



EUROPEAN CENTRAL BANK

EUROSYSTEM

The ECB Survey of Professional Forecasters

First quarter of 2025

January 2025



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Summary

In the ECB's Survey of Professional Forecasters (SPF) for the first quarter of 2025,¹ expectations for headline HICP inflation were revised upwards for 2025 from the previous survey (conducted in the fourth quarter of 2024) and were largely unchanged thereafter. At the same time, core inflation expectations as measured by the HICP excluding energy and food (HICPX) were unchanged for 2025 and 2026 but revised slightly downwards for the longer term. Headline inflation was expected to decline from 2.4% in 2024 to 2.1% in 2025 and 1.9% in 2026, before ticking up to 2.0% in 2027. These expectations represent a 0.2 percentage point upward revision for 2025 but no change for 2026. Expectations for 2027 were not surveyed in the previous round. Longer-term HICP inflation expectations (for 2029) were unchanged at 2.0%. Expectations for HICPX inflation remained the same for 2025 and 2026 but were revised down slightly, by 0.1 percentage points to 1.9%, for the longer term. Respondents continued to expect a strengthening of real GDP growth – to 1.0% in 2025 and 1.3% in both 2026 and 2027. These figures implied a downward revision of 0.2 and 0.1 percentage points for 2025 and 2026 respectively. Longer-term GDP growth expectations were unchanged at 1.3%. Respondents' unemployment rate expectations were essentially unchanged for 2025 and 2026 but longer-term expectations were revised slightly downwards.

¹ The survey was conducted between 7 and 9 January 2025 and 60 responses were received. All participants were provided with the same set of the latest available data for annual HICP inflation (December 2024: overall inflation, 2.4%; underlying inflation, 2.7%), annual GDP growth (third quarter of 2024: 0.9%) and unemployment (November 2024: 6.3%). This report was drafted on the basis of data available on 17 January 2025.

Table 1**Results of the SPF in comparison with other expectations and projections**

(annual percentage changes, unless otherwise indicated)

	Survey horizon			
	2025	2026	2027	Longer term ¹⁾
HICP inflation				
Q1 2025 SPF	2.1	1.9	2.0	2.0
Previous SPF (Q4 2024)	1.9	1.9	-	2.0
Eurosystem staff macroeconomic projections (December 2024)	2.1	1.9	2.1	-
Consensus Economics (January 2025)	1.9	1.9	2.0	2.0
<i>Memo: HICP inflation excluding energy, food, alcohol and tobacco</i>				
Q1 2025 SPF	2.2	2.0	2.0	1.9
Previous SPF (Q4 2024)	2.2	2.0	-	2.0
Eurosystem staff macroeconomic projections (December 2024)	2.3	1.9	1.9	-
Consensus Economics (January 2025)	2.2	1.9	-	-
Real GDP growth				
Q1 2025 SPF	1.0	1.3	1.3	1.3
Previous SPF (Q4 2024)	1.2	1.4	-	1.3
Eurosystem staff macroeconomic projections (December 2024)	1.1	1.4	1.3	-
Consensus Economics (January 2025)	1.0	1.2	1.4	1.3
Unemployment rate²⁾				
Q1 2025 SPF	6.5	6.4	6.3	6.3
Previous SPF (Q4 2024)	6.5	6.4	-	6.4
Eurosystem staff macroeconomic projections (December 2024)	6.5	6.3	6.1	-
Consensus Economics (January 2025)	6.5	6.5	-	-

1) Longer-term expectations refer to 2029.

2) As a percentage of the labour force.

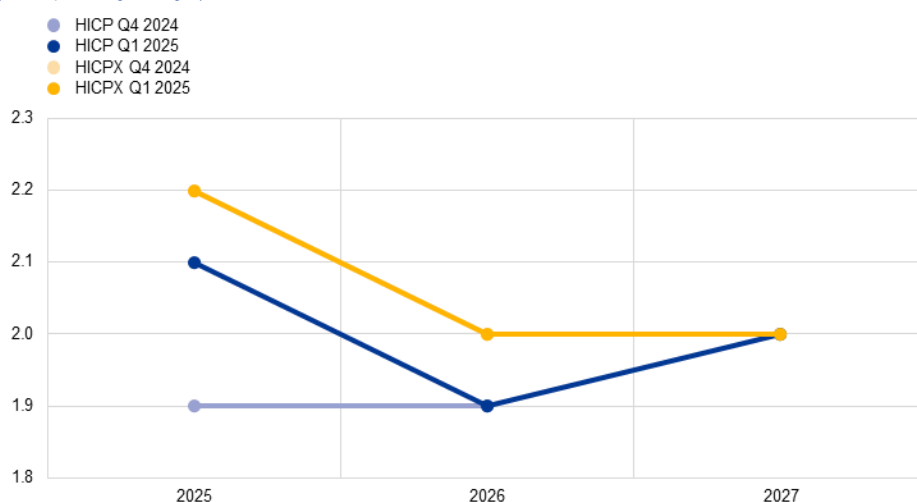
1 Headline HICP inflation expectations revised upwards for the near term but unchanged thereafter

SPF respondents' headline inflation expectations were revised upwards for 2025 but were largely unchanged thereafter. HICP inflation was expected to decline from the 2.4% recorded in 2024 to 2.1% in 2025 and further to 1.9% in 2026. Expectations were revised up by 0.2 percentage points for 2025 but were unchanged for 2026. In 2027 (not surveyed in the previous round), inflation was expected to increase slightly to 2.0% (see [Chart 1](#)). Thus, SPF forecasters collectively continued to expect inflation to converge towards 2% over the medium term, albeit with some fluctuations caused by factors such as energy prices. Compared with the previous survey round, revisions reflect a mix of upward and downward adjustments. Some forecasters revised their projections upwards (mainly citing external factors such as a weaker euro and higher energy prices, but also more persistent services sector price pressures) but a smaller share lowered their forecasts slightly (citing expectations of declining energy prices and weaker than expected economic growth). Compared with the December 2024 Eurosystem staff macroeconomic projections, inflation expectations in this SPF round were the same for 2025 and 2026 but lower by 0.1 percentage points for 2027 (see [Table 1](#)).

Chart 1

Inflation expectations: overall HICP inflation and HICPX inflation

(annual percentage changes)



HICPX inflation expectations were unchanged for 2025 and 2026. For 2025, 2026 and 2027 they stood at 2.2%, 2.0% and 2.0% respectively. Respondents noted that inflation in the services sector remained a significant factor underpinning core inflation, owing primarily to persistent wage growth and tight labour market

conditions. SPF forecasts for HICPX in 2025 were 0.1 percentage points lower than those in the December 2025 Eurosystem staff macroeconomic projections but 0.1 percentage points higher for 2026 and 2027 (see [Table 1](#)).

Uncertainty surrounding the shorter and medium-term inflation outlook decreased further, while the balance of risks remained tilted somewhat to the upside.^{2,3} Quantitative indicators of uncertainty surrounding the shorter and medium-term inflation outlook eased further compared with those seen around the turn of 2022-23 but still remained above the levels observed before Russia's invasion of Ukraine. The elevated level of aggregate uncertainty is due primarily to high individual uncertainty, as disagreement across forecasters has been substantially lower in recent survey rounds. Aggregate probability distributions for the calendar years from 2025 to 2027 are presented in [Chart 2](#). Respondents indicated that upside risks to inflation stemmed primarily from geopolitical tensions but also potential trade policy changes in the United States, although some respondents identified downside risks associated with weaker economic growth prospects.

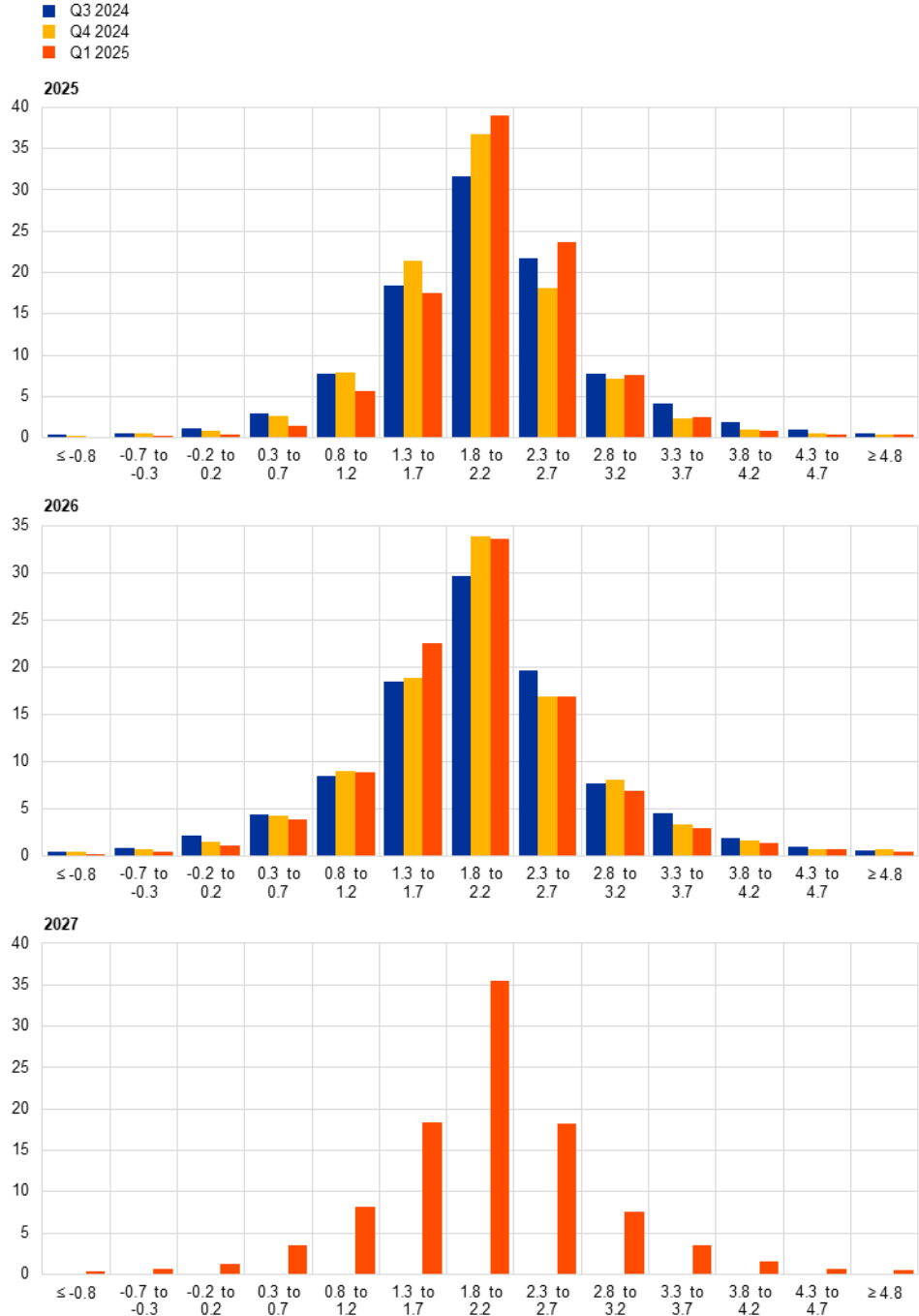
² The width of the reported probability distributions indicates the perceived degree of overall uncertainty, whereas the asymmetry of the distributions indicates whether that uncertainty is more concentrated on higher or lower outturns, i.e. it measures the perceived balance of risks. As regards uncertainty, it can be shown that the width (or standard deviation) of the aggregate probability distribution (i.e. "aggregate uncertainty") is a function of the average width (or standard deviation) of the individual probability distributions (i.e. "individual uncertainty") and the standard deviation of the individual point forecasts (i.e. "disagreement").

³ The balance of risk indicator is defined as the mean of the aggregate probability distribution minus the mean of the individual point forecasts.

Chart 2

Aggregate probability distributions for expected inflation in 2025, 2026 and 2027

(x-axis: HICP inflation expectations, annual percentage changes; y-axis: probability, percentages)

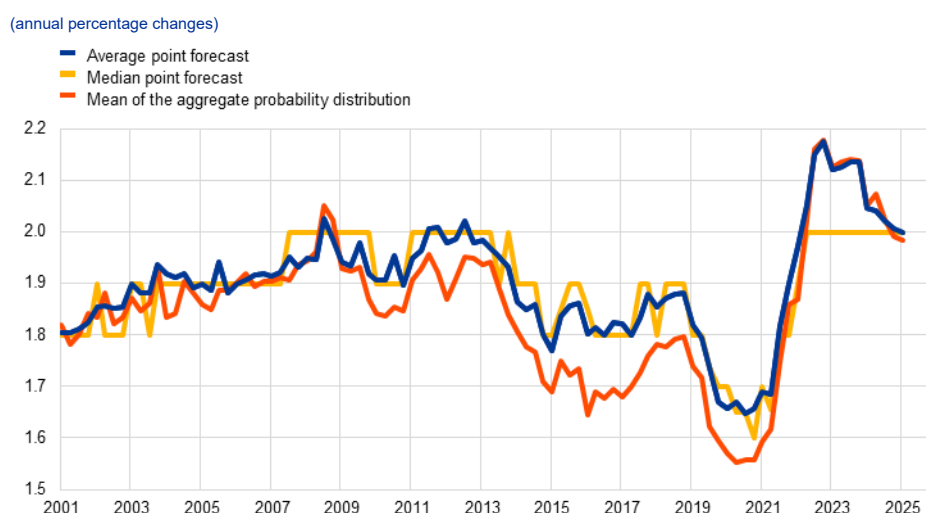


Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of inflation outcomes in 2025, 2026 and 2027 (expectations for 2027 were not surveyed in the third quarter of 2024 or the fourth quarter of 2024 rounds). Since the fourth quarter of 2024 survey round, there has been a change in the bins surveyed for HICP and HICPX expectations. While the bin widths remain unchanged at 0.5 percentage points, they are now centred symmetrically around 2% (the central bin being 1.8-2.2%). Data for previous survey rounds shown in the chart have been backcast by fitting a cubic spline to the aggregate cumulative density function.

2 Longer-term inflation expectations unchanged at 2.0%

Longer-term inflation expectations (for 2029) were unchanged at 2.0%. This unwinds the temporary increase to around 2.1% following Russia's invasion of Ukraine in early 2022 and the subsequent spike in energy and food prices (**Chart 3**). Considering a balanced panel of 43 respondents who also responded in the fourth quarter of 2024 survey round, 80% left their long-term inflation expectations unchanged.⁴ The modal and median values of the distribution of individual point forecasts were both unchanged at 2.0%, and the shape of the cross-sectional distribution was also largely unaltered (see **Chart 4**). Compared with the previous survey round, the histogram of individual point forecasts was largely similar, with more than three quarters of participants submitting expectations in the range of 1.9-2.1%. There was a small increase in the portion reporting 2.0% and a small decrease in those reporting 1.9%.

Chart 3
Longer-term inflation expectations

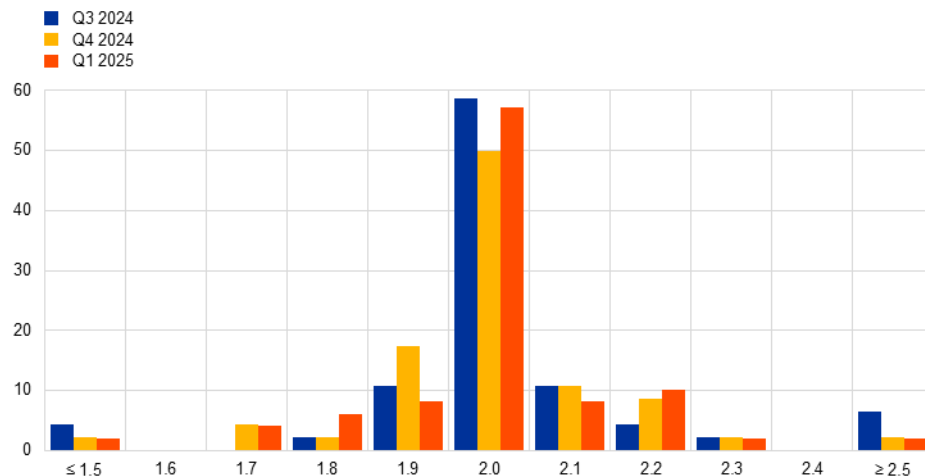


⁴ Of the 43 respondents who provided longer-term HICP inflation expectations in both the fourth quarter of 2024 and first quarter of 2025, 34 made no changes to their forecasts, four revised them downwards and five revised them upwards.

Chart 4

Distribution of point expectations for HICP inflation in the longer term

(x-axis: longer-term HICP inflation expectations, annual percentage changes; y-axis: percentages of respondents)



Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the spread of point forecast responses. Longer-term expectations refer to 2029.

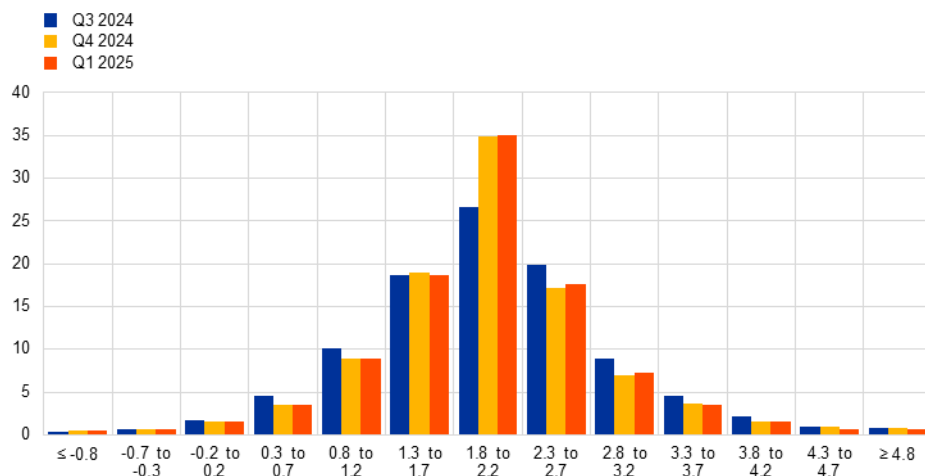
Uncertainty surrounding longer-term inflation expectations eased slightly further, while the balance of risks remained broadly balanced.

Aggregate uncertainty decreased in this survey round, mainly reflecting slightly lower disagreement over point forecasts while individual uncertainty (as measured by the average width of the individual probability distributions) was unchanged. The balance of risk indicator remained close to being broadly balanced. The probability associated with longer-term inflation being in the range of 1.8-2.2% was largely unchanged at 35% (see [Chart 5](#)).

Chart 5

Aggregate probability distribution for longer-term inflation expectations

(x-axis: HICP inflation expectations, annual percentage changes; y-axis: probability, percentages)



Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of inflation outcomes in the longer term (2029). In the fourth quarter of 2024 round there was a change in the bins surveyed for HICP and HICPX expectations. While the bin widths remain unchanged at 0.5 percentage points, they are now centred symmetrically around 2% (the central bin being 1.8-2.2%). Data for previous survey rounds shown in the chart have been backcast by fitting a cubic spline to the aggregate cumulative density function.

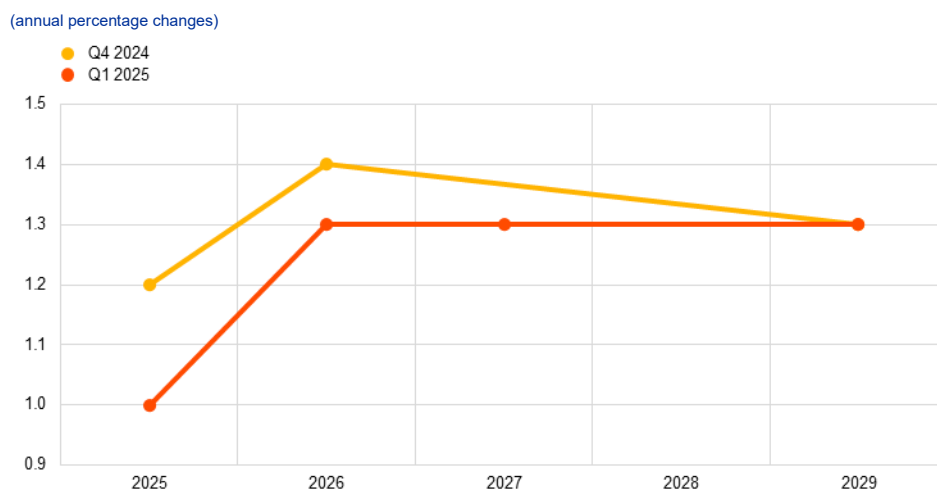
The mean longer-term expectation for HICPX inflation was revised down slightly to 1.9%.⁵ However, the median and modal longer-term point expectations for HICPX inflation were unchanged at 2.0%. The movement of longer-term expectations for HICP and HICPX inflation has been broadly similar since the fourth quarter of 2016 (when respondents were first asked about their expectations for HICPX).

⁵ Of the 31 respondents who provided longer-term HICPX inflation expectations in both the fourth quarter of 2024 and first quarter of 2025, 22 made no changes to their forecasts, four revised them upwards and five revised them downwards.

3 Real GDP growth expectations revised downwards for 2025 and 2026

GDP growth expectations stood at 1.0% for 2025 and 1.3% for both 2026 and 2027 (see Chart 6). Compared with the previous survey round, these figures imply downward revisions of 0.2 and 0.1 percentage points for 2025 and 2026 respectively. Overall, these calendar year figures are lower than those in the December 2024 Eurosystem staff macroeconomic projections throughout the forecast horizon. Longer-term growth expectations (for 2029) were unchanged at 1.3%.

Chart 6
Expectations for real GDP growth



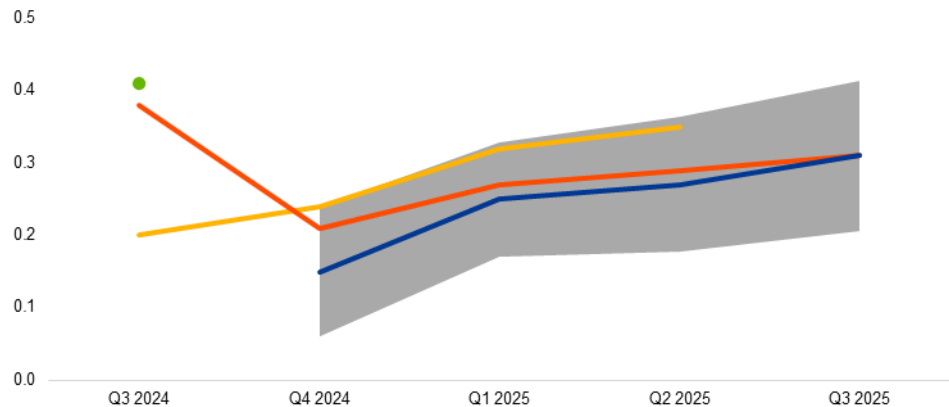
The revised outlook mainly stemmed from weaker than previously expected future growth, rather than carry-over effects. Overall, after the stronger than previously expected growth in the third quarter of 2024, the short-term outlook for GDP growth was revised downwards for the last quarter of 2024 and the first three quarters of 2025, although the dynamics still point to a gradual strengthening of economic activity during the course of 2025 (see Chart 7). The downward revisions for 2025 mainly stemmed from weak leading indicators. Economic policy and political uncertainty also contributed to the revisions for 2025 and 2026. Expectations for quarter-on-quarter growth from the fourth quarter of 2024 to the third quarter of 2025 were very slightly below those in the December 2024 Eurosystem staff macroeconomic projections.

Chart 7

Expected profile of quarter-on-quarter GDP growth

(quarter-on-quarter percentage changes)

- Q4 2024 SPF
- December 2024 Eurosystem staff macroeconomic projections
- Q3 2024 GDP outcome
- Q1 2025 SPF



Note: The grey area indicates one standard deviation (of individual expectations) around average SPF expectations.

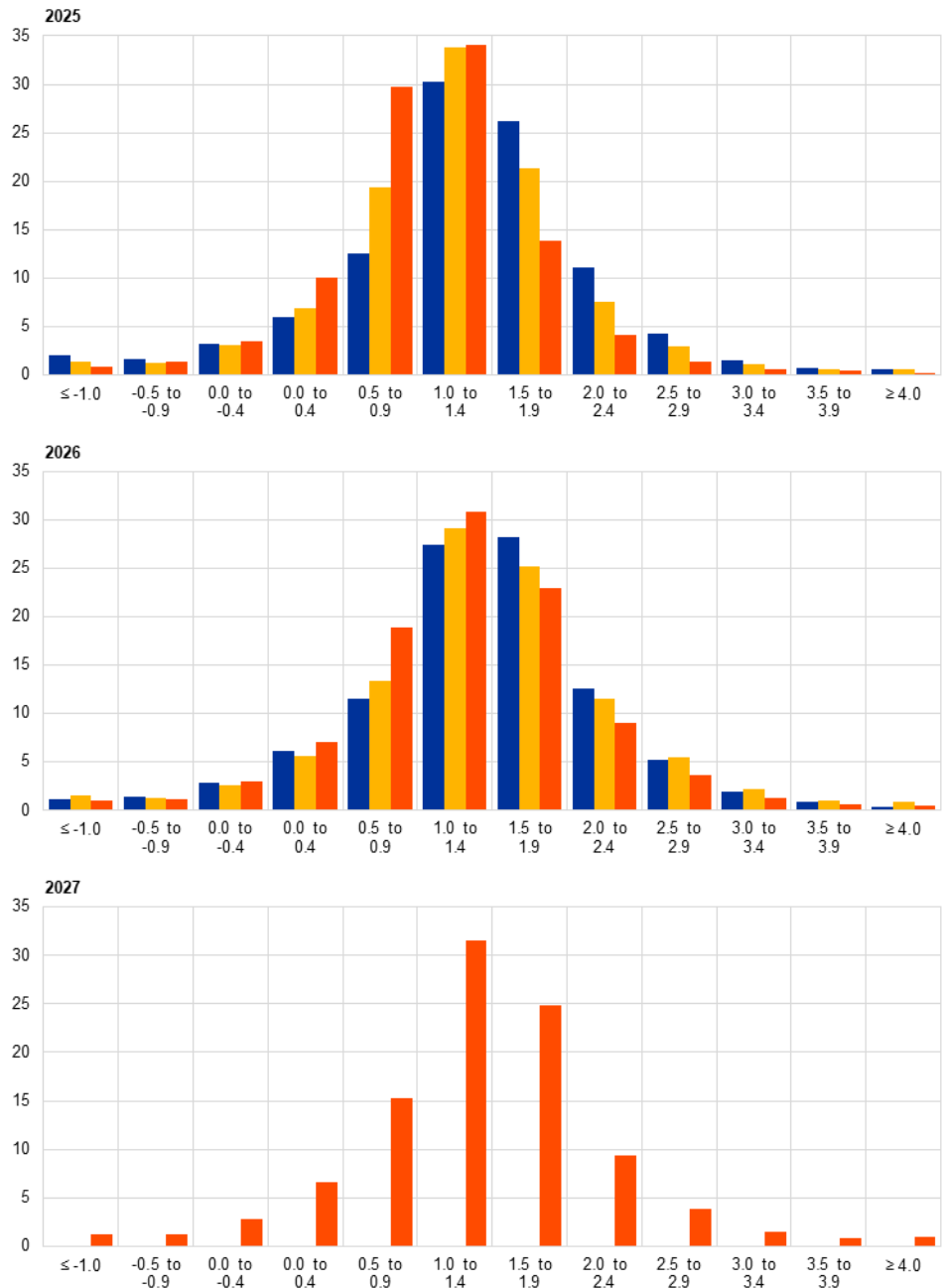
Uncertainty surrounding the growth outlook decreased for both the two-year and the five-year horizons while the balance of risks showed mixed tendencies (see Chart 8 and Chart 9). Aggregate uncertainty is currently lower than before Russia's invasion of Ukraine for both these horizons – especially two years ahead – but is still above pre-pandemic levels. While the balance of risks for the two-year horizon remained negative for the second consecutive quarter, the balance of risks for the longer term remains in positive territory and has improved from pre-invasion levels.

Chart 8

Aggregate probability distributions for GDP growth expectations for 2025, 2026 and 2027

(x-axis: real GDP growth expectations, annual percentage changes; y-axis: probability, percentages)

■ Q3 2024
■ Q4 2024
■ Q1 2025

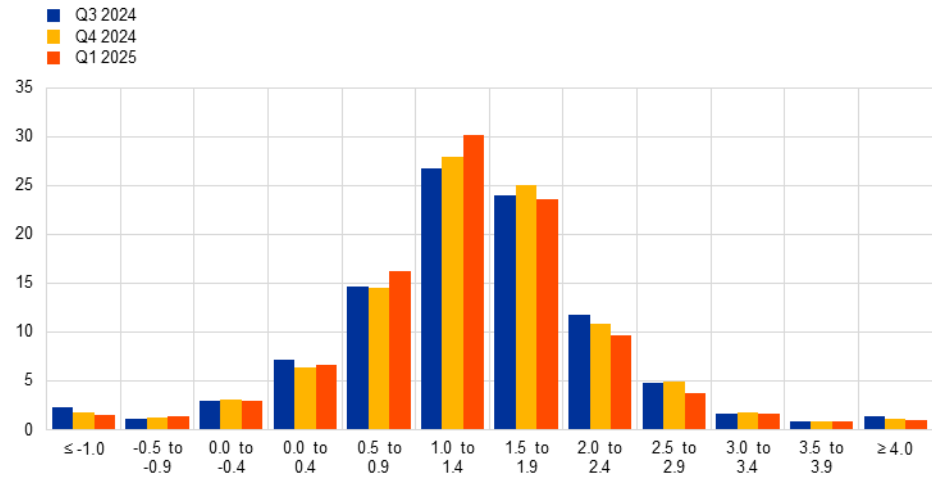


Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of real GDP growth outcomes in 2025, 2026 and 2027 (expectations for 2027 were not surveyed in the third quarter of 2024 or the fourth quarter of 2024 rounds).

Chart 9

Aggregate probability distributions for longer-term GDP growth expectations

(x-axis: real GDP growth expectations, annual percentage changes; y-axis: probability, percentages)



Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of real GDP growth outcomes in the longer term (2029).

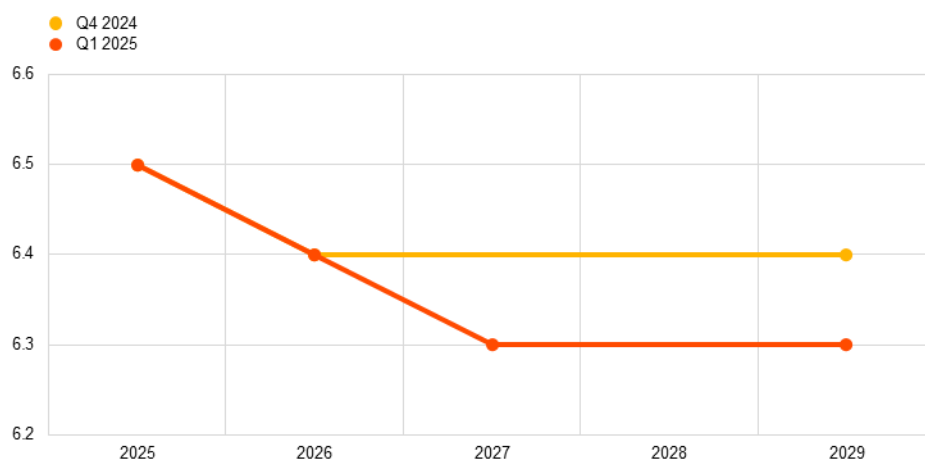
4 Unemployment rate expectations broadly unchanged

In the first quarter of 2025 survey round, respondents expected unemployment rates of 6.5%, 6.4% and 6.3% in 2025, 2026 and 2027 respectively. The expected trajectory of the unemployment rate remained unchanged for 2025 and 2026 compared with the previous survey round (see [Chart 10](#)), while longer-term expectations were revised down slightly to 6.3%. Respondents highlighted that labour markets remained robust but noted potential upward pressures on unemployment from weak economic growth, particularly in the manufacturing sector.

Chart 10

Expectations for the unemployment rate

(percentages of the labour force)



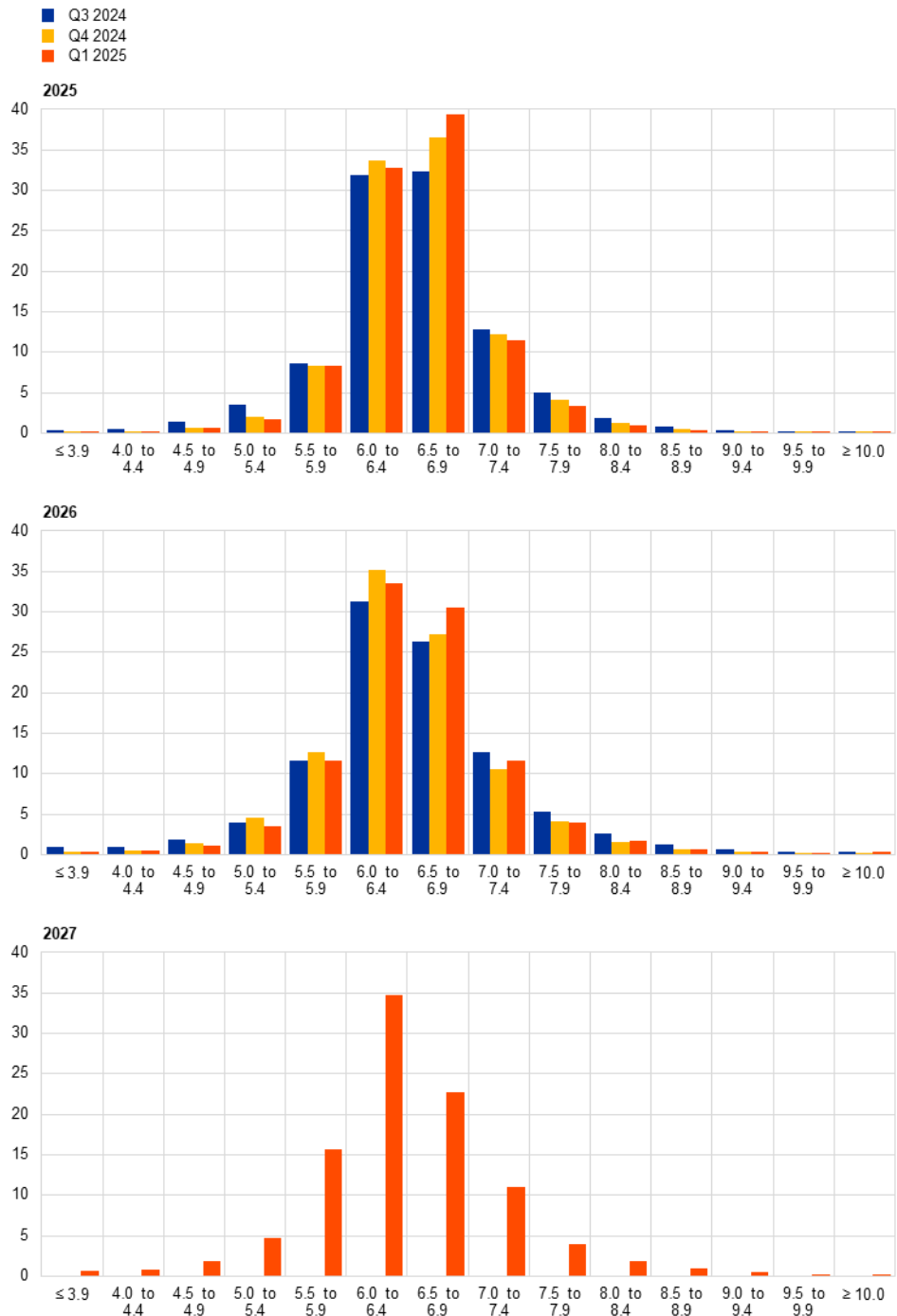
Compared with the previous survey round, the level of uncertainty surrounding shorter-term (one to two years ahead) unemployment rate expectations increased, whereas it decreased for longer-term expectations.

Aggregate uncertainty, as measured by the standard deviation of the aggregate distributions, increased slightly for 2025 and 2026 (see [Chart 11](#)) but decreased for the longer term (see [Chart 12](#)). Respondents remarked that labour markets had demonstrated unexpected resilience so far. However, uncertainty about the unemployment outlook had grown, potentially driven by international factors, mirroring the uncertainty in the growth outlook.

Chart 11

Aggregate probability distributions for the unemployment rate in 2025, 2026 and 2027

(x-axis: unemployment rate expectations, percentages of the labour force; y-axis: probability, percentages)

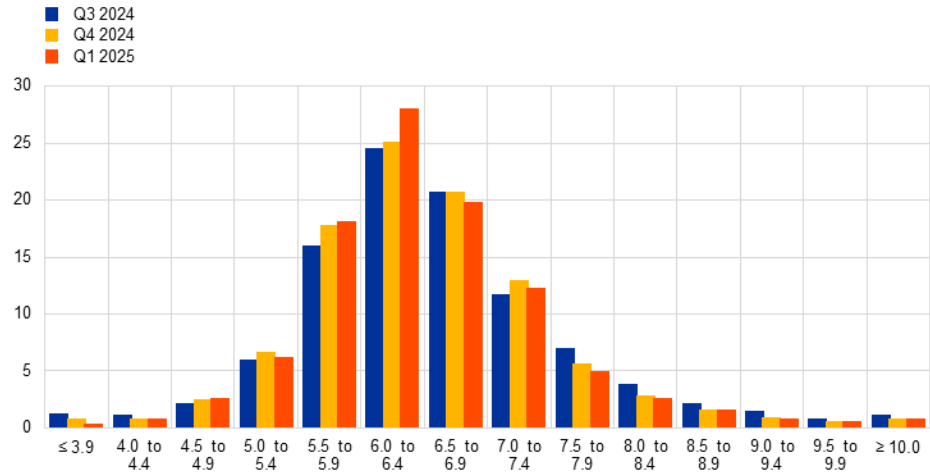


Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of unemployment rate outcomes for 2025, 2026 and 2027 (expectations for 2027 were not surveyed in the third quarter of 2024 and the fourth quarter of 2024 rounds).

Chart 12

Aggregate probability distribution for the unemployment rate in the longer term

(x-axis: unemployment rate expectations, percentages of the labour force; y-axis: probability, percentages)

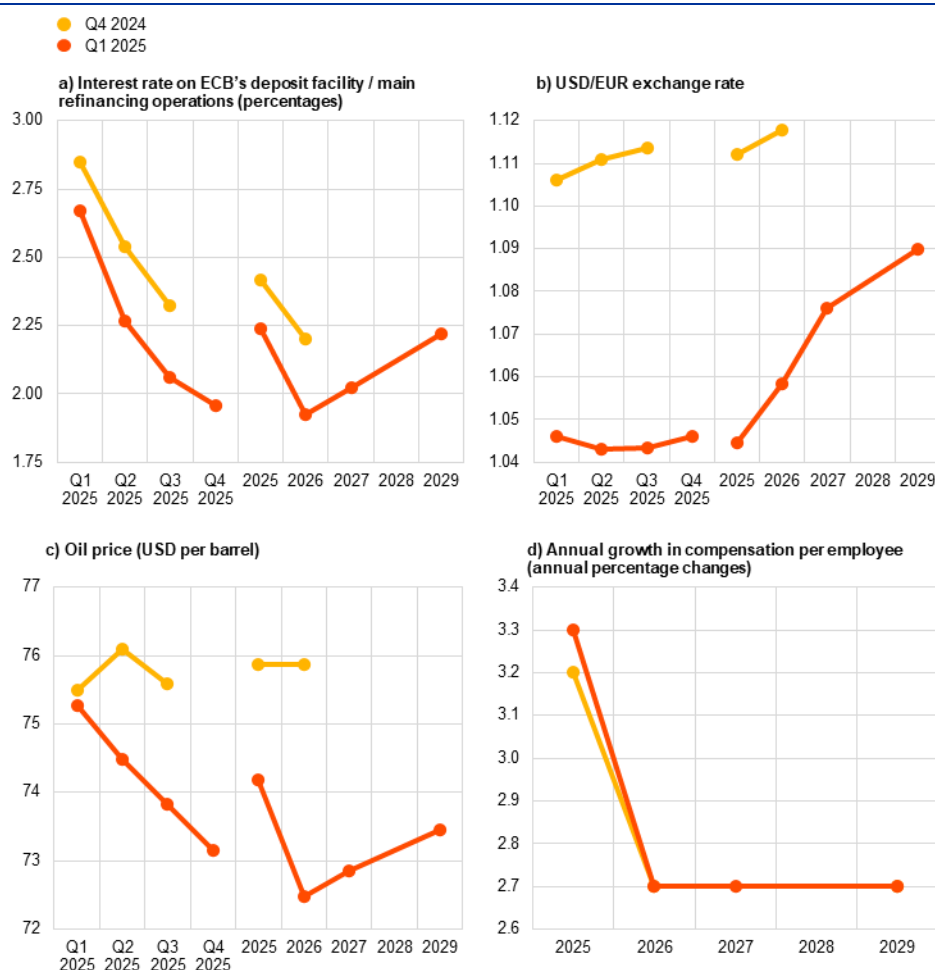


Notes: The SPF asks respondents to report their point forecasts and to separately assign probabilities to different ranges of outcomes. This chart shows the average probabilities assigned to different ranges of unemployment rate outcomes in the longer term (2029).

5 Expectations for other variables

Forecasters expected the ECB's deposit facility rate (DFR) to fall below 2.75% in the first quarter of 2025 and to decrease further, to 2.00%, by the third quarter of 2026 and into 2027 before increasing to 2.25%, on average, by 2029. They expected the euro to appreciate against the US dollar, from 1.04 in the first quarter of 2025 to 1.08 in 2026 and 1.09 by 2029, and oil prices to remain at around USD 73 to 75 per barrel from the first quarter of 2025 through to 2029. They also expected nominal wages to increase by 3.3% in 2025, with wage growth subsequently moderating to 2.7% in 2026, 2027 and for the longer term.

Chart 13
Expectations for other variables



Note: Expectations for the longer term (2029) were not surveyed in the previous round.

Respondents expected the **deposit facility rate** to fall (from 3.00% currently) to either 2.75% or 2.50% in the first quarter of 2025, decreasing further to 2.25% (with some expecting either 2.50% or 2.00%) in the second quarter and to 2.00% by the third quarter. Thereafter, they expected the rate to remain around 2.00% in 2026 and

2027. Compared with the previous round, expectations were revised down by around 0.25 percentage points for 2025 (see [Chart 13, panel a](#)). In this round, respondents were asked to provide their expectations for the longer term (i.e. five years ahead, for 2029) for the first time. The modal answer (submitted by around half the respondents) was 2.00%, although almost one quarter responded 2.25% or 2.50%. Thus, the average expectation for 2029 was slightly below 2.25%.

On average, the [USD/EUR exchange rate](#) was expected to rise from 1.05 in the first quarter of 2025 to 1.08 and 1.09 in 2027 and 2029 respectively (see [Chart 13, panel b](#)). Expectations have shifted downwards compared with the previous round although they still point to future appreciation over the survey horizon.

Compared with the previous survey round, the expected level of [US dollar-denominated oil prices](#) was revised downwards over the entire survey horizon by around USD 2 to 4 per barrel (see [Chart 13, panel c](#)).

Expectations for annual growth in [compensation per employee](#) were revised up by 0.1 percentage points for 2025 but there was no change in wage growth expectations for 2026 and for the longer term, with these values remaining stable at 2.7% (see [Chart 13, panel d](#)).

Annex (chart data)

Excel data for all charts can be downloaded [here](#).

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