

# PBZ Weekly Analysis

## Number 656, July 8, 2019

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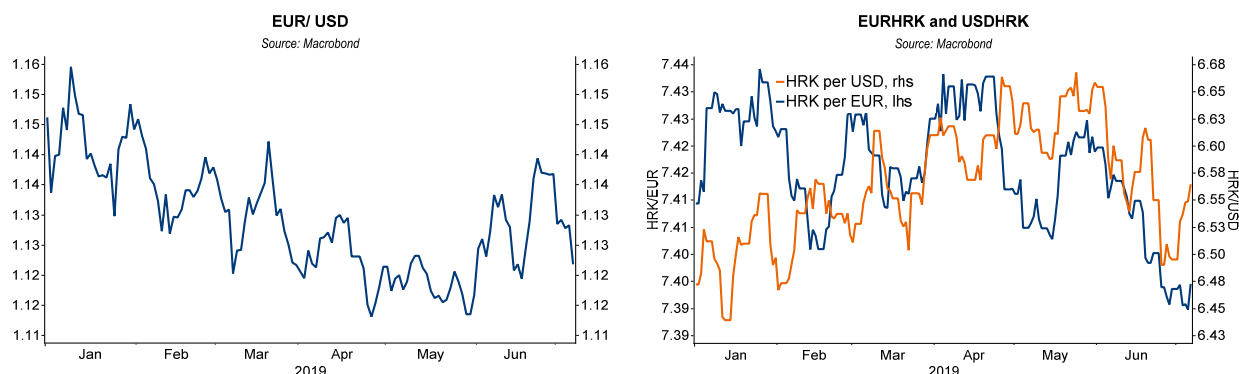
## Weekly overview

The total yoy volume of construction works in April (wda), rose by 8.6%, which is a more moderate increase versus the first quarter this year when a yoy growth of 13.7% was recorded. The breakdown according to the type of buildings shows that the activities on buildings and the civil engineering works recorded similar yoy growth rates (of +8.7% and +8.6%, respectively). Thereby, month-over-month data (seasonally and working-day adjusted) show a decrease in the total volume of construction works in April of 1.1%, mainly due to a drop in civil engineering works (-2.4%), whereas the volume of activities on buildings increased mildly by 0.5%. From January to April of 2019, the total volume of works rose by an average of 12.3% yoy, which is a substantial increase in activities versus the same period last year (when the yoy growth rate amounted to +2.3%), which is a result (among other) of higher demand for property (a pick-up in the activities on buildings of 11.6% (+9.8% from January to April 2018), due to an increase in investments in tourism and higher demand for residential property), but also owing to strengthening in public investments (increase in civil engineering activities, amounted to 13.4%, compared with a decline of 7.9% over the first four months last year), which may mainly be attributed to a higher absorption from EU funds. An additional boost to the recovery of this sector is also confirmed by a relatively strong growth of persons employed in the sector over the first five months of this year, amounting to +7.2% yoy and a higher number (+10.4%) of the issued building permits over the first four months this year compared with the same period last year.

## Dollar stronger, EUR/HRK stable

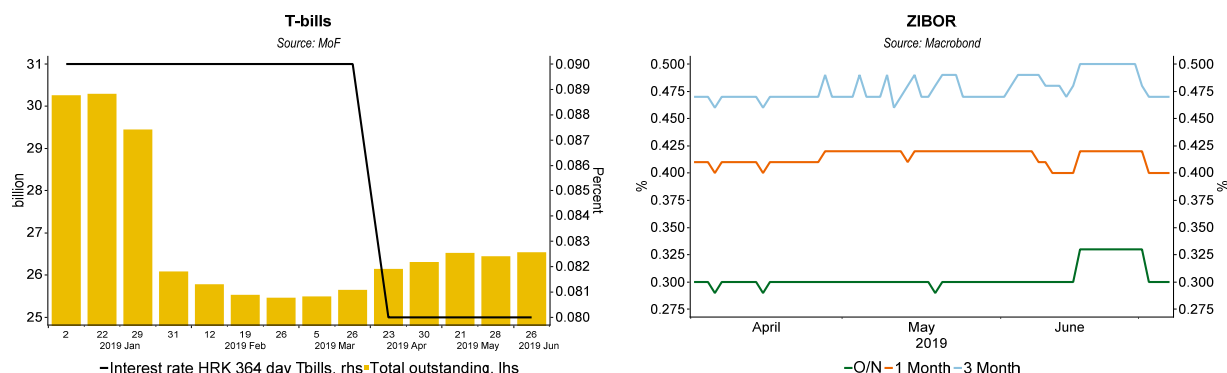
A positive move in the US trade negotiations with China and the statement of the Fed's Chair signalling that it is too early to cut interest rates supported the dollar last week, therefore trading on Friday closed at 1.12 dollar to the euro, down by 1.3% wow.

The EUR/HRK exchange rate was stable, amounting to 7.3946 kuna to the euro at the end of the week, which is almost unchanged wow, while the kuna against the dollar depreciated by 1.1% to 6.5648 kuna to the dollar.



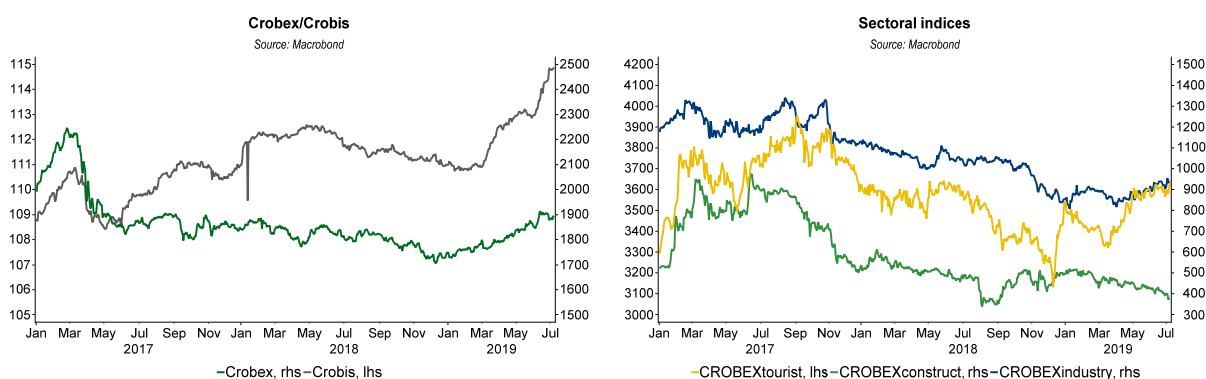
## Interest rates mildly down

Last week the money market was calm as usual. Excess liquidity dropped to 28 billion kuna, there was no interest shown at the repo auction of CNB or on ZMM, while interbank interest rates slightly dropped wow (overnight Zibor by 3 b.p. to 0.30%, 1M by 2 b.p. to 0.40%, 3M by 3 b.p. to 0.47%).



## Crobex up wow

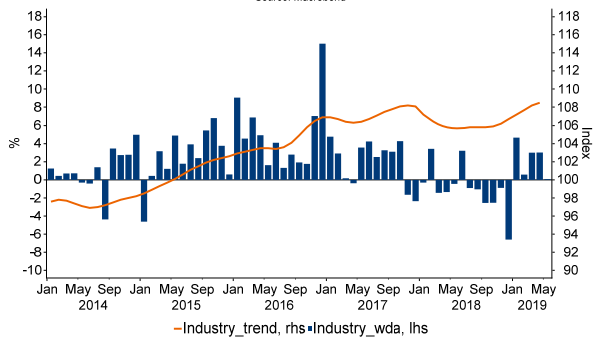
The total ZSE turnover last week reached 81.3 million kuna, which is down by 14.5% versus the week before, owing to a lower turnover in bonds of 19.7% (to 43.3 million kuna) and a lower turnover in shares by 7.8% (to 38.0 million kuna). The Crobex Index closed on Friday at 1,895.96 points, up by 0.7% wow, while Crobis stagnated at 114.89 points. As regards sector indices, CROBEXconstruct decreased by 6.0% wow (to 377.87 points), while both CROBEXindustry and CROBEXtourist advanced by 3.0% and 1.6%, respectively (to 938.44 and 3,633.18 points).



# Statistics

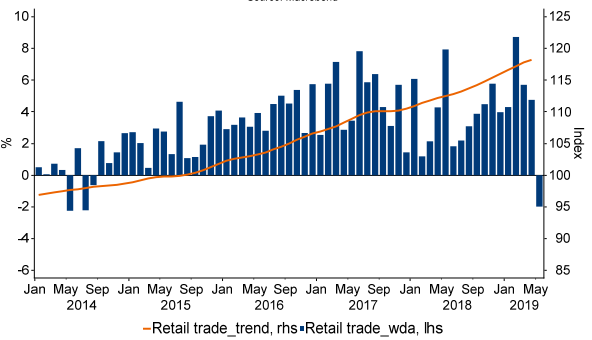
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



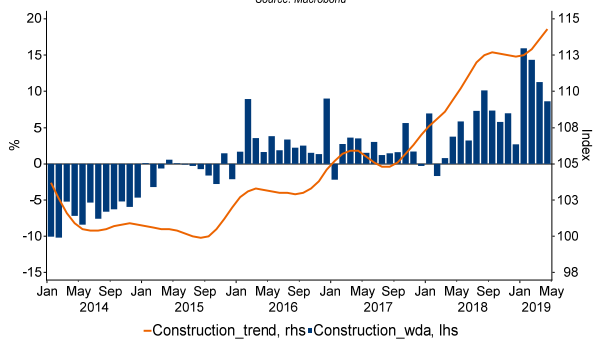
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



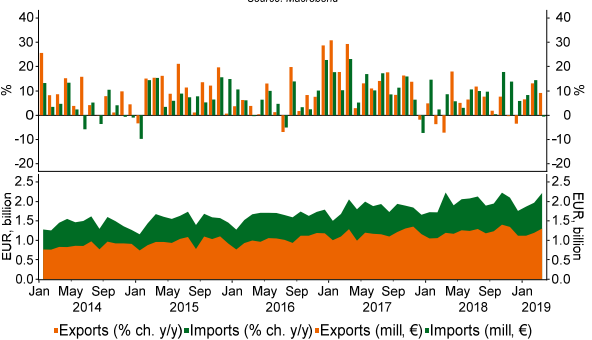
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



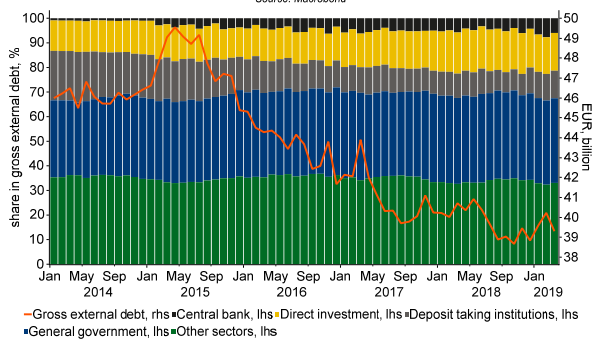
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



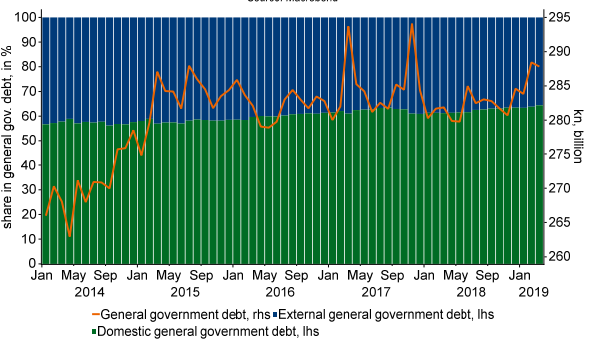
Gross external debt

Source: Macrobond



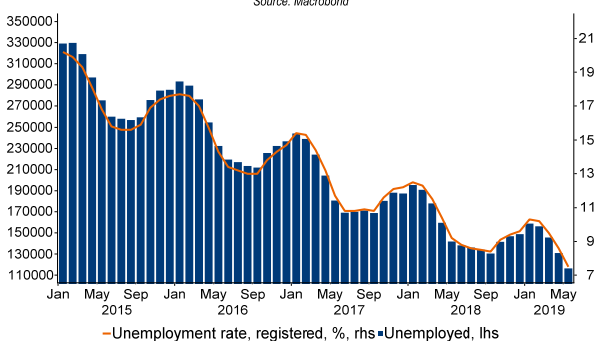
General government debt

Source: Macrobond



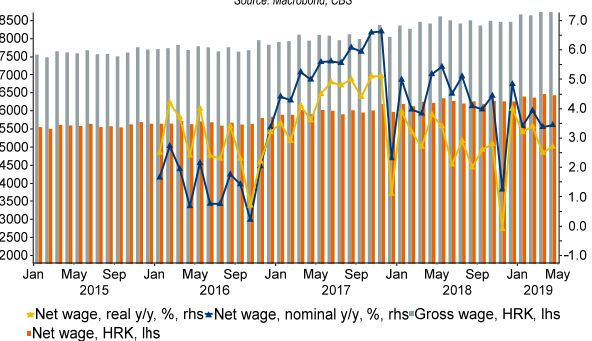
Total number of unemployed and unemployment rate

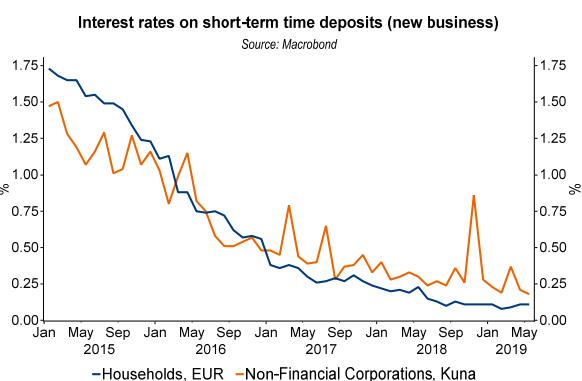
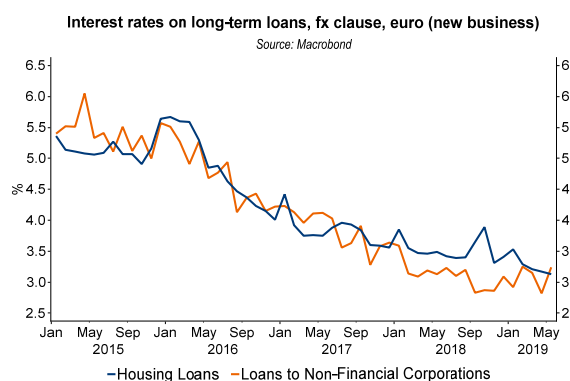
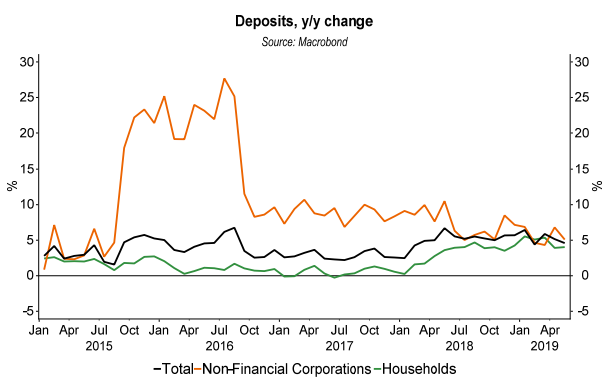
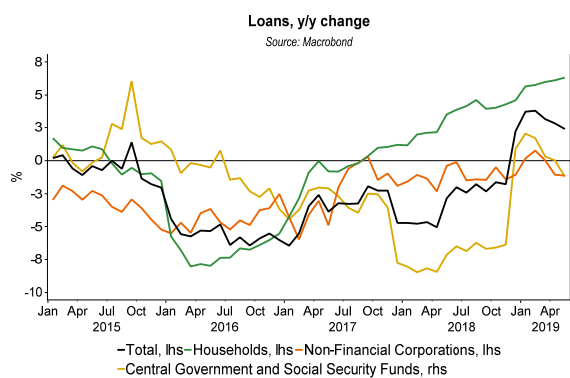
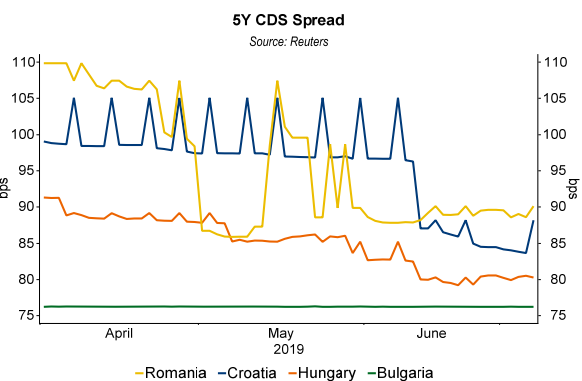
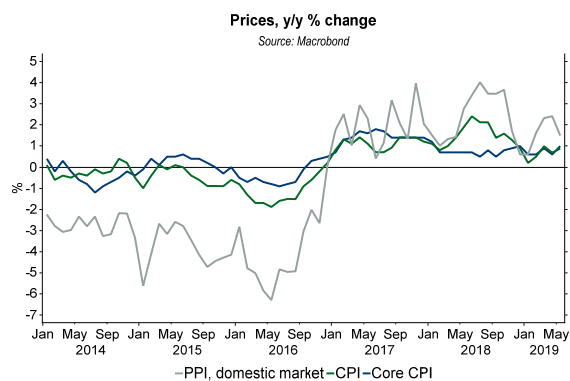
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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#### **TREASURY**

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