



The European Central Bank Governing Council lowers three key ECB interest rates by 25 basis points

The European Central Bank (ECB) Governing Council resolved to cut the three main ECB interest rates by 25 basis points based on an updated assessment of the inflation forecast, the dynamics of underlying inflation, and the robustness of monetary policy transmission.

With effect from June 12, 2024, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be decreased to 4.25%, 4.50%, and 3.75% respectively.

The GDP of the euro area expanded by 0.3% in the first quarter of 2024 following five quarters of stagnation. The manufacturing sector is stabilizing at low levels, while the services sector is growing. In the first quarter of this year, employment increased by 0.3%, with the creation of around 500,000 fresh jobs and signs of further employment creation. It is anticipated that economic growth would accelerate to 1.4% in 2025, 0.9% in 2024, and 1.6% in 2026.

According to projections, the headline inflation rate will average 2.5% in 2024, 2.2% in 2025, and 1.9% in 2026. The ECB projects an average inflation rate of inflation excluding energy and food at 2.8% in 2024, 2.2% in 2025, and 2.0% in 2026. The Governing Council is determined to ensure that inflation returns to its 2% medium-term target in a timely manner.

The Governing Council confirmed that it will reduce the Euro system's holdings of securities under the pandemic emergency purchase programme (PEPP) by €7.5 billion per month on average over the second half of the year.

Please contact, for any query related to this mail, Dr. Mansi Vinaik, Deputy Secretary, at mansi.vinaik@phdcci.in, and Ms. Mansi Nautiyal, Research Associate at mansi.nautiyal@phdcci.in, with a cc to Dr S P Sharma, Chief Economist| DSG at spsharma@phdcci.in, PHD Chamber of Commerce & Industry.

Warm Regards,
Dr S P Sharma
Chief Economist | DSG



PHD Chamber of Commerce and Industry
PHD House, [4/2 Siri Institutional Area](#)
August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



"Towards Building Aatmanirbhar Bharat"



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

Connect with us:

