

Warsaw, 11 September 2019

## Information from the meeting of the Monetary Policy Council held on 10-11 September 2019

### 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%.

Incoming data suggest that global economic growth continues at a relatively slow pace, while the global outlook has deteriorated. In the euro area, GDP growth remained low in 2019 Q2. Although the situation in the services sector is still good, activity in the industrial sector remains weak. In the United States, economic conditions continue to be strong, even though GDP growth slowed in 2019 Q2 and economic indicators signal a possible weakening of activity in the coming quarters. In China, GDP growth declined as well in 2019 Q2.

In the recent period global oil prices have fallen. At the same time, inflation in many countries remains moderate.

The European Central Bank is keeping interest rates close to zero, including the deposit rate below zero, and reinvests maturing securities bought under the asset purchase programme. The ECB is also signalling the possibility of easing its monetary policy in the near future. The US Federal Reserve has lowered interest rates and stopped reducing its balance sheet.

In Poland, despite weaker growth abroad, economic conditions remain good, and GDP grew by 4.5% y/y in 2019 Q2. Activity growth is driven by rising consumption, fuelled by increasing employment and wages, very high consumer sentiment, and social benefit payments. Investment also grew in 2019 Q2, although at a slightly slower pace compared to the previous quarter. At the same time, growth in exports and imports slowed down.

According to the GUS flash estimate, inflation stood at 2.8% y/y in August 2019. Higher price growth is primarily driven by significant growth in food prices, while lower energy prices than a year ago, including fuel prices, have a curbing effect on price growth. At the same time, core inflation continues to run at moderate levels.

In the Council's assessment, the outlook for economic conditions in Poland remains favourable, and GDP growth will continue at a relatively high level in the coming years. However, uncertainty about the scale and persistence of the slowdown abroad and its impact on domestic economic activity has increased. After a temporary rise in 2020 Q1, inflation will stay close to the target in the monetary policy transmission horizon.

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. The Council adopted *Monetary Policy Guidelines for 2020*.