



EUROPEAN CENTRAL BANK

EUROSYSTEM

The economic outlook and monetary policy in the euro area

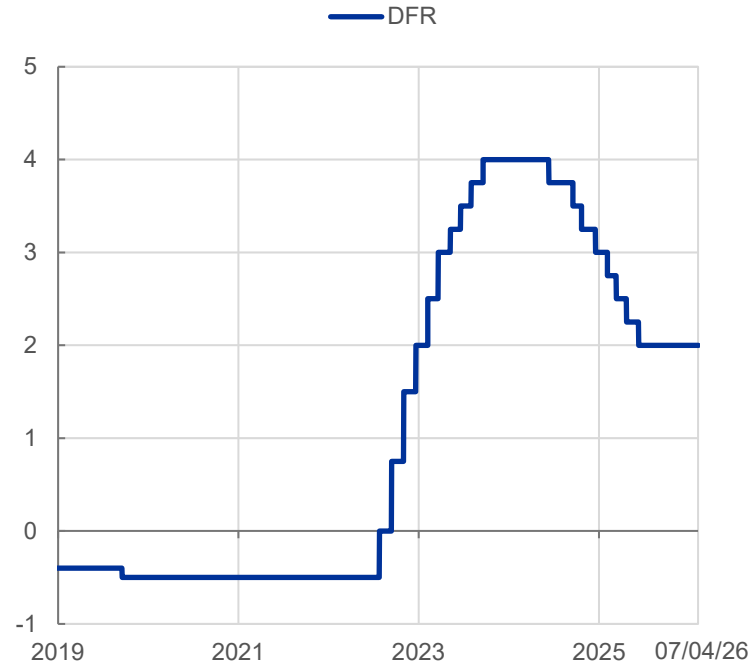
Lecture at University of Virginia
Darden School of Business

14 April 2026



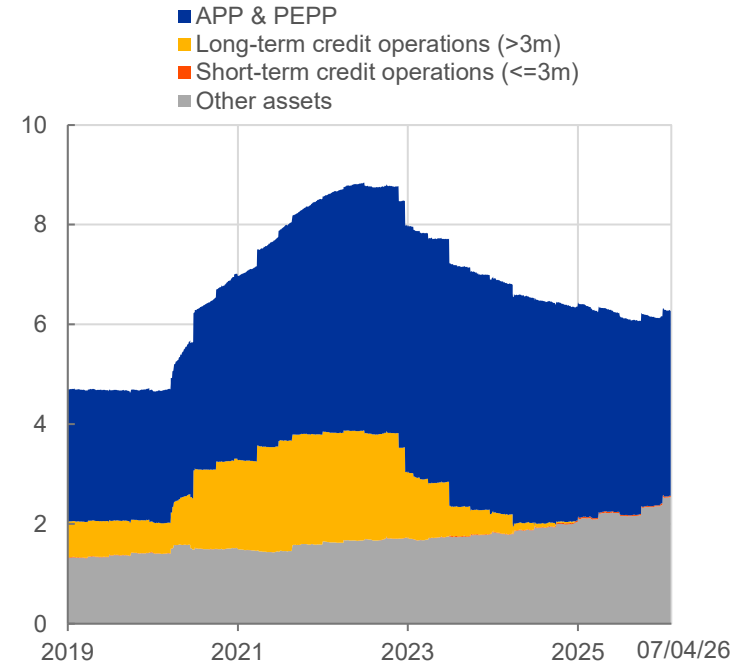
Philip R. Lane
Member of the Executive Board

Deposit facility rate (DFR) (percentages per annum)



Source: ECB.

Asset side of the Eurosystem balance sheet (EUR trillions)



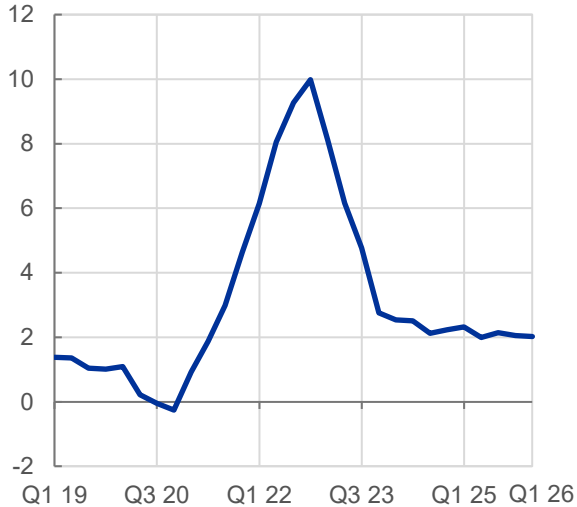
Source: ECB.

Notes: Short-term credit operations refer to three-month longer-term refinancing operations (LTROs) and main refinancing operations (MROs); long-term credit operations refer to LTROs with a maturity longer than three months, targeted longer-term refinancing operations (TLTROs) and other lending operations. Other assets and other liabilities cover all other, non-monetary policy components. APP stands for asset purchase programme and PEPP for pandemic emergency purchase programme. The latest observations are for 7 April 2026.

Inflation developments

HICP inflation

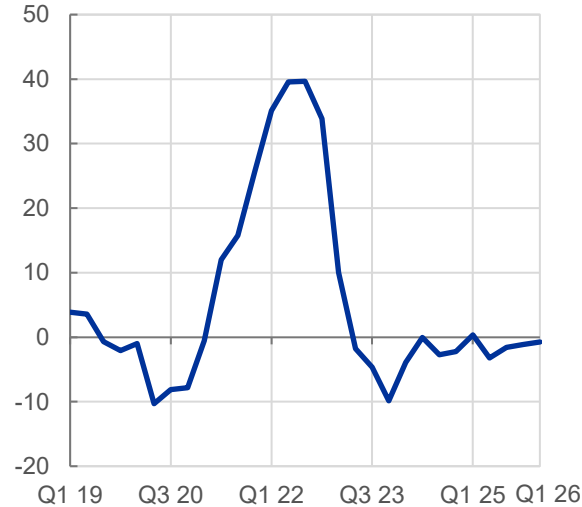
(annual percentage points)



Sources: Eurostat and ECB calculations.
Note: Harmonised Index of Consumer Prices (HICP). The latest observations are for the first quarter of 2026.

Energy inflation

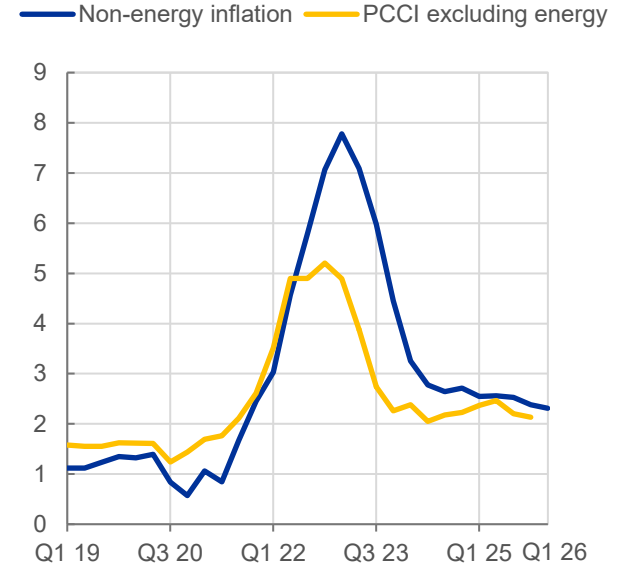
(annual percentage points)



Sources: Eurostat and ECB calculations.
Note: The latest observations are for the first quarter of 2026.

Non-energy inflation

(annual percentage points)



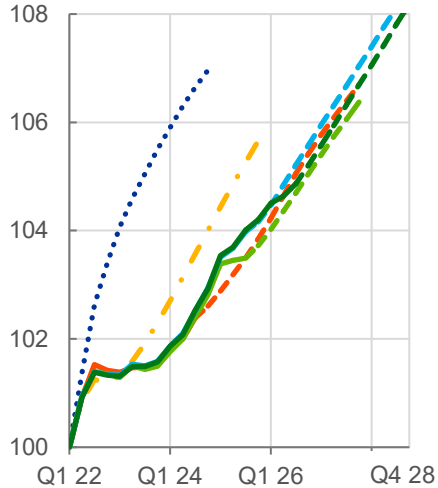
Sources: Eurostat and ECB calculations.
Notes: PCCI refers to the Persistent and Common Component of Inflation. PCCI excluding energy is computed taking the quarterly average of monthly series. The latest observations are for the fourth quarter of 2025 for PCCI excluding energy and for the first quarter of 2026 for non-energy inflation.

GDP and components across different projection rounds

Real GDP

(index: Q1 2022 = 100)

- December 2021 (pre-tightening)
- - - June 2023 (pre-loosening)
- December 2024
- September 2025
- December 2025
- March 2026

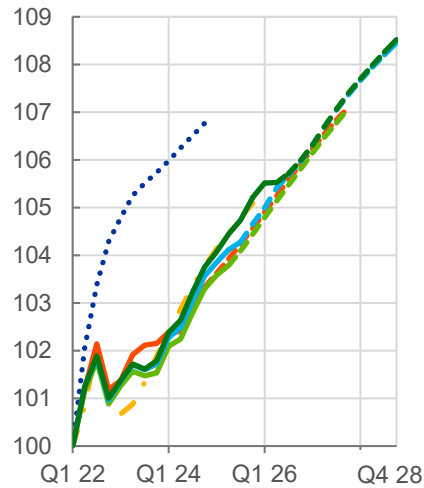


Sources: December 2021, June 2023, December 2024, September 2025, December 2025 and March 2026 Eurosystem/ECB staff macroeconomic projections.

Real private consumption

(index: Q1 2022 = 100)

- December 2021 (pre-tightening)
- - - June 2023 (pre-loosening)
- December 2024
- September 2025
- December 2025
- March 2026

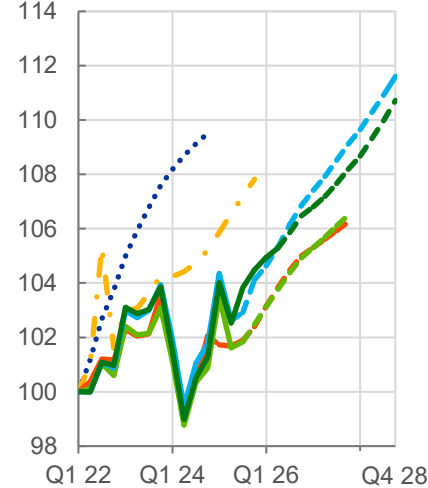


Sources: December 2021, June 2023, December 2024, September 2025, December 2025 and March 2026 Eurosystem/ECB staff macroeconomic projections.

Real total investment

(index: Q1 2022 = 100)

- December 2021 (pre-tightening)
- - - June 2023 (pre-loosening)
- December 2024
- September 2025
- December 2025
- March 2026

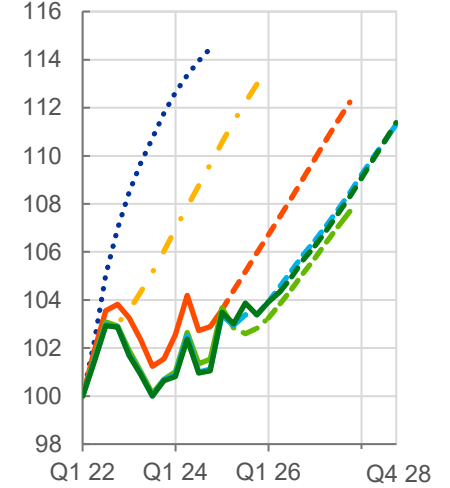


Sources: December 2021, June 2023, December 2024, September 2025, December 2025 and March 2026 Eurosystem/ECB staff macroeconomic projections.

Real exports

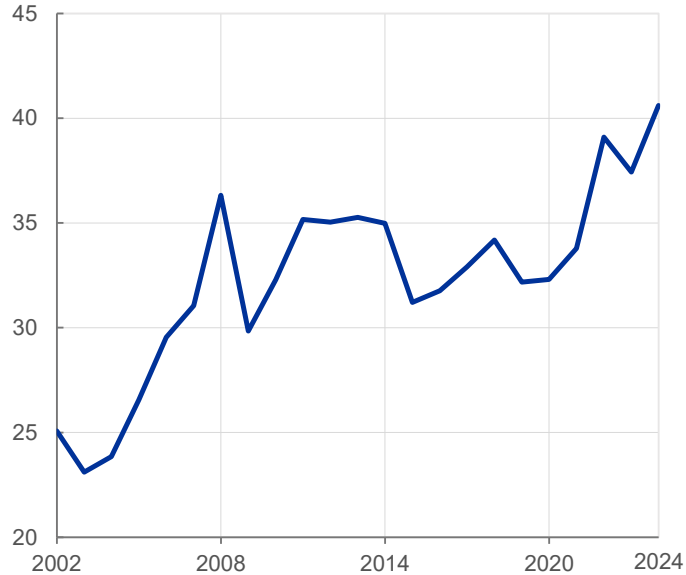
(index: Q1 2022 = 100)

- December 2021 (pre-tightening)
- - - June 2023 (pre-loosening)
- December 2024
- September 2025
- December 2025
- March 2026



Sources: December 2021, June 2023, December 2024, September 2025, December 2025 and March 2026 Eurosystem/ECB staff macroeconomic projections.

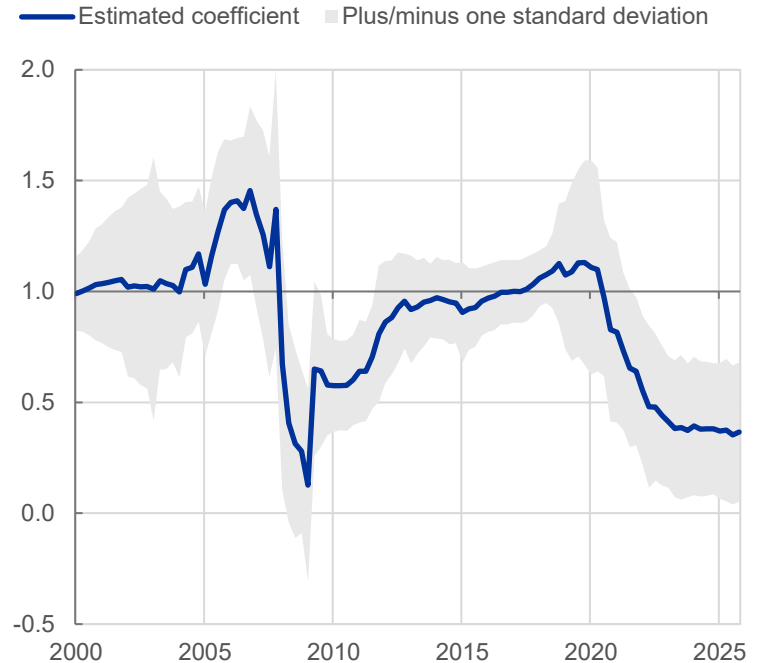
Share of sectors where both euro area and China display a high comparative advantage (index)



Sources: UN Trade and Development and ECB staff calculations.

Notes: The chart displays the percentage of sectors with a revealed comparative advantage (RCA) of greater than one in both the euro area and China as a share of the number of sectors in which the euro area has an RCA of greater than one. A total of 259 sectors are considered for each year. Euro area aggregate computed as a weighted average based on export value weights. The latest observations are for 2024.

China: long-run import elasticity to GDP (rolling estimate over 40 quarters)



Sources: Al-Haschimi, A., Dvořáková, N., Le Roux, J. and Spital, T. (2025) based on Haver Analytics data and ECB staff calculations.

Notes: Estimates, based on a rolling window over 40 quarters, of the long-run coefficient of an error correction model containing an index of domestic demand. The point estimate reported at date t corresponds to an estimation over the period from $t-40$ to t . The latest observations are for the fourth quarter of 2025.

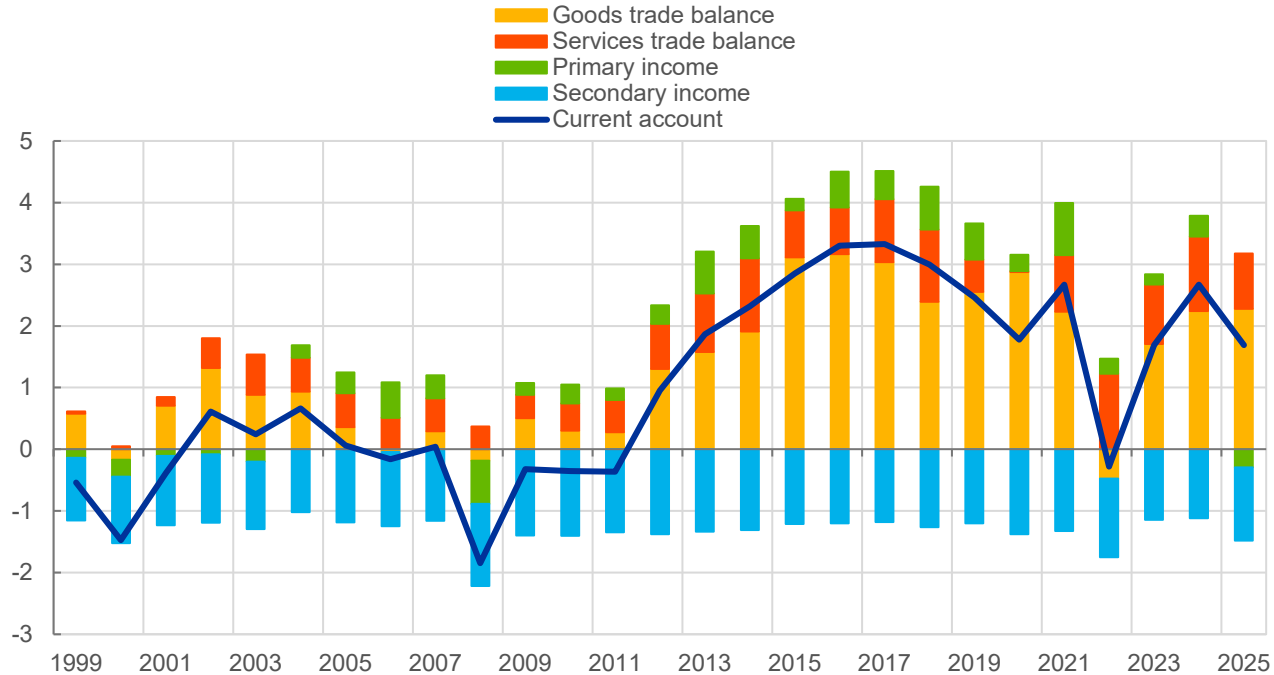
USD/EUR (level)



Sources: ECB and ECB staff calculations.

Notes: The dashed line shows the long-term average since 1999. The latest observation is for March 2026 (monthly data).

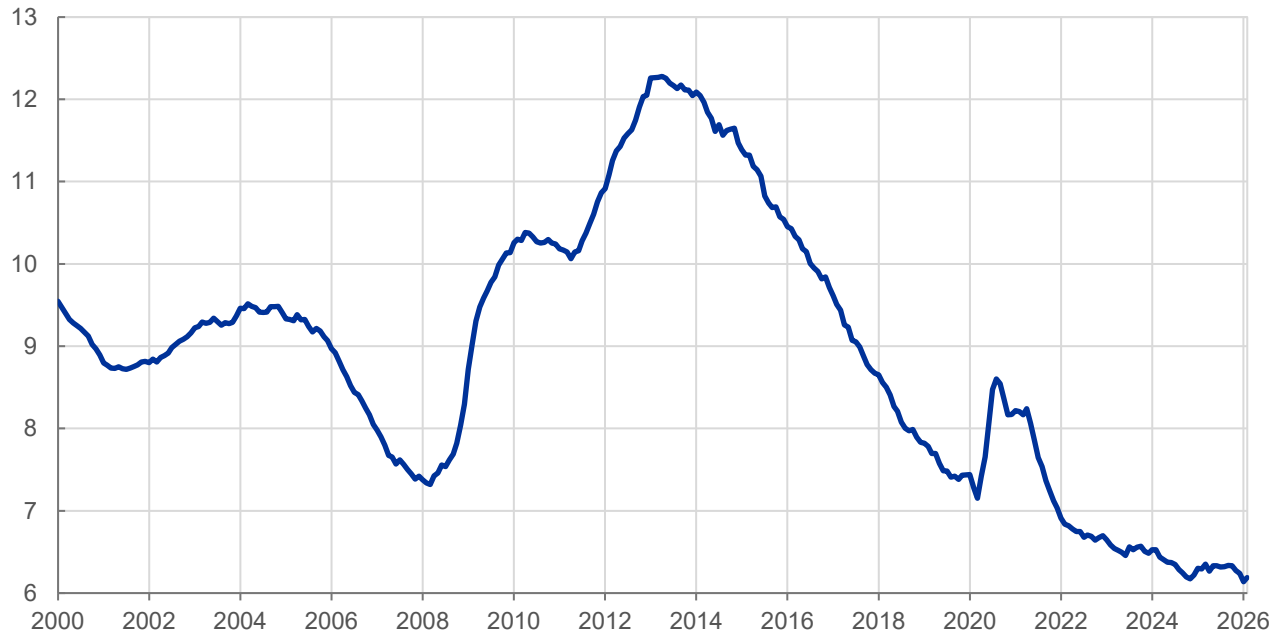
Euro area current account balance (percentage of GDP)



Source: Eurostat.

Note: The latest observations are for 2025.

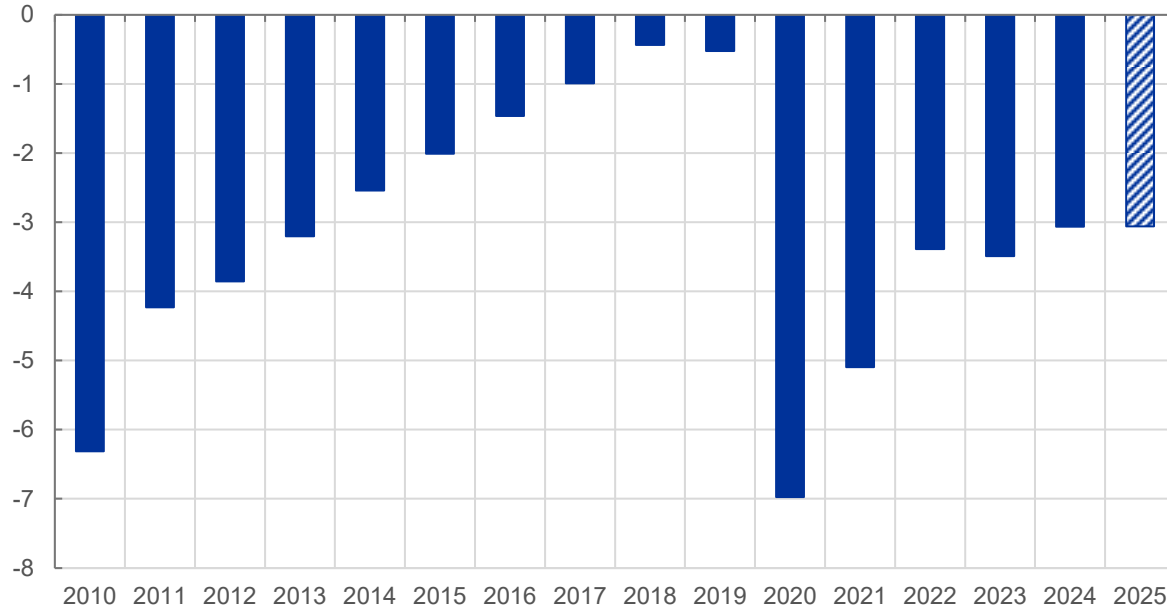
Unemployment rate (percentage of labour force)



Source: Eurostat.

Notes: The chart shows the unemployment rate for EA21, holding the composition of the euro area constant over time. The latest observation are for February 2026.

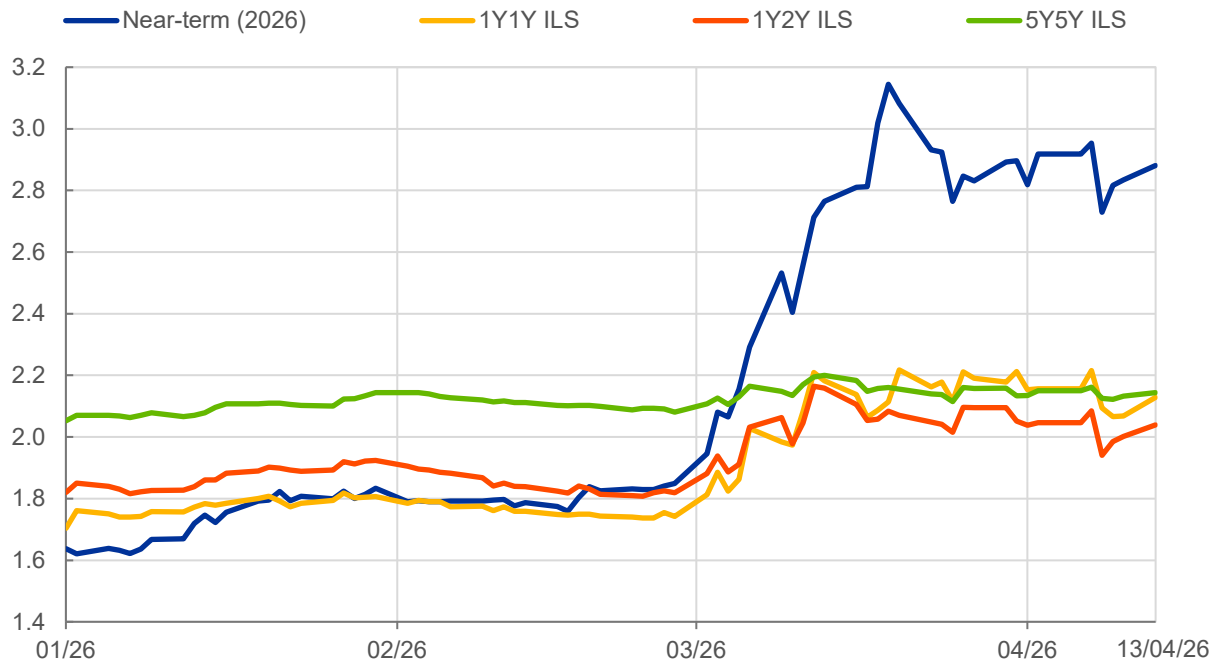
Euro area general government budget balance (percent of GDP)



Sources: Eurostat and ECB staff calculations (historical data) and March 2026 ECB staff projections (for 2025 figure).

Note: The chart shows the general government budget balance for EA21, holding the composition of the euro area constant over time. Positive (negative) values stand for government budget surpluses (deficits).

Market-based inflation compensation (percentages per annum)



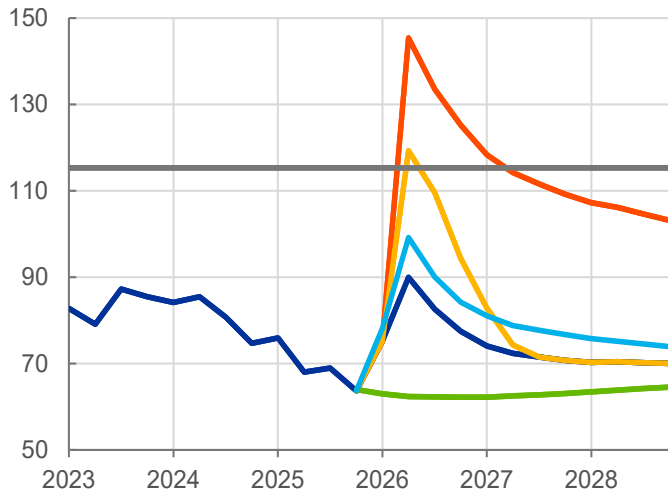
Sources: LSEG, Bloomberg and ECB calculations.

Notes: 1Y1Y, 1Y2Y and 5Y5Y ILS are euro area inflation-linked swap forward rates at the one-year ahead one-year, one-year-ahead two-year and five-year ahead five-year horizons respectively. The near-term (2026) series is defined as the average of fixing contracts with maturity within the calendar year 2026, complemented by realised inflation for months for which fixing contracts are no longer available. All series refer to HICP excluding tobacco. The latest observations are for 13 April 2026.

Middle East conflict scenarios: commodity price assumptions

Oil prices (USD per barrel)

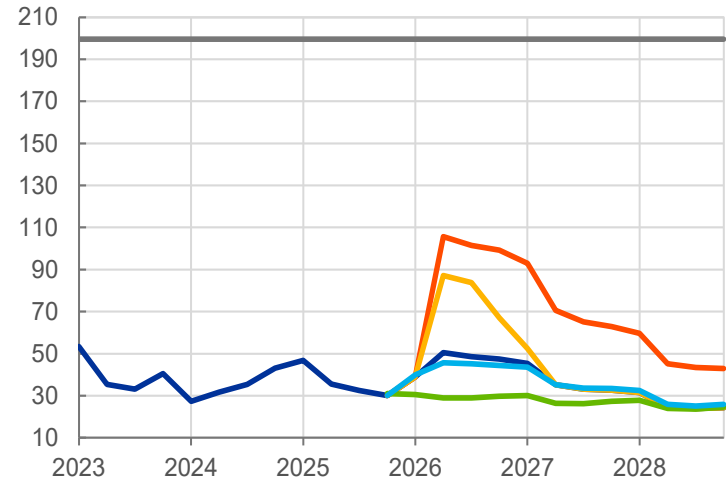
- Baseline March 2026 - cut-off 11 March
- Severe
- Adverse
- Technical assumptions December 2025
- 2022 quarterly price peak
- Latest future curve - cut-off 14 April



Sources: Bloomberg, Refinitiv and ECB staff calculations.
Notes: The 2022 price peak refers to the second quarter of 2022. The latest observations are for 14 April 2026.

Gas prices (EUR per MWh)

- Baseline - cut-off 11 March
- Severe
- Adverse
- Technical assumptions December 2025
- 2022 quarterly price peak
- Latest future curve - cut-off 14 April



Sources: Bloomberg, Refinitiv and ECB staff calculations.
Notes: The 2022 price peak refers to the second quarter of 2022. The latest observations are for 14 April 2026.