# CEE – Monthly Forecast Update

## Macro Research

10 July 2026

## Poland's macro in a nutshell

| | 2025 | 2026 | 2027 | Comment |
|---|---|---|---|---|
| **Real economy** | | | | |
| - real GDP (%) | 3.6 | 3.5 | 2.8 | Economic growth remains stable, and the GDP nowcast for 2q26 points to growth at least as strong as in 1q26 (3.5% y/y), when activity was temporarily constrained by a spell of severe frost. We maintain our 2026 GDP growth forecast at 3.5%. Growth will be driven by two engines that are relatively resilient to global economic conditions – strong consumption and investment financed with EU funds. Revisions to our 2026 forecasts are minor and include only slightly lower growth in consumption (3.0%) and investment (10.0%). In 2027, we expect GDP growth to slow to 2.8%, mainly due to investment fading after the completion of the NRRP. However, the scale of the slowdown should be smaller than in previous cycles. |
| **Prices** | | | | |
| - CPI inflation (%) | 3.6 | 3.2 | 2.8 | The inflation risk related to the Middle East crisis proved significantly lower than feared, while inflation fell to 2.5% y/y in June. This was driven primarily by exceptionally favourable food price developments, with food prices declining in annual terms for the first time since 2015. Despite the favourable current data, we have raised our average annual inflation forecast for 2026 to 3.2%, mainly due to the termination of the CPN programme (lowering fuel prices) from July onwards, whereas we had previously assumed it would remain in place until the end of the year. We see no fundamental sources of inflationary pressure – wage growth is weakening, inflation expectations have returned to previous levels, and there are no signs of second-round effects. Food prices remain a source of risk, as they may rise again due to adverse weather conditions and higher fertiliser prices. From 3q27, we expect inflation to return sustainably to the NBP target tolerance band of 1.5–3.5%. |
| **Monetary aggregates** | | | | |
| - loans / deposits (%) | 5.0/9.2 | 3.4*/6.4 | 6.8/5.2 | Lending will continue to accelerate, supported by lower interest rates, stable income growth and high corporate investment needs. Deposit growth should gradually slow, although more slowly than we previously assumed. |
| **External balance** | | | | |
| - current account balance (% GDP) | -0.9 | –1.7 | –1.7 | Disruptions in energy commodity markets are having a negative impact on the balance of payments, but we forecast a slightly smaller increase in the deficit than previously expected, to 1.7% of GDP in 2026, followed by stabilisation in 2027. Trade is being driven by less traditional markets outside the EU and the US, while diversification is key to strong export performance. |
| **Fiscal policy** | | | | |
| - fiscal balance (% GDP) | –7.3 | –7.1 | –6.7 | The fiscal deficit in 2026–2027 will remain close to current levels, at around 7% of GDP. We do not assume any consolidation despite the systematic deterioration in public finances. Current forecasts point to debt rising above 70% of GDP by the end of 2027, and reversing this trend would require decisive consolidation. |
| **Monetary policy** | | | | |
| - NBP reference rate (%) | 4.00 | 3.75 | 3.25 | We maintain our forecast that NBP interest rates will remain unchanged in 2026. This is supported by the normalisation of the situation in the Middle East, the absence of second-round effects and favourable current inflation trends. The expected return of inflation to the target in 3q27 should allow monetary policy easing to resume in 2027, by a total of 50 bp (2x25 bp). |

Source: GUS, NBP, Eurostat, PKO Bank Polski. *In January 2026, the NBP revised its methodology and excluded the debt of pass-through funds held at BGK from monetary statistics.

# CEE macro in a nutshell

| | 2025 | 2026 | 2027 | Comment |
|---|---|---|---|---|
| **Czechia** | | | | In 1q26, economic growth in Czechia slowed to 2.2% y/y from 2.7% y/y in 4q25. Private consumption and investment remain the main drivers of economic growth. Consumption increased by 3.4% y/y, supported, among other factors, by uninterrupted real income growth. Investment rose by 6.6% y/y, but due to its high import intensity, this led to an 8.0% y/y increase in imports, while exports grew by only 5.5% y/y. As a result, net exports reduced GDP growth by 1.3pp. Growth most likely continued to slow in 2q26. According to preliminary data, CPI inflation fell more sharply than expected in June, to 1.5% y/y from 2.1% y/y in May, thus returning to levels observed just before the US and Israeli attack on Iran (it stood at 1.6% y/y in January and 1.4% y/y in February). At its June meeting, the Czech National Bank raised interest rates by 25bp, a move previously signalled by the CNB Governor, who pointed to strong arguments in favour of a hike. In our baseline scenario, we assume that the latest decision was intended as a signal and that the CNB will not opt for another increase by the end of the year. Our forecast is supported by the latest positive inflation surprises. |
| - real GDP (%) | 2.6 | 2.5 | 2.4 | |
| - CPI inflation (%) | 2.5 | 2.0 | 2.1 | |
| **Hungary** | | | | The Hungarian economy grew by 1.7% y/y sa in 1q26, its strongest performance since 3q22. In quarterly terms, growth reached 0.8% sa, above market expectations and the highest since 3q23. On the demand side, consumption was the main source of the recovery, rising by 5.5% y/y, slightly above our expectations. It was partly driven by pre-election government measures, including additional pension payments and personal income tax relief. The 0.1% y/y decline in investment was smaller than we had assumed based on the available data. Construction investment remained the weak link, but its decline was partly offset by investment in machinery and equipment, reflecting capacity expansion in the automotive sector. As in the past several quarters, the contribution of net exports to GDP growth was negative, while the contribution of investment was close to zero. CPI inflation fell to 1.7% y/y in June from 1.8% y/y in May, slightly below expectations. At the same time, core inflation stood at 2.0% y/y and was unchanged from the previous month. The marked improvement in the inflation outlook supported the MNB, which cut the base rate by 25bp to 6.00% at its June meeting, in line with our expectations. We see room for further monetary policy easing in the coming months, with the rate reaching 5.75% at the end of the year. |
| - real GDP (%) | 0.4 | 1.7 | 2.4 | |
| - CPI inflation (%) | 4.4 | 2.8 | 3.8 | |
| **Romania** | | | | GDP growth was negative in 1q26, at −1.2% y/y, compared with the preliminary estimate of −1.7% y/y and 0.2% y/y in 4q25. Activity declined in annual terms for the first time since 2020. The third estimate confirmed the earlier GDP growth readings, although the components were revised. Private consumption made the largest negative contribution to GDP growth, at −1.2pp, with its decline resulting from the ongoing fiscal consolidation in Romania. The measures include, among others, increases in VAT, excise duties and dividend tax, as well as a freeze on public-sector wages and pensions. At the same time, the latest estimate revised public consumption, whose contribution to growth turned out to be positive, at 0.4pp compared with −0.1pp in the earlier data. The contribution of investment was revised down to 0.4pp from 0.9pp, while the contribution of inventories was revised to −2.5pp from −1.0pp in the previous estimate. The contribution of net exports was marginally better, at 0.3pp compared with 0.2pp. Annual GDP growth will most likely remain negative in 2q26 and is expected to stand at −0.6% for the full year. CPI inflation increased to 10.9% y/y in May from 10.7% y/y in April, remaining above 10% for the second consecutive month and reaching its highest level since April 2023. In the second half of the year, inflation should decline markedly due to base effects, reaching around 4% y/y at the end of the year. At its July meeting, the NBR left interest rates unchanged, with the base rate at 6.50%, while the scope for monetary policy easing remains limited. A possible resumption of rate cuts after a break of more than two years could take place in 4q26. |
| - real GDP (%) | 0.7 | −0.6 | 2.4 | |
| - CPI inflation (%) | 7.3 | 7.2 | 3.7 | |

Source: Eurostat. INSSE. CZSO. KSH. PKO Bank Polski.

# Selected macroeconomic indicators: data and forecasts

| | 1q26 | 2q26 | 3q26 | 4q26 | 1q27 | 2q27 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activity** | | | | | | | | | | |
| Real GDP (% y/y) | 3.5 | 3.7 | 3.4 | 3.5 | 3.4 | 3.2 | 3.2 | 3.6 | 3.5 | 2.8 |
| Domestic demand (% y/y) | 3.7 | 4.4 | 4.3 | 4.7 | 3.3 | 2.9 | 4.8 | 4.2 | 4.3 | 2.6 |
| Private consumption (% y/y) | 3.3 | 2.8 | 3.3 | 2.8 | 2.8 | 3.0 | 2.9 | 3.7 | 3.0 | 3.0 |
| Gross fixed capital formation (% y/y) | 2.4 | 10.2 | 11.5 | 12.4 | 6.0 | 3.5 | 0.4 | 4.4 | 10.0 | 1.7 |
| Inventories (pp) | 0.0 | -0.1 | -0.7 | -0.6 | 0.2 | 0.0 | 1.1 | 0.1 | -0.4 | -0.1 |
| Net exports (pp) | 0.0 | -0.6 | -0.8 | -1.1 | 0.3 | 0.3 | -1.3 | -0.4 | -0.7 | 0.3 |
| Industrial output (% y/y)^ | 2.6 | 4.7 | 3.2 | 3.5 | 2.8 | 3.7 | 1.1 | 2.1 | 3.5 | 3.0 |
| Construction output (% y/y)^ | -8.1 | 4.9 | 6.3 | 4.3 | 4.8 | 4.1 | -7.7 | 0.2 | 2.8 | 2.6 |
| Retail sales (real. % y/y)^ | 6.1 | 2.9 | 3.4 | 1.6 | 1.8 | 3.5 | 3.2 | 3.9 | 3.4 | 2.7 |
| Nominal GDP (PLN bn) | 949.8 | 994.6 | 1049.9 | 1200.0 | 1001.8 | 1046.4 | 3670 | 3913 | 4194 | 4397 |
| **Labour market** | | | | | | | | | | |
| Registered unemployment rate‡(%) | 6.1 | 5.8 | 5.8 | 5.8 | 6.0 | 5.6 | 5.1 | 5.7 | 5.8 | 5.7 |
| Employment in enterprises (% y/y) | -0.8 | -0.9 | -0.7 | -0.7 | -0.4 | -0.3 | -0.4 | -0.8 | -0.8 | -0.2 |
| Wages in enterprises (% y/y) | 6.3 | 5.6 | 6.0 | 5.3 | 4.9 | 5.3 | 11.2 | 8.0 | 5.8 | 5.1 |
| **Prices^** | | | | | | | | | | |
| CPI inflation (% y/y) | 2.4 | 3.0 | 3.3 | 3.8 | 3.4 | 2.9 | 3.6 | 3.6 | 3.2 | 2.8 |
| Core inflation (% y/y) | 2.6 | 3.0 | 3.1 | 3.3 | 3.2 | 2.9 | 4.3 | 3.3 | 3.0 | 2.9 |
| 15% trimmed mean (% y/y) | 2.5 | x | x | x | x | x | x | x | x | x |
| PPI inflation (% y/y) | -1.1 | 1.9 | 1.3 | 1.2 | -0.1 | -3.0 | -6.7 | -1.6 | 0.8 | -1.7 |
| **Monetary aggregates‡** | | | | | | | | | | |
| Money supply M3 (PLN bn) | 2804.4 | 2865.0 | 2932.7 | 3008.0 | 3065.0 | 3118.5 | 2479.8 | 2737.7 | 3008.0 | 3214.1 |
| Money supply M3 (% y/y) | 11.5 | 10.8 | 11.0 | 9.9 | 9.3 | 8.8 | 9.3 | 10.4 | 9.9 | 6.9 |
| Real money supply M3 (% y/y) | 8.9 | 7.6 | 7.4 | 5.9 | 5.7 | 5.7 | 5.5 | 6.5 | 6.5 | 3.9 |
| Loans. total (PLN bn) | 1564.4 | 1587.1 | 1608.2 | 1628.5 | 1674.9 | 1694.3 | 1499.6 | 1575.3 | 1628.5 | 1739.2 |
| Loans. total (% y/y) | 3.2 | 3.2 | 3.6 | 3.4 | 7.1 | 6.8 | 5.0 | 5.0 | 3.4 | 6.8 |
| Deposits. total (PLN bn) | 2547.3 | 2574.3 | 2590.2 | 2632.4 | 2684.9 | 2705.2 | 2266.0 | 2474.1 | 2632.4 | 2769.3 |
| Deposits. total (% y/y) | 8.6 | 6.3 | 7.2 | 6.4 | 5.4 | 5.1 | 9.7 | 9.2 | 6.4 | 5.2 |
| **Balance of payments** | | | | | | | | | | |
| Current account balance (% GDP) | -0.8 | -0.9 | -1.3 | -1.7 | -1.9 | -2.0 | 0.3 | -0.9 | -1.7 | -1.7 |
| Trade balance (%GDP) | -1.3 | -1.3 | -1.6 | -1.8 | -1.8 | -1.9 | -0.7 | -1.5 | -1.8 | -1.4 |
| FDI (% GDP) | 1.2 | 1.1 | 1.4 | 2.2 | 1.9 | 1.8 | 1.1 | 1.2 | 2.2 | 1.9 |
| **Fiscal policy*** | | | | | | | | | | |
| Fiscal balance (% GDP) | -7.1 | -7.0 | -6.9 | -7.1 | -7.3 | -7.0 | -6.4 | -7.3 | -7.1 | -6.7 |
| Public debt (% GDP) | 61.6 | 63.2 | 64.7 | 65.9 | 67.3 | 68.6 | 54.8 | 59.7 | 65.9 | 71.3 |
| **Monetary policy‡** | | | | | | | | | | |
| NBP reference rate (%) | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 5.75 | 4.00 | 3.75 | 3.25 |
| NBP lombard rate (%) | 4.25 | 4.25 | 4.25 | 4.25 | 4.25 | 4.25 | 6.25 | 4.50 | 4.25 | 3.75 |
| NBP deposit rate (%) | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 5.25 | 3.50 | 3.25 | 2.75 |
| WIBOR 3M^x (%) | 3.85 | 3.85 | 3.82 | 3.82 | 3.82 | 3.65 | 5.84 | 3.99 | 3.82 | 3.30 |
| **Exchange rates^x‡** | | | | | | | | | | |
| EUR-PLN | 4.29 | 4.30 | 4.27 | 4.28 | 4.29 | 4.30 | 4.27 | 4.23 | 4.28 | 4.30 |
| USD-PLN | 3.74 | 3.77 | 3.71 | 3.66 | 3.64 | 3.64 | 4.10 | 3.60 | 3.66 | 3.68 |
| CHF-PLN | 4.68 | 4.66 | 4.59 | 4.51 | 4.47 | 4.43 | 4.54 | 4.54 | 4.51 | 4.48 |
| EUR-USD | 1.15 | 1.14 | 1.15 | 1.17 | 1.18 | 1.18 | 1.04 | 1.18 | 1.17 | 1.17 |

Source: GUS. NBP. PKO Bank Polski.
^period averages for quarterly and yearly data.
‡period end values.
*under revision