

MNI Eurozone Inflation Insight – Aug 2025

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September 3, 2025

Key August preliminary HICP prints:

- **Eurozone:** 2.05% Y/Y (vs 2.04% prior, 2.1% MNI median ahead of national data)
 - Core (ex-energy, food, alcohol & tobacco): 2.27% (2.2% MNI median, 2.31% prior)
 - FAT 3.21% (3.2% MNI median, 3.25% prior)
 - NEIG 0.78% (0.7% MNI median, 0.76% prior)
 - Energy -1.89% (-1.6% MNI median, -2.39% prior)
 - Services 3.10% (3.1% MNI median, 3.15% prior)
 - Core 2.27% (2.2% MNI median, 2.31% prior)
- **Germany:** 2.1% Y/Y (vs 1.8% prior, 2.1% cons)
- **France:** 0.8% Y/Y (vs 0.9% prior, 0.8% cons)
- **Italy:** 1.7% Y/Y (vs 1.7% prior, 1.7% cons)
- **Spain:** 2.7% Y/Y (vs 2.7% prior, 2.7% cons)
- **Netherlands:** 2.4% Y/Y (vs 2.5% prior, 2.5% cons)

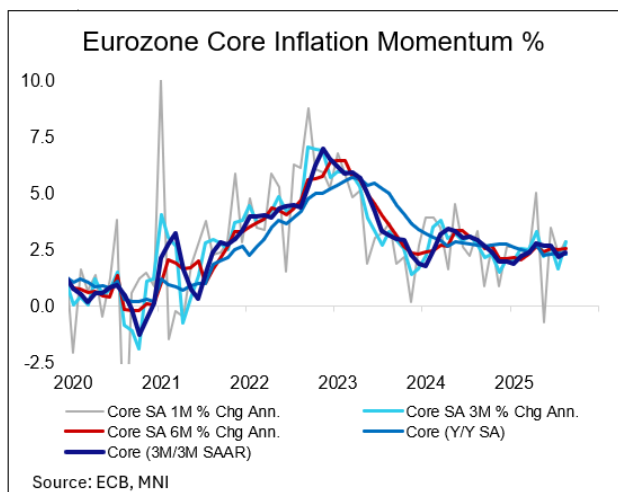
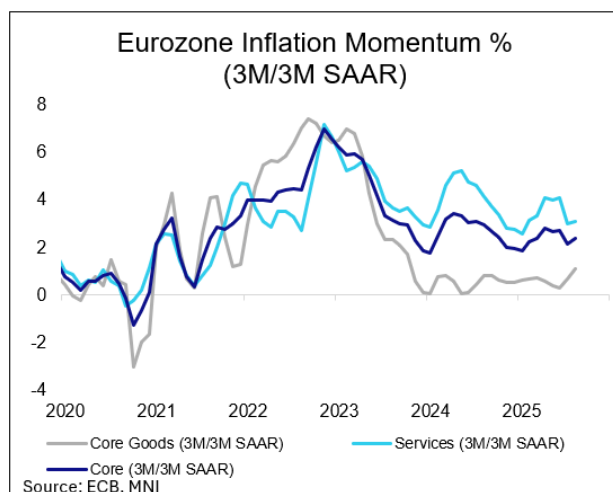
Little To Warrant Near-Term Cut

Eurozone August headline HICP inflation printed marginally below consensus expectations on Tuesday, at 2.05% (cons 2.1) for essentially unchanged from the 2.04% in July. As we flagged in our preview ahead of country-level data, such a marginal downside surprise was not sufficient to ensure a dovish tilt in EUR rates, with markets pricing for both the September and October ECB meetings to remain largely out of play.

A cumulative 7-8bps of cuts are currently priced to year end, which some Governing Council members appear to be leaning against. One of the stronger views here, but not a surprising one, was executive board member Schnabel in a Reuters interview Tuesday morning: “At the current juncture, I see no reason to adjust the policy stance in either direction. Interest rates are in a good place. Medium-term inflation is projected to be around 2% and inflation expectations are anchored. We are at full employment and the economy is growing around trend”.

Having said that, some other ECB officials continue to flag a further cut as a possibility – as Bank of Lithuania Chairman Simkus put it Thursday morning: “Our monetary policy stance fits the moment well in September, but I would not be surprised if Santa Claus comes with scissors - but just for snipping, not for slashing.”

Indeed, ECB President Lagarde said on Monday (Sep 1) that the Eurozone inflation goal of 2% has been met, building on her comment from the Jul 24 press conference that “Inflation is currently at our two per cent medium-term target”.



EZ August HICP Marginal Downside vs Consensus From Energy

Eurozone August HICP came in at 2.05% Y/Y, 5 hundredths below rounded initial consensus of 2.1% Y/Y and marginally higher than we would have expected the print following national-level data released over the last couple of days (vs 2.04% prior). The marginal downside surprise vs consensus on headline was energy-driven: the category printed -1.89% Y/Y (-1.6% MNI median, -2.39% prior) while core inflation was slightly higher than expected at 2.27% (2.2% consensus, 2.31% prior) driven by NEIG.

- This fact limits the likely feedthrough to ECB rate expectations further, which would already have been limited as a more notable downward surprise would have likely been needed for any potential dovish tilt.
- Much eyed services inflation meanwhile printed 3.10% Y/Y (3.1% MNI median, 3.15% prior), continuing its downward trajectory seen in recent months.
- FAT (food/alcohol/tobacco) also came in broadly in line with expectations, at 3.21% (3.2% MNI median, 3.25% prior). The category trended upwards this year but that trend has not continued at least in August.

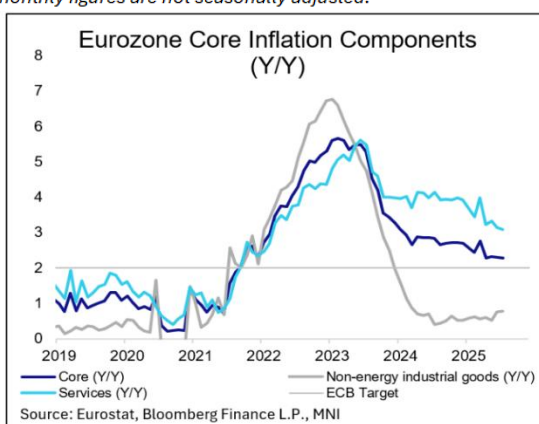
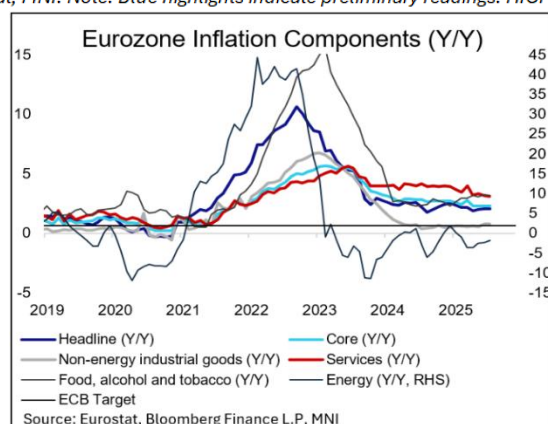
Core Inflation Rises In Aug, But Not Enough To Concern ECB

Eurozone core inflation momentum increased in August, but remains below rates seen in April through June. As such, there shouldn't be much to concern the ECB Governing Council, who will feel reassured by another deceleration in annual NSA services inflation.

- MNI's inflation momentum series are calculated as a 3m/3m seasonally adjusted annualised rate using ECB seasonally adjusted flash data.
- In August, core inflation momentum rose to 2.39%, up from 2.17% in July but below the 2.72% seen in June. On a sequential basis, core prices rose 0.24% M/M (vs 0.19% in July, 0.27% in June).
- Services inflation momentum ticked up to 3.09% (vs 2.99% in July), but remains comfortably below the >4% readings seen the three months prior. Services prices rose 0.36% M/M SA, a solid rebound from the soft 0.14% last month but below June's 0.41%.
- Core goods momentum rose for a second consecutive month to 1.10% (vs 0.70% in July, 0.31% in June), with sequential price increases essentially flat at 0.03% M/M.

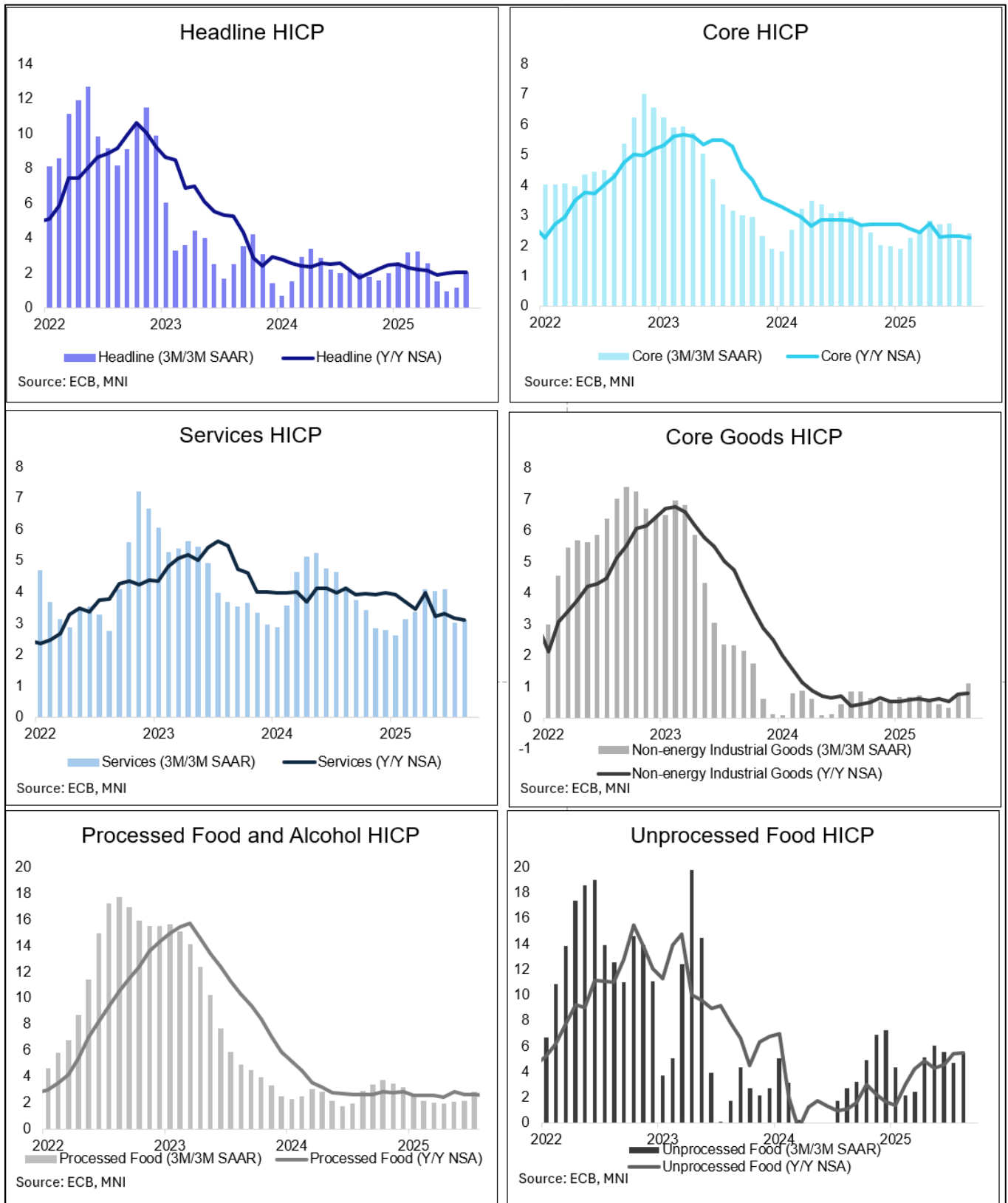
Component	Weights	Y/Y (HICP)							M/M (HICP)
	2025	Aug-24	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Aug-25
All-items HICP	1000.00	2.17	2.18	2.17	1.89	1.99	2.04	2.05	0.15
All-items excluding									
>energy	906.02	2.73	2.54	2.80	2.48	2.47	2.51	2.47	0.24
>energy, unprocessed food	863.36	2.80	2.46	2.69	2.39	2.37	2.37	2.33	0.27
>energy, food, alcohol & tobacco	712.76	2.83	2.43	2.75	2.28	2.31	2.31	2.27	0.29
Food, alcohol and tobacco	193.26	2.35	2.93	2.97	3.19	3.07	3.25	3.21	0.04
>processed food, alcohol and tobacco	150.60	2.68	2.58	2.43	2.89	2.64	2.65	2.59	0.18
>unprocessed food	42.66	1.07	4.19	4.86	4.28	4.56	5.41	5.47	-0.43
Energy	93.98	-3.03	-0.98	-3.56	-3.57	-2.59	-2.39	-1.89	-0.59
Non-energy industrial goods	256.26	0.39	0.62	0.57	0.61	0.52	0.76	0.78	0.27
Services	456.49	4.13	3.45	3.98	3.22	3.32	3.15	3.10	0.30

Source: Eurostat, MNI. Note: Blue highlights indicate preliminary readings. HICP monthly figures are not seasonally adjusted.



[Report continues below with summary charts and national level detail]

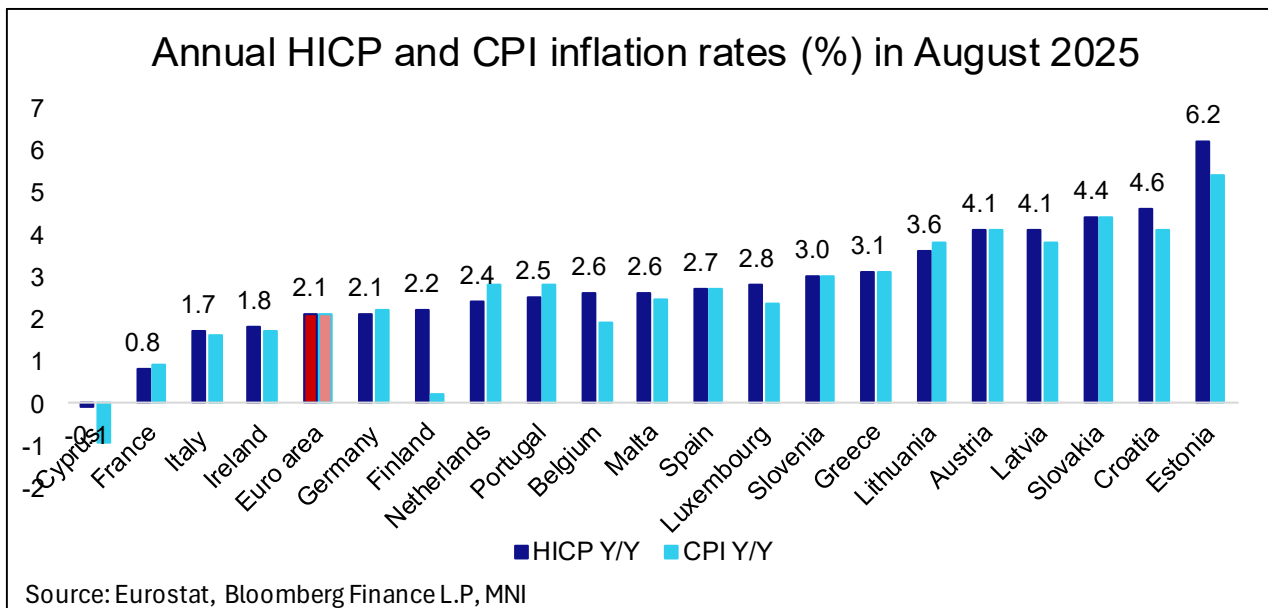
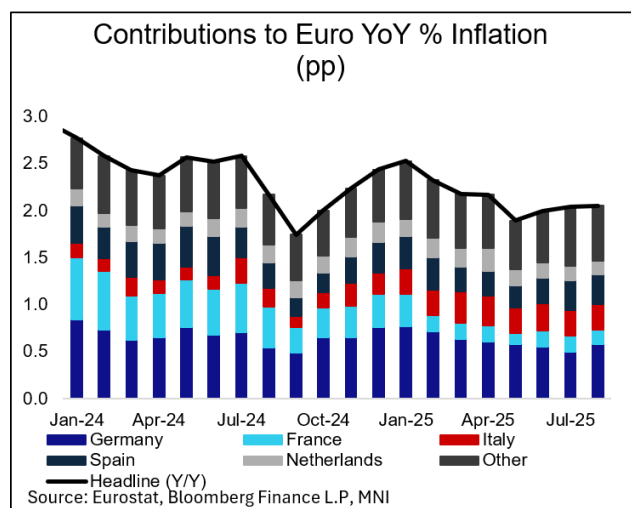
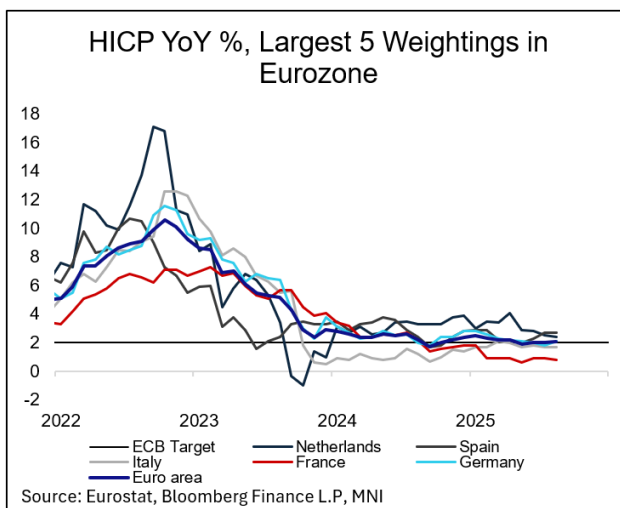
Inflation Momentum Chart Pack



National Inflation Prints

At a country level, headline Y/Y inflation decelerated in 5 of 20 countries in August compared to July. Inflation accelerated in 11 countries, and was steady in the remaining 4.

- 16 countries had Y/Y rates above the ECB's 2% target, vs 14 in July.
- Estonia had the highest Y/Y rate, at 6.2%, followed by Croatia and Slovakia, at 4.6% and 4.4%, respectively (vs 5.6%, 4.5% and 4.6% prior).
- The lowest Y/Y rate was seen in Cyprus (-0.1% Y/Y vs 0.1% prior), followed by France (0.8% Y/Y vs 0.9% prior) and Italy (1.7% Y/Y vs 1.7% prior).
- See below for further details on the main individual country releases.



Germany (28% of Eurozone HICP in 2025)

- **HICP 2.1% Y/Y (vs 1.8% prior); 0.1% M/M**
- **CPI 2.2% Y/Y (vs 2.0% prior); 0.1% M/M**

German HICP accelerated and saw some contained upside surprise vs consensus, at 2.1% Y/Y in August.

- Services came in unchanged from July on the yearly rate, at 3.1% (MNI tracking 3.1%). This is the joint lowest rate since August 2022. Looking ahead, the Bundesbank sees that "the disinflation process continues in principle, with lower wage increases having an impact. In the coming months, the disinflation process will pause, however, and a base effect means that higher rates are temporarily expected at the end of the year."
- Goods (including food and energy) indeed picked up to 1.3% Y/Y (MNI tracking 1.3%), driven by firmer energy at -2.4% (MNI tracking -2.4%, -3.4% Jul). Base effects were behind the higher energy rate as prices appear to have decreased on a sequential comparison. "Energy prices should remain stable until the end of the year, following a slight increase. However, a base effect means that the previously negative energy inflation will turn positive. This will drive up the headline inflation rate over the next few months" re the Bundesbank's outlook ahead.
- Food (excl. beverages) picked up by 0.3pp to 2.5% Y/Y (we've tracked a 0.4pp increase of food incl. beverages following the state-level data). The Bundesbank sees "the current rate of inflation is likely to change little initially. In the fourth quarter, however, lower rates are to be expected temporarily, as the annual rate will then no longer include strong price increases from the previous year".

Looking a bit closer at the German state level August CPI data out ahead of the national print:

- Services-heavy categories screen mixed: We see healthcare around 2.7% Y/Y (2.9% July), communication around -0.5% Y/Y (-0.6% July), recreation and culture around 1.4% Y/Y (0.9% July), education unchanged at 4.9% Y/Y (4.9% July), and restaurants and hotels lower than before around 3.5% Y/Y (3.8% July, that would be the joint lowest rate since July 2021 here).
- Mixed-weighting transport category has accelerated, to 1.4-1.5% Y/Y (1.0% July). This is consistent with fuel inflation having picked up in Y/Y terms this time despite some sequential price decline - a trend which was also apparent in the Eurozone-wide release this month. Some anecdotal evidence from individual states supports the narrative of a lower Y/Y rate in airfares in August.
- Clothing and footwear seems to have given away some of its gains seen in July (which were driven by changing or less material seasonality around summer sales), likely printing around 0.5% Y/Y this time (0.9% July, -0.3% June).

German core CPI momentum (3m/3m seasonally-adjusted) was fractionally lower in August than in July, at 0.57% vs 0.60%. That is technically the lowest since March, equivalent to 2.3% annualized at it starts to near the ECB's 2% inflation target.

- A marginal slowdown was seen in both services and manufactured goods ex-energy.
- Services momentum continued its downward trend, ticking down to 0.60% in August (0.63% July), its lowest rate since August 2022 (2.4% in annualized terms). On a sequential comparison, services printed 0.34% M/M this time (0.09% July, and 4.2% annualized).
- Manufactured good ex-energy ('core goods') meanwhile saw a 3m/3m SAAR rate of 0.37% in August (1.5% annualized), down from 0.42% in July and the first move lower in the category after three consecutive rises. On a sequential comparison, core goods printed 0.17% M/M in August (0.42% July, and 2.0% annualized).

France (19% of Eurozone HICP in 2025)

- **HICP 0.8% Y/Y (vs 0.9% prior); 0.5% M/M**
- **CPI 0.9% Y/Y (vs 1.0% prior); 0.4% M/M**

France HICP inflation was marginally softer than expected in the preliminary August release although national CPI inflation was more clearly softer than expected, led by transportation services.

- HICP inflation eased to 0.83% Y/Y (BBG cons 0.9, MNI median of a narrower pool of analysts 0.8) in the August preliminary release after 0.94% Y/Y in July.
- The 0.48% M/M matched with Bloomberg consensus of 0.5% after 0.28% M/M in July.
- CPI inflation was more clearly softer than expected at 0.88% Y/Y (cons 1.0) in the Aug prelim after 1.00% Y/Y in July.
- The 0.41% M/M was softer than Bloomberg consensus of 0.5% after 0.21% M/M in July.
- It came as CPI services, an area of continued focus, eased more notably to 2.14% Y/Y from 2.49% Y/Y in July. The press release notes a particular slowdown in transportation.
- Aside from the likely Easter distortion related 2.09% Y/Y in May, it's the softest services inflation print since Jan 2022.

Italy (16% of Eurozone HICP in 2025)

- **HICP 1.7% Y/Y (vs 1.7% prior); -0.2% M/M**
- **CPI 1.6% Y/Y (vs 1.7% prior); 0.1% M/M**

The preliminary August release for Italian inflation saw HICP and CPI headline measures a tenth softer than expected in Y/Y terms but core metrics firmed a tenth, with the HICP core at its highest since Aug 2024.

- HICP inflation held at 1.7% Y/Y (Bloomberg cons 1.8) in the preliminary August release, having rounded to 1.7% in three of the past four months.
- On the month, HICP fell -0.2% M/M (cons 0.0) after -1.0% M/M.
- Core HICP inflation (ex energy & unprocessed food) firmed a tenth to 2.2% Y/Y after two months at 2.1%, extending to a new fresh high since Aug 2024.
- Services HICP inflation also firmed a tenth to 3.0% Y/Y although has been oscillating between 2.9-3.0% for four months now and remains below the pop higher to 3.4% Y/Y in April.
- Service-heavy categories saw a further sizeable drag from housing & utilities (-0.4% Y/Y after 0.2%) along with relative weakness in health (2.7% after 3.2%). Offsetting this were accelerations for communications (-4.2% after -4.6%), recreation & culture (1.6% after 1.0%) and restaurants and hotels (3.1% after 2.8%).
- Elsewhere, energy provided a sizeable drag at -4.4% Y/Y after -3.5% in July whilst food, alcohol & tobacco inflation inched a tenth higher from 3.8% to 3.9% Y/Y for its fastest since Jan 2024.
- National-basis CPI inflation meanwhile eased to 1.6% Y/Y (Bloomberg cons 1.6) from 1.7% in July, with monthly inflation of 0.1% M/M (cons 0.2) after 0.4% M/M.
- Core CPI inflation accelerated a tenth to 2.1% Y/Y, echoing the uptick in the core HICP noted above.

Spain (11% of Eurozone HICP in 2025)

- **HICP 2.7% Y/Y (vs 2.7% prior); 0% M/M**
- **CPI 2.7% Y/Y (vs 2.7% prior); 0% M/M**

Spain HICP and CPI inflation both undershot expectations in preliminary August data as they held steady in Y/Y terms. However, core CPI is estimated to have accelerated a tenth to 2.4% Y/Y, back to April rates.

- HICP inflation is estimated to have held steady at 2.7% Y/Y (Bloomberg cons 2.8%) in the preliminary August release.
- Core HICP inflation is estimated at 2.4% Y/Y.
- CPI inflation is also estimated to have held steady at 2.7% Y/Y (Bloomberg cons 2.8) in the Aug prelim.
- It came 0.0% M/M (Bloomberg cons 0.1) after -0.1% M/M.
- Core CPI (ex unprocessed food & energy products) meanwhile accelerated a tenth to 2.4% Y/Y. It's back at April levels after 2.2% through May-Jun and having recently bottomed at 2.0% Y/Y in March.

- The press release notes upward drivers from fuel prices (prices fell less than in Aug 2024) and downward drivers from food and non-alcoholic beverages (decreased more than the previous year) and electricity (increased less sharply than in August of last year).

Netherlands (5.8% of Eurozone HICP in 2025)

- **HICP 2.4% Y/Y (vs 2.5% prior); 0.3% M/M**
- **CPI 2.8% Y/Y (vs 2.9% prior)**

Dutch flash HICP inflation fell below expectations in preliminary August data, to 2.42% (cons 2.5%) after 2.50% in July, for the lowest rate since December 2023. The miss was mirrored by the 0.29% M/M vs cons of 0.4. National CPI inflation meanwhile was as expected at 2.8% Y/Y, also easing a tenth.

- Core HICP was behind the deceleration with its second consecutive downtick, at 2.16% Y/Y (2.23% July), the lowest rate since October 2021.
- Services fell more substantially in August, to 2.87% Y/Y (3.11% July). The category saw some volatility in Q2 but appears to consolidate clearly below 2024 levels (see chart).
- Non-energy industrial goods (core goods) meanwhile rose its second consecutive time, to 1.42% Y/Y (1.25% July).
- Looking at the non-core items, FAT (food/alcohol/tobacco) came in at 3.71% (4.07% July). Contrary to the wider Eurozone, the category has seen a clear downtrend this year (it was above 7% until May). Energy inflation accelerated meanwhile to 1.57% (0.90% July). This is a similar dynamic to what will be expected for the EZ-wide print out later today, with base effects at play looking at the -0.39% M/M sequential print in the category.
- The national CPI was as expected however, at 2.8% in August (2.8% cons, 2.9% July).

Belgium (4.0% of Eurozone HICP in 2025)

- **HICP 2.6% Y/Y (vs 2.9% prior); -0.8% M/M**
- **CPI 1.92% Y/Y (vs 2.1% prior); 0.49% M/M**

Belgium HICP inflation held steady in August at 2.6%Y/Y according to the Statbel flash estimate (July 2.6%). National CPI (non-HICP) inflation meanwhile moved only marginally, to 1.91% Y/Y from 1.92% July, with some offsetting factors.

- Sticking to the non-HICP details, core CPI (ex energy & unprocessed food) inched lower to 2.30% Y/Y from 2.36% in July.
- Overall services inflation firmed to 3.48% Y/Y from 3.27%.
- Energy inflation was stronger in relative terms at -0.75% Y/Y after -1.86%, with electricity playing a sizeable role as it firmed from 11.8% Y/Y to 13.4% Y/Y.
- Food products (including alcoholic beverages) inflation was the main offsetting factor to these relative increases, easing to 2.42% Y/Y in August after 2.98% in July.
- Clothing & footwear deflation also intensified slightly, to -3.13% Y/Y after two months at -2.96% Y/Y.
- An energy Y/Y acceleration was expected by analysts for the Eurozone-wide release this time, while views on the August trends re food were not unanimous.

Austria (3.4% of Eurozone HICP in 2025)

- **HICP 4.1% Y/Y (vs 3.7% prior); 0.3% M/M**
- **CPI 4.1% Y/Y (vs 3.6% prior); 0.2% M/M**

Austrian HICP inflation jumped four tenths in August to 4.1% Y/Y, a third consecutive acceleration the joint highest rate since January 2024. It came with monthly HICP inflation of 0.3% M/M.

- National CPI (non-HICP) accelerated in a similar fashion, from 3.7% to 4.1% Y/Y.
- Sticking to the CPI details, the press release notes:

- "Almost all expenditure groups in the basket of goods contributed to this increase: Energy showed a strong growth of 5.9%, following 4.2% in July, as fuels had a less dampening effect on prices than recently and also electricity prices continued to rise", the statistics office comments.
- "Services resumed to have the greatest impact on inflation, rising by 4.7%, followed by food, tobacco and alcohol, whose prices rose by 5.0%. The so-called core inflation, which covers the aggregates industrial goods and services, amounted to 3.8%, following 3.4% in July"
- For reference, Austria represents 3.4% of the overall 2025 Eurozone HICP basket.

Ireland (1.8% of Eurozone HICP in 2025)

- **HICP 1.8% Y/Y (vs 1.6% prior)**

Irish HICP headline inflation rose by 0.2pp to 1.8% Y/Y in August, its highest rate since April. It came with monthly inflation of 0.3% M/M. HICP excluding energy and unprocessed food inflation (i.e. a proxy for core) also firmed two tenths to 1.9% Y/Y in August.

- Energy inflation of -0.1% Y/Y marked a slight increase from the -0.3% Y/Y in July. It came as energy prices fell -0.3% M/M, similar to expectations for August on a Eurozone-wide basis more broadly.
- Food meanwhile accelerated to a firm 5.0% Y/Y, up from 4.6% in July.
- "Transport costs have fallen by 0.5% in the month and decreased by 2.4% in the 12 months to August 2025", the statistics office adds.