

# Press Release

Zurich, 11 March 2021, 5.30 p.m.

## KOF Monetary Policy Communicator for the Euro Area

**The KOF MPC figure for 11 March 2021 is 0.14. At today's meeting, the ECB's Governing Council has confirmed that the medium-term inflation outlook remains below the ECB's inflation aim.**

At today's meeting, the Governing Council decided to keep the key ECB interest rates unchanged. To preserve favorable financing conditions, purchases under the PEPP over the next quarter will be conducted at a significantly higher pace than during the first months of this year.

According to Eurostat, Euro area annual HICP inflation was 0.9% in January and February 2020, clearly up from December. The strong increase in headline inflation reflects a number of temporary idiosyncratic factors. The ECB named the end of the temporary VAT rate reduction in Germany, delayed sales periods in some euro area countries and the impact of the stronger than usual changes in HICP weights for 2021, as well as higher energy price inflation as contributing factors. The ECB expects headline inflation to increase in the coming month. Overall underlying price pressures are expected to remain subdued reflecting low wage pressures and the past appreciation of the euro. Compared to the economic projections from December, the inflation outlook was revised upward because of the temporary factors for 2021 and 2022. Eurosystem staff macroeconomic projections foresee inflation at 1.5% in 2021, 1.2% in 2022 and 1.4% in 2023 (December projections: 1.0% in 2021, 1.1% in 2022 and 1.4% in 2023).

### Recent Developments

Date	KOF MPC	RDF*
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
21 Jan 2021	0.00	-0.50
11 Mar 2021	0.14	-0.50

\*ECB Rate on the Deposit Facility

### KOF MPC and ECB Main Refinancing Rate

