

## National Bank of Poland keeps rates unchanged in May

In line with both our expectations and those of the market, the Monetary Policy Council has kept the National Bank of Poland rates unchanged in May, with the main policy rate still at 5.75%. With inflation trending upwards, the MPC is likely to stick to a restrictive policy bias in the coming months and may keep rates on hold until the end of 2024



The National Bank of Poland left rates unchanged, and may do so until the end of 2024

The National Bank of Poland's post-meeting press release noted the continuation of the economic rebound in the first quarter of 2024, with stronger consumption dynamics accompanied by lower investment growth. It also underlined that wage growth remained strong. Among the sources of uncertainty for the evolution of inflation in subsequent quarters, the Council mentioned the impact of regulatory and fiscal policy on inflation expectations, which was not present in the MPC's April communication. Otherwise, the changes in the communiqué basically concern the part describing the state of the economy, while in the part concerning monetary policy and its prospects the document is the same as the April one.

At Friday's press conference, NBP President Adam Glapiński is likely to highlight the risks of rising

inflation in the coming months, including increases in energy prices, as a justification for keeping interest rates at the current level. Stubbornly elevated core inflation is also an argument for a cautious approach to monetary policy.

We estimate that inflation is currently on an upward trend and will continue to rise until the end of the first quarter of 2025, with the rise reinforced by the unwinding of the energy price freeze. We also see the persistence of core inflation, mainly on the back of buoyant growth of services prices. In such an environment, the Council is likely to maintain a restrictive policy stance and hawkish rhetoric in the coming months. We expect NBP rates to remain unchanged until the end of 2024 and the monetary easing cycle to begin in 2025, when rates could be cut by a total of 75-100bp.

## Authors

### Adam Antoniak

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@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>.