

# Press Release

Zurich, 4 June 2020, 5.30 p.m.

## KOF Monetary Policy Communicator for the Euro Area

**The KOF MPC figure for 4 June 2020 is -0.74. Given a substantial downward revision of the inflation outlook, the ECB decided to adjust the parameters of the pandemic emergency purchase programme.**

The Governing Council decided to increase the size and duration of the pandemic emergency purchase programme (PEPP). The size of the programme was increased by 600 Bil. to a total amount of 1350 Bil. The horizon for net purchases under the PEPP was extended to at least June 2021 and maturing principal payments will be reinvested until at least the end of 2022.

According to Eurostat's flash estimate, Euro area annual HICP inflation was 0.1% in May 2020, down from 0.3% in April. Headline inflation is expected to decrease somewhat more in the coming months mainly because of the sharp decline in oil prices. The ECB expects that in medium term downward pressure on inflation stemming from lower demand will be larger than upward pressures related to supply constraints. Compared to the economic projections from March, the inflation outlook was considerably revised downward over the forecast horizon. Eurosystem staff macroeconomic projections foresee inflation at 0.3% in 2020, 0.8% in 2021 and 1.3% in 2022 (March projections 1.1% in 2020, 1.4% in 2021 and 1.6% in 2022).

### Recent Developments

Date	KOF MPC	RDF*
24 Oct 2019	0.21	-0.50
12 Dec 2019	0.25	-0.50
23 Jan 2020	0.32	-0.50
12 Mar 2020	0.21	-0.50
30 Apr 2020	-0.35	-0.50
04 Jun 2020	-0.74	-0.50

\*ECB Rate on the Deposit Facility

### KOF MPC and ECB Main Refinancing Rate

