



Monthly Pulse Check

Polish Economy

FI&FX

October 12th 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 in economic data (both national accounts and labor market data), we are marching towards an economy growing close to its potential this year. The cloudy outlook effectively mitigates the risks that cost-driven inflation may become entrenched, even if recent inflation prints remain a concern for the Fed. Given the relatively robust labor market, the Fed may focus on the other side of its mandate. The US remains both cyclically and structurally better positioned than the eurozone.
- ❖ **Euro Area:** Higher oil prices and uncertainty are putting the fragile recovery to the test, though the economy has been quite resilient until now. Moreover, the German fiscal package and new EU efforts to boost competitiveness and military capacity may arrive just in time to keep the economy afloat. At the same time, an (over)reactive ECB may derail the ongoing steady recovery in credit markets. Therefore, elevated cost-driven inflation is less likely to become persistent in the longer-term. The EMU continues to be a drag on CEE growth.
- ❖ **China:** The GDP growth target is set at 4.5-5%. We expect growth to materialize closer to the lower end, reflecting persistent structural headwinds (oil dependency and problems in the real estate sector). The authorities aim to keep CPI inflation at around 2%. Nevertheless, relatively subdued domestic demand makes it difficult for the PBoC to achieve its inflation goal in a sustainable manner. We do not expect this to happen in the coming months. Although the budget deficit remains elevated, the government is expected to step up its efforts to support the services sector.
- ❖ **Poland:** We expect GDP growth to reach 3.7% in 2026, marking the peak of the current business cycle. Investment is becoming the main engine of growth, supported by the ongoing absorption of EU funds and a recovery in business spending. However, this support is likely to fade within the next 6 months when the strongest phase of EU-funded investment activity passes. In 2027, GDP growth should moderate to 2.7%, with a mild post-absorption slowdown in investment.

MONETARY POLICY: FED, ECB, NBP

- ❖ **Fed (now 3.75-4.00%):** The Fed kicked off its rate-hiking cycle with a fairly hawkish message. A clear majority of policymakers support another rate increase in December. We expect the next hike (in December) to be a done deal, with the Fed continuing its tightening cycle into Q1. Given the Committee's hawkish stance and a still unfavorable external environment, we anticipate an additional 50bps of rate hikes in 2027.
- ❖ **ECB (now 2.50%):** After delivering two consecutive 25bp rate hikes in response to the war in Iran, the ECB has not changed its hawkish stance. It remains concerned about second-round effects, a risk that increases with higher energy prices. Therefore, we expect the ECB to hike rates once again in October as energy prices remain high and there is no US-Iran deal on the horizon. Either way, we believe the ECB will return to lower rates in the second half of 2027.
- ❖ **NBP (now 3.75%):** We expect the MPC to begin a small tightening cycle with a 25bp rate hike in November, followed by another 50bp increase in Q1 2027. Since Q2 2027, we anticipate a broadly stable policy stance, as inflation is expected to remain above the upper end of the target range. Once inflation outlook improves in the end of 2027, rate cuts are set to begin.

FX MARKET

- ❖ The Polish zloty depreciated against the euro recently. However, a low current account deficit and a steady inflow of euros from the EU provide a stability anchor, which is why we do not expect the zloty to weaken much further. Nevertheless, as we enter an election cycle and fiscal policy is put to the test, brief episodes of PLN weakness are very likely.

Major forecasts

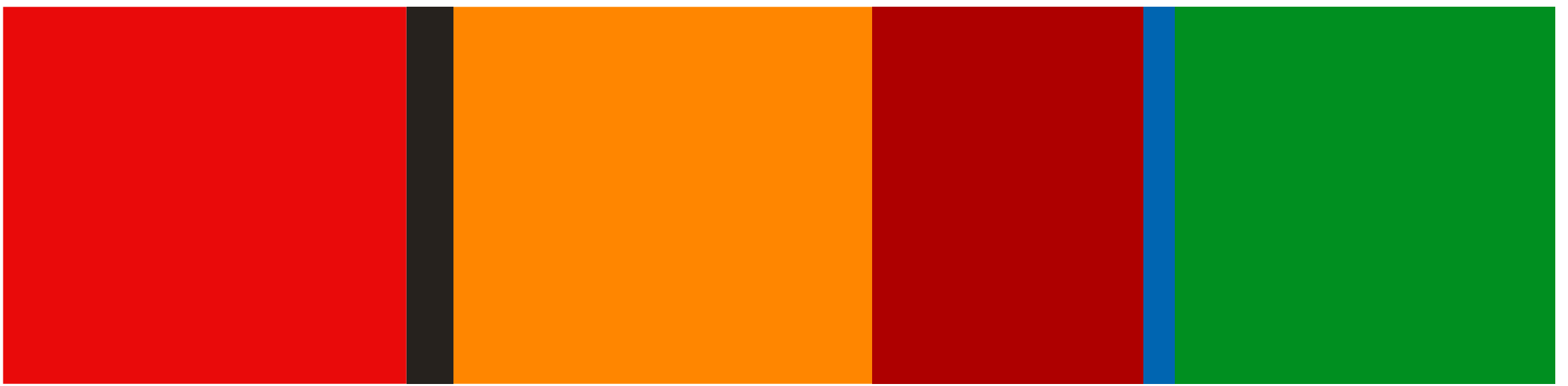
		2025	2025	2025	2025	2026	2026	2026	2026	2027	2027	2027	2027	2025*	2026*	2027*
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4	Q1-Q4
GDP y/y	%	3.2	3.3	3.8	4.1	3.5	3.9	3.7	3.8	3.3	3.0	2.5	2.2	3.8	3.7	2.7
Individual consumption y/y	%	2.6	4.5	3.5	4.3	3.3	2.8	3.2	3.0	2.9	2.7	2.6	2.5	4.0	3.0	2.7
Investment y/y	%	5.9	-2.5	6.8	6.6	2.4	8.4	8.5	8.5	7.8	5.2	1.1	0.4	4.9	7.1	3.5
Inflation rate	%	4.9	4.1	3.0	2.5	2.4	2.9	3.5	3.7	4.4	4.7	4.0	3.5	3.6	3.1	4.2
Unemployment rate (eop)	%	5.3	5.2	5.6	5.7	6.1	5.8	5.8	5.9	6.0	5.6	5.7	5.8	5.7	5.9	5.8
Employment y/y	%	-0.8	0.0	0.5	0.6	1.0	0.2	0.2	0.1	0.0	-0.1	-0.1	-0.1	0.1	0.4	-0.1
Wages y/y	%	10.0	8.8	7.5	8.5	6.7	5.5	5.3	5.3	5.2	5.3	5.4	5.5	8.7	5.7	5.4
Current account	% GDP	-0.4	-0.7	-0.8	-0.8	-0.9	-1.1	-1.4	-1.5	-1.3	-0.9	-0.8	-0.6	-0.9	-1.5	-0.6
GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-7.3	-7.0	-6.8
Primary GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-4.8	-4.5	-4.4
GG debt	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	59.7	67.3	68.4
NBP repo rate (eop)	%	5.75	5.25	4.75	4.00	3.75	3.75	3.75	4.00	4.50	4.50	4.50	4.25	4.00	4.00	4.25
EUR/PLN (eop)	%	4.19	4.24	4.27	4.22	4.29	4.30	4.36	4.40	4.40	4.40	4.40	4.40	4.23	4.34	4.40
USD/PLN (eop)	%	3.87	3.60	3.64	3.59	3.71	3.76	3.85	3.83	3.79	3.76	3.73	3.70	3.68	3.79	3.75

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

Highlights of this edition

GLOBAL ECONOMY

- ❖ [The US economy](#) surprised to the upside in Q2, with GDP growth revised to 2.2% driven by consumer spending and business investment (including AI-related ones). Meanwhile, the Atlanta GDPNow model moderated to 3.5% for Q3 (down from 5% predicted earlier). September labor data showed employment growing by under 30k, yet a steady 3-month average of 50k keeps the unemployment rate little changed at 4.2% alongside a rising participation rate. Furthermore, PCE inflation remains well above 3%. Because labor market conditions do not call for immediate cuts, the Fed can focus on price stability and thereby raise borrowing costs.
- ❖ [The Eurozone economy](#) has proven resilient to energy shocks from the Middle East, with the ECB recently revising GDP growth upward. September PMI indices - both in manufacturing and services - confirm this strength. Meanwhile, Germany's solid industrial output and a jump in September inflation to 3.8% due to energy costs, alongside core inflation ticking up to 2.5%, highlight rising price pressures. Given this relatively robust economic performance and growing risks of second-round inflation effects, the ECB may feel emboldened to deliver another rate hike later this month.
- ❖ **POLISH ECONOMY**
- ❖ [GDP](#): August data disappointed, with industrial production and retail sales undershooting expectations by 1-2pp. We expect September retail sales growth to accelerate to around 6% y/y, supported by durable goods demand and still solid consumer sentiment. Industrial production is likely to remain weaker, at around 3% y/y, with a more meaningful recovery postponed until Q4. Therefore, Q3 growth is likely to come in slightly weaker than in Q2.
- ❖ [Inflation](#): September inflation rose to 4.0%, driven by higher fuel prices, while core inflation eased to 3.0%, likely due to temporary factors. CPI should fall to around 3.5% next month thanks to the reinstatement of the CPN package and remain relatively stable through year-end. The next notable move is expected in Q1 2027, when higher energy prices could push inflation back above 4%, with risks skewed to the upside due to potential tax increases and new energy-related levies.
- ❖ [MPC](#): The October meeting left rates unchanged, but the late announcement and Governor Glapiński's relatively hawkish remarks suggest that the MPC is preparing the ground for a 25bp rate hike later this year. We expect a 25bps hike next month followed by further 25bp increases in January and March, as inflation is likely to remain above the NBP's target range throughout 2027.
- ❖ [August budget execution](#) progresses smoothly with a PLN 151.1 billion deficit (55.6% of the target) driven by strong corporate profits and robust CIT revenues. Financing for 2026 proceeds smoothly with successful domestic bond issuances, while the final money inflow under the Recovery Fund is expected before Christmas. To address growing fiscal concerns, the government pledges [no further spending increases for 2027](#) and aims for discretionary revenue measures. The reintroduction of the CPN program reduces inflationary fears in the near-term, but with some cost to the budget. Meanwhile, the updated debt strategy shows the public debt approaching key domestic thresholds, and rating agency [Moody's downgraded Poland's rating](#) to A3 from A2 due to persistent fiscal deterioration and expanding public debt.
- ❖ [The EURPLN](#) got weaker in September, partly owing to the US dollar's strength as the major currency pair fell to as low as 1.12. Our fair value model suggests that the PLN could be even slightly undervalued, hence we do not anticipate a substantial upward move from the current levels. However, we still believe that a fiscal premium will weigh on the Polish currency in the coming quarters, as the government does not plan any fiscal consolidation over the next year. Moreover, parliamentary elections to be held in the fall of 2027 pose another risk factor (more political promises might be on the cards). On the other hand, upside risks are offset by a relatively low current account deficit.

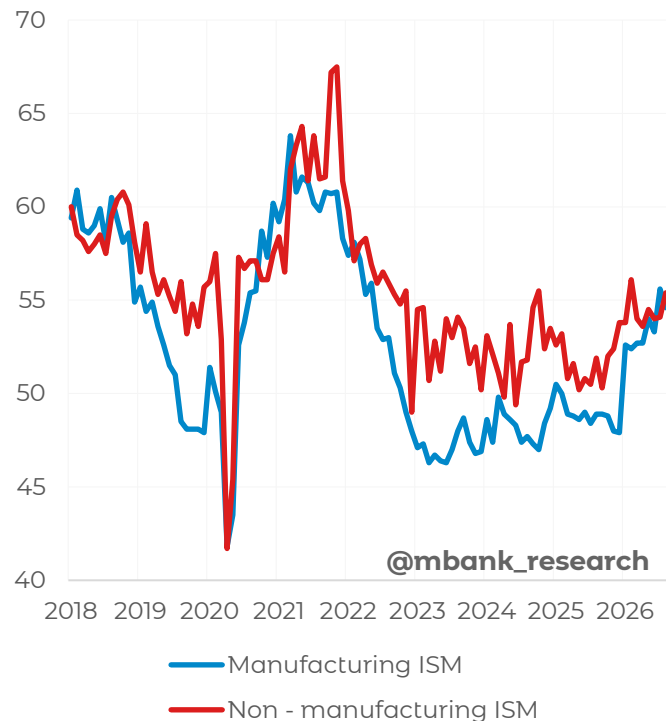


Global economy



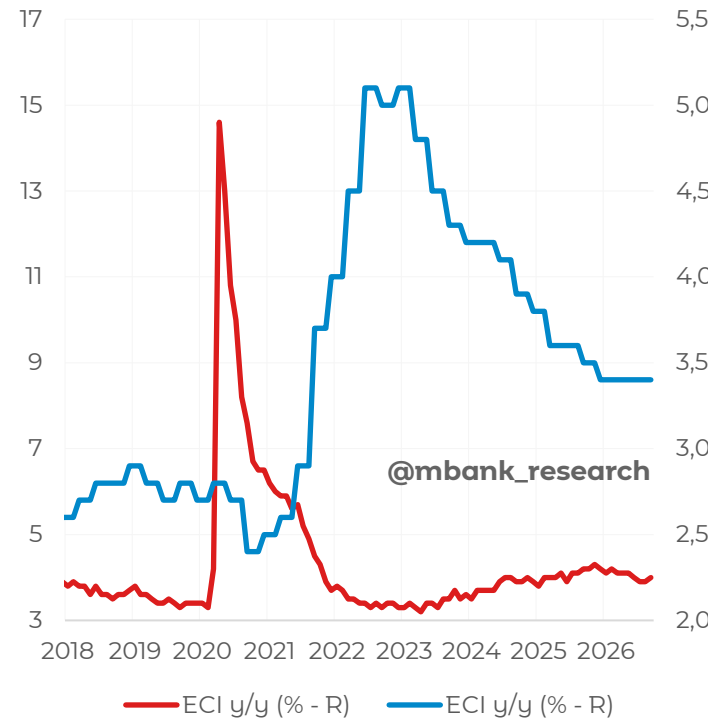
USA: Economy health check

ISM PMI: manufacturing & non-manufacturing



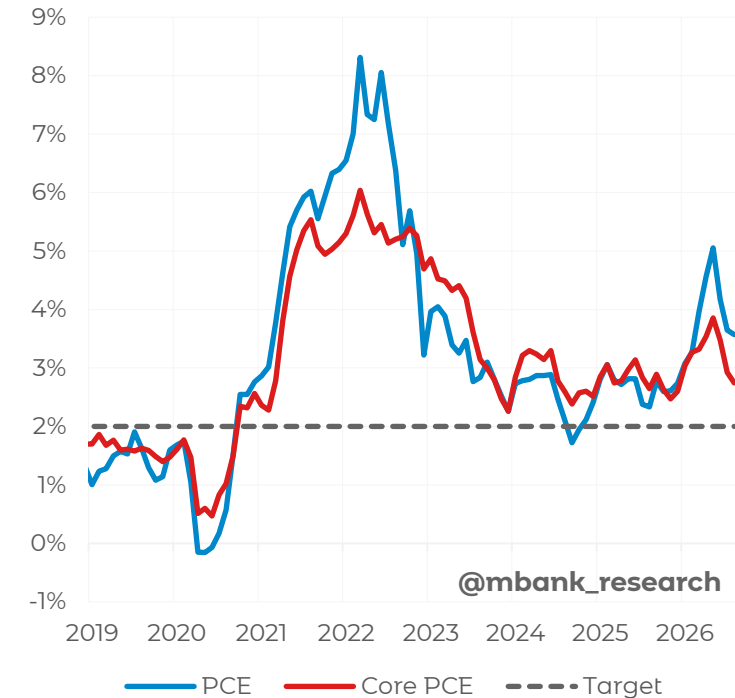
Source: ISM.

Labor market: wages & unemployment rate



Source: FRED.

Inflation: 6m saar

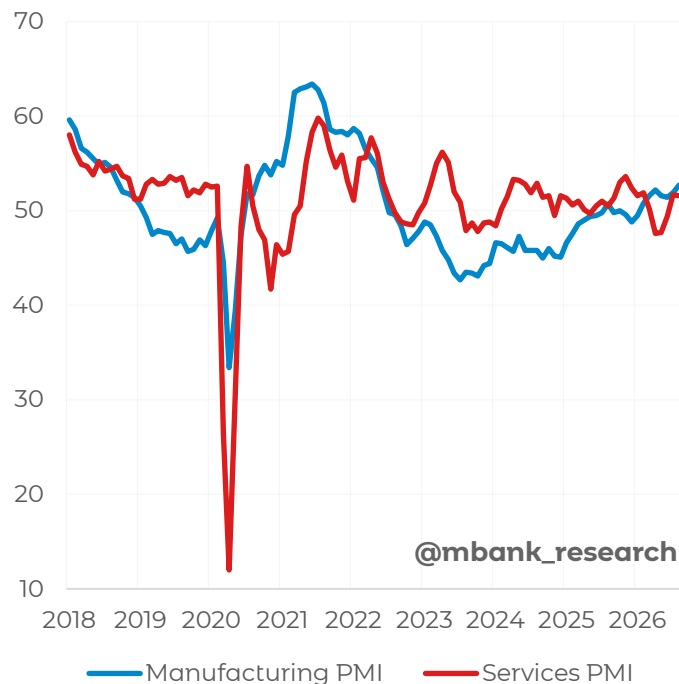


Source: Macrobond.

Ultimately, the US economy surprised to the upside in terms of GDP growth in Q2, producing a solid growth rate of 2.2% compared to the 1.5% seen in the second reading. The details showed that consumer spending and investment were the main reasons for the substantial upward revision. When it comes to investment, there is still a clear trend of higher spending on AI-related technology. Looking ahead, the Atlanta GDPNow model has recently moderated and now indicates 3.5% GDP growth in Q3 (down from around 5% predicted just 3 weeks ago). Additionally, labor market data for September was disappointing, with employment growing by less than 30k. Nevertheless, the 3-month average growth remains at around 50k, which is sufficient to keep the unemployment rate roughly intact. Speaking of unemployment, the jobless rate increased to 4.2% in September from 4.1% (mostly due to rounding), whereas the labor force participation rate increased by 0.2pp (the second consecutive rise). Finally, PCE inflation remains an issue, with the 6-month average (SAAR) running well above 3%. As the labor market does not call for immediate rate cuts, the Fed can focus on the other side of its mandate and raise borrowing costs.

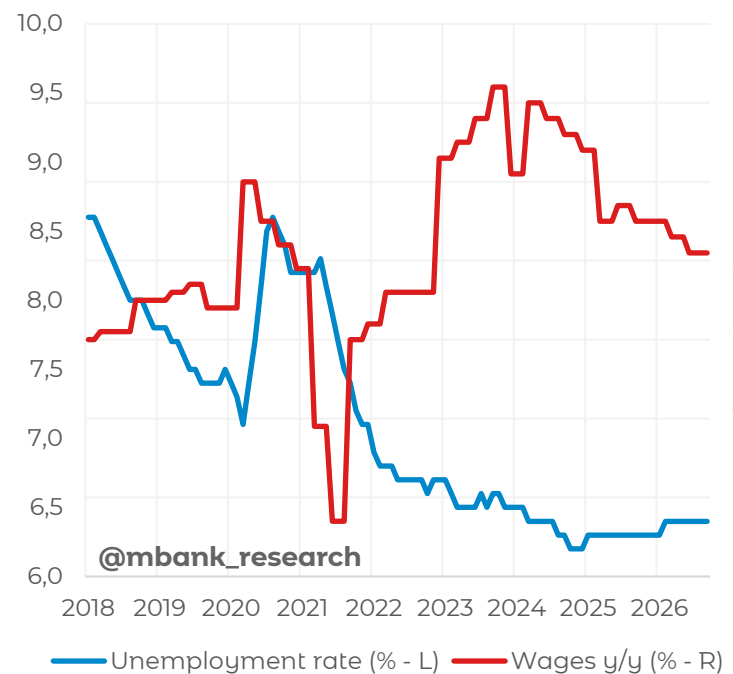
Euro area: Economy health check

PMI: manufacturing & services



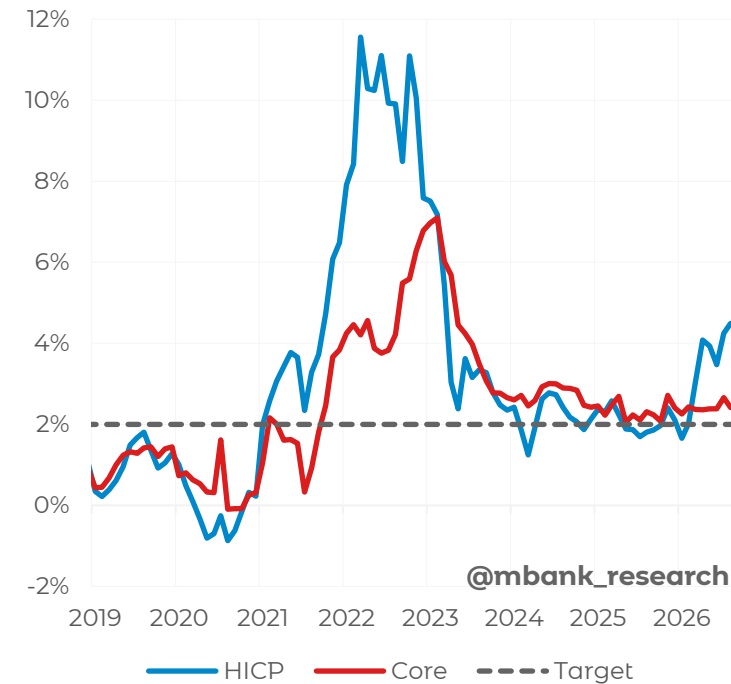
Source: Markit.

Labor market: wages & unemployment rate



Source: Eurostat.

Inflation: 6m saar

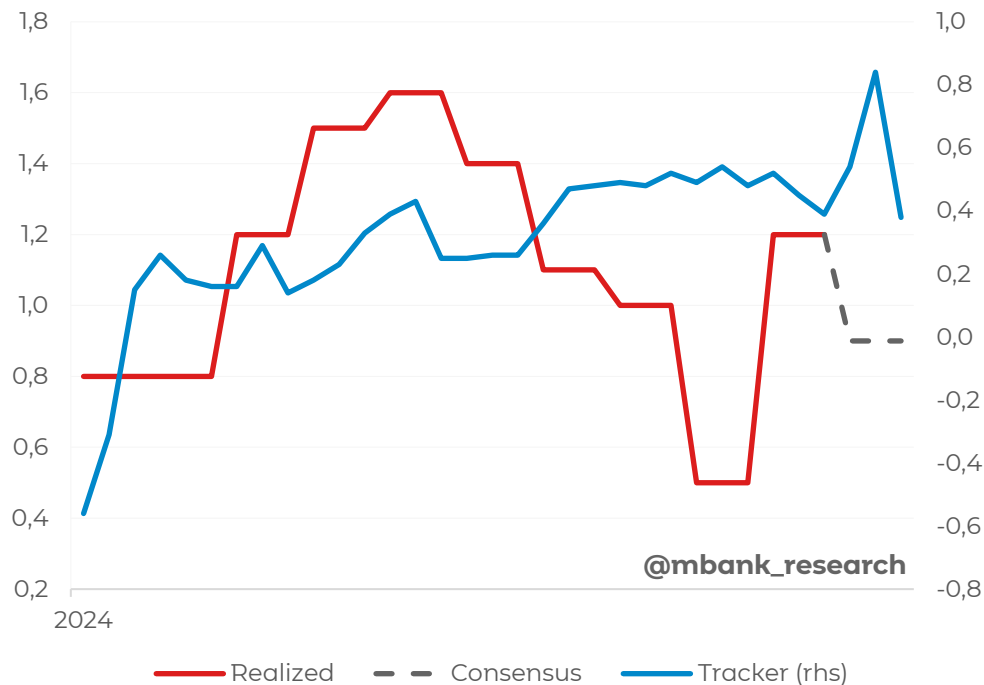


Source: Eurostat.

The Eurozone economy has proven quite resilient to the energy shock from the Middle East, as evidenced by the ECB's upward revision of GDP growth last month. This was also confirmed by the resilient PMI indices released in September, with both the manufacturing and services sectors rising further into expansion territory and thereby defying the renewed escalation in the Middle East. In our view, this could be another noteworthy signal for the ECB when it decides to tighten monetary policy further. Turning to the German economy, the strong industrial output figures for August bode well for the future performance of this sector, despite the disappointing factory orders data for the same month (only due to big ticket items). Furthermore, September's inflation rate took market participants by surprise, jumping to 3.8% due to soaring energy costs. Core inflation also increased to 2.5% from 2.4%, driven by rising service prices. We suspect that ECB officials may pay even more attention to possible upside inflation risks resulting from second-round effects (a topic Lagarde has raised several times). Overall, we believe that the ECB may feel emboldened to deliver another rate hike later this month, given the relatively resilient economy and clear upside risks to inflation.

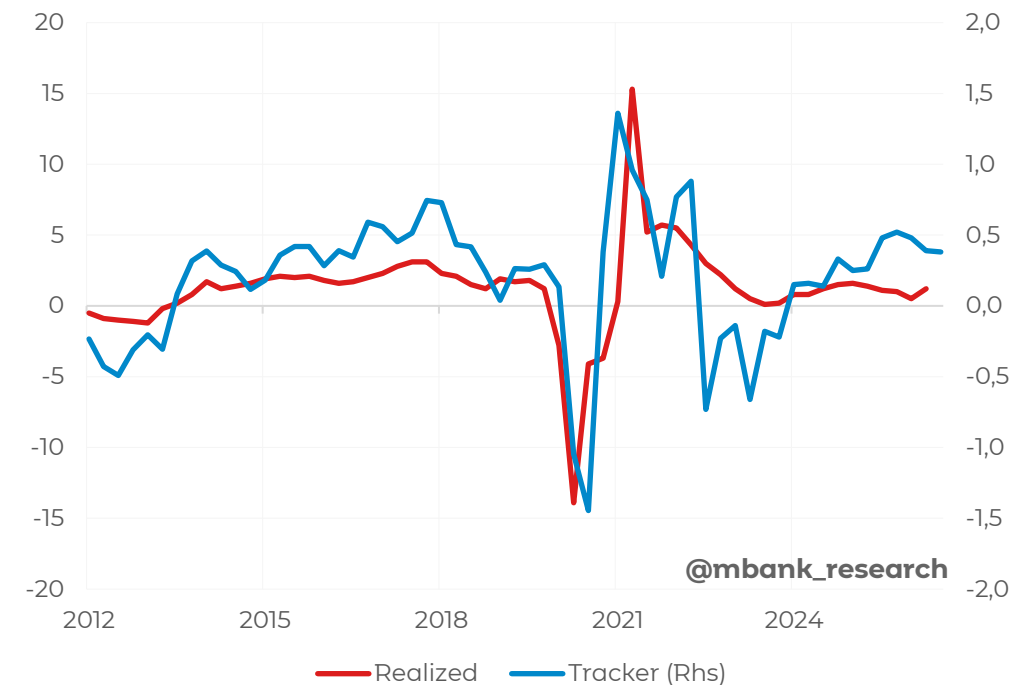
Euro area GDP Tracker

Euro area GDP growth, y/y – zoom in



Source: Banca d'Italia, Macrobond.

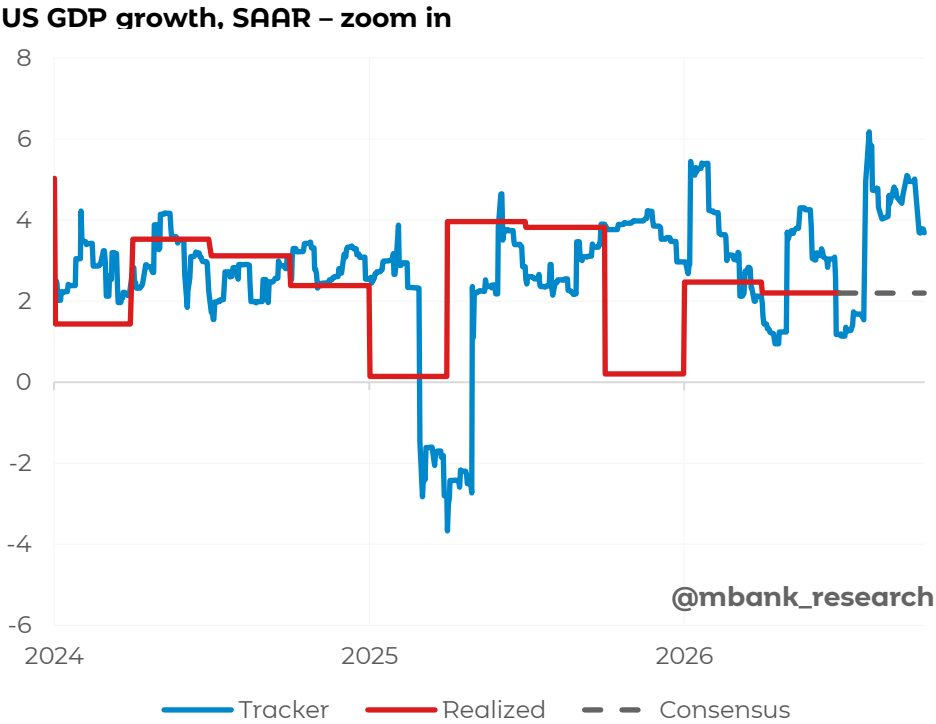
Euro area GDP growth, y/y – zoom out



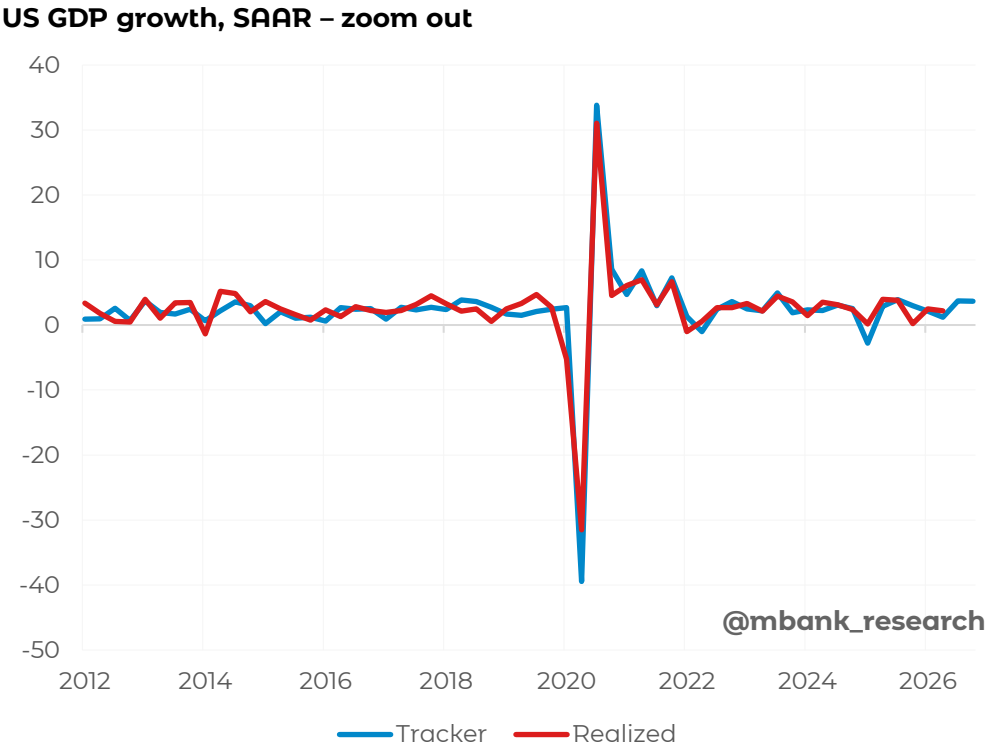
Source: Banca d'Italia, Macrobond.

Current data from European economies continue to surprise on the upside despite the oil price shock. Strong monthly readings are being reflected not only in growth trackers but also in the ECB's communication. At the same time, growth forecasts still look relatively cautious, with the Bloomberg consensus hovering around 1%. There are, however, several strong arguments for maintaining such caution. Recent months have seen a deterioration in real wage growth as rising energy prices have outpaced nominal wage gains. Over time, this could weigh on household consumption and become a meaningful headwind for the services sector.

US GDP Tracker



Source: Atlanta Fed GDPNow, Macrobond.

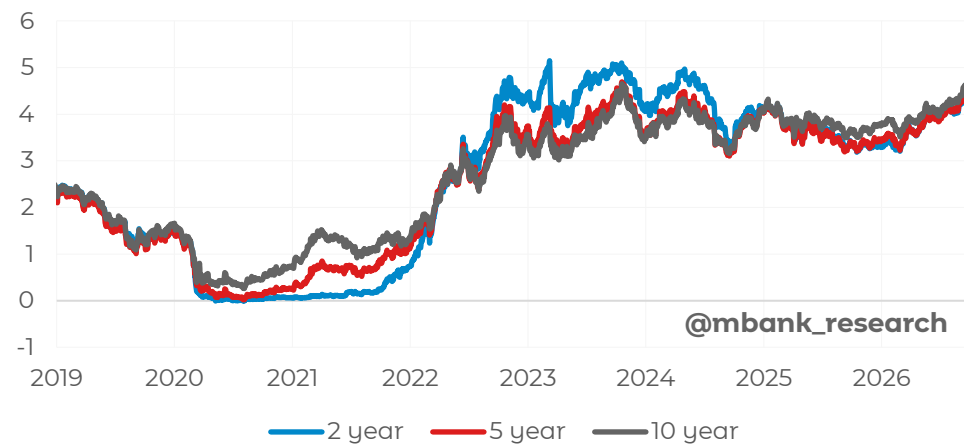


Source: Atlanta Fed GDPNow, Macrobond.

In the US, tracking models continue to overstate the strength of the economy. What is unusual is the persistence of this signal, with estimates remaining broadly unchanged since the first Q3 data releases. Stripping out inventories, underlying growth looks much closer to consensus expectations, with consumption acting as the main growth engine and investment expanding at a solid pace. Consensus forecasts remain clustered around 2%, broadly in line with the US economy's estimated potential growth rate.

Global rates

US swap rates (%)



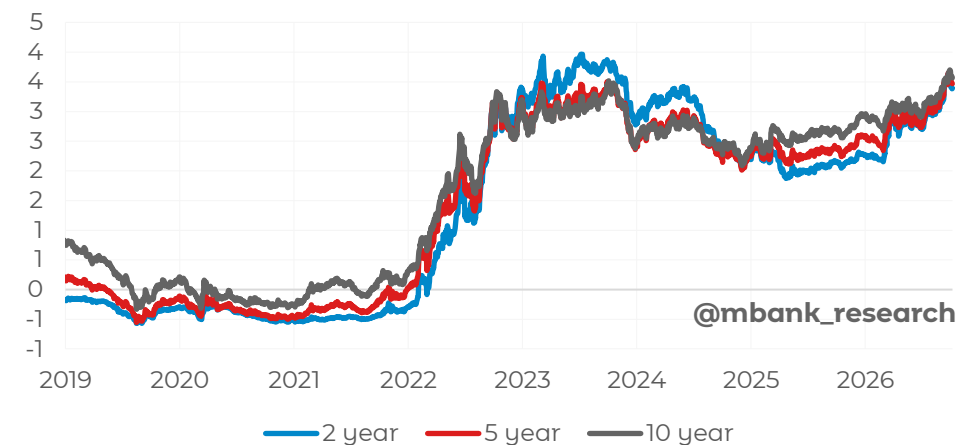
Source: Bloomberg.

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



Source: Bloomberg.

EU swap rates (%)



Source: Bloomberg.

US and EZ inflation expectations (%)



Source: Bloomberg.

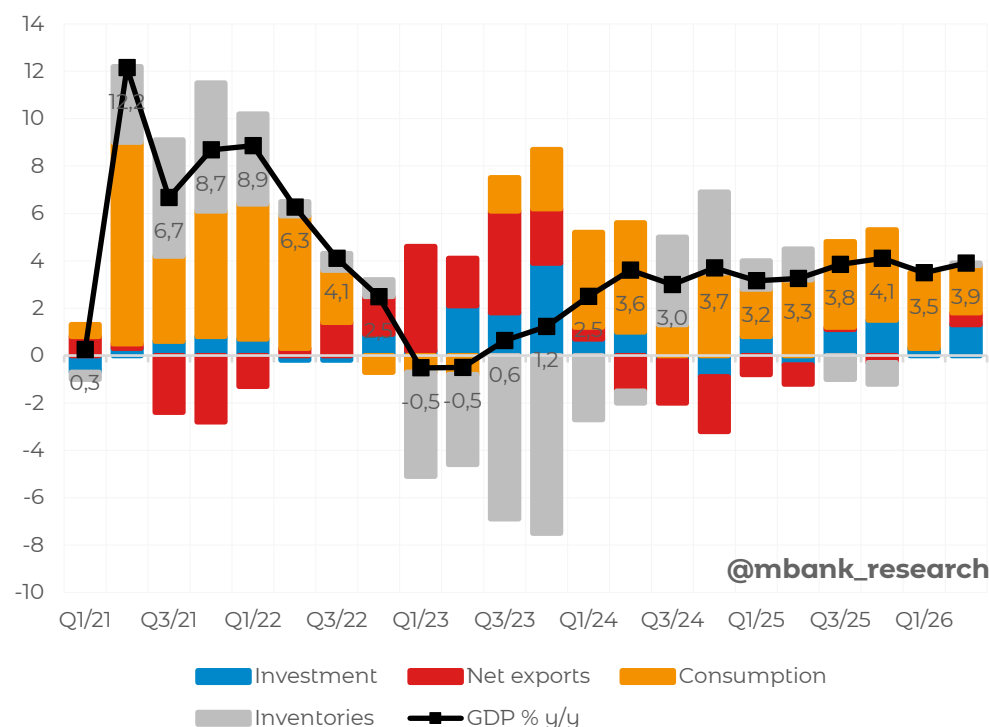


Poland



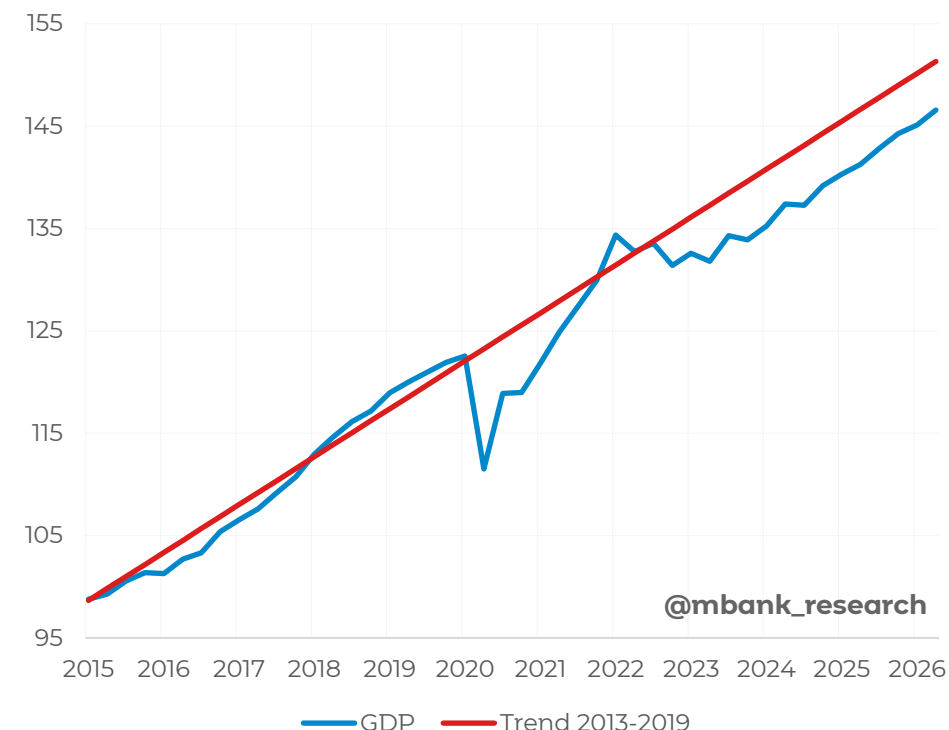
Poland: GDP, recently confirmed data & forecasts

Contributions to GDP growth (in pp.)



Source: Statistics Poland.

GDP (index 2015 = 100, sa)

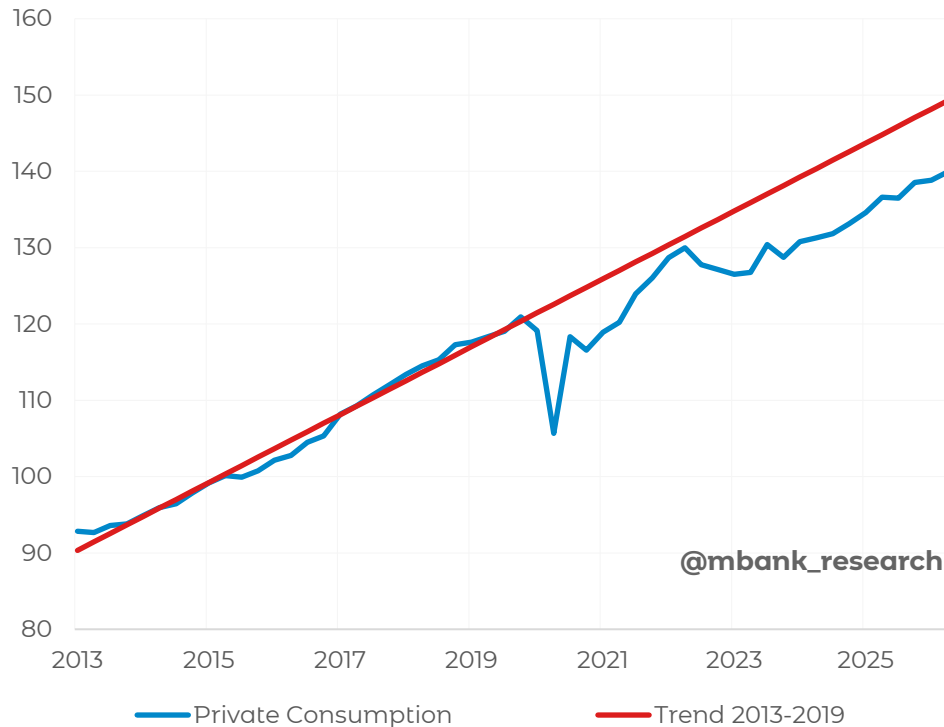


Source: Statistics Poland.

Economic growth in Q2 exceeded both market expectations and tracker estimates, reaching 3.9% y/y. The expansion was supported by strong contributions from private consumption (2.0 pp) and investment (1.3 pp), while net exports also provided a positive boost, adding 0.5 pp to growth. The coming quarters are likely to deliver broadly similar results, with GDP growth expected at around 3.7-3.8%. We anticipate relatively stable consumer spending, although moderating real wage growth should gradually weigh on consumption. Investment is expected to remain a key driver of activity, while external demand may continue to provide additional support. For 2026 as a whole, we forecast GDP growth of 3.7%. The details on consumption ([LINK](#)), investment ([LINK](#)), foreign trade ([LINK](#)) can be found in the following three slides.

Poland: Consumption outlook

Private consumption (index 2015 = 100, sa)



Source: Own elaboration based on Statistics Poland.

Private consumption showed two notable trends in Q2. First, household spending growth slowed moderately from 3.3% y/y to 2.8% y/y. While the full set of data is not yet available, monthly indicators continue to point to solid sales of durable goods. Labor market conditions remain broadly stable, with real wage growth still hovering around 3%, despite the recent increase in inflation. Overall, in 2026, consumption should achieve growth of around 3%. Second, public consumption performance was notably weaker. Growth slowed sharply from 6.0% y/y in Q1 to 1.7% y/y in Q2, marking the weakest reading since 2023. However, this slowdown is likely to be temporary in nature. Government spending remains elevated, and past experience suggests that preliminary estimates of public consumption are often subject to significant revisions.

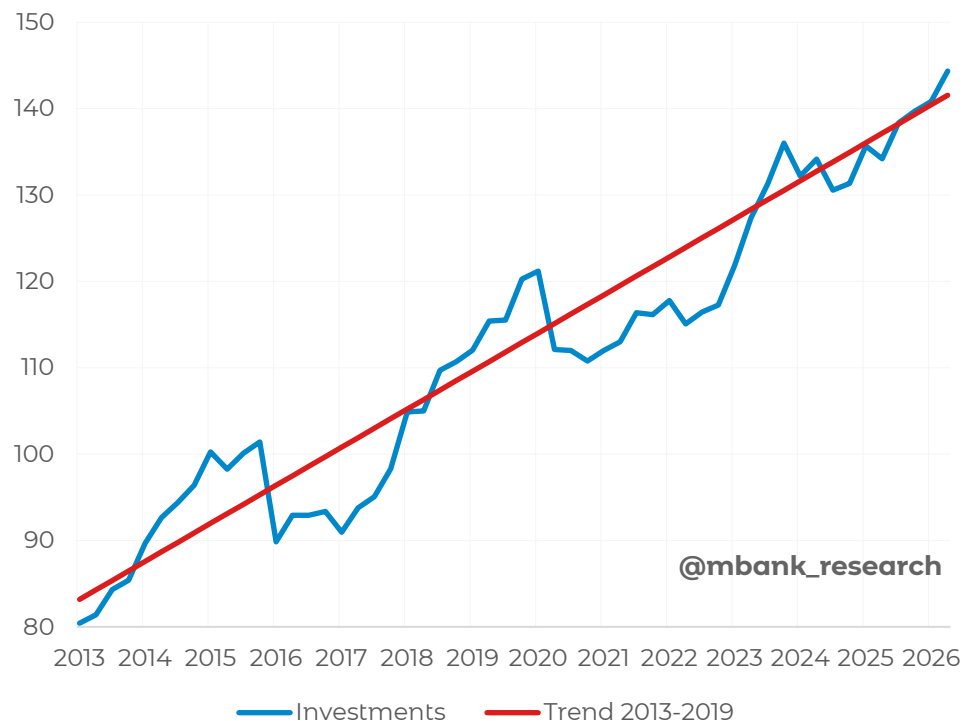
Private consumption (% y/y – decomposition, sa)



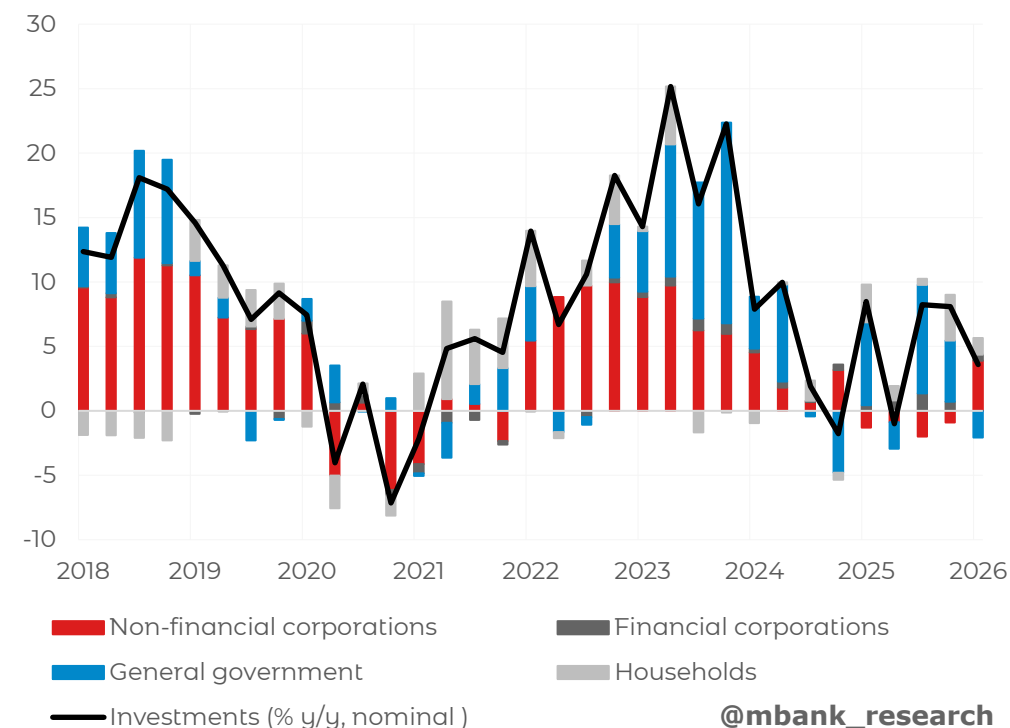
Source: Own elaboration based on Statistics Poland, NBP.

Poland: Investment outlook

Fixed capital formation (index 2015 = 100, sa)



Fixed capital formation (% y/y)



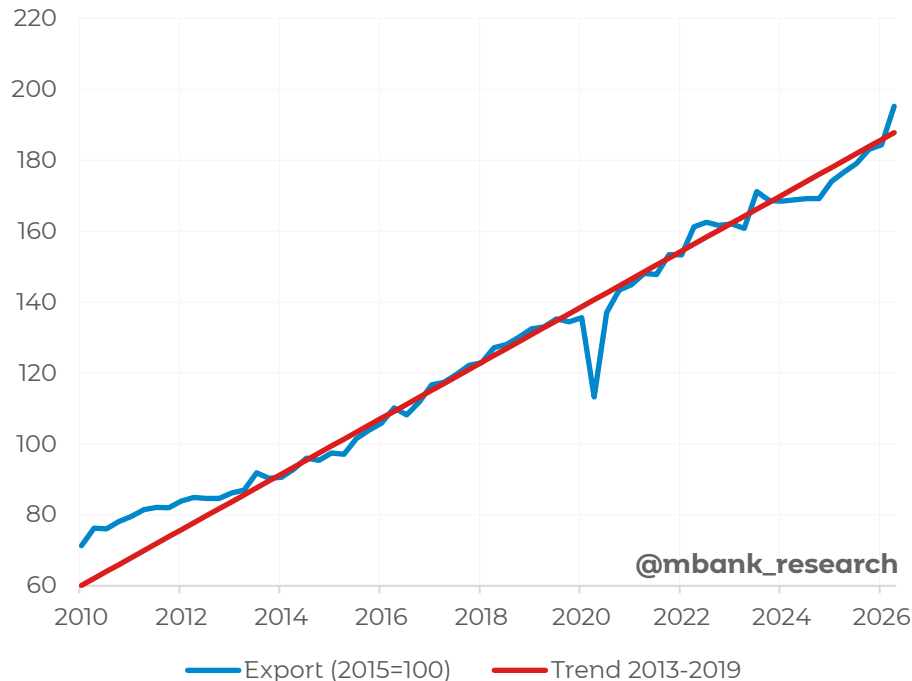
Source: Own elaboration based on Statistics Poland.

Investment growth accelerated markedly in Q2 from 2.4% to 8.4% y/y. Publicly available data show that corporate investment spending was 13.7% higher after the first half of the year, implying even stronger growth during Q2 itself. According to Statistics Poland (GUS), the biggest contributions came from purchases of railway rolling stock in the transport sector and investment related to tourism. Strong activity was also recorded in energy and utilities, where projects financed under the Recovery and Resilience Facility (KPO) are becoming increasingly visible. At the same time, capital spending in more business-oriented sectors (manufacturing, trade) remains relatively weak, while residential investment continues to struggle. This raises questions about whether the economy will retain sufficient growth momentum once the KPO investment cycle peaks. Therefore, we expect a significant slowdown in growth, from 7.1% in 2026 to 3.5% in 2027.

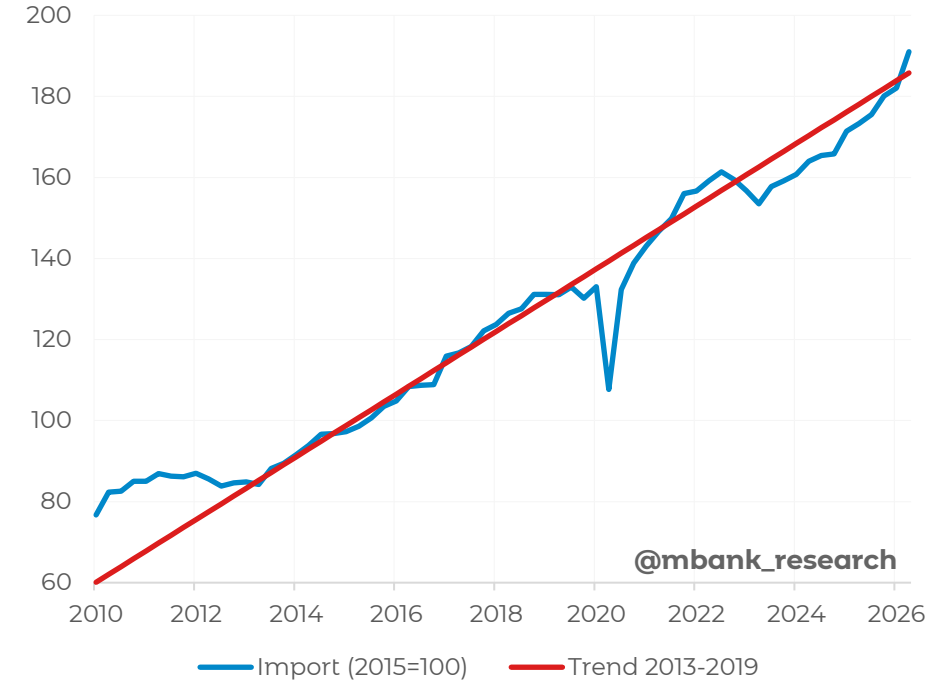
Source: Own elaboration based on Eurostat

Poland: Foreign trade outlook

Export (index 2015 = 100, sa)



Import (index 2015 = 100, sa)



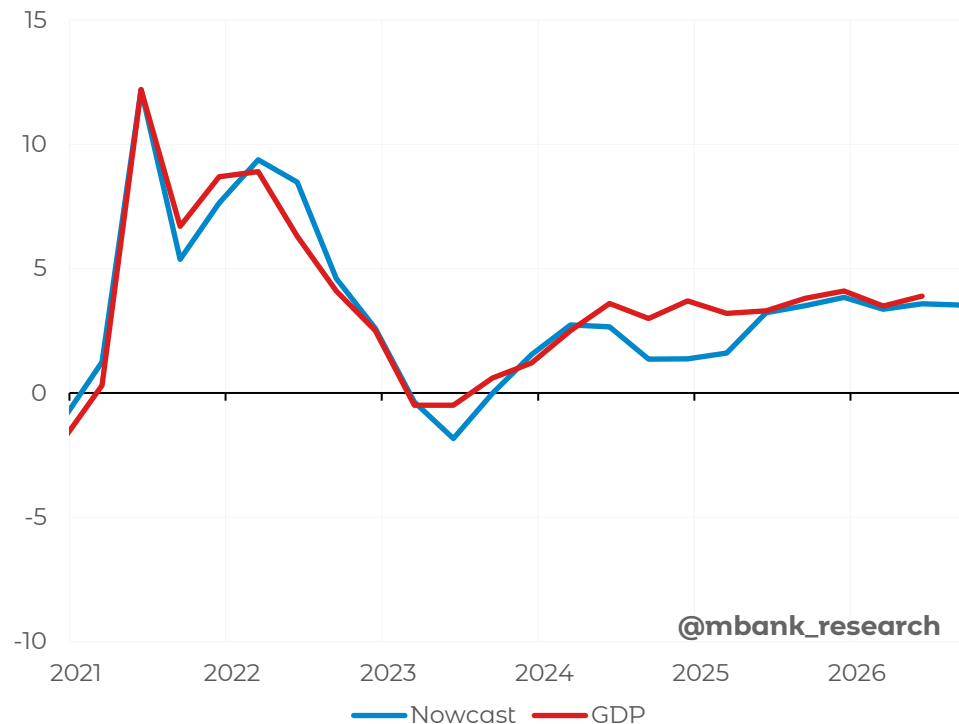
Source: Own elaboration based on Statistics Poland.

Source: Own elaboration based on Statistics Poland.

Foreign trade data in the Q2 GDP release came as a major surprise, with both exports and imports posting double-digit growth rates. However, these figures should be treated with some caution. Monthly trade data had pointed to much more modest nominal growth of around 5-6% in euro terms. As a result, the GDP figures imply deeply negative export and import price deflators. This is somewhat difficult to reconcile with other indicators, including rising producer prices (PPI), and suggests that revisions to the data are likely in the future. We expect growth in the coming quarters to remain only slightly above the pace of GDP expansion. Trade data suggests that the increase in activity is driven primarily by trade with EU member states. However, this is the only clearly promising direction at the moment, as trade with Ukraine and other countries in the region remains in decline.

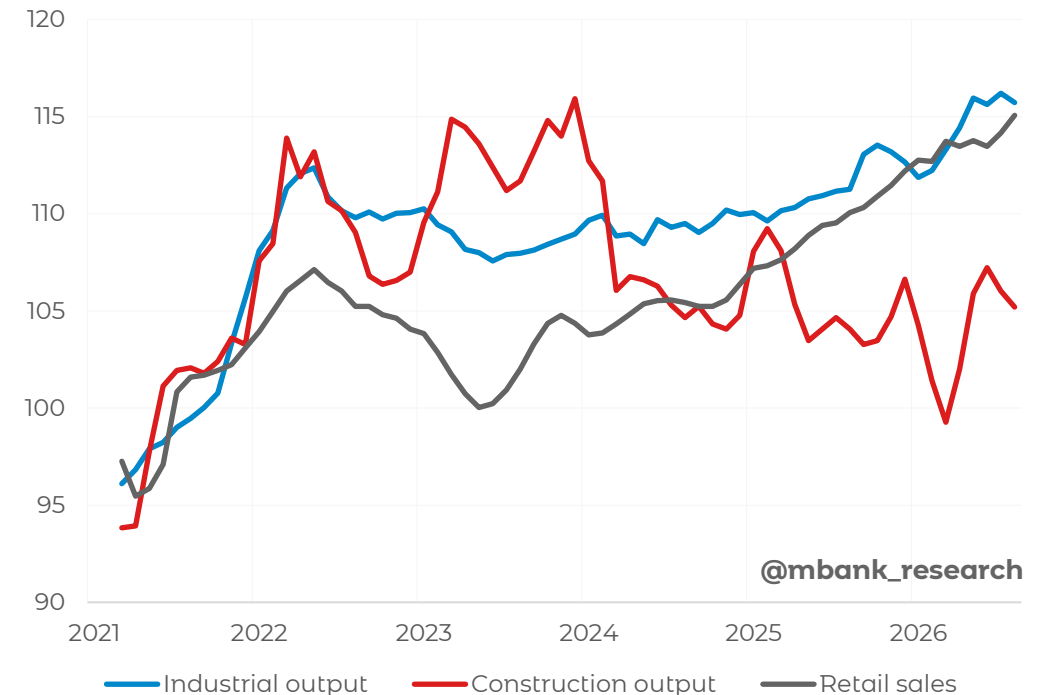
Poland: Real time (short-term) GDP tracking

GDP momentum nowcasting



Source: Own elaboration.

Seasonally adjusted (index 2021 = 100, 3m avg.)

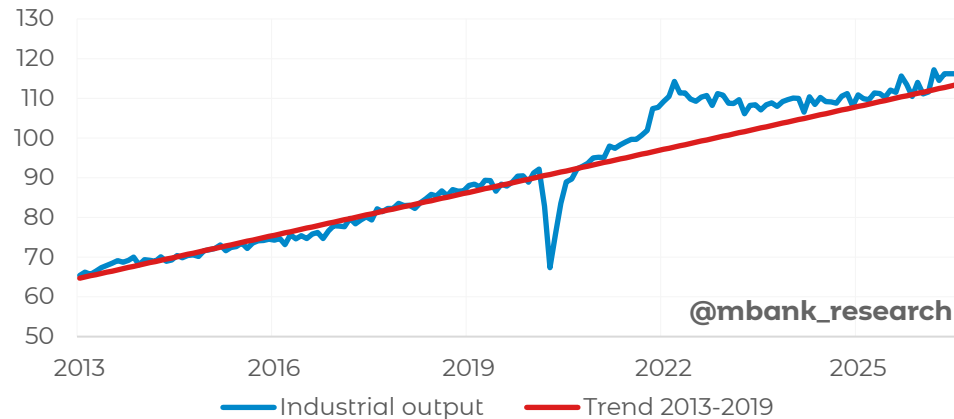


Source: Statistics Poland.

August data surprised clearly to the downside, with both industrial production and retail sales coming in 1-2pp below expectations. Production ([LINK](#)) slowed to 4.3% y/y with relatively modest contribution from manufacturing. Retail sales ([LINK](#)) growth remained stable at 3.8% y/y with weak sales in clothing and non-durable goods. Only construction output remained close to expectations ([LINK](#)), September is likely to bring some stabilization. We expect retail sales growth of around 6% y/y, supported by purchases of durable goods. Consumer confidence indicators remain relatively solid and should continue to support consumption, even as real wage growth slows. Industrial production, however, is likely to remain weaker, with growth closer to 3% y/y. A more meaningful improvement will probably have to wait until Q4, when growth should strengthen and stabilize in the 5-6% range.

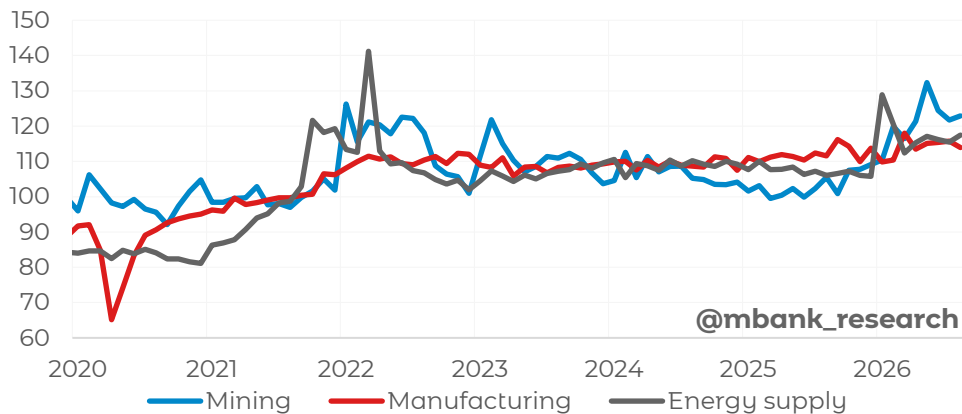
Poland: Industrial output

Industrial production (index 2021 = 100, sa)



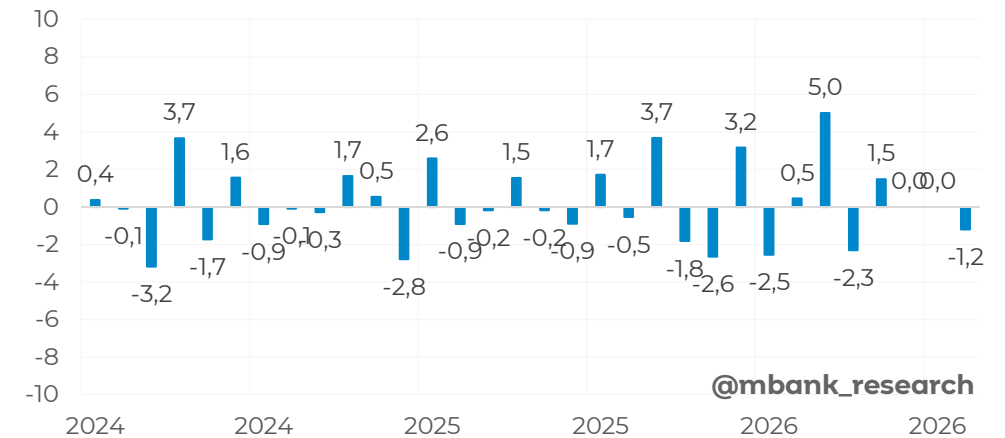
Source: Own elaboration based on Statistics Poland.

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.

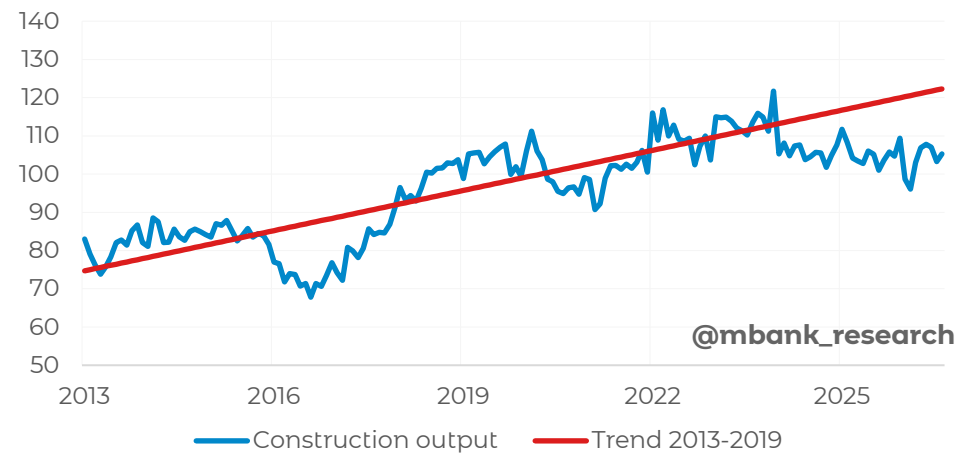
Producer prices (% y/y)



Source: Own elaboration based on Statistics Poland.

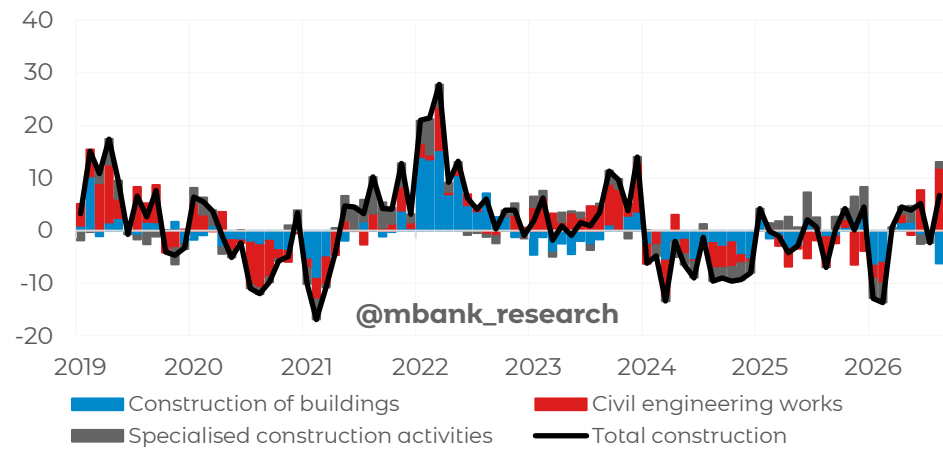
Poland: Construction

Construction output (index 2021 = 100, sa)



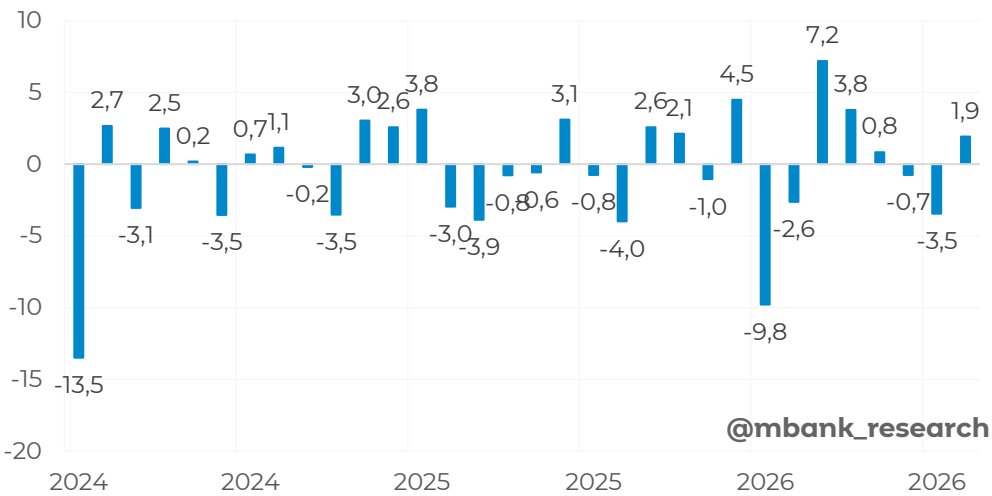
Source: Own elaboration based on Statistics Poland.

Contribution to y/y growth

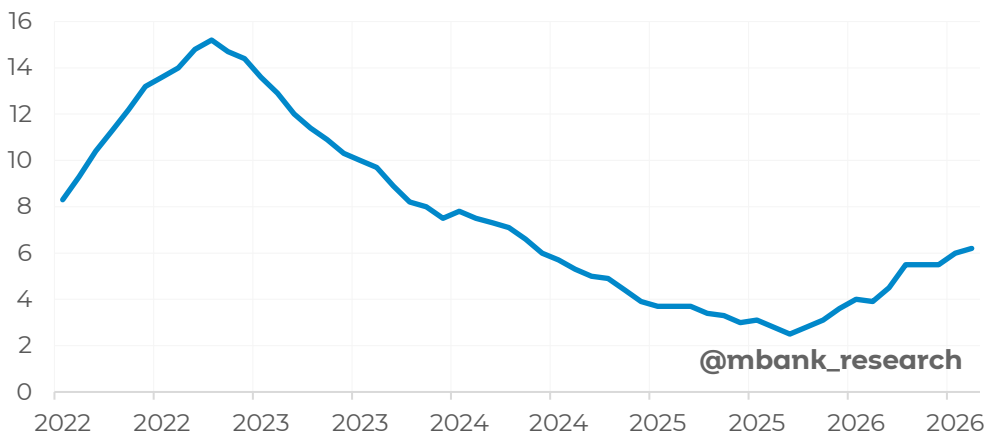


Source: Own elaboration based on Statistics Poland.

Momentum (% m/m, sa)



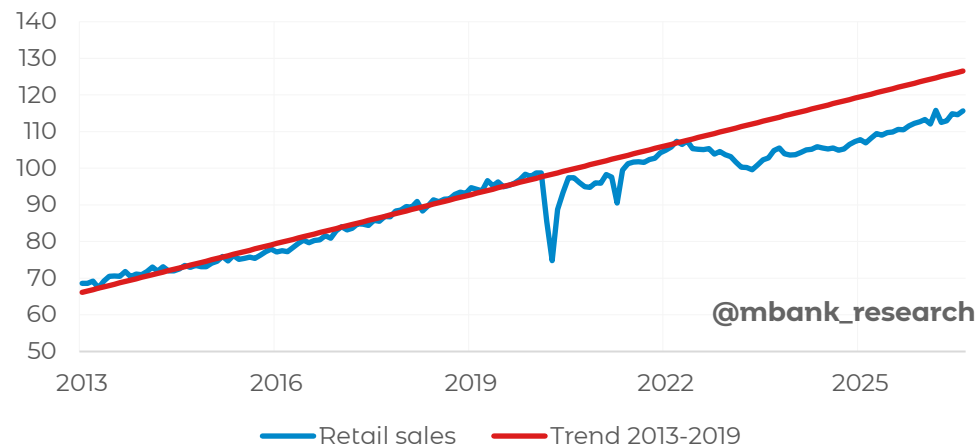
Construction prices (% y/y)



Source: Statistics Poland.

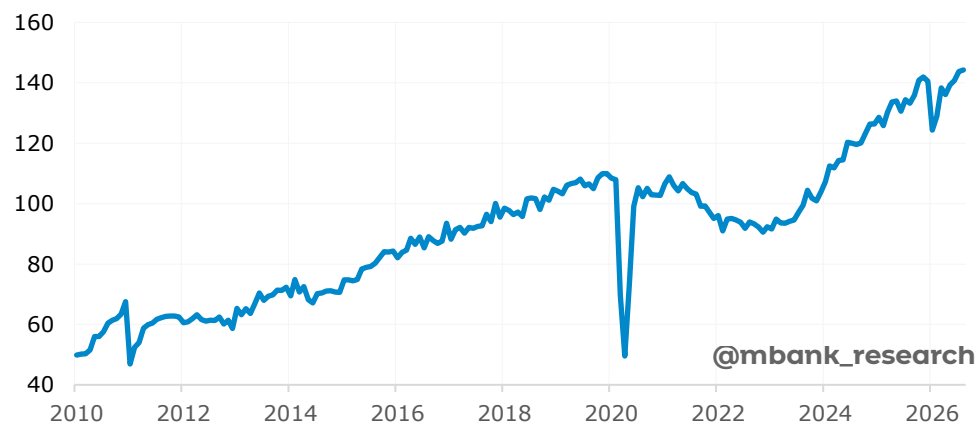
Poland: Retail sales

Retail sales (index 2021 = 100, sa)



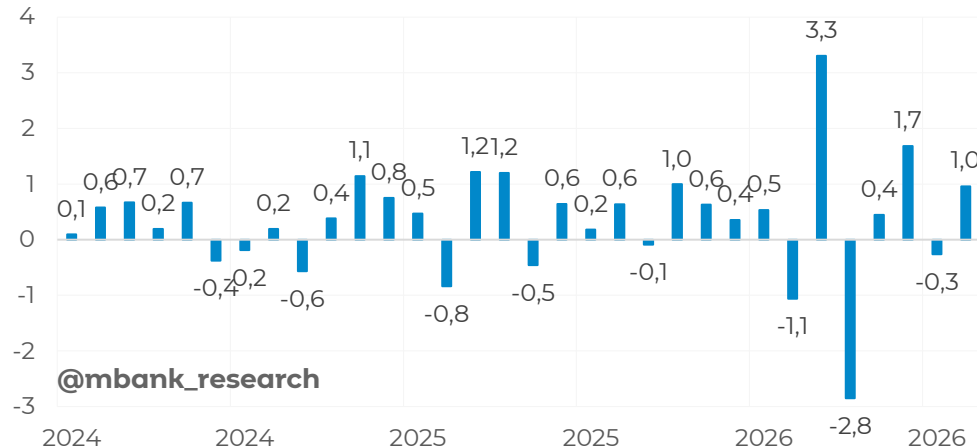
Source: Own elaboration based on Statistics Poland.

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.

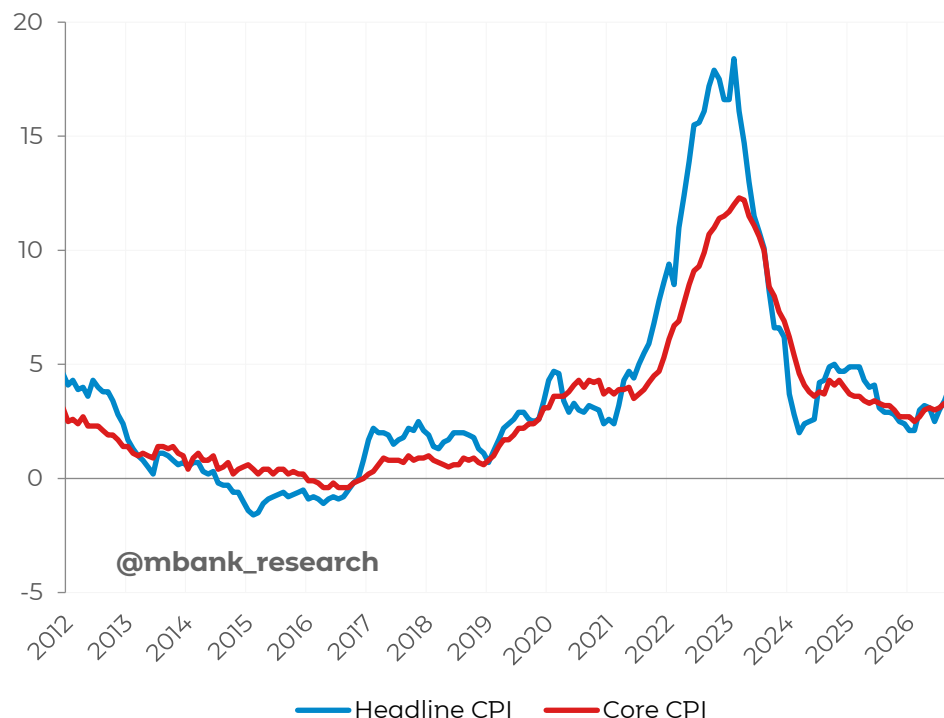
Retail sales - Solid, liquid and gaseous fuels (index 2015 = 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

Poland: Inflation

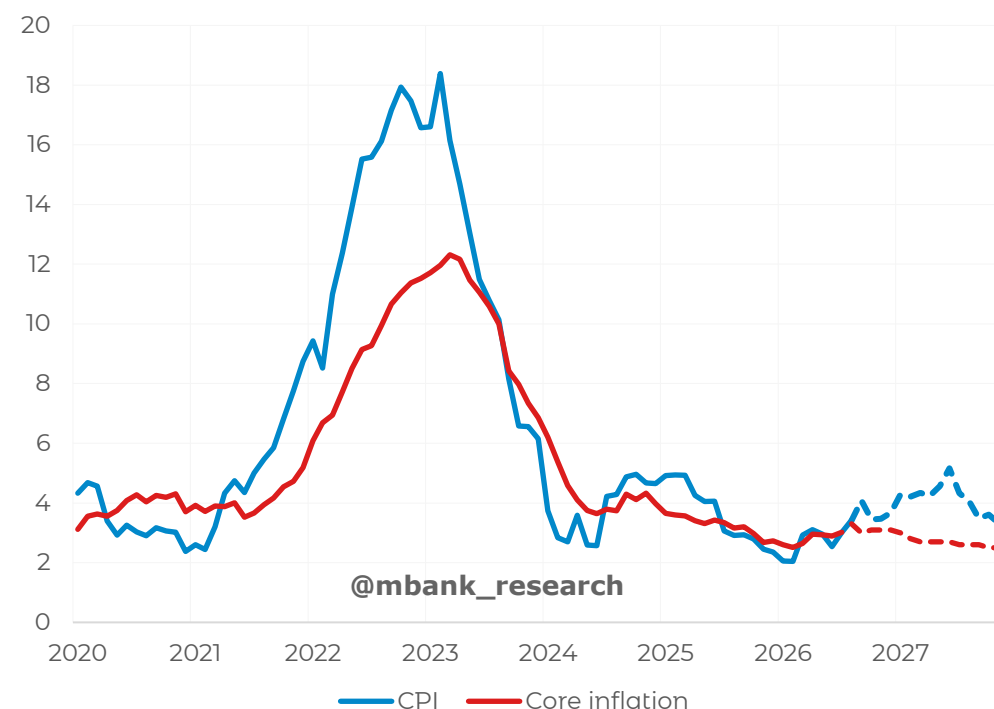
Headline inflation, broad perspective (% y/y)



Source: Own elaboration based on Statistics Poland.

September inflation rose to 4.0%, driven mainly by an almost 10% monthly increase in fuel prices. At the same time, core inflation surprised on the downside, with Statistics Poland (GUS) data pointing to a decline from 3.3% to 3.0%. We believe, however, that this largely reflects one-off shifts in service prices rather than the beginning of a sustained disinflationary trend. In the coming month, CPI inflation is expected to fall to around 3.5%, primarily due to the reinstatement of the CPN package. While the scheme is formally set to remain in place until year-end, there is a fairly high probability that it will be extended into early 2027. With fuel prices stabilizing, we expect only limited volatility in inflation through the remainder of the year. Food price inflation may accelerate somewhat, while core inflation is likely to fluctuate modestly around the current levels. The next more significant move is expected in Q1. We currently assume a 5% increase in energy prices, which would push inflation slightly above 4%. However, the risks are skewed to the upside. Public debate has increasingly focused on raising certain levies, such as the sugar tax on food products, as well as introducing new energy-related taxes, which could result in a stronger increase in inflation than currently anticipated.

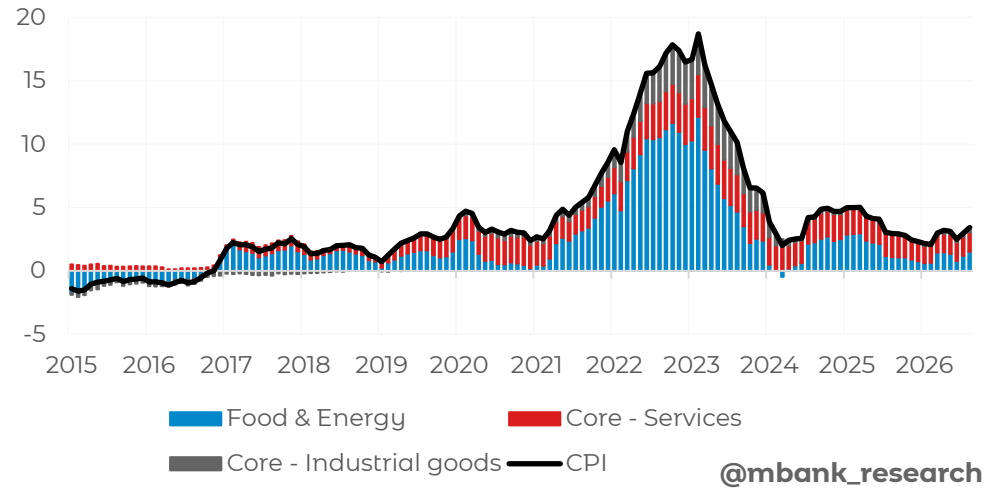
Inflation, zoom in and forecasts (% y/y)



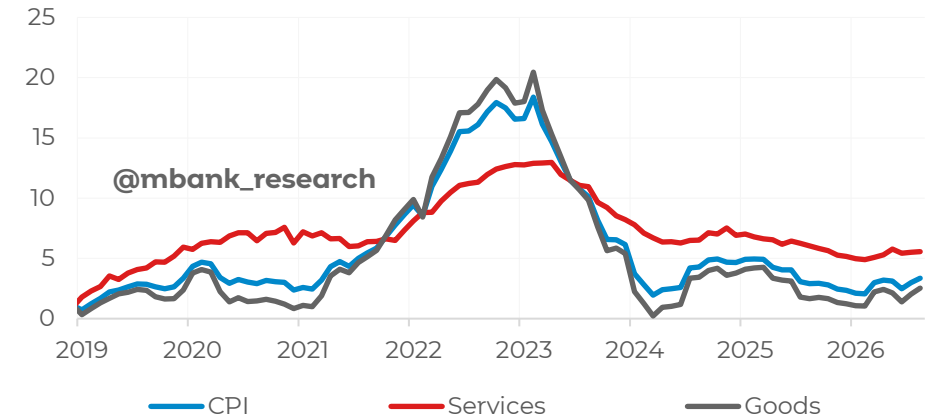
Source: Own elaboration based on Statistics Poland, NBP.

Poland: Inflation tracker (additional measures)

Contribution to inflation (pp.)

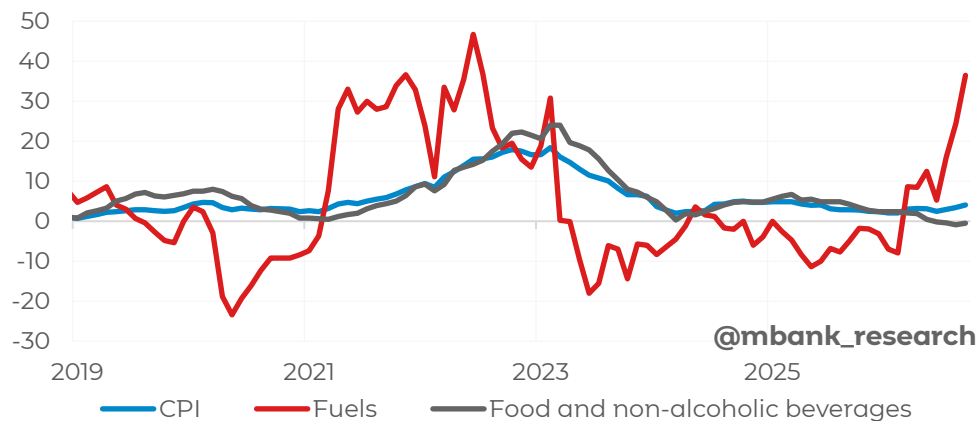


Goods and services prices (% y/y)



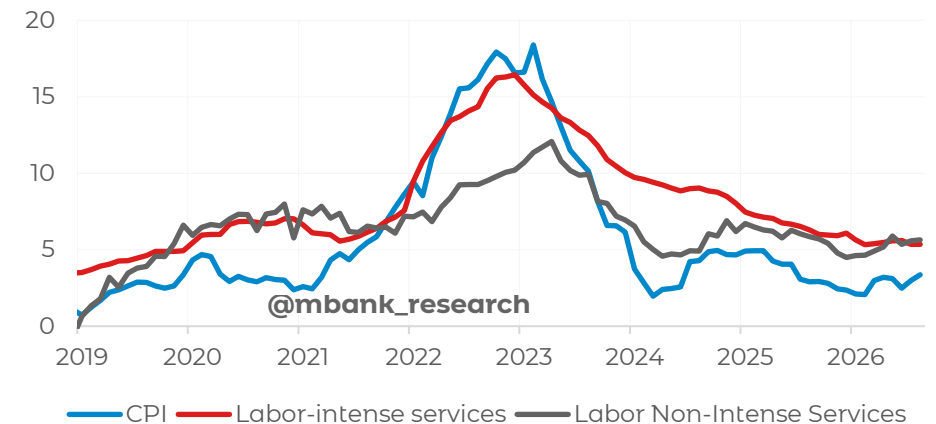
Source: Own elaboration based on Statistics Poland.

Food and fuel prices (% y/y)



Source: Own elaboration based on Statistics Poland.

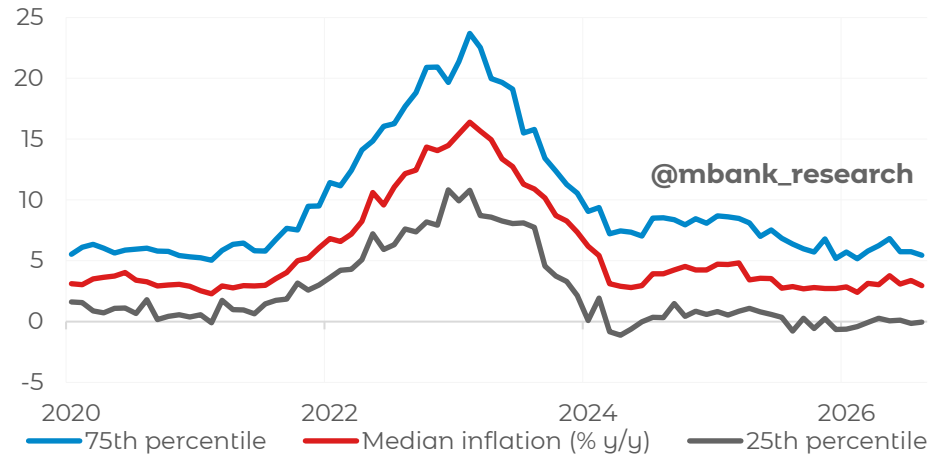
Services (% y/y)



Source: Own elaboration based on Statistics Poland.

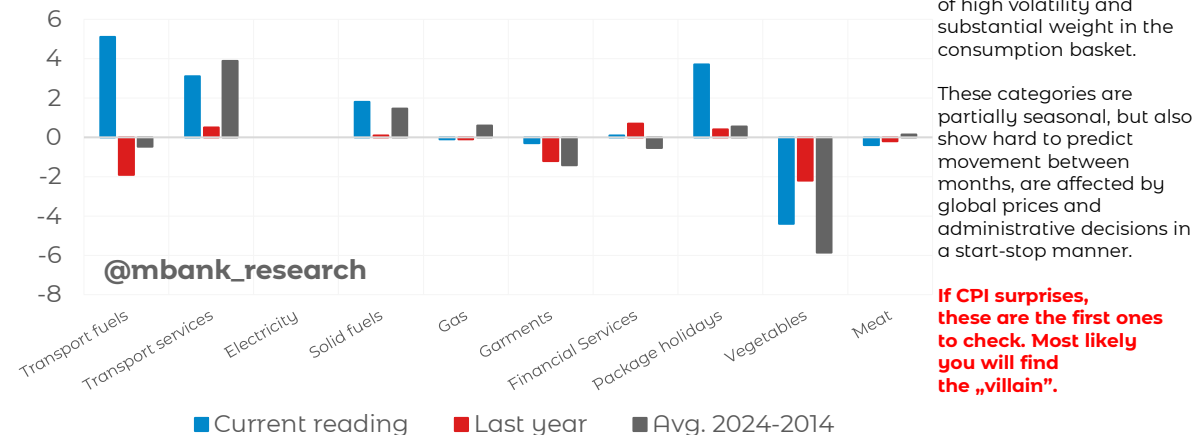
Poland: Inflation tracker (additional measures)

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



Source: Own elaboration based on Statistics Poland.

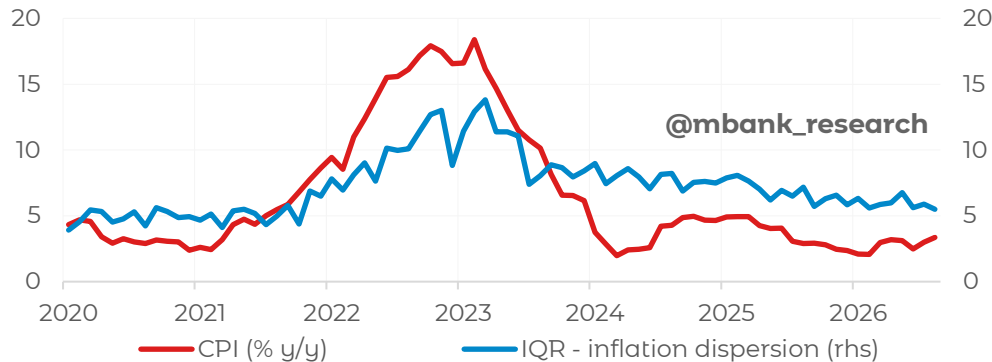
Top 10 most impactful* CPI categories (% y/y)



Source: Own elaboration based on Eurostat

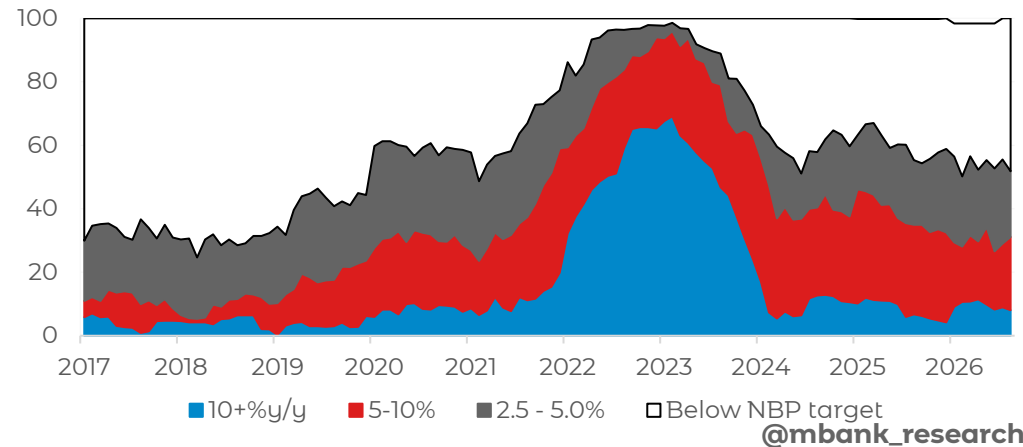
Inflation IQR: diff between the 75th and 25th percentile (y/y rates)

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.

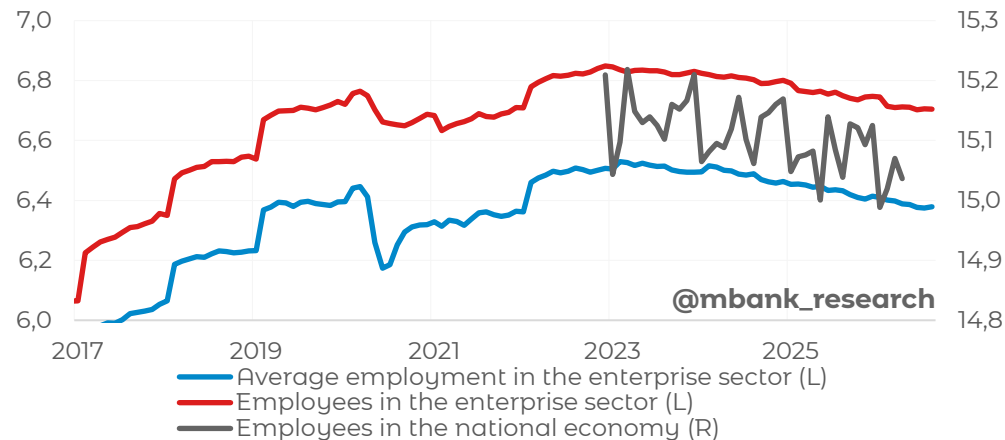
Share of expenditures where prices increase by (%):



Source: Own elaboration based on Eurostat.

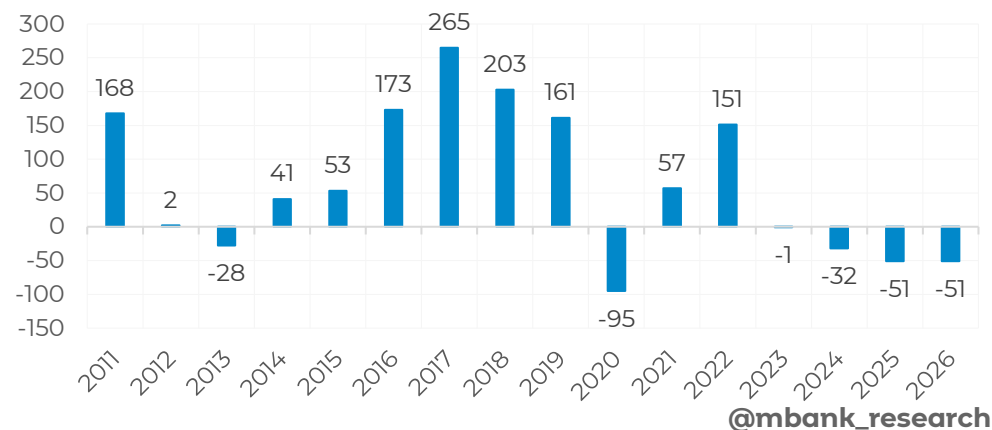
Poland: Labor market tracker (employment)

Employment (in millions)



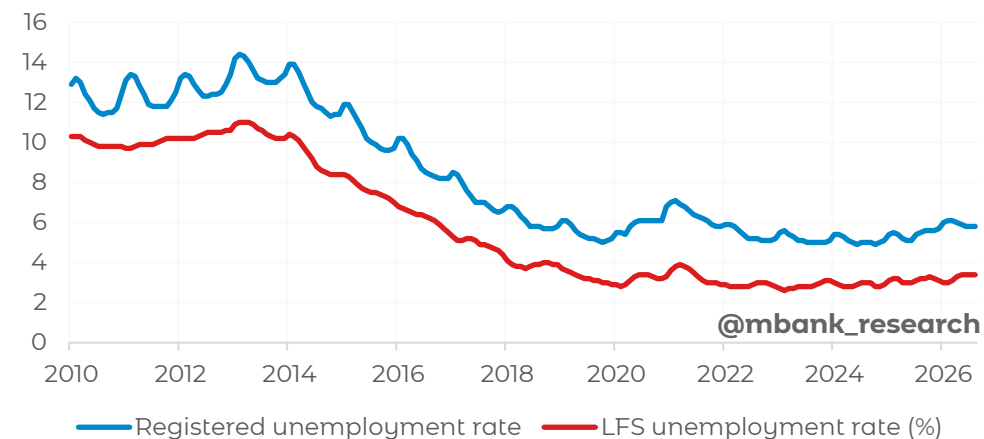
Source: Own elaboration based on Statistics Poland

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



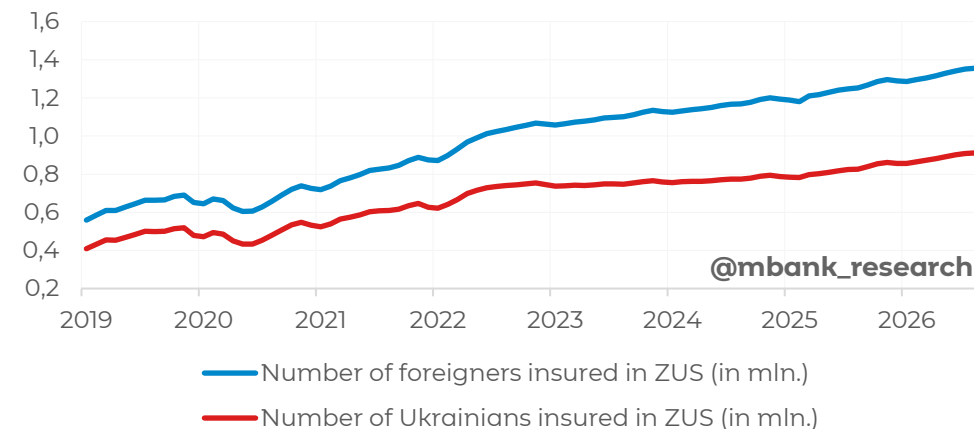
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

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.

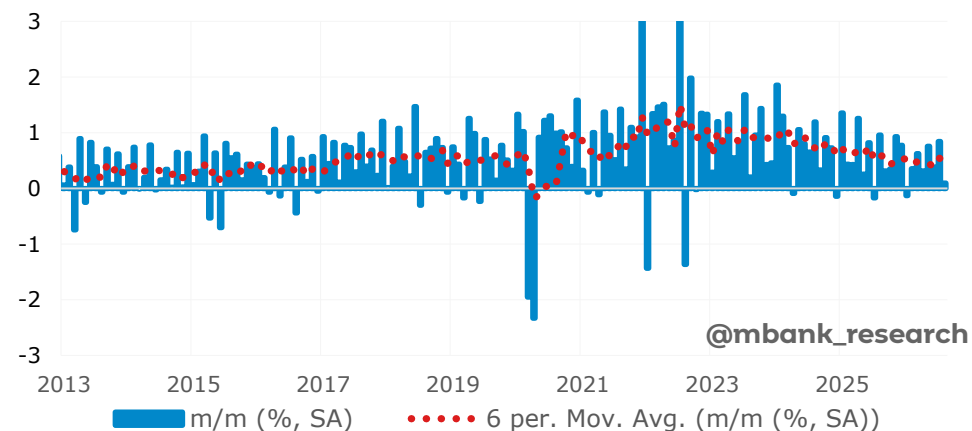
Poland: Labor market tracker (wages)

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



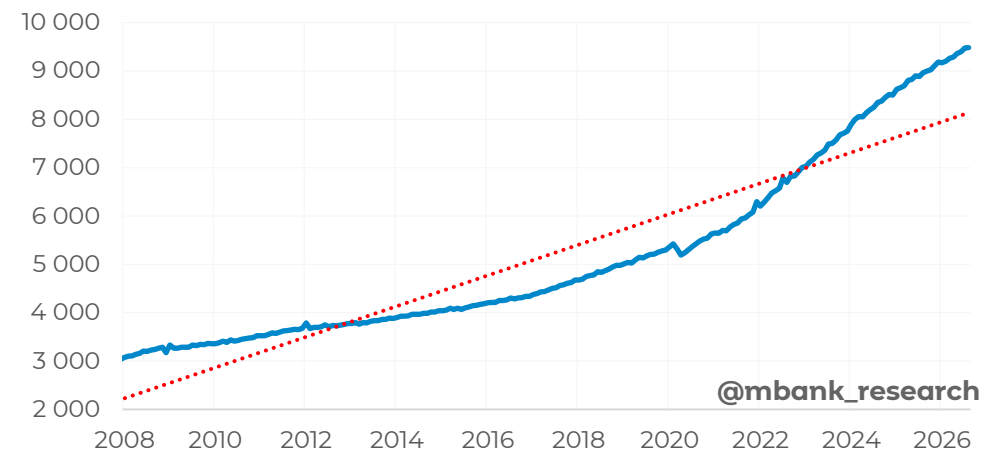
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

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



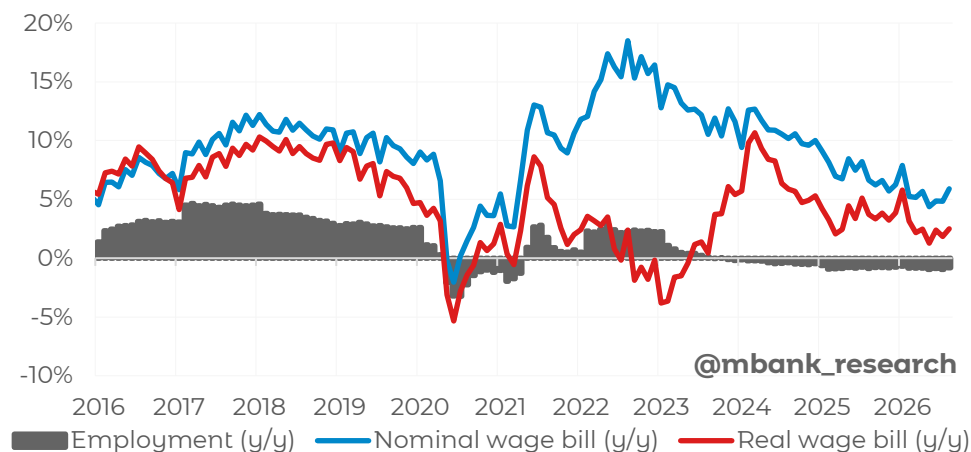
Source: Own seasonal adjustment based on Statistics Poland, ZUS Statistical Portal.

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



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

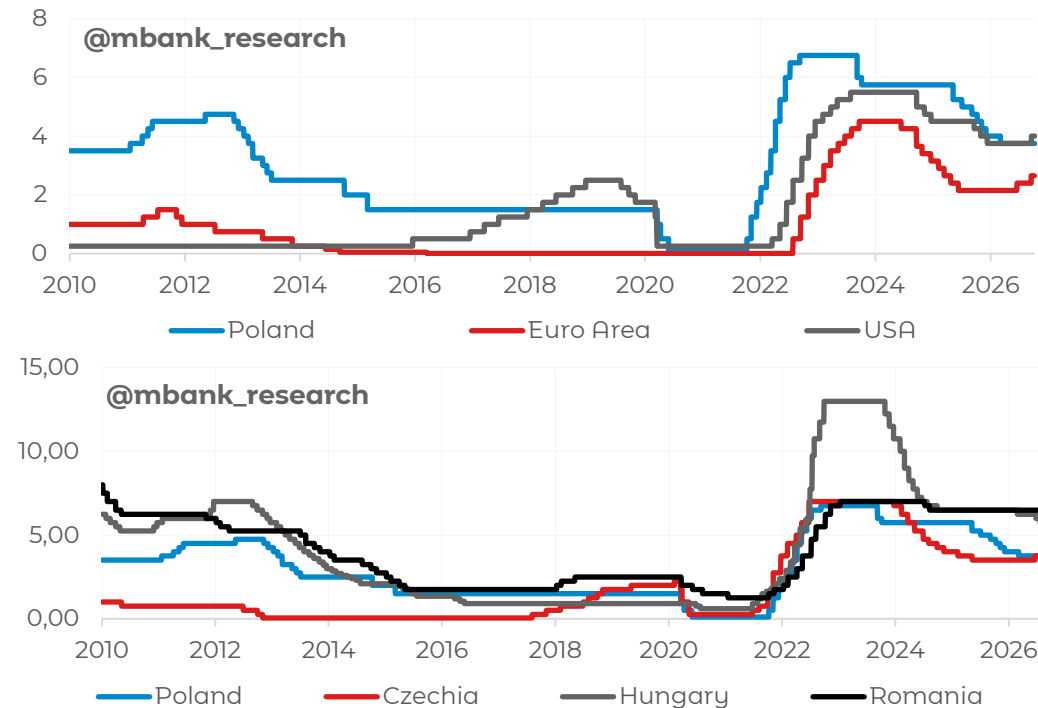
Wage bill, enterprise sector (% y/y)



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

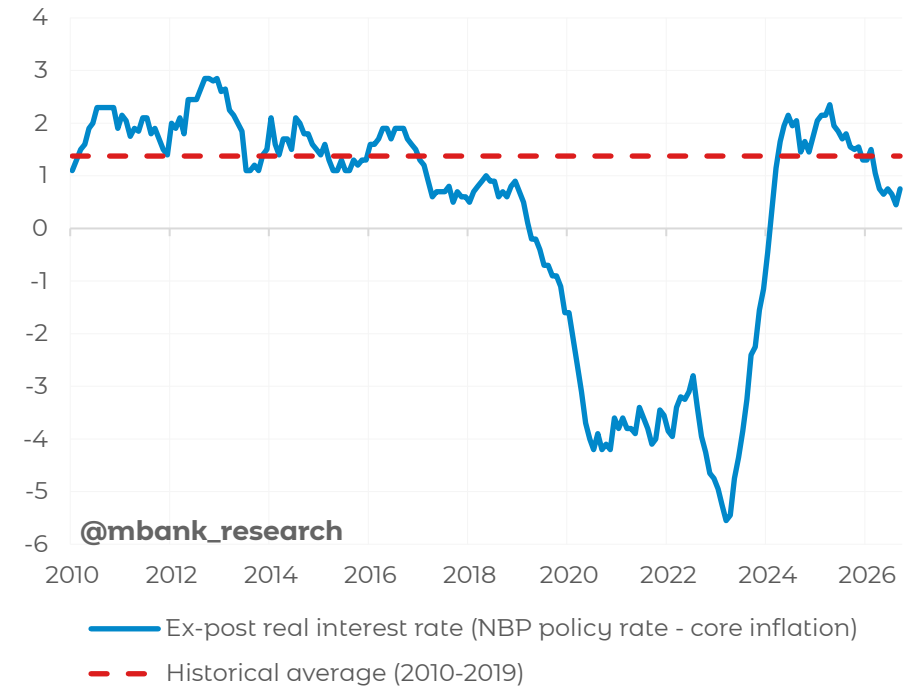
Poland: Interest rate outlook

Central banks' policy rates (%)



Source: Macrobond.

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

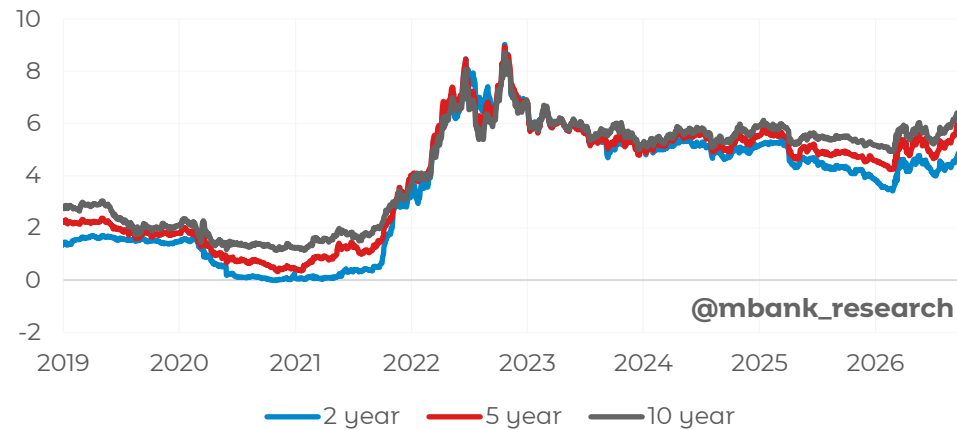


Source: Statistics Poland, NBP.

The October meeting ended with interest rates left unchanged. However, the late timing of the decision announcement suggests a lengthy discussion about the case for higher rates. Governor Glapiński's press conference also struck a relatively hawkish tone, although it stopped short of providing clear forward guidance on the future policy path. In our view, this communication is intended to prepare the ground for a 25bp rate hike later this year. The forthcoming inflation projection is likely to show inflation remaining above the upper bound of the NBP's target range throughout 2027 and into the early months of 2028. Such an outlook should support the start of a small tightening cycle in November. We expect the MPC to follow up with additional 25bp rate hikes in January and March, helping to ensure that inflation returns to the target in 2028.

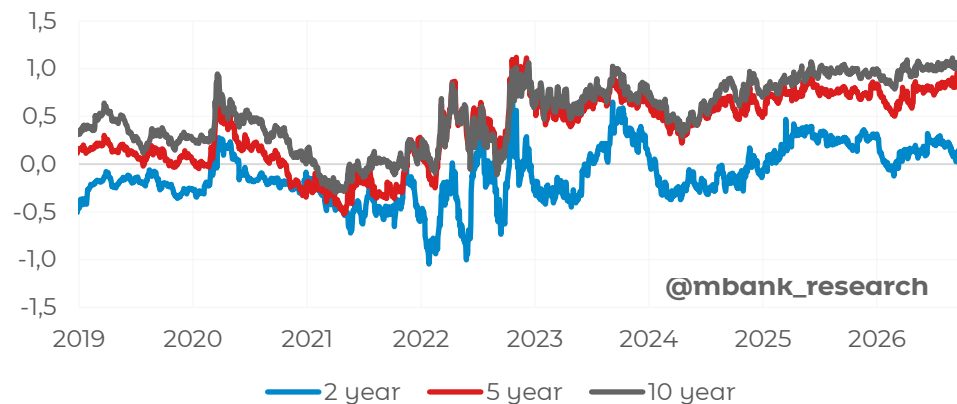
Poland: Market interest rates

POLGBs (%)



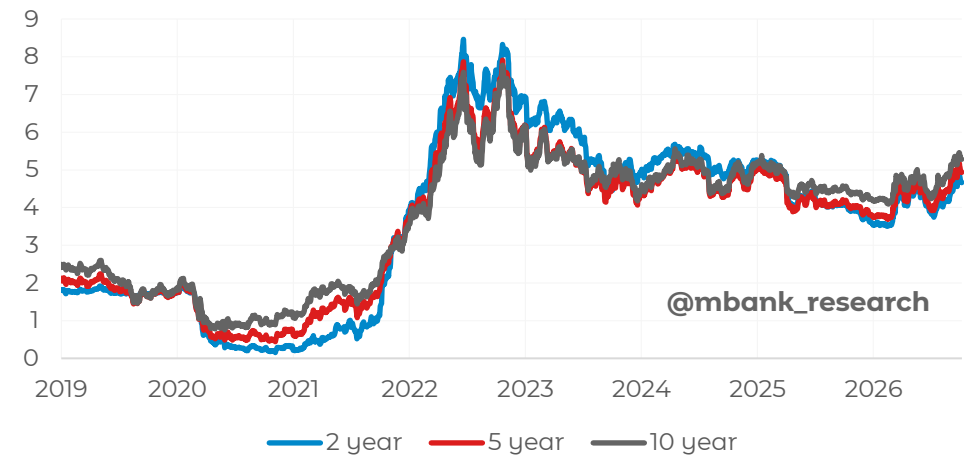
Source: Bloomberg.

ASW spread (pp)



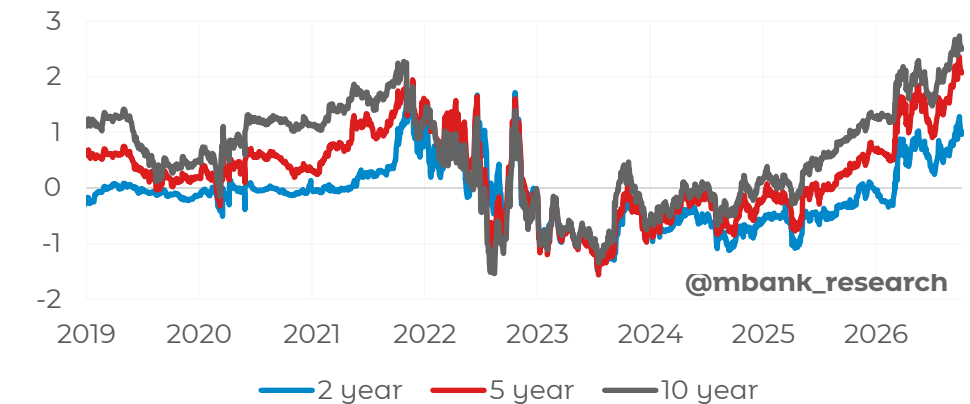
Source: Bloomberg.

PL IRS (%)



Source: Bloomberg.

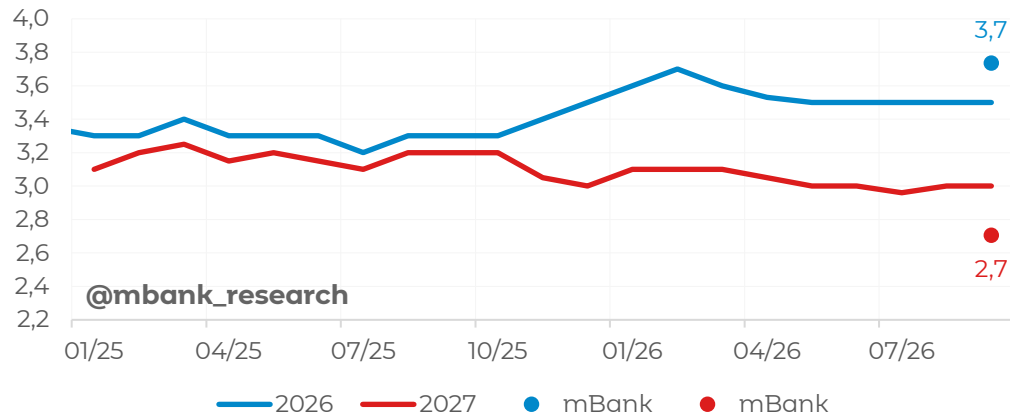
POLGB yield minus 3m WIBOR (pp)



Source: Bloomberg.

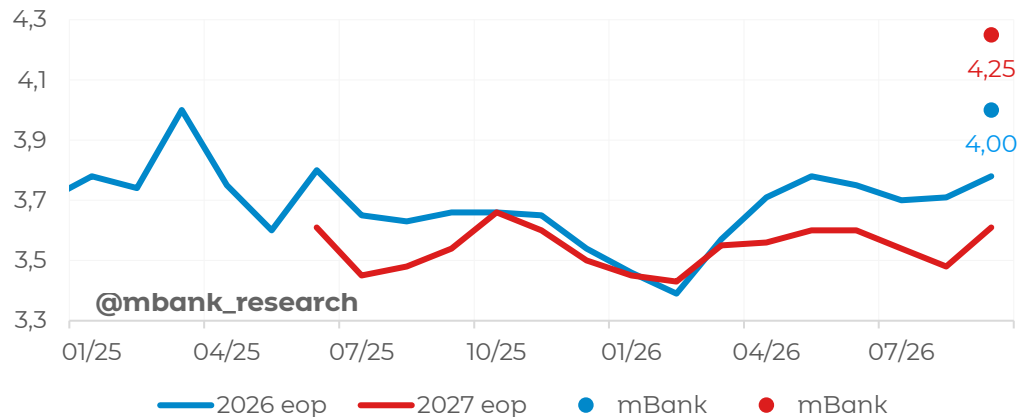
Poland: Expectations vs our forecasts

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



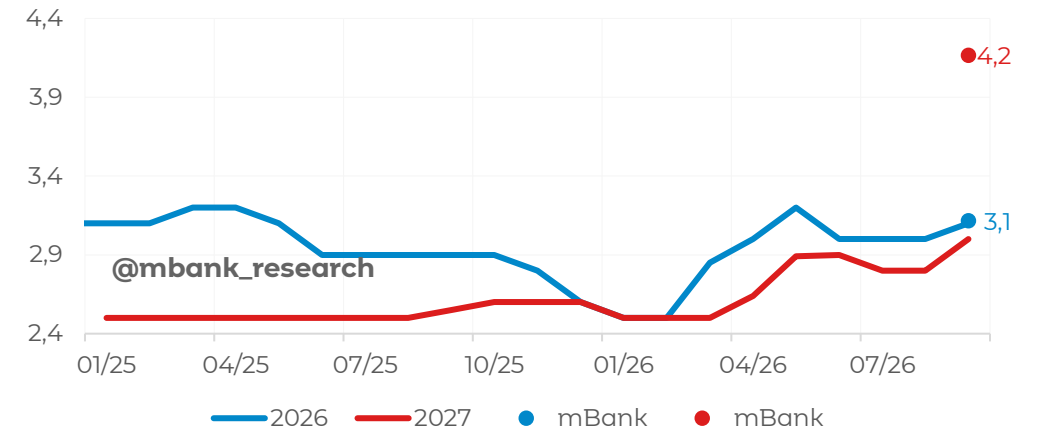
Source: Bloomberg.

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



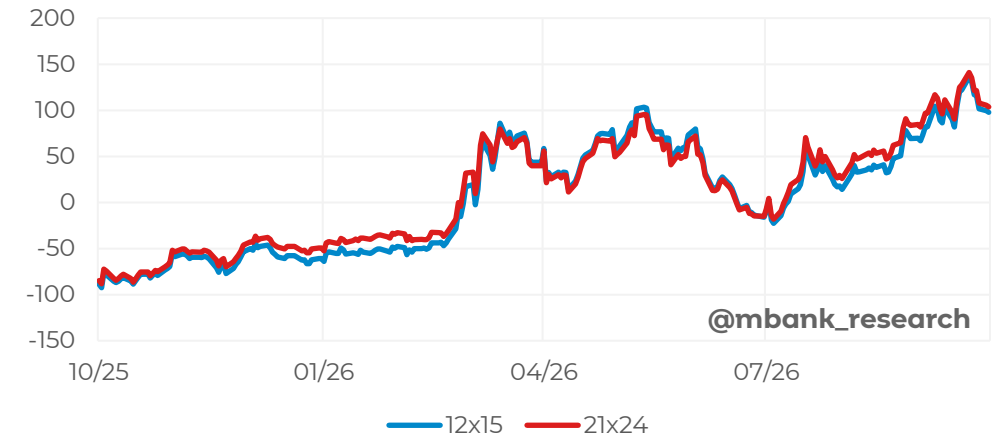
Source: Bloomberg.

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 1.1% of GDP after July, measured as a 12-month rolling sum. The deterioration observed in recent months has been driven primarily by the goods balance, which is now negative (-1.5% of GDP), while the services balance surplus deteriorated as well (it stands at 4.1% of GDP). Any near-term improvement is unlikely - we expect a slightly higher deficit in the coming months.
- ❖ **FDI-adjusted CA** remains in surplus (0.4% of GDP after July). The capital account also posted a surplus of 1.1% of GDP after July. This results in a current account surplus of 1.5% 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.

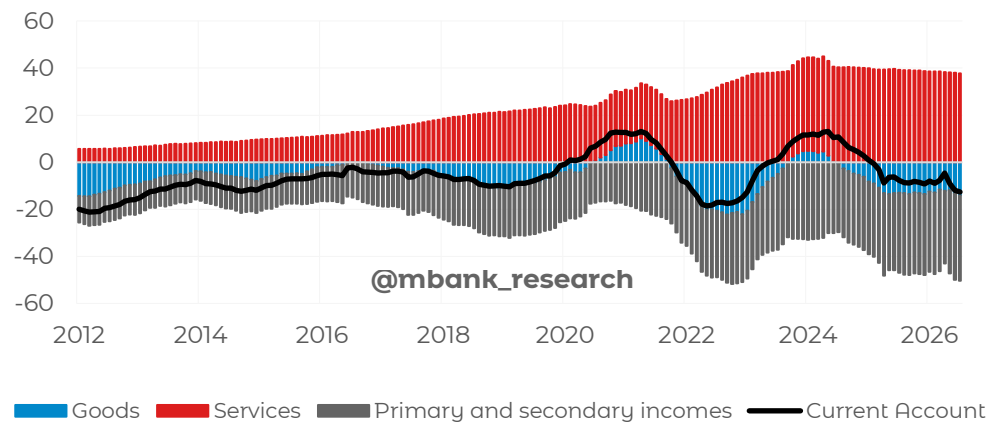
Graphical summary can be found on the next [page](#). Exports & imports (national accounts perspective) are covered separately [here](#).

FX PERFORMANCE

- ❖ **Background & global.** September brought a sizeable decline in the EURUSD as the pair fell from above 1.16 to as low as 1.12. Such a significant move was partly driven by rising bond yields across the globe (the US dollar could have worked as a safe asset in the eyes of investors) as well as a hawkish turn in the Federal Reserve as the central bank hiked rates and did not rule out further moves. Looking forward, we expect the major currency pair to move gradually higher as we believe that market pricing of rate hikes in the US is already quite rich (a lot has been discounted).
- ❖ **Recent movements.** Since mid-September, the EURPLN has increased noticeably, briefly touching 4.40. A similar-scale move was also observed in the USDPLN.
- ❖ **Fundamentally,** we continue to anticipate the zloty to stay relatively weak owing to fiscal risks given Poland's current high deficit and no chance to see substantial consolidation in the near term (the 2027 budget bill does not point to such a scenario at all). The zloty stays considerably overvalued in REER terms (see [here](#)). However, it is worth noting that zloty's overvaluation against the common currency has lately disappeared (see [here](#)). The same conclusion can be drawn when looking at the 2y rate differential. This is why we do not expect any abrupt depreciation going forward.

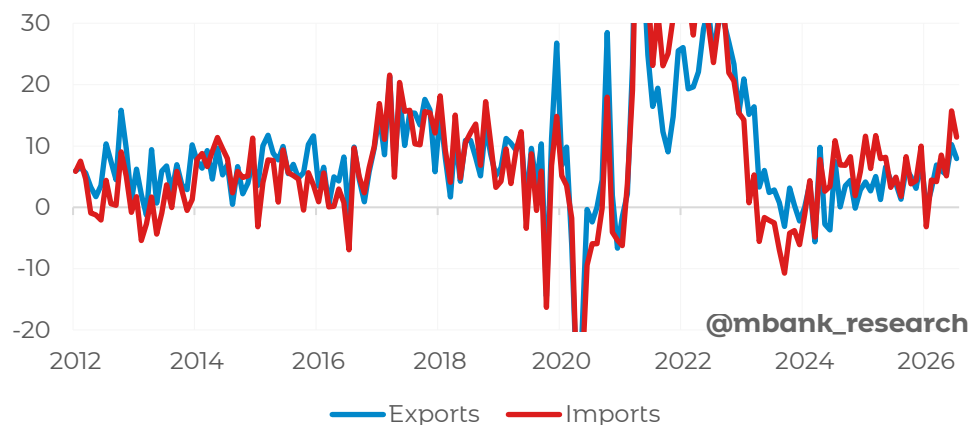
Poland: External balance

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



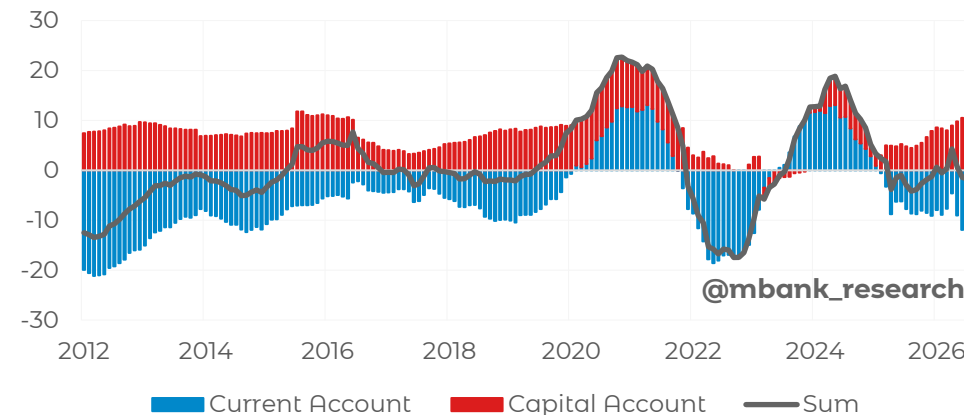
Source: Own elaboration based on NBP.

Exports and imports growth (% y/y)



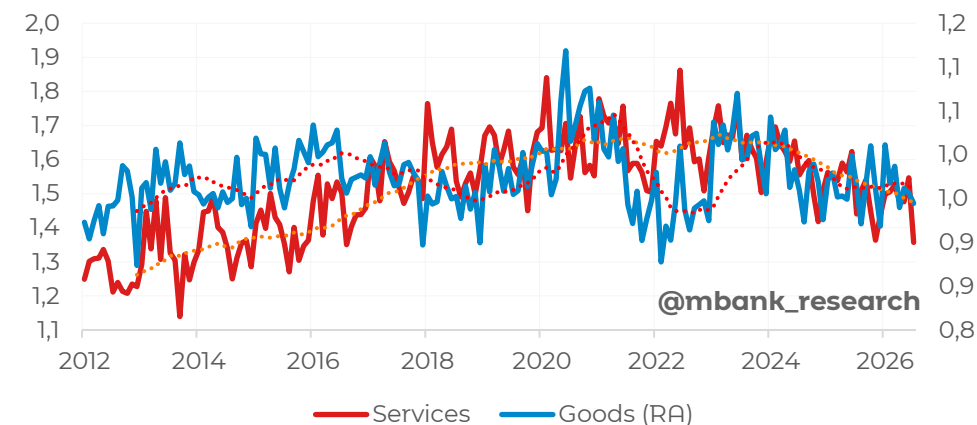
Source: Own elaboration based on NBP.

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



Source: Own elaboration based on NBP.

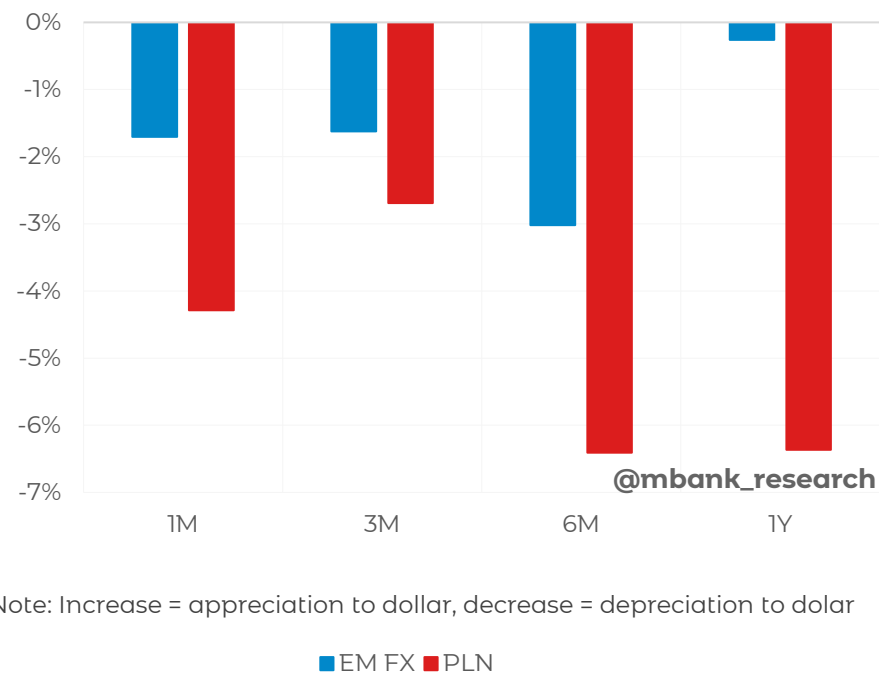
Exports to imports ratio



Source: Macrobond.

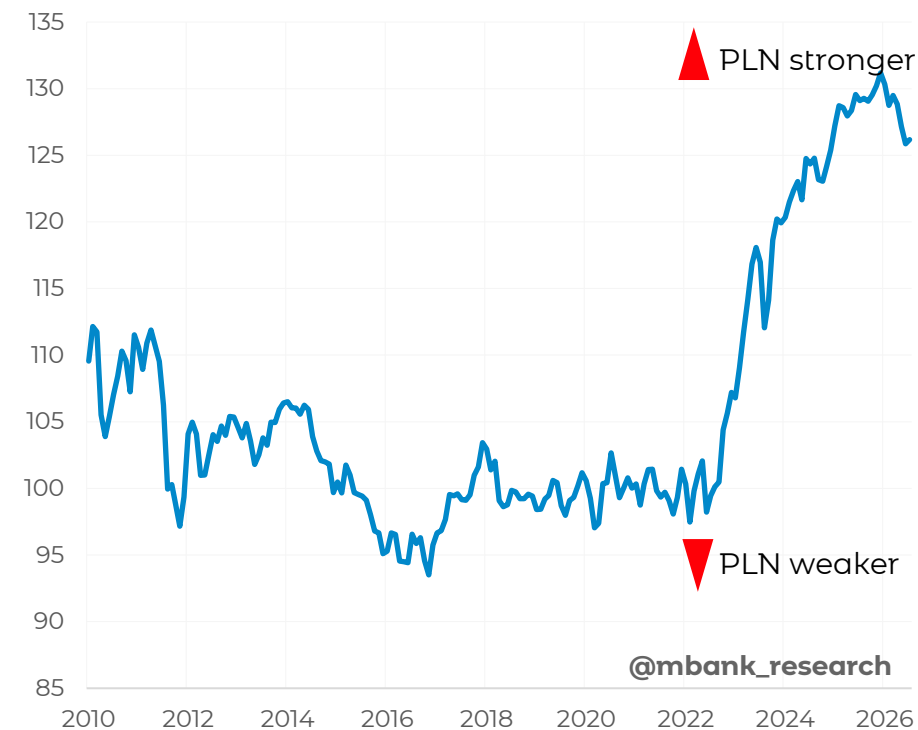
PLN: recent movements + REER

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



Source: Bloomberg.

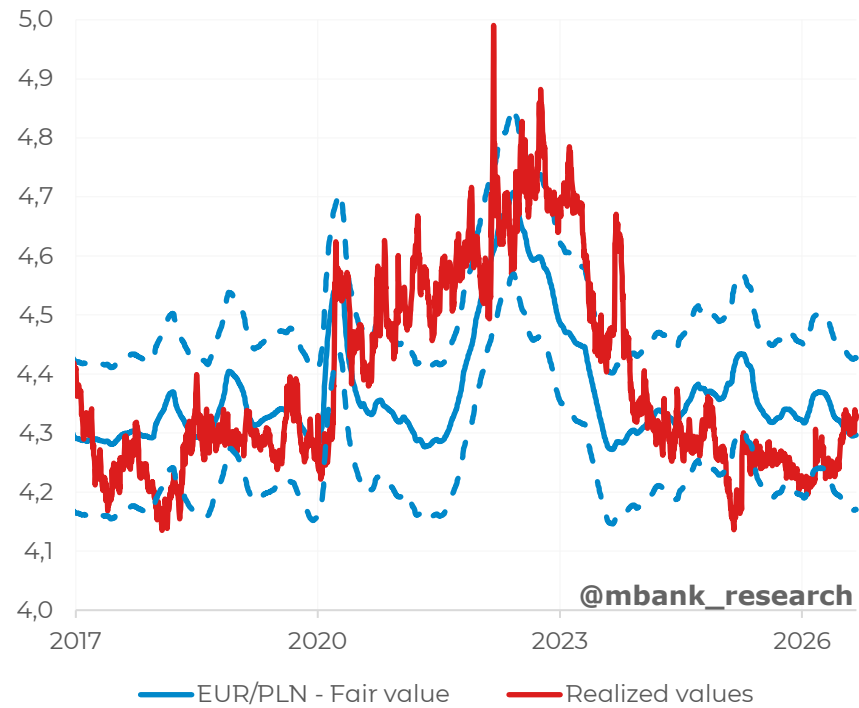
Real effective exchange rate (mind the time frame)



Source: BIS.

PLN: Relative valuation

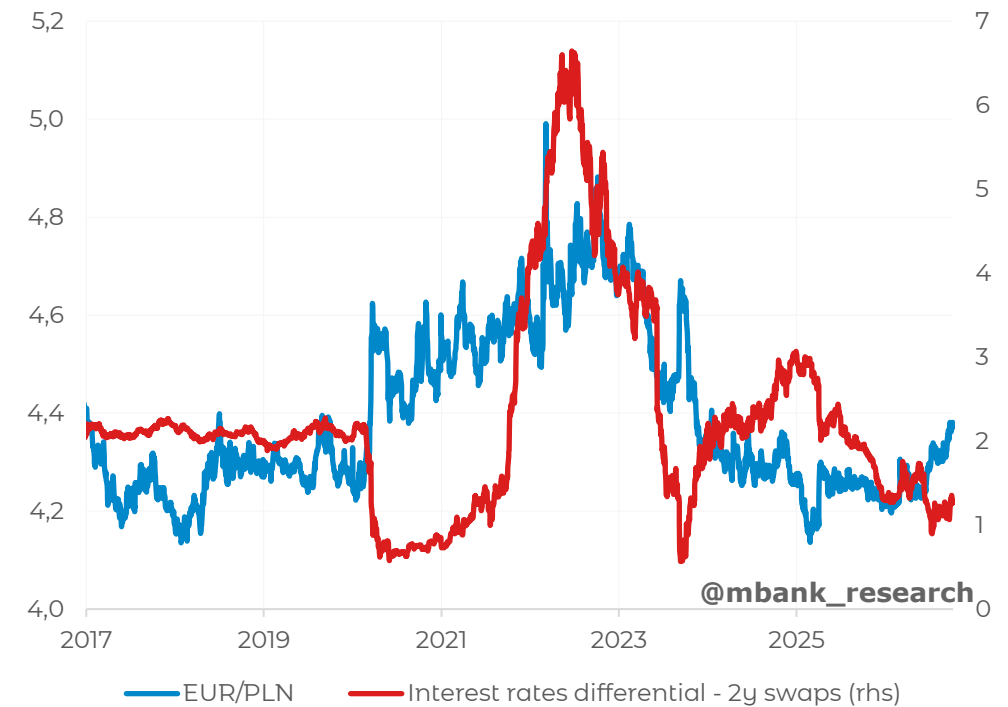
The EUR/PLN relative valuation



Source: Our model*

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

Interest rate differentials - Poland vs. Eurozone (%)

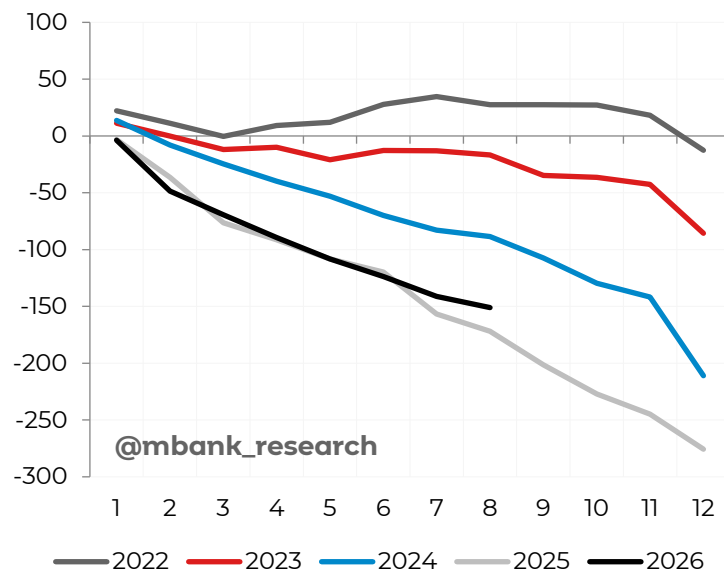


Source: Macrobond.

Poland: Fiscal policy – current data & financing

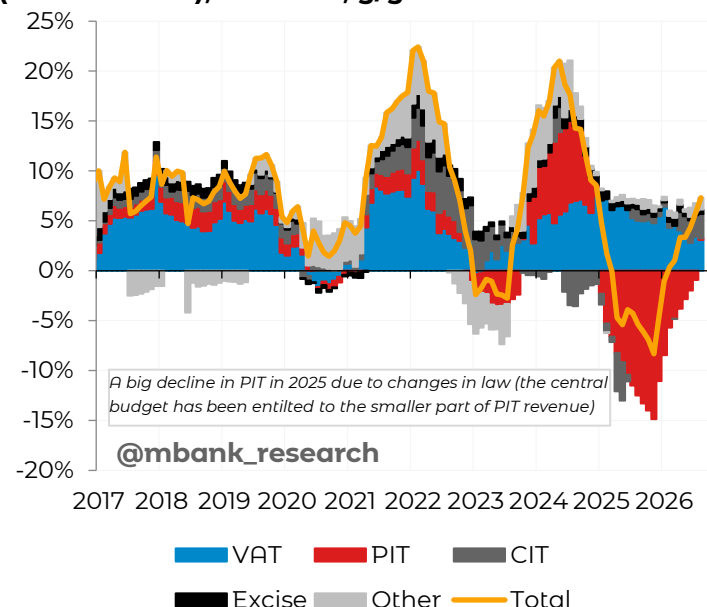
Graphical summary of planned & realized budget deficit, current budget performance, debt servicing costs and the (basic) structure of the public debt can be found on the next pages. If you need a deep dive into Polish sovereign debt, please check our recent [Polish Debt Monitor](#).

Cumulative central budget balance, billion PLN



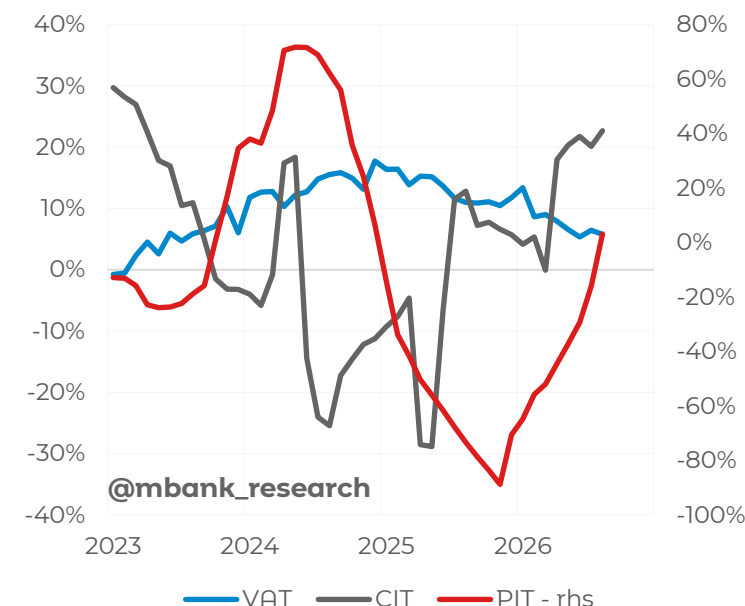
Source: Own elaboration based on Macrobond.

Decomposition of central budget revenue (contributions), 12m sum, y/y



Source: Own elaboration based on Macrobond.

Tax revenue, 12m sum, y/y



Source: Own elaboration based on Macrobond.

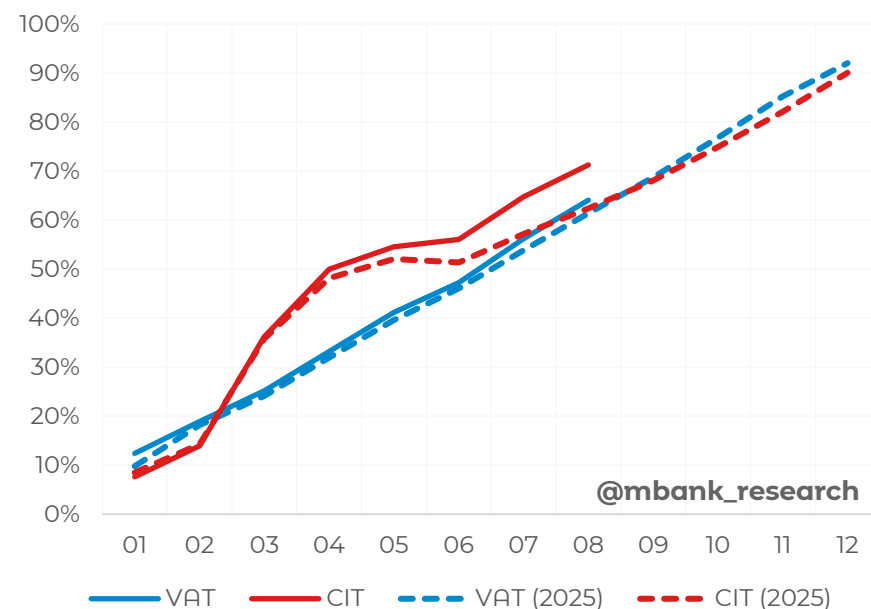
Budget performance after August. At the end of August 2026, the central budget deficit reached PLN 151.1 billion (55.6% execution). August was another month in a row when the deficit performance was clearly below its 2025 path. We do not see risk of exceeding the planned limit of 271.7 billion. The underlying economy remains strong, driven by robust corporate profits that pushed CIT revenues up by more than 20% y/y. We ascribe this stellar result to the overall improvement in the profitability of Polish companies. On the other hand, VAT growth disappointed in August and it came despite the fact that the CPN program was not in effect then (VAT payments for August, when the CPN program was active by 2 weeks, will be settled in September).

Recent issuance. The Ministry of Finance successfully placed bonds in the domestic market. After two outright bond auctions held in September the MoF raised roughly PLN 24 billion. It also conducted a T-bill auction at the beginning of October where PLN 3.6 billion of bills were sold. As a result, the level of gross borrowing needs for 2026 stands at 80% (according to the budget bill) or 94% (according to the planned execution).

The final payment request (PLN 55 billion) under the Recovery Fund was submitted to the European Commission and the money inflow is expected before Christmas. On top of that, Poland also received PLN 35 billion within the 8th payment request.

Poland: Fiscal policy – plans & ad hoc measures

Realization of VAT and CIT revenue compared to the budget bill



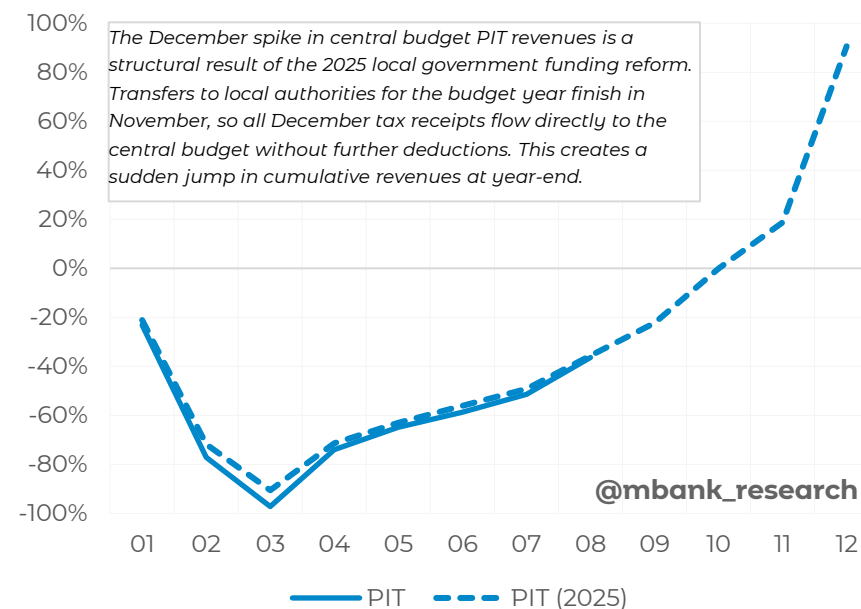
Source: Own elaboration based on Macrobond.

No room for further fiscal spending. There is no room for further fiscal spending. As fears over fiscal policy mount, the Ministry of Finance has tried to allay concerns by stating that there will be no further increase in public spending in 2027. Furthermore, the MoF suggested that annual indexation of tax thresholds would be impossible until at least 2030. Finally, the government announced it plans discretionary revenue measures amounting to 1% of GDP in 2027, with a focus on VAT and excise tax.

Reintroduction of CPN cuts high inflation fears. President Nawrocki finally chose to sign the bill imposing higher taxes on so-called “excess profits” made by petrol stations. The decision also means that the CPN program is active again until the end of the year. Let us recall that this program means lower VAT and excise on fuel with a budgetary cost of PLN 5.3 billion (largely financed by taxing „excess profits” made by petrol stations). Such a move means lower inflation going forward as it is expected to be lower by approximately 0.7pp. As a result, we no longer expect inflation breaching 5% in a durable manner.

Public debt management strategy sees breaching of important threshold. The government approved the updated 2027-2030 debt management strategy where it expects the debt-to-GDP ratio (the Polish debt definition, not the EU one) to remain below the 60% constitutional threshold. At the same time, there is significant risk of breaching another 55% limit as soon as 2028. Note that some fiscal experts expect it to happen even next year. According to the Fiscal Council, Poland may need to adjust fiscal policy (lower spending and/or higher revenue) by roughly PLN 140 billion after exceeding the 55% debt limit.

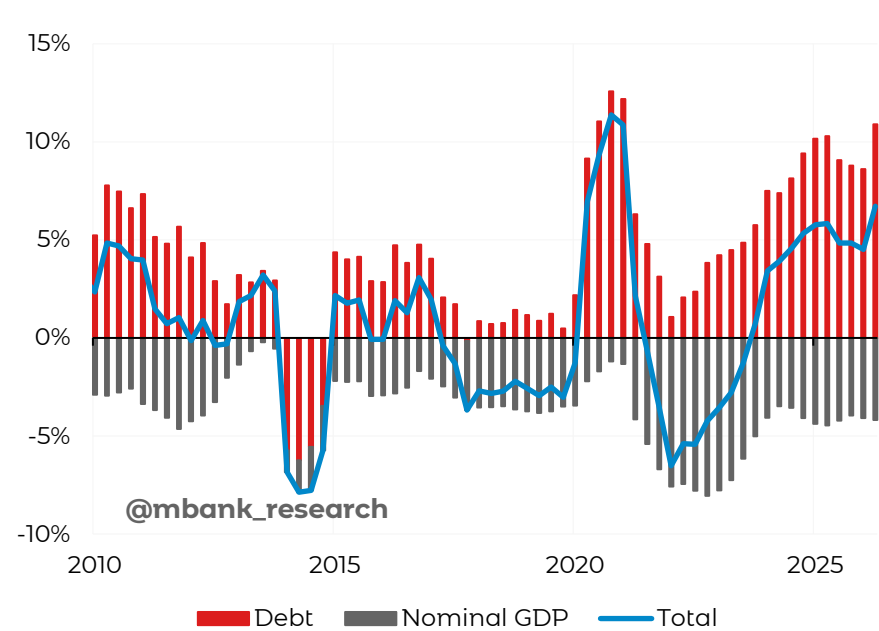
Realization of PIT revenue compared to the budget bill



Source: Own elaboration based on Macrobond.

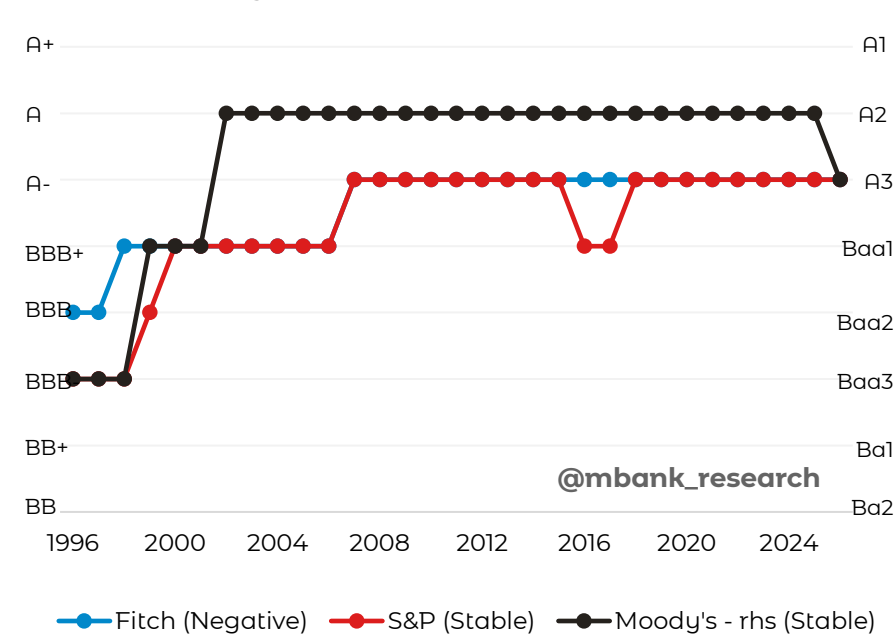
Poland: Fiscal policy - ratings

Annual GG debt change decomposition, % GDP



Source: Own elaboration based on Eurostat.

Poland's ratings and outlooks



Source: Own elaboration based on rating agencies data.

S&P (A-). The agency claims that a weak fiscal position and the absence of medium-term consolidation prospects represent the primary credit risks for the CEE region (2026 GDP growth forecast for the region has recently been cut by 0.4 pp to 2%), 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 (comments made before the 2027 budget bill was laid out), warning that primary deficits will substantially exceed the levels required to stabilize Poland's debt/GDP ratio.

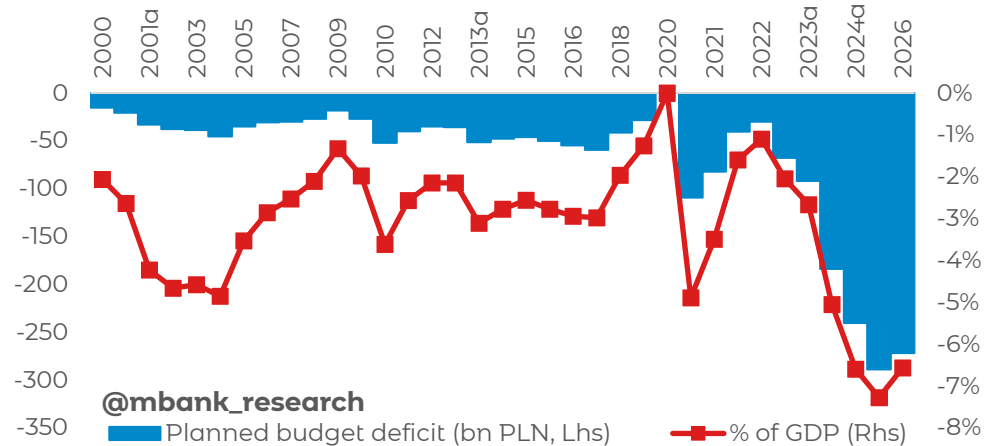
Fitch (A-). The agency forecasts Poland's GDP growth at 3.5% in 2026 and 3% in 2027, while expecting the general government deficit to reach 7.1% of GDP in 2027. It sees the NBP to cut rates once in the next year. At the same time, Fitch emphasizes that Poland is shielded from external market pressures by a stable base of domestic investors and a low share of debt owned by non-residents.

Moody's (A3). The rating agency downgraded Poland's rating to A3 from A2 and switched the outlook to stable from negative. Moody's cited persistent fiscal deterioration, expanding public debt (projected to reach nearly 69% of GDP by 2027), high structural deficits, and potential risks surrounding national fiscal rules (if policymakers attempt to adjust them). It also added that Polish fiscal policy effectiveness has weakened in recent years as it became more cyclical while the government does not seem to be willing to carry out a deeper consolidation anytime soon.

Poland: Fiscal monitor #1

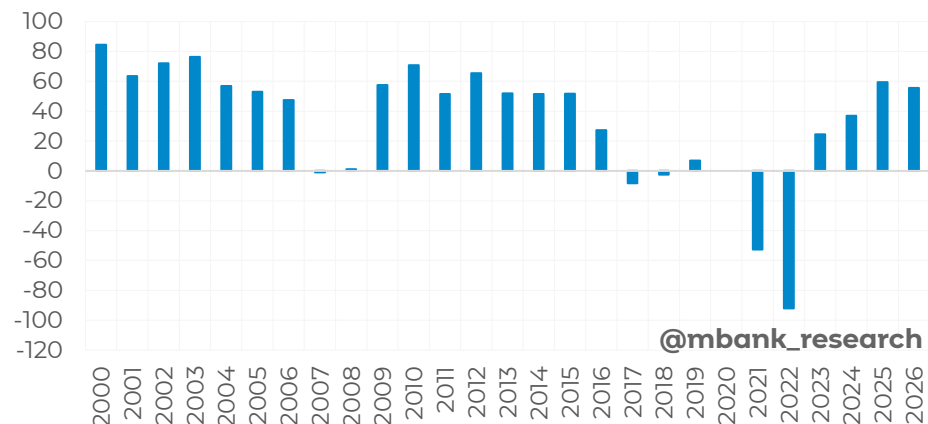
Need more? See our Polish Debt Monitor -> [LINK](#)

Planned budget deficit



Source: Ministry of Finance, a – budget novel.

Central budget deficit after August as % of yearly planned deficit



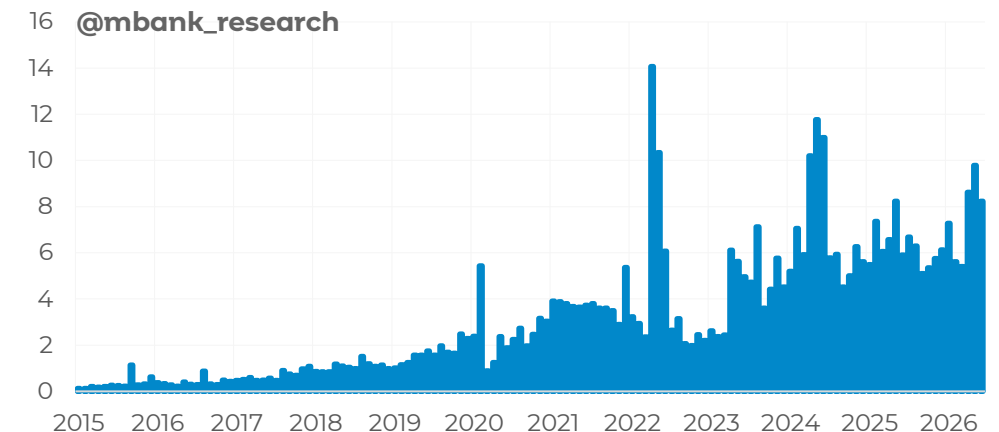
Source: Macrobond, * in 2020 there was 0 budget planned, negative value means surplus.

State debt servicing costs (% GDP, quarterly)



Source: Macrobond.

Retail bonds sold per month (bln PLN)

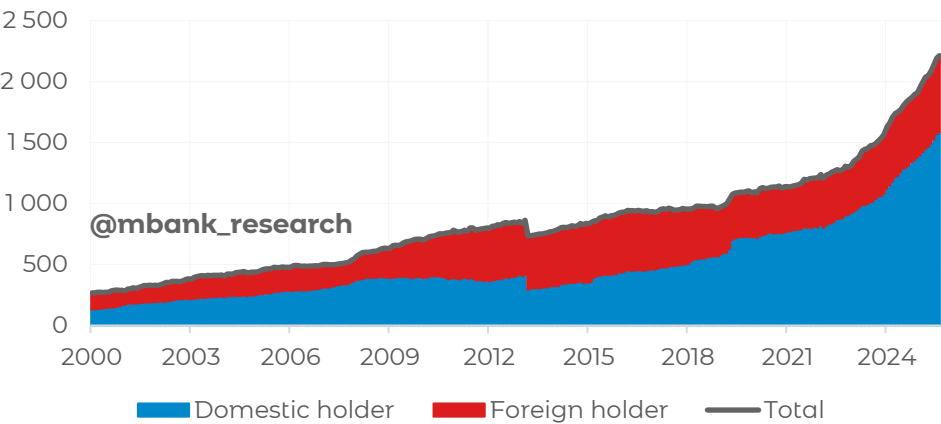


Source: Ministry of Finance.

Poland: Fiscal monitor #2

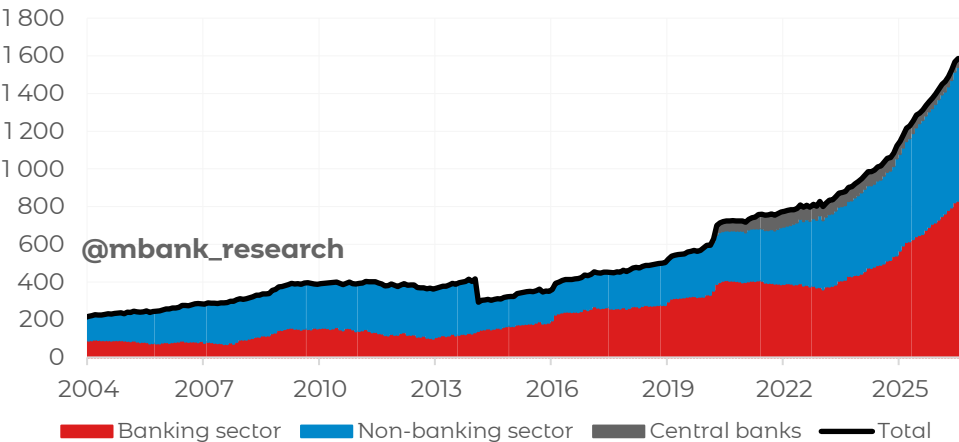
Need more? See our Polish Debt Monitor -> [LINK](#)

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



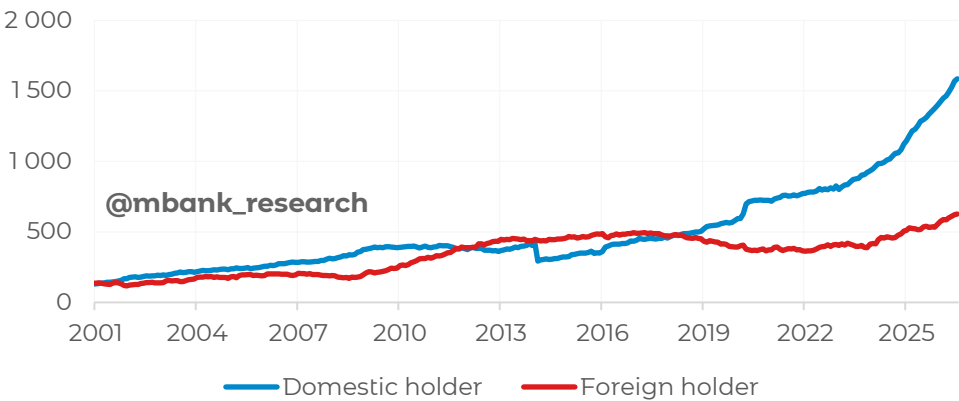
Source: Macrobond. *Last reading: October 2025

State treasury debt – domestic holders* (bln PLN)



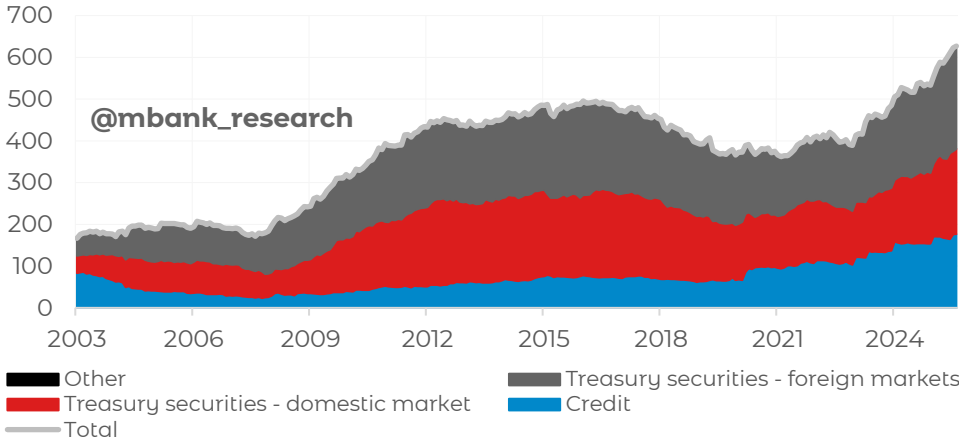
Source: Macrobond. *Last reading: October 2025

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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