

Press Release

Zurich, 13 December 2018, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 13 December 2018 is 0.14. The ECB communicated confidence in the sustained convergence of inflation to the aim even after the end of net asset purchases.

At today's meeting, the ECB's Governing Council decided to keep all key ECB interest rates unchanged. The Governing Council decided to end net asset purchases under the asset purchase program in December. Interest rates are expected to remain at their present levels at least through the summer of 2019. The Governing Council intends to continue reinvesting the principal payments from maturing securities for an extended period of time past the date when it starts raising the key ECB interest rates.

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.0 per cent in November, down from 2.2 per cent in October. This development mainly reflected a decline in energy inflation. Measures of underlying inflation have remained muted but domestic cost pressures are seen as strengthening and broadening. High levels of capacity utilisation and tightening labour markets are pushing up wage growth. Overall, the inflation outlook has been revised slightly upward for 2018 and down for 2019 since the September projections. The Eurosystem staff macroeconomic projections foresee inflation at 1.8% in 2018, 1.6% in 2019, 1.7% in 2020 and 1.8% in 2021 (September 2018 projections for 2018-2020: 1.7%). The Governing Council see risks as broadly balanced, but moving to the downside owing to persistent geopolitical uncertainties and risks stemming from protectionism and financial as well as emerging market volatility.

Current ECB holdings of securities for monetary policy purposes amount to 2,651bn euros (end of October: 2,630bn euros).

Recent Developments

Date	KOF MPC	MRF*
26 Apr 2018	0.06	0.00
14 Jun 2018	0.41	0.00
26 Jul 2018	0.53	0.00
13 Sep 2018	0.54	0.00
25 Oct 2018	0.69	0.00
13 Dec 2018	0.14	0.00

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

