

MNI National Bank of Poland Review: September 2025

Executive Summary:

- The NBP 'adjusted' the key rate 25bp lower as the inflation picture improved.
- Governor Glapiński said that loose fiscal policy was the main inflationary risk.
- Further cuts this year are possible but contingent on the materialisation of risks.

Key Links:

- [MPC Statement](#)
- [Press Conference](#)

Key Takeaways: A Dove In Fiscal Cage

The National Bank of Poland (NBP) reduced the reference rate by 25bp amid a decline in CPI inflation, but signalled concern about risks ahead, which warrant a cautious and conservative approach to further monetary easing. Governor Adam Glapiński used his press conference to persuade his audience that the Monetary Policy Council (MPC) will tread lightly, as the pace of economic recovery, labour market tightness, and loose fiscal policy pose upside risks to the inflation outlook, describing the latter as a key factor limiting room for more aggressive cuts. He added that the evolution of energy prices remains uncertain, clouding the outlook for monetary policy. Despite placing much emphasis on inflationary risks, the Governor left the door ajar for potential further interest-rate cuts this year but indicated that decisions will be data-dependent.

We note this just for the record, but the statement from the MPC meeting failed to provide any groundbreaking signals. Perhaps the only meaningful change compared to previous communique was in forward guidance, with fiscal policy, the pace of economic recovery, and the condition of the labour market described as 'risks to low inflation' as opposed to 'uncertainty factors'. Energy prices and global inflation remained on the list of sources of uncertainty. If any reader thought it may have been a distinction without a difference anyway, Governor Adam Glapiński touched upon this subtle change during his press conference, noting that the Council asked him to relay the message that it sees upside risks to the inflation outlook. Otherwise, the statement was typically descriptive and offered little forward guidance.

It is our understanding that most analytical desks detected a hawkish correction in the tone of the press conference (see the summary of sell-side views below). This was certainly the central message of the opening part of the presser, which saw the Governor play down the progress in inflation containment and play up the risks that could derail the process. The 25bp rate cut was confirmed as another one-off 'cautious' and 'prudent' *adjustment*, justified by cooling inflation, with no pre-commitment to the further course of action. Governor Glapiński repeatedly highlighted the MPC's heightened alertness to risks ahead, arguing the lasting impact of inflationary 'megashocks' of the past few years coupled with core inflation being stuck above headline inflation increase render the price-outlook more sensitive to potential upturns in volatile food and energy prices.

Commenting on specific risks, the Governor reiterated the three main ones listed in the statement (fiscal policy, business cycle, labour market) and one important source of uncertainty (energy prices). He singled out loose fiscal policy as the main factor limiting the room for further monetary easing and spent quite some time trying to drive this message home. He argued that the current condition of the economy (one of the highest GDP growth rates in the EU) does not warrant pandemic-era-level fiscal stimulus and pointed to the 'unprecedented' pace of accumulation of debt. The Governor dismissed claims that military spending is behind the increasingly rapid accumulation of debt as a 'big myth', noting that according to NBP calculations, only 20% of additional debt taken on by Poland since Russia's full-scale invasion of Ukraine was related to military expenditures. In his own words, a large part of the MPC meeting was devoted precisely to fiscal matters.

The other risks were discussed in less detail, but the Governor warned that the recovery in consumer demand is generating inflationary pressure, while nominal wage growth – despite its gradual slowdown – is still robust and

exceeds productivity growth. In our view, the outlook for energy prices appears to be a more important factor, despite its designation as an 'uncertainty factor', as it stands behind the rebound in headline inflation projected for 4Q25. Adding to its importance, the Governor explicitly guided that an extension to the electricity price freeze could immediately trigger an interest-rate cut.

After facing what the Governor called 'demagogic criticism', the MPC abandoned the practice of publishing a fan chart with different underlying assumptions on energy prices and reverted to working off the assumption that the legal status quo will continue indefinitely into the future. As things stand, the existing household electricity price cap (PLN500/MWh) is due to expire at the end of September, while the current electricity tariff is set at PLN622/MWh. The expiry of the price cap coincides with a revision of the tariff (which the NBP does not account for), which is widely expected to be set at a lower level. At the same time, the government pledged to extend the mechanism through 4Q25 after the initial legislative package to that effect was vetoed by the President, although political impasse can still derail the legislation. Regardless of that, while there is some logic behind the assumption made by the NBP as a way of dealing with uncertainty, its fundamental flaw is that it will all but certainly not materialise.

Despite repeated warning about risks and uncertainties, the press conference was not all that hawkish. Governor Glapiński described sentiment within the MPC as biased towards further easing, with the 'cautious will' to cut rates constrained only by objective circumstances. In his view, real interest rates remain high (second highest in the region) and the admission itself implies that there is room to reduce the restrictiveness of monetary policy once conditions allow. The Governor guided that the remainder of this year may see zero cuts, one cut, or two cuts, with all of these three options on the table, depending on the materialisation of risks. He refused to provide more specific forward guidance, reaffirming data-dependence and the meeting-by-meeting nature of MPC decisions, but pointed to a continued preference for moving in conservative 25bp increments. Governor Glapiński said that the thing the MPC would like to avoid is overdoing monetary easing and having to row back on it a couple of quarters later – something that he thinks has happened in Czechia, which he gave as a negative example.

In our view, near-term interest-rate outlook hinges on administrative decisions on electricity prices. If the government fast-tracks legislation extending the price freeze through 4Q25 and secures the President's approval by the end of this month, then the MPC may cut interest rates already in October. This may be tricky, due to tight deadlines (the next parliament session is on September 9) and the political competition for credit for keeping household energy bills low, but is not off the table. If the price cap expires at the end of the month, the NBP could pause in October and deliver the next 25bp rate cut in November, based on the updated inflation projection, which should incorporate more realistic assumptions on energy prices, yielding a lower inflation path. We expect the reference rate to drop to 4.50-4.25% by the end of this year but see hawkish risks further afield. Loose fiscal policy may reduce the NBP's appetite for monetary easing next year and we expect the central bank to continue cutting rates in measured 25bp steps. Another hawkish risk on the horizon is the looming implementation of the ETS2 system, which is not yet accounted for by the NBP, but according to the Governor's comments could add as much as 2pp to 2027 inflation.

Analyst Views (Alphabetical Order)

Alior Bank: Cautious Monetary Policy Council

- They note that the Governor emphasised risks to the inflation outlook, but also admitted that if electricity prices remain frozen, then another rate cut this year is possible.

BGK: Slightly Hawkish Messaging

- In their view, the main takeaway from the Governor's press conference was openness to further interest-rate cuts. He said no cuts, one cut, or two cuts were on the table for the remainder of 2025.
- Commenting on the October decision, the Governor said that a cut was possible if energy prices remained frozen, while wage growth was slower than expected.
- Their baseline scenario assumes two 25bp cuts this year, with the risks skewed towards a single cut in November alongside the release of a new projection.
- Considering the factors mentioned by most MPC members, BGK think that the odds of the reference rate falling below 4% in the coming quarters are decreasing.

Commerzbank: October Cut Should Become Base-Case If Energy Price Cap Is Extended

- They write that Governor Glapiński spent much of the press conference sounding hawkish, highlighting inflation risks from loose fiscal policy (he slammed the government for its revised 2025 deficit target of 6.9% of GDP), a strengthening economy, and fast wage growth.
- Despite this, he said that there is cautious appetite for further rate cuts, depending on incoming data. He appeared to “coax” the government to change policies by stating that a promise of fiscal cutback and/or extending the cap on power prices would seal the case for another rate cut. He tried hard to send the message that this is not an easing cycle, but rather a month-by-month decision situation.
- In their view, another rate cut in October should become the base-case if we assume that the energy price cap will be extended until year-end. If this does not occur, then the November sitting, which will include new NBP projections, would still be a strong candidate.

Goldman Sachs: Cautious Willingness To Cut Rates Further

- In the post-MPC press conference, NBP Governor Glapiński expressed a ‘cautious willingness’ to cut rates further. However, he noted that this may not be possible and that there could be either 0, 1 or 2 cuts by year-end.
- In particular, Governor Glapiński highlighted concerns about the high pace of wage growth (currently +8% Y/Y) and Polish fiscal policy (which in his view remains too loose and has a strong pro-inflationary effect), both of which limit the scope to further reduce rates.
- He also noted that energy prices pose a significant risk to price stability, and that a ‘power price cap is likely to trigger a rate cut’. In Goldman’s view, the key takeaway from the press conference is Glapiński’s preparedness to signal the consecutive rate cuts (albeit conditional on upcoming developments).

HSBC: Stable Electricity Prices Could Trigger Cut

- Governor Adam Glapiński said the policy rate remained high, leaving the door open for further easing. At the same time, he stressed though that the Monetary Policy Council did not want to rush to avoid excessive easing that would require early reversal.
- The Governor talked about three main checkpoints for the monetary policy outlook: fiscal policy, the business cycle, and the labour market. He stressed that current, loose fiscal policy - the finance minister has recently revised 2025 budget target higher to 6.9% of GDP - limits the scope for interest rate cuts.
- In the near-term, government decisions on electricity prices could trigger another cut. NBP forecasts inflation temporarily rising in October and ending the year at +3.7% Y/Y, assuming energy price hikes in line with current legislation.
- On the other hand, HSBC assume no price hike, so they forecast December 2025 inflation at a materially lower +2.8% Y/Y, in line with government's plan to extend the current price freeze in Q4 and/or lower tariffs due to be announced by the regulator.
- Governor Glapiński suggested a high probability of another rate cut should no electricity hike in October be confirmed, leaving the door open for a consecutive cut next month.

ING: MPC Is Cautious But Governor Doesn’t Rule Out October Cut

- In their interpretation, the Governor admitted that the rate decision was driven by a decline in CPI inflation but was trying to build a narrative that the MPC is now less prone to cut rates, especially in the context of loose fiscal policy.
- They note that the Governor’s remarks were much less optimistic than in July. He repeatedly signalled concern about a future rebound in inflation, which underpins the MPC’s cautious stance. He also said that the recent inflationary shocks warrant extraordinary caution.
- However, he did not appear to be ruling out further cuts. For instance, the Governor admitted that an extension to the electricity price freeze would probably open up space for a rate cut in October.
- Another argument in favour of rate cuts, albeit at a slower pace than ING had earlier assumed, was the Governor’s remark that despite earlier reductions the reference rate is still relatively high.

JP Morgan: Expecting Another Cut In November, Couple More Next Year

- They note that the Governor kept all options on the table by emphasizing that on the one hand, rates are still relatively high, and in real terms are among the highest in Europe, so admittedly there is scope for further

cuts. But on the other hand, there are several risks to the inflation outlook, including solid economic growth, robust wage growth, and loose fiscal policy. Overall, Glapiński insisted this is not an easing cycle, but rather that after every move, the central bank would evaluate the data on a step-by-step basis.

- The Governor displayed an updated inflation projection showing Polish CPI ending the year at +3.7% Y/Y, assuming the price caps on energy will be discontinued at the end of September. The government intends to extend the policy, but the President vetoed it as part of a broader legislative package, and the administration lacks the votes to overturn the veto in parliament. This makes the situation much more uncertain. According to Glapiński, an extension of the price freeze would allow for another rate cut as early as October, although this is just one of many variables the MPC will consider.
- JP Morgan maintain their call for a 25bp cut in November, the time of the NBP's next forecast round, which would bring the year-end policy rate to 4.5% (4.75% previously). For next year, they keep only two 25bp rate cuts, with the terminal rate at 4%. Normally they would see scope to go a bit lower, perhaps to around 3.25-3.5%, but they think inflation will pick up somewhat, as this year it benefitted from exceptional FX dynamics which are in their view unlikely to be repeated and also, because of the very wide fiscal deficit, which they think is not going away soon and against which the NBP will have to lean to some degree.

mBank: Next 25bp Cut Expected In November

- Considering large fiscal deficit planned for 2026, they see limited room for further monetary easing.
- They expect the next 25bp cut to be delivered in November amid the publication of a new inflation projection.
- In their view, the terminal rate will be 4%, with the risks shifting towards a higher value.

Millennium Bank: NBP May Cut Rates Again In November

- Millennium write that Governor Glapiński confirmed that the decision to cut rates by 25bp was justified by inflation's return to the NBP's tolerance band, but he pointed to the potential consequences of lifting energy price caps, which could push inflation above +3.5% Y/Y.
- In Millennium's view, there was a clear message that an extension to the electricity price freezing mechanism (which the government promised to deliver) would give the MPC an argument to cut rates again. In their view, a move in November is more likely, because of the legislative calendar and the timing of the publication of the next NBP inflation projection.
- They expect the MPC to cut rates by 25bp to 4.50% this year and to 3.50% in 2026.

Pekao: Hawkish Presser But Door Is Open For Another Cut This Year

- The tone of the press conference was hawkish, in their view, with the Governor countering the decision to cut rates with a list of inflationary risks.
- The Governor paid much attention to inflationary risks and presented a hawkish inflation projection for December (+3.7% Y/Y), probably based on the assumption that energy prices will be unfrozen from October. Even correcting for this effect (0.5pp), the projection is relatively high. Pekao think that energy prices will not increase in 4Q25 and inflation will be at +2.8% Y/Y at the end of this year.
- However, the Governor left the door open for another rate cut this year, which is possible if the next NBP projection shows a continued decline in inflation. This is Pekao's baseline scenario, hence they stick with their call for a 25bp cut in November.
- Looking further afield, they expect the impact of past macroeconomic shocks to keep dissipating in 2026, with GDP growth staying strong at +3.7% Y/Y and inflation averaging at +3.0% Y/Y. Against this backdrop, the MPC should keep cutting the reference rate at the pace of one cut per quarter to a terminal level of 3.50%.

PKO: Next Cut Hinges On Electricity Prices

- They note that the Governor devoted a considerable part of his press conference to fiscal policy and revealed that it was a major point of discussion at the latest MPC meeting. He reiterated that fiscal deficit will increase in 2026 despite solid economic growth and the lack of a need to stimulate the economy.
- The Governor warned that private consumption is picking up, which may generate inflationary pressure, while wage growth remains elevated and exceeds productivity growth.
- The Governor highlighted that the MPC expects an acceleration in headline inflation in the coming months, but the inflation path is highly uncertain, which is related to the outlook for energy prices.

- In PKO's view, the next rate-cut decision depends on electricity prices. They assume that the regulator will lower tariffs hence electricity prices will not boost inflation and the MPC will be able to continue cutting rates.
- They expect the next rate cut to be delivered in November, after the publication of October inflation data and a new macroeconomic projection, which should chart a lower inflation path.

Santander: Inflation Has Not Been Fully Defeated

- The tone of the press conference was more hawkish than in the previous months, which was most evident in its opening part. The Governor repeatedly said that inflation has not been defeated yet but is still 'lurking' and the MPC will not allow it to consolidate.
- Santander do not agree with the assumption behind the inflation forecast unveiled by the Governor – that electricity prices will be unfrozen in 4Q25.
- Santander still expect the NBP to cut rates once more this year, by 25bp in November, when a new macroeconomic forecast confirms a moderate decline in inflation in subsequent quarters.
- They expect two more 25bp cuts at the beginning of 2026, when inflation falls below +3% Y/Y again. In their view, the terminal rate will be closer to 4% than 3.5%.
- Santander note that the 3.5% level has recently been reached by the CNB, which the Governor cited as an example of over-easing.

See our summary of sell-side notes released in the interim between the announcement of the rate decision and the Governor's press conference [here](#) and [here](#).