

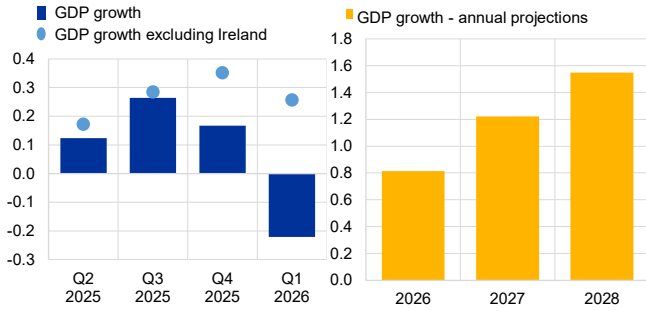


Introductory statement in three charts

ECON hearing with the ECB President on 22 June 2026

Real GDP growth

(left panel: quarter-on-quarter percentage changes; right panel: annual percentage changes)



Sources: Eurostat and June 2026 Eurosystem staff macroeconomic projections.
Note: The latest observation for real GDP is for the first quarter of 2026.

Economic activity

The euro area economy was gaining some traction when the war in the Middle East broke out.

- The economy grew by 0.3% in the first quarter of 2026, when adjusting for extraordinary volatility in Ireland.

The war is now weighing on economic activity.

- Incoming information points to a slowdown, especially in services, while manufacturing has held up so far.

Real GDP is projected to grow by 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028.

Inflation

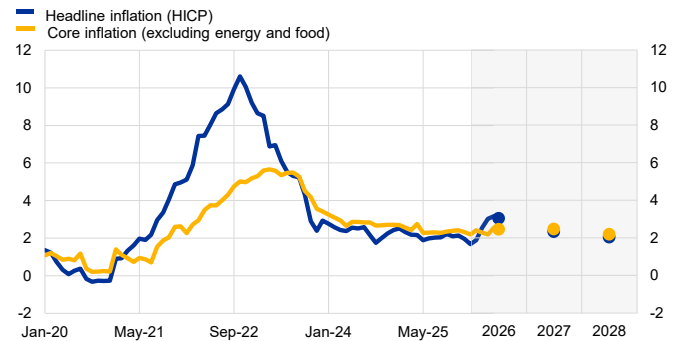
The war is pushing up inflation.

- HICP inflation increased from 1.9% in February to 3.2% in May.
- The main driver since February has been rising energy inflation, which stood above 10% in April and May.
- Inflation excluding energy and food increased to 2.6% in May from 2.2% in April, partly reflecting the initial indirect effects of higher energy prices.

Inflation is projected to be 3.0% in 2026, 2.3% in 2027 and 2.0% in 2028.

Inflation

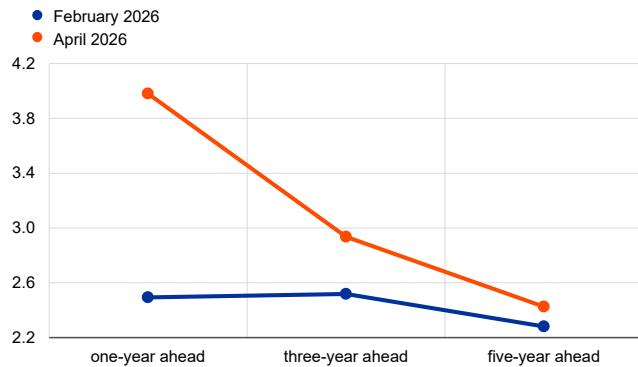
(annual percentage changes)



Sources: Eurostat and June 2026 Eurosystem staff macroeconomic projections.
Note: The latest observations are for May 2026.

Inflation expectations before and after outbreak of war

(annual percentages)



Sources: ECB Consumer Expectations Survey and ECB calculations.
Note: Median expectations for the Consumer Expectations Survey using survey weights.

Inflation expectations

Inflation expectations over shorter horizons have risen well above the levels seen before the outbreak of the war.

- Households' one-year-ahead inflation expectations rose to 4.0% in April, up 1.5 percentage points from February.

At the same time, medium and longer-term expectations remain broadly anchored.

- Most measures of longer-term inflation expectations, both survey and market-based, still stand at around 2%, supporting the stabilisation of inflation around target in the medium term.

WANT TO KNOW MORE?

- [Monetary policy statement](#), ECB Press Conference, 11 June 2026.
- [Eurosystem staff macroeconomic projections for the euro area](#), 11 June 2026.



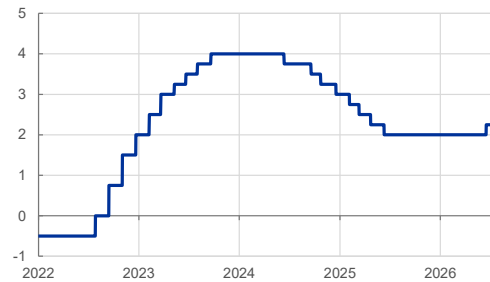
Topic 1: Monetary policy stance

The ECB raised its interest rates by 25 basis points in June.

- The decision to raise rates is robust across the scenarios prepared by staff, meaning that in all scenarios a rate hike is warranted.
- The ECB remains well positioned to navigate the uncertainty caused by the war.
- We will continue to follow a data-dependent, meeting-by-meeting approach, without pre-committing to a particular rate path.

Deposit facility rate

(percentages)



Source: ECB.
Note: The latest observation is for 22 June 2026.

Topic 2: Navigating supply shocks

The ECB’s monetary policy strategy, updated in 2025, ensures that we can deliver price stability in a world of more frequent supply shocks. Our strategy rests on three principles:

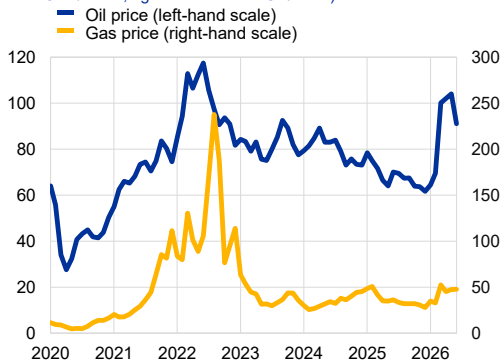
- We must carefully assess the nature of the supply shock – its size, persistence and propagation.
- We do not only focus on the baseline – we also focus on the risks around it.
- Our policy response must be tailored and graduated.

There are three broad cases we should consider:

- Small, temporary shocks can in principle be looked through.
- Sizeable but not-too-persistent overshoots warrant a measured adjustment of policy.
- Large and persistent deviations require a forceful or sustained response to avoid the risk of expectations de-anchoring.

Energy prices

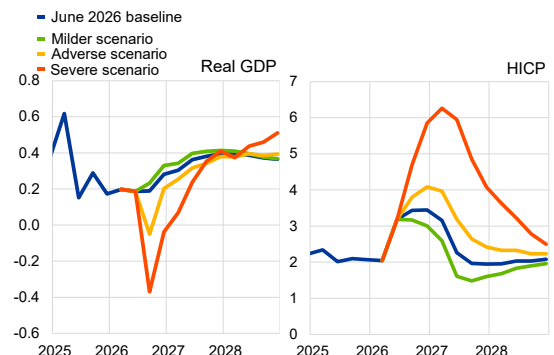
(left-hand scale: USD/barrel; right-hand scale: EUR/MWh)



Sources: Bloomberg and LSEG.
Note: The latest observations are for 16 June 2026.

Scenarios in June macroeconomic projections

(left panel: quarter-on-quarter percentage changes; right panel: annual percentage changes)



Source: June 2026 Eurosystem staff macroeconomic projections for the euro area.

WANT TO KNOW MORE?

- [Navigating energy shocks: risks and policy responses](#), speech at “The ECB and Its Watchers” conference, 25 March 2026.