

Warsaw, 15 May 2019

Information from the meeting of the Monetary Policy Council held on 14-15 May 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 suggest that global growth in 2019 Q1 continued at a relatively slow pace, although economic conditions have improved somewhat in some of the largest economies. At the same time, sentiment in industry was still weak, with more upbeat signs coming from the service sector. In the euro area, despite a pick-up in quarterly GDP growth, the pace of economic activity growth remains relatively slow. In the United States, economic conditions stay strong, and the quarterly GDP growth in 2019 Q1 was higher than in the previous quarter. In China, economic activity growth stabilised at the beginning of the year.

Since the beginning of 2019, global oil prices have been rising, which translated into somewhat higher inflation in many countries. Alongside that, core inflation in the external environment of the Polish economy, including the euro area, has picked up slightly.

The European Central Bank is keeping interest rates close to zero, including the deposit rate below zero, and reinvests maturing securities bought under the asset purchase programme. The US Federal Reserve is keeping interest rates unchanged. At the same time, the Fed is gradually limiting the pace of its balance sheet reduction.

In Poland, economic conditions remain good, although GDP growth in 2019 Q1 was somewhat softer than in previous quarters. 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.

In recent months, consumer price growth has increased, which was accounted for by rising fuel and food prices as well as higher core inflation. Despite this, inflation continues to run at moderate levels.

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.