EUROPEAN CENTRAL BANK

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Economic, financial and monetary developments

Summary

At its meeting on 30 October 2025, the Governing Council decided to keep the three key ECB interest rates unchanged. Inflation remains close to the 2% medium-term target and the Governing Council's assessment of the inflation outlook is broadly unchanged. The economy has continued to grow despite the challenging global environment. The robust labour market, solid private sector balance sheets and the Governing Council's past interest rate cuts remain important sources of resilience. However, the outlook is still uncertain, owing particularly to ongoing global trade disputes and geopolitical tensions.

The Governing Council is determined to ensure that inflation stabilises at its 2% target in the medium term. 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 and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

Economic activity

The economy grew by 0.2% in the third quarter of 2025, according to Eurostat's preliminary flash estimate published on 30 October. The services sector continued to grow, boosted by strong tourism and, especially, by a pick-up in digital services. According to surveys, the pick-up reflects the fact that many firms have stepped up efforts to modernise their IT infrastructures and integrate artificial intelligence into their operations. Meanwhile, manufacturing was held back by higher tariffs, still-heightened uncertainty and a stronger euro.

The divergence between domestic and external demand is likely to persist in the near term. The economy should benefit from consumers spending more as real incomes rise. Unemployment, at 6.3% in September, remains close to its historical low, even though demand for labour has cooled. Households continue to save an unusually large proportion of their incomes, which should give them greater margin to increase spending further. Substantial government expenditure on infrastructure and defence, as well as the Governing Council's past interest rate cuts, should underpin investment.

By contrast, the global environment is likely to remain a drag. Goods exports declined from March to August, reversing the earlier frontloading of international trade ahead of announced tariff increases. New export orders in manufacturing point to further

declines. The full impact of higher tariffs on euro area exports and manufacturing investment will only become visible over time.

The Governing Council stresses the urgent need to strengthen the euro area and its economy in the present geopolitical environment, and welcomes EU leaders reaffirming this ambition at the Euro Summit on 23 October 2025. Fiscal and structural policies should boost productivity, competitiveness and resilience. It is essential to implement the European Commission's competitiveness roadmap swiftly. Governments should prioritise growth-enhancing structural reforms and strategic investment, while ensuring sustainable public finances. It is also vital to foster further capital market integration by completing the savings and investments union and the banking union to an ambitious timetable, and to rapidly adopt the regulation on the establishment of a digital euro.

The Governing Council is committed to making retail and wholesale central bank money fit for the digital age. In this vein, the Governing Council decided at its meeting on 30 October 2025 to move to the next stage of the digital euro project. This will ensure technical readiness for potential issuance and support Europe's digital sovereignty once the legislation has been adopted. The details of this decision are available in a related press release.[1]

Inflation

Annual inflation increased to 2.2% in September 2025, from 2.0% in August. This was mainly because energy prices fell by less than before. Energy price inflation was -0.4% in September, up from -2.0% in August. Meanwhile, food price inflation eased to 3.0% in September, from 3.2% in August. Inflation excluding energy and food rose to 2.4%, from 2.3% in August, as services inflation ticked up from 3.1% to 3.2%, while goods inflation was again unchanged at 0.8%.

Indicators of underlying inflation remain consistent with the Governing Council's 2% medium-term target. While firms' profits are recovering, labour costs are set to moderate further owing to rising productivity and an easing in wage growth. Forward-looking indicators, such as the ECB's wage tracker and surveys on wage expectations, point to slower wage growth over the remainder of 2025 and the first half of 2026.

Most measures of longer-term inflation expectations continue to stand at around 2%, supporting the stabilisation of inflation around the Governing Council's target.

Risk assessment

The EU-US trade deal reached over the summer, together with the announced ceasefire in the Middle East and progress in the US-China trade negotiations, have mitigated some of the downside risks to economic growth. At the same time, the still

[1] See "Eurosystem moving to next phase of digital euro project", *press release*, ECB, 30 October 2025.

volatile global trade environment could disrupt supply chains, further dampen exports, and weigh on consumption and investment. A deterioration in financial market sentiment could lead to tighter financing conditions, greater risk aversion and weaker growth. Geopolitical tensions, in particular Russia's unjustified war against Ukraine, remain a major source of uncertainty. By contrast, higher than expected defence and infrastructure spending, together with productivity-enhancing reforms, would add to growth. An improvement in business confidence could stimulate private investment. Sentiment could also be lifted and activity spurred if the remaining geopolitical tensions diminished, or if the remaining trade disputes were resolved faster than expected.

The outlook for inflation continues to be more uncertain than usual on account of the still volatile global trade policy environment. A stronger euro could bring inflation down further than expected. Moreover, inflation could turn out to be lower if higher tariffs lead to lower demand for euro area exports and induce countries with overcapacity to further increase their exports to the euro area. An increase in volatility and risk aversion in financial markets could weigh on domestic demand and thereby also lower inflation. By contrast, inflation could turn out to be higher if a fragmentation of global supply chains pushed up import prices, curtailed the supply of critical raw materials and added to capacity constraints in the domestic economy. A boost in defence and infrastructure spending could also raise inflation over the medium term. Extreme weather events, and the unfolding climate and nature crisis more broadly, could drive up food prices by more than expected.

Financial and monetary conditions

Since the last monetary policy meeting of the Governing Council on 11 September 2025, market rates have remained broadly unchanged. The past interest rate cuts have continued to reduce bank lending rates for firms, which averaged 3.5% in August. Meanwhile, the cost of issuing market-based debt remained at 3.5% in August, as the longer-term yields on which such debt is priced have been relatively stable.

The annual growth rate of bank lending to firms edged down to 2.9% in September, from 3.0% in August. At the same time, corporate bond issuance slowed to 3.3% on a yearly basis. According to the October 2025 bank lending survey for the euro area, credit standards for business loans tightened moderately in the third quarter, as banks became more concerned about the risks faced by their customers. Firms' demand for credit picked up slightly.

The average interest rate on new mortgages has barely changed since the start of 2025 and stood at 3.3% in August. Growth in mortgage lending ticked up to 2.6% in September, from 2.5% in August, on the back of a further increase in demand and unchanged credit standards in the third quarter.

Growth in broad money – as measured by M3 – slowed to 2.8% in September, down from 2.9% in August and an average of 3.8% over the first half of the year.

Monetary policy decisions

The interest rates on the deposit facility, the main refinancing operations and the marginal lending facility were kept unchanged at 2.00%, 2.15% and 2.40% respectively.

The asset purchase programme and pandemic emergency purchase programme portfolios are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

Conclusion

At its meeting on 30 October 2025, the Governing Council decided to keep the three key ECB interest rates unchanged. The Governing Council is determined to ensure that inflation stabilises at its 2% target in the medium term. It will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. The Governing Council's interest rate decisions will be based on its assessment of the inflation outlook and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

In any case, the Governing Council stands ready to adjust all of its instruments within its mandate to ensure that inflation stabilises sustainably at its medium-term target and to preserve the smooth functioning of monetary policy transmission.

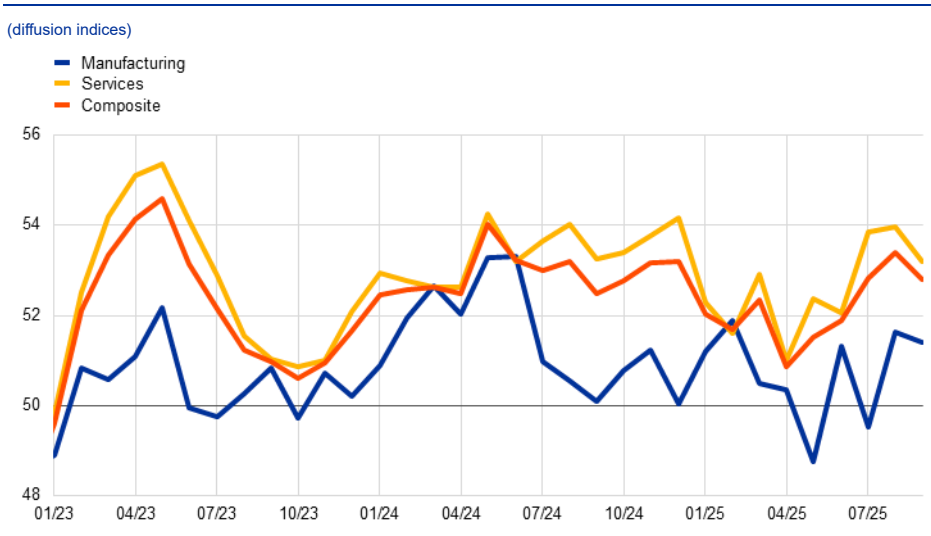
1 External environment

Global economic activity showed some resilience in the second quarter of 2025 and is expected to remain steady yet subdued for the rest of 2025, as some of the downside risks to global growth have been mitigated. Global trade turned out stronger than expected in the second quarter of 2025. Against a still volatile global trade policy environment, trade growth is expected to decelerate in the third quarter as frontloading effects fade and tariff effects become more visible. Headline inflation across OECD economies remained unchanged in the aggregate in August, with increasingly heterogeneous inflation dynamics across advanced economies.

Global growth showed some resilience in the second quarter, but the near-term outlook remains subdued. Since the September Governing Council meeting global real GDP growth in the second quarter has been revised upwards to 1.0% quarter-on-quarter, driven mainly by a revision of US GDP growth and upward surprises in emerging markets, especially India. The global composite Purchasing Managers' Index (PMI) (excluding the euro area) declined in September while remaining in expansionary territory (Chart 1). Overall, the global PMI points to resilient growth in the third quarter with a noticeable improvement in services activity. During the third quarter the manufacturing output PMI continued to display volatility as firms processed input goods that had been stockpiled earlier this year. The services sector benefited from these frontloaded manufacturing activities as transportation services strengthened and global demand for artificial intelligence (AI) supported software services. Based both on the PMI readings and on the assumption that global manufacturing will stabilise, activity is expected to remain steady yet subdued for the rest of 2025.

Chart 1

Global output PMI (excluding the euro area)



Sources: S&P Global Market Intelligence and ECB staff calculations.
Note: The latest observations are for September 2025.

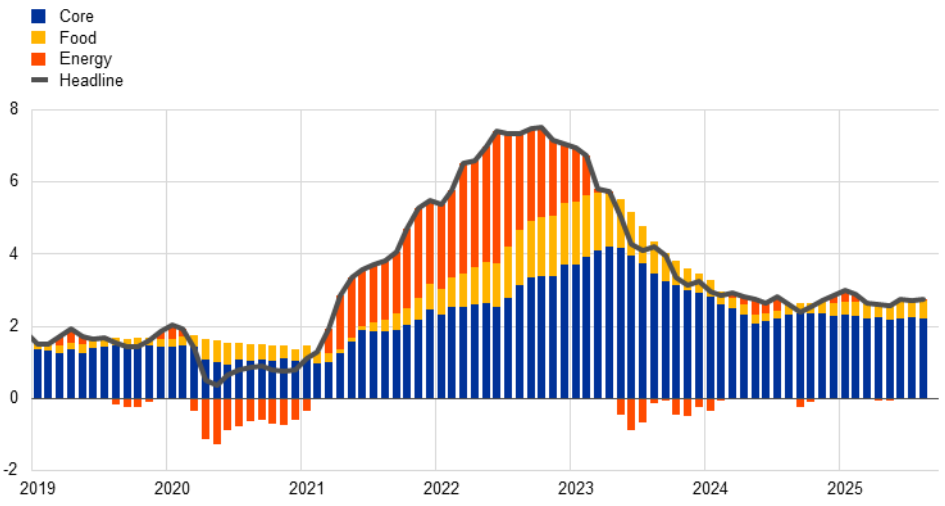
Global trade growth turned out stronger than expected in the second quarter, but underlying trade growth is slowing. Global import growth (excluding the euro

area) slowed from 1.7% quarter-on-quarter in the first quarter to 0.9% in the second quarter, which was stronger than expected in the September ECB staff projections. The upside surprise was driven by national accounts data released in large emerging market economies, such as Egypt, Türkiye and especially India. There is no firm evidence from customs data on bilateral flows that high import growth in these countries reflects redirected Chinese exports. Looking through these idiosyncratic effects, global imports are expected to weaken further in the third quarter as frontloading effects fade and tariff effects become more visible.

Headline inflation across members of the Organisation for Economic Co-operation and Development (OECD) remained unchanged in the aggregate but has become more heterogeneous across advanced economies. In August 2025 the annual rate of consumer price index (CPI) inflation across OECD member countries remained unchanged from July at 4.1%; excluding Türkiye, it increased slightly to 2.8% (Chart 2). This was driven mainly by higher energy and food prices, while core inflation eased slightly to 3% (from 3.1% in the previous month). Inflation dynamics across advanced economies have become more heterogeneous in recent months. While headline inflation has remained steady at around the 2% target in Canada and several other advanced economies, it has edged up in the United Kingdom and the United States.

Chart 2
OECD CPI inflation

(year-on-year percentage changes, percentage point contributions)



Sources: OECD and ECB staff calculations.
Notes: The OECD aggregate includes euro area countries that are OECD members and excludes Türkiye. It is calculated using OECD CPI annual weights. The latest observations are for August 2025.

Energy prices declined, reflecting both lower oil prices amid a growing supply surplus in the oil market and a decrease in gas prices. Crude oil prices decreased by 4% as the market experienced growing demand-supply imbalances. On the demand side, prices were negatively affected by subdued global oil consumption following the economic disruptions triggered by US tariff announcements and, more recently, by renewed US-China trade tensions. On the supply side, a surplus has become evident in recent data showing elevated output from Iraq and Kuwait in

September. These developments reflect successive OPEC+ production increases since April, which continued into early October. The oil market surplus is also apparent in a recent build-up of inventories in OECD countries and in China. However, the downward pressure on oil prices stemming from these demand-supply imbalances was partly offset in the most recent period as new US sanctions on Russian oil companies provided some price support. European gas prices declined by 4% in response to milder weather forecasts, which more than offset the impact of strikes at French liquified natural gas (LNG) import terminals. More broadly, prices continued their downward trend of recent months, reflecting persistently low European consumption relative to historical levels and weak LNG demand from Asia. Metal prices increased by 7%, primarily driven by a sharp rise in copper prices following production disruptions at the world's second-largest mine in Indonesia. In contrast, international food commodity prices fell by 3% amid a decline in cocoa prices. The drop followed expectations of increased supply after both Côte d'Ivoire and Ghana raised the minimum price paid to cocoa farmers.

US economic activity rebounded in the second quarter but is expected to decelerate in the period ahead. After contracting in the first quarter, real economic activity in the United States rebounded in the second quarter (up 0.9% quarter-on-quarter), pointing to stronger resilience in core GDP components than initially estimated. This resilience was underpinned by AI-related investments, stronger household balance sheets and a declining savings rate. Looking ahead, growth is expected to decrease amid weak employment growth and worsening consumer sentiment. The US labour market is continuing to slow, with non-farm payrolls rising by 22,000 in August, which was below market expectations. The release of the September jobs report has been delayed owing to the government shutdown, but alternative data sources suggest that the labour market loosened further.

Headline US personal consumption expenditure (PCE) inflation increased in August as tariffs continue to be transmitted through the pricing chain. Headline PCE inflation increased to 2.7% in August, whereas core PCE inflation remained at 2.9%. While the pass-through of tariffs to the prices of certain goods categories (e.g. household furnishings) appears to have peaked in recent months, it is ongoing in other categories (e.g. apparel and cars). The delayed September CPI release points to a slight increase in headline PCE inflation in the short run and broadly unchanged core PCE inflation. The Federal Open Market Committee lowered the target range for the federal funds rate at its September and October meetings (by 25 basis points each time) to 3.75-4.00%.

In China, activity growth is set to slow, while price dynamics remain muted. Quarterly GDP growth edged up from 1.0% in the second quarter to 1.2% in the third quarter, mainly due to a strong export contribution. Momentum is expected to slow in the remainder of the year, as domestic demand is expected to remain muted and external headwinds are likely to increase. The downward adjustment of the property market is continuing, acting as a major drag on activity and exerting persistent downward pressure on house prices. Overall, the macroeconomic effects of the various policy packages announced in previous years have not yet been visible.

Headline consumer price inflation increased slightly to -0.3% in September and producer price inflation eased to -2.3%. The impact of the Chinese authorities' "anti-involution" campaign (including stiffer competition rules, industry-specific meetings for price coordination, and stepping up enforcement to curb predatory pricing and overcapacity) is likely to remain limited, as the measures are fragmented and sector-specific, and excess capacity is likely to persist.

In the United Kingdom, economic growth remains modest amid persistent inflation ahead of key fiscal decisions. Monthly GDP and high-frequency data broadly confirm the picture of subdued economic momentum, which is expected to continue in the second half of 2025. In addition, the Autumn Budget to be presented on 26 November is expected to entail fiscal tightening. Annual headline inflation was unchanged at 3.8% in September. According to the Bank of England, the renewed rise in inflation over the year is mostly explained by increases in administered prices and food inflation, coupled with waning base effects from past declines in energy prices. Services inflation also remains at elevated levels (4.7% in September). At its September meeting, the Bank of England kept the Bank Rate at 4% and decided to slow the pace of quantitative tightening.

2 Economic activity

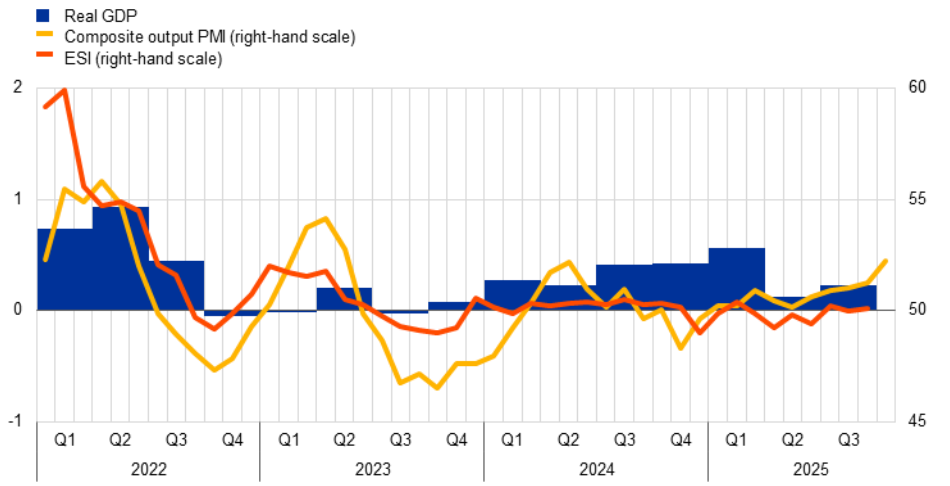
The euro area economy grew by 0.2% in the third quarter of 2025, up from 0.1% in the second quarter. Available economic indicators point to robust growth in services, boosted by strong tourism and, especially, by a pick-up in digital services. According to surveys, the pick-up reflects the fact that many firms have stepped up efforts to modernise their IT infrastructures and integrate artificial intelligence into their operations. Meanwhile, manufacturing was held back by higher tariffs, still-heightened uncertainty and a stronger euro. The divergence between domestic and external demand is likely to persist in the near term. The economy should benefit from consumer spending more as real incomes rise. Labour markets have remained resilient, despite signs of softening labour demand. Households continue to save an unusually large proportion of their incomes, which should give them greater margin to increase spending further. Moreover, domestic demand is likely to benefit from more favourable financing conditions as the ECB's interest rate cuts feed through to the economy, while increased government spending on infrastructure and defence should also support investment. By contrast, the global environment is likely to remain a drag. The full impact of higher tariffs on euro area exports and manufacturing investment will only become visible over time.

The euro area economy grew by 0.2% in the third quarter of 2025, up from 0.1% in the second quarter, according to Eurostat's preliminary flash estimate. Although the expenditure breakdown is not yet available, short-term indicators and available country data point to a positive contribution from domestic demand, whereas net exports were more muted. Growth dynamics in the third quarter continued to be marked by considerable differences among the largest euro area economies: real GDP increased by 0.6% in Spain, by 0.5% in France and by 0.4% in the Netherlands, while it remained flat in Germany and Italy. Among the smaller countries, GDP declined only slightly in Ireland. The euro area outturn for the third quarter was in line with the September 2025 ECB staff macroeconomic projections for the euro area, after adjusting for the weaker estimated Irish contribution compared with the outcome.

Chart 3

Euro area real GDP, composite output PMI and ESI

(left-hand scale: quarter-on-quarter percentage changes; right-hand scale: diffusion index)



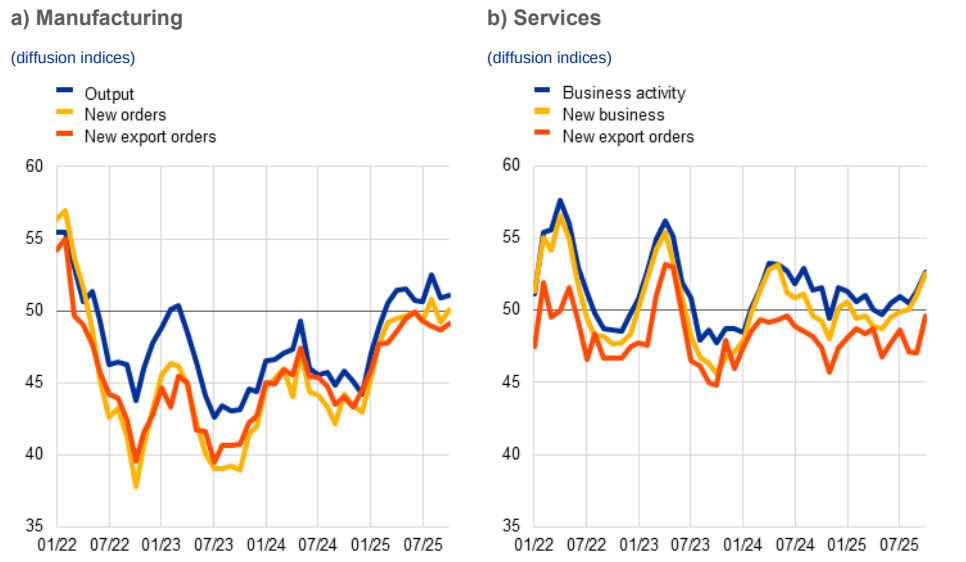
Sources: Eurostat, European Commission, S&P Global Market Intelligence and ECB calculations.
Notes: The two lines indicate monthly developments; the bars show quarterly data. The European Commission's Economic Sentiment Indicator (ESI) has been standardised and rescaled to have the same mean and standard deviation as the composite output Purchasing Managers' Index (PMI). The latest observations are for the third quarter of 2025 for real GDP, October 2025 for the composite output PMI and September 2025 for the ESI.

The available data point to persisting weakness in the manufacturing sector in the third quarter, while the services sector is likely to have continued to register positive growth. The composite output Purchasing Managers' Index (PMI) continued to mark a slight upward trend in September, bringing the average indicator for the third quarter to 51.0. This is consistent with a positive – albeit modest – expansion in euro area economic activity, as higher tariffs, still-heightened uncertainty and a stronger euro negatively affected the manufacturing sector. Industrial production (excluding construction) decreased by 0.3% on average over July and August compared with the second quarter of 2025. The manufacturing output PMI decreased in September, compensating the temporary increase in August, with activity remaining broadly stagnant on average over the third quarter (Chart 4, panel a). The European Commission's Economic Sentiment Indicator (ESI) for industry was unchanged in September and has been at low levels for many months. The ECB's recent contacts with non-financial companies confirm this picture of sluggish growth, reporting that the manufacturing sector is being weighed down by tariffs and uncertainty amid sluggish demand, elevated operating costs and increasing global competition (see Box 5). Services sector growth is expected to have remained positive in the third quarter. The recent momentum in services production weakened slightly up to July, but survey data show an upward trend over the third quarter, with the PMI services activity reaching 51.3 in September (Chart 4, panel b). According to the ECB's recent corporate contacts in the services sector, services activity has been driven by consumer spending on tourism, hospitality, entertainment and telecom services. It has also been boosted by a dynamic digital sector, reflecting the fact that many firms have stepped up efforts to modernise their IT infrastructures and integrate artificial intelligence into their operations.

Euro area real GDP is also expected to expand moderately in the fourth quarter of 2025, amid continued sectoral divergence. The increase in the flash composite output PMI for October is consistent with moderately positive growth momentum in the manufacturing sector at the beginning of the fourth quarter, while services PMI activity strengthened further, confirming the role of services as a main driver of the economy. At the same time, the latest forward-looking indicators are showing a mixed picture: in October, the increase in the composite PMI for new orders was driven by both sectors, whereas the decrease in the PMI business expectations in 12 months' time was most notable in the services sector, with only a modest decline in manufacturing. Overall, the still-elevated uncertainty, higher effective tariffs, a stronger euro and increased global competition are expected to hold back growth in the fourth quarter of 2025.

Chart 4

PMI indicators across sectors of the economy



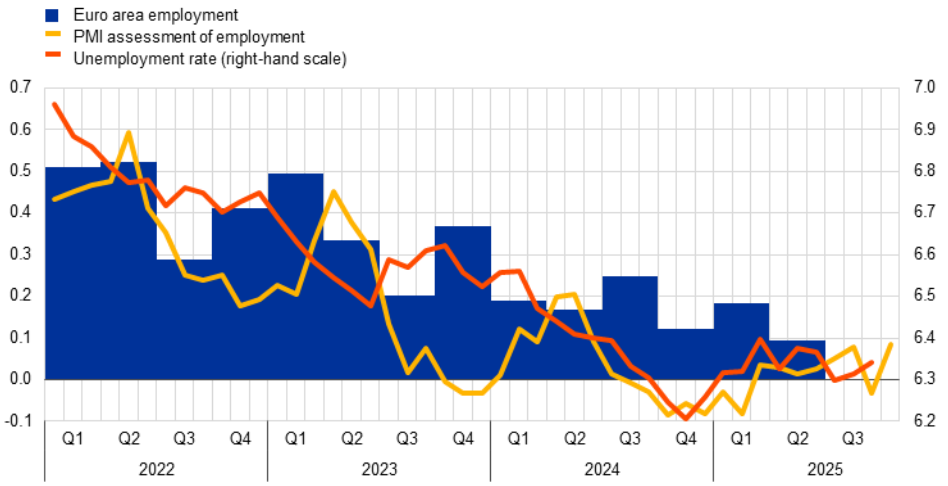
Source: S&P Global Market Intelligence.
Note: The latest observations are for October 2025.

The labour market remained resilient in the second quarter of 2025, although labour demand continued to gradually soften. Employment and total hours worked increased by 0.1% in the second quarter of 2025 (Chart 5). The steady slowdown partly reflects a softening in labour demand, with the job vacancy rate declining to 2.3% in the second quarter – one percentage point lower than its peak in the second quarter of 2022. Meanwhile, the labour force continued to expand, supported by sustained migration and an increased participation of older workers. The labour force expanded by 0.3%, quarter on quarter, marking a 1.1% increase compared with the same period last year. At the same time, the unemployment rate stood at 6.3% in September, having remained broadly at this level since the beginning of the year.

Chart 5

Euro area employment, PMI assessment of employment and unemployment rate

(left-hand scale: quarter-on-quarter percentage changes, diffusion index; right-hand scale: percentages of the labour force)



Sources: Eurostat, S&P Global Market Intelligence and ECB calculations.
Notes: The two lines indicate monthly developments, while the bars show quarterly data. The PMI is expressed in terms of the deviation from 50, then divided by 10 to gauge quarter-on-quarter employment growth. The latest observations are for the second quarter of 2025 for euro area employment, October 2025 for the PMI assessment of employment and September 2025 for the unemployment rate.

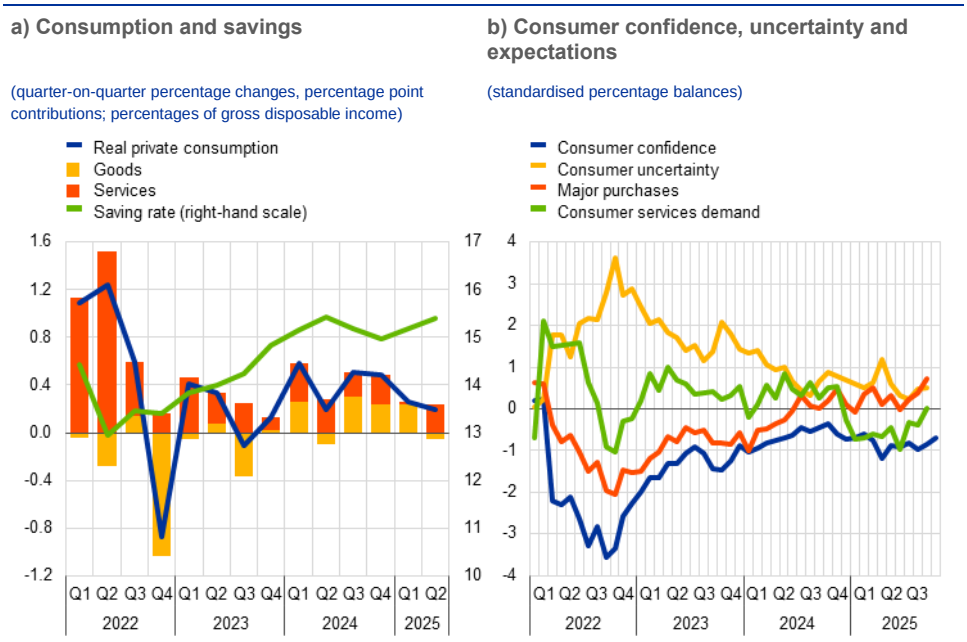
Short-term labour market indicators point to broadly flat employment growth in the third quarter. The monthly composite PMI employment averaged 50.3 in the second quarter, suggesting broadly flat employment growth. Data from the flash release for October show some improvement in employment perceptions. The composite indicator increased from 49.7 in September to 50.8 in October. This was driven by the services sector, which rose from 50.1 to 51.8. By contrast, the PMI employment indicator for manufacturing declined from 48.5 in September to 48.0 in October.

Following a moderation in the second quarter of 2025, private consumption growth likely strengthened somewhat in the third quarter – despite the still-elevated household saving rate – supported by gains in purchasing power. While spending on services continued to expand, the consumption of goods broadly stagnated in the second quarter, driven by a drop in non-durable goods (Chart 6, panel a). At the same time, the consumption of durable goods increased. The household saving ratio rose to 15.5% in the same quarter, as income continued to expand, while inflation and consumption growth moderated. Monthly data for the third quarter, albeit still preliminary and incomplete, point to a weakening in retail trade in July and August compared with the second quarter. By contrast, the results of the ECB's Consumer Expectations Survey point to stronger goods consumption in the third quarter, while the ECB's recent contacts with non-financial companies signal robust growth in services consumption, supporting the narrative of some improvement in spending momentum (see Box 5). Further survey evidence also corroborates this assessment. The European Commission's consumer confidence indicator continued to recover in September and October, largely driven by improving expectations for the financial situation of households and major purchases in the next 12 months (Chart 6, panel b). In addition, the European Commission's business expectations for demand in both retail trade and consumer services in the next three months have improved since the

second quarter, returning to their pre-pandemic average levels. Looking ahead, consumption should continue to strengthen, amid a resilient labour market, with ongoing growth in income and improving household perceptions of past income gains. However, despite the easing seen since April 2025, the still-elevated consumer and economic policy uncertainty should continue to weigh on household consumption decisions.

Chart 6

Household consumption and savings; consumer confidence and uncertainty, consumer and business expectations



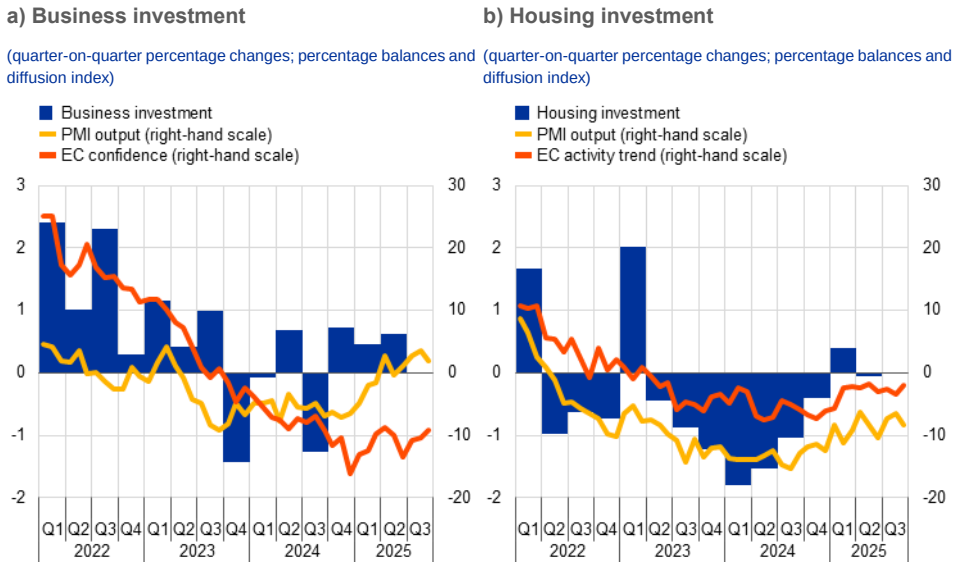
Sources: Eurostat, European Commission and ECB calculations.
Notes: In panel a), the contributions of domestic goods and services consumption are scaled to add up to the real private consumption growth in the main national accounts. The latest observations are for the second quarter of 2025. In panel b), consumer expectations for major purchases refer to the next 12 months and business expectations for demand in consumer services refer to the next three months. "Consumer services demand" is based on the expected sectoral demand indicators of the European Commission's business survey of services, weighted according to the sectoral shares in domestic private consumption from the FIGARO input-output tables for 2022. The consumer services demand series is standardised for the period from 2005 to 2019, "consumer uncertainty" is standardised for the period from April 2019 to September 2025 with respect to its average for 2019, owing to data availability, while all other series are standardised for the period from 1999 to 2019. The latest observations are for October 2025 for consumer confidence and September 2025 for all other items.

The incoming data for business investment point to weak tangible investment ahead, while growth in intangibles should pick up. Euro area non-construction investment fell by 3.3%, but continued to grow steadily, up by 0.6%, quarter on quarter, in the second quarter of 2025 when excluding volatile Irish intangibles. In the third quarter and beyond, the past trends in business investment excluding Irish intangibles appear to continue, with muted growth in tangible investment, while intangible investment is growing robustly. Indicators for tangibles, such as the capital goods PMI output, dropped in September and the European Commission's confidence indicator remained far below its historical average (Chart 7, panel a). By contrast, intangible investment is likely to accelerate during the second half of 2025, on the back of rising production in associated services items up to July, as well as positive expected demand for these items three months ahead, according to the Commission's survey. Evidence from corporate contacts confirms this split picture, revealing muted prospects for tangible investment amid continued uncertainty, high costs and market

share losses in the manufacturing and automotive sectors, while intangible investment continues to grow amid surging demand for software and artificial intelligence (see Box 5). Looking forward, fundamental drivers of investment are gradually improving. Normalising profits, with positive growth in non-financial companies' gross operating surpluses, and stronger expected aggregate demand ahead should further support investment.

Chart 7

Real investment dynamics and survey data



Sources: Eurostat, European Commission (EC), S&P Global Market Intelligence and ECB calculations.
Notes: The lines indicate monthly developments, while the bars refer to quarterly data. The PMIs are expressed in terms of the deviation from 50. In panel a), business investment is measured by non-construction investment excluding Irish intangibles. Short-term indicators refer to the capital goods sector. The European Commission's capital goods confidence indicator is normalised for the 1999-2019 average and standard deviation of the series. In panel b), the line for the European Commission's activity trend indicator refers to the weighted average of the building and specialised construction sectors' assessment of the trend in activity over the preceding three months, rescaled to have the same standard deviation as the PMI. The line for PMI output refers to housing activity. The latest observations are for the second quarter of 2025 for investment and September 2025 for PMI output and the European Commission's indicators.

Housing investment remained unchanged in the second quarter of 2025, but likely grew at a moderate pace in the third quarter. After growing by 0.4%, quarter on quarter, in the first quarter of 2025, housing investment was broadly flat in the second quarter (Chart 7, panel b). According to high-frequency indicators, housing investment rose slightly in the third quarter. Building construction production and specialised construction activities in July and August were on average 0.4% above the levels recorded in the second quarter. Moreover, survey-based indicators, such as the European Commission's indicator for recent trends in building and specialised construction activities and the PMI housing output, improved from June to September but remained at low levels, also indicating moderate growth prospects in the third quarter. Looking ahead, housing investment is set to remain on a path of gradual recovery. This is confirmed by a continued, albeit modest, rise in residential building permits in the second quarter, as well as a limited rise in the European Commission's confidence index for building and specialised construction companies in the third quarter. The gradual recovery is also reflected in the balance between improving demand conditions – as indicated by the growing attractiveness of housing as an investment, according to the CES, and increasing demand for housing loans,

according to the bank lending survey – and high uncertainty on the supply side – as indicated by respondents from the residential construction sector in the European Commission's business survey and the ECB's recent contacts with companies from that sector (see Box 5).

Euro area exports have been weighed down by rising US tariffs, a strong euro and weak global demand, contracting by 3.1% over three months to August 2025. The chemicals sector – in particular Irish pharmaceutical exports to the United States – saw sharp volatility owing to the anticipated tariff changes, while exports to China declined amid weaker demand and market share losses. Forward-looking indicators signal continued weakness in manufacturing export orders. Imports expanded by 1.2% over three months to August, with growing Chinese imports intensifying competition for domestic producers (see Box 1). The appreciation of the euro has lowered the cost of imports, especially from Asia, where very competitive pricing and manufacturing overcapacity persist. China's share of euro area imports continues to rise, especially for intermediate goods. At the same time, Chinese export restrictions highlight supply chain vulnerabilities, as China remains a key supplier of the rare earth materials critical for euro area industries.

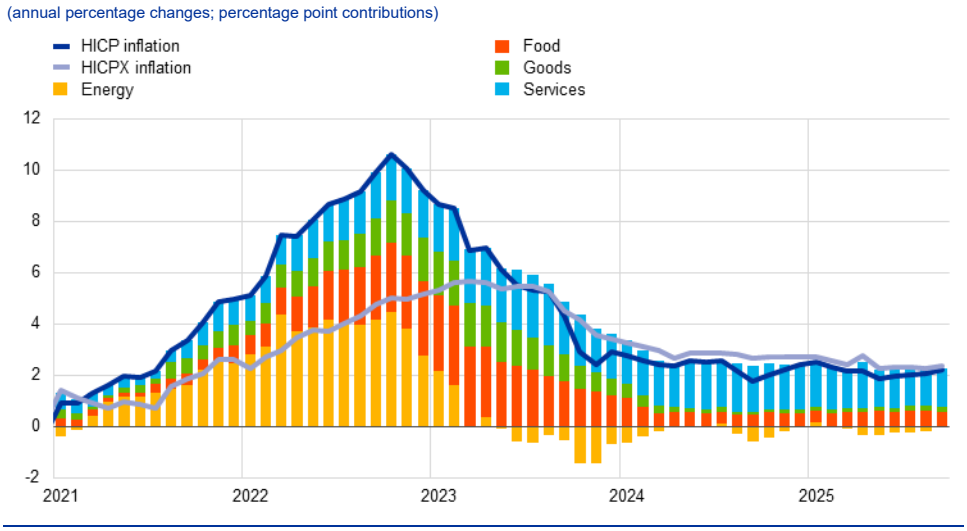
Beyond the short term, euro area activity is expected to recover, as the effect of trade-related headwinds on growth should diminish. Although the still-elevated uncertainty related to trade policies and the geopolitical landscape could dampen growth, the resilience built up over the past years, in particular the robust private sector balance sheets and the resilient labour market, should support consumer spending over time. Moreover, domestic demand should benefit from more favourable financing conditions as lower interest rates feed through to the economy, as well as from increased government spending on infrastructure and defence.

3 Prices and costs

Annual euro area headline inflation increased to 2.2% in September 2025, up from 2.0% in August.[2] *This rise was due mainly to energy prices falling by less than before. Indicators of underlying inflation remain consistent with the Governing Council's 2% medium-term target. Annual growth in compensation per employee stood at 3.9% in the second quarter of 2025, unchanged from the previous quarter. While firms' profits are recovering, wage growth is expected to ease over the remainder of the year and, together with rising productivity, contribute to a further moderation in labour costs. Most measures of longer-term inflation expectations still stand at around 2%, supporting the stabilisation of inflation around the target.*

Annual euro area headline inflation, as measured in terms of the Harmonised Index of Consumer Prices (HICP), went up to 2.2% in September from 2.0% in August (Chart 8). This increase reflects a rise in energy inflation and an uptick in services inflation. In the third quarter of 2025 the euro area inflation rate stood at 2.1%, broadly in line with the September 2025 ECB staff macroeconomic projections for the euro area.

Chart 8
Headline inflation and its main components



Sources: Eurostat and ECB calculations.
Notes: "Goods" refers to non-energy industrial goods. HICPX stands for HICP excluding energy and food. The latest observations are for September 2025.

Energy inflation remained negative in September but rose to -0.4%, up from -2.0% in August. This increase mainly reflects a positive base effect from the low month-on-month rate of growth in prices for transportation fuels in September 2024 falling out of the annual rate calculation. The still negative annual rate of inflation in the energy component for September 2025 was due to small negative rates for all its main sub-components (transportation fuels, electricity and gas). At the same time,

[2] The cut-off date for data included in this issue of the Economic Bulletin was 29 October 2025. According to Eurostat's flash estimate, released on 31 October, HICP inflation decreased to 2.1% in October 2025, down from 2.2% in September 2025.

HICP inflation excluding energy remained unchanged, standing at 2.5% for the fifth consecutive month.

Food inflation decreased to 3.0% in September, down from 3.2% in August. This decline is attributable to the fall in unprocessed food inflation, down to 4.7% in September from 5.5% in August, mainly on the back of lower annual rates of growth in prices for vegetables and fruits. Over the same period, processed food inflation was unchanged at 2.6%, with the tobacco component continuing to contribute substantially to its annual rate of growth. Excluding this component, the annual rate of change in processed food prices stood at 2.2%, also unchanged from August.

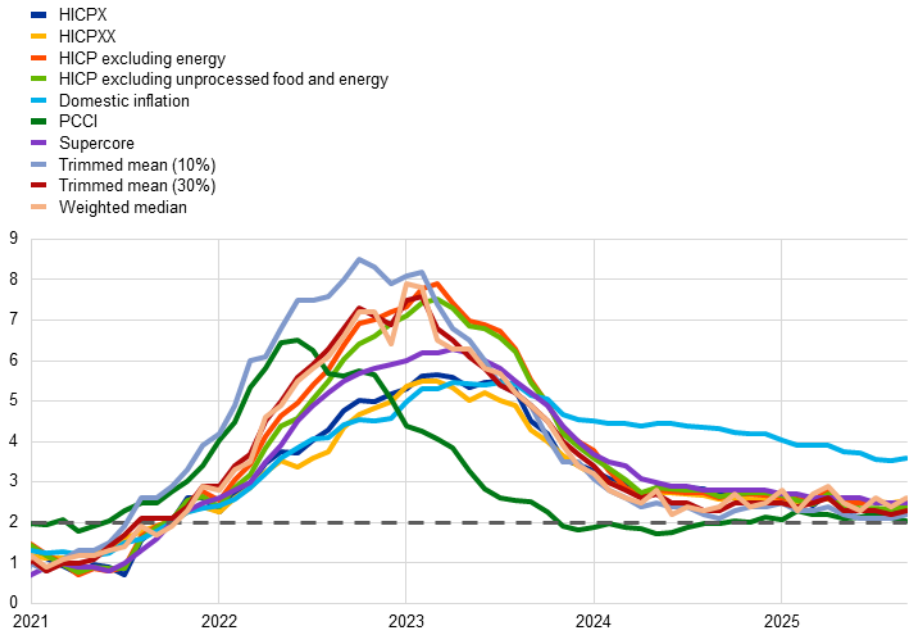
HICP excluding energy and food (HICPX) inflation increased slightly to 2.4% in September, up from 2.3% in August. The developments in HICPX inflation reflect the uptick in services inflation to 3.2% in September from 3.1% in August and the continued sideways movement of non-energy industrial goods (NEIG) inflation, standing at a moderate 0.8%. The increase in services inflation was driven by higher annual rates of growth in the communication and recreation sub-components, in particular accommodation services, which more than compensated for the decline in transport services inflation. The stable NEIG inflation rate conceals a rise in annual rates of growth in prices for semi-durable goods and non-durable goods, which were offset by a decline in durable goods inflation.

Indicators of underlying inflation remain consistent with the Governing Council's 2% medium-term target (Chart 9). The indicator values ranged from 2.0% to 2.6% in September, with increases in most exclusion-based measures of inflation except for HICP excluding energy and HICPX excluding travel-related items, clothing and footwear (HICPXX), which remained unchanged at 2.5%. HICP excluding unprocessed food and energy and the trimmed means increased by 0.1 percentage points. As for the model-based measures, the Persistent and Common Component of Inflation (PCCI) fell further to 2.0% in September from 2.1% in August, while the Supercore indicator, which comprises HICP items sensitive to the business cycle, held steady at 2.5% for the third consecutive month. Domestic inflation, which comprises items with a low import content, went up slightly to 3.6% in September from 3.5% in August, reflecting the uptick in services inflation.

Chart 9

Indicators of underlying inflation

(annual percentage changes)



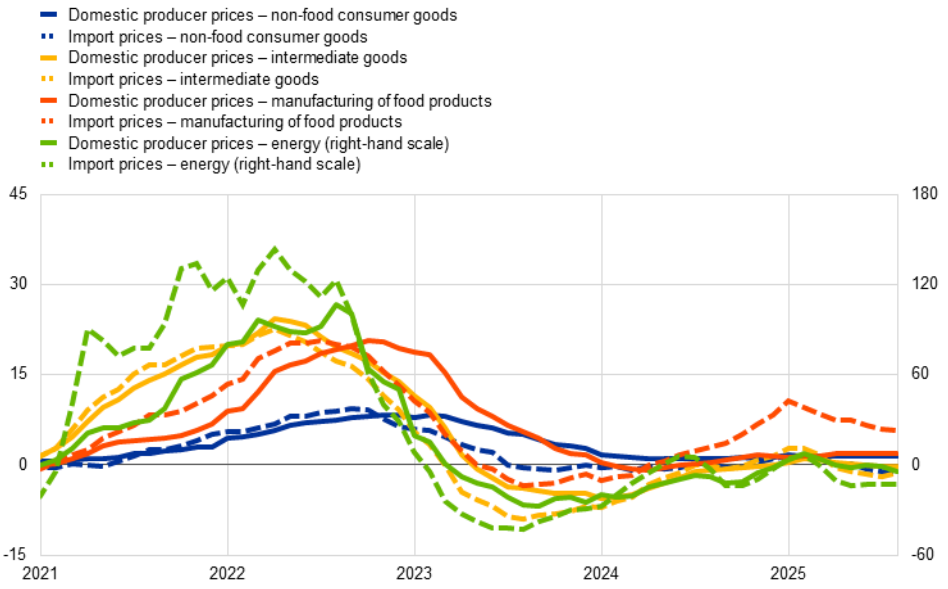
Sources: Eurostat and ECB calculations.
Notes: HICPX stands for HICP excluding energy and food; HICPXX stands for HICPX excluding travel-related items, clothing and footwear; PCCI stands for Persistent and Common Component of Inflation. The grey dashed line represents the Governing Council's inflation target of 2% over the medium term. The latest observations are for September 2025.

In August 2025 most indicators of pipeline price pressures for goods continued to moderate, implying a further reduction in inflationary pressures (Chart 10). At the early stages of the pricing chain, producer price inflation for domestic sales of intermediate goods remained unchanged at -0.3% in August. At the later stages, the annual growth rate of producer prices for non-food consumer goods decreased to 1.4% in August, down from 1.6% in July. Over the same period, the annual growth rate of import prices for non-food consumer goods slipped further into negative territory, while import price inflation for intermediate goods increased but remained negative. The annual growth rate of producer prices for manufactured food edged up to 2.0% in August from 1.8% July, suggesting that cost pressures are more persistent in the food segment than in the industrial goods segment. Import price inflation for manufactured food fell marginally to 5.8% from 5.9%, well below the peak of 10.6% in January 2025, reflecting the moderation in international food commodity prices. Overall, the data point to more persistent inflationary dynamics in the food segment, while pipeline pressures for consumer goods prices have broadly eased.

Chart 10

Indicators of pipeline pressures

(annual percentage changes)



Sources: Eurostat and ECB calculations.
Note: The latest observations are for August 2025.

Domestic cost pressures, as measured by growth in the GDP deflator, increased slightly in the second quarter of 2025, after declining continuously for two years (Chart 11). The annual growth rate of the GDP deflator rose to 2.5% in the second quarter of 2025, up from 2.3% in the first quarter. This increase was driven by a pick-up in the contribution from unit profits, which was only partially offset by a decline in the contribution from unit net taxes. Growth in unit labour costs was unchanged at 3.0% in the second quarter, reflecting stable growth rates for both compensation per employee and labour productivity, which stood at 3.9% and 0.9% respectively. Reconciling the unchanged growth rate for compensation per employee with the increase in negotiated wage growth, from 2.5% in the first quarter to 4.0% in the second quarter, implies a decline in the wage drift component from 1.1% to -0.4% over the same period. Looking ahead, the ECB's wage tracker, which incorporates data on wage agreements negotiated up to the beginning of October 2025, suggests that wage growth pressures will ease in the second half of 2025 and stabilise in the first three quarters of 2026.[3] This further moderation is confirmed by the latest survey indicators on wage growth, such as the results of ECB's Corporate Telephone Survey, which imply that wage growth is expected to stand at 3.3% in 2025 (unchanged from the previous survey round) and slow further to 2.6% in 2026 (0.2 percentage points below the previous survey round).[4]

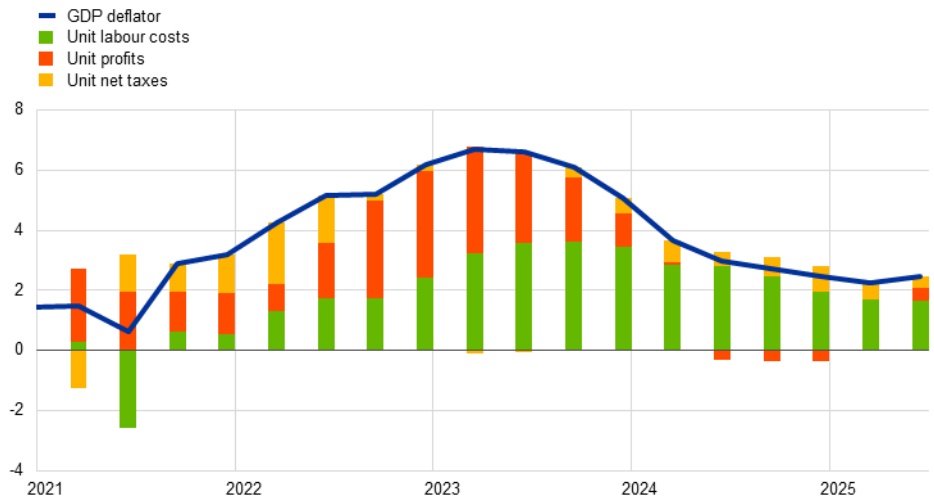
[3] For further details, see "New data release: ECB wage tracker suggests lower and more stable wage pressures in the first three quarters of 2026", *press release*, ECB, 5 November 2025.

[4] For more information, see the box entitled "Main findings from the ECB's recent contacts with non-financial companies" in this issue of the Economic Bulletin.

Chart 11

Breakdown of the GDP deflator

(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.
Notes: Compensation per employee contributes positively to changes in unit labour costs. Labour productivity contributes negatively. The latest observations are for the second quarter of 2025.

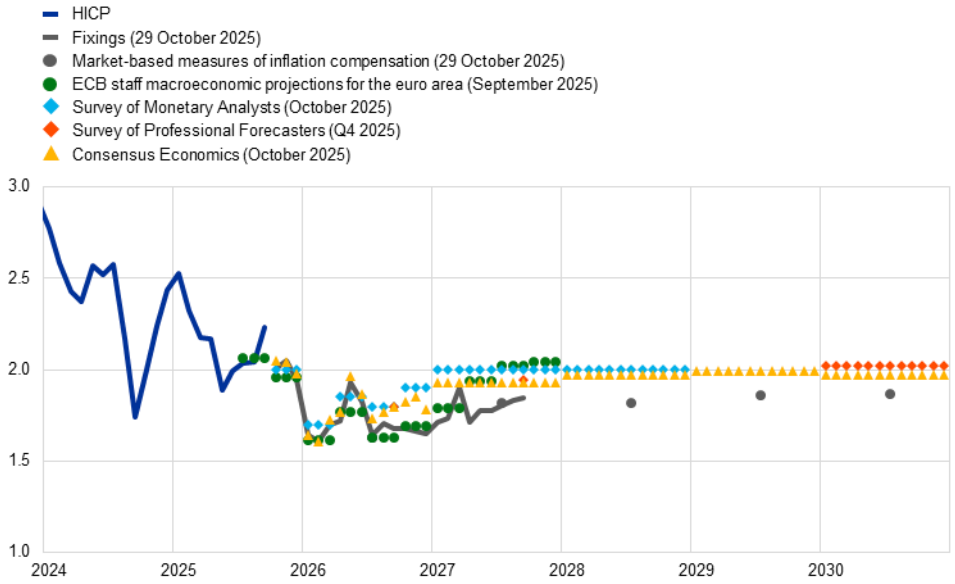
Longer-term inflation expectations among professional forecasters and monetary analysts remained stable around 2%, while short-term consumer inflation expectations and perceptions moved broadly sideways in September. The median of longer-term inflation expectations in the ECB Survey of Monetary Analysts for October 2025 and the mean in the ECB Survey of Professional Forecasters for the fourth quarter of 2025 were unchanged at 2% (Chart 12, panel a). As regards short-term consumer inflation expectations and perceptions, according to the September 2025 ECB Consumer Expectations Survey, the median rate of perceived inflation over the previous 12 months stood at 3.1%, unchanged since February 2025. Moreover, median expectations for inflation over the next 12 months declined to 2.7%, following the increase to 2.8% in August from 2.6% in July, while median inflation expectations three years ahead remained unchanged at 2.5% (Chart 12, panel b).

Chart 12

Headline inflation, inflation projections and expectations

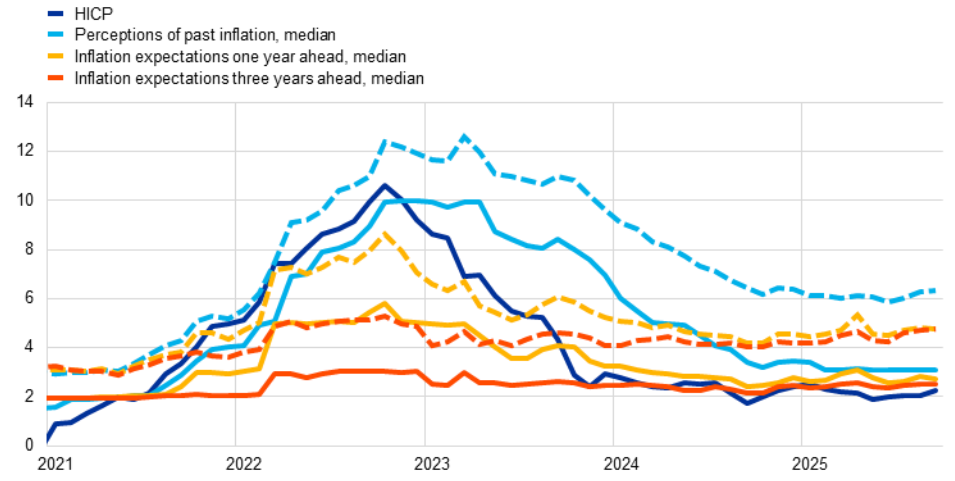
a) Headline inflation, market-based measures of inflation compensation, inflation projections and survey-based indicators of inflation expectations

(annual percentage changes)



b) Headline inflation and ECB Consumer Expectations Survey

(annual percentage changes)



Sources: Eurostat, LSEG, Consensus Economics, ECB (SMA, SPF, CES), ECB staff macroeconomic projections for the euro area, September 2025 and ECB calculations.
Notes: In panel a) the market-based measures of inflation compensation series are based on the one-year forward rate one year ahead, the one-year forward rate two years ahead, the one-year forward rate three years ahead and the one-year forward rate four years ahead. The observations for market-based measures of inflation compensation are for 29 October 2025. Inflation fixings are swap contracts linked to specific monthly releases in euro area year-on-year HICP inflation excluding tobacco. The Survey of Professional Forecasters (SPF) for the fourth quarter of 2025 was conducted between 1 and 7 October 2025. The Survey of Monetary Analysts (SMA) for October 2025 was conducted between 13 October and 15 October. The cut-off date for the Consensus Economics long-term forecasts was 13 October 2025. The September 2025 ECB staff macroeconomic projections for the euro area were finalised on 28 August 2025 and the cut-off date for the technical assumptions was 15 August 2025. In panel b) the dashed and solid lines for the Consumer Expectations Survey (CES) represent the mean and median rates respectively. The latest observations are for September 2025.

During the review period from 11 September to 29 October 2025, there was little change in market-based measures of inflation compensation (Chart 12, panel a). Short and medium-term market-based measures of inflation compensation (based

on the HICP excluding tobacco), in the form of inflation fixings and inflation-linked swaps, traded mostly sideways across all maturities and did not react significantly to incoming news. At the end of October 2025, market participants expected inflation to remain around 2% in the following months before declining around the turn of the year and then rebounding to settle slightly below 2% until 2030. Longer-term market-based measures of inflation compensation were also largely unchanged, with the five-year forward inflation-linked swap rate five years ahead still standing at around 2.1%. Model-based estimates of genuine inflation expectations, excluding inflation risk premia, indicate that market participants continue to expect longer-term inflation to be around 2%.

4 Financial market developments

During the review period from 11 September to 29 October 2025, developments in euro area financial markets were mainly driven by global factors stemming from renewed trade tensions, geopolitical uncertainty and the expected path of US interest rates. The euro short-term rate (€STR) traded within a narrow range following the Governing Council's decision at its meeting on 11 September 2025 to keep all three key ECB interest rates unchanged. The short end of the forward curve remained broadly stable. At the longer end of the risk-free rate curve, overnight index swap (OIS) rates were also little changed. Euro area long-term sovereign bond spreads relative to risk-free rates narrowed further during the review period, and corporate bond spreads also tightened slightly. Equity markets recorded broad-based gains across most sectors, buoyed by a rise in expected earnings in the euro area. In foreign exchange markets, the euro continued to trade near the elevated levels reached earlier this year, despite a slight depreciation against the US dollar and on a trade-weighted basis.

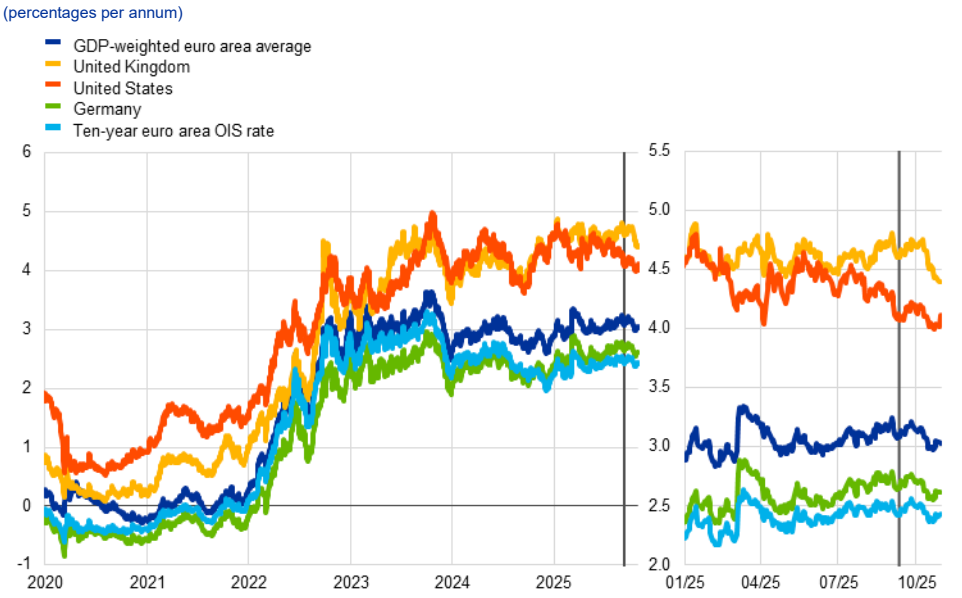
Euro area risk-free forward rates were stable across the review period. The €STR stood at 1.93% at the end of the review period, following the Governing Council's decision at its September 2025 meeting to leave all three key ECB interest rates unchanged. Excess liquidity decreased by around €117 billion to €2,534 billion. This mainly reflected the decline in the portfolios of securities held for monetary policy purposes, as the Eurosystem is no longer reinvesting the principal payments from maturing securities in its asset purchase programmes. The near-term risk-free forward curve shifted marginally higher on the day of the Governing Council's September meeting but ended the review period little changed when compared with its pre-meeting level. Risk-free rates initially increased as markets took note of the September 2025 ECB staff macroeconomic projections for the euro area and the Governing Council's view that risks to economic growth had become more balanced. There was a subsequent decline in the risk-free forward curve following a resurfacing of trade tensions between the United States and China, but movements were relatively subdued across the review period overall. At the end of the review period, markets were pricing in no further interest rate cuts for the remainder of 2025. The OIS curve ended the period little changed overall, with the ten-year maturity remaining at 2.4%. A marginal rise in long-term real risk-free rates was offset by a slight decline in inflation compensation over the review period. Inflation pricing in markets over the longer term remains close to the ECB's target of 2%.

Long-term euro area sovereign bond spreads relative to risk-free rates narrowed slightly over the review period (Chart 13). The ten-year GDP-weighted euro area sovereign bond yield declined by 6 basis points to 3.0% during the review period, with the spread relative to the ten-year OIS rate tightening by 7 basis points. This slight narrowing of sovereign spreads was broad-based, despite some variation across euro area countries, with spreads tightening by between 5 and 11 basis points. Yield dispersion within the euro area remains at historically low levels. The marginal tightening in spreads occurred as euro area bond yields appeared more sensitive to global factors than to country-specific factors in Europe. Meanwhile, the ten-year US

Treasury yield rose by 5 basis points to 4.1% and the ten-year UK sovereign bond yield fell by 22 basis points to 4.4% over the review period.

Chart 13

Ten-year sovereign bond yields and the ten-year OIS rate based on the €STR



Sources: LSEG and ECB calculations.
Notes: The vertical grey line denotes the start of the review period on 11 September 2025. The latest observations are for 29 October 2025.

Euro area equity prices increased during the review period, as earnings expectations improved. Broad euro area stock market indices rose by 4.9% over the review period, with financial and non-financial corporations recording gains of 0.1% and 5.9% respectively. Both the cyclical and defensive sectors performed strongly, reflecting broad-based demand for equities driven in part by a rise in expected earnings in the euro area. The technology sector was an outlier and outperformed the broader index. In aggregate, euro area firms with significant exposure to international trade performed similarly to less exposed firms during the review period, although they have yet to recover the ground lost since the start of the year. US equity markets gained by 4.0% overall, with increases of 5.3% in the non-financial sector partially offset by losses of 3.9% in the financial sector. Rising expectations of interest rate cuts in the United States are likely to have weighed on financial corporations over the review period. In addition, US equities were relatively more volatile than their euro area counterparts over the review period, as trade tensions, the US Government shutdown and concerns relating to specific regional US banks gave rise to short-term bouts of uncertainty.

Euro area investment-grade and high-yield corporate bond spreads narrowed slightly over the review period. Spreads on both investment-grade and high-yield corporate bonds narrowed marginally during the review period, continuing the significant spread tightening observed in both sectors over recent months. Financial and non-financial investment-grade bond spreads tightened by 3 and 6 basis points respectively. High-yield spreads narrowed by 7 basis points on an overall weighted

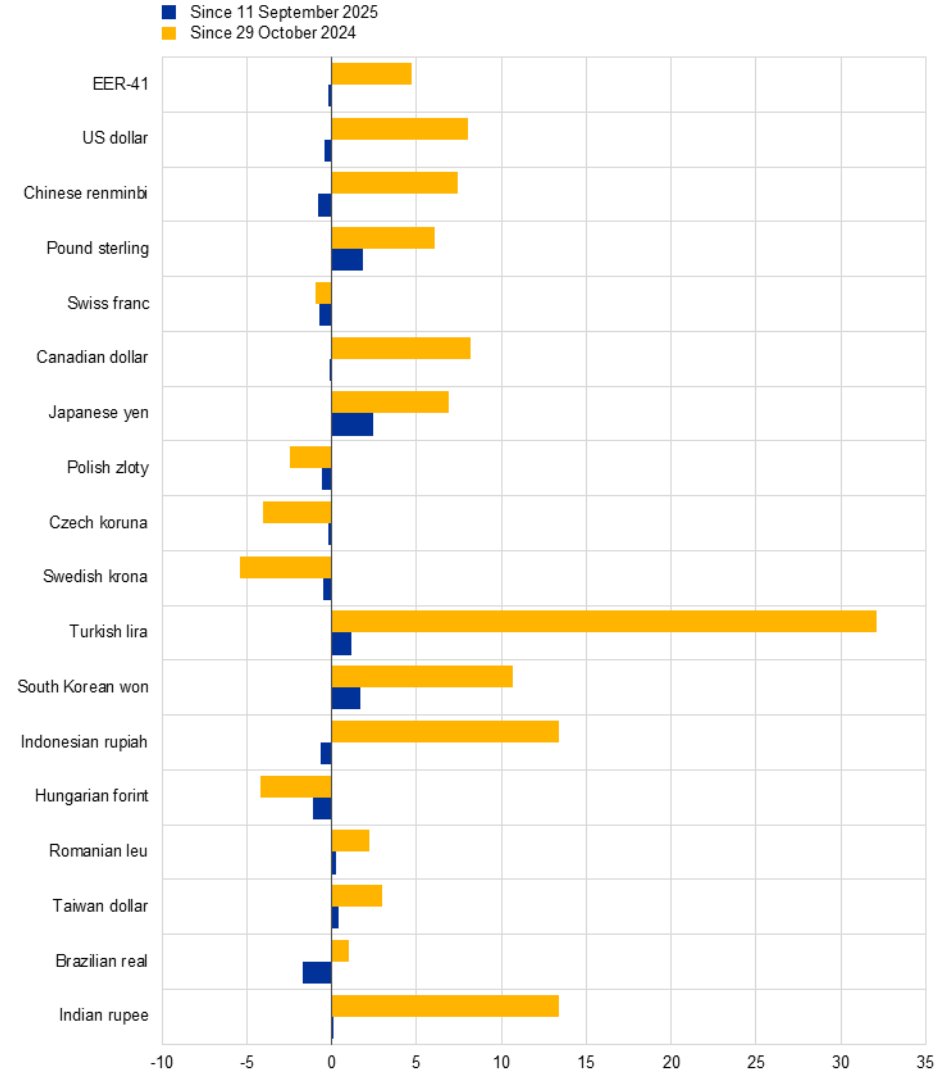
basis. Spreads on non-financial high-yield corporate bonds tightened by 10 basis points over the review period. However, financial issuers underperformed, with high-yield spreads for this sector widening by 21 basis points.

In foreign exchange markets, the euro continued to trade near the elevated levels reached earlier this year, despite a slight depreciation against the US dollar and on a trade-weighted basis (Chart 14). During the review period, the nominal effective exchange rate of the euro – as measured against the currencies of 41 of the euro area's most important trading partners – declined by 0.2%. The euro depreciated by 0.4% against the US dollar, driven by shifts in expectations about US monetary policy and persistent trade uncertainties. Nevertheless, it traded within a narrow range of 1.155 to 1.184 against the US dollar, close to its historical average of 1.18. The modest decline in the euro's nominal effective exchange rate was driven by offsetting and relatively small changes across major and emerging market currencies.

Chart 14

Changes in the exchange rate of the euro vis-à-vis selected currencies

(percentage changes)



Source: ECB calculations.
Notes: EER-41 is the nominal effective exchange rate of the euro against the currencies of 41 of the euro area's most important trading partners. A positive (negative) change corresponds to an appreciation (depreciation) of the euro. All changes have been calculated using the foreign exchange rates prevailing on 29 October 2025.

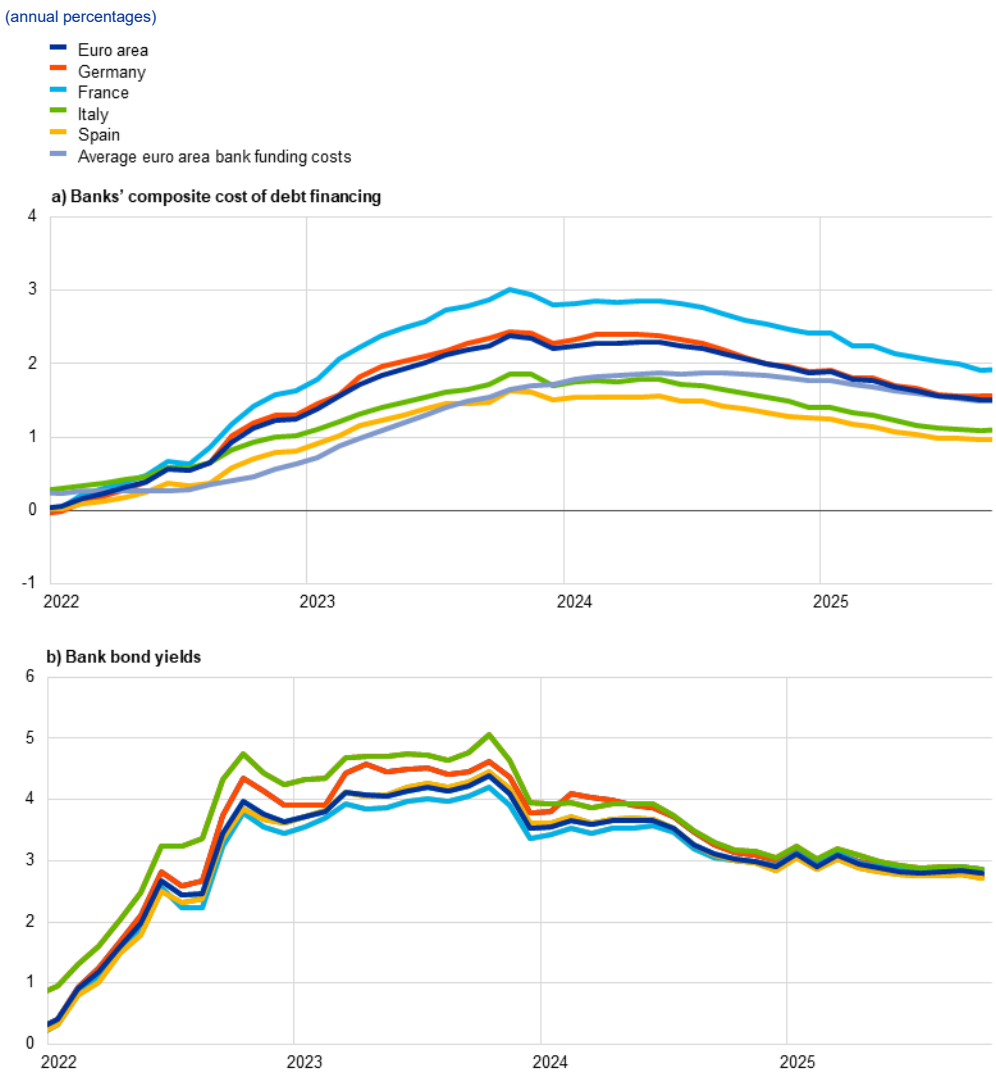
5 Financing conditions and credit developments

The past cuts in the key ECB interest rates continued to pass through to bank funding costs and corporate borrowing costs through August. Average interest rates on new loans to firms decreased slightly to 3.5%, while those on new mortgages barely changed and stood at 3.3%. In September, growth in loans to households continued to gradually recover, while growth in loans to firms and corporate bond issuance were broadly stable. Over the review period from 11 September to 29 October 2025 the cost of market-based debt financing declined slightly, while the cost of equity financing was broadly unchanged. According to the October 2025 euro area bank lending survey, credit standards for loans to firms tightened moderately in the third quarter of 2025, as banks became more concerned about the risks faced by their customers, while demand for new loans to firms picked up slightly. Credit standards were unchanged for housing loans and tightened somewhat for consumer credit, while the demand for housing loans continued to increase strongly. In the Survey on the Access to Finance of Enterprises for the third quarter of 2025, which was conducted between 27 August and 3 October 2025, a small net percentage of firms reported an increase in bank interest rates as well as a continued tightening of other lending conditions. The annual growth rate of broad money (M3) slowed to 2.8% in September.

Bank funding costs continued to decrease slowly through August 2025, reflecting the past cuts in the key ECB interest rates. The composite cost of debt financing for euro area banks − which measures marginal bank funding costs − fell slightly in August (Chart 15, panel a), reflecting the continued pass-through of the past policy rate cuts to deposit rates and interbank rates. Bank bond yields continued to fluctuate at levels just below 3% (Chart 15, panel b), in line with lower long-term risk-free rates. The slight decline in bank funding costs was primarily driven by a lower composite deposit rate, which fell below 0.9% in August – down 57 basis points from its May 2024 peak. Interest rates on overnight deposits and time deposits of firms and households as well as interbank rates were broadly stable, while rates on savings deposits decreased substantially. The gap between interest rates on time deposits and overnight deposits for both firms and households was broadly unchanged in August, after gradually narrowing since its peak in October 2023.

Chart 15

Composite bank funding costs in selected euro area countries



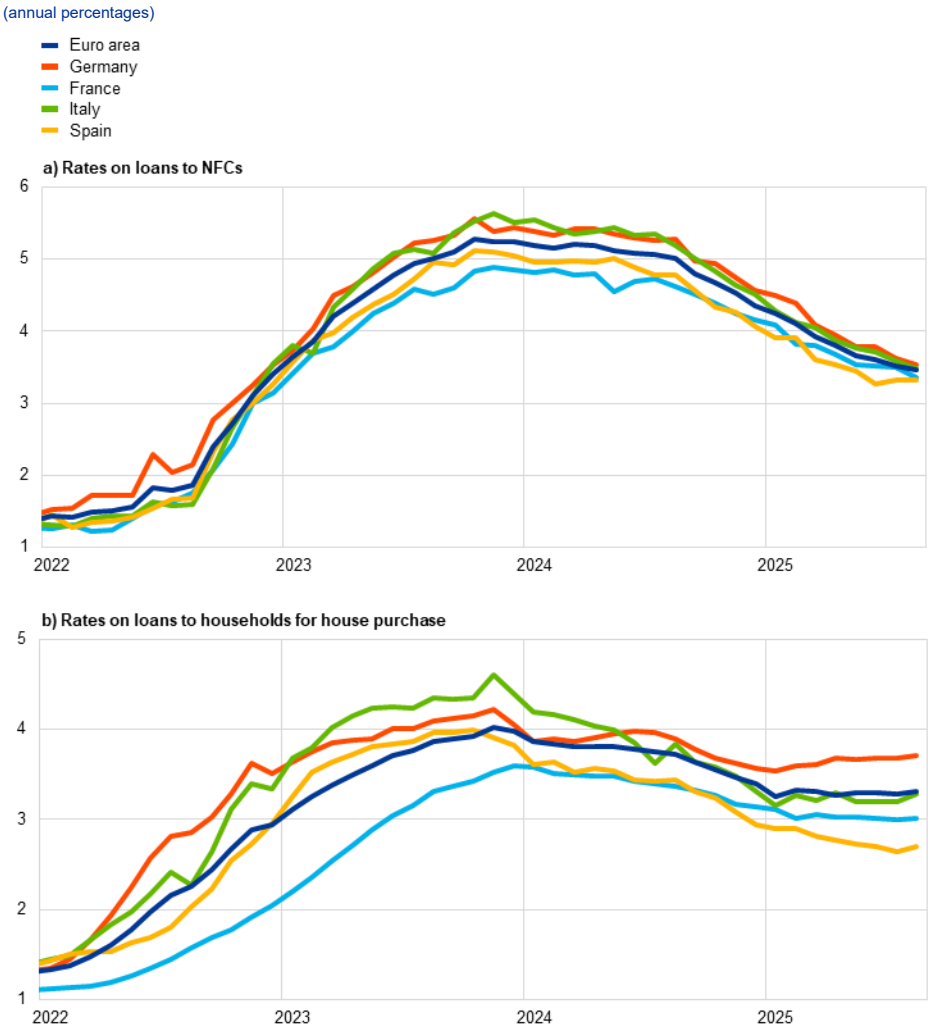
Sources: ECB, S&P Dow Jones Indices LLC and/or its affiliates, and ECB calculations.
Notes: Composite bank funding costs are an average of new business costs for overnight deposits, deposits redeemable at notice, time deposits, bonds and interbank borrowing, weighted by their respective outstanding amounts. Average bank funding costs use the same weightings but are based on rates for outstanding deposits and interbank funding, and on yield to maturity at issuance for bonds. Bank bond yields are monthly averages for senior tranche bonds. The latest observations are for August 2025 for the composite cost of debt financing for banks (panel a) and 29 October 2025 for bank bond yields (panel b).

Bank lending rates for firms decreased further, while mortgage rates for households increased marginally. The cost of bank borrowing for non-financial corporations (NFCs) decreased slightly to just under 3.5% in August − around 1.8 percentage points down from its October 2023 peak − with minor variations across the larger euro area countries (Chart 16, panel a). This decrease was driven by short-term rates, while rates for medium-term loans with a maturity of between one and five years rose. The spread between interest rates on small and large loans to firms widened somewhat in August amid short-term volatility. The cost of borrowing for households for house purchase barely changed and stood at 3.3% in August − around 70 basis points below its November 2023 peak − with some variation across the larger euro area countries (Chart 16, panel b). Mortgage rates were pushed up by longer-term rates in particular. The gap between lending rates for households and those for firms,

which had peaked at 140 basis points in March 2024, continued to narrow. The size of this gap mainly reflects the fact that loans to households typically have longer rate fixation periods in many jurisdictions, making them less sensitive to fluctuations in short-term market rates.

Chart 16

Composite bank lending rates for firms and households in selected euro area countries



Sources: ECB and ECB calculations.
Notes: Composite bank lending rates are calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes. The latest observations are for August 2025. In panel a), NFCs stands for non-financial corporations.

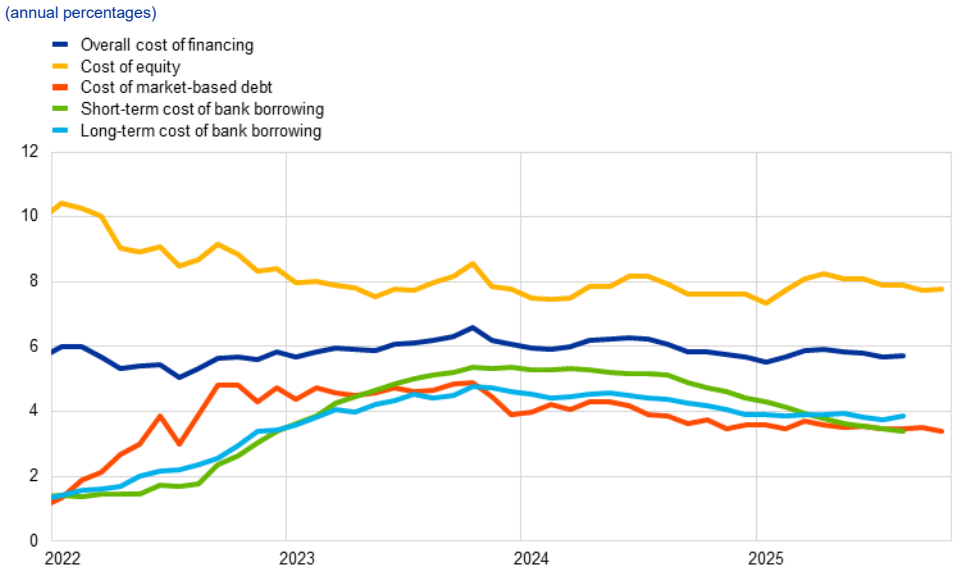
Over the review period from 11 September to 29 October 2025 the cost of market-based debt financing declined slightly, while the cost of equity financing was broadly unchanged. The overall cost of financing for NFCs – i.e. the composite cost of bank borrowing, market-based debt and equity – was stable in August compared with the previous month and stood at 5.7% (Chart 17).[5] This reflected higher costs of long-term bank borrowing, which offset the decline in the cost

[5] Owing to lags in the availability of data for the cost of borrowing from banks, data on the overall cost of financing for NFCs are only available up to August 2025.

of shorter-term borrowing. Daily data over the review period from 11 September to 29 October 2025 show that the cost of market-based debt declined marginally, while the cost of equity financing was broadly unchanged. The slight decline in the cost of market-based debt was driven by a compression of corporate bond spreads in both the investment grade and the high-yield segment. The cost of equity financing remained broadly unchanged over the same period, reflecting a small decrease in the equity risk premium coupled with a marginal increase in the long-term risk-free rate, as approximated by the ten-year overnight index swap rate.

Chart 17

Nominal cost of external financing for euro area firms, broken down by component



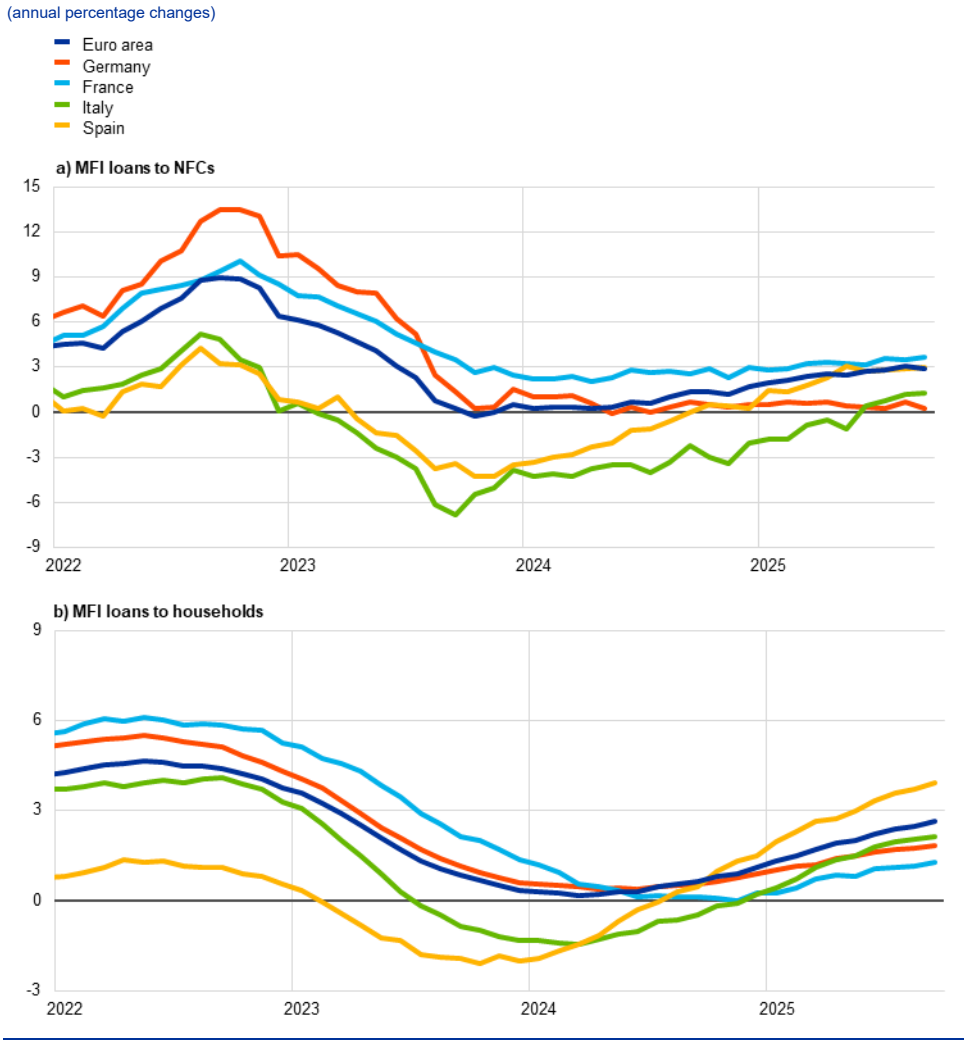
Sources: ECB, Eurostat, Dealogic, Merrill Lynch, Bloomberg Finance L.P., LSEG and ECB calculations.
Notes: The overall cost of financing for non-financial corporations is based on monthly data and is calculated as a weighted average of the long and short-term costs of bank borrowing (monthly average data), market-based debt and equity (end-of-month data), based on their respective outstanding amounts. The latest observations are for 29 October 2025 for the cost of market-based debt and the cost of equity (daily data) and August 2025 for the overall cost of financing and the cost of borrowing from banks (monthly data).

Dynamics in loans to firms and corporate debt issuance weakened slightly in September, while growth in loans to households continued to gradually recover. The annual growth rate of bank lending to firms edged down to 2.9% in September 2025, from 3.0% in August. This rate has increased gradually since the beginning of the year but is still below its historical average of 4.3% (Chart 18, panel a). The annual growth of corporate debt financing slowed to 3.0% in September from 3.2% in August. Loans to households continued to gradually recover, with the annual growth rate reaching 2.6% in September after 2.5% in August, although this figure is still significantly below the historical average of 4.1% (Chart 18, panel b). Loans to households for house purchase were again the primary force driving this upward trend, with consumer credit growth also increasing further. Other forms of lending to households, including loans to sole proprietors, returned to positive territory but remained weak. According to the ECB's most recent Consumer Expectations Survey, households perceived credit access to be broadly unchanged in September, although they expected credit access to become harder over the next 12 months. Over time, the survey has shown that households perceived a tightening in credit access when interest rates rose during the recent tightening cycle but an improvement in access

when interest rates fell, with higher-income households reporting the most noticeable easing (see Box 7).

Chart 18

MFI loans in selected euro area countries



Sources: ECB and ECB calculations.
Notes: Loans from monetary financial institutions (MFIs) are adjusted for loan sales and securitisation; in the case of non-financial corporations (NFCs), loans are also adjusted for notional cash pooling. The latest observations are for September 2025.

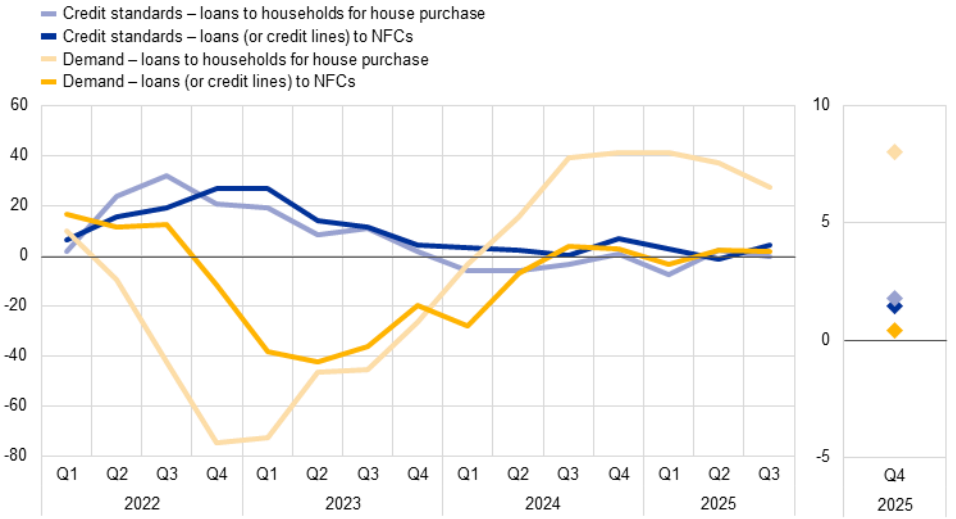
The October 2025 euro area bank lending survey **reports a small, unexpected net tightening of credit standards for loans or credit lines to firms in the third quarter of the year and unchanged credit standards for housing loans (Chart 19).** Credit standards for loans or credit lines to euro area firms tightened slightly in the third quarter of 2025, although banks had in the previous round expected credit standards to remain unchanged. Perceived risks related to the economic outlook again contributed to a tightening of credit standards. Banks reported the current high levels of geopolitical uncertainty and trade risks as reasons for differentiating between sectors or firms when issuing new loans. Credit standards for loans to households for house purchase were unchanged and banks reported a moderate net tightening for consumer credit. While competition had an easing impact on credit standards for housing loans, changes in banks' risk perceptions were the main drivers of the net

tightening for consumer credit. Banks reported a net increase in the proportion of rejected applications across all loan categories, with a more pronounced net increase for consumer credit. For the fourth quarter of 2025, euro area banks expect credit standards to be broadly unchanged for loans to firms, to tighten slightly for housing loans and to tighten further for consumer credit.

Chart 19

Changes in credit standards and net demand for loans to NFCs and loans to households for house purchase

(net percentages of banks reporting a tightening of credit standards or an increase in loan demand)



Source: ECB (bank lending survey).
Notes: NFCs stands for non-financial corporations. For survey questions on credit standards, "net percentages" are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably". For survey questions on demand for loans, "net percentages" are defined as the difference between the sum of the percentages of banks responding "increased considerably" and "increased somewhat" and the sum of the percentages of banks responding "decreased somewhat" and "decreased considerably". The diamonds denote expectations reported by banks in the current round. The latest observations are for the third quarter of 2025.

In the survey banks reported a slight net increase in the demand for loans or credit lines from firms and a further substantial increase in housing loan demand in the third quarter of 2025. The demand from firms for loans remained weak overall in the third quarter of 2025 despite declining lending rates and increased financing needs for debt refinancing or debt restructuring. Several banks referred to global uncertainty and the related trade tensions as having a dampening impact on loan demand. By contrast, the demand for housing loans continued to increase substantially, primarily reflecting declining interest rates and improved housing market prospects. Falling interest rates, together with other factors, also supported consumer credit demand. This was, however, offset by lower consumer confidence. The net increase in demand for consumer credit was lower than in the previous quarter but in line with banks' expectations. For the fourth quarter of 2025, banks expect unchanged loan demand from firms and a moderate increase in the demand for housing loans.

According to banks' responses to the ad hoc questions, their access to funding was broadly unchanged for retail funding and better for wholesale funding, but perceived risks to credit quality continued to weigh on credit standards. In the third quarter of 2025 banks' access to funding remained broadly unchanged for retail

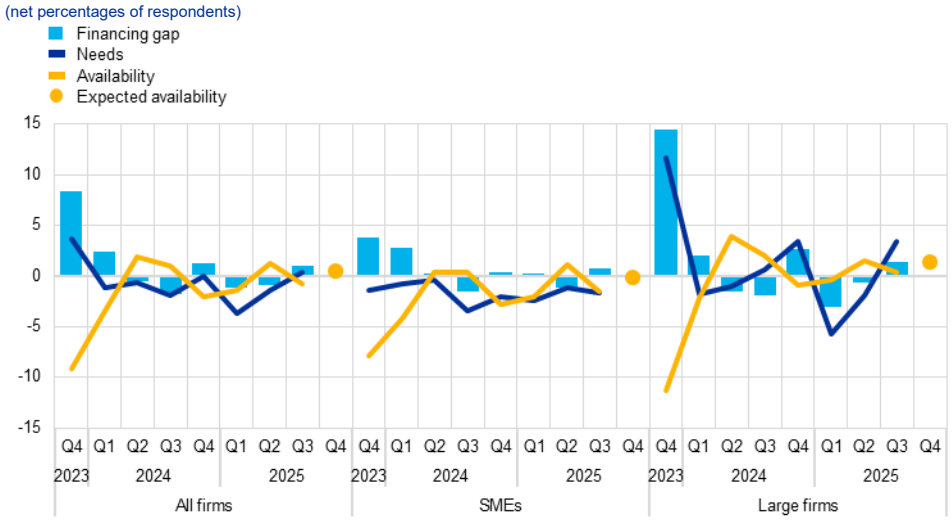
funding, while easing slightly for money markets and securitisation and more markedly for debt securities. Over the next three months, banks expect access to improve slightly for retail funding and to tighten slightly for money markets, while remaining broadly unchanged for debt securities and securitisation. The reduction in the ECB's monetary policy asset portfolio had had a broadly neutral impact on market financing conditions for euro area banks over the last six months, with banks further increasing their holdings of euro area sovereign bonds. The impact on lending conditions remained muted, reflecting the measured and predictable adjustment of the ECB's monetary policy portfolio. Banks expect these developments to continue over the next six months. Banks reported that the ECB's decisions regarding its key interest rates had had a further negative impact on their net interest margins over the past six months, whereas the impact via volumes turned positive. Banks expect a similar, albeit smaller, impact over the next six months. Banks also reported that non-performing loans ratios and other credit quality indicators had had a small net tightening impact on their credit standards for loans to firms, while credit standards for housing loans and consumer credit were unaffected in the third quarter of 2025. For the fourth quarter, euro area banks expect credit quality to have a more noticeable tightening impact on their lending conditions for consumer credit and loans to firms.

In the latest Survey on the Access to Finance of Enterprises **(SAFE), a small net percentage of firms reported an increase in bank interest rates and a larger proportion noted a continued tightening of other loan conditions.** In the third quarter of 2025 a net 2% of firms reported an increase in bank interest rates, compared with a net 14% having reported a decline in the previous quarter. Notably, large firms continued to indicate a decline in interest rates in net terms (-3%, up from -31% in the previous round), whereas a net 5% of small and medium-sized enterprises (SMEs) reported an increase. A net 23% of firms (up from 16% in the second quarter of 2025) reported an increase in other financing costs, such as charges, fees and commissions, and a net 16% of firms (up from 11% in the previous quarter) reported stricter collateral requirements.

Firms reported that both their need for bank loans and the availability of such loans continued to be broadly unchanged and that the availability was expected to remain broadly stable over the next three months (Chart 20). The net percentage of firms reporting a decline in the availability of bank loans was 1%, compared with 1% having indicated an increase in the previous quarter. SMEs observed a small decline in the availability of bank loans (a net -2%, down from a net 1% perceiving an increase in the previous quarter), while large firms saw availability as unchanged (a net 0%). These developments are mirrored by the slight net tightening of credit standards for loans or credit lines granted to firms in the third quarter of 2025, as highlighted in the euro area bank lending survey. The bank loan financing gap indicator based on SAFE data – an index capturing the difference between changes in needs and availability – was broadly unchanged (a net 1% of firms experienced an increase in the financing gap, compared with a net -1% in the previous quarter). Looking ahead, firms expect the availability of external financing to remain broadly unchanged over the next three months, indicating a less optimistic outlook than in the previous survey round.

Chart 20

Changes in euro area firms' bank loan needs, current and expected availability and financing gap



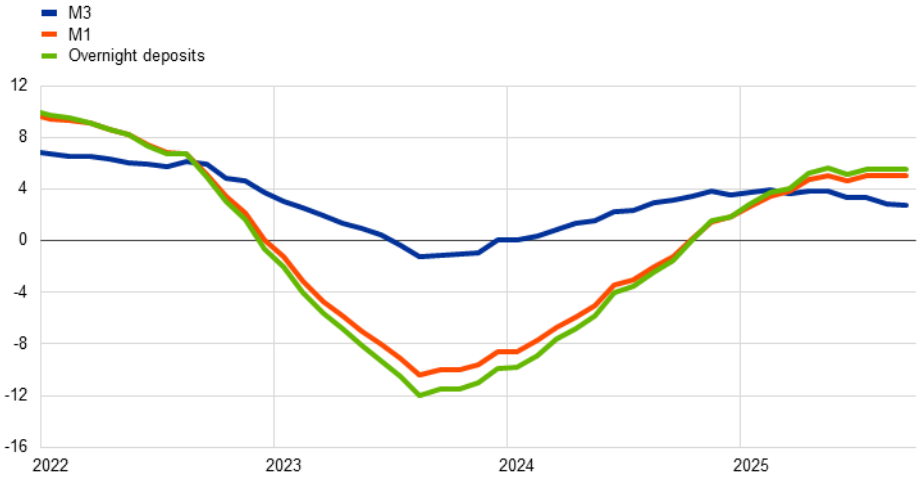
Sources: ECB (SAFE) and ECB calculations.
Notes: SMEs stands for small and medium-sized enterprises. Net percentages are the difference between the percentage of firms reporting an increase in availability of bank loans (or needs and expected availability respectively) and the percentage reporting a decrease in availability in the past three months. The indicator of the perceived change in the financing gap takes a value of 1 (-1) if the need increases (decreases) and availability decreases (increases). If firms perceive only a one-sided increase (decrease) in the financing gap, the variable is assigned a value of 0.5 (-0.5). A positive value for the indicator points to a widening of the financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. Expected availability has been shifted forward by one period to allow a direct comparison with realisations. The figures refer to pilot 2 and rounds 30 to 36 of the SAFE (October-December 2023 to July-September 2025).

Growth in broad money (M3) continued to weaken in September (Chart 21). Annual M3 growth edged down further in September, to 2.8% from 2.9% in August. It continued the progressive decline seen since February 2025 and remained well below its long-term average of 6.1%. Annual growth of narrow money (M1), which comprises the most liquid components of M3, increased to 5.1% in September, from 5.0% in August. M1 growth continued to be driven by overnight deposits, reflecting a strong preference for liquid assets among firms and households. From a sectoral perspective, the shift in the September data was strongly influenced by non-bank financial institutions, whose money holdings tend to be volatile. From a counterpart perspective, net foreign monetary inflows rebounded strongly in September from the moderate outflows seen in the previous two months. At the same time, the ongoing contraction of the Eurosystem balance sheet continued to weigh on M3 growth.

Chart 21

M3, M1 and overnight deposits

(annual percentage changes, adjusted for seasonal and calendar effects)



Source: ECB.
Note: The latest observations are for September 2025.

Boxes

1 China's growing trade surplus: why exports are surging as imports stall

Prepared by Alexander Al-Haschimi, Natálie Dvořáková, Julien Le Roux and Tajda Spital

Amid US-China trade tensions and a shifting geopolitical context, China's widening trade surplus, particularly in goods, has attracted considerable attention. Before the COVID-19 pandemic, Chinese exports and imports tended to move in tandem. Since then, however, a clear decoupling has taken place: goods exports have risen well above their pre-pandemic trend, while goods imports have stagnated below their 2021 level (Chart A). This divergence between export and import dynamics has resulted in a large trade surplus. For China's trading partners, the implications are multifaceted: stronger competitive pressures from Chinese exports in their domestic markets, weaker Chinese demand for their goods, and increased competition in third-country markets. These trade dynamics reflect multiple factors. Structural policies promoting self-reliance – notably the "Made in China 2025" strategy – have reduced dependence on foreign inputs, given domestic producers a boost and curbed imports.[1] At the same time, falling export prices and non-price competitiveness have supported exports.[2] This box shows how weak domestic demand in China, typically associated with subdued imports, may be an additional factor in explaining strong exports – an aspect that is often overlooked.

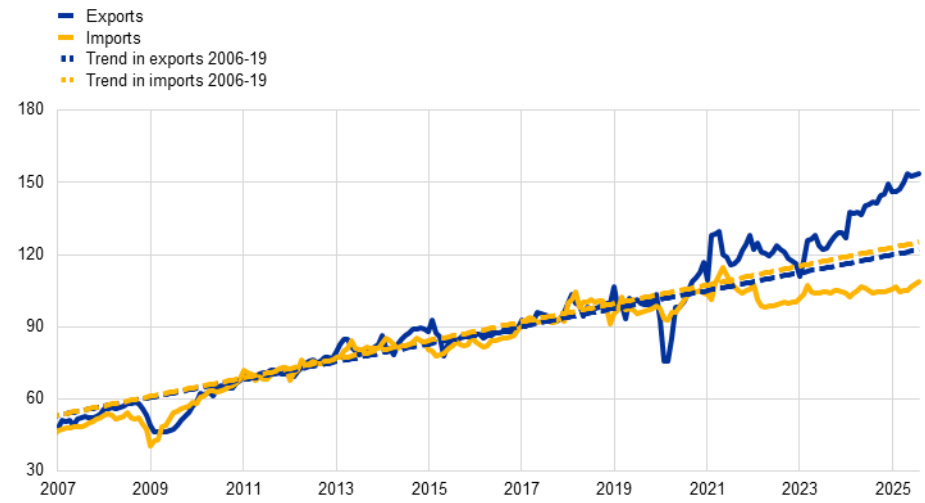
1 "Made in China 2025", launched in 2015, is China's strategy of upgrading its manufacturing sector from labour-intensive to high-tech industries. The plan aims to achieve greater self-reliance by boosting domestic content and promoting innovation and higher value-added sectors, such as electric vehicles, semiconductors, aerospace, robotics and biotechnology.

2 For a discussion of China's low export prices and non-price competitiveness, see Al-Haschimi et al. (2024b).

Chart A

China's goods imports and exports

(volume; indices, 2019 = 100)

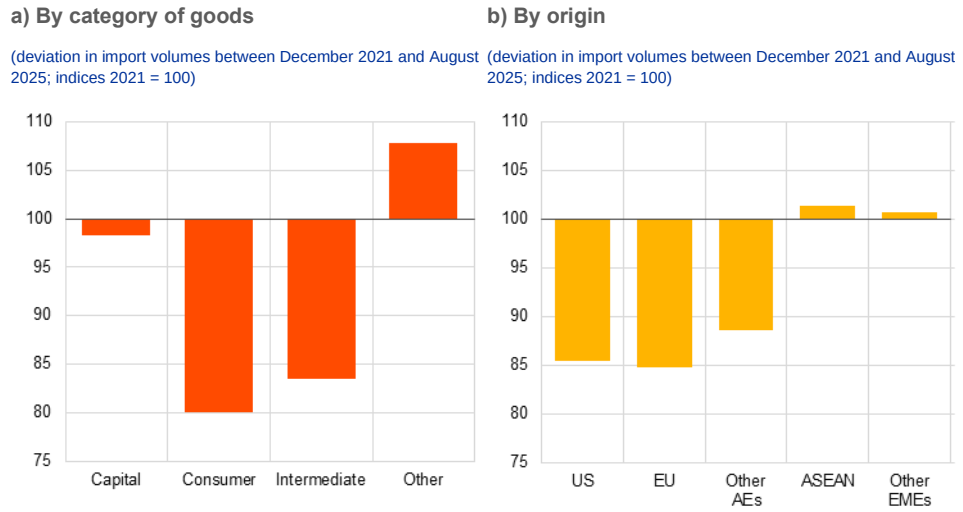


Sources: CPB Netherlands Bureau for Economic Policy Analysis and ECB staff calculations.
Notes: Data are monthly. The trends are computed using a log-linear regression of imports and exports over time. The latest observation is for August 2025.

The weakness in China's imports can be explained by a combination of cyclical and structural factors. Since 2021 the housing downturn has depressed imports. It has weighed on real estate investment, an import-intensive sector, and eroded household balance sheets, curtailing consumer demand. This cyclical slowdown is reflected in particularly weak imports of consumer and intermediate goods (Chart B, panel a). Structural factors, linked to the "Made in China 2025" strategy, have also contributed. A reconfiguration of trade partners has added to these shifts. Imports from advanced economies, notably the EU and the United States, have declined, while imports from emerging markets have either increased modestly or remained stable (Chart B, panel b). These patterns may be influenced by a host of factors beyond the scope of this box, but trade policies may also have played a role. Chinese non-tariff barriers are estimated to explain roughly half of the decline in Chinese imports from the United States during the 2018-19 trade war (Chen et al., 2023). In addition, the United States imposed export controls on advanced semiconductors in 2022 and only recently eased them, which further constrained inflows. By contrast, China's effective tariff rates have continued to fall, suggesting tariffs alone cannot explain the slowdown.

Chart B

Chinese imports by good category and origin



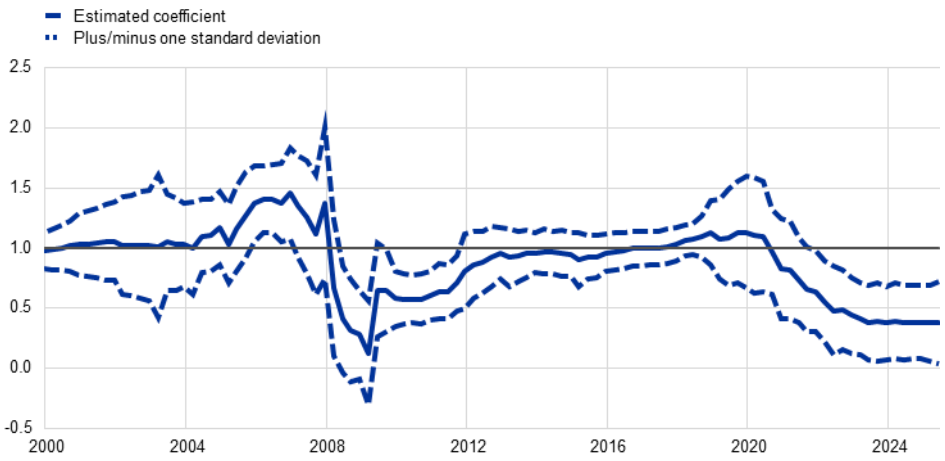
Sources: Trade Data Monitor and ECB staff calculations.
Notes: Based on monthly nominal trade data expressed in value terms and in US dollars. "Other" includes energy goods and products not classified in Broad Economic Categories (BEC; e.g. vehicles or military equipment). "Other AEs" refers to other advanced economies, "Other EMEs" to other emerging market economics and ASEAN to the Association of Southeast Asian Nations. The latest observation is for August 2025.

Empirical evidence also supports the view of a gradually diminishing import intensity of China's economic activity. A rolling window estimation shows that the long-run elasticity of China's imports to domestic demand has declined significantly below unity since the pandemic. This is despite the elasticity having hovered around unity for most of the past two decades, apart from a temporary drop during the global financial crisis (Chart C). The reduced sensitivity of imports to demand may reflect the more structural changes mentioned above, likely reinforced by the transition to a greener economy with reduced fossil-fuel imports. Taken together, these forces point to a lasting shift in China's import behaviour.

Chart C

Long-run elasticity of imports to GDP – rolling window estimate over 40 quarters

(coefficient estimates)



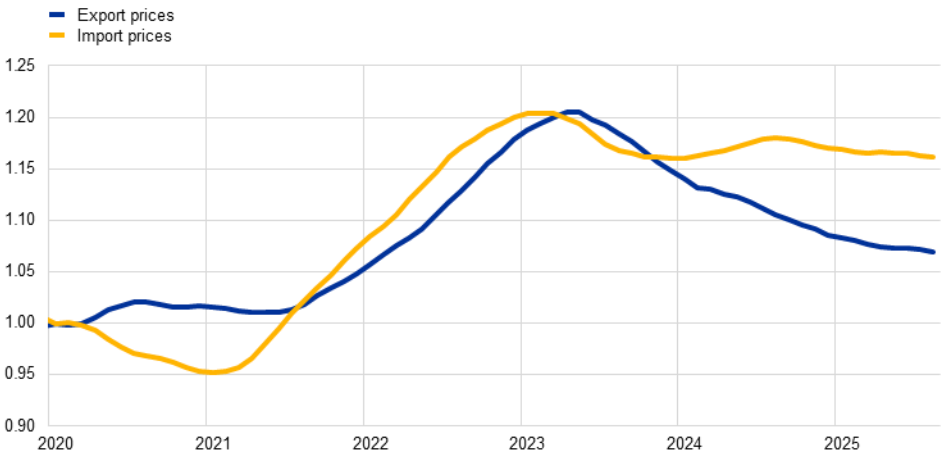
Sources: Haver Analytics and ECB staff calculations.
Notes: Estimates, based on a rolling window over 40 quarters, of the long-run coefficient of an error correction model containing an index of domestic demand. The point estimate reported at date t corresponds to an estimation over the period from t-40 to t, with the latest observation being for the second quarter of 2025.

Turning to the dynamism in Chinese exports, several factors have contributed to their recent strength. In the aftermath of the pandemic, exports benefited from pent-up global demand. More recently price competitiveness has played an important role, with export prices having declined persistently since mid-2023 (Chart D). At the same time, ongoing industrial upgrades, technological advancements and improvements in product quality have enhanced non-price competitiveness. Established trade relationships and China's integration into global value chains have further strengthened its market position and enabled it to expand market shares abroad (Al-Haschimi et al., 2024b).

Chart D

Prices of China's goods exports and imports

(moving annual average; January 2020 = 1)



Sources: CPB Netherlands Bureau for Economic Policy Analysis and ECB staff calculations.
Notes: Data are monthly, and the latest observation is for August 2025.

Subdued domestic demand, along with weak export prices, has recently played a central role in China's export dynamics. The 2021 domestic real estate crisis sharply curtailed household demand. At the same time state-led manufacturing investment, aimed at stabilising growth under China's supply side-oriented fiscal approach, offered little direct support to consumption. Excess capacity has led firms into price wars. This has eroded profit margins and discouraged spending in a deflationary environment with significant labour slack – prompting firms to redirect sales toward foreign markets.[3] This shift reflects the "vent-for-surplus" theory of international trade, which posits that a demand-driven decline in domestic sales generates excess capacity that can be redirected abroad.[4] The mechanism assumes fixed investment in the short term, which is particularly relevant in China, where investment is often guided by central planning. To expand abroad, firms must gain competitiveness in foreign markets. They typically do so by reducing short-run marginal costs and prices, or by accepting narrower profit margins, and in some cases even losses.

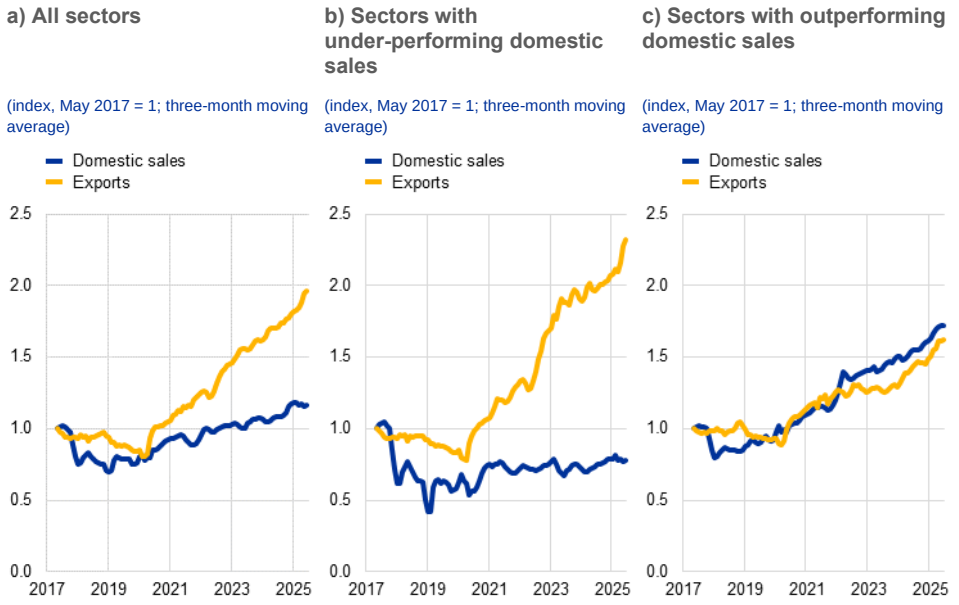
The "vent-for-surplus" theory helps explain recent trade patterns. Proxies for real domestic sales indicate that, since the pandemic, real exports have outpaced domestic sales, resulting in a widening gap between the two (Chart E, panel a). Our analysis finds that export growth is strongest in sectors with underperforming domestic sales growth. Since 2022 export volumes in sectors such as motor vehicles and steel have risen by about 75% (Chart E, panel b), suggesting that firms have increasingly shifted sales to foreign markets. Domestic absorption of excess capacity through lower prices has been constrained by weak demand, as the housing downturn continues to weigh on consumer confidence. By contrast, in sectors with outperforming domestic sales growth, mainly related to technology goods, export volumes have largely moved in line with domestic sales, rising by about 30% since 2022 (Chart E, panel c). Export prices have declined across all sectors, with more pronounced declines in sectors recording stronger export growth.

[3] On export dynamics following the pandemic, see Al-Haschimi and Spital (2024a).

[4] See Almunia et al. (2021).

Chart E

Real domestic sales and exports in China



Sources: China National Bureau of Statistics, Trade Data Monitor and ECB staff calculations.
Notes: Real domestic sales are approximated as nominal operating income minus exports, deflated by sector-specific producer price indices. As operating income reflects revenues net of costs, the indicator also captures cost and profitability dynamics, serving as a practical proxy given sectoral data constraints in China. The data cover the ten largest manufacturing sectors, together accounting for about 80% of nominal industrial exports, and are seasonally adjusted. Underperforming domestic sales are defined as averaging below the post-2021 annual nominal growth of domestic demand at 6.6% and relate to sectors such as textiles, furniture, plastics and rubber, steel, machinery and cars. Outperforming domestic sales relate to chemicals and to technology goods, including electrical machinery and communications equipment. Exports from sectors with underperforming domestic sales and those with outperforming domestic sales accounted for 42% and 35% of total nominal exports in 2024 respectively. The latest observation is for June 2025.

Weak domestic demand appears to be the missing link in explaining China's strong exports to Europe – more so than tariff-related trade diversion.

Escalating trade tensions between the United States and China might result in a further diversion of Chinese exports to Europe. However, the rise in China's exports to the EU predates the latest tensions and coincides instead with the onset of weakness in domestic demand in China. In the fourth quarter of 2024 the average monthly value of domestic sales was around four times higher than total exports and over 28 times larger than exports to the United States. This suggests the pool of goods that could be redirected to the EU is much broader than trade data alone would suggest. Redirecting even a small share of domestic sales abroad could boost overall exports – including to the EU – more than a sizeable diversion of exports from the United States.[5]

[5] For discussion on the redirection of Chinese exports to the euro area, see Boeckelmann et al. (2025).

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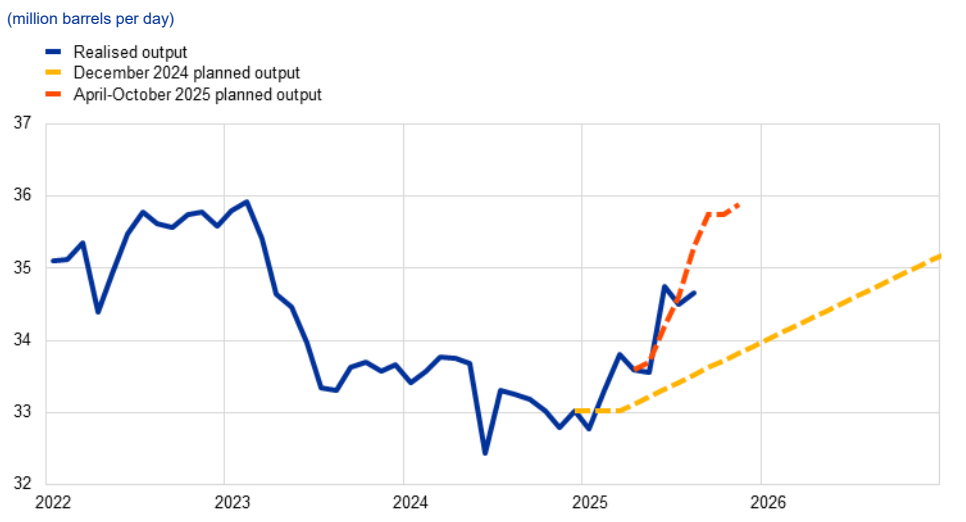
2 Shifts in OPEC+ behaviour and downside risks to oil prices

Prepared by Massimo Ferrari Minesso and Arthur Stalla-Bourdillon

A key factor behind the recent decline in oil prices has been the changing stance of OPEC+.[1] Oil prices have been on a downward trend over the past months, driven by two factors: weakening expectations for global demand after US tariff announcements, and OPEC's surprise decision to increase oil supply (Chart A).[2] Traditionally, OPEC has played a stabilising role in the oil market, with Saudi Arabia acting as a "swing producer".[3] However, OPEC has continued increasing oil supply since April 2025, despite already relatively low prices. In the past, OPEC's decisions to hike supply seemed to be intended either to enforce compliance with production quotas among its members by allowing prices to fall, or to regain market share from non-OPEC producers. These same factors may also explain the group's current behaviour.

Chart A

Realised and planned oil output



Sources: International Energy Agency (IEA), OPEC and ECB staff calculations.
Notes: The chart represents the realised and planned crude oil output of eight key OPEC members: Saudi Arabia, United Arab Emirates, Iraq, Kuwait, Algeria, Russia, Kazakhstan and Oman. The dashed lines represent the planned unwinding of oil output cuts from current OPEC output levels. The latest observations are for September 2025.

The current situation bears similarities to 2014, when shifts in OPEC behaviour led to a sharp and persistent oil price decline at a time when inflation was low.

1 The term "OPEC" refers to the Organization of the Petroleum Exporting Countries. "OPEC+", established in 2016, is a coalition of OPEC members and other oil-producing countries. For simplicity, both groups are referred to as "OPEC" for the remainder of this box.

2 OPEC first surprised markets in early April by increasing production by three times more than initially planned. The cartel continued to increase output in the months that followed, more than fully unwinding the 2.2 million barrels per day supply cut introduced in November 2023. Even after these hikes, including the most recent decision in early September 2025, the cartel continues to have ample spare capacity from the other previous cuts in April 2023 and October 2022.

3 Saudi Arabia is often called a "swing producer" by market commentators because it adjusts its oil production up or down to help keep prices steady.

In late 2014, during the initial years of the US shale oil boom, the cartel abandoned its traditional price stabilising role and repeatedly raised output to regain market share lost to US producers. This shift, combined with strong growth in US shale production and weaker demand – particularly due to a slowdown in China – drove oil prices down by around 34% between October and December 2014 (Chart B). This sharp decline also raised perceived deflation risks, as inflation was already low in the United States and the euro area. Inflation expectations fell in tandem, with US and euro area five-year forward inflation-linked swap rates five years ahead dropping by 29 and 13 basis points respectively.

Chart B

Oil price developments

Source: LSEG.
Note: The latest observations are for 17 September 2025.

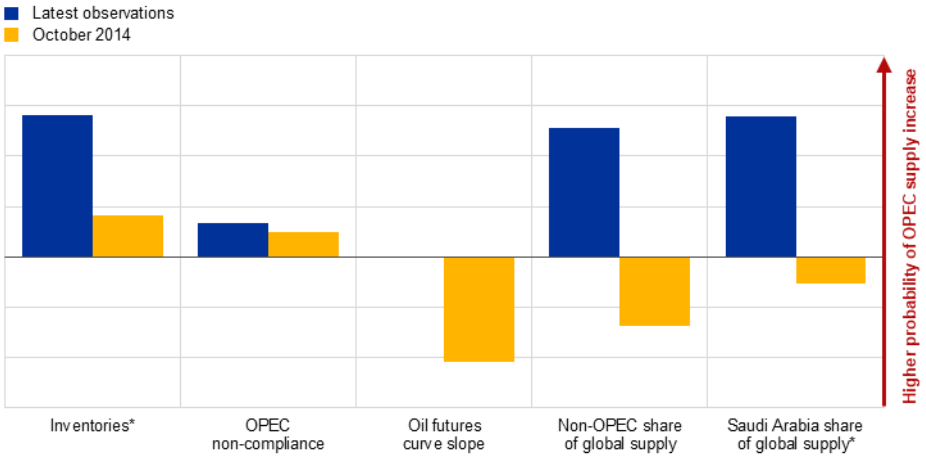
As in 2014, further increases in OPEC supply could put downward pressure on oil prices. Nazer and Pescatori (2022) identify a number of key indicators historically associated with the cartel's supply decisions. Comparing the current levels of these indicators with those of October 2014 – just before OPEC's supply hikes at that time – can offer useful insights into the group's position in the oil market today (Chart C). Taken together, these indicators suggest that OPEC has strong incentives to further increase production, with Saudi Arabia likely to continue deviating from its usual role as a market stabiliser. Moreover, although Saudi Arabia is gradually regaining its market position, its share of global supply remains even lower than it was in 2014, while non-OPEC producers have continued to expand their presence. And compliance with production quotas among cartel members, in particular by Iraq and Kazakhstan, is currently slightly weaker than it was in 2014, when it was already below the long-term average. In this context, Saudi Arabia may opt to raise output further to restore discipline within the group.[4]

[4] The slope of the oil futures curve – currently more downward-sloping than in October 2014 – also supports this. This suggests that investors place greater value on short-term deliveries, pointing (together with lower inventories) to tighter market conditions today compared with 2014.

Chart C

Indicators associated with OPEC's supply decisions

(deviation from standardised 2013-25 mean)



Sources: IEA, OPEC, LSEG, Morningstar, U.S. Energy Information Administration and ECB staff calculations.
Notes: The indicators are expressed in terms of the deviation from a standardised mean calculated from monthly values between January 2013 and September 2025. OPEC non-compliance is calculated using the difference (if positive) between OPEC group-level quotas and realised production for 2014-16, and the sum of OPEC countries' positive deviations from their country-level quotas for 2017-25, both divided by the number of OPEC or OPEC+ members at that time. Inventories refers to OECD oil inventories as a percentage of total global oil demand. Oil futures curve slope is an indicator of market tightness, calculated as the difference between oil spot prices and 12-month futures prices. A positive slope indicates a relatively tight oil market. Variables marked with "*" have been multiplied by -1, since a lower value for these variables corresponds to a higher probability of an OPEC supply increase. The latest observations are for July 2025 for inventories and non-compliance, 24 September 2025 for oil futures and August 2025 for shares of global supply.

OPEC's behaviour can be modelled as that of a dominant oil producer competing against price-taking suppliers. To assess the impact of additional supply increases, we use an estimated dynamic general equilibrium model of the oil market, integrating the frameworks of Nakov and Pescatori (2010), Nakov and Nuño (2013) and Filardo et al. (2020). The model includes three country blocs: an oil-importing region, which imports oil and produces aggregate goods; a competitive oil-producing region, such as shale oil producers, which acts as a price-taker in the oil market; and a dominant oil-producing region, representing the OPEC cartel, which adjusts oil production to maximise its own profits and internalises the reactions of the other two groups. Crucially, the cartel's power is proportional to its market share – the larger OPEC's share, the greater its ability to set a price markup.[5]

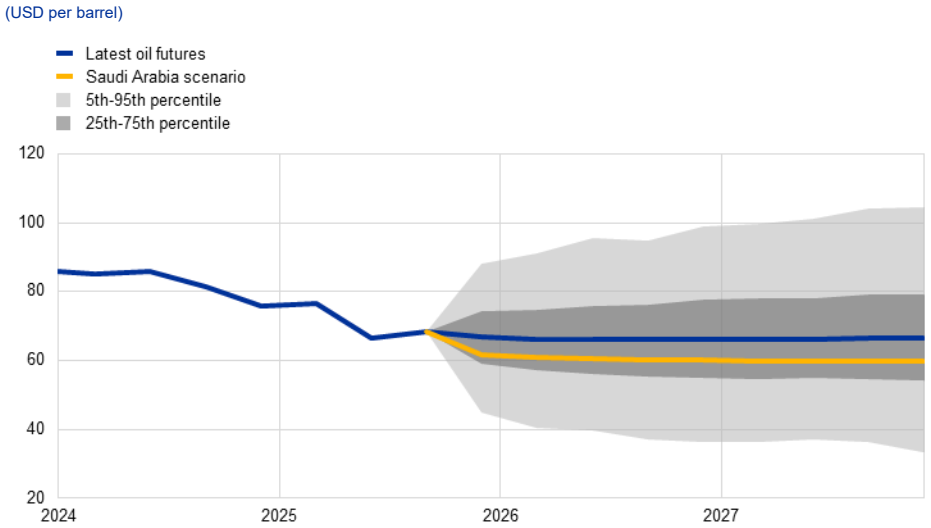
Model-based estimates indicate that if Saudi Arabia were to further increase oil supply, oil prices could decline by an additional 10%. Using our model, we simulate how oil prices would change if Saudi Arabia supplied oil to its full production capacity to maximise its market share, irrespective of other producers' reactions or prevailing price levels. This shift would lead to both higher global oil supply and reduced market power for OPEC, thereby lowering the cartel's capacity to set a price markup. Together, these factors would exert downward pressure on oil prices. Under this scenario, oil prices are projected to fall by around 10%. Based on current market data and assuming no additional shocks or policy interventions, this would place oil

5 Another important characteristic of the model is that oil production requires capital investments, which means it takes time to scale up oil supply. Key parameters of the model are estimated with Bayesian methods to match observed developments in global output, interest rates and oil prices.

prices around USD 60 per barrel by 2027 – below the levels currently indicated by the latest oil futures (Chart D).

Chart D

Oil price effects of a 10% increase in oil supply by Saudi Arabia



Sources: LSEG, Bloomberg Finance L.P. and ECB staff calculations.
Notes: "Saudi Arabia scenario" refers to a model-based simulation in which Saudi Arabia progressively increases oil production by moving away from its traditional role as a "swing producer". "Latest oil futures" refers to the ten-day rolling average of the latest available futures prices. "5th-95th percentile" and "25th-75th percentile" refer to percentiles of option-implied risk neutral densities for oil prices. These densities have been centred around the latest available futures prices. The latest observations are for 19 September 2025.

However, several factors suggest that a sharp oil price decline, similar to that seen in 2014, is unlikely. The 2014 price drop was driven by a combination of increased OPEC production and strong non-OPEC supply growth, which rose by 4.4% that year – mostly because of US shale oil. In contrast, current projections by the International Energy Agency expect only moderate production growth from non-OPEC countries in 2025 and 2026 (2.1% and 1.7% respectively). This implies that even if OPEC were to continue unwinding its production cuts, global oil supply today would not benefit from the same non-OPEC production growth as it did in 2014. Consequently, the downward pressure on oil prices is likely to be less pronounced, all the more so as upside risks to prices stemming from the war in Ukraine and from Western sanctions on Russian oil flows persist.

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3 Car demand in the euro area through the lens of the ECB Consumer Expectations Survey

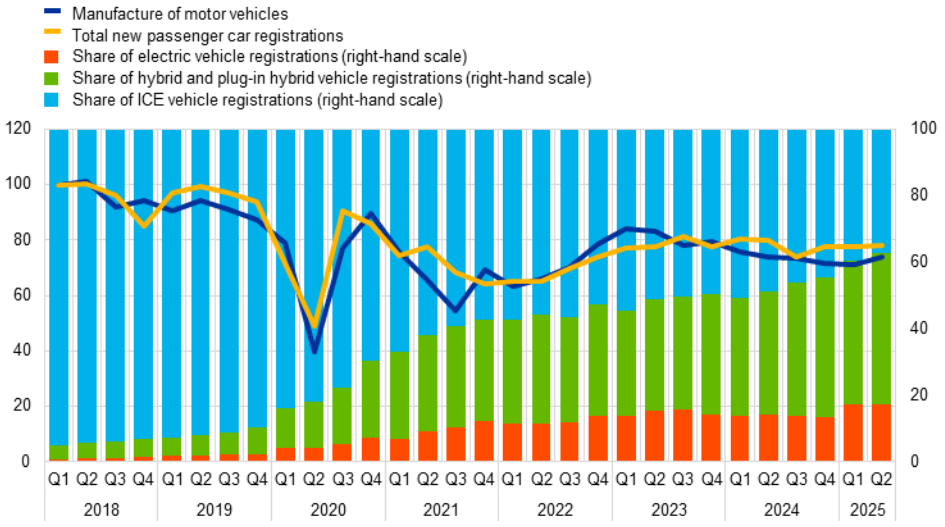
Roberto A. De Santis, Johannes Gareis and Luis Molestina Vivar

This box draws on new data from the ECB Consumer Expectations Survey (CES) to examine households' demand for cars in the euro area. The car sector plays a crucial role in the euro area economy, accounting for around 10% of manufacturing value added and close to 2% of real GDP. However, in recent years the sector has faced significant headwinds, with new passenger car registrations and production volumes in the second quarter of 2025 still around 20% and 30% below their early-2018 levels respectively (Chart A).[1] The composition of registrations points to a notable shift in the types of car being purchased and helps explain the decline in overall registrations, with a reduction in internal combustion engine (ICE) car sales being only partly offset by an increase in sales of hybrid and fully electric vehicles. This box uses CES data collected in July 2025 to shed more light on the main factors shaping households' car expenditure decisions in the euro area, which are an important component of overall car demand.[2]

Chart A

Car production volumes and registrations

(left-hand scale: index: Q1 2018 = 100; right-hand scale: percentages of total registrations)



Sources: European Automobile Manufacturers' Association, Eurostat and ECB calculations.
Note: The latest observations are for the second quarter of 2025.

The new CES data provide timely, household-level insights into the composition of car purchases, showing that these were mainly concentrated in second-hand ICE cars. Over the period 2021-24, the annual share of CES

1 See De Santis, R.A. et al. (2022), De Santis, R.A. (2024) and De Santis, R.A. et al. (2024).

2 While households account for a smaller share of total new car registrations than corporate or rental fleets, they remain an important market segment. According to data from the European Automobile Manufacturers' Association, private registrations make up around 40% of new car registrations in the European Union.

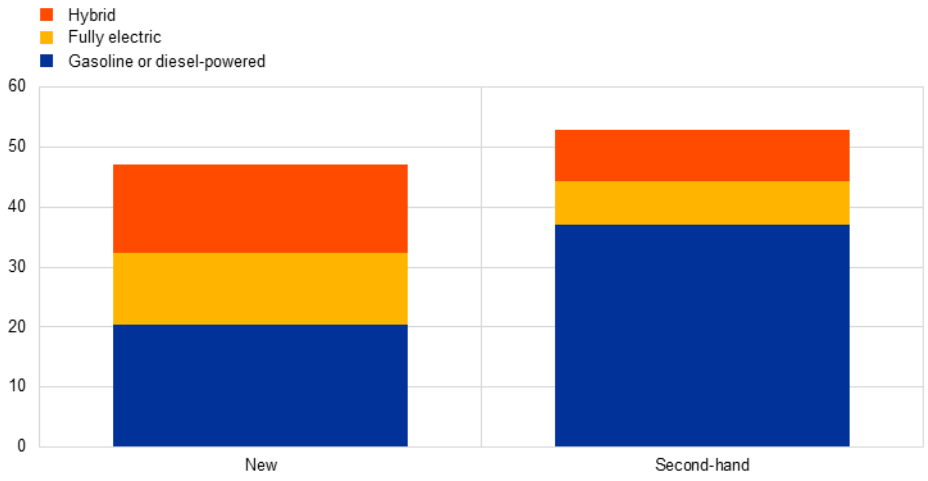
respondents reporting a car purchase ranged between 6% and 7%. In July 2025 – when the one-off set of questions about car purchases was fielded in the CES – 47% of respondents who had bought a car in the previous 30 days reported buying a new car and 53% reported buying a second-hand car (Chart B, panel a). ICE vehicles accounted for around 43% of new car purchases, while hybrids and fully electric cars represented 31% and 25% respectively. By contrast, in the second-hand market, the vast majority of purchases were ICE cars (70%), with hybrids and fully electric cars each making up only around 15%.

Chart B

Type of car purchased and reason

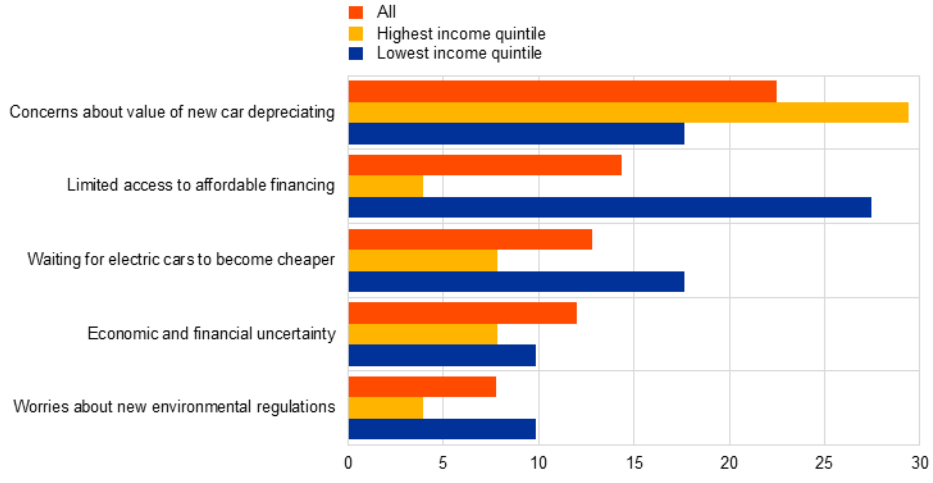
a) Distribution of car types purchased

(percentages of respondents who bought a car in the previous 30 days)



b) Reasons for buying a second-hand car rather than a new car

(percentages of respondents who bought a second-hand car in the previous 30 days)



Sources: ECB (CES) and ECB calculations.
Notes: Based on the July 2025 CES wave. Panel a) shows the distribution of the types of car purchased (488 respondents). The percentages refer to the share of each car type in total purchases across both new and second-hand cars. Together, the "new" and "second-hand" bars total 100%, representing all car purchases reported in the July 2025 CES wave. Panel b) shows responses to the question "What was the main reason for buying a second-hand car instead of a new car?" broken down by income (highest and lowest income quintile; 258 respondents). Responses not included in the chart fall under "other reasons".

Across all respondents, concerns about the value of a new car depreciating quickly was the main reason for buying a second-hand car rather than a new one, while for low-income households, limited access to affordable financing played the largest role. In July 2025, of the CES respondents who had bought a second-hand car in the past 30 days, 22% cited concerns about the value of a new car depreciating as their main reason. The next most reported reason was limited access to affordable financing options (14%), followed by waiting for electric vehicles to become cheaper (13%), economic and financial uncertainty (12%) and worries about new environmental regulations (8%) (Chart B, panel b). These factors varied considerably across income groups. For low-income households, the main obstacle to purchasing a new car was limited access to affordable financing options, with 27% of respondents in this group citing this as the main reason for choosing a second-hand car. Financing constraints were much less relevant for high-income households, with only 4% mentioning this as the main reason.

Most CES respondents had no plans to buy a car within the next year, with economic and financial uncertainty and a preference for alternative modes of transportation playing a role in their decision, particularly for low-income households (Chart C). In July 2025, 11% of CES respondents reported plans to purchase a car within the next year, while 89% had no such plans.[3] Of those not planning to buy a car, 63% indicated that their current car met their needs, 10% cited economic and financial uncertainty and 10% reported a preference for alternative modes of transportation. Limited access to affordable financing options and worries about future environmental regulations were less relevant, each accounting for around 4% of responses. The relative importance of these factors also differed across income groups. Economic and financial uncertainty and a preference for alternative modes of transportation were more important for low-income households (18% and 16% of responses respectively) than for high-income households (5% and 6% of responses respectively). By contrast, high-income households (78%) were much more likely to say that their current car met their needs than low-income households (43%).[4]

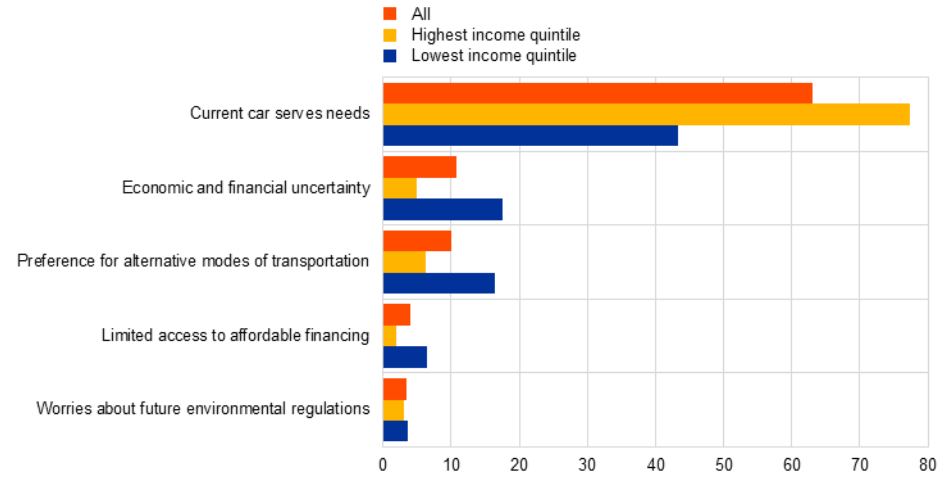
[3] Planned car purchases can exceed eventual purchases. For example, in January 2024 nearly 9% of respondents said they intended to buy a car within the next year, whereas only around 7% of respondents actually did so in 2024.

[4] This difference may partly reflect differences in the age and number of cars owned between high-income and low-income households. However, the CES does not provide information on these factors.

Chart C

Reasons for not planning a car purchase

(percentages of respondents not planning on buying a car)



Sources: ECB (CES) and ECB calculations.
Notes: Based on the July 2025 CES wave. The chart presents responses to the question "What is the main reason you are not planning to buy a car in the next 12 months?", broken down by income (highest and lowest income quintile). The sample size is 18,212 respondents. Responses not included in the chart fall under "other reasons".

Among respondents planning to buy a car, there was higher demand for ICE cars and hybrids than for fully electric vehicles. In the July 2025 CES wave 42% of respondents who were planning to buy a car within the next year intended to purchase an ICE car and 41% intended to buy a hybrid (Chart D, panel a). Although intentions do not necessarily translate into actual purchases, these shares differ significantly from those for actual purchases in the same month, with 58% of car buyers opting for ICE vehicles and only 23% choosing hybrids (Chart B, panel a). 16% of respondents planned to buy a fully electric vehicle, compared with 19% of reported actual purchases in July 2025.[5] Regarding the origin of cars, 81% of respondents planning to buy a car within the next year wanted their vehicle to be from an EU country, whereas 19% preferred cars from countries outside the EU (Chart D, panel b).

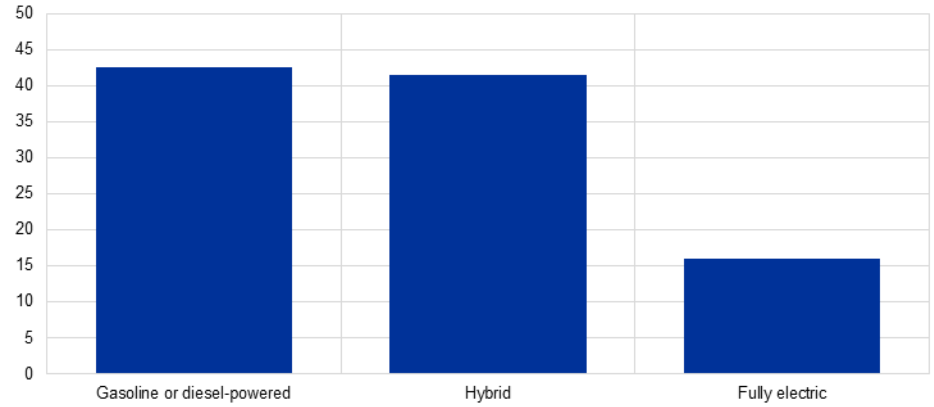
5 Note that these figures include both new and second-hand cars, whereas Chart A refers to new car registrations only.

Chart D

Planned car type and origin preferences

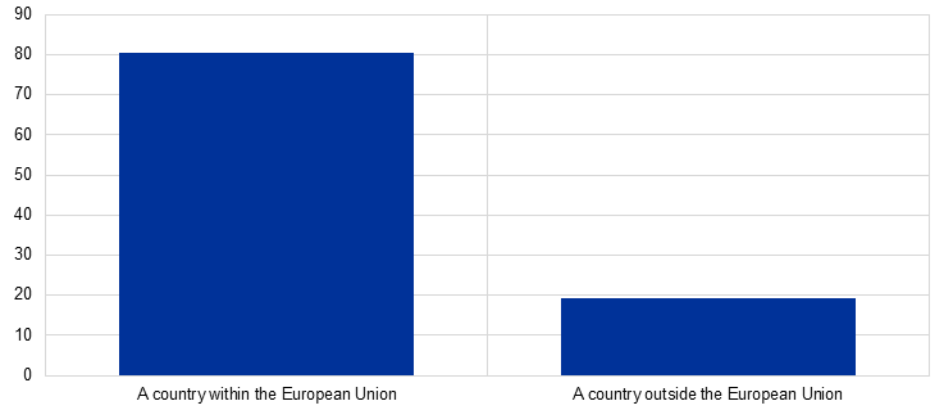
a) Preferred car type

(percentages of respondents planning to buy a car within the next year)



b) Preferred origin

(percentages of respondents planning to buy a car within the next year)



Sources: ECB (CES) and ECB calculations.
Notes: Based on the July 2025 CES wave. Panel a) presents responses to the question "What type of vehicle are you planning to buy in the next 12 months?" and panel b) shows responses to the question "Where would you most prefer the origin of your next car to be?" The sample size for both panels is 2,293 respondents.

Looking ahead, the recovery of euro area car demand is likely to remain sluggish amid persistent challenges. The July 2025 CES data on car demand in the euro area indicate that the elevated economic and financial uncertainty is likely to weigh on future car purchasing decisions, particularly among low-income households. This suggests that any rebound in car demand may be slow. At the same time, households' limited interest in fully electric vehicles indicates that the transition to electrification is likely to continue to be gradual.

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4 And yet we move: evidence on job-to-job transitions in the euro area

Prepared by Daniela Arlia, Clémence Berson and Agostino Consolo

This box presents novel data on job-to-job transition rates for the main euro area economies, complementing standard labour market statistics. When workers move from one job to another, it is usually to find a better match for their skills (improving productivity) or because they are able to negotiate a higher salary or obtain better conditions, e.g. in terms of working hours, work environment or commuting time (Moscarini and Postel-Vinay, 2016, 2017; Hahn et al., 2017; Karahan et al., 2017). An increasing number of job-to-job transitions indicates that firms tend to poach more workers from other firms before tapping the pool of unemployed or inactive persons. An analysis of job-to-job transitions can complement the assessment of the different margins of adjustment in the labour market and help gauge wage and productivity developments (Berson et al., 2024; Lagarde, 2025). Against this backdrop, the aim of this box is to compute job-to-job transitions for a subset of euro area countries and a proxy for the euro area aggregate in order to provide a more comprehensive picture of labour market tightness, which has implications for wage and price inflation.

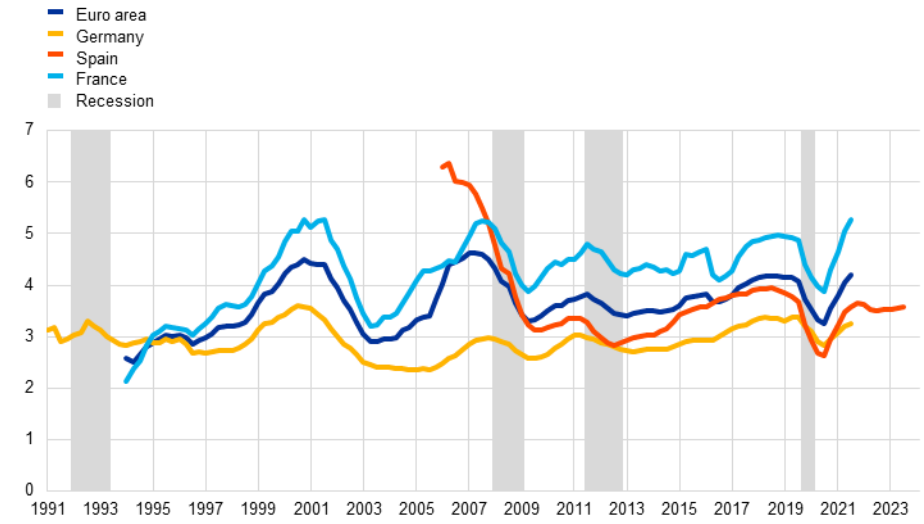
Measuring job-to-job flows requires large micro datasets that link employers and employees over time. To study labour market flows, it is essential to have data that trace career paths. Administrative data based on social security information meet this requirement by enabling a representative random sample of workers to be tracked over several decades, generally based on their date of birth. These data are coupled with information on firms, which allows transitions from one job to another to be identified, as well as movements into and out of the private sector. As administrative data are collected primarily for administrative and operational purposes (for example, managing social security contributions), it takes time for social security institutions to gather, validate and process the raw data, and to make the anonymised data accessible for research purposes. For this reason, they are typically available only with a time lag.

Job-to-job flows are cyclical and provide a complementary measure of labour market tightness. Job-to-job transition rates measure the share of workers changing job from one quarter to the next without a spell of unemployment. Chart A highlights the cyclical behaviour of job-to-job flows. During a downturn, workers have fewer opportunities to find another job and tend to stay at the same establishment. During a boom, workers try to move up the job ladder and change jobs to increase their wages or improve their working conditions. This is observable in all three countries – and hence the euro area aggregate – although the share of job-to-job movers differs from one country to another.

Chart A

Job-to-job transition rates in Germany, Spain, France and a proxy for the euro area

(percentage shares of employment)



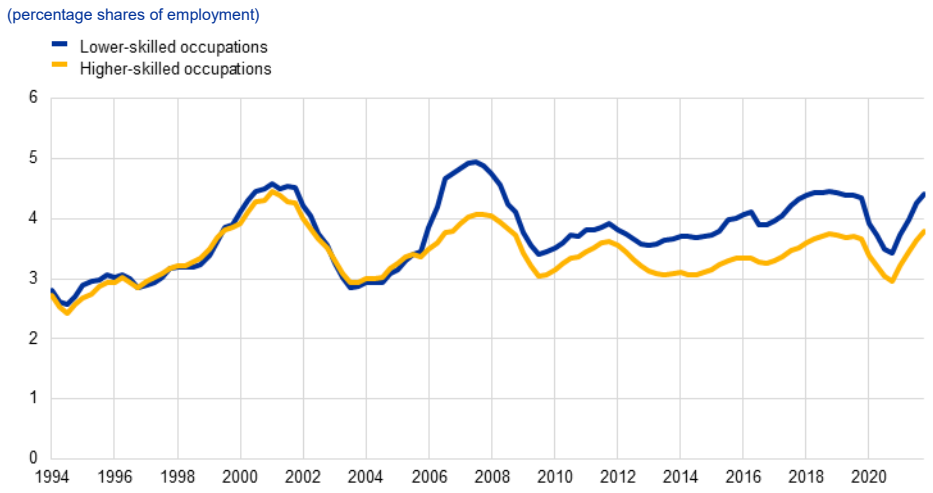
Sources: IAB, Ministerio de Inclusión, Seguridad Social y Migraciones, Insee and ECB calculations.
Notes: The sample covers the period 1991-2021 for Germany, 2006-23 for Spain and 1994-2021 for France. The euro area aggregate is a proxy composed of Germany and France (1994-2021) and Spain (2006-21), based on data availability. Recessions are identified by the Euro Area Business Cycle Network of the Centre for Economic Policy Research. The job-to-job transition rate is the share of workers changing employer between two consecutive quarters in employment.

Job-to-job moves depend on both worker and job characteristics. In addition to macroeconomic conditions, the opportunity to switch jobs is influenced by the worker's negotiation power, which varies according to their occupation and skills. It is also affected by factors such as the nature of their contract (full-time versus part-time; permanent versus temporary), age, education level and job opportunities within the firm. Chart B shows data by type of occupation (lower and higher-skilled) for the euro area proxy. Job-to-job transition rates tend to be higher for workers in lower-skilled occupations, especially from the mid-2000s onwards, when European countries began implementing significant labour market reforms.[1]

[1] In this box, occupations are categorised as lower-skilled and higher-skilled based on job titles, which are harmonised across countries and over time. Lower-skilled occupations include blue-collar jobs, clerks and retail jobs (ISCO-08 4, 5, 7, 8, 9), while higher-skilled occupations include managers and intermediate occupations (ISCO-08 1, 2, 3).

Chart B

Job-to-job transition rates across occupations for the euro area aggregate



Sources: IAB, Ministerio de Inclusión, Seguridad Social y Migraciones, Insee and ECB calculations.
Notes: The euro area aggregate is a proxy composed of Germany and France (1994-2021) and Spain (2006-21), based on data availability. The job-to-job transition rate is the share of workers changing employer between two consecutive quarters in employment.

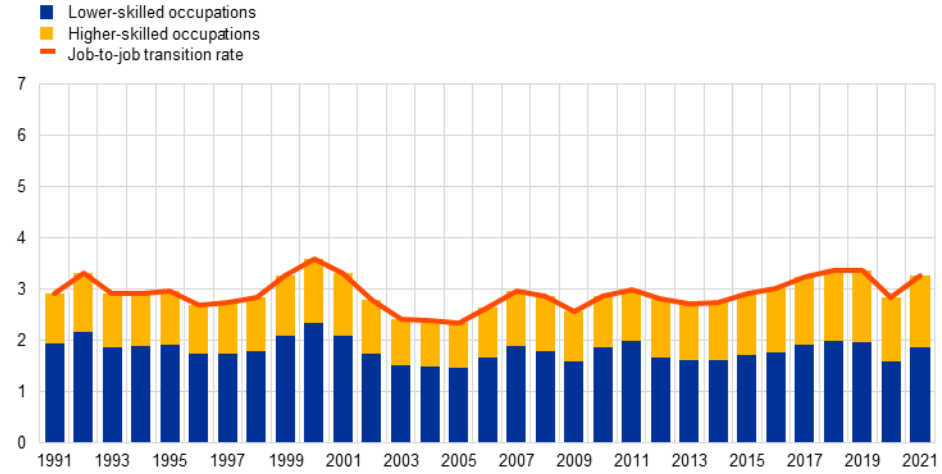
The evidence suggests that workers in lower-skilled occupations are more mobile and account for the bulk of job mover fluctuations. Across types, workers in lower-skilled occupations remain the main drivers of total job-to-job transitions across all three countries (Chart C). Mobility across higher-skilled occupations is significantly lower – some differentiation across countries notwithstanding – with job movers in higher-skilled occupations accounting for only 15% of the total transition rate in 2021 in Spain, but 34% in France and 43% in Germany. These trends largely mirror the composition of the total workforce across the three countries and hold even though the share of higher-skilled workers has steadily increased over time (by 5 percentage points in Spain and 7 percentage points in Germany and France since the mid-2000s, reaching 20%, 47% and 41% respectively in 2021). Skill composition is important as workers are affected by different wage bargaining mechanisms (including minimum wage policies), productivity levels and outside options, as well as sector-specific shocks, which all have implications for wage negotiations. At the macroeconomic level, as an increase in job-to-job transitions is associated with labour market tightness, the overall impact on aggregate wage inflation crucially hinges on the share of workers in lower-skilled occupations, given that this share influences the slope of the wage Phillips curve (Abbritti and Consolo, 2024; Afrouzi et al., 2024).

Chart C

Contribution to job-to-job transition rates by type of occupation in Germany, Spain and France

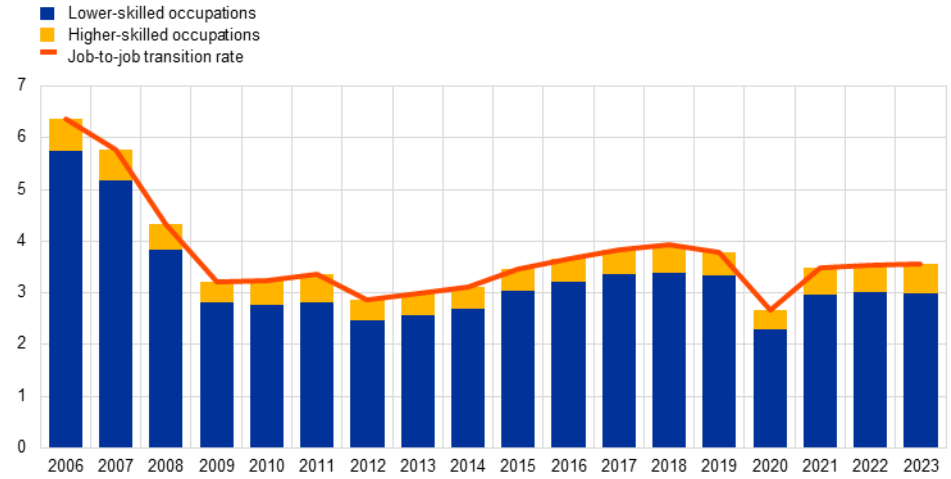
a) Germany

(percentage shares of employment)



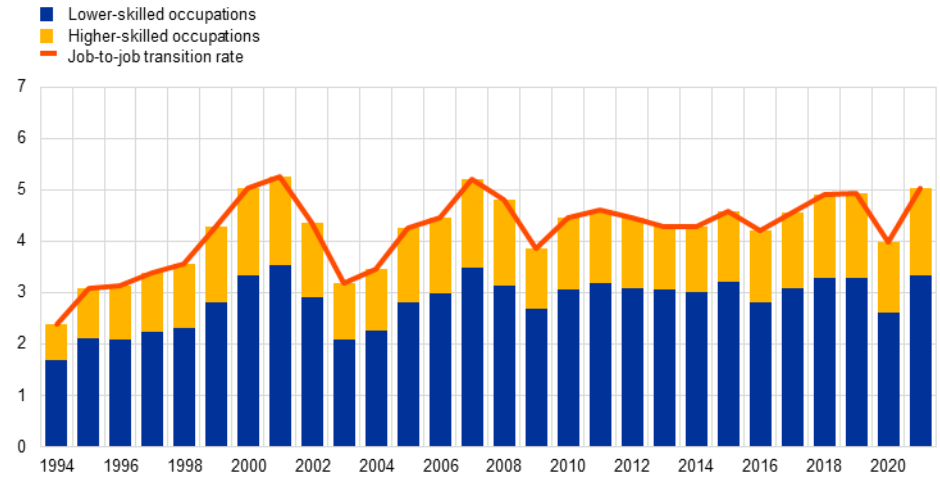
b) Spain

(percentage shares of employment)



c) France

(percentage shares of employment)

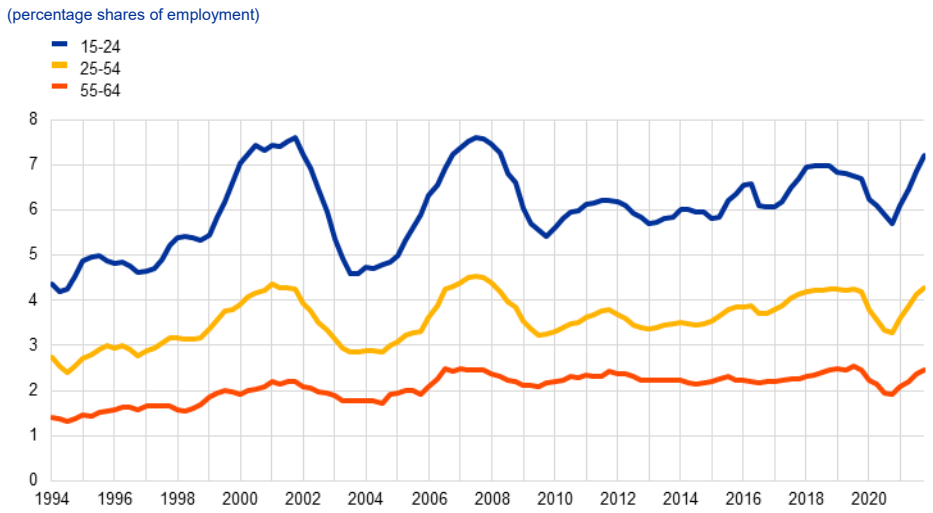


Sources: IAB, Ministerio de Inclusión, Seguridad Social y Migraciones, Insee and ECB calculations.
Notes: The sample covers the period 1991-2021 for Germany, 2006-23 for Spain and 1994-2021 for France. Yearly data are calculated as a simple average across quarters.

The ageing of the euro area labour force is expected to have a negative impact on the job-to-job transition rate. The euro area labour force is getting older (Berson and Botelho, 2023), driven by lower fertility rates, increased longevity and pension reforms that raise the retirement age. At the start of their careers, workers typically climb the job ladder and gain experience primarily by changing employers. As a result, younger cohorts tend to have higher transition rates than older cohorts (Chart D). This also reflects the dual nature of the labour market: young workers are more likely to hold temporary or seasonal contracts, which leads to more frequent job changes. For example, workers aged 15 to 24 change jobs around 2 to 3 percentage points more often than workers aged 25 to 54 in France and Germany, and up to 6 percentage points more often in Spain. However, given the relatively low share of young workers in total employment, their contribution to the overall job-to-job transition rate is limited (8% in Spain, 11% in Germany and 20% in France). By contrast, workers aged 55 to 64 are less mobile than other age groups. While their contribution to the job-to-job transition rate remains lower than that of workers aged 25 to 54, it has been increasing over time.

Chart D

Job-to-job transition rates across age groups for the euro area aggregate



Sources: IAB, Ministerio de Inclusión, Seguridad Social y Migraciones, Insee and ECB calculations.
Notes: The euro area aggregate is a proxy composed of Germany and France (1994-2021) and Spain (2006-21), based on data availability. The job-to-job transition rate is the share of workers changing employer between two consecutive quarters in employment.

In conclusion, job-to-job transition rates are insightful indicators for evaluating labour market tightness, even though they are subject to limitations.

Administrative data provide an extensive set of information to measure flows in the labour markets. While providing a comprehensive representation of job-to-job transitions, these data are available only with a time lag. However, administrative data can be used in combination with the ECB's Consumer Expectations Survey, which includes information on the employment status of interviewees (Dias da Silva et al., 2022), to obtain a real-time update.

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5 Main findings from the ECB's recent contacts with non-financial companies

Prepared by Friderike Kuik, Richard Morris, Moreno Roma and Michal Slavík

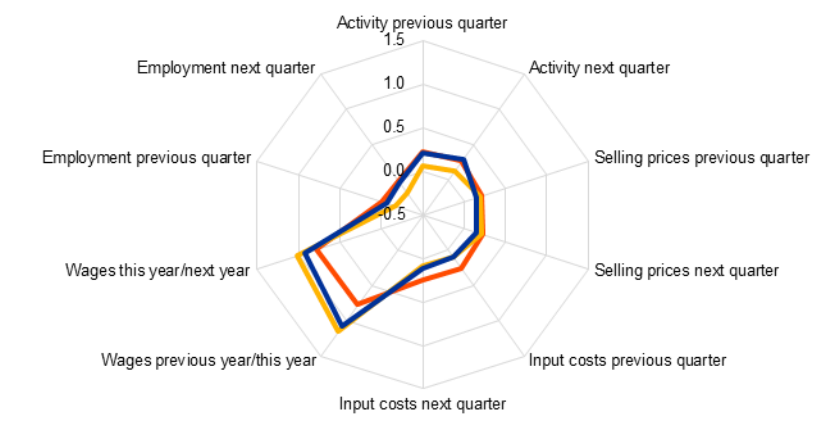
This box summarises the findings of recent contacts between ECB staff and representatives of 71 leading non-financial companies operating in the euro area. The exchanges took place between 29 September and 9 October 2025.[1]

Contacts reported a slight improvement in business conditions, but these remained consistent with only modest growth in activity (Chart A and Chart B). Manufacturing output was still weighed down by tariffs, uncertainty and challenges to competitiveness as well as relatively muted growth in consumer goods spending, with little improvement anticipated in the short term. Construction activity was, however, slowly turning the corner, and many contacts in the services sector pointed to good or reasonable growth, linked especially to consumer spending on tourism and hospitality and to investment in software, data solutions and artificial intelligence (AI).

Chart A

Summary of views on activity, employment, prices and costs

(averages of ECB staff scores)



Source: ECB.
Notes: The scores reflect the average of scores given by ECB staff in their assessment of what contacts said about quarter-on-quarter developments in activity (sales, production and orders), input costs (material, energy, transport, etc.) and selling prices, and about year-on-year wage developments. Scores range from -2 (significant decrease) to +2 (significant increase). A score of 0 would mean no change. For the current round, previous quarter and next quarter refer to the third and fourth quarters of 2025 respectively, while for the previous round these refer to the second and third quarters of 2025. Discussions with contacts in January and in March/April regarding wage developments normally focus on the outlook for the current year compared with the previous year, while discussions in June/July and September/October focus on the outlook for the next year compared with the current year. The historical average is an average of scores compiled using summaries of past contacts extending back to 2008.

Growth in consumer spending remained lacklustre overall, given rising real incomes, although there were also some bright spots. Retailers reported modest

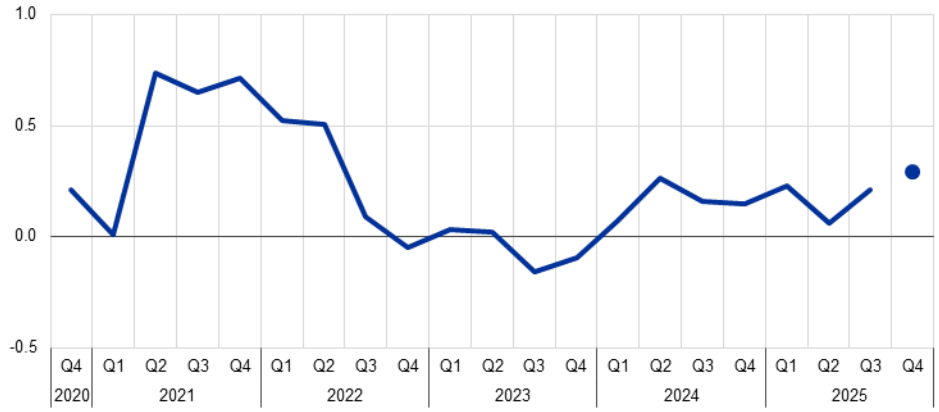
[1] For further information on the nature and purpose of these contacts, see Elding, Morris and Slavík (2021).

growth as most consumers remained cautious and price-sensitive. This benefited lower-priced brands over more expensive ones and, in clothing retail, more conservative, long-term purchases over the latest fashion. Clothing retailers in particular faced increasing competition from international e-commerce. Rising rates of "cart abandonment" online were also cited as an indication of increased consumer hesitancy at the point of purchase. Demand for passenger cars remained flat amid regulatory uncertainty and a take-up of electric vehicles that remained well below a path consistent with future emission reduction targets. On a more positive note, manufacturers of household appliances and consumer electronics said activity was "a bit better" or "broadly positive". Moreover, contacts in the tourism, hospitality and entertainment industries said that activity in their sectors had grown strongly over the summer (especially in southern Europe) and continued to see a bright outlook.

Chart B

Views on developments in and the outlook for activity

(averages of ECB staff scores)



Source: ECB.
Notes: The scores reflect the average of scores given by ECB staff in their assessment of what contacts said about quarter-on-quarter developments in activity (sales, production and orders). Scores range from -2 (significant decrease) to +2 (significant increase). A score of 0 would mean no change. The dot refers to expectations for the next quarter.

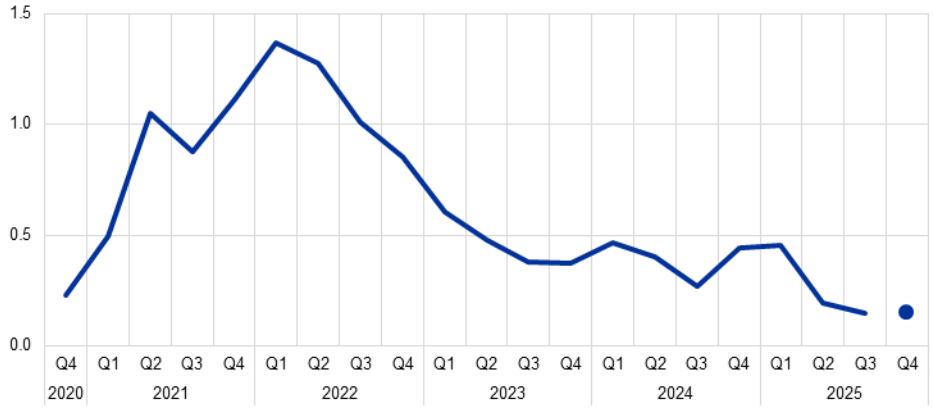
Investment in machinery and equipment remained subdued, contrasting with strong growth in spending on digitalisation and AI. Widespread geopolitical and policy uncertainty, tariffs and high or increasing regulatory and labour costs were all said to be weighing on physical investment, with decisions tending to be postponed and firms making smaller, incremental investments rather than larger ones. Many contacts in the manufacturing sector expressed frustration at the burden of environmental, social and governance regulations and pointed to increased market penetration by Asian (especially Chinese) competitors that benefited from significantly lower overall costs. A higher level of activity in residential real estate markets was translating into a pick-up in construction, but at a very gradual pace. By contrast, many firms were investing strongly in digital infrastructure, giving rise to substantially growing demand for software and databases, particularly cloud solutions, and AI. This was driven by a need to increase efficiency, transform business models and remain competitive. Providers of such services also reported that these investments were particularly strong in the financial and public sectors. The increasing deployment of AI was, at the same time, starting to disrupt the business model of traditional consultancy firms.

The employment outlook remained relatively subdued. Feedback was consistent with slightly declining headcount on average, which was a less negative picture than three months ago. Employment declines were concentrated mainly within the intermediate goods and automotive sectors, reflecting the ongoing challenges they faced. Elsewhere employment was mostly stable, but with some increases in more strongly growing sectors and countries. Placement agencies continued to report a challenging environment. Temporary placement activity seemed to be stabilising at low levels and permanent hiring continued to fall as firms delayed hiring decisions and favoured temporary staffing solutions. People were reportedly also becoming more reluctant to switch jobs, as salary offers no longer met their expectations.

Chart C

Views on developments in and the outlook for prices

(averages of ECB staff scores)



Source: ECB.
Notes: The scores reflect the average of scores given by ECB staff in their assessment of what contacts said about quarter-on-quarter developments in selling prices. Scores range from -2 (significant decrease) to +2 (significant increase). A score of 0 would mean no change. The dot refers to expectations for the next quarter.

Contacts reported a further slight slowdown in selling price momentum in recent months (Chart A and Chart C). This was mainly driven by price moderation in the services sector, reflecting some cooling in price growth in labour-intensive sectors such as hospitality, intensifying competition in telecommunications, and sharply declining prices for shipping and related logistics services. Food retailers and producers mostly reported prices being raised to pass through rising costs, which in some cases reflected effects of climate change and related regulation. Growth in food prices was, however, expected to moderate in the coming months. Non-food retailers and consumer goods manufacturers, meanwhile, reported flat prices or only very modest price growth in view of still relatively weak demand and price-sensitive consumers. Elsewhere in the manufacturing sector, prices were mostly flat or declining, reflecting weak demand, overcapacity and increasing import competition (caused in part by the redirection of trade flows as a result of increased US tariffs). For this reason, most contacts in the manufacturing sector also reported stable or declining input costs for raw materials and components.

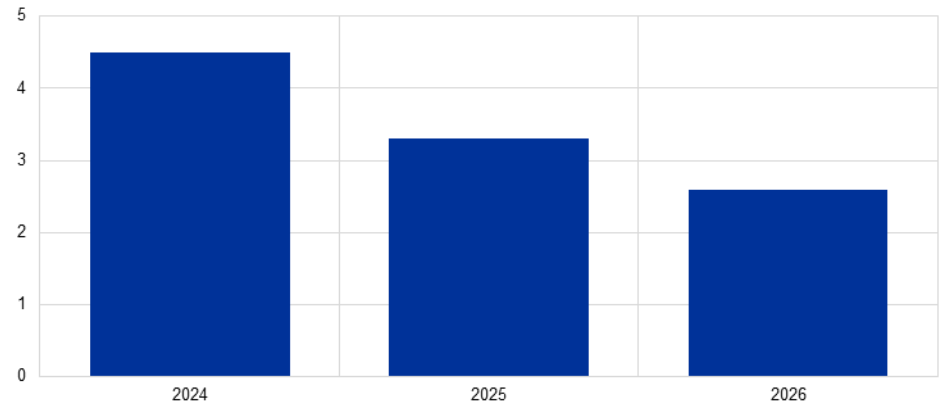
Contacts reconfirmed a picture of moderating wage growth (Chart D). On average, the quantitative indications provided would imply that wage growth is expected to slow, from 4.5% in 2024 to 3.3% in 2025 (both figures unchanged from the

previous survey round) and further to 2.6% in 2026 (0.2 percentage points below the previous survey round).

Chart D

Quantitative assessment of wage growth

(percentages)



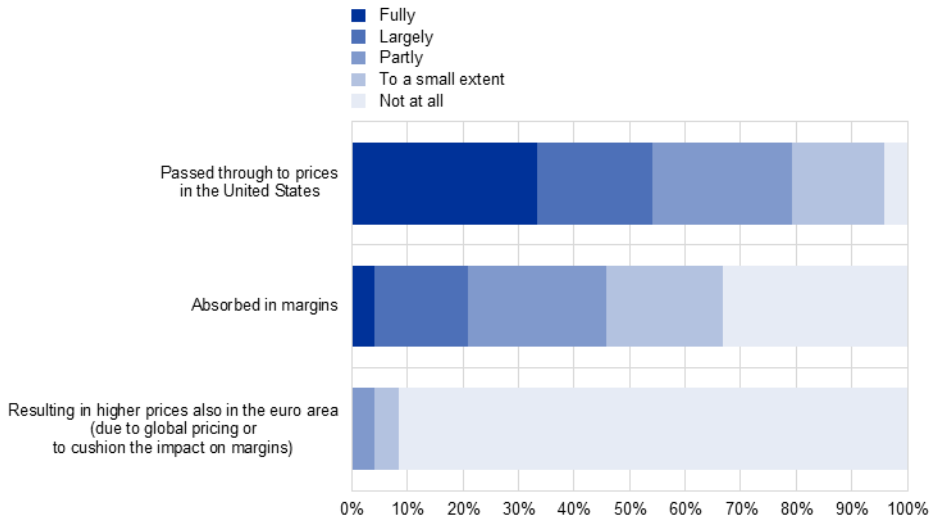
Source: ECB.
Notes: Averages of contacts' perceptions of wage growth in their sector in 2024 and their expectations for 2025 and 2026. The averages for 2024, 2025 and 2026 are based on indications provided by 61, 66 and 61 respondents respectively.

Reaction to the EU-US trade deal was mixed, and the impact on euro area activity and producer prices was still viewed as negative. While some contacts welcomed the EU-US trade deal as a reasonable compromise, many stressed that uncertainty remained as details were still unclear, further changes could be made and deals were yet to be struck with other major economies. The impact on euro area activity was assessed as negative – not just because of reduced exports to the United States but also in view of increased import competition, as the EU market was the most exposed to the diversion of trade flows. Most contacts in upstream manufacturing industries therefore said that the effect of US tariffs on euro area producer prices was negative. So far, however, this downward pressure on prices was not widely perceived by contacts in the consumer goods or retail sectors, suggesting still little or no impact on final consumer prices in the euro area. Feedback from contacts in companies exporting goods to the United States, meanwhile, suggested that most of the cost of tariffs was being passed on to US customers, although a significant portion was also being absorbed in margins (Chart E). There was reportedly little direct spillover to euro area prices (via global pricing or to cushion the impact on margins).

Chart E

Price responses of euro area exporters to increases in US tariffs

(percentages of responding firms)



Source: ECB.
Notes: The chart reflects the interpretation by ECB staff of the responses from a sub-sample consisting of 28 firms exporting to the United States to the question: "To what extent are higher US tariffs (i) being passed through to higher prices in the United States, (ii) being absorbed in margins, (iii) resulting in higher prices also in the euro area (due to global pricing or to cushion the impact on margins)?

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6 Not all prices disinflate alike: disentangling the dynamics of sticky and flexible-price items

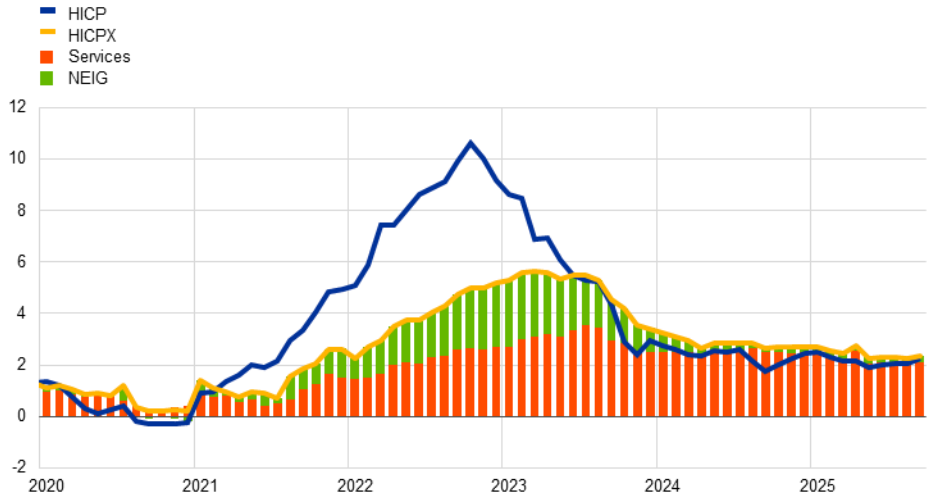
Prepared by Christian Höynck, Elisabeth Wieland and Lourdes María Zulli Gandur

Core inflation in the euro area has declined markedly since its 2023 peak but remains elevated, mainly due to persistent services price inflation. The annual rate of change in the Harmonised Index of Consumer Prices excluding energy and food (HICPX) has fallen substantially, from 5.7% in March 2023 to 2.4% in September 2025. However, it has stayed significantly above headline inflation for more than two years, underscoring its stickiness (Chart A). Within the HICPX, services inflation remains elevated, whereas non-energy industrial goods (NEIG) inflation has already returned to its pre-pandemic average. This box draws on micro price evidence on the frequency of price adjustments to disentangle the roles of sticky and flexible-price items in shaping recent disinflation dynamics in the HICPX.

Chart A

Developments in HICP and HICPX inflation

(annual percentage changes and percentage point contributions)



Sources: Eurostat and ECB staff calculations.
Note: The latest observations are for September 2025.

Micro price data allow inflation subcomponents to be divided into sticky and flexible items according to the underlying frequency of their price changes. Following Bryan and Meyer (2010) for the United States, a sticky-price indicator should capture more persistent and generalised developments across prices than its flexible-price counterpart, as firms with infrequent price changes may place greater weight on expected future price developments when resetting prices.[1] We thus draw

[1] The Federal Reserve Bank of Atlanta regularly publishes a sticky-price consumer price index (CPI) for the United States. The Deutsche Bundesbank (2025) has also used a sticky-price indicator based on German CPI micro price data in the context of underlying inflation measures for Germany. Bodnár et al. (2025) show that items that are repriced only annually have remained an important factor behind the persistence of services inflation in the euro area.

on recent micro price evidence from Gautier et al. (2024) to construct measures of sticky and flexible core items for the euro area. For the low-inflation period of 2011-19, the authors report product-level frequencies of price adjustments for 11 euro area countries, covering about 60% of the euro area HICP basket.[2] Our analysis for the euro area builds on 72 HICPX items according to the Classification of Individual Consumption according to Purpose (COICOP) at the four-digit level. Using cross-sectional frequency statistics (averaged over the period 2011-19) from Gautier et al. (2024), we classify an item as sticky if the frequency of its price changes is at or below the median frequency across all HICPX items. For the euro area, this median amounts to 7.3%, implying that in a typical month only 7.3% of product prices in the HICPX basket change relative to the previous month. Based on this criterion, 39 HICPX items are classified as sticky and the remaining 33 as flexible.[3] Keeping this composition constant over time, the corresponding indices are then derived by aggregating sticky and flexible core items using the HICP's chain-linking and annual weighting method.

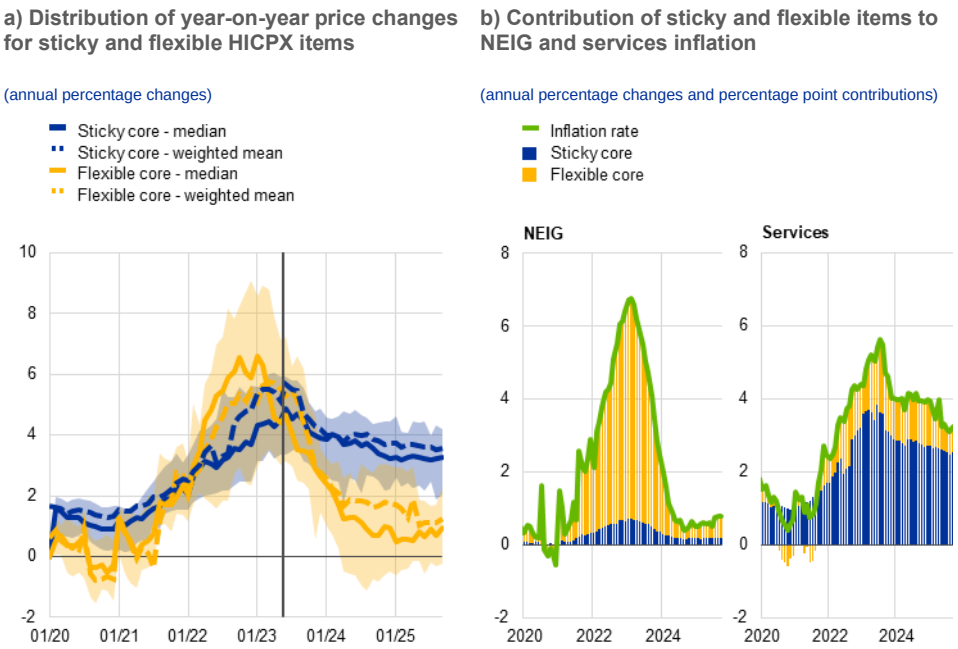
Sticky core inflation in the euro area has eased only gradually, while flexible core inflation has returned closer to its pre-pandemic average. Sticky core inflation, as measured by the weighted mean of sticky HICP items, has remained relatively persistent in recent months, hovering around 3.6% (Chart B, panel a). By contrast, flexible core inflation – which is more volatile and rose strongly during the inflation surge – started to decline earlier and has now fallen back closer to its pre-pandemic level, standing at 1.2% in September 2025. Flexible core items also displayed a higher degree of frontloading in price adjustments: for this category, 85% of items recorded their inflation peak before March 2023, which is when HICPX inflation reached its maximum. In comparison, only 41% of sticky core items had already peaked by that time.

2 The data and replication files of Gautier et al. (2024) are available via openICPSR. The authors compute frequency statistics at the COICOP five-digit level for the euro area using constant country weights (2017-19 averages). On this basis, we derive euro area frequencies of price changes (including sales) by simple averaging at the COICOP four-digit level. In deriving the median frequency, we also apply the same authors' rule in considering only those items for which observations are available for at least three out of the four largest euro area countries (Germany, Spain, France and Italy). The remaining items are derived from the available countries.

3 Out of the 39 sticky core items, eight are NEIG and 31 are services. Among the 33 flexible core items, 25 are NEIG and eight are services. Examples of sticky core items with relatively high weights are "restaurants, cafés and the like", "maintenance and repair of personal transport equipment", "social protection" and "other medical products, therapeutic appliances and equipment". The largest flexible core items are "actual rentals for housing", "motor cars", "accommodation services", "garments" and "furniture and furnishings".

Chart B

Price developments of sticky and flexible HICPX items



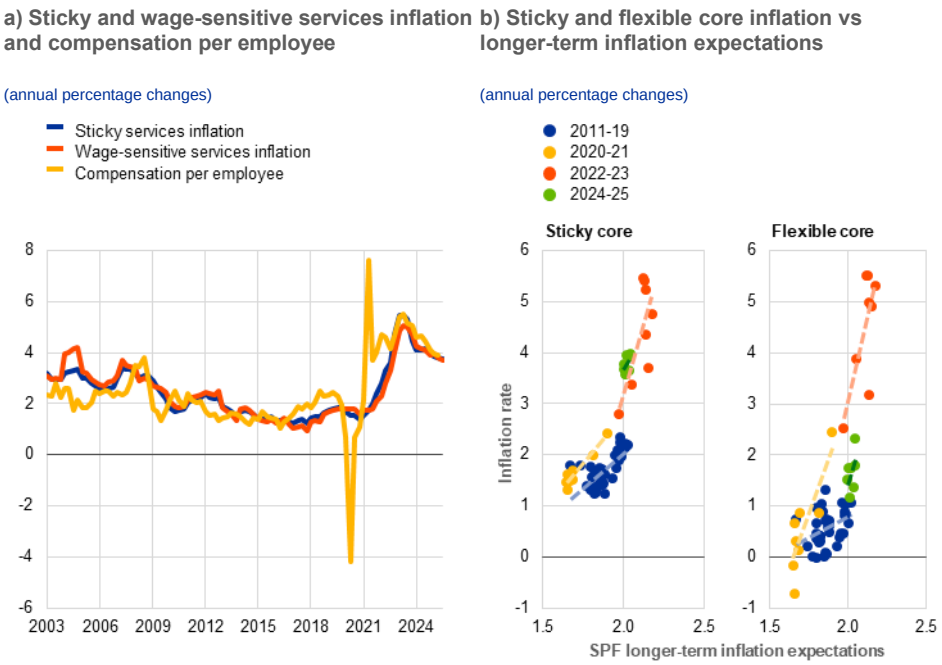
Sources: Eurostat, Gautier et al. (2024) and ECB staff calculations.
Notes: "Sticky core" includes 39 HICPX items at the COICOP four-digit level and "Flexible core" includes 33. The weighted mean of sticky and flexible core inflation is based on the respective HICP weights. The median is calculated on the basis of the year-on-year inflation rates of all items in each subcategory and shaded areas represent the range of year-on-year rates (25th to 75th percentile). The vertical grey line in panel a) indicates peak HICPX inflation (March 2023). The latest observations are for September 2025.

Flexible-price goods drove the surge in NEIG inflation, while the persistence of services inflation reflects contributions from both sticky and flexible-price items (Chart B, panel b). For NEIG, the sharp increase in prices during the period 2021-23 was largely driven by flexible-price items, followed by a rapid decline that brought NEIG inflation back to subdued levels. NEIG inflation is currently relatively stable and moderate and predominantly driven by flexible-price items such as "garments" and "footwear", while the contributions from sticky-price items are already back at their pre-pandemic average. By contrast, services inflation has remained elevated, reflecting the strong persistence of sticky-price items, whose contributions have declined only marginally since the beginning of this year (from 2.7 to 2.5 percentage points), while the contributions from flexible-price items have fallen more markedly (from 1.2 to 0.7 percentage points).[4] The recent persistence of sticky-price inflation in services is consistent with Martínez Hernández et al. (2025), who found a more gradual pass-through of energy and supply-chain shocks to services than to NEIG inflation. Moreover, upward pressure from labour market shocks associated with strong wage growth has added to that persistence. Sticky services inflation thus co-moves strongly with wage dynamics and wage-sensitive services inflation (Chart C, panel a).

[4] A significant jump in flexible services inflation to 3.9% in April 2025 can be related to the exceptionally strong impact of this year's Easter period on prices of travel-related services (Eiglsperger et al., 2025).

Chart C

Sticky services inflation, sticky and flexible core inflation and inflation expectations



Sources: Eurostat, Gautier et al. (2024), SPF and ECB staff calculations.
Notes: Panel a): chart based on quarterly data. Wage-sensitive services inflation is calculated as in Fagandini et al. (2024). Panel b): scatter plot based on quarterly data. Longer-term inflation expectations in the SPF may be as much as four or five calendar years in the future, depending on the timing of the survey. The latest observations in both panels are for the second quarter of 2025 for compensation per employee and the third quarter of 2025 for all other items.

Sticky core inflation in the euro area appears more closely linked to inflation expectations. A scatter plot of sticky and flexible core inflation against longer-term inflation expectations from the ECB's Survey of Professional Forecasters (SPF) shows that during the low-inflation period of 2011-19 sticky core inflation clustered tightly between 1% and 2.5%, close to SPF expectations (Chart C, panel b). By contrast, flexible core inflation was more dispersed, ranging from negative rates to well above 1%. This finding is reinforced by estimates of quarterly New Keynesian Phillips curve specifications for each indicator, including its lagged value, the unemployment gap, inflation expectations (two years ahead and longer term) and import prices.[5] Both medium and longer-term expectations significantly explain sticky core inflation, while they are insignificant for its flexible counterpart.

Taken together, the persistence of sticky core inflation underscores the roles of past cost shocks and elevated wage pressures. In view of both the moderation of the latter and anchored long-term inflation expectations, sticky core inflation is likely to disinflate further.

[5] In particular, for each measure (sticky and flexible core) we estimate alternative specifications of a New Keynesian Phillips curve regression as follows: $\pi_t = \alpha + \beta\pi_{t-1} + \gamma\, Ugap_{t-1} + \rho IP_{t-2} + \delta\pi_t^e + \mu_t$, where π_t denotes the annualised quarterly rate of change in seasonally adjusted sticky or flexible core inflation, $Ugap_{t-1}$ is the unemployment gap lagged by one quarter, IP_{t-2} refers to the year-on-year growth rate of import prices and π_t^e represents inflation expectations.

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7 The heterogenous transmission of monetary policy to household credit

Prepared by Dorian Henricot, Johannes Pöschl and Athanasios Tsiortas

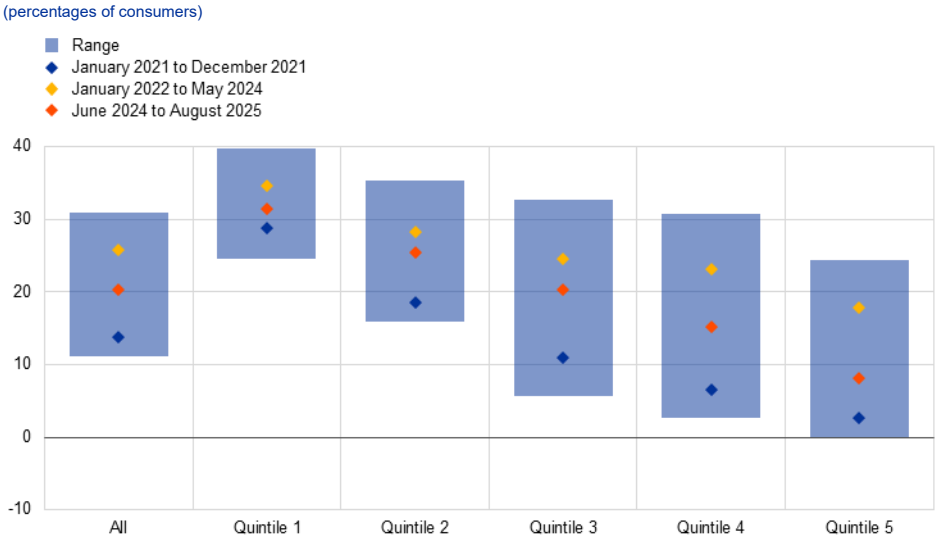
The ECB's monetary policy decisions affect loans to households, but in different ways depending on household characteristics and the type of loan. The effect of interest rate changes on a household's decision to apply for a loan and a lender's decision to grant a loan depends on various household characteristics. Data from the ECB Consumer Expectations Survey on credit access perceptions, loan applications and loan rejections reveal the differences in how monetary policy passes through to household credit.[1]

Households perceived a tightening in credit access when interest rates rose but an improvement in access when interest rates fell, with higher-income households reporting the most noticeable easing (Chart A). Overall, the net percentage of households that perceived credit access to have become more difficult over the past 12 months increased during the tightening period (January 2022 to May 2024) and decreased during the easing period (June 2024 to August 2025). The net percentage of lower-income households that reported a tightening of credit access was more elevated than that of higher-income households throughout the sample period. From June 2024 to August 2025, this net percentage approached a neutral level for higher-income households, whereas it remained elevated for those on lower incomes.

[1] For further details, see the article entitled "The 2021-23 high inflation episode and inequality: insights from the Consumer Expectations Survey" in this issue of the Economic Bulletin.

Chart A

Changes in households' perceived credit access over the past 12 months by income quintile



Sources: ECB Consumer Expectations Survey and ECB calculations.
Notes: Population-weighted data. The chart plots the differences between the percentages of respondents who reported that credit access had become tighter over the past 12 months and the percentages of those who reported that it had eased. Statistics are reported by quintiles of income distribution. The diamonds represent averages over the relevant period. January 2022 to May 2024 was classified as the tightening period, since long-term interest rates started to increase in early 2022 in anticipation of the imminent interest rate hikes and because the first interest rate cut was not implemented until June 2024. The latest observation is for August 2025.

Loan applications developed heterogeneously depending on the type of household and type of loan.[2] In lower-income households, applications for consumer loans began to increase in 2022, alongside the tightening of monetary policy, and they continued to rise after the first interest rate cut in 2024 (Chart B, panel a). For households in the highest income quintile, applications for mortgage loans fell markedly over the tightening period and also during the subsequent easing period (Chart B, panel b). However, relative to their usual volatility, there was little change in mortgage loan applications submitted by lower-income households or in consumer loan applications submitted by higher-income households.

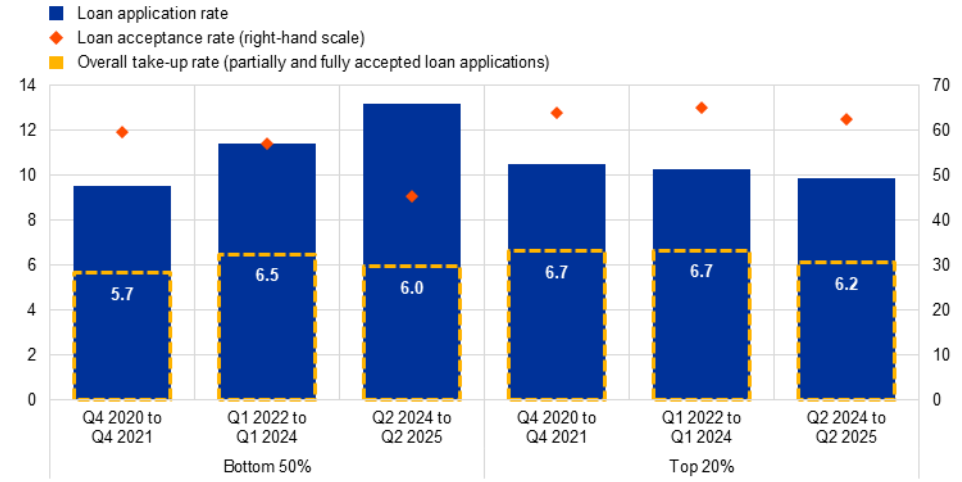
[2] Demand for loans can change at the intensive margin in addition to the extensive margin. However, the ECB Consumer Expectations Survey does not provide information on the amount of credit that households apply for (i.e. the intensive margin). Monetary policy also affects the terms and conditions under which households can borrow – a factor that is also not directly covered in the survey.

Chart B

Loan application, acceptance and take-up rates over time by income group

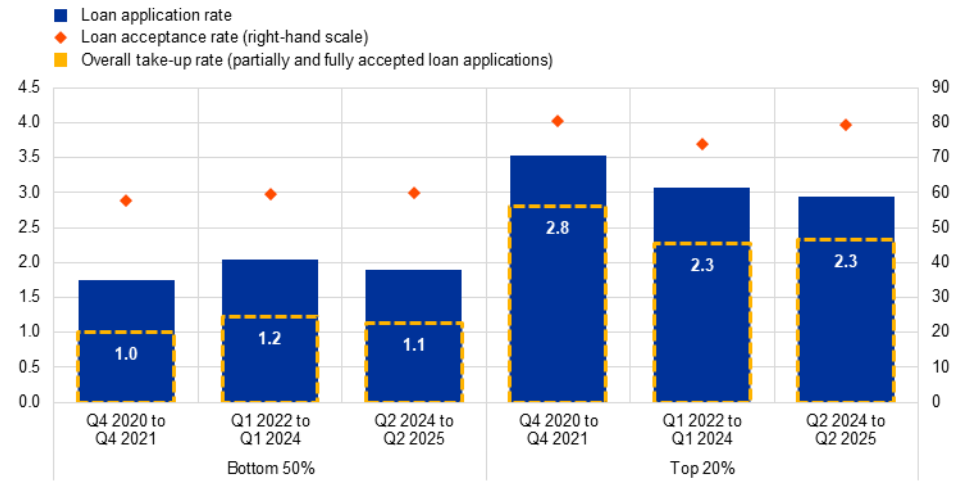
a) Consumer loans

(percentages of consumers)



b) Mortgage loans

(percentages of consumers)



Sources: ECB Consumer Expectations Survey and ECB calculations.
Notes: Population-weighted data. The blue bars indicate the average share of consumers who applied for a specific type of loan over the period shown on the x-axis. The red diamonds represent the share of loan applications that were either fully or partially accepted. The yellow dashed lines and numbers are a proxy for the overall loan take-up rate, calculated by multiplying the application rate by the acceptance rate. Figures after April 2022 include the five additional countries that were added to the ECB Consumer Expectations Survey sample at that time. Consumer loans include applications for car loans, leasing contracts, credit cards and bank accounts with an overdraft facility. The latest observation is for July 2025.

Loan acceptance rates also developed heterogeneously over the monetary policy cycle. For lower-income households, there was a substantial drop in consumer loan acceptance rates (red diamonds in Chart B, panel a), whereas mortgage loan acceptance rates (red diamonds in Chart B, panel b) remained broadly flat at substantially lower levels compared with higher-income households. For higher-income households, acceptance rates for consumer loans decreased only marginally, whereas mortgage loan acceptance rates fell during the tightening period but increased during the easing period.

Offsetting dynamics for loan applications and their acceptance rates give a mixed picture of the overall proxy for consumer loan take-up. Consumer loan take-up (yellow dashed lines in Chart B, panel a) grew for lower-income households and remained broadly flat for higher-income households.[3] Meanwhile, mortgage loan take-up (yellow dashed lines in Chart B, panel b) remained broadly unchanged for lower-income households but declined significantly for higher-income households.

Varying exposure to liquidity constraints and levels of financial literacy could explain these different loan dynamics. Lower-income households may have had to borrow more to pay for basic necessities over the tightening period, with adverse macroeconomic shocks increasing their liquidity constraints.[4] Consistent with this explanation, their consumer loan applications went up. The decline in acceptance rates for consumer loans also suggests that the increase in these loan applications came from riskier borrowers. Meanwhile, higher-income households, which are less exposed to liquidity constraints, reduced both their mortgage and consumer loan applications as interest rates increased. In addition to higher exposure to liquidity constraints, the propensity of lower-income households to consider whether it is a good time to borrow seems to be less dependent on the financial conditions, potentially on account of lower levels of financial literacy.[5] Overall, these factors could explain why lower-income households, unlike higher-income ones, did not reduce their demand for mortgage loans during the tightening period.

In the initial phase of interest rate hikes, there was an increase in the take-up of adjustable-rate mortgage loans, particularly among lower-income households. Zooming in on mortgage loan heterogeneity, the share of adjustable-rate mortgage (ARM) loans rose between April and December 2022 (Chart C, panel a), and subsequently declined. Complementary data from the ECB Consumer Expectations Survey show that demand for ARM loans was more concentrated among lower-income households (Chart C, panel b). The difference between long-term and short-term borrowing rates is an important driver of households' choice between fixed-rate mortgages and ARMs, particularly for households with borrowing constraints.[6] This may have triggered the increased take-up of ARM loans in 2022, when long-term rates started rising in anticipation of policy rate hikes. The continued relatively high (albeit declining) share of ARM loans up to mid-2024, despite short-term interest rates rising above long-term rates, suggests that banks also increased their supply of ARM loans. For example, Foà et al. (2019) show that banks affected by negative funding shocks are more likely to increase their supply of ARM loans, in particular to households that are less financially sophisticated.[7]

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3 The proxy measure for loan take-up is computed by multiplying loan application rates by loan acceptance rates, for either fully or partially accepted loan applications, in a given quarter.

4 See Bobasu et al. (2024)

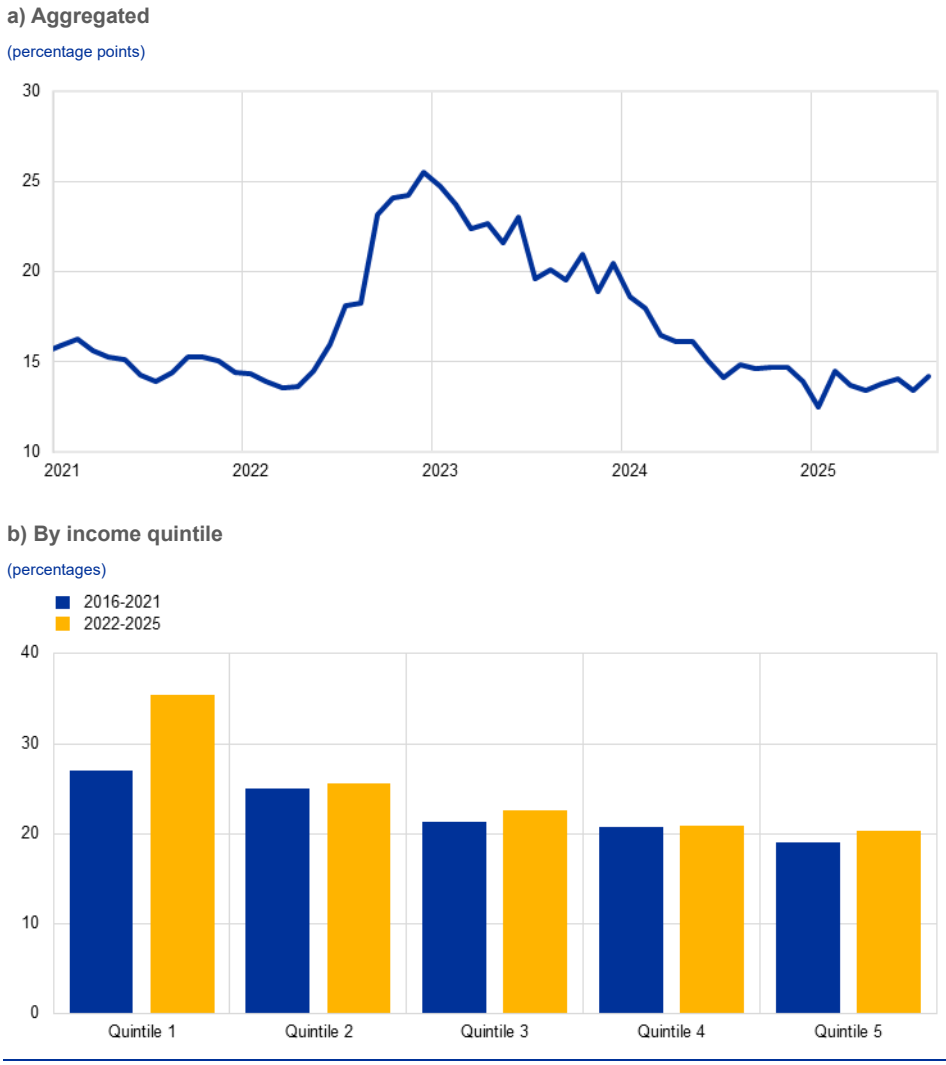
5 See Charalambakis et al. (2024).

6 See Albertazzi et al. (2024).

7 See Foà et al. (2019).

Chart C

Share of adjustable-rate mortgage loans in new loans



Sources: ECB Consumer Expectations Survey, MFI interest rate statistics and ECB calculations.
Notes: In panel a), the share of ARM loans is calculated as the sum of new mortgage loans with a maturity of less than one year or an initial fixation period of less than one year divided by the total sum of new mortgage loans. Panel b) shows the percentages of respondents who reported having taken a mortgage loan with an adjustable rate, grouped by inception year and income quintile. Income quintiles are within-country and within the year of loan inception. The latest observations are for August 2025 (panel a) and February 2025 (panel b).

In conclusion, household credit developed heterogeneously over the recent monetary policy cycle. Survey responses indicate that lower-income households did not reduce their mortgage loan applications, unlike their higher-income counterparts, and that they even increased their consumer loan applications, as monetary policy tightened. Despite offsetting loan supply dynamics, lower-income households did not reduce their loan take-up, while increasing their share of ARM loans, at a time when borrowing conditions were less favourable.

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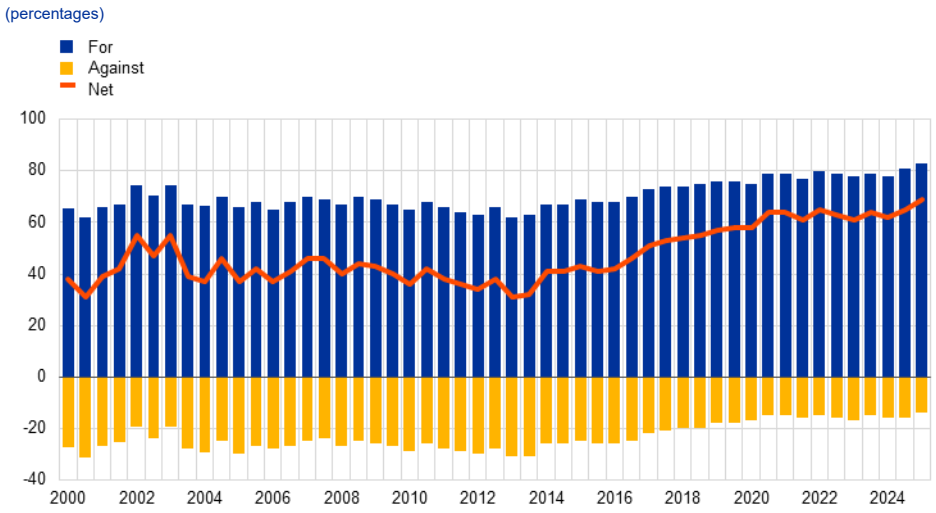
8 Hitting record highs: unpacking support for the euro

Prepared by Ferdinand Dreher, Niklas Jütting and Hanni Schölermann

More than a quarter of a century after its introduction, the euro is enjoying record support among euro area citizens. Introduced in 1999 and brought into full circulation in 2002, the euro has become one of the most tangible symbols of European integration and is firmly ingrained in citizens' daily lives. This is reflected in the results of the European Commission's latest Standard Eurobarometer survey (2025), which showed that 83% of euro area respondents are in favour of the single currency – an all-time high, following a steady rise in support since the mid-2010s (Chart A).

Chart A

Support for the euro in the euro area



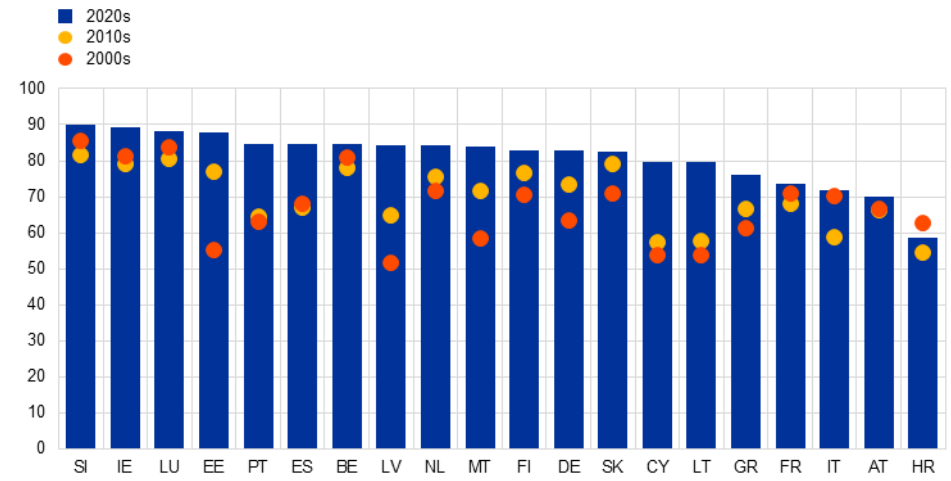
Sources: Standard Eurobarometer and ECB calculations.
Notes: Data cover the question "What is your opinion on each of the following statements? Please tell me for each statement, whether you are for it or against it: A European economic and monetary union with one single currency, the euro" in Standard Eurobarometer survey waves 53 (spring 2000) to 103 (spring 2025). Net support is the percentage of respondents answering "for" minus the percentage answering "against". Respondents who answered "don't know" are disregarded.

Support for the euro is now both high and widespread, with cross-country differences having narrowed significantly. In nearly all euro area countries, support for the euro has increased in the 2020s compared with the previous two decades, especially in countries with lower initial approval rates (Chart B). Cyprus, Lithuania, Latvia, Portugal and Spain have recorded increases of around 20 percentage points in recent years. In Cyprus, Portugal and Spain, this reflects a recovery in confidence in the single currency following the sovereign debt crisis. Support in Latvia and Lithuania rose around the time when these countries adopted the euro in 2014 and 2015 respectively. Even in countries where approval rates were already high, such as Slovenia, Ireland and Luxembourg, support has climbed from around 80% to close to 90%.

Chart B

Support for the euro by country

(percentages)



Sources: Standard Eurobarometer and ECB calculations.
Notes: This chart shows average support for the euro across survey waves conducted within that decade. It includes all data available for each country, including from surveys conducted before a country's adoption of the euro. The euro was adopted in Slovenia in 2007, Cyprus and Malta in 2008, Slovakia in 2009, Estonia in 2011, Latvia in 2014, Lithuania in 2015 and Croatia in 2023.

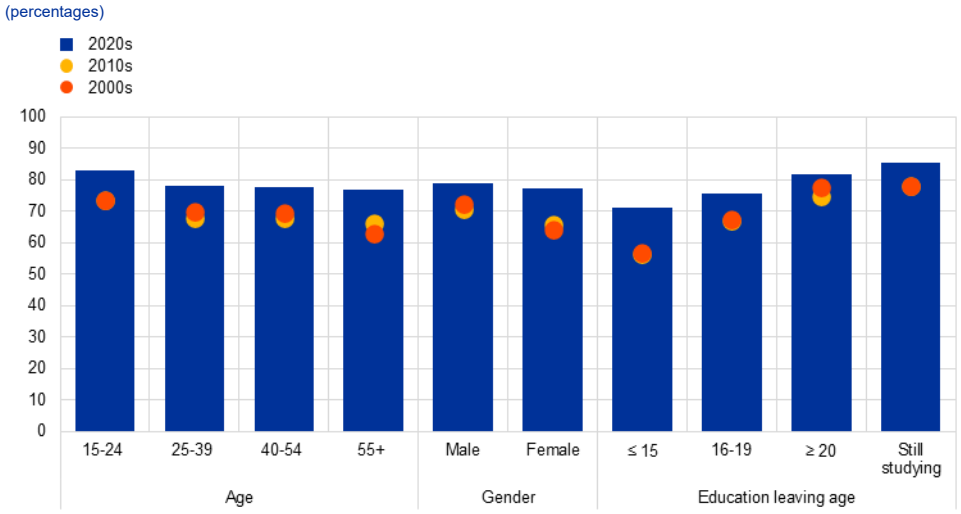
The increase in popular support for the euro is similarly broad-based across sociodemographic groups, with somewhat larger increases among groups with historically slightly lower support. A breakdown by age, gender and education leaving age reveals that average support has risen in almost all groups during the 2020s compared with the previous two decades (Chart C).[1] This contrasts with the relatively limited change that occurred between the 2000s and the 2010s. The strongest increases can be seen among respondents who completed their full-time education before the age of 16, those aged 55 and above, and women.[2] While these groups historically had lower levels of support, the strong increase in the 2020s has helped reduce the gap with the groups that have consistently shown the highest support, namely respondents under the age of 25, those who left full-time education at the age of 20 or above – which includes respondents who have completed tertiary education – and men. Notably, between 2000 and 2024, support for the euro among women rose from 61% to 78%, all but closing the prior gap in support levels among men and women.

1 In line with demographic change, weights in the age distribution in Eurobarometer surveys have noticeably shifted towards an older population. Between survey waves 53 (spring 2000) and 101 (spring 2024), the share of 15 to 24-year-olds decreased by around 3 percentage points and the share of 25 to 39-year-olds decreased by around 7 percentage points. On the other hand, the share of 40 to 54-year-olds increased by around 1 percentage point, and the share of those aged 55 years and older rose by around 9 percentage points. There was no material difference across genders or between most countries.

2 A complementary examination of the support for the euro for different occupational statuses revealed increases of similar magnitudes across different subgroups, confirming a broad-based upward trajectory in the euro's popularity.

Chart C

Support for the euro by sociodemographic group



Sources: Standard Eurobarometer and ECB calculations.
Note: Aggregates are weighted and based on microdata available for Standard Eurobarometer survey waves 53 (spring 2000) to 101 (spring 2024).

Research suggests that attitudes toward the euro may increasingly reflect its practical benefits rather than its symbolic meaning. For example, during the global financial crisis and the sovereign debt crisis, citizens appear to have focused more on the euro's practical benefits rather than its symbolic meaning (Hobolt and Wratil, 2015). Likewise, in times of external crises – such as the COVID-19 pandemic or the war in Ukraine – utilitarian evaluations may have again become more prevalent. In addition, relatively low unemployment in recent years and a quick recovery in labour markets after the pandemic may have reinforced confidence in the single currency, consistent with earlier studies which find that support for the euro is positively correlated with household income and employment prospects (Bergbauer et al., 2020; Roth et al., 2019).

Additional survey evidence corroborates that support for the euro is linked to the extent to which it provides tangible benefits to citizens. Chart D shows a clear positive correlation: sociodemographic groups that report experiencing more benefits from the euro – such as easier price comparisons, smoother business, or cheaper travel and banking – are also more likely to view the euro as "a good thing" for the EU (European Commission, 2024).[3] This pattern is consistent across all groups.[4] The ease of comparing prices and of doing business were the most reported benefits. Underlying demographic patterns further highlight how different groups value different aspects of the euro. Younger generations, for instance, particularly appreciate the euro as a facilitator of travel, whereas people aged 40-54 place greater value on the euro's role in facilitating price comparisons and business. The share of respondents who report experiencing these benefits has increased over time: between 2007 and

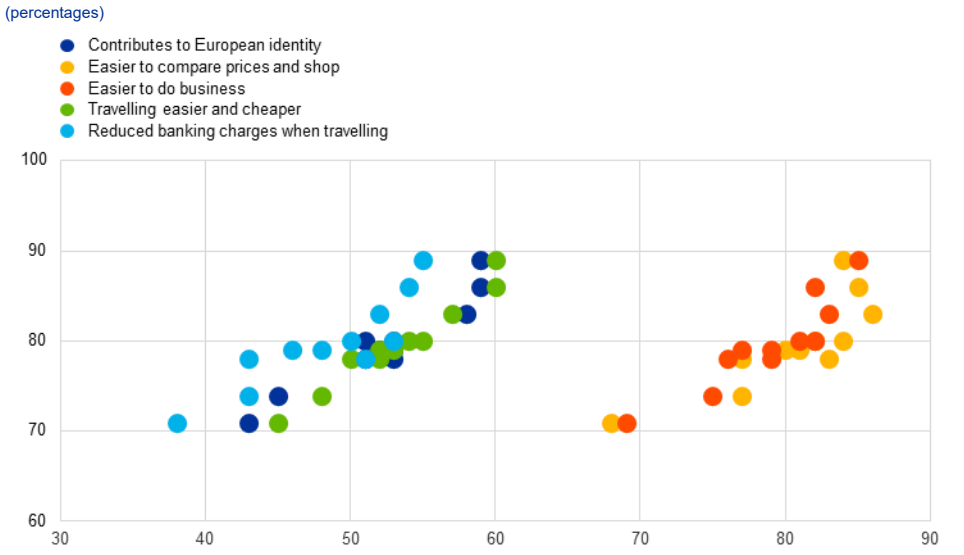
[3] We observe the same trend when proxying support for the euro with replies to the question on whether the euro is a good or a bad thing for the respondent's own country.

[4] The Flash Eurobarometer "The euro area" asked citizens about their views on the euro: "Generally speaking, do you think that having the euro is a good or bad thing for the EU?"

2024 it rose from 66% to 81% for easier price comparisons, from 30% to 48% for reduced banking charges, and from 48% to 53% for easier or cheaper travel.[5]

Chart D

Support for and perceived benefits of the euro by sociodemographic group



Sources: European Commission (2024) and ECB calculations.
Note: Each point reflects the share of a sociodemographic group (as shown in Chart C) that sees the euro as a good thing for the EU (y-axis) and the share that experiences the respective benefit of the euro (x-axis).

Finally, the broad-based support for the euro shows that the euro has weathered the recent pandemic and inflation episodes well, and that 25 years after its introduction, euro area citizens have fully embraced the single currency. Indeed, in the European Commission's Flash Eurobarometer (2024), the majority of respondents stated that the euro contributes to making them feel European. As with the euro's economic benefits, this sense of shared identity reinforces support for the common currency (Chart D) and strengthens Europe's overall resilience.

To maintain this high level of support in a changing world, the euro must continue to deliver tangible benefits. It is vital for Europe to foster its single market and strengthen its geopolitical, economic and institutional foundations – all of which will reinforce the euro's global role. At the same time, accelerating work on the digital euro while continuing to ensure that cash remains widely available will provide citizens with continued access to a safe and reliable public means of payment, also in the digital age.

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[5] Ease of doing business has only been included in the survey since 2019.

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Article

1 The 2021-23 high inflation episode and inequality: insights from the Consumer Expectations Survey

Prepared by Neus Dausà i Noguera, Georgi Kocharkov and Omiros Kouvavas

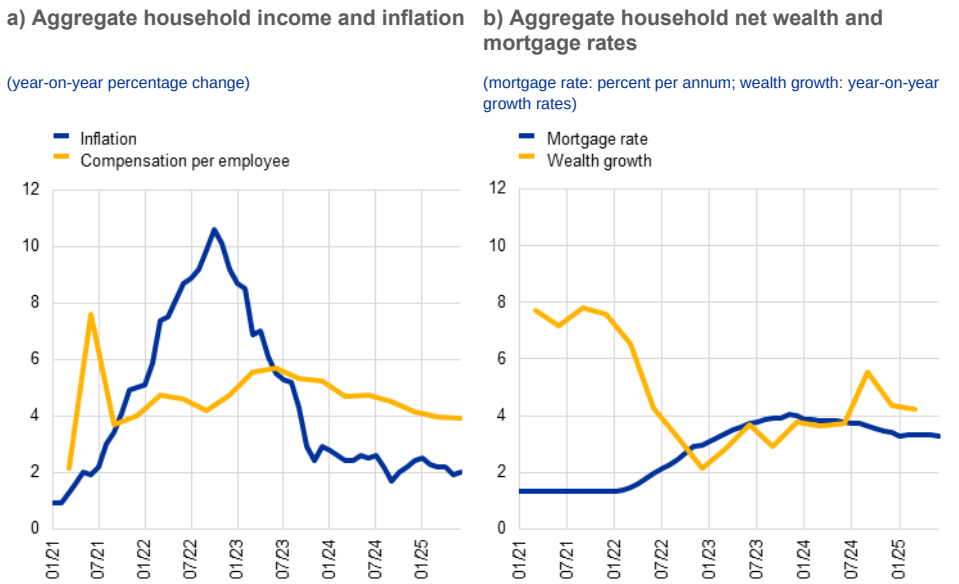
1 Introduction

The high inflation episode of 2021-23 gave rise to pronounced movements in inflation, labour income, mortgage rates and household net wealth in the euro area (Chart 1). Inflation outpaced nominal labour income growth, mortgage rates nearly doubled, and the growth of household net wealth slowed significantly.[1] However, the implications of these aggregate developments for economic inequality remain unclear. This raises the broader question of how shifts in inflation and interest rates are reflected in distributional outcomes, an issue central to economic research and policy debates.

[1] The observed decline in the growth rate of nominal household net wealth after the 2021-23 high inflation episode reflects two factors: (i) the mechanical effect of decelerating inflation reducing nominal asset price growth; and (ii) the tightening of monetary policy, which raised interest rates and weighed on both financial and housing asset valuations.

Chart 1

Developments in aggregate household income and wealth



Sources: ECB (Consumer Expectations Survey, MFI interest rate statistics), Eurostat and ECB calculations.
Notes: Euro area 20 (fixed composition) as of 1 January 2023. The mortgage rate corresponds to the annualised agreed rate or narrowly defined effective rate for new lending to households and non-profits in the euro area (excluding revolving loans, overdrafts and credit card debt) for house purchases, calculated as a volume-weighted moving average and reported by monetary financial institutions. Net wealth growth represents the year-on-year growth rate of the net worth of households and non-profit institutions in the euro area, measured as the balance (credits minus debits) at current prices in domestic currency (not seasonally adjusted). The spike in compensation per employee is likely attributable to the post-COVID-19 pandemic recovery, as many firms were unable to operate from the second to the fourth quarter of 2020 but resumed activities during the same period the following year, resulting in a substantial increase in employee compensation.

Income, consumption and wealth inequalities are key dimensions along which the distributional consequences of the 2021-23 inflation surge and higher interest rates can be understood. These disparities not only shape the economic realities of households, but also influence broader social cohesion and economic stability (Alesina and Rodrik, 1994; Alesina and Perotti, 1996, among others). The period since the pandemic has focused renewed attention on inequality, as the global economy has faced a series of major shocks and disruptions.[2] This article uses the ECB's Consumer Expectations Survey (CES) to examine perceptions and measures of inequality in the euro area. We show that while standard indicators of income, consumption and wealth inequality remained broadly stable between 2022 and 2025, perceptions of inequality rose sharply, with cost-of-living pressures seen as the main driver. To understand this disconnect, we analyse how inflation affected households across income groups by looking at differences in personal inflation rates and how behavioural differences in financial decisions, particularly regarding mortgages, shaped distributional outcomes during the period of rising interest rates.[3]

The remainder of this article is structured as follows. Section 2 describes the evolution of perceptions and measures of inequality during the post-pandemic period of high inflation and interest rate changes, using survey-based perceptions of

2 In addition to more recent shocks, structural changes, such as digitalisation and automation, have long shaped labour markets and inequality trends (Acemoglu and Restrepo, 2020).

3 Our analysis focuses on the quantitative impact of inflation and behavioural differences, acknowledging that, although not covered here, other relevant channels also contribute significantly to inequality dynamics.

households as well as standard measures such as Gini coefficients of income, consumption and wealth and the at-risk-of-poverty rate, which focuses specifically on the lower end of the income distribution. Section 3 explores the direct effects of inflation on inequality by looking at how varying cost-of-living pressures have affected households. Section 4 examines how interest rate changes influence inequality through channels such as the timing of investments and the borrowing and saving decisions of households. Section 5 concludes.

2 Perceptions and measures of inequality

Recent evidence from the August 2025 CES wave provides insights into public perceptions of inequality during the period marked by high inflation and changes in interest rates. According to the survey, 73% of households in the euro area believe that inequality has increased either “a little” or “a lot” since the onset of the inflation surge in 2021 and the subsequent changes in interest rates. By contrast, only 5% of respondents believe that inequality has decreased.[4] Chart 2, panel a) shows the net percentage of households perceiving an increase in inequality since 2021, broken down by income group and by country.[5] Higher-income households are more likely to report rising inequality than lower-income households.

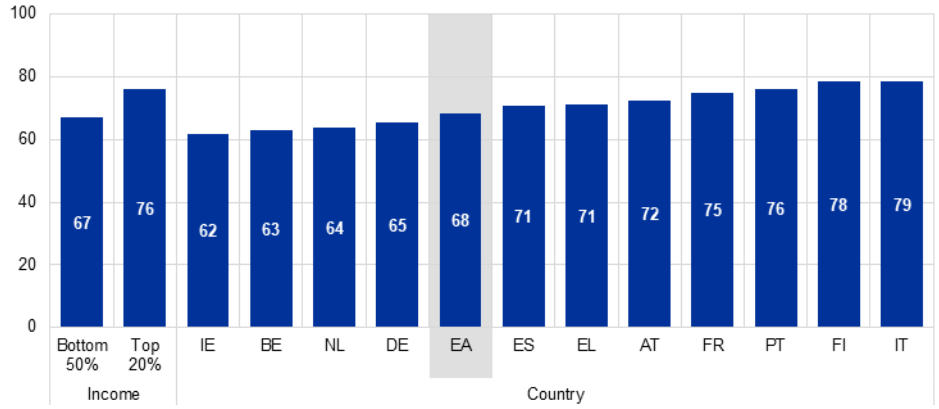
4 The survey question asks “How do you think economic inequality in the country you currently live in has changed since the inflation surge of 2021 and the subsequent changes in interest rates?” There are five qualitative response options: “Increased a lot”, “Increased a little”, “Stayed exactly the same”, “Decreased a little” or “Decreased a lot”. It should be noted that the survey question is tailored to the 2021-23 inflation surge and its aftermath. As a result, there is no benchmark for how households would normally perceive changes in inequality.

5 The net percentage is computed as the difference between the share of respondents reporting “Increased a little” or “Increased a lot” and the share of respondents reporting “Decreased a little” or “Decreased a lot”.

Chart 2
Perceived economic inequality

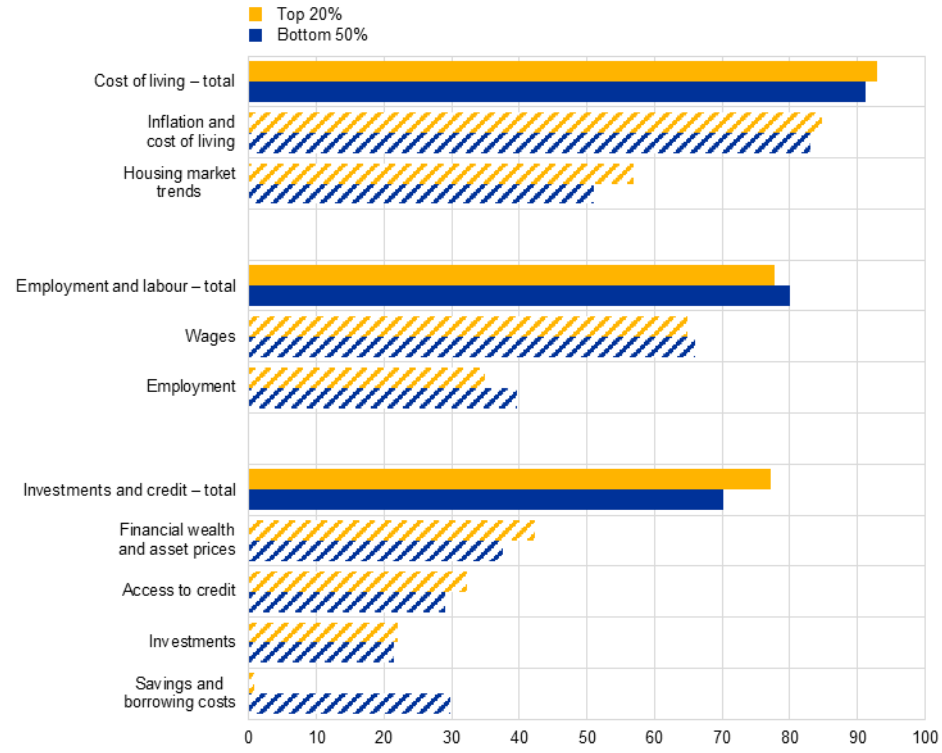
a) Perceived increase in economic inequality

(net percentage)



b) Reasons for perceived increase in economic inequality

(percentage of respondents)



Source: ECB (August 2025 CES).
Notes: Weighted data using survey weights. Income quintiles are computed at country-wave level. Panel a) shows the net percentage of respondents reporting an increase in economic inequality. Panel b) shows the percentage of respondents reporting a particular reason for the increase in economic inequality. Respondents attributing the increase to "Inflation and cost of living" or "Housing market trends" are grouped under "Cost of living". Those pointing to "Wages" or "Employment" are grouped under "Employment and labour", and those who feel it was driven by "Financial wealth and asset prices", "Access to credit", "Investments" or "Savings and borrowing costs" are grouped under "Investments and credit".

Rising living costs were seen as the main drivers of inequality during the high inflation episode (Chart 2, panel b). When asked to identify the drivers of this perceived increase, 93% of respondents pointed to cost-of-living increases as the primary factor (with inflation considered the single most important driver, chosen by

84%).[6] This indicates that households interpret inequality primarily through changes in purchasing power rather than through conventional distributional measures.

Other frequently cited reasons included unequal developments in wages (66%) or in financial wealth and asset prices (40%). Higher-income households (the top 20%) were more likely to attribute growth in inequality to factors such as unequal access to finance, investment opportunities or financial wealth and asset prices, whereas lower-income households (the bottom 50%) more often put it down to unequal employment developments or savings and borrowing costs.[7] Concerning the latter, the bottom 50% of households were far more likely than the top 20% to view savings and borrowing costs as a key driver of inequality.

Measuring inequality requires a multifaceted approach, as different metrics capture distinct aspects of economic disparities. The Gini coefficient is a widely used measure that captures inequality across the entire distribution.[8] It is particularly sensitive to changes around the middle.[9] In comparison, the at-risk-of-poverty rate focuses more on the lower end of the distribution, highlighting the challenges faced by the most vulnerable populations.[10]

Income, consumption and wealth inequality in the euro area remained broadly stable between 2022 and 2025 (Chart 3, panel a). The Gini coefficient of disposable household income (i.e. after redistribution through taxes and transfers) increased only very slightly, from 0.33 in 2022 to 0.34 in 2025, although this overall stability masked moderate cross-country differences.[11] Consumption inequality also showed little change, with the Gini coefficient edging up from 0.31 to 0.32. Consumption inequality tends to be lower and less volatile than income inequality because households smooth

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6 In the survey, respondents who report that inequality has increased are asked "What do you believe are the main reasons for this increase in inequality?" and given the possibility to choose up to eight answers: 1. Employment (e.g. unequal job opportunities, technological change), 2. Wages (e.g. uneven wage growth across income groups), 3. Savings and borrowing costs (e.g. high interest rates benefiting savers but increasing costs for borrowers), 4. Access to credit (e.g. unequal opportunities to borrow), 5. Investments (e.g. unequal opportunities to invest), 6. Financial wealth and asset prices (e.g. increasing stock market prices benefiting the wealthier households more), 7. Inflation and cost of living (e.g. increasing prices for necessities disproportionately affecting low-income households) and 8. Housing market trends (e.g. rising home prices benefiting homeowners but making housing less affordable for renters).

7 The underlying survey question refers to perceptions of inequality in the country as a whole, rather than to the respondent's own situation.

8 The Gini coefficient is a measure of inequality that is typically used for income and wealth distributions. It ranges from 0 (perfect equality, where everyone has the same income) to 1 (perfect inequality, where one individual has all the income). It is derived from the Lorenz curve, which plots the cumulative share of income against the cumulative share of the population. The Gini coefficient is calculated as the ratio of the area between the Lorenz curve and the line of equality to the total area under the line of equality.

9 See Cowell (2011) for a general discussion of the sensitivity of inequality measures and Lerman and Yitzhaki (1989) for a formal treatment of the Gini's rank-dependent sensitivity.

10 The at-risk-of-poverty measure is defined as the percentage of the population living below 60% of the median income.

11 The change in the Gini coefficient for the euro area observed in the CES between 2022 and 2025 is minimal compared with the cross-country differences in equivalised disposable income Gini coefficients in 2022, as reported by the European Union Statistics on Income and Living Conditions (EU-SILC). That year, Slovakia had the lowest Gini coefficient in the euro area (0.21) and Lithuania had the highest (0.36). For the 11 countries covered by the CES, the country-specific Gini coefficients reported in the two datasets for 2022 are highly correlated (correlation of 0.71), indicating strong consistency between the two sources. The level of (and lack of changes in) the CES Gini coefficient of equivalised disposable income in the euro area (average of 0.33 for 2022-25) is also close to the EU-SILC estimate for equivalised disposable income (0.30 in 2022, 2023 and 2024). The difference in levels likely reflects the income equivalisation applied in EU-SILC.

spending over time and higher-income households have lower average propensities to consume.[12] Wealth inequality displayed a mild increase, with the Gini coefficient of net wealth rising by about 0.02 points between 2022 and 2024, most of it occurring in 2022-23 during the period of higher inflation.[13]

The risk of poverty remained broadly unchanged during the period from 2022 to 2025, suggesting relative resilience despite the inflation and interest rate shocks. The at-risk-of-poverty rate in the euro area increased only slightly, from 20.3% in 2022 to 20.7% in 2025 (Chart 3, panel b), suggesting that redistribution mechanisms and targeted interventions may have cushioned the shocks for low-income households.

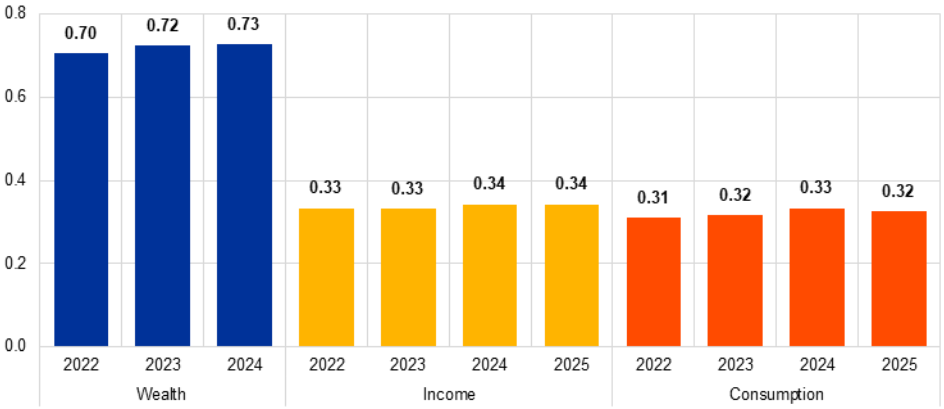
12 In the case of the CES, the Gini coefficient of consumption is often very close to the Gini coefficient of disposable income because disposable income is net of taxes and social transfers.

13 The country-specific Gini coefficients of net wealth in the CES for 2022 are of similar magnitude to those reported in the Household Finance and Consumption Survey (HFCS). For example, 0.680 (HFCS) vs 0.670 (CES) for Spain and 0.727 (HFCS) vs 0.746 (CES) for Germany. The evolution of the overall net wealth Gini coefficient in the euro area is also broadly comparable, remaining close to 0.70-0.73 in the CES between 2022 and 2024, and at around 0.72 in the distributional wealth accounts over the same period.

Chart 3
Indicators of inequality

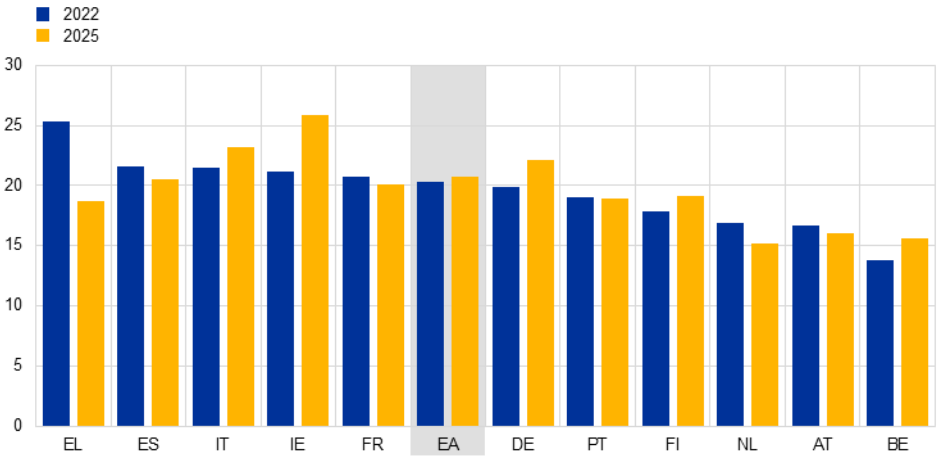
a) Gini coefficients of wealth, income and consumption

(Gini coefficient)



b) At-risk-of-poverty rate

(percentage of respondents)



Sources: ECB (CES) and ECB calculations.
Notes: Weighted data using survey weights. For panel a) individual wealth is computed using data from the February and November CES modules. Income is defined as disposable household income. Consumption is computed as the reported monthly amount spent on food, restaurants, housing, utilities, household equipment, clothing, health, transport, travel and holidays, recreational activities, childcare and education, vehicles and luxury items. Wealth is the sum of financial, business and housing net wealth. For panel b) the at-risk-of-poverty rate is defined as the percentage of respondents living with an equivalised household disposable income below 60% of the country-specific median of equivalised household disposable income. Equivalised income is calculated using the modified OECD equivalence scale.

3 Sources of inequality: inflation

Conventional indicators point to inequality remaining broadly stable, yet public perceptions tell a different story, particularly as regards the impact of the inflation surge across households. The specific composition of a household's consumption basket, which is largely determined by income level, plays a critical role in shaping the inflation rate that a specific household experiences. For example, lower-income households tend to spend a higher proportion of their income on essentials like food and utilities, whereas higher-income households allocate more of their spending to discretionary goods and services such as recreation and leisure.

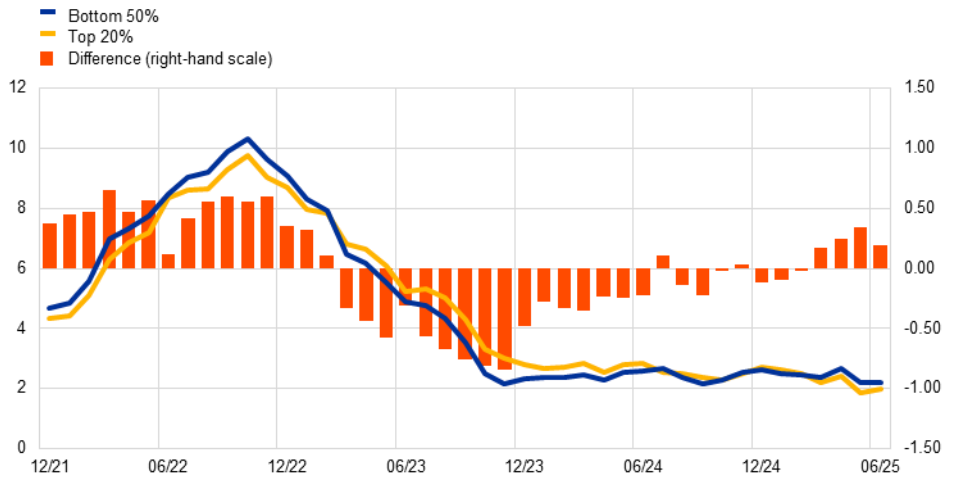
During the 2021-23 inflation episode there were steep price increases across the board, but these were particularly pronounced in categories like food and utilities. This disproportionate rise in the cost of necessities had varying implications for households depending on their income and consumption patterns.[14]

An analysis of the distributional effects of inflation highlights significant differences in how price changes affected households across income levels. We use individual-level data from the CES to construct personal inflation rates for households. This approach uses the self-reported consumption shares of households during the same period as weights to calculate individual-level price indices (see Box 1 for details on the methodology). Chart 4 illustrates how inflation rates varied across income quintiles, with a focus on the top 20% and the bottom 50%. When inflation peaked in October 2022, lower-income households experienced significantly higher inflation rates than their higher-income counterparts: the percentage point difference between the average inflation rates of these two groups was 0.55.[15] However, as inflation began to moderate, this trend reversed: inflation in the services and recreation categories, which have a higher weight in the basket of higher-income households, remained elevated, pushing up the inflation rate for these households. In November 2023 the inflation rate for higher-income households was 0.84 percentage points higher than the rate for lower-income households.

Chart 4

Personal inflation rates

(left-hand scale: percentage points; right-hand scale: percentage point difference)



Sources: ECB (CES), Eurostat (Harmonised Index of Consumer Prices (HICP)) and ECB calculations.
Notes: Weighted data using survey weights. Income quintiles are computed at country-wave level. See Box 1 for a detailed explanation of personal inflation.

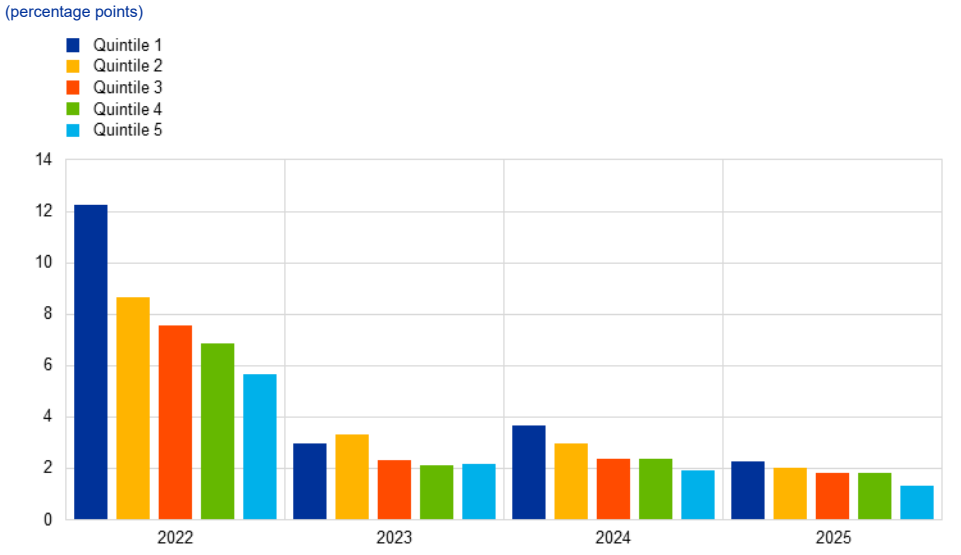
14 Orchard (2025) presents a comprehensive model based on non-homothetic demand, illustrating how economic shocks that reduce household expenditure lead to a reallocation of spending from luxuries to necessities. This shift causes the relative prices of necessities to rise, resulting in higher inflation rates for lower-income households compared with higher-income households.

15 See Charalambakis et al. (2022) for previous work on this topic. The authors use income-specific consumption baskets reported in the Eurostat Household Budget Survey to calculate effective inflation rates by income quintile. Their analysis calculates the gap in effective inflation rates between the lowest and highest income quintiles as 1.9 percentage points in September 2022. In comparison, our estimates for the same period and income groups show a gap of 0.6 percentage points. The difference in these estimates is likely attributed to the analysis of Charalambakis et al. spanning 27 countries and the less frequent updates of household-specific consumption weights.

Measuring the cost of inflation in terms of the additional income needed to maintain the previous year's consumption reveals that lower-income households faced a significantly higher burden during the inflation surge. For each household, we calculate the additional cost of maintaining the previous year's consumption basket at current prices, expressed as a share of current disposable income. This measure aligns conceptually with the compensating variation used in welfare analysis.[16] Chart 5 illustrates how this additional cost evolved across income quintiles over time. The findings reveal that since 2022 lower-income households have been bearing a disproportionately higher burden. In 2022 the cost of inflation for the lowest income quintile amounted to 12.28% of their current income, compared with 5.69% for the highest quintile. By 2025, as inflation returned to target, these differences narrowed, but were not reversed.[17] Taken together, the evidence in Charts 4 and 5 suggests that differential inflation experiences widened the distribution of real consumption across households, even though standard income inequality measures remained broadly stable. While fiscal transfers, wage adjustments and redistribution mechanisms may have helped to stabilise disposable incomes, they did not fully offset the uneven burden of higher living costs.

Chart 5

Inflation cost by income



Sources: ECB (CES) and ECB calculations.
Notes: Weighted data using survey weights adjusted by household income. Income quintiles are computed at country-wave level. Inflation cost is calculated as the total additional expense of the past year's consumption basket attributable to inflation for each household, which is normalised by their current individual household total disposable income.

16 Compensating variation is a concept in welfare economics that measures the amount of additional income a household would need to maintain the same level of utility (well-being) after a price increase in a static demand framework. It reflects the monetary compensation required to offset the negative impact of inflation or other price changes on a household's purchasing power.

17 Pallotti et al. (2024) also estimate the burden of the 2021-23 inflation shock, finding sizeable welfare losses in terms of income, ranging from around 3% in France and Spain to 7% in Germany and 9% in Italy. Their general-equilibrium framework differs from our reduced-form approach, which instead measures the additional income needed to maintain the previous year's consumption basket.

Box 1
Measuring personal inflation using detailed consumption data from the Consumer Expectations Survey

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The direct impact of inflation on households depends on their consumption basket and on changes in their consumption, income and wealth levels. Headline inflation provides a measure of the aggregate state of the economy but neglects the differences in prices experienced by households. Having an individual measure of inflation allows for a better understanding of the distributional effects of price changes. This box introduces a new measure of individual-specific inflation based on household-level consumption data and describes its novel features and methodology.

The new metric makes it possible to measure inflation across various socio-demographic groups (opening the door to more granular studies) and facilitates timely assessment by using up-to-date data. Moreover, by using concurrent expenditure shares it accounts for substitution effects at higher levels of aggregation (upper-level substitution), offering a more accurate representation of inflation dynamics.[18]

A growing literature has developed alternative approaches to the measurement of household-level inflation. Kaplan and Schulhofer-Wohl (2017) show that inflation rates differ significantly across US households, mainly because of price differences for identical goods. Marenčák and Nghiem (2025) use CES data for the euro area but rely on a simpler aggregation that covers around 85% of HICP items. Kukk et al. (2025) study heterogeneity in Estonia by linking bank data with the Household Budget Survey. By contrast, our approach maps all HICP items to CES categories and follows the official HICP methodology, ensuring broader coverage and closer alignment with official statistics.

Our measure relies on two data sources: the CES and the HICP. The quarterly module of the CES collects data on individual nominal expenditure for 15 different consumption categories, covering all items in the HICP. This can then be used to create a consumption basket per respondent per year.[19] The consumption basket is calculated using the average across the year for each category.[20]

We match the 15 CES categories to items at the COICOP-5 level (220 series in total from official HICP data), which are then aggregated into broader groups. Thus, for each CES category, the resulting price index (PI) for year y and month m is an unchained Laspeyres-type index where the weights (w) have been adjusted to reflect the relative importance within that specific category. Additionally, the category price indices of the COICOP-5 items have been unchained to represent the growth rate since the previous December.[21] The resulting index is given by:

$$PI_{K,y,m} = \sum_{k \in K} \left(\frac{w_{K,k,y}}{\sum_{k \in K} w_{K,k,y}} \right) \cdot \frac{PI_{K,k,y,m}}{PI_{K,k,y-1,12}},$$

where K indicates the CES category and k is a subcomponent of category K.

[18] For more information on substitution effects and the importance of concurrent weights, see Boskin Commission (1996) and ECB (2021).

[19] Of the 15 categories, 11 are related to non-/semi-durables and four are related to durables/large ticket items.

[20] If a respondent participates only once in a given year, their response is used as the representative consumption basket for the entire year. Assuming that there is no sample selection bias in the participation of survey respondents, any potential seasonal effects cancel out.

[21] This step is necessary because the base period might differ across items. By unchaining them with respect to the past year's December, all the indices are with respect to the same period and can then be aggregated. For more information, see Eurostat (2024).

The final individual-level price index for a given year and month is then a Paasche-type price index defined as:

$$PI_{i,y,m} = \sum_{K} \widehat{w_{K,y,i}^{CES}} \cdot PI_{K,y,m}$$

These individual-level unlinked indices are then chain-linked again across years at any desired level of aggregation (e.g. by income quantiles or other demographic sub-groups).

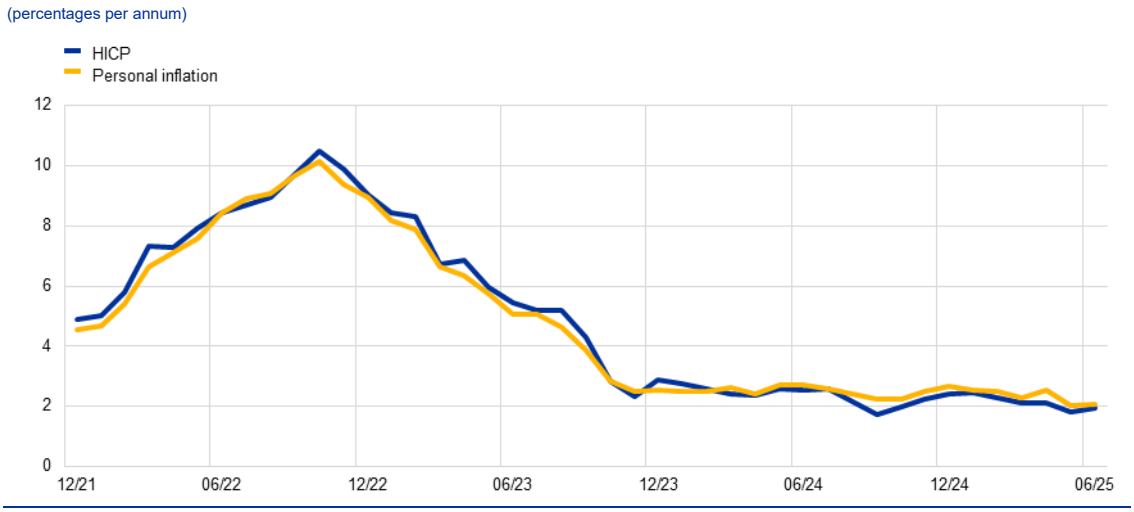
However, another adjustment needs to be made before the indices can be aggregated into one price index per individual household. The weights used in these consumption baskets are nominal shares, capturing the effect of price changes. To address this, the weights need to be price-updated by converting the average price underlying expenditure shares into December prices, as follows:

$$\widehat{w_{K,y,i}^{CES}} = \frac{w_{K,y,i}^{CES}}{12^{-1}\sum_{m=1}^{12} PI_{K,y,m}} \cdot PI_{K,y-1,12}$$

Chart A shows the results of the aggregated personal inflation indices in comparison to the HICP. As these indices use consumption from the current year rather than the penultimate year like their underlying weights, in principle they demonstrate a higher substitution effect – taking account of higher-level substitution between the 15 consumption items elicited in the CES.

Chart A

Personal inflation and HICP



Sources: ECB (CES), Eurostat (HICP) and ECB calculations.
Note: Comparison of year-on-year growth of HICP and personal inflation (for the 11 largest euro area countries) from December 2021 to June 2025.

Even though both indices shown in Chart A describe the price changes an average euro area household experienced over time with the same scope, the index based on personal consumption baskets appears to be slightly lower, particularly during the period of elevated inflation. However, it was higher than the HICP during the period when inflation eased. This observation appears to be consistent with the literature on substitution effects. Overall, results from the CES-based personal inflation index match the HICP dynamics well and allow for further decomposition analyses (some of which are covered in this article).

4 Sources of inequality: interest rates

Interest rate adjustments affect households unevenly, reflecting differences in income, wealth, financial constraints and financial literacy. The impact of interest rate levels and changes depends on a household's capacity to adapt to new economic conditions and on its knowledge of appropriate financial responses. Both of these factors vary systematically with the level of wealth. This section examines the timing of households' financial decisions under different interest rate regimes and the heterogeneous responses of households to changes in interest rates.

Exposure to interest rate risk is a key factor that shapes the impact of higher interest rates and varies markedly across income groups. At the onset of the monetary policy tightening cycle, lower-income households were disproportionately affected for two main reasons: (i) they relied more heavily on adjustable-rate mortgages, and (ii) they had less favourable options regarding the fixation length of fixed-rate loans. As shown in Chart 6, panel a), a larger share of lower-income mortgagors hold adjustable-rate mortgages, which are much more sensitive to rising interest rates. In addition, lower-income mortgagors often select shorter fixation periods on fixed-rate loans, leaving them more exposed to shifts in interest rates.[22]

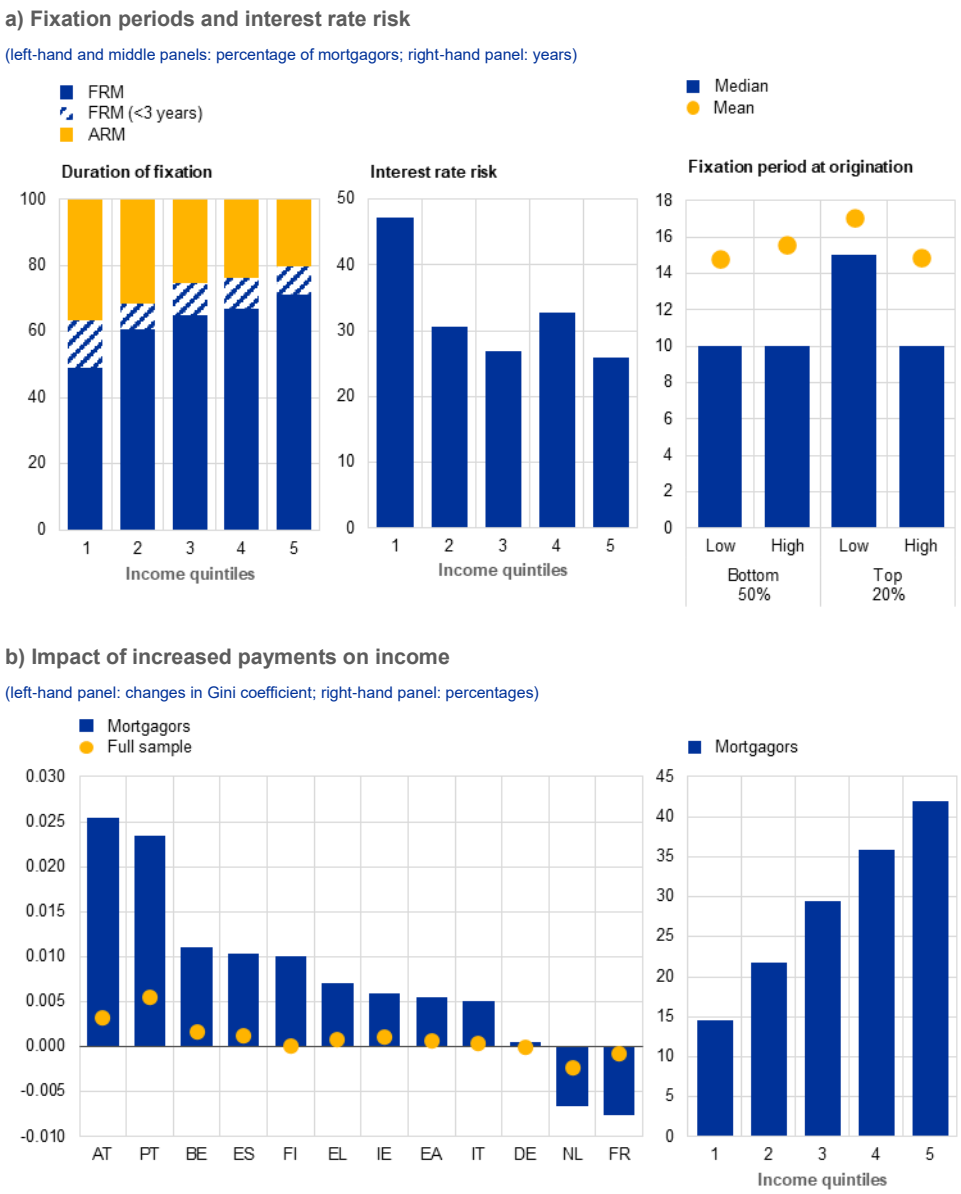
The approach of higher-income households to managing interest rate risk appears to be better-informed. These households seem to internalise whether the prevailing interest rate environment is relatively low or high and adjust the fixation length of their mortgage loans accordingly. Chart 6, panel a) shows that higher-income households tend to choose a median fixation length of 15 years during periods of low interest rates and a median fixation length of ten years during periods of high rates. By contrast, lower-income households adopt a mostly similar fixation strategy, regardless of the interest rate environment. Choices regarding loan fixation lengths and exposure to interest rate risk can exacerbate financial disparities, as the outcomes of these decisions are directly tied to households' financial resilience during periods of changes in interest rates.[23]

[22] While the fixation choices of higher-income households appear more advantageous after the fact, this does not necessarily imply better prior management of interest rate risk, as outcomes also depend on expectations and information available at the time of the decision.

[23] See also Baptista et al. (2025), who provide evidence on the transmission of monetary policy to consumption via mortgage rates, highlighting the role of household heterogeneity in mortgage contract choices.

Chart 6

Fixation periods, interest rate risk and the effects on disposable income inequality



Sources: ECB (CES) and ECB calculations.
Notes: Weighted data using survey weights (adjusted by outstanding balances on individual loans in panel a). Income quintiles are computed at country-wave level. For panel a) the left-hand panel depicts the structure of the fixation of the stock of outstanding mortgage loans for each income quintile. The yellow section shows adjustable-rate mortgages (ARM), the dashed blue section refers to fixed-rate mortgages (FRM) that are set to be repriced within the next three years, and the solid blue section corresponds to the share of FRM with longer fixation horizons. The middle panel depicts the average share of mortgage loan repricing per year (percentage exposed to interest rate risk) over the period 2024-25 by income quintile. The right-hand panel depicts the mean and median years of fixation at the time of mortgage origination by households in the bottom 50% and top 20% of the income distribution during periods of low interest rates and periods of high interest rates. For panel b) the left-hand panel shows the change in the Gini coefficient of post-payment income when income is adjusted by the increase in mortgage payments owing to observed choices regarding the fixation length of fixed-rate loans for the full sample and for mortgagors as of February 2024. The right-hand panel plots the percentage of mortgagors per income quintile.

The degree of household interest rate risk, coupled with the size of household mortgages, influences the effective impact of interest rates on disposable income and inequality. While higher-income households are more likely to hold larger liabilities (e.g. mortgages), their ability to adjust their financial strategies mitigates the adverse effects of rising interest rates. By contrast, lower-income households are more exposed to interest rate risk. Box 2 quantifies the differential

impact of higher interest rates across income groups, expressed as a percentage of household income, revealing the disproportionate burden borne by lower-income households. Using the results from Box 2, in Chart 6, panel b) we show the effect on the disposable income (after debt repayments) Gini coefficient by adjusting for the cumulative increased payments per household and comparing this with the baseline without the interest rate increases. Overall, for mortgagors, post-repayment income inequality increases across most countries and in the euro area. However, this is balanced out by the effect of higher-income households having a higher share of mortgages (Chart 6, panel b, right-hand side). In the absence of differential interest rate risk across mortgagors, increases in interest rates would actually reduce post-repayment income inequality owing to the disproportionately larger share of liabilities held by high-income households, however this effect is reversed owing to unequally distributed interest rate risk.

Box 2

Who bears the costs of higher interest rates? A microsimulation using the Consumer Expectations Survey

Prepared by Luca Caprari and Omiros Kouvavas

To quantify the effect of interest rate hikes on households, we use household-level data – which include information on borrower characteristics, estimated risk premia by income quantile, type of loan and timing of mortgage adjustments – to create a full picture of interest rates changes and increased payment amounts across the period from 2022 to 2025.

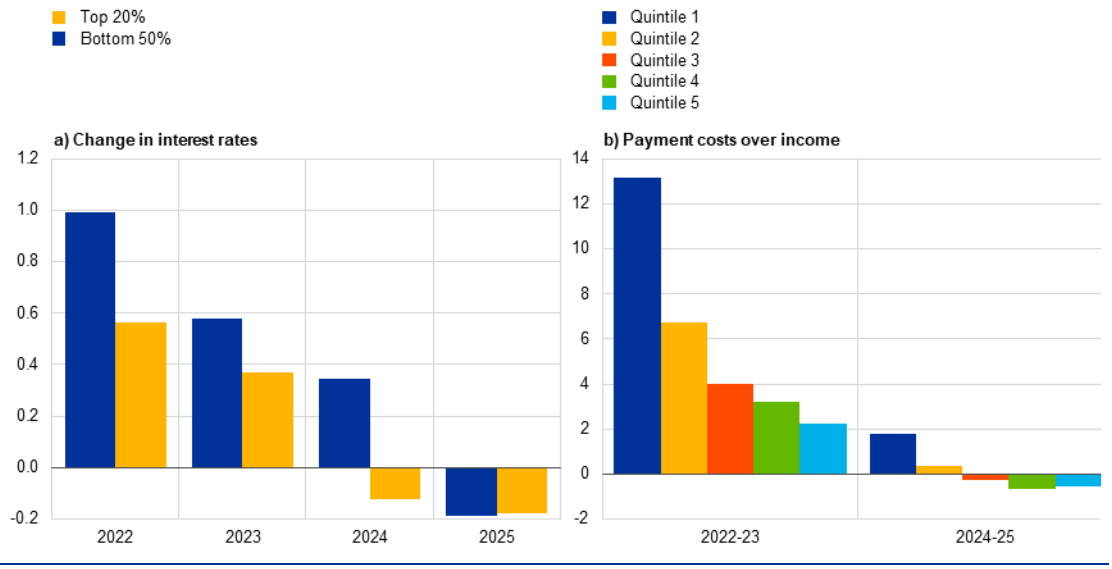
Households that hold adjustable-rate mortgages have interest rates that adjust each period, whereas households with fixed-rate mortgages have predetermined mortgage payments for a fixed period of time. Taking this into account, and using the available data, we calculate household-level interest rate changes over time matched with actual time-specific loan amounts. This allows us to calculate the nominal amount of the increased payments owing to interest rate changes.

Chart A, panel a) shows the mean interest rate changes for mortgagors between 2022 and 2025 for the bottom 50% and top 20% of the income distribution. The increase in interest rates is greater for mortgagors in the bottom 50%, driven by their higher interest rate risk owing to their higher share of adjustable-rate mortgages and their higher share of fixed-rate loans expiring during the period in question. This can be combined with the updated loan amounts and translated into the size of the respective payment increase corresponding to that year for the specific household. Chart A, panel b) shows the average increase in payment costs for mortgagors normalised to income and by household income quintile.

Chart A

Changes in interest rates and payment costs for mortgagors

(percentage points)



Source: ECB (CES).
Notes: Panel a) shows the difference in mortgage interest rates in relation to the previous year for the bottom 50% and top 20% of the income distribution for the period from 2022 to 2025. Estimates are weighted by population weights and individual income. Panel b) shows the ratio of the difference in the mortgage interest payment in relation to the previous year to household income by income quintiles for the periods 2022-23 and 2024-25. Estimates are weighted by population weights and outstanding balances of individual loans.

Differences in financial constraints and financial literacy affect household responses during and after periods of higher interest rates. Lower-income households not only face greater exposure to interest rate risk; they also exhibit distinct behavioural patterns in their credit demand. Specifically, these households tend to increase their credit applications during periods of higher interest rates, often relying more heavily on adjustable-rate mortgages.[24] This reliance further amplifies the vulnerability of lower-income households to rising interest rates, perpetuating financial fragility and widening inequality.

5 Conclusion

Despite major shocks, broader indicators of inequality remained relatively stable between 2021 and 2025. Income and wealth inequality showed little change and the poverty rate remained contained. This aggregate stability can be attributed, at least in part, to heterogenous compensating exposures across households and to risk-sharing mechanisms that cushioned vulnerable groups.

The overall stability in measured inequality may mask changes in the underlying distribution of income and wealth. As documented in this article, according to the CES, households differed significantly in how they experienced both the surge in inflation and the rise in interest rates. The 2021-23 inflation shock placed a heavier burden on lower-income households, although this effect receded as inflation subsided. Subsequent interest rate increases also had distributional effects:

[24] For more details, see Henricot, D. et al. (2025) in this issue of the Economic Bulletin.

lower-income households, which more often rely on adjustable-rate mortgages, faced higher repayment burdens, whereas higher-income households were better able to adapt.

Perceptions of higher inequality following the inflation surge may persist, despite the stability in measured inequality. While standard measures of inequality may have remained stable overall over the past few years, this does not exclude the possibility that some redistribution of disposable income and purchasing power has indeed taken place over this period. Reconciling the relative stability of measured inequality with the sharp increase in perceived inequality thus remains a topic for future research. As perceptions of inequality are likely to influence households' attitudes and behaviour, these should be closely monitored alongside standard measures of inequality.

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Statistics

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Further information

Data published by the ECB can be accessed from the ECB Data Portal:	https://data.ecb.europa.eu/
Detailed tables are available in the ”Publications” section of the ECB Data Portal:	https://data.ecb.europa.eu/publications
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Conventions used in the tables

-	data do not exist/data are not applicable
.	data are not yet available
...	nil or negligible
(p)	provisional
s.a.	seasonally adjusted
n.s.a.	non-seasonally adjusted

1 External environment

1.1 Main trading partners, GDP and CPI

	GDP [1] (period-on-period percentage changes)						CPI (annual percentage changes)				
	G20	United States	United Kingdom	Japan	China	Memo item: euro area	United States	United Kingdom (HICP)	Japan	China	Memo item: euro area [2] (HICP)
	1	2	3	4	5	6	7	8	9	10	11
2022	3.5	2.5	5.1	1.0	3.1	3.6	8.0	9.1	2.5	2.0	8.4
2023	3.4	2.9	0.3	1.2	5.4	0.4	4.1	7.4	3.3	0.2	5.4
2024	3.1	2.8	1.1	0.1	5.0	0.9	2.9	2.5	2.7	0.2	2.4
2024 Q4	0.9	0.5	0.2	0.5	1.5	0.4	2.7	2.5	2.9	0.2	2.2
2025 Q1	0.7	-0.2	0.7	0.1	1.2	0.6	2.7	2.8	3.8	-0.1	2.3
Q2	0.9	0.9	0.3	0.5	1.0	0.1	2.4	3.5	3.5	0.0	2.0
Q3	.	.	.	.	1.1	0.2	2.9	3.8	2.9	.	2.1
2025 Apr.	-	-	-	-	-	-	2.3	3.5	3.6	-0.1	2.2
May	-	-	-	-	-	-	2.4	3.4	3.5	-0.1	1.9
June	-	-	-	-	-	-	2.7	3.6	3.3	0.1	2.0
July	-	-	-	-	-	-	2.7	3.8	3.1	0.0	2.0
Aug.	-	-	-	-	-	-	2.9	3.8	2.7	.	2.0
Sep.	-	-	-	-	-	-	3.0	3.8	2.9	.	2.2

Sources: Eurostat (col. 6, 11); BIS (col. 7, 8, 9, 10); OECD (col. 1, 2, 3, 4, 5).
1) Quarterly data seasonally adjusted; annual data unadjusted.
2) Data refer to the changing composition of the euro area.

1.2 Main trading partners, Purchasing Managers' Index and world trade

	Purchasing Managers' Surveys (diffusion indices; s.a.)									Merchandise imports [1]		
	Composite Purchasing Managers' Index						Global Purchasing Managers' Index [2]					
	Global [2]	United States	United Kingdom	Japan	China	Memo item: euro area	Manufacturing	Services	New export orders	Global	Advanced economies	Emerging market economies
	1	2	3	4	5	6	7	8	9	10	11	12
2022	-	-	-	-	-	-	-	-	-	3.1	4.6	1.6
2023	-	-	-	-	-	-	-	-	-	0.5	-3.7	4.5
2024	52.9	53.7	52.5	51.3	52.1	50.1	50.7	53.1	49.0	4.6	3.6	5.5
2024 Q4	53.0	54.8	50.9	50.1	51.8	49.3	49.9	53.3	48.4	1.0	1.2	0.9
2025 Q1	52.0	52.6	50.8	50.6	51.5	50.4	50.9	52.1	49.7	4.3	8.6	0.5
Q2	51.4	52.2	50.3	51.0	50.6	50.4	50.3	51.6	48.2	-0.8	-5.8	3.9
Q3	53.1	54.5	51.7	51.7	51.7	51.0	50.9	53.2	48.8	.	.	.
2025 May	51.5	53.0	50.3	50.2	49.6	50.2	49.0	52.1	48.0	2.5	0.5	4.4
June	51.9	52.9	52.0	51.5	51.3	50.6	51.3	51.8	49.2	-0.8	-5.8	3.9
July	53.0	55.1	51.5	51.6	50.8	50.9	49.7	53.5	48.2	-1.1	-4.4	1.9
Aug.	53.4	54.6	53.5	52.0	51.9	51.0	51.8	53.3	48.7	-1.2	-3.9	1.2
Sep.	52.8	53.9	50.1	51.3	52.5	51.2	51.3	52.8	49.5	.	.	.
Oct.	.	54.8	51.1	.	.	52.2	.	.	.	.	.	.

Sources: S&P Global Market Intelligence (col. 1-9); CPB Netherlands Bureau for Economic Policy Analysis and ECB calculations (col. 10-12)
1) Global and advanced economies exclude the euro area. Annual and quarterly data are period-on-period percentages; monthly data are 3-month-on-3-month percentages. All data are seasonally adjusted.
2) Excluding the euro area.

2 Economic activity

2.1 GDP and expenditure components

(quarterly data seasonally adjusted; annual data unadjusted)

	GDP											
	Total	Domestic demand								External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation				Changes in inventories [2]	Total	Exports [1]	Imports [1]
					Total	Total construction	Total machinery	Intellectual property products				
	1	2	3	4	5	6	7	8	9	10	11	12
Current prices (EUR billions)												
2022	13,757.9	13,486.6	7,258.1	2,941.9	3,017.6	1,555.4	871.5	584.5	269.0	-271.3	7,421.7	7,150.4
2023	14,663.7	14,137.8	7,750.8	3,097.3	3,214.9	1,641.8	929.2	637.6	74.8	-525.9	7,378.4	6,852.5
2024	15,231.3	14,563.9	8,029.8	3,259.8	3,209.9	1,648.3	922.9	632.4	64.5	-667.4	7,489.2	6,821.8
2024 Q3	3,821.2	3,666.6	2,014.8	821.5	805.6	411.2	229.7	163.1	24.8	-154.6	1,870.1	1,715.5
Q4	3,866.1	3,705.4	2,031.7	830.5	814.9	416.1	231.9	165.3	28.2	-160.7	1,885.4	1,724.7
2025 Q1	3,906.2	3,745.7	2,054.6	834.5	836.2	420.9	231.6	182.0	20.4	-160.6	1,933.1	1,772.5
Q2	3,937.9	3,776.0	2,066.5	844.7	828.2	422.5	234.2	169.8	36.6	-161.8	1,913.0	1,751.1
as percentage of GDP												
2024	100.0	95.6	52.7	21.4	21.1	10.8	6.1	4.2	0.4	-4.4	-	-
Chain-linked volumes (prices for the previous year)												
quarter-on-quarter percentage changes												
2024 Q3	0.4	1.3	0.5	0.6	1.6	-0.5	-1.9	13.4	-	-	-1.4	0.4
Q4	0.4	0.4	0.5	0.5	0.7	0.9	0.6	0.1	-	-	0.1	0.0
2025 Q1	0.6	0.5	0.3	-0.1	2.5	0.5	-0.1	11.4	-	-	2.3	2.3
Q2	0.1	0.4	0.2	0.5	-1.8	-0.2	0.7	-8.7	-	-	-0.5	-0.1
annual percentage changes												
2022	3.6	4.0	5.3	1.3	2.1	-0.1	4.1	4.9	-	-	7.3	8.4
2023	0.4	0.1	0.5	1.5	2.4	1.0	2.2	6.3	-	-	-1.2	-2.0
2024	0.9	0.6	1.3	2.2	-2.0	-1.4	-2.0	-3.3	-	-	0.6	-0.1
2024 Q3	1.0	1.2	1.4	2.5	-1.9	-2.2	-3.8	1.6	-	-	1.0	1.5
Q4	1.3	1.6	1.8	2.2	-2.1	-0.5	-1.1	-7.3	-	-	0.5	0.9
2025 Q1	1.6	2.3	1.5	2.0	2.3	0.4	-0.6	11.3	-	-	2.6	4.0
Q2	1.5	2.6	1.5	1.6	3.0	0.7	-0.7	15.6	-	-	0.5	2.6
contributions to quarter-on-quarter percentage changes in GDP; percentage points												
2024 Q3	0.4	1.3	0.3	0.1	0.3	-0.1	-0.1	0.5	0.5	-0.9	-	-
Q4	0.4	0.4	0.3	0.1	0.1	0.1	0.0	0.0	-0.1	0.0	-	-
2025 Q1	0.6	0.5	0.1	0.0	0.5	0.1	0.0	0.5	-0.2	0.1	-	-
Q2	0.1	0.4	0.1	0.1	-0.4	0.0	0.0	-0.4	0.5	-0.2	-	-
contributions to annual percentage changes in GDP; percentage points												
2022	3.6	3.9	2.8	0.3	0.5	0.0	0.3	0.2	0.3	-0.2	-	-
2023	0.4	0.1	0.3	0.3	0.5	0.1	0.1	0.3	-1.0	0.4	-	-
2024	0.9	0.6	0.7	0.5	-0.4	-0.2	-0.1	-0.1	-0.1	0.3	-	-
2024 Q3	1.0	1.2	0.8	0.5	-0.4	-0.2	-0.2	0.1	0.3	-0.2	-	-
Q4	1.3	1.5	0.9	0.5	-0.5	-0.1	-0.1	-0.3	0.6	-0.2	-	-
2025 Q1	1.6	2.1	0.8	0.4	0.5	0.0	0.0	0.5	0.5	-0.5	-	-
Q2	1.5	2.5	0.8	0.3	0.6	0.1	0.0	0.6	0.8	-0.9	-	-

Sources: Eurostat and ECB calculations.
1) Exports and imports cover goods and services and include cross-border intra-euro area trade.
2) Including acquisitions less disposals of valuables.

2 Economic activity

2.2 Value added by economic activity

(quarterly data seasonally adjusted; annual data unadjusted)

	Gross value added (basic prices)											
	Total	Agriculture, forestry and fishing	Manufac-turing energy and utilities	Const-ruction	Trade, transport, accomo-dation and food services	Infor-mation and commu-nication	Finance and insurance	Real estate	Pro-fessional, business and support services	Public administra-tion, education, health and social work	Arts, entertain-ment and other services	Taxes less subsidies on products
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2022	12,365.4	217.8	2,423.2	647.7	2,360.6	638.7	543.7	1,340.4	1,491.1	2,319.4	382.8	1,392.5
2023	13,265.9	224.4	2,615.9	710.9	2,462.9	697.3	600.3	1,472.4	1,614.5	2,455.4	411.8	1,397.8
2024	13,715.2	233.4	2,579.1	731.5	2,550.1	734.1	633.3	1,536.5	1,690.4	2,595.0	431.9	1,516.1
2024 Q3	3,438.4	58.7	641.8	182.6	638.0	184.7	159.6	385.3	425.1	653.4	109.0	382.8
Q4	3,480.1	59.7	661.3	183.8	644.1	187.2	159.3	386.1	428.3	661.2	109.2	386.0
2025 Q1	3,509.6	60.6	666.5	186.9	648.9	188.8	160.7	387.9	430.9	668.0	110.5	396.7
Q2	3,542.8	62.4	669.4	189.2	655.7	191.3	161.7	390.6	435.7	674.8	112.1	395.0
	as percentage of value added											
2024	100.0	1.7	18.8	5.3	18.6	5.4	4.6	11.2	12.3	18.9	3.1	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2024 Q3	0.3	0.0	0.5	-0.6	0.1	1.2	0.1	0.2	0.2	0.3	1.5	1.4
Q4	0.3	0.7	0.3	0.2	0.3	1.0	0.1	0.5	-0.1	0.6	-1.1	1.6
2025 Q1	0.7	1.5	2.0	0.7	0.4	0.6	0.2	0.1	0.2	0.3	0.3	-0.4
Q2	0.1	-1.1	0.2	-0.4	0.3	0.7	-0.4	0.1	0.4	0.0	0.1	0.0
	annual percentage changes											
2022	4.0	-0.5	0.7	-0.4	8.8	6.6	-2.1	2.4	5.9	2.8	17.3	0.7
2023	0.7	-2.7	-1.7	1.7	-0.2	6.7	-2.6	2.1	2.2	1.0	3.5	-1.7
2024	0.9	-0.6	-0.7	-0.7	0.9	2.9	1.7	1.6	1.8	1.5	1.6	0.5
2024 Q3	1.1	-0.1	0.3	-1.1	0.9	2.7	1.5	1.7	1.7	1.6	1.8	-0.1
Q4	0.9	0.1	-0.6	-0.9	1.1	2.7	2.1	1.5	0.9	1.8	1.9	5.0
2025 Q1	1.5	0.9	3.0	-0.2	1.0	3.2	0.1	0.9	1.1	1.7	1.2	2.6
Q2	1.4	1.0	3.0	-0.1	1.2	3.7	0.0	0.9	0.7	1.1	0.8	2.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2024 Q3	0.3	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	-
Q4	0.3	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	-
2025 Q1	0.7	0.0	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2022	4.0	0.0	0.1	0.0	1.6	0.4	-0.1	0.3	0.7	0.6	0.5	-
2023	0.7	0.0	-0.3	0.1	0.0	0.3	-0.1	0.2	0.3	0.2	0.1	-
2024	0.9	0.0	-0.1	0.0	0.2	0.2	0.1	0.2	0.2	0.3	0.0	-
2024 Q3	1.1	0.0	0.1	-0.1	0.2	0.1	0.1	0.2	0.2	0.3	0.1	-
Q4	0.9	0.0	-0.1	0.0	0.2	0.1	0.1	0.2	0.1	0.3	0.1	-
2025 Q1	1.5	0.0	0.6	0.0	0.2	0.2	0.0	0.1	0.1	0.3	0.0	-
Q2	1.4	0.0	0.6	0.0	0.2	0.2	0.0	0.1	0.1	0.2	0.0	-

Sources: Eurostat and ECB calculations.

2 Economic activity

2.3 Employment [1)]

(quarterly data seasonally adjusted; annual data unadjusted)

		By employment status		By economic activity									
	Total	Employees	Self-employed	Agriculture forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
as a percentage of total persons employed													
2022	100.0	86.0	14.0	2.9	14.2	6.4	24.2	3.3	2.3	1.1	14.2	24.9	6.5
2023	100.0	86.1	13.9	2.8	14.1	6.4	24.3	3.4	2.3	1.1	14.2	24.8	6.6
2024	100.0	86.1	13.9	2.8	14.0	6.4	24.4	3.4	2.3	1.0	14.2	25.0	6.5
annual percentage changes													
2022	2.4	2.5	1.4	-0.7	1.2	3.6	3.3	5.8	0.1	3.5	3.9	1.5	1.1
2023	1.5	1.6	1.1	-1.1	0.8	1.6	2.0	4.1	0.7	2.0	1.8	1.3	1.7
2024	0.9	1.0	0.6	-0.9	0.3	0.9	1.1	2.0	1.5	-0.6	0.7	1.5	0.7
2024 Q3	1.0	1.0	0.7	-0.9	0.3	0.6	1.0	1.7	1.6	-1.6	1.0	1.6	1.0
Q4	0.7	0.8	0.1	-2.4	0.1	0.7	1.2	1.3	1.7	0.3	0.1	1.4	0.3
2025 Q1	0.7	0.9	-0.3	-1.8	-0.2	0.7	0.6	1.0	1.5	3.0	0.6	1.4	1.0
Q2	0.7	0.7	0.2	-2.6	-0.3	0.9	0.8	0.7	1.2	3.3	0.8	1.2	0.2
Hours worked													
as a percentage of total hours worked													
2022	100.0	81.7	18.3	3.8	14.7	7.4	25.0	3.5	2.4	1.1	14.2	22.0	5.9
2023	100.0	81.9	18.1	3.7	14.6	7.3	25.1	3.6	2.4	1.1	14.2	22.0	5.9
2024	100.0	82.0	18.0	3.6	14.5	7.3	25.1	3.7	2.4	1.1	14.2	22.2	5.9
annual percentage changes													
2022	3.8	3.9	3.3	-1.0	1.3	4.3	7.6	6.2	-0.6	5.7	4.7	1.1	4.8
2023	1.7	2.0	0.6	-1.4	1.1	1.3	2.0	4.1	0.8	1.6	2.1	1.9	2.4
2024	1.1	1.2	0.6	-0.6	0.3	1.1	1.1	2.2	1.4	0.0	1.2	1.8	1.1
2024 Q3	0.5	0.6	0.1	-1.0	-0.3	0.1	0.5	1.4	1.5	-1.2	0.8	1.0	0.8
Q4	1.0	1.2	0.1	-1.5	0.0	0.8	1.2	1.6	0.8	1.8	0.7	1.9	1.2
2025 Q1	0.4	0.7	-1.0	-2.2	-0.7	0.4	0.1	0.9	1.1	2.5	0.3	1.3	1.7
Q2	0.3	0.5	-0.7	-2.8	-0.9	1.0	0.3	0.3	1.1	2.4	0.5	0.9	1.1
Hours worked per person employed													
annual percentage changes													
2022	1.3	1.3	1.8	-0.3	0.1	0.7	4.2	0.4	-0.7	2.2	0.8	-0.4	3.7
2023	0.2	0.4	-0.4	-0.3	0.2	-0.2	0.0	0.0	0.1	-0.4	0.3	0.6	0.6
2024	0.2	0.2	0.1	0.3	0.0	0.1	0.0	0.2	-0.1	0.6	0.5	0.3	0.4
2024 Q3	-0.4	-0.4	-0.6	-0.2	-0.6	-0.5	-0.4	-0.4	-0.1	0.4	-0.2	-0.5	-0.3
Q4	0.3	0.4	0.0	0.9	-0.1	0.1	0.0	0.3	-0.9	1.5	0.6	0.6	0.9
2025 Q1	-0.3	-0.2	-0.7	-0.5	-0.5	-0.3	-0.5	-0.1	-0.4	-0.5	-0.3	-0.1	0.7
Q2	-0.3	-0.2	-0.9	-0.1	-0.5	0.2	-0.5	-0.4	-0.2	-0.9	-0.3	-0.3	0.9

Sources: Eurostat and ECB calculations.
1) Data for employment are based on the ESA 2010.

2 Economic activity

2.4 Labour force, unemployment and job vacancies

(seasonally adjusted, unless otherwise indicated)

	Labour force, millions	Under-employment, % of labour force	Unemployment [1]												Job vacancy rate [3]
			Total		Long-term unemploy-ment, % of labour force [2]	By age				By gender					
						Adult		Youth		Male		Female			
			Millions	% of labour force		Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force		
	1	2	3	4	5	6	7	8	9	10	11	12	13		14
% of total in 2024			100.0			78.7		21.3		51.2		48.8			
2022	167.404	3.1	11.369	6.8	2.7	9.124	6.0	2.245	14.6	5.718	6.4	5.652	7.2		3.2
2023	169.703	2.9	11.166	6.6	2.4	8.875	5.8	2.292	14.5	5.644	6.3	5.523	6.9		3.1
2024	171.291	2.8	10.918	6.4	2.1	8.596	5.5	2.322	14.6	5.590	6.1	5.327	6.6		2.6
2024 Q3	171.438	2.8	10.857	6.3	1.9	8.489	5.5	2.368	14.9	5.637	6.2	5.221	6.5		2.5
Q4	171.628	2.8	10.636	6.2	2.0	8.361	5.4	2.275	14.4	5.468	6.0	5.168	6.4		2.5
2025 Q1	172.646	2.8	10.981	6.4	2.1	8.627	5.5	2.354	14.8	5.610	6.1	5.371	6.6		2.4
Q2	173.080	2.8	11.074	6.4	2.1	8.747	5.6	2.327	14.6	5.738	6.2	5.336	6.6		2.2
2025 Mar.	-	-	11.033	6.4	-	8.673	5.5	2.361	14.8	5.683	6.2	5.350	6.6		-
Apr.	-	-	10.920	6.3	-	8.622	5.5	2.298	14.4	5.620	6.1	5.300	6.5		-
May	-	-	11.019	6.4	-	8.694	5.5	2.325	14.6	5.717	6.2	5.302	6.5		-
June	-	-	10.978	6.3	-	8.687	5.5	2.290	14.4	5.692	6.2	5.286	6.5		-
July	-	-	10.831	6.2	-	8.606	5.5	2.224	14.0	5.631	6.1	5.200	6.4		-
Aug.	-	-	10.842	6.3	-	8.622	5.5	2.220	14.0	5.652	6.1	5.190	6.4		-

Sources: Eurostat and ECB calculations.
1) Where annual and quarterly Labour Force Survey data have not yet been published, they are estimated as simple averages of the monthly data. Fully break-free euro area and EU time-series were published for the first time in February 2022, following the implementation of the Integrated European Social Statistics Framework Regulation in 2021. For details of the break correction, see Eurostat (2024) EU labour force survey – correction for breaks in time series, Statistics Explained, updated 13 September 2024.
2) Not seasonally adjusted.
3) The job vacancy rate is equal to the number of job vacancies divided by the sum of the number of occupied posts and the number of job vacancies, expressed as a percentage. Data are non-seasonally adjusted and cover industry, construction and services (excluding households as employers and extra-territorial organisations and bodies).

2.5 Short-term business statistics

	Industrial production						Construc-tion production	Retail sales				Services produc-tion [1]	New passenger car regis-trations
	Total (excluding construction)		Main Industrial Groupings										
	Total	Manu-facturing	Inter-mediate goods	Capital goods	Consumer goods	Energy		Total	Food, beverages, tobacco	Non-food	Fuel		
	1	2	3	4	5	6	7	8	9	10	11	12	13
% of total in 2021	100.0	88.7	32.4	33.2	22.5	11.9	100.0	100.0	38.1	54.4	7.5	100.0	100.0
annual percentage changes													
2022	1.8	2.5	-1.3	3.7	5.9	-3.4	2.1	1.1	-2.7	3.5	4.5	9.9	-4.3
2023	-1.7	-1.2	-6.2	3.1	-1.0	-5.0	2.0	-1.8	-2.6	-1.0	-1.7	2.3	14.6
2024	-3.0	-3.3	-3.9	-5.0	-0.1	-0.1	-1.0	1.2	0.6	1.7	0.7	1.6	-0.1
2024 Q4	-1.6	-1.9	-2.5	-4.0	2.2	0.3	-0.1	2.2	1.0	3.0	1.0	2.0	-2.0
2025 Q1	1.5	1.5	-1.0	-1.7	9.5	0.7	-0.3	2.0	1.3	2.7	1.5	2.0	-2.7
Q2	1.4	1.4	-1.3	0.5	6.3	1.2	0.8	2.7	1.8	3.4	3.8	1.8	-0.9
Q3	.	.	.	.	.	.	.	.	.	.	.	.	5.9
2025 Apr.	0.4	0.7	-0.8	-0.7	4.5	-1.7	1.7	2.7	2.5	2.8	4.5	0.8	4.6
May	3.1	3.1	-1.7	2.9	9.6	2.3	0.7	2.0	0.6	2.8	2.7	1.9	5.7
June	0.7	0.6	-1.4	-0.5	4.6	3.1	-0.1	3.5	2.4	4.4	4.2	2.8	-11.7
July	2.0	2.2	-1.0	2.1	6.2	0.6	0.7	2.1	0.6	3.4	1.7	1.2	6.6
Aug.	1.1	1.3	-1.7	-0.4	7.2	-0.7	0.1	1.0	0.1	1.9	0.8	.	7.5
Sep.	.	.	.	.	.	.	.	.	.	.	.	.	3.9
month-on-month percentage changes (s.a.)													
2025 Apr.	-2.5	-2.1	-0.8	-1.2	-4.0	-3.0	0.9	0.4	0.8	0.2	1.3	-0.3	3.0
May	0.9	0.7	-1.7	1.0	6.1	3.6	-1.4	-0.3	-0.4	-0.1	-1.0	0.3	-1.4
June	-0.8	-0.9	0.0	-1.3	-3.8	1.3	0.1	0.5	0.5	0.6	0.8	-0.1	-5.5
July	0.5	0.8	0.5	1.7	1.8	-1.7	0.5	-0.4	-1.1	0.3	-1.6	-0.2	4.9
Aug.	-1.2	-1.2	-0.2	-2.2	-0.2	-0.6	-0.1	0.1	0.3	-0.1	0.4	.	0.7
Sep.	.	.	.	.	.	.	.	.	.	.	.	.	0.2

Sources: Eurostat, ECB calculations and European Automobile Manufacturers Association (col. 13).
1) Excluding trade and financial services.

2 Economic activity

2.6 Opinion surveys
(seasonally adjusted)

	European Commission Business and Consumer Surveys (percentage balances, unless otherwise indicated)								Purchasing Managers' Surveys (diffusion indices)			
	Economic sentiment indicator (long-term average = 100)	Manufacturing industry		Consumer confidence indicator	Construction confidence indicator	Retail trade confidence indicator	Service industries		Purchasing Managers' Index (PMI) for manufacturing	Manufacturing output	Business activity for services	Composite output
		Industrial confidence indicator	Capacity utilisation (%)				Services confidence indicator	Capacity utilisation (%)				
	1	2	3	4	5	6	7	8	9	10	11	12
1999-21	94.7	-5.2	33.9	.	-6.1	-7.9	-9.1	.	-	-	-	-
2022	102.3	5.0	82.4	-21.9	5.2	-3.6	9.3	89.9	-	-	-	-
2023	96.2	-6.1	80.7	-17.4	-1.3	-4.2	6.7	90.4	-	-	-	-
2024	95.7	-11.0	78.4	-14.0	-4.5	-6.9	6.3	90.1	45.9	46.2	51.5	50.1
2024 Q4	95.1	-12.7	77.4	-13.4	-3.8	-5.7	5.7	90.4	45.4	45.1	50.9	49.3
2025 Q1	95.5	-11.4	77.3	-14.1	-3.3	-5.8	4.5	90.3	47.6	48.8	51.0	50.4
Q2	94.3	-11.0	77.5	-15.7	-3.4	-7.8	2.3	89.8	49.3	51.3	50.1	50.4
Q3	95.5	-10.3	77.8	-15.0	-3.4	-6.9	3.8	89.9	50.1	51.4	50.9	51.0
2025 May	95.0	-10.3	.	-15.1	-3.4	-7.1	2.0	.	49.4	51.5	49.7	50.2
June	94.2	-11.8	.	-15.3	-3.0	-7.6	3.1	.	49.5	50.8	50.5	50.6
July	95.8	-10.4	77.8	-14.7	-3.2	-6.6	4.1	89.9	49.8	50.6	51.0	50.9
Aug.	95.3	-10.2	.	-15.5	-3.6	-6.4	3.8	.	50.7	52.5	50.5	51.0
Sep.	95.5	-10.3	.	-14.9	-3.5	-7.7	3.6	.	49.8	50.9	51.3	51.2
Oct.	.	.	.	-14.2	.	.	.	.	50.0	51.1	52.7	52.2

Sources: European Commission (Directorate-General for Economic and Financial Affairs) (col. 1-8) and S&P Global Market Intelligence (col. 9-12).

2.7 Summary accounts for households and non-financial corporations
(current prices, unless otherwise indicated; not seasonally adjusted)

	Households							Non-financial corporations					
	Saving rate (gross)	Debt ratio	Real gross disposable income	Financial investment	Non-financial investment (gross)	Net worth [2]	Housing wealth	Profit rate [3]	Saving rate (gross)	Debt ratio [4]	Financial investment	Non-financial investment (gross)	Financing
	Percentage of gross disposable income (adjusted) [1]		Annual percentage changes					Percentage of gross value added		Percentage of GDP	Annual percentage changes		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2022	13.5	90.7	0.8	2.1	12.5	2.5	8.1	37.9	5.2	72.6	4.9	9.9	3.4
2023	14.2	84.7	1.2	1.9	2.4	4.2	1.8	37.1	5.9	68.5	1.6	3.6	0.8
2024	15.2	81.7	2.4	2.3	-2.8	4.7	3.4	35.5	4.2	67.1	1.8	-2.4	0.9
2024 Q3	15.1	82.1	2.7	2.3	-2.5	5.9	2.9	35.7	4.7	67.4	1.9	3.7	0.9
Q4	15.2	81.7	2.3	2.3	-1.6	4.7	3.4	35.5	4.2	67.1	1.8	2.6	0.9
2025 Q1	15.2	81.3	1.1	2.4	0.2	4.5	4.6	35.5	3.8	67.0	2.8	8.2	1.7
Q2	15.2	81.5	1.3	2.6	2.8	4.9	4.7	35.3	3.5	66.3	2.6	11.8	1.6

Sources: ECB and Eurostat.
1) Based on four-quarter cumulated sums of saving, debt and gross disposable income (adjusted for the change in pension entitlements).
2) Financial assets (net of financial liabilities) and non-financial assets. Non-financial assets consist mainly of housing wealth (residential structures and land). They also include non-financial assets of unincorporated enterprises classified within the household sector.
3) The profit rate is gross entrepreneurial income (broadly equivalent to cash flow) divided by gross value added.
4) Defined as consolidated loans and debt securities liabilities.

2 Economic activity

2.8 Euro area balance of payments, current and capital accounts

(EUR billions; seasonally adjusted unless otherwise indicated; transactions)

	Current account											Capital account [1]	
	Total			Goods		Services		Primary income		Secondary income			
	Credit	Debit	Balance	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11	12	13
2024 Q3	1,475.4	1,389.5	86.0	698.4	618.9	375.1	339.0	351.1	338.4	50.9	93.3	21.8	17.3
Q4	1,486.3	1,412.3	74.0	703.7	622.3	381.9	334.7	352.2	351.5	48.6	103.7	35.7	23.8
2025 Q1	1,552.7	1,485.4	67.3	758.1	644.1	391.8	363.4	354.3	390.8	48.5	87.1	31.9	26.6
Q2	1,498.1	1,408.2	89.9	713.8	627.5	387.4	346.2	348.3	339.0	48.5	95.5	18.6	17.3
2025 Mar.	523.1	495.7	27.5	262.4	221.0	128.5	119.6	115.7	125.4	16.5	29.7	11.5	8.1
Apr.	498.6	475.9	22.7	239.4	207.9	127.2	117.3	115.6	118.2	16.4	32.5	5.8	5.3
May	501.4	470.9	30.5	238.4	205.8	129.2	114.7	117.7	119.0	16.1	31.4	5.9	5.4
June	498.1	461.5	36.7	236.1	213.9	131.1	114.2	115.0	101.8	16.0	31.6	6.9	6.6
July	496.6	466.9	29.8	236.0	211.4	128.4	115.7	115.6	107.2	16.7	32.5	9.1	4.1
Aug.	491.9	480.0	11.9	233.5	218.5	129.7	115.8	112.3	113.4	16.4	32.2	5.8	5.0
12-month cumulated transactions													
2025 Aug.	6,014.7	5,711.2	303.5	2,877.2	2,529.9	1,541.1	1,387.4	1,401.0	1,412.2	195.5	381.7	106.3	82.7
12-month cumulated transactions as a percentage of GDP													
2025 Aug.	38.7	36.8	2.0	18.5	16.3	9.9	8.9	9.0	9.1	1.3	2.5	0.7	0.5

1) The capital account is not seasonally adjusted.

2.9 Euro area external trade in goods [1], values and volumes by product group [2]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports	Total	Intermediate goods	Capital goods	Consumption goods	Manufacturing	Total	Intermediate goods	Capital goods	Consumption goods	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
Values (EUR billions; annual percentage changes for columns 1 and 2)													
2024 Q3	2.2	0.3	712.1	339.1	137.4	220.0	591.1	676.5	381.0	112.7	166.2	492.0	75.0
Q4	1.1	2.1	714.7	335.7	139.6	224.9	593.2	684.0	381.5	112.4	171.5	494.6	70.1
2025 Q1	8.0	8.0	770.0	377.8	145.3	230.6	641.5	708.1	400.1	115.1	177.7	507.9	67.7
Q2	0.2	2.1	724.7	338.1	139.2	229.5	603.4	691.4	382.2	116.8	176.2	504.8	59.3
2025 Mar.	14.1	9.6	266.9	132.3	51.1	77.9	225.2	239.0	134.7	38.7	60.7	172.5	21.1
Apr.	-1.1	0.1	244.3	114.1	46.5	77.6	203.8	230.0	128.6	38.7	57.9	167.3	20.9
May	1.2	-0.4	243.1	115.4	46.3	76.0	202.8	227.3	125.5	38.2	58.1	165.3	19.4
June	0.6	6.9	237.3	108.5	46.4	75.9	196.8	234.1	128.1	40.0	60.1	172.2	19.0
July	0.5	3.0	237.6	109.3	49.3	75.1	197.1	231.7	127.0	39.6	59.3	170.2	21.5
Aug.	-4.7	-3.8	235.8	.	.	.	192.4	226.2	.	.	.	163.4	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2024 Q3	-0.6	-1.1	94.5	89.1	90.8	106.2	94.7	98.6	94.7	99.2	105.6	99.7	129.8
Q4	-2.6	1.4	93.6	87.3	90.5	107.1	93.9	99.8	95.1	97.5	109.5	100.0	133.0
2025 Q1	0.6	2.3	98.0	93.3	94.4	108.3	98.7	100.7	96.1	98.4	110.7	101.0	129.1
Q2	-2.6	1.5	94.0	86.9	90.4	108.8	94.2	100.9	95.4	100.8	111.3	101.4	134.6
2025 Feb.	-1.6	-0.4	97.5	93.2	92.4	107.1	97.9	101.2	96.6	100.2	109.8	101.0	133.1
Mar.	6.0	4.5	100.9	97.5	97.9	108.9	102.5	101.3	96.6	99.1	113.3	102.8	126.6
Apr.	-5.4	-2.3	93.6	87.1	89.5	108.0	93.8	99.5	94.7	99.5	108.5	100.1	134.4
May	-0.8	0.6	95.4	89.2	91.5	109.0	95.8	100.1	94.8	99.1	110.5	100.1	135.9
June	-1.5	6.6	93.0	84.5	90.3	109.4	92.9	103.1	96.8	103.9	115.0	104.0	133.4
July	-0.1	3.9	94.3	85.8	96.0	107.6	94.6	101.9	96.2	102.9	111.5	103.0	134.4

Sources: ECB and Eurostat.
1) Differences between ECB's b.o.p. goods (Table 2.8) and Eurostat's trade in goods (Table 2.9) are mainly due to different definitions.
2) Product groups as classified in the Broad Economic Categories.

3 Prices and costs

3.1 Harmonised Index of Consumer Prices [1)]

(annual percentage changes, unless otherwise indicated)

	Total					Total (s.a.; percentage change vis-à-vis previous period) [2)]						Administered prices	
	Index: 2015 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
		Total	Total excluding food and energy										
	1	2	3	4	5	6	7	8	9	10	11	12	13
% of total in 2024	100.0	100.0	70.6	55.1	44.9	100.0	15.1	4.3	25.7	9.9	44.9	88.5	11.5
2022	116.8	8.4	3.9	11.9	3.5	-	-	-	-	-	-	8.5	7.8
2023	123.2	5.4	4.9	5.7	4.9	-	-	-	-	-	-	5.5	4.9
2024	126.1	2.4	2.8	1.1	4.0	-	-	-	-	-	-	2.3	3.3
2024 Q4	126.9	2.2	2.7	0.8	3.9	0.5	0.8	1.8	0.1	-0.6	0.7	2.0	4.3
2025 Q1	127.3	2.3	2.6	1.2	3.7	0.8	0.5	0.6	0.2	2.9	0.8	2.2	3.7
Q2	128.9	2.0	2.4	0.8	3.5	0.2	0.5	1.4	0.1	-4.1	1.0	1.9	3.0
Q3	129.3	2.1	2.3	1.2	3.2	0.6	0.8	1.3	0.4	0.3	0.7	2.0	2.8
2025 Apr.	128.8	2.2	2.7	0.7	4.0	0.1	0.0	0.6	0.0	-2.3	0.7	2.0	3.3
May	128.7	1.9	2.3	0.8	3.2	-0.1	0.4	-0.1	0.1	-1.2	-0.1	1.8	3.0
June	129.1	2.0	2.3	0.9	3.3	0.2	0.2	0.5	0.1	0.2	0.4	1.9	2.8
July	129.1	2.0	2.3	1.1	3.2	0.3	0.3	0.9	0.2	1.0	0.2	1.9	3.0
Aug.	129.3	2.0	2.3	1.1	3.1	0.1	0.2	0.3	0.0	-0.7	0.3	2.0	2.7
Sep.	129.4	2.2	2.4	1.4	3.2	0.2	0.2	-0.2	0.1	-0.1	0.2	2.2	2.7

	Goods						Services					
	Food (including alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal care	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy	Total	Rents				
	14	15	16	17	18	19	20	21	22	23	24	25
% of total in 2024	19.5	15.1	4.3	35.6	25.7	9.9	9.6	5.6	7.4	2.2	16.4	9.3
2022	9.0	8.6	10.4	13.6	4.6	37.0	2.4	1.7	4.4	-0.2	6.1	2.1
2023	10.9	11.4	9.1	2.9	5.0	-2.0	3.6	2.7	5.2	0.2	6.9	4.0
2024	2.9	3.2	1.9	0.0	0.8	-2.2	3.3	2.9	4.2	-0.9	4.9	4.0
2024 Q4	2.7	2.8	2.3	-0.2	0.6	-2.2	3.3	3.0	5.0	-2.2	4.6	4.0
2025 Q1	2.6	2.6	2.9	0.5	0.6	0.4	3.3	2.9	3.9	-1.9	4.2	4.1
Q2	3.1	2.7	4.6	-0.5	0.6	-3.2	3.3	3.0	4.4	-2.1	3.8	3.9
Q3	3.2	2.6	5.2	0.1	0.8	-1.6	3.2	2.9	3.7	-1.2	3.2	3.8
2025 Apr.	3.0	2.4	4.9	-0.6	0.6	-3.6	3.3	3.0	5.7	-1.9	4.4	4.0
May	3.2	2.9	4.3	-0.5	0.6	-3.6	3.3	3.0	3.6	-2.6	3.4	3.9
June	3.1	2.6	4.6	-0.3	0.5	-2.6	3.3	3.0	4.0	-1.9	3.5	3.7
July	3.3	2.7	5.4	-0.1	0.8	-2.4	3.2	2.9	4.1	-1.9	3.0	3.9
Aug.	3.2	2.6	5.5	0.0	0.8	-2.0	3.2	2.9	3.6	-1.7	3.1	3.8
Sep.	3.0	2.6	4.7	0.5	0.8	-0.4	3.2	2.9	3.3	-0.1	3.4	3.7

Sources: Eurostat and ECB calculations.
1) Data refer to the changing composition of the euro area.
2) In May 2016 the ECB started publishing enhanced seasonally adjusted HICP series for the euro area, following a review of the seasonal adjustment approach as described in Box 1, Economic Bulletin, Issue 3, ECB, 2016 (https://www.ecb.europa.eu/pub/pdf/ecbu/eb201603.en.pdf).

3 Prices and costs

3.2 Industry, construction and property prices

(annual percentage changes, unless otherwise indicated)

	Industrial producer prices excluding construction [1]										Construction [2]	Residential property prices	Experimental indicator of commercial property prices [3]
		Total		Industry excluding construction and energy						Energy			
							Consumer goods						
	Total (index: 2021 = 100)	Total	Manufacturing	Total	Intermediate goods	Capital goods	Total	Food, beverages and tobacco	Non-food				
	1	2	3	4	5	6	7	8	9	10	11	12	13
% of total in 2021	100.0	100.0	77.8	72.3	30.9	19.3	22.2	15.7	6.5	27.7			
2022	132.7	32.7	17.0	13.8	19.8	7.1	12.2	16.6	6.8	81.1	11.9	7.3	0.4
2023	130.0	-2.1	1.9	3.7	-0.2	4.8	8.3	8.4	5.6	-13.3	6.9	-1.2	-8.2
2024	124.6	-4.2	-0.6	-0.1	-2.4	1.6	1.6	0.3	1.2	-12.3	2.2	2.0	-4.5
2024 Q3	124.4	-2.7	-0.6	0.4	-0.9	1.3	1.5	0.5	1.1	-8.9	1.8	2.8	-3.8
Q4	126.2	-1.5	-0.2	0.9	-0.3	1.4	2.0	1.4	1.2	-6.0	1.0	4.1	-1.2
2025 Q1	127.7	2.3	0.7	1.3	0.7	1.7	2.1	1.5	1.6	5.0	1.0	5.3	.
Q2	123.5	0.5	-0.1	1.0	0.2	1.7	2.2	1.9	1.4	-0.7	0.8	5.1	.
2025 Mar.	126.4	1.9	0.3	1.3	0.8	1.8	2.0	1.6	1.5	3.9	-	-	-
Apr.	123.6	0.7	-0.4	1.1	0.4	1.7	2.1	2.0	1.4	-0.5	-	-	-
May	122.9	0.3	-0.1	1.1	0.2	1.7	2.2	2.0	1.4	-1.5	-	-	-
June	124.0	0.6	0.1	0.9	-0.1	1.7	2.4	1.9	1.5	-0.1	-	-	-
July	124.4	0.2	0.1	1.0	-0.3	1.8	2.3	1.8	1.6	-1.0	-	-	-
Aug.	124.0	-0.6	0.3	1.0	-0.3	1.8	2.3	2.0	1.4	-4.1	-	-	-

Sources: Eurostat, ECB calculations, and ECB calculations based on MSCI data and national sources (col. 13).
1) Domestic sales only.
2) Output prices for residential buildings.
3) Experimental data based on non-harmonised sources (see https://www.ecb.europa.eu/stats/ecb_statistics/governance_and_quality_framework/html/experimental-data.en.html for further details).

3.3 Commodity prices and GDP deflators

(annual percentage changes, unless otherwise indicated)

	GDP deflators								Oil prices (Brent spot, US Dollar)	Non-energy commodity prices (EUR)					
			Domestic demand							Import-weighted [2]			Use-weighted [2]		
	Total (s.a.; index: 2020 = 100)	Total	Total	Private consumption	Government consumption	Gross fixed capital formation	Exports [1]	Imports [1]		Total	Food	Non-food	Total	Food	Non-food
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
% of total										100.0	45.5	54.6	100.0	50.4	49.6
2022	107.4	5.2	7.1	6.8	4.4	8.1	12.9	17.6	103.8	18.3	28.8	9.6	19.3	27.7	10.9
2023	113.9	6.1	4.8	6.3	3.7	4.1	0.7	-2.2	83.7	-12.8	-11.6	-14.0	-13.7	-12.5	-15.0
2024	117.3	3.0	2.4	2.3	2.9	1.9	0.9	-0.4	82.0	9.4	13.6	5.1	9.2	12.2	5.5
2024 Q4	118.4	2.5	1.8	1.7	2.3	1.9	1.8	0.5	75.8	17.7	23.5	11.8	17.8	21.9	12.8
2025 Q1	119.0	2.3	2.1	2.0	2.7	1.7	2.2	1.9	76.7	20.0	28.2	11.4	19.2	24.8	12.2
Q2	119.8	2.5	2.1	2.0	2.6	2.1	0.6	-0.3	68.9	-1.9	2.0	-6.2	-2.3	0.6	-6.0
Q3	.	.	.	.	.	.	.	.	69.9	-0.8	-0.4	-1.1	-1.9	-1.9	-1.8
2025 Apr.	-	-	-	-	-	-	-	-	69.0	-3.0	-0.7	-5.7	-2.8	-1.0	-5.2
May	-	-	-	-	-	-	-	-	64.7	0.3	7.7	-7.3	-0.8	4.1	-6.7
June	-	-	-	-	-	-	-	-	72.9	-3.2	-0.9	-5.7	-3.3	-1.1	-6.0
July	-	-	-	-	-	-	-	-	72.2	-3.4	-4.3	-2.5	-3.4	-3.7	-3.1
Aug.	-	-	-	-	-	-	-	-	69.1	1.2	2.4	-0.1	-0.4	-0.2	-0.8
Sep.	-	-	-	-	-	-	-	-	68.2	0.1	0.8	-0.6	-1.8	-1.9	-1.6

Sources: Eurostat, ECB calculations and LSEG (London Stock Exchange Group) (col. 9).
1) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.
2) Import-weighted: weighted according to 2009-11 average import structure; use-weighted: weighted according to 2009-11 average domestic demand structure.

3 Prices and costs

3.4 Price-related opinion surveys
(seasonally adjusted)

	European Commission Business and Consumer Surveys (percentage balance)					Purchasing Managers' Surveys (diffusion indices)			
	Selling price expectations (for next three months)				Consumer price trends over past 12 months	Input prices		Prices charged	
	Manu-facturing	Retail trade	Services	Construction		Manu-facturing	Services	Manu-facturing	Services
	1	2	3	4	5	6	7	8	9
1999-21	26.2	20.0	8.0	14.5	25.9	-	-	-	-
2022	48.5	53.1	27.4	42.1	71.6	-	-	-	-
2023	9.1	28.8	19.6	14.8	74.5	-	-	-	-
2024	6.0	14.5	15.2	4.5	55.1	49.0	59.7	48.8	54.2
2024 Q4	7.4	13.8	14.9	4.8	48.8	49.2	58.0	48.2	53.3
2025 Q1	10.3	16.8	14.8	4.6	50.3	52.2	60.1	50.0	54.1
Q2	8.2	16.2	14.0	3.2	49.3	48.3	58.2	50.0	52.8
Q3	7.5	16.8	13.7	2.7	47.7	50.0	57.6	49.8	52.9
2025 May	8.0	15.2	14.1	3.0	50.2	47.8	58.3	49.2	52.6
June	5.9	16.3	13.3	2.1	49.1	48.1	58.1	49.5	53.1
July	8.9	16.8	13.7	3.1	49.0	50.0	56.5	49.9	53.0
Aug.	6.8	16.7	14.7	0.8	47.1	50.4	58.3	49.8	53.3
Sep.	6.9	16.8	12.5	4.2	47.1	49.6	58.1	49.7	52.6
Oct.	.	.	.	.	.	50.2	57.6	50.6	53.3

Sources: European Commission (Directorate-General for Economic and Financial Affairs) and S&P Global Market Intelligence.

3.5 Labour cost indices
(annual percentage changes, unless otherwise indicated)

			By component		For selected economic activities		
	Total (index: 2020=100)	Total	Wages and salaries	Employers' social contributions	Business economy	Mainly non-business economy	Memo item: Indicator of negotiated wages [1]
	1	2	3	4	5	6	7
% of total in 2020	100.0	100.0	75.3	24.7	69.0	31.0	
2022	105.5	4.5	3.7	6.8	5.0	3.4	2.9
2023	110.5	4.7	4.5	5.3	5.1	4.0	4.4
2024	115.6	4.6	4.7	4.5	4.7	4.5	4.5
2024 Q3	111.9	4.7	4.5	5.2	4.8	4.4	5.4
Q4	122.6	3.8	4.1	2.7	4.0	3.3	4.1
2025 Q1	112.1	3.4	3.5	3.2	3.9	2.5	2.5
Q2	123.8	3.6	3.7	3.4	4.0	2.7	4.0

Sources: Eurostat and ECB calculations.
1) Experimental data based on non-harmonised sources (see https://www.ecb.europa.eu/stats/ecb_statistics/governance_and_quality_framework/html/experimental-data.en.html for further details).

3 Prices and costs

3.6 Unit labour costs, compensation per labour input and labour productivity

(annual percentage changes, unless otherwise indicated; quarterly data seasonally adjusted; annual data unadjusted)

			By economic activity									
	Total (index: 2020 =100)	Total	Agriculture, forestry andfishing	Manu-facturing, energy and utilities	Con-struction	Trade, transport, accom-modation and food services	Information and commu-nication	Finance and insurance	Real estate	Professional, business and support services	Public ad-ministration, education, health and social work	Arts, enter-tainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
Unit labor costs												
2022	102.8	3.2	4.2	4.5	8.4	0.7	2.1	5.4	6.0	3.7	2.1	-6.7
2023	109.4	6.4	6.4	8.3	4.6	7.7	2.4	9.7	3.3	5.5	5.1	3.4
2024	114.3	4.5	3.3	5.4	5.9	4.5	3.0	3.5	1.1	3.6	4.7	3.9
2024 Q3	114.6	4.4	2.9	4.2	6.5	4.7	2.9	3.9	-0.1	3.9	4.7	3.2
Q4	115.4	3.5	2.2	4.6	5.7	4.3	3.0	1.8	1.6	3.7	3.7	2.8
2025 Q1	116.1	3.0	1.9	0.0	4.9	3.9	1.7	4.5	4.2	3.9	3.9	3.3
Q2	117.2	3.0	1.2	0.3	5.8	3.3	0.6	5.5	5.9	4.6	3.6	4.2
Compensation per employee												
2022	109.0	4.5	4.5	3.9	4.2	6.1	2.8	3.0	4.8	5.7	3.4	8.3
2023	114.8	5.3	4.7	5.6	4.8	5.4	4.9	6.0	3.3	5.9	4.8	5.3
2024	119.9	4.5	3.7	4.3	4.2	4.4	4.0	3.7	3.4	4.8	4.7	4.8
2024 Q3	120.5	4.4	3.6	4.1	4.7	4.6	3.8	3.8	3.2	4.6	4.8	4.0
Q4	121.7	4.1	4.8	3.9	4.0	4.2	4.5	2.3	2.8	4.6	4.1	4.4
2025 Q1	122.8	3.9	4.6	3.2	4.0	4.3	4.0	3.0	2.2	4.4	4.2	3.5
Q2	124.0	3.9	5.0	3.7	4.7	3.7	3.7	4.3	3.3	4.5	3.6	4.9
Labour productivity per person employed												
2022	106.1	1.2	0.2	-0.5	-3.9	5.4	0.7	-2.2	-1.1	2.0	1.3	16.0
2023	104.9	-1.1	-1.6	-2.5	0.2	-2.1	2.5	-3.4	0.1	0.3	-0.3	1.8
2024	104.9	0.0	0.3	-1.0	-1.6	-0.1	0.9	0.2	2.2	1.1	0.0	0.9
2024 Q3	105.0	0.0	0.7	-0.1	-1.7	-0.1	0.9	-0.1	3.3	0.7	0.0	0.7
Q4	105.3	0.6	2.6	-0.7	-1.5	-0.1	1.4	0.5	1.2	0.8	0.4	1.6
2025 Q1	105.7	0.9	2.7	3.2	-0.9	0.4	2.2	-1.4	-2.0	0.5	0.2	0.2
Q2	105.8	0.9	3.8	3.3	-1.0	0.3	3.0	-1.2	-2.4	-0.1	-0.1	0.6
Compensation per hour worked												
2022	103.4	3.2	5.8	3.9	4.0	1.7	2.5	3.6	3.3	4.4	3.8	4.9
2023	108.5	4.9	4.1	5.4	4.7	5.1	5.0	5.7	3.6	5.4	4.2	4.5
2024	113.1	4.2	3.7	4.4	4.2	4.3	3.7	3.7	2.9	4.0	4.4	4.5
2024 Q3	113.5	4.9	3.8	4.9	4.9	5.2	4.0	3.9	2.2	4.5	5.2	4.1
Q4	114.3	3.7	3.7	4.0	4.0	3.9	4.2	3.0	2.9	3.8	3.5	4.0
2025 Q1	115.7	4.1	4.8	3.7	4.2	4.5	3.9	3.5	2.4	4.5	4.3	2.9
Q2	116.7	4.1	4.5	4.1	4.3	3.8	3.7	4.5	4.0	4.7	3.9	4.0
Hourly labour productivity												
2022	100.1	-0.1	0.5	-0.6	-4.6	1.2	0.3	-1.6	-3.2	1.2	1.7	11.9
2023	98.9	-1.3	-1.3	-2.7	0.4	-2.1	2.5	-3.4	0.5	0.0	-0.8	1.1
2024	98.7	-0.2	0.0	-1.0	-1.7	-0.1	0.7	0.3	1.6	0.6	-0.3	0.5
2024 Q3	98.8	0.5	0.9	0.6	-1.3	0.4	1.3	0.0	2.9	0.9	0.5	1.0
Q4	98.8	0.3	1.7	-0.5	-1.6	-0.1	1.1	1.3	-0.2	0.2	-0.2	0.7
2025 Q1	99.5	1.2	3.1	3.8	-0.7	0.9	2.3	-1.0	-1.5	0.8	0.3	-0.4
Q2	99.5	1.2	3.9	3.9	-1.1	0.9	3.4	-1.0	-1.5	0.2	0.2	-0.3

Sources: Eurostat and ECB calculations.

4 Financial market developments

4.1 Money market interest rates
(percentages per annum, period averages)

	Euro area [1]					United States	Japan
	Euro short-term rate (€STR)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposity (EURIBOR)	Secured overnight financing rate (SOFR)	Tokyo overnight average rate (TONAR)
	1	2	3	4	5	6	7
2022	-0.01	0.09	0.35	0.68	1.10	1.63	-0.03
2023	3.21	3.25	3.43	3.69	3.86	5.00	-0.04
2024	3.64	3.56	3.57	3.48	3.27	5.15	0.12
2025 Apr.	2.34	2.24	2.25	2.20	2.14	4.35	0.48
May	2.17	2.10	2.09	2.12	2.08	4.31	0.48
June	2.01	1.93	1.98	2.05	2.08	4.32	0.48
July	1.92	1.89	1.99	2.06	2.08	4.34	0.48
Aug.	1.92	1.89	2.02	2.08	2.11	4.34	0.48
Sep.	1.92	1.90	2.03	2.10	2.17	4.30	0.48

Source: LSEG and ECB calculations.
1) Data refer to the changing composition of the euro area.

4.2 Yield curves
(End of period; rates in percentages per annum; spreads in percentage points)

	Spot rates					Spreads			Instantaneous forward rates			
	Euro area [1] [2]					Euro area [1] [2]	United States	Japan	Euro area [1] [2]			
	3 months	1 year	2 years	5 years	10 years	10 years - 1 year	10 years - 1 year	10 years - 1 year	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2022	1.71	2.46	2.57	2.45	2.56	0.09	-0.84	0.41	2.85	2.48	2.47	2.76
2023	3.78	3.05	2.44	1.88	2.08	-0.96	-0.92	0.64	2.25	1.54	1.76	2.64
2024	2.58	2.18	2.01	2.13	2.45	0.27	0.41	0.63	1.86	1.89	2.50	2.91
2025 Apr.	1.88	1.74	1.70	1.99	2.56	0.82	0.35	0.74	1.63	1.74	2.65	3.40
May	1.86	1.78	1.78	2.08	2.61	0.83	0.34	0.90	1.73	1.87	2.70	3.42
June	1.86	1.82	1.84	2.16	2.68	0.86	0.32	0.82	1.80	1.96	2.76	3.48
July	1.90	1.89	1.94	2.25	2.76	0.87	0.33	0.87	1.91	2.08	2.83	3.58
Aug.	1.94	1.90	1.92	2.22	2.79	0.89	0.45	0.88	1.89	2.03	2.83	3.72
Sep.	1.94	1.94	1.99	2.27	2.78	0.83	0.58	0.82	1.97	2.12	2.82	3.63

Source: ECB calculations.
1) Data refer to the changing composition of the euro area.
2) ECB calculations based on underlying data provided by Euro MTS Ltd and ratings provided by Fitch Ratings.

4.3 Stock market indices
(index levels in points; period averages)

	Dow Jones EURO STOXX Indices												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2022	414.6	3,757.0	937.3	253.4	171.3	110.0	160.6	731.7	748.4	353.4	283.2	825.8	4,098.5	27,257.8
2023	452.0	4,272.0	968.5	292.7	169.2	119.2	186.7	809.8	861.5	367.8	283.1	803.6	4,285.6	30,716.6
2024	502.8	4,870.4	992.6	299.1	161.1	123.9	231.6	951.6	1,069.3	378.7	301.6	792.1	5,430.7	38,395.3
2025 Apr.	520.6	4,994.0	938.6	256.5	158.1	118.1	290.6	1,028.5	972.3	428.7	363.4	799.9	5,369.5	34,343.0
May	562.6	5,358.5	991.5	270.2	165.8	126.5	317.9	1,146.4	1,088.5	446.5	374.1	824.3	5,810.9	37,490.5
June	561.8	5,325.1	972.2	257.8	162.5	134.4	317.4	1,161.2	1,110.0	457.0	367.1	801.4	6,030.0	38,458.3
July	566.7	5,351.7	958.0	261.1	157.2	137.2	324.3	1,192.4	1,098.2	454.6	358.5	805.9	6,296.5	40,173.0
Aug.	571.9	5,373.8	964.5	254.6	152.4	139.4	348.1	1,188.0	1,048.5	452.3	357.4	835.5	6,408.9	42,299.9
Sep.	572.8	5,408.0	947.6	257.8	148.6	138.8	344.7	1,198.6	1,083.0	445.8	350.4	840.5	6,584.0	44,218.5

Source: LSEG.

4 Financial market developments

4.4 MFI interest rates on loans to and deposits from households (new business) [1), 2)]

(percentages per annum, period average, unless otherwise indicated)

	Deposits				Revolving loans and overdrafts	Extended credit card credit	Loans for consumption			Loans to sole proprietors and unincorporated partnerships	Loans for house purchase					
			With an agreed maturity of:				By initial period of rate fixation				By initial period of rate fixation					
	Overnight	Redeemable at notice of up to 3 months	Up tp 2 years	Over 2 years			Floating rate and up to 1 year	Over 1 year	APRC [3)]		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years	APRC [3)]	Composite cost-of-borrowing indicator
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2024 Sep.	0.37	1.77	2.99	2.73	8.22	17.04	7.55	7.76	8.53	4.89	4.58	3.79	3.55	3.28	3.89	3.64
Oct.	0.36	1.77	2.73	2.63	8.06	16.89	7.24	7.71	8.46	4.65	4.37	3.69	3.47	3.22	3.79	3.55
Nov.	0.35	1.76	2.61	2.52	7.96	16.84	6.52	7.69	8.41	4.58	4.27	3.62	3.43	3.16	3.72	3.47
Dec.	0.35	1.76	2.45	2.51	7.91	16.84	6.76	7.48	8.26	4.36	4.15	3.57	3.36	3.09	3.64	3.39
2025 Jan.	0.34	1.75	2.33	2.42	7.80	16.77	7.16	7.69	8.50	4.42	4.06	3.49	2.88	2.97	3.34	3.25
Feb.	0.32	1.55	2.20	2.37	7.75	16.69	6.79	7.66	8.38	4.45	4.00	3.52	3.37	3.09	3.61	3.33
Mar.	0.31	1.52	2.10	2.25	7.73	16.63	6.96	7.57	8.28	4.35	3.92	3.50	3.36	3.10	3.57	3.32
Apr.	0.29	1.50	1.97	2.30	7.53	16.58	6.95	7.59	8.31	4.29	3.85	3.48	3.32	3.04	3.52	3.27
May	0.29	1.45	1.86	2.24	7.48	16.50	6.77	7.60	8.32	4.22	3.70	3.42	3.45	3.12	3.58	3.30
June	0.27	1.44	1.79	2.21	7.41	16.47	6.68	7.47	8.17	4.10	3.61	3.41	3.47	3.12	3.58	3.30
July	0.25	1.43	1.75	2.21	7.29	16.44	6.68	7.53	8.18	4.11	3.56	3.38	3.45	3.12	3.57	3.28
Aug.	0.25	1.22	1.73	2.19	7.28	16.40	7.12	7.54	8.25	4.15	3.59	3.41	3.46	3.18	3.62	3.31

Source: ECB.
1) Data refer to the changing composition of the euro area.
2) Including non-profit institutions serving households.
3) Annual percentage rate of charge (APRC).

4.5 MFI interest rates on loans to and deposits from non-financial corporations (new business) [1), 2)]

(Percentages per annum; period average, unless otherwise indicated)

	Deposits			Revolving loans and overdrafts	Other loans by size and initial period of rate fixation									Composite cost-of-borrowing indicator
		With an agreed maturity of:			Up to EUR 0.25 million			over EUR 0.25 and up to 1 million			over EUR 1 million			
	Overnight	Up tp 2 years	Over 2 years		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 year	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2024 Sep.	0.88	3.28	2.97	5.12	5.03	5.29	5.49	5.02	4.64	4.04	4.73	4.47	3.85	4.80
Oct.	0.82	3.06	2.96	4.89	4.82	5.10	5.29	4.80	4.39	3.92	4.64	4.29	3.85	4.67
Nov.	0.81	2.92	2.65	4.80	4.80	4.99	5.29	4.62	4.26	3.85	4.42	4.20	3.70	4.52
Dec.	0.77	2.80	2.80	4.64	4.63	4.79	5.08	4.47	4.13	3.76	4.31	4.06	3.63	4.36
2025 Jan.	0.76	2.67	2.58	4.48	4.35	4.60	4.82	4.33	4.02	3.75	4.18	3.87	3.65	4.25
Feb.	0.72	2.50	2.73	4.33	4.37	4.54	4.79	4.22	3.81	3.69	3.98	3.75	3.58	4.11
Mar.	0.67	2.33	2.54	4.21	4.02	4.54	4.81	3.97	3.77	3.69	3.67	3.78	3.67	3.94
Apr.	0.60	2.15	2.65	4.03	3.91	4.23	4.78	3.86	3.59	3.70	3.55	3.51	3.66	3.80
May	0.58	2.06	2.56	3.90	3.78	4.25	4.88	3.67	3.49	3.68	3.30	3.48	3.66	3.66
June	0.53	1.93	2.58	3.82	3.70	4.21	4.89	3.54	3.40	3.63	3.29	3.41	3.54	3.60
July	0.51	1.88	2.49	3.68	3.52	4.08	4.76	3.55	3.41	3.61	3.24	3.41	3.47	3.52
Aug.	0.51	1.88	2.27	3.66	3.59	4.05	4.74	3.54	3.41	3.63	3.07	3.35	3.63	3.46

Source: ECB.
1) Data refer to the changing composition of the euro area.
2) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector.

4 Financial market developments

4.6 Debt securities issued by euro area residents, by sector of the issuer and original maturity

(EUR billions; transactions during the month and end-of-period outstanding amounts; market values)

	Outstanding amounts							Gross issues [1]						
	Total	MFIs	Non-MFI corporations			General government		Total	MFIs	Non-MFI corporations			General government	
			Financial corporations other than MFIs		Non-financial corporations	Total	of which central government			Financial corporations other than MFIs		Non-financial corporations	Total	of which central government
			Total	FVCs						Total	FVCs			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Short-term														
2022	1,405.5	500.8	143.1	80.6	94.8	666.8	621.7	493.7	193.3	116.5	76.7	49.9	134.0	96.8
2023	1,586.4	634.0	164.5	104.3	86.1	701.8	659.1	537.3	242.1	117.5	91.3	49.2	128.5	104.6
2024	1,598.0	578.5	207.1	121.7	70.5	741.9	674.7	522.7	207.9	137.7	107.6	39.8	137.4	110.3
2025 Apr.	1,571.6	561.3	216.6	122.7	89.0	704.7	631.9	575.7	224.8	162.5	127.9	52.3	136.1	112.3
May	1,578.5	587.5	205.0	116.6	95.8	690.2	619.8	570.4	256.2	140.8	115.0	46.7	126.7	97.4
June	1,599.9	599.9	205.7	123.1	90.4	704.0	633.8	549.5	230.2	152.2	123.0	43.7	123.5	94.9
July	1,596.8	596.8	202.8	109.9	96.9	700.4	631.1	564.2	238.4	156.8	122.2	48.4	120.5	99.8
Aug.	1,642.1	630.1	203.5	105.9	98.6	710.0	640.4	534.4	241.9	133.9	106.4	31.0	127.6	103.3
Sep.	1,590.1	605.5	192.1	101.7	89.2	703.4	629.8	558.7	237.9	141.2	111.6	42.6	137.0	106.7
Long-term														
2022	17,789.7	3,899.1	3,108.5	1,394.0	1,426.1	9,356.1	8,644.3	295.6	76.7	68.5	31.0	17.2	133.2	123.8
2023	19,417.2	4,442.4	3,243.9	1,429.0	1,540.5	10,190.4	9,450.5	322.4	93.3	68.3	30.9	21.5	139.3	130.8
2024	20,532.7	4,772.6	3,502.2	1,519.6	1,650.8	10,607.1	9,835.3	351.5	89.4	86.3	35.0	27.0	148.8	138.1
2025 Apr.	20,866.3	4,780.9	3,471.3	1,539.0	1,678.2	10,935.9	10,146.6	344.7	58.8	80.9	32.1	25.6	179.4	172.0
May	21,024.7	4,841.2	3,533.1	1,546.5	1,706.0	10,944.4	10,155.4	447.0	115.1	114.0	29.1	48.9	168.9	158.0
June	21,127.5	4,846.1	3,572.9	1,586.7	1,710.2	10,998.3	10,213.0	470.3	115.3	141.1	85.4	40.1	173.8	163.6
July	21,195.7	4,875.6	3,614.2	1,594.8	1,718.7	10,987.2	10,198.3	351.9	84.3	96.2	35.7	25.5	145.8	136.4
Aug.	21,172.6	4,876.3	3,622.6	1,604.3	1,708.8	10,964.9	10,176.7	258.9	58.6	73.8	34.8	10.2	116.3	111.9
Sep.	21,330.3	4,889.7	3,662.4	1,618.2	1,722.6	11,055.5	10,267.0	398.6	97.2	90.3	30.7	44.0	167.1	158.8

Source: ECB.
1) In order to facilitate comparison, annual data are averages of the relevant monthly data.

4.7 Annual growth rates and outstanding amounts of debt securities and listed shares

(EUR billions and percentage changes; market values)

	Debt securities							Listed shares			
	Total	MFIs	Non-MFI corporations			General government		Total	MFIs	Financial corporations other than MFIs	Non-financial corporations
			Financial corporations other than MFIs		Non-financial corporations	Total	of which central government				
			Total	FVCs							
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amount											
2022	19,195.2	4,399.8	3,251.6	1,474.6	1,520.9	10,022.9	9,266.0	8,686.9	524.9	1,277.8	6,883.5
2023	21,003.6	5,076.4	3,408.4	1,533.3	1,626.6	10,892.1	10,109.6	9,671.9	619.7	1,420.0	7,631.6
2024	22,130.8	5,351.1	3,709.3	1,641.3	1,721.3	11,349.0	10,510.0	10,151.8	750.4	1,586.6	7,814.3
2025 Apr.	22,437.9	5,342.1	3,687.9	1,661.7	1,767.2	11,640.6	10,778.5	10,527.5	930.7	1,711.2	7,885.3
May	22,603.2	5,428.6	3,738.1	1,663.1	1,801.8	11,634.6	10,775.2	10,982.5	1,011.1	1,781.2	8,189.8
June	22,727.4	5,445.9	3,778.5	1,709.9	1,800.6	11,702.3	10,846.8	10,912.7	1,006.9	1,802.7	8,102.7
July	22,792.6	5,472.4	3,817.0	1,704.7	1,815.6	11,687.6	10,829.5	11,057.4	1,091.2	1,812.2	8,153.6
Aug.	22,814.7	5,506.3	3,826.1	1,710.3	1,807.4	11,674.9	10,817.1	11,086.3	1,113.3	1,831.5	8,141.0
Sep.	22,920.4	5,495.2	3,854.5	1,719.9	1,811.8	11,758.9	10,896.8	11,308.2	1,158.1	1,873.1	8,276.6
Growth rate [1]											
2025 Feb.	4.8	3.7	7.0	7.0	3.5	4.9	4.8	0.0	-2.1	-0.6	0.3
Mar.	4.4	2.8	7.3	7.2	3.3	4.4	4.3	-0.1	-1.8	-0.8	0.2
Apr.	4.3	1.8	7.8	8.5	2.3	4.8	4.7	-0.1	-1.8	-0.4	0.1
May	4.7	3.5	7.7	7.7	3.6	4.6	4.5	-0.1	-1.5	-0.3	0.1
June	5.2	4.6	9.1	10.4	3.5	4.5	4.5	-0.2	-0.7	-0.7	0.0
July	5.4	4.8	8.9	9.8	4.3	4.8	4.8	-0.1	-0.5	-0.6	0.1
Aug.	5.4	5.5	8.9	9.8	3.8	4.6	4.5	0.0	-0.3	-0.7	0.1
Sep.	5.2	4.3	8.9	9.6	3.6	4.7	4.7	0.0	0.9	-0.7	0.0

Source: ECB.
1) For details on the calculation of growth rates, see the Technical Notes.

4 Financial market developments

4.8 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

	EER-18						EER-41	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2022	95.3	90.8	93.3	84.2	63.9	82.2	116.1	90.9
2023	98.1	94.0	97.8	88.8	67.0	85.9	121.8	94.7
2024	98.4	94.4	97.9	89.5	67.2	86.9	124.1	95.0
2024 Q4	97.6	93.6	97.0	88.9	65.7	86.3	123.6	94.2
2025 Q1	97.1	93.3	96.4	88.3	63.2	85.6	122.9	93.5
Q2	100.6	96.5	101.2	92.0	65.1	88.9	127.7	96.8
Q3	102.3	98.1	103.6	.	.	.	130.1	98.5
2025 Apr.	100.5	96.5	100.7	-	-	-	127.7	96.9
May	100.1	96.0	100.8	-	-	-	127.0	96.2
June	101.3	97.1	102.1	-	-	-	128.5	97.3
July	102.3	98.1	103.4	-	-	-	129.9	98.4
Aug.	102.2	98.0	103.6	-	-	-	129.9	98.3
Sep.	102.4	98.2	103.9	-	-	-	130.5	98.7
Percentage change versus previous month								
2025 Sep.	0.2	0.2	0.4	-	-	-	0.4	0.3
Percentage change versus previous year								
2025 Sep.	3.7	3.7	5.7	-	-	-	4.2	3.3

Source: ECB.
1) For a definition of the trading partner groups and other information see the General Notes to the Statistics Bulletin.

4.9 Bilateral exchange rates

(period averages; units of national currency per euro)

	Chinese renminbi	Czech koruna	Danish krone	Hungarian forint	Japanese yen	Polish zloty	Pound sterling	Romanian leu	Swedish krona	Swiss franc	US Dollar
	1	2	3	4	5	6	7	8	9	10	11
2022	7.079	24.566	7.440	391.286	138.027	4.686	0.853	4.9313	10.630	1.005	1.053
2023	7.660	24.004	7.451	381.853	151.990	4.542	0.870	4.9467	11.479	0.972	1.081
2024	7.787	25.120	7.459	395.304	163.852	4.306	0.847	4.9746	11.433	0.953	1.082
2024 Q4	7.675	25.248	7.459	407.465	162.549	4.307	0.832	4.9754	11.494	0.936	1.068
2025 Q1	7.655	25.082	7.460	405.023	160.453	4.201	0.836	4.9763	11.235	0.946	1.052
Q2	8.197	24.920	7.461	404.114	163.813	4.262	0.849	5.0323	10.955	0.937	1.134
Q3	8.360	24.498	7.464	395.800	172.286	4.258	0.866	5.0703	11.121	0.935	1.168
2025 Apr.	8.185	25.039	7.465	406.437	161.671	4.265	0.854	4.9775	10.974	0.937	1.121
May	8.135	24.923	7.460	403.939	163.144	4.254	0.843	5.0714	10.881	0.936	1.128
June	8.270	24.804	7.460	402.078	166.523	4.266	0.850	5.0454	11.009	0.938	1.152
July	8.375	24.625	7.463	399.192	171.531	4.254	0.865	5.0716	11.199	0.932	1.168
Aug.	8.344	24.517	7.464	396.454	171.790	4.261	0.865	5.0651	11.161	0.939	1.163
Sep.	8.359	24.347	7.464	391.630	173.549	4.259	0.869	5.0740	11.000	0.935	1.173
Percentage change versus previous month											
2025 Sep.	0.2	-0.7	0.0	-1.2	1.0	-0.1	0.4	0.2	-1.4	-0.4	0.9
Percentage change versus previous year											
2025 Sep.	6.3	-3.0	0.1	-0.8	9.1	-0.4	3.4	2.0	-3.1	-0.7	5.6

Source: ECB.

4 Financial market developments

4.10 Euro area balance of payments, financial account

(EUR billions, unless otherwise indicated; outstanding amounts at end of period; transactions during period)

	Total [1]			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets	Memo: Gross external debt
	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities		
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts (international investment position)												
2024 Q3	34,799.4	33,379.6	1,419.8	12,322.2	9,633.2	13,983.3	15,946.6	8.2	7,165.9	7,799.8	1,319.7	16,660.7
Q4	36,033.2	34,180.5	1,852.7	12,734.9	9,946.1	14,749.7	16,509.1	-2.1	7,155.8	7,725.4	1,394.8	16,712.7
2025 Q1	36,245.3	34,558.7	1,686.6	12,701.6	9,910.1	14,448.6	16,539.6	36.6	7,547.4	8,109.0	1,511.0	16,994.8
Q2	35,846.4	34,411.9	1,434.5	12,383.7	9,659.4	14,516.3	16,720.0	19.3	7,465.1	8,032.5	1,462.1	16,900.6
Outstanding amounts as percentage of GDP												
2025 Q2	231.1	221.9	9.2	79.8	62.3	93.6	107.8	0.1	48.1	51.8	9.4	109.0
Transactions												
2024 Q3	403.8	260.6	143.3	-12.8	-25.7	190.5	197.5	-6.9	237.0	88.7	-4.0	-
Q4	68.2	-23.1	91.3	56.8	55.1	239.9	178.9	9.7	-242.0	-257.2	3.7	-
2025 Q1	811.7	714.1	97.6	138.2	45.9	213.8	202.1	-8.3	468.8	466.1	-0.8	-
Q2	284.5	192.0	92.5	-66.0	-76.7	200.3	168.5	-2.4	143.8	100.2	8.8	-
2025 Mar.	97.7	61.6	36.1	25.7	-15.8	65.8	56.2	-15.7	22.4	21.2	-0.5	-
Apr.	98.8	79.2	19.5	6.5	15.7	28.4	-36.5	-13.2	72.0	100.0	5.1	-
May	67.5	31.5	36.1	-34.8	-54.7	59.8	76.2	11.1	29.1	10.0	2.3	-
June	118.2	81.3	36.9	-37.7	-37.7	112.1	128.8	-0.3	42.7	-9.8	1.4	-
July	23.2	20.6	2.5	28.4	23.2	51.0	55.1	-2.9	-53.5	-57.6	0.1	-
Aug.	125.1	150.4	-25.2	-1.2	15.1	55.8	55.7	5.4	64.0	79.5	1.2	-
12-month cumulated transactions												
2025 Aug.	1,484.8	1,181.1	303.7	132.6	61.8	846.3	752.3	1.4	489.4	367.0	15.1	-
12-month cumulated transactions as percentage of GDP												
2025 Aug.	9.6	7.6	2.0	0.9	0.4	5.5	4.9	0.0	3.2	2.4	0.1	-

Source: ECB.
1) Net financial derivatives are included in total assets.

5 Financing conditions and credit developments

5.1 Monetary aggregates [1)]

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

	M3											
	M2							M3-M2				Total
	M1			M2-M1			Total					
	Currency in circulation	Overnight deposits	Total	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Total		Repos	Money market fund shares	Debt securities with a maturity of up to 2 years	Total	
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2022	1,538.9	9,758.1	11,297.0	1,366.9	2,565.3	3,932.2	15,229.2	122.4	646.6	50.0	819.0	16,048.2
2023	1,536.2	8,809.4	10,345.6	2,294.1	2,460.4	4,754.6	15,100.2	183.7	740.0	71.6	995.3	16,095.5
2024	1,556.9	9,021.4	10,578.2	2,531.0	2,469.1	5,000.1	15,578.3	254.1	886.5	35.3	1,175.9	16,754.2
2024 Q4	1,556.9	9,021.4	10,578.2	2,531.0	2,469.1	5,000.1	15,578.3	254.1	886.5	35.3	1,175.9	16,754.2
2025 Q1	1,564.3	9,120.0	10,684.3	2,486.5	2,491.0	4,977.6	15,661.9	240.0	909.5	42.7	1,192.2	16,854.0
Q2	1,562.3	9,246.7	10,809.1	2,395.1	2,513.7	4,908.8	15,717.9	257.5	921.3	28.4	1,207.2	16,925.2
Q3 [p]	1,574.7	9,308.3	10,883.0	2,369.4	2,541.9	4,911.3	15,794.3	260.1	927.8	8.2	1,196.1	16,990.4
2025 Apr.	1,559.6	9,196.0	10,755.6	2,450.8	2,494.4	4,945.2	15,700.7	255.2	896.9	42.4	1,194.5	16,895.2
May	1,559.8	9,232.3	10,792.1	2,446.0	2,503.1	4,949.1	15,741.2	247.6	908.9	35.8	1,192.2	16,933.4
June	1,562.3	9,246.7	10,809.1	2,395.1	2,513.7	4,908.8	15,717.9	257.5	921.3	28.4	1,207.2	16,925.2
July	1,565.3	9,242.6	10,807.9	2,405.9	2,519.8	4,925.7	15,733.6	243.1	916.4	26.7	1,186.2	16,919.8
Aug.	1,569.7	9,255.3	10,825.0	2,393.6	2,525.9	4,919.5	15,744.5	237.1	911.3	16.4	1,164.8	16,909.3
Sep. [p]	1,574.7	9,308.3	10,883.0	2,369.4	2,541.9	4,911.3	15,794.3	260.1	927.8	8.2	1,196.1	16,990.4
Transactions												
2022	69.9	-57.3	12.6	425.5	55.6	481.1	493.7	3.4	2.5	76.9	82.8	576.5
2023	-4.1	-969.2	-973.3	920.6	-99.5	821.2	-152.1	39.9	93.8	23.9	157.6	5.5
2024	21.3	167.6	188.9	203.5	9.0	212.5	401.4	75.7	136.0	-36.0	175.7	577.1
2024 Q4	15.2	162.6	177.7	-73.3	44.0	-29.2	148.5	16.9	24.8	-16.8	24.9	173.4
2025 Q1	7.5	117.3	124.8	-39.1	15.0	-24.2	100.6	-12.7	19.8	9.8	17.0	117.6
Q2	-2.0	149.6	147.6	-81.2	22.3	-58.9	88.7	20.3	9.6	-14.2	15.7	104.4
Q3 [p]	12.4	65.1	77.5	-25.0	28.2	3.2	80.7	2.8	3.8	-17.7	-11.1	69.7
2025 Apr.	-4.8	90.1	85.3	-29.2	2.9	-26.3	58.9	16.9	-13.2	-0.8	2.8	61.8
May	0.2	35.9	36.1	-5.4	8.6	3.2	39.3	-7.9	11.1	-5.3	-2.1	37.2
June	2.6	23.7	26.3	-46.6	10.8	-35.8	-9.6	11.3	11.7	-8.0	15.0	5.5
July	2.9	-7.9	-5.0	8.2	6.1	14.3	9.4	-15.2	-5.8	-0.6	-21.6	-12.2
Aug.	4.5	17.9	22.4	-10.0	6.1	-3.9	18.4	-5.2	-6.1	-9.5	-20.8	-2.4
Sep. [p]	5.0	55.1	60.1	-23.2	16.0	-7.2	52.9	23.3	15.7	-7.7	31.3	84.2
Growth rates												
2022	4.8	-0.6	0.1	45.9	2.2	14.0	3.4	2.8	0.4	457.2	11.1	3.7
2023	-0.3	-9.9	-8.6	67.0	-3.9	20.9	-1.0	32.6	14.5	45.3	19.3	0.0
2024	1.4	1.9	1.8	8.9	0.4	4.5	2.7	41.6	18.3	-52.9	17.7	3.6
2024 Q4	1.4	1.9	1.8	8.9	0.4	4.5	2.7	41.6	18.3	-52.9	17.7	3.6
2025 Q1	2.5	4.1	3.9	0.8	2.3	1.6	3.1	25.2	13.9	-43.1	12.0	3.7
Q2	1.9	5.1	4.7	-5.3	3.4	-1.0	2.8	26.2	11.4	-54.9	10.4	3.3
Q3 [p]	2.1	5.6	5.1	-8.4	4.5	-2.2	2.7	11.5	6.7	-80.9	4.0	2.8
2025 Apr.	1.8	5.3	4.8	-1.2	2.5	0.6	3.4	27.5	11.1	-45.5	10.2	3.9
May	1.9	5.6	5.1	-2.9	2.9	0.0	3.4	21.4	13.0	-48.0	10.6	3.9
June	1.9	5.1	4.7	-5.3	3.4	-1.0	2.8	26.2	11.4	-54.9	10.4	3.3
July	1.9	5.6	5.0	-5.2	3.7	-0.8	3.1	8.7	9.4	-51.5	6.1	3.3
Aug.	2.0	5.6	5.0	-6.3	3.9	-1.3	3.0	-0.3	7.2	-66.1	2.2	2.9
Sep. [p]	2.1	5.6	5.1	-8.4	4.5	-2.2	2.7	11.5	6.7	-80.9	4.0	2.8

Sources: ECB.
1) Data refer to the changing composition of the euro area.

5 Financing conditions and credit developments

5.2 Deposits in M3 [1)]

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

	Non-financial corporations [2)]					Households [3)]							
	Total	Overnight	With an agreed maturity of up to 2 years	Redeemable at notice of up to 3 months	Repos	Total	Overnight	With an agreed maturity of up to 2 years	Redeemable at notice of up to 3 months	Repos	Financial corporations other than MFIs and ICPFs [2)]	Insurance corporations and pension funds	Other general government [4)]
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2022	3,361.5	2,721.2	499.5	134.7	6.2	8,374.2	5,542.6	437.9	2,392.9	0.9	1,282.3	231.5	563.3
2023	3,334.1	2,419.5	771.8	131.3	11.6	8,421.5	5,110.8	1,015.9	2,293.3	1.4	1,222.8	227.0	542.3
2024	3,438.2	2,500.7	792.7	133.7	11.1	8,759.0	5,199.1	1,256.9	2,301.5	1.5	1,298.0	232.1	548.2
2024 Q4	3,438.2	2,500.7	792.7	133.7	11.1	8,759.0	5,199.1	1,256.9	2,301.5	1.5	1,298.0	232.1	548.2
2025 Q1	3,413.4	2,475.3	787.4	140.2	10.6	8,792.4	5,256.0	1,219.6	2,315.7	1.1	1,363.4	229.0	539.3
Q2	3,421.2	2,494.7	772.6	144.5	9.3	8,842.1	5,334.0	1,173.0	2,333.9	1.2	1,367.5	236.6	545.7
Q3 (p)	3,465.9	2,534.8	775.1	144.8	11.2	8,900.9	5,393.3	1,144.6	2,362.0	1.0	1,347.3	228.2	537.4
2025 Apr.	3,430.7	2,482.9	794.9	141.4	11.5	8,808.0	5,288.2	1,200.0	2,318.9	0.9	1,378.8	243.5	535.4
May	3,444.5	2,500.7	791.6	142.7	9.5	8,832.7	5,316.7	1,188.5	2,326.5	1.0	1,380.2	230.3	541.2
June	3,421.2	2,494.7	772.6	144.5	9.3	8,842.1	5,334.0	1,173.0	2,333.9	1.2	1,367.5	236.6	545.7
July	3,444.5	2,509.8	780.6	144.3	9.8	8,870.0	5,355.6	1,172.9	2,340.6	0.9	1,328.6	219.3	549.1
Aug.	3,448.8	2,514.0	781.1	144.4	9.3	8,878.6	5,364.8	1,166.1	2,346.7	1.0	1,311.1	224.0	549.5
Sep. (p)	3,465.9	2,534.8	775.1	144.8	11.2	8,900.9	5,393.3	1,144.6	2,362.0	1.0	1,347.3	228.2	537.4
Transactions													
2022	122.9	-89.2	207.7	5.9	-1.5	295.8	166.8	74.9	54.0	0.1	-10.4	6.2	12.5
2023	-31.6	-306.8	271.1	-1.4	5.6	18.9	-459.8	572.6	-94.5	0.6	-64.6	-3.0	-27.8
2024	94.9	75.8	16.1	2.9	0.2	300.1	55.7	236.1	8.2	0.1	53.6	4.0	3.2
2024 Q4	61.8	88.8	-34.6	8.1	-0.5	133.8	106.8	-8.7	35.2	0.5	-42.6	0.7	-3.4
2025 Q1	-18.0	-20.7	-3.3	6.2	-0.2	34.8	64.3	-36.6	7.5	-0.4	75.1	-2.2	-9.3
Q2	21.3	27.3	-9.6	4.4	-0.8	54.3	81.2	-44.7	17.6	0.1	20.1	9.0	6.4
Q3 (p)	45.4	40.0	2.9	0.7	1.8	59.5	59.7	-28.1	28.1	-0.2	-17.1	-8.4	-8.3
2025 Apr.	24.3	11.9	9.8	1.3	1.3	18.6	34.7	-18.4	2.6	-0.2	26.3	15.4	-4.0
May	13.1	17.4	-3.5	1.3	-2.0	24.5	28.3	-11.5	7.6	0.2	1.2	-13.4	5.9
June	-16.0	-2.0	-15.9	1.8	0.0	11.1	18.3	-14.7	7.4	0.1	-7.3	7.0	4.4
July	20.2	12.9	6.8	0.2	0.4	27.1	21.1	-0.5	6.7	-0.2	-41.8	-17.7	3.4
Aug.	7.2	6.1	1.5	0.0	-0.4	9.7	9.8	-6.3	6.1	0.1	-13.6	5.0	0.5
Sep. (p)	18.0	21.0	-5.4	0.5	1.9	22.8	28.8	-21.3	15.3	0.0	38.3	4.3	-12.1
Growth rates													
2022	3.8	-3.2	70.3	4.6	-17.5	3.7	3.1	20.6	2.3	19.9	-0.5	2.8	2.3
2023	-0.9	-11.2	54.2	-1.1	90.8	0.2	-8.3	129.3	-4.0	67.7	-4.9	-1.3	-4.9
2024	2.8	3.1	2.1	2.2	2.0	3.6	1.1	23.2	0.4	6.1	4.4	1.8	0.6
2024 Q4	2.8	3.1	2.1	2.2	2.0	3.6	1.1	23.2	0.4	6.1	4.4	1.8	0.6
2025 Q1	2.2	4.0	-3.9	9.7	-2.8	3.6	3.4	7.4	1.9	5.4	8.3	2.9	-0.8
Q2	1.6	3.9	-6.7	13.4	-9.4	3.3	4.9	-2.6	2.9	-7.9	7.2	7.6	1.9
Q3 (p)	3.3	5.6	-5.4	15.5	4.0	3.3	6.1	-9.3	3.9	0.4	2.6	-0.4	-2.6
2025 Apr.	2.6	4.3	-3.8	11.2	7.0	3.5	4.0	3.5	2.2	-9.2	10.2	16.0	0.6
May	2.7	4.8	-4.9	12.2	7.3	3.6	4.8	0.4	2.5	4.3	8.8	7.1	2.3
June	1.6	3.9	-6.7	13.4	-9.4	3.3	4.9	-2.6	2.9	-7.9	7.2	7.6	1.9
July	2.7	4.9	-5.5	14.1	5.1	3.4	5.4	-4.6	3.1	-0.1	6.1	2.5	1.4
Aug.	2.8	5.1	-5.7	14.7	-2.3	3.4	5.6	-5.6	3.3	5.7	1.9	3.3	0.8
Sep. (p)	3.3	5.6	-5.4	15.5	4.0	3.3	6.1	-9.3	3.9	0.4	2.6	-0.4	-2.6

Sources: ECB.
1) Data refer to the changing composition of the euro area.
2) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).
3) Including non-profit institutions serving households.
4) Refers to the general government sector excluding central government.

5 Financing conditions and credit developments

5.3 Credit to euro area residents [1)]

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

	Credit to general government			Credit to other euro area residents								
	Total	Loans	Debt securities	Total	Loans						Debt securities	Equity and non-money market fund investment fund shares
					Total		To non-financial corporations [3)]	To households [4)]	To financial coprorations other than MFIs and ICPFs [3)]	To insurance corporations and pension funds		
					Total	Adjusted loans [2)]						
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2022	6,352.0	1,001.3	5,325.7	15,389.8	12,987.5	13,174.9	5,126.5	6,631.8	1,082.5	146.7	1,565.9	836.4
2023	6,305.3	990.6	5,289.3	15,492.9	13,033.8	13,253.1	5,123.2	6,648.1	1,124.5	138.0	1,560.7	898.4
2024	6,257.4	988.5	5,243.0	15,782.4	13,247.6	13,503.0	5,182.3	6,677.2	1,248.7	139.4	1,581.4	953.4
2024 Q4	6,257.4	988.5	5,243.0	15,782.4	13,247.6	13,503.0	5,182.3	6,677.2	1,248.7	139.4	1,581.4	953.4
2025 Q1	6,267.0	995.5	5,245.5	15,876.9	13,338.1	13,594.9	5,204.0	6,720.8	1,276.5	136.8	1,562.5	976.3
Q2	6,264.2	1,007.4	5,230.8	15,955.7	13,411.3	13,686.5	5,211.2	6,767.6	1,287.0	145.4	1,572.2	972.3
Q3	6,284.7	1,015.7	5,243.0	16,029.5	13,453.1	13,710.1	5,247.4	6,811.6	1,258.7	135.4	1,570.0	1,006.4
2025 Apr.	6,306.2	994.7	5,285.5	15,890.6	13,369.1	13,629.5	5,208.3	6,740.1	1,284.7	136.0	1,564.4	957.1
May	6,290.6	1,008.0	5,256.5	15,902.4	13,378.6	13,634.9	5,208.1	6,754.7	1,277.5	138.2	1,558.5	965.4
June	6,264.2	1,007.4	5,230.8	15,955.7	13,411.3	13,686.5	5,211.2	6,767.6	1,287.0	145.4	1,572.2	972.3
July	6,281.2	1,011.6	5,243.5	15,977.1	13,417.8	13,685.7	5,220.6	6,780.3	1,280.2	136.7	1,571.3	988.0
Aug.	6,255.8	1,012.6	5,217.1	15,996.0	13,419.4	13,691.4	5,240.8	6,795.9	1,247.1	135.7	1,576.4	1,000.1
Sep.	6,284.7	1,015.7	5,243.0	16,029.5	13,453.1	13,710.1	5,247.4	6,811.6	1,258.7	135.4	1,570.0	1,006.4
Transactions												
2022	173.8	8.5	163.8	636.4	623.8	680.5	269.0	241.8	126.3	-13.3	18.6	-5.9
2023	-161.1	-17.4	-144.0	53.8	24.5	72.3	-5.7	7.7	30.7	-8.2	-16.0	45.4
2024	-64.4	-1.4	-63.5	288.9	229.8	272.1	76.9	44.8	107.0	1.1	11.4	47.6
2024 Q4	4.6	11.0	-6.5	140.8	101.4	126.3	44.1	22.3	28.7	6.3	14.3	25.1
2025 Q1	31.9	6.6	25.2	116.0	112.9	113.4	35.1	48.4	32.1	-2.7	-17.0	20.1
Q2	-27.7	11.7	-39.4	97.2	92.4	107.8	22.1	47.8	13.4	9.1	12.0	-7.2
Q3	26.7	7.6	19.0	75.2	50.6	31.6	40.3	47.4	-27.1	-10.0	-4.5	29.0
2025 Apr.	11.9	-1.2	13.1	25.6	41.7	44.2	11.2	16.5	14.4	-0.5	2.7	-18.7
May	-16.8	13.3	-30.3	7.6	9.8	5.8	1.2	15.5	-9.1	2.2	-5.8	3.7
June	-22.8	-0.4	-22.2	63.9	40.9	57.7	9.7	15.8	8.1	7.3	15.2	7.8
July	21.6	4.3	17.3	16.5	3.9	-3.0	8.4	13.5	-9.2	-8.8	-2.1	14.7
Aug.	-19.3	1.0	-20.3	23.6	7.9	10.6	22.8	16.7	-30.7	-0.9	4.5	11.2
Sep.	24.4	2.4	22.0	35.1	38.8	24.0	9.1	17.2	12.8	-0.3	-6.8	3.1
Growth rates												
2022	2.7	0.9	3.0	4.3	5.0	5.4	5.5	3.8	13.4	-7.9	1.2	-0.6
2023	-2.5	-1.7	-2.7	0.3	0.2	0.5	-0.1	0.1	2.8	-5.5	-1.0	5.3
2024	-1.0	-0.1	-1.2	1.9	1.8	2.1	1.5	0.7	9.5	0.8	0.7	5.3
2024 Q4	-1.0	-0.1	-1.2	1.9	1.8	2.1	1.5	0.7	9.5	0.8	0.7	5.3
2025 Q1	0.5	1.7	0.2	2.2	2.4	2.6	2.2	1.4	8.8	-0.7	-0.9	4.9
Q2	0.1	2.7	-0.4	2.7	2.8	3.0	2.3	2.1	7.8	11.3	0.8	4.6
Q3	0.6	3.8	0.0	2.7	2.7	2.8	2.8	2.5	3.9	1.9	0.3	7.2
2025 Apr.	0.5	1.9	0.2	2.4	2.6	2.8	2.5	1.7	8.6	-0.2	0.0	3.4
May	0.6	3.3	0.1	2.5	2.6	2.8	2.4	1.9	7.5	5.7	0.4	3.7
June	0.1	2.7	-0.4	2.7	2.8	3.0	2.3	2.1	7.8	11.3	0.8	4.6
July	0.6	3.6	0.0	2.7	2.6	2.8	2.5	2.3	4.8	3.5	1.3	5.7
Aug.	0.1	3.4	-0.5	2.7	2.5	2.8	2.7	2.4	3.1	1.8	1.0	7.1
Sep.	0.6	3.8	0.0	2.7	2.7	2.8	2.8	2.5	3.9	1.9	0.3	7.2

Source: ECB.
1) Data refer to the changing composition of the euro area.
2) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.
3) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).
4) Including non-profit institutions serving households.

5 Financing conditions and credit developments

5.4 MFI loans to euro area non-financial corporations and households [1)]

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

	Non-financial corporations [2)]					Households [3)]				
	Total		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total		Loans for consumption	Loans for house purchase	Other loans
	Total	Adjusted loans [4)]				Total	Adjusted loans [4)]			
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2022	5,126.5	5,126.4	960.0	1,076.9	3,089.6	6,631.8	6,832.5	715.1	5,213.4	703.3
2023	5,123.2	5,138.3	907.2	1,090.3	3,125.8	6,648.1	6,866.2	731.3	5,227.9	688.9
2024	5,182.3	5,203.1	922.4	1,098.0	3,161.9	6,677.2	6,928.7	745.0	5,254.1	678.1
2024 Q4	5,182.3	5,203.1	922.4	1,098.0	3,161.9	6,677.2	6,928.7	745.0	5,254.1	678.1
2025 Q1	5,204.0	5,227.6	922.9	1,114.7	3,166.4	6,720.8	6,973.1	750.8	5,291.9	678.1
Q2	5,211.2	5,253.0	928.1	1,116.1	3,167.0	6,767.6	7,016.4	757.3	5,333.6	676.7
Q3	5,247.4	5,282.2	935.2	1,124.0	3,188.3	6,811.6	7,061.2	765.8	5,373.3	672.5
2025 Apr.	5,208.3	5,231.0	927.0	1,109.3	3,171.9	6,740.1	6,990.9	753.6	5,309.0	677.6
May	5,208.1	5,229.1	925.9	1,108.9	3,173.3	6,754.7	7,002.0	754.2	5,322.9	677.6
June	5,211.2	5,253.0	928.1	1,116.1	3,167.0	6,767.6	7,016.4	757.3	5,333.6	676.7
July	5,220.6	5,258.5	922.7	1,122.4	3,175.5	6,780.3	7,030.4	760.1	5,345.7	674.6
Aug.	5,240.8	5,271.1	934.8	1,122.2	3,183.8	6,795.9	7,045.0	763.8	5,359.4	672.8
Sep.	5,247.4	5,282.2	935.2	1,124.0	3,188.3	6,811.6	7,061.2	765.8	5,373.3	672.5
Transactions										
2022	269.0	308.3	78.0	77.3	113.7	241.8	250.0	23.2	217.7	0.9
2023	-5.7	24.2	-44.0	10.3	27.9	7.7	26.5	18.9	10.0	-21.2
2024	76.9	88.1	21.9	14.1	40.9	44.8	77.0	26.6	28.0	-9.9
2024 Q4	44.1	45.5	7.7	10.8	25.6	22.3	36.3	10.7	10.5	1.1
2025 Q1	35.1	35.9	2.3	21.6	11.1	48.4	50.4	8.9	39.2	0.3
Q2	22.1	36.0	11.2	7.0	4.0	47.8	45.8	6.0	40.1	1.7
Q3	40.3	32.5	8.7	9.1	22.5	47.4	48.1	10.2	40.2	-3.0
2025 Apr.	11.2	9.2	7.3	-2.1	6.1	16.5	15.6	2.8	14.2	-0.4
May	1.2	-1.3	-1.0	0.1	2.1	15.5	12.6	1.1	14.0	0.3
June	9.7	28.1	4.9	9.0	-4.1	15.8	17.6	2.1	11.9	1.8
July	8.4	5.2	-5.9	5.4	9.0	13.5	14.6	3.4	12.0	-1.9
Aug.	22.8	14.3	13.2	1.2	8.4	16.7	15.5	4.1	14.0	-1.4
Sep.	9.1	13.0	1.4	2.5	5.2	17.2	18.0	2.7	14.2	0.3
Growth rates										
2022	5.5	6.4	8.8	7.7	3.8	3.8	3.8	3.3	4.4	0.1
2023	-0.1	0.5	-4.6	1.0	0.9	0.1	0.4	2.6	0.2	-3.0
2024	1.5	1.7	2.4	1.3	1.3	0.7	1.1	3.7	0.5	-1.4
2024 Q4	1.5	1.7	2.4	1.3	1.3	0.7	1.1	3.7	0.5	-1.4
2025 Q1	2.2	2.4	4.6	3.4	1.2	1.4	1.7	3.7	1.4	-0.7
Q2	2.3	2.7	3.9	4.1	1.3	2.1	2.2	4.5	2.1	-0.3
Q3	2.8	2.9	3.3	4.5	2.0	2.5	2.6	4.9	2.5	0.0
2025 Apr.	2.5	2.6	5.8	3.3	1.3	1.7	1.9	4.0	1.6	-0.5
May	2.4	2.5	4.6	3.4	1.4	1.9	2.0	4.0	1.9	-0.3
June	2.3	2.7	3.9	4.1	1.3	2.1	2.2	4.5	2.1	-0.3
July	2.5	2.8	3.2	4.6	1.6	2.3	2.4	4.6	2.2	0.1
Aug.	2.7	3.0	3.9	4.7	1.7	2.4	2.5	4.8	2.3	0.0
Sep.	2.8	2.9	3.3	4.5	2.0	2.5	2.6	4.9	2.5	0.0

Source: ECB.
1) Data refer to the changing composition of the euro area.
2) In accordance with the ESA 2010, in December 2014 holding companies of non-financial groups were reclassified from the non-financial corporations sector to the financial corporations sector. These entities are included in MFI balance sheet statistics with financial corporations other than MFIs and insurance corporations and pension funds (ICPFs).
3) Including non-profit institutions serving households.
4) Adjusted for loan sales and securitisation (resulting in derecognition from the MFI statistical balance sheet) as well as for positions arising from notional cash pooling services provided by MFIs.

5 Financing conditions and credit developments

5.5 Counterparts to M3 other than credit to euro area residents [1)]

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

	MFI liabilities						MFI assets			
		Longer-term financial liabilities vis-à-vis other euro area residents						Other		
	Central government holdings [2)]	Total	Deposits with an agreed maturity of over 2 years	Deposits redeemable at notice of over 3 months	Debt securities with a maturity of over 2 years	Capital and reserves	Net external assets	Total	Repos with central counter-parties [3)]	Reverse repos to central counter-parties [3)]
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2022	639.4	6,731.2	1,783.0	45.7	2,109.0	2,793.4	1,332.5	344.5	137.2	147.2
2023	447.4	7,327.2	1,827.5	90.2	2,413.8	2,995.6	1,858.1	213.8	152.1	152.6
2024	377.9	7,837.7	1,843.2	116.5	2,588.8	3,289.2	2,678.3	251.6	140.4	135.9
2024 Q4	377.9	7,837.7	1,843.2	116.5	2,588.8	3,289.2	2,678.3	251.6	140.4	135.9
2025 Q1	366.8	7,939.7	1,834.3	121.1	2,573.6	3,410.6	2,791.4	225.2	183.5	161.3
Q2	410.9	7,905.9	1,833.6	129.7	2,563.0	3,379.6	2,828.8	193.1	177.9	165.9
Q3 (p)	432.6	8,092.8	1,843.2	133.5	2,593.4	3,522.6	3,051.9	149.7	168.3	169.9
2025 Apr.	447.0	7,912.6	1,830.1	123.4	2,537.1	3,422.0	2,830.7	227.4	195.4	173.4
May	471.6	7,958.1	1,829.8	125.9	2,572.8	3,429.6	2,914.1	256.0	181.4	177.6
June	410.9	7,905.9	1,833.6	129.7	2,563.0	3,379.6	2,828.8	193.1	177.9	165.9
July	398.9	7,953.5	1,834.5	133.2	2,584.4	3,401.5	2,860.1	153.7	173.5	166.9
Aug.	400.3	7,963.8	1,839.5	133.5	2,575.5	3,415.3	2,871.5	150.1	206.3	179.4
Sep. (p)	432.6	8,092.8	1,843.2	133.5	2,593.4	3,522.6	3,051.9	149.7	168.3	169.9
Transactions										
2022	-93.4	52.7	-88.8	-4.6	13.2	132.9	-68.9	-205.4	10.4	18.0
2023	-198.2	323.8	25.2	40.0	227.1	31.5	456.1	-217.7	17.1	9.0
2024	-69.1	278.1	15.6	26.2	164.2	72.1	541.1	20.6	-11.7	-16.7
2024 Q4	-25.4	68.0	4.8	2.2	5.6	55.4	86.7	-16.2	-44.5	-52.6
2025 Q1	-10.7	25.4	-5.7	5.7	10.7	14.7	7.3	-22.8	43.1	25.3
Q2	44.2	26.9	4.8	8.6	40.2	-26.7	129.6	-23.6	-5.6	4.7
Q3 (p)	20.2	37.4	10.0	3.8	33.8	-10.2	62.0	-36.6	-9.6	4.0
2025 Apr.	80.3	-16.1	-0.8	2.4	-5.0	-12.6	70.5	18.0	11.9	12.2
May	24.6	32.5	-0.6	2.5	33.2	-2.6	66.9	36.5	-13.9	4.2
June	-60.8	10.5	6.1	3.8	12.0	-11.5	-7.8	-78.1	-3.6	-11.7
July	-13.6	7.7	-0.5	3.5	10.9	-6.2	-9.4	-46.8	-4.4	1.0
Aug.	1.4	10.2	6.2	0.3	0.8	2.8	4.6	0.4	32.8	12.4
Sep. (p)	32.3	19.5	4.3	0.0	22.1	-6.8	66.9	9.7	-38.0	-9.5
Growth rates										
2022	-12.7	0.8	-4.8	-13.0	0.5	4.6	-	-	7.8	12.7
2023	-30.8	4.7	1.4	80.3	10.7	1.1	-	-	12.4	6.0
2024	-15.5	3.8	0.9	29.1	6.8	2.2	-	-	-7.7	-10.9
2024 Q4	-15.5	3.8	0.9	29.1	6.8	2.2	-	-	-7.7	-10.9
2025 Q1	-7.1	2.5	0.3	17.6	3.5	2.6	-	-	3.1	-7.4
Q2	0.1	2.3	0.6	19.1	3.8	1.6	-	-	-2.6	-6.0
Q3 (p)	7.0	2.0	0.8	17.9	3.6	1.1	-	-	-9.0	-9.9
2025 Apr.	1.8	2.1	0.4	16.8	2.4	2.5	-	-	19.4	-2.3
May	6.8	2.4	0.5	17.1	3.5	2.2	-	-	14.0	7.6
June	0.1	2.3	0.6	19.1	3.8	1.6	-	-	-2.6	-6.0
July	-1.9	2.4	0.9	20.5	4.0	1.3	-	-	4.0	7.8
Aug.	-4.9	2.2	1.1	19.6	3.2	1.4	-	-	6.8	5.1
Sep. (p)	7.0	2.0	0.8	17.9	3.6	1.1	-	-	-9.0	-9.9

Sources: ECB.
1) Data refer to the changing composition of the euro area.
2) Comprises central government holdings of deposits with the MFI sector and of securities issued by the MFI sector.
3) Not adjusted for seasonal effects.

6 Fiscal developments

6.1 Deficit/surplus

(as a percentage of GDP; flows during one-year period)

	Deficit (-)/surplus (+)					Memo item:
	Total	Central government	State government	Local government	Social security funds	Primary deficit (-)/ surplus (+)
	1	2	3	4	5	6
2021	-5.1	-5.1	0.0	0.0	0.0	-3.7
2022	-3.4	-3.7	0.0	0.0	0.3	-1.7
2023	-3.5	-3.5	-0.2	-0.2	0.4	-1.8
2024	-3.1	-2.7	-0.2	-0.3	0.1	-1.2
2024 Q3	-3.2	.	.	.	.	-1.4
Q4	-3.1	.	.	.	.	-1.2
2025 Q1	-3.0	.	.	.	.	-1.0
Q2	-2.8	.	.	.	.	-0.9

Sources: ECB for annual data; Eurostat for quarterly data.

6.2 Revenue and expenditure

(as a percentage of GDP; flows during one-year period)

	Revenue						Expenditure						
		Current revenue						Current expenditure					
	Total	Total	Direct taxes	Indirect taxes	Net social contribu-tions	Capital revenue	Total	Total	Compen-sation of employ-ees	Inter-mediate consump-tion	Interest	Social benefits	Capital expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
2021	46.9	46.1	13.0	13.2	15.0	0.8	52.0	46.9	10.3	6.0	1.4	23.7	5.1
2022	46.5	45.7	13.3	12.9	14.6	0.8	49.9	44.7	9.8	5.9	1.7	22.4	5.2
2023	45.9	45.0	13.1	12.4	14.5	0.9	49.4	44.0	9.8	5.9	1.7	22.2	5.3
2024	46.4	45.6	13.3	12.4	14.7	0.8	49.5	44.5	9.9	6.0	1.9	22.8	5.0
2024 Q3	46.3	45.4	13.3	12.3	14.7	0.9	49.5	44.4	9.9	5.9	1.9	22.7	5.2
Q4	46.4	45.6	13.3	12.4	14.7	0.8	49.5	44.5	9.9	6.0	1.9	22.8	5.0
2025 Q1	46.6	45.8	13.3	12.4	14.8	0.8	49.5	44.6	10.0	6.0	1.9	22.9	5.0
Q2	46.7	45.9	13.3	12.4	14.9	0.8	49.5	44.6	10.0	6.0	1.9	22.9	5.0

Sources: ECB for annual data; Eurostat for quarterly data.

6.3 Government debt-to-GDP ratio

(as a percentage of GDP; outstanding amounts at end of period)

	Total	Financial instrument			Holder			Original maturity		Residual maturity			Currency	
		Currency and de-posits	Loans	Debt securi-ties	Resident creditors		Non-resident credi-tors	Up to 1 year	Over 1 year	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other curren-cies
					Total	MFIs								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2021	93.8	2.9	13.8	77.1	54.5	40.9	39.3	9.8	84.0	17.3	29.8	46.8	92.4	1.4
2022	89.3	2.6	13.1	73.5	52.4	39.5	36.9	8.6	80.7	16.0	28.3	45.1	88.4	0.9
2023	87.0	2.4	12.1	72.5	49.1	35.7	37.8	7.8	79.2	14.9	27.9	44.1	86.2	0.8
2024	87.1	2.2	11.8	73.1	46.7	33.7	40.4	7.7	79.4	14.4	28.2	44.5	86.3	0.8
2024 Q3	87.7	2.2	11.7	73.7	.	.	.	.	.	.	.	.	.	.
Q4	87.1	2.2	11.8	73.1	.	.	.	.	.	.	.	.	.	.
2025 Q1	87.7	2.3	11.6	73.8	.	.	.	.	.	.	.	.	.	.
Q2	88.2	2.2	11.7	74.3	.	.	.	.	.	.	.	.	.	.

Sources: ECB for annual data; Eurostat for quarterly data.

6 Fiscal developments

6.4 Annual change in the government debt-to-GDP ratio and underlying factors [1)]

(as a percentage of GDP; flows during one-year period)

	Change in debt-to-GDP ratio [2)]	Primary deficit (+)/ surplus (-)	Deficit-debt adjustment								Interest-growth differential	Memo item: Borrowing requirement
			Total	Transactions in main financial assets					Revaluation effects and other changes in volume	Other		
				Total	Currency and deposits	Loans	Debt securities	Equity and investment fund shares				
	1	2	3	4	5	6	7	8	9	10	11	12
2021	-2.7	3.7	-0.1	0.6	0.4	0.1	0.0	0.1	-0.1	-0.6	-6.2	5.1
2022	-4.5	1.7	-0.1	-0.2	-0.7	0.3	0.1	0.1	0.6	-0.5	-6.1	2.7
2023	-2.4	1.8	-0.3	-0.4	-0.5	-0.1	0.1	0.1	0.6	-0.5	-3.8	2.6
2024	0.1	1.2	0.3	0.0	-0.4	0.1	0.2	0.1	0.3	0.0	-1.4	3.1
2024 Q3	-0.3	1.4	0.0	-0.2	-0.4	0.1	0.1	0.0	0.3	-0.1	-1.7	2.9
Q4	0.1	1.2	0.3	0.0	-0.4	0.1	0.2	0.1	0.2	0.1	-1.4	3.1
2025 Q1	0.3	1.0	0.6	0.3	-0.1	0.1	0.1	0.1	0.2	0.0	-1.3	3.3
Q2	0.5	0.9	0.9	0.7	0.4	0.0	0.1	0.1	0.2	0.0	-1.3	3.5

Sources: ECB for annual data; Eurostat for quarterly data.
1) Intergovernmental lending in the context of the financial crisis is consolidated except in quarterly data on the deficit-debt adjustment.
2) Calculated as the difference between the government debt-to-GDP ratios at the end of the reference period and a year earlier.

6.5 Government debt securities [1)]

(debt service as a percentage of GDP; flows during debt service period; average nominal yields in percentages per annum)

	Debt service due within 1 year [2)]					Average residual maturity in years [3)]	Average nominal yields [4)]						
	Total	Principal		Interest			Outstanding amounts					Transactions	
										Fixed rate			
		Total	Maturities of up to 3 months	Total	Maturities of up to 3 months		Total	Floating rate	Zero coupon	Total	Maturities of up to 1 year	Issuance	Redemption
	1	2	3	4	5	6	7	8	9	10	11	12	13
2022	12.8	11.6	4.1	1.2	0.3	8.1	1.6	1.2	0.4	1.9	2.0	1.1	0.5
2023	12.8	11.5	4.1	1.3	0.3	8.1	2.0	1.3	2.1	2.0	1.7	3.6	2.0
2024	12.4	11.0	4.1	1.4	0.4	8.2	2.1	1.3	1.9	2.2	1.9	3.5	2.9
2024 Q4	12.4	11.0	4.1	1.4	0.4	8.2	2.1	1.3	1.9	2.2	1.9	3.5	2.9
2025 Q1	12.4	10.9	3.7	1.5	0.4	8.3	2.2	1.3	2.0	2.2	1.9	3.3	2.9
Q2	12.9	11.4	3.2	1.5	0.4	8.3	2.2	1.3	1.6	2.2	2.1	3.1	2.8
Q3	13.3	11.7	3.7	1.5	0.4	8.2	2.2	1.3	1.6	2.2	2.0	2.9	2.6
2025 Apr.	13.0	11.6	3.8	1.5	0.4	8.3	2.2	1.3	1.7	2.2	2.0	3.3	2.9
May	12.9	11.4	3.2	1.5	0.4	8.3	2.2	1.3	1.8	2.2	2.0	3.2	2.8
June	12.9	11.4	3.2	1.5	0.4	8.3	2.2	1.3	1.6	2.2	2.1	3.1	2.8
July	12.9	11.4	3.6	1.5	0.4	8.3	2.1	1.3	1.6	2.2	2.0	3.0	2.7
Aug.	13.1	11.6	3.8	1.5	0.4	8.2	2.1	1.3	1.4	2.2	2.0	2.9	2.7
Sep.	13.3	11.7	3.7	1.5	0.4	8.2	2.2	1.3	1.6	2.2	2.0	2.9	2.6

Source: ECB.
1) At face value and not consolidated within the general government sector.
2) Excludes future payments on debt securities not yet outstanding and early redemptions.
3) Residual maturity at the end of the period.
4) Outstanding amounts at the end of the period; transactions as 12-month average.

6 Fiscal developments

6.6 Fiscal developments in euro area countries

(as a percentage of GDP; flows during one-year period and outstanding amounts at end of period)

	Belgium	Germany	Estonia	Ireland	Greece	Spain	France	Croatia	Italy	Cyprus
	1	2	3	4	5	6	7	8	9	10
	Government deficit (-)/surplus (+)									
2021	-5.4	-3.2	-2.5	-1.3	-7.2	-6.7	-6.6	-2.6	-8.9	-1.6
2022	-3.6	-1.9	-1.0	1.6	-2.6	-4.6	-4.7	0.1	-8.1	2.7
2023	-4.0	-2.5	-2.7	1.4	-1.4	-3.3	-5.4	-0.8	-7.2	1.7
2024	-4.4	-2.7	-1.7	4.0	1.2	-3.2	-5.8	-1.9	-3.4	4.1
2024 Q3	-4.3	-2.8	-2.7	4.3	0.8	-2.8	-5.7	-2.1	-5.2	3.6
Q4	-4.4	-2.7	-1.7	4.0	1.2	-3.2	-5.8	-1.9	-3.4	4.1
2025 Q1	-4.6	-2.4	-1.2	4.0	2.5	-3.2	-5.7	-2.6	-3.4	4.2
Q2	-4.7	-2.2	-0.9	3.7	2.2	-3.2	-5.6	-3.0	-2.9	4.4
	Government debt									
2021	108.7	67.9	18.4	52.4	197.3	115.7	112.8	78.2	145.8	96.5
2022	103.4	64.4	19.2	42.9	177.8	109.3	111.4	68.5	138.4	80.3
2023	102.4	62.3	20.2	41.8	164.3	105.2	109.8	60.9	133.9	71.1
2024	103.9	62.2	23.5	38.3	154.2	101.6	113.2	57.4	134.9	62.8
2024 Q3	104.8	62.0	23.8	40.0	158.3	104.2	113.7	59.2	135.6	66.7
Q4	103.9	62.2	23.5	38.3	153.6	101.6	113.2	57.4	134.9	62.8
2025 Q1	106.0	62.0	23.9	34.5	152.4	103.4	114.1	58.3	137.4	62.1
Q2	106.2	62.4	23.2	33.3	151.2	103.4	115.8	57.5	138.3	61.2

	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Austria	Portugal	Slovenia	Slovakia	Finland
	11	12	13	14	15	16	17	18	19	20
	Government deficit (-)/surplus (+)									
2021	-7.2	-1.1	1.1	-7.0	-2.3	-5.7	-2.8	-4.6	-5.1	-2.7
2022	-4.9	-0.7	0.2	-5.3	0.0	-3.4	-0.3	-3.0	-1.6	-0.2
2023	-2.4	-0.7	-0.7	-4.4	-0.4	-2.6	1.3	-2.6	-5.3	-2.9
2024	-1.8	-1.3	0.9	-3.5	-0.9	-4.7	0.5	-0.9	-5.5	-4.4
2024 Q3	-1.7	-1.4	0.5	-3.0	-0.3	-3.9	0.6	-1.7	-5.2	-4.2
Q4	-1.8	-1.3	0.9	-3.5	-0.9	-4.7	0.5	-0.9	-5.5	-4.4
2025 Q1	-1.2	-1.3	0.5	-3.1	-1.3	-4.9	0.7	-1.6	-5.3	-4.2
Q2	-1.7	-1.8	-0.4	-4.0	-1.4	-4.9	0.5	-1.8	-4.8	-3.9
	Government debt									
2021	45.9	43.3	24.2	49.8	50.5	82.4	123.9	74.8	60.2	73.1
2022	44.4	38.3	24.9	50.3	48.4	78.1	111.2	72.8	57.8	74.0
2023	44.4	37.1	24.7	47.0	45.8	77.8	96.9	68.3	55.8	77.1
2024	46.6	38.0	26.3	46.2	43.7	79.9	93.6	66.6	59.7	82.5
2024 Q3	47.4	38.0	25.6	44.9	42.6	81.6	95.9	66.3	60.1	82.2
Q4	46.6	38.0	26.3	46.2	43.7	79.9	93.6	66.6	59.7	82.5
2025 Q1	45.4	40.4	26.1	46.7	43.2	83.1	95.0	69.5	63.2	84.2
Q2	48.0	39.1	25.1	46.9	42.7	82.3	96.8	69.4	62.9	88.4

Source: Eurostat.

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For specific terminology please refer to the ECB glossary (available in English only).

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