



Warsaw, 8 February 2022

Information from the meeting of the Monetary Policy Council held on 8 February 2022

The Council decided to increase the NBP reference rate by 0.50 percentage points, i.e. to 2.75%. At the same time, the Council set the remaining NBP interest rates at the following levels:

- **lombard rate at 3.25%;**
- **deposit rate at 2.25%;**
- **rediscount rate at 2.80%;**
- **discount rate at 2.85%.**

At the same time, the Council decided to increase the required reserve ratio from 2.0% to 3.5%.

Incoming data indicate that after a strong growth in global economic activity in 2021, in recent period economic conditions in some economies have deteriorated. Global economic activity is under a negative impact of supply-side constraints in some markets, high commodity prices and re-escalation of the pandemic. Latest forecasts indicate that global GDP growth in 2022 will be lower than in 2021, however, it will remain relatively robust, supported by an increase in consumption in many countries taking place amid good situation on the labour market and continued recovery in activity after the pandemic crisis. Further epidemic and geopolitical situation, as well as developments in economic policy in the biggest countries remain an uncertainty factor for further course of the global economic conditions.

Energy commodity prices – in particular prices of natural gas, oil and coal – as well as prices of some agricultural commodities remain markedly higher than a year ago. At the same time, global supply chain disruptions continue and international shipping costs are still elevated. This contributes to a marked rise in inflation worldwide, which in many countries has reached highest levels in decades. At the same time inflation forecasts have been revised up and indicate that in many economies inflation in 2022 will remain higher than central banks' targets.

Amidst a marked increase in inflation many central banks are withdrawing monetary accommodation. Central banks in the Central-Eastern Europe region have been increasing



interest rates. The ECB keeps negative interest rates, although it has been reducing the scale of asset purchases. The US Federal Reserve signals a termination of asset purchases in March and a start of interest rate increases.

In Poland, economic activity continues to recover. According to Statistics Poland preliminary estimate, GDP growth in 2021 amounted to 5.7%, and in 2021 Q4 there was a significant acceleration in annual GDP growth. The situation in the labour market continues to improve, which is reflected in decreasing unemployment, rising employment and a marked increase in average wages. In the coming quarters economic situation is expected to remain favourable. However, there are uncertainty factors related to among others the impact of the pandemic on global and domestic economic conditions, as well as to the effects of supply-side constraints and high energy commodity prices on the economy.

Inflation in Poland in December 2021 increased to 8.6% in annual terms, and in monthly terms it amounted to 0.9%. A significant contribution to an increase in inflation in 2021 was made by the rise in global prices of commodities – including energy and agricultural commodities – record high increase in prices of CO₂ emission allowances, rising prices of goods whose supply has been constrained by global pandemic disruptions as well as increases in electricity and natural gas prices introduced in 2021. Ongoing economic recovery, including an increase in demand driven by rising household income, has also added to an increase in inflation. These factors, together with a rise in regulated tariffs on electricity, natural gas and thermal energy will contribute to inflation remaining at an elevated level also in 2022. In turn, a reduction in some tax rates as part of the so-called Anti-inflationary Shield will have a curbing impact on inflation.

In a longer perspective, inflation will decrease, which will be supported by expected fading of some global shocks currently boosting price growth, as well as by an increase in the NBP interest rates. At the same time, amidst further economic recovery and expected continuation of favourable labour market conditions, as well as probably more lasting impact of external shocks on price dynamics, there persists a risk of inflation running above the NBP inflation target in the monetary policy transmission horizon. In order to reduce this risk, i.e. striving to decrease inflation to the NBP target in the medium term, the Council decided to increase NBP interest rates again. The increase of the NBP interest rates will also curb inflation expectations.



Decisions of the Council in the coming months will continue to be aimed at reducing inflation to a level consistent with the NBP inflation target in the medium term, while taking into account economic conditions, so as to ensure medium-term price stability and at the same time support sustainable economic growth after the global pandemic shock. The Council's assessment regarding the total scale of monetary tightening necessary for achieving these goals will consider incoming information on perspectives for inflation and economic growth, including situation in the labour market. Zloty appreciation would be consistent with the direction of monetary policy conducted by the NBP.

NBP may still intervene in the foreign exchange market and use other instruments envisaged in the *Monetary Policy Guidelines*. The timing and scale of the measures taken by NBP will depend on the market conditions.