



EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro area in April 2025

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IIF Global Outlook Forum  
Washington DC

23 April 2025

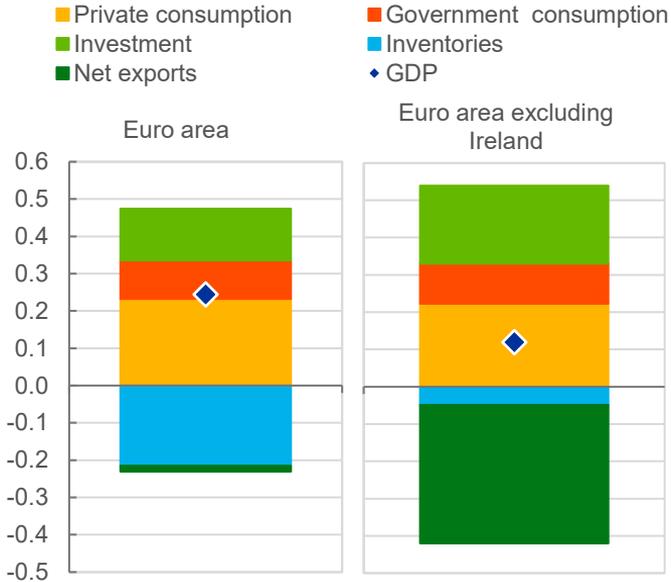


**Philip R. Lane**  
Member of the Executive Board

# GDP growth, surveys and growth outlook

## GDP in the fourth quarter of 2024

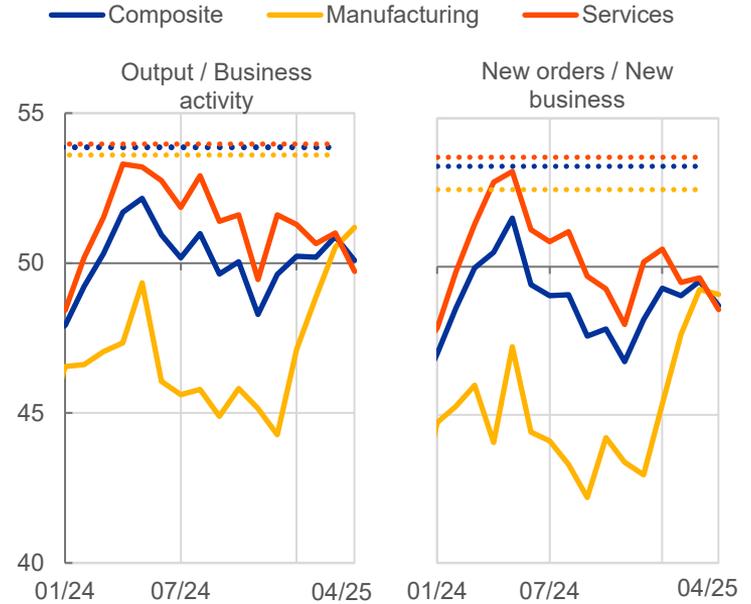
(quarter-on-quarter percentage changes, percentage point contributions)



Sources: Eurostat and ECB calculations.  
 Note: The latest observations are for the fourth quarter of 2024.

## PMIs

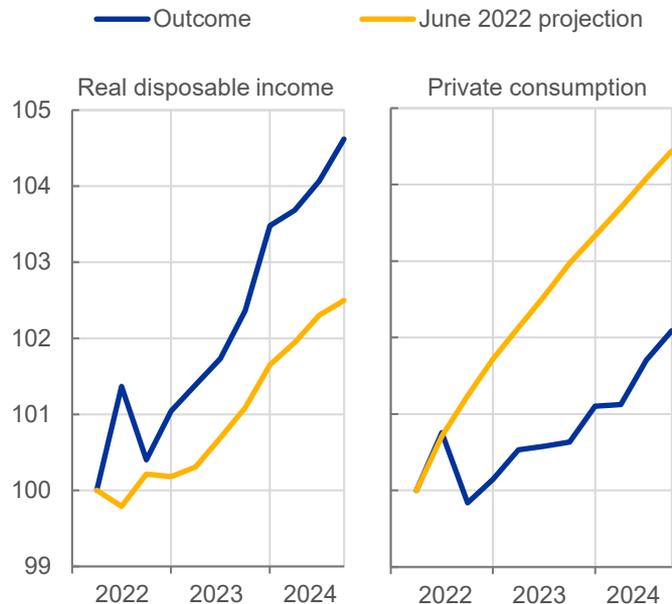
(diffusion indices)



Sources: S&P Global and ECB calculations.  
 Notes: Dotted lines refer to 2015-19 averages. The latest observations are for April 2025.

## Real income and consumption (projections)

(index: Q2 2022 = 100)

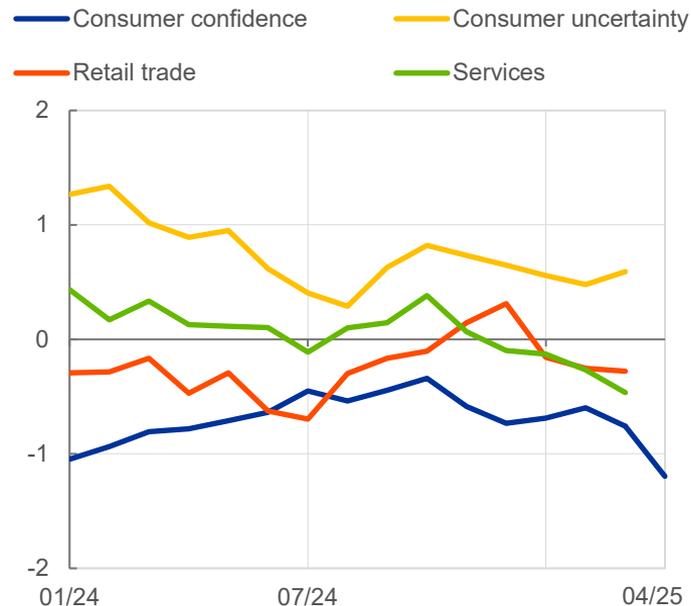


Sources: Eurostat and ECB calculations.

Notes: The second quarter of 2022 corresponds to the latest trough in the household saving rate. The June 2022 BMPE was the first full-fledged macroeconomic projection following the Russian invasion of Ukraine and the ensuing energy crisis. The latest observations are for the fourth quarter of 2024.

## Confidence and expectations

(standardised balances)



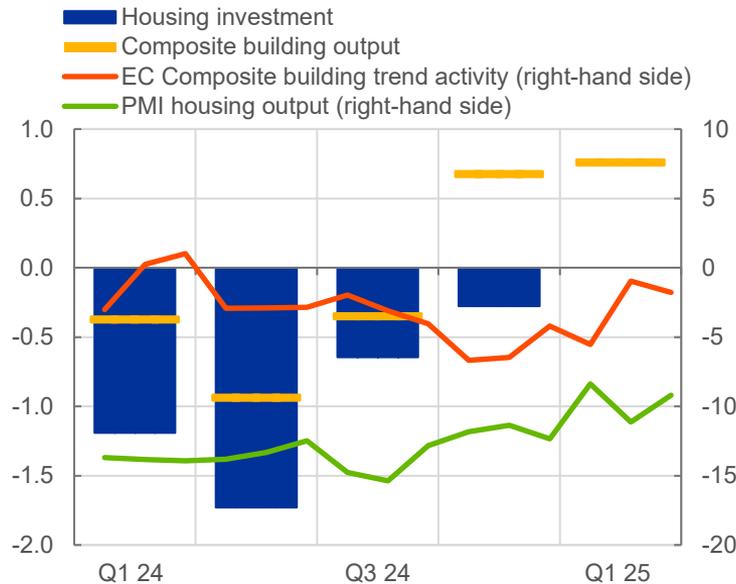
Sources: DG-ECFIN, ECB calculations.

Notes: Business expectations for demand in retail trade and services refer to the next three months. Uncertainty is standardised over April 2019 – March 2025 with respect to the average for the fourth quarter of 2021, while all other series are standardised over 1999-2019. The latest observations are for April 2025 for consumer confidence and for March 2025 for all other series.

# Housing and business investment

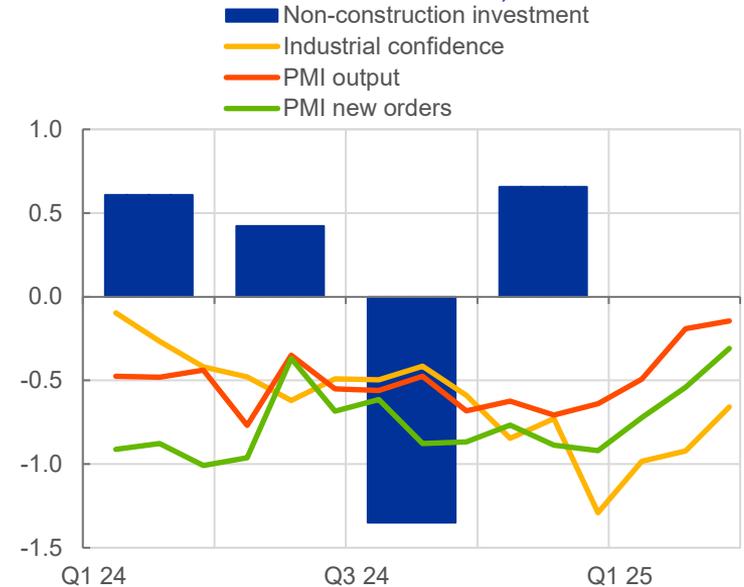
## Housing investment and short-term indicators

(left-hand side: quarter-on-quarter percentage changes; right-hand side: balances, deviations from 50)



## Business investment and short-term indicators

(quarter-on-quarter percentage changes, standardised indices, deviations from 50)



Sources: Eurostat, DG-ECFIN, S&P Global, ECB calculations.

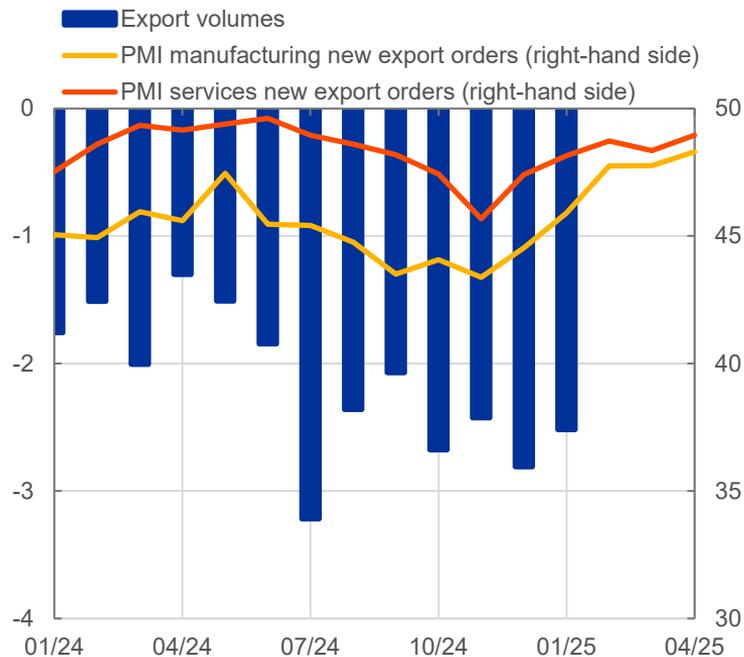
Notes: Composite indices refer to building output and specialised construction activities; PMI in deviation from 50. The latest observations are for the fourth quarter of 2024 for investment, February 2025 for building output and March 2025 for EC building trend activity and PMI housing output.

Sources: Eurostat, DG-ECFIN, S&P Global, ECB calculations.

Notes: Business investment proxied by non-construction investment excluding Irish IPP; Short-term indicators refer to the capital goods sector; ECFIN industrial confidence normalised for 1999-2019 mean and standard deviation; PMIs in deviation from 50. The latest observations are for the fourth quarter of 2024 for investment and March 2025 for industrial confidence and PMIs.

## Euro area exports

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

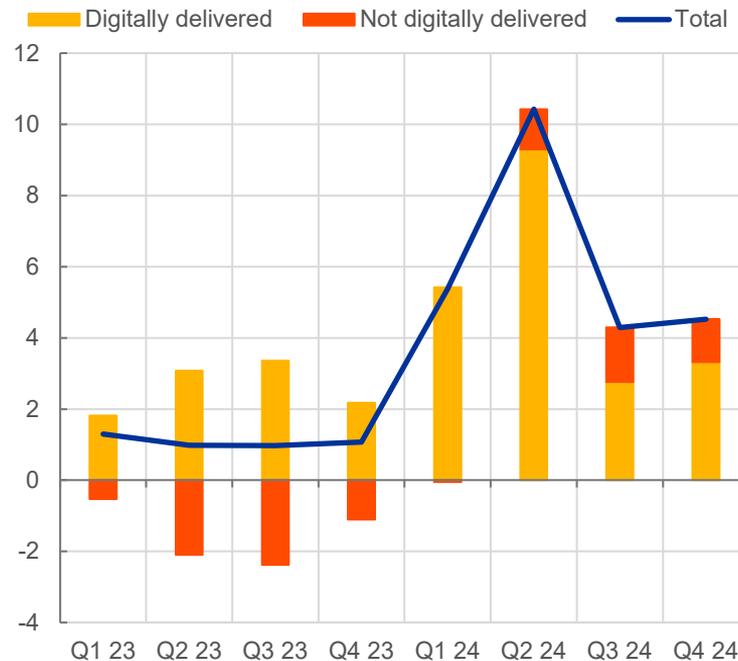


Sources: Eurostat, S&P Global and ECB staff calculations.

Notes: A diffusion index is obtained by adding together the percentage of respondents reporting "higher" and half of the percentage of respondents reporting "the same". A number bigger than 50 indicates an expansion, while below 50 is a contraction. April PMIs are flash estimates. As January export volumes are not yet available, they are approximated by dividing January export values with industrial export prices (non-domestic sales). The latest observations are for April 2025 for PMI and January 2025 for exports.

## Digital services and euro area services exports

(year-on-year growth)

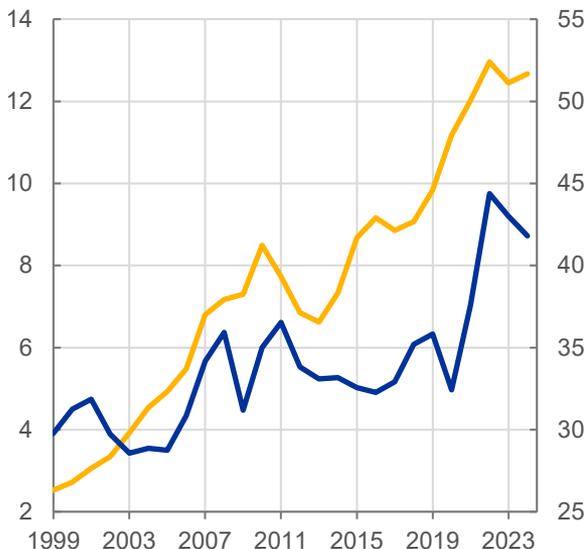


Sources: Balance of Payments statistics and ECB staff calculations.

Notes: The chart includes deflated values, using the overall service exports deflator. "Digitally delivered services" includes financial services and insurance, information and communication services and other business services.

## Euro area imports of intermediate goods from China (percentage)

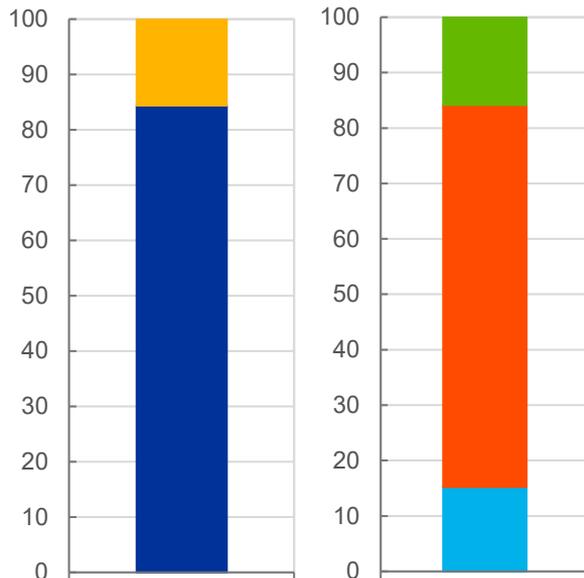
— Share of China in extra-euro area imports of intermediates  
— Share of intermediates among total imports from China (right-hand side)



Sources: TDM and ECB staff calculations.  
 Note: The latest observations are for 2024.

## Euro area imports from the United States (percentage)

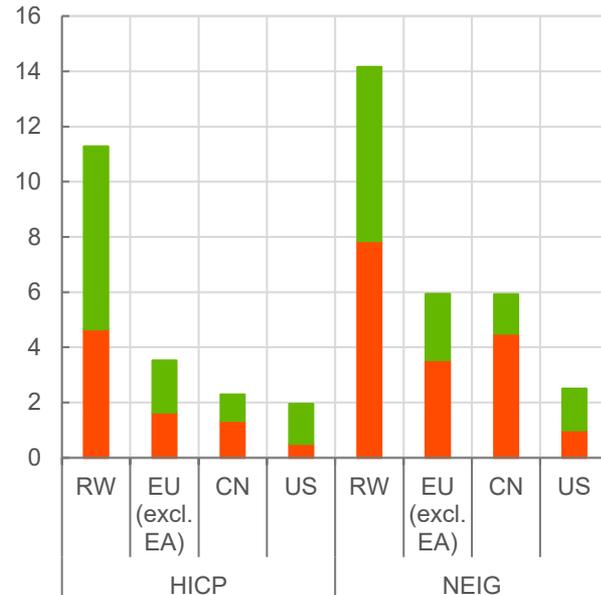
■ Differentiated  
■ Not differentiated  
■ Consumer goods  
■ Intermediate goods  
■ Capital goods



Sources: TDM and ECB staff calculations.  
 Notes: The data are for 2024. The differentiation classification is taken from Rauch (1999) and Cavallo et al. (2019). Not differentiated goods refer to commodities, homogeneous or standardised goods. Goods not included in the classification have been attributed to the two categories in proportion to the share of differentiated and not differentiated goods classified.

## Import shares of the HICP and HICP goods baskets (percentage)

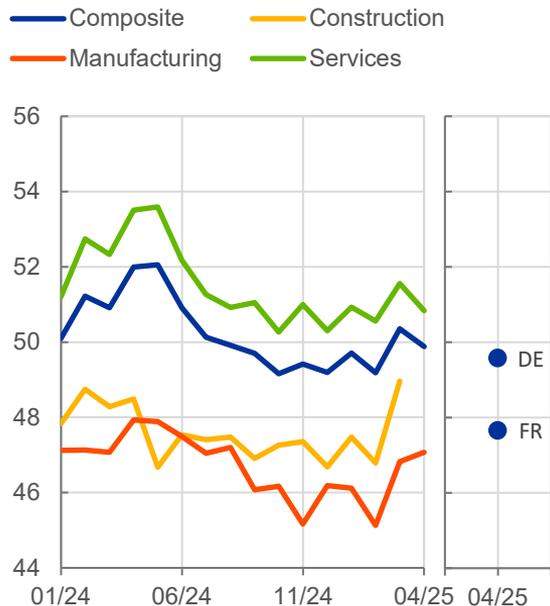
■ Direct  
■ Indirect



Sources: Eurostat, 2024 FIGARO, ECB staff calculations.  
 Notes: Total imports include goods and services and reflect values in terms of producer prices. The ratios are calculated before taxes. 2022 import share (latest data) on the item level is aggregated using 2025 HICP weights. The latest observations are for 2022 (2025 HICP weights).

## Employment PMI

(Diffusion indices)

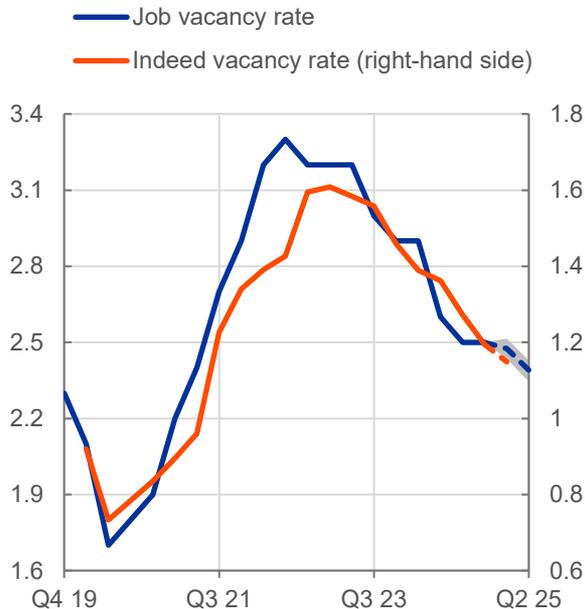


Source: S&P Global.

Notes: The chart on the left displays euro area sectoral PMIs, while the one on the right displays the flash composite value for April for Germany and France. The latest observations are for March 2025 for Construction and April 2025 for the rest.

## Job vacancy rate

(percentage)

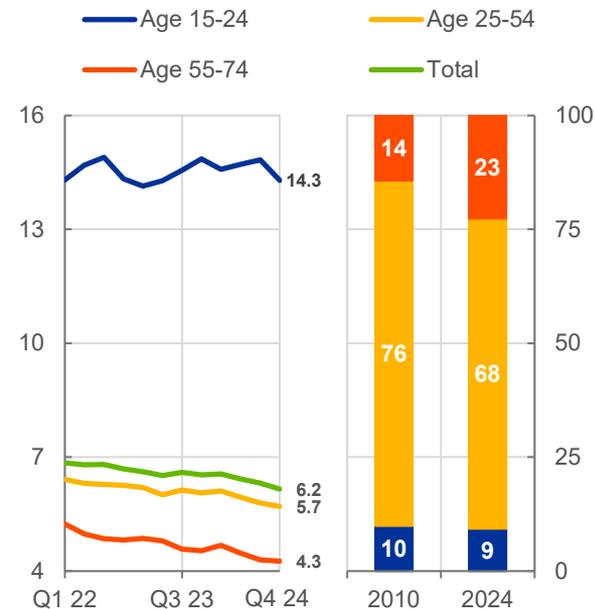


Sources: Eurostat, Indeed, NL Analytics and ECB staff calculations.

Notes: The vacancy rates are computed as vacancies over the sum of Labour Force Survey employment and vacancies. The job vacancy rate is projected for the first and second quarter (dashed line) using earnings calls data; grey area is the min-max range of the forecast and Indeed vacancy rate estimated for the first quarter. The latest observations are for the fourth quarter of 2024 and forecasts up to the second quarter of 2025.

## Unemployment rate and labour force by age

(percentage)



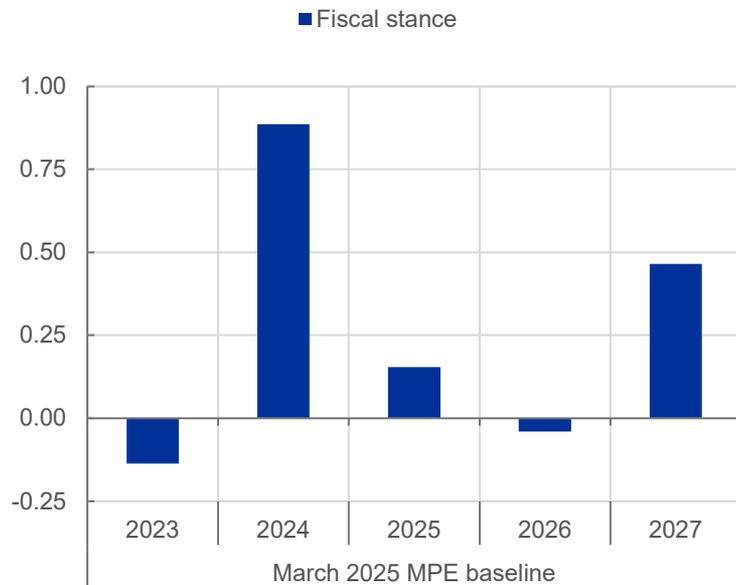
Source: Eurostat.

Note: The latest observations are for the fourth quarter of 2024

# Fiscal stance and additional fiscal space

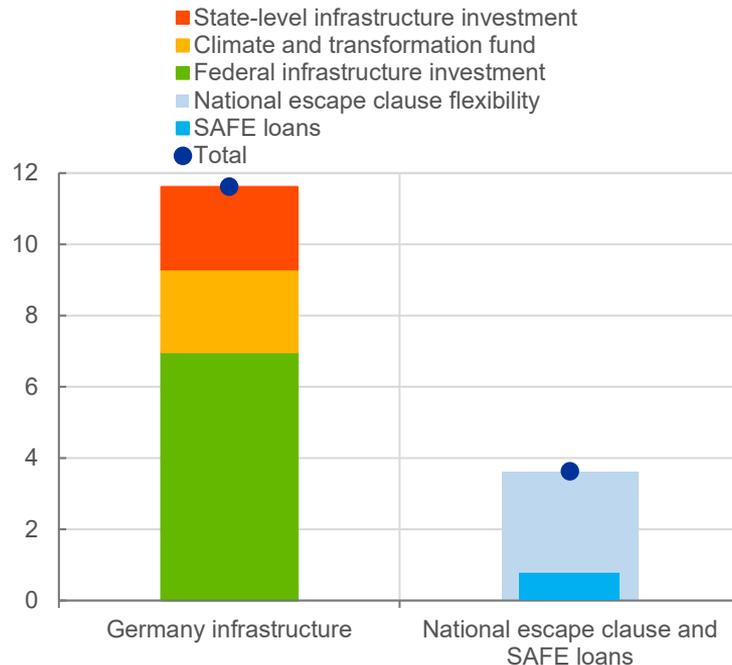
## Euro area fiscal stance

(change in cyclically adjusted primary balance-to-GDP ratio, in percentage points)



## Potential additional fiscal expenditure in Germany and the EU

(percentage of GDP, DE and EU respectively)



Source: March 2025 MPE.

Notes: The fiscal stance is approximated by the change in the cyclically adjusted primary balance. The euro area cyclically adjusted primary balance includes the deficit at the EU level corresponding to debt-financed NGEU grants to euro area countries.

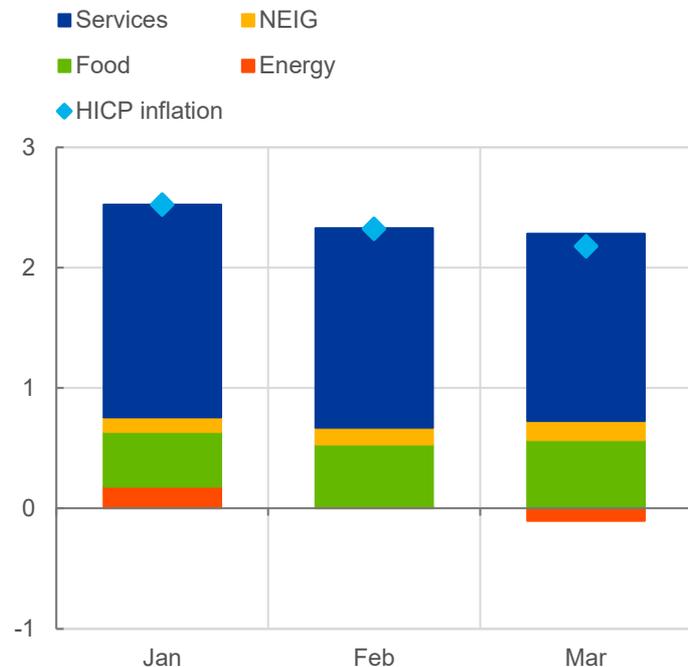
Sources: German Parliament, European Commission.

Notes: German law amendment (18 March 2025) to allow for (i) up to €500 billion in infrastructure investment (over 12 years) and (ii) additional defence spending above 1% of GDP exempt from the debt brake (not shown in chart). EU ReArm/Readiness 2030 under the SGP's national escape clause provides flexibility for up to 1.5% of GDP of additional defence spending until 2028 (around €650 billion).

# Recent inflation developments and short-term forecasts

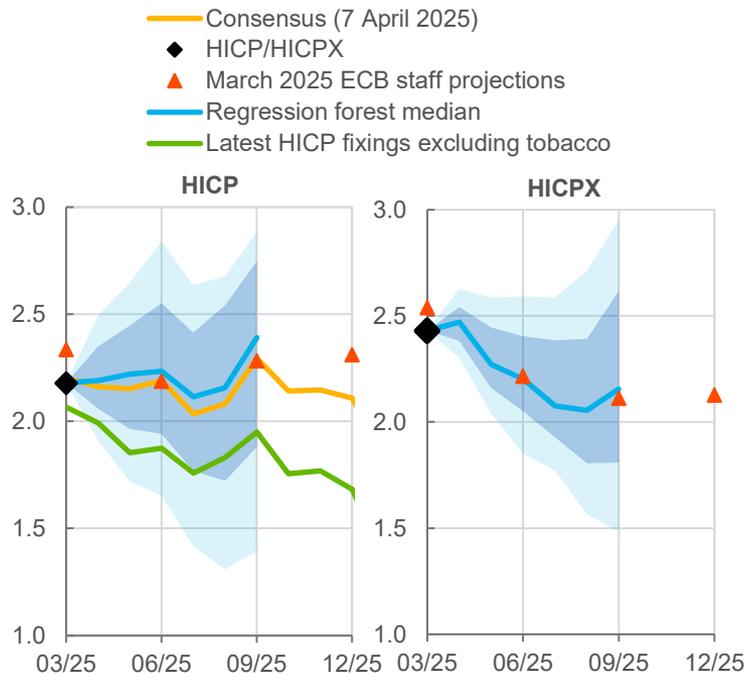
## Headline inflation and main components

(annual percentage changes and percentage point contributions)



## Short-term forecasts for HICP and HICPX

(annual percentage changes)



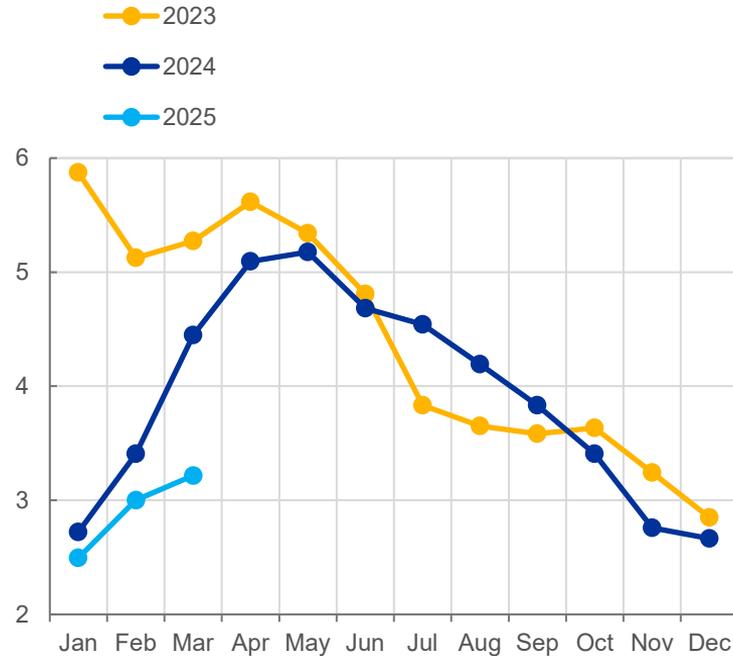
Sources: Eurostat and ECB calculations.  
Note: The latest observations are for March 2025.

Sources: Eurostat, March 2025 ECB staff macroeconomic projections, Consensus Economics, Bloomberg and ECB calculations.  
Notes: The cut-off date for the quantile regression forest (QRF) is 16 April 2025 and for the HICP fixings excluding tobacco it is 22 April 2025. QRF estimates are from Lenza et al. (2023). The light-blue shaded area denotes the QRF 5-95 percentiles range, the darker the QRF 16-84 percentiles range. The fixings are linked to HICP excluding tobacco and reflect market prices. The latest observations are for March 2025.

# Services inflation momentum and inflation for items with staggered repricing

## Momentum of services inflation

(annualised three-month-on-three-month percentage changes)

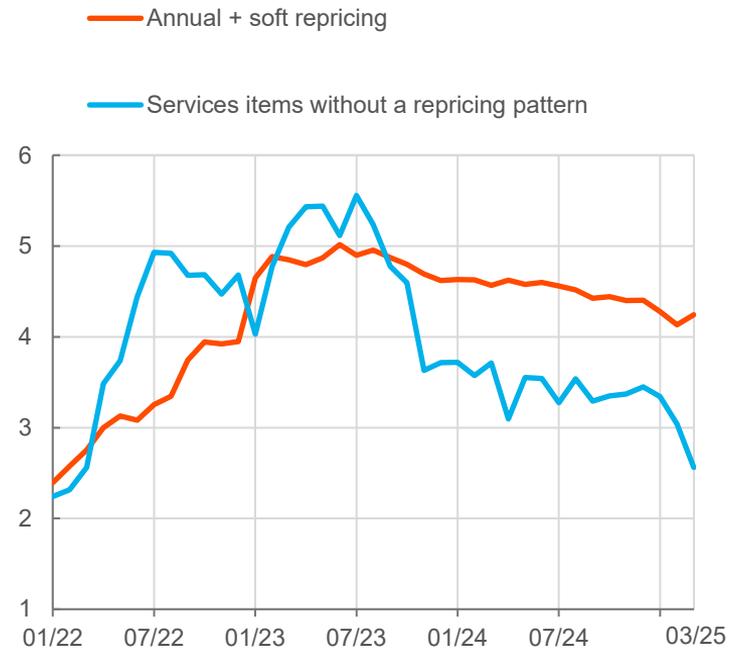


Sources: Eurostat and ECB calculations.

Notes: Calculated using seasonally adjusted data. The latest observations are for March 2025.

## Inflation rate of services items with staggered repricing and of other services items

(annual percentage changes)

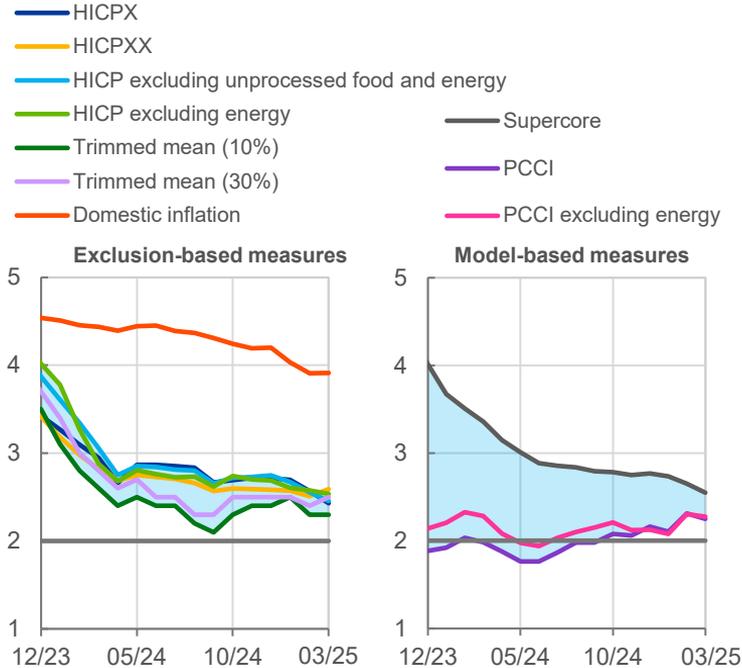


Sources: Eurostat and ECB staff calculations.

Notes: Annual repricing items are those showing, on average, at least 25% of the (absolute) price change in a single month or at least 35% in any two months jointly (with changes in these months, on average, positive) between 2016 and 2025. "Soft repricing" has a lower threshold (15%) for any one month. A third of these two categories combined is administered prices. The item "combined passenger transport" is excluded due to high volatility. The latest observations are for March 2025.

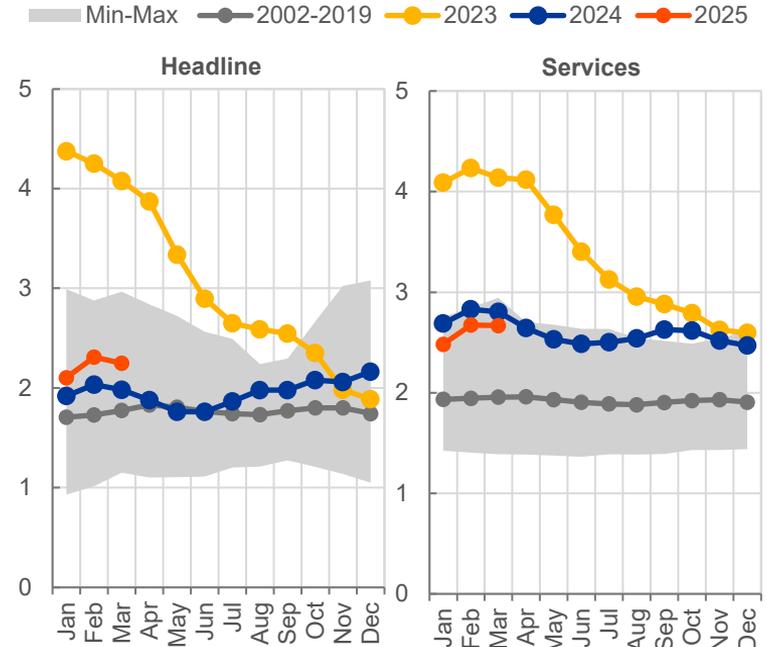
# Measures of underlying inflation and PCCI

## Measures of underlying inflation (annual percentage changes)



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

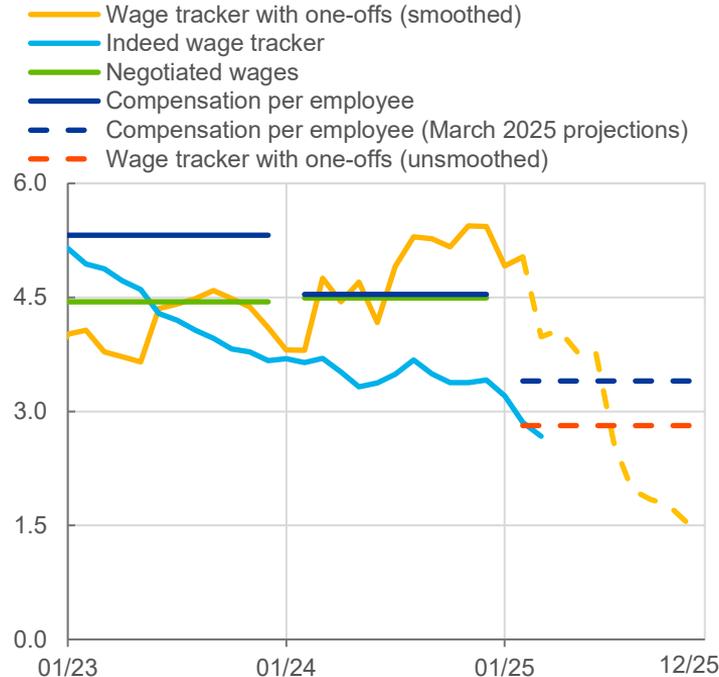
## PCCI headline and services inflation (annual percentage changes)



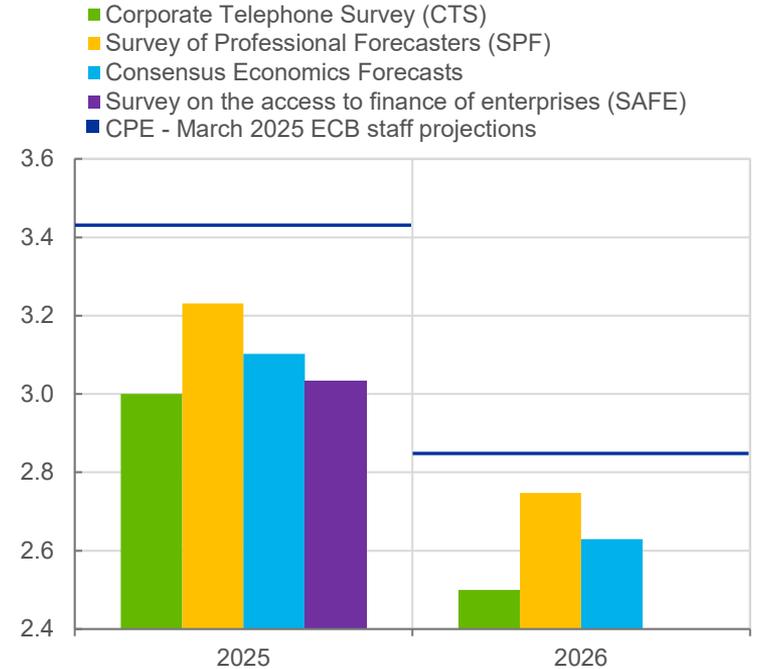
Sources: Eurostat and ECB calculations.  
Notes: The min-max range is for 2002-2019. The latest observations are for March 2025.

# Wage tracker and wage expectations

## Wage tracker in the euro area (annual percentage changes)



## Survey-based wage expectations (annual percentage changes)



Sources: Wage tracker calculated based on micro data on wage agreements provided by Deutsche Bundesbank, Banco de España, the Dutch employer association (AWVN), Oesterreichische Nationalbank, Bank of Greece, Banca d'Italia and Banque de France; Eurostat; projections database.

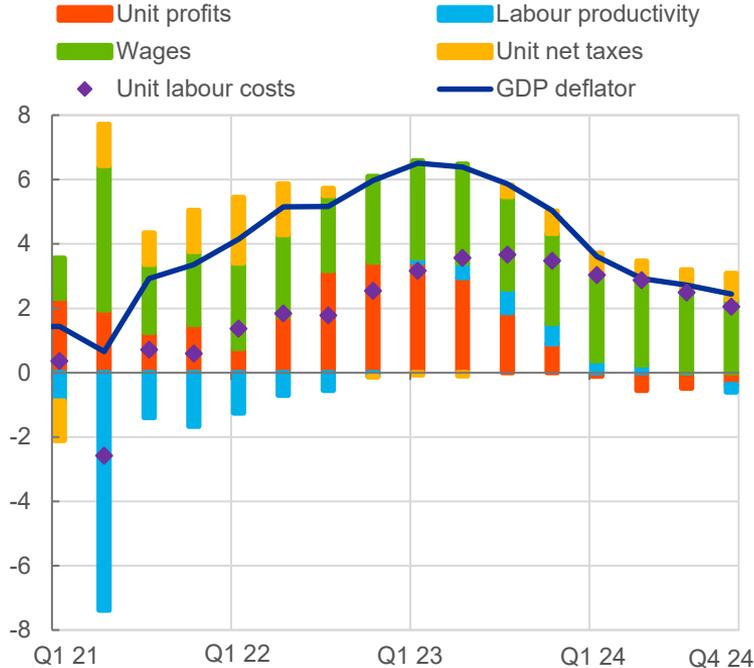
Note: The latest observations are for December 2025 for the ECB wage tracker, January 2025 for the ECB indicator of negotiated wages and March 2025 for the Indeed wage tracker.

Sources: Survey of Professional Forecasters (SPF), March 2025 projections, Consensus Economics Forecasts, Corporate Telephone Survey (CTS) and the survey on the access to finance of enterprises (SAFE).

Notes: The SAFE survey asks for 12-month-ahead wage growth, while all the other surveys are for calendar years. The latest observations are for the first quarter of 2025 for SAFE, second quarter of 2025 for SPF, April 2025 for CTS and for Consensus Economics Forecasts.

## GDP deflator growth and its decomposition

(annual percentage changes, percentage point contributions)



Sources: Eurostat and ECB staff calculations.  
 Note: The latest observations are for the fourth quarter of 2024.

## NFC margins and corporate saving ratio

(percentages, four-quarter moving averages)



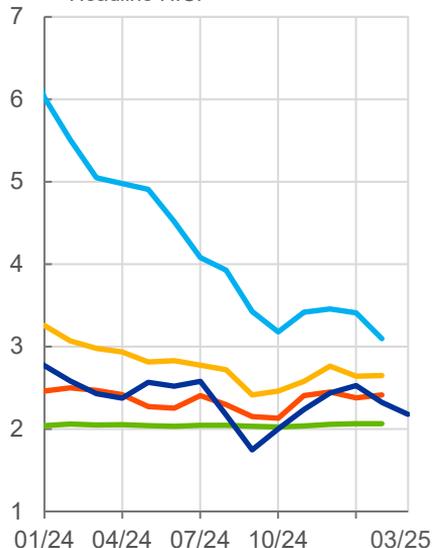
Sources: Eurostat and ECB calculations.  
 Note: The latest observations are for the fourth quarter of 2024.

# Inflation expectations

## Consumer Expectations Survey

(annual percentage changes)

- Perception of past inflation
- Inflation expectations one year ahead
- Inflation expectations three years ahead
- Inflation expectations five years ahead
- Headline HICP



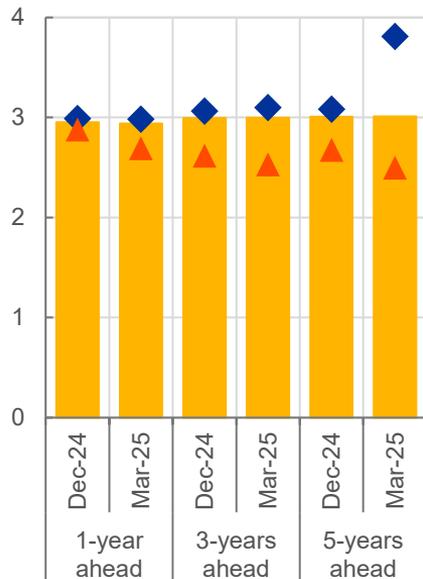
Sources: ECB Consumer Expectations Survey (CES) and staff calculations.

Notes: Median perceptions/expectations for the CES using survey weights. The latest observations are for February 2025 for CES and March 2025 for HICP.

## Median inflation expectations of firms

(annual percentages)

- All firms
- ◆ SMEs
- ▲ Large firms

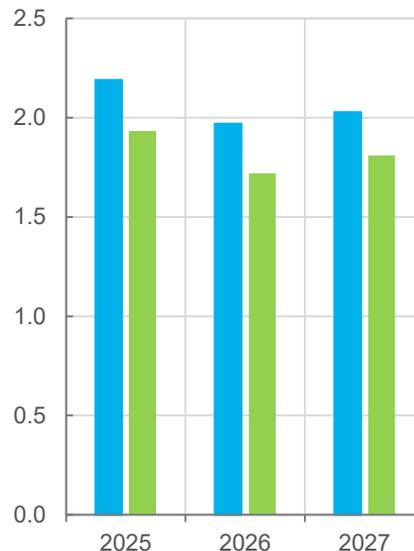


Sources: Survey on the Access to Finance of Enterprises (SAFE). Notes: Survey-weighted median of euro area firms' expectations for euro area inflation in one year, three years and five years. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles for all firms. The latest observations are for March 2025.

## SPF and market-based inflation expectations

(annual percentage changes)

- SPF inflation expectations (HICP)
- Market-based inflation compensation (HICPxT)

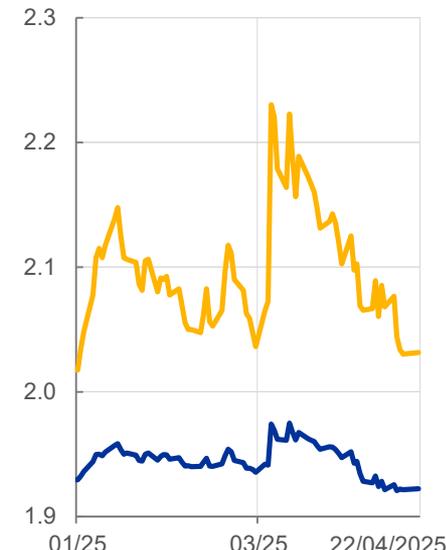


Sources: Bloomberg and Survey of Professional Forecasters (SPF). Notes: Market-based inflation compensation for the current year are computed using the average monthly fixings path for 2025, while 2026 and 2027 figures are based on two affine term structure models applied to ILS rates non-adjusted for the indexation lag. The latest observations are for 22 April 2025 and Q2 2025 for SPF.

## Decomposition of 5y5y inflation-linked swap (ILS) rate

(annual percentage changes)

- EA 5y5y ILS expectation component
- EA 5y5y ILS

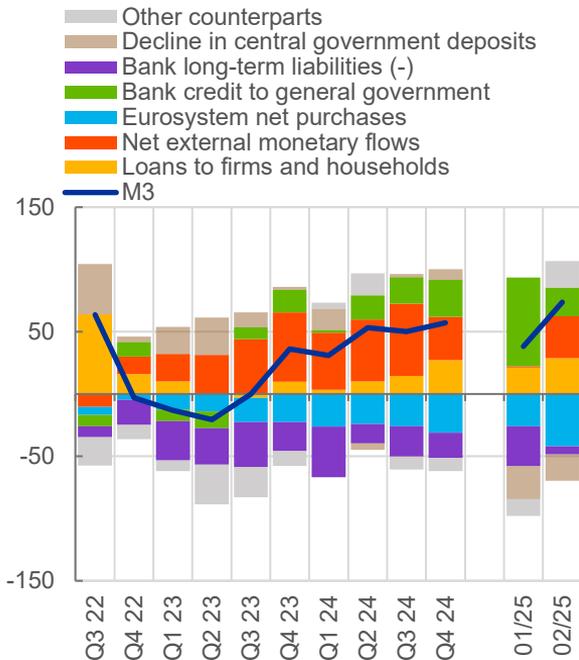


Sources: Bloomberg and ECB calculations. Notes: Premia-adjusted forward ILS rates are average estimates from two affine term structure models as in Joslin, Singleton and Zhu (2011) applied to ILS rates non-adjusted for the indexation lag; see Burban et al. (2022), ECB Economic Bulletin Issue 8, 2021, Box 4. The latest observations are for 22 April 2025.

# Monetary aggregates and counterparts

## Sources of money creation

(average monthly flows in EUR billions)

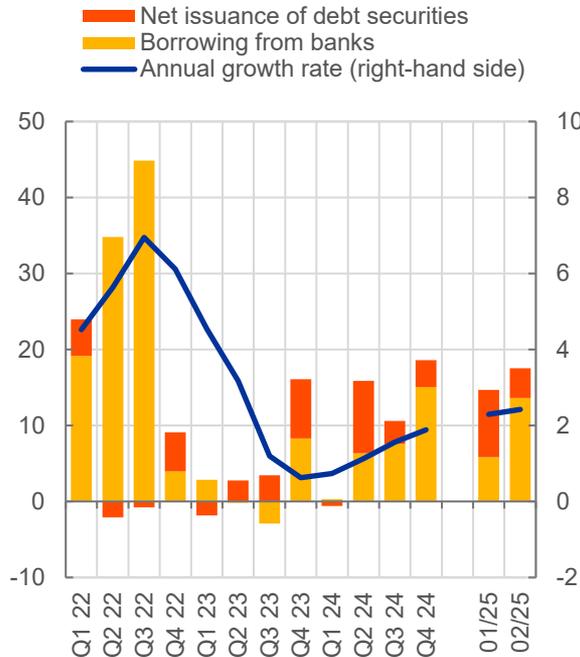


Sources: ECB (BSI) and ECB calculations.

Notes: Figures for M3 are adjusted for the operational incident in TARGET2 which inflated the September 2022 figures for other financial institutions deposits and loans, reversing them in October and November 2022. The latest observations are for February 2025.

## Net debt financing flows of euro area firms

(left-hand side: average monthly flows in EUR billions, right-hand side: annual percentage changes)

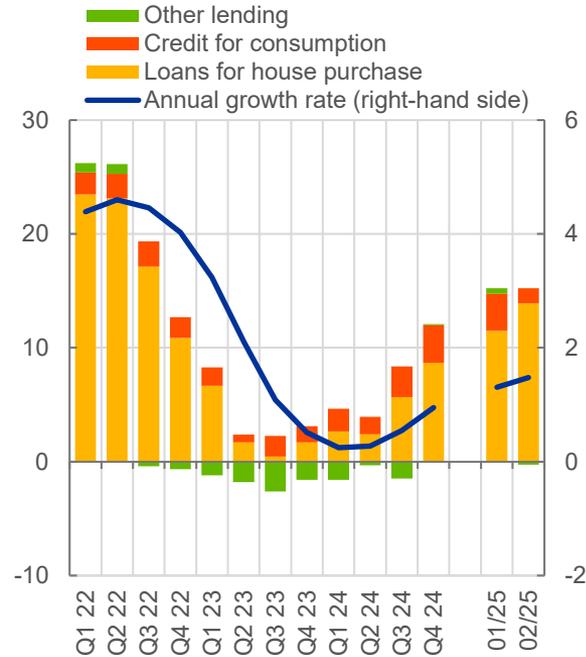


Sources: ECB (BSI, CSEC) and ECB calculations.

Notes: The seasonal adjustment for the net issuance of equity issuance and debt securities is not official. Bank loans are adjusted for sales, securitisation and cash pooling. The latest observations are for February 2025.

## Bank loans to households by purpose

(left-hand side: average monthly flows in EUR billions, right-hand side: annual percentage changes)

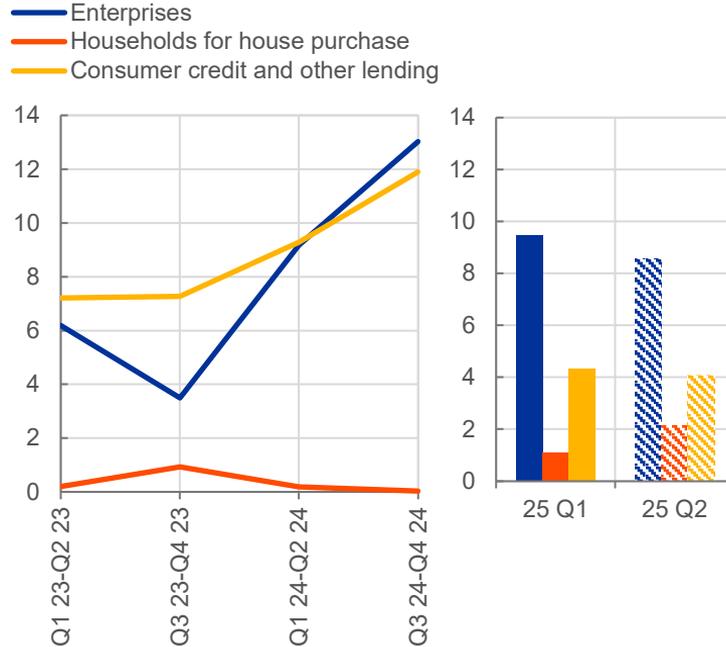


Sources: ECB (BSI, CSEC, MIR) and ECB calculations.

Notes: The seasonal adjustment for the net issuance of debt securities is not official. Bank loans are adjusted for sales, securitisation and cash pooling. The latest observations are for February 2025.

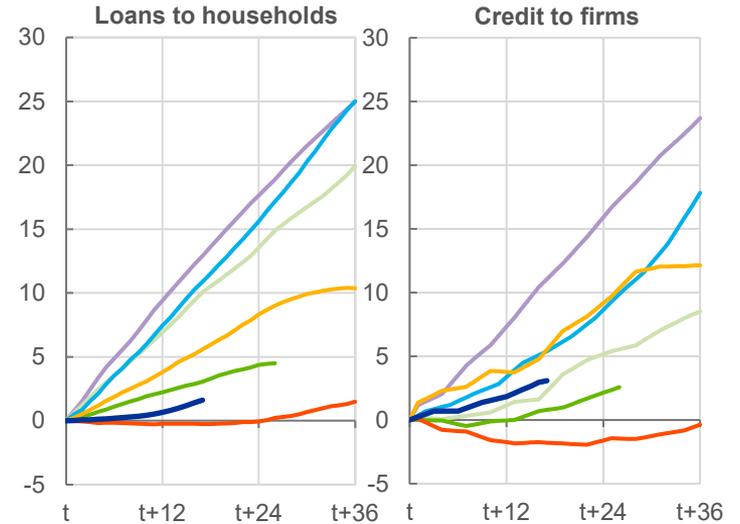
## Impact of credit quality on bank credit standards

(net percentages of banks)



## Credit to firms and households compared to past economic recoveries

(cumulative growth in annualised percentage changes)



Source: ECB (BLS).

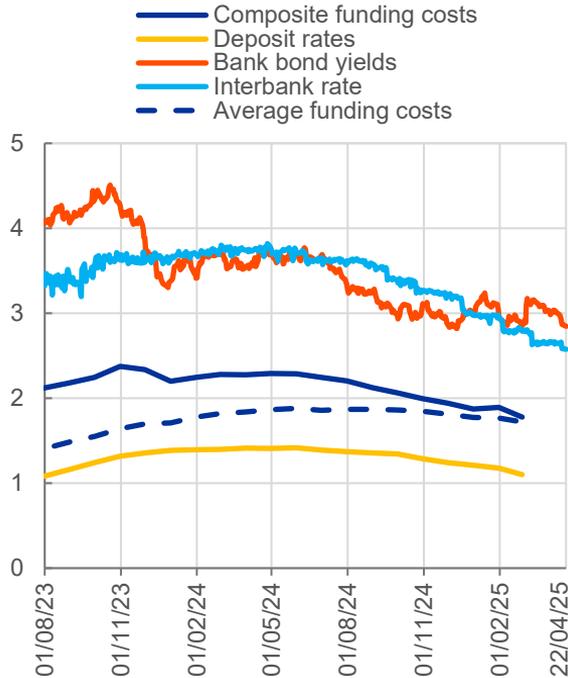
Notes: From the first quarter of 2025 onwards, the question turned from semi-annual to quarterly frequency. The question was extended to "other indicators of credit risk" in January 2024. Before, it referred only to the impact of banks' non-performing loan (NPL) ratios. The latest observations are for the first quarter of 2025 (past) and the second quarter of 2025 (expected).

Sources: ECB (BSI, CSEC) and ECB calculations.

Notes: The seasonal adjustment for the net issuance of debt securities is not official. Bank loans are adjusted for sales, securitisation and cash pooling. "T" denotes months since the trough in economic growth. The recovery in the third quarter of 2009 is shorter due to subsequent sovereign debt crisis. The latest observations are for February 2025.

# Bank funding costs and lending rates for firms and households

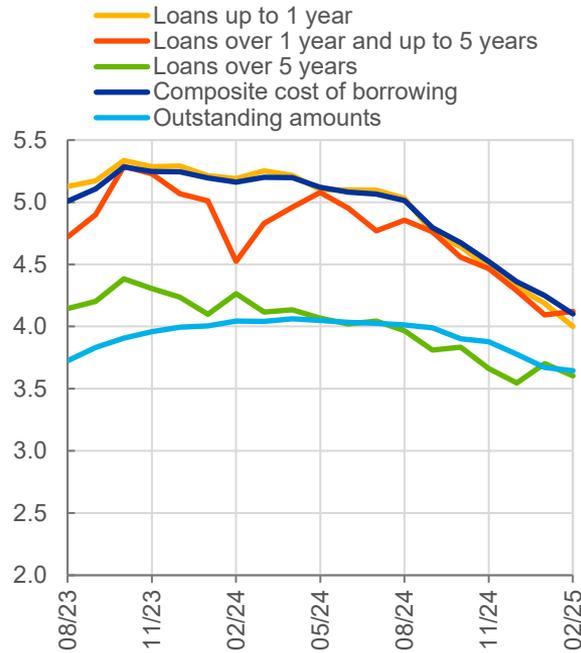
## Bank funding costs (percentages per annum)



Sources: ECB (BSI, MIR, CSDB, MMSR), IHS Markit iBoxx and ECB calculations.

Notes: Marginal funding costs are computed by weighing rates on new business costs of each component (overnight deposits, deposits redeemable at notice, time deposits, bonds, and interbank borrowing) by outstanding amounts. The latest observations are for February 2025 for monthly data and 22 April 2025 for daily data.

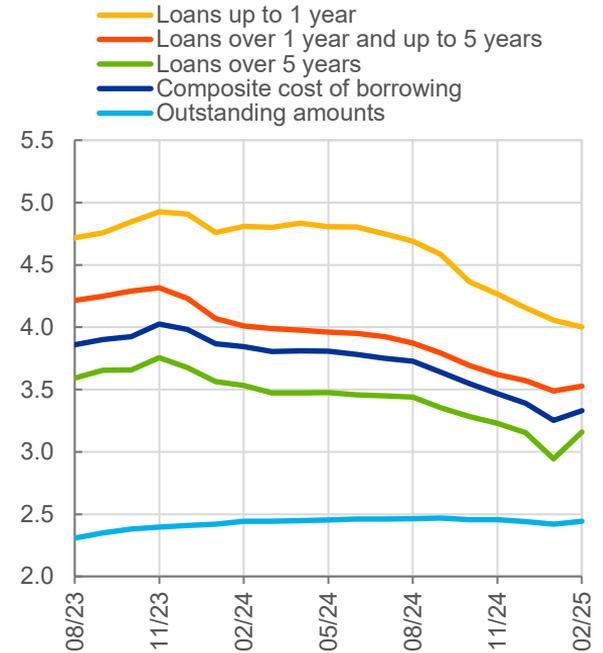
## Bank lending rates to firms (percentages per annum)



Source: ECB (MIR).

Note: The latest observations are for February 2025.

## Bank lending rates to households (percentages per annum)

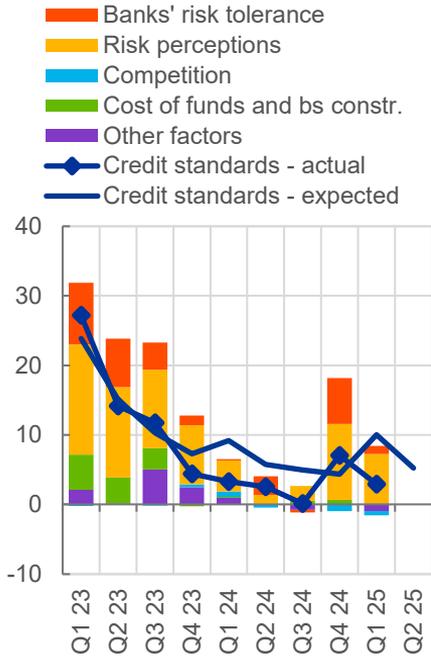


Source: ECB (MIR).

Note: The latest observations are for February 2025.

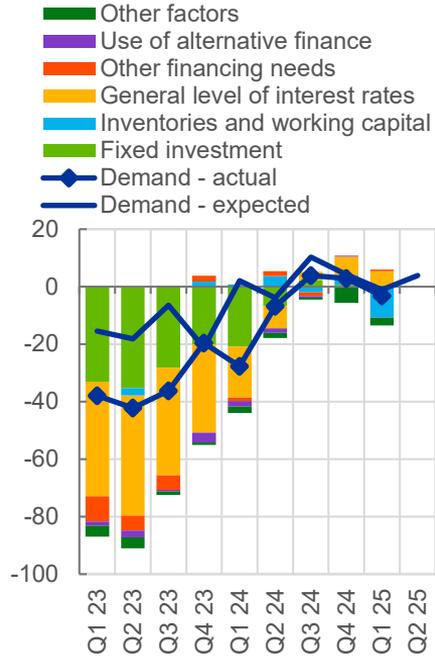
# Firms – credit standards, loan demand and bank loan availability

## Changes in credit standards for firms (net percentages of banks)



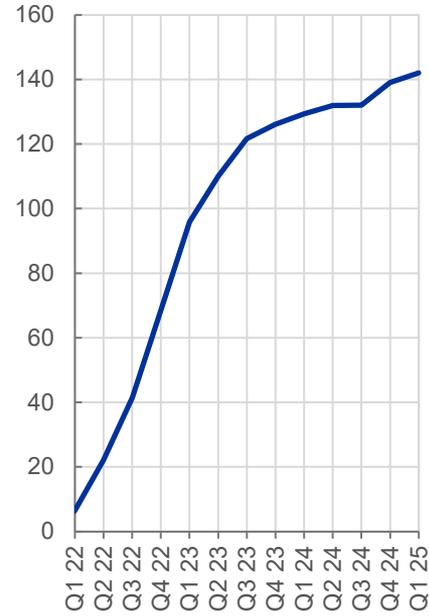
Source: ECB (BLS).  
Notes: "Other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards. The latest observations are for the first quarter of 2025 (past) and second quarter of 2025 (expected).

## Changes in demand for loans to firms (net percentages of banks)



Source: ECB (BLS).  
Notes: "Other factors" refer to further factors which were mentioned by banks as having contributed to changes in loan demand. The latest observations are for the first quarter of 2025 (past) and second quarter of 2025 (expected).

## Cumulative changes in credit standards for firms (cumulative net percentages)



Source: ECB (BLS).  
Notes: For the BLS a positive net percentage is a net tightening of credit standards. BLS net percentages have been cumulated from the base period (Q4 21 = 0) onwards. The latest observations are for the first quarter of 2025.

## Cumulative changes in loan availability for firms (cumulative net percentages)

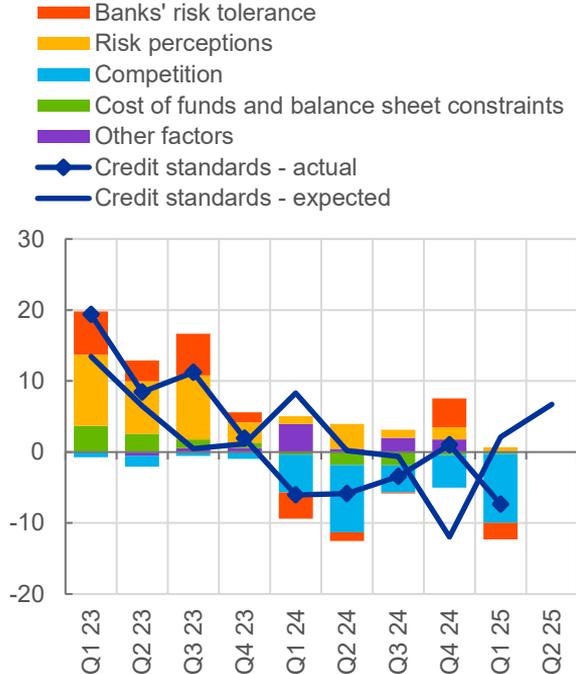


Source: ECB (SAFE).  
Notes: For the SAFE a negative net percentage is a decrease in the availability of bank loans. SAFE net percentages have been cumulated from the base period (Q4 21-Q1 22 = 0) onwards. The latest observations are for Q4 24-Q1 25.

# Housing loans – credit standards and loan demand

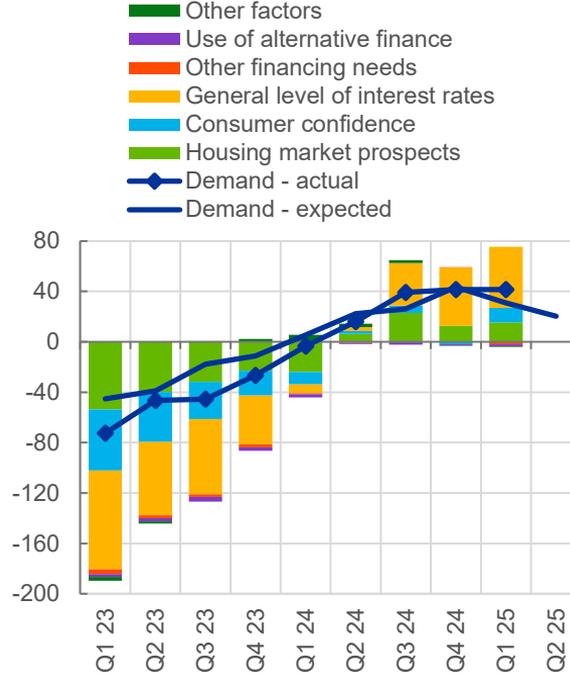
## Changes in credit standards for housing loans

(net percentages of banks)



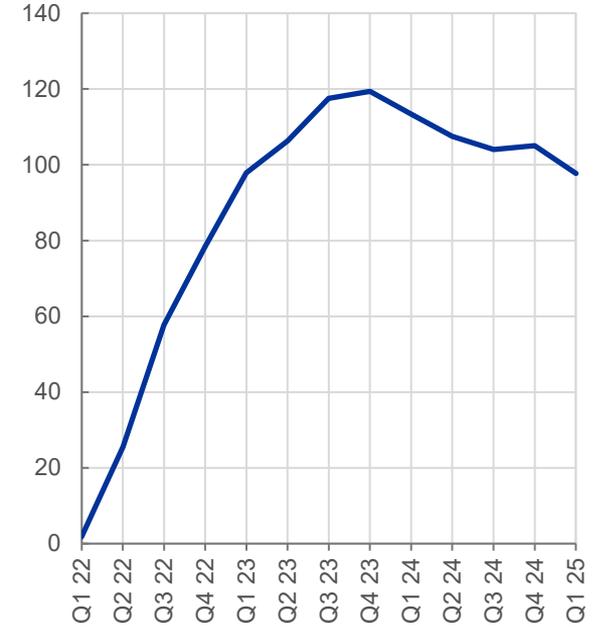
## Changes in demand for housing loans

(net percentages of banks)



## Cumulative changes in credit standards for housing loans

(cumulative net percentages)



Source: ECB (BLS).  
Notes: "Other factors" refer to further factors which were mentioned by banks as having contributed to changes in credit standards. The latest observations are for the first quarter of 2025 (past) and the second quarter of 2025 (expected).

Source: ECB (BLS).  
Notes: "Other factors" refer to further factors which were mentioned by banks as having contributed to changes in loan demand. The latest observations are for the first quarter of 2025 (past) and the second quarter of 2025 (expected).

Source: ECB (BLS).  
Notes: BLS net percentages have been cumulated from the base period (Q4 21 = 0). The latest observations are for the first quarter of 2025.