

# WEEKLY ANALYSIS

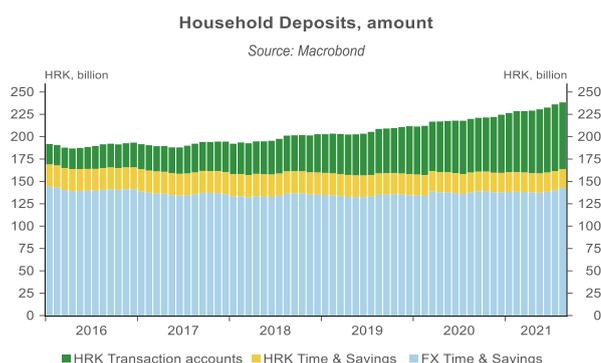
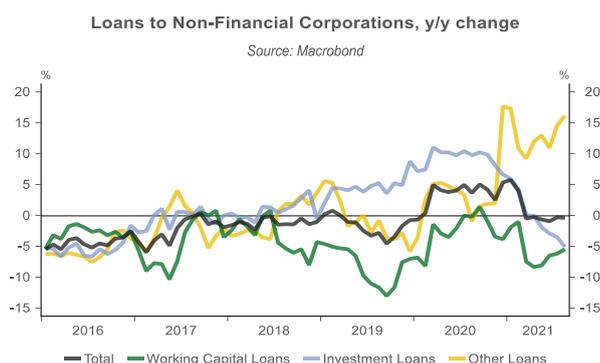
## Number 748, October 4, 2021

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## Deposit leap in August

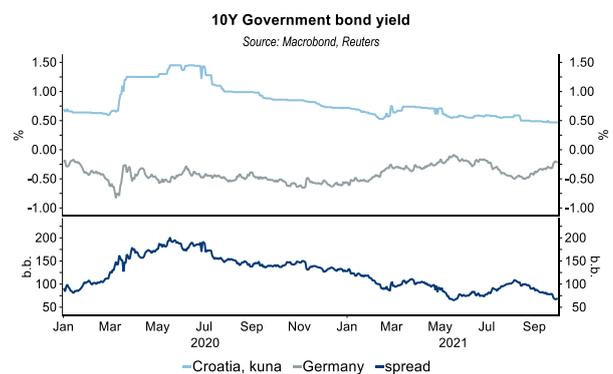
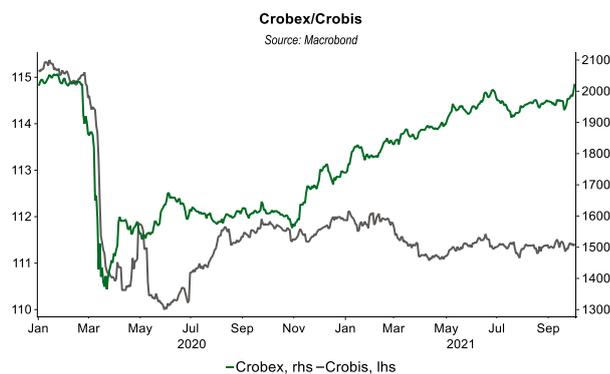
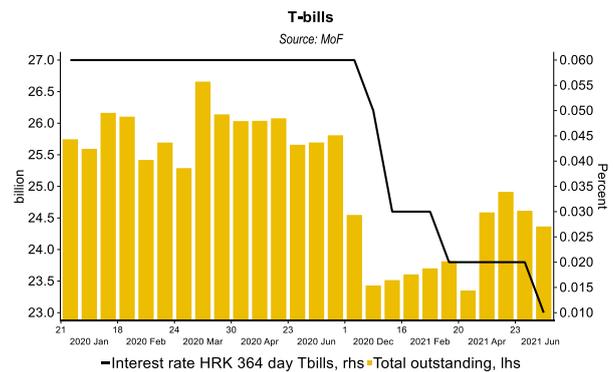
August brought a mild slowdown in the growth of loans (2.9% y-o-y) amid a somewhat slower growth rate of loans to the central government of 1.3% followed by a stagnation in the growth of loans to the private sector at the level of 2.3%. Transaction data show an identical picture and according to them the cumulative growth of loans to the private sector stagnated in August at 3.3% y-o-y. Loans to households were up by 4.0% y-o-y, equal to the month before, while according to transactions they slightly accelerated to 4.6%. Growth of the most significant types of loans, housing loans and cash loans, was only slightly different compared with July amounting to 10.3 and 0.2% respectively, while decline of other loans to households was maintained at -4.3%. Although in y-o-y terms cash loans generated a minor increase, from March they have been recording an almost continued m-o-m growth, thus in August they were higher by 1.2% compared to the end of last year, and until the end of this year and in the following one we see a continuation of their positive trend. Contraction of loans to non-financial corporations amounted to the almost unchanged -0.4% y-o-y whereby the noticeably sharper drop in investment loans (-5.1%) was mitigated by the acceleration of other loans (16.1%) and lower rate of decline for working capital loans (-5.5%). Volume of investment loans has been declining m-o-m already for ten consecutive months, resulting from an increased level of uncertainty present until the end of the second quarter, their higher complexity and a longer approval period as well as high level of liquidity due to which some companies are able to finance investments from their own funds. Rebound of investment loans we therefore anticipate only in the following year. Data on the corporate loan portfolio according to the company size show that in August the drop of loans to micro and small enterprises intensified (to -6.2% and -4.8%), the one to large enterprises significantly decreased (to -1.8%), and growth of loans to medium-sized enterprises decelerated (to 6.2%). Statistics of new loans reveal that in July and August placements to large and medium-sized companies were on average higher by 10 and 3% compared to the previous quarter, while the ones to small enterprises dropped by 5%.

Deposits continued to accelerate in August, supported by the growth of revenues from an exceptionally successful tourist season, posting a leap of 11.3% y-o-y. Growth of deposits of the private sector amounted to 10.9% whereby deposits of households stagnated at 8.4%, and the ones of non-financial corporations noticeably accelerated reaching a growth rate of 17.6%. Sight deposits of the private sector increased by 22.8% y-o-y, and FX savings by 3.5%, while HRK savings dropped by -4.3%. Let us also state that FX savings of citizens, that started to grow along with the pandemic outbreak (let us recall that this partially resulted from investment funds outflows), in August reached the level of HRK 142 bn which was last time recorded more than five years ago. We believe that for the rest of this and in the following year it will continue to increase as the date of joining the euro area approaches, and interest rates for HRK and EUR savings become uniform.



## Weekly overview

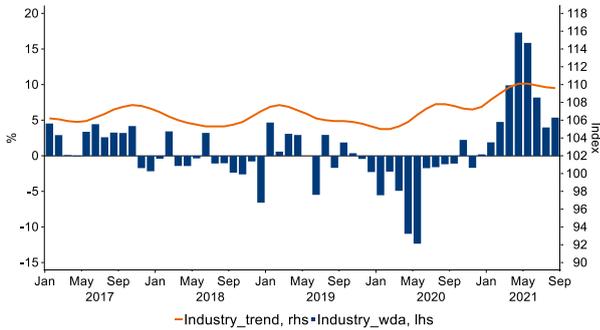
- Industrial production in August 2021 grew by 5.2% y-o-y (+8.3% in the first eight months compared with the same period last year), while real turnover in retail trade simultaneously increased by 18.3% (+13.5% from January to August).
- With a somewhat higher turnover, the mid-point HRK/EUR exchange rate last week stagnated w-o-w at 7.4882 kuna to the euro. In line with strengthening of the dollar versus the euro, the kuna weakened by 1.3% against the dollar w-o-w thus the exchange rate climbed to 6.4670 kuna to the dollar. This week we anticipate trading in the range of 7.48-7.53 kuna to the euro.
- Excess liquidity dropped at the end of September to 60 billion kn. At the CNB's repo auction there were no placements, and interest rates stagnated.
- The Crobex Index closed last Friday at 2,024.03, up by 2.5% w-o-w, while Crobis simultaneously stagnated at 111.85 points. As for sector indices, CROBEXconstruct closed the week at 436.39 points, down by 1.9% w-o-w, while CROBEXindustry and CROBEXtourist advanced by 1.2% and 1.4% respectively (to 1,137.30 and 3,569.87 points). Total ZSE turnover last week reached 317.8 million kuna, down by 45.6% w-o-w, owing to 67.0% lower turnover in bonds (reaching 168.2 million kuna), while turnover in shares simultaneously grew by 2 times (to 149.6 million kuna).



# Statistics

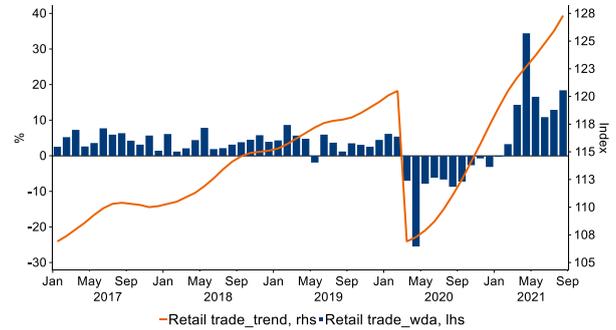
**Industrial production, wda % ch. y/y and index (2015=100)**

Source: Macrobond



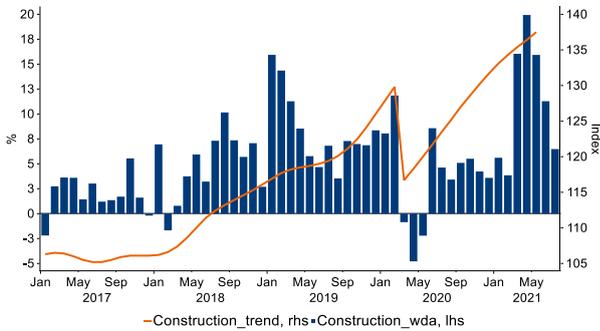
**Retail trade, real, wda % ch. y/y and index (2015=100)**

Source: Macrobond



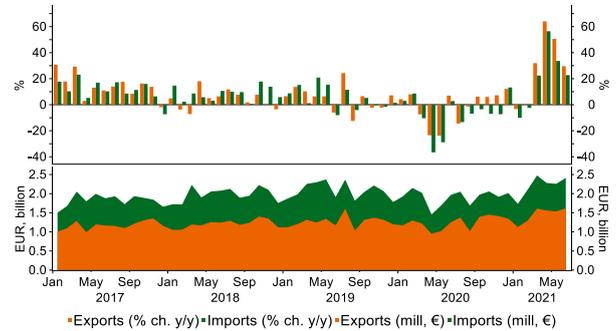
**Construction works, wda % ch. y/y and index (2015=100)**

Source: Macrobond



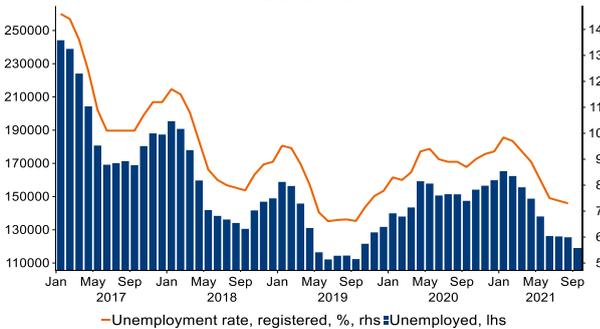
**Goods exports and imports (% ch. y/y and mill €)**

Source: Macrobond



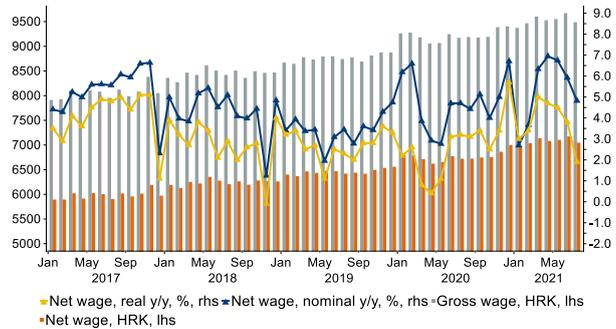
**Total number of unemployed and unemployment rate**

Source: Macrobond



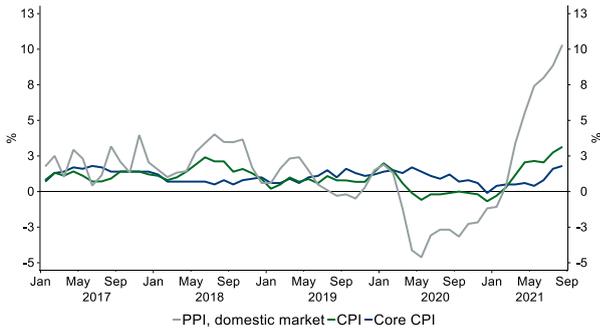
**Wages, monthly average and % ch. y/y**

Source: Macrobond, CBS



**Prices, y/y % change**

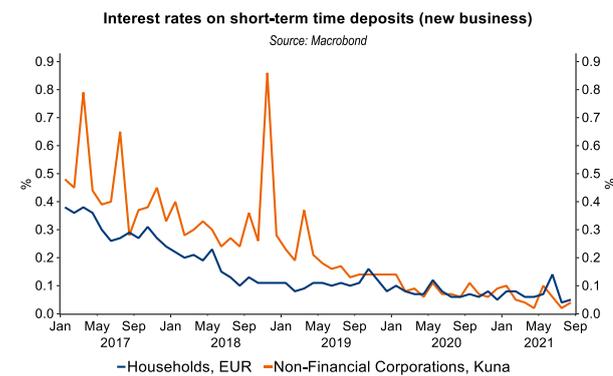
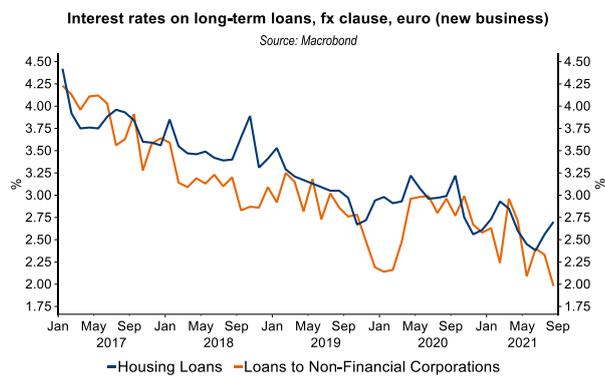
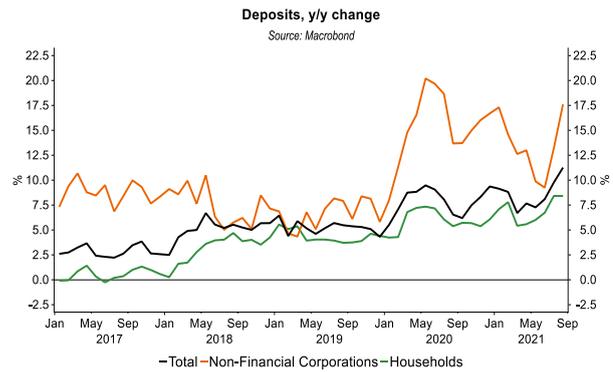
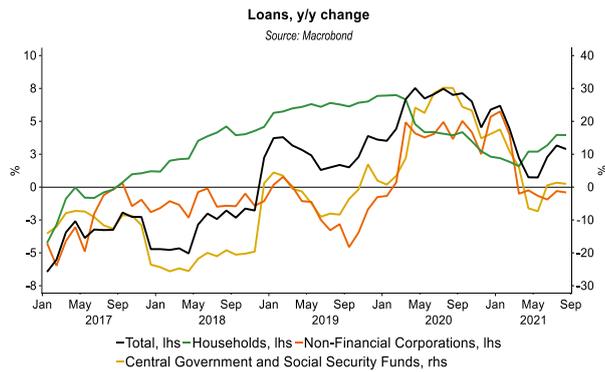
Source: Macrobond



**Economic Sentiment Indicator (ESI)**

Source: Macrobond





## RESEARCH OFFICE

Ivana Jović  
Ana Lokin  
Ivan Odrčić

## TREASURY

Eugen Bulat

## TRANSLATION

Ana Biloš  
Jelena Marinović

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