

Press Release

Zurich, 26 October 2017, 5.30 p.m.

KOF Monetary Policy Communicator for the Euro Area

The KOF MPC figure for 26 October 2017 is 0.26. The ECB communicated a growing confidence in the gradual convergence of inflation rates towards the ECB's inflation aim.

At today's meeting, the ECB's Governing Council decided to keep all key ECB interest rates unchanged. It recalibrated the asset purchase program (APP). From January 2018 on net asset purchases will continue at a monthly pace of €30 billion. The program is intended to run until the end of September 2018, or beyond, if deemed necessary.

According to Eurostat euro area annual HICP inflation was 1.5% in September, unchanged from August. Inflation is expected to temporarily decline towards the turn of the year, mainly because of base effects in energy prices. Measures of underlying inflation have ticked up moderately since early 2017 and are expected to continue to rise gradually reflecting the increasingly robust and broad-based economic expansion. Still the governing council wants to see more convincing signs of a sustained upward trend. Wage growth has picked up somewhat, but overall domestic cost pressures are considered as still subdued. Given this backdrop, the governing council decided to decrease the size of monthly net asset purchases beginning in January 2018. The ECB will also reinvest the principal payments from maturing securities for an extended period of time after the end of its net asset purchases, and in any case for as long as necessary.

Current ECB holdings of securities for monetary policy purposes amount to 2,265bn euros (end of Sep: 2,221bn euros).

Recent Developments

Date	KOF MPC	MRF*
09 Mar 2017	0.12	0.00
27 Apr 2017	0.35	0.00
08 Jun 2017	-0.04	0.00
20 Jul 2017	0.58	0.00
07 Sep 2017	0.39	0.00
25 Jan 2016	0.26	0.00

*ECB Main Refinancing Rate

KOF MPC and ECB Main Refinancing Rate

