ECB Nears 2% Inflation Target, Lagarde Confirms

The European Central Bank (ECB) is on track to achieve its 2% inflation target, ECB President Christine Lagarde stated in a recent video message. She emphasized that significant progress was made in 2024, and 2025 is expected to be the year when inflation stabilizes at the target level, in line with the ECB's strategy.

Over the past year, inflation in the euro area slowed down, even briefly dipping below the 2% mark in September. However, it has since risen slightly, with Lagarde cautioning that inflation may fluctuate in the short term. Despite this, the decline in inflation enabled the ECB to implement four quarter-point interest rate cuts, and economists anticipate another four reductions by June 2025.

Beyond inflation control, the ECB has a packed agenda for 2025. Key priorities include reviewing its monetary policy strategy, advancing the development of a digital euro, and redesigning euro-area banknotes. However, the banknote redesign is a longer-term project and is not expected to be completed this year.

With continued efforts, the ECB aims to ensure inflation remains stable at 2% in the medium term, while also tackling broader financial and monetary policy challenges in the eurozone.

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