Snap | 2 October 2026

Eurozone inflation soars to 3.8% in September

The increase from 3.2% marks the fastest jump since March, the first month of the Middle East war. While it's still mainly driven by energy prices, broader inflationary pressures are mounting as energy prices are expected to stay elevated



Euro 95 petrol prices have now reached an all-time high, which is weighing significantly on the eurozone's inflation basket

Ouch. Eurozone inflation blew past expectations in September, soaring to its highest level since 2023. Energy inflation remained the main driver of the higher rate. Despite oil prices remaining somewhat below peaks seen in 2022 and this spring, Euro 95 petrol prices have now reached an all-time high. This is weighing significantly on the inflation basket for the moment.

But eyes are also on other price categories. ECB President Christine Lagarde voiced her surprise at the limited pass-through of higher energy costs to other inflation categories at the last ECB press conference. With food inflation ticking up from 1.1 to 1.4% and core inflation rising from 2.4 to 2.5%, there seems to be some sign of increased pass-through, although this is very preliminary. In fact, food inflation is still lower than in June, and core inflation has been moving between 2.4 and 2.6% since May.

But energy prices are expected to remain higher for some time to come, and the economy is

trucking along decently. Early signs of faster wage growth can also be found, for example, in the wage growth indicator from Indeed, which has now risen for five months in a row. With wage growth increasing, concerns about second-round effects remain alive and kicking.

Lagarde sounded somewhat dovish earlier this week, pointing to limited second-round effects and already tighter financial conditions – but the ECB still has work to do with inflation significantly higher in September and broader inflationary pressures remaining.

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