

Snap | 7 September 2017

## ECB stays on hold

No change on rates and QE



Source: ECB

The policy announcement of today's ECB meeting did not bring any change, neither on rates nor on QE; the first act of today's ECB day. The just released policy announcement illustrates that any changes in the ECB's taper tiptoeing will be small and cautious. In fact, the policy announcement was a verbatim copy of the July decisions, keeping the easing bias on QE, both in terms of size and duration. Whether and how much ECB president Draghi will talk about tapering in his introductory statement and the Q&A session will highly depend on the weight the ECB attaches to the euro exchange rate.

Giving no hint of and at the tapering game plan at all will keep markets at unease and will do little to calm speculations. At the same time, talking down the euro would also only work if the ECB was to give signals that tapering could be postponed. In fact, the ECB is probably not concerned about the past appreciation of the euro but rather about the future appreciation. In this regards, to get out of the euro trap, don't be surprised if Draghi presents a more detailed game plan than market participants expect. Starting at 2.30pm CET, we will know more.

## Author

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

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