

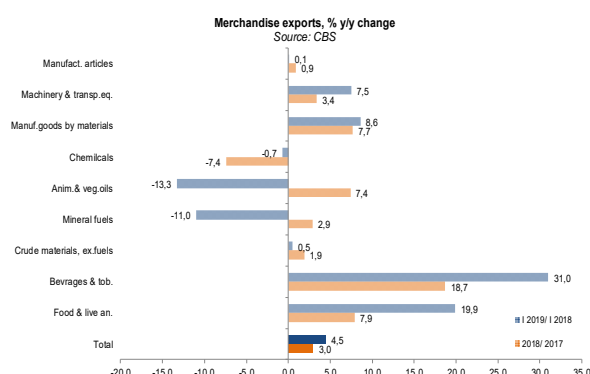
PBZ Weekly Analysis

Number 646, April 15, 2019

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Weekly overview

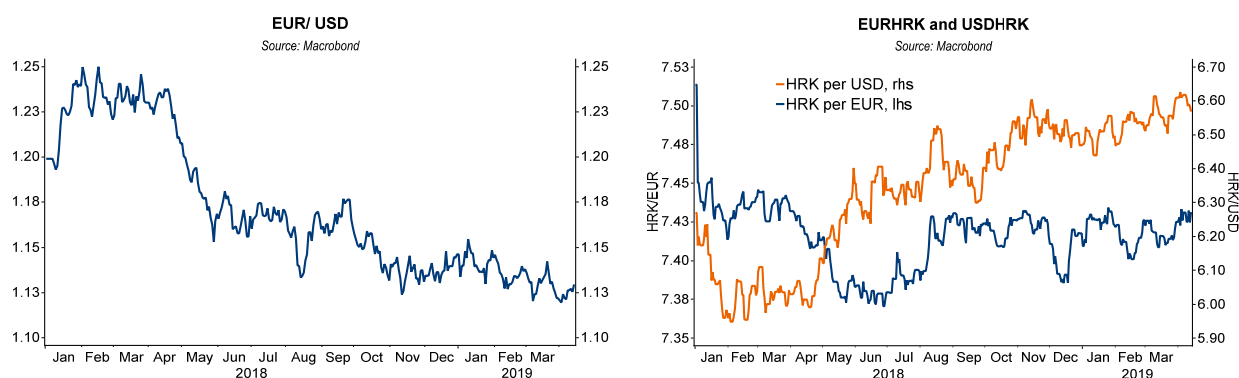
Total exports of goods in January 2019 rose by 4.5% yoy (to HRK 8.2 billion), mainly supported by an increase in the exports in the categories (according to the National Classification of Activities) Agriculture, forestry and fishing (+58.9%), then in Manufacturing (+2.1%) and Electricity, gas, steam and air conditioning supply (+38.5%). Thereby, the strongest contribution to the increase in the exports within Manufacturing was recorded in Manufacture of basic metals (+49.0%), Manufacture of fabricated metal products, except machinery and equipment (+15.4%), Manufacture of motor vehicles, trailers and semi-trailers (+16.7%) and Manufacture of other transport equipment (+44.3%). At the same time, total imports of goods rose by 6.0% (to HRK 13.7 billion), due to which the foreign trade deficit increased by 8.5% versus last year's January (to HRK 5.5 billion), while the rate of coverage declined to 60.2% (from 61.1% in January 2018). Simultaneously with the January data, the Croatian Bureau of Statistics released preliminary data for February, which reveal that total exports of goods over the first two months this year advanced by 8.3% yoy, while imports rose by 9.4%. Exports to the EU Member States (69% share in total exports of goods) increased by 6.9% (imports: +12.2%), whereas exports to non-EU countries climbed by 11.5% yoy (imports: -2.0%).



Dollar weaker, kuna unchanged

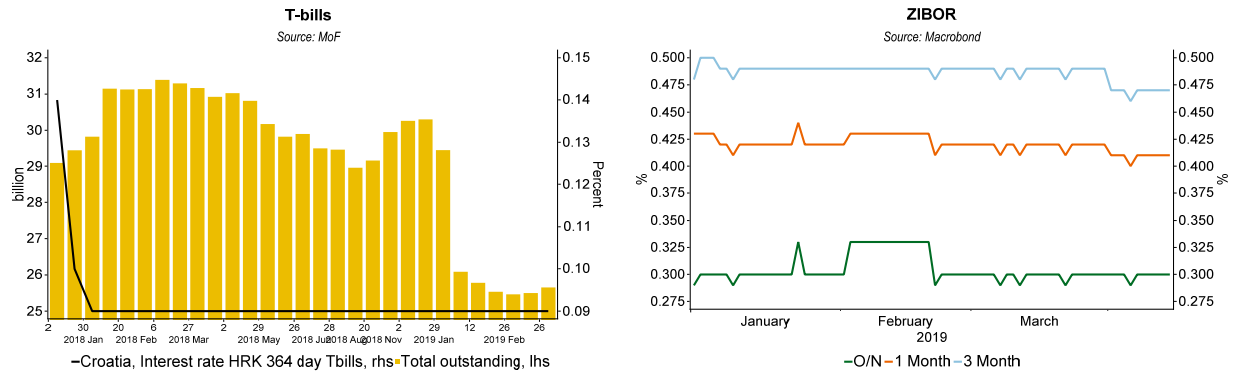
Last week's ECB meeting brought no news in the area of monetary policy, however, it confirmed the concerns of the Eurozone central bank over the slower economic growth and the persistence of negative risks. At the same time, FOMC Minutes showed no greater new details about further steps of the Fed. The dollar weakened against the euro by 0.7% wow, while trading on Friday closed at 1.13 dollar to the euro.

The exchange rate of the kuna against the euro ended the week at 7.4314, unchanged wow. We have simultaneously recorded a 0.7% strengthening of the kuna against the dollar and a decrease in the exchange rate to 6.5689. This week, we expect trading in the range of 7.42-7.45 kuna to the euro.



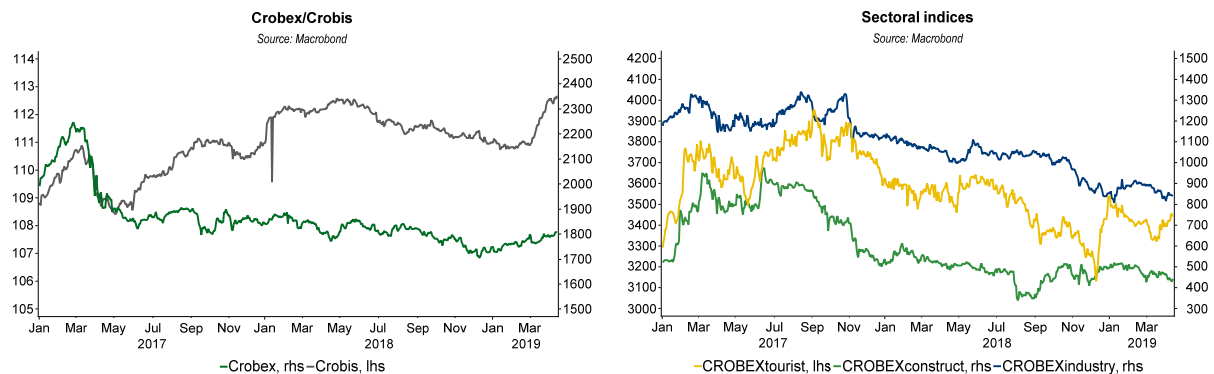
Interest rates stay the same

Excess liquidity stayed at 33 billion kuna, as well as the interbank market interest rates (overnight Zibor 0.30%, 1M 41%, 3M 0.47%). The ZMM turnover barely reached 20 million kuna, while no interest was shown at the central bank's repo auction, as usual.



Crobex up wow

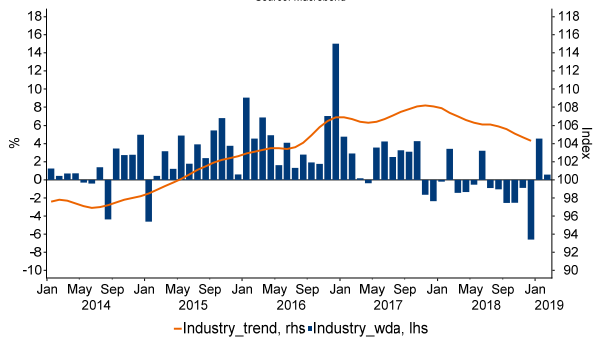
The Crobex Index closed last Friday up by 0.8% wow, reaching 1,806.50 points, while Crobis climbed at the same time by 0.2% (to 112.68 points). As regards sector indices, CROBEXindustry decreased by 1.5% wow (to 844.70 points), while CROBEXconstruct (443.35 points) and CROBEXtourist (3,449.04 points) increased by 1.1% and 0.8%, respectively. The total ZSE turnover amounted to 749.9 million kuna last week, up by 4.4 times versus the week before, due to a 6.1 times higher turnover in bonds (reaching 717.9 million kuna), whereas the turnover in shares dropped by 36.1% (to 32.1 million kuna).



Statistics

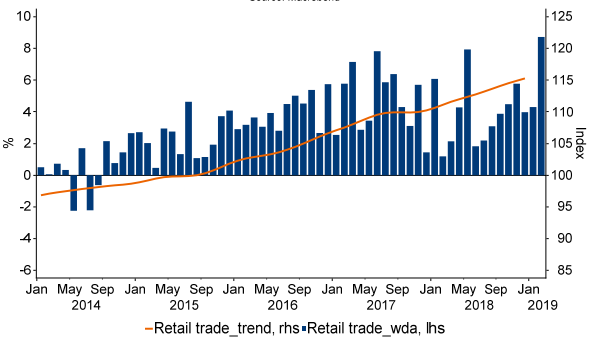
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



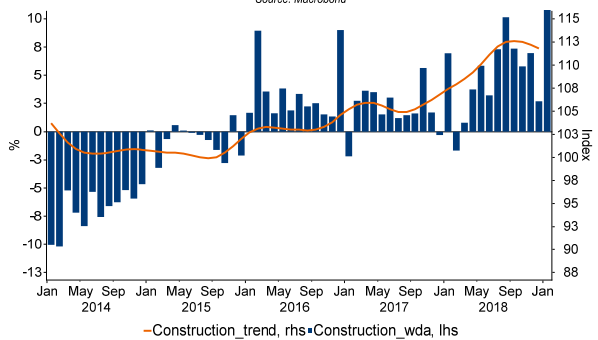
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



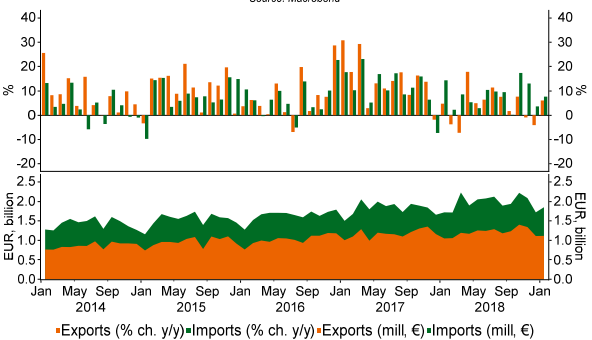
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



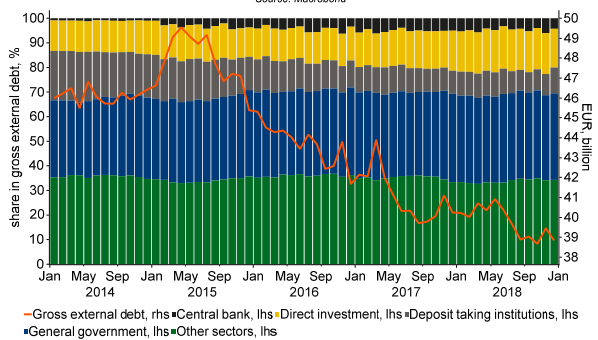
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



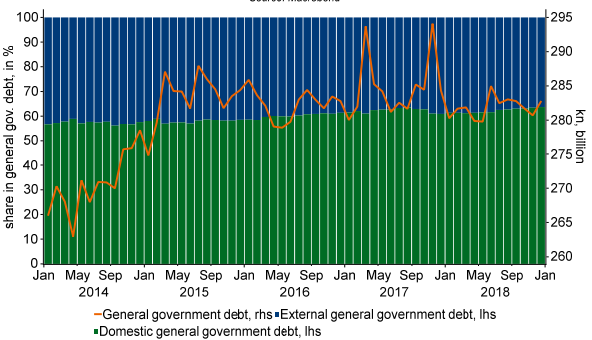
Gross external debt

Source: Macrobond



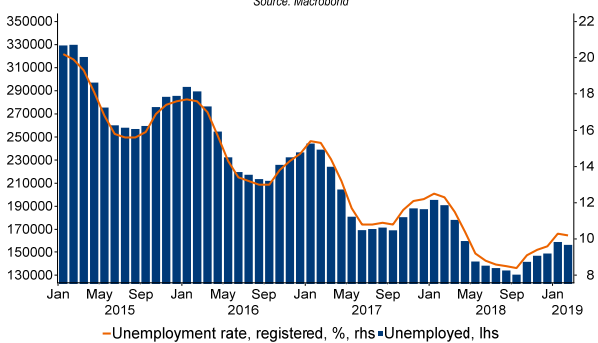
General government debt

Source: Macrobond



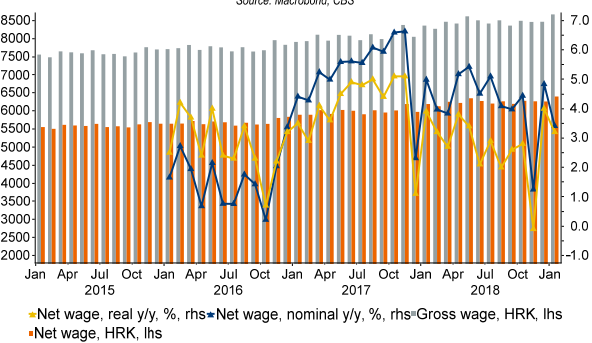
Total number of unemployed and unemployment rate

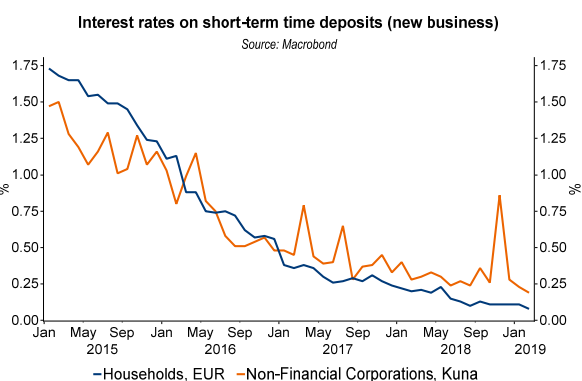
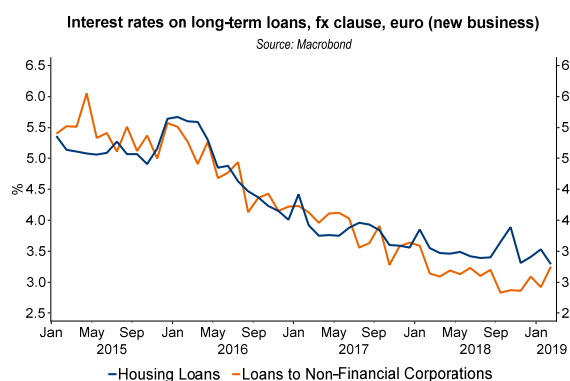
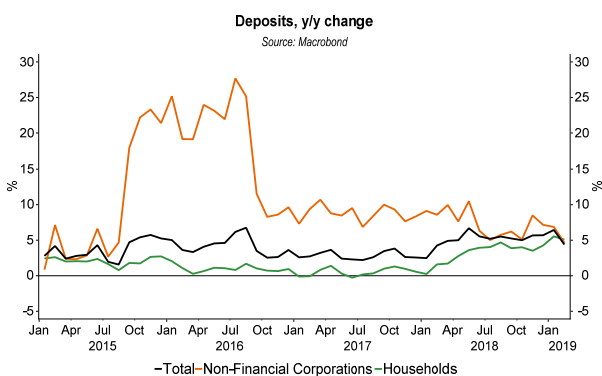
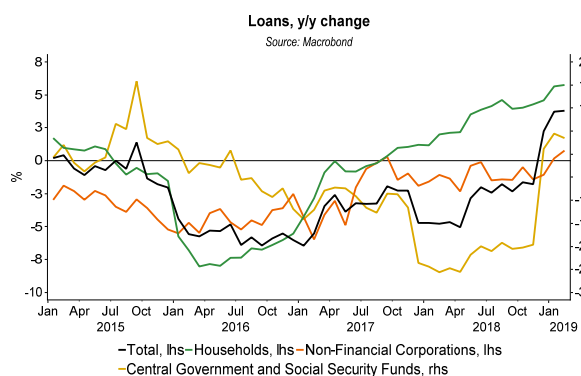
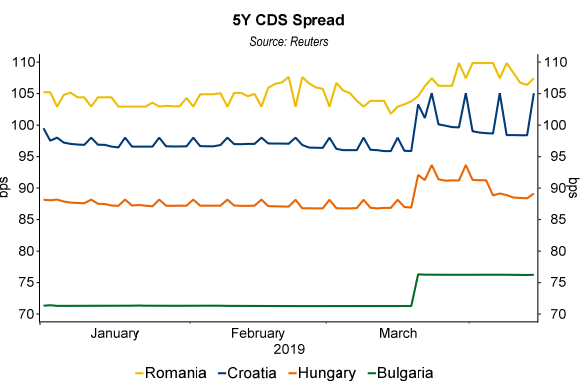
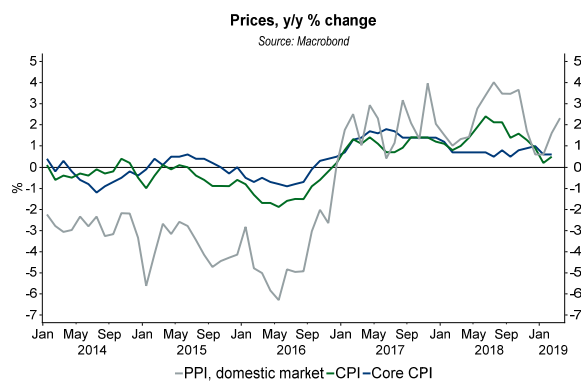
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





RESEARCH OFFICE

Ivana Jović

Ana Lokin

Ivan Odrčić

TREASURY

Eugen Bulat

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