

Statement after the ECB Governing Council of September 26th-27th

“The (French) data published this morning confirm the Bank of France analyses in which the French economy is moving to a progressive exit from inflation without a recession. The second quarter saw positive growth, with an up-side surprise of 0.5% thanks to exports. In parallel, inflation decelerated again to 5% in July according to the harmonized European index, from 5.3% in June. Underlying inflation excluding energy and food, which was 4.4% in June, also seems to have fallen while less markedly.

Our decision yesterday at the ECB Governing Council fits in this context. The persistence of underlying inflation that remains too high justifies the additional increase in the interest rate to 3.75%, a level in Europe well below that of the American central bank (5.25/5.50). But our growing confidence in the disinflation trajectory towards 2% by 2025 is supported by the good transmission underway of our monetary policy. Given the necessary delay for full transmission, perseverance is now the first key quality. The second is pragmatism: our decisions during the coming meetings will now be open and will be entirely guided by the economic data, as Christine Lagarde indicated.”