

## ECB: Avoiding taper talk - part one

No changes at all, not even tweaking the language on asset purchase front-loading. This is the first outcome of today's European Central Bank meeting. The ECB clearly wants to avoid any taper talk and therefore chose to stay put



The ECB just announced...well, the ECB didn't announce anything new. In fact, the just-released monetary policy decision was an anticlimax for those expecting any change. It is an almost verbatim copy of the April decision. No change in rates, no change in asset purchases and no change to the language that asset purchases will be conducted "at a significantly higher pace than during the first months of the year".

The ECB is obviously, and in our view rightly so, buying time despite higher actual inflation prints and the prospects of a further acceleration of inflation. With hard data not yet matching the optimism reflected in strong soft indicators, the ECB is currently choosing to err on the side of caution rather than withdraw monetary stimulus prematurely.

The press conference at 2.30pm CET will shed more light on the latest staff macro projections (keep a close eye on these 2022 and 2023 inflation forecasts) but also on the ECB's assessment of financing conditions in the eurozone, particularly somewhat higher bond yields. With no changes

in the just-announced monetary policy decisions, the pressure on ECB President Christine Lagarde to avoid any taper talk will be higher.

## Author

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.