MNI Eurozone Inflation Preview – December 2025

By Moritz Arold
December 29, 2025

Key December preliminary inflation data releases and timing

- **Spain** (12% of EZ HICP in 2025) – 0800 GMT Dec 30
- **France** (19% of EZ HICP in 2025) – 0745 GMT Jan 6
- **Germany** (28% of EZ HICP in 2025) – 1300 GMT Jan 6
- **Netherlands** (6% of EZ HICP in 2025) – 0530 GMT Jan 7
- **Italy** (16% of EZ HICP in 2025) – 1000 GMT Jan 7
- **Eurozone** – 1000 GMT Jan 7

Contents

Eurozone MNI Consensus:

- Headline: 2.0% Y/Y (vs 2.14% prior)
- Core: HICP 2.4% Y/Y (vs 2.41% prior)
  - Services: 3.5% Y/Y (vs 3.47% prior)
  - Core goods : 0.5% Y/Y (vs 0.55% prior)
- Food, alcohol & tobacco : 2.5% Y/Y (vs 2.40% prior)
- Energy: -1.5% Y/Y (-0.49% prior)
- **MNI Eurozone Inflation Insight for November 2025 (PDF Link)**

Silent Night for Prices Keeping ECB On Hold

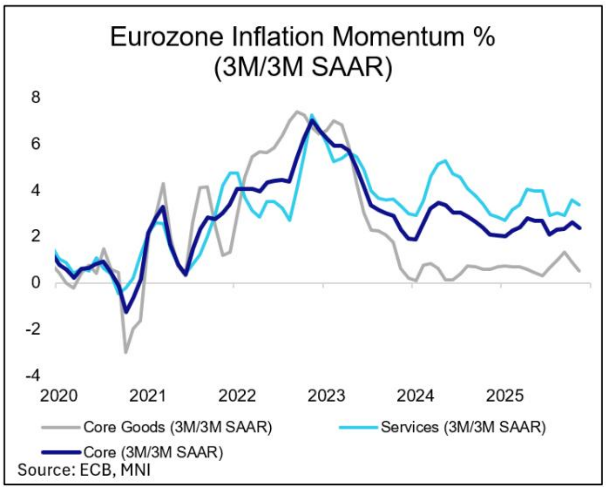
The Eurozone December flash inflation round is split across three weeks due to the holiday period. Following Belgium which printed already last Tuesday, Spain is scheduled to release data on December 30 ahead of Germany, the Netherlands, and Italy following over the course of the following week. Overall, analysts expect only limited moves in the Eurozone aggregate measures. Headline HICP is expected to recede marginally, to around 2.0% Y/Y (2.1% prior), while core is seen unchanged at 2.4%.

Across categories, analysts expect the main mover again to be energy, which is seen coming down further into deflationary territory on a Y/Y basis to around -1.5% amid falling oil and gas prices. None of the remaining categories are seen to provide major impetus in December, with services roughly stable around 3.5%, food / alcohol / tobacco marginally firmer at 2.5%, and core goods remaining subdued at around 0.5%.

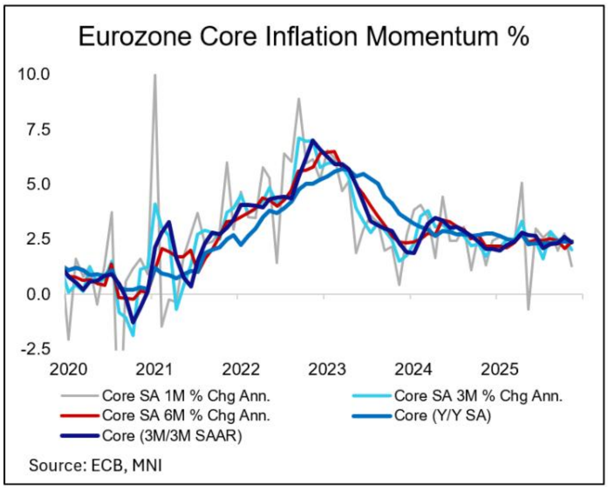
Flash inflation readings have not generated material market movements in recent months. ECB communication has suggested that rates are in a “good place”, and while interest rate changes remain possible, the bar is high in both directions. This has meant a hold through the next several meetings is widely anticipated by markets and analysts.

After a brief spell of tightening being priced in 2026, markets have pared that almost fully by now, with a mere 2bps of hikes being priced through next December looking at ECB-dated OIS. Headline inflation has been upwardly revised for 2026 in the December quarterly projections, with the ECB noting that "for 2026, the upward revision to headline inflation is driven primarily by stronger than expected outcomes for energy, services and non-energy industrial goods inflation […] meanwhile, the downward revision for 2027 is largely attributable to the expected postponement of the ETS2 scheme, although this is partially offset by stronger services inflation, in line with upward revisions to labour cost projections".

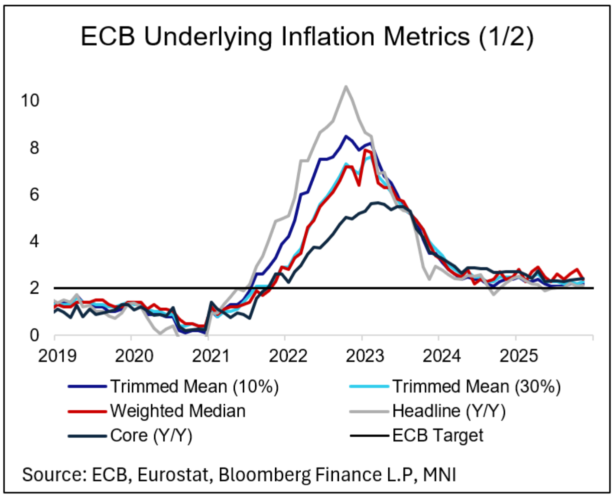
These December revisions, being a compilation of individual forecasts from the national central banks (as opposed to the centralized September ECB staff forecast), were on the higher side of expectations. However, upside against analyst views has not been firm enough to skew the balance of risks toward tightening in any meaningful way – underscored by a non-committal press conference from Lagarde.



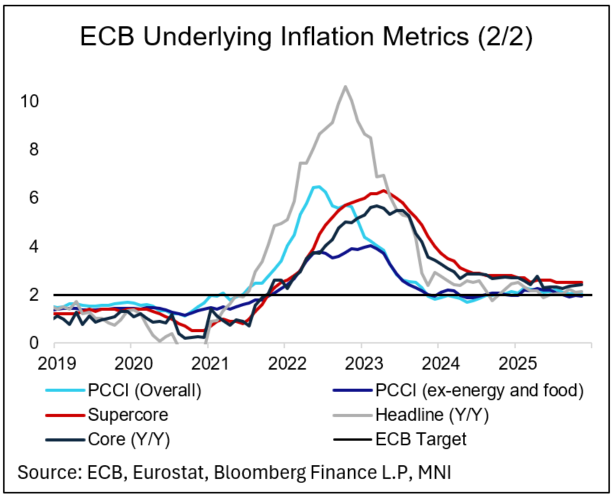
Source: ECB, MNI



Source: ECB, MNI



Source: ECB, Eurostat, Bloomberg Finance L.P, MNI

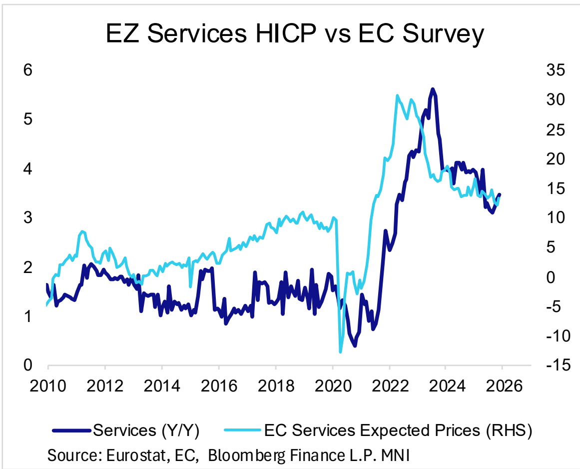


Source: ECB, Eurostat, Bloomberg Finance L.P, MNI

Expected Positive/Negative Factors for December Eurozone Inflation

Services (broadly unch Y/Y) – 46% of 2025 Basket:

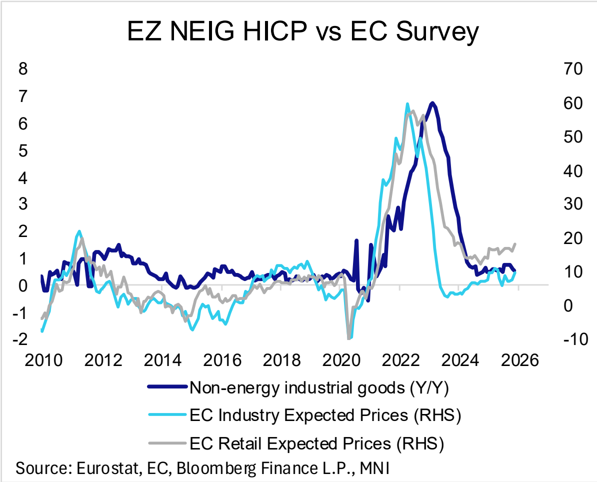
- Median estimate 3.5% Y/Y for Dec
- Nov EZ Services: 3.5% Y/Y, -0.8% M/M. Dec 2024 0.8% M/M vs 0.74% 2017 - 2024 M/M avg
- Services inflation in the Eurozone saw two months of re-acceleration in October and November after a period of hovering slightly above the 3% mark since May. This seems to have indeed filtered through to the ECB's quarterly economic projections, with the bank noting stronger than expected outcomes in services inflation as a particular driver behind the upward revision of their December headline HICP projections. The ECB now sees services inflation at 3.0% in 2026 (+0.3pp vs September), 2.6% in 2027 (+0.3pp) and 2.5% in 2028 (new).
- For December, analysts see the Y/Y rate holding steady, with some disparity on how the volatile components (airfares in particular) will develop this time.
- Behind the mentioned firmer services outcomes seen over the last couple of months, the ECB appears to see stronger wage pressures, as President Lagarde hinted in the press conference; from the projections on compensation per employee, which filter into unit labour costs: "the revisions also reflect new information on



Source: Eurostat, EC, Bloomberg Finance L.P. MNI minimum wage increases and a higher expected impact of minimum wages on aggregate wages compared with the September 2025 projections".

- Having said that, the ECB still does note that "the initial decline in [core] inflation is seen to be driven primarily by the slowdown in services inflation, mirroring easing labour cost pressures. The disinflation process in the services component is expected to come to a halt in 2027, in line with a stabilisation in labour cost growth."
- More near-term, the next material move in services inflation in the Eurozone is expected for January as a function of wide annual price adjustments often taking place at the beginning of a year.
- The November flash PMI noted "the pace of output price inflation eased in November, slowing to the weakest in just over a year and pointing to only a modest monthly rise in charges across the eurozone private sector. Manufacturers kept their selling prices unchanged, while in services the pace of inflation eased to the slowest since April 2021".
- The EC's services expected prices series rose to 13.3 in November after October's 12.2 was the lowest reading since mid-2021.

Core goods (broadly unch to slightly -ve Y/Y) – 26% of 2025 Basket:



- Median estimate 0.5% Y/Y for Dec
- Nov EZ Non-energy industrial goods: 0.5% Y/Y, -0.1% M/M. Dec 2024 -0.1% M/M vs -0.0625% 2017 - 2024 M/M avg
- Core goods inflation continued to hover close to cycle lows in November after unwinding an earlier contained acceleration seen in Q3. Analysts expect roughly steady developments in December, and generally remain relaxed about pipeline pressures.
- Core goods are indeed also noted as a driver for the higher 2026 headline view in the December ECB macroeconomic projections but are playing a minor role in comparison to services. For 2027, the impact in terms of revisions vs September turns marginally negative.
- The ECB now expects non-energy industrial goods at 0.7% in 2026 and 0.8% in 2027. "Non-energy industrial goods inflation is expected to remain subdued in the coming months, supported by the appreciation of the euro, before gradually converging towards its historical average of around 1% by late 2027 and remaining there for the rest of the projection horizon, leading to a small uptick in HICPX inflation in 2028", they note.
- The November flash PMI noted "the pace of output price inflation eased in November, slowing to the weakest in just over a year and pointing to only a modest monthly rise in charges across the eurozone private sector. Manufacturers kept their selling prices unchanged, while in services the pace of inflation eased to the slowest since April 2021".
- Industry selling prices in the EC survey ticked up to 9.9 in November (vs 7.8 prior), the highest since April, retail expected prices also accelerated, to 18.4 (vs 16.2 prior), the highest since December 2023.

Food, alcohol & tobacco (marginally +Y/Y) – 19% of 2025 Basket:

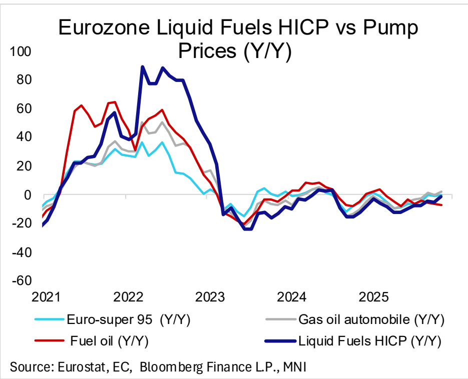
- Median estimate 2.5% Y/Y Dec
- Nov EZ FAT: 2.4% Y/Y, 0.1% M/M. Dec 2024 -0.1% M/M vs 0.14% 2017 - 2024 M/M avg
  - *Nov EZ Processed food inc. alcohol and tobacco: 2.2% Y/Y, 0% M/M. Dec 2024 -0.1% M/M vs 0.06% 2017 - 2024 M/M avg*
  - *Nov EZ Unprocessed food: 3.2% Y/Y, 0.3% M/M. Dec 2024 -0.2% M/M vs 0.33% 2017 - 2024 M/M avg*
- FAT (food, alcohol & tobacco) inflation remained at 2.4% Y/Y in November after a downtrend from August to October for the lowest rate since January 2025. On balance, analysts expect marginal upside in Y/Y terms in December on the back of base effects as on a sequential comparison, there is little movement seen.
- "Food inflation is projected to continue to decline noticeably in the short term, as commodity prices ease and weather-related factors fade, and to remain at moderate levels throughout 2028. Specifically, in 2025 food inflation is expected to fall from 3.2% in the third quarter to 2.5% in the fourth quarter, reflecting the recent easing in certain food commodity prices, such as cocoa and coffee, as well as the fading impact of adverse weather conditions observed over the summer. The continued moderation through late 2026 is attributed to lower euro area food commodity prices and downward base effects from the strong price increases in mid-2025. On average, food inflation is projected to stand at 2.4% in 2026-27, before easing further to 2.2% in

2028. These levels are below the long-term average and in line with benign assumptions for energy and food commodity prices”, the ECB notes in the December quarterly projections.

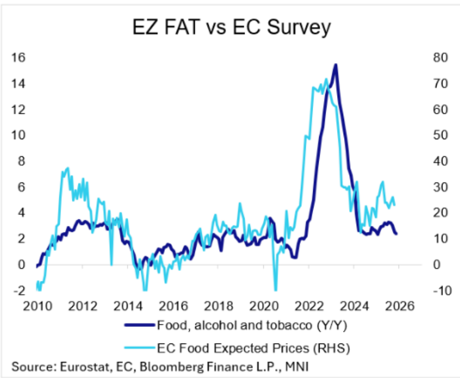
- A reminder that a recent **blog** by ECB staff suggests food inflation developments are “particularly relevant in the ECB’s current analyses”. The blog notes that food inflation matters because of (i) the impact it has on inflation expectations and (ii) the possible second round impacts into wage setting. Governing Council members Makhlouf and Nagel have also re-iterated calls for vigilance in semi-recent comments.

Energy (-ve Y/Y, -ve M/M) – 9% of 2025 Basket:

- Median estimate -1.5% Y/Y for Dec
- Nov EZ Energy: -0.5% Y/Y, 0.9% M/M. Dec 2024 0.6% M/M vs -1.09% 2017 - 2024 M/M avg
- Energy inflation is expected to be the main downside driver in December, as recent oil/gas price falls continue to push inflation negative. The category has kept some volatility in recent months, partially on the back of base effects, but remained below zero in Y/Y terms ever since March.
- The ECB sees energy inflation at -1.0% in 2026, 0.0% in 2027 and 2.2% in 2028. “Energy inflation is projected to remain subdued until late 2027, before rising notably in 2028 with the introduction of ETS2. The sharp decline in energy inflation during the first quarter of 2026 is largely attributed to a pronounced downward base effect in the transport fuels component. In addition, an expected reduction in electricity prices in Germany, driven by lower network fees, is seen as contributing to the decline in energy prices seen in early 2026. As these effects fade, energy inflation will remain subdued, in line with rather flat energy price assumptions”, they note. A 2027 downward revision of 2.4 percentage points comes after the mentioned EU ETS2 introduction was being pushed back to 2028.



Source: Eurostat, EC, Bloomberg Finance L.P., MNI



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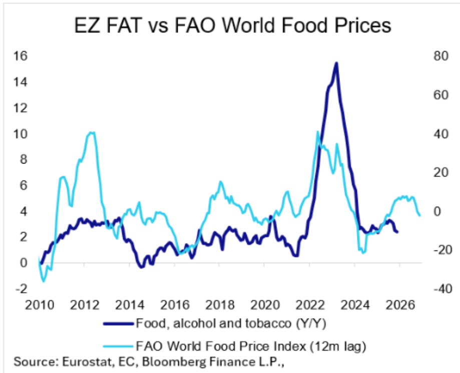

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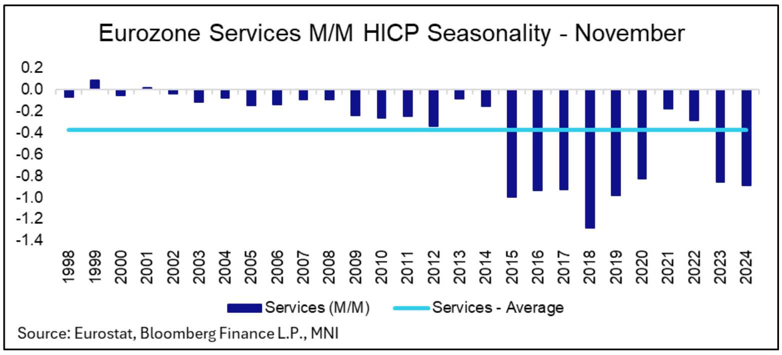

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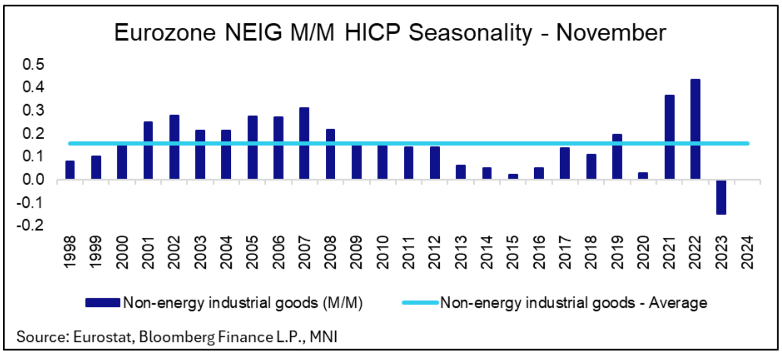


Source: Eurostat, Bloomberg Finance L.P., MNI

Summary of Sell-Side Outlooks for December HICP

Analyst	EZ Headline Y/Y	EZ Headline M/M (NSA)	EZ Core Y/Y	EZ Core M/M (NSA)	Germany HICP Y/Y	Germany HICP M/M (NSA)
Nov-25 Actual	**2.14**	**-0.29**	**2.41**	**-0.54**	**2.6**	**-0.5**
Dec-25 BBG Consensus	**N/A**	**N/A**	**N/A**	**N/A**	**2.4**	**N/A**
Dec-25 MNI Median Consensus	**2.0**	**N/A**	**2.4**	**N/A**	**2.2**	**N/A**
Barclays	2.07	0.29	2.42	0.46	2.41	0.56
Commerzbank	2.0		2.3			
Deutsche Bank	2.0		2.4			
Goldman Sachs	2.04		2.43		2.2	
Morgan Stanley	2.0		2.4		2.1	
Santander	2.1		2.34		2.2	
Societe Generale	2.0		2.3			
UniCredit	2.0		2.4		2.2	

Analyst	Italy HICP Y/Y	Italy HICP M/M (NSA)	France HICP Y/Y	France HICP M/M (NSA)	Spain HICP Y/Y	Spain HICP M/M (NSA)
Nov-25 Actual	**1.1**	**-0.2**	**0.8**	**-0.2**	**3.2**	**0.0**
Dec-25 BBG Consensus	**N/A**	**N/A**	**N/A**	**N/A**	**3.0**	**0.3**
Dec-25 MNI Median Consensus	**1.2**	**N/A**	**0.8**	**N/A**	**3.0**	**N/A**
Barclays	1.28	0.22	0.79	0.21	2.96	0.23
Deutsche Bank					3.0	
Goldman Sachs	1.3		0.7		3.0	
Morgan Stanley	1.2		0.8		2.9	
Santander	1.0		1.0		2.8	
Societe Generale						
UniCredit	1.1		0.7			

Analyst (A-Z)	Energy (Y/Y)	Food, Alcohol & Tobacco (FAT) (Y/Y)	Core Goods (Y/Y)	Services (Y/Y)
Nov-25 Actual	**-0.49**	**2.40**	**0.55**	**3.47**
Dec-25 MNI Median Consensus	**-1.5**	**2.5**	**0.5**	**3.5**
Barclays	-1.4	2.5	0.5	3.5
Commerzbank	-1.5			
Goldman Sachs	-1.5	2.4	0.63	3.45
Morgan Stanley	-1.6	2.5	0.5	3.5
Santander				3.53
Societe Generale	-1.7	2.6		3.3

Already Released December National Inflation Prints:

Belgium HICP Slows, Food / Energy Likely Drivers

Belgium HICP decelerated by 0.4pp according to the Statbel flash estimate, coming in at 2.2% Y/Y in December. National CPI (non-HICP) inflation meanwhile also decelerated, to 2.06%% from 2.40% seen in November. Details of the CPI print:

- Core CPI (ex energy & unprocessed food) did slow down but not as much as headline CPI, printing 3.00% Y/Y (vs 3.10% prior). Services inflation was roughly unchanged this time, increasing to 4.54% Y/Y from 4.52% previously.
- "Inflation for food products (including alcoholic beverages) fell to 2.65% this month, compared to 3.00% the previous month.", Statbel comments, while "regarding energy, inflation stands at -5.00% this month, compared to -2.22% in November and -1.85% in October".

Outlooks And Consensus Estimates For National Inflation Prints:

Germany (28% of 2025 EZ HICP) – 1300BST Tuesday January 6 (after state-level data in the morning)

Consensus:

- HICP: **2.2% Y/Y** (vs 2.6% prior)

- Analyst views:
  - Barclays see 2.41% headline (2.92% core) amid a 10.8% M/M package holidays print as well as 0.1% M/M in accommodation inflation. Barclays see a 25.0% M/M airfares print in Germany in December.
  - Goldman Sachs sees 2.2% headline: “We expect core inflation to decline to 2.8%yoy (0.16%mom seasonally adjusted) from 3.0%yoy in November, driven by a decline in the year-over-year rate of both goods and services inflation. Both package holidays and airfares have been firmer than we anticipated over the recent months. We thus see upside risk potential to our 8%mom nsa and 11%mom nsa forecasts for the two components, especially for the latter. We expect core goods inflation to accelerate somewhat in sequential seasonally adjusted terms to 0.18%mom in December, still notably weaker than last December. Of the non-core components, we expect energy inflation to decline to -1.1%yoy from -0.1%yoy in November, and look for processed and unprocessed food inflation to fall to 1.5%yoy and 1.8%yoy, respectively.”
  - Morgan Stanley see 2.1% headline on a broad-based decline: lower fuel prices, soft food momentum, core goods base effects, and payback in volatile services.
- The Bundesbank highlights in December bi-annual projection:
  - “The inflation rate will continue to decline during the forecast period, but at a slower pace than previously expected. One factor contributing to this is that strong wage growth is only slowing down gradually.”
  - “Real wages rose surprisingly strongly. This applies in particular to some service sectors with a comparatively robust economic and labour market situation. This is likely to have contributed to the fact that HICP inflation rates were also significantly higher than the June forecast. The core rate (excluding energy and food) in particular surprised on the upside.”
  - “The inflation rate is falling more slowly than previously expected and will reach around 2% in 2027 and 2028. The HICP year-on-year rate is expected to gradually decline from 2.3% in the current year to 2.2% in 2026. At the same time, the core rate (HICP excluding the volatile components of energy and food) will fall from 2.8% to 2.4% (see section ‘Inflation forecast until 2026’). In 2027, it will fall further to 2.1%, as labour cost increases ease and weak aggregate demand continues to have an impact. Due to higher aggregate capacity utilisation and a renewed increase in unit labour costs, it will rise slightly again to 2.2% in 2028.”
  - “In the case of food, wage growth, which remains strong, will contribute to noticeable price increases in the forecast period. The decline in energy prices will slow down by 2027, mainly due to the assumed easing of downward pressure from energy commodity prices. The transition from the national CO_2 pricing system to the EU ETS II in 2028 will be accompanied by a more pronounced decline in energy prices in Germany. This is due to the assumption, harmonised within the Eurosystem, of a European CO_2 price that will be lower in the introductory year 2028 than the national

CO_2 price in Germany in 2027. Overall, the HICP headline rate will fall to 2.1% in 2027 and 1.9% in 2028. Without the effect of the switch to EU ETS II, it would be similar in 2028 to that in 2027."

- The December flash PMI noted "December saw faster increases in both input costs and output charges. Firms' operating expenses increased at the quickest pace for almost a year, with the rate of inflation moving back above its long-run average. Services firms noted the sharpest rise in input prices since February, while manufacturers recorded an increase in average purchasing costs prices for the first time since January 2023, with the latter often citing higher prices paid for commodities, particularly metals. The increase in manufacturing input costs coincided with a fourth consecutive monthly increase in supplier delivery times, and one that was the most marked in this sequence."
- German final November inflation was unrevised from the flash readings.
    - Looking at CPI: Services (3.5% vs 3.5% prior), goods (1.1% vs 1.2% prior), energy (main headline upside driver, -0.1% vs -0.9% prior), and food (1.3% prior) all unrevised from the flash readings on a Y/Y basis.
    - As expected after the state-level data, core goods have seen a material slowdown in November in Germany, with clothing and footwear at 0.5% Y/Y (1.2% prior) and furniture and housing equipment at 0.1% Y/Y (0.8% prior)
    - Within the services-heavy subcategories, also as expected after state-level data, trends were mixed but category for Y/Y in November vs October were within 0.1pp for all categories including health, communication, recreation and culture, education, and hospitality were.
    - Mixed-weighting transport category accelerated to 3.3% Y/Y (2.6% prior) amid both higher motor fuels and higher airfares on a Y/Y basis, keeping room for an unwind especially in the latter over the coming months.

France (19% of EZ HICP in 2025) – 0745BST Tuesday January 6

- Consensus:
    - HICP: 0.8% Y/Y (vs 0.8% prior)
- Analyst views:
    - Goldman Sachs see France 0.7% headline; "core inflation to tick up to 1.3%yoy (0.18%mom seasonally adjusted), reflecting broadly sideways services but higher goods inflation on a year-over-year basis. We expect a 20%mom nsa increase in airfares, a -5%mom nsa drop for package holidays, and broadly stable accommodation services. We see both garments and footwear stronger in sequential terms compared to last December. Outside of core, we look for energy inflation to fall to -6.0%yoy from -4.4% in November, processed food inflation to stay at 1.6%yoy and unprocessed food inflation stay unchanged at 1.3% as well."
    - Morgan Stanley see 0.8% headline as energy disinflation from lower pump prices offsets a modest rebound in services after weak airfares and accommodation in November.
- The Bank of France wrote in their recent December macroeconomic projections:
    - "Average annual headline inflation for 2025 is expected to remain at only 0.9%. This weak inflation is mainly attributable to the reduction in regulated electricity tariffs at the beginning of the year. Inflation excluding energy and food (at 1.6%) should mainly be impacted by the contribution of services."
    - "In 2026, headline inflation and inflation excluding energy and food are expected to measure 1.3% and 1.6% respectively. Headline inflation should be higher due to the stabilisation of energy prices (following the sharp fall in electricity prices one year earlier). This forecast factors in the fiscal and social measures provided for in the first draft of the government's 2025 Budget Act and Social Security Financing Bill (doubling of medical deductibles and flat-rate contributions, and introduction of a tax on parcels from outside the EU with a value of less than 150 euros). However, since our projections were finalised, the Government has ultimately committed not to enact the decree to double medical deductibles and flat-rate contributions. This would imply a mechanical downward revision of headline inflation and inflation excluding energy and food projections for 2026, to 1.2% and 1.4%, respectively. Our forecast also factors in the expected scaling-up in early 2026 of the energy saving certificate programme, which is a component of the price of fuel, gas and electricity."
    - "In 2027, headline inflation and inflation excluding energy and food are expected to remain unchanged at 1.3% and 1.6%, respectively. Inflation excluding energy and food should reflect private services prices (excluding health services, communication and rents), pushed up by growth in nominal wages. These projections also take account of the postponement until early 2028 of the introduction of the second European Union Emissions Trading System (EU ETS-2), whose impact was factored into our September interim projections in the figures for 2027, leading to a downward revision of headline inflation for that year."

    - "The uncertainties surrounding inflation stem in particular from import prices (raw materials, exchange rates, increase in Chinese imports, etc.) in an uncertain international context."
- The December flash PMI noted "the latest survey data signalled an easing of cost pressures across France's private sector economy. The rate of input price inflation eased on the month and was well below its long-term trend. On the other hand, prices charged were virtually unchanged once again as strong competition for work reportedly restricted company pricing power. This was despite a renewed increase in factory gate charges, which rose at the quickest pace in 16 months."
- France November HICP was downwardly revised by 0.04pp in the final reading, to 0.79% Y/Y (vs 0.83% flash, 0.84% October). National CPI (non-HICP) meanwhile was also downwardly revised by 0.04pp, now printing 0.90% Y/Y (0.94% flash, 0.94% October).
    - Remaining with CPI for now for underlying categories, services was the driver behind the downwardly revision, now printing 2.18% Y/Y (2.25% flash).
    - There were no major revisions to the other main special aggregates in the final reading: Energy is -4.60% Y/Y (-4.60% flash), food 1.36% (1.36% flash), and manufactured products -0.60% Y/Y (-0.61% flash).

Italy (16% of EZ HICP in 2025) – 1000BST Wednesday January 7

- Consensus:
    - HICP: 1.3% Y/Y (vs 1.1% prior)
- Analyst views:
    - Goldman Sachs see Italy 1.3% headline; "core inflation to increase to a weak 2.1%yoy (0.25%mom seasonally adjusted), with both year-over-year goods and services aggregates going up on the month. We see accommodation services printing around -0.5%mom nsa, package holidays coming in at 17%mom nsa, close to its 2019 development, and airfares at 19%mom nsa. We expect clothing and footwear to print close to their 2023 seasonality. Of the non-core components, we look for energy inflation to decline slightly to -4.4%yoy from -4.2%yoy in November; however, there is still uncertainty over the way the extraordinary energy bonus is feeding through to electricity and gas prices. We expect unprocessed food inflation to increase to 1.6%yoy, and processed food inflation to tick up to 2.5%yoy."
    - Morgan Stanley see 1.2% headline on the back of a marginal increase driven by food base effects and stronger transport/airfare services, with energy still a drag.
- The Bank of Italy recently updated their quarterly projections, seeing prices rising by 1.7 per cent in 2025 and 1.4 per cent in 2026, before accelerating to 1.6 per cent in 2027 and 1.9 per cent in 2028. The higher inflation in 2028 reflects the impact of the introduction of the EU's new emissions trading scheme covering greenhouse gases and pollutants ('EU Emissions Trading System 2', ETS2). Inflation excluding food and energy, equal to 1.9 per cent this year, is projected to fall to 1.6 per cent in 2026 and to remain at that level over the following two years.
- Italian final November HICP was unrevised from the flash at 1.1% Y/Y (vs 1.3% prior).
    - On national CPI (1.1% vs 1.2% flash, 1.2% prior), ISTAT commented: "The decrease of the growth on annual basis of All-item index was mainly due to the prices of Services related to transport (from +2.0% to +0.9%), of Unprocessed food (from +1.9% to +1.1%), of Processed food including alcohol (from +2.5% to +2.1%), of Services related to recreation, including repair and personal care (from +3.3% to +3.0%), of Regulated energy products (from -0.5% to -3.2%) and of Services related to communication (from -0.3% to -0.8%). At the opposite, an upward contribution to the inflation rate came from the prices of Non-regulated energy products (from -4.9% to -4.3%)."

Spain (12% of EZ HICP in 2025) – 0800BST Tuesday December 30

Consensus:

- HICP: 3.0% Y/Y (vs 3.2% prior)
- CPI: 2.8% Y/Y (vs 3.0% prior)
    - Core 2.5% Y/Y (vs 2.6% prior)

- Analyst views:
    - Goldman Sachs see Spain 3.0% headline; "core inflation to move sideways at 3.0%yoy (0.25%mom seasonally adjusted). We expect a 15%mom nsa increase in the package holidays component and a 4%mom nsa increase in airfares. We see clothing and footwear printing broadly in line with their 2024 seasonality. Across the non-core categories, we look for energy inflation to decline to 4.0%yoy from 4.6%yoy in November, processed food inflation to increase to 1.4%yoy, and unprocessed food inflation to decrease to 5.8%yoy."

  - Morgan Stanley see 2.9% headline led by tobacco effects and lower core inflation, offsetting still-elevated services.
- The Bank of Spain recently updated their quarterly projection, now seeing CPI of 2.7% in 2025, 2.1% in 2026 and 1.9% in 2027, these being revisions of +0.2pp, +0.4pp, and -0.5pp, respectively. 2025/26 Revisions come "due to the incorporation into the central scenario of recent inflationary dynamics (higher than expected in September), the evolution of collective bargaining and the new macroeconomic scenario", while the lower view on 2027 comes on the back of the EU ETS2 delay.

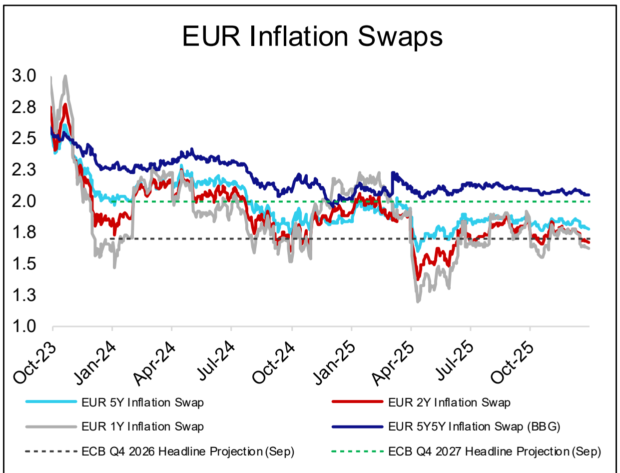
In November's final reading, Spain HICP ticked up marginally from flash to 3.16% Y/Y (rounding to 3.2%, flash rounded to 3.1%). It was broadly unchanged from October (3.18% 2dp Oct), while the monthly rate was unrevised from flash at 0.0% M/M (vs 0.5% Oct). This continues the gradual upward trend since May.

- Broad COICOP categories mostly remained unchanged from flash and October.
- Looking at inflation breadth, this print didn't change the picture too much, but does continue to cement the higher inflationary trend, with a small uptick in HICP items above 1% and 3% Y/Y, coupled with a fall in items below 1%.

Inflation Swap Expectations

European natural gas futures consolidating close to cycle lows (on Russia-Ukraine optimism and milder European weather forecasts) have allowed the EUR 5y5y inflation swap to remain around 2.05%, from 2.10% on November 18. Short-dated EUR inflation swaps remain below 2% at 1-, 2- and 5-year horizons.

The December HICP ex-tobacco inflation swap is currently priced at ~195bps.



Source: ECB, Bloomberg Finance L.P., MNI

ECB Outlook (December Projections)

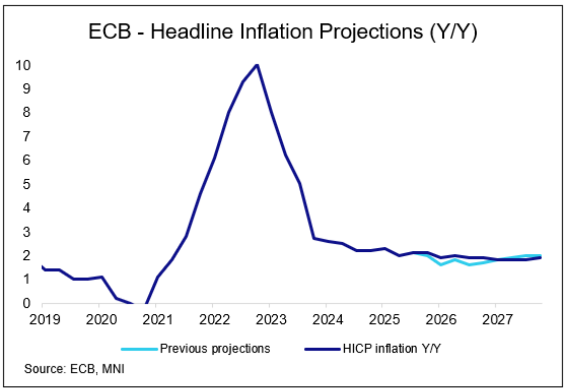
In the ECB's December macroeconomic projections, inflation figures generally did surprise to the upside, with headline expectations being upwardly revised for both 2026 and 2027 when abstracting from the ETS2 delay to 2028. Revisions to core inflation are the driver here, now expected at 2.2% in 2026 (+0.3pp), 1.9% in 2027 (+0.1pp) and 2.0% in 2028 (new projections). President Lagarde mentioned in the press conference that Indicators of underlying inflation have changed little in recent months, and remain consistent with the 2% target.

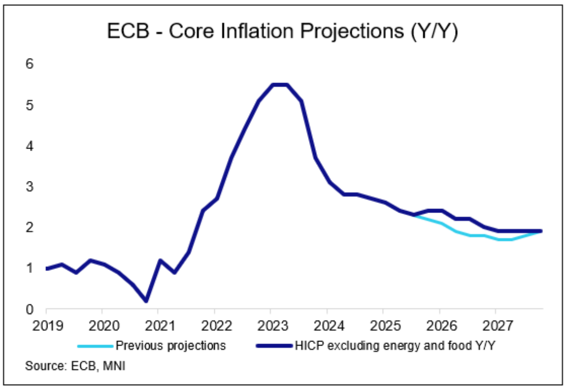
From the ECB's write-up:

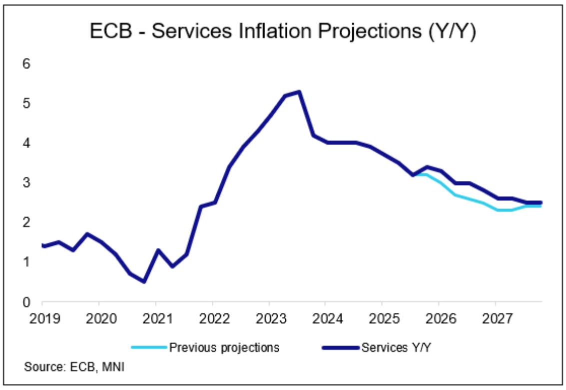
- *"The expected decline in headline inflation (as measured by the Harmonised Index of Consumer Prices – HICP) at the start of 2026 reflects a downward base effect stemming from energy prices, while inflation in non-energy components should continue to ease throughout 2026. The contribution of energy inflation to headline inflation is expected to remain muted up to late 2027, before increasing notably in 2028 driven by the expected implementation of the EU Emissions Trading System 2 (ETS2), with an upward impact of 0.2 percentage points on headline inflation."*
- *"HICP inflation excluding energy is expected to fall from 2.5% in 2025 to 2.2% in 2026 and to 2.0% in 2027 and 2028. Food inflation is projected to drop noticeably as the effects of prior price increases in global food commodities and adverse weather conditions over the summer subside, and is seen to stabilise at rates somewhat above 2% as of late 2026."*
- *"HICP inflation excluding energy and food (HICPX) is projected to moderate from 2.4% in 2025 to 2.0% in 2028 as services inflation declines amid easing labour cost pressures, and as the past appreciation of the euro feeds through the pricing chain, curbing goods inflation.*

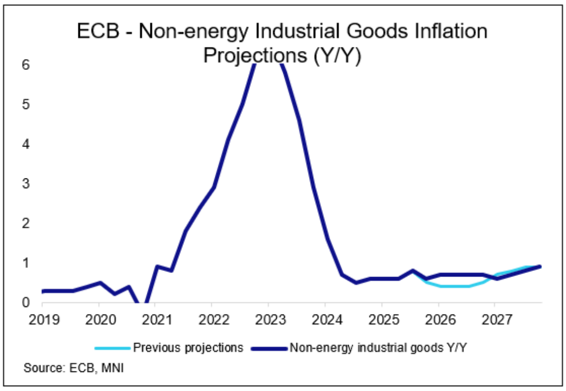
Lagarde commented further on the risks to the December inflation projections:

- "The outlook for inflation continues to be more uncertain than usual on account of the still volatile international environment. Inflation could be lower if the rise in US tariffs reduces demand for Euro area exports, or if countries with overcapacity increase their exports to the euro area. A stronger Euro could also weigh on inflation.
- "Inflation could turn out to be higher if fragmented supply chains push up raw material prices"
- "A slower reduction in wage pressures could delay the decline in services inflation."
- "A boost in defence and infra spending could also raise inflation over the medium term."









ECB Survey of Professional Forecasters, Consumer Survey and Corporate Telephone Survey

The ECB's Q4 Survey of Professional Forecasters saw immaterial revisions to median expectations for inflation and GDP growth, but more dovish tweaks to the balance of risks. Overall, the survey shouldn't have much impact on the median Governing Council member's views.

- HICP expectations were unchanged for 2026 (1.8%), 2027 (2.0%) and the "longer-term" (2.0%). There were also no revisions to median core HICP expectations for those years. 2025 expectations for both series rose a tenth.
- However, "uncertainty surrounding the medium-term inflation outlook has eased somewhat this round, while the balance of risks was less tilted to the upside"
- The SPF once again contained questions on the likely impact of tariffs on the Eurozone economy: "Regarding baseline inflation expectations, tariffs were expected to have a minor downward impact in the nearer term (-0.04 and -0.06 percentage points for 2025 and 2026 respectively), but to be broadly neutral on balance in 2027 and over the longer-term (2030) horizon. Compared with the previous SPF round, this represents relatively small revisions across all horizons."

Eurozone consumer inflation expectations for the year ahead picked up in October (latest data available), though the longer-term outlook was unchanged.

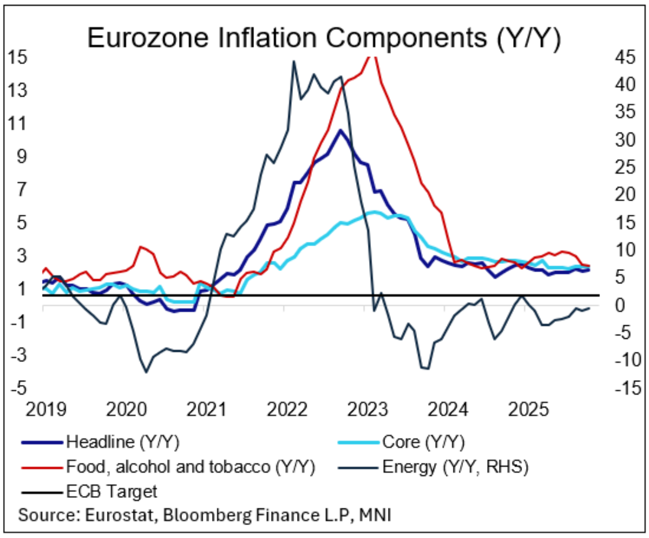
- Median expectations for inflation over the next 12 months increased to 2.8%, from 2.7% in September. Expectations for inflation three years ahead were unchanged at 2.5%, as were inflation expectations for five years ahead, at 2.2%.
- Current inflation perceptions stood at 3.1% vs the actual figure reported by Eurostat of 2.1%. Governing Council members will conclude that the data shows no significant de-anchoring, but will continue to monitor consumers' short term views.

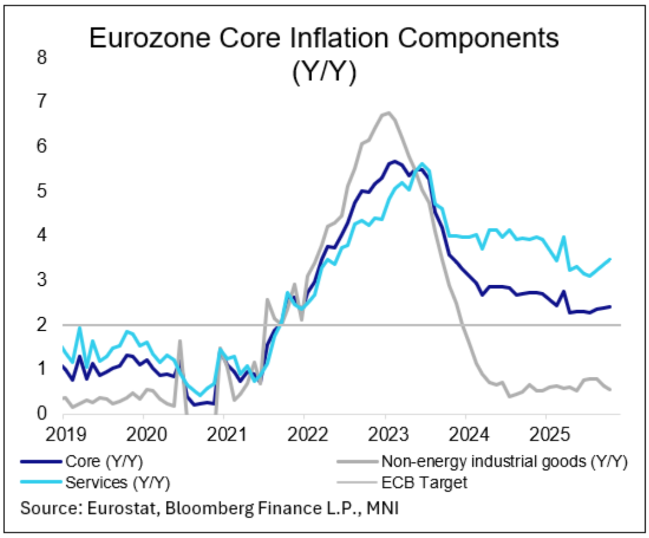
The latest ECB corporate telephone survey pointed to subdued selling price momentum and limited sign of US tariffs having a directly inflationary impact.

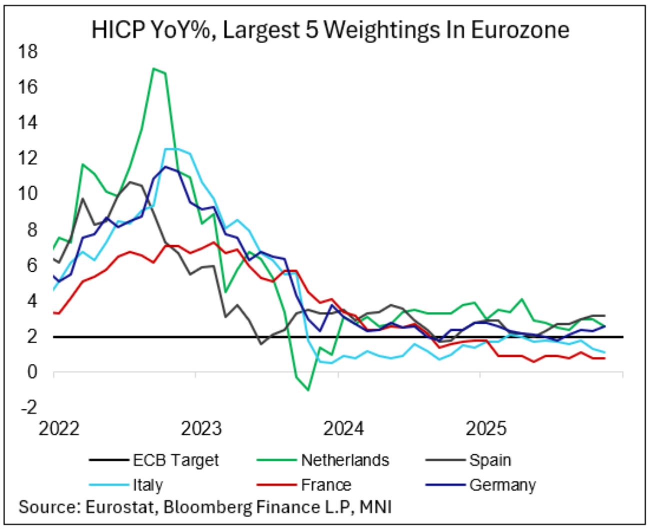
- “Contacts reported a further slight slowdown in selling price momentum in recent months. This was mainly driven by price moderation in the services sector, reflecting some cooling in price growth in labour-intensive sectors such as hospitality, intensifying competition in telecommunications, and sharply declining prices for shipping and related logistics services.”
- In light of some of the more hawkish GC members warning on food price inflation: “Food retailers and producers mostly reported prices being raised to pass through rising costs, which in some cases reflected effects of climate change and related regulation. Growth in food prices was, however, expected to moderate in the coming months.”
- “Reaction to the EU-US trade deal was mixed, and the impact on euro area activity and producer prices was still viewed as negative.”
- "There was reportedly little direct spillover to euro area prices (via global pricing or to cushion the impact on margins)" from the increases in US tariffs, offering somewhat of a pushback to the more hawkish GC members such as Schnabel who see tariffs as inflationary from a supply chain pressure angle.
- Wage assessment unlikely to alter ECB view on direction of underlying inflationary pressures: “Contacts reconfirmed a picture of moderating wage growth (Chart D). On average, the quantitative indications provided would imply that wage growth is expected to slow, from 4.5% in 2024 to 3.3% in 2025 (both figures unchanged from the previous survey round) and further to 2.6% in 2026 (0.2 percentage points below the previous survey round).”

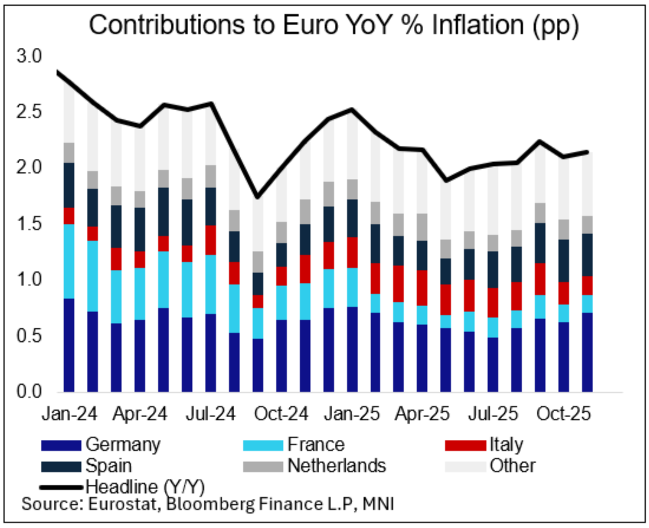
[Charts, heatmaps and detailed analyst views continue below]

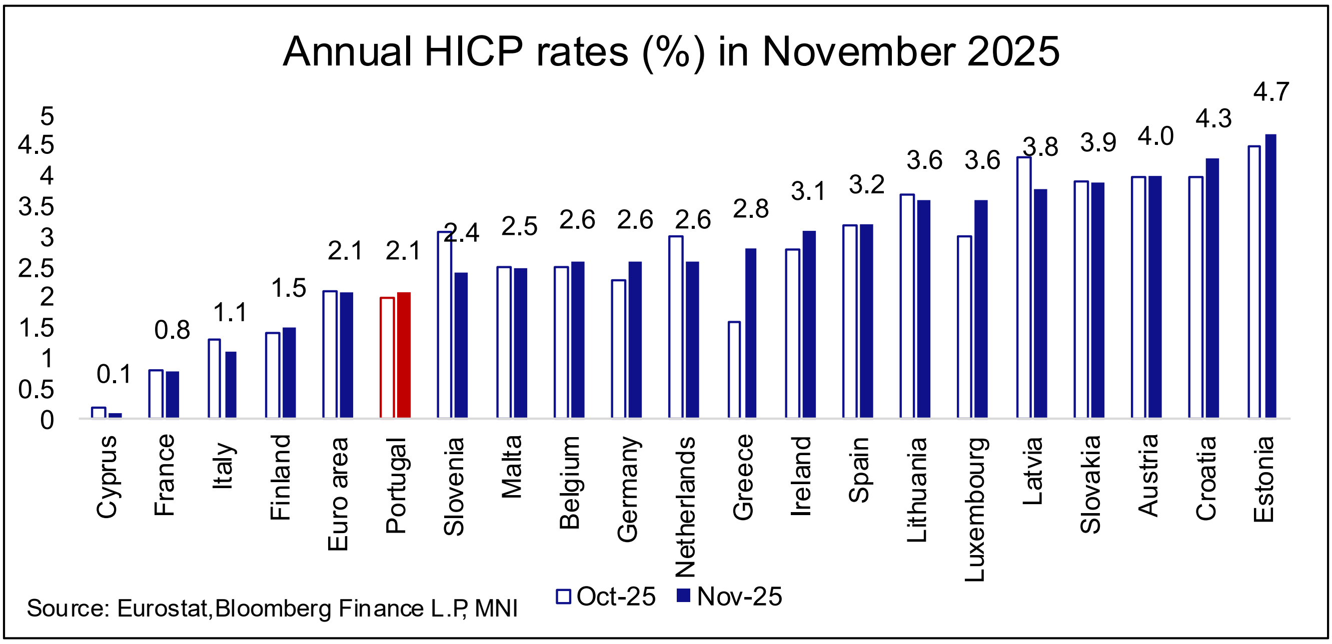
Key Eurozone Inflation Charts



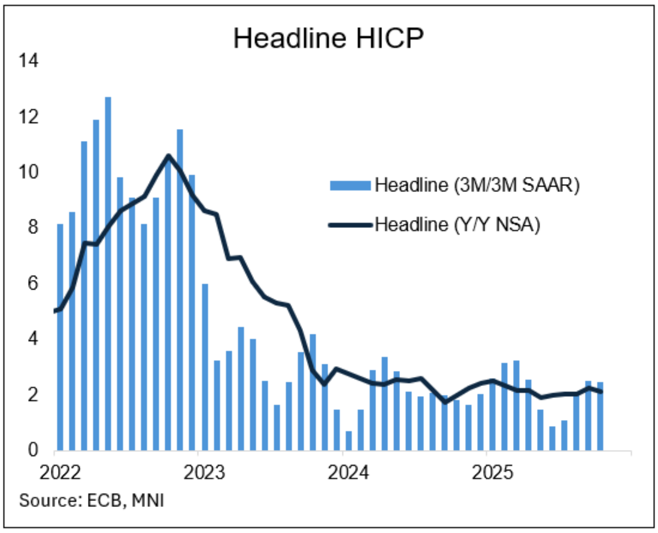


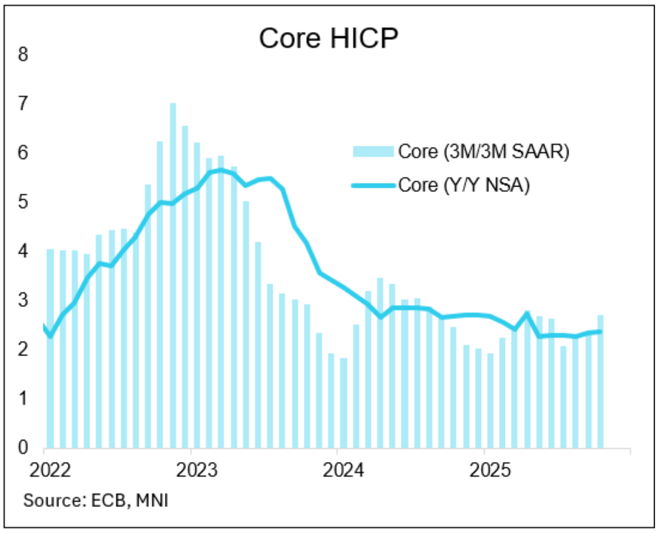


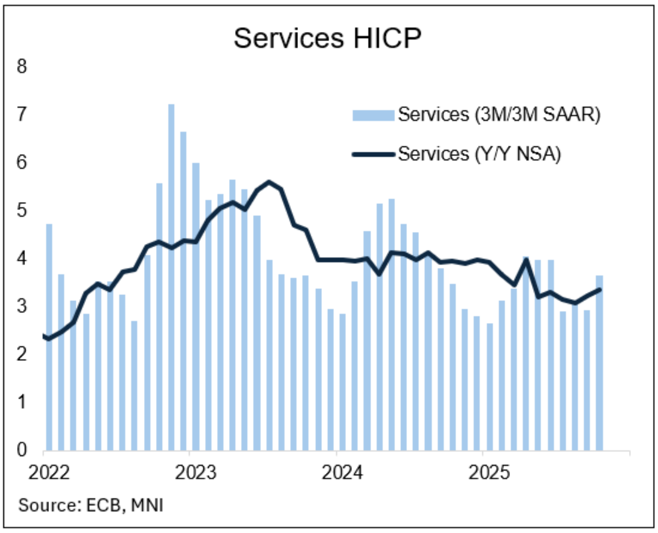


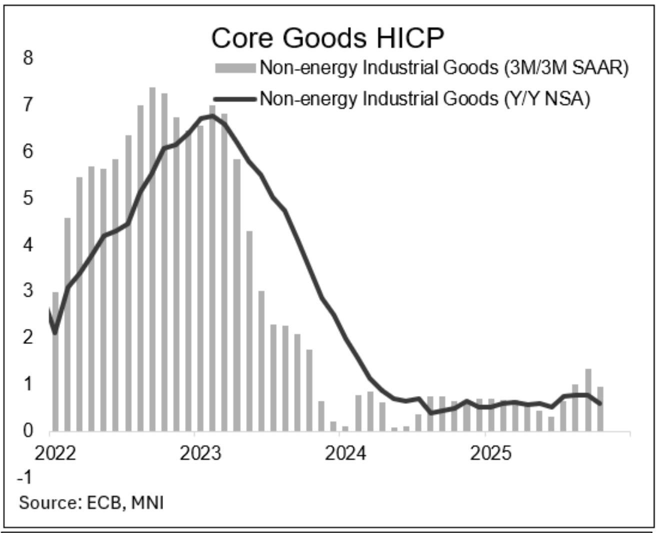


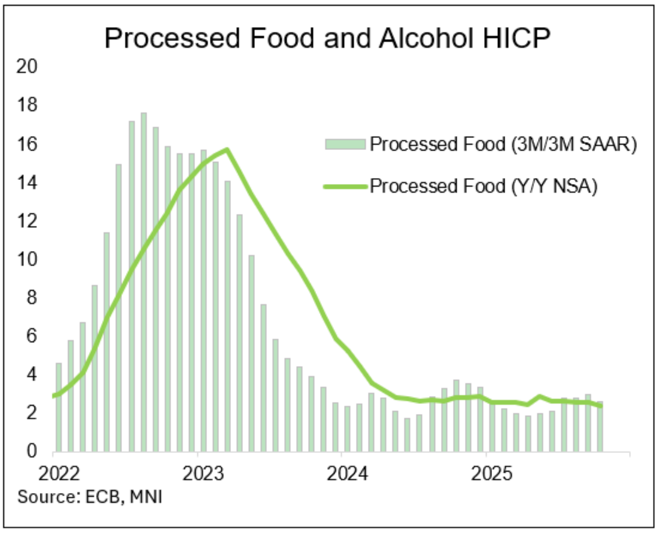
Eurozone - Key Inflation Categories % Y/Y And Momentum (On Seas Adj. 3M/3M Basis)

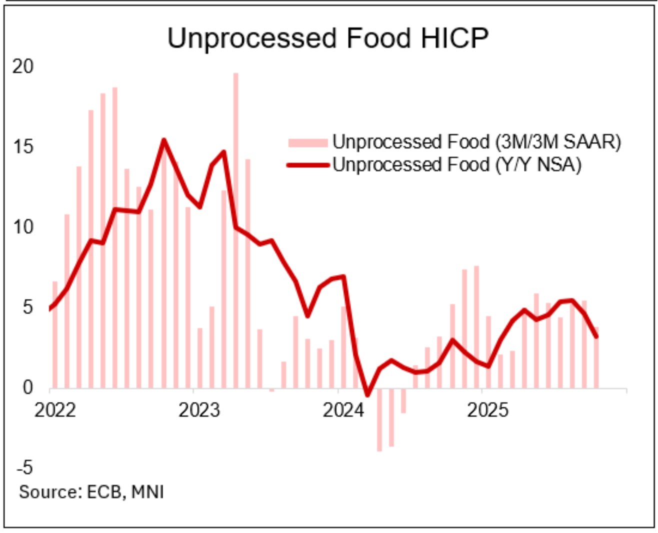




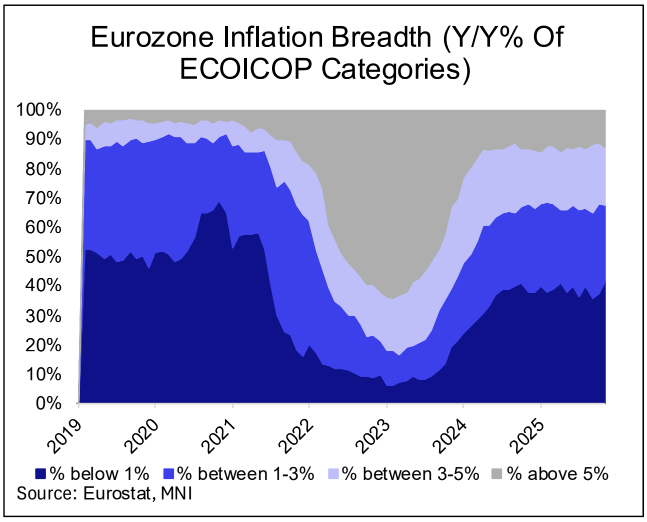


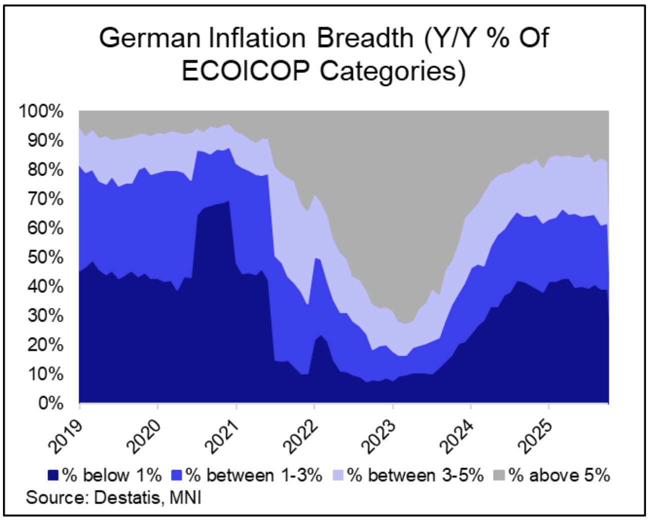


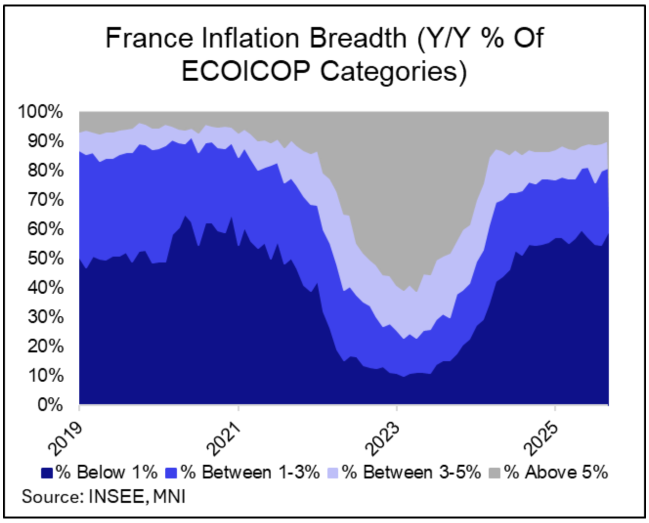


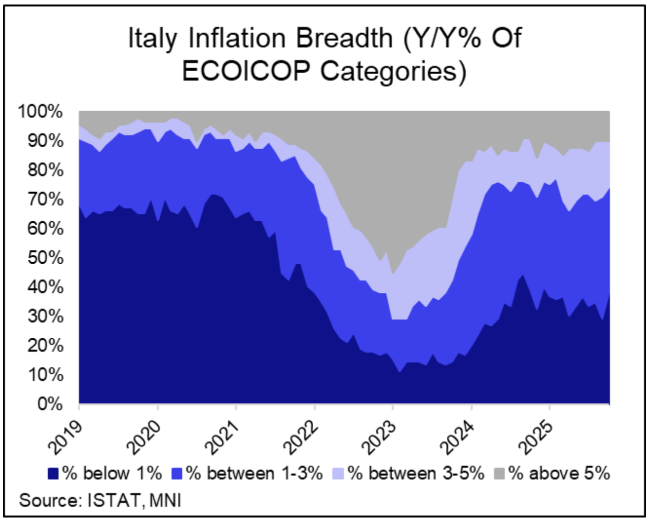


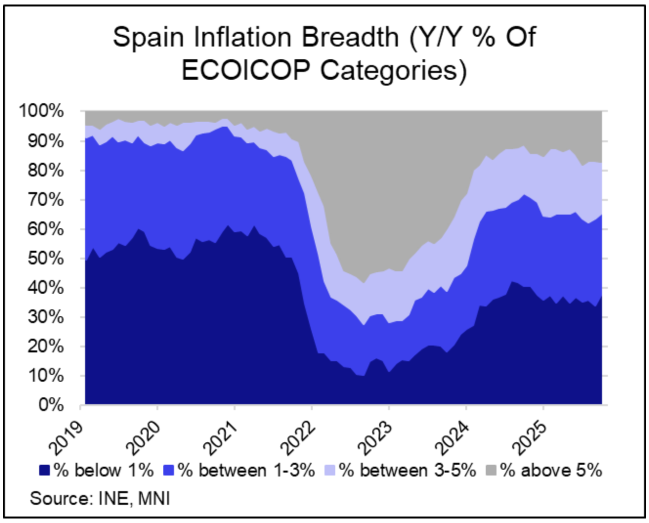
Country-Level Breadth Charts











HICP Heatmaps

Headline	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	2.24	2.43	2.52	2.32	2.18	2.17	1.89	1.99	2.04	2.04	2.24	2.10	**2.14**
Germany	2.38	2.84	2.77	2.59	2.34	2.17	2.09	2.01	1.85	2.08	2.39	2.30	**2.55**
France	1.68	1.75	1.83	0.93	0.88	0.92	0.59	0.86	0.94	0.83	1.07	0.84	**0.79**
Italy	1.48	1.40	1.66	1.74	2.13	2.04	1.71	1.79	1.72	1.64	1.79	1.30	**1.14**
Spain	2.40	2.83	2.89	2.89	2.22	2.24	1.98	2.27	2.70	2.70	3.04	3.18	**3.16**
Netherlands	3.79	3.95	3.01	3.50	3.39	4.14	2.94	2.76	2.49	2.43	3.04	3.01	**2.65**
Belgium	4.79	4.41	4.36	4.43	3.56	3.11	2.82	2.86	2.61	2.61	2.69	2.53	**2.61**
Austria	1.92	2.13	3.42	3.42	3.09	3.25	2.98	3.22	3.68	4.15	3.91	4.03	**3.97**
Portugal	2.67	3.10	2.70	2.46	1.88	2.11	1.70	2.07	2.50	2.52	1.92	1.97	**2.15**
Ireland	0.51	1.01	1.71	1.43	1.77	2.02	1.42	1.58	1.58	1.91	2.68	2.84	**3.11**
Greece	2.96	2.95	3.14	3.03	3.12	2.64	3.30	3.56	3.74	3.06	1.80	1.63	**2.82**

Core	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	2.72	2.71	2.70	2.57	2.43	2.75	2.28	2.31	2.31	2.27	2.35	2.37	**2.41**
Germany	3.11	3.35	3.62	3.09	2.81	3.13	2.70	2.53	2.35	2.35	2.60	2.75	**3.02**
France	2.18	2.05	2.05	1.90	1.85	1.88	1.40	1.61	1.74	1.42	1.53	1.46	**1.24**
Italy	2.03	1.76	1.79	1.52	1.85	2.17	1.90	1.98	2.02	2.02	2.07	1.90	**1.73**
Spain	2.49	2.63	2.44	2.32	2.21	2.95	2.47	2.46	2.58	2.66	2.70	2.90	**2.98**
Netherlands	3.66	3.57	2.60	3.21	3.27	4.23	2.39	2.55	2.23	2.16	2.75	2.87	**2.71**
Belgium	3.01	2.63	1.34	2.86	2.26	2.33	2.14	2.24	2.19	2.12	2.53	2.54	**2.73**
Austria	3.24	3.27	3.41	3.32	2.82	3.25	2.77	2.69	3.10	3.54	3.34	3.30	**3.17**
Portugal	2.73	2.89	3.04	2.72	2.11	2.66	1.73	2.20	2.53	2.48	1.57	1.89	**2.05**
Ireland	1.32	1.48	2.04	1.75	1.65	2.43	1.55	1.54	1.28	1.53	2.58	2.58	**2.94**
Greece	4.51	4.36	4.38	4.18	3.84	3.84	4.04	4.23	4.27	3.90	2.62	1.95	**3.18**

Services	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	3.92	3.97	3.93	3.68	3.45	3.98	3.22	3.32	3.15	3.10	3.24	3.36	**3.47**
Germany	4.51	4.63	5.08	4.69	4.06	4.53	3.76	3.49	2.96	2.96	3.45	3.61	**4.23**
France	3.07	2.94	2.60	2.45	2.50	2.52	2.03	2.30	2.36	1.98	2.20	2.15	**1.89**
Italy	3.16	2.88	2.88	2.61	2.77	3.44	2.90	2.97	2.95	3.03	2.95	2.88	**2.55**
Spain	3.53	3.67	3.52	3.33	3.11	4.13	3.47	3.42	3.63	3.72	3.74	3.91	**3.91**
Netherlands	5.18	5.86	4.10	4.29	4.37	5.97	2.80	3.85	3.12	2.87	3.58	4.51	**4.09**
Belgium	3.79	3.73	4.09	4.15	3.64	3.58	3.47	3.55	3.22	3.41	3.67	3.71	**4.17**
Austria	4.86	5.08	5.05	4.61	4.10	4.78	4.22	4.07	4.35	4.46	4.63	4.57	**4.42**
Portugal	4.56	4.65	4.64	3.81	3.31	4.31	2.68	3.40	3.98	3.82	2.49	2.91	**3.29**
Ireland	2.87	3.31	3.76	3.24	2.56	3.74	2.24	2.44	2.12	2.19	3.23	3.54	**4.03**
Greece	5.59	5.59	5.55	5.26	5.16	5.30	5.16	5.42	5.25	4.86	3.43	2.79	**4.68**

Non-energy industrial goods	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	0.65	0.51	0.52	0.59	0.62	0.57	0.61	0.52	0.75	0.78	0.79	0.62	**0.55**
Germany	1.00	1.33	1.17	0.58	0.83	0.83	0.99	0.91	1.25	1.33	1.24	1.23	**0.99**
France	0.36	0.17	0.86	0.70	0.48	0.51	0.11	0.11	0.32	0.17	0.07	-0.01	**-0.16**
Italy	0.36	0.09	0.09	-0.09	0.54	0.26	0.35	0.53	0.37	0.09	0.71	0.44	**0.53**
Spain	0.21	0.32	-0.03	0.02	0.20	0.30	0.24	0.29	0.15	0.21	0.33	0.61	**0.91**
Netherlands	1.30	-0.02	0.27	1.47	1.46	1.55	1.75	0.56	1.23	1.42	1.53	0.37	**0.54**
Belgium	1.69	0.76	-3.35	0.67	-0.09	0.20	-0.11	0.03	0.46	-0.08	0.58	0.56	**0.29**
Austria	0.47	0.07	0.59	1.10	0.51	0.58	0.25	0.34	1.07	2.12	1.11	1.07	**0.98**
Portugal	-0.53	-0.24	0.03	0.62	-0.13	-0.47	-0.14	-0.14	-0.43	-0.37	-0.30	-0.11	**-0.30**
Ireland	-2.32	-2.85	-2.15	-1.91	-0.56	-0.90	-0.34	-0.56	-0.46	0.11	0.91	0.34	**0.34**
Greece	2.14	1.66	1.43	1.35	0.83	0.39	1.40	1.26	1.31	1.02	0.51	-0.19	**-0.44**

Food, alcohol and tobacco	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	2.70	2.62	2.31	2.66	2.93	2.97	3.19	3.07	3.25	3.19	3.02	2.50	**2.40**
Germany	2.95	3.16	1.95	2.92	3.28	3.12	3.40	2.77	2.84	3.11	2.89	2.12	**2.05**
France	1.11	0.95	0.71	0.75	0.95	1.51	1.60	1.65	1.87	1.86	1.97	1.59	**1.65**
Italy	2.83	2.12	2.26	2.41	2.65	3.03	3.10	3.26	3.82	3.81	3.57	2.46	**1.91**
Spain	2.02	2.32	2.24	2.32	2.54	2.16	2.68	3.03	2.95	2.60	2.70	2.72	**3.10**
Netherlands	6.13	6.61	6.95	7.39	7.06	7.16	7.01	4.59	4.07	3.71	3.70	3.83	**3.11**
Belgium	5.99	5.83	6.37	6.11	5.62	5.09	4.69	4.96	4.29	3.50	3.18	2.66	**2.79**
Austria	2.23	1.69	2.21	2.31	3.21	2.80	3.24	4.22	4.61	4.76	3.60	3.81	**3.42**
Portugal	2.80	3.30	1.64	1.82	1.77	1.39	2.42	2.85	3.49	3.54	3.67	3.31	**3.28**
Ireland	2.41	2.33	2.83	2.82	3.60	2.88	3.73	4.07	4.24	4.49	4.40	3.69	**3.87**
Greece	0.50	-0.19	0.05	0.41	2.06	1.75	2.84	2.36	3.33	2.39	1.37	2.46	**2.73**

Energy	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	-2.02	0.14	1.89	0.19	-0.98	-3.56	-3.57	-2.59	-2.39	-1.97	-0.37	-0.93	**-0.49**
Germany	-3.63	-1.48	-1.33	-1.33	-2.59	-5.32	-4.54	-3.46	-3.38	-2.29	-0.69	-0.89	**-0.14**
France	-0.73	1.15	2.63	-5.67	-6.30	-7.44	-7.65	-6.46	-6.96	-6.02	-4.32	-5.51	**-4.42**
Italy	-5.45	-2.72	-0.70	0.64	2.68	-0.74	-1.90	-2.11	-3.49	-4.77	-3.75	-4.44	**-4.15**
Spain	2.59	5.51	7.81	8.58	1.71	-2.47	-2.99	-0.77	2.97	3.18	6.24	6.30	**4.59**
Netherlands	-0.29	1.48	-1.41	-1.91	-3.28	-3.22	-1.09	0.51	0.98	1.61	3.99	2.07	**0.80**
Belgium	14.80	13.69	22.77	12.14	8.55	4.32	2.94	2.23	2.10	3.37	2.12	1.25	**1.02**
Austria	-10.37	-7.84	5.23	6.04	5.01	3.68	4.13	6.02	6.99	8.57	10.12	12.02	**13.37**
Portugal	1.87	4.79	2.70	1.60	0.06	-0.31	-0.10	-1.31	-1.05	-0.14	0.42	-1.24	**-0.73**
Ireland	-7.67	-4.63	-2.65	-2.57	-0.39	-1.67	-2.64	-1.82	-0.39	-0.07	1.06	2.71	**3.23**
Greece	-2.28	0.67	2.58	1.59	0.25	-4.69	-1.52	1.96	0.69	-1.91	-3.66	-3.12	**0.29**

Food and non-alcoholic beverages	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Eurozone	2.02	1.85	1.62	2.19	2.55	2.74	2.91	2.90	3.21	3.20	3.01	2.44	**2.31**
Germany	2.62	2.76	1.50	2.95	3.57	3.28	3.28	2.52	2.72	3.07	2.78	2.09	**2.02**
France	0.18	0.00	0.09	0.34	0.65	1.35	1.42	1.49	1.77	1.77	1.89	1.41	**1.49**
Italy	2.93	2.16	2.22	2.45	2.61	3.30	3.28	3.52	4.07	4.22	3.75	2.57	**1.88**
Spain	1.70	1.78	1.82	2.20	2.42	2.06	2.50	2.78	2.71	2.29	2.40	2.43	**2.86**
Netherlands	2.49	3.06	3.53	4.34	3.87	3.98	4.16	4.40	4.70	4.24	4.26	4.29	**3.44**
Belgium	1.96	1.73	2.44	2.43	2.40	2.67	2.57	3.00	2.94	2.83	3.14	2.69	**2.95**
Austria	2.11	1.60	2.10	2.63	3.09	2.83	3.28	4.54	4.96	5.03	3.72	3.85	**3.36**
Portugal	2.73	3.41	1.47	1.58	1.68	1.64	2.59	3.11	3.78	3.99	4.00	3.54	**3.52**
Ireland	1.91	2.00	2.64	2.44	3.35	3.23	4.04	4.40	4.67	5.12	4.84	4.55	**4.36**
Greece	0.41	-0.50	-0.11	0.16	2.31	2.11	3.12	2.56	3.68	2.64	1.45	2.64	**3.00**

Sources: MNI, Eurostat. All Y/Y figures. Colour grading on sign of the sequential difference in the Y/Y rate.

November HICP Recap: Package Holidays Behind Higher Services HICP

- The services increase to 3.47% (3.46% flash, 3.36% Oct) was due to (often volatile) package holidays, which accelerated to 4.42% after October's 0.91%, something that had been suspected after flash data but couldn't be fully confirmed until today's release. Accommodation HICP was also higher than before, at 3.41% (3.14% Oct) whilst airfares dropped after national data was unclear on the extent to which October strength had unwound (-2.74% Nov vs 1.66% Oct).
- More persistent services categories saw mixed developments in November: housing services stand at 3.22% (3.16% Oct) while communication services slowed to 0.12% (0.64%).
- Core goods roughly confirmed their flash reading, with a low 0.55% Y/Y print (0.62% Oct) as clothing and footwear slowed a little further (0.47% vs 0.62% Oct) while furniture and household equipment also turned lower (0.25% vs 0.51% Oct). Analysts see pipeline pressures in core goods remaining limited.
- Energy meanwhile was confirmed as the main relative upside driver for headline in November, at -0.49% Y/Y (-0.52% flash, -0.93% Oct). Fuels were behind the uptick, accelerating to 0.60% (-0.55% Oct).

Slightly Dovish Details In Underlying and Breadth Metrics

There were slightly dovish developments in Eurozone underlying inflation and inflation breadth metrics in November. While not likely to change the narrative ahead of tomorrow's decision, these metrics will be worth monitoring over the coming months, as the ECB decides what degree of (expected) inflation undershoot it is willing to tolerate at the current policy setting.

- The headline PCCI series (staff's preferred measure of medium-term inflation pressures) was essentially unchanged at 2.04% Y/Y (vs 2.06% prior), while core-PCCI fell a little to 1.95% (vs 1.99% prior)
- The weighed median measure fell a notable four tenths to 2.4% Y/Y (vs 2.8% prior), matching August's reading.
- Supercore was steady at 2.5% for the fifth consecutive month, while the 10% trimmed mean was unchanged at 2.2%. The 30% trimmed mean rose a tenth to 2.3%.

We estimate the proportion of ECOICOP subcomponents with inflation rates below 1% rose to 42% in November, up from 37% in October. That's the largest proportion since June 2021.

Sell-Side Analyst Previews

Sorted in Descending Order of December Core HICP Y/Y Forecast

Goldman Sachs: Core 2.43%, Headline 2.04%

- Slightly firmer SA core pace reflecting "a slight pickup in sequential core goods inflation" […] Incorporating the December forecast, our medium-term path continues to show core inflation at 2.4% in 2025Q4, 1.9% by end-2026 and 1.9% by end-2027. As for headline inflation, with the latest moves down in energy forwards and downside surprises in food prices, we continue to see it notably below target throughout 2026 and 2027"
- Services 3.45%, goods 0.63%, energy -1.5%, food / alcohol / tobacco remaining at 2.4%
- Smaller countries ('big 4' see country-level section):
  - Netherlands 2.9% headline, 3.0% core
  - Belgium 1.9% headline "mostly driven by a notable drop in energy inflation", 2.8% core
- "We look for Euro area core inflation to cool over the upcoming months, in line with our view that wage growth completes its normalisation over the coming quarters, and that the tariff impact on inflation is likely net negative, coupled with a drag from FX and increased China exports. We also recently fine-tuned our inflation forecasting infrastructure to incorporate lessons from the recent inflation surge, as well as changing economic relationships and shifts in seasonal patterns. Incorporating the December forecast, our medium-term path continues to show core inflation at 2.4% in 2025Q4, 1.9% by end-2026 and 1.9% by end-2027, broadly in line with the ECB staff December projections. As for headline inflation, with the latest moves down in energy forwards and downside surprises in food prices, we continue to see it notably below target throughout 2026 and 2027."

Barclays: Core 2.42%, Headline 2.07%

- Barclays see the December release “influenced by two opposing forces: unfavourable base effects in food, which will exert upward pressure; and sequential declines in energy prices, which will likely act as a drag” Their “tracking of energy prices suggests that the latter effect should dominate, leading to a slight deceleration in headline inflation at the second decimal place. Core should be little changed, with stable services and core goods inflation.”
- Energy -1.4% Y/Y “driven primarily by fuel. Pump prices, which rose in November despite stable euro-denominated oil, have now declined by an average of 0.7% m/m NSA in December, consistent with an HICP fuel print of -0.8% m/m NSA. This reflects both a 4.3% average decrease in euro-denominated oil prices so far in December and a reversal of the previous month’s pump price increase. Additionally, TTF gas prices have fallen sharply”
- Food, alcohol and tobacco 2.5% “reflecting increases in the year-over-year inflation rates of both processed food (+0.1pp to 2.1% y/y) and unprocessed food (+0.2pp to 3.4% y/y), mainly due to base effects from last year’s seasonally soft print. However, sequential food price momentum is expected to remain subdued at 0.0% m/m NSA, consistent with early indicators showing declining upstream price pressure”
- Core goods 0.5% Y/Y “both the EC survey’s industry selling price expectations and manufacturing PMI output prices continue to signal stable underlying price pressures, so we do not think that [recent lower prints are] a sign of a softening in the underlying trend”
- Services 3.5% Y/Y. Recent acceleration was “mostly due to the volatile package holidays and accommodation services. In fact, sequential momentum in services excluding volatile components (package holidays, accommodation and transport services) decelerated in November (by 0.5pp to 3.1% m/m SAAR). Within the components, we expect an acceleration in communication services inflation, partly due to base effects from last year’s pricing war among French telecom companies. We also pencil in an increase in transport services inflation based on our technical assumption regarding airfares. However, with broadly no change in the other components, these upticks should not be sufficient to drive an overall acceleration in services inflation.”
- Across countries (all HICP Y/Y):
    - Germany 2.41% headline, 2.92% core
    - France 0.79% headline, 1.35% core
    - Italy 1.28% headline, 1.92% core
    - Spain 2.96% headline, 2.84% core
    - Netherlands 2.66% headline, 2.83% core
- Barclays see HICP ex-tobacco at 2.03% Y/Y.

Morgan Stanley: Core 2.4%, Headline 2.0%

- “Decline will be driven by energy prices, which are likely to decrease on the month on the back of lower fuel prices, with year-on-year energy inflation moving further down (-1.6%Y from -0.5%Y). The momentum in food inflation remains subdued even though the year-on-year metric could move up a notch (2.5%Y from 2.4%Y) on base effects from a weak December last year.”
- “After edging down to 0.5%Y in November, we expect stable core goods inflation as pipeline pressures continue to be moderate. The focus remains on services inflation but December will not bring much news.”
- “"underlying inflation" have stalled since the summer. We think this is just a pause before disinflation resumes next year, but in the meantime, services inflation will likely move sideways for another month. We see it stable at 3.5%Y in December.”
- “Next year should bring lower services inflation on the back of soft wage growth and below potential growth momentum with confirmation arriving in May through weaker negotiated wage data. This is aligned with our revised ECB call, seeing now cuts in June and September.”
- Across countries:
    - Germany – 2.1% y/y (from 2.6%) Broad-based decline: lower fuel prices, soft food momentum, core goods base effects, and payback in volatile services.
    - France – 0.8% y/y (unchanged) Energy disinflation from lower pump prices offsets a modest rebound in services after weak airfares and accommodation in November.
    - Italy – 1.2% y/y (from 1.1%) Marginal increase driven by food base effects and stronger transport / airfare services, with energy still a drag.
    - Spain – 2.9% y/y (from 3.2%) Step down in headline led by tobacco effects and lower core inflation, offsetting still-elevated services.
    - Netherlands – 2.9% y/y (from 2.6%) Headline inflation ticks up, reflecting firmer core inflation due to volatile services payback; food and energy fall but do not fully offset.

   - Belgium – 2.2% y/y (from 2.6%) Decline driven by large negative energy base effects, softer food pressures, and payback in services/core after a very strong November (package holidays).

UniCredit: Core 2.4%, Headline 2.0%
- “The slight deceleration we have pencilled in is likely to be driven by energy prices”
- “Volatility in prices of holiday-sensitive services represents the main source of uncertainty surrounding our forecast.”
- “Looking ahead, we see headline inflation slowing to below 2% at the beginning of next year and fluctuating in a narrow range just below the ECB’s goal. After having remained stuck in the 2.3-2.4% area throughout 2H25, core inflation will likely resume a declining trajectory next year.”
- France CPI 0.7% Y/Y, Germany CPI 2.2%, Italy 1.1%

Deutsche Bank: Core 2.4%, Headline 2.0%
- Deutsche Bank sees core HICP unchanged to 1dp but lower on the second decimal than before.
- Spain 3.0% HICP

Santander: Core 2.34%, Headline 2.10%
- “We continue to highlight the resilience of underlying inflation towards the end of the year, with services inflation surprising to the upside for two consecutive months. The focus now turns to 1Q26, when we expect inflation to temporarily undershoot the 2% level before returning to 2% later next year.”
- “Services inflation remains sticky due to strong wage growth and firms’ pricing power, with recent data showing persistent pressures. However, leading indicators suggest wage deceleration ahead, supporting a normalisation of services inflation and aligning with the ECB’s asymmetric reaction function to incoming data.”
- “Food inflation is expected to slow down temporarily from current levels, contributing to a slight undershoot of the 2% headline target during 1H26. However, the outlook is less sanguine: food inflation is projected to remain well above its pre-pandemic average in the medium term. Indeed, some ECB officials have highlighted that food inflation could accelerate in the coming years, posing an upside risk to overall inflation.”
- Services 3.53% Y/Y. Countries CPI: Spain 2.8% Y/Y (2.5% core), France 1.0%, Germany 2.2%, Italy 1.0%.
- Santander see the ex-tobacco measure (relevant for inflation swaps) at 2.07% Y/Y.

Commerzbank: Core 2.3%, Headline 2.0%
- “As oil prices have continued to fall in recent weeks, oil products such as gasoline, diesel, and heating oil will also be slightly cheaper in December than in November. For this reason, the year-on-year rate of energy commodity prices is likely to fall by one percentage point to -1.5%, thereby depressing overall inflation. Energy prices will continue to play a decisive role in the inflation rate in the new year. In January 2026, a sharp price increase will drop out of the year-on-year comparison (base effect). Inflation could fall to as low as 1.6% during this dip.”
- “The core rate should also decline slightly in very small steps in the following months. This is supported by the fact that wage growth is now slowly easing after a strong 2025. This will significantly benefit companies in the service sector, which will not have to continue raising the prices of their services. For this reason, the core rate is likely to reach the ECB's target of 2.0% over the course of the coming year.”
- “In the medium term, however, not all risks of higher inflation have been averted. Currently, profit margins for companies are quite low on average. If the economic environment allows, companies will most likely raise their prices for goods and services in order to restore their former profitability. Deteriorating demographics and decarbonization measures are also likely to exert upward pressure on prices in the long term. The low inflation phase in the coming year therefore by no means guarantees that inflation will remain at this level.”

Societe Generale: Core 2.3%, Headline 2.0%
- “The primary driver of this moderation is a 1.2pp drop in energy inflation to -1.7%, reflecting a combination of a 1.7% mom decline in fuel prices, due to the recent fall in Brent, and negative base effects. Conversely, positive base effects are expected to push food inflation up by 0.2pp to 2.6% yoy.”
- “Elsewhere, we expect services inflation easing by 0.2pp to 3.3% yoy. A significant portion of this decline stems from a negative base effect linked to the lower weight of German package holidays this year (2.2% in 2025 vs. 3.3% in 2024), combined with the usual seasonal increase in package holiday prices. Alongside stable goods inflation, this should result in a 0.1pp fall in euro area core inflation.

Analysts Without Core HICP Forecast, Sorted A-Z

JP Morgan:
- Spain 2.9% HICP, 2.9% CPI: “We expect these data to show that headline inflation declined a little in the final month of the year, driven by energy prices. We expect core inflation to have remained largely stable in December.”