

Historical Rate Hike Decision by the ECB

The European Central Bank raised interest rates for the first time in almost three years, concluding it can no longer wait out the Iran war as inflation pressures intensify. The deposit rate was lifted to 2.25% from 2%, as anticipated by economists and investors who foresee another quarter-point move in September. The ECB reiterated it won't pre-commit but said it remains well-positioned to navigate the current unpredictability. The outlook remains uncertain, with upside risks for inflation and downside risks for economic growth, it said in a statement. The implications of the war for medium-term inflation and growth will depend on the intensity and duration.

Read more explainers at: <https://www.economicstaan.com/explainers>