

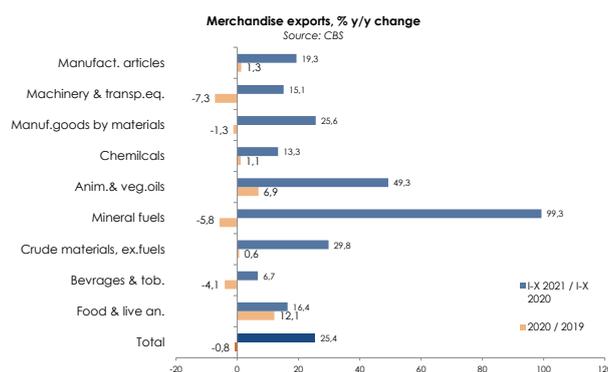
WEEKLY ANALYSIS

Number 761, January 10, 2022

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Exports of goods in the first ten months of 2021 exceeded the entire 2019

Exports of goods from January to October 2021 reached HRK 114.5 billion, up by 25.4% compared with the same period of 2020, but also by 21.6% compared to January – October 2019. The high growth of exports was favoured by the slightly lower base in the same period of 2020 (-3%), but also by price increase and recovery of foreign demand. In structural terms, the high growth of exports was mostly affected by growth within Manufacturing (+19.8%), particularly in Manufacture of



coke and refined petroleum products (+55.2%), basic metals (+47.9%) and electrical equipment (+26.9%). The component accounting for the largest share in Manufacturing, Manufacture of food products, posted an increase of 16.4%. Exports of goods over the first ten months of 2021, riding on the recovery of domestic demand, thereby advanced by 21.9% y-o-y (+11.1% compared with the same period of 2019), reaching HRK 174.0 billion. Foreign trade deficit in the trading of goods during the last year's first ten months reached HRK 59.5 billion, which constitutes an increase of 15.7% y-o-y, while the coverage rate amounted to 65.8% (record level), up by 1.8 percentage points. In terms of the destination, exports towards EU member states (the largest share in total exports of goods, 68.8%) recorded an annual increase of 26.8%, while towards CEFTA members (share of 16.1%) it advanced by 20.4%. Simultaneously, imports from the EU recorded a growth of 18.0% y-o-y, and from CEFTA of 35.8%. According to the preliminary data for November, exports and imports of goods recorded an acceleration of the annual growth rates to +36.7% and +34.4% respectively, pushing the coverage rate to a record high of 74.9% (+1.2 p.p. y-o-y). Thus, after October the high growth of exports also continued in November, even though in those months the low base effect from 2020 had vanished. Since the growth of exports is widely distributed through activities, obviously the Croatian exporters in their export markets compensated for a part of the shortage of products from other markets (which occurred amid interruptions in supply chains), however considering that the growth of exports has already been recorded for a longer time period, obviously the export base (especially of small and medium enterprises) was significantly boosted. The favourable trend of high growth in exports of goods at the annual level is also expected in the last month of 2021, which is demonstrated also by the data on a continuation of the trend of rising indicators in the export order book, while it is also worth noting that total amount of exports of goods over the last year's first ten months exceeded the total amount of exports generated during the entire 2019 (HRK 114.5 billion versus HRK 112.9 billion).

Weekly overview

- Last week the kuna strengthened against the euro by a mild 0.1% w-o-w, to 7.5153 kuna to the euro, while against the dollar it weakened by 0.1% to 6.6471 kuna to the dollar.
- Excess liquidity grew once again towards 73 billion kuna, interest rates stagnated or slightly dropped, and at the CNB's repo auction there was no interest shown.
- The Crobex Index closed last Friday at 2,138.85 points, up by 2.9% w-o-w, while Crobis simultaneously reached 109.93 points, down by 0.6%. Sector indices closed on a positive note, whereby CROBEXindustry posted an increase of 15.0% w-o-w (to 1,290.69 points), CROBEXconstruct of 2.9% (492.72), and CROBEXtourist of 2.8% (3,692.35). Total ZSE turnover over the last week's four trading days amounted to 330.6 million kuna, up by 36.6% compared to the week before, owing to 3.3 times higher turnover in shares (reaching 102.4 million kuna) and 8.3% higher turnover in bonds (228.2 million kuna).

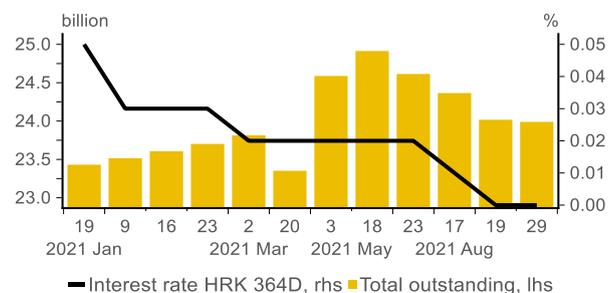
EUR/HRK and USD/HRK

Source: Macrobond



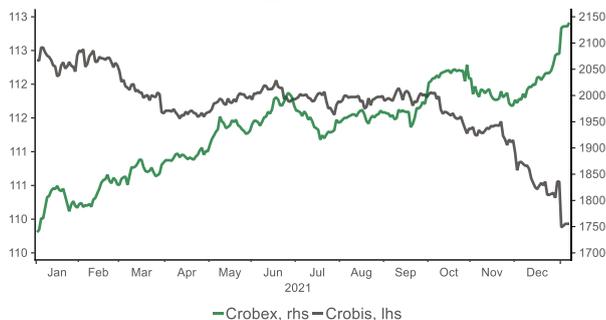
T-bills

Source: MoF



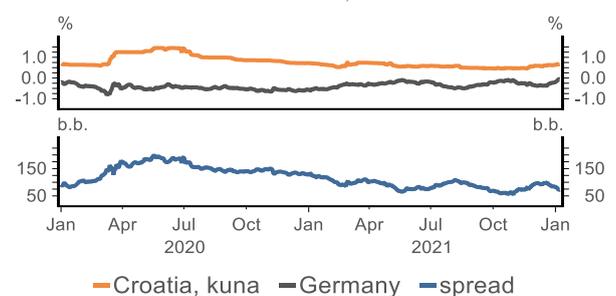
Crobex/Crobis

Source: Macrobond



10Y Government bond yield

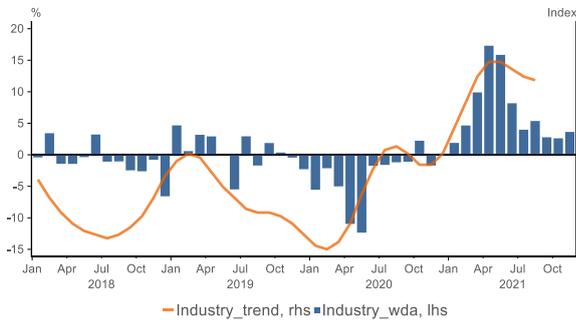
Source: Macrobond, Reuters



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



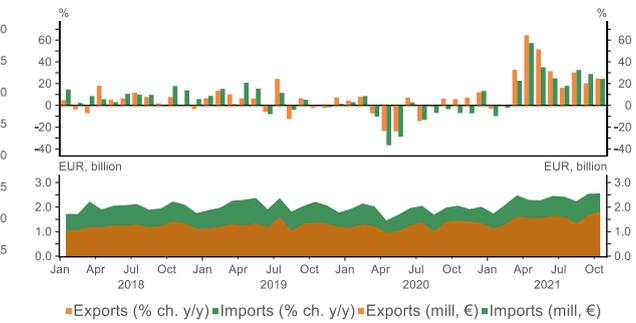
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



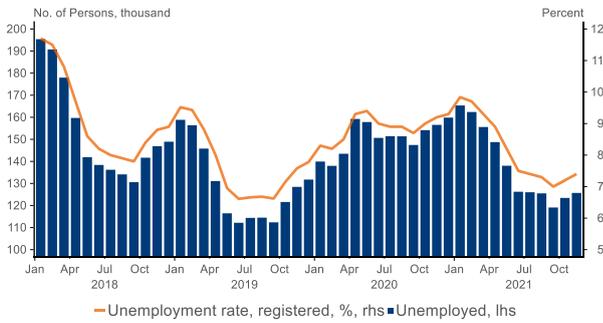
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



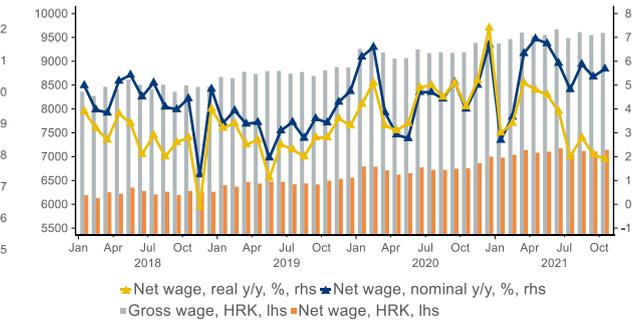
Total number of unemployed and unemployment rate

Source: Macrobond



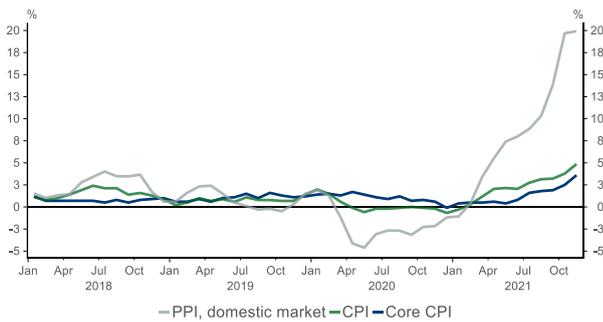
Wages, monthly average and % ch. y/y

Source: Macrobond, CBS



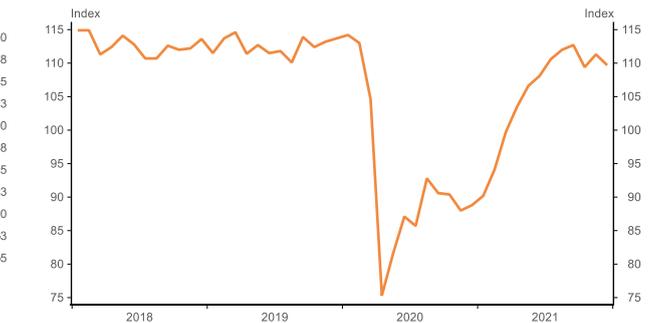
Prices, y/y % change

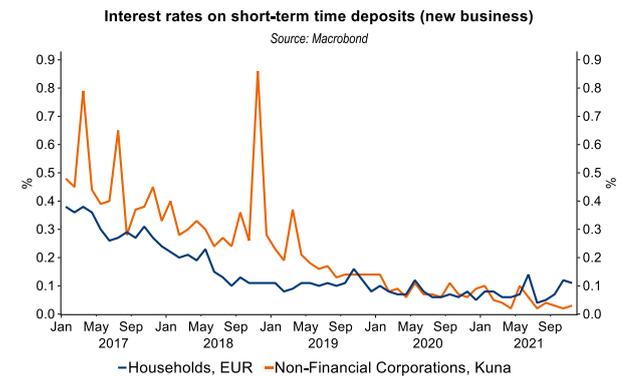
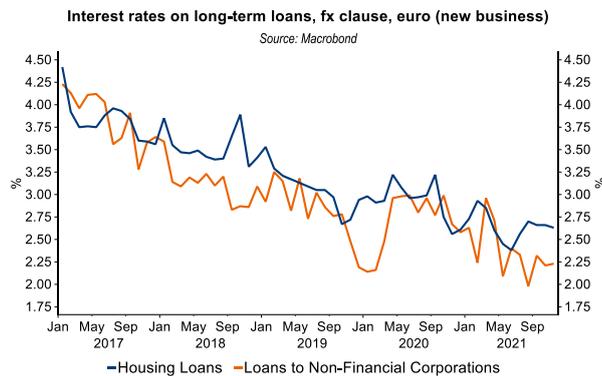
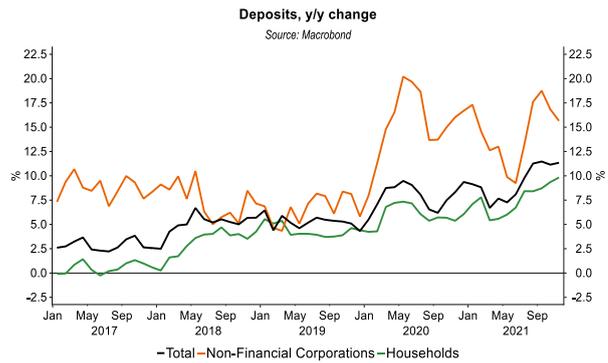
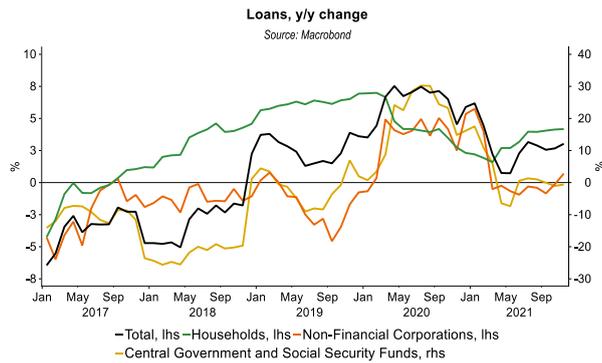
Source: Macrobond



HR Economic Sentiment Indicator

Source: Macrobond





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