

WEEKLY ANALYSIS

Number 757, December 13, 2021

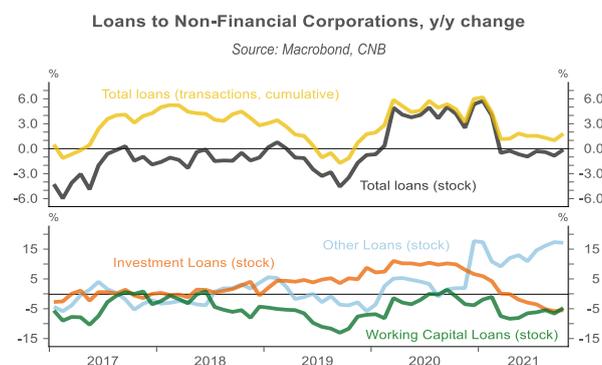
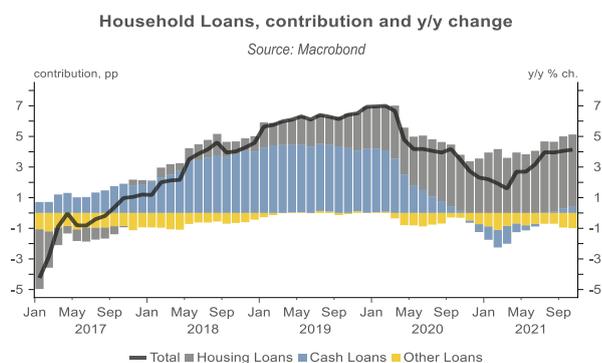
Corporate loans still in red.....	1
Weekly overview	2
Statistics.....	3

Corporate loans still in red

Statistics of the central bank for October reveals that the growth of consolidated assets of other MFIs continued its acceleration due to strong growth of deposits and reached 9.4% y-o-y. Total loans continue to grow moderately (2.7% y-o-y), powered by households' demand on the wings of recovery of consumer sentiment, while corporate demand remains weak for now, waiting for the environment to stabilise. Indebtedness of the central government reduced in October by 1.1%, while increase in private sector crediting slightly accelerated to 2.5%. Observed by transactions, cumulative 12-month growth of loans to private sector strengthened in October to 3.7% y-o-y. Solid growth of household loans continued (4.1%, same as in September, i.e., 4.9% by transactions), where both housing and cash loans recorded only mild acceleration (10.6%, i.e., 1.0%). Compared to the end of previous year, total household loans rose by 4.0%, out of which housing loans 8.0% and cash loans 2.2% and so housing loans remained the main generator of growth for the household loan portfolio. Their contribution to y-o-y growth reached a record 4.7 p.p. in October (cash 0.4 p.p., all others -1.0 p.p.). Loans to non-financial corporations simultaneously still record downward trends, so at the end of the month they were down by 0.1% y-o-y. October did not see any bigger changes and division by purpose shows that only loans for other purposes (17.1%) are in green, while detailed data on loans per enterprise size point to positive movements only in medium-sized enterprises (5.7%). Transaction data point to growth of corporate loans to 1.8% y-o-y due to base effect, as well as somewhat more significant amount of sold receivables in this year.

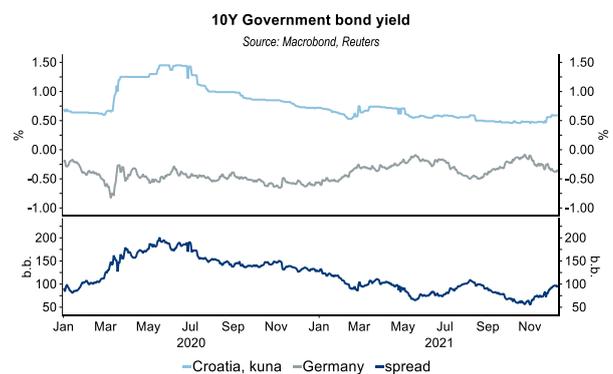
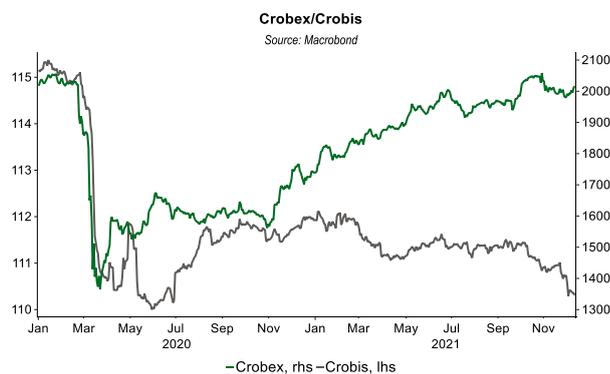
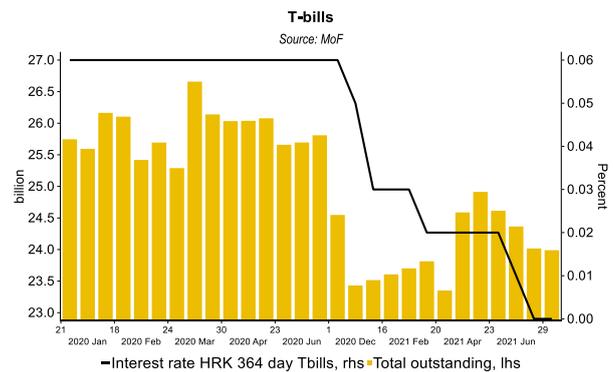
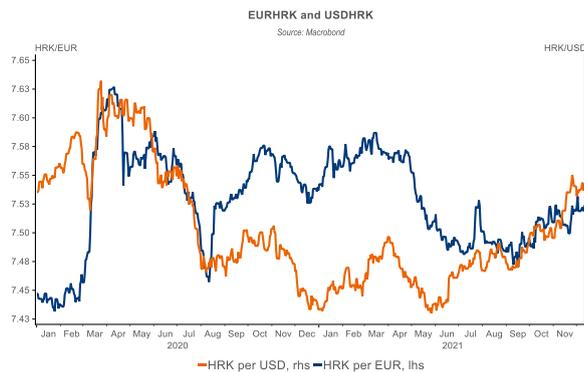
Unlike loans, deposits continue its robust growth backed by the caution of citizens, delaying corporate investments and an aversion to risk due to still raised level of uncertainty. At the end of October total deposits were at 11.1% higher y-o-y level, whereas household deposits achieved a jump of 9.4%, and non-financial corporations of 16.8%. Compared to the end of previous year, household deposits recorded an increase of 7.9% and non-financial corporations of 15.5%.

We estimate that private sector loans in this year will rise by 2.3% and deposits by 10.9% y-o-y. In the upcoming year we expect a continuation of growth of bank aggregates by a decent dynamic, in line with GDP growth. Our prognosis is that private sector loans will somewhat speed up due to gradual recovery of corporate demand (to 3.9%), while deposit growth will be somewhat more moderate (5.8%) although still strong due to accession to the Eurozone in 2023 drawing closer that will, in our opinion, result in significant cash inflow from citizens to the banks.



Weekly overview

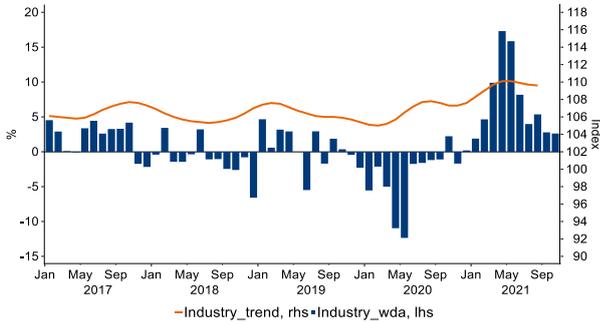
- Export of goods increased in September by 17.1% y-o-y, while import simultaneously increased by 25.6%. In this year's January – September period, goods export recorded an increase of 25.0% y-o-y, and import of 21.9%, increasing the foreign trade deficit in goods by 16.5% y-o-y, and coverage rate by 1.6 p.p. (to 64.8%).
- Kuna depreciated by a mild 0.1% to the euro w-o-w during a quiet last week, and on Friday the exchange rate amounted to 7.5240 kuna to the euro. It weakened against the dollar by a 0.4%, to 6.6773 kuna to the dollar. In this week we see continuation of trading in the range of 7.52-7.53 kuna to the euro.
- Excess liquidity jumped to 71 billion kuna last week. Interest rates stagnated and there were no placements at the CNB's repo auction.
- The Crobex Index closed last Friday at 2,016.43 points, up by 1.2% w-o-w, while Crobis decreased by 0.1% (to 110.74 points). Sector indices ended in green, whereas CROBEXindustry was up by 2.0% (to 1,149.88 points), CROBEXconstruct by 1.5% (433.13), and CROBEXtourist by 0.7% (3,546.46). Total ZSE turnover last week increased by 2.5 times w-o-w (to 348.6 million kuna), owing to 3.2 times higher turnover in bonds (reaching 319.8 million kuna), while turnover in shares went down by 26.0% (to 28.8 million kuna).



Statistics

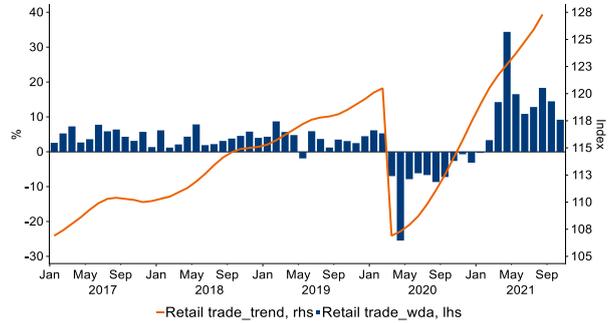
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



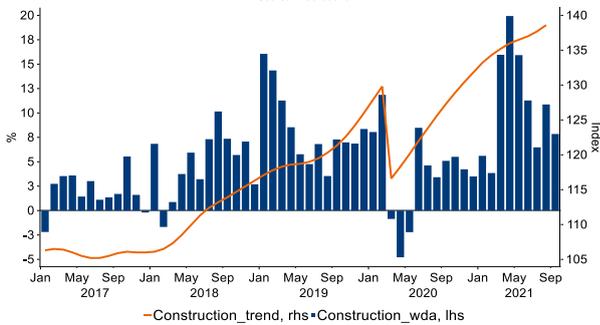
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



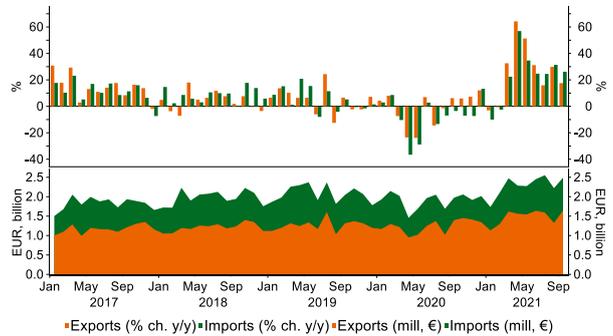
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



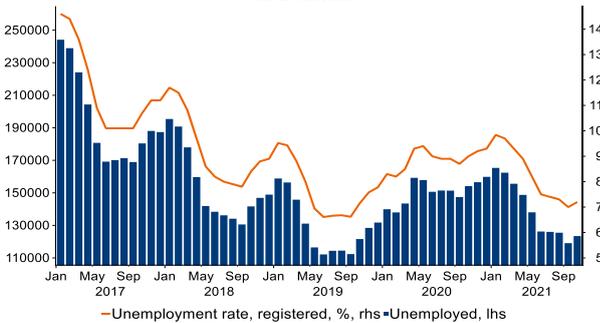
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



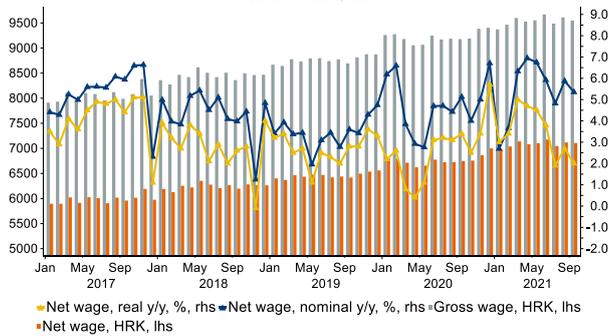
Total number of unemployed and unemployment rate

Source: Macrobond



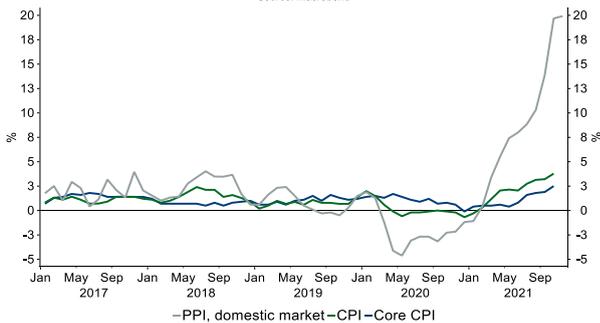
Wages, monthly average and % ch. y/y

Source: Macrobond, CBS



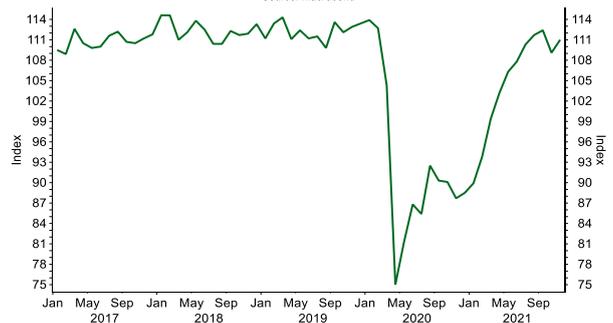
Prices, y/y % change

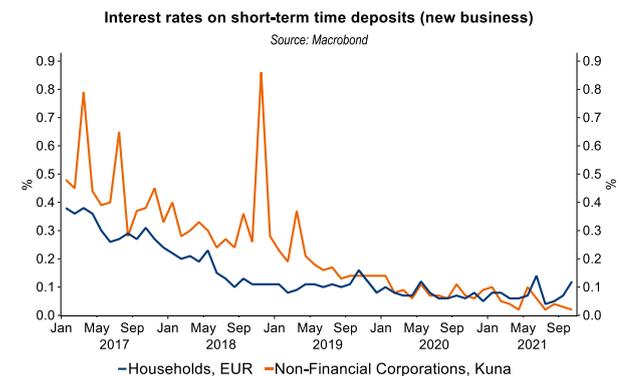
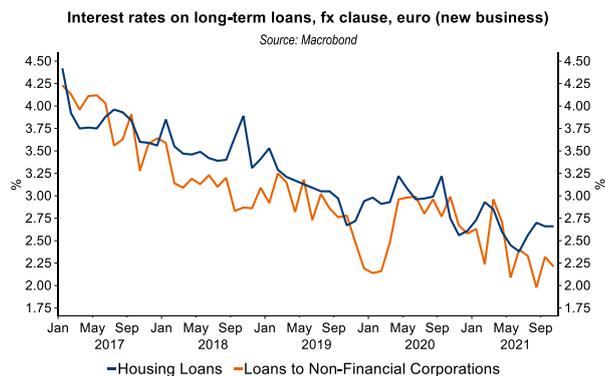
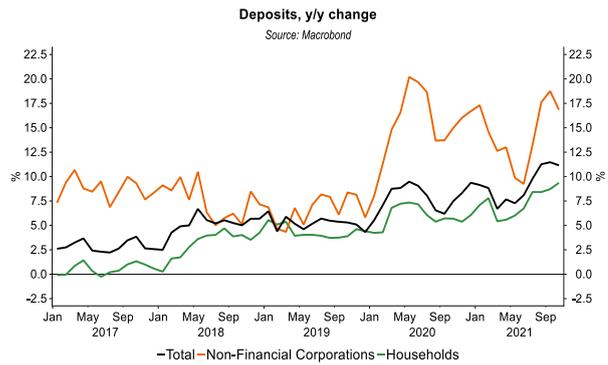
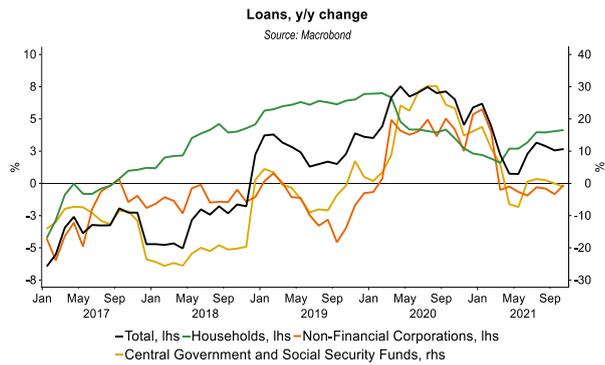
Source: Macrobond



Economic Sentiment Indicator (ESI)

Source: Macrobond





RESEARCH OFFICE

Ivana Jović
Ana Lokin
Ivan Odrčić

TREASURY

Eugen Bulat

TRANSLATION

Ana Biloš
Jelena Marinović

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.