

## Poland's central bank keeps rates unchanged; easing likely on hold until 2025

The Polish MPC has determined that demand and cost pressures remain low – and that once the impact of the increase in energy prices expires, inflation should return to the NBP's target. Still, rising inflation should prevent the Council from easing this year as we await a turnaround in the CPI inflation trend in the first quarter of 2025



Adam Glapiński,  
President of the  
National Bank of  
Poland

In line with expectations, Poland's MPC kept interest rates unchanged (with the reference rate still at 5.75%). The post-meeting presser reiterated that the economic conditions in the Polish economy remain weakened and noted that inflation in major developed economies is near target. The rest of the statement was unchanged from September's. The Council continues to believe that demand and cost pressures in the Polish economy remain low, and that once the impact of the increase in energy prices fades – amid current interest rate levels – then inflation should return to the National Bank of Poland's medium-term target.

The global monetary environment is becoming less restrictive. Both core and CEE central banks are

reducing rates. The Federal Reserve initiated its rate cut cycle in September with a bold 50bp cut and is widely expected to deliver another 50bp of easing by the end of this year. The European Central Bank has been easing its policy since June this year and currently, markets believe it will deliver 25bp cuts at each meeting until mid-2025, reducing rates by some 150-175bp in total. The NBP has kept interest rates unchanged due to rising inflation, making monetary policy in Poland relatively more restrictive than in other countries. This could potentially generate firming pressure to the zloty.

The main factor preventing the NBP from starting its monetary easing cycle is high and rising inflation, including persistently elevated core inflation. In September, headline inflation amounted to 4.9% year-on-year, almost double the NBP's target of 2.5% (+/- 1 percentage point). Core inflation is projected to rise above 4% YoY again. We expect a discussion on the beginning of easing in Poland to be sparked by the central bank's March 2025 projection and a reversal of the inflation trend. We expect a local peak in CPI inflation in March at around 6% YoY. We expect the Council to cut NBP rates by 25bp in the second quarter of 2025, while the reference rate may be reduced by 100bp next year.

## Author

### Adam Antoniak

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

### 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 [www.ing.com](http://www.ing.com).