

## ECB remains on hold

As expected, there were no changes from the European Central Bank, either in words or actual action. The debate behind closed doors on downscaling asset purchases was likely heated, with inflation continuing to rise, and inflation prospects worsening



At the press conference, which starts at 2.30pm CET, we hope to hear more about the ECB's current inflation assessment, potentially hinting at more upside risks, and a strengthening of the ECB's forward guidance. Judging from recent comments, the central bank is clearly not satisfied with financial markets having started to price in a rate hike already in 2022. We expect ECB President Christine Lagarde to once again stress that higher inflation is temporary, even if the definition of temporary has been stretched, and also to make a clear the distinction between asset purchases (and their potential reduction) on the one hand and rate hikes on the other. While a reduction of asset purchases could be closer than some might think, a rate hike is definitely still far out.

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