

## MNI National Bank of Poland Preview: September 2025

### Details:

Monetary Policy Decision	September 3 <sup>rd</sup>	-
Press Conference	September 4 <sup>th</sup>	14:00BST/15:00CEST

### MNI Point of View: On-Target Inflation Raises Odds Of Cut

Returning from a summer recess, the National Bank of Poland (NBP) is expected to deliver another 25bp interest-rate adjustment, bringing the reference rate to 4.75% this week. Headline CPI inflation has now been within the +/-1pp tolerance band around the NBP's +2.5% Y/Y target for two consecutive months and is expected to stay there over the medium term, while core price pressures have continued to subside. A continued cooling of the labour market should help assuage the concerns of Polish central bankers, with nominal wage growth easing to multi-year lows. However, loose fiscal policy and uncertainty around energy prices will be a restraint on appetites for more aggressive monetary easing.

Macroeconomic data that came out during the Monetary Policy Council (MPC) summer recess amounted to a picture of a goldilocks economy. Despite some remaining headwinds, high-frequency indicators suggest that activity is picking up, while the labour market is normalising, with nominal wage growth cooling more than expected to +7.6% Y/Y, the slowest pace since 1Q21. Headline inflation returned to the +/-1pp tolerance band around the +2.5% Y/Y target in July and edged closer to the point-target in August, marginally undershooting market expectations. Although only a flash reading of August CPI is available at this point, sell-side consensus based on a partial breakdown is that core inflation may have ticked lower as well, indicating a moderation in underlying pressures. Furthermore, survey data testify to a broad-based decline in inflation expectations as households, companies, and investors gain more confidence about future price stability.

Meanwhile, financial conditions remain relatively tight. Real interest rates remain elevated, both in ex-ante and ex-post terms, dampening economic activity. This feeds into consumer behaviour and some observers have hypothesised that the current level of interest rates might be (one of the) reason(s) behind Polish households' historically heightened propensity to save. At the same time, the NBP's reluctance to shift to a higher gear with its monetary easing has lent continued support to the zloty. The exchange rate has helped contain imported inflation, with EUR/PLN stuck in a sideways trend within a narrowing range centred around the 4.26 mark since early April.

Much of the MPC's summer recess saw virtual radio silence from panel members, followed by comments from a couple of policymakers last week. Both Henryk Wnorowski (Bloomberg) and Iwona Duda (Business Insider) suggested that the room for further cuts this year is limited to around 25bp, although Wnorowski saw a decent chance of it being delivered already in September, while Duda said she would rather wait. It may be cautiously assumed that the tone of their comments reflect sentiment within the MPC, given that they spoke right after the panel's one-day non-decision meeting held on August 26, which was the last opportunity for all members to exchange views.

Otherwise, the scarcity of NBP talk over the past few weeks leaves Governor Adam Glapiński's July forward guidance as a key point of reference. To recap, a couple of months ago, the Governor told a press conference that the MPC could loosen monetary policy further in September if favourable trends were maintained (although this guidance was prompted by a targeted question and relatively non-committal) and could continue cutting the reference rate in subsequent quarters, possibly to a terminal level of 3.0-3.5%. On the other hand, he listed (1) the acceleration of economic activity, (2) labour market tightness, (3) energy prices, and (4) loose fiscal policy as key risks. In [our review](#) of the July monetary policy meeting, we wrote that 'out of the four key risks mentioned by the Governor, only the 'very loose fiscal policy' seemed to be a significant source of concern' – and stand by this view, with the usual caveat that the way the MPC interprets macroeconomic developments can be highly unpredictable.

The rate decision will be delivered just a few days after the government unveiled the main parameters of the proposed 2026 budget. The degree of fiscal consolidation is unlikely to satisfy central bankers, especially after several upward revisions to this year's projected deficit-to-GDP forecast, following Governor Glapiński's repeated warnings about ballooning debt and his suggestions that the NBP may need to compensate for its inflationary impact by altering the pace and scale of monetary easing accordingly. For the record, we do not share the Governor's concerns to the full extent. The bulk of 'extra' spending is related to national defence, with most purchases to be made abroad and priced in FX, as political decisionmakers consider it a geopolitical necessity to remain a leading NATO member in terms of defence spending as a share of GDP. Furthermore, the miss in realised VAT revenue forecasts this year stems from an overshoot in private consumption projections, which could paradoxically be remedied by relaxing monetary policy. That being said, we expect the Governor to reaffirm his hawkish concerns at the press conference on Thursday.

The outlook for energy prices is another source of uncertainty after President Karol Nawrocki vetoed legislation extending household electricity price freeze, which the government bundled together with measures easing the rules on the construction of onshore wind turbines. Both the Presidential Palace and the governing coalition have signalled their intention to keep electricity prices in check, but their tug-of-war over who should claim credit for doing so may derail relevant legislation. In any case, the impact on consumers should be much more muted than assumed by the NBP in its projections. Even if the PLN500/MWh price cap is fully lifted from October 1, in line with existing legislation, prices will be re-set to an updated tariff rather than the existing PLN622.8/MWh tariff. Energy regulator URE is yet to announce the new price but wholesale market trends suggest that it should be considerably lower than before.

In our view, the unfolding goldilocks macroeconomic scenario gives the rate-setting panel in a comfortable position to loosen monetary policy further. Our cautious expectation is that the MPC will reduce the reference rate by 25bp to 4.75% in another one-off 'adjustment'. However, on account of the NBP's untransparent and time-inconsistent reaction function, we see two-sided risks to this call. The Council has demonstrated an ambiguous approach to formulating assumptions behind its forecasts. It has usually assumed the continuation of the legal *status quo*, preferring it over guesstimating the most likely outcome, but on some occasions the Governor did drop some hints about the MPC's subjective impressions. For instance, it is difficult to guess how the MPC might interpret the 2026 budget draft, given that the fiscal plan is yet to be submitted to parliament by the end of September, while political impasse raises questions about some of the key tax-hike proposals. As a result, we are biased towards a cautious 25bp rate cut, which would be consistent with macroeconomic fundamentals, while accounting for the MPC's idiosyncratic handling of uncertainty. A hold would likely mean a delay rather than a scrapping of a potential cut.

## Data Watch

### mni Central Bank Watch - NBP

September 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	2.8	4.0	↓	4.9	↓					-1.02
Core Inflation	% y/y	3.3	3.4	↓	3.7	↓					-1.00
PPI	% y/y	-1.2	-1.6	↑	-1.0	↓					0.51
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	46.6	47.1	↓	50.6	↓					-0.43
Sold Industrial Output	% y/y	2.9	1.2	↑	-0.9	↑					0.96
Exports (Mn)	EUR	28006	29690	↓	24860	↑					0.03
Construction Output	% y/y	0.6	-4.2	↑	4.2	↓					0.46
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	10.8	10.4	↑	9.4	↑					1.83
Consumer Credit	% y/y	2.8	3.0	↓	2.3	↑					0.32
Credit to Non-Fin Corps	% y/y	9.2	4.2	↑	4.7	↑					1.82
Credit to Households	% y/y	2.8	3.0	↓	2.3	↑					0.36
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	4.8	7.9	↓	6.1	↓					0.52
Unemployment Rate	%	5.4	5.2	↑	5.4	→					0.99
Ave Monthly Gross Wages	% y/y	7.6	9.3	↓	9.2	↓					-1.22
Employment	% y/y	-0.9	-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	105088	101476	↑	91996	↑					1.66
10-Year Bond Yield	%	5.55	5.36	↑	5.76	↓					-0.10
Yield Curve (10s-2s)	bps	117.5	83.2	↑	49.9	↑					1.39
PLN TWI	Index	118.82	118.46	↑	118.63	↑					0.48

Source: MNI, Bloomberg

## Sell-Side Views

### BGK: Arguments For Modest Cut Prevail

- They expect the NBP to cut interest rates by 25bp. BGK think that the recently published draft of the 2026 budget bill can be interpreted as a reason for caution in loosening monetary policy. However, in their view, several other factors should prevail.
- Firstly, Poland's real interest rates (ex-ante and ex-post) remain in an uptrend, with ex-ante rate close to its historic highs, which were previously reached while fighting inflation reaching +5% Y/Y as opposed to current on-target inflation. Secondly, inflation expectations are broadly normalising, both among households and enterprises. Thirdly, the August CPI print had dovish implications.

### BNY Mellon: Seeing 25bp Cut After Sequential CPI Contraction

- BNY expect the NBP to cut the reference rate by 25bp to 4.75%, continuing its easing cycle as inflation continues to soften, with August preliminary numbers showing a contraction of 0.1% M/M.
- Minutes from the July 2 meeting reported a majority view that an improved inflation outlook justified July's adjustment. They also stated that subsequent decisions will depend on incoming data, with uncertainty tied to fiscal policy and administered energy prices.
- The minutes noted that inflation could remain consistent with the target in Q4 if the electricity price freeze is extended.

### BOŚ Bank: Probability Of 25bp Cut Seen Just Slightly Above 50%

- They write that the 2026 budget draft raises risk to the baseline scenario assuming a 25bp rate cut at this week's MPC meeting.
- In their view, the decline in headline inflation in August and the implied fall in core inflation will be the main argument in favour of a rate cut.

- However, the probability of a cut is just slightly above 50% – loose fiscal policy coupled with the focus on the next macroeconomic projection could result in an on-hold decision.

#### **Citi Handlowy: Core Inflation Momentum Leaves Room For Cut**

- In their view, the momentum of core inflation leaves some room for a 25bp interest-rate cut this week, regardless of the outlook for energy prices.

#### **Commerzbank: NBP Likely To Cut Rates This Week**

- They note that on Friday, the Stats Office published an estimate of August inflation which pleasantly surprised the market and prompted media commentary that a rate cut by the national bank (NBP) this Wednesday was now a given.
- However, the August data themselves: the data represent a modest improvement in the underlying inflation dynamic, not a huge improvement. As usual, the year-on-year number is of little relevance. The month-on-month rate of change was negative (-0.1%), which fuelled more optimism. But the drop occurred because of a sharp increase in the previous month on account of power, heating and gas prices. In any case, after seasonal adjustment, the price level still increased by faster than target in August.
- Still, they were anyway expecting a cut this week; only a major upward CPI surprise for August would have changed their view.

#### **Crédit Agricole: Loose Fiscal Policy, Uncertain Energy Price Outlook To Support On-Hold Decision**

- In their view, the NBP will keep the reference rate unchanged at 5.00% and stick with a familiar tone of the statement.
- Uncertainty around energy prices in 4Q25 (stemming from the President's veto of a bill extending price caps) and above-forecast fiscal deficits pencilled in for 2025 and 2026 provide arguments to leave monetary policy parameters unchanged.
- CA concede that there is a risk of a rate cut this week, but if this scenario materialises, the NBP would likely postpone subsequent cuts.

#### **Goldman Sachs: 25bp Rate Reduction Expected, Risks Skewed Towards Larger Cut**

- They align with consensus and call for a 25bp cut to the reference rate.
- Goldman remind that the Governor highlighted that, while energy prices, fiscal policy, and wage dynamics remain a source of uncertainty, an "interest rate cut in September may be possible depending on Q4 power prices" (which drove a large decline in inflation in the July print).
- More recently, August headline inflation declined by 0.3pp to +2.8% Y/Y, a touch below Goldman's forecasts and consensus expectations (both +2.9% Y/Y). In Goldman's view, this downside surprise solidifies expectations for a rate cut at Wednesday's monetary policy decision.
- Given the uncertainty around the NBP's short-term reaction function, the scope for surprises in either direction remains substantial. However, reflecting Poland's weak underlying inflation dynamics and the high level of policy rates, they think the risks are skewed towards a 50bp cut rather than unchanged rates.

#### **ING: MPC To Lower Interest Rates By 25bp This Week**

- In their view, a 25bp cut this week is a done deal, as inflation is close to the NBP's target and core inflation remains in a downtrend, while nominal reference rate remains at a relatively high level.
- They note that MPC members listed the following factors as key determinants of the inflation outlook: (1) economic activity, (2) labour market situation, (3) energy prices, and (4) fiscal policy.
- ING note that recent developments in most of these areas have been favourable, perhaps with the exception of fiscal policy. It is looser than initially signalled this year and there is no prospect of significant fiscal consolidation in 2026.
- In their view, loose fiscal policy may be mentioned by the Governor and should support caution in monetary easing in the coming months. They expect a pause in October, followed by renewed debate on cutting rates in November, when the MPC receives an updated macroeconomic forecast.



**JP Morgan: Expecting Cut Only In November**

- They note that soft inflation data for August likely supports the consensus view of a 25bp NBP cut this week to 4.75%.
- JP Morgan's view has been of rates remaining unchanged on several reasons: erratic NBP behaviour, resilient economic growth and wage dynamics.
- While recognizing that the chances of a rate cut have increased after the data released today, they continue to expect a cut only in November.

**Pekao: Benign Inflation Outlook To Justify 25bp Cut**

- Pekao write that after the latest inflation print, a rate cut is virtually a done deal, and there has been speculation around the potential for an adjustment exceeding the standard 25bp.
- They expect a 25bp cut in a continuation of one-off adjustment, which the MPC refuses to call a cycle. Benign inflation outlook is the main argument in favour of monetary easing.

**PKO: Expecting 25bp Rate Cut**

- They believe that the MPC will lower interest rates by 25bp this week.
- Although the cuts from May (50bp) and July (25bp) were called 'adjustments' rather than a beginning of a cycle, the room for another move loosening monetary policy has widened.
- Inflation data have been better than expected, labour market is cooling, and exchange-rate strength supports disinflation.
- In PKO's view, there is a high probability of another 25bp rate cut in November, after the publication of the new inflation projection.

**Santander: Fiscal Plans Weigh On Conviction In Call For 25bp Cut**

- They write that the rate cut no longer seems to be a done deal after the publication of the main parameters of the 2026 budget draft.
- Although moderating inflation should encourage the Council to continue lowering interest rates, high deficit and loose fiscal policy coupled with the impasse in government-president relations (which blocks proposed tax hikes) may be a reason for delaying further cuts.
- For now, Santander still expect the MPC to deliver a 25bp rate cut this week but see a high risk of an on-hold decision.

**Société Générale: Rate Decision To Be Taken Amid Goldilocks Macroeconomic Context**

- SocGen write that the current macroeconomic context in which the central bank will decide on the policy rate could be characterised as goldilocks: strong economic growth and relatively low inflation.
- Preliminary data showed an acceleration in 2Q GDP, rising from +0.7% to +0.8% Q/Q. So far in 3Q25, there has been mixed macro data, with retail sales weaker than expected when looking at seasonally adjusted momentum, while industrial production has beaten consensus expectations. Overall, they believe that Poland is heading towards GDP growth of above +3% this year, which would place the country among the top performers within the EU.
- Meanwhile, inflation slowed sharply in July, falling to +3.1% Y/Y due to strong base effects. According to their latest forecasts, inflation is expected to remain within the +2.6-3.0% Y/Y range until the end of the year, mainly due to low energy and fuel prices and moderating wage growth.

**UniCredit: Close Call**

- After the surprise rate cut to 5.00% in July, the central bank's decision next week is likely to be a close call, in their view.
- On the one hand, inflation fell to +2.8% Y/Y in August and the latest central-bank forecasts show inflation declining towards the NBP's target next year and remaining inside the target range for most of the forecast horizon.
- On the other hand, there is significant uncertainty regarding the potential increase in regulatory power prices in 4Q25 if the price cap is not extended, which could lead to a significant increase in inflation, implying a more-cautious approach by the central bank.