

Warsaw, 5 December 2017

Information from the meeting of the Monetary Policy Council held on 4-5 December 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%.

Global economy continues to recover. Economic growth in the euro area remains higher than in the previous year, driven by an improvement in the labour market conditions, favourable sentiment of economic agents, and a recovery in international trade. Also in the United States economic conditions remain favourable. At the same time, in China incoming data indicate a slight slowdown in GDP growth.

Despite ongoing global recovery, inflation abroad remains moderate, on the back of persistently low domestic inflationary pressure in many countries. At the same time, prices of certain commodities, including oil, have risen in recent months.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, and continues to purchase financial assets. The US Federal Reserve started reducing its balance sheet in October.

In Poland, annual GDP growth accelerated in 2017 Q3 to 4.9%. Growth was still driven primarily by consumer demand, supported by rising employment and wages, disbursement of benefits and very good consumer sentiment. Gross fixed capital formation also picked up in 2017 Q3, mainly on the back of a rise in public investment, while the corporate investment growth rate remained negative. The acceleration in GDP growth was fuelled by a significantly higher export growth rate.

Annual consumer price growth rose in November to 2.5%. The main factor behind the rise in inflation is high food price growth and markedly higher than in previous years energy price growth. Core inflation net of food and energy prices remains low. Wage growth in national economy remained stable in 2017 Q3 and the growth in unit labour costs in national economy declined, despite a rise in wage growth in the enterprise sector.

In the Council's assessment, favourable economic conditions in the Polish economy will continue in the next quarters. Yet, it may be expected that GDP growth will decelerate slightly in the following years. Taking into account the present information, the Council judges that inflation will remain close to the inflation target over the projection horizon. As a result, the current level of interest rates is conducive to keeping the Polish economy on the sustainable growth path and maintaining macroeconomic stability.

The Council adopted a resolution on the remuneration on the required reserve. In line with this resolution, the remuneration of the required reserve will amount to 0.50%. The resolution comes into force on 1 January 2018.