



EUROPEAN CENTRAL BANK
EUROSYSTEM

Outlook for the euro area economy

Background slides for Reuters NEXT
Europe

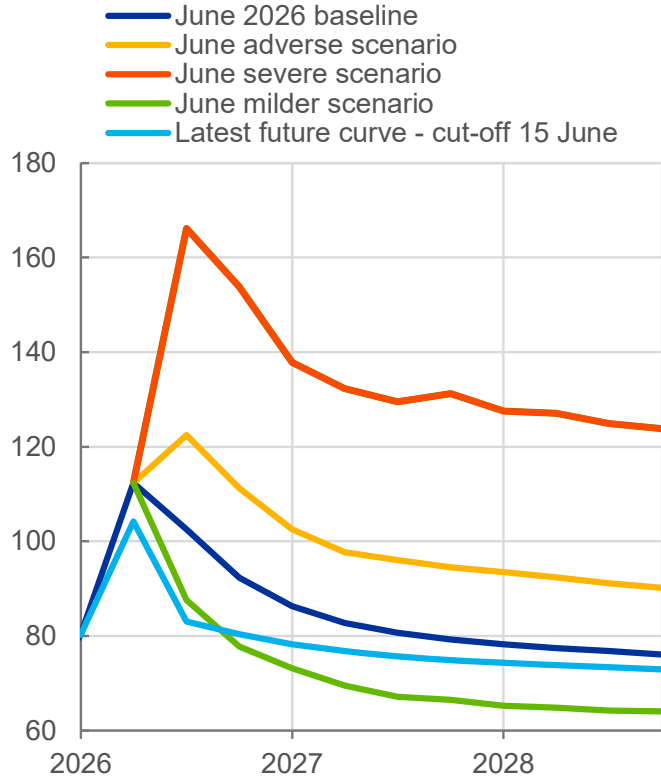
London, 16 June 2026



Philip R. Lane
Member of the Executive Board

Outlook and scenarios for energy commodity prices

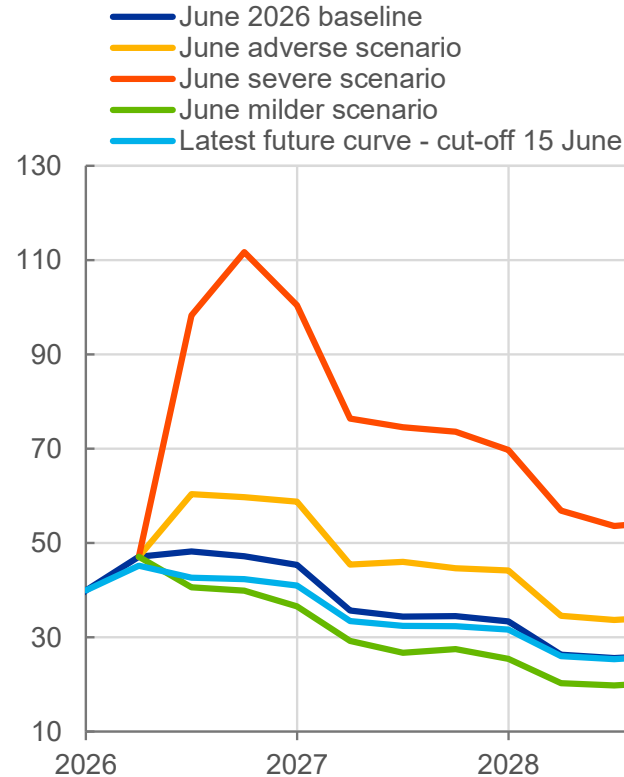
Oil prices (USD per barrel)



Sources: Refinitiv and ECB staff calculations.

Notes: Projections also entail spot prices. Cut-off for the June 2026 baseline is 21 May 2026. June scenarios are based on percentiles as at 21 May 2026. Latest futures (15 June) curves are calculated as quarterly averages of monthly prices. The current quarter is computed using the average of April and May prices and the latest available physical spot price (15 June). Subsequent quarters are derived from the corresponding futures contracts.

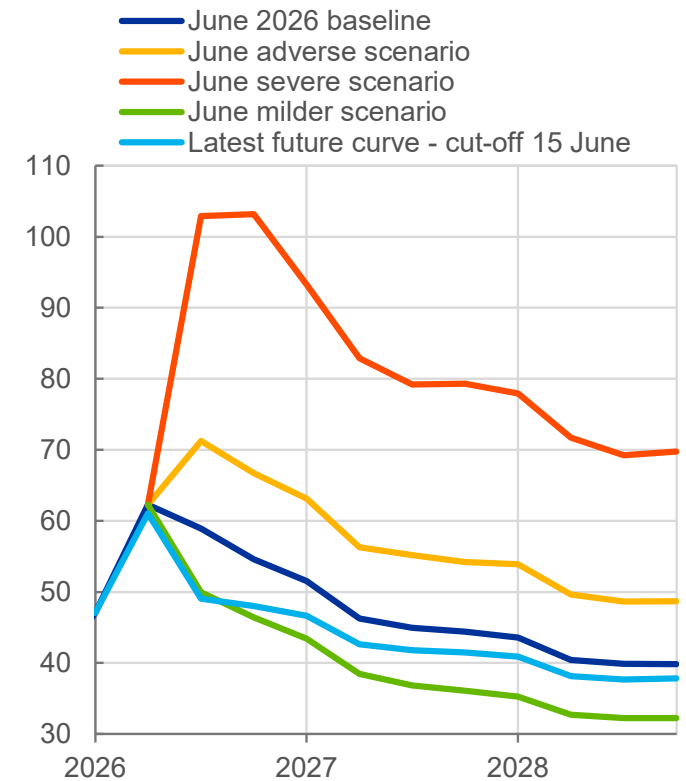
Gas prices (EUR/MWh)



Sources: Refinitiv and ECB staff calculations.

Notes: Projections also entail spot prices. Cut-off for the June 2026 baseline is 21 May 2026. June scenarios are based on percentiles as at 21 May 2026. Latest futures (15 June) curves are calculated as quarterly averages of monthly prices. The current quarter is calculated using the average of April and May prices and the latest available day-ahead price for June (15 June), while future quarters are based on averages of the corresponding futures contracts.

Synthetic energy commodity price index (SECPI) (USD index)



Sources: Refinitiv and ECB staff calculations.

Notes: The Synthetic Energy Commodity Price Index (SECPI) is computed as a weighted average on joint draws of oil and gas option-implied probability density functions. Projections also entail spot prices. Cut-off for the June 2026 baseline is 21 May 2026. June scenarios are based on percentiles as at 21 May 2026. The latest observations are for 15 June 2026.

June 2026 staff projections: baseline assumptions

June 2026 Eurosystem staff macroeconomic projections: technical assumptions

	June 2026 projections				Revisions vs December 2025 projections		
	2025	2026	2027	2028	2026	2027	2028
Oil price (level in USD)	69.1	96.9	82.2	77.1	55.0	31.3	20.5
Natural gas price (EUR/MWh)	36.2	45.6	37.5	27.9	54.1	36.3	11.4
Wholesale electricity price (EUR/MWh)	83.6	89.3	78.2	68.1	19.0	6.1	-4.7
EU ETS1 allowances (EUR/tonne)	73.9	74.6	76.4	79.2	-9.8	-10.2	-9.7
EU ETS2 allowances (EUR/tonne)	-	-	-	46.0	-	-	0.0
Effective exchange rate (index, Q1 1999 = 100)	128.3	130.0	129.8	129.8	0.2	0.0	0.0
USD per EUR (level)	1.13	1.17	1.17	1.17	1.0	0.9	0.9
Three-month interest rate (% per annum)	2.2	2.4	2.8	2.7	0.4	0.7	0.4
Ten-year bond yield (% per annum)	3.1	3.4	3.7	3.8	0.2	0.2	0.2

Notes: Revisions are expressed as percentages for levels and percentage points for interest rates. The technical assumptions about euro area interest rates and commodity prices are based on market expectations, with a cut-off date of 21 May 2026. The paths of commodity prices are implied by futures markets in the ten working days ending on the cut-off date. ETS stands for Emissions Trading System.

June 2026 staff projections: baseline projections

June 2026 Eurosystem staff macroeconomic projections: key macroeconomic variables

	June 2026 projections (annual percentage change)				Revisions vs December 2025 projections (percentage points)		
	2025	2026	2027	2028	2026	2027	2028
HICP	2.1	3.0	2.3	2.0	1.1	0.5	0.0
HICP excluding energy	2.5	2.5	2.7	2.2	0.3	0.7	0.2
HICP excluding energy and food	2.4	2.5	2.5	2.2	0.3	0.6	0.2
HICP energy	-1.4	8.4	-1.3	-0.1	9.4	-1.3	-2.3
HICP food	2.8	2.6	3.5	2.4	0.2	1.1	0.2
HICP non-energy industrial goods	0.6	0.9	1.5	1.1	0.2	0.7	0.2
HICP services	3.4	3.3	3.0	2.8	0.3	0.4	0.3
Compensation per employee	3.9	3.2	3.2	3.2	0.0	0.3	0.2
Unit labour costs	3.1	2.8	2.4	2.2	0.2	0.4	0.1
Real GDP	1.5	0.8	1.2	1.5	-0.4	-0.2	0.1
Real GDP with modified domestic demand for IE	1.1	0.9	1.1	1.5	-0.2	-0.2	0.2
Private consumption	1.5	0.8	1.0	1.4	-0.4	-0.3	0.3
Government consumption	1.6	1.6	1.0	1.3	0.1	-0.1	0.1
Total investment	3.1	1.8	1.7	2.1	-0.4	-0.7	-0.1
Exports	2.1	1.1	2.6	2.9	-0.5	0.2	0.3
Unemployment rate (% of labour force)	6.3	6.3	6.2	6.0	0.1	0.1	0.1

Note: Revisions are calculated based on rounded figures.

June 2026 staff projections: baseline projections

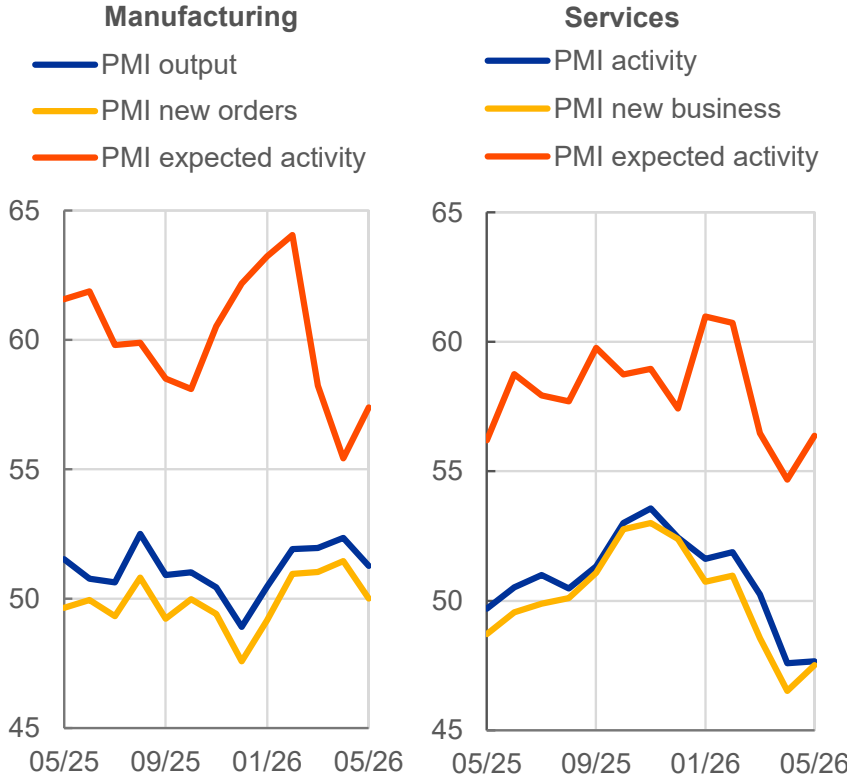
June 2026 Eurosystem staff macroeconomic projections: key macroeconomic variables

	June 2026 projections (Q4-on-Q4 percentage change)				Revisions vs December 2025 projections (percentage points)		
	Q4 2025	Q4 2026	Q4 2027	Q4 2028	Q4 2026	Q4 2027	Q4 2028
HICP	2.1	3.4	1.9	2.1	1.5	0.0	0.0
HICP excluding energy	2.4	2.7	2.5	2.2	0.6	0.4	0.2
HICP excluding energy and food	2.4	2.6	2.3	2.2	0.6	0.4	0.3
HICP energy	-1.1	10.7	-3.4	1.2	11.0	-3.6	-1.9
HICP food	2.5	3.3	3.2	2.2	1.0	0.7	0.1
HICP non-energy industrial goods	0.5	1.3	1.4	1.0	0.6	0.5	0.1
HICP services	3.4	3.3	2.8	2.8	0.5	0.3	0.3
Compensation per employee	3.8	3.0	3.2	3.2	0.1	0.3	0.2
Unit labour costs	3.2	2.4	2.3	2.2	0.4	0.2	0.0
Real GDP	1.2	0.9	1.4	1.5	-0.5	0.0	0.2
Real GDP with modified domestic demand for IE	1.2	0.6	1.4	1.5	-0.6	0.1	0.2
Private consumption	1.3	0.5	1.3	1.4	-0.8	0.0	0.4
Government consumption	1.7	1.0	1.2	1.4	0.1	0.2	0.0
Total investment	3.2	1.8	1.7	2.2	-0.8	-0.4	-0.1
Exports	2.0	2.2	2.9	2.8	-0.2	0.5	0.2
Unemployment rate (% of labour force)	6.3	6.3	6.1	5.9	0.1	0.1	0.1

Note: Revisions are calculated based on rounded figures.

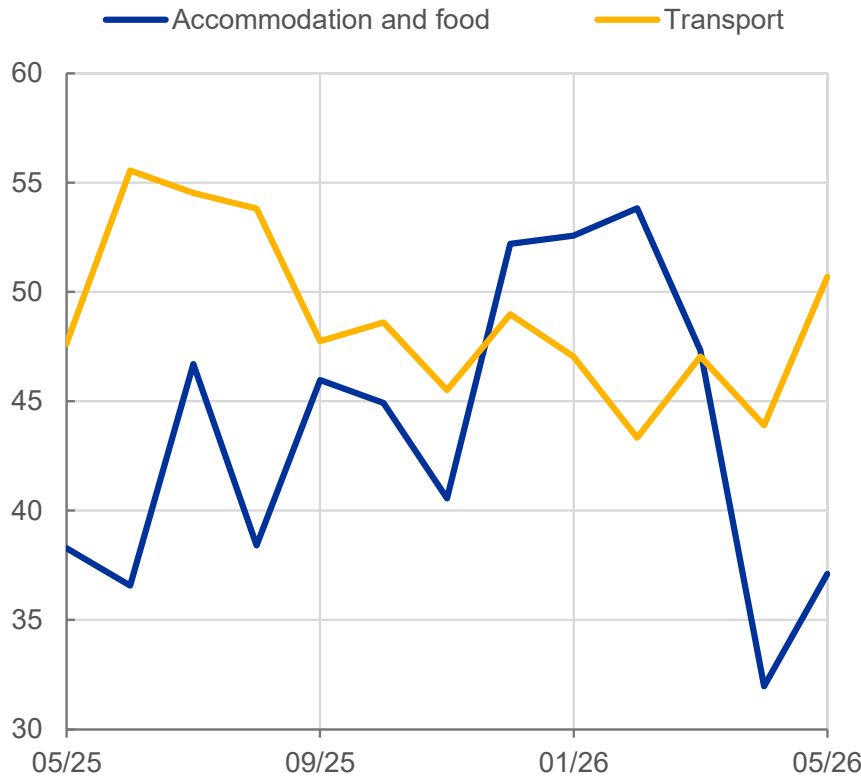
PMIs for activity in the euro area

Surveys for sectoral activity (diffusion indices)



Source: S&P Global.
Note: The latest observations are for May 2026.

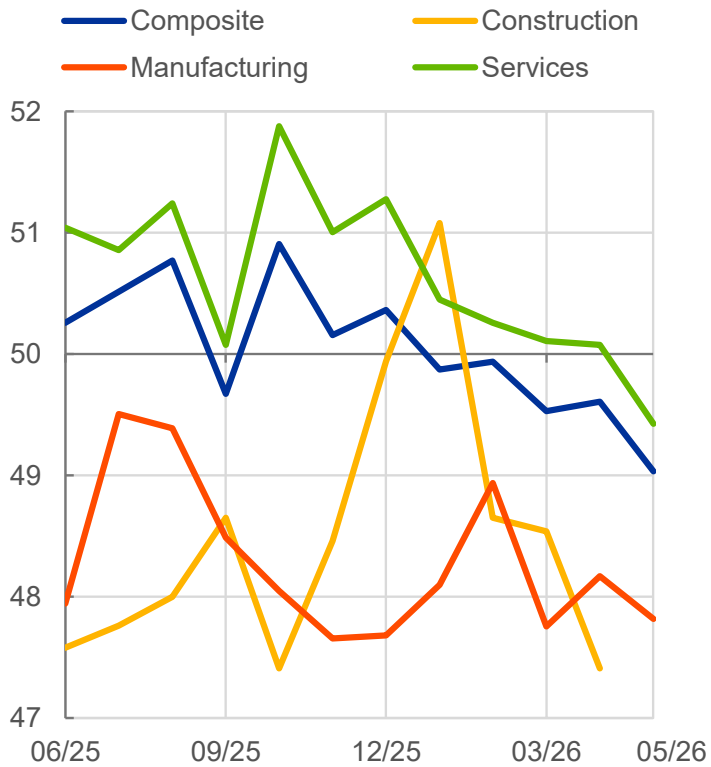
Business activity in consumer services (diffusion indices)



Source: S&P Global.
Note: The latest observations are for May 2026.

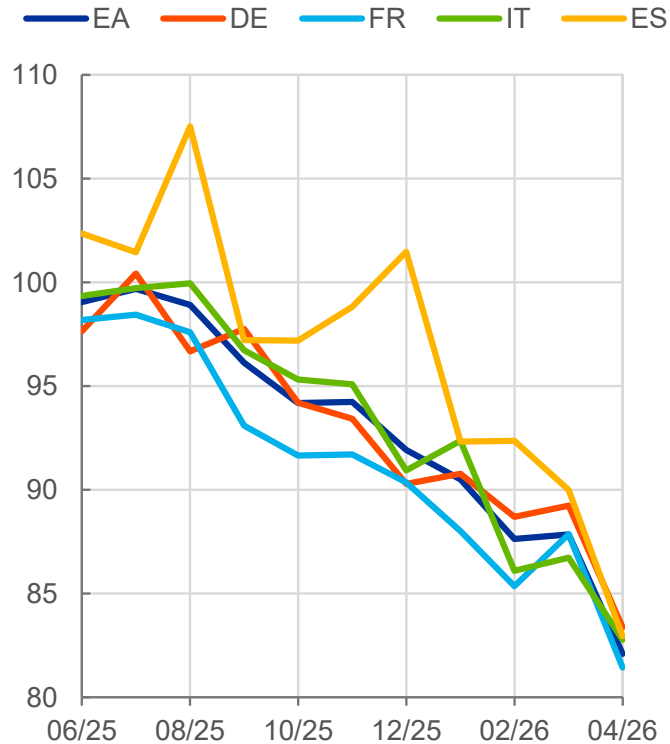
Labour market developments

PMI employment (diffusion index)



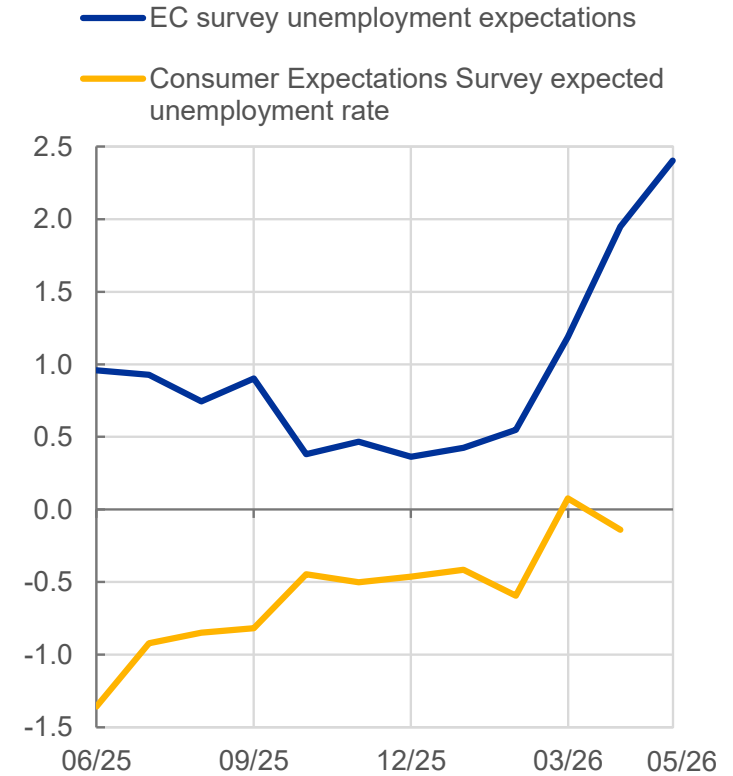
Source: S&P Global.
Note: The latest observations are for April 2026 for construction and May 2026 for the other sectors.

LinkedIn hiring rates (April 2025 = 100)



Source: LinkedIn.
Note: The latest observations are for April 2026.

Unemployment expectations 12 months ahead (z-score)

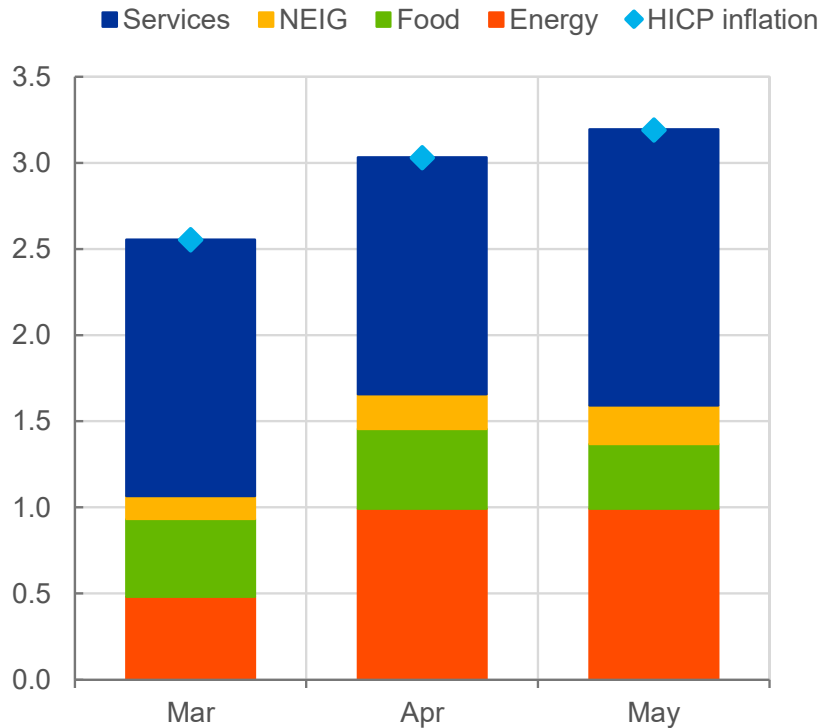


Source: European Commission (EC) Business and Consumer Surveys and ECB Consumer Expectations Survey.
Notes: The series are standardised based on the sample since January 2022. The latest observations are for April 2026 (Consumer Expectations Survey expected unemployment rate) and for May 2026 (EC survey unemployment expectations).

Inflation developments and outlook

Headline inflation and its main components

(annual percentage changes and percentage point contributions)

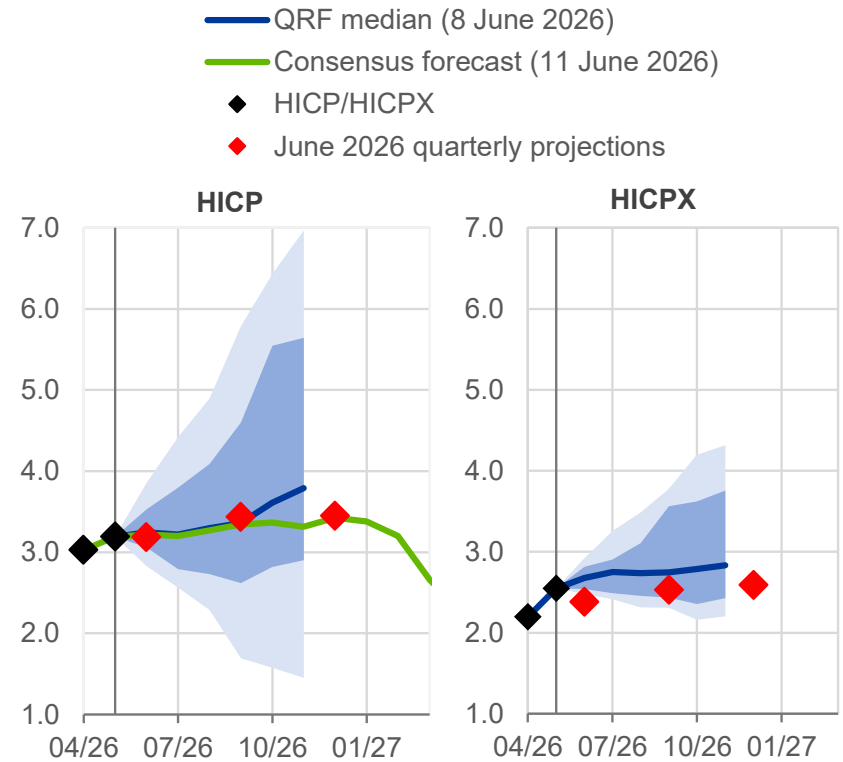


Sources: Eurostat and ECB calculations.

Note: The latest observations are for May 2026 (flash estimate).

Short-term forecasts for HICP and HICPX

(annual percentage changes)



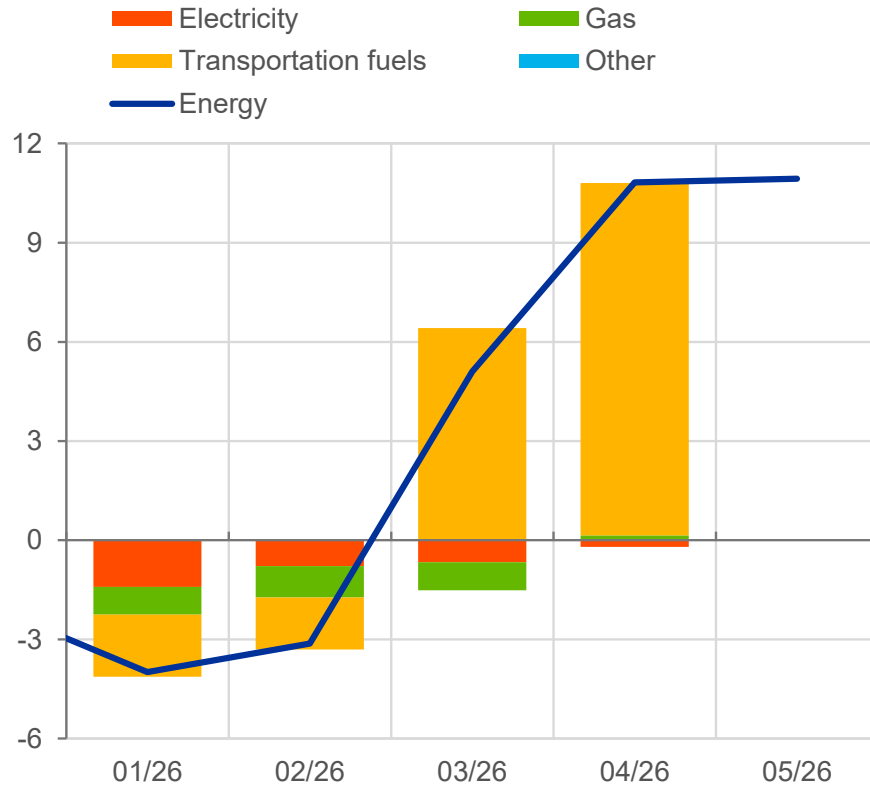
Sources: Eurostat, June 2026 Eurosystem macroeconomic projections, Consensus and ECB calculations.

Notes: QRF stands for quantile regression forest. QRF estimates from Lenza, M. et al. (2025), with 67.8% of May data available (cut-off date 8 June 2026). Light (dark) shaded areas denote the QRF 5-95 (16-84) range. The latest observations are for June for Consensus forecast and for May 2026 (flash estimate) for the remaining measures.

Energy and food inflation

Energy inflation

(annual percentage changes, percentage point contributions)

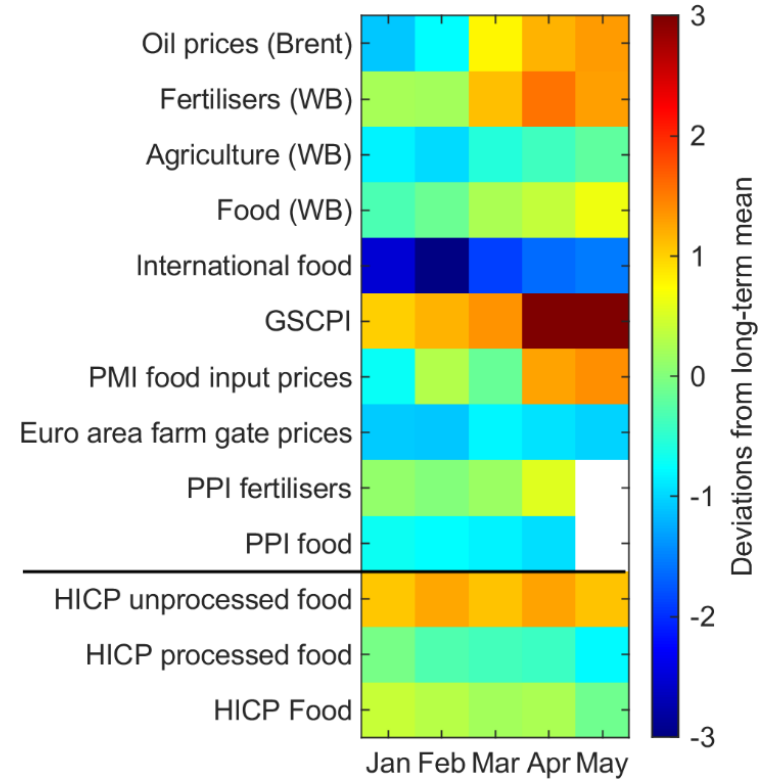


Sources: Eurostat and ECB calculations.

Note: The latest observations are for May 2026 (flash estimate) for energy and April 2026 for the remaining measures.

Heatmap for food inflation and pipeline pressures

(standard deviations)



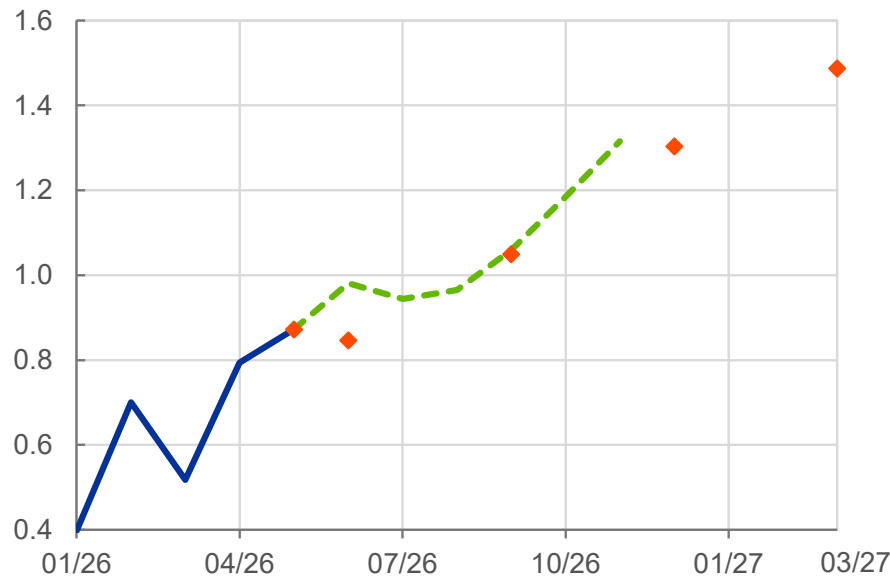
Sources: World Bank, Federal Reserve Bank of New York Fed, Eurostat and ECB calculations.

Notes: Monthly food inflation and indicators for pipeline pressures are expressed as deviations from their long-term means, computed using data up to end-2019. Series are transformed to year-on-year growth rates and standardised. Colours denote the number of standard deviations above (red) or below (blue) the historical average. White areas correspond to missing data. WB stands for World Bank. GSCPI stands for Global supply chain pressure index. The latest observations are for April 2026 for PPI fertilisers and PPI food, and May 2026 for the remaining measures.

Goods and services inflation

Non-energy industrial goods (NEIG) inflation and forecast (annual percentage changes)

- NEIG
- ◆ June 2026 quarterly projections
- - - QRF median

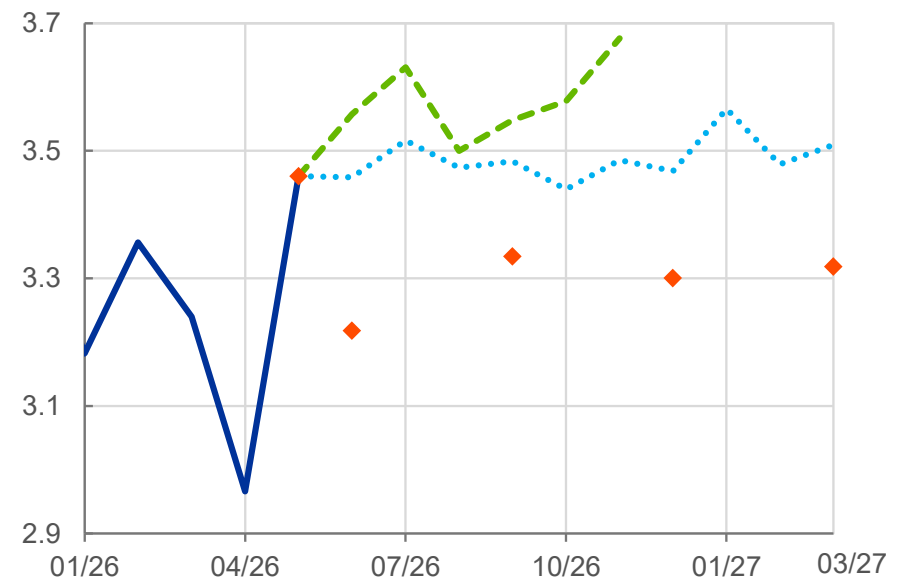


Sources: Eurostat, June 2026 Eurosystem macroeconomic projections and ECB calculations.

Notes: Quantile regression forest (QRF) estimates from Lenza, M. et al. (2025) which are also used for headline and core inflation, with 67.8% of May data available (cut-off date 8 June 2026). The latest observations are for May 2026 (flash estimate).

Services inflation and forecast (annual percentage changes)

- Services
- ◆ June 2026 quarterly projections
- - - QRF median
- ⋯ STIP services



Sources: Eurostat, June 2026 Eurosystem macroeconomic projections and ECB calculations.

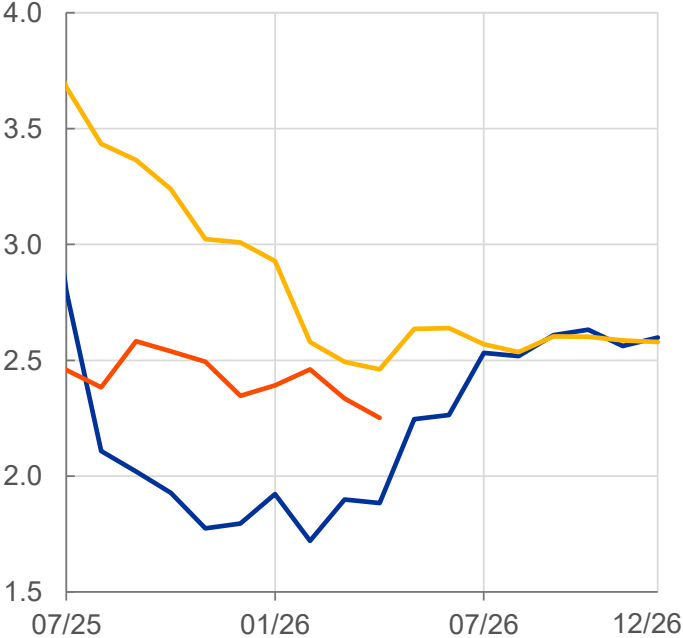
Notes: QRF estimates from Lenza, M. et al. (2025) which are also used for headline and core inflation, with 67.8% of May data available (cut-off date 8 June 2026). Experimental short-term inflation projection (STIP) services, from Durero, F., Gabriele, F., Martínez Hernández, C. and Prat i Bayarri, B. (forthcoming). The latest observations are for May 2026 (flash estimate).

Signals from wage trackers

ECB wage tracker and Indeed wage tracker

(annual percentage changes)

- ECB wage tracker
- ECB wage tracker excluding one-offs
- Indeed wage tracker

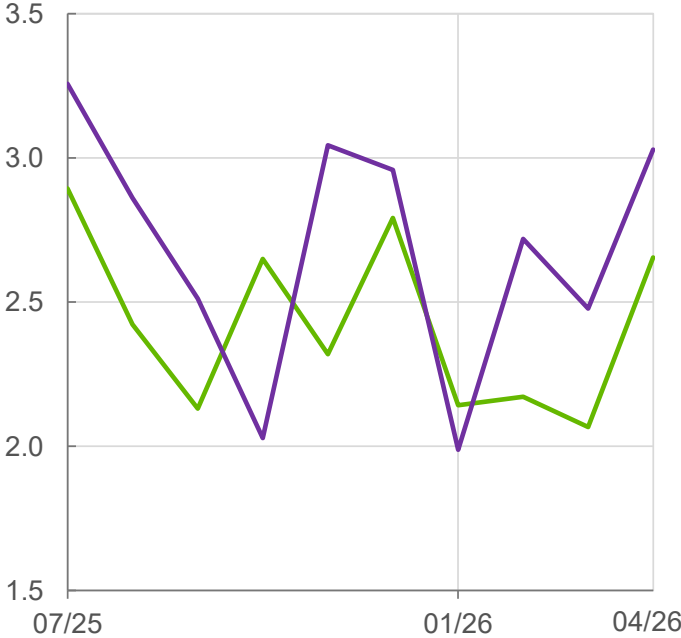


Sources: Eurostat, ECB wage tracker and Indeed.
 Note: The latest observations are for April 2026 for Indeed and December 2026 for the ECB wage tracker indicators.

Indicator of latest agreements and systemic pressures

(percentages)

- Latest agreements
- Latest agreements – systemic pressures

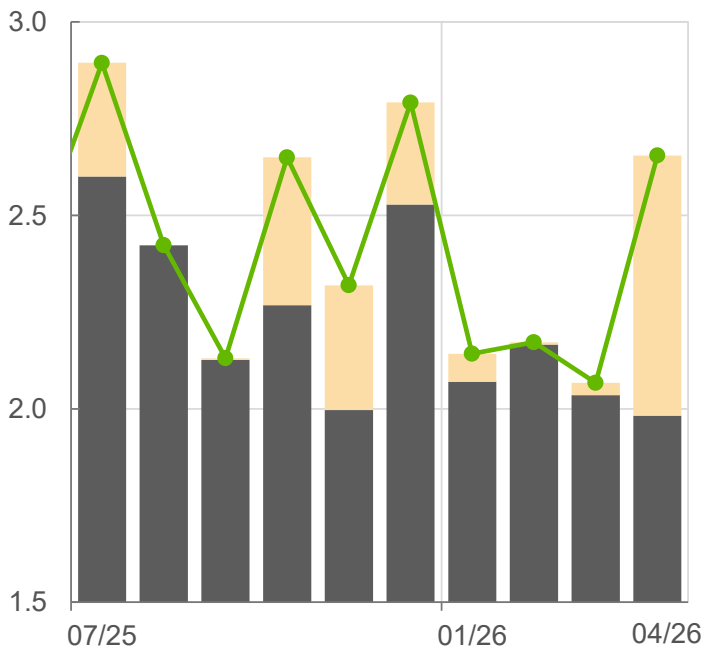


Source: ECB wage tracker.
 Notes: The latest agreements indicator captures the increase in negotiated wage compensation under newly signed agreements over their first 12 active months, including one-off payments. The systemic pressures indicator controls for agreement-level heterogeneity across countries and bargaining sectors. The latest observations are for April 2026.

Indicator of latest agreements: role of base wages and one-offs

(percentages)

- Base wages
- One-off payments
- Latest agreements

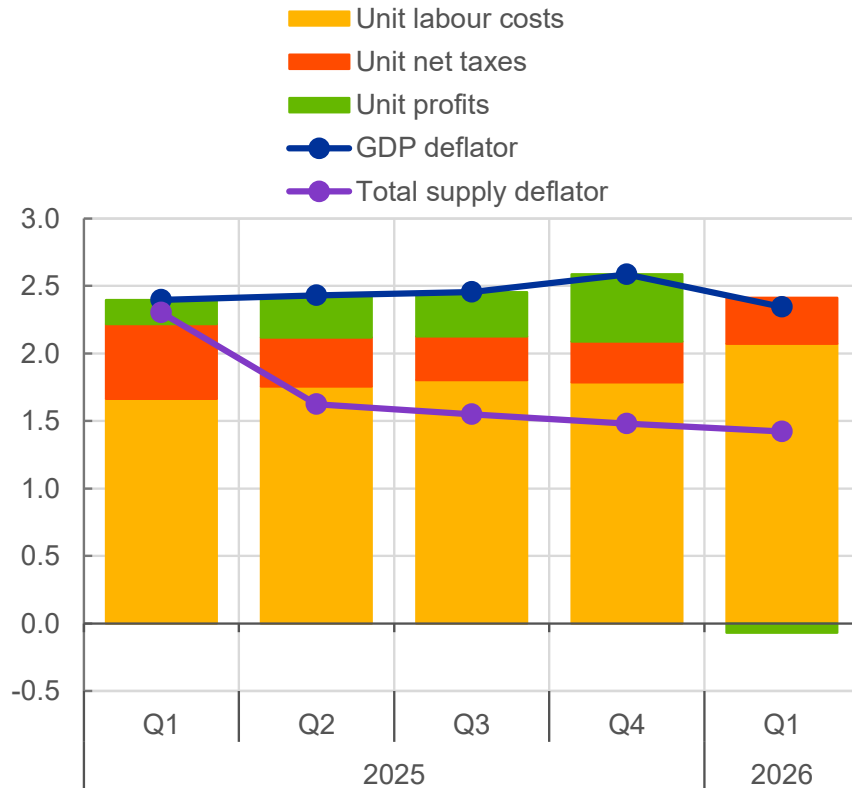


Source: ECB wage tracker.
 Notes: The latest agreements indicator measures the strength of the newly signed agreements over the first 12 months in which the agreement is active. It is the increase in the total negotiated wage compensation the worker earns over this period. The latest observations are for April 2026.

GDP deflator and compensation per employee growth

Euro area GDP deflator and its components

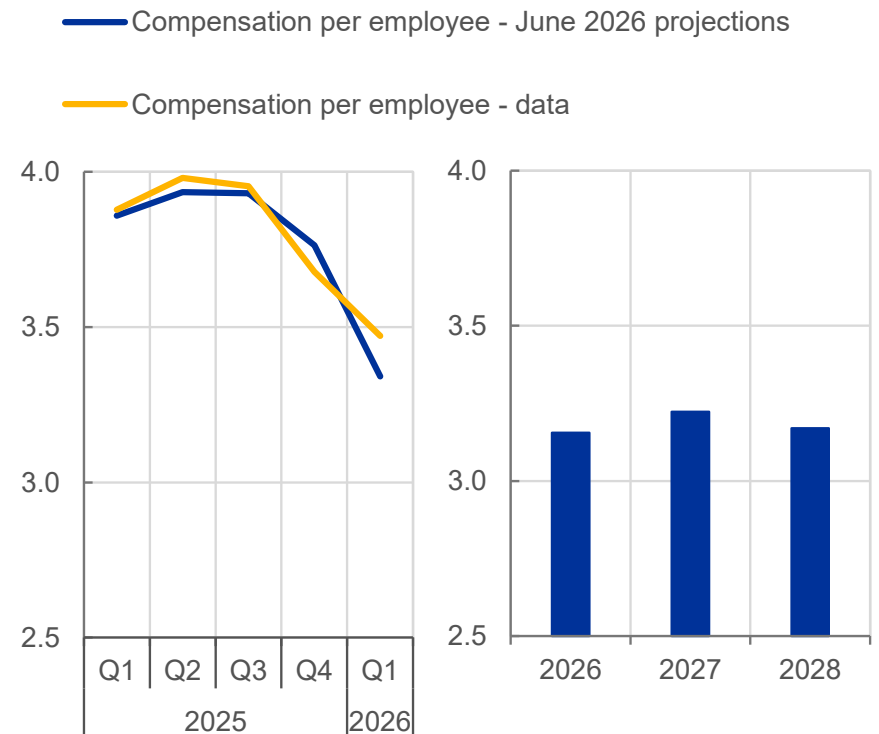
(annual percentage changes, percentage point contributions)



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

Euro area compensation per employee growth and outlook

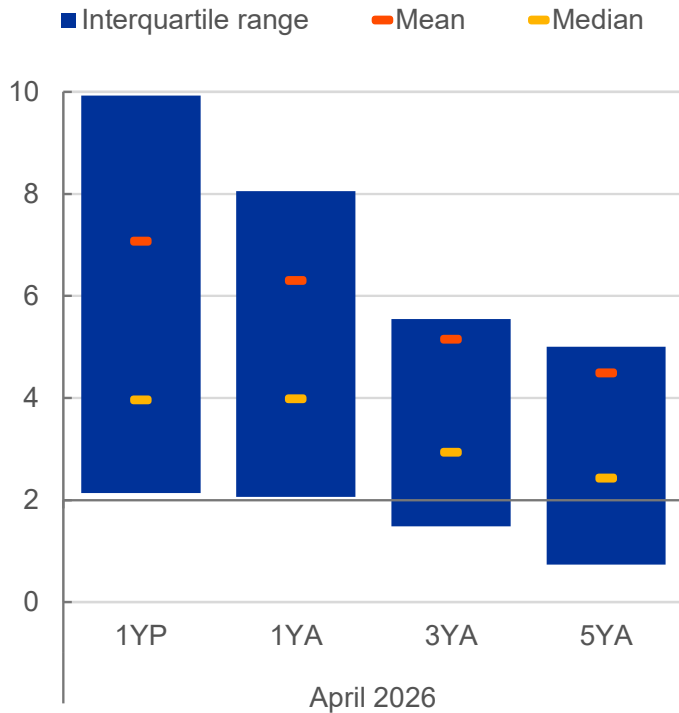
(annual percentage changes)



Sources: Eurostat and June 2026 Eurosystem macroeconomic projections.
Note: The latest actual observations are for the first quarter of 2026.

Measures of inflation expectations

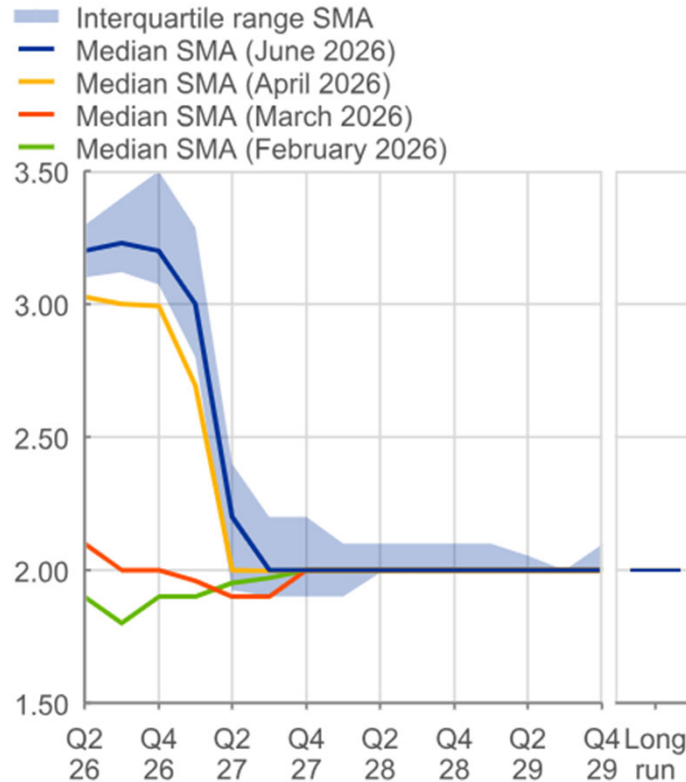
Consumers inflation perceptions and expectations from ECB CES (annual percentage change)



Sources: ECB Consumer Expectations Survey (CES) and ECB calculations.

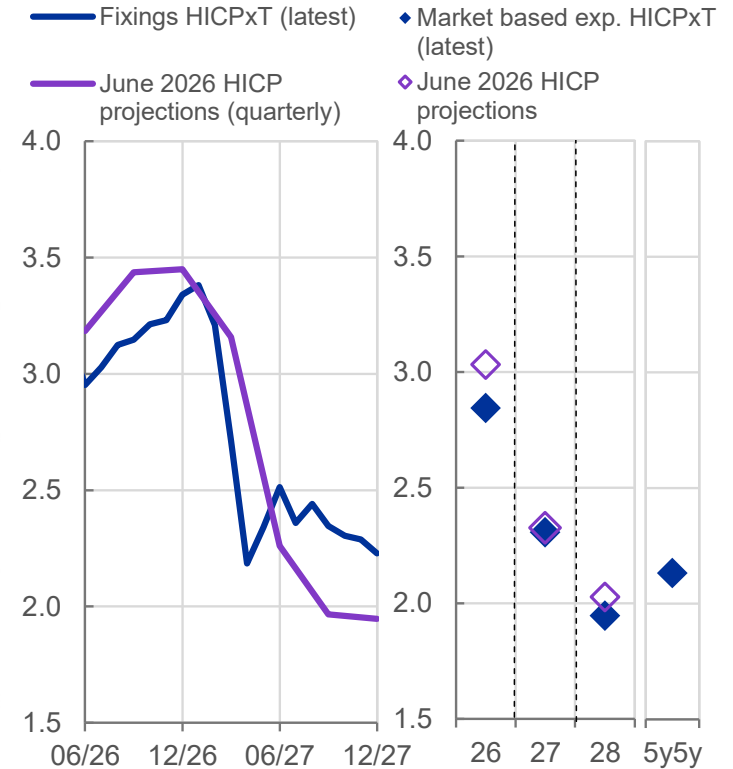
Notes Euro area consumer inflation perceptions (previous 12 months – 1Yp) and inflation expectations (over the next 12 months (1YA), three years ahead (3YA) and five years ahead (5YA)) in April 2026. The latest observations are for April 2026.

Survey of Monetary Analysts: HICP inflation (annual percentage change)



Sources: Survey of Monetary Analysts (SMA) and ECB calculations.

Euro area inflation path and 5y5y ILS forward rate (percentages per annum)



Sources: Bloomberg, LSEG, ECB projections database and ECB calculations. Notes: Monthly inflation paths from inflation fixing contracts (HICPxT), and quarterly June 2026 Eurosystem staff macroeconomic projections for HICP. Calendar-year forecasts based on June 2026 projections and on the average inflation expectation components from three term structure models. The 5y5y horizon shows plain ILS rates. HICPxT stands for HICP excluding tobacco. The latest observations are for 15 June 2026.

Euro area baseline and scenarios

Growth and inflation projections for the euro area

(annual percentage changes; revisions in percentage points)

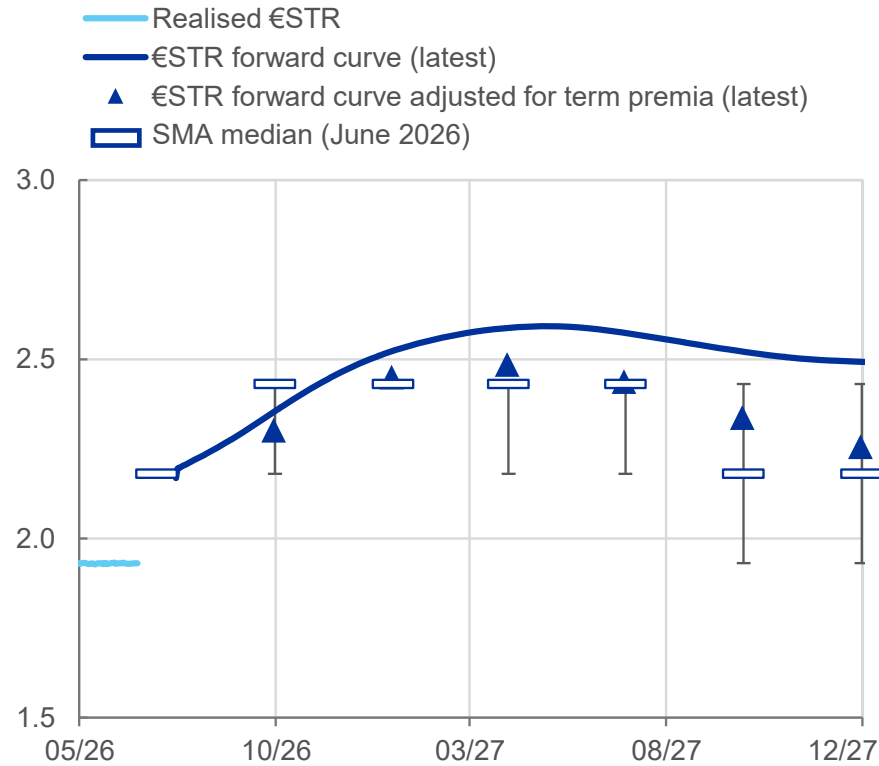
Annual percentage changes	Real GDP			HICP inflation			HICP core inflation		
	2026	2027	2028	2026	2027	2028	2026	2027	2028
Benign scenario	0.8	1.4	1.6	2.9	1.8	1.8	2.4	2.3	2.1
June 2026 Eurosystem staff macroeconomic projections	0.8	1.2	1.5	3.0	2.3	2.0	2.5	2.5	2.2
Adverse scenario	0.7	0.9	1.5	3.3	3.0	2.3	2.5	2.7	2.3
Severe scenario	0.5	0.4	1.6	4.0	5.3	3.0	2.5	3.8	2.9
Revision since March 2026	2026	2027	2028	2026	2027	2028	2026	2027	2028
Baseline	-0.1	-0.1	0.1	0.4	0.3	-0.1	0.2	0.3	0.1
Adverse scenario	0.1	-0.3	-0.1	-0.2	0.9	0.7	0.1	0.0	0.2
Severe scenario	0.1	-0.5	-0.3	-0.4	0.5	0.2	-0.1	-0.1	0.0

Sources: ECB staff calculations based on Eurosystem staff macroeconomic projections and model simulations.

Notes: Revisions shown are based on rounded numbers. The cut-off date for the June 2026 projection is 21 May 2026.

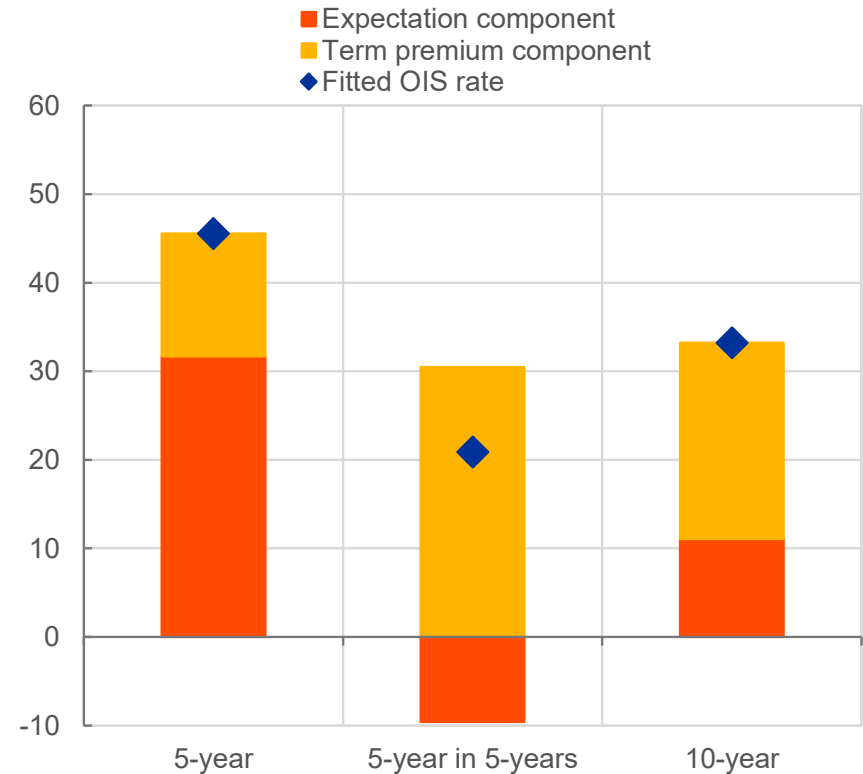
€STR forward curve and long-term risk-free rates

€STR forward curve and survey expectations of the deposit facility rate (percentages per annum)



Sources: London Stock Exchange Group (LSEG), SMA and ECB calculations.
 Notes: The bars depict the median of responses to the June SMA on expectations of future deposit facility rates. Surveys are adjusted for the latest €STR vs deposit facility rate spread. See right-hand chart notes for the estimation of term premia components. The latest observations are for 15 June 2026.

Changes in decomposition of euro area OIS rates since start of war in the Middle East (basis points)

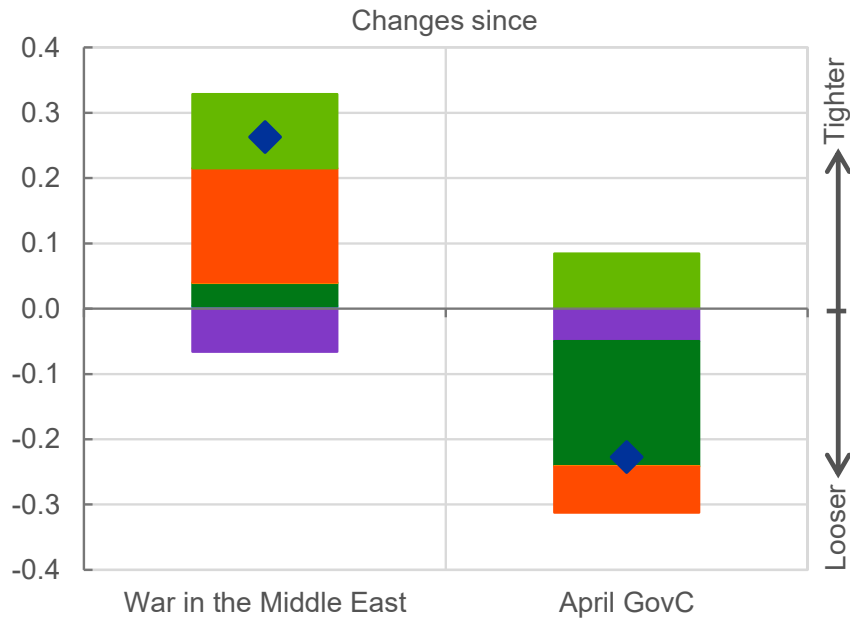


Sources: London Stock Exchange Group (LSEG), Bloomberg and ECB calculations.
 Notes: Term premium and rate expectation components are estimated by two affine term structure models, with and without survey information on rate expectations (both variations of Joslin, S., Singleton, K. and Zhu, H. (2011)), and a lower bound term structure model following Geiger, F. and Schupp, F. (2018) incorporating survey information on rate expectations. The chart displays changes since 27 February 2026 to the latest. The latest observations are for 15 June 2026.

Financial conditions and broad intermediation conditions

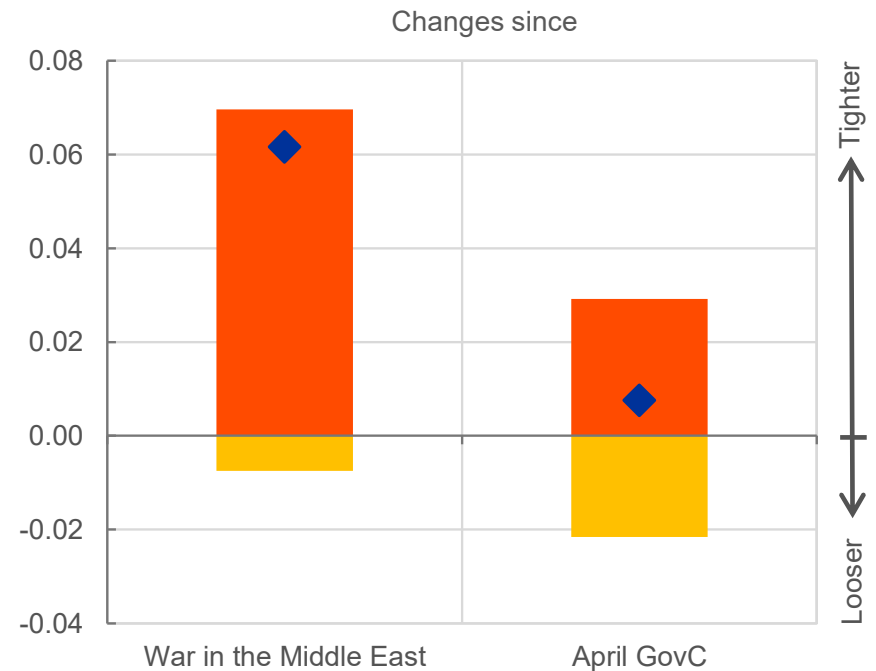
Decomposition of the Macro-Finance Financial Conditions Index (FCI) (index)

- Sovereign spreads
- Euro FX
- Risk assets
- Short rate
- Long rate
- Real rates
- ◆ Macro-Finance FCI



The Broad Intermediation Gauge (ECB-BIG) index (index)

- ◆ ECB-BIG
- Price components
- Quantity components



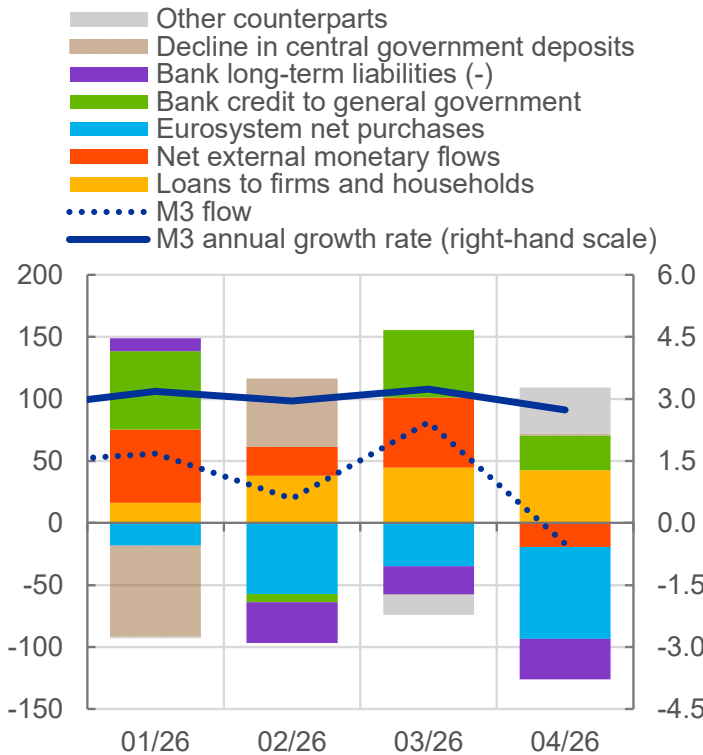
Sources: Bletzinger et al. (2026) and ECB calculations.
 Notes: "Short rate" refers to the €STR, "Long rate" to the ten-year OIS rate, "Real rates" to the 1y1y and 5y real OIS rates, "Sovereign spreads" to 2y and 10y euro area GDP-weighted sovereign bond yields over OIS rates, "Risk assets" to euro area investment-grade corporate bond spreads and the cyclically adjusted P/E-ratio (CAPE) and "Euro FX" to euro NEER (see Bletzinger, Martorana, and Mistak, 2026). The more positive (negative) the value of the index, the tighter (looser) the conditions. Changes refer to 27 February ("War in the Middle East") and 29 April 2026 ("April GovC"). The latest observations are for 15 June 2026.

Sources: ECB and Allayioti, A., Di Casola, P. and Magistretti, G. (forthcoming).
 Notes: The ECB-BIG index uses a BVAR model with mixed-frequency to derive a measure of credit conditions in the euro area. The more positive (negative) the value of the index, the tighter (looser) the conditions. Price components" include lending rates and Macro-Finance FCI; "Quantity components" include credit volumes and BLS data. Changes since the April GovC refer to the change between the current nowcast of the index for June and the nowcast for April as at the April GovC. The latest observations are for June 2026.

Money creation and debt financing

Sources of money creation

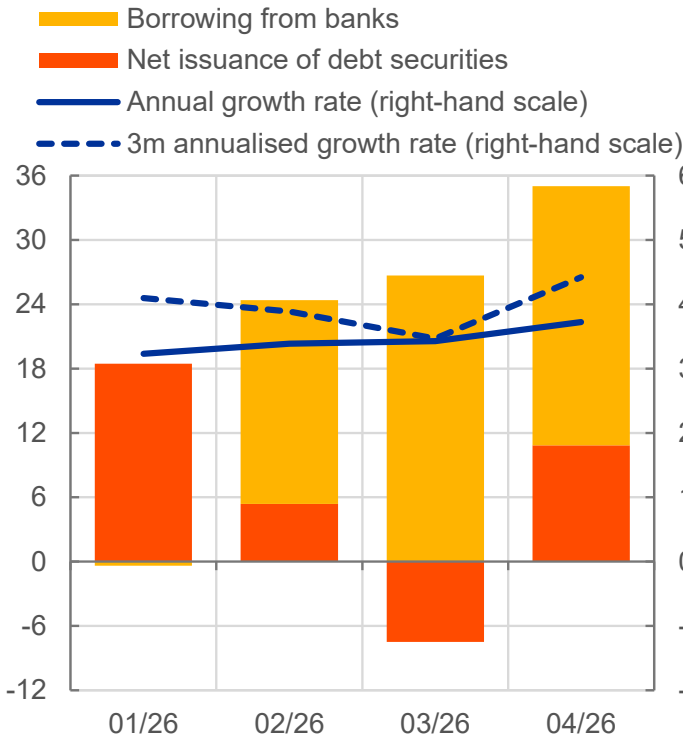
(left-hand scale: monthly flows in EUR billions;
right-hand scale: percentage changes)



Sources: ECB (Balance Sheet Items (BSI) and ECB calculations.
Note: The latest observations are for April 2026.

Net debt financing flows of euro area firms

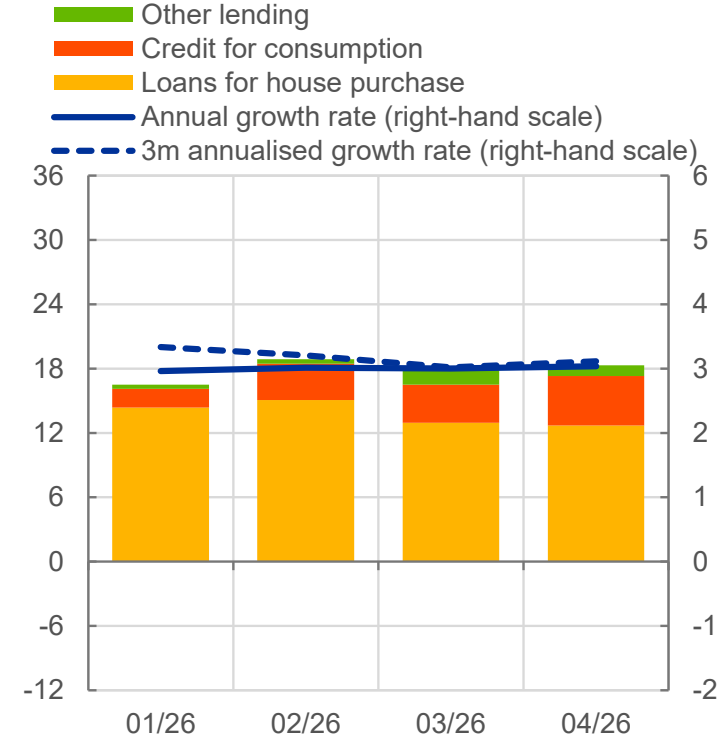
(left-hand scale: quarterly flows in EUR billions;
right-hand scale: percentage changes)



Sources: ECB (Balance Sheet Items (BSI), Securities Issues Statistics (CSEC) and ECB calculations. Notes: The seasonally adjusted series for "Net issuance of debt securities" is not part of the official CSEC release, whereas the seasonally adjusted series for "Borrowing from banks" is part of the official BSI release. "Borrowing from banks" is also adjusted for sales, securitisation, and cash pooling. Growth rates refer to the last month of a quarter. The latest observations are for April 2026.

Bank loans to households by purpose

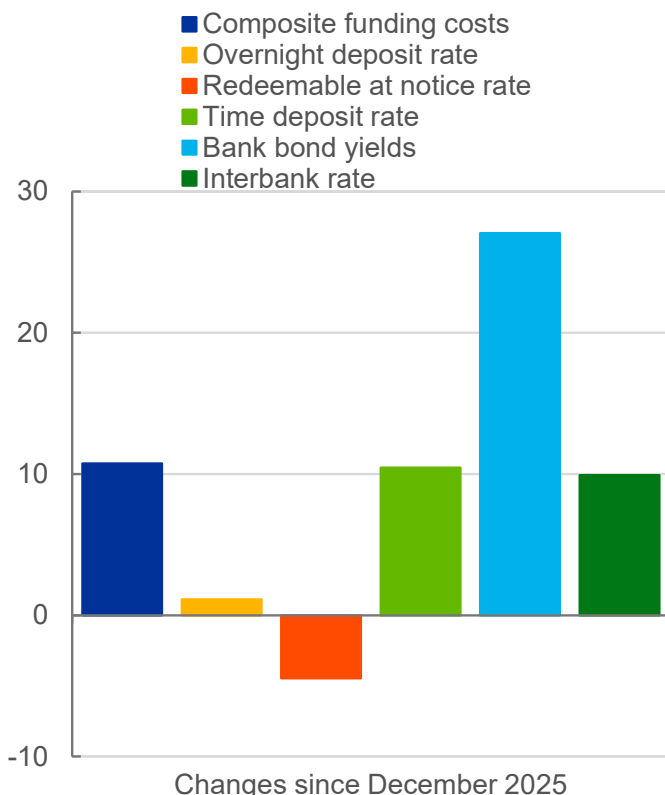
(left-hand scale: quarterly flows in EUR billions;
right-hand scale: percentage changes)



Sources: ECB (Balance Sheet Items (BSI) and ECB calculations. Notes: Bank loans are seasonally adjusted and adjusted for sales and securitisation. Growth rates refer to the last month of a quarter. The latest observations are for April 2026.

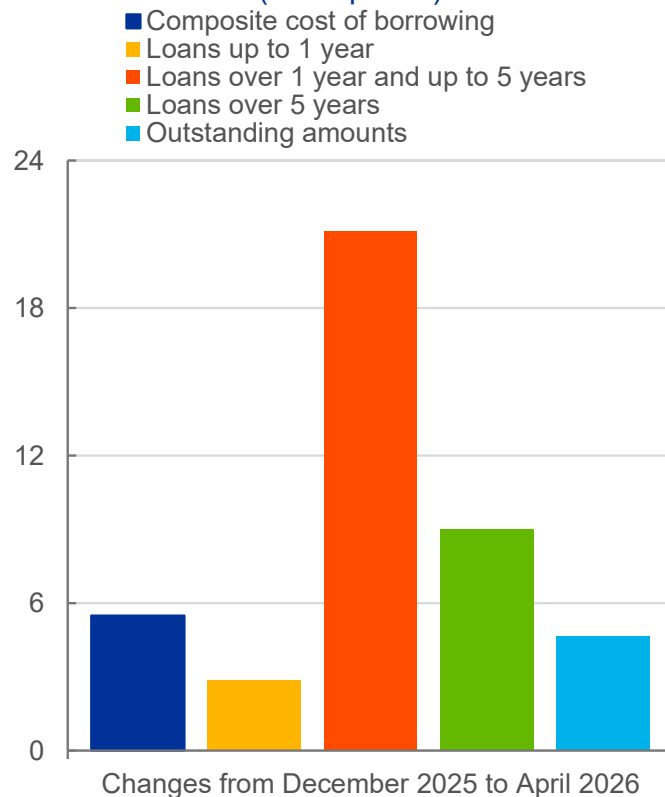
Bank funding costs and lending rates for firms and households

Changes in bank funding costs (basis points)



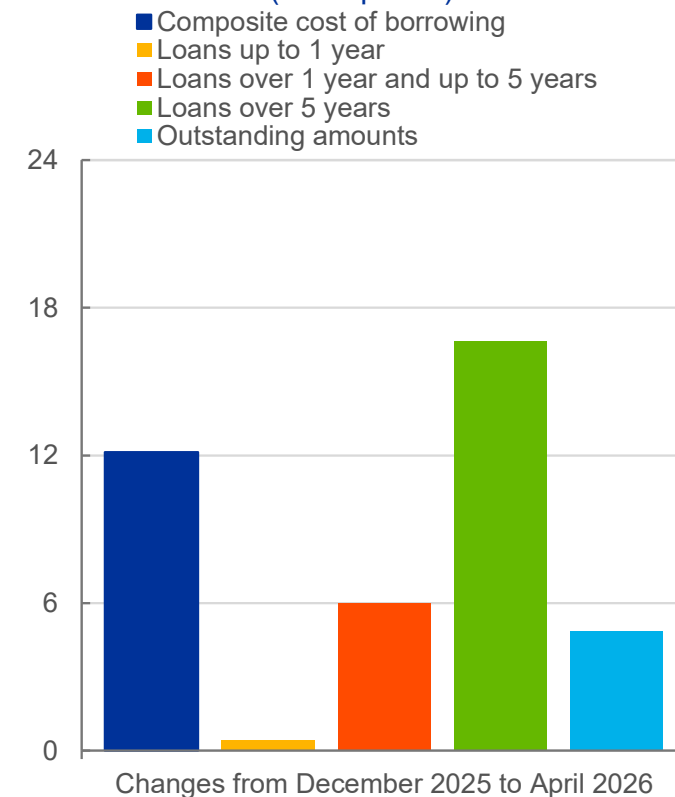
Sources: ECB (BSI, MIR, CSDB, MMSR), IHS Markit iBoxx and ECB calculations.
 Notes: Changes for bank bond yields and interbank rate from 31 December 2025 to 15 June 2026 (daily data), for other series from December 2025 to April 2026 (monthly data). Composite funding costs computed by weighting new business costs by outstanding amounts. Deposits are by firms and households. The latest observations are for April 2026 for monthly data and 15 June for daily data.

Changes in bank lending rates to firms (basis points)



Source: ECB (MFI Interest Rates (MIR)).
 Notes: The indicator for the composite 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 2026.

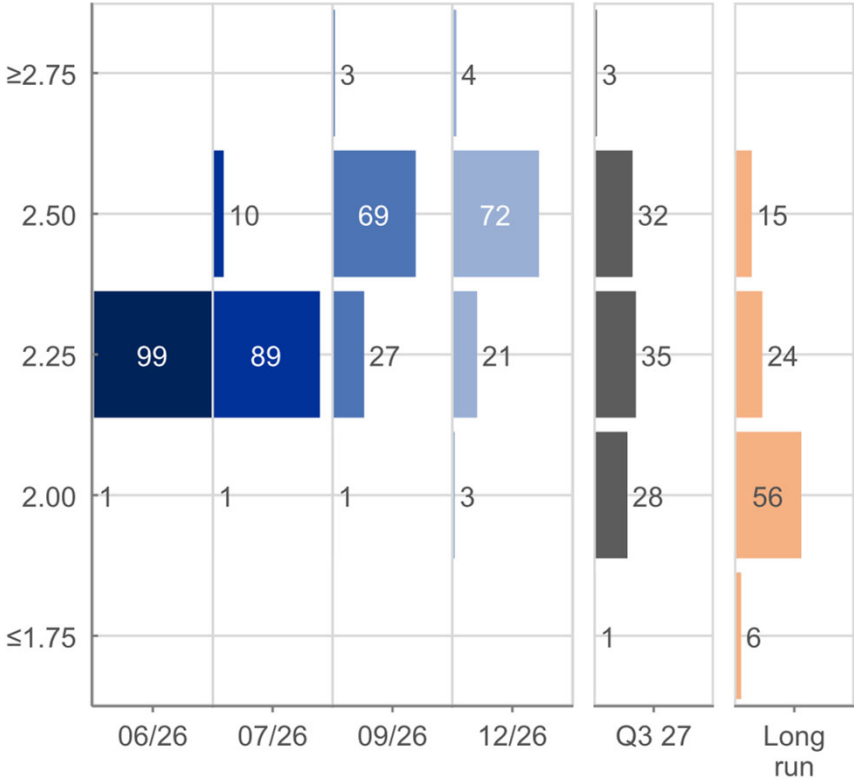
Changes in bank lending rates to households for house purchase (basis points)



Source: ECB (MFI Interest Rates (MIR)).
 Notes: The indicator for the composite 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 2026.

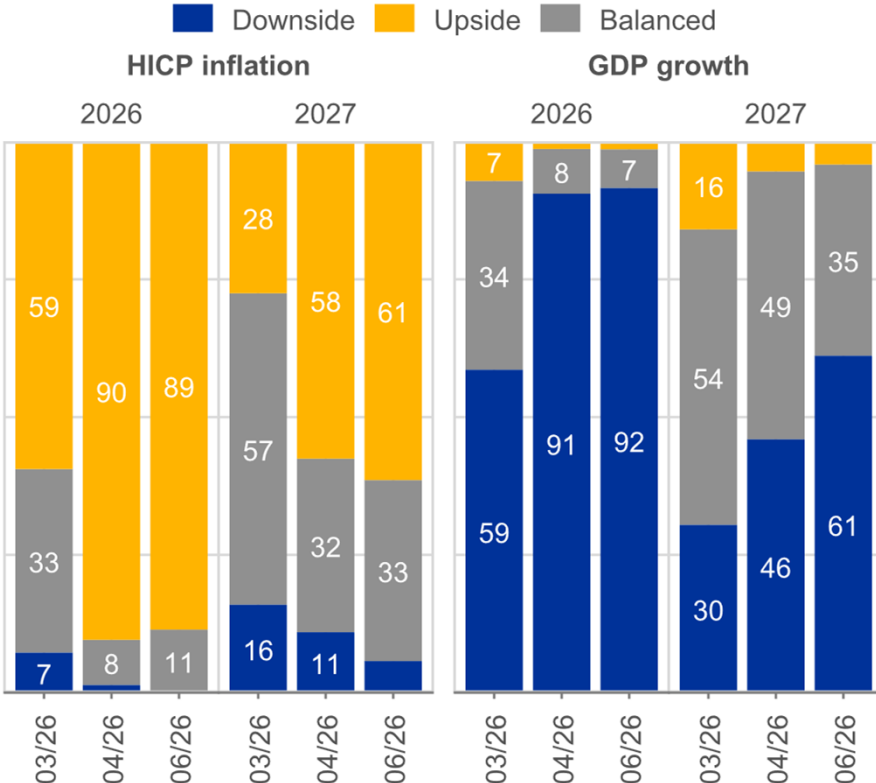
SMA – DFR expectations and risks around the macroeconomic outlook

Expected deposit facility rate (DFR) level distribution
(percentage of respondents)



Source: Survey of Monetary Analysts.
Notes: Total response counts for all projection horizons are as follows: 71 until the third quarter of 2027 and 68 for the long-term outlook. Percentages may not sum to 100%.

Balance of risk surrounding the euro area inflation and growth outlook
(percentage of respondents)



Source: Survey of Monetary Analysts.
Note: Percentages may not add up to 100 owing to rounding.