

## Poland: No changes to the guidance

Governor Glapiński repeated that rates should remain stable until the end of his term. We see little support either for a policy rate increase or decrease amongst Council members and forecast stable rates both in 2019 and 2020



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The Monetary Policy Council (MPC) left rates unchanged, in line with the consensus. The communication has barely changed, as there were no major revisions to the statement. National Bank of Poland (NBP) Governor Glapiński repeated that a rate change is unlikely during his term. Also, the decision came early at 12:50 CET, which suggests little disagreement in the MPC regarding the inflation outlook.

Governor Glapiński stated that inflation may increase further next month, but even a strong rise should only be temporary. He highlighted that the recent core inflation increase was related to supply-side shocks and that demand-driven factors are still negative. We agree that CPI should oscillate in the 2.0-2.5% year-on-year range for all of 2019, however, we are less optimistic for 2020. We see present core inflation growth as sustainable and overall inflation hovering close to 3% YoY next year.

Centrist J.Osiatyński highlighted that that lower wages dynamics visible in recent months should

lower inflationary pressures a bit. Still, he presented no strict conclusion regarding the potential for rate moves. It is also worth noting that his term will end in December 2019 – in such a horizon we do not expect any discussions about possible policy tweaks.

Overall we presently see little support either for a policy rate increase or decrease amongst MPC members. We forecast stable rates both in 2019 and 2020. Afterwards, we see a rate cut as more probable than a hike.