

Warsaw, 10 January 2018

Information from the meeting of the Monetary Policy Council held on 9-10 January 2018

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%.

The global economic conditions continue to improve. Data in the euro area signal further economic recovery, driven by an improvement in the labour market conditions, very good sentiment of economic agents, and a stronger world trade growth. Also in the United States economic conditions remain favourable. In China, in turn, 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, while still purchasing financial assets. The US Federal Reserve increased interest rates in December and continues to shrink its balance sheet.

In Poland, incoming data point to continued good economic conditions. Growth continues to be driven primarily by consumer demand, supported by rising employment and wages, disbursement of benefits and very good consumer sentiment. This is accompanied by a recovery in investment, mainly in the public sector. Growth in economic activity is also supported by strong external demand, reflected in significant exports growth.

Annual consumer price growth declined and stands at a moderate level. At the same time – although wage growth is faster than in the previous quarters – core inflation net of food and energy prices remains low.

In the Council's assessment, favourable economic conditions in the Polish economy will continue in the next quarters. Yet, GDP growth will probably be lower than in the second half of 2017. Taking into account the current 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.