

WEEKLY ANALYSIS

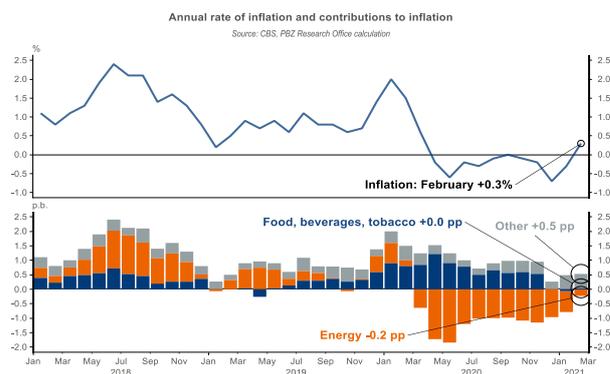
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Consumer price stagnation in the first two months

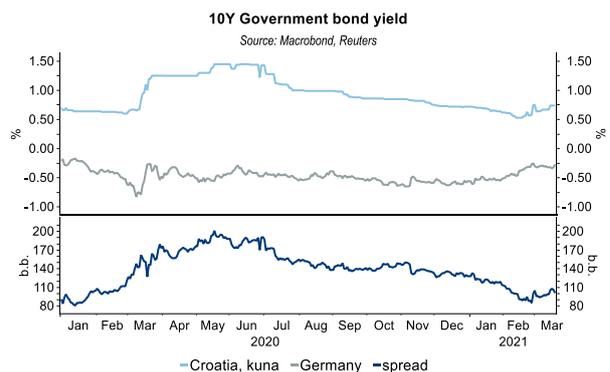
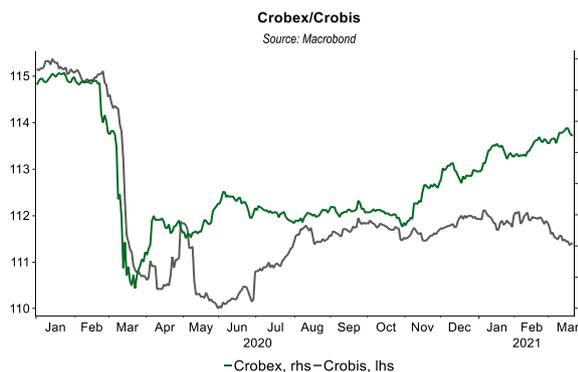
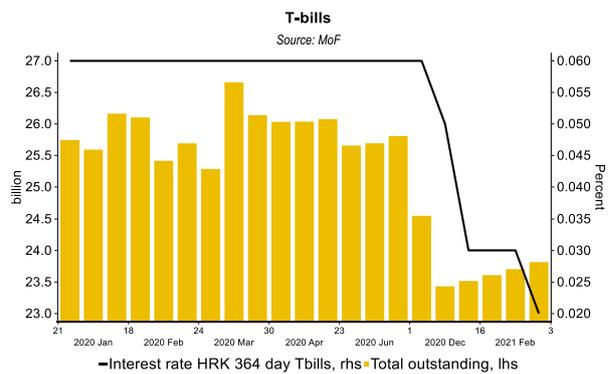
Consumer Price Index was up by 0.3% in February 2021 in comparison with the same month last year, mostly resulting from a relatively strong increase (4.5%) of prices in the Alcoholic beverages and tobacco category (of which tobacco prices were up by 5.2%). A more modest contribution to the total annual increase of consumer prices in February came from the Non-alcoholic beverages (3.6%), Transport (0.5%), Communication (1.2%), Recreation and culture (1.3%)

and Miscellaneous goods and services (0.9%) categories. On the other hand, negative contribution came from 1.3% price decrease in Food category and 0.9% price decrease in the category of Housing, water, electricity, gas, and other fuels, while there was a lack of contribution in the remaining categories. At the level of this year's first two months, the Consumer Price Index recorded yoy stagnation, where a more significant price increase was recorded in the Alcoholic beverages and tobacco category (+4.5%), with expected continuation of the same trend within the same category for the upcoming period, considering the increase of excise duties for tobacco and tobacco products in April last year, as well as further increase of the same in early March this year. The strongest price decrease in this year's first two months was recorded in Food (-1.4%) and Transport (-1.5%), which affected the first category primarily due to decreasing prices of meat (-3.1%), milk, cheese and eggs (-1.7%) and vegetables (-3.8%), i.e. 3.9% price decrease for fuels and lubricants for personal transport equipment. The basic level of consumer prices in the observed period was +0.5% yoy, i.e., significantly lower than +1.8% in the first two months of 2020, while harmonised inflation rate was +0.4% yoy (+1.3% at EU27). In the upcoming period we expect a yoy growth of general level of consumer prices, where energy prices should contribute the most to such movement, primarily due to higher prices of crude oil on the market, i.e., base effect (oil prices have dropped sharply in March last year and have been moving along those levels for almost the entire year). Moreover, a somewhat higher contribution of rising prices of services is expected, especially of those connected to tourism, certainly, should the general epidemiological situation in the country and abroad improve. We currently predict that consumer prices in 2021 will, on average, be approximately 1% higher compared with 2020.

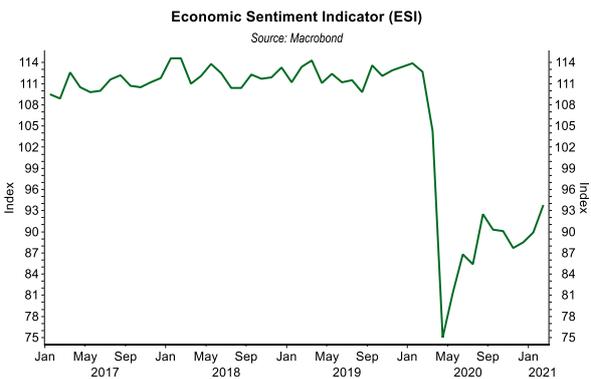
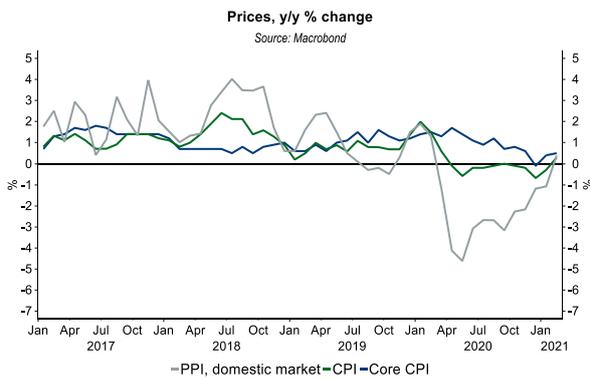
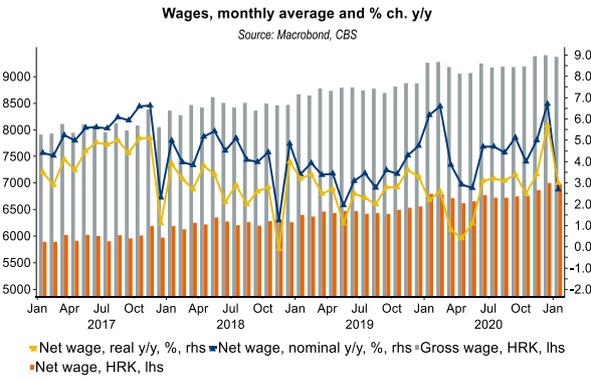
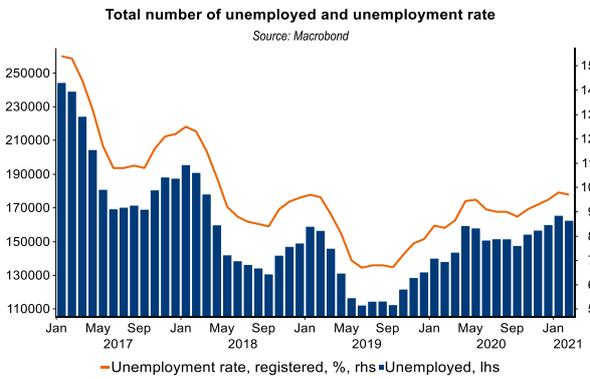
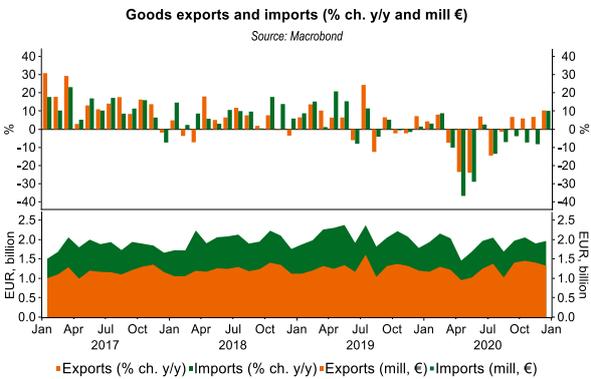
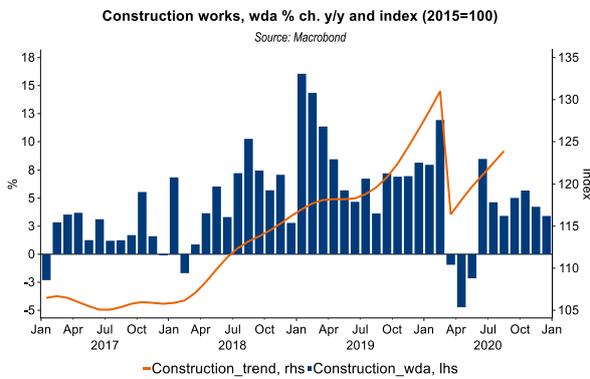
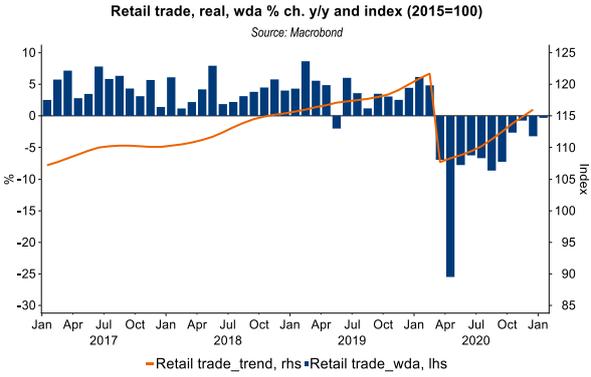
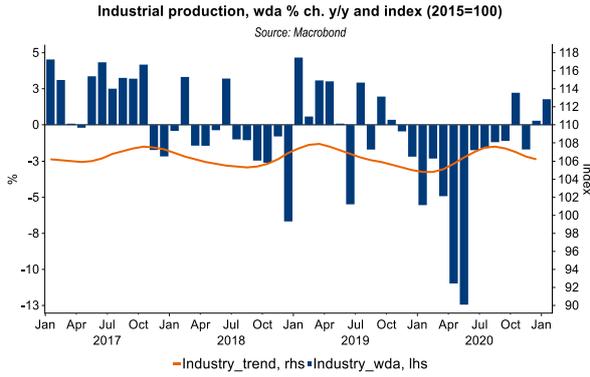


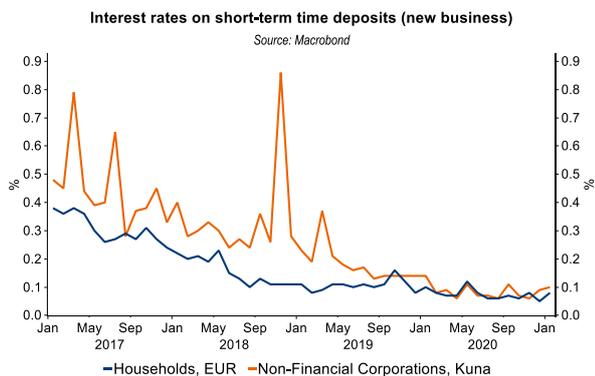
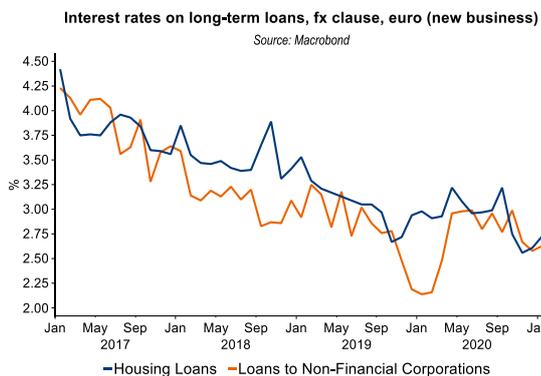
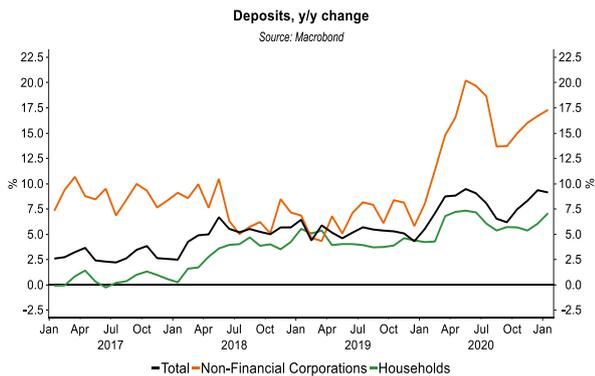
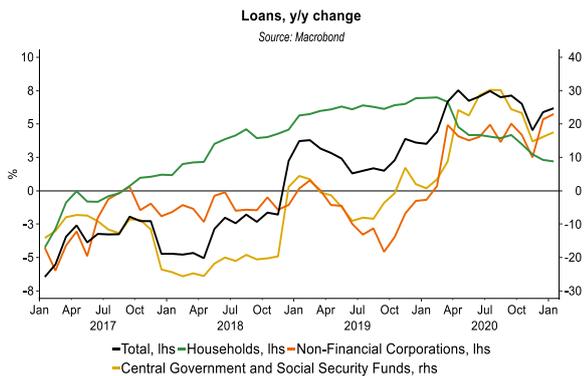
Weekly overview

- A stable EUR/HRK exchange rate period continues, that was down by 0.2% wow at the end of the week and amounted to 7.5729 kuna to the euro. Simultaneously the mid-point USD/HRK exchange rate rose by a mild 0.1% to 6.3664 kuna to the dollar. This week we expect the exchange rate to hold around 7.5750 kuna to the euro.
- Excess liquidity held at high 67 billion kuna, and the market was relatively quiet with unchanged interest rates and a lack of demand at the CNB's weekly auction. This week an amount of 233 billion kuna of one-year HRK T-bills is due, but there is no auction.
- The Crobex Index closed last Friday at 1,854.42 points, down by 0.8% wow, while Crobis simultaneously reached 111.84 points, representing a wow reduction of 0.1%. Sector indices closed on a negative note, where CROBEXindustry was down by 3.4% wow (to 1,036.45 points), CROBEXconstruct by 6.5% (766.38 points), and CROBEXtourist by 1.7% (to 3,507.10 points). Total ZSE turnover last week reached 127.5 million kuna, down by 11.6% wow, owing to 56.3% lower turnover in shares (reaching 23.9 million kuna), while turnover in bonds reached 103.6 million kuna, up by 15.5% wow.



Statistics





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