

Warsaw, 5 June 2019

Information from the meeting of the Monetary Policy Council held on 4-5 June 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 growth continues at a relatively slow pace, amid heightened uncertainty about the global economic outlook in the coming quarters. At the same time, sentiment in industry is still weak, with more upbeat signs coming from the service sector. In the euro area, despite higher quarterly GDP growth, the pace of economic activity growth remains relatively slow. In the United States, economic conditions remain strong, and the quarterly GDP growth in 2019 Q1 was higher than in the previous quarter. In China, GDP growth stabilised in 2019 Q1, albeit recent data suggest the risk of a weakening in economic conditions in the current quarter.

Oil prices have declined, following a significant increase since the beginning of the year. Alongside that, in the recent period the global prices of certain food products have risen. As a result, inflation in many countries has edged up. Core inflation in the external environment of the Polish economy, including the euro area, has also picked up in the recent period.

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 US Federal Reserve is keeping interest rates unchanged. At the same time, the Fed is gradually limiting the pace of its balance sheet reduction.

In Poland, economic conditions remain good, and annual GDP growth in 2019 Q1 amounted to 4.7%. Activity growth is driven by rising consumption – albeit at a slightly lower rate than in previous quarters – fuelled by increasing employment and wages as well as very high consumer sentiment. This is accompanied by a marked rise in investment, including a strong recovery in investment outlays of enterprises. In 2019 Q1, net exports also made a positive contribution to GDP growth, despite the weakening economic conditions in the external environment of the Polish economy.

In recent months, consumer price growth has increased, which was accounted for by rising fuel and food prices as well as higher core inflation. Nonetheless, inflation continues to run at moderate levels.

In the Council's assessment, the outlook for economic conditions in Poland remains favourable, and GDP growth this year may turn out to be slightly higher than expected in

the March projection. At the same time, inflation will remain at a moderate level and, in the monetary policy transmission horizon, will stay close to the target.

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.