

15 October 2021

Economic Comment

CPI just under 6%, but will go higher

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

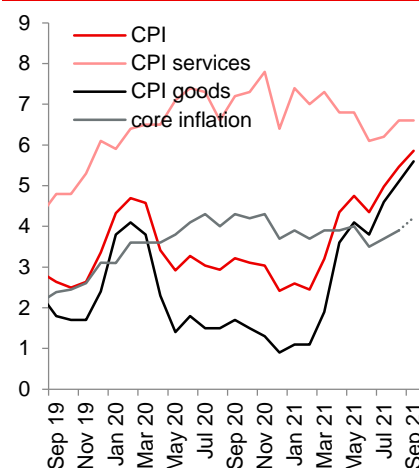
September CPI inflation was revised higher to 5.9% y/y from flash reading at 5.8% y/y and versus August print at 5.5% y/y. According to our estimates core inflation rose in September to 4.2% y/y from 3.9% y/y in August (the official data will be released by NBP on 18 October). We expect CPI to easily breach 6% y/y in October and to end the year above 6.5%. A reading above 7% in early 2022 is also increasingly likely. In our view the further rise of inflation will make MPC hike rates several times more, possibly already at the November meeting.

September CPI inflation was revised higher to 5.9% y/y from flash reading at 5.8% y/y and versus August print at 5.5% y/y. In monthly terms, prices advanced by 0.7% m/m and this was the highest September growth since 2007. Higher inflation could be mostly attributed to higher growth of goods prices, which accelerated to 5.6% y/y from 5.1% y/y, while services remained flat at 6.6% y/y. However, in monthly terms prices of services advanced by 0.8% m/m, markedly higher than in the previous years.

A quicker growth was visible in many categories, but the biggest contributions to the CPI came from: food (up by 4.4% y/y vs 3.9% y/y in August, acceleration seen in bread, milk, eggs, vegetable oil, fruits and vegetables), transport (transport services up 5.0% y/y in September vs 2.4% y/y in August, mainly due a break in the seasonal pattern), housing costs (7.2% y/y vs 6.9% y/y in August, mainly due to higher cost of coal, gas and heat) and communications (telecommunication services 5.9% y/y vs 4.8% y/y in August).

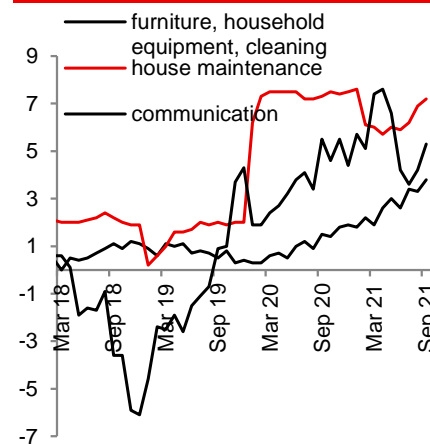
According to our estimates core inflation rose in September to 4.2% y/y from 3.9% y/y in August (the official data will be released by NBP on 18 October). We expect CPI to easily breach 6% y/y in October and to end the year above 6.5%. A reading above 7% in early 2022 is also increasingly likely. In our view the further rise of inflation will make MPC hike rates several times more, possibly already at the November meeting.

CPI inflation, % y/y



Source: GUS, Santander

CPI inflation, selected categories, % 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 Luzziński +48 22 534 18 85
 Wojciech Mazurkiewicz +48 22 534 18 86
 Grzegorz Ogonek +48 22 534 18 84

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>.