

Press Release

Zurich, 7 March 2019, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 7 March 2019 is 0.03. The ECB communicated that an ample degree of monetary accommodation is necessary for a sustained convergence of inflation to the ECB's aim.

At today's meeting, the ECB's Governing Council decided to keep all key ECB interest rates unchanged. The ECB now expects interest rates to remain at their present levels at least through the end of 2019. To preserve favorable bank lending conditions, a new series of quarterly targeted longer-term refinancing operations (TLTRO-III) will start in September 2019.

Euro area annual HICP inflation was 1.5% in February 2019, up from 1.4% in January. Headline inflation is expected to remain near current levels before declining towards the end of year. Measures of underlying inflation remain generally muted, but are expected to increase over the medium term based on high levels of capacity utilisation and tightening labour markets. The Governing council communicated that the weaker than expected economic momentum is slowing the adjustment of inflation towards the aim. Hence, an ample degree of monetary accommodation is seen as necessary for the sustained convergence of inflation to the ECB's aim. Compared to projections from December, the inflation outlook has been revised down across the forecast horizon, reflecting the more subdued growth outlook. Eurosystem staff macroeconomic projections now foresee inflation at 1.2% in 2019, 1.5% in 2020 and 1.6% in 2021 (December 2018 projections 1.6% in 2019, 1.7% in 2020 and 1.8% in 2021). The Governing Council confirmed that the risks surrounding this outlook are still tilted to the downside.

Current ECB holdings of securities for monetary policy purposes amount to 2,640bn euros (end of January: 2,646bn euros).

Recent Developments

| Date | KOF MPC | MRF* |
|-------------|---------|------|
| 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 |
| 24 Jan 2019 | 0.20 | 0.00 |
| 07 Mar 2019 | 0.03 | 0.00 |

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

