

Article | 12 March 2025

POLAND

# National Bank of Poland rates on hold and a hawkish press conference expected

The Monetary Policy Council did not change the interest rates, while the statement is driven by somewhat unrealistic inflation fears. The statement indicates that Thursday's press conference will also maintain a hawkish tone



The National Bank of Poland has cut rates by 25bp

The Monetary Policy Council (MPC) kept all interest rates unchanged today. The debate was heated, as the decision was announced much later (1 hour and 45 minutes later than in February and 42 minutes later than in January). This signals growing differences of opinion within the MPC, which is also evident in public interviews with Council members. The reference rate remains at 5.75%.

We perceive the tone of the official statement after the MPC meeting as hawkish, even more so than in previous months. This is evidenced by:

1. The National Bank of Poland (NBP) still presents a bleak scenario for energy prices and an average CPI in 2025 at 4.9% year-on-year, in line with the mini-projection presented by the governor in February. Also, we have not seen an alternative projection with flat

energy prices in the fourth quarter of 2025 (as signalled by the ministry), which also presents a hawkish bias.

2. The statement with the view on future CPI includes a section on persistently high core inflation was additionally supplemented by the context of "further economic recovery, with a marked increase in domestic demand," also indicating heightened concerns of the Council about inflation rising this year.
3. The CPI projection for 2026 is higher than the last November projection, which also assumed an increase in electricity prices in the fourth quarter.

The next to watch by investors will be Thursday's press conference by Governor Glapiński. Interestingly, the the previous months hawkish comments by the NBP governor are still not reflected in market valuations. The rates market is pricing in around 90 basis points of NBP rate cuts by the end of 2025, and these expectations have slightly increased compared to the February meeting.

We expect the NBP governor to strongly emphasise inflation risks, including regulated price increases and the (low probability) scenario of a spike in energy prices in the fourth quarter (the Minister of Climate signals that energy prices should not rise). Glapiński will also place significant emphasis on high wage dynamics and persistent service price inflation. At the same time, we believe he will pay little attention to factors driving low inflation, such as the strong złoty (especially against the dollar) or falling oil prices. He will likely balance this with arguments about ongoing economic recovery and fiscal expansion.

In our opinion, the current level of interest rates is increasingly impacting the economy through the credit channel and the strong złoty. Demand for credit remains weak, and businesses, analysing the cost of credit, compare it to the last decade of super-low interest rates. The strong PLN also has a cooling effect on exporters. The declared profitability exchange rate for exports is 4.00/€, but it has significantly shifted downwards along with the current rate. For the first time in many years, the current €/PLN rate is so close to the profitability exchange rate for exports. This, combined with still weak economic conditions in Germany, discourages exporters from investing, who have shown above-average investment expenditures in the past.

Persistently high core inflation suggests caution in reducing interest rates, but our models indicate that core inflation will start to decline in 2026.

Taking all factors into account, we see room for slight fine-tuning and reduction in the restrictiveness of monetary policy and rate cuts of 50-100 basis points. A change in the MPC's stance is possible only in mid-2025, after the CPI peak and when we know the results of the electricity tariff revision, which we believe will stabilise household electricity prices, rather than the spike currently assumed by the NBP.

## Author

### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

### Leszek Kasek

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).