

CEE – Monthly Forecast Update

Macro Research

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Poland's macro in a nutshell

	2025	2026	2027	Comment
Real economy*				
- real GDP (%)	3.8	3.5	2.8	The annual revision raised GDP growth in 2025 by 0.2pp to 3.8%. Following solid growth in 2q26, our GDP nowcast for 3q26 points to a slight slowdown to 3.4% y/y, driven by statistical base effects. In the coming quarters, growth should be supported by investment, which is expected to record double-digit growth rates in 2h26, before slowing markedly in 2027 as projects financed by the Recovery and Resilience Facility (RRF) are phased out. Investment demand will remain strong, supported by the energy transition, defence spending, and corporate investment in digitalisation and automation. Consumption should grow at a rate close to 3% y/y, with a slight decline in the savings rate partially offsetting the impact of slower growth in real incomes. In the absence of further escalation, the economy should remain resilient to turmoil in the Middle East.
Prices				
- CPI inflation (%)	3.6	3.1	3.4	Inflation rose to 4.0% y/y in September, mainly driven by fuel prices (+36.1% y/y). Food price deflation persists, although we expect prices in this category to rise gradually. Core inflation most likely declined in September, providing further evidence of the absence of significant second-round effects. The reintroduction of the CPN (fuel tax cuts) scheme in 4q26 will reduce inflation by around 0.6–0.7pp, keeping it below 4% y/y until the end of the year. However, the likely phasing out of the scheme from 2027 will slow inflation's convergence towards the target, with a less pronounced decline in 2h27 than we previously expected. We still expect only limited increases in electricity and gas tariffs in 2027. Energy prices, administrative decisions (tariffs, CPN) and the scale of second-round effects remain sources of uncertainty.
Monetary aggregates				
- loans / deposits (%)	5.0/9.2	5.7/8.2	7.0/5.6	Lending growth is accelerating, particularly in the household segment, and somewhat more slowly in the corporate segment. Deposit growth remains resilient – it has accelerated and may slow more gradually than we previously assumed.
External balance				
- current account balance (% GDP)	–0.9	–1.7	–1.6	The balance of payments has not reacted significantly to the energy shock. We expect the current account deficit to remain below 2% of GDP. Export and import growth are being, and should continue to be, boosted by trade in AI-related goods, among other factors.
Fiscal policy				
- fiscal balance (% GDP)	–7.3	–7.1	–7.1	In line with the draft 2027 budget, we expect the general government deficit to remain above 7% of GDP in 2026–2027, with risks skewed to the upside. The fiscal situation remains strained, and the government has not presented a credible consolidation plan. Public debt will continue to rise, increasing the risk of breaching the prudential threshold in 2027.
Monetary policy				
- NBP reference rate (%)	4.00	3.75	3.00	The MPC currently signals its readiness to raise interest rates if the inflation outlook deteriorates, but remains cautious. Contrary to market expectations, we see no need for rate hikes. At the same time, a normalisation of the situation in the Middle East could create room for rate cuts in 2027.

Source: GUS, NBP, Eurostat, PKO Bank Polski. *under revision due to annual national accounts revision process.

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	2025	2026	2027	Comment
Czechia				GDP growth in 2q26 was revised down again by 0.1pp to 1.8% y/y, slowing from 2.1% y/y in 1q26. The preliminary estimate had pointed to growth of 2.0% y/y, while the central bank's forecast was even higher at 2.2% y/y. The main drivers of growth in y/y terms were private consumption (1.2pp), public consumption (0.3pp) and investment (1.9pp), while changes in inventories significantly dragged on growth (–1.3pp). Despite the negative surprise in the 2q26 data, we expect GDP growth of 2.3% for 2026 as a whole. Inflation rose to 2.5% y/y in September from 1.9% y/y in August, slightly exceeding expectations (consensus: 2.4% y/y) and reaching its highest level since April. The increase was mainly driven by higher energy prices (5.9% y/y compared with 2.3% y/y a month earlier) and easing deflation in food and non-alcoholic beverage prices (–3.5% y/y compared with –4.3% y/y in August). As a result, goods price inflation accelerated to 1.2% y/y from 0.2% y/y, while services inflation edged up to 4.6% y/y from 4.5% y/y. Almost all measures of core inflation (as defined by the CSO) also increased in September, so we expect a rise in core inflation published by the CNB (which stood at 3.0% y/y in August). Inflation is likely to remain well above the target in the coming months, increasing the risk of further interest rate hikes by the CNB. However, our baseline scenario assumes that interest rates will remain stable over the coming quarters, followed by a cautious rate cut towards the end of next year.
- real GDP (%)	2.7	2.3	2.5	
- CPI inflation (%)	2.5	1.9	2.6	
Hungary				Economic growth in 2q26 stood at 1.7% y/y, unchanged from 1q26. Consumption remained the main driver, while investment and net exports made negative contributions. On the supply side, manufacturing was the main driver of GDP growth, with value added growth accelerating to 3.7% y/y from 0.8% y/y in the previous quarter. Our forecasts assume a slight acceleration in economic growth in Hungary in the second half of the year, bringing full-year GDP growth to 1.8% in 2026. CPI inflation rose to 1.6% y/y in September from 1.3% y/y in August, mainly driven by fuel prices (6.9% y/y compared with 1.3% y/y a month earlier). Deflation in food and non-alcoholic beverage prices eased slightly to –4.6% y/y from –4.8% y/y. Services inflation slowed marginally to 4.9% y/y from 5.0% y/y in August. Core inflation declined to 1.9% y/y from 2.0% y/y. CPI inflation should remain below 2.0% y/y until the end of the year, although it may rise next year. We assume that the MNB will keep interest rates unchanged until the end of this year, while 2027 should provide room for significant monetary policy easing. The central bank also announced that it will lower its inflation target to 2.5% from 2028 (retaining the current tolerance band of ±1pp), compared with the current target of 3.0%. This decision marks a step towards Hungary's adoption of the euro at the beginning of the next decade.
- real GDP (%)	0.4	1.8	2.3	
- CPI inflation (%)	4.4	1.6	2.7	
Romania				GDP growth remained negative in 2q26, although the contraction eased to –0.2% y/y from –1.2% y/y in 1q26. On the demand side, investment (4.3pp) and net exports (0.3pp) made positive contributions to GDP growth, while consumption (–2.2pp) and changes in inventories (–2.6pp) weighed on growth. On the supply side, construction and some service sectors made the largest positive contributions, while trade, transport, hotels and restaurants, and industry had a negative impact. Weakness in the consumer sector reflects price increases resulting from regulatory changes, while investment is supported by the absorption of EU funds. On a seasonally adjusted basis, GDP declined by 1.9% y/y in 2q26 and remained unchanged compared with 1q26 (0.0% q/q). Despite a possible recovery in growth towards the end of 2026, we expect GDP to contract by 0.6% for the year as a whole. CPI inflation declined to 6.2% y/y in August from 8.2% y/y in July. The decline in annual inflation was mainly due to a statistical base effect related to last year's increase in electricity prices following the removal of price caps. Disinflation is expected to slow in the coming months, with inflation remaining close to 6% y/y until the end of the year. Given the elevated uncertainty, we assume that the NBR will keep interest rates unchanged until the end of this year. Next year, as CPI inflation declines significantly and the real interest rate rises, we expect the central bank to resume monetary policy easing.
- real GDP (%)	0.7	–0.6	2.4	
- CPI inflation (%)	7.3	8.0	4.4	

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	3.9	3.4	3.2	2.8	2.5	3.2	3.8	3.5	2.8
Domestic demand (% y/y)	3.7	3.5	3.4	4.2	3.3	3.0	4.8	4.6	3.7	2.6
Private consumption (% y/y)	3.3	2.8	2.9	2.7	2.8	3.0	2.9	4.0	2.9	3.0
Gross fixed capital formation (% y/y)	2.4	8.4	11.5	12.4	6.0	3.5	0.4	4.9	9.6	1.7
Inventories (pp)	0.0	0.2	-0.9	-0.8	0.3	0.1	3.4	1.4	-5.7	1.1
Net exports (pp)	0.0	0.5	0.1	-0.9	-0.4	-0.4	-1.2	0.6	3.2	-1.3
Industrial output (% y/y)^	2.6	4.7	4.3	2.2	2.2	3.6	1.1	2.1	3.4	3.2
Construction output (% y/y)^	-8.1	4.6	3.0	4.0	4.7	2.1	-7.7	0.2	1.7	2.8
Retail sales (real. % y/y)^	6.1	3.5	4.0	1.4	2.1	3.3	3.2	3.9	3.6	2.8
Nominal GDP (PLN bn)	949.8	987.4	1037.9	1186.0	1016.5	1044.4	3670	3915	4161	4407
Labour market										
Registered unemployment rate‡(%)	6.1	5.8	5.8	5.8	6.1	5.6	5.1	5.7	5.8	5.7
Employment in enterprises (% y/y)	-0.8	-0.9	-0.8	-0.8	-0.5	-0.3	-0.4	-0.8	-0.8	-0.3
Wages in enterprises (% y/y)	6.3	5.7	6.1	5.5	5.1	5.3	11.2	8.0	5.9	5.2
Prices^										
CPI inflation (% y/y)	2.4	3.0	3.5	3.6	4.0	3.6	3.6	3.6	3.1	3.4
Core inflation (% y/y)	2.6	3.0	3.2	3.4	3.3	3.1	4.3	3.3	3.1	3.1
15% trimmed mean (% y/y)	2.5	3.0	x	x	x	x	x	x	x	x
PPI inflation (% y/y)	-1.1	2.1	4.6	6.5	5.4	1.9	-6.7	-1.6	3.0	1.2
Monetary aggregates‡										
Money supply M3 (PLN bn)	2804.4	2890.8	2935.0	3025.1	3088.6	3150.0	2479.8	2737.9	3025.1	3280.4
Money supply M3 (% y/y)	11.5	11.8	11.1	10.5	10.1	9.0	9.3	10.4	10.5	8.4
Real money supply M3 (% y/y)	8.9	8.6	7.3	6.6	5.9	5.2	5.5	6.5	7.2	4.9
Loans. total (PLN bn)	1564.4	1619.1	1644.9	1668.5	1704.4	1740.8	1499.6	1575.2	1668.5	1784.4
Loans. total (% y/y)	3.2	5.3	5.9	5.9	8.9	7.5	5.0	5.0	5.9	6.9
Deposits. total (PLN bn)	2547.3	2662.1	2661.5	2682.1	2738.3	2813.0	2266.0	2474.0	2682.1	2832.6
Deposits. total (% y/y)	8.6	9.9	10.2	8.4	7.5	5.7	9.7	9.2	8.4	5.6
Balance of payments										
Current account balance (% GDP)	-0.7	-1.1	-1.4	-1.7	-1.9	-2.0	0.3	-0.9	-1.7	-1.6
Trade balance (%GDP)	-1.3	-1.4	-1.6	-1.8	-2.0	-2.1	-0.7	-1.5	-1.8	-1.6
FDI (% GDP)	1.2	1.3	1.5	2.3	2.1	1.9	1.1	1.3	2.3	2.0
Fiscal policy										
Fiscal balance (% GDP)	-7.1	-7.1	-7.0	-7.1	-7.4	-7.2	-6.4	-7.3	-7.1	-7.1
Public debt (% GDP)	61.6	64.5	64.9	66.3	67.5	68.9	54.8	59.7	66.3	71.4
Monetary policy‡										
NBP reference rate (%)	3.75	3.75	3.75	3.75	3.75	3.50	5.75	4.00	3.75	3.00
NBP lombard rate (%)	4.25	4.25	4.25	4.25	4.25	4.00	6.25	4.50	4.25	3.50
NBP deposit rate (%)	3.25	3.25	3.25	3.25	3.25	3.00	5.25	3.50	3.25	2.50
WIBOR 3M* (%)	3.85	3.85	3.85	3.82	3.73	3.39	5.84	3.99	3.82	3.05
Exchange rates*‡										
EUR-PLN	4.29	4.30	4.37	4.34	4.35	4.37	4.27	4.23	4.34	4.36
USD-PLN	3.74	3.77	3.84	3.77	3.82	3.87	4.10	3.60	3.77	3.79
CHF-PLN	4.68	4.66	4.62	4.52	4.48	4.46	4.54	4.54	4.52	4.49
EUR-USD	1.15	1.14	1.14	1.15	1.14	1.13	1.04	1.18	1.15	1.15

Source: GUS, NBP, PKO Bank Polski.

^period averages for quarterly and yearly data.

‡period end values.

*under revision

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