

MNI National Bank of Poland Preview: October 2025

Details:

Monetary Policy Decision	October 8 th	-
Press Conference	October 9 th	14:00BST/15:00CEST

MNI Point of View: Close Call

The notorious opacity of the National Bank of Poland's (NBP's) reaction function underpins split market consensus, with the Monetary Policy Council (MPC) set to weigh another 25bp interest-rate cut against a hold. Relatively benign inflation, cooling wage growth, and reduced uncertainty around the outlook for electricity prices argue in favour of resuming monetary easing. However, a stand-pat decision would align with the MPC's previous decision-making pattern, the timing of the next in-house macroeconomic forecast, and recent rhetoric emphasizing caution amid expansionary fiscal policy. While we see solid grounds for justifying a rate cut and place limited weight on calendar factors or cyclical considerations, an on-hold decision appears almost equally likely. Ultimately, the meeting's outcome may hinge on the dynamics of the closed-door discussion.

September saw the Council reach a decision to reduce interest rates by 25bp, but the balance of risks was assessed to the upside, while Governor Adam Glapiński's rhetoric remained ambiguous. The panel continued to describe its actions as a series of one-off *adjustments* rather than a *cycle*, refusing to make any commitments in terms of probable future actions. However, the Governor ruled in further monetary easing this year, noting that any number from zero to two 25bp cuts was a viable scenario for 4Q25 – especially if at least one of the upside inflation risks disappeared from the picture. Nonetheless, subsequent comments from his colleagues revealed a degree of apprehension about loosening monetary policy too quickly as fiscal policy remained expansionary and debt metrics kept deteriorating.

In the meantime, the macroeconomic backdrop continued to evolve in a dovish direction, with headline CPI stagnating at +2.9% Y/Y in September (as per the flash reading) against expectations of an uptick to the psychologically significant +3.0% level. This leaves inflation at a cyclical low and comfortably within the +/-1pp tolerance band around the +2.5% point-target. The latest inflation report came on the heels of August labour market and activity data, which reflected modest cooling in the domestic economy. Perhaps most importantly, the gradual easing of tensions in the labour market progressed further, with wage growth surprising sharply to the downside. This bears some significance, given the NBP's emphasis on robust wage growth as one of the crucial ongoing upside risks to inflation. The August outturn confirmed that the earlier downtrend was intact, while nominal wage growth was at the lowest level since early 2021 and will almost certainly undershoot the NBP's central projection for 4Q25 (+7.7% Y/Y).

Meanwhile, uncertainty around household electricity prices has largely dissipated. President Karol Nawrocki signed off on legislation extending the existing PLN500/MWh price cap through the end of this year, while local regulator URE lowered the nominal electricity tariff for the remainder of this year to PLN572.64/MWh. The latter has no immediate effect for households – their bills remain subject to the price freezing mechanism – but reflects the direction of the tariff, which is expected to be lowered again once the price cap expires at the start of 2026. As a reminder, the Governor said at the September press conference that an extension to the price freezing mechanism is one of the factors that could trigger a rate cut, possibly as soon as in October. Should he decide to present an updated interim CPI projection this week, it should no longer show inflation rebounding above the tolerance band into the year-end on the back of the hypothetical spike in electricity prices.

While incoming data should pour cold water on concerns about hawkish risks from the business cycle and tight labour market, and the conclusion of the legislative process surrounding electricity price cap extension eliminates a key source of uncertainty, the MPC will probably reiterate its worry about the fiscal situation. The Finance Ministry's recently published medium-term debt strategy indicated that the debt-to-GDP ratio could cross the 55% threshold by

2028, at which point (*ceteris paribus*) the government would have to introduce drastic austerity measures. Although Finance Minister Andrzej Domański vowed additional preventative fiscal consolidation measures to avoid hitting this threshold, concrete plans are yet to be unveiled and legislated for. The NBP has historically refrained from speculation and only factored legal measures into its calculations after their formal adoption, which implies that from the central bank's perspective, the medium-term fiscal outlook is roughly the same as in September.

With fiscal concerns playing into the hands of monetary hawks, cyclical patterns in the NBP's forecasting and interest-rate action lend further support to the case for standing pat this week. The NBP delivered the earlier 100bp worth of rate cuts this year sequentially, moving in every other month starting in May. In addition, the MPC will receive a fresh triannual macroeconomic projection in November, which should in theory provide a clearer and more comprehensive picture of the medium-term outlook, and hence offer a stronger justification of a resultant monetary policy decision. Contrary to some analysts, we do not see these 'calendar' factors as potentially decisive. Admittedly, MPC members have often stressed the importance of in-house projections. But in practice, this was mostly reflected in rhetoric rather than action. In the sequence of five cuts that took the reference rate from its post-pandemic peak of 6.75%, only one reduction (July 2025) was delivered alongside the release of a new projection. Even then, Governor Glapiński admitted that the MPC would have likely delayed the cut until August, but traditionally there is no decision meeting that month. On a related note, the apparent pattern of cutting rates on every other month may be skewed by the NBP's summer recess. Hence, we think that consensus may be overplaying the importance of cyclicity.

Table 1. The NBP's post-pandemic interest-rate cuts by date, magnitude, and presence of a new triannual macroeconomic projection.

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

As for the MPC's bias, Governor Glapiński said in September that members still had a 'cautious will' to cut interest rates (easing bias) and admitted that real rates remained high. The only reason preventing them from loosening monetary policy were objective inflationary risks, but once these would have subsided, the panel could press ahead with further easing. This was counterbalanced by comments from several policymakers, with consensus in the Council seemingly converging towards just one more rate cut this year. That being said, we see heightened uncertainty around any forward guidance. The NBP's reaction function remains notoriously fuzzy and time-inconsistent, with the course of the closed-door debate carrying considerable potential to sway the vote.

Our bias is for a 25bp rate cut already this month, though we see the odds of a hold as virtually even. If the Governor's guidance is anything like a reliable indicator, Poland scores better across most of the risk factors he listed at the September press conference, where he also signalled that dovish developments could prompt an immediate interest-rate reduction. The latest monthly data confirm ongoing labour-market normalisation and show no signs of an unexpected cyclical rebound, while uncertainty surrounding household electricity prices has largely faded. Fiscal policy remains a concern, but no more so than in September, and the near-term outlook on that front appears broadly unchanged. On the other hand, we concede that the NBP might choose to tactically delay the next cut until November, in order to signal its commitment to keeping inflation in check amid continued fiscal expansion.

Data Watch

mni Central Bank Watch - NBP

October 07, 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	2.9	4.1	↓	4.9	↓					-0.95
Core Inflation	% y/y	3.2	3.3	↓	3.6	↓					-1.34
PPI	% y/y	-1.2	-1.5	↑	-1.3	↑					0.44
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	48.0	44.8	↑	50.7	↓					0.23
Sold Industrial Output	% y/y	0.7	4.0	↓	-1.9	↑					-0.15
Exports (Mn)	EUR	28187	28414	↓	28220	↓					0.12
Construction Output	% y/y	-6.9	-2.9	↓	-0.1	↓					-1.65
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	10.3	↑	9.1	↑					1.83
Consumer Credit	% y/y	2.7	3.1	↓	2.2	↑					0.04
Credit to Non-Fin Corps	% y/y	9.5	5.6	↑	4.7	↑					1.40
Credit to Households	% y/y	2.7	3.1	↓	2.2	↑					0.04
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	3.0	4.3	↓	0.6	↑					-0.27
Unemployment Rate	%	5.5	5.0	↑	5.4	↑					1.25
Ave Monthly Gross Wages	% y/y	7.1	8.4	↓	7.9	↓					-1.43
Employment	% y/y	-0.8	-0.8	→	-0.9	↑					0.94
Markets		Current	3m ago	3m Chg	6m ago	6m Chg	2Y History	Hit / Miss	Vs Trend	Surprise Index	Z-Score
Equity Market (WIG)	Index	107084	104692	↑	95953	↑					1.69
10-Year Bond Yield	%	5.52	5.52	↓	5.73	↓					-0.21
Yield Curve (10s-2s)	bps	122.0	92.4	↑	66.9	↑					1.21
PLN TWI	Index	119.11	119.24	↓	119.23	↓					0.23

Source: MNI, Bloomberg

Sell-Side Views

Alior Bank: Considerable Chance Of Another 25bp Cut

- Alior expect one more 25bp cut this year and believe that it could be delivered already this week.
- The MPC received a number of arguments to take action – the electricity price freeze was extended until the year-end and macroeconomic data (especially wages and inflation) were softer than expected.

BGK: NBP Likely To Cut Rates

- They think that wage momentum and economic activity metrics were below the MPC's expectations in September and note that overall inflationary pressure remains muted, household electricity price freeze has been extended, while there is high probability of the electricity tariff staying close to the current price cap (PLN500/MWh) in 2026.
- As a result, they expect the MPC to trim interest rates this week, despite hawkish arguments related to loose fiscal policy and heightened services price inflation.

BNY Mellon: No Change In Rates Despite Weakening Economy

- No change is expected from the NBP as rates are expected to remain at 4.75%, but the Monetary Policy Council will need to acknowledge a material deterioration in data through September on the output and household demand side.
- There are signs that the economy is weakening further as indicated by the latest PMI result, and flat sequential inflation for September suggests steady progress is being made toward anchoring inflation back at target ranges.

BOŚ: Close Call But Hold More Likely

- They expect the NBP to keep interest rates unchanged, with the reference rate at 4.75%, but the probability of this scenario coming to fruition is just above 50%. In their view, the NBP will likely keep rates on hold to spread the process of monetary easing over time, in line with the earlier pattern.
- They remind that most MPC members have signalled their intention to deliver just one 25bp rate cut in 4Q25 and cited the need to remain cautious amid loose fiscal policy and robust wage growth, which fuels services inflation.
- On the other hand, this week's decision comes with heightened uncertainty amid Governor Glapiński's ambiguous guidance in September, when he spoke cautiously about further cuts, but then ruled in a potential October move – which could be facilitated by slowing wage growth and an extension of household electricity price freeze.
- BOŚ Bank flag uncertainty around the MPC's interpretations of the outlook for electricity prices. The regulator cut the tariff for 4Q25 to PLN572.64/MWh from PLN623/MWh, but prices are capped at PLN500/MWh anyway. The tariff for 2026 has not been announced, but if the current tariff remains in force, then electricity bills would increase by 7% M/M in January, boosting headline CPI by 0.3pp.
- They further point to the MPC's untransparent reaction function, which translates into uncertainty about this week's vote.

Citi Handlowy: Sub-3% Inflation & Electricity Price Freeze To Result In 25bp Rate Cut

- They expect the MPC to cut the reference rate by 25bp after September CPI printed below +3.0% Y/Y, while electricity price caps were extended until the end of the year.
- Although they had initially assumed that the next cut would be delivered in November, these factors prompted a call change.
- Citi admit that a delay until November would not be a big surprise. In any case, they expect just one cut until the end of 2025.
- They pencil in four cuts for the remainder of the cycle, which would bring the reference rate to 3.75% by mid-2026.

Crédit Agricole: Low-Conviction Call For Hold

- In their view, the MPC will keep interest rates unchanged amid cautious rhetoric from panel members.
- Governor Glapiński warned that loose fiscal policy, robust wage growth, and a recovery in consumption warrant a conservative approach to monetary easing. Most MPC members have expressed similar views.
- Crédit Agricole see considerable risk of the materialisation of an alternative scenario, in which the NBP would cut rates this week. However, a cut in November remains their baseline.

Goldman Sachs: Benign Inflation Print Cements Rate-Cut Call

- They remind that following the 25bp cut at the September MPC meeting, NBP President Adam Glapiński indicated that another rate cut could be considered at the October meeting, depending on incoming data.
- In Goldman's view, the recent relatively benign inflation print, along with the Q4 power price freeze, solidifies expectations for a rate cut at Wednesday's monetary policy decision.

HSBC: Close Call But Further Easing Remains Likely

- They expect further policy easing from the NBP but think that an on-hold decision is more likely this week – although it is a close call.
- HSBC note that headline inflation has returned to the NBP's target range and core inflation has also been trending lower to +3.2% Y/Y in August, the lowest reading since early 2020. However, according to the latest central bank forecast, core inflation will bottom out here and average +3.2% Y/Y in 2026, while Governor Glapiński stressed that as long as core inflation remains elevated at around +3% Y/Y, risks to sustainably meeting the inflation target will remain skewed to the upside.
- This is why they think that after the rate adjustment from May to September, the NBP will now proceed more cautiously, with a 25bp cut each quarter from 4Q25 to 2Q26, taking policy rate from 4.75% in September to 4.0% in mid-2026.

- Still, the government has recently legislated an electricity price freeze until end-2025, preventing a spike in inflation to +3.7% Y/Y in December. The new electricity tariff to apply from 2026 remains uncertain as it is due to be announced in December, but the government expects it to be close to the current freeze price.
- More fundamentally, the elevated core inflation outlook puts a floor on policy easing. Inflationary pressure stems from strong real wage growth and robust consumer spending. The loose fiscal stance remains the NBP's main concern.

ING: Interest Rates Should Stay On Hold

- ING expect interest rates to stay on hold. They note that analysts are divided as to whether the MPC will cut interest rates by 25bp again or postpone the cut until November, which in their view reflects the quality of the NBP's communication with markets.
- Despite reducing the reference rate by 100bp this year, the NBP continues to refuse to call it a 'cycle' and describes its actions as 'adjustments'. A pause in October after a 25bp adjustment in September would be consistent with the earlier pattern.
- On the other hand, the extension of electricity price freeze and a lower-than-expected inflation outturn for September may prompt some MPC members to consider a rate cut already this month. However, ING think that the timing of the release of the next macroeconomic projection may be decisive.

Millennium Bank: October Cut Seen As More Probable

- Millennium think that a 25bp rate cut is a more probable scenario after inflation stayed at +2.9% Y/Y in September amid a continued dissipation of inflationary pressures.
- Furthermore, they note that uncertainty around electricity prices has disappeared after the price freezing mechanism has been extended until the end of this year, while wage growth was slower than expected.
- On the other hand, the publication of a new macroeconomic projection in November and general caution with monetary easing amid loose fiscal policy suggest that the cut could be delayed until next month.
- However, considering that incoming macroeconomic data should not materially change the assessment of the economic outlook, Millennium see no basis for a delay.

Pekao: Split Consensus

- They write that the outcome of the meeting is a mystery and they have not seen such a lack of analyst consensus for a long time. As a result, there is considerable potential for surprises and in their view the rate-cutting cycle is nearing the halfway mark.
- Pekao expect no change in the reference rate this week.

PKO: Hold Expected; Scope For Surprise Remains

- They expect the NBP to leave interest rates unchanged but note that the outlook is subject to considerable uncertainty due to the positive inflation surprise in September and greater clarity regarding energy prices, which may prompt another 25bp cut.

Santander: Next Cut Likely In November

- They stick with their earlier call for a 25bp rate cut only in November, with the MPC likely to wait for a new macroeconomic projection, even as the probability of a cut definitely increased after the latest round of economic data (weaker-than-expected wage growth, a decline in construction output, inflation staying below +3% Y/Y), as well as the dissipation of uncertainty around energy prices in 4Q25.
- However, a recent interview with Deputy Governor Marta Kightley, emphasising the risks associated with loose fiscal policy, supports their opinion that the MPC will not rush into further monetary easing.

Société Générale: NBP To Stand Pat But Room For Surprise Is Elevated

- SocGen describe the upcoming rate decision as 'an event which promises not to leave anyone indifferent', with the market divided between those who believe the central bank will continue with its easing cycle given the soft inflation data, and those who are betting on a pause amidst recent hawkish communication.
- In their view, there are very reasonable arguments on both sides, and the decision is likely to be very tight and not absent of internal debate.

- They point to a progress on the inflation outlook (below-consensus headline CPI, marginal uptick in core inflation, sharp downside surprise in wages), an extension to household electricity price freeze, and approval of new electricity tariff at PLN573/MWh.
- In their view, the key question is whether all of these factors will be enough to convince the MPC to cut rates, as several board members have expressed a strong preference for a more gradual approach to monetary policy decisions amidst growing fiscal policy risks and a desire to avoid abrupt policy changes if the inflation outlook were to deteriorate in the coming months.
- They note that the NBP modus operandi has been to cut rates sequentially every second month, implicitly revealing a desire to proceed with caution. Furthermore, Governor Adam Glapinski has consistently avoided to call the previous interest rate cuts as an easing cycle, but rather “adjustments”.
- As a result, they believe that cutting in October would be at odds with both the words and past behaviour of the MPC, and instead expect them to hold rates at the current 4.75%. Nevertheless, the room for a surprise in this upcoming meeting is especially elevated, given the factors explained above.
- Going forward, they expect the NBP to cut rates again in November, once central bankers would have received the new staff projections which are likely to reassure them that inflation will stay within the tolerance band over the coming months. SocGen then expect the final two cuts in March and July 2026, to reach a terminal rate of 4.00%, slightly above market pricing (3.75%).

VeloBank: Leaning Towards November Cut

- They expect the NBP to cut rates in November but admit that recent surprises in data and the dissipation of uncertainty around electricity prices could result in a move in October.