



Monthly Pulse Check

Polish Economy FI&FX

June 23rd 2026

For contact details and classification of the report see the [last page](#)

Our view in a nutshell

GDP GROWTH AND INFLATION

- ❖ **US:** Despite heightened volatility of economic data (both national accounts and labor market), we are marching towards a bit weaker economic performance this year. Cloudy outlook effectively clears the risks that cost-driven inflation may become entrenched, though the latest CPI/PPI data call for caution. The two-sided Fed mandate provides more flexibility for the economy in this balancing act, particularly given the relatively robust labor market. The US stays still both cyclically and structurally better positioned than euro zone.
- ❖ **Euro Area:** Higher oil prices and uncertainty put the fragile recovery to the test. German fiscal package and new EU efforts to boost competitiveness and military capacity may arrive just in time to keep the economy afloat, but not much more than that. At the same time over(reactive) ECB may derail the ongoing steady recovery in credit markets. Therefore, slightly elevated, cost driven inflation is even more unlikely to become persistent. EMU continues to be a drag to CEE growth.
- ❖ **China:** The GDP growth target has been set at 4.5–5%. We expect growth to materialize closer to the lower end, reflecting persistent structural headwinds (oil dependency, problems in the real estate sector). The authorities aim to keep CPI inflation at around 2%. The Iran-driven supply shock would make it temporarily easier at first glance but at the cost of further domestic demand deficiencies. We don't expect inflation to become problematic in the coming months. Although the budget deficit remains elevated, the government is expected to step up efforts to support the services sector.
- ❖ **Poland.** We expect 2026 GDP growth at 3.7% and this will mark the top of the business cycle. Fixed business investment has still some quarters to go given the ongoing distribution of EU funds. Consumption, on the other hand, most likely reached top growth rates as labor market is looking for new equilibrium with lower wage growth and some structural adjustments are pending. Export activity is being limited by weaker than expected EMU performance.

MONETARY POLICY: FED, ECB, NBP

- ❖ **Fed (now 3.50-3.75%):** Our baseline scenario assumes a period of stabilization in 2026 followed by a return to some rate cuts in 2027. Nevertheless, the Fed is already close to its natural rate (NY Fed estimates suggest ~3%). Therefore, any potential easing cycle is likely to be short. The same applies to any tightening cycle, if sheer chance transforms the currently 50:50 voting split („dot plot”) into a hike.
- ❖ **ECB (now 2.25%):** The ECB is focused more on inflationary risks than (almost) any other central banks. With one hike delivered almost into short-term recession, the total sum of tightening is most likely to stop at 50 (2x25pb). Higher rates will be implemented only temporarily. ECB will return to rates at around 2% over 2027.
- ❖ **NBP (now 3.75%):** Although NBP stays in a fully data-dependent mode, we expect no changes in policy rates this year. Comments from Governor Glapiński suggest that the threshold for a rate hike is currently set quite high (and it could be even higher now if the US-Iran deal truly means the end of the war). Any resumption of cuts is likely in 2027 when the economy slows down but currently it remains a risk, not a central scenario.

FX MARKET

- ❖ Polish zloty stays exceptionally stable amid movements in other asset classes. Low current account deficit and a steady inflow of EUR from the EU provide a stability anchor. However, as we enter election cycle and fiscal policy will be put to a test, we expect modest depreciation of the local currency. Mind also the fact that currently priced in rate hikes may not be delivered. Our base scenario still assumes no rate hikes from the NBP in response to the latest increase in energy prices.

Major forecasts

		2025	2025	2025	2025	2026	2026	2026	2026	2027	2027	2027	2027	2024*	2025*	2026*	2027*
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
GDP y/y	%	3.2	3.3	3.8	4.1	3.5	3.7	3.8	3.9	3.2	2.7	2.1	1.9	3.2	3.6	3.7	2.4
Individual consumption y/y	%	2.6	4.5	3.5	4.3	3.3	3.1	3.2	2.7	2.5	2.1	2.2	2.1	2.9	3.7	3.1	2.2
Investment y/y	%	5.9	-2.5	6.8	6.6	2.4	6.8	8.3	8.4	7.0	5.0	0.9	0.2	0.4	4.4	6.7	3.2
Inflation rate (eop)	%	4.9	4.1	2.9	2.4	3.0	3.2	3.3	3.8	3.0	2.8	2.6	2.6	3.7	3.6	3.3	2.8
Unemployment rate (eop)	%	5.3	5.2	5.6	5.7	6.1	5.8	5.5	5.5	5.6	5.3	5.4	5.4	5.1	5.7	5.5	5.4
Employment y/y	%	-0.8	0.0	0.5	0.6	1.0	0.6	0.4	0.2	0.0	-0.1	-0.1	-0.1	-0.4	0.1	0.6	-0.1
Wages y/y	%	10.0	8.8	7.5	8.5	6.7	6.5	6.2	5.9	5.8	5.8	5.7	5.6	13.7	8.7	6.3	5.7
Current account	% GDP	-0.4	-0.7	-0.8	-0.8	-0.9	-1.1	-1.4	-1.4	-1.3	-0.9	-0.8	-0.6	0.3	-0.9	-1.4	-0.6
GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-6.4	-7.3	-6.9	-6.1
Primary GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-4.2	-4.8	-4.4	-3.6
GG debt	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	54.8	59.7	66.4	68.5
NBP repo rate (eop)	%	5.75	5.25	4.75	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	5.75	4.00	3.75	3.75
EUR/PLN (eop)	%	4.19	4.24	4.27	4.22	4.29	4.25	4.27	4.29	4.30	4.30	4.30	4.30	4.29	4.23	4.27	4.30
USD/PLN (eop)	%	3.87	3.60	3.64	3.59	3.71	3.60	3.56	3.58	3.52	3.52	3.52	3.52	4.00	3.68	3.61	3.52

* yearly average for inflation rate, EUR/PLN and USD/PLN

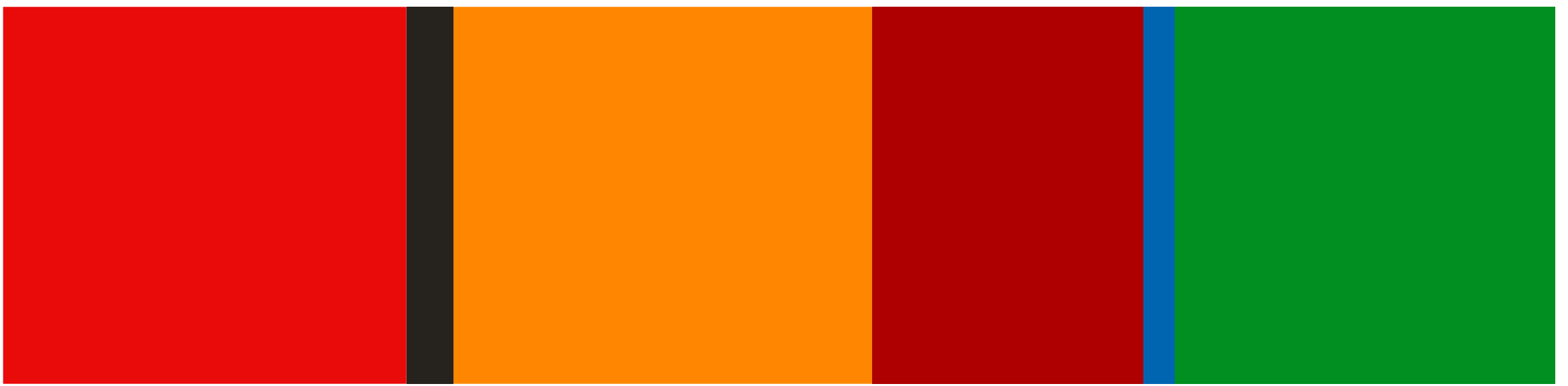
Highlights of this edition

GLOBAL ECONOMY

- ❖ [The US economy](#) decelerated slightly in Q1 2026, but [trackers](#) suggests Q2 is going to be (at least temporarily) better. All in all, solid domestic demand and steady May jobs data support the picture of resilient economy. Recent price acceleration in PCE and CPI metrics caused some concern within the FOMC but with no immediate reaction. We expect the Fed to stay put. Wait-and-see approach is reinforced by the ongoing prospects of a peace deal between the US and Iran.
- ❖ [The Eurozone economy](#) contracted slightly in Q1 2026 (-0.2% q/q) but headline print was distorted (downwards) by Ireland. EMU underlying growth is somewhere between 0 and 0.1%. GDP [trackers](#) overshoot business activity – the discrepancy now is especially visible. Recent increase in inflation is hardly suggesting a broad based inflation impulse but ECB delivered a rate hike nevertheless. We expect no relief from the central bank's restrictive stance. If the ECB delivers another rate hike, which we perceive more likely than not, it will likely choke off the nascent recovery even more. Weak EMU performance stays the burden for CEE growth prospects.

POLISH ECONOMY

- ❖ [GDP](#): Economic data for May were broadly in line with expectations. The picture is consistent with only slowly accelerating economy. Q2 GDP growth tracks at 3.7%.
- ❖ [Inflation](#) in May fell to 3.1% y/y, below expectations, mainly due to weak food prices, while core inflation stayed at 3%. CPI is expected to stabilize at 3.0–3.5% in Q3 as somewhat higher food prices and fuel VAT tax effects offset lower oil prices. Core inflation looks toppish and should soon gravitate towards pre-war levels.
- ❖ [MPC left rates unchanged](#) in June, signalling a less hawkish stance compared to previous months. NBP Governor emphasized that current interest rates are appropriate given inflation and economic conditions. Recent MPC comments also point to a preference for stability. We expect stable rates in the next 2 years, with some minor risk of cuts in 2027.
- ❖ Judging from recent [Bloomberg consensus](#) our GDP forecasts are slightly more positive with respect to GDP growth in 2026 but more negative in 2027. Our inflation expectations are little bit below the market in 2026 and in line a year later. We favor stable rates whereas the average wisdom suggest lower rates in 2027.
- ❖ [Poland's May budget deficit](#) hit PLN 108.2 billion (39.8% execution), supported by a 30% Y/Y surge in CIT but weighed down by the CPN program, which cut excise revenues and slowed VAT growth. To counter fiscal pressures, the government is phasing out the CPN program and implementing a PLN 3.8 billion windfall tax on fuel firms. Financing remains stable, with 2026 borrowing needs at 56% following successful domestic and CHF bond issuances. However, credit agencies are cautious, striking the tone of low consolidation efforts and overall election uncertainty. We expect that it will be hard to push a deficit below 6% before 2028.
- ❖ The EURPLN has consolidated within a narrow range over the past month, continuing its previous trend. However, diverging ECB-NBP monetary policies and our fair value model indicating [PLN overvaluation](#) point to a gradual upward move ahead. It is worth to note that despite high government deficit, Poland keeps relatively tight [external balance](#).

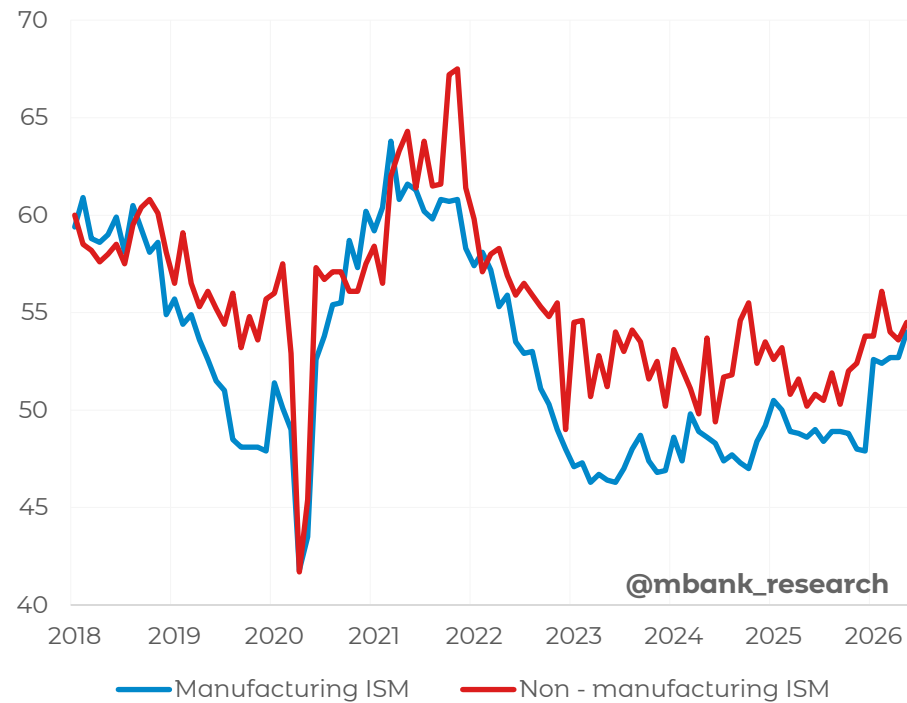


Global economy



USA: Economy health check

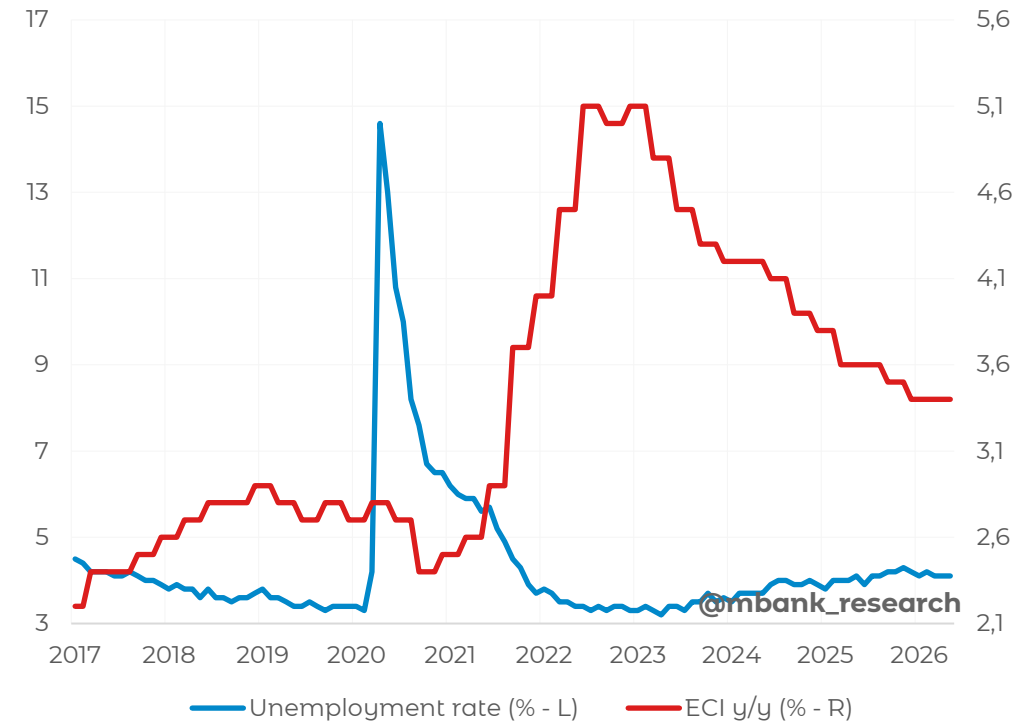
ISM PMI: manufacturing & non-manufacturing



Source: ISM.

According to the latest GDP release, the US economy grew 1.6% SAAR during the first 3 months, down from 2% SAAR reported previously. The weaker number reflected downward revisions to inventory investment and consumer spending. Nevertheless, domestic demand is still strong with annualized growth rate of final sales to private domestic purchasers rising more than 2%. On the other hand, one may notice a growing discrepancy between residential and non-residential investment – while the latter is rising nicely, the former continues its downward trend it began at the start of 2025. Both PCE and CPI inflation increased in the last months owing to higher fuel prices. Higher hydrocarbon costs filtered also to core measures. Both headline and core PCE (6M SAAR) recently climbed to almost 5% and 4% respectively. This certainly raised eyebrows among some FOMC members. It is especially true when one takes into account the state of the labor market, which has not shown any signs of a deeper slowdown yet (the latest May release saw a healthy rise in employment). Nonetheless, with a peace deal between the US and Iran on the horizon, we doubt the Fed will react to the latest inflation acceleration. Preferences over the next move are split 50:50 between hike and hold. Our forecast favors the latter = no hikes.

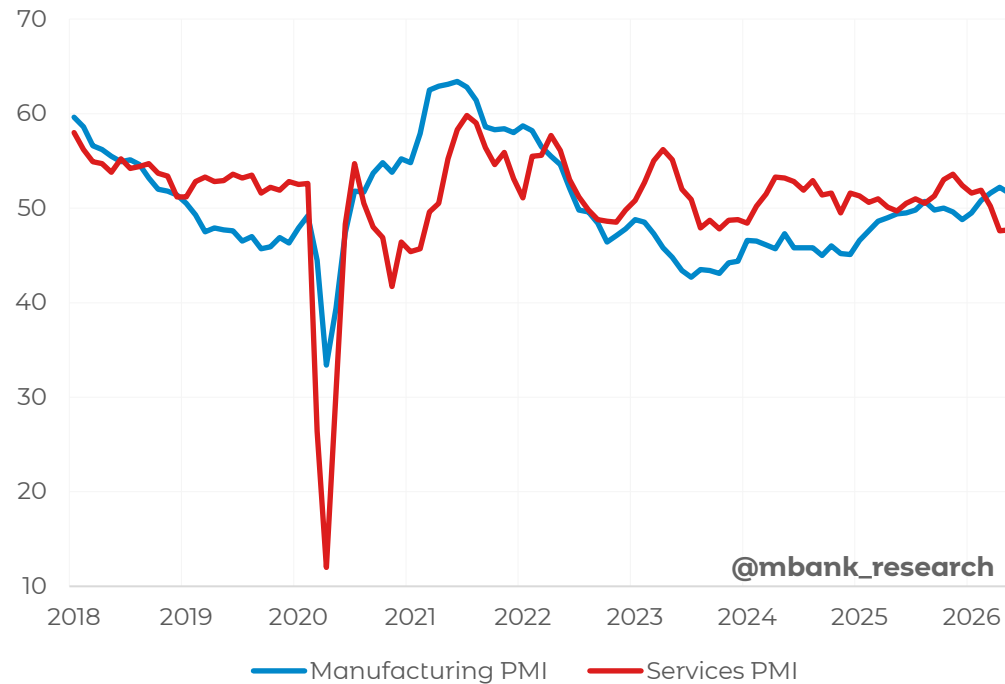
Labor market: wages & unemployment rate



Source: FRED.

Euro area: Economy health check

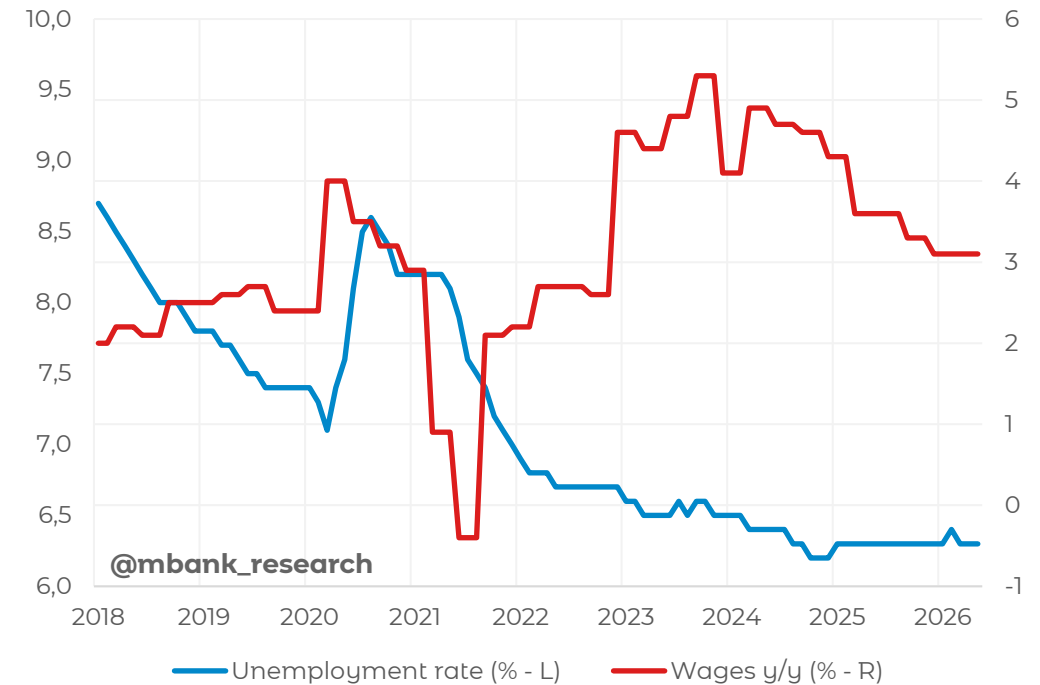
PMI: manufacturing & services



Source: Markit.

The Eurozone economy marked a GDP decline of 0.2% QoQ in the first quarter, down from the previously reported +0.2% QoQ. It was heavily influenced by Ireland's GDP performance, which saw a whopping 12% QoQ decrease. Adjusting for this outlier, the Eurozone Q1 GDP growth remained positive at 0.2%. Regardless, this does not change the overall quite gloomy outlook ahead, which has already been reflected in some downward revisions made by German and French public institutions. Signs of the end of the war between the US and Iran are undoubtedly positive, albeit the latest response of the ECB (a 25bps rate hike) will not help GDP growth to recover. Moreover, we think that the damage to oil & gas infrastructure has already been done, and the tentative agreement will not yield an automatic decrease in, which we call, a geopolitical premium. On that account, we still perceive another rate hike from the ECB as likely, which should again act to the detriment of a nascent economic recovery. Therefore, we believe that the ECB's rate hikes could be the final nail in the coffin for a 2026 GDP recovery. If so, inflation is unlikely to be a prolonged issue when the central bank's policy basically destroys domestic demand. This is bad news for CEE economies.

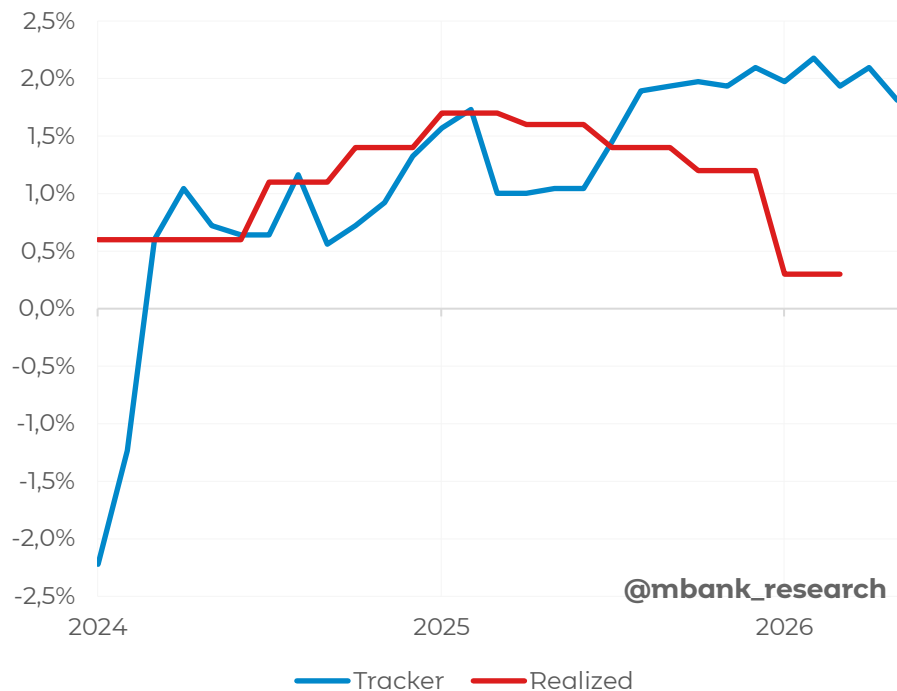
Labor market: wages & unemployment rate



Source: Eurostat.

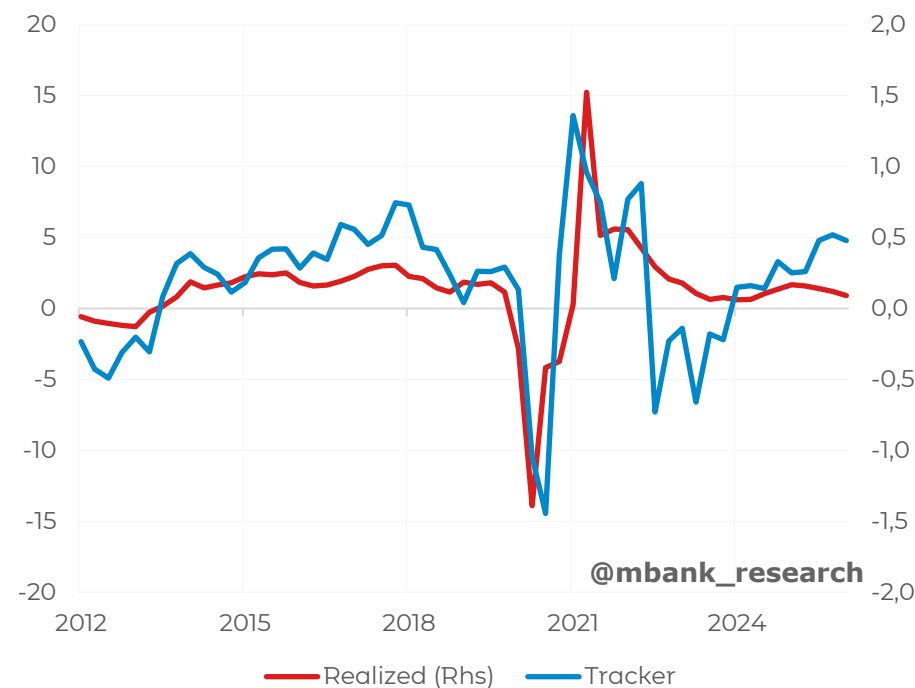
Euro area GDP Tracker

Euro area GDP growth, y/y – zoom in



Source: Banca d'Italia, Macrobond.

Euro area GDP growth, y/y – zoom out

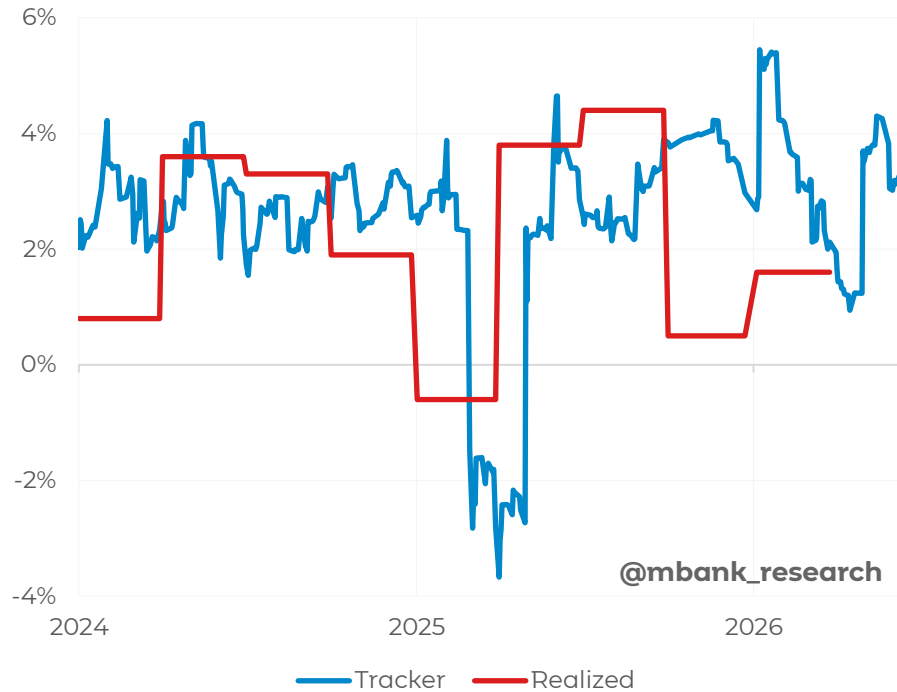


Source: Banca d'Italia, Macrobond.

Figures predicted by the tracker are overvalued. The indicator, developed by the Bank of Italy and CEPR points to GDP growth consistent with around 2% y/y. However, such a scenario appears rather unlikely, not least due to the weakness of the German economy, where forecasts are being regularly revised downward. The index is calculated on the [basis of trends](#) visible, among others, in financial series and PPI data, which are currently heavily distorted by developments in the Strait of Hormuz. Consequently, its readings are unlikely to be highly precise.

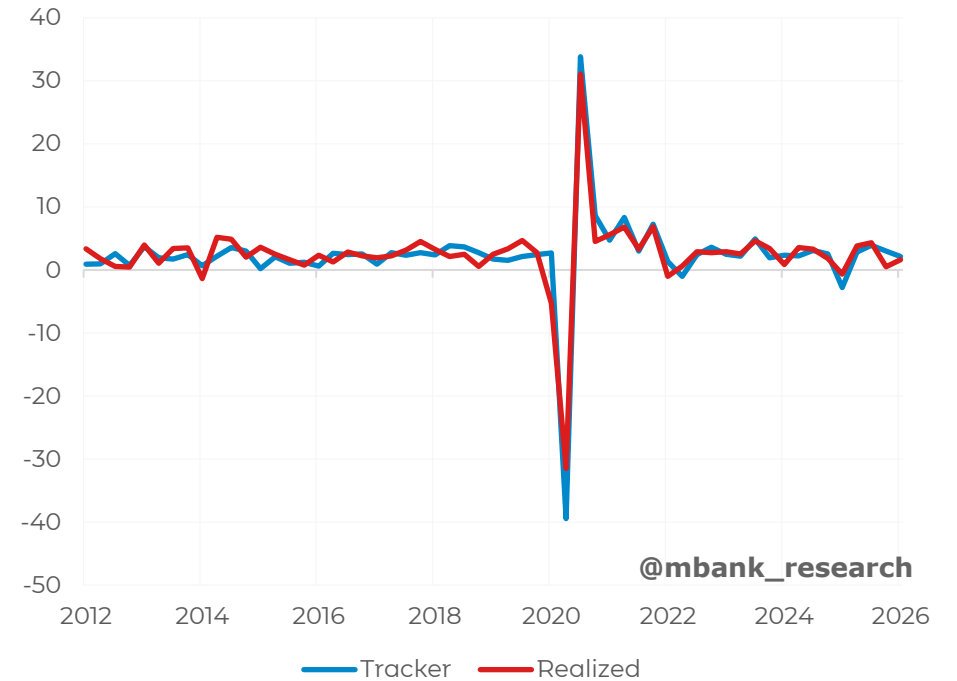
US GDP Tracker

US GDP growth, SAAR – zoom in



Source: Atlanta Fed GDPNow, Macrobond.

US GDP growth, SAAR – zoom out

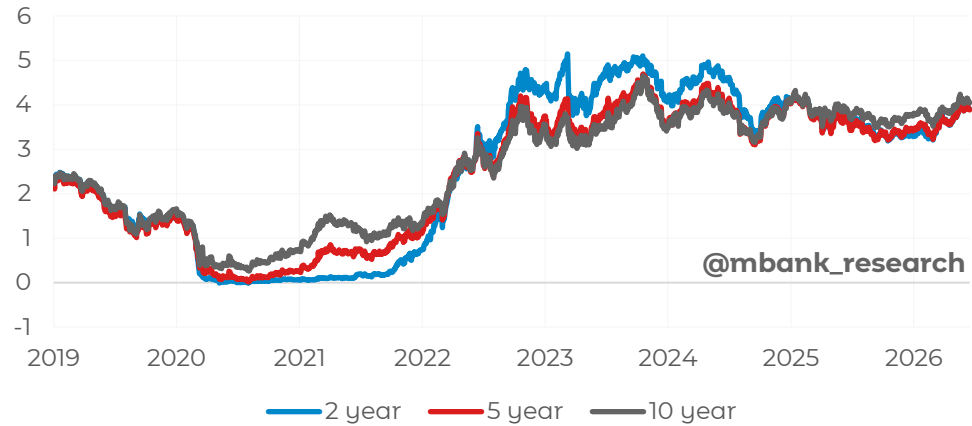


Source: Atlanta Fed GDPNow, Macrobond.

At this stage we may expect GDP tracker to be quite precise with respect to a Q2 result. The GDPNow model currently suggests that the U.S. economy will grow by around 3% q/q SAAR in Q2. Such a result would mark an improvement after a very weak Q1 (1.6%) and is above the current consensus estimates. Historical backtests indicate that at this stage (the third month of the quarter), the model tends to predict final outcomes with relatively good accuracy. According to the model, the main drivers of growth are private consumption (1.9 pp) and business investment (1.1 pp). Net exports are a drag on growth, while the remaining components are contributing slightly positively.

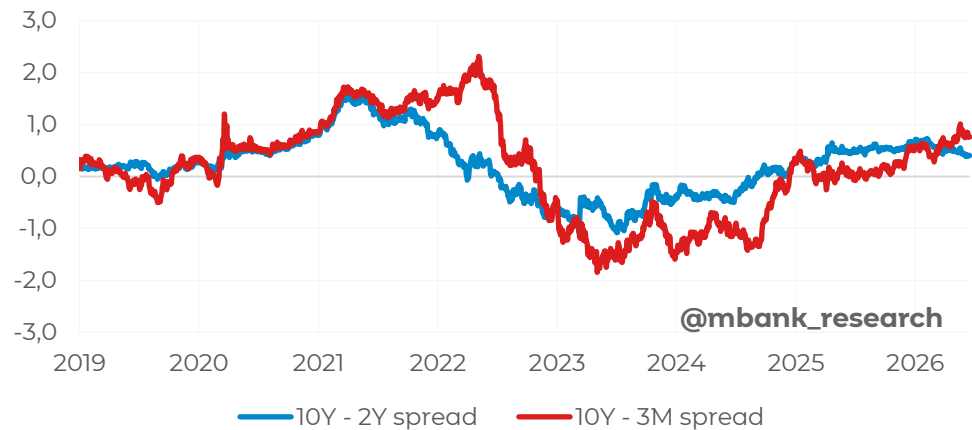
Global rates

US swap rates (%)



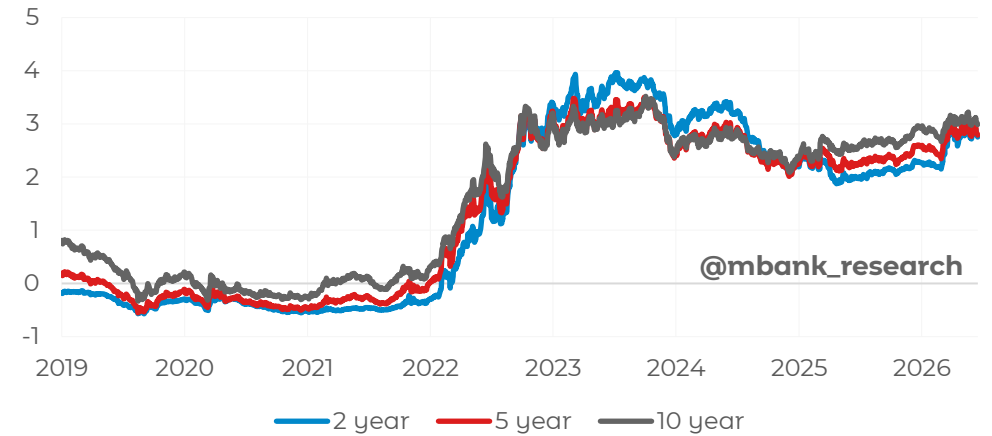
Source: Bloomberg.

Swap spreads (10Y-2Y. p.p.)



Source: Bloomberg.

EU swap rates (%)



Source: Bloomberg.

US and EZ inflation expectations (%)



Source: Bloomberg.

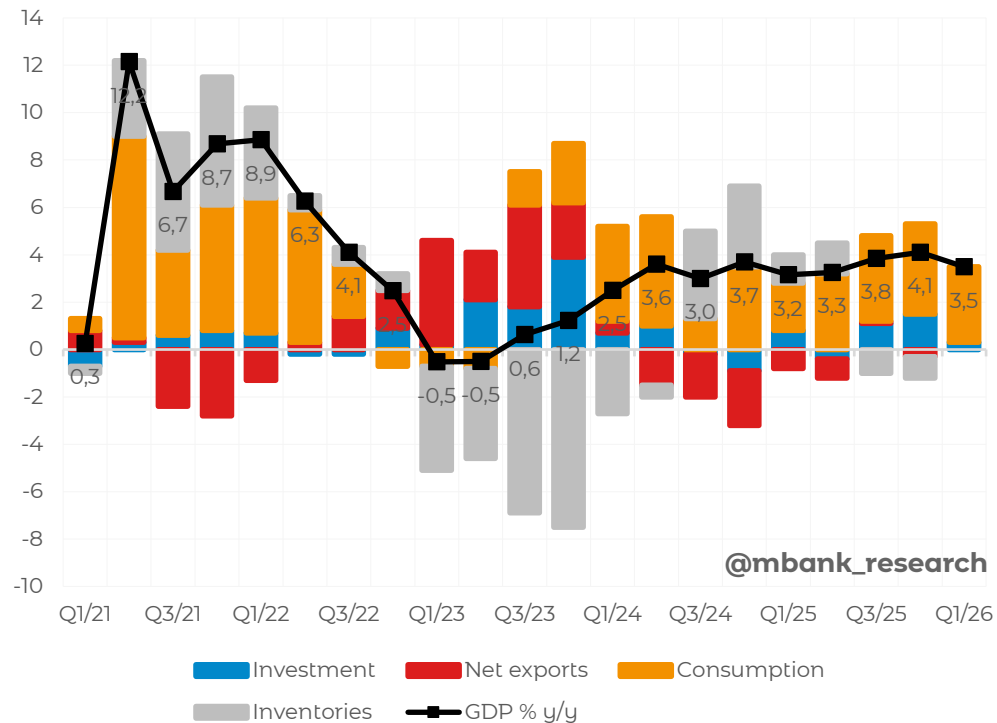


Poland



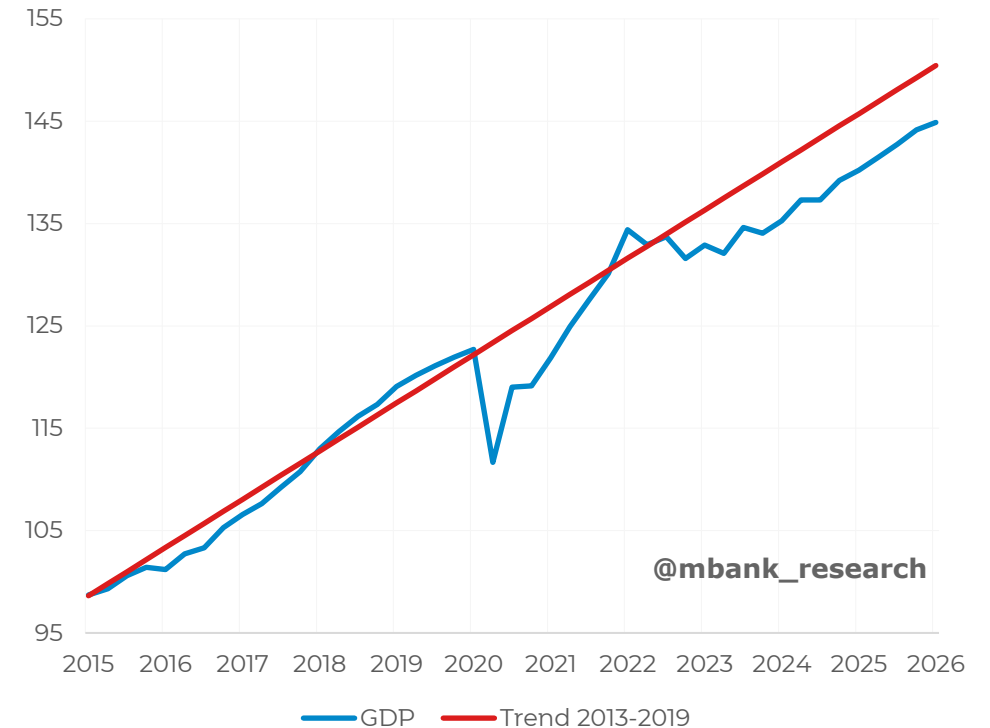
Poland: GDP, recently confirmed data & forecasts

Contributions to GDP growth (in pp.)



Source: Statistics Poland.

GDP (index 2015 = 100, sa)

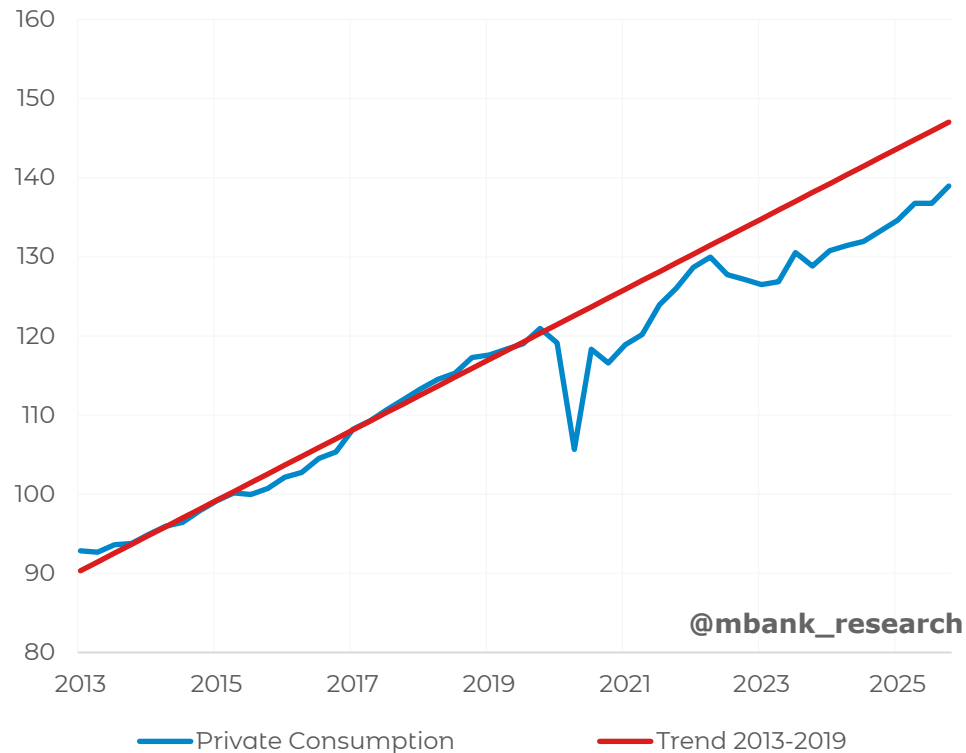


Source: Statistics Poland.

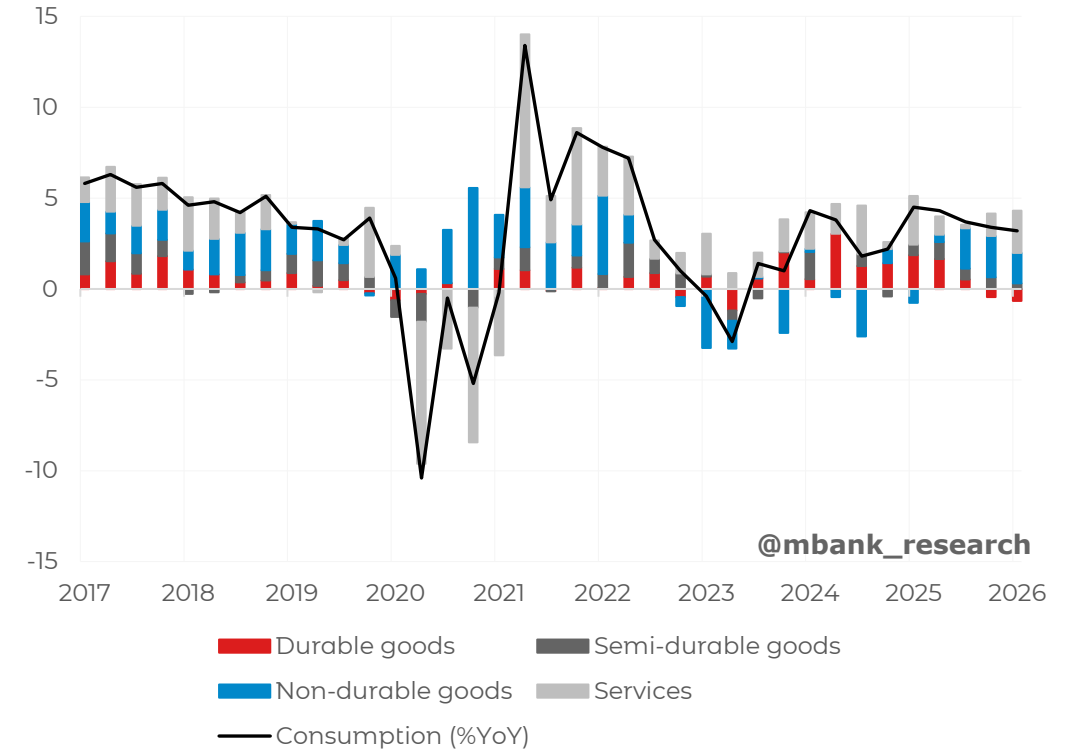
GDP growth came in at 3.5% in Q1, 0.1 pp above the flash estimate. However, the details were somewhat disappointing. First and foremost, investment grew just 2.4% in annual terms which was somewhat below our (pessimistic) assumption. As a result, its contribution to GDP growth was virtually zero. We suspect that the weaker result was caused by harsh weather conditions which strongly affected the construction sector. In terms of foreign trade and inventories both had a neutral contribution to growth and we do not see too many reasons to expect any larger changes there in the coming 2-3 quarters as foreign demand is likely to stay fragile. Last but not least, consumption was the sole driver of growth last quarter (2 points came from private consumption), though it slowed to 3.9% from 5.3% y/y. The details on consumption ([LINK](#)), investment ([LINK](#)), foreign trade ([LINK](#)) can be found in the following 3 slides.

Poland: Consumption outlook

Private consumption (index 2015 = 100, sa)



Private consumption (% y/y – decomposition, sa)



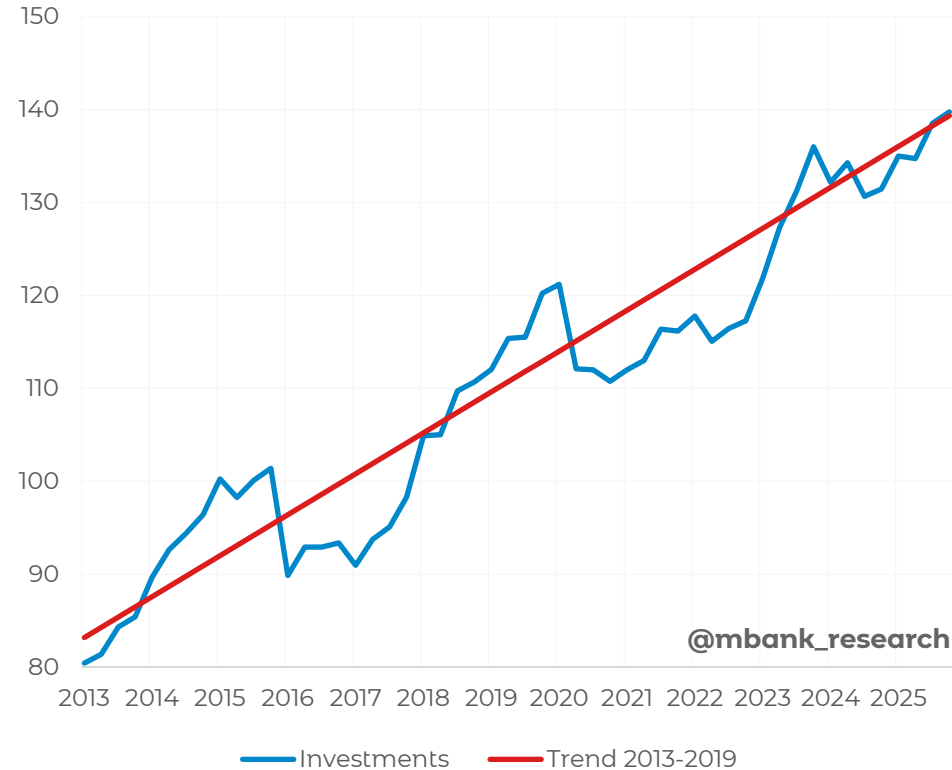
Source: Own elaboration based on Statistics Poland.

Source: Own elaboration based on Statistics Poland, NBP.

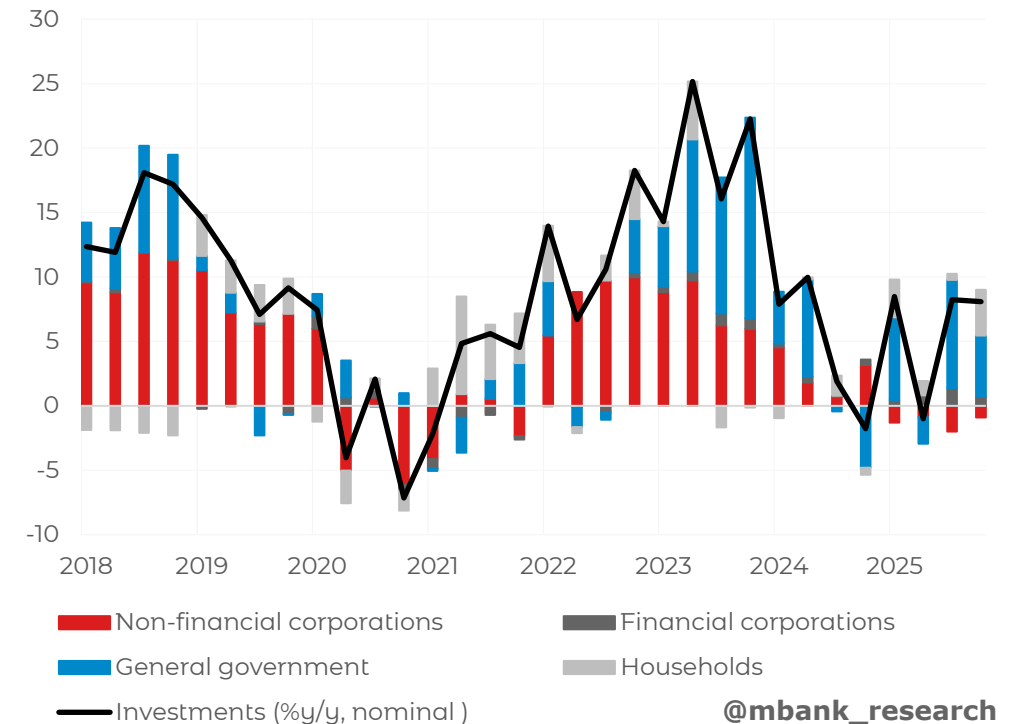
Consumption growth, and private consumption alike, slowed in Q1 as spending on durable goods saw a decline since the end of 2025. At the same time, services sector played an important role in the previous quarter, significantly, positively contributing to the overall growth rate. The slowdown in consumption growth has not been particularly surprising to us, and we still see some downside potential for the upcoming quarters (we aim for under 3%). The major reason is weaker labor market situation. This is especially true when we take into account declining wage growth coupled with the latest inflation pick-up. All of this means that the growth rate of real wage bill is going to come down, weighing on consumers' spending habits. However, it is worth noting that any more pronounced downside is cushioned by the fact that savings rate came back to normal from unusually low levels. Additionally, some structural forces related to automation have gained speed recently. We also shall get used to shrinking population, affecting aggregate numbers.

Poland: Investment outlook

Fixed capital formation (index 2015 = 100, sa)



Fixed capital formation (%y/y)



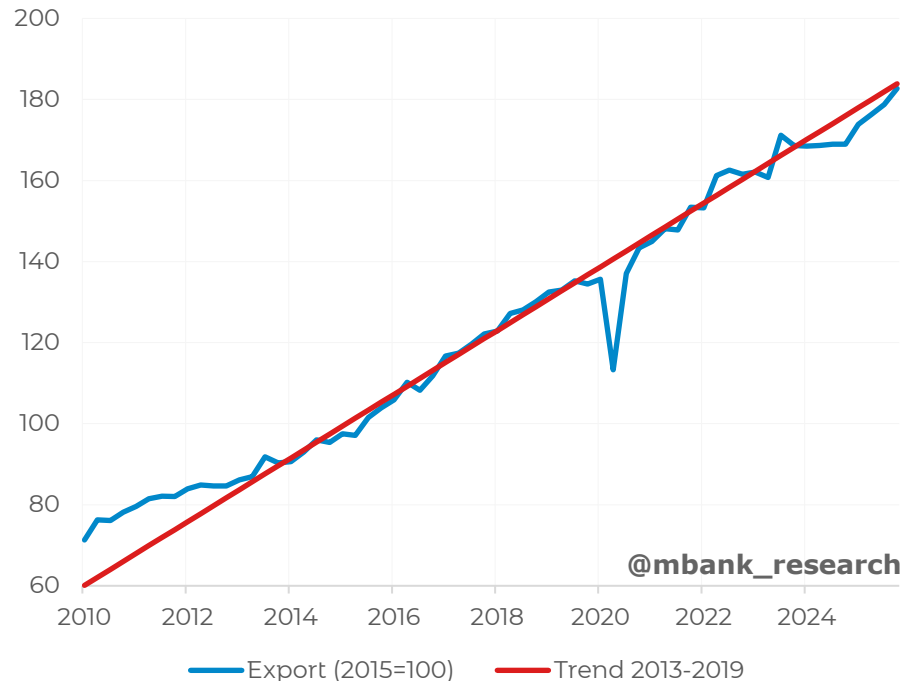
Source: Own elaboration based on Statistics Poland.

Source: Own elaboration based on Eurostat

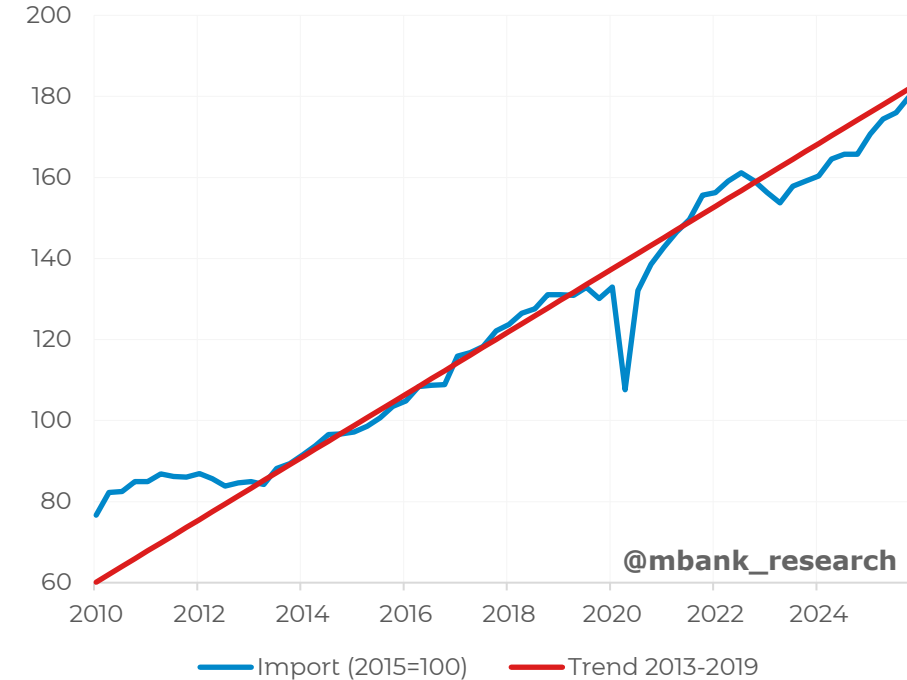
Investment disappointed to some extent in Q1 after it slowed down to barely above 2% in annual terms. Structure of investment growth until Q4 2025 shows a choppy trend with a sizeable impact from the general government. Nevertheless, past investment cycles were driven primarily by non-financial corporations. We expect a similar pattern to develop over the coming 4-6 quarters. We base our expectations on the wide stream of EU funds (KPO) Poland has been receiving for some time. They will be topping this year, directly translating into the boost in private investment activity. On that account, we also believe that the nascent investment cycle will not be derailed by higher interest rates we have recently faced. We expect a solid acceleration of investment growth from Q2 onwards and the whole-year growth rate close to 7%. Having said that, determined EU funds schedule also means that 2026 is going to be the top in investment activity. We shall yet see how much capital demand SAFE program and energy transformation will bring to the table later on.

Poland: Foreign trade outlook

Export (index 2015 = 100, sa)



Import (index 2015 = 100, sa)



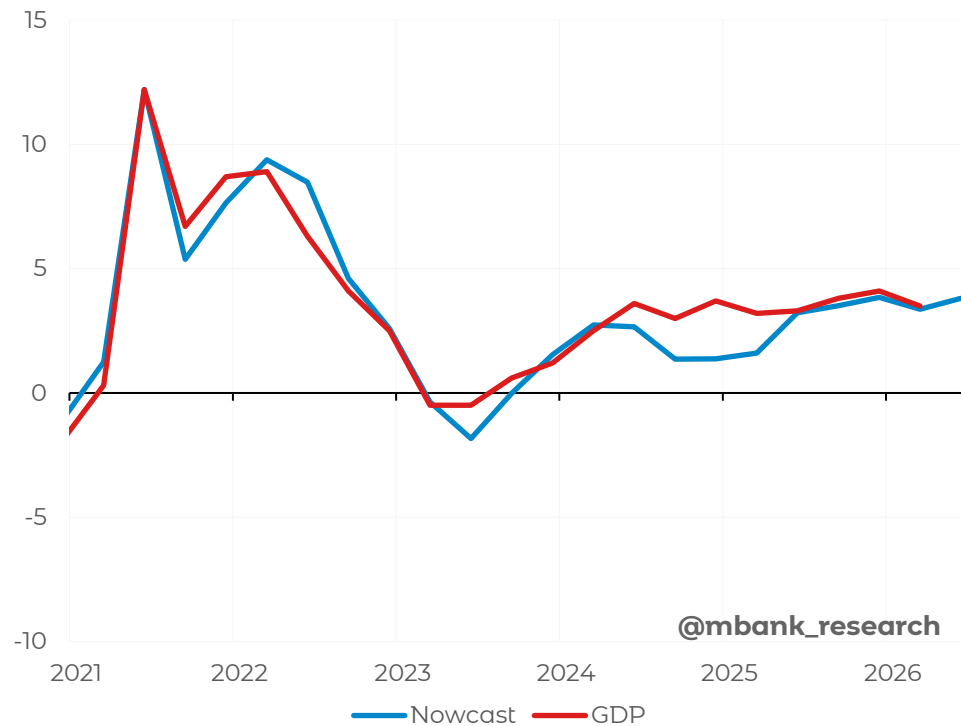
Source: Own elaboration based on Statistics Poland.

Source: Own elaboration based on Statistics Poland.

Both exports and imports grew almost 6% in annual terms in Q1, meaning some slowdown compared to what we saw at the end of the last year. The war in the Middle East is likely to affect foreign trade in Q2 via oil pricing channel, hence a (nominal) pick-up in imports is likely. Looking forward, we expect both exports and imports growth to move between 5% and 6% over the coming quarters. It would lead to (almost) a neutral contribution of net exports to GDP growth both this and the following year. We believe that some negative effects of the war on Polish imports (higher prices), might be offset to some extent by a recovery in economic activity in the German economy. Needless to say, we are aware of the fact that higher interest rates implemented by the ECB will not help the Eurozone economy accelerate, though we still count on some positive effects of more expansionary fiscal policy in Germany.

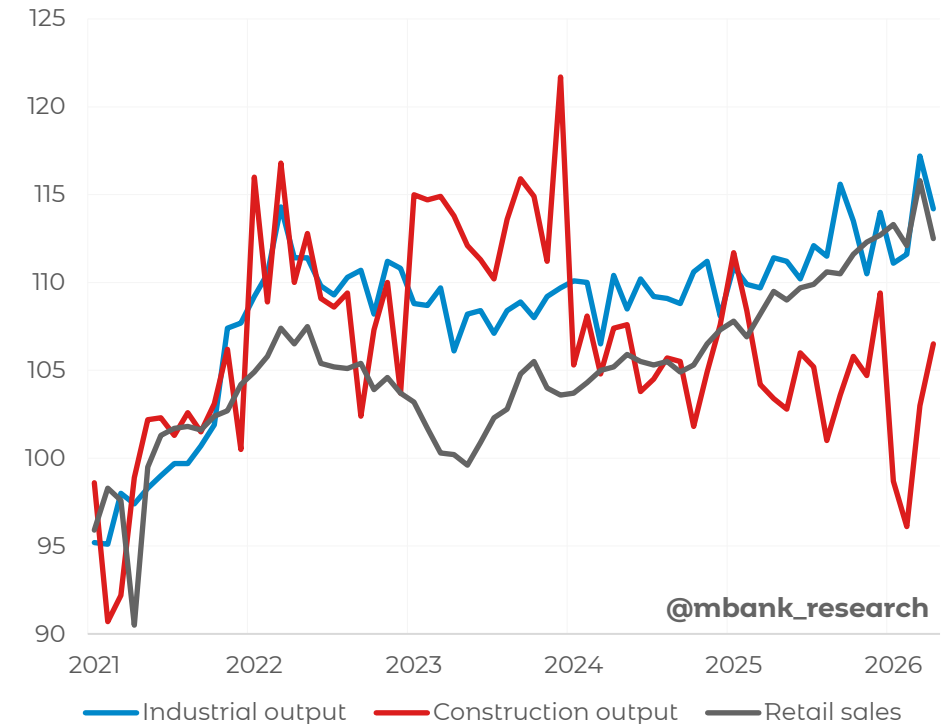
Poland: Real time (short-term) GDP tracking

GDP momentum nowcasting



Source: Own elaboration.

Seasonally adjusted (index 2021 = 100)

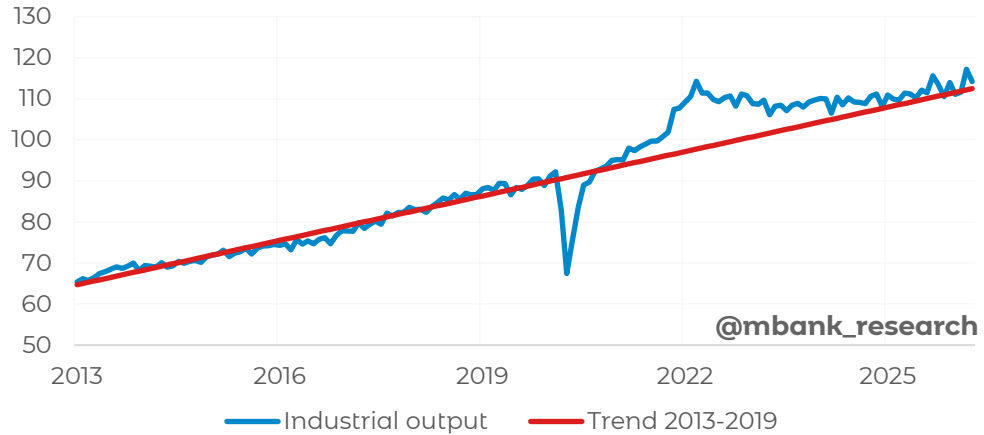


Source: Statistics Poland.

Economic performance in both April and May can hardly be described as optimistic. Industrial production ([LINK](#)) increased by 4.1% in May, but manufacturing output remained muted (2.5%). Although June figures should be supported by a positive working-day effect, softness is likely to persist, especially among consumer goods producers. A weakness is also likely to be visible in construction ([LINK](#)) - although growth reached 3.8% in May, such a result will be hard to reconcile with an investments boom. Weak activity in infrastructure investment is the main culprit. Finally, consumer activity ([LINK](#)) also remains subdued - we expect growth to stay at around 3%. Slower wage growth is a significant drag. Our GDP tracker is pointing to a subtle growth acceleration to 3.6-3.7% in Q2.

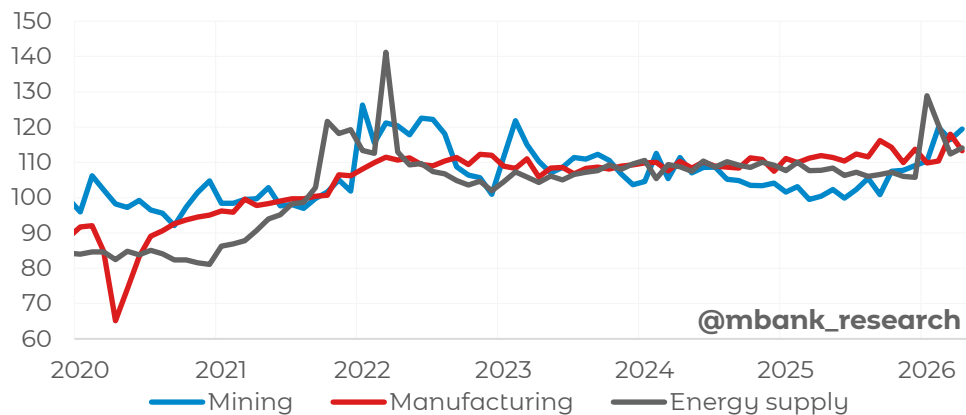
Poland: Industrial output

Industrial production (index 2021 = 100, sa)



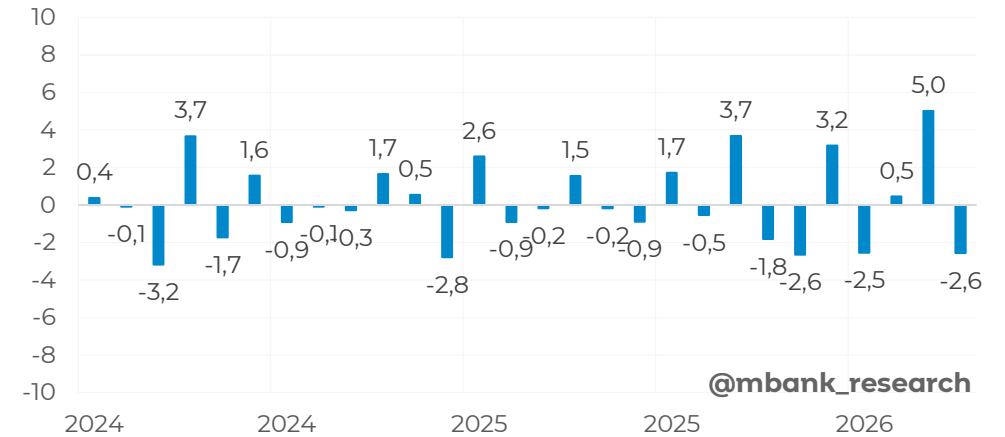
Source: Own elaboration based on Statistics Poland.

Main categories (index 2015 = 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

Momentum (% m/m, sa)



Source: Own elaboration based on Statistics Poland.

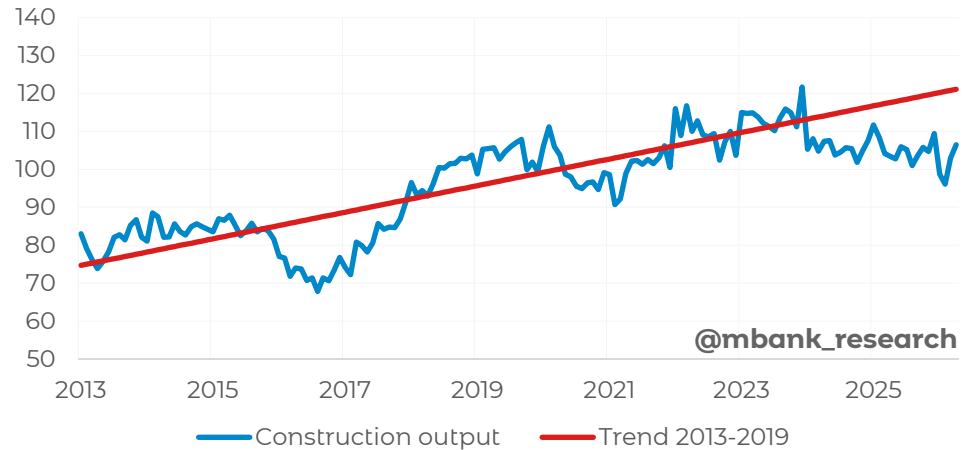
Producer prices (% y/y)



Source: Own elaboration based on Statistics Poland.

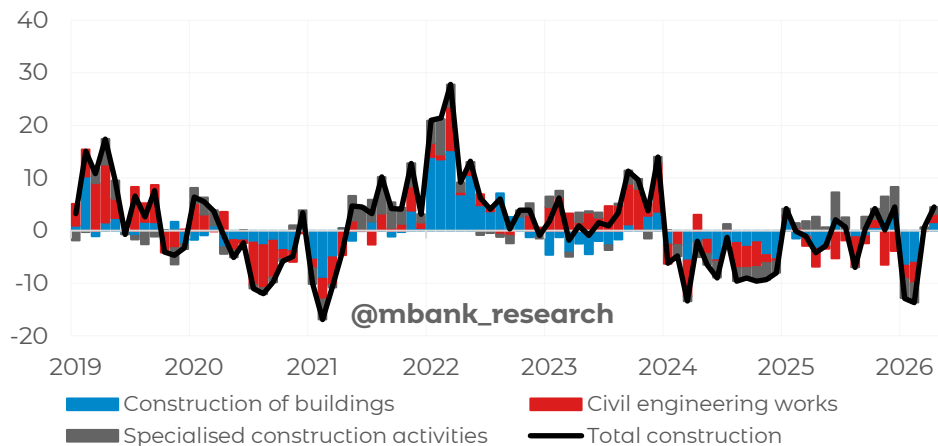
Poland: Construction

Construction output (index 2021 = 100, sa)



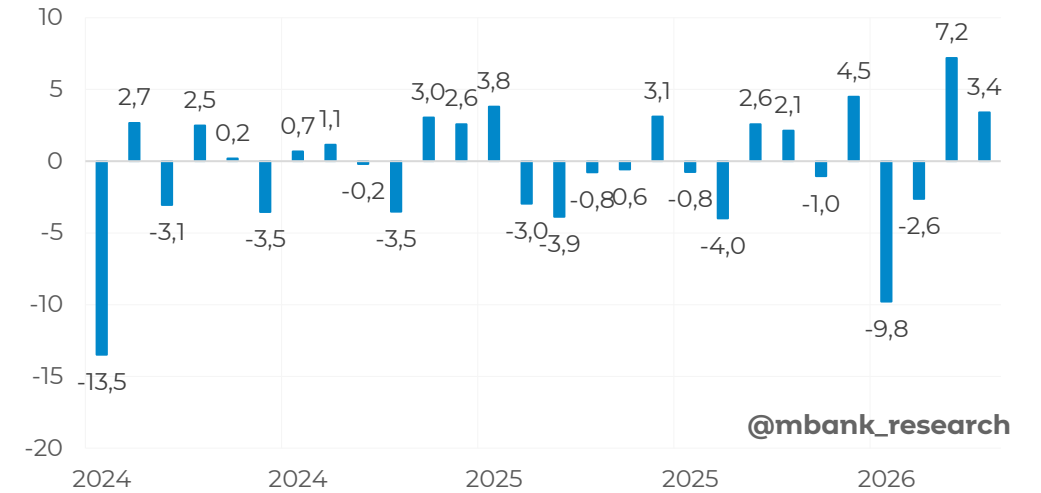
Source: Own elaboration based on Statistics Poland.

Contribution to y/y growth

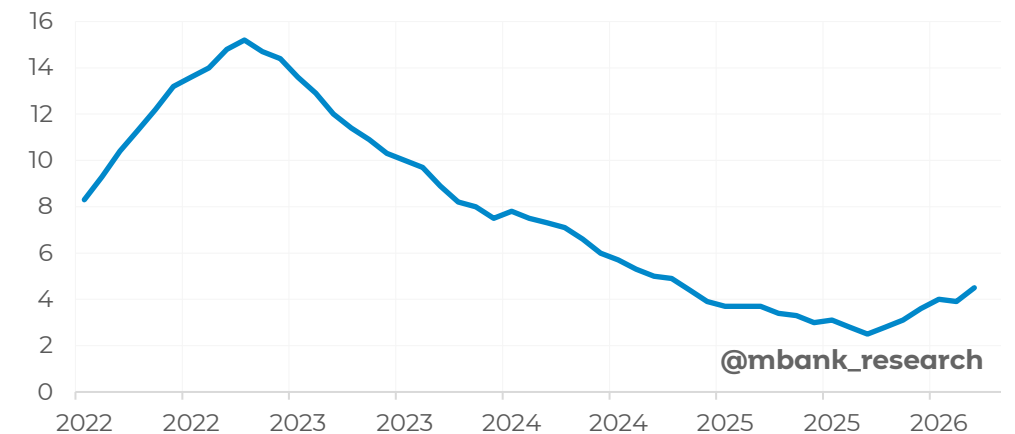


Source: Own elaboration based on Statistics Poland.

Momentum (% m/m. sa)



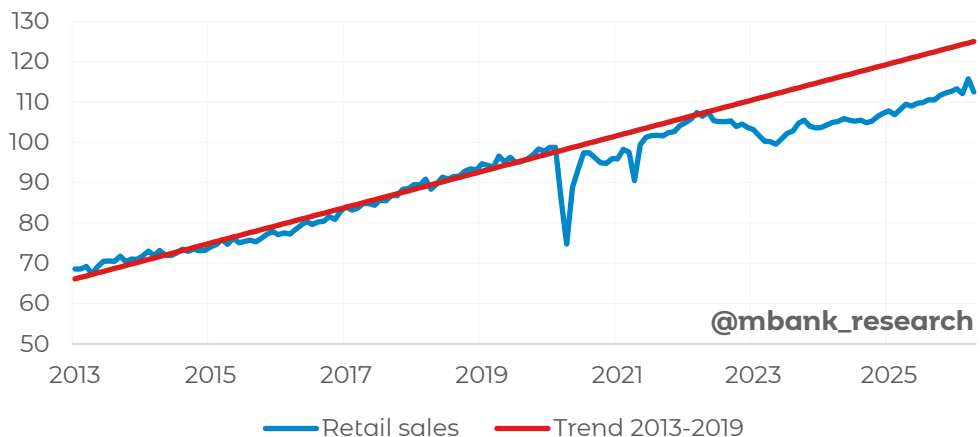
Construction prices (% y/y)



Source: Statistics Poland.

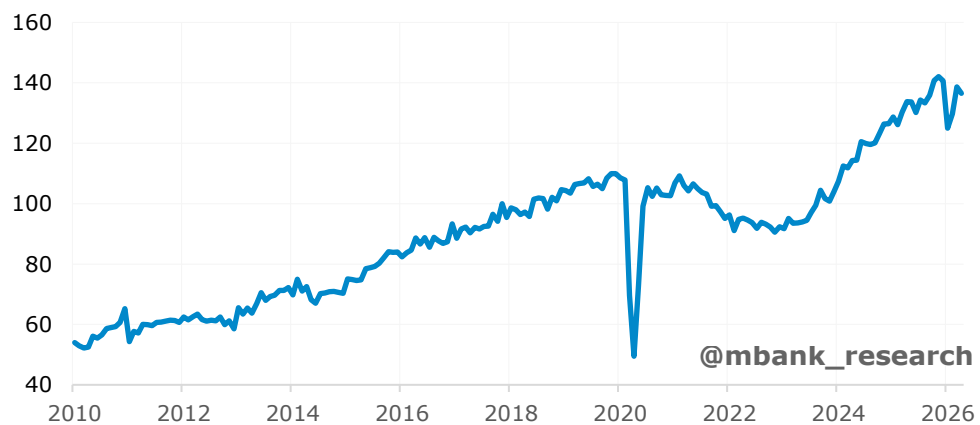
Poland: Retail sales

Retail sales (index 2021 = 100, sa)



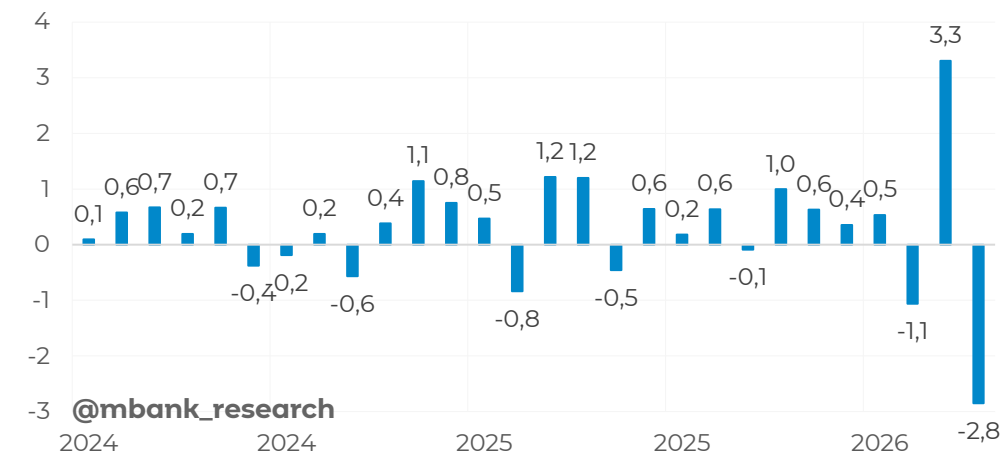
Source: Own elaboration based on Statistics Poland.

Retail sales – Motor vehicles (index 2021= 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

Momentum (% , m/m, sa)



Source: Own elaboration based on Statistics Poland.

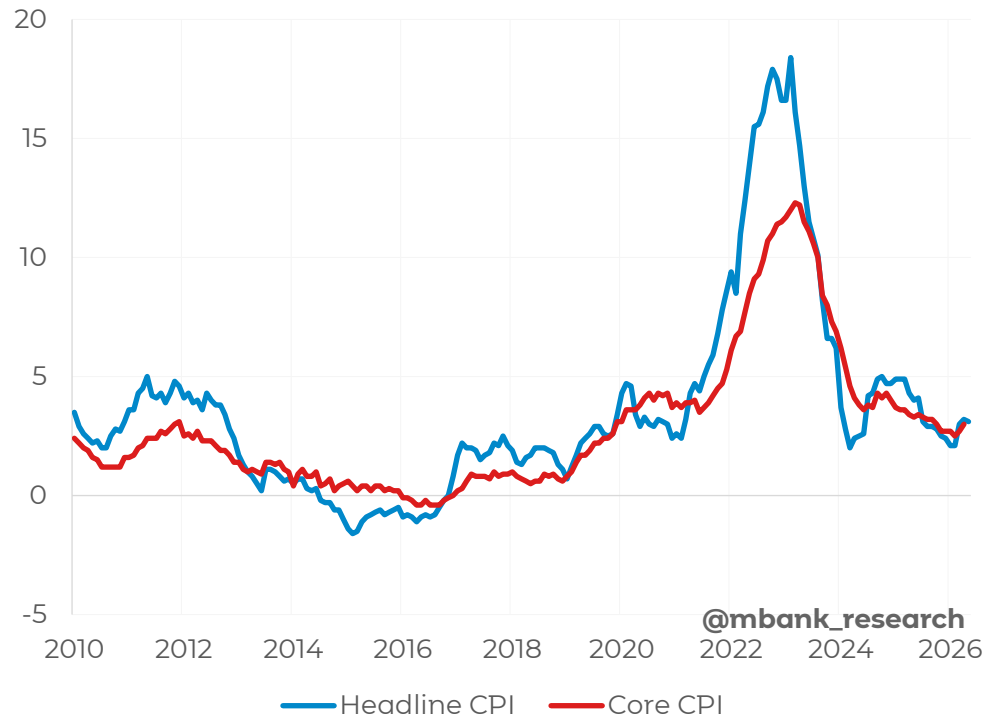
Retail sales - Solid, liquid and gaseous fuels (index 2015 = 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

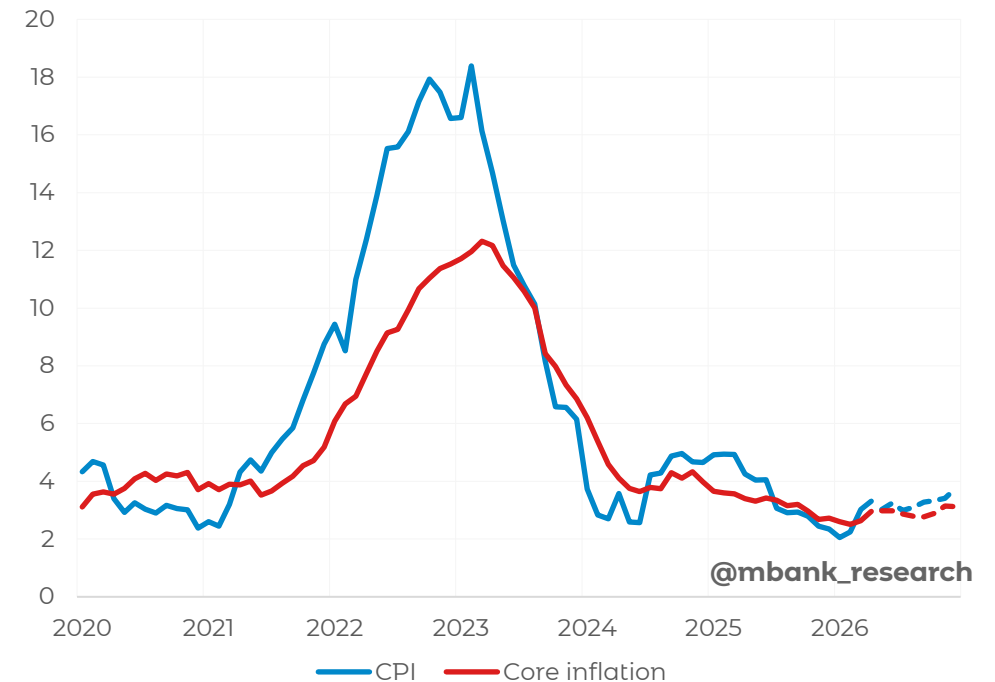
Poland: Inflation

Headline inflation, broad perspective (% y/y)



Source: Own elaboration based on Statistics Poland.

Inflation, zoom in and forecasts (% y/y)

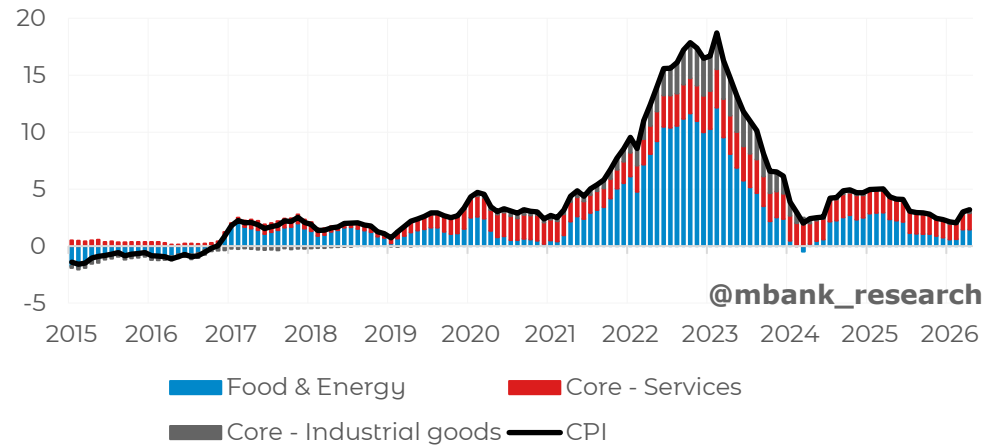


Source: Own elaboration based on Statistics Poland, NBP.

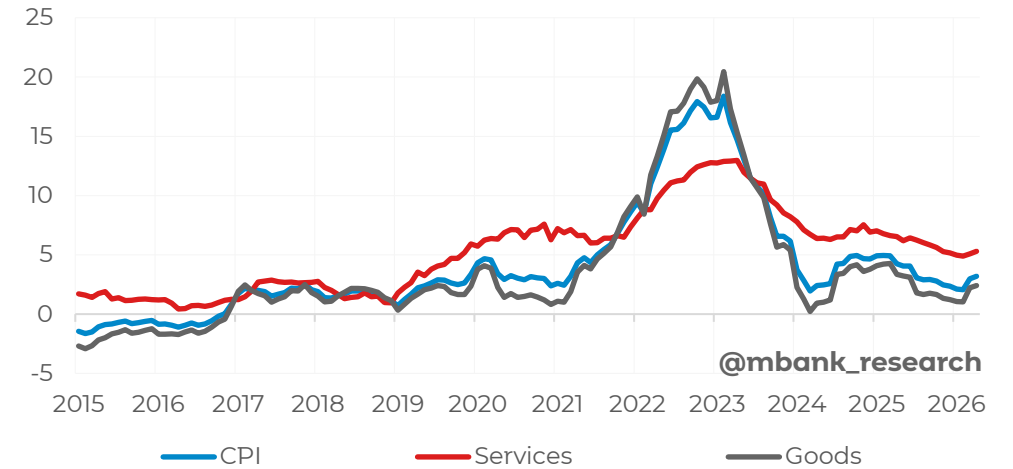
Inflation in May unexpectedly fell to 3.1% y/y. Forecast miss totalled whopping 0.5 pp! The surprise was largely driven by food prices. Low prices of fruits and vegetables, as well as partly dairy products, led to a slowdown in growth from 1.8% to 0.5% y/y. Such low readings are rather unlikely to persist – we expect return to 2%+ growth here since it is possible that large chunk of seasonal decrease in prices arrived earlier than usual. At the same time, core inflation stabilized at 3.1%. Services price growth remains elevated (5.7%) but at least partially it is a reflection of higher fuel prices (transport services) – fundamental process of productivity changes and nominal anchor of wages should underpin lower growth underway. Price increases in industrial goods remain moderate, although there is some upside risk given rising PPI. Upcoming months are likely to bring low volatility. The effects of the sharp drop in oil prices will be mitigated by the reinstatement of excise duties and, from July, a higher VAT rate on fuels. Food prices will tick a bit more higher, following global price developments. Therefore, CPI in the third quarter is expected to remain in the range of 3.0–3.5%. Core inflation is likely to hover close to 3%.

Poland: Inflation tracker (additional measures)

Contribution to inflation (pp.)

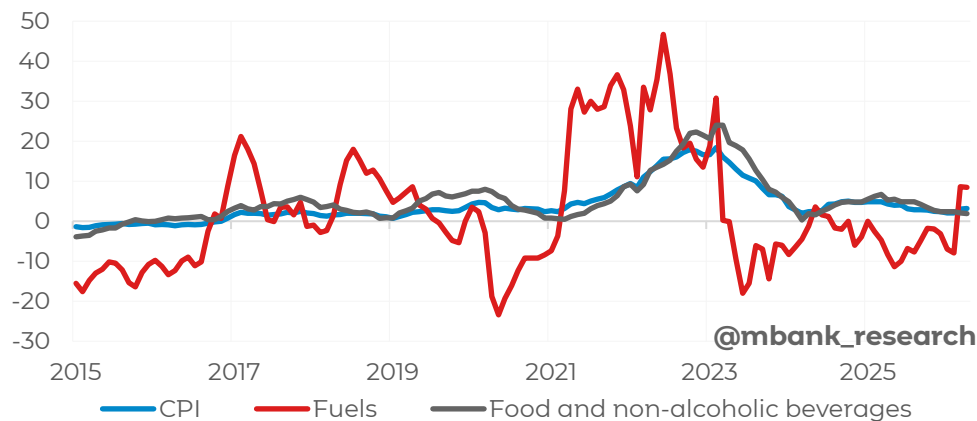


Goods and services prices (% y/y)

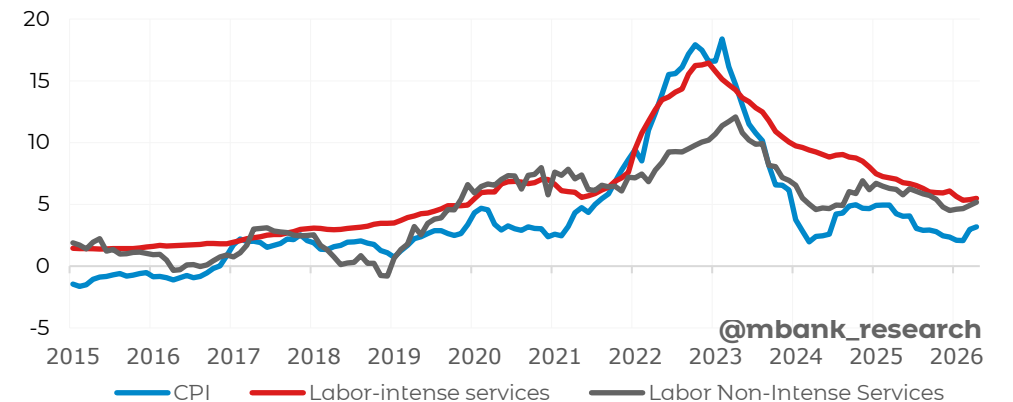


Source: Own elaboration based on Statistics Poland.

Food and fuel prices (% y/y)



Services (% y/y)

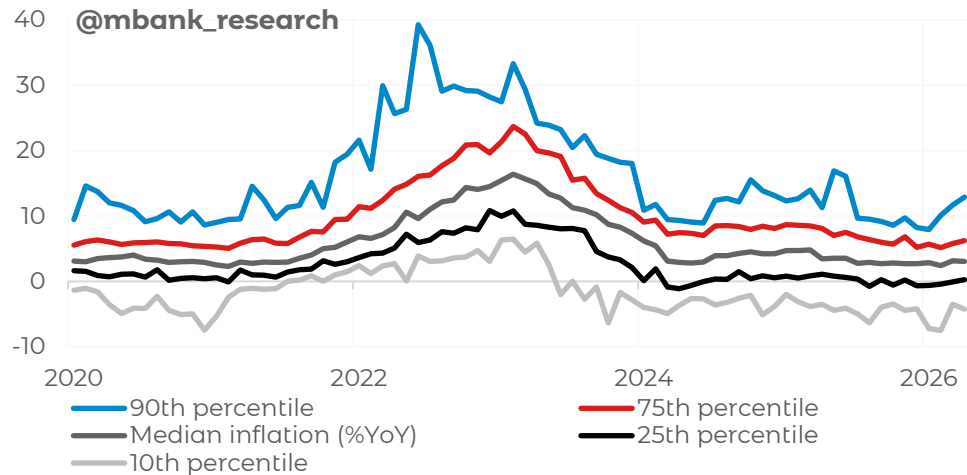


Source: Own elaboration based on Statistics Poland.

Source: Own elaboration based on Statistics Poland.

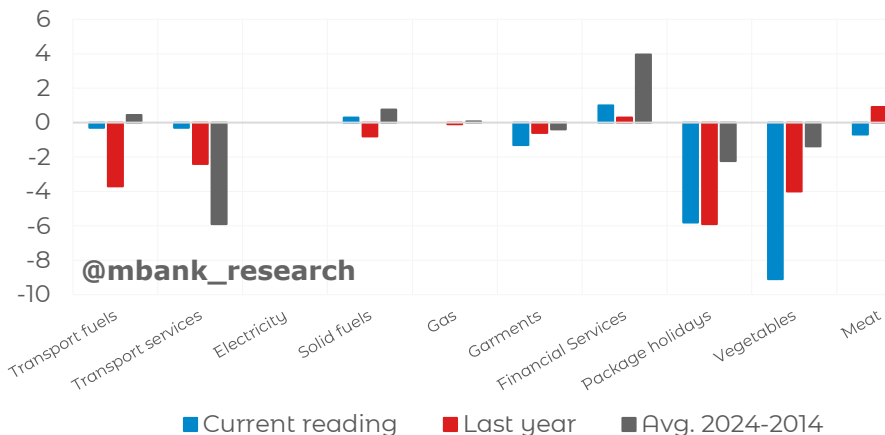
Poland: Inflation tracker (additional measures)

Median inflation (%y/y) and selected percentiles of the distributions



Source: Own elaboration based on Statistics Poland.

Top 10 most impactful* CPI categories (% y/y)



*Impactful = the product of high volatility and substantial weight in the consumption basket.

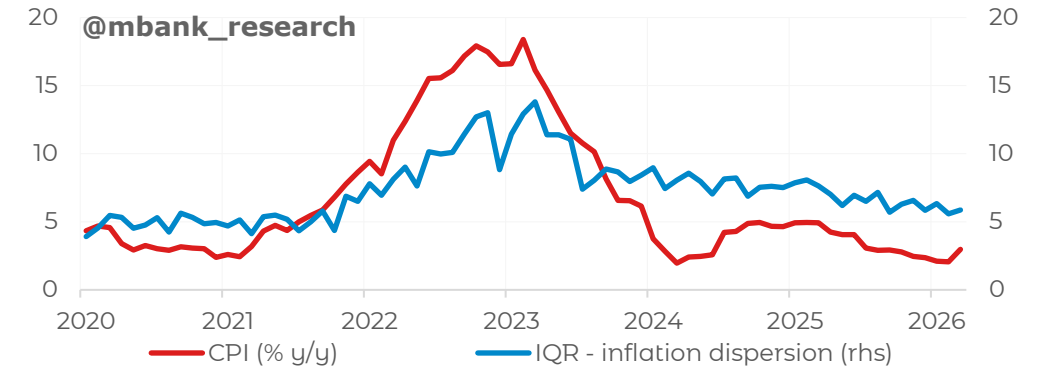
These categories are partially seasonal, but also show hard to predict movement between months, are affected by global prices and administrative decisions in a start-stop manner.

If CPI surprises, these are the first ones to check. Most likely you will find the „villain“.

Source: Own elaboration based on Eurostat

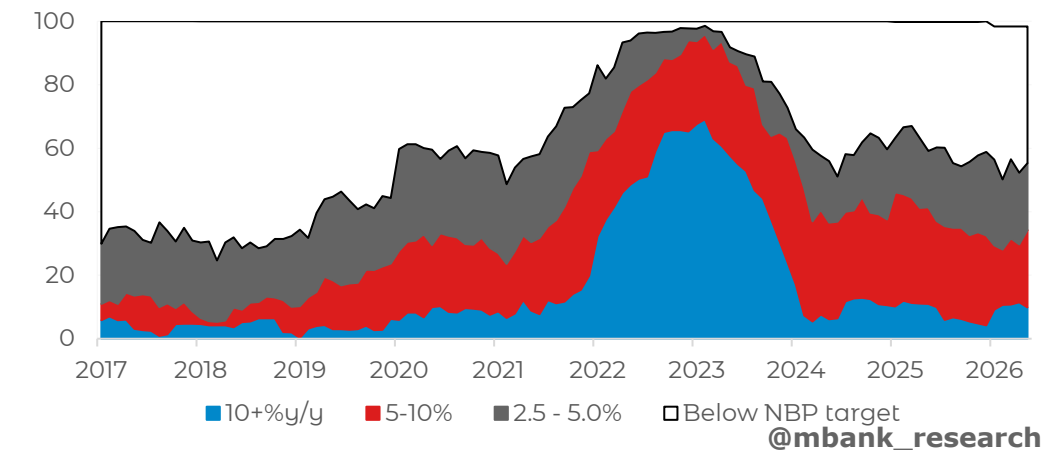
Inflation IQR: diff between the 75th and 25th percentile (y/y rates)

It measures dispersion of price changes across items in the consumption basket. A higher IQR indicates greater heterogeneity in inflation dynamics, meaning that different categories adjust at different speeds rather than moving uniformly. Such dispersion is often associated with transitional phases of inflation dynamics, where some components adjust earlier and others later, contributing to short-term volatility in aggregate inflation. If all items were moving at the same speed, IQR = 0.



Source: Own elaboration based on Statistics Poland.

Share of expenditures where prices increase by (%):



Source: Own elaboration based on Eurostat.

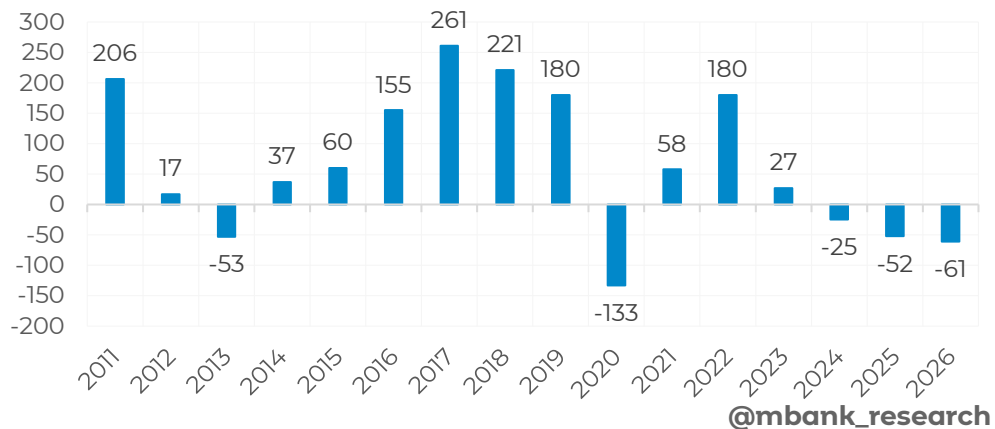
Poland: Labor market tracker (employment)

Employment (in millions)



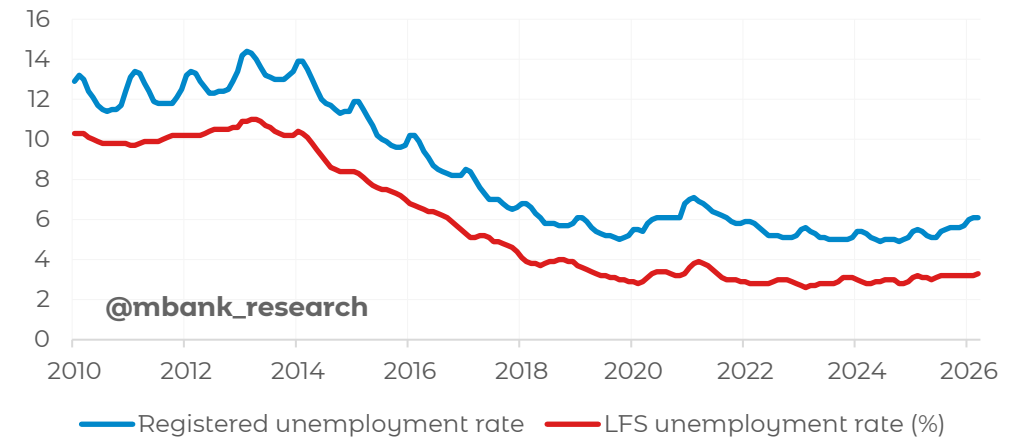
Source: Own elaboration based on Statistics Poland

Monthly employment change in April (thousand jobs), enterprise sector



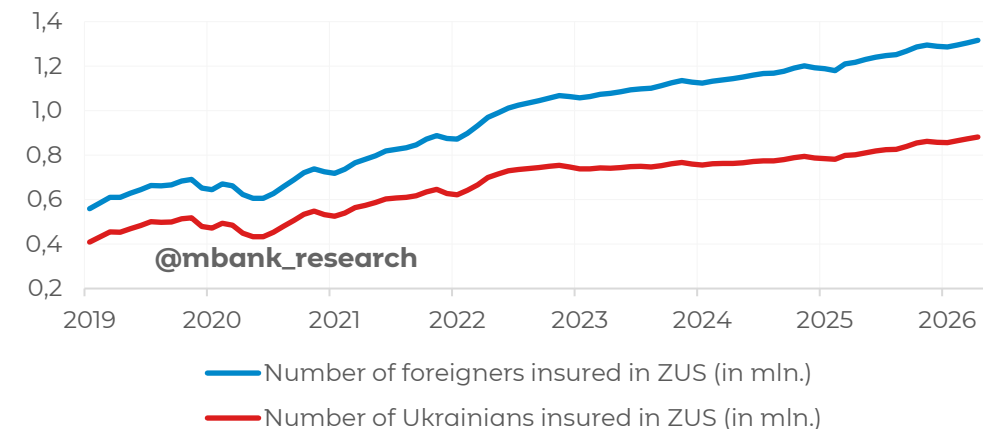
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

Unemployment rate (%)



Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

Immigration in the labor force



Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

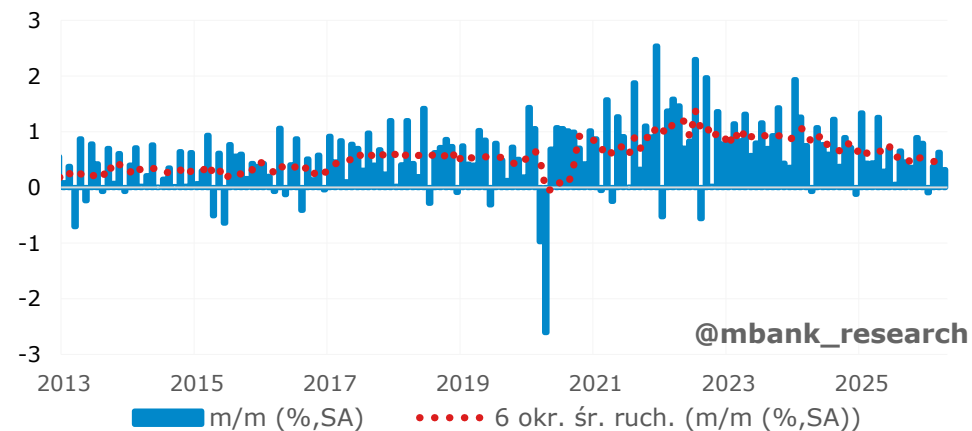
Poland: Labor market tracker (wages)

Wage growth, enterprise sector (% , y/y, nsa)



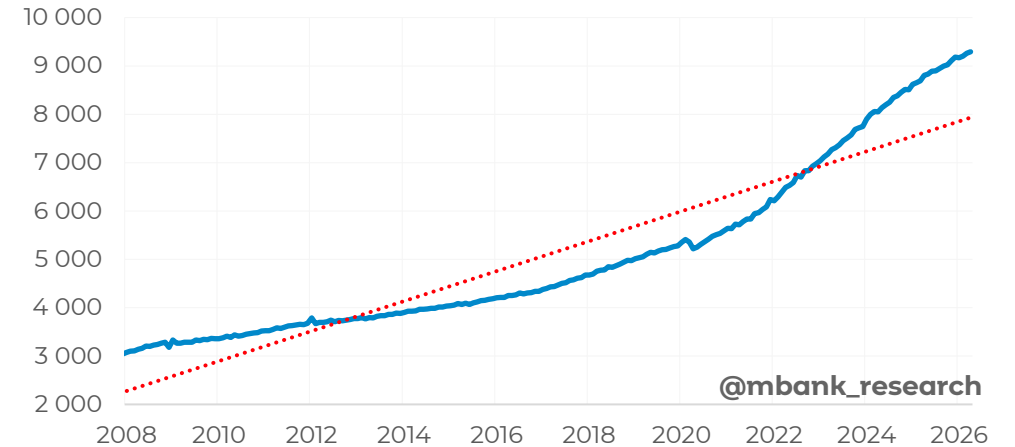
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

Momentum of average monthly wage in enterprise sector (m/m, sa)



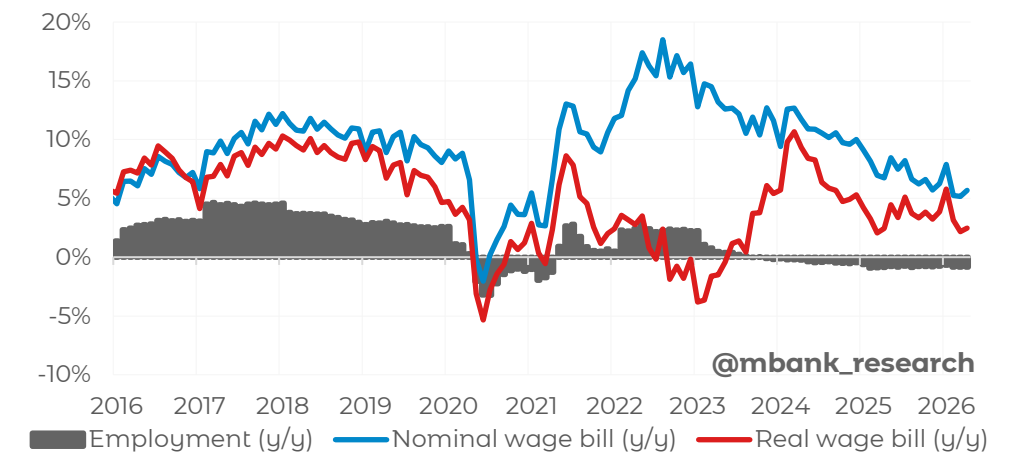
Source: Own seasonal adjustment based on Statistics Poland, ZUS Statistical Portal.

Average monthly wage in enterprise sector (in PLN, sa)



Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

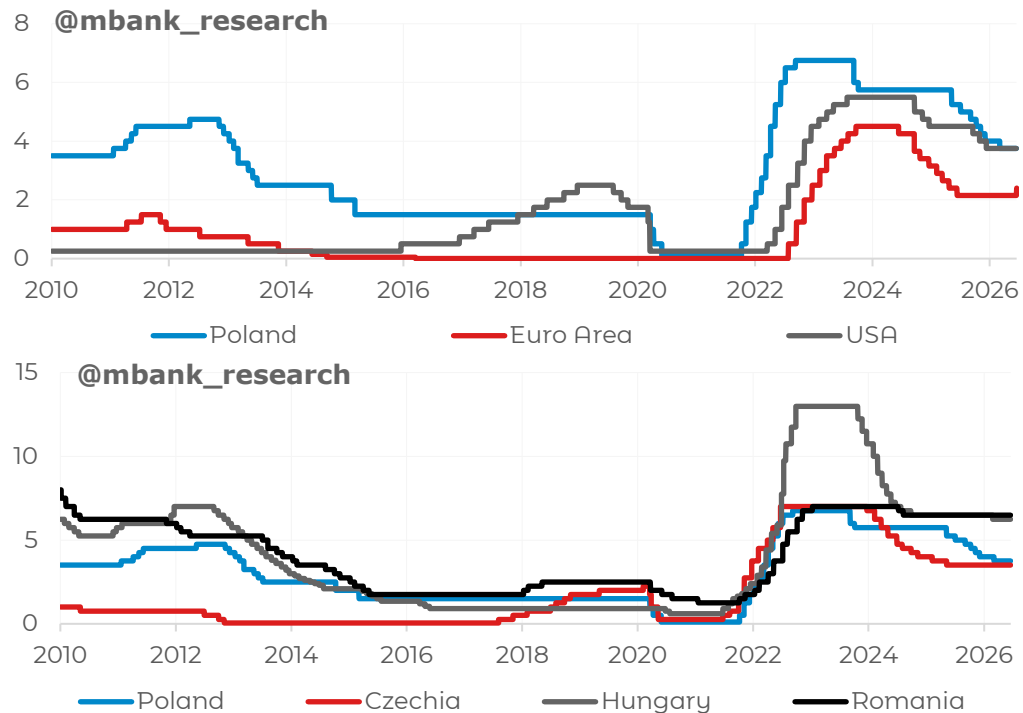
Wage bill, enterprise sector (% , y/y)



Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

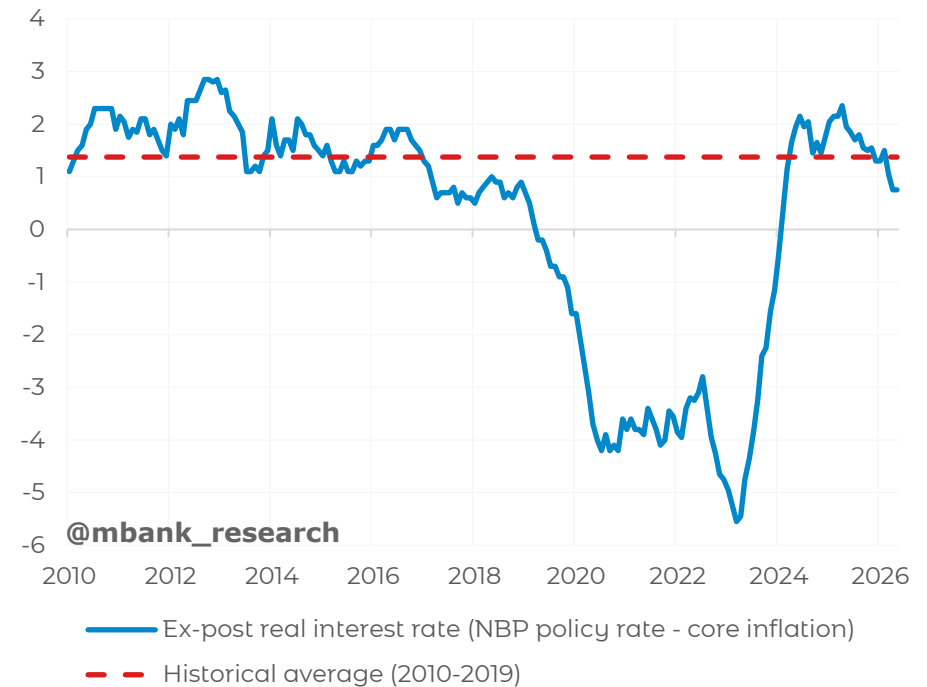
Poland: Interest rate outlook

Central banks' policy rates (%)



Source: Macrobond.

NBP ex-post real interest rate (adjusted by core Inflation, %)

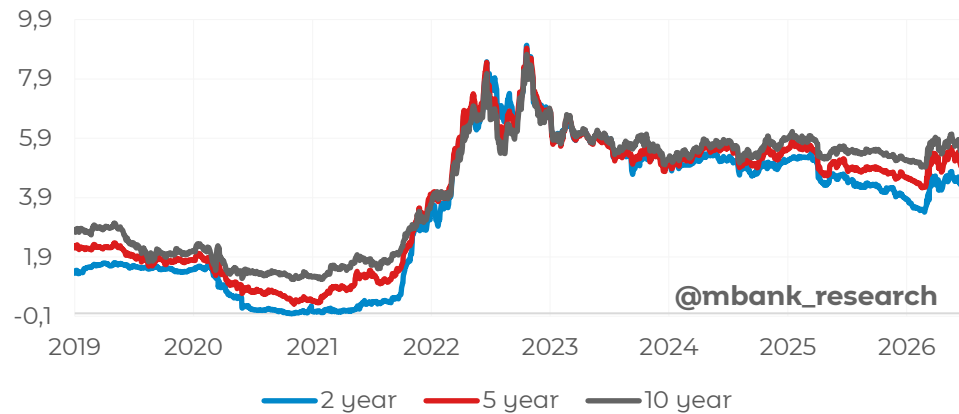


Source: Statistics Poland, NBP.

June NBP meeting delivered a somewhat less hawkish tone compared to previous months. During the press conference, NBP Governor Adam Glapiński emphasized that the current level of interest rates remains appropriate given the present inflation outlook and macroeconomic conditions. This narrative is likely to be reinforced by the softer-than-expected May CPI reading, as well as the recent decline in global oil prices, both of which point to a somewhat more benign inflation path in the near term. Recent statements from MPC members also suggest a preference for policy stabilization. Ludwik Kotecki (a median voter) indicated support for keeping rates unchanged throughout 2026 and 2027. At the same time, Ireneusz Dąbrowski (a dovish member), signaled openness to resuming discussions about potential rate cuts. Our baseline scenario assume prolonged rate stability, but we recognize the downside risks to rates further ahead in 2027.

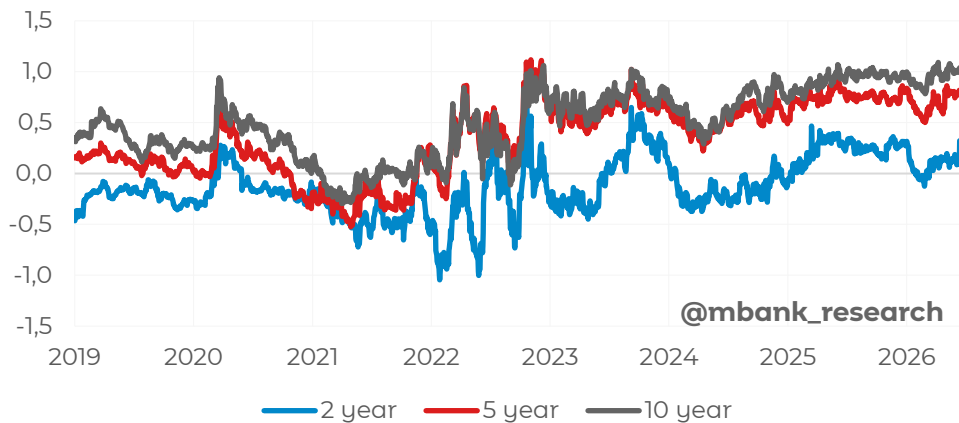
Poland: Market interest rates

POLGBs (%)



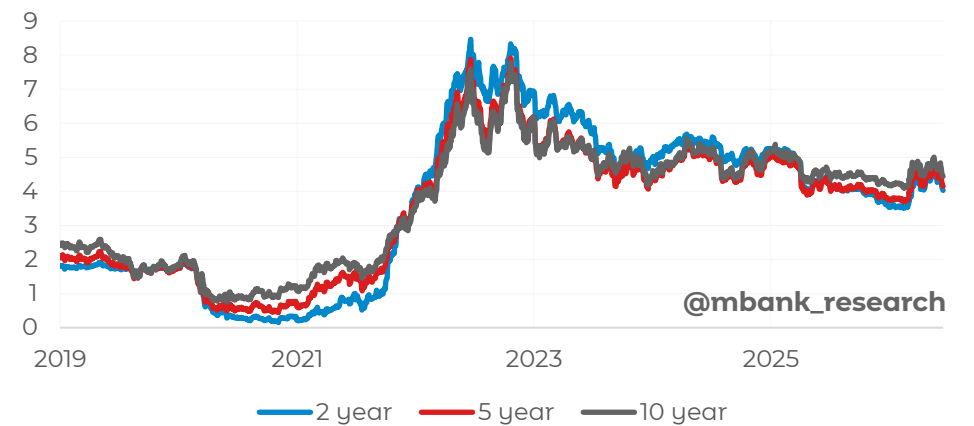
Source: Bloomberg.

ASW spread (pp)



Source: Bloomberg.

PL IRS (%)



Source: Bloomberg.

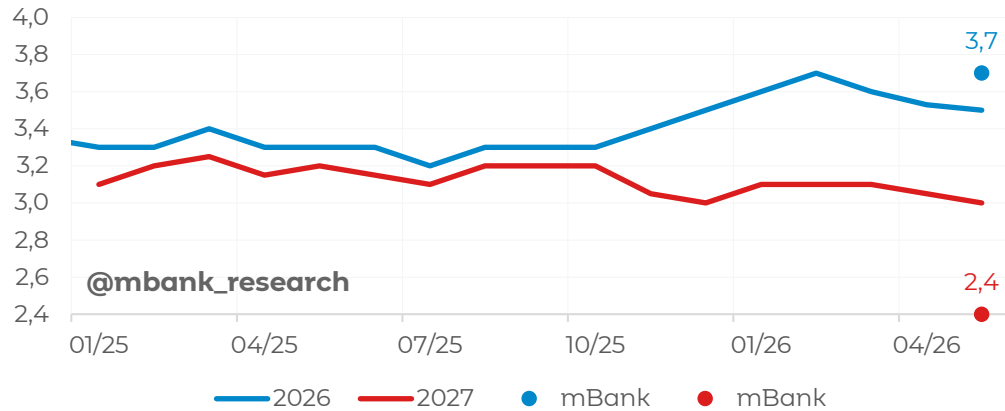
POLGB yield minus 3m WIBOR (pp)



Source: Bloomberg.

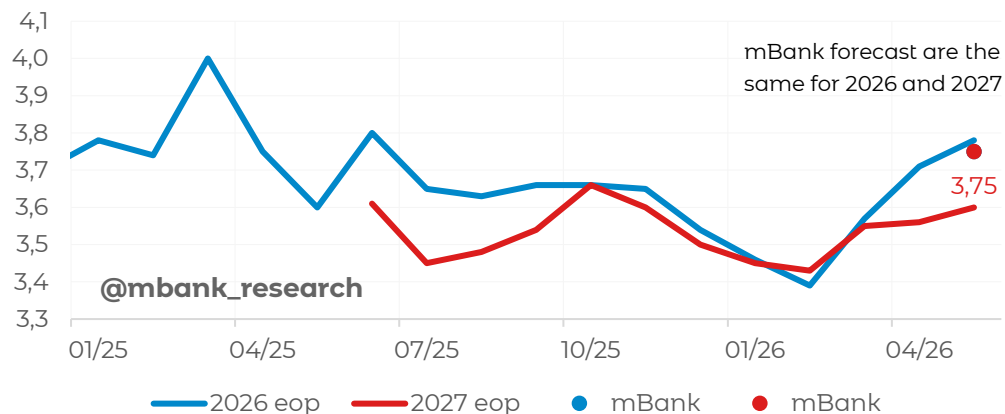
Poland: Expectations vs our forecasts

Consensus tracker: GDP growth (% y/y, annual avg)



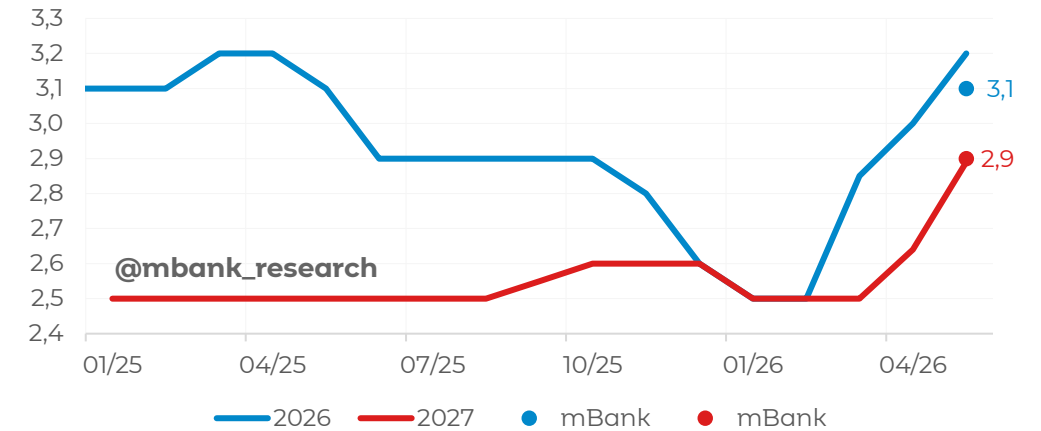
Source: Bloomberg.

Consensus tracker: NBP ref. rate (% end of period)



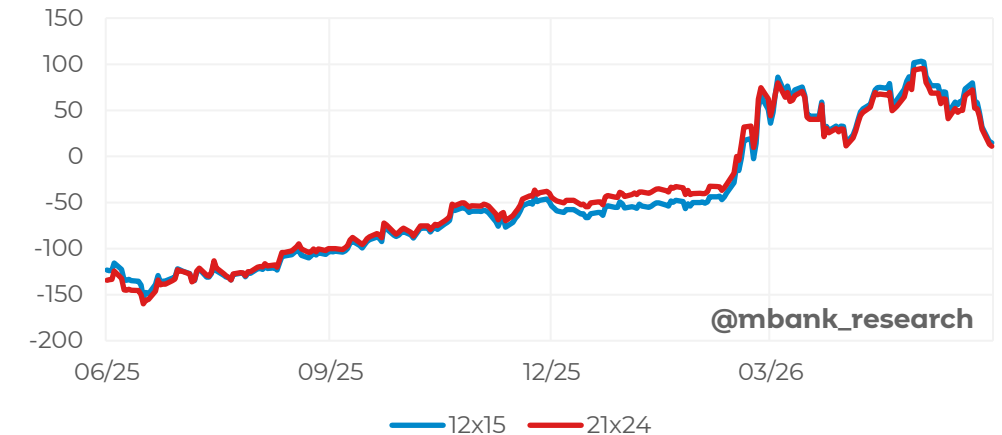
Source: Bloomberg.

Consensus tracker: CPI inflation (% y/y, annual avg)



Source: Bloomberg.

Rate changes priced in by FRA (bps)



Source: Bloomberg.

Poland: External balance & FX performance

EXTERNAL BALANCE

- ❖ **Current account (CA) balance** recorded a deficit of 0.9% of GDP after March, measured as a 12-month rolling sum. The deterioration observed in recent months has been driven primarily by the goods balance, which has already turned negative, while the services balance surplus deteriorated as well (more than 1pp decline since mid-2023). Any near-term improvement is unlikely - we expect a stronger deficit in the coming months. Moreover, higher energy prices may fuel higher imports over the second quarter..
- ❖ **FDI-adjusted CA** remains in a modest surplus (0.4% of GDP after March), though it has narrowed notably of late. Also, capital account posted a surplus of 0.9% of GDP after March. This results in a current account surplus of 1.3% of GDP after adjusting for both FDI and capital flows, which suggests that the deterioration in the CA balance is unlikely to have significant adverse effects on the broader economy. Looking ahead, we expect that most inflows from European funds will be reflected in the capital account, which should help reinforce Poland's external position.

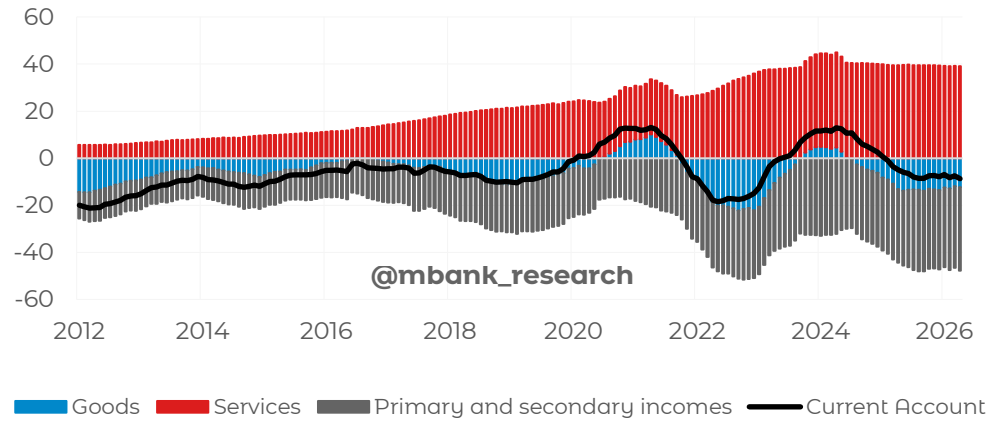
Graphical summary can be found on the next [page](#). Exports & imports (national accounts perspective) are covered separately [here](#).

FX PERFORMANCE

- ❖ **Background & global.** Past month also brought some declines of EURUSD. Looking forward, we still believe that the major currency pair is likely to grind higher. Doubts over the Federal Reserve may resurface anytime since we know little how Kevin Warsh wants to reshuffle major functions of the Fed.. Moreover, we also doubt the Fed will hike rates in response to the latest increase in fuel prices. This is especially true when we take into consideration the latest peace deal between the US and Iran as it effectively unblocks the Strait of Hormuz.
- ❖ **Recent movements.** EURPLN was moving within quite a narrow range over the past month, a similar pattern we saw in the previous months.
- ❖ **Fundamentally,** we continue to anticipate a gradual upward move owing to diverging monetary policy between the ECB and the NBP as well as fiscal risks given the current Poland's high deficit and a limited chance to see substantial consolidation in the near-term. Zloty stays considerably overvalued in REER terms (see [here](#)). PLN seems to be still overvalued against the common currency when assessed by our fair value model (see [here](#)).

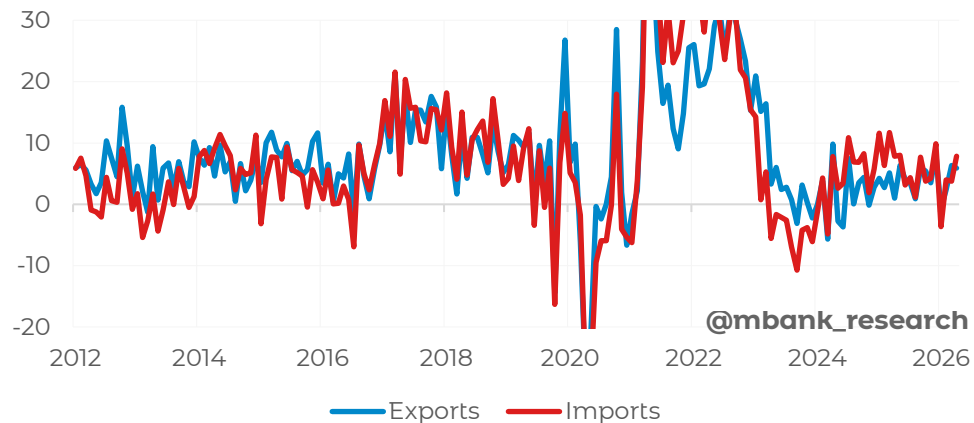
Poland: External balance

C/A decomposition – 12m rolling sum (bln EUR)



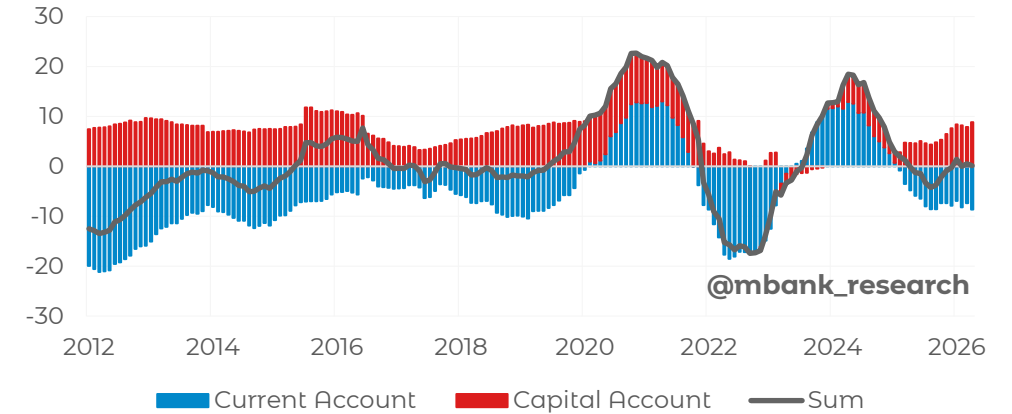
Source: Own elaboration based on NBP.

Exports and imports growth (% , y/y)



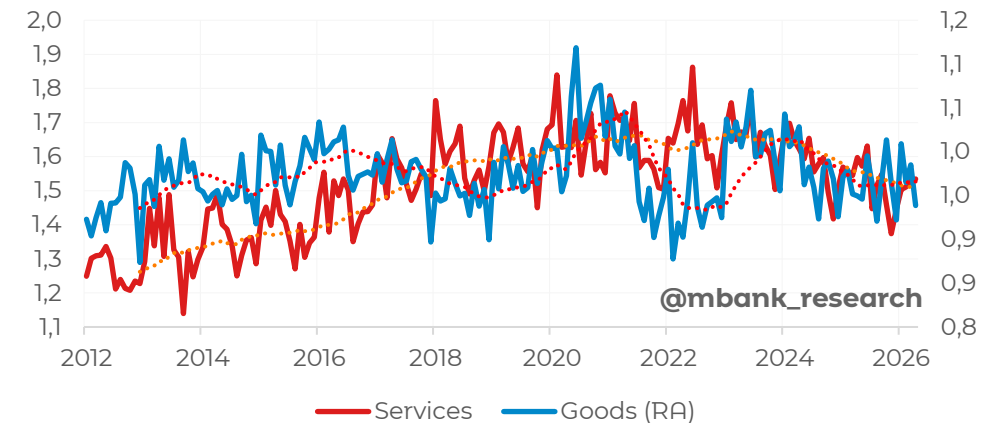
Source: Own elaboration based on NBP.

Current and Capital Account – 12m rolling sum (bln EUR)



Source: Own elaboration based on NBP.

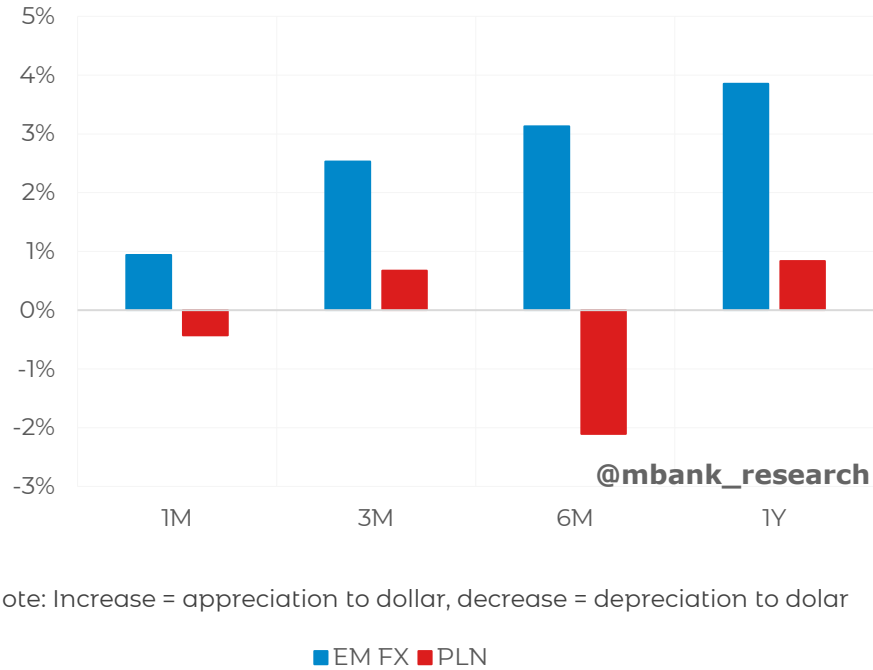
Exports to imports ratio



Source: Macrobond.

PLN: recent movements + REER

The zloty has underperformed its peers in recent months (%)



Source: Bloomberg.

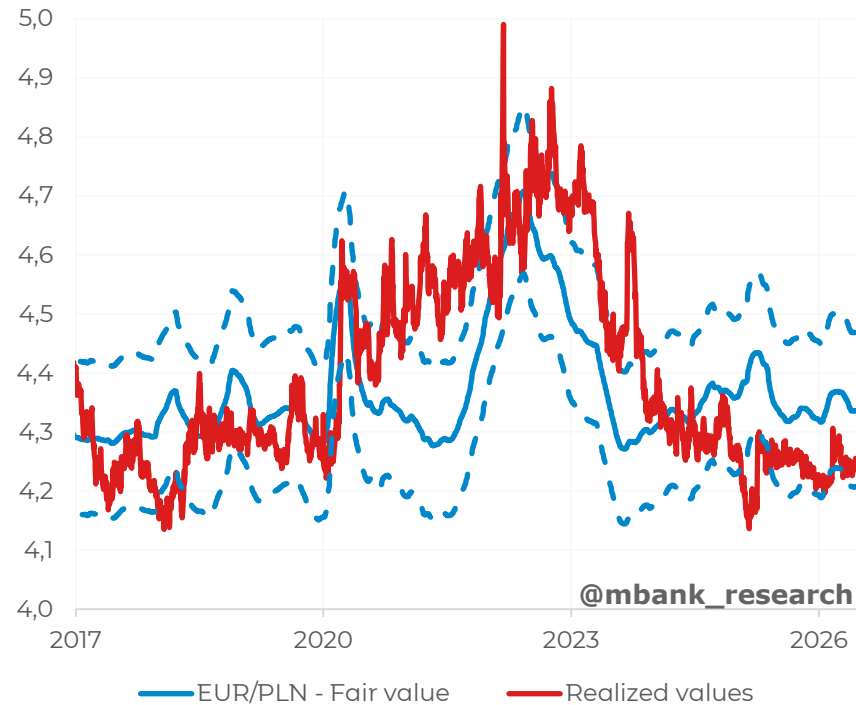
Real effective exchange rate (mind the time frame)



Source: BIS.

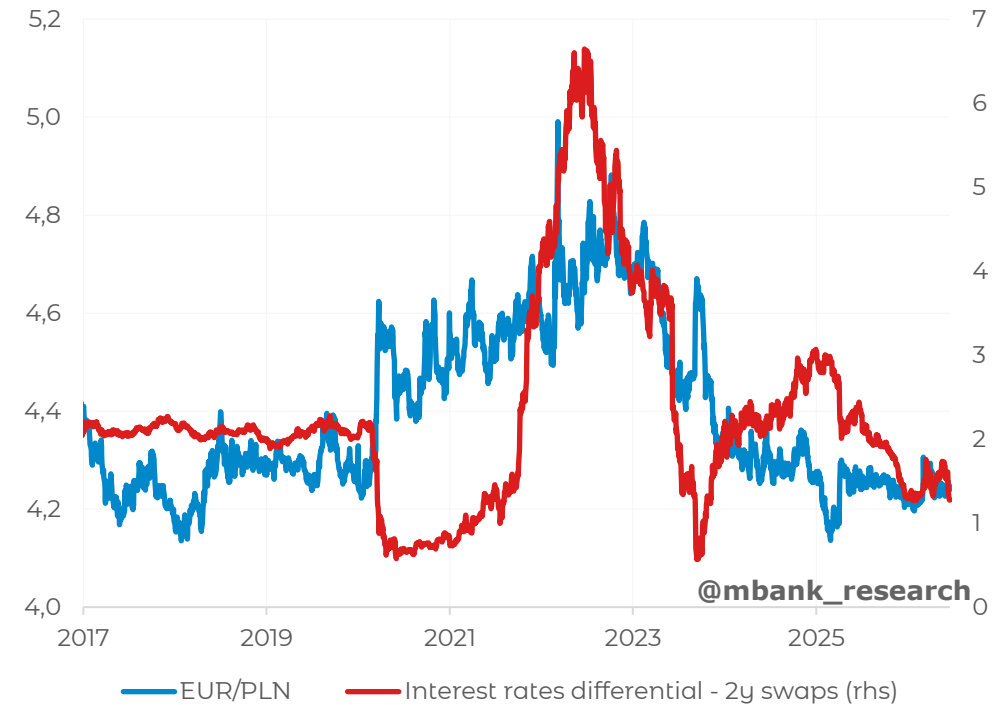
PLN: Relative valuation

The EUR/PLN relative valuation



Source: Our model*

Interest rate differentials - Poland vs. Eurozone (%)



Source: Macrobond.

* Our Model is based on Macrobond data. It uses 2Y rate differentials, VIX, equity indices, ASWs and commodity prices.

Poland: Fiscal policy

CURRENT DATA & FINANCING

- ❖ **Budget performance after May.** At the end of May 2026, the central budget deficit reached PLN 108.2 billion (39.8% execution). The underlying economy remains strong, driven by robust corporate profits that pushed CIT revenues up by 30% y/y. However, overall revenue for May ticked down by almost 1% y/y (we ascribe it to the CPN program). This program caused excise duties to drop 15% and slowed VAT growth to just 2.5%. On the spending side, total outlays grew 2.7% y/y due to higher social insurance transfers. At the same time, financing costs kept rising last month and stood at 30% YoY (YTD).
- ❖ **Recent issuance.** The Ministry of Finance successfully priced 3 tranches of CHF bonds with a total value of CHF 885 million. This transaction reflects continued solid market access and diversification of financing sources as well as solid demand for Polish bonds abroad. It has also raised over PLN 32 billion through bond auctions since mid-May. The level of gross borrowing needs for 2026 stands at 58%.
- ❖ **The VAT gap** in Poland is projected to have fallen to 4.9% in 2025 from 7.9% in 2024. While the MF notes this improvement stems from systemic measures (including audit intensification), they also emphasize high uncertainty.

Graphical summary of planned & realized budget deficit, current budget performance, debt servicing costs and the (basic) structure of the public debt can be found in the next 2 pages. If you need a deep dive into Polish sovereign debt, please check our recent [Polish Debt Monitor](#).

PLANS & AD HOC MEASURES

- ❖ **Budget assumptions for 2027:** GDP growth 3.1%, CPI to increase by 2.5% in 2027, public wage growth at 3%. We still see risks tilted to the downside for 2027 GDP growth, as we expect the investment cycle to wind down alongside a gradual cooling of private consumption. We don't see GG deficit falling below 6% before 2028.
- ❖ **A two-step phase-out of the CPN program has been decided.** Firstly, a full excise rate was re-established since mid-June, causing fuel prices to rise roughly 4-5%. Secondly, a full VAT rate will return from July 1, which is likely to push prices by roughly 12%. However, it needs to be said that fuel prices may increase less than we indicated given the fact that oil prices are expected to come down due to unblocking the Strait of Hormuz. Thus, the ultimate impact on CPI will probably be lower than estimated (~0.8-0.9 points) and CPI is unlikely to breach 3.5% in the nearest future.
- ❖ **Some progress in coverage of CPN budget costs.** A draft bill on a windfall tax targeting fuel companies is now being finalized, which is now estimated to bring a total of PLN 3.8 billion in revenues in 2026. This means a reduction of a tax rate from initially proposed 75% to 60%.

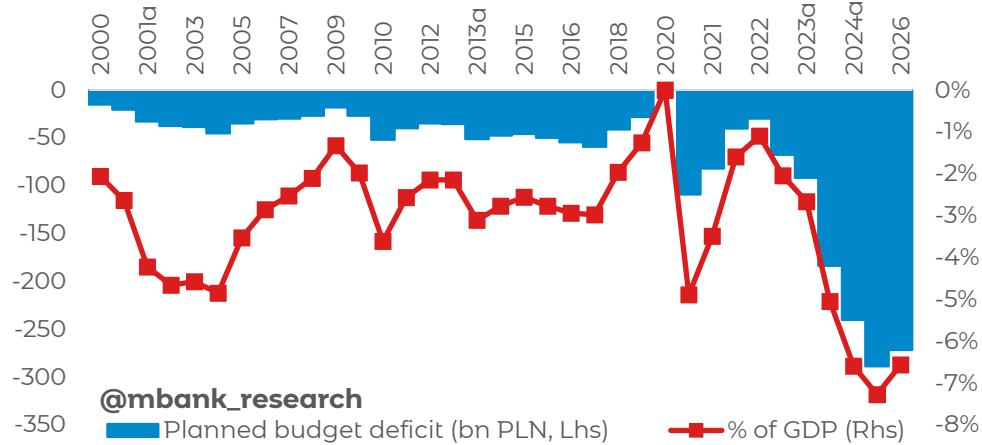
RATINGS

- ❖ **S&P (A-).** Agency claims that weak fiscal position and the absence of medium-term consolidation prospects represent the primary credit risks for the CEE region, with Poland facing the most significant challenges, even when compared to peers like Romania. Furthermore, S&P sees virtually no room for fiscal consolidation before the 2027 parliamentary elections, warning that primary deficits will substantially exceed the levels required to stabilize Poland's debt/GDP ratio.
- ❖ **Fitch (A-).** Poland's 2026 GDP growth forecast was cut to 3.3% (down from 3.6%) while maintaining its 2027 outlook at 2.9%. This contrasts slightly with the government's more optimistic stance, which projects a stronger 3.1% GDP growth for 2027 alongside CPI inflation stabilizing at 2.5%, though the discrepancies remain minor.
- ❖ **Moody's (A2).** Latest comments from the agency suggest that the government has to implement a more substantial fiscal consolidation, otherwise it risks less effective policy measures than currently projected. Primary risks for fiscal policy, listed by the agency, stem from a political deadlock between the government and the president, alongside the likelihood of increased government spending ahead of the 2027 parliamentary elections and beyond.

Poland: Fiscal monitor #1

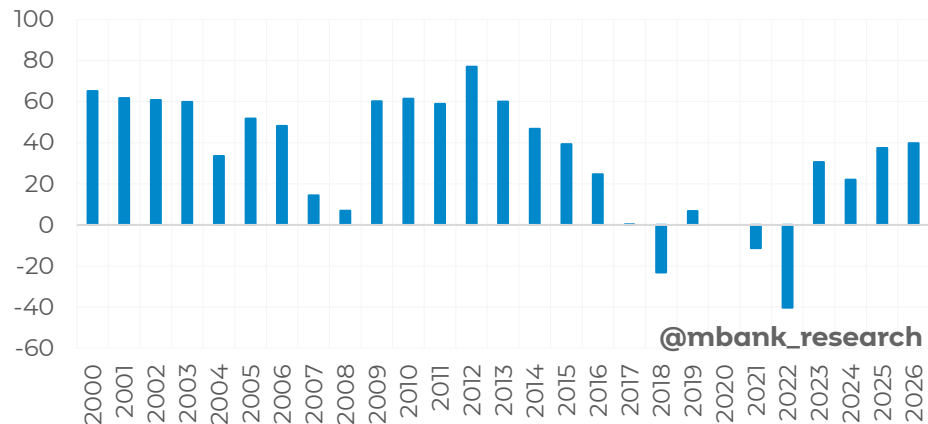
Need more? See our Polish Debt Monitor -> [LINK](#)

Planned budget deficit



Source: Ministry of Finance, a – budget novel.

Central budget deficit after May as % of yearly planned deficit



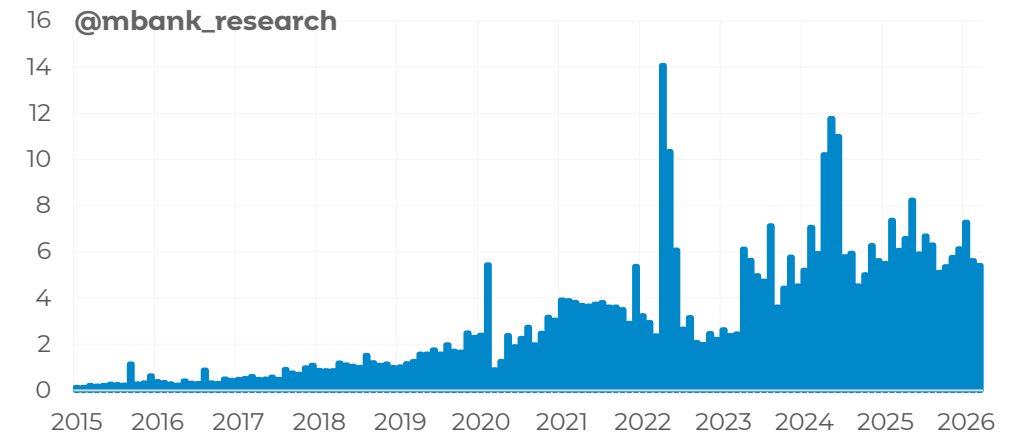
Source: Macrobond, * in 2020 there was 0 budget planned, negative value means surplus.

State debt servicing costs (% GDP, quarterly)



Source: Macrobond.

Retail bonds sold per month (bln PLN)

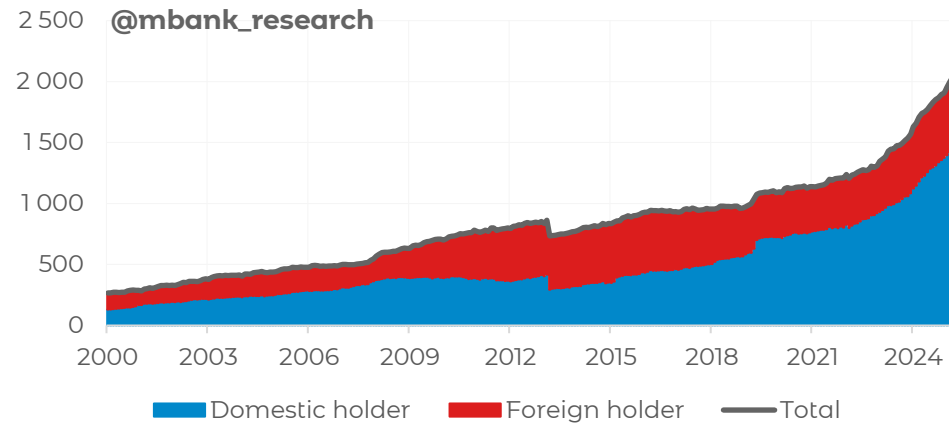


Source: Ministry of Finance.

Poland: Fiscal monitor #2

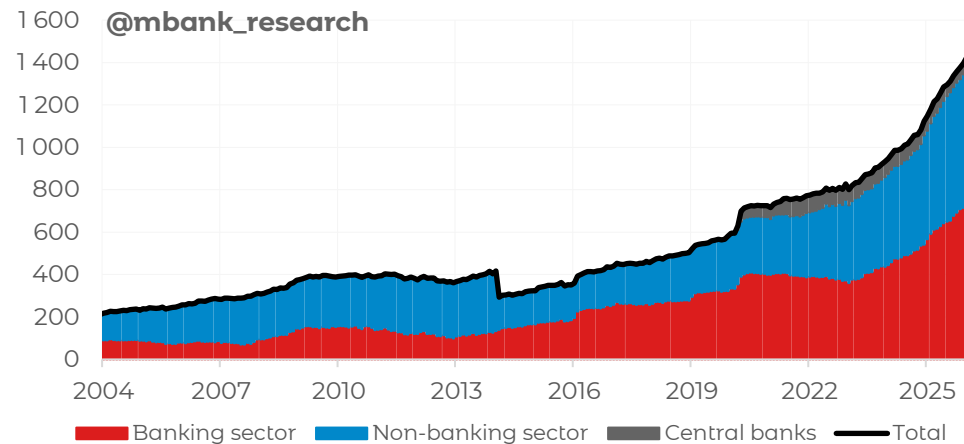
Need more? See our Polish Debt Monitor -> [LINK](#)

State treasury debt by holder #1* (bln PLN)



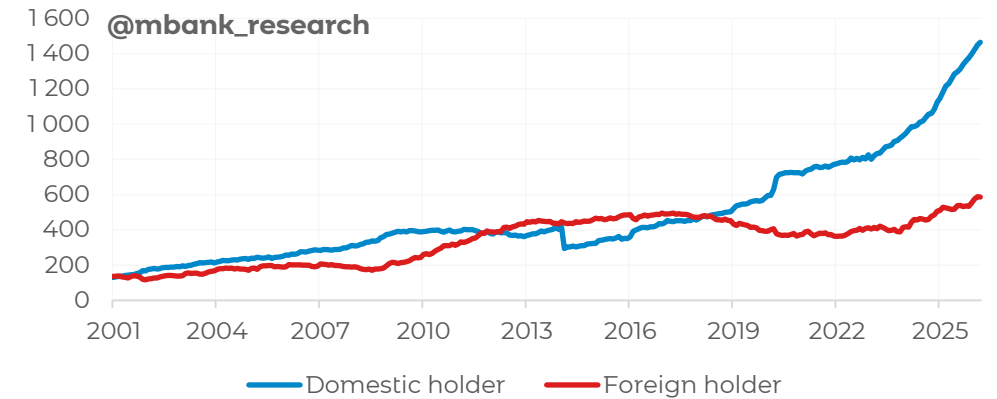
Source: Macrobond. *Last reading: October 2025

State treasury debt – domestic holders* (bln PLN)



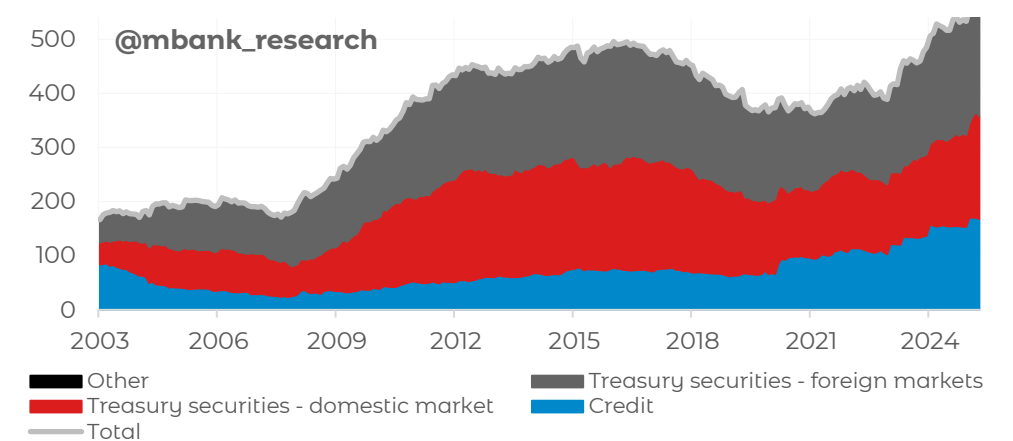
Source: Macrobond. *Last reading: October 2025

State treasury debt by holder #2* (bln PLN)



Source: Macrobond. *Last reading: October 2025

State treasury debt – foreign holders* (bln PLN)



Source: Macrobond. *Last reading: October 2025

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