

European Central Bank hikes rates again and vows more after US Fed hits pause

The European Central Bank pressed ahead with another interest rate hike Thursday and made clear more are on the way, aiming to crush inflation that is driving up the cost of groceries even after the U.S. Federal Reserve took a break from its own string of increases.

The quarter-point rate boost, to 3.5%, is the eighth straight increase since July 2022 for the 20 countries that use the euro currency. That is an unprecedentedly swift campaign to tighten the flow of credit to the economy as the bank seeks to return inflation to its target of 2% from 6.1%.

ECB President Christine Lagarde said more hikes, including at the bank's next meeting on July 27, are in the cards. ECB projections acknowledge that controlling inflation will take months longer, even after the rate has fallen from a double-digit peak late last year.

"Are we done? Have we finished the journey? No, we're not at destination," she said at a news conference. "Do we still have ground to cover? Yes, we have ground to cover."

Lagarde said the bank "will continue to hike at our next meeting. So we are not thinking about pausing, as you can tell."

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