National Bank of Poland meeting preview

We look for a 25 basis point rate cut at the 6 September meeting and for rates to be cut by 75 basis points in total by the end of 2023

The first Monetary Policy Council (MPC) meeting in Poland after the summer break (decision on 6 September, with the governor's press conference the day after) is going to be an interesting one as we expect the National Bank of Poland (NBP) rates easing cycle to begin. In his recent speeches, NBP Governor Glapiński set two preconditions for rate cuts: (1) CPI inflation to decline to single-digit levels and (2) a clear downward path of inflation in the months ahead. According to the flash estimate inflation remained in double-digit territory in August (10.1% year-on-year). Nevertheless, we believe the MPC will cut the NBP rates by 25bp in September, starting the easing cycle that could bring main rates down by 75bp by the end of this year. Inflation is moderating faster than envisaged in the July NBP staff projection and should be around 9% YoY already in September. At the same time, the second quarter GDP print was lower than expected by the NBP and the outlook for the second half of the year looks softer than expected from earlier. We expect a 25bp rate cut in September and in total 75bp in 2023 and the easing cycle may be continued into 2024.

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