05 November 2025

Economic Comment

We may be approaching the end of the easing cycle

Piotr Bielski, tel. +48 691 393 119, piotr.bielski@santander.pl

The Monetary Policy Council cut main interest rates by 25bp, the main reference rate to 4.25%, in line with market consensus.

The updated NBP projection shows the mid-point of 50% confidence range for inflation forecast at 3.65% in 2025 (0.3pp lower than in July), 2.95% in 2026 (0.15pp lower) and 2.6% in 2027 (0.25pp higher than in July). GDP forecast was lowered slightly in 2025 (-0.15pp, to 3.45%), and lifted significantly in 2026 (+0.55pp, to 3.65%) and only minimally 2027 (+0.1pp to 2.6%). The post-meeting statement did not change significantly compared to the October's version and does not include any new forward guidance. The list of risk factors for inflation remained virtually unchanged.

For now, we keep the assumption that the MPC may stop the easing cycle at 4.0% reference rate, given the predicted stabilisation of inflation somewhere between the 2.5% inflation target and 3% in the coming quarters and further GDP growth acceleration (in both cases the NBP projection is now consistent with our expectations). We think the next rate cut is more likely to happen in 1Q26 (most likely in January) than in December, given the MPC's approach/tradition of staying put at the December's meeting unless there is great urgency.

Now, attention will focus on Thursday's conference of NBP governor. We think he will again emphasise the MPC's data-dependence, without offering a clear guidance. The new Inflation Report with the detailed NBP projection will be most likely released on Friday.

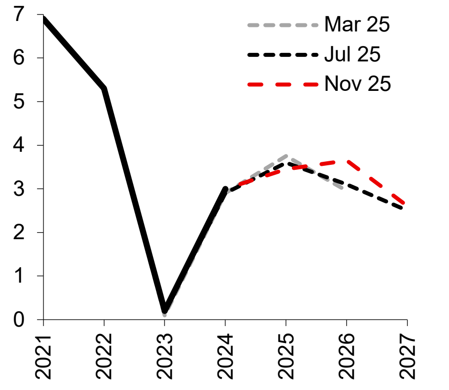
Inflation and GDP projections in subsequent Inflation reports

Middle points of GDP and CPI growth paths and width of 50-percent probability ranges.

	GDP growth			
	Nov 24	**Mar 25**	**Jul 25**	**Nov 25**
2024	2.70 (±0.4)	-	-	-
2025	3.35 (±0.95)	3.75 (±0.85)	3.60 (±0.7)	3.45 (±0.35)
2026	2.85 (±1.1)	2.95 (±1.05)	3.10 (±1.0)	3.65 (±0.95)
2027	-	2.30 (±1.2)	2.50 (±1.2)	2.60 (±1.1)
	CPI inflation			
2024	3.65 (±0.05)	-	-	-
2025	5.40 (±1.2)	4.90 (±0.8)	3.95 (±0.45)	3.65 (±0.05)
2026	2.75 (±1.35)	3.40 (±1.4)	3.10 (±1.4)	2.95 (±1.05)
2027	-	2.50 (±1.4)	2.35 (±1.45)	2.60 (±1.5)

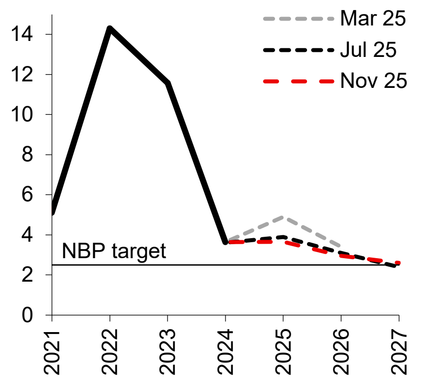
Source: NBP, Santander

GDP growth according to NBP projections (projection mid-points)



Source: NBP, Santander

CPI growth according to NBP projections (projection mid-points)



Source: NBP, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Piotr Bielski +48 691 393 119
Bartosz Białas +48 517 881 807
Adrian Domitrz +48 571 664 004
Marcin Luziński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

MPC post-meeting statement (changes vs. October statement):

~~In~~According to preliminary flash estimate, in the euro area, the annual GDP growth in 2025 ~~Q2 amounted~~Q3 declined to 1.~~5%, while,~~3%. Also in the United States ~~it stood to 2.1%. Available data signal that~~ GDP growth in ~~Q3 in these economies~~annual terms probably slowed down in Q3. Inflation in the euro area is close to the European Central Bank inflation target, whereas core inflation remains somewhat higher. In the United States, inflation is running above the inflation target of the Federal Reserve, amidst ~~rising~~elevated core inflation. The outlook for global activity and inflation is subject to uncertainty, related, among others, to changes in trade policies.

In Poland~~, August 2025~~ incoming data suggest ongoing favourable economic conditions. In particular, September 2025 saw a rise in retail sales~~ and~~, industrial output ~~in annual terms, while~~ and construction and assembly production ~~decreased.~~in annual terms. At the same time~~ – despite a slight decline – annual wage growth in the national economy in 2025 Q2 remained elevated. Data~~, quarterly data from the enterprise sector indicate a gradual slowdown in the wage growth, amidst a further fall in employment in annual terms.

According to the Statistics Poland flash estimate, annual CPI inflation in ~~September~~October 2025 ~~amounted~~declined to 2.~~9~~8% (compared to 2.9% in ~~August 2025).~~September 2025), largely due to lower annual growth of food prices. Considering the Statistics Poland data, it can be estimated that inflation net of food and energy prices ~~remained close to the level recorded in August~~also decreased, amidst still elevated services price growth.

The Council became acquainted with the results of the November projection of inflation and GDP based on the NECMOD model. In line with the projection, prepared under the assumption of unchanged NBP interest rates and taking into account data available until 15 October 2025, there is a 50-percent probability that the annual price growth will be in the range of 3.6 – 3.7% in 2025 (against 3.5 – 4.4% in the July 2025 projection), 1.9 – 4.0% in 2026 (compared to 1.7 – 4.5%) and 1.1 – 4.1% in 2027 (compared to 0.9 – 3.8%). At the same time, the annual GDP growth – according to the projection – will be with a 50-percent probability in the range of 3.1 – 3.8% in 2025 (against 2.9 – 4.3% in the July 2025 projection), 2.7 – 4.6% in 2026 (compared to 2.1 – 4.1%) and 1.5 – 3.7% in 2027 (compared to 1.3 – 3.7%).

Taking into account a decline in inflation and an improved inflation outlook for the coming ~~period~~quarters, in the Council's assessment, it became justified to adjust the level of the NBP interest rates.

Further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity. Fiscal policy, ~~consumption~~recovery of demand ~~recovery~~in the economy and elevated wage growth remain risk factors for low inflation. Uncertainty stems also from the level of ~~administered~~ energy prices and inflation developments abroad~~, following, among others, from changes in trade policies of major economies~~.

NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to keep inflation at the level consistent with the NBP inflation target in the medium term. NBP may intervene in the foreign exchange market.