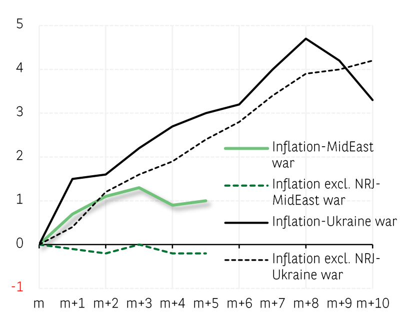
Eurozone: July confidence surveys are positive, inflation picks up only slightly

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 assessment of the July data is positive and reinforces the encouraging signals from May and June data. According to PMI business climate surveys, price pressures continued to ease, as did supply tensions through slightly shorter delivery times. The business climate in the manufacturing sector resumed improving, almost erasing the two months of previous decline. The business climate in the services sector and consumer confidence continues to recover. The July surveys are not impacted by the resurgence of tensions in the Middle East and by the ensuing rise in energy prices, partly because responses were, for the most part, collected beforehand. A relapse in August is highly likely if the geopolitical situation remains degraded. As for inflation, it picked up as expected, alongside the higher energy prices, but in a limited way (+0.1 percentage point, at 2.9% year-on-year). Inflation excluding energy remained stable at 2.2%.

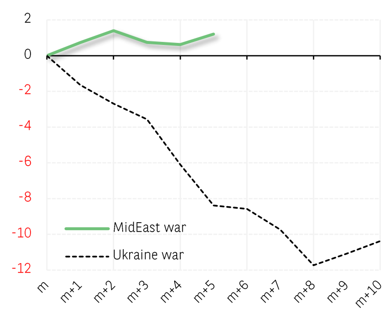
July 2026: Limited rise in inflation

Eurozone: Inflation (incl. & excl. Energy)



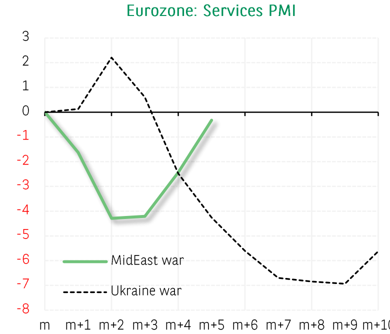
July 2026: Uptick of business confidence in the manufacturing sector

Eurozone: Manufacturing PMI



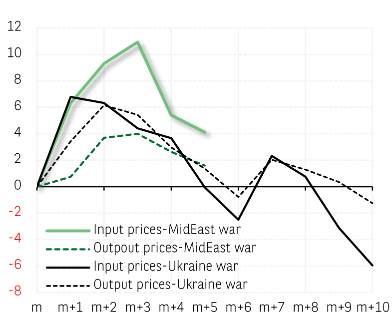
July 2026: Further improvement of business confidence in the services sector

Eurozone: Services PMI



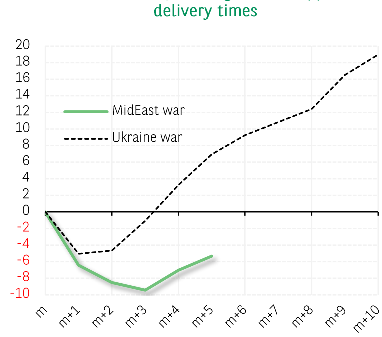
July 2026: Price pressures continue to abate

Eurozone: Composite PMI — Input and output prices



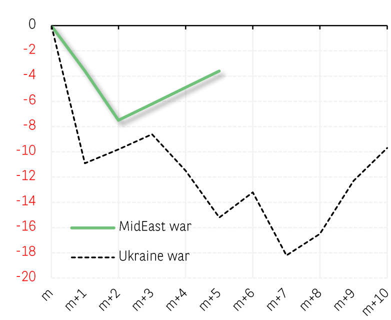
July 2026: Tensions on supply continue to moderate (less long delivery times)

Eurozone: Manufacturing PMI — Suppliers' delivery times



July 2026: Further improvement in consumer confidence

Eurozone: Consumer confidence
Financial situation over the next 12 months



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