



EUROPEAN CENTRAL BANK

EUROSYSTEM

The new energy shock: economic scenarios and policy implications

Speech at the 2026 Sustainable
Development Festival

6 May 2026



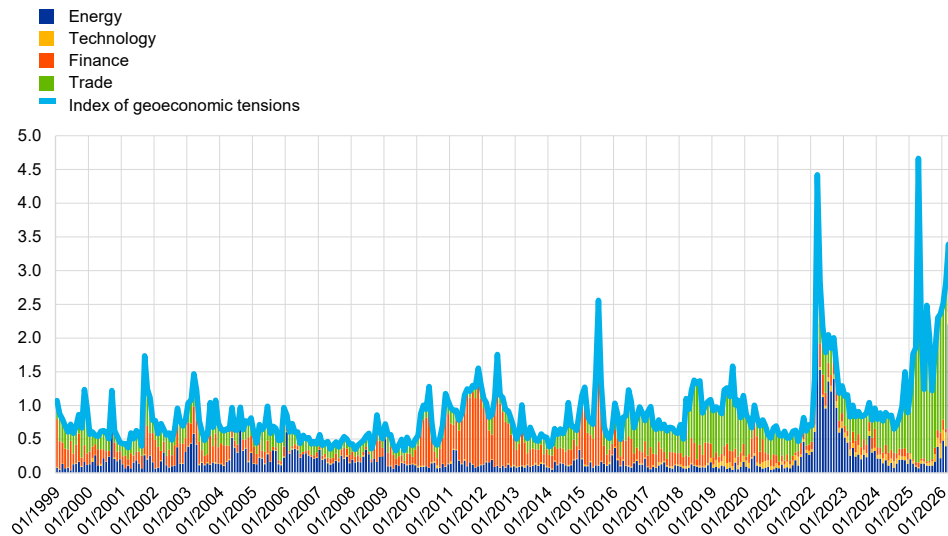
Piero Cipollone
Member of the Executive Board

Chart 1

Index of geoeconomic tensions

Share of newspaper articles in France, Germany, Italy and Spain referring to geoeconomic tensions and decomposition by source of tension

(percentage)



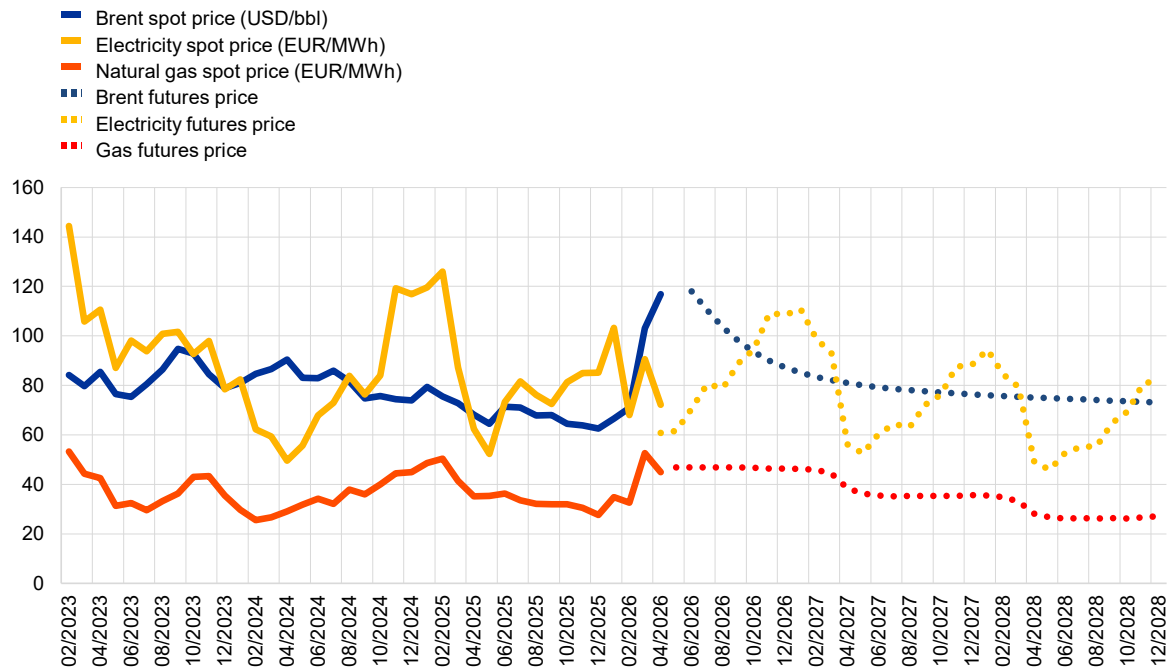
Source: Ioannou, D., Prioriello, R. and Durrani, A. (forthcoming), "Measuring Geoeconomic Tension: A Large Language Model approach for the euro area", *ECB Working Paper Series*. The index is available [here](#) in dashboard format.

Notes: The (L)arge-language-model (G)eoeconomic and Geo(P)olitical (T)ensions (LGPT) index for the euro area (main line) is constructed using two large language models (LLMs) on the basis of local language text (newspaper articles) in France, Germany, Italy and Spain. The index shows the number of newspaper articles discussing geoeconomic tensions as a share of the total number of articles. Geoeconomic tensions relate to the (potential or threat of) disruption to smooth international economic relations through the use of economic means such as trade or financial restrictions. The chart also shows the breakdown of the index into four sub-components based on the source of geoeconomic tension; namely, energy, trade, finance and technology. The latest observation is for April 2026. The cut-off date is 29 April 2026.

Chart 2

Oil, gas and electricity spot prices and futures

(USD/bbl. and EUR/MWh)

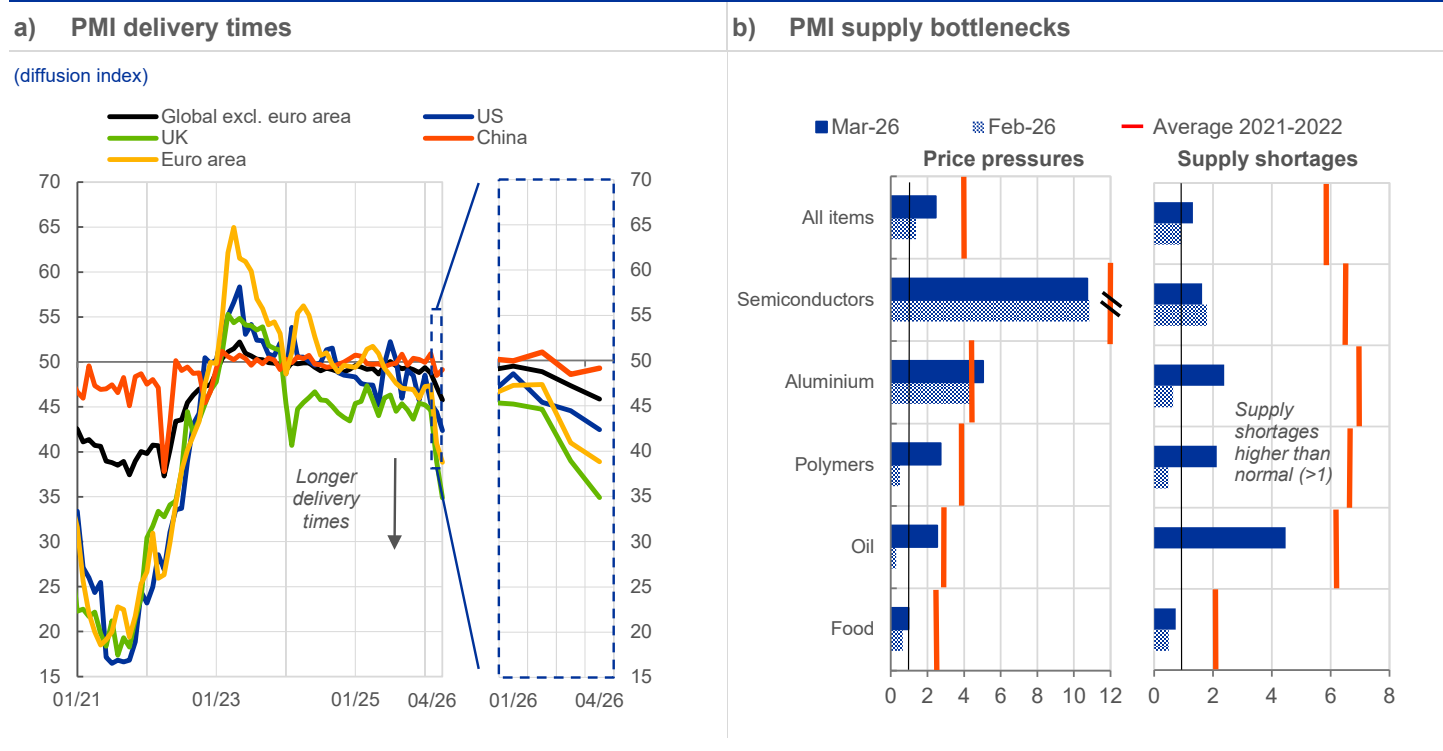


Sources: Eurostat and ECB calculations.

Notes: the latest observation is for April 2026.

Chart 3

Delivery times and supply bottlenecks

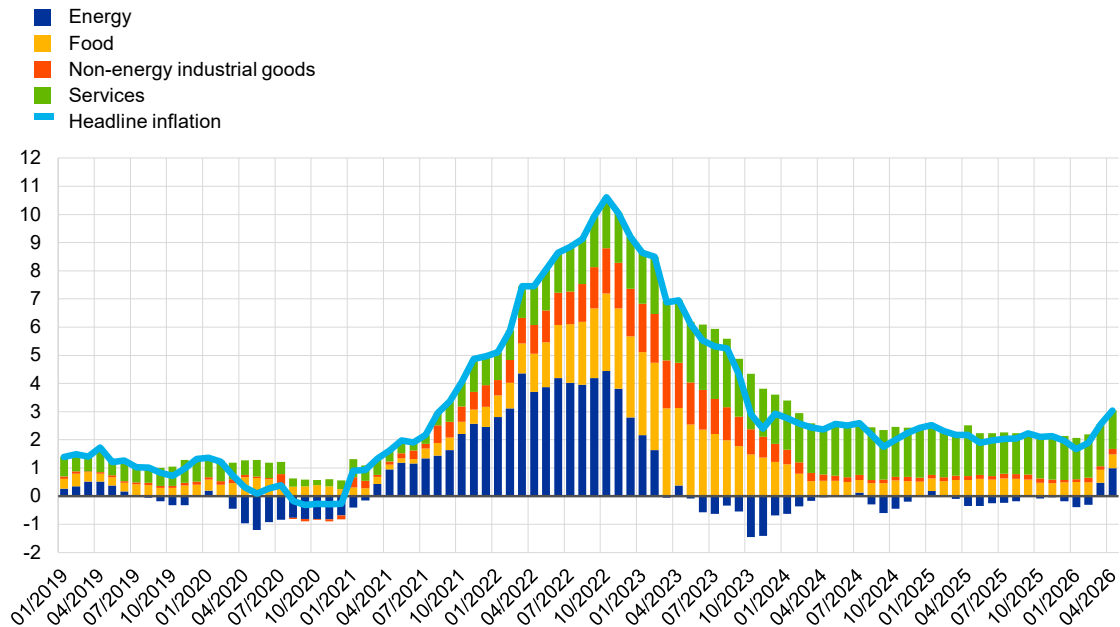


Sources: HSBC/S&P Global/Haver Analytics and ECB staff calculations (panel a); S&P Global, Haver Analytics and ECB staff calculations (panel b).
 Notes: the latest observations are for April 2026 (panel a); the semiconductor price pressures average is 20.1 and the latest observations are for March 2026 (panel b).

Chart 4

Inflation in the euro area

(annual percentage changes and percentage point contributions)



Sources: Eurostat and ECB calculations.

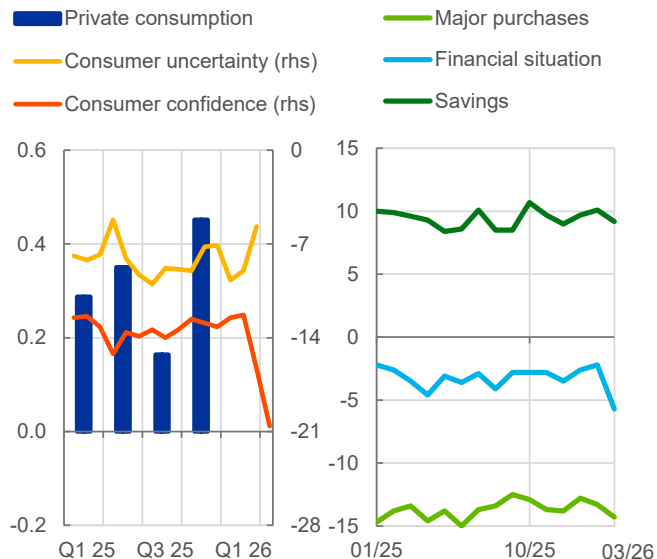
Notes: the latest observation is for April 2026.

Chart 5

Economic sentiment

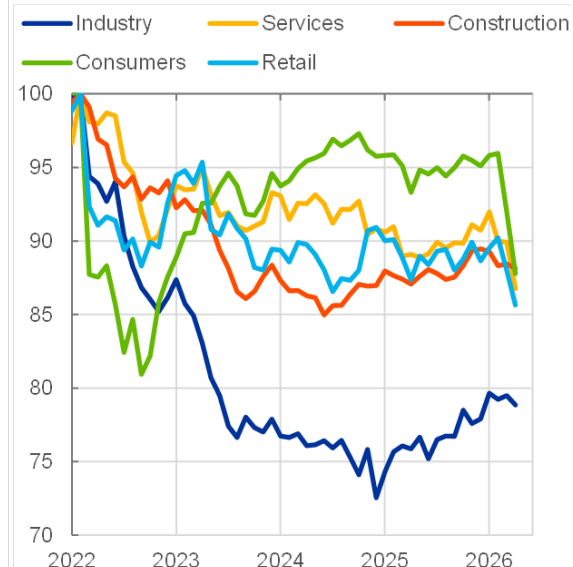
a) Household confidence and expectations

(quarter-on-quarter percentage-changes, percentage balances)



b) Confidence across sectors

(percentage balances; index: February 2022 = 100)



Sources: Eurostat, DG-ECFIN and ECB staff calculations (panel a); European Commission, Eurostat and ECB (panel b).

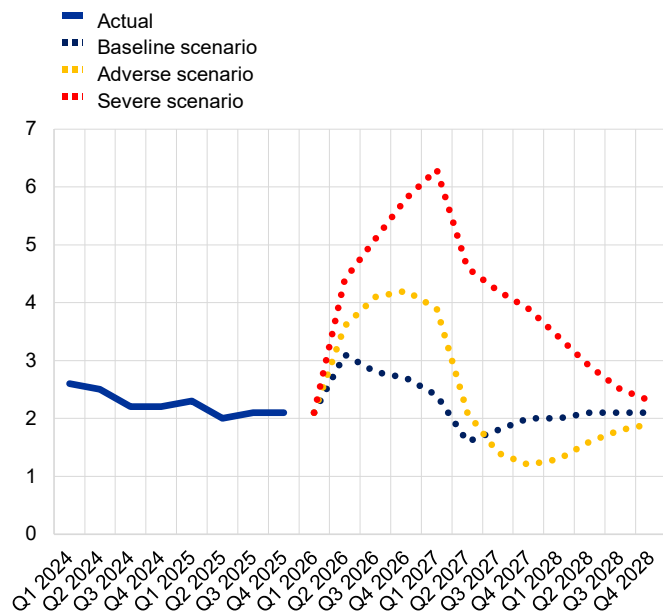
Notes: the latest observation is for April 2026 (panel a); savings expectations refer to the qualitative European Commission consumer survey question: "Over the next 12 months, how likely is it that you save any money?". The latest observations are for the fourth quarter of 2025 for private consumption, April 2026 for consumer confidence and March 2026 for all other indicators (panel b).

Chart 6

Inflation and real GDP growth projection scenarios for the euro area

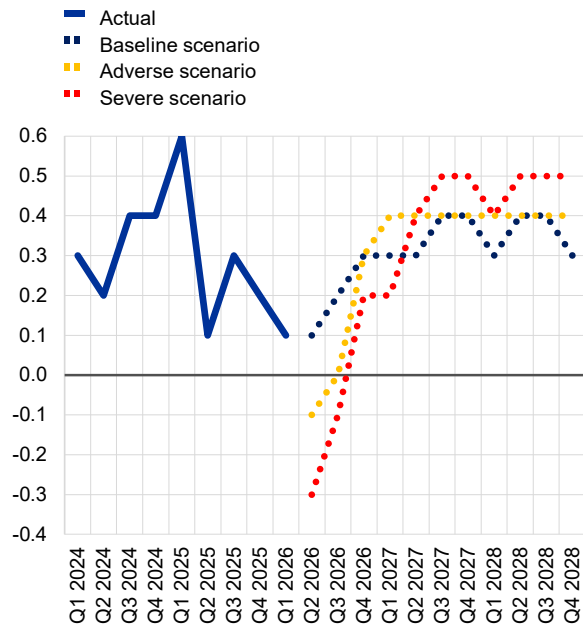
Headline inflation

(annual percentage changes in the Harmonised Index of Consumer Prices Index)



Real GDP growth

(quarter-on-quarter percentage changes in real GDP)



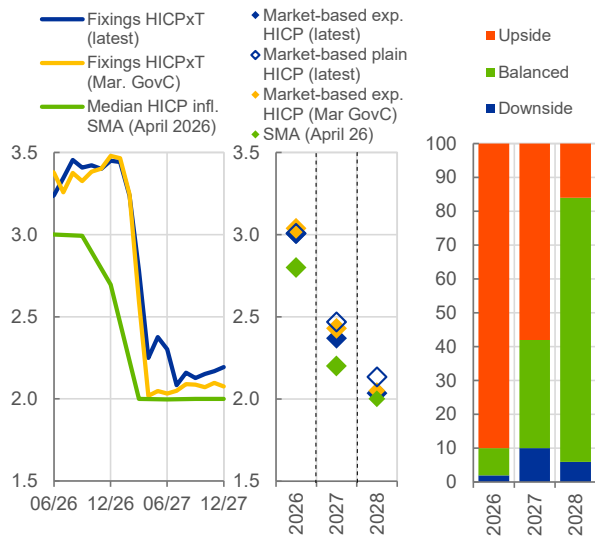
Sources: Eurostat and ECB (2026), [ECB staff macroeconomic projections for the euro area](#), March.

Chart 7

Inflation expectations and firms' expectations for selling prices, wages and input costs

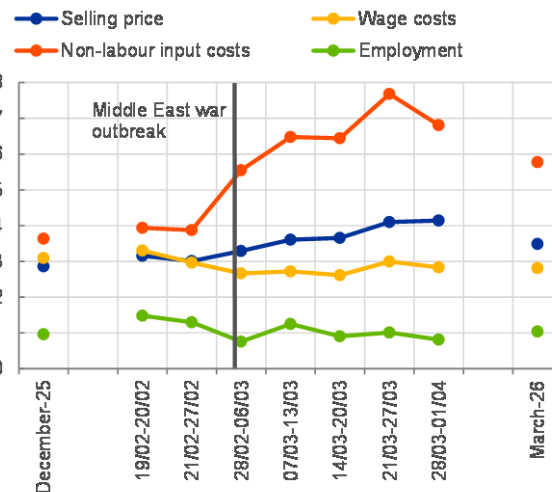
a) Market and survey-based projected inflation path and balance of risk

(year-on-year percentage changes, percentages of SMA respondents)



b) Firms' expectations for selling prices, wages and input costs

(percentage changes over the next 12 months)



Sources: Bloomberg, LSEG, SMA and ECB calculations (panel a); Survey on the Access to Finance of Enterprises (SAFE) (panel b).

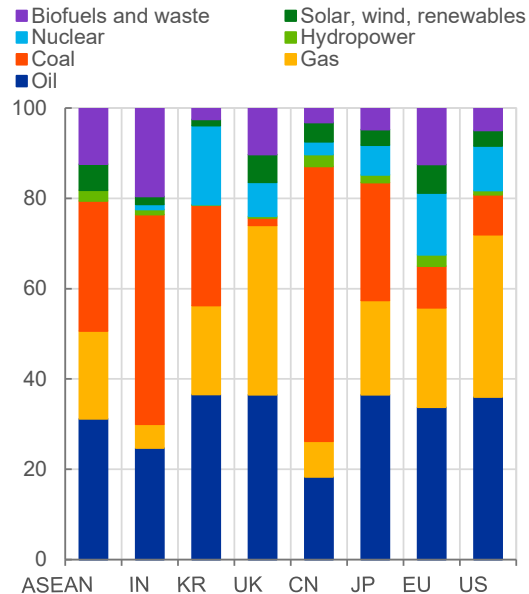
Notes: in panel a, the chart displays monthly inflation paths from inflation-fixing contracts (HICPxT) and SMA results. Calendar year forecasts from the average inflation expectation components from three term structure models: 1) JSZ; 2) JSZ with bias-correction (see Burban et. al (2021) for both); and 3) Grønlund, Jørgensen and Schupp (2024). Market-based HICP forecasts are obtained adding a wedge which reflects a mechanical update of tobacco price, extended with its historical average month-on-month rate beyond the NIPE horizon. The latest market-based observations are for 24 April 2026. In panel b, the chart shows survey-weighted average expectations one year ahead before and after the outbreak of the Middle East war. Survey results over the first quarter of 2026 collection period are aggregated weekly. "December-25" and "March-26" refer to overall averages for the fourth quarter of 2025 and the first quarter of 2026 survey waves respectively. The vertical line refers to 28 February 2026. The latest observations are for March 2026.

Chart 8

Energy mix and energy intensity

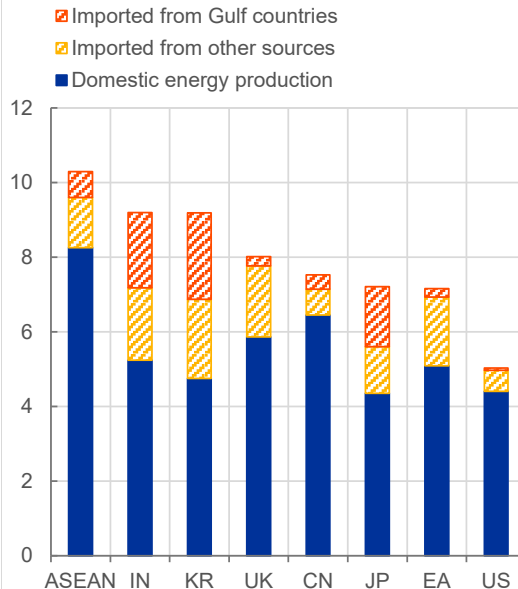
a) Energy mix across selected countries

(percentage)



b) Energy intensity of output

(energy expenditure, as percentage of GDP)

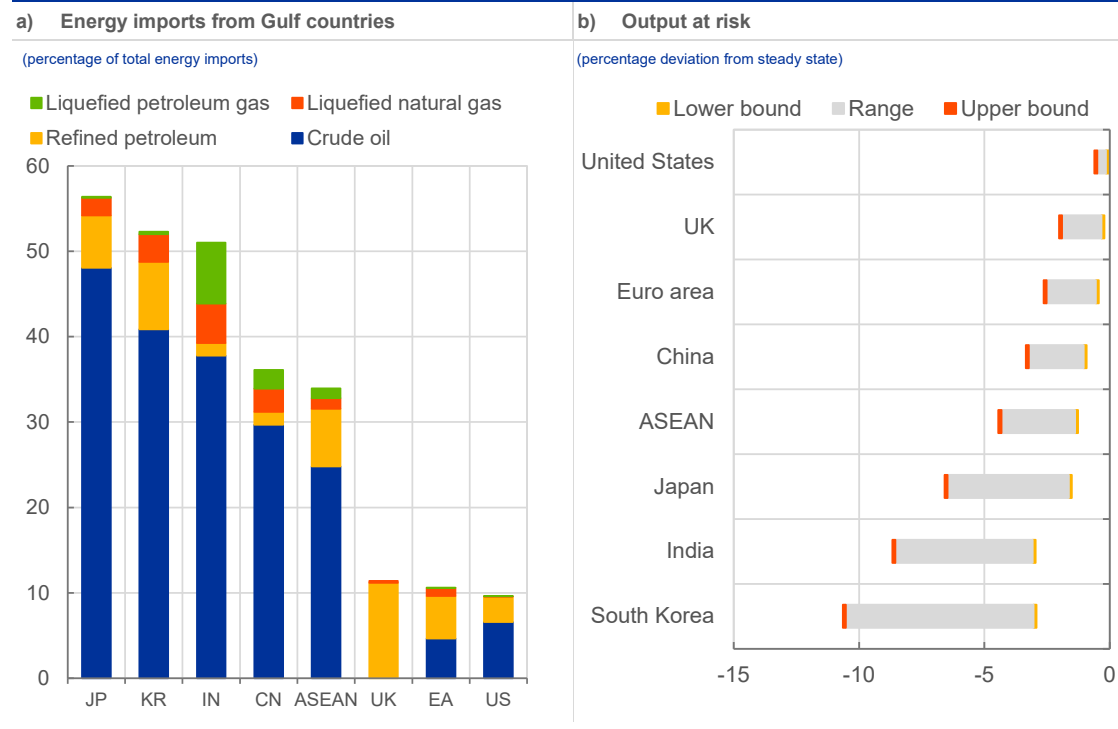


Sources: International Energy Agency (panel a); Organisation for Economic Co-operation and Development, Inter-Country Input-Output tables 2025, and ECB calculations (panel b).

Notes: in panel a, total energy supply, which measures the total energy available in an economy, is calculated as domestic production plus imports minus exports, international bunkers and stock changes. It differs from final energy consumption, which measures energy delivered to end users. The latest observation is for 2023 for China, India and ASEAN, and for 2024 for the rest; in panel b, output covers all sectors of the economy, including services. Energy intensity is computed as expenditure on energy goods (crude oil, refined petroleum and gas) by all sectors in an economy, divided by total output.

Chart 9

Energy imports from Gulf countries and output at risk



Sources: TDM and ECB staff calculations (panel a); OECD TIVA, [Baqee and Farhi \(2024\)](#) and [Atinasi et al. \(2023\)](#) (panel b).

Notes: Gulf countries include Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Iraq and Iran (panel a); non-linear impact simulated through 25 iterations of the log-linearised model. Upper range output effects are computed based on a calibration of the model with lower substitution elasticities from [Boehm et al. \(2023\)](#), "The Long and Short (Run) of Trade Elasticities", *American Economic Review*, Vol. 113, No 4, April; and lower range output effects are based on a calibration with higher substitution elasticities from [Fontagné et al. \(2022\)](#), "A new dataset on product-level trade elasticities", *Data in Brief*, Vol. 45, December (panel b).

Thank you for your attention!