

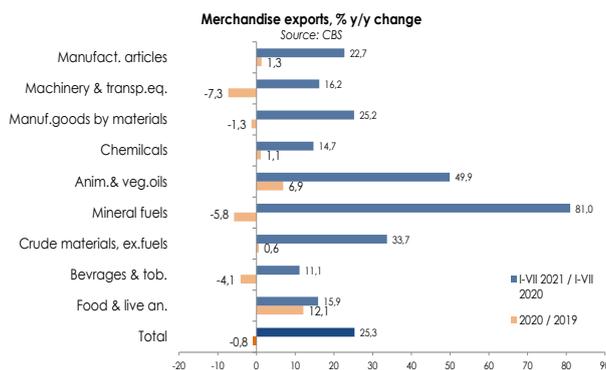
WEEKLY ANALYSIS

Number 749, October 11, 2021

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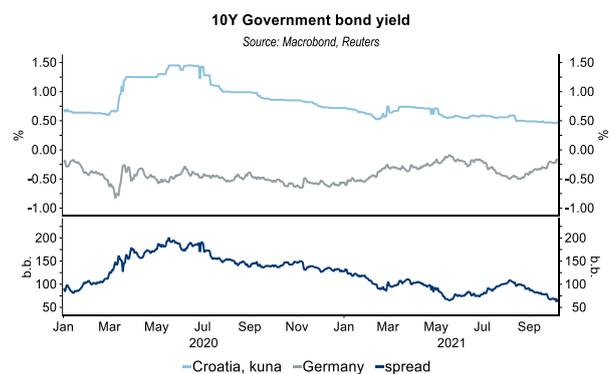
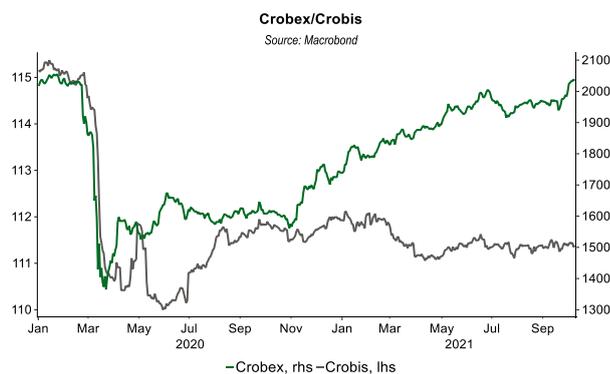
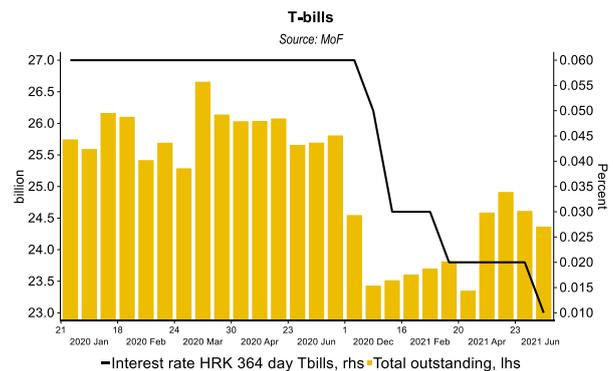
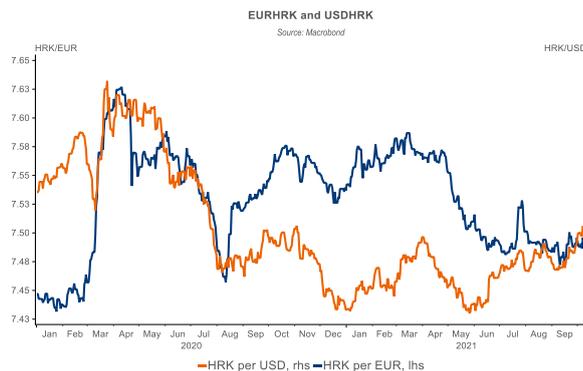
Trade in goods taking off

Total goods export in the first seven months of 2021 reached 77.9 billion kuna or 25.3% more compared to the same period last year, that is, 16.9% more compared to the first seven months of 2019. High growth of goods exports this year compared to the previous one was strongly influenced by the growth (+20.3%) of export in Manufacturing, considering the high percentage (84.3%) of the same in total export. More precisely, high growth of export of certain activities such as manufacture of electrical equipment (+25.4%), then manufacture of coke and refined petroleum products (+43.2%), metal (+45.9%) and other transport equipment, a part of which is also manufacture of ships (+57.1%). Significant contribution to the growth of total goods export also came from an increase of export in Electricity, gas, steam and air conditioning supply (+156.9%) and in Mining and quarrying (+92.5%), while by its share the most significant component of the total goods export, manufacture of food, recorded annual export growth of 15.7%. Observing by main trade partners, the highest percentage in total goods export is the export to EU member states (68.1%), to which almost a quarter (24.9%) more was exported compared to last year's seven months, while simultaneously imports from the EU (77.4% of total import) increased by 15.7%. Import of goods in the first seven months of this year reached 118.2 billion kuna, representing an annual increase of 18.6%, and compared to the same period in 2019 an increase of 5.8%. Foreign trade deficit in goods trade in the period from January to July 2021 reached 40.3 billion kuna, representing an increase of 7.5% yoy, while simultaneously the coverage rate reached 65.9% or 3.5 percentage points more yoy and also the highest since the first data was available. Positive movements in this year's trade in goods are primarily the result of low last year's base, (interruption of trade in goods due to a lockdown of both domestic and export markets and difficult transport due to introduction of strict epidemiological measures at the borders), but more importantly of the recovery of demand of main foreign trade partners that stimulated export, while the recovery of domestic demand affected the growth of import. Preliminary data for August point to still high growth rates of trade export and import of +27.4%, i.e., +29.7% (+25.5% and +19.8% from January to August), but we expect that the end of the year will bring about cooling off export growth rates considering that recovery started precisely in September last year (import growth of 8%) so a part of the base effect is lost that was particularly pronounced in the period from March till August.

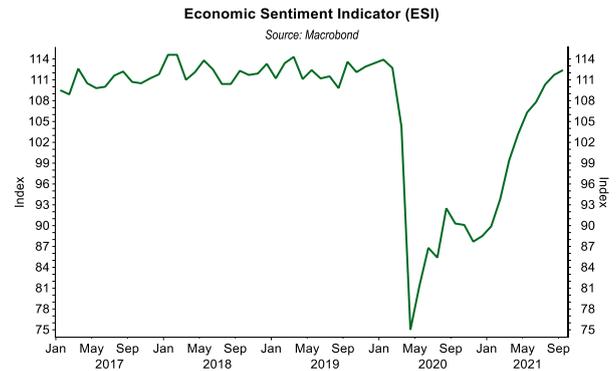
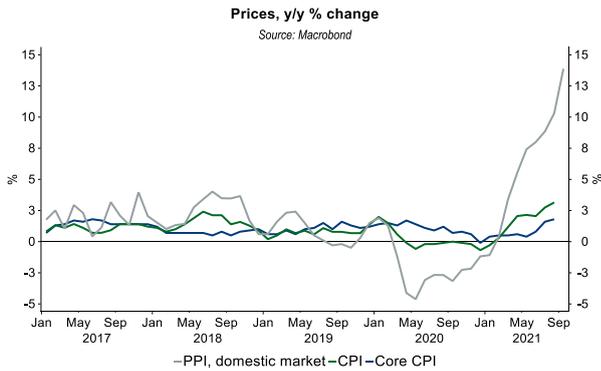
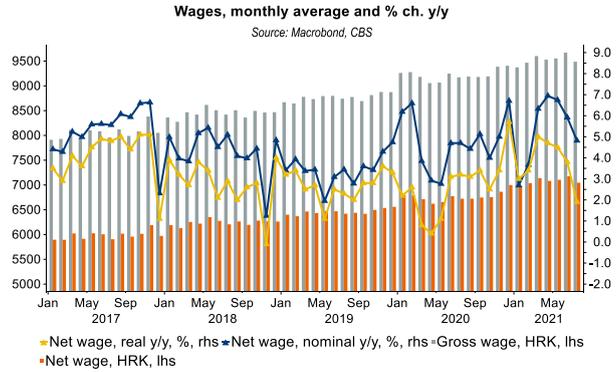
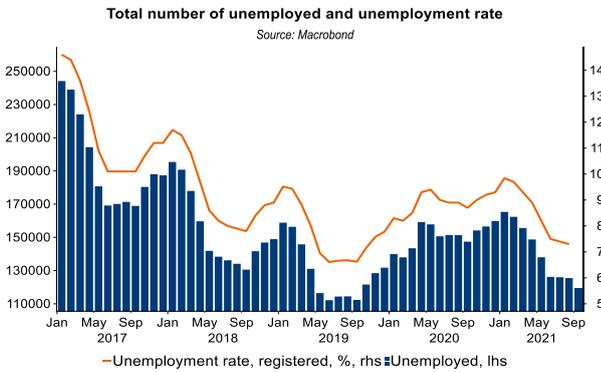
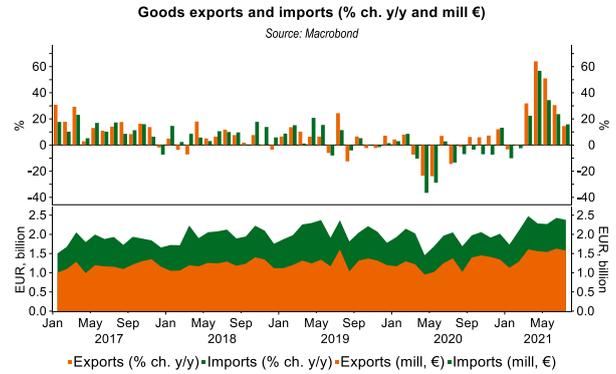
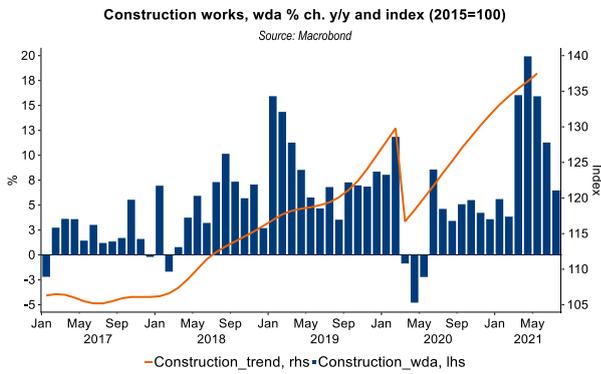
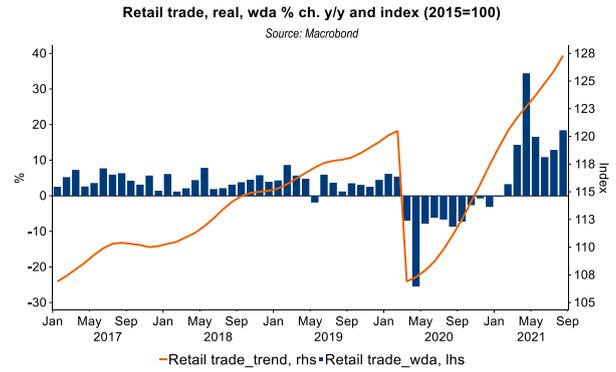
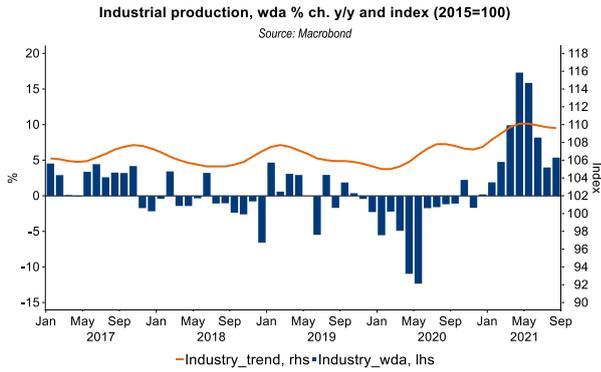


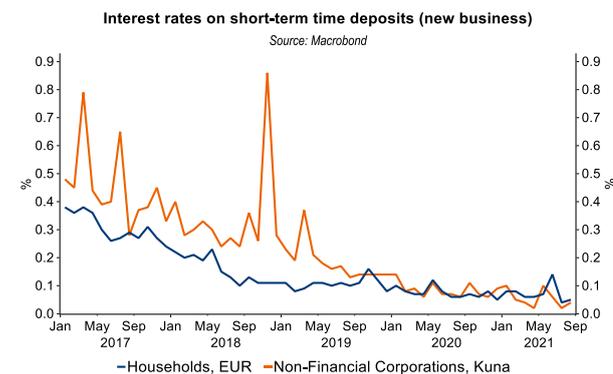
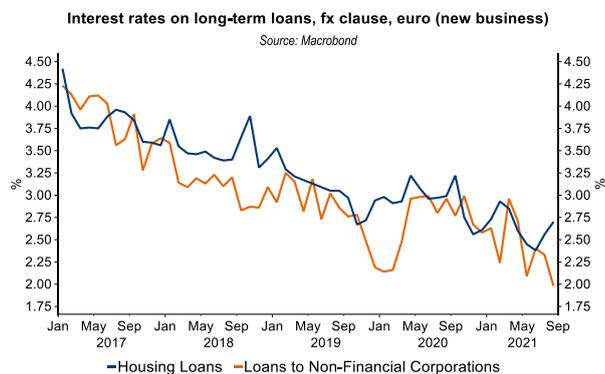
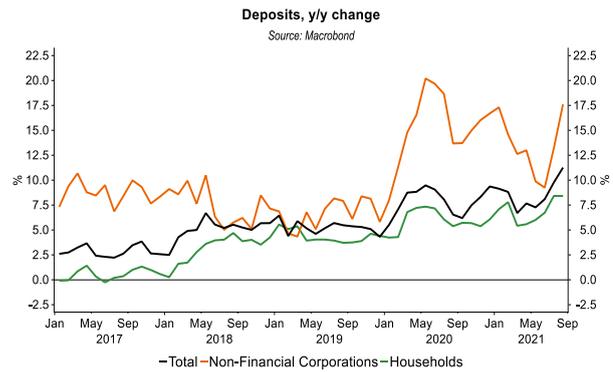
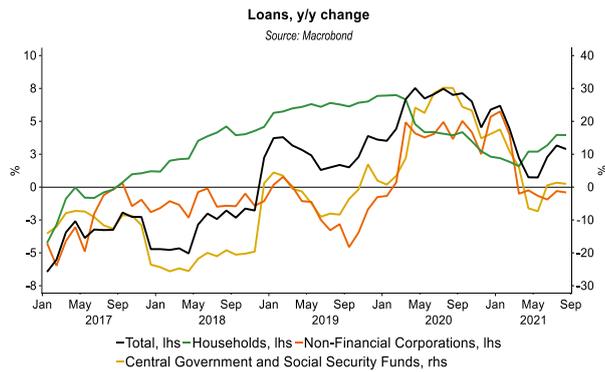
Weekly overview

- Last week started by trading of EUR/HRK pair at 7.4950 and under the influence of trading on the interbank market the exchange rate rose to 7.52 by the end of the week. The mid-point exchange rate thus increased by 0.3% wow, to 7.5096 kuna to the euro. Kuna continued to depreciate against the dollar, so the exchange rate rose to 6.4929 kuna to the dollar, up by 0.4% wow. Extremely long tourist season is coming to its end, so we do not expect further pressure on the appreciation of kuna. This week we see trading in the range of 7.50-7.55 kuna to the euro.
- Excess liquidity decreased to 59 billion kuna. There were no placements at the CNB repo auction and interest rates stagnated. T-bills were not due neither this nor last week, and next week 1.5 billion kuna of HRK and EUR T-bills are due.
- The Crobex Index last Friday closed at 2,033.99 points, up by 0.5% wow, while Crobis simultaneously stagnated at 111.82 points. As for sector indices, CROBEXconstruct finished the week at 436.39 points, a weekly decrease of 2.1%, while CROBEXindustry and CROBEXtourist rose by 2.1% i.e. 0.8% (to 1,161.58 and 3,597.70 points). Total ZSE turnover last week reached 275.6 million kuna, down by 13.3% wow, owing to 54.5% lower turnover in bonds (reaching 68.0 million kuna), while turnover in shares rose by 23.4% (to 207.5 million kuna).



Statistics





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