

Inflation in the major European economies: points of comparison

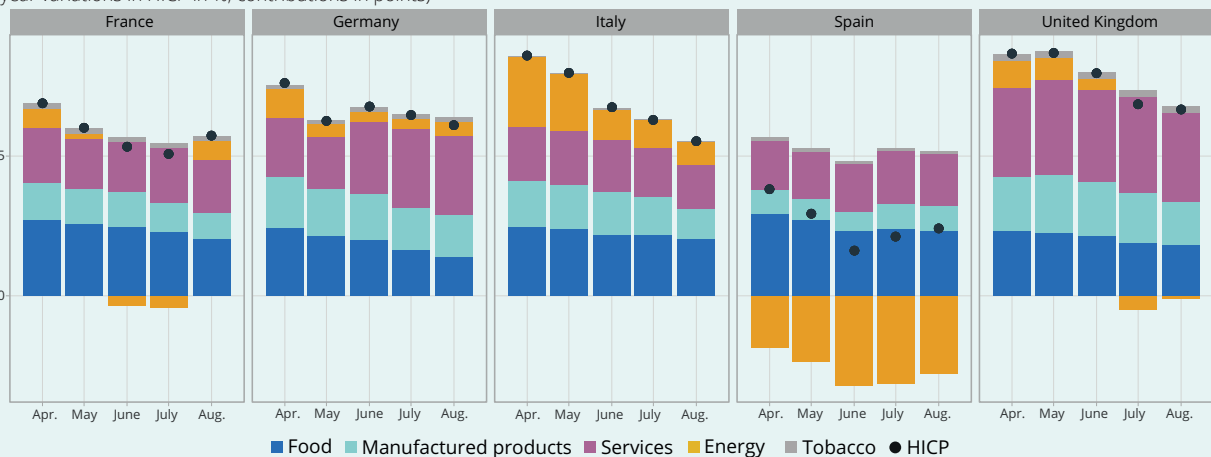
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Since Q2 2023, inflation (as measured using the HICP) has broadly continued to slow in Europe's leading economies, although it remained virtually stable in Germany between June and August and bounced back slightly in Spain and France over the summer (► [Figure 1](#)). These recent developments have been primarily caused by energy inflation. Fuel prices in particular contributed to the slowdown in energy inflation during the spring, primarily by means of a base effect owing to the very sharp increases seen one year previously (► [Figure 2](#)). Since July, however, fuel prices have been on the rise again, led by oil prices, leading energy inflation to increase again, all the more so because oil prices were actually beginning to subside this time last year.

In recent months, electricity and gas prices have also contributed to the decline in energy inflation in most European countries. In Italy, these prices have subsided significantly since the start of the year, in line with falling prices on the energy market and rapid adjustments to the electricity contracts of Italian households. In Germany, consumer gas prices are slowing steadily while electricity prices are also on a downward trend. In United Kingdom, gas and electricity prices dropped significantly in July (when the energy regulator reduced the level of the cap on household energy bills, in order to reflect falling market prices), leading to a palpable reduction in energy inflation. In France, consumer prices for gas and electricity met contrasting fates this summer, with gas prices falling noticeably in July (transition from regulated prices to benchmark prices) and electricity prices jumping in August (revision of regulated prices, relaxing of the price cap): these developments largely cancelled each other out, meaning that energy inflation in August (not including oil products) remained at the same level recorded in the spring.

► 1. Inflation (as measured by the HICP) in European countries and contributions by item

(year-on-year variations in HICP in %, contributions in points)



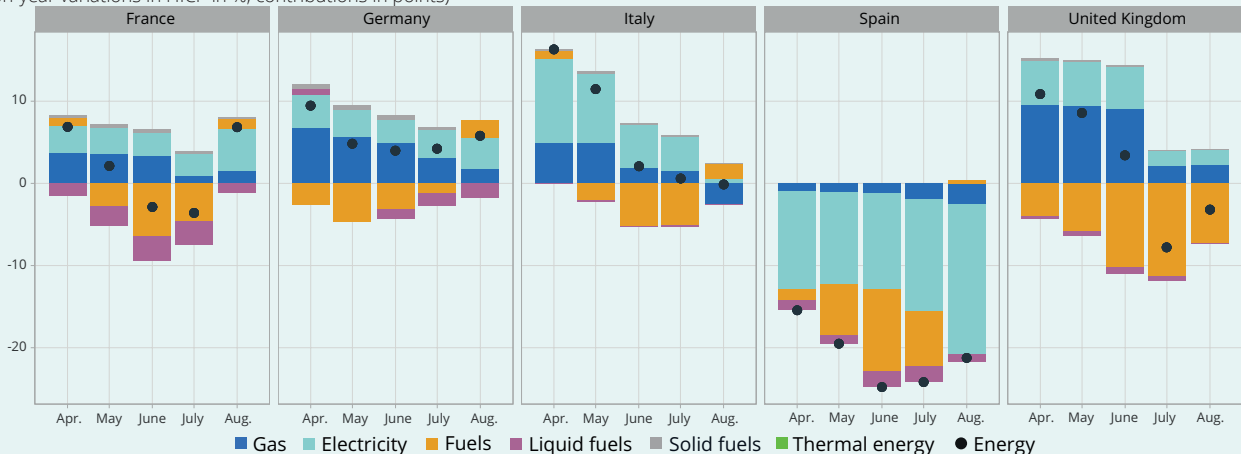
Last point: August 2023.

How to read it: in France, in August 2023, the harmonised index of consumer prices grew by 5.7% year-on-year, with food prices contributing 2.0 points.

Source: INSEE, DESTATIS, ISTAT, INE, ONS, INSEE calculations.

► 2. Energy inflation (as measured by the HICP) in European countries and contributions by item

(year-on-year variations in HICP in %, contributions in points)



Last point: August 2023.

How to read it: in France, in August 2023, energy inflation as measured by the HICP stood at 6.8% year-on-year, with electricity prices contributing 5.2 points of this rise.

Source: INSEE, DESTATIS, ISTAT, INE, ONS, INSEE calculations.

Food inflation also fell in Europe's leading economies, contributing to the downward trend in headline inflation. Consumer food prices continued to rise, but at a slower rate than last year. This reflects the recent slowdown, or even downturn, in production prices in the food industry, thanks to the slowdown in agricultural commodities and energy prices since summer 2022 (► [Figure 3](#)).

► 3. Producer prices in agri-food industries and consumer prices (as measured by the HICP) of food products

(base 100 in 2019)



Last point: August 2023 (July 2023 for producer prices in the United Kingdom).

Note: in the Eurozone, these producer prices are applicable to the food and beverage industries; the figures for the United Kingdom also include tobacco production.

How to read it: in August 2023, in France, producer prices in agri-food industries are currently 31.4% higher than they were in 2019 (with a +23.8% increase in the consumer prices of food products as measured by the HICP).

Source: INSEE, DESTATIS, ISTAT, INE, ONS, INSEE calculations.

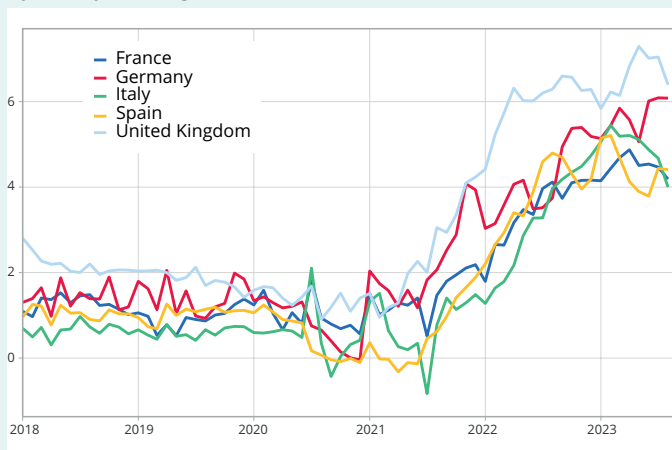
Economic outlook

Excluding energy and food, inflation has varied from one country to the next over recent months (► **Figure 4**): rising in Germany, where it hit a new year-on-year high of 6% in July; rising in Spain since July, after falling throughout the spring; falling slightly in the United Kingdom after reaching a year-on-year peak of over 7% in May; generally falling in France and falling more noticeably in Italy. In both Germany and Spain, the recent increase in non-energy and non-food inflation has been driven by the prices of services. This was also true of the United Kingdom in the spring, as a result of buoyant wages. In France, inflation in the service sector has remained relatively stable for some months now (at around 4% year-on-year, as measured by the HICP), while it has fallen in Italy after peaking in April.

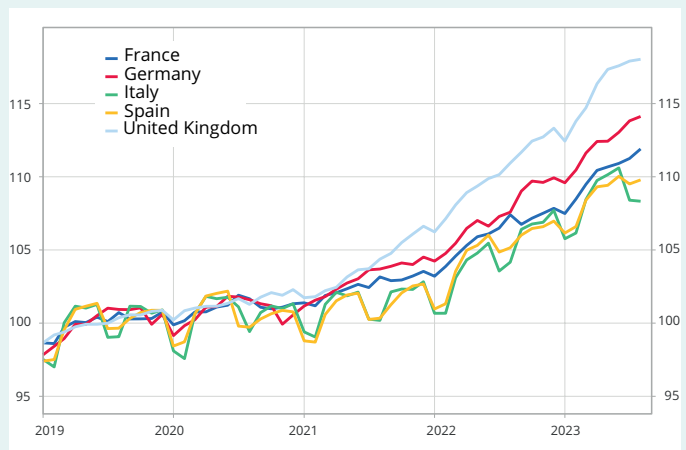
In September, according to the provisional estimate, inflation remained stable in France and Italy, while increasing noticeably in Spain (base effect linked to the fall in electricity prices at the same time last year). Inflation also slowed markedly in Germany, since September 2022 saw the wrapping up of measures introduced to curb price rises (cuts in fuel duty and temporary discounts on local public transport tickets), which thus no longer have an impact on the year-on-year figures for consumer price inflation as of September 2023. ●

► 4. Consumer price index excluding energy and food (as measured by the HICP) in the major European economies

(year-on-year change, in %)



(base 100 in 2019)



Last point: August 2023.

Source: INSEE, DESTATIS, ISTAT, INE, ONS, INSEE calculations.