

## ECB: Preparing the big September bang

The last talk before the ECB will have to walk the walk. It now increasingly looks as if the September meeting will not just bring a single measure but rather a whole package



European Central Bank  
HQ, Frankfurt

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As if it wasn't hot enough already in the eurozone today, expectations about today's ECB meeting also raised the temperature levels. The ECB refrained from cutting rates or new monetary stimulus but are clearly preparing markets for a rate cut and probably even more at the September meeting.

In the just-released press statement, the ECB changed its language on three crucial issues:

- 1) They included that interest rates will remain at present "or lower" levels, sending a clear hint at a future rate cut.
- 2) Added new language, demonstrating its willingness to act by repeating Draghi's Sintra words that the ECB will act if the medium-term inflation outlook continues to fall short of its aim. The ECB stands ready to adjust all instruments.
- 3) Used the magic words: "Governing Council has tasked the relevant Eurosystem Committees with examining options, including ways to reinforce its forward guidance on policy rates, mitigating measures, such as the design of a tiered system for reserve remuneration, and options for the size

and composition of potential new net asset purchases.”

Let’s wait until the press conference, starting at 2.30pm CET, but up to now, it is clear that today’s meeting was the last stop before new ECB action.

The last talk before the ECB will have to walk the walk. It now increasingly looks as if the September meeting will not only bring a single measure but rather a package of several measures.

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