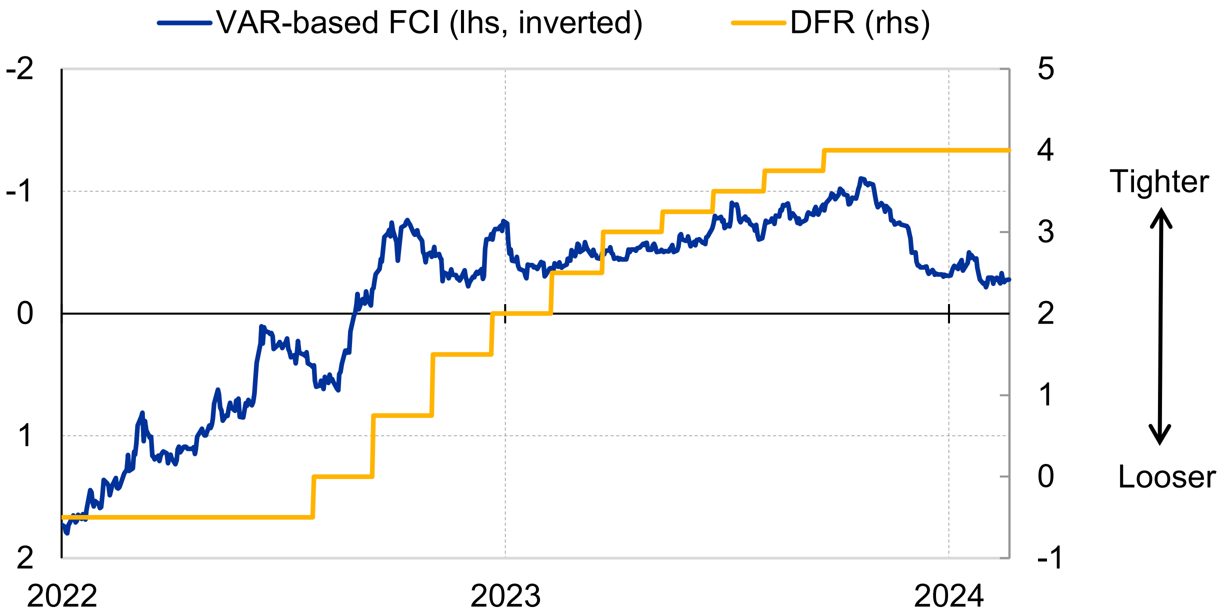
Financial conditions loosened as markets started to price central bank pivot

Financial conditions index and ECB main policy rate

(lhs: index; rhs: percentages per annum)



Sources: Refinitiv, Bloomberg, ECB calculations.
Notes: The VAR-based FCI is constructed as weighted averages of the 1y OIS, the 10y OIS, the euro NEER-41 and the EuroStoxx Index. The weights are derived from the impulse responses of HICP inflation to a shock in each of the four variables gleaned from individual VAR models. All series has been standardised by their historical means and standard deviations.
Latest observation: 19 February 2024.