NARODOWY
BANK POLSKI

Monetary Policy Council

Monetary Policy Guidelines for 2026

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Warsaw, 2025

In setting the *Monetary Policy Guidelines for 2026*, the Monetary Policy Council, hereinafter the "Council", fulfils the requirements of Article 227 Section 6 of the Constitution of the Republic of Poland, which obligates it to formulate monetary policy guidelines and present them to the Sejm on an annual basis.

In the *Monetary Policy Guidelines for 2026* the Council has maintained the monetary policy strategy pursued by Narodowy Bank Polski, hereinafter "NBP", so far. Price stability remains the main statutory objective of monetary policy. At the same time, monetary policy will be conducted in a way that helps maintain sustainable economic growth and financial stability.

NBP will continue to pursue the strategy of a medium-term inflation target at 2.5%, with a symmetric band for deviations of +/-1 percentage point. NBP's interest rates will remain the principal instrument of monetary policy. Monetary policy will continue to be implemented under the floating exchange rate regime. However, NBP does not rule out interventions in the foreign exchange market. The scope, manner and scale of using monetary policy instruments by NBP will take into account in a flexible way the determinants of monetary policy implementation, including in particular market conditions as well as economic consequences of the severe global shocks of the recent years.

The *Monetary Policy Guidelines for 2026* is a translation of the publication of Narodowy Bank Polski entitled *Założenia polityki pieniężnej na rok 2026*. In case of discrepancies, the original prevails.

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Chapter 1. Monetary policy strategy

According to Article 227 Section 1 of the Constitution of the Republic of Poland (Journal of Laws of 1997, item 483; Journal of Laws of 2001, item 319; Journal of Laws of 2006, item 1471; Journal of Laws of 2009, item 946), "Narodowy Bank Polski shall be responsible for the value of Polish currency". The Act on Narodowy Bank Polski of 29 August 1997 (Journal of Laws of 2022, item 2025) states in Article 3 Section 1 that, "The basic objective of the activity of NBP shall be to maintain price stability, while supporting the economic policy of the Government, insofar as this does not constrain the pursuit of the basic objective of NBP."

Fulfilling the main obligations of NBP laid down in the Constitution of the Republic of Poland and in the Act on Narodowy Bank Polski, the Council strives to maintain price stability. At the same time, monetary policy is conducted in a way that helps maintain sustainable economic growth and financial stability.

The Council has been pursuing the price stability objective by using inflation targeting strategy. Under this strategy, since 2004 the monetary policy objective has been to keep inflation – understood as the annual change in the consumer price index – at 2.5% with a symmetric band for deviations of +/-1 percentage point in the medium term.

The medium-term nature of inflation target means that due to macroeconomic and financial shocks, inflation may temporarily deviate from the target and even run outside the band for deviations from the target. The response of monetary policy to shocks is flexible and depends on their causes and the assessment of persistence of their consequences, including the impact on inflation developments. In particular, the type of a shock may be significant, depending on, among others, whether it is tied to changes of supply or demand. Usually, in the case of supply shocks, inflation and production growth change in opposite directions, while demand shock affect dynamics of prices and economic activity in the same direction.

Each time inflation deviates from the target, the Council flexibly determines the desirable time necessary to bring it back to the target, as bringing inflation rapidly back to the target may entail significant costs to macroeconomic and financial stability. When deciding on the changes of monetary policy parameters, the Council takes into consideration price adjustments taking place in the economy, whose sources are beyond the impact of domestic monetary policy. In current conditions, these adjustments are mostly related to the effects of severe global economic shocks of recent years caused by the COVID-19 pandemic and Russia's military aggression against Ukraine as well as to the effects of the structural changes taking place in the economy, including the energy transition, and to the process of Poland's convergence to the more advanced economies.

The monetary policy strategy pursued by the Council assumes flexibility of the instruments applied. This means that the range of instruments used by NBP can be adapted to the nature of disturbances observed in the economy and market conditions. The flexible use of monetary policy instruments is conducive to effective functioning of the transmission mechanism as well as macroeconomic and financial stability.

While taking monetary policy decisions, the Council considers the time lags in the transmission mechanism of monetary policy. The time lag between a decision on monetary policy parameters and its peak impact on real variables (such as output or employment) and on inflation takes several quarters and may change over time. Moreover, monetary policy is conducted under uncertainty, in particular about future economic developments.

Stabilising inflation at a low level is an important, yet insufficient condition to maintain balance in the economy, which, in turn, supports price stability in the long term. Imbalances in the financial sector may pose a threat to long-term price stability. Those imbalances should be counteracted mainly by macroprudential policy aimed at reducing systemic risk and in that manner supporting long-term, sustainable economic growth. This is important especially amid the free movement of capital and highly integrated financial markets. Monetary policy conducted by the Council supports macroprudential policy and in particular is conducive to financial system stability and mitigates the risk of imbalances building up in the economy by taking into account developments in asset prices (including real estate prices) and lending growth, insofar as this does not constrain the pursuit of the basic objective of NBP.

Besides monetary and macroprudential policy, fiscal policy plays an important role in maintaining macroeconomic stability. A fiscal policy which mitigates the impact of economic shocks, while ensuring long-term stability of public finance, is necessary to maintain macroeconomic stability.

The Council implements the inflation targeting strategy under the floating exchange rate regime. The floating exchange rate regime does not rule out interventions in the foreign exchange market whenever it is warranted by market conditions or conducive to ensuring the country's macroeconomic or financial stability.

Monetary policy communication is an important element of the Council's inflation targeting strategy. Thus, the Council's decisions together with their determinants are presented in the press releases (*Information from the meeting of the Monetary Policy Council*), as well as in the *Minutes of the Monetary Policy Council decision-making meetings*, *Inflation Reports*, *Monetary Policy Guidelines* and the *Report on Monetary Policy*. Furthermore, the Council's decisions and their determinants may be explained by the Governor of NBP at the press conferences and in the individual statements by the Governor of NBP or the members of the Council.

In line with the adopted strategy, in 2026 monetary policy parameters, including NBP interest rates, will be adjusted to the economic situation so as to ensure long-term price stability and, at the same time, support sustainable economic growth and financial stability.

Chapter 2. Monetary policy instruments in 2026

Determinants of monetary policy instruments

In 2026 the scope, manner and scale of use of monetary policy instruments by NBP will take into account the factors associated with its conduct. As in previous years, monetary policy instruments may be used in a flexible manner to account for the changing macroeconomic and market conditions.

The persistence of liquidity surplus in the domestic banking sector, expected by the central bank, will have a significant impact on the manner and scope of use of monetary policy instruments by NBP in 2026. For this reason, as in previous years, on a net basis NBP's monetary policy instruments will have a liquidity-absorbing nature. Banking sector liquidity in 2026 will be positively affected by the purchase of foreign currencies by NBP, mainly from the Ministry of Finance. The NBP sale of foreign currencies mainly to the European Commission, and a rise in currency in circulation, will have a curbing effect on the level of banking sector liquidity.

The operational target of NBP's monetary policy in 2026 will be to keep the POLONIA rate running close to the NBP reference rate. Depending on the market conditions, the level of the POLONIA rate may deviate from the NBP reference rate within the corridor set by the NBP deposit rate and lombard rate.

Interest rates

The key instrument of monetary policy in 2026 will be the NBP interest rates.

The NBP reference rate will determine the yield obtainable on the NBP main open market operations, while at the same time affecting the level of short-term market interest rates.

The NBP lombard rate will determine the interest on the lombard credit offered by NBP, allowing banks to obtain funds from the central bank on an overnight basis.

The NBP deposit rate will determine the interest rate on deposits, allowing banks to deposit funds with NBP on an overnight basis.

The discount rate will determine the interest on the bill discount credit.

Open market operations

The primary instrument which will be used to achieve the operational target of monetary policy will be the main open market operations. Through its main operations, NBP will affect liquidity conditions in the banking sector, and consequently the level of the POLONIA rate. These operations will normally be carried out on a regular basis, once a week, typically with a 7-day maturity. When conducting main operations, NBP will apply a fixed-rate tender procedure with the rate at the level of the NBP reference rate. Due to the expected further persistence of liquidity surplus in the banking sector in 2026, these operations will be carried out in the form of NBP bills issuance. The manner in which main operations are conducted may be modified if justified by a change in market conditions or parameters of NBP’s monetary policy.

Fine-tuning operations will be an instrument supplementing main operations with regard to the achievement of the operational target of NBP monetary policy. Their use may be motivated by the need to provide liquidity to, or absorb liquidity from the banking sector. As part of liquidity-providing operations, NBP may offer repo transactions or redeem NBP bills before maturity. In the case of liquidity-absorbing operations, the central bank may issue NBP bills or offer reverse repo transactions. The maturity and the yield of these operations as well as the manner to conduct them will be aligned with the purpose of their application.

Structural operations may be conducted in order to change the liquidity structure in the banking sector in the long term, as well as to ensure the liquidity of the secondary market for debt securities or to strengthen the monetary transmission mechanism. As part of structural operations, NBP may purchase or sell debt securities in the secondary market, as well as issue NBP bonds.

Required reserve

The required reserve system will support the achievement of the operational target of NBP monetary policy by stabilising the POLONIA rate. The averaged reserve requirement will allow institutions subject to the reserve requirement the freedom to decide on the amount of funds held on the account with the central bank on particular days of the reserve maintenance period, provided that the average level of holdings at NBP accounts is maintained at a level not lower than the required reserve level. At the same time, the required reserve will reduce the scale of NBP open market operations conducted to absorb liquidity surplus.

The level of the required reserve ratios will depend on the conditions in which monetary policy will be pursued in 2026.

Standing facilities

Standing facilities offered by NBP are designed to limit the scale of the POLONIA rate fluctuations by stabilising liquidity conditions in the banking sector.

The lombard credit will enable banks to obtain overnight credit from NBP on each operating day. This credit will be collateralised with assets accepted by the central bank, a list of which will be published on the NBP website[1]. The interest rate on this credit, determining the marginal cost of obtaining funds from the central bank will, in principle, act as a ceiling for the rates on the overnight interbank market transactions.

The deposit facility will allow banks to deposit their liquidity surpluses with the central bank on an overnight basis on each operating day. The interest on the overnight deposit will, in principle, determine the floor for the rates on the overnight interbank market transactions.

The width of the corridor between the NBP deposit rate and lombard rate will be shaped in a way conducive to the effective transmission of monetary policy, taking into account the smooth functioning of the interbank short-term deposit market.

Bill discount credit

NBP may offer the bill discount credit aimed at refinancing loans granted to entrepreneurs by banks.

Foreign exchange swaps

NBP may carry out foreign exchange swaps. A foreign exchange swap is a transaction in which NBP purchases (or sells) the Polish zloty against a foreign currency in the spot market and, at the same time, resells (or repurchases) it under a forward contract at a specified date.

Foreign exchange interventions

NBP may intervene in the foreign exchange market.

[1] https://nbp.pl/en/statistic-and-financial-reporting/financial-markets/lombard-facility-repo

Chapter 3. Monetary policy determinants in 2026

External conditions

In the first half of 2025, economic activity growth in the global economy remained moderate. GDP growth in the United States declined compared to 2024, and in the euro area – despite an increase compared to 2024 – it was still lower than in the United States. In the economies of Central and Eastern Europe outside the euro area economic conditions were varied. In many economies GDP was driven by growing consumption, supported by the favourable situation in the labour markets, while uncertainty regarding, among others, the geopolitical situation and changes in trade policy of the major economies, was a factor limiting investment.

In the first half of 2025, global inflation declined on average. In 2025 Q2 price growth in the euro area fell to a level consistent with the European Central Bank inflation target. At the same time, in the United States and in the Central and Eastern European countries outside the euro area, inflation in the first half of 2025 was still running above the central banks' inflation targets. The fall in oil prices and the earlier monetary policy tightening by major central banks as well as moderate demand growth in the global economy contributed to lower inflation. In turn, core inflation in many economies remained elevated, despite a slight fall.

Available forecasts point to the continued moderate growth in the global economy. In the United States, following a period of relatively high growth in the previous years, forecasts show that GDP growth will slow down somewhat in 2025 and continue at a similar pace in 2026. On the other hand, in the euro area economic growth in 2025 and 2026 is set to be higher than in the previous two years. Growth in the Central and Eastern European countries outside the euro area is also expected to pick up in 2025-2026 compared to 2024.

In line with the current forecasts, inflation is expected to decline worldwide. In particular, in the United States, following an anticipated temporary rise in the second half of 2025, inflation is to decline towards the Federal Reserve target in 2026. In turn, in the euro area price growth in 2026 might temporarily fall slightly below the European Central Bank's target. In the Central and Eastern European countries inflation is also forecast to decline.

Domestic conditions

In the first half of 2025, economic activity growth in Poland accelerated somewhat compared to 2024, including due to higher growth in investment. Private consumption growth was driven by the favourable labour market situation, evidenced in low unemployment and high wage growth, although the latter was lower than in 2024. At the same time, a factor limiting growth in the Polish economy was weak foreign demand following from stagnation in Germany. As a result, the contribution of net exports to GDP remained negative.

Annual growth in the consumer price index was elevated in the first half of 2025. This was mainly due to significant growth in administered energy prices (as a result of their partial unfreezing since July 2024 and higher tariffs for the distribution of natural gas since January 2025). Increases in some of the remaining administered prices (i.e. charges for cold water supply and sewage and refuse collection) as well as high growth of excise goods prices (related to higher excise duty on tobacco products) had a similar effect. Annual growth in the prices of food and non-alcoholic beverages in the first half of 2025 was also higher than in 2024 (among others, as a result of the reinstatement of the 5% VAT rate on staple food products in April 2024). CPI inflation excluding food and energy prices gradually declined, despite persistently high price growth in services.

Forecasts point to a continuation of GDP growth in the second half of 2025 at a level close to that of the first half of 2025. Subsequently, economic activity growth is set to slow down somewhat, while growing investment will support GDP in both 2025 and 2026. Increasing consumption will be driven by the favourable labour market situation, including low unemployment amid an expected gradual decline in wage growth. At the same time, economic developments abroad, including in Germany, will be a factor affecting economic growth.

In July 2025, CPI inflation in Poland fell below the upper bound for deviations of the NBP inflation target. Inflation developments in the coming quarters will largely depend on growth in administered energy prices, particularly in view of the fact that core inflation is expected to decline only slowly. Available forecasts indicate that in 2026, annual average growth in consumer prices, including also core inflation, will be lower than in 2025.

Main uncertainty factors

The outlined macroeconomic scenario is subject to uncertainty.

Among the external factors, economic activity in the euro area, including in Germany, will be of relevance. In this context, changes in trade policy of the major economies are a source of uncertainty. Uncertainty about the geopolitical situation also persists, above all, regarding the future course of the Russia’s armed aggression against Ukraine.

A significant uncertainty factor for inflation in Poland is the development of administered prices, including in particular the level of the new tariffs for electricity, gas and heat. Uncertainty about energy prices also arises due to changes in global commodity prices.

In the context of the domestic economic conditions, future growth in investment is another important source of uncertainty, which will largely depend on the use of EU funds and the outlook for demand. In turn, uncertainty about the labour market situation and the pace of the slowdown in wage growth is substantial for inflation processes.

An important uncertainty factor for future economic conditions and inflation is the shape of fiscal policy in 2026.

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