Monetary Policy Council

November 2025

Inflation Report

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Warsaw, 2025

The *Inflation Report* presents the Monetary Policy Council's assessment of macroeconomic developments influencing inflation. The projection of inflation and GDP presented in Chapter 4 has been prepared at the Economic Analysis and Research Department of Narodowy Bank Polski (NBP). In terms of the contents, works on the projection have been supervised by Director of the Economic Analysis and Research Department. The projection has been prepared with the use of the NECMOD macroeconomic model. The NBP Management Board has approved the submission of the projection to the Monetary Policy Council. The projection of inflation and GDP is one of the inputs to the Monetary Policy Council's decision-making process.

The time frame of the analysis presented in the *Report* is conditioned by the availability of macroeconomic data, while its periodisation (breakdown into sub-periods) is conditioned by the development of particular variables. Chapters 1 and 2 of the *Report* include data available until 23 October 2025, while the projection of inflation and GDP presented in Chapter 4 has been prepared taking into account data available until 15 October 2025.

This *Inflation Report* is a translation of NBP *Raport o inflacji* in Polish. In case of discrepancies, the original prevails.

Contents

Summary

In the first half of 2025, global GDP growth was higher than in 2024 and stood close to its long-term average. In many economies, an increase in activity was supported by the still relatively favourable labour markets conditions, including real wage growth. At the same time, there remained uncertainty around global activity outlook related, among others, to changes in trade policies. In 2025 Q2, GDP growth amounted to 1.5% y/y in the euro area, and 2.1% y/y in the United States.

Since the *Inflation Report - July 2025*, global inflation has declined, approaching its pre-COVID-19 levels. The fall in global inflation between May and August 2025 reflected continued disinflation in some emerging market economies, despite rising price growth in major advanced economies. At the same time, core inflation in most advanced economies remains higher than before the pandemic. Over the recent period, annual growth in industrial producer prices was close to zero in the euro area, positive in the United States and still negative in China. In October 2025, the prices of most energy and agricultural commodities were on average lower than a year earlier.

In recent months, most central banks in advanced economies have reduced their interest rates or kept them unchanged, following earlier cuts. Nevertheless, in all advanced economies interest rates have been above their pre-COVID-19 levels. Since mid-June 2025, the yields on US Treasury bonds have declined, and the US dollar has weakened against many other currencies, including the euro.

Since the previous *Report*, CPI inflation in Poland has dropped to 2.9% y/y in September 2025, from 4.1% y/y in June 2025 (against the NBP inflation target of 2.5% ±1 percentage point). The decline was primarily due to the fading out of the impact of partial unfreezing of electricity, natural gas and heat prices in July 2024, and – albeit to a smaller extent – weaker annual growth in the prices of food and non-alcoholic beverages. Inflation excluding food and energy prices has also decreased, although it continued to exceed headline inflation. The moderation in the CPI inflation was, however, constrained by the higher annual growth rate in fuel prices.

Annual GDP growth in Poland stood at 3.3% in 2025 Q2 (compared to 3.2% in 2025 Q1). GDP growth was driven by a pickup in private consumption and a reduction in the negative contribution from net exports. Alongside that, the contribution from change in inventories to GDP growth was lower than in the previous quarter, albeit still positive. In turn, investment declined in annual terms, following an increase in 2025 Q1. Incoming data point to a continued rise in economic activity in 2025 Q3, including in consumer demand.

In the first half of 2025, the general government deficit in ESA2010 terms stood at PLN 90.4 billion (2.3% of GDP), compared to a deficit of PLN 64.0 billion (1.8% of GDP) in the first half of 2024. Much of the widening of the deficit reflected a rise in public expenditure, including on compensation of employees, particularly in the healthcare sector and local government units, as well as on social transfers in cash. The growth of the deficit in the analysed period was also due to higher interest payments than in the previous year. According to the government estimate presented in its autumn fiscal notification, the general government balance in ESA2010 terms in 2025 will amount to -6.9% of GDP compared

to -6.5% of GDP in 2024. According to the autumn fiscal notification, the general government debt in ESA2010 terms will amount to 59.8% of GDP at the end of 2025, compared to 55.1% of GDP at the end of 2024.

The aggregate gross financial result of the non-financial enterprise sector increased by 1.7% y/y in 2025 Q2 (compared to 13.9% y/y in 2025 Q1), with the result from the sale of products, goods and materials remaining relatively stable and a slight increase in the result from other operating activity. The profitability of the enterprise sector in 2025 Q2 was lower than the year before and the liquidity in most sections of the economy continued to be high.

The labour market has recently seen unemployment to continue at low levels, with the number of people employed in the economy close to that observed a year earlier and a fall in employment in the enterprise sector. At the same time, wage growth slowed down, although was still elevated.

Since the previous *Report*, the prices of financial instruments in Poland have been affected, in particular, by sentiment in the international financial markets and the NBP interest rate cuts in recent months. Despite incoming information about forecasted increase in general government debt ratios in Poland, yields on Polish government bonds declined, which was supported by the NBP interest rate cuts. At the same time, the zloty exchange rate strengthened against the US dollar, while against the euro it remained at a similar level to that of June 2025.

Growth in the M3 aggregate amounted to 11.1% y/y in 2025 Q3 (compared to 10.7% y/y in Q2). Alongside that, the annual growth of both household and corporate loan debt increased.

The current account balance and other external imbalance indicators evidence that the Polish economy is well balanced. In 2025 Q2, the current account balance was negative and decreased, which was mainly due to the widening of the deficit on trade in goods. At the same time, the gross external debt to GDP ratio continued to run markedly below the long-term average.

The *Report* is structured as follows: Chapter 1 presents the analysis of economic conditions in the external environment of the Polish economy in terms of their impact on inflation developments in Poland. These developments and the domestic factors that might affect them are described in Chapter 2. Chapter 3 includes *Minutes of the Monetary Policy Council decision-making meetings* held between July and September 2025, together with the *Information from the meetings of the Monetary Policy Council* in October and November 2025. Chapter 5 presents the Monetary Policy Council voting records from the meetings held between June and September 2025.

Chapter 4 of the *Report* presents the projection for inflation and GDP based on the NECMOD model, which is one of the inputs into the Council's decision-making process on the NBP interest rates. In line with the projection, prepared under the assumption of unchanged NBP interest rates and taking into account data available until 15 October 2025, there is a 50-percent probability that the annual price growth will be in the range of 3.6 – 3.7% in 2025 (against 3.5 – 4.4% in the July 2025 projection), 1.9 – 4.0% in 2026 (compared to 1.7 – 4.5%) and 1.1 – 4.1% in 2027 (against 0.9 – 3.8%). At the same time, the annual GDP growth – according to the projection – will be with a 50-percent probability in the range of 3.1 – 3.8% in 2025 (against 2.9 – 4.3% in the July 2025 projection), 2.7 – 4.6% in 2026 (compared to 2.1 – 4.1%) and 1.5 – 3.7% in 2027 (against 1.3 – 3.7%).

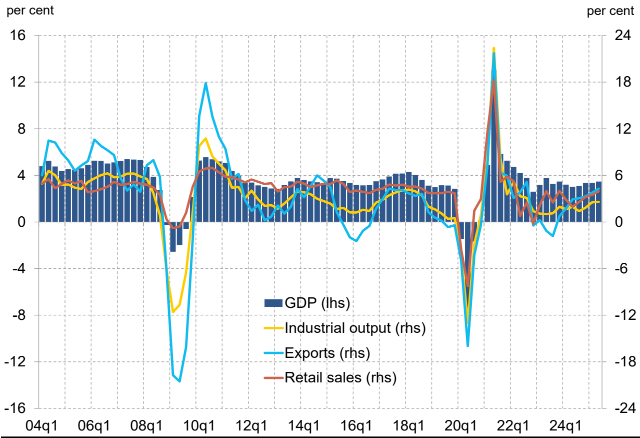
1. External developments

1.1 Economic activity abroad

In the first half of 2025, global GDP growth was higher than in 2024 and stood close to its long-term average (Figure 1.1). In many economies, an increase in activity was supported by the still relatively favourable labour markets conditions, including real wage growth. At the same time, the annual industrial output growth picked up, although economic conditions in industry remained subdued. Global export growth, in turn, slowed in 2025 Q2, after an earlier temporary rise related to the expectations of import tariffs increases by the United States. There remained uncertainty around global activity outlook related, among others, to changes in trade policies.

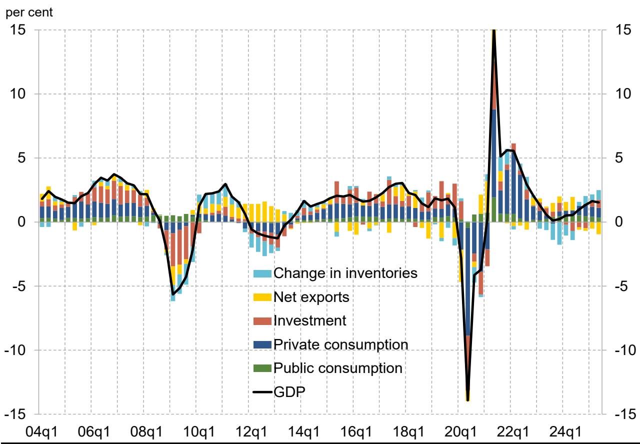
In the euro area, GDP growth amounted to 1.5% y/y in 2025 Q2, compared to 1.6% y/y in 2025 Q1 and 1.3% y/y in 2024 Q4; Figure 1.2).[1] The pace of GDP growth continued to vary significantly across euro area countries.[2] In Spain, GDP growth was running at 3.1% y/y, in France, 0.8% y/y, in Italy, 0.4% y/y and in Germany, 0.2% y/y. Drivers of GDP growth in the euro area in 2025 Q2 included private consumption, change in inventories, investment and public consumption. By contrast, net exports made a negative contribution to GDP growth. The unemployment rate was 6.3% in August 2025, similarly to the 2025 Q2 average. Alongside that, employment growth continued to decline and in

Figure 1.1 Global GDP growth and economic activity indicators (y/y)



Source: LSEG Datastream, Centraal Planbureau, OECD, Eurostat, IMF and national statistical offices data, NBP calculations.
The growth in GDP, industrial output and retail sales are calculated using weights based on GDP expressed in purchasing power parity (PPP). The sample consists of 58 economies comprising over 80% of global GDP expressed in PPP. Growth in global exports according to Centraal Planbureau. Due to limited availability of data from some countries, the sets of economies used for calculating each time series differ slightly.

Figure 1.2 GDP growth in the euro area and its components (y/y)



Source: Eurostat data, NBP calculations.

[1] In quarterly terms, GDP growth in the euro area amounted to 0.1% in 2025 Q2, 0.6% in 2025 Q1 and 0.4% in 2024 Q4.
[2] Moreover, in recent quarters GDP growth in the euro area has been heavily affected by data from Ireland. With Ireland excluded from the euro area aggregate, GDP growth amounted to 0.9% y/y in 2025 Q2, compared to 1.0% y/y in both 2025 Q1 and 2024 Q4.

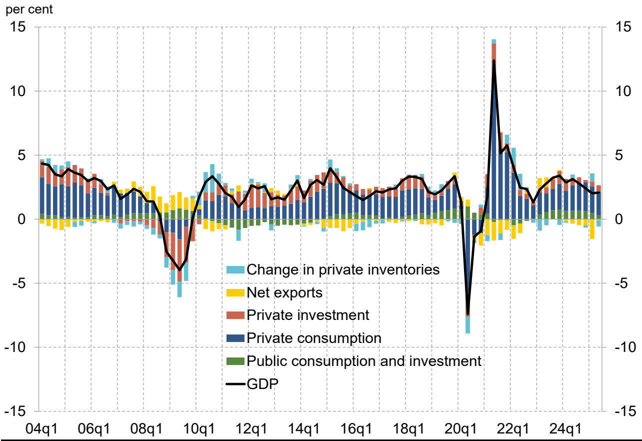
annual terms it was at its slowest since the COVID-19 pandemic (0.6% in 2025 Q2).

In the United States, GDP growth stood at 2.1% y/y in 2025 Q2 (compared to 2.0% y/y in 2025 Q1; Figure 1.3).[3] GDP growth in 2025 Q2 was supported by a rise in domestic demand, especially private consumption. Net exports, in turn, had a marginally negative impact on GDP growth. At the same time, the situation in the labour market deteriorated. Nonfarm payroll employment growth slowed down,[4] and the unemployment rate increased to 4.3% in August 2025, i.e. the highest level in nearly 4 years.

In China, GDP growth in 2025 Q3 was running at 4.8% y/y, compared to 5.2% y/y in 2025 Q2 and 5.4% in 2025 Q1.[5] Despite the still downbeat consumer sentiment, the contribution of consumption to growth remained relatively large in 2025 Q3 (2.7 percentage points, similarly as in 2025 Q2), which was backed by the authorities' economic stimulus measures. The contribution of net exports also remained high (1.2 percentage points, similarly as in 2025 Q2). Meanwhile, there was a decline in the contribution of investment (to 0.9 percentage points, from 1.3 percentage points in 2025 Q2). Economic activity growth continued to be curbed by the downturn in the real estate market.

In the first half of 2025, activity growth in the Central and Eastern European countries outside the euro area[6] was diversified. In 2025 Q1, GDP increased by 2.4% y/y in the Czech Republic and by 0.7% y/y in Romania, while decreasing by 0.3% y/y in Hungary. In 2025 Q2, GDP growth in annual terms picked up in all the three economies (to 2.6% y/y in the Czech Republic, 2.1% y/y in

Figure 1.3 GDP growth in the United States and its components (y/y)



Source: Bureau of Economic Analysis data, NBP calculations.

[3] Due to the changes in trade policy, in the first half of 2025 GDP growth in quarterly terms was subject to heavy fluctuations. In quarterly terms, GDP growth in the United States increased by 3.8% saar in 2025 Q2, compared to a decline of 0.6 % saar in 2025 Q1.
[4] From January 2025 to April 2025, the total increase in nonfarm payroll employment was 491 thousand jobs, while from May 2025 to August 2025 – 107 thousand jobs.
[5] In quarterly terms, GDP in China grew by 1.1% in 2025 Q3, compared to 1.0% in Q2 and 1.2% in 2025 Q1.
[6] The analysed group of countries comprises the Czech Republic, Hungary and Romania.

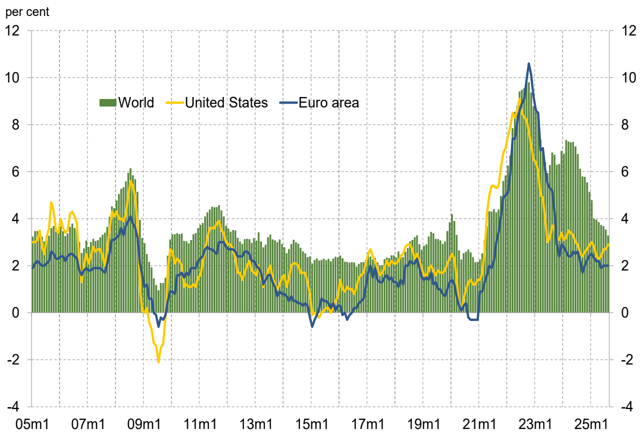
Romania and 0.3% y/y in Hungary).[7] In 2025 Q2, GDP growth in all the three economies was driven by private and public consumption. In the Czech Republic and Romania, change in inventories also made a positive contribution to growth. Moreover, in Romania investment added to GDP growth. Alongside that, in all the three economies, net exports contribution to GDP growth was negative in 2025 Q2. In August 2025, the unemployment rate in the Czech Republic stood at 3.2% (compared to an average of 2.8% in 2025 Q2), in Romania at 5.9% (compared to an average of 6.0% in Q2) and in Hungary at 4.3% (similarly to the Q2 average).

1.2 Inflation developments abroad

Since the previous *Inflation Report*, global inflation has declined, approaching its pre-COVID-19 levels (Figure 1.4). The fall in global inflation between May and August 2025 reflected continued disinflation in some emerging market economies, despite rising price growth in major advanced economies. At the same time, core inflation in most advanced economies remains higher than before the pandemic, amid still elevated growth in services prices (Figure 1.5). Over the recent period, annual growth in industrial producer prices was close to zero in the euro area, positive in the United States and still negative in China (Figure 1.6).

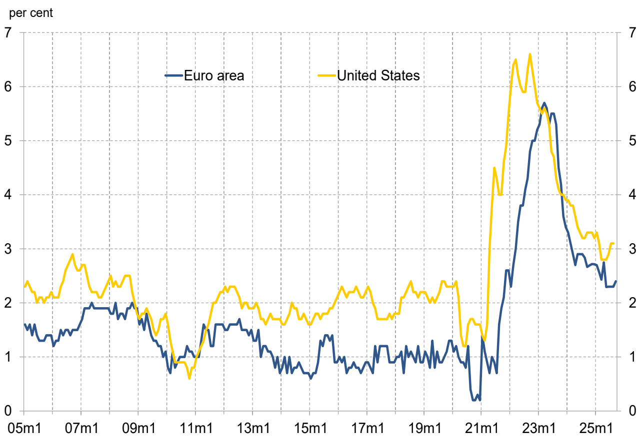
In the euro area, HICP inflation rose to 2.2% y/y in September 2025 (compared to 2.0% y/y in the preceding three months and 1.9% y/y in May 2025). The rise in inflation was driven by the slower decline in energy prices (-0.4% y/y in September 2025 compared to -3.6% y/y in May 2025). Core inflation also edged up (to 2.4% y/y compared to 2.3% y/y seen in the preceding four months; Figure 1.5). Since May 2025, growth in industrial goods prices has increased slightly

Figure 1.4 Consumer price inflation globally and in selected economies (y/y)



Source: LSEG Datastream and IMF data, NBP calculations.
World – average consumer price inflation weighted by GDP in purchasing power parity (PPP). Since 2019, the combined contribution of the included economies to global GDP (in PPP) is approximately 90%, according to IMF estimates. Estimates up to 2018, due to limited data availability, are based on a different set of economies, covering approximately 85% of global GDP. United States – annual CPI inflation. Euro area – annual HICP inflation.

Figure 1.5 Core inflation in the United States and the euro area (y/y)



Source: Eurostat and Bureau of Labor Statistics data.
For the United States – CPI inflation excluding food and energy prices. For the euro area – HICP inflation excluding energy, food, alcohol and tobacco.

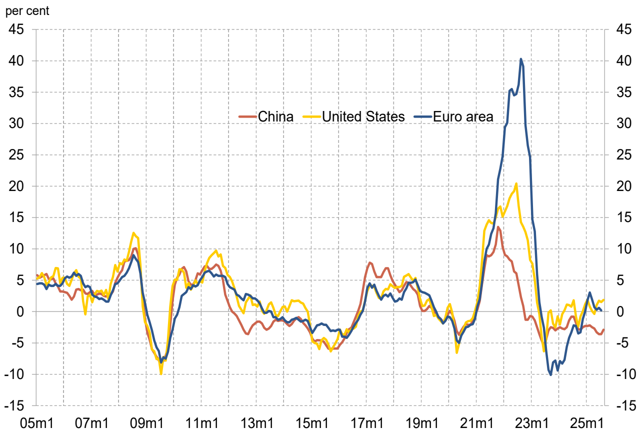
[7] In quarterly terms, GDP growth in 2025 Q2 amounted to 0.5% in the Czech Republic (compared to 0.7% in 2025 Q1), 1.2% in Romania (compared to 0.1% in 2025 Q1) and 0.5% in Hungary (against -0.2% in 2025 Q1).

amid relatively stable growth in services prices[8]. Downward pressure on inflation came, in turn, from slower growth in food prices (3.0% y/y compared to 3.2% y/y in May 2025), particularly prices of unprocessed food.

In the United States, CPI inflation rose to 2.9% y/y in August 2025 (from 2.4% y/y in May 2025)[9], reflecting higher core inflation as well as stronger growth in energy and food prices. Core CPI inflation stood at 3.1% y/y in August 2025 (compared to 2.8% y/y in May 2025), with growth in services prices running at the same level as in May 2025 and growth in industrial goods prices picking up.[10]

HICP inflation varied across Central and Eastern European economies outside the euro area (Figure 1.7). Between May and September 2025, inflation declined in the Czech Republic (to 2.0% y/y from 2.3% y/y) and in Hungary (to 4.3% y/y from 4.5% y/y), while surging in Romania[11] (to 8.6% y/y from 5.4% y/y).[12] In the Czech Republic and in Hungary food price growth and core inflation decreased (in the Czech Republic to 2.9% y/y in September 2025 from 3.1% y/y in May 2025, and in Hungary to 4.9% y/y in September 2025 from 5.4% y/y in May 2025), whereas energy price growth picked up. In Romania, a rise was seen in energy price growth, core inflation (to 8.0% y/y in September 2025 compared to 5.5% y/y in May 2025) and food price growth.

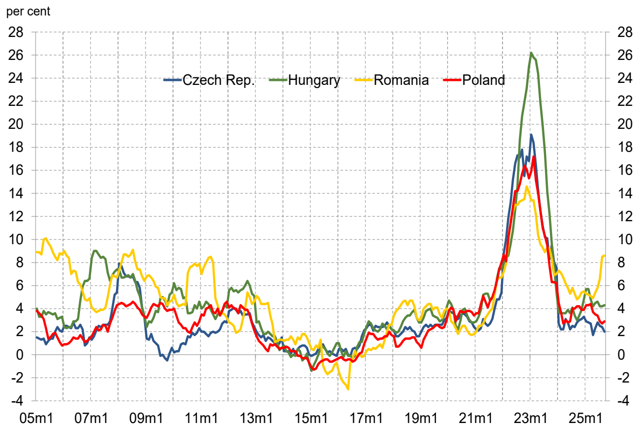
Figure 1.6 Producer price inflation in selected economies (y/y)



Source: Eurostat, Bureau of Labor Statistics and LSEG Datastream data.

For the United States – producer price growth in manufacturing industry, for the euro area and China – producer price growth in industry.

Figure 1.7 Harmonised indices of consumer price inflation (HICP) in selected economies of the Central and Eastern European region (y/y)



Source: Eurostat data.

[8] In September 2025, growth in services prices in the euro area amounted to 3.2% y/y (the same as in May 2025), whereas growth in goods prices stood at 0.8% y/y (compared to 0.6% y/y in May 2025).
[9] PCE inflation – which the Federal Reserve's inflation target refers to – was 2.7% y/y in August 2025 compared to 2.5% in May 2025.
[10] In August 2025, growth in services prices amounted to 3.6% y/y (the same as in May 2025), while growth in goods prices stood at 1.5% y/y (compared to 0.3% y/y in May 2025).
[11] The surge in inflation observed in Romania was mainly driven by the expiry in July 2025 of the electricity price cap system under which electricity sales to households were subsidized by the government, and the VAT and excise tax hikes in August 2025.
[12] CPI inflation also declined in the Czech Republic and Hungary, and in September 2025 it amounted to 2.3% y/y in the Czech Republic (compared to 2.4% y/y in May 2025) and to 4.3% y/y in Hungary (compared to 4.4% y/y in May 2025). In the same period, in Romania CPI inflation increased to 9.9% y/y (compared to 5.5% y/y in May 2025).

1.3 Global commodity markets

The prices of most energy and agricultural commodities were on average lower in October 2025 than a year earlier.[13]

The average price of Brent oil was 16% lower in October 2025 than in the corresponding period of 2024 (and 10% lower than in June 2025; Figure 1.8). The markedly lower oil prices compared to a year ago were driven by concerns about the outlook for global economic activity (see Chapter 1.1 *Economic activity abroad*), in particular those related to changes in the trade policy of the largest economies, as well as the higher supply of this commodity, including in connection with the decisions of OPEC+. Oil prices were also affected by developments in Russia's military aggression against Ukraine and geopolitical tensions in the Middle East.

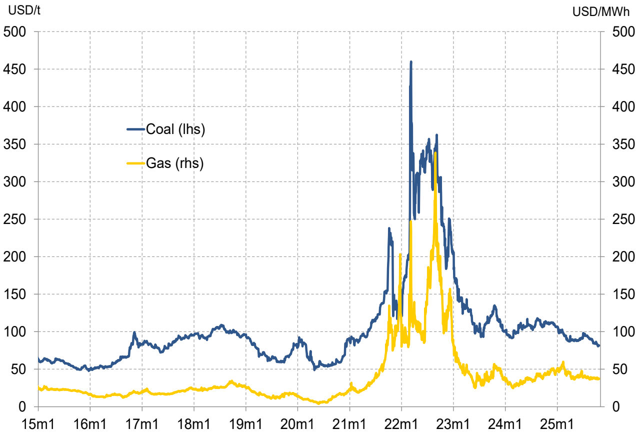
The prices of natural gas were 16% lower in October than a year earlier (and 12% lower than in June 2025; Figure 1.9). Factors supporting the decline in the European prices of this commodity – besides the concerns about global economic conditions – included favourable supply conditions, despite severely restricted gas supplies from Russia, as well as high production of electricity from other sources, particularly renewable ones. In the opposite direction worked the still relatively low level of gas inventories in Europe and the European Commission's plans to ban new contracts for Russian gas imports at the end of 2025. Coal prices, in turn, were 26% lower than a year ago (and 9% lower than in June 2025), supported by high global supply of this commodity.

The NBP's index of agricultural commodity prices was 14% lower in October 2025 than a year ago (and 8% lower than in June 2025; Figure 1.10). In recent months, declines have been seen in

Figure 1.8 Brent oil barrel price

Source: Bloomberg data.

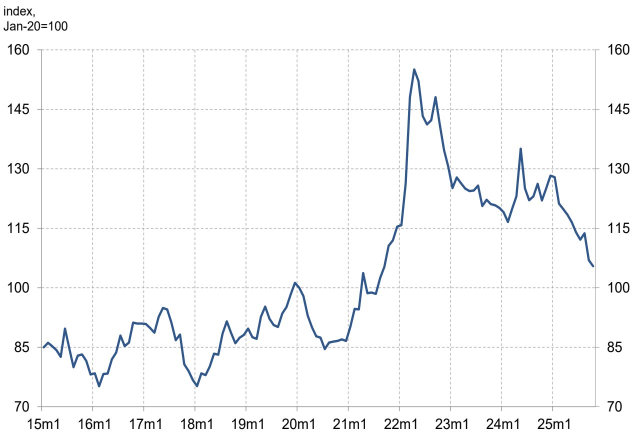
Figure 1.9 Hard coal and natural gas prices



Source: Bloomberg data, NBP calculations.

Prices refer to the prices of Dutch TTF Natural Gas Futures and Coal FOB Richards Bay Futures one-month-ahead contracts. USD/t – price expressed in US dollar per metric tonne. USD/MWh – price expressed in US dollar per megawatt hour.

Figure 1.10 Index of agricultural commodity prices



Source: Bloomberg data, NBP calculations.

The agricultural goods price index comprises the prices of wheat, rape, pork, potatoes, sugar, cocoa, coffee, skimmed powdered milk, butter and condensed frozen orange juice. The system of weights reflects the consumption structure of Polish households.

[13] Average energy commodity prices in October 2025 were calculated using data up to 21 October 2025. The agricultural commodity price index includes data up to 16 October 2025.

particular in the prices of European pork, skimmed milk powder and butter, due to the anticipated lower exports in 2025, and of wheat due to the expected higher harvest in the 2025/26 season.

1.4 Monetary policy abroad

In recent months, most central banks in advanced economies have reduced their interest rates or kept them unchanged, following earlier cuts. Nevertheless, in all advanced economies interest rates have been above their pre-COVID-19 levels (Figure 1.11; Figure 1.12).

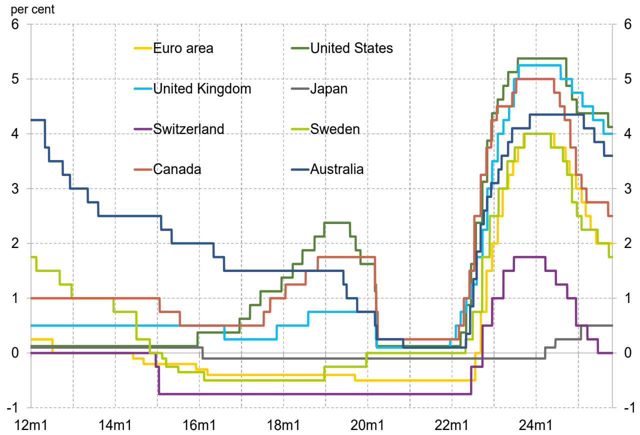
The European Central Bank (ECB) has kept its deposit rate at 2.00%, after cutting it by a total of 2.00 percentage points between June 2024 and June 2025. Instead, the Federal Reserve of the United States (the Fed) lowered the range for the fed funds rate by 0.25 percentage points in September, to 4.00-4.25%. Since September 2024, the Fed has cut the target range for the fed funds rate by a total of 1.25 percentage points.

In the recent period, many central banks of the remaining advanced economies, including Australia, Canada, Norway, New Zealand, Switzerland, Sweden and the United Kingdom, have reduced interest rates, whereas in Japan interest rates have been kept unchanged.

In the Central and Eastern European region, the central banks of the Czech Republic, Romania and Hungary have kept interest rates unchanged in the recent months following previous cuts.

Among the remaining emerging market economies, some of their central banks have lowered interest rates in the recent period (among others, in Mexico and Turkey), some have kept them unchanged (including in Chile, China and India) and some have raised them (e.g. in Brazil).

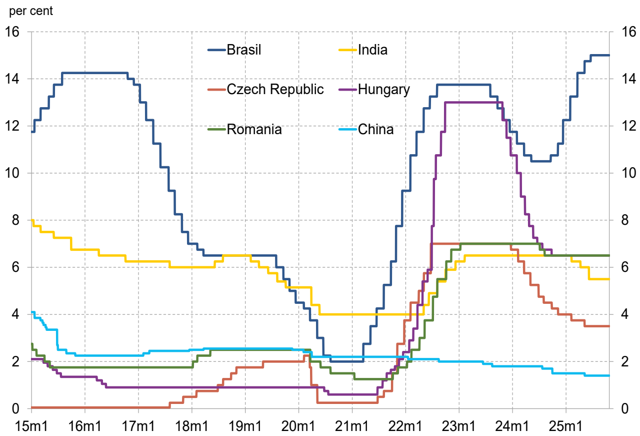
Figure 1.11 Central banks' interest rates in selected advanced economies



Source: Bloomberg data.

Central bank interest rate: for the United States – the midpoint of the fed funds range; for the euro area – the deposit facility; for Japan – the Complementary Deposit Facility; for Switzerland – the policy rate; for the United Kingdom – the Bank Rate; for Sweden – the policy rate; for Canada – the overnight rate target; for Australia – the cash rate target.

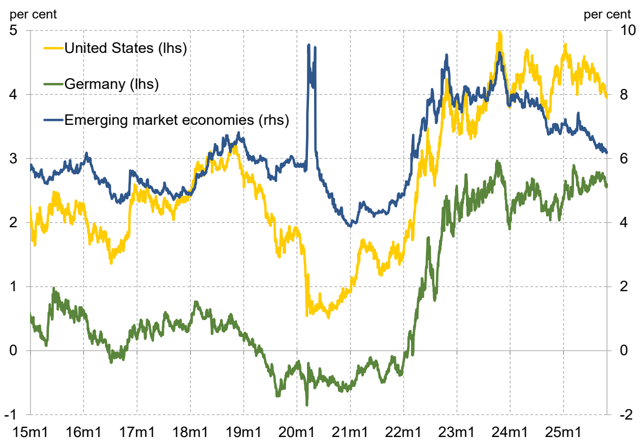
Figure 1.12 Central banks' interest rates in selected emerging market economies



Source: Bloomberg data.

Central bank interest rate: for Brasil – Selic Rate Target; for India – repo rate; for China – 7-day reverse repo; for Czech Republic – 2W repo rate; for Romania – Policy rate; for Hungary – base rate.

Figure 1.13 Yields on long-term government bonds



Source: Bloomberg data.

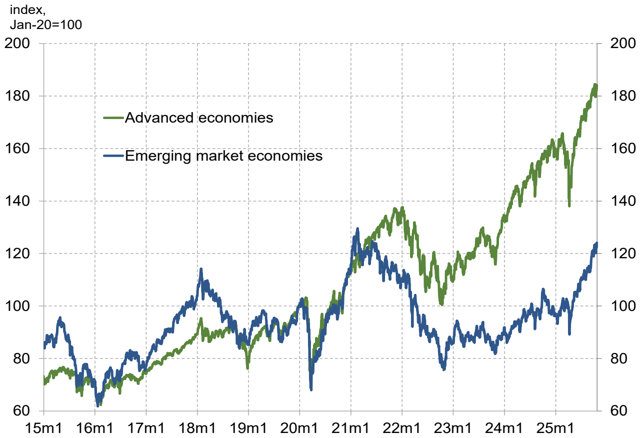
For the United States and Germany – 10 year government bond yield; emerging market economies – *Bloomberg Barclays Emerging Markets Sovereigns*.

1.5 International financial markets

In recent months, sentiment in the global financial markets has been affected primarily by uncertainty about the economic outlook – including that regarding changes in trade policy and geopolitical tensions – as well as the easing of monetary policy in many advanced economies, including the United States (see Chapter 1.4 *Monetary policy abroad*).

Against this background, since mid-June 2025 the yields on US Treasury bonds have declined (Figure 1.13). Meanwhile, global stock indices have risen and in many advanced economies they were close to their all-time highs (Figure 1.14). At the same time, the US dollar has weakened against many other currencies, including the euro (Figure 1.15).

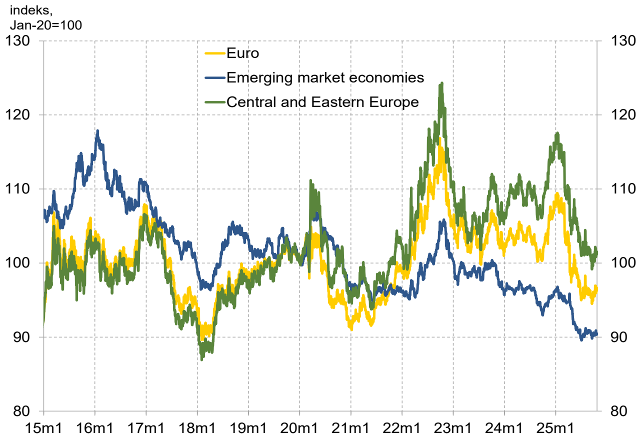
Figure 1.14 Equity prices



Source: Bloomberg data.

Advanced economies – *MSCI World Equity Index*; emerging market economies – *MSCI Emerging Markets Equity Index*.

Figure 1.15 US dollar exchange rates against the euro and the currencies of emerging market economies and the economies of the Central and Eastern Europe (rise indicates appreciation of the dollar)



Source: Bloomberg data, NBP calculations.

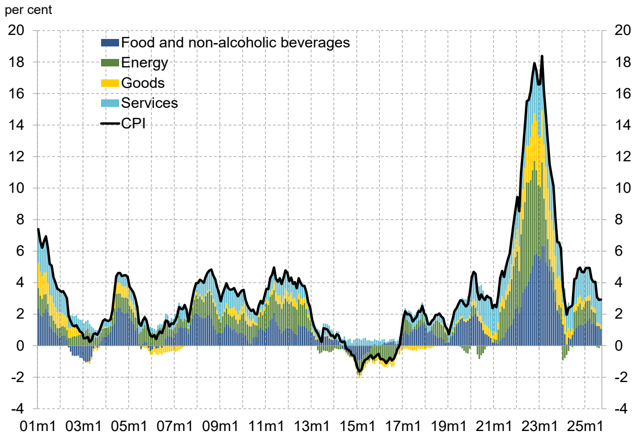
Emerging market economies – *MSCI Emerging Market Currency Index*; Central and Eastern Europe – GDP-weighted average of exchange rates of the Czech, Romanian and Hungarian currencies against the US dollar.

2. Domestic economy

2.1 Inflation developments

Since the previous *Report*, CPI inflation has dropped to 2.9% y/y in September 2025, from 4.1% y/y in June 2025 (against the NBP inflation target of 2.5% ±1 percentage point; Figure 2.1). The decline was primarily due to the fading out of the impact of partial unfreezing of electricity, natural gas and heat prices in July 2024, and – albeit to a smaller extent – weaker annual growth in the prices of food and non-alcoholic beverages. Inflation excluding food and energy prices has also decreased, although it continued to exceed headline inflation. The moderation in the CPI inflation was, however, constrained by the higher annual growth rate in fuel prices.

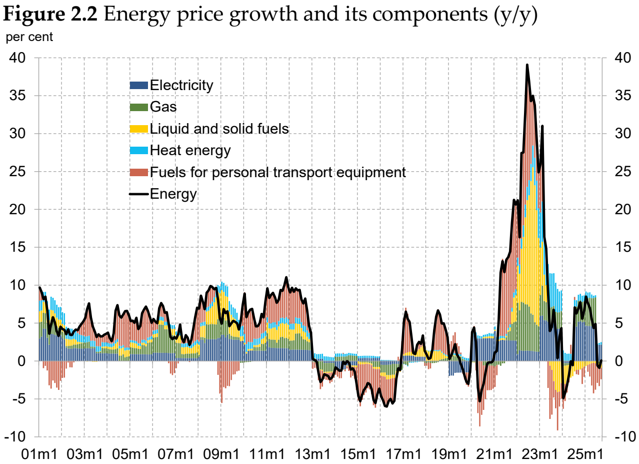
Figure 2.1 Composition of CPI inflation (y/y)



Source: Statistics Poland (GUS) data, NBP calculations.

Food and non-alcoholic beverages price inflation remained stable at 4.9% y/y between June and August 2025, and fell to 4.2% in September 2025. The decline primarily reflected lower annual growth in unprocessed food prices, owing to this year's higher domestic crops of vegetables and fruit.

Figure 2.2 Energy price growth and its components (y/y)



Source: Statistics Poland (GUS) data, NBP calculations.

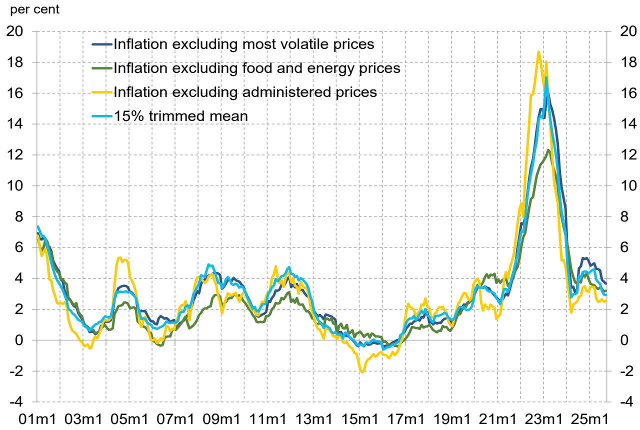
Energy price growth dropped to 0.1% y/y in September 2025, compared to 4.9% y/y in June 2025 (Figure 2.2). This mainly resulted from the fading out of the impact of partial unfreezing of electricity, natural gas and heat prices in July 2024. Weaker price growth in this category was additionally accounted for by the reduction in the tariffs for the sale of natural gas in July 2025. However, the decline in the annual energy price inflation was constrained by an increase in the average electricity bill in July 2025 due to the reinstatement of the capacity charge. Moreover, owing to the base effect, the annual growth in fuel prices picked up, although this was accompanied by the current decline in global oil prices and a weakening of the US dollar (see Chapter 1.3 *Global commodity markets* and Chapter 2.6 *Financial markets and asset prices*).

Inflation excluding food and energy prices fell to 3.2% y/y in September 2025, from 3.4% y/y in June (Figure 2.3)[14]. The decline stemmed from slower annual growth in the prices of both services (5.8% in September, compared to 6.3% in June), and non-food products (0.8% in September, compared to 0.9% in June). The decrease in services price inflation was a combined effect of a fall in the annual growth in the prices of market services (to 5.5% in September, from 6.0% in June) – especially leisure services – and administered services (to 7.1% in September from 7.6% in June, primarily owing to the waning impact of previous increases in the prices of sewerage services). In turn, a slight decline in the non-food goods annual price inflation mainly reflected slower growth in the prices of cold water supply. This was accompanied by a stable, weak inflation of market goods prices and the still elevated growth in the prices of excise goods.

In recent months, producer prices continued to fall in annual terms. However, the magnitude of this decline has slightly eased (to -1.2% y/y in September from -1.5% y/y in June 2025; Figure 2.4), above all due to smaller price decrease in coke production and oil refining. Producer prices in annual terms were still falling in most industry sectors. In particular, energy prices decreased, which had a dampening effect on downstream producer price growth.

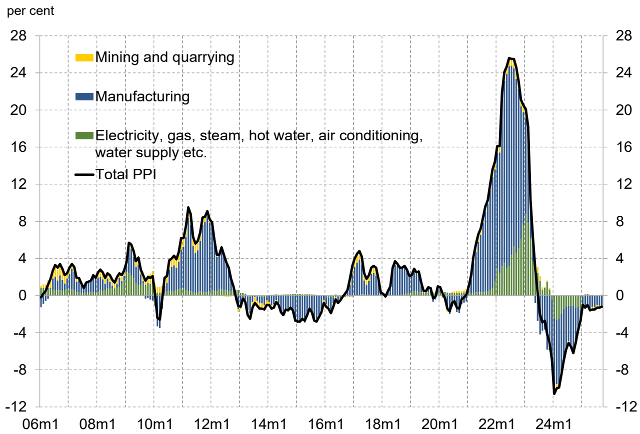
In the recent period, the balance statistics, which reflect survey opinions about future price developments by consumers (in October 2025) and businesses (in September 2025) have been higher

Figure 2.3 Core inflation indices (y/y)



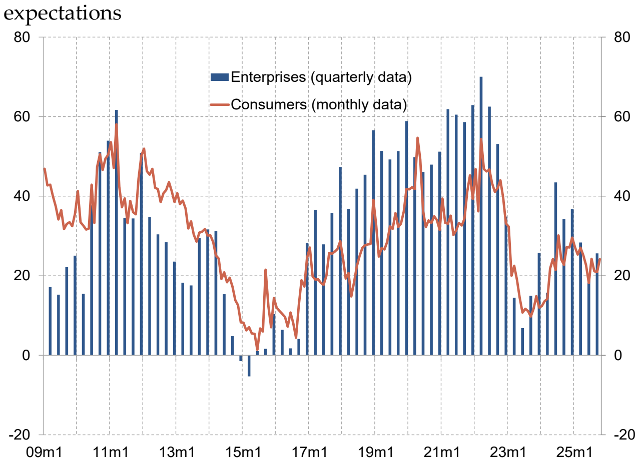
Source: Statistics Poland (GUS) data, NBP calculations.

Figure 2.4 Composition of PPI inflation (y/y)



Source: Statistics Poland (GUS) and Eurostat data.

Figure 2.5 Balance statistics of consumer and enterprise inflation expectations



Source: Statistics Poland (GUS) and NBP data, NBP calculations.
Balance statistic is defined as the difference between the percentage of respondents expecting a faster or similar rise in prices as currently seen (or perceived) and the percentage of respondents expecting no change or a fall in prices (with respective weights). Due to the linkage of some survey response options to current inflation, an increase (fall) in balance statistic may be interpreted as a shift in opinions of respondents towards higher (lower) price growth in the absence of changes in current inflation in the opposite direction.

[14] In recent months, most of the remaining core inflation measures have also declined. In September 2025, inflation excluding the most volatile prices stood at 3.7% y/y (against 4.5% y/y in June 2025), and the 15% trimmed mean stood at 2.9% y/y (against 3.7% y/y), while inflation excluding administered prices did not change in September 2025 compared to June 2025 (2.5% y/y).

than in June 2025 (Figure 2.5). Both indicators, however, remain below their long-term averages.

Inflation forecasts made by external experts over 4 and 8 quarters – in line with the results of the NBP Survey of Professional Forecasters and the Reuters survey from September 2025 – remained at similar levels as in June 2025 (Table 2.1). In September 2025, market analysts surveyed by Reuters expected CPI inflation to run close to 3%, falling steadily from 2026 Q3, and stabilising at 2.5% from 2027 Q2 (Figure 2.6).

2.2 Demand and output

Annual GDP growth in Poland stood at 3.3% in 2025 Q2 (compared to 3.2% in 2025 Q1; Figure 2.7). GDP growth was driven by a pickup in private consumption and a reduction in the negative contribution from net exports. Alongside that, the contribution from change in inventories to GDP growth was lower than in the previous quarter, albeit still positive. In turn, investment declined in annual terms, following an increase in 2025 Q1. Incoming data point to a continued rise in economic activity in 2025 Q3, including in consumer demand.

In 2025 Q2, household consumption growth increased to 4.5% y/y (compared to 2.6% y/y in 2025 Q1; Figure 2.8). The stronger growth was supported by the later timing of Easter than in 2024 and improved consumer sentiment (Figure 2.9). Higher household expenditure was also driven by still marked real wage growth (see Chapter 2.5 *Labour market*).

Growth in gross fixed capital formation dropped in 2025 Q2 (it stood at -0.7% y/y compared to 6.4% y/y in 2025 Q1). In recent quarters, fluctuations in investment growth were likely to be affected by public expenditure on military equipment. At the same time, in 2025 Q2 investment of local government units and investment under the National Recovery and Resilience Plan grew at a subdued pace. Meanwhile, financial statement

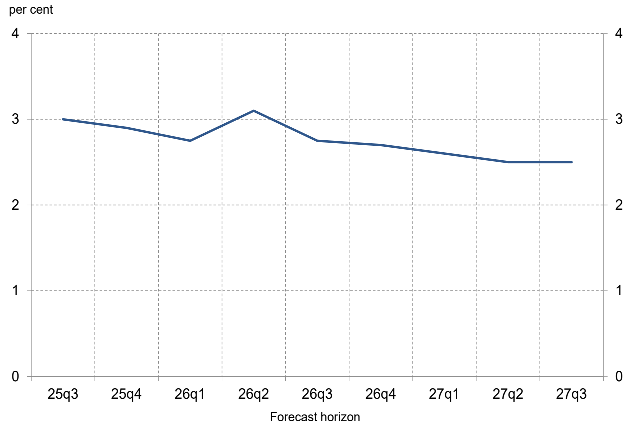
Table 2.1 Inflation expectations by market analysts and participants to the *NBP Survey of Professional Forecasters* (per cent)

	Survey conducted in:				
	24q3	**24q4**	**25q1**	**25q2**	**25q3**
Reuters Survey, inflation expected in 4 quarters	3.7	3.6	3.4	2.8	2.8
Reuters Survey, inflation expected in 8 quarters	2.9	2.8	2.6	2.5	2.5
NBP Survey, inflation expected in 4 quarters	3.8 (3.1-4.9)	3.8 (3.1-4.7)	3.3 (2.6-4.1)	3.0 (2.4-3.5)	2.9 (2.4-3.4)
NBP Survey, inflation expected in 8 quarters	3.1 (2.3-4.1)	3.1 (2.3-4.1)	2.8 (2.0-3.7)	2.7 (2.1-3.5)	2.6 (2.0-3.4)

Source: NBP and LSEG Datastream data.

The inflation expectations of market analysts surveyed by Reuters agency show the median point forecast in the last month of the quarter. Inflation expectations of participants to the NBP Survey of Professional Forecasters are measured as the median of the aggregate probability distribution which combines the probabilistic forecasts of the individual experts. In brackets the 50 percent probability ranges (between the 1st and 3rd quartiles) of this distribution (interpreted as the interval of typical scenarios considered by the experts) are shown. The survey is carried out in the last month of a given quarter.

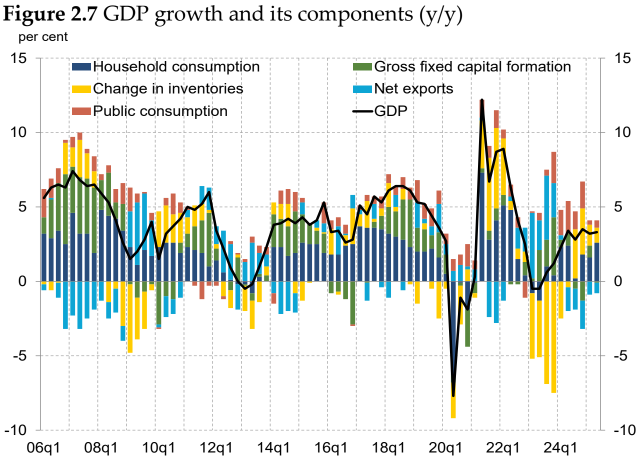
Figure 2.6 Inflation forecasts of market analysts in September 2025



Source: LSEG Datastream data.

Median of forecasts of analysts surveyed by Reuters.

Figure 2.7 GDP growth and its components (y/y)



Source: Statistics Poland (GUS) data.

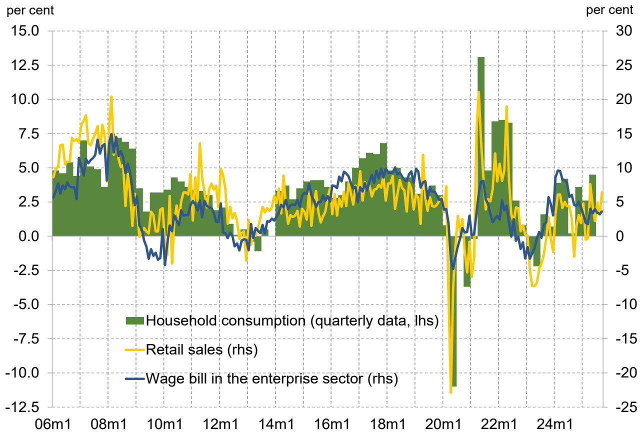
data show modest growth in investment expenditure by medium-sized and large enterprises in real terms, which reflected higher expenditure on machinery and equipment as well as means of transport, with growth in construction investment remaining negative. As regards particular sectors, annual growth in investment by manufacturing enterprises rose somewhat, while still remaining negative. Alongside that, growth in investment by transportation, services and energy companies gathered pace.

The degree of the negative contribution from net exports to GDP growth declined in 2025 Q2 (to -0.7 percentage points compared to -0.9 percentage points in 2025 Q1). Export growth slowed down slightly and remained limited amid persistently subdued external demand. Import growth also decelerated, yet – amid relatively high domestic demand growth – continued to exceed export growth. Data on the nominal value of trade in goods[15] point to a rise in annual export growth marginally above zero, on the back of a slight improvement in goods exports to euro area countries (Figure 2.10).

Gross value added (GVA) growth stood at 2.9% y/y in 2025 Q2 (compared to 2.2% y/y in 2025 Q1; Figure 2.11). GVA growth picked up in industry as well as in market services and agriculture. Alongside that, GVA in construction decreased somewhat in annual terms.

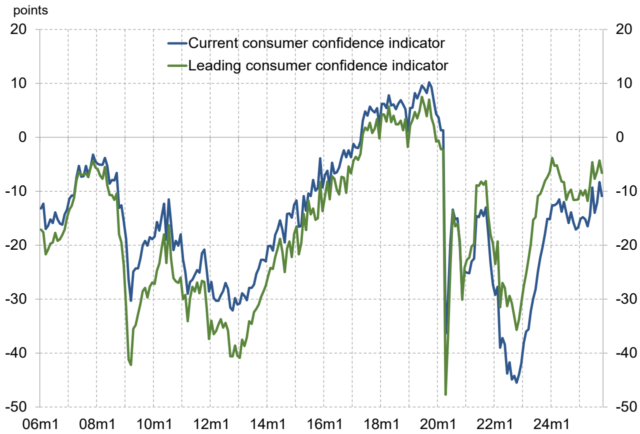
Incoming data for 2025 Q3 show that consumption demand continued to be on the rise – in 2025 Q3 retail sales increased by 4.3% y/y compared to 5.8% y/y in 2025 Q2 (when positive effect of the movable Easter holidays took place) and consumer sentiment improved further. At the same time, in 2025 Q3 industrial output growth accelerated (to 5.5% y/y compared to 1.8% y/y in 2025 Q2), whereas average growth in construction and

Figure 2.8 Real growth in household consumption, retail sales and wage bill in the enterprise sector (y/y)



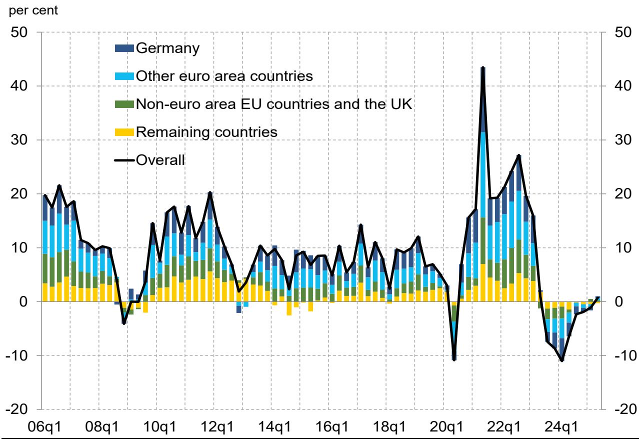
Source: Statistics Poland (GUS) data, NBP calculations.

Figure 2.9 Consumer confidence indicators



Source: Statistics Poland (GUS) data.

Figure 2.10 Nominal growth in exports and its geographical structure (y/y)



Source: Statistics Poland (GUS) data, NBP calculations.
Nominal growth in Poland's exports of goods in Polish zloty.

[15] Nominal growth in goods imports and exports according to Statistics Poland (GUS) data.

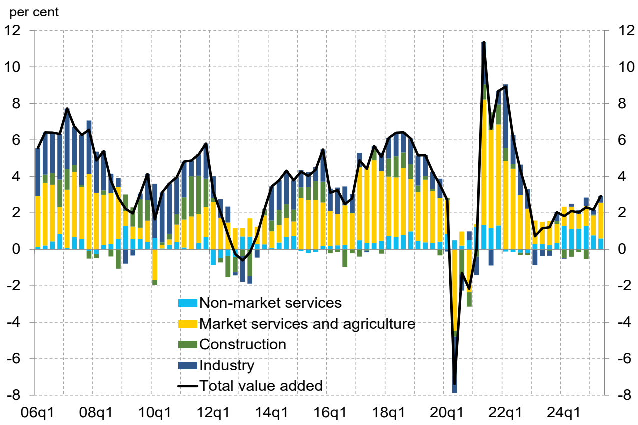
assembly output remained negative (-2.0% y/y in 2025 Q3 compared to -1.5% y/y[16] in 2025 Q2).

2.3 Public finance

In the first half of 2025, the general government deficit in ESA2010 terms stood at PLN 90.4 billion (2.3% of GDP), compared to a deficit of PLN 64.0 billion (1.8% of GDP) in the first half of 2024 (Figure 2.12). Much of the widening of the deficit reflected a rise in public expenditure, including on compensation of employees (increase of 9.1% y/y), particularly in the healthcare sector and local government units, as well as on social transfers in cash (increase of 11.2% y/y).[17] The growth of the deficit in the analysed period was also due to higher interest payments than in the previous year (increase of 25.6% y/y).

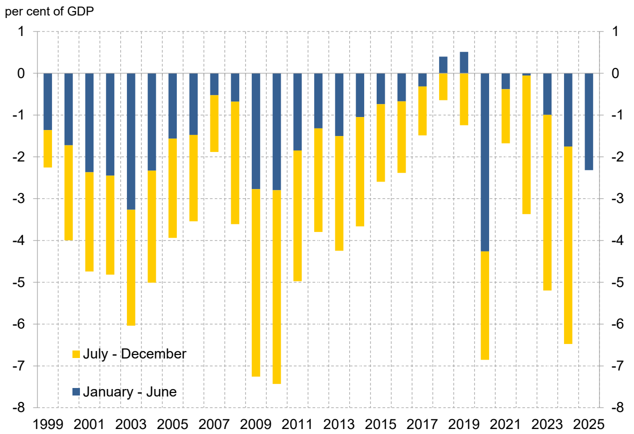
According to Ministry of Finance data, between January and September 2025, the state budget recorded a deficit of PLN 201.4 billion, compared to a deficit of PLN 107.3 billion in the same period in 2024. The deterioration in the budget balance was partly the effect of the reform of local government revenue pursuant to the *Act of 1 October 2024 on the Revenue of Local Government Units*, which resulted in, among others, a change in the timing of the transfer of budget funds to local authorities and their frontloading in the early months of the year. The deterioration of the state budget balance was also associated with the transfer of the subsidy of PLN 50.1 billion in the January-September period to the Fundusz Przeciwdziałania COVID-19 (COVID-19 Response Fund) and the Polski Fundusz Rozwoju (Polish Development Fund – PFR) for the redemption of maturing bonds issued in 2020-2021. The state budget also provided significantly higher subsidies to the Narodowy Fundusz Zdrowia (National Health Fund – NFZ) than in the previous year –

Figure 2.11 Growth of gross value added by sectors (y/y)



Source: Statistics Poland (GUS) data, NBP calculations.

Figure 2.12 General government balance in ESA2010 terms



Source: Eurostat, Statistics Poland (GUS) data, NBP calculations.
Half-year sector results in relation to the annual GDP. GDP for 2025 based on the autumn fiscal notification.

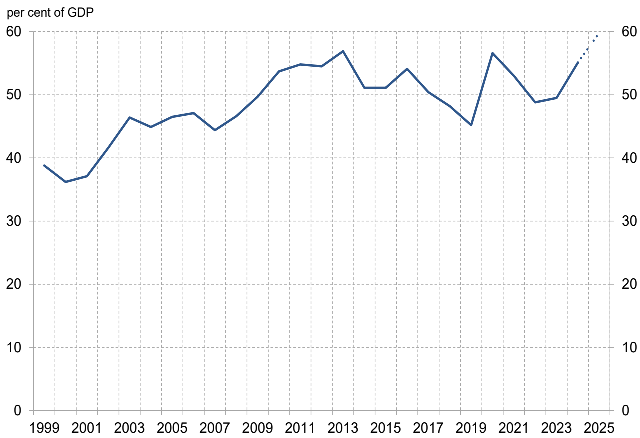
[16] Calculation of quarterly growth rates in construction and assembly output based on monthly growth rates.
[17] Social transfers in cash increased particularly due to the support allowance, which since January 2024 has gradually extended the scope of earlier assistance for disabled people, the supplementary allowance to social pensions introduced in May 2025 and the "Active Parent" programme, which replaced "Family Care Capital" and nursery subsidies since October 2024.

budget expenditure in the form of grants in the "Healthcare" section between January and August 2025 was PLN 27.3 billion (109.9% of the plan from the *2025 Budget Act*, 85.9% after revisions), compared to PLN 8.6 billion in the corresponding period of 2024.

At the same time, the high level of the state budget deficit in the period in question was driven by slow growth in tax revenue of the state budget. Between January and September 2025, this revenue decreased by 11.1% y/y, while the amount of tax revenue assumed in the *2025 Budget Act* is 2.7% higher than that achieved in 2024. This was particularly the case of VAT receipts, which rose by 10.6% y/y in the January-September 2025 period, whereas the revenue plan adopted in the Act is 21.5% higher than the outturn in 2024. The relatively low VAT receipts partly resulted from lower-than-expected growth in nominal private consumption – in the *Explanatory Memorandum* to the draft *2026 Budget Act*, the Ministry of Finance estimates that this growth will be 2.4 percentage points lower than the forecast in the *2025 Budget Act*. In the *Explanatory Memorandum* to the draft *2026 Budget Act*, the Ministry of Finance estimates that tax revenue of the state budget in 2025 will be PLN 34.5 billion lower than planned, while non-tax revenue will be approx. PLN 5 billion higher. At the same time, the Ministry expects that expenditure of the state budget will be significantly lower than assumed in the Budget Act; therefore, despite the revenue shortfall, the deficit will not exceed the statutory limit of PLN 288.8 billion.

According to the government estimate presented in its autumn fiscal notification, the general government balance (in ESA2010 terms) in 2025 will amount to -6.9% of GDP compared to -6.5% of GDP in 2024. According to the forecast in the *Medium-Term Fiscal-Structural Plan for the Years 2025-2028* of October 2024, the balance of the sector was supposed to reach -5.5% of GDP, while the fiscal notification of April 2025 forecasted a deficit of -6.3% of GDP.

Figure 2.13 General government debt in ESA2010 terms



Source: Eurostat, Ministry of Finance data.
Data for 2025 based on the autumn fiscal notification.

According to the autumn fiscal notification, the general government debt (in ESA2010 terms) will amount to 59.8% of GDP at the end of 2025, compared to 55.1% of GDP at the end of 2024 (Figure 2.13).

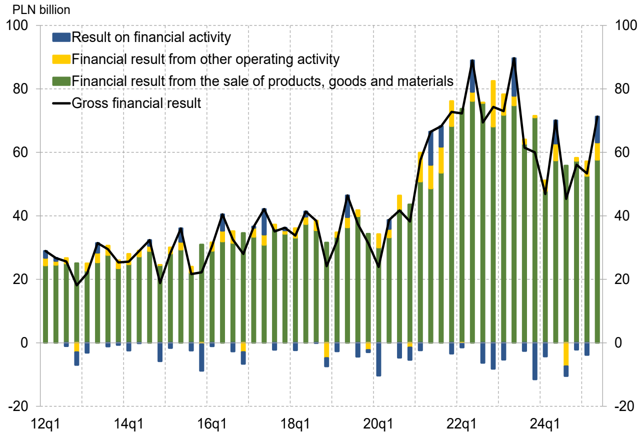
2.4 Financial situation of enterprises

In 2025 Q2, the aggregate gross financial result of the non-financial enterprise sector[18] increased by 1.7% y/y (compared to 13.9% y/y in 2025 Q1; Figure 2.14)[19], with the result from the sale of products, goods and materials remaining relatively stable (0.4% y/y) and a slight increase in the result from other operating activity (2.4% y/y)[20].

The absence of a marked improvement in the financial result from sales in 2025 Q2 compared to 2024 Q2 – despite the first increase in revenue from sales in several quarters (4.8% y/y) – was due to the stronger rise in the corresponding costs (5.0% y/y; Figure 2.15). Operating costs increased mainly due to a growth in labour costs (11.6% y/y; see Chapter 2.5 *Labour market*) and external services (10.3% y/y). For the first time in two years, the increase in enterprises' operating costs was also driven by rising costs of goods purchased for resale (2.6% y/y) as well as commodities and materials (2.8% y/y). Overall, the increase in revenue from sales reflected an increase in both domestic sales (5.5% y/y) and – to a lesser extent – external sales (2.4% y/y).

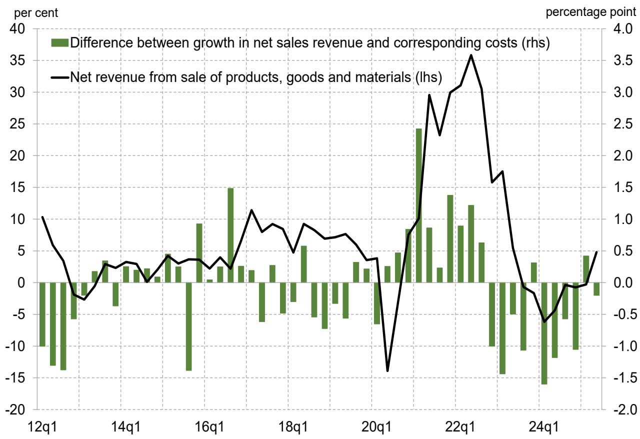
In 2025 Q2, the profitability of the enterprise sector was lower than the year before (Table 2.2) and – after adjusting for seasonal factors – remained at a low level. A fall in net turnover profitability in annual terms was observed in most sections of the

Figure 2.14 Gross financial result of non-financial enterprises and its components



Source: Statistics Poland (GUS) data, NBP calculations.
Data from the survey conducted by Statistics Poland (GUS) on revenues, costs, financial results and gross fixed capital formation (based on F-01/I-01 forms).

Figure 2.15 Growth in net sales revenue and its difference from growth in corresponding costs in the non-financial enterprise sector (y/y)



Source: Statistics Poland (GUS) data, NBP calculations.
Data from the survey conducted by Statistics Poland (GUS) on revenues, costs, financial results and gross fixed capital formation (based on F-01/I-01 forms).

[18] The data presented in this chapter concern enterprises employing 50 persons or more, which are obliged to file F-01/I-01 reports to Statistics Poland (GUS).
[19] In 2025 Q2, the gross financial result of the non-financial enterprise sector stood at PLN 71.2 billion compared to PLN 53.3 billion in 2025 Q1 and PLN 70.0 billion in 2024 Q2. The result of the section of the economy comprising the generation and supply of electricity, gas, steam, hot water and air conditioning had a significant impact on the result of the entire non-financial enterprise sector and amounted to PLN 15.0 billion, which was PLN 5.4 billion higher than in the corresponding period of 2024.
[20] At the same time, growth in the result on financial operations in 2025 Q2 amounted to 11.9% y/y, driven in particular by an increase in revenue from dividends and share in profits.

economy. The share of profitable firms and the share of firms with profitability above 5% were lower than the year before.

In 2025 Q2, liquidity of the enterprise sector continued to be high in most sections of the economy. Both the liquidity ratios and the share of enterprises with safe levels of liquidity were running above the long-term averages.

The results of NBP surveys[21] indicate that in 2025 Q3 the economic situation of enterprises – against the background of historical assessments – was subdued. However, the optimism of enterprises about the outlook improved, particularly over the one-year horizon.

Table 2.2 Selected financial indicators in the non-financial enterprise sector (per cent)

	average					2024				2025	
	2010-2019	in 2020	in 2021	in 2022	in 2023	q1	q2	q3	q4	q1	q2
Sales profitability indicator	4.7	4.8	5.8	6.1	5.5	3.9	4.8	4.6	4.4	4.3	4.6
Net turnover profitability indicator	4.0	3.7	5.7	5.0	4.3	2.8	4.8	2.8	3.1	3.4	4.5
Share of profitable enterprises	66.1	65.3	68.1	68.0	68.1	64.6	65.9	66.3	65.7	64.7	64.2
Share of enterprises with profitability above 5%	35.3	39.4	42.6	41.3	42.2	37.5	39.1	38.9	38.0	36.4	36.4
1st degree financial liquidity indicator	36.3	42.1	43.9	40.6	38.3	42.0	41.2	42.1	44.0	44.5	44.5
Return on assets indicator	1.2	1.0	1.7	1.7	1.4	0.9	1.5	0.9	1.0	1.0	1.4
Return on equity indicator	2.3	2.1	3.7	3.8	3.1	1.8	3.1	1.8	2.1	2.1	3.0
Share of bank credits and loans in the balance sheet total	15.2	15.5	14.5	14.3	13.9	13.9	13.8	13.8	14.0	13.9	13.9

Source: Statistics Poland (GUS) data, NBP calculations.

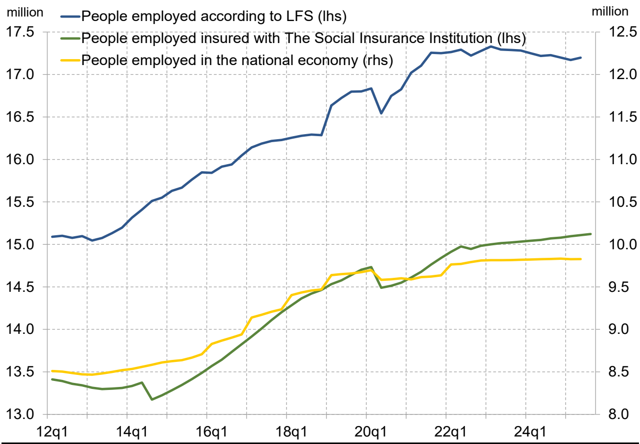
Data from the survey conducted by Statistics Poland (GUS) on revenues, costs, financial results and gross fixed capital formation (based on F-01/I-01 forms). The share of profitable firms and firms with profitability above 5% is based on the net turnover profitability indicator (seasonally adjusted). The share of bank credit and loan debt in the balance sheet total covers the years 2015-2019.

2.5 Labour market

The labour market has recently seen unemployment to continue at low levels, with the number of people employed in the economy close to that observed a year earlier and a fall in employment in the enterprise sector. At the same time, wage growth slowed down, although was still elevated.

According to the LFS and the Statistics Poland (GUS) reporting data on the national economy (NE), the number of people employed in 2025 Q2 did not change in year-on year terms (Figure 2.16). In turn, in the enterprise sector (ES), the average employment continued to decrease (a fall of 0.7% y/y in 2025 Q2 and 1.3% y/y in 2025 Q3; Figure 2.17). At the same time, according to the Social Insurance Institution (ZUS) data, the number of people working under employment contracts remained lower than a year earlier, whereas – due to a rise in the number of those working under civil law contracts and the self-employed – the overall number of people employed insured with ZUS increased (by 0.4% y/y in 2025 Q2 and 0.3% y/y in 2025 Q3).

Figure 2.16 Number of people employed according to the LFS, the reporting data from the national economy (NE) and the Social Insurance Institution (ZUS) data, seasonally adjusted



Source: Statistics Poland (GUS) and the Social Insurance Institution (ZUS) data, NBP calculations.

The number of people employed insured with ZUS, given as at the end of the quarter, includes people working under employment contracts, civil law contracts, the self-employed and those insured under other titles (including uniformed services personnel and clergy). The number of people employed in the NE includes, in contrast to LFS data, entities with a workforce of more than 9 employees and does not include among others: (1) individual farming, (2) employment in the grey economy, (3) employment under civil law contracts.
Due to the update of the population number with the results of the 2021 National Census, as well as the change in the LFS methodology, the series describing the number of people employed according to the LFS includes discontinuities in 2019 Q1 and 2021 Q1.

[21] *NBP Quick Monitoring Survey. Economic climate in the enterprise sector*, October 2025.

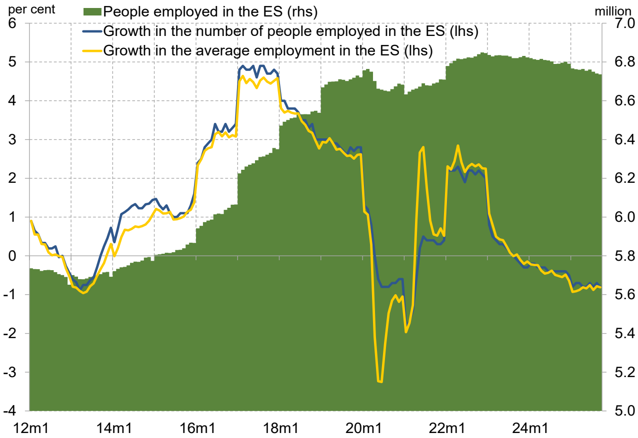
The available measures of the number of vacancies in the economy – including the number of vacancies reported to the regional labour offices[22], the Statistic Poland's (GUS) survey of labour demand as well as the BIEC Job Offer Barometer – all pointed to limited demand for new hires in the recent period. At the same time, in line with the findings of the NBP surveys[23], the outlook for employment over the horizons of a quarter and a year has deteriorated slightly.

The registered unemployment rate has picked up in recent months, while still remaining low (5.7% in September 2025, seasonally adjusted data). Growth in the registered unemployment rate has been supported in particular by regulatory changes, including an easing of conditions for maintaining the unemployed status.[24] At the same time, the unemployment rate according to the LFS was close to its historical low, amounting to 3.0% in 2025 Q2 (compared to 3.1% in 2025 Q1, seasonally adjusted data; Figure 2.18).

In 2025 Q2, the annual average wage growth in the NE declined in nominal terms to 8.8% (from 10.0% in 2025 Q1) and in real terms to 4.8% (from 5.1% in 2025 Q1). In turn, in the ES, the annual wage growth decreased to 7.1% in nominal terms in 2025 Q3 (from 8.2% in 2025 Q1 and 9.2% in 2025 Q2; Figure 2.19), and to 4.2% in real terms (against 3.3% in 2025 Q1 and 5.2% in 2025 Q2). According to the NBP surveys[25], the fraction of firms planning to increase wages is close to the long-term average[26], while the average scale of the planned wage increases is lower than the long-term average.

Despite the marginally weaker labour productivity growth, unit labour cost growth in the economy declined (to 5.5% y/y in 2025 Q2 from 5.9% y/y in

Figure 2.17 Growth (y/y) in the number of people employed and the average employment, and the number of people employed in the enterprise sector (ES)

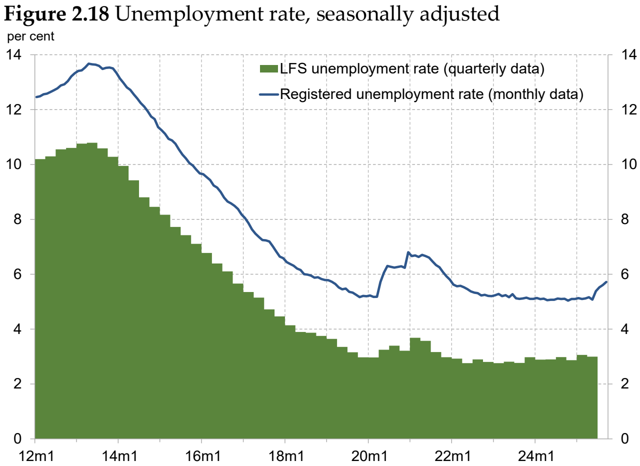


Source: Statistics Poland (GUS) data.

The enterprise sector (ES) comprises companies with more than 9 employees, which carry out activities classified under selected PKD (NACE) sections of the economy.

Unlike the average employment statistics, the number of people employed in the ES is not expressed in the number of full-time jobs equivalents and includes employees on sickness benefit leave or childcare leave.

Figure 2.18 Unemployment rate, seasonally adjusted



Source: Statistics Poland (GUS) data, NBP calculations.

Due to the update of the population number with the results of the 2021 National Census, as well as the change in the LFS methodology, the series describing the unemployment rate according to the LFS includes discontinuities in 2019 Q1 and 2021 Q1.

[22] It should be noted that among other factors, regulatory changes have contributed to the recent slowdown in the growth of the number of vacancies reported to regional labour offices.
[23] *NBP Quick Monitoring Survey. Economic climate in the enterprise sector*, October 2025.
[24] As of 1 June 2025, provisions of the Act of 20 March 2025 on Labour Market and Employment Services have been in place, abolishing, among others, the risk of losing the unemployed status due to failure to appear at the office and failure to notify of a valid reason within 7 days, which resulted in a significant decrease in the number of persons withdrawn from the unemployment register.
[25] *NBP Quick Monitoring Survey. Economic climate in the enterprise sector*, October 2025.
[26] The long-term average is calculated from 2015 Q1.

2025 Q1), dragged down by slower nominal wage growth.

According to ZUS data as at the end of September 2025, approximately 1.27 million foreigners were covered by old-age and disability insurance on account of their work in Poland (an increase of 7.6% y/y), of which 839 thousand were Ukrainian, and 137 thousand Belarusian citizens.

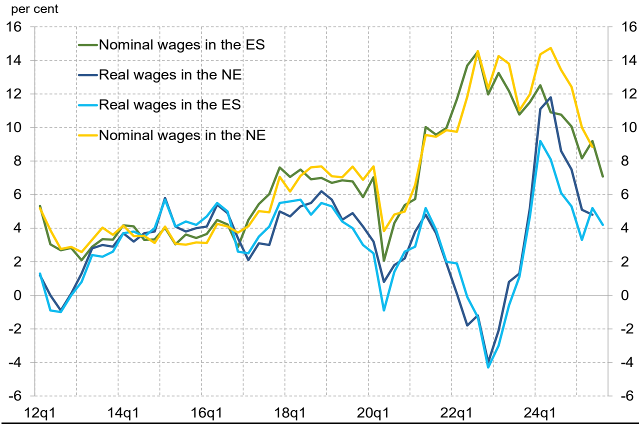
2.6 Financial markets and asset prices

Since the publication of the previous *Report*, the prices of financial instruments in Poland have been affected, in particular, by sentiment in the international financial markets and the NBP interest rate cuts in recent months (see Chapter 1.5 *International financial markets*; Figure 2.20).

In the recent period, despite incoming information about forecasted increase in general government debt ratios in Poland, yields on Polish government bonds declined, which was supported by the NBP interest rate cuts (Figure 2.21). At the same time, the zloty exchange rate strengthened against the US dollar (in October 2025,[27] the average monthly exchange rate of the zloty was approx. 1% stronger than in June 2025), while against the euro it remained at a similar level to that of June 2025 (Figure 2.22).

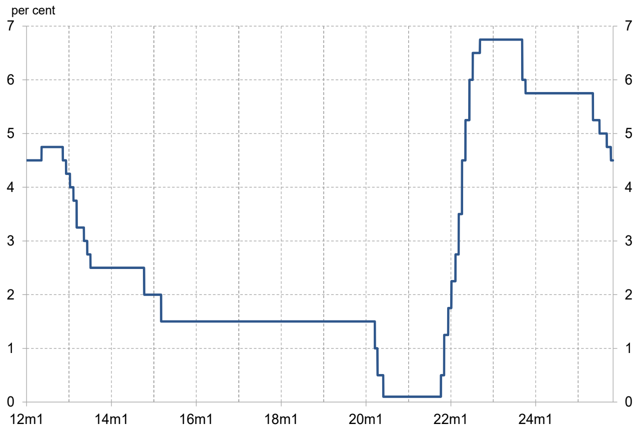
In the housing market, annual growth in average nominal housing transaction prices decreased in 2025 Q2 and stood at 2.4% (compared to 7.1% y/y in 2025 Q1[28]; Figure 2.23).[29] The rise in construction costs, including land prices and labour costs, continued to drive real estate prices higher than a year earlier. Alongside that, price growth was moderated by the high number of dwellings

Figure 2.19 Annual nominal and real wage growth in the national economy (NE) and in the enterprise sector (ES)



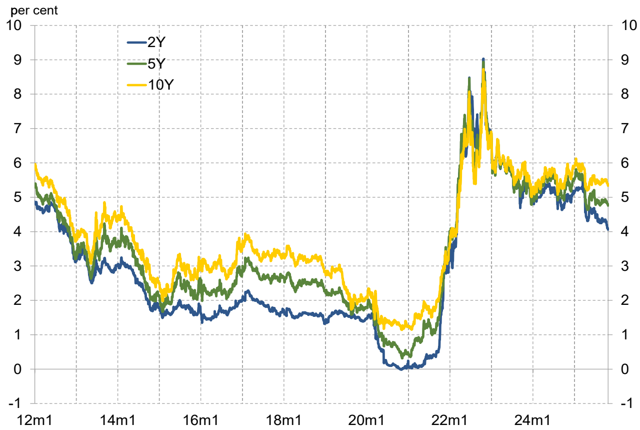
Source: Statistics Poland (GUS) data.
Wages in the ES concern entities conducting activities classified in selected PKD (NACE) sections with more than 9 employees. Data on wages in the NE covers the whole statistical population, i.e. regardless of the number of people employed, and covers all PKD (NACE) sections.

Figure 2.20 NBP reference rate



Source: NBP data.

Figure 2.21 Yields on Polish government bonds



Source: Bloomberg data.

[27] The average exchange rate data for October 2025 cover the period up to 23 October 2025.
[28] NBP data apply to the average housing transaction prices (PLN/m^2) in 17 cities (16 voivodeship capitals and Gdynia) in the primary and secondary markets, weighted by the housing stock. In quarterly terms, this nominal price growth stood at -0.2% q/q in 2025 Q2 (compared to -0.1% q/q in 2025 Q1). The price data do not fully correspond to the quarters of the calendar year. In particular, data referring to 2025 Q2 cover transactions concluded between March and May 2025.
[29] Periodic NBP publication *Information on home prices and the situation in the housing and commercial real estate market in Poland* provides more information about the situation in the Polish housing market.

offered for sale, while the number of sold dwellings remained below the long-term average.[30]

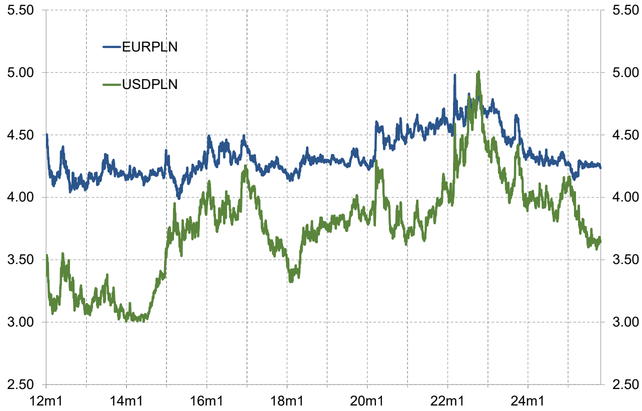
2.7 Money and credit [31]

Growth in the M3 aggregate amounted to 11.1% y/y in 2025 Q3 (compared to 10.7% y/y in 2025 Q2; Figure 2.24). The M3 aggregate growth was mainly driven by an increase in household deposits, with substantially lower, although rising, contributions from corporate deposits[32] and cash in circulation.[33]

The pace of growth in household loan debt reached 3.7% y/y in 2025 Q3 (compared to 3.5% y/y in 2025 Q2; Figure 2.25). At the same time, housing loan growth accelerated to 2.9% y/y (from 2.5% y/y in 2025 Q2). The faster growth in housing loans was the result of a sharper increase in zloty-denominated loans, which was supported by, among other things, a decrease in their average interest rate, amid reduced NBP interest rates (see Chapter 2.6 *Financial markets and asset prices*), as well as a rise in nominal wages (see Chapter 2.5 *Labour market*), which led to an improvement in household creditworthiness. In turn, the dwindling stock of FX loans continued to curb growth in housing loans. Growth in consumer loan debt increased to 8.8% y/y in 2025 Q3 (from 7.8% y/y in 2025 Q2), against the backdrop of a sustained rise in consumer demand (see Chapter 2.2 *Demand and output*).

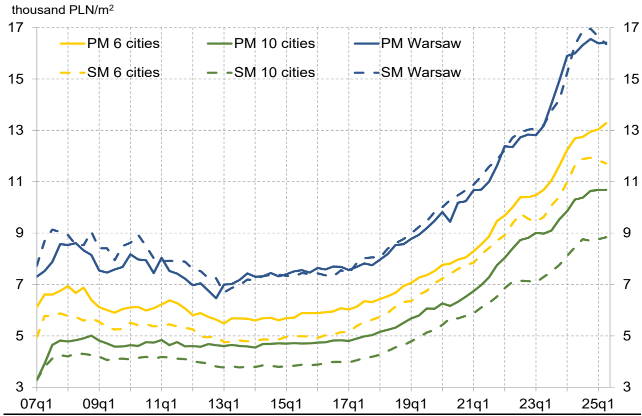
Growth in corporate loan debt gathered pace to 8.4% y/y in 2025 Q3 (from 6.4% y/y in 2025 Q2; Figure 2.26). This was a combined effect of faster growth in investment loans (to 7.8% y/y in 2025 Q3, from 6.3% y/y in 2025 Q2) and current loans (to 9.1% y/y from 6.1% y/y in 2025 Q2).

Figure 2.22 Exchange rates of the euro and the US dollar against the zloty



Source: Bloomberg data.

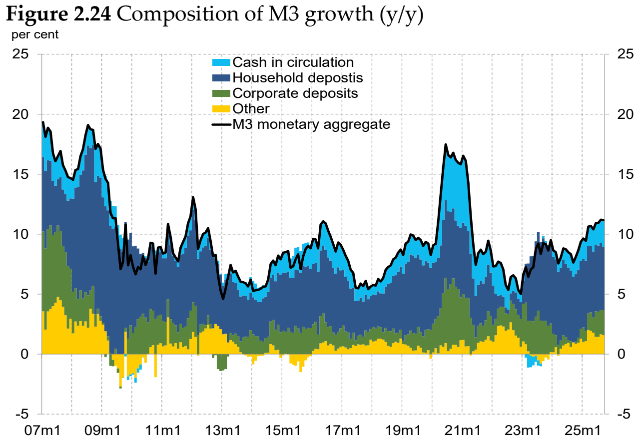
Figure 2.23 Nominal transaction prices of flats in major cities in Poland



Source: NBP data.

PM – primary market, SM – secondary market. Transaction prices – an average weighted with the share of the housing stock in a given city in the total housing stock. Aggregate of 6 cities consists of: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Wrocław, whereas of 10 cities: Białystok, Bydgoszcz, Katowice, Kielce, Lublin, Olsztyn, Opole, Rzeszów, Szczecin and Zielona Góra.

Figure 2.24 Composition of M3 growth (y/y)



Source: NBP data.

The category *Other* covers deposits of non-monetary financial institutions and local government units, repurchase agreements between banks and non-banking sector as well as debt securities with maturity up to 2 years issued by banks.

[30] Based on primary data aggregated for the following agglomerations: Kraków, Łódź, Poznań, Tri-City, Warsaw, Wrocław.
[31] In this chapter, growth in the broad money aggregate M3, deposits and loans is defined as nominal annual growth resulting from transactional changes, on average in a given quarter. The data refer to monetary financial institutions.
[32] In 2025 Q3, household deposit growth was 10.2% y/y (compared to 10.3 y/y in 2025 Q2), and corporate deposit growth amounted to 10.0% y/y (compared to 8.0% y/y in 2025 Q2).
[33] In 2025 Q3, growth in cash in circulation was 12.4% y/y (compared to 11.0% y/y in 2025 Q2).

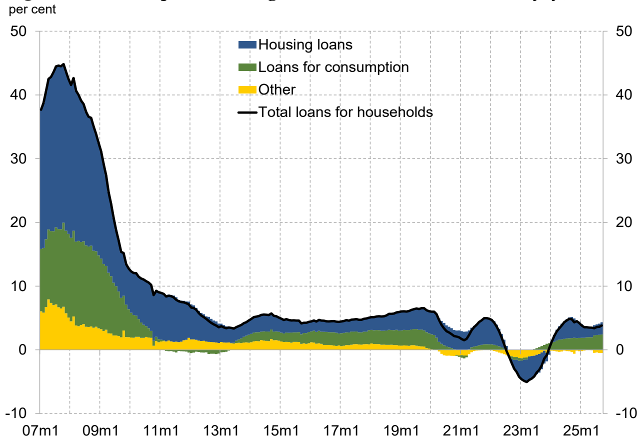
2.8 Balance of payments[34]

The current account balance and other external imbalance indicators evidence that the Polish economy is well balanced.

In 2025 Q2, the current account balance decreased (to -0.7% of GDP, compared to -0.4% of GDP in 2025 Q1; Figure 2.27). Similarly to the previous quarters, the decrease in the balance was mainly due to the widening of the deficit on trade in goods (to 1.4% of GDP in 2025 Q2, from 1.2% of GDP in 2025 Q1). This was driven by slower growth in the value of exports than imports, amid persistently subdued economic conditions in Poland's main trading partners and relatively strong growth in domestic demand (see Chapter 1.1 *Economic activity abroad* and Chapter 2.2 *Demand and output*). Alongside that, the balance of trade in services declined slightly (to 4.4% of GDP, from 4.5% of GDP in 2025 Q1). The deficit on the primary income account – mainly determined by the income of foreign direct investors in Poland – deepened somewhat (to 3.5% of GDP, from 3.4% of GDP in in 2025 Q1). At the same time, the financial account balance decreased again in 2025 Q2 (to -1.4% of GDP, compared to -1.1% of GDP in 2025 Q1).

As at the end of 2025 Q2, Poland's net international investment position in relation to GDP amounted to -31% (Table 2.3), whereas the gross external debt to GDP ratio continued to run at 51% – markedly below the long-term average.

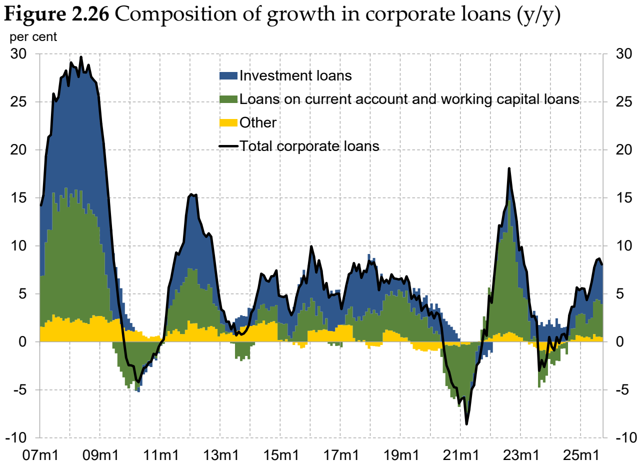
Figure 2.25 Composition of growth in household loans (y/y)



Source: NBP data.

The category *Other* includes credit card loans, loans to individual entrepreneurs and individual farmers as well as other receivables.

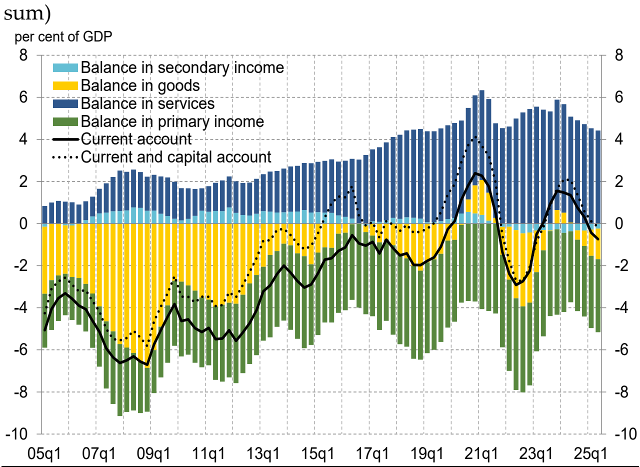
Figure 2.26 Composition of growth in corporate loans (y/y)



Source: NBP data.

The category *Investment loans* includes loans for investments and real estate purchases. The category *Other* includes i.a. car loans, loans for security purchases and other receivables.

Figure 2.27 Current and capital account balance (4-quarter rolling sum)



Source: NBP and Statistics Poland (GUS) data, NBP calculations.

[34] In this chapter, data on the balance of payments in relation to GDP are presented in terms of a four-quarter rolling sum.

Table 2.3 Selected external imbalance indicators (4-quarter rolling sum in per cent, unless otherwise indicated)

	2023				2024				2025	
	q1	q2	q3	q4	q1	q2	q3	q4	q1	q2
Current account balance/GDP	-0.5	0.1	0.9	1.6	1.5	1.3	0.7	0.3	-0.4	-0.7
Current and capital account balance/GDP	-0.8	-0.2	0.8	1.7	2.1	2.1	1.4	0.6	0.1	-0.2
Trade balance/GDP	3.6	4.4	5.3	5.9	5.7	5.1	4.5	4.0	3.3	3.0
Official reserve assets (in monthly imports of goods and services)	4.6	4.7	5.1	5.1	5.6	5.8	5.7	6.2	6.2	6.0
Gross external debt/GDP	53	51	52	50	50	50	50	52	51	51
Net international investment position/GDP	-33	-33	-30	-32	-32	-31	-30	-28	-30	-31
Official reserve assets/short-term external debt minus forecasted current account balance	129	129	123	126	125	127	130	131	133	128
Official reserve assets/short-term external debt	118	119	118	124	128	132	137	139	143	139

Source: NBP and Statistics Poland (GUS) data, NBP calculations.
The two last indicators include external debt and the level of reserve assets at the end of the period.

3. Monetary policy in July – November 2025

This chapter includes the previously published *Minutes of the Monetary Policy Council decision-making meetings* held between July and September 2025 as well as the *Information from the meeting of the Monetary Policy Council* in October and November 2025.

Minutes of the Monetary Policy Council decision-making meeting held on 2 July 2025

During the discussion at the meeting of the Monetary Policy Council, it was noted that in 2025 Q2, annual GDP growth in the euro area was probably close to the level recorded in 2025 Q1. Attention was drawn to the slight improvement in sentiment in the German economy, although a revival was yet to be seen in the production data. It was underlined that a significant GDP recovery was expected only in the coming years, due to the planned fiscal expansion. At the same time, incoming data from the United States also signalled that in 2025 Q2 annual GDP growth was probably similar to that recorded in 2025 Q1, although it might have been accompanied by higher volatility of imports, which at the beginning of the year had risen visibly – in expectation of higher tariffs – before recording a likely decline.

The Council members stressed that in the recent period inflation in the euro area had been in line with the European Central Bank target, and in the United States it had been close to the Federal Reserve target, although core inflation in these economies was higher than headline inflation. In this context, it was pointed out that the escalation of tensions in the Middle East in June 2025 had resulted in a temporary increase in global oil prices; however, these prices had then returned to the levels recorded in April and May. Against this background, in June the ECB once again cut interest rates, while the Fed kept interest rates unchanged.

While discussing economic activity in Poland, it was noted that retail sales had grown by 4.4% y/y in May 2025, and although this dynamics was much smaller than in April, when it had been boosted by calendar effects, it was slightly higher than market expectations. In turn, industrial output had risen by 3.9% y/y, and this reading fell short of market expectations. At the same time, construction and assembly output had declined once again in annual terms. The Council members indicated that the PMI had fallen in June 2025. Certain Council members also pointed to the weak indicators for housing construction. Overall – on the basis of available data – it was estimated that annual GDP growth in 2025 Q2 had probably increased somewhat.

While discussing the economic outlook, the Council members observed that according to the July projection, in 2025 GDP growth would accelerate to 3.6%, although the pace and scale of the use of funds from the National Recovery Plan would be a significant risk factor for this forecast. According to the projection, in the coming years economic activity growth might slow down slightly. In particular, investment might decrease towards the end of the projection horizon, following its expected robust growth in 2025-2026. Consumption growth was also likely to slow down, however, in view of the expected continued strong growth in real wages, the fall in consumption growth would be moderate. Meanwhile, the contribution of net exports to GDP growth should gradually improve.

During the discussion on the labour market, it was judged that the higher economic activity growth had not yet translated into a recovery in demand for labour – while unemployment had remained very low, employment in the enterprise sector in May 2025 had fallen in both annual terms and in comparison to April, and this fall was observed across most of sectors. It was pointed out that, following a robust growth in April, annual wage growth in the enterprise sector had slowed down to 8.4% in May. It was argued that the latest findings of business surveys suggested a weakening of wage pressure. Some Council members underlined the need to monitor wage growth in the context of inflationary pressure.

While analysing the situation in the credit market, it was noted that recently annual growth in household credits remained stable, while annual growth in corporate loans increased, particularly in the case of investment loans. Certain Council members assessed that the ratio of bank loans for the private sector to GDP in Poland was still low.

During the discussion on inflation, it was noted that in June 2025 annual consumer price growth was running close to the level recorded in May and amounted to 4.1% (compared to 4.0% in May). At the same time, it was observed that looking at the quarterly data, inflation had decreased from 4.9% in 2025 Q1 to 4.1% in 2025 Q2. Some Council members stressed that regulated and administered factors had an upward impact on the CPI, while demand pressure was limited. Moreover, in the opinion of some Council members, cost pressure was also limited, as evidenced by the persistently negative growth of the PPI. In turn, certain Council members judged that a relatively large portion of the consumption basket continued to show elevated price growth.

While discussing the outlook for inflation, the Council members emphasised that the July projection signalled an improvement in the inflation outlook compared to the March projection. According to the July projection, consumer price growth in 2025 Q3 would fall below the upper bound for deviations from the NBP inflation target, while the majority of Council members highlighted that inflation would most likely return to a level consistent with the NBP inflation target as early as in July 2025. At the same time, attention was drawn to many uncertainty factors related to the projection, which concerned, among others, fiscal policy, demand pressure and the labour market situation, global inflation and commodity prices, as well as national administrative decisions and European regulations, including the possible introduction of the ETS2 system.

It was noted, in particular, that according to the projection – assuming an increase in electricity prices to the current tariffs – inflation might rise again in 2025 Q4. However, as a draft law extending the freeze on electricity prices was being processed, this scenario might change. It was estimated that if the draft law was to pass, inflation could remain consistent with the NBP inflation target also in 2025 Q4. At the same time, inflation net of food and energy prices was to remain stable in the coming quarters, due to the high growth in charges for refuse collection, supply of cold water and sewage collection, and the elevated growth in prices of excise goods resulting from the increases of excise tax on tobacco products and their substitutes. However, according to the projection, core inflation should gradually fall in subsequent years, in line with a slowdown in wage growth and limited domestic demand pressure, as well as moderate growth in import prices stemming from low inflation abroad. In the opinion of the Council members, this scenario was supported by heightened propensity of households to save and weak economic conditions in the environment of the Polish economy. Additionally, certain Council members underlined that for most of the projection horizon the domestic output gap was negative.

At the meeting it was stressed that loose fiscal policy continued to be a pro-inflationary factor in the domestic economy, particularly considering no signals of its tightening. In 2024, the general government sector deficit had risen to 6.6% of GDP. At the same time, according to forecasts of the European Commission, in 2025 the deficit would amount to 6.4% of GDP and most likely also in 2026 there would be no fiscal tightening and the structural deficit would remain high. However, certain Council members noted that the space to pursue expansionary fiscal policy might be limited, and so they were expecting some improvement in the fiscal situation in the coming years. These Council members also judged that public expenditure on arms purchases abroad did not increase inflationary pressure in the domestic economy. In turn, other Council members assessed that increased defence spending implemented in Poland could have a pro-inflationary effect.

The Council members noted that according to available forecasts the CPI inflation in the coming months would fall below the upper bound for deviations of the NBP inflation target. Taking this into account, and also in view of an improvement in the medium-term outlook for inflation, in the majority of the Council members' assessment, it became justified to adjust the level of NBP interest rates. At the same time, the Council members underlined that further decisions of the Council would depend on incoming information regarding prospects for inflation and economic activity. Fiscal policy stance, developments in demand pressure and situation in the labour market in subsequent quarters, as well as the level of administered energy prices, remain an uncertainty factor. Uncertainty stems also from inflation developments abroad, following, among others, from changes in trade policies of major economies.

A view was expressed that given the elevated inflation, including services price inflation, as well as the high wage growth and the present developments in inflation expectations, the current level of the NBP interest rates was too low to ensure a sustainable return of inflation to the target in the medium term.

The Council decided to cut the NBP reference rate by 0.25 percentage points, i.e. to 5.00%. At the same time, the Council set the remaining NBP interest rates at the following levels: the lombard rate at 5.50%, the deposit rate at 4.50%, the rediscount rate at 5.05%, and the discount rate at 5.10%.

Minutes of the Monetary Policy Council decision-making meeting held on 3 September 2025

During the discussion at the meeting of the Monetary Policy Council, it was noted that GDP growth in the euro area remained relatively low, including annual GDP growth in Germany at close to zero. However, business and consumer sentiment in Germany had improved, which might be related to the planned fiscal expansion, including increased spending on the army and on infrastructure investments. It was pointed out that in the United States, following a decline in activity at the beginning of the year, GDP growth had picked up in 2025 Q2, with imports falling sharply after the increase in tariffs. Overall, the situation in the US economy remains relatively sound, but GDP growth in 2025 is forecast to be lower than in 2024.

The Council members pointed out that, according to forecasts, in many economies the risk remained that inflation would stay above central banks targets for several quarters to come. In the United States, PCE inflation stood at 2.6% in July, exceeding the Federal Reserve's inflation target. At the same time, according to forecasts, inflation in Central and Eastern European countries, particularly Romania and Hungary, will remain above central banks targets in the coming quarters.

During the meeting, it was pointed out that the European Central Bank had recently ceased to cut interest rates. At the same time, the US Federal Reserve had kept interest rates unchanged. Also, central banks in Central and Eastern Europe had recently kept interest rates on hold.

While discussing economic activity in Poland, it was observed that compared to other European countries, including in Central and Eastern Europe, the pace of domestic economic growth was relatively high. In 2025 Q2, annual GDP growth accelerated to 3.4%. It was pointed out that higher GDP growth was mainly driven by faster consumption growth, which was an inflationary factor. On the other hand, investment unexpectedly declined in annual terms, despite an improvement in corporate investment. Certain Council members pointed out that, in surveys, companies continued to point to weak demand and high uncertainty, among other things, as barriers to growth. These members also pointed out that, companies' profitability indicators had recently declined, while other Council members considered the scale of the decline to be insignificant. It was emphasised that in July 2025, annual growth rates in retail sales, industrial production, and construction and assembly production were positive. Retail sales growth accelerated to 4.8% and exceeded market forecasts, underpinned by rising demand for durable goods and cars. Industrial production also accelerated more markedly than market expectations. Certain Council members pointed out that in August 2025, despite some improvement, the manufacturing PMI index remained below the 50-point mark. It was pointed out that according to the July projection, economic growth in 2025 would be higher than in 2024. However, certain Council members assessed that GDP growth in 2025 and 2026 might be lower than indicated in the July projection.

During the discussion on the labour market, it was emphasised that the data still did not indicate any significant change in labour demand. There was a marked increase in the registered unemployment rate in June and July, however regulatory changes probably contributed to this. Meanwhile, employment in the enterprise sector continued to decline in annual terms, and in July it also declined compared to June. By contrast, according to LFS data, the number of working persons in industry and services in 2025 Q2 had increased slightly. It was noted that incoming data indicated a gradual slowdown in wage growth, although annual wage growth in the national economy remained elevated in 2025 Q2 (at 8.8%). At the same time, monthly data pointed to a gradual slowdown in wage growth in the enterprise sector. It was observed that real annual wage growth in the economy had remained close to 5% in 2025 Q2.

While discussing the situation in the credit market, it was pointed out that annual growth in household loans, including PLN-denominated housing and consumer loans, had increased slightly in July, indicating some recovery in this area. July also saw a further acceleration in corporate lending.

During the discussion on inflation, it was noted that annual growth of consumer prices had slowed down in August and was running between the midpoint of the NBP target and the upper limit of the tolerance band for deviations from that target. This was preceded by a marked decline in inflation, from 4.1% in June to 3.1% in July 2025 due to base effects related to the partial unfreezing of energy prices in July 2024 and the adoption of lower natural gas sales tariffs. Base effects also contributed significantly to the decline in inflation in August 2025, this time in service prices, although the lower CPI reading was also driven by slower growth in goods prices overall. It was noted that despite the fall, service price growth was still at an elevated level. It was estimated that core inflation had probably declined in August 2025. Certain Council members judged that recent trends in inflation expectations had been relatively favourable.

While discussing the outlook for inflation, the Council members emphasised that according to forecasts, CPI inflation would remain close to 3% in September 2025. Inflation developments in 2025 Q4 would largely depend on the level of regulated electricity prices. Forecasts indicated that should electricity prices be unfrozen to the level of the existing tariffs, inflation in October 2025 might exceed 3.5%. Some Council members judged that it was likely that the freeze on electricity prices would be extended into 2025 Q4. Meanwhile, according to forecasts core inflation was to remain at close to 3% in the coming quarters. Some Council members emphasized that in line with the July projection, inflation would run below the current NBP reference rate in the coming quarters. Certain Council members mentioned the relatively low level of global energy commodity prices, including oil, and the low industrial producer price growth among factors potentially conducive to low inflation.

The Council members observed that risks to low inflation persisted in the short and medium term. There was uncertainty about the level of regulated electricity prices – both in 2025 Q4 and subsequent quarters – as well as the impact of other administrative decisions on inflation developments, including gas distribution tariffs, heat tariffs and charges for waste disposal and water supply. At the same time, it was noted that the government had also hinted at the possibility of introducing higher excise tax on alcohol or a significant increase in the sugar levy, yet certain Council members judged that the likelihood of these increases being implemented was limited. It was emphasized that, in the longer term, inflation might be driven up by increased costs associated with emissions from road transport and buildings (under the so-called ETS 2). Among the uncertainty factors, the Council members also mentioned the situation on global financial markets and the developments in commodity prices.

At the meeting it was underlined that fiscal policy was a highly pro-inflationary factor in the Polish economy. In 2024, the general government deficit had risen to 6.6% of GDP (from 5.3% of GDP in 2023). In the 2026 Draft Budget Act, the government assumed that in 2025 the deficit would rise again, to 6.9% of GDP, which suggests a further easing of fiscal policy. It was noted that such a high deficit reading had last been seen in 2020, when Poland’s GDP shrank due to the COVID-19 pandemic and anti-crisis measures were necessary to take. By contrast, GDP growth is currently solid, so the economy does not need significant fiscal support. At the same time, the government has revised the debt forecast upwards again, indicating that public debt will exceed 60% of GDP in 2025, to reach almost 67% of GDP in 2026. This would be the fastest growth of this measure in Poland’s recent history. At this point, it was underscored that the surge in debt in recent years was only to a small extent related to higher military spending. Consequently, the Council members assessed that the fiscal situation was a factor of considerable risk to future inflation growth, thus limiting the space for interest rate cuts. Some Council members pointed out that the 2026 Draft Budget Act was preliminary in its nature and may be subject to change.

Considering the inflation developments, in the majority of Council members’ assessment, it became justified to adjust the level of NBP interest rates. At the same time, the Council members emphasised that further decisions of the Council would depend on incoming information regarding prospects for inflation and economic activity. Fiscal policy, consumer demand recovery and elevated wage growth remain the risk factors for low inflation. Uncertainty stems also from the level of administered prices of energy carriers and inflation developments abroad, following, among others, from changes in the trade policies of major economies.

At the same time, a view was expressed that the current level of the NBP interest rates was too low.

The Council decided to cut the NBP reference rate by 0.25 percentage points, i.e. to 4.75%. At the same time, the Council set the remaining NBP interest rates at the following levels: the lombard rate at 5.25%, the deposit rate at 4.25%, the rediscount rate at 4.80%, and the discount rate at 4.85%.

Information from the meeting of the Monetary Policy Council held on 7-8 October 2025

The Council decided to cut the NBP reference rate by 0.25 percentage points, i.e. to 4.50%. At the same time, the Council set the remaining NBP interest rates at the following levels: lombard rate at 5.00%; deposit rate at 4.00%; rediscount rate at 4.55%; discount rate at 4.60%.

In the euro area, the annual GDP growth in 2025 Q2 amounted to 1.5%, while, in the United States it stood to 2.1%. Available data signal that GDP growth in Q3 in these economies probably slowed down. Inflation in the euro area is close to the European Central Bank inflation target, whereas core inflation remains somewhat higher. In the United States, inflation is running above the inflation target of the Federal Reserve, amidst rising core inflation. The outlook for global activity and inflation is subject to uncertainty, related, among others, to changes in trade policies.

In Poland, August 2025 saw a rise in retail sales and industrial output in annual terms, while construction and assembly production decreased. At the same time – despite a slight decline – annual wage growth in the national economy in 2025 Q2 remained elevated. Data from the enterprise sector indicate a gradual slowdown in the wage growth.

According to the Statistics Poland flash estimate, annual CPI inflation in September 2025 amounted to 2.9% (compared to 2.9% in August 2025). Considering the Statistics Poland data, it can be estimated that inflation net of food and energy prices remained close to the level recorded in August, amidst still elevated services price growth.

Taking into account an improved inflation outlook for the coming period, in the Council's assessment, it became justified to adjust the level of the NBP interest rates.

Further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity. Fiscal policy, consumption demand recovery and elevated wage growth remain risk factors for low inflation. Uncertainty stems also from the level of administered energy prices and inflation developments abroad, following, among others, from changes in trade policies of major economies.

NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to keep inflation at the level consistent with the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.

Information from the meeting of the Monetary Policy Council held on 4-5 November 2025

The Council decided to cut the NBP reference rate by 0.25 percentage points, i.e. to 4.25%. At the same time, the Council set the remaining NBP interest rates at the following levels: lombard rate at 4.75%; deposit rate at 3.75%; rediscount rate at 4.30%; discount rate at 4.35%.

According to preliminary flash estimate, in the euro area, the annual GDP growth in 2025 Q3 declined to 1.3%. Also in the United States GDP growth in annual terms probably slowed down in Q3. Inflation in the euro area is close to the European Central Bank inflation target, whereas core inflation remains somewhat higher. In the United States, inflation is running above the inflation target of the Federal Reserve, amidst elevated core inflation. The outlook for global activity and inflation is subject to uncertainty, related, among others, to changes in trade policies.

In Poland incoming data suggest ongoing favourable economic conditions. In particular, September 2025 saw a rise in retail sales, industrial output and construction and assembly production in annual terms. At the same time, quarterly data from the enterprise sector indicate a gradual slowdown in the wage growth, amidst a further fall in employment in annual terms.

According to the Statistics Poland flash estimate, annual CPI inflation in October 2025 declined to 2.8% (compared to 2.9% in September 2025), largely due to lower annual growth of food prices. Considering the Statistics Poland data, it can be estimated that inflation net of food and energy prices also decreased, amidst still elevated services price growth.

The Council became acquainted with the results of the November projection of inflation and GDP based on the NECMOD model. In line with the projection, prepared under the assumption of unchanged NBP interest rates and taking into account data available until 15 October 2025, there is a 50-percent probability that the annual price growth will be in the range of 3.6 – 3.7% in 2025 (against 3.5 – 4.4% in the July 2025 projection), 1.9 – 4.0% in 2026 (compared to 1.7 – 4.5%) and 1.1 – 4.1% in 2027 (compared to 0.9 – 3.8%). At the same time, the annual GDP growth – according to the projection – will be with a 50-percent probability in the range of 3.1 – 3.8% in 2025 (against 2.9 – 4.3% in the July 2025 projection), 2.7 – 4.6% in 2026 (compared to 2.1 – 4.1%) and 1.5 – 3.7% in 2027 (compared to 1.3 – 3.7%).

Taking into account a decline in inflation and an improved inflation outlook for the coming quarters, in the Council's assessment, it became justified to adjust the level of the NBP interest rates.

Further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity. Fiscal policy, recovery of demand in the economy and elevated wage growth remain risk factors for low inflation. Uncertainty stems also from the level of energy prices and inflation developments abroad.

NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to keep inflation at the level consistent with the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.

4. Projection of inflation and GDP

This inflation and GDP projection was prepared by the Economic Analysis and Research Department (EARD) of Narodowy Bank Polski and presents a forecast of economic developments under the assumption of unchanged NBP interest rates. In terms of the contents, work on this projection was supervised by the Director of the Economic Analysis and Research Department. The process was coordinated by the Macroeconomic Forecasts Division of the EARD and the projection was prepared using the macroeconomic NECMOD model. The Management Board of NBP approved the projection to be submitted to the Monetary Policy Council. The projection constitutes one of the inputs to the Monetary Policy Council's decision-making process concerning the NBP interest rates.

The November projection based on the NECMOD model covers the period from 2025 Q4 to 2027 Q4. The starting point for the projection is 2025 Q3.

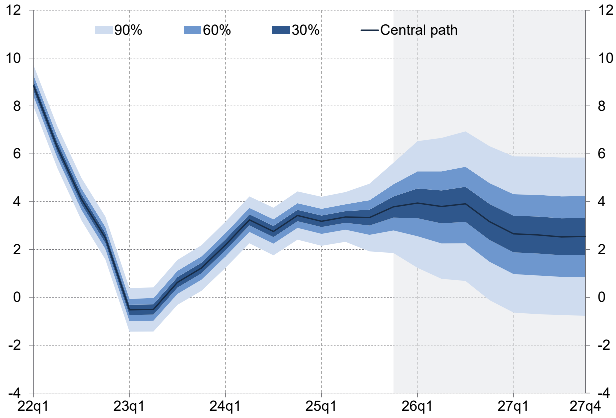
The projection was prepared under the assumption of unchanged NBP interest rates, including a reference rate of 4.50%. The cut-off date for the data used in this projection is 15 October 2025.

4.1 Summary

In 2025, GDP growth will amount to 3.4%, somewhat lower than the assumptions of the July projection. In the next year, domestic economic activity will accelerate to 3.7%. This will be due to the peak in the inflow of EU funds under the National Recovery and Resilience Plan, translating mostly into a higher investment path. The improvement in economic conditions in this period will also be supported by the relatively high growth in household consumption on the back of the continued favourable financial situation of these entities. In 2027, expenditure of the funds under the National Recovery and Resilience Plan will end, which will significantly reduce GDP growth. Only to a small extent will GDP growth in Poland in 2026-2027 be fuelled by foreign demand, since only a subdued recovery is expected in the euro area. GDP growth will be held back in 2027 by the gradual rise in the real interest rate as a result of the fall in inflation and the assumption of unchanged NBP interest rates in the projection (including the reference rate at 4.5%).

After a decline of CPI inflation in 2025 Q3 to 3.0% y/y, in 2025 Q4 it will remain within the band for deviations from the NBP inflation target (2.5% ±1 pp), supported by the extension until the end of the year of the freeze on electricity prices for households at PLN 500 per MWh. In 2026, the fall in inflation will temporarily slow down, which will be supported by the forecast pick-up in economic growth in Poland. Increased demand pressures will be reflected in a positive output gap in this period. According to the assumptions of the projection, in 2026 the elevated growth of the prices of excise goods and administered services will continue. However, the rise in CPI inflation will be limited by the slowing wage growth and only moderate growth in import prices. In 2027, amid a slowdown in economic activity, the impact of the above-mentioned disinflation factors will

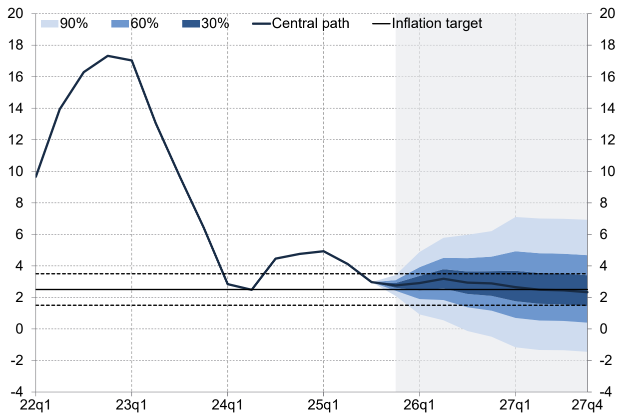
Figure 4.1 GDP (y/y, %)



Source: Statistics Poland (GUS) data, NBP calculations.

Fan fan charts depict the probability distribution of possible outcomes of GDP growth (Figure 4.1) and inflation rate (Figure 4.2). The part of the chart in the grey background illustrates forecast uncertainty of these variables over the projection horizon. It was assumed that the probability distribution of the possible outcomes of a variable at each forecast horizon belongs to the family of two-piece normal (TPN) distributions. This distribution is determined by three parameters: mode, variance and a measure of skewness. The mode of the distribution is the central path of the projection, while the variance is determined based on historical forecast errors for each of the horizons adjusted for the impact of the current uncertainty of exogenous variables. The skewness of the distribution is obtained from the analysis of several alternative scenarios together with the assigned probabilities of their realisation. On the chart, the distribution of the realisation of a given variable is illustrated by 30%, 60% and 90% probability intervals around the central projection path, which were constructed in such a way as to minimize the width of the bands (for more information see: Pońsko P., Rybaczyk B., 2016, Fan Chart – A Tool for NBP's Monetary Policy Making, Narodowy Bank Polski Working Paper, No 241).

Figure 4.2 CPI inflation (y/y, %)



Source: Statistics Poland (GUS) data, NBP calculations.

The methodology of construction of fan charts is discussed in the note under Figure 4.1.

intensify, and the CPI inflation path will return to the downward trend.

The future domestic economic situation is largely dependent on developments in economic activity in Poland's key trading partners, including the scale of the recovery in investment in the euro area. The forecast uptake of EU funds under the National Recovery and Resilience Plan programme is also subject to risk – their incomplete absorption could reduce domestic GDP growth in 2026. In turn, the future path of CPI inflation will largely depend on fiscal and administrative decisions, in particular, on the implementation process of the new CO_2 emissions trading system (EU ETS2) in 2027. The balance of uncertainty factors indicates a downward asymmetry in the distribution of uncertainty for GDP growth in 2026, and an upward uncertainty for CPI inflation in 2027 (Figure 4.1, Figure 4.2).

4.2 External environment

Changes in global trade policy

In 2025, the trade policy of the United States underwent significant changes, and in the course of negotiations with trading partners, both customs duties and the range of products subject to tariffs were adjusted. In 2025 Q3, i.e. after the cut-off date of the July projection, US import duties on a significant share of goods from the European Union were increased. At the same time, the period for which the temporarily reduced US customs duty on products imported from China will be in place, was extended. Further negotiations on customs regulations are underway between the United States and its trade partners. Therefore, the future shape of trade policy of the world's major economies remains uncertain, albeit to a lesser extent than during the July forecasting round (see Chapter 4.5 *Forecast uncertainty sources*).

Economic growth

Better-than-expected data for the United States in recent months indicate that the slowdown in economic activity in this economy triggered by the tightening of trade policy will be less pronounced than earlier forecasts suggested (Table 4.1). Admittedly, a sharp increase in import duties compared to previous years will limit the growth of consumption and private investment. However, the good financial situation of households and enterprises should continue to support economic growth, mitigating the effects of the trade tensions. The upward revision of forecasts for the US economy was also driven by the adoption in July of a bill permanently extending the lower personal income tax rates in force as of 2025 (*the One Big Beautiful Bill Act*). As a result, GDP growth in the United States will continue to exceed that of the euro area over the projection horizon.

In 2025 Q1, the exports of goods from the euro area to the United States rose significantly, driven by exporters accelerating shipments in anticipation of the introduction of tariffs announced by the U.S. administration. Once this temporary effect had subsided, growth in exports and GDP in the euro area slowed again in the second half of the year. Meanwhile, ongoing uncertainty surrounding changes in global trade is holding back investment and consumption in the economy. However, economic activity in the euro area will improve in 2026-2027 as a result of the lagged impact of the ECB's interest rate cuts (Figure 4.3), fiscal easing in the German economy, and rising defence spending.

Inflation and commodity markets

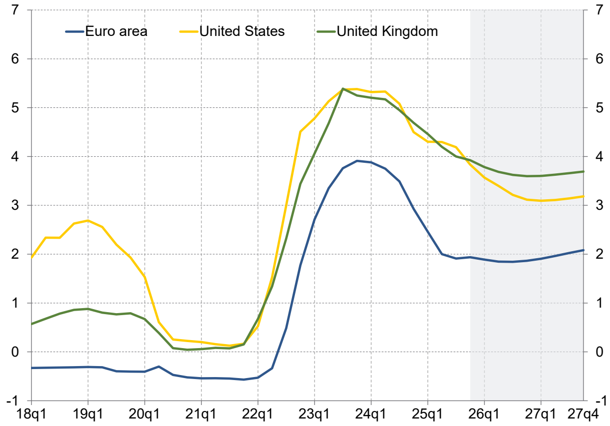
Global prices of energy commodities stabilised following their decline in the first half of 2025 (Figure 4.4, Figure 4.5). Oil prices will remain stable over the projection horizon, since the factors affecting their level will largely offset each other. On the one hand, downward pressure on prices will stem from the continued increase in

Table 4.1 GDP abroad – November projection versus July projection

	2025	2026	2027
GDP in Euro Area (y/y, %)			
November 2025	1.2	1.0	1.3
July 2025	0.9	1.0	1.3
GDP in Germany (y/y, %)			
November 2025	0.2	1.1	1.4
July 2025	0.2	1.0	1.4
GDP in United States (y/y, %)			
November 2025	1.9	1.8	1.9
July 2025	1.4	1.4	1.9
GDP in United Kingdom (y/y, %)			
November 2025	1.5	1.0	1.1
July 2025	1.2	1.0	1.1

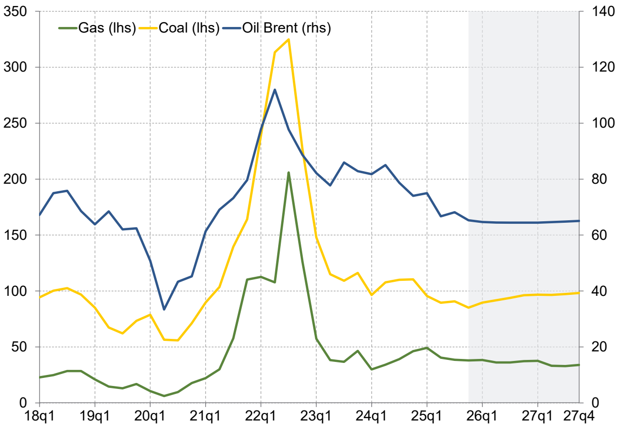
Source: NBP calculations.

Figure 4.3 Interest rates abroad (%)



Source: Bloomberg data, NBP calculations.

Figure 4.4 Brent oil prices (USD/b), natural gas (TTF, USD/MWh) and hard coal (Richards Bay, USD/t)



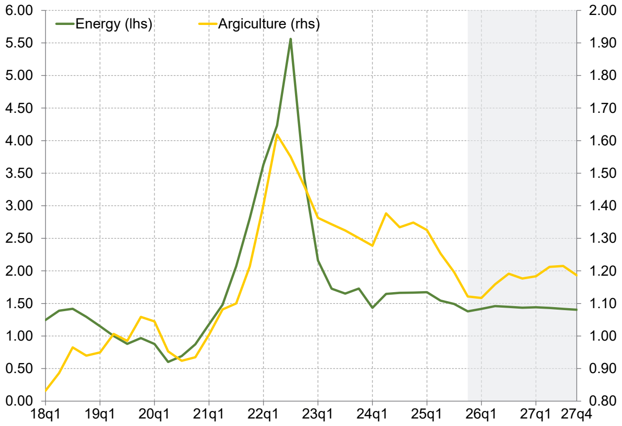
Source: Bloomberg data.

production by OPEC+ countries as part of their strategy to recover market share, as well as from rising output in other countries. Uncertainty about future developments in global trade, negatively affecting demand for oil, will act in the same direction. On the other hand, geopolitical tensions related to Russian aggression and the situation in the Middle East remain a factor favouring the rise in oil prices. A slight fall in natural gas prices over the projection horizon will result from an expected improvement in the supply conditions in the European market, due to the planned launch of new LNG terminals, including those in Qatar and the United States. As a result, coal prices – a substitute to natural gas in energy production – are also expected to decline. Global prices of key energy commodities in 2025-2027 are forecast to remain at similar levels to those assumed in the July projection.

The global prices of many agricultural commodities declined compared with the assumptions of the July projection. This concerns, in particular, price quotations for skimmed milk powder, butter, and pork, which reflect the expected decline in demand from the EU's key trading partners. On the other hand, the decline in the prices of wheat, coffee, and orange juice is related to the projected increase in their production. Futures quotes suggest that the agricultural commodities price index will stabilise at its current level in 2026-2027, reflecting expectations that future changes in supply and demand in these markets will largely offset each other (Figure 4.5).

Only a moderate recovery in global demand, together with a gradual decline in wage and employment growth in the euro area, will help keep inflation in Poland's external environment low over the projection horizon (Figure 4.6). Furthermore, the latest data suggest that the temporary rise in US inflation, prompted by tighter US trade policy, will be less severe than anticipated in the July forecasting round.

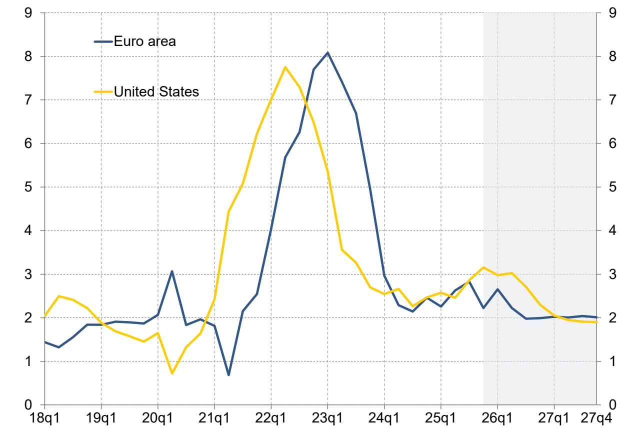
Figure 4.5 Energy commodities price index (USD, 2019=1) and index of agricultural prices (EUR, 2019=1) in global markets



Source: Bloomberg data, NBP calculations.

The index of the prices of energy commodities includes prices of crude oil, coal and natural gas, taking into account of the consumption structure of these commodities in Poland. The agricultural commodity price index includes prices of wheat, pork, skimmed milk powder, butter, sugar, cocoa, coffee, frozen concentrated orange juice, potatoes, oilseed, allowing for weights reflecting the consumption structure of Polish households.

Figure 4.6 Change in gross value added deflator (y/y, %)



Source: Bloomberg, Eurostat data, NBP calculations.

4.3 Polish economy in 2025-2027

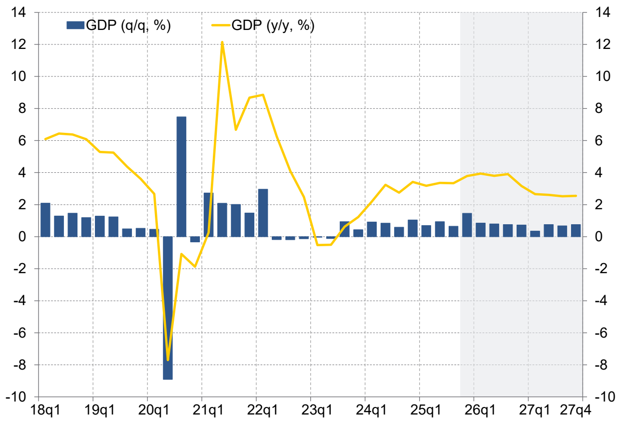
Economic activity

According to the assumptions of the current projection, GDP growth in the second half of 2025 will be close to 3.5% y/y (Figure 4.7). In this period, growth in domestic economic activity will be supported by persistently high growth in household consumption, which will be accompanied by a gradual recovery in investment. The pace of economic growth will accelerate in 2026, driven by a further increase in inflow of EU funds under the National Recovery and Resilience Plan (Figure 4.8, Figure 4.9). In 2027, the positive impact of this factor will fade, translating into a slowdown in economic activity. GDP growth in this period will also be held back by the gradual rise in the real interest rate, given the projection's assumption of unchanged NBP interest rates (including the reference rate at 4.5%). Only to a small extent will GDP growth in Poland be fuelled by foreign demand over the projection horizon, since only a limited recovery is forecast in the euro area.

In 2026-2027, growth in household consumption will decline on the back of slower growth in real wages and disposable income. However, the scale of this decline will be limited due to household's efforts to smooth their consumption path over time (Figure 4.10). The household savings rate will remain elevated over the projection horizon, supported by a positive and slightly rising real interest rate (related to the decline in inflation under the assumption of unchanged NBP interest rates over the projection horizon).

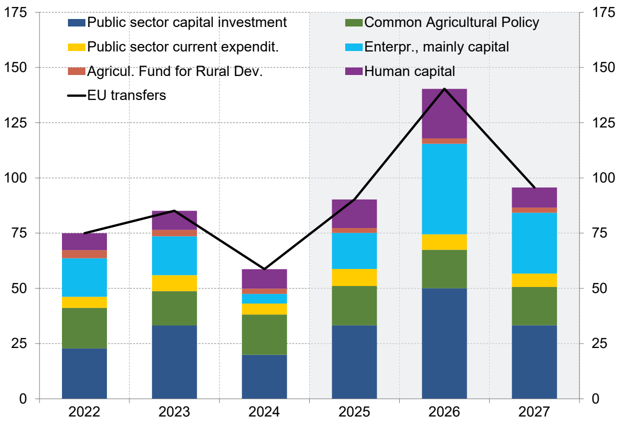
Growth in gross fixed capital formation will accelerate in 2026, supported by increased absorption of EU funds under the National Recovery and Resilience Plan (Figure 4.11, Figure 4.12). This will be underpinned by the European Commission's decision of 16 June 2025 to extend the deadline for using these funds by three months, i.e. until the end of 2026. In 2027,

Figure 4.7 Economic growth



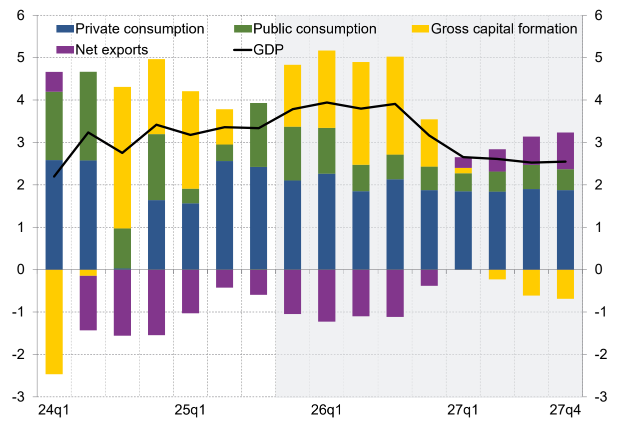
Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.8 Expenditure financed by EU funds (in PLN billion) – breakdown



Source: NBP calculations.

Figure 4.9 GDP growth (y/y, %) – breakdown



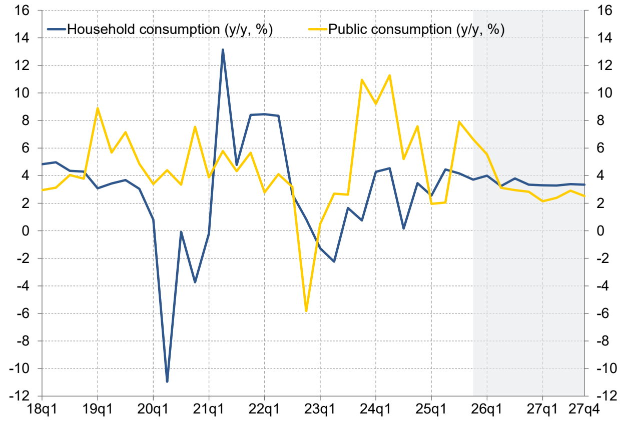
Source: Statistics Poland (GUS) data, NBP calculations.

when their disbursement comes to an end, gross fixed capital formation will decline (Figure 4.11).

Over the projection horizon, expenditure related to the ongoing energy transformation of the Polish economy is expected to increase, including spending allocated for the development of offshore wind farms in the Baltic and the construction of modern transmission grids. According to announcements, the estimated value of investments in offshore wind energy will amount to PLN 130 billion[35] by 2040, while the planned investments in transmission infrastructure in 2025-2034 are expected to amount to PLN 64 billion[36]. Purchases of military equipment will also shift upwards the investment path over the projection horizon. However, the pace of growth in housing investment will be positively affected by the lagged effects of the NBP interest rate cuts implemented to date.

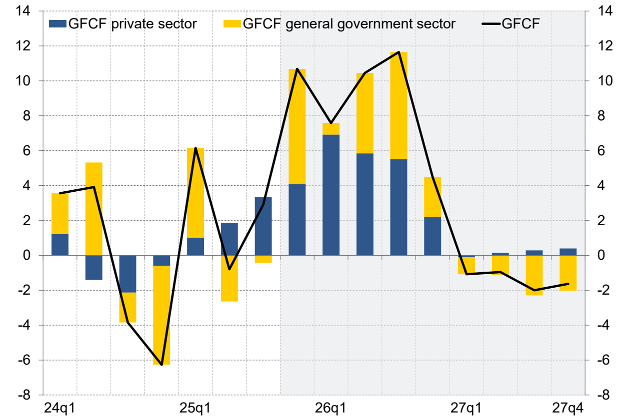
In 2026, the contribution of net exports will continue to lower GDP growth; however, in the last year of the projection, in accordance with its countercyclical character, it will turn positive (Figure 4.13). In 2026, faster growth in the volume of imports than exports will be the result of the persistence of relatively high growth in domestic demand against a weaker improvement in the business climate abroad. In 2027, import growth will slow down on the back of a decline in domestic demand growth and a gradual recovery in economic activity among Poland's main trading partners, including in the German economy, while sales of goods and services abroad will develop more favourably.

Figure 4.10 Household and public consumption



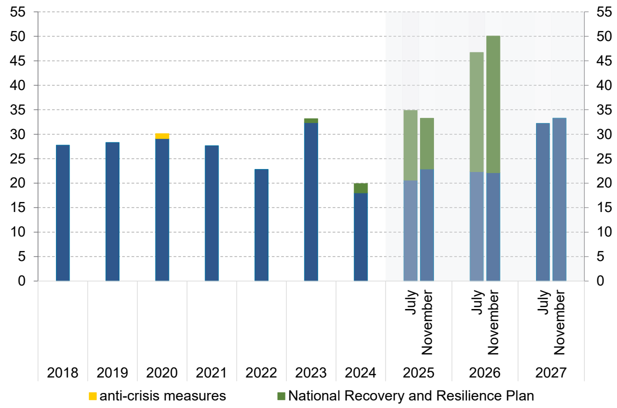
Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.11 Gross fixed capital formation (y/y, %) – breakdown



Source: Statistics Poland (GUS) data, NBP calculations.
Private sector investment is defined as gross fixed capital formation according to the national accounts except for the general government sector. It covers gross fixed capital formation of non-financial enterprises, households (both housing and non-housing investment) and non-profit institutions serving households.

Figure 4.12 Use of EU funds for public investment (PLN billion)



Source: MFiPR, Statistics Poland (GUS) data, NBP calculations.

[35] https://www.gov.pl/web/morska-energetyka-wiatrowa/program-rozwoju-morskich-farm-wiatrowych
[36] https://www.pse.pl/-/projekt-nowego-planu-rozwoju-sieci-przesylowej-na-lata-2025-2034-uzgodniony

Potential output and the output gap

Potential output growth in 2026-2027 will average 3.0% y/y, i.e. slightly below its long-term average (Figure 4.14).

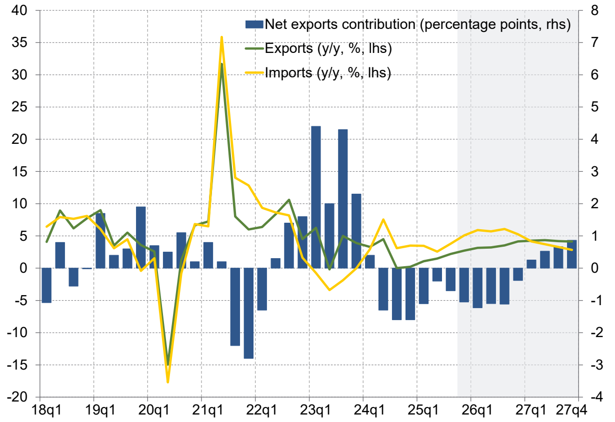
The domestic economy's potential in this period will be positively affected by the staggered impact of investment growth in 2025-2026, boosting the growth of productive capital, as well as by the assumed inflow of migrants, which will increase the labour supply. On the other hand, changes in Poland's demographic structure, reflected by a decline in the working-age population, will have a negative impact on potential GDP growth over the projection period (with a more pronounced decline in the population aged 25-44, which will only be partially offset by an increase in the size of the 45-59/64 age group). These demographic trends will lead to a reduction in the economically active population (Figure 4.18) and, consequently, the number of employed.

In 2026, along with the forecast recovery in economic activity above potential GDP growth, the output gap will increase and remain positive (Figure 4.15). This means that the increased demand pressure expected in that period will temporarily limit the decline in inflation. In 2027, following a slowdown in GDP growth, demand pressure will ease again, supporting the disinflation process in the Polish economy.

Labour market

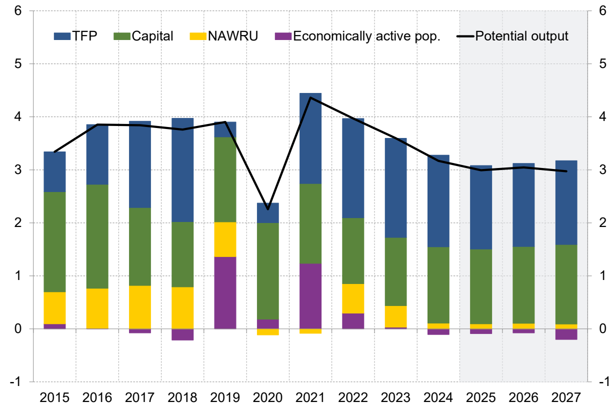
After stabilising in the second half of 2025, the unemployment rate is expected to fall alongside the anticipated increase in domestic GDP growth in 2026 (Figure 4.16). This is reflected in the results of business surveys, which show that a higher proportion of firms intend to increase rather than decrease employment within a year[37] (Figure 4.17). The unemployment rate is expected to rise slightly in 2027 due to the slowdown in economic growth

Figure 4.13 Foreign trade



Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.14 Potential product (y/y, %) – breakdown



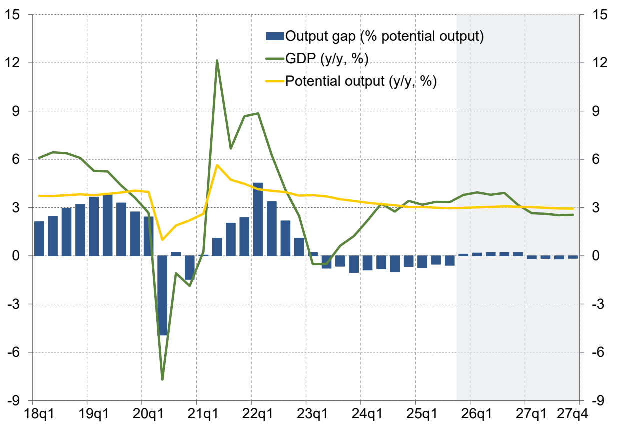
Source: NBP calculations.

Potential output growth is defined as the economic growth rate that does not cause the accumulation of inflationary pressure. It may originate from the growth of labour supply, productive capital or total factor productivity. In the NECMOD model it is estimated on the following Cobb-Douglas production function:

$$PKB_t^{pot} = TFP_t^{trend} \cdot \left[LF_t^{trend} \cdot (1 - NAWRU_t)\right]^{0.63} \cdot K_t^{1-0.63},$$

where PKB_t^{pot} is the level of potential output, TFP_t^{trend} – total factor productivity, smoothed by the Hodrick-Prescott (HP) filter extended with an index of capacity utilisation, LF_t^{trend} – the number of economically active people smoothed by a HP filter, $NAWRU_t$ – non-accelerating wage rate of unemployment in the equilibrium, K_t – productive capital. The output elasticity with respect to labour was set at the level of 0.63.

Figure 4.15 Output gap



Source: Statistics Poland (GUS) data, NBP calculations.

The output gap is a synthetic measure of demand pressure in the economy. It is expressed as a percentage of the deviation of the actual real level of GDP from the level of potential output.

[37] *NBP Quick Monitoring Survey. Economic climate in the enterprise sector*, October 2025.

(Figure 4.16). The scale of this growth will be limited by demographic processes, which are reducing the number of people of working age.

In 2026-2027, real wage growth will slow and will, on average, roughly match labour productivity growth (Figure 4.19). This scenario is supported by the assumption of a smaller scale of minimum wage increases during this period compared with previous years. At the same time, the impact of high inflation in 2022-23 on wage growth, which was incorporated into the wage-setting mechanism with a lag, will fade. The forecast of a slowdown in wage growth is supported by the findings of the NBP Quick Monitoring Survey, which indicate a decline in 2025 Q3 of the share of enterprises experiencing wage pressure and a reduction in the average scale of planned increases over the year.[38]

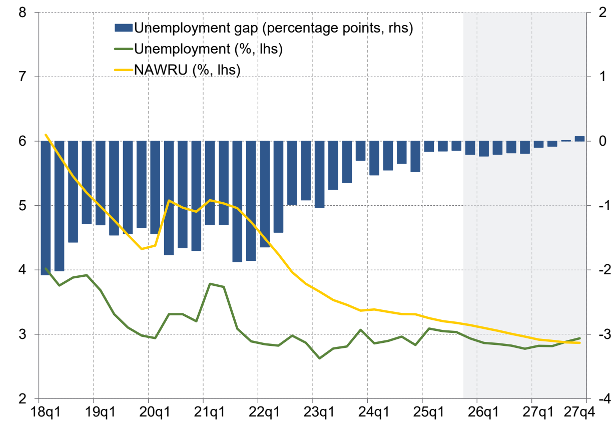
CPI inflation

In 2025 Q3, CPI inflation returned to the band for deviations from the NBP inflation target (2.5% ± 1 p.p.). According to the results of the projection, in 2026 the disinflation process will temporarily slow down, and inflation will once again decline significantly in 2027 (Figure 4.20, Figure 4.21).

The expected temporary slowdown in the decline in inflation in 2026 will result from a combination of administrative and cyclical factors.

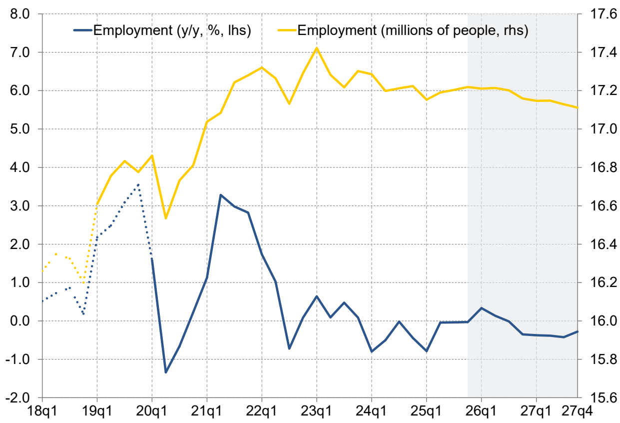
In particular, electricity prices for households are frozen until the end of 2025 at PLN 500 per MWh, which is below the average selling price in the tariffs approved by the President of the Energy Regulatory Office (i.e. PLN 573 per MWh). In 2026 Q1, when the cap on electricity prices is set to expire, assuming no change in the legal situation, there will be an increase in the average electricity bill (Figure 4.23). At the same time, in 2026 inflation will be boosted by a further increase in excise tax rates on tobacco products and

Figure 4.16 Unemployment



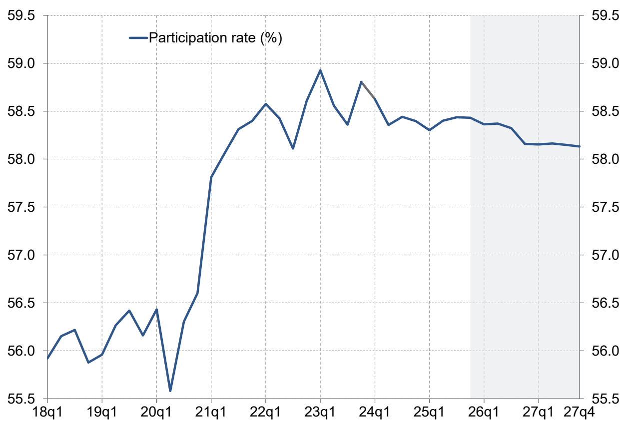
Source: Statistics Poland (GUS) data, NBP calculations.
$NAWRU_t$ – non-accelerating wage rate of unemployment in the equilibrium. The LFS unemployment data before 2019 and from 2019 are not fully comparable – see note to the Figure 4.17.

Figure 4.17 Employment



Source: Statistics Poland (GUS) data, NBP calculations.
Since 2023 Q4, the LFS data are harmonized with the number of the population according to the 2021 National Census. The retrospectively recalculated data, however, cover the period from 2019 Q1 to 2023 Q3, making periods before 2019 Q1 not comparable with later periods, which also leads to a distortion of growth rates in the y/y terms for employment in 2019.

Figure 4.18 Labour force participation



Source: Statistics Poland (GUS) data, NBP calculations.
The data before 2019 and from 2019 are not fully comparable – see note to the Figure 4.17.

[38] *NBP Quick Monitoring Survey. Economic climate in the enterprise sector*, October 2025.

their substitutes as well as the persistently elevated growth in prices of administered services, particularly for refuse collection, sewage disposal and supply of cold water.

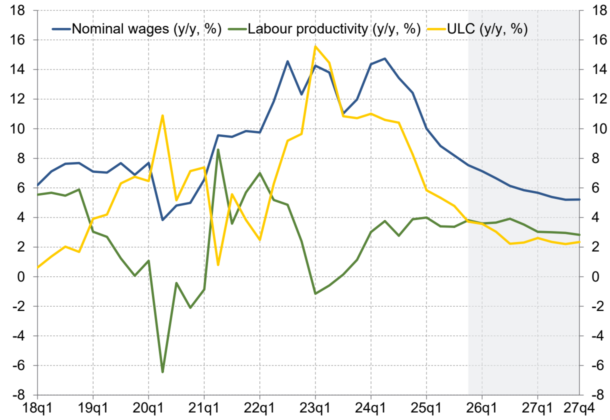
In addition, faster price growth in 2026 will be driven by an acceleration in economic recovery next year, translating into stronger demand pressure reflected in a positive output gap. On the other hand, the rise in CPI inflation in 2026 will be limited by weakening wage growth and only moderate growth in import prices (Figure 4.22) related to low inflation in Poland's external economic environment and the lowered level of global prices of energy and agricultural commodities. As a result, the impact of pro- and anti-inflationary factors in 2026 will offset each other, leading to a temporary slowdown in the decline of inflation.

In 2027, in view of the decline in demand growth in the economy, the output gap will once again turn negative. With the weakening pace of wage growth exerting an increasingly strong influence on price-setting processes, CPI inflation will return to a downward trend.

As a result of the above conditions, in 2026-2027 CPI inflation will remain within the band for deviations from the NBP inflation target (2.5% ± 1 p.p.).

An important factor that could potentially have a major impact on the path of energy prices and CPI inflation in 2027 is the planned extension of the CO_2 trading system in EU Member States to new sectors, i.e. road transport and construction (EU ETS2). According to the directive of the European Parliament and of the Council (EU), suppliers of gas, petrol, coal and other fuels will be forced to redeem allowances in line with their CO_2 emissions. It is not yet known how the prices of these allowances will behave in 2027. However, it is planned to limit their growth if the price exceeds EUR 45/tonne (at 2020 prices indexed by the harmonised price index). Assuming a full

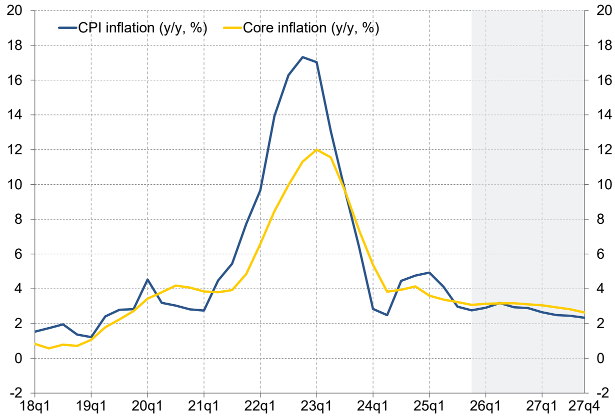
Figure 4.19 Unit labour cost



Source: Statistics Poland (GUS) data, NBP calculations.

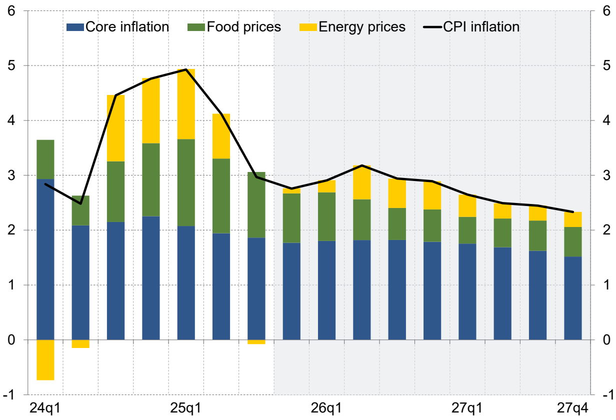
Unit labour cost is defined as the average cost of labour per unit of output produced. They are calculated by dividing the product of average wages and the number of employed persons in the economy by the total GDP. Alternatively, they can be expressed as the quotient of the average wage and labour productivity, in other words, the relation of GDP to the number of the employed persons. Unit labor cost (ULC) presented in the chart include employers' social security contributions.
With regard to the data on growth rates in the y/y terms for unit labour cost (ULC) and labour productivity before 2020 - see note to the Figure 4.17.

Figure 4.20 CPI and core inflation



Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.21 CPI inflation (y/y, %) – breakdown



Source: Statistics Poland (GUS) data, NBP calculations.

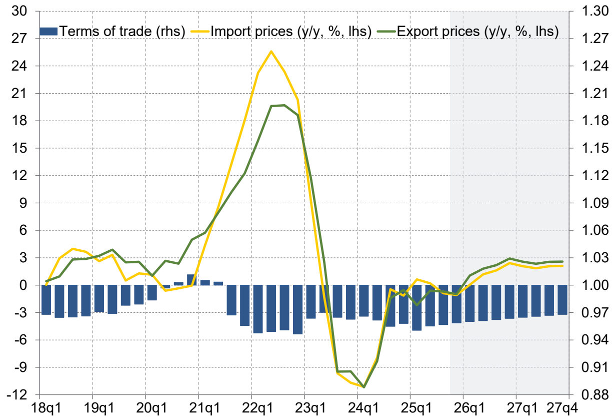
pass-through of allowance price to fuel prices, each additional PLN 10 to the cost of a tonne of CO_2 emissions will directly increase CPI by 0.07 p.p. As of today, like many other EU countries, Poland has not yet implemented the EU directives relating to the EU ETS2 system into national legislation. Negotiations aimed at postponing the implementation of the new system are still underway. Therefore, in the current projection the effects of the entry into force of the EU ETS2, which thus poses an upside risk to CPI inflation in 2027, have not been taken into account in the central path (see Chapter 4.5 *Forecast uncertainty sources*).

4.4 Current versus previous projection

Data and information released after the cut-off date of the July projection have contributed to a downward revision to the forecast for domestic economic growth in 2025 and a significant upward revision in 2026. On the other hand, compared to the results of the previous forecasting round, the projected path of CPI inflation has been revised downwards slightly in 2025-2026 and upwards in 2027 (Table 4.2, Figure 4.24, Figure 4.25, Figure 4.26, Figure 4.27).

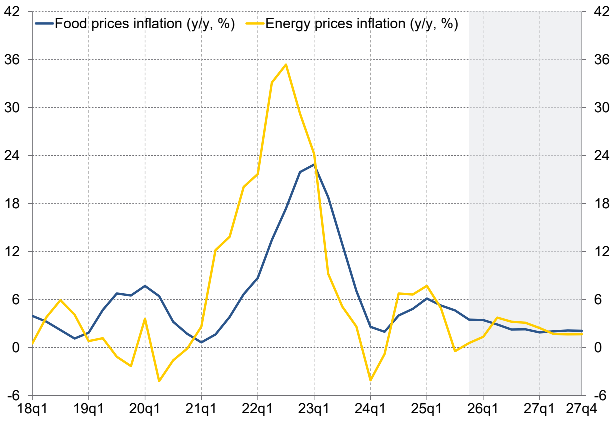
A factor contributing to the downward revision to the economic growth forecast for 2025 was lower-than-expected growth in 2025 Q2, particularly in terms of investment activity. This was related to the slower inflow of EU funds as a result of the delay in the use of funds under the NRRP. To facilitate the absorption of these funds, the European Commission has decided to extend the spending period by a further three months, until the end of 2026. Assuming full utilisation of funds from the NRRP, higher absorption of EU funds in 2026 compared to the July projection is set to improve the domestic economic activity, including the investment path. Interest rate cuts totalling 0.75 percentage points, implemented by the Monetary Policy Council after the July projection was finalised, are also expected to contribute to

Figure 4.22 Export and import prices



Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.23 Food and energy price inflation



Source: Statistics Poland (GUS) data, NBP calculations.

Table 4.2 November projection versus July projection

	2025	2026	2027
CPI inflation (y/y, %)			
November 2025	3.7	2.9	2.5
July 2025	3.9	3.1	2.4
GDP (y/y, %)			
November 2025	3.4	3.7	2.6
July 2025	3.6	3.1	2.5

Source: NBP calculations.

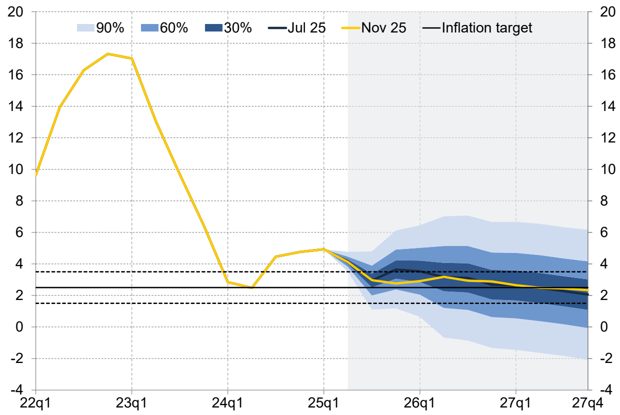
improving the outlook for domestic demand growth, particularly in 2026.

In 2025, the forecast for energy price growth was revised downwards relative to the July projection due to the extension of the cap on electricity prices for households until the end of 2025 Q4. The impact of this reduction on CPI inflation is limited by a slightly higher forecast for unprocessed food prices, which takes into account the reading for this category in 2025 Q3. In 2026-2027, the impact of these factors on consumer price growth will fade, while the pace of disinflation will be constrained by an improvement in domestic economic activity, reflected in a higher output gap than projected in July. Consequently, CPI inflation in 2026 will be similar to that projected in the previous forecasting round, while in 2027 it will be slightly higher.

4.5 Forecast uncertainty sources

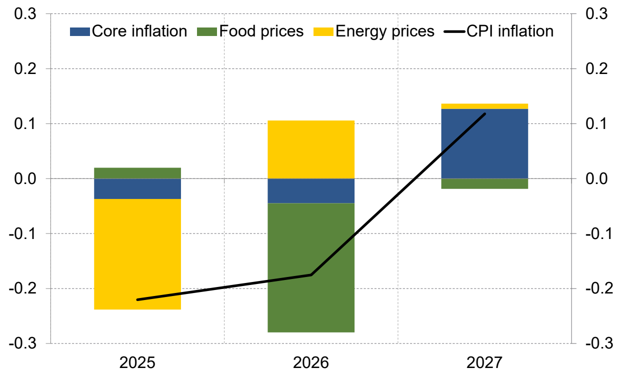
The central scenario of the projection, presenting the most likely macroeconomic developments in Poland, is subject to uncertainty reflected in the fan charts (Figure 4.1, Figure 4.2). The CPI inflation path in Poland depends to a large extent on future fiscal and administrative decisions as well as developments in consumer demand and wages. Moreover, in 2027 the entry into force of the new CO_2 emissions trading system (EU ETS2) will be a significant source of uncertainty for domestic prices. In turn, the main source of risk in the environment of the Polish economy is the scale of the recovery in investment in the euro area, including in the German economy. The impact of increased tariff barriers in international trade on inflation and the level of activity in the major economies continues to be an important uncertainty factor. The balance of uncertainty factors indicates a higher probability of GDP running below the central path in the short term, with upside risks to CPI inflation in 2027 (Table 4.3).

Figure 4.24 November projection versus July projection: CPI inflation (y/y, %)



Source: Statistics Poland (GUS) data, NBP calculations.

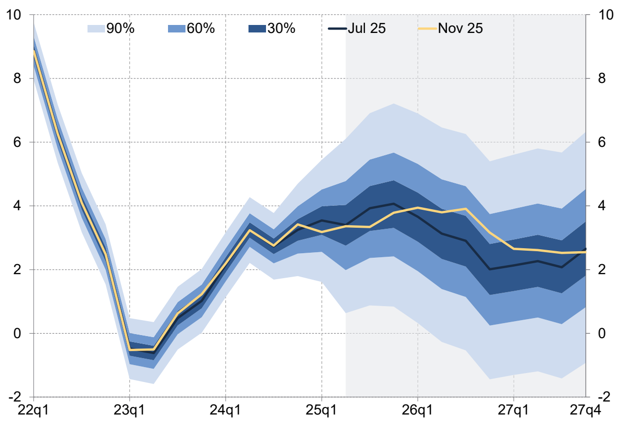
Figure 4.25 Decomposition of deviations between November and July projection: CPI inflation (percentage points)



Source: NBP calculations.

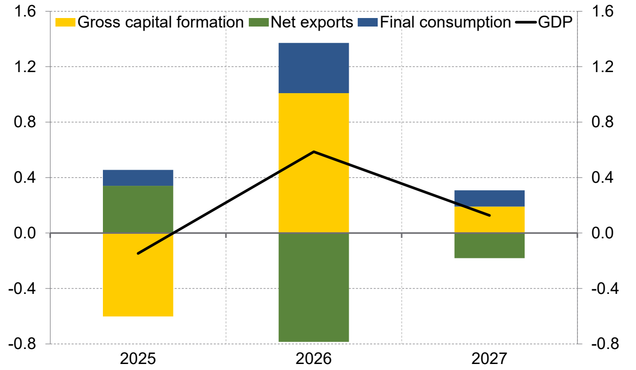
The data presented in the chart may vary slightly from those in Table 4.2, due to rounding of numbers to one decimal place.

Figure 4.26 November projection versus July projection: GDP growth (y/y, %)



Source: Statistics Poland (GUS) data, NBP calculations.

Figure 4.27 Decomposition of deviations between November and July projection: GDP growth (percentage points)



Source: NBP calculations.

The data presented in the chart may vary slightly from those in Table 4.2, due to rounding of numbers to one decimal place.

Table 4.3 Probability of inflation running:

	Below 1.50%	Below 2.50%	Below 3.50%	Below the central projection	In the range (1.5-3.5%)
26q1	0.12	0.37	0.69	0.50	0.57
26q2	0.15	0.34	0.58	0.50	0.43
26q3	0.22	0.41	0.62	0.50	0.40
26q4	0.25	0.43	0.62	0.51	0.37
27q1	0.29	0.44	0.59	0.46	0.31
27q2	0.31	0.46	0.61	0.46	0.31
27q3	0.31	0.46	0.62	0.46	0.31
27q4	0.32	0.48	0.63	0.45	0.31

Source: NBP calculations.

Domestic risks to the CPI inflation path

Significant risk factors to the future CPI inflation path include the scale of the recovery in consumer demand and wage growth and their impact on inflationary processes, as well as the level of indirect tax rates and other charges. Developments in administrative prices, including the level of new electricity, heating, gas, water and sewage tariffs, are also an important source of uncertainty. A risk factor that may significantly raise the future path of CPI inflation is the planned introduction of a new Emissions Trading System in 2027, for road transport and residential construction (EU ETS2, see *CPI inflation*). At the time of formulating the assumptions of the current projection, there was still no domestic legislation introducing these solutions, and the implementation of the new Emissions Trading System may be delayed due to future political decisions. Future prices of CO_2 emission allowances are also unknown. Consequently, these changes have not been accounted for in the baseline scenario of the projection. Therefore the possible extension of the Emissions Trading System constitutes a significant upside risk to energy prices and CPI inflation in 2027.

Use of EU funds under the National Recovery and Resilience Plan

An important source of uncertainty for the future path of GDP is the scale of the use of funds in the form of subsidies under the National Recovery and Resilience Plan (NRRP), due to the small degree of their use so far compared to the total allocation for Poland. According to the arrangement for the use of this instrument, all the milestones and targets for investment projects have to be achieved by the end of 2026. The lower absorption rate of EU funds under the NRRP compared to their full absorption assumed in the central scenario would entail slower GDP growth in the Polish economy in 2026, including in particular a lower investment path.

Impact of external factors

The conclusion of numerous bilateral trade agreements by the United States in recent months has helped reduce uncertainty about the future shape of trade policy relative to the previous forecasting round. On the other hand, heightened uncertainty regarding trade relations between the United States and China persists.[39] However, currently a more significant external source of risk is the impact of agreements already reached on the future path of inflation and GDP in the major economies.

Should the impact on inflation of a significant increase in the average effective tariff rate in the United States prove stronger and more persistent, it would limit the scale of interest rate cuts by the Fed relative to current expectations. Such conditions would contribute to a further deterioration of the situation in the US labour market, increasing its deviation from full employment and resulting in a lower GDP growth path in this economy. An increase in barriers to global trade may also have a greater negative impact than expected on euro area growth. At the same time, the future economic situation in this economy will largely depend on the development of the investment path, including on the scale and pace of absorption of funds from the infrastructure investment fund in Germany. Defence expenditure will also affect investment demand in the euro area. In the absence of a more pronounced recovery in the German economy and slower growth in other euro area countries, domestic exports and investments would be weaker, causing Poland's GDP and CPI inflation paths to run below the baseline scenario.

On the other hand, the negative impact of rising protectionism in global trade on the macroeconomic situation in the major economies may prove to be smaller than assumed in the central scenario. Stronger positive effects from increased spending on security in Europe and the fiscal expansion in Germany would also improve the activity in Poland's immediate economic environment. Should these risk factors materialise, there would be an increase in expenditure on investment and consumption in the major euro area economies, which would be accompanied by an improvement in the outlook for foreign trade and economic activity in Poland.

Prices of energy commodities

Changes in global energy commodity prices remain a source of uncertainty for the inflation path in the baseline scenario. The prices of oil and other commodities could be subject to significant volatility, not only due to changes in expectations regarding demand prospects, but also due to measures taken by the major producers regarding production levels. Significant risk sources for the development of future energy commodity prices are also linked to the evolution of armed conflicts worldwide.

[39] The United States and China have not yet concluded a new trade agreement, while earlier agreements regulating their mutual trade relations remain in force until 10 November 2025. In the projection it was assumed that after this date tariffs between these countries will remain unchanged.

Table 4.4 Central path of inflation and GDP projection

	2024				2025				2026				2027				2024	2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Consumer Price Index CPI (%, y/y)	2.8	2.5	4.5	4.8	4.9	4.1	3.0	2.8	2.9	3.2	2.9	2.9	2.6	2.5	2.4	2.3	3.6	3.7	2.9	2.5
Core inflation (CPI net of food and energy prices, %, y/y)	5.4	3.8	3.9	4.1	3.6	3.4	3.2	3.1	3.1	3.2	3.2	3.1	3.0	2.9	2.8	2.6	4.3	3.3	3.1	2.9
Food prices (%, y/y)	2.6	2.0	4.0	4.8	6.1	5.3	4.6	3.5	3.4	2.9	2.3	2.3	1.9	2.0	2.1	2.1	3.3	4.9	2.7	2.0
Energy prices (%, y/y)	-4.1	-0.8	6.8	6.6	7.7	4.9	-0.5	0.6	1.3	3.7	3.2	3.1	2.4	1.7	1.6	1.7	2.0	3.1	2.7	1.9
GDP (%, y/y)	2.2	3.2	2.8	3.4	3.2	3.4	3.3	3.8	3.9	3.8	3.9	3.2	2.7	2.6	2.5	2.5	2.9	3.4	3.7	2.6
Domestic demand (%, y/y)	1.9	4.9	4.6	5.3	4.6	4.0	4.2	5.1	5.5	5.2	5.3	3.7	2.5	2.2	1.9	1.8	4.2	4.5	4.9	2.1
Household consumption (%, y/y)	4.3	4.5	0.2	3.5	2.5	4.4	4.2	3.7	4.0	3.2	3.8	3.3	3.3	3.3	3.4	3.3	3.1	3.7	3.6	3.3
Public consumption (%, y/y)	9.2	11.3	5.2	7.6	2.0	2.1	7.9	6.6	5.5	3.1	2.9	2.8	2.1	2.4	2.9	2.5	8.2	5.8	3.6	2.5
Gross fixed capital formation (%, y/y)	3.6	3.9	-4.3	-6.9	6.3	-1.0	2.9	10.7	7.6	10.5	11.6	4.5	-1.1	-1.0	-2.0	-1.6	-2.2	3.9	8.5	-1.4
Contribution of net exports (percentage points, y/y)	0.4	-1.3	-1.6	-1.6	-1.1	-0.4	-0.7	-1.0	-1.2	-1.1	-1.1	-0.4	0.3	0.5	0.7	0.9	-1.1	-0.8	-1.0	0.6
Exports (%, y/y)	3.3	4.5	0.0	0.2	1.1	1.5	2.2	2.7	3.2	3.2	3.5	4.1	4.3	4.3	4.2	4.1	2.0	2.0	3.5	4.2
Imports (%, y/y)	2.9	7.6	3.1	3.5	3.5	2.6	3.8	5.1	5.9	5.7	6.1	5.3	4.2	3.7	3.3	2.8	4.2	3.9	5.7	3.5
Gross wages (%, y/y)	14.4	14.7	13.4	12.4	10.0	8.8	8.2	7.5	7.1	6.7	6.1	5.8	5.7	5.4	5.2	5.2	13.7	8.7	6.4	5.4
Total employment (%, y/y)	-0.8	-0.5	0.0	-0.4	-0.8	0.0	0.0	0.0	0.3	0.1	0.0	-0.3	-0.4	-0.4	-0.4	-0.3	-0.4	-0.2	0.0	-0.4
Unemployment rate (%)	2.9	2.9	3.0	2.8	3.1	3.0	3.0	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.9	2.9	2.9	3.0	2.8	2.9
NAWRU (%)	3.4	3.3	3.3	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.0	3.0	2.9	2.9	2.9	2.9	3.3	3.2	3.0	2.9
Labour force participation rate (%, y/y)	58.6	58.4	58.4	58.4	58.3	58.4	58.4	58.4	58.4	58.4	58.3	58.2	58.2	58.2	58.1	58.1	58.5	58.4	58.3	58.1
Labour productivity (%, y/y)	3.0	3.8	2.8	3.9	4.0	3.4	3.4	3.8	3.6	3.7	3.9	3.5	3.0	3.0	3.0	2.8	3.4	3.6	3.7	3.0
Unit labour cost (%, y/y)	11.0	10.6	10.4	8.3	5.8	5.3	4.8	3.7	3.6	3.0	2.2	2.3	2.6	2.3	2.2	2.3	10.0	5.0	2.8	2.4
Potential output (%, y/y)	3.3	3.2	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.1	3.1	3.0	3.0	2.9	2.9	3.2	3.0	3.0	3.0
Output gap (% potential GDP)	-0.9	-0.8	-1.0	-0.7	-0.7	-0.5	-0.6	0.1	0.2	0.2	0.2	0.2	-0.2	-0.2	-0.2	-0.2	-0.8	-0.4	0.2	-0.2
Index of agricultural commodity prices (EUR; 2019=1.0)	1.28	1.38	1.33	1.35	1.33	1.25	1.20	1.12	1.12	1.16	1.19	1.18	1.18	1.21	1.22	1.19	1.33	1.22	1.16	1.20
Index of energy commodity prices (USD; 2019=1.0)	1.43	1.65	1.66	1.67	1.67	1.54	1.49	1.38	1.42	1.46	1.45	1.43	1.44	1.43	1.42	1.40	1.60	1.52	1.44	1.42
Gross value added deflator abroad (%, y/y)	2.2	1.9	1.8	2.1	1.9	2.1	2.3	1.8	2.2	2.0	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	1.9
GDP abroad (%, y/y)	0.5	0.6	0.9	1.2	1.4	1.3	1.1	0.8	0.7	0.9	1.2	1.5	1.5	1.5	1.3	1.2	0.8	1.2	1.1	1.4
Current account balance (% GDP)	1.5	1.3	0.7	0.3	-0.4	-0.7	-0.9	-1.1	-1.3	-1.4	-1.5	-1.5	-1.5	-1.4	-1.4	-1.3	0.3	-1.1	-1.5	-1.3
WIBOR 3M (%)	5.86	5.86	5.86	5.85	5.86	5.35	4.88	4.62	4.62	4.62	4.62	4.62	4.62	4.62	4.62	4.62	5.86	5.18	4.62	4.62

Source: Bloomberg, Eurostat, Statistics Poland (GUS), NBP calculations.

For the majority of variables, the values up to 2025Q3 are determined on the basis of raw quantities, while in the projection horizon are presented seasonally adjusted data. In the case of the unemployment rate, the NAWRU rate, the labour force participation rate, potential output growth, the output gap, the agricultural commodity price index, the energy commodity price index, inflation abroad and GDP growth abroad only seasonally adjusted data are presented, while the WIBOR 3M rate series is not seasonally adjusted.

LFS data on total employment, labour force participation rate and unemployment rate. The agricultural commodity price index includes prices of wheat, pork, skimmed milk powder, butter, sugar, cocoa, coffee, frozen concentrated orange juice, potatoes, oilseed, allowing for weights reflecting the consumption structure of Polish households. The energy commodity price index covers prices of crude oil, coal and natural gas, taking into account the structures of consumption of these commodities in Poland.

5. The voting of the Monetary Policy Council members in June – September 2025

■ Date: 4 June 2025

Subject matter of motion or resolution:
Motion to raise the NBP interest rates by 2.50 p.p.

MPC decision:
The motion did not receive majority vote.

Voting of the MPC members:

For:	Against:
J.B. Tyrowicz	A. Glapiński I.K. Dąbrowski I. Duda W.S. Janczyk C. Kochalski L. Kotecki P. Litwiniuk G. Masłowska H.J. Wnorowski

■ Date: 2 July 2025

Subject matter of motion or resolution:
Motion to raise the NBP interest rates by 0.50 p.p.

MPC decision:
The motion did not receive majority vote.

Voting of the MPC members:

For:	Against:
J.B. Tyrowicz	A. Glapiński I.K. Dąbrowski I. Duda W.S. Janczyk C. Kochalski L. Kotecki P. Litwiniuk G. Masłowska H.J. Wnorowski

■ Date: 2 July 2025

Subject matter of motion or resolution:
Motion to cut the NBP interest rates by 0.25 p.p.

MPC decision:
The motion was passed.

Voting of the MPC members:

For:	A. Glapiński	Against:	J.B. Tyrowicz
	I.K. Dąbrowski		
	I. Duda		
	W.S. Janczyk		
	C. Kochalski		
	L. Kotecki		
	P. Litwiniuk		
	G. Masłowska		
	H.J. Wnorowski		

■ Date: 2 July 2025

Subject matter of motion or resolution:
Resolution no. 6/2025 on the reference rate, refinancing credit rate, fixed-term deposit rate, rediscount rate and discount rate at Narodowy Bank Polski.

Voting of the MPC members:

For:	A. Glapiński	Against:	J.B. Tyrowicz
	I.K. Dąbrowski		
	I. Duda		
	W.S. Janczyk		
	C. Kochalski		
	L. Kotecki		
	P. Litwiniuk		
	G. Masłowska		
	H.J. Wnorowski		

■ Date: 2 September 2025

Subject matter of motion or resolution:
Resolution no. 7/2025 on adapting monetary policy guidelines for 2026.

Voting of the MPC members:

For:	Against:
A. Glapiński I.K. Dąbrowski I. Duda W.S. Janczyk C. Kochalski L. Kotecki G. Masłowska H.J. Wnorowski	J.B. Tyrowicz

P. Litwiniuk was absent.

■ Date: 3 September 2025

Subject matter of motion or resolution:
Motion to raise the NBP interest rates by 0.75 p.p.

MPC decision:
The motion did not receive majority vote.

Voting of the MPC members:

For:	Against:
J.B. Tyrowicz	A. Glapiński I.K. Dąbrowski I. Duda W.S. Janczyk C. Kochalski L. Kotecki P. Litwiniuk G. Masłowska H.J. Wnorowski

■ Date: 3 September 2025

Subject matter of motion or resolution:
Motion to cut the NBP interest rates by 0.25 p.p.

MPC decision:
The motion was passed.

Voting of the MPC members:

For:		Against:	
	A. Glapiński		J.B. Tyrowicz
	I.K. Dąbrowski		
	I. Duda		
	W.S. Janczyk		
	C. Kochalski		
	L. Kotecki		
	P. Litwiniuk		
	G. Masłowska		
	H.J. Wnorowski		

■ Date: 3 September 2025

Subject matter of motion or resolution:
Resolution no. 8/2025 on the reference rate, refinancing credit rate, fixed-term deposit rate, rediscount rate and discount rate at Narodowy Bank Polski.

Voting of the MPC members:

For:		Against:	
	A. Glapiński		J.B. Tyrowicz
	I.K. Dąbrowski		
	I. Duda		
	W.S. Janczyk		
	C. Kochalski		
	L. Kotecki		
	P. Litwiniuk		
	G. Masłowska		
	H.J. Wnorowski		

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