

# WEEKLY ANALYSIS

## Number 733, May 17, 2021

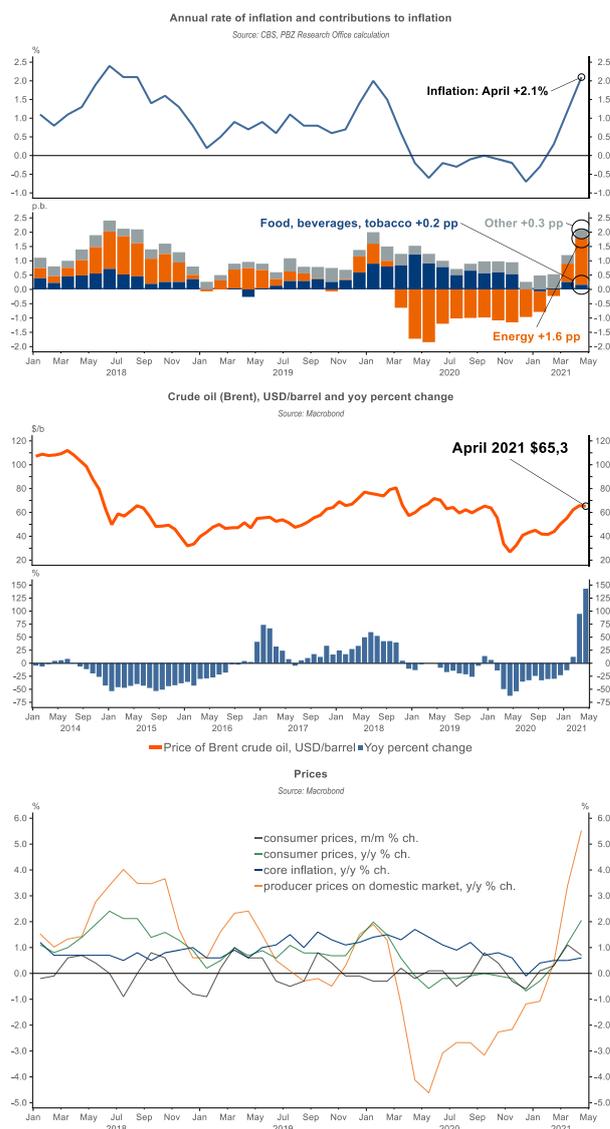
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## Inflationary pressures significantly strengthened in April

The annual inflation rate in April increased to 2.1% (1.2% in March), namely to its highest level since August 2018, supported primarily by a sharp rise in prices within the category of Transport (+10.7%), in particular fuels and lubricants for personal transport equipment (+25.1%), which for the most may be attributed to a several times higher price of crude oil compared to the same month last year (65 dollars for a barrel of Brent oil, compared to the last year's 27 dollars). Simultaneously, the only negative contribution to the total yoy increase of consumer prices in April came from 1.0% lower prices of Food, especially meat (-1.9%), milk, cheese, and eggs (-3.2%) and vegetables (-2.8%).

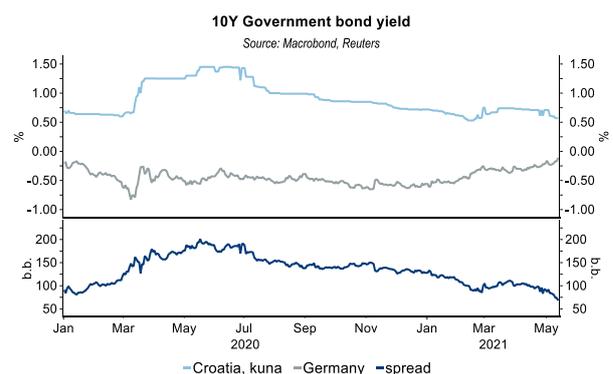
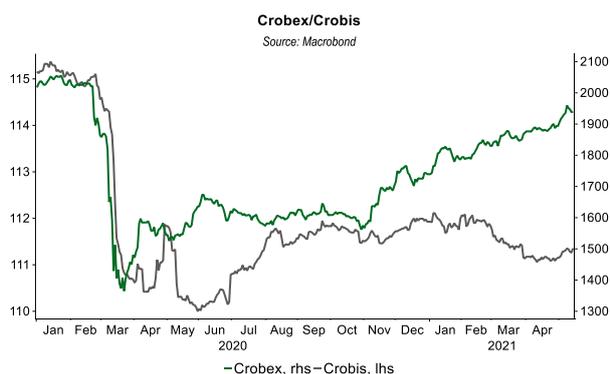
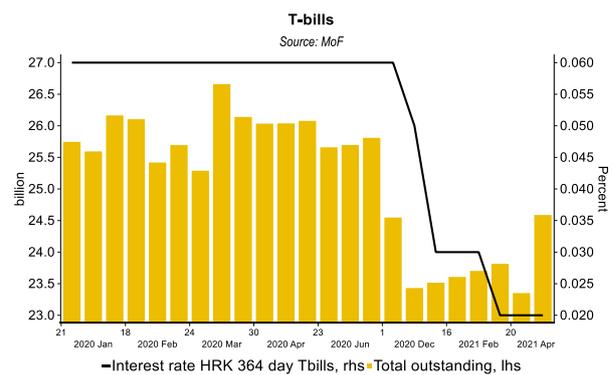
Over this year's four months, the average growth rate of consumer prices amounted to 0.8% yoy, with the growth of prices in Transport at the forefront (+3.4%) and Alcoholic beverages and tobacco (+6.3%, owing to the growth of excise duties), and an additional pressure on the growth came from Non-alcoholic beverages (+3.6%), Communication (+1.0%), Recreation and culture (+1.6%) and Miscellaneous goods and services (+1.0%), while in the category of Food a negative contribution was recorded (-1.3%) to the total movements of consumer prices. The annual rate of change of core consumer prices over this year's first four months thereby amounted to 0.5%, down by 1 p.p. compared to the same period of 2020.

The last year's low base as well as pressures on the growth of prices from the supply side will be the main factors in the inflation movements over the following several months in which we expect the rate to be maintained at the level of around 2%, while the average inflation rate in this year might amount to around 1.5%.



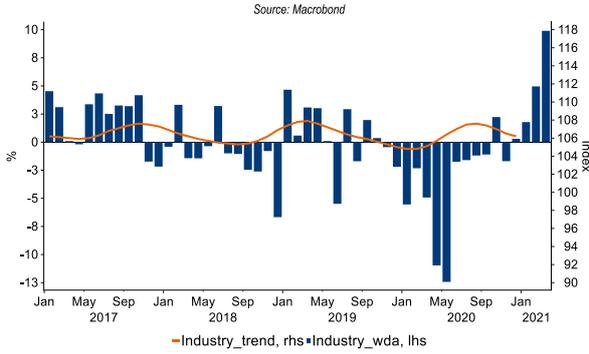
## Weekly overview

- The increased supply of foreign currencies brought about a continuation of appreciation pressures and on Friday the mid-point exchange rate amounted to 7.5216, down by 0.1% wow. The kuna strengthened against the dollar by 0.3% to 6.2126 kuna to the dollar. This week we expect a continuation of a livelier trading amid the distribution of dividends.
- Excess liquidity reached a new record level of 70 billion kuna, interest rates stagnated, and there were no placements at the repo auction. This week is due the amount of 300 million kuna and 12 million euro of one-year T-bills thus the auction has been announced in the amount of 300 million kuna and 10 million euro.
- The Crobex Index closed last Friday at 1,940.04 points, up by 0.2% wow, while Crobis simultaneously stagnated in wow terms (at 111.79 points). As for sector indices, CROBEXconstruct closed last week by posting a drop of 0.6% wow (to 762.01 points), while CROBEXindustry and CROBEXtourist advanced by 0.4% and 1.2% respectively (to 1,076.02 and 3,582.36 points). Total ZSE turnover last week reached 237.8 million kuna, up by 44.4% wow, owing to an equal increase of turnover in shares and bonds (to 75.6 and 162.2 million kuna respectively).

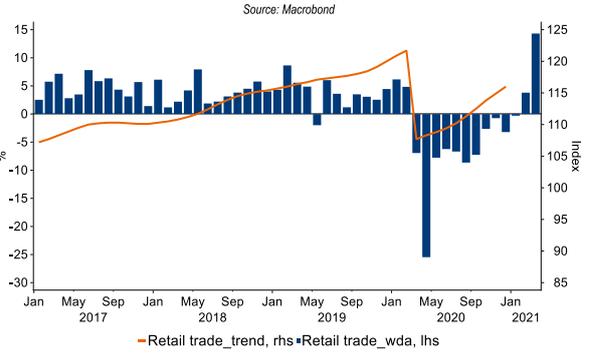


# Statistics

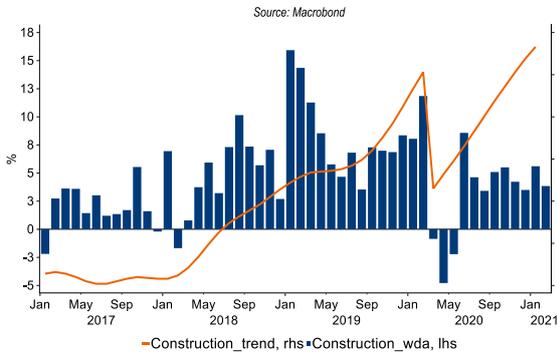
**Industrial production, wda % ch. y/y and index (2015=100)**



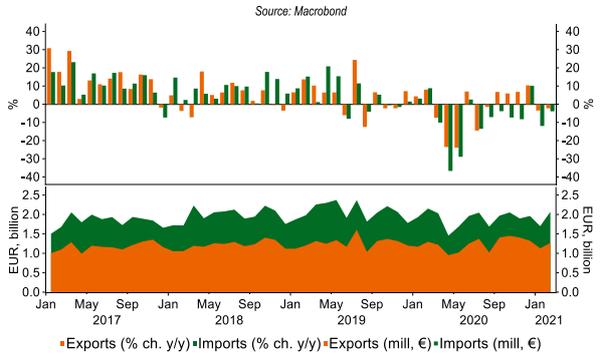
**Retail trade, real, wda % ch. y/y and index (2015=100)**



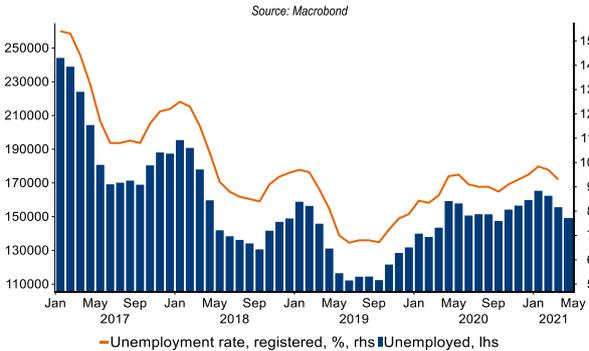
**Construction works, wda % ch. y/y and index (2015=100)**



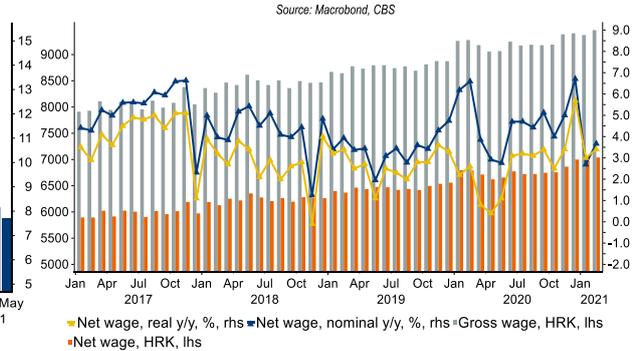
**Goods exports and imports (% ch. y/y and mill €)**



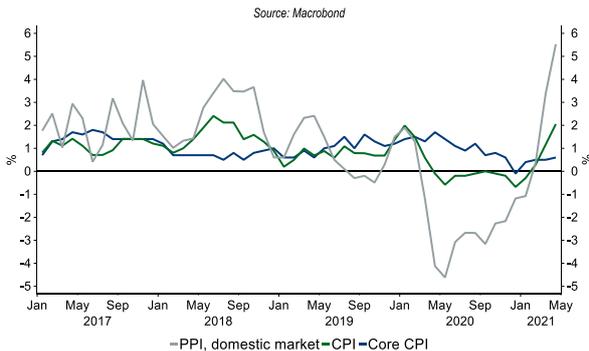
**Total number of unemployed and unemployment rate**



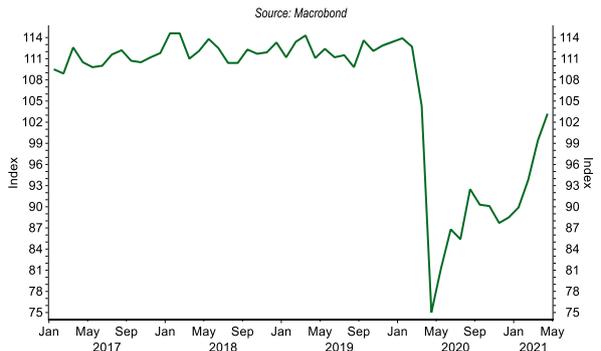
**Wages, monthly average and % ch. y/y**

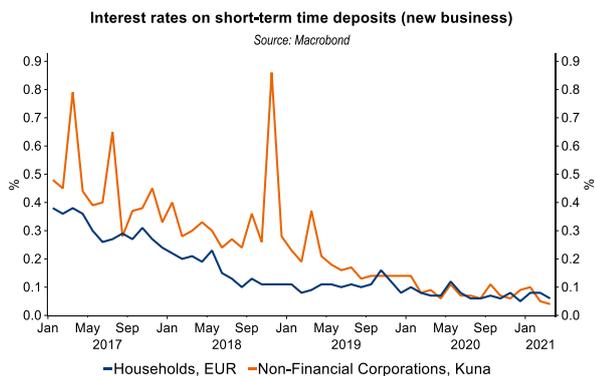
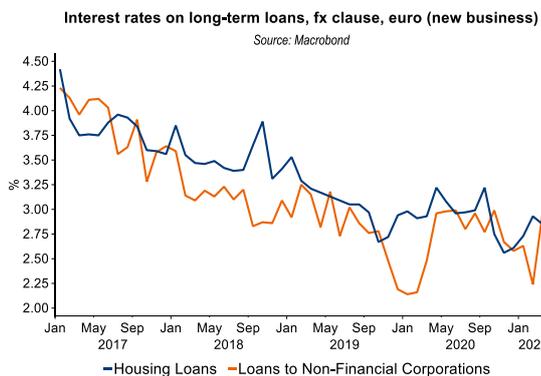
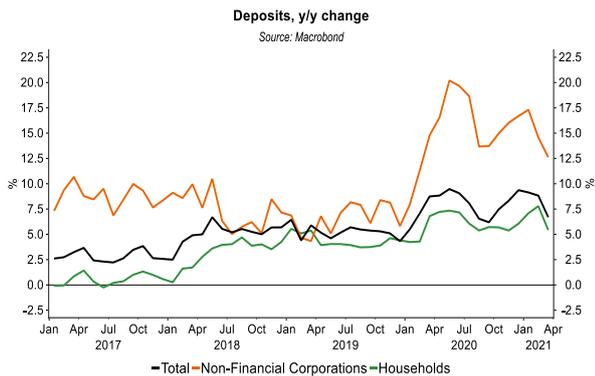
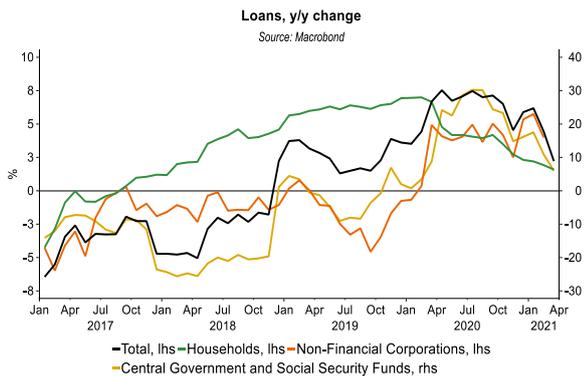


**Prices, y/y % change**



**Economic Sentiment Indicator (ESI)**





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