

Chances of Fed Hike Rise After Unwavering ECB Hikes 50

This morning, the European Central Bank (ECB) announced a 50 basis point hike in the Deposit Facility Rate, bringing its key overnight target to 3.00%. The half-point move had been widely expected for weeks, but was suddenly in doubt yesterday amid banking system health concerns.

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In somewhat of a surprise, the ECB *did not* provide any forward guidance of future rate hikes at the conclusion of the meeting, pledging only to be *data dependent*. However, ECB President Christine Lagarde made it clear in the post-meeting press conference that "inflation is projected to remain too high for too long," and said the executive board was *not waning on its commitment to fight inflation*.

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