

## ECB: Panic in Frankfurt?

A sign of panic or an attempt to get ahead of the curve? The European Central Bank surprised almost everyone by announcing a new series of measures, trying to avoid an unwarranted tightening of its monetary stance



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### What did the ECB announce?

- A change in forward guidance on rates. The bank now forecasts “interest rates to remain at their present levels at least through the end of 2019”. Previously, it had said “through the summer of 2019”.
- A new targeted longer-term refinancing operation (TLTRO) with a quarterly frequency from September 2019 until March 2021, at the refi rate and no longer at the deposit rate.

### What does this mean?

The press conference will hopefully shed some more light on the reasons for the ECB's decision. Or better, the timing of the ECB's decision. The measures, as such, are not a major surprise but the moment of the announcement is. In our view, it is clearly an attempt to stay ahead of the curve and to avoid unwarranted tightening of the ECB's monetary stance. It is not an attempt to provide more easing. At the same time, however, it is also a bit of a gamble as any next step from here to

tackle a severe downswing of the economy would now require unprecedented measures.

More after the ECB's press conference which will start at 2.30pm CET.

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