

Press Release

Zurich, 10 September 2020, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 10 September 2020 is -0.21. At today's meeting, the ECB has reconfirmed that ample monetary stimulus is necessary to support the economic recovery and to safeguard medium-term price stability.

The Governing Council decided to keep the key ECB interest rates, the parameters of the asset purchase programmes and the modalities of the longer term refinancing operations unchanged.

According to Eurostat's flash estimate, Euro area annual HICP inflation was -0.2% in August 2020, down from 0.4% in July. Low energy prices and weak price pressures resulting from subdued demand and significant labour market slack are dampening headline inflation. Taking into account the temporary reduction in the German VAT rate, the ECB expects headline inflation to remain negative in the coming months before turning positive again in early 2021. Compared to the economic projections from June, the inflation outlook was only revised for 2021. Eurosystem staff macroeconomic projections foresee inflation at 0.3% in 2020, 1.0% in 2021 and 1.3% in 2022 (June projections 0.3% in 2020, 0.8% in 2021 and 1.3% in 2022). The unchanged inflation forecast in 2022 reflects both higher expected underlying inflation and lower energy price inflation.

Recent Developments

Date	KOF MPC	RDF*
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
16 Jul 2020	-0.38	-0.50
10 Sep 2020	-0.21	-0.50

*ECB Rate on the Deposit Facility

KOF MPC and ECB Main Refinancing Rate

