



N a t i o n a l B a n k o f  
P o l a n d

Monetary Policy Council

Warsaw, 10 April 2013

## INFORMATION FROM THE MEETING OF THE MONETARY POLICY COUNCIL

held on 9-10 April 2013

The Council decided to keep the NBP interest rates unchanged:

- reference rate at 3.25% on an annual basis;
- lombard rate at 4.75% on an annual basis;
- deposit rate at 1.75% on an annual basis;
- bill rediscount rate at 3.50% on an annual basis;

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Despite a gradual improvement, global economic activity remains low. In the euro area, recession probably continued into 2013 Q1, although the situation varied across countries. In Germany, following a decline in GDP in 2012 Q4, economic activity rebounded at the beginning of the year; nevertheless, corporate sentiment has deteriorated most recently. In other major economies of the euro area, recessionary trends persisted. In contrast to that, incoming data point to acceleration in economic growth in the United States, supported by improving labour and real estate markets. At the same time, economic activity growth in some of the major emerging economies has probably increased slightly.

In Poland, GDP growth in 2013 Q1 probably remained low. This is indicated by a decline in industrial and construction output observed in the first months of 2013, amidst a merely marginal increase in retail sales. Low economic activity in 2013 Q1 is also reflected in low levels of business climate indicators.

Weak economic activity in the first months of 2013 was accompanied by falling employment in the corporate sector and rising unemployment, which continued to constrain wage growth. While a certain increase in annual wage growth in February was registered in the corporate sector, this may have largely resulted from statistical base effects. At the same time, lending – both to the corporate and household sector – remained low.

In February, CPI inflation decreased again, reaching 1.3% y/y, i.e. a level markedly below the NBP inflation target of 2.5%. There was also a decline in core inflation measures, which confirms a weak demand pressure prevailing in the economy. This was accompanied by a further decline in inflation expectations of households and enterprises.

In the opinion of the Council, incoming data confirm low economic growth in Poland as well as no wage and inflationary pressures. Economic activity may gradually improve in the coming quarters. However, GDP growth will probably remain moderate, which will continue to contain inflationary pressure.

The Council decided to keep the NBP interest rates unchanged. The Council's decisions in the following months will depend on the assessment of the incoming data with regard to the probability of inflation remaining markedly below the NBP inflation target in the medium term and regarding economic activity.