

# WEEKLY ANALYSIS

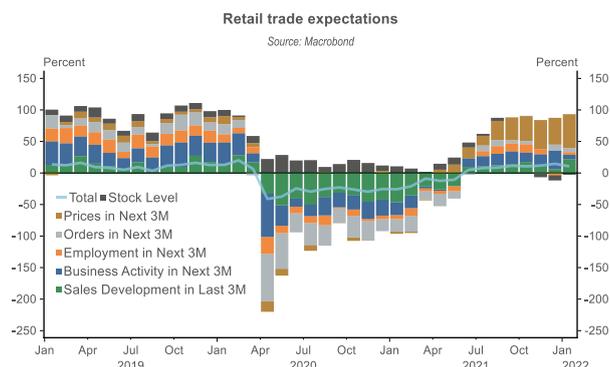
## Number 764, January 31, 2022

Strong retail recovery in 2021.....	1
Weekly overview.....	2
Statistics.....	3

## Strong retail recovery in 2021

Data on retail trade turnover in real terms in the last month in 2021 point to annual growth of 8.5%, which was expected due to low base in the same month in 2020 and considering the general economic recovery, aided by higher holiday consumption, and by a significant increase in the number of tourist arrivals (+246.8%), that is, tourist nights (+112.9%) and increased optimism among consumers. Observing by gross, unadjusted indices, total retail turnover growth in December was

mostly influenced by an increase of sale of automotive fuels and lubricants (+38.8%), due to increased demand of the same (result of decreased work from home compared to the same month of the previous year) and partially due to a higher fuel price. Observing the whole period of 2021, retail trade turnover in real terms increased by 12.1% y-o-y, mostly cancelling large annual reduction (-5.7%) recorded in 2020 due to the emergence of pandemic and increasing by 5.6% compared to pre-pandemic 2019. Extremely high annual growth of retail trade turnover in real terms last year was affected by (along with low base in 2020) strong recovery of tourism, which recorded in previous year a 78% growth in arrivals and 55% growth in tourist stays, where consumption of foreign tourists in Q1 – Q3 of 2021 increased by 90.2% y-o-y. With recovery of consumer optimism, increase in the number of employed persons, that amounted to 2.2% y-o-y in the previous year (partially facilitated by the continuation of state aid measures), also had a positive influence on retail trade turnover increase, with simultaneous reduction of the number of unemployed by 9.3%. Structurally observing (gross, unadjusted data), the highest contribution to the total retail trade turnover growth last year (according to the size of share in total turnover) came from turnover growth in automotive fuels (+29.7%) and in non-specialised stores with food, beverages and tobacco (+9.2%). On the other hand, the weakest annual growth rates were recorded in the areas which recorded extremely high growth in 2020, when consumption habits changed due to the emergence of the pandemic, primarily online trade (+6.7%) and dispensing chemists, medical and orthopedic goods, cosmetic and toilet articles (+6.2%). Moderate optimism regarding the continuation of annual consumption growth in retail trade in January is expressed in the increase of confidence in retail trade y-o-y (caused by an improvement of traders' evaluations of past and future business situation and evaluation on further decrease of stocks which points to consumption growth) and significantly smaller (-20.9%) number of unemployed (28 January last data) compared to end of January 2020. Negative risks arise from an upcoming price increase of energy sources for households, which will have a significant influence on personal consumption, but also due to continued troublesome health situation.



## Weekly overview

- Market remained calm last week, and trading was in the range of 7.52-7.54. On Friday, mid-point exchange rate amounted to 7.5285 kuna to the euro, up by 0.1% w-o-w. The kuna simultaneously weakened against the dollar by a strong 1.9% to 6.7605 kuna to the dollar due to strengthening of the dollar against the euro after last week's Fed meeting. This week due to the issuance of MF bond, slightly stronger activity on the domestic FX market is possible.
- Excess liquidity dropped to 78 billion kuna, interest rates stagnated, and there were no placements at the CNB's repo auction. There are no T-bills due this week so there will be no auction, and one is announced for next week.
- The Crobex Index closed last Friday at 2,125.65 points, or down by 1.8% w-o-w, while Crobis simultaneously declined by 0.2%, i.e. to 109.44 points. As for sector indices, CROBEXindustry was up by 2.1% w-o-w (to 1,290.43 points), while CROBEXconstruct and CROBEXtourist declined by 1.4%, that is, 0.8% (475.45 and 3,613.33). Total ZSE turnover last week amounted to 179.4 million kuna, or down by 12.1% w-o-w, owing to 48.6% lower turnover in shares (to 46.8 million kuna), while turnover in bonds simultaneously rose by 17.3% (132.6 million kuna).

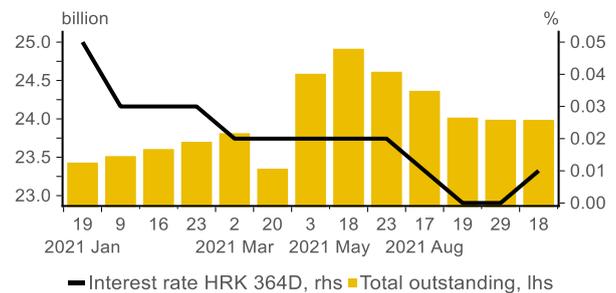
EUR/HRK and USD/HRK

Source: Macrobond



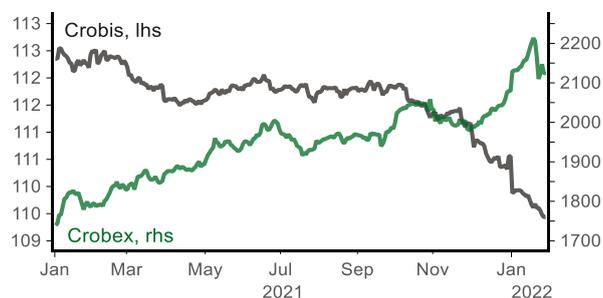
T-bills

Source: MoF



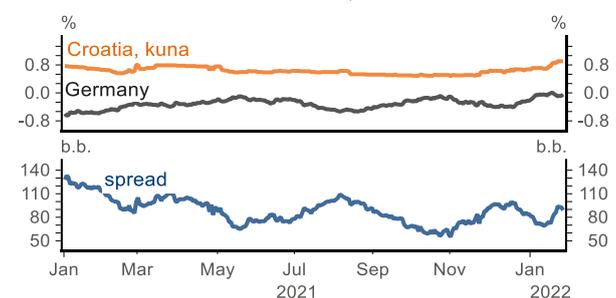
Crobex/Crobis

Source: Macrobond



10Y Government bond yield

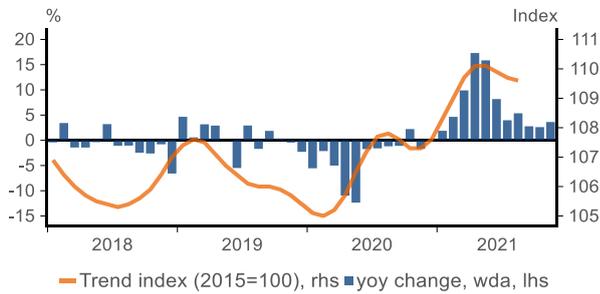
Source: Macrobond, Reuters



# Statistics

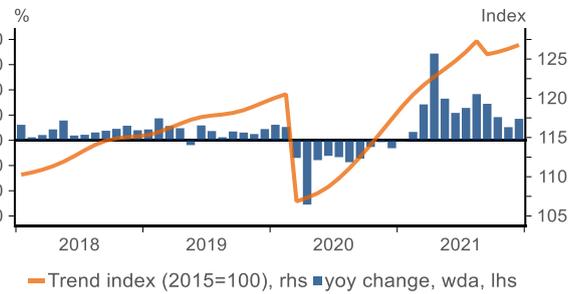
## Industrial production

Source: Macrobond



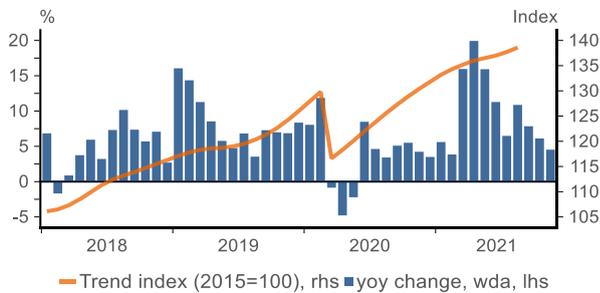
## Retail trade, real

Source: Macrobond



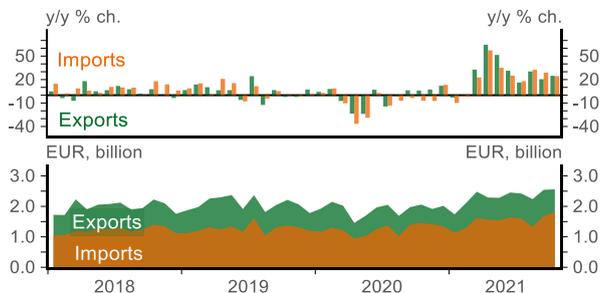
## Construction works

Source: Macrobond



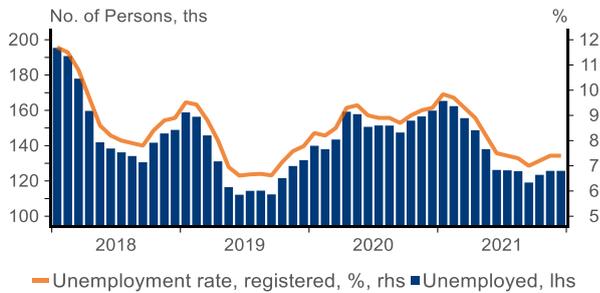
## Goods exports and imports

Source: Macrobond



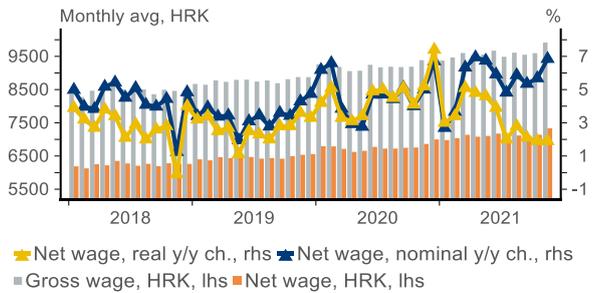
## Unemployment

Source: Macrobond



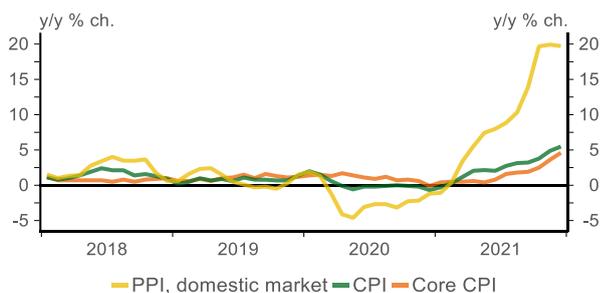
## Wages

Source: Macrobond, CBS



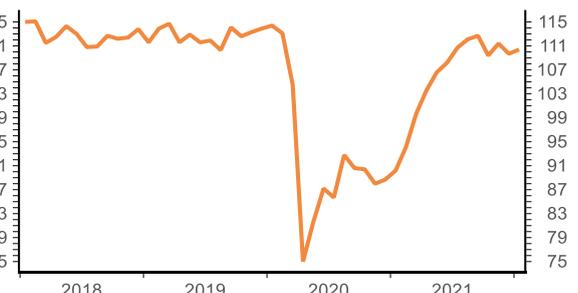
## Prices

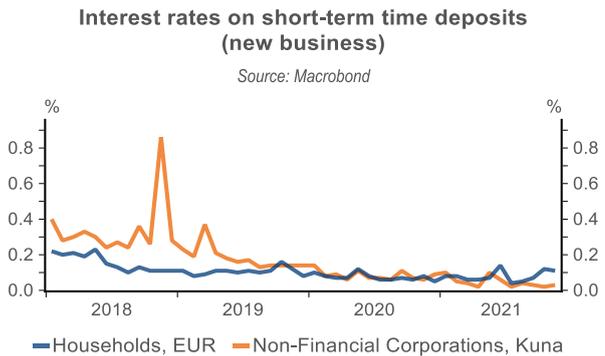
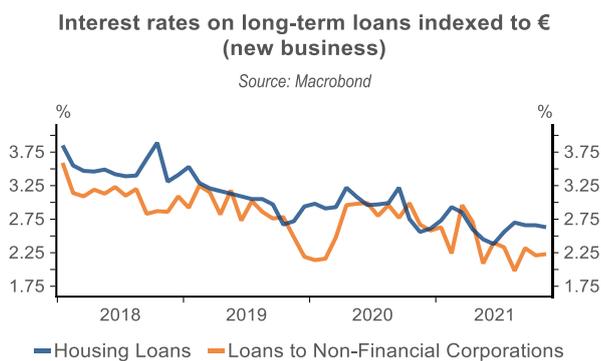
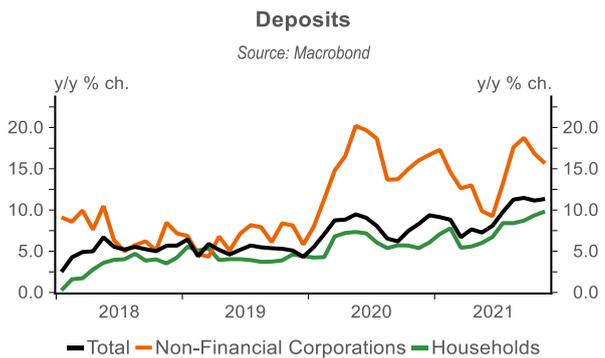
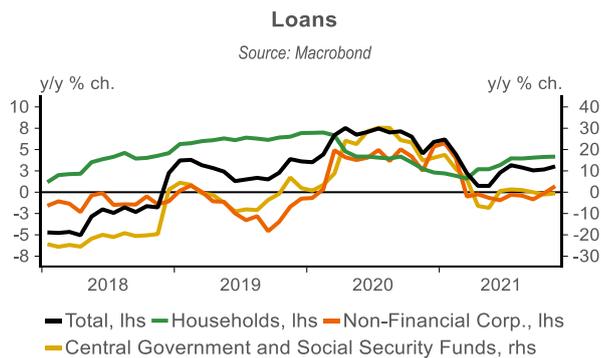
Source: Macrobond



## Economic Sentiment Indicator (ESI)

Source: Macrobond





#### RESEARCH OFFICE

Ivana Jović  
Ana Lokin  
Ivan Odrčić

#### TREASURY

Eugen Bulat

#### TRANSLATION

Ana Biloš  
Jelena Marinović

#### LEGAL DISCLAIMER

This publication is issued by PRIVREDNA BANKA ZAGREB-DIONIČKO DRUŠTVO, Zagreb, Radnička 50 (hereinafter: PBZ) and aimed at clients of the PBZ Group. This publication is intended for information purposes only and may not in any way be considered an offer or invitation to purchase any property or rights mentioned in it. The informative nature of this publication means that it may not serve as a substitute for the personal judgment and assessment of any reader or anyone who receives this publication. The information, opinions, analyses, conclusions, forecasts and projections given here are founded on publicly available data whose accuracy PBZ relies on but cannot guarantee. Accordingly, all the opinions, attitudes, conclusions, forecasts and projections given in this publication are subject to changes, which depend on changes to the data as published by the source used. PBZ allows further utilization of the data given in this publication on the condition that the publication is indicated as the source. All the property mentioned in this publication and whose movement is the subject of comment may from time to time be the subject of trade or positions taken by PBZ.