

Warsaw, 6 September 2017

Information from the meeting of the Monetary Policy Council held on 5-6 September 2017

The Council decided to keep the NBP interest rates unchanged:

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

Signs of improvement in the global economy are strengthening. In the euro area, GDP growth rate accelerated in 2017 Q2, and incoming data indicate continued favourable sentiment in this economy. Also in the United States, economic growth picked up in 2017 Q2, and monthly indicators point to a continuation of strong economic conditions there. At the same time, China's GDP growth stabilised in 2017 Q2.

Despite ongoing global recovery, inflation abroad remains moderate, on the back of persistently low domestic inflationary pressure in many countries, alongside relatively stable global commodity prices.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, and continues its asset purchase programme. The US Federal Reserve gradually tightens its monetary policy.

In Poland, incoming data confirm continued stable growth in economic activity. GDP growth rate in 2017 Q2 was close to that observed in the previous quarter. Growth was still driven primarily by increasing consumer demand, supported by rising employment and wages, disbursement of benefits and very good consumer sentiment. Investment growth rate was however still weak. At the same time, export growth slowed down, and as a result, the contribution of net exports to GDP growth turned negative.

The annual growth in prices of consumer goods and services remains at a moderate level. At the same time, while wage growth in the economy has picked up, core inflation is still low.

In the Council's opinion, in the following quarters inflation will remain moderate. This will result from a gradual rise in domestic inflationary pressure stemming from improving domestic economic conditions, alongside a decline in import price growth due to the expected stabilisation of energy commodity prices and low inflationary pressure abroad. In consequence, the risk of inflation running persistently above the target in the medium term is limited.

The Council confirms its assessment that, given the available data and forecasts, the current level of interest rates is conducive to keeping the Polish economy on the sustainable growth path and maintaining macroeconomic balance.