



Warsaw, 6 December 2023

## Information from the meeting of the Monetary Policy Council held on 5-6 December 2023

The Council decided to keep the NBP interest rates unchanged:

- **reference rate at 5.75%;**
- **lombard rate at 6.25%;**
- **deposit rate at 5.25%;**
- **rediscount rate at 5.80%;**
- **discount rate at 5.85%.**

The global economic conditions remain weakened, although they vary between the largest economies. Incoming data confirm, that in the euro area the annual GDP growth in 2023 Q3 slowed down and was close to zero, while in Germany it was negative. Meanwhile, in the United States the annual GDP growth in 2023 Q3 accelerated and exceeded the long-term average. Uncertainty about the activity outlook in the largest economies persists.

Inflation in the environment of the Polish economy declines further, however, in many countries annual price growth remains elevated. The earlier decrease of commodity prices together with the easing of global supply chain disruptions reduce cost pressures, which is reflected in falling producer prices in many economies. Core inflation in most economies is still elevated, although it gradually declines.

Amid the weakened global economic conditions, also in Poland activity growth remains low, although it has recently increased. The annual GDP growth in Poland in 2023 Q3 – according to the Statistics Poland preliminary estimate – stood at 0.5% y/y (compared to -0.6% y/y in 2023 Q2). The GDP growth was positively affected by the contribution of net exports and – albeit to a lesser extent – by investment and consumption growth. At the same time, the contribution of changes in inventories to GDP growth was markedly negative. In October 2023, retail sales, industrial output and construction and assembly production were higher than a year before. Despite the weakened activity growth, the labour market situation remains good and unemployment is low. Although the number of working persons continues to be high, the annual growth in employment in the enterprise sector is lower than at the beginning of the year.



According to the Statistics Poland flash estimate, annual CPI inflation in November 2023 stood at 6.5% (compared to 6.6% in October 2023). Considering the Statistics Poland data, it can be estimated that the decrease in inflation in annual terms was driven mainly by a fall in core inflation, as well as – albeit to a lesser extent – by a drop in annual price growth of food and non-alcoholic beverages. However, an increase in annual price growth of energy had the opposite effect on annual inflation. In October 2023, producer prices were considerably lower than a year ago, which confirms the fading of most external supply shocks and a reduction of cost pressures. Together with the low economic activity growth, it will support a further decline in consumer price inflation in the coming quarters. The Council judges that the decrease in inflation is supported by the appreciation of the zloty exchange rate, which is consistent with the fundamentals of the Polish economy.

The Council assesses that incoming data indicate low demand and cost pressures in the Polish economy, which amidst weakened economic conditions and falling inflation pressure abroad will support a gradual decline in domestic inflation. Considering the adjustment in the NBP interest rates introduced in previous months, together with uncertainty about a future course of fiscal and regulatory policies and their impact on inflation, the Council decided to keep the NBP interest rates unchanged. The Council judges that the current level of the NBP interest rates is conducive to meeting the NBP inflation target in the medium term.

Further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity.

NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to bring inflation down to the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.