

MNI National Bank of Poland Preview: December 2025

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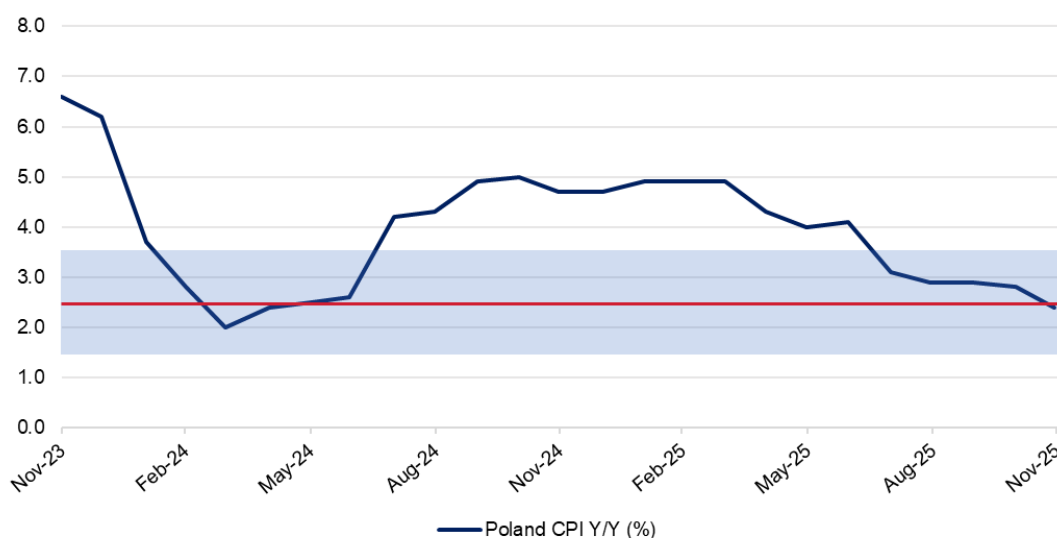
Monetary Policy Decision	December 3 rd	-
Press Conference	December 4 th	14:00GMT/15:00CET

MNI Point of View: Christmas Cut

With domestic inflationary pressures cooling despite robust economic growth, we expect the Monetary Policy Council (MPC) to end the year with another sequential 25bp interest-rate 'adjustment', in defiance of cautious messaging from some of its members. Inflation marginally undershot the NBP's target in November amid a further normalisation of underlying price dynamics, with wage growth staying on a downward trajectory. Since Governor Glapiński used his previous press conference to rule a December cut in again, macroeconomic developments provided the MPC plenty of reasons to 'adjust' monetary policy settings and bring the reference rate down to 4%.

It only took a run of dovish data last week for market consensus to converge around a call for another 25bp rate cut. Admittedly, the data were as unidirectional as it gets, with the economy staying close to equilibrium, as robust economic growth doesn't seem to stand in the way of continued disinflation. The most influential data signal was provided by flash November CPI readings, with inflation (+2.4% Y/Y) unexpectedly undershooting the NBP's +2.5% Y/Y point-target for the first time since May 2024. As headline inflation broke this important psychological barrier, estimates based on mechanical subtraction of volatile components (official data won't be known until mid-December) suggested that core inflation took another dip, possibly to around +2.7% Y/Y, in a continuation of its convergence with the target. Momentum indicators also show an ongoing normalisation of price dynamics.

Figure 1. Poland CPI Y/Y (%). The red line represents the NBP's +2.5% Y/Y inflation target. The shaded region represents the +/-1pp tolerance band around the target. Source: Bloomberg/MNI – Market News.



That being said, in our view, the case for a cut was strong even before the release of inflation data. The package of monthly economic activity and labour market indicators provided further evidence of an unfolding 'goldilocks' scenario. The economy continued to operate in high gear in October, yet private-sector wage growth – one of the key measures monitored by the NBP – slowed significantly more than expected to +6.6% Y/Y, reaching a pace last seen before the onset of the COVID-19 pandemic and the ensuing market disruption, even as the statistics office pointed to larger than usual bonus pay-outs. On the heels of positive surprises in high-frequency data, Statistics Poland release final Q3 GDP data just a couple of days before the NBP's rate decision. Headline figures were adjusted marginally higher, but the structure proved less inflationary than expected. Although private consumption remained the main engine of growth, investments played a larger role than suggested by preliminary reports.

The uninterrupted streak of favourable data has been paralleled by positive signs on the medium-term inflation outlook. The external environment remains disinflationary, owing to depressed crude oil prices, continued zloty strength, and cheaper Chinese imports. The Energy Minister suggested that 2026 household electricity tariffs, one of the factors repeatedly flagged by the NBP as a source of uncertainty, will likely be set below the current PLN500/MWh cap, removing the need for any further price freezing. The minimum-wage hike approved by the government for 2026 falls in line with inflation, which should put a further constraint on wage growth. Finally, any potential 'bond vigilantes' have been unfazed by piling government debt and widening deficits thus far, with POLGB yields falling on the back of strong macroeconomic fundamentals and wagers on looser NBP policy.

These dynamics play out against the backdrop of updated forward guidance putting an interest-rate cut on the table. Somewhat confusingly, Governor Adam Glapiński ruled out a cut at the final meeting of this year during his press conference in October, only to walk back on these comments in November. For the record, we recapitulate his remarks from both pressers in Table 1 (see overleaf). Truth be told, the NBP has tended to avoid taking action in December. Over the past quarter-century (2000-2024), the MPC changed interest rates only at three December meetings – in the midst of the Great Financial Crisis (2008), at the height of the eurozone crisis (2012), and during the pandemic-era inflationary shock (2021), as documented in Table 2. Considering the well-documented flaws of the Governor's communications (it's not a bug, it's a feature), we take his guidance from the November presser as the binding version and interpret it as an attempt to rhetorically set the stage for a policy move this week.

We expect the NBP to frame its decision as an 'adjustment' again and think that an outright reference to a 'cycle' would be a dovish surprise. Despite lowering interest rates by 150bp this year alone, Polish central bankers stick with their controversial communication strategy emphasising the one-off nature of each decision. The underlying logic of action seems to be the following: (1) at the start of every meeting, MPC members study incoming data and updated projections; (2) if data and forecasts indicate that monetary policy settings are out of sync with macroeconomic conditions, the MPC makes an 'adjustment'. This is a puzzling way to describe the observed monetary policy action – and makes Governor Glapiński's references to the amount of easing delivered so far difficult to interpret. If the MPC was truly making decisions on a meeting-by-meeting basis, previous rate cuts should play virtually no role in the decision-making process, perhaps only insofar as the exogenous variable for interest-rate level fed into the NECMOD forecasting model changes. In any case, this kind of rhetoric may allow the MPC to be more flexible and avoid costly commitment to any future interest-rate action.

The continuation of favourable inflation trends and an improving outlook leave the MPC ample room to 'adjust' interest rates lower this week, in our view. The Governor set the stage for action by walking back on earlier guidance and ruling a cut in. The subsequent run of benign data provided plenty of reasons for the MPC to loosen monetary policy. In addition, macroeconomic developments make the Governor's terminal-rate estimate (3.5%-4.0% was the rough ballpark) look rather conservative, but we are not sure if he will be ready to admit it at Thursday's press conference. Beyond this week's meeting, uncertainty around the annual re-setting of administered prices and the re-weighting of the CPI basket in March may prompt the MPC to pause at the beginning of the year. However, we will revisit this view after the post-MPC press conference this week.

Guidance On December Meeting vs. Historical Practice

Table 1. Governor Adam Glapiński's comments on the probability of an interest-rate cut at the December meeting. Source: MNI – Market News. Emphasis added.

October press conference	November press conference
'It is a <i>sacred Polish tradition</i> that no decisions are made in December. I don't know where it comes from. (...) Whether it translates into monetary policy, I don't know. There may have been one exception to this rule, when there was a financial crisis, perhaps in 2008. But otherwise, there were no decisions in December. But it is not some kind of legal or administrative rule of course. Not to surprise the markets when everyone is preparing Christmas gifts, I don't know. There is this tradition.'	'There are some odd, media, tabloid views doing the rounds... I asked for it to be checked... In many recent years, [monetary policy] decisions were made in December. Even to raise interest rates by 50bp. This is <i>not</i> something that would be some <i>sacred tradition</i> . I like traditions, I like conservatism. But there is nothing like that. Which, conversely, doesn't mean that something has to happen. But there is nothing like that. It's not like [there can't be a monetary policy decision] in December because there is a Christmas tree, gifts. [Decisions] were made many times in recent years, after the year 2000 and before.'

Table 2. NBP monetary policy decisions at December meetings over the past 25 years (2000-2024).

Date	Reference Rate Change
December 2008	-75bp
December 2012	-25bp
December 2021	+50bp

Data Watch

mni Central Bank Watch - NBP

December 01, 2025

MNI NBP Data Watch List											
Inflation		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
HICP	% y/y	2.4	2.9	↓	4.0	↓					-1.25
Core Inflation	% y/y	3.0	3.3	↓	3.4	↓					-1.69
PPI	% y/y	-2.2	-1.3	↓	-1.6	↓					-2.10
NBP Inflation Expectations	Index	36.3	41.8	↓	41.8	↓					-1.07
Economic Activity		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Poland PMI (Manuf)	Index	49.1	46.6	↑	47.1	↑					0.78
Sold Industrial Output	% y/y	3.2	3.0	↑	1.2	↑					0.20
Exports (Mn)	EUR	30072	28205	↑	29909	↑					1.15
Construction Output	% y/y	4.1	0.7	↑	-4.2	↑					1.42
Monetary Analysis		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Money Supply (M3)	% y/y	10.6	10.8	↓	10.4	↑					1.18
Consumer Credit	% y/y	3.2	2.8	↑	3.0	↑					1.33
Credit to Non-Fin Corps	% y/y	9.4	9.2	↑	4.2	↑					0.83
Credit to Households	% y/y	3.3	2.8	↑	3.0	↑					1.58
Consumer / Labour Market		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Retail Sales	% y/y	5.5	4.8	↑	7.9	↓					0.73
Unemployment Rate	%	5.6	5.4	↑	5.2	↓					1.17
Ave Monthly Gross Wages	% y/y	6.6	7.6	↓	9.3	↓					-1.40
Employment	% y/y	-0.8	-0.9	↑	-0.8	→					0.54
Markets		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Equity Market (WIG)	Index	111928	104776	↑	101476	↑					1.78
10-Year Bond Yield	%	5.17	5.53	↓	5.36	↓					-1.64
Yield Curve (10s-2s)	bps	121.0	114.9	↑	83.2	↑					1.02
PLN TWI	Index	119.39	118.82	↑	118.46	↑					1.40

Source: MNI, Bloomberg

Sell-Side Views

Only one out of 18 sell-side desks whose research notes we have reviewed expect the NBP to stand pat on interest rates this week, with most analysts citing benign inflation data as the key reason behind their calls for a 25bp cut.

Alior Bank: Benign Inflation May Provoke MPC Reaction

- Alior believe that the third consecutive downside inflation surprise will likely encourage the MPC to react by lowering interest rates again.
- In their view, core inflation cooled to +2.7% Y/Y in November, which should draw the MPC's attention, alongside a strong decline in wage pressures.

Bank Pocztowy: Lower Inflation Supports Case For Cut

- In their view, another lower-than-expected CPI reading will be a strong argument for the MPC to cut interest rates again.
- In their view, inflation will average at +2.5% Y/Y in 4Q25, comfortable below the NBP's projection (+2.8%) and at a level consistent with the target.
- They expect the MPC to cut rates this week and then wait with the next cut until March 2026.

BGK: Downside CPI Surprise Underpins Call For Rate Cut

- They expect a 25bp interest-rate cut at this week's meeting after November CPI surprised to the downside.
- They estimate that core inflation eased to around +2.6% Y/Y last month, which would be a considerably more benign outturn than the forecast seen by the MPC at its previous meeting.
- Core inflation momentum (annualised, non-seasonally adjusted 3-month moving average) may have slowed to +1.2%, returning to the 2016-2019 range of +0.8%-2.0%.

- BGK note that FRA contracts are now pointing to 3-month WIBOR sitting at 3.62% within a quarter, which suggests that market consensus is shifting towards a drop in reference rate to 3.5% already in March.

BNY Mellon: Fiscal Dominance May Push Consensus Toward Hold

- They note that fiscal dominance is becoming a key theme in policy expectations, affecting rate trajectories from Japan to Brazil. Central and Eastern Europe is at the forefront of such discussions. Even the IMF has warned that fiscal expansion now threatens Poland's growth path.
- While the IMF's call for 4% of GDP in cumulative fiscal adjustment could lower the terminal rate outlook, the NBP will likely take a more conservative stance and push back where possible.
- Monetary Policy Council member Wiesław Janczyk said there was room "for a small rate cut" in the near future, but consensus will likely favour a hold.

BOŚ: November Inflation Decisive For Rate Cut

- Considering that Governor Glapiński guided that a December change in interest rates is possible (despite the MPC's tradition of staying put), the decline in headline inflation below a key psychologically significant level (the +2.5% Y/Y target) implies a very high probability of a rate cut this week.

Citi Handlowy: Risks Shift To Dovish Side

- In Citi's view, a significant drop in CPI inflation (larger than projected by the NBP) suggests that the MPC could lower interest rates by 25bp already at this week's meeting.
- Although their forecast assumes a terminal rate of 3.75% in this cycle, the risks have shifted towards a lower level.

Commerzbank: Polish Inflation Slows, Rate Cut Expected

- Commerzbank write that inflation has dipped below NBP's target, bolstering expectations of a rate cut this week. The slowdown in inflation was largely driven by food and energy prices, but core inflation probably also decelerated in November.
- They note that the monthly increase in prices which annualises to NBP's +2.5% Y/Y target is 0.206%, which means that inflation has been running at below-target for some months now.
- The below-target inflation print will add to the deflationary PPI data and slowing wage data, which had anyway made a 25bp rate cut quite likely in December.
- In Commerzbank's view, the CPI print will further encourage NBP to not wait, and to cut its base rate by 25bp to 4.00%, while signalling that rate cuts will continue during Q1 2026.

Crédit Agricole: Inflation & Wage Data Trigger Call Change

- They changed their call in reaction to below-forecast wage and inflation data and now expect the NBP to cut interest rates by 25bp this week.
- In their view, the central bank will reduce rates by a further 25bp in 1Q26, bringing it to a terminal level of 3.75%.

Goldman Sachs: NBP To Cut By 25bp As Inflation Undershoots Expectations

- Governor Glapiński emphasized in October that policy changes were rare in December, but he appeared to roll back that message at the November meeting, stating that future cuts may be 'in a month or half a year'. He also indicated that a 4% key rate wouldn't be too high if CPI were to remain stable at +2.5% Y/Y.
- Since then, November inflation surprised to the downside, while the latest news on wages – a key focus for the NBP – has also been dovish.
- Taking into account the weakness in CPI and wage data, Goldman are forecasting a 25bp cut to 4.00% this week. Their longer-term views on Polish inflation and policy rates remain dovish.
- While the persistence of services inflation remains a concern, external factors – including zloty strength – continue to exert downward pressure on inflation.
- They expect inflation to rise slightly to +2.7% Y/Y in December, but to then return below the NBP's 2.5% target in Q1.

- Consistent with these views, they continue to expect the NBP to cut rates from 4.25% currently to a terminal rate of 3.50%, in line with their assessment of neutral nominal rates in Poland.

ING: Inflation Undershoot Opens Door To December Cut

- They stand by their call for a 25bp reduction in interest rates, which would bring the reference rate to 4%.
- They expect Governor Glapiński to signal satisfaction with on-target inflation, but also to guide that the Council has already delivered a significant amount of monetary easing and will make decisions on a meeting-by-meeting basis in reaction to incoming data.
- In their view, the beginning of the year will not be a good time to change monetary policy parameters because of the absence of detailed inflation data. Theoretically, the next cut can be delivered in March, especially if the new projection indicates a risk of an inflation undershoot. However, a December cut also seemed to be off the table, before the Governor ruled it in last month.

JP Morgan: NBP To Cut Rates By 25bp This Week

- JP Morgan write that despite strong economic growth, Poland's immaculate disinflation continues and in November preliminary data showed CPI falling to +2.4% Y/Y. Core inflation softened in tandem, and though complete data is not available at this point, they estimate it fell to +2.7% Y/Y.
- This follows October data published earlier last week showing wage growth slowing to just +6.6% Y/Y, and the confirmation of the 2026 minimum wage adjustment at 3% suggests this could be sustained. The Energy Minister also indicated that, although the tariffs set by regulator URE are not yet known, electricity bills will fall for households in 2026.
- In this context, they now expect the NBP to cut rates another 25bps this week to 4%, and maintain a cut in the forecast for March next year, thus shifting their forecast terminal rate to 3.75%. They stop at 3.75% due to their reading of the MPC's voiced preferences, but the narrative could easily shift to allow a further cut to 3.5%.

mBank: Current Data Suggest December Will Bring Another Cut

- They note that current inflation and wage data suggest that the NBP will reduce interest rates again this month, with short-term forecasts signalling that there is still room to ease monetary policy.
- In their view, the cycle of cuts to the reference rate will terminate at 3.00%.

Pekao: Benign Inflation Tipped Balance

- Pekao think that low inflation in November tipped the balance in favour of a fifth consecutive interest-rate cut, with the 'adjustment' set to bring the reference rate to 4.00%.
- They expect the MPC to recommence its rate-cutting cycle at the beginning of next year.

PKO: Inflation Surprise May Inspire Imminent Rate Cut

- In their view, the larger-than-expected decline in headline inflation and a positive surprise in core inflation may inspire the MPC to bring the next rate cut forward to this week's meeting.
- They expect inflation to remain anchored at the target through 2026, but the annual CPI basket re-weighting in March is a source of uncertainty.

Santander: NBP May Cut Reference Rate To 3.5% Already In 1H26

- They think that a 25bp rate cut is a done deal after the release of below-forecast November CPI and earlier data that showed a further deceleration of wage growth.
- The November CPI print shifted Santander's inflation projection for the coming quarters lower. They now think that inflation will stay below the +2.5% Y/Y target for most of 2026.
- As a result, they have changed their interest-rate call and now expect the MPC to cut the reference rate to 3.5% or lower already in 1H26, moving in 25bp increments.

Société Générale: NBP To Deliver 'Celebratory Cut'

- They expect a 25bp cut and note that Governor Glapiński put a December move on the table. They remind that December is not usually a month in which the NBP likes to act (in fact, this has only happened three times since 2000). They believe that Glapiński's comments suggest a strong appetite to do so this time.

- In their view, the other MPC members are likely to support such a move, which would be a kind of "celebratory cut". Nevertheless, as with every NBP meeting, surprises cannot be ruled out and there is a significant chance that they will "honour the tradition" and refrain from taking action.
- Looking ahead to next year, they expect the NBP to pause in January and February. This is due to the coming into force of various administrative measures (such as alcohol, tobacco and sugar excise taxes and the minimum wage increase) and the lack of reliable data (GUS updates the inflation basket during this period). This creates uncertainty regarding the inflation outlook. They then anticipate a 25bp rate cut in March and April, bringing the terminal rate to 3.50%, which is roughly in line with current market pricing.

UniCredit: Monetary Easing To Recommence In 1Q26

- They expect the Polish central bank to pause rate cuts this week, keeping the policy rate at 4.25%, although there could be a risk of a cut after weaker than expected November inflation data.
- The inflation outlook would support further cuts, as inflation is projected to end the year below +3% Y/Y, hover near that level in 2026, and reach the +2.5% target by 2027.
- However, inflation risks warrant caution. Key uncertainties include regulated energy prices, domestic demand strength and the country's fiscal policy stance.
- They anticipate the NBP will resume easing in 1Q26, once clarity on regulated prices emerges. Their baseline scenario foresees for 2026 two additional cuts, bringing the policy rate to 3.75%.

VeloBank: Lower Inflation Raises Risk Of Cut

- They note that although the market had earlier expected the NBP to leave interest rates on hold, the release of below-forecast CPI data raised the risk of a cut already at this meeting.