

## ECB chooses copy-paste

No changes from the ECB. Just a copy-paste of the December decisions. Now let's wait for the press conference to see whether ECB president Lagarde opens the door to faster tapering and an earlier rate hike



ECB President, Christine Lagarde, pictured last month

The ECB just hit the copy-paste keys and kept everything unchanged. As expected, all monetary policy instruments were left unchanged and even the wording was a verbatim copy of the December decisions. No one could have seriously expected the ECB to act today as there is simply nothing the ECB can do to bring down inflation immediately. In fact, there is nothing the ECB can or could do to bring down energy prices. Only governments could act by, for example, lowering taxes and by providing financial support to compensate for households' high energy bills. Maybe this is also another conundrum of the pandemic: governments are needed to bring down energy inflation, while central banks (and low interest rates) are needed to support fiscal stimulus.

Anyway, all eyes will now be on the ECB press conference starting at 2.30pm CET. We expect the ECB to buy more time and to push any changes in monetary policy to the March meeting when a fresh set of macroeconomic forecasts will be available. Today, it will be all about the tone and words. If ECB president Christine Lagarde confirms previous statements that "it is very unlikely that we will raise interest rates in the year 2022", she would unnecessarily paint the ECB into a corner. Instead, keeping the doors open for a faster reduction of asset purchases and even a rate hike this

year would be a wiser strategy to take.

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