

Warsaw, 7 February 2018

Information from the meeting of the Monetary Policy Council held on 6-7 February 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 markedly. In the euro area, GDP data signal further economic recovery, driven by an improvement in the labour market conditions, rising sentiment of economic agents, and a stronger world trade growth. Also in the United States economic conditions remain favourable. In China, in turn, following a stabilization in GDP growth in 2017, a further gradual slowdown is anticipated.

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. This has been accompanied by a fall in agricultural commodity prices.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero, while still purchasing financial assets. In turn, the US Federal Reserve continues a gradual reduction of its balance sheet, signalling further interest rate increases in the future.

In Poland, incoming data point to continued good economic conditions. According to a preliminary estimate, GDP growth in 2017 stood at 4.6%. Growth is still primarily driven by domestic demand, including consumer demand, supported by rising employment and wages, disbursement of benefits and very good consumer confidence. This is accompanied by a recovery in investment, mainly in the public sector. 2017 Q4 probably also saw a rise in gross fixed capital formation in the enterprise sector. Growth in economic activity is additionally supported by strong external demand, reflected in the positive contribution of net exports to GDP growth.

Despite the acceleration in economic growth, annual consumer price growth continues to run at a moderate level. In 2017, average annual inflation amounted to 2.0%. At the same time – although wage growth in enterprises increased – 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 in 2018 will probably be slightly lower than in the second half of 2017. Taking into account the current information, the Council judges that inflation will remain close to the 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.