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## **ECB MUST BE CAREFUL ABOUT THE EXCHANGE RATE**

For the third time since December last year, the ECB has raised its interest rates by 25 basis points from 2.5% to 2.75%, considering that inflation risks were on the rise in an economy currently growing at around or slightly above potential.

UNICE - the Confederation of European Business - notes with satisfaction the build-up of positive signals for the recovery, including upbeat sentiment, increase of corporate profitability and expectations of a gradual firming of labour market conditions. Yet, there is no outburst of domestic inflationary pressures in sight and the euro has appreciated significantly since the last interest rate hike in March.

Ernest-Antoine Seillière, President of UNICE: *"The sustainability of this recovery should not be taken for granted and there are risks relating to exchange rate developments. The ECB should balance these considerations against modest inflation. The ECB should acknowledge in future policy decisions that the Euro is approaching the pain threshold for EU business."*

### **NOTE TO THE EDITOR**

UNICE is the voice of more than 20 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 39 central industrial and employers' federations from 33 countries, working together to achieve growth and competitiveness in Europe.

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