

PBZ Weekly Analysis

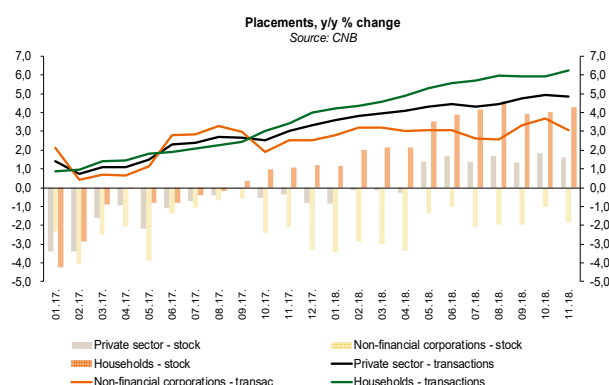
Number 633, January 14, 2019

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Weekly overview

The downward trend of loans accelerated in November again, to 1.8% yoy, due to a slightly stronger decrease in loans to non-financial corporations (-1.4%), while loans to the central government declined by 19.6% and the increase in loans to households speeded up to 4.3%. According to transactions, the cumulative yoy growth of loans to all the sectors apart from the central government slowed down moderately to

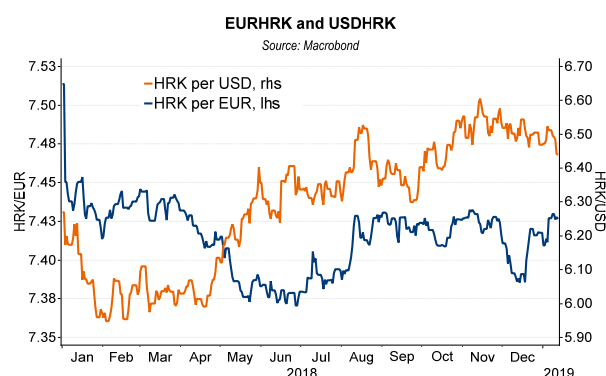
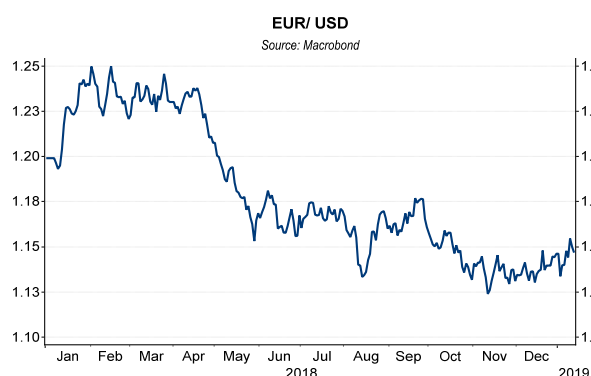
4.7%, due to a somewhat lower increase in loans to the private sector of 4.9% (non-financial corporations +3.1%, households +6.2%). The breakdown of loans to non-financial corporations by purpose shows an accelerated growth of investment loans (+4.1%) and a substantial fall of loans for working capital (-8.0%), whereas the portfolio of household loans shows an accelerated increase in cash loans (11.3%), continuation of reduced growth dynamics of housing loans (+1.8%), as well as a continued moderate growth of card loans and overdrafts (+2.3%; +0.4%). In November, total deposits speeded up to +5.7% yoy, owing to an 8.5% leap of deposits of non-financial corporations, whereas the growth rate of household deposits slowed down to 3.5% as a result of unfavourable exchange rate trends (exchange rate adjustment, around +4.4%).



Dollar weaker, kuna stable

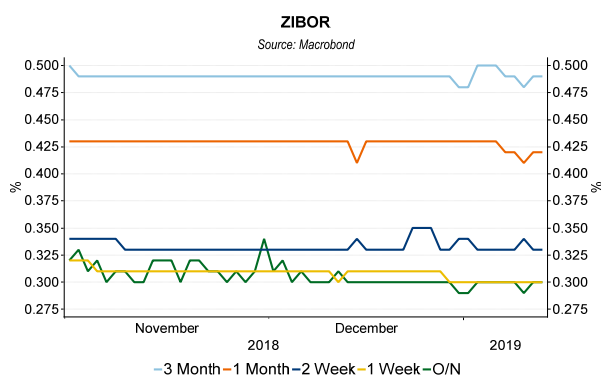
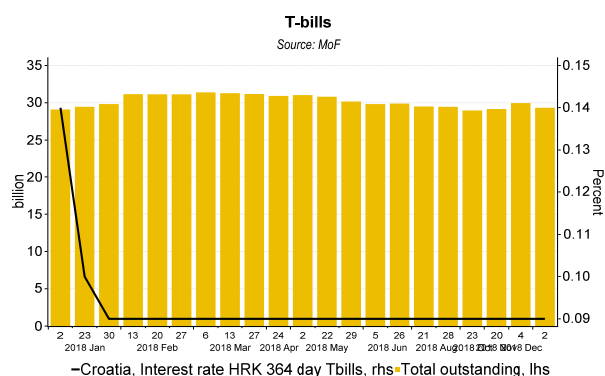
Last week's release of the Minutes of the ECB December meeting brought no major surprises or news, therefore the EUR/USD exchange rate slightly stabilised. The dollar weakened against the euro by 0.6% wow and trading on Friday closed at 1.15 dollar to the euro.

The domestic FX market saw a calm last week, where the mid-exchange rate fluctuated around 7.43, amounting to 7.4265 kuna to the euro on Friday, unchanged wow. The kuna simultaneously strengthened by 1.1% against the dollar and the exchange rate decreased to 6.4394 kuna to the dollar.



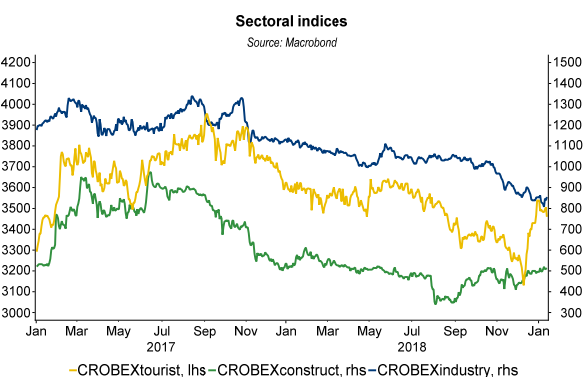
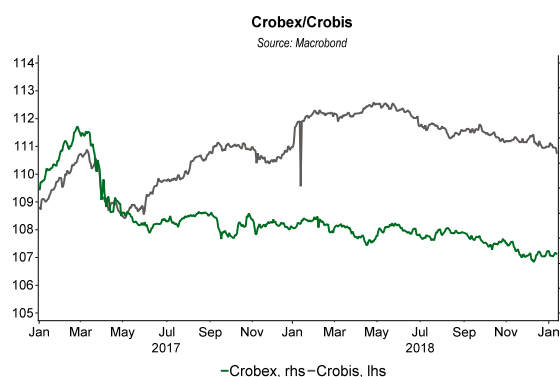
Excess liquidity 34 billion kuna

Excess liquidity mildly rose to 34 billion kuna. The overnight Zibor stagnated at 0.30%, whereas 1M and 3M dropped by 1 b.p. wow to 0.42, i.e. 0.49%, respectively. There was no interest shown at the regular reverse repo auction of CNB, while ZMM saw a turnover of 0.7 billion kuna. There was no T-bill maturity last week, none is planned for this week either and, consequently, no auction.



Higher turnover, Crobex up

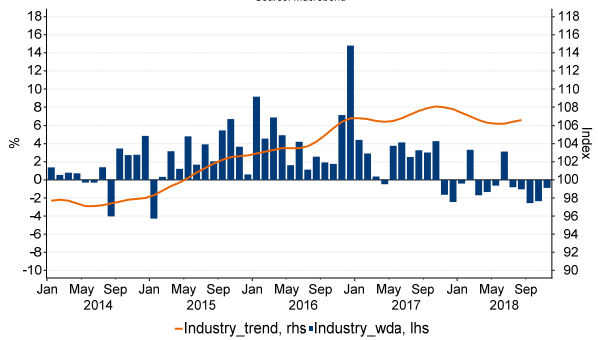
The total ZSE turnover amounted to 694.3 million kuna last week, which is an increase of 3.2 times versus the week before, due to a 3.5 times higher turnover in bonds (reaching 674.3 million kuna), while the turnover in shares decreased by 32.5% (to 20.0 million kuna). The Crobex Index closed at 1,734.51 points on Friday, or up by 0.3% wow, whereas Crobis dropped simultaneously by 0.3% (to 111.74 points). As regards sector indices, CROBEXtourist recorded a drop of 0.8% versus the Friday before (to 3,460.04 points), while CROBEXindustry (855.37 points) and CROBEXconstruct (514.09 points) advanced by 3.4% and 3.2%, respectively, wow.



Statistics

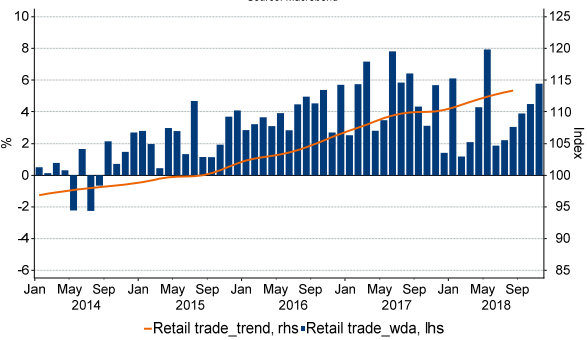
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



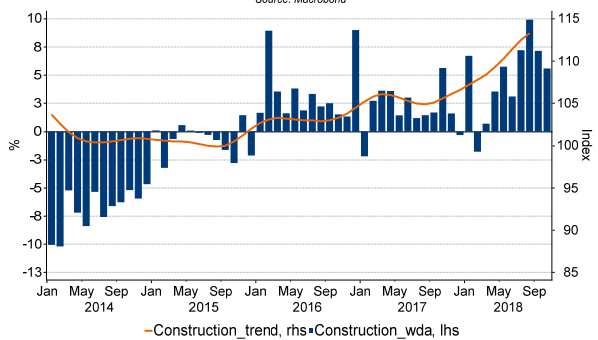
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



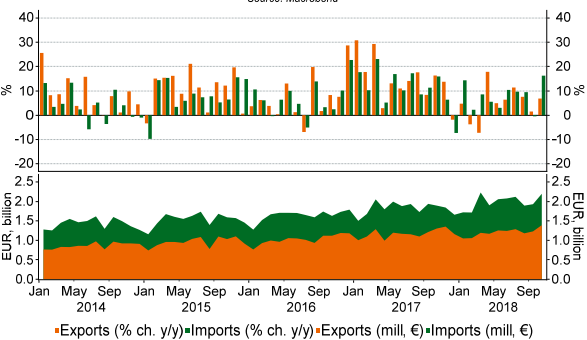
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



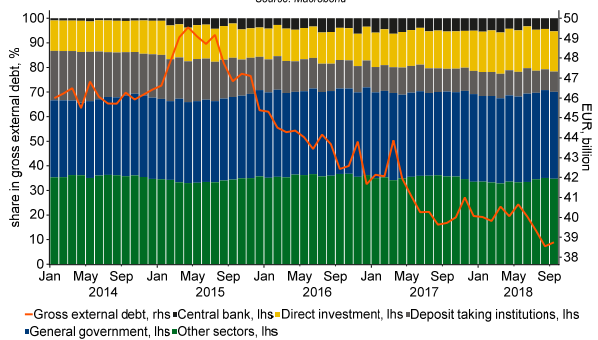
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



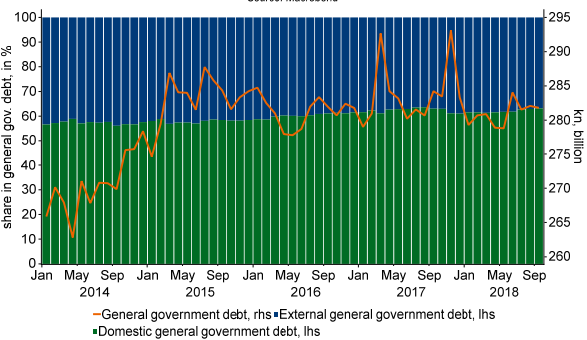
Gross external debt

Source: Macrobond



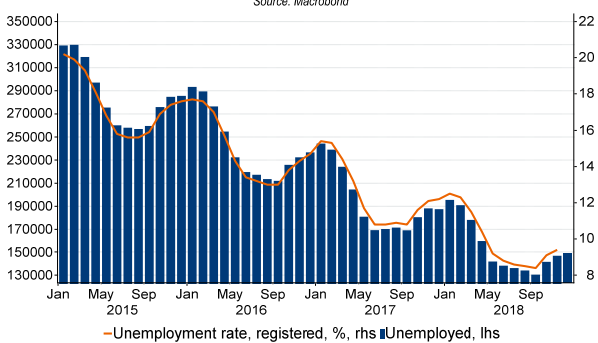
General government debt

Source: Macrobond



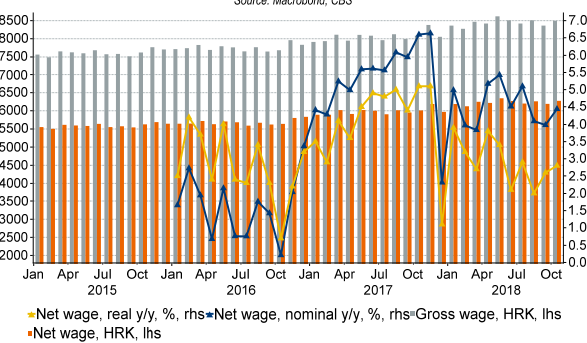
Total number of unemployed and unemployment rate

Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS



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