CEE Macro Weekly

Macro Research

4 September 2026

Bank Polski | Centrum Analiz

CEE rides the euro area recovery

TOP MACRO THEME(S):

- **From hawk to dove and back to hawk again (p.3)** – Despite CPI inflation accelerating to 3.4% y/y in August we continue to believe, that there will be neither rate cuts nor rate hikes in Poland this year, despite the latter being priced in by the market. In our view, monetary policy easing will begin next year, after CPI inflation falls sustainably to the target.

WHAT ELSE CAUGHT OUR EYE:

- **CZE**: **The Czech Fiscal Council expects the general government deficit to reach 3.5% of GDP in 2027, above the government's formal target of 2.8% of GDP.** The forecast incorporates discretionary measures included in the draft 2027 budget. The Council assesses these measures as representing the most significant fiscal loosening since COVID-19.
- **POL**: **By the end of 2026, Poland is expected to receive the final PLN 90bn from the RRF** – the first tranche in October and the second, worth just under PLN 50bn, in December. According to the Ministry of Development, Funds and Regional Policy, Poland has completed all investments and milestones agreed with the European Commission, and **the Ministry expects almost full utilisation of both the grant and loan components.** The total value of Poland's RRF amounts to around EUR 54.7bn, including EUR 25.3bn in grants and EUR 29.4bn in preferential loans. The RRF is one of the key drivers of Poland's current investment boom.
- **ROM**: Prime Minister I.Bolojan announced that Romania has completed one of the largest financing programmes in its history, the National Recovery and Resilience Plan. **The absorption rate for the RRF grant component (EUR 13.56bn) has reached 90%, while that for the loan component (EUR 7.8bn) stands at 95%.** Several issues remain under review and discussion with the European Commission, with the final figures expected to be confirmed in the coming days.
- **HUN**: **Prime Minister P.Magyar announced that Hungary has fulfilled all the milestones required for the release of suspended EU funds.** This should allow Hungary to receive around EUR 10bn in RRF funding, comprising EUR 6.5bn in grants and EUR 3.5bn in concessional loans. In May, P.Magyar and European Commission President U.von der Leyen agreed to release EUR 16.4bn in EU funding (EUR 10bn from the RRF and EUR 6.4bn from the Cohesion Funds) that had previously been frozen over rule-of-law and corruption concerns under V.Orbán's government.

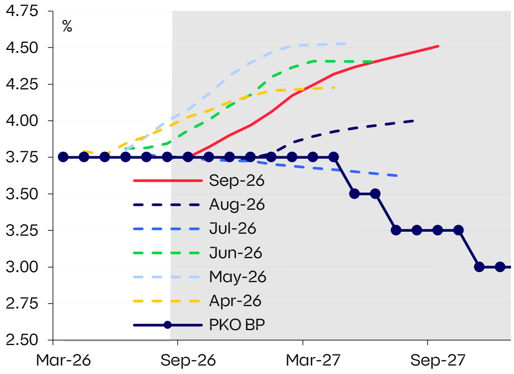
THE WEEK AHEAD:

- **At Wednesday's meeting, the NBP is likely to keep interest rates unchanged.** See page 3 for details.
- This week, the focus will be on July manufacturing data from Hungary and Czechia (Monday), as well as inflation estimates from Hungary (Tuesday), Czechia (Thursday) and Romania (Friday). In the first two countries, inflation is likely to have remained below 2.0% y/y. In Romania, where last year's regulatory changes pushed inflation sharply higher, it is expected to slow further to below 7.0% y/y.

Macroeconomic Research Bureau
pkoresearch@pkobp.pl
@PKO_Research
centrumanaliz.pkobp.pl

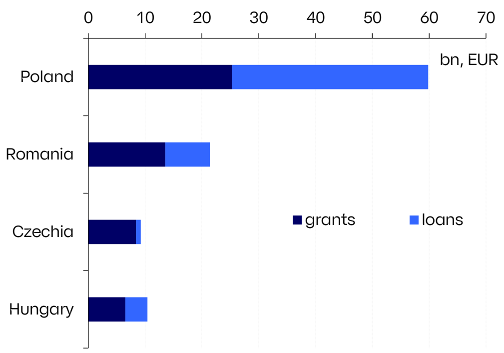
Chart(s) of the week:

Market implied NBP reference rate



Source: Macrobond, Bloomberg, PKO Bank Polski.

RRF current allocation in the CEE

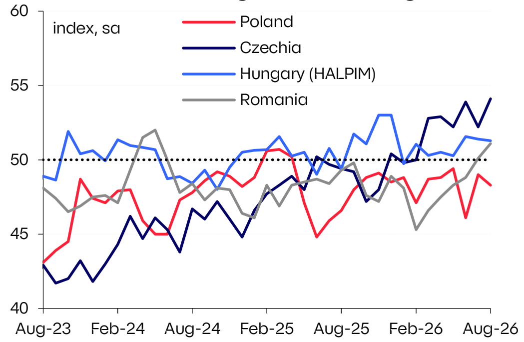


Source: European Commission, PKO Bank Polski.

CEE macro review

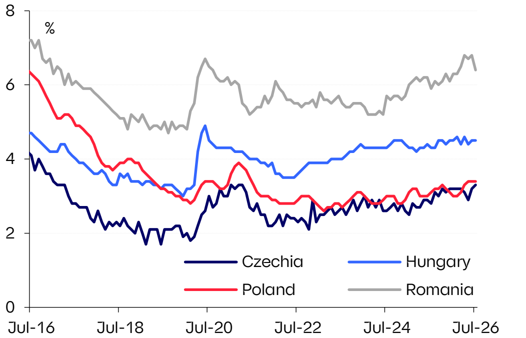
- **CEE: August manufacturing PMIs point to an improvement in activity across CEE economies, supported by better conditions in the euro area,** with Poland the notable exception. In **Poland**, the PMI unexpectedly fell to 48.3 pts from 49.0 pts in July, coming in below even the most pessimistic forecasts. This contrasted sharply with the previous month, when the index surprised to the upside by more than the most optimistic forecast. The manufacturing PMI has remained below the neutral 50-point threshold since May 2024. We continue to stress, however, that the survey does not accurately reflect actual conditions in Polish manufacturing, and unexpected movements in the index should be treated with considerable caution. In **Czechia,** the PMI rose to 54.1 pts in August from 52.2 pts in July, well above expectations. The improvement was driven mainly by stronger demand, particularly from abroad, with new orders increasing at their fastest pace since February 2022. In **Romania,** the PMI increased to 51.1 pts from 50.1 pts in July, as the recovery was supported by growth in new orders and output, while firms resumed purchasing and hiring after more than a year. In **Hungary,** the PMI edged down by 0.1 pts to 51.3pts in August but remained in expansionary territory. As in Poland, however, the PMI has failed to capture the clear recovery trend in industrial output that has been visible in Hungary since around 2q25.
- **CEE: In all CEE countries, the harmonised unemployment rate remains at or below the level observed in the euro area,** with Poland and Czechia recording two of the lowest rates in the EU. In Czechia, the unemployment rate increased to 3.3% in July from 3.2% a month earlier, while in Poland and Hungary it remained unchanged at 3.4% and 4.5%, respectively. In Romania, unemployment fell to 6.4% from 6.8% in June, although it remained 0.5pp above the level observed in July last year.
- **POL: GDP growth in 2q26 reached 3.9% y/y, an upward revision of 0.1pp from the preliminary estimate**. Quarterly growth accelerated to 1.0% q/q from 0.6% q/q in 1q26. Household consumption remained the main growth driver (+2.8% y/y), but investment played an increasingly important role, accelerating to 8.4% y/y from 2.4% y/y. Net exports contributed 0.5pp to growth, with both exports (+10.8% y/y) and imports (+10.4% y/y) rising strongly, supported by the recovery in industrial activity. The data confirm the expected acceleration in investment financed by EU funds, alongside a slight moderation in consumption growth. **GDP growth may ease somewhat in 2h26 due to base effects, while our full-year forecast remains unchanged at 3.5%.**
- **CZE: GDP increased by 0.4% q/q and 1.9% y/y in 2q26, slowing from 2.2% y/y in 1q26.** The revised figure came in below both the preliminary estimate of 2.0% y/y and the central bank's 2.2% y/y forecast. Nonetheless the central bank still perceives the economic performance in 1h26 as solid. The main contributors to y/y growth were private consumption (+1.1pp), public consumption (+0.2pp) and investment (+1.7pp), while inventories made a negative contribution
- **HUN: GDP growth remained unchanged at 1.7% y/y in 2q26, in line with the preliminary estimate**. Growth continued to be driven by domestic demand, supported by consumption and inventory accumulation, while investment fell by 6.3% y/y. The negative contribution from net exports narrowed, while exports increased by 1.8% y/y, marking the first increase in almost three years, supported in part by new automotive capacity and strong electronics production.

PMI in manufacturing in the CEE region



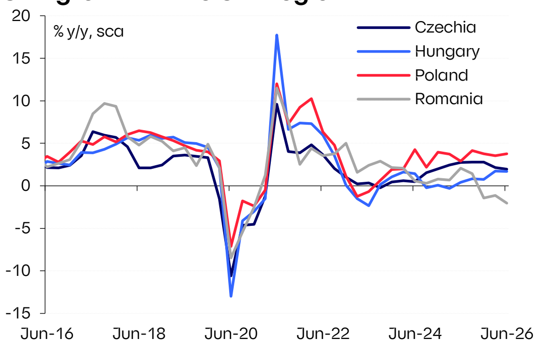
Source: Macrobond, PKO Bank Polski.

Harmonised unemployment rate in the CEE region



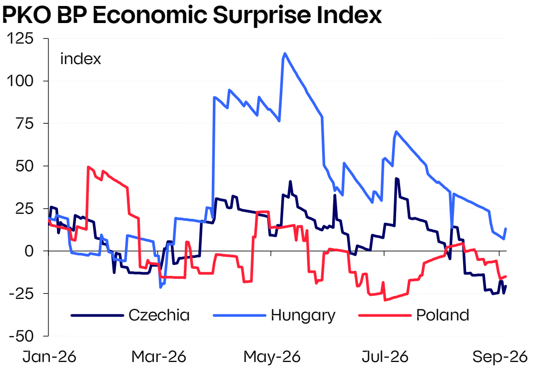
Source: Macrobond, PKO Bank Polski.

GDP growth in the CEE region



Source: Macrobond, PKO Bank Polski.

PKO BP Economic Surprise Index



Source: Macrobond, PKO Bank Polski.
Note: We described the methodology of the index in CEE Macro Weekly issued on 29 May 2026.

From hawk to dove and back to hawk again

- **We think that the NBP Governor will not submit a motion to cut interest rates at the September meeting, and the MPC will not cut rates this year, even though just 2 months ago A.Glapinski suggested it could happen.**
- **CPI inflation accelerated to 3.4% y/y in August from 2.5% y/y in June, primarily due to higher fuel prices following the expiry of the shielding programme. It may exceed 4% y/y at the end of the year.**
- **However, there will be no rate hikes, despite them being priced in by the market, and monetary policy easing will begin next year, after CPI inflation falls sustainably to the target.**

Back in July, at the press conference following the MPC meeting at which interest rates were left unchanged, NBP Governor A.Glapinski described Council members as "cautious doves", signalling a clear easing bias in the stance of almost all MPC members. **He also said that a rate cut later this year was likely and did not rule out submitting a motion for a 25bp cut after the summer holidays (while noting that it might not gain majority support).** Despite his dovish tone, we wrote two months ago that there would be no rate cuts this year. Today, the likelihood of a September cut is even closer to zero.

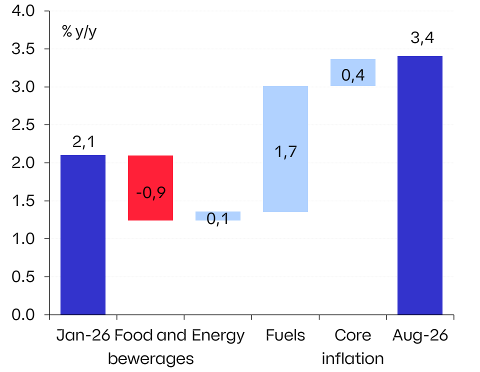
When Governor A.Glapinski suggested a post-summer rate cut, the MPC had preliminary June CPI data showing a stronger-than-expected decline to 2.5% y/y from 2.9% y/y in May. However, the return to the NBP target (2.5% ± 1pp) proved temporary, while the expiry of the CPN programme reducing fuel prices pointed to renewed inflationary pressure. **Mainly due to higher fuel prices, CPI inflation accelerated to 3.4% y/y in August (flash estimate), above expectations (cons.: 3.1% y/y, PKOe: 3.2% y/y).**

Since the beginning of the year, when virtually no one expected the US and Israel to attack Iran, let alone the conflict to last more than six months, CPI inflation has risen by 1.3pp (see margin chart). It would have been even higher without the favourable development of food prices, which lowered inflation by 0.9pp, compared with a 1.7pp contribution from fuel prices. In the spring, we expected the war in the Persian Gulf to de-escalate in 2h26 and commodity supply and prices to normalise. A significant breakthrough in Washington–Tehran relations or a decline in commodity prices now seems unlikely. Combined with adverse weather affecting food harvests and, eventually, prices, **we forecast inflation above 4.0% y/y at the end of 2026, with a sustainable return to target only in 2h27, partly due to base effects.**

Poland's inflation outlook compares unfavourably with the rest of CEE. Inflation in 4q26 is expected to come slightly above 2% y/y in Czechia and Hungary, while in Romania it may reach around 6% y/y, although this would represent substantial disinflation from the double-digit rate caused by fiscal consolidation. Monetary policy in Poland is rather accommodative compared with the region, with real rates below those in Czechia and Hungary and nominal rates well below those in Hungary (where the MNB cut rates by 100bp in 2026, see chart in the margin) and Romania (where we expect easing to begin towards year-end). Meanwhile, the CNB has already delivered a "signalling" 25bp hike despite inflation remaining below target.

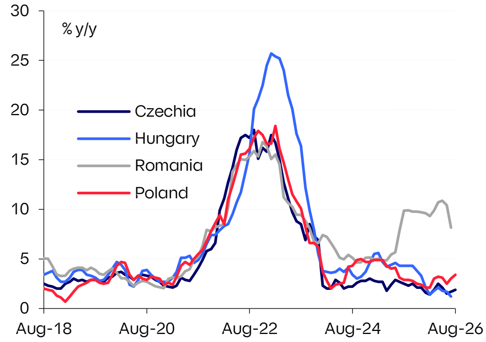
The latest upside inflation surprise and weaker prospects for the resumption of shipping through the Strait of Hormuz have pushed the market-implied NBP rate path sharply higher. Current pricing implies 1 hike by the end of this year and another 2 next year, taking the reference rate to 4.50%, compared with modest easing priced in just 2 months ago. **We continue to stress that the MPC does not base its decisions on market pricing and remains reluctant to tighten policy. We maintain our view that rates will remain unchanged through year-end, with room for cuts next year as inflation returns towards target.**

Decomposition of CPI inflation change in Poland



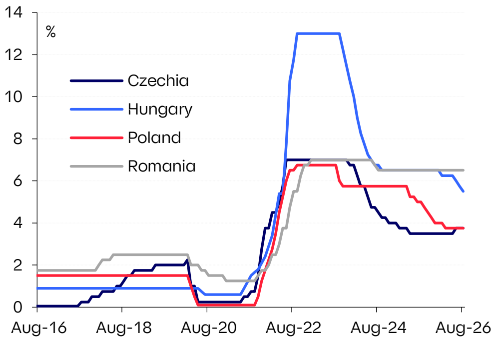
Source: Macrobond, PKO Bank Polski.

CPI inflation in the CEE



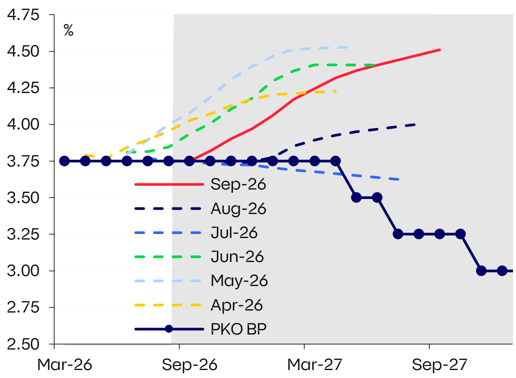
Source: Macrobond, PKO Bank Polski.

Nominal interest rates in the CEE region



Source: Macrobond, PKO Bank Polski.

Market implied NBP reference rate



Source: Macrobond, Bloomberg, PKO Bank Polski.

PKO Bank Polski

Weekly economic calendar

Indicator	Time (UK)	Unit	Previous	Consensus*	PKO BP	Comment
Monday. 7 September						
GER: Industrial production (Jul)	7:00	% m/m	0.2	--	--	--
GER: Industrial output (Jul)	7:00	% y/y	-0.1	--	--	--
ROM: GDP growth (2q)	**7:00**	**% y/y**	**-0.4**	**--**	**--**	**--**
HUN: Industrial Output (Jul)	**7:30**	**% y/y**	**4.1**	**4.7**	**--**	**--**
CZE: Industrial Output (Jul)	**8:00**	**% y/y**	**7.2**	**--**	**--**	**--**
EUR: Sentix Index (Sep)	9:30	pts.	0.9	--	--	--
EUR: GDP growth (2q)	10:00	% y/y	0.5	1.0	--	--
EUR: Employment (2q)	10:00	% y/y	0.5	0.5	--	--
Tuesday. 8 September						
GER: Exports (Jul)	7:00	% m/m	0.9	--	--	--
GER: Imports (Jul)	7:00	% m/m	4.4	--	--	--
HUN: CPI inflation (Aug)	**7:30**	**% y/y**	**1.2**	**1.4**	**1.3**	**--**
CZE: Unemployment Rate (Aug)	**9:00**	**%**	**5.0**	**--**	**--**	**--**
Wednesday. 9 September						
CHN: PPI inflation (Aug)	2:30	% y/y	3.5	3.7	--	--
CHN: CPI inflation (Aug)	2:30	% y/y	0.5	0.9	--	--
ROM: Trade balance (Jul)	**7:00**	**EUR bn**	**-2.961**	**--**	**--**	**--**
POL: NBP reference rate	**--**	**%**	**3.75**	**3.75**	**3.75**	**Elevated uncertainty and rising inflation have closed the door to rate cuts.**
Thursday. 10 September						
GER: CPI inflation (Aug. final)	7:00	% y/y	2.8	2.9	--	--
GER: HICP inflation (Aug. final)	7:00	% y/y	2.8	2.9	--	--
CZE: CPI inflation (Aug. final)	**8:00**	**% y/y**	**1.7**	**1.9**	**1.9**	**--**
EUR: EBC deposit rate	13:15	%	2.25	2.50	2.50	--
EUR: ECB Refinancing Rate	13:15	%	2.40	2.65	2.65	--
USA: Initial Jobless Claims	13:30	k k	206	--	--	--
USA: PPI inflation (Aug)	13:30	% y/y	4.7	--	--	--
USA: Existing home sales (Aug)	15:00	m	4.06	3.99	--	--
Friday. 11 September						
ROM: CPI inflation (Aug)	**7:00**	**% y/y**	**8.2**	**6.8**	**6.7**	**--**
ROM: Wages (Jul)	**7:00**	**% y/y**	**3.5**	**--**	**--**	**--**
USA: CPI inflation (Aug)	13:30	% y/y	3.4	3.4	3.3	--
USA: Core inflation (Aug)	13:30	% y/y	2.5	2.4	--	--
USA: University of Michigan sentiment (Sep. flash)	15:00	pts.	51.7	--	--	--

Source: GUS, NBP, Parkiet, PAP, Bloomberg, Reuters, PKO Bank Polski. Parkiet for Poland, Bloomberg, Reuters for others.

Monetary policy monitor

MPC Members	Hawk-o-meter*	Recent policy indicative comments^
J. Tyrowicz	4.9	"Admittedly, we currently have higher nominal interest rates than before Russia's invasion of Ukraine, so there is no risk of an inflation spike like the one in 2022, but in real terms - that is, taking into account the inflation expectations of consumers, businesses and even professional analysts - interest rates in Poland currently remain at a level that stimulates the economy - not even at a neutral level, let alone a restrictive one". (21.07.2026, Dziennik Gazeta Prawna via PAP Biznes)
I. Dabrowski	3.1	"If we are talking about a possible change in interest rates in the future, then based on the data we currently have, a cut is more likely than a hike. (...) One or two months ago, we expected a much worse scenario than the one that is currently materialising. (...) There is a very small chance that there will be one small interest rate cut later this year." (12.06.2026, Bloomberg via PAP BIZNES)
A. Glapinski	2.9	"I'm decidedly dovish. (...) I don't rule out that if the situation remains unchanged, I may file a motion for a quarter-point cut after the summer break." (9.07.2026, Bloomberg)
M. Zarzecki	2.9	"From today's perspective, a hike seems to me even more likely than a rate cut as the Council's next move in the first quarter of 2027. (...) Easing monetary policy in September, or more broadly this year, would be a premature move burdened with significant risk of error, which I would not be inclined to support." (14.07.2026, Bloomberg)
G. Maslowska	2.9	"The NBP's July projection points more towards the prospect of the next move being an interest rate cut, probably still in 2026. It can be said with a high degree of confidence that, unless the situation changes, this would be no more than a single cut. We always respond in line with the incoming data." (20.07.2026, PAP Biznes, PKO translation)
I. Duda	2.8	**"The baseline scenario remains that rates will remain unchanged at least through the end of this year. (...) At this point, any expectations of rate cuts in the coming quarters are not justified. (...) A return to discussions about looser monetary policy will only be possible once inflation falls to the point target of 2.5% and remains there on a sustained basis." (03.09.2026, Bloomberg)**
H. Wnorowski	2.8	"Discussing such a motion (rate cut) today is purely a seminar exercise. Of course, we can speculate, but even in yesterday's remarks by the Governor there were many caveats and assumptions: if, if, if. In general, by September several of these 'ifs' may fail to materialise, while others may emerge. In my view, this is a premature signal. At this stage, I see a major difficulty in supporting such a motion" (10.07.2026, Biznes24 via PAP Biznes, PKO translation)
W. Janczyk	2.8	"Poland will likely keep interest rates unchanged in coming quarters as inflation is set to stay within the central bank's tolerance range despite pressures from the Iran war." (13.04.2026, Bloomberg)
P. Litwiniuk	2.3	"If price developments triggered by the conflict in the Middle East were to lead to a loss of anchor, or a threat of a loss of anchor, in inflation expectations, and to an increased risk of an impact on prices and wages, then the Council should be, and is, ready to raise interest rates." (13.05.2026, PAP Biznes)
L. Kotecki	2.2	"The economy is accelerating, as it was expected to do in the third quarter, and it is doing so. All the data published so far for July indicate that economic conditions in Poland are very good. This was expected, there is no surprise; we believed this would be the case. This is not translating into any inflationary pressure." (24.08.2026 TOK FM via PAP Biznes)

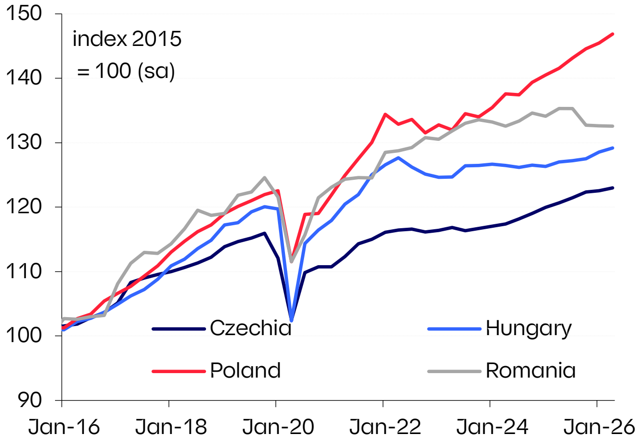
*The higher the indicator the more hawkish views. The positioning has been made based positively on PAP survey conducted among economists at banks in Poland (scale 1-5). **^Quotes in bold** have been modified in this issue of Poland Macro Weekly.

Selected comments from central bankers in other CEEs	
CNB	"For the August meeting, I'm nevertheless leaning toward leaving rates unchanged and waiting for more information, and not just from the domestic economy." Board member J.Seidler (29.07.2026, Bloomberg)
MNB	"We will decide whether this interest rate cut cycle can continue or not [...] We'll come back to this question in September." Governor M.Varga (27.07.2026, Magyar Nemzet)
NBR	"We've managed to keep inflationary expectations in check, but it's clear that interest rates will fall as inflation declines. However, we can't discuss this now while inflation is still significantly above the monetary policy rate. We'll start to consider reducing rates once inflation falls below the policy rate." Governor M.Isarescu (13.08.2026, Bloomberg)

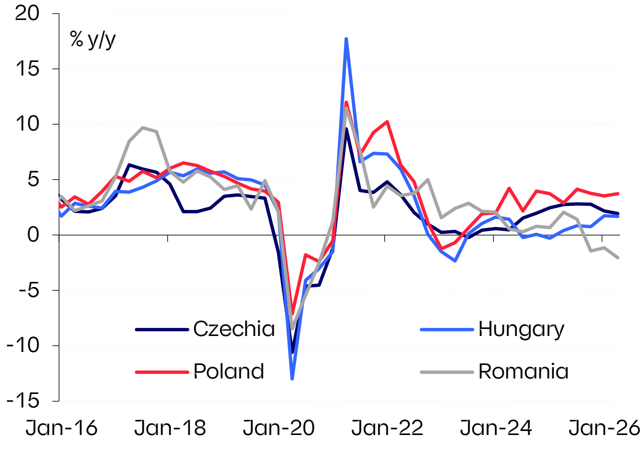
Bank Polski

CEE macro chartbook

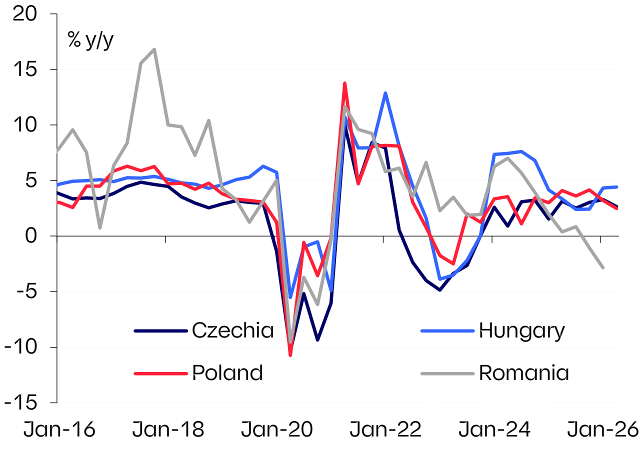
GDP level



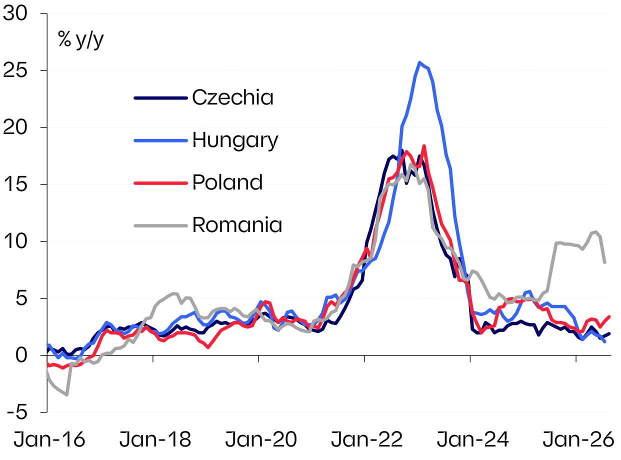
GDP growth



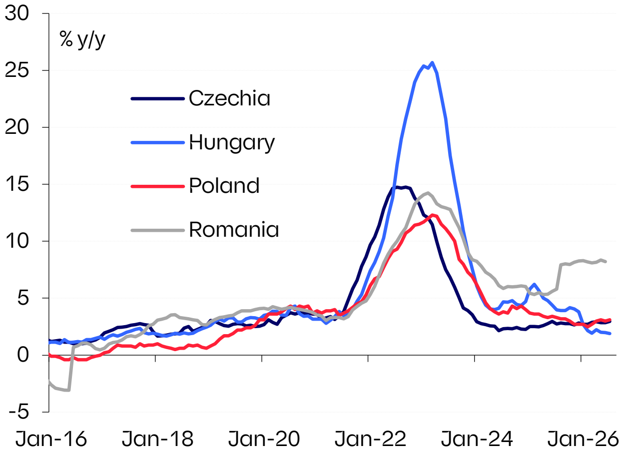
Private consumption growth



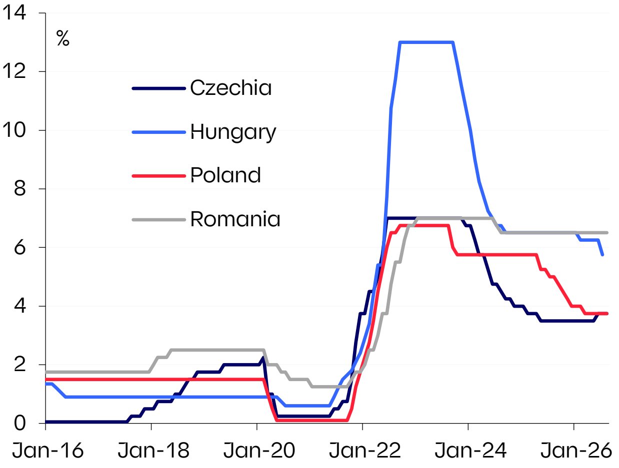
CPI inflation



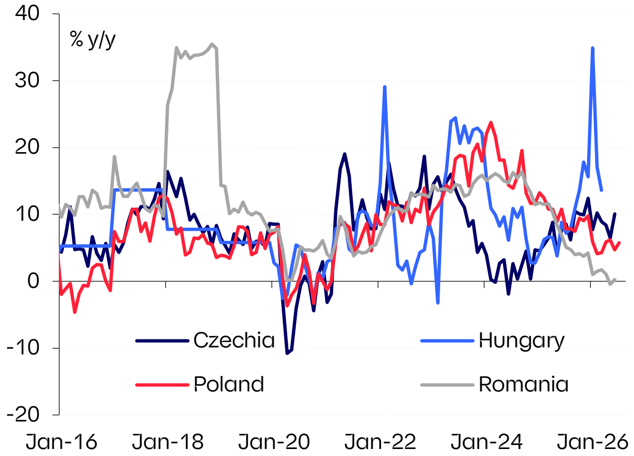
Core CPI inflation



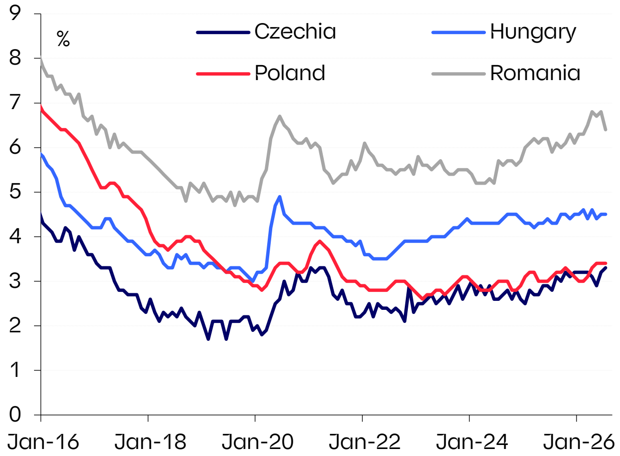
Interest rates (policy rates)



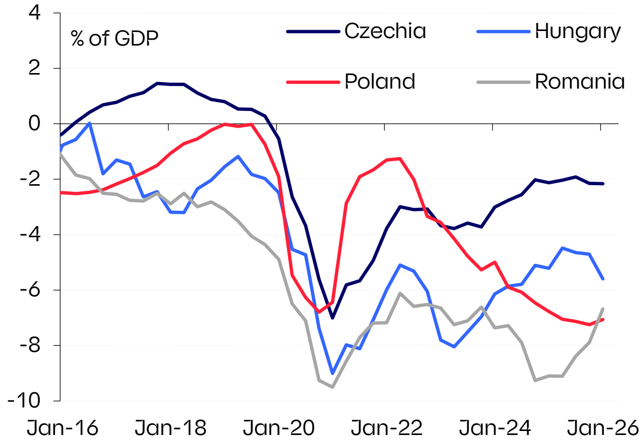
Wages*



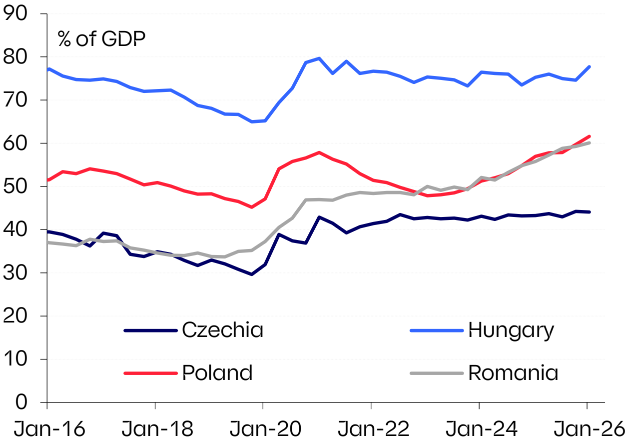
Harmonised unemployment rate



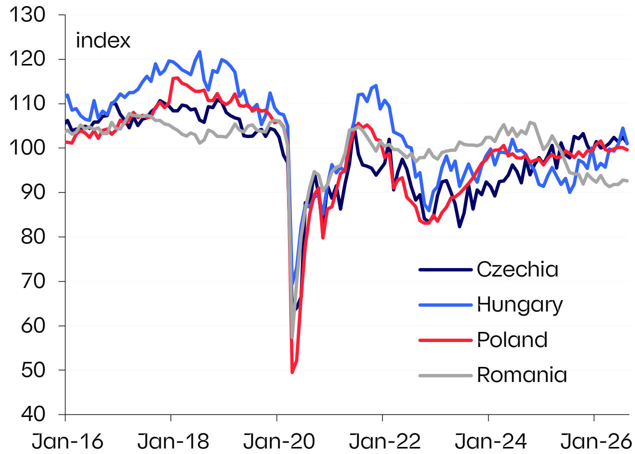
Fiscal deficit (ESA)



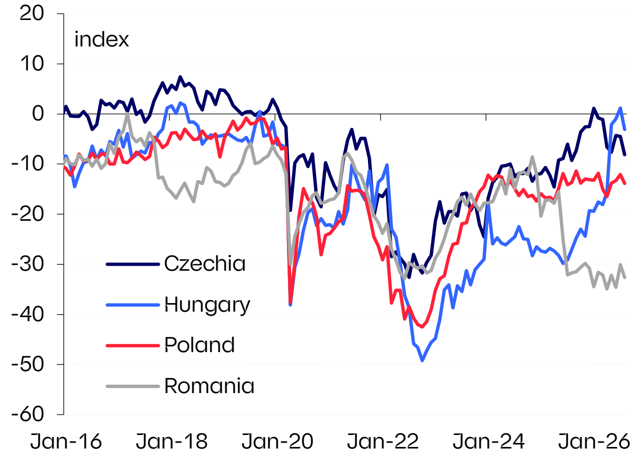
Public debt



ESI



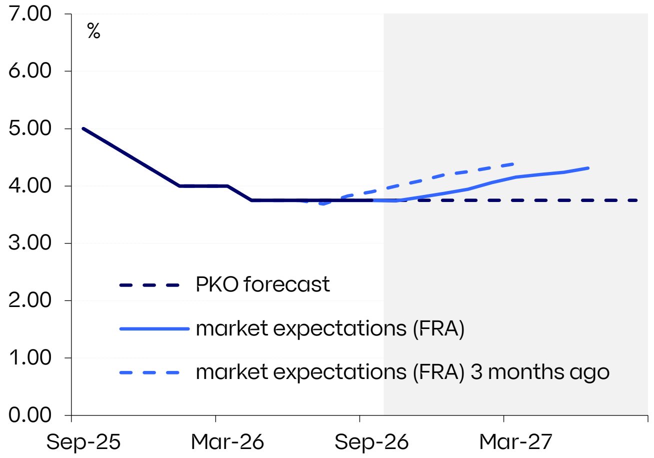
Consumer confidence ESI



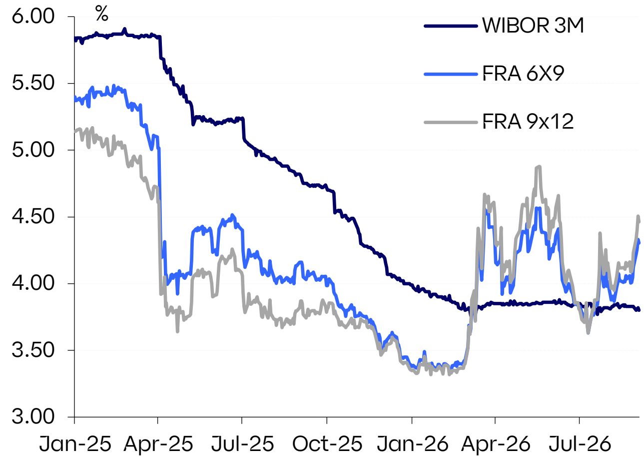
Source: Macrobond, GUS, INSSE, CZSO, KSH, PKO Bank Polski. *for Czechia wages in industry, for Hungary – national economy, Poland and Romania – enterprise sector.

Poland macro chartbook

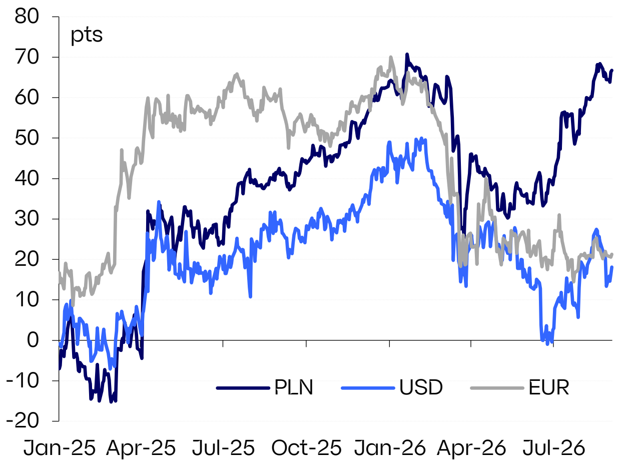
NBP policy rate: PKO BP forecast vs. market expectations



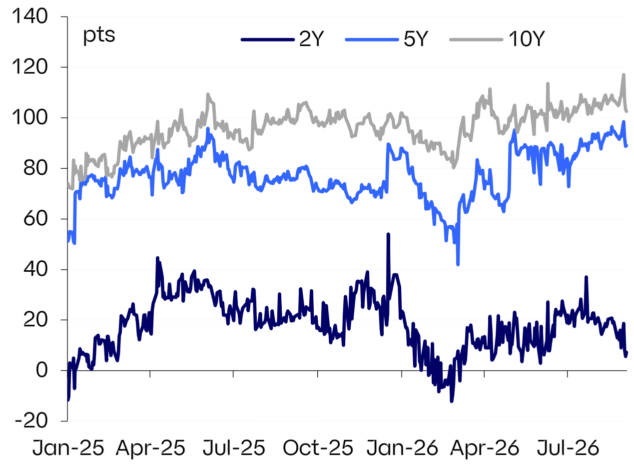
Short-term PLN interest rates



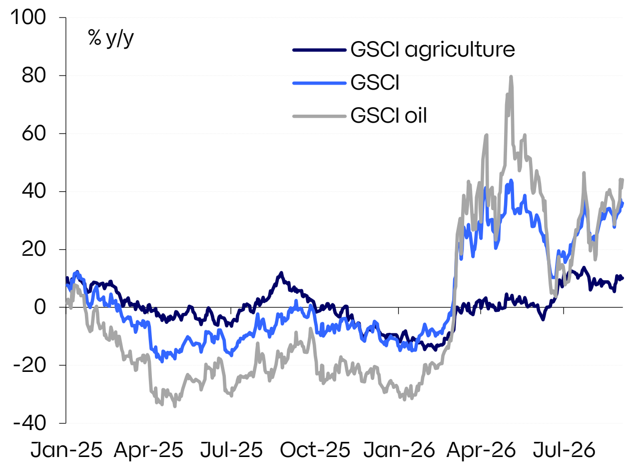
Slope of the swap curve (spread 10Y-2Y)*



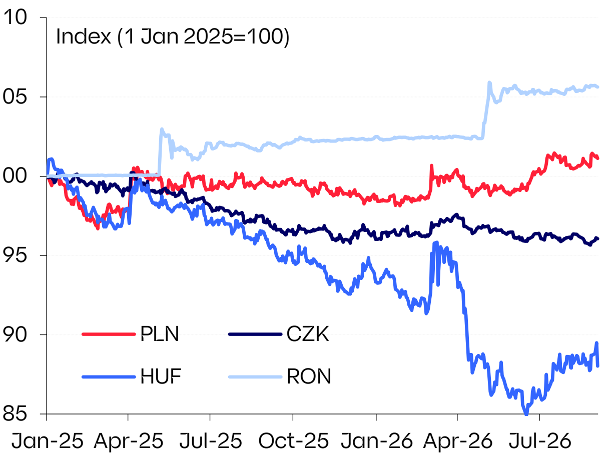
PLN asset swap spread



Global commodity prices (in PLN)



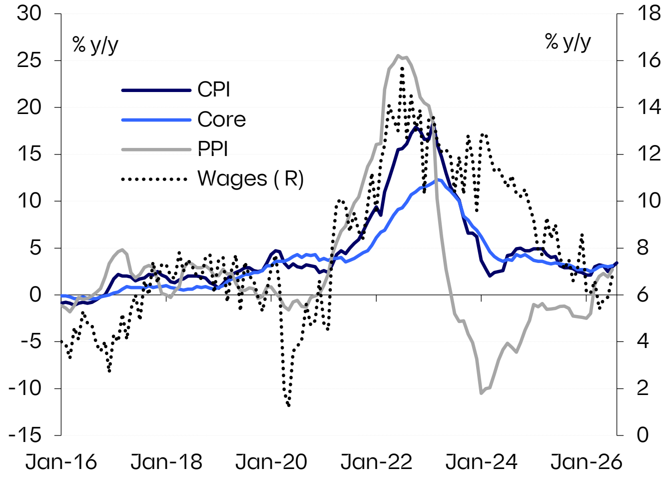
Selected CEE exchange rates against the EUR



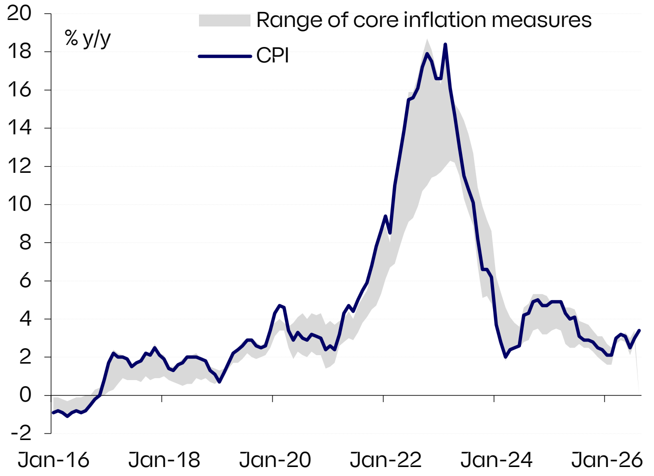
Source: Datastream, NBP, PKO Bank Polski. *for PLN, and EUR 6M, for USD 3M.

Bank Polski

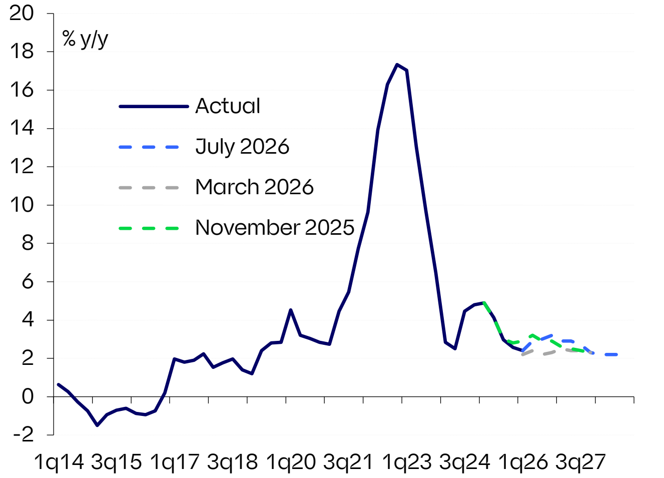
Broad inflation measures



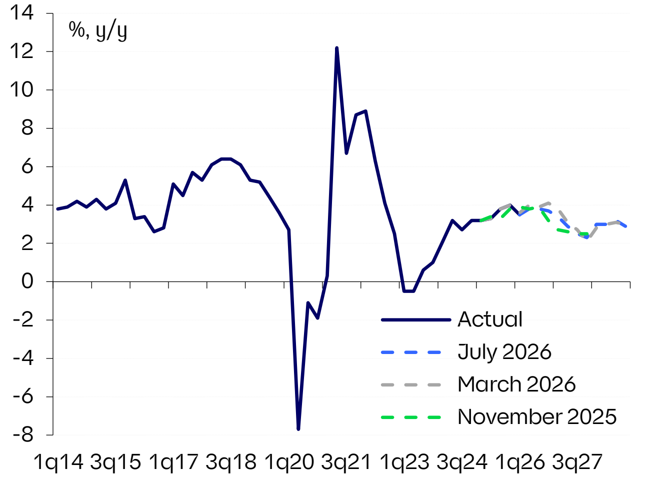
CPI and core inflation measures



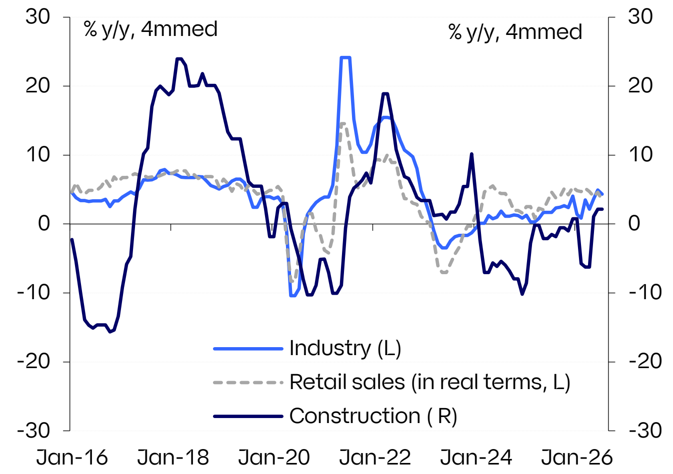
CPI inflation – NBP projections vs. actual



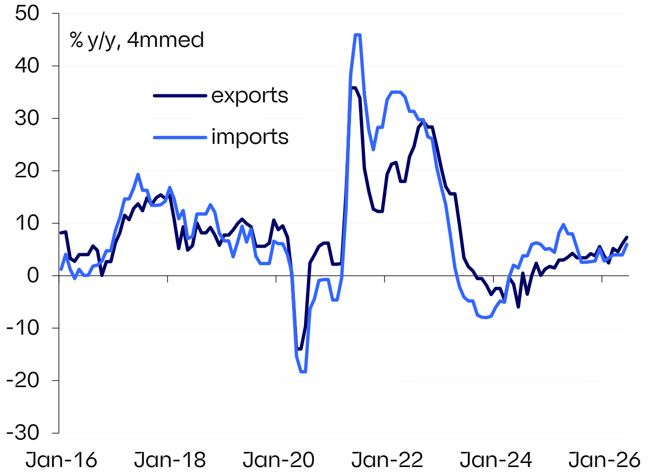
Real GDP growth – NBP projections vs. actual



Economic activity indicators

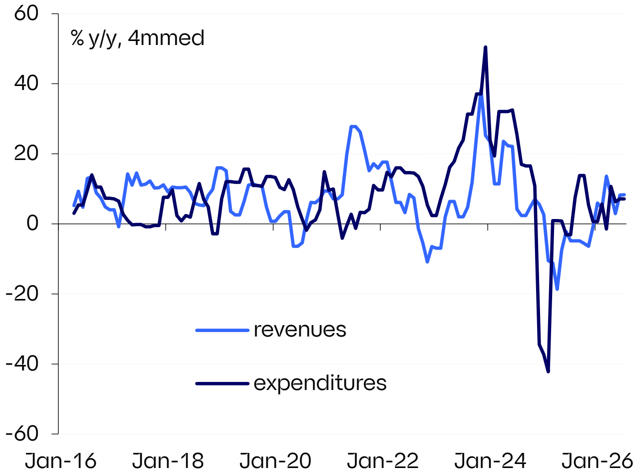


Merchandise trade (in EUR terms)

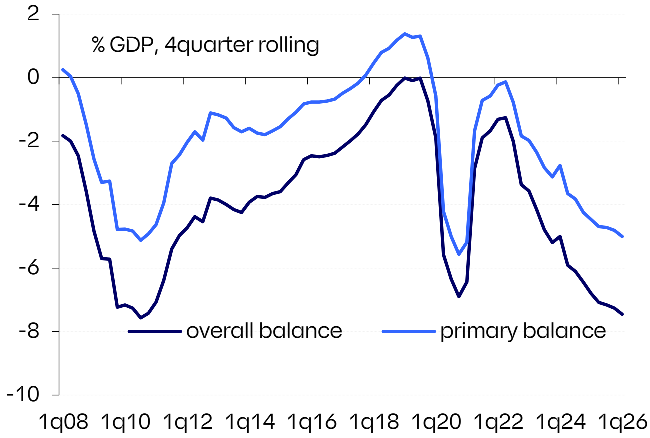


Source: Datastream, GUS, EC, NBP, PKO Bank Polski.

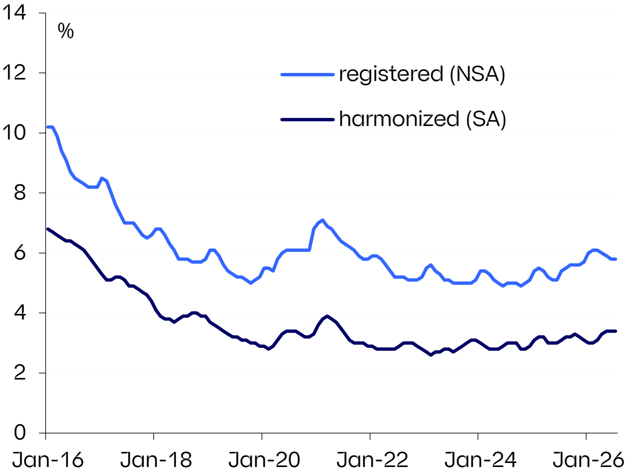
Central government revenues and expenditures*



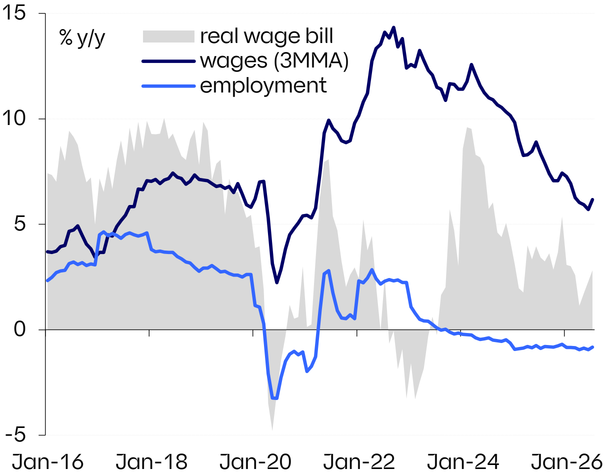
General government balance (ESA2010)



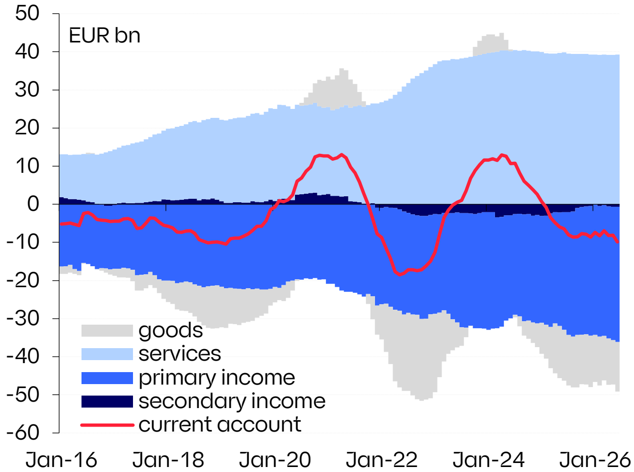
Unemployment rate



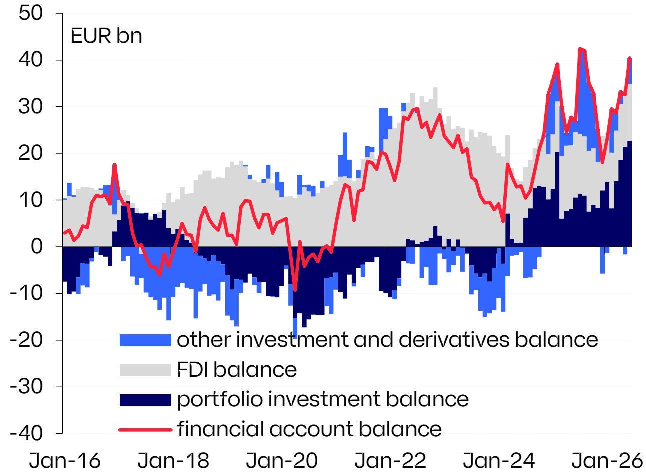
Employment and wages in the enterprise sector



Current account balance



Financial account balance



Source: NBP, Eurostat, GUS, MinFin, PKO Bank Polski. *break in series in 2010 due to methodological changes.

Previous issues of CEE Macro Weekly:

- Fiscal consolidation key to Poland's rating (August 28, 2026)
- 'More or less' budget-neutral (August 21, 2026)
- Low inflation, hawkish stance (August 7, 2026)
- Higher inflation does not close the door on a rate cut (July 31, 2026)
- Healthy economy with unhealthy public finances (July 24, 2026)
- CPI keeps falling across CEE (July 17, 2026)
- More or less cautious doves (July 10, 2026)
- The moon doesn't care for barking dogs (July 3, 2026)
- No signs of cooling (June 26, 2026)
- Diverging interest rate paths in the CEE (June 19, 2026)
- Hawkish sentiment is gaining ground in Czechia (June 12, 2026)
- CEE sentiment holds up (May 29, 2026)
- Calm amid the storm (May 22, 2026)
- A tale of two economies (May 15, 2026)
- The hawks are circling overhead (May 8, 2026)
- Swinging moods in the CEE (Apr 24, 2026)
- Wind of change in Hungary (Apr 17, 2026)
- Hungary at the crossroads (Apr 10, 2026)
- Divergent fiscal paths in the CEE (Apr 2, 2026)
- Inflation up, GDP growth down (Mar 27, 2026)
- Small tweaks to the CEE macro scenario (as for now) (Mar 20, 2026)
- Central banks in the grip of (geo)politics (Mar 13, 2026)
- NBP rate cut despite global turbulence (Mar 6, 2026)
- Romania's road from austerity to innovation (Feb 27, 2026)
- Polish economy in a deep freeze – but just temporarily (Feb 20, 2026)
- Ambiguous inflation in the region (Feb 13, 2026)
- Inflation below target does not always imply rate cuts (Feb 6, 2026)
- The consumer was calling the shots last year (Jan 30, 2026)
- A golden outlook ahead (Jan 23, 2026)
- The Year of a Fiery Economy (Jan 16, 2026)
- Prosperous New Year! (Jan 9, 2026)
- Economic harmony with one dissonance (Dec 19, 2025)
- Monetary policy calm in CEE (Dec 12, 2025)
- 175 bps in 8 months (Dec 5, 2025)
- A month full of surprises (Nov 28, 2025)
- Divergent forecasts (Nov 21, 2025)
- CEE at different stages of the business cycle (Nov 14, 2025)
- Industry is shying away from expansion (Nov 7, 2025)
- October inflation treat – CPI falls again (Oct 31, 2025)
- Poland's acceleration on the final stretch of 3q25 (Oct 24, 2025)
- Poland as the region's growth engine (Oct 17, 2025)
- Divergent appetite for rate cuts (Oct 10, 2025)
- Nobody wants to consolidate (Oct 3, 2025)

Economic Research Department

PKO Bank Polski S.A.
Swietokrzyska 36, 00-116 Warszawa
email: pkoresearch@pkobp.pl

Chief economist

Piotr Bujak	piotr.bujak@pkobp.pl	+48 693 333 127

Macroeconomic Research Bureau

Marta Petka-Zagajewska (Head of Bureau)	marta.petka-zagajewska@pkobp.pl	+48 691 335 426
Urszula Krynska	urszula.krynska@pkobp.pl	+48 722 060 794
Szymon Fabianski	szymon.fabianski@pkobp.pl	+48 722 051 585
Kamil Pastor	kamil.pastor@pkobp.pl	+48 723 670 836
Agnieszka Pierzak	agnieszka.pierzak@pkobp.pl	+48 666 823 657
Michał Reczek	michal.reczek@pkobp.pl	+48 783 552 546
Anna Sznajderska, PhD	anna.sznajderska@pkobp.pl	+48 722 050 645
Anna Wojtyniak-Stefanska	anna.wojtyniak-stefanska@pkobp.pl	+48 698 635 126