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Slowdown of trade in goods

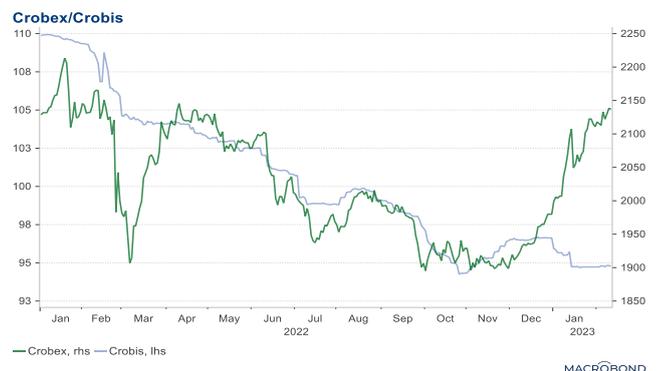
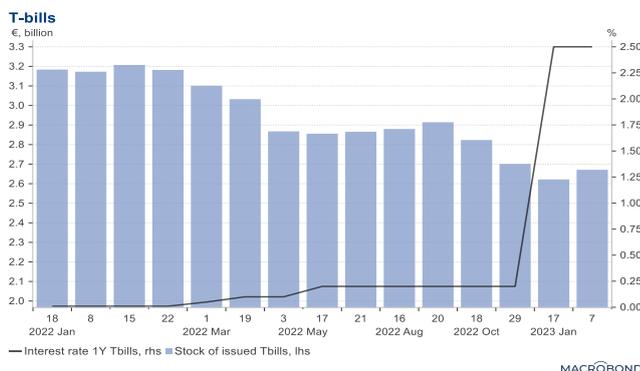
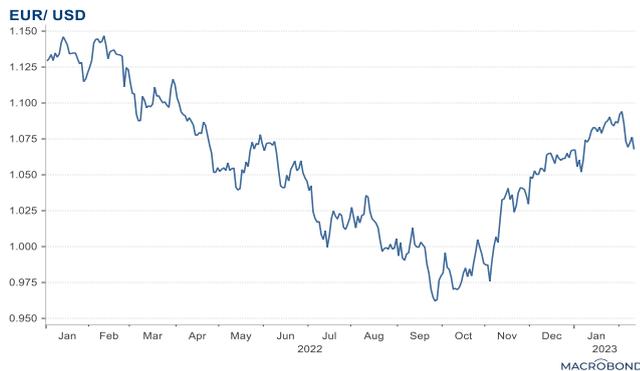
- Preliminary data from the Croatian Bureau of Statistics confirm the expected slowdown in the year-to-year dynamics of trade in goods at the end of last year, and the deteriorated survey assessment of the level of export orders from January this year also warns of a further slowdown in exports.
- According to available, still preliminary, data from the Croatian Bureau of Statistics, year-to-year nominal growth rates of goods exports during the last three months of last year decreased noticeably compared to previous months. Specifically, after an average goods export growth rate of about 34% recorded during the first nine months, the last quarter saw a slowdown in the year-to-year export growth rate to 20%, with the growth rate in December down to 11%. Similar dynamics were also recorded on the import side, and after an average growth rate of about 52% during the first three quarters, in the last quarter, the growth rate slowed to 33%. Overall, goods exports grew by 30.3% year-on-year in 2022 (to €23.9 billion), while imports grew by 46.4% (to €41.6 billion), resulting in an expansion of the trade deficit to €17.6 billion from €10 billion recorded in 2021. Just over 2/3 of trade in goods was achieved with EU member states, with an increase recorded in exports of 31.6% and imports of 34.6%. At the same time, exports to other markets increased by 27.4% and imports by as much as 84.9%, reflecting mostly the sharp growth in energy prices.
- Given that the movement of trade in goods during the last year was significantly influenced by the increase in prices of both export and import goods, data on the growth of the volume of trade in goods indicate expected more moderate growth rates. Namely, according to available Eurostat data, the volume of goods exports in the first ten months of last year recorded an increase of only 3.4% compared to the same period last year, while according to the same source, the value of exports in the observed period increased by 33%. In imports, the increase in volume was 12.8% and in value almost 49%.

Growth of goods exports in 4Q slowed to 11% and imports to 33%

Strong trade deficit growth in 2022

Volume growth significantly more moderate than the increase of the value of exports

- The EUR/USD exchange rate fluctuated noticeably last week. At the beginning of the week, the dollar strengthened after the release of U.S. employment data, then weakened after a speech given by Fed leader Powell, that markets interpreted as dovish and at the end of the week it again recorded a downward correction. On Friday, the exchange rate was \$1.0690 for the euro, down by 2.3% w-o-w.
- Since last Wednesday, the ECB's increased rates have been in effect, and Euribor posted an increase of 10 b. p. w-o-w, with 3M rate standing at 2.6% on Friday and 6M rate at 3.1%. Last week, 16 million three-month, 19 million six-month and 248 million one-year treasury bills were subscribed, raising the government debt slightly to €2.7 billion. Interest rates remained unchanged (2.0%, 2.2%, 2.5%). This week, €180 million is due, thus the announced auction is planned in the amount of €170 million.
- Crobex recovered by rising 1.1% w-o-w to 2,136.8 points on Friday due to a rise in all the most significant indices. CROBEXindustry advanced by a high 3.0% to 1,206.9, CROBEXnutris by a solid 0.8% to 804.3, while CROBEXtourist soared by 5.7% to 3,749.7 points. Crobis stagnated at 94.8 points.



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