

MNI National Bank of Poland Review: October 2025

Executive Summary:

- The NBP trimmed interest rates by 25bp at the third successive meeting.
- Glapiński guided that the NBP could bring the key rate to 4% and consider next steps.
- The Governor left the door open to a Nov cut; played down potential for a Dec move.

Key Links:

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

Key Takeaways: Door Open To Further Cuts

The National Bank of Poland (NBP) lowered the reference rate by 25bp to 4.50%, in line with our out-of-consensus bias, citing an improving inflation outlook for the coming period. The move in rates was again branded as an 'adjustment' rather than part of a 'cycle' even though it was the third consecutive meeting where the Monetary Policy Council (MPC) relaxed monetary policy. Governor Adam Glapiński used press conference to signal readiness to cut interest rates further if favourable macroeconomic trends are maintained. On the other hand, he signalled that lingering inflationary risks will result in a cautious, conservative approach to monetary easing. In the Governor's view, the MPC could bring the reference rate to 4% and then debate whether to cut it any further.

The MPC delivered its third successive 25bp rate cut and the fourth reduction in 2025, bringing the cumulative amount of this year's monetary easing to 125bp. Although Bloomberg consensus was leaning toward a pause (Parkiet consensus was evenly split), Polish central bankers voted to loosen monetary policy further on account of 'an improved inflation outlook for the coming period'. The statement did not provide too many details or any specific forward guidance, but our sense is that the extension of electricity price freeze until the end of the year may have persuaded the Council to take action already this month, amid the otherwise disinflationary short-term picture, even if familiar caveats remain. The assessment that the approval of electricity price freeze extension improved the near-term inflation outlook was corroborated by the central bank's updated inflation forecast, which no longer showed a rebound above the +/-1pp tolerance band around the inflation target.

Figure 1. NBP's updated inflation projection. The red line tracks previous monthly CPI prints and the green line represents the projected inflation path for the remainder of 2025. The blue line shows the NBP's +2.5% Y/Y inflation target.



Governor Adam Glapiński opened his press conference with a message of caution, describing the amount of monetary easing delivered to date as 'very substantial'. The Governor stressed that the decision was taken after a 'long and lively' discussion, signalling the initial lack of consensus and suggesting that the verdict was reached only in the course of the closed-door debate. Commenting on the current level of interest rates, he said that it is aligned with regional standards and is not an obstacle to continued dynamic economic growth. Furthermore, the Governor stated that although the current inflation rate of +2.9% Y/Y was 'satisfactory', multiple risks to the medium term (that is two-year ahead) outlook remain. He proceeded to discuss these risks, focusing on the expiry of electricity price cap at the beginning of 2026 and the introduction of the EU's ETS2 in 2027, business cycle upturn and strengthening domestic demand, still robust wage growth, and 'exceptionally loose' fiscal policy. He added that headline inflation sits above the +2.5% Y/Y target and core inflation remains sticky, which increases Poland's vulnerability to potential shocks from volatile food and energy prices. In his view, the persistence of these risks warranted a cautious approach.

In all fairness, Glapiński's focus on upside inflation risks increasingly seems like token posturing rather than genuine hawkish bias and is slightly out of line with the fundamentals. His rhetoric on most of these risks did not signal any major concern. The Governor admitted himself that the impact from unfreezing household electricity prices would be limited (adding around 0.3-0.4pp to headline CPI) but ignored the widespread view that the tariff will be re-set to a lower level from the current PLN574.1-576.7/MWh (against a price cap of PLN500/MWh). Meanwhile, the Minister of Energy suggested this week that the tariff for 2026 could fall below the frozen price ceiling. Economic activity is picking up but does not seem to be generating inflationary pressure as the output gap remains negative. Wage growth remains elevated but stays on a clear downtrend amid marginal cooling in the labour market – with the Governor acknowledging in-house forecasts showing that this trend should continue. In addition, the Governor reiterated that the MPC maintains structural easing bias and authorised him to communicate that it sees room for further interest-rate cuts, which it would like to deliver as soon as is objectively possible.

Against this backdrop, the Governor stuck to his characteristic ambiguous approach to forward guidance. On the one hand, he said that decision will be data-dependent and made on a meeting-by-meeting basis. He went as far as to argue that the outcome of any given meeting has no bearing on the outcomes of subsequent meetings (even as the NBP's forecasting model endogenises interest rates). On the other hand, he revealed his personal views, which tend to be highly influential in shaping market expectations. In Glapiński's view, if current trends in the economy are maintained, the MPC could keep cutting the reference rate in 25bp increments to 4% (from 4.50% currently), then pause and reconsider its stance, and decide whether to trim it slightly more. He added that if inflation stays roughly where it is now, there is no reason to keep the reference rate at 4.50%. Although some NBP observers interpreted these remarks as guidance surrounding the terminal rate, our understanding of Glapiński's guidance is slightly different. The Governor did not say that rate cuts would stop at 4%, but merely suggested that reaching this level would mark the end of a certain phase of the unspoken easing cycle.

Although some of the inflationary risks are subsiding and the short-term picture looks benign, a couple of risks still stand out as notable sources of concern. Firstly, the Governor said that loose fiscal policy limits the room for rate cuts (albeit does not preclude them) and is the main inflationary risk over the medium and long term. Secondly, the Governor said that the introduction of ETS2, which could add as much as 2pp to inflation in Poland, is now within the NBP's decision-making horizon and must be taken into consideration. In our view, these factors will encourage MPC members to keep adjusting rates in measured 25bp steps and may result in a higher terminal rate next year. As things stand, Governor Glapiński said that there is 'some room' for monetary easing 'but not a lot'.

Our baseline scenario involves an additional 25bp rate cut at the November meeting, when the NBP will be able to use dovish revisions to the new macroeconomic projection to justify its decision, although its realisation depends on the next set of inflation, activity and labour market data. Calendar effects – which we played down in our preview of the October decision – may be of significance this time around. At the press conference, the Governor reminded his audience that the NBP traditionally leaves interest rates unchanged in December to avoid wrong-footing markets and we expect the central bank to stick with this practice. As a result, the reference rate may end the year at 4.25%. We expect the NBP to recommence easing in 1Q25, bring the reference rate to 4%, and then take a breather for at least one meeting. In our view, a further one or two rate cuts are on the table, depending on macroeconomic developments.

Analyst Views (Alphabetical Order)

Alior Bank: Cautious Tone

- Alior write that the MPC delivered the fifth rate cut this year, but Governor Glapiński signalled that the panel will be cautious about further monetary easing and listed several inflationary risks.

BGK: Another Cut In November Likely

- They describe Governor Glapiński's press conference as slightly on the dovish side, but they do not consider it to be a dovish development. In their view, the decision to cut rates in October after a similar move in September suggests that the disinflation process is continuing, and it is possible to keep gradually moving toward the terminal rate.
- They think that there is a relatively high probability of a rate cut in November (their core scenario), followed by another cut fairly soon after (e.g. in March 2026). They note that the Governor suggested that the NBP could move toward 4% if inflation stays where it is now.

Commerzbank: Guidance Makes November Cut Likely

- In their view, the Governor's press conference remarks provided valuable insights into the central bank's stance and made the upcoming November meeting "live" again. Notably, Glapiński signalled that the current CPI of +2.9% Y/Y is at target for the third consecutive month, hence further cuts cannot be ruled out, although fiscal risks limit the scope for how much rates could be cut.
- The Governor said that the policy rate can potentially move lower to 4.00%, despite some risks. While policymakers may repeat that anything might occur at the November meeting, depending on incoming data, they think that the 4% remark makes it quite likely that November will see the next 25bp rate cut.

Goldman Sachs: Terminal Rate Seen At 3.50%

- 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: Door To November Cut Remains Open

- ING note that the Governor listed five key medium-term inflationary risks: (1) headline and core inflation staying above the target, (2) a potential upturn in electricity prices and the introduction of ETS2 (the Governor is not assuming that the EU could withdraw from the policy and is very critical of it), (3) robust demand and consumption growth, (4) heightened pace of wage growth, and (5) loose fiscal policy.
- They note that the Governor did not emphasise the impact of fiscal policy on inflation, as it affects prices over the medium or long term, but less so over the short term. At the same time, the NBP notices that the government is trying to tighten fiscal policy and looks for savings.
- In their view, the key message was that there is still room for rate cuts and the MPC makes decisions on a meeting-by-meeting basis. The Governor refrained from providing specific forward guidance but said that most members see room for cautious 25bp cuts.
- The new projection will be an important factor informing the next decision. It should show a lower inflation path, but ING think that the NBP will assume that electricity tariffs will be raised to the current level (from the existing PLN500/MWh price cap), while in reality they will likely be lowered.
- ING note that there were some traditional hawkish notes in the press conference, but the Governor left the door open to another cut in November. They see the probability of another move next month as significantly above 50%, noting that the new projection and incoming data will affect the decision.

JP Morgan: Adjusting Timing Of Remaining Cuts

- Following the Governor's presser, JP Morgan stick to their call for a 4% terminal rate but shift the timing somewhat.

- They initially anticipated that the NBP would hold rates steady this week, followed by a cut to 4.5% in November and additional 25bp reductions in both the first and second quarters of 2026.
- However, following this week's surprise cut, plus today's dovish communication and the Governor's expressed satisfaction with the near-term CPI outlook, it appears more likely than not that the NBP will still cut in November.
- Acknowledging that the NBP's communication has been erratic, JP Morgan maintain 4% as the terminal NBP rate in their forecast, but we adjust the timing: they maintain a 25bp cut in November, which brings the end-2025 rate to 4.25% (4.5% previously), followed by a final cut in March 2026.

Millennium Bank: Standing By 3.5% Terminal Rate Call

- In their view, the tone of the press conference was more dovish than in September, which signals the MPC's openness to further interest-rate cuts and readiness for gradual monetary easing. However, the outlook for fiscal policy should prompt the MPC to dose monetary easing cautiously.
- Millennium think that another rate cut in November cannot be ruled out, but the new inflation projection will be decisive. The projection will take account of the impact of monetary easing delivered since July (a cumulative 75bp worth of rate cuts). They think that the risk to their core scenario assuming that the reference rate will be at 4.50% at the end of this year has increased.
- They note that the 4% terminal rate mentioned by the Governor is higher than their forecast of 3.50%. High fiscal deficit and the prospect of robust economic growth may prompt the MPC to deliver less monetary easing in this cycle than assumed earlier.
- On the other hand, external disinflation and a strong exchange rate will continue to limit price pressures in Poland, which is why Millennium are not revising their call.

Pekao: November Will Bring Another Cut

- In their reading, the tone of the press conference was moderately hawkish. Although the Governor admitted that the MPC sees room for further rate cuts, he mentioned relatively high levels of terminal rate (3.75%-4.00%). He also spent much time discussing reasons for caution in loosening monetary policy.
- Pekao think that the November macroeconomic projection will address many of these concerns and the MPC will cut rates by 25bp for the last time this year. Furthermore, their view is that the macroeconomic backdrop is conducive to further easing, while the risks listed by the Governor are not particularly acute.
- Pekao believe that the MPC will keep cutting rates in 2026 to a terminal level of 3.50%, with risks skewed to the downside – even as the Governor mentioned 4% as the initial target, at least for some time.

PKO: MPC May Cut Rates In November Barring Negative Surprises

- They highlight that the Governor guided that 'rates will be lowered as much as possible' and if data remain favourable, then there 'might be' room for a November cut.
- The Governor noted that the October cut does not imply a follow-up in November, but does not rule out further action either.
- In their interpretation, the NBP's messaging implies that the MPC has the will to cut interest rates by 25bp in November, as long as there are no negative surprises inflation and wage data as well as the new macroeconomic projections.

Santander: Expecting Pause In November

- They note that the Governor listed familiar inflationary risks: (1) the expiry of electricity price freeze in 2026, (2) the looming implementation of ETS2, (3) rising demand in the domestic economy, (4) still robust wage growth, and (5) exceptionally loose fiscal policy. Santander think that (1) is not of much concern, as the upcoming revision of electricity tariffs for 2026 (which have not yet been announced) will not bring any electricity price hikes for households.
- They still operate on the assumption of a 4% terminal rate but wonder how soon the NBP can get there. The Governor effectively ruled out a move in December, so the next cut could be delivered in November or January. Santander expect the next set of macroeconomic data to show a rebound in inflation and economic activity indicators, which should result in a pause in November.
- Santander note that the new inflation projection next month will probably account for the impact of interest-rate cuts delivered in July, September and October and lower electricity price assumption. As a result, the

projected inflation path may be slightly lower in the near term and slightly higher toward the end of the forecast horizon. In Santander's view, this may not be enough to persuade the MPC to cut rates again.

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](#).