



Warsaw, 5 May 2022

Information from the meeting of the Monetary Policy Council held on 5 May 2022

The Council decided to increase the NBP reference rate by 0.75 percentage points, i.e. to 5.25%. At the same time, the Council set the remaining NBP interest rates at the following levels:

- **lombard rate at 5.75%;**
- **deposit rate at 4.75%;**
- **rediscount rate at 5.30%;**
- **discount rate at 5.35%.**

In 2022 Q1, conditions in the global economy remained relatively favourable although the activity growth slowed down in some economies. Prolonged disruptions in international trade and high commodity prices had a negative impact on the global economic situation. Russian military aggression against Ukraine contributed to an intensification of these factors and to a substantial rise in uncertainty surrounding further global macroeconomic developments as well as led to a deterioration in economic sentiment. Consequently, in the recent months GDP growth forecasts for some economies have been revised downwards.

Many economies continue to see a surge in inflation, which reached the highest levels in decades. High commodity prices as well as prolonged disruptions in global supply chains and international transport remain the main source of growing inflation. In some economies, rising prices are also driven by growing labour costs. As a consequence, core inflation is also increasing. At the same time, inflation forecasts for the coming quarters are being significantly revised upwards.

Amidst a strong increase in inflation, many central banks are tightening their monetary policy. The US Federal Reserve concluded net asset purchases and increases interest rates. The ECB keeps negative interest rates, although it has been reducing the scale of asset purchases. At the same time, central banks in the Central-Eastern Europe region continue to increase interest rates.

Following the strong GDP growth in 2021 Q4, available data point to continuing high economic activity growth in 2022 Q1. In March, despite the weakening in sentiment of



economic entities due to the Russian military aggression against Ukraine, the growth of retail sales, industrial production as well as construction and assembly output remained high. Meanwhile, employment continues to increase accompanied by a marked rise in wages. A continuation of favourable economic conditions may be expected in the coming quarters, although a gradual slowdown of economic growth is forecast, while both the domestic and global outlook is subject to significant uncertainty stemming from the impact of Russian military aggression against Ukraine.

Inflation in Poland – according to Statistics Poland flash estimate – increased in April 2022 to 12.3% which was mainly driven by a strong growth in the food prices due to a rise in global agricultural commodity prices amid Russian military aggression against Ukraine. High global energy commodity prices as well as earlier increases in regulated tariffs on electricity, natural gas and thermal energy have continued to contribute to markedly elevated inflation. At the same time, the ongoing economic recovery, including an increase in demand driven by rising household incomes, has had also a positive contribution to the price growth. In turn, a curbing impact on inflation has been exerted by a reduction in some tax rates as part of the Anti-inflationary Shield. In the coming quarters, inflation will remain markedly elevated due to a further impact of the factors currently amplifying price growth, including those related to the Russian military aggression against Ukraine. In the coming years, together with fading of the impact of shocks currently boosting prices, inflation will decrease. The decrease in inflation should also be supported by appreciation of zloty exchange rate, which, in the Council's assessment, will be consistent with the fundamentals of the Polish economy.

The Council assessed, that 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.

Further decisions of the Council will depend on incoming information regarding perspectives for inflation and economic activity, including the impact of the Russian military aggression against Ukraine on the Polish economy.

NBP will take all necessary actions in order to ensure macroeconomic and financial stability, including above all to reduce the risk of inflation remaining elevated. NBP may



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intervene in the foreign exchange market, in particular to limit fluctuations of the zloty exchange rate that are inconsistent with the direction of monetary policy.