

## Macro Rapid Response

### Eurozone HICP: limited evidence of pass-through so far. But will this continue?

17 September 2026

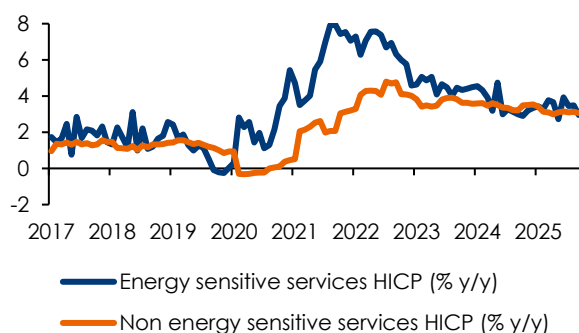
A breakdown of the final August HICP reading shows that the pass-through of the energy shock has so far been negligible in the services sector, whilst the first, albeit modest, signs are emerging among non-energy industrial goods, where the acceleration also reflects price rises for technology products. New pressures on crude oil and gas prices will push up headline inflation in the coming months, but they also increase the risk of more intense pressure on core prices in the coming quarters.

**The final estimate for the August HICP in the euro area showed a one-tenth downward revision in headline inflation, to 3.2% y/y**, although this still represents an acceleration from July's 2.9%. The revision reflects a correction in the processed food component, whilst the other categories remained largely unchanged. **Core inflation, excluding food, energy, alcohol and tobacco, was confirmed at 2.4% y/y, down by 0.1pp compared with the previous month.** The measure excluding energy and fresh food was also confirmed at 2.1% y/y, down from 2.2% in July.

The slowdown in core inflation compared with July is entirely attributable to the services component, which fell from 3.3% to 3.0% y/y, whilst inflation for non-energy industrial goods rose from 0.9% to 1.2%.

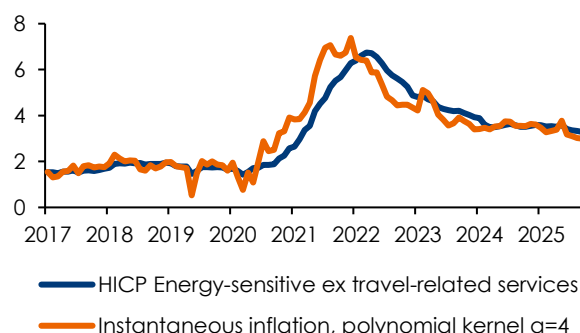
A breakdown of the individual components allows us to assess the extent to which previous energy shocks are being passed on to underlying inflation. Our **energy-intensive inflation indices** group together the core components of goods and services in which energy plays a greater-than-average role in production processes. These indicators suggest that, **at least for the time being, the pass-through from the shock remains negligible in services, whilst the first, albeit still modest, signs are beginning to emerge among non-energy industrial goods.**

#### Energy-sensitive services inflation is not yet showing any significant signs of propagation



Source: Intesa Sanpaolo elaborations on Eurostat data

#### Excluding the, volatile, travel-related services, energy-intensive services inflation is stable



Source: Intesa Sanpaolo elaborations on Eurostat data

In August, **inflation in the most energy-intensive services fell sharply, from 3.5% to 2.9% y/y**. However, this decline **primarily reflects trends in so-called travel-related services**, such as air travel, package holidays and accommodation rates. These components are notoriously volatile and, in some countries, may have been affected by the impact of the extreme heatwave on demand. **Excluding travel-related components, inflation in energy-sensitive services remained stable at 3.3% y/y for the third consecutive month.** This rate remains historically high, but is lower than the average recorded in 2025. The monthly change in the seasonally adjusted index has

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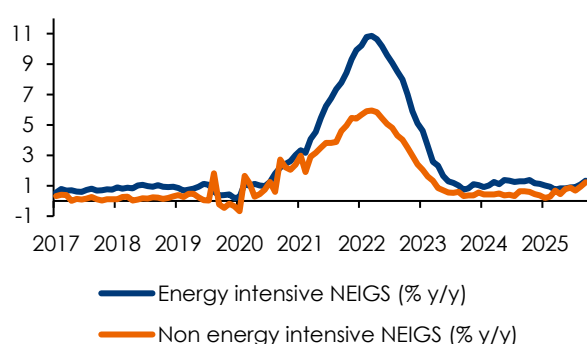
**Andrea Volpi**

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also remained stable at 0.2% m/m for four months now, with no significant signs of overheating, partly thanks to wage pressures that remain under control.

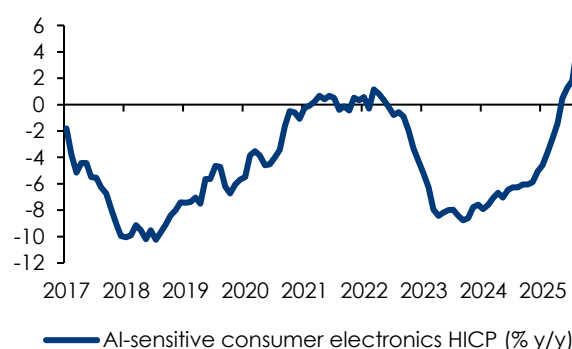
**Among non-energy industrial goods, however, inflation has accelerated for those components most exposed to energy costs, rising from 1.1% to 1.3% y/y.** The most significant price rises have affected both products most exposed to oil derivatives, such as lubricants, and those in which gas, which began to rise again during the summer, plays a significant role, such as glass and ceramic products. It is therefore possible that, unlike the situation in the services sector, where there is currently no significant evidence of the energy shock spreading, firms in the goods sector are beginning, albeit to a limited extent, to pass on the gradual rise in production costs to final consumers.

#### Inflation is rising for non-energy industrial goods, but not solely because of energy prices



Source: Intesa Sanpaolo elaborations on Eurostat data

#### Inflation is also rising among electronic goods

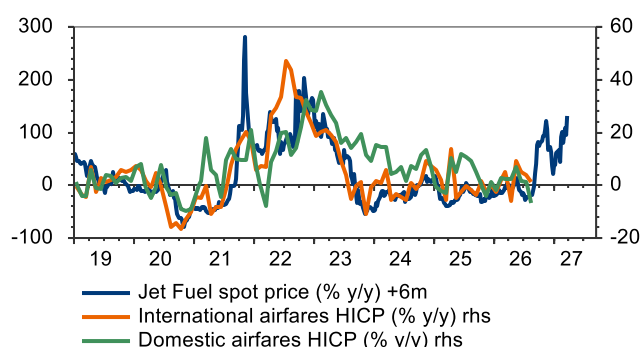


Source: Intesa Sanpaolo elaborations on Eurostat data

**The rise in inflation for non-energy industrial goods cannot be attributed solely to the components most exposed to increases in gas and oil prices. The rise in prices of certain technological products,** such as computers, tablets and smartphones, affected by the rise in the cost of memory and semiconductors driven by growing global demand linked to the development of artificial intelligence, is also contributing to this trend. **We have built an inflation index for consumer electronics that are most sensitive to the prices of semiconductors and physical memory. The results highlight a marked acceleration in recent months:** in August, the year-on-year change in prices for this basket rose to 5.7%, from the previous 4.5%, reaching an all-time high for a group of products traditionally characterised by deflationary trends, partly due to statistical methodologies that factor improvements in technological features into prices.

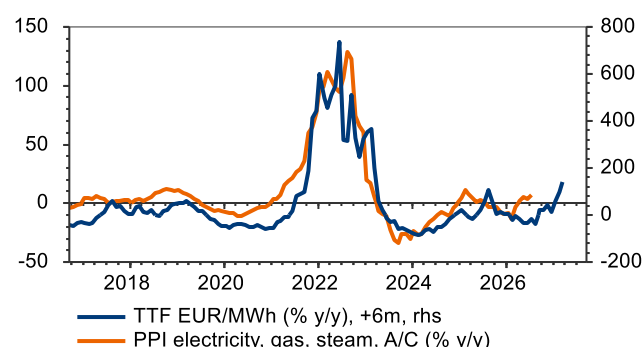
**Excluding the components most exposed to energy costs and those most sensitive to global demand linked to tech investment, inflation for non-energy industrial goods would be broadly stable at around 1% y/y.**

### The rise in the cost of refined petroleum products, such as jet fuel, has not yet been fully passed on to air transport prices



Source: Intesa Sanpaolo elaborations on Eurostat and LSEG Workspace data

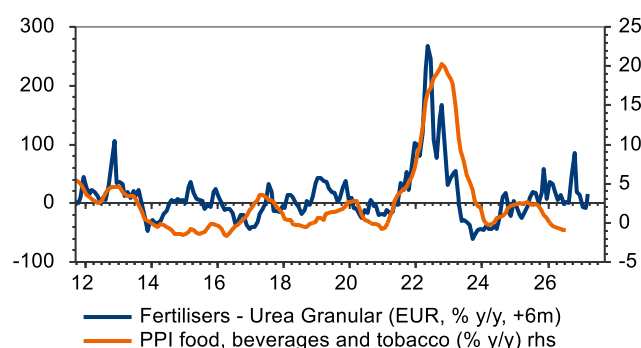
### The rise in gas prices is expected to start putting upward pressure on businesses' energy costs



Source: Intesa Sanpaolo elaborations on Eurostat and LSEG Workspace data

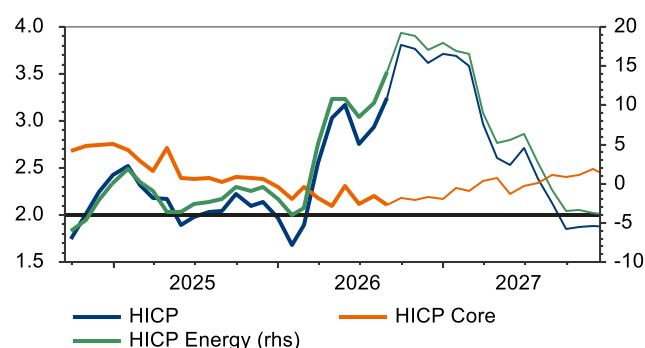
So far, the pass-through of the energy shock to final prices has remained limited, probably also due to resilient but not particularly buoyant demand. **However, renewed tensions on the international crude oil and natural gas markets point to the presence of new upside risks**, which could become more pronounced between late 2026 and early 2027. The ongoing blockade of the Strait of Hormuz is leading to further price rises for refined products. The rise in kerosene prices could increase transport costs in the coming months, whilst, for example, fertilisers could have significant implications for food prices. As regards gas, geopolitical risks are compounded by the situation on the European market, where low stock levels heighten the risks of further price rises.

### The rise in fertiliser prices could also translate into higher food prices



Source: Intesa Sanpaolo elaborations on Eurostat and LSEG Workspace data

### Energy prices could push headline inflation to nearly 4% in the coming months



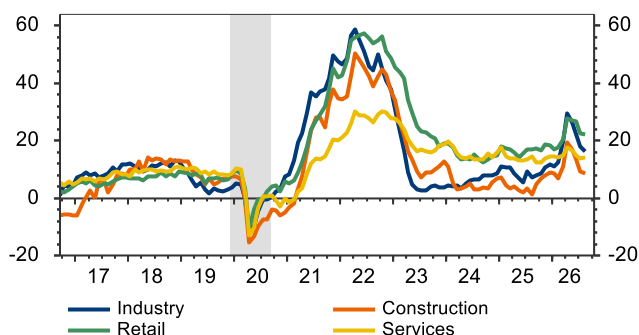
Source: Intesa Sanpaolo forecasts

Unlike an oil shock, which tends to be passed on to prices relatively quickly and to subside once market conditions have normalised, **a rise in the price of gas is passed on more slowly to end-user prices, but with potentially more persistent effects**. Natural gas is, in fact, closely integrated into industrial supply chains, not only as fuel but also as an intermediate input. Furthermore, given its importance as a primary energy source, a rise in its price is reflected in the electricity costs incurred even by firms operating in the services sector. It is possible that, following the crisis triggered by the outbreak of the conflict in Ukraine, companies made extensive use of fixed-price supply contracts or financial hedging instruments. However, the longer the shock persists, the greater the risk that, upon the expiry of these contracts, production costs will rise rapidly. **It cannot therefore be ruled out that the process of passing on a rise in gas prices to core price indices is slower than in the past, an uncertainty that justifies the ECB's cautious approach.**

In summary, **over the coming months, the rise in crude oil and natural gas prices will inevitably exert upward pressure on energy inflation and, consequently, on headline inflation, which is expected to approach 4% as early as September and remain elevated throughout Q4.**

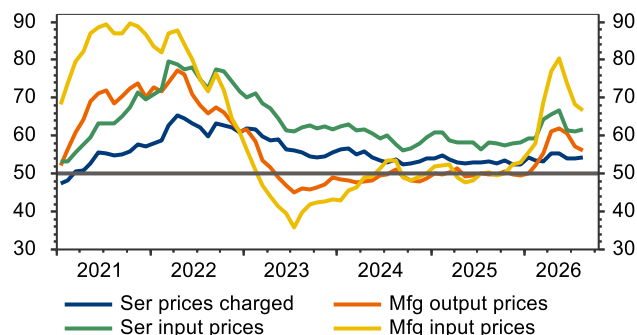
As for **core inflation**, the pass-through of the energy shock to underlying prices has so far been limited, but it cannot be ruled out that this will intensify in the coming months or that, at the very least, it will hinder convergence towards 2% by the end of 2027. **In our forecasts, inflation excluding food, energy, alcohol and tobacco is expected to average 2.4% in 2027 as well, with a peak of between 2.5% and 2.6% at the start of the year.**

#### European Commission surveys: expected prices



Source: Intesa Sanpaolo, EU Commission DG Ecofin

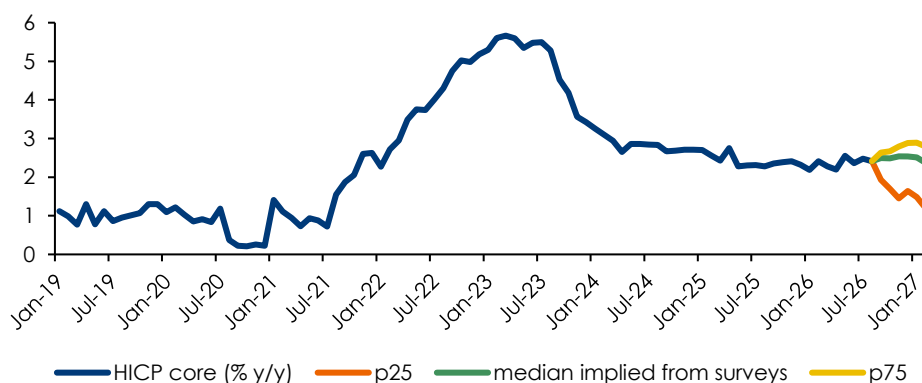
#### PMI surveys: input and output prices



Source: Intesa Sanpaolo, S&P Global

At present, a model linking the price expectations of firms across 70 economic sectors with their assessments of demand trends suggests that core inflation could rise back towards 2.5% by the end of the year, in line with our official forecasts, without, however, indicating excessive risks of underlying inflation pressures becoming overheated. It cannot be ruled out that the September surveys, due to be published from next week, may reflect recent movements in the commodities markets to a greater extent. However, firms' caution regarding the outlook for demand could limit any more severe build-up of core price pressures.

**Businesses' expectations on prices and demand are consistent with core inflation of around 2.5% by the end of the year, but the risks of core inflation overheating remain limited for the time being**



Source: Intesa Sanpaolo elaborations on EU Commission DG Ecofin and Eurostat data

## Appendix

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