

Warsaw, 3 June 2015

Information from the meeting of the Monetary Policy Council held on 2-3 June 2015

The Council decided to keep the NBP interest rates unchanged:

- 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, although a slight acceleration is expected in 2015. In the euro area a gradual recovery is underway, although economic growth remains low. In the United States, despite the weakening of economic data in the first months of 2015, the recovery is expected to continue in the coming quarters. At the same time, in most major emerging economies activity is weakening, and the economic outlook for Poland's eastern trading partners, i.e. Russia and Ukraine, remains unfavourable.

After a sharp and long-lasting fall, oil prices have risen slightly in recent months. This has weakened disinflationary forces in many countries, fuelling increase in price growth in the euro area. However, price growth in the global economy remains very low, and in many European economies it is negative. In these conditions, major central banks are keeping interest rates close to zero and the ECB is continuing its asset purchase programme.

In Poland, real GDP growth accelerated in 2015 Q1 (to 3.6% from 3.3% in 2014 Q4). Increase in domestic demand, including consumption and investment, fuelled by an improving labour market situation, good financial condition of enterprises and stable expansion in lending has remained the main driver of economic growth. Economic recovery has been also spurred by accelerating exports, supported by improvement in economic activity in the euro area. April saw, however, a decline in industrial output growth and retail sales growth, although this was most likely temporary.

Due to the moderate growth in demand and the continuing negative output gap, there is no demand pressure in the economy. At the same time, low commodity prices and moderate nominal wage growth are contributing to the continued lack of cost pressure. As a result, the annual growth of consumer prices remains negative, although the slight increase in fuel and food prices in the recent period has limited the scale of deflation. However, producer prices growth remains markedly negative, and inflation expectations continue to be very low.

In the opinion of the Council, the annual price growth will remain negative in the coming months, mainly due to the earlier sharp fall in commodity prices. At the same time, the expected gradual acceleration of economic growth, amidst 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.