

10 April 2025 | 5 pages

Poland Economics View

Forecast update – Faster rate cuts, slightly lower terminal rate

OUR TAKE

We adjust our interest rate forecasts to account for central bank's more dovish stance and downward inflation risks related to increased tariffs. We believe the next cut can come as early as May and the MPC is likely to start with a bold 50bps move. We also shifted our terminal rate a bit lower to 3.5% and see risks skewed to the downside.

More dovish tone — At the April press conference NBP governor signaled a possibility of rate cuts in near term, a big deviation from his earlier, significantly more hawkish tone. The fact that central bank officials started to openly discuss a possibility of rate moves bigger than 25bps is also an important sign of how the policy stance has evolved in recent weeks. In our view MPC members would have not even started such a discussion if there had been no intention to begin policy easing quickly. In this situation we think the most likely scenario assumes a cut by 50bps in May.

New tariffs can imply bigger room to cut — While changing its rhetoric, the MPC did not devote too much attention to disinflation risks related to new US tariffs. However, in our view over time these risks may start to play a bigger role. Very high US tariffs on Chinese goods and relatively high (10%) tariffs on products from other countries mean a scenario of trade diversion to Europe is becoming more likely. Our base case forecast assumes that by the end of 2026 the headline CPI could be at around 2.5%, but in case of increased competition from Chinese products this could shift even closer to 2%. Such a shift in medium term policy outlook implies that the MPC can cut rates below the neutral rate.

New forecasts — Our new interest rate path assumes significantly faster rate cuts and a bit lower terminal rate as compared to the previous scenario. We now assume rates will be cut by 50bps in both May and July and by another 25bps in November (previous scenario assumed three 25bps cuts in 2025 starting from July). Also, we think the policy rate can fall to 3.5% in 2026 while previously we expected the bottom of the cycle at 3.75% in early 2027. Risks remain skewed to the downside as even 3.5% nominal policy rate would imply still relatively elevated real rate.

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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 (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)
Apr-25	5.75	6.25	5.65	5.70	5.63	5.60	5.40	5.10	4.40	4.50	4.60	4.90	5.40
May-25	5.25	5.75	5.15	5.25	5.38	5.27	5.20	4.90	4.40	4.50	4.72	4.90	5.39
Jun-25	5.25	5.75	5.15	5.25	5.13	5.10	5.04	4.70	4.30	4.40	4.50	4.90	5.20
Jul-25	4.75	5.25	4.65	4.75	4.88	4.94	4.91	4.62	4.25	4.35	4.48	4.87	5.13
Aug-25	4.75	5.25	4.65	4.75	4.88	4.94	4.83	4.51	4.20	4.30	4.47	4.83	5.07
Sep-25	4.75	5.25	4.65	4.75	4.88	4.85	4.74	4.41	4.15	4.25	4.45	4.80	5.00
Oct-25	4.75	5.25	4.65	4.75	4.76	4.77	4.62	4.31	4.12	4.22	4.40	4.73	4.93
Nov-25	4.50	5.00	4.40	4.50	4.63	4.60	4.49	4.20	4.08	4.18	4.35	4.67	4.87
Dec-25	4.50	5.00	4.40	4.50	4.51	4.52	4.37	4.12	4.05	4.15	4.30	4.60	4.80
Jan-26	4.25	4.75	4.15	4.25	4.38	4.35	4.24	4.04	3.97	4.07	4.22	4.57	4.77
Feb-26	4.25	4.75	4.15	4.25	4.26	4.27	4.12	3.97	3.88	3.98	4.13	4.53	4.73
Mar-26	4.00	4.50	3.90	4.00	4.13	4.10	3.99	3.91	3.80	3.90	4.05	4.50	4.70
Apr-26	4.00	4.50	3.90	4.00	4.01	4.02	3.91	3.87	3.75	3.85	3.97	4.43	4.63
May-26	3.75	4.25	3.65	3.75	3.88	3.85	3.83	3.83	3.70	3.80	3.88	4.37	4.57
Jun-26	3.75	4.25	3.65	3.75	3.76	3.77	3.79	3.81	3.65	3.75	3.80	4.30	4.50
Jul-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.55	3.65	3.75	4.30	4.50
Aug-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.45	3.55	3.70	4.30	4.50
Sep-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.35	3.45	3.65	4.30	4.50
Oct-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.33	3.43	3.63	4.30	4.50
Nov-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.32	3.42	3.62	4.30	4.50
Dec-26	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.30	3.40	3.60	4.30	4.50
Jan-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.30	3.40	3.60	4.30	4.50
Feb-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.30	3.40	3.60	4.30	4.50
Mar-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.30	3.40	3.60	4.30	4.50
Apr-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.33	3.43	3.63	4.33	4.53
May-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.37	3.47	3.67	4.37	4.57
Jun-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.40	3.50	3.70	4.40	4.60
Jul-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.43	3.53	3.73	4.43	4.63
Aug-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.47	3.57	3.77	4.47	4.67
Sep-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.50	3.60	3.80	4.50	4.70
Oct-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.57	3.67	3.83	4.50	4.73
Nov-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.63	3.73	3.87	4.50	4.77
Dec-27	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Jan-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Feb-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Mar-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Apr-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
May-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Jun-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Jul-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Aug-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Sep-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Oct-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Nov-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80
Dec-28	3.50	4.00	3.40	3.50	3.63	3.69	3.74	3.79	3.70	3.80	3.90	4.50	4.80

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

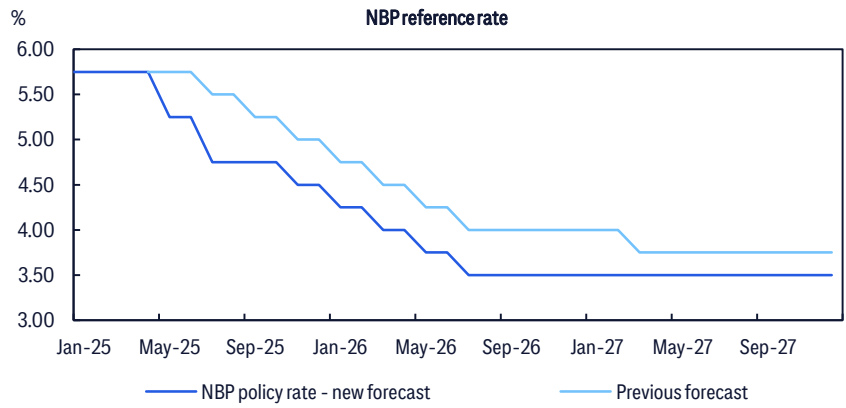
Figure 2. Poland – Monthly forecasts of selected variables – Base case scenario

	WIG (eop)	WIG20 (eop)	USDPLN (avg)	EURPLN (avg)	CHFPLN (avg)
Apr-25	92800	2600	3.89	4.19	4.40
May-25	94500	2650	3.93	4.20	4.41
Jun-25	95655	2678	3.96	4.21	4.42
Jul-25	97897	2755	3.94	4.22	4.42
Aug-25	98454	2771	3.92	4.23	4.42
Sep-25	98525	2758	3.91	4.23	4.42
Oct-25	99554	2805	3.89	4.24	4.42
Nov-25	100116	2822	3.88	4.25	4.43
Dec-25	101276	2884	3.86	4.25	4.43
Jan-26	101229	2855	3.86	4.25	4.43
Feb-26	101797	2872	3.86	4.26	4.43
Mar-26	102809	2928	3.86	4.26	4.43
Apr-26	102867	2905	3.86	4.26	4.43
May-26	103405	2921	3.85	4.27	4.43
Jun-26	104341	2972	3.85	4.27	4.43
Jul-26	104500	2954	3.85	4.27	4.43
Aug-26	105056	2971	3.85	4.28	4.43
Sep-26	105874	3015	3.85	4.28	4.43
Oct-26	106156	3004	3.85	4.28	4.43
Nov-26	106719	3021	3.85	4.29	4.43
Dec-26	107406	3059	3.84	4.29	4.43
Jan-27	107831	3054	3.84	4.29	4.43
Feb-27	108400	3072	3.84	4.30	4.43
Mar-27	109003	3104	3.84	4.30	4.43
Apr-27	109470	3104	3.84	4.30	4.43
May-27	110008	3120	3.84	4.30	4.42
Jun-27	110600	3150	3.84	4.30	4.42
Jul-27	111102	3153	3.85	4.31	4.42
Aug-27	111658	3170	3.85	4.31	4.41
Sep-27	112197	3195	3.85	4.31	4.41
Oct-27	112759	3203	3.85	4.31	4.41
Nov-27	113321	3220	3.85	4.31	4.40
Dec-27	113794	3241	3.85	4.31	4.40
Jan-28	114427	3253	3.85	4.31	4.40
Feb-28	114990	3270	3.85	4.32	4.39
Mar-28	115372	3286	3.86	4.32	4.39
Apr-28	116072	3303	3.86	4.32	4.39
May-28	116610	3319	3.86	4.32	4.38
Jun-28	116971	3331	3.86	4.32	4.38
Jul-28	117705	3352	3.86	4.32	4.38
Aug-28	118261	3369	3.86	4.32	4.37
Sep-28	118593	3377	3.86	4.33	4.37
Oct-28	119361	3402	3.87	4.33	4.37
Nov-28	119923	3419	3.87	4.33	4.36
Dec-28	120237	3424	3.87	4.33	4.36

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

Figure 3. Poland - forecast of the NBP reference rate



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Source: Citi Handlowy Forecasts, National Bank of Poland

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