

Snap | 9 September 2021

## Small victory for hawks as ECB stops front-loading asset purchases

It is not tapering but a very tentative sign that tapering could eventually come: the European Central Bank today decided to stop the front-loading of its asset purchases and to reduce the monthly amount without announcing any explicit unwinding of the purchases



Something for the hawks. The ECB just announced an end to the front-loading of its asset purchases under the Pandemic Emergency Purchase Programme (PEPP). In the just announced policy decision from today's meeting, the ECB said that the PEPP purchases "can be maintained with a moderately lower pace of net asset purchases under the PEPP than in the previous two quarters", from a previous "significantly higher pace". To us, this is a small victory for the hawks as it signals that tapering will eventually be on the cards.

At 2.30pm CET, we will hear more from ECB President Christine Lagarde on the Bank's latest macro projections, with our special interest in the inflation forecast for next year, and possibly hints on when and how the ECB at least wants to think about tapering. The small language changes do not yet signal tapering.

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