

Data Insights: ECB and Euro Area Economy Monitor

Thursday, February 5, 2026

Today's monetary policy decision: how the language changed from [prior meeting](#)

The Governing Council today decided to keep the three key ECB interest rates unchanged. Its updated assessment reconfirms that inflation should stabilise at the 2% target in the medium term. its 2% target in the medium term. The economy remains resilient in a challenging global environment. Low unemployment, solid private sector balance sheets, the gradual rollout of public spending on defence and infrastructure and the supportive effects of the past interest rate cuts are underpinning growth. At the same time, the outlook is still uncertain, owing particularly to ongoing global trade policy uncertainty and geopolitical tensions.

The new Eurosystem staff projections show headline inflation averaging 2.1% in 2025, 1.9% in 2026, 1.8% in 2027 and 2.0% in 2028. For inflation excluding energy and food, staff project an average of 2.1% in 2025, 2.2% in 2026, 1.9% in 2027 and 2.0% in 2028. Inflation has been revised up for 2026, mainly because staff now expect services inflation to decline more slowly. Economic growth is expected to be stronger than in the September projections, driven especially by domestic demand. Growth has been revised up to 1.4% in 2025, 1.2% in 2026 and 1.1% in 2027 and is expected to remain at 1.4% in 2028.

The Governing Council is determined to ensure that inflation stabilises at its 2% target in the medium term. It will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, the Governing Council's interest rate decisions will be based on its assessment of the inflation outlook and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

Key ECB interest rates

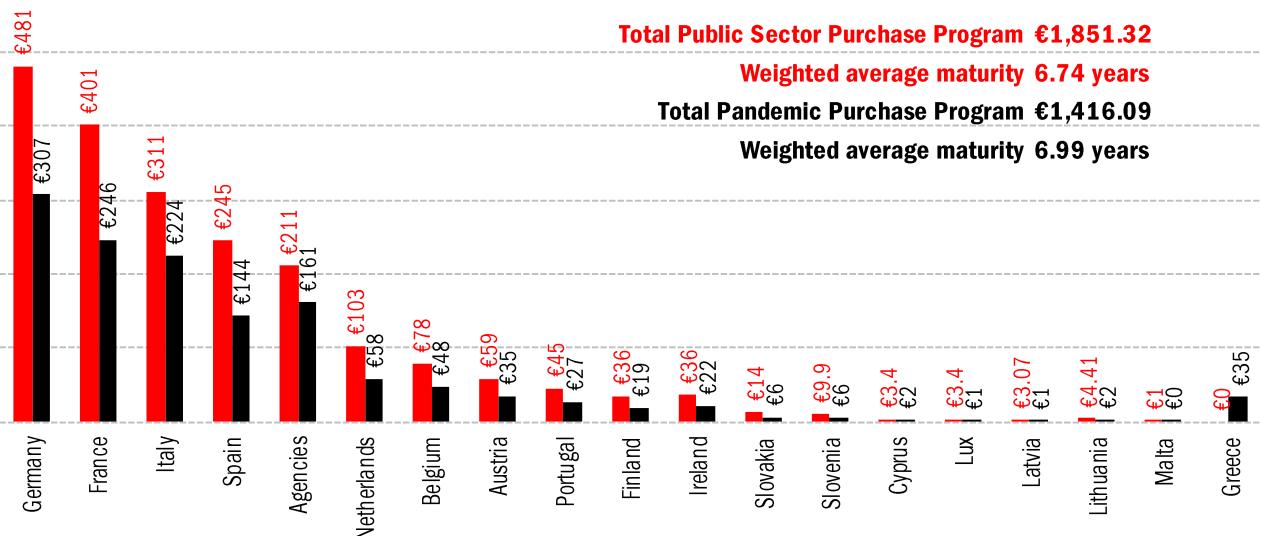
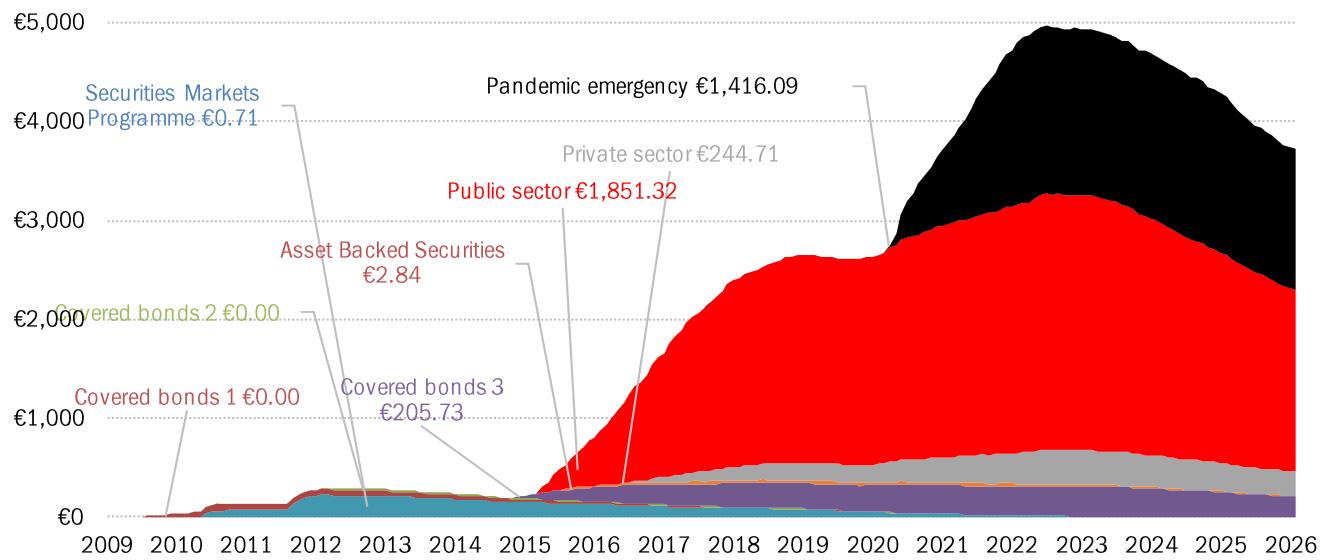
The interest rates on the deposit facility, the main refinancing operations and the marginal lending facility will remain unchanged at 2.00%, 2.15% and 2.40% respectively.

Asset purchase programme (APP) and pandemic emergency purchase programme (PEPP)

The APP and PEPP portfolios are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

Source: ECB, TrendMacro analysis

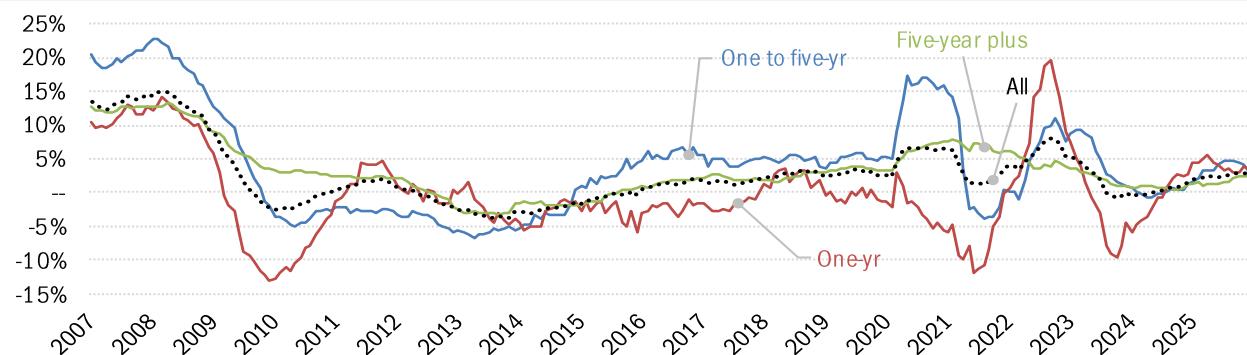
Euro-QE (€ billions)



Source: ECB, TrendMacro calculations

The credit drought: loans to non-financial businesses (YOY growth)

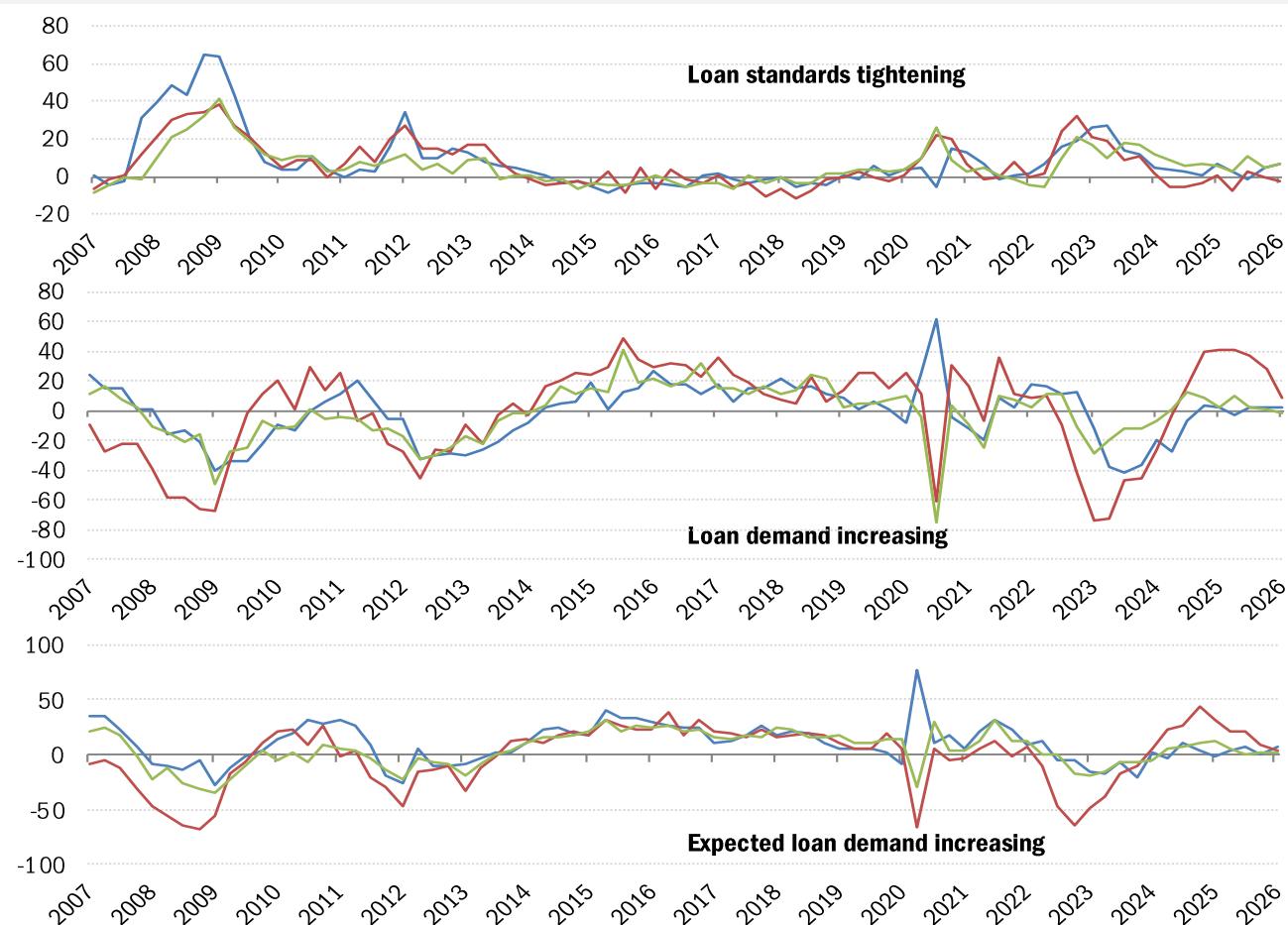
— Loans to 1 year — Loans 1-5 years — Loans 5 years plus ··· Total



Source: ECB, TrendMacro calculations

Supply and demand for lending: ECB Bank Survey

Net number of banks reporting for: — Enterprises — Home mortgage — Consumer



Source: ECB, TrendMacro calculations

Sovereign stress monitor: 10-year bond spreads

High · Low · Last

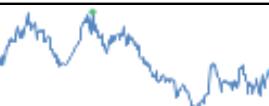
2000 to present

Trailing 12m

Germany

Spread to US
Last -1.37%

High 0.74% Dec '08
Low -2.76% Oct '18



High -1.25% Dec 19
Low -2.14% Feb 12



France

Spread to Germany
Last 0.60%

High 1.32% Dec '11
Low -0.01% Jan '05



High 0.86% Oct 7
Low 0.56% Jan 27



Italy

Spread to Germany
Last 0.63%

High 5.28% Dec '11
Low 0.09% Nov '04



High 1.29% Apr 9
Low 0.59% Jan 27



Spain

Spread to Germany
Last 0.38%

High 5.52% Aug '12
Low -0.05% Nov '04



High 0.76% Apr 9
Low 0.36% Jan 27



Greece

Spread to Germany
Last 0.61%

High 33.13% Dec '11
Low 0.09% Jan '05



High 0.98% Apr 9
Low 0.49% Jan 9



Portugal

Spread to Germany
Last 0.37%

High 14.61% Jan '12
Low -0.54% Jun '06



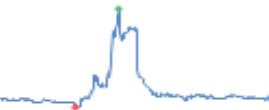
High 0.65% Apr 9
Low 0.25% Jan 12



Ireland

Spread to Germany
Last 0.26%

High 8.67% Jun '11
Low -0.67% Jun '07

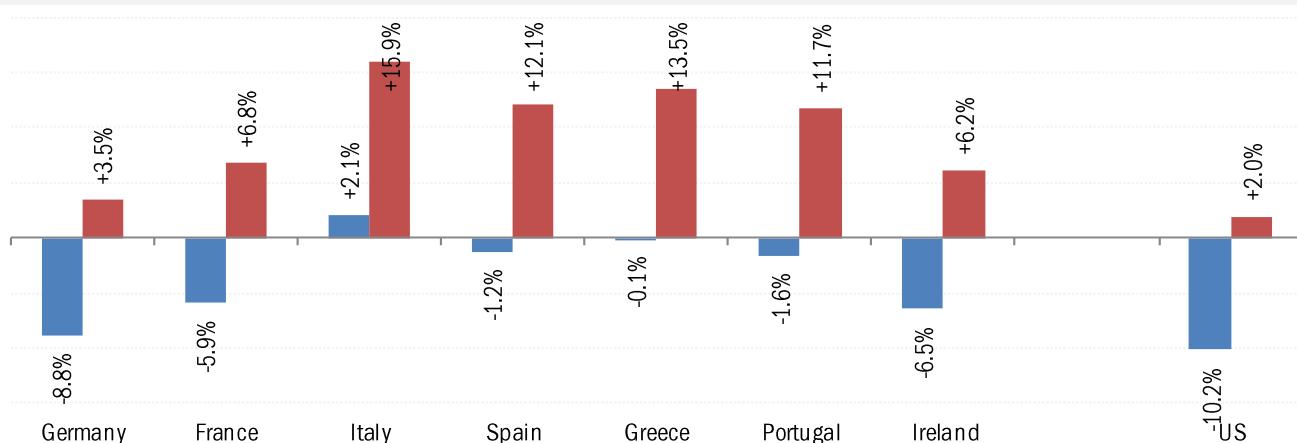


High 0.41% Apr 9
Low 0.11% Jan 13



10-year sovereign bond total returns, trailing 12-months

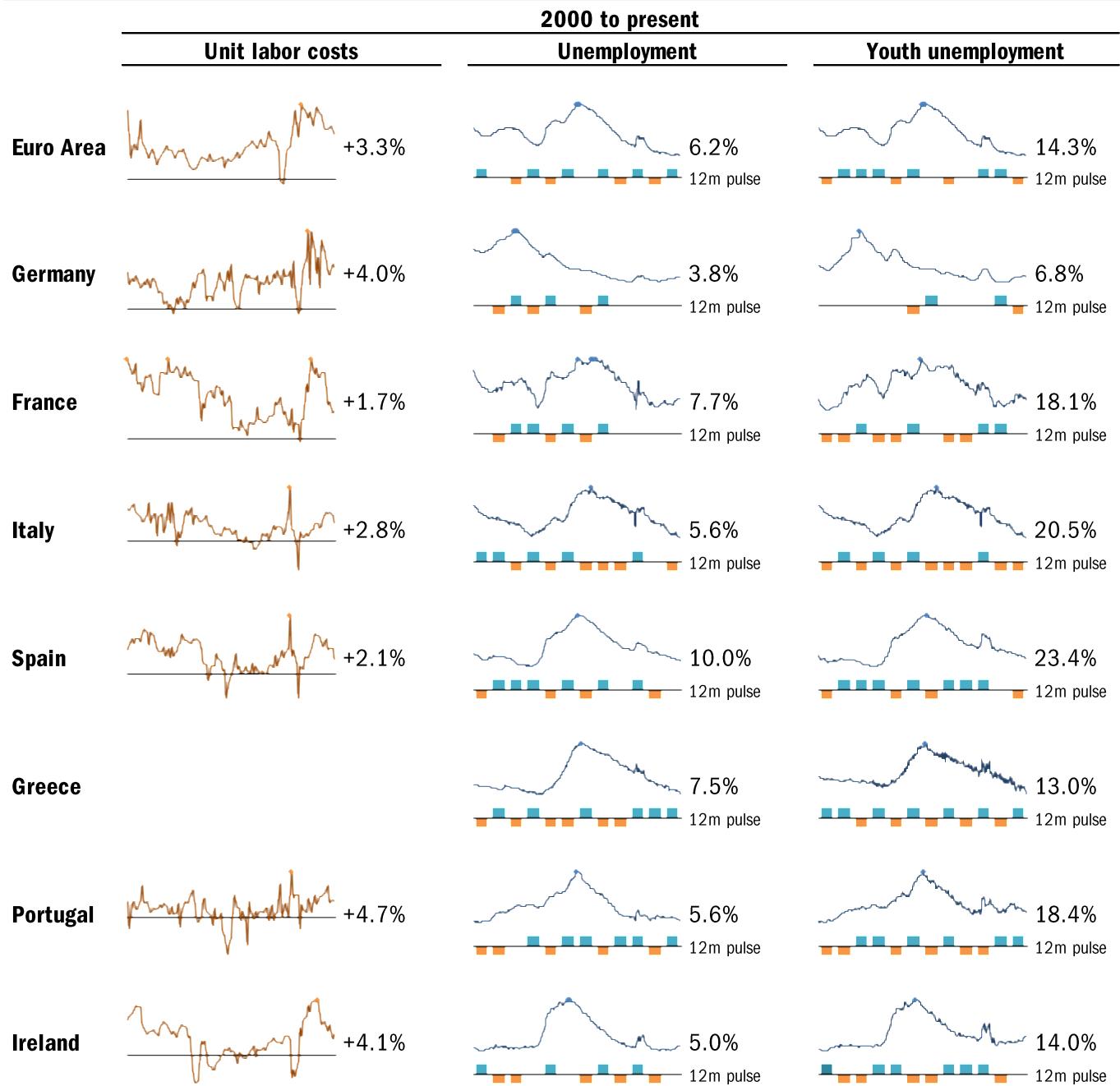
■ EUR ■ USD



Source: Bloomberg, TrendMacro calculations

Labor market dynamics

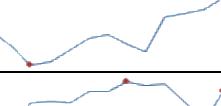
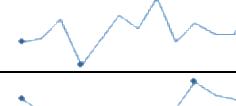
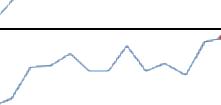
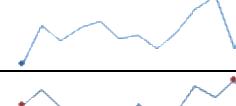
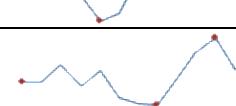
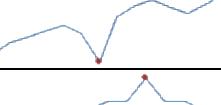
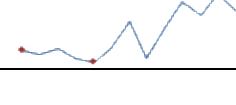
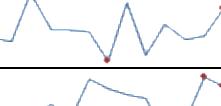
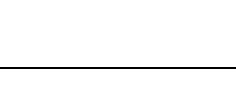
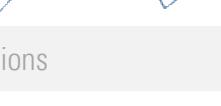
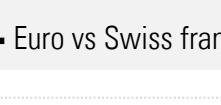
ULC: Nominal, quarterly YOY UE: · High 12m pulse: monthly improvement or □ worsening in rate of change



Source: Eurostat, TrendMacro calculations



Purchasing Manager Indices

Manufacturing	Last	Prev	13-month history	Services	Last	Prev	13-month history
Eurozone Jan	49.5	48.8		Eurozone Jan	51.6	52.4	
UK Jan	51.8	50.6		UK Jan	54.0	51.4	
Germany Jan	49.1	47.0		Germany Jan	52.4	52.7	
France Jan	51.2	50.7		France Jan	48.4	50.1	
Italy Jan	48.1	47.9		Italy Jan	52.9	51.5	
Spain Jan	49.2	49.6		Spain Jan	53.5	57.1	
Ireland Jan	52.2	52.2		Ireland Jan	54.5	54.8	
Sweden Jan	56.0	55.4		Sweden Jan	54.3	56.3	
Netherlands Jan	50.1	51.1					
Austria Jan	47.2	49.3					
Greece Jan	54.2	52.9					
Czech Rep Jan	49.8	50.4					

Source: Markit, TrendMacro calculations

Regional currency flight

— Euro vs Swiss franc

■ SNB FX reserves

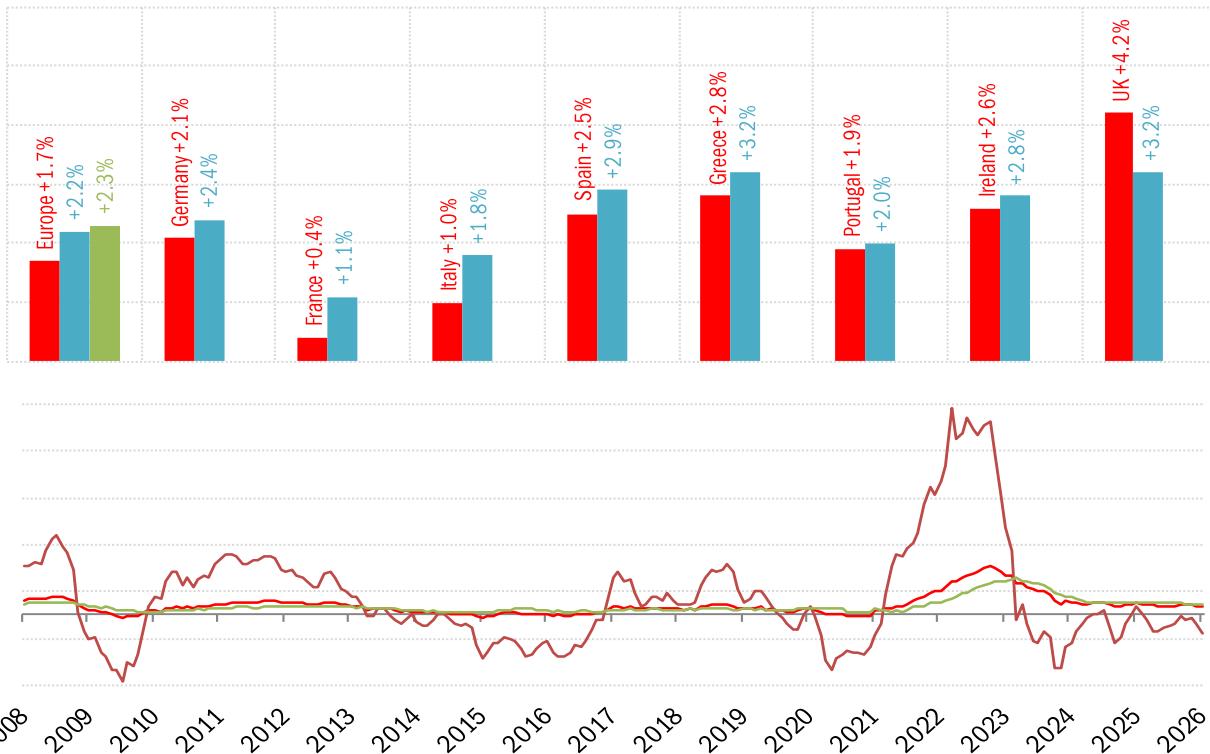


Source: Bloomberg, TrendMacro calculations



Euro area consumer inflation, year on year

Country: ■ Headline ■ Ex-food and energy ■ Ex-energy Euro area: — Headline — Energy — Ex-energy

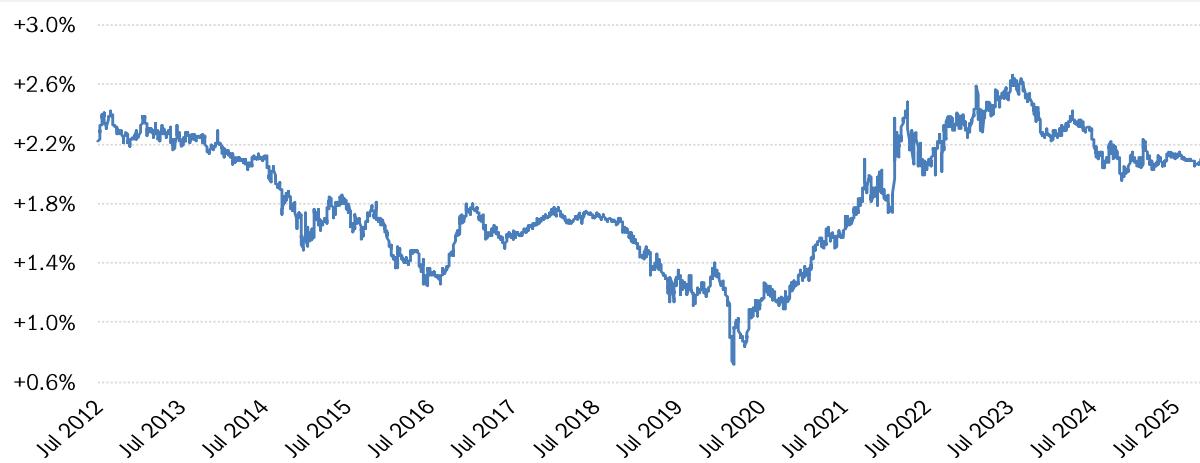


Source: Eurostat, TrendMacro calculations

Draghi's old dashboard:

Swap-implied inflation expectations since "Whatever it takes"

— 5-year inflation-swap rate, 5 years forward



Source: Bloomberg, TrendMacro calculations

