

PBZ Weekly Analysis

Number 662, September 16, 2019

- Weekly overview (p. 1)
- ECB introduces a package of measures (p. 1)
- Interest rates stay the same (p. 2)
- Crobex recovers (p. 2)
- Statistics (pp. 3-4)

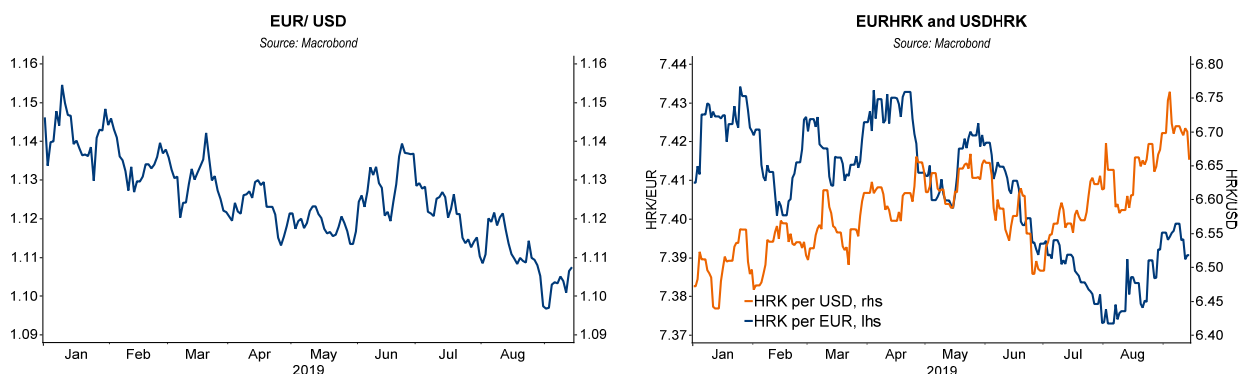
Weekly overview

Total exports of goods in June reached HRK 8.6 billion, which is a yoy decrease of 6.1%, whereas simultaneous total imports of goods reached HRK 13.9 billion, which is a drop of 9.5% versus June 2018, due to which the foreign trade deficit declined by 14.6% yoy (to HRK 5.3 billion) and the coverage rate rose to 62.0% (59.7% in June 2018). In the first half of this year, total exports of goods thus hit HRK 54.7 billion, recording an increase of 5.5% yoy, where the largest growth (in absolute terms, according to the National Classification of Activities) was recorded in Manufacture of motor vehicles, trailers and semi-trailers (of HRK 675 million), Manufacture of electrical equipment (of HRK 515 million) and Manufacture of basic metals (of HRK 418 million). Thereby, the largest absolute reduction was recorded in Manufacture of coke and refined petroleum products (of HRK 578 million), owing to a decrease in the production in this activity of 57.6% yoy, but also, due to lower prices of crude oil (-7.1%). Over the first six months of 2019, imports reached HRK 93.4 billion, up by 7.4% yoy, due to which the foreign trade deficit rose by 10.1% versus the same period last year (to a total of HRK 38.7 billion), while the coverage of imports by exports amounted to 58.5% (1H19: 59.5%). Total exports to EU Member States (67.8% share in total exports of goods) over the first six months of 2019 advanced by 4.3% yoy, whereas imports from the EU Member States (81.5% share in total imports of goods) rose by 10.8%. The preliminary data for July reveals a faster growth of exports (+22.7%) compared to imports (+4.4%) yoy, which resulted in a 23.9% decline in the foreign trade deficit, while the coverage rate climbed to 71.4% (60.8% in July 2018).

ECB introduces a package of measures

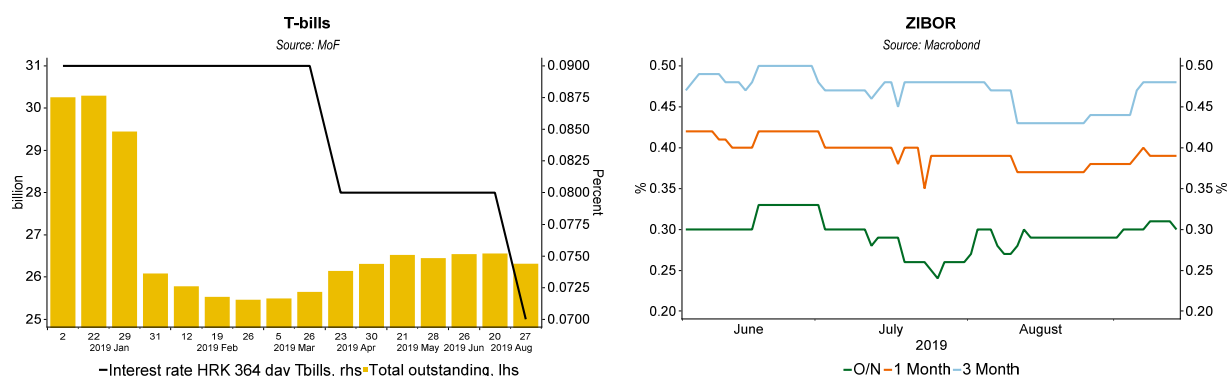
In line with expectations, ECB unveiled a new monetary stimulus package at the last meeting. Thus, ECB cut the deposit rate from -0.4 to -0.5%, changed the forward guidelines, emphasising that the interest rates will remain at their present or lower levels until we have seen a pick-up in inflation anchored or stabilised close to the target level. In addition, the asset purchase programme (APP) restarts as of November, at a monthly pace of 20 billion euro. Amid this environment, the euro strengthened against the dollar by 0.4% wow, while trading closed at 1.11 dollar to the euro.

The kuna to euro exchange rate mildly fluctuated, amounting to 7.3907 at the end of last week, down by 0.1% wow. The kuna simultaneously strengthened by 0.7% against the dollar, to 6.6589 kuna to the dollar. This week, we expect a continuation of the stable period and the trading range of 7.39-7.41 kuna to the euro.



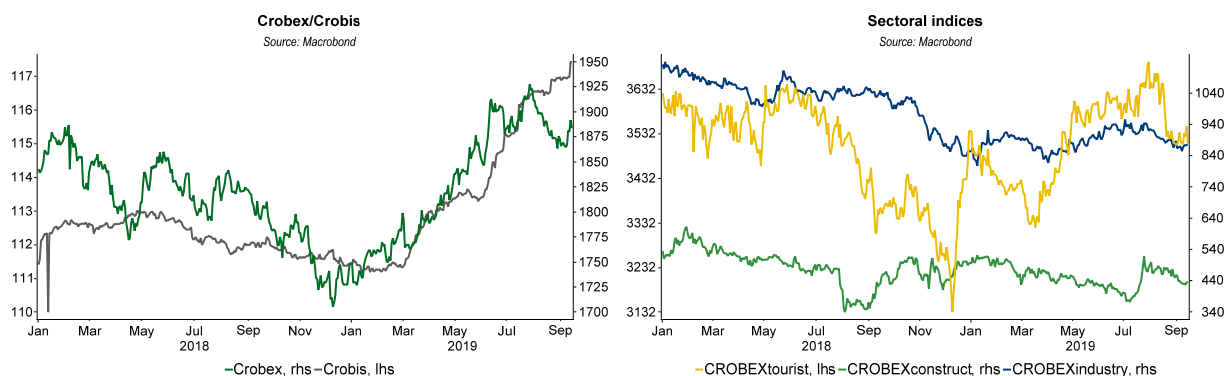
Interest rates stay the same

No major developments were recorded at the money market last week, therefore the overnight Zibor amounted to 0.30%, 1M to 0.39% and 3M to 0.48% on Friday. Excess liquidity was back to 30 billion kuna and there was no turnover at the repo auction of CNB or ZMM.



Crobex recovers

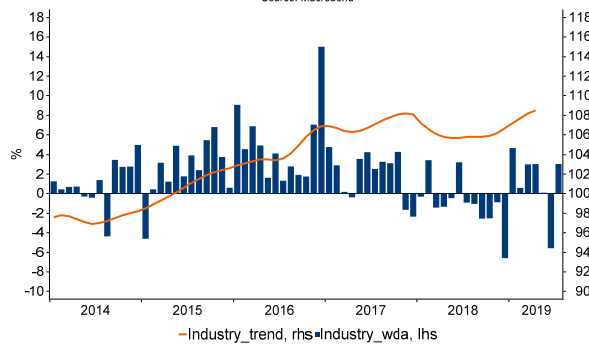
Crobex closed last week at 1,883.68 points, up by 1.0% wow, while Crobis rose by 0.4% to 116.99 points. As regards sector indices, CROBEXtourist remained steady, closing on Friday at 3,510.62 points, whereas CROBEXindustry and CROBEXconstruct surged by 2.5 and 1.1% wow, to 875.82 and 436.61 points, respectively. The total ZSE turnover reached 362.1 million kuna last week, up by 69.1% wow, due to a 64.9% higher turnover in bonds (296.2 million kuna) and a 91.0% higher turnover in shares (65.9 million kuna).



Statistics

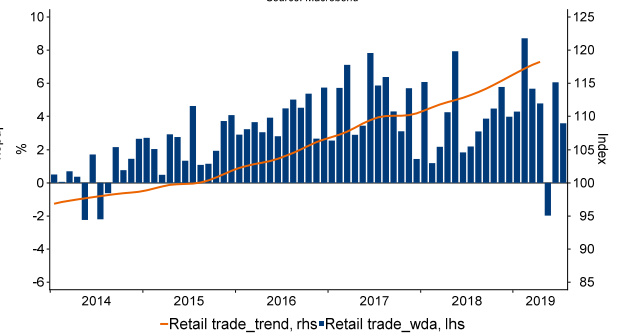
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



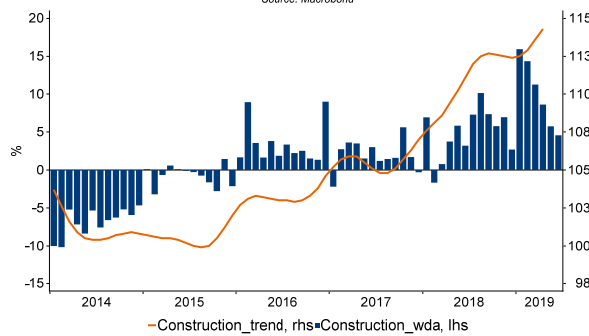
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



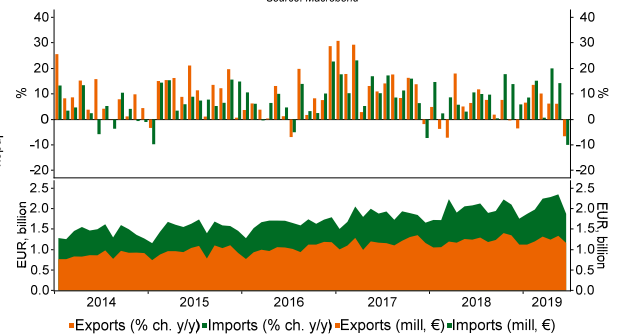
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



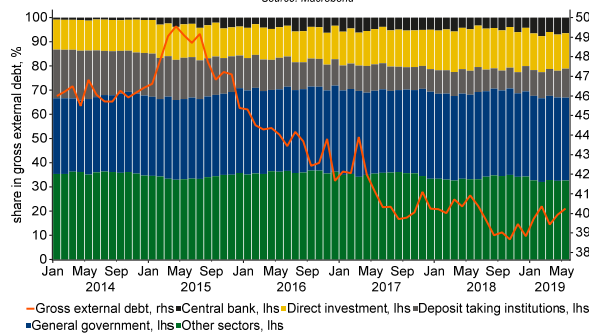
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



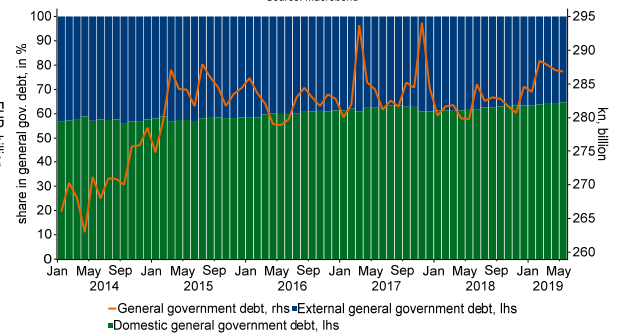
Gross external debt

Source: Macrobond



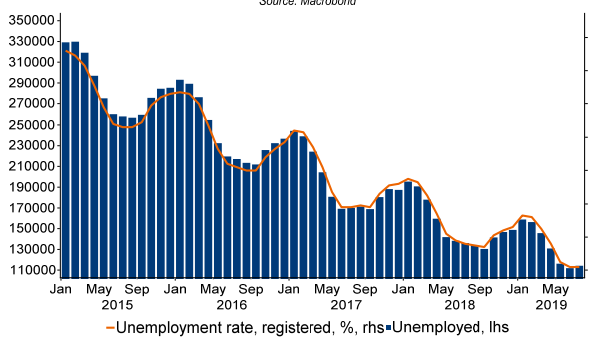
General government debt

Source: Macrobond



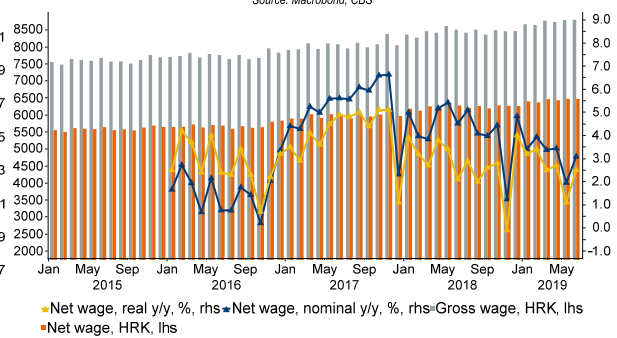
Total number of unemployed and unemployment rate

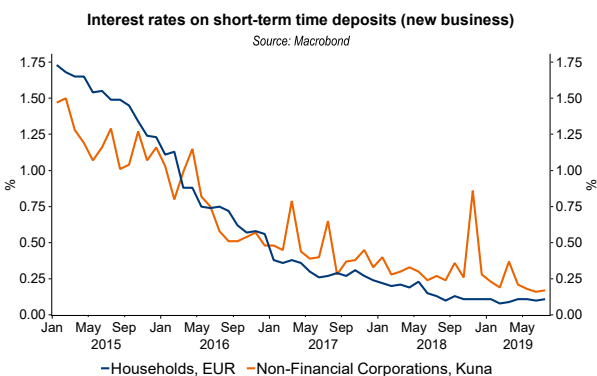
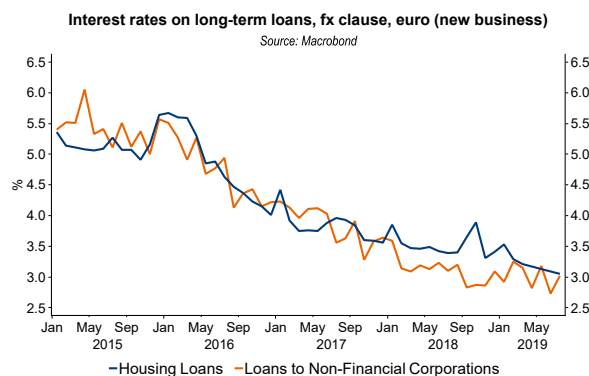
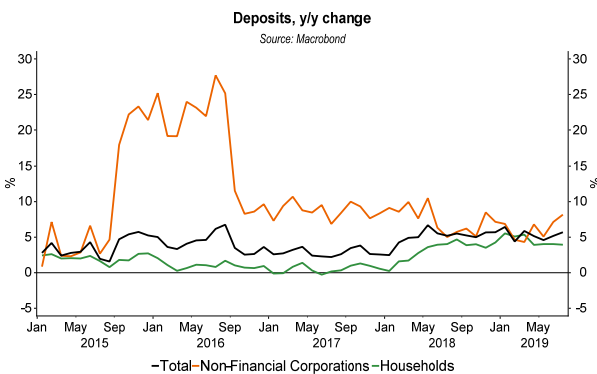
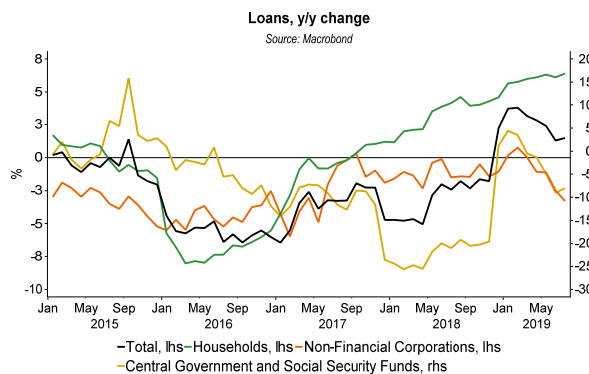
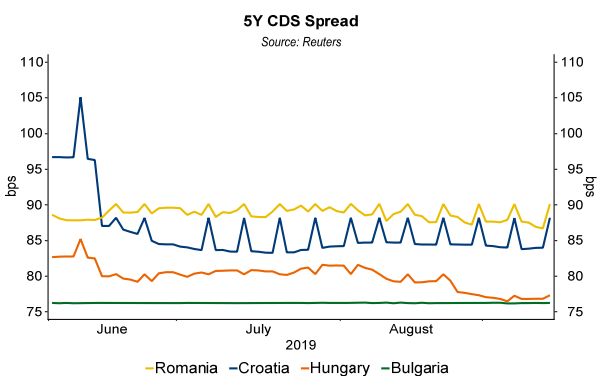
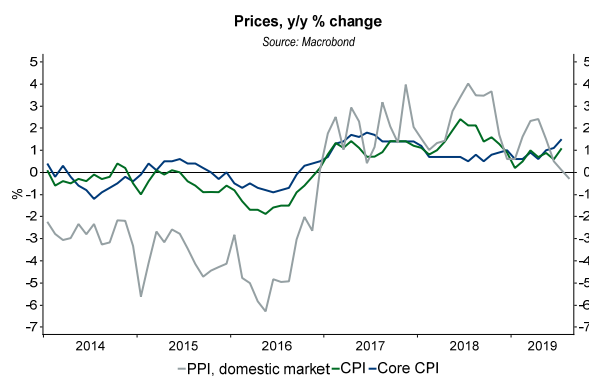
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





RESEARCH OFFICE

Ivana Jović

Ana Lokin

Ivan Odrčić

TREASURY

Eugen Bulat

LEGAL DISCLAIMER

This publication is issued by PRIVREDNA BANKA ZAGREB-DIONIČKO DRUŠTVO, Zagreb, Radnička 50 (hereinafter: PBZ) and aimed at clients of the PBZ Group. This publication is intended for information purposes only and may not in any way be considered an offer or invitation to purchase any property or rights mentioned in it. The informative nature of this publication means that it may not serve as a substitute for the personal judgment and assessment of any reader or anyone who receives this publication. The information, opinions, analyses, conclusions, forecasts and projections given here are founded on publicly available data whose accuracy PBZ relies on, but cannot guarantee. Accordingly, all the opinions, attitudes, conclusions, forecasts and projections given in this publication are subject to changes, which depend on changes to the data as published by the source used. PBZ allows further utilization of the data given in this publication on the condition that the publication is indicated as the source. All the property mentioned in this publication and whose movement is the subject of comment may from time to time be the subject of trade or positions taken by PBZ.