Snap | 31 August 2026 POLAND

# Polish inflation beats expectations driven by fuel prices

CPI inflation surprised on the upside in August, accelerating to 3.4% from 3.0% in July, driven by higher fuel prices. However, the increase may be overstated, as Poland s statistical office may not have fully captured the impact of a temporary VAT cut on fuel in the second half of the month

Krakow, Poland

According to Statistics Poland's preliminary estimate, CPI inflation accelerated to 3.4% year-on-year in August from 3.0% in July, well above both our forecast and the market consensus of 3.1%. On a monthly basis, consumer prices rose by 0.4%, above the consensus estimate of 0.1% and following a 0.8% increase in July.

The rise in headline YoY inflation was driven primarily by higher fuel prices, which accelerated to 24.2% from 15.8% a month earlier. The inflationary impact of this factor was not fully offset by the deeper decline in food prices, from -0.4% YoY in July to -0.9% YoY in August. According to our estimates, core inflation, which excludes food and energy prices, edged up to 3.2–3.3% YoY from 3.1% in July.

In the second half of August, the government temporarily reinstated the reduced VAT rate on fuel (8% instead of 23%). However, this was not enough to prevent fuel prices from rising by

5.2% month-on-month and, consequently, did not prevent the acceleration of inflation. That said, the temporary decline in fuel prices in the second half of the month may not have been fully captured by Statistics Poland. Deflationary trends in the food market persisted in August, supported, among other factors, by a price war between the leading retail chains.

We expect inflation to remain elevated over the coming months, close to the upper limit of the National Bank of Poland's target range. As a result, the central bank is likely to leave interest rates unchanged until the end of this year (currently at 3.75%).

However, strong statistical base effects in fuel prices may bring CPI inflation down towards the NBP's 2.5% target around the turn of the first and second quarters of 2027. Together with a favourable inflation outlook for the following quarters, this may prompt the Monetary Policy Council to ease monetary policy in the middle of next year. Our baseline scenario assumes two 25bp interest-rate cuts in 2027.

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