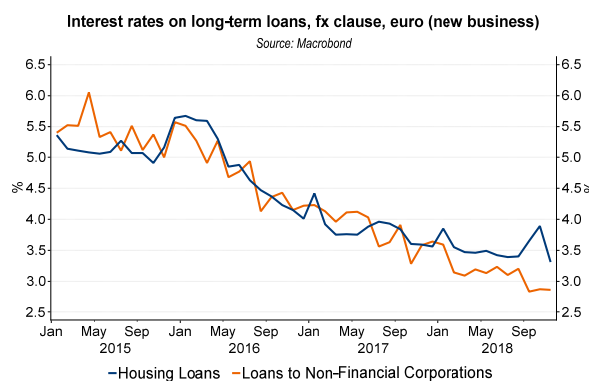
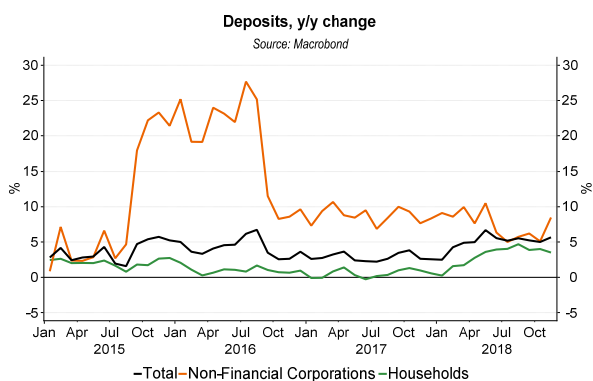
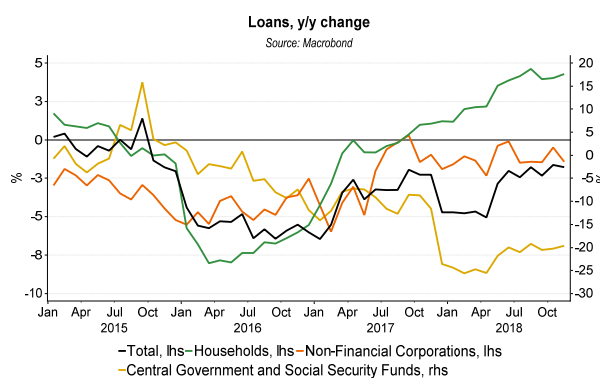
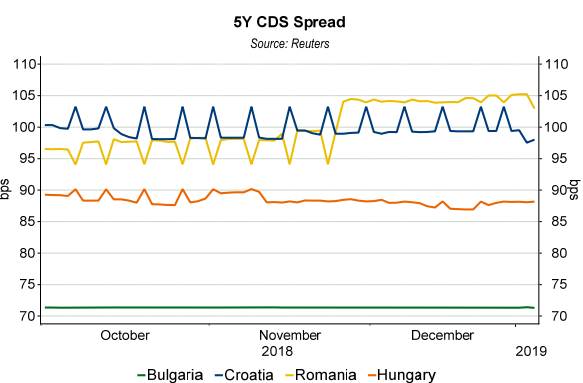
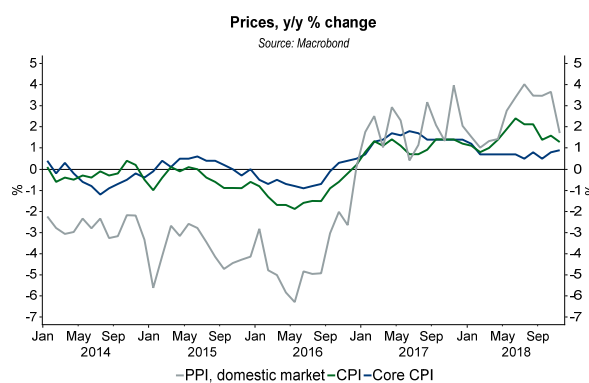
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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