

Warsaw, 4 December 2019

## Information from the meeting of the Monetary Policy Council held on 3-4 December 2019

### 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 growth remains relatively low, and uncertainty about the global outlook persists. In the euro area, economic activity growth remains slow alongside the ongoing downturn in industry. In the United States, economic conditions continue to be relatively strong, although, like in many other economies, industrial activity is declining. In China economic activity growth continues to slow down.

In these conditions, inflation in many countries is running at a moderate level and in the euro area it is low.

The European Central Bank is keeping the deposit rate below zero, while conducting asset purchases and signalling the maintenance of loose monetary policy in the coming quarters. After the interest rate cuts of recent months, the US Federal Reserve is keeping the rates unchanged.

In Poland, economic conditions remain good, despite slower economic growth in 2019 Q3. GDP growth is supported by stable consumption growth, fuelled by favourable labour market conditions, very strong consumer confidence and social benefit payments. Investment continues to rise in 2019 Q3, albeit at a slower pace. At the same time, the contribution of net exports to GDP growth remained positive in 2019 Q3.

According to the GUS flash estimate, inflation stood at 2.6% y/y in November 2019. Inflation is driven up by elevated food price growth, while being curbed by lower than a year ago energy prices, including fuel prices. Alongside that, core inflation, after a rise in recent months, has remained moderate.

In the Council's assessment, the outlook for economic conditions in Poland remains favourable, and GDP growth, despite the expected decline, will continue at a relatively high level in the coming quarters. At the same time, there remains uncertainty about the scale and persistence of the slowdown abroad and its impact on domestic economic activity. Inflation – after a temporary rise in 2020 Q1 – will stay close to the target in the monetary policy transmission horizon.

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.