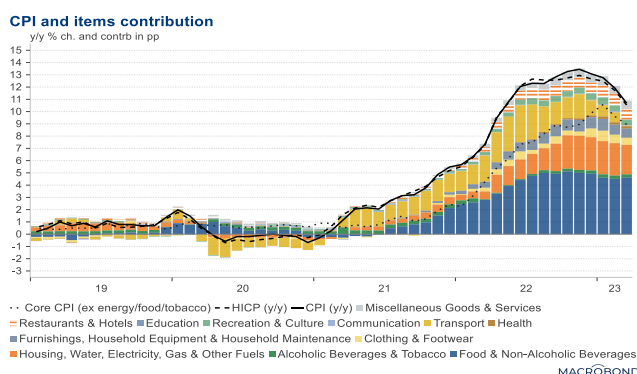


NUMBER 817, APRIL 24, 2023

Positive trends on the labour market

■ Interannual inflation rate was 10.7% in March according to final CBS data, only slightly above the flash estimate (10.6%), and monthly rate was also adjusted upwards by 0.1 p.p. to 0.9%. Base effect had a significant influence on the annual rate trends (especially energy price jump last March after the war broke out), while on the monthly level the largest contribution to 0.6 p.p. increase came from higher clothing and footwear prices (new collections) and price of food and non-alcoholic drinks (0.3 p.p.).

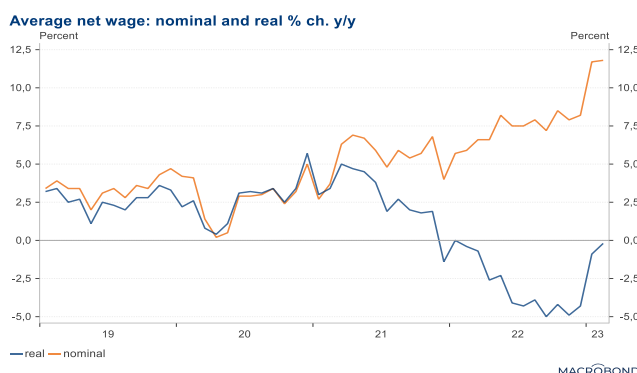


**Inflation in March
10.7% y-o-y**

■ According to the preliminary statistics of the Croatian Bureau of Statistics, employment increased in March 1.2% y-o-y, by which the number of employed persons rose to 1,598 thousand. Per Croatian Pension Insurance Institute data, employment growth trend was somewhat stronger so the total number of insured persons in March was 2.4% higher than in the same month of last year. Number of unemployed persons in March was down by 10.8% y-o-y and was reduced to 111.980, thus reducing the unemployment rate per CBS preliminary calculation to 6.5%, same as per Croatian Pension Insurance Institute data, a significant 0.9 p.p. lower y-o-y.

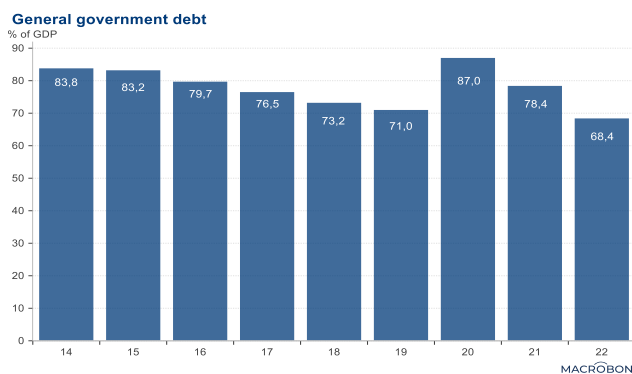
**No. of employed close
to 1.6 million**

■ Average net wage for February (paid during March) reached 1,106 euros, up by 1.1% m-o-m nominal, i.e., 0.9% real. Nominal wage growth was 11.8% y-o-y, while in real terms net wage was 0.2% smaller by which the gap between nominal and real rates continued to narrow, so we can expect in March that interannual wage increase will also be positive in real terms.



**Real net wage in
February -0.2%**

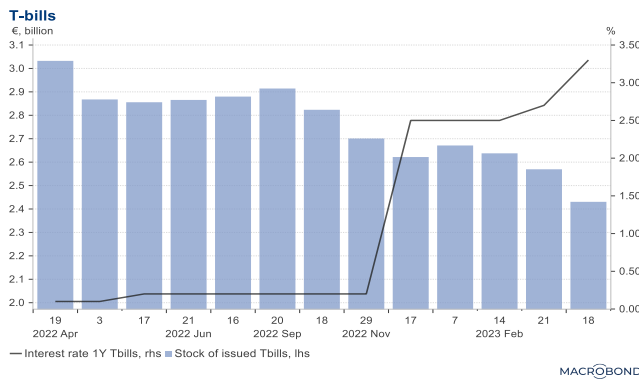
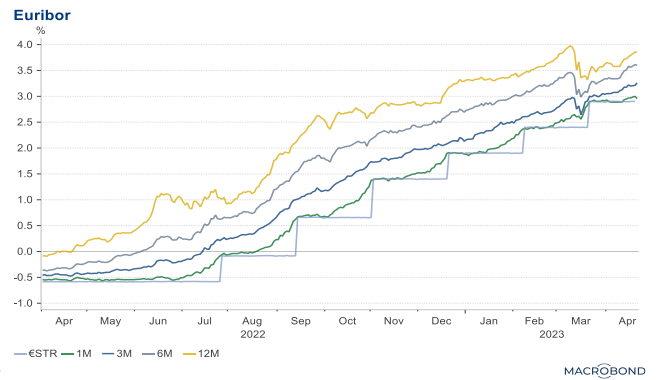
- CBS published the Excessive Deficit Procedure and General Government Debt Level Report last week, revealing that in 2022 on the general government level there was improvement in fiscal trends, i.e., a budget surplus in the amount of 0.4% of GDP,



In 2022 general government debt is 68.4% of GDP

compared to 2.5% deficit in previous year. After a strong jump in 2020 caused by a decline in economic activity and aid measures for the economy and citizens, the trends of consolidated general government debt vs GDP returned in 2021-2022 to a multiannual downward trajectory recorded before the pandemic, reaching 68.4% in 2022, down by a high 10 p.p. than the previous year and down by 2.6 p.p. than in pre-pandemic 2019.

- Dollar strengthened against the euro due to growing expectations that Fed will increase the interest rate at its May session by 25 bps. On Friday, the exchange rate was 1.0978 dollar to the euro, i.e., down by 0.7% w-o-w.
- Euribor growth was somewhat milder last week and was up to 10 bps w-o-w. On Friday, 3M Euribor was 3.3%, and 6M 3.6%. Ministry of Finance issued 25 million of 6M and 185 million of 1Y T-bills, thus reducing government debt in T-bills to 2.4 billion euros. T-bill interest rate was increased to 30, i.e., 60 bps to 2.7 and 3.3%. Next auction is announced for 2nd of May.
- Slight recovery at the ZSE continued, so Crobex finished the week up by 0.4% w-o-w, i.e., at 2,265.8 points. Movement of the most important sector indices was mixed (CROBEXindustry +5.4% to 1,444.2, CROBEXnutris +0.9% to 807.8, CROBEXtourist - 0.9% to 4,098.6). Crobis noted a mild adjustment (-0.1% to 94.5 points).



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