

MNI ECB Review: June 2025

Executive Summary

- The ECB cut its three key rates by 25bps, including the deposit rate to 2.00% as fully expected.
- The decision statement was unsurprisingly non-committal.
- New forecasts showed a sharper than expected drop in HICP inflation for 2026, but it was mostly on energy whilst core inflation and GDP growth for 2026 was marked down a tenth for exactly in line with the median analyst reviewed by MNI.
- President Lagarde gave a clearly more hawkish/congratulatory tone in the press conference however, noting policy is well positioned and that “we are getting to the end of a monetary policy cycle that was responding to compounded shocks.”
- Released after the press release, a new approach at providing scenario analysis didn’t move markets.
- A Bloomberg sources piece that officials envisaged a pause in July echoed market pricing.
- The main change today has been a notable hawkish shift in ECB pricing, unwinding some recent dovish moves on data, with September pricing drifting to 14-15bp vs an equivalent 20bp yesterday.
- There is only just about one cut priced for the rest of this year, in December.

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MNI View: Lagarde Sees The End Of The Easing Cycle

Jun 5, 2025 - By Chris Harrison and Emil Lundh

The ECB cut its three key rates by 25bp as unanimously expected and fully priced, including taking the deposit rate to 2.00% for the middle of its 1.75-2.25% estimated neutral range. There was one dissenter after April’s unanimity.

The decision statement was unsurprisingly non-committal. There was a small initial rally in rates on it, which we think stemmed from the economic projections showing a sizeable miss of analyst expectations for HICP inflation in 2026 (0.2pps lower than the median we’d seen of 1.8% after the 1.9% from March). However, reaction was rightly contained by 2026 forecasts for core inflation (1.9% after 2.0%) and GDP growth (1.1% after 1.2%) which more importantly were as expected. One small dovish change in the statement was the removal of “The euro area economy has been building up some resilience against global shocks, but the outlook for growth has deteriorated owing to rising trade tensions” although that had already been caveated by its second half.

The press conference portrayed a more hawkish and self-congratulatory tone however and saw a marked sell-off in rates. Lagarde heavily hinted at a pause ahead even if she wasn’t confirming that “here now”. Policy was described multiple times as being well positioned. There were still references to deciding on a meeting-by-meeting basis and being data dependent but the bar for near-term cuts appears to have increased notably. See the below snippets from the press conference, with the full MNI transcript further below.

- “With today’s cut at the current level of interest rates, we believe we are in a good position to navigate the uncertain conditions that will be coming up.”
- “I think we are getting to the end of a monetary policy cycle that was responding to compounded shocks, including COVID including the illegitimate war in Ukraine and the energy crisis”
- “I think we have done that decently well. We are currently around 2% inflation, expectations are well anchored around 2% and those elements that I told you repeatedly over the few last conferences was of concern to us (inflation on services, evolution of wages, evolution of profit), those three elements are coming really in line with what projections were in order to deliver on our 2% medium term target.”
- “We are in a good place. I think we are well positioned, as you know, after that 25bp cut and with the right path as it is. We are in a good place. We will face uncertainty. We do not know what the outcome of the negotiations will be between the various partners. We don’t know the level of retaliation that might be decided. Which, incidentally, is not included in our baseline as you will see published later on.”

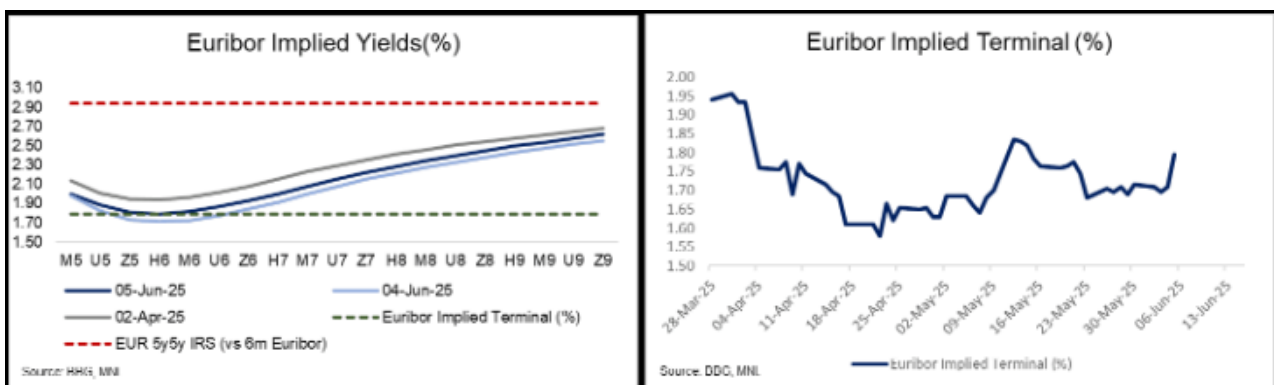
- “I used the direction of travel concept when we were really at a distance from our medium term 2% target. Underlying inflation, core inflation, this is hardly moving, and it's at around our target. So there's no point talking about the direction of travel. There's no point talking about sideways.”
- [Discussion over a hawkish scenario not included in published scenarios] “I would mention one [scenario] that we discussed quite extensively during the Governing Council, which is the disruption of the supply chain that is not included in any of our scenarios.”
- Lagarde finished the press conference by reflecting on the work done in the last six years, including a very solid labour market, and last year's recession fears not materialising.

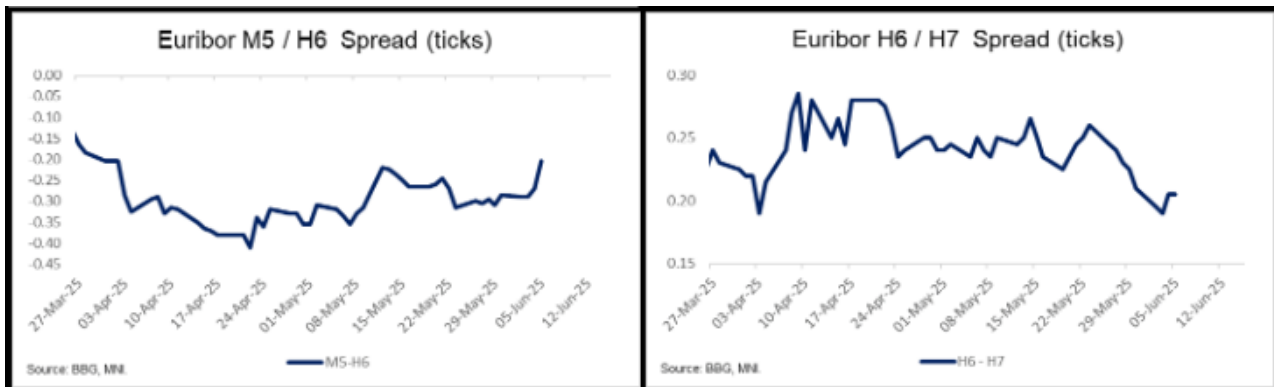
Developments in trade policies, data and also the euro are clearly going to have a large say on near-term rate cut prospects, with a next cut only roughly priced for December. We suspect the 14-15bp of cumulative cuts priced for September (vs an equivalent of ~20bp yesterday) are at risk of rebuilding again, with a better look at how uncertainty is affecting the economy with the US tariff moratorium in July still to be seen.

Front-End Of Euribor Strip Bear Flattens; H6 Still Implied Terminal

The action in the Euribor strip following today's hawkish leaning ECB decision has been concentrated at the front-end. The Euribor implied terminal rate is still indicated by the H6 contract, but has climbed to 1.80% from yesterday's 1.71% after Lagarde stressed that policy is in a “good position to navigate the uncertain conditions that will be coming up”.

- The M5/H6 spread has bear steepened, now at -20.5 ticks from a -27.0 tick close yesterday.
- Lagarde downplayed the downgrade to the ECB's June inflation projections, noting the important role of energy prices and the exchange rate. Meanwhile, she said that the growth impact of US tariffs will “impact predominantly in 2026 and will then be significantly offset by the expected investment in both military equipment and construction.”
- Beyond the H6 contract, the implied yield curve has shifted up slightly but the steepness is little changed. Implied hikes from H2 2026 reflect an expected impulse from German/EU fiscal spending, and a fading negative impact from trade tensions. The market appears happy with the current shape of the curve from H2 '26 onwards until further details around fiscal spending are made available. The German 2025 budget and 2026 budget outline (due ahead of the July decision) will be important here.
- The H6/H7 spread is currently 20.5 ticks, unchanged from yesterday's settlement.
- In OIS, there are now just 14.5bps of easing priced through the next projection meeting in September (vs 20bps at yesterday's close). Meanwhile, there are 24bps of cuts priced through year-end, down from ~31bps just before today's decision and also at yesterday's close.
- Although Lagarde seemingly raised the bar to a July cut, growth risks remain tilted to the downside and one more cut to 1.75% later this year certainly remains conceivable.
- Immediate focus turns to the usual post-decision sources pieces from various news outlets.





Economic Projections: Core and GDP In Line, Headline Lower Than Expected

		ECB Mar '25 Projections	ECB Jun '25 Projections (MNI Median)	ECB Jun '25 Projections	Change vs Median	
Core Inflation	2025	2.2	2.3	2.4	↑	0.1
	2026	2.0	1.9	1.9	→	0.0
	2027	1.9	1.9	1.9	→	0.0
Headline Inflation	2025	2.3	2.1	2.0	↓	-0.1
	2026	1.9	1.8	1.6	↓	-0.2
	2027	2.0	2.0	2.0	→	0.0
GDP	2025	0.9	0.9	0.9	→	0.0
	2026	1.2	1.1	1.1	→	0.0
	2027	1.3	1.3	1.3	→	0.0

Scenario Analysis Provides Little Steer For Markets

As promised, the June projections contain a scenario analysis of “US tariffs and trade policy uncertainty” in Box 2. The analysis solely assesses the reactions of GDP and inflation, so does not give any guidelines/heuristics on the potential policy response. As such, while a useful tool to benchmark incoming data over the next few quarters, the signal from the scenario analysis for markets feels quite limited.

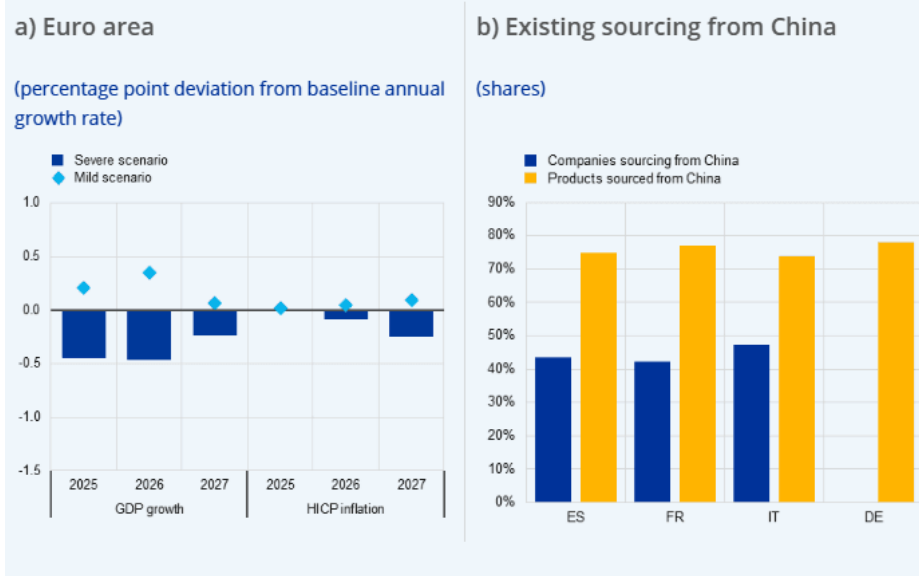
- “The June 2025 projections assume that tariffs remain at the May 2025 level over the projection horizon and that uncertainty will remain elevated, though gradually declining”. It also assumes no EU retaliation, but symmetric Chinese retaliation.
- The two scenarios analysed look at (i) “a mild scenario of lower tariffs and a faster unwinding of trade policy uncertainty” and (ii) “a severe scenario of higher tariffs and more persistently elevated trade policy uncertainty.”.
- The baseline scenario assesses GDP growth to be “overall almost 0.7 percentage points lower cumulatively over 2025-27, while the impact of US tariffs and uncertainty on euro area HICP inflation is seen as rather contained”
- The mild scenario assumed an effective US tariff rate of 13% on goods and services, including no bilateral tariffs between the US and EU. Here, “GDP growth would be somewhat stronger, especially in 2025-26, mainly reflecting the drop in trade policy uncertainty. Inflation would be marginally higher than in the baseline in the latter part of the projection horizon, mainly reflecting stronger activity”.
- Under the severe scenario, the US effective tariff is assumed to be 28%, including almost 120% on China. EU tariffs are assumed to rise back to 20% (as announced on April 2), with the bloc also retaliating against the US. Here, GDP growth would fall to “0.5% in 2025, 0.7% in 2026 and 1.1% in 2027, cumulatively about

1 percentage point below GDP growth in the baseline, with inflation at 1.8% in 2027 compared with 2.0% in the baseline”.

- “The redirection of Chinese exports to the euro area poses a potential further downside risk to inflation beyond those entailed in the severe scenario”.
- A reminder that in today's press conference, Lagarde noted "Our projection exercise, but also the scenarios which encapsulate some of the channels of transmission to growth and inflation, some of them, not all of them. In particular, I would mention one that we discussed quite extensively during the Governing Council, which is the disruption of the supply chain that is not included in any of our scenarios."

Chart E

Macroeconomic implications for the euro area in the mild and severe scenarios and sourcing from China



Jun 5 Rate Decision Statement

The Governing Council today decided to lower the three key ECB interest rates by 25 basis points. In particular, the decision to lower the deposit facility rate – the rate through which the Governing Council steers the monetary policy stance – is based on its updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission.

Inflation is currently at around the Governing Council's 2% medium-term target. In the baseline of the new Eurosystem staff projections, headline inflation is set to average 2.0% in 2025, 1.6% in 2026 and 2.0% in 2027. The downward revisions compared with the March projections, by 0.3 percentage points for both 2025 and 2026, mainly reflect lower assumptions for energy prices and a stronger euro. Staff expect inflation excluding energy and food to average 2.4% in 2025 and 1.9% in 2026 and 2027, broadly unchanged since March.

Staff see real GDP growth averaging 0.9% in 2025, 1.1% in 2026 and 1.3% in 2027. The unrevised growth projection for 2025 reflects a stronger than expected first quarter combined with weaker prospects for the remainder of the year. While the uncertainty surrounding trade policies is expected to weigh on business investment and exports, especially in the short term, rising government investment in defence and infrastructure will increasingly support growth over the medium term. Higher real incomes and a robust labour market will allow households to spend more. Together with more favourable financing conditions, this should make the economy more resilient to global shocks.

In the context of high uncertainty, staff also assessed some of the mechanisms by which different trade policies could affect growth and inflation under some alternative illustrative scenarios. These scenarios will be published with the staff projections on the ECB's website. Under this scenario analysis, a further escalation of trade tensions over the coming

months would result in growth and inflation being below the baseline projections. By contrast, if trade tensions were resolved with a benign outcome, growth and, to a lesser extent, inflation would be higher than in the baseline projections.

Most measures of underlying inflation suggest that inflation will settle at around the Governing Council's 2% medium-term target on a sustained basis. Wage growth is still elevated but continues to moderate visibly, and profits are partially buffering its impact on inflation. The concerns that increased uncertainty and a volatile market response to the trade tensions in April would have a tightening impact on financing conditions have eased.

The Governing Council is determined to ensure that inflation stabilises sustainably at its 2% medium-term target. Especially in current conditions of exceptional uncertainty, it will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. The Governing Council's interest rate decisions will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

Key ECB interest rates

The Governing Council today decided to lower the three key ECB interest rates by 25 basis points. Accordingly, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility will be decreased to 2.00%, 2.15% and 2.40% respectively, with effect from 11 June 2025.

Asset purchase programme (APP) and pandemic emergency purchase programme (PEPP)

The APP and PEPP portfolios are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

The Governing Council stands ready to adjust all of its instruments within its mandate to ensure that inflation stabilises sustainably at its 2% target over the medium term and to preserve the smooth functioning of monetary policy transmission. Moreover, the Transmission Protection Instrument is available to counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy across all euro area countries, thus allowing the Governing Council to more effectively deliver on its price stability mandate.

The President of the ECB will comment on the considerations underlying these decisions at a press conference starting at 14:45 CET today.

Monetary Policy Statement Highlights

Growth risks still tilted to the downside. Still two-sided for inflation amidst more uncertainty than usual.

"Risks to economic growth remain tilted to the downside. A further escalation in global trade tensions and associated uncertainties could lower euro area growth by dampening exports and dragging down investment and consumption. A deterioration in financial market sentiment could lead to tighter financing conditions and greater risk aversion, and make firms and households less willing to invest and consume. 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, if trade and geopolitical tensions were resolved swiftly, this could lift sentiment and spur activity. A further increase in defence and infrastructure spending, together with productivity-enhancing reforms, would also add to growth."

"The outlook for euro area inflation is more uncertain than usual, as a result of the volatile global trade policy environment. Falling energy prices and a stronger euro could put further downward pressure on inflation. This could be reinforced if higher tariffs led to lower demand for euro area exports and to countries with overcapacity rerouting 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, a fragmentation of global supply

chains could raise inflation by pushing up import prices and adding 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."

Press Conference Q&A (from MNI real-time coverage rather than official transcript)

Highlights:

- Policy is well-positioned/in a good place
- Getting to the end of a monetary policy cycle that was responding to compounded shocks
- The decision was almost unanimous, with one dissenter
- Lagarde is determined to complete her term amidst pre-meeting WEF speculation

The following is from MNI real-time coverage of the ECB press conference Q&A, not an official transcript. For the monetary policy statement on the economic activity, inflation and the risk assessment, see the link [here](#), which should include the official transcript from tomorrow (Jun 6).

Q: On rates, has anyone today advocated for pausing or a 50bp cut? After today's cut to 2%, does a pause in July make sense?

A: We cut rates by 25bps and with today's cut at the current level of interest rates, we believe we are in a good position to navigate the uncertain conditions that will be coming up. It was an almost unanimous decision. There was one GC member who didn't support the decision.

We analysed the situation in the light of the three criteria that you know well, because they are repeated several times in the monetary policy statement and have not varied for a number of meetings now. But under those three criteria, really, the situation points towards inflation settling at our 2% targets. We can come back to the path, but it's this is what we are seeing, and that is what has predicated the cut that we made today.

Q: Can you comment on WEF job talks?

A: You asked me about my future, which is far less important than the future of the economy and the future of our monetary policy. Rest assured, but I can very firmly tell you that I have always been, and I'm fully determined to deliver on my mission. And I'm determined to complete my term. So, I regret to tell you that you're not about to see the back of me.

Q: Is it right that you're quite confident that inflation is under control despite all the uncertainty? And that you're almost done when it comes to rate cutting?

A: We have hardly revised our growth numbers. The 0.3% Q1 number was revised from an initial 0.4% but I wouldn't exclude that there will be further revisions of that number on the upside. Now this is attributable to multiple factors. It's improved consumption, it's improved investment, but more importantly, it's the build up of inventory or anticipated purchases, and therefore sales in fear and anticipation of the tariffs so that Q1 is, of course, very peculiar and is clearly giving momentum to the growth that we are seeing and anticipating for 2025 but again, I would not exclude that that number of Q3 be revised upward. Given the volume that we are seeing being traded out of some countries in particular. But we are not revising 2027 and we are very marginally revising 2026 because there is a carryover number one, and because we believe that the impact of tariff, if and when they materialize, on the export that we have towards the US, which I remind you is only 17% of our total exports outside from the euro area and European countries, will impact predominantly on 2026 and will then be significantly offset by the expected investment in both military equipment and construction.

We are in a good place. I think we are well positioned, as you know, after that 25bp cut and with the right path as it is. We are in a good place. We will face uncertainty. We do not know what the outcome of the negotiations will be between the various partners. We don't know the level of retaliation that might be decided. Which, incidentally, is not included in our baseline as you will see published later on.

Q: When you say monetary policy is in a good position, does that mean you're done cutting rates? Or what would you need to cut rates again?

A: Again, we are in a good position, and we are in a good position on the basis of the current rate path, and with the 25 basis point cuts that we decided so that we can face the uncertainties that are coming our way. But as you have heard in the monetary policy statement, we will decide meeting by meeting on the basis of data, and we will assess as and when data come in whether or not that position is secure. What I'm saying today is that we are in that good position.

Q: Would you say the monetary resistance has now shifted to neutral, or is it still restrictive even slightly? Some countries are facing higher debt and may struggle to attract investors. At what point does that become a concern for the ECB in terms of policy transmission and financial stability?

A: "We have not discussed this wonderful concept of the neutral rate on the occasion of this meeting, and I think that we all know well, that as we are getting closer to that zone, we need to be particularly attentive. We need to be confident in our resolve to deliver with the appropriate monetary policy our medium term 2% target, but we have not discussed that neutral rate, and I alluded to that at our last press conference. You know, the neutral rate is predicated on the absence of shock. Well, I wish there was no shock, but we have just nearly concluded a cycle of monetary policy that dealt with a series of shocks, pandemic, war in Ukraine, energy crisis.

And I think we have done that decently well. We are currently around 2% inflation, expectations are well anchored around 2% and those elements that I told you repeatedly over the few last conferences was of concern to us, namely, inflation on services, evolution of wages, evolution of profit, those three elements are coming really in line with what projections were in order to deliver on our 2% medium term target. For the moment we are facing significant uncertainty. You will read in the monetary policy statement I think we quote, uncertainty, nine of 10 times. It abounds. There is plenty of that.

Our projection exercise, but also the scenarios which encapsulate some of the channels of transmission to growth and inflation, some of them, not all of them. In particular, I would mention one that we discussed quite extensively during the Governing Council, which is the disruption of the supply chain that is not included in any of our scenarios."

Q: What do you expect to be the effects of Bulgaria succession to the euro area, and will the currency zone be stronger with the widely New Member State?

A: I would like to congratulate Bulgaria, the Bulgarian people, and welcome them. This is not yet a completed decision making process, because, as you know, while the commission and us have validated under the convergence report that the criteria are met, the European Council still has to approve so I do not want to prejudge what the European Council will decide, but there is a very strong likelihood that Bulgaria will become our 21st member around the table.

I also hope that the Bulgarian people will value the solidity of the euro area, the solidity of the currency that we have. Some of you have probably noticed that the supportive judgment of Europeans has gone up and is now at 83%. That is on a regular basis, 83% actually value and appreciate the euro as their currency, so I hope we can together do everything we can so that Bulgarians can also appreciate the value and the shield impact that the Euro constitute for new members.

Q: Some analysts have entertained the idea that you could skip July to make concession to those Governing Council members who have already become reluctant to cut rates further. Could you walk us through today's deliberations in this light? And my

second question is, you have been reluctant to declare victory over inflation for quite some time. So is this the right time for a victory lap?

A: Victory laps are always nice, but there is always another battle. So you know, as I said, I think that with today's cut and the current level of interest rates, number one, I think we are getting to the end of a monetary policy cycle that was responding to compounded shocks, including COVID including the illegitimate war in Ukraine and the energy crisis.

But of course, we are now into a different, different time with different players, with different partners, with different policies, and we will continue to analyse and assess and measure and make sure that we deliver on our 2% medium term target.

Q: Today's remarks suggest to me that the direction of travel is probably a sideways movement rather than kind of downwards from remarks from earlier in the year. Would that be the right takeaway?

I used the direction of travel concept was when we were really at a distance from our medium term 2% target. Underlying inflation, core inflation, this is hardly moving, and it's at around our target. So there's no point talking about the direction of travel. There's no point talking about sideways. What I'm saying is that we will be determined to deliver that 2% medium term target, we will be looking at all data that come in we will be deciding meeting by meeting, and we will constantly assess and reassess how we are delivering on this 2% medium term target. We will be looking at all data that come in. We will be deciding meeting by meeting, and we will constantly assess and reassess how we are delivering on this 2% medium term target.

Q: Are you concerned the disclosure about the WEF role could undermine your ability to do your job properly as you might be seen as a lame duck?

A: I will repeat what I have said. I have always been driven by my mandate, and I'm determined to complete my term. Period.

Q: One Q on APP and PEPP in the sense that the ECB no longer reinvest the principal payments of these portfolios. Would the Governing Council have to put on hold quantitative tightening if it were to decide for a pause in interest rate cuts, even if these no longer investments have a very small impact? Keeping interest rates unchanged during QT is somehow a restrictive stance, as the ECB is draining liquidity.

A: While I appreciate that some of you would like to hear me talk about pause, hold, or whatever, I just can repeat myself that we are currently well positioned to navigate the uncertainties of the next months. I think the risk of inconsistency of QT associated with interest rate policy, which is our main tool, is probably less critical in the event that I'm not confirming here now of a pause, than it is in the event of a cut. So I don't see that, but neither do I say anything about future decisions, which you know would only be predicated on major shocks that we are not seeing at the moment.

Q: [Referencing Bank of Italy Panetta's speech from May 30th] What you think is happening now with the dollar, and also what could be the implications for us for the role of the euro, and hopefully also Euro denominated safe assets?

A: On the role of the euro, I highly regard the speech that was given by my colleague and friend, Governor Panetta. I happen to be very much on the same page as he is. I gave a speech in Berlin about 10 days ago now in which I tried to identify the key pillars that would need to be consolidated and further developed if the Euro was to play a critical role as an international reserve currency. And my conclusion is that there is an opportunity that is opening now in order to strengthen the role of the euro as an international currency, as to take it further towards possibly the international reserve currency of choice. But my conclusion is that it is not going to be granted to us.

It should not be taken as a given, and it will require, in particular, that member states, the Commission, the European Council, make very substantive discussions decisions that will have to do with consolidating The economic and geopolitical role of the of Europe that will simplify, streamline and develop the role of the capital market Union, in

particular the saving and investment union, if you will, but particularly the capital market union. And we'll have to continue to sustain the effort of making Europe a place where the rule of law is respected, where a contract is a contract, so that there is certainty on the part of the investors, of the economic actors, that Europe is actually a reliable place of business. So I, you know, I think it's not a question that can be responded in yes or no. It's a fairly thorough and deep debate that we have touched on during the Governing Council meeting in the last two days, where we strongly feel that we have done our part.

Q: Is the Eurozone strong enough for a strong euro?

A: When I look around and reflect on the work that we have done in the last six years, we have a very solid labor market where participation has, including most recently, increased and where we have been at a rock bottom unemployment rate. The fears of recession that abounded only about a year ago have not materialized. We are forecasting GDP growth of 0.9, 1.1 and 1.3% with very limited revisions. Wages have increased over the course of those years, particularly with a view to catching up with the lost purchasing power that citizens had suffered as a result of inflation, but wage growth is now decelerating just in line and in time to deliver on our 2% medium term target.

The monetary policy is transmitting quite smoothly to the economy. Credit is up. Could be further and higher up, but credit is up. Rates are transmitting, including to corporates and mortgages. The economy is responding quite well to our monetary policy, and is delivering on that front. I would add that more needs to be done. And what we have seen, the Vice President and I when participating in the finance ministers meetings in Brussels, whether it's a COVID or Euro group, or on the occasion of Pascal Donoghue, the president of the Eurogroup, when he had dinner with us a couple of nights ago, we perceive a serious momentum to improve, to change, to simplify, to streamline, and to encourage and lock in, well, not lock in, but welcome capital into, into Europe. And we are seeing it. You know, the reverse Yankee bonds saw a significant increase seen in the last few weeks, a clear indication that there is trust in our system. The capital flow that we are seeing as well, whether it is European investment returning to Europe, or a bit of non European investment coming to Europe. All that is an indication that at least market forces investors, those who move real money around, actually see value and have confidence in Europe.

Happy Summer.

Media Post-ECB Sources Pieces:

Markets Look Through Bloomberg Sources; Broadly Reflects Market Pricing

Markets look through a Bloomberg sources report that broadly reflects market pricing in reporting that ECB officials envisage a pause in their interest rate-cutting campaign when they next set policy in July. The piece adds that given the uncertainty surrounding Trump's tariffs, a timeout following eight rate cuts is currently seen as the most likely scenario, although others still back another move — probably in September.

- Unsurprisingly little net reaction in ERZ5 at typing, with the story largely confirming the message from President Lagarde's press conference r.e. less appetite for a July cut.
- The fact other members still back a cut in September is also not surprising, given growth risks are tilted to the downside and the ECB's June projections were compiled using a market curve which had another cut almost baked in.
- The June projections had a cut-off of May 14, at which point the year-end implied yield was ~1.80%.

Analyst View Changes: GS Kick Back Next Cut A Meeting To September

Reuters reports that Goldman Sachs now expects the ECB to deliver a next cut in September vs July, whilst maintaining that it will be the last cut for 2025 at 1.75%.

Elsewhere, we have seen multiple analyst reviews sticking with their prior calls, be it no further cuts or one or two cuts still to come. There is an early consensus of those expecting another cut for it to come in September.