

PBZ Weekly Analysis

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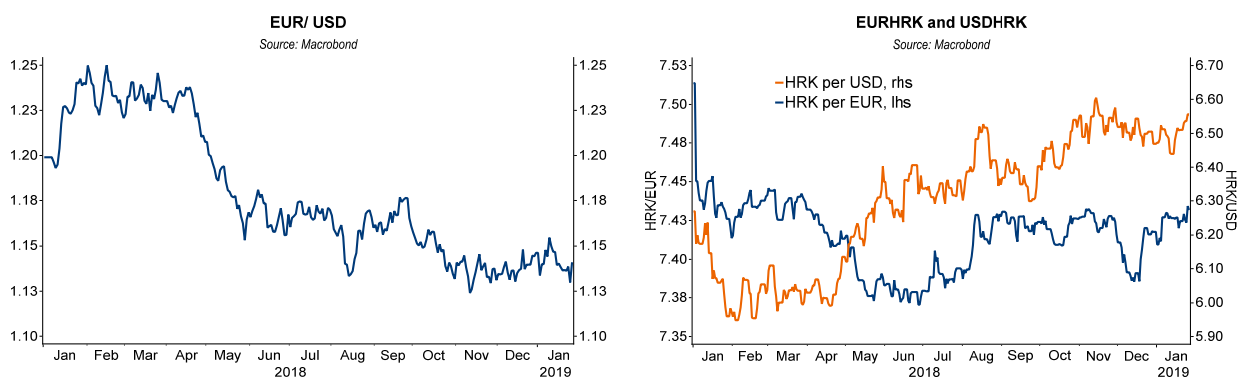
Weekly overview

The average monthly paid off net earnings per person in paid employment in legal entities amounted to 6,267 kuna in November 2018, which is a nominal increase of 1.2% versus the same month of 2017 (the largest increase was recorded in Other scientific, professional and technical activities, +14.9%), whereas in real terms (inflation adjusted), the average net earnings decreased by 0.1% (for the first time since the new methodology for collecting data has been used, partly owing to a decline in some activities such as Manufacturing, Public administration and defence, Education and Professional, scientific and technical activities). Compared with October 2018, the average net earnings dropped by 0.2% in nominal terms and increased by 0.1% in real terms. Over the first eleven months of last year, the average net earnings thus reaching 6,240 kuna, which is up by 4.2% versus the same period of 2017 (I-XI 2017: +5.5% yoy), where the largest increase was recorded in the categories (according to the National Classification of Activities): Advertising and market research (+16.5%), Office administrative, office support and other business support activities (+16.1%) and Manufacture of wearing apparel (+15.9%). In real terms, the average net earnings over the last year's first eleven months increased by 2.7% yoy, while the mentioned increase over the same period of 2017 amounted to +4.4%.

Dollar weaker, kuna unchanged

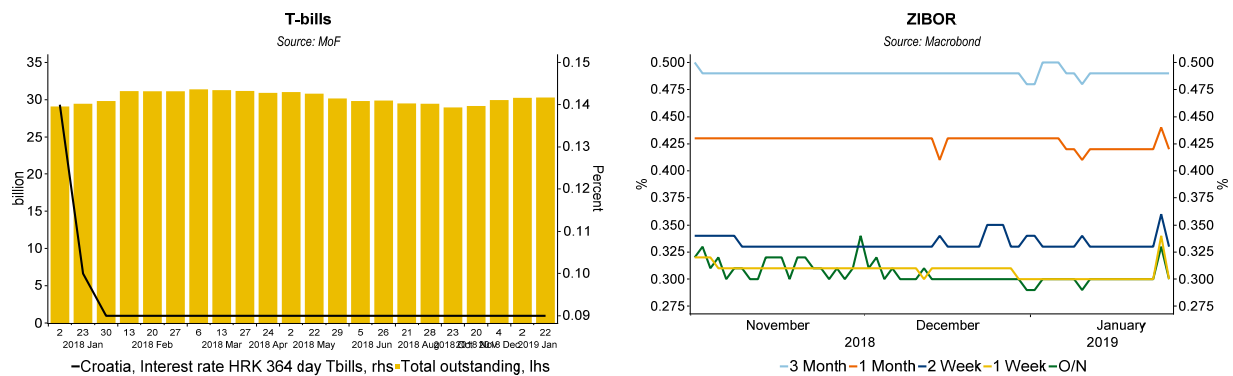
Last week's ECB meeting went as expected, without any monetary policy decisions, with an emphasis on macroeconomic developments and rising unfavourable trends. The dollar continued to appreciate against the euro for most part of the week, so the exchange rate on Thursday fell below 1.13. However, due to the forthcoming Fed meeting scheduled for this week, it recorded a correction, closing the week at 1.14 dollar to the euro, up by 0.4% wow.

Last week, the domestic FX market was calm, where trading was in the range 7.42-7.45 kuna to the euro. The mid-exchange rate amounted to 7.4318 kuna to the euro at the end of the week, up by 0.1% wow. The kuna continued to weaken against the dollar, so the exchange rate rose to 6.5559 kuna to the dollar, up by 0.7% wow. This week, we expect somewhat higher volumes than the usual ones in the domestic market, due to the auction of the euro T-bill and the announced issue of the domestic bond.



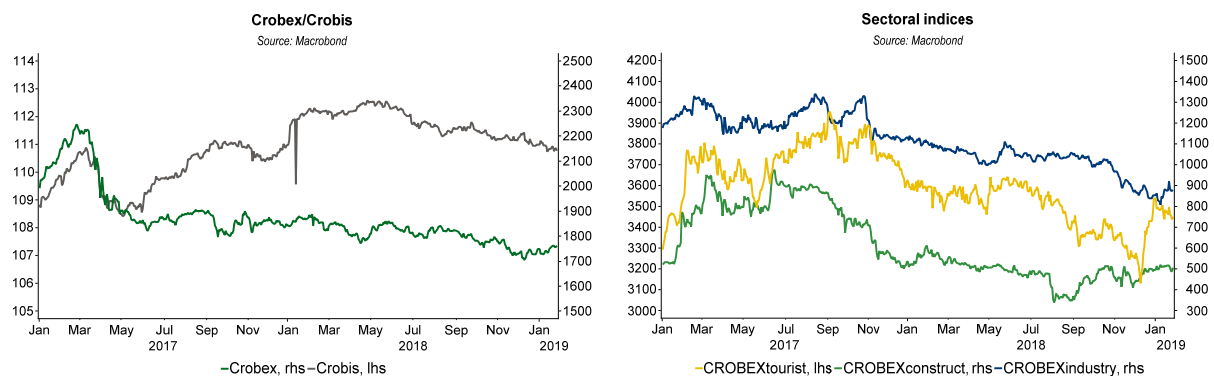
Euro T-bill auction announced

Excess liquidity stayed at 35 billion kuna and, accordingly, interest rates stagnated (the overnight Zibor at 0.30%, 1M at 0.42%, 3M at 0.49%). There was no activity at the regular reverse repo auction of CNB or on ZMM. Last week 1.4 billion kuna in one-year kuna T-bills matured, the same as the subscribed amount, therefore the government debt under T-bills remained at 30.3 billion kuna. This week, 1.2 billion kuna in one-year kuna T-bills matures and the auction with the planned 0.9 billion kuna has been announced. Also, ahead of the maturity of 1.5 billion euro in T-bills scheduled for last week, the auction of euro T-bills amounting to 1.0 billion euro has been announced for this Thursday.



Crobex up for the third consecutive week

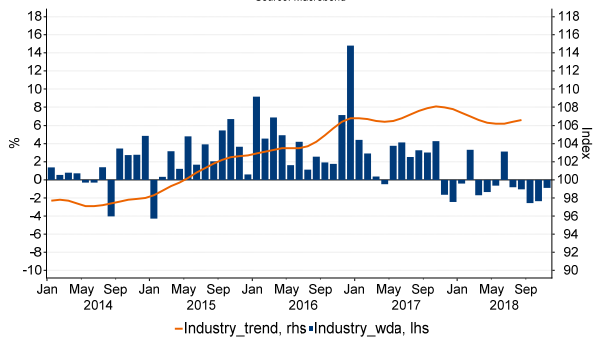
Last week, the total ZSE turnover amounted to 369.3 million kuna, down by 49.2% versus the week before, due to a decrease in the turnover in bonds of 50.3% (to 351.1 million kuna) and a decline in the turnover in shares of 15.3% (to 18.2 million kuna). The Crobex Index closed last week at 1,762.22 points, which is up by 0.2% wow, while Crobis simultaneously dropped by 0.1% (to 110.77 points). As regards sector indices, CROBEXindustry closed up by 0.3% wow on Friday (at 880.29 points), whereas CROBEXconstruct (506.80 points) and CROBEXtourist (3,450.39 points) fell by 1.9% and 0.3%, respectively.



Statistics

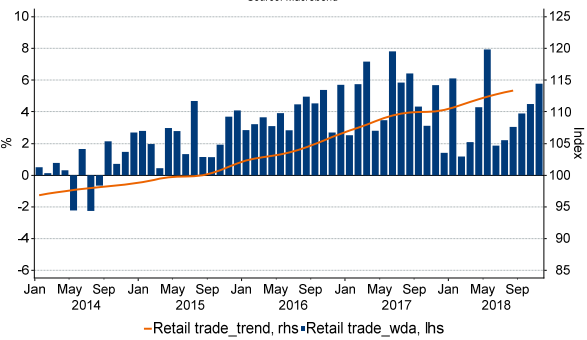
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



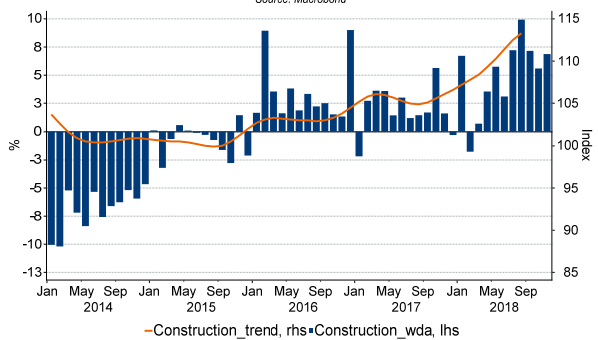
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



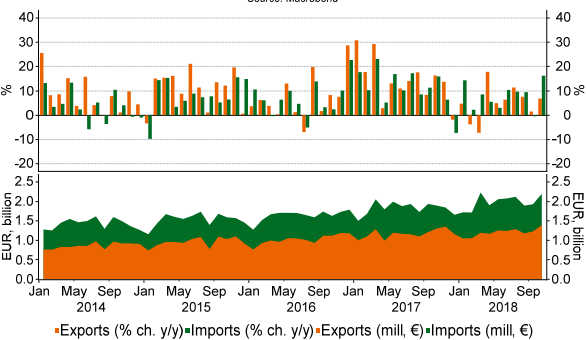
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



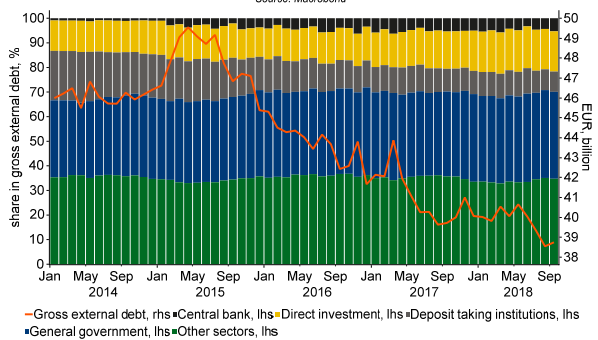
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



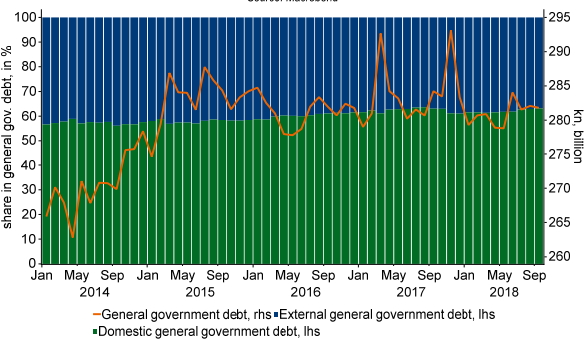
Gross external debt

Source: Macrobond



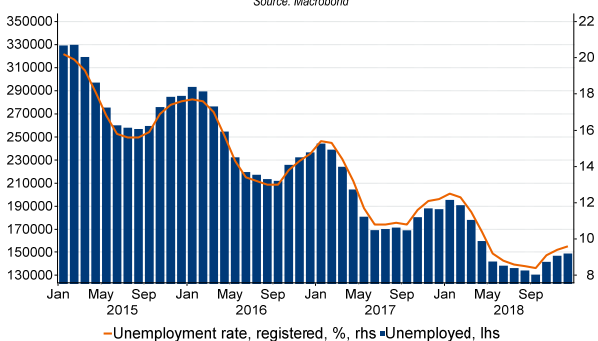
General government debt

Source: Macrobond



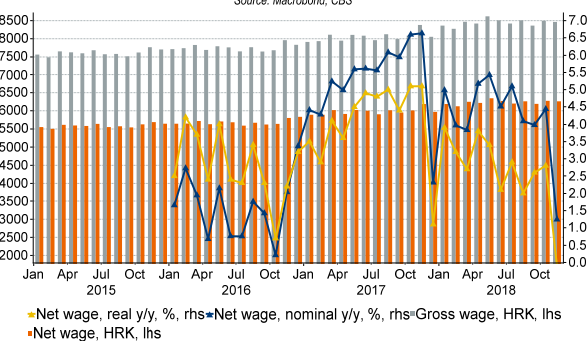
Total number of unemployed and unemployment rate

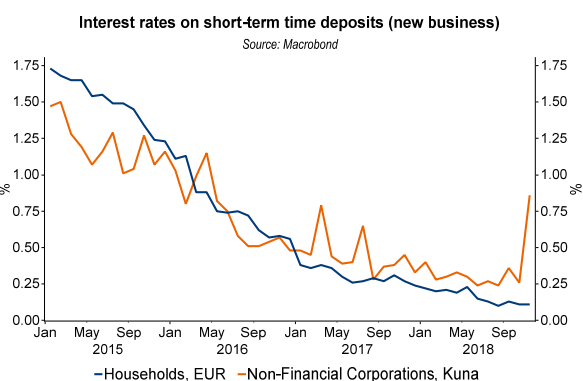
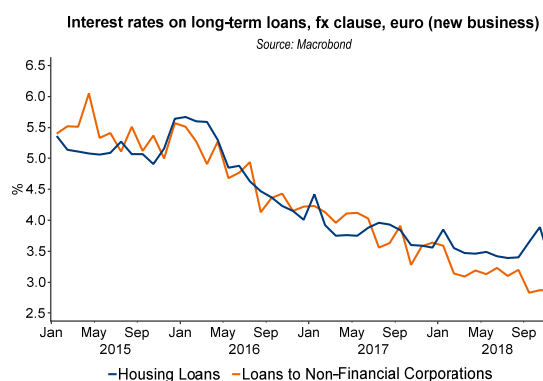
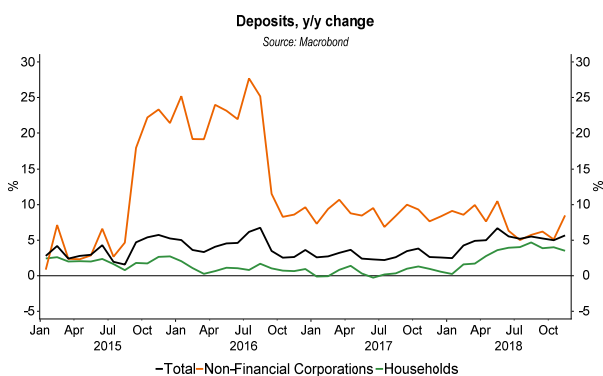
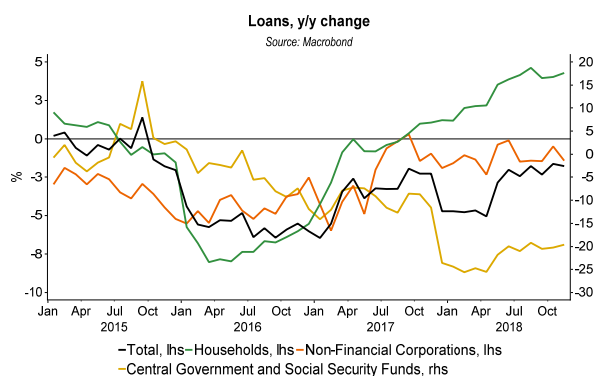
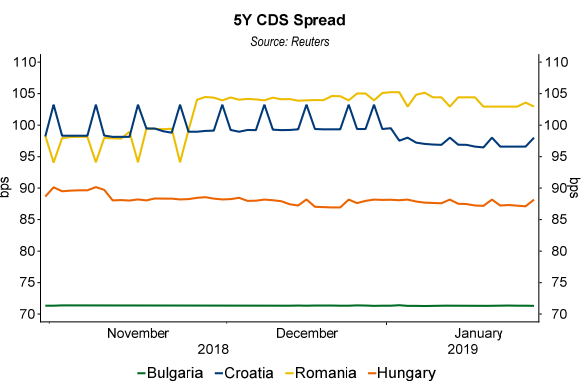
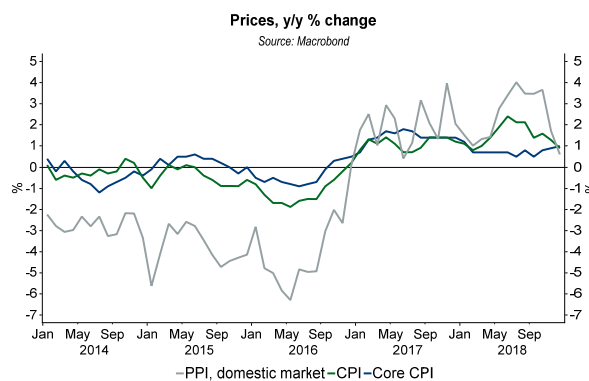
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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