

MNI Eurozone Inflation Preview – September 2025

By Emil Lundh and Moritz Arold
September 29, 2025

Already released September preliminary inflation data:

- **Spain (12% of 2025 EZ HICP) – 3.0% Y/Y (vs 3.0% cons, 2.7% prior).**
 - Core HICP (excluding energy and unprocessed foods) 2.4% Y/Y (vs 2.7% prior)
- **Belgium (4% of 2025 EZ HICP) – 2.7% Y/Y (from 2.6% prior)**

Key September preliminary inflation data releases and timing

- **France** (19% of EZ HICP in 2025) – 0745 BST Sep 30
- **Italy** (16% of EZ HICP in 2025) – 1000 BST Sep 30
- **Germany** (28% of EZ HICP in 2025) – 1300 BST Sep 30
- **Netherlands** (6% of EZ HICP in 2025) – 0530 BST Oct 1
- **Eurozone** – 1000 BST Oct 1

Eurozone MNI Consensus:

- **HICP 2.2% Y/Y (vs 2.0% prior)**
- **Core HICP 2.3% Y/Y (vs 2.3% prior)**
- **MNI Eurozone Inflation Insight for August 2025 (PDF Link)**

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Energy And Services To Drive Headline Higher

The Eurozone September flash inflation print is due on Wednesday morning, with data from Germany, France and Italy coming on Tuesday. Spain and Belgium released flash data Monday morning. Headline inflation is expected to rise across the four major economies, culminating in a 2.2% Y/Y median for the Eurozone-wide print (vs 2.0% prior). Core inflation is expected to be steady at 2.3% Y/Y.

Across categories, the main driver in September will be the yearly rate of energy picking up to around –0.4% Y/Y (median of analyst previews MNI has seen) from –2.0% in August on the back of base effects. Meanwhile, the recent downtrend in services inflation is expected to temporarily halt with a small uptick to 3.2% Y/Y expected (vs 3.1% in August). Core goods are seen marginally lower than last month at 0.6%-0.7% Y/Y (vs 0.8% prior), albeit with uncertainty around the impact of seasonality and weight changes relative to 2024. Analysts generally expect little change in food, alcohol and tobacco inflation at around 3.2%.

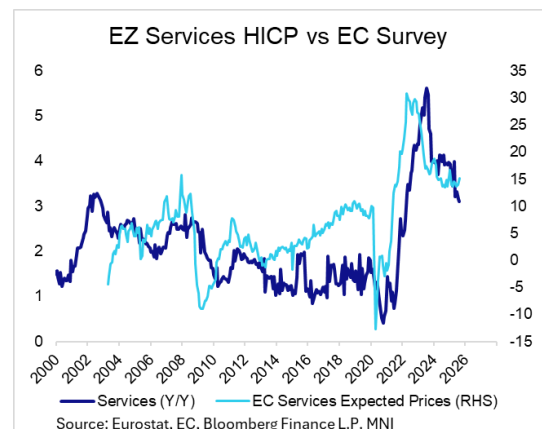
ECB views around the inflation outlook are somewhat mixed, but not by enough to drive serious disagreement on the outlook for policy rates. More dovish voices such as Villeroy, Rehn and Simkus have warned of the risk of medium-term undershooting but at a livestreamed MNI Connect event in mid-September, Vice President de Guindos suggested such a risk is limited: “If you look at our projections I think that the risk of undershooting is not big, it’s not especially relevant to us. Let’s see what’s the impact of tariffs on growth, on the evolution of exports, on activity, even on inflation.”. Other members see the risks to the inflation outlook as relatively balanced, while Schnabel stands alone in pointing to dominating upside risks. A new blog by ECB staff meanwhile suggests food inflation developments are “particularly relevant in the ECB’s current analyses”. This will make food an important component to monitor in the coming months, as markets weigh the likelihood of another rate cut this cycle.

Markets have been paring back expectations of another ECB rate cut steadily since the September decision, where President Lagarde expressed confidence in the medium-term inflation outlook and noted that growth risks are now “more balanced”. However, with just under 10bps of easing priced through July 2026, markets may still be sensitive to a downside core surprise.

Expected Positive/Negative Factors for September Eurozone Inflation

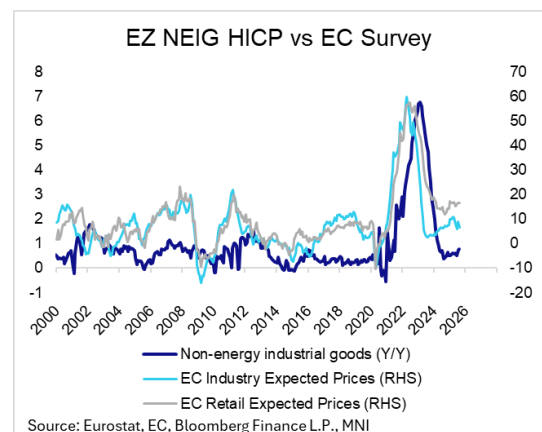
Services (slightly -ve Y/Y) – 46% of 2025 Basket: Services prices tend to fall in September as the summer holidays come to an end. Analysts generally expect the annual services inflation rate to tick up slightly from 3.1% Y/Y in August, largely due to base effects. However, the broader services disinflation process remains on track, supported by a continued easing in wage inflation.

- Barclays and Morgan Stanley highlight the substantial upward base effect deriving from French communication services in September (as a result of a telecom services price war), with the latter also suggesting 2024 Olympic-related transport services base effects could have an impact. Morgan Stanley note that “seen from a more macro perspective, the monthly growth rate of services prices was low in 2024, only 6bp above the historical momentum (taken as the average of 2015-19), and it has a high probability of being a touch higher this year”
- The September flash PMI noted that “*services posted a sharp but softer pace of [input cost] inflation*”, with output charges seeing a slower rise than in August.
- The EC’s services expected prices series rose to 15.1 in August from 14.0 in July – the highest level since January.
- Aug EZ Services: 3.1% Y/Y, 0.3% M/M. Sep 2024 -1.1% M/M vs -0.91% 2017 - 2024 M/M avg



Core goods (slightly -ve Y/Y) – 26% of 2025 Basket: Core goods inflation ticked higher in August to 0.8%, but analysts generally expect a reversal back to ~0.6-0.7% Y/Y in September. On a sequential basis, prices should increase owing to a reversal of summer sales in the likes of clothing and footwear. Barclays note that “because prices had declined by less than usual at the beginning of the sales in July, we expect a smaller-than-usual rebound in prices in September”. Meanwhile, Morgan Stanley believe the “more fundamental message is that core goods inflation has normalized with limited pipeline pressures”.

- The September flash PMI noted that “*Manufacturing input costs decreased for the first time in three months*” and this filtered through into lower selling prices.
- Industry and retail expected prices eased in the EC’s September business survey.
- Aug EZ Non-energy industrial goods: 0.8% Y/Y, 0.3% M/M. Sep 2024 2.2% M/M vs 2.66% 2017 - 2024 M/M avg

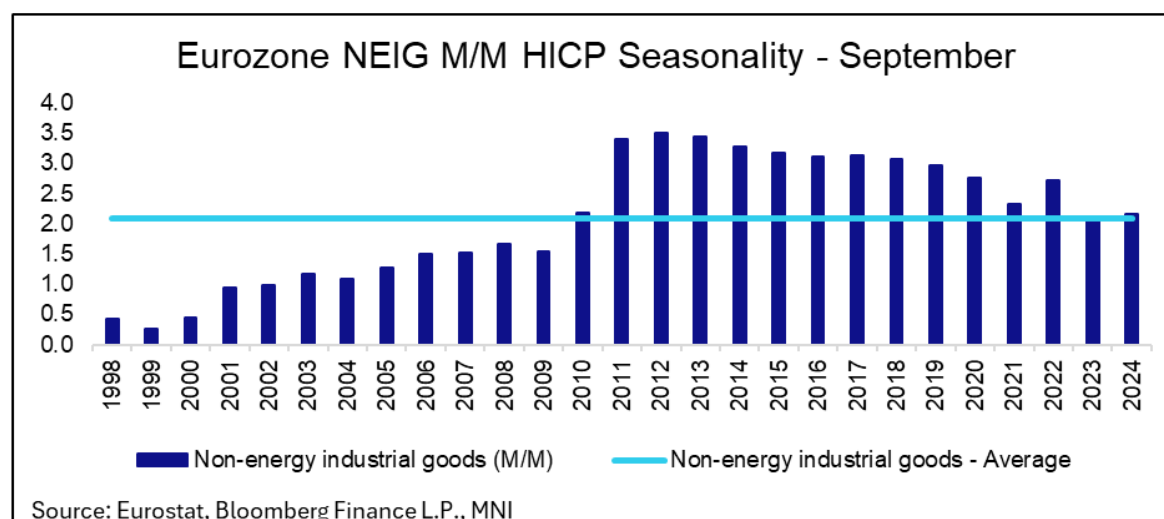
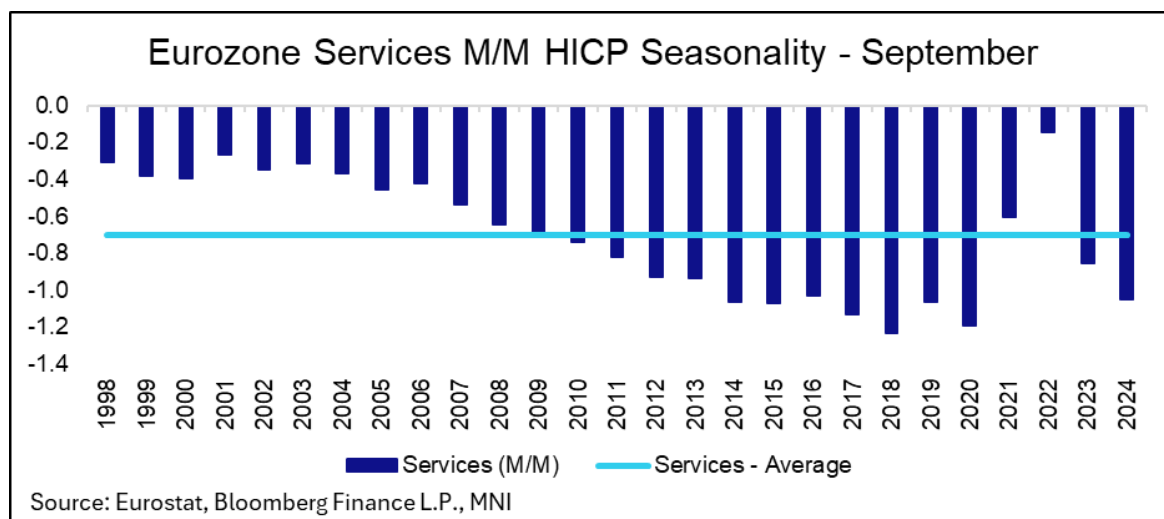
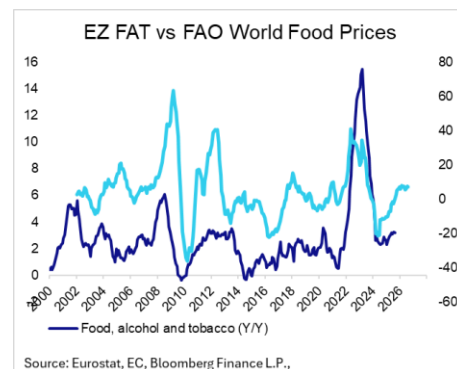
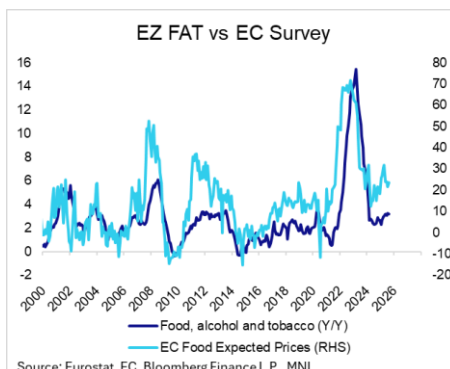
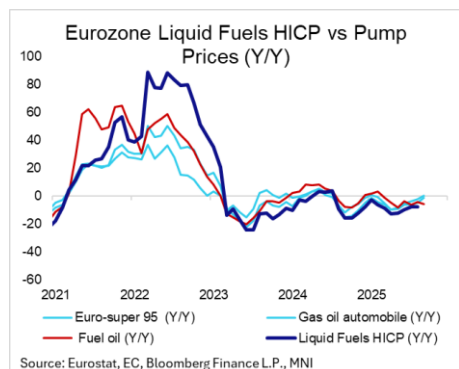


Food, alcohol & tobacco (broadly unch Y/Y) – 19% of 2025 Basket: Food inflation is expected to be stable around 3.2% Y/Y in September, after drifting higher through the course of this year. Barclays note that “it is not clear if FAT inflation has already reached its peak”, while Morgan Stanley highlight “risks in both directions, as pipeline pressures are receding for some products (coffee, cocoa) but remain on the upside for others (meat)”

- A new [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 the wage setting prices.
- Near-term food price indicators from the EC’s survey have eased in recent months, but on a more medium-term basis there remain upside risks (e.g. from the FAO’s world food price index).
- Aug EZ FAT: 3.2% Y/Y, 0% M/M. Sep 2024 0.1% M/M vs 0.13% 2017 - 2024 M/M avg
- Aug EZ Processed food inc. alcohol and tobacco: 2.6% Y/Y, 0.2% M/M. Sep 2024 -0.1% M/M vs -0.04% 2017 - 2024 M/M avg
- Aug EZ Unprocessed food: 5.5% Y/Y, -0.4% M/M. Sep 2024 1% M/M vs 0.69% 2017 - 2024 M/M avg

Energy (-ve M/M, +ve Y/Y) – 9% of 2025 Basket: Energy inflation is expected to be the main driver of headline changes in September, with analysts expecting an increase to around -0.4% Y/Y on a fuel base effect. Barclays note that “this should more than offset the recent sequential declines in wholesale energy prices”. Morgan Stanley believe “this rebound is likely to be temporary”

- These expectations are supported by developments in EC pump price data (see chart).
- *Aug EZ Energy: -2.0% Y/Y, -0.7% M/M. Sep 2024 -1.7% M/M vs 0.75% 2017 - 2024 M/M avg*



Summary of Sell-Side Outlooks for September HICP

Analyst	HICP Headline Y/Y	HICP Headline M/M (NSA)	HICP Core Y/Y	HICP Core M/M (NSA)	Germany HICP Y/Y	Germany HICP M/M (NSA)
Aug-25 Actual	2.04	0.15	2.27	0.29	2.1	0.1
Sep-25 BBG Consensus	2.2	0.1	2.3	N/A	2.2	0.1
Sep-25 MNI Median Consensus	2.2	N/A	2.3	N/A	2.2	N/A
Daiwa	2.2		2.2			
Bank of America	2.2		2.2		2.2	
RBC	2.2		2.2			
Barclays	2.16	0.02	2.24	0.04	2.17	0.02
Goldman Sachs	2.18		2.25		2.2	
Santander	2.27		2.25			
Nomura	2.27		2.29		2.28	
Deutsche Bank	2.2		2.3			
JP Morgan	2.2		2.3		2.2	
TD Securities	2.2		2.3			
Danske	2.3		roughly 2.3			
Société Générale	2.26		2.3			
Morgan Stanley	2.26		2.33		2.24	
UBS	2.2		2.3		2.3	
UniCredit	2.3		2.4			
Commerz	2.1		2.4			
SEB	2.4		2.5			

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)
Aug-25 Actual	1.6	-0.2	0.8	0.5	2.7	0.0
Sep-25 BBG Consensus	1.7	1.2	1.3	-0.9	3.0¹	0.2¹
Sep-25 MNI Median Consensus	1.7	N/A	1.3	N/A	3.0¹	N/A¹
Bank of America	1.8		1.2		3.0	
Barclays	1.68	1.18	1.22	-0.91	2.95	0.15
Goldman Sachs	1.7		1.3		2.9	
JP Morgan	1.6		1.3			
Morgan Stanley	1.98		1.26		2.87	
Nomura	1.67		1.64			
UBS	1.8		1.3		3.0	

¹ Spain data was already released on September 29, broadly inline with expectations (3.0% Y/Y, 0.1% M/M).

Analyst (A-Z)	Energy (Y/Y)	Food, Alcohol & Tobacco (FAT) (Y/Y)	Core Goods (Y/Y)	Services (Y/Y)
Aug-25 Actual	-1.97	3.19	0.78	3.10
Sep-25 MNI Median Consensus	-0.4	3.2	0.7	3.2
Barclays	-0.7	3.2	0.5	3.2
Goldman Sachs	-0.4	3.1	0.6	3.11
JP Morgan	-0.6	3.0 (food only)	0.7	3.2
Morgan Stanley	-0.24	3.22 (food only)	0.6 (all goods)	3.2
Nomura				3.09
RBC				3.1
Santander				3.2
Société Générale	-0.3		0.7	3.2
UBS	-0.3	3.2 (food only)	0.8	3.2

Already Released National Inflation Prints:

Spain (12% of 2025 EZ HICP) – 0800BST Monday September 29

Spanish flash September HICP was inline with consensus on a rounded basis at 3.0% Y/Y (vs 3.0% cons, 2.7% prior). On a monthly basis, HICP was 0.1% (0.2% cons). Core HICP (excluding energy and unprocessed foods) was estimated softer than before, at 2.4% Y/Y (vs 2.7% prior), the lowest rate in the category since March.

- National-level flash CPI was lower than expected, meanwhile, at 2.9% Y/Y (vs 3.1% cons, 2.7% prior), with core CPI at 2.3% Y/Y (vs 2.5% cons, 2.4% prior).
- The headline CPI Y/Y uptick is mainly due to "fuel and electricity prices falling less than in September 2024", INE notes.
- Ahead of the print, analysts have expected energy base effects to drive headline inflation up - that seems to have materialized. Core inflation was seen lower on both core goods and services, the release does not contain much information here. Final data is scheduled for October 15.

Belgium (4% of 2025 EZ HICP) – 1030BST Monday September 29

Belgium HICP rose to 2.7% Y/Y (from 2.6% prior), its highest rate since June according to the Statbel flash estimate. National CPI (non HICP) inflation meanwhile also accelerated, to 2.12% in September from 1.91% previously.

- Sticking to the non-HICP details, core CPI (ex energy & unprocessed food) ticked up notably, to 2.61% Y/Y (vs 2.30% prior).
- Services inflation was almost unchanged at 3.47% Y/Y (3.48% prior).
- "Inflation for food products (including alcoholic beverages) stands at 3.32% this month, compared with 2.42% last month.", INE adds. Food inflation is expected to be roughly unchanged on the yearly rate on the Eurozone-wide HICP release, and may undergo increased scrutiny in the coming months following a recent ECB blog post drawing attention to the importance for inflation expectations of the category. After the Belgian increase, we will be watching to see if we get a similar increase in other countries - which could then provide an upside surprise to headline HICP.
- Energy inflation meanwhile has dropped in September in Belgium, with a -1.48% Y/Y rate (vs -0.75% August, -1.86% July). Energy is seen to drive an uptick in the Eurozone-wide headline print in September.

Outlooks And Consensus Estimates For National Inflation Prints:

Germany (28% of 2025 EZ HICP) – 1300BST Tuesday September 30 (after state-level data in the morning)

- Consensus:
 - HICP: 2.2% Y/Y (vs 2.1% prior); 0.1% M/M
 - CPI: 2.3% Y/Y (vs 2.2% prior); 0.2% M/M
- Analyst views:
 - Morgan Stanley: "We forecast an uptick in headline CPI inflation to 2.3%Y from 2.2%Y in August. The upside stems from energy inflation, which is forecast to rise to -0.6%Y from -2.4%Y. Food CPI inflation should soften slightly 2.4%Y on a monthly momentum close to historical averages (0.4%M)"..."For core CPI inflation, we expect a small step down (-5bp) from 2.7%Y to 2.6%Y. In core goods, we expect price increases on the month at a more muted rate than last year (0.7%M vs Sep-24 at 0.8%M), which lowers the year-on-year rate to 1.9%Y. Services CPI inflation is forecast as stable at 3.1%Y with a small decline of -6bp to two decimal places".
 - Goldman Sachs: "We look for German headline HICP inflation to tick up to 2.2%yoy in September, from 2.1%yoy in August. We expect core inflation to tick down to 2.3%yoy, with both year-over-year goods and services aggregates ticking down on the month. "
- The Bundesbank highlights in their monthly report that "the inflation rate is likely to be temporarily somewhat higher in the next few months".
 - "The inflation rate is likely to fluctuate slightly above the 2 % mark up until the end of the year. The volatile profile is mainly due to base effects in the energy and services sectors. The contribution of energy to the inflation rate will be significantly higher for a time over the next few months, as energy prices had temporarily fallen considerably last autumn. Services inflation is likely to rise significantly for a time at the end of the year, as travel prices were down markedly in the fourth quarter of 2024. However, services inflation is then likely to gradually drop below 3 %. This should contribute to a further decline in underlying inflation, which is currently still distinctly higher than the historical average.
- The September flash PMI noted *"The rate of increase in output prices likewise ticked up at the end of the third quarter, bringing it back broadly in line with its long-run average. As with costs, the stronger rate of output price inflation was driven by the service sector, which saw the greatest increase in prices charged for six months."*
- The German restaurant food VAT decrease from 19% to 7%, passed internally by the government this week for introduction on January 1 2026, would have a maximum negative feedthrough of 0.57pp to German headline Y/Y HICP if passed on fully by restaurants. A pass-through rate of around 70%, suggested by former research, would decrease this feedthrough to broadly 0.4pp. German HICP has a 28% weighting in the overall Eurozone basket - that would imply around a 0.1pp negative impact on EZ HICP. However, the actual impact may be smaller than this.
 - The planned legislation does not come as a surprise as it was mentioned as a firm target in the government's coalition agreement, and follows a previous temporary reduction to 7% which was in place from until January 2024 as a Covid support measure.
 - Firgo (2024) investigated the respective feedthrough of the resulting restaurant VAT increase from 7% to 19% in January 2024, and concluded with the mentioned 70% figure. Of course, the effect this time may be either smaller or larger as the direction of travel in terms of VAT is down, not up.
 - In fact, around the last VAT decrease in 2020, from March (2.7% Y/Y) through May (2.1% Y/Y) to October (1.7% Y/Y), German restaurants HICP fell by only around 1.0pp. However, restaurant margins were more stretched during that period with footfall low and consumer elasticities might also well have been different, so ultimately this might not provide much of a guide of the magnitude of passthrough this time.
- German final August HICP was unrevised from the flash readings at 2.1% Y/Y (1.8% prior) and 0.1% M/M. The final reading to CPI was also unrevised at 2.2% Y/Y (2.0% prior) and 0.1% M/M whilst core CPI printed at 2.7% Y/Y for the fourth consecutive month.
 - Services remained at 3.1% Y/Y (as tracked after state-level data), the joint lowest rate since August 2022, with the contribution vs July unchanged. Goods inflation meanwhile accelerated, with a 0.17pp higher contribution to headline, mostly on the back of higher food and energy.
 - MNI's inflation breadth tracker 2-way moves in the German August release, which broadly cancel out on balance.

France (19% of EZ HICP in 2025) – 0745BST Tuesday September 30

- Consensus:
 - HICP: 1.3% Y/Y (vs 0.8% prior); -0.9% M/M
 - CPI: 1.3% Y/Y (vs 0.9% prior); -0.9% M/M
- Analyst views:
 - Morgan Stanley: Inflation in France will remain low (1.3%Y for CPI and HICP) but it will take a large step up in September (+40bp for CPI and +50bp for HICP). We also expect higher core CPI (1.7%Y from 1.4%Y) and HICP (1.8%Y from 1.4%Y). This however does not reflect a change of momentum, but simply base effects from last year, as some large prices declines observed in September-24 will drop out of the year-on-year metric"... This is true for energy inflation, which is expected to edge up to -4.7%Y from -6.2%Y. And this will also be very significant for services inflation"
 - Barclays: "Base effects connected to a pricing war between French telecom companies that led to a 6.0%/1.2% m/m NSA decline in French/euro area communication services prices last September".
 - Goldman Sachs: "We expect French headline inflation to increase to 1.3%yoy in September from 0.8%yoy in August, and core inflation to print at 1.8%yoy".... "reflecting a notable increase in services inflation on a year-over-year basis driven by an Olympics-related and other base effects (such as telephone services)".
- The August flash PMI noted *"As for prices charged, both sub-sectors were aligned with discounting in September amid reports of strong competition. At the composite level, this marked the first month of lower selling prices since May"*.
- French inflationary pressures remain soft. Final August HICP inflation confirmed flash estimates at 0.83% Y/Y (vs 0.94% prior), while CPI inflation was 0.88% Y/Y (vs 1.00% prior).
 - Services inflation eased in August. A pullback in airfares (-0.04% Y/Y vs 7.66% prior) was offset by a rise in package holidays (8.78% Y/Y vs 1.88% prior), but other transport categories also decelerated relative to July. More "underlying" services components such as insurance also eased (but remain elevated). Trends in the likes of rents, medical services and catering services were steady.
 - Core goods inflation pulled back thanks to a softening in clothing inflation to 1.25% Y/Y (vs 1.91% prior).

Italy (16% of EZ HICP in 2025) – 1000BST Tuesday September 30

- Consensus:
 - HICP: 1.7% Y/Y (vs 1.6% prior); 1.2% M/M
 - CPI: 1.6% Y/Y (vs 1.6% prior); -0.2% M/M
- Analyst views:
 - Morgan Stanley: "We expect headline HICP to rise from 1.6%Y in August to 2.0%Y in September. A large part of this rise comes from base effects in core inflation – core HICP fell by 50bp from 2.3%Y to 1.8%Y in September 2024. Apart from base effects, we see price pressures remaining relatively muted compared with the previous month".
 - Goldman Sachs: "We expect Italian headline inflation to tick up to 1.7%yoy in September from 1.6%yoy in August, and core inflation to stay unchanged at 2.0%yoy".... "We see accommodation services printing around 2%mom nsa, package holidays coming in at -16%mom nsa, and airfares at -22.5%mom nsa. We expect clothing and footwear to behave broadly similarly to their 2024 developments"... "we look for energy inflation to increase slightly to -4.0%yoy from -4.8%yoy in August. However, there is uncertainty over the way the extraordinary energy bonus is feeding through to electricity and gas prices".
- Italian final August HICP was revised down a tenth from the flash to 1.6% Y/Y (vs 1.8% prior). This was mostly due to the energy component, which was revised down four tenths to -4.8% Y/Y (vs -3.5% prior). Food and non-energy industrial goods inflation were also revised down slightly, while services was confirmed at 3.0% Y/Y (vs 3.0% prior).
 - That left core HICP steady at 2.0% Y/Y for the third consecutive month.
 - Within services, accommodation accelerated to 2.3% Y/Y (vs 1.3% prior), but this was offset by a pullback in airfares to 4.2% Y/Y (vs 7.4% prior). Package holiday inflation was steady at 7.3% Y/Y.
 - The proportion of sub-components with annual inflation rates above 5% Y/Y pulled back to 10% (vs 13% prior), the lowest since December 2024.

Inflation Swap Expectations

Short-dated EUR ZC inflation swaps drifted higher through September, but remain below 2% at 1-, 2- and 5-year horizons. Long-term inflation expectations, proxied by the 5y5y rate remain very steady around 2.10%.

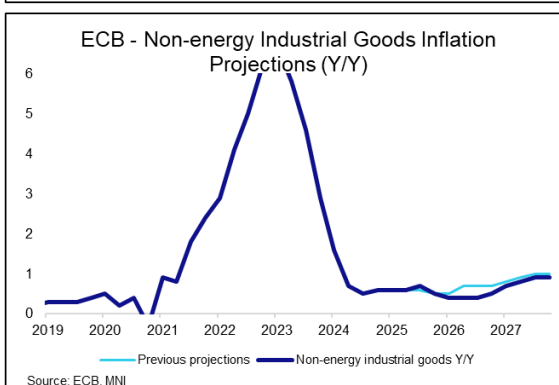
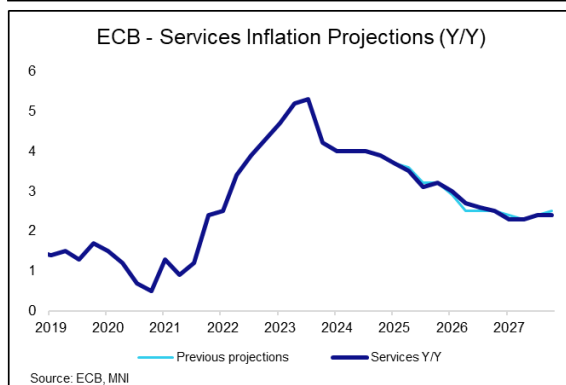
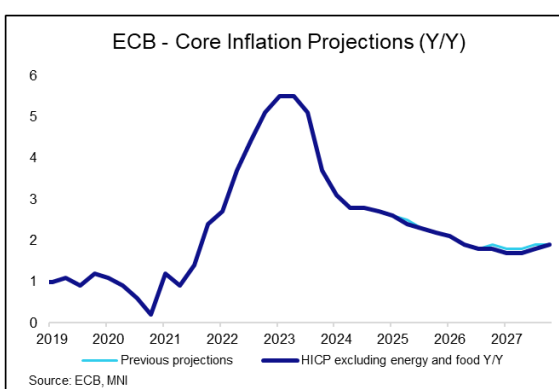
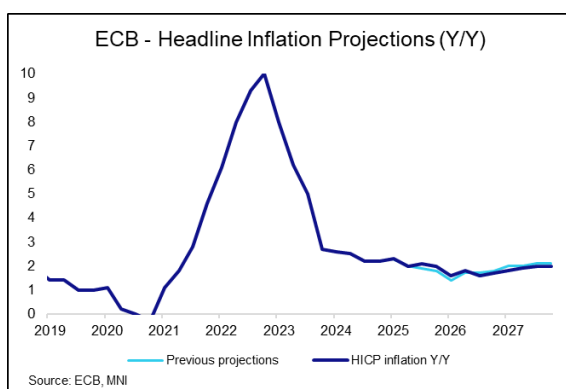
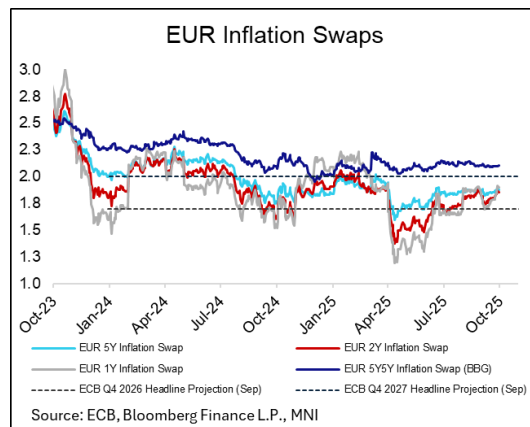
The September HICP ex-tobacco inflation swap is currently priced at ~220bps, broadly in line with analyst expectations for headline HICP.

ECB Outlook (September Projections)

In the ECB's September macroeconomic projections, headline inflation is expected to (conveniently) return to the 2% target by Q3 2027, after reaching a low of 1.6% in Q1 and Q3 2026. This is probably one reason why Lagarde played down the 2027 undershoot in the press conference. The profile for services inflation was revised up a shade while non-energy industrial goods was revised lower through 2026.

From the ECB's write-up:

- "The inflation outlook is consistent with inflation stabilising around the medium-term target of 2%. Headline inflation is projected to move sideways, at around 2%, for the rest of 2025, and then to drop to 1.7% in 2026 before recovering to 1.9% in 2027."
- "The drop in 2026 reflects a further gradual easing in the non-energy components, while energy inflation is expected to remain volatile, but to rise over the projection horizon, in part because of the start of the EU Emissions Trading System 2 (ETS2) in 2027."
- "Food inflation is expected to remain elevated initially, as lagged effects from past price increases in international food commodities feed through, but to moderate to rates somewhat above 2% in 2026 and 2027."
- "HICP inflation excluding energy and food (HICPX) is expected to decline as wage pressures recede and services inflation moderates, and as the appreciation of the euro feeds through the pricing chain and curbs goods inflation"



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

Highlights from the ECB's Q3 Survey of Professional Forecasters:

- *"Contacts reported a slight slowdown in selling price momentum in recent months", but this was "mainly driven by developments in manufacturing". Services prices "remained relatively robust".*
- *"Contacts remained confident that wage growth was moderating. 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 and further to 2.8% in 2026".*
- *"The effect of US tariffs on activity and prices in the euro area was mostly viewed as being negative at present, albeit with little to no impact on final consumer prices."*

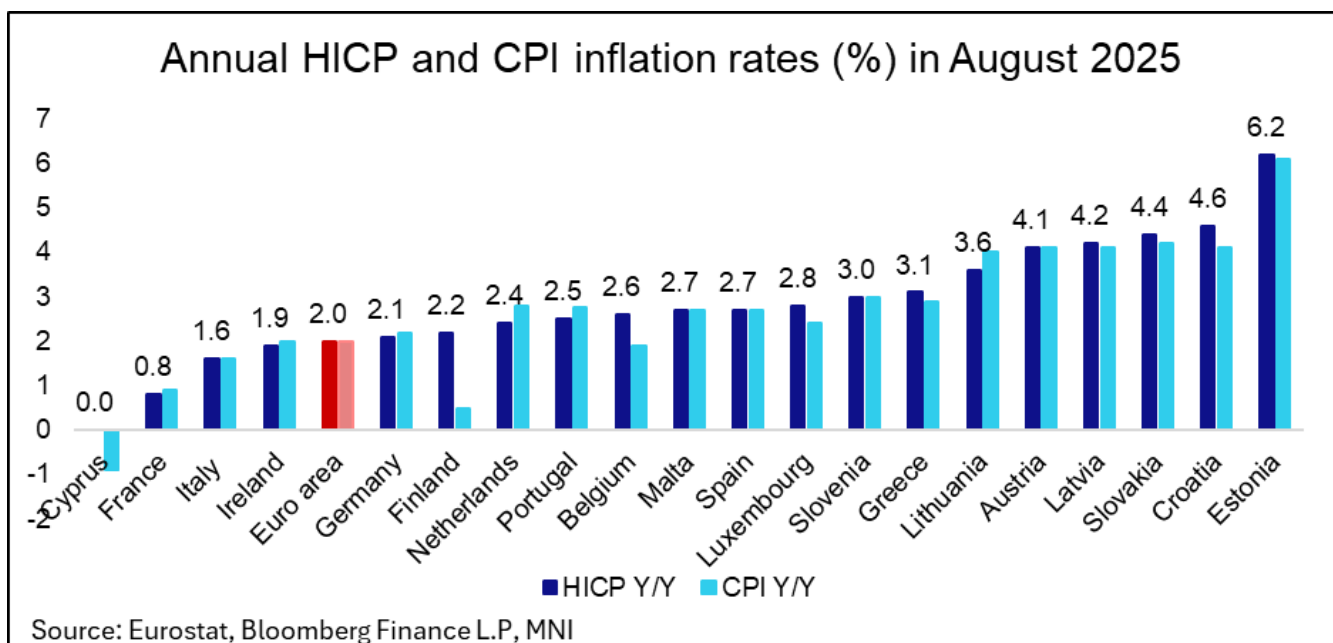
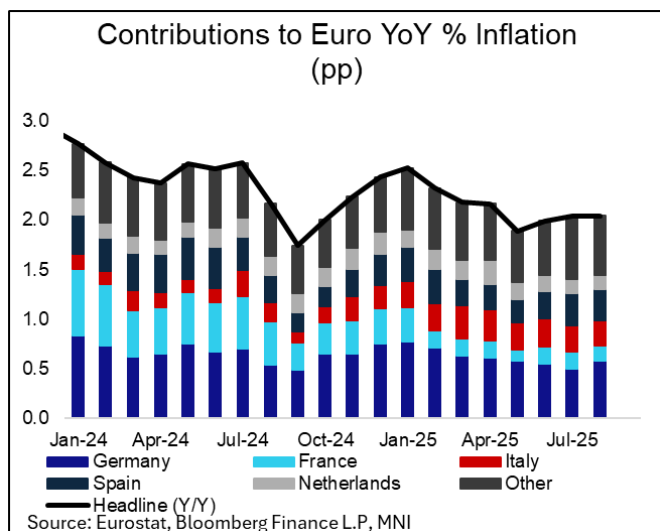
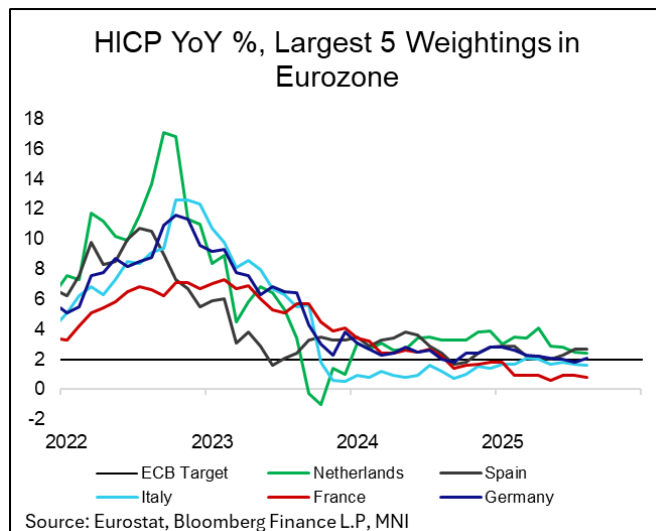
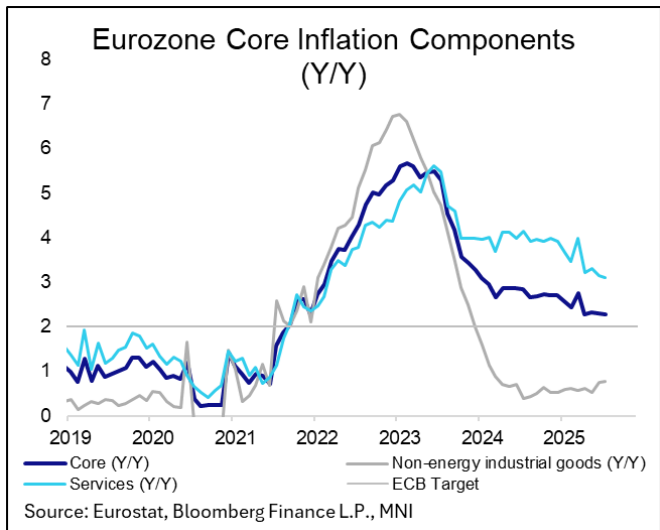
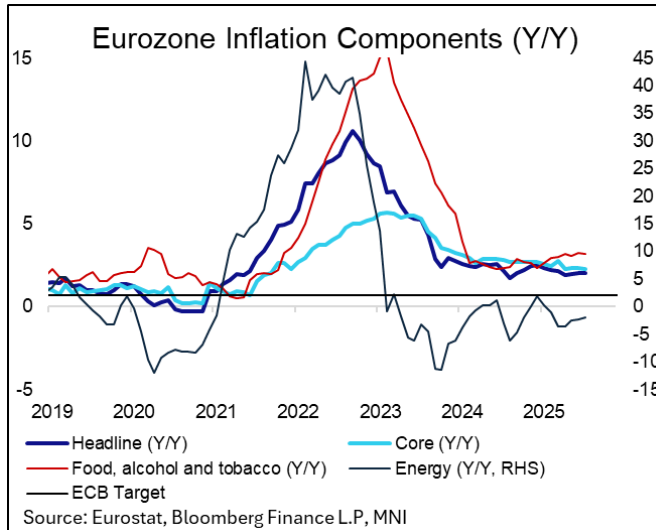
August ECB CES: Consumer inflation expectations across the eurozone over the next 12 months increased to 2.8% in August, accelerating from 2.6% in July, according to the latest ECB Consumer Expectations Survey. Expectations for three years ahead were unchanged at 2.5%, while the outlook inflation five years ahead increased to 2.2%, from 2.1% in Jul the highest value observed since August 2022.

- Uncertainty about inflation expectations over the next 12 months increased slightly in August, the survey showed.
- The median rate of perceived inflation over the previous 12 months was unchanged at 3.1% for the seventh consecutive month. For comparison, the actual annual inflation rate reported by Eurostat for August was just 2.0%.
- The data will have little direct impact on ECB policymaking with the likely time horizon for the next big discussion on rates being December. However, at the margins, it does offer a further argument for the more hawkish committee members.

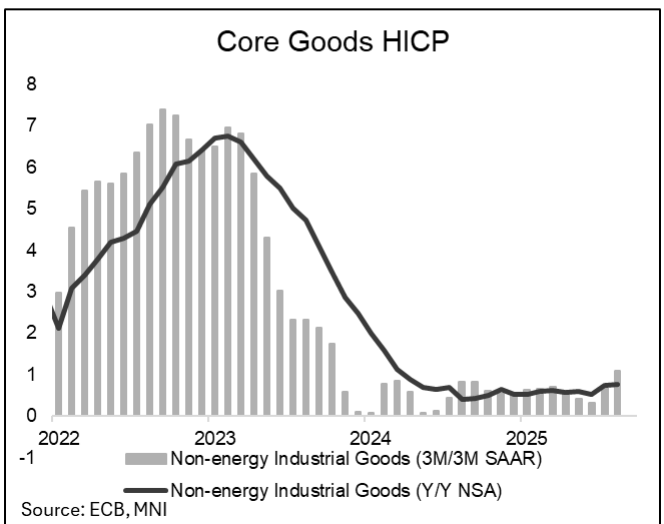
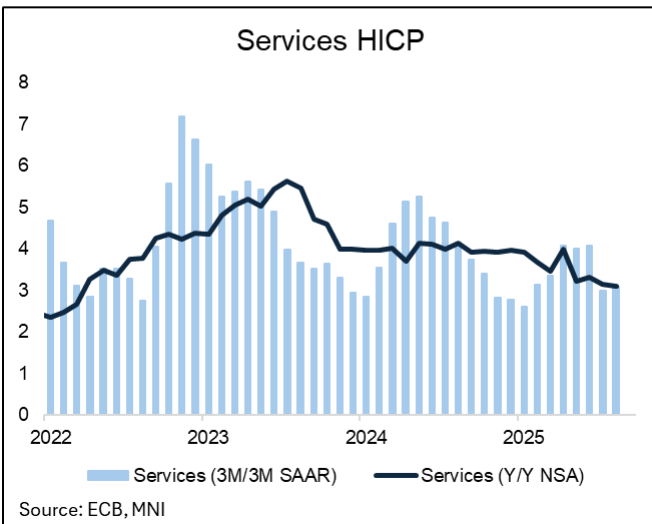
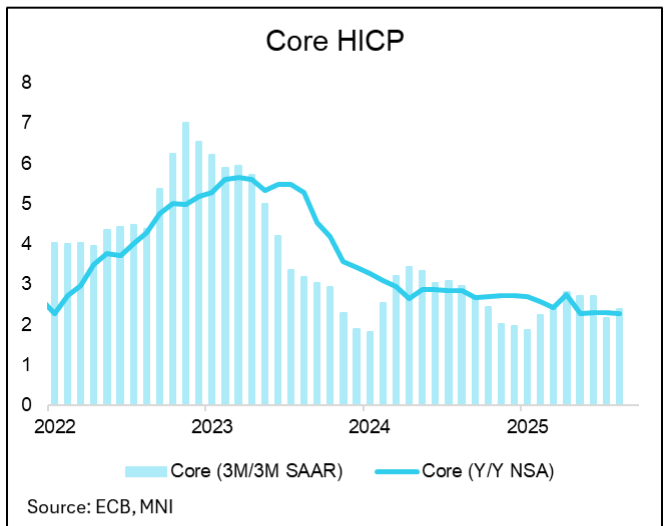
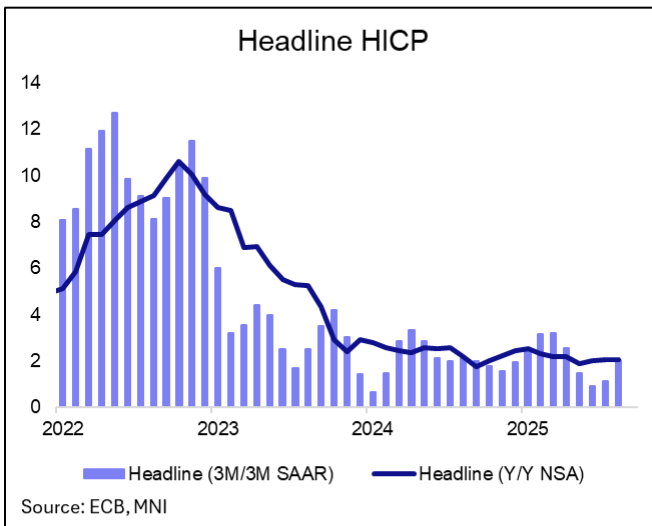
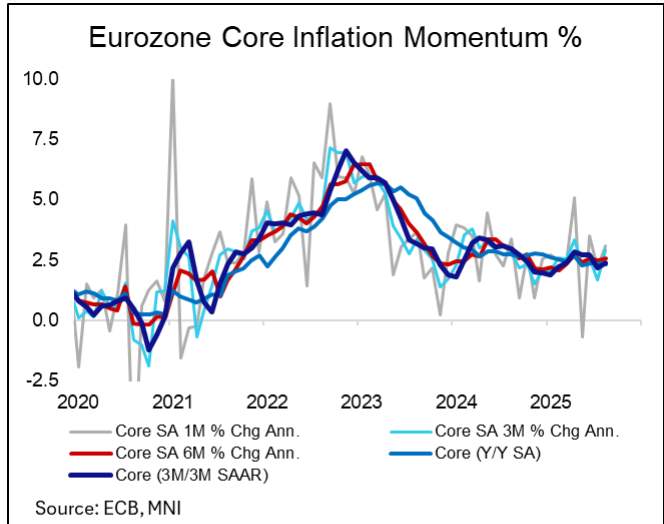
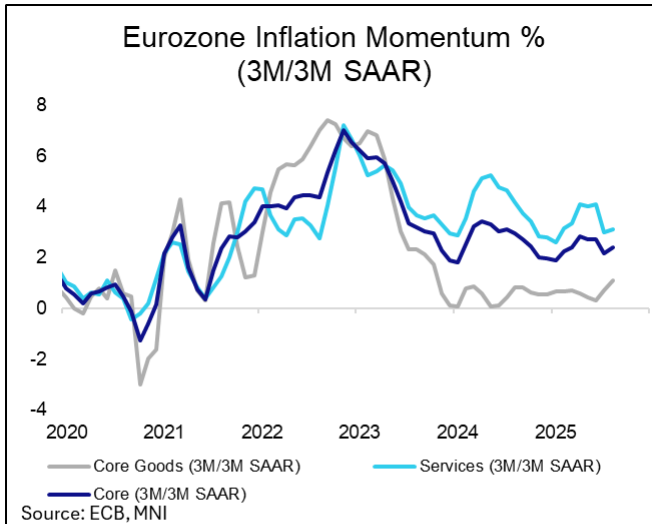
Inflation highlights from the ECB's Q3 Corporate Telephone Survey:

- *"Contacts reported a slight slowdown in selling price momentum in recent months", but this was "mainly driven by developments in manufacturing". Services prices "remained relatively robust".*
- *"Contacts remained confident that wage growth was moderating. 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 and further to 2.8% in 2026".*
- *"The effect of US tariffs on activity and prices in the euro area was mostly viewed as being negative at present, albeit with little to no impact on final consumer prices."*

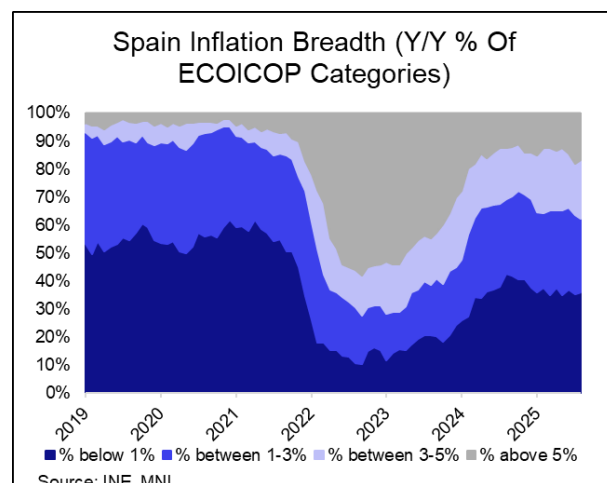
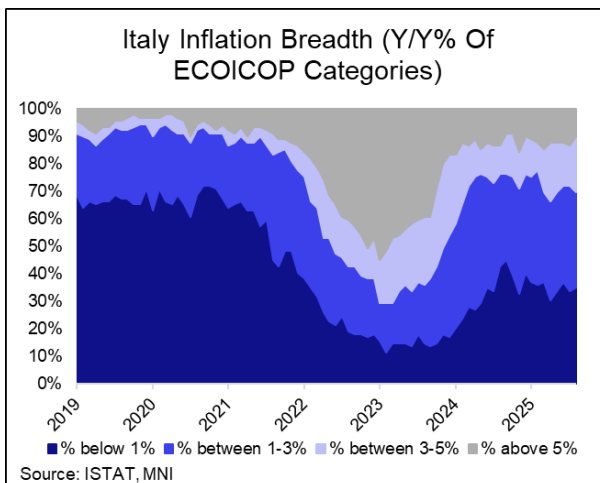
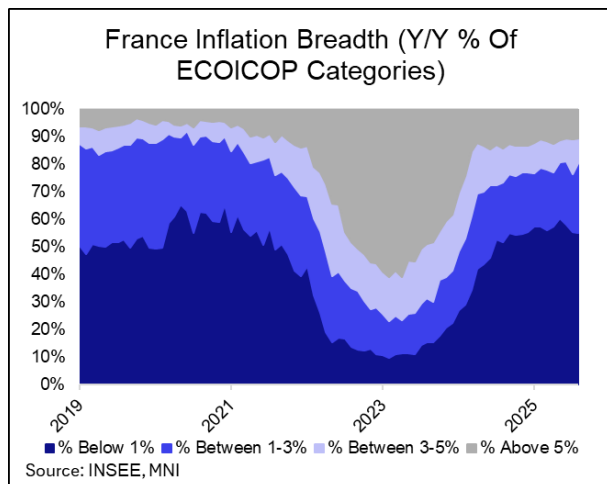
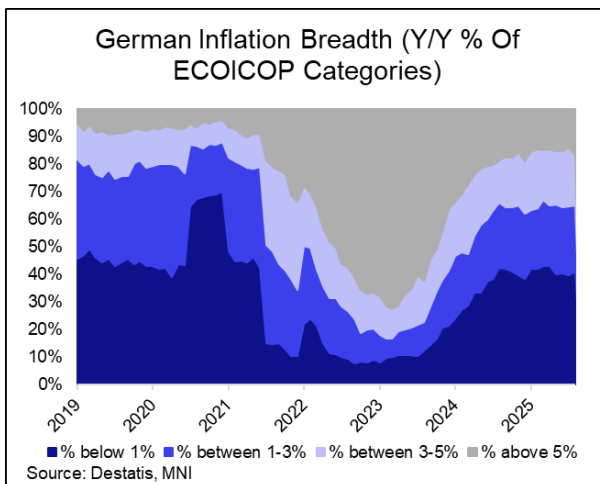
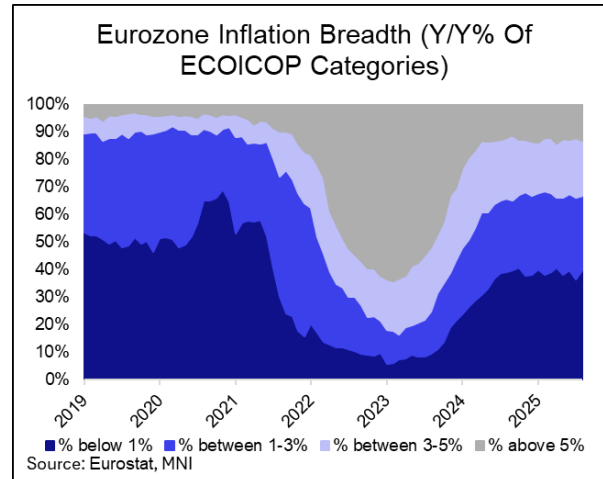
Key Eurozone Inflation Charts



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



Country-Level Breadth Charts



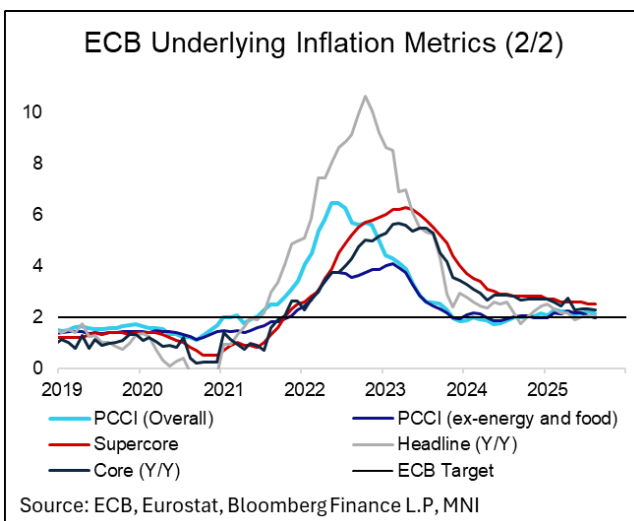
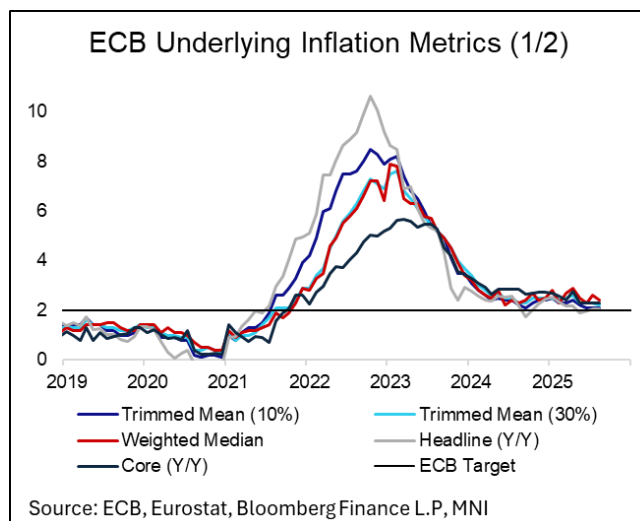
August HICP Recap: Services Upward Revision Flattered By Rounding, 3-Year Low

The Eurozone August final HICP report echoed the trends seen in the flash release. Core inflation continues to slowly fall, with a slight easing in services inflation starting to be offset by an uptick in core goods. Overall, there's nothing in the details to suggest the ECB needs to deliver another rate cut this cycle. The inflation outlook remains in a "good place". However, some more dovish members of the Governing Council remain cognizant of downside inflation risks ahead.

- Services inflation was confirmed at 3.10% Y/Y (vs 3.15% prior), finally showing more durable disinflation after several months stuck around the 4% handle earlier in the year.
- Within the services sub-component, volatile categories were broadly offsetting: Airfares at 0.55% Y/Y (vs 2.12% prior), package holidays at 1.61% Y/Y (vs 0.92% prior) and accommodation services at 2.37% Y/Y (vs 2.63% prior).
- There were some signs of persistence in the likes of rents (2.94% Y/Y vs 2.89% prior), health services and recreation and cultural services (4.31% Y/Y vs 3.74% prior). However, other miscellaneous services categories such as insurance (6.33% Y/Y vs 6.64% prior) continued to ease.
- Core goods inflation was confirmed at 0.78% Y/Y (vs 0.75% prior). An uptick in clothing and footwear (0.53% Y/Y vs 0.19% prior) was mostly offset by a fall in furnishings and household equipment (0.60% Y/Y vs 0.71% prior)/
- The proportion of ECOICOP subcomponents with annual inflation rates below 1% rose back up to 40% (vs 36% in July, 40% in June). 33% of components had rates above 3% Y/Y in August, down a touch from 34% in July.

ECB Underlying Inflation Metrics Show Broad Progress In Aug

- The ECB's underlying inflation metrics showed broad-based disinflationary progress in August. The preferred PCCI series fell back to 2.12% Y/Y (vs 2.22% in July and 2.15% in June). The core PCCI series also eased, as did the 30% trimmed mean (2.2% Y/Y vs 2.3% prior) and weighted median (2.4% Y/Y vs 2.6% prior) metrics. Supercore (2.5%) and the 10% trimmed mean (2.1%) were steady.
- Unsurprisingly, revisions to the ECB's seasonally adjusted inflation metrics were minimal. 3m/3m core momentum was confirmed at 2.39% (vs 2.16% in July but 2.72% in June). Services momentum was 3.09%, up from 2.99% in July but below the > 4% levels in April – June).



Sell-Side Analyst Previews

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

Daiwa: Core 2.2%; Headline 2.2%

- “Our projection sees core inflation easing to a near-four year low of 2.2%Y/Y, albeit with a bias to the upside. In addition to the broadly disinflationary effects of diversion of Chinese exports away from the US to Europe, expectations for a further softening in domestic PPI inflation in August points towards the continued absence of core goods inflation. And while we expect services inflation to drift temporarily higher in Q4, we expect it to remain near last month's three-and-a-half year low (3.1%Y/Y) for the time being. As such, the abundance of central bank-speak over the coming week seems likely to reiterate that ECB rates remain in a 'good place'.”

Bank of America: Core 2.2%; Headline 2.2%

- “The spike in pump prices is likely to drive an acceleration across countries. We will watch closely the prints for Spain (Monday, HICP 3.0%), France/Italy/Germany (Tuesday, HICP 1.2%/1.8%/2.2%) and the Euro area (Wednesday, HICP and core at 2.2%, with risks of core rounding up to 2.3%).”

RBC: Core 2.2%; Headline 2.2%

- “It is largely energy base effects that are pushing up the headline rate, although these base effects work in the opposite direction in 2026”
- “The seasonality of core goods has become very unpredictable in the euro area for September post-Covid. The data suggests core goods prices no longer rise as much in September as before the pandemic, largely due to less discounting during summer sales. There is a risk that this trend returns to pre-Covid levels, now that inflationary pressures are subsiding and hence upside risks to our core goods forecast”.
- “We are forecast a drop in services inflation of 1.0% m/m, roughly the average we saw for a September between 2022-24. On a y/y basis, we are forecasting services inflation to remain unchanged at 3.1%”.

Barclays: Core 2.24%; Headline 2.16%

- “We forecast energy to print at -0.7% y/y, 1.3pp higher than in August. Like in recent months, this further decline in the pace of year-over-year energy deflation would be driven by fuel base effects, as fuel prices had dropped 3.7% m/m NSA last September. This should more than offset the recent sequential declines in wholesale energy prices”.
- “We expect FAT inflation to remain unchanged at 3.2% y/y”...“ indicators have started to ease again, though from the EC survey it is not clear if FAT inflation has already reached its peak. We expect a neutral print in September, with fairly stable sequential momentum”.
- “We expect core goods inflation to decelerate 0.3pp from August and fall back to its June level of 0.5% y/y due to the end-of-summer sales. Specifically, because prices had declined by less than usual at the beginning of the sales in July, we expect a smaller-than-usual rebound in prices in September after the sales come to an end”
- “We project a 0.1pp acceleration in services inflation, to 3.2% y/y in September. In part, this is driven by communication services base effects connected to a pricing war between French telecom companies that led to a 6.0%/1.2% m/m NSA decline in French/euro area communication services prices last September. Additionally, we expect a relatively firm transport services reading as we think that smaller price increases from January to August than last year also leave less room for price declines in the second half of the year. In contrast, we expect package holidays and accommodation services to remain relatively soft.”

Goldman Sachs: Core 2.25%; Headline 2.18%

- “We look for Euro area core inflation to cool more rapidly 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. We see Q3 average core inflation at 2.3%yoy and Q4 at 2.1%yoy, and mostly below 2% thereafter. As for headline inflation, we see it mostly at target until the end of the year, but broadly below throughout 2026”.
- “We see services inflation printing at 3.11%yoy, and goods inflation ticking down to 0.60%yoy. Our estimates suggest that seasonally adjusted sequential core inflation will tick down to 0.13%mom in September.
- “Year-over-year energy inflation will likely increase to -0.4%yoy from -2.0%yoy in August.”
- “Food, alcohol, and tobacco inflation is likely to tick down to 3.1%yoy in September”.
- Across countries (more in country-specific sections above):

- “We look for German headline HICP inflation to tick up to 2.2%yoy in September, from 2.1%yoy in August. We expect core inflation to tick down to 2.3%yoy (0.08%mom seasonally adjusted), with both year-over-year goods and services aggregates ticking down on the month. We look for German headline HICP inflation to tick up to 2.2%yoy in September, from 2.1%yoy in August. We expect core inflation to tick down to 2.3%yoy (0.08%mom seasonally adjusted), with both year-over-year goods and services aggregates ticking down on the month. .
- “We expect French headline inflation to increase to 1.3%yoy in September from 0.8%yoy in August, and core inflation to print at 1.8%yoy (-0.01%mom seasonally adjusted), reflecting a notable increase in services inflation on a year-over-year basis driven by an Olympics-related and other base effects (such as telephone services)”.
- “We expect Italian headline inflation to tick up to 1.7%yoy in September from 1.6%yoy in August, and core inflation to stay unchanged at 2.0%yoy (-0.04%mom seasonally adjusted)”.
- “We expect Spanish headline inflation to increase to 2.9%yoy in September from 2.7%yoy in August, and core inflation to tick down to 2.6%yoy, implying a seasonally adjusted sequential pace of 0.10%mom”

Santander: Core 2.25%; Headline 2.27%

- “Risks around our headline CPI projection are broadly balanced.”
- “Although the headline rate is set to reaccelerate to 2.3% (from 2.0% last month), this is a base-effect-driven move rather than a renewed rise in inflation.”
- “The deflationary performance by energy prices (just c9% of total CPI), at -1.4% in 2023, -2.2% in 2024 and -1.4% in 1H25, has been key to explaining the fall in inflation towards 2.0% YoY. However, we see risks biased to the upside (less negative/more positive than expected) amid geopolitical tensions and the recovery in activity unless the euro remains strong.”
- “European fiscal easing is ultimately inflationary but with a lag: a +1% deficit lifts HICPx ~0.2–0.3% after three years (we see a higher effect than the 0.2% expected by the ECB), while near-term effects are tiny (0.02–0.05%) and often masked by temporary measures (VAT cuts, price caps) that create short-lived “virtual” disinflation.”
- “Services CPI could rise to 3.2% (from 3.1%).”

Nomura: Core 2.29%; Headline 2.27%

Deutsche Bank: Core 2.3%; Headline 2.2%

- “After several months at target, we expect headline inflation to rise to 2.2% YoY (2.0% prev.). This is in line with consensus expectations but slightly below current market pricing.”
- “We expect the acceleration to be largely driven by energy base effects. Core HICP, we expect, will remain at 2.3% for a fifth consecutive month”

JP Morgan: Core 2.3%; Headline 2.2%

- “We expect core inflation to move sideways in September, but this requires some softening in inflationary pressures. We assume that core goods price gains will be soft this month as the stronger currency is weighing on prices. We also assume that weaker wage pressures lead to weaker services price gains. But these gains have been stronger than we had expected over the summer. Thus, the risks around our core forecast are tilted to the upside.”
- Core goods 0.7%, services 3.2%, energy -0.6%, food 3.0%.
- Germany HICP 2.2%, France HICP 1.3%, Italy HICP 1.6%.

TD Securities: Core 2.3%; Headline 2.2%

- “Risks are generally balanced around September EZ inflation releases”
- “We expect headline EZ inflation at 2.2% y/y (mkt: 2.3%), likely marking a peak for now, though core is likely to remain in its recent range for a few months ahead.”

Danske: Core “roughly unchanged”; Headline 2.3%

- “We expect headline inflation to increase to 2.3% y/y in September from 2.0% y/y but it is mostly due to base effects from last year and as we expect momentum in core inflation to be broadly unchanged and well behaved, it should not be interpreted too hawkishly”

Société Générale: Core 2.3%, Headline 2.26%

- “The increase in headline inflation is primarily due to energy inflation rising by 1.7pp to -0.3% yoy, driven entirely by positive base effects, as we forecast flat energy prices. Services inflation also contributes to the increase, rising by 0.1pp to 3.2% yoy. This rise is driven by two factors: first, positive base effects from last year’s Paris Olympics ending should push up inflation rates for metro fares, airfares, and accommodation, helping French services inflation increase by 0.6pp to 2.6% yoy; second, the lower weight of German package holidays relative to last year weakens its usual negative contribution, helping German services inflation rise by 0.2pp to 3.2% yoy. You can read more about this effect in our latest inflation tracker.”
- Moving in the opposite direction, we forecast goods inflation to fall by 0.1pp to 0.7% yoy. Similar to the German package-holiday effect, clothing’s lower weighting relative to last year reduces its usual positive contribution from the price increases that arrive once the summer sales are over.”

Morgan Stanley: Core 2.33%; Headline 2.26%

- Energy: “almost unchanged in September (0.1%M). This will reflect both flat fuel prices and unchanged gas and electricity tariffs on the back of broadly stable natural gas prices”...“Base effects will thus push energy inflation up to -0.2%Y this month from -2.0%Y in August”...“This rebound is likely to be temporary”
- Food: “expected to be stable at a high level (3.2%Y). We see risks in both directions, as pipeline pressures are receding for some products (coffee, cocoa) but remain on the upside for others (meat)”.
- The increase in core goods in August “can to a large extent be attributed to summer seasonality and smaller HICP weights in 2025 compared to 2024 for items with strong downward shifts in July-August (notably clothing and footwear)”...“This is likely to correct post sales in September, and we see goods inflation edging down to 0.6%Y. The more fundamental message is that core goods inflation has normalized with limited pipeline pressures”.
- “For September, we expect services inflation to edge up to 3.20%Y from 3.10%Y. Indeed it takes only small shocks to (temporarily) interrupt a slow pace of disinflation, and this is what we expect this month, for two main reasons”... “First, our tracking of tourism-related items using Google Trends suggests that accommodation and package holidays inflation could be stable but that airfares are likely to edge up a touch year-on-year....”Second, some items saw lower-than- usual prints in September-24, and “base effects” will push up year-on-year measures this year”.
- Across countries (more in country-specific sections above):
 - Germany: “We forecast an uptick in headline CPI inflation to 2.3%Y from 2.2%Y in August. The upside stems from energy inflation”
 - France: “Inflation in France will remain low (1.3%Y for CPI and HICP) but it will take a large step up in September (+40bp for CPI and +50bp for HICP).”
 - Italy: “We expect headline HICP to rise from 1.6%Y in August to 2.0%Y in September. A large part of this rise comes from base effects in core inflation”
 - Spain: “For September, we expect headline inflation to edge higher, with HICP rising to 2.9%Y (from 2.7%Y) and CPI climbing to 3.0%Y (from 2.7%Y). The increase is primarily due to base effects in energy”.

UBS: Core 2.3%; Headline 2.2%

- “We forecast September inflation to rise 0.2pp to 2.2% y/y, with higher energy inflation due to the base effects (+1.7pp to -0.3% y/y) more than offsetting stable core (at 2.3% y/y) and food inflation (at 3.2% y/y).”
- “Within core inflation, we expect a slight uptick in services inflation +0.1pp to 3.2% y/y, while goods inflation is likely to remain unchanged at 0.8% y/y.”
- “At the country level, we expect inflation to rise across most of the large Eurozone countries. Specifically, we expect increases in Germany (+0.2pp to 2.3% y/y), France (+0.5pp to 1.3% y/y), Italy (+0.2pp to 1.8% y/y) and Spain (+0.3pp to 3% y/y).”

UniCredit: Core 2.4%; Headline 2.3%

- “We estimate that two-thirds of the [headline] increase might have been driven by a base effect on energy prices (which probably remained broadly unchanged on a monthly basis)”
- “For both headline and core inflation, the September increase would not represent the beginning of a new trend. Next year, headline inflation is likely to settle slightly below 2%, while core inflation will probably re-enter a declining trend.”

Commerzbank: Core 2.4%; Headline 2.1%

- “In September, it is likely to have risen slightly to 2.1%, and the core inflation rate is also expected to be slightly higher at 2.4% than in August (2.3%). However, neither of these figures is likely to be a cause of concern at the ECB.”

SEB: Core 2.5%; Headline 2.4%

- “The upcoming months have the potential to mess up the shortterm profile. September is normally a month with rather large seasonal effects (with price increases for goods, while many services prices are lower due to weaker seasonal demand).”
- “Past two years, m/m changes for some services have been particular weak while bouncing back in Oct. If there is a new seasonal pattern our estimate for HICP is on the high side, otherwise the rise in the inflation rate should primarily be seen as normalisations in seasonality.”
- “On the back of ECB comments the data will most likely have limited impact on the current monetary policy stance.”

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