

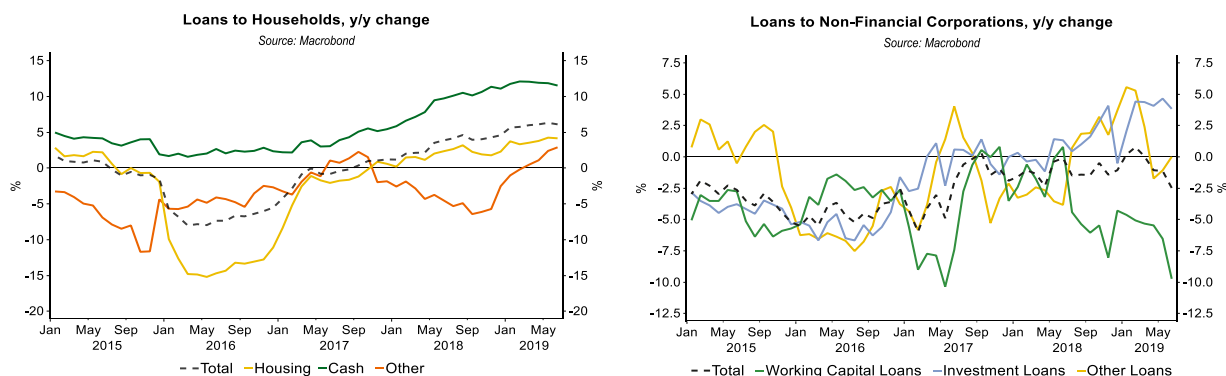
# PBZ Weekly Analysis

## Number 658, August 19, 2019

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## Weekly overview

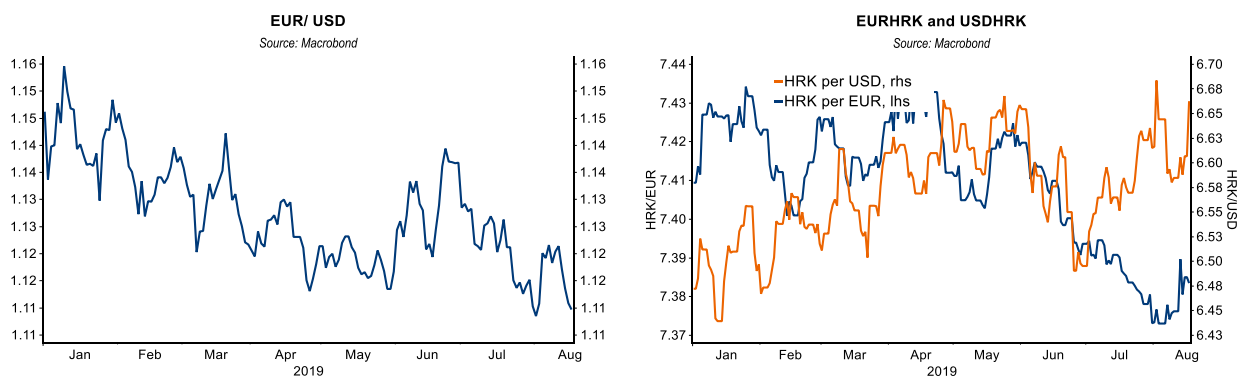
Total loan growth continued to slow down (+1.3% yoy in June), as a result of a strong decrease in the financing of the central government and the social security funds (-9.0%) and a weaker growth of loans to the private sector (+2.6%). In June, loans to non-financial corporations sank by 2.5% yoy (for working capital -9.7%, for investments +3.8%), while loans to households slightly slowed to 6.1% (cash loans +11.5%, housing loans +4.2%). Transaction data also indicate a more meagre growth rate of loans to the private sector in June (+3.4% yoy, cumulatively), due to a 1.0% drop in loans to non-financial corporations, which were negatively affected by the call of the guarantees issued for shipbuilding and the implementation of the Agrokor Group settlement where partial credit institution claims on domestic companies within the Group were transferred to foreign companies within the Group. Thus, when excluding the impact of shipbuilding, the growth of loans to the corporate sector, according to transactions, amounted to a positive 0.9%, while loans to households maintained their solid growth (+6.7%). Total deposits in June accelerated to +5.2% yoy, owing to a stronger increase in deposits of non-financial corporations of 7.1%, whereas deposits of households rose by 4.0%, the same as in May.



## Dollar soars, kuna stable

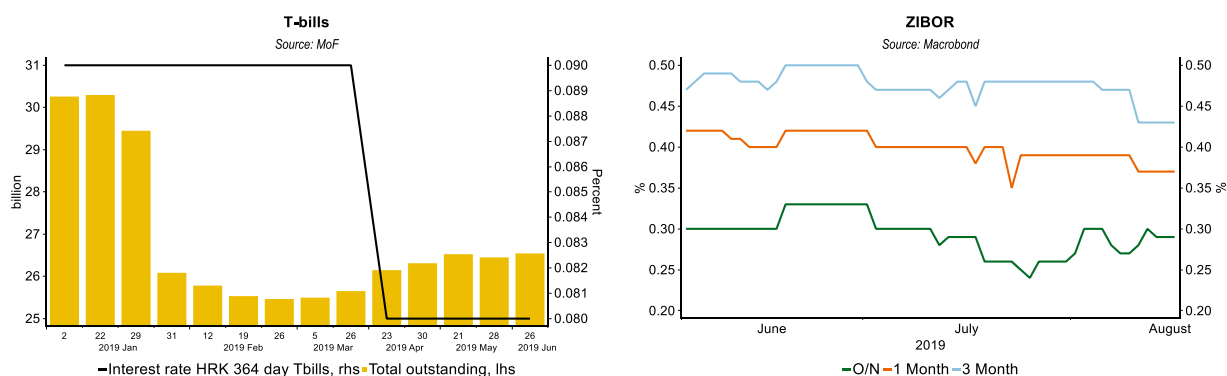
Positive steps in trade talks with China about trade conditions supported the dollar, therefore trading on Friday closed at 1.11 dollar to the euro, down by 1.0 versus the week before.

Following the FX intervention on Friday the week before, where 306.5 million euro were purchased from banks at the average exchange rate of 7.3950, the EUR/HRK exchange rate fluctuated last week around 7.38, ending the week at 7.3835 kuna to the euro, up by 0.1% wow. The kuna against the dollar weakened by 1.2% to 6.6626 kuna to the dollar.



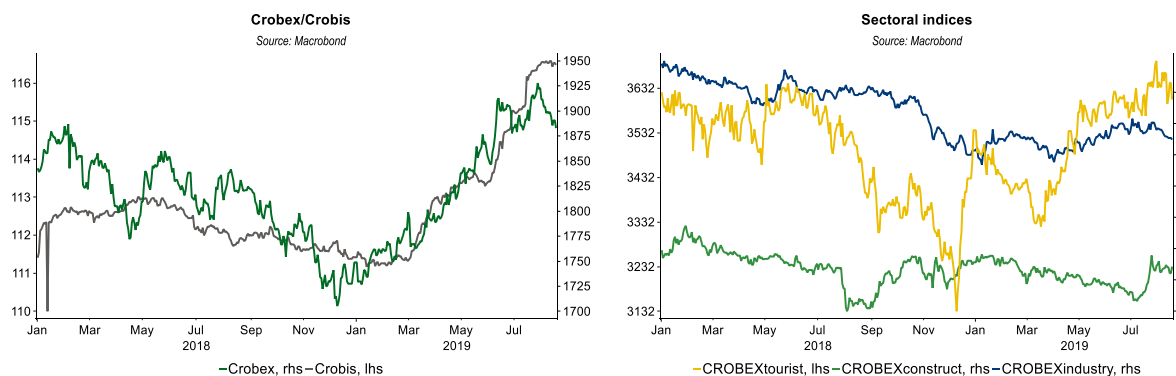
## Liquidity up after intervention

Excess liquidity rose to 32 billion kuna after the FX intervention, while interest rate fluctuated as usual, therefore the overnight Zibor closed at 0.27% on Friday, 1M at 0.37% and 3M at 0.43%. There was no turnover at the CNB repo auction or on ZMM. This week, 200 million kuna in three-month, 200 million kuna in six-month and 752 million kuna in one-year kuna T-bills will mature, hence the auction with the planned issue of 1 billion kuna has been announced.



## Indices in negative territory

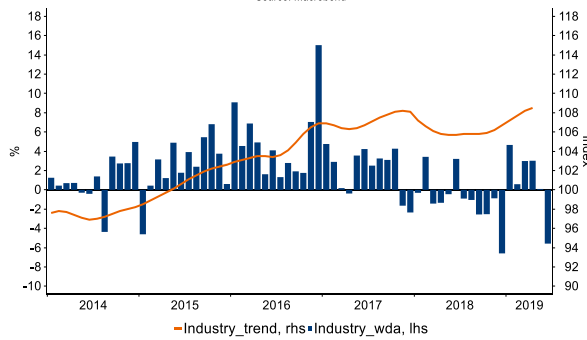
Last week, stock market indices decreased, thus Crobex closed at 1,882.97 points on Friday, i.e. down by 0.8% wow, where CROBEXconstruct fell by 1.0% to 482.54 points, CROBEXindustry by 1.1% to 888.36 points and CROBEXtourist by 1.6% to 3,607.24 points. Crobis mildly dropped by 0.1% to 116.05 points.



# Statistics

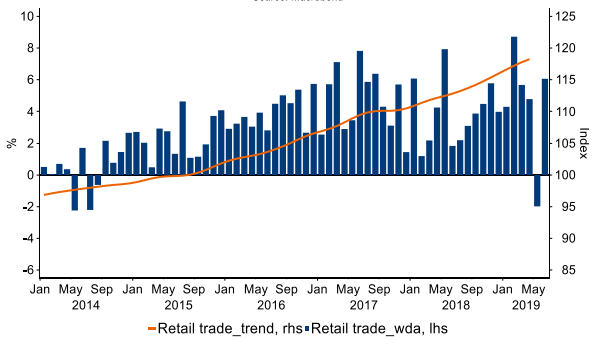
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



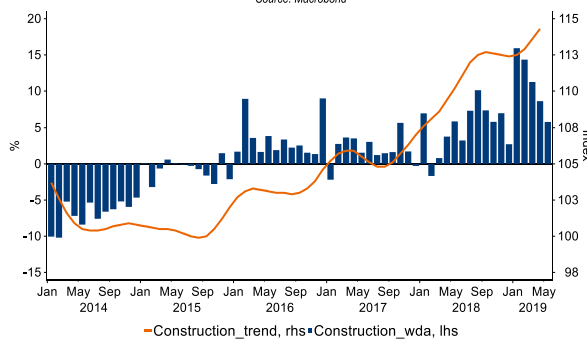
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



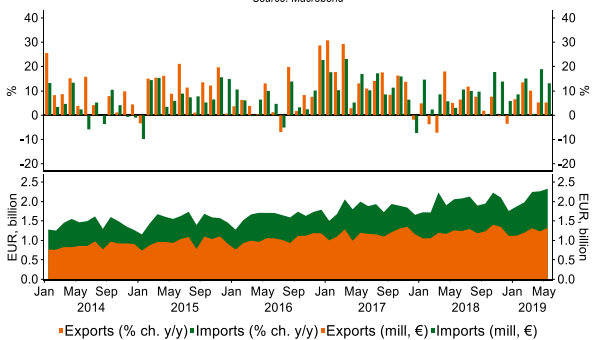
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



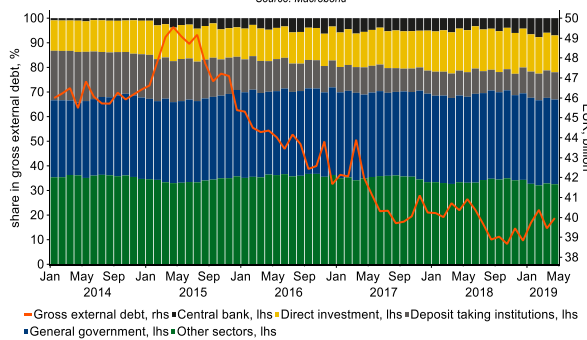
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



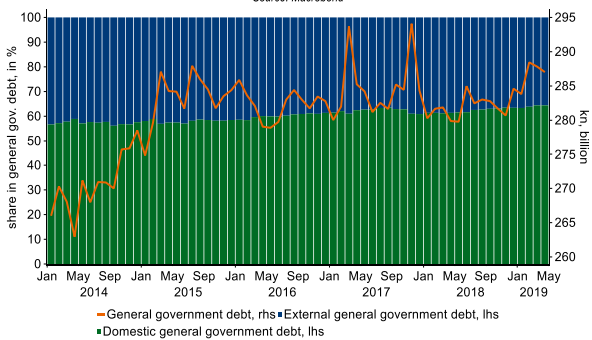
Gross external debt

Source: Macrobond



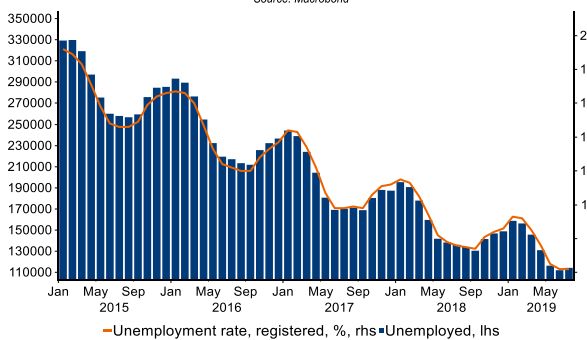
General government debt

Source: Macrobond



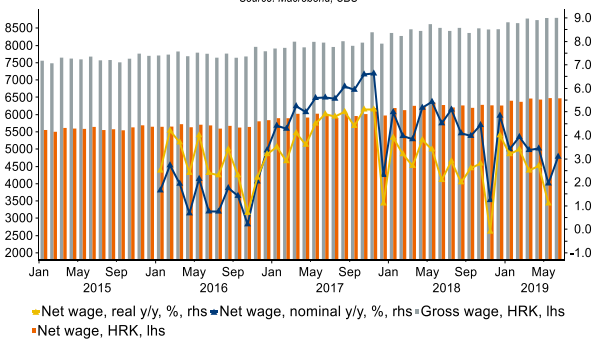
Total number of unemployed and unemployment rate

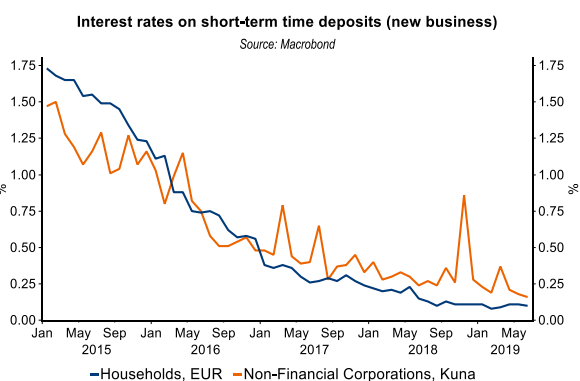
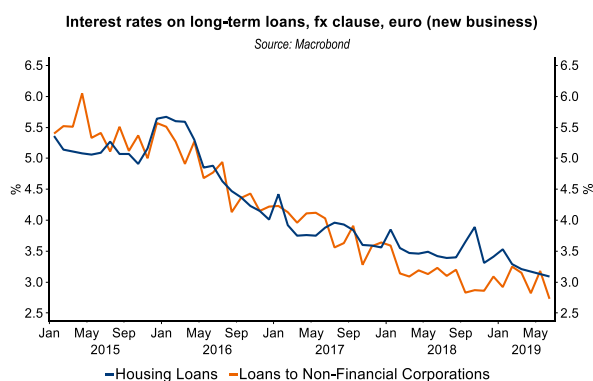
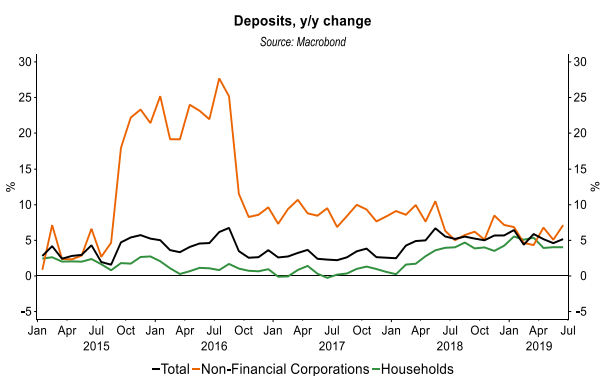
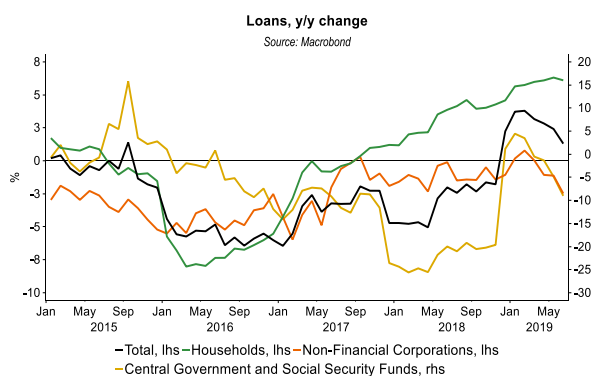
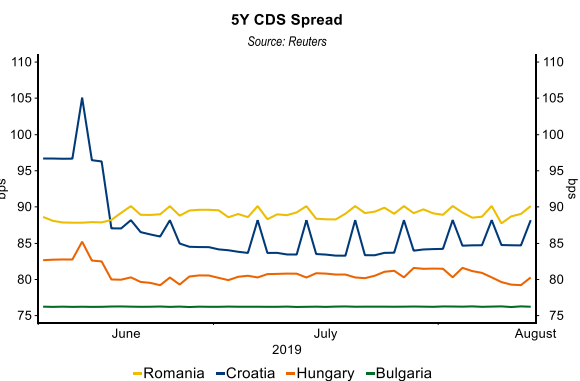
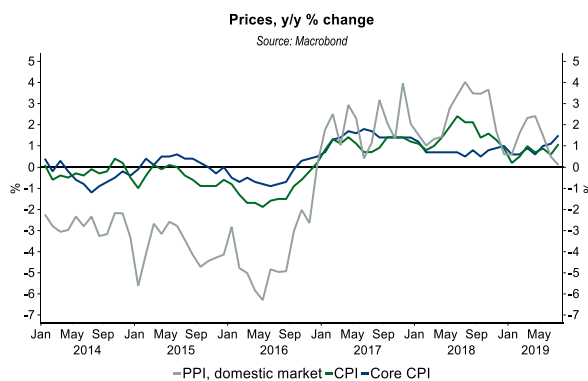
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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