

WEEKLY ANALYSIS

Number 763, January 24, 2022

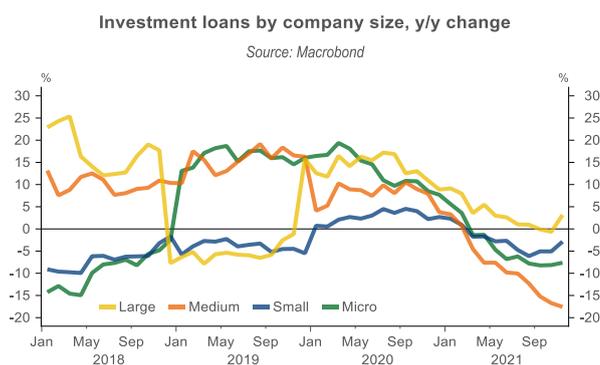
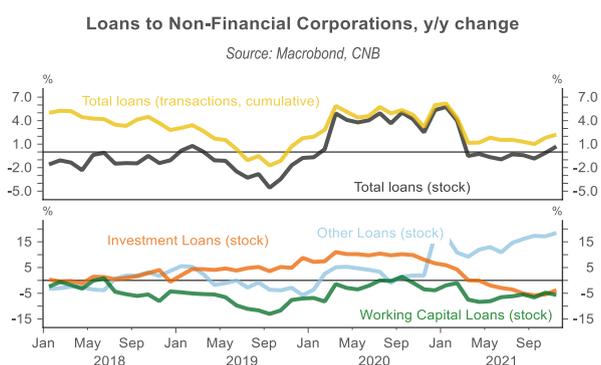
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Investment loans of large enterprises increased

Consolidated assets of other MFI continued to grow at a strong pace in November, increasing by 9.0% year-on-year as growth in total deposits strengthened slightly to 11.3%. Private sector deposits remained at a growth rate from the month before of 11.4%, with demand deposits registering an increase of 22.0%, HRK savings of 3.4% and foreign currency savings of 5.1%. Household deposits accelerated to 9.8%, while the year-to-year growth in non-financial corporation deposits continued to fall amounting to 15.7% in November. In November, citizens' foreign currency savings surpassed the historically highest level reached in October, recording a new record of HRK 146.1 bn. Low and falling, as well as negative savings interest rates in real terms do not evidently discourage risk-averse citizens.

Growth of loans accelerated slightly to 3.0% year-on-year in November due to a slightly lower rate of decline in loans to the central government (-0.6%) accompanied by stronger growth in loans to the private sector (2.8%). The latter is mainly the result of a reversal in the trend of corporate loans, which jumped from October -0.1% to +0.7% in November due to a more moderate rate of decline in investment loans (-3.8%) and an acceleration in the growth of other loans (18.5%). Working capital loans deepened the decline to -5.6% year-on-year at the same time. Although the overall year-to-year growth rate of investment loans continued to be negative, the distribution by size of the enterprise shows that with November, the growth of investment loans to large enterprises was again up by 3.1% year-on-year and slightly higher (0.2%) compared to the end of 2020, which could indicate the beginning of an upward trend. Transaction data also point to favourable developments in the corporate portfolio, revealing an acceleration in the 12-month cumulative growth of loans to non-financial corporations from 1.8% year-on-year in October to 2.2% in November.

Loans to households in November generated a slightly higher year-on-year growth compared with the month before of 4.2% (4.8% according to transactions), with cash loans accelerating slightly to 1.2%, while the growth of housing loans reached a slightly more moderate 10.1%. All other loans to households together continue to see a strong contraction (-5.1%).



Weekly overview

- Volume of construction works in November recorded an annual increase of 4.5%, while in the period from January to November 2021 the total annual growth in the volume of construction works was 9.7%.
- Domestic FX market remains calm, with the exchange rate fluctuating around HRK 7.52 per euro last week. At the end of the week it stood at 7.5225, which is almost unchanged in w-o-w terms. At the same time, the kuna weakened by 1.1% against the dollar to HRK 6.6348 per dollar. This week we expect trading to continue in the range of 7.52-7.53.
- Excess liquidity increased to HRK 79 billion, interest rates stagnated, and there was no interest at the CNB's repo auction. Last week, HRK 1.7 billion of treasury bills were due, and the same amount was subscribed, keeping the government debt in T-bills at HRK 24.0 billion. One-year HRK T-bills were subscribed at 1 b.p. higher interest rate (0.01%). There is no maturity this week, so there is no auction, and the next one is announced for the 8th of February.
- The Crobex Index closed at 2,164.82 points last Friday, down by 0.3% w-o-w, while Crobis simultaneously reached 109.61 points, down by 0.2% w-o-w. As for sector indices, CROBEXtourist recorded an increase of 0.1% w-o-w (to 3,642.43 points), while CROBEXconstruct and CROBEXindustry decreased by 4.8% and 4.5% respectively (482.34 and 1,264.36). Total ZSE turnover last week amounted to HRK 204.2 million, up by 67.2% compared to the week before, owing to 2.5 times higher turnover in shares (reaching HRK 91.2 million) and 32.9% higher turnover in bonds (HRK 113.0 million).

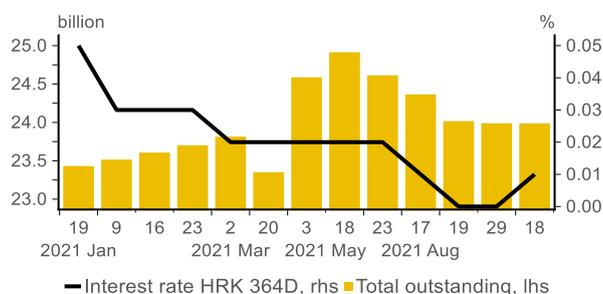
EUR/HRK and USD/HRK

Source: Macrobond



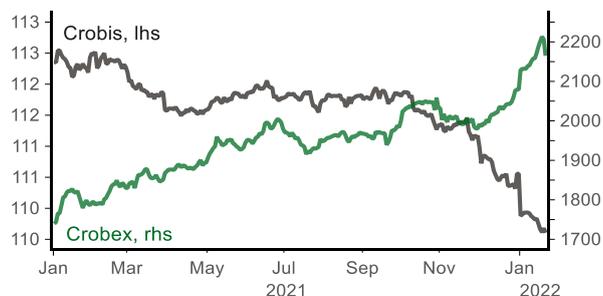
T-bills

Source: MoF



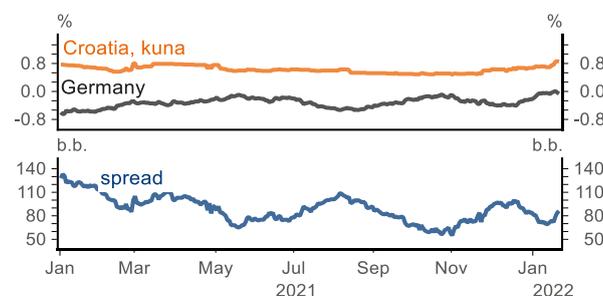
Crobex/Crobis

Source: Macrobond



10Y Government bond yield

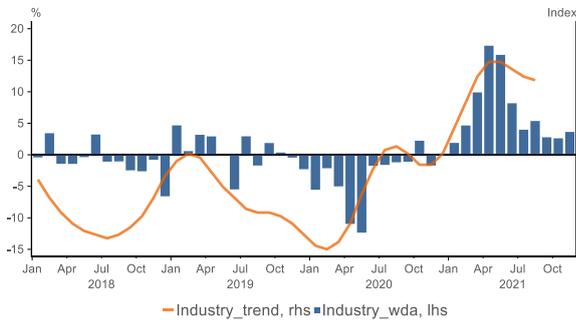
Source: Macrobond, Reuters



Statistics

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

Source: Macrobond



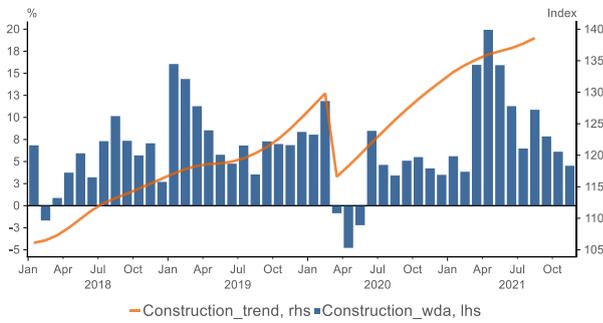
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



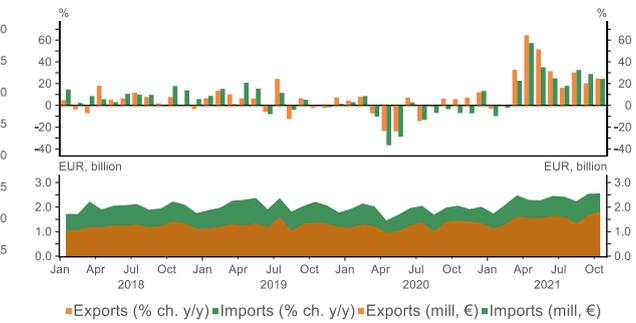
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



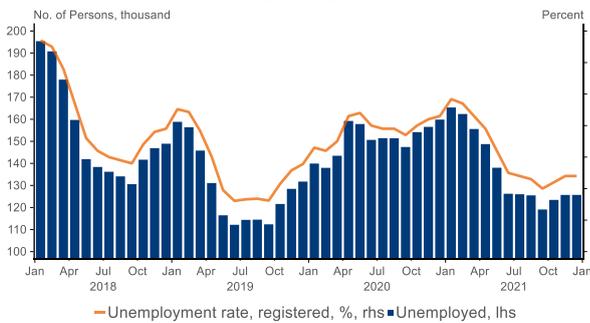
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



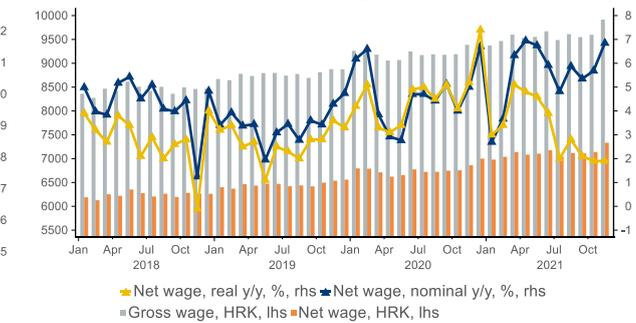
Total number of unemployed and unemployment rate

Source: Macrobond



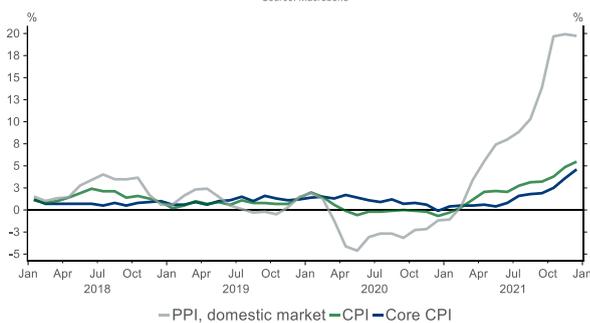
Wages, monthly average and % ch. y/y

Source: Macrobond, CBS



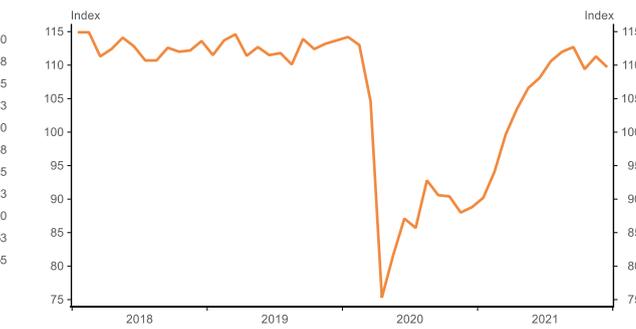
Prices, y/y % change

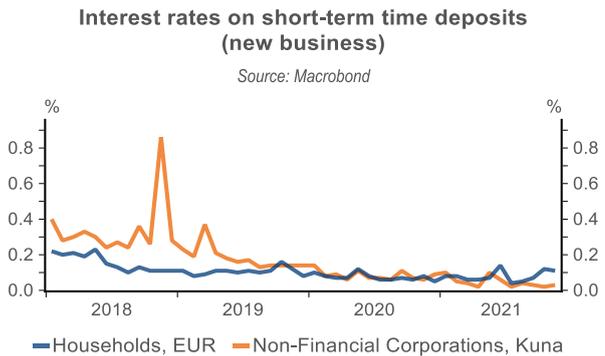
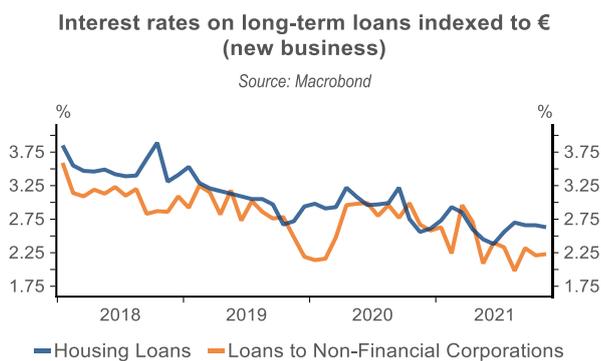
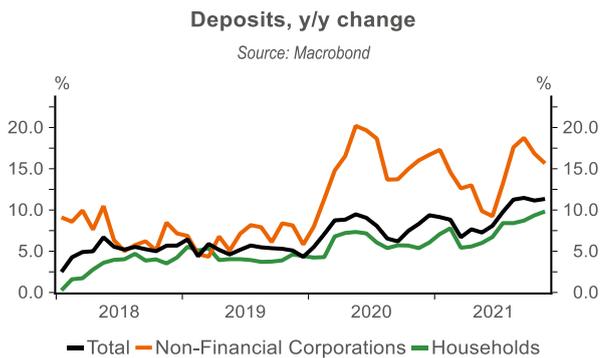
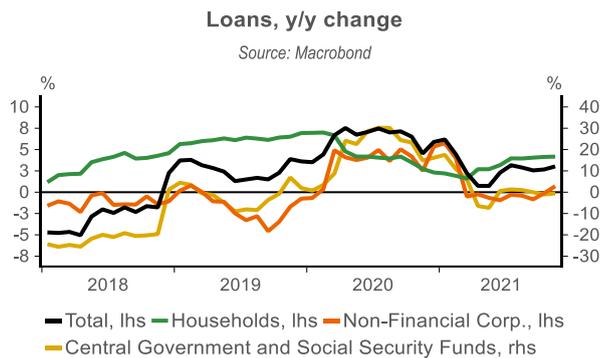
Source: Macrobond



HR Economic Sentiment Indicator

Source: Macrobond





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