

Warsaw, 16 May 2018

Information from the meeting of the Monetary Policy Council held on 15-16 May 2018

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, despite a weakening in GDP growth in the major advanced economies at the beginning of the year. In the euro area, following a slowdown in GDP growth in 2018 Q1, which was probably of a temporary nature, incoming data suggest that economic situation continues to be favourable. Similarly, in the United States, economic conditions remain good, although GDP growth in this country also weakened in 2018 Q1. In China, in turn, economic growth has continued at stable rates for the past few quarters.

Despite favourable global economic conditions, inflation abroad remains moderate on the back of 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 increased.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, while still purchasing financial assets. At the same time, the US Federal Reserve continues to gradually reduce its balance sheet, signalling further interest rate rises in the future.

According to GUS flash estimate, the annual GDP growth in Poland in 2018 Q1 stood at 5.1%. Economic growth is supported by rising consumption, fuelled by increasing employment and wages, disbursement of benefits and very strong consumer sentiment. This is accompanied by a recovery in investment. Also favourable economic conditions abroad continue to support economic activity growth.

Notwithstanding relatively high economic growth and wages rising faster than last year, consumer price growth remains moderate. Inflation net of food and energy prices stays low.

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.