



Warsaw, 4 September 2024

Information from the meeting of the Monetary Policy Council held on 3-4 September 2024

The Council decided to keep the NBP interest rates unchanged:

- reference rate at 5.75%;
- lombard rate at 6.25%;
- deposit rate at 5.25%;
- rediscount rate at 5.80%;
- discount rate at 5.85%.

The economic conditions in the environment of the Polish economy are still weakened. In 2024 Q2, the annual GDP growth in the euro area, particularly in Germany, remained low. In the United States the annual GDP growth remains relatively high, despite some deterioration in labour market conditions. Uncertainty about the activity outlook in the largest economies persists.

Inflation in the major advanced economies is running slightly above the central banks inflation targets. Inflation is driven down by the reduction of cost pressures reflected in low producer price growth, and by the weak activity growth in some economies. At the same time, core inflation is running slightly above headline inflation amid elevated growth in services prices.

In Poland, a gradual economic recovery continues. According to Statistics Poland preliminary estimate, GDP grew by 3.2% y/y in 2024 Q2. The GDP growth was positively affected primarily by an increase in consumption demand. In July 2024, retail sales and industrial production were higher, while construction and assembly output was lower than a year ago. In the labour market unemployment remains low and the number of working persons continues to be high, although employment in the enterprise sector in July 2024 was lower than a year ago. At the same time, the wage growth is still running on the high level.

According to the Statistics Poland flash estimate, annual CPI inflation in August 2024 was 4.3% (against 4.2% in July and 2.6% in June 2024). The rise in inflation against June was mainly a result of increases in administered prices of energy carriers, as well as – albeit to a lesser extent – an increase in annual growth in prices of food and non-alcoholic



beverages. At the same time, inflation net of food and energy prices was relatively stable in recent months, following an earlier decline. In July 2024, the annual fall in producer prices remained significant.

In the Council's assessment, incoming data indicate that despite the observed economic recovery, demand and cost pressures in the Polish economy remain relatively low, which amidst weakened economic conditions and lower inflation pressure abroad curbs domestic inflation pressure. Council judges that consumer price growth is also constrained by the appreciation of the zloty exchange rate, which is consistent with the fundamentals of the Polish economy. However, price pressure in the domestic economy is stimulated by a marked wage growth, stemming i.a. from wage increases in the public sector. Alongside that, the rise in prices of energy carriers increases inflation significantly. This factor will continue to affect the annual inflation rate in the coming quarters. When the effects of the energy price increase fade – amid the current NBP interest rates level – inflation should return to the medium-term NBP target, although the impact of higher energy prices on the inflation expectations is an uncertainty factor. The inflation developments over the medium term will be also affected by the further fiscal and regulatory policy measures, the pace of economic recovery in Poland and the labour market conditions.

Against this background, the Council decided to keep the NBP interest rates unchanged. The Council judges that the current level of the NBP interest rates is conducive to meeting the NBP inflation target in the medium term.

Further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity.

NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to bring inflation down sustainably to the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.