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Economic Comment

NBP changes tone, even if it denies to do so

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The videoconference of NBP governor today brought a puzzling message: on one hand, Glapiński said that the change in the MPC press statement on Wednesday was absolutely meaningless and by no means signalled a change in policy bias. He also maintained his earlier claim that higher inflation is purely the effect of exogenous factors and will be transitory. On the other hand, during today's speech Glapiński had withdrawn from many of his earlier claims, and he replaced the previous confidence that monetary policy will remain unchanged for long with the much more nuanced and conditional message. NBP head emphasised that the central bank will not fall behind the curve and if needed it will not hesitate to start policy tightening. He said his earlier claim about most likely rates stability until the end of MPC's term of office was "a kind of joke", although he still sees it as the most likely scenario. He suggested that the start of policy tightening may start somewhere in mid-2022, and that rate hikes must be preceded by the end of QE purchases (earlier he claimed that QE programme may be alive "forever"). The change of ECB approach would be a very important factor for the NBP in this regard. Glapiński also said there are no plans for further FX interventions and the central bank does not target FX rate at all.

Overall, the message from the central bank (despite the official denial) tilted from very dovish towards more neutral and data-driven. However, we still think that any discussion about rate hikes before the election of the NBP governor for the next term (June 2022) is quite unlikely.

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