

Press Release

Zurich, 26 October 2023, 5.30 pm

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 26 October 2023 is 0.29. At today's meeting, the ECB's Governing Council decided to keep the three key ECB interest rates unchanged.

With its decision to keep the three key ECB interest rates unchanged, the Governing Council has halted its rate hike cycle that started last July. While the Council acknowledges that inflation is expected to stay too high for too long, it considers that the key ECB interest rates are at 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.

Annual HICP inflation in the euro area has declined to 4.3% in September, by almost a full percentage point compared to its level in August. With energy and food base effects dropping out in the autumn months, inflation is expected to decline further in the near term. Food inflation remains historically high, despite slowing down in September. Energy prices fell by 4.6% annually but have rebounded in the wake of the recent geopolitical tensions. Inflation excluding energy and food fell to 4.5% in September. Goods inflation further decreased to 4.1%, as supply conditions improve, past declines in energy prices are passed-through, and tighter monetary policy impacts demand and corporate pricing power. Services inflation dropped to 4.7%, with base effects contributing to this substantial decline. However, domestic price pressures continue to remain strong. Most measures of longer-term inflation expectations currently stand at around 2%, but some indicators remain elevated and thus should be monitored closely.

Recent Developments

Date	KOF MPC	MRF*
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
26 Oct 2023	0.29	4.50

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

