

WEEKLY ANALYSIS

Number 774, April 11, 2022

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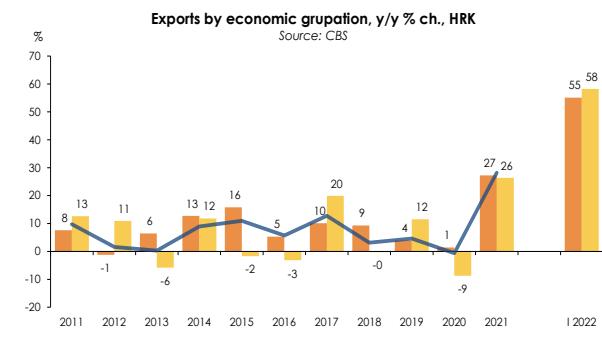


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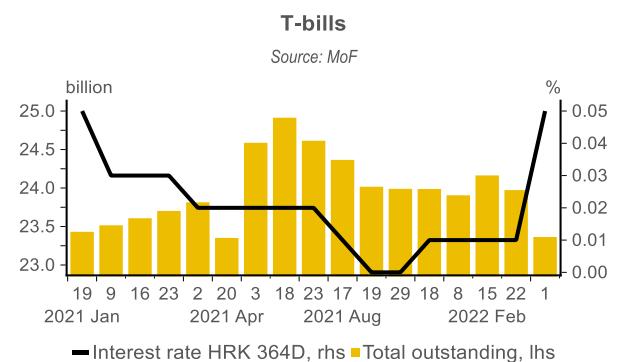
Positive trends in trade in goods at the beginning of 2022 continued

Export in goods in January 2022 increased by 47.0% compared to the same month in 2021, i.e., reached 12.5 billion kuna, while goods import simultaneously increased by 45.8% (to 19.1 billion kuna). Relatively high increase of trade in goods in the first month of this year was affected by low base in January 2021 (export -1.8%, import -8.8%), but also by price growth and recovery of foreign, i.e., domestic demand. Observing by the structure, high export growth was mostly affected by the growth in category Electricity, gas, steam, and air conditioning supply (+423.7%), while relatively strong contribution came also from Manufacturing (+31.0%) and Mining and quarrying (+155.9%). The largest component of Manufacturing by its share, Manufacture of electrical equipment, recorded an increase by 33.7%. Foreign trade deficit in trade of goods in January 2022 reached 6.5 billion kuna, an increase of 43.7% y-o-y. Coverage rate of goods import by export reached 65.7% or up by 0.5 p.p. compared to January 2021. Observing by the origin, export to EU member states (highest share in total export of goods, 73.7%) recorded an annual increase of 55.1%, while export to CEFTA (share of 15.1%) was up by 58.2%. At the same time, import from the EU recorded growth of 29.6% y-o-y, and from CEFTA of 58.2%. According to preliminary data for February, import and export of goods recorded deceleration of annual growth rates to +38.65. i.e., +34.7%, thus reducing the coverage rate to 63.3% (61.5% in February 2021), while foreign trade deficit in trade of goods increased by 28.4% y-o-y, i.e., to 7.83 billion kuna (highest deficit level since June 2008). Although the high growth of export (and import) continued at the beginning of this year (partially strongly propelled by low bases in January and February 2021, but also by growth of prices/demand), we expect somewhat milder (considering very high increase rates that started in March 2021) growth rates from March onwards, also suggested by the data on the continuation of growth trend of the export-order book indicator. Negative risks arise from indirect effects of the conflict in the east of Europe which could have a significant effect on total trade in goods, although trade in goods of the Republic of Croatia with direct conflict participants, the Russian Federation and Ukraine, is relatively modest. Namely, the value of trade in goods with the Russian Federation is only 5.0 billion kuna or 1.4% of the total trade in goods, while the amount for Ukraine is even smaller (0.8 billion kuna or 0.2%).

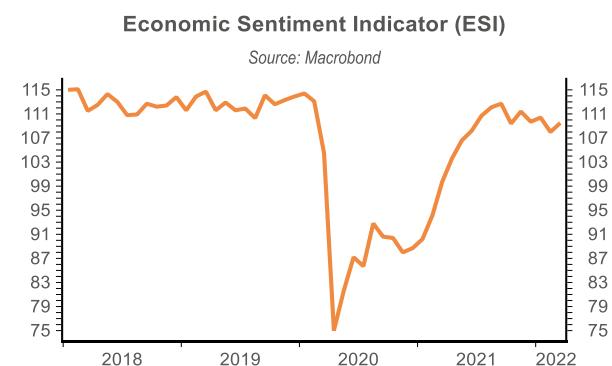
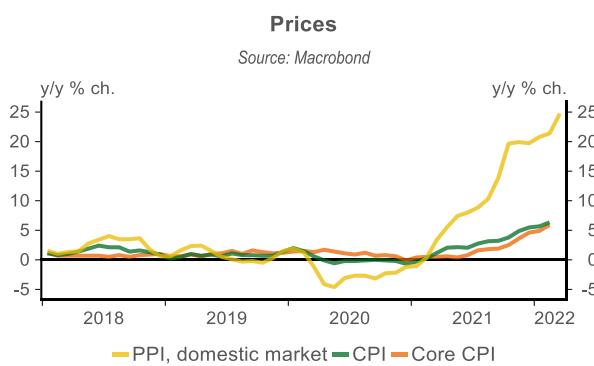
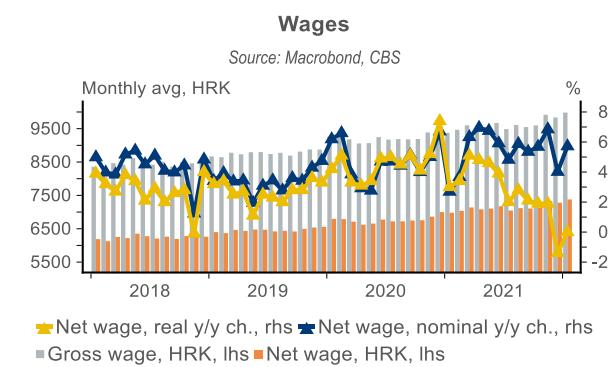
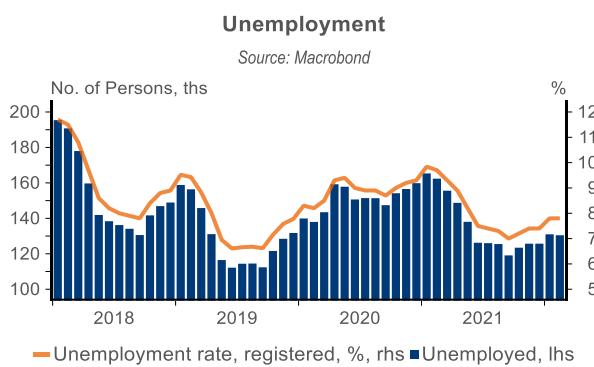
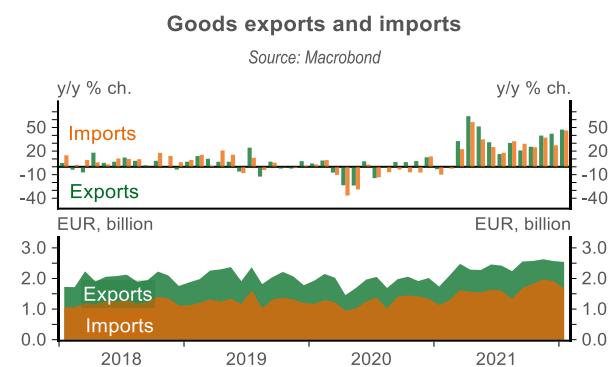
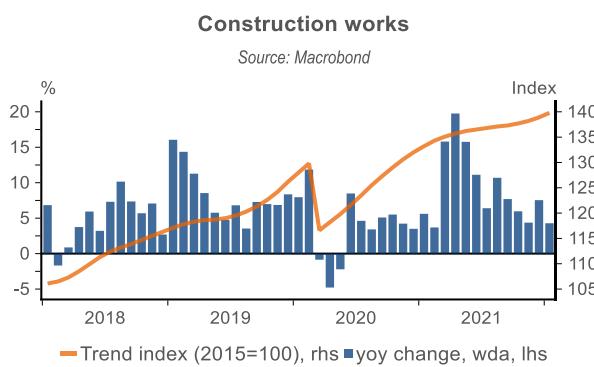
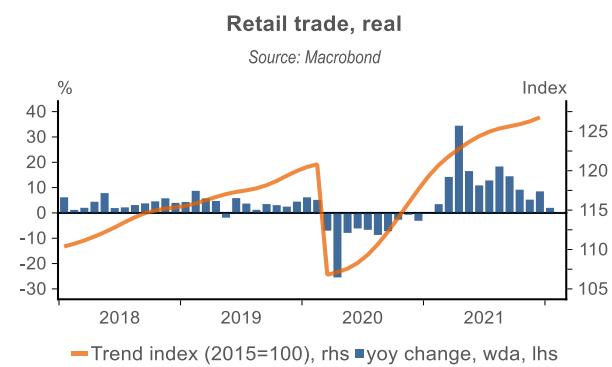
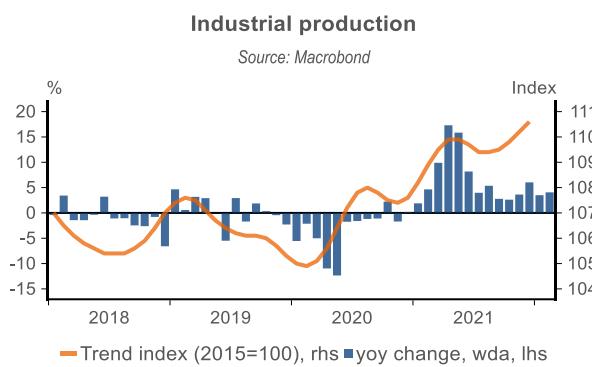


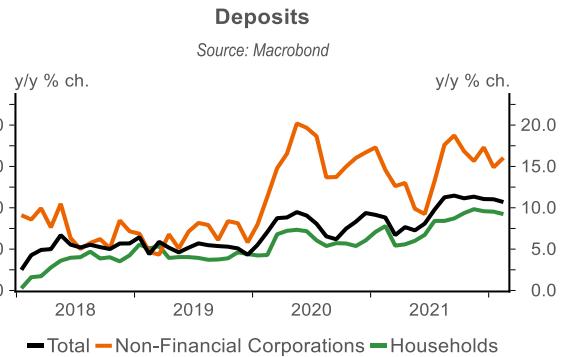
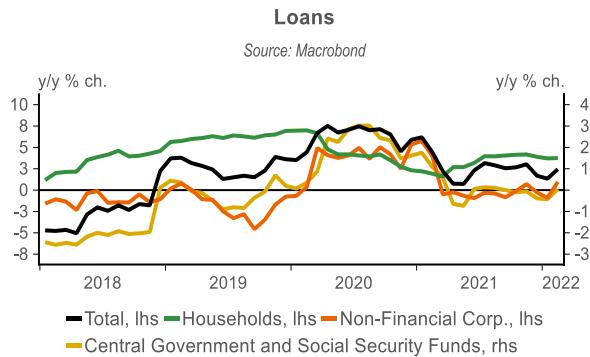
Weekly overview

- Last week trading was in the range of 7.535 - 7.565 with increased volumes. On Friday, mid-point exchange rate was down by 0.4% w-o-w and amounted to 7.5434 kuna to the euro. Simultaneously kuna weakened against the dollar by 1.4%, so the exchange rate increased to 6.9403 kuna to the dollar. This week we see trading in the range of 7.52-7.57 kuna to the euro.
- Excess liquidity was reduced to 71 billion kuna, interest rates mostly stagnated w-o-w, and there were no placements at the CNB's repo auction.
- The Crobex Index closed last Friday at 2,134.33 points, up by 2.0% w-o-w, while Crobis simultaneously rose by 0.1% or 104.19 points. As for sector indices, CROBEXconstruct was down by 0.7% w-o-w (to 440.95 points), CROBEXtourist stagnated at 3,571.90 points, and CROBEXindustry rose by 1.8% (1,222.94). Total ZSE turnover last week amounted to 117.1 million kuna or down by 45.2% w-o-w, owing to 52.1% lower turnover in bonds (reaching 80.5 million kuna) and 19.6% lower turnover in shares (36.6 million kuna).



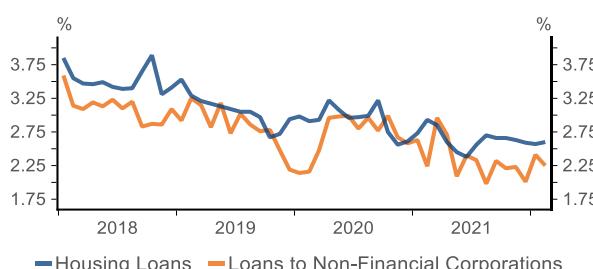
Statistics





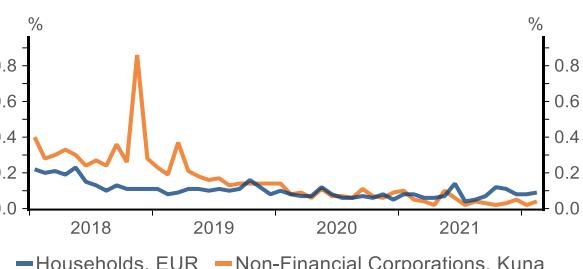
Interest rates on long-term loans indexed to € (new business)

Source: Macrobond



Interest rates on short-term time deposits (new business)

Source: Macrobond



RESEARCH OFFICE

Ivana Jović

Ana Lokin

Ivan Odrčić

TREASURY

Eugen Bulat

TRANSLATION

Ana Biloš

Jelena Marinović

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