

# Press Release

Zurich, 10 December 2020, 5.30 p.m.

## KOF Monetary Policy Communicator for the Euro Area

**The KOF MPC figure for 10 December 2020 is -0.21. At today's meeting, the ECB has recalibrated its monetary policy instruments, as the inflation outlook is weaker than previously anticipated.**

The Governing Council decided to adjust the parameters of the asset purchase programmes and the modalities of the longer term refinancing operations.

According to Eurostat's flash estimate, Euro area annual HICP inflation was -0.3% in November 2020, unchanged from October. Taking into account the end of the temporary reduction in the German VAT rate and upward base effects of lower energy prices, the ECB expects headline inflation to turn positive in early 2021. However, underlying inflation pressures are expected to remain subdued owing to weak demand, notably in the tourism and travel-related sectors, significant slack in labour and product markets and the appreciation of the euro exchange rate. Compared to the economic projections from September, the inflation outlook was revised downward for 2020 and 2022. Eurosystem staff macroeconomic projections foresee inflation at 0.2% in 2020, 1.0% in 2021, 1.1% in 2022 and 1.4% in 2023 (September projections: 0.3% in 2020, 1.0% in 2021 and 1.3% in 2022).

### Recent Developments

Date	KOF MPC	RDF*
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
29 Oct 2020	0.00	-0.50
10 Dec 2020	-0.21	-0.50

\*ECB Rate on the Deposit Facility

### KOF MPC and ECB Main Refinancing Rate

