

## Economic Comment

### Inflation slightly above flash estimate

**Piotr Bielski**, tel. +48 691 393 119, [piotr.bielski@santander.pl](mailto:piotr.bielski@santander.pl)

**Marcin Luziński**, tel. +48 510 027 662, [marcin.luzinski@santander.pl](mailto:marcin.luzinski@santander.pl)

Final CPI data showed prices rising 0.5% m/m and 4.7% y/y in November, i.e. +0.1pp higher than in the flash print. The details revealed surprisingly strong increase in prices of communication (+1.8% m/m), clothing and footwear (0.5% m/m) and smaller than we anticipated prices in recreation and culture (-0.3% m/m), alcohol and tobacco (-0.1% m/m) and "others".

We estimate that the core inflation ex food and energy might have jumped to 4.3%-4.4% y/y in November (vs our earlier estimate 4.2-4.3% y/y). We still believe that a drop of CPI annual inflation rate in November (from October's 5.0% y/y) was temporary and caused by a low base effect, and in the coming months inflation will continue climbing, getting back above 5% y/y in December and peaking in March 2025 above 5.5% y/y. Core inflation should stay well above 4% y/y until late summer 2025, according to our forecasts. Today's data reinforce our view that the MPC will keep interest rates on hold in 1H25 and we still keep July 2025 as the most likely moment of the next interest rate cut.

November CPI inflation was 4.7% y/y and 0.5% m/m, 0.1 percentage points higher than the flash reading. Prices of goods slowed to 3.8% y/y from 4.2% y/y in October, while services accelerated to 7.2% y/y from 6.7% y/y. Core inflation accelerated, in our view, to 4.3-4.4% y/y from 4.1% y/y October (we had previously estimated 4.2-4.3% y/y). Supercore inflation (i.e. core inflation excluding administered prices) rose to 3.9% y/y from 3.7% y/y, according to our estimates.

Food prices increased by 0.7% m/m (4.8% y/y) in November, slightly above the average for this month. Stronger upward trends were seen in dairy, which rose by 0.7% m/m (including eggs by 2.5% m/m), oils and fats, which saw a 1.4% m/m increase (including butter +2.2% m/m), fruit (+1.5% m/m, including berries up 26.6% m/m), cocoa (+2.5% m/m) and fruit juices (+0.8% m/m). Strong increases are therefore evident in categories that have experienced negative supply shocks and, in our view, they may also be observed in the coming months.

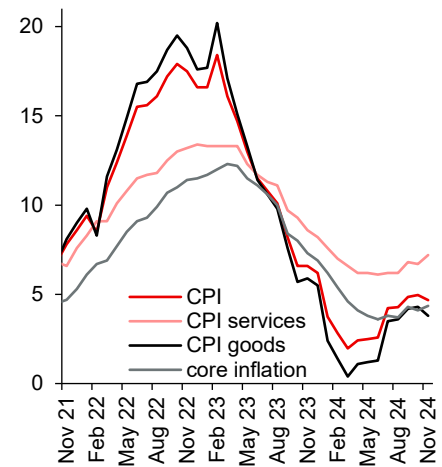
In other non-core categories, the data were in line with the preliminary reading - fuels rose by 2.3% m/m (-6.0% y/y) and energy prices remained stable on a monthly basis (+11.7% y/y).

What stands out to the upside in the core categories are communications (1.8% m/m), where prices of mobile phone services went up 2.0% m/m, as well as clothing and footwear, where prices rose by 0.5% m/m - the strongest gain in this month in more than 10 years. In transport, the striking factor is airfares, which rose by 2.6% m/m, while they usually tend to fall in November, even at a double-digit rate. In this category, seasonality was disrupted, as we saw prices fall in October while they usually rise in that month.

Prices in the 'other goods and services' category turned out to be lower than our expectations, with childcare prices falling by 10.7% m/m. This is again a decline that is very unusual for this category. Also slightly below our expectations were price increases in alcohol and tobacco (-0.1% m/m) and recreation and culture (-0.3% m/m).

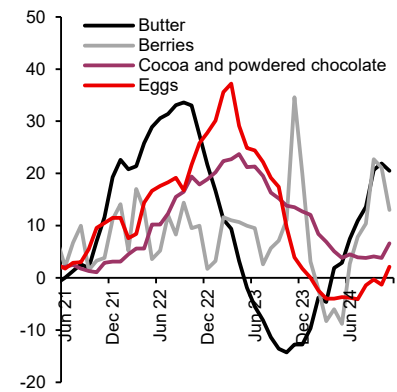
13 December 2024

CPI inflation, main categories, % y/y



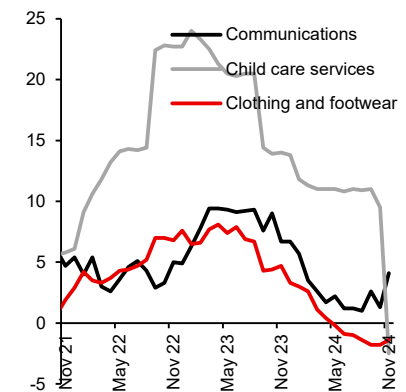
Source: GUS, Santander

CPI inflation, selected food items, % y/y



Source: GUS, Santander

CPI inflation, selected items, % y/y



Source: GUS, Santander

#### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa

email: [ekonomia@santander.pl](mailto:ekonomia@santander.pl)

website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)

**Piotr Bielski** +48 691 393 119

**Bartosz Białas** +48 517 881 807

**Marcin Luziński** +48 510 027 662

**Grzegorz Ogonek** +48 609 224 857

*This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.*

*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>.*