BANK OF GREECE
EUROSYSTEM

INFLATION MONITOR

April 14, 2025

Economic Analysis and Research Department

Macroeconomic indicators:

- **Inflation**
  - Euro area: HICP headline inflation ticked down to 2.2% in March 2025 from 2.3% in February, a move attributed to a drop in energy inflation and lower services inflation. Core inflation (HICP excluding energy and food) also declined to 2.4% in March 2025 from 2.6% in February because of lower services inflation.
  - US: CPI inflation eased for a second consecutive month to 2.4% in March 2025 from 2.8% in February 2025. Core CPI inflation slowed to 2.8% in March 2025, from 3.1% in February 2025.
  - Greece: HICP headline inflation increased to 3.1% in March 2025 from 3.0% in February, as the significant increase in the inflation rate of unprocessed food was partly offset by the declines in the inflation rates of energy, non-energy industrial goods and services. Core inflation also declined, receding to 3.9% in March 2025 from 4.2% in February, although still exceeding the euro area's by 1.5 percentage points.
- **Labour market** tightness in the euro area is slowly easing. Greece's compensation per employee growth slowed further in 2024:Q4, thus converging towards the euro area's rate.
- **Global commodity prices**: Concerns regarding the outlook for US and global economic growth have exerted downward pressures on commodity prices following the announcement of large tariffs by the US and reciprocal tariffs on the US. Brent crude oil prices decreased to $65 per barrel compared to last week's $75.

Market-based indicators:

- **Euro area bond yields fell**, driven by both the inflation-expectations and the real-yields components, amid heightened market volatility following the U.S. announcement of tariffs on April 2. **In the US, long-term bond yields rose reflecting the high-uncertainty environment, while short-term ones declined**, reflecting a fall in the real component that was only partially offset by higher inflation expectations in the short-term horizon.
- **Markets expect a lower level for policy rates in the euro area and the US, amid substantial increase in volatility in financial markets and uncertainty over US trade policy.**
  - The ECB has, so far in 2025, reduced rates by 50 bps following total rate cuts by 100 bps in 2024. At present, markets expect that the ECB will continue cutting its rates by 25 bps in each of its next two meetings (in April and June). Until the end of 2025, the case for a third 25 bps cut has increased (76% lately vs. 46% on 1 April and 23% on 11 March).
  - The Fed kept the Fed funds rate (FFR) unchanged in January 2025, following rate cuts of a total of 75 bps in 2024. Currently, markets do not expect a rate change by the Fed at the next meeting of May 6-7th (63% probability of no change vs. 37% of a 25 bps cut). Thereafter, markets expect that the Fed will cut its rates by 25 bps in each of its next three meetings (in June, July, and September), while the case for a forth 25 bps cut until the end of 2025 has increased (53% lately vs. 32% on 1 April and 34% on 11 March); however, with the fluctuation in expected rates since the beginning of April has been significant, so further investor revisions cannot be excluded.

Key statements and news:

- Fed Chair J. Powel stressed that there is currently great uncertainty in assessing the economic effects of tariffs on the US economy, which "*will include higher inflation and lower growth*" and such effects are likely to be "*more persistent*".
- Several FOMC members giving speeches over the last few days emphasized the importance of keeping longer-term inflation expectations well anchored and supported a 'wait-and-see' mode in policymaking.

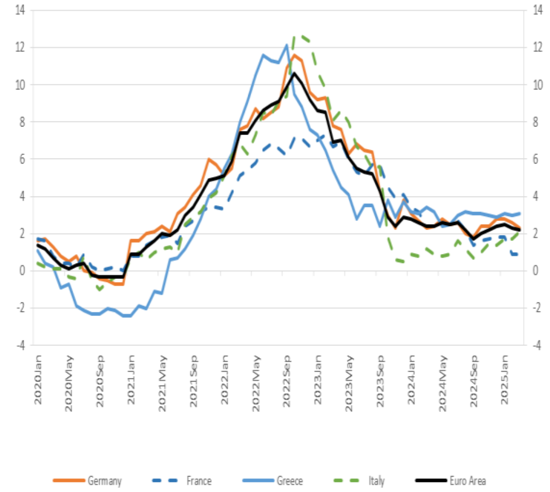
Section 1: HICP inflation developments

- ***Inflation in the euro area has hovered around 2.3% in first quarter of 2025, just slightly above the rate seen in 2024Q4. Core inflation remains at elevated levels moving mostly sideways since the first quarter of 2024, albeit it fell in March 2025.***
- ***In Greece, since the second half of 2024, headline inflation continues to move sideways. Core inflation remains elevated and continues exhibiting a significant positive difference to the euro area.***

HICP Headline inflation for selected euro area countries

(annual % changes)

The disinflation process has been modest since early 2024

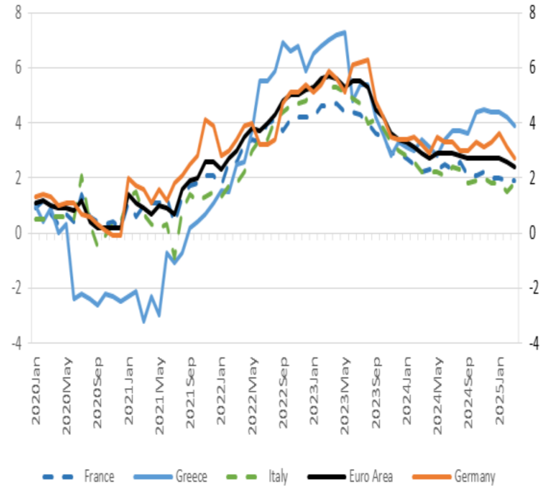


Source: Eurostat. Latest observation: March 2025.

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

(annual % changes)

… while core inflation remains at elevated levels though decelerating.

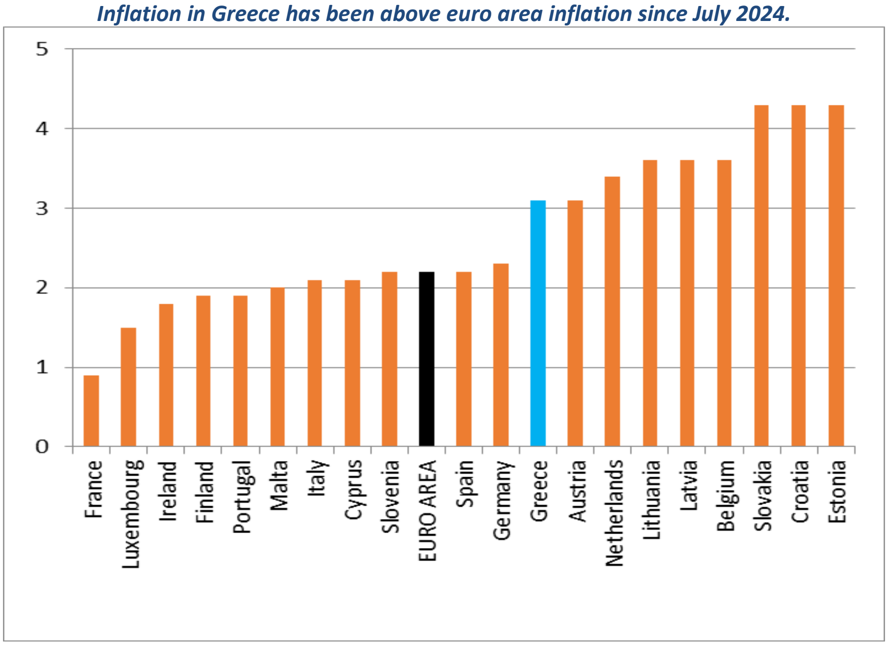


Source: Eurostat. Latest observation: March 2025.

HICP Headline inflation for the euro area countries – March 2025

(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 remains at elevated levels due to increased services inflation.

EURO AREA	2025 weights (%)	2022	2023	2024	2024			2025	2024				2025		
					Q2	Q3	Q4	Q1	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Harmonised Index of Consumer Prices (HICP)															
Overall index	**100.00**	**8.4**	**5.4**	**2.4**	**2.5**	**2.2**	**2.2**	**2.3**	**1.7**	**2.0**	**2.2**	**2.4**	**2.5**	**2.3**	**2.2**
Goods	54.37	11.9	5.7	1.1	1.3	0.6	0.8	1.3	0.0	0.4	0.9	1.2	1.4	1.2	1.2
Processed food (including alcohol and tobacco)	15.04	8.6	11.4	3.2	2.9	2.7	2.8	2.6	2.6	2.8	2.8	2.9	2.6	2.6	2.6
Unprocessed food	4.24	10.4	9.1	1.9	1.4	1.2	2.3	2.8	1.6	3.0	2.3	1.6	1.4	3.0	4.1
Non-energy industrial goods	25.66	4.6	5.0	0.8	0.7	0.5	0.6	0.6	0.4	0.5	0.6	0.5	0.5	0.6	0.6
Energy	9.43	37.0	-2.0	-2.2	0.0	-2.7	-2.2	0.4	-6.1	-4.6	-2.0	0.1	1.9	0.2	-0.7
Services	45.63	3.5	4.9	4.0	4.0	4.0	3.9	3.7	3.9	4.0	3.9	4.0	3.9	3.7	3.4
Core Inflation (HICP less energy, food, alcohol and tobacco)	**71.29**	**3.9**	**4.9**	**2.8**	**2.8**	**2.8**	**2.7**	**2.6**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.6**	**2.4**
GREECE															
Harmonised Index of Consumer Prices (HICP)															
Overall index	**100.00**	**9.3**	**4.2**	**3.0**	**2.7**	**3.1**	**3.0**	**3.1**	**3.1**	**3.1**	**3.0**	**2.9**	**3.1**	**3.0**	**3.1**
Goods	51.30	12.9	3.8	1.7	1.6	1.6	0.7	1.1	1.9	0.9	0.7	0.7	1.0	1.0	1.3
Processed food (including alcohol and tobacco)	15.93	9.5	9.3	2.5	3.0	2.3	0.2	0.2	2.3	0.8	0.0	-0.3	-0.3	0.5	0.5
Unprocessed food	7.00	10.1	11.1	3.4	2.3	1.7	1.1	2.2	4.4	1.5	1.7	0.0	0.8	0.2	5.7
Non-energy industrial goods	20.06	5.0	6.4	1.7	1.4	1.4	1.8	1.2	1.8	1.6	2.1	1.7	1.4	1.4	0.8
Energy	8.31	41.0	-13.4	-1.4	-1.9	1.0	-1.1	1.5	-0.8	-1.6	-2.3	0.7	2.6	1.6	0.2
Services	48.70	4.5	4.5	4.4	3.8	4.7	5.6	5.3	4.4	5.6	5.6	5.6	5.6	5.3	5.1
Core Inflation (HICP less energy, food, alcohol and tobacco)	**68.76**	**4.6**	**5.3**	**3.6**	**3.1**	**3.7**	**4.4**	**4.1**	**3.6**	**4.4**	**4.5**	**4.4**	**4.4**	**4.2**	**3.9**

Sources: Eurostat, ELSTAT and BoG calculations.

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

(annual % changes)

Energy price inflation has turned positive since December 2024 mainly due to higher electricity and gas inflation.

GREECE	2025 weights (%)	2022	2023	2024	2024			2025	2024				2025		
					Q2	Q3	Q4	Q1	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Harmonised Index of Consumer Prices (HICP)															
Overall HICP index	**100.00**	**9.3**	**4.2**	**3.0**	**2.7**	**3.1**	**3.0**	**3.1**	**3.1**	**3.1**	**3.0**	**2.9**	**3.1**	**3.0**	**3.1**
ENERGY	**8.31**	41.0	-13.4	-1.4	-1.9	1.0	-1.1	1.5	-0.8	-1.6	-2.3	0.7	2.6	1.6	0.2
Electricity	**2.80**	43.1	-15.0	0.5	-11.2	6.4	9.2	7.6	11.3	12.9	7.0	7.6	5.9	6.7	10.4
Natural gas and town gas	**0.45**	127.0	-49	-17.4	-10.6	23.7	6.0	40.1	20.2	10.2	-0.1	8.7	26.5	41.1	54.5
Liquefied hydrocarbons	**0.08**	11.5	7.6	-0.3	-1.2	-2.2	0.6	-2.9	-0.9	-2.8	2.6	2.3	-0.4	-3.5	-4.7
Liquid fuels	**1.19**	45.1	-11.8	1.6	6.3	6.3	-12.5	-5.9	6.3	-16.0	-13.4	-7.6	-2.8	-6.0	-8.8
Solid fuels	**0.19**	11.0	21.2	0.4	0.0	-1.5	-3.8	-3.2	-2.7	-4.1	-4.0	-3.4	-4.2	-2.6	-2.9
Fuels for personal transport equipment	**3.60**	25.5	-7.8	-2.7	2.8	-6.4	-5.3	-2.9	-13.1	-7.8	-5.6	-2.2	0.6	-2.1	-7.1

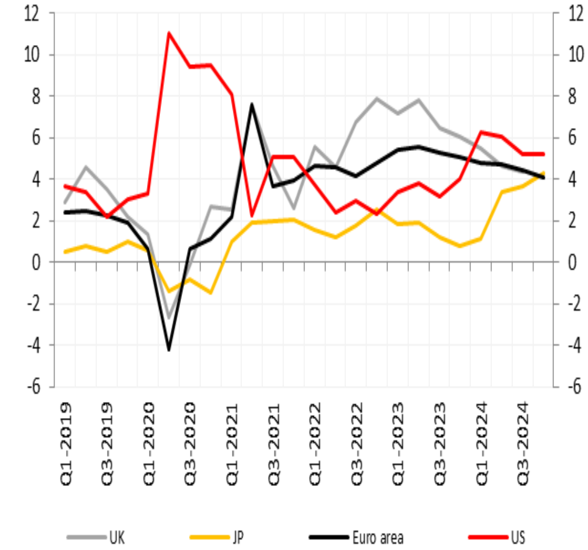
Sources: ELSTAT and Bank of Greece computations.

Section 2: Labour market developments

- ***Labour market tightnesss in the euro area is slowly easing.***
- ***Although nominal wage growth in the euro area has slowed, it remains elevated.***

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

Growth in compensation per employee moderated in major advanced economies, except for Japan.



Sources: OECD and ECB. Latest observation: 2024:Q4 except for the UK, 2024:Q3.

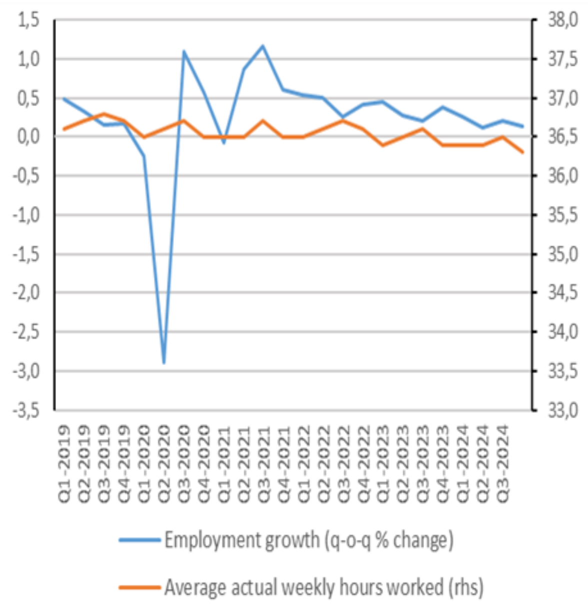
Compensation per employee – selected euro area countries
(y-o-y % change; sa)

Compensation per employee growth eased in major euro area countries, in 2024:Q4, except for Italy and Spain where it increased slightly. In Greece, it eased for the second consecutive quarter, thus converging towards the euro area.

Sources: ECB. Latest observation: 2024:Q4.

Employment and hours worked – euro area

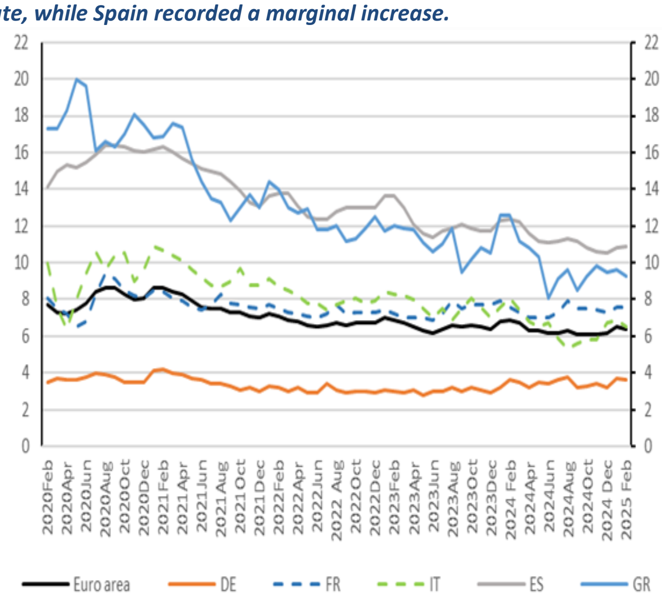
Employment growth is on an easing path.



Source: Eurostat. Latest observation: 2024:Q4.

Unemployment rate – selected euro area countries (%)

In February 2025, the unemployment rate in the euro area fell to 6.1%, a historic low. Greece and Italy experienced a decrease in unemployment rate, while Spain recorded a marginal increase.



Source: Eurostat. Latest observation: February 2025.

Section 3: Global prices

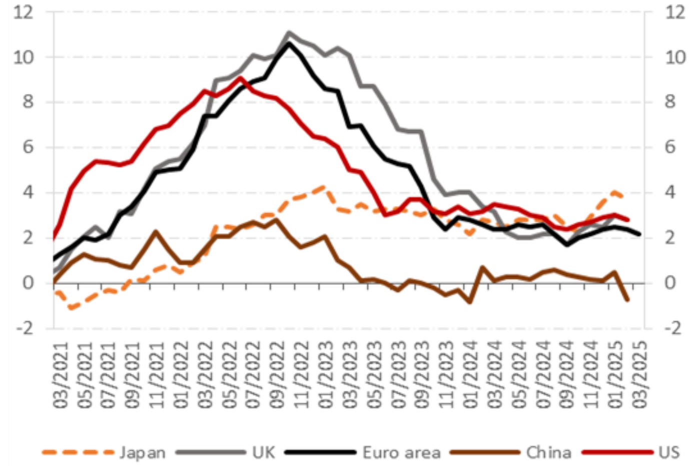
- ***Inflationary pressures moderated across the major economies. In March 2025 there was a slight decline in the euro area inflation rate. Inflation had also moderated across the other major advanced economies in February. China recorded in February its first negative inflation rate since January 2024, coinciding with the post-Spring Festival (downward) normalization of demand.***
- ***Crude oil prices have declined to their lowest levels since April 2021, and European natural gas prices to their lowest level since September 2024. This downturn is attributed to increasing apprehension that the escalating trade war may decelerate global economic growth and consequently reduce energy demand. Similarly, prices for metals and agricultural commodities have fallen to their lowest points since July 2024, and November 2024, respectively, as heightened trade tensions and tariffs exert downward pressure on global demand for these 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 almost doubled compared to November 2023, supported also by positive global demand conditions. Transit time is a bit higher than its pre-pandemic level.***

Headline consumer price inflation

(annual % change)

Inflation is moderating across the major economies. In China, inflation turned negative.

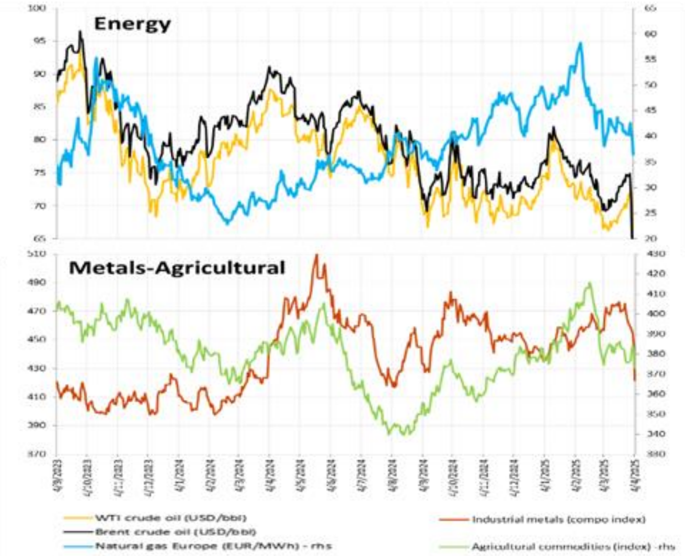
Sources: OECD, Eurostat, UK ONS. Latest observatio



March 2025 for the EA, February 2025 for the rest.

Daily commodity prices

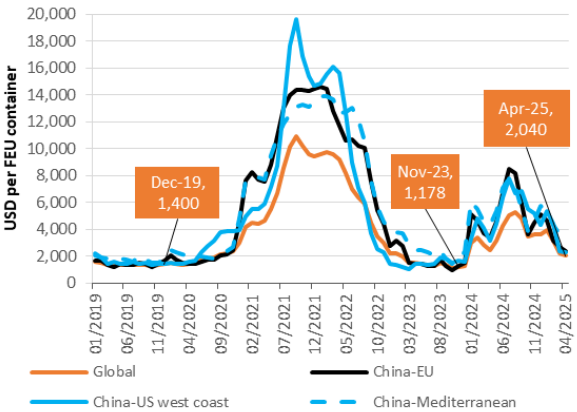
Concerns regarding the outlook for US and global economic growth have exerted downward pressure on commodity prices following the announcement of tariffs by the US.



Source: LSEG. Latest observation: 7.4.2025.
Note: S&P Goldman Sachs Commodity spot price indices for industrial metals and agricultural commodities.

Containers transportation cost – Freightos Index

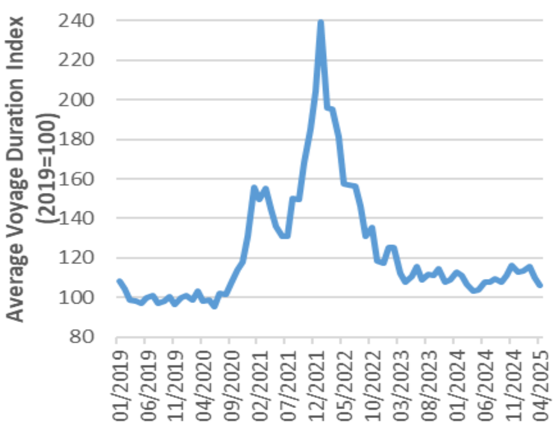
Global sea transportation costs still remain at high levels, though on a downward trend since Sept 2024.



Sources: Freightos and LSEG. Latest observation: 04.04.2025.
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.



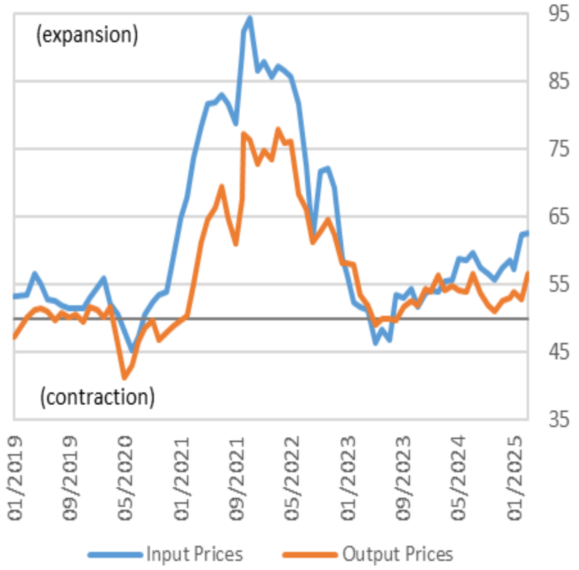
Source: Clarkson Research Services. Bank of Greece's calculations. Latest observation: 07.04.2025

Section 4: Leading price indicators

- ***The March PMI input prices in Greece rose at the quickest rate since November 2022, due to higher raw material and logistics prices; firms raised their selling prices at an accelerating pace passing through the increased costs to customers.***
- ***March leading price indicators point to higher inflation expectations in most business sectors; by contrast, consumers' inflation expectations receded.***

PMI input and output prices in Greek manufacturing

Input and output prices continued rising in March 2025…

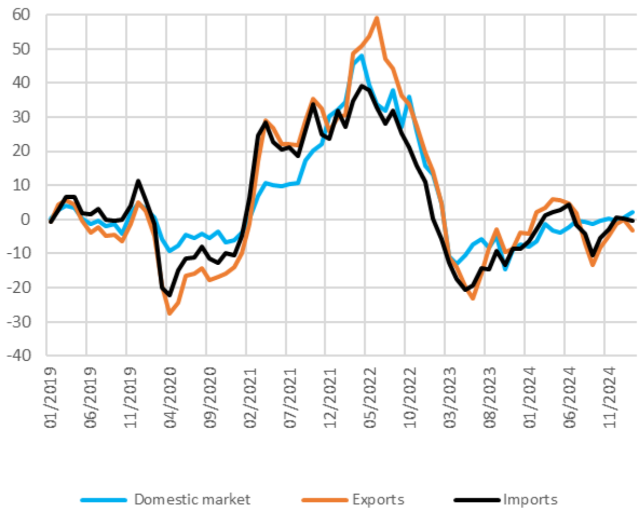


Source: S&P Global. Latest observation: March 2025.

Producer Price Index components in Greece

(annual % change)

…..producer prices are on a slightly rising path.

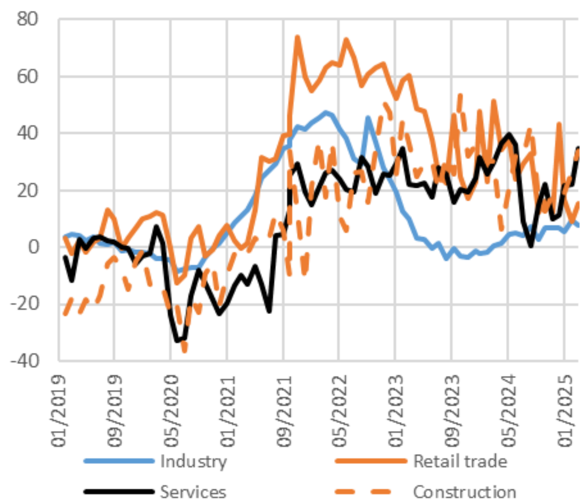


Source: ELSTAT. Latest observation: February 2025.

Selling price expectations in business sectors in Greece

(for the next 3 months)

Selling price expectations increased across all sectors, except for the manufacturing sector, in March 2025…



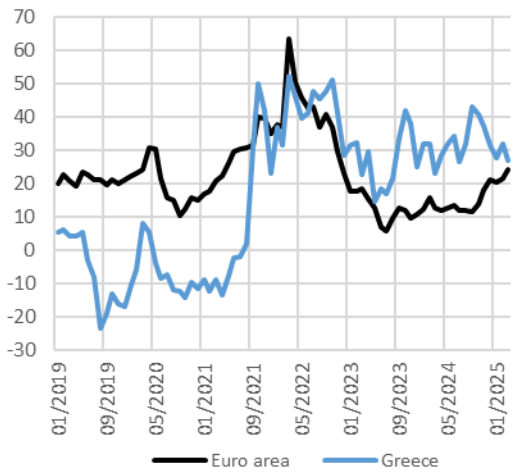
Source: European Commission. Latest observation: March 2025.

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 declined in Greece and remained on an upward path in the euro area.



Source: European Commission. Latest observation March 2025.

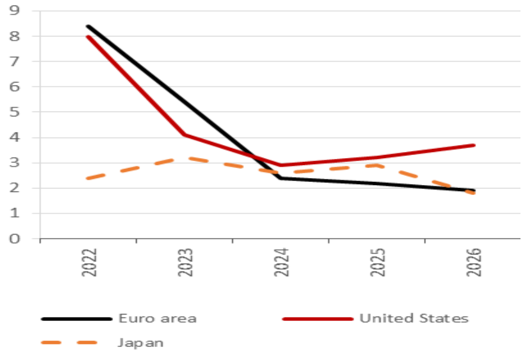
Note: Data are obtained from the closed-ended question about expectation of inflation over the next 12 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

Section 5: Inflation expectations

- ***According to Consensus Forecasts released in April, inflation expectation for the euro area remain unchanged at 2.2% in 2025 and 1.9% in 2026 while inflation was revised significantly upwards for the US to 3.2% in 2025 and 3.7% in 2026.***
- ***The ECB's Consumer Expectations Survey (CES) shows that median inflation expectations over the next 12 months in Greece increased to 5.9% in February 2025 from 5.1% in the previous month whereas in the euro area they remained stable at 2.6%. Median inflation uncertainty decreased in Greece to 4.1% in February 2025 from 4.4% in the previous month and in the euro area to 1.6% from 1.7%, respectively.[1] Median inflation expectations three years ahead in Greece increased to 5.9% from 5.1% in the previous month whereas in the euro area they remained stable to 2.4%.***
- ***Market-based inflation expectations fell both in the euro area and the US over the medium and long-term horizons, being driven by market concerns over the potential effects of the US trade policies. Currently, medium-term breakeven inflation is below 2% in the euro area and higher than 2% in the US (on 10.4.2025 vs. 11.3.2025, 5-year breakeven inflation rates: EA: 1.68%, -24 bps; US: 2.31%, -24 bps; 10-year breakeven inflation rates: EA: 1.92%, -16 bps; US: 2.13%, -19 bps). Over the short-term horizon (1-year), market-based inflation expectations retreated in the euro area and rose in the US (EA-1Y inflation linked-swaps (ILS): -10 bps, US-1Y ILS: +36 bps). Real yields in the EA and the US fell in the short-term horizon (1-year), amid market uncertainty over US trade policies (on 10.4.2025 vs 11.3.2025: EA-1y: 0.19%, -8 bps, EA-5y: 0.45%, -16 bps, EA-10y: 0.66%, -13 bps; US-1y: 0.73%, -41 bps, US-5y: 1.73%; +24 bps, US-10y: 2.26%: +30 bps).***

Consensus: Inflation expectations (I)

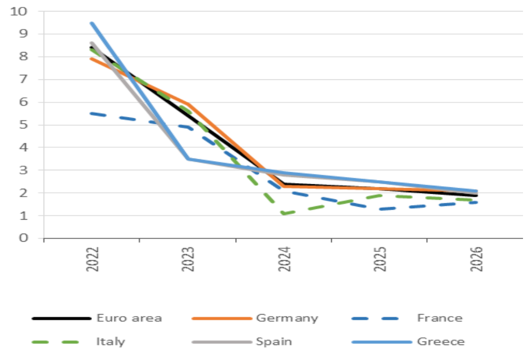
Inflation is expected to ease in large economies.



Source: Consensus Forecasts (April 2025).

Consensus: Inflation expectations (II)

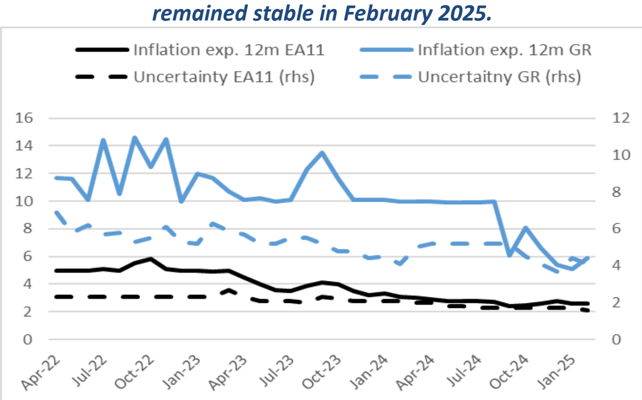
Inflation in euro area countries is expected to converge to 2%.



Source: Consensus Forecasts (April 2025).

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

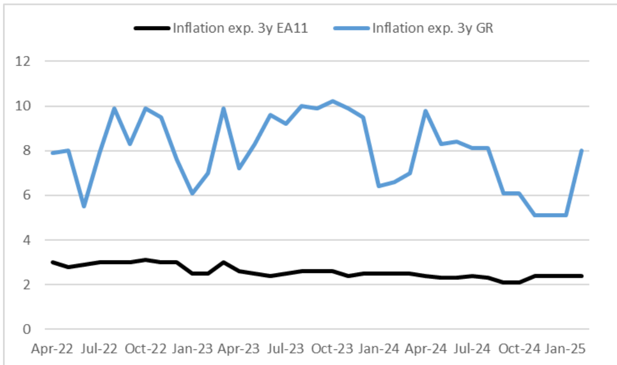
Short-term inflation expectations in Greece increased whereas in the EA remained stable in February 2025.



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. Inflation uncertainty is based on the respondent-specific probability distributions derived from the probabilistic bin question on inflation expectations. Implied Inflation uncertainty is computed as the interquartile range between the 75th and the 25th percentile of the respondent-specific subjective distribution. The sample period is from 4/ 2022 to 02/2025.

Consumer inflation expectations 3 years ahead – Greece vs EA

Medium-term inflation expectations in Greece increased whereas in the EA remained stable.



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 February 2025.

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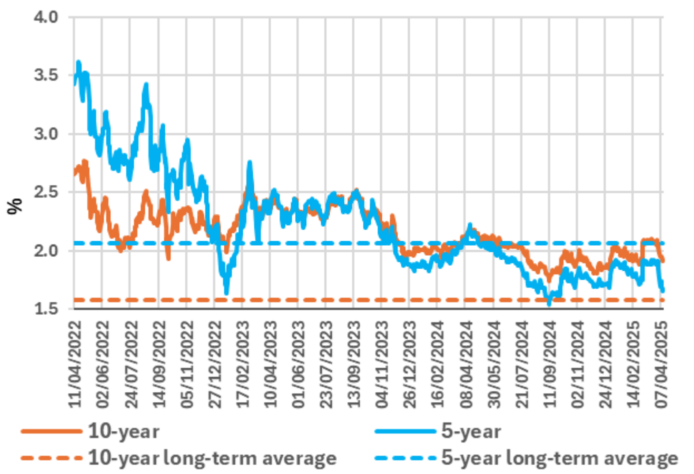
[1] For a more detailed description of how inflation uncertainty is computed see, Section 3.3 "Indicators from the probabilistic bin questions" of the guide to the computation of aggregate statistics and the technical appendix: https://www.ecb.europa.eu/stats/ecb_surveys/consumer_exp_survey/shared/pdf/CES_aggregate_statistics_guide.en.pdf

## Euro-area breakeven inflation rates	## US breakeven inflation rates

Euro-area breakeven inflation rates

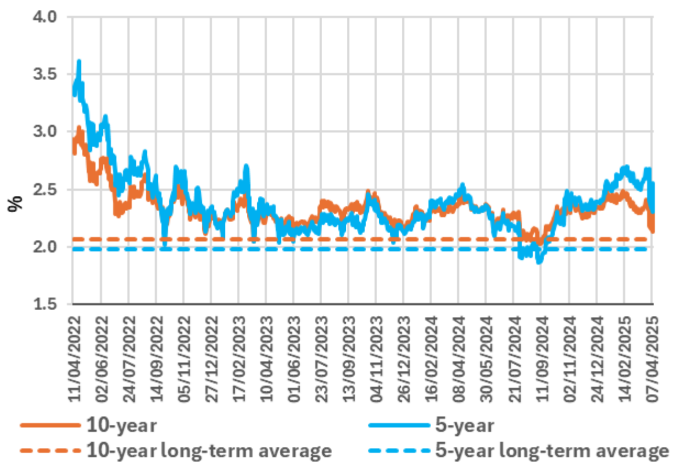
Market-based expectations for euro-area inflation, over a medium- to long-term horizon fell over the last month, being somewhat below the medium-term target level of 2%.



Sources: LSEG, Bank of Greece. Latest observation: 10.4.2025.
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 fell over the last month, still remaining above the 2% inflation target.

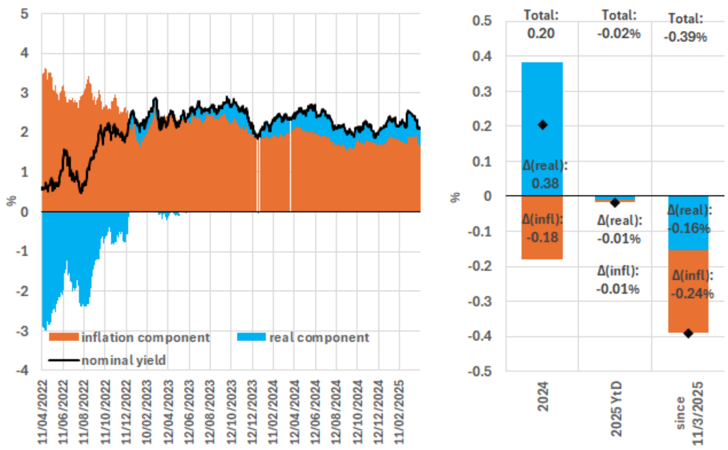


Sources: LSEG, Bank of Greece. Latest observation: 10.4.2025.
Note: The chart illustrates daily developments in the yield differential between nominal and inflation-linked US Treasury bonds with a maturity of 5 (blue line) and 10 (orange line) years. The dotted lines indicate the average value of each series since 2013.

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

In the EA, nominal yields fell in the past month, driven by lower inflation expectations and real yields (i.e. inflation-linked bond yields which compensate investors for inflation).

Left graph: levels (%) **Right graph: changes (pp)**

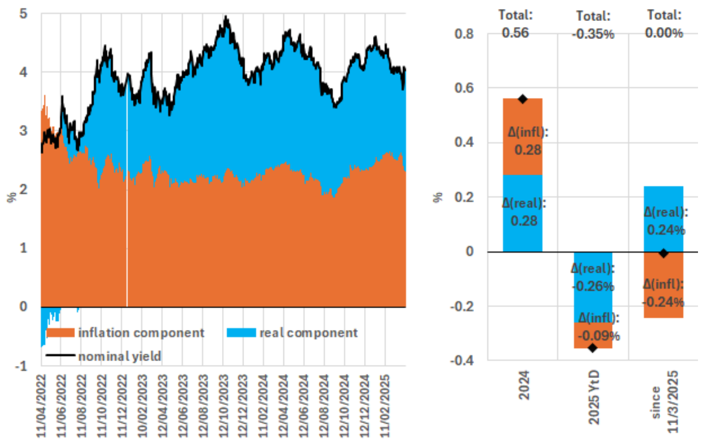


Sources: LSEG, Bank of Greece. Latest observation: 10.4.2025.
Note: The chart shows the decomposition of the 5-year EA benchmark bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component 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 were broadly unchanged during the past month; a drop, in still high, inflation expectations was recorded.

Left graph: levels (%) **Right graph: changes(pp)**



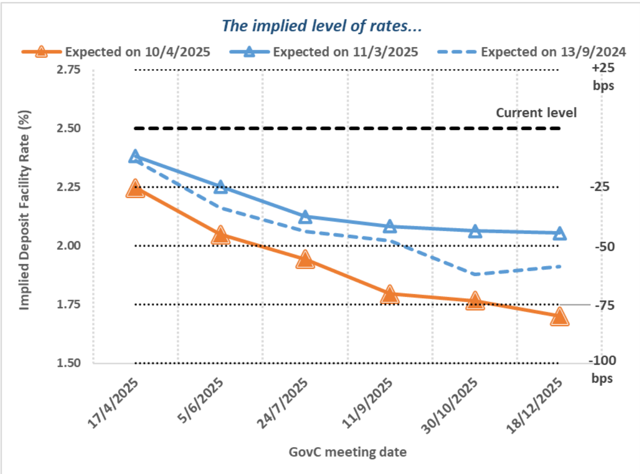
Sources: LSEG, Bank of Greece. Latest observation: 10.4.2025.
Note: The chart shows the decomposition of the 5-year US Treasury bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation (i.e. the 5-year US Treasury Inflation-Protected Security).

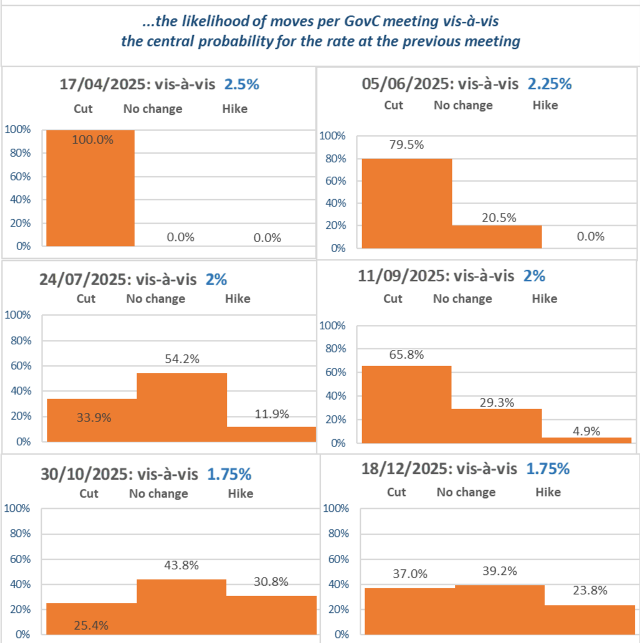
Section 6: Policy interest rates expectations

- ***The ECB cut its policy rates by a total of 50 bps in 2025 to date, after having reduced them four times in 2024 by a total of 100 bps. Markets expect a 25 bps rate cut in each of the next two GovC meetings (April 17th and June 5th), with 99% and 80% probability, respectively. By the end of 2025, the case for a third rate cut is now seen as more probable (76% lately vs. 46% on 1 April and 23% on 11 March).***
- ***The Fed left the Fed fund rate (FFR) unchanged in January 2025, after having cut its rate three times in 2024 by a total of 75 bps. For the next FOMC meeting, on 6-7 May, the Fed rates are not expected to change (68% probability of no change vs. 32% of a 25 bps cut). The Fed is expected to cut rates by 25 bps in each of its following three meetings (in June, July, and September). Until the end of 2025 the case for a fourth rate cut is now seen as more probable (53% lately vs. 32% on 1 April and 34% on 11 March).***

Short-term rates in the euro area

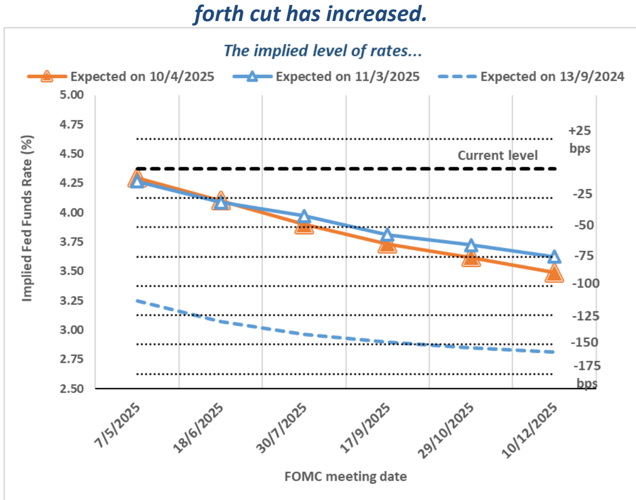
The outlook for ECB rates in has been highly volatile amid uncertainty over US trade policy. Currently, markets expect two rate cuts until the end of 2025, while the case for a third cut has increased.

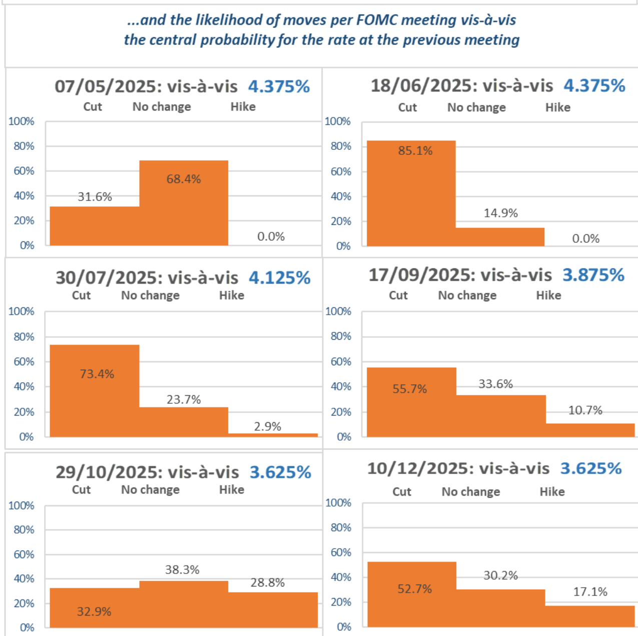




Short-term rates in the US

The outlook for the Fed funds rate has seen significant volatility amid ongoing uncertainty over US tariffs. At present, markets expect three rate cuts until the end of 2025, while the case for a forth cut has increased.





Sources: LSEG. Latest observation: 10.4.2025.

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 (March 2025)

Euro area

- ***Headline inflation is expected to remain relatively stable throughout the remainder of the year. This is mainly due to higher food inflation (reflecting the robust increases in commodity prices) and upward base effects in energy inflation (also driven by the latest rise in energy commodity prices), broadly offsetting downward impacts from declining core inflation (HICPX). Core inflation is expected to start declining in early 2025 as effects from lagged higher repricings fade out, wage pressures recede and the impact from past monetary policy tightening continues to feed through. The decline is expected to be driven by a decrease in services inflation, which has thus far been relatively persistent.***

- ***Inflation will decline in 2026, as (a) HICPX continues its modest declining path, (b) energy inflation eases, thanks to downward base effects and assumptions of declining energy commodity prices and (c) food inflation moderates, due to receding energy and labour cost pressures.***

- ***Inflation will rise slightly in 2027, reflecting a temporary upward impact (estimated to be 2.9 p.p. on HICP energy inflation in 2027) from the implementation of a new Emission Trading Scheme (ETS2) for the heating of buildings and for transport fuels.***

- ***Wage growth should continue to follow its downward path from currently still elevated levels as inflation compensation pressures fade. Coupled with a recovery in productivity growth, this is expected to lead to significantly slower growth of unit labour costs. As a result, domestic price pressures are projected to continue easing, with profit margins recovering over the horizon.***

Greece

- ***HICP inflation will continue to decelerate over the next two years. In 2025 it is expected to stand at 2.9%, due to robust and persisting services 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 to remain stable in 2025, decelerate in 2026 and ending at 2.2% in 2027, reflecting mainly the decline in non-energy industrial goods inflation and to a lesser extent services inflation.***

Macroeconomic projections, March 2025

Euro area

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2025	2.3	2.2	1.5	3.4	0.4	3.0
2026	1.9	2.0	0.1	2.8	0.8	2.0
2027	2.0	1.9	2.3	2.6	0.9	1.7

Greece

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2025	2.9	3.6	1.6	4.5	1.0	3.4
2026	2.3	2.8	0.4	4.3	1.0	3.2
2027	2.5	2.2	6.6	4.5	0.8	3.6

Table of news and statements on inflation (period: 20/1/2025-21/2/2025)

Statements by central bankers and other officials

- ***04.04.2025: Fed Chair Jerome Powell*** *(speech at the Society for Advancing Business Editing and Writing Annual Conference, Arlington, Virginia* ***link****): " […] While uncertainty remains elevated, it is now becoming clear that the tariff increases will be significantly larger than expected. The same is likely to be true of the economic effects, which will include higher inflation and slower growth. The size and duration of these effects remain uncertain. While tariffs are highly likely to generate at least a temporary rise in inflation, it is also possible that the effects could be more persistent. Avoiding that outcome would depend on keeping longer-term inflation expectations well anchored, on the size of the effects, and on how long it takes for them to pass through fully to prices. […] We will continue to carefully monitor the incoming data, the evolving outlook, and the balance of risks. We are well positioned to wait for greater clarity before considering any adjustments to our policy stance. It is too soon to say what will be the appropriate path for monetary policy."*
- ***03.04.2025: Fed Vice Chair Phillip Jefferson*** *(speech at the "Financial Intermediaries, Markets, and Monetary Policy" conference, Virginia, link)*: *"[…] In my view, there is no need to be in a hurry to make further policy rate adjustments. The current policy stance is well positioned to deal with the risks and uncertainties that we face in pursuing both sides of our dual mandate. […]"*
- ***03.04.2025: Fed Governor Lisa Cook*** *(speech at the 2025 McKay Lecture, University of Pittsburgh, link): " […] Monetary policy is still moderately restrictive, though less so than before our rate cuts last year, which totalled 1 percentage point. Over time, if uncertainty clears and we see further progress on inflation toward our 2 percent target, it will likely be appropriate to lower the policy rate to reduce the degree of monetary policy restriction. I could imagine scenarios where rates could be held at current levels longer or eased faster based on the evolution of inflation and unemployment. For now, we can afford to be patient but attentive. I believe that policy is well situated to respond to developments, and I am continuously updating my outlook as matters evolve. […]"*
- ***02.04.2025: Fed Governor Adriana Kugler*** *(speech at Princeton University,* ***link****): "[…] Given the recent lack of progress on inflation, recent increases in inflation expectations, and upside risks associated with announced and prospective policy changes, I strongly supported the FOMC's decision at our March meeting to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent. I will support maintaining the current policy rate for as long as these upside risks to inflation continue, while economic activity and employment remain stable. […]"*

Data releases

Date	Announcement	Actual	Expected*	Actual vs Expected	Previous reading
17 March 2025	Italy CPI (%ΔYoY Feb Final)	1.6%	1.7%	-0.1%	1.7%
17 March 2025	Italy HICP (%ΔYoY Feb Final)	1.7%	1.7%	0.0%	1.7%
18 March 2025	United States Import Prices (%ΔYoY Feb)	2.0%	1.6%	0.4%	1.8%
19 March 2025	Euro Zone HICP (%ΔYoY Feb Final)	2.3%	2.4%	-0.1%	2.4%
19 March 2025	Euro Zone HICP ex. Tobacco, Food & Energy (%ΔYoY Feb Final)	2.6%	2.6%	0.0%	2.6%
20 March 2025	Germany Producer Prices (%ΔYoY Feb)	0.7%	1.0%	-0.3%	0.5%
28 March 2025	France HICP (%ΔYoY Mar Preliminary)	0.9%	1.1%	-0.2%	0.9%
28 March 2025	France CPI (%ΔYoY Mar Preliminary)	0.8%	0.9%	-0.1%	0.8%
28 March 2025	United States Core PCE Price Index (%ΔYoY Feb)	2.8%	2.7%	0.1%	2.6%
28 March 2025	United States PCE Price Index (%ΔYoY Feb)	2.5%	2.5%	0.0%	2.5%
31 March 2025	Italy CPI (%ΔYoY Mar Preliminary)	2.0%	1.6%	0.4%	1.6%
31 March 2025	Italy HICP (%ΔYoY Mar Preliminary)	2.1%	2.0%	0.1%	1.7%
31 March 2025	Germany CPI (%ΔYoY Mar Preliminary)	2.2%	2.2%	0.0%	2.3%
31 March 2025	Germany HICP (%ΔYoY Mar Preliminary)	2.3%	2.4%	-0.1%	2.6%
1 April 2025	Euro Zone HICP (%ΔYoY Mar Flash)	2.2%	2.2%	0.0%	2.3%
1 April 2025	Euro Zone HICP ex. Tobacco, Food & Energy (%ΔYoY Mar Flash)	2.4%	2.5%	-0.1%	2.6%
10 April 2025	Greece HICP (%ΔYoY Mar)	3.1%	--	--	3.0%
10 April 2025	Greece CPI (%ΔYoY Mar)	2.4%	--	--	2.5%
10 April 2025	United States Core CPI (%ΔYoY Mar)	2.8%	3.0%	--	3.1%
10 April 2025	United States CPI (%ΔYoY Mar)	2.4%	2.6%	--	2.8%

Source: LSEG.

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

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