

# MNI Eurozone Inflation Insight – Dec 2025

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## Key December preliminary HICP prints

- **Eurozone:** Headline 1.96% (1.92% MNI tracking; 2.0% consensus, 2.14% prior)
  - Core 2.29% (2.4% MNI median, 2.41% prior)
  - Services 3.38% (3.5% MNI median, 3.47% prior)
  - NEIG 0.36% (0.5% MNI median, 0.55% prior)
  - FAT 2.59% (2.5% MNI median, 2.40% prior)
  - Energy -1.91% (-1.5% MNI median, -0.49% prior)
- **Germany:** 2.0% Y/Y (2.2% cons, vs 2.6% prior)
- **France:** 0.7% Y/Y (vs 0.8% prior, 0.7% cons)
- **Italy:** 1.2% Y/Y (vs 1.1% prior, 1.1% cons)
- **Spain:** 3.0% Y/Y (vs 3.2% prior, 3.0% cons)
- **Netherlands:** 2.5% Y/Y (vs 2.6% prior, 2.7% cons)

## Marginal Slowdown Before January Annual Repricing

### Executive Summary:

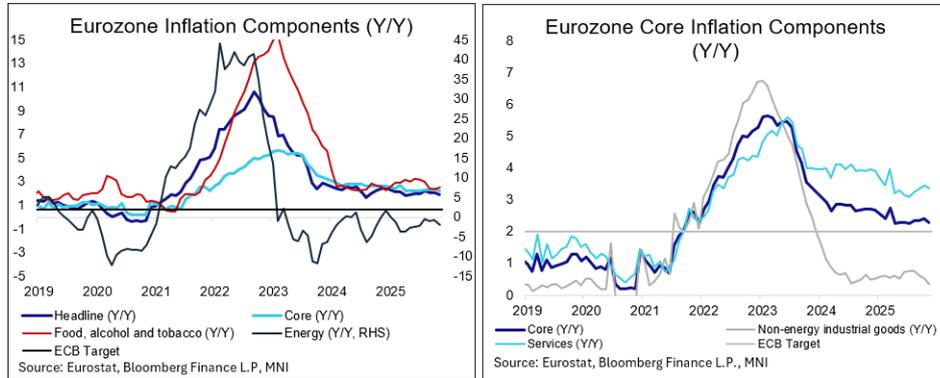
- HICP inflation decelerated by almost two tenths in December, marginally below initial analyst consensus. Core HICP was a tenth below expectations.
- Energy was the main mover and surprise, coming in 0.4pp below expectations.
- The full December release on Jan 19 will provide a more useful update on exact drivers. That especially applies to services inflation, where it is not yet quite clear what stood behind the marginal downside surprise in the category. This comes ahead of January's annual repricing of a wide range of services components.
- By country, Germany was the main surprise, printing 0.2pp below consensus, while Spain and France came in in line, and Italy surprised 0.1pp to the upside.
- The flash report did not deliver enough of a downside surprise to impact market implied ECB rate expectations. Ongoing rhetoric suggests the Governing Council thinks the bar to a move into either direction is high.

Eurozone December headline HICP, to one decimal, was in line with initial consensus of 2.0% (1.96% unrounded) but that meant it marginally surprised to the upside against post-national data tracking. This came as energy inflation was 0.4pp lower than expected at -1.92% Y/Y, while the food / alcohol / tobacco category was a touch firmer than expected at 2.59% Y/Y.

Core HICP inflation surprised to the downside in December, easing to 2.29% Y/Y versus expectations for an unchanged 2.4% reading. Services inflation at 3.38% Y/Y came in below where consensus saw it at 3.5%, while core goods also undershot expectations at 0.36% Y/Y versus the 0.5% MNI median.

Across countries, trends were mixed. Spain kicked off proceedings in line with expectations at 3.0% Y/Y, though core HICP firmed to 2.8% with INE noting lower fuel prices offset by firmer leisure and food. France followed, also in line at 0.7% Y/Y as services remained unchanged and energy dragged. Germany then delivered the main surprise of the round, printing 2.0% Y/Y against 2.2% consensus as energy dropped further and core goods softened materially – though we would caution overinterpreting this month's data for seasonality reasons. The Netherlands came in at 2.5% against a scattered consensus, as services deceleration extended for a second month. Italy, released simultaneously with the bloc-wide print, was the only upside surprise among the 'big 4', at 1.2% Y/Y against 1.1% consensus as food and transport services accelerated.

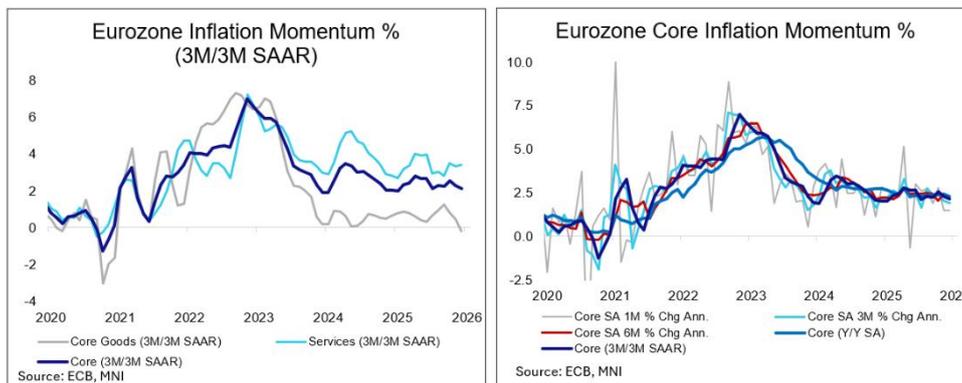
This means for the moment, the data continues to support the ECB's "rates are in a good place" rhetoric. Low core goods inflation continues to be outweighed by some services stickiness, keeping the overall core pace a little above target. Next month sees the January annual price setting, in which key focus will be on any renewed services deceleration. Paired with core goods remaining at their current rate, the question is if this would promote a dovish turn in ECB communications further out.



## Core Momentum Extends Moderation In December Flash

Eurozone core inflation momentum tapered off further in December, calculated from the ECB's seasonally adjusted December HICP data. Core goods momentum became negative for the first time since end-2020 (in line with the recent weaker inflation rates), while service stickiness persists regardless of the downside surprise in the flash NSA release.

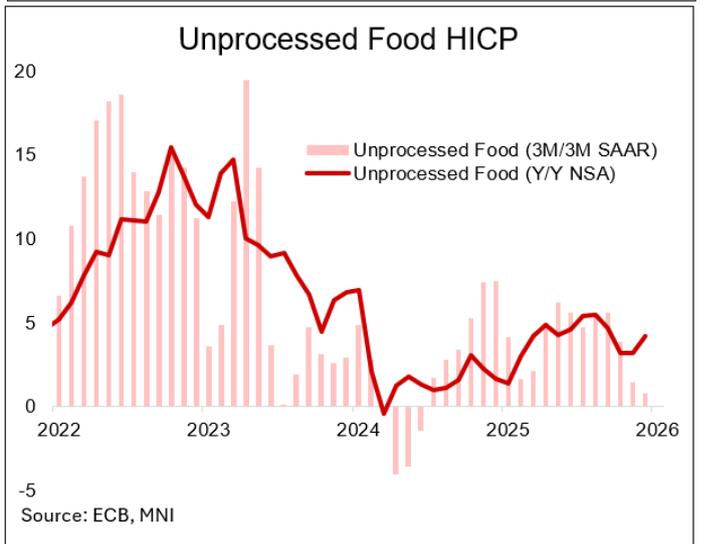
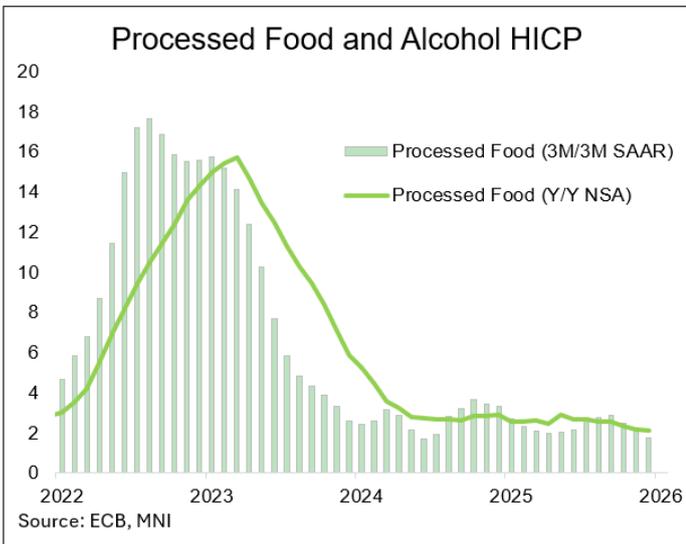
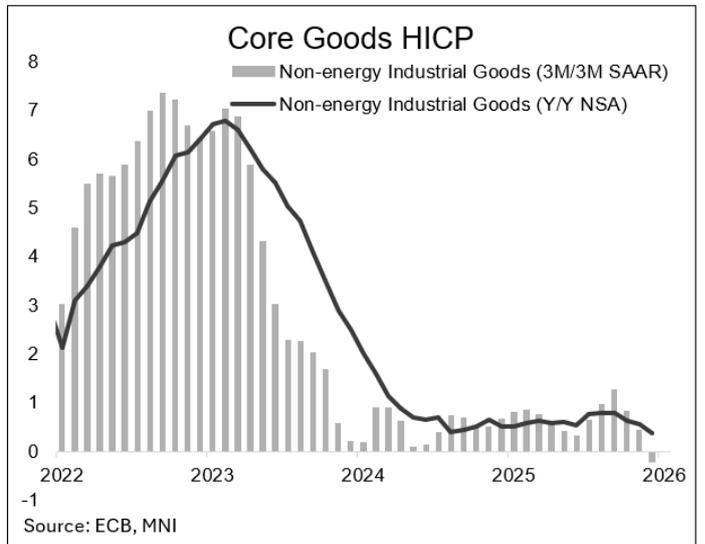
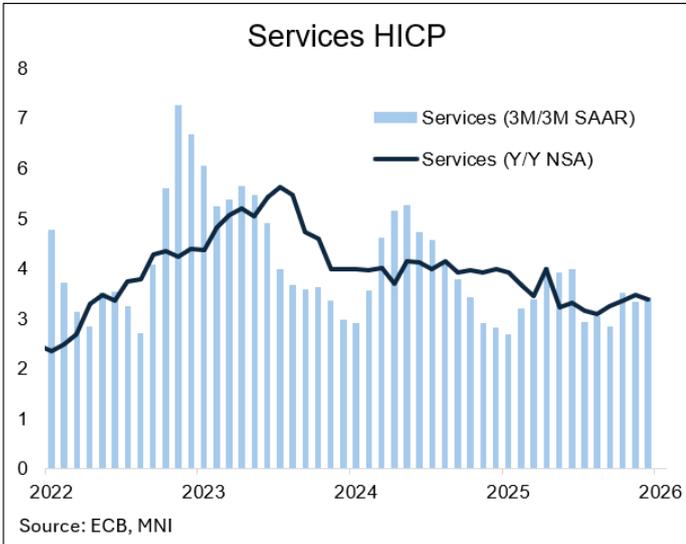
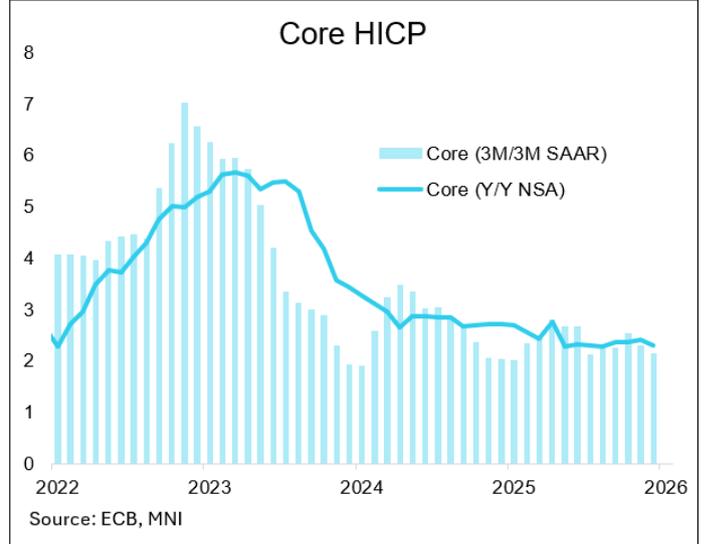
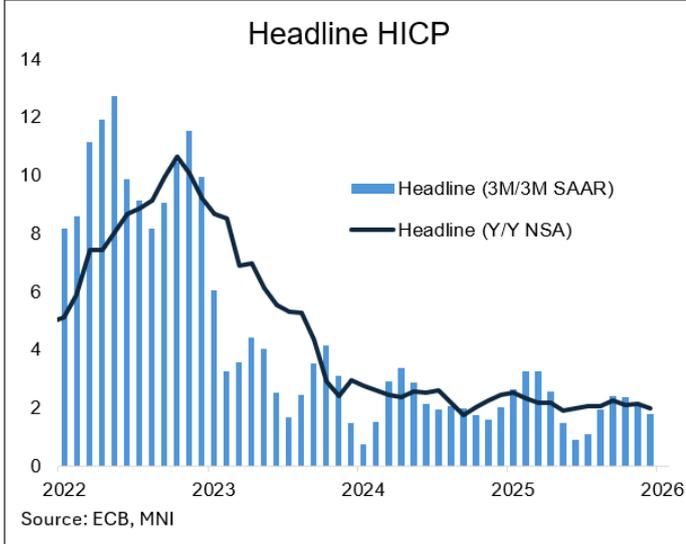
- **Core inflation** momentum moderated further to 2.13% in December after 2.29% in November, calculated here as a 3m/3m annualised rate using ECB seasonally adjusted data.
- This means the pace is below the 2025 average of 2.37%.
- On a sequential basis, core prices rose 0.12% M/M in Dec, vs 0.12% in Nov and 0.23% in Oct.
- **Core goods** momentum fell to negative for the first time since December 2020 at -0.21% in latest data, after 0.42% in November.
- Sequentially, core goods prices fell 0.10% M/M in Dec, vs 0.00% in Nov and a 0.06% fall in Oct.
- **Services** inflation momentum picked up to 3.42% (vs 3.35% Nov), remaining within recent ranges.
- Sequentially, services prices rose 0.25% M/M in Dec, after 0.18% Nov and 0.39% Oct.



Component	Weights		Y/Y (HICP)						M/M (HICP)
	2026	Dec-24	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Dec-25
All-items HICP	1000.00	2.43	2.04	2.04	2.24	2.10	2.14	1.96	0.18
All-items excluding									
>energy	906.02	2.69	2.51	2.47	2.50	2.40	2.41	2.35	0.28
>energy, unprocessed food	863.36	2.75	2.37	2.32	2.39	2.37	2.37	2.27	0.25
>energy, food, alcohol & tobacco	712.76	2.71	2.31	2.27	2.35	2.37	2.41	2.29	0.33
Food, alcohol and tobacco	193.26	2.62	3.25	3.19	3.02	2.50	2.40	2.59	0.06
>processed food, alcohol and tobacc	150.60	2.88	2.65	2.57	2.56	2.30	2.18	2.13	-0.16
>unprocessed food	42.66	1.65	5.41	5.48	4.67	3.17	3.18	4.21	0.83
Energy	93.98	0.14	-2.39	-1.97	-0.37	-0.93	-0.49	-1.91	-0.82
Non-energy industrial goods	256.26	0.51	0.75	0.78	0.79	0.62	0.55	0.36	-0.28
Services	456.49	3.97	3.15	3.10	3.24	3.36	3.47	3.38	0.68

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

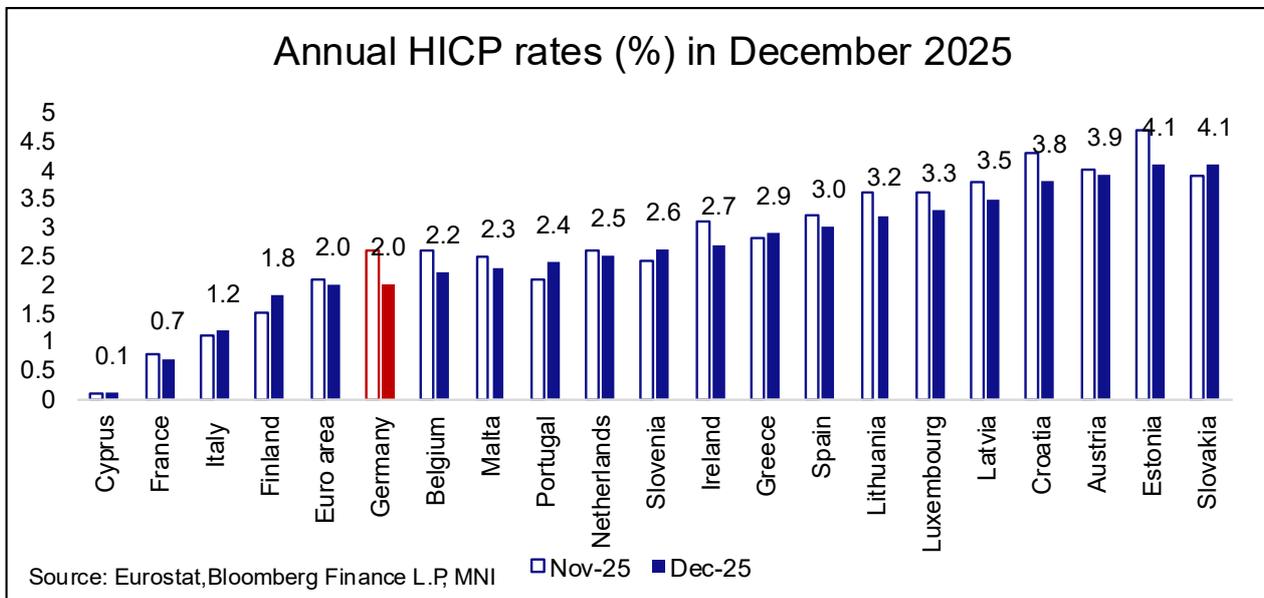
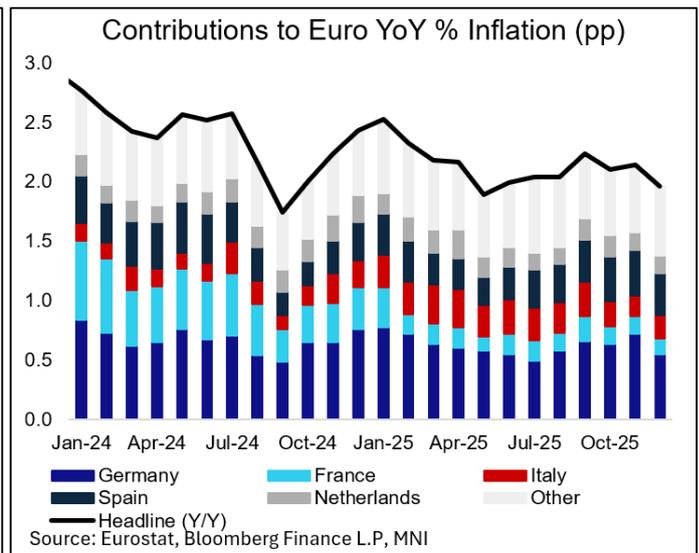
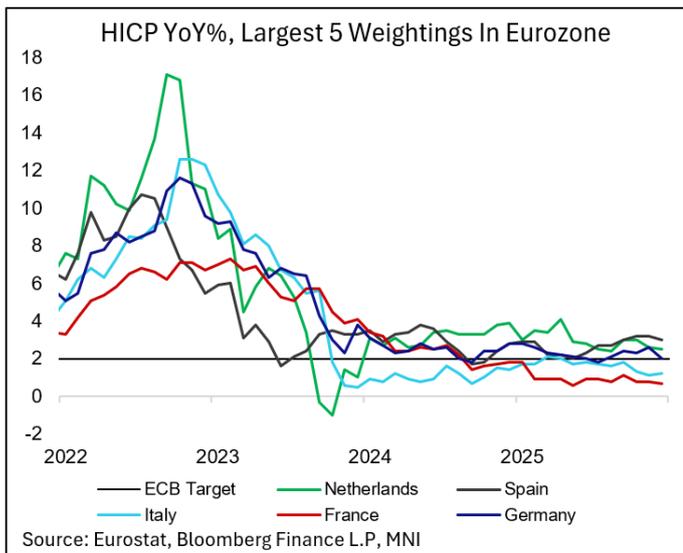
## Inflation Momentum Chart Pack



## National Inflation Prints

At a country level, headline Y/Y inflation decelerated in 13 of 20 countries in December compared to November, accelerated in 6 and was steady in 1.

- 15 countries had Y/Y rates above the ECB's 2% target, vs 16 in November. With the average rate at target, this highlights well that the larger Eurozone countries are currently running much lower than their smaller peers.
- Slovakia and Estonia jointly had the highest Y/Y rates, at 4.1%, followed by Austria at 3.9% (vs 3.9%, 4.7% and 4.0% prior).
- The lowest Y/Y rate was again seen in Cyprus (0.1% Y/Y vs 0.1% prior), followed by France (0.7% Y/Y vs 0.8% prior) and Italy (1.2% Y/Y vs 1.1% prior).
- See below for further details on the main individual country releases.



*Germany (28% of Eurozone HICP in 2025)*

- **HICP 2.0% Y/Y (vs 2.6% prior); 0.2% M/M**
- **CPI 1.8% Y/Y (vs 2.3% prior); 0% M/M**

National CPI at 1.8%Y/Y was a tenth softer than the 1.9%Y/Y tracking from the state CPI (and came in 3 tenths below the 2.1% consensus prior to the State prints). HICP saw a slowdown to 2.0%Y/Y and was 2 tenths below consensus.

After 0.3pp downside vs headline consensus in German flash CPI was last seen in January 2025, looking at the historical CPI data highlights some notable base effects present last December.

- In all other recent years, the seasonality from Nov to Dec has been a marginal increase, flat or decrease in the index level. This was the case in 2024, and tentatively points towards today's CPI drop in the Y/Y measure being temporary.
- As we've projected following state-level data, core slowed materially, by 0.3pp to 2.4%, the lowest Y/Y reading since June 2021.
- That appears to have been driven by core goods, as services remained unchanged at 3.5% Y/Y in December. Analysts saw mixed developments on core goods ahead of the state-level data but the magnitude of the deceleration was most likely unexpected, and a key contributor to the overall headline downward surprise.
- Energy meanwhile also contributed downwardly to the change since November, coming in at -1.3% Y/Y (-0.1% Nov), the lowest since August.
- Food was also lower than previously, at 0.8% Y/Y (1.3% Nov).

We would caution reading too much into the German CPI print as there appear to be some strange seasonal in December last year.

- Of the five prior December M/M prints since 2020 we have seen -0.4% M/M in 2022, +0.5% in 2024, +0.1% in both 2020 and 2023 and +0.2% in 2021.
- The print this year was flat M/M (0.0%M/M) and therefore a little softer than those seen in most prior years, but notably softer than in 2024.
- Looking at a 2-month change, Nov24-Jan25 was 0.3%, Nov23-Jan24 was 0.3% and Nov22-Jan23 was 0.5% (before that CPI was more substantially above target).
- If we were to see a 0.3% increase between Nov25 and Jan26 that would imply a January M/M reading of 0.3% and return national CPI to 2.3%Y/Y (the same level as in November).

Seasonally adjusted Bundesbank data saw monthly core inflation re-accelerate to 0.25% M/M in December after a soft November on the back of the joint second highest monthly services inflation of the year.

- Services inflation accelerated to 0.34% M/M in December, above November's 0.25% for the joint second highest reading in the year (4.1% Dec annualized).
- Specifically, monthly services inflation has seen multiple 0.34% prints this year (Mar, Apr, Oct and now Dec) whilst it peaked at 0.51% in September in its strongest monthly print since Mar 2024.
- However, manufactured goods ex-energy ('core goods') remained low in December, unchanged from November's -0.08% M/M. This was likely a downward surprise vs most analyst expectations ahead of the print.
- The overall core reading accelerated to 0.25% Dec from 0.08% Nov. The larger relative increase in core vs services with unchanged core goods is presumably down to the Bundesbank's individual adjustment methodology, meaning core does not exactly equal the weighted average of core goods and services once seasonally adjusted.
- In 3m/3m SAAR terms, services momentum was 4.2% in December, from 4.4% in November. Core "momentum" meanwhile remained unchanged at 3.3% this time.
- For services specifically, remember the Bundesbank highlighted in their recent bi-annual projection that "inflation 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", filtering through to ongoing sticky services momentum in Germany.

**France (19% of Eurozone HICP in 2025)**

- **HICP 0.7% Y/Y (vs 0.8% prior); 0.1% M/M**
- **CPI 0.8% Y/Y (vs 0.9% prior); 0.1% M/M**

France December flash HICP was 0.67% (vs. 0.7% cons; 0.79% prior). On the sequential reading, HICP was 0.10% M/M (0.2% cons; -0.20% prior).

CPI meanwhile was 0.82% Y/Y (vs 0.9% cons; 0.90% prior). On the month, CPI was 0.11% (0.2% cons; -0.18% prior). Looking at the CPI (non-HICP) details:

- Food accelerated to 1.68% Y/Y (1.36% prior).
- Manufactured products was a little higher than before but remains in deflationary territory, at -0.41% Y/Y (-0.6% prior).
- Energy dropped to -6.82% Y/Y (-4.60% prior).
- Services remained unchanged at 2.18% Y/Y in December.
- Tobacco was also unchanged, at 4.08% Y/Y.

**Italy (16% of Eurozone HICP in 2025)**

- **HICP 1.2% Y/Y (vs 1.1% prior); 0.2% M/M**
- **CPI 1.2% Y/Y (vs 1.1% prior); 0.2% M/M**

Italy flash HICP printed in line with consensus at 1.2% Y/Y in December (vs 1.1% Nov), alongside the softer-than-expected Eurozone flash print. The rise was mainly driven by strength in food and services (which looks to have been led by transport services), partially offset by declines in energy and non-energy industrial goods.

- Month-on-month, headline HICP partially rebounded 0.2%, also in line with expectations (vs -0.2% Nov).
- Core HICP as defined by Eurostat (excl energy, food, alcohol and tobacco) grew slightly to 1.8% Y/Y (vs 1.7% Nov).
- Services HICP rose to 2.7% Y/Y (vs 2.6% Nov). This looks to have been driven mainly by services within transport (with the mixed-used transport category up to 0.6% Y/Y from 0.1% Nov), and within miscellaneous goods and services (3.3% Y/Y from 3.1% Nov), while all other COICOP divisions feeding into services saw declines (notably communication fell to -5.3% Y/Y from -4.7% Nov, while restaurants and hotels dropped to 3.0% Y/Y from 3.5%).
- Food, alcohol and tobacco saw a notable rise to 2.6% Y/Y (vs 1.9% Nov), which was driven mainly by unprocessed food at 2.6% Y/Y from 1.2% in Nov, though noting that December 2024 saw a 0.5% M/M drop in food and non-alcoholic beverages. Alcohol and tobacco saw a more muted 0.2ppt rise to 2.1% Y/Y.
- Non-energy industrial goods dipped to 0.4% Y/Y (vs 0.5% Nov), mostly driven by clothing and footwear, which fell to 0.7% Y/Y (vs 1.0% Nov).
- Energy HICP fell to -4.5% Y/Y (vs -4.2% Nov), due to largely expected decreases in prices of regulated energy products.

**Spain (11% of Eurozone HICP in 2025)**

- **HICP 3% Y/Y (vs 3.2% prior); 0.3% M/M**
- **CPI 2.9% Y/Y (vs 3% prior); 0.3% M/M**

Spain December headline HICP came in in line with expectations, at 3.0% Y/Y, down from 3.2% in November. Core HICP (excluding energy and unprocessed foods) picked up, to 2.8% Y/Y (2.6% November).

- Headline CPI was 2.9% Y/Y, down from 3.0% in November with consensus for a 2.8% reading. The sequential increase of 0.3% M/M was in line with consensus, suggesting only rounding pulled Y/Y headline CPI above consensus. Core CPI remained at 2.6% Y/Y while consensus was expecting a 0.1pp deceleration to 2.5%.
- INE notes that "This trend is primarily due to the drop in fuel and lubricant prices for personal vehicles, compared to the increase in December 2024. It is also, though to a lesser extent, influenced by the rising prices of leisure and cultural activities, which are increasing, but less so than in the same month of the

previous year. Meanwhile, food and non-alcoholic beverages are also contributing to the upward trend, with prices rising more than in December of last year." Ahead of the release, analysts flagged leisure prices to increase sequentially but clean conclusions against their expectations on underlying drivers are tough to draw at this stage.

#### **Netherlands (5.8% of Eurozone HICP in 2025)**

- **HICP 2.5% Y/Y (vs 2.6% prior); 0.2% M/M**
- **CPI 2.8% Y/Y (vs 2.9% prior)**

Dutch flash HICP inflation, contrary to expectations, slowed in December, at 2.48% Y/Y (2.7% consensus, consisting of only 3 analysts, 2.65% November). An extension of November's services slowdown was behind the overall lower figure.

- Core HICP was 2.61% in December after November's 2.61%.
- This came as softer services, at 3.74% Y/Y (following November's 4.09% and October's 4.51% which was the highest since April), more than outweighed higher core goods (0.87% Y/Y, vs 0.54% Nov).
- The non-core category aggregates were both lower than previously, but immaterially so. FAT (food, alcohol and tobacco) came in at 3.10% Y/Y (3.11% Nov). Energy was also little changed, at 0.76% Y/Y (0.80% Nov) amid a 0.37% M/M sequential print.
- The national CPI was as expected, at 2.8% in December (2.9% November). Consensus also consisted of only 3 analysts here, and was widely spread, which explains part of the discrepancy in surprise between HICP and CPI.

#### **Belgium (4.0% of Eurozone HICP in 2025)**

- **HICP 2.2% Y/Y (vs 2.6% prior); 0.3% M/M**
- **CPI 2.06% Y/Y (vs 2.4% prior); 0.07% M/M**

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".

#### **Austria (3.4% of Eurozone HICP in 2025)**

- **HICP 3.9% Y/Y (vs 4% prior); 0.6% M/M**
- **CPI 3.8% Y/Y (vs 4% prior); 0.4% M/M**

Austria HICP decelerated to 3.9% Y/Y in December after 4.1% in November in its second slowdown since May. On a sequential comparison, HICP was 0.6% M/M. The national-level CPI print also was 3.8% in December (4.0% November). Statistics Austria comments on the drivers of the CPI release, noting lower energy:

- "Energy prices in particular slowed at the end of the year, as fuel prices had a dampening effect after three months of increase. Electricity, on the other hand, remained expensive. On average, energy prices rose by 9.0% in December, following an increase of 10.9% in November."
- "Once again, the strongest driver of inflation was the services sector. Prices here rose by 4.4% in December, almost as much as in November with +4.5%. Inflation accelerated for food, tobacco and alcohol. Here, prices rose by an above-average 4.1% in December, following an increase of 3.6% in November"

*Portugal (2.4% of Eurozone HICP in 2025)*

- **HICP 2.4% Y/Y (vs 2.1% prior); 0% M/M**
- **CPI 2.19% Y/Y (vs 2.21% prior); 0.1% M/M**

Portugal HICP accelerated to 2.4% Y/Y in December according to the Statistics Portugal flash release (2.1% November).

- The national-level CPI (non-HICP) meanwhile was almost stable this time, at 2.19% (2.21% November). Discrepancies in the annual rates between CPI and HICP can often be related to owners equivalent rents or package holidays, but the lack of details in today's Portugal release makes this rather tricky. Looking CPI, for which the statistics agency publishes some, limited, details:
- Core (excl. unproc. food and energy) saw some moderate acceleration Y/Y, to 2.06% from 1.96% in November.
- "The annual rate of change of the index for energy products decreased to -2.4% (-0.8% in November)"
- Food was mixed this time, with unprocessed food further accelerating (6.02% Dec vs 5.95% Nov) while processed food was lower than before (0.93% vs 1.15% prior).