

Warsaw, 3 October 2018

Information from the meeting of the Monetary Policy Council held on 2-3 October 2018

The Council decided to keep the NBP interest rates unchanged:

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

Global economic conditions remain favourable. In the euro area, the economic situation continues to be favourable, despite slightly slower GDP growth than in 2017. In the United States, economic growth is higher than in the previous year, which confirms that economic conditions in this country are strong. In China, activity growth has continued at a stable pace for the past few quarters.

Since the beginning of the year, global energy commodity prices, including those of oil, have risen substantially. This has contributed to higher inflation in many countries. At the same time, core inflation in the external environment of the Polish economy, including the euro area, remains moderate, despite continued strong economic conditions.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero. At the same time, the ECB continues to purchase financial assets, although it is reducing the scale of the purchases and has announced its termination until the end of the year. The Federal Reserve raised interest rates in September while continuing the gradual reduction of its balance sheet.

In Poland, incoming data point to economic conditions remaining strong. GDP growth is driven by rising consumption, fuelled by increasing employment and wages, disbursement of benefits and very high consumer sentiment. This is accompanied by a rise in investment. Activity growth is also supported by favourable economic conditions abroad.

Notwithstanding high economic growth and wages rising faster than in the previous year, consumer price growth remains moderate. The slightly higher annual CPI than in 2018 Q1 reflects mainly the growth in fuel prices. At the same time, inflation net of food and energy prices continues to be low.

In the Council's assessment, current information points to a favourable outlook for economic growth in Poland, despite the expected slowdown in GDP growth in the coming quarters. In line with the available forecasts, inflation will remain close to the target in the monetary policy transmission horizon. As a result, the Council judges that the current level of interest rates is conducive to keeping the Polish economy on a sustainable growth path and maintaining macroeconomic stability.