

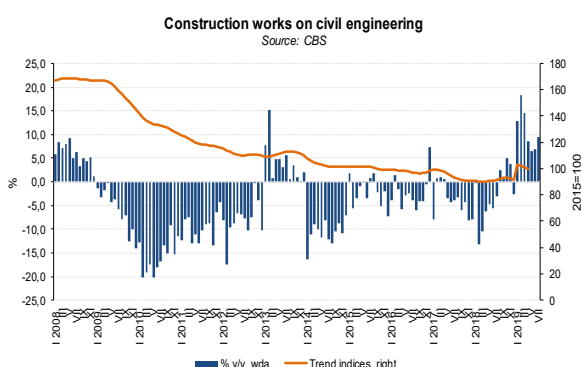
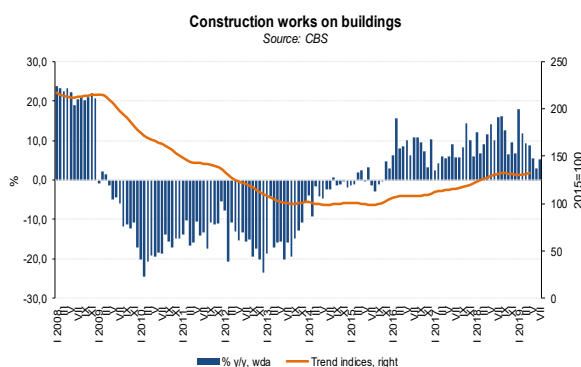
PBZ Weekly Analysis

Number 664, September 30, 2019

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Weekly overview

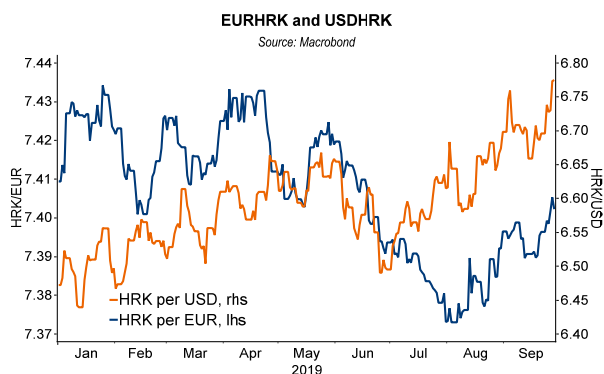
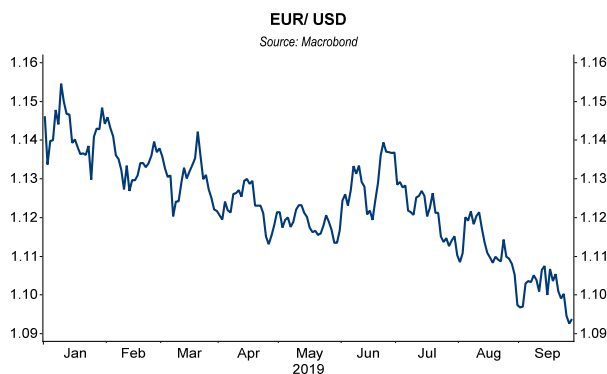
The total volume of construction works in July, according to wda data, rose by 6.9% yoy, indicating the accelerated growth versus the previous month (+4.6% yoy), due to an increase in the activities on buildings (+5.2% versus +3.0% in June), but also the civil engineering works (+9.4% versus +7.0% in June). Over the first seven months this year, the total volume of construction works advanced by 9.4% compared with the same period last year, where an increase of 8.5% in the activities on buildings was recorded, supported by investments in the construction of residential buildings and tourist accommodation establishments, while the increase in civil engineering works of 10.7% is a result of expanded investments in the infrastructure supported by stronger use of EU funds. The similar trend should continue in the upcoming period, as shown by the yoy growth in the number of building permits issued over the first seven months (+12.2%) and the growth in the value of works covered by these permits (+40.7%).



Dollar strengthens further, kuna stable

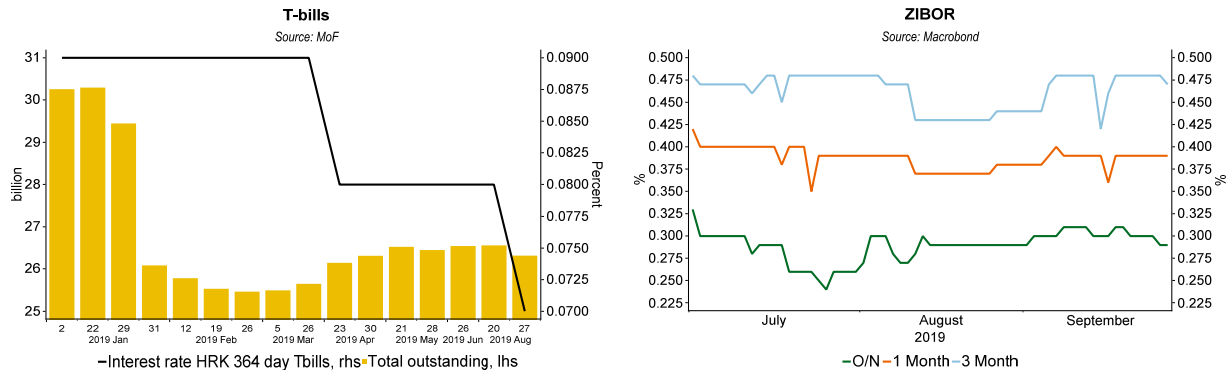
The dollar continued to strengthen against the euro, therefore trading closed at 1.09 dollar to the euro on Friday, down by 0.6% wow.

Last week was calm at the domestic FX market, with small volumes and trading in the tight range 7.40-7.41. The mid-exchange rate closed the week at 7.4023 kuna to the euro, up by 0.1% wow. At the same time, the kuna dramatically weakened by 1.2% against the dollar and the exchange rate rose to 6.7749 kuna to the dollar. This week, we anticipate trading in the range from 7.39 to 7.43 kuna to the euro.



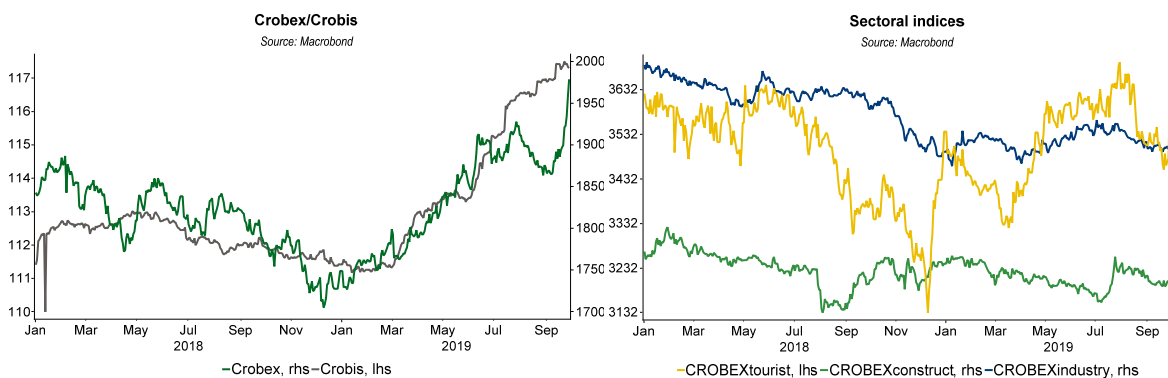
Interest rates stagnate

Last week, excess liquidity fell to 33 billion kuna, while interest rates continued to stagnate, hence the O/N Zibor amounted to 0.29%, 1M 0.39% and 3M 0.47% at the end of the week. There were no facilities recorded at the CNB's repo auction or on ZMM.



Crobex again in positive territory

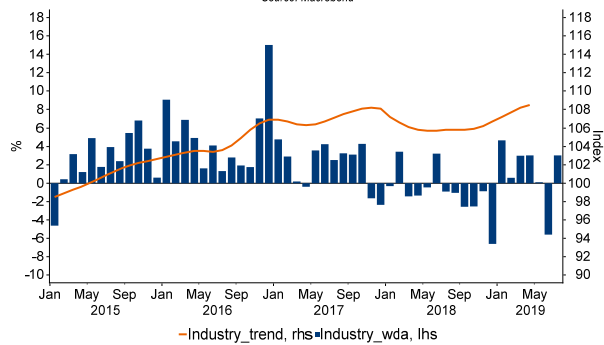
The Crobex Index closed last Friday at 1,978.73 points, i.e. up by 4.2% wow, while Crobis simultaneously decreased by 0.1% (to 116.87 points). Sectors indices ended in positive territory, accordingly CROBEXtourist climbed by 3.7% versus the week before (to 3,580.97 points), CROBEXindustry rose by 0.6% (to 868.18 points) and CROBEXconstruct by 1.6% (to 449.16 points). The total ZSE turnover reached 681.1 million kuna last week, which is up by 70.7% wow, due to a 2.3 times higher turnover in bonds (reaching 423.6 million kuna) and a 20.0% higher turnover in shares (of 257.5 million kuna).



Statistics

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

Source: Macrobond



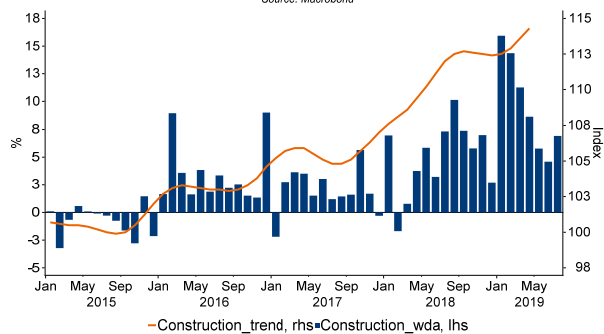
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



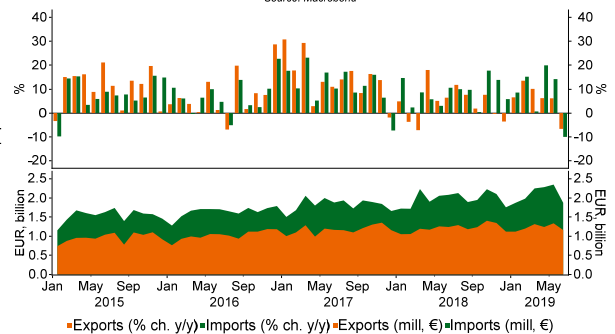
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



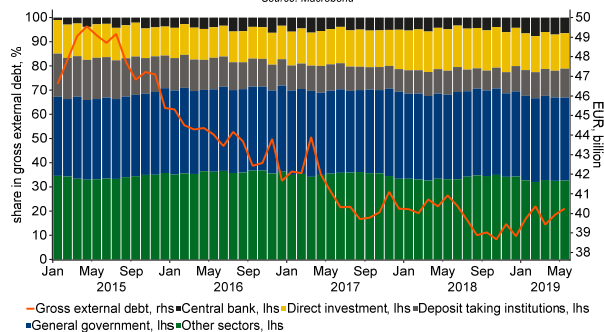
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



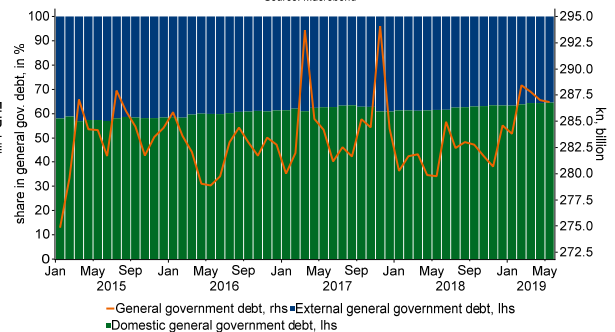
Gross external debt

Source: Macrobond



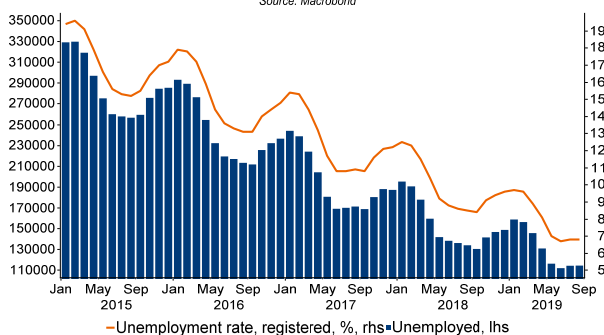
General government debt

Source: Macrobond



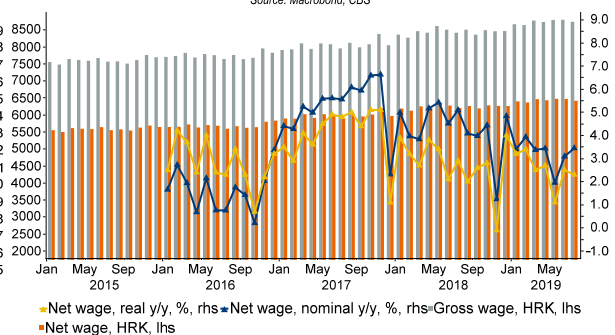
Total number of unemployed and unemployment rate

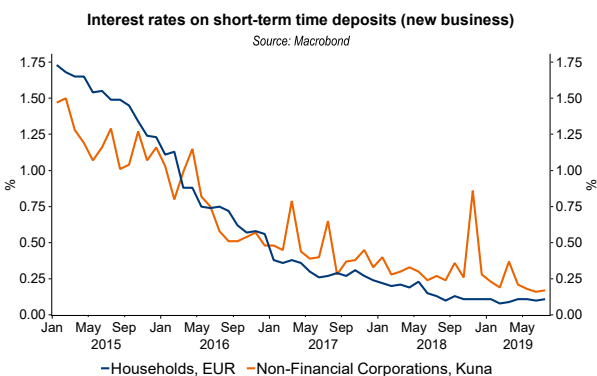
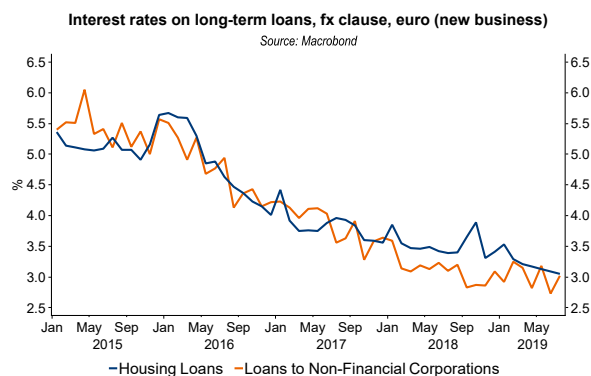
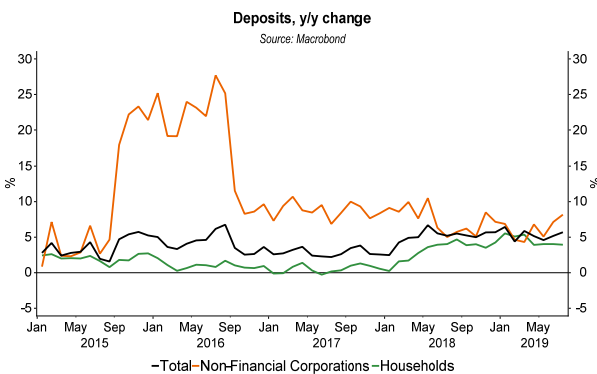
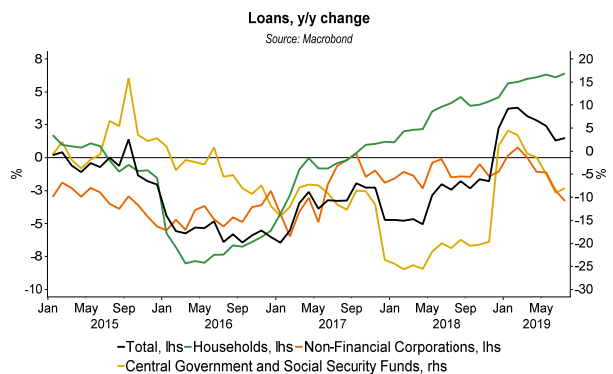
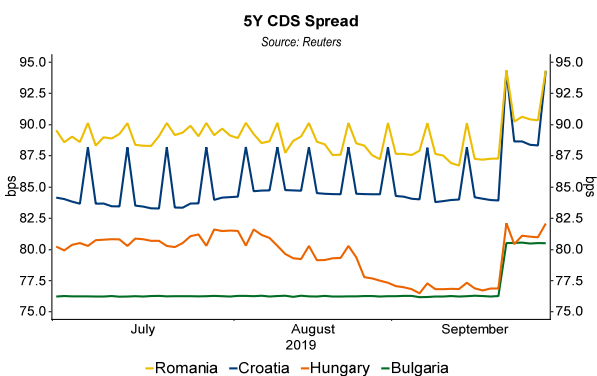
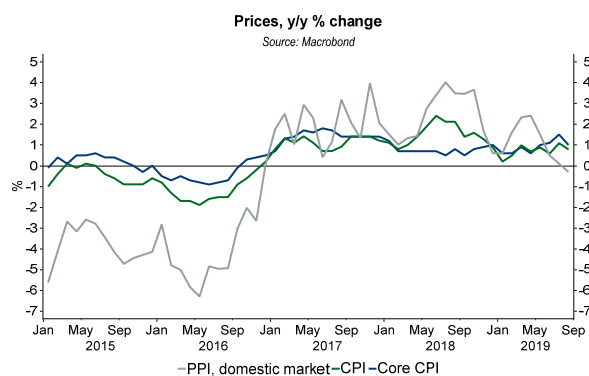
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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