

Warsaw, 11 April 2018

Information from the meeting of the Monetary Policy Council held on 10-11 April 2018 r.

The Council decided to keep the NBP interest rates unchanged at:

- reference rate at 1.50%;
- lombard rate at 2.50%
- deposit rate at 0.50%
- rediscount rate at 1.75%

Global economic conditions remain favourable. In the euro area, incoming data signal the continuation of a relatively robust economic growth, despite somewhat weaker corporate sentiment. Economic conditions also remain favourable in the United States, although monthly data point to a temporary slowdown of GDP growth in 2018 Q1. In China, in turn, economic growth continues at a fairly stable pace.

Despite the ongoing global recovery, inflation abroad remains moderate on the back of the persistently low domestic inflationary pressure across many countries. In addition, agricultural commodity prices are still lower than a year ago, whereas oil prices have recently slightly increased.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, while still purchasing financial assets. The US Federal Reserve raised interest rates in March and continues to gradually reduce its balance sheet.

In Poland, the annual GDP growth in 2018 Q1 was probably close to that recorded in the previous quarter. Economic growth is supported by rising consumption, fuelled by increasing employment and wages, disbursement of benefits and very strong consumer sentiment. At the same time, a marked recovery in investment is observed, benefiting from the increasing absorption of EU funds, a favourable demand outlook and high capacity utilisation. The rise in investment outlays is observed both in public sector – mainly in local government units - and in corporate sector. Favourable economic conditions abroad continue to support domestic activity growth.

Despite the relatively high GDP growth and wages rising faster than last year, consumer price growth has declined recently, accompanied by low inflation net of food and energy prices.

In the Council's assessment, current data continue to point to a favourable outlook for economic activity growth in Poland, despite the expected slight slowdown in GDP growth in the coming years. In line with the available forecasts, inflation will remain close to the target in the monetary policy transmission horizon. As a result, the Council judges that

the current level of interest rates is conducive to keeping the Polish economy on a sustainable growth path and maintaining macroeconomic stability.