

Three reasons to skip next week's ECB meeting

Next week's ECB meeting is unlikely to leave a lasting impact. The December meeting is the one to watch as chances of a rate cut are still higher than markets currently anticipate



European Central Bank
President Christine
Lagarde

If you're an ECB enthusiast with some holiday days to spare, next week could be the ideal time to take them. If you've ever thought about skipping an ECB meeting, this is the one to sit out. Here are three reasons why.

Reason one: very little new information available

Since the ECB's last policy meeting in September, data releases have been sparse and inconclusive. While PMIs and the European Commission's economic sentiment indicators edged up slightly in September, hard data from August – covering consumption and industrial production – was disappointing.

Headline inflation in September did exceed the ECB's 2% target for the first time since April, but as yesterday's macro data quickly becomes outdated, the real issue is the lack of fresh insights before next week's meeting. Only PMI data and Germany's Ifo index will be released ahead of

Thursday. Key figures such as inflation, third-quarter GDP estimates, and the Commission's sentiment data will all arrive on the day of the ECB decision itself. Unfortunate timing, indeed.

Reason two: no pressing urgencies

With the French political situation having avoided further escalation, for now, and financial markets seemingly at ease with the current political instability, there is even less of a need for ECB action than in September. French spreads have not widened further and the fact that the political instability in France is domestically driven has made any case for ECB intervention even weaker. As long as France doesn't comply with the European fiscal rules, it will be hard for the ECB to start or even discuss the Transmission Protection Instrument (TPI).

Reason three: doves and hawks are holding fire until December

Comments by ECB officials since the September meeting suggest that the latent tension between doves and hawks has not escalated further. Instead, it seems as if there is a silent agreement to wait until the December meeting. While Isabel Schnabel stated that the ECB should maintain its current interest rate level, citing upside risks to inflation, the new Austrian central bank governor, Martin Kocher, remarked that there was an "equal chance" for a rate cut or hike as the next ECB move. The most often heard comments simply reiterate the now familiar sentiment that the ECB is in a 'good place,' with little urgency to adjust rates.

December meeting could still bring another rate cut

Developments over the last few weeks have done nothing to change the view that the bar for yet another rate cut from the ECB is high. In fact, the ECB currently feels very comfortable in what it calls a 'good place'. With the ECB's own growth forecasts indicating that the eurozone economy will grow by slightly more than 1% each year and inflation will settle down to 2% over the next few years, there is indeed very little reason to change its monetary policy stance.

At the same time, however, there are still some valid dovish arguments that could still force the central bank to cut once again at the December meeting. Just think of the delayed adverse impact of US tariffs, the stronger euro exchange rate, French politics or a delay in Germany's fiscal stimulus. If any of these downside risks materialise, we can expect the ECB to engage in one or two more rate cuts. In this regard, it remains important to note that the current ECB inflation forecast for 2027 includes a 0.2pp impact from the introduction of the ETS2 system. Needless to say, any delay in the implementation could have implications for the ECB as it would increase the risk of inflation undershooting. Watch out for the 2028 inflation forecasts, also released at the December meeting. Anything sub-1.7% would increase the likelihood of yet another rate cut.

Next week's ECB meeting is unlikely to leave a lasting impression. If you can, take advantage of any remaining holiday days and skip it. A quick check-in with your favourite macro research site on Thursday afternoon should suffice.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

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