

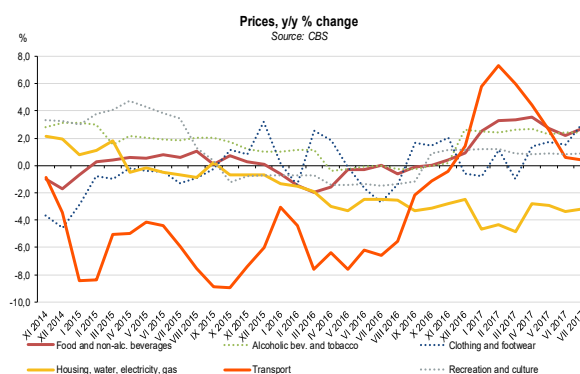
# PBZ Weekly Analysis

## Number 574, August 28, 2017

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## Weekly overview

- The yoy increase in consumer prices slightly accelerated to +0.8% in July (from +0.7% in June), while a mom decrease of 0.7% was recorded (-0.5% in June). Specifically, the July largest increase yoy was recorded in the prices of Restaurants and hotels (+5.6%), Clothing and footwear (+3.2%) and Food and non-alcoholic beverages (+2.7%), while the largest decrease was recorded in Housing, water, electricity, gas and other fuels (-3.2%). The largest mom decline was recorded in the prices of Clothing and footwear (-9.8%, due to seasonal sales) and Communication (-1.1%). The core inflation rate in July slowed down to +1.7% (+1.8% in June), while the twelve-month average rose to +0.4% (+0.2% in June). Over the first seven months of 2017, the consumer price index increased by 1.0% versus the same period last year, where the largest contribution to the increase in the index came from higher prices of Food (by 0.8 p.p., i.e. +3.0%, of which Vegetables by +5.5%) and Transport (by 0.5 p.p., i.e. +3.8%, of which fuels by +8.4%), while the largest contribution to the decrease came from lower prices in the category Housing, water, electricity, gas and other fuels (by 0.6 p.p., i.e. -3.7%, of which electricity by -9.7% and gas by -4.6%). A positive contribution to the increase in the indicated index over the mentioned period came also from higher prices in the category Restaurants and hotels (by 0.2 p.p., i.e. +4.3%), which is a result of a stronger tourism demand and a higher VAT rate on hotels and restaurants introduced at the beginning of the year.



## Euro stronger, kuna stable

After the ECB President Mario Draghi gave no hints about the change in the monetary policy in his speech, despite the euro's recent strengthening, the EURUSD exchange rate on Friday soared 1.1924, thus the euro closed the week up by 1.4% against the dollar wow.

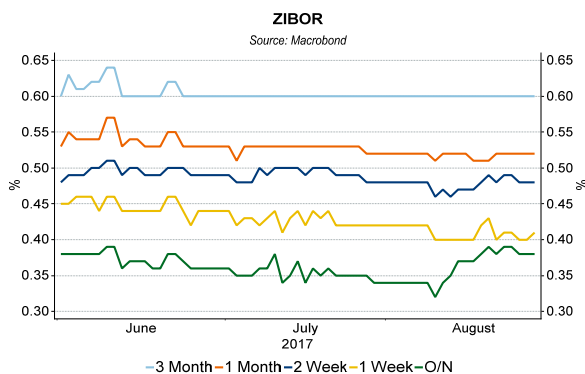
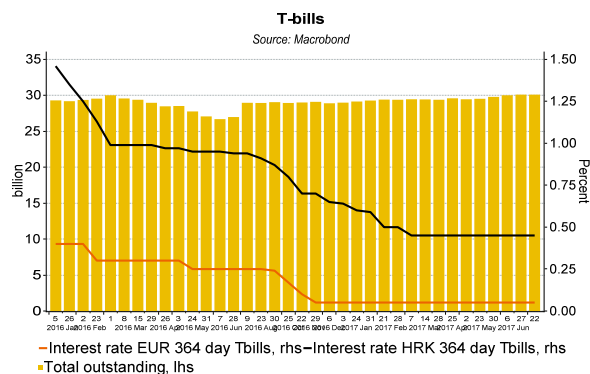
Last week, the mid-exchange was continuously below 7.40, however, recording a mild increase on Friday and thus closing the week at 7.4054 kuna to the euro, up by 0.2% wow. At the same time, the kuna strengthened by 0.4% against the dollar to 6.2742 kuna to the dollar.



## T-bill auction held

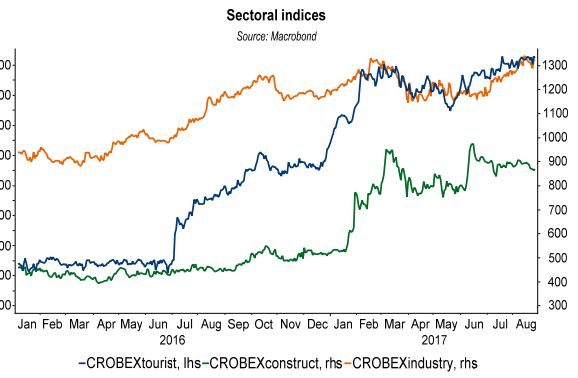
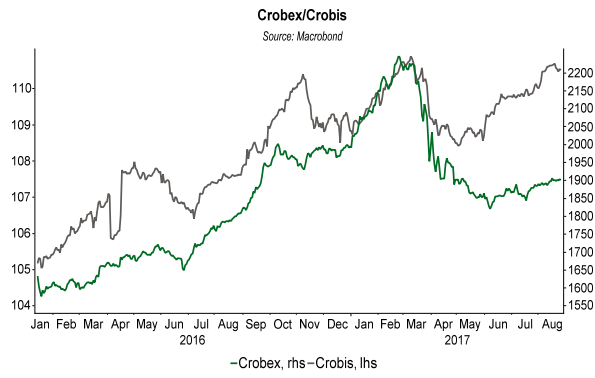
Last week in the money market was calm and liquidity was around 15 billion kuna, while interest rates recorded only minor changes. The overnight Zibor amounted to 0.38% on Friday, down by 1 b.p. wow, 1M rose by 1 b.p. to 0.52%, whereas 3M remained at 0.60%. At the regular reverse repo auction, the same as the week before, CNB injected 60 million kuna in the system at the fixed repo rate of 0.3%, while there was no turnover on the ZMM.

Last week, 1.15 billion kuna in T-bills matured and 1.22 billion kuna were subscribed, therefore the government debt remained at 30.1 billion kuna. There was a subscription of 20 million kuna in six-months T-bills at the interest rate of 0.25%, 3 b.p. lower versus the previous issue, and of 1.2 billion kuna in one-year T-bills at the unchanged rate of 0.45%. This week, 406 million kuna and 20 million euro in T-bills will mature and the auction with the planned 400 million kuna and 15 million euro has been announced.

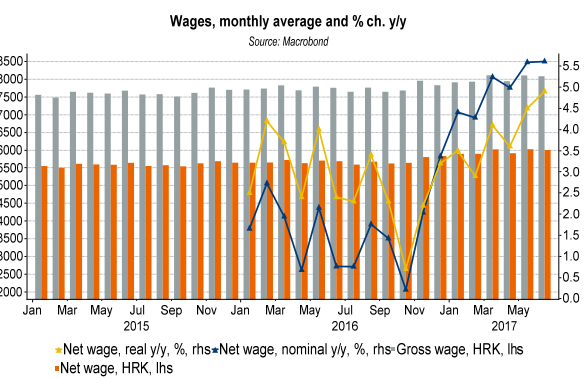
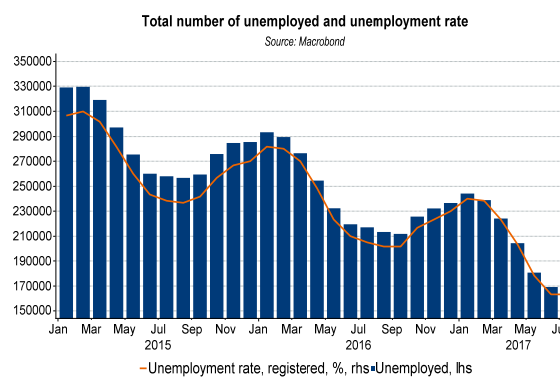
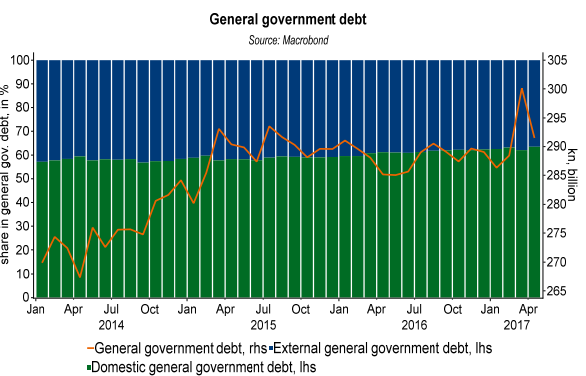
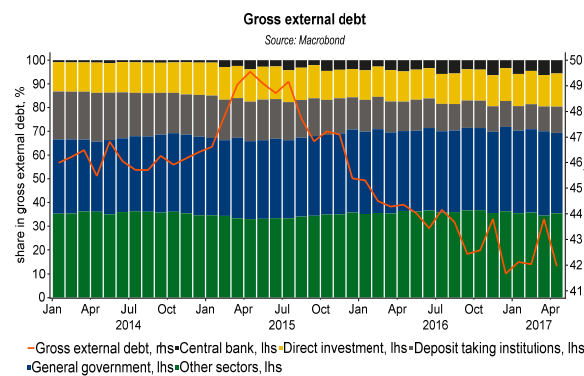
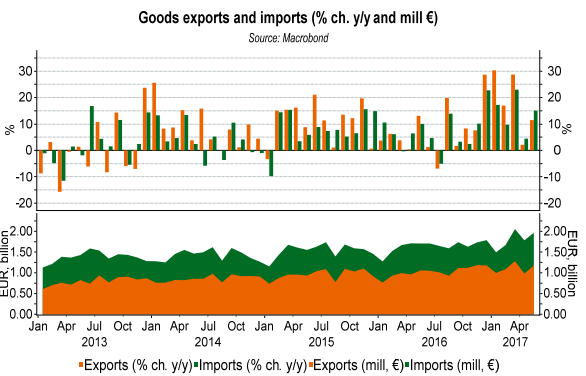
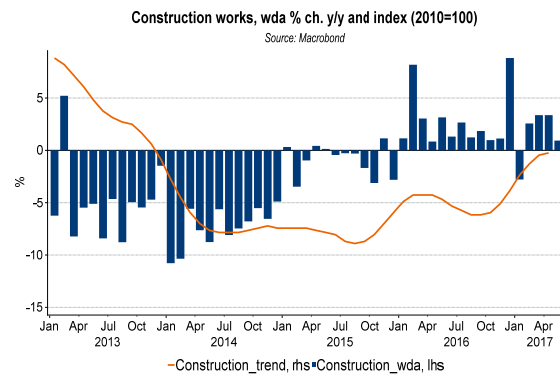
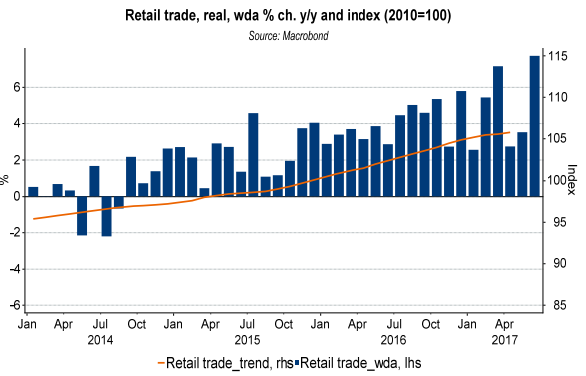
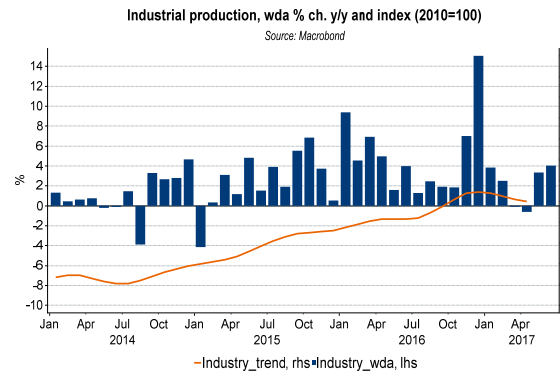


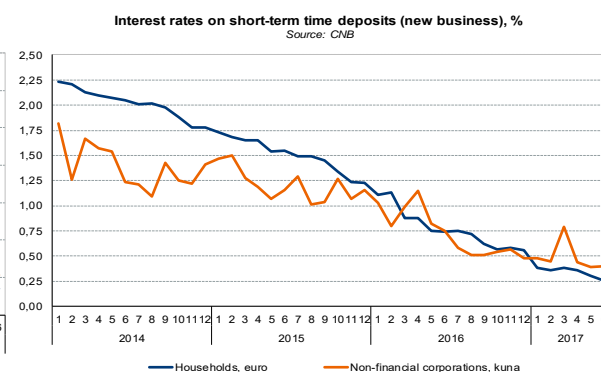
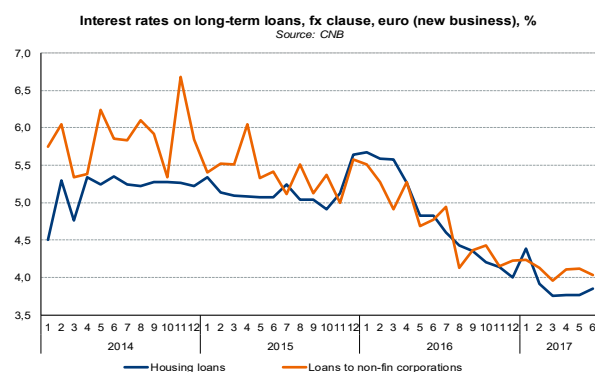
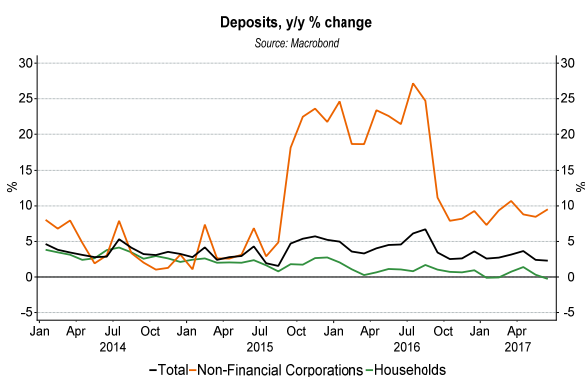
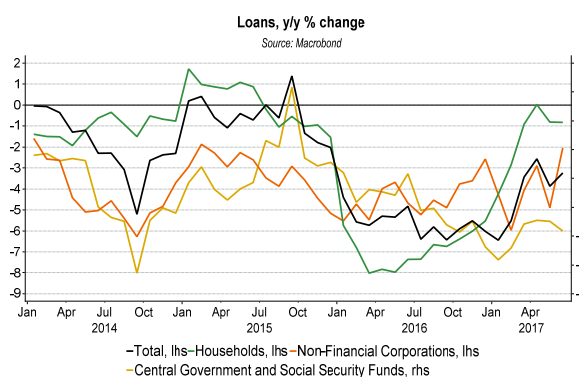
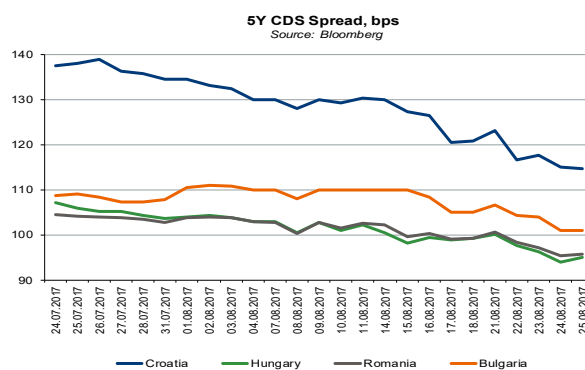
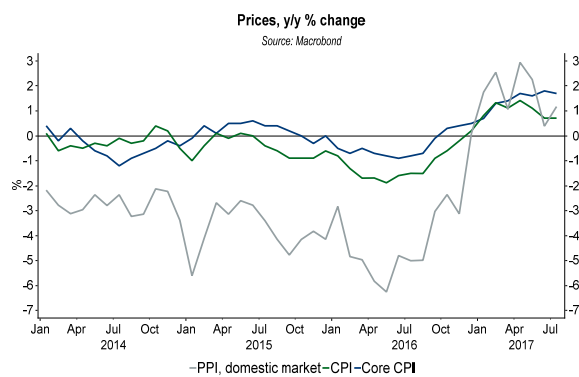
## Crobex stagnates wow

Last week, the total ZSE turnover amounted to 45.3 million kuna, which is an increase of 6.9% compared with the week before, of which the turnover in bonds amounted to 29.8 million kuna (+9.8% wow), while the turnover in shares amounted to 15.5 million kuna (+1.8%). The Crobex index closed unchanged on Friday wow (at 1,901.35 points), while Crobis was down by 0.2% (at 110.51 points). As regards sector indices, CROBEXindustry closed last week by increasing 0.9% wow, reaching 1,325.58 points, whereas CROBEXconstruct (868.74 points) and CROBEXtourist (3,846.14 points) dropped by 2.2%, i.e. 0.1%.



# Statistics





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