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Poland Economics View

Quarterly summary of forecasts – Persistent inflation shock

OUR TAKE

The energy shock is reshaping the economic scenario. Although the impact on the growth outlook appears limited, our current inflation trajectory is significantly higher than three months ago. We expect CPI to stay close to or above 4% for next twelve months, driven mostly by fuels and energy, but we expect as well some passthrough to core inflation. In this environment the central bank may need to respond with rate hikes and we expect 2-3 hikes over next six months.

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After surprisingly strong 2Q, the last three months brought some moderation in economic activity in Poland. However, the growth is still likely to reach at least 3.5% in full 2026, with fixed investment becoming an increasingly important driver of growth. The slowdown next year may also be less painful than previously assumed, as EU funds that peaked in 2026 will be spent over some time.

Our inflation shows that the CPI rises to 4.3% by December and falls significantly below 4% only in 3Q27. Admittedly, the inflation outlook heavily depends on energy prices and therefore any forecast assumptions should be clearly stated. Our fuel price path differs from that implied by Brent futures, as we assume that in October-November the government may introduce measures lowering fuel prices on average by more than 9%. This is an arbitrary (and admittedly relatively optimistic) assumption and in the absence of such measures the CPI could be by 0.5pp higher, reaching approx. 4.8% in December.

We also assume 10% increase in gas and electricity bills in January and again it is a relatively cautious assumption. Our back of the envelope estimates suggest the increase in prices towards market implied levels would suggest approximately 20% and 40% increases in electricity and gas bills (including changes in distribution fees). The reason why we assume significantly smaller adjustments is based on the expectations that the government will try to soften the impact of the energy shock, especially given the approaching date of parliamentary elections (Oct/Nov 2027).

Finally for food prices, we assume that unfavourable weather conditions in 2026 as well as global food price shocks will keep the month-on-month food price trajectory in Poland 0.1-0.3pp higher than seasonal patterns would suggest.

Significantly higher headline inflation will be a strong argument for the MPC to consider rate hikes. In recent months the Council has shown little intention to tighten monetary policy and, if anything, in July it even suggested a possibility of rate cuts. However, the new inflation projection in November will show a CPI trajectory dramatically different from that released in July. Taking this into account we expect the MPC to consider a possibility of rate hikes already in November. We believe the MPC may increase interest rates 2-3 times over next six months.

Figure 1. Poland - Inflation and interest rate forecasts

	Aug26	Sep26	Oct26	Nov26	Dec26	Jan27	Feb27	Mar27	Apr27	May27	Jun27	Jul27	Aug27	Sep27	Oct27	Nov27	Dec27
CPI, % YoY	3.4	4.0	4.1	4.1	4.3	4.5	4.6	3.8	3.8	4.3	5.0	4.0	3.7	3.2	3.2	3.3	3.3
CPI, % MoM	0.3	0.6	0.3	0.1	0.2	0.9	0.3	0.4	0.6	0.1	0.2	-0.1	0.0	0.1	0.4	0.1	0.2
Core inflation, % YoY	3.3	3.3	3.5	3.7	3.8	3.7	3.7	3.7	3.5	3.6	3.5	3.2	3.1	2.9	2.9	2.9	3.0
NBP policy rate, %	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25

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Source: Citi Handlowy, National Bank of Poland, Statistics Poland

Appendix

Figure 1 shows our base-case scenario and two alternative scenarios. These are not scenarios directly linked to oil price shock, but rather stylized scenario that we think provide a plausible range of outcomes

Figure 2. Poland – Selected macroeconomic forecasts under alternative scenarios

Base case	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28	1q29	2q29	3q29
GDP growth YoY	3.5	3.3	3.3	3.1	3.0	3.0	3.1	3.1	3.0	2.9	2.9	2.8	2.8
Inflation YoY (average)	3.5	4.2	4.3	4.4	3.7	3.3	2.9	2.6	2.8	2.8	2.7	2.6	2.5
Average wage YoY (national economy)	5.3	5.4	5.6	5.7	5.7	5.6	5.4	5.3	5.2	5.1	5.1	5.0	5.0
Registered unemployment rate	5.8	5.8	5.9	5.7	5.7	5.7	5.8	5.6	5.6	5.6	5.7	5.5	5.5
Unemployment rate LFS	3.2	3.0	3.3	3.0	3.0	2.8	3.1	2.8	2.9	2.7	3.0	2.7	3.0
NBP reference rate (eop)	3.75	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
WIBOR 3M (eop)	3.85	4.19	4.44	4.44	4.44	4.44	4.44	4.44	4.44	4.44	4.44	4.44	4.44
WIG (eop)	156404	157655	159364	161073	162782	164491	165588	166684	167781	168878	169835	170620	171573
WIG20 (eop)	4197	4218	4263	4309	4355	4401	4430	4459	4489	4518	4544	4565	4590
Negative scenario	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28	1q29	2q29	3q29
GDP growth YoY	3.0	2.2	1.7	1.0	1.1	1.4	1.8	2.0	2.1	2.2	2.5	2.6	2.7
Inflation YoY (average)	3.0	2.7	2.2	1.8	1.4	1.9	1.7	1.6	2.0	2.2	2.3	2.4	2.3
Average wage YoY (national economy)	4.7	4.3	3.6	3.1	3.4	3.6	3.8	3.9	4.2	4.4	4.6	4.8	4.8
Registered unemployment rate	5.9	5.9	6.1	6.1	6.2	6.3	6.5	6.3	6.4	6.5	6.6	6.4	6.4
Unemployment rate LFS	3.3	3.1	3.4	3.3	3.4	3.3	3.7	3.4	3.6	3.5	3.8	3.5	3.8
NBP reference rate (eop)	3.75	3.75	3.50	3.25	2.75	2.50	2.25	2.25	2.25	2.25	2.50	2.75	3.00
WIBOR 3M (eop)	3.85	3.94	3.69	3.27	2.85	2.52	2.44	2.44	2.44	2.60	2.69	2.94	3.19
WIG (eop)	150837	130769	126819	122974	124279	125584	126421	127259	128096	128933	129664	130263	130991
WIG20 (eop)	4041	3482	3369	3260	3294	3329	3351	3373	3395	3417	3437	3453	3472
Positive scenario	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28	1q29	2q29	3q29
GDP growth YoY	4.1	4.4	5.0	5.4	5.0	4.7	4.5	4.2	4.0	3.7	3.4	3.0	2.9
Inflation YoY (average)	3.9	5.6	6.3	6.9	6.0	4.8	4.2	3.7	3.7	3.5	3.1	2.8	2.7
Average wage YoY (national economy)	5.9	6.5	7.6	8.3	7.9	7.6	7.0	6.6	6.3	5.9	5.6	5.2	5.2
Registered unemployment rate	5.8	5.6	5.6	5.3	5.2	5.1	5.2	4.8	4.8	4.8	4.9	4.6	4.6
Unemployment rate LFS	3.2	2.9	3.0	2.6	2.6	2.3	2.6	2.1	2.1	2.0	2.2	1.9	2.1
NBP reference rate (eop)	3.75	4.25	4.75	5.00	5.50	6.00	6.25	6.25	6.25	6.00	5.50	5.25	5.00
WIBOR 3M (eop)	3.85	4.60	4.94	5.35	5.94	6.35	6.44	6.44	6.35	6.02	5.60	5.44	5.19
WIG (eop)	161972	178013	187249	196942	199031	201121	202462	203803	205144	206485	207655	208615	209780
WIG20 (eop)	4352	4780	5039	5311	5367	5424	5460	5496	5532	5568	5600	5626	5657

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

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