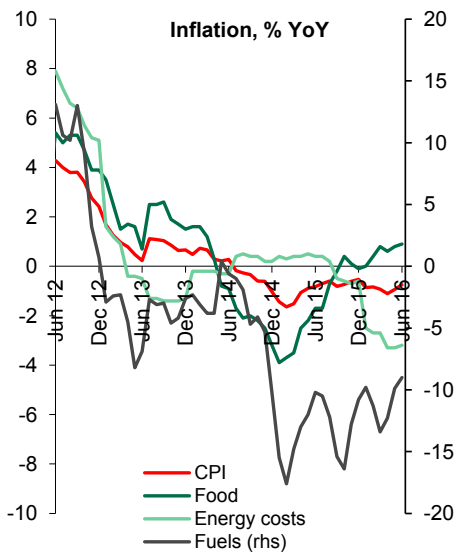


# INSTANT COMMENT

11 July 2016

## Inflation in line with expectations

In June CPI inflation amounted to  $-0.8\%$  y/y, in line with our forecast and the flash reading. On a monthly basis prices grew by  $0.2\%$ . After these data we uphold our forecast assuming core inflation excluding food and energy prices at  $-0.2\%$  y/y. Changes in prices in particular categories were in line with our expectations. We expect that the headline CPI will stay below zero in upcoming months and will increase to positive territory at the end of this year. Today's data do not change our monetary policy outlook.



In June the headline CPI reached  $-0.8\%$  y/y, in line with our forecast and the flash reading. On a monthly basis inflation rate increased by  $0.2\%$  m/m. After these data we confirm our forecast that core inflation excluding food and energy prices will amount to  $-0.2\%$  y/y.

Changes in particular categories were in line with our expectations. It is worth to note the rise in food prices ( $+0.2\%$  m/m), that was larger than in the previous years. This was mainly the result of higher sugar ( $0.7\%$  m/m) and meat ( $0.6\%$  m/m) prices. Significant rise was recorded also for fruit ( $2.3\%$  m/m) but this was in line with the seasonal pattern. The increase above our forecasts was recorded for fuels ( $2.8\%$  m/m). Price hikes were recorded also in recreation and culture ( $0.7\%$  m/m, in line with the seasonal pattern) and healthcare ( $0.2\%$  m/m). At the same time, prices fell in clothing and footwear ( $-0.6\%$  m/m) and telecommunications ( $-0.3\%$  m/m). In the remaining categories prices remained roughly stable.

We expect that the headline CPI will stay below zero in upcoming months and will increase to positive territory at the end of this year. Today's data do not change our monetary policy outlook.

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