

PBZ Weekly Analysis

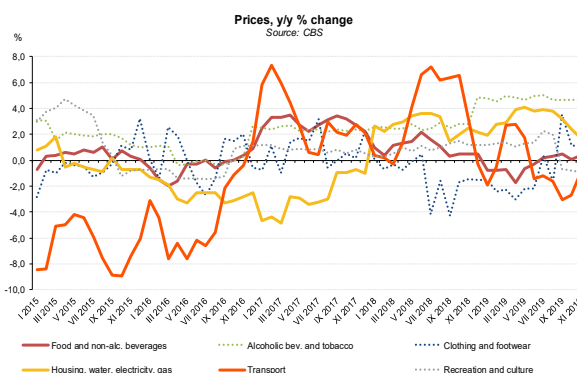
Number 675, December 23, 2019

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Weekly overview

The consumer price index in November accelerated its yoy growth to +0.7% (from +0.6% in October), where the most significant contribution to the overall increase came from higher prices of tobacco (+6.0%) and gas (+6.8%). At the same time, the strongest negative contribution to the overall increase in consumer prices yoy came from 1.2% lower prices of fuels and lubricants for personal transport equipment.

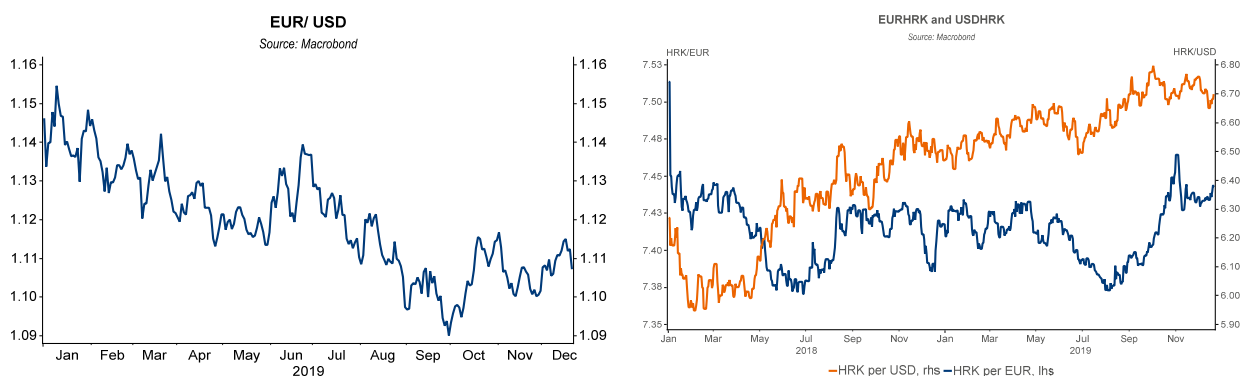
The mom index decreased by 0.1%, where the largest negative contribution came from a 0.2% decline in prices in the category Food and non-alcoholic beverages. The twelve-month average in November dropped to +0.7% (+0.8% in October), while the average core inflation rate fell to +1.1% yoy (+1.3% in October). Over the first eleven months this year, the average annual inflation rate of consumer prices was +0.7%, mainly due to the growth of prices in the category Housing, water, electricity, gas and other fuels (by +0.5 p.p. i.e. +3.2%, of which solid fuels +9.4%, electricity +1.1% and gas +4.1%).



Dollar mildly stronger, kuna stable

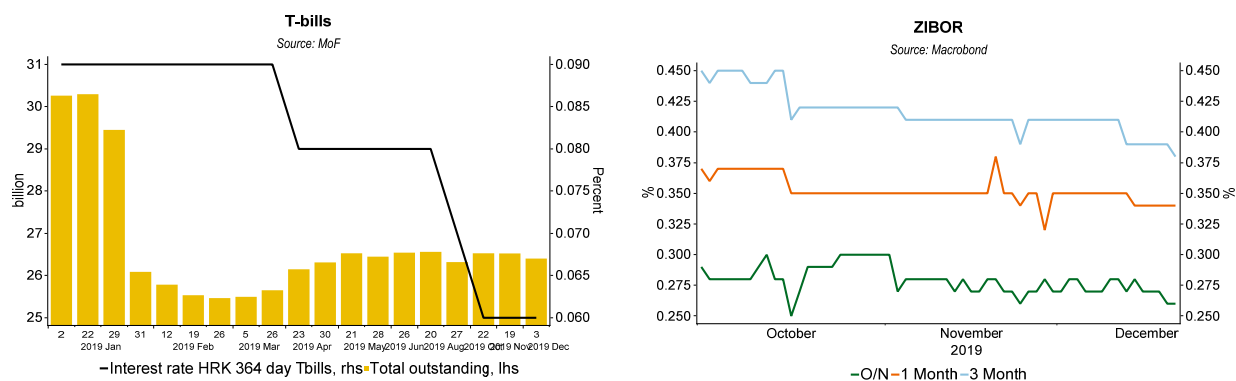
The dollar remained steady for the most part of last week, supported by positive developments of the US economic indicators. Trading on Friday closed below 1.11 dollar to the euro, down by 0.4% wow.

The kuna to euro exchange rate amounted to 7.4426 kuna to the euro, up by 0.1% wow, whereas the kuna against the dollar weakened by 0.7% wow, to 6.6990 kuna to the dollar. We do not expect major changes in the EUR/HRK exchange rate by the end of the year and, according to our estimate, the average mid-exchange rate in 2019 will amount to 7,41, the same as the year before. We anticipate the similar level of the EUR/HRK exchange rate in 2020 as well.



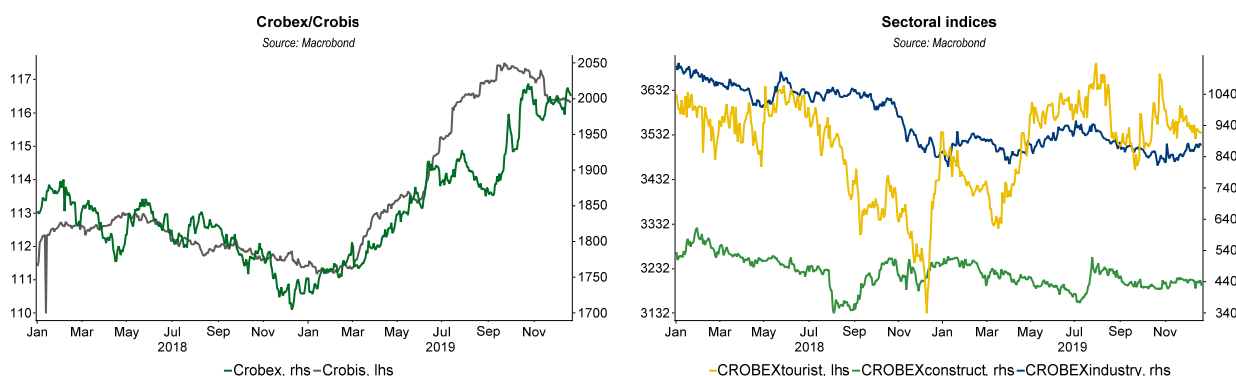
Money market calm

Last week, excess liquidity increased to 36 billion kuna, there was no activity at the repo auction of CNB or on ZMM, while interest rates recorded only minor changes. Therefore, on Friday, the overnight Zibor amounted to 0.26%, 1M 0.34% and 3M 0.38%. Next week, 2.0 billion kuna in one-year T-bills will mature and the auction with the planned 1.8 billion kuna has been announced.



Crobex above 2,000 points

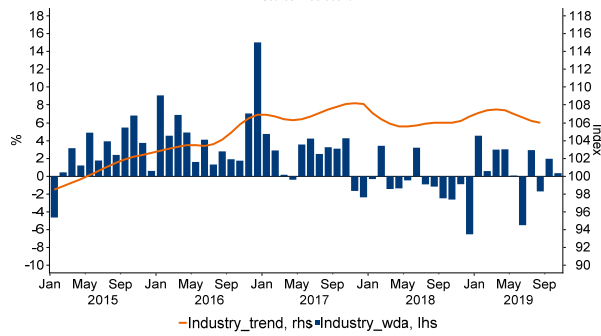
The total ZSE turnover reached 433.2 million kuna last week, which is an increase of 2.1 times wow, due to a 2.6 times higher turnover in bonds (reaching 396.8 million kuna), while the turnover in shares decreased by 34.7% (to 36.4 million kuna). The Crobex Index closed last Friday at 2,003.84 points, which is up by 0.3% wow, whereas Crobis dropped simultaneously by 0.1% (to 115.88 points). Sector indices ended in negative territory, where CROBEXconstruct declined by 2.7% wow (to 427.50 points), CROBEXtourist by 0.3% (to 3,536.07 points), CROBEXindustry by 0.2% (to 878.74 points).



Statistics

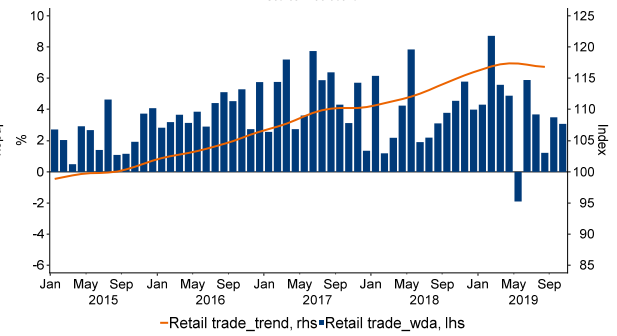
Industrial production, wda % ch. y/y and index (2015=100)

Source: Macrobond



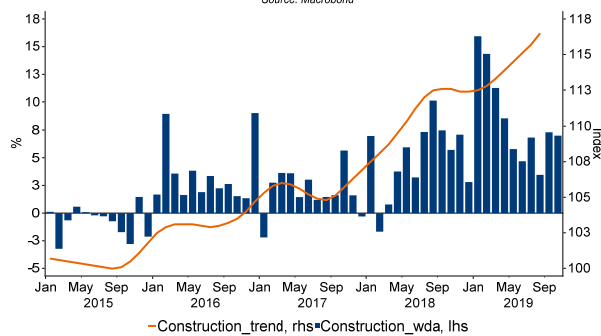
Retail trade, real, wda % ch. y/y and index (2015=100)

Source: Macrobond



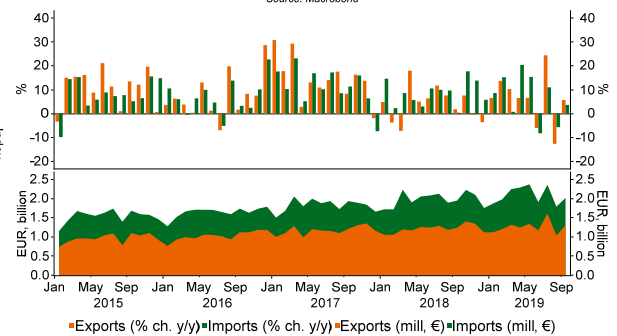
Construction works, wda % ch. y/y and index (2015=100)

Source: Macrobond



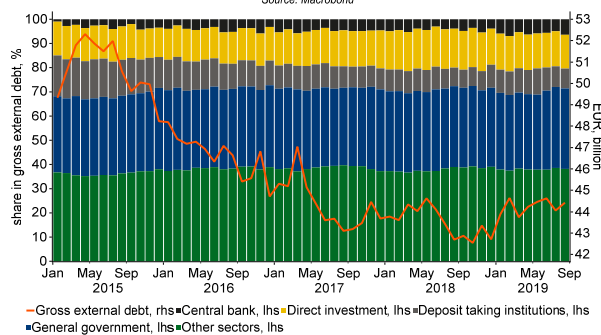
Goods exports and imports (% ch. y/y and mill €)

Source: Macrobond



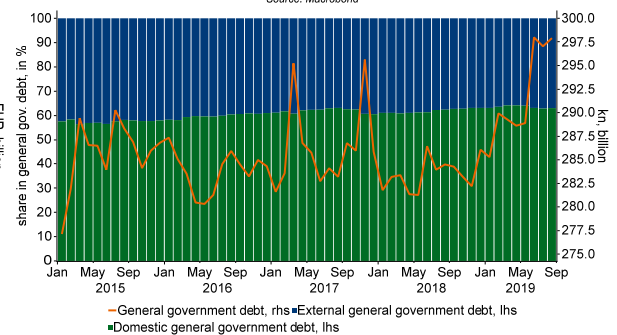
Gross external debt

Source: Macrobond



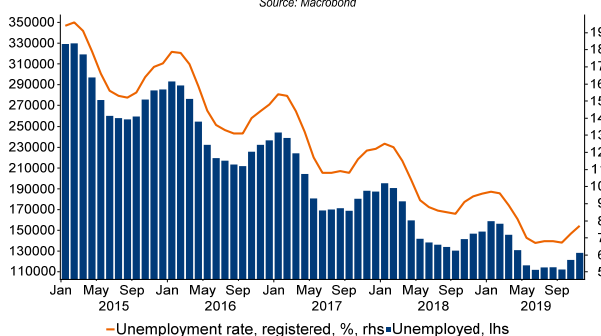
General government debt

Source: Macrobond



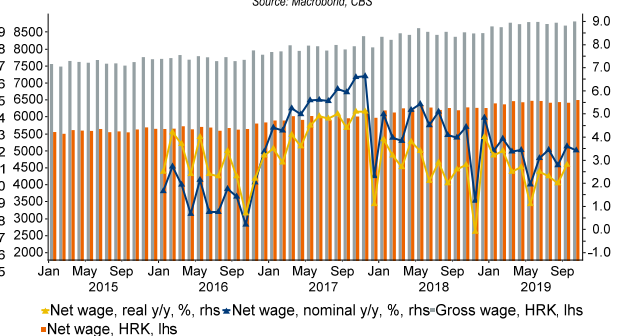
Total number of unemployed and unemployment rate

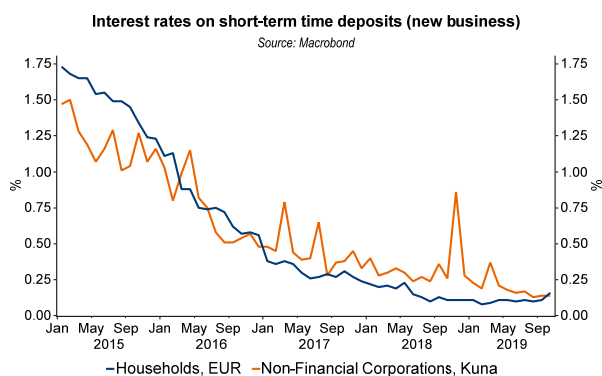
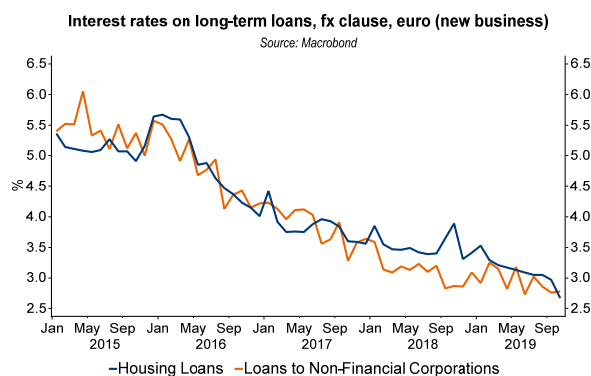
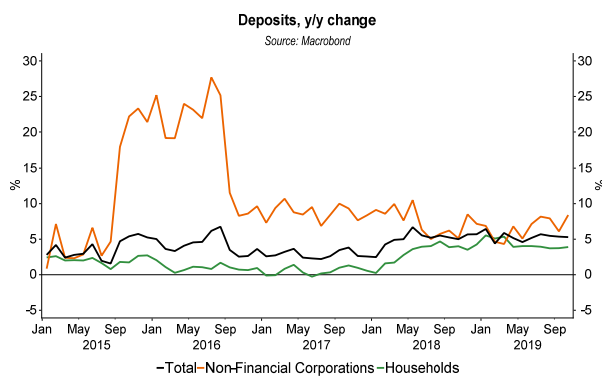
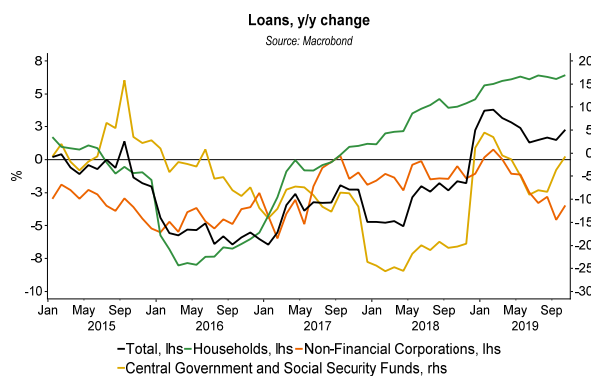
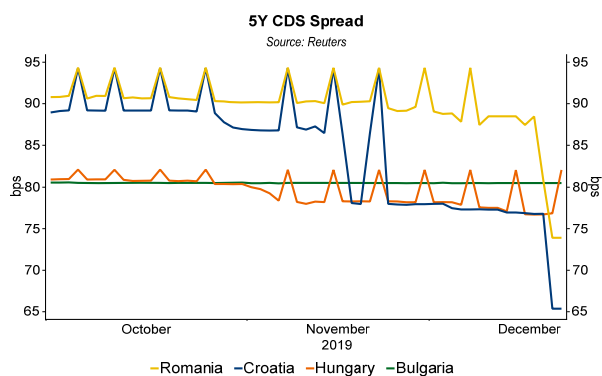
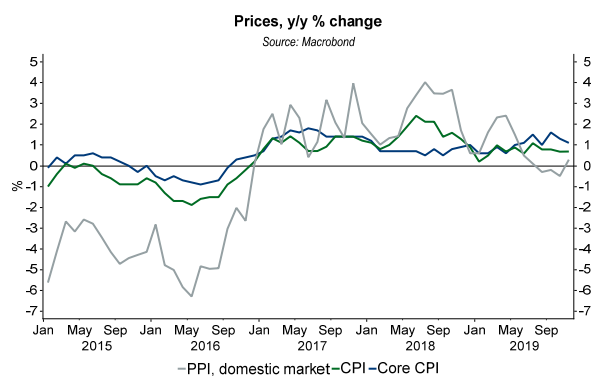
Source: Macrobond



Wages, monthly average and % ch. y/y

Source: Macrobond, CBS





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