

Warsaw, 6 June 2018

Information from the meeting of the Monetary Policy Council held on 5-6 June 2018

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 economic conditions remain favourable. In particular, economic activity in the euro area is high, despite some weakening of GDP growth in 2018 Q1. Similarly, in the United States, economic conditions remain good, while incoming data suggest that a slowdown in GDP growth in 2018 Q1 was temporary. 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. At the same time, oil prices – even with a recent decline – are still significantly higher than a year ago.

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 Federal Reserve continues to gradually reduce its balance sheet, signalling further interest rate increases.

In Poland, annual GDP growth in 2018 Q1 was close to that recorded in the previous quarter. Economic growth is driven by rising consumption, fuelled by increasing employment and wages, disbursement of benefits and very strong consumer sentiment. This is accompanied by a further recovery in investment. In 2018 Q1, also rising inventories were a significant factor supporting economic growth, while contribution of net exports was negative.

Notwithstanding relatively high economic growth and wages rising faster than in the previous 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.