

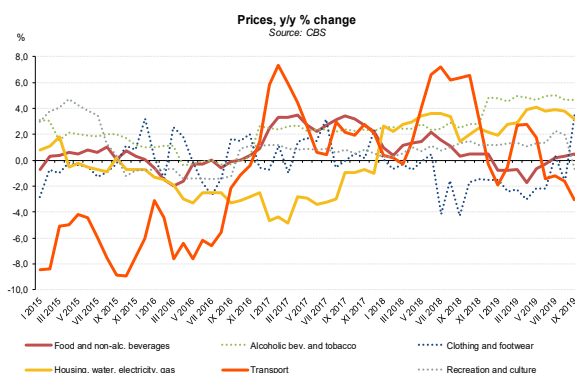
PBZ Weekly Analysis

Number 670, November 18, 2019

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Weekly overview

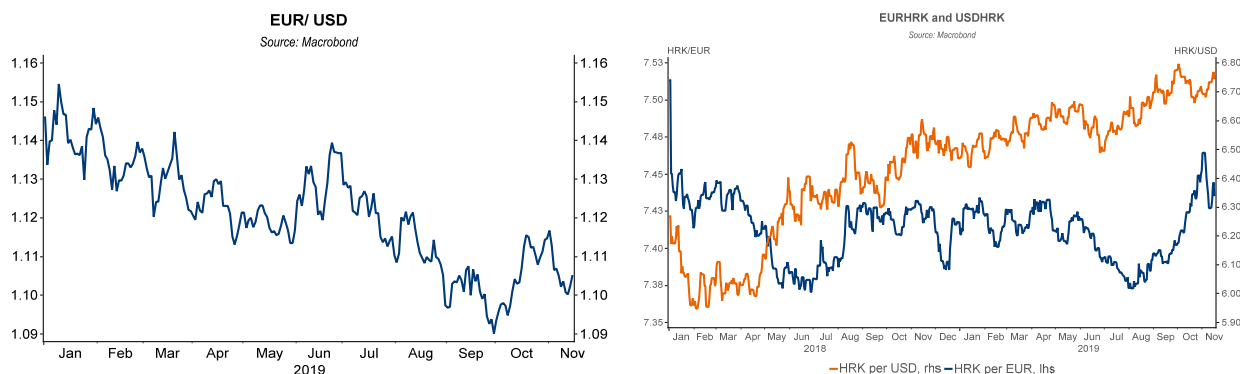
The annual growth rate of consumer prices in October amounted to 0.6%, which is slightly down versus the previous two months (when the annual price growth amounted to 0.8%), where the most significant contribution to this trend came from price increases in the categories Housing, water, electricity, gas and other fuels (+0.4 p.p. or +2.5%, of which solid fuels +5.2%, gas +3.3% and electricity +1.1%) and Alcoholic beverages and tobacco (+0.2 p.p. or +4.6%, of which tobacco +6.0%). Simultaneously, the strongest negative contribution to the yoy overall price increase came from 2.6% lower prices in the category Transport (of which fuels and lubricants for personal transport equipment -4.1%). At the mom level, the consumer price index rose by 0.4%, where the largest contribution to this development came from the 7.3% increase in the prices of Clothing and footwear, due to the arrival of new collections. The twelve-month average fell to +0.8% in October (+0.9% in September), whereas the average core inflation rate dropped to +1.3% yoy (+1.6% in September). From January to October this year, the average growth rate of consumer prices amounted to +0.7% yoy, mainly since solid fuel prices in the category Housing increased by 10.8% and tobacco by 6.0%. We expect the average inflation rate around 0.8% throughout 2019.



Dollar mildly weaker, kuna stable

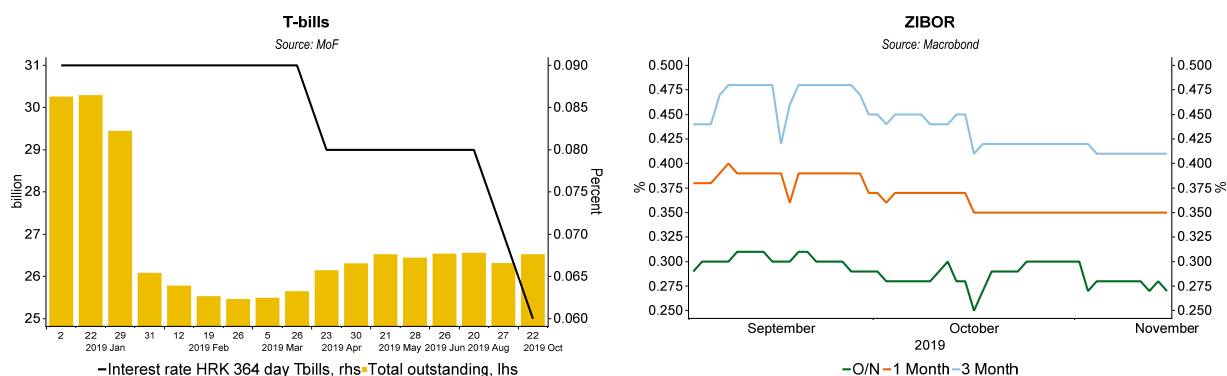
US - China trade negotiations have remained the main factor that affects the EUR/USD exchange rate trends, thus trading closed at 1.11 dollar to the euro last week, up by 0.3% wow.

The mid-exchange rate of the kuna against the euro was stable, amounting to 7.4352 kuna to the euro at the end of the week, up by 0.1% wow, while the exchange rate of the kuna against the dollar increased to 6.7440 kuna to the dollar, up by 0.2% wow.



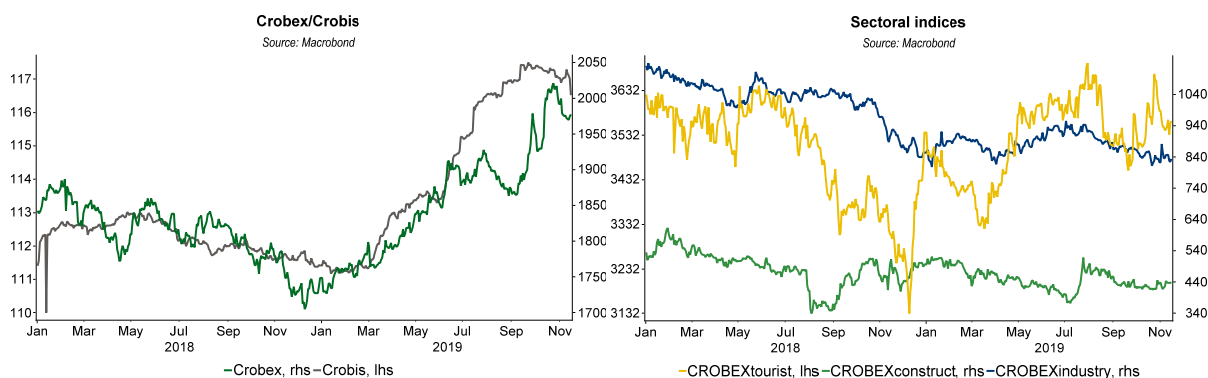
T-bill auction announced

Excess liquidity was beyond 36 billion kuna, there was no activity at the CNB's repo auction or on ZMM, whereas interest rates ended the week at the almost unchanged levels (O/N Zibor at 0.27%, 1M at 0.35%, 3M at 0.41%). This week, 1.5 billion kuna in one-year T-bills will mature and the invitation for an auction with the planned issue of 1.3 billion kuna has been announced.



Crobex up wow

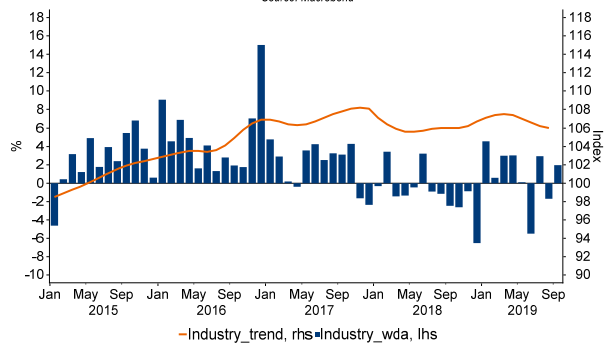
The Crobex Index closed last Friday at 1,977.48 points, which is an increase of 0.1% wow, whereas Crobis simultaneously decreased by 0.5% (to 116.09 points). As regards sector indices, CROBEXtourist advanced by 0.5% wow (to 3,563.89 points), while CROBEXconstruct and CROBEXindustry declined by 1.7% and 1.5%, respectively (to 436.30 and 833.59 points). The total ZSE turnover last week reached 278.8 million kuna i.e. up by 97.3% wow, due to a 2.8 times increase in the turnover in bonds (to 230.4 million kuna), whereas the turnover in shares dropped at the same time by 18.2% (to 48.4 million kuna).



Statistics

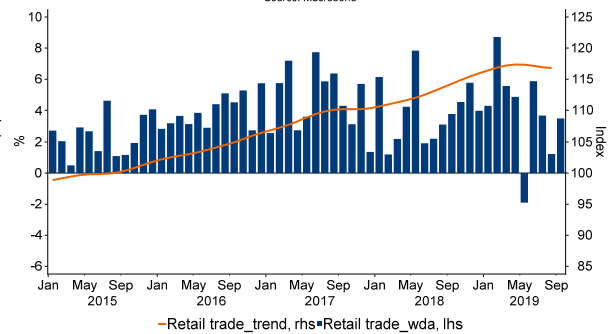
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



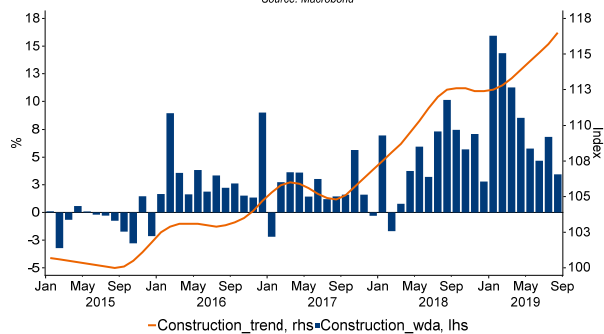
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



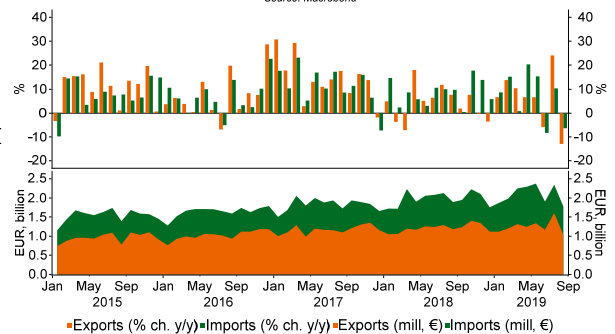
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



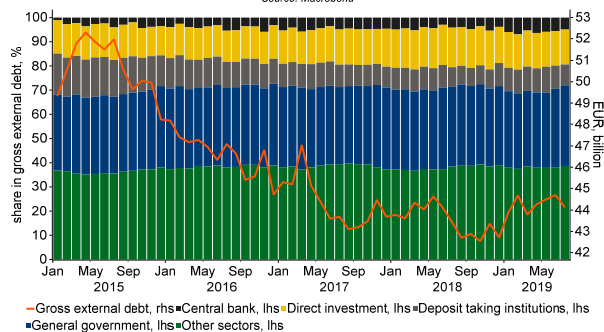
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



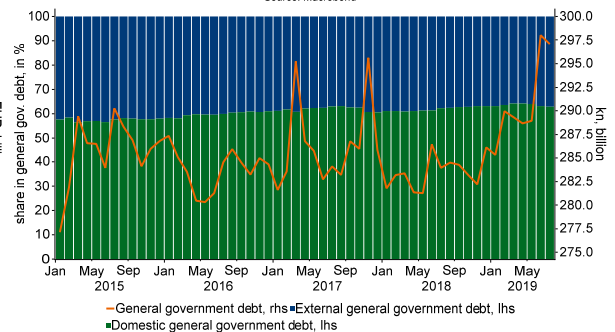
Gross external debt

Source: Macrobond



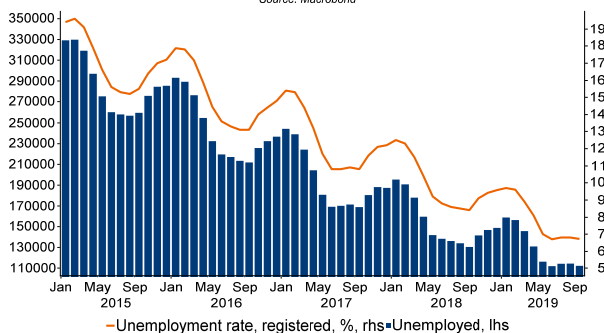
General government debt

Source: Macrobond



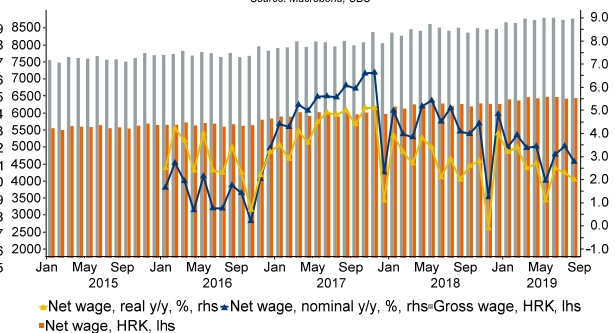
Total number of unemployed and unemployment rate

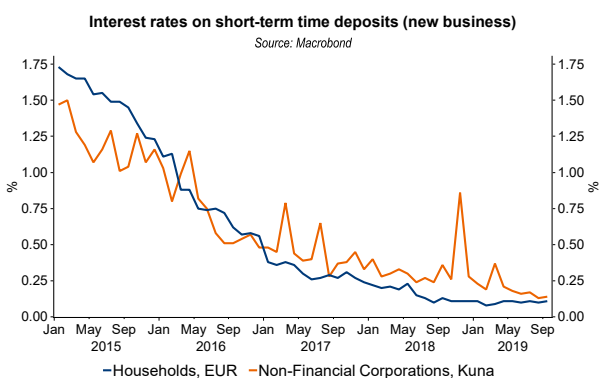
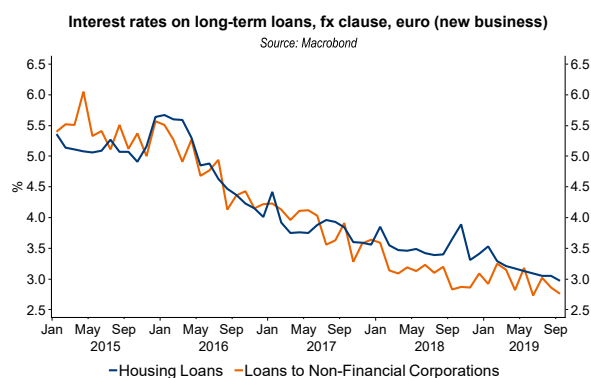
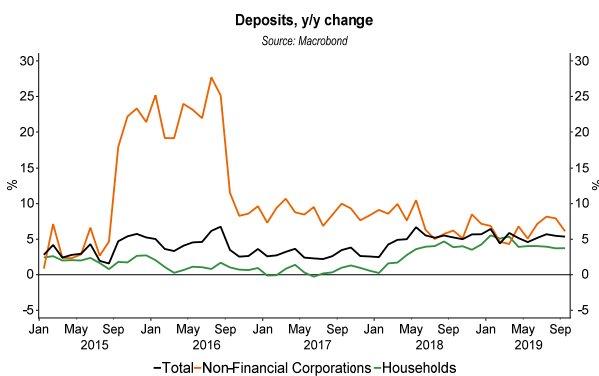
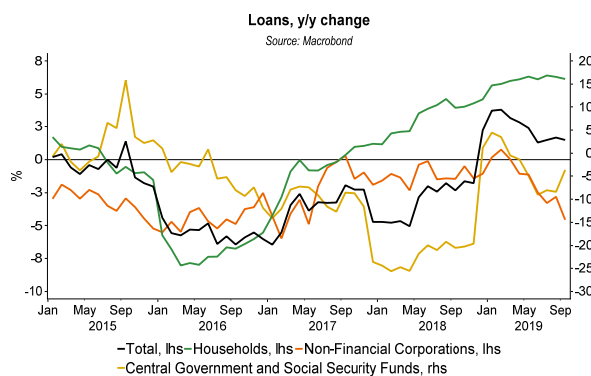
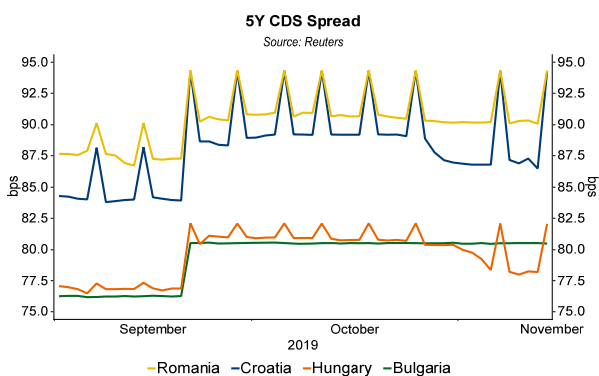
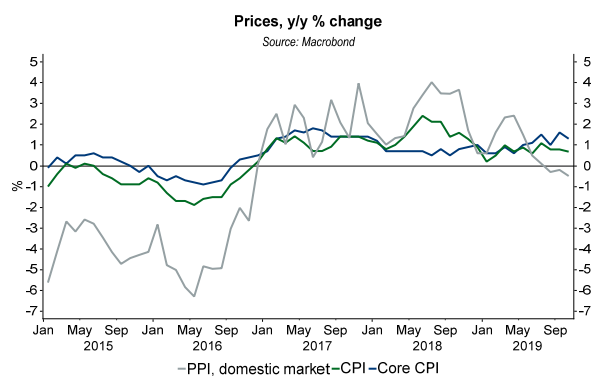
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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