

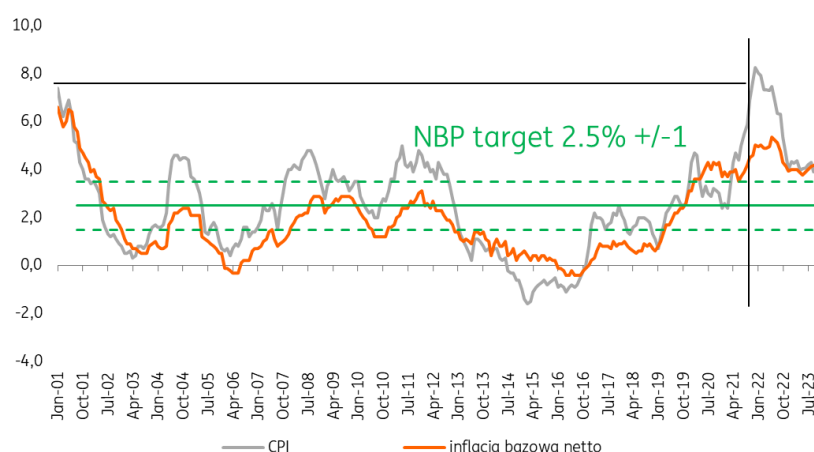
## Poland: CPI at 7.7% in November on food, energy and fuel

November CPI jumped to 7.7% YoY (in line with our forecast, consensus at 7.4%). This reflects higher prices of fuel, energy and food, but also a record high net inflation rate (4.6% YoY according to our estimates)



CPI should reach 8.5% YoY in December, however during 2022 inflation should decelerate on base effects, even though core inflation is likely to remain high. Sources of inflation should change next year from external to internal, driven by strong wage and demand pressures. Therefore even as the headline rate starts to decline, core inflation will remain at record highs, causing substantially more concern than the elevated headline. In Poland (and some other CEEs) we see a substantially higher risk of a wage-price spiral and persistently high inflation, than in developed economies, as the local labour market and wage demands are stronger. That's especially true compared to the euro area. Therefore we expect the NBP reference rate coming back to 3%.

## CPI in Poland (% YoY)



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