

Press Release

Zurich, 15 June 2023, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 15 June 2023 is 0.06. At today's meeting, the ECB's Governing Council communicated that inflation has been coming down but is projected to remain too high for too long.

The Governing Council decided to raise the three key ECB interest rates by 25 basis points. The Council also confirmed its previously announced decision to discontinue the reinvestments under the Asset Purchase Programme (APP) as of July 2023.

According to Eurostat's flash estimate, annual HICP inflation in the euro area has declined to 6.1% in May, from 7.0% in April. Energy prices decreased in May, but food inflation remained high despite falling to reach 12.5%. Industrial goods inflation decreased further, with services inflation also declining for the first time in the past few months. Price pressures remain strong but with some signs of possible softening. Past energy costs continue to spill over into the real economy and pent-up demand further drives inflation up. However, wage pressures are increasingly becoming an important source of inflation. In some sectors, the supply-demand imbalance has allowed companies to retain relatively high profit margins. Most measures of longer-term inflation expectations now stand around 2% but some indicators remain at high levels and thus should continue to be monitored.

Recent Developments

Date	KOF MPC	MRF*
27 Oct 2022	0.49	2.00
15 Dec 2022	0.26	2.50
02 Feb 2023	-0.04	3.00
16 Mar 2023	0.20	3.50
04 May 2023	0.19	3.75
15 Jun 2023	0.06	4.00

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

