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Economic Comment

Interest rates already at almost ideal level

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

Today's conference of the NBP governor Adam Glapiński confirmed, in our view, that the central bank is already close to the end of the monetary easing cycle (even though it refused to call it a cycle, but a rate adjustment).

Glapiński admitted that the inflation outlook has improved, which has allowed the MPC to ease policy once again, but then repeated several times that interest rates are currently appropriate, at the level where they should be. He also emphasised that the total 150bp cuts delivered so far this year represent a very substantial policy easing. Glapiński denied his own claim from the previous conference that a rate change in December is unlikely due to the central bank's "tradition", but at the same time he was clearly trying to downplay expectations that the next move may take place anytime soon – either next month or in 1Q26. Glapiński repeated the commitment that the next decisions will be data-dependent. At the same time, he suggested that the central bank already anticipates further CPI drop in November to 2.5% y/y, and yet such a drop does not have to warrant another rate cut. He said that in the "ideal" scenario when inflation remains fully consistent with 2.5% inflation target, the main interest rate should be at 3.5-4.0%, and his personal view is that 4.0% terminal rate would be OK, not too high for the Polish economy.

Summing up: we stick to the view that the MPC is likely to cut main interest rates once more, to 4.0%, and the next move is most likely to be in 1Q26 rather than in December. For now, we keep the working assumption that it may be January, when the Council will already know the decision on energy tariffs for 2026. However, a delay of the next cut until March seems almost as likely.

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