

ECB decision in charts

ECB stays put for a little longer

Assessment of the ECB meeting of February 05, 2026

Economics

February 6, 2026

Highlights of the ECB Governing Council meeting on February 05, 2026 (Part I)

At its meeting on February 05, the ECB has stayed put as expected and left the deposit facility rate and the main refinancing rate at 2.00% and 2.15%, respectively.

ECB President Christine Lagarde described the risks to inflation and growth as broadly balanced but within a rather wide range. The stronger euro has been discussed and is part of the baseline scenario of the ECB. She stuck to the data-dependent and meeting-to-meeting approach and there was no hint towards any move in interest rates over the next months, either up or down.

While there has been a surprising slump in inflation from 2.0% to 1.7% in January, Lagarde insisted that this is only a monthly data point which does not change the ECB's baseline scenario, which is that inflation is heading towards the 2% target over the medium term. In an interesting point, Lagarde mentioned that the ECB will send out a letter to the Heads of State and Government which will meet on February 12 to invite them to make progress on structural European reforms, including the digital euro.

Bottom line: Overall, while Lagarde's communication was cautious, given the very low inflation reading the chances for the ECB staying put for a while longer or even reducing its policy rates have increased somewhat. One wild card to this are certainly the energy prices which were very volatile over the last few weeks due to weather conditions and the Iran tensions.

Highlights of the ECB Governing Council meeting on February 05, 2026 (Part II)

Highlights (quotes come from ECB President Christine Lagarde):

On risks to inflation and growth: “We are not seeing a reduction in the range of risks. [...] The risks [to inflation and growth] are broadly balanced”

Note: Lagarde sounded rather optimistic with respect to growth, emphasizing that “investment is the big story”, not only in the public sector but also in the private sector, much of it in ICT (Information & Communication Technology) including AI-related industries. With respect to inflation, Lagarde focused on the slowing wage growth. And while inflation is currently undershooting the target, this has been expected in the September forecast (before revising this forecast upward), according to Lagarde. Thus, this development does not lead to any change to the assessment that inflation will reach its target over the medium term.

On EUR/USD: “It’s a topic that we touched and that we explored. [...] The impact of the euro exchange rate is incorporated in our baseline.”

Note: After the short spike of the EUR/USD to 1.20 the FX rate calmed down again. With this Lagarde argued that the appreciation happened not over the last few days but since March and that this was incorporated in the forecasts. However, the fact that the ECB has discussed this matter, which usually is not done, is a message in itself: It means that the ECB does care about the FX rate and that a significant appreciation would change the outlook for inflation and growth downwards.

Highlights of the ECB Governing Council meeting on February 05, 2026 (Part III)

On the labor market: “The labor market is certainly not in a difficult situation.”

Asked for her assessment of the labor market, Lagarde pointed out that many labor market indicators are lagged, but that participation has increased, that vacancies are growing at a slower rate than in the past, and that “unemployment is almost at rock bottom” (down to 6.2% in December from 6.3% in November). She seemed to be bullish on the labor market which does not seem to fit what is being experienced especially in the German manufacturing sector.

On the nomination of Kevin Warsh as Fed chairman: “I very much welcome his appointment”

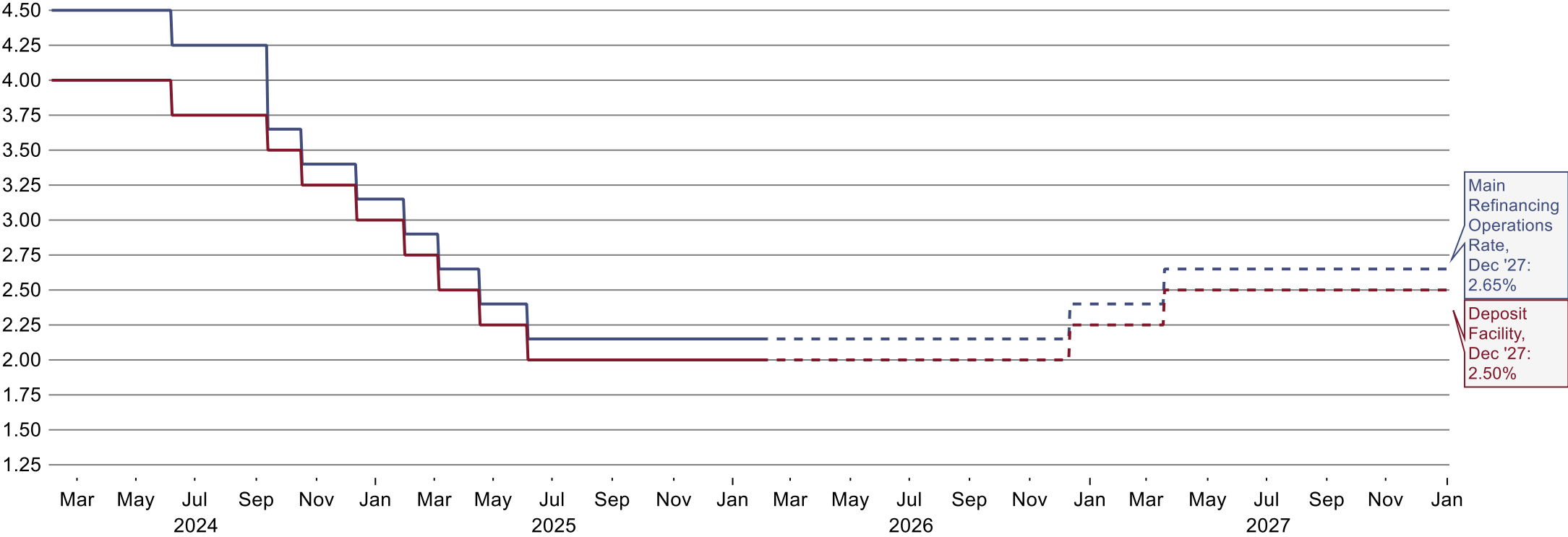
Note: Lagarde said that she knew him from the time when she was Finance Minister in France, but had nothing to add and did not go into the subject of political independence of the Fed.

On a letter to the European Heads of State and Government, the EU Commission and the European Council: “We will send [this letter as a kind of] checklist to unleash the strength of Europe.”

Note: This is an unusual and highly political move. The checklist, which will be sent on the occasion of a meeting of the European Heads of State and Government on February 12, will include the recommendation to deepen the savings and investment union, to foster innovation, to bring forward the digital euro, to deepen the single market, to simplify the legislation and constitutional framework, among other things. It shows that the ECB is worried about the limited progress in these matters. It is not clear if this political statement might be seen as an inadmissible interference into matters by some governments.

Interest rate forecast by HCOB Economics: We expect the ECB to hold policy rates steady for a while, with its next move being a hike in H2 2026.

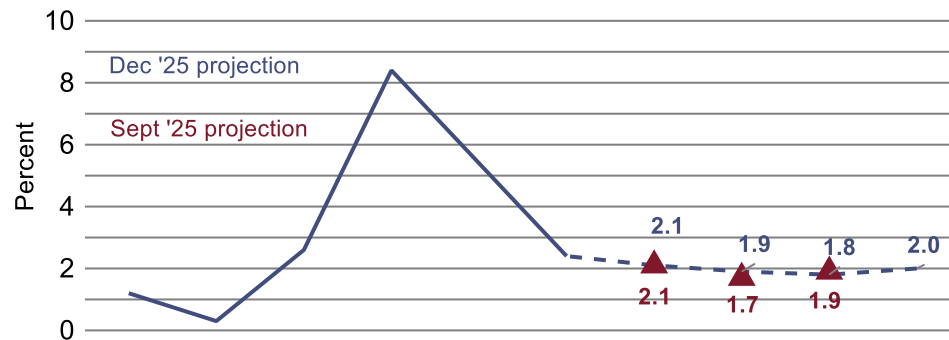
ECB policy rates and forecasts of HCOB Economics



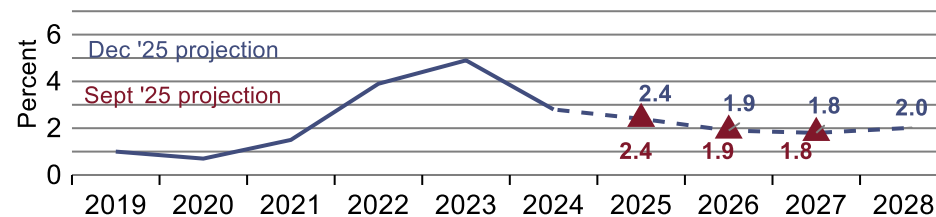
Source: Macrobond, HCOB Economics

December ECB projections: The GDP growth projection was revised upward for 2025-2027, while the headline inflation projection was revised upward for 2026.

Euro Area, ECB Macroeconomic Projections, Inflation HICP YoY (yearly average)

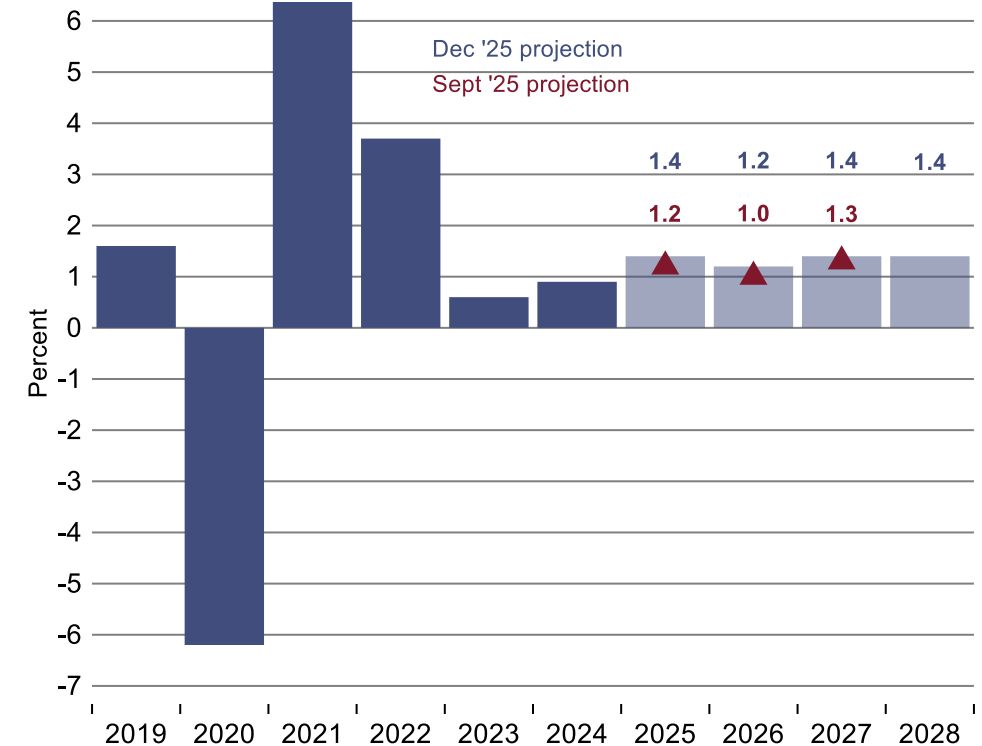


Euro Area, ECB Macroeconomic Projections, Inflation HICP core (ex energy and food) YoY (yearly average)



Source: Macrobond, HCOB Economics, ECB (European Central Bank)

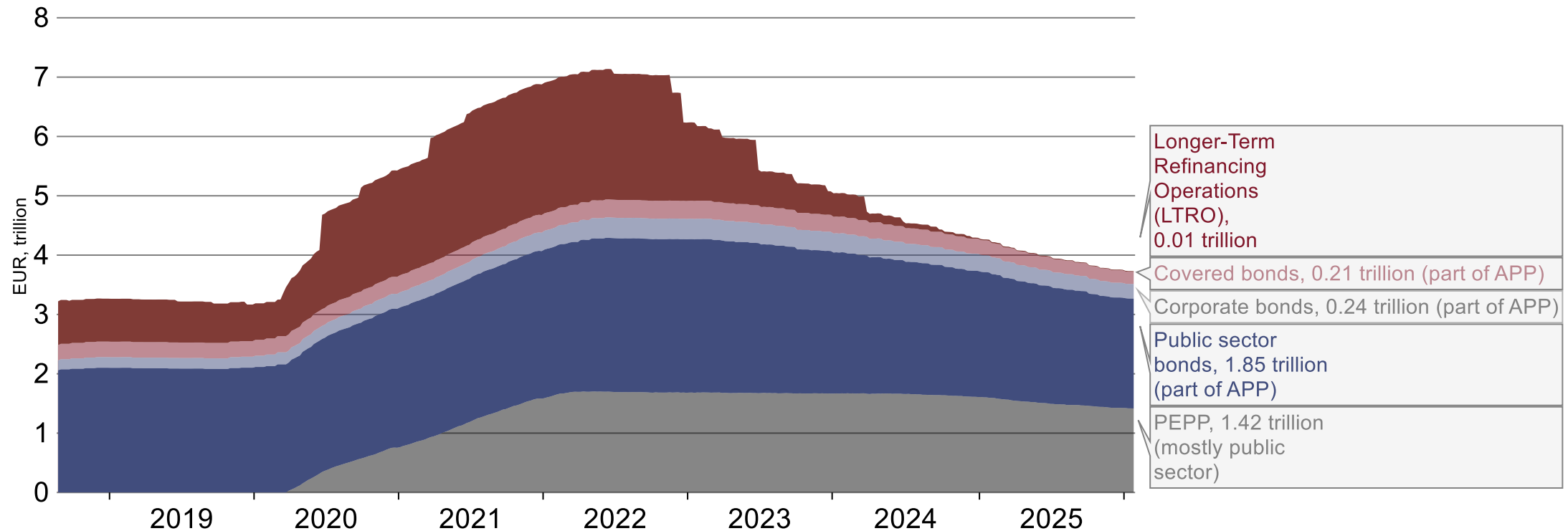
Euro Area Staff Projections, GDP



Source: Macrobond, HCOB Economics, ECB (European Central Bank)

“Quantitative tightening”: The tapering of the PEPP began in July 2024.

Balance sheet of the ECB, total assets, (ex gold and fx), in trillion Euro



Source: Macrobond, HCOB Economics, ECB

Monetary policy instruments at a glance

- **Key interest rates (with effect from June 11, 2025)**
 - Main refinancing rate: 2.15%
 - Deposit facility rate: 2.00%
- **APP (asset purchase programme)**
 - Since July 2023, the maturities have no longer been reinvested, meaning that the portfolio is now shrinking by an average of €25 billion per month.
- **The PEPP (Pandemic Emergency Purchase Programme) was already terminated on a net basis in March 2022.**
 - Budget: €1.85 trillion, of which €1.70 trillion was utilised.
 - Decision of 14 December 2023: Full reinvestment of PEPP assets by June 2024 From July to December, the ECB will reduce the PEPP portfolio by an average of €7.5 billion per month. The Governing Council of the ECB intends to discontinue reinvestments under the PEPP at the end of 2024.
- **TLTRO (Targeted Longer-Term Refinancing Operations)**
 - TLTRO III: Old programmes expired 2024
- **Transmission protection instrument (TPI)**
 - According to the ECB, this programme can be activated in the event of “unwarranted, disorderly market dynamics” that pose a “serious threat to the transmission of monetary policy.”
 - The activation means that bonds from certain eurozone countries can be purchased without a fixed volume limit.
 - The ECB has formulated conditions under which the TPI can be used (including compliance with EU financial regulations).

Voting rights (rotation procedure among the central bank governors)

Position	ECB Council Member	9/11/2025	10/30/2025	12/18/2025	2/5/2026	3/19/2026	4/30/2026	6/11/2026	7/23/2026	9/10/2026	10/29/2026	12/17/2026
President of the ECB	Christine Lagarde	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Vice-President of the ECB	Luis de Guindos	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Member of the Exec. Board	Frank Elderson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Member of the Exec. Board	Philip R. Lane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Member of the Exec. Board	Piero Cipollone	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Member of the Exec. Board	Isabel Schnabel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
NCB Governor of												
Belgium	Pierre Wunsch	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗
Germany	Joachim Nagel	✓	✗	✓	✓	✗	✓	✓	✓	✓	✓	✓
Estonia	Madis Müllner	✓	✓	✓	✗	✗	✓	✓	✗	✓	✓	✓
Ireland	Gabriel Makhlof	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
Greece	Yannis Stourmaras	✗	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓
Spain	José Luis Escrivá	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓	✓
France	François Villeroy de Galhau	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓
Croatia	Boris Vujčić	✗	✓	✓	✓	✗	✗	✓	✓	✗	✓	✓
Italy	Fabio Panetta	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓
Cyprus	Christodoulos Patsalides	✗	✗	✓	✓	✗	✗	✓	✓	✗	✓	✓
Latvia	Mārtiņš Kazāks	✗	✗	✓	✓	✓	✗	✓	✓	✗	✗	✓
Lithuania	Gediminas Šimkus	✓	✗	✓	✓	✓	✗	✓	✓	✗	✗	✓
Luxembourg	Gaston Reinesch	✓	✗	✓	✓	✓	✗	✓	✓	✓	✗	✓
Malta	Alexander Demarco	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓
Netherlands	Olaf Sleijpen	✗	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗
Austria	Martin Kocher	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗	✓
Portugal	Álvaro Santos Pereira	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓
Slovenia	Primož Dolenc	✗	✗	✗	✓	✓	✓	✗	✓	✓	✓	✗
Slovakia	Peter Kažimír*	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✗
Finland	Olli Rehn	✓	✓	✓	✗	✓	✓	✗	✗	✓	✓	✗
Bulgaria	Dimitar Radev	✗	✗	✗	✗	✓	✓	✓	✗	✓	✓	✗

*Although Kažimír's term ended in June 2025, he remains in the ECB Governing Council with full voting rights, in accordance with Slovak law, which allows the incumbent to stay in office until a successor is appointed.

Links to the documents of the ECB meeting of February 05, 2026

Main page:

[European Central Bank \(europa.eu\)](https://www.europa.eu)

Further links to the current session:

[Combined monetary policy decisions and statement](#)

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Editorial deadline for this issue: February 6, 2026

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