

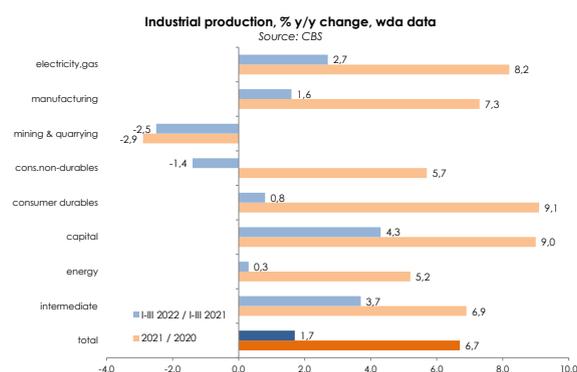
# WEEKLY ANALYSIS

## Number 776, May 2, 2022

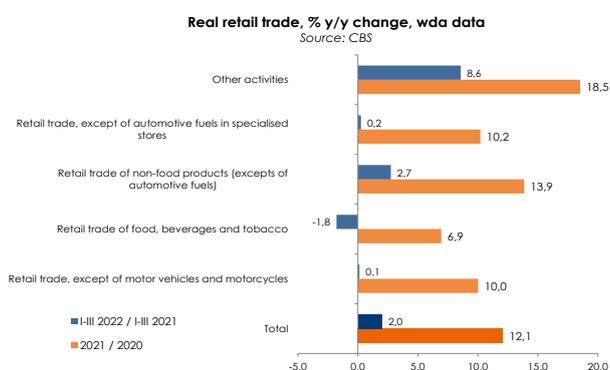
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## Industrial production in March in decline, retail sale up

Total volume of industrial production in March was reduced by 1.9% y-o-y (calendar-adjusted data), which represents the first annual reduction of activities since November 2020 (-1.7%), whereas such result can partially be attributed to a high base in March 2021 (+9.9%). Structurally observing, negative movements of industrial production in March were mostly influenced by a decline of activities (-2.7%) within Manufacturing (considering the dominant part of that industry in total industrial production, i.e., almost 84%), whereas Manufacture of coke and refined petroleum products (-96.0%) stands out, then Manufacture of motor vehicles, trailers and semi-trailers (-14.3%) and Manufacture of basic pharmaceutical products and pharmaceutical preparations (-13.7%). Activity within the category Mining and quarrying was simultaneously reduced by 5.1%, while it increased within the Electricity, gas, steam and air conditioning supply by 3.9% (thus continuing the positive line of interannual growth since June 2020). Considering the positive results in the first two months of this year, total volume of industrial production in this year's Q1 recorded an interannual increase of 1.7%. Main negative risks regarding the trends of industrial production in the upcoming months come from geopolitical insecurity that will have an important effect on foreign demand.

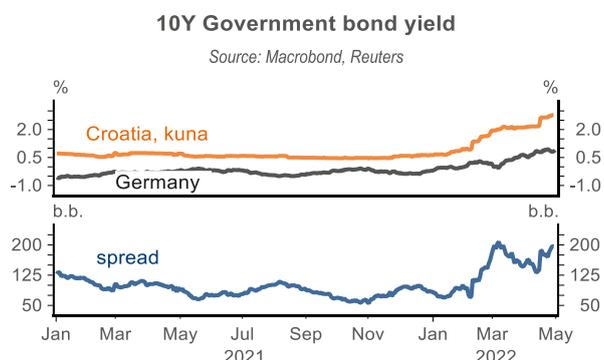
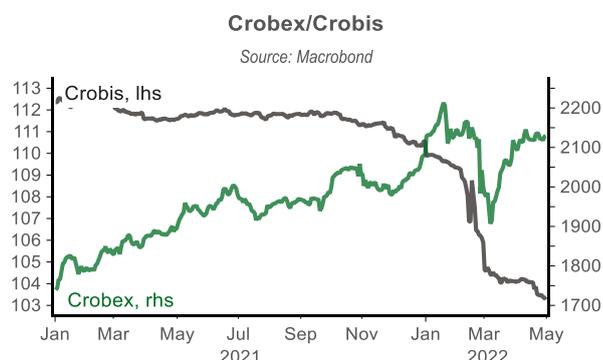
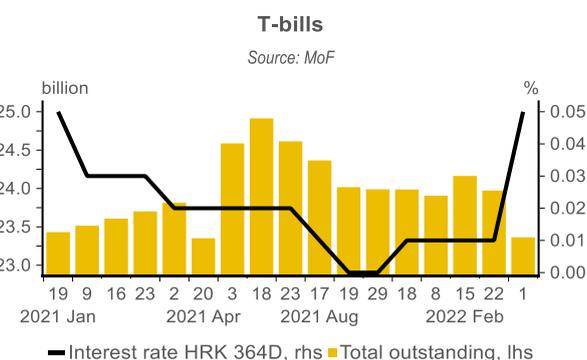


Parallel with the data on industrial production, the data on retail trade turnover in real terms were also published, recording an interannual increase in March by 3.6% (calendar-adjusted data). Structurally observing, annual growth of retail trade turnover in real terms in March was primarily affected by an increase of sale of food, beverages and tobacco by 2.8% (reversal of negative trend recorded in previous three months) and in retail sale mostly in non-food products, except for Automotive fuels, by 1.1% (weakest growth since February 2021, when sales decrease by 0.3% was recorded). According to original, non-adjusted data, retail trade turnover in real terms in March was up by 1.8%, and nominally by 12.0% y-o-y, suggesting a high influence of inflation on the overall movement of retail trade turnover. In nominal term, total growth of retail trade turnover in March was mainly influenced by the sale of Automotive fuels and lubricants (+37.6% or +7.6 p.p.). In the January - March 2022 period, retail trade turnover in real terms (calendar-adjusted) was up by 2.0% y-o-y, out of which a decline was recorded by 1.8% in Retail trade in food, beverages and tobacco, while in Retail trade in non-food products (except for trade in automotive fuels and lubricants) an increase of 2.7% was realised. Negative risks in the upcoming period result mainly from high inflation, followed by unstable geopolitical situation (influence on the tourist season?), high basis last year and expectedly lower growth rate of general economic activity. On the other hand, positive risks are reflected in lieu of expected continuation of favourable movements on the labour market.



## Weekly overview

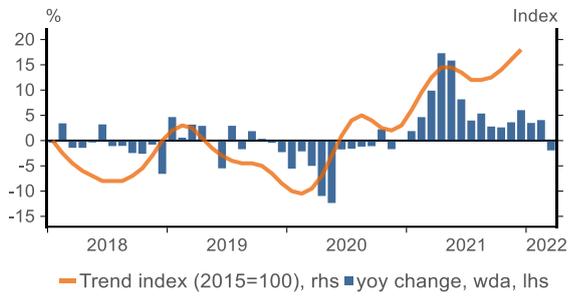
- Loan growth has significantly accelerated in March, to 3.2% y-o-y, due to significantly stronger growth of loans to non-financial corporations of 5.7% (households 4.1%, central government -2.7%). Total deposit growth in March slowed down to 9.5% y-o-y (private sector 10.2%).
- Last week trading was in the range of 7.56–7.58. On Friday, mid-point exchange rate was almost unchanged w-o-w and amounted to 7.5631 kuna to the euro, while depreciation of kuna to the dollar continued and the exchange rate increased by 2.2% to 7.1512 kuna to the dollar. This week we see a continuation of calm trading.
- Excess liquidity was reduced to 75 billion kuna, interest rates mostly stagnated w-o-w, and there was no interest at the CNB's repo auction. This week 1.2 billion euros in FX-bills is due so the announced auction is planned in the same amount.
- The Crobex and Crobis indices closed last Friday with a weekly decline of 0.2%, reaching the level of 2,129.32, that is, 103.26 points. As for sector indices, CROBEXindustry recorded an increase of 0.4% w-o-w (to 1,221.40 points), while CROBEXtourist and CROBEXconstruct were down by 0.2% i.e., 0.4% (3,600.79 and 441.18 points). Total ZSE turnover last week amounted to 121.1 million kuna or up by 2.3 times w-o-w, owing to 4.1 times higher turnover in bonds (reaching 81.8 million kuna) and 22.7% higher turnover in shares (39.3 million kuna).



# Statistics

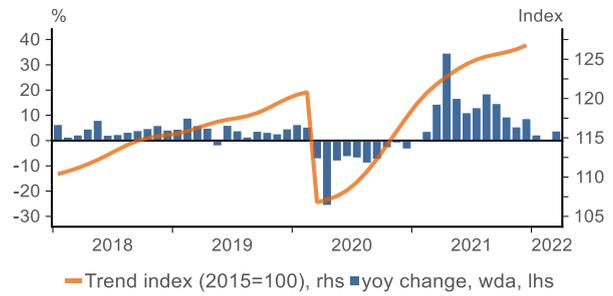
## Industrial production

Source: Macrobond



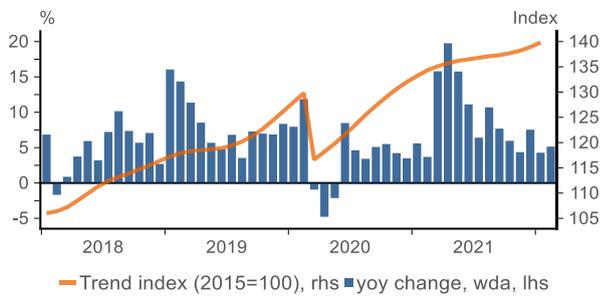
## Retail trade, real

Source: Macrobond



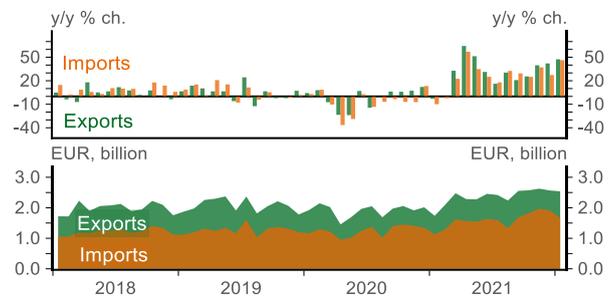
## Construction works

Source: Macrobond



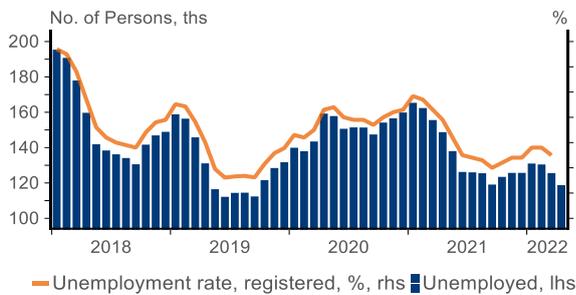
## Goods exports and imports

Source: Macrobond



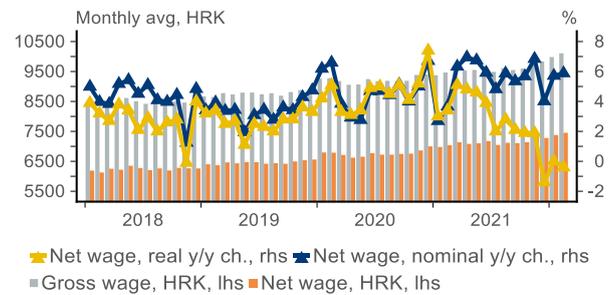
## Unemployment

Source: Macrobond



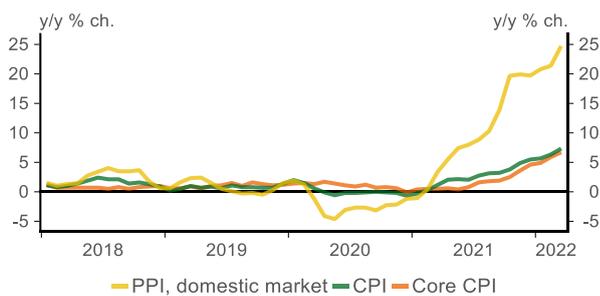
## Wages

Source: Macrobond, CBS



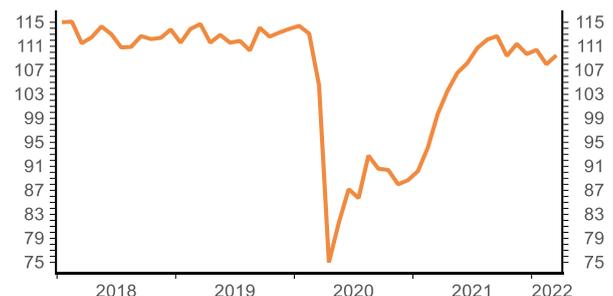
## Prices

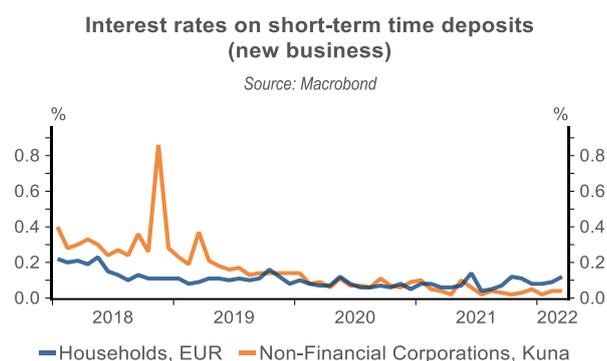
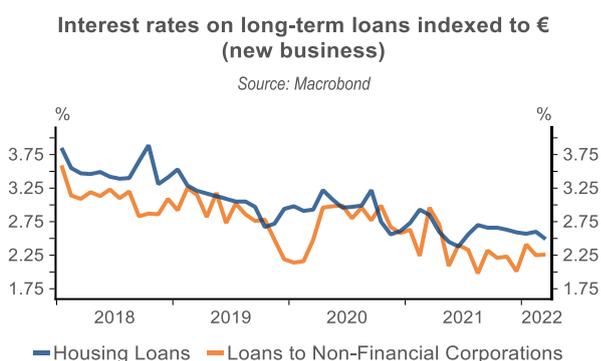
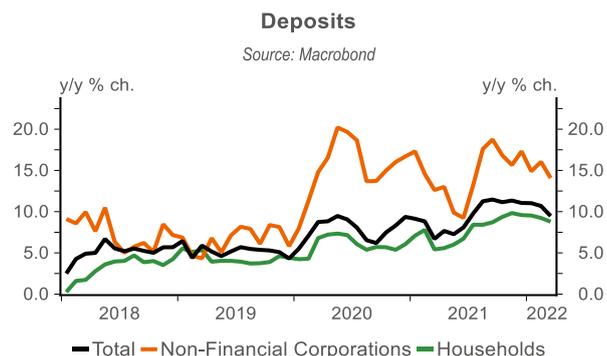
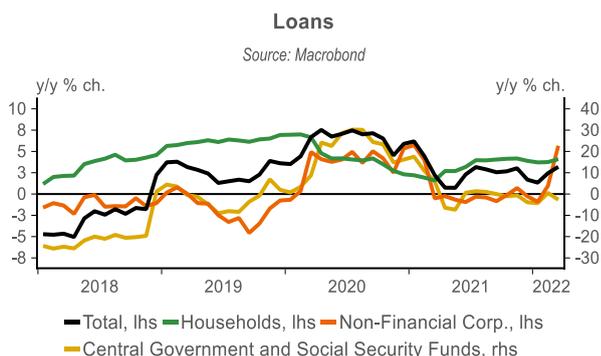
Source: Macrobond



## Economic Sentiment Indicator (ESI)

Source: Macrobond





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