

# PBZ Weekly Analysis

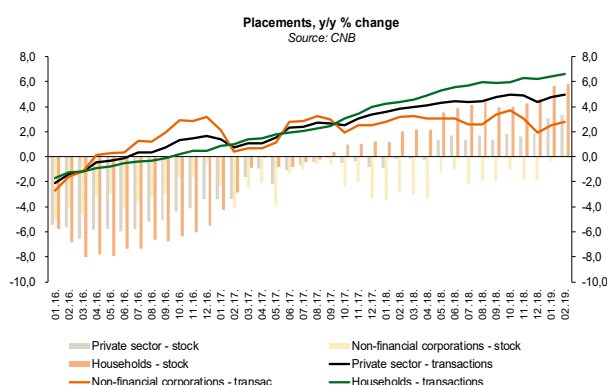
## Number 644, April 1, 2019

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## Weekly overview

The balance sheet of other monetary financial institutions continued its positive trend in February 2019, recording a yoy increase of 3.8%, due to a 4.4% growth of deposits and 3.8% growth of loans. Loans to the central government and the social security funds decreased in February mom (-1.8%), therefore their annual increase was diminished to 3.5%. At the same time, loans to the private sector accelerated from

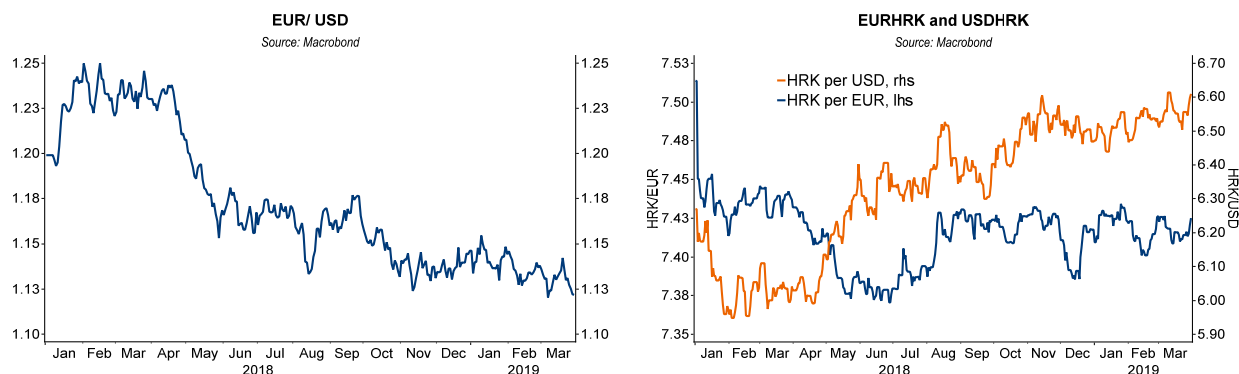
3.4% recorded in January to 3.7%, whereas the cumulative growth of loans to the private sector by transactions also reveals a stronger rise in demand in February (+5.0%). Loans to households advanced by 5.7%, where housing loans slightly slowed to 3.3% and cash loans speeded up to 12.1%. Loans to non-financial corporations registered a positive yoy rate of 0.8% in February as well (January +0.2%), as a result of an increase in investment loans (+4.4%), whereas loans for working capital continued their negative trend recording -5.1%. The yoy growth of the private sector deposits moderately slowed to 5.0% in February, due to a significantly lower increase in deposits of non-financial corporations (4.6% versus 6.9% in January), but also a weaker growth of deposits of households (5.1%). For the rest of the year, we anticipate maintaining of the private sector demand, which has been under a positive impact of the economic growth, lowering of interest rates on loans, consumer optimism and favourable labour market trends. The limiting factors to loan growth imply the portfolio clean-up, due to a still high share of B and C loans, particularly in the corporate segment, but also some recent difficulties in particular activities, while we expect a slower rise in retail loans since April, as a result of tighter credit standards for non-housing financing. We also forecast a further growth of both retail and corporate deposits, however, at a slower pace than last year, due to a slowdown in the economic growth.



## Dollar corrected, kuna mildly weaker

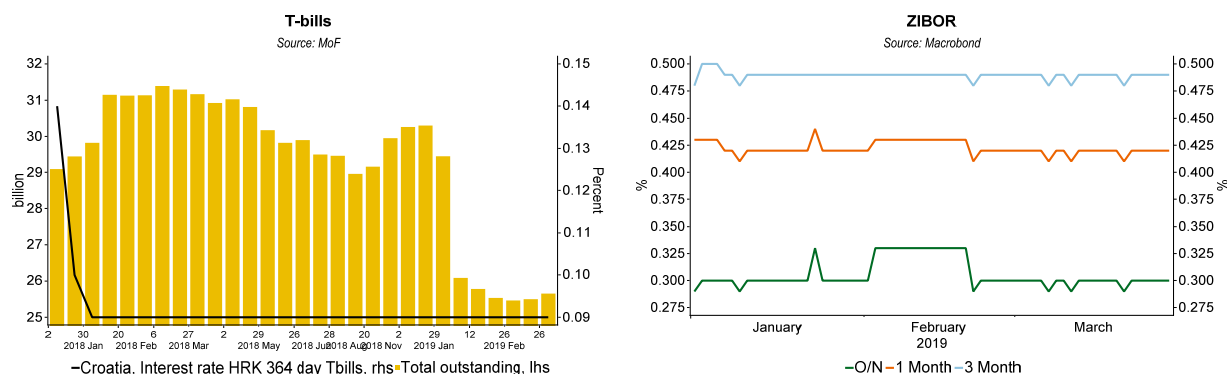
The correction of the dollar against the euro continued towards the levels recorded just before the Fed meeting, therefore trading closed at 1.12 dollar to the euro last Friday, down by 0.7% wow.

The exchange rate of the kuna against the euro moderately climbed last week, so the mid-exchange rate was 7.4251 on Friday, up by 0.1% wow, while the kuna against the dollar weakened by 0.8% to 6.6100 kuna to the dollar. This week, we forecast a slightly higher trading range of 7.42-7.46 kuna to the euro.



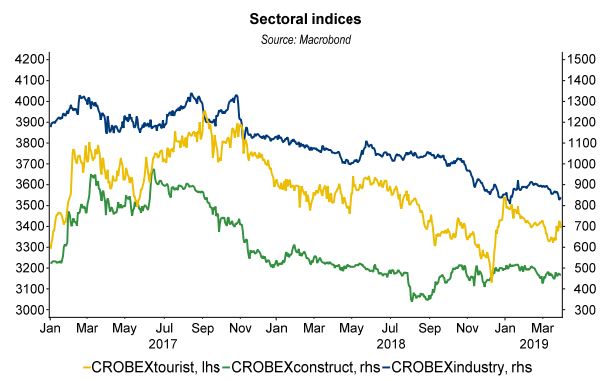
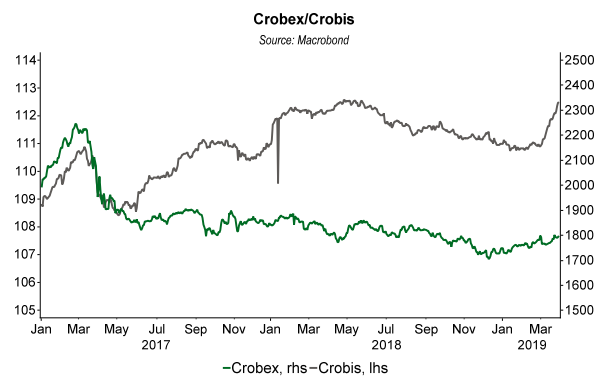
## T-bill auction held

Excess liquidity stagnated at a high 34 billion kuna, therefore interest rates remained unchanged (overnight Zibor at 0.30%, 1M at 0.42%, 3M at 0.49%), while the ZMM turnover amounted to 30 million kuna. Last week, 414 million kuna in T-bills matured and the auction was held where 800 million kuna in one-year kuna T-bills were subscribed at the interest rate of 0.09%, due to which the government debt rose to 25.7 billion kuna. There will be no maturity or auction this week.



## Crobex down wov

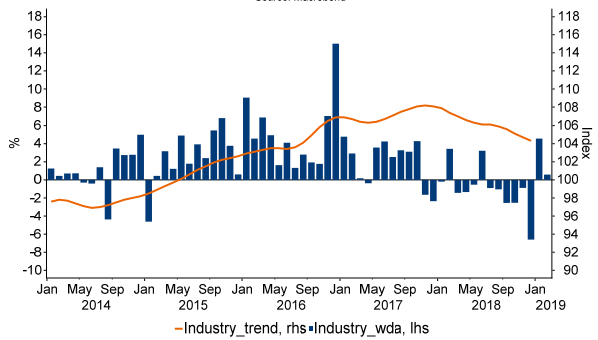
The Crobex Index closed at 1,797.81 points last Friday, down by 0.2% wov, while Crobis rose simultaneously by 0.4% (to 112.49 points). As regards sector indices, CROBEXconstruct climbed by 0.3% wov (to 470.56 points), while CROBEXindustry (840.51 points) and CROBEXtourist (3,392.32 points) dropped by 3.2% and 0.3%, respectively. Last week, the total ZSE turnover amounted to 582.4 million kuna, up by 89.3% versus the week before, due to a 2.1 higher turnover in bonds (reaching 537.7 million kuna), whereas the turnover in shares declined by 22.2% (to 44.7 million kuna).



# Statistics

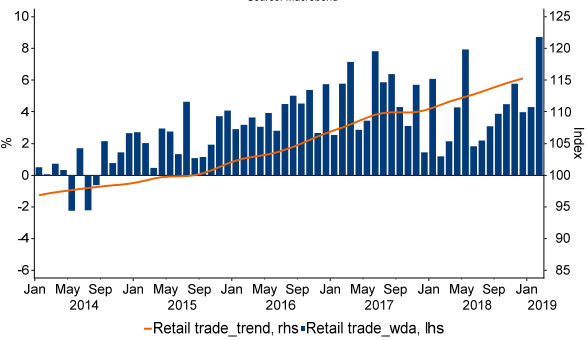
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



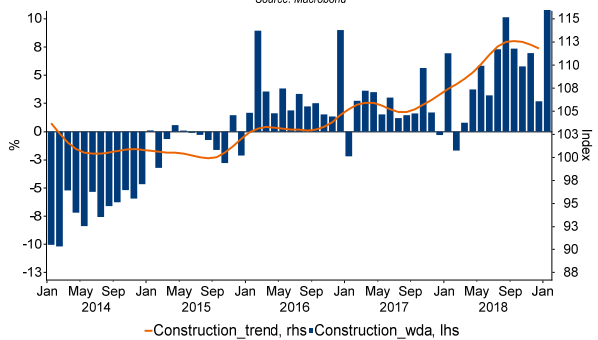
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



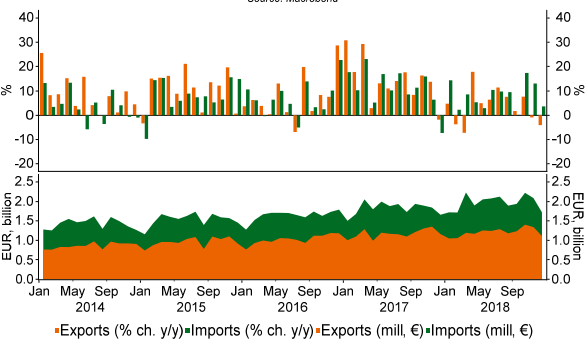
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



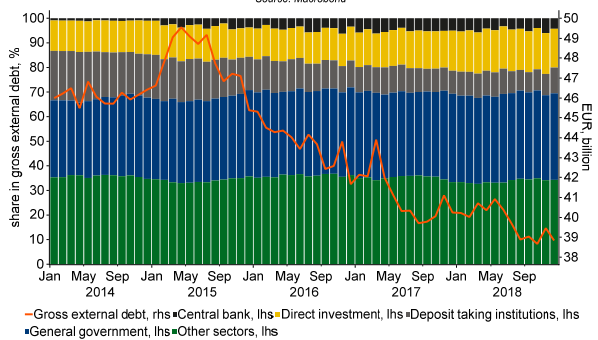
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



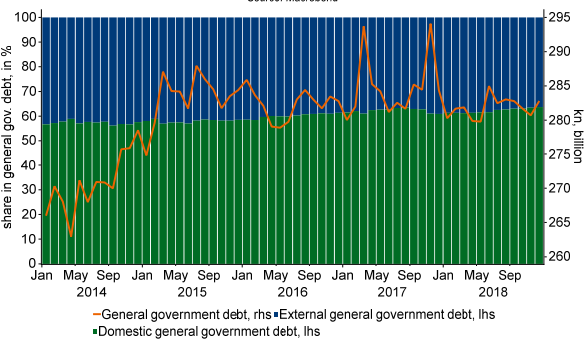
Gross external debt

Source: Macrobond



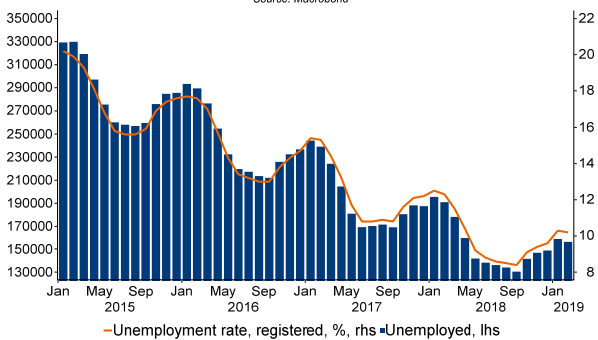
General government debt

Source: Macrobond



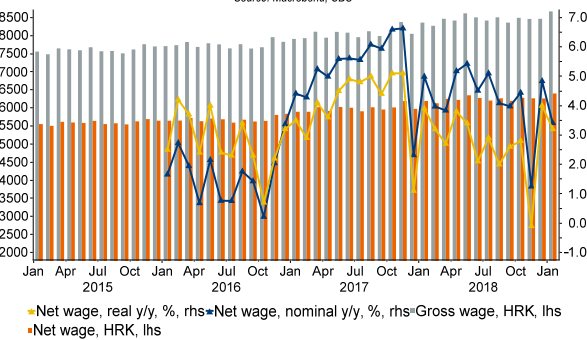
Total number of unemployed and unemployment rate

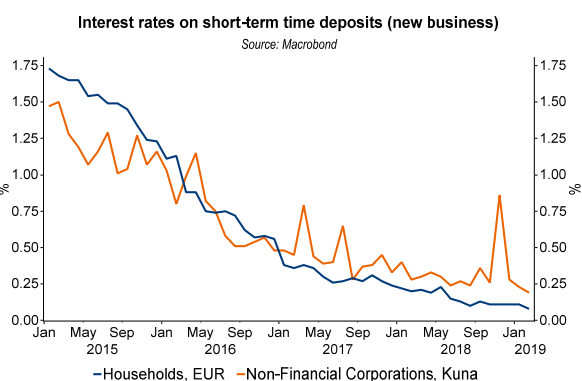
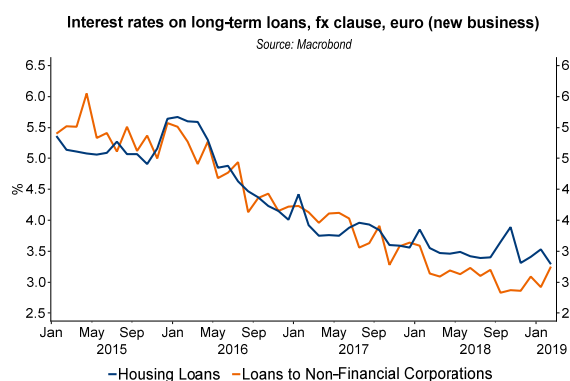
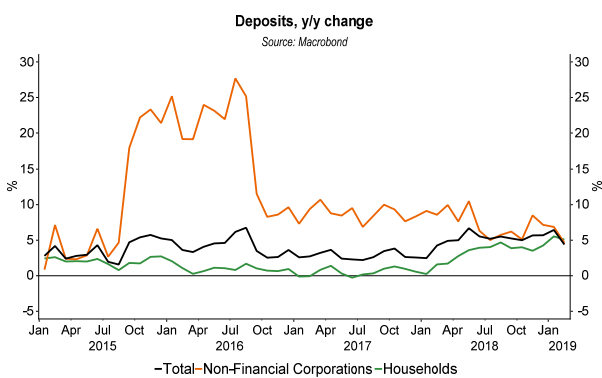
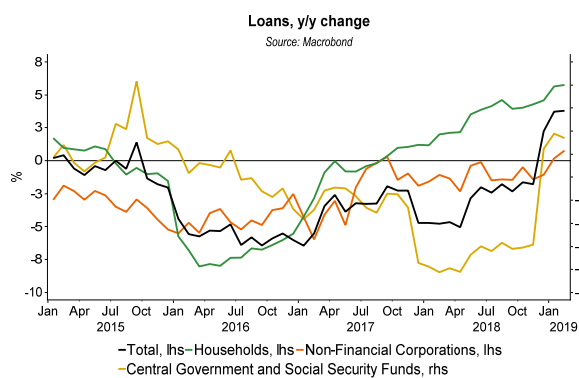
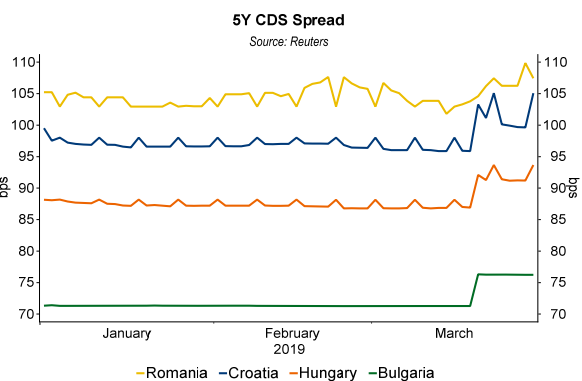
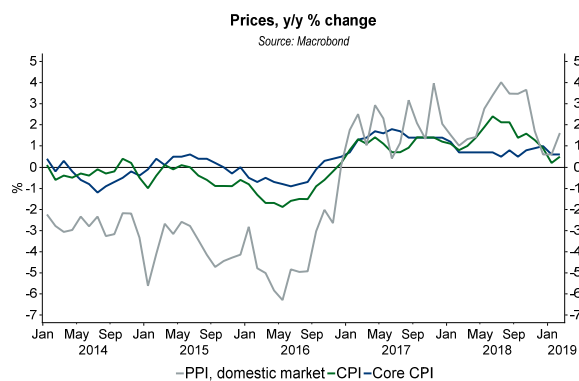
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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