

Video | 10 April 2026

Are markets really expecting two ECB rate hikes this year?

Markets are confidently pricing as many as three European Central Bank rate hikes this year, or so it seems. Our live poll this week suggests otherwise. Read on as James Smith weighs up the case for rate rises in April and June, and explains why it's a dilemma fraught with risk. All that, plus our guide to the week ahead



[Watch video](#)

Do investors really think the European Central Bank is going to hike rates several times this year?

Take a look at the poll we ran during our [webinar](#) this week, conducted just 24 hours after the US-Iran ceasefire announcement. The audience split almost perfectly three ways between zero, one and two hikes this year. Nobody could agree on what comes next.

And yet, if you glance at your Bloomberg screen, you'd be forgiven for thinking the answer is obvious. For weeks now, swap markets have been pricing between two and three hikes by year-end.

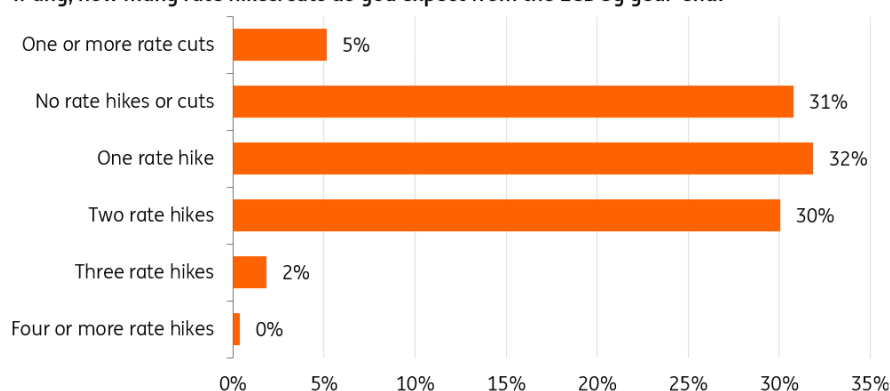
That disconnect suggests market pricing can't be taken entirely at face value. Liquidity is poor. As my colleague Michiel Tukker explains in the video above, thin markets can exaggerate the story. More importantly, market prices are not forecasts. They're weighted averages of multiple scenarios.

Those scenarios range from a relatively benign outcome through to a far more uncomfortable world in which oil prices surge and central banks are forced back into inflation-fighting mode. Seeing two hikes on a screen and treating it as a point expectation is probably unwise.

Nobody can agree on what the ECB will do next

Webinar poll

If any, how many rate hikes/cuts do you expect from the ECB by year-end?



Source: ING

Based on a live poll of 273 webinar attendees on Thurs 9 April at 10:00 CEST

Still, the fact that markets are pricing *more than one* hike creates a genuine dilemma for the ECB, and, frankly, for lots of central banks.

Hiking rates now is risky. [This is not 2022](#). The odds of higher energy prices triggering a classic wage-price spiral look much lower in today's economic climate. [Weak German industrial data](#) this week is just the latest reminder of that. As Carsten told our [webinar](#) audience, markets flirting with three or four hikes - something we've seen intermittently in recent weeks - would risk unnecessary strain in financial markets and put additional pressure on an already fragile eurozone recovery.

It's also worth remembering that this shock looks different from the last one. So far, it's much more an oil shock than an electricity shock. Natural gas prices, in the grand scheme of things, haven't moved that much, despite the sharp loss of LNG supply from the Gulf.

And yet, central banks are clearly uneasy. Having got inflation so spectacularly wrong four years ago, they're desperate not to repeat the mistake. Which brings us to inflation expectations - the thing policymakers fear losing control of most.

THINK economic and financial analysis

So far, market-based measures of longer-term inflation expectations haven't really budged since the conflict began. The five-year inflation swap priced five years forward – a decent gauge of where investors think inflation ultimately settles – looks remarkably calm. But that calm is conditional. It assumes the ECB delivers multiple rate hikes this year. A similar logic is true of the Bank of England.

Fast-forward three weeks to the April policy meetings, and here's the issue: it's far from clear that the situation in the Gulf will be any easier to read by then. Let's see what comes out of talks in Pakistan this weekend. But the tentative lesson from this week is that the backdrop is likely to remain fragile and vulnerable to re-escalation on multiple fronts.

The Strait of Hormuz, in particular, is showing little sign of a clean or durable reopening. And even if flows improve over the coming days, it remains vulnerable to closure again at short notice.

In that environment, the temptation for policymakers – and probably the most likely outcome – is a re-run of March. Keep rates on hold, stress the unusually high level of uncertainty, and keep all options firmly on the table. A handful of dissents in favour of rate hikes would probably help signal that inflation risks are being taken seriously. In other words: keep your powder dry, let investors (and the rate hikes priced in) do some of the tightening for them.

This strategy can only work for so long.

At some point, markets begin to wonder whether central banks are all bark and no bite. And that's when the risk shifts. If investors start to doubt the willingness of policymakers to follow through, inflation expectations – and by extension, the longer end of the bond market – risk becoming harder to control.

We've already seen consumer inflation expectations spike, don't forget. Personally, I'm not convinced that matters very much. Central banks may take a different view.

Then there's the length of the disruption itself. The longer volatility in Middle Eastern commodity flows persists, the more likely it is that we see broader supply-chain effects creep in. Think of helium supplies critical for semiconductor production. Aluminium for cars. Fertiliser for food. The list goes on. And, crucially, visibility on how these effects interact is low. The Covid pandemic taught us that.

Which brings us to June.

Central banks can probably get away with a hold in April, blaming geopolitical uncertainty and a lack of economic data to guide them. By the summer, things get much more awkward. If commodity flows through the Middle East remain volatile and unpredictable, investors may begin to question the commitment of central bankers to keeping inflation under control.

The risk of second round effects on prices will have risen, and we might start to see the first hints of that in the official core inflation data. And remember, ECB policy is not especially restrictive to begin with. A 2% deposit rate is widely seen as neutral.

There are, of course, many ways the disruption in the Middle East could play out. We're updating our forecasts and scenarios as we speak – more from us on that next week. But put it this way, it becomes easier to imagine the ECB hiking rates in June if the disruption doesn't resolve much by then, particularly when you add in Germany's fiscal stimulus in the background. Carsten made exactly that point on this week's [webinar](#).

After all, what's one rate hike between friends? But it's a delicate balance. As the Bank of England learnt the hard way back in March, talking tough – even without actually hiking – can open the floodgates for markets to price in far more tightening than policymakers ever intended.

And in a fragile growth environment, that's a dangerous game to play.

James Smith

THINK Ahead in developed markets

United States (James Knightley)

- **Beige Book** (Wed): It is a fairly quiet week in the US next week with the US-Iran negotiations set to drive market sentiment. The data calendar consists of PPI and import prices, which are set to highlight the build up in pipeline price pressures initiated by the Middle East conflict. Industrial production will be the main activity release and based off the ISM manufacturing report and Federal Reserve regional surveys, we expect another decent performance. The Federal Reserve's Beige Book report is also worth watching. This is an anecdotal survey on the state of the US economy that is an important determinant of Fed policy directions. It is likely to highlight increased corporate caution, subdued hiring and rising inflation pressures.

THINK Ahead in Central and Eastern Europe

Poland (Adam Antoniak)

- **Feb BoP** (Mon): We estimate that the February current account recorded a €293mn surplus vs. €115mn in February last year. That translates into a 12-month cumulative deficit narrowing to 0.5% of GDP vs. 0.6% of GDP after February. According to our forecasts, exports of goods in euro-terms were at a similar level as the corresponding month of 2025, while imports fell by nearly 1% year-on-year. Starting from April, we may see some deterioration in the balance of payments on the back of more expensive

imports of oil due to the military conflict in the Middle East. In 2026, we forecast a current account deficit of 1.4% of GDP.

- **Mar final CPI (Wed):** The flash estimate of March CPI of 3.0% YoY surprised on the positive side as the upswing in fuel prices was lower than feared (though might be revised upwards) and apart from petroleum, price pressures were benign. There were no significant changes in either food or housing energy prices vs. February. We also estimate that core inflation, excluding food and energy prices, was broadly unchanged and stood at 2.5-2.6% YoY. The official figure will be released on Thursday. So far, the energy shock is relatively contained and with a ceasefire announced, there is a chance it may remain a supply-side shock with limited spread to prices of other goods and services. We forecast average CPI inflation in Poland at 3.2% this year.

Czech Republic (David Havrlant)

- **Inflation (Tue):** We expect the statistical office to confirm that annual headline inflation remained just below the inflation target in March. The detailed breakdown and Czech National Bank calculation will likely show that annual core inflation remained broadly stable or slightly increased on the back of the punchier price dynamics in the service segment.
- **Current account (Mon):** The current account surplus likely increased in February, as the export performance was still intact before the Iran conflict, while imports for investment purposes somewhat mitigated the effect of solid exports.

Key events in developed markets next week

Country	Time	Data/event	ING	Prev.
Monday 13 April				
US	1500	Mar Existing Home Sales (mn)	4	4.1
Netherlands	0530	Feb Trade Balance (EUR bn)	-	8.1
Tuesday 14 April				
US	1330	Mar PPI (MoM%/YoY%)	1,4/4,6	0.7/3.4
Sweden	0700	Mar CPI Final (MoM%/YoY%)	-/-	-0.6/0.6
	0700	Mar CPIF Final (MoM%/YoY%)	-/-	-0.6/1.6
Wednesday 15 April				
US	1900	Fed Beige Book	-	-
Eurozone	1000	Feb Industrial Production (MoM%/YoY%)	-/-	-1.5/-1.2
France	0745	Mar CPI Final (MoM%/YoY%)	-/-	0.9/1.7
Greece	1000	Mar CPI (YoY%)	-	2.7
Thursday 16 April				
US	1415	Mar Industrial Production (MoM%)	0.2	0.2
	1330	Initial Jobless Claims (000s)	215	219
Eurozone	1000	Mar CPI (YoY%) Final	-	2.5
UK	0700	Feb GDP Estimate (MoM%/YoY%)	0.2/0.6	0.0/0.8
Friday 17 April				
Eurozone	1000	Feb Current Account (EUR bn)	-	13
	1000	Feb Total Trade Balance (EUR bn)	-	-1.9
Italy	0900	Feb Global Trade Balance (EUR bn)	-	1.1

Source: Refinitiv, ING

Key events in EMEA next week

Country	Time (BST)	Data/event	ING	Prev.
Monday 13 April				
Turkey	0800	Feb Current Account Balance (USD bn)	-7.1	-6.8
	0800	Feb Retail Sales (MoM%/YoY%)	-/-	2.4/18.8
Poland	1300	Feb Current Account (EUR bn)	0.3	1.2
Czech Rep	0900	Feb Current Account Balance (CZK bn)	34.2	29.2
Kazakhstan	-	Mar Industrial Production (YoY%)	-	3.2
Tuesday 14 April				
Czech Rep	0800	Mar CPI (MoM%/YoY%)	0.6/1.9	0.6/1.9
Ukraine	0000	Oct Trade Balance YTD	-	-30.6
Romania	0800	Mar CPI (MoM%/YoY%)	-/-	0.6/9.3
Serbia	1100	Mar CPI (MoM%/YoY%)	-/-	0.5/2.5
Wednesday 15 April				
Turkey	0900	Mar Budget Balance (TRY bn)	-	24.4
Poland	0830	Mar CPI Final (MoM%/YoY%)	1/3	1/3
Romania	0700	Feb Industrial Production (MoM%/YoY%)	-/-	-3.3/-3.8
Thursday 16 April				
Poland	1300	Mar Core Inflation (YoY%)	2.5	2.5
Croatia	1000	Mar CPI Final (YoY%)	-	3.8
Friday 17 April				
Hungary	0730	Feb Average Gross Wages (YoY%)	8.8	26.3

Source: Refinitiv, ING

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THINK economic and financial analysis

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