

## 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.

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