Monthly Pulse Check

Polish Economy

FI&FX

November 10th 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 limited efforts to support the services sector.
- **Poland**: We expect GDP growth to reach 3.9% in 2026, marking the peak of the current business cycle. Investment is currently 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 few months as the strongest phase of EU-funded investment activity passes. In 2027, GDP growth should moderate to 3.0%, with a mild post-absorption slowdown in investment.

MONETARY POLICY: FED, ECB, NBP

- **Fed (now 3.75-4.00%)**: The Fed left its rates unchanged after a hike in September, but the Warsh conference remained fairly hawkish. We perceive the next hike in December to be a done deal, which is aligned with September's FOMC projection and current market expectations. We expect the Fed to continue its tightening cycle into Q1. Given the Committee's hawkish stance and a still unfavorable external environment, we anticipate an additional 50 bp of rate hikes in 2027.
- **ECB (now 2.50%)**: After delivering 50 bp of monetary tightening since mid-year in response to the war in Iran, the central bank kept rates unchanged in October, as broadly expected. The ECB still remains vigilant regarding second-round effects despite the fact that they have yet to materialize. Although financing conditions have tightened since September's meeting, we still expect the ECB to deliver one more hike in December. We still believe the ECB will return to lower rates at the end of 2027. We do not think Lagarde's early departure will significantly affect the course of monetary policy.
- **NBP (now 3.75%):** We expect the MPC to begin a small tightening cycle with a 25 bp rate hike in January, followed by another 25 bp increase in March 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 the inflation outlook improves towards 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. The latest escalation of the dispute over the Constitutional Tribunal may only add fuel to the fire.

Major forecasts

		2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4	2025* Q1-Q4	2026* Q1-Q4	2027* Q1-Q4
GDP y/y	%	3.4	3.5	4.0	4.3	3.7	4.1	3.8	3.9	3.4	3.3	2.8	2.7	3.8	3.9	3.0
Individual consumption y/y	%	2.6	4.7	3.6	4.9	3.3	2.8	3.2	2.9	3.1	2.8	2.7	2.5	4.0	2.9	2.8
Investment y/y	%	6.0	-2.1	7.4	7.0	3.1	8.5	8.9	8.8	8.0	5.2	2.1	1.7	4.9	7.4	4.2
Inflation rate	%	4.9	4.1	3.0	2.5	2.4	2.9	3.5	3.6	4.2	4.6	3.9	3.4	3.6	3.1	4.0
Unemployment rate (eop)	%	5.4	5.1	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	6.2	6.1	6.2	6.4	6.6	6.6	8.7	6.1	6.4
Current account	% GDP	-0.4	-0.7	-1.0	-1.0	-0.8	-1.3	-1.4	-1.4	-1.3	-0.9	-0.8	-0.6	-1.0	-1.4	-0.6
GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-7.2	-7.0	-6.8
Primary GG budget balance	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	-4.7	-4.5	-4.3
GG debt	% GDP	-	-	-	-	-	-	-	-	-	-	-	-	59.6	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	3.89	3.86	3.79	3.76	3.73	3.68	3.81	3.79

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

Highlights of this edition

GLOBAL ECONOMY

- The US economy surprised positively in Q3, with GDP growth of 3.4%, driven by consumer spending and investment, including that related to AI. The outlook for Q4 also appears positive, with the Atlanta GDPNow model indicating a growth rate above 3.5%. The labor market also does not raise any concerns, with the jobless rate stabilising at around 4% and job creation averaging 40-50k per month. In light of the robust economic data, the Fed does not appear to be in a difficult position regarding the next steps for interest rates, given that inflation remains high at around 3%. As such, we expect further monetary tightening down the road.
- The resilience of the Eurozone economy to the ongoing energy crisis was evident once again as we observed a solid 0.4% q/q growth rate in Q3. At the same time, inflation still remains challenging given its increase in September coupled with an uptick in core inflation. There is no doubt that the risks to inflation are tilted to the upside. While financing conditions noticeably tightened between ECB meetings in September and October, we still believe that the central bank will deliver the last rate hike of this cycle next month. However, we are aware that recent market movements may become more important for the ECB; hence, a further rapid escalation in the French bond market could make the ECB less willing to hike.

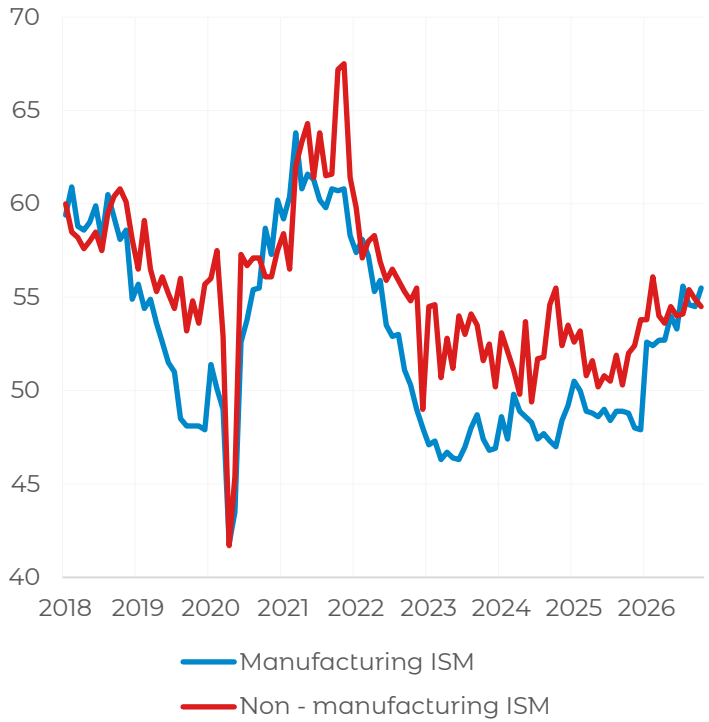
POLISH ECONOMY

- GDP: September data came out on average close to expectations. Industrial production surprised to the upside, accelerating to 4.6% y/y, while retail sales slowed slightly to 3.3%, and construction dropped sharply to -9% y/y due to irregularities in settlements. We expect October to bring relatively modest growth in both retail sales and industrial production. We forecast stabilization of activity until the end of the year, which will imply solid growth of both sales and production of 6% y/y.
- Inflation: October inflation fell to 3.5%, driven mainly by a decline in fuel prices due to the reinstatement of lower taxes on fuel (CPN package). At the same time, core inflation again surprised on the downside to 3.0%. We expect only relatively modest CPI volatility through year-end, amid the continuation 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. 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 November meeting left rates unchanged, but, in our opinion, the NBP's latest inflation projection, together with Governor Glapiński's mixed remarks, suggest that the MPC is still likely to embark on a small tightening cycle at the beginning of 2027. We expect a 25 bp hike in January followed by another 25 bp increase in March as inflation is likely to remain above the NBP's target range throughout 2027.
- September budget execution showed a PLN 172.2 billion deficit (63.4% of the target), but it was another month in a row in which the deficit performance was well below its 2025 path. Financing of gross borrowing needs for 2026 was already concluded when one takes into account the planned execution. When it comes to government plans ahead, a decision on a possible extension of the CPN program is to be taken over November. On top of that, the Ministry of Energy will soon present some proposals to support households due to a possible increase in gas tariffs in 2027. All of these changes will affect the inflation profile next year. Last but not least, October brought athe S&P rating agency maintained Poland's rating at A- and lowered the outlook from stable to negative.
- October brought a further decline in the EURUSD toward 1.12, driving upside pressure on both EURPLN (above 4.40) and USDPLN. The US mid-term elections had a limited impact on FX markets, though historical patterns suggest a divided Congress is neutral to slightly dollar positive. On the domestic front, we anticipate the zloty to remain relatively weak due to high fiscal risks and a lack of consolidation in the 2027 budget, compounded by the escalating dispute over the Constitutional Tribunal. However, as our model and 2y rate differentials indicate the PLN is currently undervalued, we do not expect an abrupt depreciation from current levels. Upside risks can also be offset by a relatively low current account deficit.

Global economy

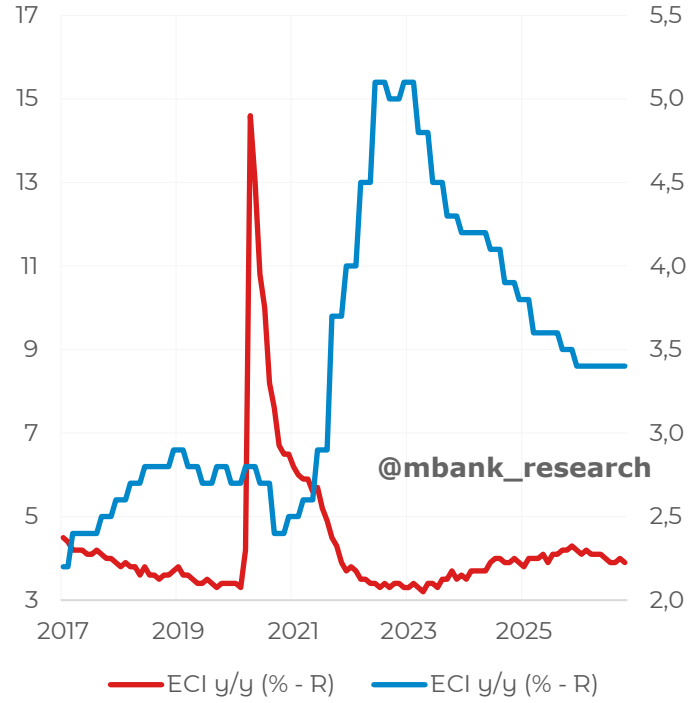
USA: Economy health check

ISM PMI: manufacturing & non-manufacturing



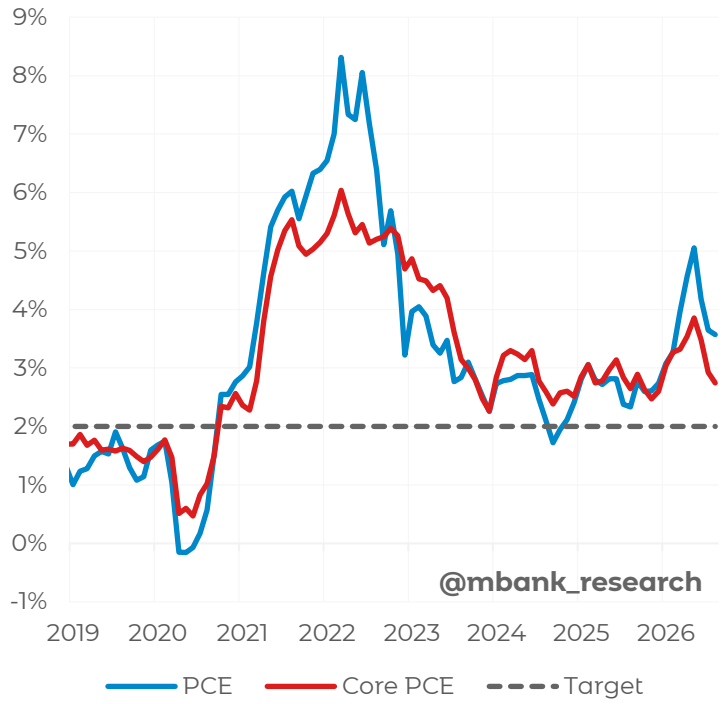
Source: ISM.

Labor market: wages & unemployment rate



Source: FRED.

Inflation: 6m saar

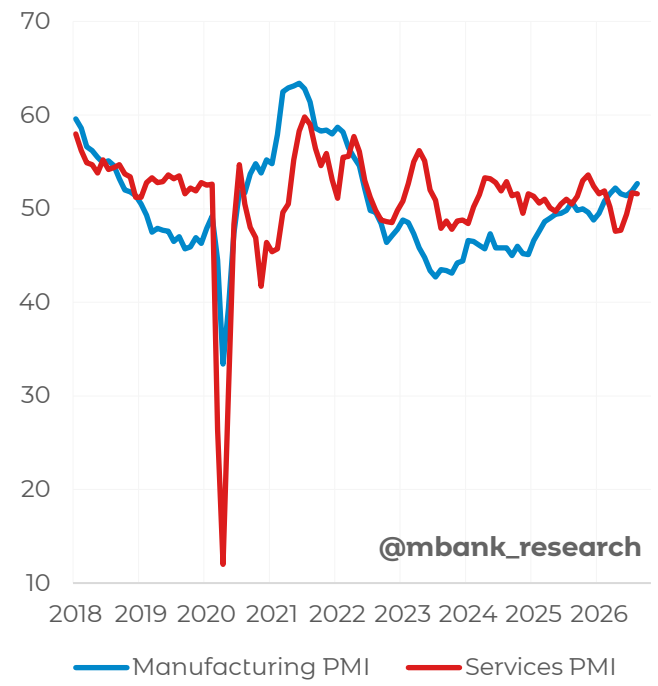


Source: Macrobond.

The US economy surprised again by producing a solid GDP growth rate of 3.4% (SAAR). The details showed that both consumption and investment had a positive impact, while foreign trade subtracted 3.3 points. This negative contribution was mainly due to surging imports (19.7% SAAR), driven by demand for imported equipment related to AI investment. Furthermore, domestic demand remains robust, with final sales to private domestic purchasers increasing by almost 5% (SAAR). On top of that, the inflation picture remains challenging, with both headline and core PCE inflation hovering around 3%. Taking into account Warsh's latest comments that the Fed will take the inflation target literally, it seems that more work is needed. Finally, the labor market is not sending any worrisome signals, as the unemployment rate has stabilized slightly above 4% while job creation continues, albeit at a moderate pace. Given the current state of the economy (strong growth coupled with elevated inflation), the Fed is not expected to be concerned about the adverse consequences of further monetary tightening (at least for the time being).

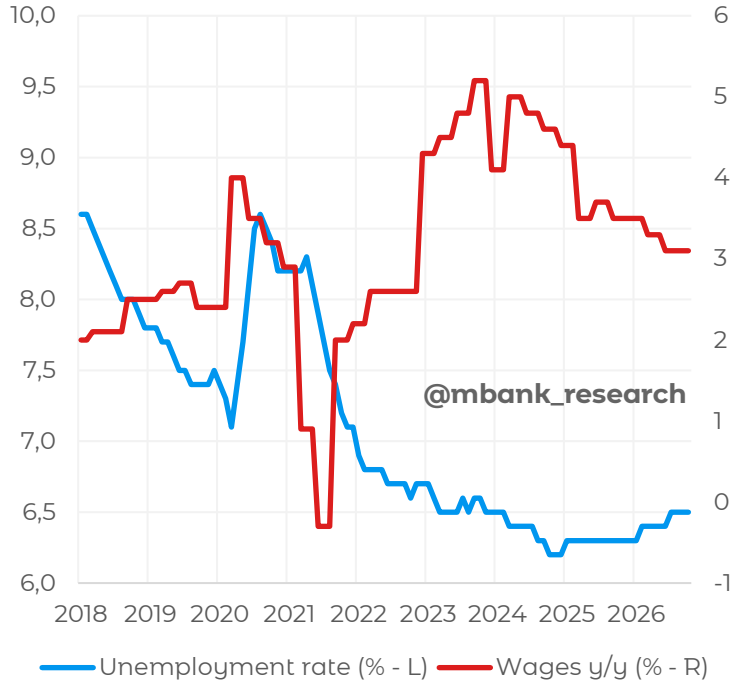
Euro area: Economy health check

PMI: manufacturing & services



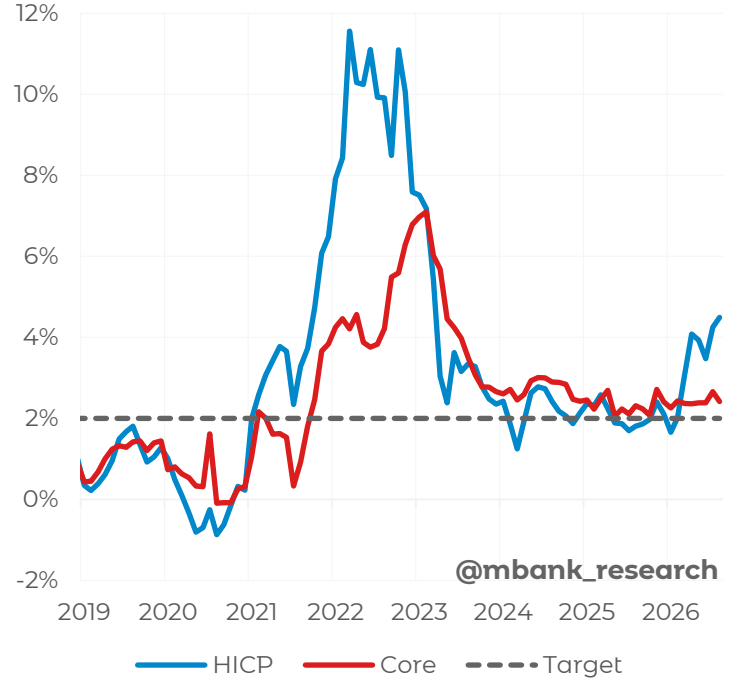
Source: Markit.

Labor market: wages & unemployment rate



Source: Eurostat.

Inflation: 6m saar

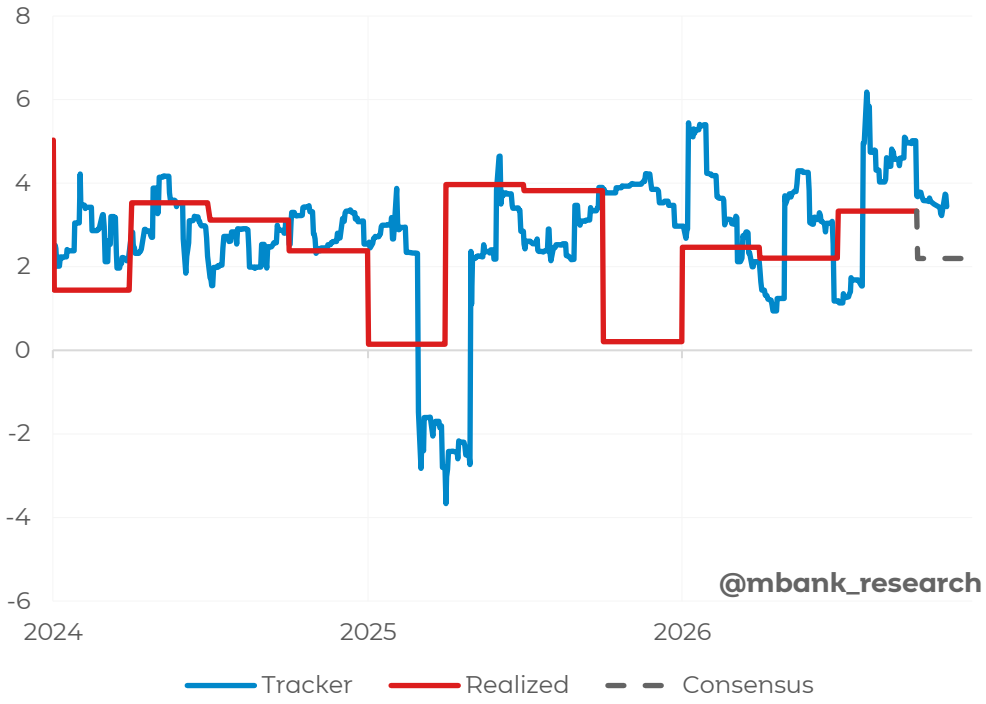


Source: Eurostat.

The Eurozone economy has proven to be quite resilient in the face of the energy shock from the Middle East, a fact that was confirmed in Q3. Specifically, the economy grew by 0.4% q/q, which is above the growth rate expected by the ECB in the projection released in September. While some of this growth came from Ireland, where GDP growth can fluctuate substantially from quarter to quarter, the overall result still does not suggest a significant slowdown is on the horizon. France was the only major economy that contracted by 0.1% in Q3, following a 0.3% decline in Q1 and no growth in Q2. Regarding the inflation backdrop, CPI inflation accelerated to 4% in October, while core inflation, excluding food, energy, and tobacco products, stabilized at 2.5%. Overall, as Lagarde said during her press conference last month, the risks to inflation remain tilted to the upside. In addition, the latest bank lending survey showed a further tightening of credit standards and an expectation of weaker demand for loans in the future. Some comments from ECB officials suggest that the central bank may pay closer attention to market movements from now on. Therefore, if markets continue to tighten monetary conditions, this could prevent further rate hikes. Either way, barring a substantial escalation in the French bond market, we predict one more rate hike in December.

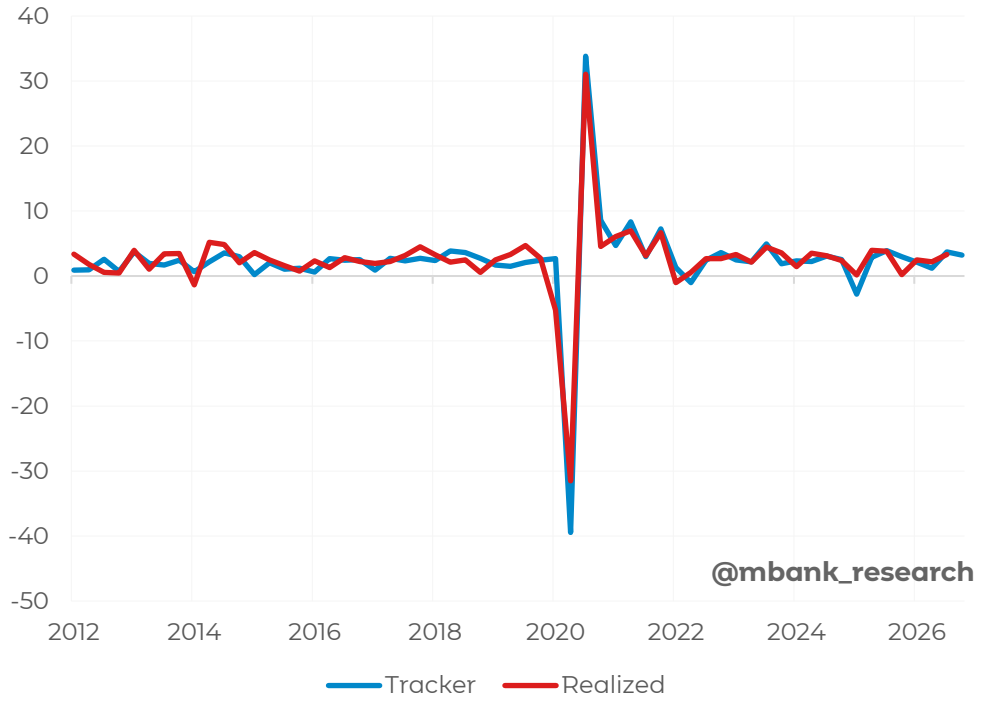
US GDP Tracker

US GDP growth, SAAR – zoom in



Source: Atlanta Fed GDPNow, Macrobond.

US GDP growth, SAAR – zoom out

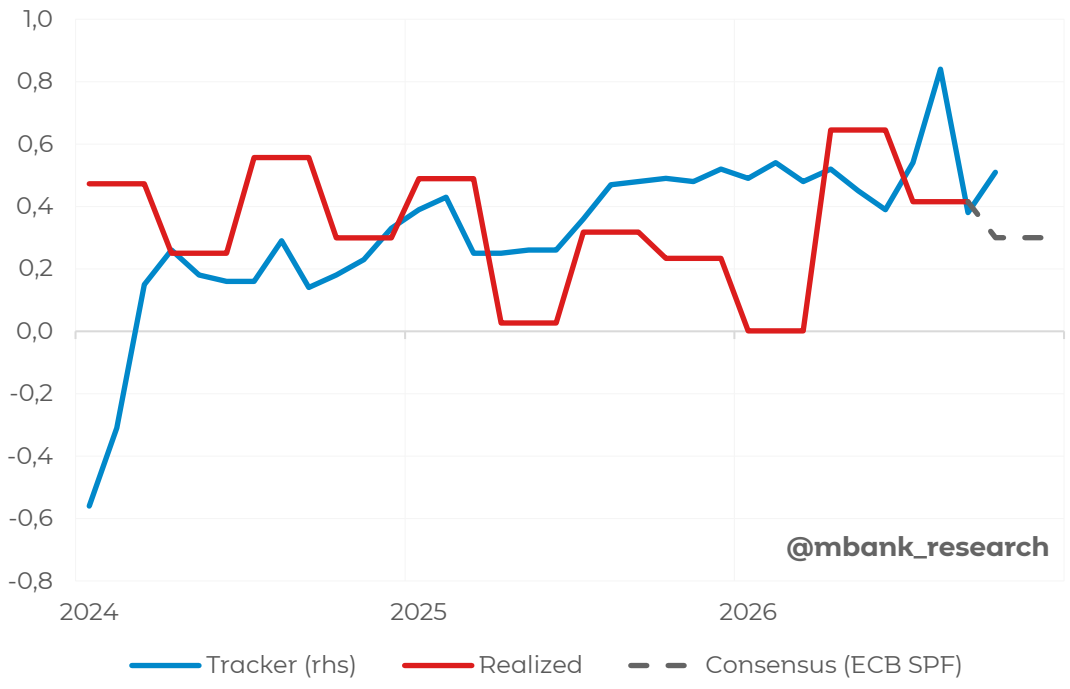


Source: Atlanta Fed GDPNow, Macrobond.

In the US, tracking models continue to overstate the strength of the economy. What was unusual in Q3 was the persistence of this signal, with estimates remaining broadly unchanged from the first data releases until the very end of the quarter. Initial nowcasts for Q4 suggest slightly lower dynamics, pointing to growth similar to that in Q3, still well above consensus. Consensus forecasts remain clustered around 2.2%, broadly in line with the US economy's estimated potential growth rate.

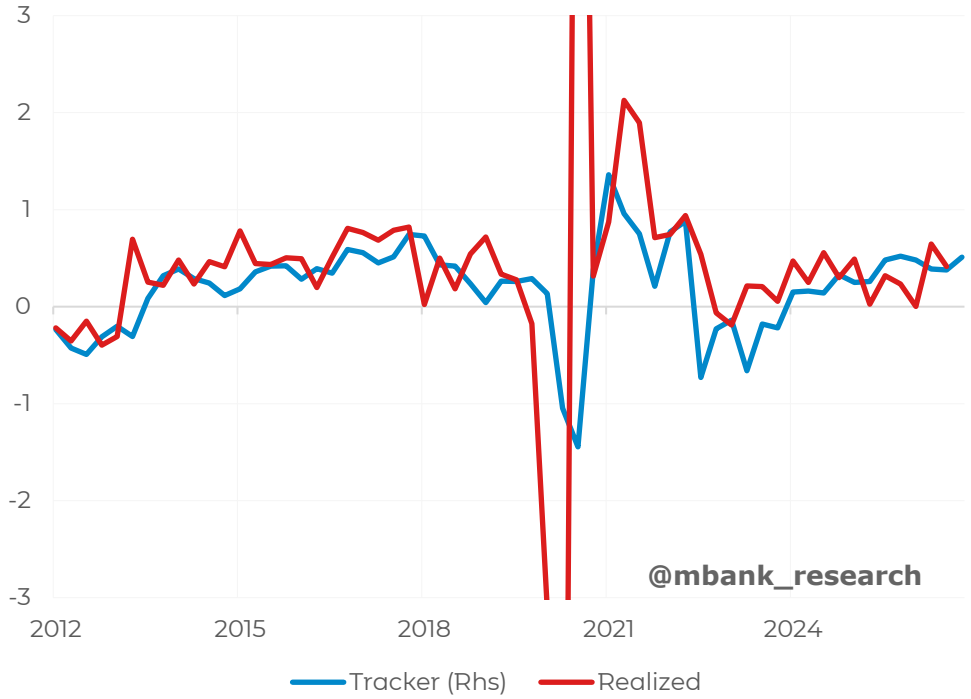
Euro area GDP Tracker

Euro area GDP growth, q/q SA – zoom in



Source: Banca d'Italia, Macrobond.

Euro area GDP growth, q/q SA – zoom out

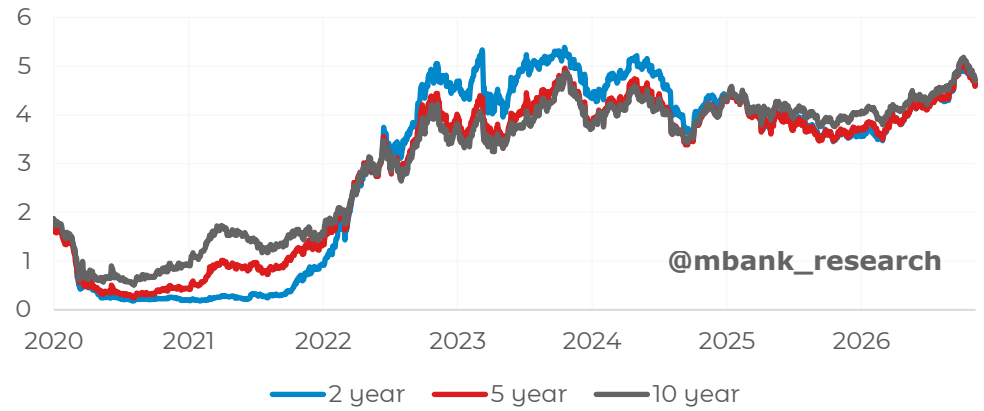


Source: Banca d'Italia, Macrobond.

Current data from European economies continue to surprise on the upside despite the oil price shock. Strong monthly readings are being reflected in trackers of underlying economic growth. The first readings for Q4 point to a slight acceleration from 0.4% to 0.5% q/q. They are also visible in the ECB's communication. At the same time, consensus growth forecasts for Q4 still look relatively cautious, with the ECB's Survey of Professional Forecasters at 0.3% q/q. 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.

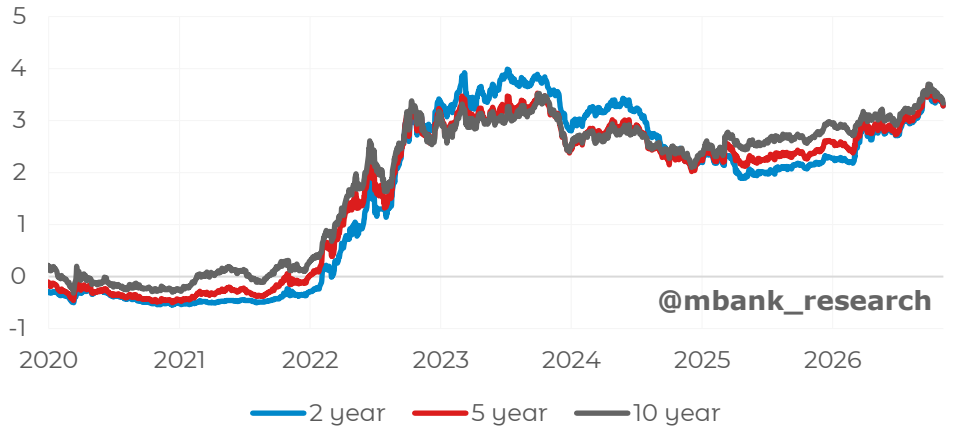
Global rates

US swap rates (%)



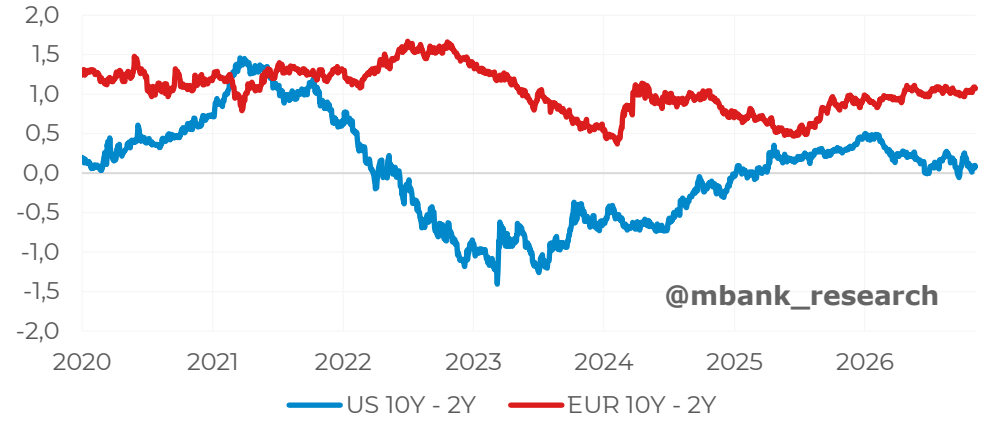
Source: Macrobond.

EU swap rates (%)



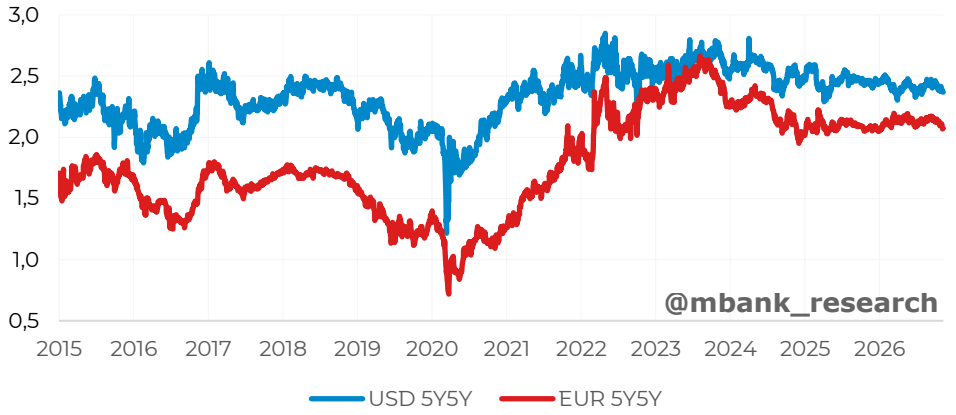
Source: Macrobond.

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

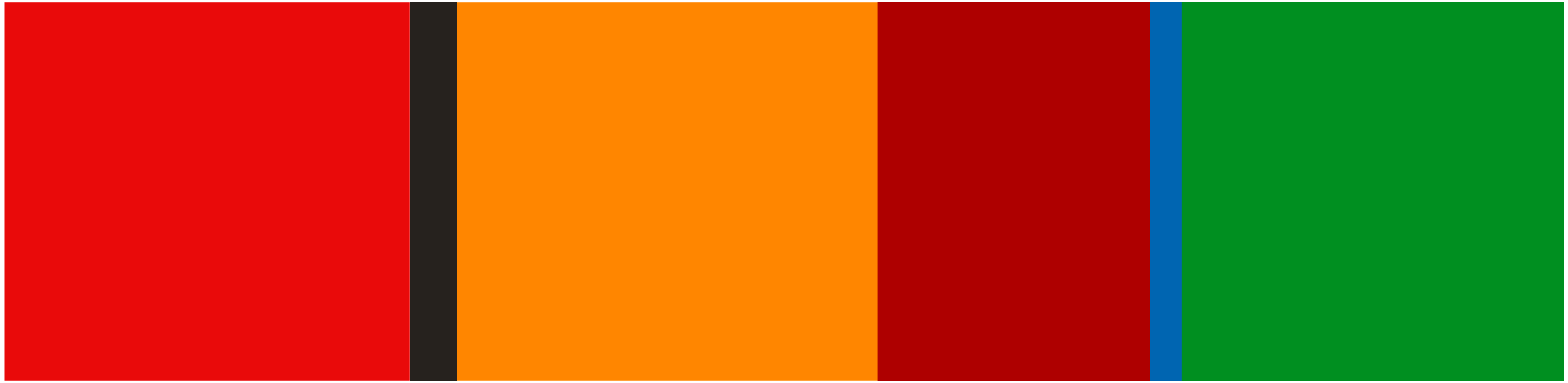


Source: Macrobond.

US and EZ inflation expectations (%)



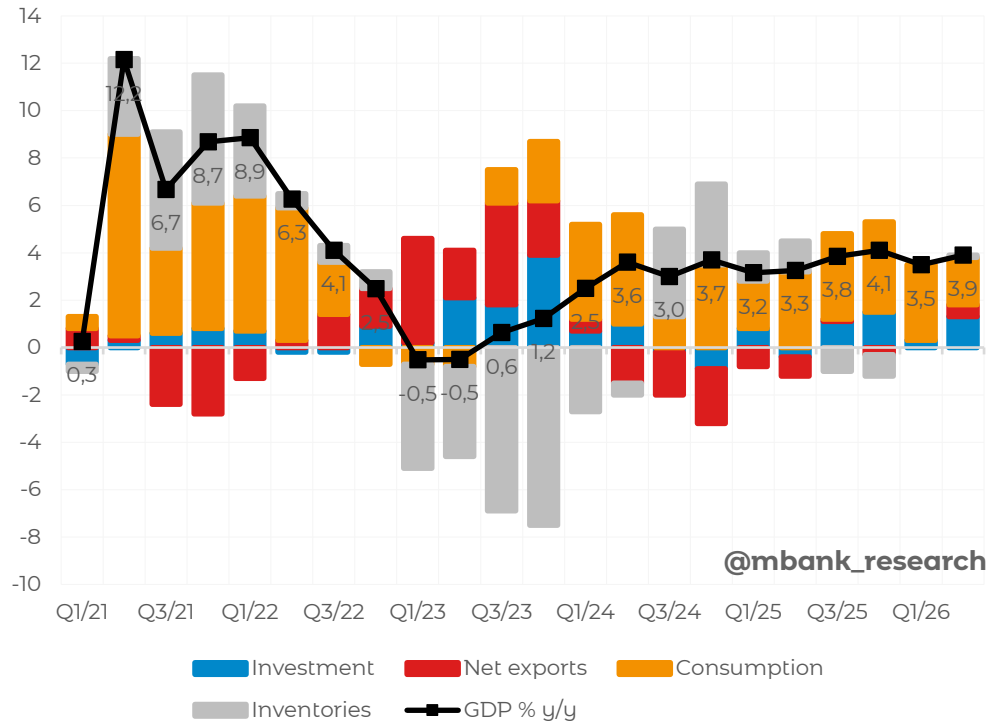
Source: Bloomberg.



Poland

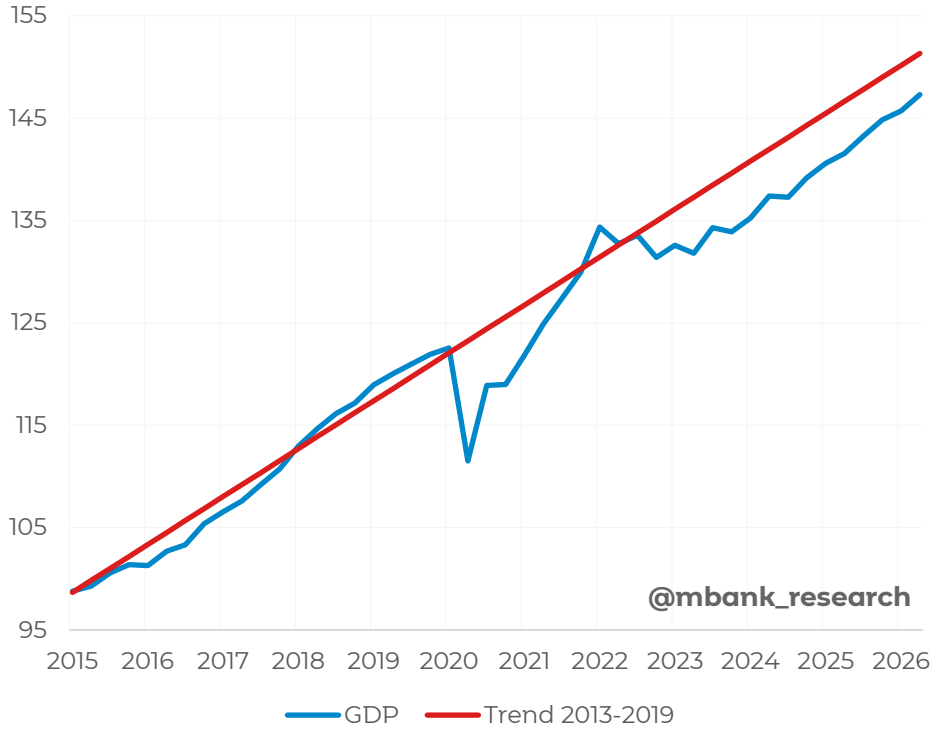
Poland: GDP, recently confirmed data & forecasts

Contributions to GDP growth (in pp.)



Source: Statistics Poland.

GDP (index 2015 = 100, sa)

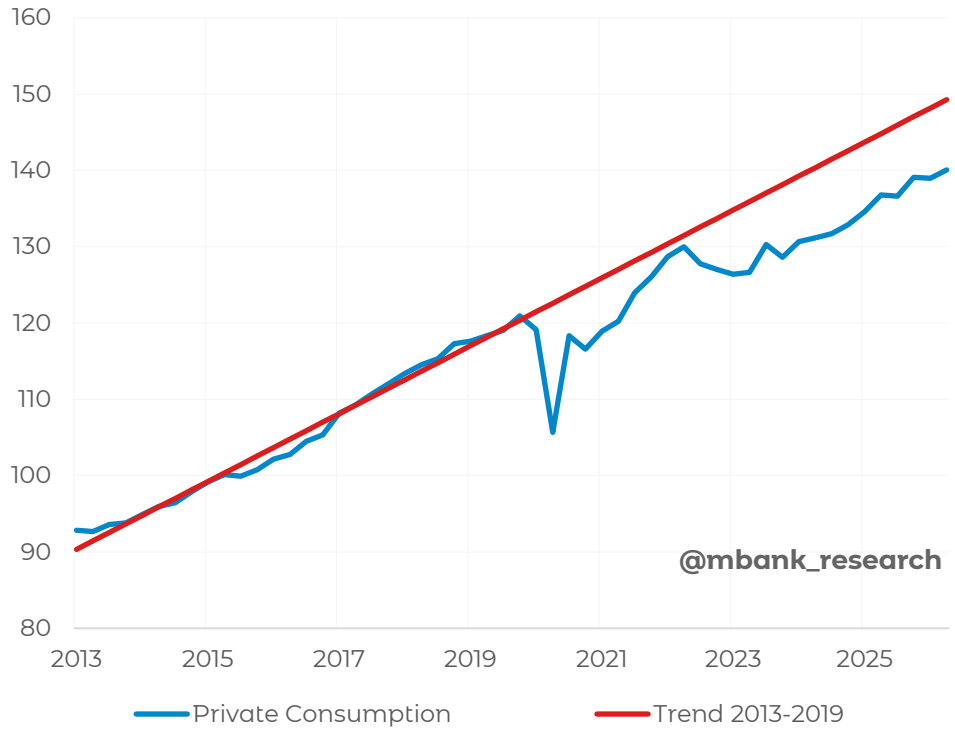


Source: Statistics Poland.

Economic growth in Q2 exceeded both market expectations and tracker estimates, reaching 4.1% y/y and it was revised up by 0.2 pp in every quarter since the beginning of 2025. The expansion was supported by strong contributions from private consumption (1.6 pp) and investment (1.3 pp), while public consumption and net exports also provided a positive boost, adding 0.7 and 0.5 pp to growth, respectively. The coming quarters are likely to deliver broadly similar results, with GDP growth expected at around 3.8-3.9%. 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 3.9%. The details on consumption (LINK), investment (LINK), and foreign trade (LINK) can be found in the following three slides.

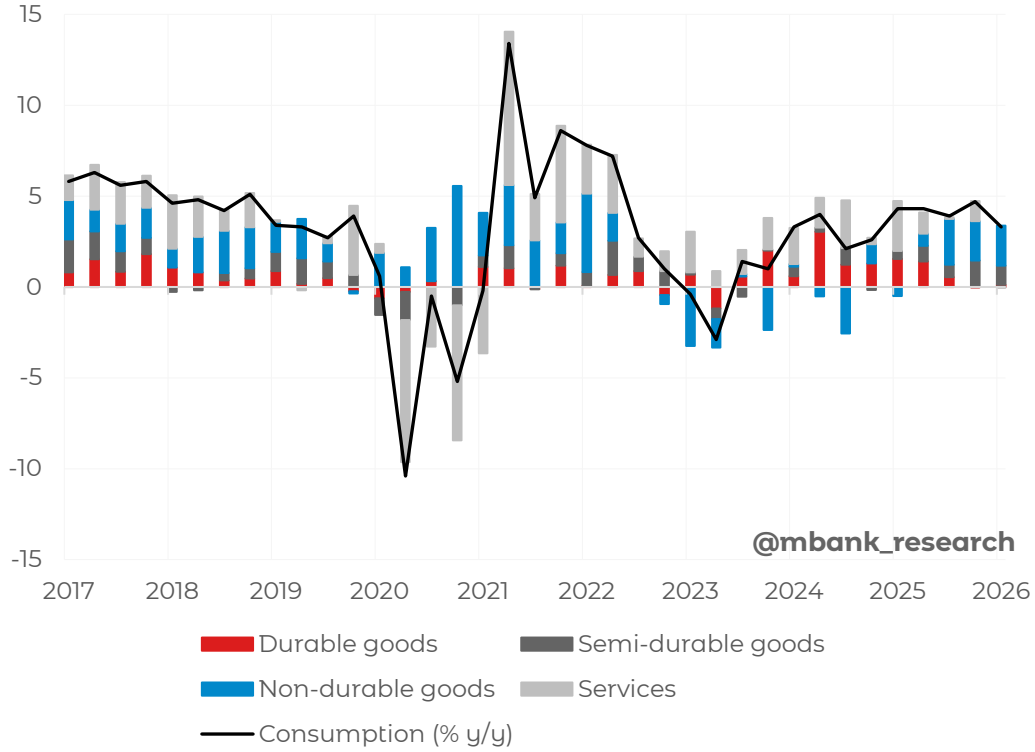
Poland: Consumption outlook

Private consumption (index 2015 = 100, sa)



Source: Own elaboration based on Statistics Poland.

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

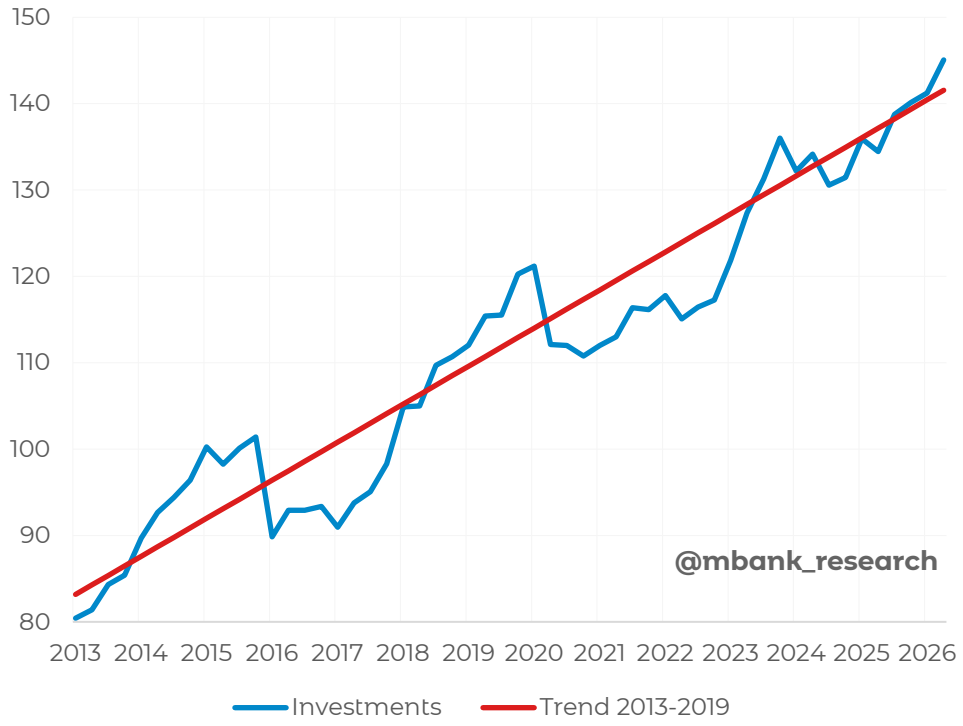


Source: Own elaboration based on Eurostat.

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 Q4 2025 was recently revised upwards by 0.6 pp. Monthly indicators continue to point to solid sales of durable goods. Labor market conditions remain broadly stable, with real wage growth still hovering around 2.5%, despite the recent increase in inflation. Overall, in 2026, private consumption should achieve growth of around 3%. Second, public consumption performance was strongly revised upwards: from 1.7% to 3.2% y/y in Q2 and on average by 0.5 pp y/y in every other quarter since Q1 2025. Nevertheless, it still points to a slowdown in growth from 6.8% y/y in Q1 to 3.2% y/y in Q2. However, we expect that this slowdown is likely to be temporary in nature, with government spending remaining elevated.

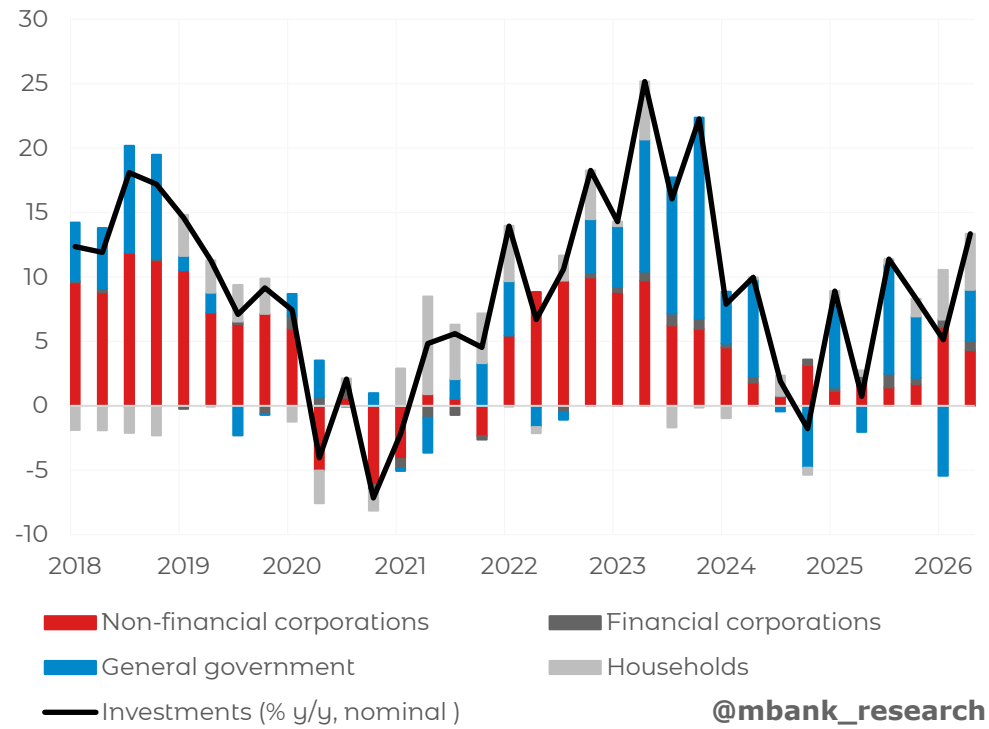
Poland: Investment outlook

Fixed capital formation (index 2015 = 100, sa)



Source: Own elaboration based on Statistics Poland.

Fixed capital formation (% y/y)

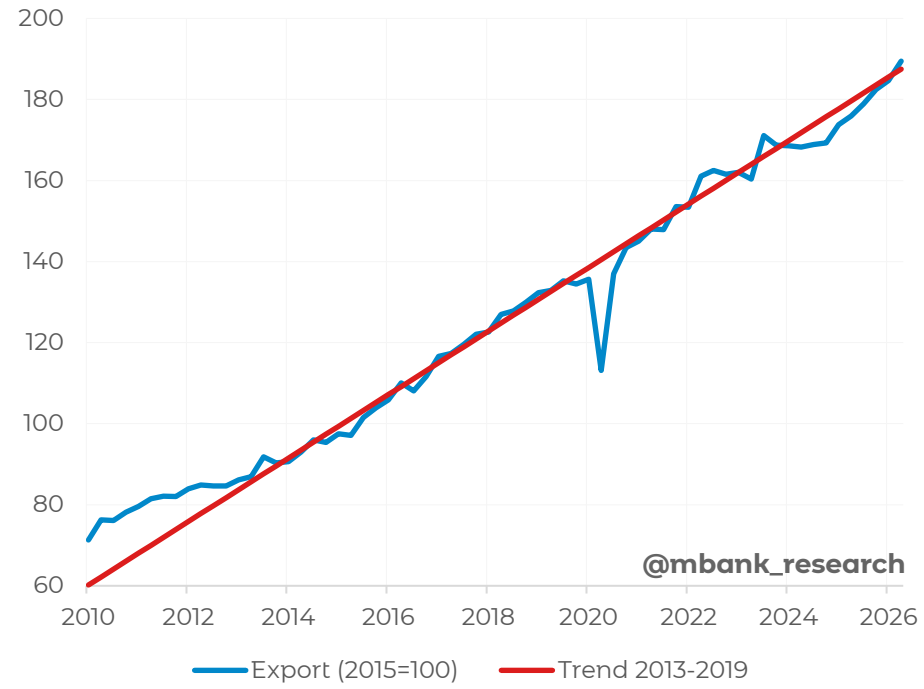


Source: Own elaboration based on Eurostat

Investment growth accelerated markedly in Q2 from 3.1% to 8.5% y/y and was revised upwards by around 0.5 pp from Q2 2025 to Q1 2026. 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 7.4% in 2026 to 4.2% in 2027.

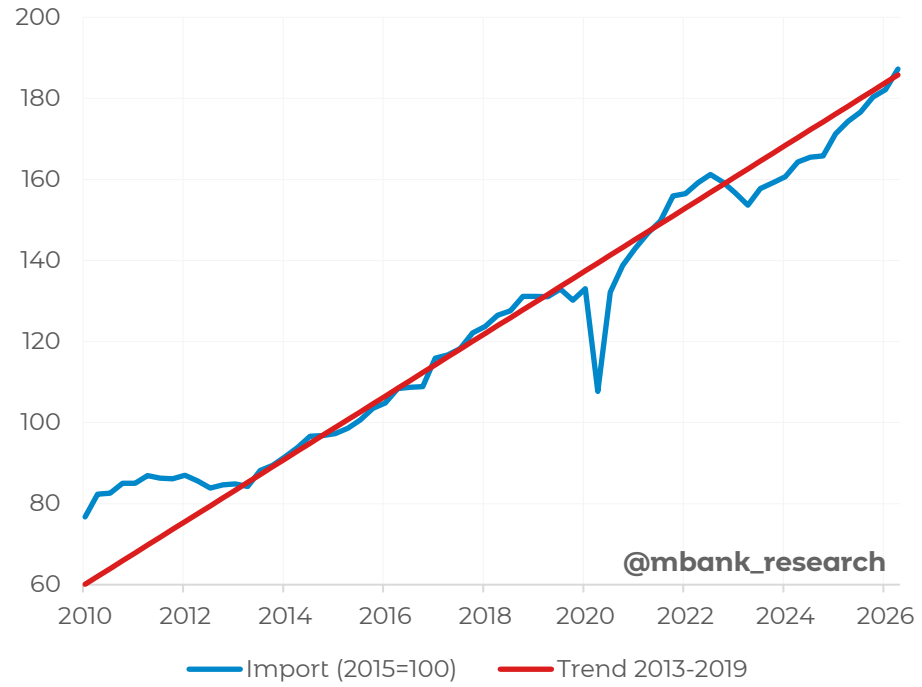
Poland: Foreign trade outlook

Export (index 2015 = 100, sa)



Source: Own elaboration based on Statistics Poland.

Import (index 2015 = 100, sa)

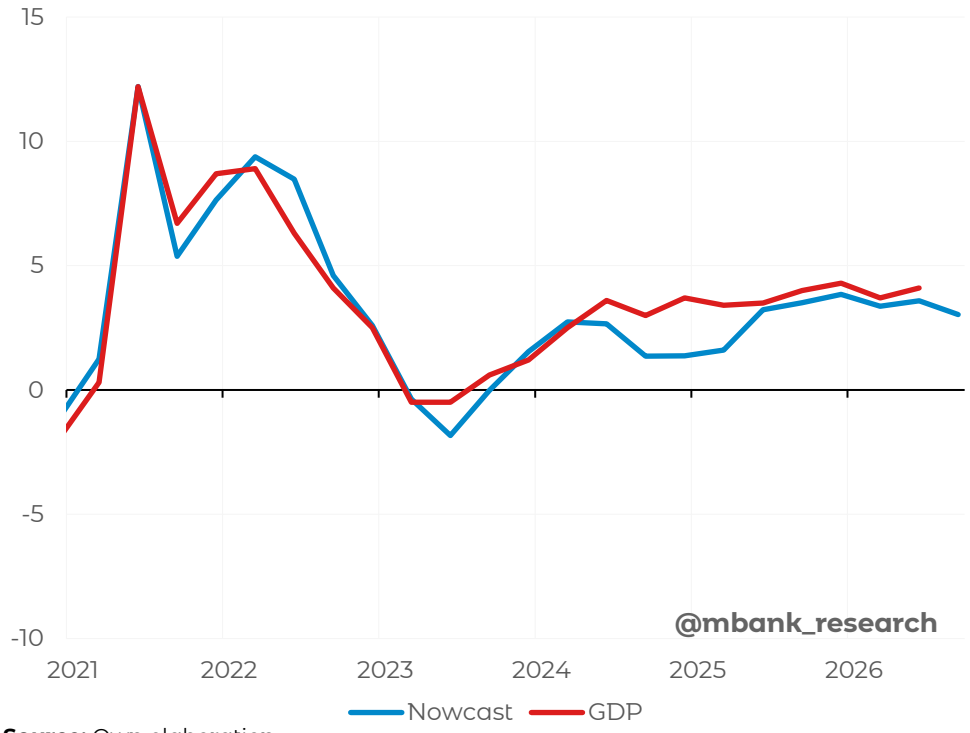


Source: Own elaboration based on Statistics Poland.

GDP data revision diminished the positive surprise in foreign trade data in the Q2 GDP release. Both exports and imports were revised down by around 3 pp to around 8.1% and 7.5% y/y, respectively, closer to the direction of monthly trade data that pointed to much weaker nominal growth of around 5-6% in euro terms. As a result, the GDP figures imply 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 export and import growth in the coming quarters to remain similar to 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.

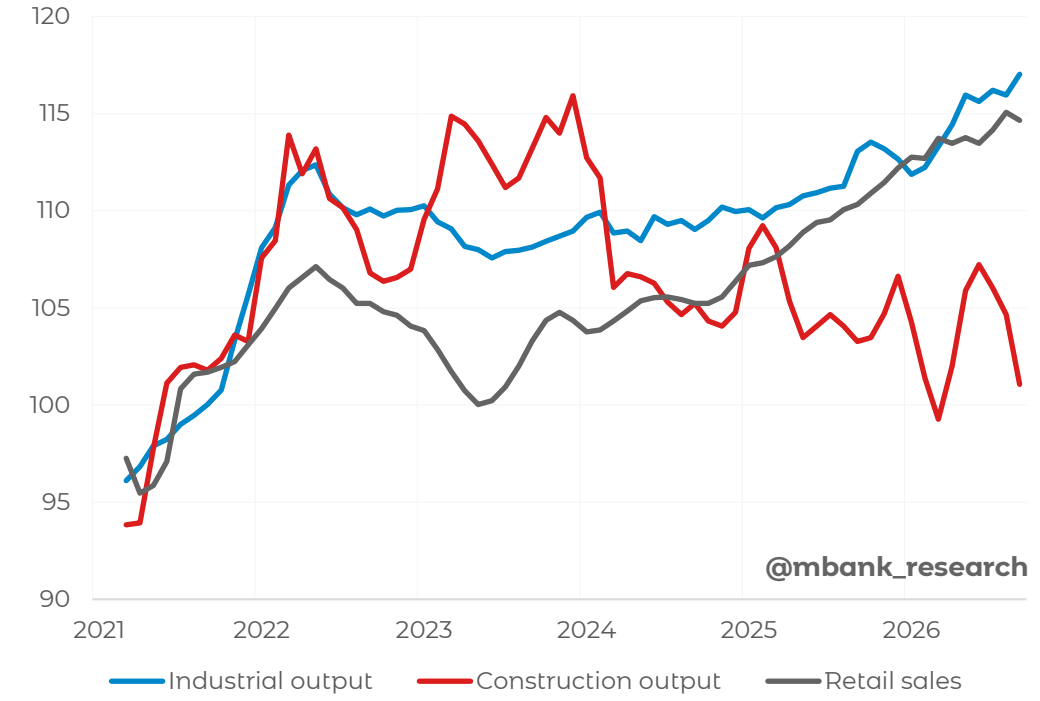
Poland: Real time (short-term) GDP tracking

GDP momentum nowcasting



Source: Own elaboration.

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

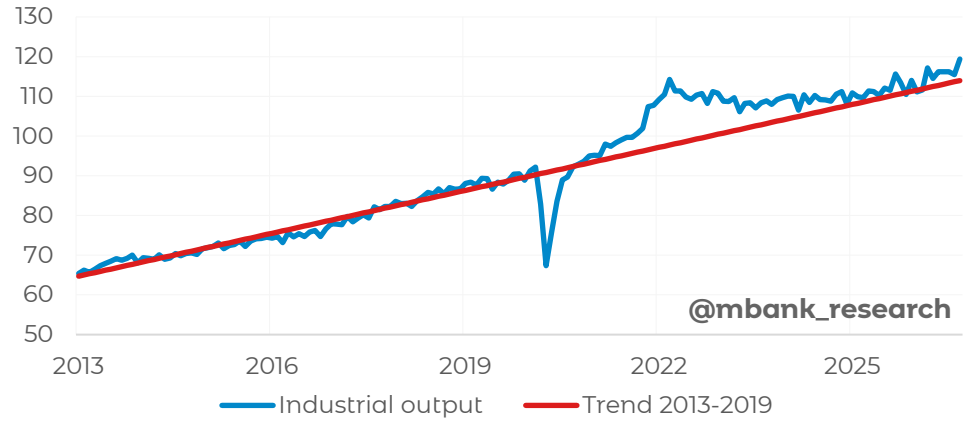


Source: Statistics Poland.

September data came out mostly close to expectations. Industrial production (LINK) noticeably accelerated to 4.6% y/y, above expectations (3.1%), with the strongest contribution from intermediate and capital goods and a decline in durable consumer goods. Retail sales (LINK) growth slowed down to 3.3% y/y, slightly below expectations, with especially weak sales of fuels. The biggest upset was construction output, which unexpectedly dropped from 6.7% to -9.0% y/y due to irregularities in settlements, similarly to the July data (LINK). October is likely to bring rather modest results. We expect retail sales growth of around 2.4% y/y, still 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 momentum is likely to remain similar to that of retail sales, which will result in growth closer to 1.8% y/y. We forecast stabilization of activity until the end of the year, which will imply solid growth of both industrial production and retail sales of 6% in y/y terms.

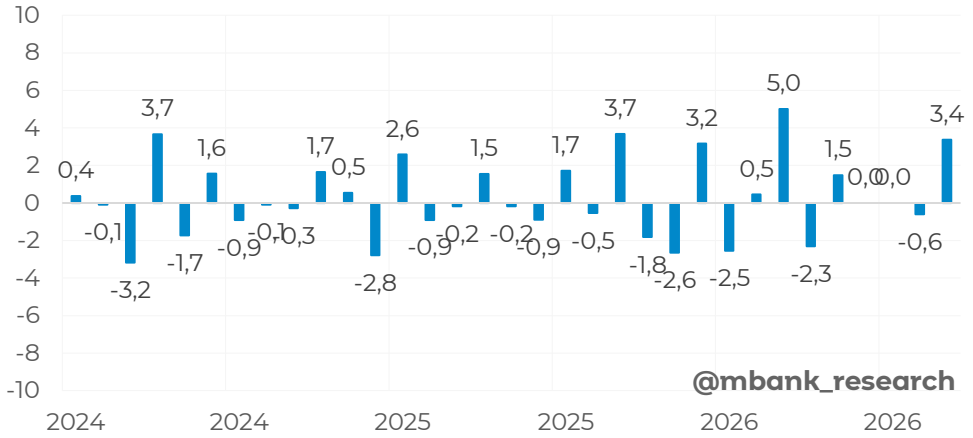
Poland: Industrial output

Industrial production (index 2021 = 100, sa)



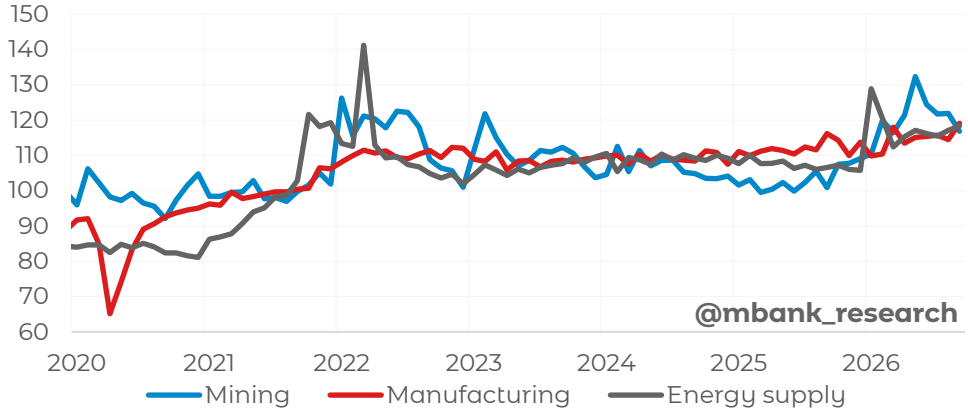
Source: Own elaboration based on Statistics Poland.

Momentum (% m/m, sa)



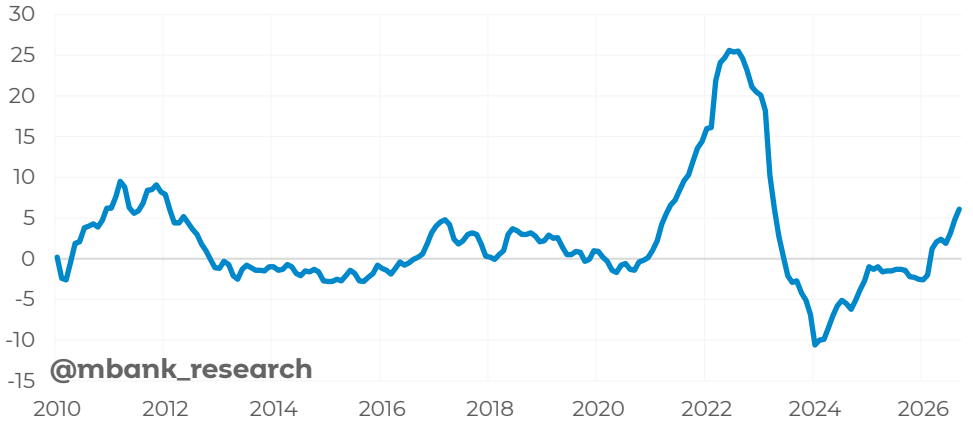
Source: Own elaboration based on Statistics Poland.

Main categories (index 2015 = 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

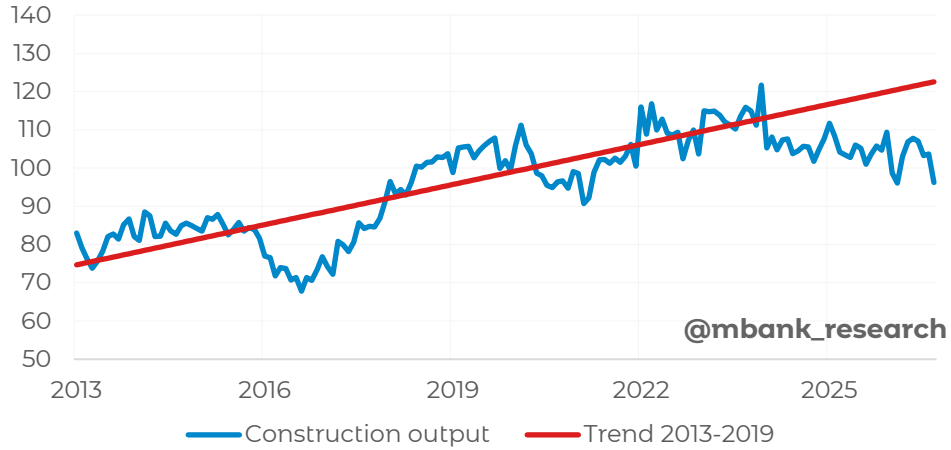
Producer prices (% y/y)



Source: Own elaboration based on Statistics Poland.

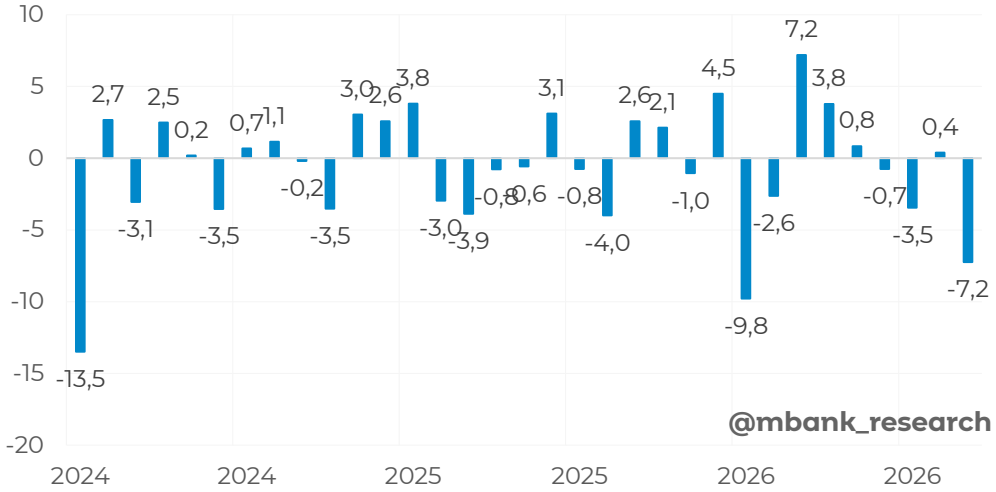
Poland: Construction

Construction output (index 2021 = 100, sa)

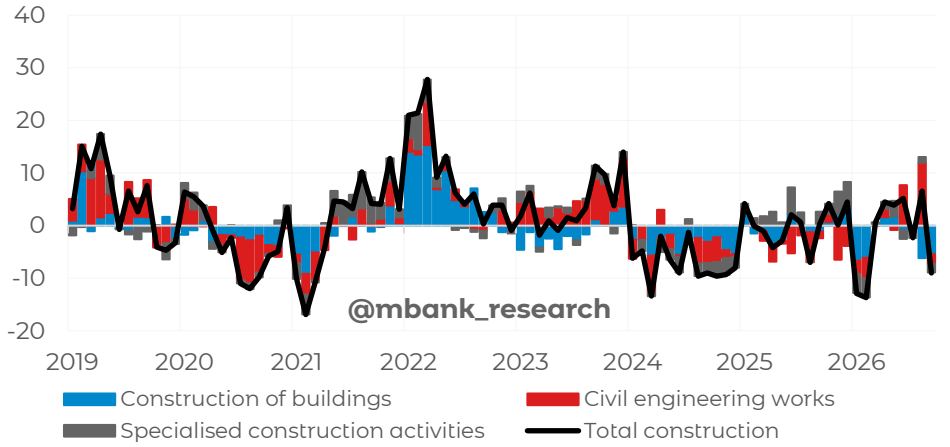


Source: Own elaboration based on Statistics Poland.

Momentum (% m/m, sa)

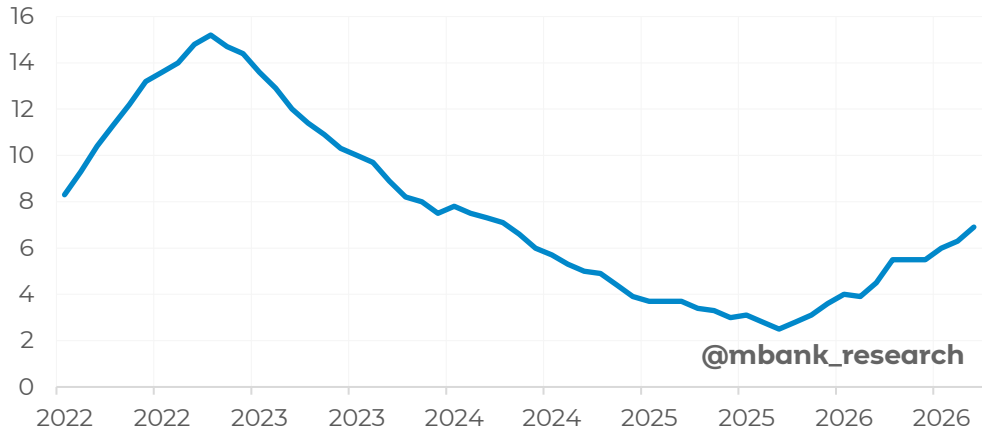


Contribution to y/y growth



Source: Own elaboration based on Statistics Poland.

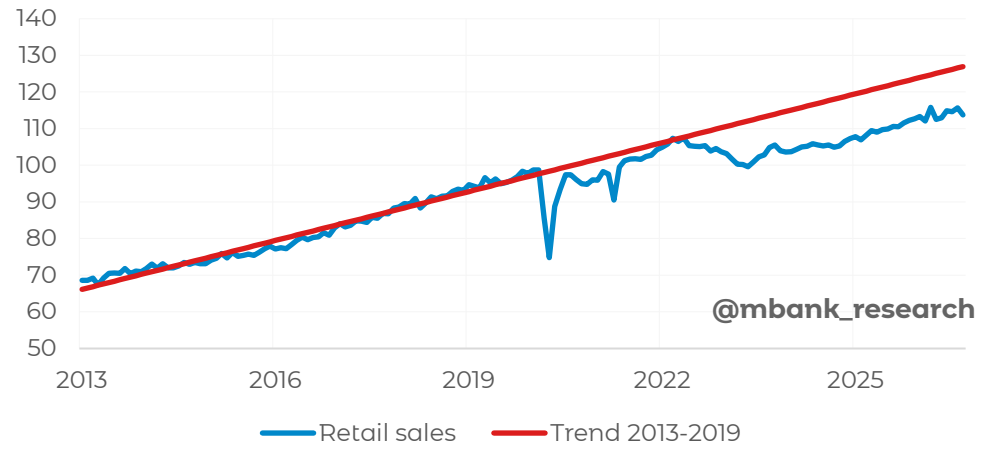
Construction prices (% y/y)



Source: Statistics Poland.

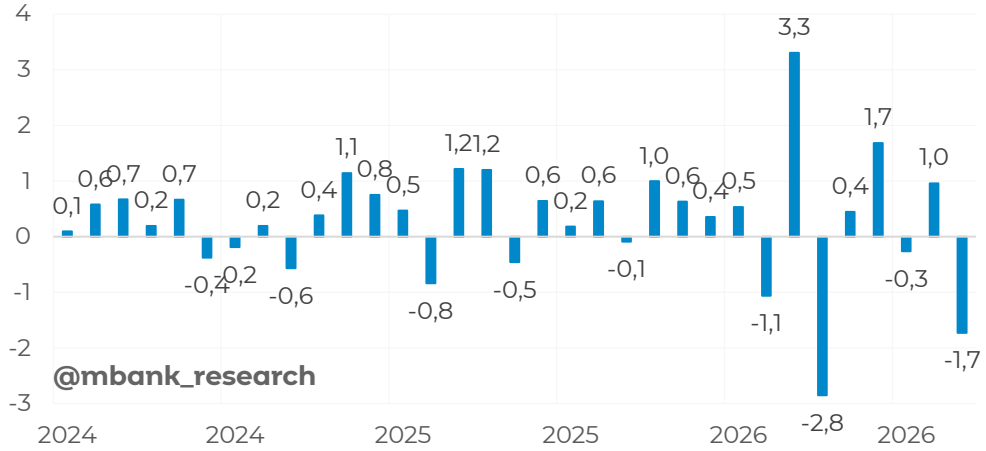
Poland: Retail sales

Retail sales (index 2021 = 100, sa)



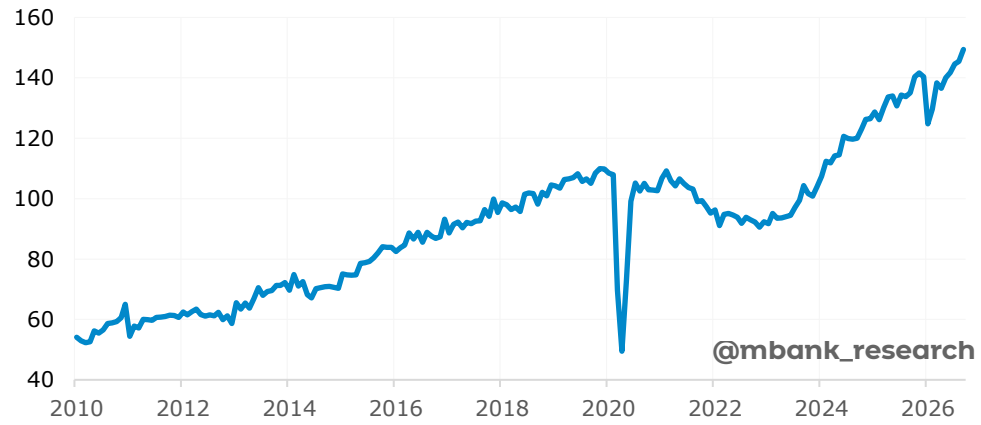
Source: Own elaboration based on Statistics Poland.

Momentum (% m/m, sa)



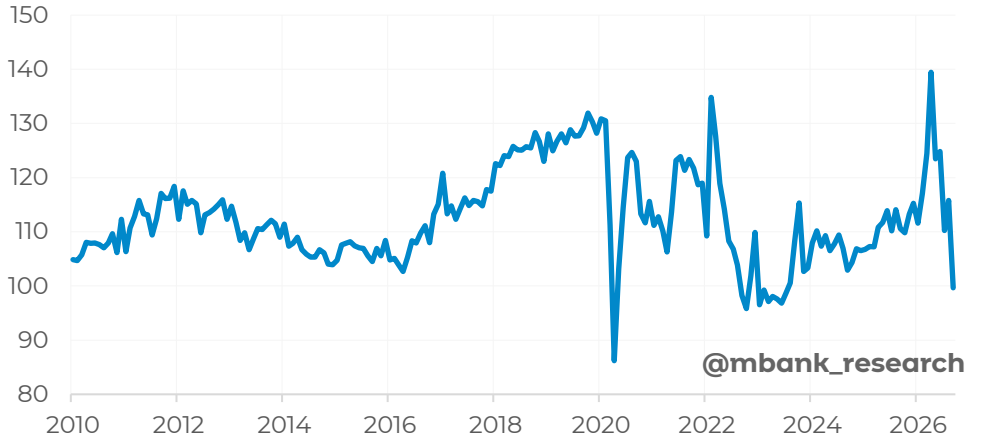
Source: Own elaboration based on Statistics Poland.

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



Source: Own seasonal adjustment based on Statistics Poland.

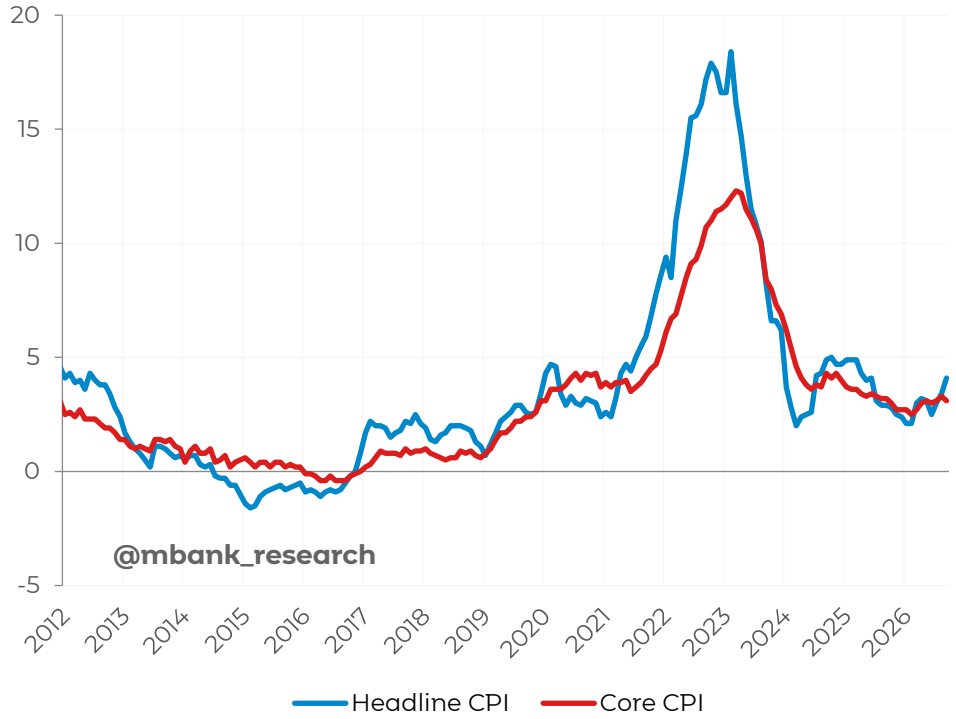
Retail sales - Solid, liquid and gaseous fuels (index 2015 = 100, sa)



Source: Own seasonal adjustment based on Statistics Poland.

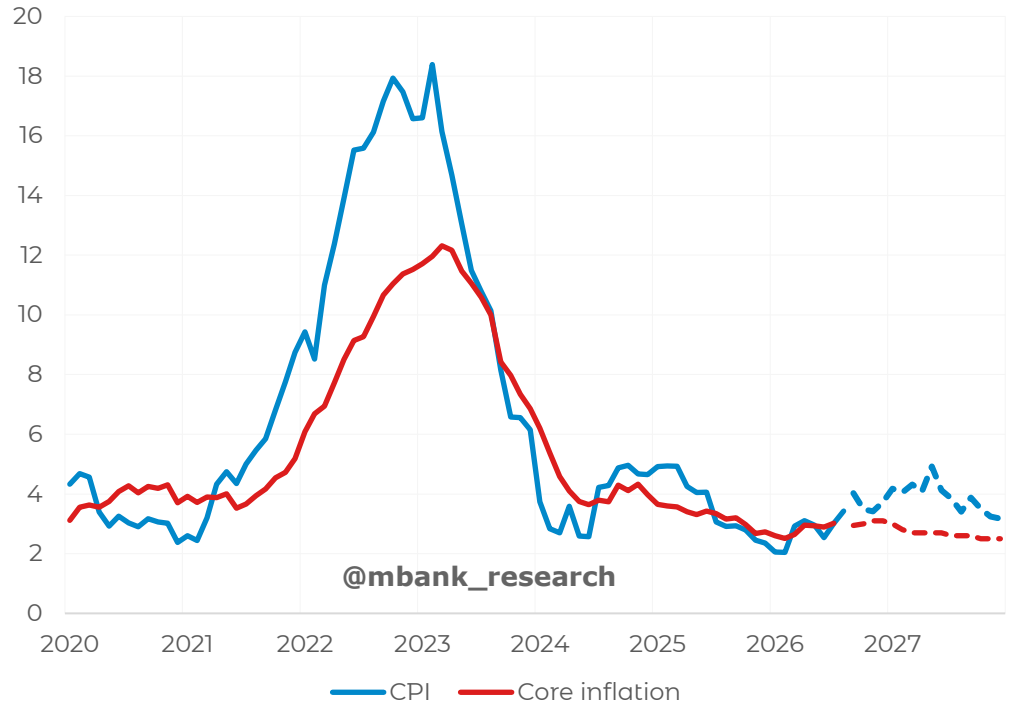
Poland: Inflation

Headline inflation, broad perspective (% y/y)



Source: Own elaboration based on Statistics Poland.

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

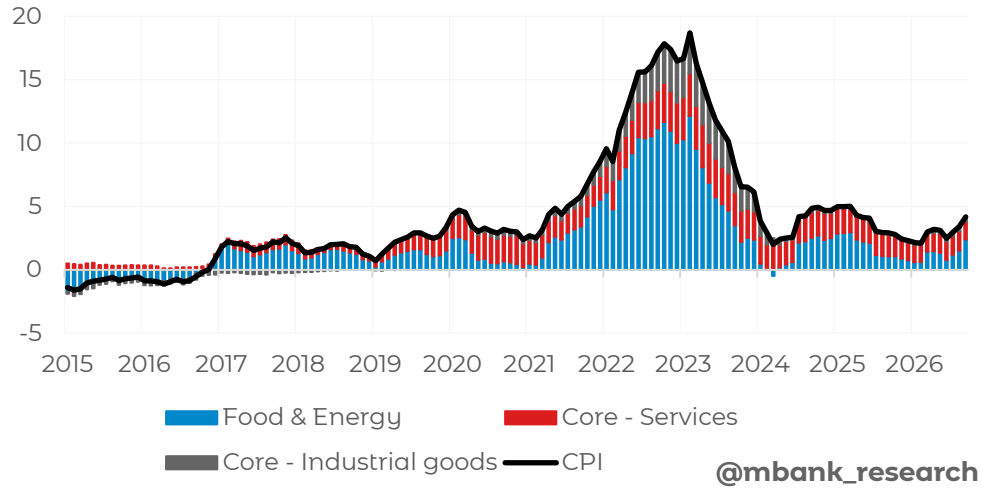


Source: Own elaboration based on Statistics Poland, NBP.

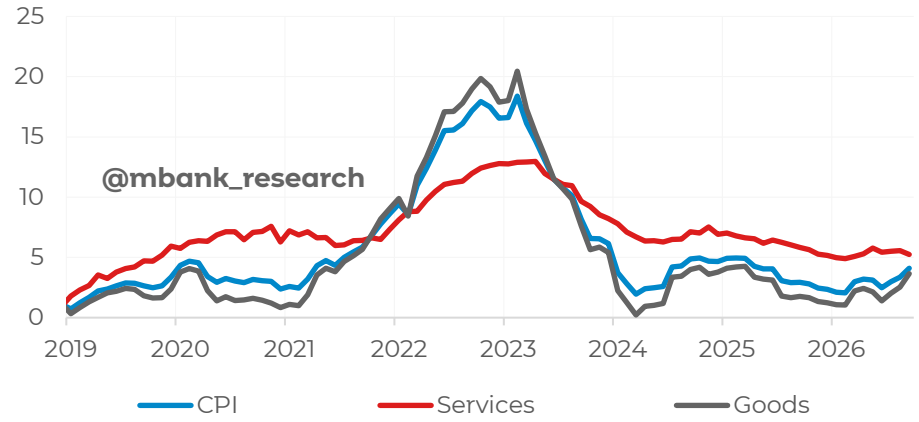
October inflation surprised to the downside, dropping to 3.5% and returning to the upper bound of deviations from the NBP inflation target. The last monthly change was driven mainly by an almost 10% monthly decrease in fuel prices due to the reinstatement of lower taxes on fuel (CPN package). At the same time, core inflation again surprised on the downside, with Statistics Poland (GUS) data pointing to a decline from 3.1% to 3.0%. We still believe, however, that this largely reflects one-off shifts in service prices rather than the beginning of a sustained disinflationary trend, but more detailed CPI data in the middle of the month are needed to assess it. In the coming months, CPI inflation is expected to fluctuate around the current level, amid the continuation 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 due to the recent surge in global food prices, while core inflation is likely to fluctuate modestly around the current level. The next more significant move in inflation dynamics is expected in Q1 with the increase in energy prices – we currently assume a 5% increase, 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.

Poland: Inflation tracker (additional measures)

Contribution to inflation (pp.)

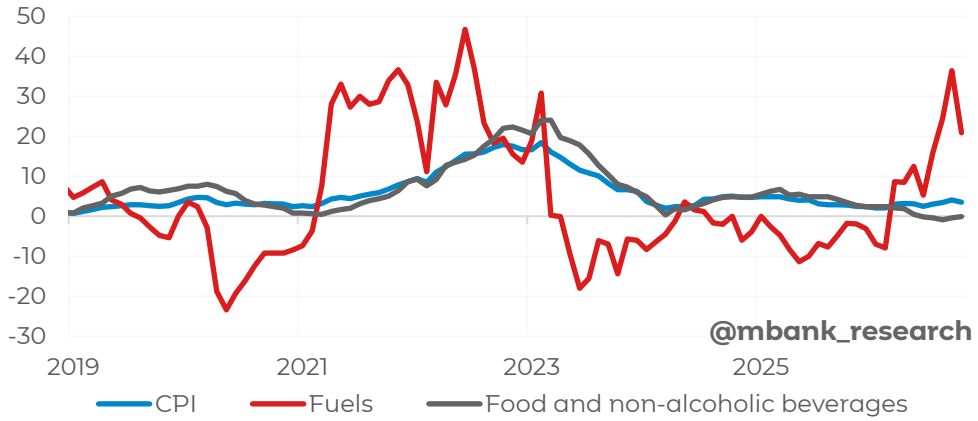


Goods and services prices (% y/y)



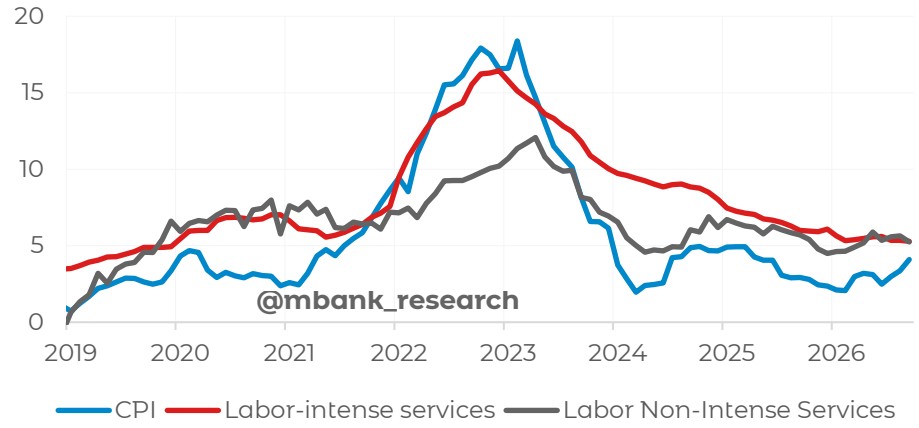
Source: Own elaboration based on Statistics Poland.

Food and fuel prices (% y/y)



Source: Own elaboration based on Statistics Poland.

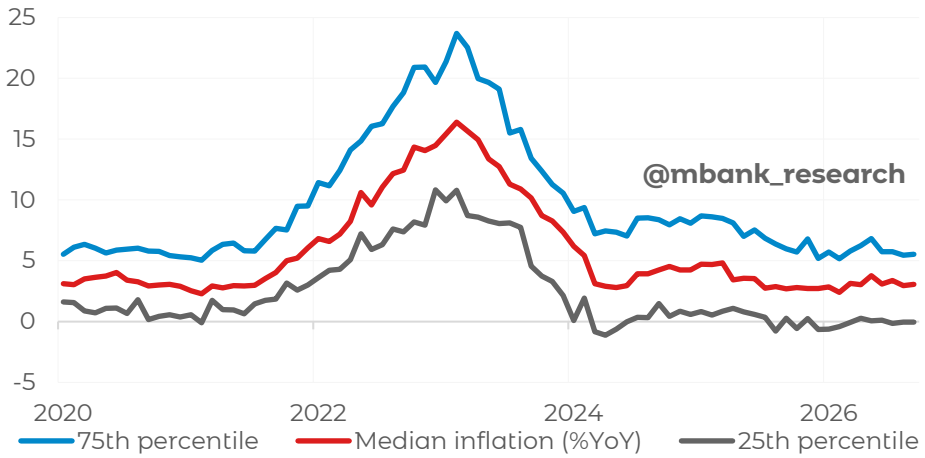
Services (% y/y)



Source: Own elaboration based on Statistics Poland.

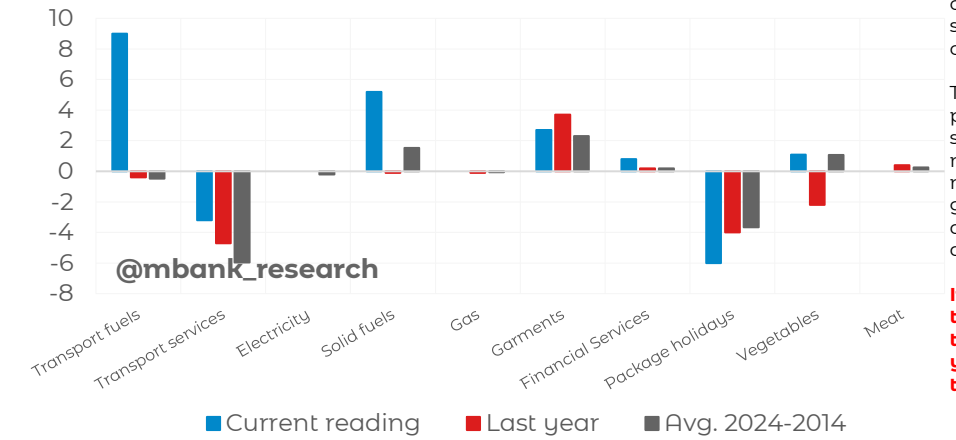
Poland: Inflation tracker (additional measures)

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

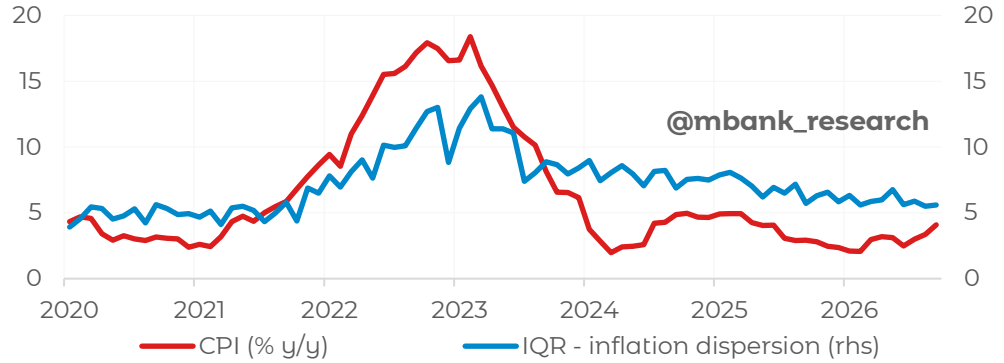
***Impactful** = the product of high volatility and substantial weight in the consumption basket.

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".

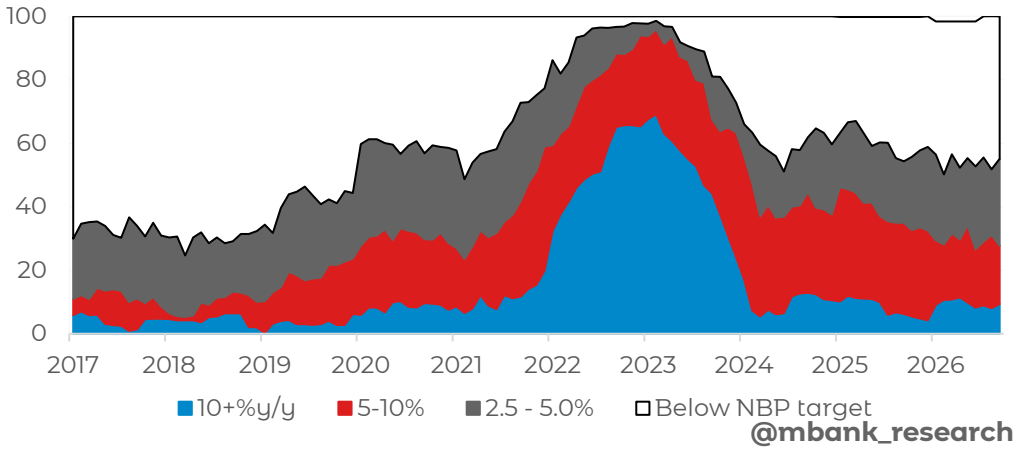
Inflation IQR: diff between the 75th and 25th percentile (y/y rates)

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.

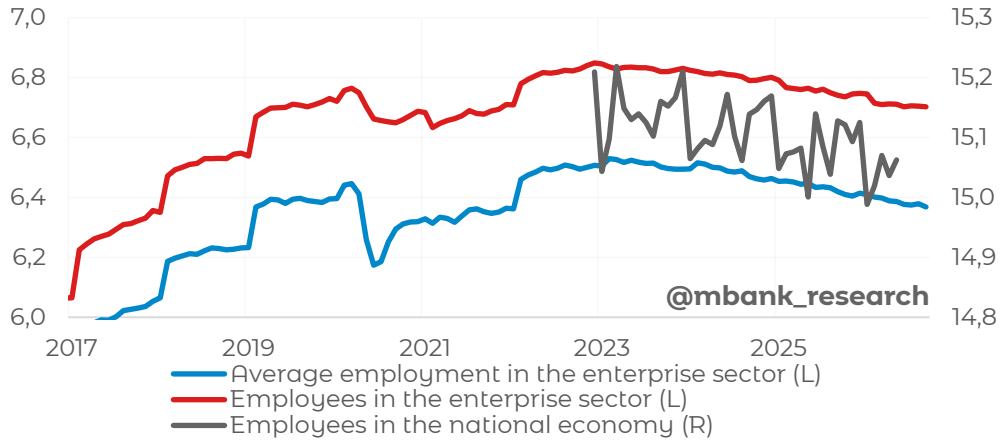
Share of expenditures where prices increase by (%):



Source: Own elaboration based on Eurostat.

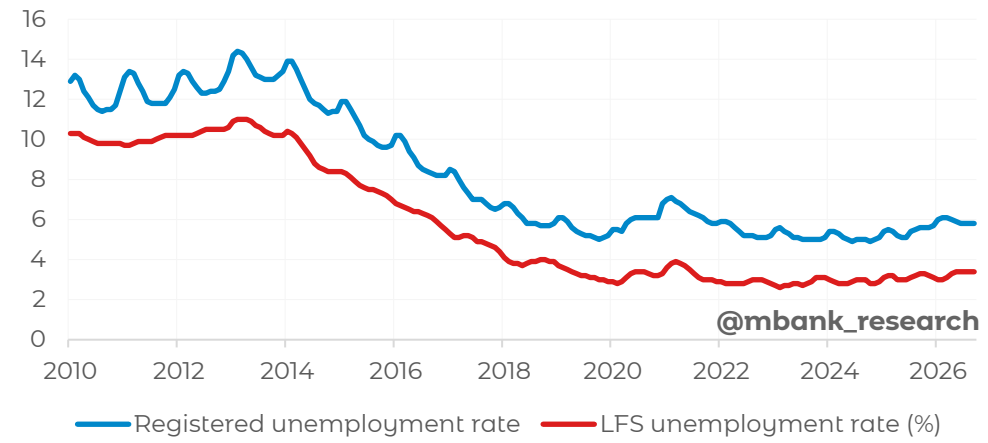
Poland: Labor market tracker (employment)

Employment (in millions)



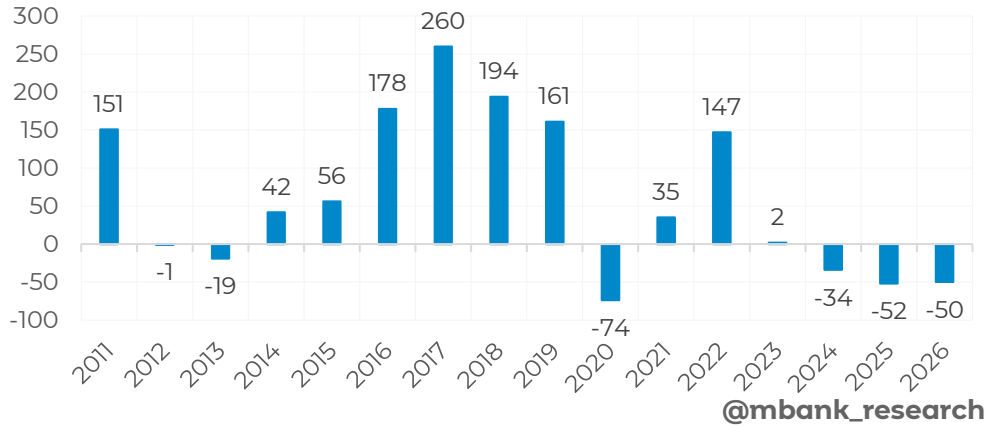
Source: Own elaboration based on Statistics Poland

Unemployment rate (%)



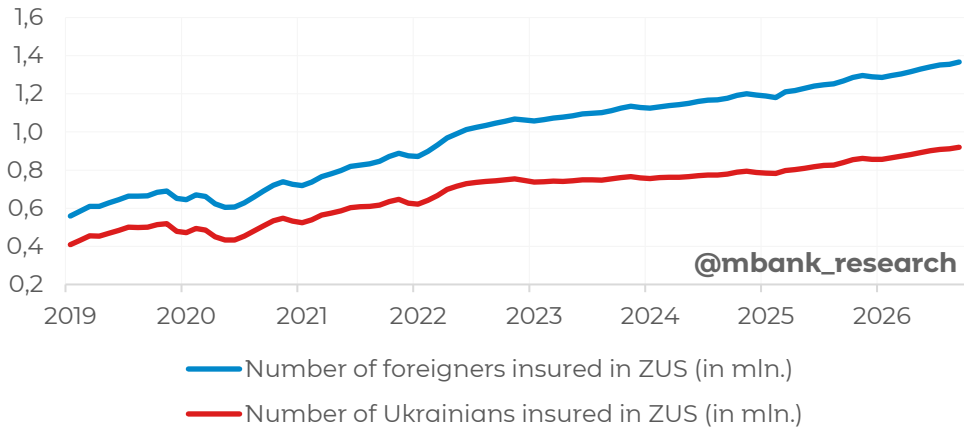
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

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



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.

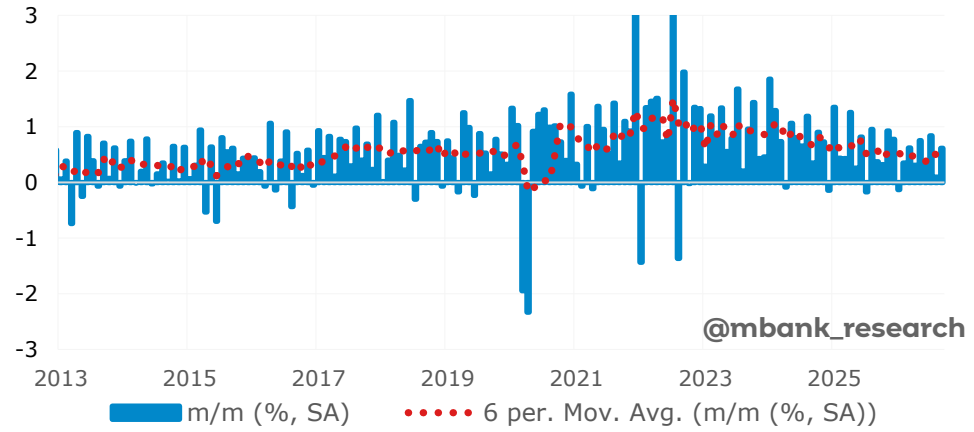
Poland: Labor market tracker (wages)

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



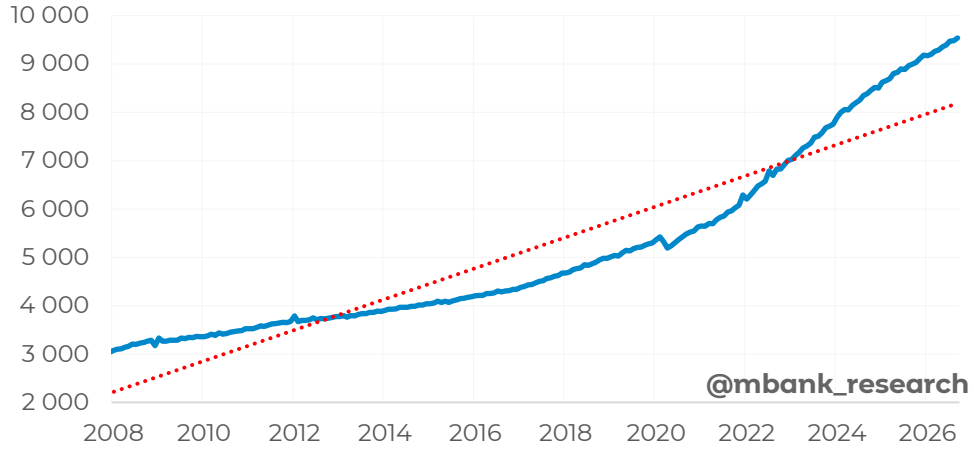
Source: Own elaboration based on Statistics Poland, ZUS Statistical Portal.

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



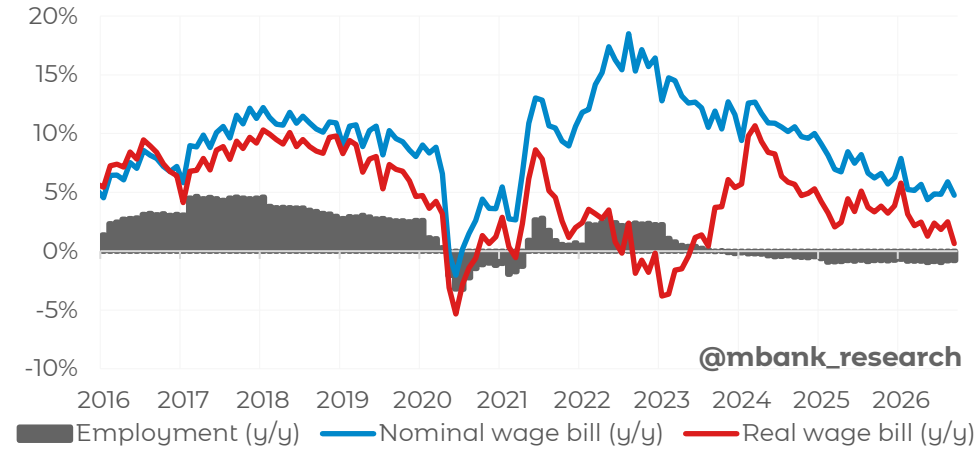
Source: Own seasonal adjustment based on Statistics Poland, ZUS Statistical Portal.

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



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

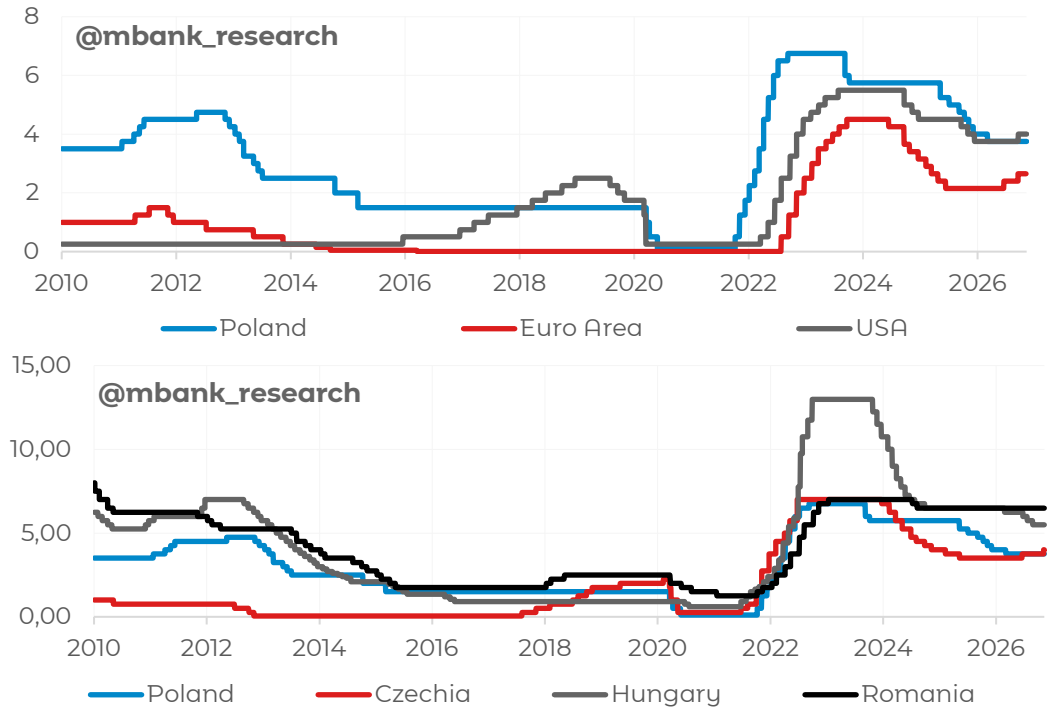
Wage bill, enterprise sector (% y/y)



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

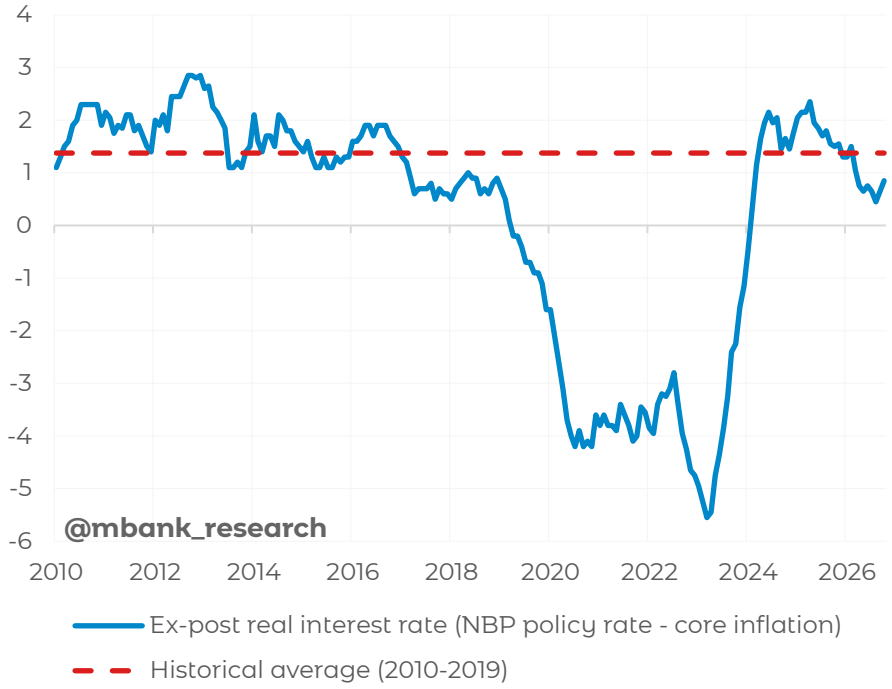
Poland: Interest rate outlook

Central banks' policy rates (%)



Source: Macrobond.

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

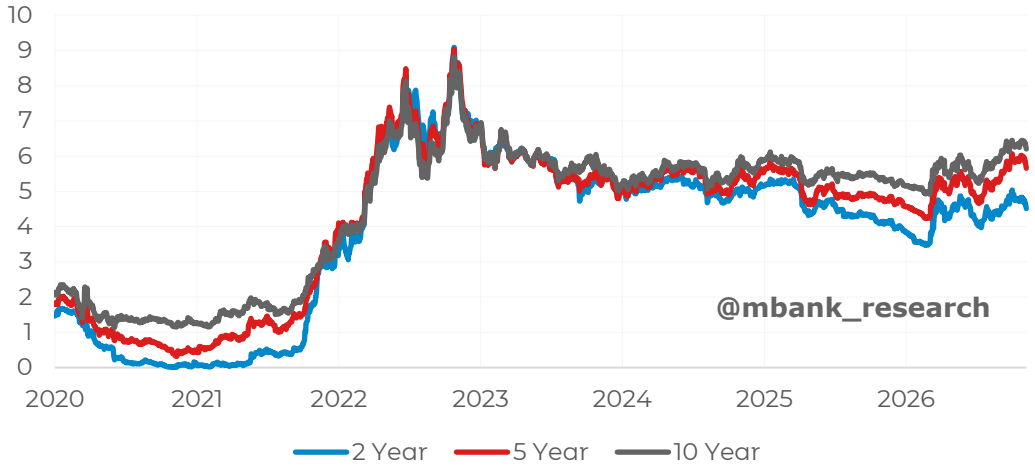


Source: Statistics Poland, NBP.

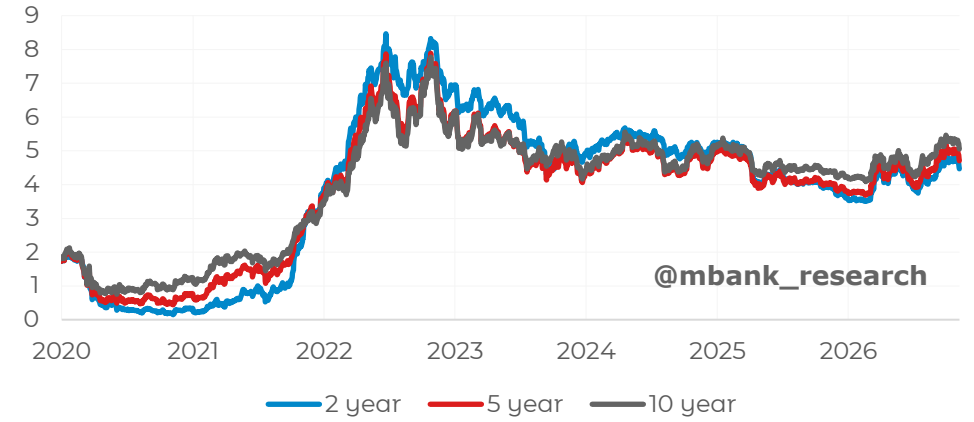
The November meeting ended with interest rates left unchanged. Governor Glapiński's press conference tone was quite mixed. While in the main part he argued that GDP growth will diminish and there is not much space for firms to raise prices, on the other hand, the new NBP projection showed 4.2% CPI inflation in 2027 and 2.8% in 2028, which, in our opinion, provided a strong case for rate hikes. Governor Glapiński and other MPC members claim that a rate hike in December is unlikely. We anticipate that the most probable scenario is that tightening will start in January with a 25 bp hike, followed by another 25 bp in March together with the next inflation projection. However, there is high uncertainty surrounding this decision, as the January meeting will be conducted in a not fully staffed or already changed MPC composition (three of the current members were nominated to the NBP board and need to be replaced soon). Moreover, in our opinion, the path of future rates will be determined by the exogenous and regulatory-based factors such as fuel, food, and energy prices, to which recent MPC communications suggest policymakers are paying close attention. Their dynamics are uncertain as well.

Poland: Market interest rates

POLGBs (%)

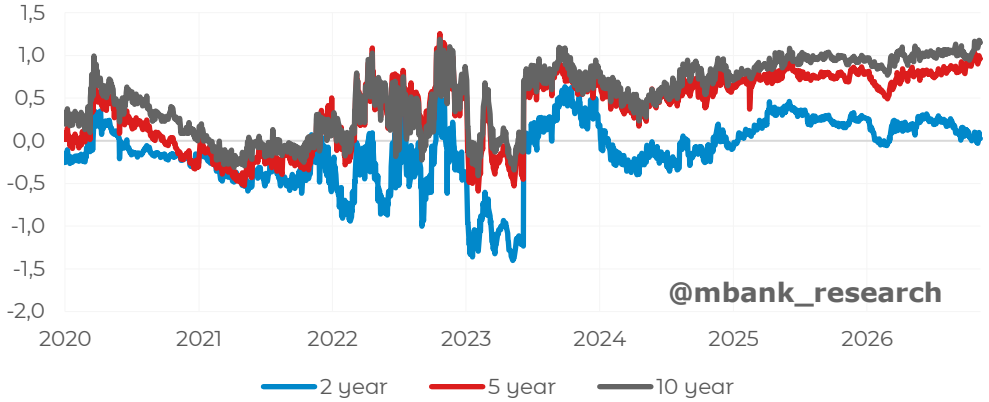


PL IRS (%)



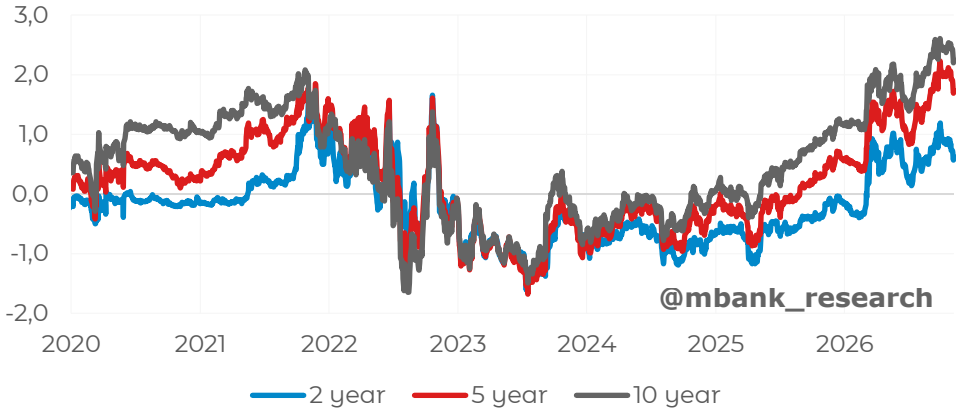
Source: Bloomberg.

ASW spread (pp)



Source: Bloomberg.

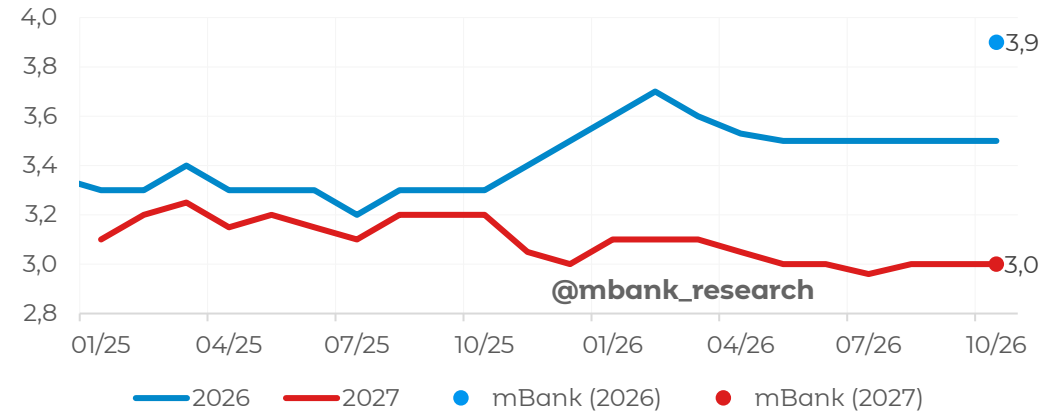
POLGB yield minus 3m WIBOR (pp)



Source: Macrobond.

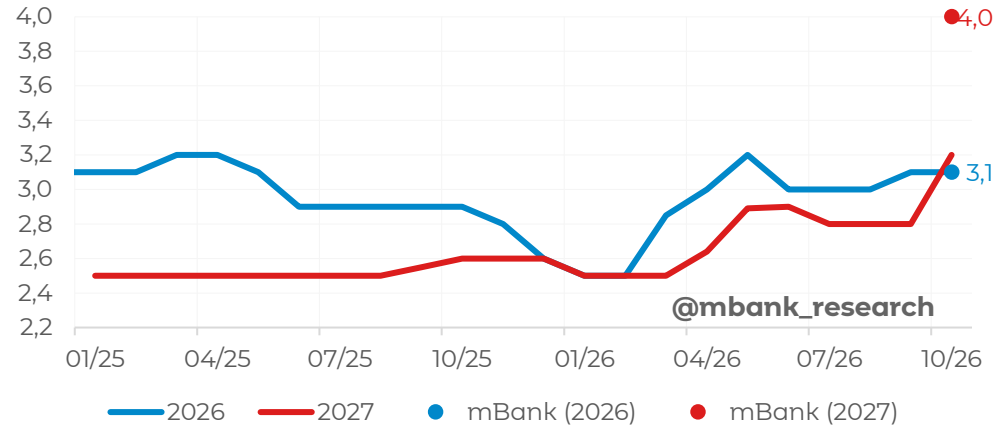
Poland: Expectations vs our forecasts

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



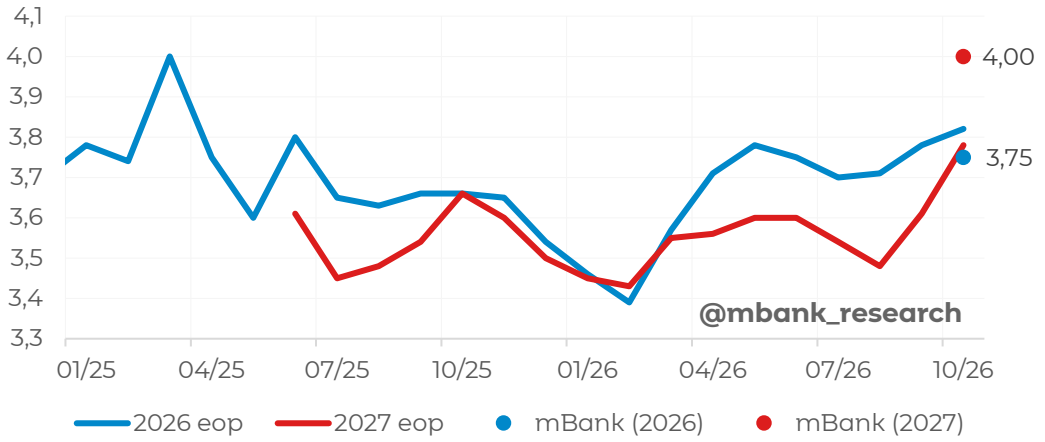
Source: Bloomberg.

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



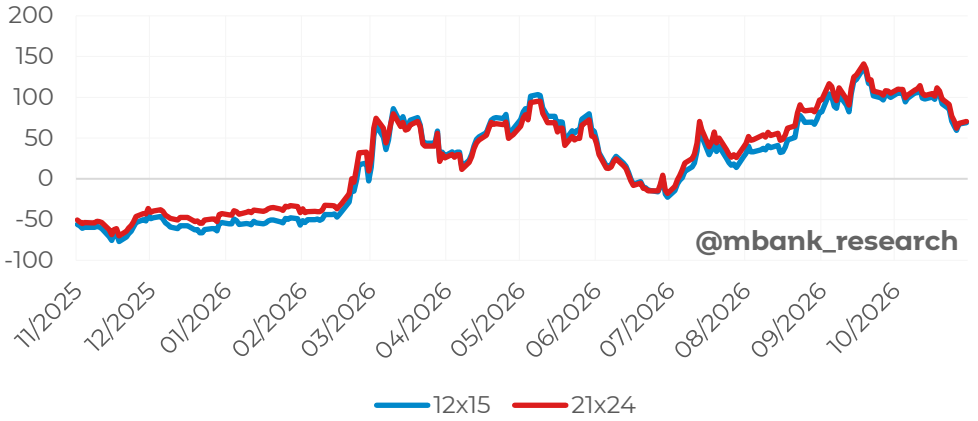
Source: Bloomberg.

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



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 1.4% of GDP after August, 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 3.9% of GDP). Any near-term improvement is unlikely - we expect a slightly higher deficit in the coming months.
- **FDI-adjusted CA** remains in surplus (0.6% of GDP after August). The capital account also posted a surplus of 1.2% of GDP after August. This results in a current account surplus of 1.8% 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.

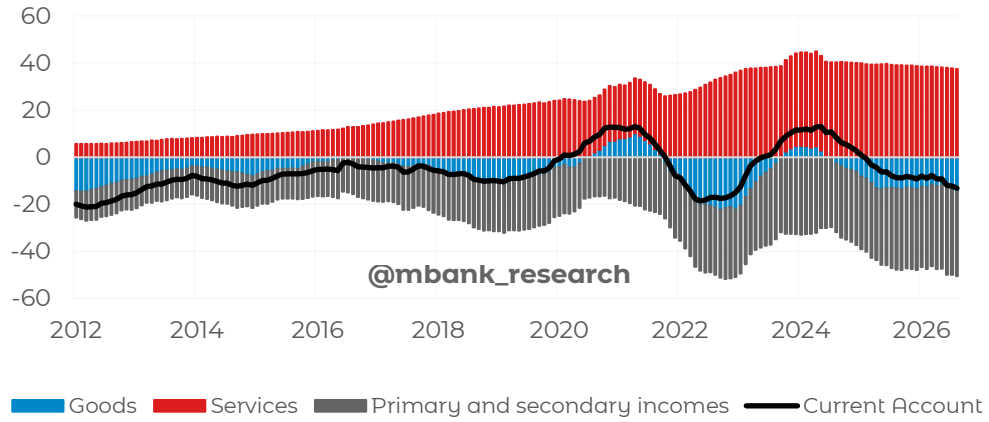
Graphical summary can be found on the next page. Exports & imports (national accounts perspective) are covered separately here.

FX PERFORMANCE

- **Background & global.** October brought a further decline in the EURUSD as the pair fell toward 1.12, though the scale of the movement was nowhere close to that seen in September. The mid-term elections have had rather a limited impact on the FX market. We suspect that law-making is likely to become harder as Trump promised to be "Mr Veto" once the Republican Party loses its majority. If anything, a lack of a majority (House and Senate) was historically neutral/slightly dollar positive. Looking forward, we expect the major currency pair to move gradually higher as we doubt the Fed could deliver more hikes than currently priced in.
- **Recent movements.** The EURPLN has increased toward ~4.40 since the beginning of October and some upside pressure was seen also 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). Moreover, the latest escalation of the dispute over the Constitutional Tribunal may only add fuel to the fire. While the zloty could be susceptible to sharper moves given the challenging fiscal and institutional outlook, our model points to some undervaluation. The same conclusion can be drawn when looking at the 2y rate differential. This is why we do not expect an abrupt depreciation going forward.

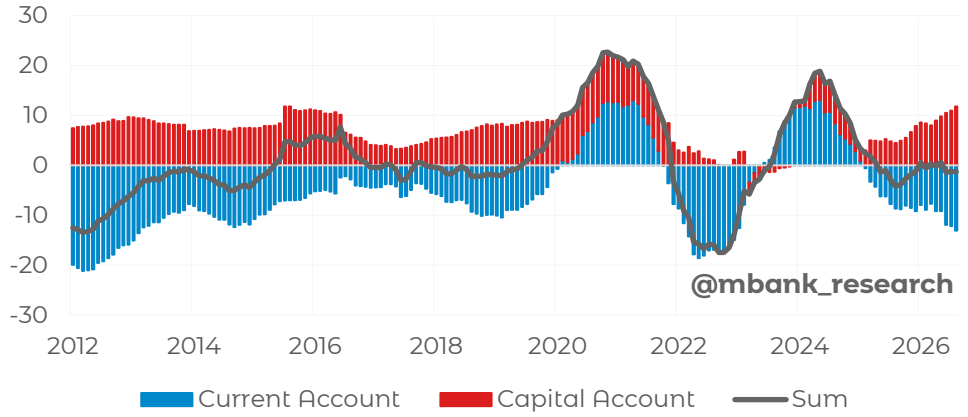
Poland: External balance

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



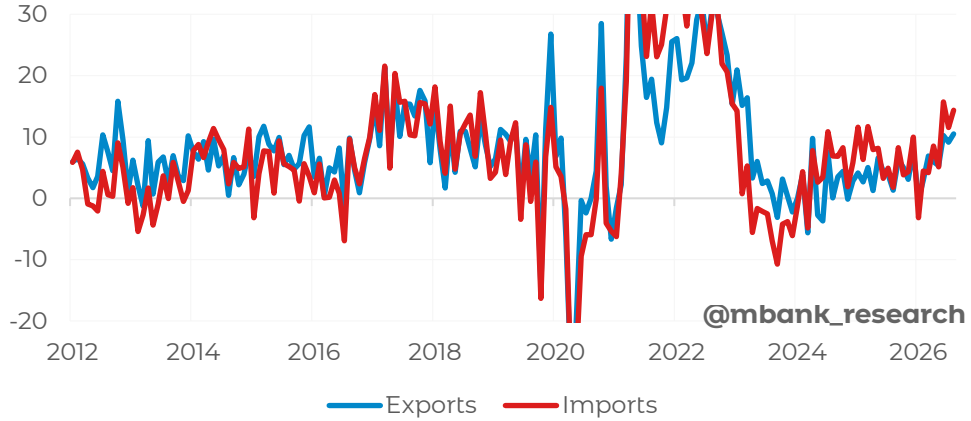
Source: Own elaboration based on NBP.

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



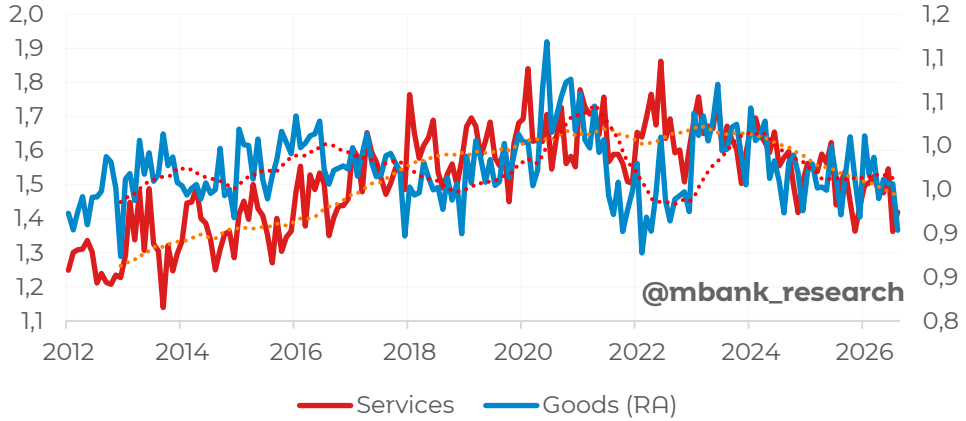
Source: Own elaboration based on NBP.

Exports and imports growth (% y/y)



Source: Own elaboration based on NBP.

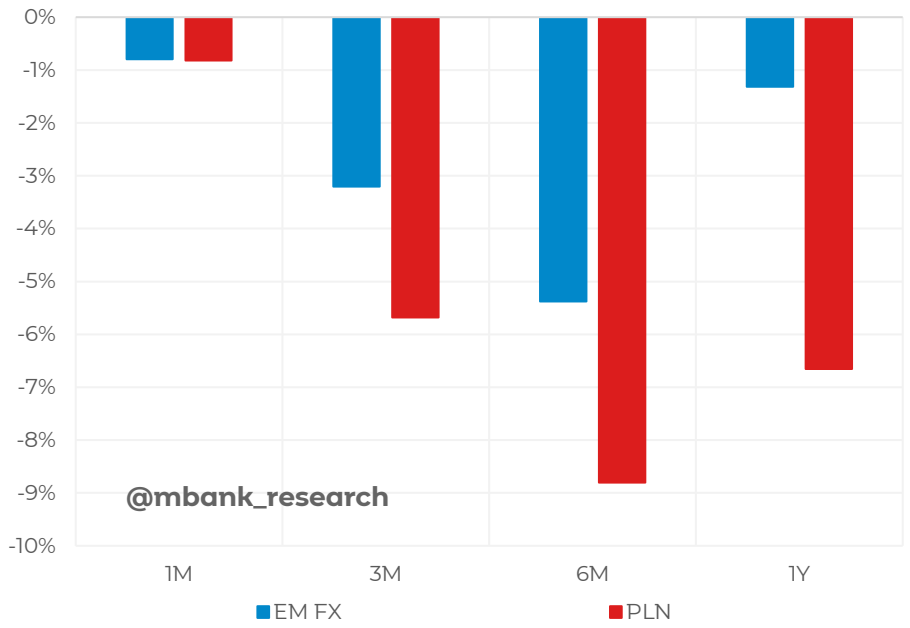
Exports to imports ratio



Source: Macrobond.

PLN: recent movements + REER

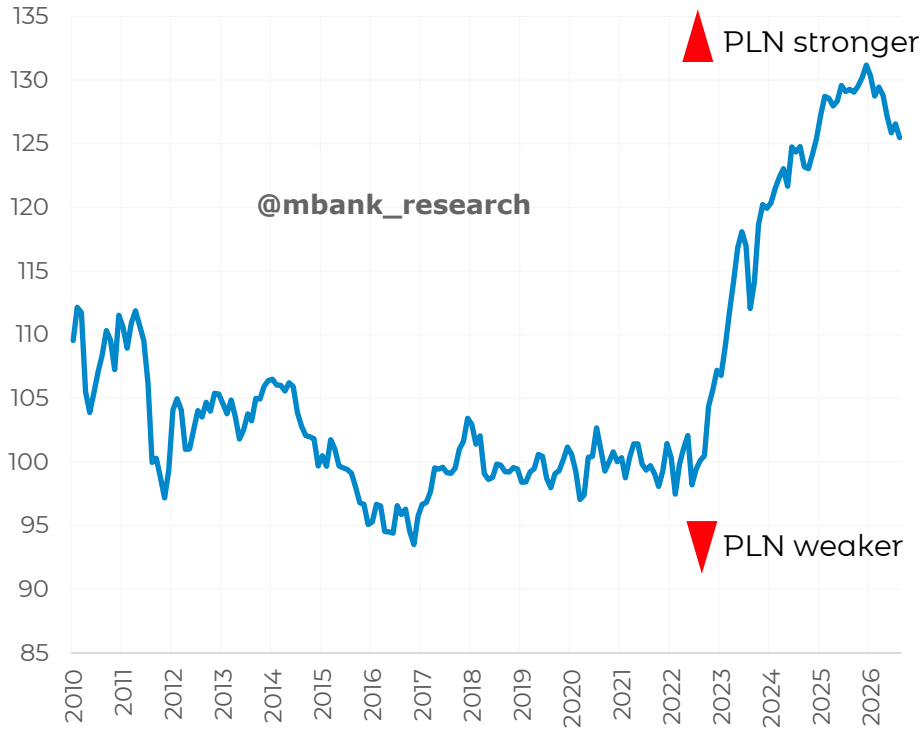
The zloty has underperformed its peers in recent months (%)



Note: Increase = appreciation compared to dolar, decreease = depraciation to dolar

Source: Bloomberg.

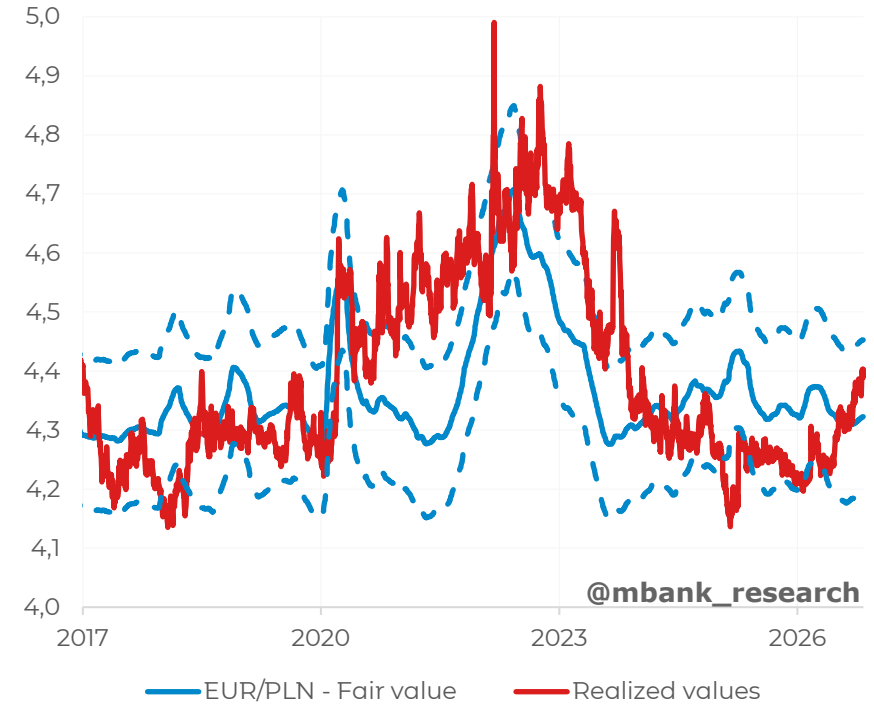
Real effective exchange rate (mind the time frame)



Source: BIS.

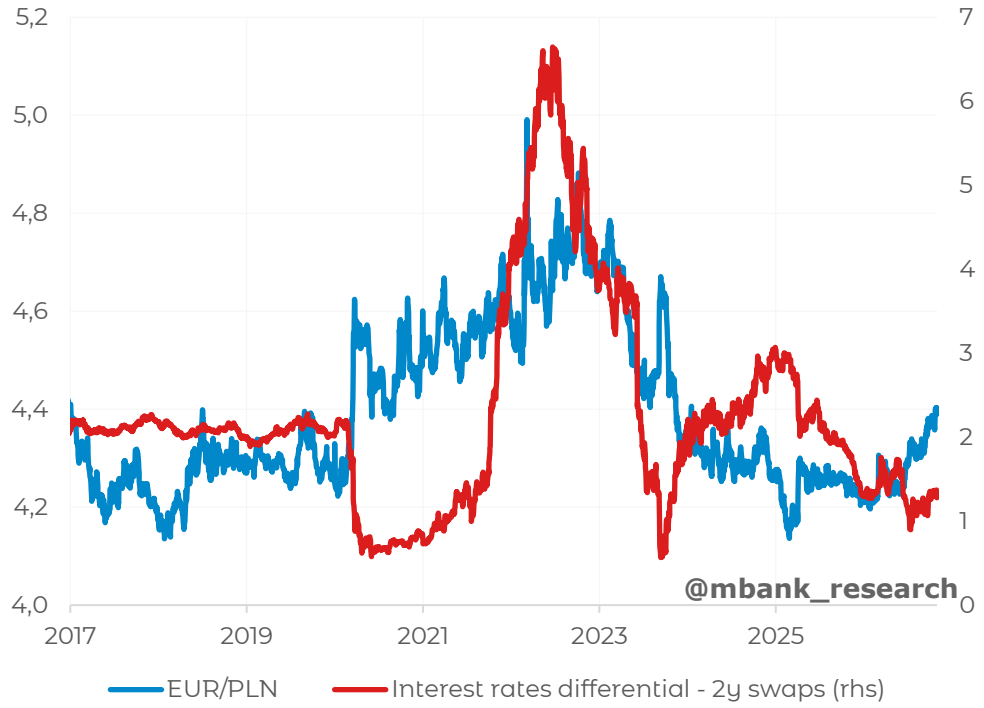
PLN: Relative valuation

The EUR/PLN relative valuation



Source: Our model*

Interest rate differentials - Poland vs. Eurozone (%)



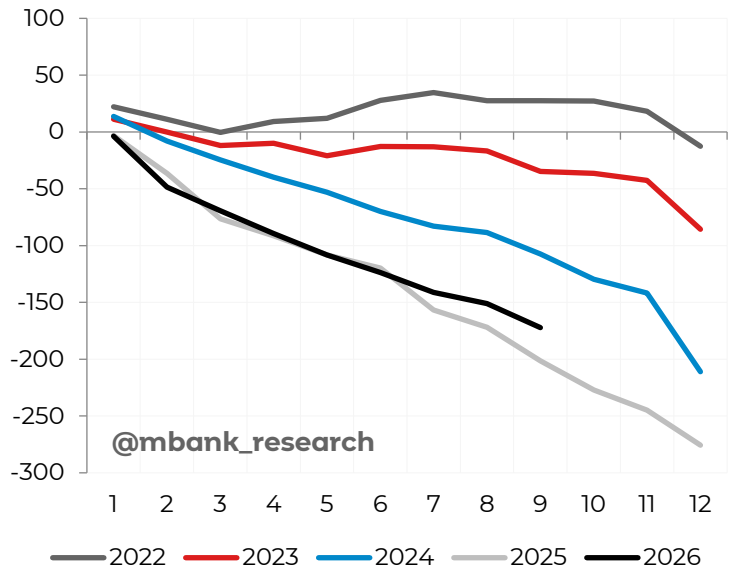
Source: Macrobond.

*** 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

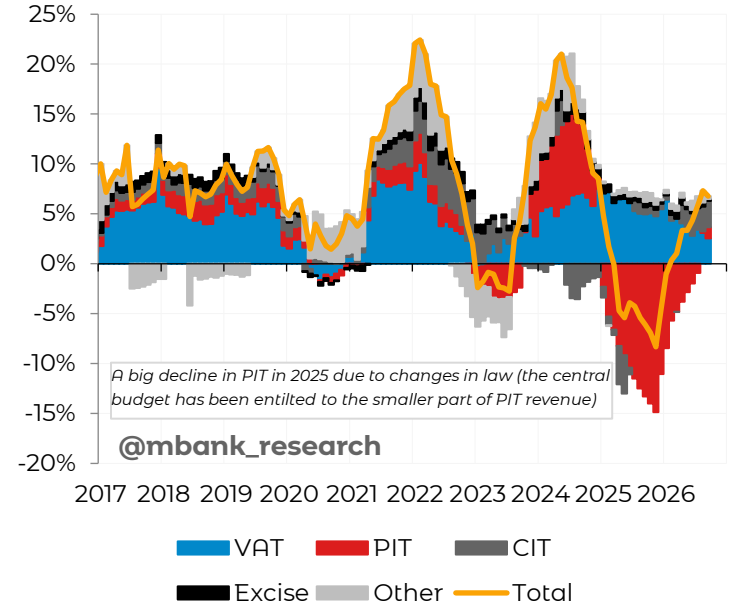
Graphical summary of planned & realized budget deficit, current budget performance, debt servicing costs and the (basic) structure of the public debt can be found on the next pages.
If you need a deep dive into Polish sovereign debt, please check our recent Polish Debt Monitor.

Cumulative central budget balance, billion PLN



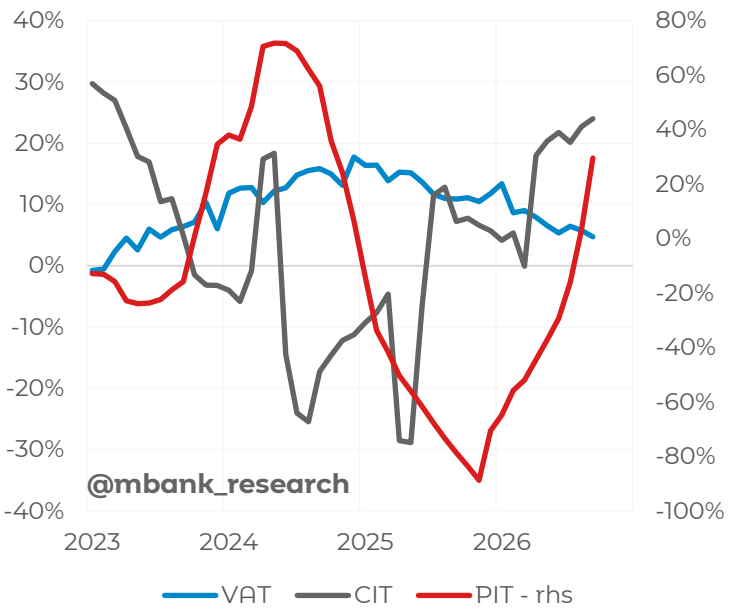
Source: Own elaboration based on Macrobond.

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.

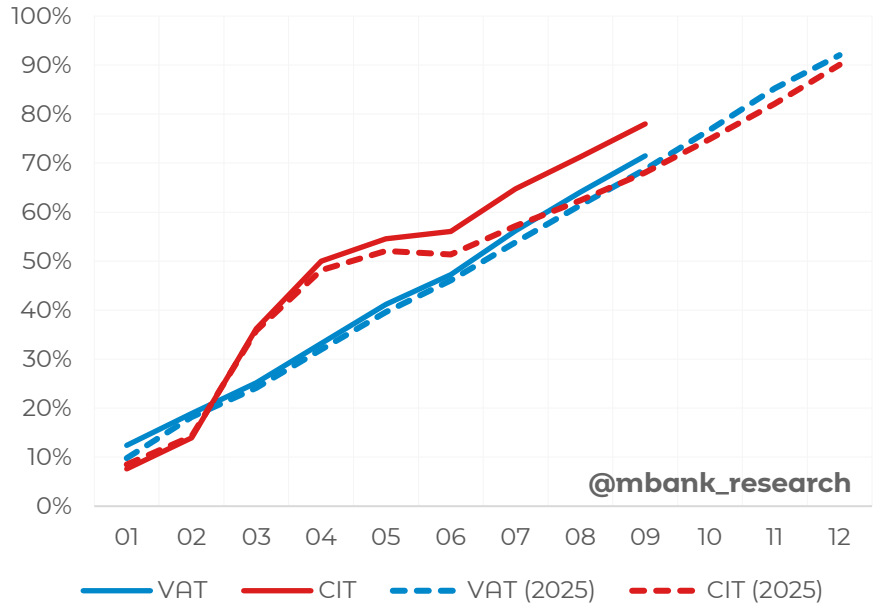
Budget performance after September. At the end of September 2026, the central budget deficit reached PLN 172.2 billion (63.4% execution). September was another month in a row when the deficit performance was clearly below its 2025 path. We do not see a risk of exceeding the planned limit of PLN 271.7 billion. Corporate profits remain substantial given the fact that CIT revenue keeps growing at a rate well above 20% y/y. Note that CIT revenue accounts for roughly half of total budget revenue when looking at annual changes of the 12-month sum. At the same time, VAT growth was weaker (with a 4.7% cumulative growth rate), which to some extent could be ascribed to the CPN program, as companies settled VAT payments for August when the program was active for 2 weeks.

Recent issuance. The Ministry of Finance successfully placed bonds in the domestic market. After three outright bond auctions held in October, the MoF raised roughly PLN 41 billion. As a result, the level of gross borrowing needs for 2026 stands at 86% (according to the budget bill). However, according to the planned execution, all borrowing needs for this year were realized.

The CIT gap in Poland stands between 20 and 22% (according to IMF estimates). The MoF said that it would present its own estimates showing a much better picture.

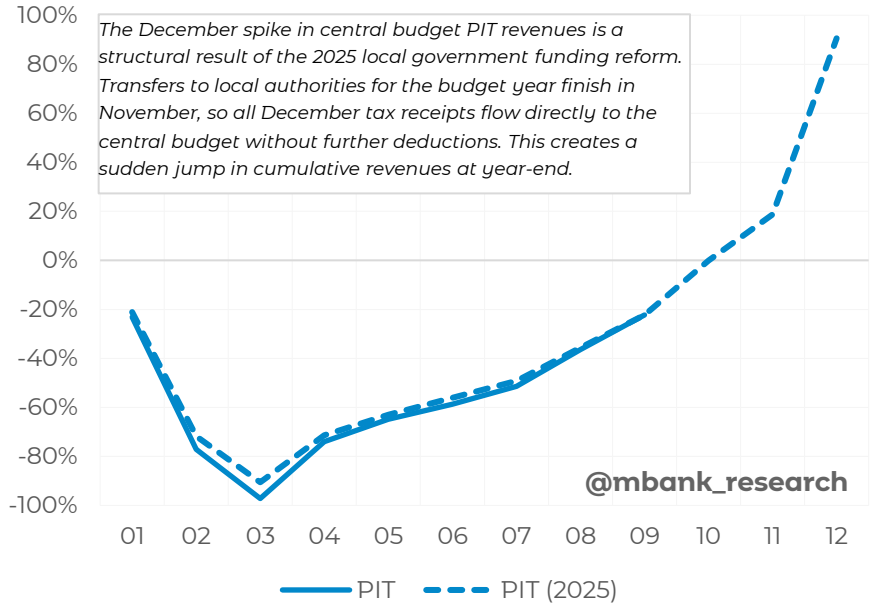
Poland: Fiscal policy – plans & ad hoc measures

Realization of VAT and CIT revenue compared to the budget bill



Source: Own elaboration based on Macrobond.

Realization of PIT revenue compared to the budget bill



Source: Own elaboration based on Macrobond.

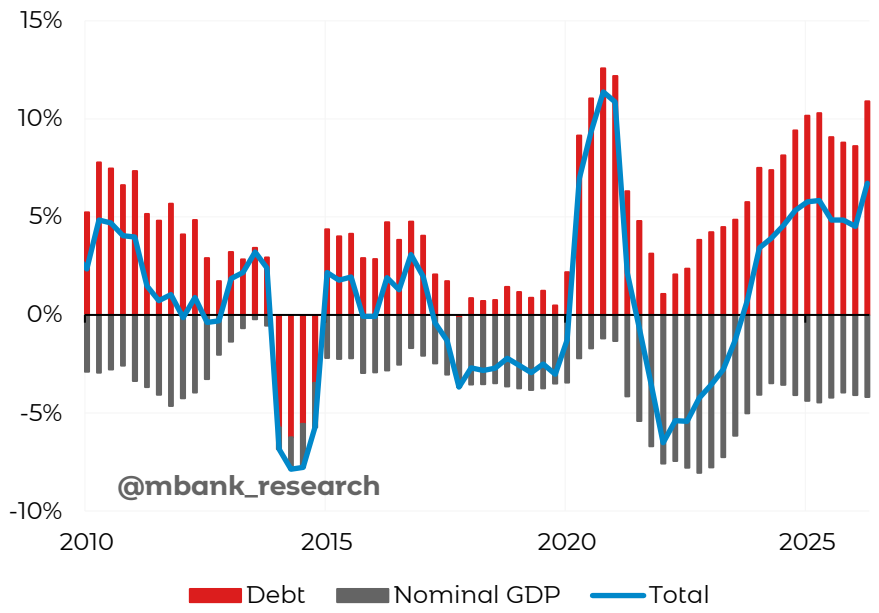
Polish Senat against additional fiscal spending. The Polish parliament's upper chamber chose to reject amendments to PIT/CIT changes planned for 2027. According to the proposal, PIT tax thresholds would be changed automatically along with rising inflation, and a new 22% CIT rate for the largest companies would not come into effect next year. Instead, it approved the initial version of the bill regarding CIT/PIT changes.

The CPN program is likely to be extended beyond 2026. The Polish finance minister said that the decision regarding what happens with the CPN program beyond 2026 would be taken in November. Let us note that the program is now in place until the year-end and does not capture LPG (only diesel and gasoline). Given the persistently high oil and gas prices, we believe that an extension is very likely.

Energy Ministry works on solutions to support households amid likely higher energy tariffs for 2027. The energy minister said that the govt is not working on solutions regarding the gas market, though decisions regarding electricity prices could be taken as well. Note that given high gas and electricity price, the Polish regulator is likely to accept a tariff increase for households for 2027. Any decisions from the govt could affect the inflation profile next year.

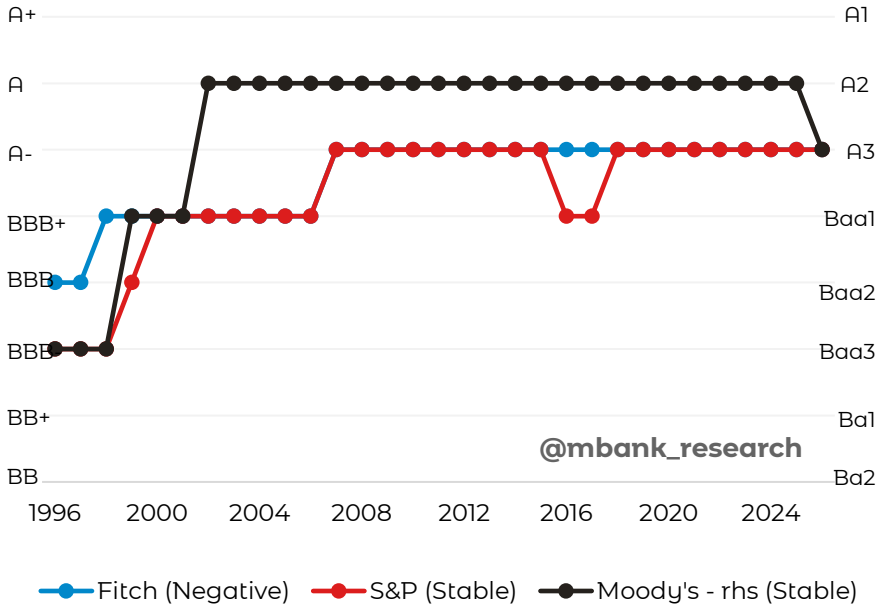
Poland: Fiscal policy - ratings

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 maintained Poland's rating at A- and lowered the outlook from stable to negative. It said that the decision reflects the heightened risk that Poland's rapidly rising debt could limit the government's ability to respond to economic shocks and negatively impact economic growth. It added that the government may be forced into sharp fiscal consolidation in 2029 and 2030 due to approaching constitutional debt limits, unless rising financing costs trigger earlier, market-forced fiscal corrections. Both scenarios would likely entail a recession and negatively impact economic growth prospects.

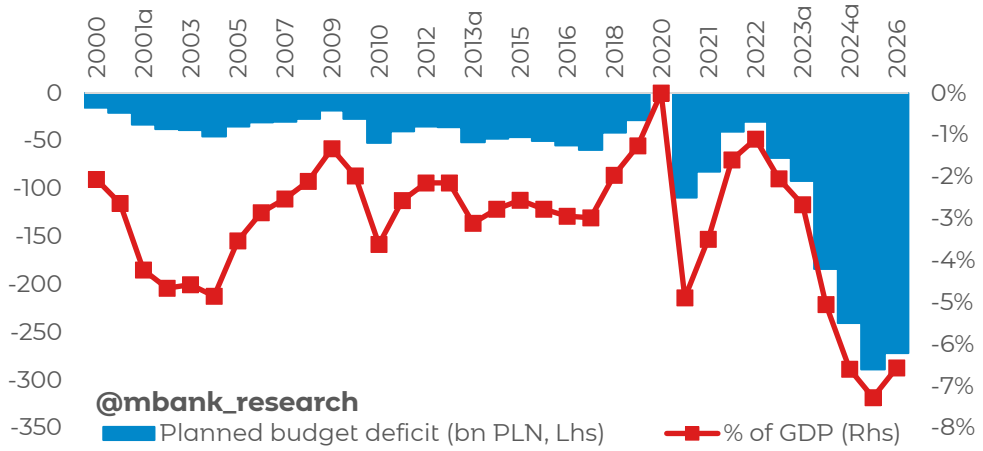
Fitch (A-). The agency forecasts Poland's GDP growth at 3.5% in 2026 and 3% in 2027, while expecting the general government deficit to reach 7.1% of GDP in 2027 and 6.5% in 2028. Moreover, it sees the debt-to-GDP ratio reaching 72.7% in 2027 and 73.4% in 2028. It sees the NBP cutting rates once next 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.

Moodys (A3). The rating agency downgraded Poland's rating to A3 from A2 in September. 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

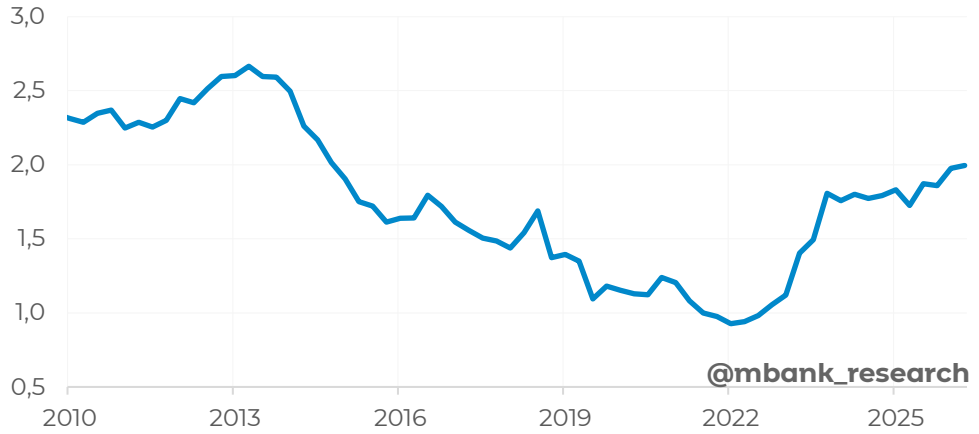
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Planned budget deficit



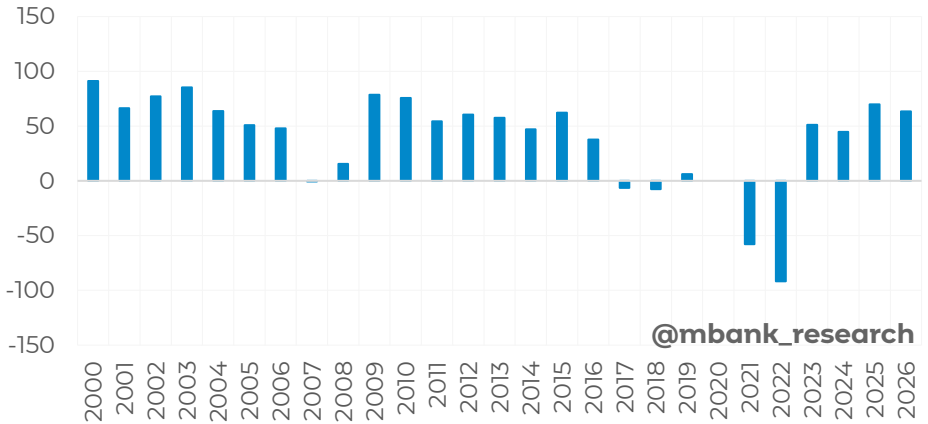
Source: Ministry of Finance, a – budget novel.

State debt servicing costs (% GDP, quarterly)



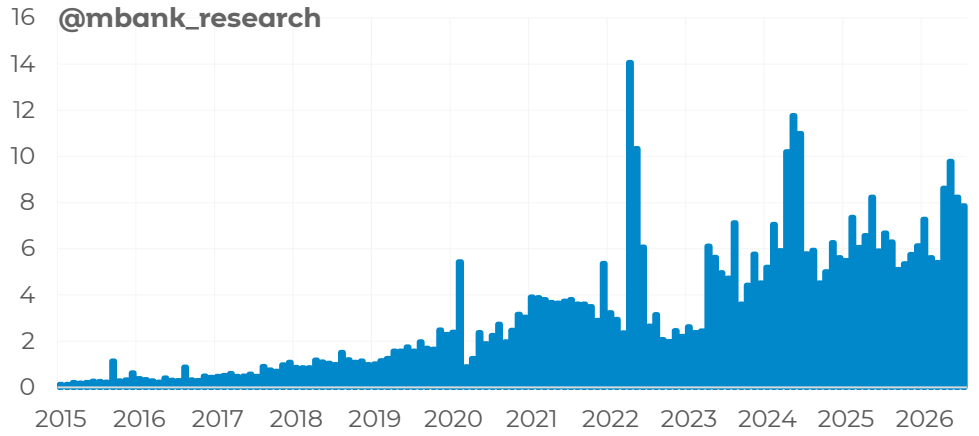
Source: Macrobond.

Central budget deficit after September as % of yearly planned deficit



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

Retail bonds sold per month (bln PLN)

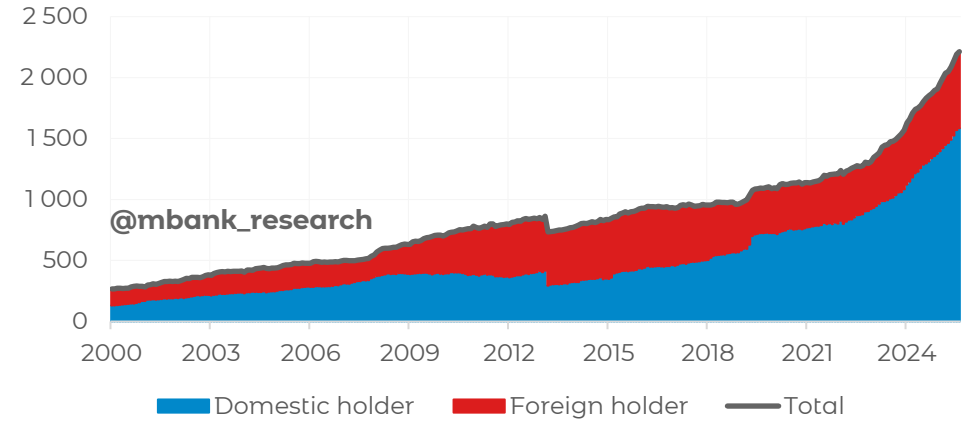


Source: Ministry of Finance.

Poland: Fiscal monitor #2

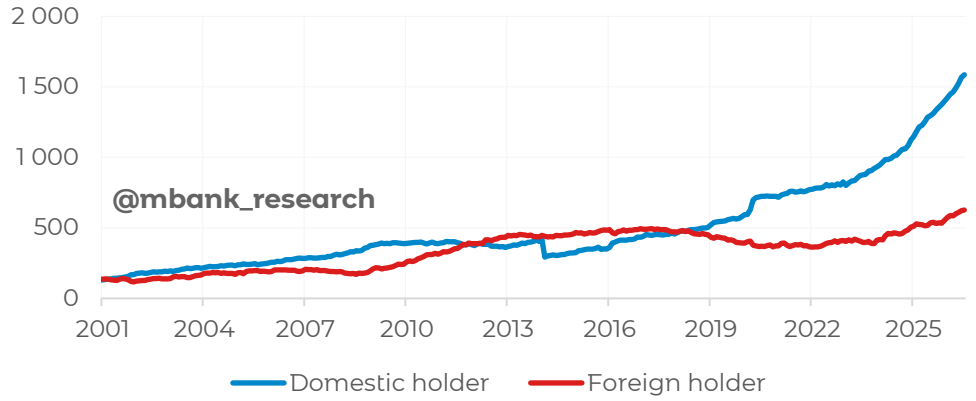
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State treasury debt by holder #1* (bln PLN)



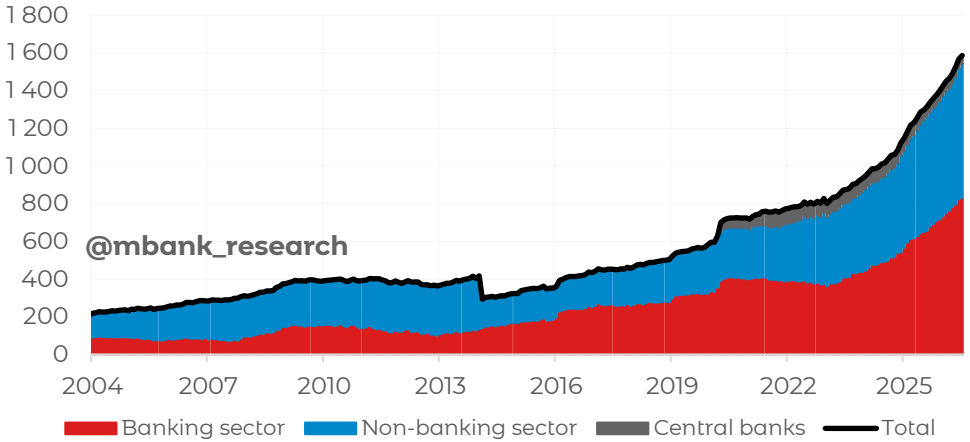
Source: Macrobond. *Last reading: October 2025

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



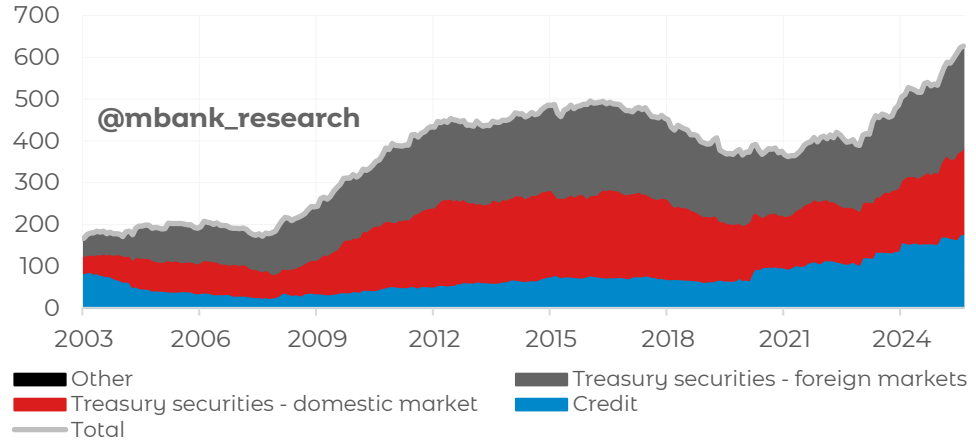
Source: Macrobond. *Last reading: October 2025

State treasury debt – domestic holders* (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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