

Press Release

Zurich, 25 July 2019, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 25 July 2019 is 0.15. The ECB communicated that inflation rates, both realised and projected, have been persistently below levels that are in line with its aim.

At today's meeting, the ECB's Governing Council decided to keep all key ECB interest rates unchanged. The ECB still expects interest rates to remain at their present levels at least through the first half of 2020.

According to Eurostat's Euro area annual HICP inflation was 1.3% in June 2019, up from 1.2% in May. Measures of underlying inflation remain generally muted and indicators of inflation expectations have declined. Despite tightening labour markets, stronger labour cost pressures and high levels of capacity utilisation, pass-through of cost pressures to inflation is taking longer than previously anticipated. The Governing Council communicated that inflation rates, both realised and projected, have been persistently below levels that are in line with its aim. Hence, the relevant Eurosystem Committees were tasked with examining future policy options, including ways to reinforce forward guidance on policy rates, mitigating measures, such as the design of a tiered system for reserve remuneration, and options for the size and composition of potential new net asset purchases. The Governing Council confirmed that the risks surrounding this outlook are still tilted to the downside.

Recent Developments

| Date | KOF MPC | MRF* |
|-------------|---------|------|
| 13 Dec 2018 | 0.14 | 0.00 |
| 24 Jan 2019 | 0.20 | 0.00 |
| 07 Mar 2019 | 0.03 | 0.00 |
| 10 Apr 2019 | 0.31 | 0.00 |
| 06 Jun 2019 | 0.44 | 0.00 |
| 25 Jul 2019 | 0.15 | 0.00 |

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

