

Warsaw, 2 December 2015

Information from the meeting of the Monetary Policy Council held on 1-2 December 2015

The Council decided to keep the NBP interest rates unchanged:

- reference rate at 1.50%;
- lombard rate at 2.50%;
- deposit rate at 0.50%;
- rediscount rate at 1.75%.

Growth of global economic activity remains moderate. In the euro area and the United States, GDP growth slowed down in 2015 Q3. At the same time, incoming data point to the continuing recovery in these economies in successive quarters. In turn, Russia and Brazil remain in recession. In China, GDP growth in 2015 Q3 decelerated again, but incoming data indicate its stabilisation. Yet, the possibility of a sharper deterioration in economic conditions in the emerging market economies remains a significant source of risk for global growth.

Against the renewed fall of commodity prices in recent months, inflation in many economies – including in the United States and the euro area – remains close to zero. Against this background, the Federal Reserve and the European Central Bank are keeping their interest rates close to zero, although the Federal Reserve has announced an interest rate increase in the near future. At the same time, the ECB is continuing its asset purchase programme and is signalling the possibility of a further monetary easing.

In Poland, stable economic growth continues. In 2015 Q3 GDP rose slightly faster than in the previous quarter. Consumer demand remains the main driver of economic growth, supported by robust labour market, strong consumer sentiment and increasing household lending. GDP growth is also driven by further, yet slower than in the previous quarter, rise in investment. Corporate investment activity is fuelled by high capacity utilization and firms' good financial performance. Yet, uncertainty about the outlook for economic conditions abroad constrains corporates' propensity to invest. Lower GDP growth in emerging economies also weakens export growth. However, as a slowdown in imports has been even stronger, the contribution of net exports to GDP growth remains positive.

Despite improved labour market conditions, wage growth remains moderate. This, together with the continuing negative output gap, does not produce any inflationary pressure in the economy. Both the annual consumer price growth and producer price growth remain negative, although the pace of deflation has recently declined. Deflation persists mainly due to a sharp fall of energy commodity prices in the global markets. Inflation expectations are still very low.

In the opinion of the Council, price growth will slowly increase in the nearest quarters, supported by the gradual closing of the output gap amidst improving economic conditions in the euro area and the favourable domestic labour market developments. At the same time, the risk of a sharper slowdown in the emerging market economies and the impact this may have on global economic activity, as well as the possibility of commodity prices persisting at low levels, and as a result, low inflation in the environment of the Polish economy, remain the sources of uncertainty about the pace of inflation returning to the target.

The Council decided to keep the NBP interest rates unchanged, assessing that – considering available data and forecasts – the current level of interest rates is conducive to keeping the Polish economy on a sustainable growth path and sustaining macroeconomic balance.