



EUROPEAN CENTRAL BANK

EUROSYSTEM

Background slides

Government Borrowers Forum 2025

Dublin



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Member of the Executive Board

June 2025 Eurosystem staff macroeconomic projections: technical assumptions

	June 2025 projections				Revisions vs March 2025 projections		
	2024	2025	2026	2027	2025	2026	2027
Oil price (level in USD)	82.0	66.7	62.8	64.2	-10.7	-10.6	-6.5
Oil price (level in euro)	75.8	60.5	55.8	57.0	-15.8	-17.4	-13.7
Natural gas price (EUR/MWh)	34.4	38.0	33.2	29.3	-24.4	-17.6	-7.7
Wholesale electricity price (EUR/MWh)	77.7	82.3	77.5	71.8	-18.2	-10.1	-5.3
Effective exchange rate (index, 1999Q1=100)	124.1	126.1	127.1	127.1	3.1	3.9	3.9
USD per EUR (level)	1.08	1.11	1.13	1.13	6.6	8.3	8.3
3-month interest rate (% p.a.)	3.57	2.13	1.91	2.20	-0.04	-0.07	0.09
10-year bond yield (% p.a.)	2.89	3.14	3.38	3.60	0.25	0.35	0.43

Source: Eurosystem staff macroeconomic projections.

Note: Revisions are expressed as percentages for levels and percentage points for interest rates and bond yields.

June 2025 Eurosystem staff macroeconomic projections: key macroeconomic variables

	June 2025 projections (annual percentage change)				Revisions vs March 2025 projections (percentage points)			
	2024	2025	2026	2027	2024	2025	2026	2027
HICP	2.4	2.0	1.6	2.0	0.0	-0.3	-0.3	0.0
HICP excl. energy and food	2.8	2.4	1.9	1.9	0.0	0.2	-0.1	0.0
Compensation per employee	4.5	3.2	2.8	2.8	-0.1	-0.2	0.0	0.2
Unit labour costs	4.7	2.8	2.1	2.0	0.0	-0.2	0.1	0.3
Real GDP	0.8	0.9	1.1	1.3	0.0	0.0	-0.1	0.0
Private consumption	1.0	1.2	1.2	1.2	0.0	-0.2	0.0	0.0
Government consumption	2.6	1.6	1.2	1.0	0.1	0.4	0.1	0.0
Total investment	-1.8	0.7	1.7	1.9	0.0	-0.5	0.0	0.5
Exports	1.1	0.5	1.6	2.6	0.2	-0.3	-0.7	-0.1
Unemployment rate (% of labour force)	6.4	6.3	6.3	6.0	0.0	0.0	0.0	-0.2
	June 2025 projections (Q4-on-Q4 percentage change)				Revisions vs March 2025 projections (percentage points)			
	Q4 2024	Q4 2025	Q4 2026	Q4 2027	Q4 2024	Q4 2025	Q4 2026	Q4 2027
HICP	2.2	1.8	1.8	2.1	0.0	-0.5	0.0	0.1
HICP excluding energy and food	2.7	2.2	1.9	1.9	0.0	0.1	0.0	0.0
Compensation per employee	4.1	2.8	2.7	2.9	-0.2	0.0	-0.1	0.4
Unit labour costs	3.6	2.4	1.9	2.1	-0.5	0.3	0.0	0.5
Real GDP	1.2	0.7	1.4	1.2	0.2	-0.3	0.0	0.0
Private consumption	1.5	1.1	1.3	1.2	0.1	-0.1	0.1	0.0
Government consumption	2.7	1.0	1.2	0.9	0.2	0.7	-0.4	0.3
Total investment	-1.8	1.1	1.1	1.9	0.2	0.3	-0.9	1.0
Exports	1.2	0.3	3.4	2.4	0.7	-2.7	1.4	-0.6
Unemployment rate (% of labour force)	6.2	6.4	6.2	5.9	0.0	0.0	-0.1	-0.3

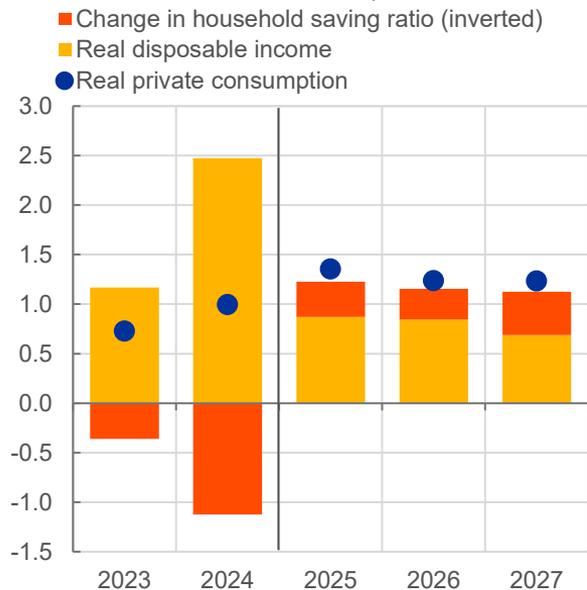
Source: Eurosystem staff macroeconomic projections.

Note: Revisions are calculated based on rounded figures.

Private consumption

Household consumption, income and savings

(annual percentage changes, percentage points contributions)

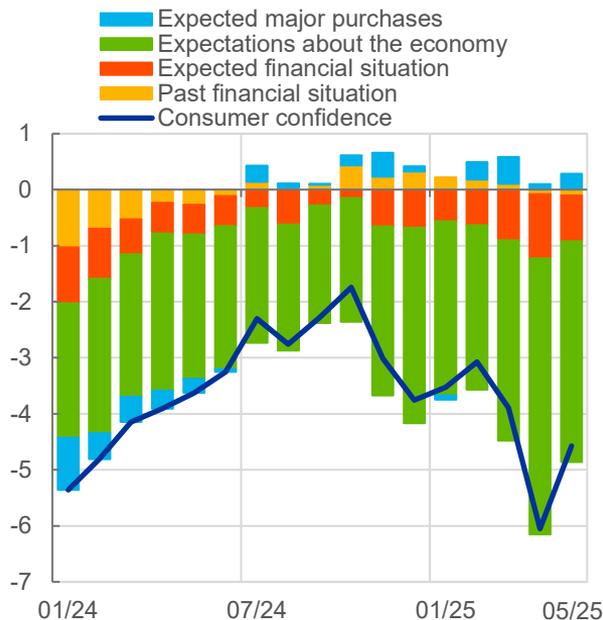


Sources: June 2025 Eurosystem staff macroeconomic projections and ECB calculations.

Note: An increase in the household saving ratio implies a negative contribution of savings to consumption growth.

Confidence and expectations

(percentage points)

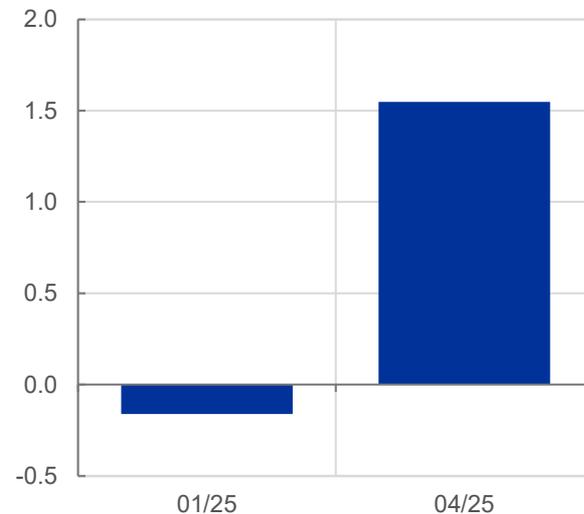


Sources: DG-ECFIN and ECB calculations.

Notes: Consumer expectations for the next 12 months; de-meaned over 1999-2019. The latest observations are for May 2025.

Change in overall savings rate from Consumer Expectations Survey

(year-on-year percentage changes, percentage points)

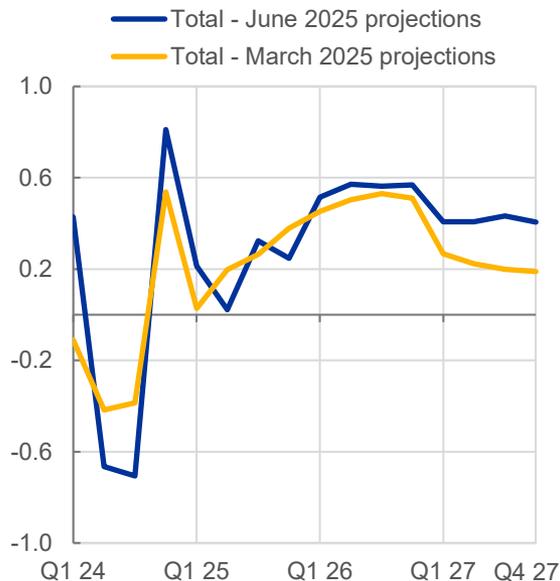


Source: ECB (CES).

Notes: CES saving rate calculated as in [Bobasu et al. \(2024\)](#). The latest observations are for April 2025.

Investment over forecast horizon

(quarter-on-quarter percentage changes)



Sources: June 2025 Eurosystem staff macroeconomic projections, March 2025 ECB staff macroeconomic projections and ECB calculations.
 Note: Total investment is shown excluding Irish intangibles.

Housing investment and short-term indicators

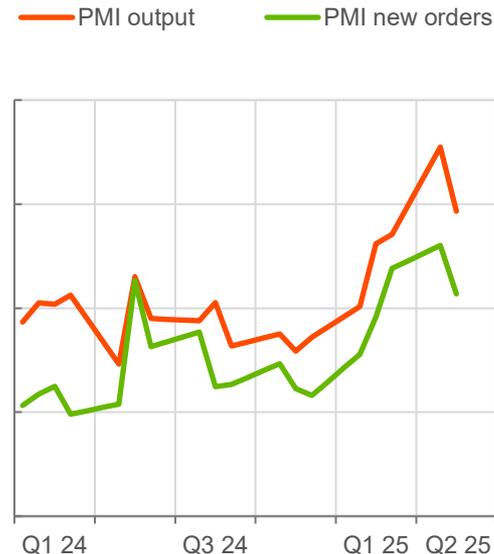
(left-hand side: quarter-on-quarter percentage changes; right-hand side: diffusion index, monthly)



Sources: Eurostat, S&P Global, DG-ECFIN and ECB calculations.
 Notes: Composite building construction output and trend activity indicator weighted averages of building and specialised construction activities. Trend activity indicator transformed to have the same mean and std. dev. as the PMI. The latest observations are for the first quarter of 2025 for housing investment, March 2025 for output and May 2025 for EC and PMI.

Business investment and capital goods indicators

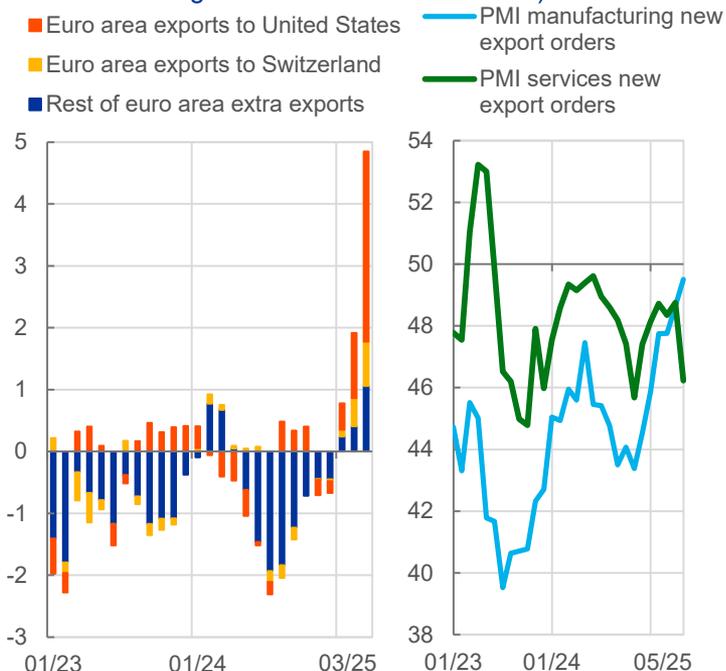
(balance indicators)



Source: S&P Global.
 Note: The latest observations are for May 2025.

Euro area goods exports and Purchasing Managers' Index

(left-hand side: three month-on-three month percentage change; right-hand side: diffusion index)

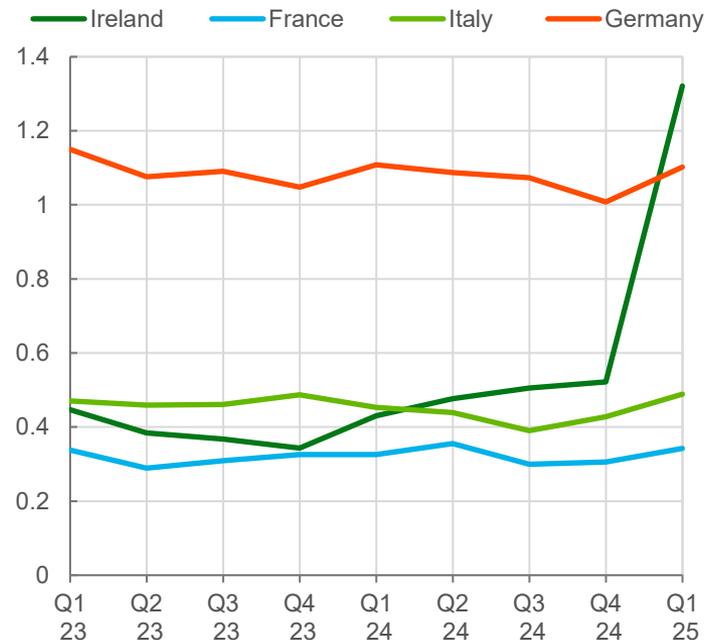


Sources: Eurostat, S&P Global and ECB staff calculations.

Notes: A diffusion index is obtained by summing the percentage of respondents reporting 'higher' plus half of the percentage of respondents reporting 'the same'. A number bigger than 50 indicates an expansion, while below 50 is a contraction. As March export volumes are not yet available, they are approximated by dividing March export values by producer prices (non-domestic sales). The latest observations are for May 2025 for PMI and March 2025 for exports.

Exports to the United States by country

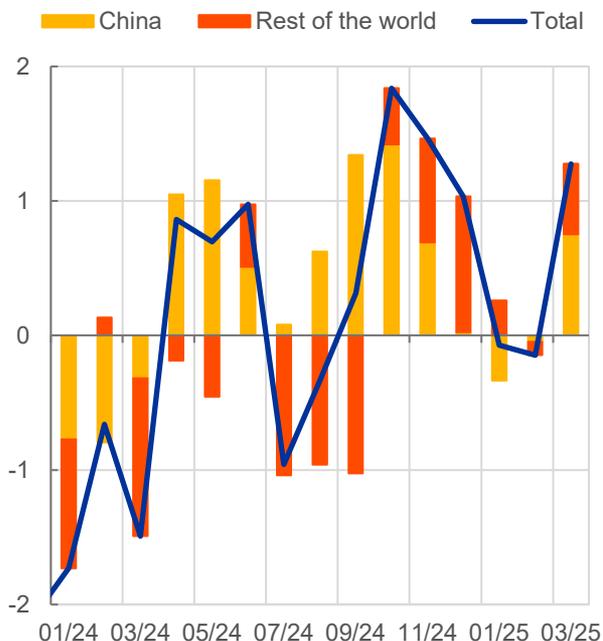
(percent of euro area GDP)



Sources: Eurostat, Main National Accounts and ECB staff calculations.

Note: The latest observations are for the first quarter of 2025.

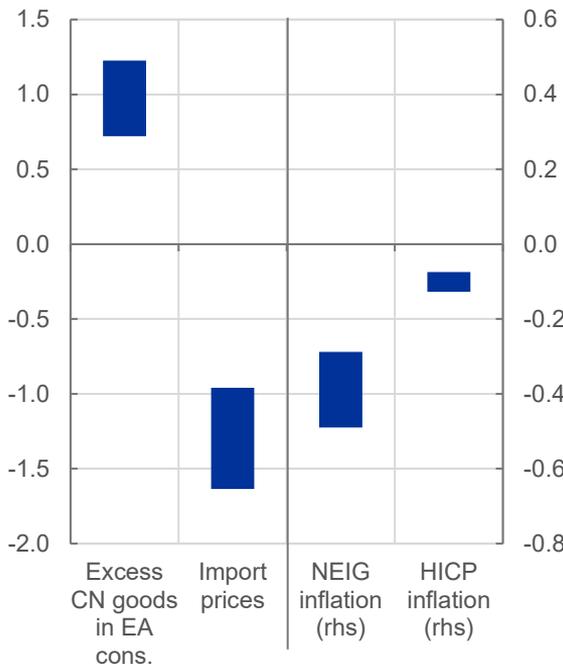
Euro area imports by origin (three month-on-three month percentage change)



Sources: Eurostat and ECB staff calculations.

Notes: The chart shows trade volume index in goods. Weights are computed using values due to data availability. The underlying data are seasonally adjusted. Euro area good imports in volume are estimated by deflating imports in values since volume for March are not yet available. The latest observations are for March 2025.

Price pressures from deflected Chinese exports (percent)

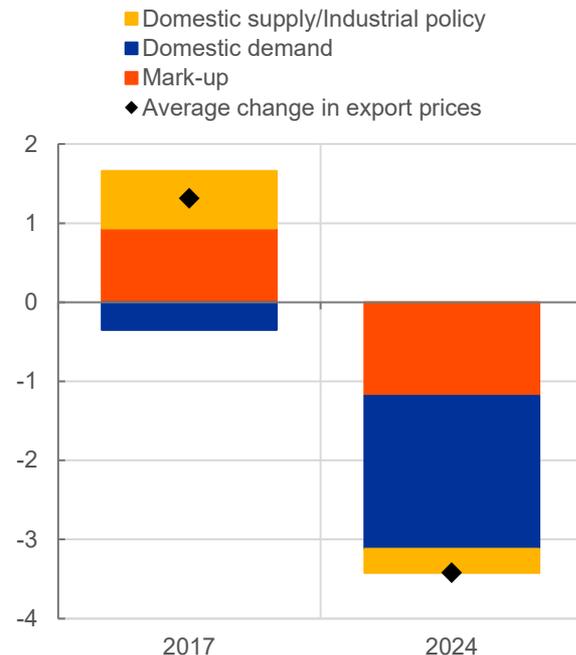


Source: ECB staff calculations.

Notes: Excess Chinese goods in euro area consumption (cons.) from trade deflection under BMPE severe scenario estimated in a partial equilibrium approach using t+1 elasticity estimates by Boehm et al. (2023) and general equilibrium estimates based on a Baqaee and Farhi (2024) trade model. Partial equilibrium assumes: (a) China's total exports remain unchanged, (b) are spread uniformly across non-US partners.

China - domestic drivers of export prices (percent deviation from the mean, pp contributions)

(percent deviation from the mean, pp contributions)



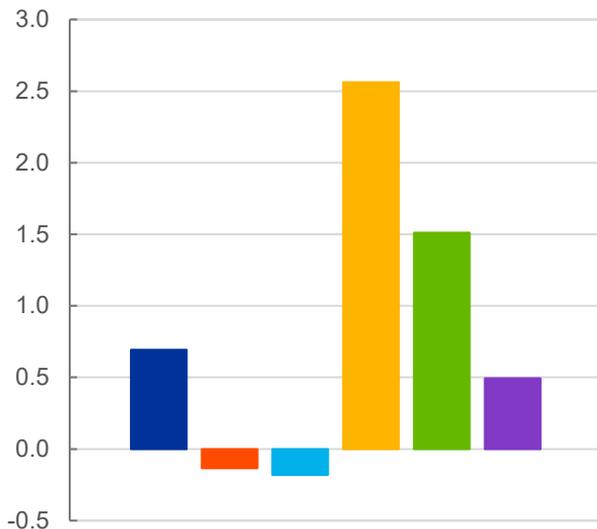
Sources: National Bureau of Statistics of China, General Administration of Customs China, GTA, BIS, TDM and ECB staff calculations.

Note: Based on the median posterior of a BVAR decomposition of Chinese export price growth into supply and demand shocks, identified via sign restrictions on monthly data from January 2010 to February 2025.

Employment growth by country in the first quarter of 2025

(year-on-year growth rate)

EA DE FR ES IT NL



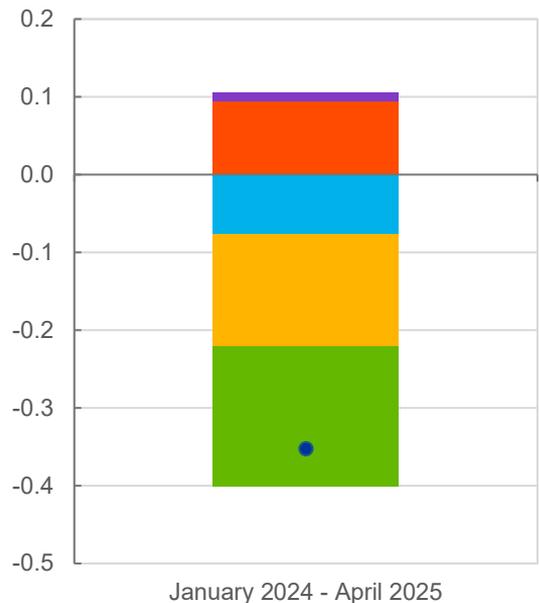
Source: Eurostat.

Note: The latest observations are for the first quarter of 2025.

Change in unemployment rate and country contributions

(percentage points)

DE FR ES IT NL Others Change in U rate



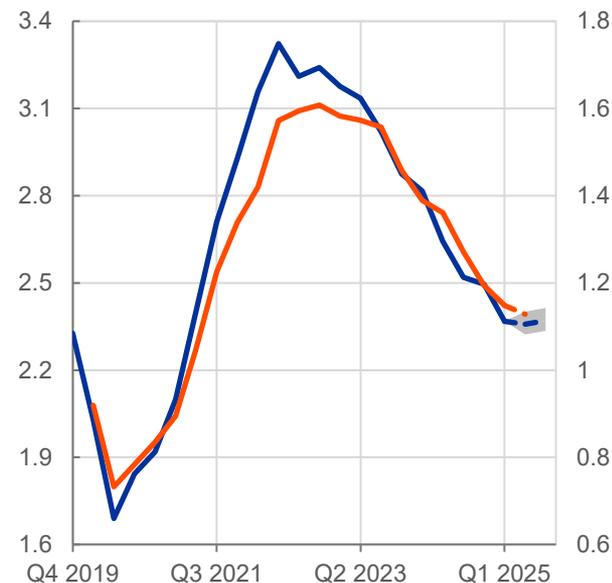
Source: Eurostat.

Notes: Change in unemployment rate ("U rate") between January 2024 and April 2025. The latest observations are for April 2025.

Labour market tightness

(vacancies per unemployed worker; percentages)

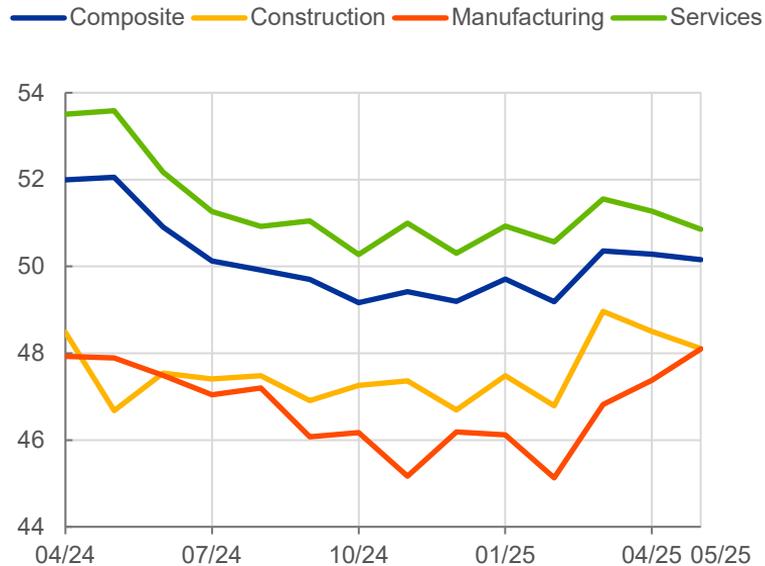
Job vacancy rate Indeed vacancy rate (rhs)



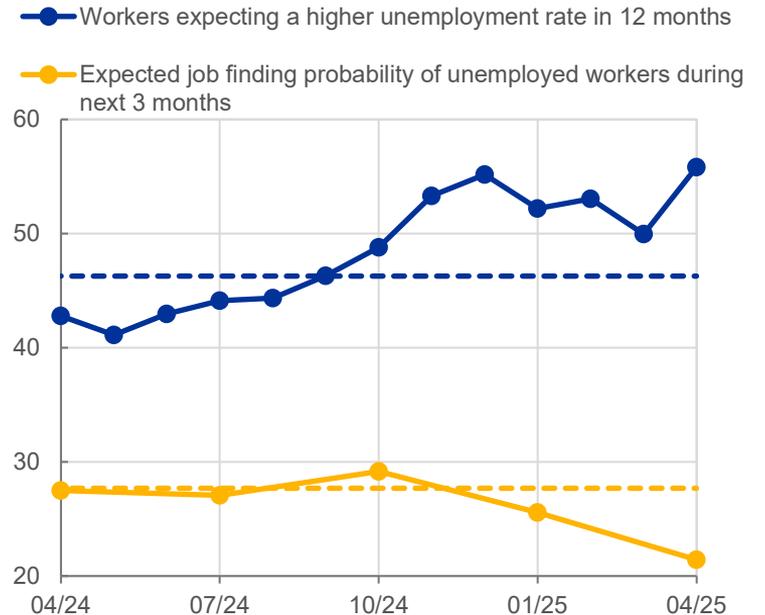
Sources: Eurostat, Indeed and ECB staff calculations.

Notes: The dashed line of the Indeed vacancy rate is an estimate for Q2 2025. Job vacancy rate (JVR) projected for Q2 and Q3 (dashed line) using earnings calls data; grey area is the min-max range of the forecast. The latest observations are for the first quarter of 2025 for JVR and the third quarter of 2025 for forecasts.

PMI employment (percentages)



Expectations of unemployment rate and job finding of unemployed workers (percent)



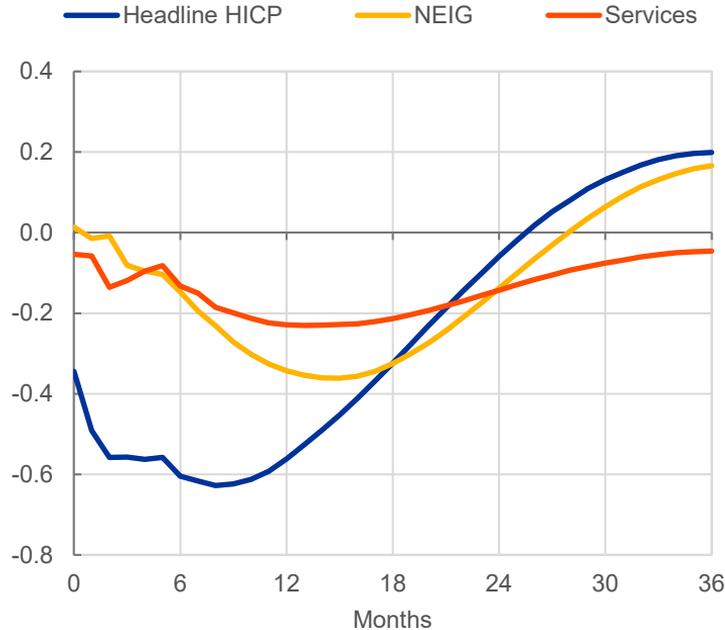
Sources: S&P Global and NL Analytics.
Note: The latest observations are for May 2025.

Sources: CES and ECB staff calculations.
Notes: The latest observations are for April 2025. Dashed lines mark the average level between April 2020 and April 2025.

Energy shock impact and exchange rate pass-through

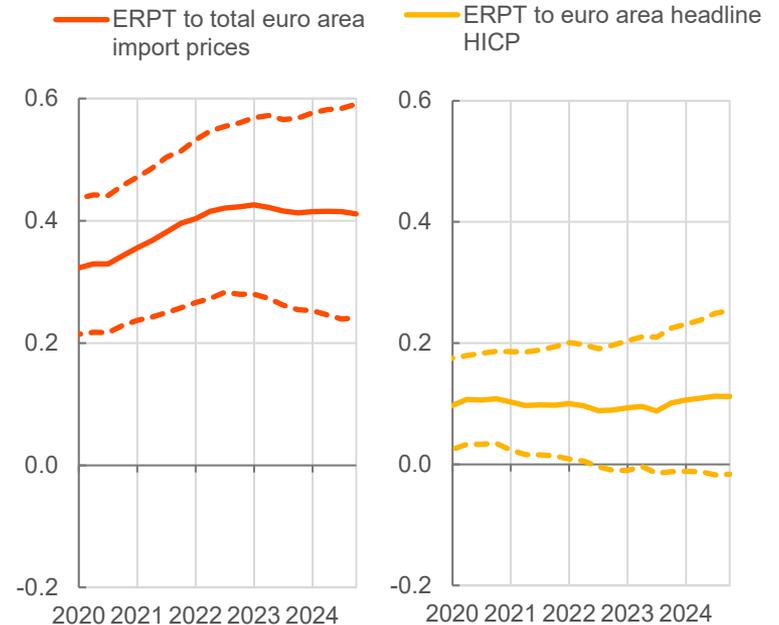
Impulse responses of a negative energy shock

(percentage points)



Exchange rate pass-through to euro area import prices and HICP inflation

(percentage points)



Sources: Eurostat, ECB, Haver, projection database and ECB calculations.

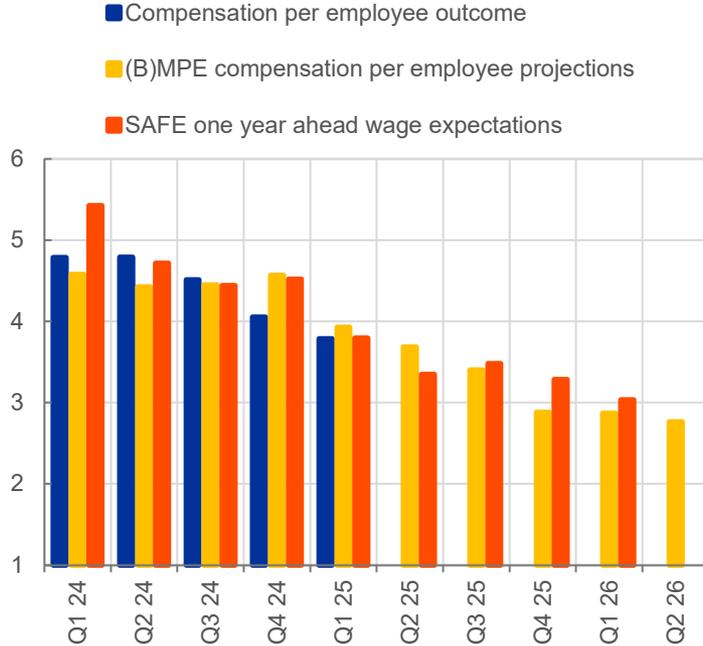
Notes: Impulse responses are based on the estimation of monthly BVARs, one for each HICP item, in the spirit of [Allayioti, Górnicka, Holton, and Martínez Hernández \(2024\)](#) for the case of energy shocks, using the sum of the oil-related and gas price shocks of [Bańbura, Bobeica and Martínez Hernández \(2023\)](#) as an internal instrument. Impulse responses normalised to an energy shock decreasing the synthetic indicator annual inflation by 20%.

Source: Eurostat, ECB calculations.

Notes: The time-varying ERPT to import and consumer prices is estimated using single-equation regressions with drifting coefficients and stochastic volatility from 1995Q1 to 2024Q4 for import prices and from 1997Q1 to 2024Q4 for consumer prices. The impacts show the percentage impact on prices after four quarters following a 1% depreciation of the euro nominal effective exchange rate. The dashed lines show the 16th and 84th percentiles of the posterior distribution and the solid line shows the median.

Realised and projected CPE growth and survey data on wage expectations

(annual percentage changes)



Sources: Eurostat, ECB, 2025 June BMPE and SAFE.

Notes: the x axis represents the quarter which the forecasts / expectations refer to. (B)MPE projections refer to the Eurosystem/ECB forecast available at the time of the surveys. The last observations are for the first quarter of 2025.

ECB wage tracker and Indeed wage tracker

(annual percentage changes)

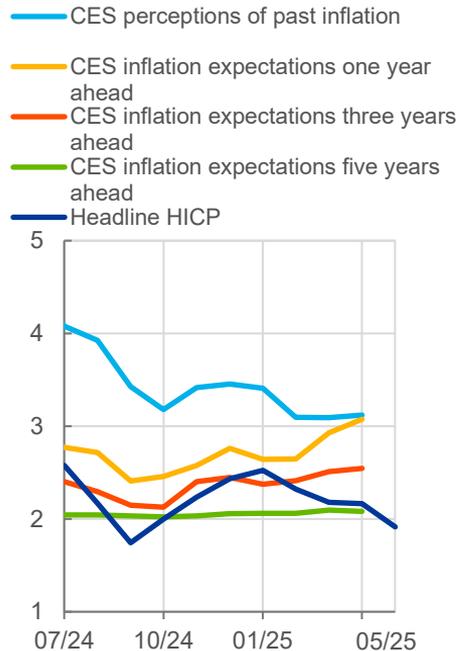


Sources: ECB calculations using data from Deutsche Bundesbank, Banco de España, the Dutch employer association (AWVN), Österreichische Nationalbank, Bank of Greece, Banca d'Italia, and Banque de France; Eurostat; Indeed.

Note: The latest observations are for December 2025 for the forward-looking wage tracker and April 2025 for Indeed.

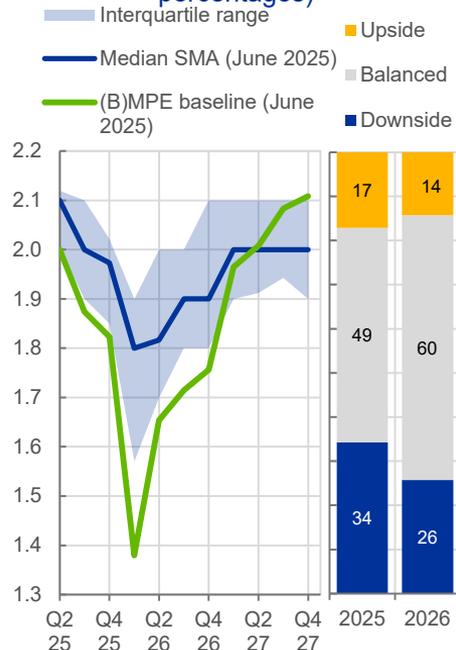
Inflation expectations

ECB consumer expectations survey (annual percentage changes)



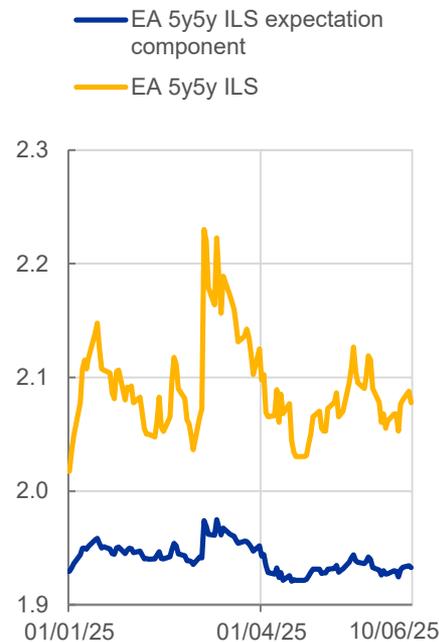
Sources: Eurostat and ECB Consumer Expectations Survey (CES).
 Notes: The series refer to the median value for CES. The latest observations are for April 2025 for the CES and for May 2025 (flash estimate) for HICP.

Expected HICP inflation and balance of risk (annual percentage changes, percentages)



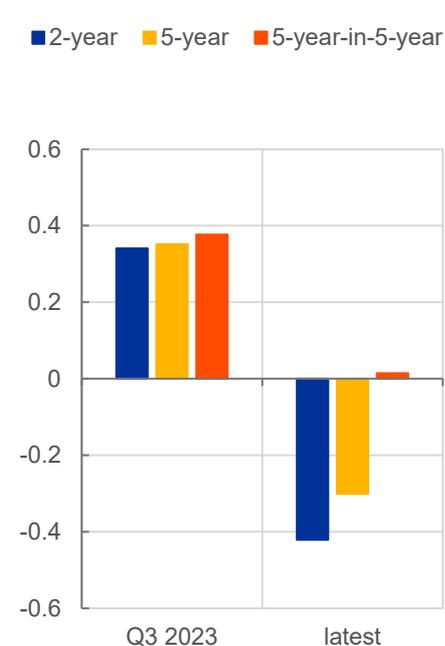
Sources: SMA, June BMPE and ECB calculations.
 Notes: Quarterly data. Interquartile range refers to point forecasts of respondents. Sums that do not add up to 100 are due to rounding.

Euro area inflation linked swap rates (percentages per annum)



Sources: Bloomberg and ECB calculations.
 Notes: Premia-adjusted forward ILS rates are average estimates from two affine term structure models as in Joslin, Singleton and Zhu (2011) applied to ILS rates non-adjusted for the indexation lag; see Burban et al. (2022), ECB Economic Bulletin Issue 8, 2021, Box 4.
 The latest observations are for 10 June 2025.

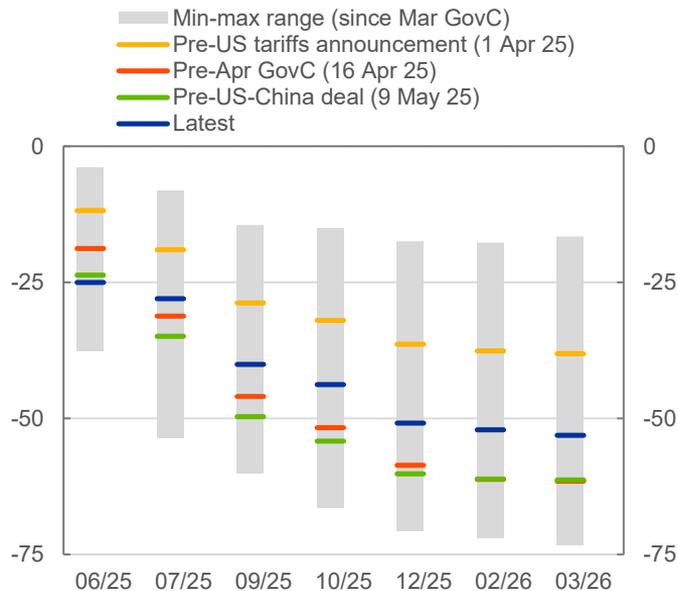
Balance of risks (BoR) to euro area inflation (percentage points/100)



Sources: LSEG, Bloomberg and ECB calculations.
 Notes: The balance of risks is defined as the difference between the options-implied risk-neutral probability of average inflation being above vs. below 2% over the lifetime of the option contract (see Garcia et al., 2024). The latest observations are for 10 June 2025.

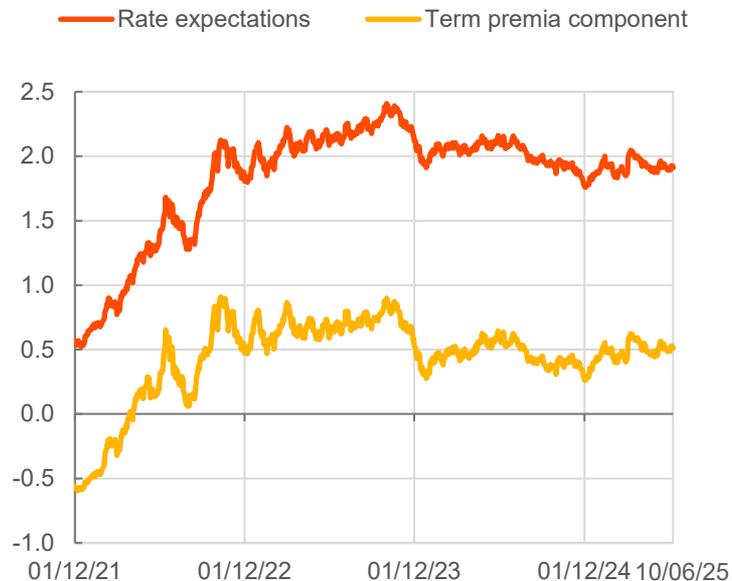
Cumulative DFR cuts priced for upcoming GovC meetings, based on €STR M2M contracts

(basis points)



10-year EA OIS rate expectations and term premia component

(percentages per annum)



Sources: Bloomberg and ECB calculations.

Notes: Priced cumulative cuts in the DFR are derived from maintenance period-dated forward contracts on €STR. The grey range summarises the variation in the respective cumulative cuts priced by the market since the March 2025 GovC meeting (5 March 2025). The latest observations are for 10 June 2025.

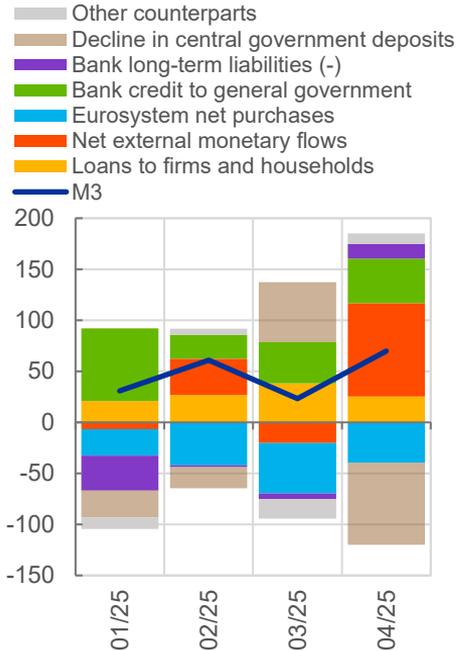
Sources: Bloomberg, LSEG and ECB calculations.

Notes: The decomposition of the 10-year OIS spot rate into expected rates and term premia is based on two affine term structure models, with and without survey information on rate expectations (both variations of Joslin, Singleton and Zhu (2011)), and a lower bound term structure model following Geiger and Schupp (2018) incorporating survey information on rate expectations. The latest observations are for 10 June 2025.

Monetary aggregates and bank lending

Sources of money creation

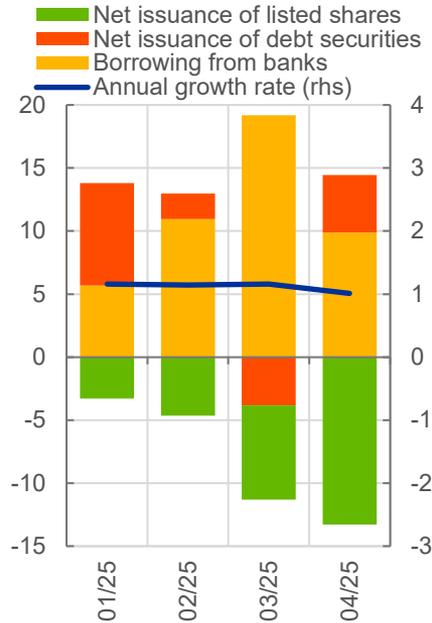
(average monthly flows in EUR bn)



Sources: ECB (BSI) and ECB calculations.
Note: The latest observations are for April 2025.

Firms' external financing

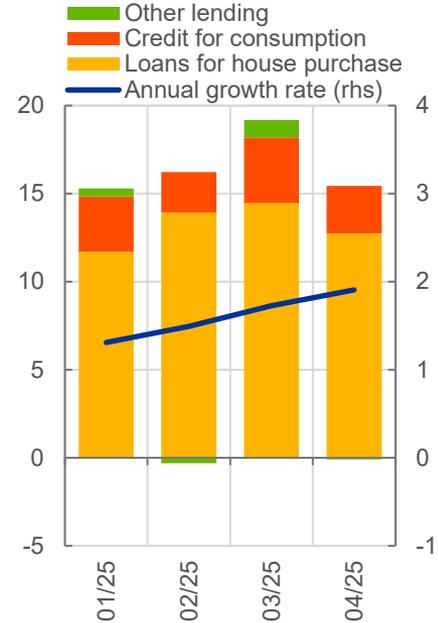
(average monthly flows in EUR bn;
annual percentage changes)



Sources: ECB (BSI, CSEC) and ECB calculations.
Notes: The seasonal adjustment for the net issuance of equity issuance and debt securities is not official. Bank loans are adjusted for sales, securitisation and cash pooling. Data on equities has been corrected for one-off issuances and buybacks. The latest observations are for April 2025.

Bank loans to households

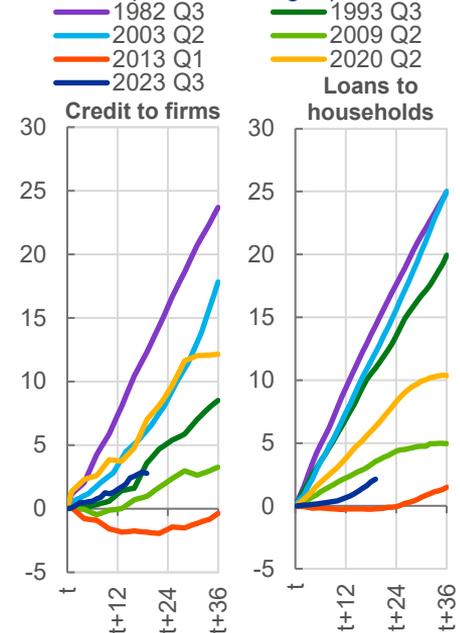
(average monthly flows in EUR bn;
annual percentage changes)



Sources: ECB (BSI) and ECB calculations.
Notes: Bank loans are adjusted for sales, securitisation and cash pooling. The latest observations are for April 2025.

Credit to firms and households compared to past recoveries

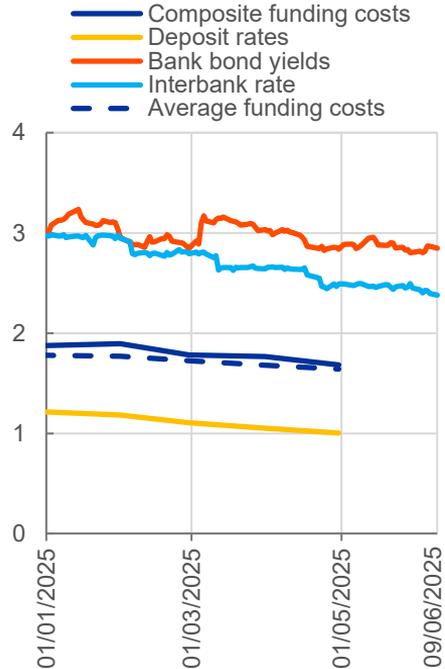
(cumulative growth rates in annualised percent changes)



Sources: ECB (BSI, CSEC) and ECB calculations.
Notes: t denotes months since the trough in economic growth. The latest observations are for April 2025.

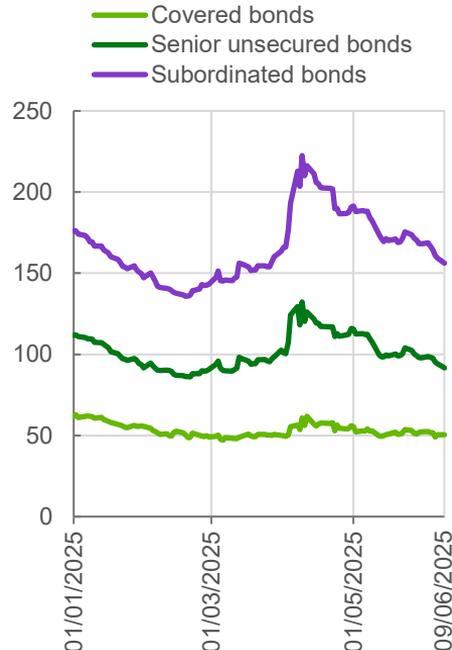
Bank funding costs and lending rates

Bank funding costs (percentage points per annum)



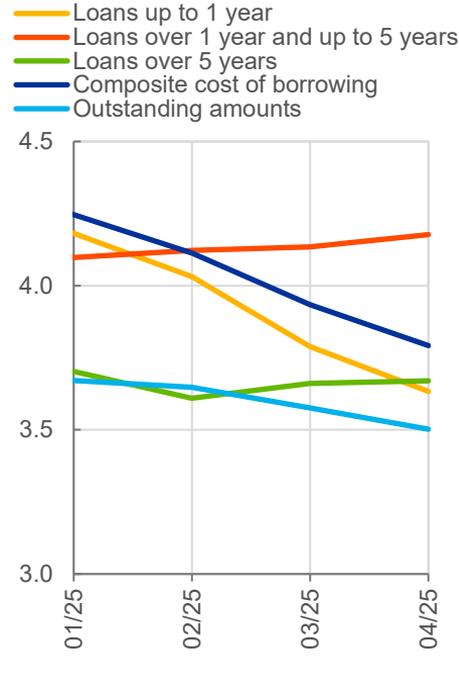
Sources: ECB (BSI, MIR, CSDB, MMSR), IHS Markit, iBoxx and ECB calculations. Notes: Composite costs computed by weighing new business rates of each component by outstanding amounts. Average costs are weighted average of rates/yields on outstanding liabilities. The latest observations are for 9 June 2025 for daily data and April 2025 for monthly data.

Bank bond spreads (basis points per annum)



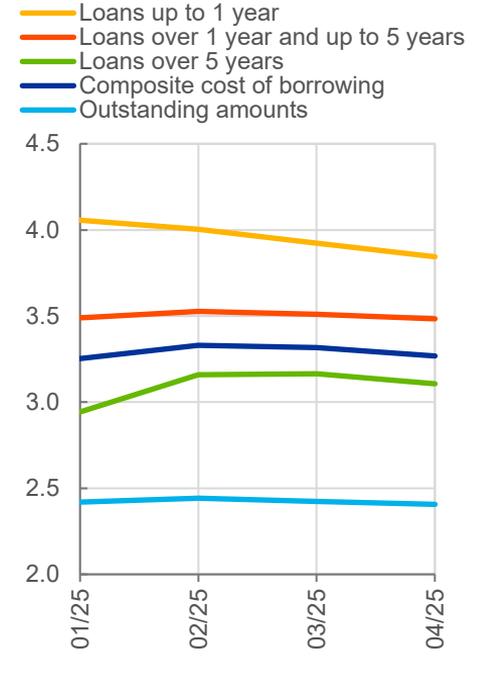
Sources: IHS Markit iBoxx and ECB calculations. Note: The latest observations are for 9 June 2025.

Lending rates to firms (percentage points per annum)



Sources: ECB (MIR) and ECB calculations. Notes: The indicator for the total cost of borrowing is calculated by aggregating short-term and long-term rates using a 24-month moving average of new business volumes. The latest observations are for April 2025.

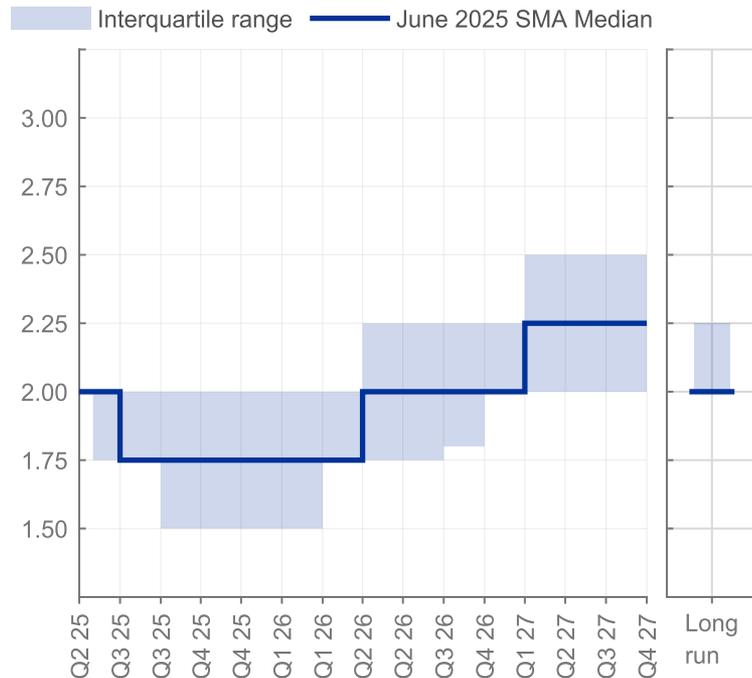
Lending rates to households (percentage points per annum)



Sources: ECB (MIR) and ECB calculations. Notes: Loans to households for house purchase. The indicator for the total cost of borrowing is calculated by aggregating short-term and long-term rates using a 24-month moving average of new business volumes. The latest observations are for April 2025.

Survey of Monetary Analysts – Deposit Facility Rate expectations and risks

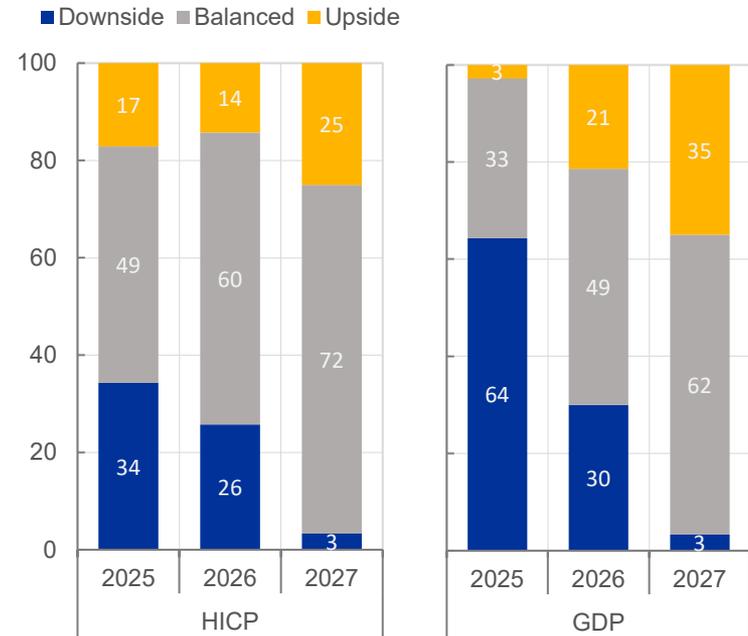
Expected Deposit Facility Rate path (percentage of respondents)



Source: SMA.

Notes: The number of responses is 70 for all projection horizons until April 2026 and 69 for the long run. All respondents except two foresee only 25 bps steps.

Balance of risks surrounding the euro area HICP and growth outlook (percentage of respondents)



Source: SMA.

Notes: Percentage of respondents. Percentages may not add up to 100 due to rounding.