

Central Banks Unite in Global Inflation Fight

This morning, European Central Bank President Christine Lagarde announced a 75 basis point rate hike, boosting the ECB deposit rate from 0.00% to 0.75%. The largest increase in the history of the European Central Bank follows a 50 bp hike in July which brought the target rate up from -0.50% to 0.00, effectively ending the eight-year negative rate experiment. Clearly, with eurozone annual inflation now at +9.1% *and rising*, the ECB remains well behind the curve. Lagarde said today's move was intended "to dampen demand and guard against the risk of a persistent upward shift in inflation expectations." She also signaled that "several more" increases were on the way.

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