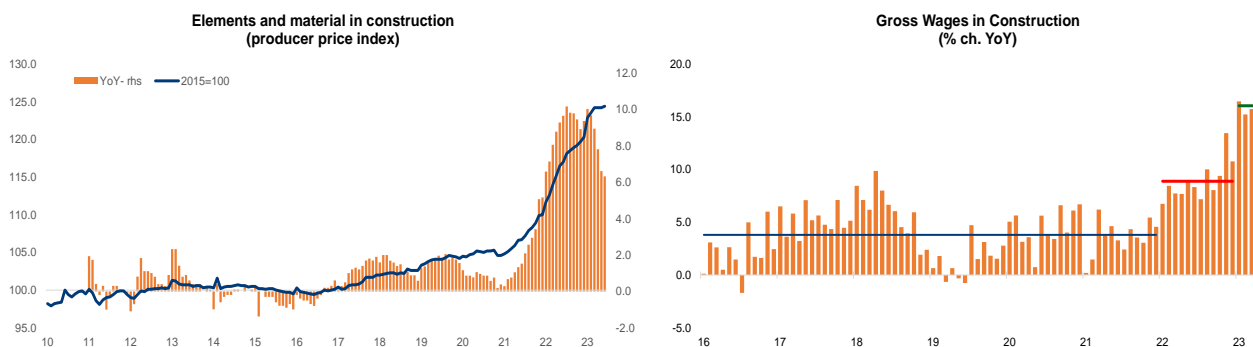


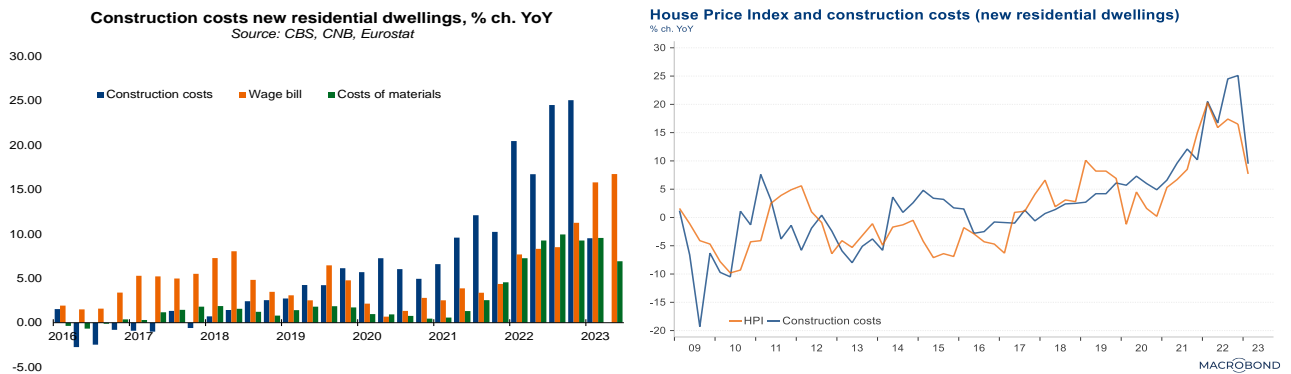
## NUMBER 827, JULY 17, 2023

### Continuation of construction and real estate statistics week

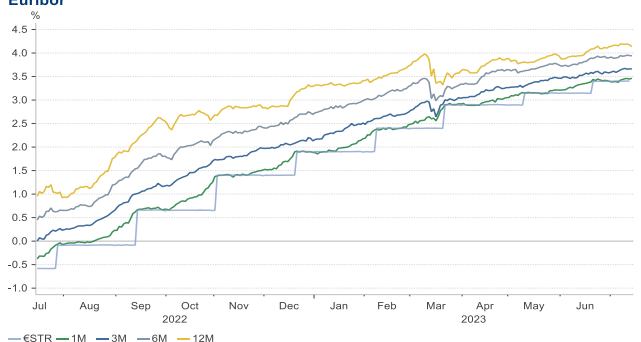
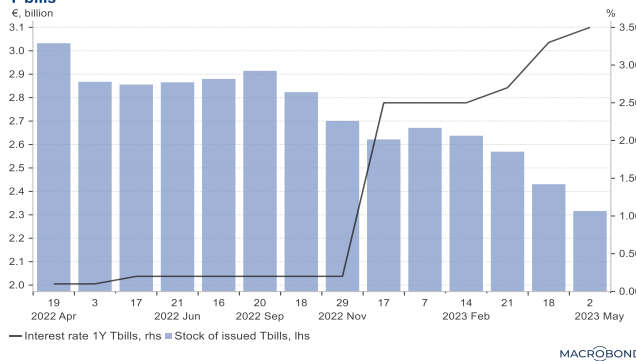
- The relatively thin last week's publication of domestic statistics thematically follows up the real estate market, i.e., the construction sector mentioned in the latest edition of the Weekly Analysis. Namely, although, according to published data, the index of prices of building materials at producers in June, after two consecutive months of stagnation, recorded a slight increase of 0.2% month-on-month, on an annual level the price increase slowed to 6.3%, which continued the more pronounced price slowdown started at the beginning of this year. It is important to note that the price index of building materials is not the price index of total construction works because it does not cover the prices of equipment, machinery and labour and other elements from the price structure of construction works. For example, the cost of labour, in this case viewed through the average gross salary in the sector, increased by almost 9% last year, i.e., the same as the average increase in the prices of building materials. However, unlike prices of materials, gross wages further accelerated growth in the first four months of this year and to an average of 16%. By comparison, the average increase in prices of materials in 2021 was 2.2%, and in the previous four years only 1.3%, while simultaneously gross wages in 2021 increased by 3.6% or 4.3% respectively (2017-20). Owing to the described increase in labour costs, building materials and other costs throughout last year, we recorded a strong increase in the cost of building new residential buildings (+21.8%), while the latest available data reveals that in the first quarter of this year the cost growth slowed to 9.5%, still significantly above pre-pandemic rates.

**Slowdown of the growth in price of building materials**





- The dollar has noticeably depreciated against the euro following the release of inflation data in the U.S. The drop in the inflation rate exceeded market forecasts, prompting expectations that the Fed would raise the Fed funds rate just one more time, at the upcoming July meeting. The EUR/USD hit \$1.1221 to the euro on Friday, up by 3.1% week-on-week.
- Euribor in the week behind us stagnated or slightly increased at shorter maturities, i.e., fell by 10 b. p. week-on-week in the case of 12-month maturity. 3M was 3.7% on Friday and 6M was 3.9%. There is €23 million in treasury bills due this week, but MF is skipping the auction.
- The negative streak on the ZSE was broken, so Crobex closed on Friday up by 1.2% compared to the week before (at 2,373 points). CROBEXindustry and CROBEXtourist recorded an increase of 4.5 and 0.3% respectively (to 1,608 and 4,155 points), while CROBEXnutris fell by 1.2% (to 832 points). Crobis continued to stagnate (at 94.5 points).

**EUR/ USD****Euribor****T-bills****Crobex/Crobis****LEGAL DISCLAIMER**

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**ECONOMIC RESEARCH**

Ivana Jović  
Ana Lokin

**TRANSLATION**

Ana Biloš  
Jelena Marinović

[www.pbz.hr](http://www.pbz.hr)