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A week marked by the elections, the Middle East and scant statistical releases

- On Wednesday, 17 April, per provisional results of the State Electoral Commission, 62.31% voters' response was significantly higher than in the previous parliamentary elections, when it was 46.9%, although not the most massive one considering that a higher response was recorded in 2000 (72.85%) and in 2015 (63.06%). Provisional election results indicate that the ruling party (HDZ; centre-right) won 61 out of 151 seats in Parliament, while the largest opposition party (SDP; centre-left) won 42 seats. The third party, in terms of the number of seats won, is Domovinski pokret (conservative right) with 14 representatives, followed by Most (right) with 11, while Možemo! (left) won 10 seats. Four parliamentary seats went to regional parties (IDS and NP Sjever, 2 seats each), while the Fokus party (liberals) won 1 seat, and eight guaranteed seats also go to national minorities. As no one has the necessary majority to form a new government, post-election combinations mostly come down to two options: (1) the formation of a new government with the agreement of HDZ and DP sharing similar world-views, that, together with minority representatives, would reach 80-83 (depending on with or without representatives of the Serbian minority, i.e., SDSS) of the required 76 parliamentary seats, although we do not rule out the option that only one part of DP representatives will join such coalition. The second option refers to the formation of a broad and ideologically very heterogeneous coalition of opposition parties with the single goal of overthrowing HDZ. The upcoming days will clear the situation, although with a longer period necessary to reach an agreement we also do not rule out a possibility of an election rerun considering the position President Milanović took during these elections. The situation was further exacerbated by the Constitutional Court by publishing that Mr. Milanović cannot act as the new mandate holder nor the prime minister even if he resigns now.
- And, while the election race was building up steam in Croatia, the geopolitical situation in the Middle East become further complicated with Iran's attack on Israel last Sunday, the first in history, and Israel's retaliatory attack on Friday morning. Although still (and we hope it will remain so) of a limited scale, the escalation in the Middle East resulted in a rise of crude oil price to over USD 90, but the fact that the attacks did not cause major damage nor interrupted production or supply of oil, and the still prevailing market position that there will be no conflict escalation, pushed the price below USD 87 by the end of the day. Market sensitivity is underlined, among other things, by the fact that the Strait of Hormuz is the world's most significant energy point through which 30% of the world's oil trade and 20% of LNG passed in the first ten months of 2023.
- Out of a relatively scant statistical week we highlight the data that the average monthly net salary for February (disbursed in March) was 1,248 euros, i.e., nominally 12.8% more than the previous year, while in real terms the increase was 8.4%. And while the previous week was statistically

High voter turnout and difficult post-election negotiations

Exchange of fire in the Middle East

Statistically scarce week, a richer one ahead of us

relatively scarce, the upcoming week brings interesting publications, and we highlighted the report on the excessive deficit procedure and a revision of quarterly data of gross domestic product in 2023.

- EUR/USD recorded slight changes last week, with the dollar still drawing support from the expectations on later reduction of fed funds rate than the ECB's rates, as well as the status of safe-haven currency. On Friday, the exchange rate was 1.0653 dollars to the euro, almost unchanged w-o-w.
- Euribor stagnated at the maturity of 1M, while it recorded a marginal decline for longer maturities so on Friday 3M was 3.9%, and 6M 3.8%, slightly down w-o-w. There are no T-bills due this week, and therefore no auction.
- Crobex was under pressure, recording a 1.1% decline w-o-w (to 2,799 points) due to negative trend of all the most important sectoral indices (CROBEXindustry -0.9% to 2,007, CROBEXnutris -0.9% to 915, CROBEXtourist -0.6% to 4,434). Crobis remained at 96.0 points.



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