

European Central Bank (ECB)

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Summary

Based on its regular economic and monetary analyses, the Governing Council at its meeting on 7 October continued to view the current key ECB interest rates as appropriate and therefore decided to leave them unchanged. Considering all the new information and analyses which have become available since its meeting on 2 September 2010, the Governing Council continues to expect price developments to remain moderate over the policy-relevant medium-term horizon. Recent economic data are consistent with the expectation that the recovery should proceed at a moderate pace in the second half of this year, with the underlying momentum remaining positive. At the same time, uncertainty is still prevailing. The monetary analysis confirms that inflationary pressures over the medium term remain contained, as suggested by weak money and credit growth. The Governing Council expects price stability to be maintained over the medium term, thereby supporting the purchasing power of euro area households. Inflation expectations remain firmly anchored in line with the aim of keeping inflation rates below, but close to, 2% over the medium term. The firm anchoring of inflation expectations remains of the essence.

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