

Warsaw, 7 June 2017

## Information from the meeting of the Monetary Policy Council held on 6-7 June 2017

### 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%.

Signs of improvement in the global economy are strengthening, particularly in industry and international trade. In the euro area, data indicate ongoing recovery. In the United States, economic growth declined in 2017 Q1, yet due to temporary factors. In China, after a rise in GDP growth in 2017 Q1, current data do not indicate a sustained acceleration in economic activity.

Despite ongoing global recovery, inflation abroad has stabilised at a moderate level, on the back of fading effects of an earlier increase in commodity prices, including oil prices, alongside low domestic inflationary pressure in many countries.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero. The ECB also continues its asset purchase programme. The US Federal Reserve gradually tightens its monetary policy, signalling further increases in interest rates.

In Poland, GDP data indicate that economic growth accelerated in 2017 Q1. Growth was still driven primarily by increasing consumer demand, supported by rising employment and wages, very good consumer sentiment and disbursement of benefits. This was accompanied by near-zero investment growth rate. At the same time, exports and imports continued to rise at a strong pace. Leading economic indicators as well as output and sales data, despite slight weakening in the recent period, point to stable economic growth in 2017 Q2.

The annual growth in prices of consumer goods and services remains at a moderate level, while core inflation, though gradually increasing, is still low. Growth in unit labour costs also remains moderate.

In the Council's opinion, in the following quarters inflation will remain moderate amid fading effects of the past increase in global commodity prices, with only a gradual rise in domestic inflationary pressure stemming from improving domestic economic conditions. In consequence, the risk of inflation running persistently above the target in the medium term is limited.

The Council confirms its assessment that, given the available data and forecasts, the current level of interest rates is conducive to keeping the Polish economy on the sustainable growth path and maintaining macroeconomic balance.