

## Poland: MPC holds rates flat

We expect the central bank to stick to its dovish rhetoric and Chairman Adam Glapiński to reiterate that flat rates will remain in place



Minutes from the MPC meeting in January suggest that it sees a low risk of consumer price inflation significantly breaching the central bank's target within the next two years. The Council's outlook is reinforced by recent data, with low inflation and high 4Q17 GDP growth suggesting labour productivity has caught up with wages, effectively limiting the scope for increases in core prices. Consequently, we see a significant risk of a lower CPI path (both headline and core) in the next NBP projection (to be presented during the next meeting).

Markets are expected to focus on today's comments concerning the timing of the first rate hike in this cycle. We see market bets (pricing three full hikes next year) as overdone. These appear to be a result of misinterpreted comments from chairman Adam Glapiński after the Davos summit. The chairman is expected to repeat his statement during today's conference, saying that a scenario of tightening in 1H19 is as likely as that of flat rates over the period. As a result, we

anticipate a decline in the rate path priced in by the market, particularly for 1H19.

## Author

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.