

NUMBER 910, JULY 14, 2025

Strong increase in household deposits

- This year's deposit growth has greatly intensified and reached 7.9% y-o-y (EUR +4.5 billion) in May, thus approaching levels last seen two years ago (when the euro adoption effect was still present). This is largely the result of strong growth in household deposits, but also in non-financial corporations and financial institutions. Thus, household deposits in May experienced an interannual increase of 8.1%, i.e., EUR 3.0 billion (non-financial corporations 3.7%, i.e., EUR 0.6 billion, financial institutions 41.3%, i.e., EUR 0.8 billion).
- Strong increase in retail deposits can be explained primarily by a continuous employment growth (3.1% in the first five months) and an exponential rise in wages (nominal 10.9%, real 7.1% in the first four months) in conditions of a heightened global uncertainty, which encourage households to "store" money in the safest and most liquid form. Interest rates on savings that amount to an average 1.8% (12-month average) also contributed slightly to growth, although their impact was limited not only by their level, but also by the low (28% in the last 12 months) and decreasing share and volume of funds with contracted maturity in total household deposits. Deposit growth is also supported by increased lending, as well as income from investments in government securities, and after strong outflows in the first year, the stabilization of interest in this type of investment, along with regular refinancing, is reducing the levels of accounts' outflow.
- Earlier this month, the CNB also published regular statistics on the distribution of funds of Croatian citizens (craftsmen and natural persons) with the end of 2024. It shows us that there were no step changes in the inequality of distribution in one year, which was expected. However, small shifts are visible, so 49.2% of account holders have deposits of up to EUR 1,000 and they make up 0.9% of total deposits, and in the previous year these figures were 50.5% and 1.0%, showing a slight decline in the share, accompanied also by a decline in the number of these accounts. Simultaneously, breakdown by deciles shows that an increase in the median amount was noted in the first five deciles with median amounts of deposits lower than EUR 1,000, pointing to an improvement of the financial situation of the most vulnerable groups. With groups with higher amounts on accounts, it is difficult to draw conclusions based on the latter statistics because it very likely provides only a limited insight into financial assets.

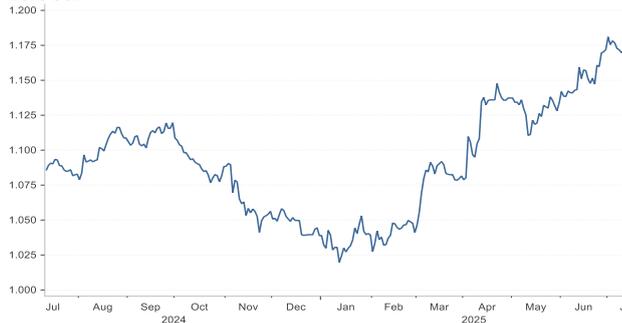
Household deposits up by 8.1% in May

Increased employment and wages support growth

A slightly positive deposit distribution shift

- Last week, EUR/USD recorded a correction after a re-announcement of tariffs for countries that have not made trade agreements with the U.S., so the week ended at 1.1683 dollars to the euro, down by 0.7% w-o-w.
- Euribor slightly increased, up to 5 bps w-o-w, so on Friday 3M and 6M reached 2.0, i.e. 2.1%.
- Crobex recovered and was up by 1.9% w-o-w (to 3,630 points) with mixed performance of sectoral indices (CROBEXindustry +3.5% to 2,704, CROBEXnutris -0.7% to 851, CROBEXtourist +1.4% to 4,639). Crobis grew by 0.1% (to 99.2 points).

EUR/ USD



Source: ECB

MACROBOND

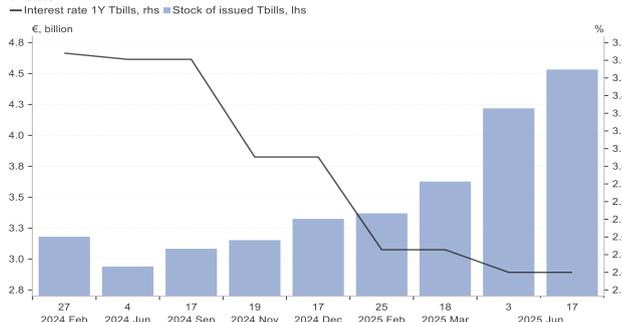
Euribor



Source: EMMI, ECB

MACROBOND

T-bills



Source: MoF

MACROBOND

Crobex/Crobia



Source: Zagreb Stock Exchange

MACROBOND

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.

ECONOMIC RESEARCH

Ivana Jović
Ana Lokin

TRANSLATION

Ana Biloš
Jelena Marinović

www.pbz.hr