

MNI Eurozone Inflation Insight – June 2025

By Moritz Arold
July 1, 2025

Key June preliminary HICP prints:

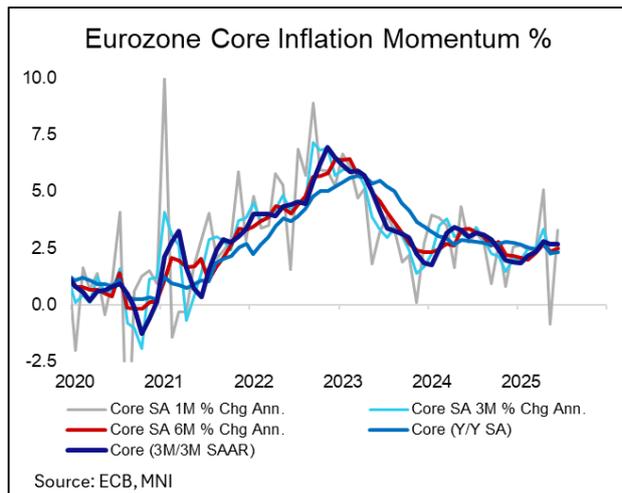
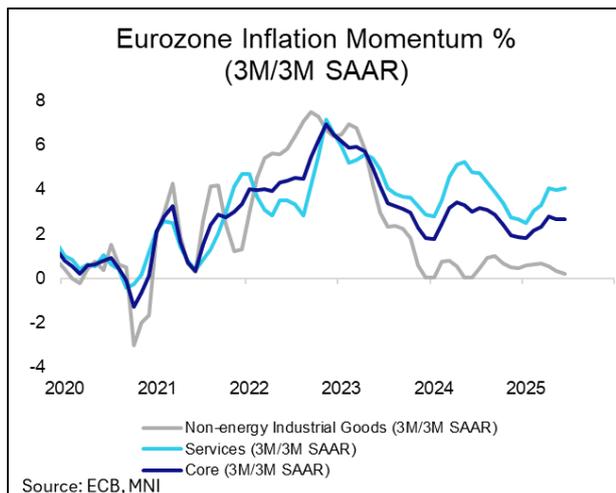
- **Eurozone:** 2.0% Y/Y (vs 1.9% prior, 2.0% cons); 0.3% M/M
 - **Core (Ex-energy, food, alcohol & tobacco):** 2.3% Y/Y (vs 2.3% prior, 2.3% cons); 0.4% M/M
- **Germany:** 2.0% Y/Y (vs 2.1% prior, 2.2% cons); 0.1% M/M
- **France:** 0.8% Y/Y (vs 0.6% prior, 0.7% cons); 0.4% M/M
- **Italy:** 1.7% Y/Y (vs 1.7% prior, 1.8% cons); 0.2% M/M
- **Spain:** 2.2% Y/Y (vs 2.0% prior, 2.2% cons); 0.6% M/M
- **Netherlands:** 2.8% Y/Y (vs 2.9% prior, 2.8% cons); 0.0% M/M

Services Remains Elevated As Expected

Eurozone June flash headline HICP printed in line with expectations on Tuesday, at 2.0% Y/Y, slightly firmer than May's 1.9%, while the core measure also confirmed consensus at an unchanged 2.3% Y/Y. The headline acceleration came as firmer energy inflation outweighed a marginal food/alcohol/tobacco slowdown. Particularly watched services HICP meanwhile was ever so slightly firmer than in May this time, providing a cleaner view on underlying pressures as easter and seasonality effects were not of major concern. The data for the category suggests some stickiness remains.

Near-term ECB market-implied expectations currently stand around 50:50 implied odds for another 25bp cut by the September meeting. Any further repricing will likely hinge on any unexpected developments in the trade negotiations. The FT reported earlier this week that "European capitals have hardened their position in trade talks with Donald Trump, insisting the US drops its tariffs on the EU immediately as part of any framework deal before the looming deadline on July 9". Such a stance could risk an inflammatory reaction from the US President.

At Tuesday's Sintra panel, President Lagarde offered little of note, re-iterating the ECB's data-dependent approach and not elaborating on any questions pertaining to the exchange rate (now in more focus after VP de Guindos' comments, in which he stated that while a move to \$1.20 in EUR/USD is "acceptable", but gains beyond would be more "complicated".).



Headline Y/Y, M/M and Core Y/Y in Line with Expectations

Eurozone June flash HICP Y/Y inflation came in at 1.97%, 0.03 pts below the rounded consensus of 2.0% (vs 1.90% May). On a monthly basis, Eurozone inflation came in at 0.28% (0.3% cons).

- Core HICP also printed roughly in line with consensus, at 2.29% Y/Y and 0.36% M/M (2.3% cons; May 2.28% Y/Y, -0.02% M/M).
- Looking at the individual categories:
 - Services inflation printed a little higher than previously at 3.28% (3.23% May) - analysts looked for a 3.3% reading ahead of the national-level data, so that is an in line print for the category.
 - Energy inflation was firmer than before, at -2.72% Y/Y (-3.57% May) - however, that came on the back of base effects as the sequential print was a mere 0.10%.
 - Non-energy industrial goods, as expected, have been broadly stable in June, at 0.50% Y/Y (0.61% May). On a rounded basis, this means we have printed 0.5% or 0.6% Y/Y in every month of 2025.
 - Food, alcohol and tobacco inflation came in roughly in line with recent levels, at 3.11% Y/Y (was 3.19% in May).

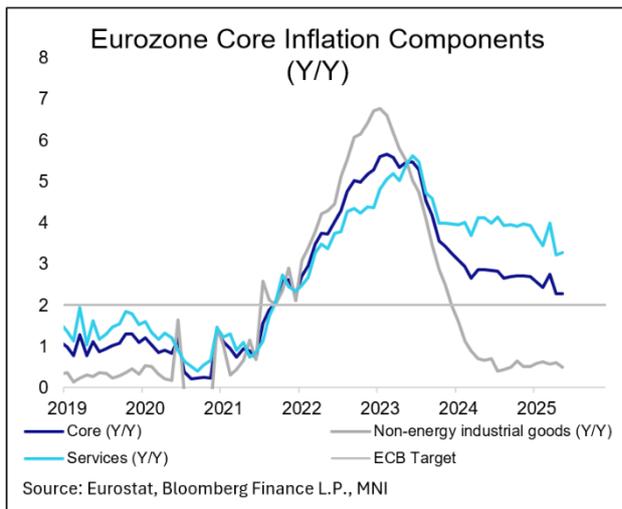
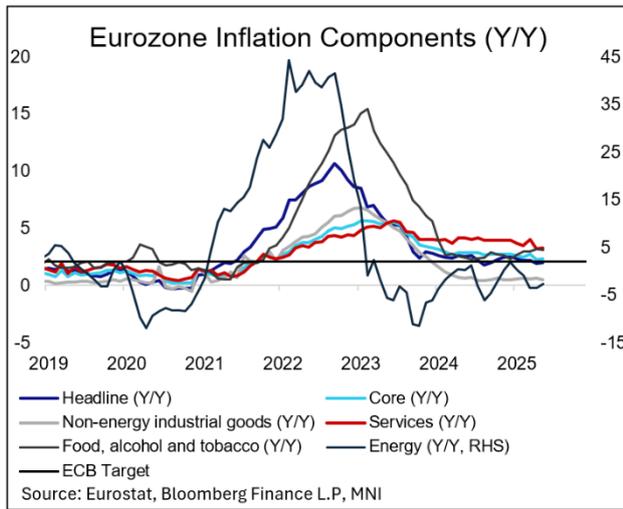
M/M SA Services Inflation Still Above Q1 Average

Eurozone core inflation rose 0.27% M/M on a seasonally adjusted basis according to ECB data, up from -0.07% prior. Services prices rose 0.41% M/M (vs -0.14% prior), while non-energy industrial goods prices rose 0.03% M/M (vs 0.04% prior).

- The June inflation data was seen as a cleaner month to gauge underlying services inflation pressures, with April and May readings influenced by the timing of Easter and seasonal adjustment methodologies struggling to account for such calendar effects.
- In this light, the 0.41% M/M sequential reading was above the Q1 average of 0.29% and the 2024 average of 0.33%. From this perspective, there appears to still be some stickiness lurking in services prices. The final June inflation data on July 17 will shed more light on whether this is the case.
- 3m/3m annualised services inflation momentum was 4.07%, up from 4.00% in May and 4.06% in April.
- 3m/3m core inflation momentum was 2.66% Y/Y (vs 2.68% prior), but remains above March's 2.34% Y/Y reading.
- ECB speakers continue to express confidence in the broader inflation outlook though. Tuesday morning, Bundesbank President Nagel said that *"in the current situation, we are in calm waters"*, with a similar rhetoric coming from Vice President de Guindos.

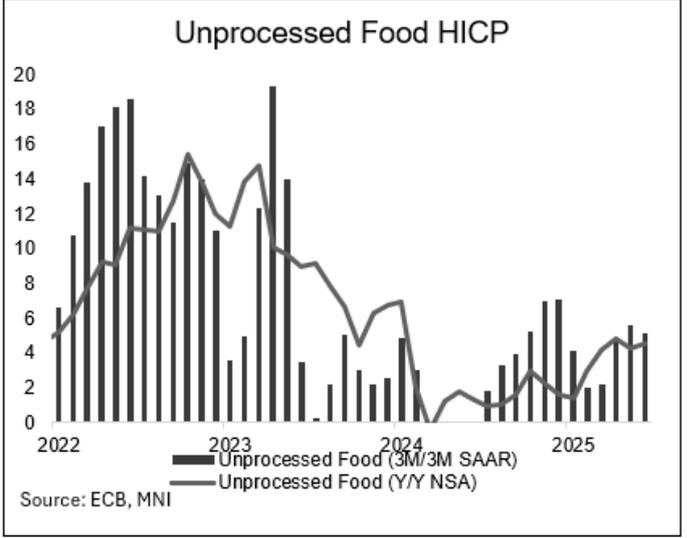
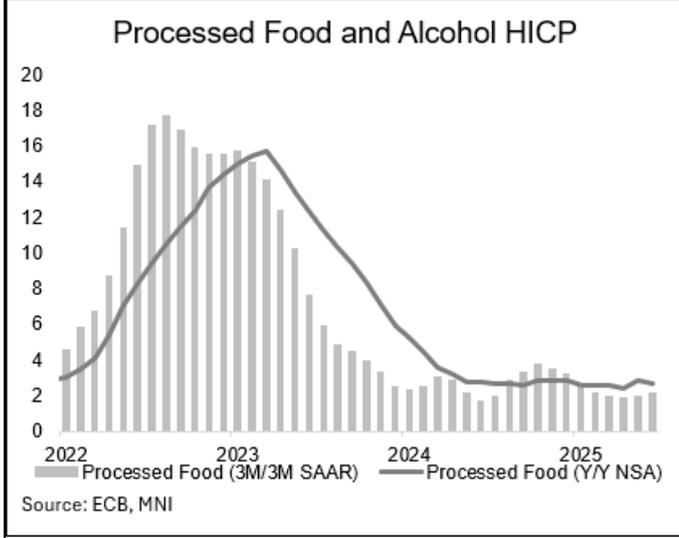
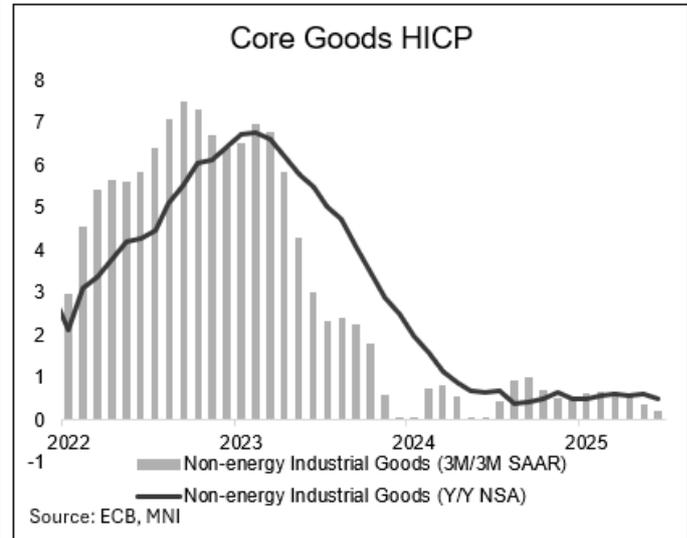
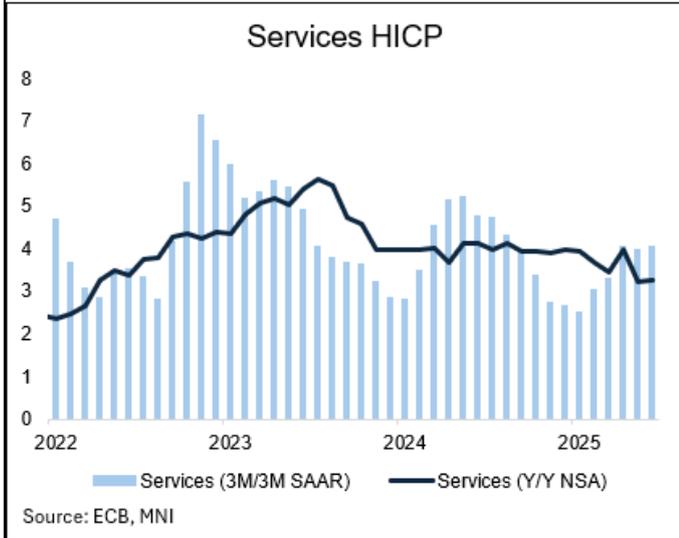
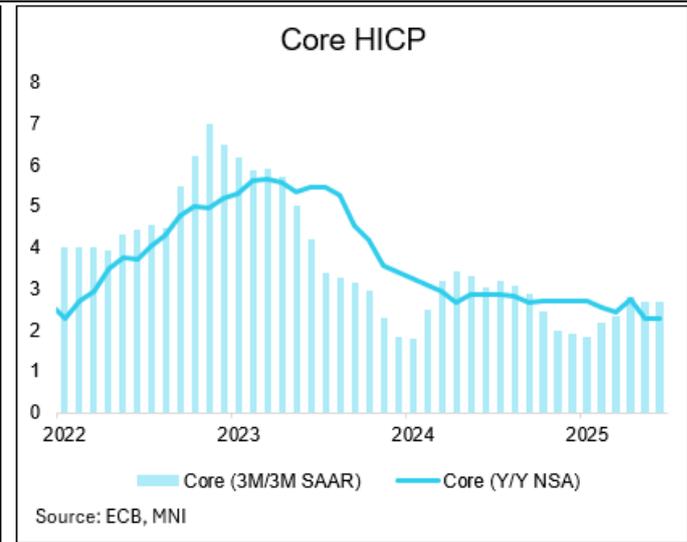
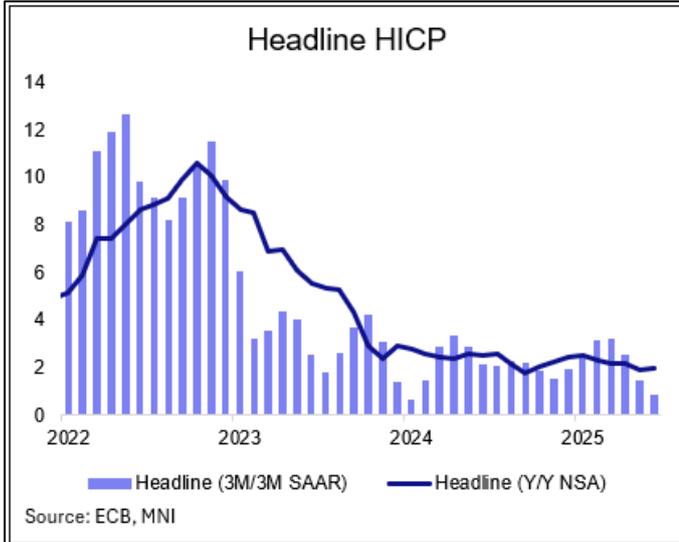
Component	Weights	Y/Y (HICP)							M/M (HICP)	
	2025	Jun-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jun-25	
All-items HICP	1000.00	2.52	2.52	2.32	2.18	2.17	1.90	1.97	0.28	
All-items excluding										
>energy	906.02	2.76	2.60	2.57	2.54	2.80	2.48	#N/A	#N/A	
>energy, unprocessed food	863.36	2.84	2.67	2.55	2.46	2.69	2.39	#N/A	#N/A	
>energy, food, alcohol & tobacco	712.76	2.87	2.70	2.57	2.43	2.75	2.28	2.29	0.36	
Food, alcohol and tobacco	193.26	2.42	2.31	2.66	2.93	2.97	3.19	3.11	0.11	
>processed food, alcohol and tobacco	150.60	2.74	2.57	2.56	2.58	2.43	2.89	2.69	0.17	
>unprocessed food	42.66	1.29	1.38	3.01	4.19	4.86	4.28	4.59	-0.12	
Energy	93.98	0.20	1.89	0.19	-0.98	-3.56	-3.57	-2.72	0.10	
Non-energy industrial goods	256.26	0.66	0.52	0.59	0.62	0.57	0.61	0.50	-0.22	
Services	456.49	4.12	3.93	3.68	3.45	3.98	3.23	3.28	0.67	

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]

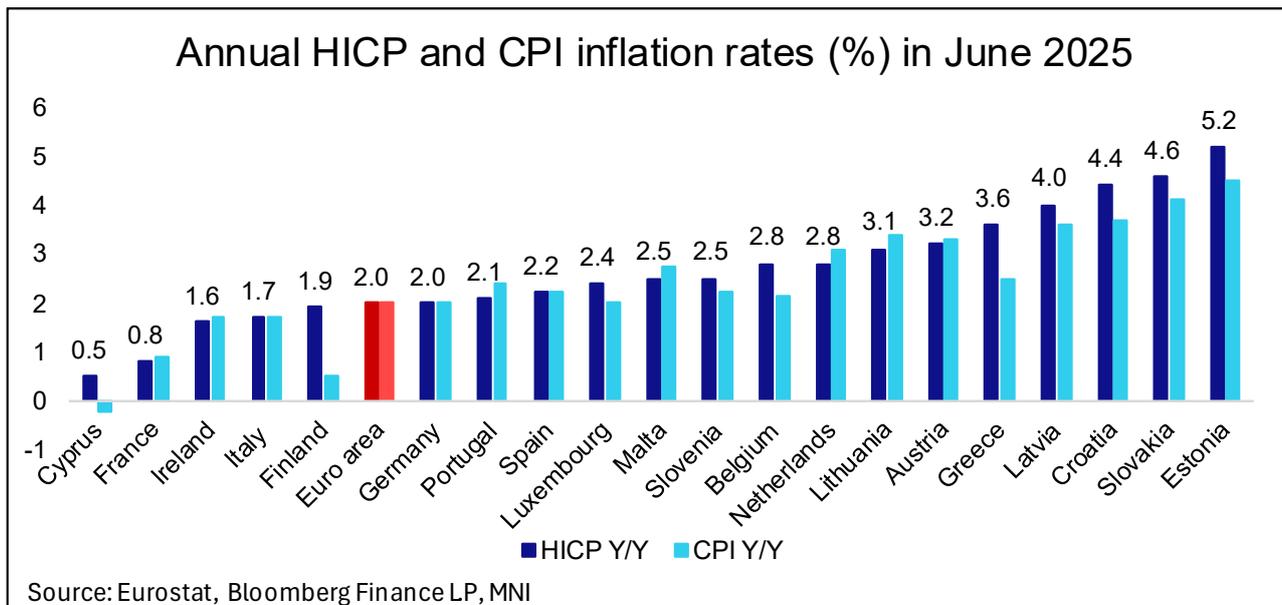
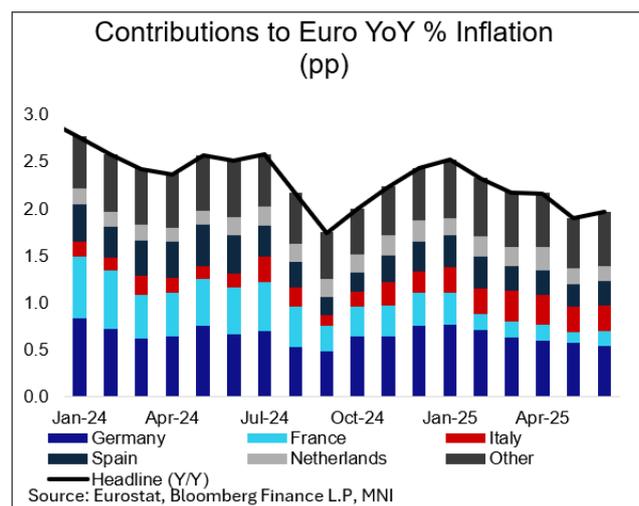
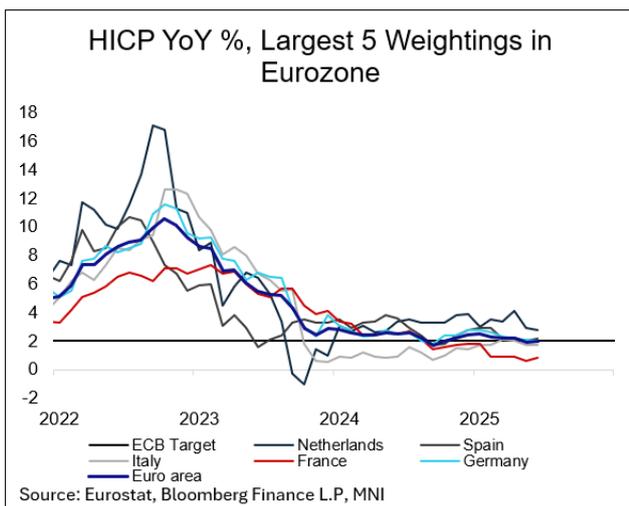
Inflation Momentum Chart Pack



National Inflation Prints

At a country level, headline Y/Y inflation decelerated in 3 of 20 countries in June compared to May. Inflation accelerated in 15 countries and was steady in the remaining two.

- 14 countries had Y/Y rates above the ECB's 2% target, compared to 12 in May.
- Estonia had the highest Y/Y rate, at 4.5%, followed by Slovakia and Croatia, at 4.6% and 4.4%, respectively (vs 4.6%, 4.3% and 4.3% prior).
- The lowest Y/Y rate was seen in Cyprus (0.5% Y/Y vs 0.4% prior), followed by France (0.8% Y/Y vs 0.6% prior) and Ireland (1.6% Y/Y vs 1.4% 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 2.1% prior); 0.1% M/M**
- **CPI 2.0% Y/Y (vs 2.1% prior); 0.0% M/M**

The national print overall surprised consensus to the downside but that was to be expected following the state-level data seen Monday morning – CPI came in line with our tracking at 2.0% (the bottom of the 2.0-2.1% range) with M/M also at the bottom of the range 0.0-0.1%. HICP was also 2 tenths below consensus (from pre-state data).

- Services was in line with our tracking at 3.3% Y/Y – the lowest rate since December 2023 (3.4% May). This is where the downside headline surprise vs the pre-state consensus might have come from - at least two primary dealers we've seen had expected this to accelerate this month.
- Our state-level tracking points towards the deceleration here coming from restaurants and hotels in particular - this category has slowed down materially in the months up to April but then spiked in May again.
- Core CPI was 2.7% Y/Y - slightly above the 2.6% from our view on the state-level data but nevertheless a deceleration vs May's 2.8%. Together with lower services, this points towards firmer June core goods.
- Energy in line with our tracking at -3.5% Y/Y, analysts saw this being the main upside driver vs May (when the category printed -4.6%) - that prediction has materialized.
- In addition to the downside surprise to services (versus pre-state data), there was also potentially downside vs analyst views from food, which decelerated 0.8pp to 2.0% Y/Y in June (no MNI tracking). However, we've seen little colour on this category from analysts ahead of the release, so it's tough to reach firm conclusions here.

The mentioned state level June inflation data suggested that, as expected, energy was the main upward driver vs last month, with the yearly rate ticking up by around 1pp in June (-4.6% May).

- Looking at the categories with heavy services weighting, we see recreation and culture at 1.0-1.1% Y/Y (1.1% May), education at 4.7% Y/Y (4.7% May), but restaurants and hotels much softer than before at around 3.5% Y/Y (a much lower NRW print skewed the average here, vs 4.3% May).
- The mixed-weighting transport category has accelerated to around 1.5% Y/Y (0.6% May) - that appears reasonable looking at the energy acceleration amidst the Middle East conflict.
- Core goods inflation might have remained broadly stable in June - furnishings and household equipment appear to have accelerated to around 0.0% Y/Y (-0.3% May), while clothing and footwear was lower than before, at -0.3% Y/Y (0.5% May).

The Bundesbank's estimate of seasonally-adjusted German CPI suggests sequential services inflation accelerated in June. A trend 3m/3m rate meanwhile eased to its lowest in the year to date and whilst it's still relatively elevated at 3.2% annualised it is at least partly offset by subdued goods inflation.

- Overall core inflation decreased to 0.08% M/M SA (0.26% in May, 1.0% annualised) on a seasonally adjusted basis per Buba calculations, with services inflation at 0.26% M/M (vs 0.09% in May, 3.1% annualised).
- Manufactured goods ex-energy meanwhile moved into negative territory in June, at -0.17% M/M vs 0.25% May, its lowest rate since February.
- The services 3m/3m rate meanwhile eased to 3.2% annualised in June from 3.6% in May for its lowest since Dec 2024 and before that Feb 2024. This run rate is back a little below the Y/Y of 3.3% although for context it ended 2019 at 1.8% Y/Y.
- Going against this, manufacturing goods ex energy stood at a 3m/3m 1.1% annualised for below the 1.5% Y/Y. This is closer to the 1.4% Y/Y in Dec 2019 to continue that relative comparison.

France (19% of Eurozone HICP in 2025)

- **HICP 0.8% Y/Y (vs 0.6% prior); 0.4% M/M**
- **CPI 0.9% Y/Y (vs 0.7% prior); 0.3% M/M**

French flash June HICP was a tenth higher than consensus at 0.82% Y/Y (vs 0.7% cons, 0.59% prior). There was a notable rebound in services according to the CPI details – some analysts had expected services to rebound in June, but others had pencilled in a broadly unchanged Y/Y rate.

- CPI was also a bit higher than expected at 0.93% Y/Y (vs 0.8% cons, 0.66% prior).
- Looking at the breakdown of subcomponents in the CPI:
 - Services accelerated to 2.41% Y/Y (vs 2.09% in May and 2.39% in April). Seemingly, the Easter timing unwind seen in May has reversed.
 - Non-energy industrial goods was steady at -0.18% Y/Y (vs -0.19% in May, -0.17% in April).
 - Food inflation was 1.37% Y/Y (vs 1.31% prior).
 - Energy inflation was -6.93% Y/Y (vs -8.01% prior) – this also seems a somewhat larger increase than some analysts had pencilled in.

Italy (16% of Eurozone HICP in 2025)

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

Italian flash June HICP inflation was a tenth below consensus on a rounded basis at 1.7% Y/Y (vs 1.8% cons, 1.7% prior). Unrounded, HICP was 1.71% Y/Y for the second consecutive month, with HICP excluding energy, food, alcohol and tobacco also steady at 1.90% Y/Y. Developments in services, non-energy industrial goods and food inflation appear broadly in line with expectations ahead of the release. However, a continued pullback in energy inflation comes in contrast to some of the analyst expectations we had seen.

- Services was little changed at 2.88% Y/Y (vs 2.90% prior), with only small movements across level 1 COICOP subcomponents.
- Non-energy industrial goods rose to 0.53% Y/Y (vs 0.35% prior), with a pullback in clothing inflation offset by a small uptick in furniture and household equipment.
- Energy sunk further into deflation at -2.46% Y/Y (vs -1.90% prior). This is the third consecutive month in which this component has surprised analysts to the downside.
- Food inflation accelerated for the sixth consecutive month to 3.49% Y/Y (vs 3.10% prior). Both processed and unprocessed food inflation accelerated in June.

Spain (11% of Eurozone HICP in 2025)

- **HICP 2.2% Y/Y (vs 2% prior); 0.6% M/M**
- **CPI 2.2% Y/Y (vs 2% prior); 0.6% M/M**

Spanish preliminary HICP came in as expected on the yearly rate at 2.2% Y/Y (vs 2.2% cons; 2.0% prior) and the sequential reading at 0.6% M/M (0.6% cons). The national CPI came slightly higher than expected at +2.2% Y/Y (vs 2.1% cons; 2.0% prior) and 0.6% M/M (vs 0.4% cons of only 7 analysts).

- Core CPI came in inline with expectations, at +2.2% Y/Y (vs 2.2% cons and prior).
- The headline rate was driven higher by fuel prices, and, to a lesser extent, to increases in food and non-alcoholic beverages, INE comments.
- Ahead of the release, analysts had expected energy to drive the print vs May. However, some had expected electricity to have an upward influence in particular, and for volatile travel-related services to be at play again - INE didn't comment on these.
- Overall, there is little colour in the press release, so for full detail, especially on services prices, we will have to await the final data.

Netherlands (5.8% of Eurozone HICP in 2025)

- **HICP 2.8% Y/Y (vs 2.9% prior); 0% M/M**
- **CPI 3.1% Y/Y (vs 3.3% prior)**

Dutch flash HICP inflation fell to 2.77% Y/Y in June, down from 2.94% in May and broadly inline with the 2.8% consensus estimate (which only consisted of 5 analysts). This equates to a 0.00% M/M sequential reading (0.0% cons). There were multiple moving parts in the release, with services partially reversing higher (as we hypothesised following the May final data), lower core goods and food/alcohol/tobacco, and firmer energy (as was the case more widely in the Eurozone in June).

- Services HICP accelerated to 3.85% Y/Y from 2.80% in May (lowest since Mar 2022) having surged to 5.97% in April. This category has been volatile on Easter effects but despite the acceleration in June it still prints a fair bit below the 4.26% averaged in Q1.
- The flash data does not contain details here but it may be that the volatile transport-related services have partially reversed from their pronounced May softness. The current rate could be described as still elevated.
- Non-energy industrial goods (core goods) dropped from 1.75% to 0.55% Y/Y in June, its lowest since January.
- Looking at the non-core items, FAT (food/alcohol/tobacco) came in at 4.59% Y/Y - much lower than the readings around 7% seen throughout this year previously. Energy meanwhile, as for a set of other Eurozone countries, printed higher than before in the Netherlands, at 0.59% Y/Y (first positive yearly rate since December; vs -1.09% May).
- The national CPI was 3.1% in June (3.1% cons, 3.3% May).

Belgium (4.0% of Eurozone HICP in 2025)

- **HICP 2.8% Y/Y (vs 2.8% prior); 0.5% M/M**
- **CPI 2.15% Y/Y (vs 2% prior); 0.35% M/M**

Belgium HICP inflation remained at 2.8%Y/Y in July according to the Statbel flash estimate, consolidating a 1.6pp drop since February at the joint lowest rate since January 2024. National CPI (non-HICP) inflation meanwhile accelerated slightly, to 2.15% from May's 2.01%.

- Sticking to the non-HICP details, core CPI (ex energy & unprocessed food) sped up marginally to 2.63% Y/Y (2.59% prior), driven by core goods as services inflation decreased to 3.57% (3.65% prior).
- "Food inflation (including alcoholic beverages) rose to 3.14% this month, compared to 2.04% the previous month."
- According to the report, energy inflation was -1.75% in June, from a reading of -1.10% in May.

Austria (3.4% of Eurozone HICP in 2025)

- **HICP 3.2% Y/Y (vs 3.0% prior); 0.2% M/M**
- **CPI 3.3% Y/Y (vs 3.0% prior); 0.5% M/M**

Austrian HICP flash inflation accelerated by 0.2pp to 3.2% Y/Y in June along with a 0.2% M/M print.

- CPI headline inflation also rose in June, by 0.3pp to 3.3% Y/Y, the highest rate since May 2024, with the sequential reading coming in at 0.5%
- CPI details:
 - "The increase is mainly attributable to the energy sector with a plus of 3.5%, as fuel prices had a much less dampening effect than recently. Prices for food, tobacco and alcohol also developed more dynamically than in the previous month, showing an increase of 4.4%", the Statistics office comments.
 - "Nevertheless, services, which grew by an almost constant rate of 4.3%, had the strongest impact on inflation. Prices for industrial goods rose slightly by 0.9%. The so-called core inflation, which covers the aggregates industrial goods and services, amounted to 3.1%

Portugal (2.5% of Eurozone HICP in 2025)

- **HICP 2.1% Y/Y (vs 1.7% prior); 0.1% M/M**
- **CPI 2.39% Y/Y (vs 2.26% prior); 0.1% M/M**

Portugal HICP accelerated to 2.1% Y/Y in June, 0.4pp above May's print which had been the lowest yearly rate since September 2021. The national CPI measure also ticked up, but less so, at 2.39% Y/Y from 2.26% in May.

- CPI excl. unprocessed food and energy ('core') accelerated by 0.17pp to 2.41% Y/Y.
- Energy CPI decelerated, counter to what is expected on an Eurozone-wide basis for June, at -1.30% Y/Y (-0.11% May).
- Food price inflation accelerated, with unprocessed food up from 4.01% to 4.73% Y/Y and processed from 1.11% to 1.34% Y/Y.