

8 October 2008

***Transmission embargo until
1 p.m. CET on Wednesday, 8 October 2008***

PRESS RELEASE

MONETARY POLICY DECISIONS

Throughout the current financial crisis, central banks have engaged in continuous close consultation and have cooperated in unprecedented joint actions such as the provision of liquidity to reduce strains in financial markets.

Inflationary pressures have started to moderate in a number of countries, partly reflecting a marked decline in energy and other commodity prices. Inflation expectations are diminishing and remain anchored to price stability. The recent intensification of the financial crisis has augmented the downside risks to growth and thus has diminished further the upside risks to price stability.

Some easing of global monetary conditions is therefore warranted. Accordingly, the Bank of Canada, the Bank of England, the European Central Bank (ECB), the Federal Reserve, Sveriges Riksbank and the Swiss National Bank are today announcing reductions in policy interest rates. The Bank of Japan expresses its strong support of these policy actions.

The Governing Council of the ECB, by means of teleconferencing, has taken the following **monetary policy decisions**:

1. The minimum bid rate on the main refinancing operations of the Eurosystem will be reduced by 50 basis points to 3.75 %, with effect from the main refinancing operation to be settled on 15 October 2008.
2. The interest rate on the marginal lending facility will be reduced by 50 basis points to 4.75 %, with immediate effect.
3. The interest rate on the deposit facility will be reduced by 50 basis points to 2.75 %, with immediate effect.

In the euro area, upside inflationary risks have recently decreased further. It remains imperative to avoid broad-based second-round effects in price and wage-setting. Keeping inflation expectations firmly anchored in line with our objective and securing price stability in the medium term will support sustainable growth and employment and contribute to financial stability.

Information on the actions taken by the other central banks is available at the following websites:

Bank of Canada: www.bank-banque-canada.ca

Bank of England: www.bankofengland.co.uk

Federal Reserve Board: www.federalreserve.org

Sveriges Riksbank: www.riksbank.com

Swiss National Bank: www.snb.ch

Bank of Japan: www.boj.or.jp

European Central Bank

Directorate Communications/Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.