

Warsaw, 3 April 2019

Information from the meeting of the Monetary Policy Council held on 2-3 April 2019

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%.

Incoming data confirm a weakening in some of the largest economies, amid persistent uncertainty about the outlook for global activity over the coming quarters. Information on the euro area indicates continued low economic growth in this region at the beginning of the year. In the United States, economic conditions remain good, although GDP growth probably slowed down in 2019 Q1. In China activity growth continues to gradually decline.

Despite a rise in global oil prices at the beginning of 2019, their current level is still lower than in 2018 Q3. This is translating into moderate inflation in many countries. Alongside that, core inflation in the environment of the Polish economy, including the euro area, remains low.

The European Central Bank has extended the period of keeping interest rates at the current level, including the deposit rate below zero. Moreover, it has announced launching additional operations providing liquidity to the banking sector. The US Federal Reserve has kept interest rates unchanged. At the same time, the Fed has announced it will stop reducing the size of its balance sheet in the coming quarters.

In Poland, economic conditions remain good, although incoming data indicate that the GDP growth in 2019 Q1 was softer than in 2018 Q4. Activity growth is driven by rising consumption – albeit at a slightly lower rate than in previous quarters – fuelled by increasing employment and wages as well as very high consumer sentiment. This is accompanied by a rise in investment.

Notwithstanding relatively high economic growth and wages rising faster than in previous years, annual consumer price growth remains at a low level. Inflation net of food and energy prices also continues to be low, despite some increase in recent months.

In the Council's assessment, the outlook for economic conditions in Poland remains favourable. However, in the quarters to come, there will probably be a gradual slowdown in GDP growth. At the same time, inflation will remain at a moderate level and, in the monetary policy transmission horizon, will stay close to the target.

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.