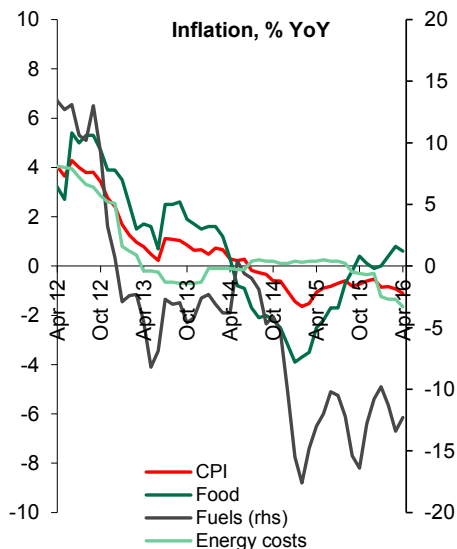


INSTANT COMMENT

12 May 2016

CPI at the lowest level this year?

April's CPI reached -1.1% y/y, in line with the flash estimate and vs -0.9% y/y in March. On monthly basis prices rose 0.3%. Prices of consumer goods fell 1.6% y/y while services prices rose 0.3% y/y. Detailed data showed that changes within particular categories were very close to our expectations. We estimate that core CPI excluding food and energy prices fell in April to -0.4% y/y from -0.2% y/y in March, to its lowest since comparable data are available (2001). April's CPI data suggest no upward pressure on prices and even show that deflation is more and more present in price categories classified as core inflation. Still, we are expecting that April has set this year's minimum in CPI and this indicator will go up in the following months. Positive readings are possible at the year-end.



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Detailed data showed that changes within particular categories were very close to our expectations. Prices of food and non-alcoholic beverages rose 0.3% m/m mainly on the seasonal rise in vegetables prices and higher sugar price (although in general the April's rise in food prices was lower than in the past years). Prices of clothing and footwear rose 2.7% m/m due to introduction of the new collections. Prices of transport rose 1.5% m/m and this was mainly an effect of higher fuel prices (2.3% m/m). Meantime, the decline in prices was recorded for culture and recreation (-0.8% m/m – thanks to discounts in cable TV), communication (-0.6% m/m) as well as routine household maintenance and energy (-0.3% m/m) due to lower gas prices for households.

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