

# PBZ Weekly Analysis

## Number 668, November 04, 2019

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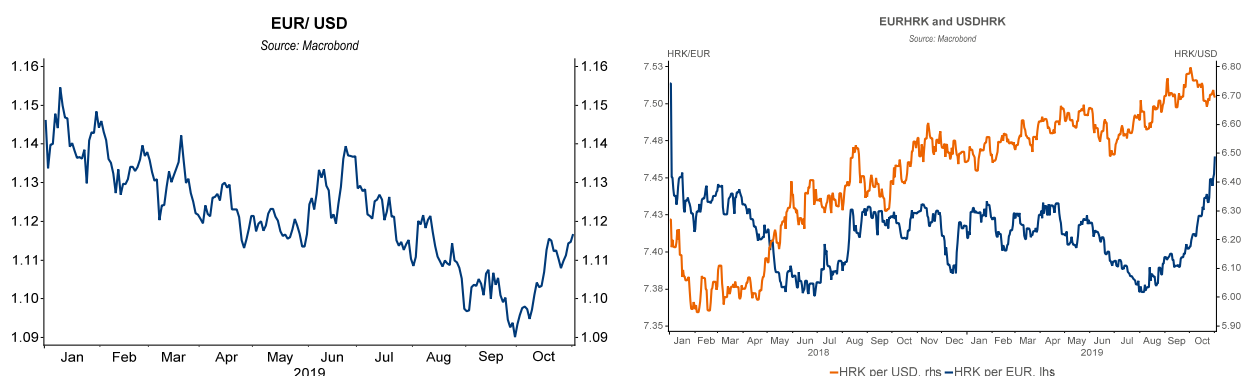
## Weekly overview

Total loan growth in September dropped to 1.5% yoy, where a decline in loans to the central government and the social security funds slowed significantly (-3.6%, versus -8.4% in August) and a substantially weaker growth of loans to the private sector of 1.8% was recorded, due to a mildly lower growth in loans to households of 6.1% (housing loans accelerated to +4.4%, cash loans recorded a slightly slower 11.4% increase) and a sharp drop of loans to non-financial corporations (-4.6%). The latter is a consequence of sales but also deleveraging, as transaction data reveal a stronger decline of placements (-0.9% mom and -3.0% yoy, in cumulative terms). The increase in loans to households remained simultaneously at the level recorded the previous month (+7.0% yoy, in cumulative terms), where the strongest increase in housing and cash loans was followed by lower growth rates of other loans. Total deposit growth moderately slowed down in September, to 5.4% yoy, owing to a minor increase in the private sector deposits of 4.3%. The increase in household deposits remained at 3.7%, whereas non-financial corporations slowed down to 6.1%, as a result of a weaker growth in deposits on transaction accounts (+9.9%).

## Dollar weakens after Fed decision

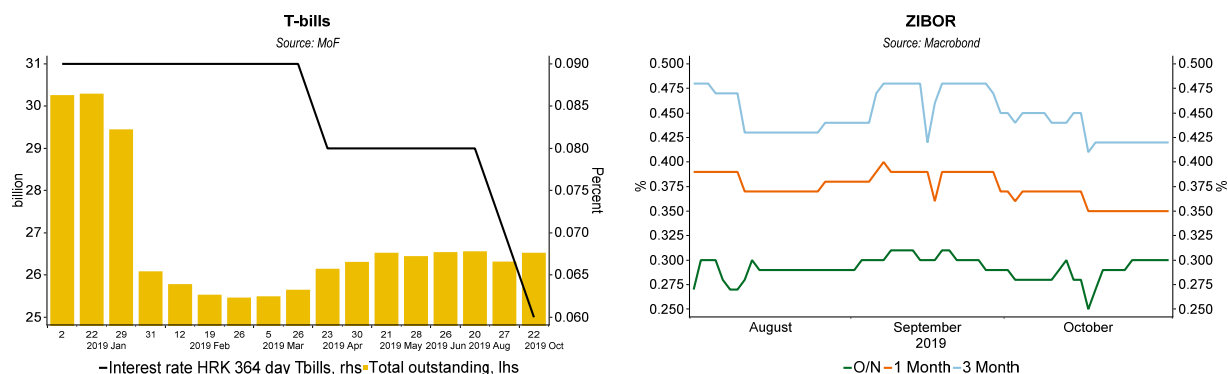
The dollar weakened last week, following the Fed's highly anticipated decision to cut the target key interest rate by 25 b.p. to a range of 1.50-1.75%. Trading on Friday closed above 1.12 dollar to the euro, up by 0.8% wow.

The kuna continued to weaken against the euro, therefore the mid-exchange rate reached 7.4645 kuna to the euro at the end of the week, which is up by 0.2% wow, while the kuna against the dollar strengthened by 0.2% to 6.6928 kuna to the dollar. This week, we anticipate a trading range similar to the last week's, from 7.44 to 7.47.



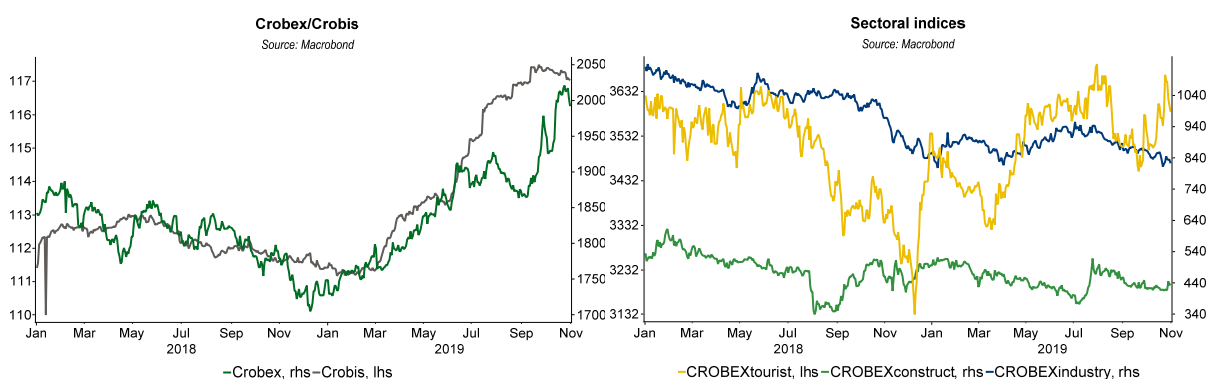
## Money market experiences calm week

The calm period in the money market continued, with unchanged interest rates (O/N Zibor 0.30%, 1M 0.35%, 3M 0.42%) and excess liquidity at 35 billion kuna, with no demand at the CNB's repo auction and a meagre ZMM turnover of 2 million kuna.



## Crobex down wow

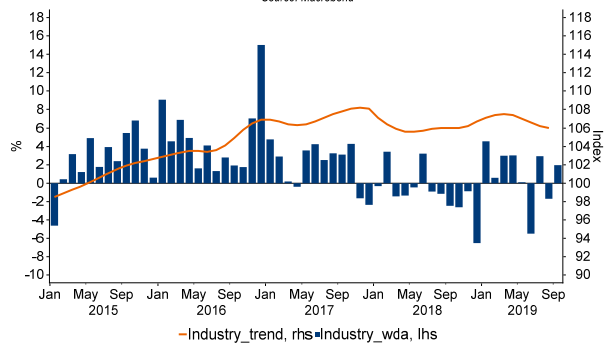
The Crobex Index closed last week at 1,991.98 points, which is down by 1.0% wow, whereas Crobis simultaneously declined by 0.2% (to 116.60 points). As regards sector indices, CROBEXconstruct rose by 5.0% wow (to 437.99 points), while CROBEXindustry and CROBEXtourist dropped by 2.6% and 1.9%, respectively (to 822.75 and 3,587.08 points). The total ZSE turnover over the last four trading days reached 166.9 million kuna, which is down by 37.5% versus the week before, due to a 45.9% lower turnover in bonds (to 123.1 million kuna), while the turnover in shares simultaneously advanced by 10.9% (to 43.7 million kuna).



# Statistics

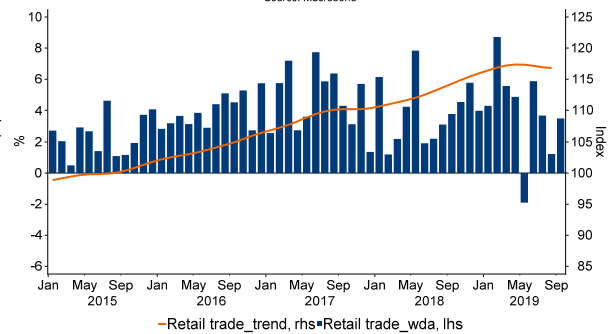
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



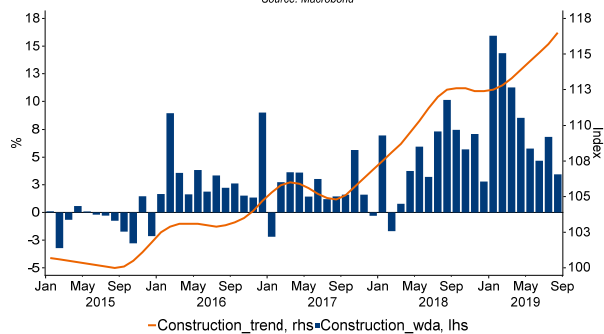
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



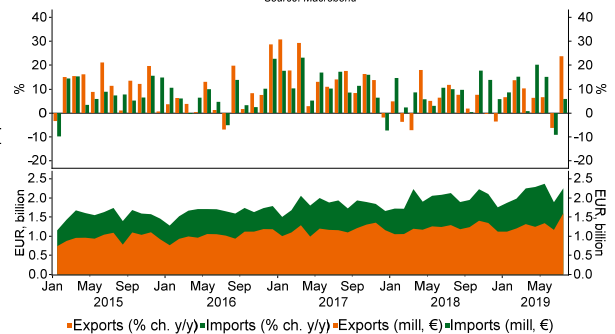
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



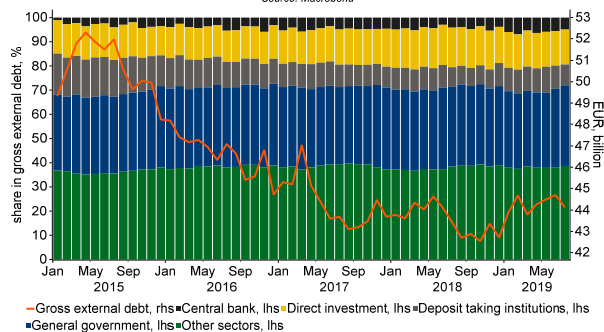
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



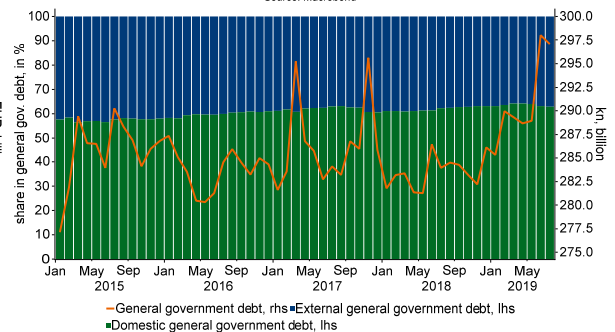
Gross external debt

Source: Macrobond



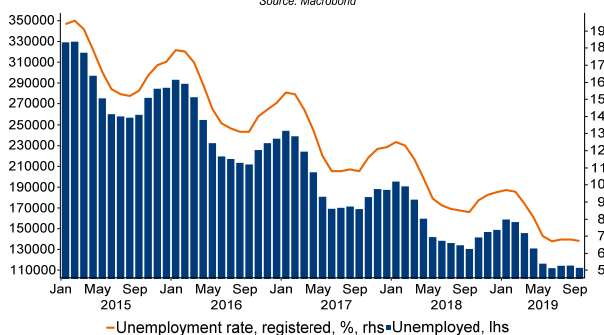
General government debt

Source: Macrobond



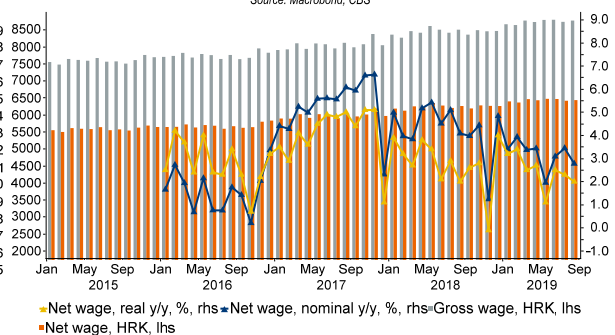
Total number of unemployed and unemployment rate

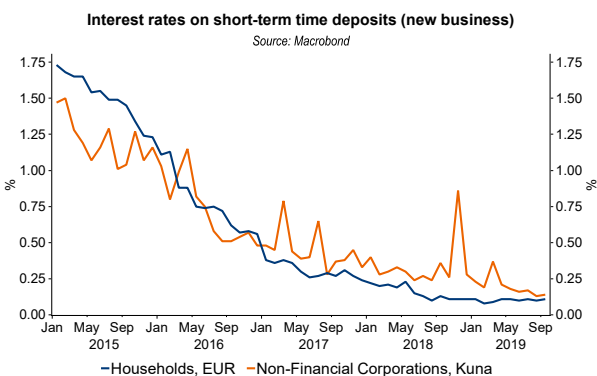
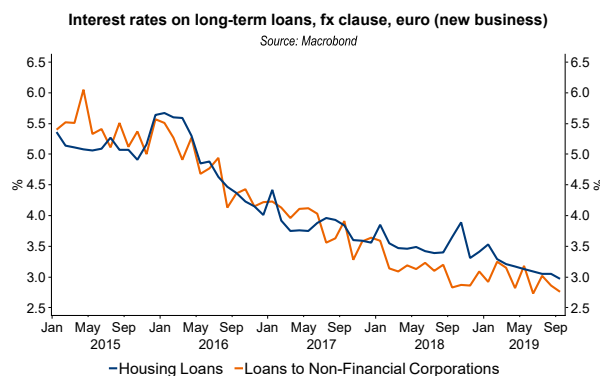
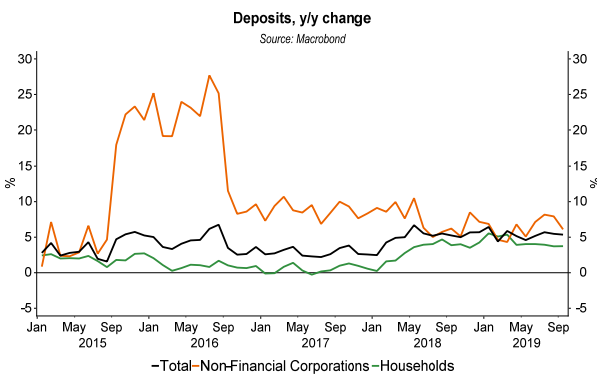
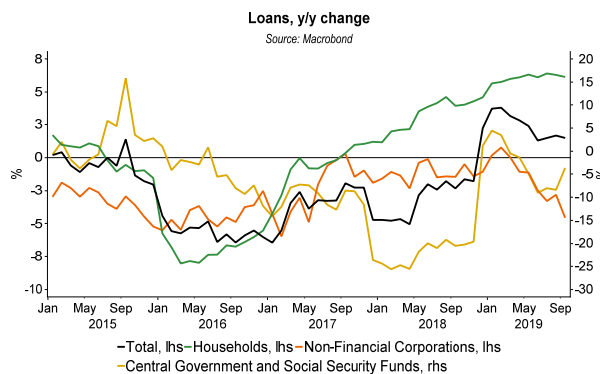
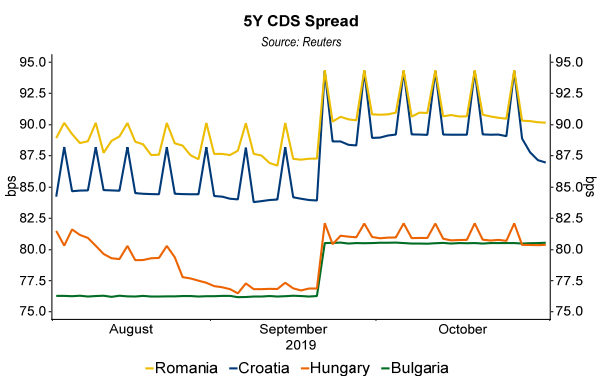
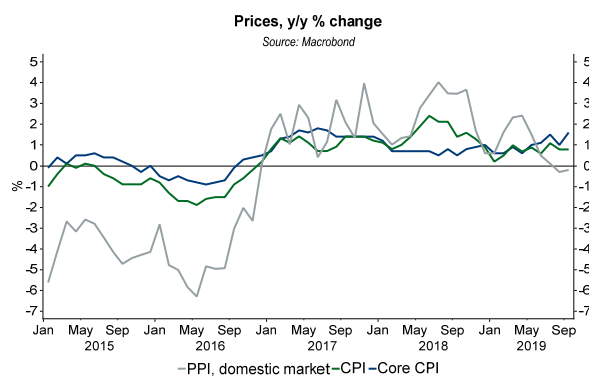
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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