

WEEKLY ANALYSIS

Number 729, April 19, 2021

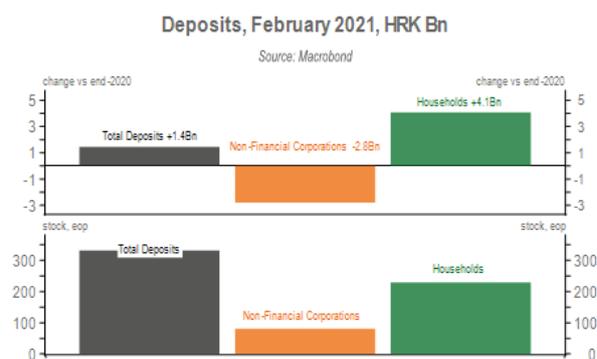
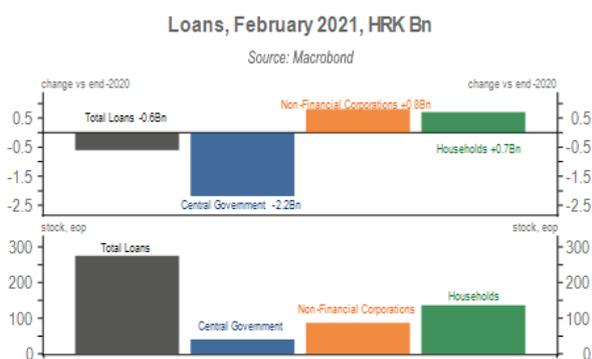
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Households in February maintained caution

Total loans at the end of February reached 275.0 billion kuna, down by a mild 0.2% (0.6 billion kuna) compared to the end of last year. Loans to the central government in the observed period decreased by 5.1% (-2.2 billion kuna), while loans to the private sector increased by 0.7% (1.5 billion kuna). Loans to households posted an increase of 0.5% (0.7 billion kuna), owing to a rise in housing loans by 2.1%, while cash loans dropped by 0.2%, overdrafts by 2.1, and other loans by 2.2%. By this the share of housing loans in total loans to households reached 46.4% in February this year, up by sharp 3.3 p.p. compared to the year before, indicating that citizens very quickly after the pandemic outbreak postponed short-term and medium-term purchases, while long-term investments kept a positive trend, supported by the subsidy scheme. Simultaneously, the statistics of newly approved placements shows that over the first two months of this year the average amount of new housing and other (mainly cash) loans was lower than in the last year's last quarter, which in housing loans resulted from a lower impact of subsidies early this year (most of the ones from the last wave was placed by the end of last year), while in other loans it indicates that the drop in demand continued at the beginning of this year. Loans to non-financial corporations were higher at the end of February by 0.9% (0.8 billion kuna) compared to the end of 2020 due to growth of working capital loans and loans for other purposes (1.8, i.e. 2.2%), while investment loans recorded a decrease of 0.5%. As in households, data on new loans point to a drop in the average amount of newly approved loans over the first two months of this year compared to the last year's last quarter, hovering from 16 to 34%, depending on the size of the placement amount.

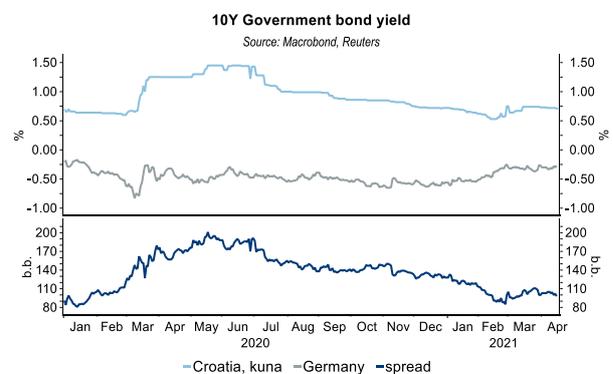
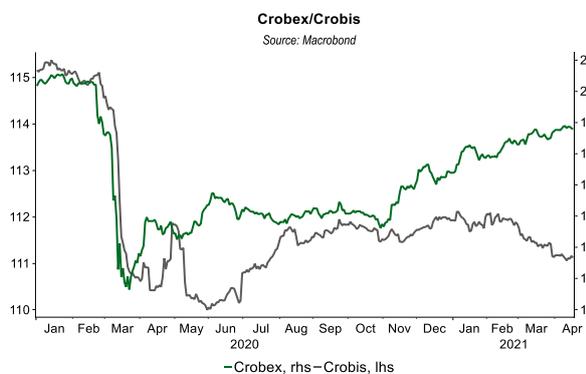
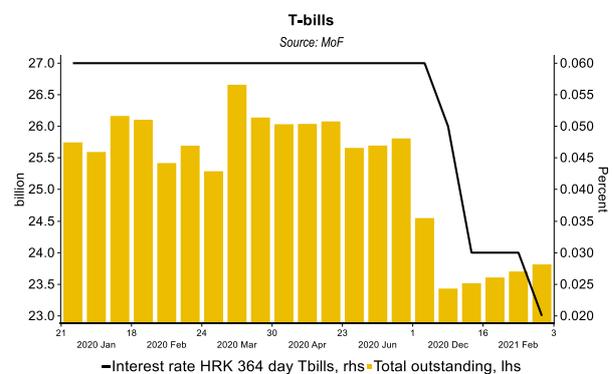
Total deposits at the end of February were higher by 0.4% (1.4 billion kuna) compared to the end of last year, reaching 330.8 billion kuna. Deposits of the private sector account for the largest part of that growth (+0.4%, i.e. 1.3 billion kuna), where the growth came from the increase of deposits of households by 1.8% i.e. 4.1 billion kuna (for comparison, in the same period of 2020, growth of deposits of citizens amounted to noticeably lower 0.4 billion kuna), while deposits of non-financial corporations, which is common for the start of the year, dropped by 3.3%, i.e. 2.8 billion kuna.

Thus, we observe that households also at the beginning of this year maintained caution and lowered their credit appetite, by continuing to save and postpone larger purchases, while awaiting a stabilisation of the epidemiological and economic situation and improvement of the outlook regarding own finances shortly- and in the medium term. As for companies, despite the decrease posted in the first two months, liquidity remains exceptionally high, and demand for loans exceptionally low, awaiting a clearer image of the vaccination rate and signals of the tourist season performance.

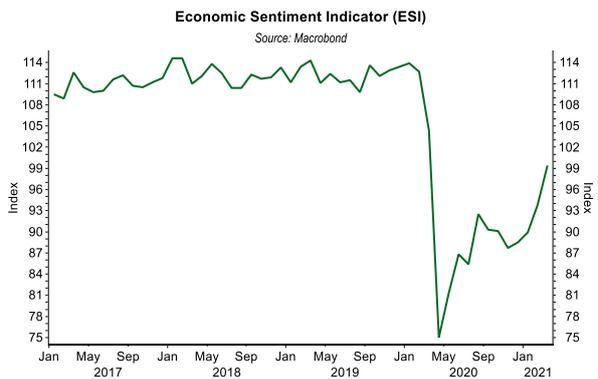
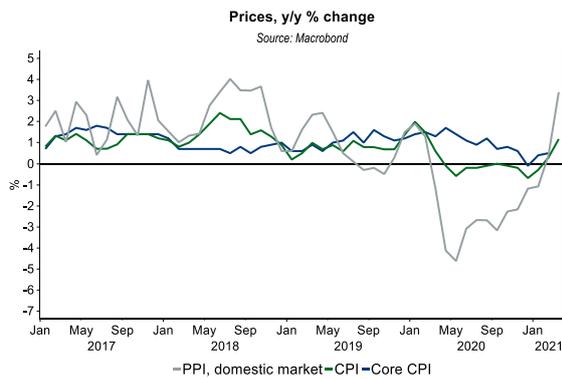
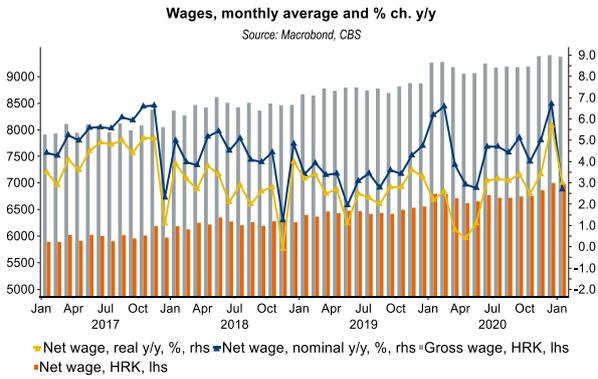
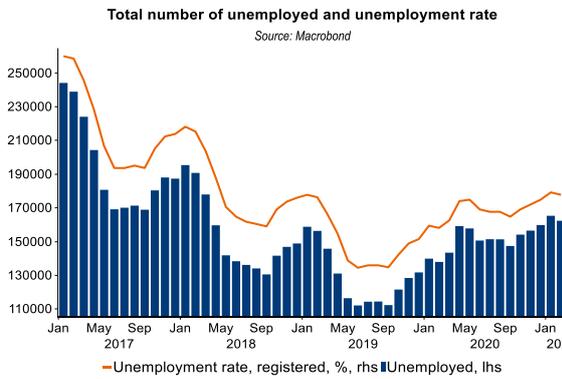
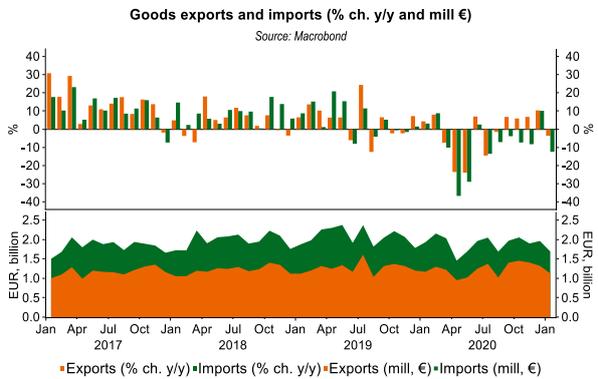
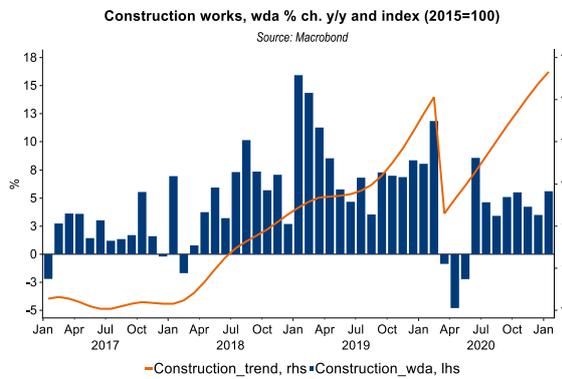
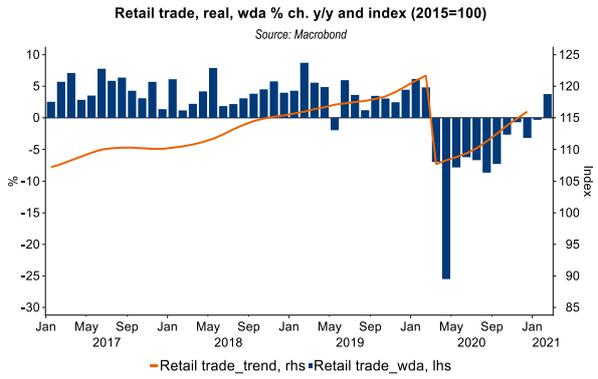
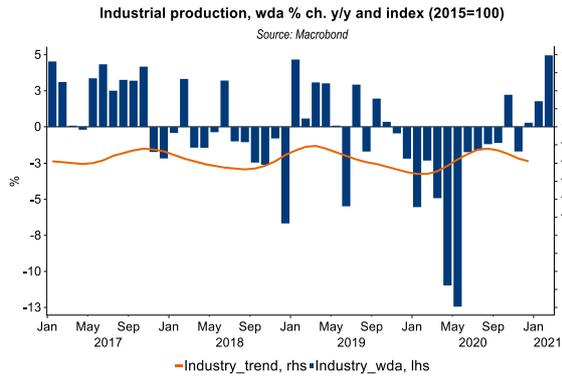


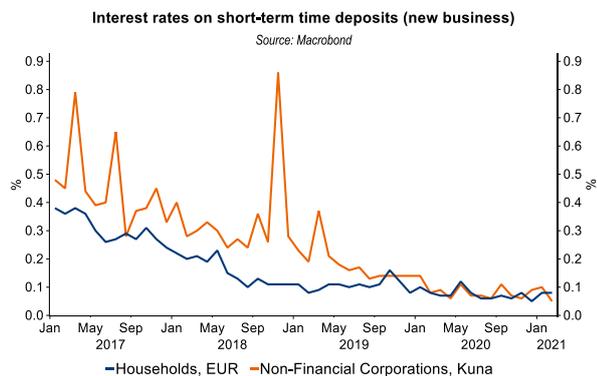
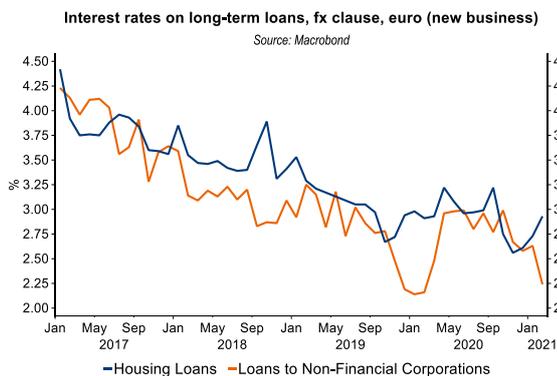
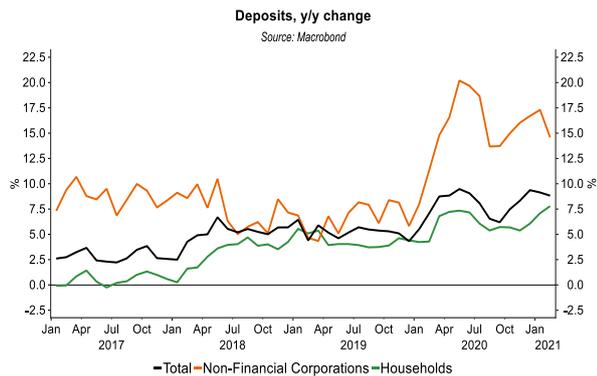
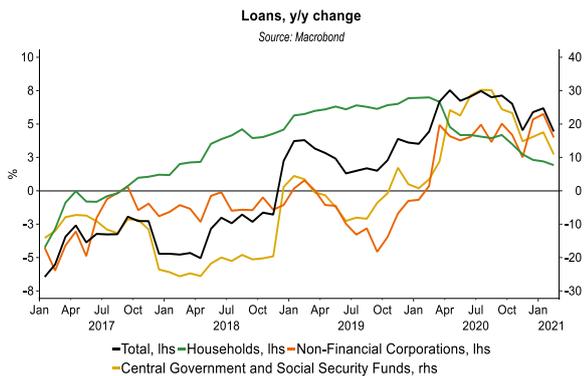
Weekly overview

- Consumer Price Index in March recorded an acceleration of the annual growth rate to +1.2%, mostly owing to a sharp growth of energy products prices, while in this year's first quarter the average annual inflation rate amounted to 0.4%.
- Following the FX intervention the week before, last week the HRK/EUR exchange rate oscillated around 7.57 and it closed the week at 7.5619, down by a mild 0.1% wow, while the kuna strengthened against the dollar by 0.8% to 6.3137 kuna to the dollar. In the week ahead of us we expect quiet trading around 7.57.
- Excess liquidity was maintained at around 68 billion kuna, interest rates slightly grew for the longest maturities, and at the CNB's repo auction there was no demand. This week 2.6 billion kuna of T-bills is due, thus the announced auction is planned in the amount of 200 million kuna of six-month HRK T-bills and 2 billion kuna of one-year HRK T-bills.
- The Crobex Index last week closed at 1,878.67 points, down by 0.5% wow, while Crobis simultaneously stagnated at 111.55 points. As concerns sector indices, CROBEXconstruct recorded an increase of 0.9% compared to Friday the week before, while CROBEXindustry and CROBEXtourist fell by 1.0% and 1.3% respectively (to 1,078.66 and 3,502.95 points). Total ZSE turnover last week reached 106.0 million kuna, up by 90.9% wow, owing to 2.5 times higher turnover in bonds (reaching 76.9 million kuna) and 16.2% higher turnover in shares (29.1 million kuna).



Statistics





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