EUROPEAN CENTRAL BANK

EUROSYSTEM

Outlook for the euro area economy and monetary policy

Barclays-CEPR Monetary Policy Forum 2026

London, 23 June 2026

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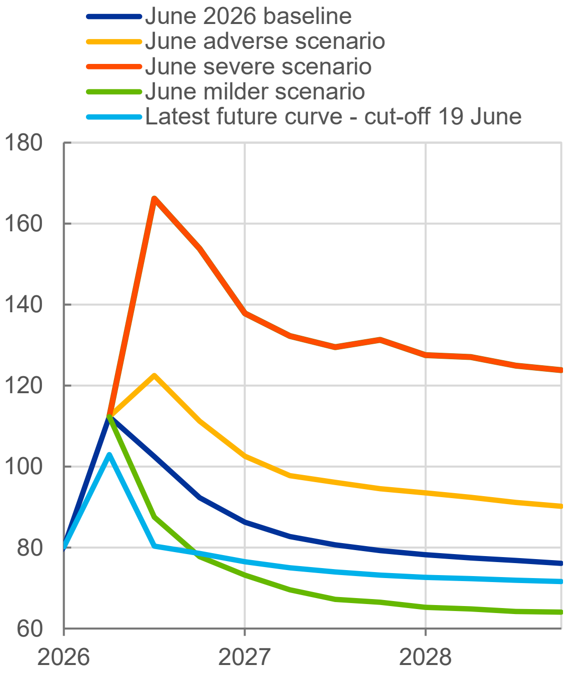
Vice-President of the European Central Bank

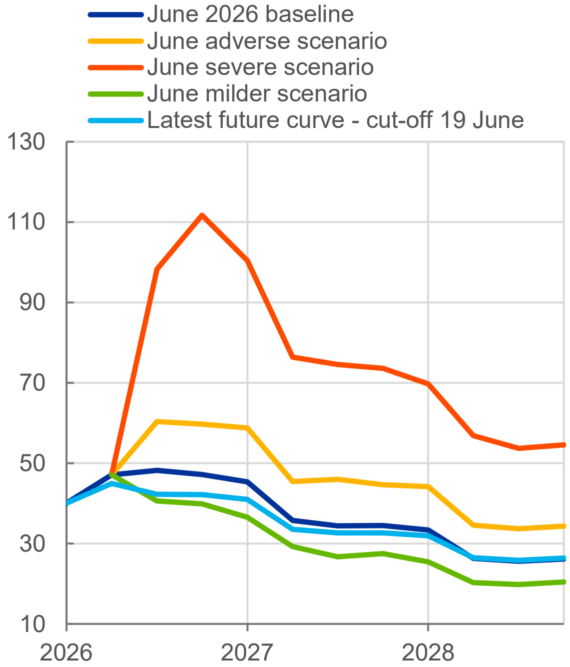
Outlook and scenarios for energy commodity prices

Oil prices
(USD per barrel)



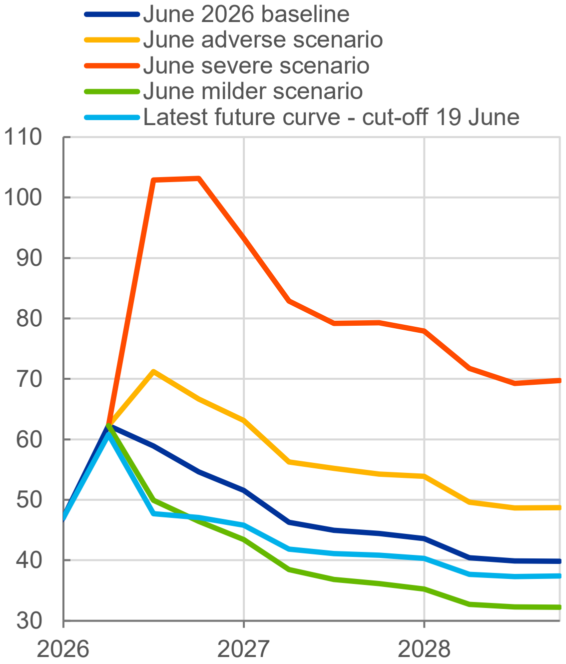
Sources: Refinitiv and ECB staff calculations.
Notes: Projections also entail spot prices. Cut-off for the June 2026 baseline is 21 May 2026. June scenarios are based on percentiles as at 21 May 2026. Latest futures (19 June) curves are calculated as quarterly averages of monthly prices. The current quarter is computed using the average of April and May prices and the latest available physical spot price (19 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 (19 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 (19 June), while future quarters are based on averages of the corresponding futures contracts.

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

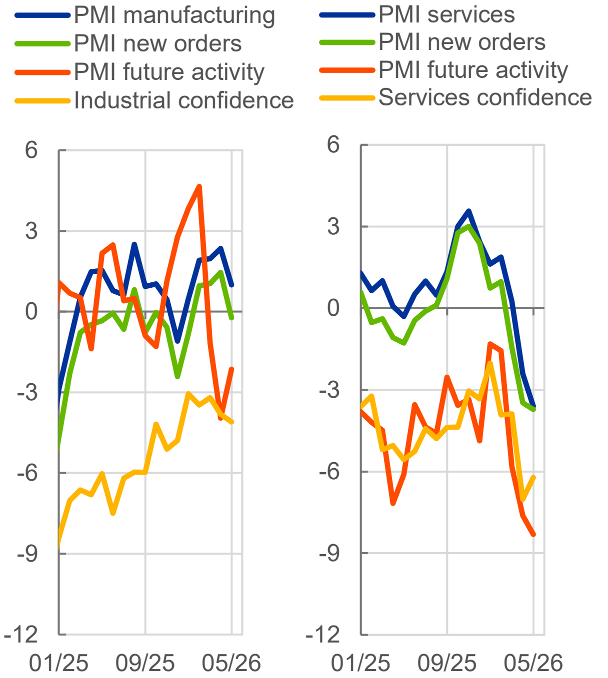


Sources: Refinitiv and ECB staff calculations.
Notes: The Synthetic Energy Commodity Price Index (SECPI) is computed as a weighted average on joint draws of oil and gas option-implied probability density functions. Projections also entail spot prices. Cut-off for the June 2026 baseline is 21 May 2026. June scenarios are based on percentiles as at 21 May 2026. The latest observations are for 19 June 2026.

Surveys and short-term forecasts

Survey indicators for manufacturing and services

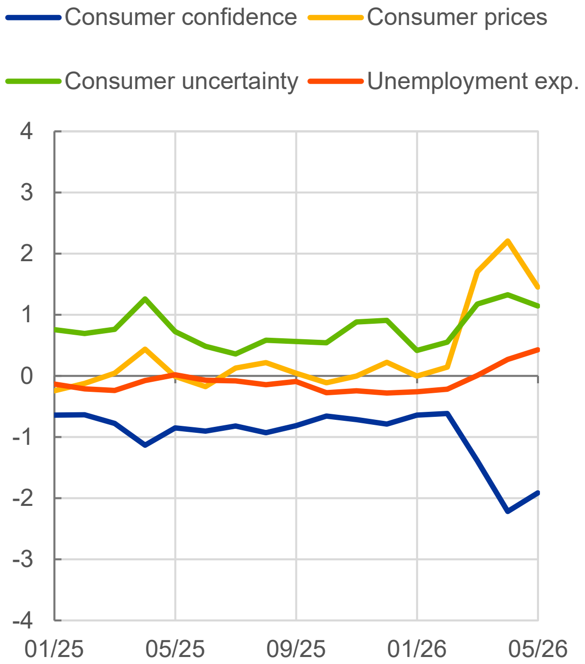
(standardised diffusion indices, percentage balances)



Sources: Eurostat, S&P Global, EC DG-ECFIN and ECB staff calculations. Notes: PMI is a diffusion index in deviation from 50 (historical mean for future activity indices). Future activity refers to 12 months ahead business expectations. EC confidence indicators are measured in percentage balances in deviation from 100. All indicators are standardised over 2019-2025.

Consumer confidence indicators

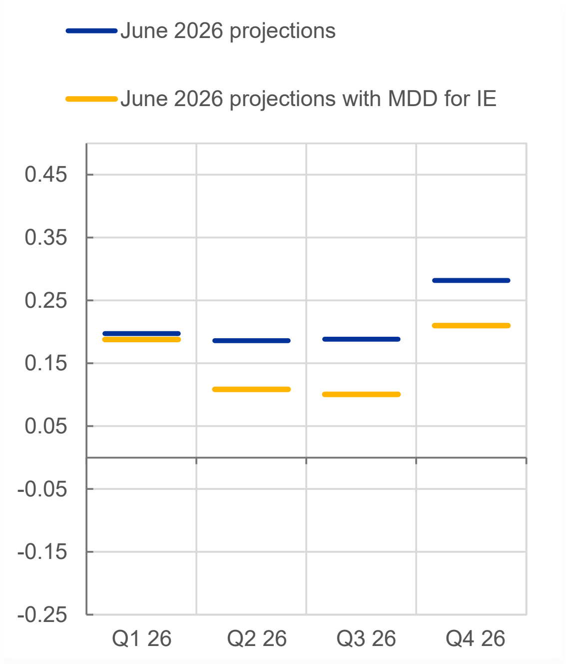
(std. percentage balances)



Sources: EC DG-ECFIN.
Note: Consumer confidence indicators standardised over 1999-2019, uncertainty over 2019-2025.

Short-term outlook for real GDP growth

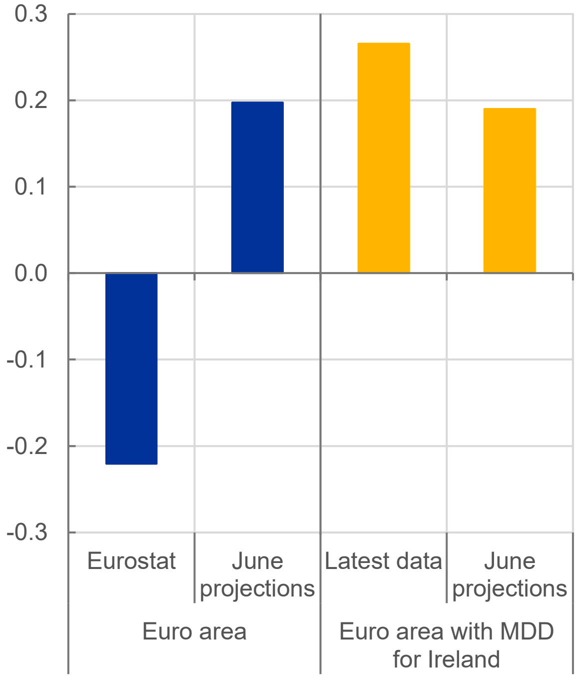
(quarter-on-quarter percentage changes)



Source: June 2026 Eurosystem staff projections.
Note: MDD stands for Modified domestic demand, which includes private and government consumption and a modified measure of investment.

Real GDP outlook, components and revisions

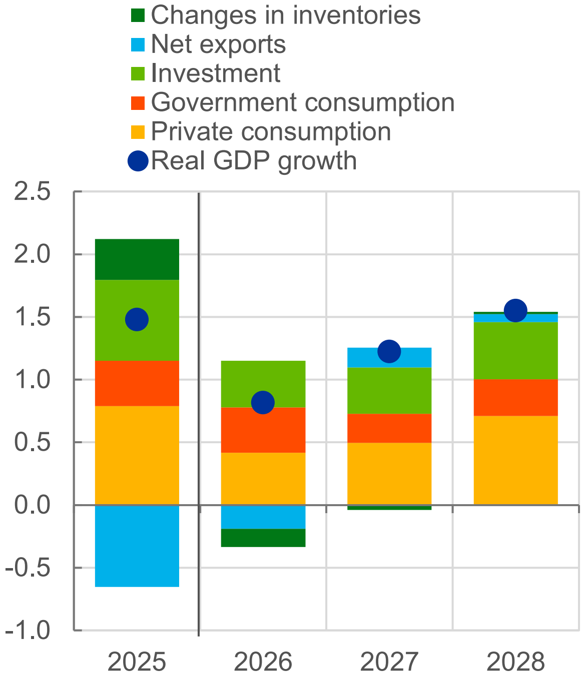
GDP growth in Q1 2026
(quarter-on-quarter percentage changes)



Sources: Eurostat, June 2026 Eurosystem staff projections and ECB calculations.
Notes: Q1 2026 GDP released on 5th June 2026. MDD stands for Modified domestic demand.

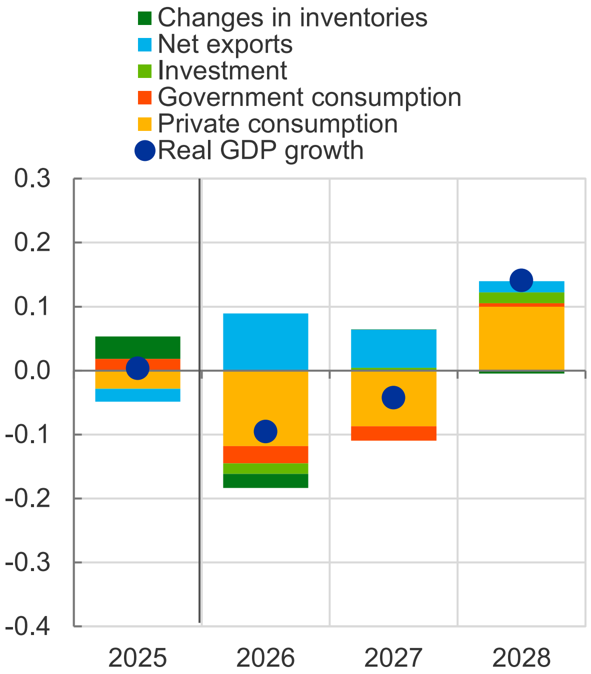
Real GDP and components

June 2026 baseline
(annual % changes, p.p. contributions)



Source: June 2026 Eurosystem staff projections.
Note: The vertical line indicates the start of the projection horizon.

Revisions vs. March 2026
(annual % changes, p.p. contributions)



Source: June 2026 Eurosystem staff projections.
Note: The vertical line indicates the start of the projection horizon.

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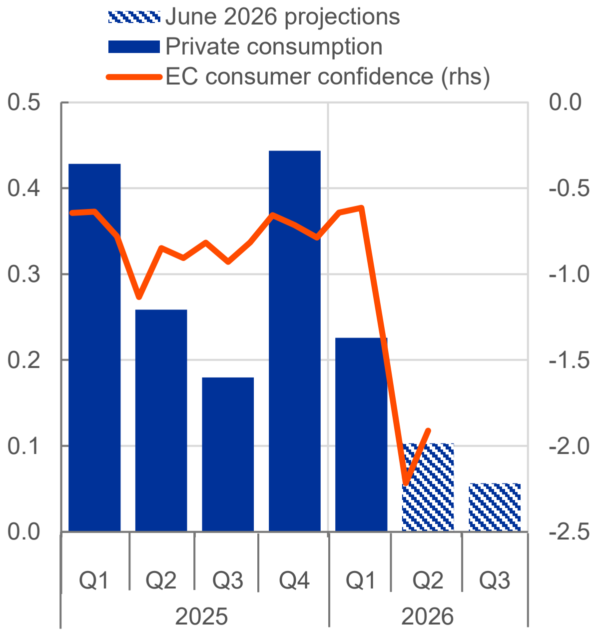
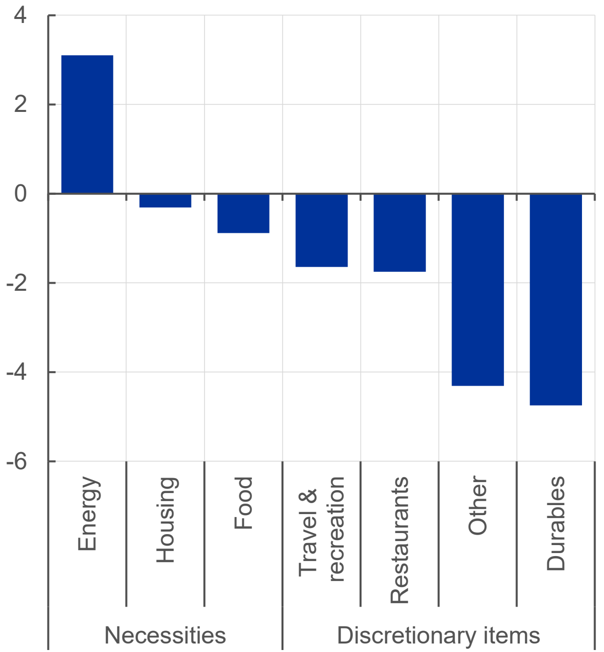
Household consumption: short-term dynamics

Private consumption and consumer confidence
(lhs: quarter-on-quarter change, rhs: std.



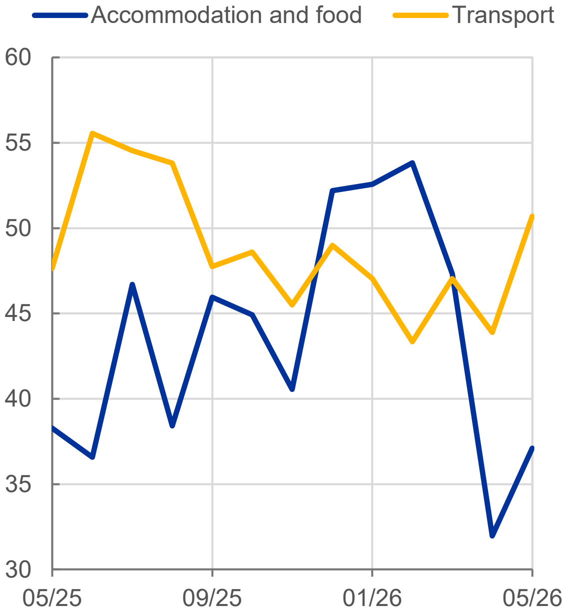
Sources: Eurostat, June 2026 Eurosystem macroeconomic projections, EC DG-ECFIN, ECB calculations.
Note: The latest observations are for the first quarter of 2026 for consumption and May 2026 for consumer confidence. Consumer confidence standardised over 1999-2019.

Indicative changes in (nominal) consumption growth in April
(dev. from previous 12-month average, pp)



Source: Consumer Expectations Survey.
Note: change in year-on-year nominal consumption growth in April 2026 relative to the average observed over the 12 months preceding the war in the Middle East.

Business activity in consumer services
(diffusion indices)

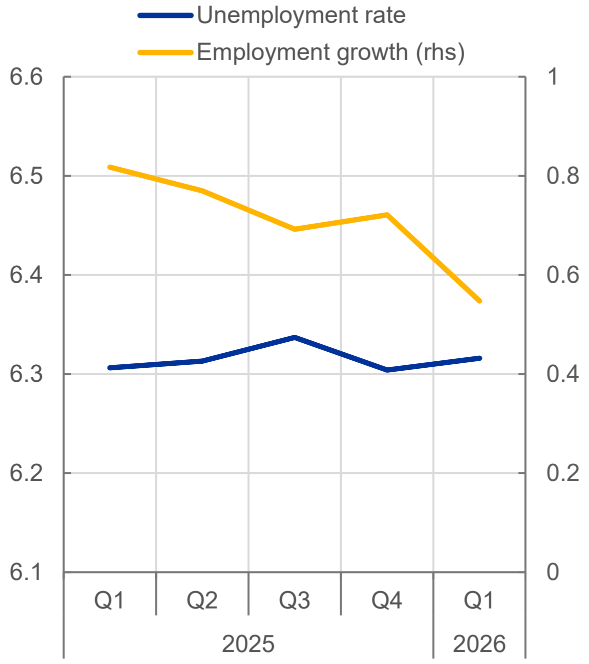


Source: S&P Global
Note: The latest observations are for May 2026.

Labour market developments

Unemployment rate and employment

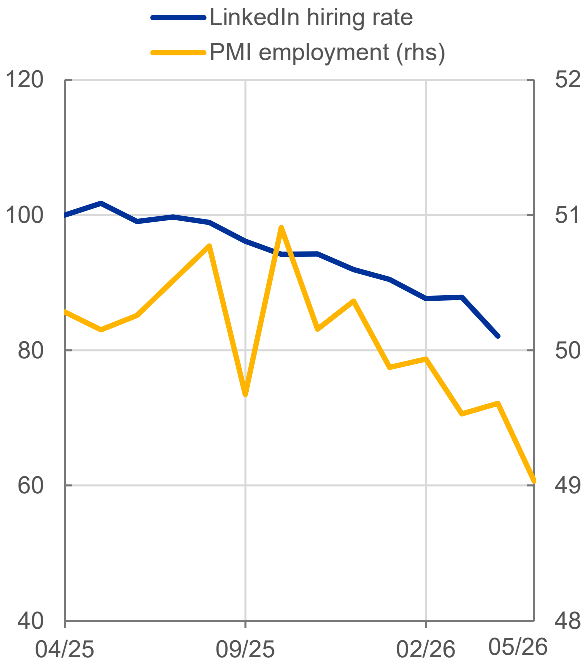
(lhs: percent of the labour force; rhs: year-on-year growth rate)



Source: Eurostat.
Note: The latest observations are for the first quarter of 2026.

LinkedIn hiring rate and PMI employment

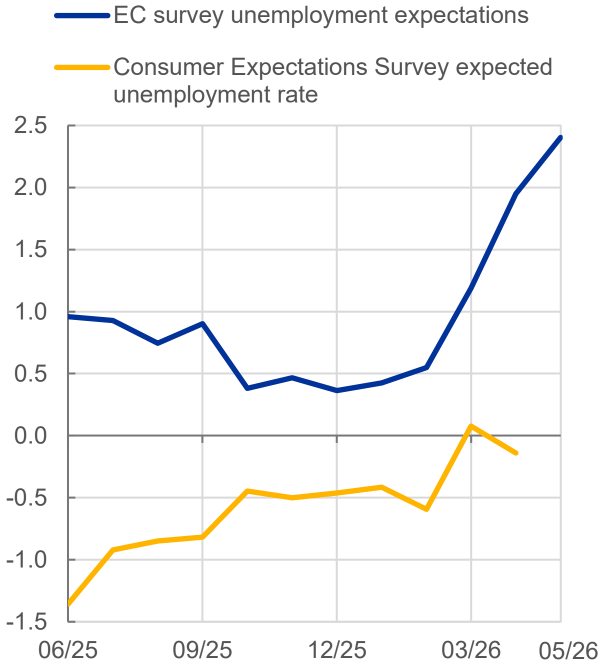
(lhs: index, April 2025 = 100; rhs: diffusion index)



Sources: LinkedIn and S&P Global.
Note: The latest observations are for April 2026 for the LinkedIn hiring rate and May 2026 for the PMI employment.

Unemployment expectations 12 months ahead

(z-score)



Sources: 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).

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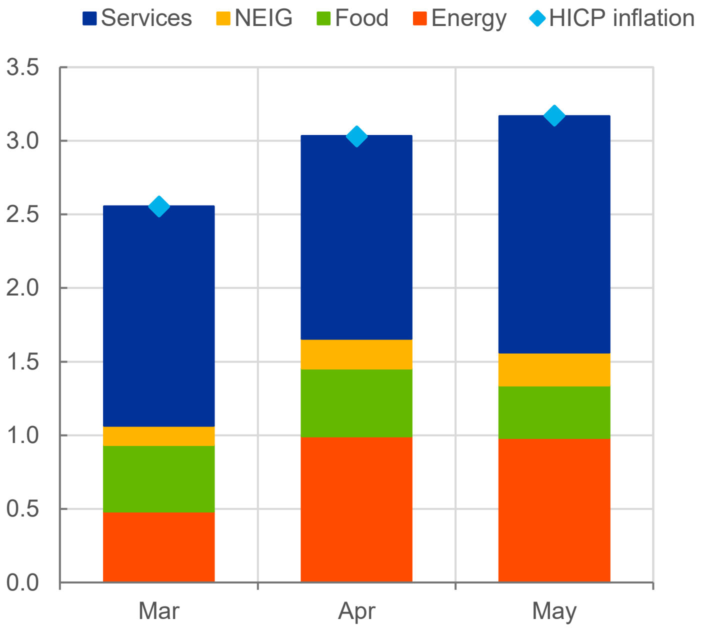
Inflation developments and outlook

Headline inflation and its main components

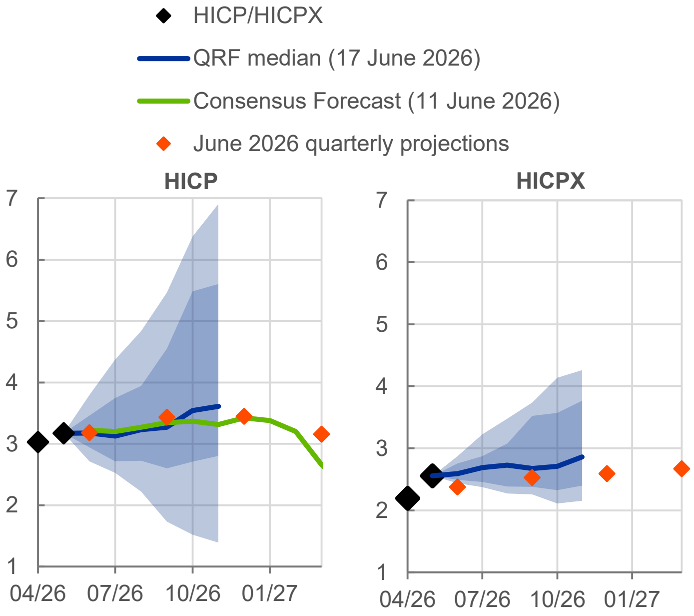
(annual percentage changes and percentage point contributions)



Sources: Eurostat and ECB calculations.
Note: The latest observations are for May 2026.

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 73% of May data available (cut-off date 17 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 for the remaining measures.

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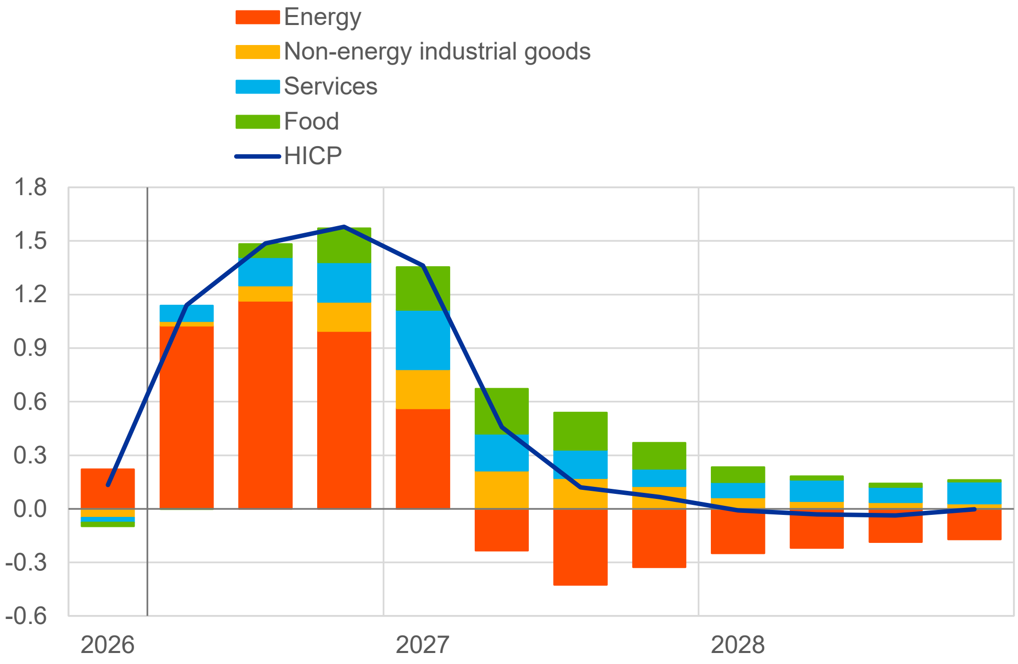
Revisions to HICP inflation

Revisions to HICP and its components: June 2026 versus December 2025 projections

(percentage points)

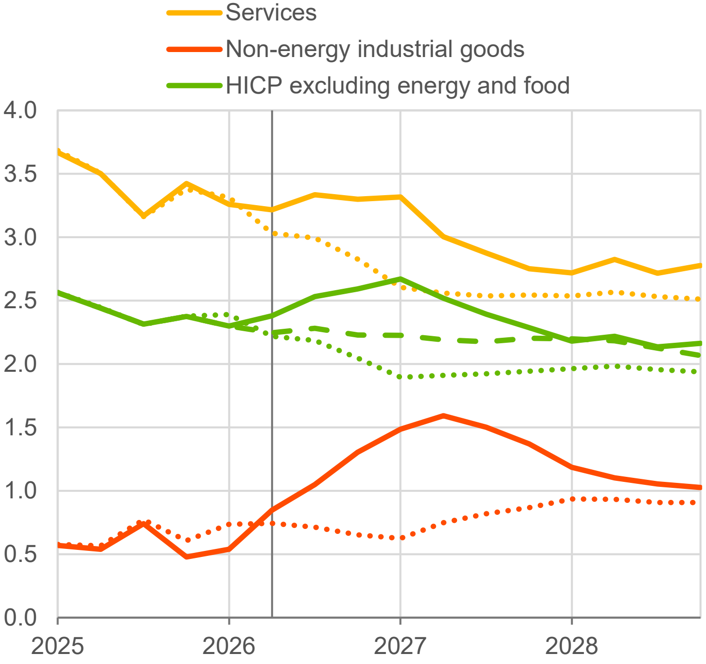


Sources: Eurosystem/ECB staff projections.
Note: The vertical line indicates the start of the projection horizon.

Goods and services inflation

HICP inflation excluding energy and food and its components

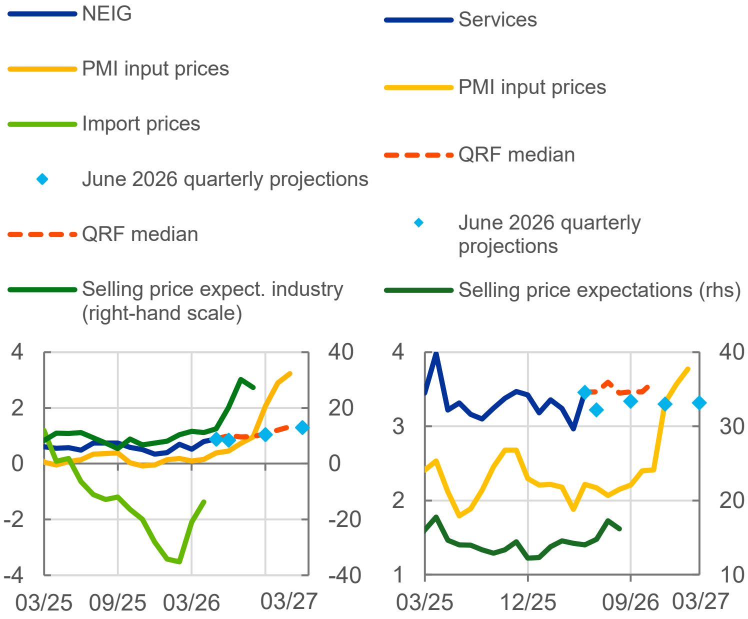
(annual percentage changes)



Sources: Eurosystem/ECB staff projections.
Notes: The vertical line indicates the start of the projection horizon. Solid lines refer to the June 2026 projections, dashed lines refer to the March 2026 projections; dotted lines to the December 2025 projections. The latest observations are for May (flash estimate).

Developments and outlook for non-energy industrial goods (NEIG) and services inflation

(annual percentage changes, percentage balances)



Sources: Eurostat, S&P Global, June 2026 projections, and ECB calculations.
Notes: QRF 73% of May data available. PMI input prices rescaled to match mean and standard deviation of NEIG / services inflation. Selling price expectations are in percentage balances. PMI manufacturing, PMI services and Selling price expectations are shifted by 6, 9 and 3 months respectively, to reflect the lead of the indicators. The latest observations are April 2026 for Import prices, May 2026 for NEIG and services (flash estimate), PMI and Selling price expectations.

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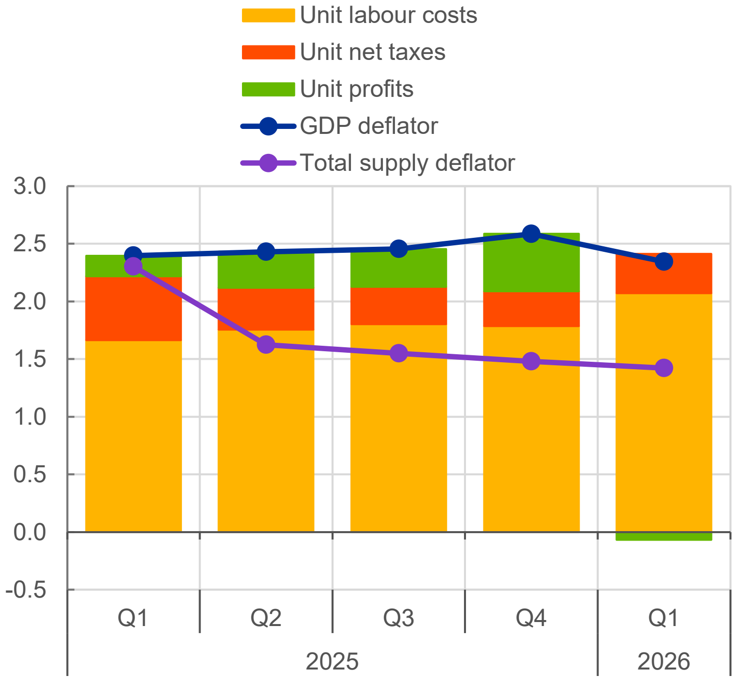
GDP deflator and compensation per employee growth

Euro area GDP deflator and its components

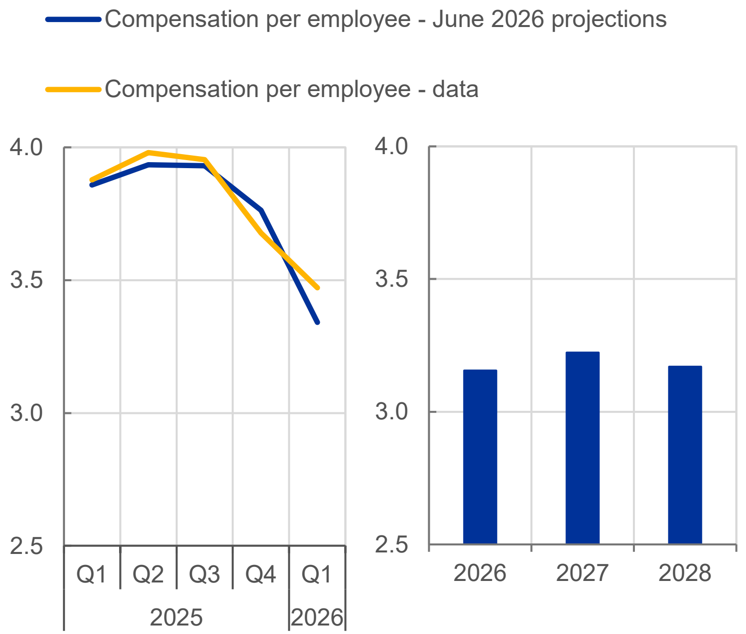
(annual percentage changes, percentage point contributions)



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

Euro area compensation per employee growth and outlook

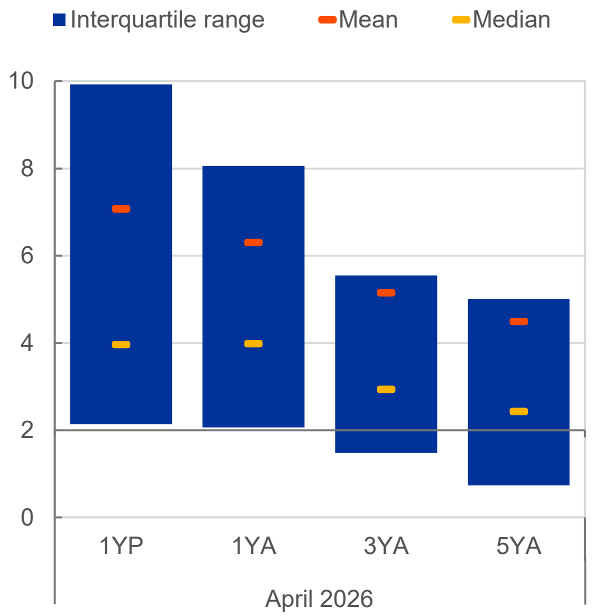
(annual percentage changes)



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

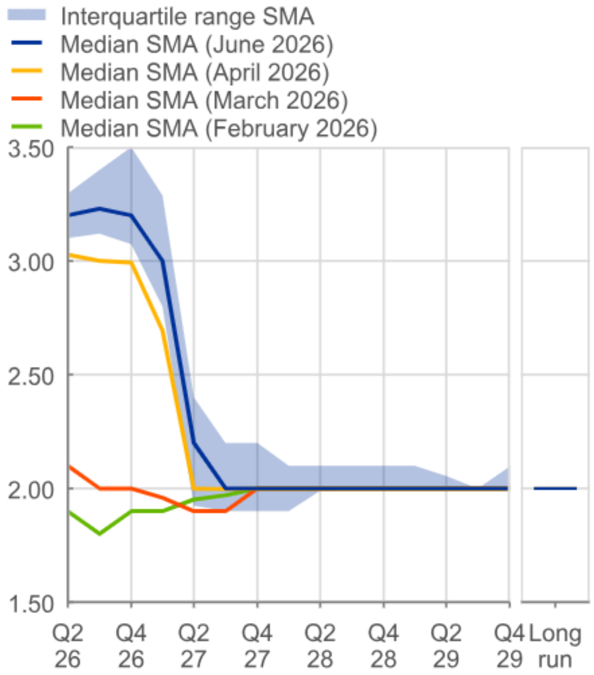
Measures of inflation expectations

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



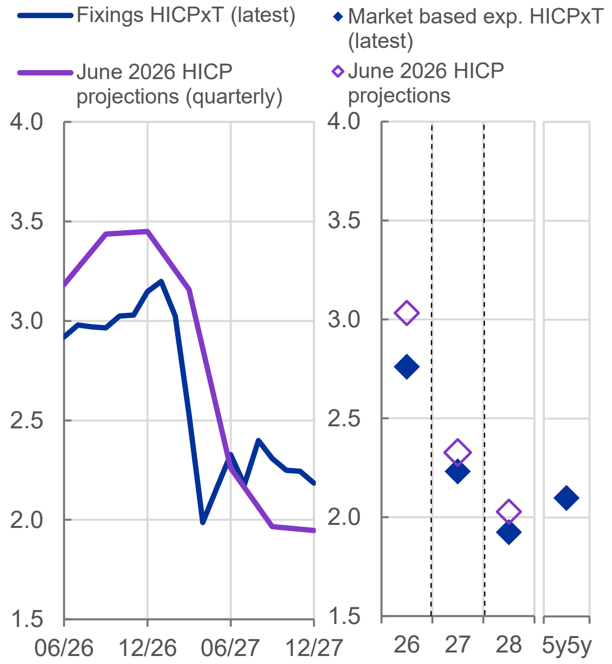
Sources: ECB Consumer Expectations Survey (CES) and ECB calculations.
Notes Euro area consumer inflation perceptions (previous 12 months – 1YP) and inflation expectations (over the next 12 months (1YA), three years ahead (3YA) and five years ahead (5YA)) in April 2026. The latest observations are for 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 18 June 2026.

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Narrative of alternative Middle East conflict scenarios

	Energy commodity prices	Uncertainty	Indirect and second round effects on inflation
Severe scenario ***Sensitivity analyses***	**95th percentile** of the market- implied probability distributions at cut-off date	More persistent increase in VIX of **14 points**	**Stronger calibration than in the adverse scenario** based on 2021–24 inflation dynamics and satellite models. *+ Energy supply constraints* *+ Jet fuel shortages*
Adverse scenario	**75th percentile** of the market- implied probability distributions at cut-off date	Short-lived increase in VIX of **10 points**	**Stronger calibration than in the baseline** based on 2021–24 inflation dynamics and satellite models
Milder	**25th percentile** of the market- implied probability distributions at cut-off date	**Same as in baseline**, i.e. in line with observed increase in the VIX in weeks following the onset of the conflict before its subsequent reversal up to 21 May 2026	**Same as in baseline**, i.e. limited upward judgment to account for possibly larger impacts compared with the standard model elasticities due to the size of the energy shock

Notes: In all scenarios monetary and fiscal policies are the same as in the baseline, i.e. no policy change assumption. Technical assumptions and market-implied probability distributions have a cut off date of 21 May 2026.

Growth and inflation projections for the euro area

(annual percentage changes; revisions in percentage points)

	Real GDP			HICP inflation			HICP core inflation		
Annual percentage changes	**2026**	**2027**	**2028**	**2026**	**2027**	**2028**	**2026**	**2027**	**2028**
Milder 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.