

Warsaw, 5 September 2018

Information from the meeting of the Monetary Policy Council held on 4-5 September 2018

The Council decided to keep the NBP interest rates unchanged:

- reference rate at 1.50%;
- lombard rate at 2.50%;
- deposit rate at 0.50%;
- rediscount rate at 1.75%.

Global economic conditions remain favourable. In the euro area, economic situation continues to be favourable, despite slightly slower GDP growth than in 2017. In the United States, economic growth is higher than in the previous year, which confirms that economic conditions in this country are strong. In China, economic activity growth has continued at a stable pace for the past few quarters.

Despite favourable global economic conditions, inflation abroad remains moderate. At the same time, an increase in oil prices in the recent months has driven up inflation indices in many countries.

The European Central Bank keeps interest rates close to zero, including the deposit rate below zero. At the same time, the ECB continues to purchase financial assets, although it has announced a reduction in the scale of purchases from October 2018 and the termination of the programme by the end of the year. The Federal Reserve continues to gradually tighten monetary policy.

In Poland, the 2018 Q2 GDP data point to high economic growth. It is driven by rising consumption, fuelled by increasing employment and wages, disbursement of benefits and very strong consumer sentiment. This is accompanied by a rise in investment, both in the public sector and among big enterprises. In 2018 Q2, exports picked up markedly, leading to a positive contribution of net exports to GDP growth.

Notwithstanding high economic growth and wages rising faster than in the previous year, consumer price growth remains moderate. The slightly higher annual CPI rate than in 2018 Q1 reflects mainly the growth in fuel prices. At the same time, inflation net of food and energy prices continues to be low.

In the Council's assessment, current information point to a favourable outlook for economic growth in Poland, despite the expected slowdown in GDP growth in the coming years. In line with the available forecasts, inflation will remain close to the target in the monetary policy transmission horizon. As a result, the Council judges that the current level of interest rates is conducive to keeping the Polish economy on a sustainable growth path and maintaining macroeconomic stability.