Nordea

01 September 2026

Euro-area flash inflation: Too high for the ECB

Marketing communication

Jan von Gerich | Tuuli Koivu | Anders Svendsen

Inflation moved further away from the ECB's 2% target, but at the same time, a fall in services inflation will offer the ECB some consolation. Upside inflation risks are still likely to prompt another rate hike next week.

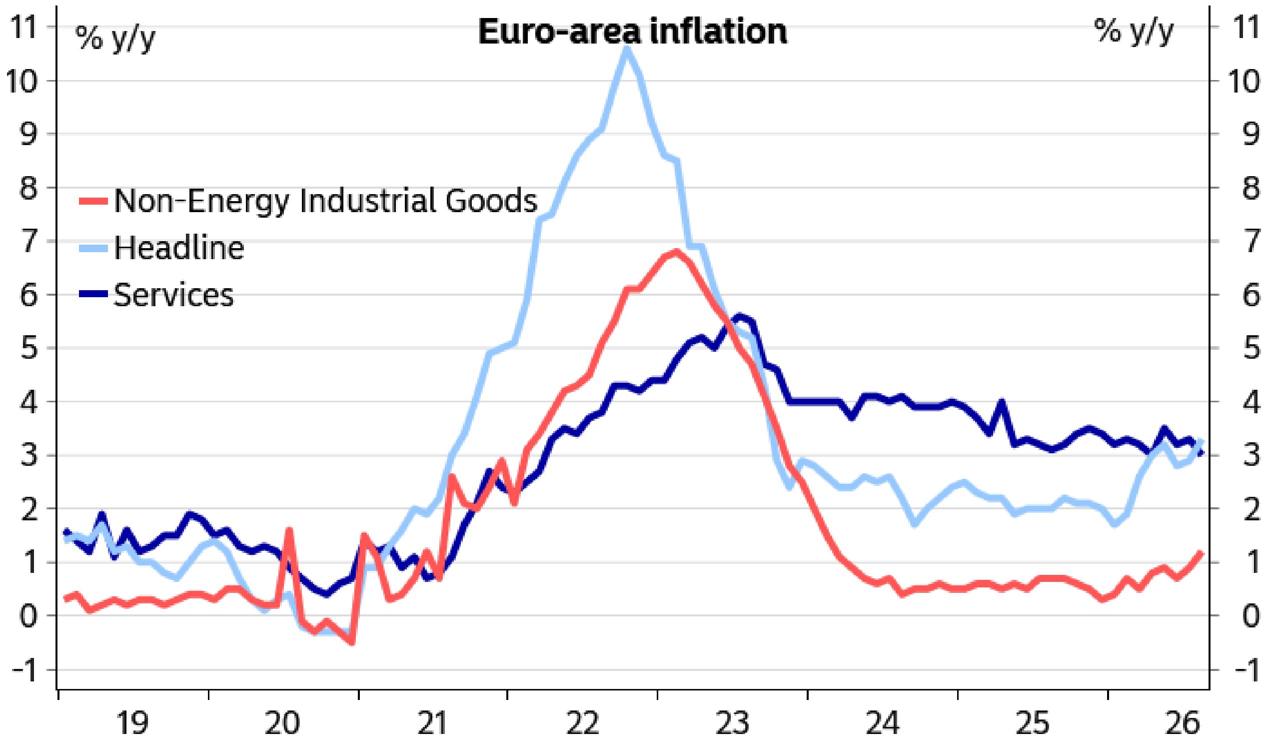
Euro-area flash inflation for August printed at 3.3% y/y, a new cyclical high, up from 2.9% in July and in line with expectations. The move higher was driven mainly by higher energy inflation, which accelerated from 10.3% to 14.3%.

Core inflation actually retreated from 2.5% y/y to 2.4% y/y on the back of lower services inflation, which fell from 3.3% to 3.0%. Inflation for non-energy industrial goods, in turn, accelerated from 0.9% y/y to 1.2%, the highest level since early 2024, **signalling some broadening of price pressures**.

Core inflation has remained continuously above the ECB's 2% inflation target since 2021 and is also expected to remain there in the coming years, according to the ECB's latest staff forecast. Against this background, **we think the ECB will continue to raise rates at quarterly intervals, with the next move coming at the September meeting next week**. However, price pressures are, for now, spreading beyond energy only gradually, while there are no convincing signs of second-round effects or materially higher inflation expectations, which means the ECB is currently in no rush to hike rates.

We think we will gradually see broadening price pressures and signs of second-round effects, as the economy continues to grow, the labour market remains rather tight and employment continues to increase. At the same time, the war in the Middle East continues and energy prices remain elevated, while the low level of natural gas inventories increases the risk of even higher gas prices during the winter. **The ECB is thus likely to continue to worry about upside price pressures.**

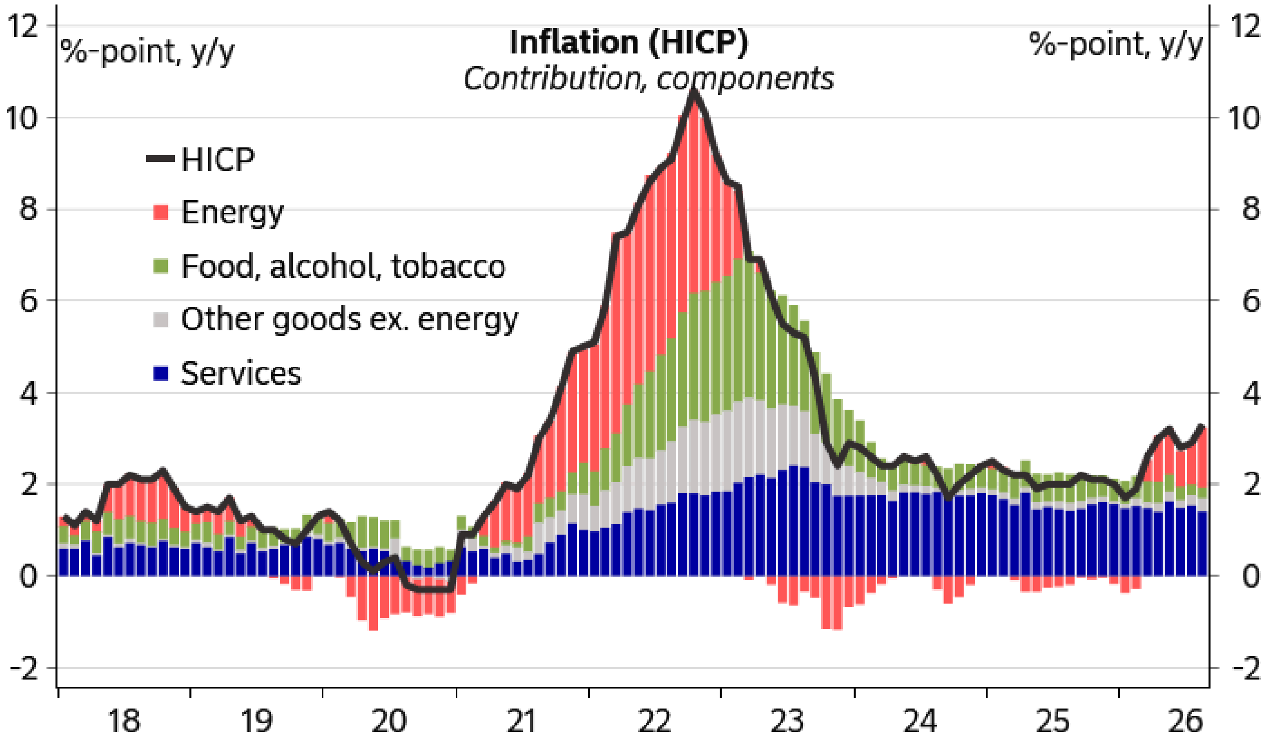
Euro-area inflation moved further away from the ECB's 2% target



Source: Nordea and Macrobond

Nordea

Higher inflation driven so far by rising energy prices

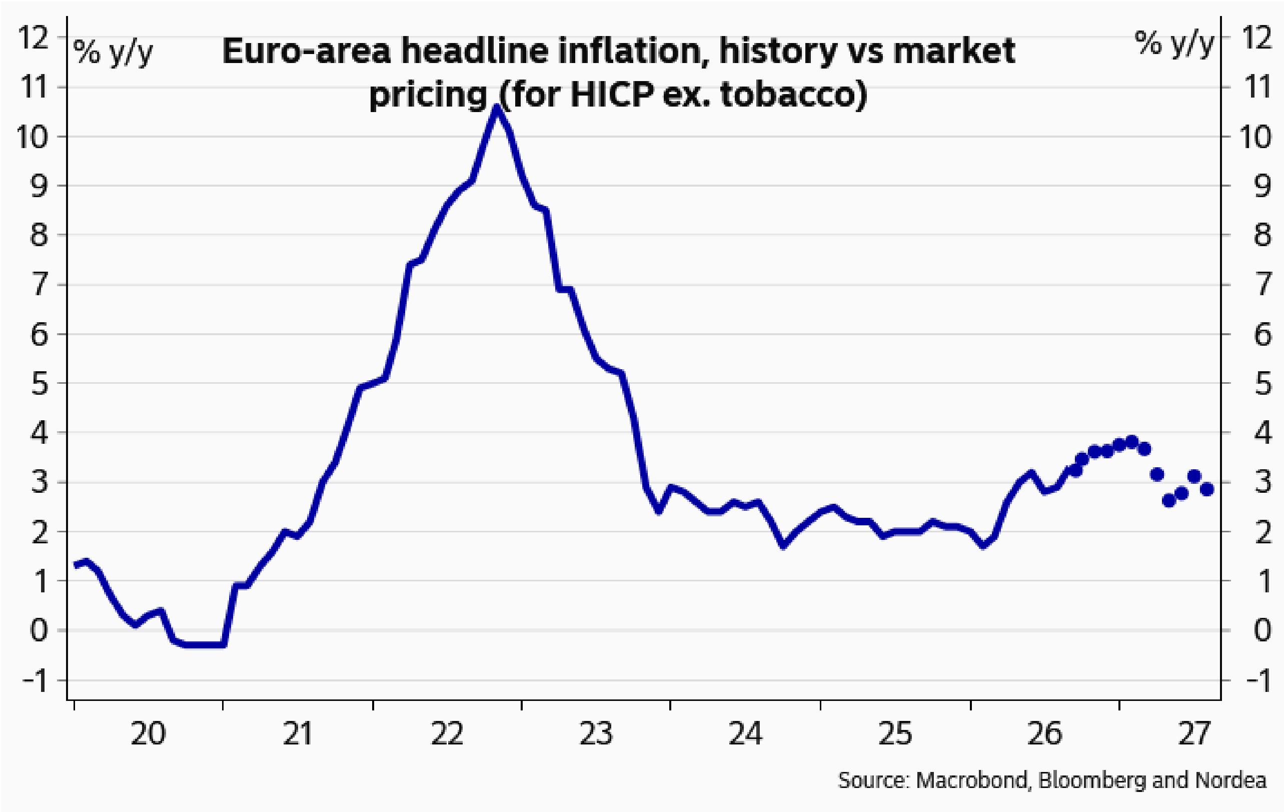


Source: Macrobond and Nordea

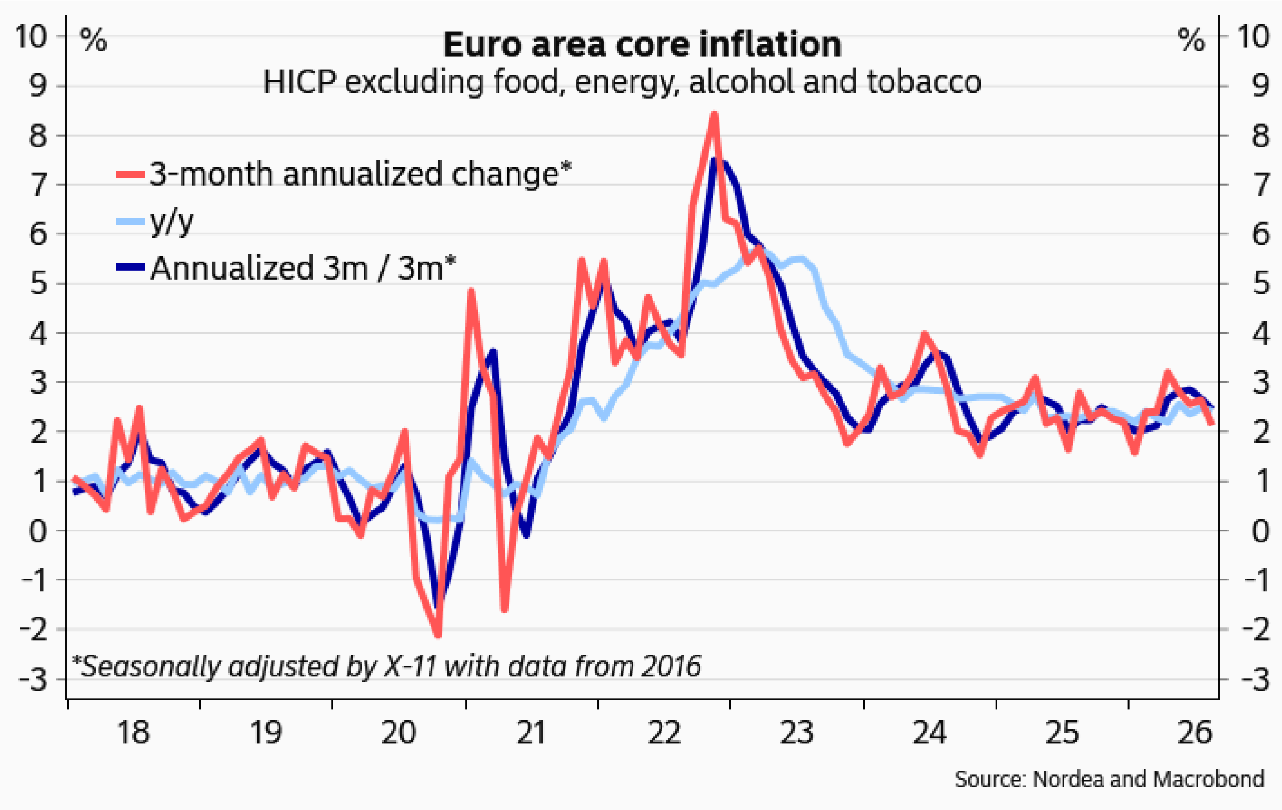
corporate.nordea.com/article/104329/euro-area-flash-inflation-too-high-for-the-ecb

Nordea

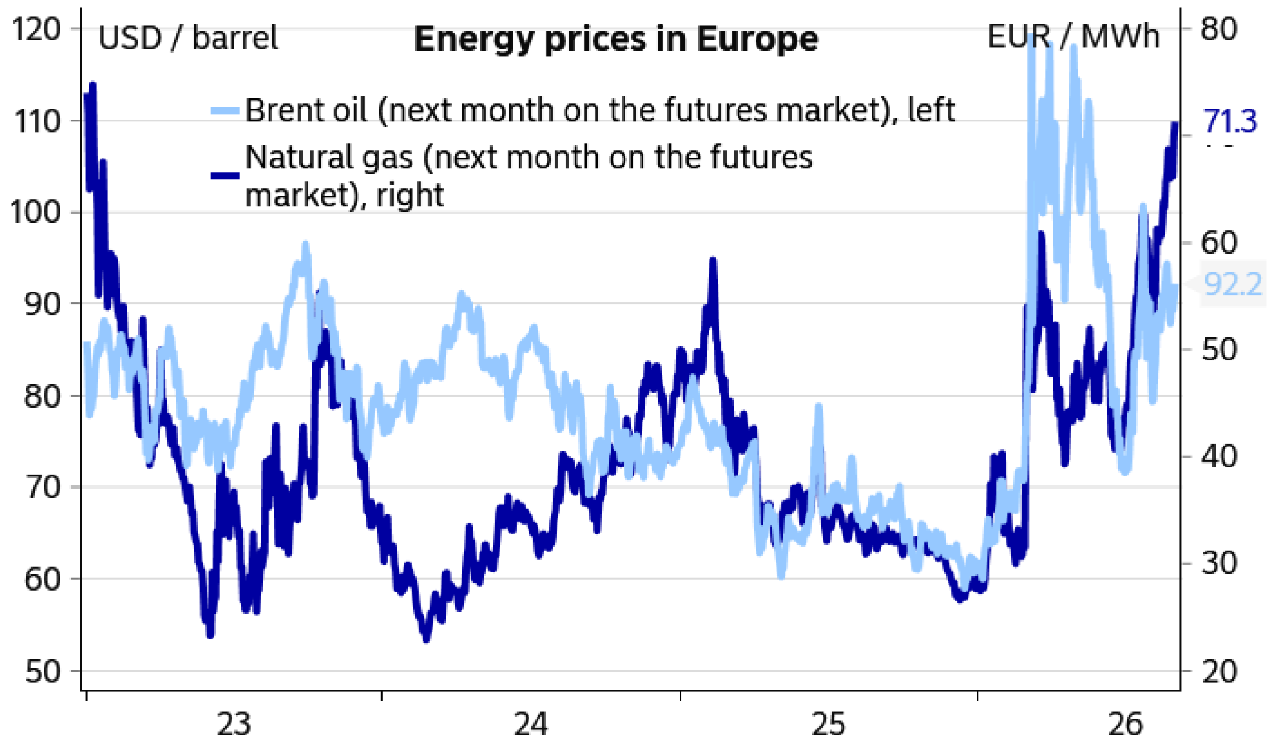
Even higher inflation prints likely ahead



Momentum in core inflation rather weak


Euro area core inflation
HICP excluding food, energy, alcohol and tobacco
%
%
3-month annualized change*
y/y
Annualized 3m / 3m*
10
9
8
7
6
5
4
3
2
1
0
-1
-2
-3
18
19
20
21
22
23
24
25
26
*Seasonally adjusted by X-11 with data from 2016
Source: Nordea and Macrobond

Gas prices already started to increase



Source: Macrobond, Nordea and Bloomberg

Jan von Gerich
Chief Analyst
jan.vongerich@nordea.com
358953005191

Tuuli Koivu
Chief Economist
Tuuli.Koivu@nordea.com
358953008073

Anders Svendsen
Chief Analyst
anders.svendsen@nordea.com
4555471527

DISCLAIMER

Nordea Markets is the commercial name for Nordea's international capital markets operation.

The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results.

Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction.

In the United States, to the extent that this publication or report includes an analysis of the price or market for any derivative and is not otherwise exempt from the applicable U.S. Commodity Futures Trading Commission (CFTC) regulations, it is approved for distribution in the United States to US persons that are eligible contract participants from a CFTC perspective. Nordea Bank Abp is a provisionally registered swap dealer with the CFTC. Any derivatives transactions with US persons must be effected in accordance with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

Further information on Nordea available on www.nordea.com