

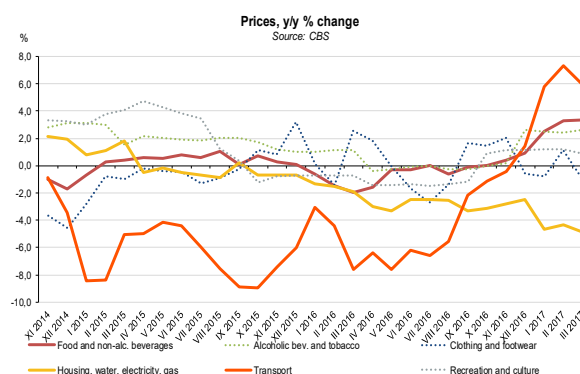
PBZ Weekly Analysis

Number 559, April 18, 2017

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Weekly overview

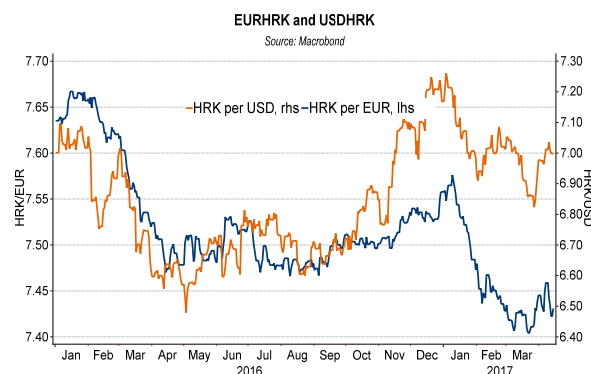
- After an increase of 1.4% in February, consumer prices in March slowed down their yoy growth to +1.1%, due to a slightly lower (+5.9%) rise in the prices of Transport versus February when the yoy growth in the mentioned category amounted to +7.3%, but also due to a larger reduction in the prices in the category Housing, water, electricity, gas and other fuels (-4.9% compared with -4.4% in February). The mom inflation in March accelerated to 0.3% (+0.2% in February), mainly owing to higher prices of Clothing and footwear (+12.6%, arrival of new collections), while the twelve-month average rose to -0.5% (-0.8% in February). In the first quarter of 2017, compared with the same period last year, consumer prices increased by an average of 1.1%, where the largest contribution to the increase came from higher prices of Food (by 0.8 p.p. or +3.2%) and Transport (by 0.8 p.p. or +6.4%, of which fuels by +14.1%), while the largest contribution to the decrease came from the category Housing, water, electricity, gas and other fuels (by 0.8 p.p. or -4.7%, of which gas by -12.0% and electricity by -9.7%). The core inflation rate over the indicated period also rose by 1.1% yoy, thus suggesting a moderate increase in domestic demand.



Dollar weaker, kuna stronger

The dollar weakened last week after the President Trump's comment that the dollar was too strong, while trading on Friday closed at 1.0618 dollar to the euro, up by 0.3% from the previous Friday. The trend has continued, thus trading closed at 1.0643 dollar to the euro yesterday.

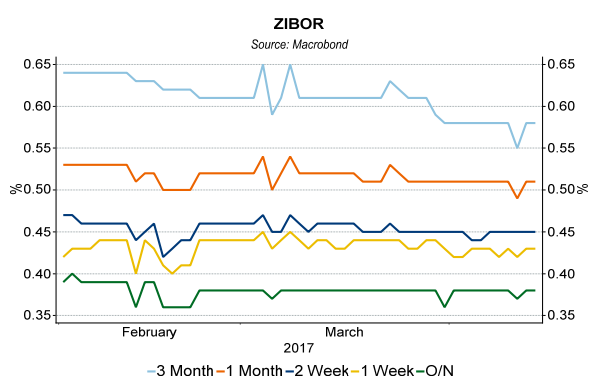
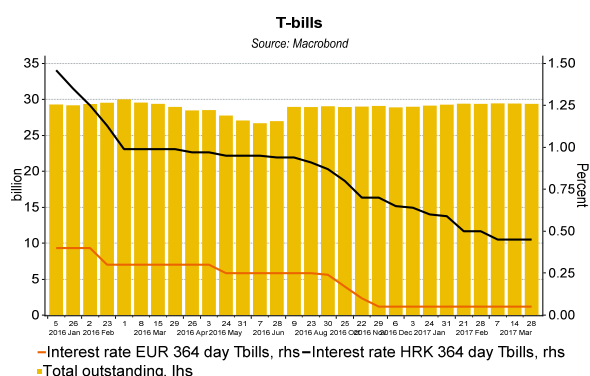
The situation in the domestic FX market is slowly stabilising and the usual seasonal appreciation pressures are increasing. The mid-exchange rate on Friday amounted to 7.4308 kuna to the euro, down by 0.4% wow. At the same time, the kuna strengthened against the dollar by 0.2% to 6.9963 kuna to the dollar.



High liquidity

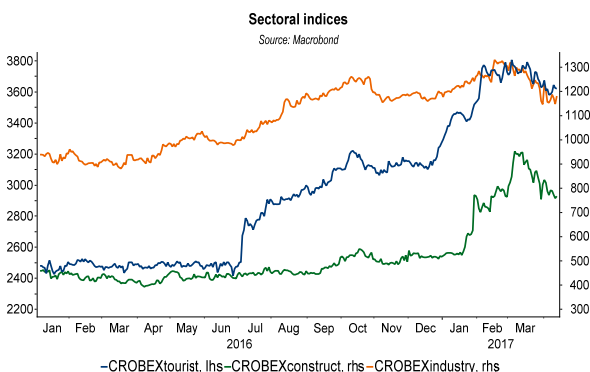
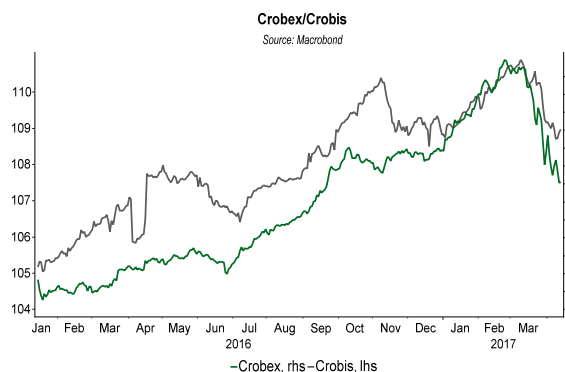
The beginning of a new obligatory reserve maintenance period has not affected the money market, where extremely high liquidity is still present. The overnight Zibor remained at 0.38%, 1M at 0.51% and 3M at 0.58%. There was no demand at the regular reverse repo auction of CNB, while the ZMM turnover barely reached 10 million kuna.

There was no maturity or auction last week, therefore the government debt under T-bills remained at 29.4 billion kuna. This week, there will be no maturity or auction again.

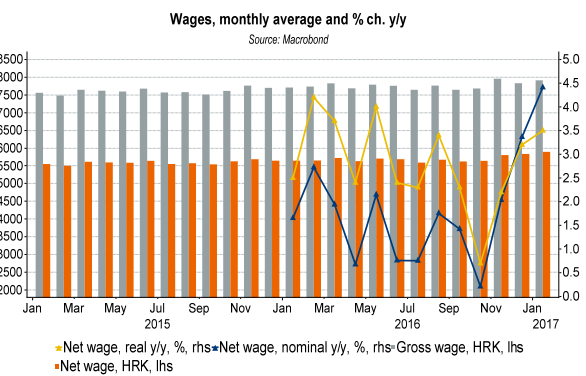
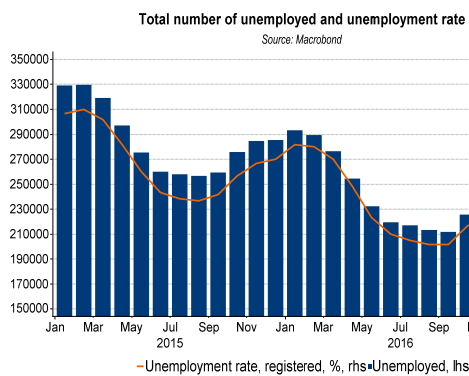
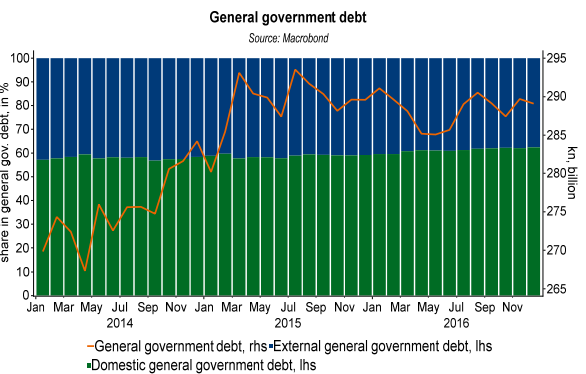
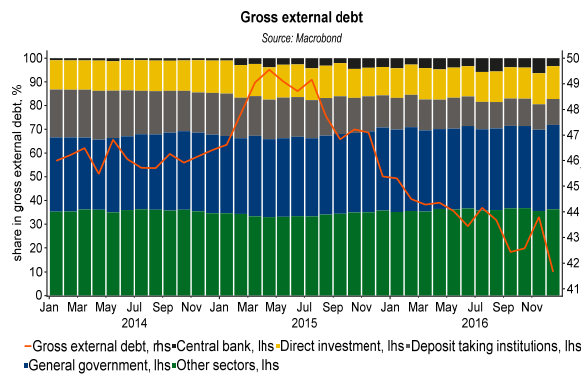
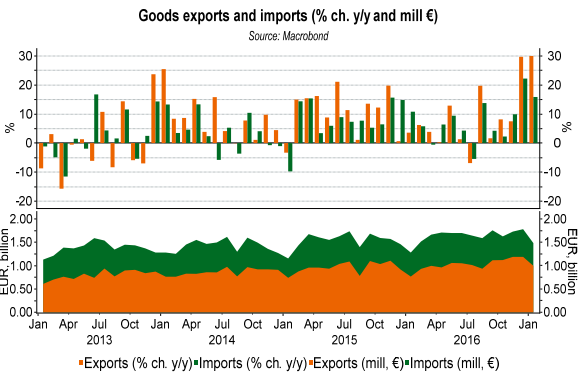
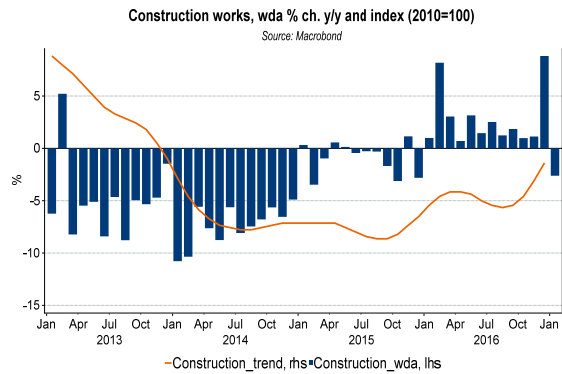
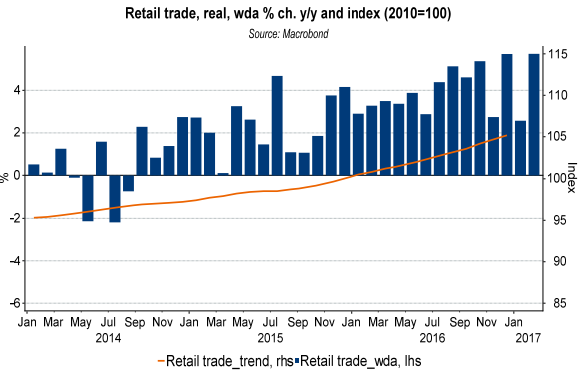
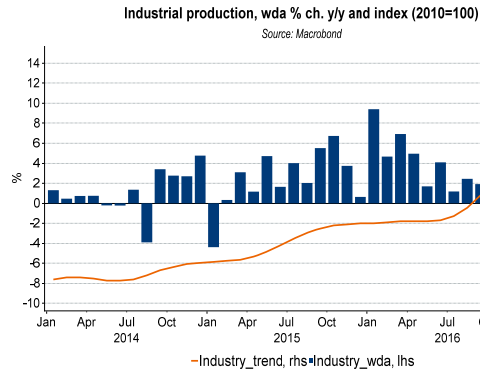


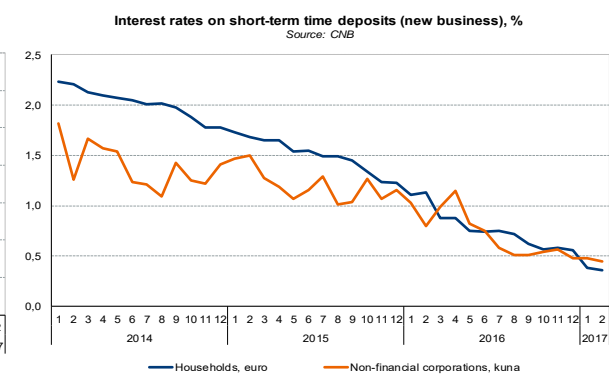
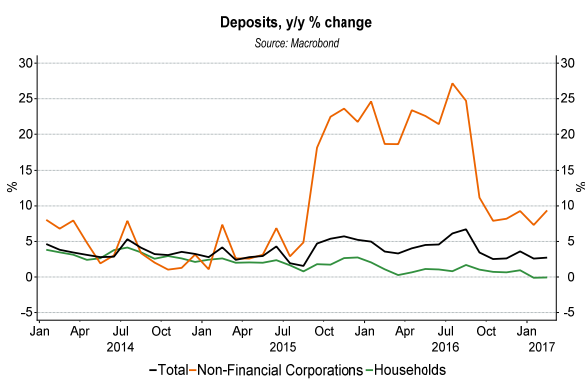
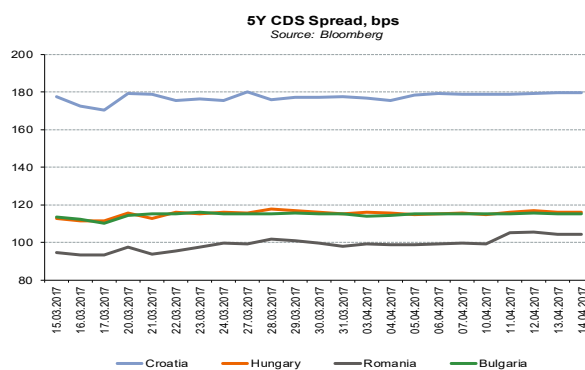
Crobex in negative territory

The total turnover over the last week's four trading days amounted to 389.1 million kuna, down by 23.0% wow, where the turnover in bonds amounted to 320.0 million kuna (+41.1%) and the turnover in shares was 69.1 million kuna (-75.2%). The Crobex index dropped by 2.3% wow (partly due to a substantial 26.5% decrease in the share of Ledo), closing at 1,905.29 points on Thursday, while Crobis remained unchanged (108.97 points). As regards sector indices, CROBEXindustry closed at 1,180.60 points on Thursday, i.e. increased by 1.3%, CROBEXtourist ended at 3,619.99 points (+1.0%), while CROBEXconstruct closed the week decreasing by 3.1% to 767.50 points.



Statistics





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