

NUMBER 887, JANUARY 20, 2025

Lending growth in Croatia far above the EA average

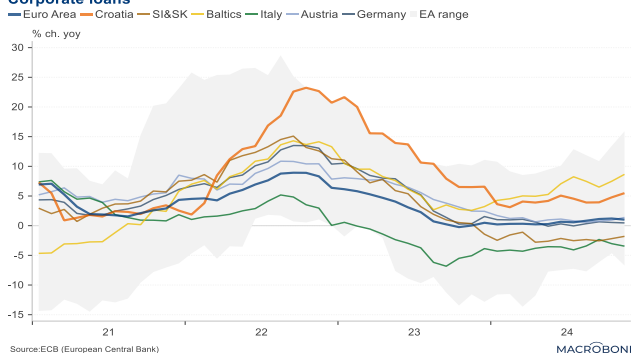
- Growth in loans to the private sector in the euro area has bottomed out over the past six months, reaching in November 1.0% year-on-year for non-financial corporations and 0.9% for households¹, mainly due to a decline in financing costs. The latter for new placements in corporate finance in November reached 4.5%, down by 0.6 p. p. than half a year earlier, and for households 3.5%, down by 0.3 p. p. in the observed period.
- Corporate loans in the euro area recorded a huge range of movements at the end of November, from -6.7% in Luxembourg to +15.9% in Greece, while Croatia with a 5.5% increase ranked well above the EA average. Germany and Austria achieved growth of modest 1.4% and 0.5%, respectively, while Italy continued to record a negative trend, i.e. a drop of -3.4%.
- Half a year ago, we stated that Croatia is at the forefront in terms of the growth of loans to households in the EA, and the trend has not changed in the meantime. With a growth of 11.9%, it surpassed both Malta and the Baltic countries (9.3 and 7.9%, respectively), owing to a strong increase in cash and housing loans. Austria is at the bottom of the scale with a minus of -1.2%, while Germany and Italy recorded a recovery and a slight growth of +0.8%, i.e. stagnation.
- Although lending in the EA is gradually recovering, it is still too low to provide boost to the economic growth (before the pandemic, loan growth rates ranged from 3-4%). Therefore, we expect that in 2025 the European Central Bank will maintain its focus on stimulating economic activity and continue to lower key interest rates.

Growth in loans to the private sector in the EA has bottomed out

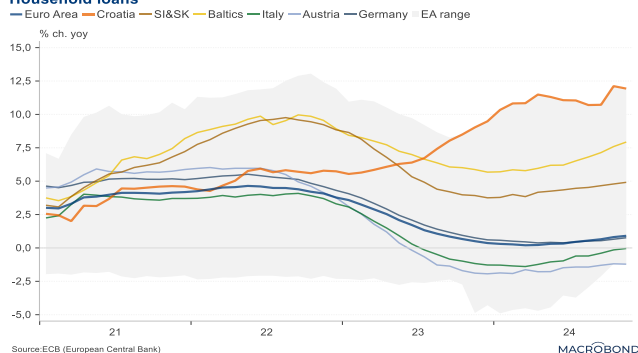
Growth of corporate loans in Croatia far above the EA average

Growth of loans to households in Croatia remains the highest in the EA

Corporate loans



Household loans



¹ Growth rate adjusted for sales, securitisations and cash pooling

- In anticipation of Trump's inauguration, EUR/USD mostly held below 1.03, closing the week at \$1.0298 per euro, -0.1% week-on-week.
- After a short period of mild growth, Euribor recorded a slight decline. 3M and 6M stood at 2.7% and 2.6%, respectively, on Friday, down by 10 b.p., i.e. unchanged week-on-week.
- Upswing of stocks continues, so Crobex achieved a weekly growth of 1.1% to 3,367 points with a mixed performance of sectoral indices (CROBEXindustry +0.5% to 2,370, CROBEXnutris -0.6% to 870, CROBEXtourist +0.5% to 4,130). Crobis was down by 0.1% to 99.5 points.

EUR/ USD



Source: ECB

MACROBOND

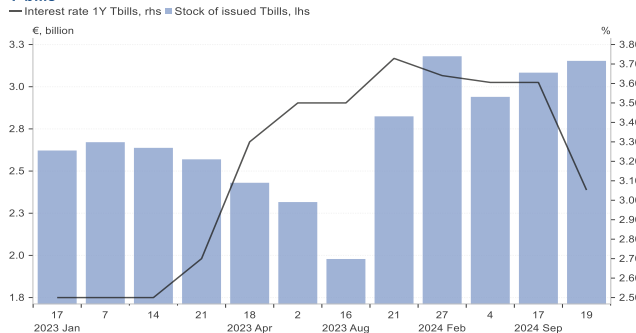
Euribor



Source: EMMI, ECB

MACROBOND

T-bills



Source: MoF

MACROBOND

Crobex/Crobis



Source: Zagreb Stock Exchange

MACROBOND

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.

ECONOMIC RESEARCH

Ivana Jović
Ana Lokin

TRANSLATION

Ana Biloš
Jelena Marinović

www.pbz.hr