



Warsaw, 8 June 2022

## Information from the meeting of the Monetary Policy Council held on 8 June 2022

**The Council decided to increase the NBP reference rate by 0.75 percentage points, i.e. to 6.00%. At the same time, the Council set the remaining NBP interest rates at the following levels:**

- **lombard rate at 6.50%;**
- **deposit rate at 5.50%;**
- **rediscount rate at 6.05%;**
- **discount rate at 6.10%.**

Incoming data indicate a gradual slowdown in global growth. In recent months economic conditions deteriorated markedly in some emerging market economies, including in China, amid still relatively favourable economic conditions in the biggest advanced economies. Global activity is under the negative impact of high prices of commodities and of production components, persisting disruptions in the functioning of global supply chains and the repercussions of Russia's military aggression against Ukraine.

Global inflation continues to rise, reaching in many economies the highest levels in decades. At the same time, inflation forecasts for the coming quarters are being significantly revised upwards. The main source of growing inflation continue to be high commodity prices as well as prolonged disruptions in global supply chains and international transport, amplified by the effects of war. In some economies, rising prices are also driven by high demand growth and increasing labour costs. As a consequence, core inflation is also increasing.

Amidst a strong increase in inflation, many central banks are tightening their monetary policy. The US Federal Reserve concluded net asset purchases and increases interest rates. The ECB keeps negative interest rates, although it has been reducing the scale of asset purchases. Central banks in many economies, including in the Central-Eastern Europe region, continue to increase interest rates.

In Poland, GDP growth in 2022 Q1– according to Statistics Poland preliminary estimate – stood at 8.5% y/y, with a significant contribution of change in inventories, while both consumption and investment growth declined. Available data point to continuing



favourable economic conditions in 2022 Q2, however, economic activity growth will decelerate. Meanwhile, employment continues to increase accompanied by a further fall in unemployment and a marked rise in wages. A continuation of relatively favourable economic conditions may be expected in the coming quarters, although a further slowdown of economic growth is forecast, while both the domestic and global outlook is subject to significant uncertainty.

Inflation in Poland – according to Statistics Poland flash estimate – increased in May 2022 to 13.9% y/y. Elevated inflation results mainly from a strong rise in global energy and agricultural commodity prices – driven, to a large extent, by the repercussions of Russian military aggression against Ukraine – and earlier increases in regulated tariffs on electricity, natural gas and thermal energy. Consequences of disruptions in global supply chains and high shipping costs in international trade also boost inflation. At the same time, continued robust demand which enables enterprises to pass rising costs on to the final prices has had also a positive contribution to the price growth in Poland. In turn, a curbing impact on inflation has been exerted by a reduction in some tax rates as part of the Anti-inflationary Shield. In the coming quarters, it is expected that the impact of factors currently amplifying price growth will persist, including those related to the Russian military aggression against Ukraine. Meanwhile, the NBP interest rates increases, together with fading of the impact of shocks currently boosting prices will contribute to a gradual fall in inflation in the coming years. The decrease in inflation should also be supported by appreciation of zloty exchange rate, which, in the Council's assessment, will be consistent with the fundamentals of the Polish economy.

The Council assessed, that there persists a risk of inflation running above the NBP inflation target in the monetary policy transmission horizon. In order to reduce this risk, i.e. striving to decrease inflation to the NBP target in the medium term, the Council decided to increase NBP interest rates again. The increase of the NBP interest rates will also curb inflation expectations.

Further decisions of the Council will depend on incoming information regarding perspectives for inflation and economic activity, including the impact of the Russian military aggression against Ukraine on the Polish economy.

NBP will take all necessary actions in order to ensure macroeconomic and financial stability, including above all to reduce the risk of inflation remaining elevated. NBP may



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intervene in the foreign exchange market, in particular to limit fluctuations of the zloty exchange rate that are inconsistent with the direction of monetary policy.