

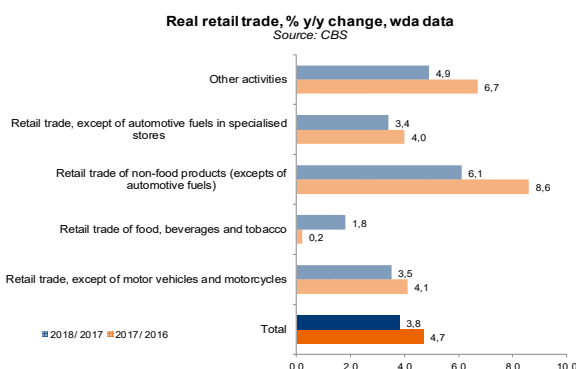
# PBZ Weekly Analysis

## Number 638, February 18, 2019

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## Weekly overview

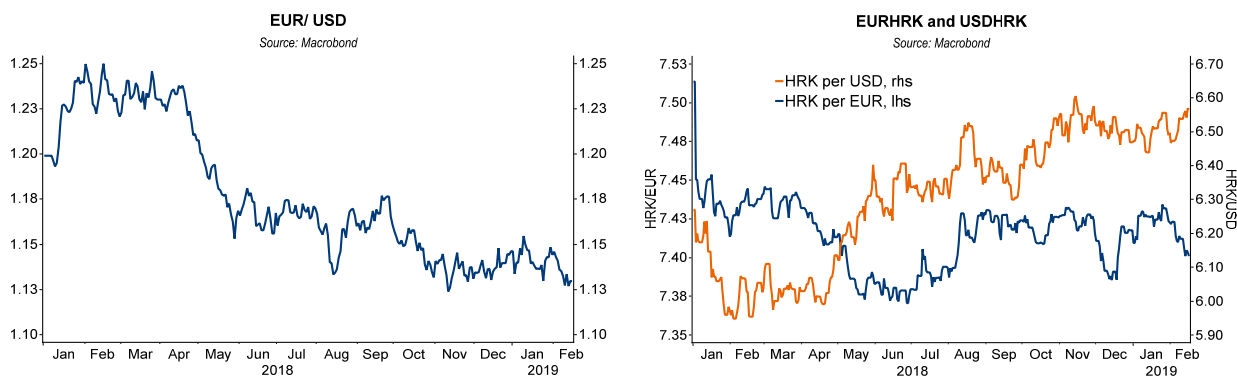
The real retail trade turnover in the last month of 2018 increased by 4.0% yoy (wda), while, throughout 2018, the increase amounted to an average of 3.8% (+4.7% in 2017), due to a record high tourist season (with 18.7 million arrivals and 89.7 million nights), higher household spending (due to a yoy growth of 2.7% in real net earnings over the first eleven months) and a continuation of positive developments in the labour market (a decrease in the number of unemployed persons continued for the fifth consecutive year). The real retail trade turnover of food products predominantly rose by an average of 1.8% in 2018, whereas the real retail trade turnover of non-food products simultaneously advanced by 6.1% yoy (partly owing to an increase in the sale of new vehicles). Last year, the nominal retail trade turnover, according to gross, non-adjusted data, rose by 5.4% yoy, where the largest contribution to the increase came from a 12.0% higher turnover of Automotive fuels and lubricants (partly owing to a higher price of crude oil) and a 3.6% higher turnover of Non-specialised stores with food, beverages and tobacco predominating. We expect further positive growth rates in the retail trade turnover this year, partly as a result of changes to personal income tax, the expected growth of tourism industry and employment as well as retail loans.



## Dollar stronger, kuna stable

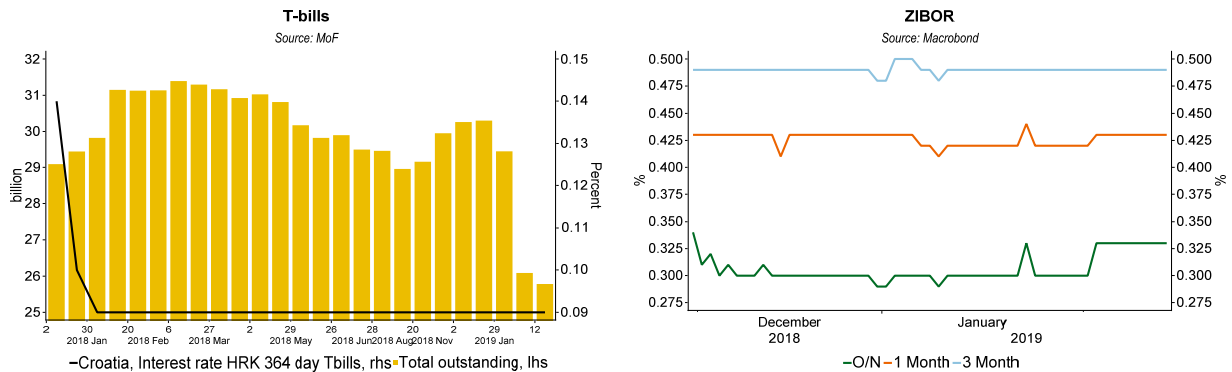
The dollar continued to strengthen against the euro, therefore trading on Friday closed below 1.13 dollar to the euro, down by 0.2% versus the previous Friday.

The intervention of the central bank brought stability to the domestic FX market, so the mid-exchange rate on Friday mildly decreased by 0.2% wow, amounting to 7.4010 kuna to the euro. The kuna against the dollar continued to weaken, so the exchange rate rose to 6.5692 kuna to the dollar, which is up by 0.4% wow. This week, we expect trading in the range 7.40-7.42 kuna to the euro.



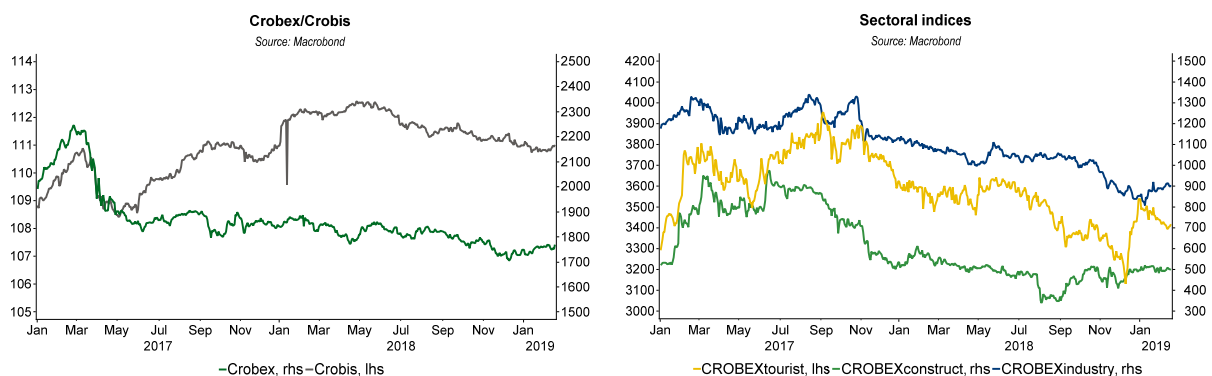
## Interest rates unchanged

Excess liquidity increased after the FX intervention, reaching 34 billion kuna, therefore banks showed no interest at the repo auction, while the ZMM turnover amounted to 18 million kuna. Interest rates stayed the same, so the overnight Zibor remained at 0.33%, 1M at 0.43% and 3M at 0.49%. At the T-bill auction, 1.3 billion kuna matured and 1.0 billion kuna in one-year kuna T-bills were issued with a normal yield, so the government debt decreased to 25.8 billion kuna. This week, 1.5 billion kuna matures, while the invitation for auction has announced the planned issue of 1.2 billion kuna.



## Crobex up wow

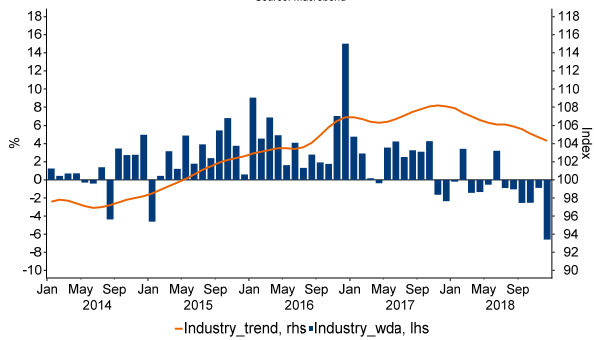
The Crobex Index closed last week at 1,769.31 points, i.e. up by 0.7% wow, whereas Crobis simultaneously rose by 0.2% (to 111.01 points). As regards sector indices, CROBEXindustry declined on Friday by 0.7% wow (to 904.88 points), while CROBEXconstruct (499.67 points) and CROBEXtourist (3,417.98 points) each increased by 0.2%. Last week, the total ZSE turnover amounted to 253.2 million kuna, down by 72.0% versus the week before, owing to a drop in the turnover in bonds of 74.2% (to 227.3 million kuna), while the turnover in shares climbed by 20.7% (to 25.9 million kuna).



# Statistics

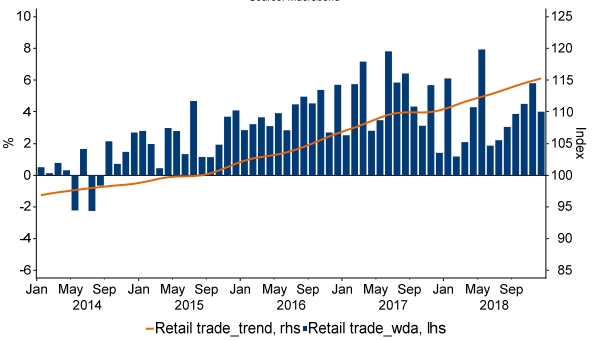
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



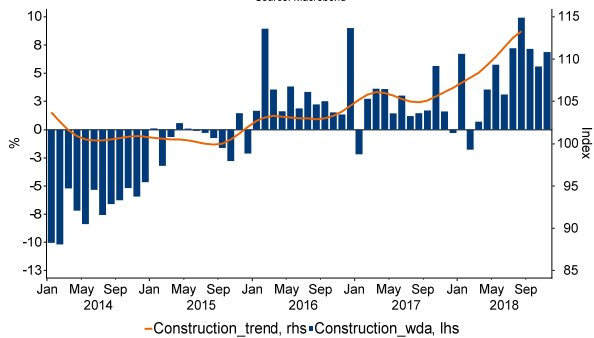
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



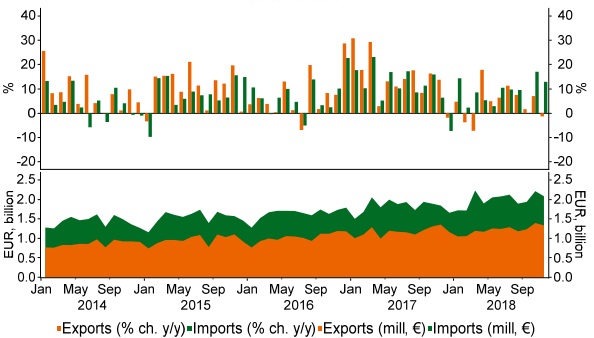
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



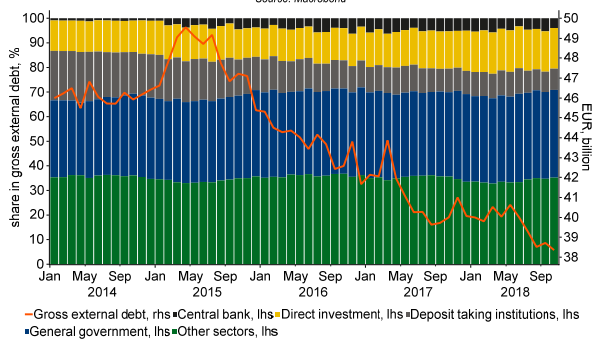
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



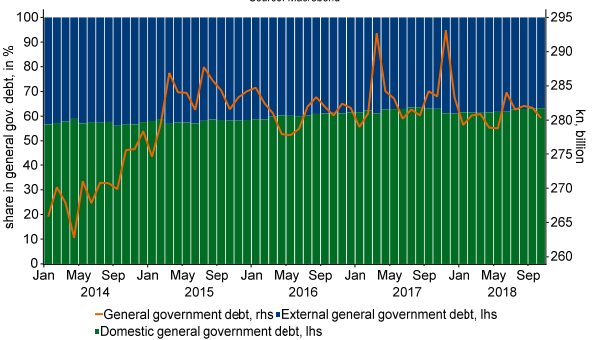
Gross external debt

Source: Macrobond



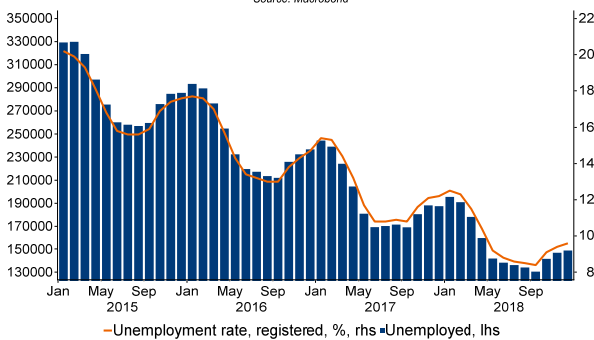
General government debt

Source: Macrobond



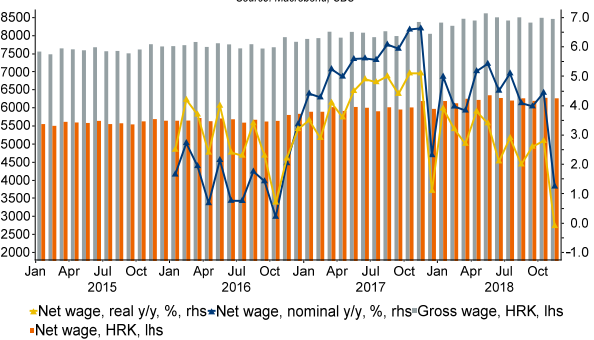
Total number of unemployed and unemployment rate

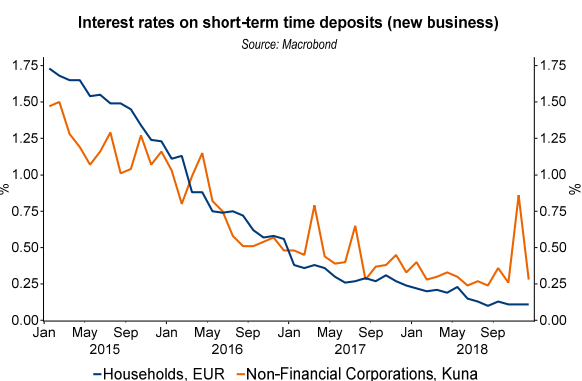
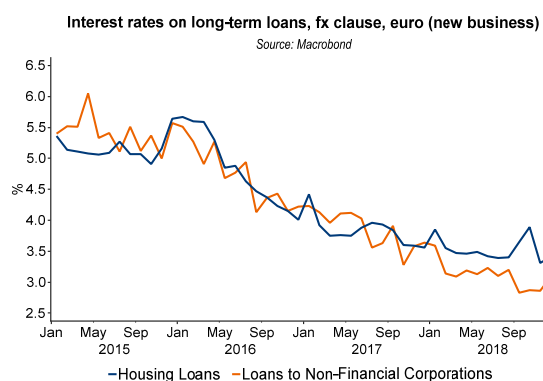
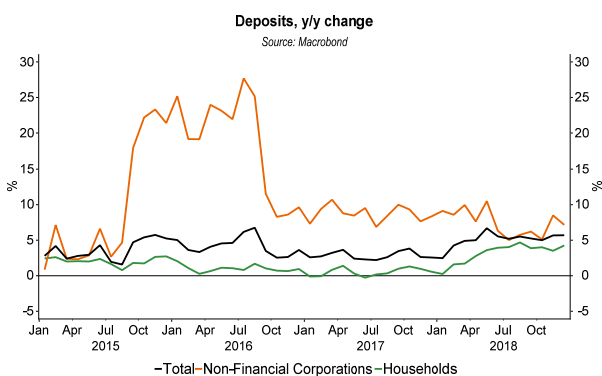
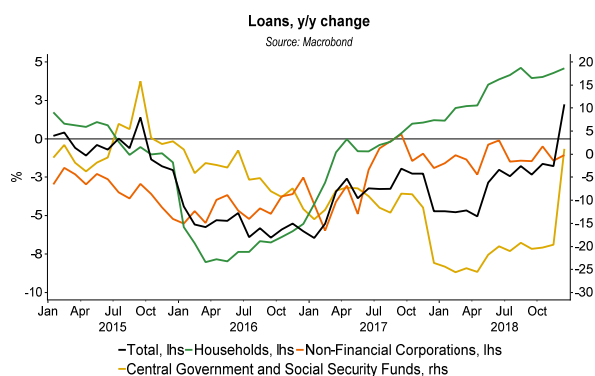
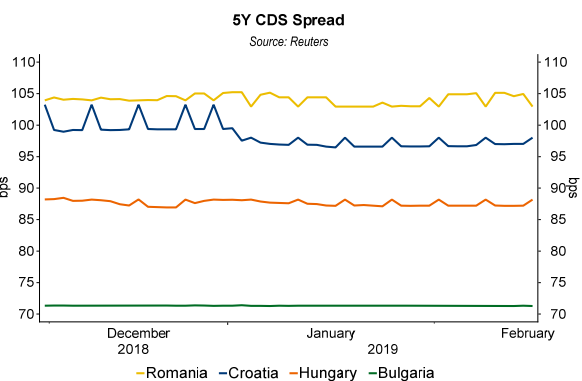
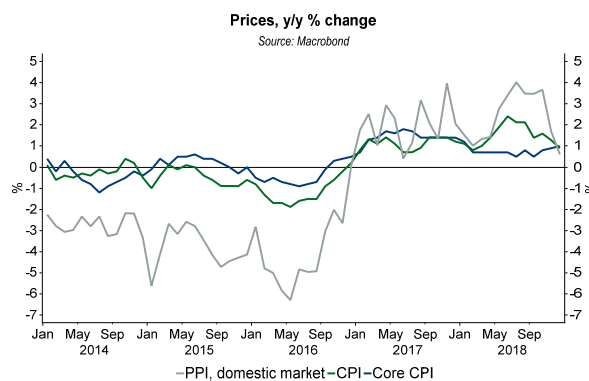
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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