

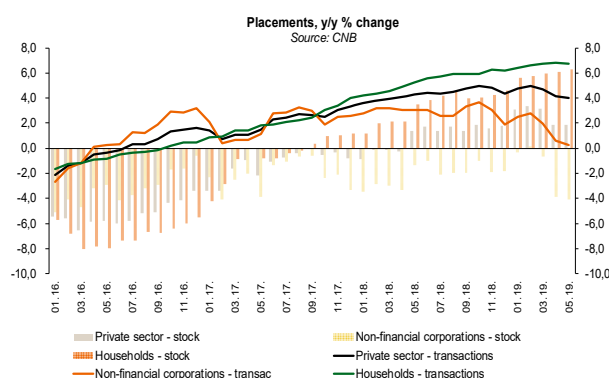
PBZ Weekly Analysis

Number 657, July 15, 2019

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Weekly overview

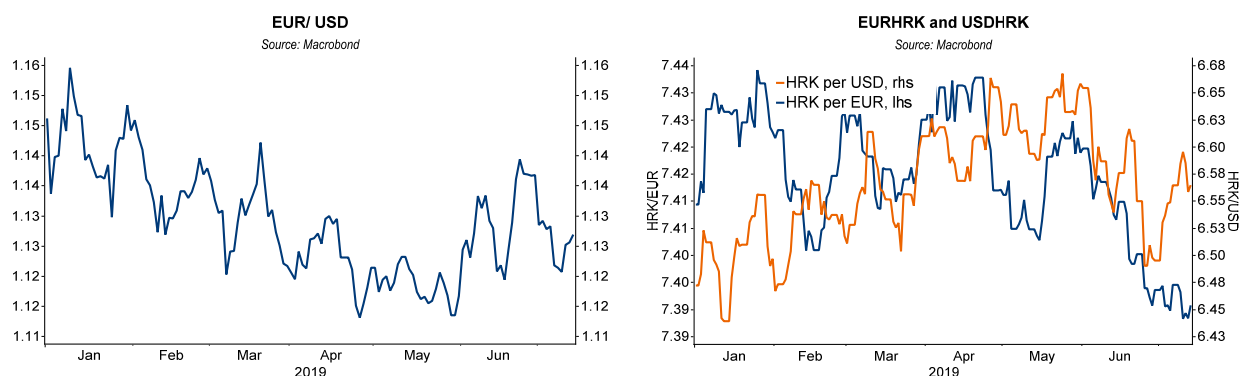
Total loans slowed down in May for the third consecutive month (to 2.4% yoy), due to a 4.9% decrease in loans to the central government and the social security funds with a simultaneous stable growth (+3.3%) of loans to the private sector. At the same time, in terms of transactions, the cumulative growth of loans to the private sector reached 4.0% yoy, where the increase in loans to non-financial corporations barely amounted to 0.3% (+2.2% when excluding the impact of the call on guarantees issued for shipbuilding), whereas an intensive increase in loans to households continued (+6.8%). In May, loans to households climbed by 6.3% yoy, where cash loans have not yet been on a declining trend, instead, they have increased by 11.8%, while housing loans have continued to accelerate, reaching the growth rate of 4.2%. Loans to non-financial corporations dropped in May by 1.1% yoy, equally as the month before (of which: loans for working capital -6.5%, for investments +4.6%). Total deposits in May rose by 4.6% yoy (private sector +4.3%), partly due to methodological changes made in March (resectorisation of money market funds into the sector of investment funds apart from money market funds; without the above mentioned, the increase in total deposits would fluctuate around 3%). Deposits of households rose by 4.0% in May and deposits of non-financial corporations by 5.1%. Our estimate shows that the growth of loans to the private sector will reach 2% this year, due to further portfolio sales, while the growth of deposits should slow down towards the end of the year to approximately 3%.



Kuna slightly strengthened, dollar weakened

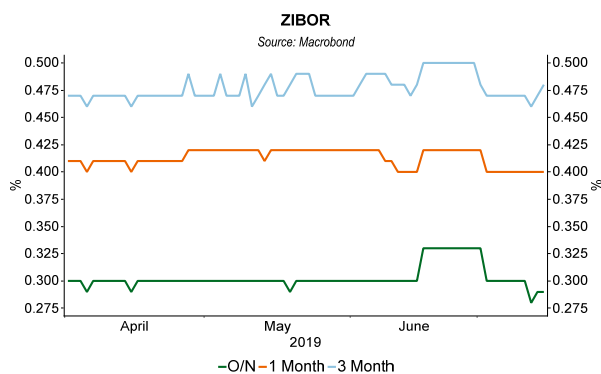
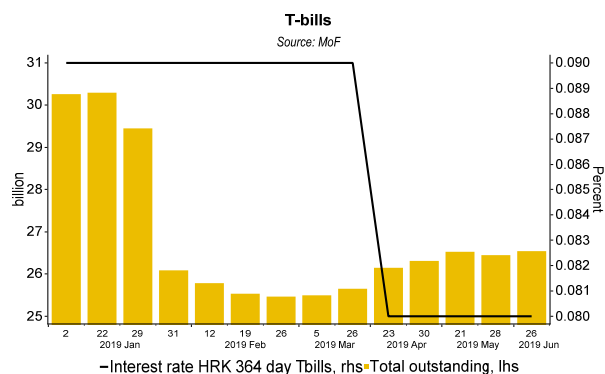
Last week the Fed's Powell suggested key interest rate could come down in the end of this month thus the week closed at 1.1269 dollar for the euro, up by 0.5% wow.

At the close of the week the exchange rate EUR/HRK was 7.3908 kuna to the euro, i.e. fell by 0.1% wow, while the kuna remained unchanged against the dollar (6.5649 kuna to the dollar).



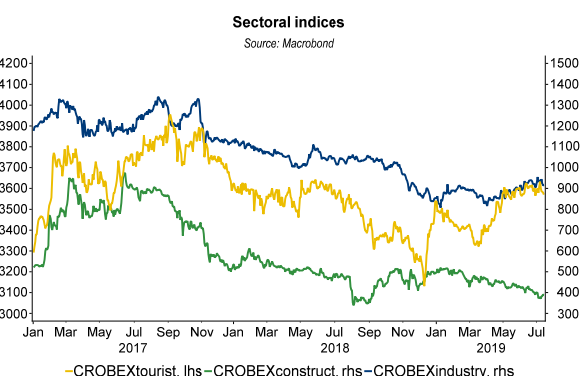
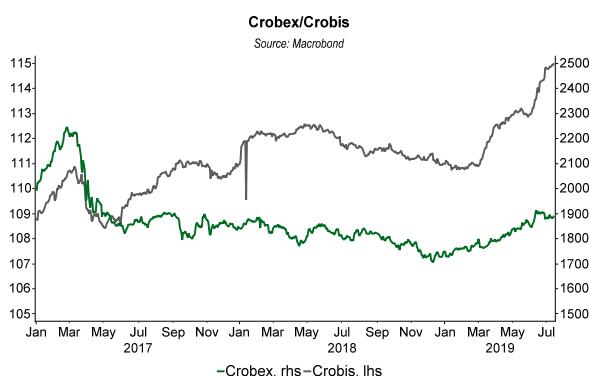
Excess liquidity rose

Excess liquidity grew to 31 billion kuna, and at the CNB repo auction or ZMM there was no turnover. The overnight Zibor fell by 1 b.p. down to 0.29%, 1M remained at 0.4%, and 3M at 0.47%.



Turnover grew, Crobex fell

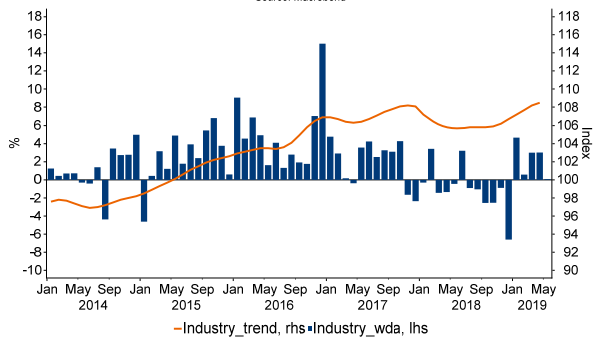
The Crobex index closed at 1,891.85 points, i.e. down by 0.2% wow, while Crobis grew by 0.1% (at 115.02 points). Concerning sector indices, CROBEXconstruct grew by 3.2% wow (at 389.89 points), while CROBEXindustry and CROBEXtourist dropped by 2.3% and 1.7% respectively (at 916.68 and 3,571.19 points). The total ZSE turnover reached 90.7 million kuna last week or 11.5% up than the week before, owing to the 23.3% growth in turnover in bonds (to 53.4 million kuna), while the turnover in shares fell by 1.9% (to 37.3 million kuna).



Statistics

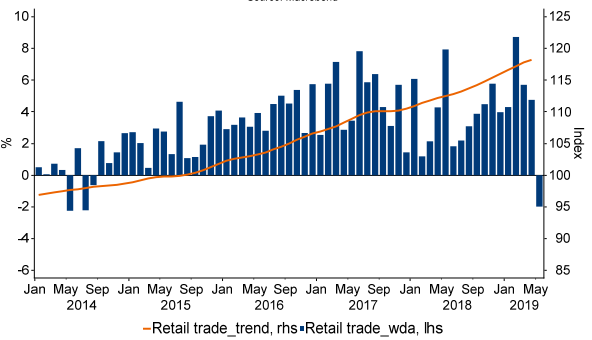
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



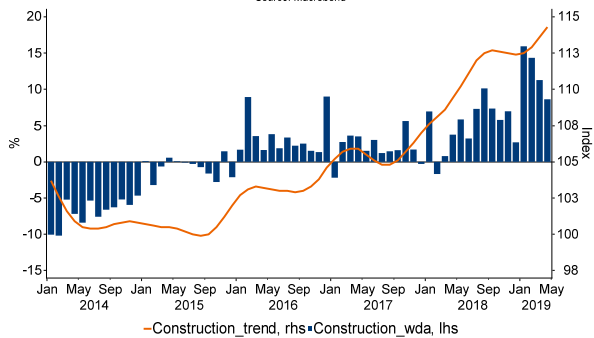
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



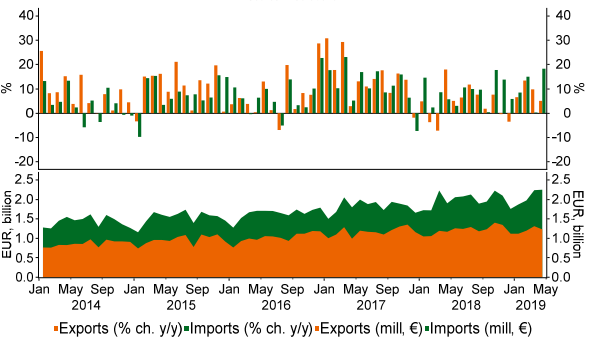
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



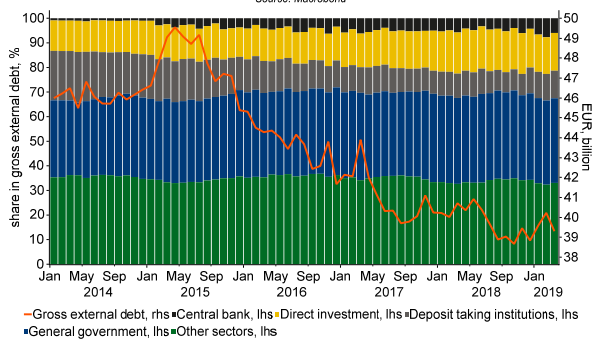
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



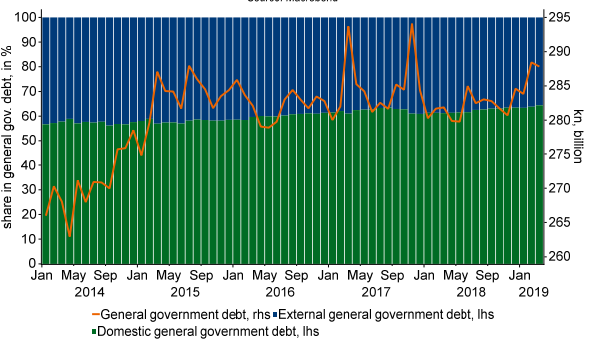
Gross external debt

Source: Macrobond



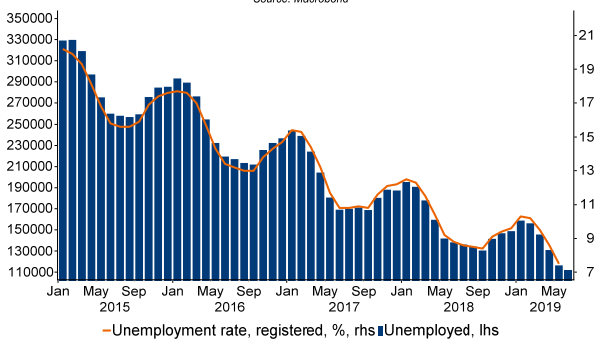
General government debt

Source: Macrobond



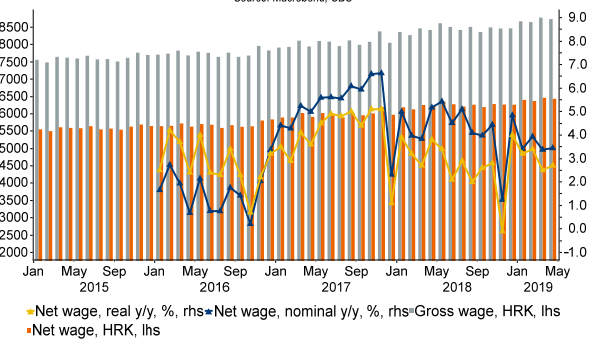
Total number of unemployed and unemployment rate

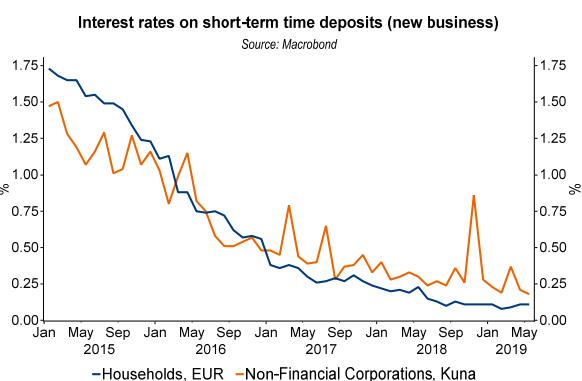
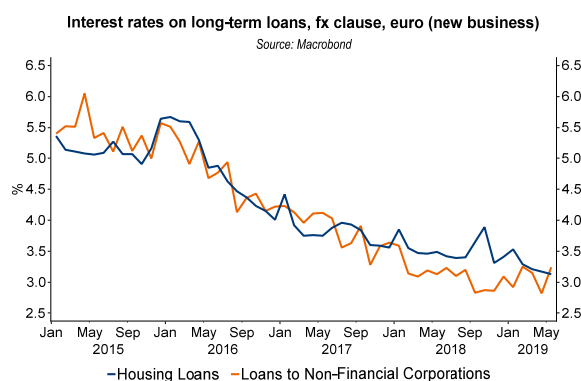
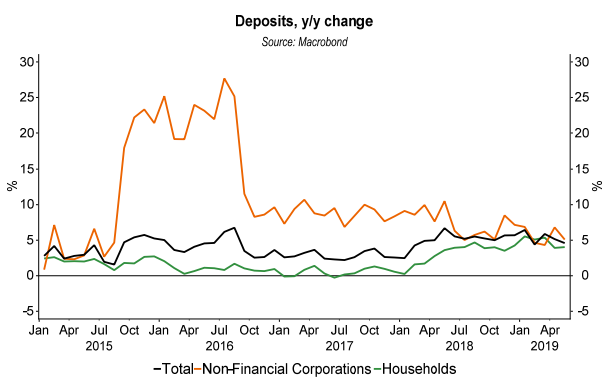
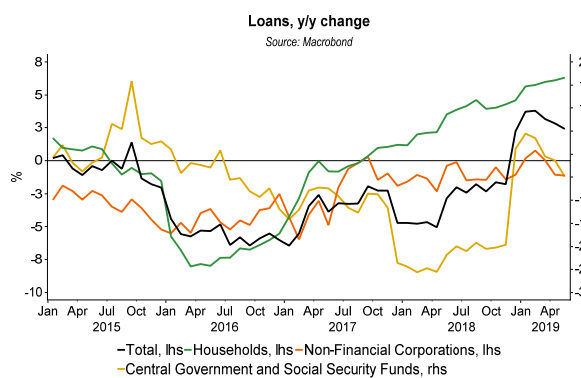
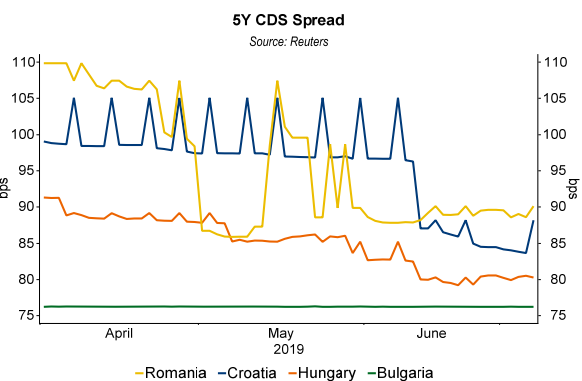
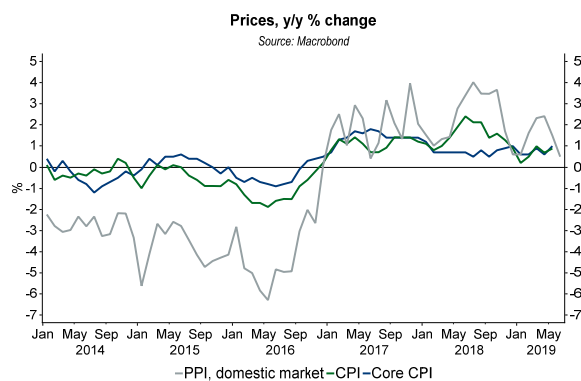
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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