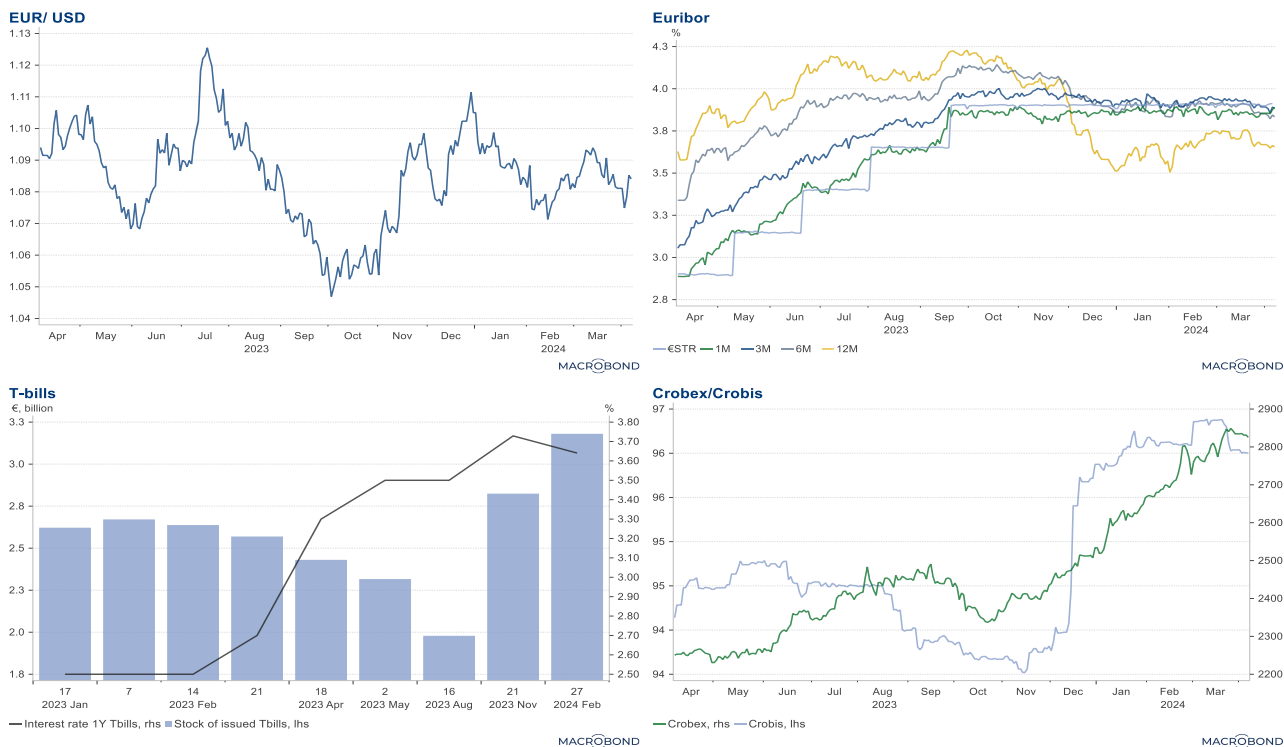


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Weekly overview

- Relatively lean statistical week brought only the disclosure of the March inflation flash estimate and data on housing price movements in the last quarter of last year. According to the flash estimate, the national inflation rate recorded a monthly increase of 0.9% in March, the strongest month-on-month increase recorded since June last year and was mainly due to a 2.4% increase in the prices of non-food industrial goods without energy (probably it concerns the category of clothing and footwear due to the arrival of the new collection), while other categories recorded growth rates between 0.2% (energy) and 0.4% (services) respectively. Accordingly, the annual inflation rate, as measured by the national index, remained at 4.1% for the third consecutive month. The internationally comparable, harmonised inflation rate in March recorded an equivalent monthly increase of 0.9% as the national one, but the annual inflation rate rose slightly to 4.9% after two consecutive months at 4.8%, with the annual growth rate of food prices slowing to 5.0%, non-food industrial goods without energy remaining at 2.3%, energy accelerating to 2.1% and services to 8.0%. Judging by Eurostat data, Croatia retained the leading position in terms of the harmonised inflation rate within the eurozone countries also after February, followed by Austria (4.2%) and Estonia (4.1%), while the average inflation rate in the eurozone was 2.4%.
HICP in March 4.9%
- Data on housing prices movements in the last quarter of last year brought a new acceleration in price growth quarter-to-quarter to 3.4% after almost stagnating in 3Q23 (+0.3%) compared to 2Q23. While prices of new housing recorded a quarter-to-quarter decline of -4.8% (for the first time in the last three years), prices of existing housing recorded an equivalent increase (+4.7%). Looking at the year-on-year level, prices in 4Q23 increased by 9.5%, thus continuing a slight slowdown in growth, with prices of new housing rising by only 3.7% (after 12.3 in the previous two quarters) while prices of existing housing maintained an annual growth rate of over 10% - 10.4% to be exact. On average, at the level of the whole year of 2023, housing prices increased by 11.9%, new housing by 9%, existing by 12.4%, with an equal growth of 11.7% and 11.3% respectively recorded in Zagreb and the Adriatic coast, while prices in other parts of the country increased by 16.3%.
Housing prices in 2023 +11.9%
- Total loans of other MFIs grew by an almost unchanged 3.7% year-on-year in February, with private sector loan growth stagnating at 7.3%, while the decline in central government loans deepened slightly to -14.4%. Strong growth in loans to households continued (10.7%) fuelled by a solid labour market, income growth and recovery in consumer optimism, while loans to non-financial corporations got stifled (2.6%) by higher financing costs. Growth in total deposits slowed to 3.5% in February due to lower private sector deposit growth of 3.0%. Household deposits fell month-on-month due to treasury bills issue, slowing year-to-year growth to 1.6%, while deposits of non-financial corporations decreased month-on-month for the second consecutive month leading to a more moderate year-to-year growth rate of 6.7%.
In February loans increased 3.7%

- Employment data point to the strength of the U.S. economy and fuel speculation that interest rate cuts will be delayed, leading to a weakening dollar against the euro. On Friday, the exchange rate was \$1.0841 to the euro, up by 0.3% week-on-week.
- Euribor recorded only slight shifts last week, with 3M and 6M on Friday standing at 3.9% and 3.8%, respectively, slightly lower week-on-week.
- For the second week in a row, Crobex ended in the red week-on-week (-0.3%), i.e. at 2,825 points due to the decline of almost all the most significant sectoral indices (CROBEXindustry +0.6% to 2,009, CROBEXnutris -2.0% to 918, CROBEXtourist -0.9% to 4,496). Crobis stagnated at 96.0 points.



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