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Transcript

Good afternoon, the Vice-President and I welcome you to our press conference.

The Governing Council today decided to keep the three key ECB interest rates unchanged. Inflation is currently at around our two per cent medium-term target and our assessment of the inflation outlook is broadly unchanged.

The new ECB staff projections present a picture of inflation similar to that projected in June. They see headline inflation averaging 2.1 per cent in 2025, 1.7 per cent in 2026 and 1.9 per cent in 2027. For inflation excluding energy and food, they expect an average of 2.4 per cent in 2025, 1.9 per cent in 2026 and 1.8 per cent in 2027. The economy is projected to grow by 1.2 per cent in 2025, revised up from the 0.9 per cent expected in June. The growth projection for 2026 is now slightly lower, at 1.0 per cent, while the projection for 2027 is unchanged at 1.3 per cent.

We are determined to ensure that inflation stabilises at our two per cent target in the medium term. We will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, our interest rate decisions will be based on our assessment of the inflation outlook and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. We are not pre-committing to a particular rate path.

The decisions taken today are set out in a press release available on our website.

I will now outline in more detail how we see the economy and inflation developing and will then explain our assessment of financial and monetary conditions.

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Economic activity

The economy grew by 0.7 per cent in cumulative terms over the first half of the year, on account of the resilience in domestic demand. The quarterly pattern showed stronger growth in the first quarter and weaker growth in the second quarter, partly reflecting an initial frontloading of international trade ahead of expected tariff increases and then a reversal of that effect.

Survey indicators suggest that both manufacturing and services continue to grow, signalling some positive underlying momentum in the economy. Even if demand for labour is softening, the labour market remains a source of strength, with the unemployment rate at 6.2 per cent in July. Over time, this should boost consumer spending, especially if, as foreseen in the staff projections, people save less of their income. Consumer spending and investment should benefit from our past interest rate cuts feeding through to financing conditions. Investment should also be underpinned by substantial government spending on infrastructure and defence.

Higher tariffs, a stronger euro and increased global competition are expected to hold growth back for the rest of the year. However, the effect of these headwinds on growth should fade next year. While recent trade agreements have reduced uncertainty somewhat, the overall impact of the change in the global policy environment will only become clear over time.

The Governing Council considers it crucial to urgently strengthen the euro area and its economy in the present geopolitical environment. Fiscal and structural policies should make the economy more productive, competitive and resilient. One year on from the release of Mario Draghi's report on the future of European competitiveness, it remains essential to follow up on its recommendations with further concrete action and to accelerate implementation, in line with the European Commission's roadmap. Governments should prioritise growth-enhancing structural reforms and strategic investment, while ensuring sustainable public finances. It is critical to complete the savings and investments union and the banking union, to an ambitious timetable, and to rapidly establish the legislative framework for the potential introduction of a digital euro.

Inflation

Annual inflation remains close to our target, edging up to 2.1 per cent in August from 2.0 per cent in July. Energy price inflation was -1.9 per cent, after -2.4 per cent in July, while food price inflation declined to 3.2 per cent from 3.3 per cent. Inflation excluding energy and food stayed constant at 2.3 per cent. Services inflation edged down to 3.1 per cent, from 3.2 per cent in July, while goods inflation was unchanged at 0.8 per cent.

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Indicators of underlying inflation remain consistent with our two per cent medium-term target. Year-on-year growth in compensation per employee was 3.9 per cent in the second quarter, down from 4.0 per cent in the previous quarter and 4.8 per cent in the second quarter of last year. Forward-looking indicators, including the ECB's wage tracker and surveys on wage expectations, suggest that wage growth will moderate further. Along with productivity gains, this will help keep a lid on domestic price pressures, even as profits recover from low levels.

Looking ahead, the staff projections see food inflation dropping from 2.9 per cent in 2025 to 2.3 per cent in 2026 and 2027. Energy price inflation is expected to remain volatile, but rise over the projection horizon, in part because of the start of the EU Emissions Trading System 2 in 2027. Inflation excluding energy and food is expected to fall from 2.4 per cent in 2025 to 1.9 per cent in 2026 and 1.8 per cent in 2027, owing to the stronger euro and declining labour cost pressures.

Most measures of longer-term inflation expectations continue to stand at around 2 per cent, supporting the stabilisation of inflation around our target.

Risk assessment

Risks to economic growth have become more balanced. While recent trade agreements have reduced uncertainty, a renewed worsening of trade relations could further dampen exports and drag down investment and consumption. A deterioration in financial market sentiment could lead to tighter financing conditions, greater risk aversion and weaker growth. Geopolitical tensions, such as Russia's unjustified war against Ukraine and the tragic conflict in the Middle East, remain a major source of uncertainty. By contrast, higher than expected defence and infrastructure spending, together with productivity-enhancing reforms, would add to growth. An improvement in business confidence could stimulate private investment. Sentiment could also be lifted and activity spurred if geopolitical tensions diminished, or if the remaining trade disputes were resolved faster than expected.

The outlook for inflation remains more uncertain than usual, as a result of the still volatile global trade policy environment. A stronger euro could bring inflation down further than expected. Moreover, inflation could turn out to be lower if higher tariffs lead to lower demand for euro area exports and induce countries with overcapacity to further increase their exports to the euro area. Trade tensions could lead to greater volatility and risk aversion in financial markets, which would weigh on domestic demand and would thereby also lower inflation. By contrast, inflation could turn out to be higher if a fragmentation of global supply chains pushed up import prices and added to capacity constraints in the domestic economy. A boost in defence and infrastructure spending could also raise inflation over the medium term. Extreme weather events, and the unfolding climate crisis more broadly, could drive up food prices by more than expected.

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Financial and monetary conditions

Since our last meeting short-term market rates have increased, while longer-term rates have remained broadly unchanged. However, our past interest rate cuts continued to lower corporate borrowing costs in July. The average interest rate on new loans to firms moved down to 3.5 per cent in July, from 3.6 per cent in June. The cost of issuing market-based debt was unchanged, at 3.5 per cent. Loans to firms grew by 2.8 per cent, slightly more strongly than in June, while the growth of corporate bond issuance rose to 4.1 per cent from 3.4 per cent. The average interest rate on new mortgages was again unchanged at 3.3 per cent in July, while growth in mortgage lending picked up to 2.4 per cent, from 2.2 per cent.

Conclusion

The Governing Council today decided to keep the three key ECB interest rates unchanged. We are determined to ensure that inflation stabilises at our two per cent target in the medium term. We will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. Our interest rate decisions will be based on our assessment of the inflation outlook and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. We are not pre-committing to a particular rate path.

In any case, we stand ready to adjust all of our instruments within our mandate to ensure that inflation stabilises sustainably at our medium-term target and to preserve the smooth functioning of monetary policy transmission.

We are now ready to take your questions.

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Economists believe the ECB's easing cycle is over. With the outlook broadly unchanged, as you mentioned, would you say they're right and would you say everybody on the Governing Council agrees on that assessment? My second question is about inflation. You mentioned a whole bunch of inflation risks. Would you say they are balanced?

Let me say this: the disinflationary process is over, and I'm referring here to the causes for inflation that we have experienced in the last few quarters. So, in anticipation of the possible questions, are we still in a good place? Well, we continue to be in a good place. Now, why do I say that? Because inflation is where we want it to be. Latest reading: 2.1%, 2%to 2.1%. Medium-term outlook: on target. The domestic economy is showing resilience, the labour market is solid, and risks are more balanced. But when I say that we are and continue to be in a good place, am I saying that we are on a predetermined path? No. Because in the same

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breath of air, I say that we decide meeting-by-meeting, that we are data-dependent and that we will decide accordingly in order to make sure that we stay in a good place. So I hope I'm making myself clear in that respect. We continue to be in a good place, but we are not on a predetermined path and we will take stock, meeting-by-meeting, to look at all the data – the outlook, the projections – that we receive in order to make sure that we stay in a good place. Does everybody agree with that? I never want to overstretch the general agreement in the room, but we had a unanimous decision by the Governing Council today to leave all three interest rates unchanged. And we discussed, of course, the projections. We discussed the risks, but I think that what I have just formulated for you is something that was agreed unanimously around the table. On your second question, which deals with the risks to inflation, we don't actually narrow down the risks to inflation exclusively. We assess the risks on activity, on growth. And that's where we say in our statement that risks are more balanced. But we don't nail down a risk diagnosis on inflation in isolation. But I'd be happy to come back to why we are more balanced. Maybe somebody else will ask that question.

I will just follow up on that question. Why do you think risks are more balanced now, given the uncertainty still, which we see elsewhere in the world? And of course, I need to ask you about France. We've seen, of course, that the political situation and the unstableness of the country has driven bond yields quite high. How concerned are you about a déjà vu, which we had some years ago? Not with France, but with other countries.

You have to go back to where we were back in June, where we do the assessment of risk on the basis of the projections. And if you walk back to June, we had a highly uncertain situation. It was post-April 9, sure, but it was pre-July and certainly pre-August 21 when a deal was agreed and documented, however it was documented. And as a result of that, I think that two things have clearly moved out of our radar screen when it comes to downside risks. The first one is the risk of European retaliation. That was factored into our June projection and that was considered as one of the risks in a trade war, as we had it at the time in terms of fear. The second thing is the uncertainty, what we call trade uncertainty. That has clearly diminished, and we can see that in the instruments that we use to measure uncertainty. It has not gone back yet to where it was pre-COVID. It's not the normal level, and maybe there will not be a normal level. That's something that we really have to consider and take into account for future determination. It could well be that there was a reset in uncertainty around the world because of the trade situation and because of the geopolitical environment in which we operate. But the trade uncertainty has abated since June, when we had our last projection. So that's really what is at the root of this more balanced indication. It's not to say that risks have vanished. It's not to say that we are short of challenges. There are new risks probably. There might be new ones. There will be new challenges, which really anchor our determination to work meeting-by-meeting and to assess each and every time what the situation is. We are post our new strategy, and you will remember that one of the innovations in our new strategy is that we not only look at the baseline but we look at and discuss the risks around the baseline on the basis of work that is sometimes published, sometimes not necessarily published. There are certain things that we keep to ourselves, yes. We publish a lot. We share a lot, but not sensitivity analysis. And sometimes we do publish the scenarios,

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for instance, sometimes we don't because we don't think it's absolutely relevant or helpful, but at least it informs our judgement. On your second question, I'm not going to comment on individual countries. I avoid that because we are the European Central Bank. We are not narrowing our judgement on a particular country. But I would say that I'm confident that the policymakers, that those who make decisions, will take it to heart in that period of uncertainty to reduce uncertainty as much as possible. There is also a set of rules – that is the fiscal governance, the fiscal framework, the internal rules of the European countries – and the Member States have to adhere to it and to deliver against it. And I'm sure that all governments, wherever located, will want to operate on the basis of that fiscal framework.

You said that inflation is projected to be at target over the medium term, yet the projection for 2027 is at 1.9%, so below 2% for the second year in a row. So where does below target start? And the second question is again about France. In terms of the specific rules of TPI, how far are we from a disorderly and unwarranted move on the bond market?

Let's go to the inflation projections, if you will, because that's your first question. We have projections for 2025, 2026 and 2027. For 2025 and 2026, we have increased by 0.1 percentage point our projection. So for 2025, our projection is now 2.1%, and we've increased it by 0.1 percentage point. In 2026, we are now at 1.7%. In 2027, we are at 1.9%. And, first of all, it's a big 1.9%, I hasten to add. But it's really on account of the exchange rate impact with the lag effect that it usually has, and this is factored into our projections. That explains to you the fat 1.9%. We have indicated very clearly in our strategy that minimal deviations – if they remain minimal and not long-lasting – will not necessarily justify any particular movement. On the second question that you asked me, and this relates to France I suppose, I'm going to tell you the same thing. I'm not commenting on any particular country. But suffice to say that we always monitor market developments, and euro area sovereign bond markets are orderly and are functioning smoothly with good liquidity. That's what we see. Our focus is, as you know, price stability, but we need financial stability for that, and it requires a well-functioning monetary policy transmission mechanism. And we believe that we have all the necessary tools, if needed, should that transmission not prove efficient throughout the entire euro area.

Do you consider that quantitative tightening significantly contributes to the monetary policy stance, and to what extent does it reinforce tighter financial conditions or not? And do you consider that a widening of certain spreads relative to German bonds will pose a serious threat to the transmission of monetary policy, and in such a case could this trigger the use of the TPI even in case of major fiscal challenges for some countries?

On your first question, in the situation where we are of this disinflationary process and having increased rates from minus 50 basis points to 400 basis points, the most efficient and primary tool that we use for monetary policy stance is the interest rates. And we have cut interest rates by 200 basis points over the last 12 months or so. The fact that we are not reinvesting and that we are letting our portfolio on a run-off mode is proceeding smoothly. We had telegraphed it very carefully. It was anticipated, it was predictable, and I think that everyone

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who cares about those issues knows exactly how this proceeds and what very limited impact it has. That's a resolution that that we have made, that we have explained very clearly to markets and it is proceeding accordingly. As I said, we are always monitoring financial market developments. As I said as well, euro area sovereign bond markets are orderly and are functioning smoothly with good liquidity. If you observe the spreads, they have considerably tightened over the course of the last two years, and the spreads relative to bonds have a rather limited width between the other Member States relative to German bonds.

You welcomed the Bulgarian governor, Dimitar Radev, as an observer until 1 January, when Bulgaria will become the next eurozone member. How do you see the benefits and the risks of Bulgaria becoming part of the eurozone regarding maybe inflation and deficits, and how do you see the Bulgarian input in terms of monetary policy decisions?

You give me a chance to say something that I wanted to say in the first place, which is that on the occasion of this Governing Council meeting, we had a chance to welcome two new members around the table. The first one was the new governor of Austria, Martin Kocher, who has joined us to replace Mr Holzmann, and the other person that we greeted at the table was indeed Dimitar Radev, the governor of the national central bank of Bulgaria. I would like to welcome those of you from Bulgaria, because I know that there are a number of you who are present in the room, and I hope your colleagues will welcome you, but I certainly welcome you and I know that you are spending a little bit of time with us and it's very, very welcome because it's wonderful to accept and to include a new member around the table of the Governing Council and to have Bulgaria join the euro area and share our currency, which is now yours, as of 1 January. Having said that, you bring me back to more than a couple of decades ago, when all of us moving into the euro from wherever we were – the Deutsche Mark, the franc, the lira, the peseta. We had this anxiety. What was that change going to be about? Would it work? Would it function instantly? The surprise was to the upside, I can assure you. It worked. It removed this nightmare of having to change from your local currency to another currency if you wanted to either travel, transact or conduct any kind of business with other members of the European Union that are part of the euro area. So exchange was facilitated. Why was that? Because of stability. And that's really the core mandate of the ECB: to provide price stability. And the fact that inflation is very precisely targeted for the medium term and that our monetary policy is aiming and taking all the necessary steps in order to deliver on our commitment to target is something that all Member States benefit from. It requires on the part of those in charge of monetary policy to participate in the discussion, so Bulgaria has a view and can express it, and I trust Governor Radev to do so; Bulgaria has a voice, so you can comment on any monetary policy decisions and any decisions by the European Central Bank, which is becoming yours and part of your fabric; and Bulgaria has a vote. Every member around the table – each of the 21 members – has a voice which is regarded, considered and respected exactly as the voice of the other ones, no matter how small or big the country. And I can assure you that in sharing those meetings and organising the consultations, I respect that principle to the letter. I regard it as truly important. So stability for price purposes, stability for monetary purposes. You are already part of the supervision mechanism that we have under the SSM, so you know about the stability of the

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financial system that is supervised by the SSM, but I think the cooperation and the collaboration will be even closer as of 1 January. There's one point that I would like to make, and that happens regularly. Upon joining, everybody has to convert from lev to euro, as we had to convert from Deutsche Mark, franc, lira, etc. into euro. Sometimes, at the time of conversion, some shopkeepers and retail merchants take the opportunity of that conversion to increase a little bit the price that is charged for the same service. It happens. But I think you have tools, because my understanding is that since August you have a converter and the necessary flagging of the price in lev and the price in euro, and therefore consumers can check whether the conversion is correct. And if there is some discretion on the part of the shopkeepers and the retailers to add on, then certainly it's for the authorities to enforce the rule of strict conversion. And I very much hope that the authorities do that because it's the rule and it needs to be enforced. But we look forward to having you. And don't forget: being part of this market of 350 million people, your destination, whether it's for vacation or whether it is for investment, has a different face. The costs and the risks are in euro.

My first question is on the burden of proof in your data-dependent framework. It felt to many that until June, the burden of proof was that data needed to disappoint or to surprise in one way or another to prevent another rate cut, whereas now it feels that the burden of proof is that data have to surprise to potentially justify another rate cut. Is this a fair assessment from your point of view, or how would you look at that? And my second question is a conceptual question on bond spreads and the European government bond market. Your communication on TPI is pretty clear and says you want to address disorderly, unwarranted market dynamics that undermine the transmission mechanism. How do you think about orderly and justified disruptions to bond spreads that may also undermine monetary policy transmission? I think the TPI doesn't really address this question, and I think it would be good to get some understanding of the Government Council's thinking on that one.

As to whether the burden of proof is here or there to justify up or down or hold. I think there were many governors around the table who, after a good discussion on the inflation outlook, the underlying inflation, the strength of transmission and the risks – there was a good discussion on risks – said "Look, let us not over-engineer, please." And I think they have a point. You give me a chance to actually make another point, which is slightly different. We are very lucky so far – and I hope that stays the same – to have data whose integrity is not challenged. I think the integrity of the data that we receive from the statistics offices of the Member States and that are compiled by Eurostat – despite the trauma that we have seen a few years ago out of Greece, which I think has been a lesson for all of us – is very high, and this is valued by all of us. We take all of that – the data that exist, the projections that we receive, the detailed analysis, the granular details in which we go down to understand underlying inflation, the assumptions that we make on the price of oil, on the price of gas, on the price of commodities, the exchange rate – and we factor all that in. And it's on the basis of that mass of data that we try to organise as best as we can to see how it impacts inflation and how it helps us transmit our monetary policy stance that we decide. So I think that I would betray my governors on the Governing Council if I was to enter with you in that rather

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circumvoluted discussion about the burden of proof, which I was very familiar with in my legal days, which were of a slightly different nature. So I think let's not over-engineer. Let's look at all the data. Let's look at all of them when they come, decide on a meeting-by-meeting basis and make sure that we can continue to be in a good place with the decisions that we need to make at each meeting. On your second question, you're very familiar with TPI and we have given a host of details and terms and conditions under which it operates. It's to be found in the press release that we issued back more than three years ago at the time when it came out. And you have to remember always that there is a set of criteria, there is a market assessment and then there is the decision of the Governing Council. So it's in no way cast in stone. It's not a straightjacket, and the discretion of the Governing Council always exists. Now, having said that, this is an explanation about TPI, because TPI was not discussed at all in the course of our Governing Council meeting.

Firstly, I would like to come back to the inflation outlook. Last week, Isabel Schnabel again explained in detail why she sees the balance of risks tilted to the upside. You said you didn't discuss the topic so much today, but can you tell us: did more governors today share Isabel Schnabel's view compared with July? Could you share some brief insights with us? And secondly, in July your communication was interpreted as more hawkish. Were you surprised by that and do you feel comfortable with the fact that markets are now less likely to factor in further interest rate cuts?

That is three questions, so I will discount your third one. Two is already a stretch, but three no. As I just said, particularly because we have now agreed on the strategy review and that one of the changes that we have all agreed on is to discuss around the baseline the risks, we had that good discussion of risks: risks to growth, risks to inflation. We do not ever settle on risks to inflation as to whether it is to the upside or to the downside. We mention a number of factors that constitute risks to the upside and risks to the downside. And this is all highly technical and subtle, because depending on where you are and where you want to be, those risks to inflation to the downside or to the upside are either good or bad. That is a bit circumvoluted. But we do have those discussions, and we did have it yesterday and this morning, and it resulted in the risk paragraph that you have in the monetary policy statement, which starts with – and I will quote it for you– "risks to economic growth have become more balanced". And I tried to explain why we came to this conclusion as compared with risks to the downside, which was incorporated in our June monetary policy statement. It relates predominantly to the trade situation and the risk level resulting from no agreement, an agreement, possible retaliation and no retaliation. This was clearly a trigger to say that it is more balanced. I'm sure that you will hear people say "Well, it's more balanced but a bit to the downside". Of course. But risks are going to arise. Some of them will be new. Challenges will be new. And there are reasons to fear and there are reasons to hope. And what we're saying here is that it is more balanced now than it was back in June. I've lost sight of your second question, but I think you said I was interpreted as being hawkish. I remind you that I'm neither a hawk nor a dove, I'm an owl. For our Bulgarian colleagues, when I first took this job, I was instantly asked as to whether or not I was a hawk, the hard liner, or a dove, the softer liner. And I said neither, I'm an owl, because I want, number one, to see everything that

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happens around me. It's not 360 degrees, but it's a pretty large diameter that I can look at, and I want to come to my conclusions having heard all colleagues around the table. And I think that during my July communication, I expressed exactly what was felt by a very large majority of the governors around the table. And I think I've repeatedly said that we continue to be in a good place, which does not mean that we are on a predetermined path because we have to decide meeting-by-meeting, because we are data-dependent and because we have to face the risks and challenges that are coming.

My first question is on the resilience of the euro area economy. How far is this resilience one of the reasons for holding rates unchanged? And my second question, if I may, is still on the good place where the ECB is. Could we also think that it could be a pause in the direction of a rate cut in the sense that there is a direction of travel, which is an expression you used in the past?

Thank you for your fidelity in attending and in remembering the words that I've used in the past. You are right to refer to the resilience of the euro economy, and as an example of that the fact that we had over the first half of 2025 0.7% growth is quite indicative of that resilience. Now, some would argue "No, you had a big frontloading in the first quarter and a big payback in the second". And I would submit that this is not actually the case. There was frontloading, but the unexpectedly high number that we had during the first quarter was partly frontloading but was also partly investment and consumption. And if you look at the second quarter, which is higher than we had anticipated, if you take out Ireland – we tend to take out Ireland not because we don't like Ireland, but because sometimes it's a bit of an outlier for reasons that many of you understand – the contribution of consumption and investment to growth was 0.2%. So a good first half. We know that there are headwinds and there will continue to be headwinds to growth, but I remind you that we have revised upward our growth projection for the whole of 2025 from 0.9% to 1.2%. So it's a 30% increase, when you think about it. But there will be headwinds, and that is reflected in the slight adjustment that we made for 2026. We revised down growth for 2026 by 0.1 percentage point and we left 2027 unchanged. And we believe that there will be positives for growth that result from the real disposable income that people have and will continue to have from a very strong labour market. We project the labour market to have a 6.1% unemployment rate in 2027, for instance. We also believe that for savings, which are still very high at about 15% – this is not a given – there is a likelihood that those savings decline and will therefore help with additional consumption. Added to which there will be significant investment, and public investment in particular, on the part of those countries that want to increase their military spending and increase their infrastructure spending. The Recovery and Resilience Fund will continue to be disbursed until the end of 2026, and the military expenses will pick up the baton from there – probably a little earlier than that actually – and will contribute to growth. So those are essentially the reasons that we see on the upside. There are downsides. As I said, there will be headwinds, no question about that, and you can include in that more trepidation in trade, the strength of the exchange rate and what have you. And this is factored into our projections, by the way. I'm not going to characterise it as pause, hold, direction of travel. I think all of that is swept away by the principles that we have agreed, which is to be data-dependent, to

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decide meeting-by-meeting, to not have a predetermined path and to really look at the inflation outlook, meaning baseline plus associated risks, underlying inflation and the strength of transmission. This is our mechanism, this is our framework and this is how we try to think and to anticipate our monetary policy stance going forward to continue to be in a good place.

I'd first like to follow up on my colleague's question that he couldn't manage to get in about markets now being even more happy or certain maybe that the easing cycle is already over and that the terminal rate is 2%. Are you happy with this expectation? And my second question is: how much of a slowdown in the US economy would be necessary before it significantly affects the euro area economy and therefore the monetary policy of the ECB?

I don't have to be happy or unhappy. I think that markets do what they have to do, and we do, as the central bank, what we have to do. Now, of course, as I said, we monitor markets always and, as you know, also as part of our projections, we account for market positions at a certain point in time. So, in a way, we also factor into our assumptions a particular situation. I'm not going to repeat one more time what I have said about where we are, where we continue to be, where we want to continue to be, which will require that each and every time we take stock, we look at data and we determine what monetary policy stance is appropriate to continue to be in a good place. That's the course that we will take invariably. Now, we have discussed the situation of the global economy and global growth. And obviously we look at the United States, we look at China, we look at Japan, the rest of the world. And I think on the United States, there are two stories. You have the stories of the slight decline, possible more decline, but you also have the story of productivity, of artificial intelligence, of the Magnificent Seven. So I think that we need to bring all of it together and see what spillovers there will be to our economies as a result. But the key focus at the moment as far as the United States-Europe relationship is concerned is really on trade and how much more we are going to learn of this trade situation and the repercussions that it will have, taking into account the overall spread of the tariff changes that have taken place and will continue to take place.

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