WEEKLY ANALYSIS

NO. 952, 24 AUGUST 2026

(Temporary) slowdown of food price growth?

- Detailed data on the harmonised inflation rate trends in the euro area and Croatia have confirmed the continuation of the weakening of food price growth in July. Namely, as announced by the flash estimate, price growth in the Food, beverages and tobacco category in July slowed down in Croatia to 0.7% from 1.8% recorded a month earlier, which is also the lowest inflation rate noted since January 2021, and for the first time in the same period (with a short-term exception of February and March 2023) a lower rate than the one recorded in the euro area (1.2%). Therefore, it is clear that after the outbreak of the US-Iran conflict there was no sharp rise in food prices like the one recorded after the start of the Russian invasion of Ukraine, and available estimates from Oxford Economics suggest that this stifled growth will persist in the short term, in line with the relatively benign trends in leading indicators such as survey expected selling prices in manufacturing, retail, and food service activities. This could ultimately result in a slowdown in average food price growth in Croatia from 5.4% last year to below 2% this year, thus reducing the contribution to overall inflation by approximately 1 p.p.

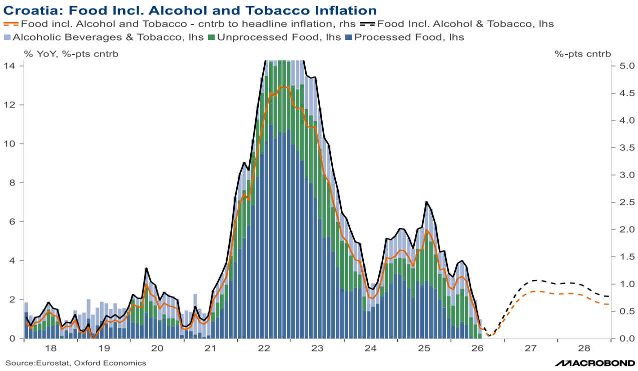
Lowest price growth rate for Food, beverages and tobacco since January 2021

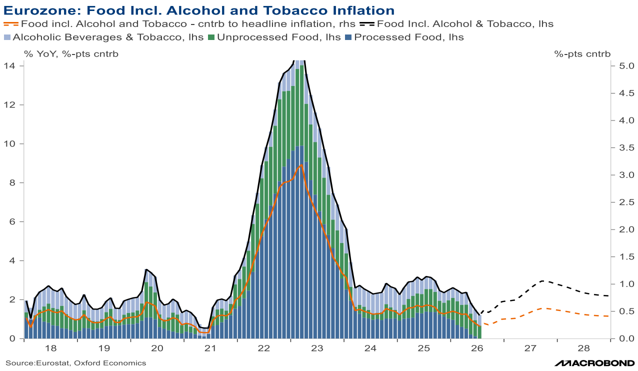
If we observe the Food, beverages and tobacco category only, the euro area noted price growth slowdown in July to 0.8%, while in Croatia price decrease of -0.4% was recorded, with both being the consequence of price trends of processed food products that have been decreasing in Croatia for two consecutive months (-0.4% in June and -0.7% in July), while stagnating in the euro area. According to analysts of Oxford Economics (OE), this was contributed by a combination of simultaneous factors: last year's good grain harvest increased supply thus limiting price growth, an oversupply of raw milk led to lower milk and dairy product prices, and support also came from the easing of previous global shocks, including the stabilisation of chocolate, cocoa, and coffee prices, and a gradual stabilisation of energy prices was recorded; however, the outbreak of conflict in the Middle East is now transforming that support into a risk. Simultaneously, price growth of unprocessed foods is slowing down, having decelerated in July to 2.4% in the euro area and 1% in Croatia after an increase of over 4%, i.e., 5% at the beginning of the year.

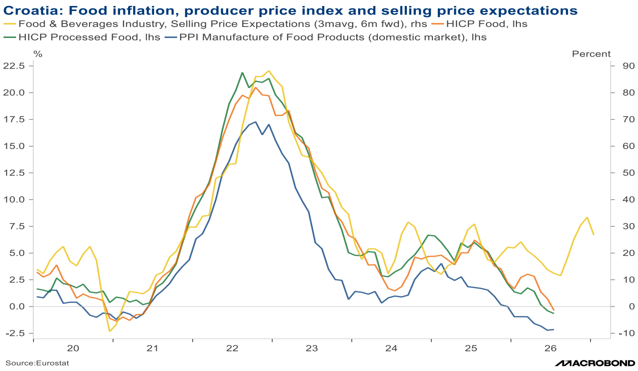
Food prices influenced by processed food products

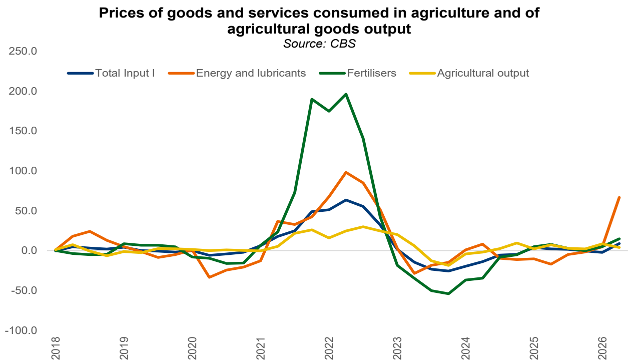
Although everything is pointing to the continuation of short-term trend of stifled food price growth, odds for the future are less favourable if we take into account the risks of a lagged spillover of price growth of energy products and fertilisers. Additional pressure on food prices could also occur as a consequence of this summer's heatwaves, which will undoubtedly affect crop quality and yields and per OE’s assessments, the combination of drought and heatwaves could raise food prices in the euro area by around 1 p.p., with the effects first becoming visible in unprocessed food prices, then spilling over after six to nine months to processed food products.

Delayed spillover of price growth of energy products and synthetic fertilisers, and drought and heatwaves bring risks for 2027









Commodities Heatmap for Euro Area

Index, YoY %	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
▶ Food	3.7	-16.5	-20.2	-21.8	-24.6	-35.9	-30.6	-25.8	-11.9	-4.0	3.5	4.1
Cereals	16.1	1.5	10.0	-0.5	-4.5	-20.5	-19.0	-14.7	-13.7	-16.3	-13.9	-11.2
Barley	0.3	-3.6	-0.4	-2.8	-8.7	-17.6	-18.5	-18.6	-18.7	-18.8	-11.0	-0.7
Maize	11.5	-3.1	-1.2	-8.4	-6.1	-22.4	-20.0	-10.7	-6.5	-5.0	-2.2	-3.6
Rice	-21.8	-27.4	-0.8	-10.0	-15.5	-19.0	-26.2	-26.7	-35.1	-34.7	-38.7	-36.6
Wheat	36.5	17.0	26.5	10.0	0.1	-19.7	-16.5	-14.6	-13.5	-21.0	-17.4	-12.4
Oilseeds & Oils	18.0	9.8	9.0	9.4	7.1	-5.1	-9.8	-9.5	-1.7	2.7	7.1	6.8
Coconut Oil	-28.1	-30.2	-22.7	-10.7	-6.1	-6.2	-4.8	3.7	17.9	37.6	42.7	61.0
Palm Oil	20.9	15.9	8.3	11.6	8.3	-6.1	-14.2	-22.7	-10.8	19.3	32.0	29.1
Soybean Oil	31.8	44.4	48.8	41.2	44.9	10.9	4.3	8.5	4.4	8.5	14.2	21.5
Soybean Meal	21.6	7.0	9.2	6.6	0.9	-9.5	-14.1	-7.1	0.4	-16.5	-17.7	-16.9
Soybeans	20.9	7.2	9.7	8.9	9.5	-4.7	-9.7	-2.2	3.8	-3.3	-4.7	-3.4
Sunflower Seed Oil	23.5	24.2	20.4	14.2	11.4	4.6	9.2	1.8	-0.8	6.6	23.0	14.4
Stimulants	-8.7	-35.1	-42.8	-43.9	-46.0	-53.3	-42.7	-36.0	-16.5	-2.5	8.7	8.8
Cocoa	-22.8	-48.6	-55.8	-60.4	-62.9	-67.5	-58.2	-50.6	-33.8	-15.9	3.9	6.1
Coffee	13.0	-16.5	-26.1	-23.9	-26.2	-33.2	-14.6	-9.0	13.2	21.3	19.8	16.7
Sugar	-7.5	-14.2	-18.1	-25.6	-27.1	-38.0	-31.2	-34.3	-37.9	-34.8	-27.5	-15.8
Tea	-0.4	3.6	-2.6	-10.0	-11.0	-15.2	-15.9	-16.6	-13.5	-15.3	-15.8	-14.9
▶ **Energy Raw Materials**	39.2	22.4	45.6	39.0	27.8	-26.3	-27.4	-31.1	-25.5	-20.8	-12.5	-17.7
Coal	17.1	32.9	27.7	24.7	21.2	-7.5	-20.6	-26.1	-29.0	-32.2	-27.9	-26.1
Crude Oil	23.5	21.0	56.5	48.1	29.6	-18.4	-27.0	-24.7	-20.2	-20.6	-12.2	-19.3
Natural Gas	61.5	23.3	34.2	29.0	26.1	-35.6	-28.3	-38.6	-31.2	-20.0	-11.4	-14.6

Source: HWWI MACROBOND

- Of the statistics published last week, we also want to highlight the information that the average gross salary for June (payout in July) was 2,184 euros, i.e., 8.8% more than in last year's June, while the average net salary was 1,555 euros, i.e., 7.7% more. In real terms, taking into account the average inflation in July (month of payout), average gross and net salary increased by 4.7%, i.e., 3.7%. Simultaneously, unemployment rate in July increased slightly to 3.4% from the historically lowest July 3.3%.

Zagreb Stock Exchange Equity Indices, last 21/08/2026

	Last	Week %	1Y %	YTD %
CROBEX	4,423.45	-0.1	19.6	14.680
CROBEX10	2,853.67	0.0	23.6	15.927
CROBEXindustrija	3,872.24	-0.4	36.8	15.532
CROBEXkonstrukt	1,499.93	0.9	52.3	40.343
CROBEXnutris	818.03	0.1	-4.2	0.512
CROBEXplus	2,879.59	0.1	24.5	18.440
CROBEXtransport	1,693.87	0.2	38.6	51.410
CROBEXturist	5,948.27	0.2	24.8	22.851

Source: Zagreb Stock Exchange

MACROBOND

FX Spot Rates

	21/08/2026	2026 Q1	2026 Q2
EUR/USD	1.170	1.17	1.16
USD/JPY	158.880	156.92	159.43
GBP/USD	n/a	1.35	1.34
USD/CHF	0.800	0.78	0.79

Source: ECB (European Central Bank), Bank of Japan (BOJ), Bank of England, National Bank of Switzerland (Schweizerische Nationalbank)

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Interest Rates

%	31/12/2025	31/03/2026	30/06/2026	21/08/2026
Deposit rate	2.00	2.00	2.25	2.25
Euribor 1m	1.94	1.89	2.20	2.22
Euribor 3m	2.03	2.08	2.32	2.52
Euribor 6m	2.11	2.48	2.57	2.77

Source: ECB (European Central Bank), European Money Markets Institute (EMMI)

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