

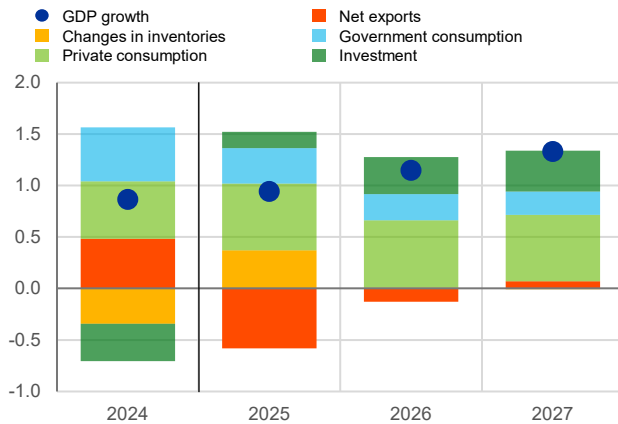


Introductory statement in three charts

ECON hearing with the ECB President on 23 June 2025

Real GDP growth

(annual percentage changes)



Sources: Eurostat, June 2025 Eurosystem staff macroeconomic projections for the euro area.
Note: The vertical line indicates the start of the projection horizon.

Economic activity

Eurosystem staff expect the euro area economy to grow by 0.9% in 2025.

- Manufacturing strengthened in the first quarter, partly in anticipation of higher tariffs, and the services sector grew moderately.
- Higher tariffs and a stronger euro are expected to dampen exports, with high uncertainty weighing on investment.

Several factors are keeping the economy resilient, with growth expected to increase to 1.3% in 2027.

- A strong labour market, rising real incomes, robust private sector balance sheets, easier financing conditions, and defence and infrastructure spending should all bolster growth.

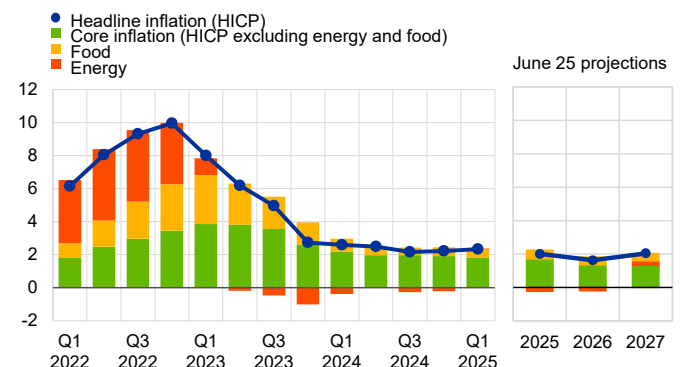
Inflation

Inflation is currently at around our 2% medium-term target.

- Headline inflation decreased from 2.2% in April to 1.9% in May, reflecting a strong decline in services inflation after a temporary jump in travel-related services prices in April due to Easter.
- Inflation excluding energy and food declined from 2.7% in April to 2.3% in May.
- The latest staff projections expect headline inflation to average 2.0% in 2025, 1.6% in 2026 and 2.0% in 2027.
- The outlook for euro area inflation is more uncertain than usual due to rising frictions in global trade.

Inflation

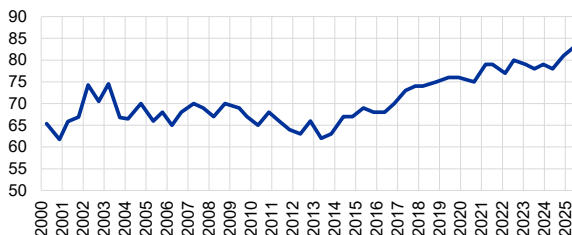
(annual percentage changes)



Sources: Eurostat, June 2025 Eurosystem staff macroeconomic projections for the euro area.

Support for the euro

(percentage share)



Sources: Eurobarometer and ECB calculations.
Notes: Support for the euro is the share of survey respondents answering "for" to the question "Please tell me whether you are for or against it: A European economic and monetary union with one single currency, the euro."

Confidence in the euro

In an uncertain environment, citizens have confidence in the euro area and its currency.

- Support for the euro among euro area citizens is at its highest level since it was introduced.
- Although uncertainty is exceptionally high, moments of change can also be moments of opportunity.
- By making the right policy choices, we can leverage the current momentum to boost the economic perspectives for Europe and its citizens.

WANT TO KNOW MORE?

- [Monetary Policy Statement, ECB Press Conference, 5 June 2025](#)
- [Eurosystem staff macroeconomic projections for the euro area, 5 June 2025](#)

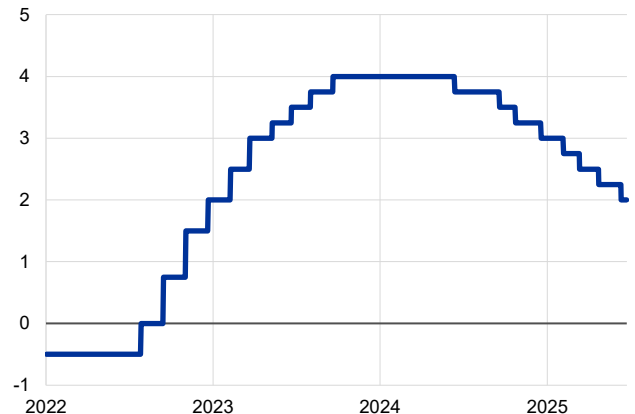
Topic 1: Monetary policy stance

The ECB lowered its key interest rates again in June.

- The ECB lowered its key interest rates in June by 25 basis points. The deposit facility rate – the rate through which the ECB steers the monetary policy stance – now stands at 2%.
- At the current interest rate level, the ECB's Governing Council is in a good position to navigate the uncertain circumstances that will be coming up.
- Especially in current conditions of exceptional uncertainty, the ECB will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance, without pre-committing to a particular rate path.

Deposit facility rate

(percentages)



Source: ECB.
Note: The latest observation is for 23 June 2025.

Topic 2: Developments in stablecoins and crypto-assets

The fast-moving market for unbacked crypto-assets is marked by speculation and price volatility, although financial stability risks remain limited for now.

- The market capitalisation of unbacked crypto-assets has surged from less than €200 billion in early 2020 to around €2.7 trillion this year.
- Rising holdings and valuations increase the consequences of sharp price drops for investors.
- Data gaps may lead to blind spots.

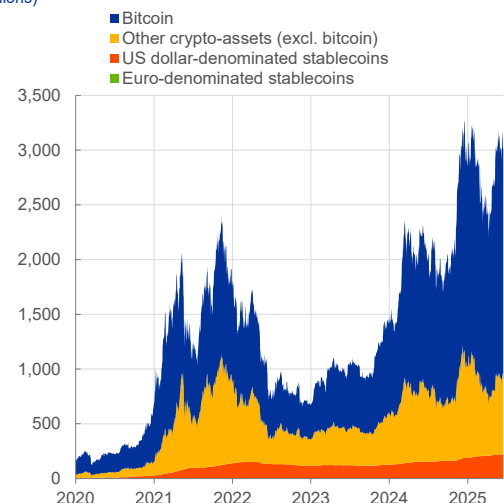
A fragmented approach to the regulation of stablecoins creates risks and undermines a global level playing field.

- Stablecoins only account for a small share (around 7%) of the overall crypto-asset market, and 99% are denominated in US dollars.

Accelerating progress towards a digital euro is a strategic priority. It would help address some of the risks posed by stablecoins and help safeguard our bank-based financial and monetary system.

Crypto-asset market capitalisation

(USD billions)



Sources: Chainalysis, CoinDesk, CoinGecko, IntoTheBlock and ECB staff calculations.
Notes: The latest observations are for 15 June 2025. Euro-denominated stablecoins include all stablecoins denominated in euro, not just those that are authorised under MiCA at this point. Overall, euro-denominated stablecoins amounted to around USD 350 million in June 2025.

WANT TO KNOW MORE?

- [Just another crypto boom? Mind the blind spots](#), Financial Stability Review, ECB, May 2025.