

## Poland's inflation rate drops temporarily in November

Headline inflation moderated in November thanks to a high reference base in fuel prices last year, but the decline was only temporary. At the end of the year, CPI inflation is projected to bounce back to 5% YoY and continue rising in the first quarter of next year. We expect the National Bank of Poland to deliver its first rate cut in the second quarter of 2025



Restaurants in the city centre of Torun, Poland

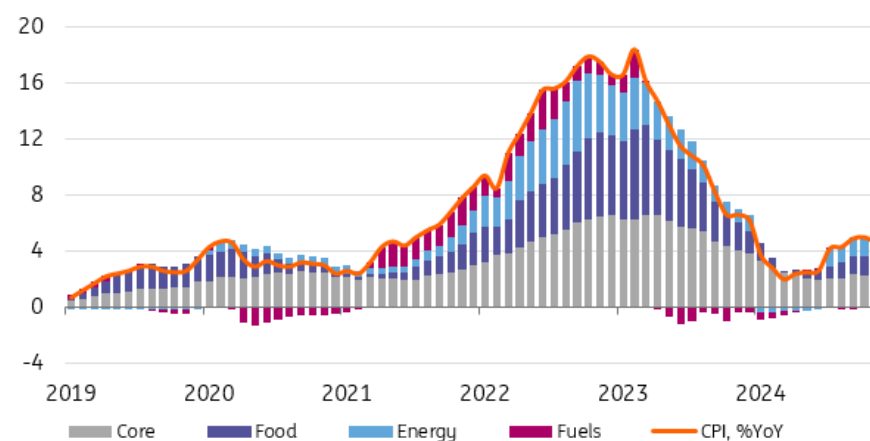
As expected, Polish CPI inflation eased in November to 4.6% year-on-year from 5.0% YoY in October. This was mainly due to the high reference base from fuel prices, which increased by 8.8% month-on-month in November last year following the end of promotions in September and October. This November, fuel prices rose by 2.3% MoM, and the contribution of fuel prices to annual inflation was -0.4 percentage points, compared to 0.0ppt in October.

November was another month of rising food prices. They increased by 0.7% MoM, the same as in October but slightly lower than the same time a year ago (0.9% MoM). Energy prices remained at the same level in November as in the previous month. We estimate that core inflation (excluding

food and energy prices) did not change significantly compared to October, amounting to 4.1-4.2% YoY.

## CPI down in November on high reference base in fuel prices

%YoY, percentage points



Source: GUS, ING

The decline in inflation in November is a temporary phenomenon. In December, we expect that inflation will return to around 5% YoY. We project that it will rise in the first quarter of 2025, which will prevent the Monetary Policy Council from beginning its monetary easing cycle until then. We expect the first rate cut to occur in the second quarter of next year once the Council is convinced that the inflation trend has reversed and it will head towards the central bank's target in a systematic and sustainable manner. In 2025, National Bank of Poland (NBP) interest rates may be reduced by a total of approximately 100bp.

### Author

**Adam Antoniak**

Senior Economist, Poland

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