

PBZ Weekly Analysis

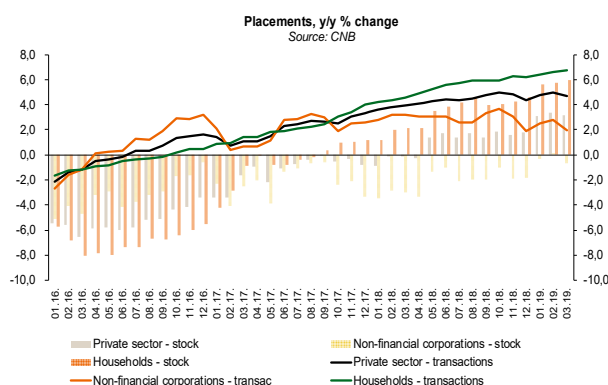
Number 648, May 6, 2019

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Weekly overview

The growth of total loans slightly slowed in March, recording an increase of 3.2% yoy, where loans to the central government and the social security funds decreased by 0.5%, while loans to the private sector rose by 3.5%. According to transaction data, the cumulative yoy growth of loans to the private sector slowed to 4.7% in March, due to a lower growth rate of loans to non-financial corporations of 2.0%, while an

increase in loans to households slightly accelerated to 6.7%. Loans to households jumped by 1.1% in March versus the previous month, mainly due to a 1.7% leap in cash loans (probably partly caused by the CNB's recommendation and the consequential tightening of credit standards for non-housing loans since April), due to which the yoy growth speeded up to 6.0%. Cash loans thus advanced by 12.1% yoy, housing loans by 3.5%, other loans by 0.5%, while the overdraft volume decreased by 1.6%. Loans to non-financial corporations, after a 0.2% growth in January and 0.8% in February, rose insignificantly in March by 0.03% yoy, due to a slower growth of other loans (2.4%) and an accelerated decline of loans for working capital (-5.3%), while loans for investments recorded the growth of 4.4%, the same as the month before.



At the end of March, total deposits substantially increased by 5.9% yoy, where deposits of the private sector were up by 5.1%, while the accelerated growth of total deposits, compared with February, is mainly a result of methodological changes. Specifically, due to the implementation of Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, reclassification was carried out on 31 March 2019 in relation to money market funds that had not been complied with the mentioned Regulation (i.e., they no longer correspond to the definition of a money market fund) from the monetary financial institution sector to the non-money market investment funds sector. Therefore, deposits of non-money market investment funds leapt from 2.2 billion kuna registered at the end of February to 5.8 billion kuna in March. Deposits of households simultaneously speeded up to 5.4% yoy (transaction accounts +26.1%, kuna savings -1.9%, FX savings +1.2%), while deposits of non-financial corporations slightly slowed to 4.3% (transaction accounts +16.2%, kuna savings -11.1%, FX savings -7.4%).

Calm week in FX markets

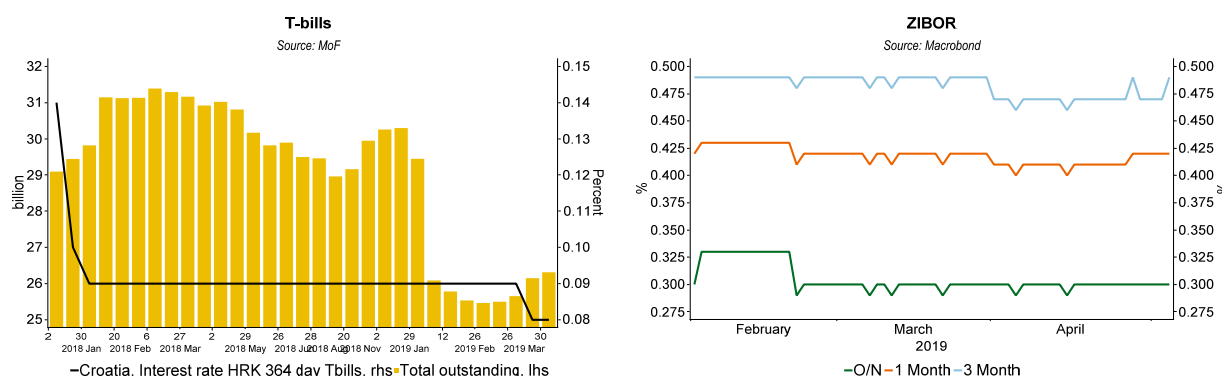
Last week, EUR/USD fluctuated around 1.12, closing slightly below this level at the end of the week, i.e. up by 0.4% wow, backed by the FOMC meeting which, as expected, brought no changes or signals of future monetary policy trends.

The kuna continued its mild appreciation trend against the euro, therefore the mid-exchange rate on Friday amounted to 7.4049 kuna to the euro, down by 0.1% wow, while the kuna against the dollar strengthened by 0.2% to 6.6394 kuna to the dollar.



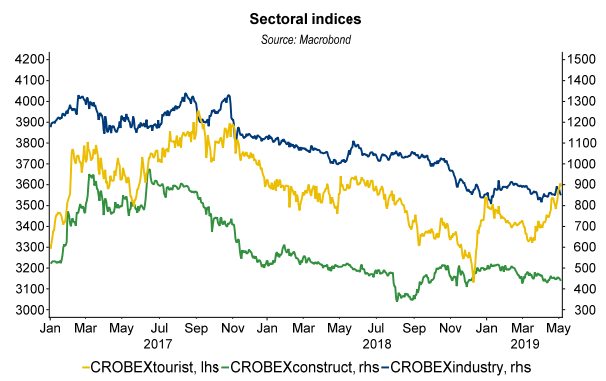
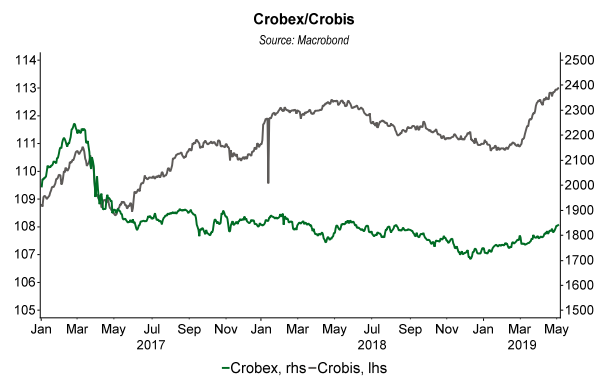
Excess liquidity down

Excess liquidity decreased to 30 billion kuna, however, interest rates stagnated (the overnight Zibor at 0.30%, 1M at 0.42%, 3M at 0.49%). There was no interest shown at the repo auction of CNB, whereas ZMM saw a low turnover of 33 million kuna. At the MF auction, 690 million kuna in one-year kuna T-bills were subscribed at the interest rate of 0.08% and, as 502 million kuna matured, the government debt under T-bills rose to 26.3 billion kuna. There is no maturity scheduled for this week and, therefore, no auction.



Crobex again in positive territory

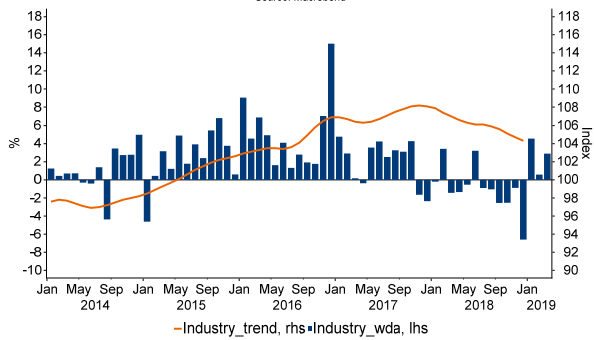
Last Friday, the Crobex Index closed at 1,843.50 points, which is an increase of 1.3% wow, whereas Crobis rose by 0.1% (to 113.01 points). As regards sector indices, CROBEXtourist rose by 2.3% wow (to 3,593.83 points), while CROBEXindustry (850.16 points) and CROBEXconstruct (439.26 points) decreased by 4.7% and 2.0%, respectively. The total ZSE turnover over the last week's four trading days amounted to 65.8 million kuna, which is down by 29.8% wow, due to a 57.3% lower turnover in bonds (reaching 25.0 million kuna), while the turnover in shares simultaneously advanced by 15.9% (to 40.8 million kuna).



Statistics

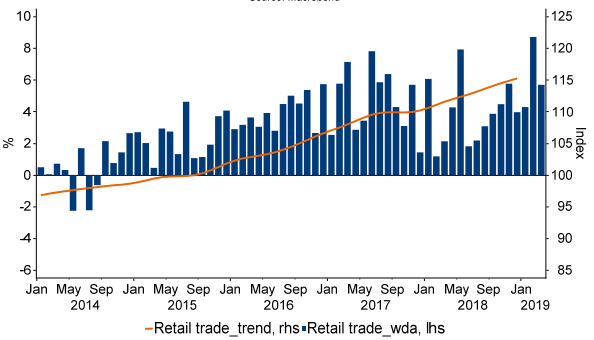
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



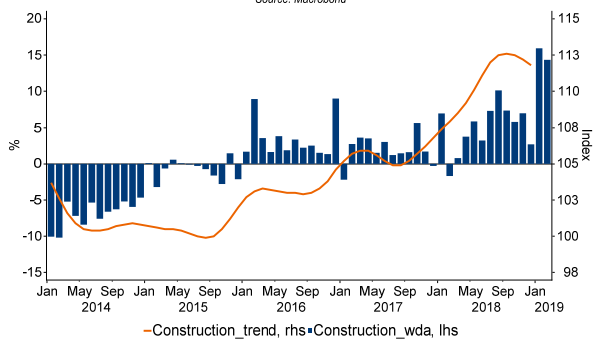
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



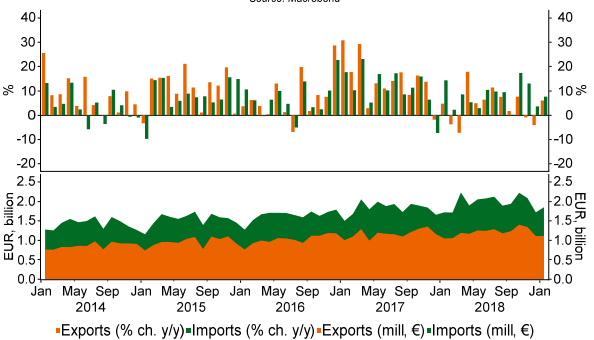
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



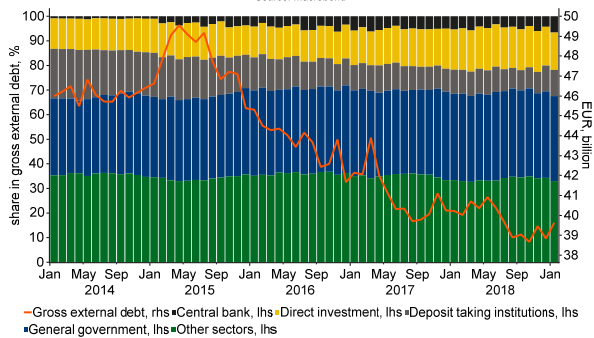
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



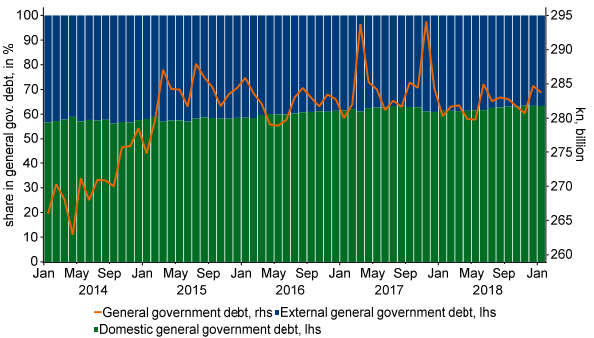
Gross external debt

Source: Macrobond



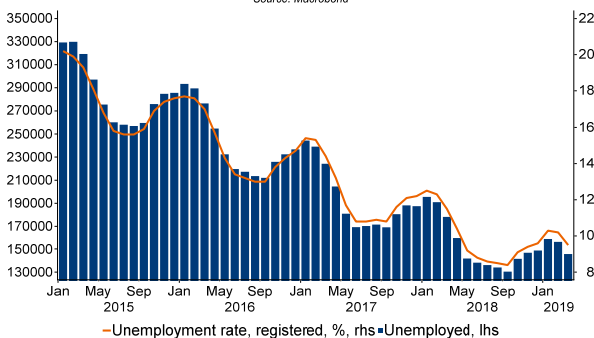
General government debt

Source: Macrobond



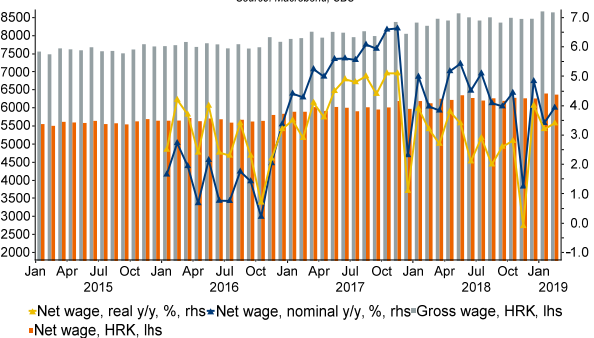
Total number of unemployed and unemployment rate

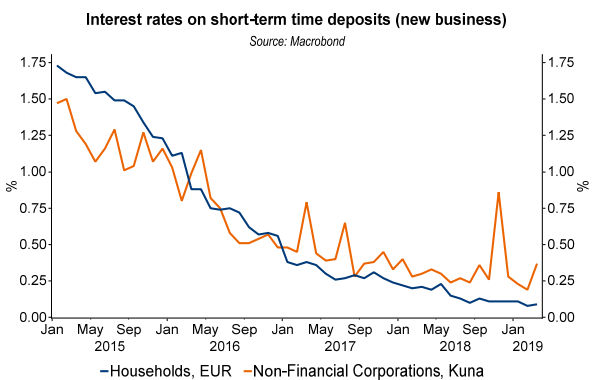
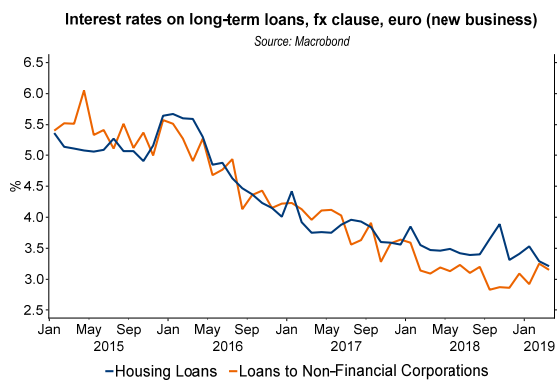
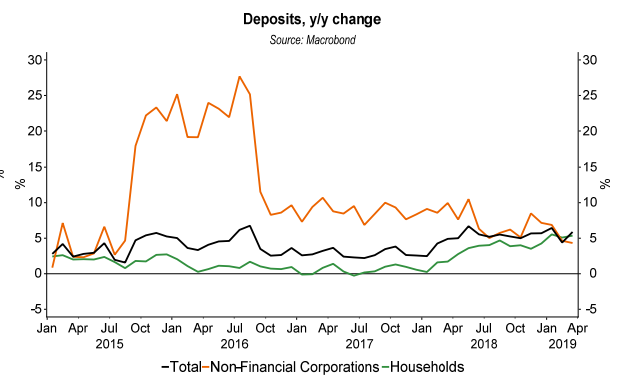
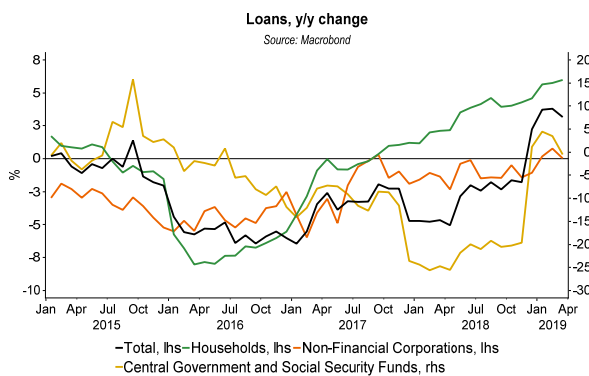
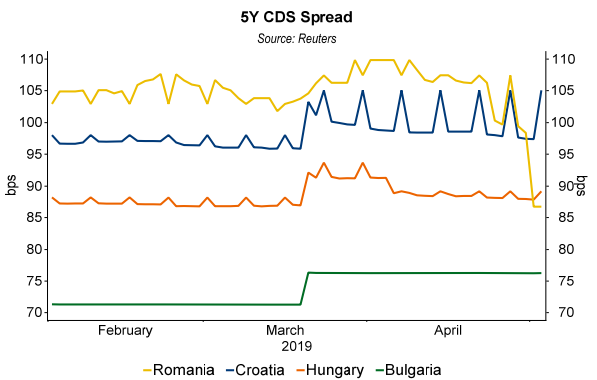
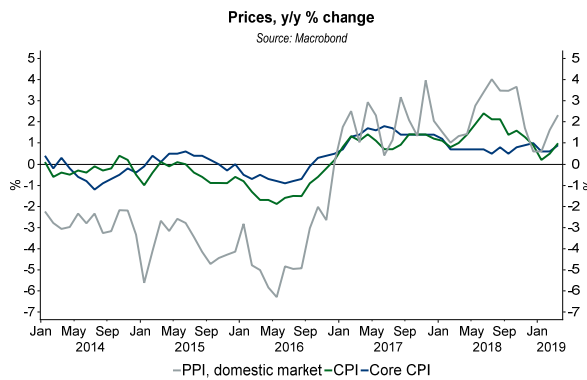
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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