



INFLATION MONITOR

July 15, 2024

Economic Analysis and Research Department

Macroeconomic indicators:

- **Annual HICP headline inflation in the euro area ticked down to 2.5% in June 2024 from 2.6% in May.** This is due to declines observed in unprocessed food and in energy while the other three components remained unchanged. Core inflation (HICP excluding energy and food) remained unchanged at 2.9%. **Annual CPI inflation in the US fell to 3.0%** in June 2024 from 3.3% in May. Core CPI inflation also marginally decreased to 3.3%. **Annual HICP headline inflation in Greece ticked up to 2.5% in June 2024 from 2.4% in May.** The most important development in June 2024 was the significant increase in services inflation (to 4.4% from 3.3%) which offset the remarkable decline in unprocessed food inflation (to -1.7% from 2.2%). Core inflation increased significantly to 3.4% in June 2024 from 2.8% in May 2024 because of a higher annual rate in services.

Market-based indicators:

- **US long-term and euro area nominal bond yields were broadly unchanged, while the US medium-term ones retreated, vis-à-vis one month ago.**
 - In the **euro area** nominal yields, of medium- and long-term bonds, fluctuated over the past month, ending the period without substantial changes; both real yields and market-based expected inflation remained largely unchanged.
 - In the **US** medium-term nominal yields retreated, reflecting a fall in real yields, as market-based inflation expectations reversed a previous rise following the lower-than-expected US inflation readings for June; in the long-term segment of the yield curve, nominal yields did not change significantly.
- **Market-based expectations on policy rates set by the ECB and the Fed fell somewhat, vis-à-vis one month ago.**
 - **The ECB is expected**, with a 95% likelihood, to hold rates unchanged in July's GovC meeting, and with a likelihood of 79% to cut rates by 25 bps in September's GovC, up from 65% one month ago. A third 25 bps rate cut this year is seen as probable: markets expect, with 69% probability that, by the end of the year, the DFR will stand at 3.25% vs. a 31% probability that the DFR will stand at 3.5%.
 - **The Fed is expected to keep the Fed funds rate (FFR) at its current range of 5.25%-5.5% until September 2024**, at which time a rate cut by 25 bps is seen as highly likely (93%, up from 70% expected one month ago). By the end of 2024, the Fed is expected to proceed to a second 25 bps rate cut, either in November (likelihood: 59%) or in December (likelihood: 92%), with a third 25 bps rate cut in December seen as equally likely to no such move.

Key statements and news:

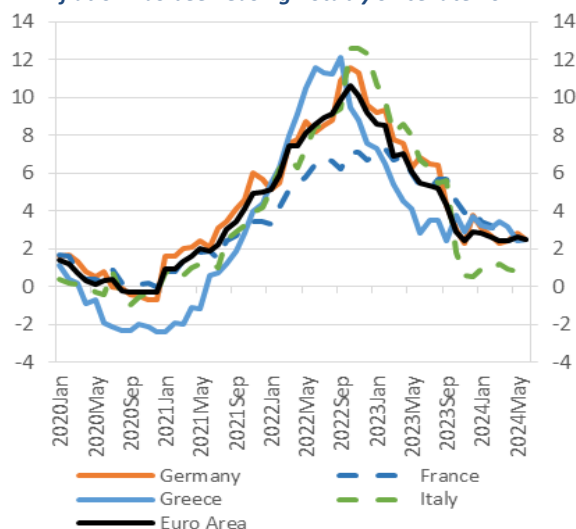
- Fed Chair Jerome Powell, during his testimony to the US Congress, stated that, while the Fed did not gain confidence that inflation is moving sustainably toward the 2 percent target on the basis of incoming data in the first quarter, the most recent inflation readings have shown some further progress towards this aim.
- ECB's President Christine Lagarde said that policy rate hikes managed to keep inflation expectations anchored and inflation is now projected to return to 2% in the latter part of next year; at the same time the costs on economic activity were contained and the labour market remains strong.

Section 1: HICP developments

- *Inflationary pressures in the euro area moved sideways in the first six months of 2024. Core inflation remains at elevated levels.*
- *In Greece both headline and core inflation in early 2024 moved sideways. Headline inflation was above core inflation in the first quarter of 2024 but fell below core inflation in the second quarter of 2024. Both headline and core inflation increased in June 2024.*

HICP Headline inflation for selected euro area countries

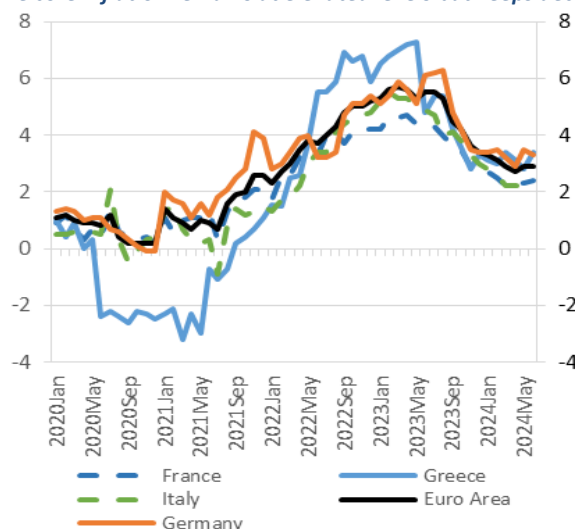
(annual % changes)

Inflation has been easing notably since late 2022...

Source: Eurostat. Latest observation: June 2024.

Core inflation for selected euro area countries
(HICP excluding energy & food)

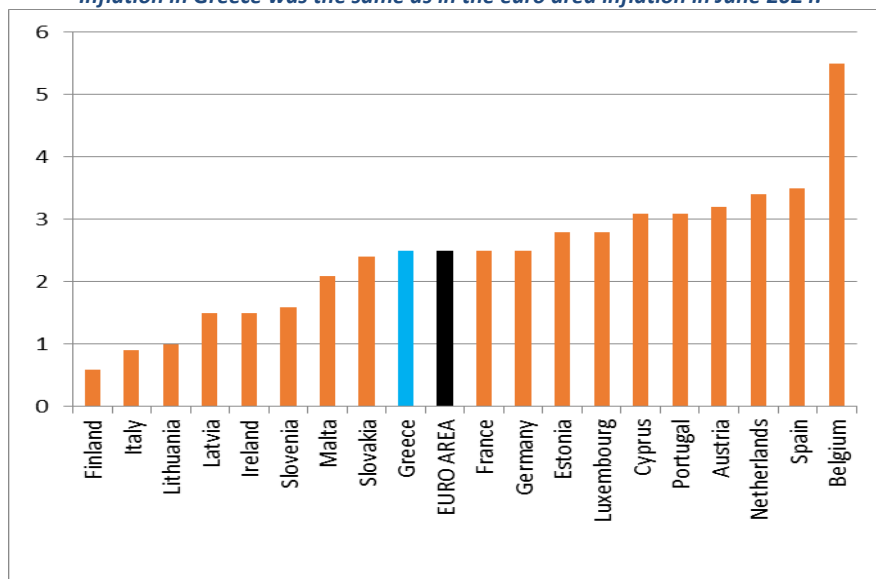
(annual % changes)

... while core inflation remains at elevated levels but keeps declining.

Source: Eurostat. Latest observation: June 2024.

HICP Headline inflation for euro area countries – June 2024

(annual % changes)

Inflation in Greece was the same as in the euro area inflation in June 2024.

Source: Eurostat.

Price developments in the euro area and Greece

(annual % changes)

Easing in energy and food inflation continues, with unprocessed food inflation in Greece turning to negative territory in June 2024. Core inflation stays at elevated levels due to increased services inflation.

EURO AREA	2024 weights (%)	2021	2022	2023	2023		2024		2023	2024					
					Q3	Q4	Q1	Q2	Dec	Jan	Feb	Mar	Apr	May	Jun
Harmonised Index of Consumer Prices (HICP)															
Overall index	100.00	2.6	8.4	5.4	5.0	2.7	2.6	2.5	2.9	2.8	2.6	2.4	2.4	2.6	2.5
Goods	55.12	3.4	11.9	5.7	4.5	1.7	1.5	1.3	2.1	1.8	1.5	1.2	1.3	1.3	1.2
Processed food (including alcohol and tobacco)	15.12	1.5	8.6	11.4	10.3	7.1	4.4	2.9	5.9	5.2	4.5	3.5	3.2	2.8	2.8
Unprocessed food	4.35	1.6	10.4	9.1	7.9	5.9	2.8	1.4	6.8	6.9	2.1	-0.5	1.2	1.8	1.4
Non-energy industrial goods	25.73	1.5	4.6	5.0	4.6	2.9	1.6	0.7	2.5	2.0	1.6	1.1	0.9	0.7	0.7
Energy	9.91	13.0	37.0	-2.0	-4.6	-9.8	-3.9	-0.1	-6.7	-6.1	-3.7	-1.8	-0.6	0.3	0.2
Services	44.88	1.5	3.5	4.9	5.3	4.2	4.0	4.0	4.0	4.0	4.0	4.0	3.7	4.1	4.1
Core Inflation (HICP less energy, food, alcohol and tobacco)	70.62	1.5	3.9	4.9	5.1	3.7	3.1	2.8	3.4	3.3	3.1	2.9	2.7	2.9	2.9
GREECE															
Harmonised Index of Consumer Prices (HICP)															
Overall index	100.00	0.6	9.3	4.2	3.1	3.5	3.2	2.7	3.7	3.2	3.1	3.4	3.2	2.4	2.5
Goods	53.62	2.0	12.9	3.8	2.1	3.7	2.9	1.6	3.8	3.1	2.8	2.8	2.7	1.4	0.7
Processed food (including alcohol and tobacco)	17.27	0.7	9.5	9.3	7.8	6.1	4.6	3.0	5.6	5.3	4.7	3.7	3.9	2.5	2.7
Unprocessed food	7.65	2.2	10.1	11.1	13.3	12.5	9.0	2.3	12.3	11.5	8.3	7.2	6.9	2.2	-1.7
Non-energy industrial goods	21.14	-0.7	5.0	6.4	5.8	3.2	2.2	1.4	2.6	2.6	1.7	2.1	1.8	1.5	1.1
Energy	7.56	12.4	41.0	-13.4	-18.7	-6.0	-3.4	-1.9	-4.0	-6.5	-2.8	-1.0	-1.4	-1.8	-2.4
Services	46.38	-1.0	4.5	4.5	4.1	3.1	3.6	3.8	3.6	3.3	3.5	4.0	3.7	3.3	4.4
Core Inflation (HICP less energy, food, alcohol and tobacco)	67.52	-1.1	4.6	5.3	5.0	3.2	3.1	3.1	3.3	3.1	3.0	3.4	3.1	2.8	3.4

Sources: Eurostat, ELSTAT and BoG calculations.

Price developments in the energy component of the Greek HICP and its subcomponents

(annual % changes)

Energy prices eased significantly in 2023 and remain subdued since, especially electricity and natural gas.

GREECE	2024 weights (%)	2021	2022	2023	2023		2024		2023	2024					
					Q3	Q4	Q1	Q2		Dec	Jan	Feb	Mar	Apr	May
Harmonised Index of Consumer Prices (HICP)															
Overall HICP index	100.00	0.6	9.3	4.2	3.1	3.5	3.2	2.7	3.7	3.2	3.1	3.4	3.2	2.4	2.5
ENERGY	7.56	12.4	41.0	-13.4	-18.7	-6.0	-3.4	-1.9	-4.0	-6.5	-2.8	-1.0	-1.4	-1.8	-2.4
Electricity	2.56	8.3	43.1	-15.0	-8.5	0.8	-2.0	-11.2	-0.1	-0.4	-1.1	-4.6	-7.4	-13.8	-12.2
Natural gas and town gas	0.25	68.3	127	-49.3	-78.0	-55.5	-52.3	-10.6	-52.9	-60.2	-52.0	-39.1	-26.9	-11.6	13.1
Liquefied hydrocarbons	0.04	1.3	11.5	7.6	4.6	-1.1	1.4	-1.2	-0.8	-1.0	3.2	2.2	-0.9	-1.2	-1.5
Liquid fuels	1.07	20.0	45.1	-11.8	-20.7	6.4	7.7	6.3	13.7	1.3	9.9	12.4	6.3	6.3	6.3
Solid fuels	0.22	-0.7	11.0	21.2	23.3	10.0	7.6	0.0	9.2	8.6	7.2	6.9	0.4	0.1	-0.4
Fuels for personal transport equipment	3.42	13.5	25.5	-7.8	-7.0	-6.7	-1.8	2.8	-3.6	-4.0	-1.7	0.5	2.3	5.5	0.6

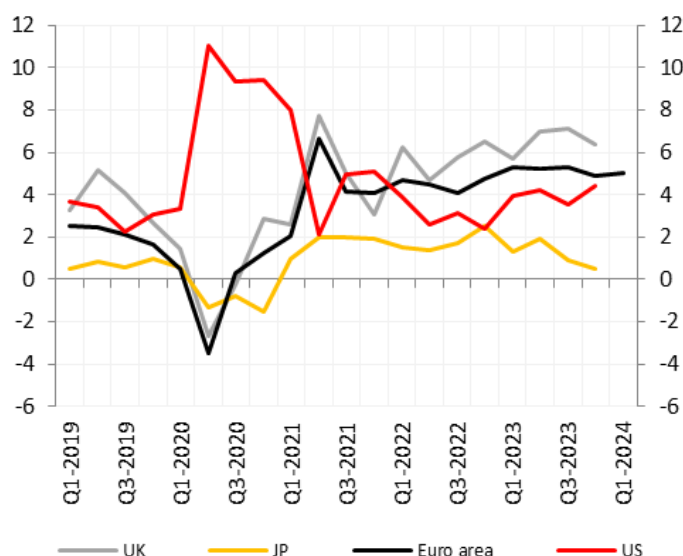
Sources: ELSTAT and BoG calculations.

Section 2: Labour market developments

- Labour markets remain tight in the euro area and Greece.
- In the euro area, nominal wage growth is easing, supported by declining inflation expectations. Annual real wage growth remains positive in 2024 Q1.

Compensation per employee – major regions globally (y-o-y % change; sa)

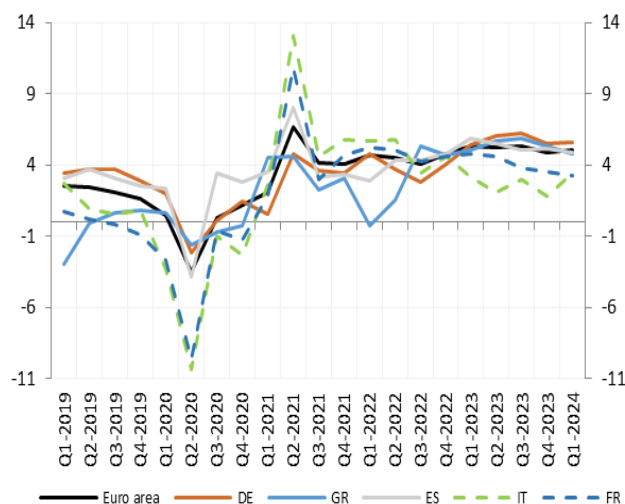
Compensation per employee growth moderated in Q4 2023 in major advanced economies, except the US.



Sources: OECD and ECB. Latest observation: Q1 2024 for the euro area, Q4 2023 for the US, UK and Japan.

Compensation per employee – selected euro area countries (y-o-y % change; sa)

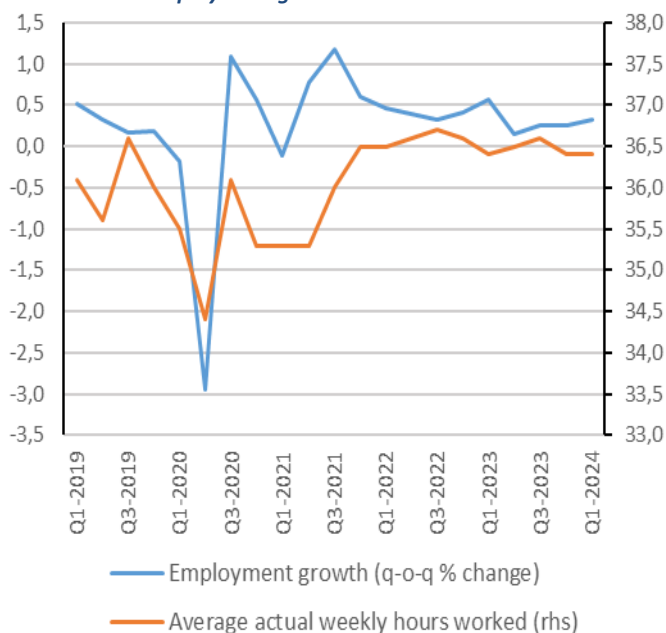
Compensation per employee growth eased in major euro area countries, except for IT (increase) and DE (broadly unchanged) in Q1 2024.



Sources: ECB. Latest observation: Q1 2024.

Employment and hours worked – euro area

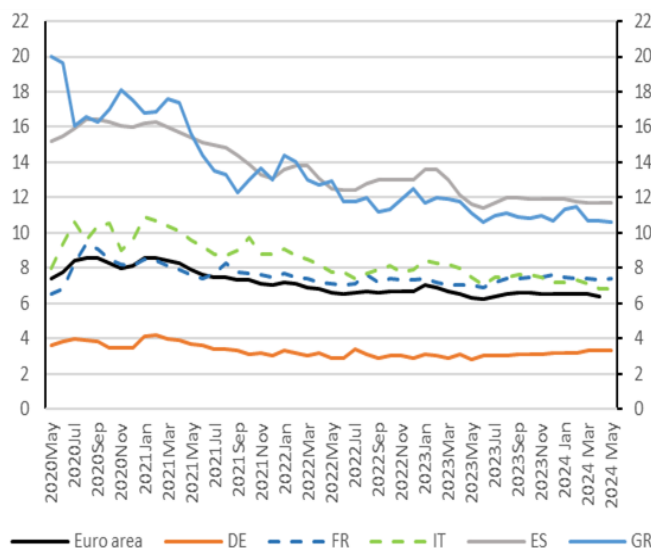
Employment growth remains resilient.



Source: Eurostat. Latest observation: Q1 2024.

Unemployment – selected euro area countries (%)

In May 2024, the unemployment rate steadied in the euro area (at 6.4%) and in major euro area countries; in Greece it edged down to 10.6%, the lowest rate since December 2009.



Source: Eurostat. Latest observation: May 2024.

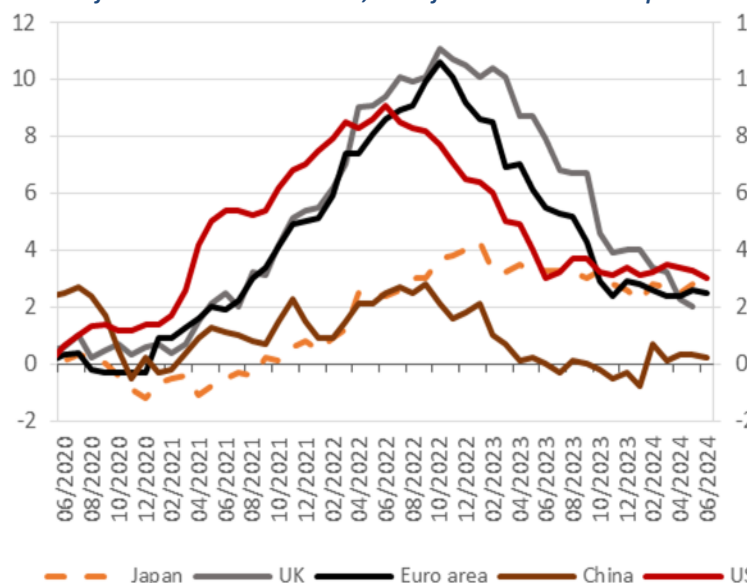
Section 3: Global prices

- The last mile of disinflation is proving a bit bumpy in major advanced economies.
- Since early June, crude oil and European natural gas prices have remained broadly unchanged. Prices for industrial metals and agricultural commodities have fallen, amid slowing demand in China and a well-supplied market, respectively.
- The attacks on vessels in the Red Sea/Gulf of Aden by Houthi rebels since mid-December 2023 led several containership companies to suspend transit through that region. As a result, the global sea container transportation costs more than quadrupled, while the corresponding cost from China to Europe has increased fivefold compared to November 2023. Transit time between China – Europe has increased as vessels opt for the longer route via the Cape of Good Hope, but the one of China – USA remains at its pre-pandemic level.

Headline consumer price inflation

(annual % change)

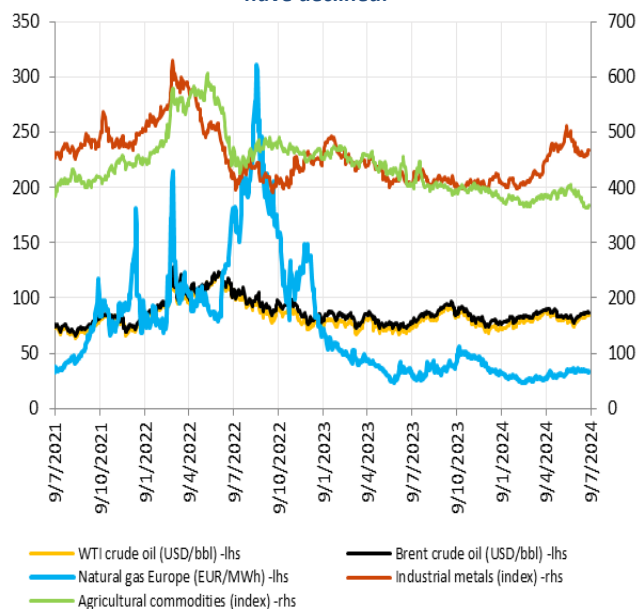
In June, inflation fell in the US, the euro area and China. In May, disinflation continued in the UK, but inflation rose a bit in Japan.



Sources: OECD, Eurostat, UK ONS. Latest observation: June 2024 for the euro area, US and China, May for the rest.

Daily commodity prices

Since early June, crude oil and European natural gas prices have moved sideways, while industrial metals and agricultural commodities prices have declined.

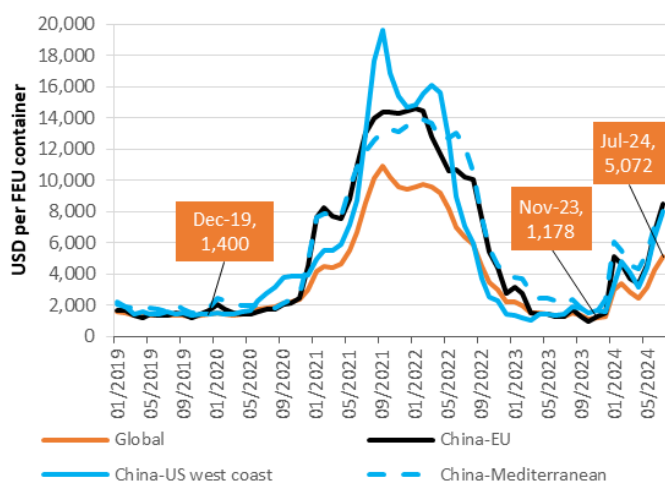


Source: LSEG. Latest observation: 09.07.2024.

Note: S&P Goldman Sachs Commodity spot price indices for industrial metals and agricultural commodities.

Containers transportation cost – Freightos Index

Global sea transportation costs more than quadrupled due to Houthi rebels' attacks on vessels crossing the Red Sea.

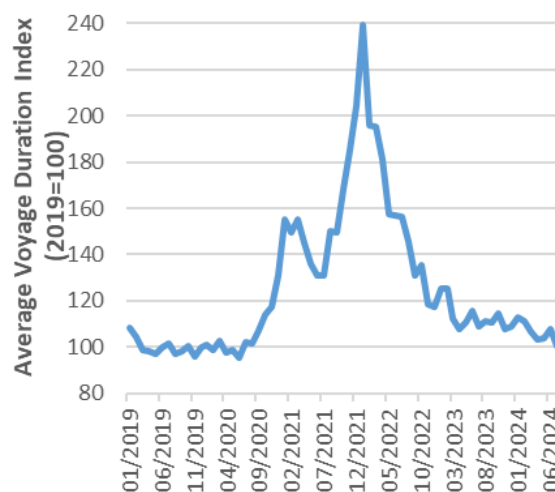


Sources: Freightos and LSEG. Latest observation: 09.07.2024.

Notes: Freightos Baltic Indices reflect the ocean container transport spot freight rates (port to port) for a standard forty-foot container (FEU). Monthly average of daily data.

China-US West Coast containership voyage time

The average voyage time has declined to its pre-pandemic level.



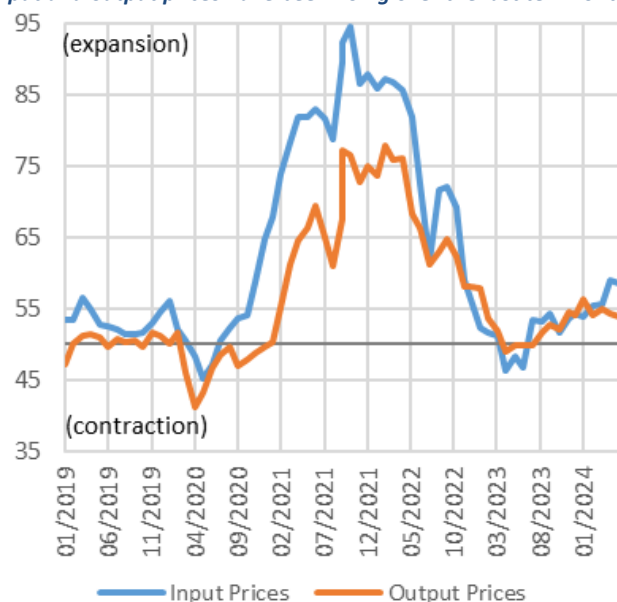
Source: Clarkson Research Services. Bank of Greece's calculations. Latest observation: 09.07.2024

Section 4: Leading price indicators

- PMI input prices in Greece recorded another marked rise in June 2024, at the second-fastest rate since December 2022, due to greater transportation and raw material costs, alongside shortages of some items pushing operating expenses higher. Output price inflation also increased in June but at the slowest rate since November 2023, in an effort to remain competitive.

PMI input and output prices in Greek manufacturing

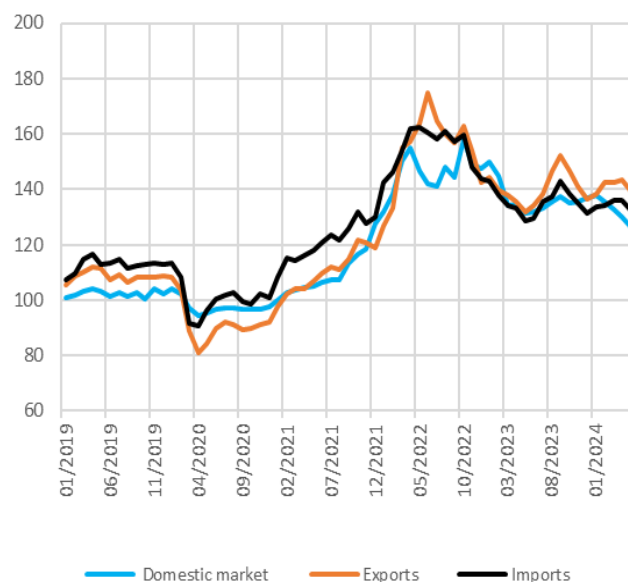
Input and output prices have been rising over the last ten months...



Source: S&P Global. Latest observation: June 2024.

Producer Price Index components in Greece

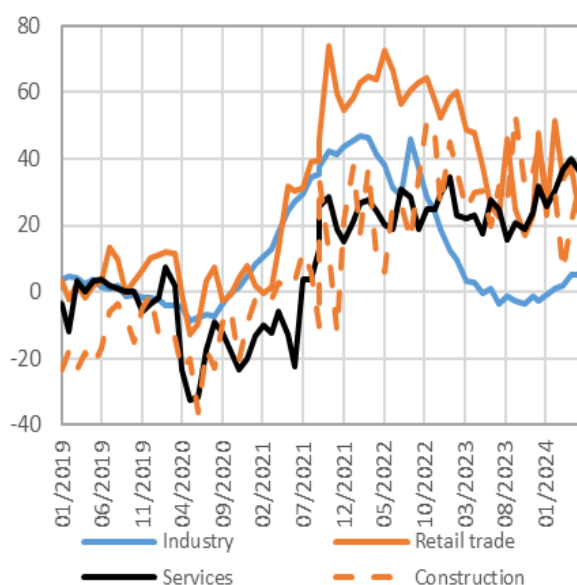
...while producer prices are broadly flat lately.



Source: ELSTAT. Latest observation: June 2024.

Selling price expectations in business sectors in Greece
(for the next 3 months)

Selling price expectations are on an increasing path ...



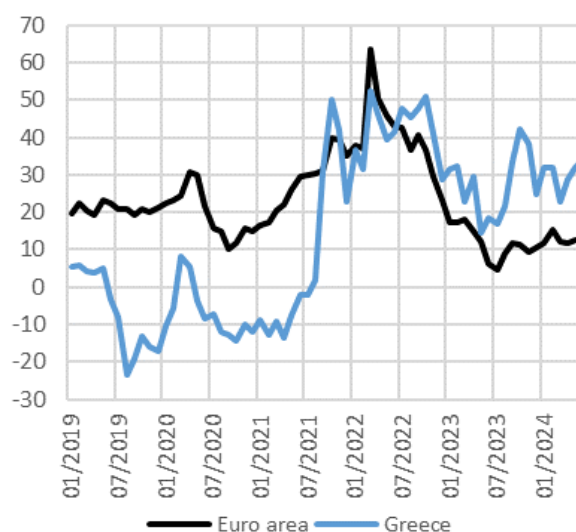
Source: European Commission. Latest observation: June 2024.

Note: Data are obtained from the closed-ended question about expectation of inflation over the next 3 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

Consumer price expectations

(for the next 12 months)

...while consumers' price expectations also increased in June both in Greece and the euro area.



Source: European Commission. Latest observation June 2024.

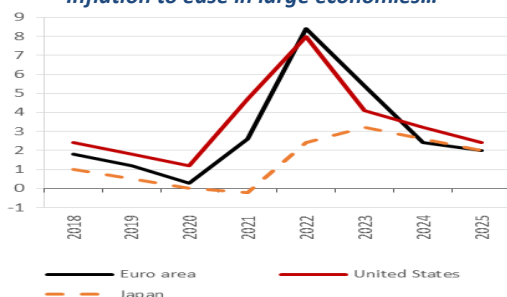
Note: Data are obtained from the closed-ended question about expectation of inflation over the next 12 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

Section 5: Inflation expectations

- Consensus Forecasts of inflation released in June suggest declining inflation for most advanced countries for 2024-2025. Compared to the survey of the previous month, figures were broadly stable for many advanced economies although there was a marginal increase in the expected inflation of the euro area in 2024.
- A new data release from the ECB's Consumer Expectations Survey (CES) shows that median inflation expectation over the next 12 months both in Greece and in the euro area edged down to 9.9% and 2.8%, respectively. Median inflation expectations three years ahead in Greece have decreased to 8.3% in May 2024 from 9.8% in April 2024 while in the euro area they marginally declined to 2.3%.
- It is noted that median consumer inflation expectations are significantly higher in Greece compared to the euro area and also significantly higher than current inflation. Some early research seems to indicate that the upward divergence of Greek households' inflation expectations vs those in the euro area could be attributed to the Greek households' pessimism about their own financial situation.¹
- In the last month, market-based expected inflation in the euro area and in the US, for a medium-term horizon, overall did not mark substantial changes month-on-month (5-year breakeven inflation rates on 11.7.2024 vs 13.6.2024: EA: 1.89%, -5 bps; US: 2.15%, +2 bps), as did longer-term market-based inflation expectations, both in the euro area and the US (10-year breakeven inflation rates on 11.7.2024 vs 13.6.2024: EA: 2.04%, no change; US: 2.23%, +3 bps). This picture reflects a reversal of a previous rise of US market based inflation expectations, after the lower-than-expected US inflation readings. Real yields (i.e. yields on inflation-linked/inflation-protected notes) did not mark significant changes in the EA, while they retreated in the US (on 11.7.2024 vs 13.6.2024: EA-5y: 0.56%, no change; EA-10y: 0.43%, -3 bps; US-5y: 1.98%, US-10y: 1.97% bps, -13 and -7 bps, respectively). As a result of the aforementioned movements, benchmark bond yields rose somewhat in the euro area as did long-term nominal bond yields in the US (on 11.7.2024 vs 13.6.2024: DE-5y: 2.45%, DE-10y: 2.47%, both +7 bps; UST-5y: 4.12%, +1 bp; UST-10y: 4.19%, +6 bps).
- Markets expect a second 25 bps rate cut by the ECB, in September 2024 with around 79% probability. The case that in December, the ECB will cut rates by 25 bps for a third time this year is seen as more likely (probability: 69%) than that of just two rate cuts this year (probability: 31%). Futures contracts on the FFR imply that the FED is expected, with 93% probability, to cut rates in September's FOMC. After that, a second cut by 25 bps is expected either in November (probability: 59%) or in December (probability: 92%), while a third 25 bps rate cut in December seen as equally likely to no such move.

Consensus: Inflation expectations (I)

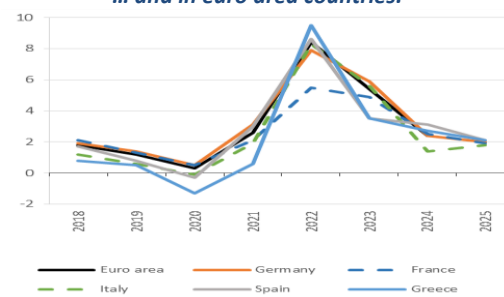
Inflation to ease in large economies...



Source: Consensus Forecasts (June 2024).

Consensus: Inflation expectations (II)

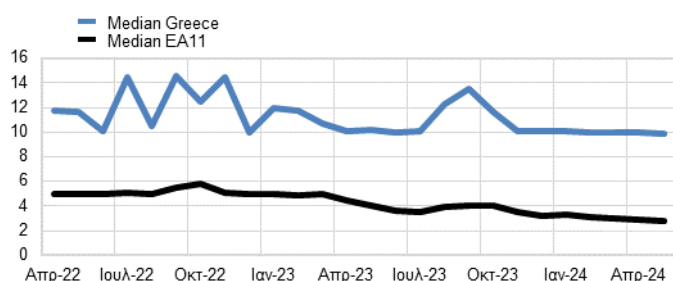
... and in euro area countries.



Source: Consensus Forecasts (June 2024).

Consumer inflation expectations over the next 12 months – Greece vs EA

Short-term inflation expectations in Greece and in the EA edged down.

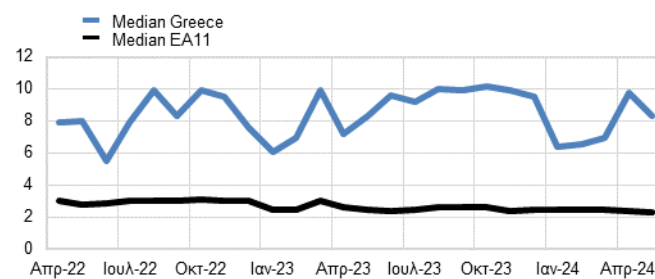


Source: ECB Consumer Expectations Survey (CES).

Note: Using weighted data. Median inflation expectations are obtained from the open-ended question about individuals' expectations of changes in prices in general over the next 12 months. The sample period is from April 2022 to May 2024.

Consumer inflation expectations 3 years ahead – Greece vs EA

Medium-term inflation expectations in Greece decreased, whereas in the EA they marginally declined.



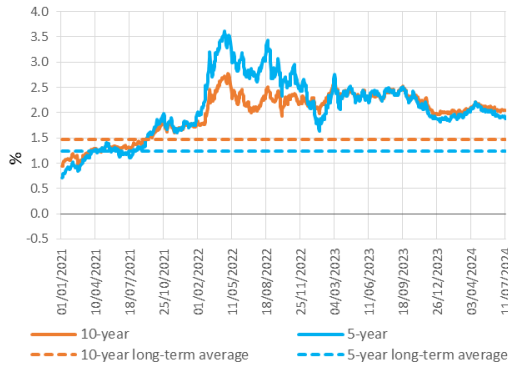
Source: ECB Consumer Expectations Survey (CES).

Note: Using weighted data. Median inflation expectations are obtained from the open-ended question about individuals' expectations of changes in prices in general between 2 and 3 years. The sample period is from April 2022 to May 2024.

¹ For more details see the Box titled "Inflation expectations for Greek consumers: Evidence from the ECB Consumer Expectations Survey", in Annual Governor's Report (forthcoming) which builds on Coibion, O., D. Georgarakos, Y. Gorodnichenko, and M. van Rooij (2023), "How Does Consumption Respond to News about Inflation? Field Evidence from a Randomized Control Trial", American Economic Journal: Macroeconomics, 15(3), 109-152.

Euro-area breakeven inflation rates

Market-based expectations for euro-area inflation, over a medium- to long-term horizon, were broadly unchanged over the last month, standing somewhat lower than 2%.

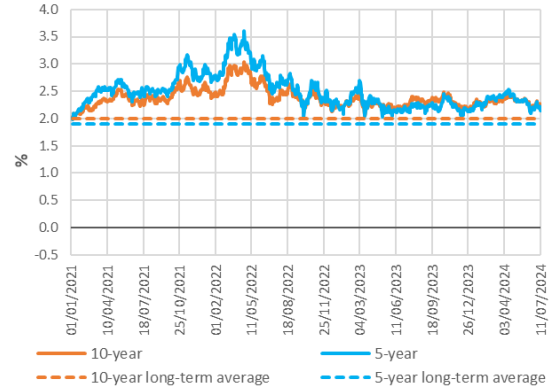


Sources: LSEG, Bank of Greece. Latest observation: 11.07.2024.

Note: The chart illustrates daily developments in the yield differential between nominal and inflation-linked EA benchmark bonds with a maturity of 5 (blue line) and 10 (orange line) years. The dotted lines indicate the average value of each series since 2013.

US breakeven inflation rates

Market-based expectations for US inflation, over a medium- to long-term horizon did not mark significant changes over the last month, standing slightly above 2%.



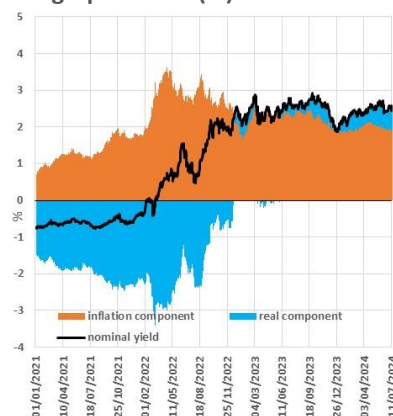
Sources: LSEG, Bank of Greece. Latest observation: 11.07.2024.

Note: The chart illustrates daily developments in the yield differential between nominal and inflation-linked US Treasury bonds with a maturity of 5 (blue line) and 10 (orange line) years. The dotted lines indicate the average value of each series since 2013.

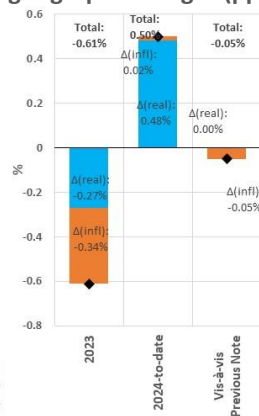
Euro area: Decomposition of nominal 5y yields into real yield and inflation component

In the EA, nominal yields did not change significantly, with both real yields (i.e. inflation-linked bond yields which compensate investors for inflation) while the inflation-related component slightly fell.

Left graph: levels (%)



Right graph: changes (pp)



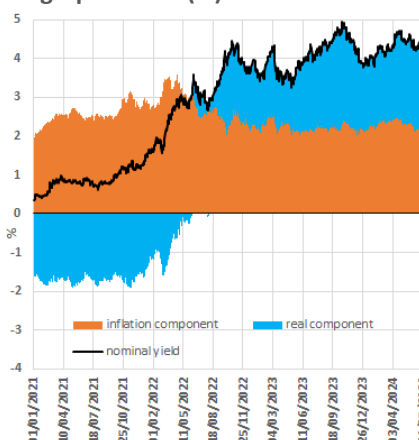
Sources: LSEG, Bank of Greece. Latest observation: 11.07.2024.

Note: The chart shows the decomposition of the 5-year EA benchmark bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation (i.e. the 5-year German inflation-linked federal bond).

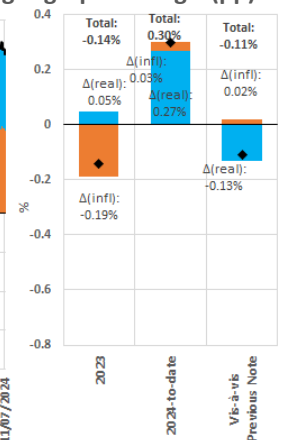
US: Decomposition of nominal 5y yields into real yield and inflation component

In the US, nominal medium-term bond yields retreated, as a rise in market-based inflation expectations reversed after the lower-than-expected US inflation readings, while real yields (i.e. yields on US Treasury inflation-protected securities) fell.

Left graph: levels (%)



Right graph: changes(pp)

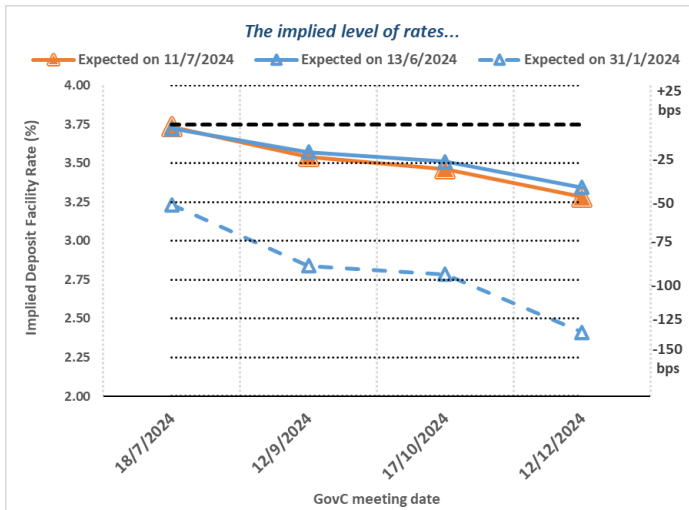


Sources: LSEG, Bank of Greece. Latest observation: 11.07.2024.

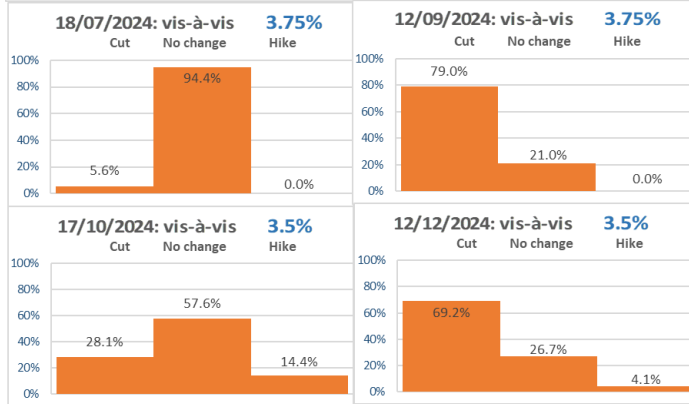
Note: The chart shows the decomposition of the 5-year US Treasury bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation (i.e. the 5-year US Treasury Inflation-Protected Security).

Short-term rates in the euro area

Money markets expect that the ECB will cut rates by 25 bps in September. By the end of 2024 markets expect that a third rate cut this year by 25 bps is more likely than just two rate cuts this year.

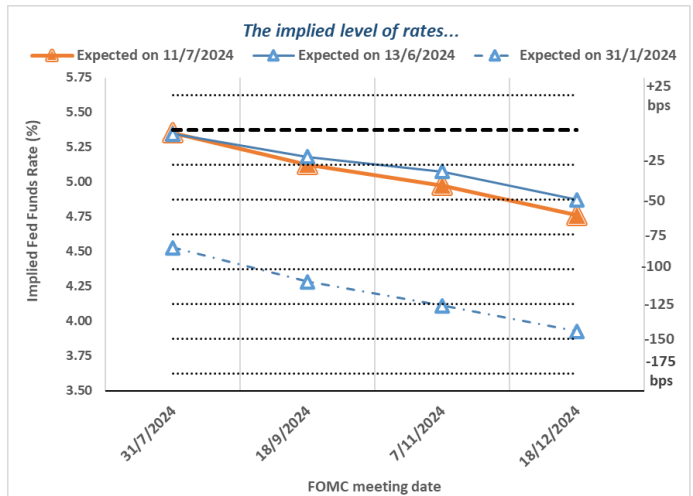


...and the likelihood of moves per GovC meeting vis-à-vis the central probability for the rate at the previous meeting

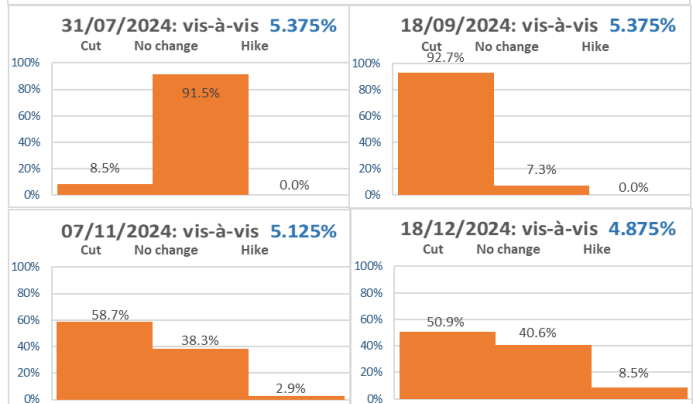


Short-term rates in the US

Interest rate derivatives price in, as highly likely, a 25 bps rate cut by the Fed in September. By the end of 2024, markets view as highly likely a second rate cut of 25 bps, either in November or in December, while a third rate cut in December is seen as equally likely to no such move.



...and the likelihood of moves per FOMC meeting vis-à-vis the central probability for the rate at the previous meeting



Sources: LSEG. Latest observation: 11.07.2024.

Notes: **Upper charts:** The orange line shows the most recent expectation about the level of the policy rate (ECB: Deposit Facility Rate, Fed: Fed funds rate), as implied by the OIS rates' yield curve (ECB) or the pricing in futures contracts (Fed) for each meeting from today until December 2024. The blue dotted line shows the expectation on average over the last 30 days. The horizontal axis shows the date of each meeting. The dashed lines show the present level of the policy rate and its expected level given the market's view about upcoming rate moves by the ECB (charts in the left) or the Fed (charts on the right). **Lower charts:** The bars show the level of likelihood (i.e. implied probabilities) for the event of a rate move (from left to right: cut, no change, hike). The graphs correspond to monetary policy meetings (GovC for the ECB and FOMC for the Fed) during 2024. The probabilities for each move are calculated as the sum of the probabilities for rates lower, equal or higher, respectively, vis-à-vis the central probability for the rate at the previous meeting as inferred by the latest OIS yield curve (ECB) or futures contracts for different delivery dates (Fed).

Section 6: Bank of Greece latest published inflation projections (June 2024)

Euro area

- *Headline inflation is projected to move broadly sideways in the near term, hovering around 2½% over the coming quarters, before moderating further in the course of 2025, reaching the target in the fourth quarter of 2025. This pattern reflects an easing of cost pressures, also from the labour side, and the lagged impact of past monetary policy tightening.*
- *HICP inflation excluding energy and food (HICPX) should remain above headline inflation for most of the projection horizon but is expected to continue its disinflationary path, although at a slow pace and mainly in 2025 and 2026. The persistence in HICPX inflation, which will remain above the historical average over the projection horizon, mainly reflects slowly receding services inflation.*
- *A central element in this projection is the expected gradual easing of nominal wage growth from still elevated levels as upward impacts from inflation compensation pressures fade. A recovery in productivity growth should support the moderation in labour cost pressures. Moreover, profit growth is set to weaken, buffering the pass-through of labour costs to prices, especially in 2024.*

Greece

- *Headline inflation eased notably in 2023, reflecting the large reduction in energy prices, while core inflation (HICP excluding energy and food) rose.*
- *HICP inflation will decline significantly over the next two years. In 2024 its drop reflects the sharp decline in energy commodity prices and the de-escalation of food inflation. By the end of the projection horizon inflation will converge towards 2% but will remain above it.*
- *Services inflation is expected to be the most persistent component, mainly reflecting expected increases in wages.*
- *Lower profit margins are expected to absorb part of the effect of high wage growth on inflation.*

Macroeconomic projections, June 2024

Euro area

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
Rate of changes						
2023	5.4	4.9	-2	5.2	-0.9	6.1
2024	2.5	2.8	-0.8	4.8	0.1	4.7
2025	2.2	2.2	1	3.5	1	2.25
2026	1.9	2	0.3	3.2	1.1	2.1

Greece

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
Rate of changes						
2023	4.2	5.3	-13.4	5.5	1	4.5
2024	3.0	3.3	-2	5.7	0.7	5
2025	2.3	2.4	0.6	4.7	0.9	3.8
2026	2.2	2.4	-0.5	5.1	0.7	4.4

Table of news and statements on inflation (period: 16/6/2024-12/7/2024)

Statements by central bankers and other officials

- **9.7.2024: Fed Chair Jerome Powell (testimony on the semiannual Monetary Policy Report to the Congress, [link](#)):** “Over the past two years, the economy has made considerable progress toward the Federal Reserve’s 2 percent inflation goal, and labor market conditions have cooled while remaining strong. Reflecting these developments, the risks to achieving our employment and inflation goals are coming into better balance. [...] The Committee has stated that we do not expect it will be appropriate to reduce the target range for the federal funds rate until we have gained greater confidence that inflation is moving sustainably toward 2 percent. Incoming data for the first quarter of this year did not support such greater confidence. The most recent inflation readings, however, have shown some modest further progress, and more good data would strengthen our confidence that inflation is moving sustainably toward 2 percent.”
- **2.7.2024: Fed Chair Jerome Powell (speaking at the ECB’s central bank forum in Sintra, Portugal, [link](#)):** “We have made quite a bit of progress in bringing inflation back down to our target, while the labor market has remained strong and growth has continued. We want that process to continue; I think the last reading in inflation, and the one before it to a lesser extent, do suggest that we are getting back on a disinflationary path. We want to be more confident that inflation is moving sustainably down toward 2% before we start the process of loosening policy; what we’d like to see is more data like what we’ve been seeing recently [...]”
- **1.7.2024: ECB’s President Ch. Lagarde (introductory speech at the ECB’s central bank forum in Sintra, Portugal, [link](#)):** “In October 2022, inflation peaked at 10.6%. By September 2023, the last time we raised rates, it had fallen by more than half, to 5.2%. And then after nine months of holding rates steady, we saw inflation halve again to 2.6%, which led us to cut rates for the first time in June. Our work is not done, and we need to remain vigilant. [...] Now, we are still facing several uncertainties regarding future inflation, especially in terms of how the nexus of profits, wages and productivity will evolve and whether the economy will be hit by new supply-side shocks. And it will take time for us to gather sufficient data to be certain that the risks of above-target inflation have passed. The strong labour market means that we can take time to gather new information, but we also need to be mindful of the fact that the growth outlook remains uncertain. All of this underpins our determination to be data dependent and to take our policy decisions meeting by meeting.”

Data releases

Date	Announcement	Actual	Expected*	Actual vs Expected	Previous reading
17 June	Italy CPI (%ΔYoY May Final)	0.8%	0.8%	0.0%	0.8%
17 June	Italy HICP (%ΔYoY May Final)	0.8%	0.8%	0.0%	0.8%
18 June	Euro Zone HICP (%ΔYoY May Final)	2.6%	2.6%	0.0%	2.6%
18 June	Euro Zone HICP excl. food, energy, alcohol, tobacco (%ΔYoY May Final)	2.9%	2.9%	0.0%	2.9%
20 June	Germany Producer Prices (%ΔYoY May)	-2.2%	-2.0%	-0.2%	-3.3%
27 June	Italy Producer Prices YY (%ΔYoY May)	-3.5%			-5.9%
28 June	Germany Import Prices (%ΔYoY May)	-0.4%	-0.3%	-0.1%	-1.7%
28 June	France HICP (%ΔYoY Jun Preliminary)	2.5%	2.5%	0.00%	2.6%
28 June	France CPI (%ΔYoY Jun Preliminary)	2.1%	2.2%	-0.10%	2.3%
28 June	France Producer Prices (%ΔYoY May)	-6.7%			-6.7%
28 June	Italy CPI (%ΔYoY Jun Preliminary)	0.8%	1.0%	-0.2%	0.8%
28 June	Italy HICP (%ΔYoY Jun Preliminary)	0.9%	0.9%	0.0%	0.8%
28 June	Greece PPI YY (%ΔYoY May)	-1.4%			-1.0%
28 June	United States Core PCE Price Index (%ΔYoY May)	2.6%	2.6%	0.0%	2.8%
28 June	United States PCE Price Index (%ΔYoY May)	2.6%	2.6%	0.0%	2.7%
1 July	Germany CPI (%ΔYoY Jun Preliminary)	2.2%	2.3%	-0.1%	2.4%
1 July	Germany HICP (%ΔYoY Jun Preliminary)	2.5%	2.6%	-0.1%	2.8%
2 July	Euro Zone HICP (%ΔYoY Jun Flash)	2.5%	2.5%	0.0%	2.6%
2 July	Euro Zone HICP excl. food, energy, alcohol, tobacco (%ΔYoY Jun Flash)	2.9%	2.8%	0.1%	2.9%
3 July	Euro Zone Producer Prices (%ΔYoY May)	-4.2%	-4.1%	-0.1%	-5.7%
9 July	Greece HICP (%ΔYoY Jun)	2.5%			2.4%
9 July	Greece CPI (%ΔYoY Jun)	2.3%			2.4%
11 July	Germany CPI (%ΔYoY Jun Final)	2.2%	2.2%	0.0%	2.2%
11 July	Germany HICP (%ΔYoY Jun Final)	2.5%	2.5%	0.0%	2.5%
11 July	United States Core CPI (%ΔYoY Jun)	3.3%	3.4%	-0.1%	3.4%
11 July	United States CPI (%ΔYoY Jun)	3%	3.1%	-0.1%	3.3%
12 July	France HICP YY (%ΔYoY Jun Final)	2.5%	2.5%	0.0%	2.5%
12 July	France CPI (%ΔYoY Jun)	2.2%	2.1%	0.1%	2.1%
12 July	United States PPI Final Demand (%ΔYoY Jun Final)	2.6%	2.3%	0.3%	2.4%
12 July	United States PPI exFood/Energy (%ΔYoY Jun)	3.0%	2.5%	0.5%	2.6%

Source: LSEG.

**Expected figures are based on opinion polls among financial sector experts.*

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