

## Poland: Stable rates for longer - likely after 2019

The MPC repeated rates should remain stable in 2018 and 2019. Comments by hawk K.Zubelewicz highlight the solid probability of extending this guidance further into 2020



The MPC left interest rates unchanged, in line with the wide market expectations. The monetary policy conclusions in the MPC statement remained unchanged. During the press conference NBP Governor A.Glapinski reiterated that there is no need for rate hikes in 2018 and 2019. The governor did not provide a straight commitment regarding 2020, yet stated that if the NBP inflation projection materializes, the MPC may extend the guidance.

The MPC members present at the conference confirmed that risks to the guidance are limited. J.Osiatynski (centrist) avoided presenting a long-term forecast, highlighting greater uncertainty in the macroeconomic environment and a less encouraging investments outlook after the GUS revision of 4Q17 data. Hawk K.Zubelewicz stressed that despite his dissent, the majority of members perceive value in maintaining a policy of stable rates. He claimed that given available information a scenario of no change in 2020 is highly probable. Finally, the NBP governor highlighted, that currently he has no concerns about tightening of monetary policy by the European Central Bank (which should push NBP to similar decision in order to maintain current

rate disparity).

During the press conference, the most important questions were dedicated to potential monetary easing in a case of an economic slowdown. The NBP governor reiterated that rate cuts seem improbable, as the banking sector could be hampered. He reiterated that the NBP should work on developing unconventional instruments consistent with policies of other European central banks.

All in all we expect the MPC to fulfil its guidance and forecast no interest rate hikes both in 2018 and 2019 (and likely until the end of the Council's term in 2022).