

# MNI Eurozone Inflation Insight – July 2025

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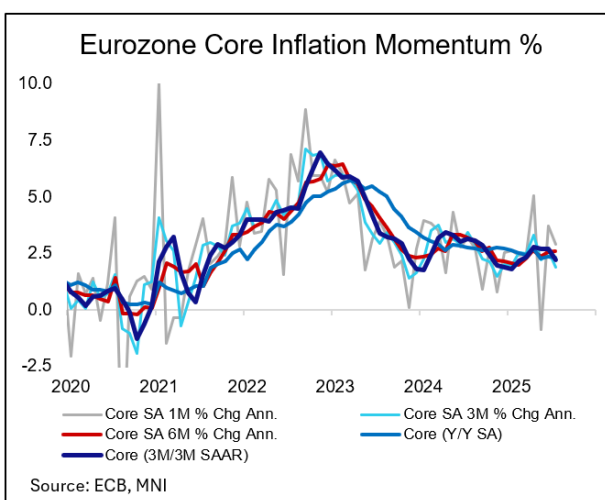
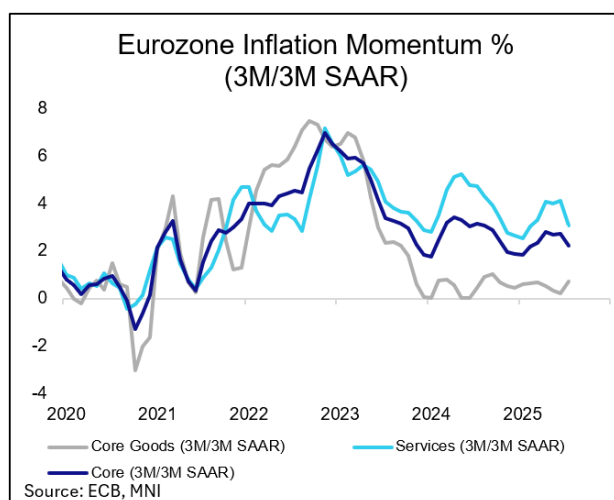
## Key June preliminary HICP prints:

- **Eurozone:** 2.0% Y/Y (vs 2.0% prior, 1.9% cons); 0.0% M/M
  - **Core (Ex-energy, food, alcohol & tobacco):** 2.3% Y/Y (vs 2.3% prior, 2.3% cons); -0.2% M/M
- **Germany:** 1.8% Y/Y (vs 2.0% prior, 1.9% cons); 0.4% M/M
- **France:** 0.9% Y/Y (vs 0.9% prior, 0.8% cons); 0.3% M/M
- **Italy:** 1.7% Y/Y (vs 1.8% prior, 1.7% cons); -1.0% M/M
- **Spain:** 2.7% Y/Y (vs 2.3% prior, 2.6% cons); -0.4% M/M
- **Netherlands:** 2.5% Y/Y (vs 2.8% prior, 2.3% cons); 1.0% M/M

## Services Inflation Moderates Further

Eurozone July flash headline HICP printed slightly above expectations on Friday, at an unchanged 2.0% Y/Y, while the median analyst was looking for a marginally lower 1.9% print. Underlying the headline 'beat' was a set of moving parts: Services inflation, at 3.13%, decelerated to a greater extent than expected, to its lowest Y/Y reading since March 2022 on a rounded basis, but non-energy industrial goods ('core goods') came in notably above consensus, at 0.75%, with changing or less significant seasonal summer clothing sales likely being at work. On balance, this made for a little changed and in line 'core' reading of 2.29% in July.

Near-term ECB market-implied expectations currently stand at a mere 15% implied odds for another cut by the September meeting. A repricing thereof would likely have to be motivated through a material deterioration in sentiment amid the 15% US-EU trade deal or a significant undershoot in the August inflation round – especially in categories considered as indicative for persistent inflation pressures. Further out, markets continue to expect almost one more cut for the ECB current cycle which would mean a 1.75% terminal for the deposit rate, with 22bps of easing priced through March 2026.



## Eurozone July HICP Marginally Above Consensus

Eurozone July flash HICP Y/Y inflation came in at 2.02%, 12 hundredths above the rounded consensus of 1.9% for little change from the 1.99% June. On a monthly basis, Eurozone inflation came in at 0.00% M/M (NSA, cons -0.1%).

- Core HICP was broadly in line with consensus, at 2.29% Y/Y and -0.18% M/M (2.3% Y/Y cons; June 2.31% Y/Y).
- Looking at the individual categories:
  - Services inflation printed lower than previously at 3.13% Y/Y (3.32% June) - the rounded 3.1% print was the lowest since March 2022. The median analyst looked for a 3.2% reading ahead of the national-level data, so that was a marginal downward surprise for the category.
  - Non-energy industrial goods, at 0.75% (0.52% June), were notably firmer than the 0.5% Y/Y analysts had been looking for. Some national-level data points towards either changing seasonality in or a lower magnitude of clothing summer sales than last year here.
  - Energy inflation was little changed vs June, at -2.46% (June -2.59%).
  - Food, alcohol and tobacco inflation meanwhile accelerated again in July, to 3.27%, with the unrounded 3.3% reading the highest since February 2024 (3.07% June). Analysts were looking for a softer 3.1% reading in the category.

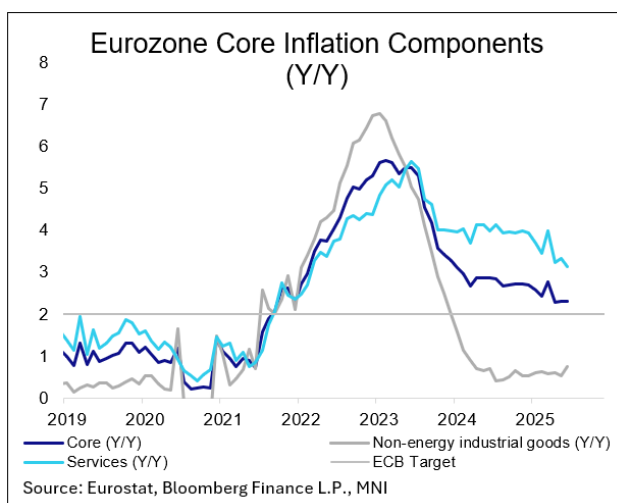
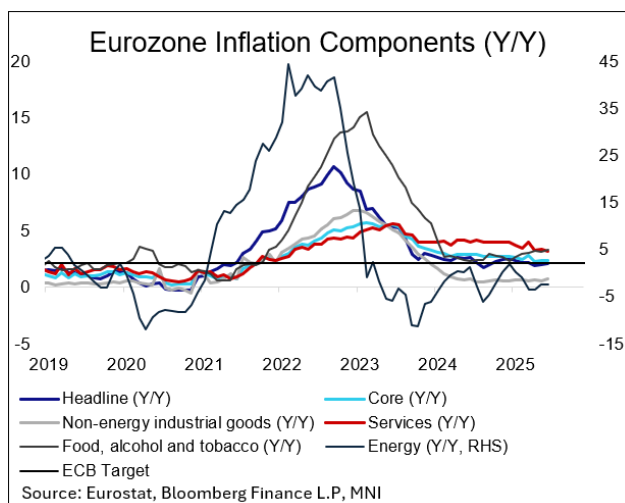
## July SA Data Questions Narrative Around Residual Seasonality Amid Lower Services

The ECB's separately released seasonally adjusted data saw Eurozone core inflation at 0.24% M/M in July after 0.30% in June. Services prices rose 0.17% M/M (vs 0.45% prior), while non-energy industrial goods prices rose 0.36% M/M (vs 0.04% prior).

- This brought down much-eyed services 'momentum' (3m/3m SAAR) to 3.07%, materially below the 4% level around where it stood for the last three months. Crucially, July's drop comes in the summer period, which during the last two years was characterized by well elevated readings – prompting some questions around residual seasonality in the ECB seasonally adjusted data. This year's July developments pose a counterargument to such a narrative, pointing in favour of ongoing disinflation even if at 3.1% it's still only back in line with the 3.1% Y/Y.
- Momentum in non-energy goods inflation meanwhile ticked up in July to 0.71% (0.21% prior). This was the highest reading since last September, with the increase since June potentially underpinned by changing or less material seasonal summer clothing sales, national-level data suggests.
- Momentum charts follow in the pack below.

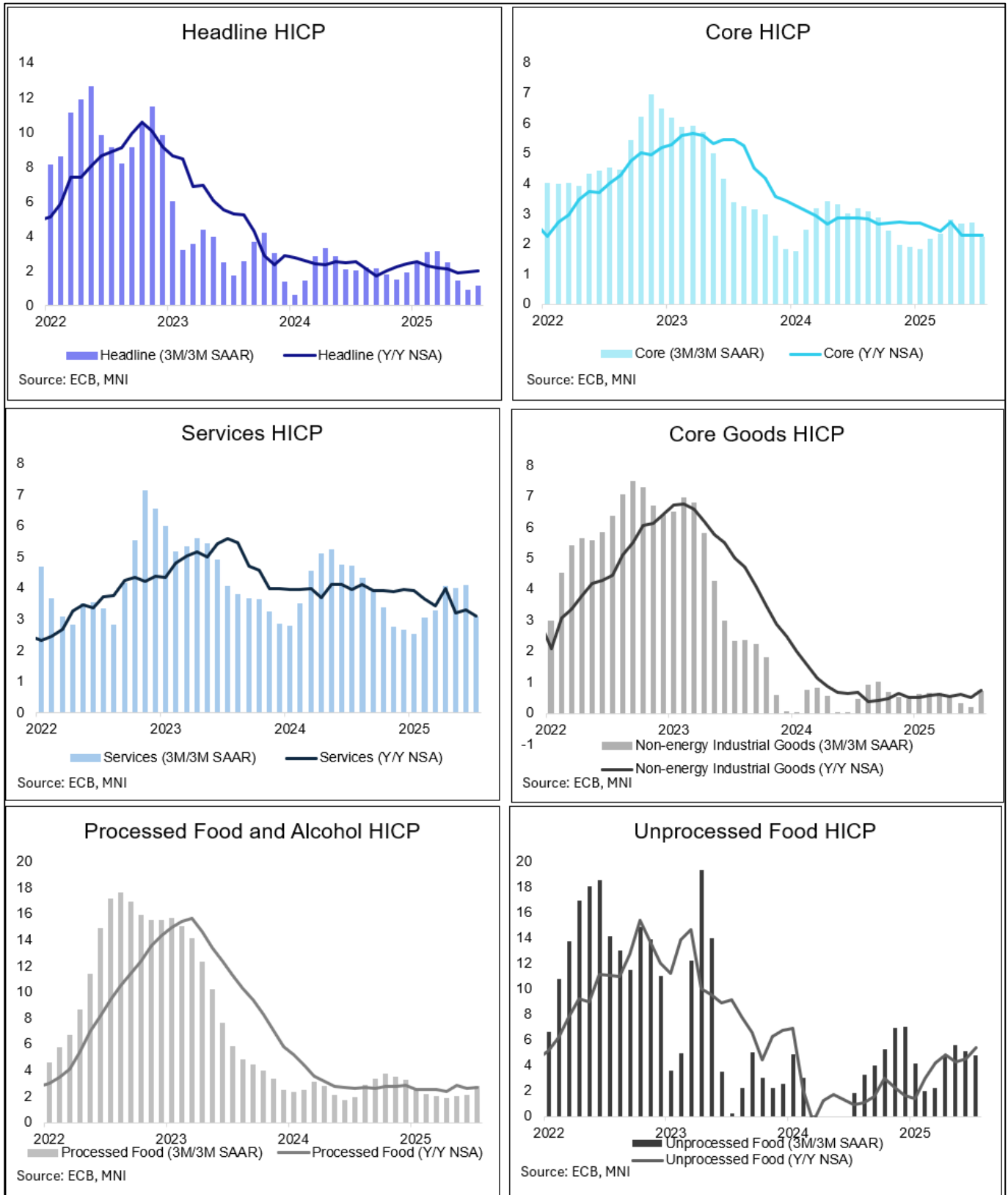
| Component                            | Weights | Y/Y (HICP) |        |        |        |        |        |        | M/M (HICP) |
|--------------------------------------|---------|------------|--------|--------|--------|--------|--------|--------|------------|
|                                      | 2025    | Jul-24     | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Jul-25     |
| All-items HICP                       | 1000.00 | 2.58       | 2.32   | 2.18   | 2.17   | 1.89   | 1.99   | 2.02   | 0.00       |
| All-items excluding                  |         |            |        |        |        |        |        |        |            |
| >energy                              | 906.02  | 2.72       | 2.57   | 2.54   | 2.80   | 2.48   | 2.47   | 2.51   | -0.09      |
| >energy, unprocessed food            | 863.36  | 2.81       | 2.55   | 2.46   | 2.69   | 2.39   | 2.37   | 2.36   | -0.09      |
| >energy, food, alcohol & tobacco     | 712.76  | 2.85       | 2.57   | 2.43   | 2.75   | 2.28   | 2.31   | 2.29   | -0.18      |
| Food, alcohol and tobacco            | 193.26  | 2.29       | 2.66   | 2.93   | 2.97   | 3.19   | 3.07   | 3.27   | 0.20       |
| >processed food, alcohol and tobacco | 150.60  | 2.66       | 2.56   | 2.58   | 2.43   | 2.89   | 2.64   | 2.68   | 0.31       |
| >unprocessed food                    | 42.66   | 0.96       | 3.01   | 4.19   | 4.86   | 4.28   | 4.56   | 5.41   | -0.16      |
| Energy                               | 93.98   | 1.23       | 0.19   | -0.98  | -3.56  | -3.57  | -2.59  | -2.46  | 0.96       |
| Non-energy industrial goods          | 256.26  | 0.70       | 0.59   | 0.62   | 0.57   | 0.61   | 0.52   | 0.75   | -2.40      |
| Services                             | 456.49  | 3.98       | 3.68   | 3.45   | 3.98   | 3.22   | 3.32   | 3.13   | 1.03       |

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



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

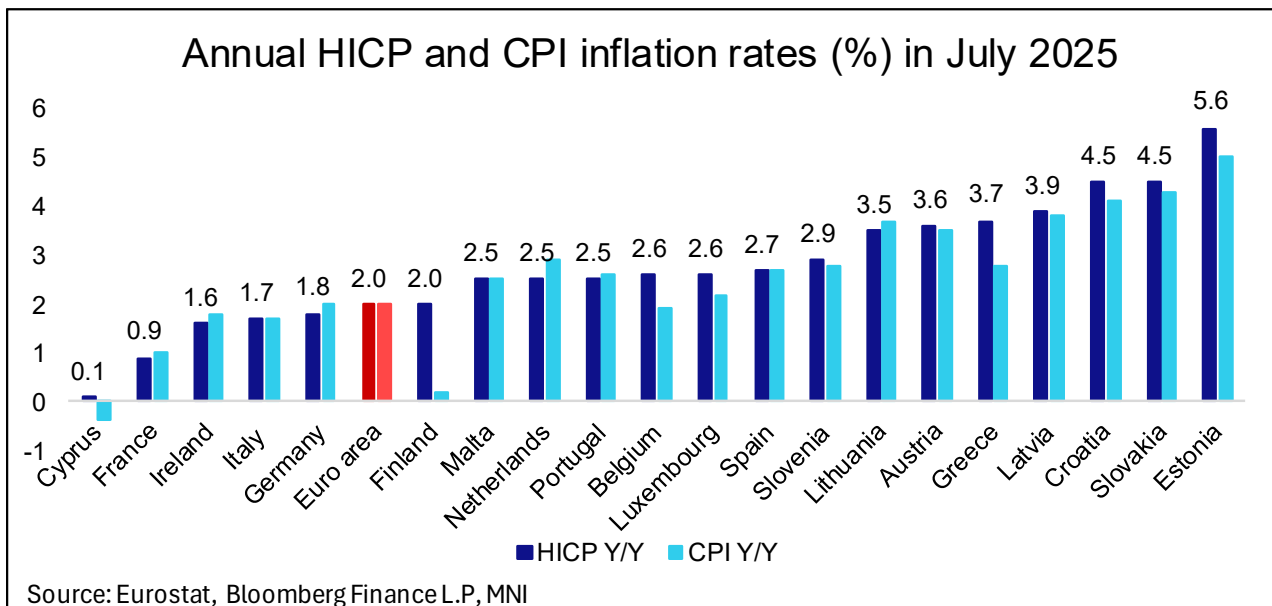
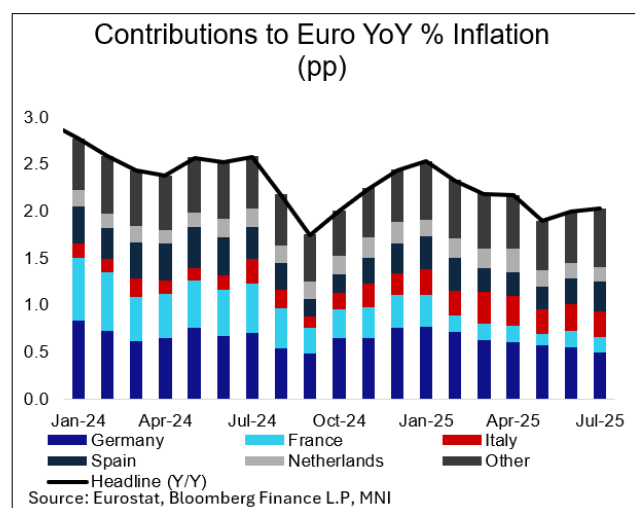
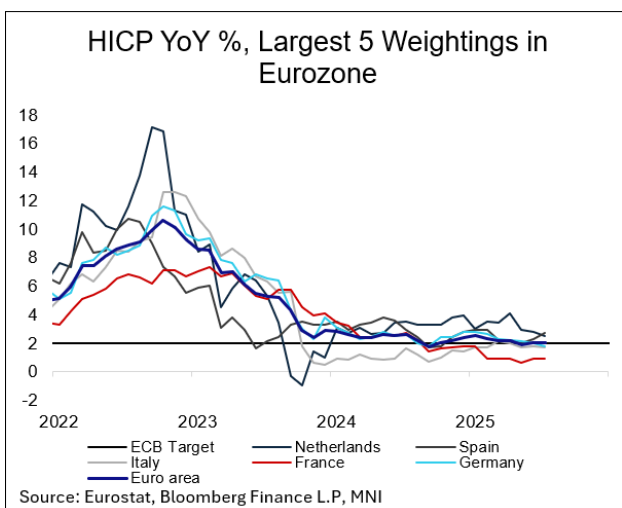
## Inflation Momentum Chart Pack



## National Inflation Prints

At a country level, headline Y/Y inflation decelerated in 6 of 20 countries in July compared to June. Inflation accelerated in 10 countries, and was steady in the remaining 4.

- 14 countries had Y/Y rates above the ECB's 2% target, unchanged from June.
- Estonia had the highest Y/Y rate, at 5.6%, followed by Slovakia and Croatia, at 4.5% and 4.5%, respectively (vs 5.2%, 4.6% and 4.4% prior).
- The lowest Y/Y rate was seen in Cyprus (0.1% Y/Y vs 0.5% prior), followed by France (0.9% Y/Y vs 0.9% prior) and Ireland (1.6% Y/Y vs 1.6% prior).
- See below for further details on the main individual country releases.





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

- **HICP 1.8% Y/Y (vs 2% prior); 0.4% M/M**
- **CPI 2% Y/Y (vs 2% prior); 0.3% M/M**

German CPI came in line with MNI tracking after earlier state releases at 2.0%Y/Y and 0.3%M/M (that is in line with consensus for Y/Y albeit the median was 1.95% while the M/M is a tenth higher). Core was 2.7%Y/Y (MNI tracking 2.6-2.7%). German HICP, however, was a tenth softer than consensus for the Y/Y at 1.8%Y/Y (2.0% in June).

- Services inline with our tracking at 3.1% Y/Y - lowest rate since August 2022 (3.3% May).
- Our state-level tracking pointed towards the deceleration here coming from airfares and potentially insurance in particular.
- Core CPI 2.7% Y/Y - in line with our 2.6-2.7% our view on the state-level data and unchanged vs June. Together with lower services, this points towards firmer July core goods - which is consistent with our tracking for an acceleration in the clothing and footwear category (summer sales here appear to not have been as material as last year on balance).
- Energy in line with our tracking at -3.4% Y/Y, slightly firmer than last month.
- Food inflation meanwhile accelerated by 2.2% Y/Y (2.0% June) - that is also broadly in line with expectations (we've projected food and non-alcoholic beverages in combination to accelerate 0.1pp this month).

On top of that, looking a bit closer at the German state level July CPI data, we see the following:

- The mixed-weighting transport category decelerated to around 1.0-1.1% Y/Y (1.6% June), as energy inflation was a bit firmer than last month, this points towards airfares as a downward driver. That would be consistent with the analyst views we've seen ahead of the July data.
- Services-heavy subcategories have been a bit mixed it seems, with healthcare around 2.8-2.9% (2.9% June), communication around -0.6% (-1.2% June), recreation and culture around 0.9% (1.0% June), education at 5.0% (4.7% June), and restaurants and hotels at 3.6-3.7% (3.5% June). Other goods and services around 5.2% (5.8% June) potentially points towards lower insurance inflation assuming overall services is in fact lower than before (but this is speculative).
- Clothing and footwear, while having seen a sequential drop of around 3.1% amid the usual summer sales, has accelerated back to recent ranges on its yearly rate after a lower June, at around 0.8% (-0.3% June). Clothing combined with furnishings is likely to drive NEIG (core goods) higher than June.

The Bundesbank's estimate of seasonally-adjusted German CPI suggests soft sequential services inflation in July. Also a trend 3m/3m rate eased to its lowest since August 2022 at an annualized 2.5%. Despite this downtrend, broader core momentum in Germany remains above the ECB's 2% target for now.

- Manufactured goods ex-energy meanwhile, at 0.42% M/M, has seen its highest sequential SA print since August 2023, confirming our read of the non-SA Destatis data from earlier. One explainer behind this spike might have been clothing summer sales being less pronounced than usual.
- On a 3m/3m annualized basis, manufactured goods ex-energy is now running at 1.7%, its highest since February after having picked up from the -0.2% seen in February.
- This left German core inflation momentum largely unchanged, at 2.4% 3m/3m SAAR (a level which the measure has been hovering around for three months now). What this means is that German CPI ex-energy and food continues to run above the ECB's 2% target for now.

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

- **HICP 0.9% Y/Y (vs 0.9% prior); 0.3% M/M**
- **CPI 1.0% Y/Y (vs 1% prior); 0.2% M/M**

French flash HICP inflation was higher-than-expected in July at 0.94% Y/Y unrounded (vs 0.8% rounded consensus, 0.86% prior). CPI inflation meanwhile was in line with expectations at 1.00% Y/Y (vs 0.97% prior).

Looking at major sub-components on a CPI basis:

- Services inflation accelerated a touch to 2.48% Y/Y (vs 2.44% prior), now at the highest since August 2024.

- Non-energy industrial goods inflation trends remain muted at -0.23% Y/Y. It has tracked at a rounded -0.2% Y/Y for five consecutive months now. Food inflation rose to 1.61% Y/Y (vs 1.37% prior), the highest rate since March 2024.
- Energy inflation was -7.20% Y/Y (vs -6.71% prior). On a sequential NSA basis CPI rose 0.21% M/M, with services inflation rising 1.26% M/M (vs 0.62% prior). The press release notes that this is "explained by the seasonal increase in the prices of services, particularly transport and accommodation". These dynamics were broadly expected by analysts ahead of the release.
- Non-energy industrial goods prices fell -2.38% M/M due to summer sales.

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

- **HICP 1.7% Y/Y (vs 1.8% prior); -1.0% M/M**
- **CPI 1.7% Y/Y (vs 1.7% prior); 0.4% M/M**

Italian flash July inflation was slightly higher than expected at 1.7% Y/Y (1.6% cons, 1.8% prior). Core metrics were little changed, with HICP excluding energy, food, alcohol and tobacco steady at 2.0% Y/Y. Core HICP has tracked between 1.8-2.2% Y/Y for five consecutive months now.

- Services (2.9% Y/Y vs 3.0% prior) and non-energy industrial goods (0.5% Y/Y) were relatively steady in July, with larger movements seen in non-core components.
- Energy inflation pulled back to -4.0% Y/Y (vs -2.1% prior), the fourth consecutive fall.
- Food inflation accelerated to 4.0% Y/Y (vs 3.3% prior), in large part due to the unprocessed food category, which reached its highest since January 2024 at 5.9% Y/Y (vs 4.5% prior).

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

- **HICP 2.7% Y/Y (vs 2.3% prior); -0.4% M/M**
- **CPI 2.7% Y/Y (vs 2.3% prior); -0.1% M/M**

Spanish flash July HICP was a tenth above consensus on a rounded basis at 2.7% Y/Y (vs 2.6% cons, 2.3% prior). Core HICP (excluding energy and unprocessed foods) was estimated at 2.3% Y/Y (vs 2.2% prior).

- Flash CPI was also 2.7% Y/Y (vs 2.4% cons, 2.3% prior), with core CPI at 2.3% Y/Y (vs 2.2% cons and prior).
- The slightly higher-than-expected core CPI reading suggests services, non-energy industrial goods or processed foods components were behind the surprise in July, even if most of the annual acceleration came from energy.
- The press release notes that the Y/Y increase "is mainly due to the increase in electricity prices, compared to the decrease in July 2024 and, to a lesser extent, to the increases in fuel prices".
- There was some uncertainty amongst analysts on the impact of public transport prices on July inflation, but unfortunately there is no colour on core components in the flash release.

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

- **HICP 2.5% Y/Y (vs 2.8% prior); 1% M/M**
- **CPI 2.9% Y/Y (vs 3.1% prior)**

Dutch flash HICP inflation fell to 2.50% Y/Y in July, down from 2.76% in June but remained above the 2.3% consensus estimate (which only consisted of 5 analysts). This equates to a 0.99% M/M sequential reading (0.8% cons).

- Services HICP fell to 3.11% in July, the second lowest reading since June 2022 (vs 3.85% this June). Ahead of the release, one analyst has commented on risks for a firmer services print this time - these appear to not have materialized.
- Non-energy industrial goods (core goods) rose to 1.26% from 0.56% in July. Data from the Netherlands' neighbour Germany released yesterday suggested summer clothing sales being less pronounced or exhibiting changing seasonal patterns might have been behind similar dynamics re core goods in the country.
- Lower services outweighed this though, as core HICP was lower than before, at 2.24% Y/Y (2.55% June). That is the category's lowest reading since October 2021.
- Looking at the non-core items, FAT (food/alcohol/tobacco) came in at 4.07% Y/Y - below June's 4.59% and much lower than the readings around 7% seen throughout this year until May. Energy meanwhile printed higher than before in the Netherlands, at 0.90% Y/Y (vs 0.53% June, -1.09% May).

- The national CPI was 2.9% in July (2.5% cons, 3.1% June).

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

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

Belgium HICP inflation decelerated to 2.6%Y/Y in July according to the Statbel flash estimate (June 2.8%). National CPI (non-HICP) inflation meanwhile also decelerated, to 1.92% Y/Y from 2.15% for the first sub-2% reading since January 2024.

- Sticking to the non-HICP details, core CPI (ex energy & unprocessed food) was 2.36% Y/Y (2.63% June), driven by services inflation falling to 3.27% (3.57% June).
- "Regarding energy, inflation stands at -1.86% this month, compared to -1.75% in June and -1.10% in May [...] Food inflation (including alcoholic beverages) rose 2.98% this month, compared to 3.14% the previous month", Statbel comments.

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

- **HICP 3.6% Y/Y (vs 3.2% prior); 0% M/M**
- **CPI 3.5% Y/Y (vs 3.3% prior); 0.2% M/M**

Austrian HICP flash inflation accelerated by 0.4pp to 3.6% Y/Y in July along with a 0.0% M/M print.

- CPI headline inflation also rose in June, by 0.2pp to 3.5% Y/Y, the highest rate since March 2024, with the sequential reading coming in at 0.2%.
- CPI details:
  - The "increase is primarily attributable to industrial goods, which rose by 1.4% after 1.0% in June, as clothing items in particular had a significantly smaller dampening effect on overall inflation year-on-year than recently." Firmer clothing inflation was seen across a number of other Eurozone countries in July.
  - "Energy prices increased by 4.3% up from 3.5% in June. Gas and heating oil had a noticeably smaller dampening effect on prices in July than in June."
  - "Services showed a nearly constant inflation rate of +4.5%. This sector continues to make the largest contribution to overall inflation. The price increase in the food, tobacco and alcohol sector also remained persistently high at +4.4%"

#### **Portugal (2.5% of Eurozone HICP in 2025)**

- **HICP 2.5% Y/Y (vs 2.1% prior); -0.4% M/M**
- **CPI 2.6% Y/Y (vs 2.37% prior); -0.4% M/M**

Portugal HICP accelerated to 2.5% Y/Y in June, 0.4pp above June's print which was already a 0.4pp acceleration from May. The national CPI measure also ticked up, to 2.62% Y/Y from 2.37% in June.

- CPI excl. unprocessed food and energy ('core') accelerated by 0.04pp to 2.44% Y/Y.
- Energy inflation was higher, at -1.06% Y/Y vs -1.34% June.
- Food price inflation was mixed, with unprocessed food up from 4.67% to 6.16% Y/Y and processed food lower, at 1.25% vs 1.34% in June. Unprocessed food has been a material upward contributor to Portuguese inflation over the last two months. Note that analysts have flagged the potential for higher food prices in July amid hot weather conditions. This might have filtered through here.