MNI Eurozone Inflation Insight – Jan 2026

By Moritz Arold
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Key January preliminary HICP prints

- **Eurozone**: Headline 1.69% (1.7% MNI tracking and consensus, 1.97% prior)
  - Core 2.19% (2.2% MNI median, 2.37% prior)
  - Services 3.21% (3.3% MNI median, 3.42% prior)
  - NEIG 0.36% (0.5% MNI median, 0.34% prior)
  - FAT 2.74% (2.5% MNI median, 2.51% prior)
  - Energy -4.06% (-4.5% MNI median, -1.94% prior)
- **Germany**: 2.1% Y/Y (vs 2% prior, 2.1% cons); -0.1% M/M
- **France**: 0.38% Y/Y (vs 0.7% prior, 0.6% cons); -0.4% M/M
- **Italy**: 1.0% Y/Y (vs 1.2% prior, 0.9% cons); -1% M/M
- **Spain**: 2.5% Y/Y (vs 3% prior, 2.4% cons); -0.7% M/M
- **Netherlands:** 2.2% Y/Y (vs 2.7% prior, 2.6% cons); -1.3% M/M

Services Y/Y Lower But Drivers Ambiguous

Executive Summary:

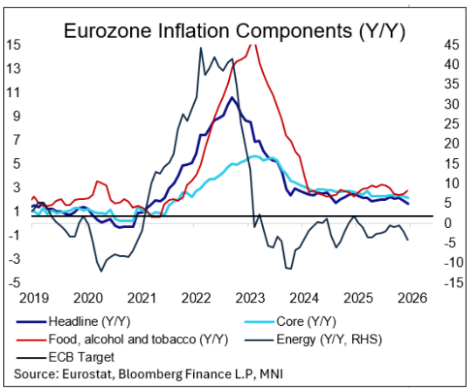
- HICP inflation decelerated in January, closely in line with initial analyst consensus. Core HICP also closely in line with expectations.
- Services decelerated more substantially than anticipated on the yearly rate. Details from some countries point towards slower annual repricing behind some of the move but seasonally-adjusted data makes the print look quite firm.
- The full January release on Feb 25 will provide an update on exact drivers, especially on services.
- By country, trends were mixed: Germany, Italy and Spain surprised to the upside while France was lower than expected.
- Methodology updates in January only brought material changes to processed and unprocessed foods categories.
- Ongoing rhetoric suggests the ECB Governing Council thinks the bar to a move into either direction is high. See our review of the January ECB meeting including updated sellside views **here**.

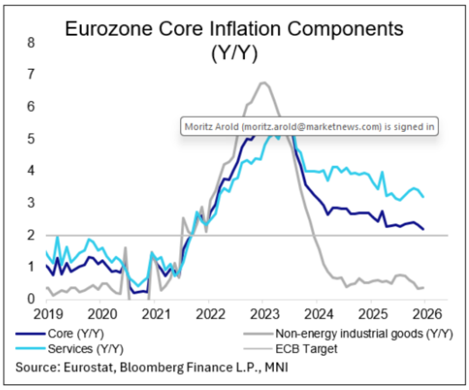
Eurozone January headline HICP was in line with initial consensus of 1.7% (1.69% unrounded). Details of the print show services were around a tenth softer than expected (0.09ppt), NEIG 0.14ppt softer. But overall core was broadly in line, suggesting that the core expectation wasn't fully consistent with services / core goods. FAT and energy were both higher than expected.

Across countries, trends were mixed. Spain kicked off proceedings 0.1pp above expectations at 2.5% Y/Y, followed by Germany also 0.1pp higher than expected at 2.1%. This week, France followed and skewed tracking a little lower with a 0.2pp downside surprise at 0.4% Y/Y, the Netherlands was then materially softer than projected at 2.2% but Italy roughly levelled that out again with some 0.1pp upside at 1.0%.

The takeaway from the January data is not quite clear yet, with main focus on to what extent the Y/Y services slowdown was driven by categories associated with an annual repricing. If these came in low that would give a dovish signal for services ahead. Data out so far has been a little ambiguous, with Germany indeed pointing towards lower pressure from the more consistent categories but the overall Eurozone sequential print notably high when stripping out seasonal factors.

In her January press conference, ECB President Lagarde repeated that “rates are in a good place” and discouraged overinterpreting the lower headline print this time, saying “we will reach our medium term target of 2% and we cannot be hostage to one data point”. The data continue to support that narrative although it will be interesting to see if any potential further softening will be able to push core momentum more materially below target over the next couple of months.

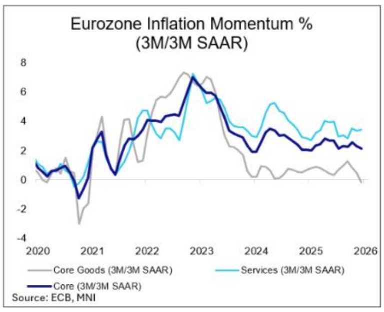


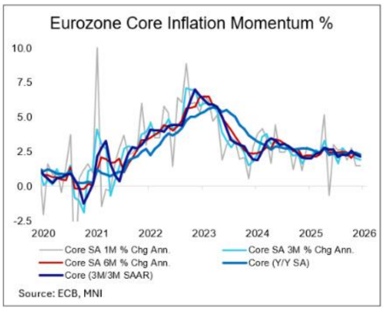


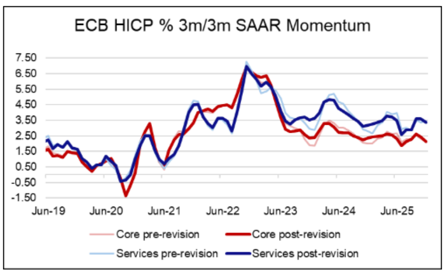
Core Momentum Falls Below Target In January Flash Report

Eurozone core inflation momentum tapered further in January, falling below the ECB's 2% for the second time since July 2021 according to seasonally adjusted data released late yesterday. For the moment, the data continues to support the ECB's "rates are in a good place" rhetoric as higher services are roughly outweighed by lower core goods. Revisions of the data following the 2026 underlying NSA update make the series a little less volatile over the last three years but have not changed its overall trajectory.

- **Core inflation** momentum was 1.96% in January after 2.14% in December, calculated here as a 3m/3m annualised rates using ECB seasonally adjusted data. This is below the 2025 average in the series which stands at 2.36%.
- On a sequential basis, core prices rose 0.32% M/M vs 0.00% in Dec and 0.18% in Nov.
- **Services** inflation momentum decreased to 3.15% (3.36%Nov), remaining in recent ranges.
- It came with monthly services inflation of 0.52% M/M after 0.00% in Dec, casting a bit of doubt on how soft the January services print indeed was after the Y/Y rate came in below expectations at 3.21%. The key question for the final data will be to what extent the Y/Y slowdown was driven by categories associated with an annual repricing - if these came in low that would give a dovish signal for services ahead.
- Core goods momentum meanwhile "added" to services here, also slowing down to -0.13%, the lowest rate since December 2020 (-0.03% Nov). On a sequential comparison, core goods were slightly lower than previously at -0.05% (0.00% Dec). Analysts see little pipeline pressures ahead here.







ECOICOP2 Data Sees 2025 Unprocessed Foods Revised Down

Eurostat has published historical data for the new ECOICOP 2 categorisation, which will form the Eurozone inflation basket from January 2026. The only major subcomponent groups that have seen material changes through 2025 relative to ECOICOP 1 are processed and unprocessed foods. Weight changes suggest this is due to some reclassifications at the individual component level. Core HICP is still seen averaging 2.42% through 2025, though the December 2025 reading was revised up three hundredths under ECOICOP 2 to 2.32% Y/Y (vs 2.29% under ECOICOP 1). See the table and charts below for more details.

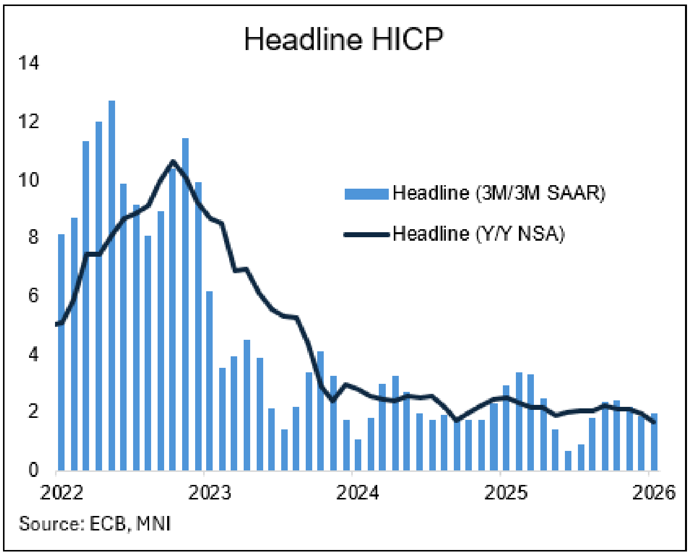
- Unprocessed food inflation was 3.53% Y/Y in December 2025 under ECOICOP 2, versus 4.18% under ECOICOP 1. The 9.2-point weight increase for unprocessed food is accounted for by an equal decrease in processed foods.
- Services inflation was 3.42% Y/Y in December 2025 under ECOICOP 2, versus 3.38% under ECOICOP 1. Non-energy industrial goods inflation was 0.35% Y/Y in December under ECOICOP 2, versus 0.37% under ECOICOP 1.
- The 2.1-point weight increase for services is accounted for by an equal decrease in non-energy industrial goods.
- The main category addition in ECOICOP 2 is the inclusion of "games of chance" into the services basket. This data will be available in the January HICP final release on February 25. Barclays estimate a ~10bp drag on Y/Y services inflation through 2026 due to this inclusion.

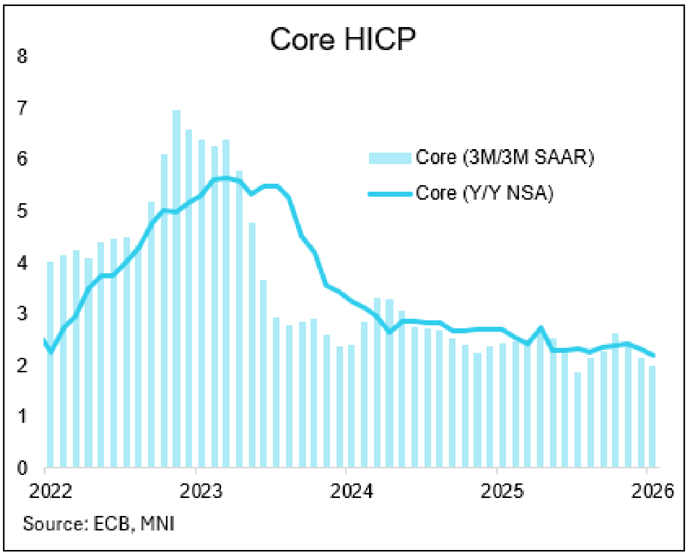
	2025 Weights			December 2025 Y/Y (Index 2015 = 100)			December 2025 Y/Y (Index 2025 = 100)	2025 Average Y/Y (Index 2015 = 100)		
Component	ECOICOP 1	ECOICOP 2	Difference	ECOICOP 1	ECOICOP 2	Difference	ECOICOP 2	ECOICOP 1	ECOICOP 2	Difference
All-items HICP	1000.0	1000.0	0.0	1.94	1.96	0.02	1.97	2.13	2.13	0.00
All-items excluding										
>energy	906.0	906.0	0.0	2.34	2.36	0.02	2.36	2.51	2.51	0.00
>energy, unprocessed food	863.4	854.2	-9.2	2.25	2.29	0.04	2.29	2.43	2.45	0.02
>energy, food, alcohol & tobacco	712.8	712.8	0.0	2.29	2.32	0.03	2.32	2.42	2.42	0.00
Food, alcohol and tobacco	193.3	193.2	0.0	2.51	2.50	-0.01	2.51	2.83	2.83	-0.01
>processed food, alcohol and tobacco	150.6	141.4	-9.2	2.05	2.13	0.09	2.14	2.50	2.62	0.12
>unprocessed food	42.7	51.9	9.2	4.18	3.53	-0.65	3.53	4.03	3.39	-0.64
Energy	94.0	94.0	0.0	-1.93	-1.93	0.00	-1.94	-1.39	-1.39	0.00
Non-enery industrial goods	256.3	254.2	-2.1	0.37	0.35	-0.03	0.34	0.61	0.58	-0.02
Services	456.5	458.6	2.1	3.38	3.42	0.03	3.42	3.44	3.44	0.00

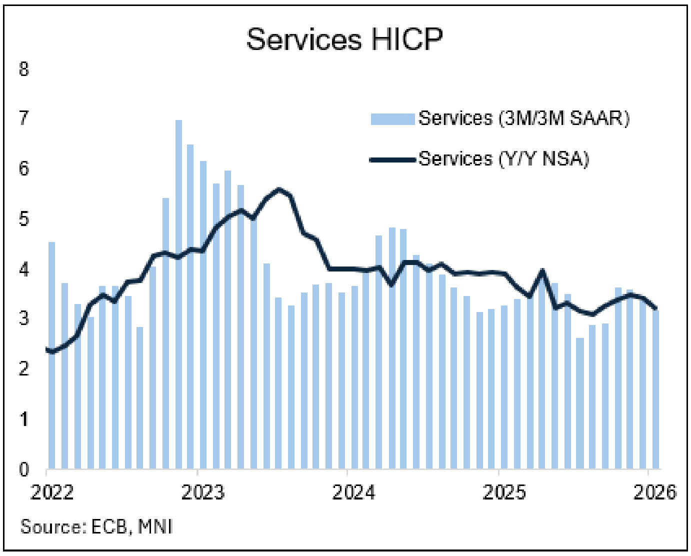
	Weights	Y/Y (HICP)							M/M (HICP)
Component	2026	Jan-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Jan-26
All-items HICP	1000.00	2.52	2.04	2.23	2.10	2.14	1.97	1.69	-0.55
All-items excluding									
>energy	906.02	2.61	2.47	2.49	2.41	2.40	2.36	2.30	-0.66
>energy, unprocessed food	863.36	2.69	2.35	2.41	2.39	2.38	2.29	2.18	-0.81
>energy, food, alcohol & tobacco	712.76	2.70	2.28	2.36	2.39	2.41	2.32	2.19	-1.07
Food, alcohol and tobacco	193.26	2.30	3.19	3.01	2.49	2.39	2.51	2.74	0.87
>processed food, alcohol and tobacc	150.60	2.68	2.75	2.70	2.42	2.29	2.14	2.14	0.55
>unprocessed food	42.66	1.29	4.41	3.87	2.66	2.66	3.53	4.38	1.69
Energy	93.98	1.88	-1.98	-0.38	-0.93	-0.48	-1.94	-4.06	0.72
Non-enery industrial goods	256.26	0.52	0.75	0.74	0.59	0.51	0.34	0.36	-2.39
Services	456.49	3.90	3.10	3.25	3.38	3.47	3.42	3.21	-0.35

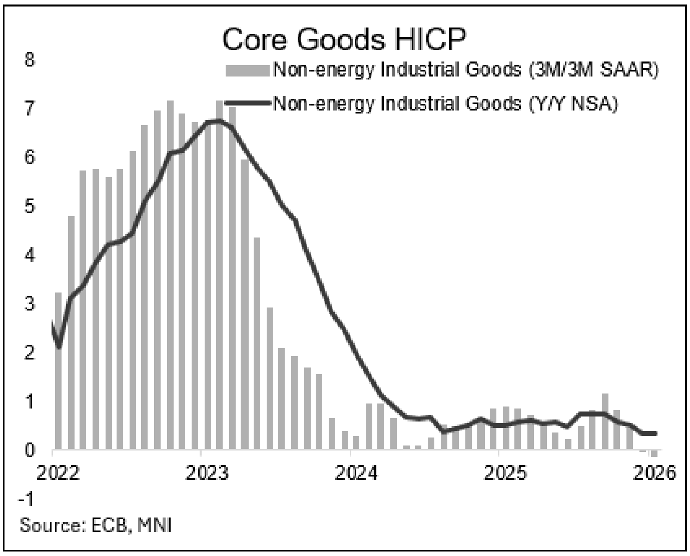
Source: Eurostat, MNI. Note: Blue highlights indicate preliminary readings. HICP monthly figures are not seasonally adjusted.

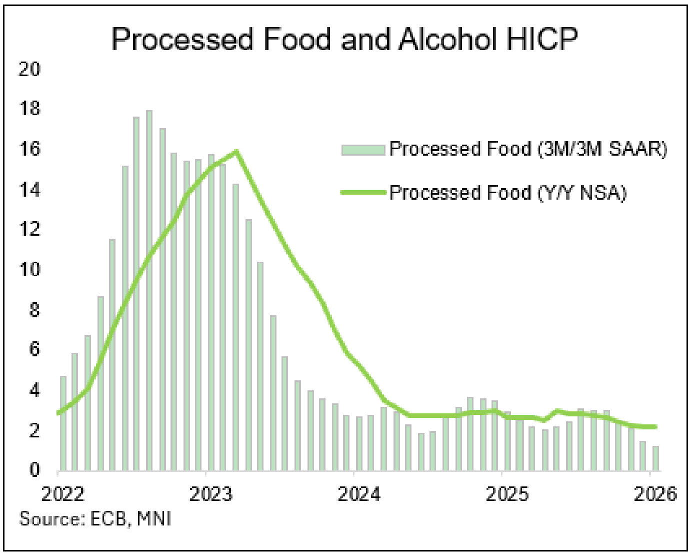
Inflation Momentum Chart Pack

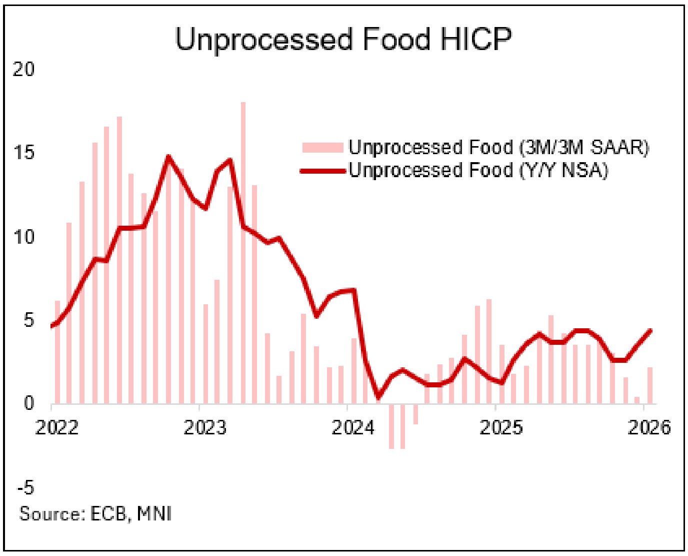








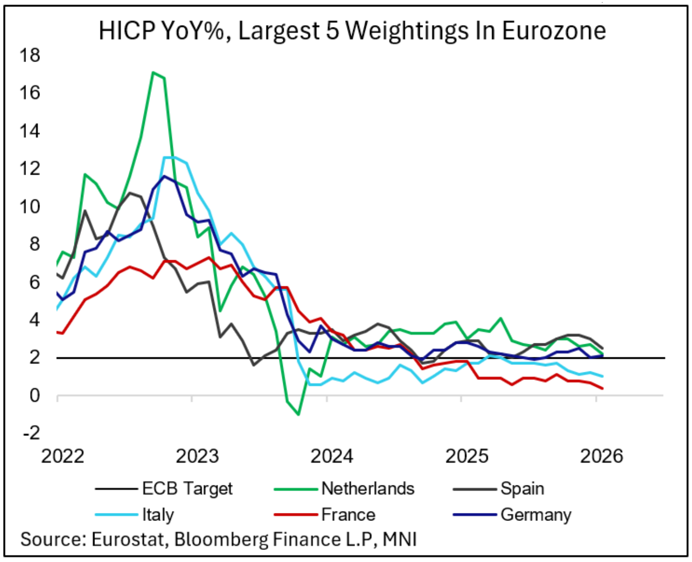


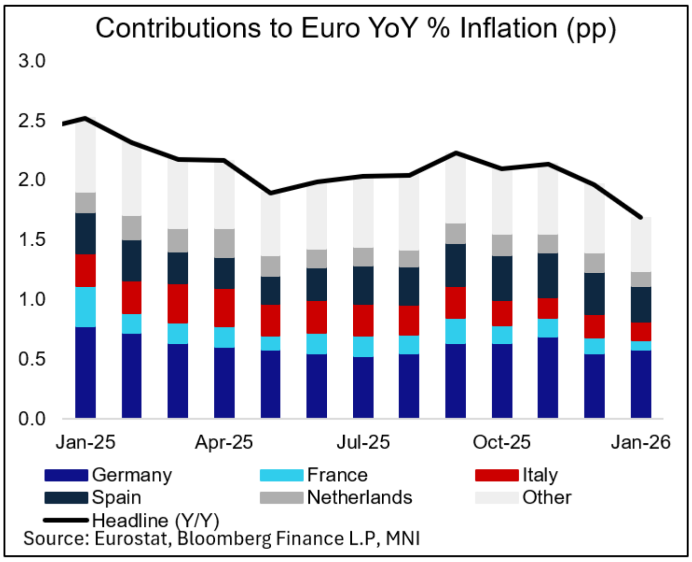


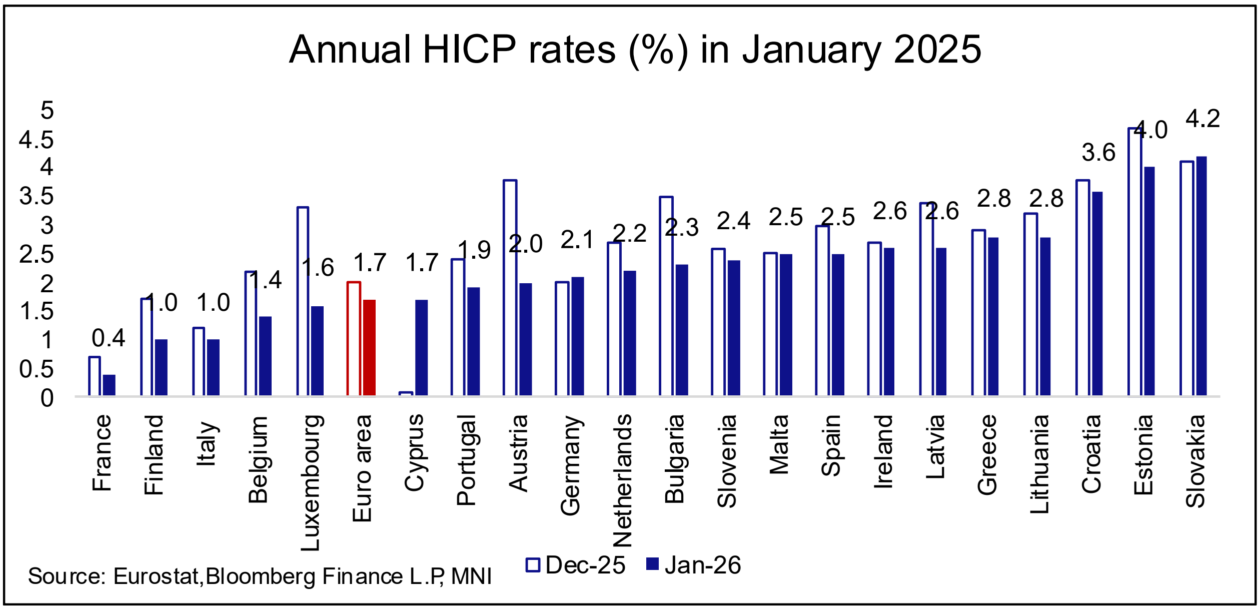
National Inflation Prints

At a country level, headline Y/Y inflation decelerated in 17 of 21 countries in January compared to December, accelerated in 3 and was steady in 1.

- 11 countries had Y/Y rates above the ECB's 2% target, vs 15 in December. With the average rate below target, this highlights well that the larger Eurozone countries are currently running much lower than their smaller peers.
- Slovakia and Estonia again had the highest Y/Y rates, at 4.2% and 4.1%, followed by Croatia at 3.8% (vs 4.2%, 4.0% and 3.6% prior).
- The lowest Y/Y rate was seen in France (0.4% Y/Y vs 0.7% prior), followed by Finland (1.0% Y/Y vs 1.7% prior) and Italy (1.0% Y/Y vs 1.2% 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 2% prior); -0.1% M/M**
- **CPI 2.1% Y/Y (vs 1.8% prior); 0.1% M/M**

MNI tracking from the state CPI had looked for 2.0%Y/Y and flat M/M, meaning there turned out to be more upside for the national print at 2.1%Y/Y than we've expected. HICP did see a 0.1ppt upside surprise to 2.1%Y/Y, so was probably more in line with market expectations than CPI.

The category-level prints of the German January national-level CPI release meanwhile are closely in line with our tracking following state-level data, and seem to indicate negative base effects on the annual services reweighting have materialized in the country. That should be seen as a marginal positive from a disinflation perspective for the ECB:

- Services CPI has materially decelerated, by 0.3pp to 3.2% Y/Y (MNI tracking 3.1-3.2%), meaning the category is down to its lowest rate since August 2025 following a temporary uptick towards the end of last year.
- Recapping, anecdotal evidence suggests airfares added marginal upside pressure to Y/Y services in this print (so the volatile category is unlikely to be responsible for the slowdown in the services CPI).
- With core a little higher than before (2.5% vs 2.5% MNI tracking, 2.4% Dec), this means core goods printed much firmer than previously.
- Energy meanwhile fell further into deflationary territory but not quite as far as we had expected, coming in at -1.7% Y/Y (MNI tracking -1.8 to -1.9% Y/Y after -1.3% Dec).
- As we expected, food picked up materially, to 2.1% Y/Y (highest rate since September 2025, no explicit MNI tracking).

Looking at the details of German January state-level CPI data shows:

- The services decelerations comes in line with analyst views for the yearly item repricing (impacting a large amount of categories within services) adding downside pressure here amid base effects (the repricing was seen to be less substantial than last year).
- Across the more persistent services-associated subcategories, we see the slowdown rather broad-based (all Y/Y): Healthcare around 2.0% (2.5% Dec), communication around -0.5% (0.0% Dec), restaurants and hotels around 3.3% (interesting because of the VAT decrease this month, suggests limited passthrough so far but it would be the lowest rate since June 2021; vs 3.6% Dec). Recreation and culture seems higher than before, at 1.5% (0.6% Dec).
- Core goods meanwhile appear to print higher than December, which explains the potentially slightly higher core rate of around 2.5% Y/Y (2.4% Dec). Categories associated with core goods are furnishings and household equipment (around 0.5% Y/Y vs -0.5% Dec) and clothing and footwear (which we see around -0.4 to -0.5% Y/Y vs -0.6% Dec). Clothing inflation points towards seasonal sales at the beginning of the year having been roughly of similar magnitude vs 2025.
- Some of the energy slowdown will translate to the mixed-weighting transport category, which we however see little changed this time from 2.3% in Dec despite lower rail fares Y/Y on the back of the train subscription ("Deutschlandticket") base effects. This is a little suspicious and leads to some second guessing around the projection - lower car price inflation may be one explanation here.
- Food and non-alcoholic beverages has accelerated again, to about 2.6% (1.4% Dec).

Seasonally adjusted Bundesbank data saw monthly core inflation slowing to 0.08% M/M in January after a firmer December but with the print lower than both of the underlying core goods and services categories.

- Services inflation slowed to 0.17% M/M in January, below December's 0.25% kicking off the year on a on-target pace (2.0% Jan annualized).
- Manufactured goods ex-energy ('core goods') meanwhile also printed 0.17% in January, but that comes from a low 0.00% seen December, unchanged and November's -0.08% M/M. State- and national-level CPI non-SA data our earlier already hinted the core good print may have been on the firmer side this time in Germany.

France (19% of Eurozone HICP in 2025)

- **HICP 0.4% Y/Y (vs 0.7% prior); -0.4% M/M**
- **CPI 0.3% Y/Y (vs 0.8% prior); -0.3% M/M**

French flash January HICP was notably softer than expected at 0.38% Y/Y (vs 0.6% BBG cons, 0.65% prior). CPI similarly was 0.34% Y/Y (vs 0.6% BBG cons, 0.79% prior). Core CPI components appear weaker than expected. Looking at sub-component data on a CPI basis:

- Services inflation eased to 1.78% Y/Y (vs 2.12% prior), the lowest since December 2021. Some analysts had pencilled in disinflationary start of year price resets in services components like insurance ahead of the release. INSEE notes that doctor fee increases were more limited than last year, pulling down the healthcare services component.
- Non-energy industrial goods slipped further into deflationary territory at -1.19% Y/Y (vs -0.40% prior). INSEE notes a downward contribution form clothing and footwear in its press release.
- Elsewhere, food inflation ticked up to 1.94% Y/Y (vs 1.67% prior), primarily driven by the unprocessed food component.
- Energy pulled back to -7.80% Y/Y (vs -6.82% prior), while tobacco inflation was 2.78% Y/Y (vs 4.08% prior).

Italy (16% of Eurozone HICP in 2025)

- **HICP 1% Y/Y (vs 1.2% prior); -1% M/M**
- **CPI 1% Y/Y (vs 1.2% prior); 0.4% M/M**

Italy HICP printed stronger than expected in the January flash release, slowing less than expected to 1.0% Y/Y (0.8% cons, 1.2% Dec). Month-on-month, HICP softened to -1.0% M/M (-1.1% cons, 0.2% Dec).

- In terms of ECOICOP 2 divisions: a decent drop in transport inflation (-1.4% Y/Y from 0.6%) was partially offset by less disinflation for in housing/water/fuels (-1.3% Y/Y from -2.0%), and rises in inflation for clothing and footwear (2.0% Y/Y from 1.0%), and restaurants/catering services (3.5% Y/Y from 3.0%).
- Energy was the overwhelming negative driver among the special aggregates, slowing to -6.5% Y/Y (vs -4.5% Dec).
- Food, alcohol and tobacco HICP accelerated to 2.4% Y/Y (vs 2.3% Dec). Within this, processed food, alcohol and tobacco accelerated to 2.3% Y/Y (vs 2.2% Dec), while unprocessed food increased to 2.6% Y/Y (vs 2.5% Dec).
- Elsewhere, core HICP (excl energy, food, alcohol and tobacco [Eurostat definition]) slowed to 1.8% Y/Y, down from 1.9% prior. Services HICP was steady at 2.8% Y/Y, as was core goods inflation at 0.4% Y/Y.
- Note that Italy's national level data has now transferred to ECOICOP version 2, and the consumer price indices have been rebased to 2025=100 (in line with the Eurozone-wide print, but not the case for all individual countries).
- This resulted in some revisions to back data. For December 2025: most notably food, alcohol and tobacco inflation was much softer than initially estimated, while core and services inflation were both slightly stronger. The headline rate remained unrevised on a rounded basis.
- January CPI also grew 1.0% Y/Y (0.9% cons, 1.2% Dec), while monthly growth came in at 0.4% M/M (0.4% cons, 0.2% Dec).
- CPI (non-HICP) details from Istat: *"Inflation is supported mainly by the price dynamics of unprocessed (+2.5%) and processed (+2.2%) food products, housing-related (+4.4%), tobacco (+3.3%), and recreational, cultural, and personal care services (+3.0%)"*

Spain (11% of Eurozone HICP in 2025)

- **HICP 2.5% Y/Y (vs 3% prior); -0.7% M/M**
- **CPI 2.4% Y/Y (vs 2.9% prior); -0.4% M/M**

Spanish headline HICP inflation was a tenth above consensus at 2.5% Y/Y (vs 3.0% prior), but core HICP saw a two tenth pullback to 2.8% Y/Y (vs 3.0% prior).

- Headline CPI was in line with expectations at 2.4% Y/Y (vs 2.9% prior), while core CPI was 2.6% Y/Y (vs 2.5% cons, 2.6% prior). Note that only 6 analysts submitted forecasts for core CPI.

- The press release does not provide any detail on core drivers. It notes that the evolution in headline inflation is "mainly due to electricity prices , which are rising, but to a lesser extent than in January 2025; and to the prices of fuels and lubricants for personal vehicles, which are decreasing, compared to the increase in the same month of the previous year"
- Some analysts had noted that the introduction of a EUR60 public transport ticket from January would pull down the passenger transport component – we will have to wait for the final print on February 13 to assess this fully.

Netherlands (5.8% of Eurozone HICP in 2025)

- **HICP 2.2% Y/Y (vs 2.7% prior); -1.3% M/M**
- **CPI 2.4% Y/Y (vs 2.8% prior)**

Dutch flash HICP inflation came in below consensus in preliminary January data, at 2.18% Y/Y (2.6% consensus, 2.75% December based on ECOICOP2, from 2.48%). There have been revisions to the backdata (data is now indexed to 2025 and based on an updated methodology) which are by far the largest for December 2025, and the downside January surprise vs consensus means we adjust lower our tracking of January Eurozone HICP.

- Core HICP was 2.45% in January after December's 2.96%.
- This came as softer services, at 3.60% Y/Y (following December's 4.35%) combined with lower core goods (0.61% Y/Y, vs 0.77% Dec).
- The non-core category aggregates saw mixed trends in January, with FAT (food, alcohol and tobacco) lower at 1.99% Y/Y (3.10% Dec). Energy saw a strong sequential 2.69% M/M which was somewhat cushioned by base effects in terms of impact on Y/Y (0.36% Jan vs -0.36% Dec).
- The national CPI was also below expectations, at 2.4% in January (2.7% cons, 2.8% December).
- The ECOICOP2 re-estimation was centered around December 2025, which was revised upwards by a substantial 0.27pp (positive contribution coming from services, outweighing lower energy). However, downward revisions in earlier months last year mean on net, the average 2025 Dutch HICP Y/Y still sits at 2.99%, unchanged from where it had been before the data revisions.

Belgium (4.0% of Eurozone HICP in 2025)

- **HICP 1.4% Y/Y (vs 2.2% prior); -1.5% M/M**
- **CPI 1.1% Y/Y (vs 2.06% prior); 0.43% M/M**

Belgium CPI (non-HICP) slowed a notable 0.94ppt, printing at 1.10% Y/Y (vs 2.06% Dec).

- We would normally see a HICP estimate for Belgium published in this release, which has been excluded this time from the press release, so we would translate these moves into impacts on HICP with some caution.
- Core CPI (ex-energy & unprocessed food) decelerated almost 0.5ppt to 2.54% Y/Y (vs 3.00% Dec). Services inflation dropped around 0.2ppt to 4.32% Y/Y (vs 4.54% Dec).
- COICOP divisions with the largest negative impact on the change in CPI inflation: housing, water and energy (-0.79 ppt); food and non-alcoholic beverages (-0.11ppt); furniture and household appliances (-0.11ppt); transport (-0.08ppt).
- These were partially offset by the following positive contributions: hotels, cafes and restaurants (+0.38ppt); health (+0.25ppt); recreation and culture (+0.22ppt), communication (+0.07ppt).
- We note that the health divisions mostly had a larger weight in HICP than CPI, as of 2025, and package holidays had a much larger weight in CPI. Still, we don't yet have both weightings for 2026 (used in the Jan figures) so we would translate with some caution.
- *"The main price increases in January were for pharmaceuticals, holiday villages, bundled telecommunications services, alcoholic beverages, household services, vegetables, and soft drinks."*
- *"Airfare, fuel, and hotel rooms, on the other hand, had a downward effect on the index."*, writes Statbel
- Statbel notes that the transition to ECOICOP version 2 *"has no impact on the total indices or inflation"*.

Austria (3.4% of Eurozone HICP in 2025)

- **HICP 2% Y/Y (vs 3.8% prior); -0.8% M/M**
- **CPI 2% Y/Y (vs 3.8% prior); -0.7% M/M**

According to the flash estimate, Austrian CPI in January 2026 is expected to be 2.0%. This means that, following higher rates of 2025, inflation in Austria will fall back to the levels seen in the second half of 2024. Electricity, gas, heating oil, fuel and industrial goods had a dampening effect this time.

- "The 4.9% drop in energy prices alone reduced the inflation rate by 1.2 percentage points compared with December 2025. This was due, among other things, to the end of the base effect of the electricity price cap that expired at the beginning of 2025, the reduction in energy tax in January 2026 and the reduced renewable energy subsidy. Industrial goods rose only minimally by +0.8% compared to January 2025."
- "Prices for services continued to drive inflation, rising by 3.8%, but their impact on inflation decreased compared with previous months. In 2025, inflation rates for services were well above 4%, which is why their impact on overall inflation was correspondingly higher than it is currently. Food, tobacco and alcohol also rose less sharply than before in January, at +2.7%, and thus had a smaller impact on the inflation rate than in the previous year."