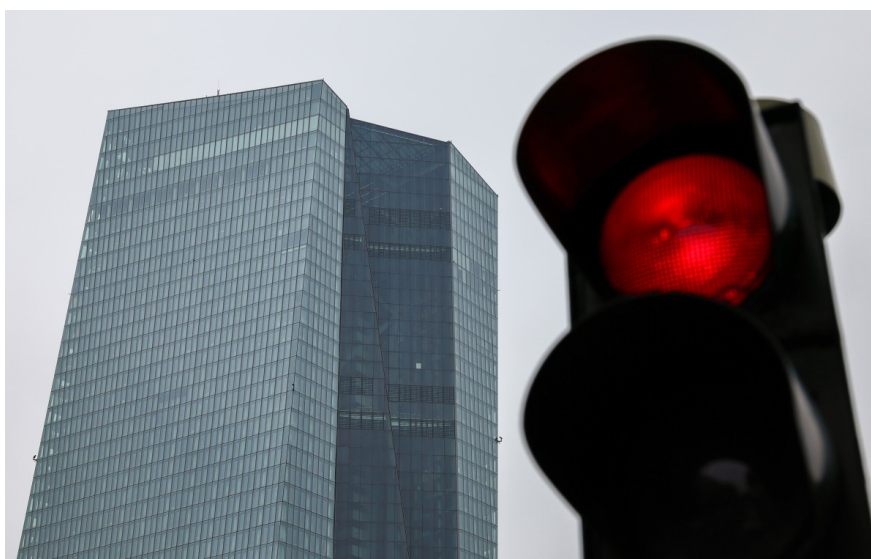


Snap | 5 February 2026

## ECB keeps rates on hold in its February meeting

The ECB has kept interest rates on hold but points to uncertainty, demonstrating high alertness amid its ongoing wait-and-see stance



Today's official policy announcement illustrates that the ECB still sits comfortably in its 'good place', and should remain there for some time still to come

No need to change. This is what the European Central Bank must have thought at today's meeting, as it just announced its decision to keep interest rates where they are. The official policy announcement also illustrates that the ECB still sits comfortably in its 'good place'. And, with the eurozone expected to grow at around potential and inflation to remain somewhere around 2%, there are very few arguments for challenging the ECB's good place.

### Stronger euro could still push the ECB to restart rate cutting cycle

As the last ECB rate cut dates back to June last year, it's fair to say that the hurdle to cut again is very high. However, looking at the history of the central bank's rate-cutting cycles, a longer period of inactivity after a series of rate cuts does not automatically mean that the ECB is done. In 2012 and 2024, we saw two occasions where it restarted a cutting cycle that initially looked concluded.

Looking ahead, if the ECB were to leave its good place, any first move would be a cut, not a hike – at least in the near term. Whether it is general market unease or, more specifically, the strengthening of the euro, there is still a risk of inflation undershooting over the coming months.

As long as the cyclical recovery of the eurozone continues, any inflation undershooting should not be mistaken for deflationary risks, but could still encourage more dovish ECB members to push for an insurance rate cut.

Let's wait to see what ECB President Christine Lagarde has to say on the euro and the ECB's symmetric inflation target at the press conference, starting at 2:45pm CET.

## Author

### Carsten Brzeski

Global Head of Macro

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

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