



Warsaw, 4 December 2024

Information from the meeting of the Monetary Policy Council held on 3-4 December 2024

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 economic conditions in the environment of the Polish economy are still weakened. In 2024 Q3, the annual GDP growth in the euro area – despite some acceleration – was moderate, and in Germany negative. Meanwhile, in the United States the annual economic activity growth remained relatively high. Uncertainty about the activity outlook in the largest economies persists.

Inflation in the major advanced economies has been running close to the central banks' inflation targets in recent months. Inflation is driven down by the reduction of cost pressures reflected in low producer price growth, as well as by the weak activity growth in some economies and a fall in energy prices in annual terms. At the same time, core inflation is still higher than headline inflation amid elevated growth in services prices.

In Poland, GDP growth in 2024 Q3 – according to the Statistics Poland preliminary estimate – amounted to 2.7% y/y (against 3.2% y/y in 2024 Q2), amid a marked decline in consumption and investment growth and with the negative contribution of net exports. By contrast, the annual GDP growth was positively affected by an increase in inventories. In October 2024, annual growth in both retail sales and industrial production accelerated and was positive, amid still negative growth in construction and assembly output. In the labour market unemployment remains low and the number of working persons continues to be high, although employment in the enterprise sector in October 2024 was lower than a year ago. At the same time, the wage growth is still running at the high level.

According to the Statistics Poland flash estimate, annual CPI inflation in November 2024 was 4.6% (against 5.0% in October). Inflation has been higher than in the first half of 2024 mainly due to the increases in administered prices of energy carriers, as well as – albeit to



a lesser extent – the higher annual growth in prices of food and non-alcoholic beverages. At the same time, inflation net of food and energy prices remains elevated, including due to the relatively high growth in services prices. Meanwhile, the significant fall in producer prices in annual terms persists.

In the Council's assessment, inflation is currently significantly boosted by rising energy carriers' prices and by other regulatory factors. The price pressure in the domestic economy is also stimulated by the marked wage growth, stemming i.a. from wage increases in the public sector. At the same time, demand and cost pressures in the Polish economy remain relatively low, which amidst weakened economic conditions and lower inflation pressure abroad curbs domestic inflation pressure. The earlier appreciation of the zloty exchange rate acts in the same direction.

In the coming quarters inflation will remain markedly above the NBP inflation target, driven by the effects of earlier increase in energy prices, as well as planned increase in excise duties and administered services prices. In the medium term – under the current NBP interest rates level and amid the expected gradual decline in wage growth – inflation should return to the NBP target. However, developments in energy prices, due to their probable unfreezing in the second half of 2025, as well as the impact of elevated energy price growth on inflation expectations, remain an uncertainty factor for the expected horizon for the return of inflation to the target. Inflation developments over the medium term will be also affected by the further fiscal and regulatory policy measures, the pace of expected economic recovery in Poland and the labour market conditions.

Against this background, 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 sustainably to the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.