

WEEKLY ANALYSIS

Number 772, March 28, 2022

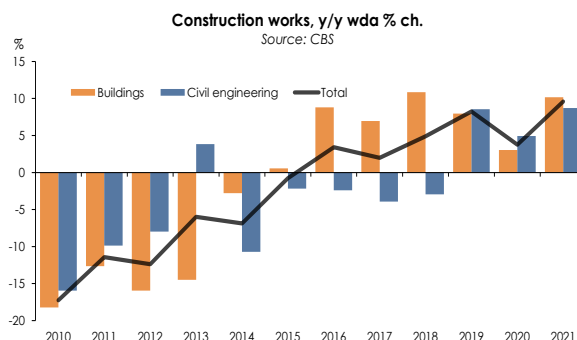
Construction in 2021 taking off	1
Weekly overview	2
Statistics.....	3



Construction in 2021 taking off

Total volume of construction work in the last month of 2021 increased by 7.7% y-o-y, thus continuing a positive trend of annual growth which started in June 2020. Total volume of construction work in December increased by 2.2% m-o-m. Activities regarding buildings in December 2021 recorded an increase of 8.1%, and for other constructions by 7.2% y-o-y. Observing the overall last year's period, total construction activity recorded an increase of 9.6% on average compared to the average

from 2020, partly due to the base effect, but also partly due to a positive upward trend recorded in the sector primarily owing to the investments aided by EU funds. During last year, construction work on buildings was 10.2% y-o-y, with positive contribution to such trends coming from the housing, also indicated by continuous growth of real estate prices, measured by the house price index (in the first three quarters of 2021, mentioned index increased by 6.7% y-o-y on average; in EU27 growth amounts to +7.6%). Activities on other constructions were increased by 8.7% compared to 2020. The number of employed persons in this upstream sector of the Croatian economy increased the most last year, out of all business activities (observed by shares in the total number of employed persons), by 5.3%, that is, to an average of 126k people, making it the third biggest with the highest number of employed persons (after Manufacturing and Wholesale and retail trade). As to the following period, especially regarding the intensification of the reconstruction of areas affected by natural disasters, available EU funds and the continuation of solid demand for housing, a continuation of positive movements in the sector is expected, while the main negative risks are evident given the chronic shortage of qualified workers and uncertainty on the market regarding the prices of building materials (additionally affected by the war in Eastern Europe). Statistics regarding the number of issued building permits in the first month of this year attests to the continuation of upward trend, considering that the number of those permits recorded an annual increase of 2.7%, whereas the value of works contained in those permits simultaneously showed an increase of 56.0%.



Weekly overview

- Last week we again noted small trading volumes and strengthening of depreciation pressures so, when the exchange rate reached 7.579, the CNB intervened by selling to the banks 144 million euro at the average exchange rate of 7.5672. On Friday, mid-point exchange rate was unchanged w-o-w and amounted to 7.5737 kuna to the euro. Kuna weakened against the dollar by 0.2% and the exchange rate increased to 6.8777 kuna to the dollar.
- FX auction withdrew 1.1 billion kuna from the system and excess liquidity was reduced to 80 billion kuna. Interest rates stagnated w-o-w, and there was no interest at the CNB's repo auction.
- The Crobex Index closed last Friday at 2,056.83 points, up by 0.3% w-o-w, while Crobis simultaneously reached 104.15 points, down by 0.1% w-o-w. As for sector indices, CROBEXindustry was down by 1.4% w-o-w (to 1,140.68 points), while CROBEXtourist and CROBEXconstruct rose by 1.4%, that is, 8.1% (3,531.04 and 440.60). Total ZSE turnover last week amounted to 303.3 million kuna, or down by 21.0% w-o-w, owing to 35.9% lower turnover in shares (reaching 32.7 million kuna) and 18.8% lower turnover in bonds (270.6 million kuna).

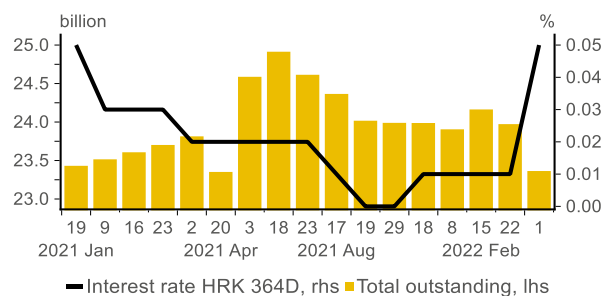
EUR/HRK and USD/HRK

Source: Macrobond



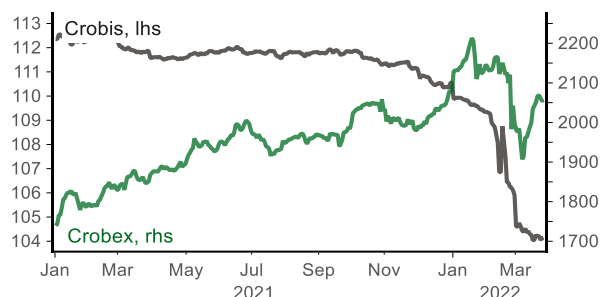
T-bills

Source: MoF



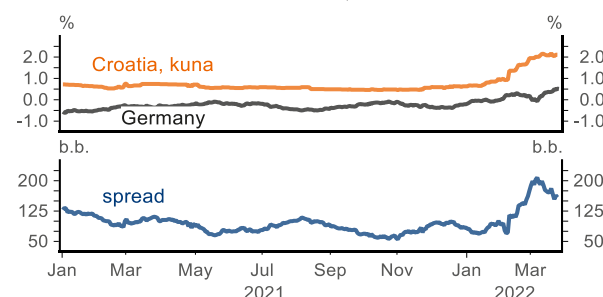
Crobex/Crobis

Source: Macrobond



10Y Government bond yield

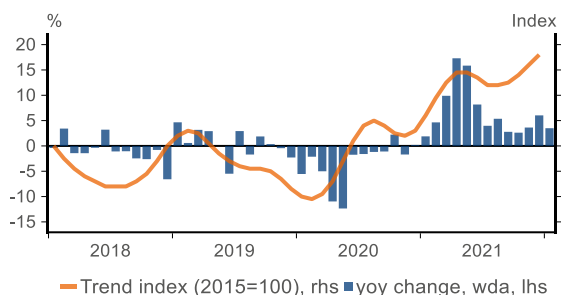
Source: Macrobond, Reuters



Statistics

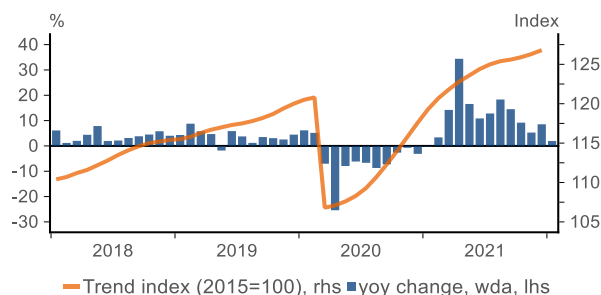
Industrial production

Source: Macrobond



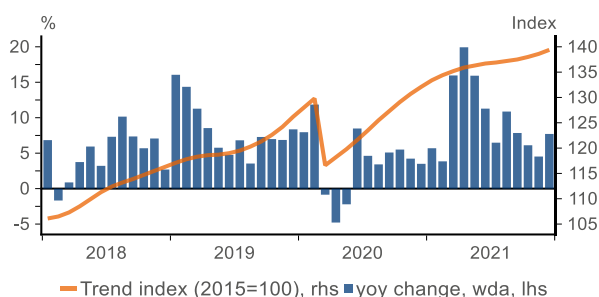
Retail trade, real

Source: Macrobond



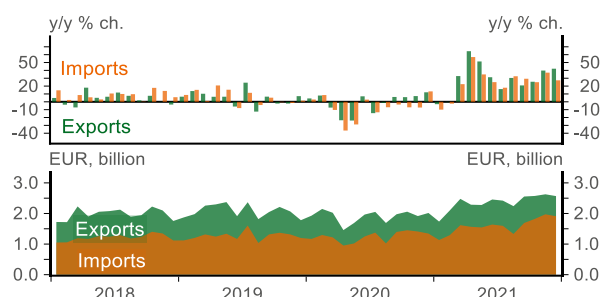
Construction works

Source: Macrobond



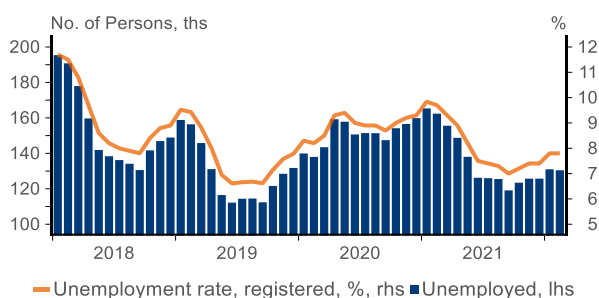
Goods exports and imports

Source: Macrobond



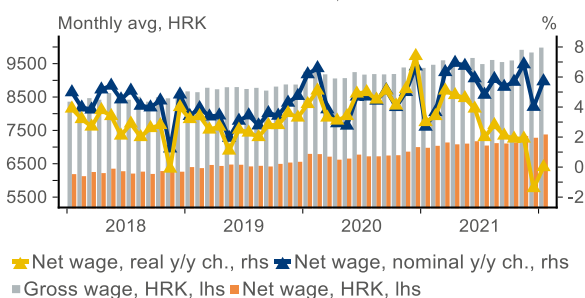
Unemployment

Source: Macrobond



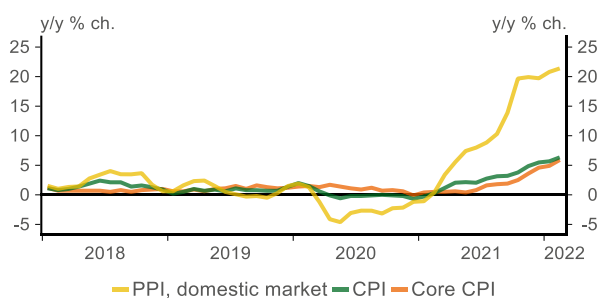
Wages

Source: Macrobond, CBS



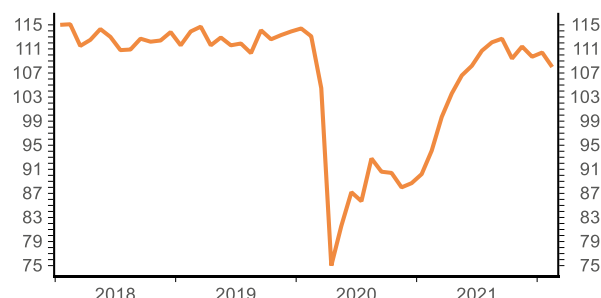
Prices

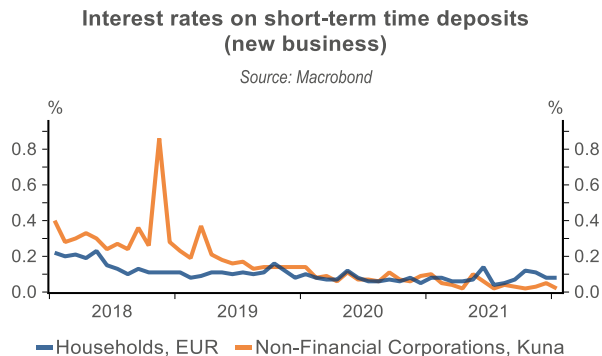
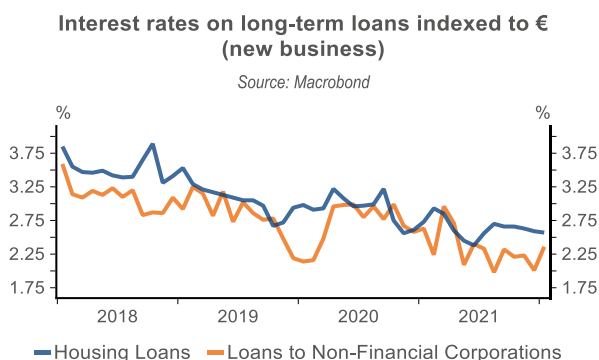
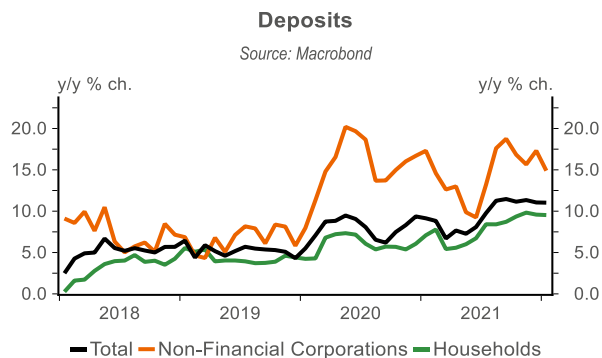
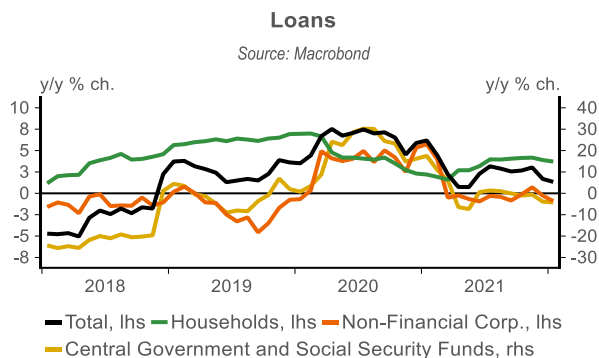
Source: Macrobond



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.