

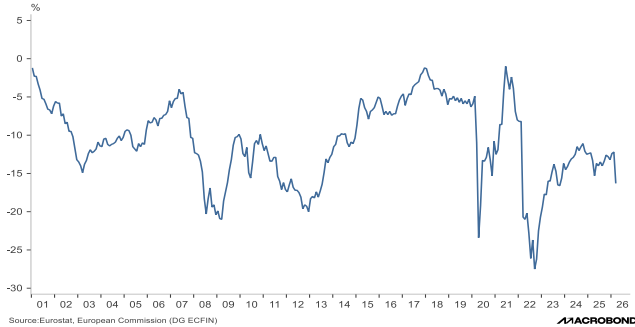
NUMBER 939, MARCH 30, 2026

Ahead of March inflation estimate publication

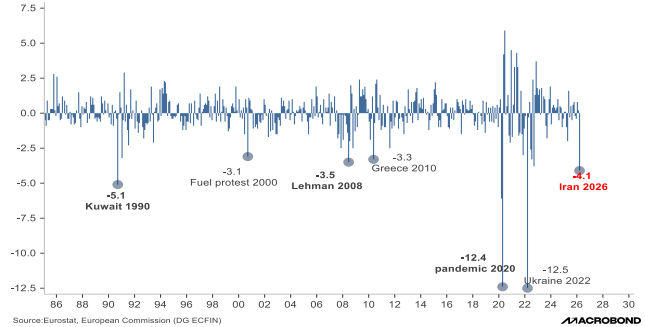
■ Ahead of tomorrow's publication of the flash estimate of inflation in March, we are analysing March data published so far, mainly related to various survey indicators, either at the eurozone level and/or at the individual countries' one. Thus, early last week, flash estimate of the consumer confidence indicator in the eurozone was published after the outbreak of the conflict in the Middle East. Per the published estimate, consumer confidence dropped by 4.1 points to -16.3 – a level last recorded in October 2023 when Hamas attacked Israel. The decrease recorded this March is significantly milder than the one at the beginning of the pandemic, i.e., the beginning of the Russian invasion of Ukraine, and somewhat milder than the decrease recorded during the attack on Kuwait in 1990, but also stronger compared to some more recent crisis situations such as the 2008 or 2010 crisis. PMI indicator was published mid-week, which unexpectedly brought an improvement in the manufacturing sector index, which we associate with potential (temporary) front-loading fuelled by general uncertainty, while the service sector, after expanding for seven consecutive months, recorded a contraction in the segment of new orders and a weakening of expectations. S&P Global states that input prices have risen at the fastest pace since February 2023, with a 10.6-point jump in the eurozone's manufacturing input cost index, which is the largest recorded so far, as well as a 5.2-point jump in the service sector's input cost index, other than a sudden cost surge in March 2022. At the same time, the data also point to a disruption in supply chains, which, although currently less intense than during the pandemic, increases the pressure on price growth, and that will further intensify if it turns out to be long-lasting.

Decline of consumer confidence in the eurozone

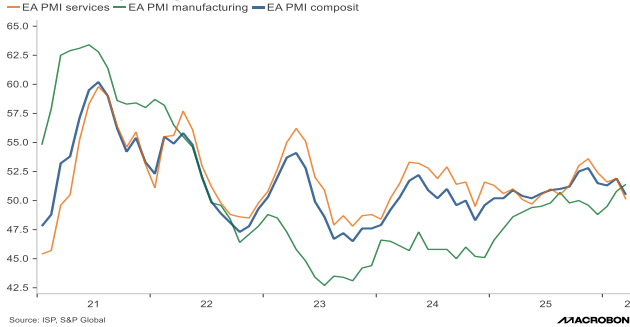
EA: Consumer confidence



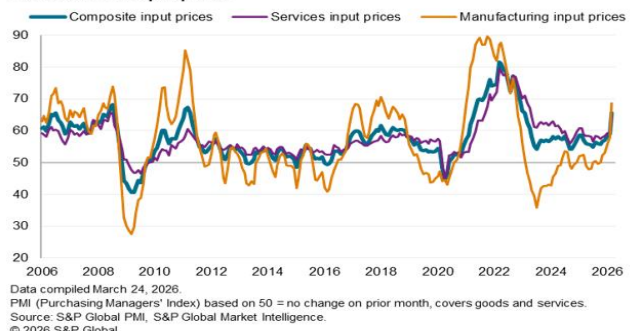
EA Consumer confidence - month on month



EA: Purchasing Managers Index



Eurozone PMI input prices

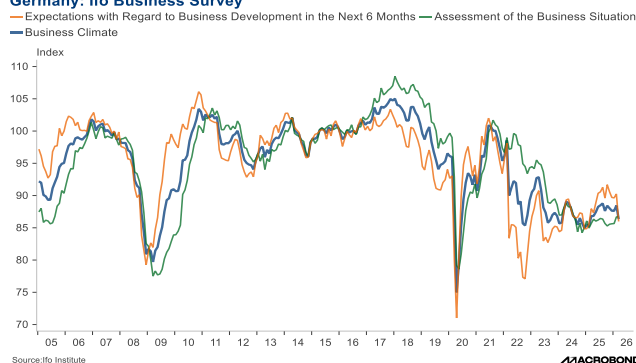


Mid-week was marked by the publication of the German Ifo index which, per expectations, recorded a drop from 88.4 to 86.4 in March- the lowest level since February last year, due to a sharp drop in the expectations component that had the strongest monthly contraction since 2023 (from 90.2 to 86), while the current situation assessment component remained mostly unchanged at 86.7. All the major sectors noted a decline in sentiment, especially in manufacturing, and contrary to preliminary PMI indicators, companies not only had renewed concern for the future but also assessed current business conditions as less favourable. In the service, construction, and trade sectors, there was a slight improvement in current circumstances, but not enough to offset the worsening outlook for the future. In any case, all the mentioned as well as unmentioned (French INSEE and Italian Istat) surveys point to increased uncertainty, deterioration of future expectations and price growth. However, considering that the data collection in most cases took place in the first two weeks of March, i.e., before the armed conflict and energy prices peaked, we feel that the described surveys only partially reflect the effects of the conflict and the energy shock, which implies that, unless there is a significant easing of tensions, the April surveys should show a greater impact, especially on business confidence in manufacturing. The first announcement of the inflation rate in March was a bit bitter-sweet at the end of the week, per which the inflation rate in Spain accelerated from 2.5% in February to 3.3% in March, while at the same time a strong jump in consumer inflation expectations was recorded in France. And while we will see a similar trend in consumer expectations when the data for other countries is published today, tomorrow we will find out exactly how much inflation accelerated in March in the eurozone, and the expectation of the ISP macro team is an acceleration from 1.9% to 2.8%, while we expect that inflation in Croatia will speed up from 3.9% to 4.4%.

Decline of Ifo expectations suggests a stagnation of German economy in the upcoming period

Inflation accelerated in Spain, inflation expectations skyrocketed in France

Germany: Ifo Business Survey

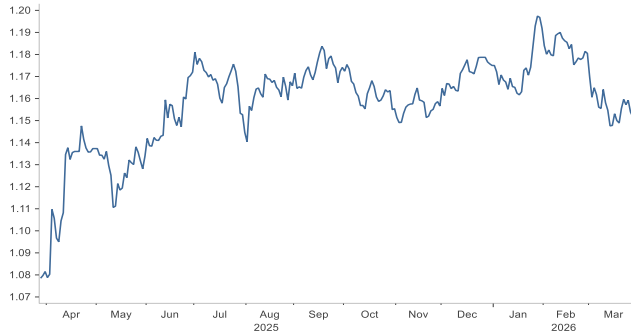


France: HICP and consumer inflation expectations



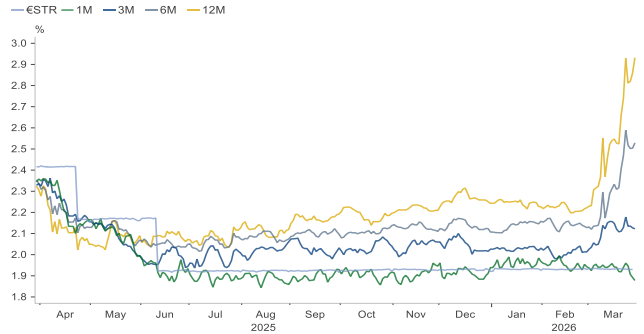
- After a somewhat weaker beginning, the dollar finished the week up by 0.3%, and the week was concluded at 1.1517 dollars to the euro.
- 3M Euribor finished the week at 2.13%, while 6M, after reaching the highest level since January 2025 on Tuesday at 2.59%, finished the week at 2.50%, i.e., up by 10 bps w-o-w.
- Crobex continued decreasing, down by 1.6% w-o-w to 3,864 points. The most important sectoral indices thus finished the week in red (CROBEXindustry -2.9% to 3,659, CROBEXnutris -2.5% to 834, CROBEXtunist -2.3% to 5,496). Crobis stagnated at 98.7 points.

EUR/ USD



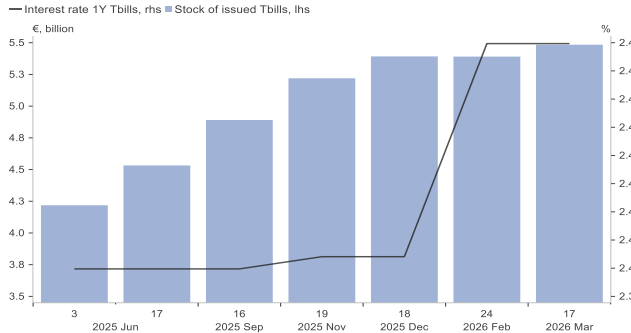
Source: ECB

Euribor



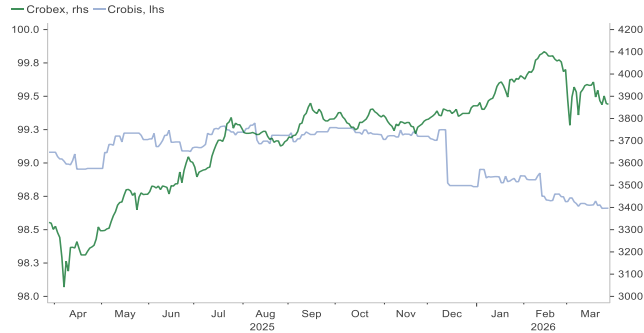
Source: EMMI, ECB

T-bills



Source: MoF

Crobex/Crobia



Source: Zagreb Stock Exchange

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