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CHRONOLOGY OF ECB MONETARY POLICY DECISIONS IN 2024

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BOX 1: CHRONOLOGY OF ECB MONETARY POLICY DECISIONS IN 2024

25 January

The Governing Council decided to keep the three key ECB interest rates unchanged, as the incoming information had broadly confirmed its previous assessment of the inflation outlook. Accordingly, the interest rates on the deposit facility, the MROs and the marginal lending facility remained unaltered at 4.00%, 4.50% and 4.75%, respectively.

The Governing Council restated that it would continue to follow a data-dependent approach to determining the appropriate level and duration of restriction. In particular, its interest rate decisions would be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission.

Regarding the APP portfolio, the Governing Council restated that it was declining at a measured pace, as the Eurosystem no longer reinvested the principal payments from maturing securities.

The Governing Council also reaffirmed that it intended to continue to reinvest, in full, the principal payments from maturing securities purchased under the PEPP during the first half of 2024. Over the second half of the year, it intended to reduce the PEPP portfolio by €7.5 billion per month on average and to discontinue reinvestments under the PEPP at the end of 2024.

As to refinancing operations, the Governing Council reiterated that since banks were repaying the amounts borrowed under TLTRO III, it would regularly assess how targeted lending operations and their ongoing repayment were contributing to its monetary policy stance.

The Governing Council reaffirmed that it stood ready to adjust all of its instruments within its mandate to ensure that inflation returned to its 2% target over the medium term. It recalled that the Transmission Protection Instrument was available to counter unwarranted disorderly market dynamics that might seriously threaten the smooth transmission of the monetary policy stance across all euro area countries. This would allow the Governing Council to more effectively deliver on its price stability mandate.

7 March

The Governing Council decided to keep the three key ECB interest rates unchanged. Although inflation had declined and most measures of underlying inflation had eased further, domestic price pressures remained high, in part owing to strong growth in wages. Financing conditions remained restrictive.

11 April

The Governing Council decided to keep the three key ECB interest rates unchanged.

Inflation continued to fall, and most measures of underlying inflation were easing. Financing conditions remained restrictive and the past interest rate increases continued to weigh on demand, which was helping to push down inflation. Nevertheless, domestic price pressures were strong and were keeping services price inflation high.

The Governing Council stated that if its updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission were to further increase its confidence that inflation was converging to the target in a sustained manner, it would be appropriate to reduce the current level of monetary policy restriction.

6 June

The Governing Council decided to lower the three key policy rates by 25 basis points. Accordingly, the interest rates on the deposit facility, the MROs and the marginal lending facility were decreased to 3.75%, 4.25% and 4.50%, respectively. The Council considered that the inflation outlook had improved markedly, underlying inflation had eased, and monetary policy had kept financing conditions restrictive. This was the first adjustment in official interest rates since September 2023.

In light of persisting domestic price pressures, the Governing Council reiterated that it would keep policy rates sufficiently restrictive for as long as necessary to ensure that inflation would return to its 2% medium-term target in a timely manner. The Governing Council restated that it would continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate level and duration of restriction. The Council added that it was not pre-committing to a particular rate path.

18 July

The Governing Council decided to keep the three key ECB interest rates unchanged.

While the incoming information broadly supported the Governing Council's previous assessment of the medium-term inflation outlook, domestic price pressures were still high, services inflation was elevated, and headline inflation was likely to remain above the target well into 2025.

12 September

The Governing Council decided to lower the DFR – the rate through which it steers the monetary policy stance – by 25 basis points. The Governing Council took its decision based on an updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission.

Additionally, as announced on 13 March 2024, changes to the operational framework for implementing monetary policy took effect from 18 September. In particular, the spread between the DFR and the interest rate on the MROs was set at 15 basis points. By contrast, the spread between the rate on the marginal lending facility and the rate on the MROs was kept unchanged at 25 basis points. Accordingly, the DFR was decreased to 3.50% and the interest rates on the MROs and the marginal lending facility were lowered to 3.65% and 3.90%, respectively.

17 October

The Governing Council decided to lower the three key ECB interest rates by 25 basis points, citing incoming information that the disinflationary process was well on track, as well as recent downside surprises in indicators of economic activity. Accordingly, the interest rates on the deposit facility, the MROs and the marginal lending facility were decreased to 3.25%, 3.40% and 3.65%, respectively, with effect from 23 October 2024.

12 December

The Governing Council decided to lower the three key ECB interest rates by a further 25 basis points. Hence, the interest rates on the deposit facility, the MROs and the marginal lending facility were decreased to 3.00%, 3.15% and 3.40%, respectively. The Council noted that the disinflation process was well on track and most measures of underlying inflation suggested that inflation would settle around the 2% medium-term target on a sustained basis. Although financing conditions were easing, they continued to be tight.

The Governing Council restated that it would continue to follow a data-dependent and meeting-by-meeting approach in determining the appropriate monetary policy stance. Moreover, whilst reiterating that it was not pre-committing to a particular rate path, the Governing Council dropped its restrictive bias with regard to policy rates.

As regards the APP, the Governing Council reaffirmed that the portfolio was declining at a measured and predictable pace, as the Eurosystem no longer reinvested the principal payments from maturing securities. As to the PEPP portfolio, the Governing Council recalled that it would discontinue reinvestments under this programme at the end of 2024.