

Warsaw, 4 October 2017

Information from the meeting of the Monetary Policy Council held on 3-4 October 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%.

Global economy continues to recover. Available data indicate that GDP growth in the euro area stabilised in 2017 Q3, after picking up in previous quarters. In the United States, economic conditions are strong, although adverse weather factors could have had a negative impact on economic activity in recent months. In China, monthly indicators suggest that GDP growth may slow down slightly in 2017 Q3.

Despite ongoing global recovery, inflation abroad remains moderate, on the back of persistently low domestic inflationary pressure in many countries. Prices of some commodities, including oil, have risen somewhat of late.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, and continues its asset purchase programme. At the same time, the US Federal Reserve gradually tightens its monetary policy, embarking on a reduction of its balance sheet.

In Poland, incoming data confirm continued stable growth in economic activity. Growth is still driven primarily by consumer demand, supported by rising employment and wages, disbursement of benefits and very good consumer sentiment. At the same time, a marked rise in construction and assembly output growth points to a probable recovery in investment.

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 moderate price growth in the external environment of the Polish economy, alongside a gradual rise in domestic inflationary pressure stemming from improving domestic economic conditions. 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 present 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.