

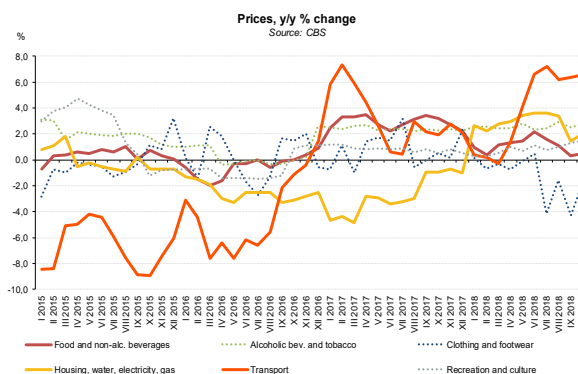
# PBZ Weekly Analysis

**Number 627, November 19, 2018**

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## Weekly overview

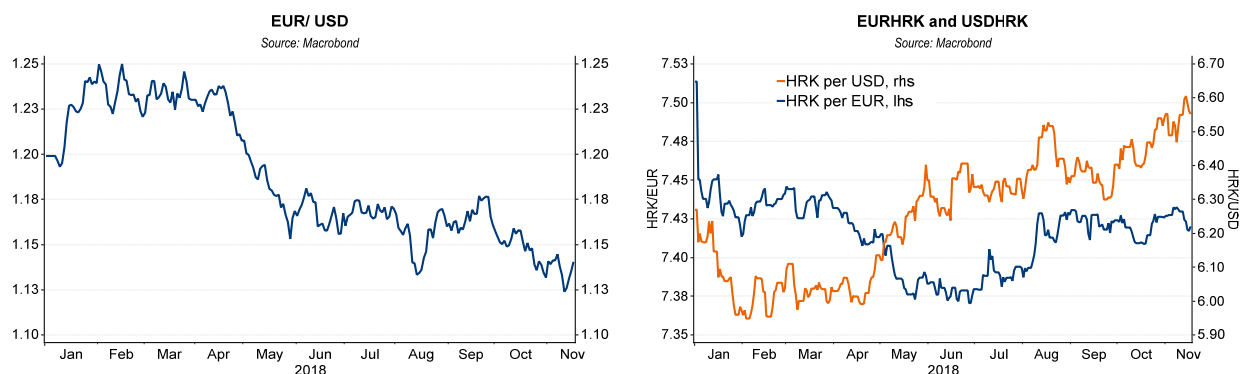
- The yoy growth of the consumer price index speeded up in October to +1.6% (from +1.4% in September), where the largest contribution to the yoy index increase came from higher prices in the category Transport (+0.8 p.p. or +6.5%, of which fuels +12.5%, due to a rise in the crude oil prices), while a more moderate contribution to the increase was recorded in the categories Housing (+0.3 p.p. or +2.0%, of which solid fuels +3.5% and gas +2.3%) and Food (+0.2 p.p. or +0.6%, of which vegetables +3.3% and bread and cereals +2.6%). As compared to September 2018, the above mentioned index increased by 0.6%, which was mainly a result of a rise in the prices of Clothing and footwear of 9.8%, due to the arrival of new collections. The twelve-month average in October remained at the same level as in the previous month (+1.5%), while the average core inflation rate amounted to +0.8% yoy (+0.5% in September). Over the first ten months this year, the average growth rate of consumer prices amounted to +1.6% yoy, where the largest positive contribution came from higher prices in the categories Transport (+0.5 p.p. or +3.9%, of which fuels and lubricants for personal transport equipment +8.0%), Housing, water, electricity, gas and other fuels (+0.5 p.p. or +2.8%, of which electricity +5.0%, refuse collection +10.0% and water supply +2.8%) and Food (+0.3 p.p. or +1.1%, of which oils and fats +4.9%, dairy products +1.5%, bread and cereals +1.1% and meat +0.9%). A more moderate contribution to the increase in consumer prices over the mentioned period also came from higher prices in the categories Restaurants and hotels, Recreation and culture, Alcoholic beverages and tobacco and Miscellaneous goods and services (each by +0.1 p.p.), whereas no contribution was registered in the remaining categories (Non-alcoholic beverages, Furnishings, household equipment and routine household maintenance, Health, Communication and Education) or the contribution was mildly negative (-0.1 p.p. in the category Clothing and footwear).



## Dollar weaker, kuna remains unchanged

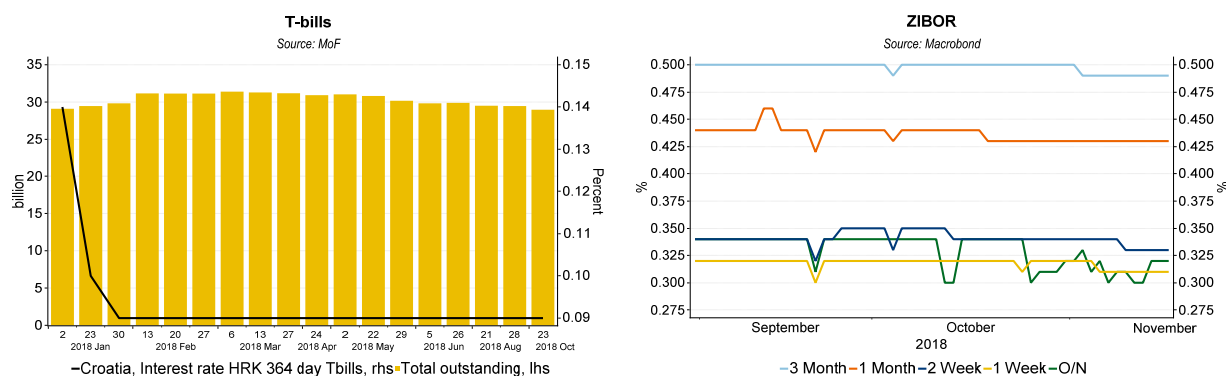
The volatility of global FX markets increased last week due to turmoil in the UK over Brexit. The dollar weakened against the euro by 0.7% wow, therefore trading closed at 1.14 dollar to the euro on Friday.

The EUR/HRK exchange rate slightly decreased, amounting to 7.4201 kuna to the euro at the end of the week, down by 0.1% versus the previous Friday. The kuna remained unchanged against the dollar and the exchange rate reached 6.5519 kuna to the dollar on Friday.



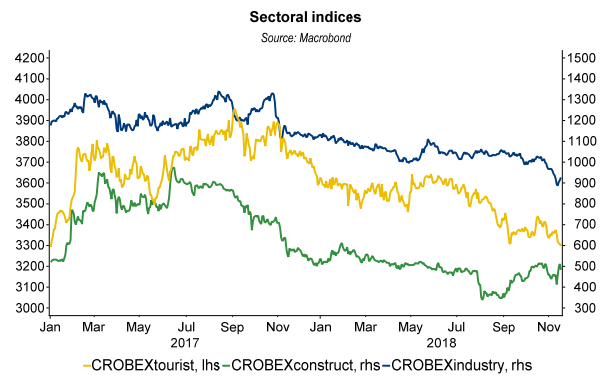
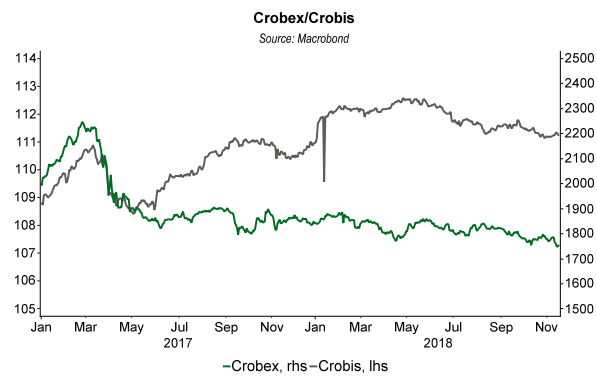
## Increase in excess liquidity

Excess liquidity rose to 24 billion kuna, while interest rates recorded only minor changes. On Friday, the overnight Zibor amounted to 0.32%, 1M 0.43%, 3M 0.49%. There was no turnover at the CNB's regular reverse repo auction or on ZMM. This week, 1.3 billion kuna in T-bills will mature and an invitation for auction with the planned 1.5 billion kuna has been announced.



## Turnover slightly up, Crobex in negative territory

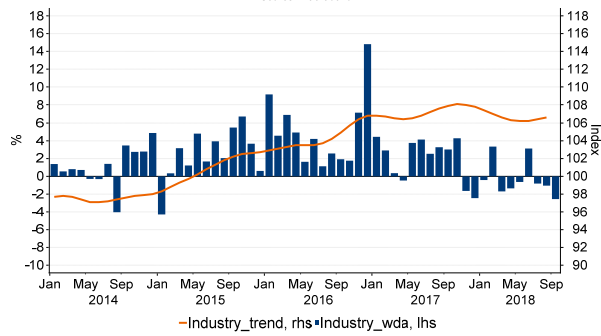
Last week, the total ZSE turnover was 140.9 million kuna, up by 1.5% versus the week before, owing to a rise in the turnover in shares of 95.7% (to 51.5 million kuna), whereas the turnover in bonds fell by 20.5% (to 89.4 million kuna). The Crobex Index closed at a 1.5% lower wow level of 1,756.44 points on Friday, while Crobis stayed unchanged at 111.23 points. As regards sector indices, CROBEXtourist decreased by 2.3% wow (to 3,299.39 points), while CROBEXconstruct (484.02 points) and CROBEXindustry (926.62 points) closed on Friday up by 5.2% and 0.5% wow, respectively.



# Statistics

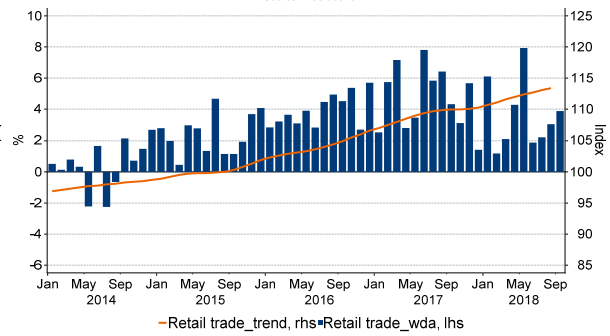
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



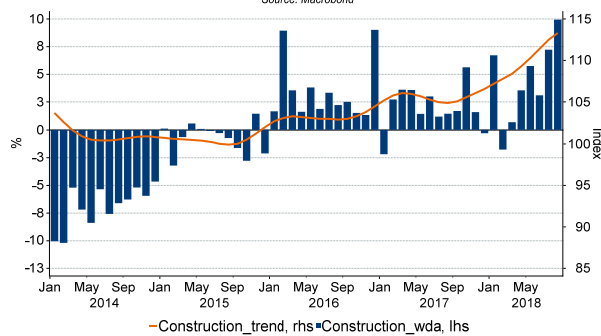
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



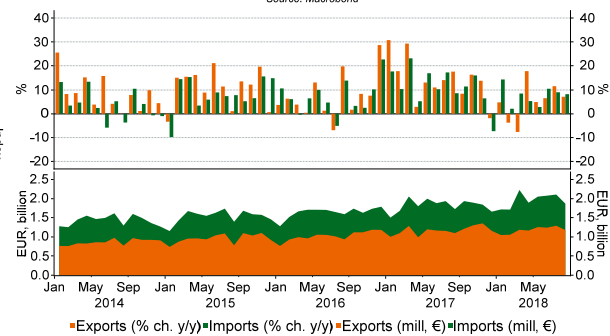
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



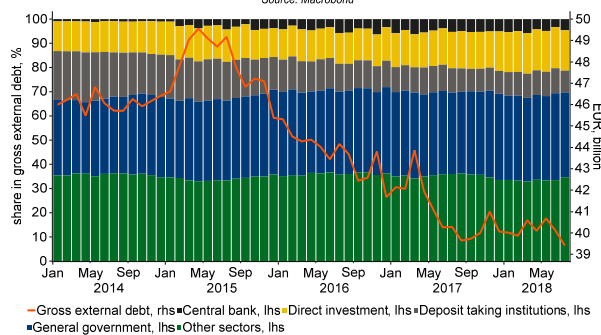
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



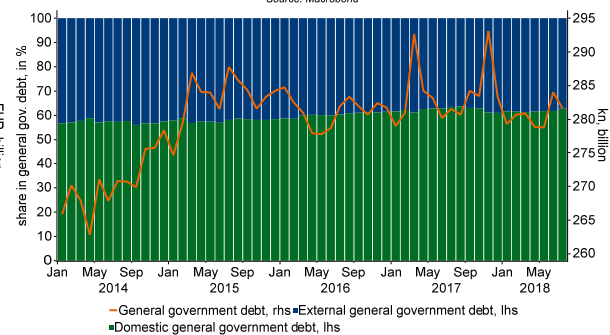
Gross external debt

Source: Macrobond



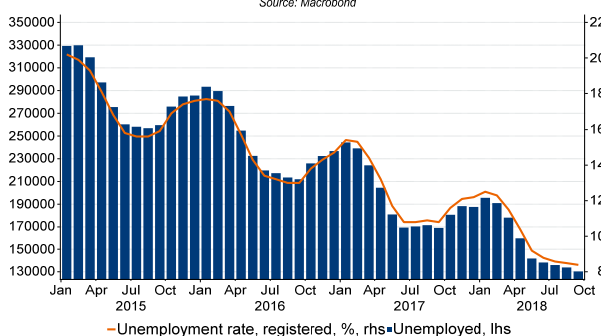
General government debt

Source: Macrobond



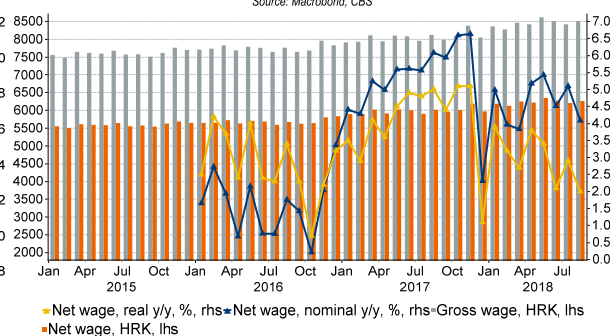
Total number of unemployed and unemployment rate

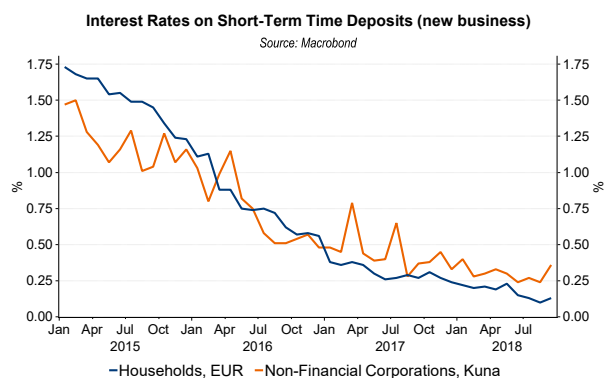
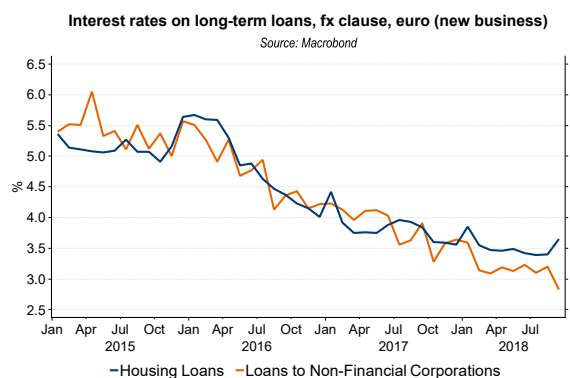
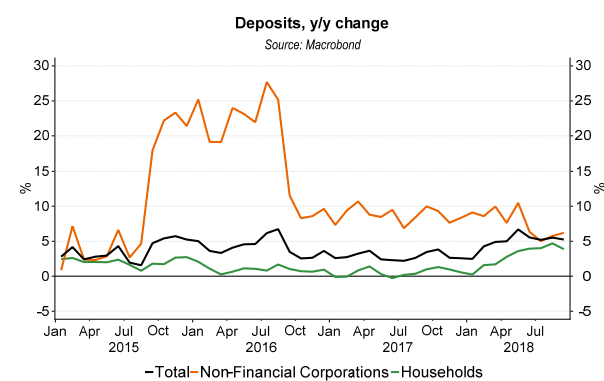
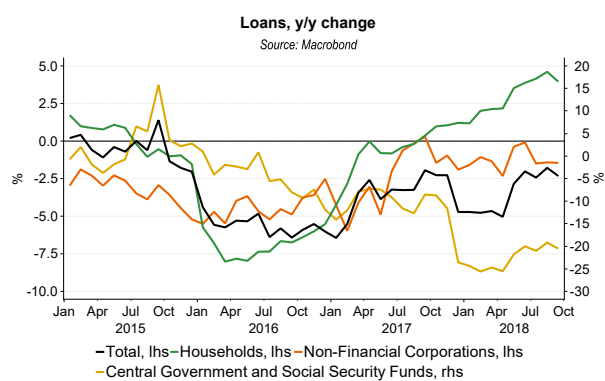
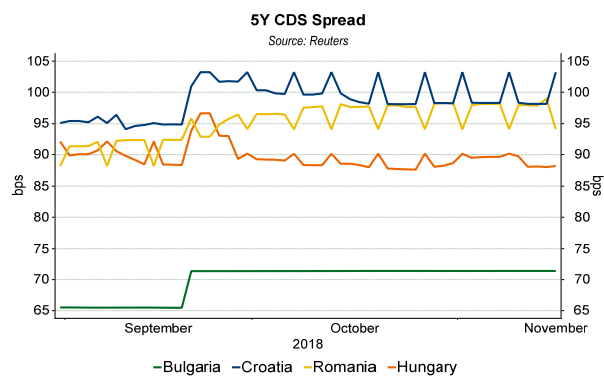
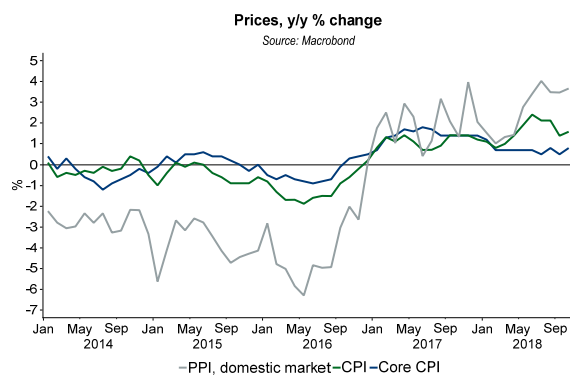
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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#### **TREASURY**

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