

# Press Release

Zurich, 27 July 2023, 5.30 p.m.

## KOF Monetary Policy Communicator for the Euro Area

**The KOF MPC figure for 27 July 2023 is 0.25. At today's meeting, the ECB's Governing Council communicated that inflation continues to decline but is still expected to remain too high for too long.**

The Governing Council decided to raise the three key ECB interest rates by 25 basis points. The Council also decided to set the remuneration of minimum reserves at zero per cent, in order to preserve the effectiveness of monetary policy.

Annual HICP inflation in the euro area has declined to 5.5% in June, from 6.1% in May. Energy prices decreased again in June, dropping by 5.6% year on year. Food inflation remained high despite slowing to 11.6%. Inflation for goods and services followed diverging trends. Goods inflation continued its decrease to 5.5%, while services inflation rose to 5.4%, after its decline in May. Domestic price pressures remain strong. The drivers of inflation are changing, with rising wages and profit margins continuing to be robust, while external sources of inflation are easing. Past energy costs continue to spill over into the real economy. Most measures of longer-term inflation expectations currently stand at around 2%, but some indicators remain elevated and thus should continue to be monitored.

Recent Developments

Date	KOF MPC	MRF*
15 Dec 2022	0.26	2.50
02 Feb 2023	-0.04	3.00
16 Mar 2023	0.20	3.50
04 May 2023	0.19	3.75
15 Jun 2023	0.06	4.00
27 Jul 2023	0.25	4.25

\*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

