



INFLATION MONITOR

January 20, 2025

Economic Analysis and Research Department

Macroeconomic indicators:

- **Euro area:** HICP headline inflation increased to 2.4% in December 2024 from 2.2% in November. This is due to minor increases in processed food inflation and services inflation and to a significant upward move in the energy inflation rate, which returned to positive ground again. Core inflation (HICP excluding energy and food) remained stable at 2.7% for the fourth consecutive month.
- **US:** CPI inflation ticked up to 2.9% in December from 2.7% in November 2024. Core CPI inflation slowed to 3.2% in December, from 3.3 in November.
- **Greece:** HICP headline inflation ticked down to 2.9% in December 2024 from 3.0% in November, as further declines in processed food, unprocessed food and non-energy industrial goods' inflation rates were partly offset by the significant pickup in energy inflation. Core inflation marginally declined to 4.4% in December 2024 from 4.5% in November attributed to the decline in non-energy industrial goods' inflation. The core inflation in Greece continues exhibiting a significant positive difference of 1.7 percentage point compared to the euro area. Greece's compensation per employee growth slowed down in 2024:Q3 after several quarters of accelerating growth.
- Labour markets remain tight in several euro area economies.
- The early January spike in European natural gas prices, prompted by increased heating demand, was subsequently partly reversed by milder weather conditions. Since mid-December 2024, intensification of US sanctions to Russia have contributed to pushing crude oil prices to a multi-month high.

Market-based indicators:

- **Medium- and long-term US and euro area nominal yields rose**, driven by both the real and the inflation-expectations components.
- **Market-based expectations for policy rates in the US and in the euro area were revised upwards.**
 - The ECB cut rates four times in 2024 by a total of 100 bps. Moreover, markets expect that the ECB will further cut its rates by 75-100 bps in 2025 vis-à-vis 100-125 bps expected one month ago.
 - The Fed reduced the Fed funds rate (FFR) three times in 2024 by a total of 75 bps. **Markets anticipate a rate cut by 25 bps, by the end of 2025** which constitutes an upward revision for the outlook of interest rate of up to 50 bps vis-à-vis expectations formed in Dec-2024 and 125 bps vis-à-vis expectations formed at the end of 2024Q3.

Key statements and news:

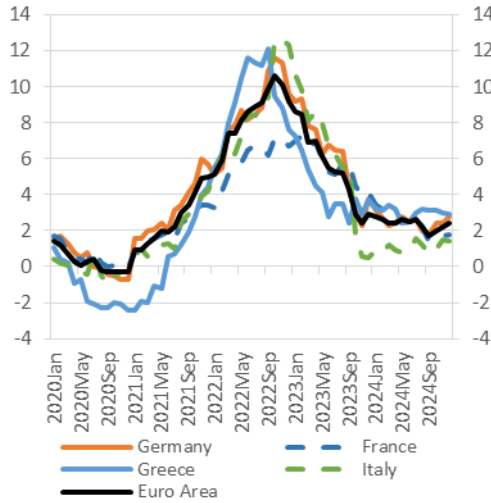
- On 18 December 2024, the Fed decided to lower the FFR by 25 basis points; the FOMC statement noted that the risks to achieving the employment and inflation goals are roughly in balance.
- Fed Chair Jerome Powell said that December's decision was a "closer call", noting "from this point forward it's appropriate to move forward cautiously and look for progress on inflation".
- According to the FOMC minutes released on 8 January 2025, participants noted that the disinflationary process "could take longer than previously anticipated"; also, several participants observed that it "may have stalled temporarily or noted the risk that it could".

Section 1: HICP inflation developments

- Inflation in the euro area slowed down in the second half of 2024 being though rather volatile. Core inflation remains at elevated levels moving sideways since the first quarter of 2024.
- In Greece, in the course of the second half, headline inflation continued to move sideways. Core inflation increased mainly due to strengthening in services inflation; it continues exhibiting a significant positive difference to the euro area.

HICP Headline inflation for selected euro area countries
(annual % changes)

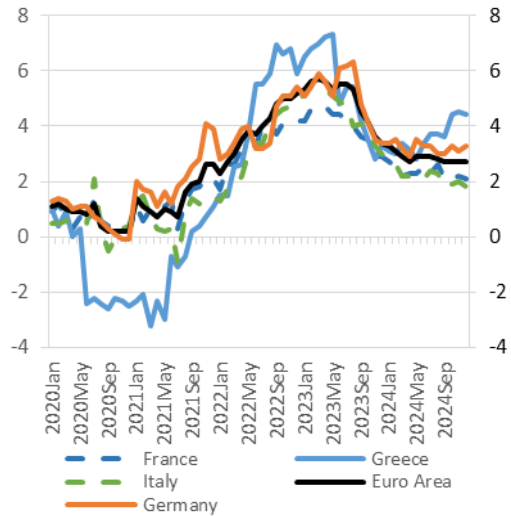
Inflation hovers at a slightly lower level since August...



Source: Eurostat. Latest observation: December 2024.

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

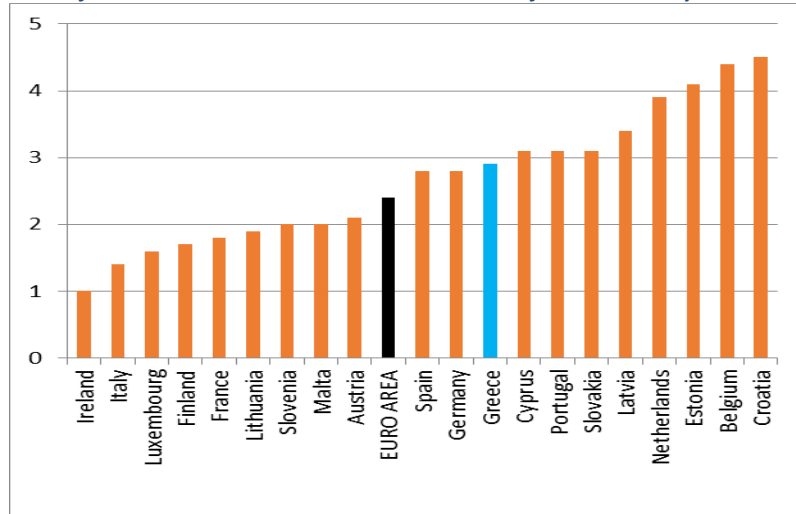
... while core inflation remains at elevated levels.



Source: Eurostat. Latest observation: December 2024.

HICP Headline inflation for euro area countries – December 2024
(annual % changes)

Inflation in Greece has been above euro area inflation since July 2024.



Source: Eurostat.

Price developments in the euro area and Greece
(annual % changes)
Core inflation stays at elevated levels due to increased services inflation.

EURO AREA	2024 weights (%)	2022	2023	2024	2024				2024							
					Q1	Q2	Q3	Q4	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Harmonised Index of Consumer Prices (HICP)																
Overall index	100.00	8.4	5.4	2.4	2.6	2.5	2.2	2.2	2.5	2.6	2.2	1.7	2.0	2.2	2.4	
Goods	55.12	11.9	5.7	1.1	1.5	1.3	0.6	0.8	1.2	1.4	0.5	0.0	0.4	0.9	1.2	
Processed food (including alcohol and tobacco)	15.12	8.6	11.4	3.2	4.4	2.9	2.7	2.8	2.7	2.7	2.7	2.6	2.8	2.8	2.9	
Unprocessed food	4.35	10.4	9.1	1.9	2.8	1.4	1.2	2.3	1.3	1.0	1.1	1.6	3.0	2.3	1.6	
Non-energy industrial goods	25.73	4.6	5.0	0.8	1.6	0.7	0.5	0.6	0.7	0.7	0.4	0.4	0.5	0.6	0.5	
Energy	9.91	37.0	-2.0	-2.2	-3.9	0.0	-2.7	-2.2	0.2	1.2	-3.0	-6.1	-4.6	-2.0	0.1	
Services	44.88	3.5	4.9	4.0	4.0	4.0	4.0	3.9	4.1	4.0	4.1	3.9	4.0	3.9	4.0	
Core Inflation (HICP less energy, food, alcohol and tobacco)	70.62	3.9	4.9	2.8	3.1	2.8	2.8	2.7	2.9	2.9	2.8	2.7	2.7	2.7	2.7	
GREECE																
Harmonised Index of Consumer Prices (HICP)																
Overall index	100.00	9.3	4.2	3.0	3.2	2.7	3.1	3.0	2.5	3.0	3.2	3.1	3.1	3.0	2.9	
Goods	53.62	12.9	3.8	1.7	2.9	1.6	1.6	0.7	0.7	1.1	1.7	1.9	0.9	0.7	0.7	
Processed food (including alcohol and tobacco)	17.27	9.5	9.3	2.5	4.6	3.0	2.3	0.2	2.7	2.5	2.1	2.3	0.8	0.0	-0.3	
Unprocessed food	7.65	10.1	11.1	3.4	9.0	2.3	1.7	1.1	-1.7	-1.2	2.0	4.4	1.5	1.7	0.0	
Non-energy industrial goods	21.14	5.0	6.4	1.7	2.2	1.4	1.4	1.8	1.1	0.9	1.4	1.8	1.6	2.1	1.7	
Energy	7.56	41.0	-13.4	-1.4	-3.4	-1.9	1.0	-1.1	-2.4	1.4	2.3	-0.8	-1.6	-2.3	0.7	
Services	46.38	4.5	4.5	4.4	3.6	3.8	4.7	5.6	4.4	5.0	4.7	4.4	5.6	5.6	5.6	
Core Inflation (HICP less energy, food, alcohol and tobacco)	67.52	4.6	5.3	3.6	3.1	3.1	3.7	4.4	3.4	3.7	3.7	3.6	4.4	4.5	4.4	

Sources: Eurostat, ELSTAT and BoG calculations.

Price developments in the energy component of the Greek HICP and its subcomponents
(annual % changes)

Energy price inflation oscillated in the second half of 2024 due to increases in electricity and in natural gas inflation, with significant drops in motor fuel prices' inflation and in heating oil prices' inflation.

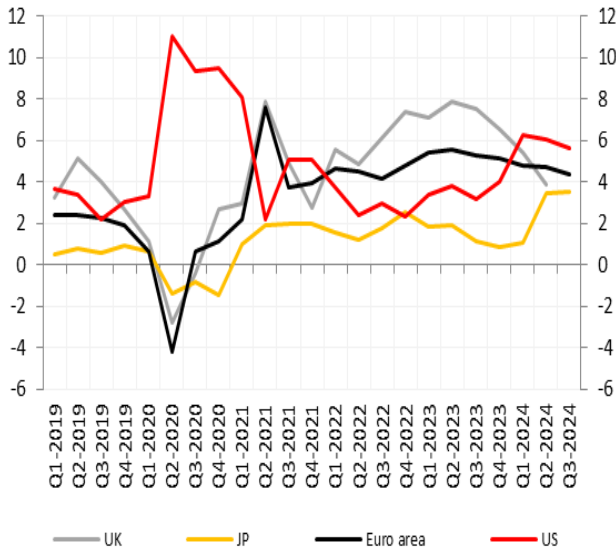
GREECE	2024 weights (%)	2022	2023	2024	2024				2024						
					Q1	Q2	Q3	Q4	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Harmonised Index of Consumer Prices (HICP)															
Overall HICP index	100.00	9.3	4.2	3.0	3.2	2.7	3.1	3.0	2.5	3.0	3.2	3.1	3.1	3.0	2.9
ENERGY	7.56	41.0	-13.4	-1.4	-3.4	-1.9	1.0	-1.1	-2.4	1.4	2.3	-0.8	-1.6	-2.3	0.7
Electricity	2.56	43.1	-15.0	0.5	-2.0	-11.2	6.4	9.2	-12.2	-1.8	9.7	11.3	12.9	7.0	7.6
Natural gas and town gas	0.25	127.0	-49	-17.4	-52.3	-10.6	23.7	6.0	13.1	23.4	28.0	20.2	10.2	-0.1	8.7
Liquefied hydrocarbons	0.04	11.5	7.6	-0.3	1.4	-1.2	-2.2	0.6	-1.5	-2.7	-3.0	-0.9	-2.8	2.6	2.3
Liquid fuels	1.07	45.1	-11.8	1.6	7.7	6.3	6.3	-12.5	6.3	6.3	6.3	6.3	-16.0	-13.4	-7.6
Solid fuels	0.22	11.0	21.2	0.4	7.6	0.0	-1.5	-3.8	-0.4	-0.7	-1.2	-2.7	-4.1	-4.0	-3.4
Fuels for personal transport equipment	3.42	25.5	-7.8	-2.7	-1.8	2.8	-6.4	-5.3	0.6	0.5	-6.2	-13.1	-7.8	-5.6	-2.2

Section 2: Labour market developments

- Labour markets remain tight in several euro-area economies but tightness is gradually easing
- In the euro area, nominal wage growth remains strong but is beginning to moderate.

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

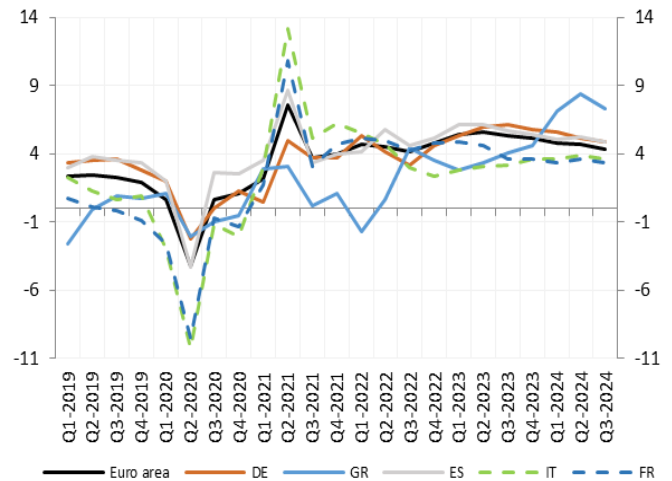
Growth in compensation per employee moderated in major advanced economies in the third quarter of 2024, except for Japan.



Sources: OECD and ECB. Latest observation: 2024:Q3, except for the UK, 2024:Q2.

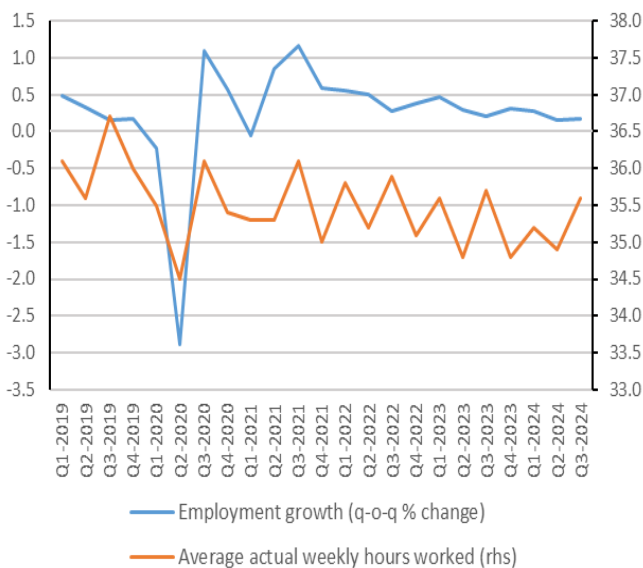
Compensation per employee – selected euro area countries
(y-o-y % change; sa)

Compensation per employee growth eased in major euro area countries, in 2024:Q3. It eased also in Greece after several quarters of accelerating growth.



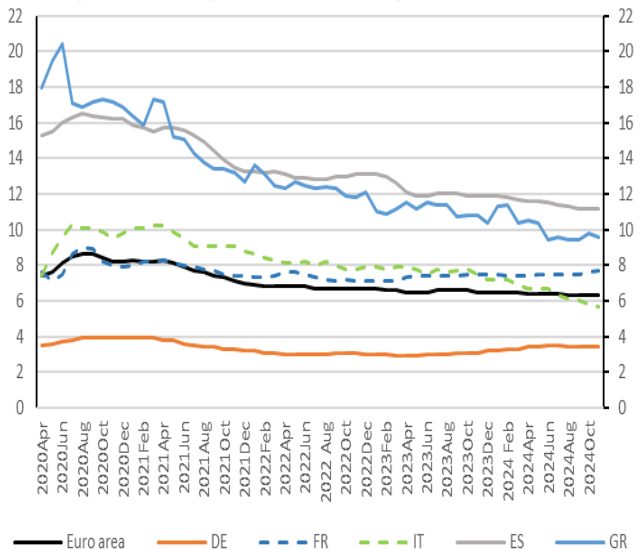
Sources: ECB. Latest observation: 2024:Q3.

Employment and hours worked – euro area
Employment growth maintains a stable pace lately.



Source: Eurostat. Latest observation: 2024:Q3.

Unemployment rate – selected euro area countries (%)
In November 2024, the unemployment rate in the euro area remained broadly stable with the exceptions of Greece and Italy (where it decreased) and France (where it increased).



Source: Eurostat. Latest observation: November 2024.

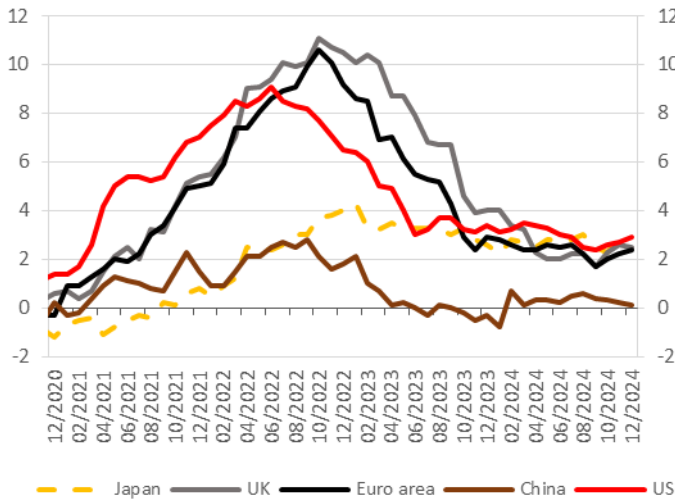
Sources: ELSTAT and BoG calculations.

Section 3: Global prices

- The Inflation rate accelerated in major advanced economies, apart from China and the UK.
- The early January spike in European natural gas prices, prompted by increased heating demand, was subsequently partly reversed, by milder weather conditions. Since mid-December 2024, intensification of US sanctions to Russia have contributed to pushing crude oil prices to a multi-month high.
- The deceleration of global industrial activity has exerted downward pressure on industrial metal commodity prices, while adverse global weather conditions have contributed to upward price pressure on agricultural commodities.
- 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 cost has more than tripled compared to November 2023, supported also by positive global demand conditions. Transit time between China – Europe has increased as some vessels opt for the longer route via the Cape of Good Hope, but the one of China – USA remains close to its pre-pandemic level.

Headline consumer price inflation
(annual % change)

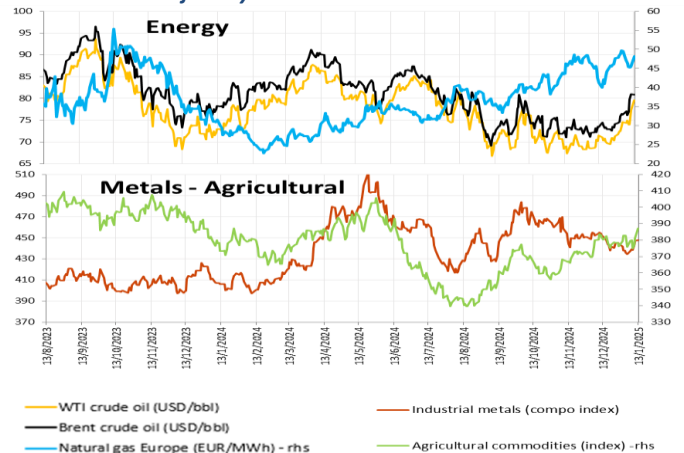
In December 2024, inflation rose in both the euro area and the US but ticked down in China and the UK. In November inflation increased in Japan.



Sources: OECD, Eurostat, UK ONS. Latest observation: December 2024 except for Japan, November 2024.

Daily commodity prices

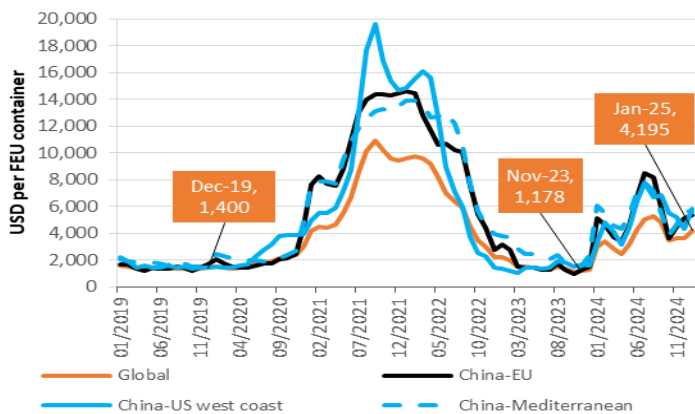
Crude oil prices hit a 4-month high as the intensification of US sanctions to Russia triggered global supply fears. Industrial metal and agricultural commodity prices have edged down and edged up respectively, while natural gas prices have overall exhibited an upward trajectory since mid-December 2024.



Source: LSEG. Latest observation: 13.1.2025.
Note: S&P Goldman Sachs Commodity spot price indices for industrial metals and agricultural commodities.

Containers transportation cost – Freightos Index

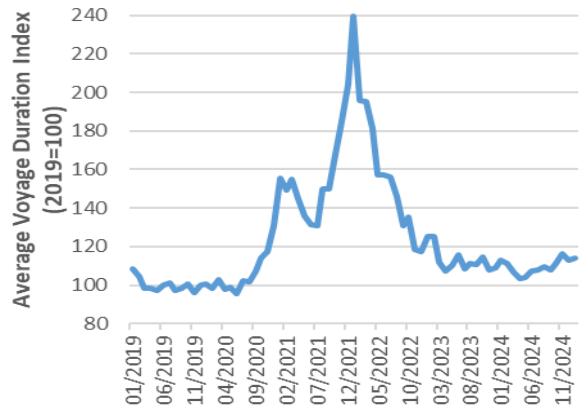
Global sea transportation costs remain at high levels due to Houthi rebels' attacks on vessels crossing the Red Sea and to positive global demand conditions.



Sources: Freightos and LSEG. Latest observation: 15.01.2025.
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 broadly declined to its pre-pandemic level.



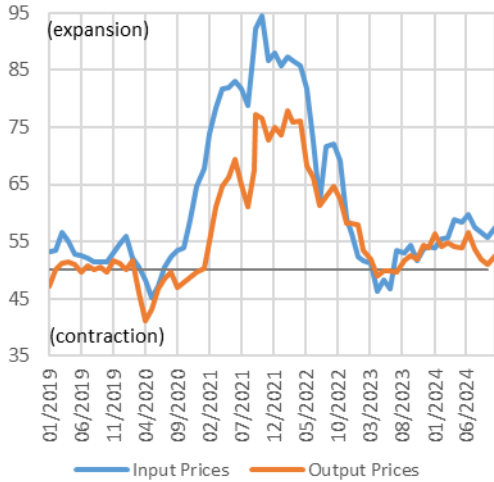
Source: Clarkson Research Services. Bank of Greece's calculations. Latest observation: 15.01.2025

Section 4: Leading price indicators

- *The December PMI input prices in Greece continued rising at the highest pace since July due to a shortage of materials, especially foodstuff; firms passed through the increased costs via a sharp uptick in selling prices.*

PMI input and output prices in Greek manufacturing

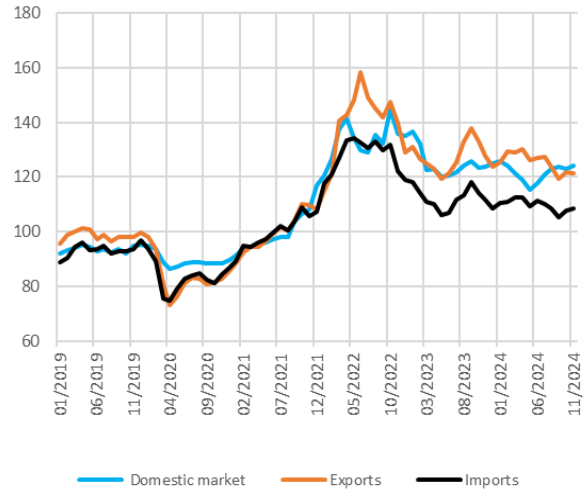
The pace of input and output prices quickened for the second month running in December 2024...



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

Producer Price Index components in Greece

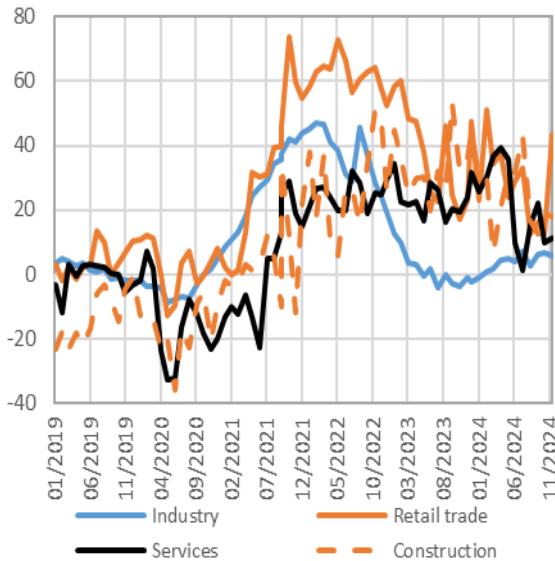
...although producer prices are broadly flat lately and import prices have overall been decreasing.



Source: ELSTAT. Latest observation: November 2024.

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

Selling price expectations remained flat in all sectors, except for the retail trade sector, in December 2024...

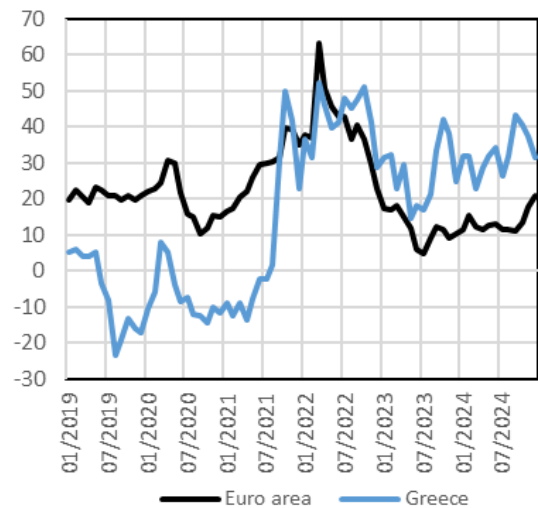


Source: European Commission. Latest observation: December 2024.

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.

Developments in consumer inflation expectations (for the next 12 months)

...while consumers' inflation expectations, despite some softening in the last two months, remain elevated in Greece compared to the euro area.



Source: European Commission. Latest observation December 2024.

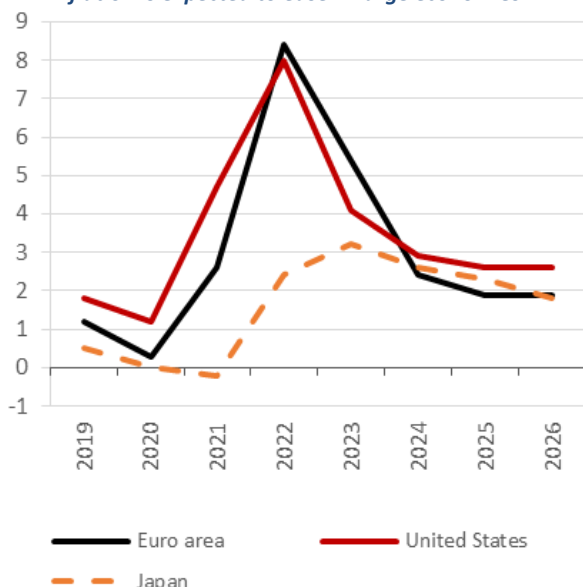
Note: Data are obtained from the closed-ended question about expectation of inflation over the next 12 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

Section 5: Inflation expectations

- *Consensus Forecasts of inflation released in January suggest that inflation is expected to decline in most advanced economies in 2025, at 1.9% in the euro area and 2.6% for the US, but it will remain constant in 2026.*
- *The ECB's Consumer Expectations Survey (CES) shows that median inflation expectations over the next 12 months in Greece decreased to 6.6% in November 2024 from 8.1% in October, while in the euro area they marginally increased to 2.6% from 2.5% over the same period. Median inflation expectations three years ahead in Greece declined to 5.1% in November 2024 from 6.1% in October, whereas in the euro area they increased to 2.4% from 2.1%, respectively.*
- *Market-based inflation expectations rose in the euro area and in the US; currently, medium term breakeven inflation is slightly below 2% in the EA and higher than 2% in the US (on 14.1.2025 vs. 15.12.2024, 5-year breakeven inflation rates: EA: 1.92%, +16 bps; US: 2.55%, +15 bps; 10-year breakeven inflation rates: EA: 2.04%, +15 bps; US: 2.46%, +11 bps). Real yields rose in the EA and in the US (on 14.1.2025 vs 15.12.2024: EA-5y: 0.51%, +19 bps; EA-10y: 0.59%, +23 bps; US-5y: 2.04%; +20 bps, US-10y: 2.33%: +28 bps).*

Consensus: Inflation expectations (I)

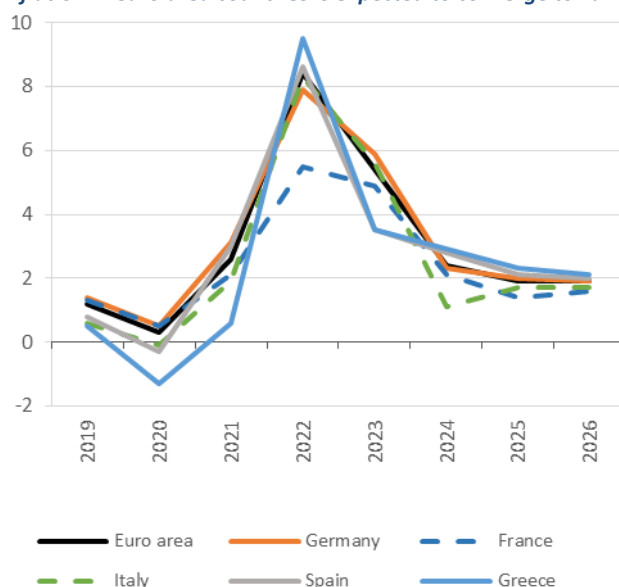
Inflation is expected to ease in large economies.



Source: Consensus Forecasts (January 2025).

Consensus: Inflation expectations (II)

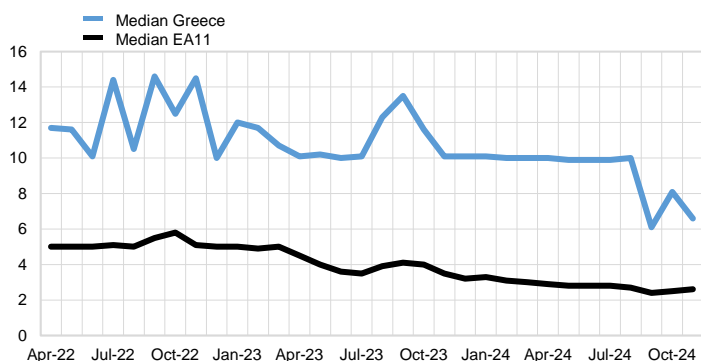
Inflation in euro area countries is expected to converge to 2%.



Source: Consensus Forecasts (January 2025).

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

Short-term inflation expectations in Greece decreased in November whereas in the EA they marginally increased.

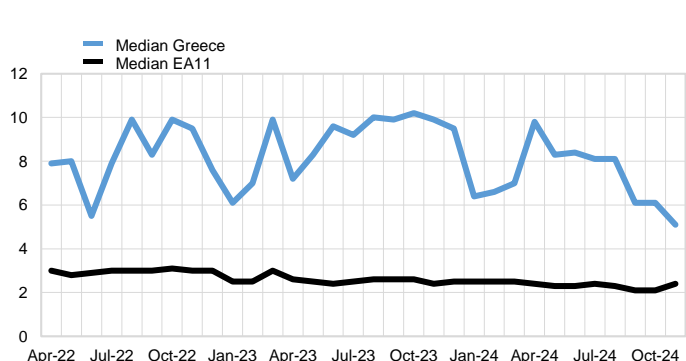


Source: ECB Consumer Expectations Survey (CES).

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 November 2024.

Consumer inflation expectations 3 years ahead – Greece vs EA

Medium-term inflation expectations declined further in Greece whereas in the EA increased.

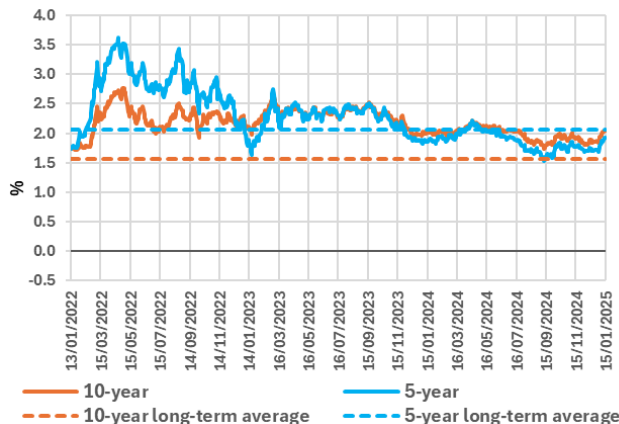


Source: ECB Consumer Expectations Survey (CES).

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 November 2024.

Euro-area breakeven inflation rates

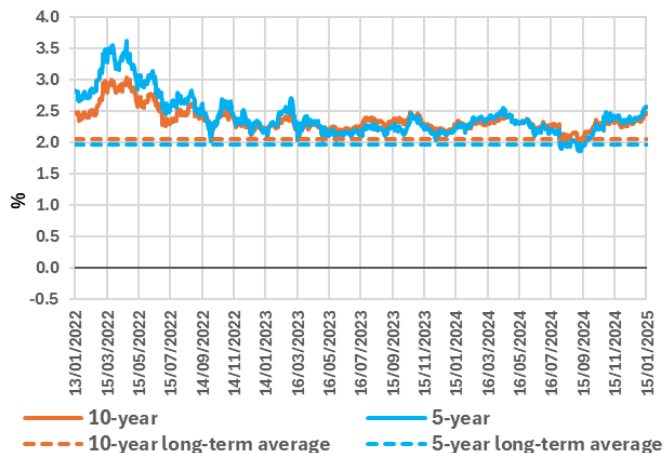
Market-based expectations for euro-area inflation, over a medium- to long-term horizon, rose over the last month, moving closer to the medium-term target level of 2%.



Sources: LSEG, Bank of Greece. Latest observation: 14.1.2025.
 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 remain above the 2% medium-term target.

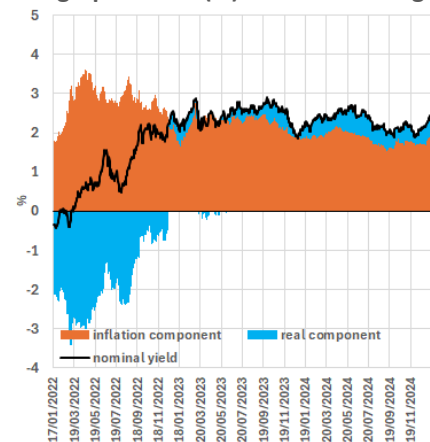


Sources: LSEG, Bank of Greece. Latest observation: 14.1.2025.
 Note: The chart illustrates daily developments in the yield differential between nominal and inflation-linked US Treasury bonds with a maturity of 5 (blue line) and 10 (orange line) years. The dotted lines indicate the average value of each series since 2013.

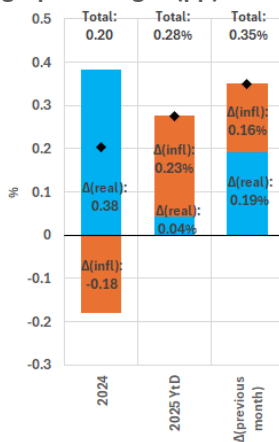
Euro area: Decomposition of nominal 5y yields into real yield and inflation component

In the EA, nominal yields rose, as both inflation expectations and real yields (i.e. inflation-linked bond yields which compensate investors for inflation) increased.

Left graph: levels (%)



Right graph: changes (pp)

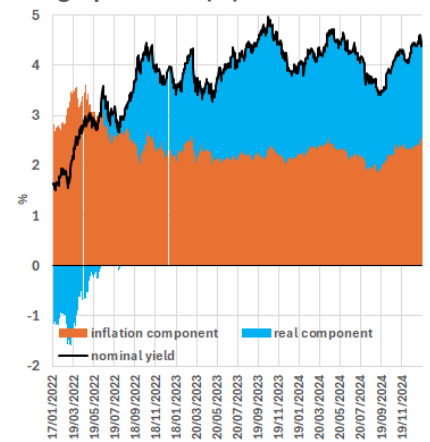


Sources: LSEG, Bank of Greece. Latest observation: 14.1.2025.
 Note: The chart shows the decomposition of the 5-year EA benchmark bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation (i.e. the 5-year German inflation-linked federal bond).

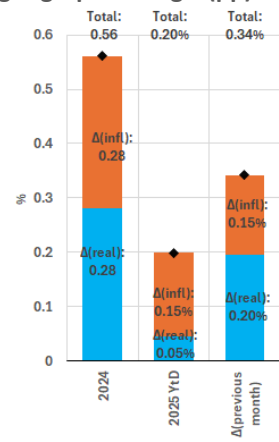
US: Decomposition of nominal 5y yields into real yield and inflation component

In the US, nominal yields on medium-term bonds rose, driven by both inflation expectations and real yields (i.e. yields on US Treasury inflation-protected securities).

Left graph: levels (%)



Right graph: changes (pp)



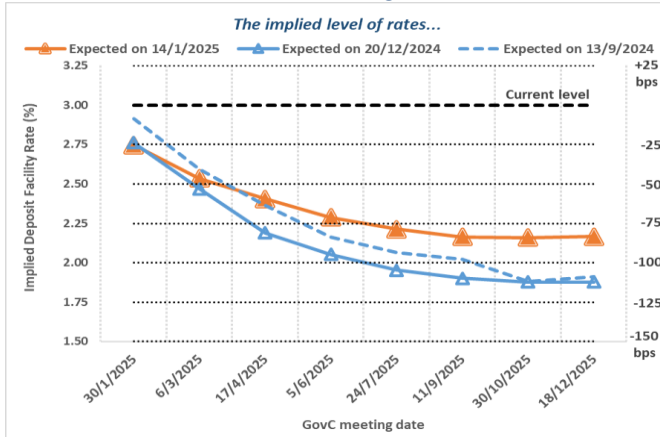
Sources: LSEG, Bank of Greece. Latest observation: 14.1.2025.
 Note: The chart shows the decomposition of the 5-year US Treasury bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation (i.e. the 5-year US Treasury Inflation-Protected Security).

Section 6: Policy interest rates expectations

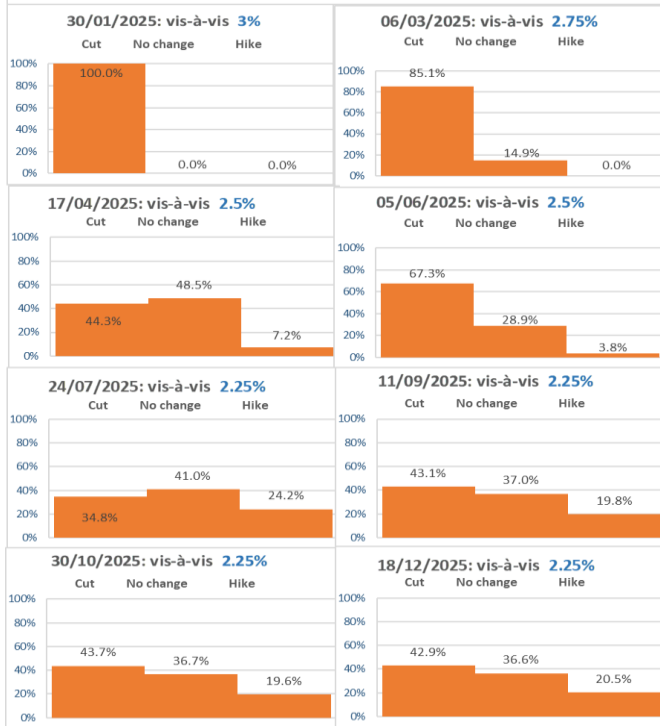
- The ECB cut its policy rates four times in 2024 by a total of 100 bps. Furthermore, by the end of 2025 the ECB's DFR is expected to stand 75-100 bps lower than at the end of 2024, i.e. 25 bps higher vis-à-vis one month ago.
- The Fed cut rates three times in 2024 by a total of 75 bps. Until the end of 2025, policy rate expectations have been revised upwards vis-à-vis one month ago, i.e. a rate cut of 25 bps is now anticipated vis-à-vis 50 bps one month ago. Rate expectations have been revised significantly towards fewer rate cuts than mid-September of 2024, when rate cuts of 100 bps were expected in 2025.

Short-term rates in the euro area

The outlook for ECB rates in 2025 has been revised upwards, vis-à-vis one month ago.

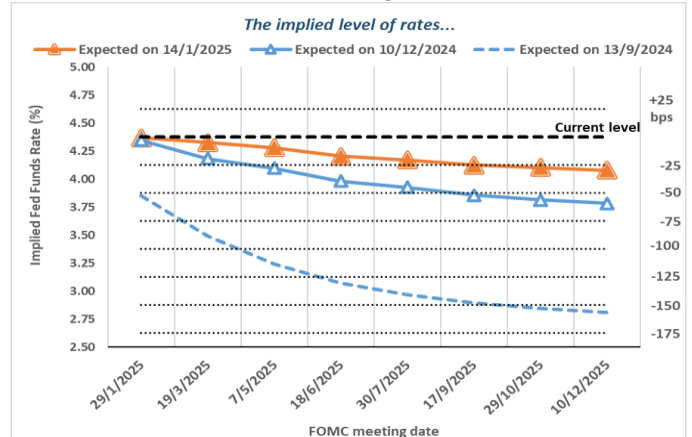


...the likelihood of moves per GovC meeting vis-à-vis the central probability for the rate at the previous meeting

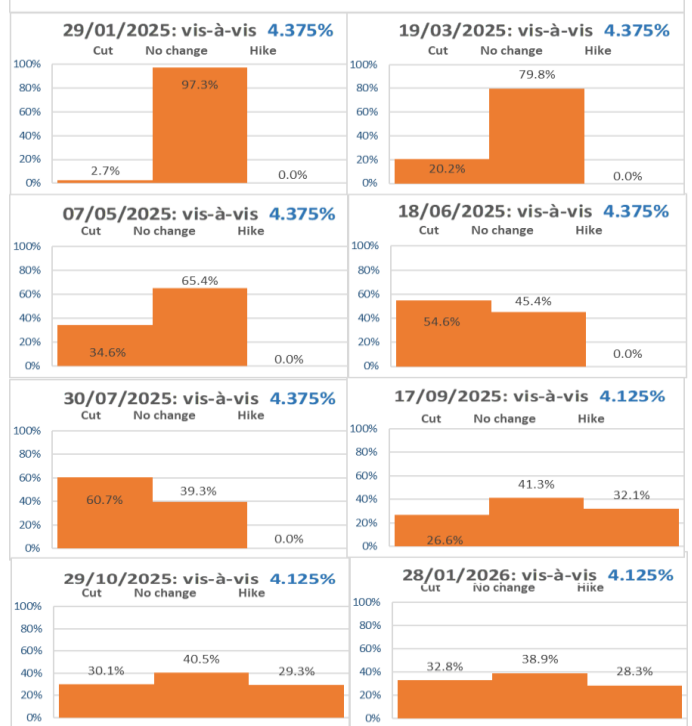


Short-term rates in the US

The US rates outlook for 2025 has been revised upwards, vis-à-vis one month ago.



...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: 14.1.2025.

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 2025. The blue line shows the expectation one month ago and the blue dotted line the expectation three months ago. 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 2025. 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 7: Eurosystem's latest published inflation projections (December 2024)

Euro area

- HICP inflation is projected to temporarily rise in late 2024 due to upward base effects in the energy component, before declining to hover around 2% from the second quarter of 2025.
- Based on assumptions of declining energy prices, energy inflation will remain negative until the second half of 2025 and will stay subdued thereafter, except for an uptick in 2027. A new EU-wide carbon pricing scheme for transport fuels and building heating (ETS2) is projected to temporarily raise headline inflation by 0.3 p.p in 2027 (energy inflation up 2.9 p.p.)
- HICP inflation excluding energy and food (HICPX) is expected to decline in early 2025. So far, the moderation in HICPX inflation has been largely due to the unwinding of non-energy industrial goods price dynamics. However, from early 2025 a decline in HICPX inflation is expected to be driven by a decrease in services inflation reflecting the ongoing unwinding of past shocks, an easing of labour cost pressures and the lagged impact of the past tightening of monetary policy.
- Wage growth will initially remain elevated but will decline gradually as inflation compensation pressures fade. The moderation in growth of compensation per employee, coupled with a recovery in productivity growth, is expected to lead to significantly slower growth of unit labour costs. As a result, domestic price pressures will ease, with profit margins initially buffering the still high labour cost pressures but they will be recovering over the projection horizon.
- Compared with the September 2024 projections, the outlook for headline HICP inflation has been revised down for 2024 and 2025, mainly owing to downward data surprises, lower oil and electricity price assumptions, the reassessment of the degree of economic slack and the downward revisions to the outlook for wages. By contrast, there is an upward revision of food inflation due to higher data outturns and higher food commodity price assumptions.

Greece

- HICP inflation will decline significantly over the next two years. In 2024 it is expected to stand at 3.0%, reflecting the sharp decline in energy commodity prices and the de-escalation of food inflation. By the end of 2026, inflation will converge towards the 2% mark but will remain slightly above it. However, in 2027 a one-off uptick in HICP inflation to 2.5% is expected due to the impact of ETS2 on the energy component.
- Core inflation is expected to decline in 2024, ending at 2.2% in 2027, reflecting mainly the decline in non-energy industrial goods inflation and to lesser extent services inflation.

Macroeconomic projections, December 2024

Euro area

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2024	2.4	2.9	-2.3	4.6	-0.1	4.7
2025	2.1	2.3	-1.1	3.3	0.8	2.6
2026	1.9	1.9	0.5	2.9	0.9	2.0
2027	2.1	1.9	2.8	2.8	0.8	2.0

Greece

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2024	3.0	3.5	-1.2	5.1	0.9	4.1
2025	2.5	3.1	-0.3	4.5	1.2	3.2
2026	2.2	2.4	0.9	4.3	1.1	3.1
2027	2.5	2.2	6.9	4.5	0.8	3.6

Table of news and statements on inflation (period: 16/12/2024-17/1/2025)

Statements by central bankers and other officials

- **16.12.2024: Isabel Schnabel (keynote speech at the CERP Paris Symposium 2024 Banque de France, [link](#)):** “[...] With interest rates approaching neutral territory and with risks to the inflation outlook broadly balanced, monetary policy should proceed gradually and remain data-dependent.” “[...] Empirical research suggests that, rather than the actual tariff increase itself, it is the rise in uncertainty that will be the main drag on growth. But these effects are often estimated to be short-lived, with growth rebounding sharply once uncertainty fades. [...]”
- **18.12.2024: FOMC statement, [link](#):** “[...] Recent indicators suggest that economic activity has continued to expand at a solid pace. Since earlier in the year, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2 percent objective but remains somewhat elevated. [...] The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.”
- **18.12.2024: Fed Chair Jerome Powell (FOMC's press conference, [link](#)):** “[...] We're significantly closer to neutral. We still think where we are is meaningfully, meaningfully restrictive, and I think from this point forward, you know, it's appropriate to move cautiously and look for progress on inflation [...].”
- **18.12.2024: ECB's Phillip Lane (speech MNI Webcast, [link](#)):** “[...] Market interest rates in the euro area have declined further since our October meeting, reflecting the perceived worsening of the economic outlook and the consequent repricing of policy rate expectations. Our past interest rate cuts – together with the anticipation of future cuts – are gradually making it less expensive for firms and households to borrow. [...] In summary, the incoming information and the latest staff projections indicate that the disinflation process remains well on track. While domestic inflation is still high, it should come down as services inflation dynamics moderate and labour cost pressures ease. Recent policy rate cuts are also gradually transmitting to funding costs, but financing conditions along the entire transmission chain remain restrictive.”
- **09.01.2025: Fed Governor Michelle W. Bowman (At the California Bankers Association 2025 Bank Presidents Seminar, [link](#)):** “[...] given the lack of continued progress on lowering inflation and the ongoing strength in economic activity and in the labor market, I could have supported taking no action at the December meeting. Still, I am pleased that the post-meeting statement continued to reference a flexible and data-dependent approach for considering future policy adjustments. [...]” The rate of inflation declined significantly in 2023, but this progress appears to have stalled last year with core inflation still uncomfortably above the Committee's 2 percent goal. [...]”
- **15.01.2025: ECB's Vice President Luis de Guindos (speech at the 15th edition of Spain Investors Day, [link](#)):** “[...] Having cut interest rates four times since last June, by a total of 100 basis points, we have made substantial progress in bringing inflation back to target. The good news is that the disinflation process is well on track. Headline inflation came down quickly in 2023 from the double-digit figures we saw at the end of 2022, as the impact of energy and supply-side shocks faded. Core inflation also declined over the past two years, falling from 5% in 2023 to 2.8% in 2024. Most measures of underlying inflation suggest inflation will settle near our 2% target. [...]”

Data releases

Date	Announcement	Actual	Expected*	Actual vs Expected	Previous reading
18 December 2024	Euro Zone HICP (%ΔYoY Nov Final)	2.2%	2.3%	-0.1%	2.3%
18 December 2024	Euro Zone HICP ex. Tobacco, Food & Energy (%ΔYoY Nov Final)	2.7%	2.7%	0.0%	2.7%
20 December 2024	United States Core PCE (%ΔYoY Nov)	2.8%	2.9%	-0.1%	2.8%
20 December 2024	United States PCE (%ΔYoY Nov)	2.4%	2.5%	-0.1%	2.3%
6 January 2025	Germany CPI (%ΔYoY Dec Preliminary)	2.6%	2.4%	0.2%	2.2%
6 January 2025	Germany HICP (%ΔYoY Dec Preliminary)	2.8%	2.6%	0.2%	2.4%
7 January 2025	France HICP (%ΔYoY Dec Preliminary)	1.8%	1.9%	-0.1%	1.7%
7 January 2025	France CPI NSA (%ΔYoY Dec Preliminary)	1.3%	1.4%	-0.1%	1.3%
7 January 2025	Euro Zone HICP (%ΔYoY Dec Flash)	2.4%	2.4%	0.0%	2.2%
7 January 2025	Euro Zone HICP ex. Tobacco, Food & Energy (%ΔYoY Dec Flash)	2.7%	2.7%	0.0%	2.7%
7 January 2025	Italy CPI (%ΔYoY Dec Preliminary)	1.3%	1.5%	-0.2%	1.3%
7 January 2025	Italy HICP (%ΔYoY Dec Preliminary)	1.4%	1.6%	-0.2%	1.5%
13 January 2025	Greece HICP (%ΔYoY Dec)	2.9%		--	3.0%
13 January 2025	Greece CPI (%ΔYoY Dec)	2.6%		--	2.4%
15 January 2025	United States Core CPI, NSA (%ΔYoY Dec)	3.2%	3.3%	-0.1%	3.3%
15 January 2025	United States CPI, NSA (%ΔYoY Dec)	2.9%	2.9%	0.0%	2.7%
16 January 2025	Germany CPI (%ΔYoY Dec Final)	2.6%	2.6%	0.0%	2.6%
16 January 2025	Germany HICP (%ΔYoY Dec Final)	2.8%	2.8%	0.0%	2.9%
16 January 2025	Italy CPI (%ΔYoY Dec Final)	1.3%	1.4%	-0.1%	1.3%
16 January 2025	Italy HICP (%ΔYoY Dec Final)	1.4%	1.4%	0.0%	1.4%
17 January 2025	Euro Zone HICP (%ΔYoY Dec Final)	2.4%	2.4%	0.0%	2.4%
17 January 2025	Euro Zone HICP ex. Tobacco, Food & Energy (%ΔYoY Dec Final)	2.7%	2.7%	0.0%	2.7%

Source: LSEG.

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

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