

## National Bank of Poland President says discussion about rate cuts is premature

National Bank of Poland governor Adam Glapinski sees inflation slowing to single digits by year-end. The core rate should decline soon as well. However, he considers the 2023 rate cuts discussion to be premature. Given persistent core inflation, we don't see scope for rate cuts this year



Adam Glapinski,  
President of the  
National Bank of  
Poland

During today's press conference, National Bank of Poland (NBP) President Adam Glapinski said that inflation is declining at a gradual but rapid pace and is at its lowest point since May 2022. He noted that core inflation is moving with a lag and is currently near or at its peak. The NBP expects core inflation to decline in the coming months and quarters trailing the headline rate. The central bank expects CPI to decline to single digits in the 7-9% range by the end of 2023 – although the NBP governor hopes it will be closer to 7%.

Glapinski noted a slowdown in activity but hopes there will be no recession in Poland. Despite some weakening of labour demand, the unemployment rate is very low. Glapinski noted that the observed decline in real wages has affected the majority of European countries, and the scale of the decline in Poland was relatively low compared to other countries in Europe. The central bank expects real wages to start rising in the second half of the year.

Glapiński stated that the rate hike cycle is not over. Given heightened uncertainty, decisions on interest rates will be made on a month-on-month basis. The Council is not discussing possible interest rate cuts, although there may be room for such a decision at the end of the year. Nevertheless, Glapiński suggested that there is no reason to raise this topic at the moment, and such a discussion would be premature. If there are any considerations, they may concern possible rate hikes, he added. The central bank governor reiterated that talks on rate cuts could begin when inflation is clearly heading toward the target.

We maintain our view that there will be no conditions for interest rate cuts before the end of 2023. Our baseline scenario assumes that the NBP will begin the monetary easing cycle in the second half of 2024. Glapiński did not announce the end of the hike cycle but he remains cautious about possible rate cuts before the end of 2023, although he signalled such a possibility in recent media statements. The tone of today's conference itself was less dovish than might have been feared. The main message from the NBP president's conference today: the interest rate hike cycle is not over, and talk of rate cuts is premature.

## Author

### Piotr Poplawski

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@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 <http://www.ing.com>.