

# PBZ Weekly Analysis

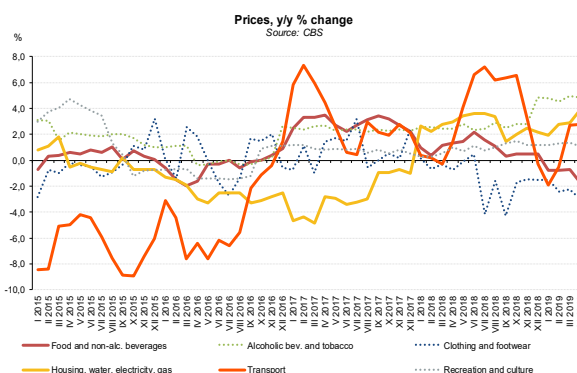
## Number 650, May 20, 2019

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## Weekly overview

The average annual inflation rate in April 2019 amounted to 0.7%, showing an acceleration versus the first this year's quarter (+0.5%), mostly as a result of a stronger increase in fuels and lubricants for personal transport equipment (+4.6% compared with stagnation recorded in 1Q19) and gas (+7.2% compared with +1.3% in 1Q19, due to administrative increase in the price of gas for households). The consumer price index

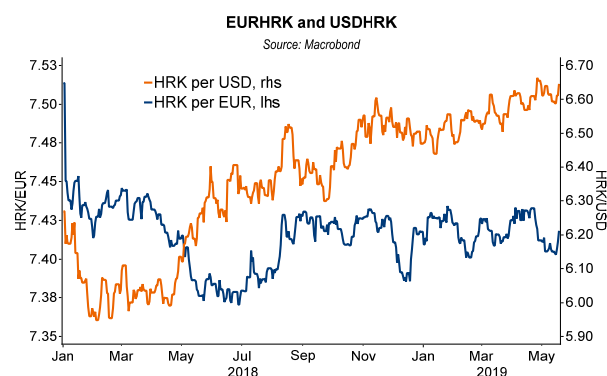
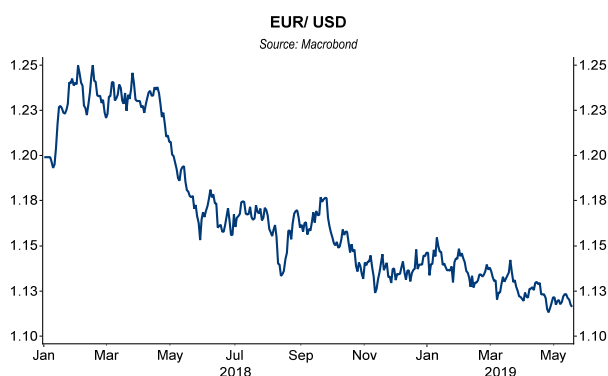
recorded a mom rise of 0.6% in April, where the largest contribution to such a development came from a 3.7% rise in the prices of clothing and footwear (due to the arrival of new collections). The twelve-month average decreased in April to +1.3% (from +1.4% over the preceding three months), while the average core inflation annual rate amounted to +0.6% (+0.9% in March). In the period January-April 2019, consumer prices rose by an average of 0.6% versus the same period last year, mainly due to an increase in the prices of solid fuels (+9.9%), tobacco (+6.0%, owing to higher excise duties), fuels and lubricants for personal transport equipment (+1.2%) and gas (+2.8%). On the other hand, a larger growth of consumer prices over the mentioned period was subdued by 1.1% lower prices of food, particularly meat (-3.7%) and fruit (-13.9%), which is in good part a result of the reduced VAT rate for certain food items.



## Dollar recovers, kuna mildly weakens

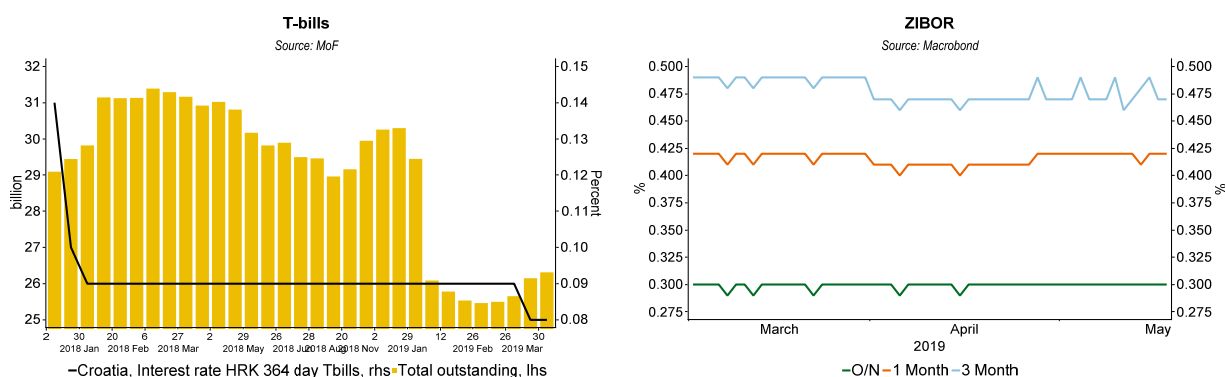
Last week as well, the EUR/USD exchange rate was mainly affected by the events related to trade talks between USA and China. The dollar strengthened against the euro by 0.6% wow, closing the week below the level of 1.12 dollar to the euro.

The kuna to euro exchange rate slightly headed up, amounting to 7.4182 kuna to the euro at the end of the week, up by 0.2% wow, while the kuna weakened against the dollar by 0.8% and the exchange rate increased to 6.6460 kuna to the dollar. This week, we anticipate further stable trading on EUR/HRK.



## T-bill auction announced

Excess liquidity decreased below 31 billion kuna, while interest rates stayed the same wow (overnight Zibor at 0.30%, 1M at 0.42%), or advanced moderately (3M by 1 b.p. to 0.47%). There was no interest shown at the CNB's repo auction and the ZMM turnover amounted to a meagre 15 million kuna. This week, 190 million kuna and 28 million euro in T-bills mature, therefore an auction has been announced with the planned issues amounting to 100 million kuna in three-month kuna T-bills, 200 million kuna in one-year kuna T-bills and 10 million euro in one-year euro T-bills.



## Crobex up wow

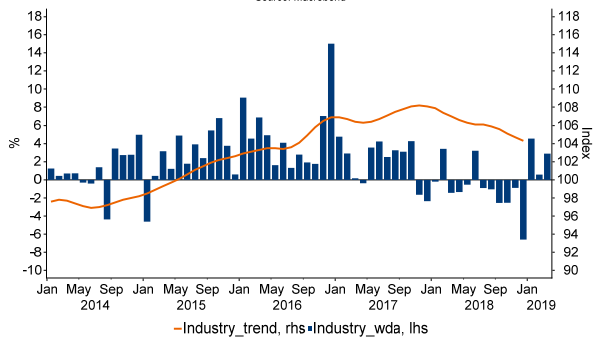
The Crobex Index closed last Friday at 1,864.51 points, which is up by 1.3% wow, whereas Crobis simultaneously rose by 0.1% (to 113.13 points). As regards sector indices, CROBEXtourist (3,586.73 points) and CROBEXconstruct (444.17 points) increased by 0.7% and 4.5%, respectively, while CROBEXindustry decreased by 2.1% wow (to 871.66 points). The total ZSE turnover amounted to 191.2 million kuna last week, which is up by 3.1% versus the week before, due to a 21.3% higher turnover in shares (reaching 66.8 million kuna), while the turnover in bonds dropped by 4.6% (to 124.4 million kuna).



# Statistics

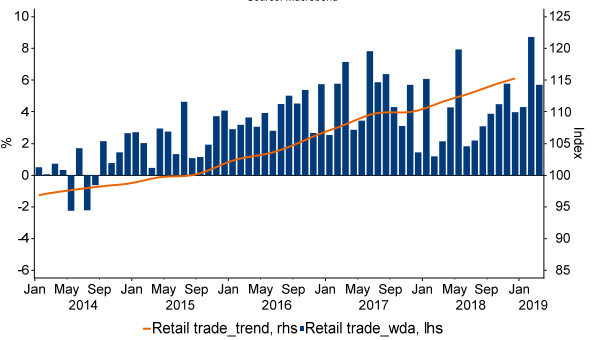
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



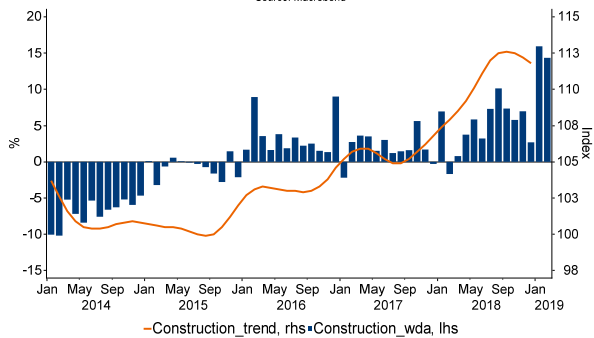
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



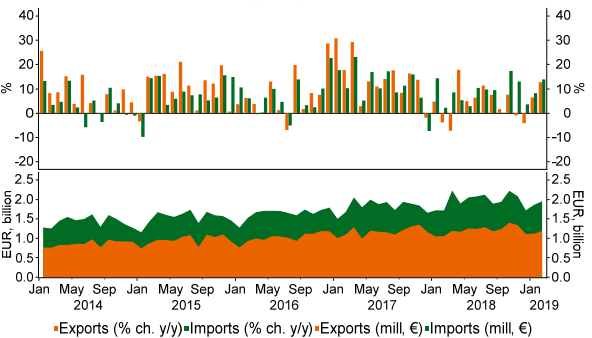
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



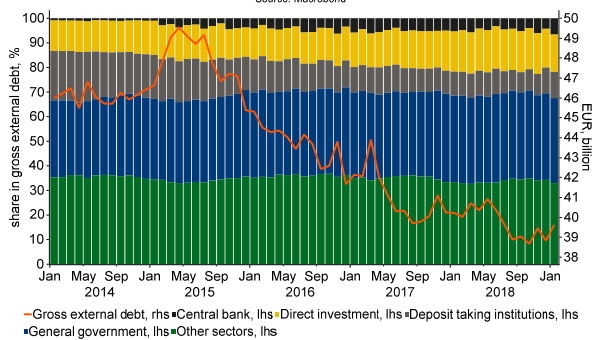
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



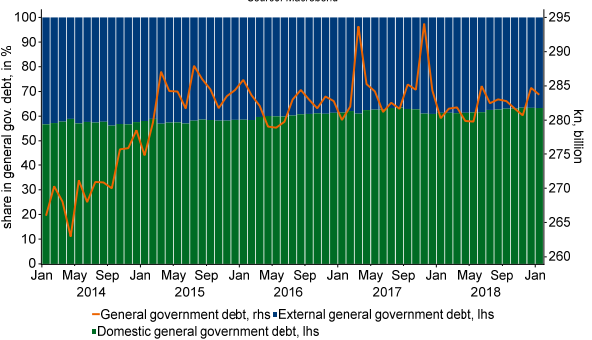
Gross external debt

Source: Macrobond



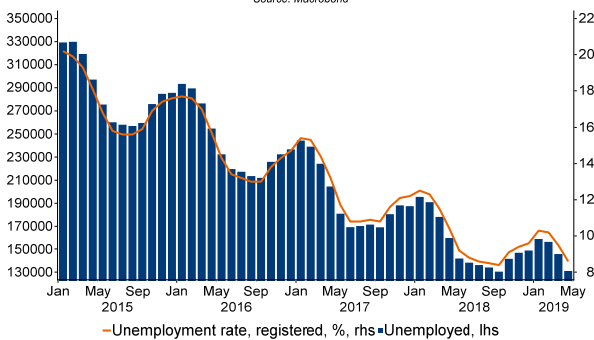
General government debt

Source: Macrobond



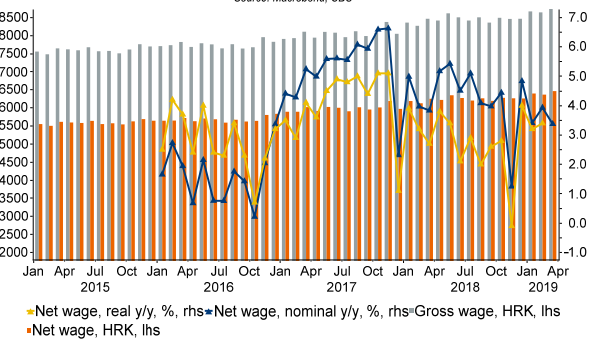
Total number of unemployed and unemployment rate

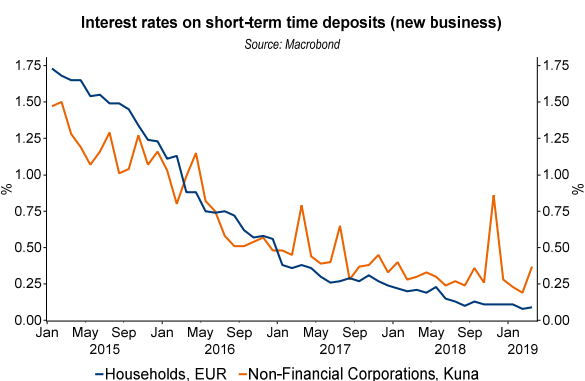
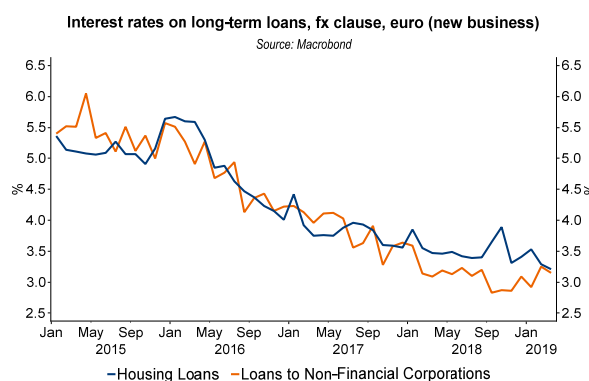
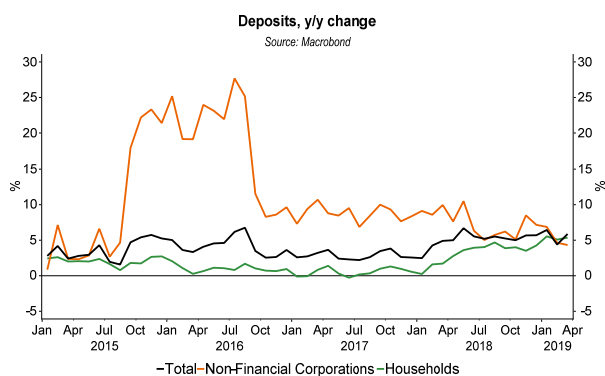
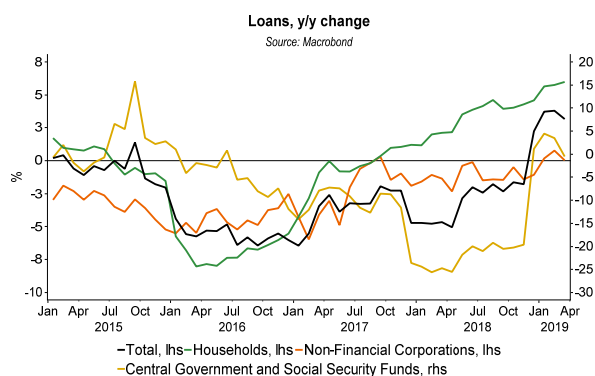
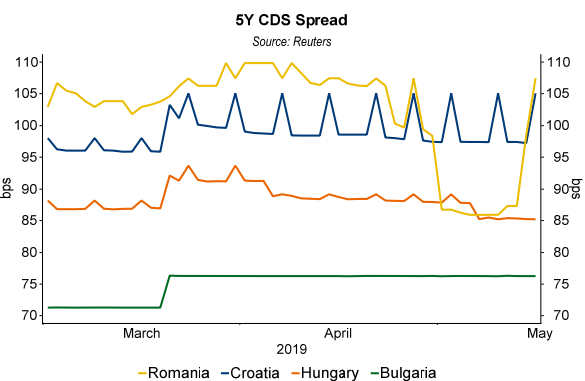
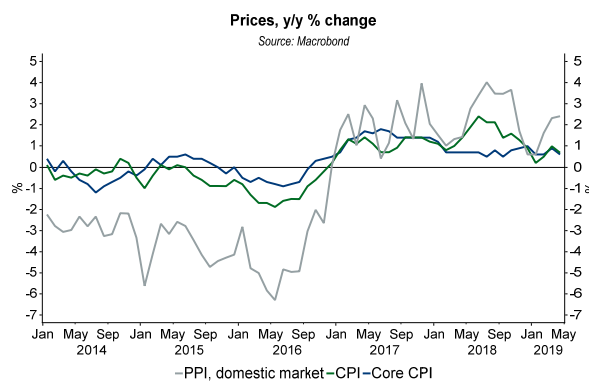
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





#### **RESEARCH OFFICE**

Ivana Jović

Ana Lokin

Ivan Odrčić

#### **TREASURY**

Eugen Bulat

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