

WEEKLY ANALYSIS

Number 799, November 21, 2022

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New record inflation rate recorded in October

According to data from the Croatian Bureau of Statistics, October recorded a new record inflation level of 13.2%, induced by a 1.3% monthly price increase, considering that almost all components, except recreation and culture, recorded a price increase m-o-m. The strongest increase of 6.9% was recorded in clothing & footwear, in line with new autumn/winter collections (a reminder that monthly price increase in this category was 21.2% in September). Simultaneously, housing and utility costs recorded (second month in a row) a 2.8% price increase m-o-m due to waste collection price increase and energy price increase for electricity, liquid and solid fuels, raising the annual inflation rate in this category to 16.1%. After a short break in September, food prices in October recorded a strong monthly increase (1%), raising the annual price increase in this category to a high 19.7%, with emphasis on dominant share of foodstuffs in consumption basket. Similarly, but after two consecutive months of decline, transport prices also recorded a monthly increase of 0.6%, mostly due to re-growth of fuel prices (+1.1% after three consecutive months of decline). On average, a 10.3% inflation rate was recorded in the first ten months of this year. According to the Harmonised Index of Consumer Prices (HICP) – comparable between EU countries, inflation was 12.7% in October, while per Eurostat data it was 10.6% in the euro area, with the highest inflation level recorded in Estonia (22.5%), and the lowest in France (7.1%). Distribution of inflationary pressures, i.e., annual inflation rate trends per HICP components in the last year in Croatia and the euro zone are vividly shown by “heatmaps” below. It is interesting to observe the movement of the core inflation rate, which was 14.2% in October, according to the CNB data (vs 14% in September, according to CPI), i.e., 9.7% according to HICP (vs 9.8% previous month), while at the same time, core inflation in EA was 5.0% (vs 4.8% in September).

Euro Area: HICP heatmap

Source: Eurostat

All-Items	100	10/2022	9/2022	8/2022	7/2022	6/2022	5/2022	4/2022	3/2022	2/2022	1/2022	12/2021	11/2021
All-Items	100	10.6	9.9	8.9	8.8	8.5	8.1	7.4	7.4	5.9	5.1	4.9	4.9
Food & Non-Alcoholic Beverages	17	15.5	13.8	12.4	11.5	10.4	8.7	7.4	5.7	4.7	3.9	3.5	2.2
Food	15	15.9	14.1	12.7	11.8	10.7	8.9	7.7	5.8	4.8	4	3.6	2.2
Non-Alcoholic Beverages	1.5	11.1	10.1	9.4	8.5	7.4	6.6	5	4.2	3.4	2.8	3.1	2.7
Alcoholic Beverages, Tobacco & Narcotics	4.3	4.2	4.1	3.8	3.5	3.2	2.7	2.2	2.3	2.2	2.2	2.2	2
Alcoholic Beverages	1.8	6.6	6	5.3	4.7	4.3	3.3	2.3	1.7	1.3	1.4	1.6	1.2
Tobacco	2.4	2.4	2.6	2.7	2.5	2.4	2.2	2.1	2.7	2.9	2.9	2.6	2.6
Clothing & Footwear	5.3	3.8	3.2	2.1	0	0.6	1.7	2	2.1	2.1	-0.2	2.8	1.4
Clothing	4.2	4	3.4	1.9	-0.4	0.4	1.7	2.1	2.2	2	-0.5	3	1.5
Footwear	1.1	2.9	2.7	2.5	1.5	1.3	1.9	1.5	1.6	2.5	1	2.2	1.2
Housing	18	23.2	21.1	19.7	17.7	15.9	13.3	11.2	11.2	13.4	11.9	9.7	9.1
Actual Rentals for Housing	7.1	2	1.9	1.8	1.8	1.6	1.5	1.3	1.2	1.2	1.1	1.1	1.1
Maintenance & Repair of the Dwelling	1.3	10.4	9.4	9.4	8.6	8.4	7.7	7.1	6.6	5.8	5.4	5.2	5.2
Water Supply & Misc. Dwelling Services	2.9	2.7	2.4	2.3	2.2	2.2	2.1	2.1	2	1.9	1.6	1.9	2
Electricity, Gas & Other Fuels	6.6	59.2	55.5	51.9	46.5	44.9	43.5	42.8	47.5	36.3	32.1	25.4	23.8
Furnishing	6.7	8.5	7.8	7.4	6.9	6.5	5.9	5	4.2	3.8	2.8	2.8	2.6
Furniture & Furnishings	2.3	9.4	8.7	8.7	8.7	8.5	7.6	6.4	6.1	5.7	4.5	4.3	4.1
Household Textiles	0.44	7.2	6.1	6	5.5	5.3	4.8	4.8	3.4	3.6	2.1	2.2	2.1
Household Appliances	1.1	7.5	7	6.1	5.5	4.9	4.5	3.5	2.4	1.9	1	1.8	1.5
Glassware, Tableware & Household Utensils	0.55	6.6	6.6	6.2	5.7	5.6	5.3	4.6	3.5	3.2	2.5	2.9	2.5
Tools & Equipment for House & Garden	0.56	5	4.7	4.4	4.1	3.9	4.2	3.9	3.2	2.6	1.8	2.7	2.4
Goods & Services for Routine Maintenance	1.8	9.9	8.8	8	7.2	6.2	5.6	4.8	3.8	3.3	2.2	1.8	1.5
Health	5.1	1.8	1.4	1.2	1.3	1.1	1.3	1.1	1	0.9	0.8	0.9	0.9
Medical Products, Appliances & Equipment	2.1	2.1	1.6	1.4	1.4	1.1	1	0.5	0.6	0.4	0.2	0.7	0.7
Out-Patient Services	2.2	1.5	1.2	0.9	1	1.4	1.5	1.2	1.1	1.1	0.9	0.9	0.9
Hospital Services	0.74	1.9	1.8	1.8	1.7	1.6	1.7	1.8	1.7	2	1.4	1.4	1.4
Transport	15	10	10.9	9.9	12.7	14.4	14	13	14.6	10.4	9.4	10.4	12.2
Purchase of Vehicles	3.9	8.5	8.4	8.5	8.1	7.7	7.4	6.9	6.2	5.9	5	5.1	4.7
Operation of Personal Transport Equipment	8.8	11.1	12.9	12.6	17.3	21.1	18.5	17	21.2	14.3	13.2	14.2	17
Transport Services	1.9	7.5	7.3	1.1	1.6	-2	7.1	7.9	2	2.2	2	5.1	6.3
Communications	3.1	-0.9	-0.8	-0.7	-0.8	-0.3	-0.4	0.1	0	-0.4	-0.4	0.6	0.5
Postal Services	0.15	4.1	4	4.4	4.3	3.9	4	4.1	4.1	3.5	3.5	3.3	3.6
Telephone & Telefax Equipment & Services	2.9	-1.2	-1	-1	-1.1	-0.5	-0.6	-0.1	-0.2	-0.6	-0.6	0.5	0.3
Recreation & Culture	7.9	4.9	4.6	4.8	4.4	4.4	3.6	3.6	3.1	3.1	2.8	2.9	4
Audio-Visual & Photographic	1.3	-0.1	0	0.1	-0.3	0.2	0.2	0.1	0.7	0.5	0.5	1.4	1
Other Major Durables for Recreation & Culture	0.38	8.7	8.1	8.2	8.5	7.6	7.7	6.4	6.2	4.6	4	4.8	4.1
Other Recreational Items, Gardens & Pets	2.3	6.4	6	5.3	5.3	5.7	4.7	4.6	4	3.8	3.2	3.4	3.2
Recreational & Cultural Services	1.8	3.6	3.4	3	2.3	2.2	3	2.8	2.3	2.3	2	2	2.1
Newspapers, Books & Stationery	1.3	5.4	4.9	4.4	4.5	4.5	4	3.9	3.2	3	2.7	2.6	2.4
Package Holidays	0.7	9.7	9.2	12.4	10.7	11.5	5.3	8.8	6.7	9.2	11.6	6.9	6.4
Education	0.98	4.1	3.8	-0.8	-0.9	-1	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1
Restaurants & Hotels	8	8.4	8.5	8.1	8.3	7.9	7.1	5.9	5.1	4.4	4.1	3.5	3.3
Catering Services	6.6	7.1	6.8	6.4	6.1	5.7	5.4	4.6	4.1	3.7	3.3	2.9	2.7
Accommodation Services	1.5	13.7	15	13.4	16.1	17.2	15.8	11.2	10	7.5	6.2	6.5	6.3
Miscellaneous Goods & Services	9.7	3.8	3.4	3.2	3	2.7	2.6	2.4	2.2	2.1	1.9	2.3	2.1
Personal Care	2.9	6.2	5.4	4.9	4.1	3.6	3.4	2.9	2.3	2.2	1.9	2.1	1.8
Personal Effects N.E.C.	0.88	4.7	4.5	4.4	4.1	3.8	3.9	3.6	3.1	2.7	1.5	2	1.8
Social Protection	1.8	2.9	2.7	2.3	2.1	1.9	1.9	1.8	1.8	1.8	2	3.6	3.6
Insurance	2.4	1.5	1.5	1.3	1.7	1.7	1.9	1.7	1.8	1.8	1.8	2.1	1.7
Financial Services N.E.C.	0.62	5	5.1	5.1	5	2.9	3	3.1	3.1	2.8	3.2	2.8	2.5
Other Services N.E.C.	1.1	2.8	2.6	2.6	2.5	2.4	2.3	2.2	2	1.8	1.6	1.5	1.5

MACROBOND

Croatia: HICP heatmap

Source: Eurostat

All-Items	100	10/2022	9/2022	8/2022	7/2022	6/2022	5/2022	4/2022	3/2022	2/2022	1/2022	12/2021	11/2021
All-Items	100	22.7	18.6	12.9	12.7	12.1	10.7	9.8	7.5	6.3	5.5	5.2	4.7
Food & Non-Alcoholic Beverages	22	19.4	16.5	13.8	12.9	12.1	10.7	14.9	12.7	10.8	10.1	9.4	8.1
Food	19	20.5	19.4	19.8	19	17.5	15.8	13.6	11.4	10.6	10.2	9.5	6.1
Non-Alcoholic Beverages	3.2	13.1	13.3	13.4	11.6	11.2	10.2	9.5	7.7	7	7.4	4.8	5.6
Alcoholic Beverages, Tobacco & Narcotics	7	5.7	5.5	5.7	4.5	3.2	2.8	2.5	2.2	5.9	5.5	4.9	4.3
Alcoholic Beverages	3.1	9.1	8.6	9.1	7.9	7.6	6.6	6	5.3	4.1	3.2	1.9	0.6
Tobacco	4	3.2	3.2	3.2	2	0	0	0	0	7.1	7.1	7.1	7.1
Clothing & Footwear	4.4	7.1	10.4	5.8	5.1	11.3	9.1	7.8	5.6	3.4	0.8	3.6	1.9
Clothing	3.6	8	16.2	5.4	5	12.1	9.5	8.6	7	3.7	1.3	3.6	1.3
Footwear	0.87	3.4	6.7	7.7	5.6	8.7	7.4	4.7	0.5	2.2	-1.2	3.7	4.3
Housing	12	16.4	15.3	14.4	15.1	15	15	14.3	7.7	6.3	5.6	5.9	7.5
Actual Rentals for Housing	0.78	3.7	3.7	3.9	3.4	3.1	3	2.6	2.8	1.9	1.8	2.1	1
Maintenance & Repair of the Dwelling	0.47	19.1	19.7	18.5	17.8	17.8	17.5	17	14.6	10.5	8.1	7.6	7.2
Water Supply & Misc. Dwelling Services	2.7	3.4	3.3	2.5	2.4	1.7	1.1	0.6	0.3	0.2	0.2	0.2	0.2
Electricity, Gas & Other Fuels	8.6	21.4	20	18.9	20	20.2	20.5	19.8	10.2	8.4	7.6	8	10.7
Furnishing	6	14.4	14.2	13.6	12.7	11.9	10.6	9.1	7.7	6.1	4.6	3.7	2.8
Furniture & Furnishings	1.6	11.7	11.2	10.1	11.3	9.8	8.9	7.5	7.6	5.4	4.7	4.1	3.2
Household Textiles	0.29	8	9.4	8.4	7.4	6.5	7.3	7.4	5.6	3.7	1.4	0.6	1.1
Household Appliances	0.79	9.3	9.3	11.6	11.2	10.2	9.2	8.6	5.6	6.4	4.1	3.8	2.4
Glassware, Tableware & Household Utensils	0.57	12.2	13	12.3	10.4	11	9.5	8.7	7.6	6.2	6	3.1	3.1
Tools & Equipment for House & Garden	1	8.3	8.4	7.9	7.7	7.8	6.5	5.4	4.6	4.2	2.3	1.6	1.6
Goods & Services for Routine Maintenance	1.8	24.5	23.8	22.5	19.3	17.7	16.1	13.3	10.9	8.1	6.1	5	3.4
Health	5.5	3.6	2.9	2.5	2	1.3	1.2	1.1	0.9	0.5	0.2	-0.3	0.3
Medical Products, Appliances & Equipment	3.3	1.7	1.3	1	0.5	-0.4	-0.5	-0.5	-0.7	-0.8	-0.8	-0.9	-0.9
Out-Patient Services	1.9	6.8	5.6	5.3	4.6	4.4	4.3	4.2	3.8	3.1	2.3	1.1	2.9
Hospital Services	0.29	3.9	3.6	2	2	2	2	2	2	0.9	0.9	0	0
Transport	12	11.2	11.8	13.5	16	16.6	17.1	14.1	12.6	9.1	8.1	8.6	10.9
Purchase of Vehicles	2.7	11.7	12.2	12.1	11.6	11.2	9.6	8.3	6.9	6	5.4	4.2	3.2
Operation of Personal Transport Equipment	7.7	12.3	12.9	15	22.1	24	22.9	19.5	17.5	12.9	13.2	13.9	15.9
Transport Services	1.5	4.6	5.6	8	8.1	5.2	1.8	2.5	-1.2	-3	-3.2	1.2	2.1
Communications	4.8	1.3											

Weekly overview

- Last week we witnessed, both on corporate and interbank domestic market, a slightly larger turnover than usual. EUR/HRK exchange rate is still holding above the conversion one, so the week ended with mid-point exchange rate 7.5462, up by 0.2% w-o-w. Kuna appreciated against the dollar by 0.5% to 7.3016 kuna to the dollar. This week we expect trading in the range of 7.52-7.55 kuna to the euro.
- Excess liquidity increased to 86 billion kuna last week, interest rates stagnated, and there were no placements at the CNB's repo auction.
- Total ZSE turnover in last week, shorter by a day, was only 75 million kuna with turnover in shares increasing to 45 million kuna w-o-w, while turnover in bonds decreased to 29 million kuna. Crobex failed to keep its upward trend from previous week and declined by 0.6% to 1,902.9 points w-o-w, and the most important indices recorded a mixed performance (CROBEXindustry +0.6% to 1,029.1, CROBEXnutris -2.0% to 702.1, CROBEXtourist -1.1% to 3,211.0). Crobis ended the week in black (+0.1% to 95.3 points).

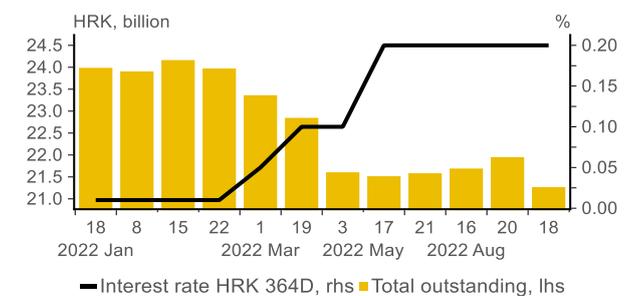
EUR/HRK and USD/HRK

Source: Macrobond



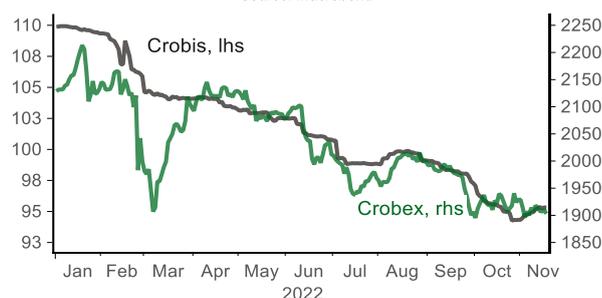
T-bills

Source: MoF



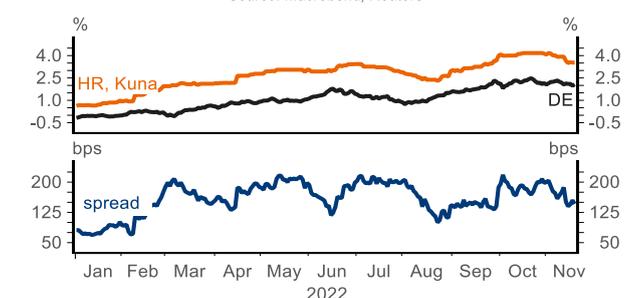
Crobex/Crobis

Source: Macrobond



10Y Government bond yield

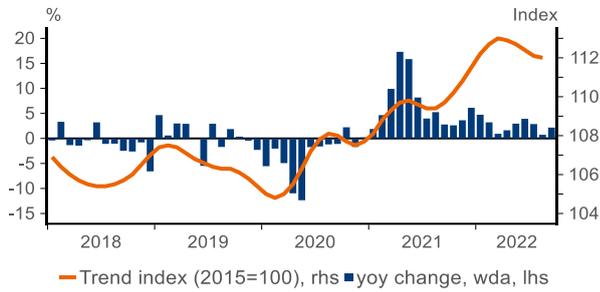
Source: Macrobond, Reuters



Statistics

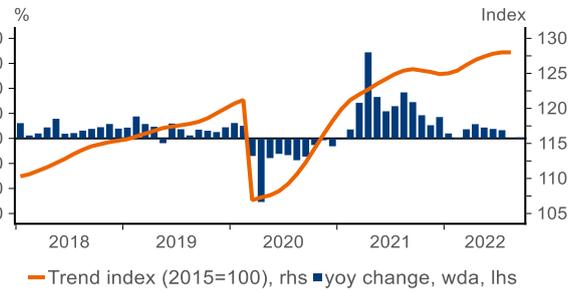
Industrial production

Source: Macrobond



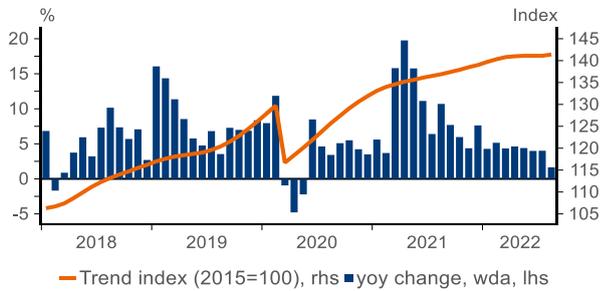
Retail trade, real

Source: Macrobond



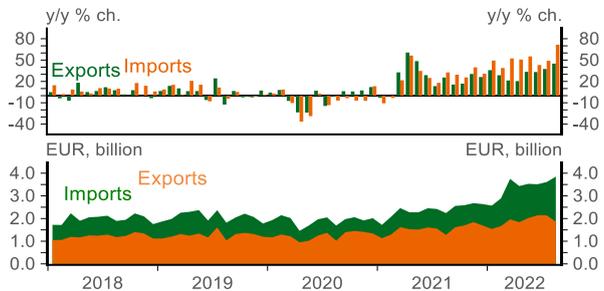
Construction works

Source: Macrobond



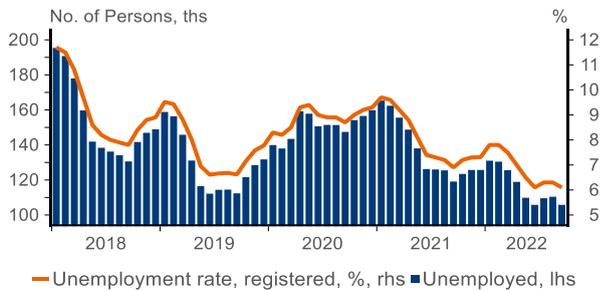
Goods exports and imports

Source: Macrobond



Unemployment

Source: Macrobond



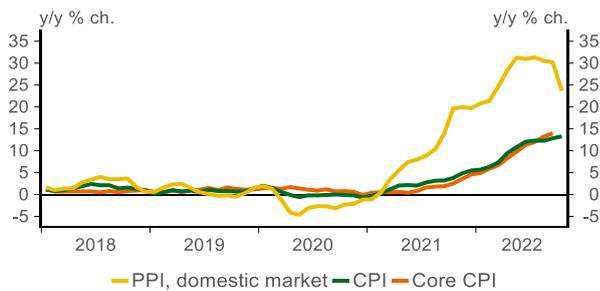
Wages

Source: Macrobond, CBS



Prices

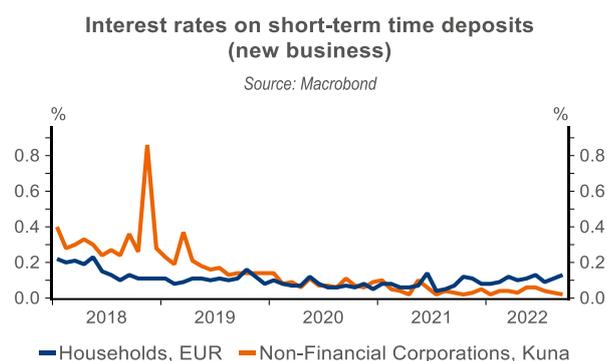
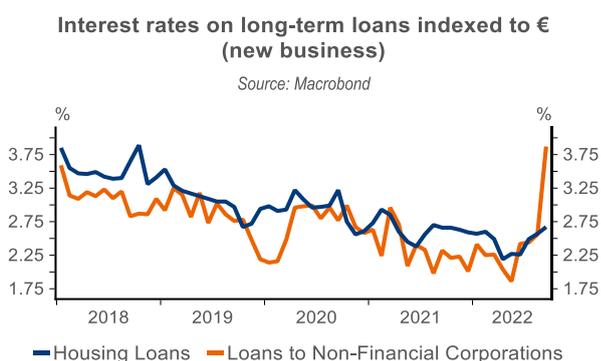
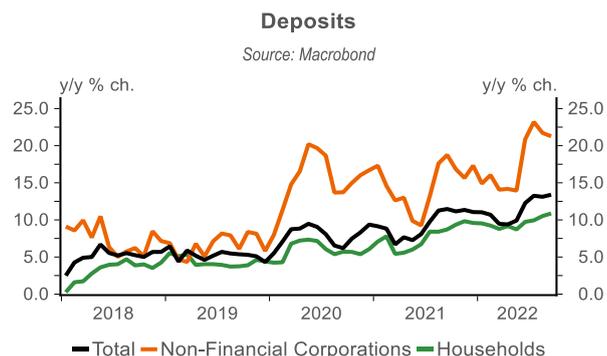
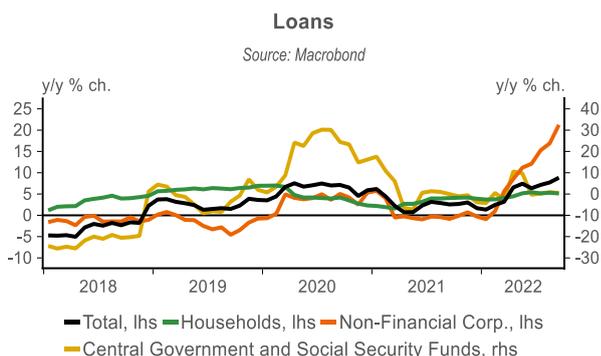
Source: Macrobond



Economic Sentiment Indicator (ESI)

Source: Macrobond





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