



Warsaw, 6 February 2013

INFORMATION FROM THE MEETING OF THE MONETARY POLICY COUNCIL

held on 5-6 February 2013

The Council decided to decrease the NBP interest rates by 0.25 percentage points:

- **reference rate to 3.75% on an annual basis;**
- **lombard rate to 5.25% on an annual basis;**
- **deposit rate to 2.25% on an annual basis;**
- **rediscount rate to 4.00% on an annual basis.**

Incoming data show that global economic activity remains low. In 2012 Q4, economic growth in the United States declined, while the euro area most probably remained in recession. At the same time, recently some business indicators for developed countries have slightly improved. There are also signs that in some major emerging economies economic growth accelerated somewhat. Weak global economic activity is conducive to a decline in inflation in many countries.

In Poland, incoming data, including GDP data for 2012, show that – as expected – 2012 Q4 saw a further economic slowdown. The decrease in consumer demand was accompanied by a smaller decline in investment. Economic growth continued to be supported by a positive – albeit lower than in the previous quarter – contribution of net exports.

The economic slowdown is also confirmed by data from the labour market. In December, employment in the corporate sector still decreased, and wage growth remained low. At the same time, the unemployment rate rose again. Over the last months, both household and corporate lending growth continued to weaken.

In December, CPI inflation declined to 2.4% y/y, running at the level consistent with the NBP inflation target of 2.5%. At the same time, both core inflation measures and producer price growth continued to decrease, which confirms further weakening of demand and cost pressures in the economy. Declining inflation was accompanied by lower inflation expectations of households.

In the opinion of the Council, the incoming data confirm a considerable economic slowdown in Poland, which results in limited wage and inflationary pressures. At the same time, the Council assesses that GDP growth will remain moderate in the coming quarters, and therefore, the risk of inflation running below the NBP inflation target in the medium term persists.

Therefore, the Council decided to lower the NBP interest rates further. The decrease in interest rates should support economic activity and reduces the risk of inflation remaining below the target in the medium term.

Decisions of the Council in the following months will depend on the assessment of the incoming data on economic developments and inflationary pressure, including the results of the March NBP macroeconomic projection.