

Snap | 30 October 2025

## Florence or Frankfurt, every place in Europe is currently a 'good place' for the ECB

The ECB keeps interest rates on hold and is very unlikely to give any hints at the press conference.



The ECB's Christine Lagarde is in Florence for the October meeting

Even a change of scenery has done nothing to change the ECB's current wait-and-see stance. Florence, where the ECB met today for its only annual meeting outside of Frankfurt, is apparently also this 'good place', the ECB's well-known pseudonym for comfortably keeping interest rates on hold. At least the ECB didn't see any reason to change rates or its communication and just kept everything unchanged.

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 Bank 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, there are still valid dovish arguments that could force the central bank to cut 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.

Let's see whether ECB president Christine Lagarde at the press conference starting at 2.45pm CET is willing to give away any hints regarding the above considerations or is rather keeping it short to enjoy her afternoon on a terrace in Florence.

### 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.

# THINK economic and financial analysis

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).