



# INFLATION MONITOR

May 12, 2025

Economic Analysis and Research Department

## Macroeconomic indicators:

### • Inflation

- **Euro area:** HICP headline inflation remained stable at 2.2%, as a steep drop in energy inflation was offset by a notable rise in services inflation. Core inflation (HICP excluding energy and food) increased to 2.7% in April 2025 from 2.4% in March 2025 because of higher services inflation. The latter probably has to do with rises in prices in tourist services triggered by the later timing of Easter this year (20/4) relatively to last year (31/3).
  - **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 declined to 2.6% in April 2025 from 3.1% in March, as drops in energy, processed food and non-energy industrial goods inflation were partially offset by increases in unprocessed food and, to a lesser extent, in services inflation. Core inflation ticked down to 3.8% in April from 3.9% in March, attributed to the decline in non-energy industrial goods' inflation.
- **Global commodity prices:** Over the past month, crude oil prices have declined, influenced by anticipated increased supply from OPEC+ and growing concerns regarding weakening global demand. Similarly, European natural gas prices have decreased due to reduced heating demand and increased LNG supply. In contrast, prices for metals and agricultural commodities have increased partly due to precautionary demand driven by trade uncertainty and supply concerns.

## Market-based indicators:

- **Euro area bond yields fell somewhat**, as the real-yields component fell and the inflation component remained broadly unchanged, for the medium to long-term horizon. In the **US, bond yields also fell**, as a fall in the real component was only partially offset by higher inflation expectations, more so for long-term bonds.
- **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 are not substantially different compared to one month ago.
  - The ECB has, so far in 2025, reduced rates by 75 bps following total rate cuts by 100 bps in 2024. At present, markets expect with near certainty that the ECB will proceed with a 25 bps rate cut at its next monetary policy meeting in June, followed by an additional rate cut expected in September. Until the end of 2025, the case for a third 25 bps cut is now seen as slightly more likely than one month ago (48% probability of third cut lately vs. 37% on 10 April).
  - 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 its next meeting in June, and proceed with rate cuts afterwards, in its July and September meetings. This marks an upward revision compared to one month ago, when two rate cuts were expected, one in June and one in July, with a third seen as probable in September. Until the end of the year, a third rate cut by the Fed is still expected, but with a slightly lower probability compared to one month ago (74% lately vs. 83%).

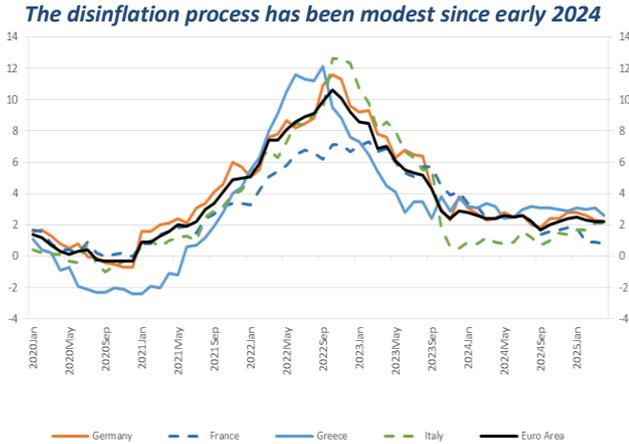
## Key statements and news:

- On 17 April 2025, the ECB's GovC decided to lower the three key ECB interest rates by 25 bps, bringing the deposit facility rate (DFR) to 2.25%; the phrase that "monetary policy is becoming meaningfully less restrictive" was removed from the monetary policy statement.
- The Fed, on 7 May 2025, maintained the target range for the FFR unchanged at 4.25-4.50%.

**Section 1: HICP inflation developments**

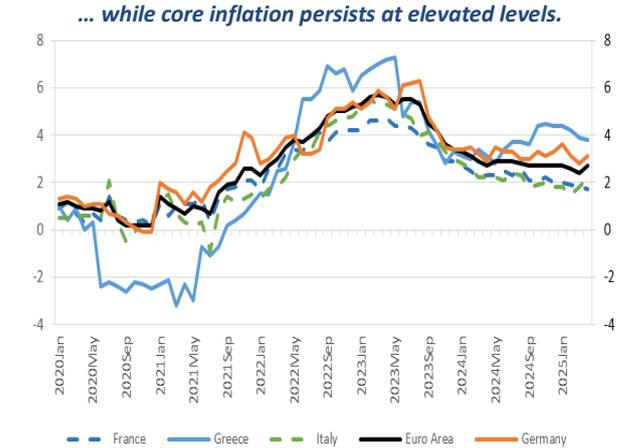
- *Inflation in the euro area has hovered around 2.3% in first quarter of 2025, just slightly above the rate seen in 2024Q4 and stood at 2.2% in April. Core inflation remains at elevated levels moving mostly sideways since the first quarter of 2024, albeit it increased in April 2025.*
- *In Greece, since the second half of 2024, headline inflation continues to move sideways, albeit it decreased in April 2025. Core inflation remains elevated and continues exhibiting a significant positive difference to the euro area although the discrepancy contracted in April 2025 due to the decrease of the Greek rate and a rise 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: April 2025.

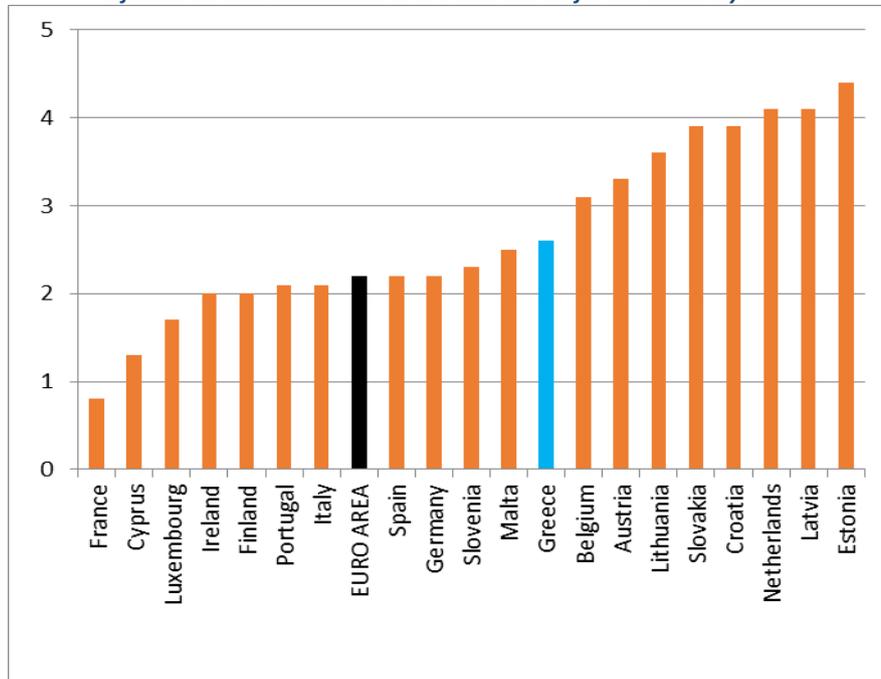
**Core inflation for selected euro area countries (HICP excluding energy & food)**  
(annual % changes)  
*... while core inflation persists at elevated levels.*



Source: Eurostat. Latest observation: April 2025.

**HICP Headline inflation for the euro area countries – April 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	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Harmonised Index of Consumer Prices (HICP)</b>															
Overall index	100.00	8.4	5.4	2.4	2.5	2.2	2.2	2.3	2.0	2.2	2.4	2.5	2.3	2.2	2.2
Goods	54.37	11.9	5.7	1.1	1.3	0.6	0.8	1.3	0.4	0.9	1.2	1.4	1.2	1.1	0.7
Processed food (including alcohol and tobacco)	15.04	8.6	11.4	3.2	2.9	2.7	2.8	2.6	2.8	2.8	2.9	2.6	2.6	2.6	2.5
Unprocessed food	4.24	10.4	9.1	1.9	1.4	1.2	2.3	2.8	3.0	2.3	1.6	1.4	3.0	4.2	4.9
Non-energy industrial goods	25.66	4.6	5.0	0.8	0.7	0.5	0.6	0.6	0.5	0.6	0.5	0.5	0.6	0.6	0.6
Energy	9.43	37.0	-2.0	-2.2	0.0	-2.7	-2.2	0.4	-4.6	-2.0	0.1	1.9	0.2	-1.0	-3.5
Services	45.63	3.5	4.9	4.0	4.0	4.0	3.9	3.7	4.0	3.9	4.0	3.9	3.7	3.5	3.9
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	2.6	2.4	2.7
<b>GREECE</b>															
<b>Harmonised Index of Consumer Prices (HICP)</b>															
Overall index	100.00	9.3	4.2	3.0	2.7	3.1	3.0	3.1	3.1	3.0	2.9	3.1	3.0	3.1	2.6
Goods	51.30	12.9	3.8	1.7	1.6	1.6	0.7	1.1	0.9	0.7	0.7	1.0	1.0	1.3	0.2
Processed food (including alcohol and tobacco)	15.93	9.5	9.3	2.5	3.0	2.3	0.2	0.2	0.8	0.0	-0.3	-0.3	0.5	0.5	-0.6
Unprocessed food	7.00	10.1	11.1	3.4	2.3	1.7	1.1	2.2	1.5	1.7	0.0	0.8	0.2	5.7	7.2
Non-energy industrial goods	20.06	5.0	6.4	1.7	1.4	1.4	1.8	1.2	1.6	2.1	1.7	1.4	1.4	0.8	0.4
Energy	8.31	41.0	-13.4	-1.4	-1.9	1.0	-1.1	1.5	-1.6	-2.3	0.7	2.6	1.6	0.2	-4.7
Services	48.70	4.5	4.5	4.4	3.8	4.7	5.6	5.3	5.6	5.6	5.6	5.6	5.3	5.1	5.3
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	4.4	4.5	4.4	4.4	4.2	3.9	3.8

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 mainly due to 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	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Harmonised Index of Consumer Prices (HICP)</b>															
Overall HICP index	100.00	9.3	4.2	3.0	2.7	3.1	3.0	3.1	3.1	3.0	2.9	3.1	3.0	3.1	2.6
<b>ENERGY</b>	<b>8.31</b>	41.0	-13.4	-1.4	-1.9	1.0	-1.1	1.5	-1.6	-2.3	0.7	2.6	1.6	0.2	-4.7
Electricity	2.80	43.1	-15.0	0.5	-11.2	6.4	9.2	7.6	12.9	7.0	7.6	5.9	6.7	10.4	4.7
Natural gas and town gas	0.45	127.0	-49	-17.4	-10.6	23.7	6.0	40.1	10.2	-0.1	8.7	26.5	41.1	54.5	29.9
Liquefied hydrocarbons	0.08	11.5	7.6	-0.3	-1.2	-2.2	0.6	-2.9	-2.8	2.6	2.3	-0.4	-3.5	-4.7	-0.5
Liquid fuels	1.19	45.1	-11.8	1.6	6.3	6.3	-12.5	-5.9	-16.0	-13.4	-7.6	-2.8	-6.0	-8.8	-12.9
Solid fuels	0.19	11.0	21.2	0.4	0.0	-1.5	-3.8	-3.2	-4.1	-4.0	-3.4	-4.2	-2.6	-2.9	-3.8
Fuels for personal transport equipment	3.60	25.5	-7.8	-2.7	2.8	-6.4	-5.3	-2.9	-7.8	-5.6	-2.2	0.6	-2.1	-7.1	-10.6

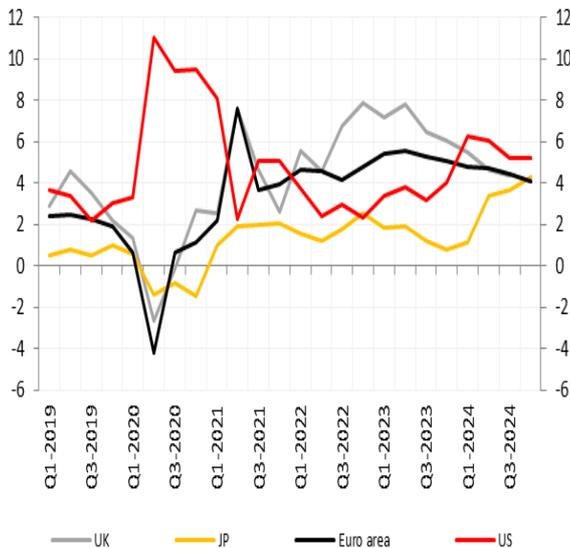
Sources: ELSTAT and Bank of Greece computations.

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)

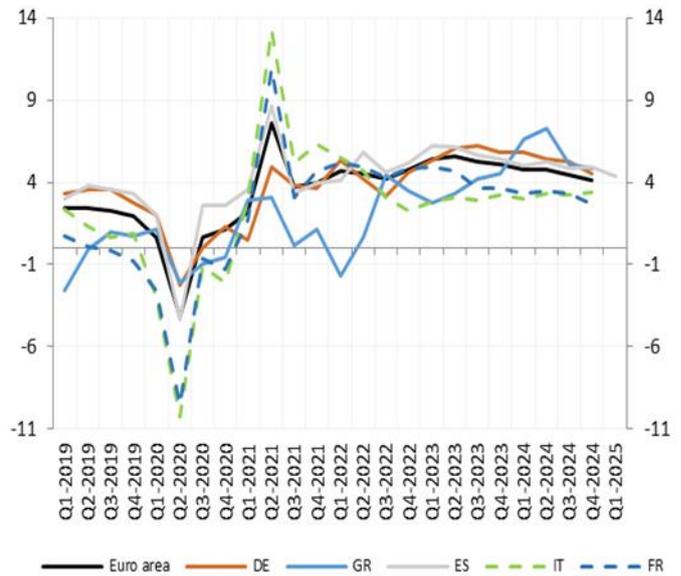
Growth in compensation per employee moderated in major advanced economies, except for Japan.



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

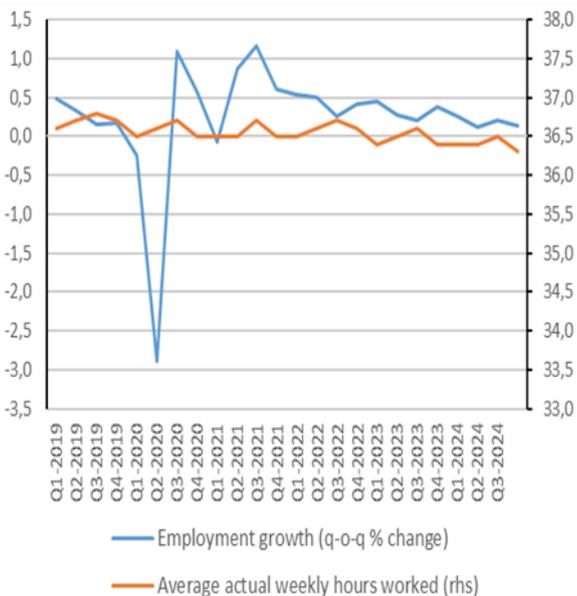
Compensation per employee – selected euro area countries  
(y-o-y % change; sa)

Compensation per employee growth has eased recently in major euro area countries, except for Italy where it increased slightly. In Greece, it slowed for the second consecutive quarter, thus converging towards the euro area.



Sources: ECB. Latest observation: 2025:Q1 for Spain, 2024:Q4 for the rest.

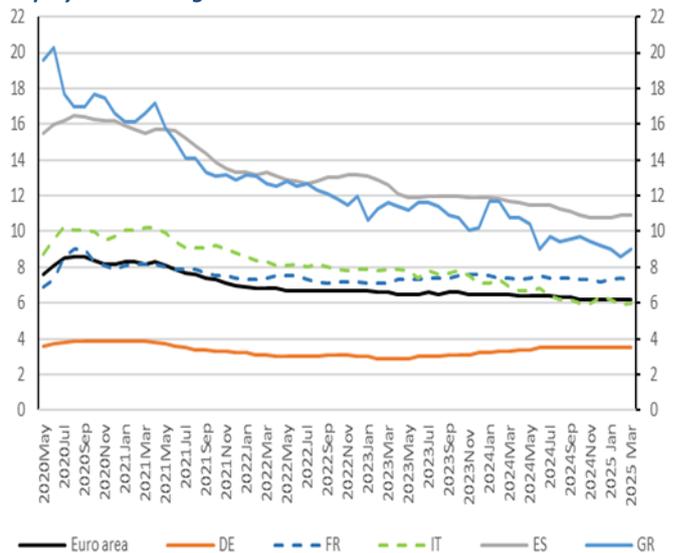
Employment and hours worked – euro area  
Employment growth is on an easing path.



Source: Eurostat. Latest observation: 2024:Q4.

Unemployment rate – selected euro area countries (%)

In March 2025, the unemployment rate in the euro area remained unchanged at 6.2%. There are notable differences in the rates of unemployment among the euro area countries.



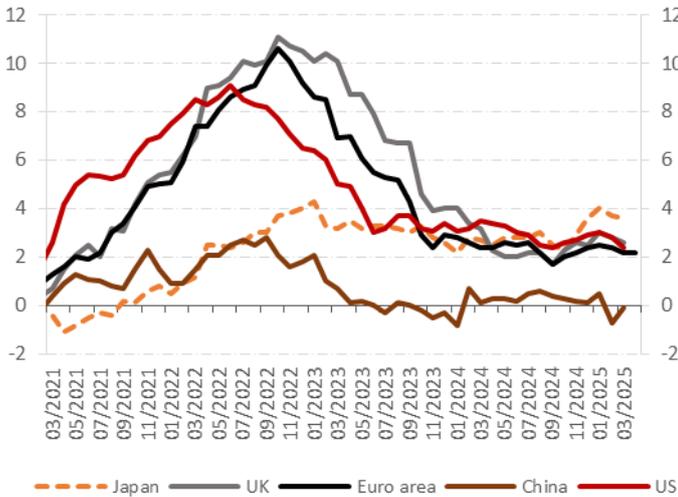
Source: Eurostat. Latest observation: March 2025.

**Section 3: Global prices**

- *Inflationary pressures moderated across the major economies. In April 2025 the inflation rate in the euro area was unchanged. Inflation eased across the other major advanced economies in March. China recorded its second consecutive month of deflation in March, coinciding with the post-Spring Festival downward normalization of demand.*
- *Over the past month, crude oil prices have declined, influenced by anticipated increased supply from OPEC+ and growing concerns regarding weakening global demand. Similarly, European natural gas prices have decreased due to reduced heating demand and increased LNG supply. In contrast, prices for metals and agricultural commodities have decreased partly due to precautionary demand driven by trade uncertainty and supply concerns.*
- *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 is currently close to 70% higher compared to November 2023, but it is significantly lower to its peak in summer 2024. Transit time is a bit higher than its pre-pandemic level.*

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

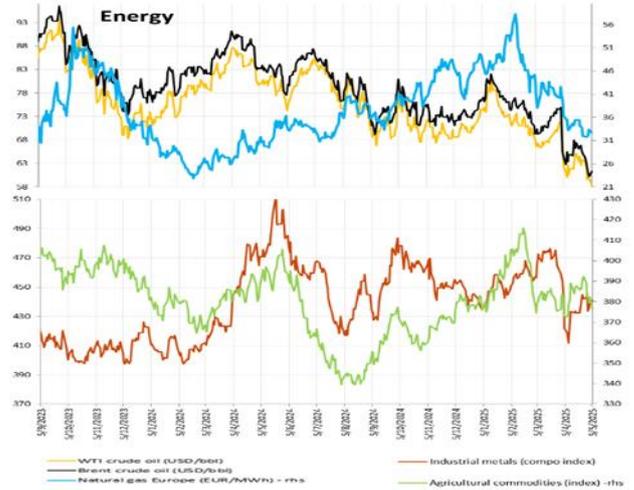
*Inflation is moderating across the major economies. In China, inflation remains negative.*



Sources: OECD, Eurostat, UK ONS. Latest observation April 2025 for the EA, March 2025 for the rest.

**Daily commodity prices**

*Concerns regarding the outlook for global economic growth have exerted downward pressure on energy commodity prices. In contrast, precautionary demand, driven by trade uncertainty and supply concerns, pushed both metals and agricultural prices higher.*

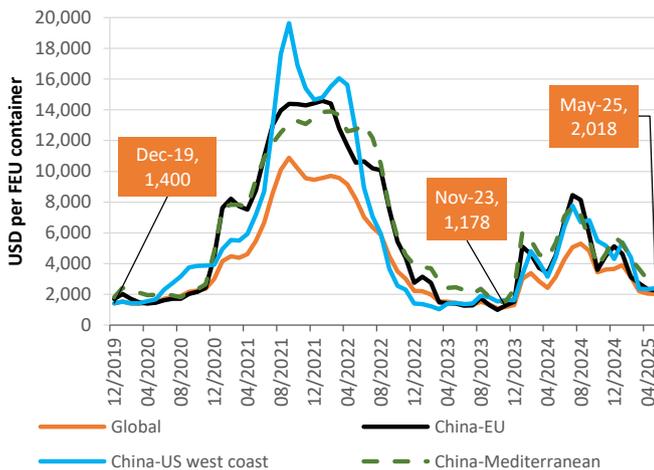


Source: LSEG. Latest observation: 5.5.2025.

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.*

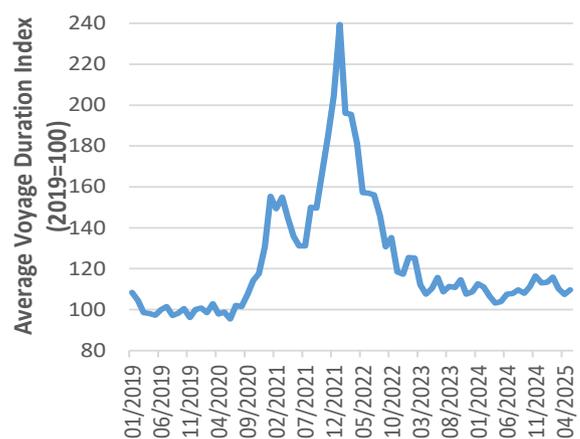


Sources: Freightos and LSEG. Latest observation: 06.05.2025.

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.*

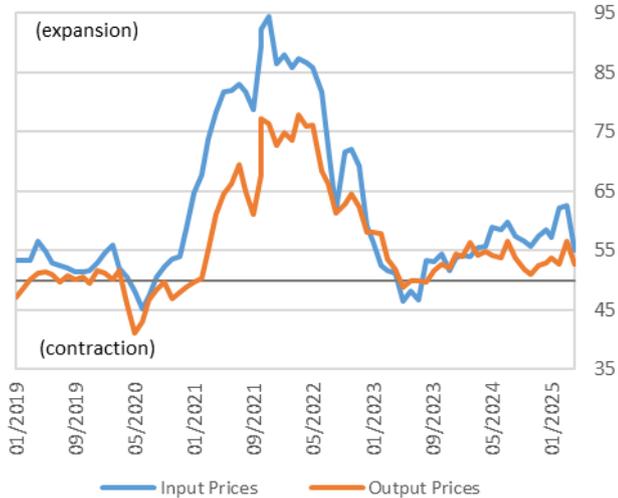


Source: Clarkson Research Services. Bank of Greece’s calculations. Latest observation: 06.05.2025

**Section 4: Leading price indicators**

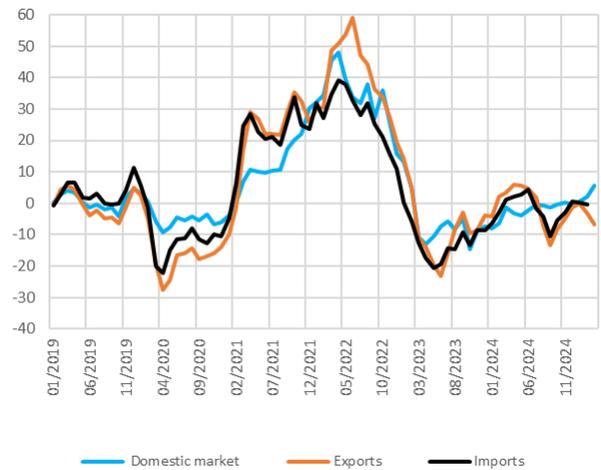
- *The April PMI pointed to an easing of inflationary pressures in the Greek manufacturing sector, as input prices rose at the softest pace since February 2024 and this was reflected in a less marked rise in output prices.*
- *April leading price indicators point to higher inflation expectations in the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

**PMI input and output prices in Greek manufacturing**  
*Input and output prices continued rising but at a much slower pace in April 2025...*



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

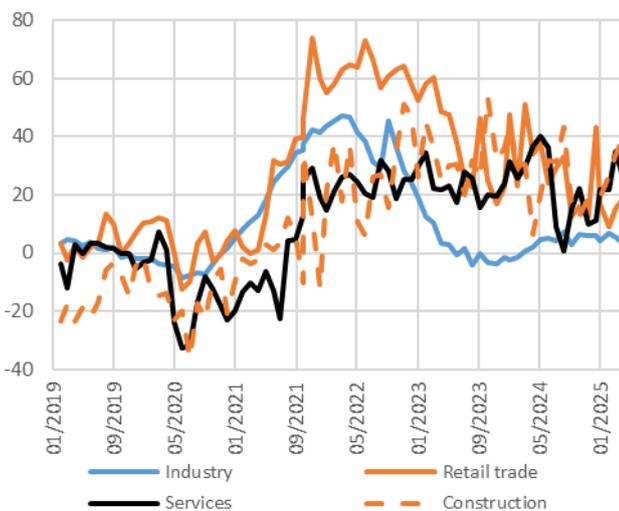
**Producer Price Index components in Greece**  
 (annual % change)  
*.....while producer prices show a mixed picture.*



Source: ELSTAT. Latest observation: March 2025.

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

*Selling price expectations increased in the retail and construction sectors, but declined in the manufacturing and services sectors, in April 2025...*

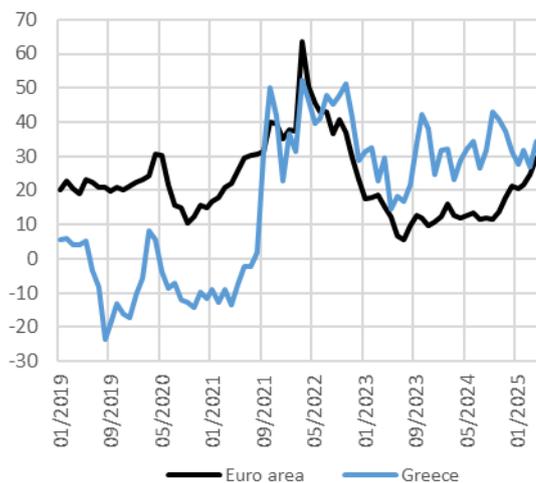


Source: European Commission. Latest observation: April 2025.

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.

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

*...while consumers' inflation expectations increased both in Greece and in the euro area.*



Source: European Commission. Latest observation April 2025.

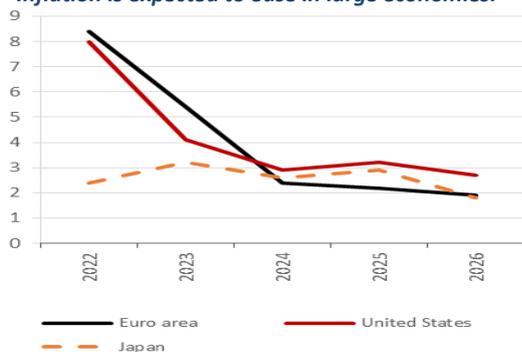
Note: Data is obtained from the closed-ended question about expectations of inflation over the next 12 months. The chart shows the net balances i.e. the share of consumers expecting higher inflation minus the share of consumers expecting lower inflation.

**Section 5: Inflation expectations**

- According to Consensus Forecasts released in April, inflation expectation for the euro area remains unchanged at 2.2% in 2025 and 1.9% in 2026 while inflation was revised upwards for the US to 3.2% in 2025 and 2.7% in 2026.
- The ECB's Consumer Expectations Survey (CES) shows that in March median inflation expectations over the next 12 months remained broadly stable in Greece at 6.0% whereas in the euro area increased to 2.9% from 2.6% in February. Median inflation uncertainty decreased in Greece to 3.5% in March from 4.1% in the previous month whereas in the euro area remained stable to 1.6%.<sup>1</sup> Median inflation expectations three years ahead in Greece decreased to 5.9% from 8% in the previous month whereas in the euro area they remained broadly stable at 2.5%. Median inflation expectations five years ahead in Greece and in the euro area remained stable at 5% and 2.1%, respectively.
- Market-based inflation expectations over the medium-term remained broadly unchanged for both the euro area and the US but increased over the long-term horizon for the US, amid 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 6.5.2025 vs. 10.4.2025, 5-year breakeven inflation rates: EA: 1.71%, +3 bps; US: 2.35%, +4 bps; 10-year breakeven inflation rates: EA: 1.96%, +4 bps; US: 2.30%, +17 bps). Over the short-term horizon (2-year), market-based inflation expectations retreated somewhat in the euro area and remained broadly unchanged in the US (on 6.5.2025 vs. 10.4.2025, EA-2Y inflation linked-swap rate :1.62% -8 bps, US-2Y breakeven inflation rates: 2.70% 0 bp). Real yields were broadly unchanged in the EA and fell in the US over the short-term horizon (2-year), while they retreated in both the EA and the US over the medium- and long-term horizons, amid market uncertainty over US trade policies (on 6.5.2025 vs 10.4.2025: EA-2y: 0.13%, +2 bps, EA-5y: 0.35%, -10 bps, EA-10y: 0.57%, -9 bps; US-2y: 1.09%, -5 bps, US-5y: 1.55%; -18 bps, US-10y: 2.01%: -25 bps).

**Consensus: Inflation expectations (I)**

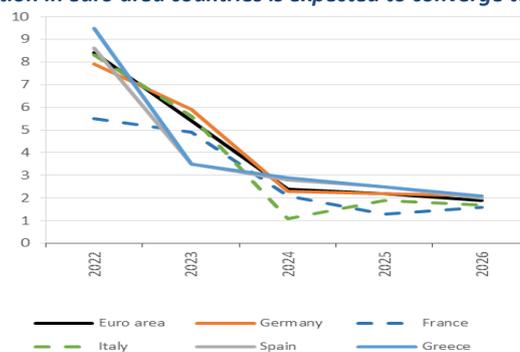
*Inflation is expected to ease in large economies.*



Source: Consensus Forecasts (April 2025).

**Consensus: Inflation expectations (II)**

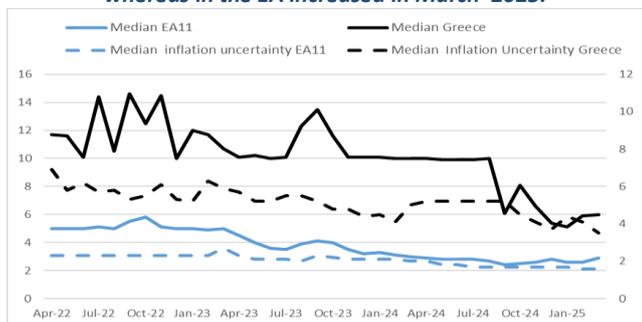
*Inflation in euro area countries is expected to converge to 2%.*



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 remained broadly stable whereas in the EA increased in March 2025.*

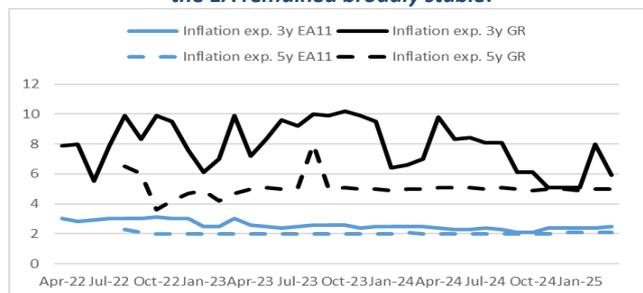


Source: ECB Consumer Expectations Survey (CES).

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 75<sup>th</sup> and the 25<sup>th</sup> percentile of the respondent-specific subjective distribution. The sample period is 4/ 2022 to 03/2025.

**Consumer inflation expectations 3 & 5 years ahead – Greece vs EA**

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



Source: ECB Consumer Expectations Survey (CES).

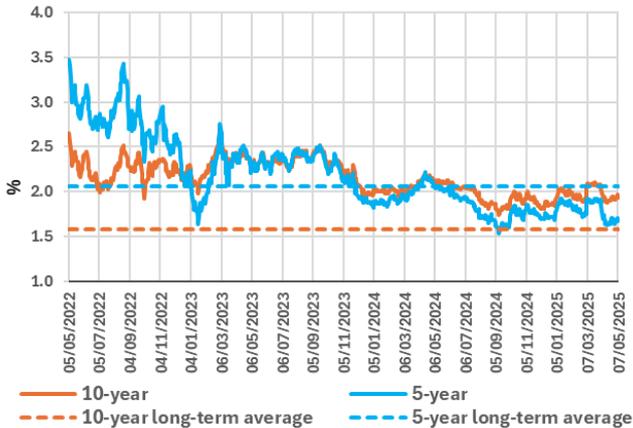
Note: Using weighted data. Median inflation expectations are obtained from the open-ended question about individuals' expectations of changes in prices in general between 2 and 3 years. The sample period is from April 2022 to March 2025. Median inflation expectations five years ahead are obtained from the open-ended question about individuals' expectations of changes in prices in general between 4 and 5 years. The sample period is from August 2022 to March 2025.

<sup>1</sup> 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](https://www.ecb.europa.eu/stats/ecb_surveys/consumer_exp_survey/shared/pdf/CES_aggregate_statistics_guide.en.pdf)

### Euro-area breakeven inflation rates

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

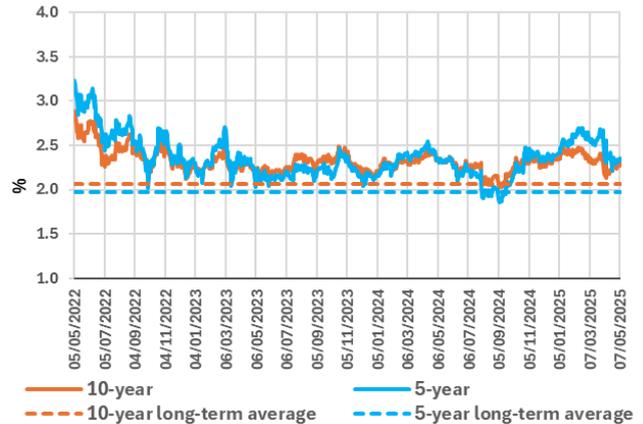


Sources: LSEG, Bank of Greece. Latest observation: 6.5.2025.

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 over a medium horizon but increased over the long-term since last month, remaining above the 2% inflation target.



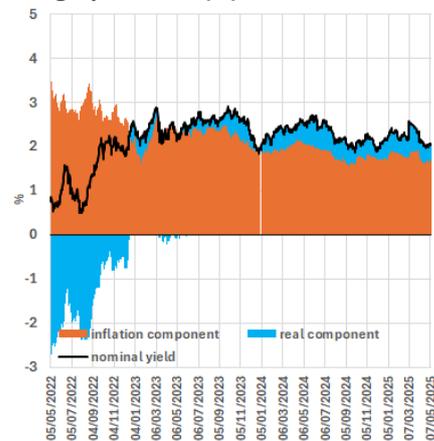
Sources: LSEG, Bank of Greece. Latest observation: 6.5.2025.

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.

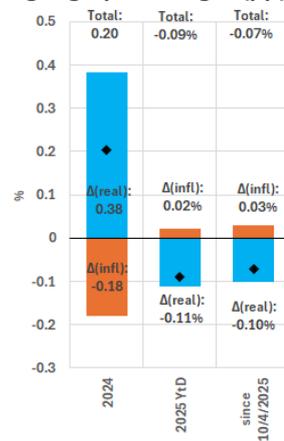
### Euro area: Decomposition of nominal 5y yields into real yield and inflation component

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

Left graph: levels (%)



Right graph: changes (pp)



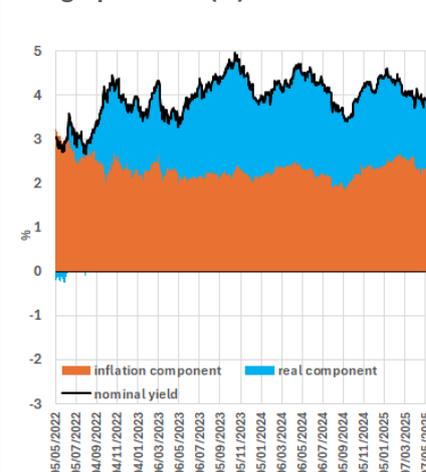
Sources: LSEG, Bank of Greece. Latest observation: 6.5.2025.

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).

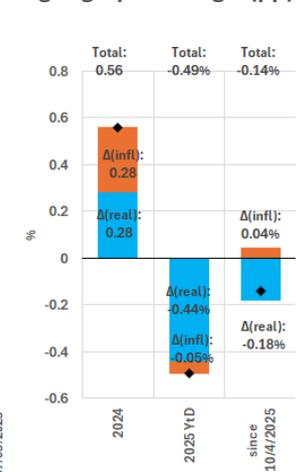
### US: Decomposition of nominal 5y yields into real yield and inflation component

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

Left graph: levels (%)



Right graph: changes (pp)



Sources: LSEG, Bank of Greece. Latest observation: 6.5.2025.

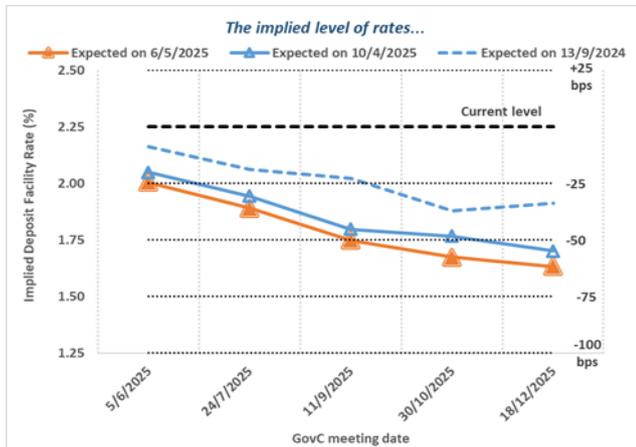
Note: The chart shows the decomposition of the 5-year US Treasury bond yield (black line) into its real (blue bars) and inflation-linked (orange bars) components. The inflation component is the breakeven inflation rate and the real component is the yield of the bond that compensates bondholders for inflation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

Section 6: Policy interest rates expectations

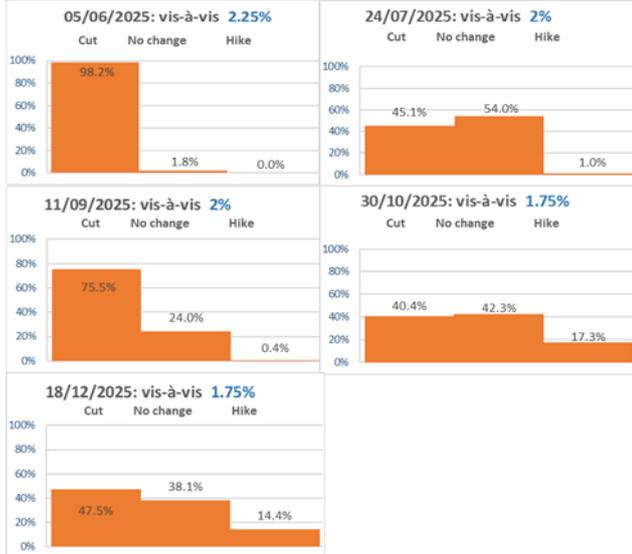
- The ECB cut its policy rates by a total of 75 bps in 2025 to date, after having reduced them four times in 2024 by a total of 100 bps. Markets expect with near certainty a 25 bps rate cut in the next GovC meeting on June 5<sup>th</sup> and one more 25 bps rate cut in September. By the end of 2025, the case for a third rate cut is now seen as more likely compared to one month ago (48% probability of third rate cut lately vs. 37% on 10 April).
- 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 to keep rates unchanged at the next FOMC meeting in June (probability: 30% for a cut on May 6, vs. 85% on April 10), and to cut rates by 25 bps in each of its following two meetings (July and September). This represents a slightly upward revision from a month ago, when markets anticipated rate cuts in both June and July and considered as likely a third cut in September. Until the end of 2025, the Fed is now expected to proceed to a third rate cut, but with a lower probability vs. one month ago (74%, vs. 83%).

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 two further rate cuts until the end of 2025, while the case for a third cut has increased..



...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 three rate cuts until the end of 2025.



...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: 6.5.2025.

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 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: 10/4/2025-6/5/2025)

## Statements by central bankers and other officials

- **25.04.2025: ECB President Christine Lagarde** (statement at the 51<sup>st</sup> meeting of the International Monetary and Financial Committee, [link](#)): “[...] The Governing Council is determined to ensure that inflation stabilises sustainably at its 2% medium-term target. Especially in current conditions of exceptional uncertainty, we will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. We are not pre-committing to a particular rate path. Especially when the size and distribution of shocks are highly uncertain, we cannot provide certainty by committing to a particular rate path. Instead, we can provide framework guidance, giving clarity about our reaction function, explaining how the euro area is likely to be affected by different states of the world and clarifying what kind of data we consider when making our monetary policy decisions. [...]”
- **28.04.2025: ECB Vice-President Luis de Guindos** (Speech at the Presentation of the 2024 ECB Annual Report, [link](#)): “[...] Following a period of holding interest rates steady in early 2024, the ECB started reducing its key interest rates in June. So far, we have lowered the rate on the deposit facility by 175 basis points to 2.25%, in view of the disinflation process being well on track. We are determined to ensure that inflation stabilises sustainably at our 2% medium-term target. Especially given current uncertainty, we will continue to follow a data-dependent and meeting-by-meeting approach to setting the appropriate monetary policy stance, and we are not pre-committing to a particular rate path. [...]”
- **17.04.2025: ECB Monetary policy statement** ([link](#)): “[...] The Governing Council is determined to ensure that inflation stabilises sustainably at its 2% medium-term target. Especially in current conditions of exceptional uncertainty, it will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, the Governing Council’s interest rate decisions will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path. [...]”

## Data releases

Date	Announcement	Actual	Expected*	Actual vs Expected	Previous reading
11 April 2025	Germany CPI (%ΔYoY Mar Final)	2.2%	2.2%	0.0%	2.2%
11 April 2025	Germany HICP (%ΔYoY Mar Final)	2.3%	2.3%	0.0%	2.3%
11 April 2025	United States PPI Demand (%ΔYoY Mar Final)	2.7%	3.3%	-0.6%	3.2%
11 April 2025	United States PPI ex Food & Energy (%ΔYoY Mar )	3.3%	3.6%	-0.3%	3.5%
15 April 2025	France HICP (%ΔYoY Mar Final)	0.9%	0.9%	0.0%	0.9%
15 April 2025	France CPI NSA (%ΔYoY Mar )	0.8%	0.8%	0.0%	0.8%
15 April 2025	United States Import Prices (%ΔYoY Mar )	0.9%	--	--	1.7%
16 April 2025	Italy CPI (%ΔYoY Mar Final)	1.9%	2.0%	-0.1%	2.0%
16 April 2025	Italy HICP (%ΔYoY Mar Final)	2.1%	2.1%	0.0%	2.1%
16 April 2025	Euro Zone HICP (%ΔYoY Mar Final)	2.2%	2.2%	0.0%	2.2%
16 April 2025	Euro Zone HICP exc. Food, Energy, Alc & Tob. (%ΔYoY Mar Final)	2.4%	2.4%	0.0%	2.4%
30 April 2025	Germany Import Prices (%ΔYoY Mar )	2.1%	2.6%	-0.5%	3.6%
30 April 2025	Italy CPI (%ΔYoY Apr Preliminary)	2.0%	2.0%	0.0%	1.9%
30 April 2025	Italy HICP (%ΔYoY Apr Preliminary)	2.1%	2.3%	-0.2%	2.1%
30 April 2025	Italy PPI (%ΔYoY Mar )	3.9%	--	--	6.2%
30 April 2025	Germany CPI (%ΔYoY Apr Preliminary)	2.1%	2.0%	0.1%	2.2%
30 April 2025	Germany HICP (%ΔYoY Apr Preliminary)	2.2%	2.1%	0.1%	2.3%
30 April 2025	United States Core PCE Prices (%ΔYoY Q1, Advance)	3.5%	3.3%	0.2%	2.6%
30 April 2025	United States Core PCE Price Index (%ΔYoY Mar )	2.6%	2.6%	0.0%	2.8%
30 April 2025	United States PCE Price Index (%ΔYoY Mar )	2.3%	2.2%	0.1%	2.5%
30 April 2025	France HICP (%ΔYoY Apr Preliminary)	0.8%	0.7%	0.1%	0.9%
30 April 2025	France CPI NSA (%ΔYoY Apr Preliminary)	0.8%	0.6%	0.2%	0.8%
30 April 2025	France PPI (%ΔYoY Mar )	-0.6	--	--	-1.2%
2 May 2025	Euro Zone HICP (%ΔYoY Apr Flash)	2.2	2.1	0.1%	2.2%
2 May 2025	Euro Zone HICP exc. Food, Energy, Alcohol & Tob. (%ΔYoY Apr Flash)	2.7	2.5%	0.2%	2.4%
6 May 2025	Euro Zone PPI (%ΔYoY Mar )	1.9	2.5%	-0.6%	3.0%
9 May 2025	Greece HICP (%ΔYoY Apr )	2.6%	--	--	3.1%
9 May 2025	Greece CPI (%ΔYoY Apr )	2.0%	--	--	2.4%

Source: LSEG.

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

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