

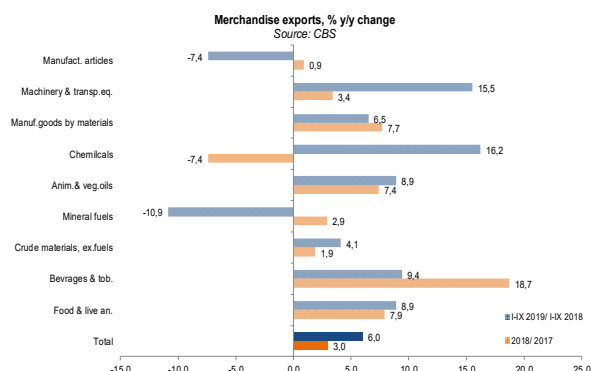
PBZ Weekly Analysis

Number 674, December 16, 2019

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Weekly overview

Total exports of goods reached HRK 9.6 billion in September, which is a yoy increase of 5.3%, whereas, simultaneously, total imports of goods amounted to HRK 14.9 billion, or up by 3.2% compared to September 2018, due to which the foreign trade deficit decreased by 0.3% yoy (to HRK 5.3 billion), while the coverage rate declined to 64.7% (from 63.5% in September 2018). Over the first three quarters of this year, total exports

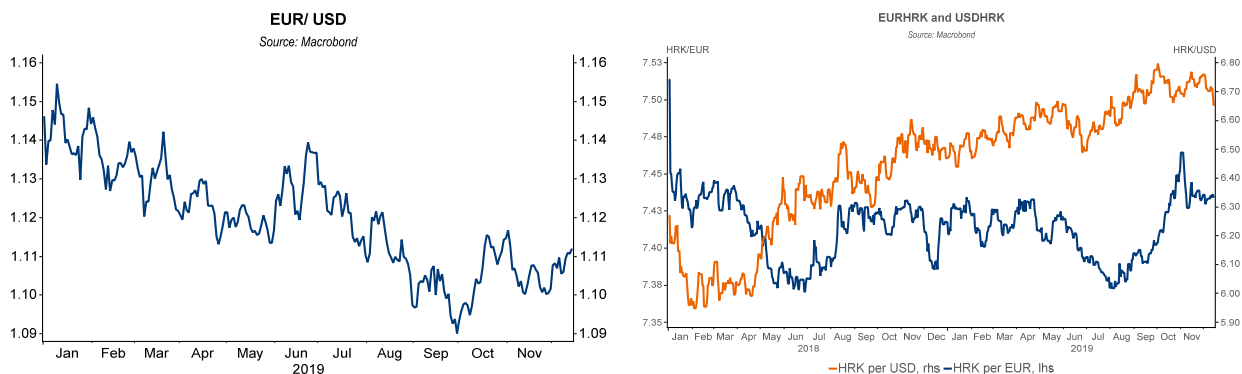


of goods hit HRK 84.0 billion, i.e. rose by 6.0% yoy (+4.3% during the same period last year), where the largest (the most significant in terms of share) growth was recorded in Manufacture of motor vehicles, trailers and semi-trailers (+HRK 1.02 billion or +29.1%), then in Manufacture of other transport equipment (+HRK 1.01 billion, or +40.2%), and Manufacture of basic pharmaceutical products and pharmaceutical preparations (+HRK 0.94 billion, or +18.8%). At the same time, the largest reduction in exports was recorded in Manufacture of coke and refined petroleum products and Other manufacturing (each by -HRK 0.7 billion). Total imports of goods over the first nine months this year reached HRK 139.5 billion, showing an increase of 6.4% yoy (+6.8% from January to September 2018), due to which the foreign trade deficit advanced by 7.0% yoy (to HRK 55.5 billion), while the coverage of imports by exports amounted to 60.2% (I-IX 2018: 60.4%). Total exports to the EU Member States (67.7% share in total exports of goods) over the first nine months of this year rose by 4.6% yoy (Imports from EU: +9.9%), whereas the exports to the CEFTA countries (18.0% share in total exports of goods) climbed by 13.8% (Imports: -2.8%). The preliminary data for October indicates a decline in exports of 2.9% yoy and in imports of 3.7% yoy (over the first nine months of 2019, the exports grew +5.0% and imports +5.3%), owing to which the coverage rate increased by 0.5 percentage points (to 63.5%), while the foreign trade deficit decreased by 5.1%.

Dollar weaker, kuna unchanged

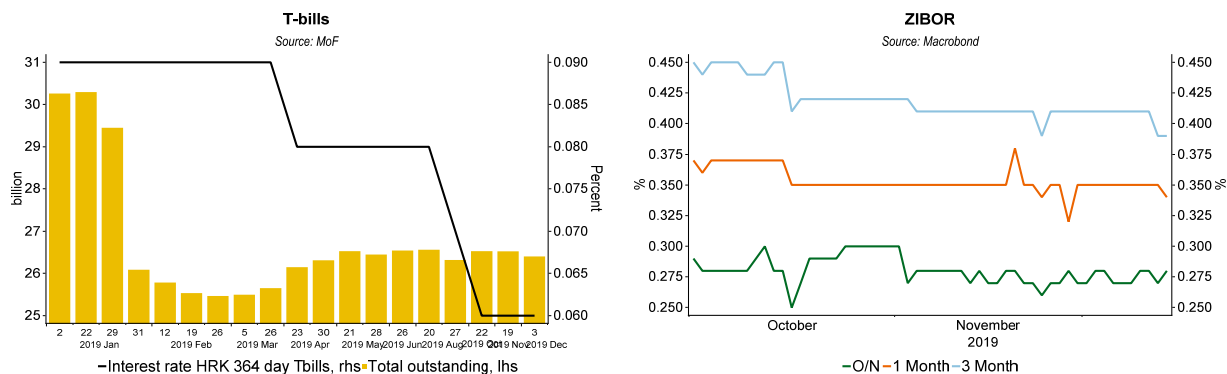
At the Fed's last week's meeting the interest rates remained unchanged. However, what changed were the expectations, thus, a change in the interest rates is no longer predicted for 2020. The ECB's meeting neither did lead to an adoption of any new decision in the area of monetary policy, and the rate on monetary deposits was upheld at -0.5%. Trading in currencies EUR/USD in such an environment closed at 1.11 dollar to the euro at the end of the week, up by 0.6% wow.

The HRK/EUR exchange rate continues to stagnate, and on Friday it amounted to 7.4340 kuna to the euro, recording no wow changes. The kuna strengthened against the dollar by 0.8% wow, to 6.6505 kuna to the dollar. In this week we expect the kuna to remain stable.



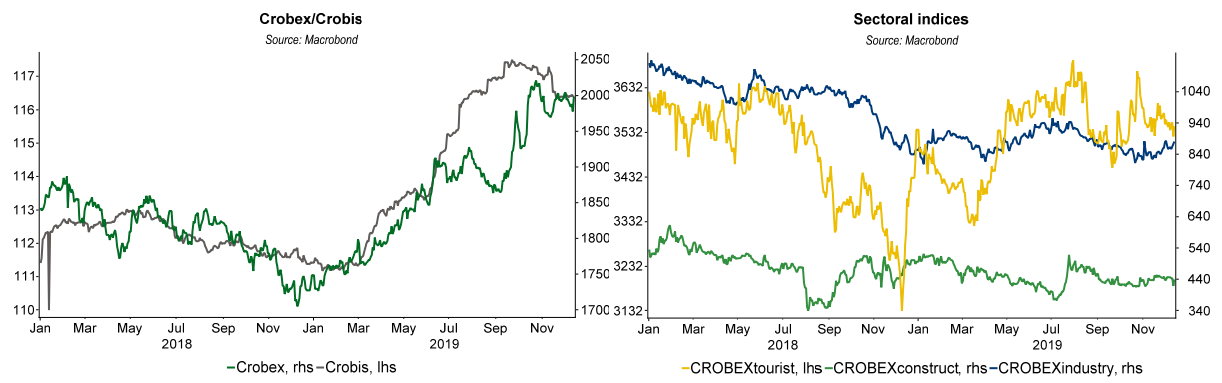
Inactivity on the money market

The period of low demand is to be continued on the money market, and the interest rates have registered minor fluctuations in this week, when the excess liquidity rose to 33 billion kuna. There was no activity at the CNB's repo auction or on ZMM. At the end of the week O/N Zibor amounted to 0.28%, 1M at 0.34%, and 3M at 0.39%.



Crobex up wow

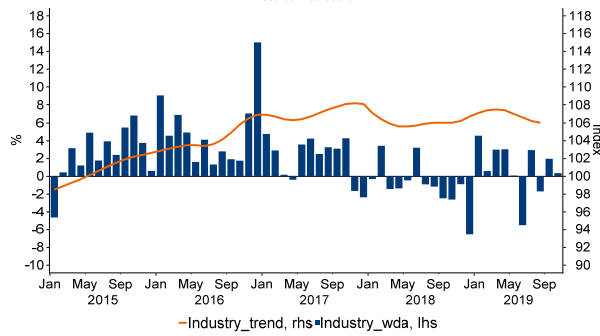
The Crobex Index closed last Friday at 1,998.24 points, which is an increase of 0.3% wow, whereas Crobis simultaneously stagnated (at 115.95 points). As regards sector indices, CROBEXindustry advanced by 2.4% wow (to 880.55 points), while CROBEXtourist and CROBEXconstruct declined by 0.3% and 1.6% (to 3,546.02 and 439.28 points). The total ZSE turnover last week reached 207.9 million kuna, i.e. down by 35.8% wow, due to a 48.1% reduction in the turnover in bonds (that reached 152.1 million kuna), whereas the turnover in shares grew at the same time by 84.3% (to 55.8 million kuna).



Statistics

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

Source: Macrobond



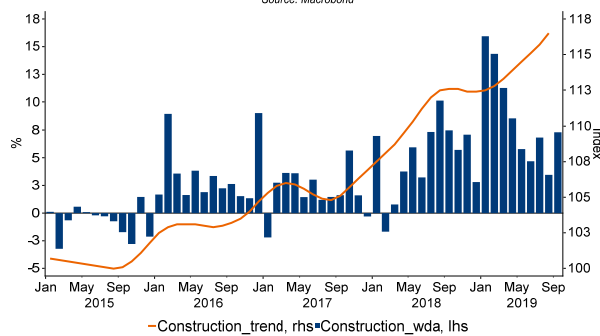
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



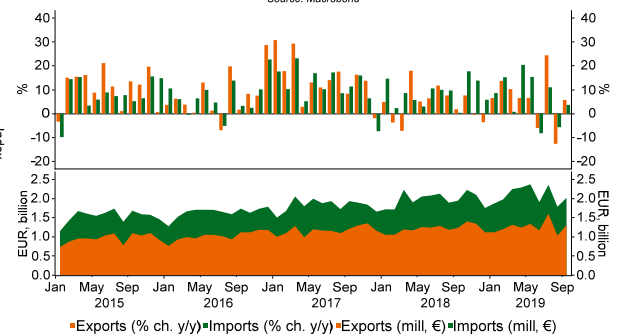
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



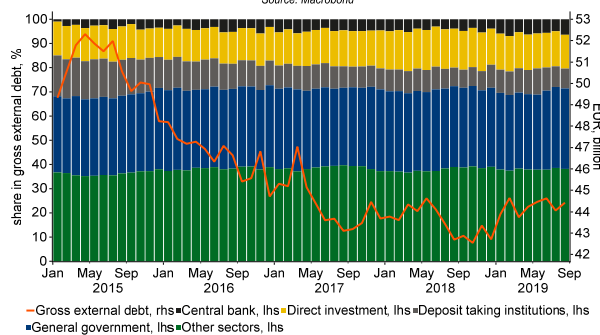
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



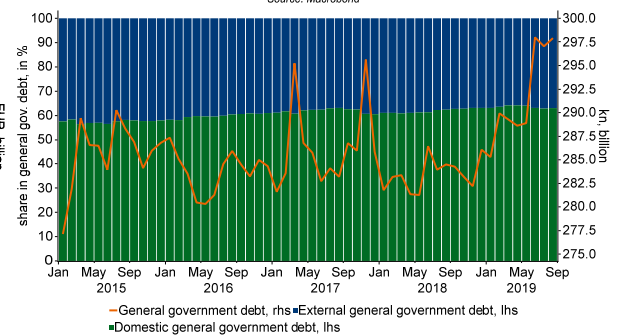
Gross external debt

Source: Macrobond



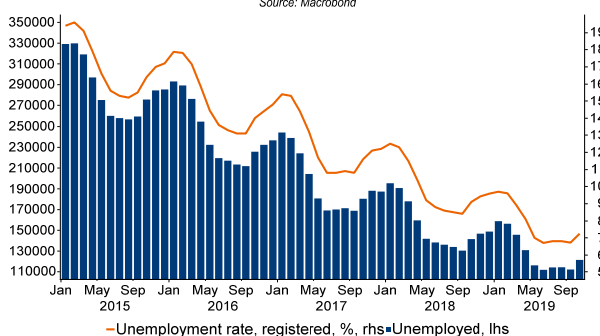
General government debt

Source: Macrobond



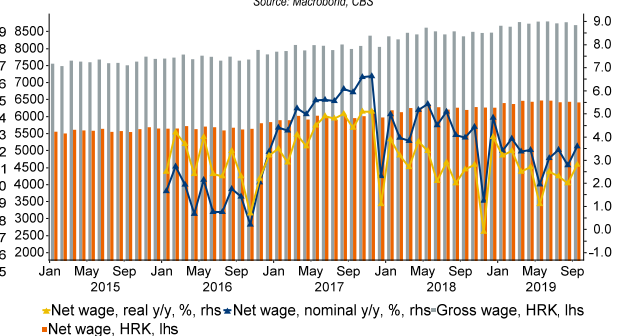
Total number of unemployed and unemployment rate

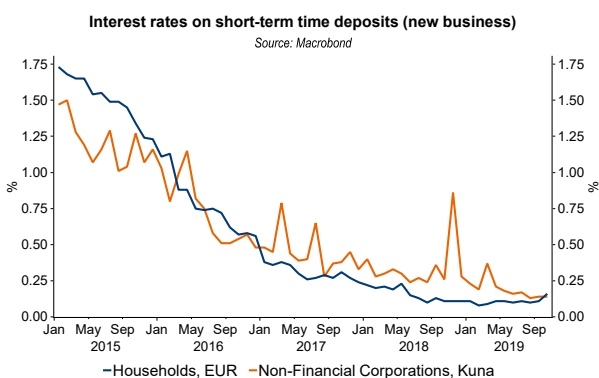
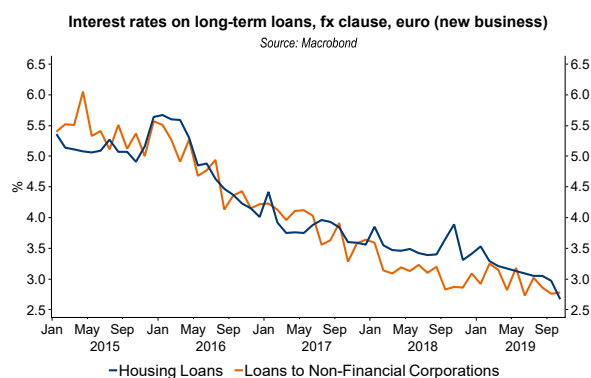
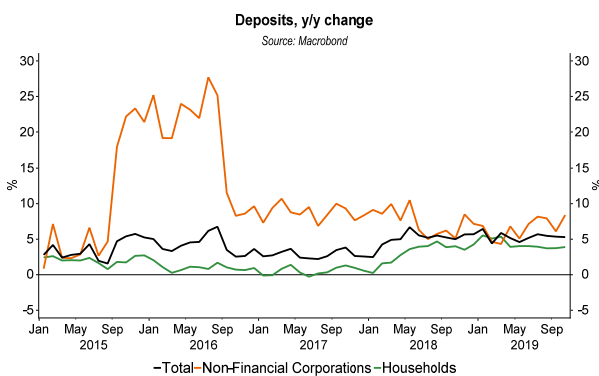
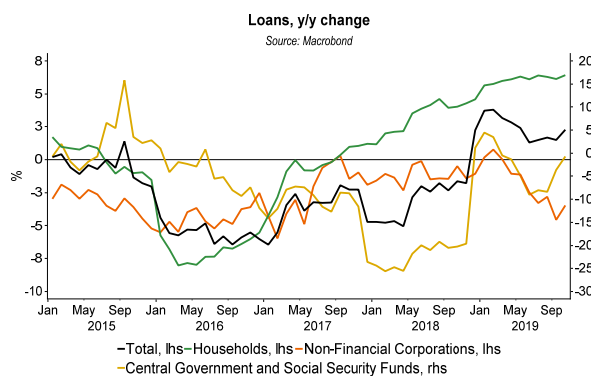
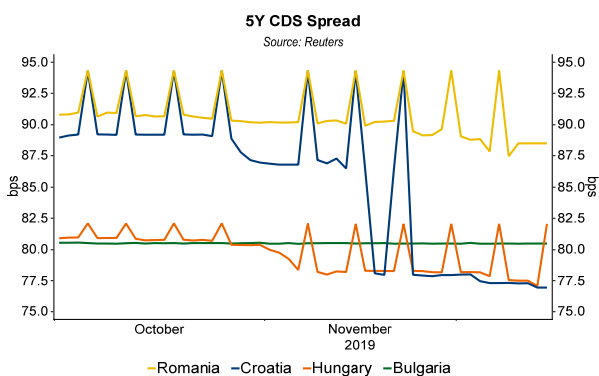
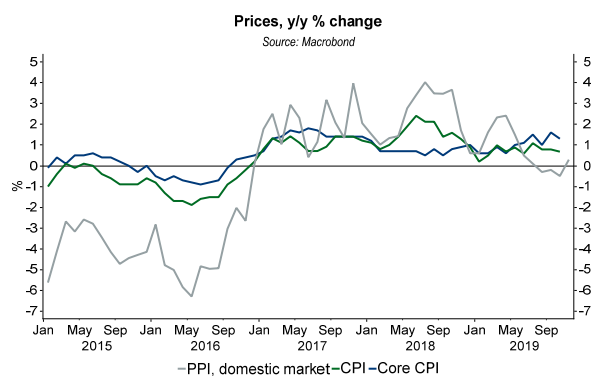
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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