

Warsaw, 6 May 2015

## Information from the meeting of the Monetary Policy Council held on 5-6 May 2015

### **The Council decided to keep the NBP interest rates unchanged:**

- reference rate 1.50% on an annual basis;
- lombard rate 2.50% on an annual basis;
- deposit rate 0.50% on an annual basis;
- rediscount rate 1.75% on an annual basis.

Growth of global economic activity remains moderate, with a slight acceleration expected in 2015. In the euro area economic growth remains relatively low, although incoming information signals a gradual improvement of economic conditions. In the United States, despite the weakening of GDP growth in 2015 Q1, the recovery is expected to continue. In turn, the economic outlook for Poland's eastern trading partners, i.e. Russia and Ukraine, remains unfavourable.

After a sharp and long-lasting fall, global oil prices have risen slightly recently. This has weakened disinflationary forces in many countries. However, global price growth remains very low, and in many European economies it is negative. In these conditions, major central banks are keeping interest rates close to zero and the ECB is continuing its asset purchase programme, which is contributing to higher financial asset prices in many European countries.

In Poland, economic activity remains stable, with GDP growth in 2015 Q1 probably slightly higher than in 2014 Q4. Rising domestic demand fuelled by an improving labour market situation, good financial condition of enterprises and stable expansion in lending, remains the main driver of economic growth. In turn, the low, although accelerating, growth in demand from Poland's main trading partners drags down economic activity in Poland.

Due to the moderate growth in demand and the continuing negative output gap, there is no demand pressure in the economy. At the same time, low commodity prices and moderate nominal wage growth are contributing to the continued lack of cost pressure. As a result, the annual growth rate of consumer and producer prices remains negative, and inflation expectations are very low.

In the opinion of the Council, the annual price growth will remain negative in the coming quarters, mainly due to the previously observed sharp fall in commodity prices. At the same time, the expected gradual acceleration of economic growth, amidst recovery in the euro area and good situation in the domestic labour market, reduce the risk of inflation remaining below the target in the medium term. Therefore, the Council decided to keep NBP interest rates unchanged.