

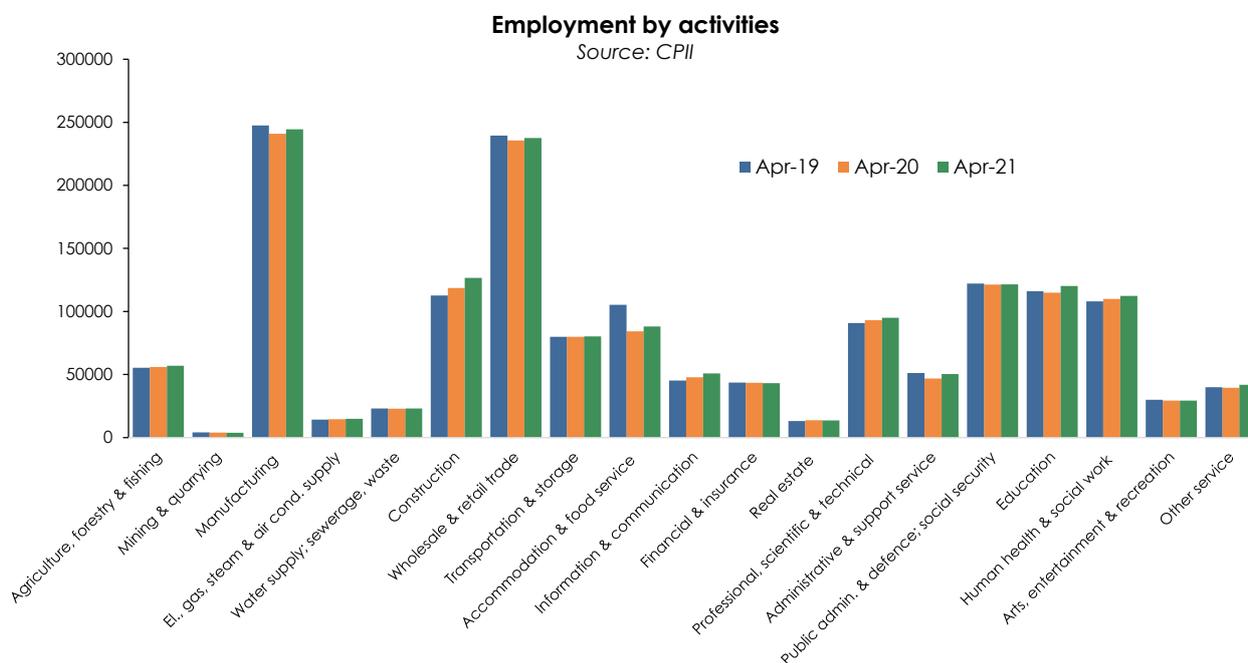
# WEEKLY ANALYSIS

## Number 734, May 24, 2021

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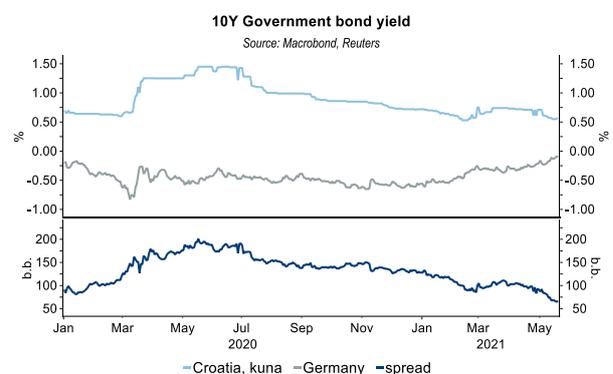
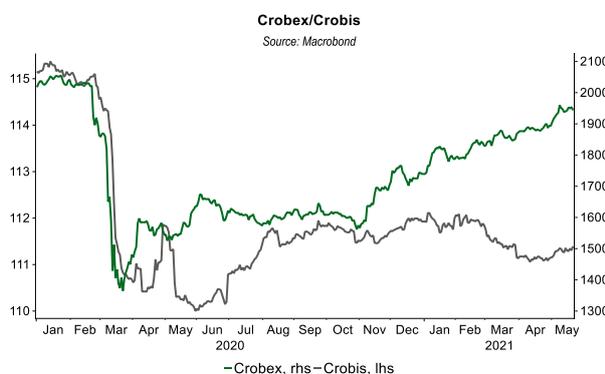
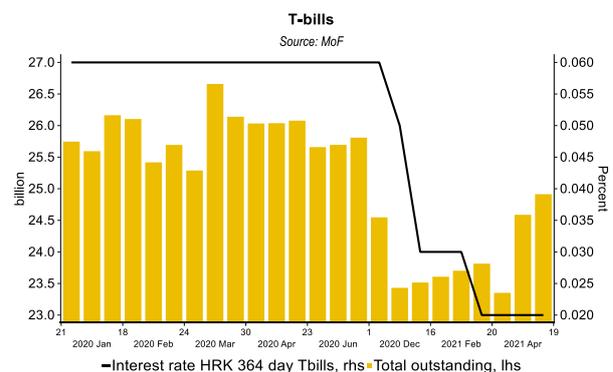
## Labour market recovery acceleration in April

Annual growth rate of total number of employed persons (according to data on the number of Croatian Pension Insurance Institute insurees) accelerated in April to +2.4% (from +1.1% in March), i.e., the level of 1.558 million of employed persons has been reached – the highest since September 2019 (1.586 million). By individual observation, the strongest contribution to the annual employment growth in April once again came from Construction (+6.9% or +0.6 p.p. in total growth), which reflects a strong activity of this sector and growing demand for the workforce. Significant contribution also came from Education (+4.7% or +0.4 p.p.) and the Accommodation and food service activities (+4.4% or +0.3 p.p.), stimulated by the recovery of economic activity in relation to last year's April when the economy lockdown effectively reduced this activity almost to zero. It is necessary to mention that good indicators were also contributed by the recovery of employment within the two largest activities (per number of employed persons), Manufacturing industry (+1.4%) and Wholesale and retail trade; repair of motor vehicles and motorcycles (+0.8%). The latest data (May 21<sup>st</sup>) of the Croatian Employment Service show 141 thousand of unemployed persons, which represents a 5.5% reduction in relation to the end of April 2021 and a reduction of 11.0% in relation to May last year, and a similar positive trend of a drop in the number of unemployed is expected in the following months, considering the obvious beginning of tourism recovery (Germany, our largest tourist generating market, has removed Croatia from the epidemiological red list) that will depend primarily on the continuation of a favourable trend regarding the epidemiological situation (mostly if positive trends continue regarding the percentage of vaccine coverage of domestic and foreign citizens).



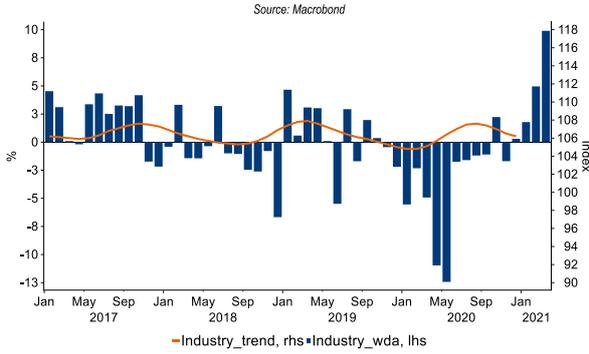
## Weekly overview

- Last week in the domestic FX market was relatively quiet, and exchange rate continued to slide down towards lower figures. At the end of the week the mid-point exchange rate amounted to 7.5033, down by 0.2% wow. At the same time, the kuna appreciated against the dollar by a strong 1.2% to 6.1382 kuna to the dollar. This week we expect to maintain a slightly stronger kuna.
- Excess liquidity oscillated around 70 billion kuna, interest rates stagnated for shorter periods, and at the CNB's repo auction there were no placements. Last week 300 million kuna and 12 million euro of one-year T-bills was due, and 880 million kuna and 11 million euro was subscribed (interest rate 0.02, i.e. -0.05%), increasing the government debt in T-bills to 24.9 billion kuna. This week an amount of 280 million kuna is due, but due to a bigger issuance since last week's maturity, the Ministry of Finance will skip the auction tomorrow.
- The Crobex Index last week closed at 1,943.60 points, up by 0.2% wow, while Crobis stagnated at 111.83 points. As for sector indices, CROBEXindustry recorded an increase of 0.9% compared to Friday the week before (to 1,085.65 points), while CROBEXconstruct and CROBEXtourist fell by 25.6% and 1.6% (566.75 and 3,525.17 points). Total ZSE turnover last week reached 179.1 million kuna, down by 24.7% wow, owing to 49.8% lower turnover in shares (37.9 million kuna) and 13.0% lower turnover in bonds (141.2 million kuna).

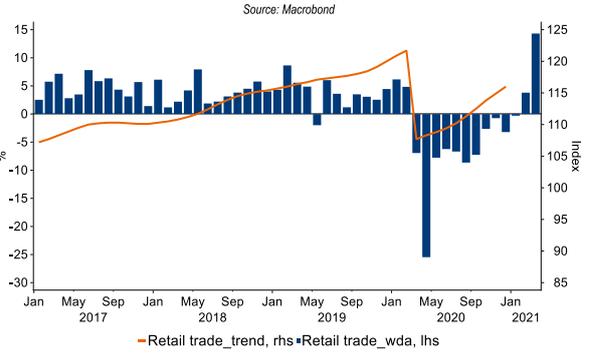


# Statistics

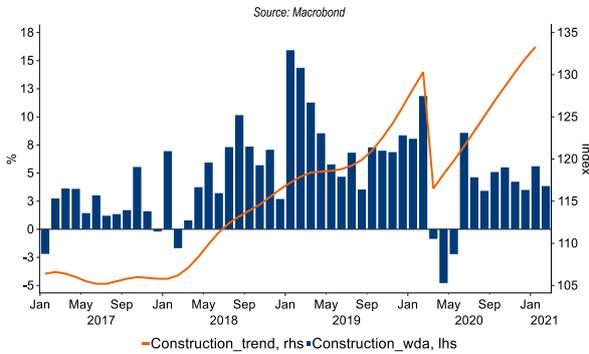
**Industrial production, wda % ch. y/y and index (2015=100)**



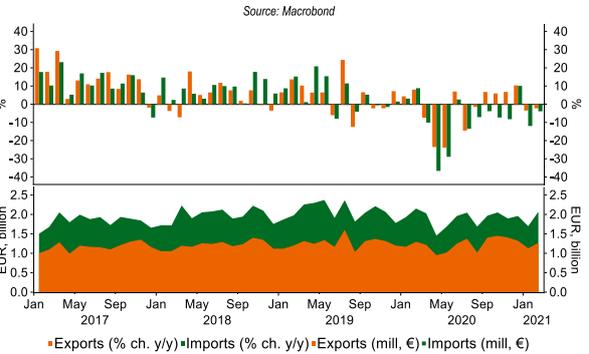
**Retail trade, real, wda % ch. y/y and index (2015=100)**



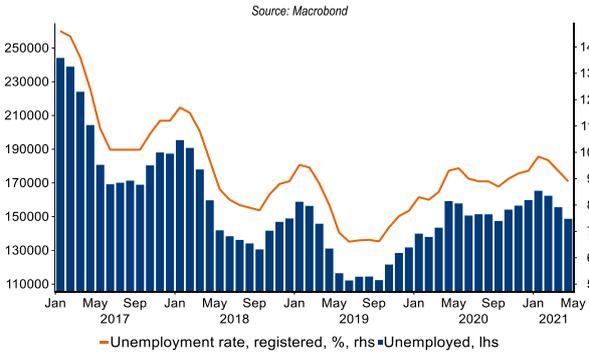
**Construction works, wda % ch. y/y and index (2015=100)**



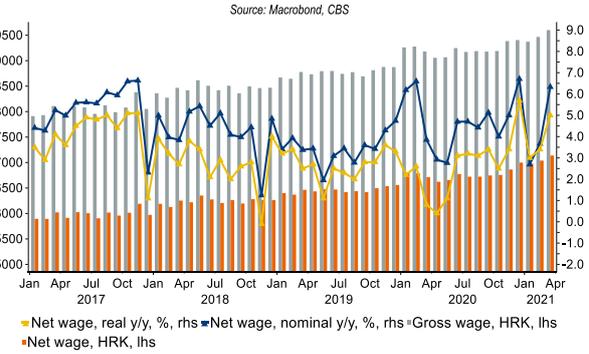
**Goods exports and imports (% ch. y/y and mill €)**



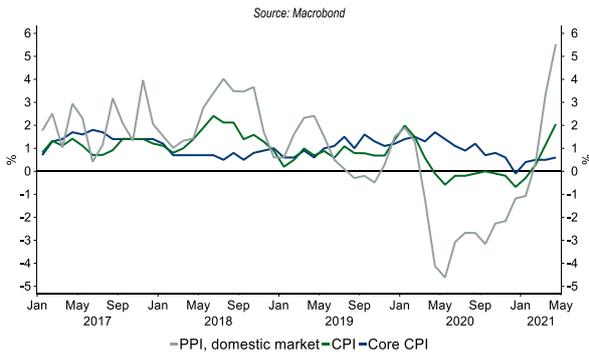
**Total number of unemployed and unemployment rate**



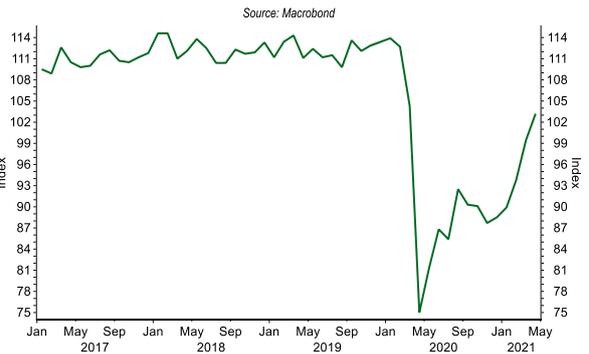
**Wages, monthly average and % ch. y/y**

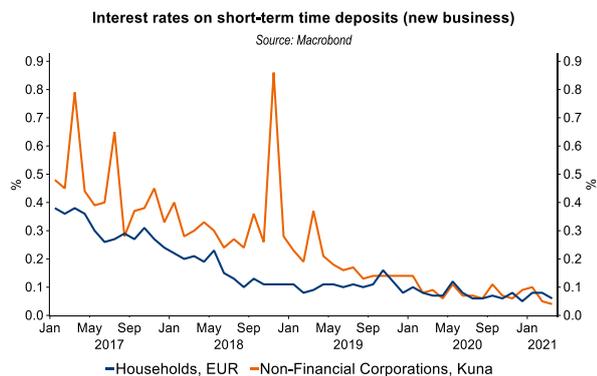
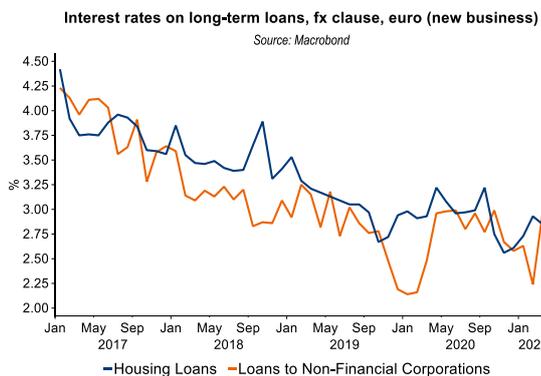
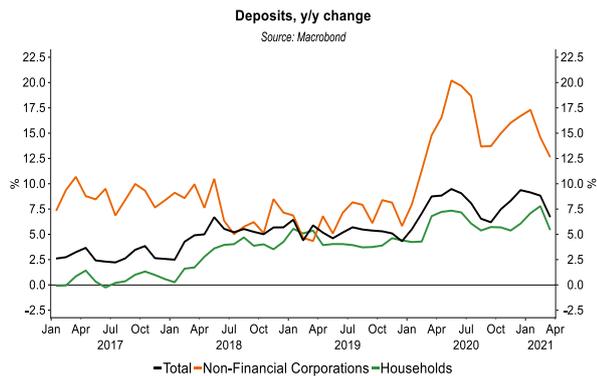
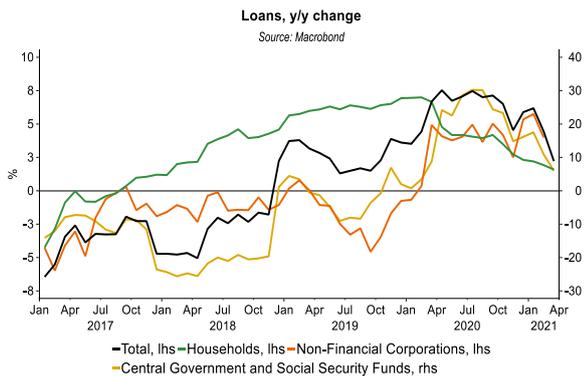


**Prices, y/y % change**



**Economic Sentiment Indicator (ESI)**





## RESEARCH OFFICE

Ivana Jović  
Ana Lokin  
Ivan Odrčić

## TREASURY

Eugen Bulat

## TRANSLATION

Ana Biloš

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