

7 November 2025 | 3 pages

## Poland Economics View

### MPC in data-driven mode, easing cycle close to an end

#### OUR TAKE

At the central bank's press conference, the NBP governor struck a somewhat more hawkish tone than in previous months. Although in Governor Glapinski's view, additional policy easing is still possible; he signaled the current policy rate was already close to the neutral rate. Taking this into account, we stick to our view, assuming the terminal policy rate at 3.75%, i.e., slightly higher than the current market pricing would imply.

Key takeaways from the NBP press conference:

- Governor Glapinski justified the November decision to cut rates by emphasizing that current inflation is already near the central bank's target while new forecasts assume the CPI within the range of acceptable deviations (2.5% +/-1pp) also in 2026-2027.
- The NBP head did not want to pre-commit to any particular interest rate path, but described the current level of policy rates as 'nicely fitting' to the economic situation.
- In a scenario of inflation staying at 2.5% on a sustainable basis and no uncertainty regarding its future level, NBP governor would see the policy rate in the range between 3.5% and 4%. In a later part of Q&A session A. Glapiński added also that if the inflation rate stabilized at the level consistent with the 2.5% target, 'policy rate at 4% would not be high'.

**Policy implication:** Central bankers clearly suggest that the easing cycle is approaching its end, while the terminal rate probably will not fall significantly below 4%. This means that the room for rate cuts has narrowed substantially and the scenario that is currently priced in by the FRA curve (i.e., rates falling to 3.5% next year) is at the lower end of what the MPC deems possible even in a situation of no major inflation risks. Since the central bank sees several sources of uncertainty (among others: fiscal policy, energy prices), in our view, it makes sense to assume that the terminal rate acceptable to policymakers is slightly higher. Taking this into account, we still believe the rate cutting cycle will end with the policy rate at 3.75%, though that level can be reached faster than previously assumed – in March rather than mid-2026. Materialization of that scenario would probably add additional 0.2 pp to the central bank's inflation forecast of 2.6% in 2027, pushing the CPI away from the 2.5% target. The new macroeconomic projection with lower interest rates is to be published in March, and for this reason, we think the March meeting would mark the end of the current easing cycle.

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Figure 1. Poland – Monthly forecasts of selected variables – Base case scenario

	NBP ref. rate (%)	Lombard rate (%)	POLONIA	ASK ON (%)	ASK 1M (%)	ASK 3M (%)	ASK 6M (%)	ASK 1Y (%)	Bond 1Y (%)	Bond 2Y (%)	Bond 3Y (%)	Bond 5Y (%)	Bond 10Y (%)
Nov-25	4.25	4.75	4.10	4.20	4.38	4.35	4.24	4.16	4.05	4.15	4.25	4.70	5.30
Dec-25	4.25	4.75	4.10	4.20	4.26	4.27	4.16	4.12	4.05	4.15	4.25	4.70	5.30
Jan-26	4.00	4.50	3.85	3.95	4.13	4.10	4.08	4.08	4.00	4.10	4.20	4.67	5.25
Feb-26	4.00	4.50	3.85	3.95	4.01	4.02	4.04	4.06	3.98	4.08	4.18	4.63	5.20
Mar-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.95	4.05	4.15	4.60	5.15
Apr-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.92	4.02	4.12	4.58	5.08
May-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.88	3.98	4.08	4.57	5.02
Jun-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.05	4.55	4.95
Jul-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.82	3.92	4.02	4.53	4.90
Aug-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.78	3.88	3.98	4.52	4.85
Sep-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.75	3.85	3.95	4.50	4.80
Oct-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.73	3.83	3.95	4.48	4.77
Nov-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.72	3.82	3.95	4.47	4.73
Dec-26	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.70	3.80	3.95	4.45	4.70
Jan-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.70	3.80	3.97	4.45	4.70
Feb-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.70	3.80	3.98	4.45	4.70
Mar-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.70	3.80	4.00	4.45	4.70
Apr-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.72	3.82	4.02	4.47	4.73
May-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.73	3.83	4.03	4.48	4.77
Jun-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.75	3.85	4.05	4.50	4.80
Jul-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.77	3.87	4.07	4.52	4.83
Aug-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.78	3.88	4.08	4.53	4.87
Sep-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.80	3.90	4.10	4.55	4.90
Oct-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.82	3.92	4.12	4.58	4.90
Nov-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.83	3.93	4.13	4.62	4.90
Dec-27	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Jan-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Feb-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Mar-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Apr-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
May-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Jun-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Jul-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Aug-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Sep-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Oct-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Nov-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90
Dec-28	3.75	4.25	3.60	3.70	3.88	3.94	3.99	4.04	3.85	3.95	4.15	4.65	4.90

Source: Citi Handlowy Forecasts, Haver Analytics, National Bank of Poland, Statistics Poland

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