15 February 2021

Economic Comment

CPI inflation beats market consensus

Marcin Luziński, +48 22 534 18 85, marcin.luzinski@santander.pl

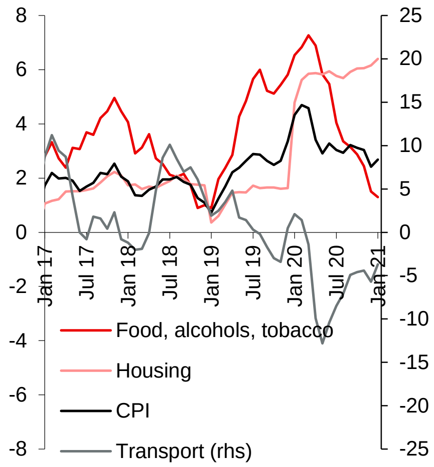
January CPI inflation hit 2.7% y/y, in line with our forecast and above market expectations (2.4% y/y). Based on available information, we estimate that inflation went up mostly due to hike in petrol prices, electricity tariffs and higher core inflation (we see 4.0% vs 3.7% in December). In our view, in the upcoming months the CPI will oscillate around the NBP target (2.5%), with a possible jump towards 3.0% in April, making the MPC feel comfortable with stable rates.

The January reading is very limited in details and covers categories at a higher level of aggregation than in other months. The categories shown by Statistics Office are a mix of core and non-core categories, making it more difficult to guesstimate core inflation. Detailed information will be released in March, together with February reading and new inflation basket.

Based on what we know, we estimate that inflation went up mostly due to hike in petrol prices (transport prices -3.7% y/y vs -5.7% y/y in December), electricity tariffs (housing prices +6.4% y/y vs 6.2% y/y in December) and higher core inflation (we see it at 4.0% vs 3.7% in December). New taxes on drinks also added somewhat to inflation, but probably a bit less than we have expected, as prices of food, alcohols and tobacco rose by 1.3% y/y versus 1.5% y/y in December.

In our view, in the upcoming months the CPI will oscillate around the NBP target (2.5%), with a possible jump towards 3.0% in April, making the MPC feel comfortable with stable rates.

CPI inflation, % y/y



Source: GUS, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Piotr Bielski +48 22 534 18 87
Marcin Luziński +48 22 534 18 85
Wojciech Mazurkiewicz +48 22 534 18 86
Grzegorz Ogonek +48 22 534 19 23
Marcin Sulewski, CFA +48 22 534 18 84

Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division. Economic Analysis Department. al. Jana Pawła II 17. 00-854 Warsaw. Poland. phone +48 22 534 18 87. email ekonomia@santander.pl. http://www.santander.pl.