



ECOCHARTS

February 2026

INFLATION TRACKER



BNP PARIBAS

The bank for a changing world

CHART OF THE MONTH - Eurozone inflation outlook through 2027: Below or above target?

While 2027 is still some way off, the gap between our inflation projections (solid lines on the chart) and the ECB's (dotted lines) is striking and worth examining. Keep in mind that the ECB's forecasts date back to December 2025, with updates expected on 19 March, when the Governing Council meets and publishes its latest economic projections.

While both scenarios converge by the end of 2026, their paths diverge along the way. In our scenario, headline inflation (black line) would fall further below the 2% target, driven by a sharper decline in core inflation (green line). This latter would stem from the strong disinflationary effect that we are anticipating from the fall in Chinese export prices, as well as by the completion of the disinflationary process in services.

After 2026 which would continue to see disinflation¹, our scenario points to a 2027 "reflation" phase, driven by a continued cyclical strengthening of activity (resulting in particular from increased defense and infrastructure spending²) and, consequently, rising inflation³. In this context, the expected Eurozone's inflation uptick should be viewed as a positive signal, indicating a renewed economic strength.

More broadly, 2027 could mark a structural break, not just for the Eurozone. The pre-pandemic era of persistently low inflation, hovering just below 2%, is unlikely to return. Instead, we may enter a new regime characterised by more frequent negative supply shocks (shortages, supply bottlenecks, climate disruptions). While AI-driven productivity gains may provide some offset, the net effect is likely to be greater inflation volatility as well as higher inflation on average, settling above the 2% target.

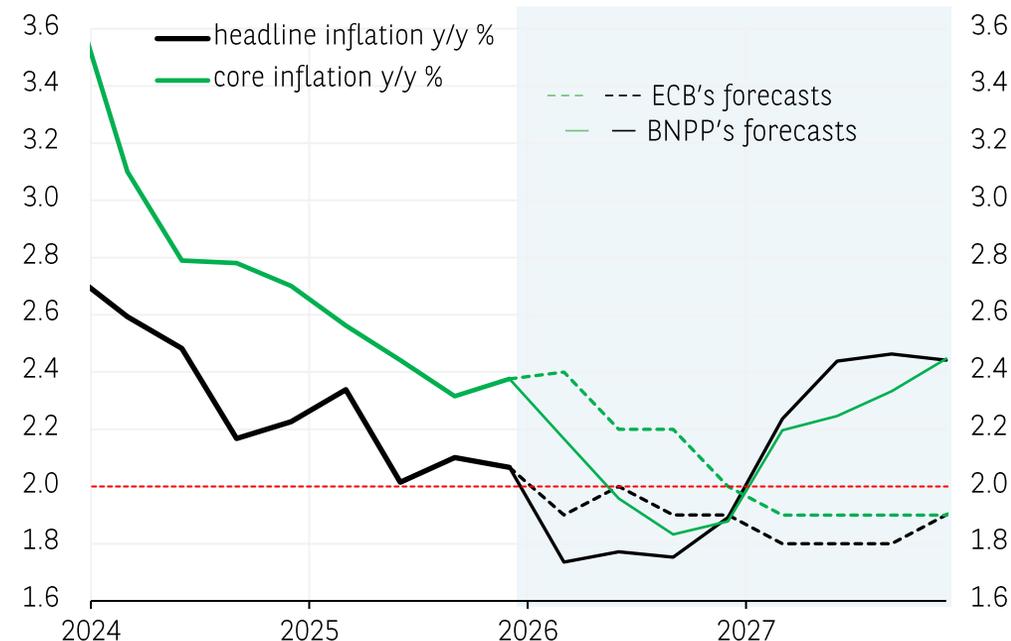
¹ According to our forecasts and those of the ECB, annual average inflation is expected to be 1.9% in 2026, after 2.1% in 2025.

² 2027 GDP growth is expected to average 1.6% annually, after a similar performance in 2026. The ECB is less optimistic, with expected growth of 1.2% and 1.4% this year and in 2027, respectively.

³ Headline inflation is expected to rise to an annual average of 2.3% in 2027 according to our baseline forecasts and 1.8% according to the ECB.

Hélène Baudchon Helene.baudchon@bnpparibas.com (completed on 27/02/2026)

Eurozone: Headline and core inflation forecasts



Source: ECB, Macrobond, BNP Paribas



KEY POINTS - Confirmed disinflation in the major advanced economies

In January, inflation fell in the United States, the Eurozone, the United Kingdom and Japan. The United Kingdom still has the highest inflation rate, ahead of the United States. The Eurozone followed, with Japan recording the lowest inflation rate. Core and wage trends are moderating overall, with this trend reinforced by the anchoring of inflation expectations.

- In the **United States**, inflation (CPI) fell in January (-0.3 pp to 2.4% y/y). Core inflation also moderated (-0.1pp m/m to 2.5%). Wages are gradually continuing to decelerate (page 22) and one-year household inflation expectations (page 16) are continuing to fall sharply (3.3% in February 2026, compared with 6.6% in May 2025). However, five-year inflation expectations remain historically high. At the same time, the price pressure index is rising slightly (page 14) and producer prices remain dynamic (+3% y/y in December). All of this supports the scenario of persistently higher inflation in the United States than in the Eurozone.
- This scenario is even more likely given that inflation in the **Eurozone** slowed again in January, reaching its lowest level since April 2021 (+1.66% y/y; -0.3 pp m/m). Core inflation is also down (-0.1 pp to 2.2%). Differences between countries persist, with France (+0.4%), Italy (+1.0%) and Finland (+1.0%) recording the most moderate rates, while Slovakia (+4.3%), Estonia (+3.8%) and Croatia (+3.6%) are continuing to see the strongest increases (page 9). The outlook remains favourable for disinflation, despite a sharp rise in the price pressure indicator since May (+5 pts) (page 14). Inflation expectations among forecasters and households remain stable (page 17) and growth in negotiated wages is slowing sharply (+1.9%, compared with 4% in October; page 22), as are producer prices (page 8).
- In the **United Kingdom**, inflation remains high, but disinflation is continuing (3.0% y/y; -0.4 pp m/m), driven by the slowdown in the core component (3.1%; -0.2 pp; the lowest since September 2021). Forward-looking signals are pointing downwards, as producer prices have been slowing since October (-1 pp to 2.6% between October and January), wage growth has moderated markedly over a year (from 5.3% in January 2025 to 2.5% in January 2026) and household inflation expectations are now stable in the short and medium term (around 3.5%).
- Inflation was weakest in **Japan** in January (1.5% y/y; -0.5 pp m/m). The all-items index returned to its lowest level since March 2022, due to the now negative contributions of the energy and food components (page 6). Core inflation is also slowing sharply (-0.4 pp to 2.0%, according to the measurement by the BoJ) (page 12). While wage pressures remain high by historical standards (+2.1% in December), other indicators suggest that inflation is stabilising, as producer prices have moderated significantly (+2.3% in January 2026, compared with +4.2% a year earlier), one year forecasters' expectations have declined (1.85% in January, compared with 2.75% in December) and price pressures have eased.

Lucie Barette lucie.barette@bnpparibas.com (completed on 26/02/2026)



General dynamics of inflation

Inflation and survey data

Inflation expectations (households, forecasters, markets)

Inflation-wage dynamics

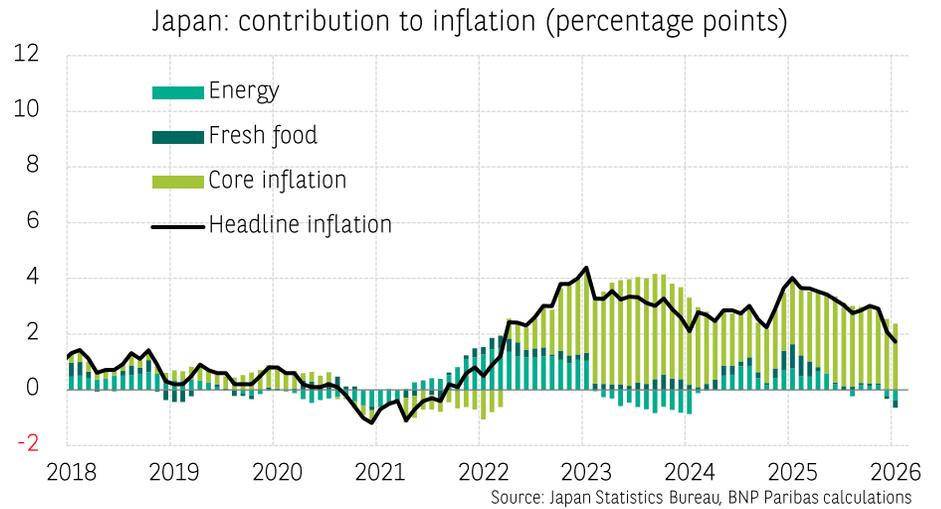
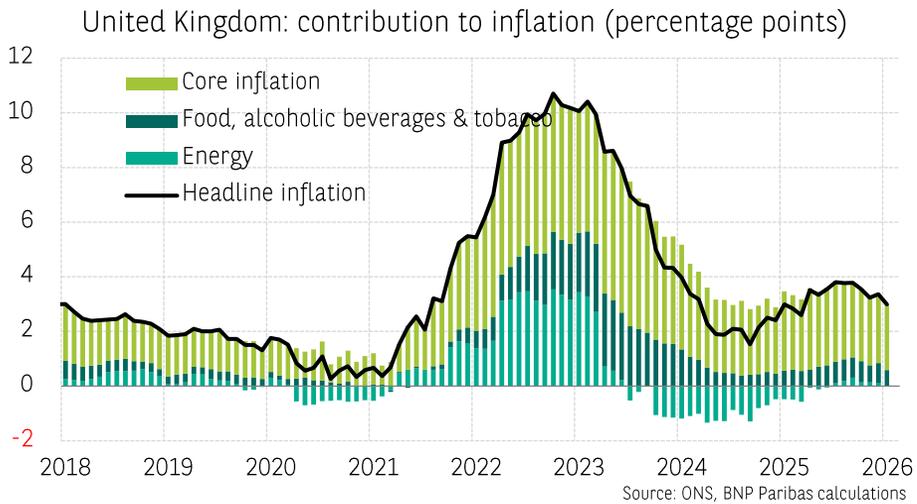
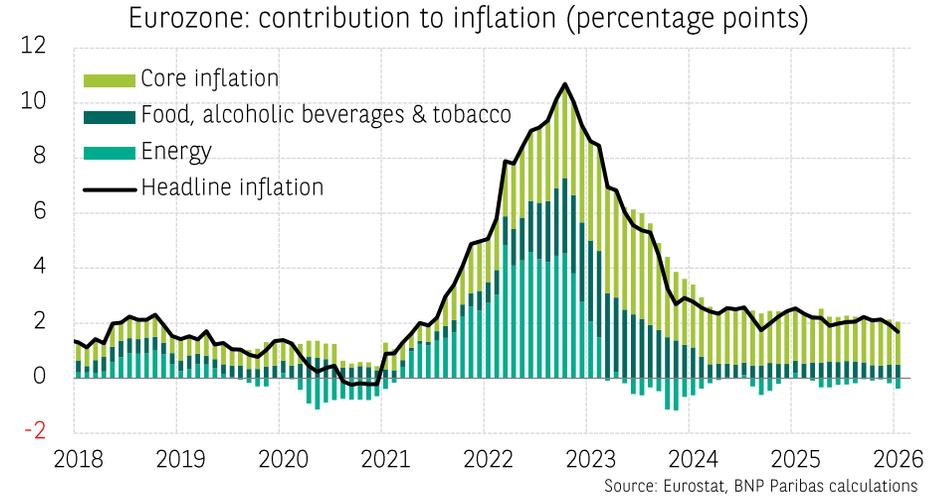
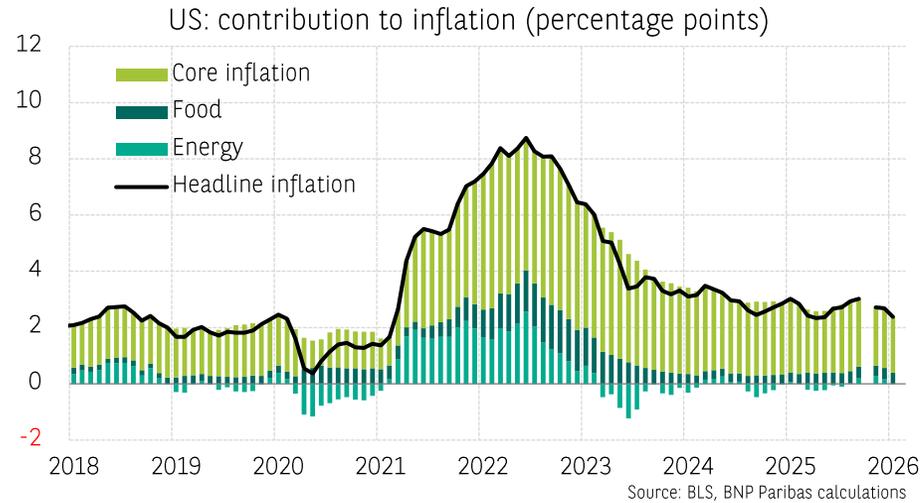
Commodities



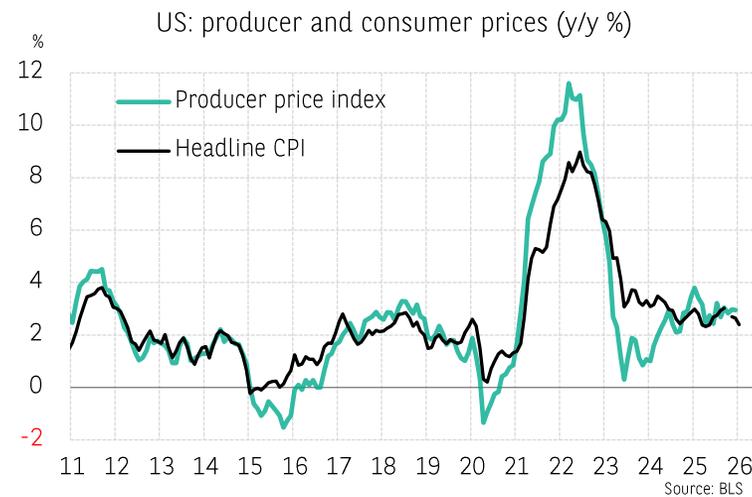
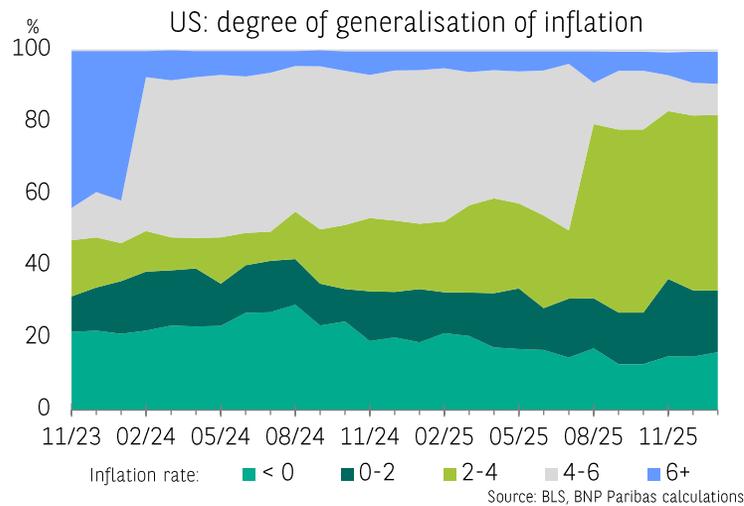
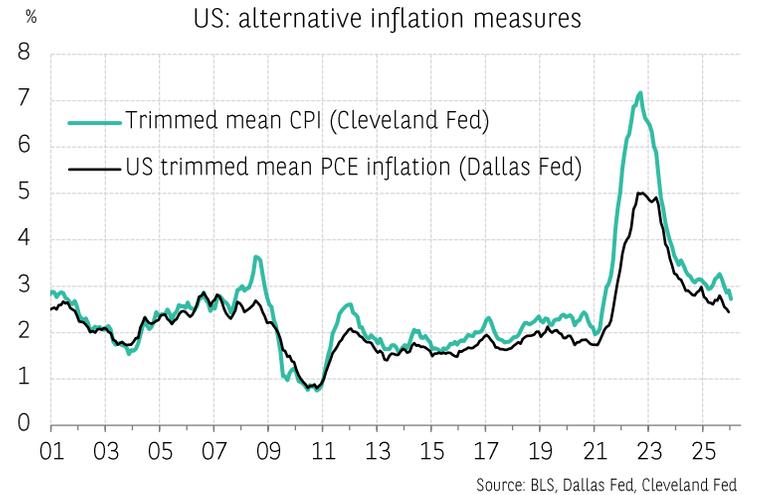
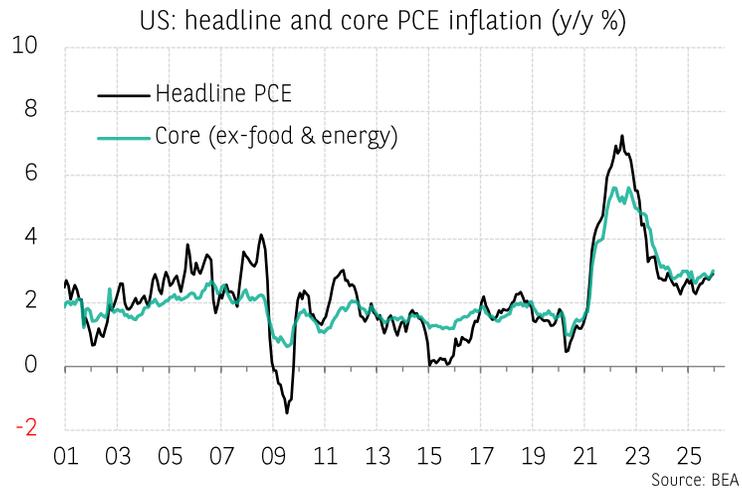
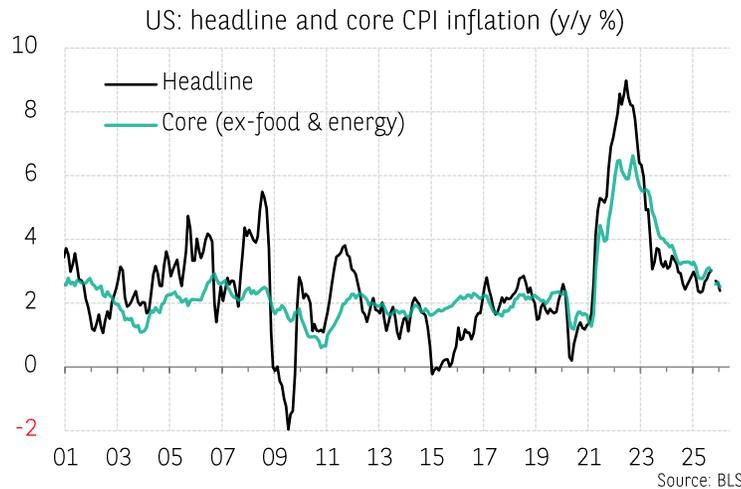
General dynamics of inflation



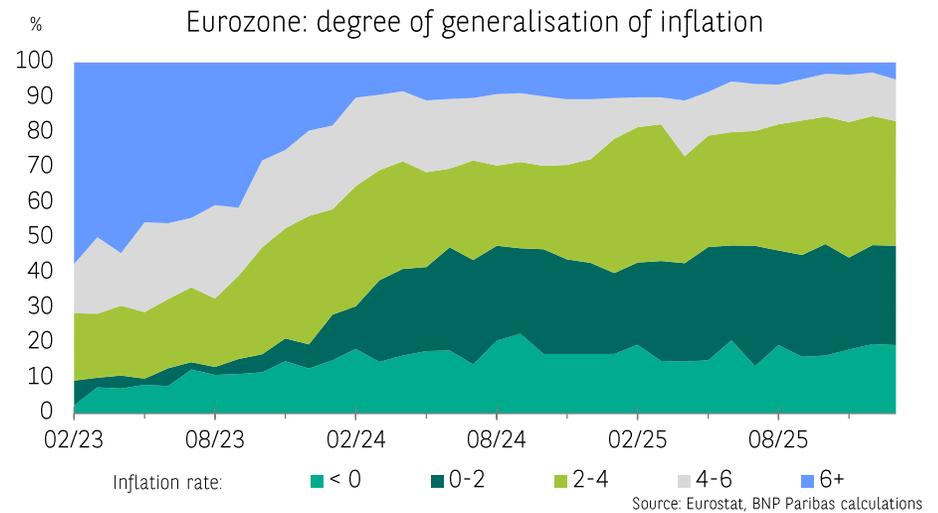
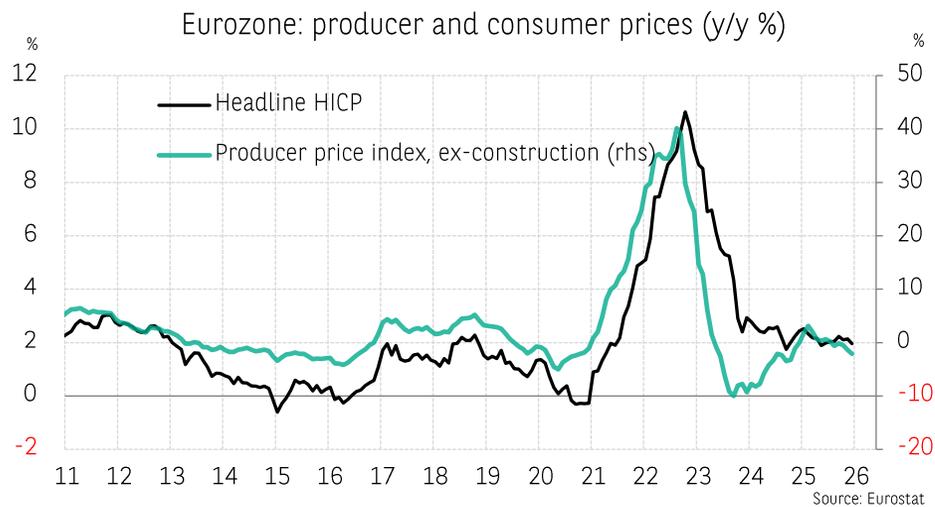
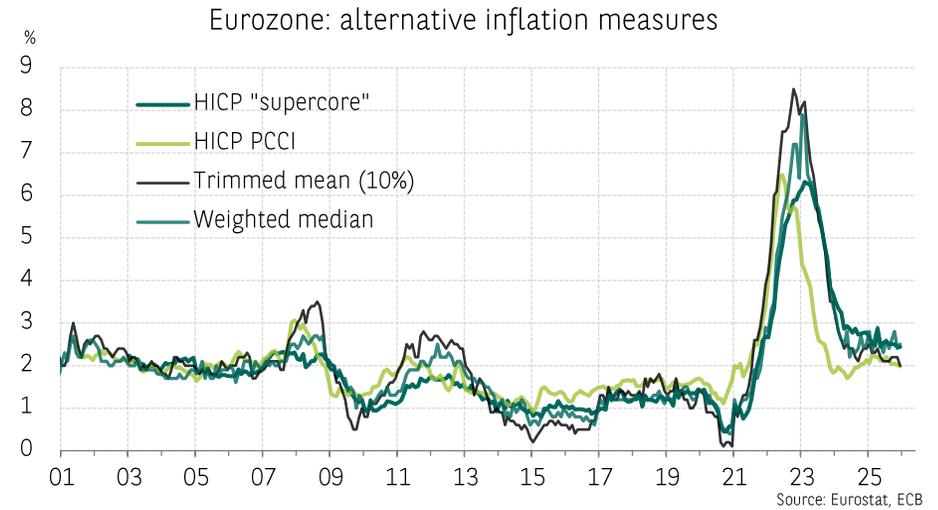
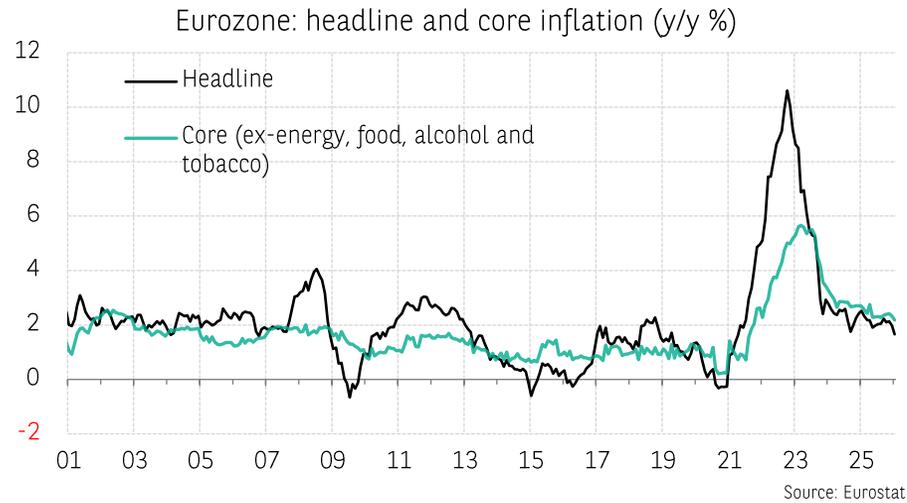
General dynamics of inflation: decomposition of inflation



Inflation dynamics in the United States: different metrics and degree of generalisation

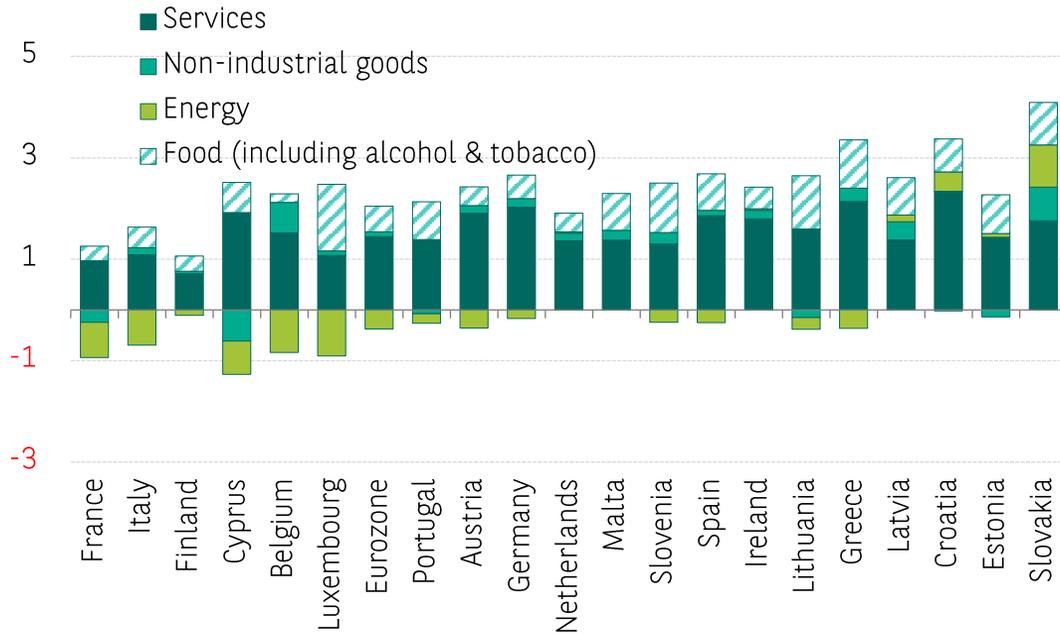


Inflation dynamics in the Eurozone: different metrics and degree of generalisation



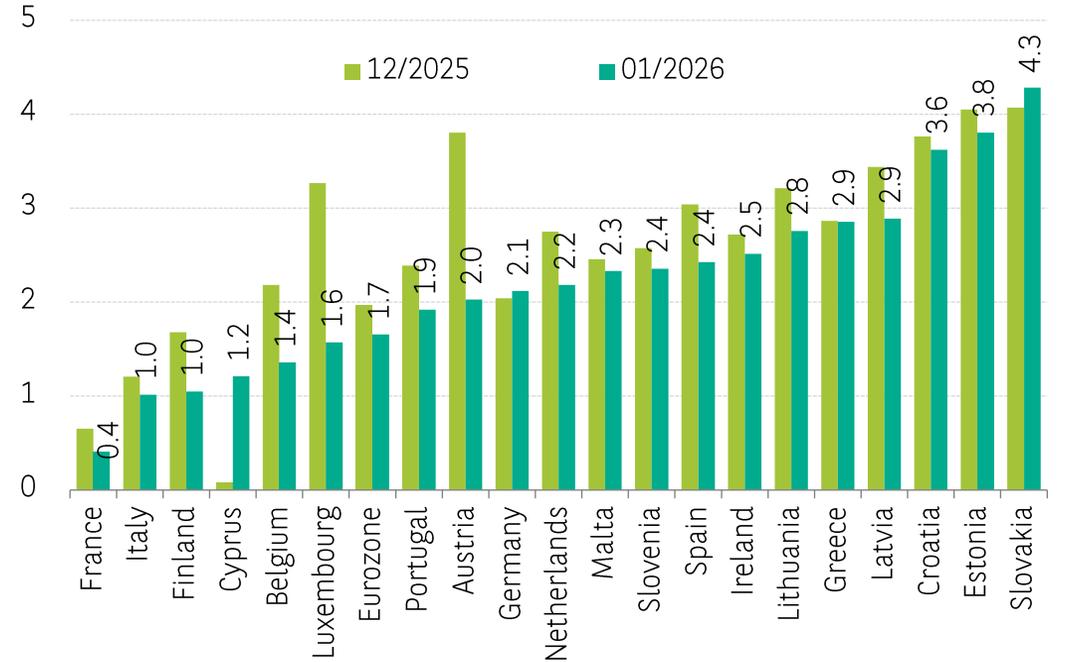
Inflation dynamics in the Eurozone by country (1)

Eurozone: contribution to inflation (% points), January 2026



Source: Eurostat

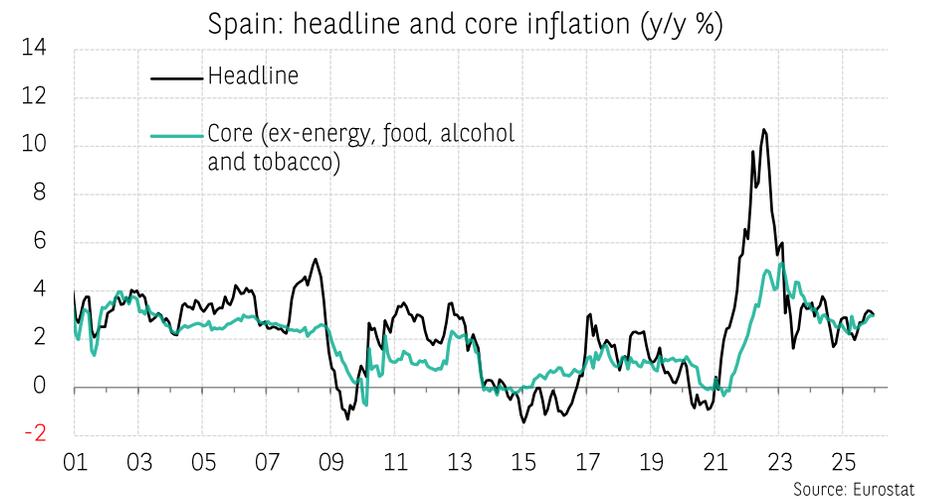
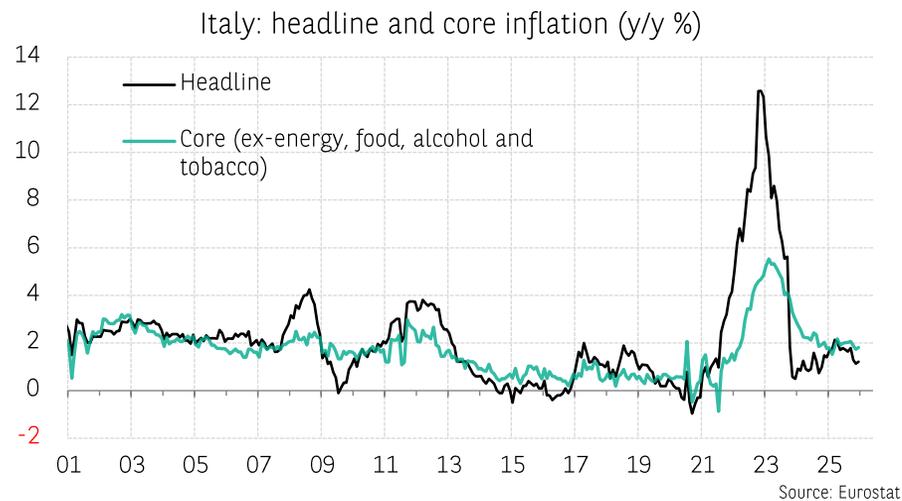
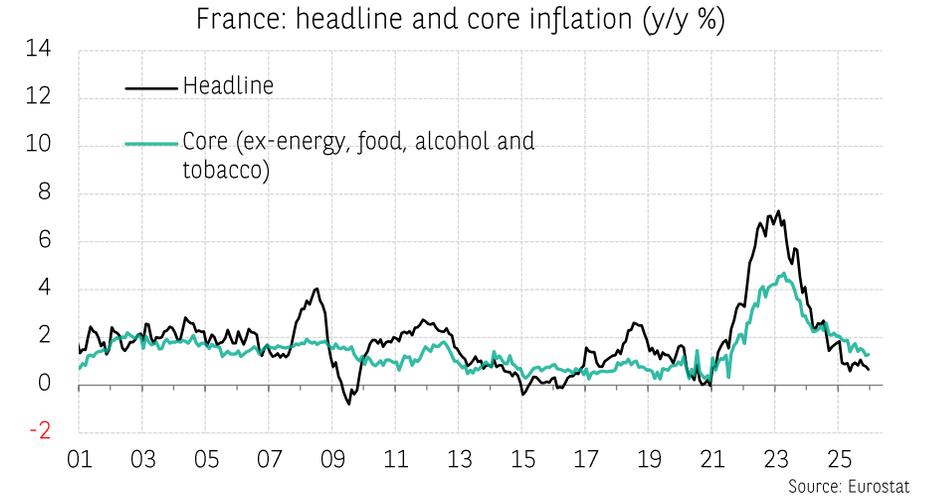
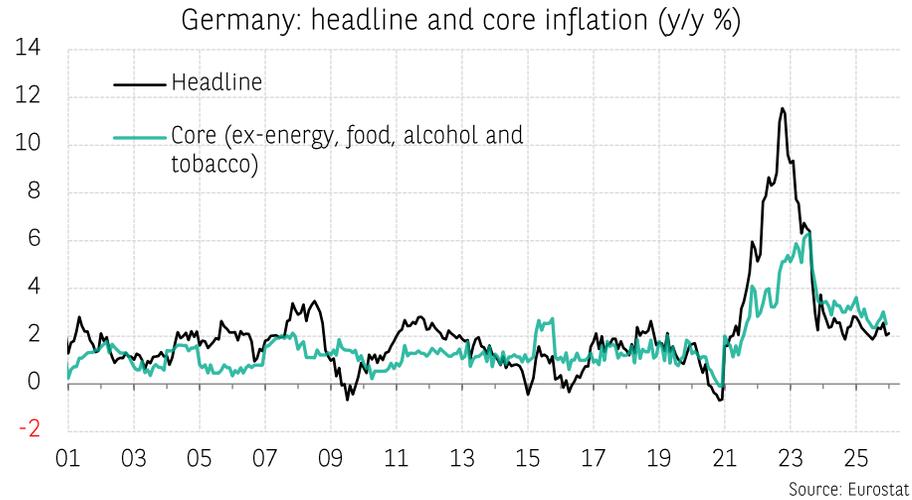
Eurozone: inflation in y/y % change



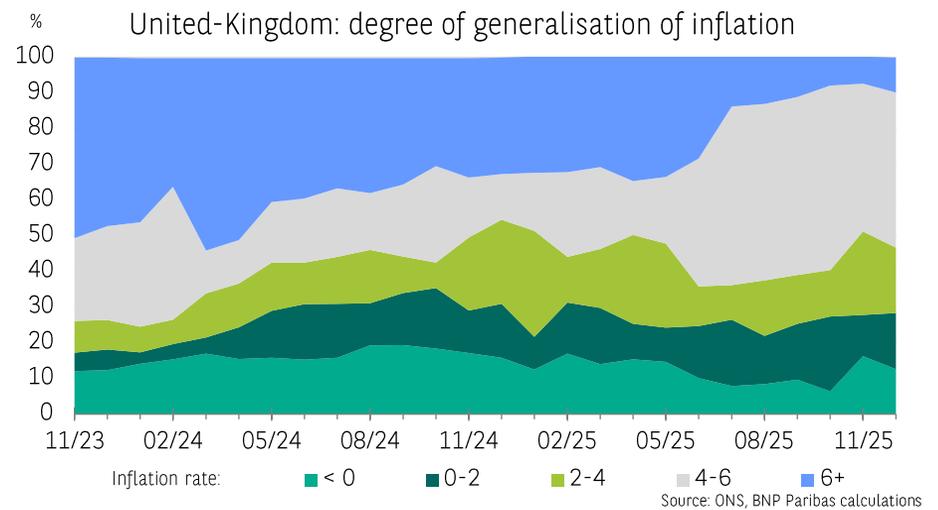
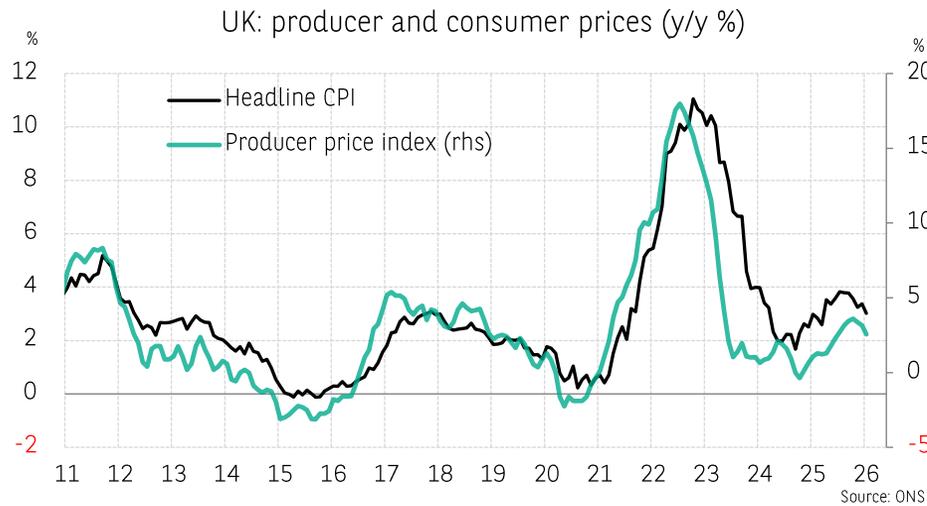
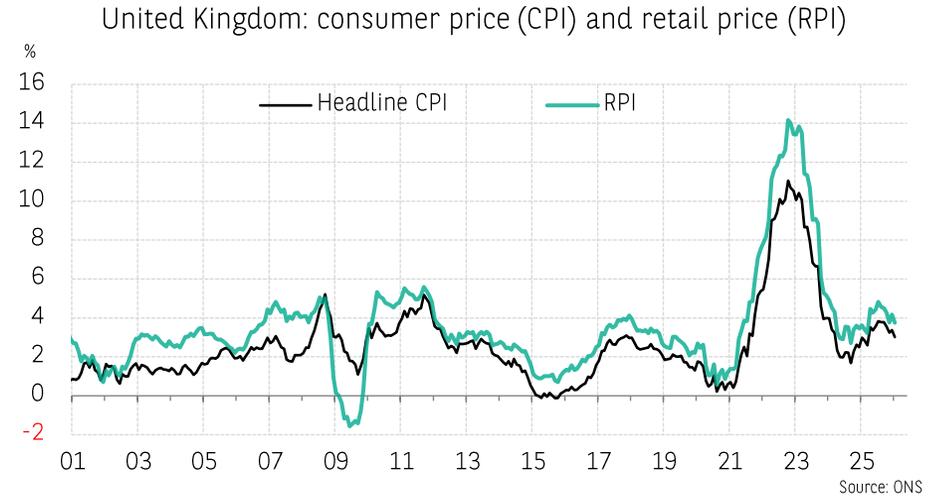
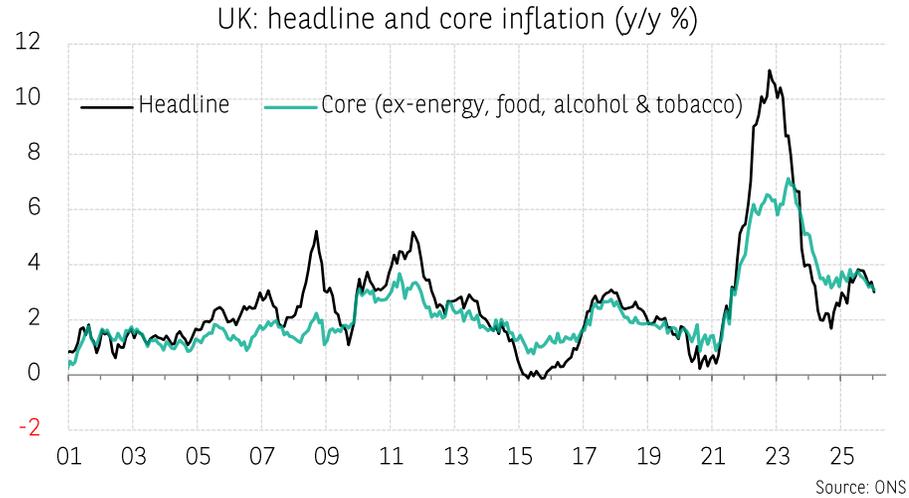
Source: Eurostat



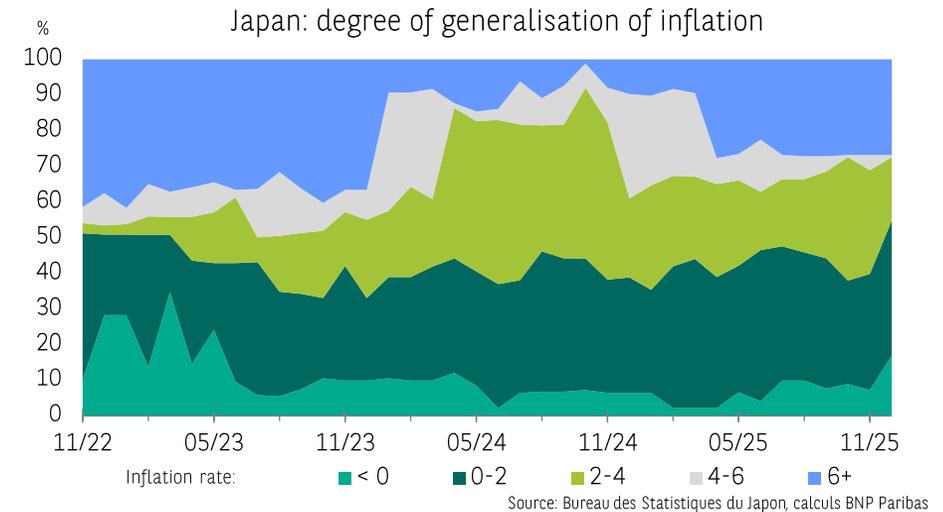
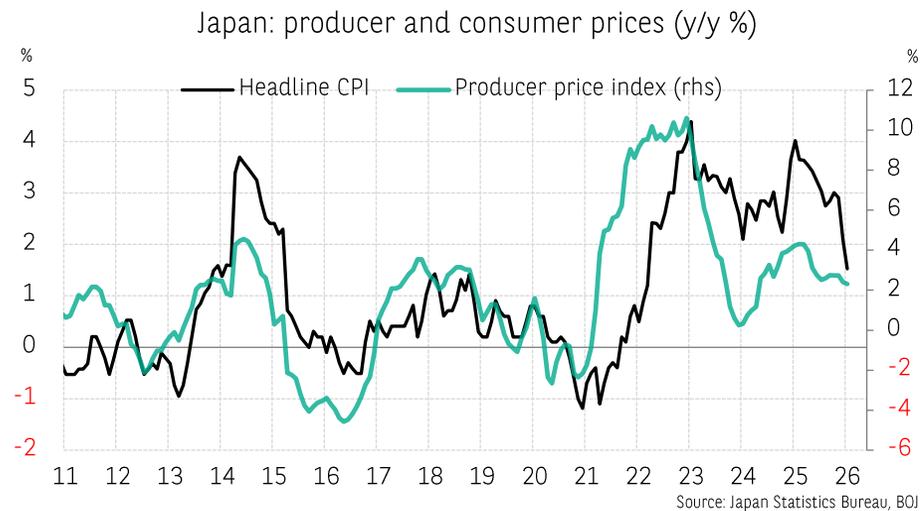
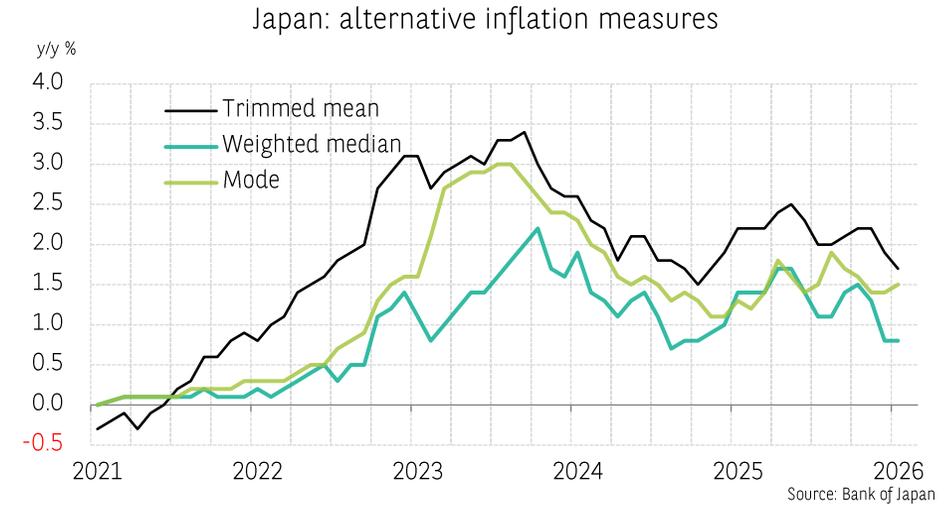
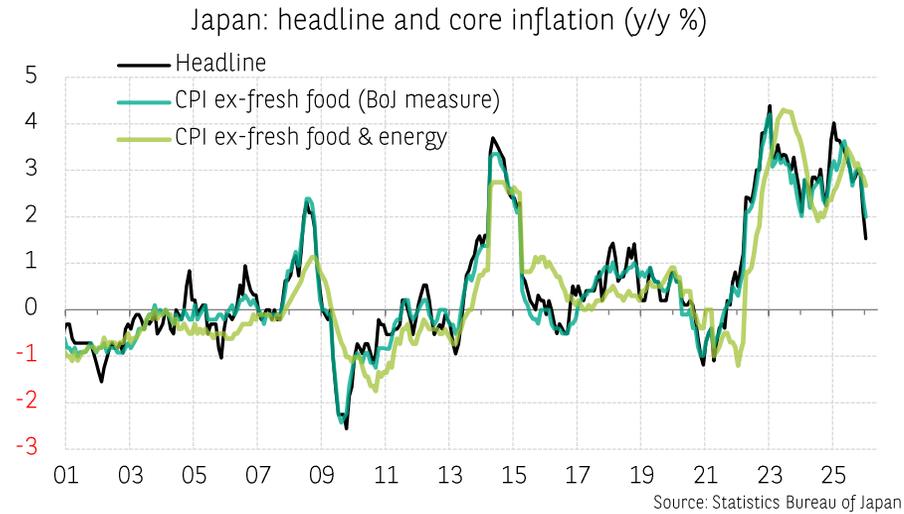
Inflation dynamics in the Eurozone by country (2)



Inflation dynamics in the United Kingdom: different metrics and degree of generalisation



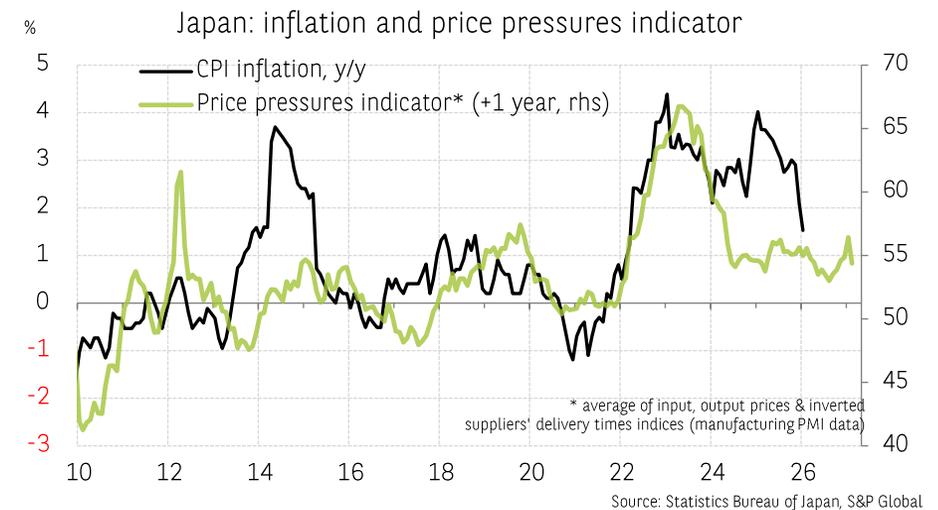
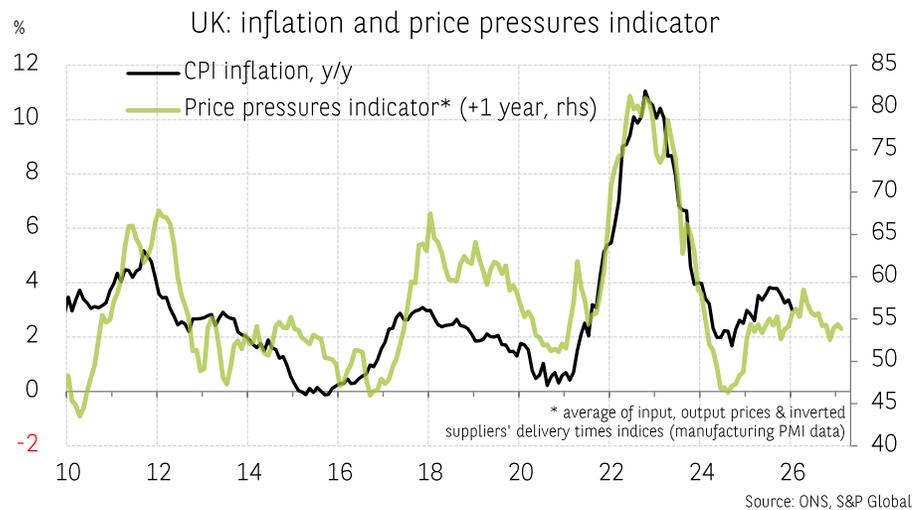
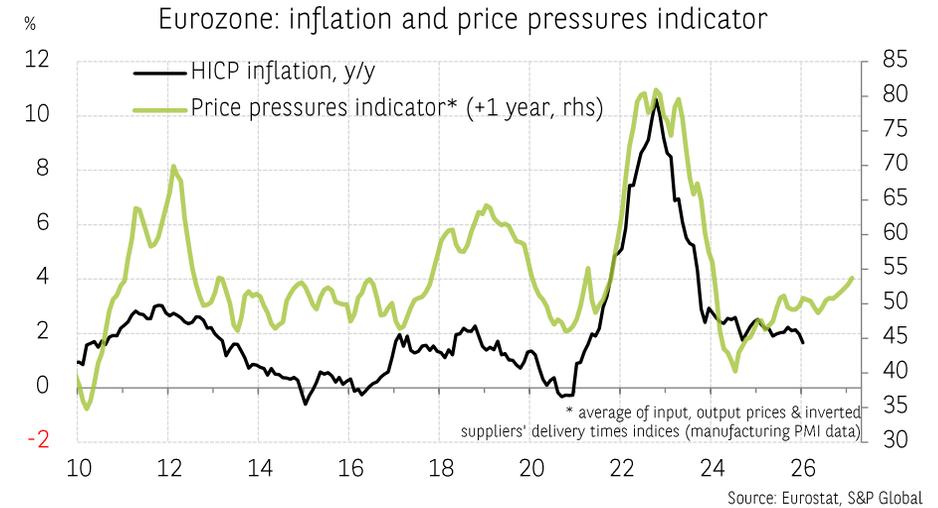
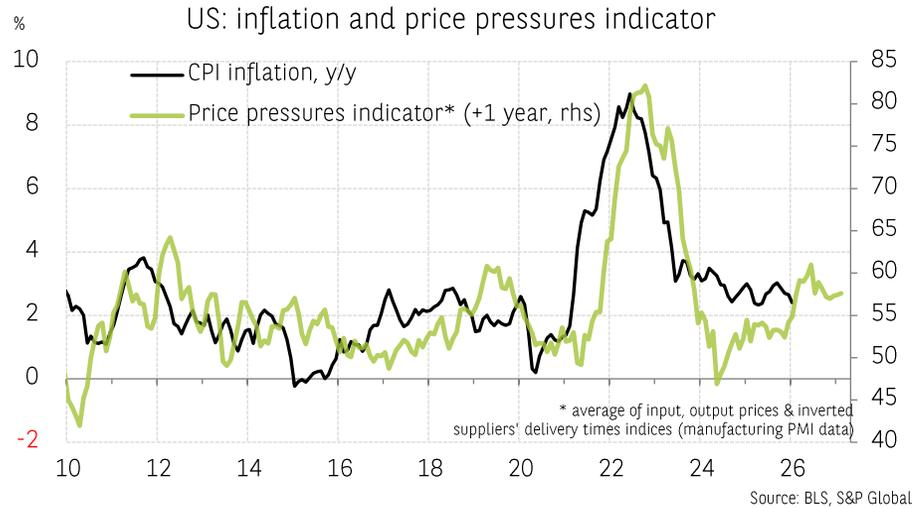
Inflation dynamics in Japan: different metrics and degree of generalisation



Inflation and survey data



PMI surveys: an indication of inflationary pressures

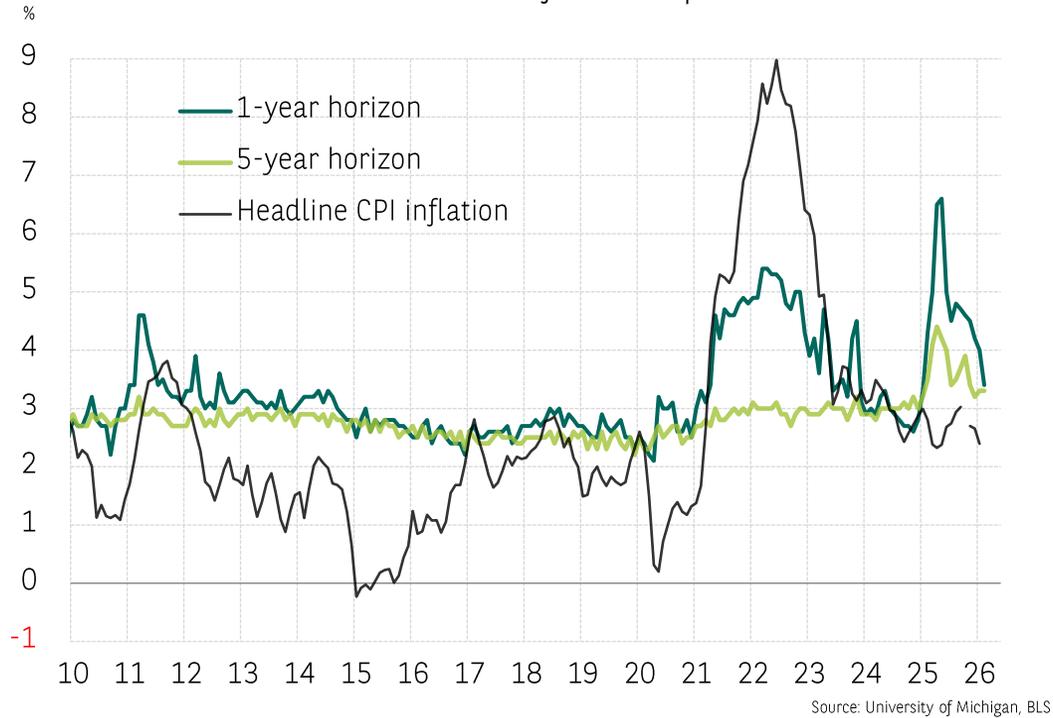


Inflation expectations (households, forecasters, markets)

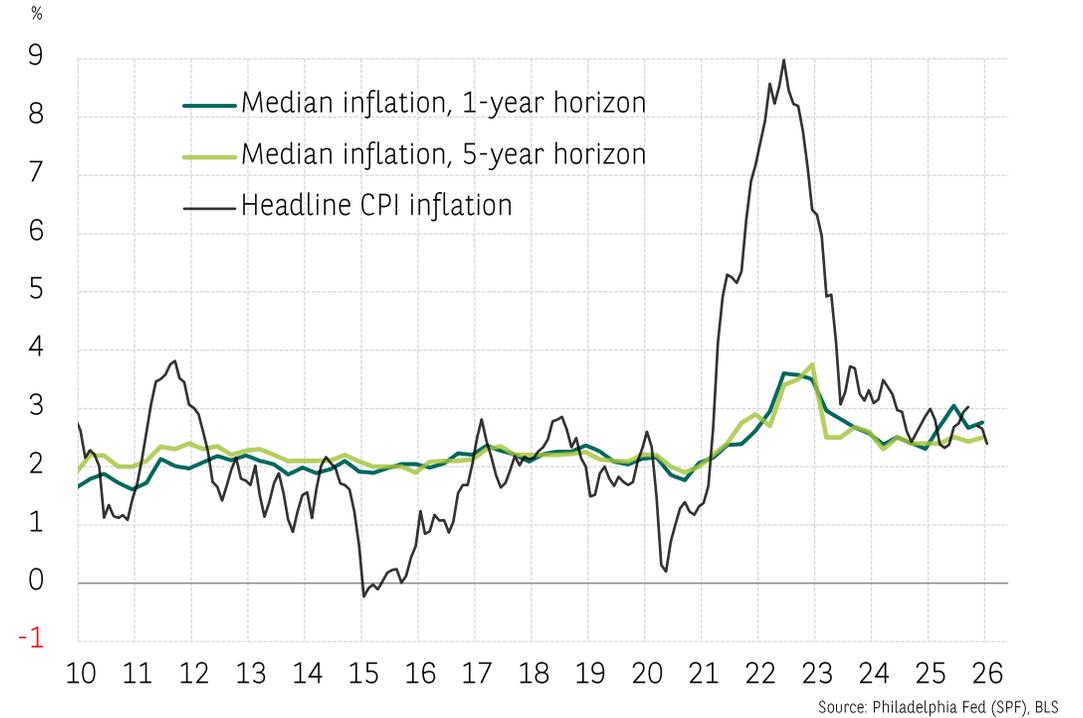


Inflation expectations in the United States

US: consumer inflation expectations

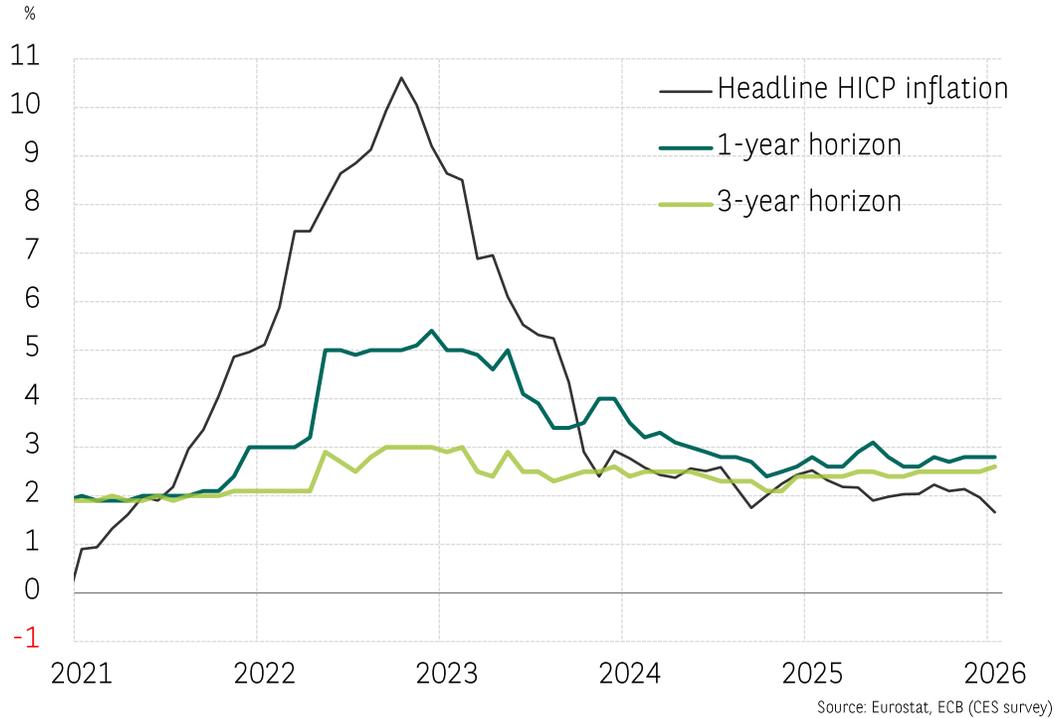


US: Survey of professional forecasters

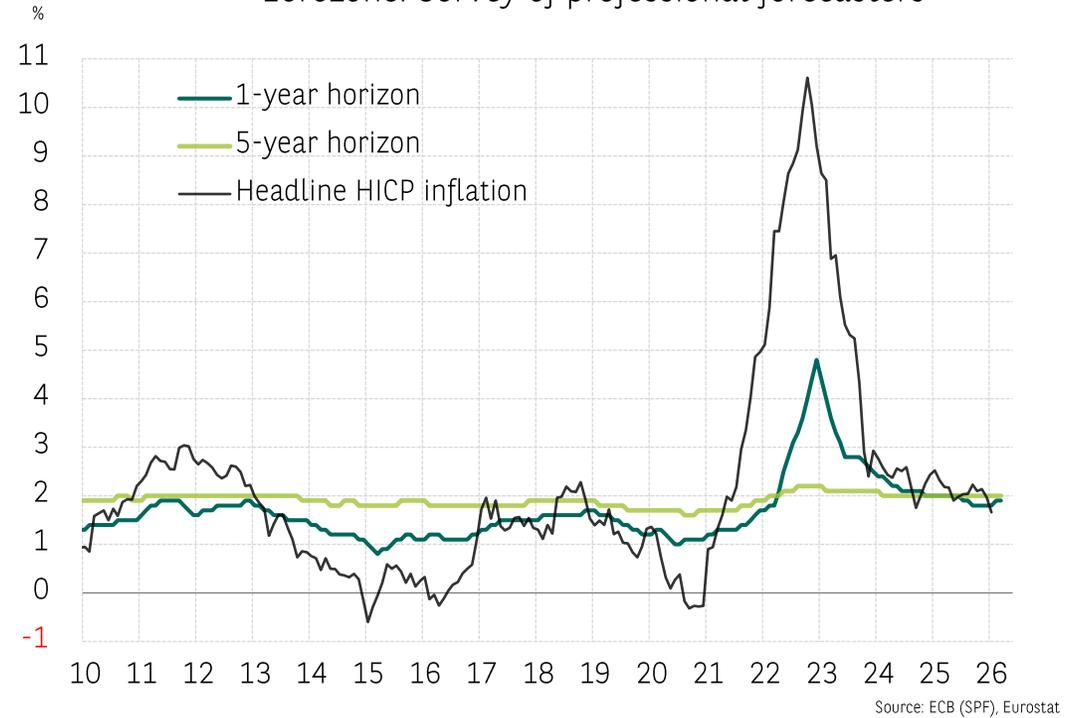


Inflation expectations in the Eurozone

Eurozone: consumer inflation expectations

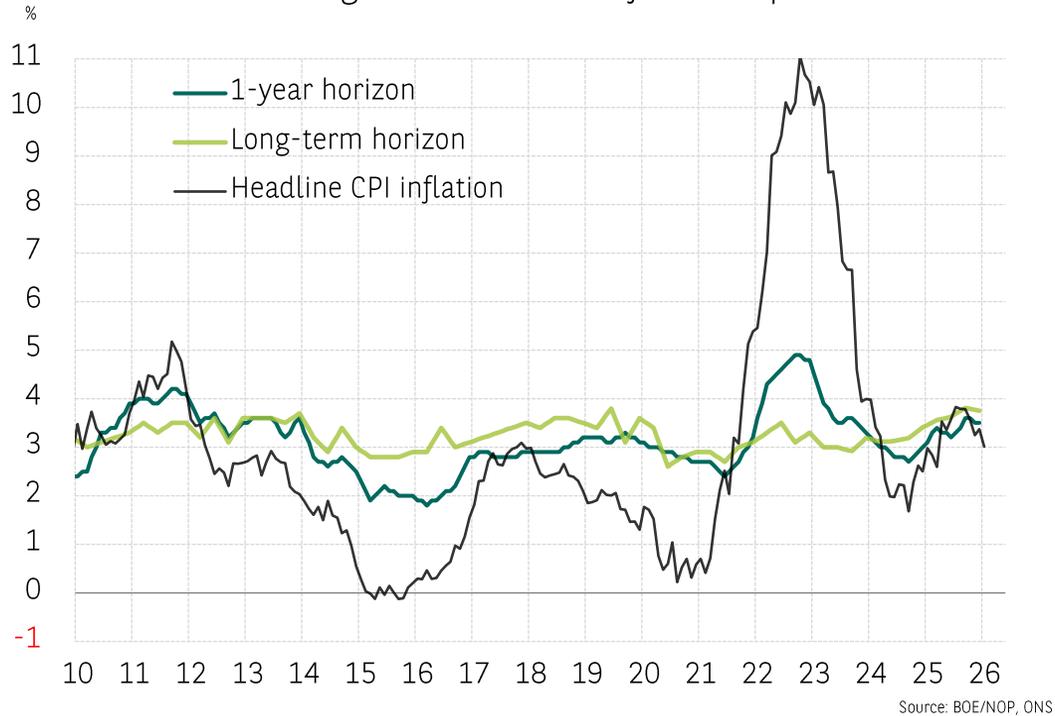


Eurozone: Survey of professional forecasters

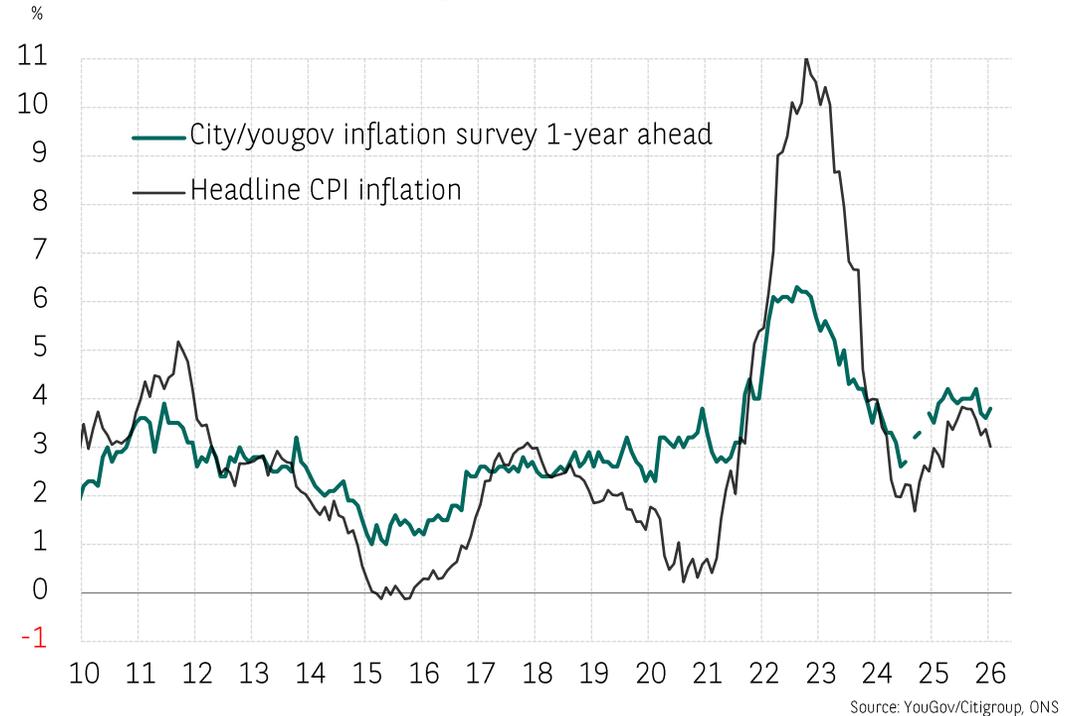


Inflation expectations in the United Kingdom

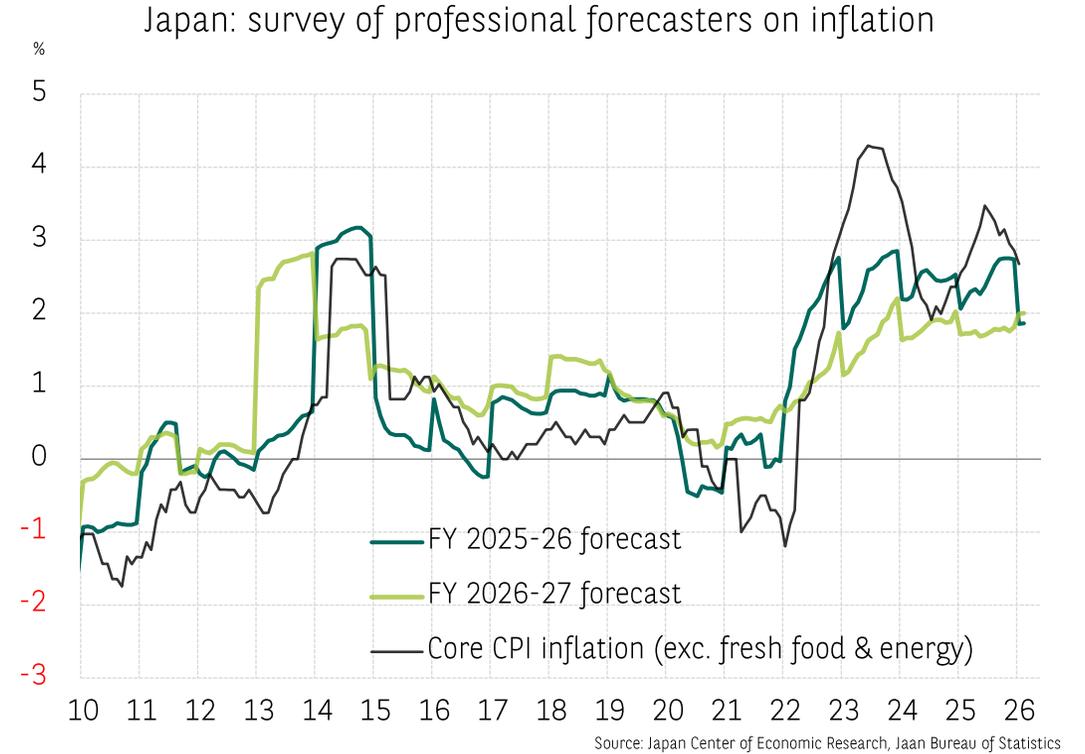
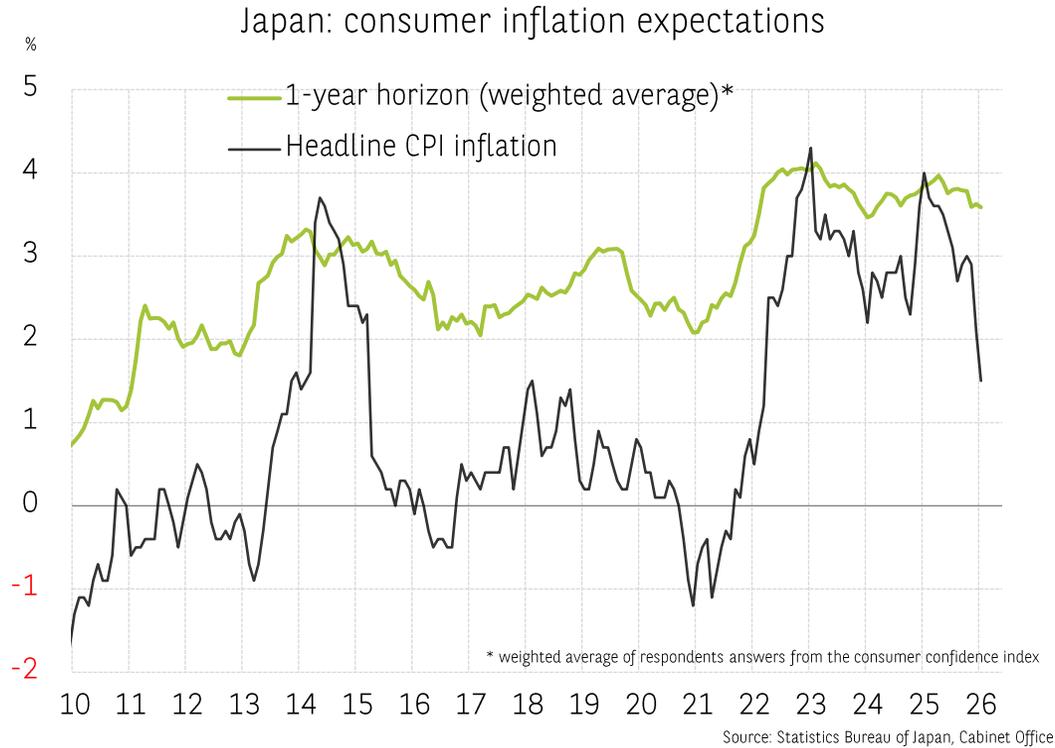
United Kingdom: consumer inflation expectations



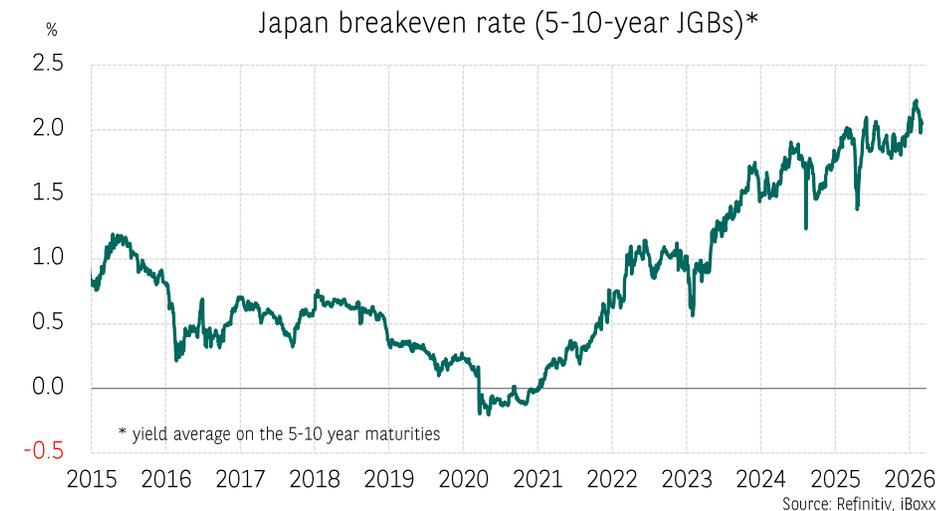
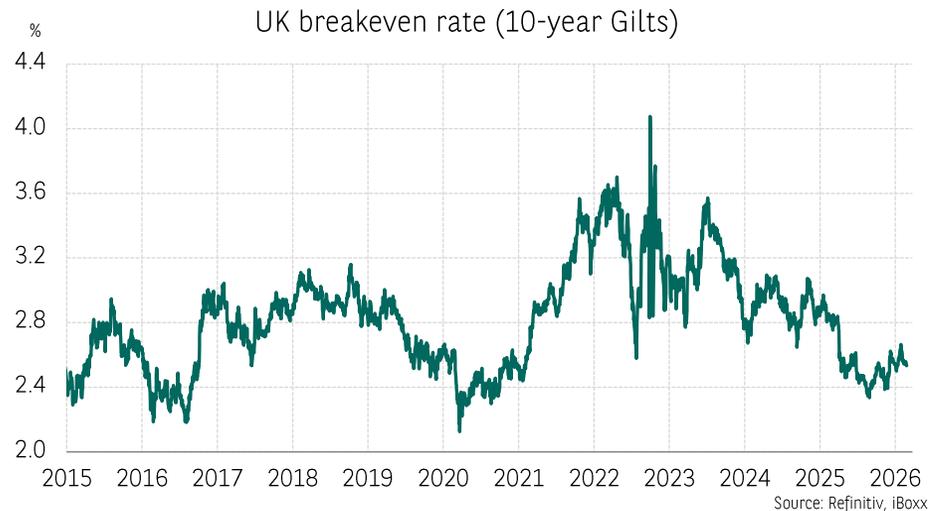
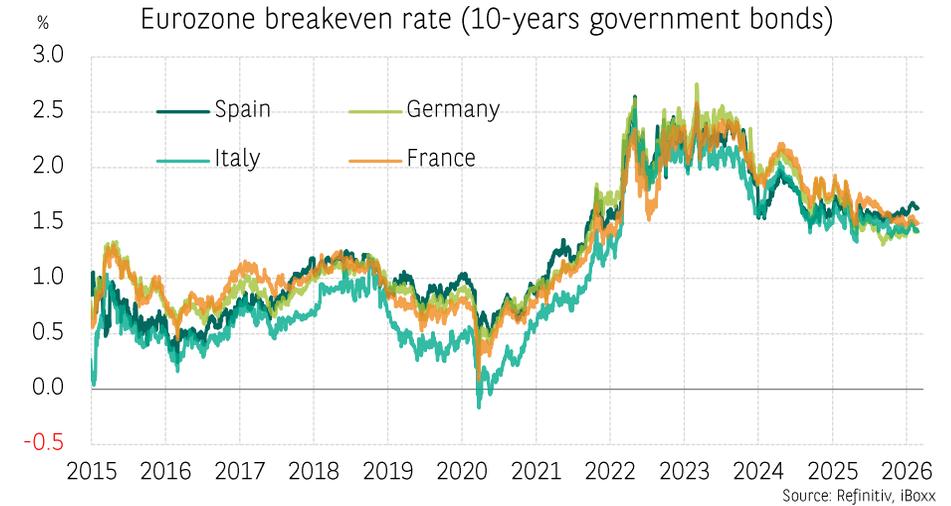
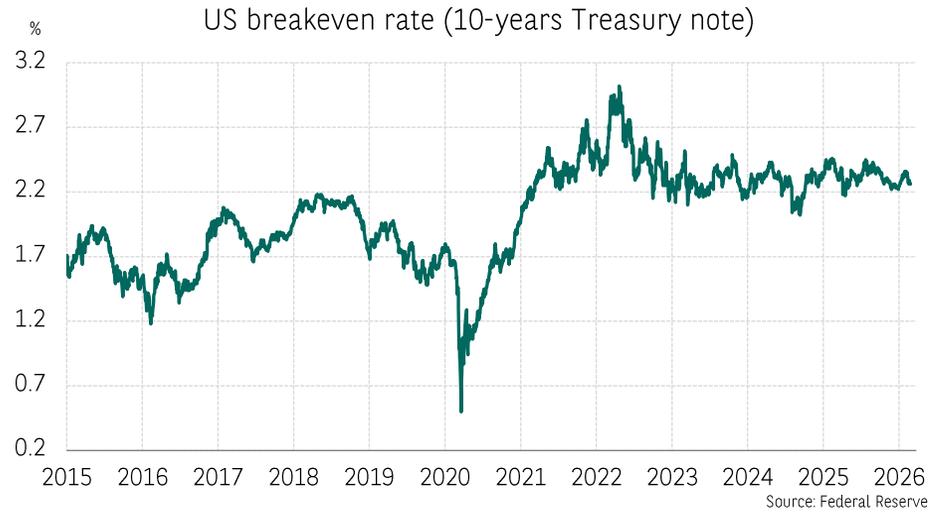
United Kingdom: inflation expectations



Inflation expectations in Japan



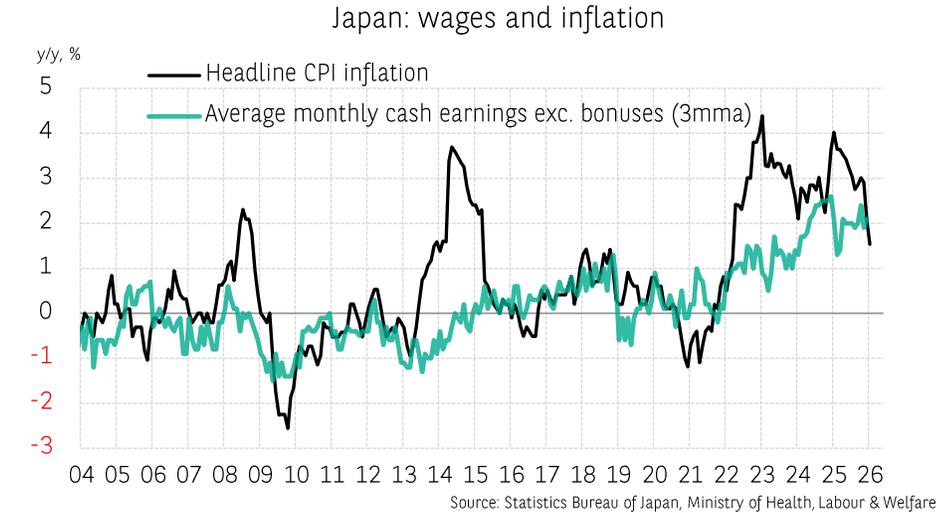
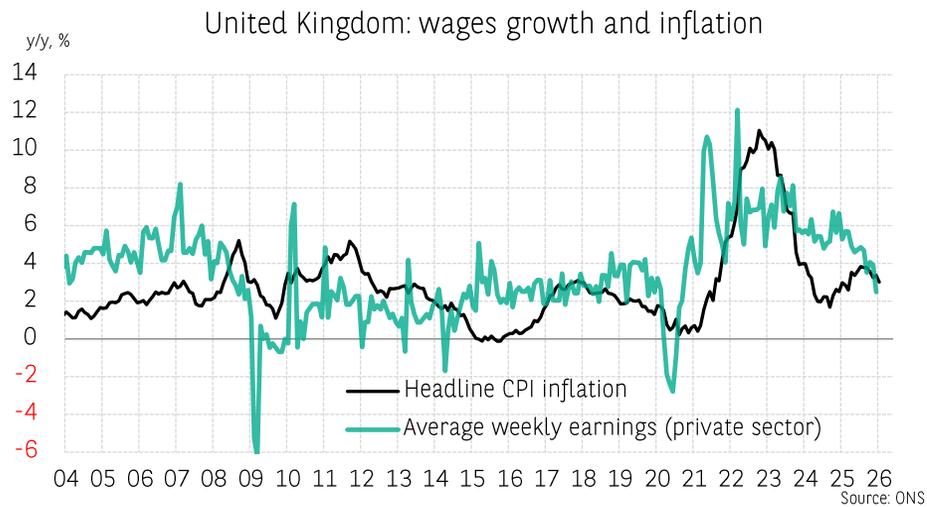
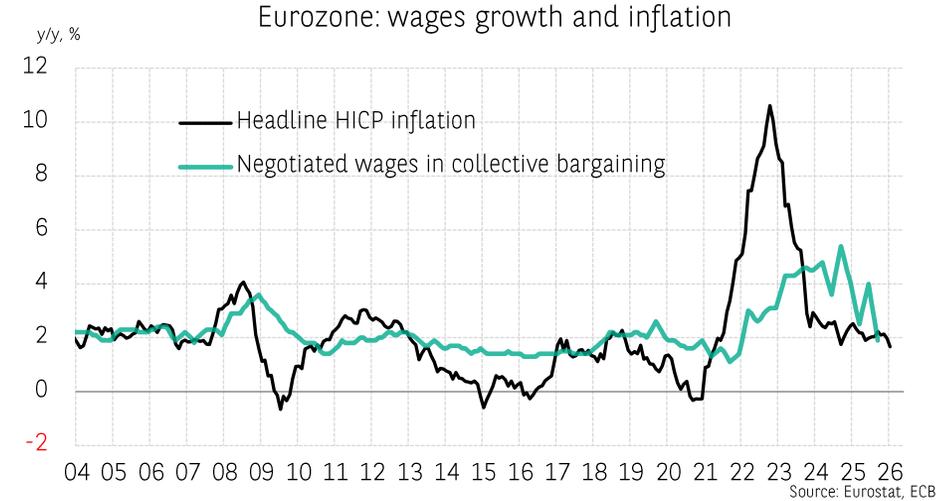
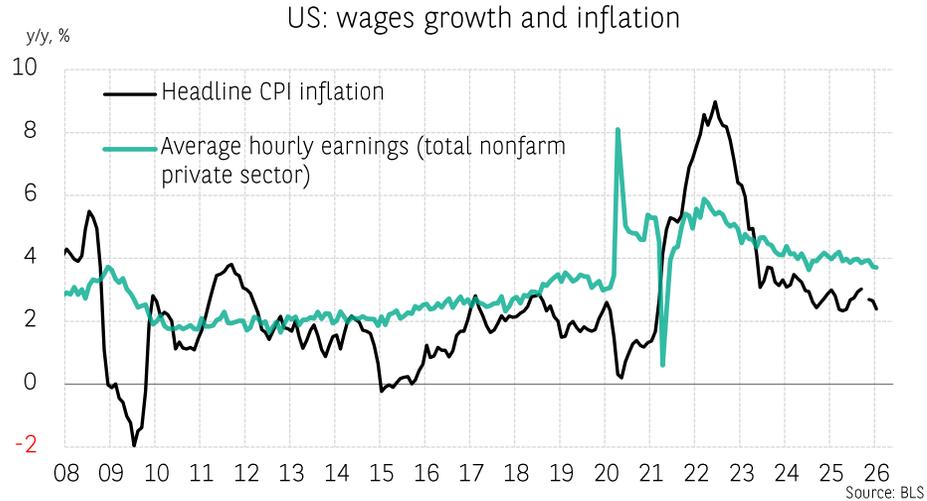
Market expectations: breakeven inflation rate



Inflation-wage dynamics



Inflation-wage dynamics



Commodities

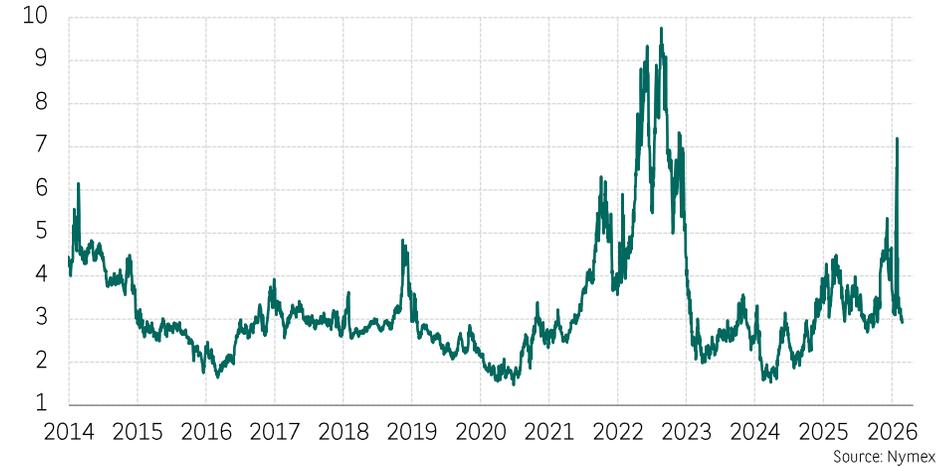


Commodities

WTI crude oil price, USD/barrel



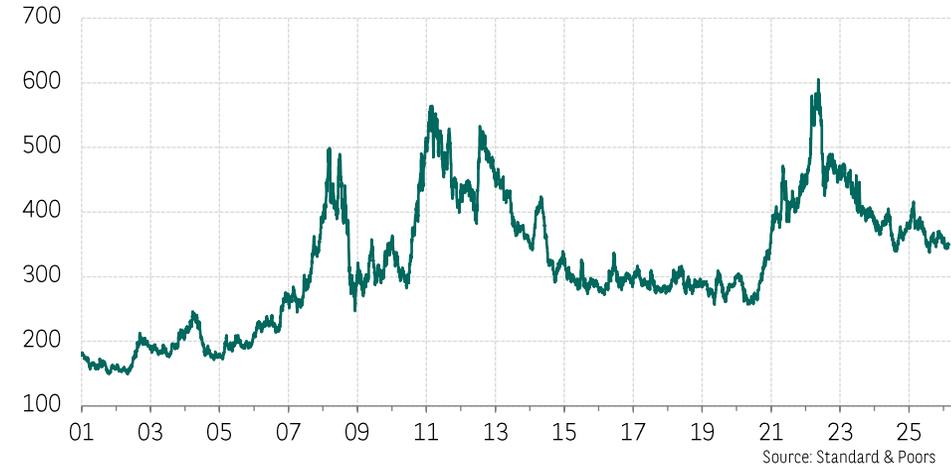
Natural gas price, USD/million BTU



S&P GSCI industrial metal spot price index



S&P GSCI agriculture spot price index



Isabelle Mateos y Lago Group Chief Economist	+33 1 87 74 01 97	isabelle.mateosyago@bnpparibas.com
Hélène Baudchon Deputy Chief Economist, Head of Global Macroeconomic Research	+33 1 58 16 03 63	helene.baudchon@bnpparibas.com
Stéphane Alby Maghreb, Middle East	+33 1 42 98 02 04	stephane.alby@bnpparibas.com
Lucie Barette Europe, Germany, Italy, Spain	+33 1 87 74 02 08	lucie.barette@bnpparibas.com
Anis Bensaidani United States, Japan	+33 1 87 74 01 51	anis.bensaidani@bnpparibas.com
Céline Choulet Banking Economics	+33 1 43 16 95 54	celine.choulet@bnpparibas.com
Stéphane Colliac Head of Advanced Economies – France	+33 1 42 98 26 77	stephane.colliac@bnpparibas.com
Guillaume Derrien Europe, Eurozone – World Trade	+33 1 55 77 71 89	guillaume.a.derrien@bnpparibas.com
Pascal Devaux Middle East, Western Balkans – Energy	+33 1 43 16 95 51	pascal.devaux@bnpparibas.com
Hélène Drouot Latin America	+33 1 42 98 33 00	helene.drouot@bnpparibas.com
François Faure Head of Country Risk – Türkiye – Argentina	+33 1 42 98 79 82	francois.faure@bnpparibas.com
Salim Hammad Head of Data & Analytics – Brazil	+33 1 42 98 74 26	salim.hammad@bnpparibas.com
Thomas Humblot Banking Economics	+33 1 40 14 30 77	thomas.humblot@bnpparibas.com
Cynthia Kalasopatan Antoine Central Europe, Ukraine	+33 1 53 31 59 32	cynthia.kalasopatanantoine@bnpparibas.com
Johanna Melka Asia	+33 1 58 16 05 84	johanna.melka@bnpparibas.com
Marianne Mueller Europe, United Kingdom, Portugal, Greece	+33 1 40 14 48 11	marianne.mueller@bnpparibas.com
Christine Peltier Head of Emerging economies – Asia	+33 1 42 98 56 27	christine.peltier@bnpparibas.com
Lucas Plé Sub-saharan Africa, Colombia, Central America	+33 1 40 14 50 18	lucas.ple@bnpparibas.com
Jean-Luc Proutat Head of Economic Projections	+33 1 58 16 73 32	jean-luc.proutat@bnpparibas.com
Laurent Quignon Head of Banking Economics	+33 1 42 98 56 54	laurent.quignon@bnpparibas.com
Tarik Rharrab Data scientist	+33 1 43 16 95 56	tarik.rharrab@bnpparibas.com
Mickaëlle Fils Marie-Luce Media contact	+33 1 42 98 48 59	mickaelle.filsmarie-luce@bnpparibas.com

The information and opinions contained in this document have been obtained from, or are based on, public sources believed to be reliable, but there is no guarantee of the accuracy, completeness or fitness for any particular purpose of such information and such information may not have been independently verified by BNPP or by any person. None of BNPP, any of its subsidiary undertakings or affiliates or its members, directors, officers, agents or employees accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, as to the accuracy and completeness of the information or any opinions based thereon and contained in this document, and it should not be relied upon as such. This document does not constitute research, as defined under MIFID II, or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on, in connection with any contract or investment decision. Information and opinions contained in this document are published for the information of recipients but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient, are subject to change without notice. In providing this document, BNPP does not offer investment, financial, legal, tax or any other type of advice to, nor has any fiduciary duties towards, recipients. Any reference to past performance is not indicative of future performance, which may be better or worse than prior results. Any hypothetical, past performance simulations are the result of estimates made by BNPP, as of a given moment, on the basis of parameters, market conditions, and historical data selected by BNPP, and should not be used as guidance, in any way, of future performance. To the fullest extent permitted by law, no BNPP group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this document even when advised of the possibility of such losses. All estimates and opinions included in this document are made as of the date of this document. Unless otherwise indicated in this document there is no intention to update this document. BNPP may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this document or derivatives thereon. Prices, yields and other similar information included in this document are included for information purposes however numerous factors will affect market pricing at any particular time, such information may be subject to rapid change and there is no certainty that transactions could be executed at any specified price. BNPP may have a financial interest in any issuer or person mentioned in this document, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa. BNPP, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this document. BNPP may, from time to time, solicit, perform, or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this document. BNPP may be a party to an agreement with any person relating to the production of this document. BNPP may to the extent permitted by law, have acted upon or used the information contained herein or in the document, or the analysis on which it was based, before the document was published. BNPP may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this document. Any person mentioned in this document may have been provided with relevant sections of this document prior to its publication in order to verify its factual accuracy.

This document was produced by a BNPP group company. This document is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNPP. By accepting or accessing this document you agree to this.

BNP Paribas is a société anonyme incorporated in France, licensed and supervised as a credit institution by the European Central Bank (ECB) and as an investment services provider by the Autorité de contrôle prudentiel et de résolution (ACPR) and Autorité des marchés financiers (AMF), and having its registered office at 16, boulevard des Italiens, 75009 Paris, France.

Some or all of the information contained in this document may already have been published on <https://globalmarkets.bnpparibas.com>.

For country-specific disclaimers (United States, Canada, United Kingdom, Germany, Belgium, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, Brazil, Turkey, Israel, Bahrain, South Africa, Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam) please type the following URL to access the applicable legal notices: https://globalmarkets.bnpparibas.com/gm/home/Markets_360_Country_Specific_Notices.pdf

© BNP Paribas (2023). All rights reserved.

