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All Signal, No Noise

MARKET ANALYSIS

MNI National Bank of Poland Preview: November 2025

Details:

Monetary Policy Decision	**November 5th**	**-**
Press Conference	**November 6th**	**14:00GMT/15:00CET**

MNI Point of View: Cut On Cards After Soft CPI Print

The November meeting may be the last chance for the National Bank of Poland (NBP) to cut interest rates this year as an unwritten local convention dictates that the Monetary Policy Council (MPC) sits on its hands in December. Although recent communications signalled continued vigilance amid lingering inflationary risks, another dovish CPI reading prompted a realignment of market consensus around a 25bp rate reduction. We too are inclined to think that the MPC will deliver an opportunistic cut before taking the next couple of months to reconsider its stance. Benign current inflation data and a revised macroeconomic projection should provide sufficient grounds to continue easing monetary policy. At the same time, we admit that it is a close call, with this MPC's opaque reaction function fuelling uncertainty around the outcome.

The release of benign flash October CPI readings on Friday prompted market pricing and sell-side consensus to shift toward a 25bp cut last week, setting the stage for a 'live' MPC meeting. Headline inflation unexpectedly ticked lower to +2.8% Y/Y, undershooting Bloomberg median estimate and the forecast presented by Governor Adam Glapiński at his previous press conference (both at +3.0% Y/Y). Moreover, while preliminary readings only contain a partial breakdown of the data, back-of-the-envelope estimates suggest that core inflation may have dropped to or below +3.0% Y/Y from +3.2% previously. The decline in core inflation will have been welcome news for the MPC after the Governor suggested that its stickiness underpinned Poland's heightened vulnerability to the potential unanticipated upturns in more volatile food and energy prices. The latest CPI report may have allayed this concern, while also showing a continued convergence of headline CPI toward the central bank's +2.5% Y/Y point-target.

This week's monetary policy decision may also be influenced by tactical calculations. In our preview of the October decision, we argued that contrary to the NBP's messaging, the coincidence of a given meeting with the release of a new macroeconomic projection did not seem to matter for a decision to adjust rates (see Table 1 with all post-pandemic rate cuts reproduced below). What does matter is the timing of this MPC meeting, with the panel traditionally refraining from interest-rate action in December, except when having to deal with major exogenous shocks. Governor Glapiński last month guided that the Council will likely honour this tradition, which makes the November meeting the last opportunity to cut rates this year. In our view, this raises the prospect of a repeat of the summer scenario. As a reminder, the MPC only holds a non-decision meeting in August. Explaining the out-of-consensus cut delivered in July, the Governor said that if given the opportunity, the Council would have probably waited until the next month, but the summer recess resulted in an earlier move.

Table 1. The NBP's post-pandemic interest-rate cuts by date, magnitude, and presence of a new triannual macroeconomic projection. The two adjustments delivered around the 2023 parliamentary elections are shaded in blue. The current undeclared cycle ('series of adjustments') is shaded in light green.

Date of Cut	Magnitude of Cut	Inflation Report Yes/No
September 2023	75bp	No
October 2023	25bp	No

May 2025	50bp	No
July 2025	25bp	Yes
September 2025	25bp	No
October 2025	25bp	No

In our view, the broader macroeconomic picture is still conducive for another interest-rate adjustment. Poland continues to enjoy a goldilocks economy, which should be reflected in the updated macroeconomic projection. We expect to see an upgrade to the GDP growth forecast alongside a more benign medium-term inflation projection. The extension of electricity price freezing through the end of the year should smooth out the inflation path into the year-end, despite a modest inflationary impact of the 75bp worth of monetary easing delivered since the release of the July projection (NB NBP projections assume stable interest rates through the end of the forecast horizon). The key upside risk to the inflation projection is from the potential inclusion of the introduction of the new EU emission trading system (ETS2) in 2027, which according to Governor Glapiński could boost headline inflation by as much as 2pp. If this was reflected in the new projection, the Council would have a strong argument to pursue tighter monetary policy. Because of the ongoing political negotiations around ETS2, we consider it to be low-probability scenario, considering the MPC's practice of only accounting for the legal *status quo* – but note that it is a risk, nonetheless.

Although we think that a rate cut is slightly more probable than a hold this week, a range of familiar risks may still prevent the Council from taking action. At the October press conference, the Governor warned that the expiry of electricity price cap at the beginning of 2026 and the aforementioned introduction of ETS2 in 2027, business cycle upturn and strengthening domestic demand, still robust wage growth, and 'exceptionally loose' fiscal policy are factors that could threaten medium-term price stability. For the record, we do not think that these risks represent prohibitive barriers to immediate monetary easing. Guidance from the Ministry of Energy suggests that 'unfrozen' household electricity tariffs are expected to be close to or below the current PLN500/MWh price ceiling, even as the Governor may tip hat to the capacity fee hike. Wage growth remains on gradual normalisation path, despite an expected modest upward correction in September. Finally, there is no evidence of any significant inflationary pass-through from the accelerating economic activity. On the other hand, little has changed in terms of Poland's 'exceptionally loose' (as per the Governor's description in October) fiscal policy, which MPC members see as a major limiting factor for further monetary easing. We expect this to be reaffirmed as a major source of concern at the press conference, even if the Council presses ahead with a rate cut.

Uncertainty around this week's decision remains heightened because of the MPC's untransparent reaction function, with messaging admittedly leaning to the cautious side. The declared reluctance to rush into premature cuts signalled by a majority of Council members has been a key constraint on rate-cut wagers. While explicit pushbacks against a potential resumption of monetary easing in November cannot be ignored, it should be noted that in the current phase of the monetary policy cycle, Polish central bankers have seemed to be making decisions *in the course of* their meetings rather than beforehand. Current macroeconomic data released in between their media appearances and the closed-door discussion itself appear to carry considerable potential to sway the Council one way or the other. Furthermore, Przemysław Litwiniuk, the last policymaker to give an interview before the media blackout, indicated that the benign October CPI print changed his view, and a cut is back on the table. While his comments are not necessarily representative of the wider view within the Council, they at least provide evidence that the latest inflation data may have prompted some members to reflect on their stance.

Overall, we think that there is a fairly strong case for a standard-sized 25bp rate cut in November, which would bring the reference rate to 4.25%. This would be the final rate cut this year, before the MPC takes stock of the impact of monetary easing delivered to date at the December meeting. However, we admit that there is a high risk of the Council opting for a pause, in light of cautious rhetoric deployed before recent inflation data came out. We expect Governor Glapiński to reaffirm concern about many of the familiar inflationary risks and offer his standard forward guidance, stressing data-dependence and meeting-by-meeting decision-making.

Data Watch

mni Central Bank Watch - NBP

November 04, 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	2.8	3.1	↓	4.3	↓					-0.97
Core Inflation	% y/y	3.2	3.4	↓	3.6	↓					-1.11
PPI	% y/y	-1.2	-1.5	↑	-1.0	↓					0.72
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	48.8	45.9	↑	50.2	↓					0.62
Sold Industrial Output	% y/y	7.4	-0.4	↑	2.4	↑					1.87
Exports (Mn)	EUR	24991	28388	↓	27949	↓					-2.23
Construction Output	% y/y	0.2	2.1	↓	-1.0	↑					0.58
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	11.1	10.5	↑	10.3	↑					1.64
Consumer Credit	% y/y	3.1	2.6	↑	2.8	↑					1.04
Credit to Non-Fin Corps	% y/y	9.1	7.9	↑	3.1	↑					0.95
Credit to Households	% y/y	3.1	2.6	↑	2.8	↑					1.04
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	6.6	2.1	↑	0.6	↑					1.21
Unemployment Rate	%	5.6	5.2	↑	5.3	↑					1.44
Ave Monthly Gross Wages	% y/y	7.5	9.0	↓	7.7	↓					-0.73
Employment	% y/y	-0.8	-0.8	→	-0.9	↑					0.72
Markets		**Current**	**3m ago**	**3m Chg**	**6m ago**	**6m Chg**	**2Y History**	**Hit / Miss**	**Vs Trend**	**Surprise Index**	**Z-Score**
Equity Market (WIG)	Index	111083	107886	↑	98723	↑					1.94
10-Year Bond Yield	%	5.31	5.48	↓	5.21	↑					-0.76
Yield Curve (10s-2s)	bps	115.0	110.0	↑	86.9	↑					0.91
PLN TWI	Index	118.81	118.28	↑	117.91	↑					0.26

Source: MNI, Bloomberg

Sell-Side Views

Alior Bank: CPI Data Boosts Chance Of Rate Cut

- Alior believe that the latest CPI report (unexpected decline in headline inflation, drop in core inflation) increases the probability of a rate cut this week, especially as wage growth continues to moderate.

Bank Pocztowy: Rate Cut Possible Amid Dovish Inflation Developments

- In their view, the lower-than-expected CPI reading for October suggests that reaching the NBP's point-target of +2.5% Y/Y by the end of this year cannot be ruled out.
- They think that this boosts the odds of another rate cut this week, even as cautious stance signalled by MPC members and the scale of easing delivered to date might stand in the way.

BGK: Benign Inflation Boosts Chance Of 25bp Rate Cut

- BGK take note of the fact that consensus shifted toward a 25bp cut following the release of below-forecast CPI reading for October. They align with consensus, reaffirming their call from last month.
- They note that core inflation likely fell in October (to +3.0% Y/Y per their calculations) and seasonally adjusted sequential (M/M) inflation was negative, which has been a rare occurrence post-2018.
- They caution against premature enthusiasm, but also note that the latest reading might be a sign of a deeper normalisation of price dynamics in the local economy.

BNY Mellon: NBP May Ease Rates Again

- In their view, the NBP may ease rates again at its upcoming meeting as price momentum continues to disappoint.
- Sequential inflation is clearly pointing to target realization and there are obvious signs of wages softening as job losses continue.

- Retail sales figures also surprised materially to the downside in September, which points to demand retrenchment even though real wage growth is still comfortably positive and any pre-emptive easing does risk real rates falling too low again relative to economic conditions in the near term.
- However, their flow figures are picking up clear interest in hedging CEE exposures, and this will also tighten financial conditions at the margin.

BOŚ Bank: Lower Inflation Should Persuade MPC To Cut Rates

- They remind that Governor Glapiński left the option of a November rate cut open and argue that the decline in inflation last month, including a drop in core inflation, should be a sufficient argument for a majority of MPC members to reduce interest rates.

Commerzbank: Dovish Inflation Print Increases Likelihood Of 25bp Cut

- Commerzbank write that recent commentary from multiple MPC members suggested a reluctance towards further rate cuts immediately, because of limited room for manoeuvre remaining after October's 25bp cut. Nevertheless, most members conceded that a November cut could be considered if the upcoming new CPI projections were to indicate inflation nearing the +2.5% Y/Y target by 2H2026 (not 2025).
- The flash reading of Poland's October CPI, which was published last Friday, will weigh heavily on this debate, making a rate cut more likely. This is also the case because the bugbear of the energy price cap has been removed from the debate as energy prices will now remain frozen for the rest of the year.
- While MPC chair Adam Glapiński's views are not always easy to predict, his recent dovish stance and commitment to moving towards a 4.00% policy rate are supportive factors for the exchange rate.

Crédit Agricole: NBP To Ease Policy This Week, Terminal Rate Seen At 4%

- In reaction to incoming data, they have changed their NBP call. They expect the central bank to reduce the reference rate by 25bp to 4.25% this week and see the terminal rate at 4.00%, which they now expect to be reached by March rather than June 2026.
- CA believe that the below-forecast CPI reading for October and a significant drop in core inflation will be the most important argument for the MPC to loosen monetary policy.
- They expect GDP projection to be revised slightly higher and the CPI projection to be revised significantly lower due to the extension to electricity price freezing.

Goldman Sachs: NBP To Cut By 25bp As Inflation Declines, But Uncertainty Remains High

- They expect the NBP to reduce the reference rate by 25bp to 4.25% on the back of the downside surprise to October inflation and a dovish inflation outlook more generally, while admitting that uncertainty around the decision is high.
- Although communications from MPC members suggest that the council is more likely to pause in November, Goldman note that they predate the downside surprise to October inflation. Moreover, they think that Governor Glapiński's view will be the most influential in deciding the outcome, and they are accordingly forecasting a 25bp cut, in line with his guidance indicating the potential for a November cut.
- Their longer-term views on Polish inflation and rates remain dovish. While the persistence of services inflation remains a concern, external factors – including zloty strength – continue to exert downward pressure on inflation.
- With the energy price cap now in effect till the end of the year, Goldman anticipate that headline inflation will remain below +3% Y/Y over the coming months. Consistent with these views, they expect the NBP to cut rates from 4.50% currently to a terminal rate of 3.50%.

ING: NBP Expected To Cut Rates Again

- They expect the NBP to add another 25bp rate cut to a series of sequential 'adjustments' delivered at each meeting starting in July, with elevated real interest rates leaving some room to loosen monetary policy.
- MPC members have been gesturing towards a range of medium-term inflationary risks (loose fiscal policy, robust wage growth, recovery in consumption, ETS2) but inflation keeps moderating toward the +2.5% Y/Y target, surprising to the downside in October.
- ING think that the NBP will not account for ETS2 in its new projection yet (its implementation in 2027 is not a done deal). It is unclear what will be the assumptions on 2026 household energy prices, but market

consensus is rather optimistic. The projection will accommodate 75bp worth of monetary easing delivered since July. On the other hand, 4Q25 inflation will likely be lower than anticipated in July.
- In their view, regardless of the outcome of the meeting, Governor Glapiński will lean against expectations of further interest-rate cuts, pointing to medium-term risks again. In their view, the probability of another cut in December is very low.

JP Morgan: Weak October CPI Firms Odds Of NBP Rate Cut
- They observe that the Polish economy continues to strike an impressive balance between disinflation and robust growth. Flash October CPI reading surprised to the downside, with softness in food prices explaining only part of the softness in headline, and with core inflation likely dropping below +3.0% Y/Y for the first time since 2019.
- JP Morgan had been expecting the NBP to cut 25bps to 4.25% this week, but the resilience in activity data, some rebound in core momentum in August-September and contradictory NBP communication raised a lot of risks to this decision.
- The softness in inflation data will they think dominate considerations, and hence the odds of a cut are now even higher. They expect the NBP to deliver a final 25bp cut in 1Q26 to 4%, but risks are skewed for both an earlier delivery (December) as well as a lower terminal rate if CPI momentum is maintained.

Millennium Bank: Cut Likely After Dovish Inflation Outturn
- They write that up until halfway through last week it seemed like the MPC was about to pause interest-rate cuts after lowering the reference rate by a cumulative 125bp this year alone.
- However, the unexpected drop in headline inflation in October tipped the balance toward a 25bp rate cut this week, which is now priced in by financial markets.
- However, uncertainty around the upcoming rate decision is high and the new macroeconomic projection will likely be decisive.
- Considering the Governor's comments in October, Millennium consider a 25bp cut to be a more probable scenario for this meeting than a hold.
- They still see the terminal rate at 3.50% and note that the press conference may shed some light on the pace of future monetary easing.

Pekao: New Projection Will Support Interest-Rate Cut
- Despite hawkish rhetoric, the MPC has been cutting rates in recent months, acting on the picture painted by incoming macroeconomic data – slowing wage growth and falling prices of fuels and energy.
- Pekao think that the new projection will confirm that there is considerable room for monetary easing and the MPC will take this opportunity to cut rates.
- They expect further interest-rate cuts at the beginning of next year.

PKO: MPC Set To Lower Interest Rates
- They assume that the MPC will cut interest rates by 25bp again, with the probability of this scenario boosted by a benign flash October CPI reading last week.
- Despite a general volatility of its messaging, the Council has shown heightened sensitivity to current inflation prints, and October data have also revealed further progress on disinflation in core categories.
- PKO expect inflation to keep moderating in the coming months, before sustainably reaching the NBP's +2.5% Y/Y target in 2026.

Santander: Balance Tipped Toward Rate Cut
- After the release of below-forecast October CPI data, they changed their call and now think that the MPC will cut interest rates by 25bp this week.
- They note that the new macroeconomic projection will play a key role alongside current data. On the one hand, it will account for the 75bp worth of cuts delivered since the publication of the previous projection. On the other hand, the updated CPI forecast will have a significantly lower starting point.
- Santander do not expect the MPC to signal an intention to deliver deeper cuts. In their view, the tone of messaging will remain cautious and centred around interest-rate adjustments in reaction to incoming data and analyses – which may limit the pass-through to market rates.

UniCredit: NBP To Stay On Hold

- They expect the NBP to stay on hold at 4.50% at the last two rate-setting meetings of the year, following the surprise 25bp cut at the October meeting. That said, another 25bp cut cannot be fully ruled out.
- UniCredit expect the terminal rate to reach 3.75% next year, following three additional cuts in 1H26.

VeloBank: Benign Inflation Boosts Odds Of Cut

- They note that the release of a below-forecast October CPI reading increased the probability of a 25bp interest-rate cut.
- Disinflation can be observed in core categories, where price growth may have eased to around +3.1% Y/Y.

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