

ECB: Not yet, but wait for December

The European Central Bank keeps its powder dry but signals a clear willingness to act next month



Christine Lagarde

Source: Shutterstock

After last night's lockdown announcements in Germany and France, the European Central Bank's base case scenario has definitely become outdated. This is why there was a small chance it could surprise markets today by preempting additional easing in December. Some argued that the March experiences could force the bank to jump ahead of the curve. However, the just-released statement on the policy measures shows that the ECB was not ready, yet.

Instead, the ECB's press statement points to the December meeting, which will have a new round of macroeconomic projections and will enable the ECB to "recalibrate its instruments, as appropriate, to respond to the unfolding situation...". The door for December action is wide open. Let's hope that the situation doesn't worsen further so that the ECB has to rush through the door earlier than planned. Maybe ECB president Christine Lagarde will add more flavour at the press conference, starting at 2.30 pm CET, but it could very well be that this is it as far as ECB communications go today.

Author

Carsten Brzeski

Global Head of Macro

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.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.