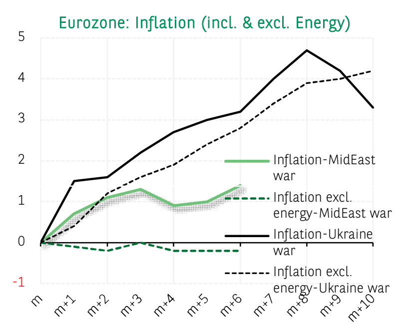
Eurozone: Inflation rises further, driven by energy prices but inflationary pressures are easing further; and confidence surveys continue to improve

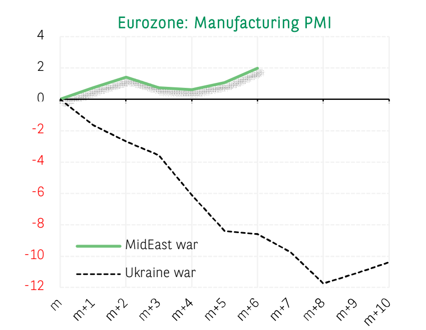
We have selected two inflation measures (with and without energy) and six survey indicators: 1/ business confidence, as measured by the PMIs in the manufacturing and 2/ services sectors; 3/ the "input prices" and 4/ "output prices" components of the composite PMI (in order to identify direct inflationary pressures); 5/ the "suppliers' delivery times" component of the manufacturing PMI (a direct indicator of possible supply difficulties and supply-demand imbalance, and therefore, indirectly, of inflationary pressures in the making); 6/ household confidence, as reflected in its "assessment of financial situation in the next 12 months" component (in order to capture the impact of inflation on purchasing power). The trends in each of these indicators are observed relative to month m=0, corresponding to the start of the conflict. Each line does not represent the level of the indicator, but its cumulative variation compared to month m=0.

The overall picture from the data available for August is positive in terms of confidence surveys and reinforces the encouraging signs seen in previous months. According to PMI surveys, inflationary pressures continue to ease, while supply-side tensions have stabilised. Business sentiment in the services sector remains stable, anchoring its previous gains, while confidence in the manufacturing sector shows a further—and marked—improvement. Another notable and encouraging development is the recovery in consumer confidence for the fourth consecutive month. The feared relapse in these various indicators, due to renewed tensions in the Middle East, did not materialize—at least not in August. As for inflation, it continues to rise (+0.4 percentage points, to 3.3% year-over-year), as expected, driven by energy prices, but the increase remains limited in that it has not spread to non-energy inflation, which remains stable at 2.2%.

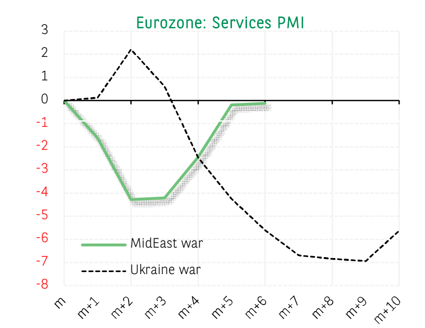
August 2026: Limited rise in inflation, driven by energy prices (bis)



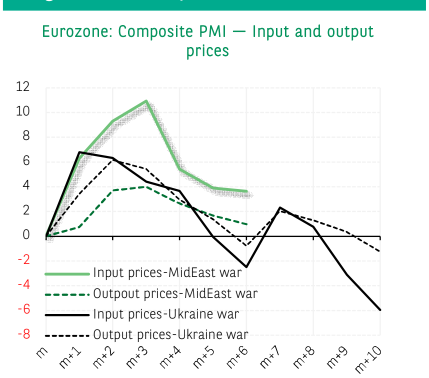
August 2026: Business confidence in the manufacturing sector remains well-oriented



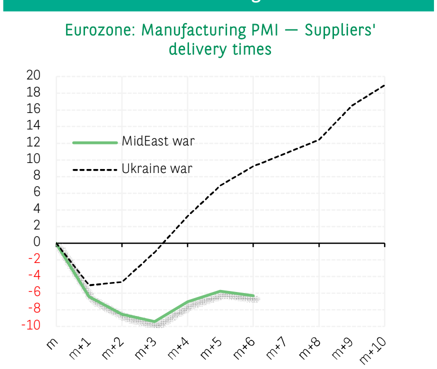
August 2026: Business confidence in the services sector anchors its improvement



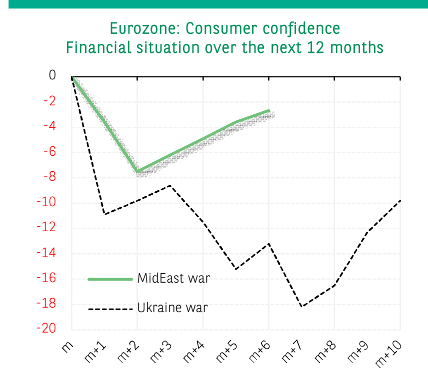
August 2026: Price pressures continue to abate



August 2026: Supply-side tensions are stabilising



August 2026: Consumer confidence continues to improve



Change since m = 0 = February 2026 / February 2022.
Unit: inflation change in percentage point, point for confidence surveys.

Source: S&P Global, Eurostat, European Commission, Macrobond, BNP Paribas