

15 February 2022

## Economic Comment

### CPI and GDP high but with no major surprise

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

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

CPI inflation increased to 9.2% y/y in January and was below market forecasts for the first time in a while (9.4%). This is probably a local peak in CPI, and we are likely to see a decline to 8.5% y/y in February and to 7-8% range in the following months. After "Anti-inflation Shield" is reversed, CPI will jump again so return to NBP target at 2.5% is still a distant future.

GDP growth remained strong in 4Q21 (7.3% y/y; 1.7% q/q) and more or less in line with expectations. We are expecting the start of 2022 to remain robust, but GDP momentum is likely to lose steam in the upcoming months.

In general the data does not alter our expectations about monetary policy outlook: we are expecting another hike of reference rate by 50bp in March and its rise to 4.0% in mid-2022.

#### Inflation up, but below consensus for the first time in a while

CPI inflation jumped to 9.2% y/y in January from 8.6% y/y in December, between our call (9.0%) and market consensus (9.4%). As usual, in January the Statistics Office is showing data in a changed and reduced sheet. Energy went prices up by 8% m/m, food prices up by 2.6% m/m. Fuel prices declined by 4.4% m/m and in our view this was caused mainly by fuel tax cut in December (deducted about 3%) – it seems this effect did not appear in December data, as the Statistics Office omits prices at the start and the end of the month. CPI ex tax cuts would be at about 11% y/y in January, according to our estimates. We think that core inflation ex food and energy climbed to 6.0% y/y.

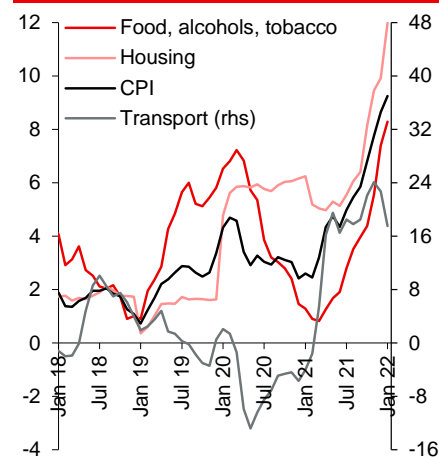
In our view CPI is likely to decline to about 8.5% y/y in February as new "anti-inflation" tax cuts kicked in (lower VAT on food, natural gas, heat energy). In the following months CPI will oscillate around 7-8% y/y to rebound above 10% y/y as tax cuts are lifted (in August according to the current government plan, but in our view a prolongation is highly probable). We think that core inflation ex food and energy will be climbing towards 7% y/y in the upcoming months.

In March GUS is to release January CPI recalculated using new weights. In our view it is likely that this will result in a slight upside revision.

#### Strong GDP growth in 4Q21, in line with expectations

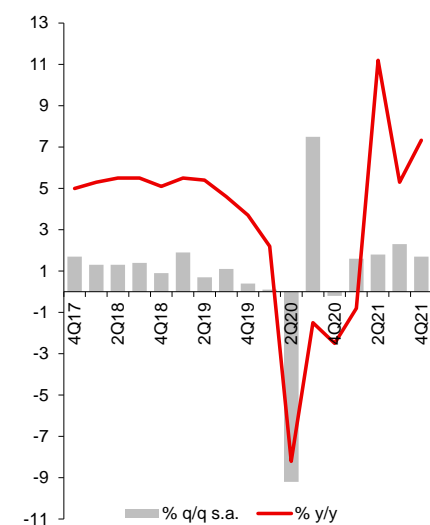
GDP growth in 4Q21 reached 7.3% y/y and 1.7% q/q s.a. according to flash data. It is a tad higher than our estimate 7.2% y/y and consistent with the whole-year growth 5.7% announced earlier. The full breakdown of GDP in the final quarter has not been shown today (will be released in two weeks), but on the basis of the annual data already released and analysed in our [Economic comment](#) we estimate that consumption rose c8% y/y, investments c12% y/y, inventories added c.4pp to GDP growth and net export took away c.3pp. The data confirm solid economic growth at the end of last year, no surprise for markets.

CPI - selected categories, % y/y



Source: GUS, Santander

GDP growth, % 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](http://santander.pl/en/economic-analysis)

Piotr Bielski +48 22 534 18 87

Marcin Luzziński +48 510 027 662

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](mailto:ekonomia@santander.pl), <http://www.santander.pl>.*