

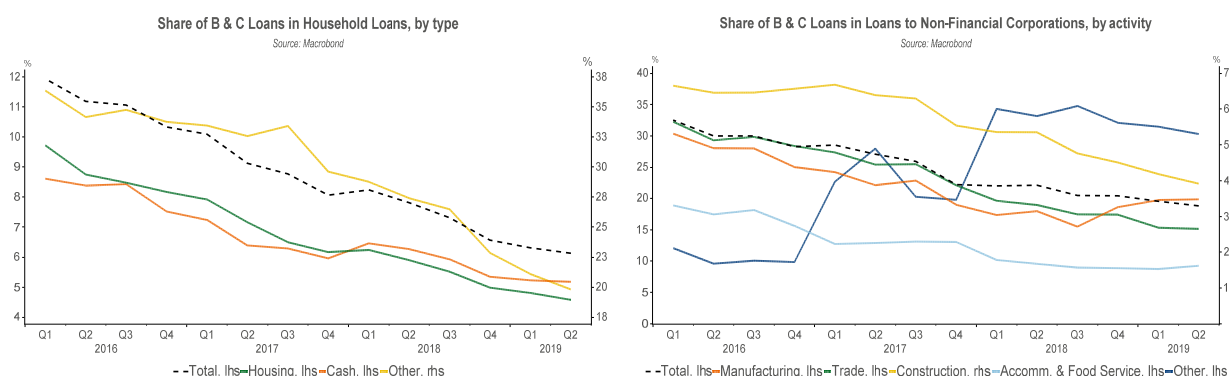
# PBZ Weekly Analysis

## Number 661, September 9, 2019

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## Weekly overview

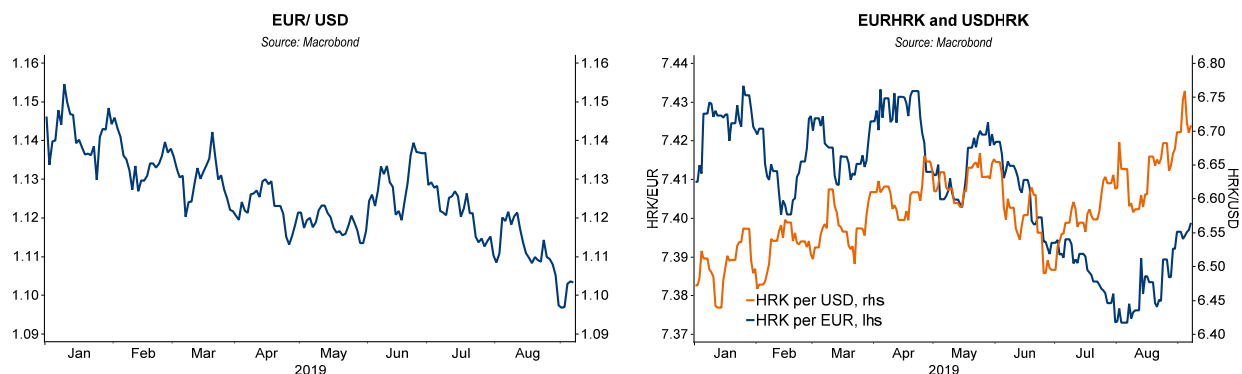
During the second quarter of this year the share of B and C loans in total loans decreased by 0.3 p.p. qoq, at the same pace as in the previous quarter, and by the end of June it reached 9.2%. This favourable tendency was supported by a steady increase in lending and consequent increase of new loans share in the portfolio, economic growth, and a somewhat higher amount of sold receivables compared to the first quarter (0.4 billion kuna, of which 0.3 billion kuna non-financial corporations and 0.1 billion kuna retail). The share of non-performing loans in the loans to non-financial corporations declined by 0.7 p.p. to 18.8% following the improved quality of loans to construction (-2.7 p.p. to 39.2%), real estate activities (-2.6 p.p. to 16.0%) and other activities (-1.2 p.p. to 30.3%), while the quality of loans placed to manufacturing, accommodation and food service activities deteriorated (+0.1 p.p. to 19.9%, or +0.5 p.p. to 9.3%). The share of B and C loans for retail is reduced by 0.2 p.p. to 6.1% due to a lower share of housing loans and other loans (-0.2 p.p. to 4.6%, or -1.3 p.p. to 19.8%). By the end of the year, we expect a further drop of the given share that, despite the growth of new placements and better economic developments compared to previous years, still depends primarily on the intensity of portfolio sales.



## Euro stronger, kuna stable

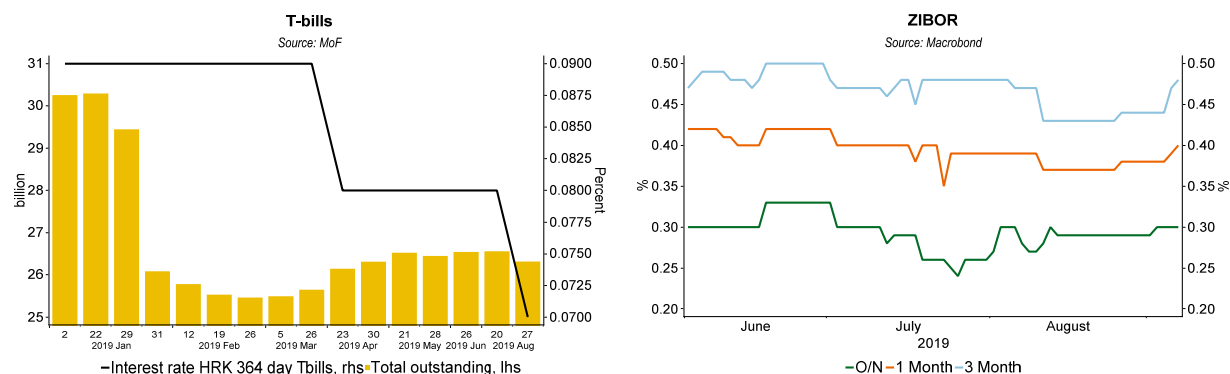
Last week the euro strengthened against the dollar, despite weaker economic indicators of the Eurozone compared to the USA, due to expectations that the ECB will announce new monetary stimulus at this week's meeting, and statements made by Lagarde, future president of the ECB, that the Eurozone's central bank will keep on pursuing a highly accommodative monetary policy for a prolonged period. The euro to dollar exchange rate rose in such an environment and closed the week at 1.10, up by 0.5% wow.

The kuna to euro exchange rate is stubbornly clinging just below 7.4, amounting to 7.3988 at the end of last week, remaining unchanged wow. The kuna against the dollar weakened by a slight 0.1%, while the exchange rate rose to 6.7085 to the dollar.



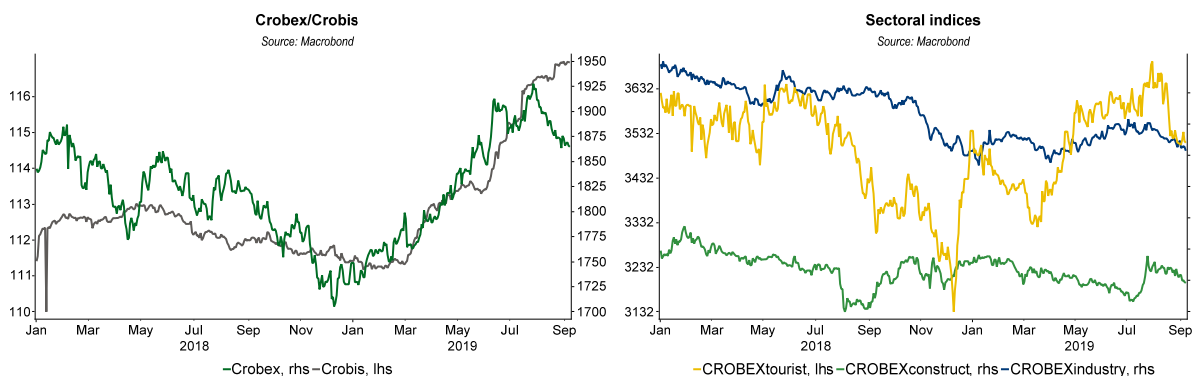
## Calm week in the money market

Excess liquidity decreased to 30 billion kuna, there was no interest shown at the CNB's repo auction, and the ZMM turnover amounted to a meagre 2 million kuna. Interest rates made little progress, while the overnight Zibor at the end of the week amounted to 0.30%, 1M 0.40%, and 3M 0.48%.



## Crobex down wow

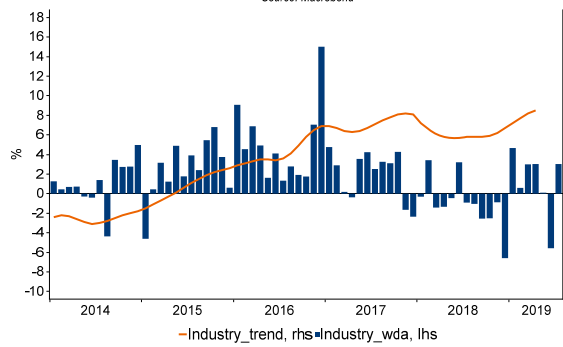
The Crobex Index closed on Friday at 1,864.80 points, which is a decrease of 0.5% wow, while Crobis simultaneously stagnated (at 116.53 points). As regards sector indices, CROBEXtourist advanced by 0.1% wow (to 3,511.55 points), while CROBEXindustry (854.49 points) and CROBEXconstruct (431.76 points) registered a decrease of 3.6% and 5.6% wow, respectively. Last week, the total ZSE turnover amounted to 214.2 million kuna or 17.6% up wow, due to 30.3% higher turnover in bonds (reaching 179.7 million kuna), while the turnover in shares dropped by 22.1% (to 34.5 million kuna).



# Statistics

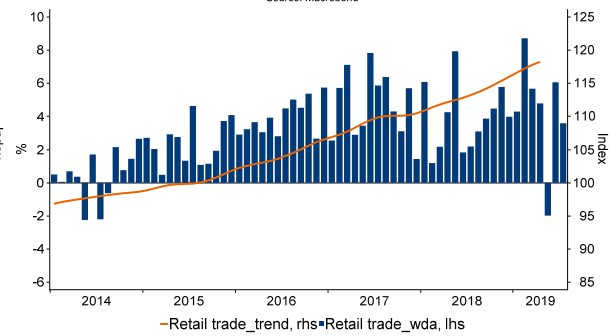
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



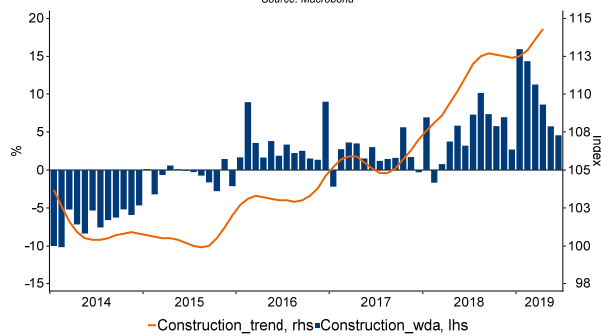
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



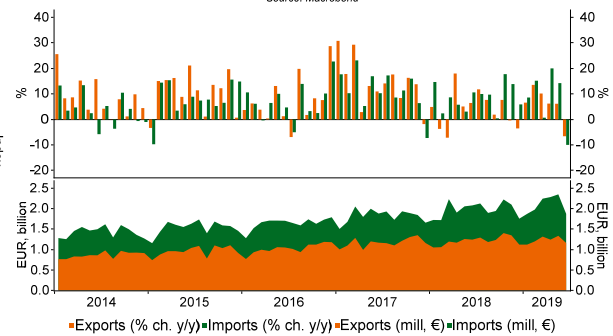
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



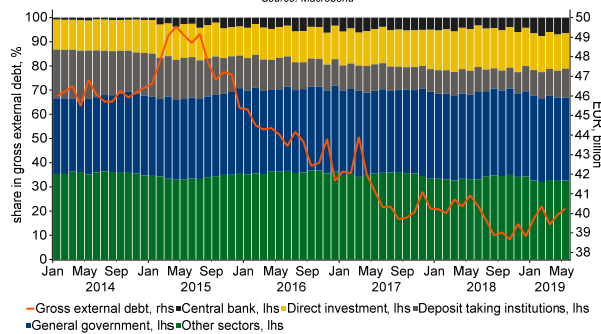
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



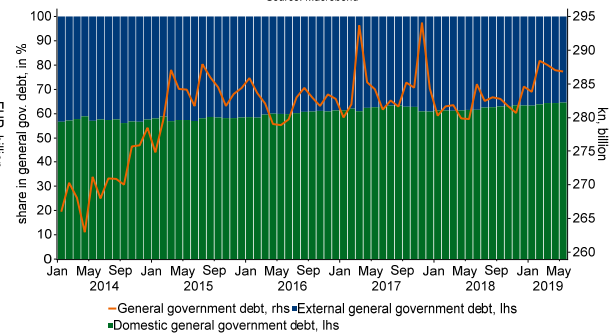
Gross external debt

Source: Macrobond



General government debt

Source: Macrobond



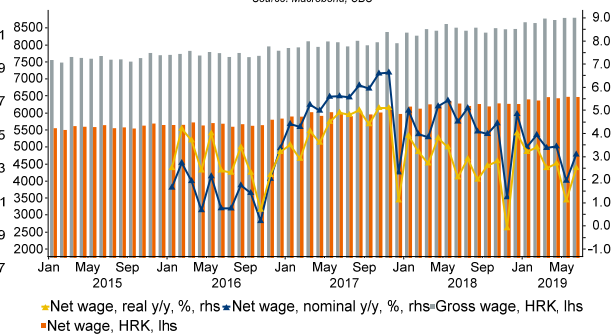
Total number of unemployed and unemployment rate

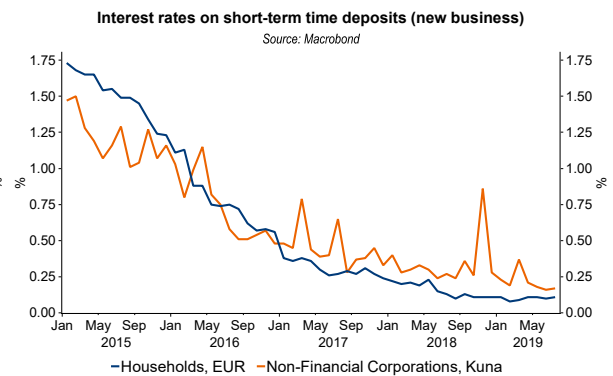
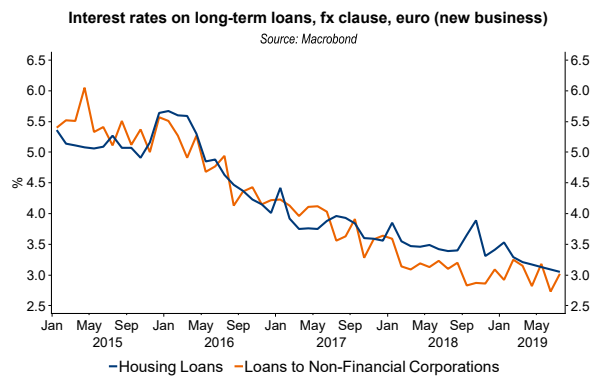
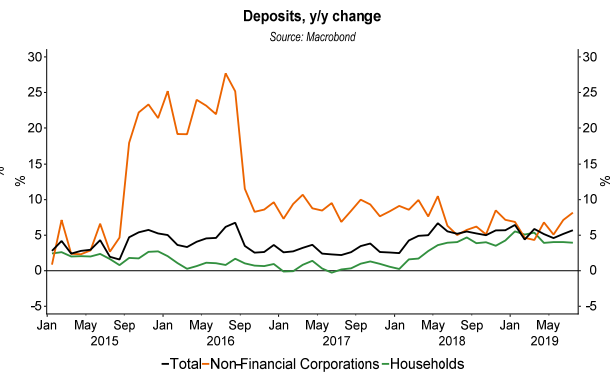
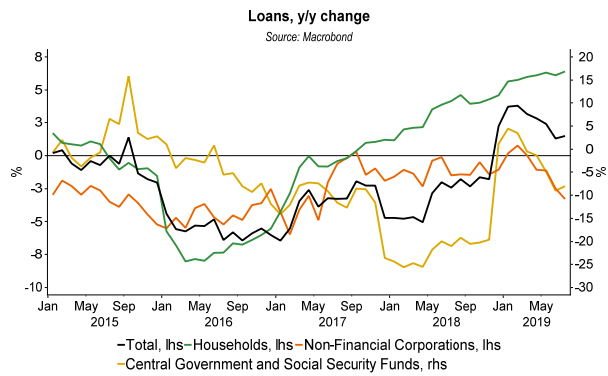
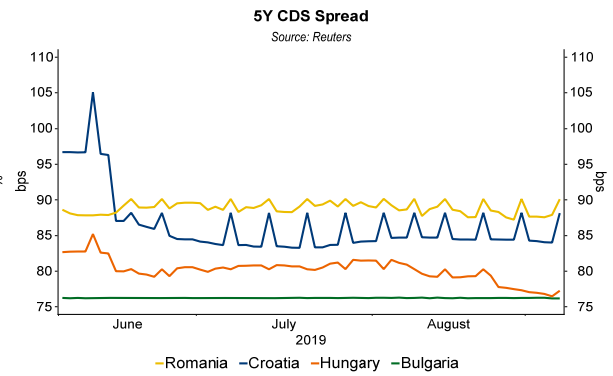
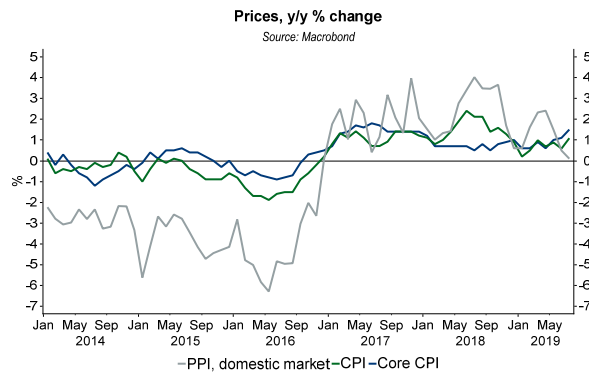
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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#### **TREASURY**

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