

Poland: Record high borrowing needs but lower bond issuance

Borrowing needs are set to surge to record highs in 2026, driven by redemptions and off budget items; POLGB issuance is set to fall as the Ministry of Finance shifts toward diversified funding, including retail bonds, T-bills, EU funds and FX issuance amid limited fiscal consolidation. FX issuance will see a slight uptick this year

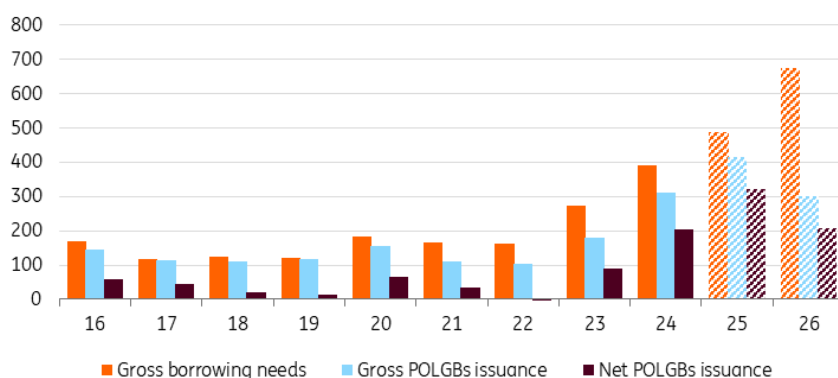


Borrowing needs are set to soar in Poland this year, while POLGB issuance is set to fall

Fiscal policy: No big expectations for fiscal consolidation before the elections

According to our estimates, Poland's public finance deficit reached new highs of 7.0% of GDP last year and should fall slightly to 6.5% this year (0.1ppt above the Ministry of Finance's forecast in both years). The government is trying to consolidate public finances, mainly through measures on the revenue side (increase in excise duty, increase in CIT for banks, freezing of income brackets in PIT). However, the political cycle suggests that we cannot expect strong measures here this year ahead of next November's general election.

Gross financing needs and POLGBs issuance (PLNbn)



Source: MinFin, ING estimates

Local issuance: Funding diversification amid a sharp borrowing increase

Despite some efforts by the Ministry of Finance to consolidate public finances this year compared to last year, we see a strong increase in gross borrowing needs from PLN488.6bn to PLN673.5bn (+37.8% year-on-year, 15.5% of GDP). However, a large part of the year-on-year increase in borrowing needs comes from record-high redemptions and off-budget items. At the same time, the Ministry of Finance continues to diversify funding sources, which should lead to a decrease in POLGBs issuance. Gross issuance should fall from PLN415.1bn to PLN302.8bn (-27.0%) this year, in our estimates. Net issuance will fall from PLN320.8bn to PLN208.1bn (-35.1%). We should see a growing importance of retail bonds, T-bills, EU money and FX issuance in the overall funding mix. T-bills saw a restart from MinFin last year and this year we should see roughly a doubling of the amount. Retail bond issuance should roughly match the strongest year to date in 2024 at PLN81.2bn.

On the POLGBs side, MinFin maintains the main focus on belly curves around 4.2y on average last year. The average maturity of the total portfolio has not changed much at 4.3y. It can also be expected that MinFin will increase activity in switches and pre-financing next year in the second half of the year. The topic of EU funds and the drawing down of Recovery and Resilience Facility (RRF) money will also be key for the overall mix of funding.

Financing needs for 2026 (PLNbn)

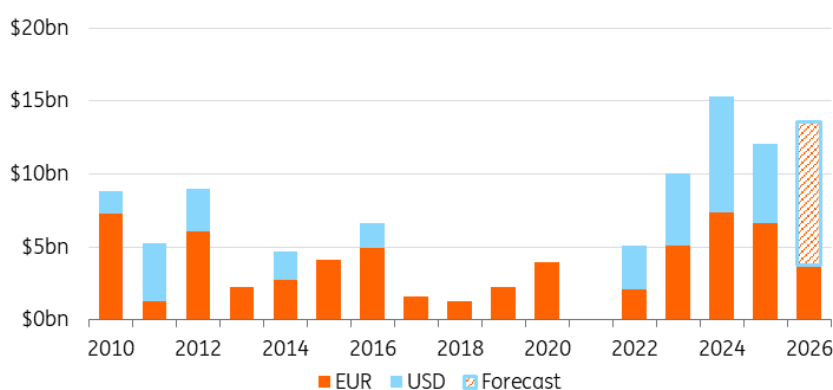
	MinFin	ING
State budget	271.7	256.7
Others	117.5	117.5
Domestic redemptions	278.6	278.6
Foreign redemptions	20.7	20.7
Total financing needs	688.5	673.5
POLGBs issuance	317.8	302.8
Retail bonds	81.2	81.2
T-Bills issuance	58.1	58.1
FX issuance	48.6	48.6
EU money	51.2	51.2
Supranational loans	2.3	2.3
Others	129.3	129.3
Gross borrowing requirement	688.5	673.5
Net POLGBs issuance	223.1	208.1

Source: MinFin, ING estimates

FX issuance: Steady supply to continue

2025 saw something of a downside surprise for FX issuance in Poland, with €6bn and \$5.5bn issued across EUR and USD markets (€11.3bn euro equivalent) compared to our expectations of €15bn. This year we expect a slight uptick to €11.5bn, despite the modest fiscal consolidation and slight fall in maturing debt.

Poland EUR and USD international sovereign bond issuance (USD equivalent)



Source: Bond Radar, ING estimates

This year has seen a decent start to activity in the primary for Poland, with €3.25bn issued in EUR across 5-year and 10-year tranches in January. At the same time, diversification efforts should continue – we expect USD issuance to come soon, and JPY issuance is becoming more mainstream, with maturities in 2026 and 2027.

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