MNI National Bank of Poland Review: December 2025

Executive Summary:

- **The MPC brought the amount of easing this year to 175bp, taking the key rate to 4%.**
- **The panel will likely move into wait-and-see mode before considering more cuts.**
- **The Governor thought 4% rate was ‘perfect’ but other members may prefer a lower level.**

Key Links:

- **MPC Statement**
- **Press Conference**

Key Takeaways: Entering ‘Wait-And-See’ Mode

The National Bank of Poland (NBP) delivered the widely anticipated 25bp ‘adjustment’, bringing the cumulative amount of easing this year to 175bp and taking the reference rate to 4%. The Governor struck celebratory notes after concluding that the central bank has managed to anchor inflation at the +2.5% Y/Y target but signalled that the Monetary Policy Council (MPC) may slow the pace of easing. In his personal view, the current level of the reference rate is ‘perfect’ and could be left unchanged for longer, but other members may push for a further reduction. Over the near term, the Council will move into a ‘wait-and-see’ mode to observe the impact of past monetary policy action, before reconsidering further steps. We expect the NBP to recommence cuts in March after seasonal and temporary uncertainty factors dissipate and the Council receives a fresh macroeconomic projection.

Whether by accident or by design, delivering monetary policy decisions in the form of one-off ‘adjustments’ has become the new normal in this undeclared (non-)cycle of interest-rate cuts. The Monetary Policy Council yet again deemed it justified to adjust the level of interest rates this time around, based on its assessment of latest inflation developments and the outlook for the coming quarters. The tone of the laconic statement shifted a tad, with the Council pointing to the easing tension in the labour market, evidenced by ‘a slowdown in the wage growth, amidst a further fall in employment in the enterprise sector’. It might be an obvious and overdue conclusion, but we expect this pattern to repeat in the near future, with the Council using each meeting to assess the latest data and projections afresh before issuing a verdict on the optimal level of interest rates, without any firm forward guidance. Now that this *modus operandi* becomes increasingly legible, it doesn’t matter too much if we call it a cycle. In fact, the sequence of rate cuts delivered this year may be a cycle retrospectively, even if it was not one prospectively.

In the absence of any commitment from the Council in its characteristically dry statements, we can still find a trail of breadcrumbs in the Governor’s press conferences. Admittedly, they are sometimes difficult to read and may lead one astray. But, ultimately, they do offer a glimpse into the MPC’s thinking. What drew our attention this time around was that the Governor appeared to have defined himself outside of the MPC consensus. He noted that the new level of the reference rate (4%) was ‘perfect’ for the current conditions, and he would be comfortable with the key rate staying there for longer. He did concede that real interest rates in Poland are relatively high but suggested that it was an artifact of having one of the highest GDP growth rates in Europe. At the same time, he admitted that the general view within the MPC was that there was still room to lower rates further, with different members showing various levels of conviction in that respect. In Governor Glapiński’s view, his colleagues could eventually push for cutting the reference rate to 3.75% or 3.50%, depending on macroeconomic developments in the coming quarters.

These have, as of late, been nothing but stellar. The word ‘goldilocks’ has become regular occurrence in analytical notes and was echoed by the Governor during his presser on Thursday. Indeed, Mr Glapiński spent the entire opening part of his press conference lauding the NBP’s inflation-fighting record and celebrating bringing inflation sustainably to the +2.5% Y/Y +/-1pp target. The Governor said that all projections indicate medium-term convergence with the target, which has been achieved at a low cost, with Poland registering an impressive post-pandemic rebound. Despite its jocular form, his remark that it’s time to raise a glass of champagne carried symbolic meaning. At previous press

Business Address – MNI Market News, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA

conferences, the Governor repeatedly said that he would want to serve champagne to the audience once inflation is firmly anchored at the target. His comment was a confirmation that the MPC thinks that this turning point has now been reached.

Despite this celebratory tone, Governor Glapiński cited familiar risks and sources of uncertainty, although with a lesser sense of concern than before. He noted heightened services inflation, the concentrated disbursement of EU funds next year, and very wide fiscal deficits may push inflation higher. On the other hand, he did admit that services inflation is gradually easing off, the impact of the inflow of EU funds is difficult to quantify, and budget deficit is expected to narrow to 6.5% of GDP in 2026 from 6.9% this year. In combination with the conspicuous absence of wage growth (which was one of the main reasons for concern a few months ago) from the list of risks, as well as the acknowledgement of the disinflationary impact of cheapening Chinese imports, this represented a further softening of rhetoric surrounding inflationary risks. At the same time, however, the Governor said that the NBP will not 'rest on its laurels' and will stick with its cautious, conservative approach, monitoring risks and refraining from any outsize policy moves. In an instance of unusually forceful forward guidance, he signalled that the MPC will move into wait-and-see mode in the coming months, before weighing the case for further cuts.

In our view, the way in which Poland's central bank goes about its business reduces the utility of the hawkish-dovish heuristic in describing NBP pressers. The verbal recognition of benign data and brighter outlook could be plausibly described as dovish, but the NBP's emphasis on current data means that this rhetoric is always well overdue. At the same time, central bankers keep pressing ahead with interest-rate cuts, moving closer to the terminal stage of their ongoing (non-)cycle. Hence a different observer could read Governor Glapiński's comments as hawkish, with forward guidance suggesting that the NBP is in fine-tuning phase and anticipates the terminal rate of 3.50-3.75%. This is already reflected in a certain bifurcation in sell-side commentary, but is largely a distinction without difference, as terminal-rate calls tend to converge. We would not attach too much weight to the 'hawkish' and 'dovish' labels, as long as it remains possible to analyse the outlook for interest rates.

And on that note, the near-term prospects look rather clear as the NBP intends to press pause on interest-rate cuts at the beginning of the year. We think that the cyclical noise in inflation data, associated with the annual re-setting of administered prices in January and the re-weighting of the CPI basket in March, plays a role here. It will be amplified by the change to the CPI calculation method, which may exert some further marginal impact on inflation prints, even if fundamental macroeconomic trends remain the same. In our view, the next opportunity for the MPC to cut rates will be in March. By this time, some of the seasonal and temporary factors of uncertainty will dissipate, while the Council will be able to use the new macroeconomic projection (likely confirming on-target inflation through the end of the forecast horizon) to justify another cut in rates. We think that the MPC may cut rates again in 2Q26 before considering further action. However, seems that at the moment the Council is not willing to take the reference rate much below its neutral setting as long as GDP growth remains robust, consistent with the steady-state outlook for the economy. This suggests that the end of this round of monetary easing could be nigh.

Analyst Views (Alphabetical Order)

Alior Bank: No Certainty About Future Moves

- Alior write that the Governor's comments suggested that although the baseline scenario for the coming meetings is a pause, there is still room for some modest monetary easing.

BGK: Expecting 25bp Cuts In March & 2Q26

- They assume that the NBP's pause to 'wait and see' the impact of earlier rate cuts may last a month or two. Uncertainty around price dynamics at the beginning of the year will be boosted by the lack of flash CPI readings, the annual overhaul of the CPI basket, and an update on administered prices.
- Once the new macroeconomic projection comes out and data becomes clearer, the next couple of rate cuts should come relatively quickly, in their view. BGK expect the NBP to cut rates in March and then in 2Q26, likely in the first rather than second half of the quarter.
- They expect the reference rate to stabilise after it reaches 3.50%.

Business Address – MNI Market News, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA

Commerzbank: Next Cut To Arrive In February

- They write that Governor Glapiński acknowledged differing views among Council members regarding how far rates could fall and stated that there was no agreed terminal rate – yet his remark that other members could argue for lower rates reveals that the pressure is probably more from the dovish camp.
- Of course, Glapiński emphasizes the need for caution to ensure that lower inflation remains sustainable; for this reason, decisions will be based on incoming data and forecasts monitored between MPC meetings. But such words of caution appear more theoretical than practical in the face of a draught of dovish CPI data from the region (also from the Czech Republic and Hungary), including noticeable deceleration in wage growth.
- The mid-January (2026) meeting may be too soon, but Commerzbank's base-case is for the next rate cut to arrive in February 2026.

Goldman Sachs: NBP May Cut Rates To 3.50%

- While Governor Glapiński stated that the MPC does not have a target rate level in mind and that the Council takes a decision from meeting to meeting, he did not rule out the possibility of further easing (noting that "external factors may decide if the rate is at 3.5% or 3.75%"). That said, he also indicated that the present 4% policy rate is also good and could last for longer, and that he "doesn't expect any larger rate moves from here".
- Looking ahead, Goldman continue to expect the NBP to cut rates from 4.00% currently to a terminal rate of 3.50%, a level that is now fully priced in by the market. While they remain dovish on the outlook for inflation in Poland, they think there are more attractive opportunities to receive rates in Hungary and Czechia (where they expect a significantly lower terminal rate than is priced in by the market).

ING: NBP Rates Could Ultimately Be Reduced To 3.25% Next Year

- They note that the Governor stated that data for 3Q25 and October envisage favourable economic trends. He mentioned that the economy is growing at nearly 4%, while inflation remains low (a so-called goldilocks economy). Among potential inflationary pressures, he cited the expected influx of EU funds in 2026, which could boost demand. However, he added that it is unclear whether these funds will be fully utilised.
- In their view, there is also a third way: full utilisation of EU funds, but over a longer period. They anticipate that some grants from the National Recovery Plan (NRP) will be disbursed to final beneficiaries in 2027, helping to ease the concentration of payouts in 2026. Meanwhile, NRP loans, once transferred to Polish institutions, will be disbursed over several years.
- The press conference did not provide clear guidance on further MPC decisions, but the Council remains open to further monetary policy easing. ING's baseline scenario assumes that in the coming months, the MPC will focus on monitoring the Polish economy and inflation outlook after the recent downward interest rate adjustments. The first opportunity for further rate adjustments will be the publication of the March macroeconomic projection.
- Nevertheless, current data remains crucial for MPC decisions. ING expect CPI inflation to rise slightly in December 2025, with both headline and core inflation falling back again in 1Q26. However, if disinflationary trends outweigh the impact of the exceptionally low statistical base from December 2024 - and CPI and core inflation surprise to the downside this month, accompanied by further weakening in wage and employment growth - the likelihood of a January rate cut would increase.
- Their inflation scenario assumes average inflation below +2.5% Y/Y in 2026. Some inflation risks mentioned by the NBP Governor may not materialise. The staggered rollout of investment projects from the NRP, with distribution starting in early 2027, combined with a potential further decline in core inflation, could push CPI inflation below +2.5%. In addition, a high savings rate may continue to offset the inflationary effects of expansionary fiscal policy. For these reasons, ING believe NBP rates could ultimately be reduced to 3.25% next year.

JP Morgan: NBP To Deliver Final 25bp Cut In March, Risks Skewed Toward Deeper & Earlier Easing

- They note that Governor Glapiński reiterated that the sequence of rate cuts this year was not a cycle. Although this seems to make no sense after the NBP delivered 175bp in cuts in seven (almost consecutive) decisions, they think the message is that the MPC never had a mid-term view of where it is getting to, but rather, it is simply reactive to realized data.

Business Address – MNI Market News, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA

- Going forward the message is similar, although Glapiński suggested the NBP may now prefer to pause and observe the effects of its easing on the economy before potentially cutting further. He characterized his own view as conservative and cautious, due to risks stemming from services, demand strength and fiscal policy. However, Glapiński argued there is a diversity of opinion in the Council. Whether the next moves bring policy to 3.75% or even 3.5% depends on those discrepancies in the Council and, most crucially, on incoming data developments.
- JP Morgan expect that the NBP will pause now, and deliver a final cut to 3.75% in March, after there is more data clarity (January and February data will only be fully known then) and coinciding with the publication of a new macro projection. Risks are, however, skewed for cuts to go somewhat deeper (3.5%) and earlier, if CPI data softens further near term.

Millennium Bank: Shrinking Room For Further Cuts

- In their view, the press conference summarising the latest MPC meeting pointed to a shrinking room for further monetary easing. Notably, the Governor pointed to upside risks to the inflation outlook, such as heightened services inflation, a cumulation of EU funds disbursement, and wide public-sector deficit.
- Millennium think that the Governor's forward guidance is consistent with their call for a pause in the coming months, with the MPC set to assess the consequences of earlier cuts, as well as the impact of administered-price hikes and technical changes to CPI calculations on inflation.
- They think that the optimal moment to resume monetary easing is March 2026, when the Council will get a new macroeconomic projection, and there will be more clarity on most of the aforementioned risks. They still expect the reference rate to drop to 3.50%.

Pekao: Emphasis On Current Inflation Data To Result In Temporary Pause

- Pekao note that recent news (benign inflation data, the fifth consecutive rate cut, the dovish tone of the statement, the flat and on-target CPI projection) supported the case for a continuation of the NBP's aggressive monetary easing and their expectation of a drop in the reference rate to 3.50% already in 1Q26.
- However, the Governor signalled that the MPC intends to move into a 'wait-and-see' mode at the start of next year and we will have to wait for further cuts. In their view, the main argument for a pause is related to methodological issues. Inflation data for January and February will be revised in March due to the annual revision of the CPI basket. In addition, from January 2026, Statistics Poland will change the method of calculating CPI, bringing it into line with the international COICOP 2018 standard.
- They note that while methodological changes may result in incremental revisions to individual CPI readings, the overall trend remains benign. However, the MPC seems to be placing much emphasis on current inflation prints, even when it would be justified to adopt a more forward-looking approach. As an example, they point to the fact that in his discussion of real rates, the Governor referred to ex-post rates, while ex-ante rates give a better picture of real borrowing costs, in their view.
- They remain of the opinion that the data noise in 1Q26 will have a purely technical character and will not reflect any fundamental intensification of price pressures in Poland. As a result, they don't see any significant macroeconomic arguments in favour of a pause. However, the Governor's relatively forceful forward guidance cannot be ignored. Hence they expect the MPC to pause rate cuts in the first months of 2026 and then recommence monetary easing, bringing the reference rate to 3.50% in 1H26.

PKO: Reference Rate Will Drop To 3.50%, Then Stabilise

- They note that the Governor signalled that 'if nothing changes in the parameters, it cannot be ruled out that MPC members will lower the main interest rates slightly more' even as the current 4% level is excellent.
- The Governor noted that the NBP's short-term projections allow for a slight increase in CPI inflation this and next year, but within the +/-1pp tolerance band around the target.
- PKO stand by their earlier call for two 25bp cuts at the beginning of 2026, which will bring the reference rate to 3.50%, where it will stay for longer.

Santander: 4% Rate Is Perfect, But Can Be Lower

- In their assessment, Governor Glapiński left the door open to further interest-rate cuts. The MPC will likely switch to a 'wait-and-see' mode, but may then recommence monetary easing, if circumstance allow.

- The Governor himself would be satisfied with keeping the reference rate at 4% for longer, but he signalled that other MPC members may prefer to bring it slightly lower, to 3.50-3.75%.
- Santander think that the MPC will likely leave interest rates unchanged in January and February. The latest inflation print available at the January meeting will be the one for December, when inflation may tick higher to +2.6% Y/Y. In February, there will be no new inflation data, as flash prints are not published in Jan/Feb.
- In March, the Council will now the preliminary CPI reading (before its correction based on the annual basket re-weighting), and the results of a new macroeconomic projection.
- Santander think that this will be enough to justify another rate cut, if only this preliminary January CPI reading prints below +2.5% Y/Y. They expect the NBP to then cut once more in April or May (but more likely in May).

Business Address – MNI Market News, 3rd Floor, 1 Great Tower Street, London, EC3R 5AA