



Warsaw, 8 February 2023

Information from the meeting of the Monetary Policy Council held on 7-8 February 2023

The Council decided to keep the NBP interest rates unchanged:

- **reference rate at 6.75%;**
- **lombard rate at 7.25%;**
- **deposit rate at 6.25%;**
- **rediscount rate at 6.80%;**
- **discount rate at 6.85%.**

In 2022 Q4 the annual GDP growth in major economies declined. In particular, the euro area saw a further lowering of growth in activity. Although business condition indicators in this economy have slightly improved lately, forecasts still foresee a significant slowdown in euro area GDP growth in 2023. Activity in the global economy and its prospects continue to be negatively affected by the impact of Russia's military aggression against Ukraine, including high energy prices, as well as by the tightening of monetary policy around the world. There persists uncertainty regarding further impact of these shocks on global economic conditions.

Inflation in many economies has recently declined, although it remains high. High price dynamics is strongly influenced by high energy prices, protracted effects of the earlier supply shocks, including shocks at commodity markets, as well as demand factors and increasing labour costs. Under such conditions, core inflation in most countries likewise remains high. However, in recent months, prices of some commodities have declined. At the same time, supply chain disruptions are visibly mitigated compared to the first half of 2022. As a result, price pressures are diminishing, which translates into lower growth in producer prices in many countries.

The Federal Reserve of the United States and the European Central Bank raised again their interest rates in February 2023. In turn, some central banks of emerging economies, including those in the Central-Eastern Europe region – after earlier significant monetary policy tightening – have kept interest rates unchanged.

In Poland, incoming data confirm a slowdown in economic activity. According to Statistics Poland preliminary estimate, GDP growth in 2022 declined to 4.9% y/y, which implies that



in 2022 Q4 the annual GDP growth most likely decreased once again. Despite the decelerating GDP growth, labour market situation remains good, which is reflected i.a. in a low unemployment rate. At the same time, data on the corporate sector show that nominal annual growth in average wages in December 2022 slowed down compared to the previous month.

Inflation in Poland in December 2022 decreased to 16.6% y/y. The decrease in CPI in year-on-year terms compared to November was mainly driven by lower growth in prices of energy carriers and fuels, due to a decline in prices of coal and oil. In 2022, as a whole, both CPI inflation as well as core inflation were running at high levels. Amid rising demand, a significant increase in costs – resulting from a strong surge in commodity prices and disruptions in global value chains – was passed through to consumer prices. In turn, the so-called Anti-inflationary Shield continued to limit dynamics in consumer prices in 2022. In final months of 2022, commodity prices and producer price growth declined, and disruptions in global value chains were markedly less acute than earlier, which together with the expected economic slowdown, will support a gradual easing of consumer price dynamics.

The Council assessed, that the weakening of the external economic conditions, together with monetary policy tightening by major central banks, will curb global inflation and commodity prices. The deterioration of the global economic conditions also hampers GDP growth in Poland. Under such circumstances, the hitherto significant monetary policy tightening by NBP will support a decline in inflation in Poland towards the NBP inflation target. At the same time, given strength and persistence of the recent shocks that remain beyond the impact of domestic monetary policy, in the short term inflation will remain high, and its return to the NBP inflation target will be gradual. A decrease in inflation would be faster if supported by appreciation of zloty exchange rate, which, in the Council's assessment, would be consistent with the fundamentals of the Polish economy.

Further decisions of the Council will depend on incoming information regarding prospects 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 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.