



Warsaw, 6 June 2012

## INFORMATION FROM THE MEETING OF THE MONETARY POLICY COUNCIL

held on 5-6 June 2012

**The Council decided to keep the NBP interest rates unchanged, i.e.:**

- **reference rate at 4.75% on an annual basis;**
- **lombard rate at 6.25% on an annual basis;**
- **deposit rate at 3.25% on an annual basis;**
- **rediscount rate at 5.00% on an annual basis.**

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Incoming data signal a stabilisation of economic activity in the global economy at a low level. Stagnation in the euro area is accompanied by moderate growth in the United States. At the same time, economic activity in the world's largest emerging economies has somewhat weakened. Global inflation, despite some decline, remains heightened.

Since the previous meeting of the Council, sentiment in the global financial markets has deteriorated, what was largely driven by rising concerns about the economic situation of some euro area countries. Deteriorated sentiment has led to depreciation of emerging economies' currencies, including the zloty, as well as to decrease of commodity prices in global markets.

In Poland, GDP data have confirmed a gradual slowdown in economic growth. In 2012 Q1, stable consumption growth was accompanied by slower – as compared to the previous quarter – investment growth. Growth in Polish exports and imports also slowed down. Monthly data on industrial and construction output as well as on retail sales in April indicate a possible further economic slowdown.

According to the Labour Force Survey, the number of working persons in the economy continued to rise in 2012 Q1. In spite of higher number of working persons, unemployment rate increased as compared to a year ago, since the number of economically active persons also grew. At the same time, wage growth in the economy, including in the enterprise sector, picked up somewhat. Acceleration of wages in 2012 Q1 combined with weaker GDP growth resulted in higher ULC growth. Yet, the April's data on enterprises point to weakening employment and wage growth in this sector.

In April, lending to enterprises continued to rise, albeit at a slower pace. At the same time, growth in lending to households decelerated further, what was the result of ongoing decline in consumer loans and slower growth in housing loans.

The CPI inflation increased to 4.0% in April, remaining markedly above the NBP's inflation target of 2.5%. Core inflation rose as well.

In the opinion of the Council, in the coming months inflation is likely to remain above the upper limit of deviations from the inflation target, driven by high growth in administered prices, as well as weaker zloty exchange rate as compared to the previous year.

In the Council's opinion, in the medium term inflation will be curbed by economic slowdown and by the NBP interest rates increases implemented in 2011 and 2012. Incoming data, as well as the NBP's July macroeconomic projection will enable a more comprehensive assessment of the scale of economic slowdown and future inflation developments in Poland, thus allowing for the assessment whether another adjustment of interest rates will be justified.