

Instant Comment Slovakia

Inflation rate accelerates in March

CPI (y/y)

Actual, Mar:	2.7	Previous:	2.3	Erste:	2.6	Consensus:	2.3
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Consumer price growth accelerated to 2.7% y/y in March which corresponds to a monthly increase of 0.6% m/m (close to our expectations).

Food prices rose by 1.2% m/m and transport prices were higher by 2.5% m/m, on the back of higher used vehicle prices and fuel prices. Clothing and footwear prices rose by 1.6% m/m. Most service prices saw an increase in March, albeit some (esp. in recreation and culture) inched lower. **Core inflation increased to 2.4% y/y.**

Looking Forward:

Transport, food as well as clothing and footwear prices were the key factors behind the stronger inflation print in March, with service prices contributing fairly mildly the headline inflation rate. Overall though, service prices are responding to the favourable labour market conditions and the resulting higher disposable income of households. **We keep our inflation forecast unchanged at 2.5% this year.**

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Published by:

Erste Group Bank AG
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1100 Vienna, Austria, Am Belvedere 1
Head Office: Wien
Commercial Register No: FN 33209m
Commercial Court of Vienna

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