

# Flash Comment

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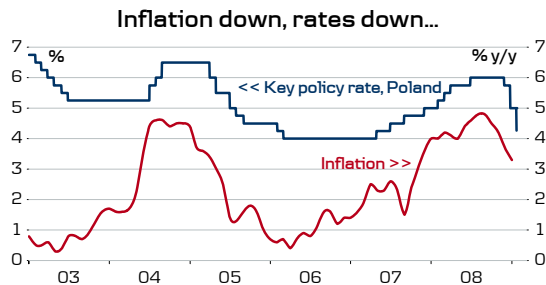
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## Poland: NBP delivers 75bp rate cut

The Polish central bank (NBP) today cut its key policy rate by 75bp to 4.25%. The decision to cut by 75bp was slightly more aggressive than the consensus expectation and our expectation of 50bp. However, the market reaction should be rather limited as it clearly has been priced for a more aggressive cut than the consensus expectation.

The main reason behind the NBP's cut today is clear. The Polish economy has deteriorated significantly in recent months with the manufacturing sector being particularly hard hit, resulting in a deterioration of the Polish labour market (December's unemployment rose to 9.5% from 9.1% in November).

Although the latest retail sales surprised on the upside (December's retail sales grew by 6.6% y/y), it did not really change anything in terms of the outlook for the Polish economy, and we expect the NBP to continue its monetary easing going forward. Therefore we expect more interest rate cuts in the upcoming monetary policy council meetings.



Source: Ecowin

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