Economic Bulletin

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Economic, financial and monetary developments

Summary

At its meeting on 5 February 2026, the Governing Council decided to keep the three key ECB interest rates unchanged. Its updated assessment reconfirmed that inflation should stabilise at its 2% target in the medium term. The economy remains resilient in a challenging global environment. Low unemployment, solid private sector balance sheets, the gradual rollout of public spending on defence and infrastructure, and the supportive effects of the past interest rate cuts are underpinning growth. At the same time, the outlook is still uncertain, owing particularly to ongoing global trade policy uncertainty 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 0.3% in the fourth quarter of 2025, according to Eurostat's preliminary flash estimate. Growth has mainly been driven by services, notably in the information and communication sector. Manufacturing has been resilient despite the headwinds from global trade and geopolitical uncertainty. Momentum in construction is picking up, also supported by public investment.

The labour market continues to support incomes, even though demand for labour has cooled further. Unemployment stood at 6.2% in December, after 6.3% in November. Growing labour incomes together with a lower household saving rate should bolster private consumption. Government spending on defence and infrastructure should also contribute to domestic demand. Business investment should strengthen further, and surveys indicate that firms are increasingly investing in new digital technologies. At the same time, the external environment remains challenging, owing to higher tariffs and a stronger euro over the past year.

The Governing Council stresses the urgent need to strengthen the euro area and its economy in the present geopolitical context. Governments should prioritise sustainable public finances, strategic investment and growth-enhancing structural reforms. Unlocking the full potential of the European Single Market remains crucial. It

is also vital to foster greater 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 the digital euro.

Inflation

In January 2026 inflation declined to 1.7%, from 2.0% in December and 2.1% in November. Energy inflation dropped to -4.1%, after -1.9% in December and -0.5% in November, while food price inflation increased to 2.7%, from 2.5% in December and 2.4% in November. Inflation excluding energy and food eased to 2.2%, after 2.3% in December and 2.4% in November. Goods inflation edged up to 0.4%, whereas services inflation declined to 3.2%, from 3.4% in December and 3.5% in November.

Indicators of underlying inflation have changed little over recent months and remain consistent with the Governing Council's 2% medium-term target. Negotiated wage growth and forward-looking indicators, such as the ECB's wage tracker and the results of surveys on wage expectations, point to a continued moderation in labour costs. However, the contribution to overall wage growth from payments over and above the negotiated wage component remains uncertain.

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 euro area continues to face a volatile global policy environment. A renewed increase in uncertainty could weigh on demand. A deterioration in global financial market sentiment could also dampen demand. Further frictions in international trade could disrupt supply chains, reduce exports and weaken consumption and investment. Geopolitical tensions, in particular Russia's unjustified war against Ukraine, remain a major source of uncertainty. By contrast, planned defence and infrastructure spending, together with the adoption of productivity-enhancing reforms and the adoption of new technologies by euro area firms, may drive up growth by more than expected, including through positive effects on business and consumer confidence. New trade agreements and a deeper integration of the Single Market could also boost growth beyond current expectations.

The outlook for inflation continues to be more uncertain than usual on account of the volatile global policy environment. Inflation could turn out to be lower if tariffs reduce demand for euro area exports by more than expected and if countries with overcapacity increase further their exports to the euro area. Moreover, a stronger euro could bring inflation down beyond current expectations. More volatile and risk-averse financial markets could weigh on demand and thereby also lower inflation. By contrast, inflation could turn out to be higher if there were a persistent upward shift in energy prices, or if more fragmented global supply chains pushed up import prices, curtailed the supply of critical raw materials and added to capacity constraints in the

euro area economy. If wage growth moderated more slowly, services inflation might come down later than expected. The planned boost in defence and infrastructure spending could also cause inflation to pick up over the medium term. Extreme weather events, and the unfolding climate and nature crises more broadly, could drive up food prices by more than expected.

Financial and monetary conditions

During the period from the Governing Council's last monetary policy meeting on 18 December 2025, market rates came down, while global trade and geopolitical tensions temporarily increased financial market volatility. Bank lending rates for firms ticked up to 3.6% in December, from 3.5% in November, as did the cost of issuing market-based debt. The average interest rate on new mortgages again held steady, at 3.3% in December.

Bank lending to firms grew by 3.0% on a yearly basis in December, after 3.1% in November and 2.9% in October. Corporate bond issuance rose by 3.4% in December. According to the January 2026 bank lending survey for the euro area, firms' demand for credit was up slightly in the fourth quarter of 2025, especially to finance inventories and working capital. At the same time, credit standards for business loans tightened again.

Mortgage lending grew by 3.0% in December, after 2.9% in November and 2.8% in October, in response to still rising demand for loans and an easing of credit standards.

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 5 February 2026, the Governing Council decided to keep the three key ECB interest rates unchanged. It 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 growth has remained resilient overall, driven by robust growth in the United States and China in the third quarter of 2025. This growth is expected to have softened slightly in the fourth quarter, partly reflecting the US Government shutdown in October and November, although consumption growth in the United States likely remained robust. Global import growth slowed in the third quarter and is expected to remain below historical averages in the near term, owing in part to continued trade policy uncertainty. Strong trade growth in high-tech products, including those related to AI, remains a bright spot in an otherwise subdued short-term trade outlook. Headline inflation across member countries of the Organisation for Economic Co-operation and Development (OECD) was broadly stable in November.

Global economic growth has remained resilient overall, despite some expected softening in the fourth quarter of 2025. National accounts data point towards robust growth in the third quarter, mainly on account of the United States and China, while the Indian economy also grew strongly. This stronger than expected growth is expected to have softened slightly in the fourth quarter, influenced in part by the US Government shutdown during that period. The global composite output Purchasing Managers' Index (PMI; excluding the euro area) declined from the third to the fourth quarter of 2025, mainly owing to weakening services, but remained resilient and in expansionary territory. In January the PMI experienced an uptick to 52.7, driven by broad-based improvements across sectors (Chart 1). Across countries, the composite output PMI increased markedly in the United Kingdom and Japan in January, while improving marginally in the United States and China.

Chart 1
Global output PMI (excluding the euro area)

(diffusion indices)
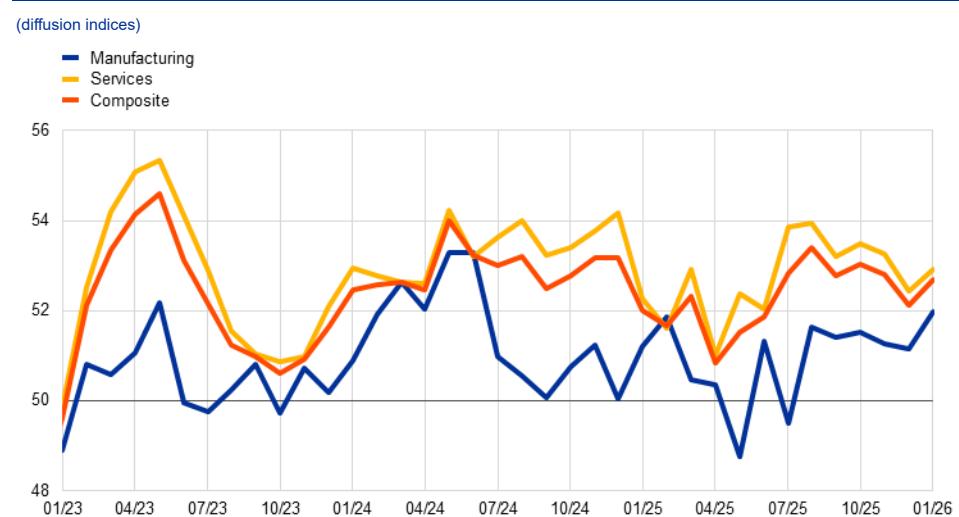
Sources: S&P Global Market Intelligence and ECB staff calculations.
Notes: The horizontal line at 50 marks the neutral baseline dividing expansion and contraction. The latest observations are for January 2026.

Global import growth slowed in the third quarter of 2025 and is expected to remain below historical averages in the near term. Weakening high-frequency

trade data, particularly for the United States, suggest that global import growth is likely to remain subdued in the near term. Moreover, tariff threats and volatile trade policies continue to weigh on world trade dynamics. High-tech products, including those related to AI, remain a bright spot in an otherwise subdued short-term trade outlook. Based on nominal global trade data up to October 2025, trade in high-tech goods, as defined by Eurostat, was growing at an annual rate of 18% compared with the first ten months of 2024. Trade in AI-related high-tech goods, such as microchips and automatic data processing machines, was growing even faster, at an annual rate of 35%. Excluding the euro area, the main net exporters of high-tech goods are China, South Korea and the members of the Association of Southeast Asian Nations. The largest main net importer is the United States, with US imports growing by 65% year on year in the first ten months of 2025.

Headline inflation across OECD member countries excluding Türkiye was broadly stable in November. The annual rate of consumer price index (CPI) inflation across OECD member countries excluding Türkiye remained unchanged, after rounding, at 2.7% in November. Small decreases in the contribution from the food and core components were partly offset by a slightly higher contribution from energy prices (Chart 2). Globally, excluding the euro area, disinflation seems to be stalling. CPI headline inflation was stable in the second half of 2025, as rising inflation in China offset disinflation in other emerging market economies. Meanwhile, inflation in advanced economies moved little and global core inflation dropped only marginally.

Chart 2
OECD CPI inflation

(year-on-year percentage changes, percentage point contributions)
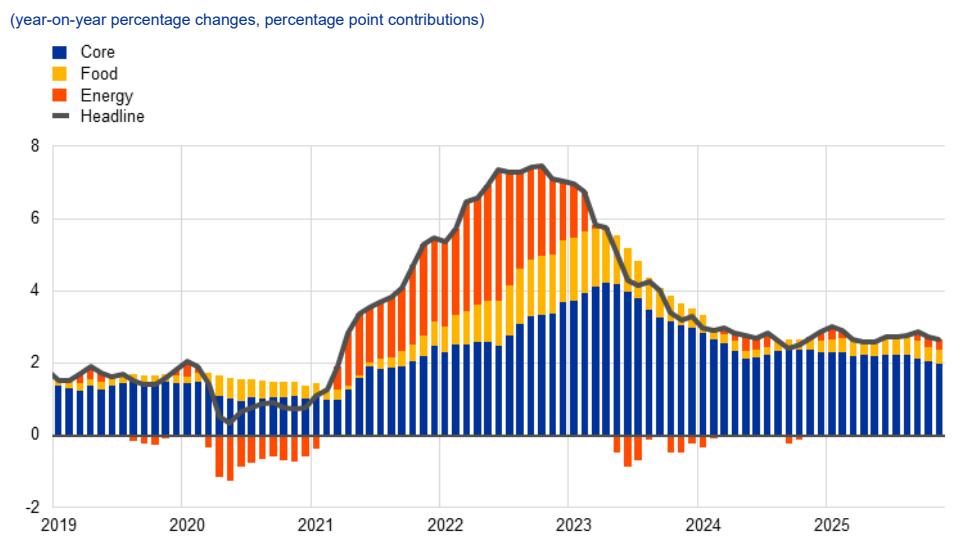
Sources: OECD and ECB staff calculations.
Notes: The OECD aggregate includes euro area countries that are OECD members and excludes Türkiye. It is calculated using OECD CPI annual weights. The latest observations are for November 2025.

Oil and gas prices both increased, driven by geopolitical developments and concerns over gas storage levels respectively, while food prices fell and metal prices rose. Since the last Governing Council meeting, oil prices have climbed by 13% overall. They initially showed only a limited increase in response to the US

capture of President Nicolás Maduro in Venezuela but were subsequently driven up by the escalation of protests in Iran and the prospect of US intervention. The muted response to developments in Venezuela reflects the country's modest role in global oil supply. Venezuela only produces around one million barrels of oil per day, or 1% of global output, and the potential to increase supply remains limited. The limitations stem from the predominance of heavy, sour crude oil in Venezuela. Although compatible with US refineries, this oil is difficult to extract, especially given the dilapidated state of the country's oil infrastructure. Turning to European gas prices, these rose by a sharp 22%. Cold weather in Europe led to a rapid drawdown of inventories, bringing them close to the lower end of their historical range. Storage concerns have been exacerbated by downward pressure on long-dated gas futures for winter 2026-27, reflecting successive waves of liquified natural gas supply from the United States and Qatar. As futures prices offer little scope for profitable resale later, gas storage operators currently have limited incentives to inject gas. Food prices edged down by 7% owing to expectations for a strong supply of corn in 2026, together with weak demand for cocoa beans. By contrast, industrial metal prices increased by 10%, bolstered by renewed expectations for US tariffs on copper, which prompted traders to accelerate shipments to the United States.

US real GDP growth accelerated in the third quarter of 2025 to 1.1% quarter on quarter. Economic activity was driven by private consumption and net exports, while growth in private fixed investment moderated. The US Government shutdown during the fourth quarter is likely to have had a negative effect on growth. Nonetheless, monthly data up to November 2025 suggest consumption momentum remained strong in the fourth quarter. By contrast, the US labour market continued to cool. Private-sector job growth remained low and was mostly concentrated in health care and social assistance. Aggregate job growth in other industries was close to zero, with retail and manufacturing shedding jobs. US CPI headline and core inflation, at 2.7% and 2.6% respectively, remained unchanged in December. However, these figures could be biased down on account of impaired data collection during the Government shutdown, particularly for rent inflation, as missing observations were replaced by imputations. Goods inflation has surprised to the downside, though it remains in positive territory.

China achieved its growth target of 5% in 2025, but its expansion remains reliant on foreign demand. Quarterly GDP growth reached 1.2% in the fourth quarter of 2025, up slightly from 1.1% in the third quarter. This was mainly on the back of a higher contribution from net trade which exceeded market expectations. Recent policy signals point to continued fiscal support in 2026, consistent with the Chinese authorities' stated objective of supporting domestic demand and achieving a similar growth target in 2026. In 2025 fixed asset investment experienced its first annual contraction since the early 1990s, resulting from efforts to reduce both overcapacity and local government debt. The property market remains a drag on the economy and continues to weigh on consumer confidence and spending. Strong exports, mainly to emerging market economies, led to a record trade surplus of USD 1.2 trillion in 2025. Export growth is expected to continue to support the Chinese economy in 2026, barring a renewed escalation in trade tensions with the United States. Annual Chinese consumer price inflation edged up to 0.8% in December,

from 0.7% in November, driven mainly by higher food prices and base effects. Annual core inflation remained unchanged at 1.2%. Looking beyond temporary factors, sluggish domestic demand and industrial overcapacity are expected to continue to fuel intense price competition among firms, while the impact on inflation of efforts to reduce overcapacity is yet to fully materialise.

Economic momentum in the United Kingdom remained weak in the final quarter of 2025. Between August and November GDP expanded by 0.1% overall, driven by the services sector and a normalisation in car production following disruptions triggered by a cyberattack in September. PMI data up to January 2026 confirm weak economic momentum towards the end of 2025 and a limited pick-up at the start of 2026. Headline inflation increased to 3.4% in December from 3.2% in the previous month, but stayed below the recent peak of 3.8% in the third quarter. Core inflation remained at 3.2%. Data up to November show that private regular earnings growth has continued to ease, albeit from elevated levels.

2 Economic activity

Euro area real GDP increased by 0.3%, quarter on quarter, in the fourth quarter of 2025, marking positive growth across all quarters, despite the numerous challenges arising throughout the year. Short-term indicators and available country data point to a continued positive contribution from domestic demand and a weaker contribution from net exports. At the sectoral level, growth has mainly been driven by services, notably in the information and communication sector. Manufacturing likely bottomed out by the end of 2025, demonstrating resilience to the headwinds from global trade and geopolitical uncertainty. Momentum in construction is picking up, also supported by public investment. Surveys continue to point to a dual-speed recovery with services growing more strongly than manufacturing. Looking further ahead, barring any unexpected short-term volatility, euro area activity is expected to gradually recover, supported by domestic demand. Consumption should benefit from rising real incomes and a gradually declining saving rate. Increased business investment, alongside substantial government spending on infrastructure and defence, should also underpin the economic expansion. Nonetheless, challenges related to global trade disruptions and escalating geopolitical tensions are likely to remain headwinds for euro area growth going forward.

Euro area GDP continued to rise in the fourth quarter of 2025, according to Eurostat's preliminary flash estimate. Real GDP increased by 0.3%, quarter on quarter, in the fourth quarter of 2025, marking positive growth across all quarters of the year (Chart 3). In 2025 as a whole, GDP is estimated to have risen by 1.5%, up from 0.8% in 2024.[1] Growth momentum strengthened in 2025 amid a number of global challenges, related to geopolitics and trade, highlighting the resilience of the euro area economy. Although the expenditure breakdown for the fourth quarter is not yet available, short-term indicators and available country data suggest that domestic demand made a positive contribution to growth, while net exports were more subdued. Growth has mainly been driven by services, notably in the information and communication sector. Manufacturing has shown resilience to the headwinds from global trade and geopolitical uncertainty. Momentum in construction is picking up, also supported by public investment. Growth dynamics across countries in the fourth quarter of 2025 were less heterogenous compared with earlier quarters. The fourth quarter outcome for the euro area generates a carry-over effect of 0.4% for annual growth in 2026.[2]

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[1]   The annual growth rate is based on seasonally and calendar adjusted figures. Unadjusted data are not available for all the Member States included in GDP flash estimates.

[2]   This implies that GDP would grow by 0.4% in 2026 if all quarterly growth rates this year were zero (i.e. if quarterly GDP remains at the same level as in the fourth quarter of 2025).

Chart 3

Euro area real GDP, composite output PMI and ESI

(left-hand scale: quarter-on-quarter percentage changes; right-hand scale: diffusion index)
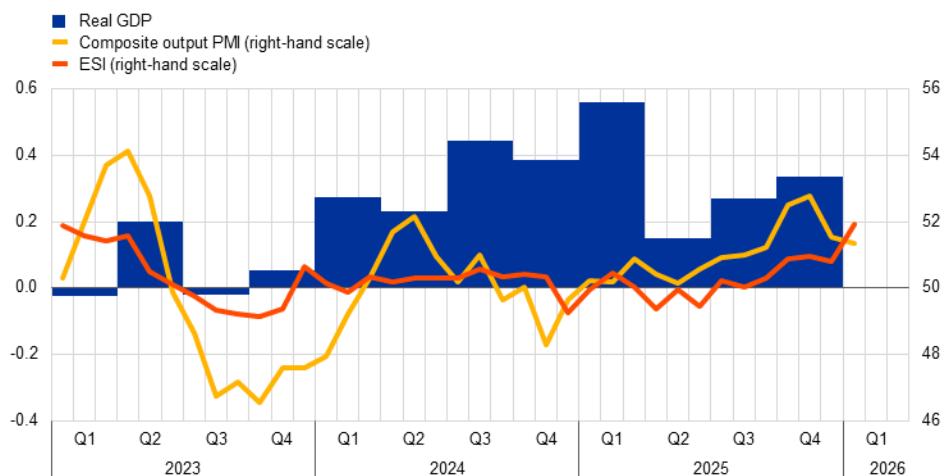
Sources: Eurostat, European Commission, S&P Global Market Intelligence and ECB calculations.
Notes: The two lines indicate monthly developments; the bars show quarterly data. For the composite output Purchasing Managers' Index (PMI), the horizontal line at 50 marks the neutral baseline dividing expansion and contraction. The European Commission Economic Sentiment Indicator (ESI) has been standardised and rescaled to have the same mean and standard deviation as the composite output PMI. The latest observations are for the fourth quarter of 2025 for real GDP and January 2026 for the composite output PMI and the ESI.

The limited data available for the first quarter of 2026 point to continued strength in the services sector and a bottoming out of the manufacturing sector. The composite output Purchasing Managers' Index (PMI) remained broadly stable between December 2025 and January 2026, indicating continued moderate growth, albeit at a somewhat slower rate than in the fourth quarter of last year (Chart 4, panel a). The manufacturing output PMI edged up slightly from the fourth quarter of 2025, to 50.5 in January, still signalling slow growth or stagnating activity. Despite showing signs of bottoming out, there is no indication of a clear recovery path ahead in the manufacturing sector owing to the protracted adverse effects from higher tariffs, still-heightened uncertainty and the recent strengthening of the euro. Other indicators, such as the new orders PMI, paint a similar picture of a very muted short-term outlook for the industrial sector. Meanwhile, the services PMI business activity index declined from an average of 53.0 in the fourth quarter to 51.6 in January. While this suggests a slowdown, the growth rate in services remains stronger than in manufacturing, continuing to support the notion of a dual-speed recovery. The ECB's recent contacts with non-financial companies corroborate this outlook (see Box 5). On balance, contacts reported gradually improving momentum and confidence in recent months, albeit with notable variations across sectors and countries. Growth continues to be driven primarily by services activity, supported by consumer spending on services rather than on goods, as well as strong growth in business spending in digital (in particular AI-related) services.

Chart 4

PMI indicators across sectors of the economy

a) Manufacturing

(diffusion indices)

- Output
- New orders
- New export orders
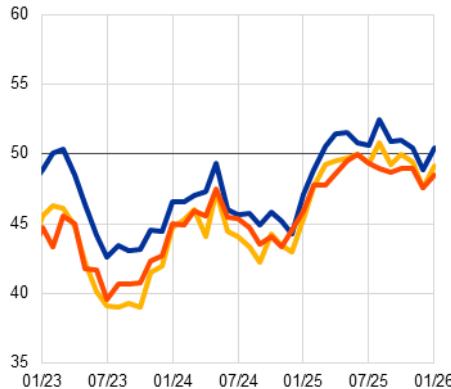
b) Services

(diffusion indices)

- Business activity
- New business
- New export orders
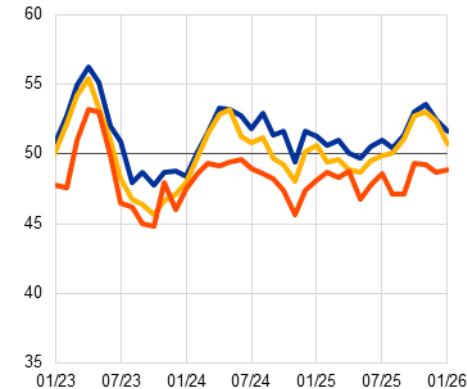
Source: S&P Global Market Intelligence.
Notes: The horizontal line at 50 marks the neutral baseline dividing expansion and contraction. The latest observations are for January 2026.

The labour market continues to support income growth, even though demand for labour has cooled further. Employment increased by 0.2% in the third quarter of 2025 and total hours worked increased by 0.4%, allowing for a small recovery in average hours worked (Chart 5). Year on year, employment growth continued to decelerate. Meanwhile, new jobs continue to be filled by people entering the labour force. Growth in the labour force slowed to 0.0% in the third quarter in quarter-on-quarter terms, although it still increased by 0.9% in year-on-year terms. At the same time, the unemployment rate stood at 6.2% in December, after reaching 6.3% in November, and the job vacancy rate declined to 2.2% in the third quarter, down from the peak of 3.3% seen in the second quarter of 2022.

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)
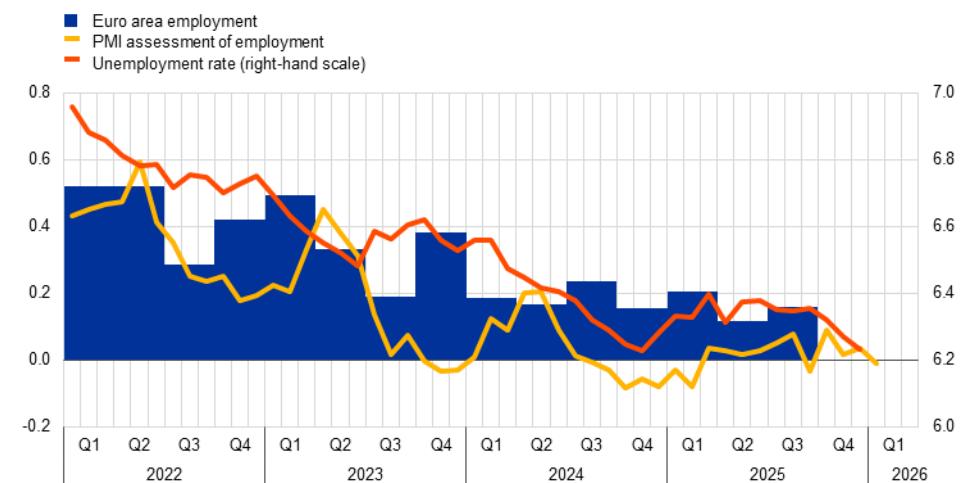
Sources: Eurostat, S&P Global Market Intelligence and ECB calculations.
Notes: The two lines indicate monthly developments, while the bars show quarterly data. The PMI is expressed in terms of the deviation from 50, then divided by 10 to gauge quarter-on-quarter employment growth. The latest observations are for the third quarter of 2025 for euro area employment, January 2026 for the PMI assessment of employment and December 2025 for the unemployment rate.

Short-term labour market indicators point to weak employment growth in the fourth quarter of 2025. The monthly composite PMI employment indicator averaged 50.5 in the fourth quarter, suggesting weak employment growth. Data for January show a deterioration in employment perceptions. The composite indicator declined from 50.4 in December to 49.9 in January, driven by the services sector, which fell from 51.3 to 50.5. By contrast, the PMI employment indicator for manufacturing increased from 47.7 in December to 48.1 in January.

Private consumption growth likely strengthened in the fourth quarter of 2025 and is expected to remain positive in early 2026, as signalled by rising retail sales, consumer confidence and consumer expected activity. Consumption growth slowed in the third quarter reflecting weaker momentum in services and non-durable goods, partly offset by stronger demand for durable and semi-durable goods (Chart 6, panel a). The household saving rate declined slightly to 15.1% in the third quarter, as consumption outpaced income, but remained at a historically high level. High-frequency indicators point to strengthening momentum in private consumption in the fourth quarter (Chart 6, panel b). Retail sales growth in October and November improved compared with the third quarter. The European Commission's consumer confidence indicator remains below its historical average but continued to recover in the fourth quarter, largely driven by improvements in household expectations about their personal financial situation and the overall economic situation in the next 12 months. In addition, "consumer expected activity", a consumption-weighted aggregate index based on the European Commission's business expectations about activity over the next three months, improved in the fourth quarter, standing well above its long-term average level. This assessment is further supported by the ECB Consumer Expectations Survey, which indicates increasing consumer confidence, as well as the recent contacts by the ECB with non-financial companies, which signal

robust growth in services consumption (see Box 5). Looking ahead, private consumption should continue to strengthen, amid solid balance sheets and real income gains. However, subdued employment growth and lending activity, together with prolonged – albeit declining – uncertainty among households, could weigh on household spending and contribute to a persistently elevated saving rate (see Box 3).

Chart 6

Household consumption and savings; consumer confidence, expected activity and uncertainty, and retail sales

a) Household consumption and savings

(quarter-on-quarter percentage changes, percentage point contributions; percentages of gross disposable income)
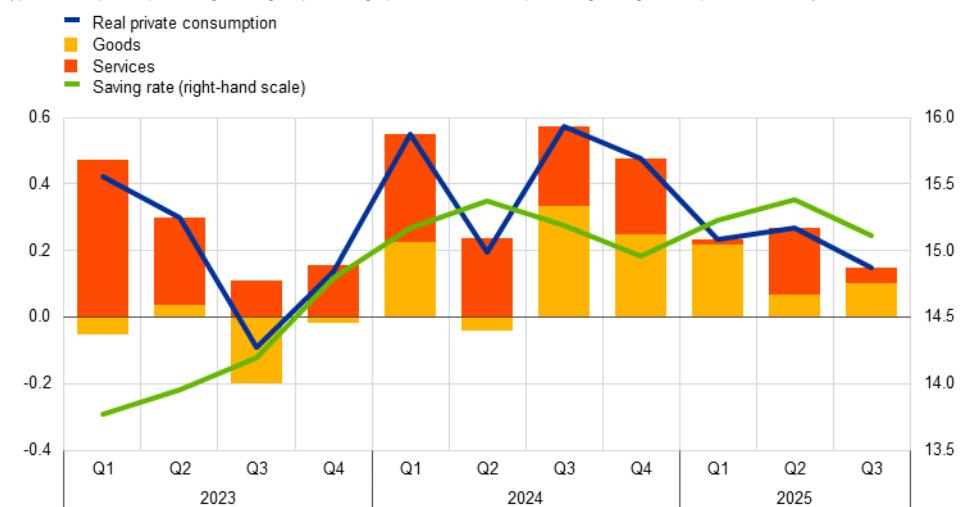
b) Consumer confidence, uncertainty and expectations, and retail sales

(standardised percentage balances; retail sales: quarter-on-quarter percentage changes)
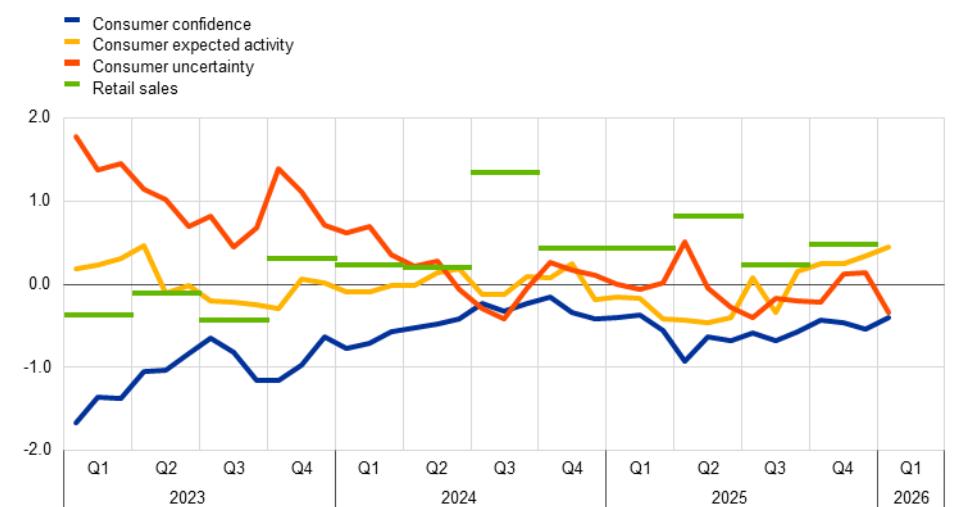
Sources: Eurostat, European Commission and ECB calculations.
Notes: In panel a), the levels of real domestic goods and services consumption are scaled to add up to the level of real private consumption in the main national accounts. In panel b), "consumer expected activity" refers to a weighted average of business expectations for the next three months with regard to production for manufacturing, employment for construction, business for trade and demand for services from the European Commission business survey, weighted according to the sectoral shares in euro area private consumption from the FIGARO input-output tables for 2023. "Consumer uncertainty" stands for the European Commission Consumer Economic Uncertainty Index. All series are standardised for the whole sample from January 1999, except "consumer uncertainty", which is standardised for the whole sample from April 2019, owing to data availability. The latest observations are for the third quarter of 2025 for panel a) and for December 2025 for retail sales and January 2026 for all other items, for panel b).

Business investment is likely to have continued to grow at the turn of the year. In the third quarter of 2025 business investment (excluding Irish intellectual property products) rose by 1.1%, quarter on quarter, with both tangibles and intangibles growing robustly. Tangible investment growth appears to have continued to increase moderately in the fourth quarter of 2025, as evidenced by rising capital goods production up to November compared with the previous quarter. Meanwhile, the output PMI for capital goods dropped below 50 in December, pointing to some slowdown at the turn of the year (Chart 7, panel a). By contrast, intangible investment maintained strong momentum. This is reflected in a solid increase in digital services production observed in October compared with the third quarter, while the activity PMI for intangible services remained above 50 throughout the fourth quarter. Corporate contacts reported a gradually improving investment outlook in January, especially for projects related to electrification, data centres, energy and defence (see Box 5). Among key investment drivers, profits are normalising, confidence has improved and demand dynamics have kept close to their historical norms in recent quarters, while credit conditions have tightened somewhat, according to the January 2026 euro area bank lending survey. Looking ahead, a continued rise in demand, profits and confidence, along with fiscal support and solid balance sheets should underpin investment in the coming quarters.

Chart 7

Real investment dynamics and survey data

a) Business investment

(quarter-on-quarter percentage changes; percentage balances and diffusion index)

- Business investment
- Output PMI (right-hand scale)
- Activity PMI (right-hand scale)
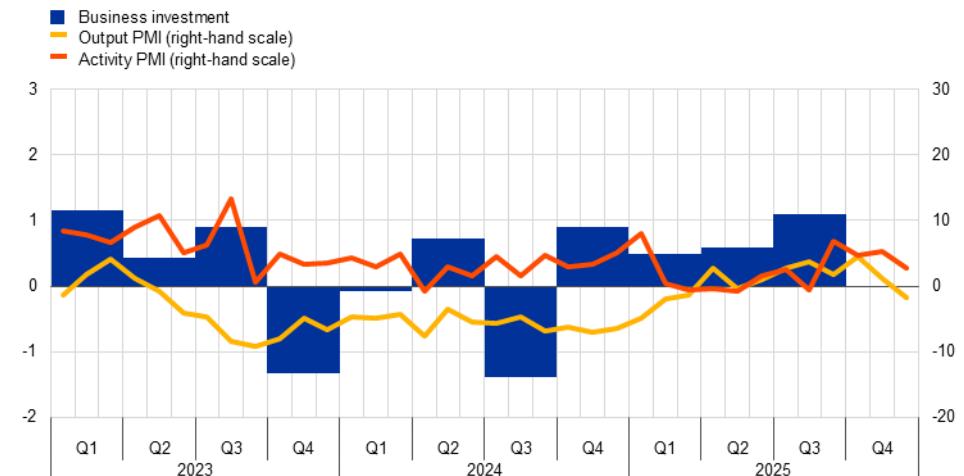
b) Housing investment

(quarter-on-quarter percentage changes; percentage balances and diffusion index)

- Housing investment
- Output PMI (right-hand scale)
- European Commission activity trend (right-hand scale)
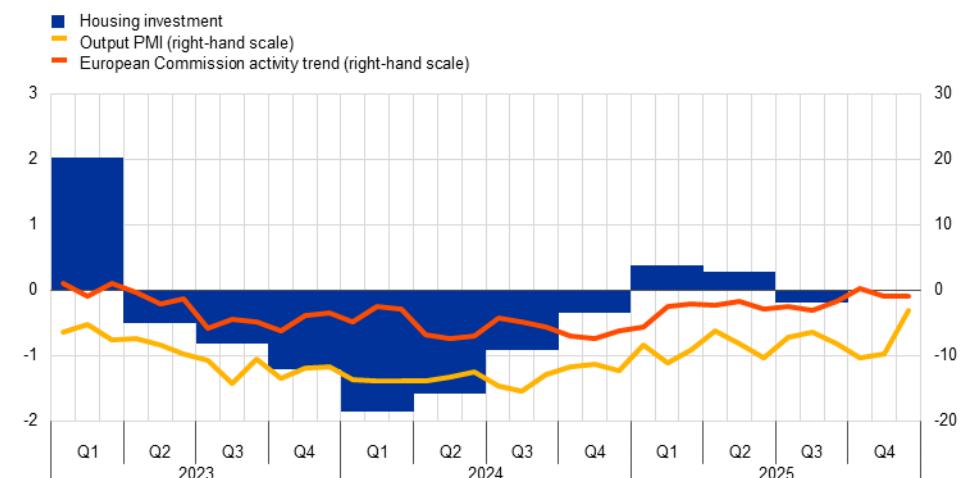
Sources: Eurostat, European Commission, S&P Global Market Intelligence and ECB calculations.
Notes: The lines indicate monthly developments, while the bars refer to quarterly data. The PMIs are expressed in terms of the deviation from 50. In panel a), business investment is measured by non-construction investment excluding Irish intangibles. The output PMI indicator refers to the capital goods sector and the activity PMI refers to computer programming, consultancy and related activities. 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 output PMI refers to housing activity. The latest observations are for the third quarter of 2025 for investment and December 2025 for the PMIs and the European Commission's indicator.

Housing investment is estimated to have resumed its recovery in the fourth quarter of 2025 and early 2026. After contracting marginally by 0.2%, quarter on quarter, in the third quarter of 2025, short-term indicators suggest that this decline has been temporary. Production in building construction and specialised construction activities increased by 0.7% in the fourth quarter of 2025 compared with the third quarter. Survey indicators of construction activity confirm this positive trend: the European Commission's activity trend indicator improved gradually and the PMI for housing output increased significantly, albeit still signalling a contraction (Chart 7, panel b). Furthermore, on balance, the ECB's recent contacts with construction firms

and their suppliers point to moderate improvements in residential building activity. Taken together, these developments suggest a continued recovery in housing demand. In response to this recovering demand, an increasing number of construction firms have reported labour supply constraints in recent quarters. Meanwhile, the European Commission business survey shows that employment expectations in the construction sector increased in the fourth quarter of 2025, reaching their highest level since the second quarter of 2023. This signals that firms anticipate a sustained recovery in demand in the short term. At the same time, mortgage rate expectations edged slightly higher in December according to the Consumer Expectations Survey, in line with a plateauing share of survey respondents who consider housing as a good investment seen in recent months. Nonetheless, as the effects of recent monetary policy easing have yet to fully feed through to housing investment (see Box 4), its gradual recovery is expected to continue beyond the short term.

Euro area exports remain constrained by US tariffs, a strong euro and weak global demand, declining by 0.1% over three months to October 2025. The overall increase in exports to the United States resulted from a sharp rise in Irish exports of pharmaceutical products related to weight-loss drugs in September, which amply offset the decline in other exports to that country. Exports to other destinations remained subdued, amid exchange rate appreciation and continued losses in export market shares across destinations and sectors. Forward-looking indicators are signalling a continued weakness in manufacturing export orders. Euro area import volumes marked a significant decline of 1.1% over three months to October 2025, with the exception of imports from China which continue to be supported by very competitive pricing, manufacturing overcapacity and a depreciation of the exchange rate against the euro. 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, while survey indicators point to some lengthening of suppliers' delivery times, particularly in sectors that depend on external suppliers for critical components.

Beyond the short term, barring any unexpected volatility, euro area activity is expected to continue its gradual recovery. Over the longer projection horizon, domestic demand is expected to remain the main driver of growth, as reflected in the December 2025 Eurosystem staff macroeconomic projections for the euro area. Growing labour incomes together with a lower household saving rate should bolster private consumption. Business investment should strengthen further, and surveys indicate that firms are increasingly investing in new digital technologies. Moreover, substantial government spending on infrastructure and defence should also contribute to domestic demand. However, the external environment remains challenging owing to higher tariffs and a stronger euro over the past year.

3 Prices and costs

Annual euro area headline inflation decreased to 1.7% in January 2026, down from 2.0% in December 2025, owing to declines in energy inflation and inflation excluding energy and food.[3] Indicators of underlying inflation have changed little over recent months and remain consistent with the Governing Council's 2% medium-term target. Annual growth in compensation per employee stood at 4.0% in the third quarter of 2025, unchanged from the previous quarter. Negotiated wage growth and forward-looking indicators, such as the ECB wage tracker and the results of surveys on wage expectations, point to a continued moderation in labour costs. Most measures of longer-term inflation expectations continue to 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), fell to 1.7% in January 2026, down from 2.0% in December 2025 (Chart 8). This decrease reflects a decline in energy inflation and in HICP excluding energy and food (HICPX) inflation. In the fourth quarter of 2025 euro area headline inflation stood at 2.1%, broadly in line with the December 2025 Eurosystem staff macroeconomic projections for the euro area.

Chart 8
Headline inflation and its main components

(annual percentage changes; percentage point contributions)
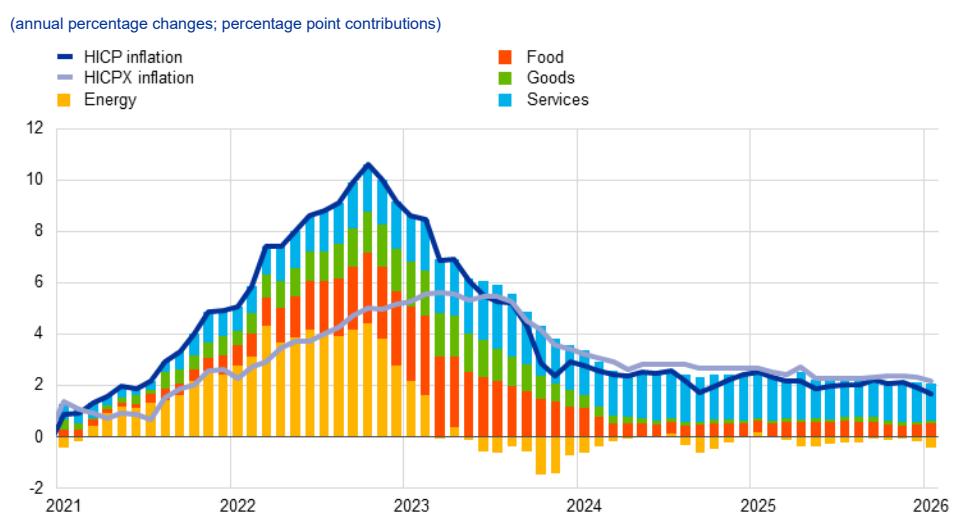
Sources: Eurostat and ECB calculations.
Notes: "Goods" refers to non-energy industrial goods. HICPX stands for HICP excluding energy and food. The latest observations are for January 2026 (flash estimate).

Energy inflation remained negative in January 2026, falling further to -4.1%, down from -1.9% in December 2025. This decline was driven primarily by a large downward base effect, as energy prices rose month on month, but at a slower pace than in January 2025. Data available up to December 2025 on the main energy sub-

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[3] On 4 February 2026 several methodological changes took effect in the HICP. The index is now compiled according to the European Classification of Individual Consumption According to Purpose version 2 (ECOICOP 2). Other changes include a revision of historical weights, the inclusion of games of chance as a new item in the product coverage of the HICP, and the rebasing of the index to the new common reference year: 2025=100.

components show a fall in the annual growth rates of prices for electricity, gas and transportation fuels, with transportation fuels recording the sharpest drop.

Food inflation saw an uptick to 2.7% in January 2026, up from 2.5% in December 2025. This increase was driven by higher unprocessed food inflation, which rose to 4.2% in January from 3.5% in December, reflecting a stronger non-seasonally adjusted month-on-month development than is typical for January. Over the same period, processed food inflation remained unchanged at 2.1%.

HICPX inflation decreased to 2.2% in January 2026, down from 2.3% in December 2025. This decline reflects a lower annual rate of growth in services, which was partly offset by a slight increase in that of non-energy industrial goods (NEIG). Services inflation declined further to 3.2% in January, down from 3.4% in December and 3.5% in November. According to data up to December, this slowdown in services inflation was due mainly to declines in annual growth rates in the recreation sub-component, particularly in package holidays and accommodation services, which were partly offset by an increase in the annual rate of growth in prices for transportation services. By contrast, NEIG inflation edged up to 0.4% in January after falling to 0.3% in December from 0.5% in November. The relatively low growth rate in December compared with November was due to a decline in the annual rates of growth in prices for semi-durable goods and non-durable goods.

Indicators of underlying inflation remained consistent with the Governing Council's 2% medium-term target in December 2025 and January 2026 (Chart 9). In December 2025 the indicator values ranged from 2.0% to 2.6%. From November to December, most exclusion-based measures of inflation either went down by 0.1 percentage points or remained unchanged. HICPX excluding travel-related items, clothing and footwear remained unchanged at 2.5%. Over the same period, the trimmed means decreased by 0.2 percentage points. Regarding the model-based measures, the Persistent and Common Component of Inflation was unchanged at 2.0%, and the Supercore indicator, which comprises HICP items sensitive to the business cycle, remained at 2.5% for the sixth consecutive month. Domestic inflation, which comprises items with a low import content, declined slightly to 3.5% in December, down from 3.6% in November. Data that are already available for January 2026 show that most exclusion-based measures fell by 0.1 percentage points compared with December 2025. HICP excluding energy fell from 2.4% in December to 2.3% in January.

Chart 9

Indicators of underlying inflation

- HICPX
- HICPXX
- HICP excluding energy
- HICP excluding unprocessed food and energy
- Domestic inflation
- PCCI
- Supercore
- Trimmed mean (10%)
- Trimmed mean (30%)
- Weighted median
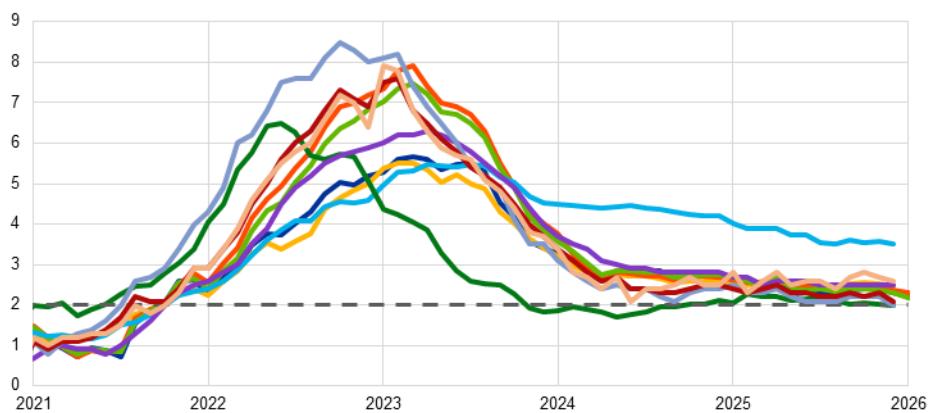
Sources: Eurostat and ECB calculations.
Notes: HICPX stands for HICP excluding energy and food; HICPXX stands for HICPX excluding travel-related items, clothing and footwear; PCCI stands for Persistent and Common Component of Inflation. The grey dashed line represents the Governing Council's inflation target of 2% over the medium term. The latest observations are for January 2026 (flash estimate) for HICPX, HICP excluding energy and HICP excluding unprocessed food and energy, and December 2025 for the remaining measures.

The latest indicators of pipeline pressures suggest that inflationary pressures on goods prices are broadly unchanged (Chart 10). At the early stages of the pricing chain, producer price inflation for domestic sales of intermediate goods increased to 0.8% in December, up from 0.4% in November, while import price inflation for intermediate goods remained unchanged at -0.8% in November for the third consecutive month. At the later stages of the pricing chain, for non-food consumer goods, the annual growth rate of producer prices was unchanged at 1.8% in December, while that of import prices slipped further into negative territory, from -1.6% in October to -2.0% in November. For manufactured food, the annual growth rate of producer prices decreased to 0.4% in December, from 0.6% in November and that of import prices slowed from 2.7% in October to 1.1% in November, pointing to easing cost pressures amid falling international food commodity prices. Overall, weaker import price dynamics reflected the appreciation of the euro and downward price pressures due to imports of cheaper goods from China, while domestic producer price dynamics remained more persistent.

Chart 10

Indicators of pipeline pressures

(annual percentage changes)

- Domestic producer prices – non-food consumer goods
- Import prices – non-food consumer goods
- Domestic producer prices – intermediate goods
- Import prices – intermediate goods
- Domestic producer prices – manufacturing of food products
- Import prices – manufacturing of food products
- Domestic producer prices – energy (right-hand scale)
- Import prices – energy (right-hand scale)
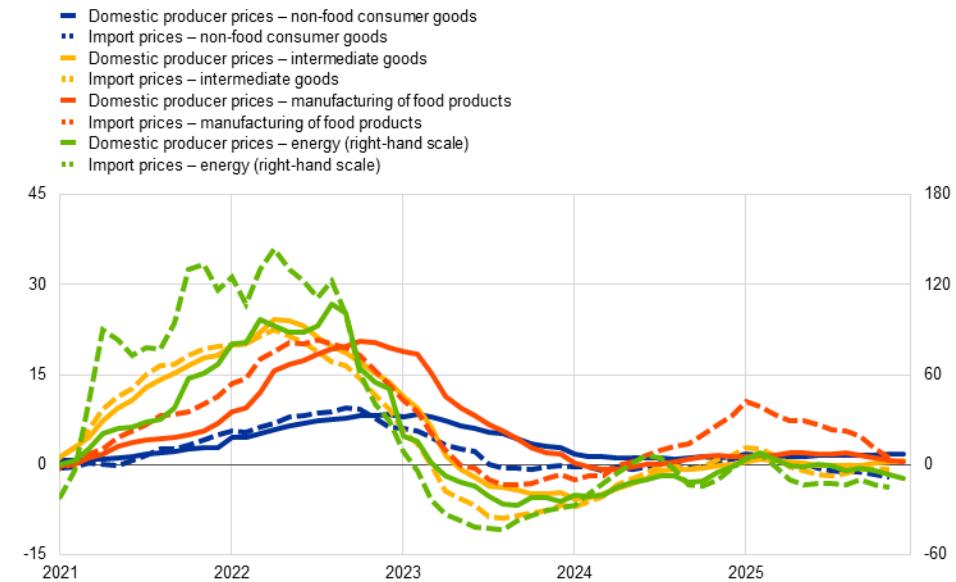
Sources: Eurostat and ECB calculations.
Note: The latest observations are for December 2025 for domestic producer prices and November 2025 for import prices.

Domestic cost pressures, as measured by growth in the GDP deflator, were unchanged in the third quarter of 2025, after declining continuously for two years (Chart 11). The annual growth rate of the GDP deflator remained broadly stable at 2.4% in the third quarter of 2025, reflecting unchanged contributions from unit labour costs and unit profits, but a slightly lower contribution from unit taxes. The annual growth rate of unit labour costs increased to 3.3% in the third quarter, up from 3.1% in the second quarter. This was due to a decrease in labour productivity over the same period, down to 0.7% from 0.8%, while the growth rate for compensation per employee remained unchanged at 4.0%. The decline in negotiated wage growth from 4.0% in the second quarter to 1.9% in the third quarter was offset by an increase in the wage drift component, from -0.3 percentage points to 1.9 percentage points over the same period. Looking ahead, the ECB wage tracker, which has been updated with data on wage agreements negotiated up to mid-January 2026, suggests that wage growth pressures will ease, with wage growth standing at 3.1% in the fourth quarter of 2025 and 3.0% for the whole year, before moderating further to 2.7% over 2026.[4] This moderation is also confirmed by the latest survey indicators on wage growth, such as the results of the ECB Corporate Telephone Survey, which imply that wage growth is expected to stand at 3.2% in 2025 (0.1 percentage points lower than in the previous survey round) and fall further to 2.7% in 2026 (0.1 percentage points higher than in the previous survey round) and 2.5% in 2027.[5]

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[4] For further details, see "New data release: ECB wage tracker continues to suggest normalisation of negotiated wage pressures in 2026", *press release*, ECB, 11 February 2026.

[5] For more information, see de Bondt, G., Morris, R. and Roma, M., "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)
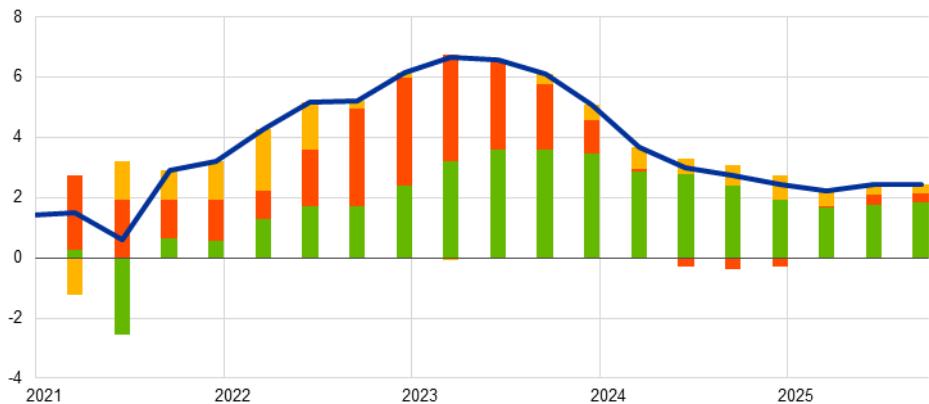
Sources: Eurostat and ECB calculations.
Notes: Compensation per employee contributes positively to changes in unit labour costs. Labour productivity contributes negatively.
The latest observations are for the third quarter of 2025.

Longer-term inflation expectations among professional forecasters and monetary analysts remained stable at around 2%, while short-term consumer inflation expectations and perceptions moved broadly sideways in December 2025. The median of longer-term inflation expectations in the ECB Survey of Monetary Analysts for February 2026 and in the ECB Survey of Professional Forecasters for the first quarter of 2026 remained unchanged at 2% (Chart 12, panel a). As regards short-term consumer inflation expectations and perceptions, according to the December 2025 ECB Consumer Expectations Survey, the median rate of perceived inflation over the previous 12 months stood at 3.2%, which is 0.1 percentage points higher than in November. Median expectations for inflation over the next 12 months remained unchanged from November, at 2.8%, while median inflation expectations three years ahead increased slightly to 2.6%, up from 2.5% in the previous month (Chart 12, panel b). Expectations for inflation five years ahead rose to 2.4% from 2.2% over the same period.

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)

- ▬ HICP
- ▬ Fixings (4 February 2026)
- ● Market-based measures of inflation compensation (4 February 2026)
- ● Eurosystem staff macroeconomic projections for the euro area (December 2025)
- ◆ Survey of Monetary Analysts (February 2026)
- ◆ Survey of Professional Forecasters (Q1 2026)
- ▲ Consensus Economics (January 2026)
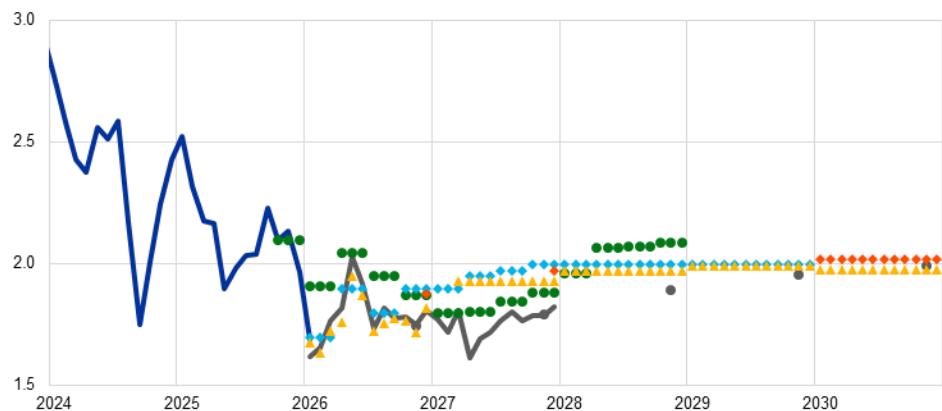
b) Headline inflation and ECB Consumer Expectations Survey

(annual percentage changes)

- ▬ HICP
- ▬ Perceptions of past inflation
- ▬ Inflation expectations one year ahead
- ▬ Inflation expectations three years ahead
- ▬ Inflation expectations five years ahead
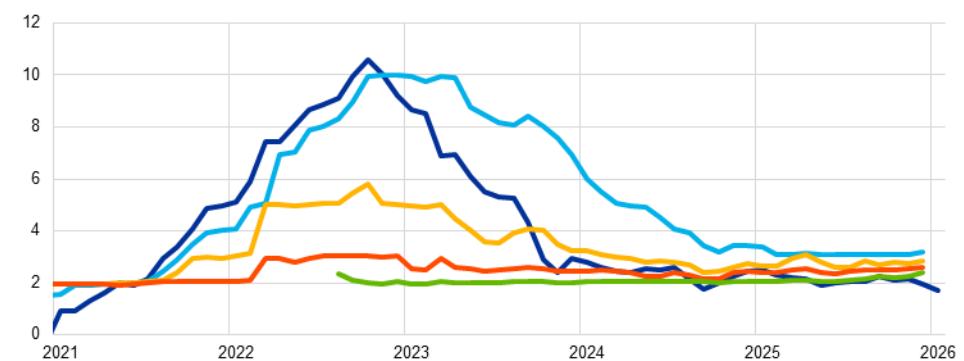
Sources: Eurostat, LSEG, Consensus Economics, ECB (SMA, SPF, CES), Eurosystem staff macroeconomic projections for the euro area, December 2025 and ECB calculations.
Notes: In panel a), the market-based measures of inflation compensation series is based on the one-year spot rate, the one-year forward 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 4 February 2026. 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 first quarter of 2026 was conducted between 7 and 12 January 2026. The Survey of Monetary Analysts (SMA) for February 2026 was conducted between 19 and 21 January. The cut-off date for the Consensus Economics long-term forecasts was 12 January 2026. The December 2025 Eurosystem staff macroeconomic projections for the euro area were finalised on 3 December 2025, and the cut-off date for the technical assumptions was 26 November 2025. In panel b), the lines for the Consumer Expectations Survey (CES) represent the median rates. The latest observations are for January 2026 (flash estimate) for HICP and December 2025 for the remaining measures.

Since the Governing Council's meeting on 18 December 2025, market-based measures of inflation compensation have increased for the near term but continue to signal inflation of slightly under 2%, while longer-term

expectations remain well anchored (Chart 12, panel a). During the review period, inflation fixings, which are swap contracts linked to the HICP excluding tobacco, edged up for the first half of 2026 and were higher for the second half of the year on account of higher energy and industrial metal prices. This implies that investors expected inflation to bottom out in first months of the year, before rebounding to an average of around 1.8% over the whole year. Furthermore, the one-year forward inflation-linked swap rate one year ahead stood at 1.8%. Longer-term market-based inflation expectations remained well anchored to the Governing Council's inflation target, as reflected in the five-year forward inflation-linked swap rate five years ahead, adjusted for inflation risk premia, which stood close to 2%.

4   Financial market developments

Euro area financial markets experienced bouts of volatility during the review period from 18 December 2025 to 4 February 2026. Interest rate expectations moved down amid renewed trade and geopolitical tensions. However, as these tensions abated, the decrease in rate expectations was partially reversed. Overall, the risk-free forward curve ended the review period slightly lower at short maturities, while suggesting that markets were not anticipating any policy rate changes in 2026. Medium and long-term nominal risk-free rates in the euro area declined somewhat over the review period, whereas sovereign bond spreads were generally stable and continued to be supported by resilient economic growth and robust demand for higher-yield sovereign bonds. Equity markets on both sides of the Atlantic came under temporary downward pressure from rising geopolitical tensions. But euro area equities subsequently recovered and increased overall during the review period. Corporate bond spreads narrowed slightly further, remaining compressed from a historical perspective. In foreign exchange markets, the euro appreciated slightly against the US dollar but weakened slightly on a trade-weighted basis.

Euro area risk-free forward rates edged down at short maturities and also settled moderately lower at longer maturities. The benchmark euro short-term rate (€STR) remained at 1.93% at the end of the review period, following the Governing Council's decision at its meeting on 18 December 2025 to keep the three key ECB interest rates unchanged. Excess liquidity decreased by around €36 billion to €2,434 billion. This mainly reflected the decline in the portfolios of securities held for monetary policy purposes, as the Eurosystem no longer reinvests the principal payments from maturing securities in its asset purchase programmes. The €STR forward curve moved down in January, against the backdrop of trade and geopolitical tensions. However, this downward shift was partially reversed as the tensions eased. Overall, at the end of the review period, the €STR forward curve indicated that markets were not expecting any policy rate changes in either direction this year and were pricing in a slightly shallower path of rate increases beyond 2026. Accordingly, the ten-year nominal overnight index swap (OIS) rate edged down by about 4 basis points, ending the review period at 2.6%.

Euro area sovereign yield spreads held broadly steady and continued to be underpinned by improved fundamentals and robust demand for higher-yield sovereigns (Chart 13). The ten-year GDP-weighted euro area sovereign bond yield edged down by 5 basis points over the review period, while ten-year euro area sovereign bond spreads relative to risk-free OIS rates remained broadly stable. Geopolitical tensions and trade uncertainty contributed to market volatility. However, this turbulence, along with the upward repricing of Japanese long-dated government bonds, had only a limited impact on euro area sovereigns, which continued to be supported by resilient economic data and healthy demand for higher-yield sovereigns. Over the review period, French sovereign yields recorded the largest decline among the major euro area countries, falling by around 10 basis points amid easing political uncertainty. Overall, cross-country dispersion in euro area sovereign yields remains at historically low levels. Outside the euro area, the ten-year US

Treasury yield rose by 16 basis points over the review period to stand at 4.3%, while the ten-year UK sovereign bond yield increased by 7 basis points to 4.6%.

Chart 13

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

(percentages per annum)

- GDP-weighted euro area average
- United Kingdom
- United States
- Germany
- Ten-year euro area OIS rate
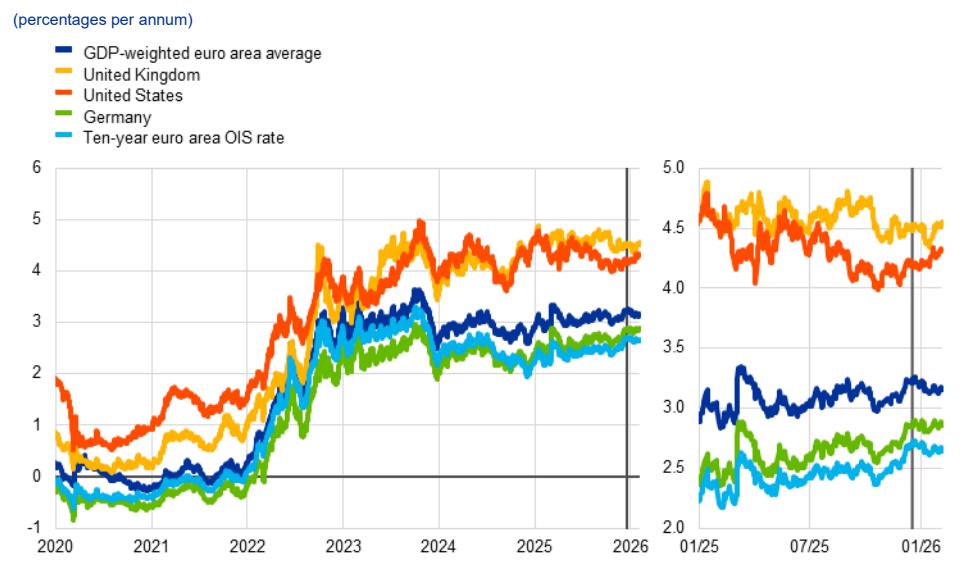
Sources: LSEG and ECB calculations.
Notes: The vertical grey line denotes the start of the review period on 18 December 2025. The latest observations are for 4 February 2026.

Euro area equity prices increased during the review period, despite temporary drops caused by geopolitical tensions and trade uncertainty. Equity markets on both sides of the Atlantic recorded a sharp sell-off at the peak of these frictions, before rebounding as the tensions eased somewhat. Overall, euro area stock market indices increased by 4.5% during the review period, with stocks in financial firms and non-financial corporations (NFCs) rising by 4.9% and 3.8% respectively. Elevated geopolitical tensions continued to boost defence sector stocks, which recorded strong gains. Equities in sectors benefiting from higher capital expenditure, such as telecommunications and utilities, also outperformed their peers, underpinned by expectations of higher investment in infrastructure and artificial intelligence. US equity markets strengthened by around 1.5% over the review period, with gains of 1.6% for NFCs and 0.2% for financial corporations.

Euro area corporate bond spreads remained at compressed levels from a historical perspective and narrowed slightly further over the review period. Spreads in the investment-grade and high-yield segments tightened by 5 and 11 basis points respectively. In the investment-grade segment, NFC bond spreads narrowed by 5 basis points, while financial bond spreads tightened by 7 basis points. In the high-yield segment, spreads tightened by 10 basis points for NFCs and 14 basis points for financial corporations.

In foreign exchange markets, the euro appreciated slightly against the US dollar but weakened slightly 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 40 of the most important trading partners of the euro area –

weakened slightly (-0.4%). The euro appreciated slightly (+0.9%) against the US dollar, temporarily reaching its highest level since mid-2021, on the back of geopolitical tensions and trade uncertainties. Across major and emerging market currencies, the euro depreciated slightly against the Chinese renminbi (-0.6%) and also fell against the pound sterling (-1.5%), amid improved macroeconomic performance in the United Kingdom, and the Swiss franc (-1.6%), reflecting the franc's continued safe-haven status. These moves were partly offset by an appreciation against the Japanese yen (+1.4%) owing to domestic political developments in Japan.

Chart 14

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

(percentage changes)
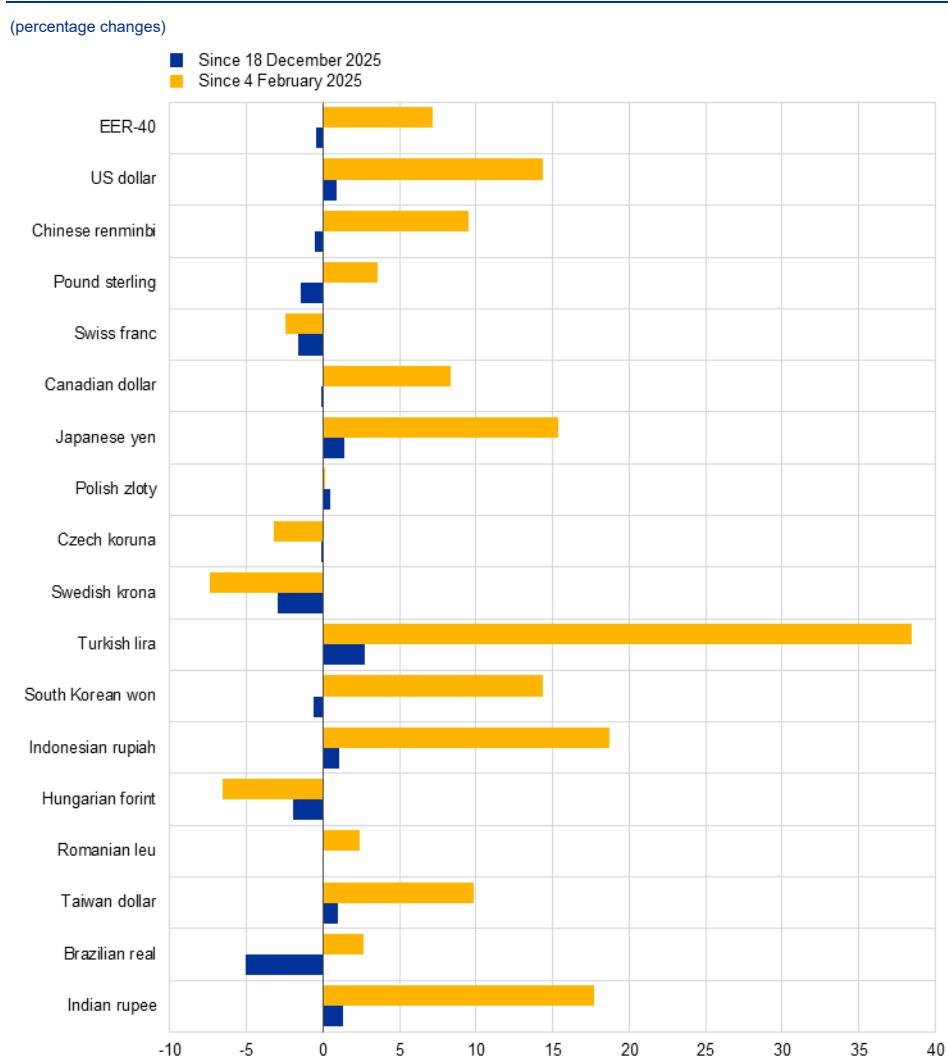
Source: ECB calculations.
Notes: EER-40 is the nominal effective exchange rate of the euro against the currencies of 40 of the most important trading partners of the euro area. A positive (negative) change corresponds to an appreciation (depreciation) of the euro. All changes have been calculated using the foreign exchange rates prevailing on 4 February 2026.

5 Financing conditions and credit developments

Bank lending rates for firms and households have been broadly stable since the summer, against the backdrop of unchanged ECB policy rates. In December 2025 average interest rates on new loans to firms ticked up to 3.6%, while rates on new mortgages held steady at 3.3%. Growth in loans to households continued its upward trend, while growth in loans to firms remained broadly unchanged. Over the review period from 18 December 2025 to 4 February 2026, the cost of market-based debt decreased, while that of equity financing remained virtually unchanged. According to the January 2026 euro area bank lending survey, banks tightened credit standards for loans to firms in the fourth quarter of 2025, while demand for new loans to firms continued to edge up. Credit standards for housing loans eased slightly and those for consumer credit tightened further, while the demand for housing loans continued to increase moderately. Trade tensions and related uncertainty added to tighter credit standards. In the Survey on the Access to Finance of Enterprises for the fourth quarter of 2025, which was conducted between 19 November and 15 December 2025, 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) decreased to 2.8% in December.

Bank funding costs remained broadly stable in December 2025. The composite cost of debt financing for euro area banks stood at 1.5% in December (Chart 15, panel a). According to data available at the beginning of February 2026, bank bond yields – which had edged up in December – declined to slightly below 3%, broadly in line with the wider trend seen since the beginning of 2025 and mirroring developments in longer-term risk-free rates (Chart 15, panel b). Interest rates on overnight deposits and deposits redeemable at notice saw little change in December, as did interbank rates, while rates on time deposits for firms and households increased slightly. The gap between interest rates on time deposits and overnight deposits was broadly unchanged in December for both firms and households. The composite deposit rate remained stable at 0.9%, around 50 basis points below its May 2024 peak.

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Chart 15

Composite bank funding costs in selected euro area countries

a) Banks' composite cost of debt financing

(annual percentages)

- Euro area
- Germany
- France
- Italy
- Spain
- Average euro area bank funding costs
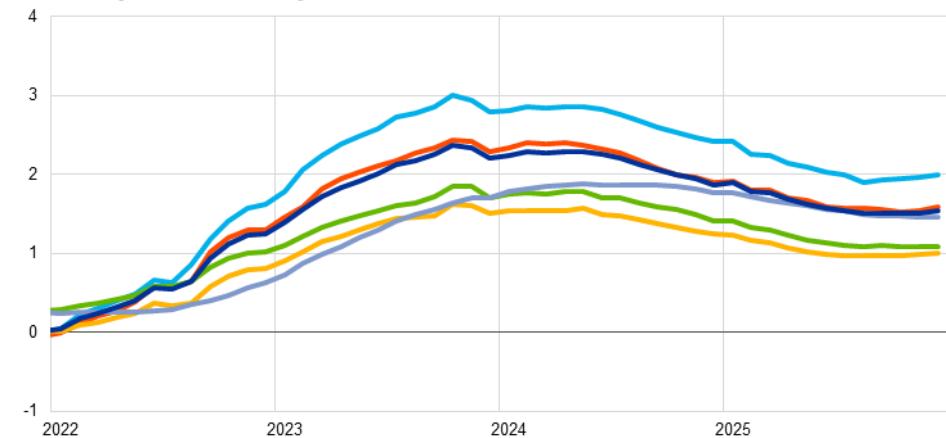
b) Bank bond yields

(annual percentages)

- Euro area
- Germany
- France
- Italy
- Spain
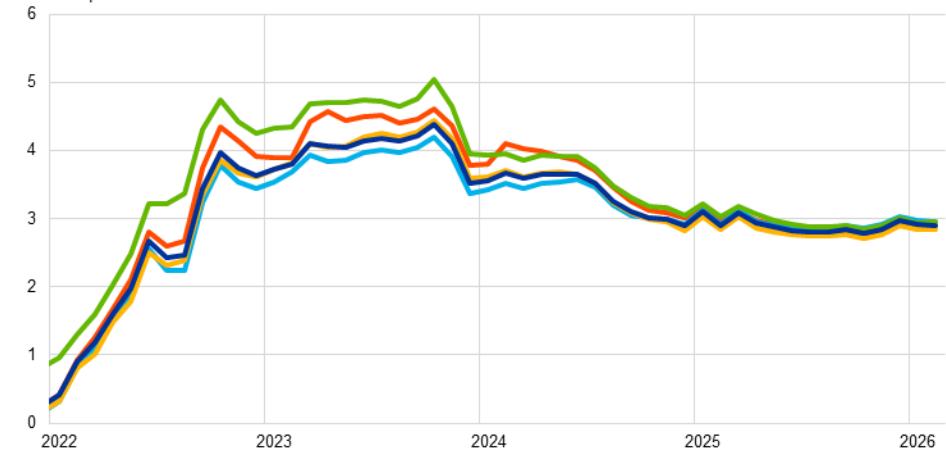
Sources: ECB, S&P Dow Jones Indices LLC and/or its affiliates, and ECB calculations.
Notes: Composite bank funding costs are an average of new business costs for overnight deposits, deposits redeemable at notice, time deposits, bonds and interbank borrowing, weighted by their respective outstanding amounts. 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 December 2025 for the composite cost of debt financing for banks (panel a) and 4 February 2026 for bank bond yields (panel b).

Bank lending rates for firms increased in December, while those for households remained broadly stable. The cost of bank borrowing for non-financial corporations (NFCs) ticked up to 3.6% in December, after 3.5% in November, around 1.7 percentage points down from its October 2023 peak. The increase was widespread across the larger euro area countries (Chart 16, panel a). It is also

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broadly consistent with data from the January 2026 euro area bank lending survey, in which banks reported a tightening of terms and conditions for loans to firms in the fourth quarter of 2025, especially for lending rates. Across fixation periods, the increase in financing costs came from short-term loans (below one year) and long-term loans (over five years). The spread between interest rates on small and large loans to firms narrowed significantly in December. This narrowing was broad-based across the largest euro area countries and was mostly driven by increases in interest rates on large corporate loans. The cost of borrowing for households for house purchase was unchanged at 3.3% in December, around 70 basis points below its November 2023 peak, with some variation across the larger euro area countries (Chart 16, panel b). The gap between lending rates for households and those for firms currently stands at 25 basis points, having narrowed considerably since its peak of 140 basis points in March 2024. The positive gap mainly reflects the fact that loans to households tend to have longer rate fixation periods in many euro area countries. This makes them more sensitive to longer-term market rates, which are higher than the shorter-term market rates that matter most for lending to firms.

Chart 16

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

a) Rates on loans to NFCs

(annual percentages)

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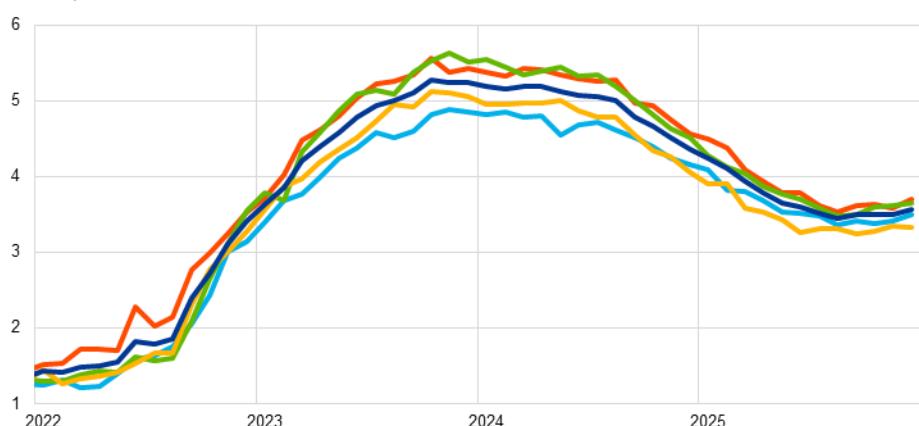
b) Rates on loans to households for house purchase

(annual percentages)

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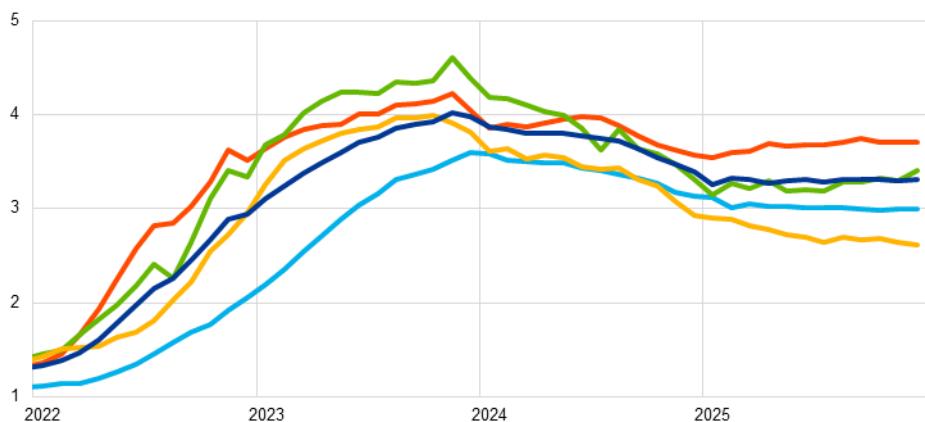
Sources: ECB and ECB calculations.
Notes: Composite bank lending rates are calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes. The latest observations are for December 2025. In panel a), NFCs stands for non-financial corporations.

Over the review period from 18 December 2025 to 4 February 2026, the cost of market-based debt declined while the cost of equity financing remained virtually unchanged, following modest increases in November 2025. The overall cost of financing for NFCs – the composite cost of bank borrowing, market-based debt and equity – was 5.8% in December, the same as in November and up from 5.6% in October (Chart 17).[6] This reflected the higher cost of equity financing and market-based debt as well as an increase in bank borrowing costs. Daily data for the review period from 18 December 2025 to 4 February 2026 show downward movements in the cost of market-based debt, with virtually no change in the cost of equity. The reduction in the cost of market-based debt was driven by the downward shift in risk-free rates and a decline in corporate bond spreads.

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[6] 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 December 2025.

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Chart 17

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

(annual percentages)

- Overall cost of financing
- Cost of equity
- Cost of market-based debt
- Short-term cost of bank borrowing
- Long-term cost of bank borrowing
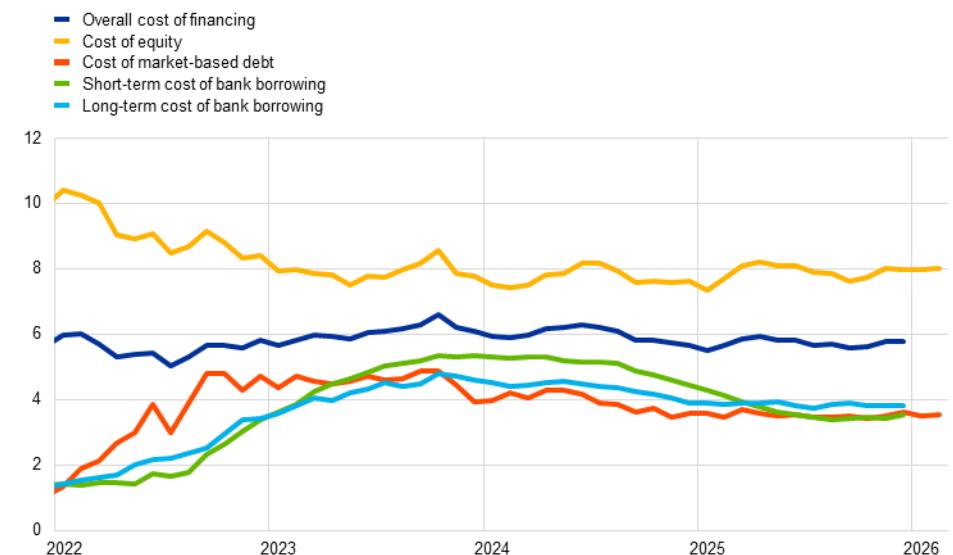
Sources: ECB, Eurostat, Dealogic, Merrill Lynch, Bloomberg Finance L.P., LSEG and ECB calculations.
Notes: The overall cost of financing for non-financial corporations is based on monthly data and is calculated as a weighted average of the long and short-term costs of bank borrowing (monthly average data), market-based debt and equity (end-of-month data), determined by their respective outstanding amounts. The latest observations are for 4 February 2026 for the cost of market-based debt and the cost of equity (daily data) and December 2025 for the overall cost of financing and the cost of borrowing from banks (monthly data).

Growth in loans to households continued its upward trend, while growth in loans to firms remained broadly unchanged in December. The annual growth rate of bank lending to firms saw a marginal decline to 3.0% in December 2025, after 3.1% in November, still well below its historical average of 4.3% (Chart 18, panel a). Annual growth in corporate debt financing remained unchanged at 3.2% in December. Loans to households continued to gradually recover, as the annual growth rate rose to 3.0% in December from 2.9% in November, also remaining well below its historical average of 4.1% (Chart 18, panel b). Loans to households for house purchase increased further, while consumer credit growth weakened. Other forms of lending to households, including loans to sole proprietors, remained subdued. According to the most recent ECB Consumer Expectations Survey, households perceived credit access to be easier in December, and expected this trend to continue over the next 12 months. The still relatively slow growth in loans partly reflects higher uncertainty about global economic policies. This factor was prominent in the first half of 2025 and has become important again in the wake of recent trade policy developments in the United States and elevated geopolitical risks.[7]

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[7]   See "More uncertainty, less lending: how US policy affects firm financing in Europe", *The ECB Blog*, ECB, 2 October 2025.

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Chart 18

MFI loans in selected euro area countries

a) MFI loans to NFCs

(annual percentage changes)

- Euro area
- Germany
- France
- Italy
- Spain
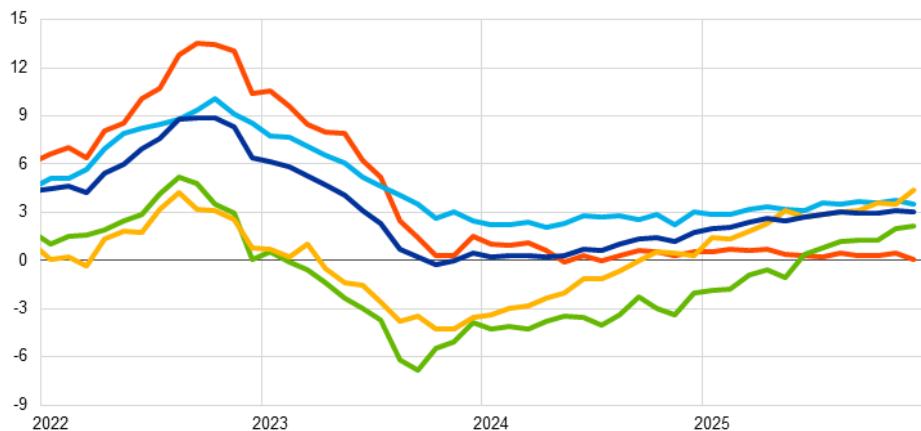
b) MFI loans to households

(annual percentage changes)

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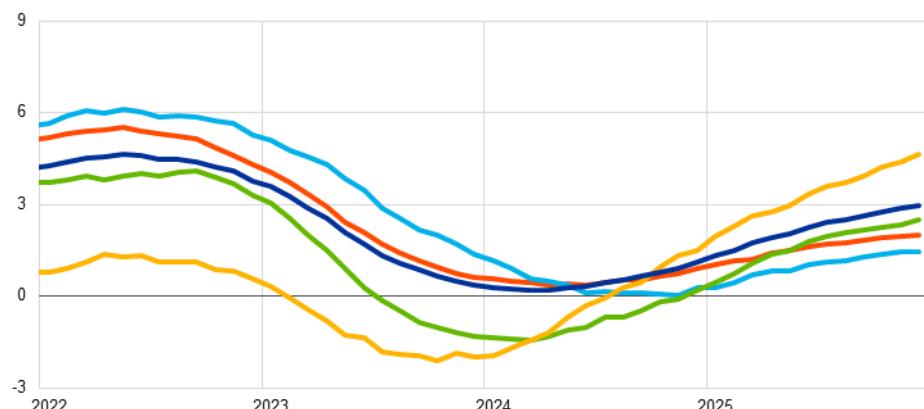
Sources: ECB and ECB calculations.
Notes: Loans from monetary financial institutions (MFIs) are adjusted for loan sales and securitisation; in the case of non-financial corporations (NFCs), loans are also adjusted for notional cash pooling. The latest observations are for December 2025.

The January 2026 euro area bank lending survey **reports a net tightening of credit standards for loans to firms in the fourth quarter of 2025 and a small net easing of credit standards for housing loans (Chart 19).** The unexpected tightening of credit standards for loans or credit lines to euro area firms was mainly driven by higher perceived risks to the economic outlook and lower bank risk tolerance. While the tightening is consistent with a high degree of risk aversion by banks, the survey period ended on 13 January, i.e. before the 17 January announcement of additional US tariffs on imports from selected European countries

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(revoked on 21 January). Credit standards for housing loans eased slightly and those for consumer credit tightened further in the fourth quarter of 2025. For housing loans, competition had an easing impact on credit standards, while risk perceptions had a tightening impact. The lower risk tolerance and higher risk perceptions of banks were the main drivers of the tightening for consumer credit. Banks reported a net increase in the proportion of rejected applications for loans to firms and consumer credit, and an unchanged share for housing loans. For the first quarter of 2026, euro area banks expect credit standards to tighten moderately for loans to firms, to tighten slightly for housing loans and to tighten markedly 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)
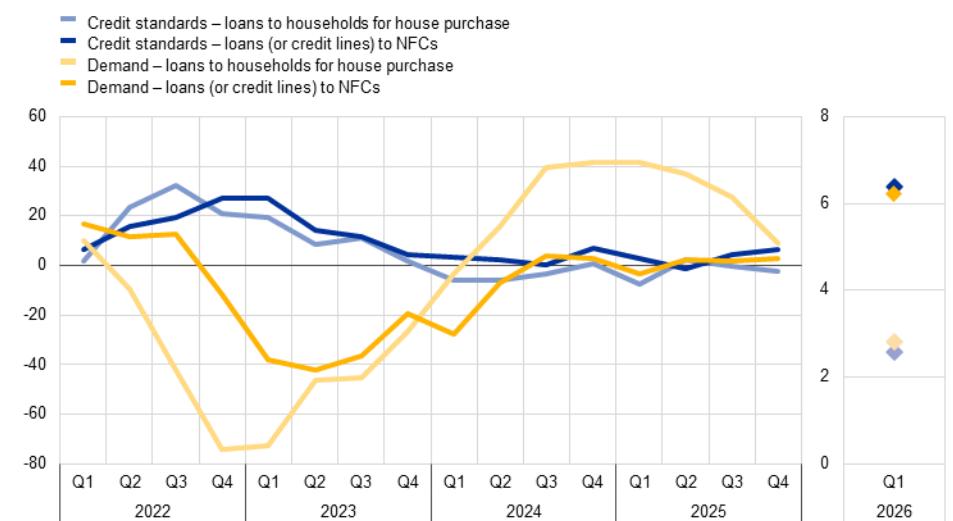
Source: ECB (bank lending survey).
Notes: NFCs stands for non-financial corporations. For survey questions on credit standards, "net percentages" are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages 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 fourth quarter of 2025.

In the survey banks reported that, in the fourth quarter of 2025, the demand for loans to firms increased slightly and housing loan demand grew at a solid yet moderating pace. The increase in demand for loans to firms was similar to that recorded in the previous quarter. It was mainly driven by greater demand for inventories and working capital and increased financing needs for debt refinancing or debt restructuring, while the level of interest rates also supported loan demand. The demand for housing loans increased further, albeit more moderately than in the previous quarter. This primarily reflected improved housing market prospects. The demand for consumer credit decreased slightly in the fourth quarter and was somewhat lower than banks had expected, following broadly unchanged demand in the third quarter. Lower consumer confidence dragged down consumer credit demand, while interest rates had a positive effect on demand. For the fourth quarter

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of 2025, banks expect a further increase in demand for loans to firms and a small increase in the demand for both housing loans and consumer credit.

According to the responses of banks to the ad hoc questions, perceived risks to credit quality continued to weigh on credit standards, while trade tensions and related uncertainty added to tighter credit standards and dampened loan demand. In the fourth quarter of 2025, the ability of banks to access to retail funding and money markets deteriorated slightly, while access eased for debt securities and securitisation. Banks expect access to retail and money market funding and securitisation markets to remain broadly unchanged over the next three months, while they expect access to debt securities funding to improve slightly. Supervisory and regulatory measures contributed to an increase in required capital and holdings of liquid assets of banks. This in turn contributed to a tightening of credit standards across all loan categories, with further net tightening expected for 2026. Banks also reported that non-performing loan ratios and other credit quality indicators had a small net tightening impact on their credit standards for all loan categories in the fourth quarter of 2025. For the first quarter of 2026, euro area banks expect credit quality to have a further small tightening impact on their loans to firms and for consumer credit, while they expect a broadly neutral impact for housing loans. Credit standards tightened in construction, wholesale and retail trade, energy-intensive manufacturing and commercial real estate in the second half of 2025, with the net tightening being strongest in manufacturing of motor vehicles. Loan demand decreased in net terms in non-financial services other than commercial real estate and remained stable or declined slightly in other sectors. For the first half of 2026, banks expect either a further tightening or broadly unchanged credit standards across the main economic sectors, and an increase in loan demand for most sectors with the exceptions of manufacturing of motor vehicles, wholesale and retail trade, and commercial real estate. Based on a new question on the impact of changes in trade policies and related uncertainty, almost half of the surveyed banks assessed their exposure to these changes as "important". Banks reported that the tensions have had a tightening impact on credit standards, mostly through a decrease in risk tolerance, and a dampening impact on demand for loans to firms. They also expect a similar impact for 2026.

In the latest Survey on the Access to Finance of Enterprises (SAFE)**, conducted between 19 November and 15 December 2025, firms reported a tightening in bank lending conditions amid increases in loan interest rates.** In the fourth quarter of 2025 a net 12% of firms reported an increase in bank interest rates, compared with a net 2% in the previous quarter. Large firms and small and medium-sized enterprises (SMEs) reported similar perceptions regarding the increase in interest rates. Firms also indicated a further net tightening of other loan conditions, particularly for other financing costs, such as charges, fees and commissions, and collateral requirements.

Firms reported a modest rise in their needs for bank loans, accompanied by a small perceived decline in availability (Chart 20). In the fourth quarter of 2025, firms indicated slightly higher needs for bank loans (a net 3% compared with 0% in the previous quarter). This increase was driven by large firms, while SMEs reported

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broadly unchanged needs. The net percentage of firms reporting a decline in the availability of bank loans was 2%, compared with 1% in the previous quarter, with this trend observed across both SMEs and large firms. The bank loan financing gap indicator – an index capturing the difference between changes in needs and availability – widened to a net 3% (up from 1% in the previous quarter). Looking ahead, firms expect the availability of external financing to remain broadly unchanged over the next three months, as they did in the previous quarter.

Chart 20

Changes in needs of euro area firms for loans, current and expected bank loan availability and financing gap

(net percentages of respondents)
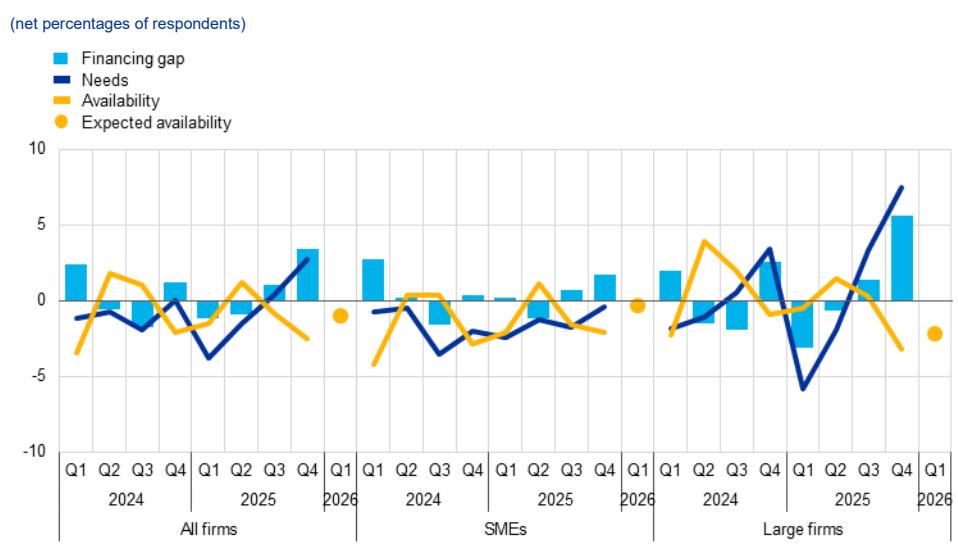
Sources: ECB (SAFE) and ECB calculations.
Notes: SMEs stands for small and medium-sized enterprises. Net percentages are the difference between the percentage of firms reporting an increase in availability of bank loans (or needs and expected availability respectively) and the percentage reporting a 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 rounds 30 to 37 of the SAFE (January-March 2024 to October-December 2025).

The annual growth rate of broad money (M3) slowed in December, remaining well below historical averages (Chart 21). It decreased to 2.8% in December after an uptick to 3.0% in November, reflecting a continuation of the modest pace of M3 growth observed throughout 2025 and remaining well below the long-term average of 6.1%. Annual growth in narrow money (M1), which comprises the most liquid components of M3, decreased to 4.7% in December from 5.0% in November. M1 growth continued to be driven by overnight deposits, reflecting a strong preference for liquid assets among firms and households. From a counterpart perspective, the main contributors to money creation in December were loans to households and firms and, to a lesser extent, net foreign monetary inflows, which have become more volatile recently and appear to have lost strength compared with 2024. Bank purchases of longer-term government bonds, as well as the ongoing reduction of the Eurosystem balance sheet with a passive runoff of the asset purchase programme and pandemic emergency purchase programme portfolio, continued to weigh negatively on M3 growth.

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Chart 21

M3, M1 and overnight deposits

(annual percentage changes, adjusted for seasonal and calendar effects)
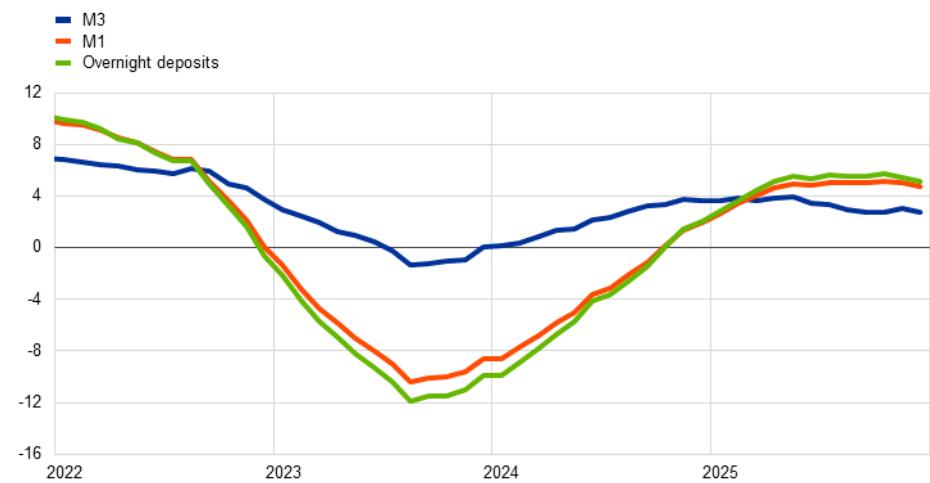
Source: ECB.
Note: The latest observations are for December 2025.

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Boxes

1 Global trade redirection: tracking the role of trade diversion from US tariffs in Chinese export developments

Prepared by Julien Le Roux and Tajda Spital

Global trade flows were reshaped in 2025 following the introduction of new US tariffs. US import growth weakened sharply, reflecting a strong decline in imports from China. Meanwhile, Chinese exports have surprised to the upside overall, with broad-based growth across destinations outside the United States. A key question is whether this resilience reflects trade diversion in response to the US tariffs, i.e. the reallocation of exports originally destined for one market towards alternative markets, or other adjustment mechanisms, such as rerouting through intermediary countries. However, it may still be too early to assess the full extent of tariff-induced trade redirection, as anticipatory behaviour, implementation lags at customs, shipping delays and other factors can all affect how long it takes for tariff changes to be reflected in observed trade flows. This box reviews developments in Chinese exports in 2025 and provides initial empirical evidence on whether US tariffs have triggered trade diversion.

Chinese export performance remained strong in 2025, although with marked divergence across destination markets. The value of Chinese exports grew by 5.5% in 2025, compared with 4.6% in 2024. While exports to the United States declined by 20%, export growth to all other regions remained robust, increasing by 8% for the euro area, 13% for countries in the Association of Southeast Asian Nations (ASEAN), 7% for Latin America, and 26% for Africa (Chart A, panel a). In value terms, China's exports to the United States in 2025 were USD 104 billion lower than in 2024 (Chart A, panel b). This decline was broadly comparable with the increase in exports to ASEAN countries. Exports to the euro area rose more moderately, by about USD 32 billion, while exports to Africa expanded by USD 46 billion, a sizeable increase relative to the region's GDP.

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Chart A

China's nominal exports

a) Annual growth rate

(annual percentage changes; percentage point contributions)

- United States
- Euro area
- Advanced economies (excluding United States and euro area)
- ASEAN and India
- Africa
- Latin America
- Rest of world
- Total exports
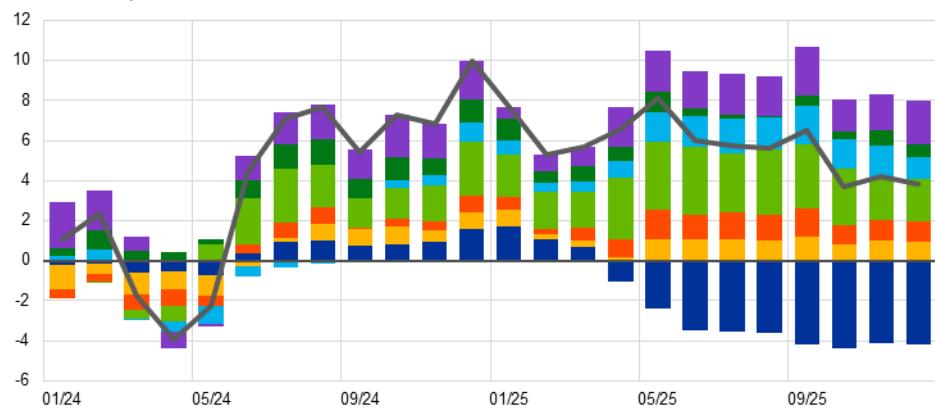
b) 2025 vis-à-vis 2024

(year-on-year changes in USD billions)

- Increase
- Decrease
- Total
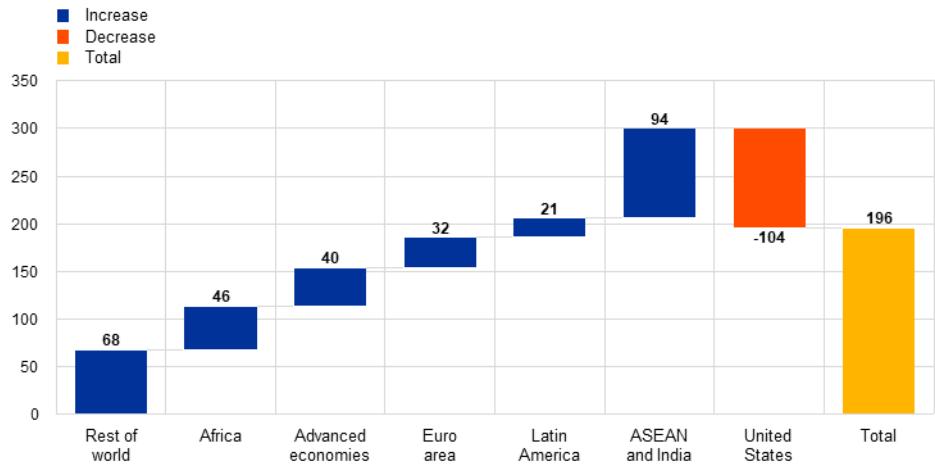
Sources: General Administration of Customs of the People's Republic of China and ECB staff calculations.
Notes: The charts are based on nominal trade data measured in US dollars. The latest observation is for December 2025.

We assess whether US tariffs have led to trade diversion of Chinese exports by capturing variations in tariff exposure across products in a product-level panel model with fixed effects. We carry out a panel regression relating the year-on-year growth rate of Chinese exports at the product level to product-level tariff variation, while controlling for an extensive set of fixed effects that capture product-

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specific and destination-specific trends.[1] The model is estimated using data on global imports of Chinese products over the period January-September 2025.[2]

Although the US tariffs imposed on Chinese goods had a strong negative direct effect on China's exports to the United States, evidence of broad-based trade diversion remains limited. Empirical analyses of the 2025 tariff episode are still scarce, and existing assessments rely on early evidence. Our model estimates suggest that the tariffs reduced US imports from China by around 9% (Chart B, panel a), while the observed year-on-year decline in the trade data reached approximately 17% over the first nine months of 2025.[3] This gap suggests that factors other than tariffs, such as heightened policy uncertainty, frontloading of imports ahead of tariff increases, weaker US demand or the slight appreciation of the renminbi against the US dollar, also contributed to the contraction in Chinese exports to the United States. At the same time, evidence of trade diversion effects to other markets is limited. A statistically significant positive effect is identified only for African and ASEAN countries, while the estimated impact on the euro area is modest and statistically insignificant. Disaggregating by product category, the negative effects of US tariffs are most pronounced for capital goods, followed by consumer goods and intermediate goods (Chart B, panel b). At this more granular level, some evidence of trade diversion emerges, particularly for consumer goods, where higher US tariffs on Chinese products are associated with increased exports to other markets.

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[1] We use product data based on the six-digit level of Harmonized System (HS) codes, and combine it with tariff assumptions at the same level of disaggregation. Products exempted from tariffs are retained in the sample.

[2] We replicate the approach by taken Cigna et al. (2022), which builds on that of Amiti et al. (2019). The equation takes the form: $\Delta ln\ EX_{p,i,t}^{CN} = \beta\Delta tariffs_{p,t}^{CN} + \gamma_{it} + \gamma_{ip} + \gamma_s + \epsilon_{p,i,t}$ where p denotes a product, i the importing country, and t time. The operator Δ denotes 12-month differences to account for seasonality. Accordingly, $\Delta ln\ EX_{p,i,t}^{CN}$ measures annual export growth. The model includes three sets of fixed effects: γ_{it} country-time fixed effects, γ_{ip} country-product fixed effects and γ_s sector fixed effects, which control for aggregate shocks, product-specific trends and global sectoral shocks respectively.

[3] Trade tensions between the United States and China escalated sharply in early 2025. The United States imposed 10% tariff increases on all Chinese goods in February and March, followed by further hikes that culminated in a peak rate of 125% in April. Following bilateral agreements, tariffs were partially rolled back in May and October. The current effective tariff rate on US imports of Chinese goods stands at 34%.

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Chart B

Impact of the 2025 US tariffs on Chinese exports

a) By destination

(percentage deviation between December 2024 and September 2025)
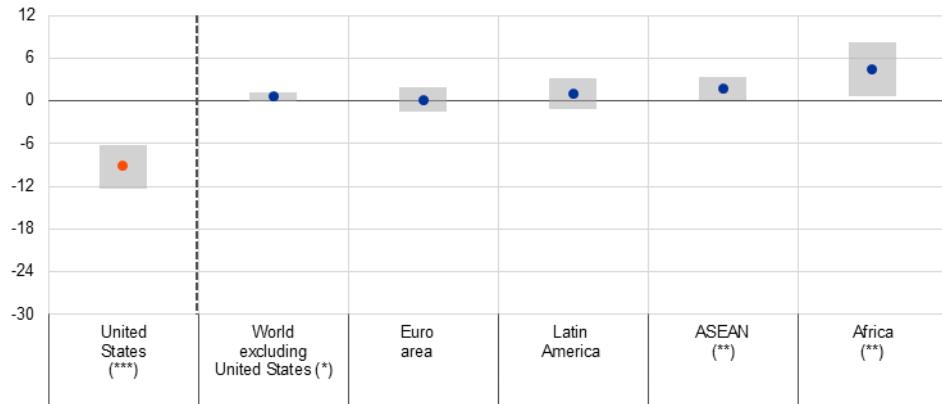
b) By category

(percentage deviation between December 2024 and September 2025)
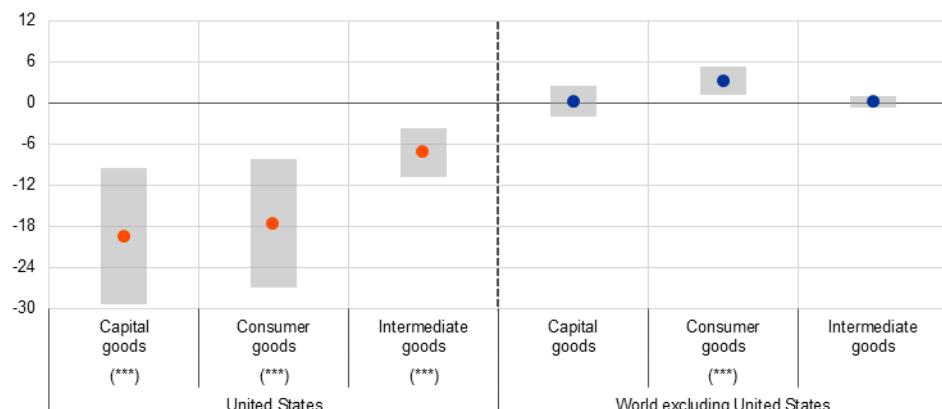
Sources: Trade Data Monitor and ECB staff calculations.
Notes: The charts show the percentage changes of Chinese exports as a result of the 2025 US tariffs. The impact is calculated by applying the average tariff rate increase observed between the end of 2024 and September 2025, expressed in percentage point differences, to the estimated elasticity of exports with respect to tariffs. On average, US tariffs on Chinese exports rose by 37 percentage points over this period. The grey bars represent 95% confidence intervals around the estimated coefficients, while (*), (**) and (***) denote 10%, 5% and 1% significance levels respectively. The sample of estimation includes data on global imports of Chinese goods between January and September 2025. The latest observation is for September 2025.

The limited but significant Chinese trade diversion toward ASEAN countries following tariffs may reflect broader trade rerouting patterns. Trade rerouting occurs when exports are redirected through intermediary countries but ultimately reach the original destination market. Notably, Chinese exports to ASEAN countries have surged, particularly in intermediate goods used for further processing or assembly (Chart C, panel a). This trend aligns with the increase in US imports from ASEAN countries, which is the only region that contributed positively to US import growth in 2025 overall. Sectoral data also indicate a sharp rise in Chinese export volumes to ASEAN countries, accompanied by declining unit values for most sectors – a pattern consistent with a greater integration of lower-value intermediate inputs into regional production chains (Chart C, panel b). Taken together, these developments suggest that ASEAN-centred supply chains played a role in the adjustment, although the evidence remains preliminary.

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Chart C

Chinese export developments, January-November 2024 to January-November 2025

a) By category

(changes in USD billions)

- Consumer goods
- Intermediate goods
- Capital goods
- Other goods

b) By trading partner and sector

(percentage changes)

- Euro area
- United States
- ASEAN
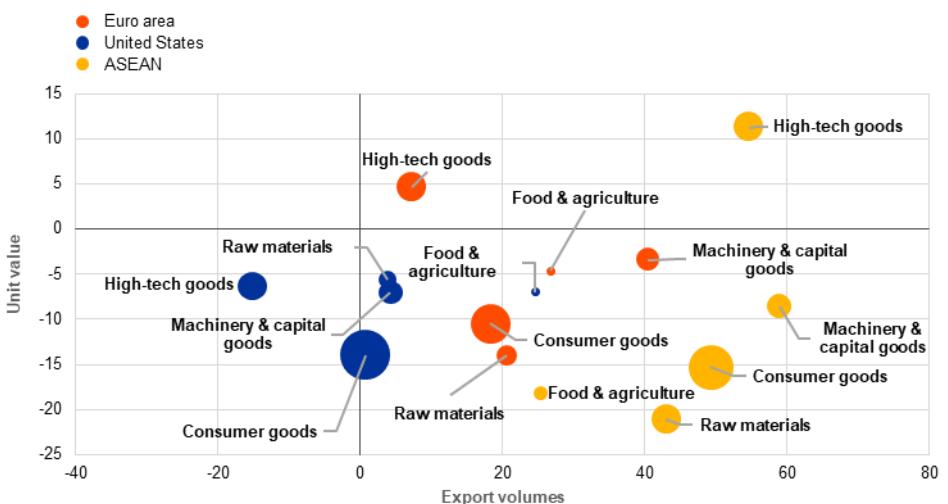
Sources: Trade Data Monitor and ECB staff calculations.
Notes: Panel a) reflects the changes in total Chinese exports during the first 11 months of 2025 compared with the same period in 2024. Panel b) shows the changes in Chinese export volumes and export unit values (in US dollars) during the first 11 months of 2025 for each trading partner and each sector. The size of the bubbles is proportional to the average corresponding trade value during the same months from 2022 to 2024. The high-tech goods list is based on the European Commission's definition. The latest observation is for November 2025.

Overall, trade diversion accounts for only a limited role in recent Chinese export dynamics, with other factors playing a more prominent role. While part of the decline in Chinese exports to the United States can be attributed to the new tariffs, thus far there is little evidence that these measures have led to substantial trade diversion towards other markets. Any tariff-related diversion appears modest and confined to a narrow set of products, indicating limited spillovers from US tariffs to third destinations. Instead, the recent strength of Chinese exports to other markets seems to have been driven by trends that predate the latest tariff measures, as evidenced by broad-based export growth across major regions. Several factors

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underpin these trends. Weak domestic demand has pushed Chinese firms to channel excess capacity abroad, supported by falling export prices, competitiveness gains reinforced by a weak currency, and state-led expansion of manufacturing capacity.[4] Deeper supply chain integration within Asia has also supported exports to regional partners.

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Amiti, M., Redding, S. J. and Weinstein, D. E. (2019), "The Impact of the 2018 Tariffs on Prices and Welfare", *Journal of Economic Perspectives*, Vol. 33, No 4, pp. 187-210.

Cigna, S., Meinen, P., Schulte, P. and Steinhoff, N. (2022), "The impact of US tariffs against China on US imports: Evidence for trade diversion?", *Economic Inquiry*, Vol. 60, No 1, pp. 162-173.

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[4]   For details on recent Chinese export developments, see Al-Haschimi et al. (2025).

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2 Drivers of electricity prices across households and energy-intensive industries and their importance for the EU's decarbonisation objectives

Prepared by Daniela Arlia and John Hutchinson

Electrification is central to the EU's decarbonisation strategy, yet electricity demand has remained broadly stagnant over the past decade, with prices remaining elevated after the 2021-22 energy crisis (Chart A). The European Commission's Clean Industrial Deal, launched in February 2025, aims to increase the share of electricity in the EU's gross final energy consumption from 23% in 2024 to 32% by 2030. Since electricity can be more readily generated from renewable sources compared with other forms of energy, increasing its share in final energy consumption is central to achieving the targets set in the EU's Renewable Energy Directive. However, reaching this consumption target could be challenging, as electricity consumption in the euro area decreased by 6.3% between 2015 and 2023 (Eurostat, 2026).[1] At the same time, electricity prices remain elevated compared with levels before the 2021-22 energy crisis, though there is substantial variation across EU Member States and between households and firms. High electricity prices directly affect households by reducing purchasing power, while also having an impact on the competitiveness of energy-intensive firms. This box examines the composition of energy prices, the factors driving price differences, as well as recent consumption patterns in the five largest euro area countries, focusing on households and energy-intensive industries.

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[1] A McKinsey (2024) report notes that EU electricity demand growth is already being dampened by lower industry demand and the sluggish uptake of key electrification technologies like electric vehicles and heat pumps. Meanwhile, electricity demand from data centres is rising, but it may be tempered by uncertainties related to AI-driven load increases, connection issues to already constrained grids and new regulations. Globally, the International Energy Agency (2024) expects data centre demand to grow strongly. Nevertheless, this is projected to provide only a relatively small contribution to overall electricity demand growth.

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Chart A

Annual electricity prices for households and energy-intensive industries

(EUR/kWh)

a) Households

b) Energy-intensive industries

- Euro area
- Germany
- Spain
- France
- Italy
- Netherlands

Sources: Eurostat and ECB calculations.
Notes: Household electricity prices are calculated across all electricity consumption bands. Energy-intensive industries are categorised following the definition provided by Dechezleprêtre et al. (2025) and then matched with the relative consumption bands following the European Commission (Directorate-General for Energy, European Commission et al., 2025). These include (i) manufacture of wood, (ii) manufacture of paper and pulp, (iii) manufacture of coke and refined petroleum products, (iv) manufacture of chemicals and chemical products, (v) manufacture of rubber and plastic products, (vi) manufacture of other non-metallic mineral products, (vii) manufacture of basic precious and other non-ferrous metals, (viii) extraction of crude petroleum and natural gas, and (ix) mining of metal ores.

Energy and supply costs account for the largest share of the final electricity bill for both households and energy-intensive industries, with taxes and network costs also being significant contributors. Electricity prices for end users can be decomposed into four main components: (i) energy and supply costs, (ii) network costs, (iii) VAT, and (iv) other taxes.[2] The energy and supply cost component includes fuel costs and the cost of allowances under the EU's Emissions Trading System (ETS). In 2024 energy and supply costs accounted for around 50% of the electricity bill for euro area households and 63% for energy-intensive industries. Network costs accounted for 27% of household bills but only 12% for those of energy-intensive industries, as larger industrial consumers – often directly connected to high or very high voltage grids – benefit from reduced network charges. VAT made up around 14% of the electricity bill for both households and firms in 2024, while other country-specific taxes and pricing schemes accounted for roughly 10%, contributing to cross-country variation (Chart B).

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[2]   For further details, see Heussaff et al. (2024) and Kuik et al. (2022).

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Chart B

Decomposition of electricity prices for households and energy-intensive industries

a) Households

(EUR/kWh)
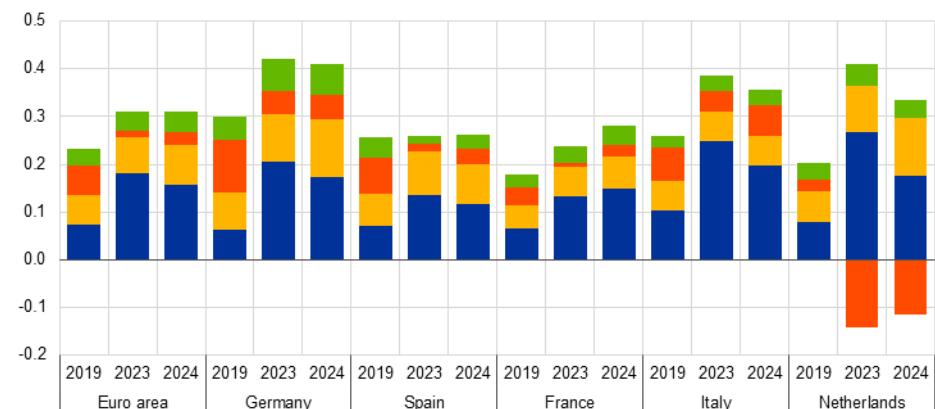
b) Energy-intensive industries

(EUR/kWh)
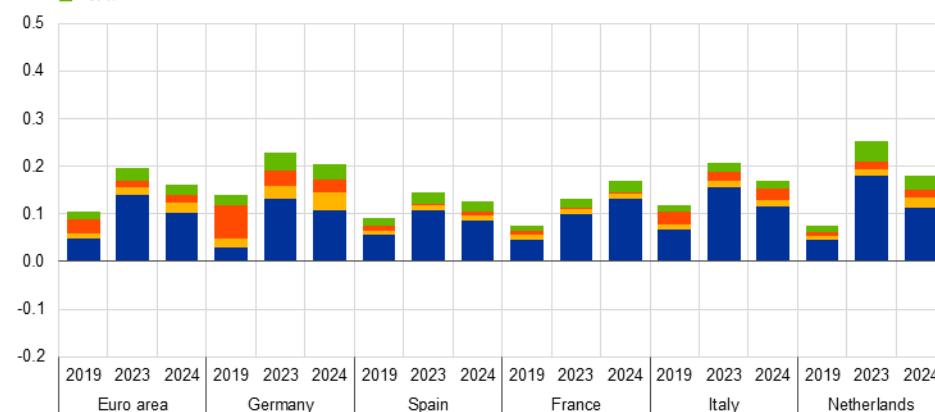
Sources: Eurostat and ECB calculations.
Notes: Taxes include capacity, renewable, environmental, nuclear and all other taxes (i.e. taxes, fees, levies or charges not covered by any of the previous categories). Household electricity prices are calculated across all electricity consumption bands. Energy-intensive industries are categorised following the definition provided by Dechezleprêtre et al. (2025) and then matched with the relative consumption bands following the European Commission (Directorate-General for Energy, European Commission et al., 2025). These include (i) manufacture of wood, (ii) manufacture of paper and pulp, (iii) manufacture of coke and refined petroleum products, (iv) manufacture of chemicals and chemical products, (v) manufacture of rubber and plastic products, (vi) manufacture of other non-metallic mineral products, (vii) manufacture of basic precious and other non-ferrous metals, (viii) extraction of crude petroleum and natural gas, and (ix) mining of metal ores.

Euro area households pay around twice as much for electricity as energy-intensive industries, reflecting higher prices across all components of the electricity bill (Chart B). In France and the Netherlands, households pay approximately 64% and 20% more than energy-intensive industries. This is even more pronounced in Germany, Spain and Italy, where household electricity prices are around 100% higher. Countries that rely on imported fossil fuels for electricity generation tend to face higher electricity prices, since these are typically more

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expensive at the margin than nuclear or renewables. Additionally, differences in national taxes and regulation on network charges also account for considerable cross-country variation in final electricity prices.[3]

Electricity prices have increased more strongly for energy-intensive industries than for households since before the energy crisis (Chart B). Between 2019 and 2024 electricity prices increased by around 53% for energy-intensive industries and by around 33% for households. In both cases, these increases were mostly driven by higher costs of the underlying fuel types. In response to the energy crisis, compensation measures such as energy price caps were introduced to mitigate the effects on retail prices, which broadly benefited both households and firms.[4]

Higher electricity prices have significantly increased total expenditure for both households and energy-intensive industries, despite declining consumption, particularly among energy-intensive industries (Chart C). A decomposition of total electricity expenditure into prices and consumption reveals that the increase in electricity prices has driven the increase in expenditure. Between 2019 and 2023 electricity consumption by energy-intensive industries in the euro area declined by around 14.5%, while household electricity consumption fell by around 1.5%.[5]

Chart C

Total expenditure growth decomposition for households and energy-intensive industries

(percentage change between 2019 and 2023)

a) Households
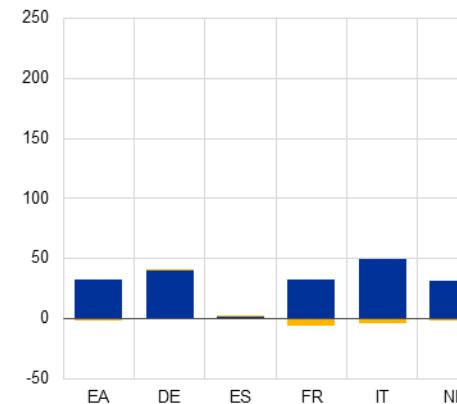
b) Energy-intensive industries
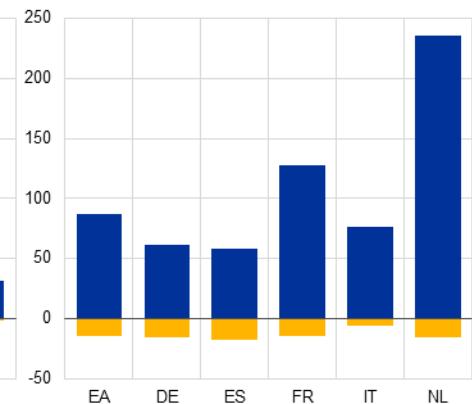
Sources: Eurostat and ECB calculations.
Notes: Household electricity prices and consumption levels are calculated across all electricity consumption bands. Data for consumption are available only up to 2023. Energy-intensive industries are categorised following the definition provided by Dechezleprêtre et al. (2025) and then matched with the relative consumption bands following the European Commission (Directorate-General for Energy, European Commission et al., 2025). These include (i) manufacture of wood, (ii) manufacture of paper and pulp, (iii) manufacture of coke and refined petroleum products, (iv) manufacture of chemicals and chemical products, (v) manufacture of rubber and plastic products, (vi) manufacture of other non-metallic mineral products, (vii) manufacture of basic precious and other non-ferrous metals, (viii) extraction of crude petroleum and natural gas, and (ix) mining of metal ores.

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[3]   For a detailed discussion on electricity price formation in Europe, see De Sanctis et al. (forthcoming).

[4]   For an extensive discussion on fiscal policy measures in response to the energy crisis, see Ferdinandusse et al. (2024).

[5]   Eurostat's data on consumption levels by sector are currently available only up to 2023.

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The impact of ETS costs on electricity prices is less significant in countries with less carbon-intensive electricity generation (Chart D). Carbon intensity has declined markedly as countries have shifted from coal towards cleaner fuel types and, since 2010, towards renewables (European Environment Agency, 2025).[6] France has the lowest greenhouse gas emission intensity of electricity generation, owing to its long-standing reliance on nuclear power. In contrast, countries with a relatively high carbon intensity experience greater cost pressures from the ETS, with its contribution to the price of electricity reaching up to 9%.[7] This share tends to be higher for energy-intensive firms, as energy and supply costs account for a larger proportion of their electricity bill.

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[6] Greenhouse gas emission intensity slightly increased in Germany and Italy between 2020 and 2021, by 10% and 24% respectively, but it has since returned to levels similar to those observed in 2020.

[7] See Kuik et al. (2022) for a discussion of the contribution of gas and ETS prices to electricity prices.

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Chart D

Greenhouse gas emission intensity and ETS costs across countries

a) Greenhouse gas emission intensity over time

(gCO2e/kWh)
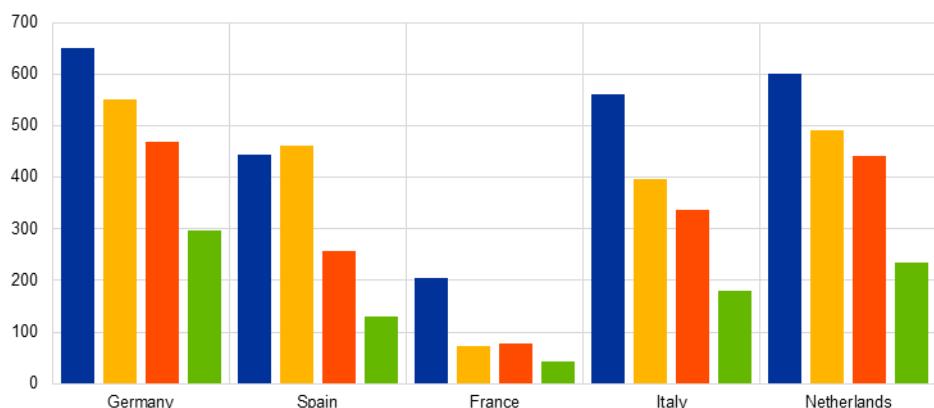
b) Share of ETS costs in overall price of electricity in 2024

(percentage values)
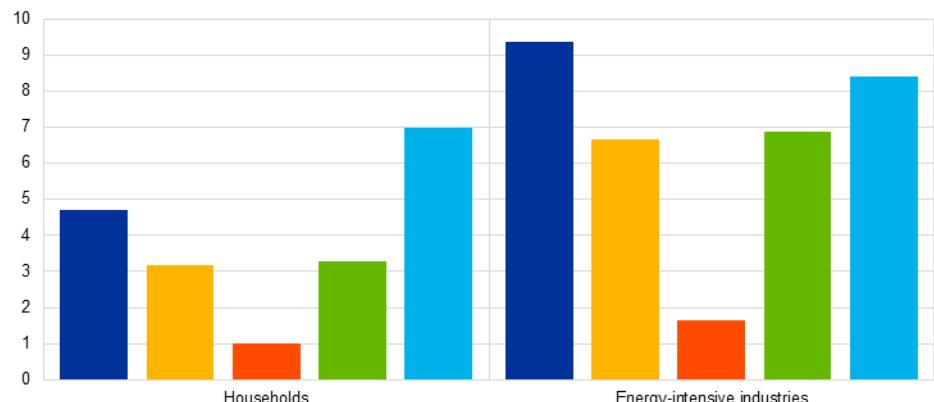
Sources: Eurostat, European Environment Agency and ECB calculations.
Notes: ETS costs across countries have been calculated using ETS prices in 2024 (€65 per tonne of CO2) multiplied by the amount of greenhouse gas emissions per kW of electricity in the same year in each country. These values have been used to calculate the relative share of ETS costs in the overall electricity price for households and energy-intensive industries in each country.

In sum, achieving the EU's decarbonisation objectives depends on meeting its electrification targets, which can be facilitated by lower electricity prices.
Electricity price differences across euro area countries stem from differences in energy mixes, with countries relying more on imported fossil fuels for electricity generation tending to face higher prices.[8] Additional factors contributing to cross-country disparities include limited interconnectivity between markets, national taxes, policy choices and regulation of network costs. While short-term relief measures

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[8]   A recent study by Navia et el. (2025) estimates that electricity prices could fall by an average of 26% by 2030 compared with 2024 prices, provided European countries meet their solar and wind targets.

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such as price caps and tax reductions can ease price pressures, these do not address the underlying drivers of high electricity prices. These measures should be devised so as not to weaken incentives for energy-intensive industries to decarbonise. To this end, the European Commission's Action Plan for Affordable Energy combines immediate relief measures with structural measures to reduce electricity prices. Additionally, the recently announced European Grids Package and the Energy Highways initiative should expand and modernise Europe's energy infrastructure.[9] Ultimately, ensuring affordable, secure and sustainable energy is central to the EU's decarbonisation strategy and its long-term economic resilience (Parker et al., 2026; Lagarde, 2025).

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[9] For a more detailed discussion on short-term measures to reduce electricity prices see Heussaff et al. (2025).

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3 Consumption and saving amid uncertainty: recent insights from the CES

Prepared by Maria Dimou, Maarten Dossche, Teresa Hütten and Georgi Kocharkov

Consumers' perceptions of economic uncertainty play a critical role in shaping their spending and saving behaviour. Beyond its notable impact on aggregate demand, the effect of uncertainty on household decisions varies significantly across individual households.[1] In this context, the ECB Consumer Expectations Survey (CES) offers unique insights by providing timely and granular measures of uncertainty. This box first uses a measure of implied uncertainty based on an existing question in the CES about the probabilistic distribution of the expected income growth of households to assess the evolution of uncertainty over time.[2] It then combines information from a new question in the survey about the degree of perceived predictability of the financial situation of households. The survey also includes a follow-up question about their planned response to such economic uncertainty, making it possible to assess cross-household heterogeneity.[3]

Although conceptually different, the CES and European Commission consumer uncertainty indicators are closely aligned and both suggest that uncertainty is still elevated (Chart A). The implied uncertainty measure derived from the CES is a quantitative indicator that relies on the probabilistic reasoning of respondents. It is defined as the average implied interquartile range across respondents. The European Commission consumer uncertainty indicator is qualitative and captures a subjective perception about predictability. It represents the net percentage of respondents who consider it difficult to predict their own financial situation. These methodological differences notwithstanding, the two measures correlate closely over time and across households. They suggest that uncertainty is currently below its peak in 2022-23 – recorded during the period of exceptional uncertainty following the outbreak of the war in Ukraine and the subsequent surge in energy and food prices – but still higher than the trough seen in mid-2021, when the economy was recovering from the COVID-19 pandemic.

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[1] For instance, liquidity-constrained households display higher sensitivity of consumption to income and uncertainty shocks (Bayer et al., 2019). In addition, survey-based evidence shows that higher perceived uncertainty lowers household spending, especially for households holding risky asset portfolios (Coibion et al., 2024).

[2] Respondents were asked: "Below you see ten possible ways in which your household's total net income could change over the next 12 months. Please distribute 100 points among them, to indicate how likely you think it is that each income change will happen".

[3] The question was asked in the CES in August and November 2025 and mirrors the formulation used in the European Commission's consumer survey within its Business and Consumer Survey (BCS) Programme (see also European Commission, 2021). Respondents were asked: "The future financial position/situation of your household is currently…: easy to predict / moderately easy to predict / moderately difficult to predict / difficult to predict". In a follow-up question, respondents were asked: "Given the current economic uncertainty (i.e. the difficulty of predicting your household's future financial situation), how (if at all) do you plan to adjust your actions or decisions? (Please select all that apply.) I plan to…(1) Reduce usual spending; (2) Delay or cancel major purchases (e.g. home, car, appliances); (3) Increase my savings/emergency fund; (4) Reduce or avoid taking on new debt; (5) Invest more cautiously (e.g. avoiding risky investments); (6) Seek additional income sources (e.g. additional jobs); (7) Make changes to my career or job plans; (8) None of the above".

Chart A

Evolution of survey-based consumer uncertainty measures

(left-hand scale: mean implied interquartile ranges; right-hand scale: aggregate balances)

- Implied uncertainty – CES (left-hand scale)
- Economic Uncertainty Indicator – consumers (right-hand scale)
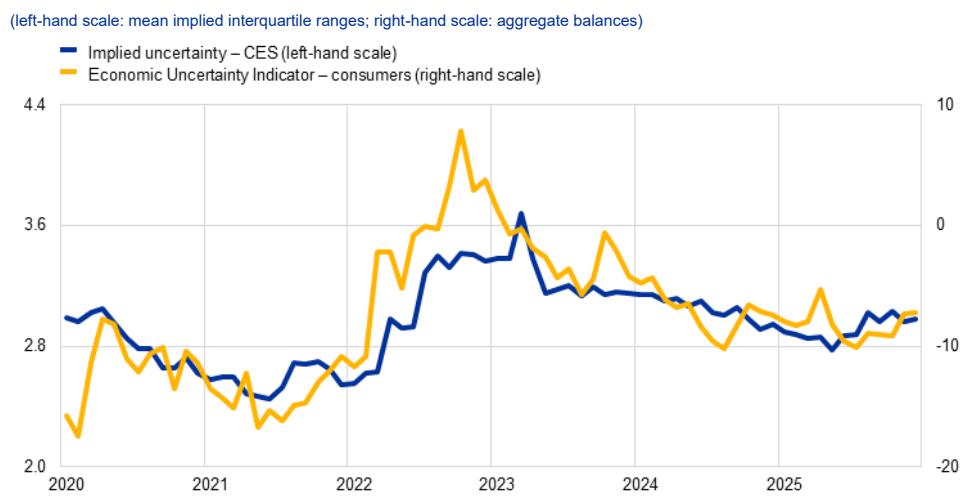
Sources: European Commission, ECB (CES) and ECB calculations.
Notes: The implied uncertainty measure derived from the CES is based on respondent-specific probability distributions derived from the probabilistic bin question on expectations about households' net income developments. Implied income uncertainty is computed as the average interquartile range across respondents in each wave, using survey weights. The latest observations are for December 2025.

Liquidity-constrained and unemployed households find it more difficult to predict their financial situation (Chart B). Most liquidity-constrained households (53%) find it difficult to predict their financial situation, compared with only 24% of unconstrained households.[4] Similarly, 49% of unemployed respondents report such difficulty, while, among the employed, the share of households reporting high and low job-loss probability that find it difficult to predict their financial situation drops to 35% and 25% respectively. This suggests that perceived job security is a key driver of household income risk.[5] These cross-sectional differences are consistent with previous evidence pointing to the fact that households that are more uncertain about their financial situation tend to place greater emphasis on precautionary motives for their savings decisions (Dimou et al., 2026).

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[4]   The survey question, which identifies liquidity constraints, asks respondents whether or not their household would have sufficient funds to cover an unexpected payment equal to their household's monthly income.

[5]   For further empirical evidence on the relationship between labour market performance and income risk over the business cycle in the euro area, see Dossche and Hartwig (2019).

Perceived uncertainty, by household type

(percentages of respondents, weighted)

- Easy to predict own financial situation (lower uncertainty)
- Difficult to predict own financial situation (higher uncertainty)
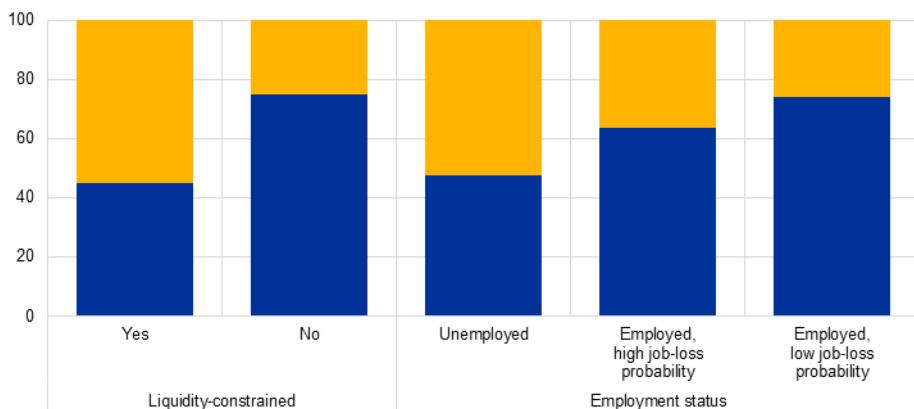
Sources: ECB (CES) and ECB calculations.
Notes: Households are classified as liquidity-constrained if they indicate that they would not have sufficient financial resources to cover an unexpected payment equal to their household's monthly income, if such a need were to arise. Households are classified as reporting a high (low) job-loss probability if the value they report is above (below) the sample median. Data taken from the November 2025 CES.

Households that face higher uncertainty are more likely to plan to reduce their consumption or adjust their labour supply (Chart C). When asked what decisions they would consider changing due to the difficulty in predicting their future financial situation, a larger share of uncertain households than certain ones reported that they plan to reduce spending (53% vs. 42%) or delay major purchases (37% vs. 26%). Additionally, a larger share of uncertain households reported that they plan to adjust their labour supply (35% vs. 22% of certain households), either by seeking additional income sources or by changing their career plans. Differences between the two groups are more muted for plans related directly to savings or to other aspects of saving (reducing or avoiding taking on debt), as well as plans to adjust their risk attitude (through more cautious investments).

Chart C

Planned actions in response to economic uncertainty

(percentages of respondents, weighted)

Uncertain households report lower realised consumption and higher realised savings, in line with precautionary saving theory (Chart D). On average, uncertain households spend around €100 less per month on non-durables and almost another €100 less on durables than certain households, while this is also fully reflected in higher savings. To put this into perspective, a difference of around €100 corresponds to almost 25% of the average monthly savings, and slightly less than 5% of the average total monthly spending, as reported in the CES.

Chart D

Difference-in-means in consumption and savings, by perceived uncertainty

(regression coefficients in EUR of monthly spending/savings)
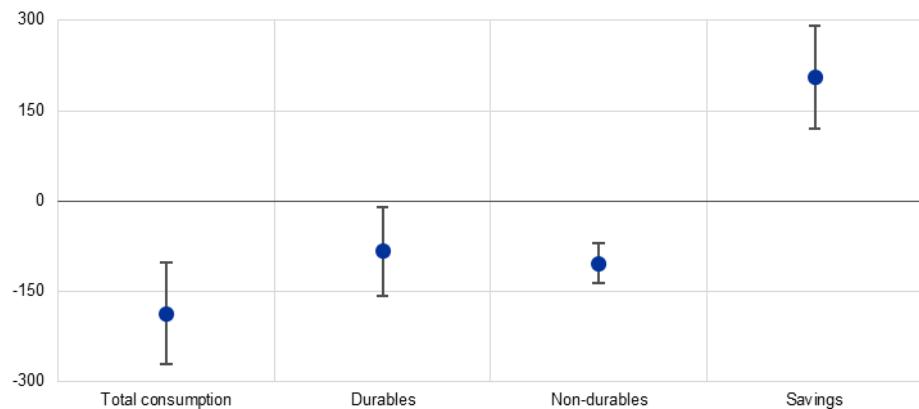
Sources: ECB (CES) and ECB calculations.
Notes: The blue dots represent coefficient estimates from regressions of individual consumption (total, durables, non-durables)/savings on an uncertainty dummy, individual controls and country fixed effects. The whiskers represent 90% confidence bands based on robust standard errors. Data on uncertainty are from the August and November 2025 CES and data on consumption and savings variables are from the July and October 2025 CES.

This box has highlighted the importance of economic uncertainty for understanding current aggregate consumption and saving decisions. Together with recent evidence on the prevalence of precautionary and Ricardian saving motives among euro area households (Dimou et al., 2026), elevated uncertainty remains an important factor underlying the persistently high household saving rate in the euro area.[6]

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[6]   While household-level regressions provide insights into behavioural responses to uncertainty, their aggregate implications depend on the distribution of uncertainty across households and the relative contribution of different income groups to overall consumption and savings. Further analysis indicates that uncertainty significantly affects not only lower-income but also higher-income households, supporting the relevance of the reported coefficients for aggregate dynamics.

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4 The fundamental drivers of recent developments in euro area housing investment

Prepared by Johannes Gareis

Euro area housing investment appears to have bottomed out, but a sustained recovery has yet to emerge. After increasing noticeably from mid-2015 to early 2022 – with a brief interruption during the COVID-19 pandemic-related downturn – housing investment declined relatively steadily from the first quarter of 2022 before reaching a trough in the fourth quarter of 2024 (Chart A). Although it picked up somewhat in early 2025, momentum has remained subdued. Housing investment declined by 0.2% in the third quarter of 2025 compared with the previous quarter, standing around 7% below its peak in the first quarter of 2022. Between the first quarter of 2022 and the third quarter of 2025, developments differed markedly across euro area countries. Among the largest euro area economies, such as Germany and France, housing investment declined substantially, while it increased in Italy and Spain.[1] This box uses a structural empirical model to decompose recent developments in euro area housing investment into their fundamental drivers and discusses the short-term outlook for housing investment growth.[2]

Chart A
Housing investment

(left-hand scale: index: Q4 2019 = 100; right-hand scale: quarterly percentage changes)
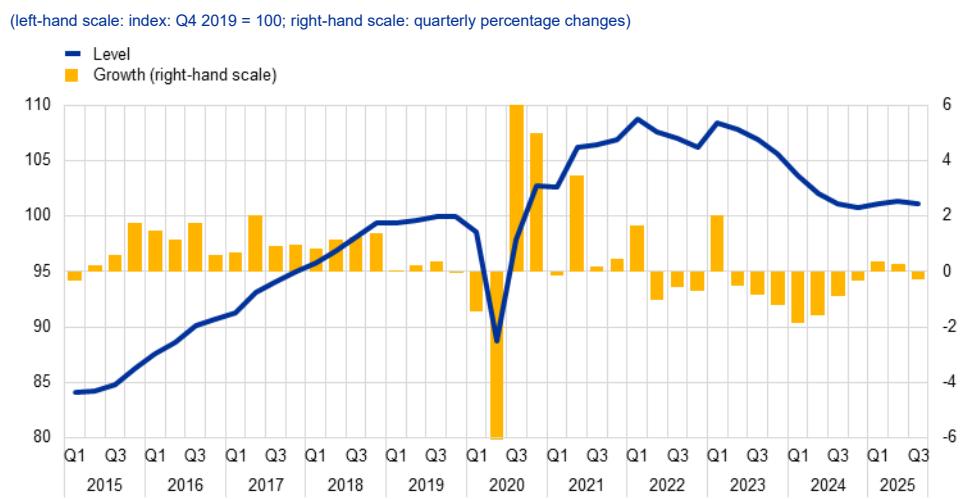
Sources: Eurostat and ECB staff calculations.
Notes: In 2020 euro area housing investment declined by 10.0% between the first and the second quarters, before increasing by 10.3% between the second and the third quarters. The latest observations are for the third quarter of 2025.

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[1] Compared with its level in the first quarter of 2022, housing investment in the third quarter of 2025 was around 18% lower in Germany and 13% lower in France, while it was around 13% higher in Italy and 10% higher in Spain. Developments in Italy were significantly influenced by the extensive temporary fiscal policy measures adopted by the Government. These led to an exceptionally strong increase in housing investment in the first quarter of 2023 (18.4% higher than the previous quarter) and accounted for the temporary rise in housing investment at euro area level. For an earlier discussion of cross-country developments in the context of changes in the user cost of housing, see Battistini and Gareis (2024).

[2] For a model-based decomposition of recent euro area house price dynamics in comparison with earlier historical periods, see Battistini and Gareis (2025).

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An empirical model was used to analyse the fundamental drivers of recent housing investment dynamics at the euro area level. The structural Bayesian vector autoregression model examines housing investment in the context of broader economic activity, prices, house prices and financing conditions, allowing developments in housing investment to be decomposed into a small number of economically meaningful drivers.[3] These drivers include changes in overall demand and supply conditions in the economy, housing-specific demand and supply factors, and shifts in interest rates.[4] Housing-specific demand shocks capture shifts in households' willingness to invest in housing, such as changes in preferences, while housing-specific supply shocks reflect disruptions to construction activity, such as material shortages or increases in construction costs. Interest rate factors summarise changes in financing conditions, reflecting movements in short and long-term interest rates over the monetary policy tightening and easing cycle.

Recent housing investment dynamics have remained subdued so far, owing to weak broader macroeconomic conditions and the lagged effects of past monetary policy tightening, although this has been somewhat offset by improving housing-specific demand. The model suggests that during the pandemic housing investment was boosted by stronger housing demand. This likely reflects shifts in household preferences, including greater demand for larger living spaces owing to the increase in remote working. With the end of the pandemic, this increased demand normalised, leading to negative housing demand shocks that depressed housing investment in 2022 (Chart B).[5] Thereafter, adverse aggregate demand shocks – reflecting the broader slowdown in economic activity amid the energy price shock and heightened uncertainty following Russia's invasion of Ukraine – became more prominent. Meanwhile, negative housing supply shocks, which pushed up construction costs and house prices, further dampened activity. These effects were exacerbated by interest rate shocks, reflecting the lagged impact of the interest rate increases following the 2022-23 monetary policy tightening in response to the surge in inflation. The negative impact of these shocks peaked in the second quarter of 2024. More recently, the drag from interest rates has begun to diminish following the easing of monetary policy. At the same time, aggregate demand shocks have remained persistently negative, potentially reflecting heightened uncertainty related to geopolitical and trade tensions and still subdued consumer confidence, which continue to weigh on broader economic developments. Conversely, housing demand appears to be recovering, as indicated by positive housing demand shocks and the relatively rapid rebound in house prices. This

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[3] Specifically, the model includes real private consumption, the private consumption deflator, real housing investment, nominal house prices, the short-term risk-free interest rate and the long-term interest rate spread. All variables are included in log levels, except for the short-term risk-free interest rate and the long-term interest rate spread, which are measured in levels. The short-term risk-free interest rate refers to the three-month euro interbank offered rate, and the long-term interest rate spread is the difference between the euro area ten-year government bond yield and the short-term risk-free interest rate. The model is estimated using data from the first quarter of 1995 to the third quarter of 2025 and accounts for the pronounced volatility of macroeconomic data in 2020 by applying the pandemic heteroskedasticity adjustment proposed by Lenza and Primiceri (2020).

[4] The drivers of housing investment are identified by imposing sign restrictions on the impulse responses to structural shocks. The identifying restrictions follow standard assumptions commonly used in the literature (see, for instance, Smets and Jarociński, 2008, and Nocera and Roma, 2017).

[5] For evidence on the effects of the pandemic on housing demand, see, for example, Richard (2025).

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rebound started earlier than the rebound for housing investment, with prices having risen robustly since the first quarter of 2024.[6]

Chart B

Model-based drivers of recent housing investment dynamics

(quarterly percentage changes and percentage point contributions)
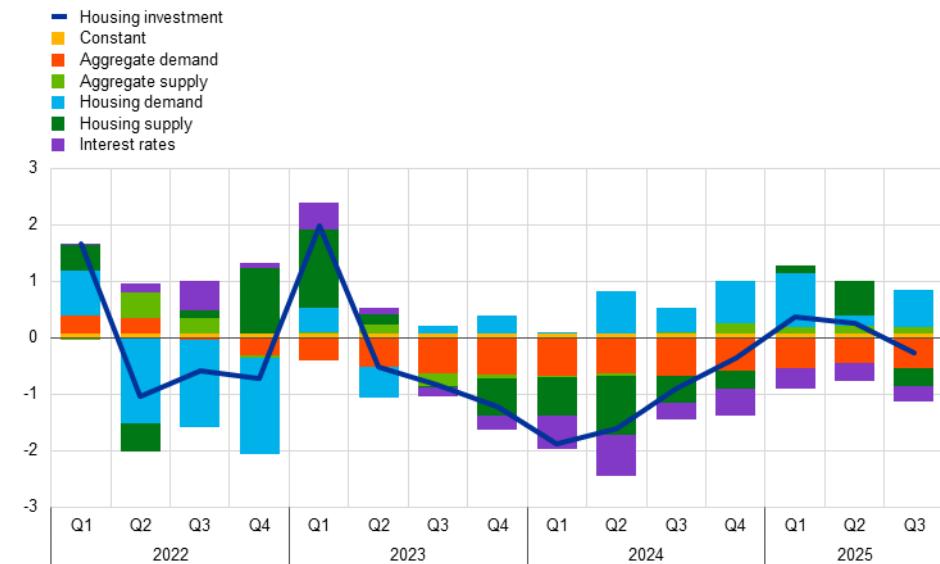
Sources: Eurostat, ECB, and ECB staff calculations.
Notes: The chart shows the contemporaneous and lagged effects of identified structural shocks derived from a structural Bayesian vector autoregression model with sign and zero restrictions on quarterly housing investment growth. The constant represents the estimated trend growth rate of housing investment dynamics.

Looking ahead, the upward momentum in housing investment is expected to become more sustained. Housing investment is likely to grow as housing demand continues to strengthen, broader economic growth improves and the effects of past monetary policy easing feed through. This is consistent with evidence that recoveries in housing demand typically precede adjustments in housing supply, reflecting planning delays and construction lead times. It is also corroborated by the ongoing recovery in housing loans and a rebound in housing transactions.[7] Moreover, consumer sentiment towards housing has been improving for some time, as reflected in the Consumer Expectations Survey (CES). The survey results show that a rising number of households consider housing to be a good investment and indicate an increase in the CES-based Sharpe ratio (Chart C). In addition, according to the European Commission's consumer survey, both households' intention to purchase or build a home and their intention to carry out home improvements have trended upwards following a trough in the fourth quarter of 2022. Together these indicators point to strengthening housing demand, in line with the model-based evidence, and support a more favourable outlook for housing investment.

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[6] For a detailed discussion of recent euro area house price developments, see Höynck et al. (2025).

[7] For evidence that housing demand typically precedes housing supply over the cycle, see, for example, Leamer (2007).

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Chart C

Housing sentiment

(differences in indicators relative to the first quarter of 2022)

- Housing as a good investment indicator
- Housing Sharpe ratio
- Intention to purchase or build a home within the next 12 months
- Intention to carry out home improvements over the next 12 months
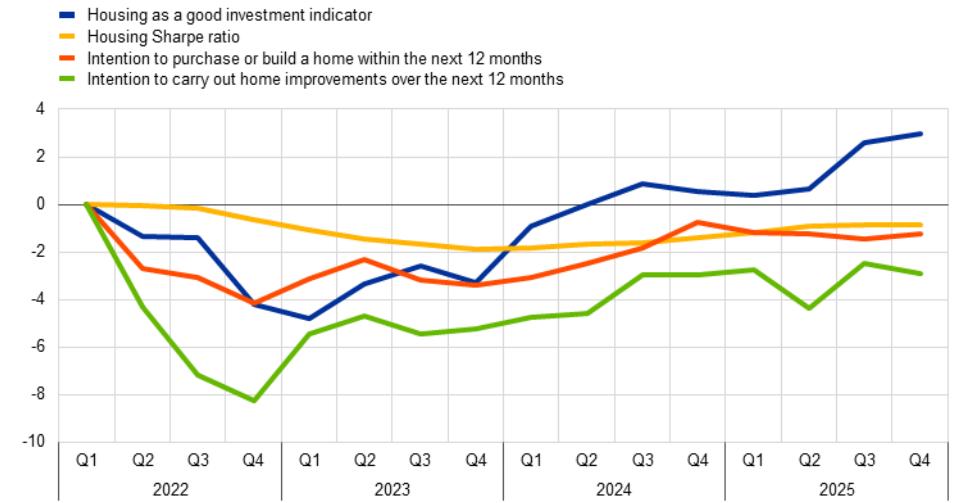
Sources: CES, European Commission, and ECB staff calculations.
Notes: The housing as a good investment indicator measures the share of respondents in the CES who consider buying a property in their neighbourhood at present to be a "good" or "very good" investment. The housing Sharpe ratio is derived from households' house price expectations in the CES combined with a measure of the risk-free interest rate (see Battistini et al., 2025). Short-term intentions to purchase or build a home and to carry out home improvements are taken from the European Commission's consumer surveys and are reported as percentage balances. The CES data represent quarterly averages. The latest observations are for October 2025 for the CES data and the fourth quarter of 2025 for the European Commission data.

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

Prepared by Gabe de Bondt, Richard Morris and Moreno Roma

This box summarises the main findings from recent contacts between ECB staff and representatives of 79 leading non-financial companies operating in the euro area. The exchanges took place between 5 and 14 January 2026.[1]

Contacts reported gradually increasing business momentum and confidence in recent months (Chart A and Chart B). Growth continued to be driven primarily by services activity, whereas reports in relation to industrial activity were mixed. Physical investment was picking up, but high energy, labour and regulatory costs still weighed on manufacturing amid intensifying competition, causing euro area firms to lose market shares in domestic and foreign markets. Varying labour and energy costs also helped to explain intra-euro area growth differentials.

Chart A
Summary of views on activity, employment, prices and costs

(averages of ECB staff scores)

- Current round
- Previous round
- Historical average
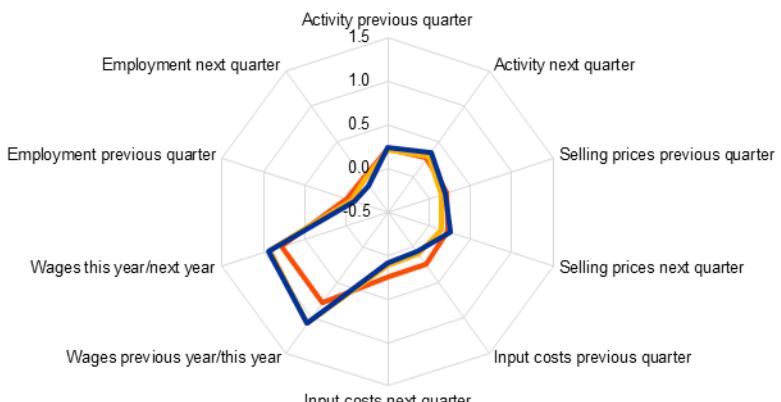
Source: ECB.
Notes: The scores reflect the average of scores given by ECB staff in their assessment of what contacts said about quarter-on-quarter developments in activity (sales, production and orders), input costs (material, energy, transport, etc.) and selling prices, and about year-on-year wage developments. 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 fourth quarter of 2025 and first quarter of 2026 respectively, while for the previous round these refer to the third and fourth 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 on services continued to outpace growth in spending on goods. Retailers reported disappointing spending in late 2025 amid intense price competition and weak consumer confidence. Spending was said to pick up sharply during promotion and discount periods, such as "Black Friday", but

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

otherwise tended to remain subdued. In food retail, traditional supermarkets were recovering some of their market share vis-à-vis discounters, but only by copying their pricing strategies. In clothing retail, spending at outlets was growing robustly in contrast to high street sales which had stagnated. The market for domestic appliances and consumer electronics was described as very tough, with subdued demand and increasing competition. Automotive sales remained relatively flat amid continued regulatory uncertainty. By contrast, consumer services spending continued to grow strongly, with a positive outlook. This applied in particular to tourism, supported by expanding capacity in the leisure industry. Contacts in healthcare and telecommunications also reported good growth in demand, with ageing populations and digitalisation being key drivers.

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.

According to contacts, the investment outlook was gradually improving.
Manufacturers of machinery and equipment pointed to improving order books, especially for projects related to electrification, data centres, energy and defence. Increasing orders for machinery were also linked to construction firms gearing up for the anticipated increase in public infrastructure spending in Germany, albeit this spending would only properly get underway in late 2026 or in 2027. Contacts in or suppliers to the construction sector also pointed to improving order books, albeit with growth in infrastructure and commercial construction more consistently positive than residential construction, where lack of land and labour hindered a stronger recovery. Contacts that provided digital services reported continued strong, and even increasing, growth in demand for cloud services and (other) AI-related investment, as well as in cybersecurity, with a particularly strong increase in demand from the public sector, aerospace and defence, life science, insurance, energy and telecommunications. The focus on AI investment also reflected firms desire to cut costs, which increasingly involved using AI to reduce research and development (R&D) costs.

Global trade was proving resilient to US tariffs so far, but euro area net trade was suffering from trade diversion, clouding the outlook somewhat. According to contacts in the shipping industry, growth in global trade seemed unaffected by the increase in US tariffs, but there had been rapid and significant changes in trade flows. This included strong growth in intra-Asian trade and in imports to the euro area, especially from China, and flat or contracting euro area exports in recent months. Many contacts in the manufacturing sector reported losing market shares to Chinese competitors whether in the euro area, in China or in other markets. This reflected significant losses in the cost competitiveness of euro area firms since the pandemic caused by significant increases in labour, energy and regulatory costs, exacerbated by the appreciation of the euro. A cohesive EU industrial strategy to respond to these challenges was seen as important to regain confidence about the outlook, notwithstanding the forthcoming boost expected to come from fiscal stimulus.

The impact of US tariff increases in 2025 was said by most to have been the same as – or lower than – anticipated. Roughly two-fifths of contacts who considered their firm or sector to be affected by the US tariffs said the impact had been lower than anticipated, less than half that number thought the opposite and roughly the same number said the impact was the same as anticipated (Chart C). Reasons cited for a lower impact included (i) a degree of frontloading and opportunities during 2025 to avoid the US tariffs; (ii) a rapid reorientation of global trade, with the rest of the world becoming more integrated; (iii) significant absorption of the impact by US importers fearful of reactions from the US government; (iv) an offsetting impact from the AI boom; and (v) resilience of US consumer spending driven by higher income households.

Chart C
The impact of US tariffs relative to prior expectations

(percentage of responses)
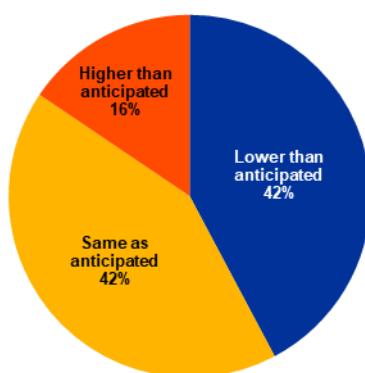
Source: ECB.
Note: This chart summarises the responses of contacts from 45 firms who considered the US tariffs relevant for their firm or sector.

The employment outlook remained lacklustre amid a strong focus on cost-cutting and increasing AI-enabled work process optimisation. Firms in parts of the manufacturing sector, particularly in the chemicals and automotive industries, and mainly in core euro area countries, continued to make sizeable job cuts owing to

sustained weak demand, high costs and intensifying import competition. Companies in these sectors were consolidating production, relocating functions to lower cost regions and restructuring white-collar and R&D roles, drawing on AI tools and automation to reap efficiency gains. By contrast, contacts in consumer services, particularly in hospitality and air travel, reported rising employment tied to growing demand. In most other sectors, contacts reported employment being rather flat, in part because the increasing integration of AI into work processes had enabled businesses to grow without needing more staff. AI was also reshaping and replacing some white-collar roles, resulting in a difficult job market for graduates. Recruitment challenges persisted, however, for many specialised roles, particularly in sectors such as energy, construction, cybersecurity, aerospace and defence. Placement agencies said that temporary placement activity seemed to have reached a trough, but permanent hiring had continued to fall. The consensus outlook for 2026 was for a return to modest staffing growth, but there were no clear indications this had yet begun.

Growth in selling prices had remained moderate, with recent trends broadly expected to persist in the short term (Chart A and Chart D). Price growth continued to be driven by services, including food retail, transport, tourism, hospitality, telecommunications, real estate and AI-related services. Particularly in consumer services, contacts said that their firms could increase prices at quite good rates, still benefiting from customers' willingness to spend, although some anticipated more resistance in the future. Contacts in the non-food retail sector and in manufacturing, by contrast, reported rather stable prices, with many describing prices as "under pressure". In these sectors, upward price and cost pressure from wages and regulation were counterbalanced by downward pressure from increasing import competition. For upstream manufacturers, this typically put downward pressure on both prices and margins, while downstream manufacturers also benefited from lower input prices, neutralising the impact on their margins. In construction, being much less exposed to global competition, contacts reported rising prices linked to increasing labour and construction material costs.

Chart D

Views on developments in and the outlook for prices

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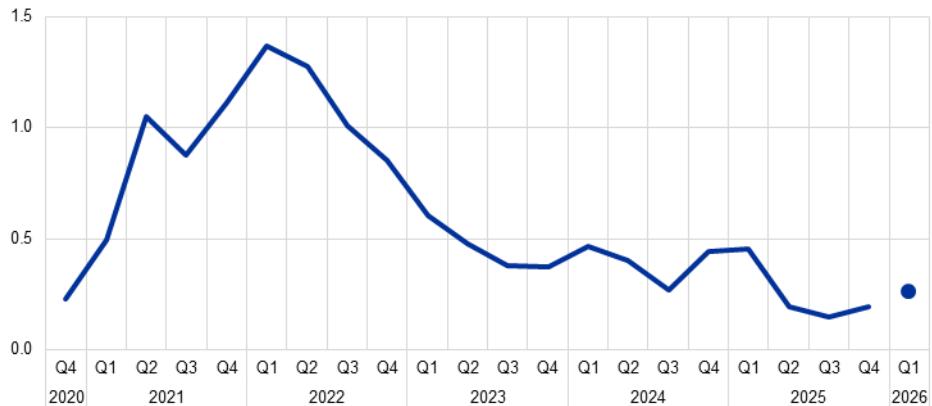
Source: ECB.
Notes: The scores reflect the average of scores given by ECB staff in their assessment of what contacts said about quarter-on-quarter developments in selling prices. Scores range from -2 (significant decrease) to +2 (significant increase). A score of 0 would mean no change. The dot refers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

Contacts continued to anticipate moderating wage growth (Chart E). On average, the quantitative indications provided would imply that wage growth is expected to slow, from 3.2% in 2025 to 2.7% in 2026 (0.1% lower and 0.1% higher, respectively, than in the previous survey round) and to 2.5% in 2027.

Chart E

Quantitative assessment of wage growth

(percentages)
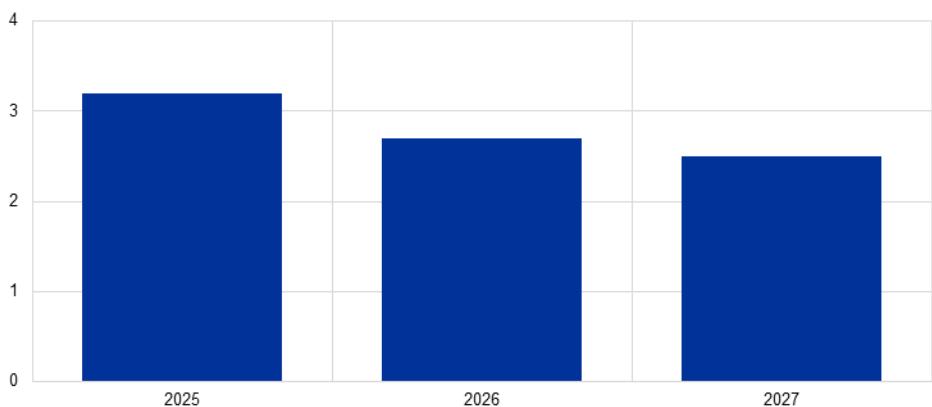
Source: ECB.
Notes: Averages of contacts' perceptions of wage growth in their sector in 2025 and their expectations for 2026 and 2027. The averages for 2025, 2026 and 2027 are based on indications provided by 68, 70 and 33 respondents respectively.

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6   Estimating the time-varying reserve elasticity of money market rates in the euro area

Prepared by Flavia Ungarelli and Thomas Kostka

Understanding the demand for central bank reserves by commercial banks is important for the implementation of monetary policy. If the supply of central bank reserves increases relative to demand, money market rates will decline, up to the point where the most attractive option for banks is to deposit reserves with the central bank. If the demand for central bank reserves increases relative to supply, money market rates will rise, up to the point where the most attractive option for banks to satisfy their demand is to borrow from the central bank. Hence, the relation between central bank reserves and money market rates is non-linear: it is broadly flat around the respective central bank lending and deposit rates when reserves in the system are low or high and it slopes downwards when there are intermediate quantities of reserves. A stylised representation of this pattern is shown in Chart A. For central banks to gauge the elasticity of money market rates to changing central bank liquidity conditions, it is therefore relevant to have reliable estimates of the slope of this relation.

Chart A
Illustrative representation of the demand curve for central bank reserves

(percentages)
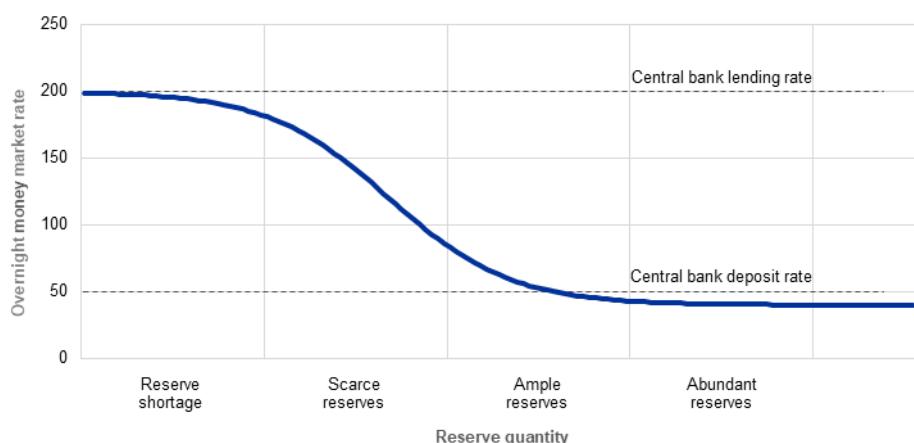
Source: ECB.
Note: For reasons related to the interplay between banks and other financial institutions, money market rates can settle moderately lower than the central bank deposit rate, as has been the case in the euro area over recent years.

This box presents a new method for estimating in real time the time-varying elasticity of euro money market rates to excess liquidity. The method was originally developed by staff at the Federal Reserve Bank of New York (FRBNY) for the unsecured federal funds market.[1] Given the potential divergence between

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[1]   See Afonso et al. (2025). Based on their methodology, frequent updates of the elasticity of the spread between the (unsecured) federal funds rate and the interest rate on excess reserves with respect to changes in the supply of central bank reserves are published on the FRBNY website.

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secured and unsecured segments of the money market, we apply this approach to both the euro short-term rate (€STR) and euro general collateral repo rates. This dual application aims to provide a more comprehensive view of liquidity dynamics and their sensitivity across different market segments, which may respond differently to shifts in central bank liquidity conditions.

Estimating the reserve demand elasticity comes with methodological challenges owing to the endogeneity between the price and volume of liquidity and also to shifts in the demand curve over time. First, the relation between money market rates and liquidity volumes is endogenous because money market rates not only reflect exogenous shifts in liquidity demand and supply but these also influence the liquidity uptake by banks in their own right. Moreover, confounding factors – such as changes in government deposits – can simultaneously affect liquidity supply and broader money market conditions. Second, the demand curve itself is subject to both horizontal and vertical shifts over time, which may occur, for instance, on account of changes in banks' structural liquidity needs or evolving market structures. For example, during the euro area sovereign debt crisis, the demand curve appears to have shifted horizontally (to the right) (Chart B, panel a) as banks increased their precautionary reserve demand amid heightened uncertainty and regulatory changes following the global financial crisis. More recently, a vertical (downward) shift in the demand curve seems to have taken place (Chart B, panel b). The shift likely reflects that the reduction in excess liquidity in 2022 owed largely to the repayment of targeted longer-term refinancing operations and had no bearing on the volume of non-bank deposits placed with banks, while the latter has been the main driver of recent movements in the spread between the €STR and the deposit facility rate, according to ECB staff analysis.

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Chart B

Shifts in the reserve demand curve

a) Horizontal shift around August 2011

(percentages)
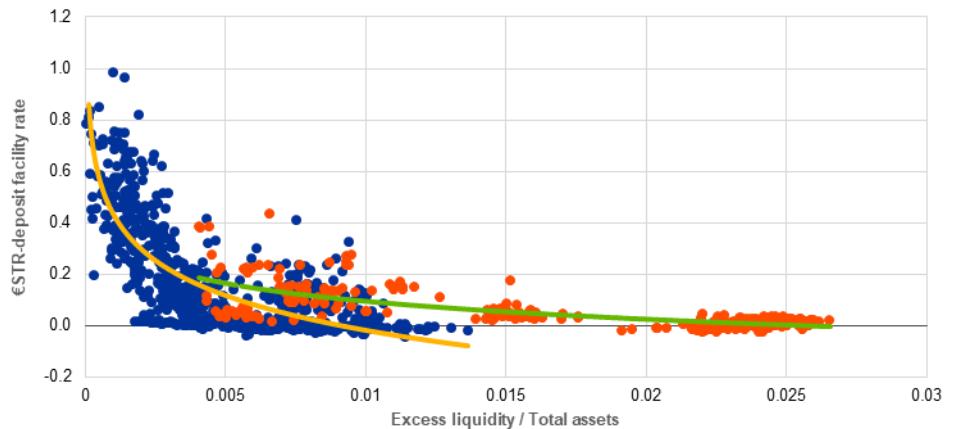
b) Vertical shift around August 2022

(percentages)
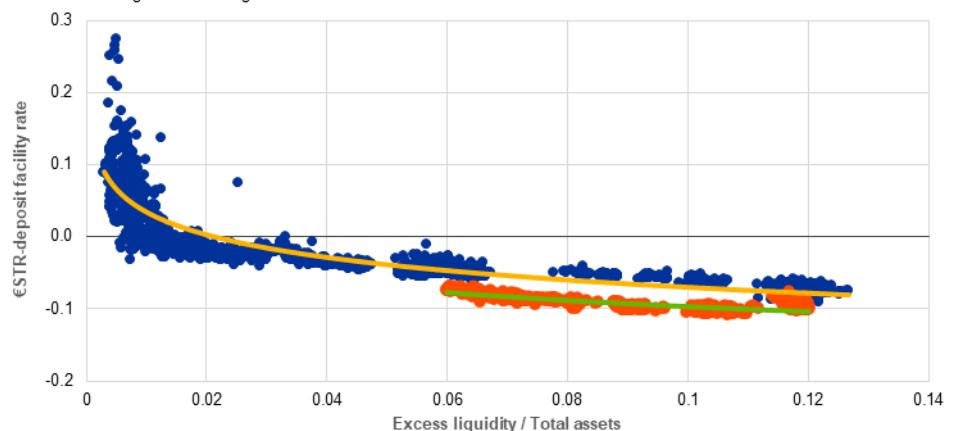
Sources: ECB and ECB staff calculations.
Notes: The chart shows scatter plots of the spread between the €STR and the deposit facility rate, and excess liquidity normalised by total banking sector assets. Panel a) shows the sample from October 2008 to December 2012 (split in August 2011). Panel b) shows the sample from January 2013 to October 2025 (split in July 2022). A logarithmic function is estimated for each subsample to highlight a structural shift in the curve occurring around the respective period.

The methodology developed by Afonso et al. (2025) offers a robust solution to these challenges and provides a reliable tool for tracking the reserve demand elasticity in real time. Rather than seeking to estimate the full shape of the historical demand curve, the approach simply estimates its local slope on any given day. This makes the estimation invariant to whether changes in the elasticity arise from movements along the curve or from (horizontal or vertical) shifts in its position. Additionally, the approach addresses the endogeneity challenges by employing lagged forecast errors as instruments for excess liquidity.

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Currently, there is no statistically significant evidence of heightened rate sensitivity to liquidity conditions in the euro area. Chart C, panel a shows the estimated reserve demand elasticity of the spread between the €STR and the deposit facility rate. The chart tracks the basis-point impact of a one percentage point exogenous change in reserves on money market rates. Three observations stand out. First, after liquidity operations were first conducted on a fixed rate full allotment basis in autumn 2008, within approximately one year unsecured market rates had stabilised and stopped reacting strongly to fluctuations in liquidity supply. Second, the elasticity temporarily became significantly negative during two distinct episodes: in 2013/14, when longer-term refinancing operations matured and liquidity levels declined sharply, and, to a lesser extent, at the onset of the COVID-19 pandemic, when heightened risk aversion exacerbated pre-existing trends toward gradually waning excess liquidity. Third, in all other periods – particularly during the ECB's asset purchase programmes – liquidity conditions remained abundant, rendering money market rates largely insensitive. This constellation also seems to apply in the current situation.

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Chart C

Time-varying estimates of the liquidity demand elasticity of euro money market rates

a) Spread between the €STR and the deposit facility rate

(left-hand scale: basis points/percentage points; right-hand scale: percentages)
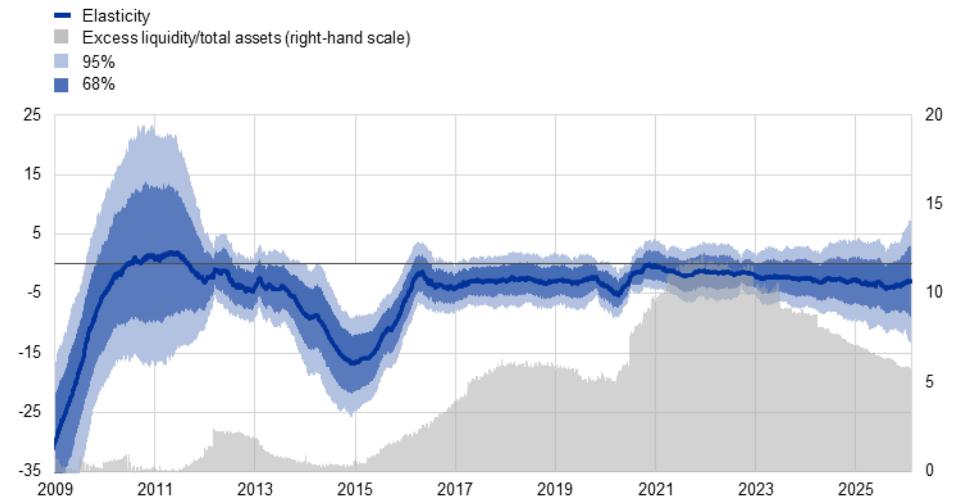
b) Spread between the general collateral repo rate and the deposit facility rate

(left-hand scale: basis points/percentage points; right-hand scale: percentages)
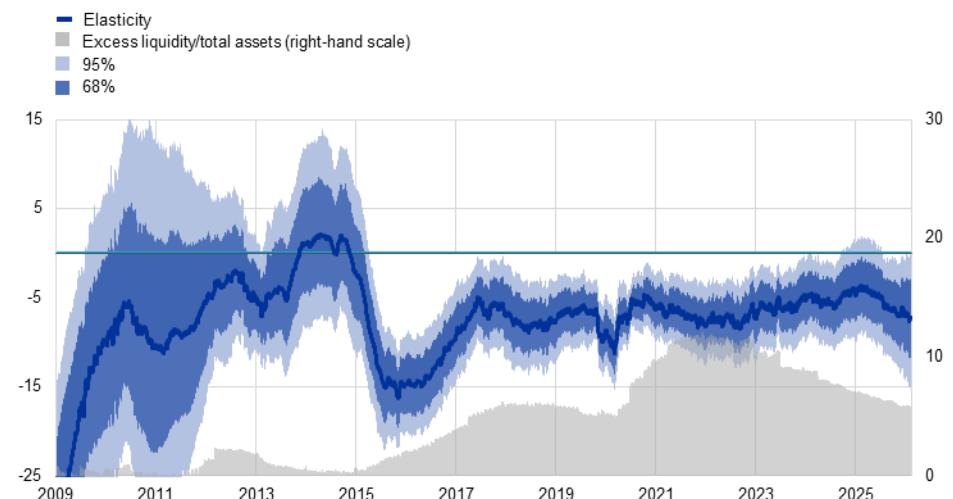
Sources: ECB and ECB staff calculations.
Notes: The elasticity of the €STR to changes in excess liquidity is estimated using a time-varying parameter Bayesian vector autoregression with three variables: excess liquidity, expressed as a share of total banking sector assets, the spread between the EURIBOR and the overnight index swap (OIS) rate and the respective spread between the €STR (panel a) and the general collateral repo rate (panel b) vis-à-vis the deposit facility rate, normalised by the spread between the rate on main refinancing operations and the deposit facility rate. Before 2019 the EONIA minus a spread of 8.5 basis points is used in place of the €STR. The light and dark blue bands represent the 68% and 95% confidence bands of the estimates.

The elasticity of repo rates to liquidity appears to be reacting more strongly than in unsecured rates recently, mirroring global trends. In contrast to unsecured rates, repo rates remained mildly sensitive to liquidity supply fluctuations throughout the period of balance sheet expansion (Chart C, panel b). In fact, repo rate sensitivity strengthened during periods of liquidity growth (e.g. in 2021 and early 2022) and weakened during times of balance sheet reductions (e.g. in 2018/19 and late 2022). In contrast to the traditional relation depicted in Chart A, this pattern suggests the presence of a collateral scarcity channel, where Eurosystem asset

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purchases constrain collateral availability in repo markets. As collateral becomes scarce, repo rates are subject to more – rather than less – downward pressure relative to the deposit facility rate when excess liquidity expands further.[2] Conversely, when collateral supply increases, the scarcity premium diminishes, reducing repo rate sensitivity, all else being equal.[3] Since early 2023 repo rate sensitivity has been rising again in line with the traditional patterns, and secured rates have become mildly more sensitive than unsecured rates.

These findings contrast with recent money market developments in other regions. While euro secured and unsecured rates have exhibited limited reactivity to changes in the supply of excess liquidity up to now, more notable upward moves in secured money market rates were recently recorded in the United States and the United Kingdom. Central bank officials from the two jurisdictions explicitly linked these market moves to a diminishing supply of reserves.[4] To calm market conditions, the Federal Open Market Committee (FOMC) decided to conclude the reduction of sovereign bond holdings. The Bank of England anticipates a greater reliance by banks on its repo facilities. These developments underscore the usefulness of tools to detect changes in the liquidity environment at an early stage.

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[2] Quarter-end and year-end effects are extreme examples of such a collateral scarcity premium.
[3] The notion of a waning collateral scarcity channel is consistent with the interpretation of increases in repo rates offered by Hartung et al., 2025.

[4] In the United States, reserve levels are said to be "approaching ample" (see minutes of the 28/29 October 2025 FOMC meeting); in the United Kingdom, reserves are projected to reach the upper range of the "Preferred Minimum Range of Reserves" towards the end of 2026 (see Saporta, 2025).

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Article

1 Overcoming structural barriers to the green transition

Prepared by Miles Parker and Susana Parraga Rodriguez

The impact of climate change is becoming increasingly evident in Europe, underlining the imperative to reach net zero carbon emissions. Global temperatures are continuing to rise, with 2024 being the first year in which global temperatures exceeded 1.5°C above pre-industrial levels (World Meteorological Organization, 2025). Since 1980, the four worst years for physical damage (in real terms) caused by extreme weather and climate events in Europe were 2021, 2022, 2023 and 2024 (European Environment Agency, 2025). These events have also had an impact on inflation, notably food prices. For example, following severe droughts in Spain and Italy, olive oil prices were 50% higher in January 2024 than a year before (Kotz et al., 2025).

While significant progress has been made, further efforts are needed to meet the EU's commitment to reach net zero by 2050. Between 1990 and 2024, EU carbon emissions fell by 37% (Chart 1, panel a). According to the European Environment Agency, current policies would suggest a reduction of 47% relative to 1990 by 2030. The inclusion of additional policies and measures planned by Member States is likely to bring emissions down to close to the intermediate target of a 55% reduction. However, further action is required to meet the commitment to reach net zero by 2050 (Aguilar Garcia et al., 2025). Particular efforts will need to be made in the domestic transport and energy supply sectors, as these together account for more than half of total emissions (Chart 1, panel b).

Chart 1

Developments in EU carbon emissions

a) Net total carbon emissions

(MtCO2e)

- Net GHG emissions
- Projections "with existing measures"
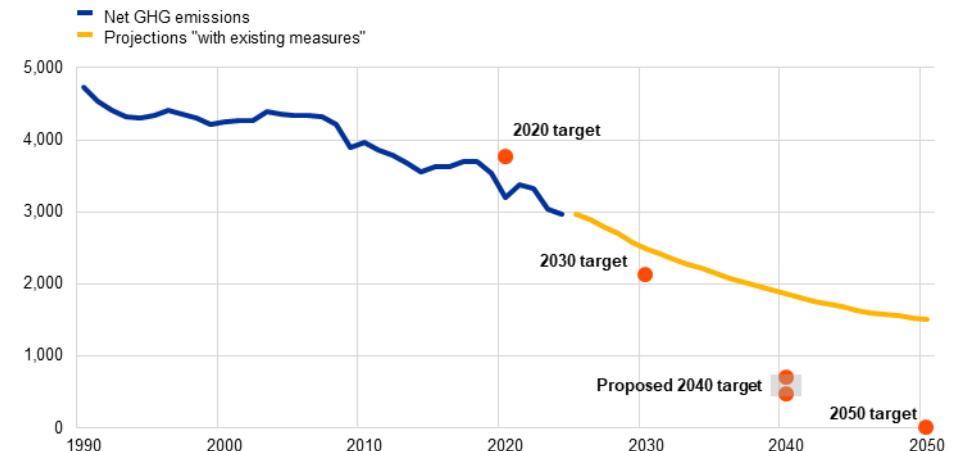
b) Gross 2023 EU emissions by sector
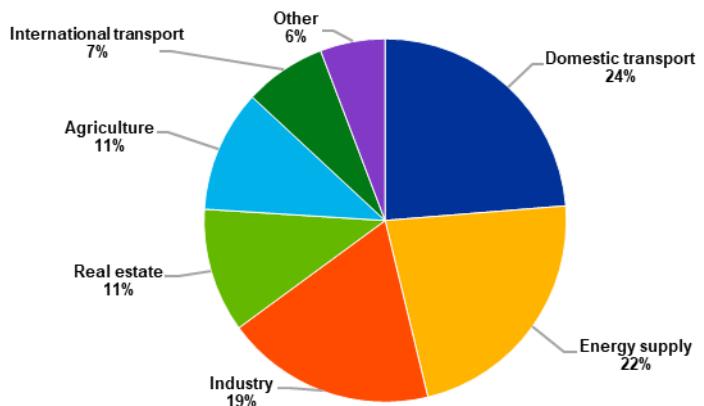
Source: European Environment Agency.
Notes: The latest observations for net total carbon emissions is for 2024. Net carbon emissions refer to greenhouse gas (GHG) emissions expressed in million tonnes of carbon dioxide equivalent (MtCO2e) net of carbon sink from land use, land use change and the forestry sector (LULUCF). Data include international aviation and maritime transport covered by EU climate legislation. Forward path for emissions calculated by the European Environment Agency based on Member States' 2025 GHG emission projections. Negative contributions from LULUCF are not included in gross emissions by sector, but they offset around 6% of total gross emissions in 2023.

This article examines the multiple barriers obstructing the processes of innovation, technological adoption and diffusion that are vital for the green transition in Europe. The transition involves replacing capital and economic processes that rely on carbon with carbon-free equivalents. This requires the development of new technologies and their widespread uptake, which in turn requires the reallocation of capital and workers within businesses, between businesses in the same sector and across sectors. Recent ECB analysis estimates that, to effectively achieve the green transition, Europe will need to mobilise substantial additional investments in the range of 2.7% to 3.7% of EU GDP each year until 2030 (Nerlich et al., 2025).

Several interrelated market failures and structural barriers are hampering the transition, calling for enhanced policy intervention. These include market

failures such as negative environmental externalities, imperfect competition and knowledge spillovers, as well as complex, fragmented and uncertain regulation, insufficient infrastructure and know-how to adapt production processes, underinvestment in research and development (R&D), financing constraints, and underdeveloped capital risk markets. Carbon taxation is widely viewed as the best instrument to internalise environmental costs, but it cannot overcome all the barriers to the green transition on its own (Acemoglu et al., 2012; Aghion et al., 2019). Carbon pricing will need to be complemented by large-scale investment, targeted subsidies for green R&D and comprehensive structural policies (Andersson et al., 2025; Nerlich et al., 2025; Benatti et al., 2024).

Addressing these structural barriers is likely to bring broader economic benefits, since many of them also affect innovation and the diffusion of technologies unrelated to the green transition. As noted in the Draghi report (Draghi, 2024), these structural weaknesses weigh on the EU's competitiveness and on its capacity to innovate in new technologies. Moreover, as ECB President Christine Lagarde recently noted, renewables are the clearest path to minimise the trade-offs of Europe's energy policy goals of security, sustainability and affordability (Lagarde, 2025).

1 State of play for green technologies and innovation in the EU

Green innovation in the EU remains broadly comparable to other advanced economies, but the rapid catch-up by China has reshaped the global landscape. Between 2017 and 2021, the EU accounted for around one-fifth of global development of clean and sustainable technologies – similar to the United States and Japan – while China had overtaken other major regions by 2021 (see, for example, Nerlich et al., 2025). Based on European Patent Office data on international patent families, low-carbon energy technologies, including renewable generation and storage, remain the leading clean technology sectors. Innovation activity to reduce environmental impacts varies markedly by country (Chart 2).

Chart 2

Eco-innovation index
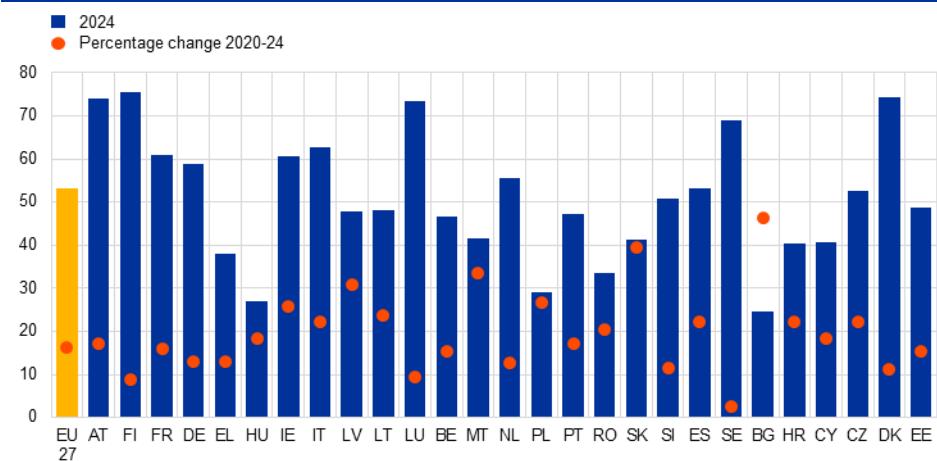
Sources: European Investment Bank (EIB) Investment Survey (EIB, 2024) and European Commission (Single Market and Competitiveness Scoreboard – Green transition).
Notes: The eco-innovation index captures innovation activities that reduce environmental impacts, resource use or emissions. The annual index ranges from 0 to 100.

Technological advances, rising demand and supportive policies have improved the cost competitiveness of renewable energy worldwide. Between 2010 and 2024, the average global cost of electricity production declined by 62% for offshore wind, 70% for onshore wind and 90% for solar photovoltaic (PV) generation (International Renewable Energy Agency (IRENA), 2025). In 2024, 91% of newly commissioned renewable capacity was cheaper than the cheapest available fossil fuel alternative. Solar PV was, on average, 41% cheaper than the cheapest fossil fuel alternative and onshore wind 53% cheaper. While the cost of renewables has fallen by similar margins in major European markets, the overall cost still remains markedly higher than in China (Chart 3), which installed more new renewable energy capacity in 2024 than the rest of the world combined.

Chart 3

Plummeting costs of renewable sources of electricity

(2024 USD/kWh, levelised costs)

a) Onshore wind

b) Solar photovoltaic

Legend:
- Germany
- France
- Italy
- Spain
- China
- Cheapest fossil fuel
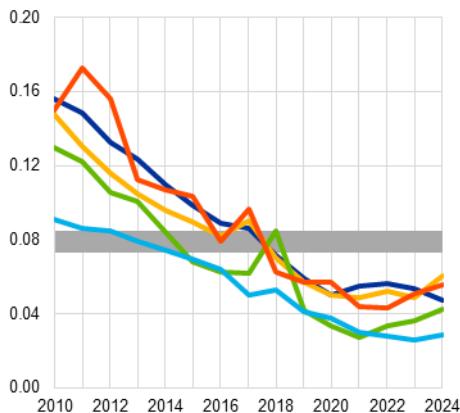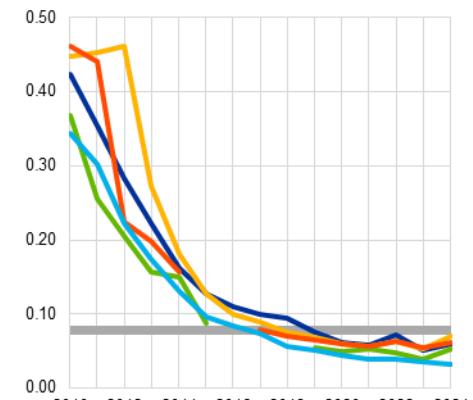
Source: International Renewable Energy Agency (IRENA), 2025.
Notes: Levelised costs incorporate the cost of financing, building and operating a new power plant over the course of its projected lifespan. The fossil fuel range shown in the chart incorporates the worldwide average levelised costs of coal and combined-cycle gas turbines.

Despite the reduced costs of renewables, green technologies remain more expensive in Europe than in other major economies, particularly China. For example, battery production costs are almost 50% higher, electrolysers 61% higher and heat pumps almost double the cost (Chart 4). These cross-regional cost differences are largely attributable to the scale of production, supply-chain integration and manufacturing efficiency rather than labour costs, which represent a small share of the total costs. Many of the climate-friendly technologies needed to achieve net zero emissions already exist at the firm level, but adoption rates are still short of the trajectory needed to achieve a successful green transition. Climate-friendly technology companies are still far from being able to compete with more traditional ones with lower prices but higher emissions (McKinsey, 2023) and are unable to scale up sufficiently to prove the technological readiness and realise the commercialisation potential of promising climate-friendly technologies that remain in the early stages of innovation (McKinsey, 2024).

Chart 4

Production costs of clean energy technologies in the EU and the United States (relative to China)

(index: costs in China = 100)
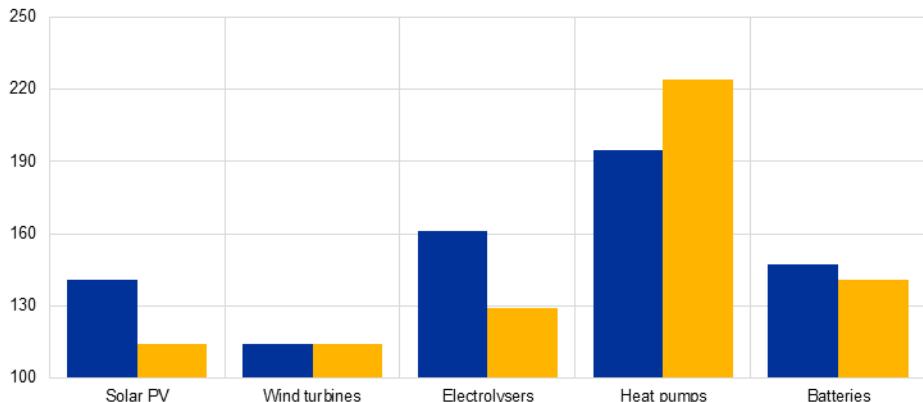
Source: International Energy Agency (IEA), 2024.
Note: Values are for 2023.

2 Structural barriers to the green transition in the EU

Despite a solid innovation base, the EU faces a range of structural barriers that constrain green investment and the diffusion of low-carbon technologies. These barriers include market failures, financial frictions, and costs that disincentivise innovation and switching to new technologies.

First and foremost, any new green technology faces the barrier of the implicit subsidy for fossil fuels arising from unpriced environmental impacts. Burning fossil fuels creates long-term global damage in terms of climate change, as well as localised air pollution. The European Environment Agency estimates that in 2022 alone, 239,000 deaths in the EU were attributable to particulate emissions that were above the World Health Organization's guidelines. The International Monetary Fund estimates this implicit subsidy for fossil fuels to have been USD 267 billion in 2022 (1.8% of euro area GDP), with a further USD 95 billion (0.6% of GDP) in explicit subsidies (Black et al., 2023).[1] These implicit and explicit subsidies are a substantial disincentive to green technology innovation, as any new technology would need to be far more productive than existing carbon-based technologies to be competitive.

The next market failure stems from knowledge spillovers that provide wider societal benefits than just those obtained by the company undertaking the research. These spillovers include broader benefits to other users, as well as to competitors within the same sector. For example, advances in battery technology not only reduce the price of electric vehicles but also boost the profitability of renewable

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[1] The International Monetary Fund calculates explicit subsidies based on the estimated monetary value of the untaxed environmental impact of burning fossil fuels, both in terms of climate change and local air pollution. Explicit subsidies include lower VAT rates on fossil fuel purchases and administered prices set below the cost of supply.

sources of electricity by reducing curtailment in times of excess supply. These spillovers create a disconnect between private returns on R&D spending and social returns (Acemoglu et al., 2012). As a consequence, left to themselves, individual companies will underinvest in green innovation relative to the social optimum.

Financial frictions affect green innovation more than other innovation, stunting its progress through the stages of technological development. For example, the lack of technical expertise in venture capital firms regarding clean technologies relative to other areas, such as software, may limit their willingness to engage with early prototypes. Similarly, the size of initial commercial-scale projects may exceed the normal size of venture capital grants, while still being seen as too risky for bank-based finance (Dugoua and Moscona, 2025). Deeper equity markets help carbon-intensive industries to innovate in green technology and to decarbonise faster (De Haas and Popov, 2023). Clean technology projects are generally also capital intensive, making future profitability sensitive to small changes in revenue and costs. Indeed, companies involved in innovation in renewable energy are more sensitive to cash flow shocks, reducing patenting activity relative to firms innovating in fossil fuels (Noailly and Smeets, 2021). This sensitivity to future profitability also means that a predictable path for environmental regulation is vital, as regulatory uncertainty weighs on green innovation.

These financing constraints are especially salient in the EU, since non-bank funding sources that are better suited to financing risky long-term investments are underdeveloped. There is a substantial need to progress the capital markets union to channel capital towards innovative and competitive firms by increasing opportunities for equity and venture capital financing (Arampatzi et al., 2025). Financing constraints, limited access to risk capital and underdeveloped capital markets are often cited as factors limiting the green transition. Recent evidence from the euro area bank lending survey (ECB, 2025) suggests that banks are increasingly differentiating firms according to their transition risks. While credit standards are gradually easing for firms with better climate performance, uncertainty surrounding future climate regulation is reported to be dampening loan demand, underlining the interplay between financial and regulatory barriers.

Additional costs inhibit firms from adopting new technology and switching from carbon-intensive to clean technology. Regulatory costs and uncertainty can make companies reluctant to invest in potentially risky new technology. New technology also requires a raft of complementary factors, including workforce skills, supply-chain security (such as for critical raw materials) and complementary technology. Competitive utility-scale storage, for example, helps counter the day-to-day (and intraday) intermittency of solar and wind power. Finally, there are a range of network and coordination impacts that currently favour fossil fuels and hence generate inertia in highly-emitting technologies.

Complex and fragmented regulatory frameworks across Member States create uncertainty and are often cited by companies as barriers to innovation and investment. The complexity of government regulation has lessened in most EU countries in recent years, but the EU is still falling behind other more business-friendly economies (Chart 5). Cumbersome administrative and compliance

procedures add costs for firms seeking to enter or expand in new markets and potentially limit access to certain technologies or data (Nerlich et al., 2025). These procedures often generate long approval timelines, increased costs and additional resource needs. These challenges are particularly acute in the renewable energy sector, where permitting and grid connection queues remain significant bottlenecks. Industrial and energy projects can face permitting processes that can take several years, with some examples taking over ten years.[2] Such delays raise project costs substantially, estimated at 10-35% of the total investment value (Piotrowski and Gislén, 2024). The complexity of the permitting process partly reflects the EU's unique multi-layered legal environment, with processing timelines that can vary significantly between and within Member States. In Italy and Poland, for example, permitting delays have contributed to several undersubscribed auctions for new wind energy capacity. Beyond the costs of some regulation, perceived uncertainty about the direction and pace of future climate regulation also weighs substantially on business decisions to innovate and to invest in green technology (Basaglia et al., 2025; Köhler-Ulbrich et al., 2025; Marotta et al., 2025).

Chart 5

Ease of complying with government regulation and administrative requirements
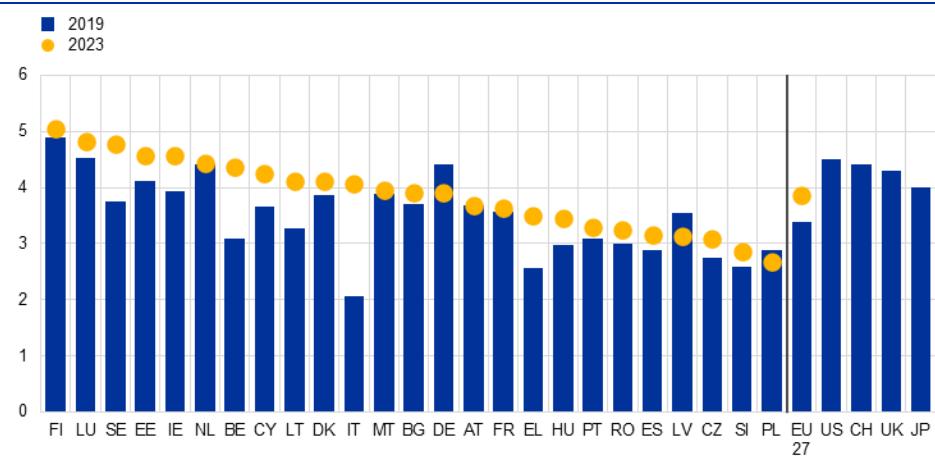
Skills shortages, mismatches in labour markets and slow reallocation of workers hinder the adoption of new technologies. While the shift towards a cleaner economy is policy driven and technology enabled, it is people who ultimately make it work, making reskilling and upskilling crucial (OECD, 2024). Defining "green skills" is not straightforward: these are not a distinct set of abilities, but rather existing skills, knowledge and competencies applied to activities that reduce environmental harm. The majority of emissions-intensive occupations share similar skill profiles with at least one neutral or green-driven occupation, implying that transitions are feasible with well-targeted reskilling policies. For example, petroleum engineers, a clear high-

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[2] For instance, in France certain offshore wind-farm projects have taken approximately 11 years for full permit granting (Banet and Willems, 2023), and in Germany certain onshore wind projects have faced realisation periods of more than seven years (Quentin, 2025).

emissions occupation, share very similar skills requirements with a number of green-driven occupations, including environmental engineers and climate change policy analysts.

New green-driven occupations tend to demand higher proficiency levels across nearly all skills. As new occupations emerge, the green transition is gradually raising the demand for all skills in the labour market. The challenge is particularly acute for low-skilled workers, whose knowledge areas diverge more significantly from those required in green-driven occupations, while high-skilled workers often already possess transferable knowledge in mathematics, engineering and technology. Without government intervention, this could potentially drive an increase in inequality (Albanese et al., 2025). The EU's relative shortage of STEM graduates is compounding this issue (Filip et al., 2025). Moreover, theoretical skill-matching exercises overlook key factors that influence actual mobility, such as wage differences and available vacancies. Today there are not enough skilled workers to meet the rapid growth in green and sustainability jobs. According to LinkedIn data, the share of green hires globally grew 8% between 2024 and 2025, compared with just 4% growth in the share of workers with green skills over the same time period. This is the second year in a row where the demand for green skills grew twice as fast as supply (LinkedIn, 2025).

Lack of necessary infrastructure and network effects can reduce demand for and slow the diffusion of new technology. Coordination by a range of actors on one solution can reduce costs for all users of the network. For example, owners of internal combustion engine vehicles currently benefit from a vast network of petrol stations. Despite falling battery electric vehicle prices, thanks to substantial reductions in battery prices resulting from technological improvements and increased scale, uptake by consumers has been varied. Concerns over the ability to charge on longer journeys ("range anxiety") remains an obstacle to adoption. Battery electric and plug-in hybrid vehicles accounted for just under one-third of new EU car registrations in November 2025 (Chart 6), which is broadly the share achieved by such vehicles in Norway a decade ago. In November 2025, battery electric vehicles accounted for 95% of new car registrations in Norway, demonstrating that a rapid transition to lower carbon passenger vehicles is possible with the right infrastructure in place.

Chart 6

New car registrations by power source

(percentage shares, 12-month moving averages)

a) EU

b) Norway

Legend:
- Diesel
- Petrol
- Non-plug-in hybrid
- Plug-in hybrid
- Battery electric
- Other
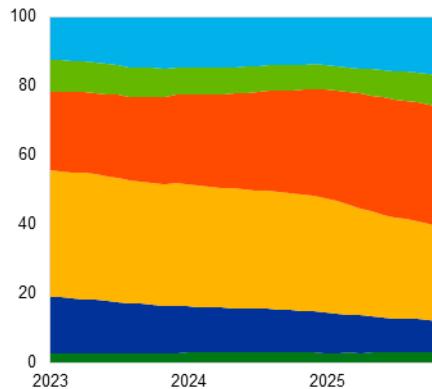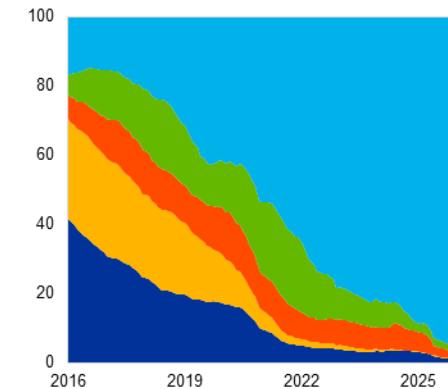
Sources: European Automobile Manufacturers' Association and Norwegian Road Federation.
Notes: Data retrieved from GitHub pages of Robbie Andrew (Senior Researcher at the Centre for International Climate Research, Oslo). The latest observations are for November 2025.

Collectively, these barriers slow innovation and the diffusion of green technologies through the economy. Delaying the green transition has direct adverse implications for potential output and competitiveness as well as indirect implications for inflation volatility. Survey evidence indicates that clean technology firms view the limited availability of finance, complex and fragmented regulations, uncertainty, skilled labour shortages, limited demand for new green products and complex partnerships as obstacles to their business activities.[3] Box 1 complements this survey-based evidence with new textual analysis of corporate earnings calls conducted by publicly traded firms. In particular, it provides an up-to-date ranking of the structural barriers to the green transition most frequently cited by large firms.[4]

Box 1

Barriers to green investment according to businesses

Prepared by Clémence Descubes

Recent evidence from the survey on the access to finance of enterprises (SAFE) highlights that firms face multiple obstacles to green investment. More than half of the firms participating in the SAFE in the second quarter of 2023 identified high interest rates or elevated financing costs, together with insufficient public subsidies, as major obstacles to their planned investment in the green transition over the next five years (Nerlich et al., 2025). This box complements these survey-

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3   Nerlich et al. (2025).

4   Direct comparisons between survey-based evidence and evidence from textual analysis of earnings calls should be made with caution, since the former cover a wider range of companies and earnings call data are only available for large publicly traded companies.

based insights with evidence from the textual analysis of earnings calls conducted by large companies.

Earnings calls point to a gradual strengthening of firms' green investment. While this type of investment still accounts for only a modest share of total investment (3.1% in 2025), mentions in earnings calls increased steadily between 2019 and 2023 and have since consistently remained above their 2019 level. By contrast, mentions of investment in general remained broadly stable over the same period (Chart A).

Chart A

Mentions of investment and green investment in earnings calls

(average number of sentences in earnings calls that mention at least one keyword; index: 1 January 2015 = 100)
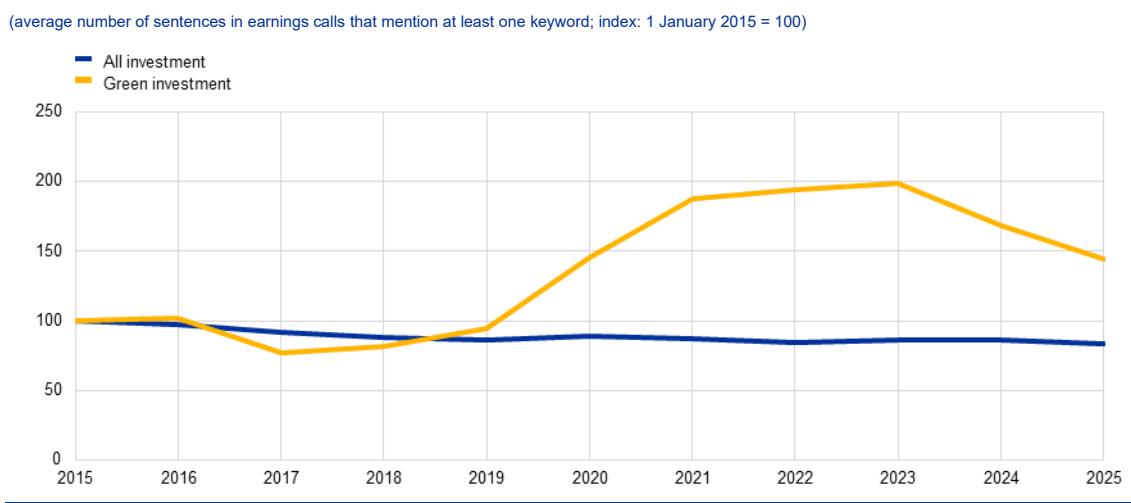
Sources: NL Analytics and ECB staff calculations.
Notes: "All investment" is measured by the average number of sentences in earnings calls that mention at least one word linked to investment. "Green investment" is measured by the average number of sentences in earnings calls that mention at least one word linked to investment and one word linked to green, sustainable and clean technology. The data cover 17 EU countries (Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Netherlands, Austria, Poland, Portugal, Romania, Finland and Sweden) from 1 January 2015 to 31 December 2025.

In line with the barriers to business activity identified in SAFE survey questions on the impact of climate change (Nerlich et al., 2025), we identify and classify firms' references to the following barriers: (i) access to finance, (ii) skills and labour shortages, (iii) demand-side constraints, (iv) regulatory complexity and uncertainty, (v) energy and input cost, (vi) general economic uncertainty, and (vii) partnerships, diffusion and intellectual property (IP) barriers. For each barrier, a list of keywords was drawn up using the same terms reported by firms in the surveys when describing obstacles to clean and sustainable technology activities in the EU.

The access to finance barrier refers to the financing frictions that firms report encountering when seeking to undertake investment, including limited or costly access to capital, constraints in bank lending and market-based financing, high interest rates, insufficient public support or subsidies, and a general low willingness among investors to provide risk capital. The regulatory complexity and uncertainty barrier has two distinct dimensions: (i) regulatory uncertainty, as reflected in firms' references to legal or administrative unpredictability, complexity and fragmentation at national or EU level; and (ii) regulatory constraints in practice, as captured by mentions of environmental reporting costs, compliance costs, licensing or permitting delays, reporting requirements and tax-related complexity. The general economic uncertainty barrier reflects firms' concerns about future economic conditions, political developments, market dynamics and climate-related risks.

The barriers firms face are not uniform across all types of investment, with regulatory complexity and uncertainty and general economic uncertainty playing a prominent role in dampening green investment (Chart B). The two main barriers faced by firms in their planned green investment are difficulties in access to finance (on average, 57% of all mentions of barriers between 2015 and 2025) and the regulatory barrier (23% over the same period). The latter category is dominated by mentions of regulatory uncertainty. The third most important barrier to green investment is general economic uncertainty, followed by energy and input costs, skills and labour shortages, demand-side constraints, and barriers related to partnerships, innovation and IP.

By contrast, when considering the same set of obstacles for all types of investment, financing constraints become considerably more important, accounting, on average, for 86% of all mentions of barriers reported by large firms between 2015 and 2025. Mentions of regulatory barriers play a more limited role, representing, on average, only 6% of the obstacles reported.

Chart B

Barriers to green investment and all investment perceived by firms

(percentage contributions to total mentions of barriers to investment)
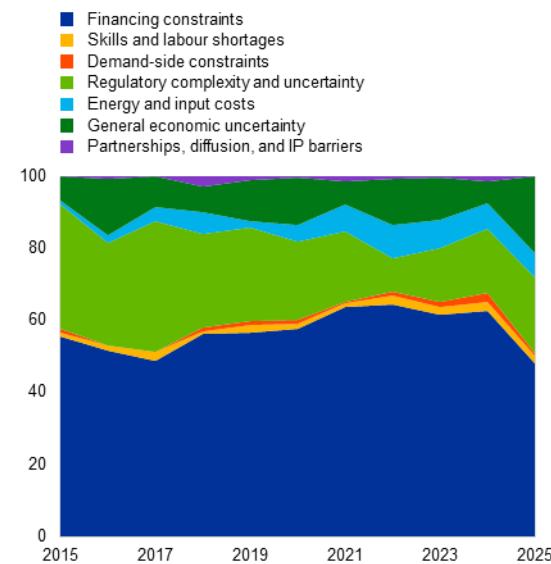
a) Green investment   b) All investment
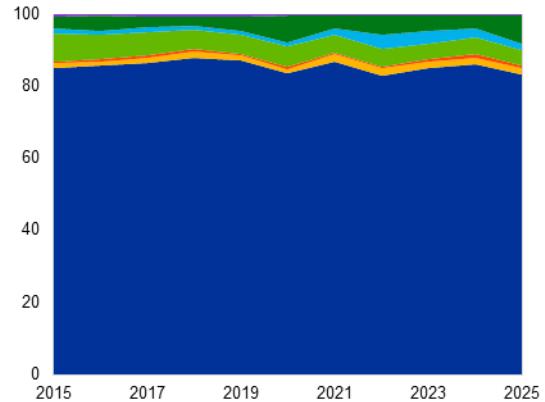
Sources: NL Analytics and ECB staff calculations.
Notes: Panel a): The contribution of each barrier is measured as the average number of earnings call sentences containing at least one term related to the barrier and one term related to green investment. Panel b): The contribution of each barrier is measured as the average number of earnings call sentences containing at least one term related to the barrier and one term related to investment. The data cover 17 EU countries (Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Netherlands, Austria, Poland, Portugal, Romania, Finland and Sweden) from 1 January 2015 to 31 December 2025.

Earnings call data also point to cross-country heterogeneity. Using a composite indicator that aggregates the seven identified barriers to green investment, we find that in 2025 firms in Sweden and Luxembourg perceived barriers to green investment below the euro area aggregate, indicating more favourable conditions for green investment in those countries (Chart C). By contrast, firms in Austria and Italy were far more likely to perceive barriers to green investment than the euro area aggregate.

Chart C

Heterogeneity in perceived barriers to green investment by country

(average number of sentences in earnings calls that mention at least one keyword; index: euro area average = 100)
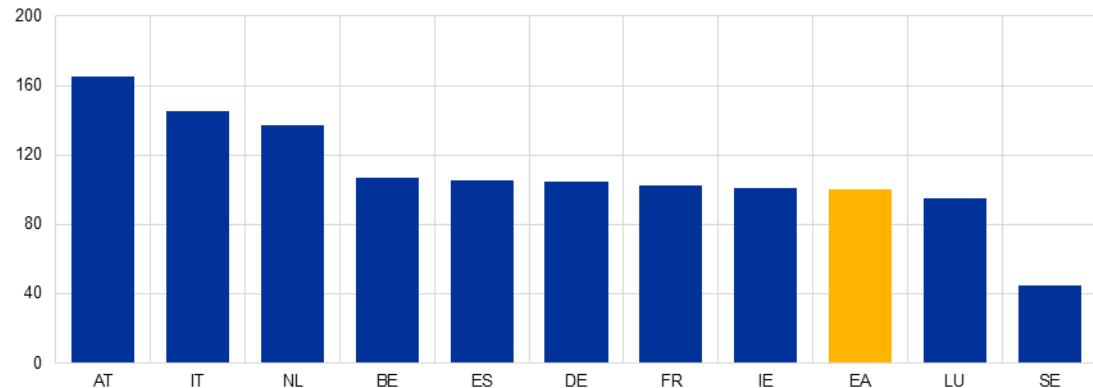
Sources: NL Analytics and ECB staff calculations.
Notes: Perceived barriers to green investment are measured as the average number of earnings call sentences containing at least one term related to one of the barriers and one term related to green investment. Euro area (EA) aggregate excludes Bulgaria, Croatia, Latvia and Slovakia, for which no data are available. Data are from 1 January 2025 to 31 December 2025.

3   How structural policies can accelerate the green transition

The combined existing barriers to the green transition are insurmountable without policy intervention. Policies enacted by governments have been successful in delivering lower emissions in Europe. However, no one policy is by itself enough to deliver a timely and effective transition to net zero. Just as the various barriers to the transition interact and reinforce each other, so too can policies put in place to address individual barriers.

Broad-based carbon pricing is necessary to ensure companies and households internalise the environmental damage caused by their use of carbon-intensive technologies. Within the EU, this carbon pricing is principally carried out through the Emissions Trading System. By 2023, emissions in the sectors covered by this system were reduced by almost half compared with 2005. Coverage will be extended to further sectors in the coming years.

Policies providing support for green R&D can have a positive economic impact in generating competitive new technologies. ECB research shows that high-polluting firms exposed to environmental policies that support green innovation increase their filing of green patents (Benatti et al., 2025). Moreover, there is no impact on filing of other types of patent, so support for green innovation does not crowd out other types of innovation. Indeed, Dechezleprêtre et al. (2013) find that clean technology patents receive, on average, 43% more patent citations than "dirty" patents, which shows wider technological applications and therefore economic benefits from subsidising green technologies.

Accelerating the economy-wide adoption of green technologies will require action to address the costs faced by companies and households of switching to new technologies, particularly where these costs are caused by regulation.

Accelerating growth will require comprehensive reforms to simplify and speed up permitting procedures, including streamlining environmental assessments and digitalising application processes, as recommended in the EU's Affordable Energy Action Plan. For instance, Germany's recent permitting reforms increased the permits issued for onshore wind from 8 gigawatts in 2023 to almost 15 gigawatts in 2024. Investment to unblock the current backlog of grid connections would further speed up deployment of renewable capacity.

Substantial investment in dense charging networks would contribute to overcoming coordination barriers and encourage consumers to switch to electric vehicles. There are substantial network effects from customer usage of the same technology, resulting in lower costs for each user. Without sufficient usage, dense networks of charging points are unlikely to be profitable, reducing incentives for private investment. At the same time, the lack of available charging points limits the uptake of electric vehicles. Government support for the construction of a charging network was an important part of the transition to electric vehicles in Norway. Across Europe, there is a strong correlation between the density of public charging networks and the share of new electric cars (Chart 7). Government subsidies for purchase can likewise help build critical mass and provide sufficient demand to support car manufacturers in transforming their production processes. Research highlights peer effects, where exposure to early adopters boosts uptake (e.g. Bollinger et al., 2022). An individual's range anxiety may be lessened by knowing an existing battery electric vehicle owner who frequently travels longer distances without difficulties.

Chart 7

Public charging network density in 2024 versus new electric car registrations in November 2025 by country

(x-axis: density, number per thousand inhabitants; y-axis: share of new vehicle registrations, percentages)
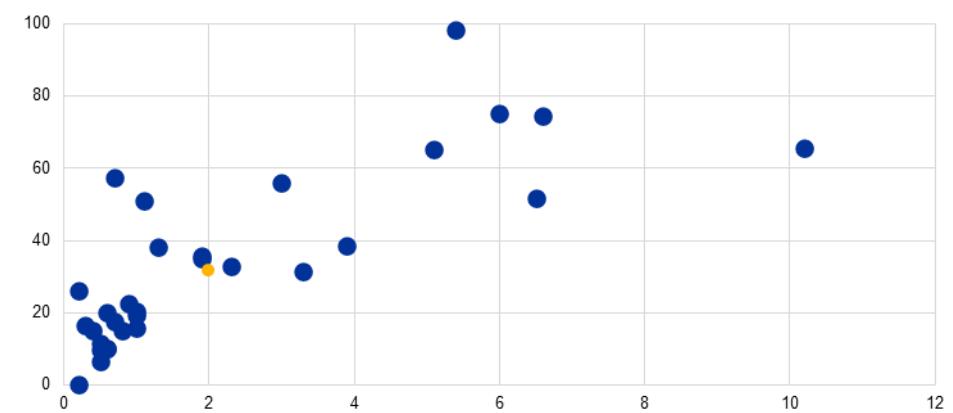
Source: European Automobile Manufacturers' Association.
Notes: The density of the public charging network in 2024 is shown on the x-axis. The share of battery electric and plug-in hybrid vehicles in new vehicle registrations in November 2025 is shown on the y-axis. Data cover 27 EU countries, plus Iceland, Norway, Switzerland and the United Kingdom. The yellow dot indicates the EU average.

To illustrate how structural policies can shape the speed and cost of the green transition, this section draws on a simplified version of a directed technical change model. The model forms part of preliminary ongoing work at the ECB (Kim Taveras et al., 2026) to understand the impact of structural policies and the green

transition. Inspired by Acemoglu et al. (2012), the model allows companies to choose between "dirty" and "clean" technologies, with the choice of sector in which to innovate responding endogenously to expected profitability. However, firms face technology-switching fixed costs that limit technology adoption, thereby generating inertia and causing companies to be locked into their current technology. These switching costs provide a simplified way to represent the structural barriers documented in the previous section. Each of the frictions described raises the cost, delays the pay-off, or increases the uncertainty associated with shifting towards greener innovation and production.

The model also features sluggish reallocation of research efforts, capturing skills mismatches and bottlenecks in the initial innovation stages of clean technologies. Together, these frictions create path dependence: once an economy is specialised in dirty technologies, high switching fixed costs, insufficient R&D resources, and weak market incentives slow innovation and the diffusion of clean technologies. Climate damage increases with continued production of dirty output, which raises temperatures until environmental disaster becomes unavoidable and output collapses. Thus, we define this environmental disaster as the point where the quality of the environment falls below a critical threshold, resulting in climate tipping points and the complete loss of economic activity. We set this threshold at 6°C of warming, in line with Acemoglu et al. (2012). The model represents the global economy, and we abstract here from the pertinent, but difficult, questions surrounding global policy coordination.

Building on this framework, we simulate four scenarios that sequentially introduce policy measures to correct misaligned private incentives and address structural barriers to the green transition. Chart 8 shows, for each scenario, developments in the simulated economy over 100 years, focusing on the advantage of "clean" over "dirty" technology (panel a), the share of "dirty" output in total output (panel b), the rise in temperature (panel c), and total output net of climate damage (panel d). The first scenario simulates a laissez-faire benchmark without policy intervention. The subsequent scenarios progressively add layers of policy intervention, introduced at year 20 for clear visualisation. The second scenario introduces carbon taxes to correct for unpriced environmental externalities. We calibrate this scenario to match the "current policies scenario" from the International Energy Agency's (IEA) *World Energy Outlook* 2025, in which global temperatures are projected to reach just under 3°C above pre-industrial levels by 2100. The third scenario additionally incorporates subsidies for R&D and clean production to further realign incentives towards clean innovation. We calibrate the policy interventions here to match the IEA's "stated policies scenario", which incorporates much greater support for green innovation than the "current policies scenario" and reflects a greater degree of policy ambition. Under this scenario, global temperatures reach +2.5°C by the end of this century. The fourth scenario also introduces structural policies that reduce the technology-switching frictions.

Chart 8

Simulation results of sequentially introducing policy measures to accelerate the green transition

a) Advantage of "clean" over "dirty" technology

(percentages)

- Laissez-faire
- Carbon taxes
- Taxes + R&D and production subsidies
- Taxes + subsidies + structural policies

b) Share of "dirty" production in total output

(percentages)

c) Temperature rise

(degrees Celsius)

d) Total output net of climate damage

(index: year 0 =100)
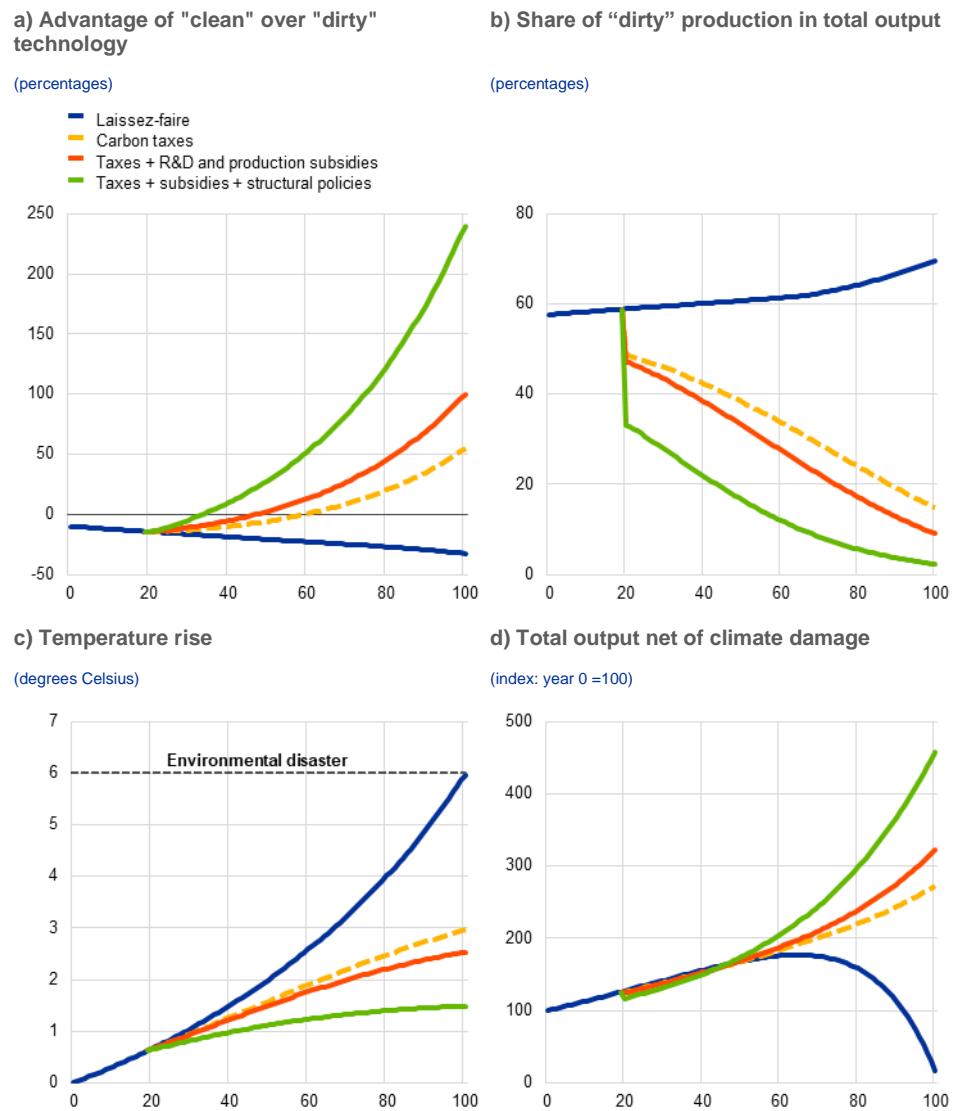
Source: Kim Taveras, Parker and Parraga Rodriguez (2026).
Notes: The x-axis indicates time in years. Panel a): comparison of technologies calculated as the difference in technology levels normalised by the level of dirty technology; negative values indicate higher levels of dirty technology. Panel c): temperature rise relative to pre-industrial levels.

We first examine a laissez-faire economy to illustrate how path dependency and private incentives eventually result in an environmental disaster. In an economy without policy intervention, high technology-switching fixed costs and weak incentives to innovate in clean technologies trap firms in "dirty" production. Firms do not internalise the environmental costs and researchers do not account for the social benefits of clean innovation. The result is continued dependence on high-emission technologies and dirty production together with rising temperatures, which ultimately leads the economy towards an environmental disaster and the collapse of output.

Introducing a carbon tax slows the pace of environmental degradation by increasing the relative cost of dirty production. However, the carbon tax alone is

insufficient to address the structural barriers that impede switching or the underlying coordination failures in clean innovation. High technology-switching fixed costs capturing barriers such as complex regulation, skills mismatches and lack of finance continue to hold back the reallocation of resources towards clean technologies. In line with Acemoglu et al. (2012), the economy still converges towards an environmental disaster, albeit much more slowly than in the laissez-faire scenario.

Additional R&D and clean production subsidies help redirect innovation, reduce relative costs and encourage innovation in clean technologies. Examples of such subsidies include R&D grants and rebates for new electric vehicles. Nevertheless, the green transition remains incomplete: technology switching remains sluggish due to the high switching fixed costs capturing persistent structural rigidities, and aggregate clean innovation and production is insufficient to meaningfully change the emissions trajectory and associated rise in temperatures.

In the final scenario, a comprehensive policy package that complements carbon taxes and subsidies with structural policies that address the barriers to switching technology can successfully achieve the green transition. Lower switching costs enable firms to adopt clean technologies at scale. As shown in Chart 8, once implemented, this comprehensive policy package accelerates the green transition and sharply limits dirty production. Initially, short-term costs of implementation somewhat reduce total output, but the long-term gains are large: structural policies curb temperature increases and put the economy on a trajectory that eventually delivers net zero.

Overall, the simulations highlight that structural policies are essential to enable the green transition at the necessary scale and speed. While broad-based carbon pricing remains a central pillar, it is not sufficient to counteract the multiple frictions holding back clean innovation and investment. Indeed, by increasing the costs faced by dirty firms, it reduces the funds they have available for clean innovation and transformation. At the same time, the results should be interpreted with caution. For tractability purposes, policies are simulated as permanent shifts, whereas in practice the timing and sequencing of their implementation might vary.

The jump in clean innovation and production once switching fixed costs fall illustrates that targeted initial support can help overcome early barriers, unlock scale effects and accelerate learning. This support does not need to be permanent. As technologies mature and private incentives become aligned with the green transition, green technological development can gain its own momentum. Once this occurs, support measures should be phased out to avoid distortions. This pattern is consistent with real-world evidence; for instance, a large share of global solar PV and onshore wind electricity production initially required subsidies but has since reached cost competitiveness with fossil fuel alternatives (Chart 9).

Chart 9

Worldwide additions of utility-scale renewable electricity

(gigawatts)

a) Onshore wind

b) Solar photovoltaic

- Needs support
- Competitive
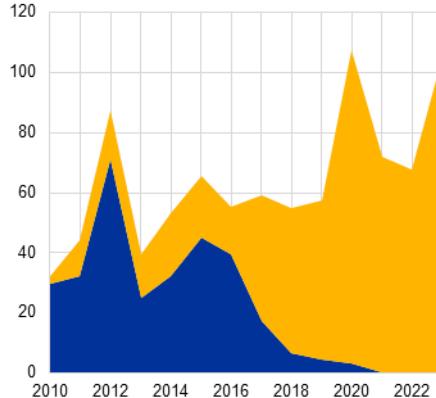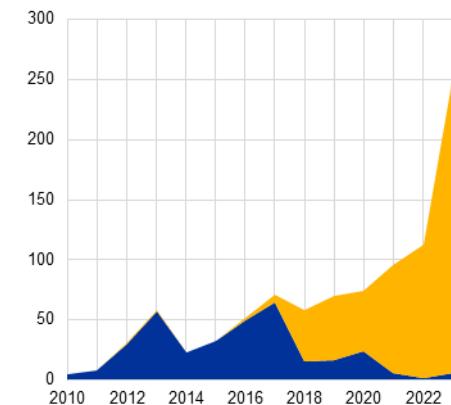
Source: International Renewable Energy Agency (IRENA).
Notes: For each year, the project-level levelised cost of electricity generation for newly deployed renewable energy is compared with the counterpart country or regional-weighted average from fossil fuel sources. Where the levelised cost for renewable sources is below that of fossil fuels, the project is labelled competitive, whereas it is labelled as needing support when it is above such levels.

4 Conclusion

The green transition demands a comprehensive policy mix that combines effective carbon pricing with enhanced structural policies. The EU's strong research base and innovation capacity provide a solid foundation, but persistent financing, regulatory, skills and infrastructure barriers impede sufficiently fast progress towards the green transition. Failure to address these barriers will jeopardise the realisation of the EU's commitment to reach net zero carbon by 2050.

Broad-based carbon pricing through the Emissions Trading System remains the central policy pillar to internalise the environmental externalities of carbon usage, but further policies are needed to address other barriers. Structural policies that improve the business environment, facilitate the reallocation of resources, and stimulate competition and entrepreneurship while settling some of the existing regulatory uncertainty can accelerate the emergence and diffusion of clean technologies. Regulatory constraints are more frequently cited as a barrier to green investment than to other types of investment. Simplifying regulations, notably to substantially speed up the permitting process, can help companies carry out the necessary investment to decarbonise their production processes.

Such measures are also likely to yield broader economic gains, as many of the structural bottlenecks hindering the green transition also weigh on Europe's long-run productivity, competitiveness and capacity to innovate. Thus many of these reforms will also boost innovation and the uptake of other technologies, such as digitalisation. By raising long-term growth potential and productivity, such policies

can also create fiscal space to support public green investment or cushion the social costs of transition.

Nonetheless, while simplification of some regulations to reduce costs is needed, reversing or delaying environmental policies that are already in place to deliver on the EU's climate goals can be harmful. Both academic research and statements made by firms in earnings calls demonstrate that uncertainty about climate regulation represents a substantial barrier to green innovation and investment.

Looking ahead, the policy effort to foster the green transition should be viewed not only as an environmental necessity but also as an economic strategy. Strengthening the EU's innovation ecosystem, scaling up clean technologies and reducing regulatory fragmentation would help secure Europe's energy resilience, reinforce industrial competitiveness and limit the exposure of European households and firms to volatile fossil fuel markets. By tackling these structural barriers now, the EU can place itself on a firmer path towards a sustainable and more dynamic economic model.

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Statistics

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Further information

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Explanations of terms and abbreviations can be found in the ECB's statistics glossary:	https://www.ecb.europa.eu/home/glossary/html/glossa.en.html

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

Composition of euro area data

Unless otherwise indicated, all data series including observations for 2026 relate to the group of 21 countries that are members of the euro area.

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
2023	3.4	2.9	0.3	0.7	5.4	0.4	4.1	7.4	3.3	0.2	5.4
2024	3.2	2.8	1.1	-0.2	5.0	0.9	2.9	2.5	2.7	0.2	2.4
2025	.	.	.	.	.	.	.	3.4	.	.	2.1
2025 Q1	0.8	-0.2	0.7	0.4	1.2	0.6	2.7	2.8	3.8	-0.1	2.3
Q2	0.9	0.9	0.2	0.5	1.0	0.1	2.4	3.5	3.5	0.0	2.0
Q3	.	1.1	0.1	-0.6	1.1	0.3	2.9	3.8	2.9	-0.2	2.1
Q4	.	.	.	.	.	0.3	.	3.4	.	.	2.1
2025 Aug.	-	-	-	-	-	-	2.9	3.8	2.7	-0.4	2.0
Sep.	-	-	-	-	-	-	3.0	3.8	2.9	-0.3	2.2
Oct.	-	-	-	-	-	-	-	3.6	3.0	0.2	2.1
Nov.	-	-	-	-	-	-	2.7	3.2	2.9	0.7	2.1
Dec.	-	-	-	-	-	-	2.7	3.4	.	.	2.0
2026 Jan.	-	-	-	-	-	-	.	.	.	.	1.7

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.

2 Economic activity

2.1 GDP and expenditure components
(quarterly data seasonally adjusted; annual data unadjusted)

	GDP									External balance [1]		
	Total	Domestic demand										
		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	14,663.8	14,137.9	7,750.4	3,097.3	3,215.1	1,642.0	929.2	637.6	75.0	-525.9	7,378.5	6,852.5
2024	15,231.4	14,563.9	8,029.7	3,259.9	3,210.1	1,648.4	923.0	632.4	64.2	-667.5	7,489.3	6,821.8
2024 Q4	3,866.2	3,705.1	2,032.0	830.6	815.6	416.4	232.3	165.3	26.9	-161.1	1,885.7	1,724.5
2025 Q1	3,905.7	3,747.3	2,055.0	835.9	837.0	421.4	232.0	182.0	19.4	-158.4	1,931.3	1,772.9
Q2	3,936.6	3,776.9	2,066.6	845.7	829.2	423.5	234.2	169.9	35.4	-159.7	1,911.8	1,752.1
Q3	3,969.6	3,815.3	2,080.4	857.1	841.3	426.9	237.4	175.3	36.5	-154.3	1,926.1	1,771.8

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

2025 Q1	0.6	0.5	0.2	0.0	2.6	0.5	0.0	11.4	-	-	2.3	2.3
Q2	0.1	0.3	0.3	0.4	-1.7	0.0	0.6	-8.5	-	-	-0.4	0.0
Q3	0.3	0.5	0.1	0.7	1.0	0.1	1.1	3.1	-	-	0.8	1.4
Q4	0.3	.	.	.	.	.	.	.	-	-	.	.

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	2.3	6.3	-	-	-1.2	-2.0
2024	0.9	0.6	1.3	2.2	-2.0	-1.5	-2.0	-3.3	-	-	0.6	-0.1
2025 Q1	1.6	2.3	1.5	2.1	2.4	0.4	-0.4	11.3	-	-	2.5	4.0
Q2	1.5	2.6	1.6	1.5	3.2	1.1	-0.7	15.8	-	-	0.6	2.8
Q3	1.4	1.8	1.1	1.7	2.6	1.6	2.6	5.3	-	-	2.8	3.8
Q4	1.3	.	.	.	.	.	.	.	-	-	.	.

contributions to quarter-on-quarter percentage changes in GDP; percentage points

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	0.3	0.1	0.1	-0.4	0.0	0.0	-0.4	0.5	-0.2	-	-
Q3	0.3	0.5	0.1	0.2	0.2	0.0	0.1	0.1	0.1	-0.3	-	-
Q4	0.3	.	.	.	.	.	.	.	.	.	-	-

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	-	-
2025 Q1	1.6	2.2	0.8	0.5	0.5	0.0	0.0	0.5	0.4	-0.5	-	-
Q2	1.5	2.5	0.8	0.3	0.7	0.1	0.0	0.6	0.7	-1.0	-	-
Q3	1.4	1.7	0.6	0.4	0.6	0.2	0.2	0.2	0.2	-0.3	-	-
Q4	1.3	.	.	.	.	.	.	.	.	.	-	-

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)											Taxes less subsidies on products
	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	
	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	13,266.0	224.3	2,616.0	710.9	2,463.1	697.3	600.3	1,472.4	1,614.6	2,455.4	411.8	1,397.8
2024	13,715.2	233.5	2,579.1	731.4	2,550.1	734.1	633.3	1,536.5	1,690.4	2,594.9	431.9	1,516.2
2024 Q4	3,480.2	59.6	661.3	183.8	644.2	187.2	159.3	386.0	428.4	661.2	109.2	386.0
2025 Q1	3,508.9	60.3	665.5	186.9	648.4	188.9	161.1	387.7	431.1	668.4	110.5	396.8
Q2	3,541.7	62.0	666.4	189.6	654.7	191.1	161.2	390.7	436.2	677.4	112.3	394.9
Q3	3,567.6	62.6	665.9	190.7	658.2	193.6	164.9	392.9	441.6	684.1	113.1	401.9
	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 Q4	0.3	0.7	0.2	0.1	0.2	0.9	0.3	0.4	-0.1	0.6	-1.0	1.6
2025 Q1	0.6	1.3	1.9	0.6	0.3	0.8	0.4	0.2	0.3	0.2	0.3	-0.2
Q2	0.2	-0.8	0.2	0.0	0.3	0.5	-0.8	0.1	0.3	0.2	0.3	0.0
Q3	0.3	0.5	-0.1	0.0	0.4	1.0	0.8	0.2	0.5	0.3	0.2	-0.2
	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	-2.7	2.1	2.2	1.0	3.5	-1.8
2024	0.9	-0.5	-0.7	-0.7	0.9	2.9	1.7	1.6	1.8	1.5	1.6	0.5
2024 Q4	1.0	0.3	-0.6	-0.9	1.1	2.7	2.1	1.5	1.0	1.8	2.0	5.0
2025 Q1	1.5	1.0	3.0	-0.4	0.9	3.4	0.2	0.9	1.2	1.7	1.3	2.6
Q2	1.4	1.1	2.9	0.2	1.1	3.6	-0.3	0.8	0.7	1.3	1.1	2.8
Q3	1.4	1.7	2.3	0.8	1.3	3.2	0.7	0.8	1.0	1.3	-0.2	1.1
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2024 Q4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
2025 Q1	0.6	0.0	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q3	0.3	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	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 Q4	1.0	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	0.5	0.0	0.2	0.2	0.0	0.1	0.1	0.2	0.0	-
Q3	1.4	0.0	0.4	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 Q4	0.7	0.8	0.3	-2.3	0.1	0.7	1.2	1.3	1.7	0.3	0.1	1.4	0.3
2025 Q1	0.8	0.9	0.1	-1.4	-0.2	0.8	0.6	1.0	1.5	3.0	0.7	1.4	1.0
Q2	0.7	0.7	0.9	-1.9	-0.3	1.1	0.9	0.5	1.3	3.4	1.0	1.1	0.3
Q3	0.6	0.7	0.5	-1.6	-0.2	1.4	0.5	-0.1	1.3	2.7	0.9	1.0	0.8
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	4.0	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	1.5	0.0	1.2	1.8	1.1
2024 Q4	1.0	1.2	0.2	-1.6	-0.1	0.8	1.2	1.6	0.9	1.9	0.8	1.9	1.2
2025 Q1	0.4	0.6	-0.7	-2.4	-0.8	0.6	0.2	1.0	1.0	2.4	0.4	1.2	1.7
Q2	0.3	0.4	-0.1	-2.6	-0.8	1.3	0.3	0.2	1.0	2.5	0.6	0.7	1.2
Q3	0.8	0.8	0.5	-2.3	0.0	1.5	0.7	-0.4	1.2	3.8	1.1	1.1	1.7
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 Q4	0.2	0.4	-0.1	0.7	-0.2	0.1	0.0	0.3	-0.8	1.6	0.6	0.6	0.9
2025 Q1	-0.4	-0.2	-0.8	-1.0	-0.6	-0.2	-0.5	0.0	-0.5	-0.6	-0.3	-0.2	0.6
Q2	-0.4	-0.2	-1.0	-0.7	-0.6	0.2	-0.5	-0.3	-0.3	-0.9	-0.3	-0.4	0.8
Q3	0.1	0.2	0.0	-0.7	0.2	0.1	0.2	-0.3	-0.1	1.0	0.3	0.1	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 unemployment, % 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	% of total posts
	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	5.651	7.2	3.2
2023	169.704	2.9	11.166	6.6	2.4	8.874	5.8	2.292	14.5	5.644	6.3	5.522	6.9	3.1
2024	171.293	2.8	10.918	6.4	2.1	8.596	5.5	2.322	14.6	5.592	6.1	5.326	6.6	2.6
2024 Q4	171.634	2.8	10.634	6.2	2.0	8.359	5.4	2.275	14.4	5.469	6.0	5.165	6.4	2.5
2025 Q1	172.628	2.8	10.988	6.4	2.1	8.630	5.5	2.358	14.8	5.609	6.1	5.379	6.6	2.4
Q2	173.027	2.8	11.092	6.4	2.1	8.756	5.6	2.336	14.7	5.735	6.2	5.357	6.6	2.3
Q3	173.021	2.8	11.110	6.4	2.0	8.750	5.6	2.360	14.9	5.694	6.2	5.416	6.7	2.1
2025 July	-	-	11.092	6.3	-	8.777	5.5	2.315	14.5	5.709	6.1	5.383	6.5	-
Aug.	-	-	11.083	6.3	-	8.761	5.5	2.322	14.6	5.709	6.1	5.374	6.5	-
Sep.	-	-	11.100	6.3	-	8.751	5.5	2.348	14.7	5.723	6.1	5.377	6.5	-
Oct.	-	-	11.044	6.3	-	8.705	5.4	2.339	14.7	5.712	6.1	5.333	6.5	-
Nov.	-	-	10.957	6.2	-	8.674	5.4	2.283	14.4	5.698	6.1	5.258	6.4	-
Dec.	-	-	10.892	6.2	-	8.622	5.4	2.271	14.3	5.673	6.1	5.219	6.3	-

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).
Note: Euro area monthly data include Bulgaria.

2.5 Short-term business statistics

	Industrial production						Construction production	Retail sales				Services production [1]	New passenger car registrations
	Total (excluding construction)		Main Industrial Groupings										
	Total	Manufacturing	Intermediate 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													
2023	-1.7	-1.2	-6.2	3.2	-1.0	-5.3	2.0	-1.8	-2.5	-0.9	-1.6	2.3	14.6
2024	-3.1	-3.3	-3.9	-5.0	-0.1	-0.1	-1.0	1.3	0.7	1.8	0.5	1.6	-0.1
2025	.	.	.	.	.	.	.	.	.	.	.	.	1.1
2025 Q1	1.5	1.5	-1.0	-1.6	9.4	0.5	-0.3	2.4	1.4	3.2	1.7	2.8	-2.7
Q2	1.3	1.3	-1.3	0.5	5.9	1.0	0.8	3.0	2.1	3.7	4.0	2.4	-0.7
Q3	1.5	1.6	-0.6	1.1	4.9	0.3	0.5	1.9	0.9	2.9	1.4	2.6	6.2
Q4	.	.	.	.	.	.	.	.	.	.	.	.	3.6
2025 July	1.9	2.1	-0.9	2.1	6.0	0.1	0.7	2.7	0.9	4.1	2.2	2.8	6.8
Aug.	1.2	1.5	-1.6	-0.1	7.2	-0.8	1.1	1.7	1.0	2.7	0.8	2.2	7.7
Sep.	1.2	1.2	0.4	1.1	1.9	1.7	-0.3	1.3	0.7	1.7	1.1	2.7	4.2
Oct.	1.6	1.1	1.1	0.3	2.4	4.8	2.0	2.0	1.2	2.9	2.0	2.1	5.1
Nov.	2.4	2.3	1.1	3.5	2.6	0.1	-0.8	2.3	1.1	3.6	1.3	.	5.7
Dec.	.	.	.	.	.	.	.	.	.	.	.	.	0.0
month-on-month percentage changes (s.a.)													
2025 July	0.7	1.0	0.5	1.9	2.0	-1.9	0.6	-0.1	-0.7	0.6	-1.3	0.3	5.0
Aug.	-1.1	-1.0	-0.2	-1.9	-0.2	-0.2	-0.1	0.0	0.4	-0.5	-0.3	-0.3	0.6
Sep.	0.3	-0.2	0.3	0.1	-2.3	1.2	-0.7	0.2	-0.2	0.2	0.0	0.0	0.4
Oct.	0.7	0.3	0.8	0.5	-0.1	1.4	1.7	0.3	0.5	0.3	0.5	0.3	0.4
Nov.	0.6	0.9	0.3	2.7	-0.7	-2.5	-1.1	0.1	-0.1	0.5	-0.1	.	3.7
Dec.	.	.	.	.	.	.	.	.	.	.	.	.	-5.3

Sources: Eurostat, ECB calculations and European Automobile Manufacturers Association (col. 13).
1) Excluding trade and financial services.
Note: Euro area data in columns 1 to 12 include Bulgaria.

2 Economic activity

2.6 Opinion surveys
(seasonally adjusted)

	European Commission Business and Consumer Surveys (percentage balances, unless otherwise indicated)							
	Economic sentiment indicator (long-term average = 100)	Manufacturing industry		Consumer confidence indicator	Construction confidence indicator	Retail trade confidence indicator	Service industries	
		Industrial confidence indicator	Capacity utilisation (%)				Services confidence indicator	Capacity utilisation (%)
	1	2	3	4	5	6	7	8
1999-21	.	.	.	.	.	.	.	.
2023	96.3	-6.1	80.6	-16.1	-1.1	-4.1	6.7	90.4
2024	95.9	-10.8	78.4	-12.6	-4.2	-6.8	6.3	90.1
2025	96.0	-10.1	77.6	-13.4	-2.6	-6.6	4.1	90.0
2025 Q2	94.7	-10.8	77.5	-14.3	-3.0	-7.7	2.7	89.8
Q3	95.9	-10.0	77.8	-13.6	-3.0	-6.7	3.9	89.9
Q4	97.4	-8.5	77.9	-12.9	-1.4	-6.3	5.4	89.9
2026 Q1	.	.	77.8	.	.	.	.	89.7
2025 Aug.	95.6	-9.9	.	-14.0	-3.1	-6.2	3.7	.
Sep.	96.1	-9.9	.	-13.4	-3.0	-7.5	4.2	.
Oct.	97.3	-8.0	77.9	-12.6	-2.2	-6.7	4.4	89.9
Nov.	97.5	-8.9	.	-12.8	-1.2	-5.5	5.9	.
Dec.	97.2	-8.5	.	-13.2	-0.9	-6.6	5.8	.
2026 Jan.	99.4	-6.8	77.8	-12.4	-0.9	-5.7	7.2	89.7

Source: European Commission (Directorate-General for Economic and Financial Affairs).
Note: Euro area data include Bulgaria.

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 invest-ment	Non-financial investment (gross)	Net worth [2]	Housing wealth	Profit rate [3]	Saving rate (gross)	Debt ratio [4]	Financial invest-ment	Non-financial investment (gross)	Financing
	Percentage of gross disposable income (adjusted) [1]		Annual percentage changes					Percentage of gross value added		Percent-age 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	12.6	2.4	8.0	37.9	5.2	72.6	5.0	9.7	3.4
2023	14.2	84.7	1.2	1.9	2.4	4.2	1.9	37.1	5.9	68.5	1.6	3.6	0.7
2024	15.2	81.7	2.4	2.2	-2.7	6.0	5.5	35.6	4.3	67.0	1.8	-2.4	0.8
2024 Q4	15.2	81.7	2.2	2.2	-1.4	6.0	5.5	35.6	4.3	67.0	1.8	2.2	0.8
2025 Q1	15.2	81.3	1.1	2.4	0.1	5.4	6.0	35.5	4.0	67.0	2.8	8.1	1.8
Q2	15.2	81.5	1.4	2.6	2.9	5.5	5.4	35.4	3.6	66.2	2.5	12.3	1.6
Q3	15.2	81.4	0.8	2.6	2.9	4.8	4.9	35.2	3.5	65.9	2.2	7.2	1.5

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 Q4	1,482.6	1,409.0	73.7	703.3	624.6	383.2	336.0	346.9	347.1	49.2	101.3	35.7	23.8
2025 Q1	1,551.1	1,475.8	75.3	753.5	642.8	391.6	361.1	357.8	381.5	48.3	90.3	32.0	26.6
Q2	1,503.5	1,419.8	83.7	716.9	630.0	387.5	349.0	349.8	344.7	49.1	96.1	18.6	17.3
Q3	1,467.6	1,421.8	45.8	721.4	626.5	382.1	355.9	316.9	342.5	47.2	96.9	23.5	20.5
2025 June	500.5	469.9	30.6	237.4	214.3	130.6	116.0	115.8	107.4	16.7	32.3	6.9	6.6
July	489.2	471.9	17.3	239.6	209.8	126.6	118.5	107.6	111.4	15.4	32.2	8.8	5.4
Aug.	486.6	474.1	12.5	238.6	207.7	128.0	119.0	104.5	115.2	15.6	32.2	5.5	6.3
Sep.	491.8	475.7	16.1	243.2	209.1	127.6	118.3	104.8	115.8	16.3	32.5	9.2	8.8
Oct.	495.0	468.2	26.7	235.1	202.5	128.1	114.9	116.1	119.0	15.7	31.9	7.6	4.7
Nov.	493.4	484.9	8.6	234.6	210.9	128.3	116.6	113.1	124.7	17.4	32.7	9.2	4.7
12-month cumulated transactions													
2025 Nov.	6,006.1	5,739.2	266.9	2,896.4	2,521.9	1,548.1	1,410.8	1,368.1	1,424.0	193.6	382.6	111.5	87.4
12-month cumulated transactions as a percentage of GDP													
2025 Nov.	38.3	36.6	1.7	18.5	16.1	9.9	9.0	8.7	9.1	1.2	2.4	0.7	0.6

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	Consump-tion goods	Manu-facturing	Total	Intermediate goods	Capital goods	Consump-tion goods	Manu-facturing	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 Q4	1.3	2.5	716.4	336.2	139.9	226.7	595.0	687.4	382.2	113.9	172.8	496.6	71.0
2025 Q1	8.0	7.9	768.8	377.4	145.5	230.8	640.5	708.7	400.0	115.2	178.1	508.5	67.7
Q2	0.0	1.8	724.9	338.4	139.3	229.5	604.2	692.2	383.1	117.7	176.4	506.2	59.4
Q3	1.5	1.9	724.4	339.2	145.6	223.5	601.2	689.7	377.2	119.4	175.8	509.1	63.0
2025 June	0.7	7.0	237.7	108.7	46.5	76.1	197.2	234.8	128.4	40.4	60.3	173.0	19.1
July	0.6	2.9	239.0	109.8	49.5	75.2	197.9	232.0	127.6	39.9	59.4	170.6	21.7
Aug.	-4.4	-3.4	237.2	109.0	47.8	74.1	196.0	227.2	124.1	39.3	57.7	167.5	20.4
Sep.	7.8	6.0	248.2	120.4	48.3	74.2	207.3	230.5	125.6	40.2	58.7	170.9	20.8
Oct.	0.8	-3.5	236.3	109.3	47.2	74.3	194.9	222.6	120.1	39.7	55.2	166.8	18.1
Nov.	-3.4	-1.3	238.8	.	.	.	195.3	228.1	.	.	.	166.2	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2024 Q4	-2.3	1.7	93.9	87.4	90.7	108.0	94.3	100.4	95.7	98.5	110.1	100.5	135.1
2025 Q1	0.8	2.2	98.1	93.6	94.4	108.2	98.7	100.8	96.3	98.3	110.8	101.1	129.2
Q2	-2.6	1.2	94.2	87.3	90.5	108.9	94.3	100.9	95.4	101.7	111.3	101.5	134.8
Q3	0.5	3.1	95.2	88.6	94.7	106.6	95.2	101.7	96.0	103.9	111.1	102.9	137.4
2025 May	-0.5	0.0	95.7	89.6	91.7	109.3	96.0	100.0	94.8	99.4	110.2	100.0	135.9
June	-1.2	6.5	93.3	85.0	90.6	109.6	93.1	103.1	96.6	105.1	115.2	104.1	134.2
July	0.1	3.8	94.8	86.3	96.3	107.9	94.9	101.9	96.4	103.8	111.3	103.0	136.4
Aug.	-5.5	-1.3	93.8	86.0	94.5	106.2	93.5	101.3	95.8	103.8	110.1	102.6	136.5
Sep.	6.3	6.4	96.8	93.3	93.2	105.9	97.3	101.9	95.8	104.2	112.0	103.2	139.2
Oct.	-0.2	-2.8	92.8	84.9	90.9	106.2	92.4	98.4	91.9	103.7	105.4	100.3	128.8

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	54.9	45.1	100.0	14.2	5.3	25.5	9.9	45.1	86.8	11.1
2023	95.7	5.4	4.9	5.7	4.9	-	-	-	-	-	-	5.4	5.5
2024	97.9	2.4	2.8	1.1	4.0	-	-	-	-	-	-	2.2	2.3
2025	100.0	2.1	2.4	1.0	3.4	-	-	-	-	-	-	2.1	2.0
2025 Q1	98.9	2.3	2.6	1.2	3.7	0.8	0.5	0.6	0.2	2.9	0.9	2.2	2.2
Q2	100.1	2.0	2.4	0.8	3.5	0.2	0.6	1.0	0.1	-4.1	0.9	1.9	1.9
Q3	100.4	2.1	2.3	1.2	3.2	0.6	0.7	1.0	0.3	0.3	0.7	2.0	2.0
Q4	100.6	2.1	2.4	0.9	3.4	0.5	0.4	0.3	0.0	-0.1	0.9	2.0	2.0
2025 Aug.	100.4	2.0	2.3	1.1	3.1	0.1	0.2	0.2	0.0	-0.7	0.3	2.0	1.9
Sep.	100.5	2.2	2.4	1.4	3.3	0.2	0.2	0.0	0.0	-0.1	0.3	2.2	2.1
Oct.	100.7	2.1	2.4	1.0	3.4	0.1	0.1	0.0	0.0	-0.2	0.3	2.1	2.0
Nov.	100.5	2.1	2.4	1.0	3.5	0.2	0.1	0.0	0.0	1.0	0.3	2.1	2.1
Dec.	100.6	2.0	2.3	0.7	3.4	0.1	0.0	0.6	-0.1	-0.9	0.3	1.9	1.8
2026 Jan. [3]	100.1	1.7	2.2	.	3.2	0.2	0.1	0.8	0.1	0.7	0.1	.	.

	Goods						Services					
	Food (including alcoholic beverages and tobacco)			Industrial goods			Housing					
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy	Total	Rents	Transport	Communication	Recreation and personal care	Miscellaneous
	14	15	16	17	18	19	20	21	22	23	24	25
% of total in 2024	19.5	14.2	5.3	35.5	25.5	9.9	9.6	5.6	7.5	2.4	16.3	9.4
2023	10.9	11.4	9.5	2.9	5.0	-2.0	3.6	2.7	5.2	0.4	6.9	4.0
2024	2.9	3.2	2.1	0.0	0.8	-2.2	3.3	2.9	4.2	-0.7	5.0	4.0
2025	2.8	2.6	3.4	0.0	0.6	-1.4	3.2	2.9	3.9	-1.0	3.7	3.9
2025 Q1	2.6	2.7	2.5	0.5	0.6	0.4	3.3	2.9	3.9	-1.7	4.2	4.1
Q2	3.1	2.8	3.8	-0.5	0.5	-3.2	3.3	3.0	4.4	-1.8	3.8	3.9
Q3	3.1	2.8	4.2	0.1	0.7	-1.6	3.2	2.9	3.7	-0.9	3.2	3.8
Q4	2.5	2.3	3.0	0.1	0.5	-1.1	3.2	3.0	3.7	0.6	3.6	3.7
2025 Aug.	3.2	2.7	4.4	0.0	0.7	-2.0	3.2	2.9	3.6	-1.3	3.1	3.8
Sep.	3.0	2.7	3.9	0.5	0.7	-0.4	3.2	2.9	3.3	0.3	3.4	3.7
Oct.	2.5	2.4	2.7	0.2	0.6	-0.9	3.2	2.9	3.9	1.0	3.4	3.7
Nov.	2.4	2.3	2.7	0.2	0.5	-0.5	3.2	3.0	3.3	0.4	3.9	3.7
Dec.	2.5	2.1	3.5	-0.3	0.3	-1.9	3.2	3.0	3.8	0.5	3.5	3.6
2026 Jan. [3]	2.7	2.1	4.2	.	0.4	-4.1	.	.	.	.	.	.

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) Flash estimate.

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 (index: 2021 = 100)	Total		Industry excluding construction and energy						Energy			
		Total	Manu-facturing	Total	Inter-mediate goods	Capital goods	Consumer 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			
2023	130.0	-2.2	1.9	3.8	-0.2	4.8	8.3	8.4	5.7	-13.4	6.9	-1.1	-8.2
2024	124.6	-4.2	-0.6	-0.1	-2.4	1.6	1.6	0.3	1.2	-12.2	2.1	2.0	-4.5
2025	125.1	0.4	0.4	1.1	0.4	1.7	2.2	1.7	1.6	-0.8	.	.	.
2025 Q1	127.8	2.4	0.7	1.3	0.9	1.7	2.1	1.6	1.6	5.4	0.7	5.3	.
Q2	123.5	0.6	-0.1	1.1	0.3	1.7	2.3	2.1	1.4	-0.4	0.6	5.1	.
Q3	124.2	-0.1	0.5	1.0	-0.1	1.7	2.4	2.0	1.5	-2.3	1.0	5.1	.
Q4	124.6	-1.2	0.5	1.0	0.5	1.7	2.0	0.9	1.7	-6.0	.	.	.
2025 July	124.6	0.3	0.1	1.0	-0.2	1.8	2.4	2.0	1.6	-0.7	-	-	-
Aug.	124.1	-0.6	0.3	0.9	-0.2	1.7	2.4	2.1	1.6	-3.8	-	-	-
Sep.	124.0	-0.1	0.9	0.9	-0.1	1.8	2.3	1.9	1.5	-2.1	-	-	-
Oct.	124.1	-0.4	0.5	0.9	0.3	1.7	2.1	1.3	1.5	-3.4	-	-	-
Nov.	125.1	-1.3	0.8	1.0	0.5	1.8	2.0	0.9	1.9	-6.0	-	-	-
Dec.	124.7	-2.0	0.3	1.0	0.8	1.7	1.9	0.5	1.8	-8.4	-	-	-

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).
Note: Euro area data in columns 1 to 11 include Bulgaria.

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)					
	Total (s.a.; index: 2020 = 100)	Total	Domestic demand				Exports [1]	Imports [1]		Import-weighted [2]			Use-weighted [2]		
			Total	Private con-sumption	Govern-ment con-sumption	Gross fixed capital forma-tion				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
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
2025	.	.	.	.	.	.	.	.	69.9	2.5	4.3	0.5	1.6	2.6	0.2
2025 Q1	119.0	2.2	2.1	2.0	2.7	1.7	2.2	2.0	76.7	20.0	28.2	11.4	19.2	24.8	12.2
Q2	119.7	2.4	2.1	1.9	2.7	2.1	0.5	-0.3	68.9	-2.0	1.9	-6.2	-2.3	0.6	-6.0
Q3	120.4	2.4	2.2	2.1	2.6	1.8	0.2	-0.6	69.9	-0.7	-0.2	-1.1	-1.8	-1.8	-1.9
Q4	.	.	.	.	.	.	.	.	64.3	-5.9	-10.0	-1.3	-7.1	-10.6	-2.6
2025 Aug.	-	-	-	-	-	-	-	-	69.1	1.2	2.4	-0.1	-0.4	-0.1	-0.8
Sep.	-	-	-	-	-	-	-	-	68.2	0.1	0.8	-0.6	-1.7	-1.8	-1.6
Oct.	-	-	-	-	-	-	-	-	65.2	-2.1	-3.4	-0.8	-3.9	-5.3	-2.0
Nov.	-	-	-	-	-	-	-	-	64.1	-5.0	-8.8	-0.7	-6.4	-9.7	-2.1
Dec.	-	-	-	-	-	-	-	-	63.4	-10.4	-16.9	-2.5	-10.8	-15.9	-3.7
2026 Jan.	-	-	-	-	-	-	-	-	68.2	.	.	.	.	.	.

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)				
	Selling price expectations (for next three months)				Consumer price trends over past 12 months
	Manufacturing	Retail trade	Services	Construction	
	1	2	3	4	5
1999-21	33.8	25.7	11.4	21.4	33.9
2023	9.0	28.8	19.6	15.0	75.6
2024	6.1	14.6	15.1	4.7	55.9
2025	9.0	16.9	13.9	4.7	48.9
2025 Q1	10.4	17.0	15.4	4.8	50.0
Q2	8.3	16.3	13.6	3.4	49.2
Q3	7.8	16.8	13.3	3.0	48.0
Q4	9.5	17.4	13.5	7.8	48.4
2025 Aug.	6.9	16.7	14.4	1.1	47.3
Sep.	7.4	16.9	12.2	4.6	47.6
Oct.	7.8	16.1	12.3	6.7	48.0
Nov.	9.9	18.3	13.7	7.9	48.0
Dec.	10.8	17.8	14.5	8.8	49.1
2026 Jan.	10.0	16.4	14.1	8.7	46.9

Source: European Commission (Directorate-General for Economic and Financial Affairs).
Note: Euro area data include Bulgaria.

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

	Total (index: 2020=100)	Total	By component		For selected economic activities		Memo item: Indicator of negotiated wages [1]
			Wages and salaries	Employers' social contributions	Business economy	Mainly non-business economy	
	1	2	3	4	5	6	7
% of total in 2020	100.0	100.0	75.3	24.7	69.0	31.0	
2022	105.6	4.5	3.7	6.9	5.0	3.4	2.9
2023	110.4	4.6	4.5	4.8	4.9	4.0	4.4
2024	115.6	4.7	4.7	4.5	4.7	4.5	4.5
2024 Q4	122.5	3.7	4.1	2.6	4.0	3.2	4.1
2025 Q1	112.3	3.7	3.6	3.9	4.2	2.6	2.5
Q2	124.2	3.9	3.8	4.3	4.4	3.0	4.0
Q3	115.5	3.3	3.0	4.0	3.3	3.1	1.9

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)

	Total (index: 2020 =100)	Total	By economic activity									
			Agriculture, forestry and fishing	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	6.3	8.4	4.6	7.6	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 Q4	115.5	3.5	2.1	4.6	5.7	4.3	3.0	1.7	1.5	3.7	3.7	2.7
2025 Q1	116.2	3.0	2.0	0.0	5.1	3.9	1.6	4.4	4.2	3.8	4.1	3.2
Q2	117.3	3.1	1.7	0.4	5.6	3.3	0.6	6.0	5.8	4.6	4.0	4.0
Q3	118.4	3.3	1.7	1.4	4.4	3.1	1.0	4.5	6.0	3.7	4.0	5.7
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	4.6	5.6	4.8	5.4	4.9	6.0	3.3	5.9	4.8	5.3
2024	119.9	4.5	3.8	4.3	4.2	4.4	4.0	3.7	3.4	4.8	4.7	4.8
2024 Q4	121.6	4.1	4.9	3.9	4.0	4.2	4.3	2.2	2.8	4.5	4.1	4.4
2025 Q1	122.8	3.9	4.5	3.2	3.9	4.2	3.9	3.0	2.1	4.3	4.3	3.5
Q2	124.1	4.0	4.9	3.6	4.7	3.5	3.7	4.3	3.1	4.3	4.2	4.8
Q3	125.3	4.0	5.1	3.9	3.7	3.8	4.4	3.8	4.1	3.8	4.3	4.7
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	0.4	-1.0	-1.6	-0.1	0.9	0.2	2.2	1.1	0.0	0.9
2024 Q4	105.3	0.6	2.7	-0.7	-1.6	-0.1	1.3	0.4	1.2	0.8	0.4	1.7
2025 Q1	105.7	0.9	2.4	3.1	-1.1	0.3	2.3	-1.3	-2.0	0.5	0.3	0.3
Q2	105.7	0.8	3.1	3.2	-0.9	0.2	3.1	-1.6	-2.5	-0.3	0.2	0.8
Q3	105.8	0.7	3.3	2.5	-0.7	0.7	3.3	-0.6	-1.8	0.1	0.3	-0.9
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	4.0	5.4	4.7	5.1	5.1	5.7	3.6	5.4	4.2	4.5
2024	113.1	4.2	3.8	4.4	4.2	4.3	3.7	3.7	2.8	4.0	4.4	4.5
2024 Q4	114.2	3.7	3.8	4.0	3.9	3.8	4.0	2.8	2.7	3.7	3.5	4.0
2025 Q1	115.8	4.2	4.8	3.8	4.2	4.3	3.8	3.6	2.6	4.6	4.5	2.9
Q2	116.9	4.2	4.7	4.1	4.1	3.7	4.0	4.7	4.1	4.7	4.6	4.2
Q3	117.8	3.8	6.1	3.6	3.5	3.3	4.9	4.1	4.2	3.7	4.2	4.1
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	-2.8	0.4	-2.1	2.5	-3.4	0.5	0.0	-0.8	1.1
2024	98.7	-0.2	0.1	-1.0	-1.7	-0.1	0.7	0.3	1.6	0.6	-0.3	0.5
2024 Q4	98.7	0.3	2.0	-0.5	-1.7	-0.1	1.0	1.3	-0.3	0.2	-0.1	0.8
2025 Q1	99.5	1.2	3.4	3.8	-0.9	0.8	2.3	-0.8	-1.5	0.8	0.4	-0.4
Q2	99.5	1.2	3.8	3.8	-1.1	0.7	3.4	-1.3	-1.7	0.1	0.6	-0.1
Q3	99.4	0.6	4.1	2.3	-0.7	0.5	3.6	-0.6	-2.8	-0.2	0.2	-1.8

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
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	2.18	2.12	2.18	2.20	2.22	4.25	0.47
2025 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
Oct.	1.93	1.91	2.03	2.11	2.19	4.20	0.48
Nov.	1.93	1.91	2.04	2.13	2.22	3.97	0.48
Dec.	1.93	1.91	2.05	2.14	2.27	3.80	0.54
2026 Jan.	1.93	1.96	2.03	2.14	2.25	3.66	0.73

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
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	1.98	2.02	2.11	2.44	2.95	0.92	0.74	1.14	2.09	2.30	3.02	3.78
2025 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
Oct.	1.90	1.90	1.95	2.23	2.72	0.82	0.45	0.89	1.93	2.08	2.76	3.56
Nov.	1.95	1.96	2.01	2.28	2.77	0.81	0.47	1.02	1.99	2.13	2.80	3.64
Dec.	1.98	2.02	2.11	2.44	2.95	0.92	0.74	1.14	2.09	2.30	3.02	3.78
2026 Jan.	1.97	1.98	2.05	2.38	2.90	0.92	0.82	1.21	2.03	2.22	2.97	3.77

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
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	565.6	5,396.9	961.3	270.5	155.2	135.2	321.9	1,153.7	1,104.9	444.9	356.1	855.9	6,216.9	41,794.2
2025 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
Oct.	594.4	5,641.1	940.9	266.6	150.6	143.2	345.2	1,246.9	1,194.5	478.4	354.1	905.0	6,735.7	48,521.1
Nov.	593.5	5,634.1	927.2	266.6	152.1	150.5	353.1	1,210.9	1,153.6	499.4	340.0	913.0	6,740.9	50,111.1
Dec.	604.4	5,730.9	921.2	274.9	150.2	153.8	372.7	1,214.5	1,167.1	498.3	337.6	902.9	6,853.0	50,162.4
2026 Jan.	628.1	5,951.6	940.4	271.3	150.5	162.5	385.3	1,281.0	1,284.1	526.6	343.5	908.5	6,929.1	53,077.3

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 over-drafts	Ex-tended credit card credit	Loans for consumption			Loans to sole pro-prietors and unincor-porated partner-ships	Loans for house purchase					Composite cost-of-borrowing indicator
			With an agreed maturity of:				By initial period of rate fixation				By initial period of rate fixation					
	Over-night	Redeem-able 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]	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2025 Jan.	0.34	1.75	2.33	2.41	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	2.35	7.74	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	2.09	2.23	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	1.96	2.28	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	1.85	2.21	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	1.78	2.19	7.40	16.48	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	1.74	2.19	7.28	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	1.72	2.16	7.27	16.40	7.12	7.54	8.25	4.15	3.59	3.40	3.46	3.18	3.62	3.31
Sep.	0.25	1.21	1.76	2.14	7.34	16.42	6.74	7.46	8.18	4.14	3.53	3.39	3.49	3.17	3.61	3.31
Oct.	0.25	1.21	1.78	2.16	7.32	16.40	6.40	7.42	8.10	4.18	3.52	3.37	3.48	3.16	3.60	3.31
Nov.	0.25	1.21	1.77	2.21	7.25	16.42	6.18	7.45	8.07	4.17	3.53	3.35	3.48	3.15	3.58	3.30
Dec.	0.25	1.22	1.79	2.56	7.23	16.42	6.36	7.24	7.91	4.01	3.55	3.37	3.48	3.13	3.59	3.32

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			
	Over-night	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
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	4.53	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	4.20	4.78	3.86	3.59	3.70	3.55	3.51	3.66	3.80
May	0.58	2.06	2.56	3.91	3.78	4.22	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	4.19	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	4.06	4.76	3.55	3.41	3.61	3.24	3.41	3.47	3.52
Aug.	0.51	1.88	2.29	3.65	3.59	4.04	4.75	3.54	3.41	3.64	3.07	3.35	3.63	3.46
Sep.	0.52	1.90	2.30	3.69	3.59	4.11	4.90	3.50	3.37	3.62	3.13	3.39	3.61	3.50
Oct.	0.53	1.89	2.47	3.66	3.59	4.12	4.81	3.52	3.41	3.63	3.19	3.26	3.54	3.51
Nov.	0.52	1.92	2.37	3.64	3.67	4.18	4.88	3.49	3.44	3.59	3.15	3.34	3.55	3.50
Dec.	0.52	1.94	2.48	3.68	3.65	4.09	4.82	3.53	3.40	3.64	3.31	3.57	3.59	3.57

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.

4.6 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							
2023	1,574.6	623.3	163.9	104.9	85.7	701.8	659.1	537.2	242.1	117.5	91.3	49.1	128.5	104.6
2024	1,601.2	582.4	206.7	121.9	70.3	741.9	674.7	522.8	207.9	137.8	107.7	39.8	137.3	110.2
2025	1,591.3	579.7	195.1	108.7	75.0	741.5	661.6	555.1	228.9	150.6	121.6	41.2	134.3	107.7
2025 July	1,621.4	604.4	219.7	123.7	96.6	700.6	631.3	565.6	238.7	159.1	124.6	47.2	120.6	99.8
Aug.	1,666.7	636.1	222.5	123.7	98.2	709.9	640.6	534.8	240.4	136.3	110.1	30.9	127.3	103.3
Sep.	1,638.8	606.9	223.2	132.4	92.6	716.1	635.0	589.7	235.1	159.2	128.8	46.2	149.2	111.6
Oct.	1,652.9	604.9	211.1	116.2	96.0	740.9	662.5	599.2	227.6	160.2	125.4	45.0	166.5	136.5
Nov.	1,674.5	616.1	204.5	112.6	95.8	758.1	670.3	547.2	220.0	145.4	120.2	41.5	140.4	114.3
Dec.	1,591.3	579.7	195.1	108.7	75.0	741.5	661.6	456.8	173.5	138.1	117.5	27.0	118.2	92.4
							Long-term							
2023	19,421.0	4,445.7	3,237.0	1,434.6	1,549.1	10,189.2	9,450.2	322.0	93.4	68.0	31.0	21.3	139.3	130.8
2024	20,533.2	4,771.4	3,503.4	1,526.8	1,651.0	10,607.4	9,835.6	351.2	89.3	86.0	35.1	27.0	148.8	138.1
2025	21,449.8	4,906.5	3,761.7	1,687.9	1,748.1	11,033.5	10,241.2	383.6	93.9	101.3	43.2	30.9	157.4	146.3
2025 July	21,202.1	4,877.8	3,618.4	1,604.8	1,718.5	10,987.4	10,198.5	352.6	83.9	97.5	37.5	25.4	145.8	136.4
Aug.	21,177.3	4,873.1	3,631.0	1,619.0	1,708.2	10,965.0	10,176.8	255.3	53.7	75.1	36.8	10.2	116.3	111.9
Sep.	21,296.4	4,872.7	3,643.2	1,624.0	1,730.2	11,050.3	10,261.8	420.2	93.9	113.5	43.2	42.9	169.8	161.5
Oct.	21,450.9	4,911.7	3,689.7	1,640.7	1,740.3	11,109.1	10,309.2	385.7	83.3	114.2	44.6	36.2	151.9	141.1
Nov.	21,559.1	4,933.8	3,740.0	1,670.9	1,759.2	11,126.1	10,324.3	387.3	94.4	123.5	56.3	41.7	127.7	118.5
Dec.	21,449.8	4,906.5	3,761.7	1,687.9	1,748.1	11,033.5	10,241.2	250.0	72.9	103.5	45.9	16.3	57.3	51.0

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						
2023	20,995.6	5,068.9	3,400.8	1,539.5	1,634.8	10,891.0	10,109.3	9,673.2	625.3	1,419.7	7,627.7
2024	22,134.4	5,353.8	3,710.0	1,648.6	1,721.3	11,349.3	10,510.3	10,151.3	755.1	1,586.9	7,808.8
2025	23,041.1	5,486.2	3,956.8	1,796.5	1,823.1	11,775.0	10,902.8	11,712.5	1,315.6	1,850.5	8,545.9
2025 July	22,823.5	5,482.2	3,838.1	1,728.5	1,815.1	11,688.0	10,829.8	11,055.0	1,097.7	1,813.9	8,143.0
Aug.	22,844.0	5,509.2	3,853.5	1,742.7	1,806.4	11,674.9	10,817.4	11,084.4	1,119.5	1,838.2	8,126.2
Sep.	22,935.2	5,479.6	3,866.4	1,756.4	1,822.8	11,766.4	10,896.7	11,310.5	1,165.1	1,870.7	8,274.2
Oct.	23,103.8	5,516.6	3,900.8	1,756.9	1,836.4	11,850.0	10,971.7	11,525.2	1,164.1	1,855.2	8,505.5
Nov.	23,233.5	5,549.9	3,944.5	1,783.4	1,855.0	11,884.2	10,994.5	11,500.2	1,204.0	1,856.1	8,439.6
Dec.	23,041.1	5,486.2	3,956.8	1,796.5	1,823.1	11,775.0	10,902.8	11,712.5	1,315.6	1,850.5	8,545.9
					Growth rate [1]						
2025 May	4.8	3.6	8.0	8.7	3.3	4.6	4.5	-0.1	-1.7	-0.3	0.1
June	5.2	4.7	9.2	10.8	3.2	4.6	4.5	-0.2	-0.9	-0.8	-0.1
July	5.5	4.9	9.3	10.9	3.9	4.8	4.8	-0.1	-0.7	-0.5	0.0
Aug.	5.5	5.4	9.5	11.5	3.4	4.5	4.5	-0.1	-0.5	-0.6	0.0
Sep.	5.1	3.8	9.4	11.5	3.3	4.7	4.6	0.0	0.7	-0.7	0.0
Oct.	5.1	3.9	9.5	10.1	3.1	4.6	4.6	-0.1	0.6	-0.8	0.0
Nov.	5.6	4.8	9.6	9.9	3.9	5.0	4.8	-0.1	0.4	-0.8	-0.1
Dec.	5.7	4.4	10.7	10.5	3.8	5.1	5.0	0.0	2.9	-1.9	-0.1

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
2023	97.9	93.9	97.8	89.0	67.1	86.4	122.1	94.4
2024	98.2	94.2	97.9	89.6	67.3	87.4	124.4	94.6
2025	100.4	96.3	101.8	.	.	.	128.3	96.5
2025 Q1	96.8	93.1	96.6	88.4	63.8	86.0	123.2	93.2
Q2	100.4	96.4	101.5	92.1	65.4	89.5	128.4	96.7
Q3	102.1	98.0	104.0	93.7	66.5	91.2	130.8	98.3
Q4	101.9	97.7	104.9	.	.	.	130.7	98.0
2025 Aug.	102.0	97.8	104.0	-	-	-	130.6	98.1
Sep.	102.2	98.1	104.4	-	-	-	131.1	98.5
Oct.	101.9	97.6	104.6	-	-	-	130.6	97.9
Nov.	101.8	97.6	104.6	-	-	-	130.4	97.8
Dec.	102.2	97.9	105.6	-	-	-	131.1	98.2
2026 Jan.	101.8	97.6	105.4	-	-	-	130.7	97.8
Percentage change versus previous month								
2026 Jan.	-0.4	-0.4	-0.1	-	-	-	-0.3	-0.4
Percentage change versus previous year								
2026 Jan.	5.6	5.3	10.0	-	-	-	6.7	5.5

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
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
2025	8.119	24.688	7.463	397.767	169.043	4.240	0.857	5.0424	11.066	0.937	1.130
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
Q4	8.250	24.272	7.469	386.506	179.223	4.237	0.875	5.0884	10.952	0.930	1.163
2025 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
Oct.	8.281	24.315	7.468	389.912	176.153	4.249	0.872	5.0872	10.970	0.929	1.163
Nov.	8.215	24.234	7.468	384.201	179.316	4.238	0.880	5.0867	10.991	0.929	1.156
Dec.	8.249	24.259	7.470	384.970	182.497	4.224	0.875	5.0913	10.896	0.933	1.171
2026 Jan.	8.181	24.278	7.470	384.178	183.939	4.213	0.868	5.0919	10.681	0.927	1.174
Percentage change versus previous month											
2026 Jan.	-0.8	0.1	0.0	-0.2	0.8	-0.3	-0.8	0.0	-2.0	-0.6	0.3
Percentage change versus previous year											
2026 Jan.	8.3	-3.5	0.1	-6.7	13.6	-0.8	3.5	2.3	-7.0	-1.5	13.4

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 Q4	36,029.9	34,162.5	1,867.4	12,737.4	9,943.6	14,741.9	16,499.5	-2.1	7,157.8	7,719.5	1,394.8	16,706.8
2025 Q1	36,224.7	34,529.9	1,694.8	12,663.7	9,910.1	14,440.5	16,517.1	39.6	7,569.8	8,102.7	1,511.0	17,000.4
Q2	35,908.8	34,401.6	1,507.2	12,440.6	9,686.8	14,516.8	16,696.3	14.3	7,475.0	8,018.6	1,462.1	16,874.6
Q3	36,829.6	35,113.8	1,715.8	12,481.0	9,762.2	15,230.7	17,306.6	-0.5	7,496.2	8,045.0	1,622.2	16,957.3
Outstanding amounts as percentage of GDP												
2025 Q3	235.3	224.3	11.0	79.7	62.4	97.3	110.6	0.0	47.9	51.4	10.4	108.3
Transactions												
2024 Q4	68.1	-27.1	95.2	56.8	55.1	239.9	176.9	9.7	-242.0	-259.1	3.7	-
2025 Q1	829.5	731.2	98.3	138.1	51.1	220.4	210.1	-8.8	480.6	470.0	-0.8	-
Q2	314.2	231.7	82.6	-45.6	-46.6	203.5	186.7	0.5	147.0	91.6	8.8	-
Q3	294.6	259.8	34.8	25.1	30.1	268.4	195.5	-4.2	-0.5	34.2	5.8	-
2025 June	133.1	92.5	40.6	-26.1	-44.2	110.7	143.9	4.5	42.7	-7.2	1.4	-
July	38.2	32.6	5.5	22.8	9.9	56.3	35.9	0.4	-41.5	-13.2	0.1	-
Aug.	140.0	161.6	-21.6	-5.3	19.2	86.4	65.5	-0.4	58.1	76.9	1.2	-
Sep.	116.5	65.6	50.9	7.6	1.0	125.7	94.1	-4.2	-17.1	-29.5	4.6	-
Oct.	207.0	205.8	1.2	17.2	-5.8	31.6	82.4	8.7	148.8	129.2	0.8	-
Nov.	135.1	114.4	20.6	13.5	7.5	22.1	71.7	7.2	89.6	35.3	2.7	-
12-month cumulated transactions												
2025 Nov.	1,615.0	1,351.7	263.3	172.3	79.1	843.6	830.4	8.0	571.2	442.2	19.9	-
12-month cumulated transactions as percentage of GDP												
2025 Nov.	10.3	8.6	1.7	1.1	0.5	5.4	5.3	0.1	3.6	2.8	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											Total
	M2							M3-M2				
	M1			M2-M1			Total					
	Currency in circula-tion	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												
2023	1,534.0	8,820.5	10,354.5	2,306.0	2,451.9	4,757.9	15,112.4	183.5	740.3	72.8	996.6	16,109.0
2024	1,554.5	9,048.8	10,603.3	2,544.9	2,455.9	5,000.8	15,604.2	253.8	880.6	37.8	1,172.2	16,776.4
2025	1,587.8	9,500.1	11,087.9	2,421.1	2,564.5	4,985.6	16,073.5	259.4	880.2	17.6	1,157.2	17,230.7
2025 Q1	1,558.2	9,124.4	10,682.6	2,488.1	2,487.9	4,976.1	15,658.7	241.9	894.8	43.6	1,180.3	16,839.0
Q2	1,563.9	9,244.4	10,808.3	2,402.4	2,514.3	4,916.7	15,725.0	257.5	920.6	26.6	1,204.7	16,929.7
Q3	1,574.9	9,321.2	10,896.1	2,349.7	2,543.5	4,893.2	15,789.3	258.6	927.6	7.3	1,193.5	16,982.8
Q4 (p)	1,587.8	9,500.1	11,087.9	2,421.1	2,564.5	4,985.6	16,073.5	259.4	880.2	17.6	1,157.2	17,230.7
2025 July	1,567.0	9,245.7	10,812.7	2,401.8	2,523.3	4,925.1	15,737.8	242.8	918.0	24.9	1,185.7	16,923.5
Aug.	1,570.5	9,270.1	10,840.6	2,384.1	2,530.7	4,914.8	15,755.5	240.6	914.8	16.1	1,171.5	16,927.0
Sep.	1,574.9	9,321.2	10,896.1	2,349.7	2,543.5	4,893.2	15,789.3	258.6	927.6	7.3	1,193.5	16,982.8
Oct.	1,579.2	9,414.8	10,993.9	2,355.1	2,552.0	4,907.1	15,901.1	237.1	912.2	23.3	1,172.6	17,073.7
Nov.	1,585.5	9,472.6	11,058.1	2,407.2	2,559.3	4,966.5	16,024.6	251.7	902.2	14.1	1,168.1	17,192.7
Dec. (p)	1,587.8	9,500.1	11,087.9	2,421.1	2,564.5	4,985.6	16,073.5	259.4	880.2	17.6	1,157.2	17,230.7
Transactions												
2023	-5.3	-967.1	-972.4	927.4	-104.2	823.2	-149.2	39.8	93.6	23.3	156.7	7.6
2024	21.2	181.8	203.0	205.5	6.6	212.1	415.1	75.6	129.8	-34.7	170.7	585.8
2025	33.3	464.8	498.1	-122.5	101.3	-21.2	476.8	10.2	-10.8	-11.5	-12.2	464.7
2025 Q1	3.7	94.3	98.0	-51.5	25.0	-26.4	71.5	-10.5	11.0	8.7	9.3	80.8
Q2	5.7	142.8	148.5	-75.5	25.9	-49.5	99.0	18.3	23.5	-16.9	25.0	124.0
Q3	11.0	80.4	91.4	-52.5	29.2	-23.3	68.1	1.4	4.4	-16.8	-11.1	57.1
Q4 (p)	12.9	147.3	160.2	57.0	21.0	78.0	238.2	0.9	-49.8	13.5	-35.4	202.8
2025 July	3.0	-2.4	0.6	-3.1	8.9	5.8	6.4	-15.5	-3.5	-0.8	-19.7	-13.3
Aug.	3.6	29.6	33.1	-15.5	7.5	-8.0	25.1	-1.4	-4.1	-7.8	-13.4	11.8
Sep.	4.4	53.3	57.6	-34.0	12.9	-21.1	36.5	18.3	11.9	-8.2	22.0	58.6
Oct.	4.3	58.5	62.7	-14.5	8.5	-6.0	56.7	-22.1	-16.2	15.4	-22.9	33.8
Nov.	6.3	57.7	64.0	52.2	7.3	59.5	123.5	14.6	-10.8	-6.9	-3.1	120.5
Dec. (p)	2.3	31.1	33.4	19.3	5.3	24.6	58.0	8.4	-22.8	5.0	-9.4	48.6
Growth rates												
2023	-0.3	-9.9	-8.6	67.2	-4.1	20.9	-1.0	32.6	14.5	42.7	19.1	0.0
2024	1.4	2.1	2.0	8.9	0.3	4.5	2.7	41.6	17.5	-50.1	17.2	3.6
2025	2.1	5.1	4.7	-4.8	4.1	-0.4	3.1	4.1	-1.2	-33.3	-1.0	2.8
2025 Q1	1.7	4.4	4.0	0.7	2.3	1.5	3.2	25.7	11.7	-40.5	10.7	3.7
Q2	1.9	5.3	4.8	-5.3	3.4	-1.1	2.9	26.2	11.9	-54.2	11.1	3.4
Q3	2.1	5.5	5.0	-8.4	4.5	-2.1	2.7	11.2	7.0	-82.2	4.3	2.8
Q4 (p)	2.1	5.1	4.7	-4.8	4.1	-0.4	3.1	4.1	-1.2	-33.3	-1.0	2.8
2025 July	1.9	5.6	5.1	-5.4	3.7	-0.9	3.1	8.6	9.9	-54.2	6.4	3.3
Aug.	2.0	5.6	5.0	-6.3	3.9	-1.3	3.0	-0.1	7.7	-65.1	2.7	2.9
Sep.	2.1	5.5	5.0	-8.4	4.5	-2.1	2.7	11.2	7.0	-82.2	4.3	2.8
Oct.	2.1	5.7	5.2	-8.0	4.6	-1.8	2.9	-1.4	5.5	-51.1	1.4	2.8
Nov.	2.3	5.5	5.0	-6.0	4.6	-0.8	3.1	5.7	3.2	-57.2	1.5	3.0
Dec. (p)	2.1	5.1	4.7	-4.8	4.1	-0.4	3.1	4.1	-1.2	-33.3	-1.0	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]					Financial corporations other than MFIs and ICPFs [2]	Insurance corporations and pension funds	Other general government [4]
	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			
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2023	3,317.0	2,403.6	770.8	131.0	11.6	8,406.6	5,105.6	1,014.6	2,285.1	1.3	1,269.0	227.0	542.4
2024	3,415.8	2,479.2	792.1	133.4	11.1	8,734.2	5,188.6	1,255.6	2,288.7	1.3	1,373.2	231.9	548.3
2025	3,504.1	2,574.1	772.8	150.6	6.6	8,989.6	5,471.4	1,137.2	2,379.7	1.3	1,477.0	224.7	549.8
2025 Q1	3,415.8	2,479.9	786.2	139.1	10.6	8,796.3	5,256.9	1,224.6	2,313.7	1.1	1,362.1	228.7	539.4
Q2	3,439.3	2,506.4	779.7	143.9	9.3	8,845.2	5,334.0	1,175.2	2,334.9	1.1	1,356.5	233.3	544.3
Q3	3,469.1	2,538.4	778.9	145.8	6.0	8,903.6	5,400.7	1,139.1	2,362.7	1.1	1,333.8	229.2	537.3
Q4 (p)	3,504.1	2,574.1	772.8	150.6	6.6	8,989.6	5,471.4	1,137.2	2,379.7	1.3	1,477.0	224.7	549.8
2025 July	3,456.0	2,516.8	784.9	144.5	9.8	8,873.8	5,355.6	1,173.4	2,343.9	1.0	1,312.4	223.6	547.8
Aug.	3,464.4	2,525.2	784.9	145.0	9.3	8,884.5	5,372.3	1,160.5	2,350.7	1.0	1,305.4	226.5	544.8
Sep.	3,469.1	2,538.4	778.9	145.8	6.0	8,903.6	5,400.7	1,139.1	2,362.7	1.1	1,333.8	229.2	537.3
Oct.	3,473.4	2,556.0	763.4	148.0	6.1	8,932.8	5,422.7	1,139.4	2,369.7	1.0	1,383.3	223.7	545.8
Nov.	3,492.3	2,564.5	773.2	148.9	5.7	8,964.0	5,451.7	1,136.7	2,374.7	0.9	1,443.1	221.6	569.8
Dec. (p)	3,504.1	2,574.1	772.8	150.6	6.6	8,989.6	5,471.4	1,137.2	2,379.7	1.3	1,477.0	224.7	549.8
Transactions													
2023	-38.9	-313.8	270.9	-1.6	5.6	13.9	-459.3	571.9	-99.2	0.5	-47.3	-2.1	-29.6
2024	89.5	69.8	16.5	3.0	0.2	290.2	48.9	236.1	5.3	0.0	82.8	3.9	3.2
2025	115.2	110.5	-12.5	17.1	0.0	261.6	294.0	-116.0	83.7	-0.1	81.1	-4.7	0.5
2025 Q1	7.7	6.3	-3.9	5.5	-0.2	63.5	75.7	-30.2	18.2	-0.3	-2.2	-2.3	-9.2
Q2	36.0	34.4	-2.4	4.8	-0.8	53.5	80.3	-47.5	20.7	0.0	11.4	5.9	4.9
Q3	34.5	32.6	-0.5	2.0	0.4	59.1	67.2	-35.8	27.8	0.0	-23.9	-4.0	-7.2
Q4 (p)	37.1	37.3	-5.7	4.8	0.6	85.5	70.9	-2.5	17.0	0.2	95.8	-4.3	12.1
2025 July	13.2	8.2	4.0	0.6	0.4	27.8	21.1	-2.2	8.9	-0.1	-46.6	-10.0	3.5
Aug.	11.3	10.3	0.9	0.5	-0.4	11.8	17.3	-12.5	6.8	0.1	-3.2	3.2	-3.0
Sep.	9.9	14.0	-5.4	0.8	0.5	19.6	28.7	-21.2	12.1	0.0	25.9	2.8	-7.7
Oct.	3.5	17.3	-16.1	2.2	0.0	28.5	21.6	0.0	7.0	-0.1	-4.2	-5.6	8.1
Nov.	19.0	8.7	9.8	0.9	-0.4	31.1	29.0	-2.7	5.0	-0.1	59.7	-2.0	24.1
Dec. (p)	14.5	11.3	0.6	1.7	0.9	25.9	20.3	0.2	5.0	0.4	40.3	3.3	-20.0
Growth rates													
2023	-1.2	-11.5	54.2	-1.2	90.8	0.2	-8.3	129.4	-4.2	64.0	-3.5	-0.9	-5.2
2024	2.7	2.9	2.2	2.3	2.0	3.4	0.9	23.2	0.2	3.7	6.4	1.7	0.6
2025	3.4	4.5	-1.6	12.8	3.4	3.0	5.7	-9.3	3.6	-4.3	5.7	-2.1	0.1
2025 Q1	2.4	4.2	-3.9	9.5	-2.8	3.6	3.5	7.5	1.9	6.0	9.8	2.6	-0.5
Q2	1.8	4.3	-6.8	13.1	-9.4	3.3	4.9	-2.6	2.8	-8.6	7.7	7.2	2.1
Q3	3.1	5.5	-5.5	15.2	-9.2	3.2	6.1	-9.4	3.9	-0.5	2.9	0.0	-2.6
Q4 (p)	3.4	4.5	-1.6	12.8	3.4	3.0	5.7	-9.3	3.6	-4.3	5.7	-2.1	0.1
2025 July	2.7	5.0	-5.5	13.8	5.1	3.4	5.4	-4.6	3.2	0.7	5.4	3.7	1.1
Aug.	2.8	5.2	-5.8	14.4	-2.3	3.4	5.6	-5.6	3.3	5.7	1.7	4.1	0.3
Sep.	3.1	5.5	-5.5	15.2	-9.2	3.2	6.1	-9.4	3.9	-0.5	2.9	0.0	-2.6
Oct.	3.4	5.7	-5.2	15.4	-19.9	3.1	5.9	-9.8	4.0	3.0	2.7	0.8	-1.0
Nov.	3.5	5.4	-3.6	14.3	-26.7	3.1	5.8	-9.6	4.0	8.1	5.1	-1.6	2.0
Dec. (p)	3.4	4.5	-1.6	12.8	3.4	3.0	5.7	-9.3	3.6	-4.3	5.7	-2.1	0.1

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							Debt securities	Equity and non-money market fund investment fund shares
	Total	Loans	Debt securities	Total	Loans							
					Total		To non-financial coprora-tions [3]	To house-holds [4]	To financial coprora-tions other than MFIs and ICPFs [3]	To insurance corpora-tions and pension funds		
					Total	Adjusted loans [2]						
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2023	6,297.5	988.8	5,283.4	15,501.0	13,045.4	13,251.0	5,130.8	6,649.1	1,127.6	137.8	1,559.1	896.5
2024	6,249.9	986.9	5,237.1	15,789.0	13,258.0	13,502.0	5,189.2	6,678.6	1,251.2	139.1	1,580.0	951.0
2025	6,295.0	1,020.3	5,248.5	16,248.8	13,629.7	13,903.5	5,294.9	6,853.3	1,334.5	147.1	1,573.4	1,045.8
2025 Q1	6,267.5	996.6	5,245.0	15,868.4	13,334.0	13,589.4	5,203.4	6,722.3	1,271.1	137.2	1,562.1	972.3
Q2	6,274.4	1,007.8	5,240.5	15,956.2	13,410.3	13,679.9	5,213.5	6,767.1	1,285.1	144.6	1,571.4	974.6
Q3	6,287.6	1,017.1	5,244.4	16,021.5	13,447.8	13,720.6	5,244.9	6,808.9	1,257.9	136.1	1,567.1	1,006.6
Q4	6,295.0	1,020.3	5,248.5	16,248.8	13,629.7	13,903.5	5,294.9	6,853.3	1,334.5	147.1	1,573.4	1,045.8
2025 July	6,285.9	1,012.5	5,247.3	15,980.9	13,421.1	13,688.1	5,222.2	6,780.0	1,281.3	137.7	1,571.1	988.7
Aug.	6,264.1	1,013.8	5,224.2	15,997.4	13,422.6	13,698.7	5,237.5	6,794.4	1,253.9	136.9	1,575.0	999.7
Sep.	6,287.6	1,017.1	5,244.4	16,021.5	13,447.8	13,720.6	5,244.9	6,808.9	1,257.9	136.1	1,567.1	1,006.6
Oct.	6,309.3	1,025.3	5,257.9	16,115.6	13,520.8	13,791.8	5,257.1	6,817.9	1,311.2	134.6	1,572.6	1,022.1
Nov.	6,305.4	1,026.4	5,252.9	16,215.5	13,578.7	13,847.3	5,266.9	6,836.3	1,338.1	137.4	1,596.1	1,040.7
Dec.	6,295.0	1,020.3	5,248.5	16,248.8	13,629.7	13,903.5	5,294.9	6,853.3	1,334.5	147.1	1,573.4	1,045.8
Transactions												
2023	-161.9	-17.3	-144.9	51.0	23.2	73.3	-6.5	8.5	29.5	-8.3	-17.1	44.9
2024	-64.3	-1.2	-63.6	287.7	228.9	273.7	76.2	45.2	106.6	1.0	11.6	47.1
2025	49.2	32.8	16.0	466.0	414.0	448.1	145.9	187.2	72.6	8.3	-2.2	54.2
2025 Q1	38.8	9.3	29.4	102.0	98.4	109.3	27.5	48.5	24.3	-2.0	-14.9	18.5
Q2	-17.0	11.1	-28.2	104.9	95.5	106.6	25.0	45.8	16.8	7.8	10.4	-1.0
Q3	19.0	8.3	10.6	67.6	47.0	49.6	35.9	45.0	-25.4	-8.4	-6.4	26.9
Q4	8.3	4.1	4.1	191.5	173.2	182.6	57.4	47.9	57.0	10.9	8.7	9.7
2025 July	16.1	4.6	11.3	19.8	8.3	6.0	7.8	13.6	-6.1	-7.0	-1.6	13.1
Aug.	-15.7	1.3	-17.0	21.3	7.8	15.6	15.6	15.6	-22.6	-0.7	3.3	10.1
Sep.	18.7	2.4	16.3	26.5	30.9	28.1	12.5	15.9	3.3	-0.7	-8.1	3.7
Oct.	8.3	8.1	0.1	70.3	54.3	58.8	12.0	9.9	33.9	-1.6	3.6	12.4
Nov.	0.5	1.3	-0.8	80.4	60.4	58.5	12.2	19.3	26.1	2.8	25.1	-5.1
Dec.	-0.4	-5.3	4.8	40.8	58.5	65.2	33.2	18.7	-3.0	9.7	-20.1	2.4
Growth rates												
2023	-2.5	-1.7	-2.7	0.3	0.2	0.6	-0.1	0.1	2.7	-5.7	-1.1	5.3
2024	-1.0	-0.1	-1.2	1.9	1.8	2.1	1.5	0.7	9.4	0.7	0.7	5.2
2025	0.8	3.3	0.3	3.0	3.1	3.3	2.8	2.8	5.8	6.0	-0.1	5.6
2025 Q1	0.5	1.8	0.2	2.2	2.4	2.6	2.2	1.5	9.0	-0.7	-0.9	4.9
Q2	0.1	2.7	-0.4	2.7	2.8	3.0	2.3	2.1	7.7	11.0	0.8	4.7
Q3	0.6	3.8	0.0	2.7	2.7	2.8	2.8	2.5	3.8	2.0	0.1	7.2
Q4	0.8	3.3	0.3	3.0	3.1	3.3	2.8	2.8	5.8	6.0	-0.1	5.6
2025 July	0.6	3.6	0.0	2.7	2.6	2.8	2.5	2.3	4.8	3.5	1.3	5.8
Aug.	0.1	3.4	-0.5	2.7	2.6	2.8	2.7	2.4	3.3	1.9	1.0	7.1
Sep.	0.6	3.8	0.0	2.7	2.7	2.8	2.8	2.5	3.8	2.0	0.1	7.2
Oct.	0.6	3.9	0.0	2.9	2.9	3.0	2.9	2.6	5.3	-1.1	-0.3	8.0
Nov.	0.7	3.6	0.2	3.3	3.3	3.4	3.0	2.7	7.8	1.7	1.3	6.6
Dec.	0.8	3.3	0.3	3.0	3.1	3.3	2.8	2.8	5.8	6.0	-0.1	5.6

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										
2023	5,130.8	5,135.7	915.6	1,089.6	3,125.7	6,649.1	6,867.2	731.1	5,229.1	688.9
2024	5,189.2	5,200.0	930.7	1,097.8	3,160.7	6,678.6	6,929.4	744.8	5,255.6	678.2
2025	5,294.9	5,324.3	950.5	1,121.4	3,223.0	6,853.3	7,112.0	777.1	5,403.2	673.0
2025 Q1	5,203.4	5,224.2	926.5	1,112.4	3,164.5	6,722.3	6,971.9	750.4	5,294.0	678.0
Q2	5,213.5	5,249.6	929.2	1,114.8	3,169.4	6,767.1	7,016.8	757.7	5,333.4	676.1
Q3	5,244.9	5,283.1	927.5	1,126.9	3,190.4	6,808.9	7,061.1	767.3	5,369.2	672.4
Q4	5,294.9	5,324.3	950.5	1,121.4	3,223.0	6,853.3	7,112.0	777.1	5,403.2	673.0
2025 July	5,222.2	5,256.5	925.6	1,120.8	3,175.8	6,780.0	7,030.6	760.3	5,345.9	673.8
Aug.	5,237.5	5,274.6	929.5	1,123.2	3,184.8	6,794.4	7,045.7	764.1	5,357.1	673.2
Sep.	5,244.9	5,283.1	927.5	1,126.9	3,190.4	6,808.9	7,061.1	767.3	5,369.2	672.4
Oct.	5,257.1	5,290.6	935.4	1,126.0	3,195.7	6,817.9	7,073.9	771.1	5,373.8	673.0
Nov.	5,266.9	5,300.8	938.8	1,123.4	3,204.7	6,836.3	7,093.4	775.4	5,386.7	674.1
Dec.	5,294.9	5,324.3	950.5	1,121.4	3,223.0	6,853.3	7,112.0	777.1	5,403.2	673.0
Transactions										
2023	-6.5	23.7	-44.8	10.5	27.8	8.5	26.8	19.1	10.3	-20.9
2024	76.2	87.4	21.7	14.6	39.8	45.2	77.1	26.6	28.3	-9.7
2025	145.9	157.9	32.4	35.7	77.7	187.2	204.8	38.4	148.2	0.5
2025 Q1	27.5	35.7	-2.5	19.6	10.4	48.5	48.8	8.7	39.8	0.0
Q2	25.0	36.0	8.8	8.0	8.3	45.8	47.5	6.9	37.7	1.1
Q3	35.9	37.2	0.1	13.1	22.7	45.0	47.6	11.2	36.3	-2.5
Q4	57.4	49.2	26.1	-4.9	36.3	47.9	60.9	11.6	34.4	1.9
2025 July	7.8	6.6	-4.2	5.1	6.9	13.6	14.4	3.1	12.5	-2.0
Aug.	15.6	17.4	2.7	3.8	9.1	15.6	16.1	4.2	11.5	-0.2
Sep.	12.5	13.2	1.6	4.2	6.8	15.9	17.2	3.8	12.3	-0.3
Oct.	12.0	7.3	7.4	-2.3	6.9	9.9	19.9	4.4	4.6	0.9
Nov.	12.2	12.7	4.7	-1.9	9.5	19.3	20.9	5.0	13.1	1.2
Dec.	33.2	29.2	13.9	-0.7	19.9	18.7	20.0	2.2	16.7	-0.2
Growth rates										
2023	-0.1	0.5	-4.6	1.0	0.9	0.1	0.4	2.7	0.2	-2.9
2024	1.5	1.7	2.4	1.3	1.3	0.7	1.1	3.7	0.5	-1.4
2025	2.8	3.0	3.5	3.3	2.5	2.8	3.0	5.2	2.8	0.1
2025 Q1	2.2	2.4	4.7	3.3	1.1	1.5	1.7	3.7	1.4	-0.7
Q2	2.3	2.7	3.9	4.1	1.3	2.1	2.3	4.5	2.1	-0.3
Q3	2.8	2.9	3.0	4.6	2.1	2.5	2.6	5.0	2.5	-0.1
Q4	2.8	3.0	3.5	3.3	2.5	2.8	3.0	5.2	2.8	0.1
2025 July	2.5	2.9	3.4	4.6	1.5	2.3	2.4	4.5	2.2	-0.1
Aug.	2.7	3.0	3.6	4.7	1.7	2.4	2.5	4.8	2.3	0.0
Sep.	2.8	2.9	3.0	4.6	2.1	2.5	2.6	5.0	2.5	-0.1
Oct.	2.9	2.9	2.9	4.4	2.3	2.6	2.8	5.2	2.6	0.1
Nov.	3.0	3.1	4.0	4.3	2.3	2.7	2.9	5.6	2.7	0.0
Dec.	2.8	3.0	3.5	3.3	2.5	2.8	3.0	5.2	2.8	0.1

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										
2023	476.9	7,337.9	1,826.7	90.5	2,415.1	3,005.6	1,853.9	271.3	152.1	152.6
2024	395.9	7,850.1	1,841.9	117.2	2,590.7	3,300.3	2,666.3	317.2	140.4	135.9
2025	398.2	8,366.1	1,870.5	131.7	2,623.0	3,740.9	3,266.3	184.8	326.5	238.4
2025 Q1	388.3	7,934.3	1,834.5	121.7	2,576.4	3,401.8	2,793.1	232.5	182.9	161.3
Q2	409.4	7,907.9	1,833.3	129.6	2,562.3	3,382.8	2,827.8	188.6	177.9	165.9
Q3	430.1	8,092.2	1,842.2	132.5	2,589.9	3,527.6	3,052.0	144.0	168.3	168.6
Q4 (p)	398.2	8,366.1	1,870.5	131.7	2,623.0	3,740.9	3,266.3	184.8	326.5	238.4
2025 July	397.0	7,958.1	1,835.1	132.5	2,583.8	3,406.7	2,864.3	147.5	173.5	166.9
Aug.	412.7	7,967.2	1,839.2	132.8	2,575.7	3,419.5	2,885.2	160.2	206.3	179.4
Sep.	430.1	8,092.2	1,842.2	132.5	2,589.9	3,527.6	3,052.0	144.0	168.3	168.6
Oct.	441.4	8,216.7	1,849.3	132.4	2,618.2	3,616.9	3,184.8	122.1	366.3	251.7
Nov.	423.0	8,322.8	1,874.3	131.8	2,615.3	3,701.4	3,232.5	185.1	395.6	266.9
Dec. (p)	398.2	8,366.1	1,870.5	131.7	2,623.0	3,740.9	3,266.3	184.8	326.5	238.4
Transactions										
2023	-199.0	325.1	24.9	40.1	227.5	32.5	437.1	-192.5	17.1	9.0
2024	-80.6	279.8	15.2	26.7	164.8	73.2	532.5	29.1	-11.7	-16.7
2025	0.3	186.5	31.6	16.3	113.6	25.0	279.1	-142.8	13.7	33.2
2025 Q1	-7.2	4.5	-4.3	5.6	11.5	-8.3	21.1	-83.8	42.4	25.3
Q2	21.2	35.0	4.3	7.9	36.5	-13.7	127.0	-34.6	-5.0	4.7
Q3	19.1	35.5	9.1	3.6	31.3	-8.5	62.4	-37.3	-9.6	2.7
Q4 (p)	-32.8	111.4	22.5	-0.8	34.3	55.4	68.7	12.9	-14.2	0.5
2025 July	-14.0	9.3	0.4	2.9	11.0	-5.0	-4.9	-48.9	-4.4	1.0
Aug.	15.7	8.6	5.3	0.3	1.5	1.4	14.4	16.1	32.8	12.4
Sep.	17.4	17.6	3.4	0.3	18.7	-4.9	52.8	-4.5	-38.0	-10.7
Oct.	10.4	21.2	6.0	-0.2	21.1	-5.8	31.1	-44.2	65.5	21.6
Nov.	-18.4	45.5	22.4	-0.6	-3.2	26.9	12.5	54.1	-0.9	7.5
Dec. (p)	-24.8	44.8	-5.8	0.0	16.4	34.3	25.1	3.1	-78.8	-28.6
Growth rates										
2023	-29.6	4.7	1.4	80.3	10.7	1.1	-	-	12.4	6.0
2024	-16.9	3.8	0.8	29.5	6.9	2.3	-	-	-7.7	-10.9
2025	0.1	2.3	1.7	14.0	4.5	0.6	-	-	33.0	28.7
2025 Q1	-6.6	2.5	0.3	17.9	3.5	2.5	-	-	2.7	-7.4
Q2	-0.9	2.3	0.6	19.4	3.8	1.6	-	-	-2.6	-6.0
Q3	5.7	2.0	0.8	17.9	3.6	1.0	-	-	-9.0	-10.5
Q4 (p)	0.1	2.3	1.7	14.0	4.5	0.6	-	-	33.0	28.7
2025 July	-1.7	2.4	0.9	20.5	4.0	1.3	-	-	4.0	7.8
Aug.	-3.5	2.1	1.1	19.6	3.2	1.3	-	-	6.8	5.1
Sep.	5.7	2.0	0.8	17.9	3.6	1.0	-	-	-9.0	-10.5
Oct.	1.7	2.1	1.2	16.4	4.2	0.6	-	-	37.9	10.5
Nov.	-0.3	2.6	2.1	15.2	4.0	1.3	-	-	31.9	19.4
Dec. (p)	0.1	2.3	1.7	14.0	4.5	0.6	-	-	33.0	28.7

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 Q4	-3.1	.	.	.	.	-1.2
2025 Q1	-3.0	.	.	.	.	-1.1
Q2	-2.9	.	.	.	.	-1.0
Q3	-3.0	.	.	.	.	-1.1

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 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	49.6	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	49.6	44.6	10.0	6.0	1.9	22.9	5.0
Q3	46.7	45.9	13.3	12.4	15.0	0.7	49.7	44.7	10.0	6.0	1.9	23.0	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 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	.	.	.	.	.	.	.	.	.	.
Q3	88.5	2.3	11.8	74.5	.	.	.	.	.	.	.	.	.	.

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 require-ment
			Total	Transactions in main financial assets								
				Total	Currency and deposits	Loans	Debt securities	Equity and invest-ment fund shares	Revalua-tion effects and other changes in volume	Other		
	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 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	1.1	0.5	0.3	-0.1	0.1	0.1	0.1	0.2	0.0	-1.3	3.3
Q2	0.5	1.0	0.8	0.7	0.4	0.0	0.1	0.1	0.2	-0.1	-1.3	3.5
Q3	0.8	1.1	1.0	0.7	0.4	0.0	0.1	0.2	0.1	0.1	-1.3	3.9

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]						
		Principal		Interest			Outstanding amounts					Transactions	
	Total	Total	Maturities of up to 3 months	Total	Maturities of up to 3 months		Total	Floating rate	Zero coupon	Fixed rate		Issuance	Redemption
										Total	Maturities of up to 1 year		
	1	2	3	4	5	6	7	8	9	10	11	12	13
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
2025	13.1	11.6	4.1	1.5	0.4	8.2	2.1	1.1	1.5	2.3	1.8	2.8	2.5
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	12.8	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	13.2	11.7	3.7	1.5	0.4	8.2	2.1	1.3	1.4	2.2	1.9	2.9	2.6
Q4	13.1	11.6	4.1	1.5	0.4	8.2	2.1	1.1	1.5	2.3	1.8	2.8	2.5
2025 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.	13.2	11.7	3.7	1.5	0.4	8.2	2.1	1.3	1.4	2.2	1.9	2.9	2.6
Oct.	13.2	11.7	3.4	1.5	0.4	8.2	2.1	1.2	1.6	2.2	1.9	2.8	2.6
Nov.	13.3	11.8	3.8	1.5	0.4	8.2	2.1	1.1	1.5	2.3	1.8	2.8	2.5
Dec.	13.1	11.6	4.1	1.5	0.4	8.2	2.1	1.1	1.5	2.3	1.8	2.8	2.5

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 Q4	-4.4	-2.7	-1.7	4.1	1.2	-3.2	-5.8	-1.9	-3.4	4.1
2025 Q1	-4.6	-2.4	-1.2	4.1	2.5	-3.2	-5.8	-2.6	-3.4	4.2
Q2	-4.7	-2.2	-1.1	3.8	2.2	-3.2	-5.7	-3.0	-3.0	4.1
Q3	-5.1	-2.3	-1.1	1.4	2.6	-2.9	-5.6	-3.1	-3.2	3.5
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 Q4	103.9	62.2	23.5	38.3	154.2	101.6	113.2	57.4	134.9	62.8
2025 Q1	106.0	62.0	23.9	34.5	152.9	103.4	114.2	58.3	137.4	62.1
Q2	106.2	62.3	23.2	33.4	151.9	103.4	115.9	57.5	138.3	61.4
Q3	107.1	63.0	22.9	32.8	149.7	103.2	117.7	57.2	137.8	60.6

	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 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	-4.1
Q2	-1.7	-1.8	-0.4	-4.3	-1.5	-4.9	0.6	-1.8	-4.8	-3.8
Q3	-2.2	-1.7	-0.9	-3.9	-1.6	-4.6	0.4	-1.7	-4.6	-3.4
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 Q4	46.6	38.0	26.3	46.0	43.7	79.9	93.6	66.6	59.7	82.5
2025 Q1	45.4	40.4	26.2	46.6	43.2	83.0	95.0	69.5	63.2	84.2
Q2	48.0	39.1	25.2	46.8	42.7	82.2	96.7	69.3	62.9	88.5
Q3	45.2	40.7	27.9	46.5	42.4	83.7	97.6	67.6	62.3	86.8

Source: Eurostat.