

# Press Release

Zurich, 14 September 2023, 5.30 p.m.

## KOF Monetary Policy Communicator for the Euro Area

**The KOF MPC figure for 14 September 2023 is 0.09. At today's meeting, the ECB's Governing Council reiterated that inflation continues to decline but is still expected 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 considers that the key ECB interest rates have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the two per cent target.

While annual HICP inflation in the euro area has declined to 5.3% in July, it remained at the same level in August. Reason for the inflation decline interruption is that energy prices rose again in August. Food inflation remains high at 10%, whereas inflation excluding energy and food fell to 5.3% in August. Goods inflation further decreased to 5.0% in July and 4.8% in August, following better supply conditions, weaker demand, past reductions in energy prices and weaker price pressures. Services inflation is still sustained at 5.5% by high wage growth and strong holiday as well as travel spending. As far as the drivers of inflation are concerned, the labour cost contribution to domestic inflation increased in the second quarter. However, the profit margin contribution to inflation has fallen for the first time since the beginning of 2022. Domestic price pressures remain strong, while most measures of underlying inflation are starting to fall. Most measures of longer-term inflation expectations currently stand at around 2%, but some indicators have increased and thus should be closely monitored.

### Recent Developments

Date	KOF MPC	MRF*
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
27 Jul 2023	0.25	4.25
14 Sep 2023	0.09	4.50

\*ECB Main Refinancing Rate

### KOF MPC and ECB Main Refinancing Rate

