

Warsaw, 15 April 2015

Information from the meeting of the Monetary Policy Council held on 14-15 April 2015

The Council decided to keep the NBP interest rates unchanged at:

- reference rate 1.50% on an annual basis;
- lombard rate 2.50% on an annual basis;
- deposit rate 0.50% on an annual basis;
- rediscount rate 1.75% on an annual basis.

Growth of global economic activity remains moderate, with a slight acceleration expected in 2015. In the euro area economic growth remains slow compared to other developed economies, although incoming information signals gradual improvement of economic conditions. In the United States, despite the recent deterioration of some indicators, recovery is expected to continue. In turn, economic outlook for Poland's eastern trading partners, i.e. Russia and Ukraine, remains unfavourable.

After a sharp and long-lasting fall, global commodity prices have stabilised recently. This has weakened disinflationary forces in many countries. However, global price growth remains very low, and in the majority of European economies it is negative. In these conditions, major central banks are keeping interest rates close to zero and the ECB has launched government bond purchases. This has contributed to some strengthening of the zloty.

In Poland, economic activity remains stable, with GDP growth in 2015 Q1 probably slightly higher than in 2014 Q4. Rising domestic demand fuelled by improving labour market situation, good financial condition of enterprises and stable expansion in lending, remains the main driver of economic growth. In turn, the relatively low, although accelerating, growth in demand on the part of Poland's main trading partners and the continued uncertainty about the prospects for demand are factors limiting economic activity in Poland.

Amid moderate growth in demand and gradual improvement in labour market conditions, there is no demand pressure in the economy, and nominal wage growth remains moderate. Combined with low commodity prices, this is contributing to continuing deflation, both in terms of consumer and producer prices. Alongside that, inflation expectations continue to be very low.

In the opinion of the Council, in the coming quarters price growth will remain negative, mainly due to the previously observed sharp fall in commodity prices. At the same time, the adjustment of monetary policy in March – with continuing stable economic growth, an expected recovery in the euro area and good situation in the

domestic labour market – reduce the risk of inflation remaining below the target in the medium term. Therefore, the Council decided to keep NBP interest rates unchanged.