



# INFLATION MONITOR

June 16, 2025

Economic Analysis and Research Department

## Macroeconomic indicators:

### • Inflation

- **Euro area:** HICP headline inflation declined to 1.9% in May 2025 from 2.2% in April because of lower services and unprocessed food inflation which was partially offset by the increase in processed food inflation. Similarly, core inflation (HICP excluding energy and food) declined to 2.3% from 2.7% due to lower services inflation. The last reflects a downward normalization of the rate related to the timing of the Easter holiday break in 2025.
- **US:** CPI inflation increased for the first time in five months to 2.4% in May 2025, an uptick from 2.3% recorded in April while core CPI inflation remained constant at 2.8%.
- **Greece:** HICP headline inflation increased to 3.3% in May 2025 from 2.6% in April, due to increases in food and non-energy industrial goods' inflation and due to the less negative energy inflation rate. Similarly, core inflation picked up to 4.0% from 3.8%, attributed to the significant increase in non-energy industrial goods' inflation. Core inflation in Greece shows a significant positive difference to the euro area which widened further in May 2025 due to the respective rates moving in opposite directions.

- **Labour markets developments:** Compensation per employee growth has been easing in major euro area countries although notable differences in the rates of unemployment among the euro area countries persist.
- **Commodity prices** have been increasing except for agricultural commodity prices which have been decreasing.
- **Inflation projections:** The inflation projections for the euro area and Greece have been revised down according to Eurosystem's latest exercise (June 2025). For the euro area, inflation is expected to moderate and to average 2.0% in 2025 and 1.6% in 2026, before returning to 2.0% in 2027, while for Greece it is expected that for the same period will remain above the 2% medium-term target at 2.5%, 2.1% and 2.4% respectively. The increase in 2027 is related to the new climate change mitigation measures.

## Market-based indicators:

- **Euro area market-based expected inflation for a medium-term horizon, stands firmly at levels below 2% and fell even lower** amid lower-than-expected euro area inflation data; bond yields increased, as a rise in the real component of nominal yields, amid stronger-than-expected economic data, offset the fall in expected inflation. In the **US, bond yields rose**, driven by a rise in the real component, while the market-based expected inflation rate, which deviates substantially in the medium-term horizon from the 2% target, did not change substantially.
- **Markets expect further policy rate cuts in the euro area and in the US;** investor expectations about the level of policy rates by the end of 2025 rose somewhat compared to one month ago.
  - On June 5, the ECB cut its policy rate by 25 bp. The ECB has, so far in 2025, reduced rates by 100 bps, following total rate cuts by 100 bps in 2024. At present, markets expect with near certainty that the ECB will not change its rates at July's monetary policy meeting and with 79% probability that until the end of 2025 it will cut rates once more by 25 bps; the case for an additional 25 bps cut is now seen as unlikely (25% probability of a 2<sup>nd</sup> rate by end-2025 cut lately vs. 48% on 6 May).
  - The Fed has kept the Fed funds rate (FFR) unchanged in 2025 to date, following rate cuts of a total of 75 bps in 2024. Markets expect that the Fed will keep its rates at the current 4.25%-4.50% range at June FOMC; rate cuts by 25 bps, each time, are expected in September and December FOMC meetings. A month ago three rate cuts were expected until the end of the year (probability for a third rate cut is 20% now vs. 74% a month ago).

## Key statements and news:

- On 5 June 2025, the ECB's GovC decided to lower the three key ECB interest rates by 25 bps, bringing the deposit facility rate (DFR) to 2%.

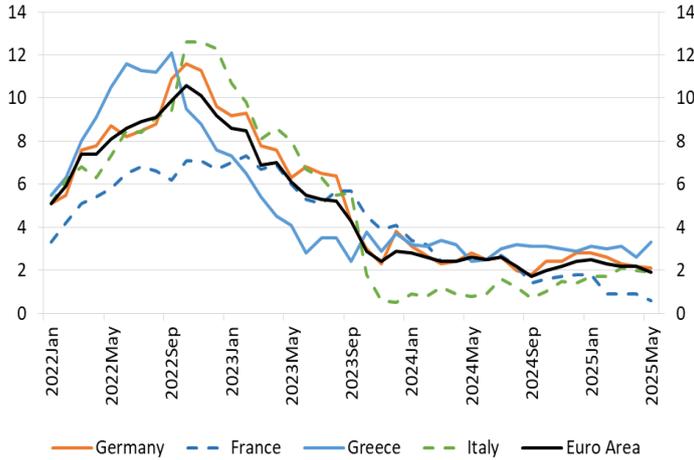
**Section 1: HICP inflation developments**

- Inflation in the euro area hovered around 2.3% in first quarter of 2025, just slightly above the rate seen in 2024Q4, and retreated to 1.9% in May. Core inflation remains at elevated levels moving mostly sideways since the first quarter of 2024, albeit it declined in May 2025.
- In Greece, since the second half of 2024 headline inflation moves sideways, albeit it increased in May 2025. Core inflation remains elevated, exhibiting a significant positive difference to the euro area which widened further in May 2025 due to the increase of the Greek rate and the decline in the euro area rate.

**HICP Headline inflation for selected euro area countries**

(annual % changes)

*The disinflation process has been modest since early 2024*

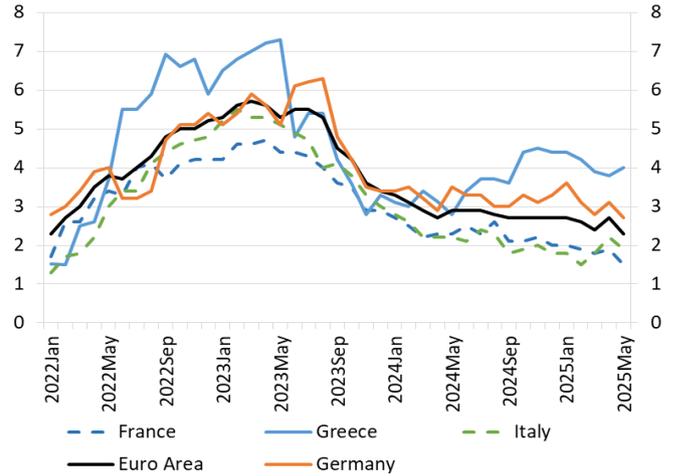


Source: Eurostat. Latest observation: May 2025.

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

(annual % changes)

*... while core inflation persists at elevated levels.*

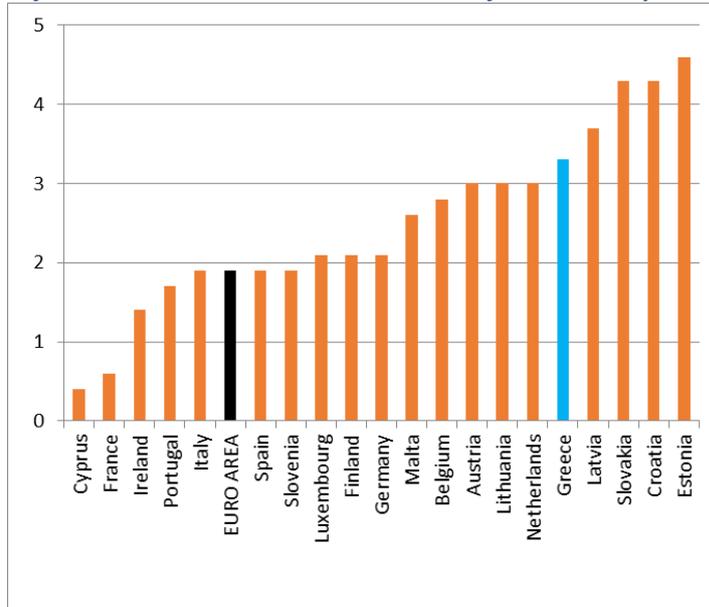


Source: Eurostat. Latest observation: May 2025.

**HICP Headline inflation for the euro area countries – May 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 in Greece remains at elevated levels due to services inflation while in the Euro Area it retreated significantly.*

EURO AREA	2025 weights (%)	2022	2023	2024	2024			2025	2024		2025				
					Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar	Apr	May
<b>Harmonised Index of Consumer Prices (HICP)</b>															
<b>Overall index</b>	<b>100.00</b>	<b>8.4</b>	<b>5.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>	<b>2.3</b>	<b>2.2</b>	<b>2.2</b>	<b>1.9</b>
Goods	54.37	11.9	5.7	1.1	1.3	0.6	0.8	1.3	0.9	1.2	1.4	1.2	1.1	0.7	0.8
Processed food (including alcohol and tobacco)	15.04	8.6	11.4	3.2	2.9	2.7	2.8	2.6	2.8	2.9	2.6	2.6	2.6	2.4	2.9
Unprocessed food	4.24	10.4	9.1	1.9	1.4	1.2	2.3	2.8	2.3	1.6	1.4	3.0	4.2	4.9	4.4
Non-energy industrial goods	25.66	4.6	5.0	0.8	0.7	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6
Energy	9.43	37.0	-2.0	-2.2	0.0	-2.7	-2.2	0.4	-2.0	0.1	1.9	0.2	-1.0	-3.6	-3.6
Services	45.63	3.5	4.9	4.0	4.0	4.0	3.9	3.7	3.9	4.0	3.9	3.7	3.5	4.0	3.2
<b>Core Inflation (HICP less energy, food, alcohol and tobacco)</b>	<b>71.29</b>	<b>3.9</b>	<b>4.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>	<b>2.4</b>	<b>2.7</b>	<b>2.3</b>
<b>GREECE</b>															
<b>Harmonised Index of Consumer Prices (HICP)</b>															
<b>Overall index</b>	<b>100.00</b>	<b>9.3</b>	<b>4.2</b>	<b>3.0</b>	<b>2.7</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>2.6</b>	<b>3.3</b>
Goods	51.30	12.9	3.8	1.7	1.6	1.6	0.7	1.1	0.7	0.7	1.0	1.0	1.3	0.2	1.6
Processed food (including alcohol and tobacco)	15.93	9.5	9.3	2.5	3.0	2.3	0.2	0.2	0.0	-0.3	-0.3	0.5	0.5	-0.6	0.2
Unprocessed food	7.00	10.1	11.1	3.4	2.3	1.7	1.1	2.2	1.7	0.0	0.8	0.2	5.7	7.2	9.0
Non-energy industrial goods	20.06	5.0	6.4	1.7	1.4	1.4	1.8	1.2	2.1	1.7	1.4	1.4	0.8	0.4	1.4
Energy	8.31	41.0	-13.4	-1.4	-1.9	1.0	-1.1	1.5	-2.3	0.7	2.6	1.6	0.2	-4.7	-1.5
Services	48.70	4.5	4.5	4.4	3.8	4.7	5.6	5.3	5.6	5.6	5.6	5.3	5.1	5.3	5.2
<b>Core Inflation (HICP less energy, food, alcohol and tobacco)</b>	<b>68.76</b>	<b>4.6</b>	<b>5.3</b>	<b>3.6</b>	<b>3.1</b>	<b>3.7</b>	<b>4.4</b>	<b>4.1</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.2</b>	<b>3.9</b>	<b>3.8</b>	<b>4.0</b>

Sources: Eurostat, ELSTAT and BoG calculations.

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

(annual % changes)

*Energy price inflation turned negative in April 2025 and remained negative in May mainly because of strong negative turnouts in liquid fuel (both heating oil and motor fuel).*

GREECE	2025 weights (%)	2022	2023	2024	2024			2025	2024		2025				
					Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar	Apr	May
<b>Harmonised Index of Consumer Prices (HICP)</b>															
<b>Overall HICP index</b>	<b>100.00</b>	<b>9.3</b>	<b>4.2</b>	<b>3.0</b>	<b>2.7</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>2.6</b>	<b>3.3</b>
<b>ENERGY</b>	<b>8.31</b>	<b>41.0</b>	<b>-13.4</b>	<b>-1.4</b>	<b>-1.9</b>	<b>1.0</b>	<b>-1.1</b>	<b>1.5</b>	<b>-2.3</b>	<b>0.7</b>	<b>2.6</b>	<b>1.6</b>	<b>0.2</b>	<b>-4.7</b>	<b>-1.5</b>
Electricity	2.80	43.1	-15.0	0.5	-11.2	6.4	9.2	7.6	7.0	7.6	5.9	6.7	10.4	4.7	18.0
Natural gas and town gas	0.45	127.0	-49	-17.4	-10.6	23.7	6.0	40.1	-0.1	8.7	26.5	41.1	54.5	29.9	11.1
Liquefied hydrocarbons	0.08	11.5	7.6	-0.3	-1.2	-2.2	0.6	-2.9	2.6	2.3	-0.4	-3.5	-4.7	-0.5	-1.7
Liquid fuels	1.19	45.1	-11.8	1.6	6.3	6.3	-12.5	-5.9	-13.4	-7.6	-2.8	-6.0	-8.8	-12.9	-12.9
Solid fuels	0.19	11.0	21.2	0.4	0.0	-1.5	-3.8	-3.2	-4.0	-3.4	-4.2	-2.6	-2.9	-3.8	-3.9
Fuels for personal transport equipment	3.60	25.5	-7.8	-2.7	2.8	-6.4	-5.3	-2.9	-5.6	-2.2	0.6	-2.1	-7.1	-10.6	-10.6

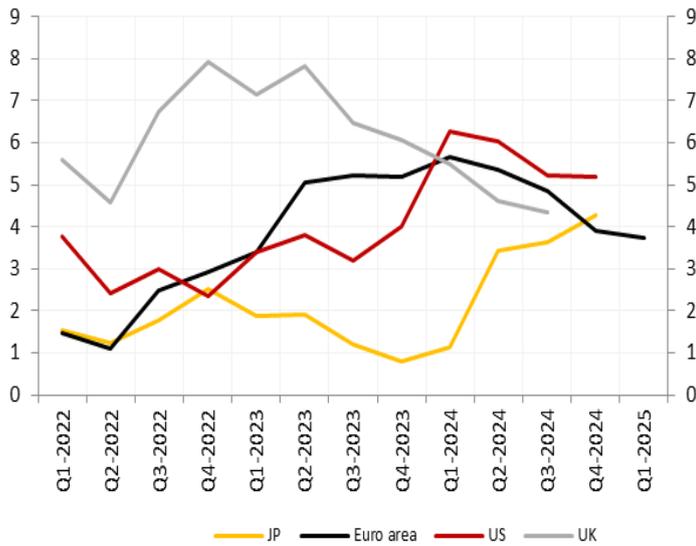
Sources: ELSTAT and Bank of Greece computations.

Section 2: Labour market developments

- Labour market tightness 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)

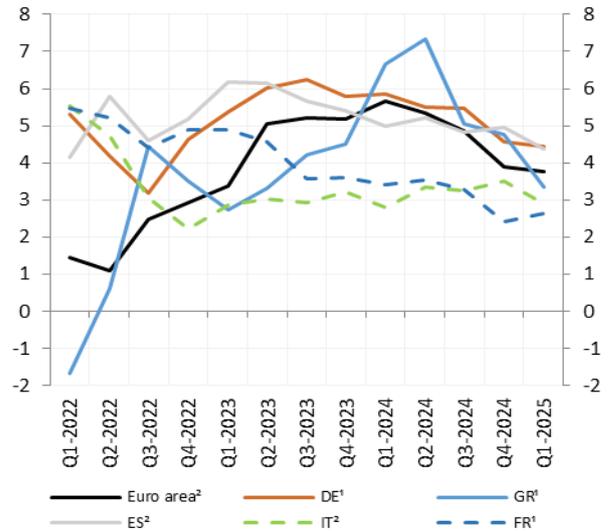
Growth in compensation per employee moderated in major advanced economies, except for Japan.



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

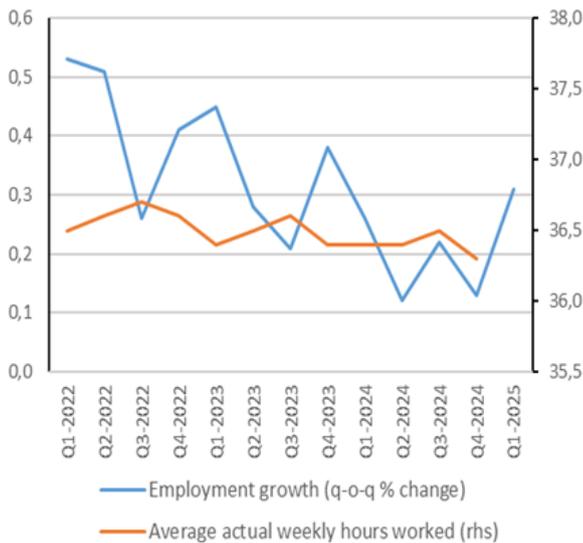
Compensation per employee – selected euro area countries  
(y-o-y % change; sa)

Compensation per employee growth has eased recently in major euro area countries, except for France where it increased slightly. In Greece, compensation per employee has contracted further.



Sources: ECB. Latest observation: 2025:Q1.  
Note: 1 data are not calendar adjusted, 2 are calendar adjusted

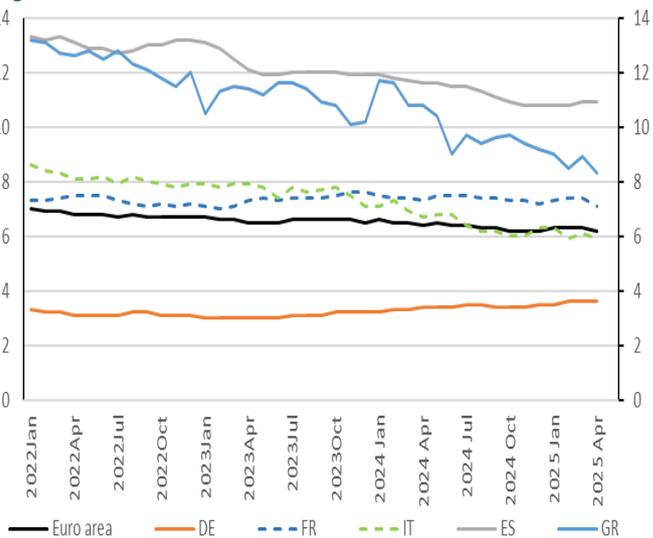
Employment and hours worked – euro area  
Employment growth is on a volatile but easing path.



Source: Eurostat. Latest observation: 2025:Q1 for employment growth, 2024:Q4 for average actual weekly hours worked.

Unemployment rate – selected euro area countries  
(%)

In April 2025, the unemployment rate in the euro area eased slightly to 6.2%. There are notable differences in the rates of unemployment among the euro area countries.



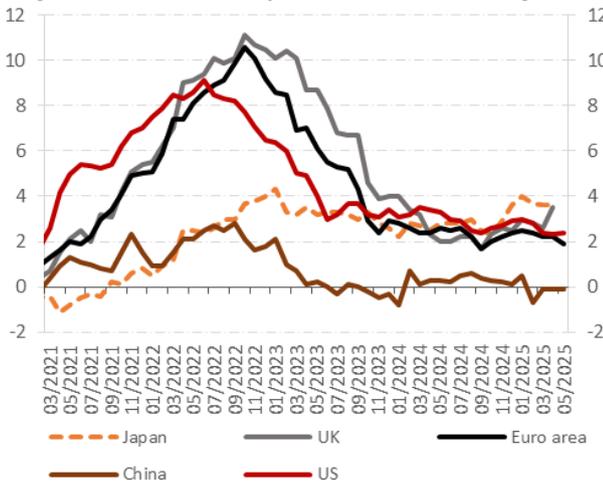
Source: Eurostat. Latest observation: April 2025.

**Section 3: Global prices**

- *The latest inflation figures for the major economies in April and May 2025 reveal divergent trends, highlighting ongoing challenges and successes in achieving price stability.*
- *Over the past month, crude oil prices notably rose, driven by demand optimism from easing trade tensions, ongoing geopolitical fears of supply disruptions, and a significant drop in US inventories. Similarly, European natural gas prices increased due to reduced pipeline supply through Ukraine and the critical need to replenish storage before next winter. Metal commodity prices also increased, partly due to rising precautionary demand amid supply concerns, while agricultural commodity prices slightly fell reflecting a well-supplied market.*
- *For more than two years, the transportation costs have been hovering at relatively high levels due to the attacks on vessels in the Red Sea/Gulf of Aden by Houthi rebels that led several container shipping companies to suspend transit through that region. Recently, the freight rates and the voyage time increased further as the container trade between the US and China revived, thanks to a temporary decrease in tariffs between the two countries that was agreed in early May 2025.*

**Headline consumer price inflation**  
(annual % change)

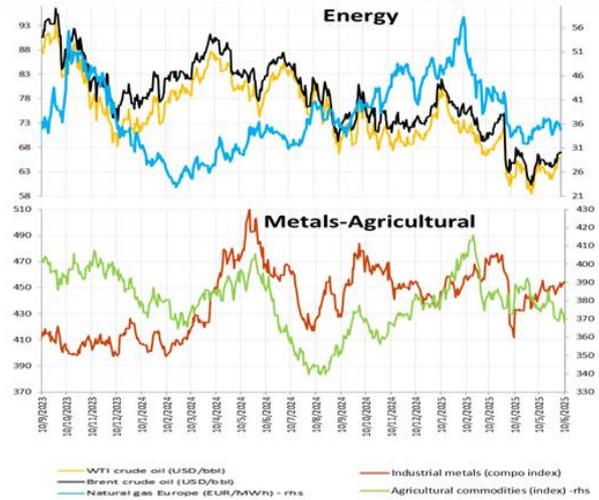
*The global inflation landscape is diverse, with EA progressing towards price stability, the US facing a plateau, the UK seeing a rebound, Japan maintaining elevated but stable inflation, and China battling with deflation.*



Sources: OECD, Eurostat, UK ONS. Latest observation May 2025 for the EA, the US and China, April 2025 for the rest.

**Daily commodity prices**

*Demand optimism and concerns about supply disruptions have exerted upward pressure on energy commodity prices. Similarly, higher precautionary demand and supply concerns, pushed metal prices higher. On the contrary, strong global supplies decreased agricultural commodity prices.*

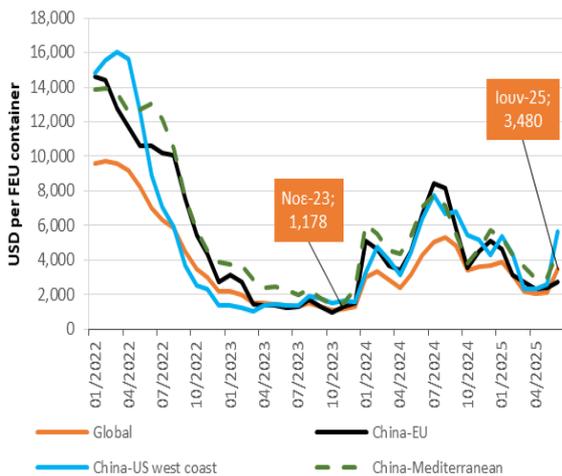


Source: LSEG. Latest observation: 10.6.2025.

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

**Containers transportation cost – Freightos Index**

*Global sea transportation costs increased on the back of revived trade between USA and China.*

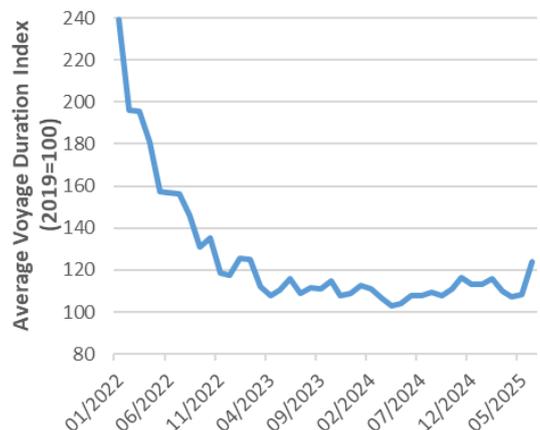


Sources: Freightos and LSEG. Latest observation: 11.06.2025.

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, despite the recent pick up due to a revival of US-China trade*



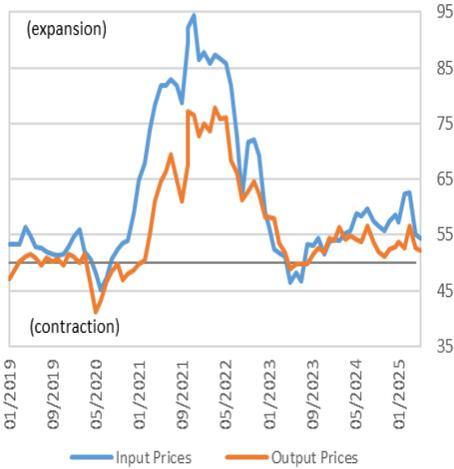
Source: Clarkson Research Services. Bank of Greece’s calculations. Latest observation: 11.06.2025

**Section 4: Leading price indicators for the Greek economy**

- *The May PMI pointed to an easing of inflationary pressures in the Greek manufacturing sector, as input prices rose at the softest pace since February 2024 and this was reflected in a less marked rise in output prices.*
- *April leading price indicators point to higher inflation expectations in the retail trade and construction sectors, but lower in the manufacturing and the services sector*

**PMI input and output prices in Greek manufacturing**

*Input and output prices continued rising but at a much slower pace in May 2025...*



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

**Producer Price Index and import prices in Greece (annual % change)**

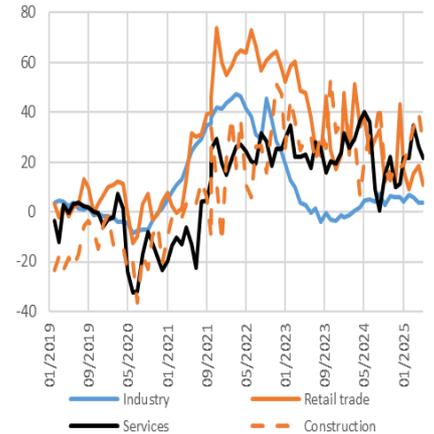
*.....while producer prices show a mixed picture.*



Source: ELSTAT. Latest observation: April 2025.

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

*Selling price expectations declined in the services, retail trade and construction sectors, while they remained roughly stable in the manufacturing sector in May 2025.*



Source: European Commission. Latest observation: May 2025.

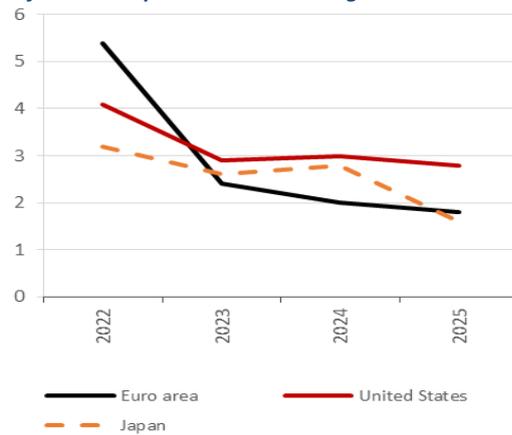
Note: Data is obtained from the closed-ended question about expectations of inflation over the next 3 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

**Section 5: Inflation expectations**

- **Professionals' inflation expectations:** *According to Consensus Forecasts released in June, inflation expectations for 2025 and 2026 are 2.0% and 1.8% for the euro area and 3.0 and 2.8% for the US. The expectations were not revised compared to previous month., except for a marginal downward revision for the US in 2025.*

**Inflation expectations**

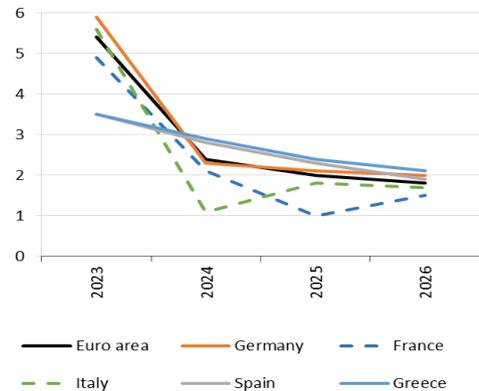
*Inflation is expected to ease in large economies...*



Source: Consensus Forecasts (June 2025).

**Inflation expectations**

*...including euro area countries, although discrepancies persist at the level of the rates.*

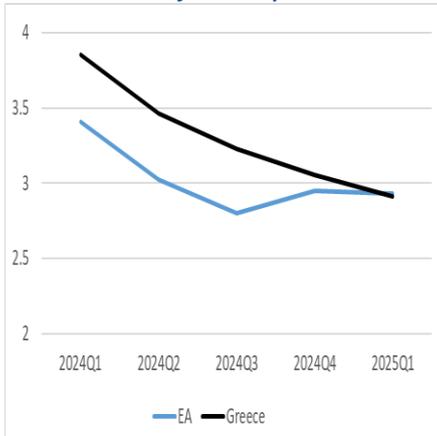


Source: Consensus Forecasts (June 2025).

- Firms' inflation expectations:** Firms' median one year ahead inflation expectations decreased for Greek firms to 2.9% in 2025 Q1 from 3.1% in 2024Q4 and for euro area firms to 2.9% from 3% over the same period. Firms' median three year ahead inflation expectations in Greece decreased to 2.7% in 2025 Q1 from 2.9% in 2024Q4 whereas in euro area remained stable at 3.0%. Firms' median five years ahead inflation expectations in Greece increased to 2.5% in 2025 Q1 from 2.1% in 2024Q4 whereas in euro area remained stable at 3.0%.

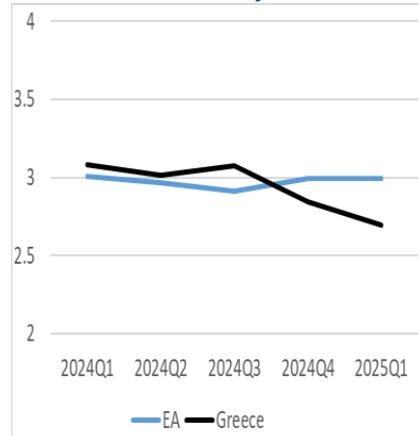
**Inflation expectations  
12 months ahead**

Short-term inflation expectations...



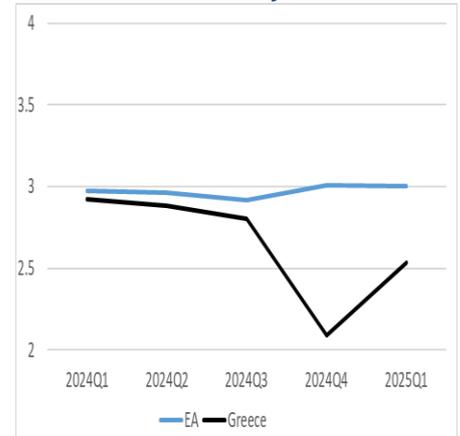
**Inflation expectations  
3 years ahead**

Medium-term inflation ...



**Inflation expectations  
5 years ahead**

Medium-term inflation ...



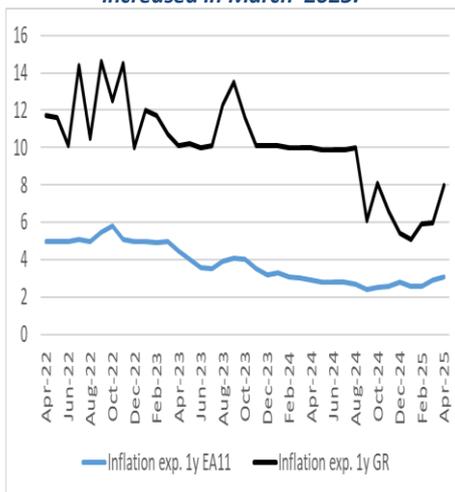
Source: ECB Survey on the Access to Finance of Enterprises (SAFE).

Note: Survey weighted median. Median is computed by linear interpolation of the mid-distribution function. The statistics are computed after trimming the data at the country-specific 1<sup>st</sup> and 99<sup>th</sup> percentiles. The data included in the chart refer to questions 31\_a, 31\_b and 31\_c of the survey regarding firms' inflation expectations one year ahead, three years ahead and five years ahead. All enterprises in the sample are included. The chart refers to survey rounds 30 to 34 (2024Q1 to 2025Q1).

- Consumers' inflation expectations:** The ECB's Consumer Expectations Survey (CES) shows that in April median inflation expectations over the next 12 months increased in Greece to 8.0% from 6% in March and in the euro area they increased to 3.1% from 2.9% over the same period. Median inflation expectations three years ahead in Greece increased to 7% from 5.9% in the previous month whereas in the euro area they remained stable at 2.5%. Median inflation expectations five years ahead in Greece remained broadly stable at 5.1% and in the euro area remained stable at 2.1%.

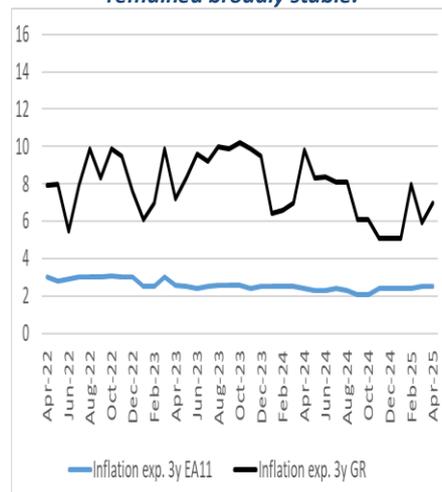
**Inflation expectations 12 months ahead and inflation uncertainty**

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



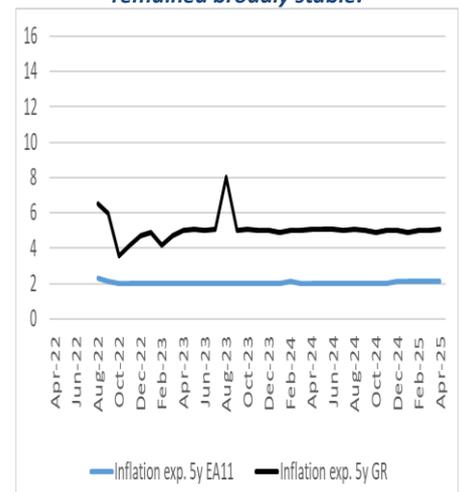
**Inflation expectations 3 years ahead**

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



**Inflation expectations 5 years ahead**

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



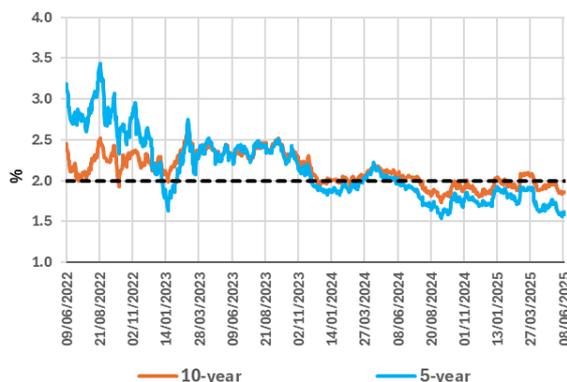
Source: ECB Consumer Expectations Survey (CES).

Note: Using weighted data. Median short-term inflation expectations are obtained from the open-ended question about individuals' expectations of changes in prices in general over the next 12 months, between 2 and 3 years between 4 and 5 years respectively. The sample period is from August 2022 to April 2025.

- **Financial Markets’ inflation expectations:** Market-based inflation expectations over the medium-term retreated for the euro area, amid lower-than-expected euro area inflation data, and remained broadly unchanged in the US. Currently, medium-term breakeven inflation is below 2% in the euro area and higher than 2% in the US (on 10.6.2025 vs. 6.5.2025, 5-year breakeven inflation rates: EA: 1.58%, -13 bps; US: 2.33%, -2 bps; 10-year breakeven inflation rates: EA: 1.86%, -11 bps; US: 2.31%, +1 bp).
- Over the short-term horizon (2-year), market-based inflation expectations rose in the euro area and retreated somewhat in the US (on 10.6.2025 vs. 6.5.2025, EA-2Y inflation linked-swap rate: 1.74%+12 bps, US-2Y inflation linked-swap rate: 2.69% -7 bps).
- Real yields were broadly unchanged in the EA and rose in the US over the short-term horizon (2-year), while they rose in both the EA and the US over the medium- and long-term horizons (on 10.6.2025 vs 6.5.2025: EA-2y: 0.12%, -2 bps, EA-5y: 0.55%, +20 bps, EA-10y: 0.67%, +11 bps; US-2y: 1.32%, +30 bps, US-5y: 1.76%; +21 bps, US-10y: 2.16%: +15 bps).

**Euro-area breakeven inflation rates**

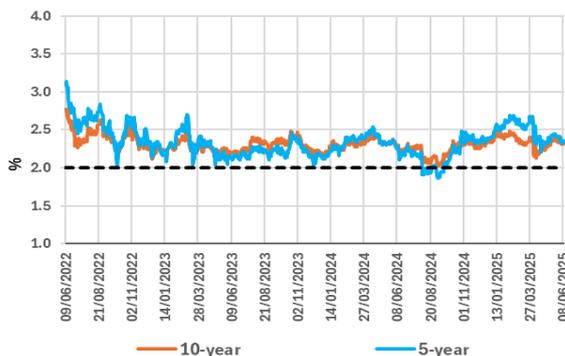
Market-based expectations for euro-area inflation, over a medium-to long-term horizon retreated over the last month, being somewhat below the medium-term target level of 2%.



Sources: LSEG, Bank of Greece. Latest observation: 10.6.2025.  
 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 were broadly unchanged since last month, remaining above the 2% inflation target.

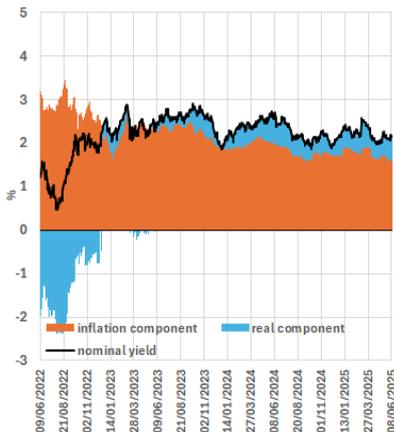


Sources: LSEG, Bank of Greece. Latest observation: 10.6.2025.  
 Note: The chart illustrates daily developments in the yield differential between nominal and inflation-linked US Treasury bonds with a maturity of 5 (blue line) and 10 (orange line) years. The dotted lines indicate the average value of each series since 2013.

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

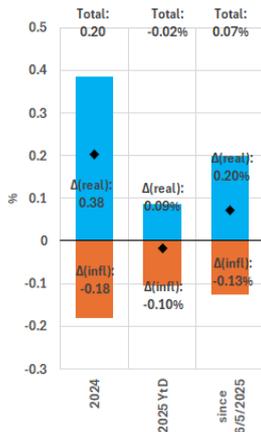
In the EA, nominal yields rose somewhat in the past month, driven by higher real yields (i.e. inflation-linked bond yields which compensate investors for inflation), while the inflation component fell.

Left graph: levels (%)



Sources: LSEG, Bank of Greece. Latest observation: 10.6.2025.  
 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).

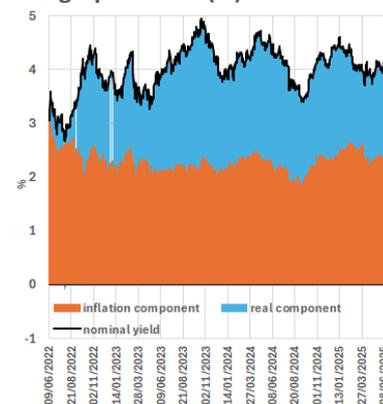
Right graph: changes (pp)



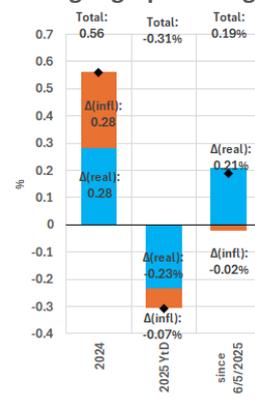
**US: Decomposition of nominal 5y yields into real yield and inflation component**

In the US, nominal yields on medium-term bonds rose during the past month, as real (i.e. inflation-adjusted) yields increased.

Left graph: levels (%)



Right graph: changes (pp)



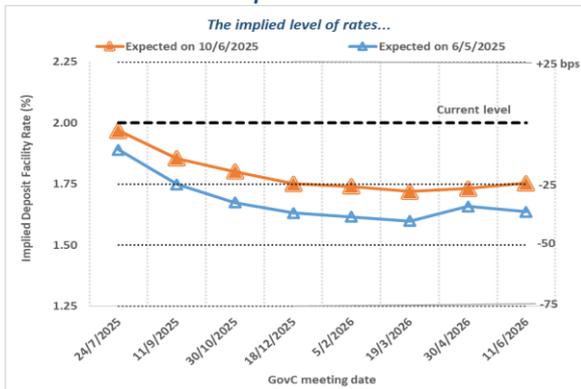
Sources: LSEG, Bank of Greece. Latest observation: 10.6.2025.  
 Note: The chart shows the decomposition of the 5-year US Treasury bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component 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

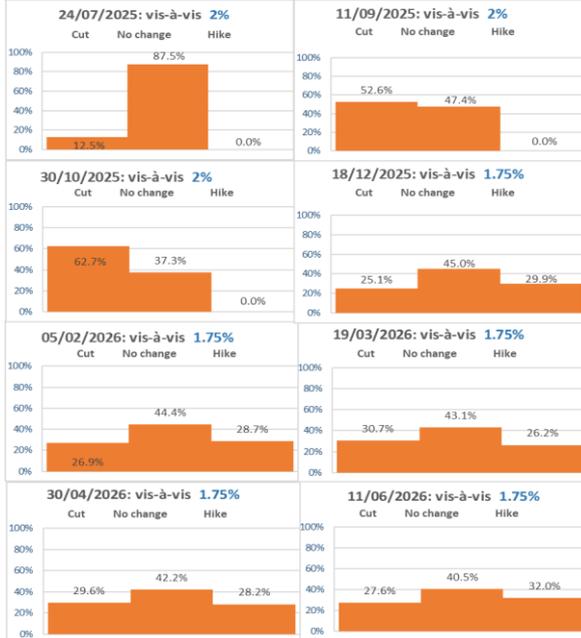
- On June 5, the ECB cut its policy rate by 25 bp. The ECB has cut its policy rates by a total of 100 bps in 2025 to date, following four rate cuts in 2024 that also amounted to 100 bps. Markets expect with high probability that the ECB will not change its rates at the next GovC meeting in July. By the end of 2025, markets expect one more 25 bps rate cut by the ECB, with the case for an additional rate cut is now seen as improbable (25% probability of an additional rate cut lately vs. 48% on 6 May).
- The Fed left the Fed fund rate (FFR) unchanged in 2025 to date, after having cut its rate three times in 2024 by a total of 75 bps. The Fed is expected with near certainty to keep rates unchanged at the next FOMC meeting in June, and to cut rates by 25 bps at each of its meetings in September and December. This represents an upward revision from a month ago, when markets anticipated three rate cuts until the end of 2025.

Short-term rates in the euro area

The outlook for ECB rates has been highly volatile amid uncertainty over US trade policy. Currently, markets expect one more rate cut until the end of 2025, while the case for a second cut is now seen as improbable.

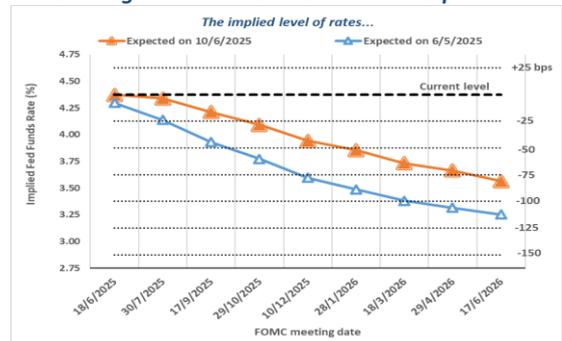


...the likelihood of moves per GovC meeting vis-à-vis the central probability for the rate at the previous meeting

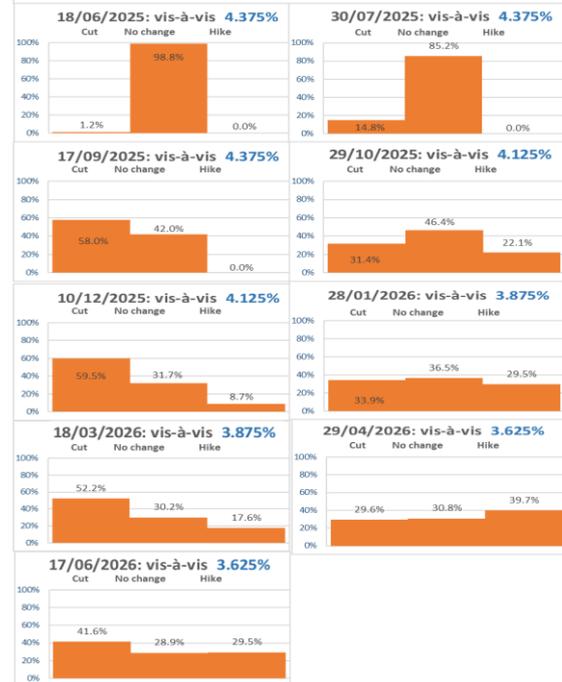


Short-term rates in the US

The outlook for the Fed funds rate has seen significant volatility amid ongoing uncertainty over US tariffs. At present, markets expect two rate cuts until the end of 2025, an upward revision vis-à-vis one month ago when three rate cuts were expected.



...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: 10.6.2025.

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 on 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 (June 2025)

Euro area

- The disinflation process will be intensified, and headline inflation will temporarily fall below the target, driven by energy price developments. Headline HICP inflation is projected to decline in the course of 2025 and to reach a trough of 1.4% in the first quarter of 2026 before recovering to 2.0% in 2027. The decline in headline inflation over 2025-26 is seen to be driven in part by negative energy inflation. Energy inflation is expected to remain negative until 2027 when new climate change mitigation measures (namely the EU Emissions Trading System 2 – ETS2) come into effect. Food inflation is expected to fall further to rates slightly above 2% in 2027.
- HICP inflation excluding energy and food (HICPX) is expected to decline, driven by the services component, as the effects of past price increases for some items fade out, wage pressures recede, and lower energy prices feed through the pricing chain.
- Wage growth should continue to follow its downward path, as pressures to recoup past real wage losses fade. Coupled with a recovery in productivity growth, this is expected to lead to significantly slower unit labour cost growth.

Greece

- HICP inflation will continue to decelerate over the forecast period. In 2025, it is expected to remain high at 2.5%, reflecting the persistence of services inflation, mainly due to expected increases in wages and rents, pressures from high tourism demand and increases in indirect taxes. In 2026, inflation will decline to 2.1%, while in 2027, a one-off acceleration to 2.4% is expected, due to the incorporation of the impact of the emissions trading system into the energy component of the HICP.
- Core inflation (HICP excluding energy and food) is at high levels, showing a significant deviation from the euro area. It is expected to decline to 2.2% by 2027, reflecting mainly the easing of non-energy industrial goods inflation.

## Macroeconomic projections, June 2025

Euro area

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2025	2.0	2.4	-2.3	3.2	0.4	2.8
2026	1.6	1.9	-2.1	2.8	0.7	2.1
2027	2.0	1.9	2.7	2.8	0.8	2.0

Greece

	HICP	HICP ex energy and food	HICP energy	Comp. per employee	Productivity	ULC
	Rate of changes					
2025	2.5	3.6	-2.0	5.5	0.8	4.6
2026	2.1	2.4	-0.4	4.8	0.7	4.1
2027	2.4	2.2	5.1	4.3	0.9	3.3

## Table of news and statements on inflation (period: 9/5/2025-13/6/2025)

## Statements by central bankers and other officials

- **11.06.2025: ECB President Christine Lagarde** (Speech at the People's Bank of China in Beijing, [link](#)): “[...]According to the International Monetary Fund, trade restrictions across goods, services and investments have tripled since 2019 alone. And in recent months, we have seen tariff levels imposed that would have been unimaginable just a few years ago. This fragmentation is being driven by two forces. The first is geopolitical realignment. As I have outlined in recent years, geopolitical tensions are playing an increasingly decisive role in reshaping the global economy. Countries are reconfiguring trade relationships and supply chains to reflect national security priorities, rather than economic efficiency alone. The second force is the growing perception of unfair trade – often linked to widening current account positions. [...] Given national security considerations and the experience during the pandemic, a certain degree of de-risking is here to stay. Few countries are willing to remain dependent on others for strategic industries. But it does not follow that we must forfeit the broader benefits of trade – so long as we are willing to absorb the lessons of history. [...]”
- **05.06.2025: ECB Monetary policy statement** ([link](#)): “[...] Inflation is currently at around the Governing Council's 2% medium-term target. In the baseline of the new Eurosystem staff projections, headline inflation is set to average 2.0% in 2025, 1.6% in 2026 and 2.0% in 2027. The downward revisions compared with the March projections, by 0.3 percentage points for both 2025 and 2026, mainly reflect lower assumptions for energy prices and a stronger euro. Staff expect inflation excluding energy and food to average 2.4% in 2025 and 1.9% in 2026 and 2027, broadly unchanged since March. [...] a further escalation of trade tensions over the coming months would result in growth and inflation being below the baseline projections. By contrast, if trade tensions were resolved with a benign outcome, growth and, to a lesser extent, inflation would be higher than in the baseline projections. [...]”

## Data releases

Date	Announcement	Actual	Expected*	Actual vs Expected	Previous reading
13 May 2025	United States Core CPI, NSA (%ΔYoY Apr)	2.8%	2.8%	0.0%	2.8%
13 May 2025	United States CPI, NSA (%ΔYoY Apr)	2.3%	2.4%	-0.1%	2.4%
14 May 2025	Germany HICP Final (%ΔYoY Apr Final)	2.2%	2.2%	0.0%	2.2%
15 May 2025	France CPI (EU Norm) Final (%ΔYoY Apr Final)	0.9%	0.8%	0.1%	0.8%
15 May 2025	France CPI NSA (%ΔYoY Apr)	0.8%	0.8%	0.0%	0.8%
16 May 2025	Italy CPI (EU Norm) Final (%ΔYoY Apr Final)	2.0%	2.1%	-0.1%	2.1%
16 May 2025	United States Import Prices (%ΔYoY Apr)	0.1%			0.8%
19 May 2025	Euro Zone HICP Final (%ΔYoY Apr Final)	2.2%	2.2%	0.0%	2.2%
20 May 2025	Germany Producer Prices (%ΔYoY Apr)	-0.9%	-0.6%	-0.3%	-0.2%
27 May 2025	France CPI (EU Norm) Prelim (%ΔYoY May Preliminary)	0.6%	0.9%	-0.3%	0.9%
27 May 2025	France CPI Prelim NSA (%ΔYoY May Preliminary)	0.7%	0.9%	-0.2%	0.8%
28 May 2025	France Producer Prices (%ΔYoY Apr)	-0.8%			-0.2%
28 May 2025	Germany Import Prices (%ΔYoY Apr)	-0.4%	0.1%	-0.50%	2.1%
30 May 2025	Italy Producer Prices (%ΔYoY Apr)	2.6%			3.9%
30 May 2025	Italy CPI (EU Norm) Prelim (%ΔYoY May Preliminary)	1.9%	1.9%	0.0%	2.0%
30 May 2025	Germany CPI Prelim (%ΔYoY May Preliminary)	2.1%	2.0%	0.1%	2.1%
30 May 2025	Germany HICP Prelim (%ΔYoY May Preliminary)	2.1%	2.0%	0.1%	2.2%
30 May 2025	United States Core PCE Price Index (%ΔYoY Apr)	2.5%	2.5%	0.0%	2.7%
30 May 2025	United States PCE Price Index (%ΔYoY Apr)	2.1%	2.2%	-0.1%	2.3%
30 May 2025	Greece PPI YY (%ΔYoY Apr)	0.5%			2.1%
3 June 2025	Euro Zone HICP Flash (%ΔYoY May Flash)	1.9%	2.0%	-0.1%	2.2%
3 June 2025	Euro Zone HICP-X F,E,A&T Flash (%ΔYoY May Flash)	2.3%	2.5%	-0.2%	2.7%
5 June 2025	Euro Zone Producer Prices (%ΔYoY Apr)	0.7%	1.2%	-0.5%	1.9%
10 June 2025	Greece Harmonised CPI (%ΔYoY May)	3.3%			2.6%
10 June 2025	Greece CPI (%ΔYoY May)	2.5%			2.0%
11 June 2025	United States Core CPI, NSA (%ΔYoY May)	2.8%	2.9%	-0.1%	2.8%
11 June 2025	United States CPI, NSA (%ΔYoY May)	2.4%	2.5%	-0.1%	2.3%
13 June 2025	Germany HICP Final (%ΔYoY May Final)	2.1%	2.1%	0.0%	2.1%
13 June 2025	France CPI (EU Norm) Final (%ΔYoY May Final)	0.6%	0.6%	0.0%	0.6%
13 June 2025	France CPI NSA (%ΔYoY May)	0.7%	0.7%	0.0%	0.7%

Source: LSEG.

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

### *Disclaimer*

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