CEE – Monthly Forecast Update

Macro Research

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Bank Polski | Centrum Analiz

Poland's macro in a nutshell

	2025	2026	2027	Comment
Real economy				Following strong dynamics in 1h26, GDP growth is set to moderate in the remainder of the year, mainly due to statistical effects, while underlying momentum remains strong. Our nowcast points to GDP growth slowing to 3.3% y/y in 3q26 from 4.1% y/y in 2q26. Industry and retail sales continue to expand at a steady pace, activity in services has softened slightly, while construction output has declined in y/y terms. Investment will remain the main growth driver in the coming quarters, although its pace is likely to moderate in 2027 as RRF-funded projects gradually wind down. Investment demand will continue to be supported by the energy transition, defence spending and expenditure on labour-saving automation. Consumption should continue to grow at around 3% y/y. Poland's economy remains resilient to external shocks.
- real GDP (%)	3.8	3.6	2.8	
Prices				CPI inflation fell to 3.5% y/y in October from 4.1% y/y in September, mainly due to the reinstatement of the CPN programme, which contributed to a 9.7% m/m decline in fuel prices. Core inflation also surprised positively and, according to our estimates, fell below 3% y/y from 3.1% y/y in September. We expect inflation to remain close to its October level through the end of the year. After a temporary increase in 1q27, driven by higher energy prices and the expiry of the CPN programme, inflation should gradually return towards the target. The NBP presents a more pessimistic scenario, with its latest projection showing inflation averaging 4.2% in 2027. Key sources of uncertainty remain energy tariff decisions, the path of fuel prices and government shielding measures. Their final shape will largely determine the inflation path in 2027.
- CPI inflation (%)	3.6	3.1	3.3	
Monetary aggregates				Credit growth is accelerating, particularly in the household segment, while corporate lending is expanding at a somewhat slower pace. Deposit growth remains resilient, having been stronger than expected and likely to decelerate more gradually than previously assumed.
- loans / deposits (%)	5.0/9.2	5.9/8.4	6.9/5.6	
External balance				The balance of payments has shown little reaction to the energy shock. We expect the current account deficit to remain below 2% of GDP. Export and import growth has been, and should continue to be, supported in part by trade in AI-related goods.
- current account balance (% GDP)	–0.9	–1.8	–1.7	
Fiscal policy				In line with the 2027 draft budget, we expect the general government deficit to remain above 7% of GDP in 2026–2027. However, 1h26 data suggest that the deficit could ultimately come in below 7% of GDP. Public debt will continue to rise rapidly, increasing the risk of breaching the prudential threshold in 2027.
- fiscal balance (% GDP)	–7.3	–7.1	–7.1	
Monetary policy				The MPC has adopted a more hawkish stance, and the new inflation projection points to a case for higher interest rates. However, current data do not justify additional monetary tightening. In our view, rate hikes will not be necessary, while a normalisation of the situation in the Middle East could open the door to rate cuts towards the end of 2027.
- NBP reference rate (%)	4.00	3.75	3.00	

Source: GUS, NBP, Eurostat, PKO Bank Polski.

CEE macro in a nutshell

	2025	2026	2027	Comment
Czechia				According to the preliminary estimate, GDP growth slowed in line with expectations, to 1.6% y/y in 3q26 from 1.8% y/y in 2q26. Moderate growth was supported by consumption and foreign trade, while investment activity remained weaker. The largest contributions to annual growth came from industry, trade and transport, ICT and professional services. The outlook for the coming quarters remains positive, although it depends largely on external factors, particularly a recovery in the European automotive sector. We expect full-year GDP growth of 2.3%. CPI inflation unexpectedly declined to 2.4% y/y in October from 2.5% y/y in September. The decline reflected, among other factors, a deepening of food and non-alcoholic beverage price deflation to –4.0% y/y from –3.5% y/y and, to a lesser extent, lower fuel price inflation, which eased to 35.6% y/y from 37.5% y/y. Prices of goods rose by 0.9% y/y, compared with 1.2% y/y a month earlier, while services inflation eased slightly to 4.5% y/y from 4.6% y/y. Almost all core inflation measures published by the CSO declined, suggesting that the CNB's core inflation measure should also ease from 3.1% y/y in September. Inflation is likely to remain above the CNB's target in the coming quarters, supporting a restrictive monetary policy stance. In our baseline scenario, we assume that the November rate hike was the last one before a prolonged period of stable rates. Some room for modest monetary easing could emerge towards the end of next year as the inflation shock gradually fades.
- real GDP (%)	2.7	2.3	2.5	
- CPI inflation (%)	2.5	2.1	3.1	
Hungary				According to the preliminary estimate, GDP growth slowed to 1.5% y/y in 3q26 from 1.7% y/y in 2q26, falling short of expectations. On a quarterly basis, GDP increased by just 0.1% (sa), after two consecutive quarters of 0.6% growth. The statistical office indicated that industry was the main growth driver, supported by services, while agriculture made a negative contribution, largely due to severe drought. Despite the weaker-than-expected 3q26 reading, we continue to expect average GDP growth of 1.8% in 2026. CPI inflation increased in line with expectations to 2.0% y/y in October from 1.6% y/y in September. The acceleration partly reflected a smaller annual decline in food and beverage prices (-4.1% y/y vs -4.6% y/y) and higher fuel price inflation, which rose to 11.3% y/y from 6.9% y/y. Core inflation increased to 2.1% y/y from 1.9% y/y. We expect inflation to remain close to 2% y/y through the end of this year, before rising more visibly in 2027. We expect the MNB to keep interest rates unchanged through the end of this year, while 2027 should bring scope for significant monetary easing. From 2028, Hungary will operate with a lower inflation target of 2.5%, while retaining the current ±1pp tolerance band.
- 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) were a drag. On the supply side, construction and selected service sectors provided the strongest support, while trade, transportation, hotels and restaurants, as well as industry, weighed on activity. Weak consumer demand reflects the rise in prices following regulatory changes, while investment continues to be supported by the absorption of EU funds. In seasonally adjusted terms, GDP fell by 1.9% y/y in 2q26 and was unchanged from 1q26 (0.0% q/q). Despite a possible recovery towards the end of 2026, we expect full-year GDP to decline by 0.6%. CPI inflation accelerated to 6.6% y/y in September from 6.2% y/y in August, exceeding both our and market expectations. The increase was driven mainly by fuel prices (diesel +37.6% y/y, petrol +28.4% y/y) and, to a lesser extent, by food prices, while services inflation eased slightly. We expect inflation to remain above 6% y/y through the end of the year. We expect the NBR to keep interest rates unchanged in December and to resume monetary easing in 2027, as CPI inflation declines markedly and the real policy rate increases.
- real GDP (%)	0.7	–0.6	2.4	
- CPI inflation (%)	7.3	8.4	4.7	

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)	3.7	4.1	3.3	3.3	2.8	2.5	3.2	3.8	3.6	2.8
Domestic demand (% y/y)	3.7	3.7	3.3	4.3	3.3	3.0	4.8	4.6	3.8	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)	3.1	8.5	11.5	12.4	6.0	3.5	0.4	4.9	9.7	1.7
Inventories (pp)	-0.2	0.0	-1.1	-0.7	0.3	0.1	1.1	0.2	-0.5	0.0
Net exports (pp)	0.2	0.5	0.1	-0.9	-0.4	-0.4	-1.3	-0.6	-0.1	0.3
Industrial output (% y/y)^	2.6	4.7	4.5	2.3	2.2	3.6	1.1	2.1	3.5	3.1
Construction output (% y/y)^	-8.1	4.6	-2.1	-2.0	-2.1	-0.3	-7.7	0.2	-1.5	3.5
Retail sales (real. % y/y)^	6.1	3.5	3.7	2.6	2.2	3.4	3.2	3.9	3.9	2.5
Nominal GDP (PLN bn)	949.2	988.5	1039.3	1187.3	1013.4	1041.6	3670	3915	4164	4404
Labour market										
Registered unemployment rate‡(%)	6.1	5.8	5.8	5.8	6.1	5.7	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	5.1	4.9	5.3	11.2	8.0	5.8	5.1
Prices^										
CPI inflation (% y/y)	2.4	3.0	3.5	3.4	3.9	3.5	3.6	3.6	3.1	3.3
Core inflation (% y/y)	2.6	3.0	3.2	2.8	2.8	2.5	4.3	3.3	2.9	2.7
15% trimmed mean (% y/y)	2.5	3.0	2.8	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	2973.1	3057.6	3121.6	3182.7	2479.8	2737.9	3057.6	3318.8
Money supply M3 (% y/y)	11.5	11.8	12.5	11.7	11.3	10.1	9.3	10.4	11.7	8.5
Real money supply M3 (% y/y)	8.9	8.6	8.7	8.0	7.1	6.4	5.5	6.5	8.4	5.1
Loans. total (PLN bn)	1564.4	1619.1	1671.9	1668.5	1704.4	1740.8	1499.6	1575.2	1668.5	1784.4
Loans. total (% y/y)	3.2	5.3	7.7	5.9	8.9	7.5	5.0	5.0	5.9	6.9
Deposits. total (PLN bn)	2547.3	2662.1	2772.5	2682.1	2738.3	2813.0	2266.0	2474.0	2682.1	2832.6
Deposits. total (% y/y)	8.6	9.9	14.8	8.4	7.5	5.7	9.7	9.2	8.4	5.6
Balance of payments										
Current account balance (% GDP)	-0.8	-1.3	-1.5	-1.8	-2.0	-2.1	0.3	-1.0	-1.8	-1.7
Trade balance (%GDP)	-1.2	-1.4	-1.6	-1.8	-2.0	-2.1	-0.7	-1.5	-1.8	-1.6
FDI (% GDP)	1.3	1.6	1.8	2.5	2.3	1.9	1.3	1.4	2.5	2.0
Fiscal policy										
Fiscal balance (% GDP)	-7.0	-6.7	-6.9	-7.1	-7.5	-7.5	-6.4	-7.2	-7.1	-7.1
Public debt (% GDP)	61.5	64.5	64.9	66.3	67.5	68.9	54.8	59.6	66.3	71.4
Monetary policy‡										
NBP reference rate (%)	3.75	3.75	3.75	3.75	3.75	3.75	5.75	4.00	3.75	3.00
NBP lombard rate (%)	4.25	4.25	4.25	4.25	4.25	4.25	6.25	4.50	4.25	3.50
NBP deposit rate (%)	3.25	3.25	3.25	3.25	3.25	3.25	5.25	3.50	3.25	2.50
WIBOR 3M^ (%)	3.85	3.85	3.85	3.85	3.85	3.85	5.84	3.99	3.85	3.08
Exchange rates*‡										
EUR-PLN	4.29	4.30	4.37	4.36	4.35	4.37	4.27	4.23	4.36	4.36
USD-PLN	3.74	3.77	3.84	3.86	3.85	3.87	4.10	3.60	3.86	3.79
CHF-PLN	4.68	4.66	4.62	4.64	4.58	4.55	4.54	4.54	4.64	4.59
EUR-USD	1.15	1.14	1.14	1.13	1.13	1.13	1.04	1.18	1.13	1.15

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

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