

Press Release

Zurich, 10 June 2021, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 10 June 2021 is -0.34. At today's meeting, the ECB's Governing Council has confirmed the need for a very accommodative monetary policy.

At today's meeting, the Governing Council decided to keep the key ECB interest rates unchanged. To avoid a premature tightening of 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 2.0% in May, up from 1.3% in March. The strong increase in headline inflation was mainly due to a strong increase in energy price inflation. The ECB expects headline inflation to increase towards autumn, reflecting mainly the reversal of the temporary VAT reduction in Germany. Next year inflation is expected to decline again as temporary factors, including temporary supply constraints, fade out and global energy prices moderate. Overall, underlying price pressures are still expected to remain subdued reflecting low wage pressures and the past appreciation of the euro. Compared to the economic projections from March, the inflation outlook was revised upward because of temporary factors and higher energy price inflation for 2021 and 2022. Eurosystem staff macroeconomic projections foresee inflation at 1.9% in 2021, 1.5% in 2022 and 1.4% in 2023 (March projections: 1.5% in 2021, 1.2% in 2022 and 1.4% in 2023).

Recent Developments

Date	KOF MPC	RDF*
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
22 Apr 2021	-0.07	-0.50
10 Jun 2021	-0.34	-0.50

*ECB Rate on the Deposit Facility

KOF MPC and ECB Main Refinancing Rate

