

ECB's Lagarde: Inflation drivers will ease gradually in 2022



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European Central Bank President Lagarde addresses the European Parliament in Strasbourg

PARIS (Reuters) - Inflation in the euro zone will decrease gradually over the year as its main drivers, such as surging energy prices and supply bottlenecks, are expected to ease, European Central Bank (ECB) head Christine Lagarde told France Inter radio.

"This will stabilise and ease gradually in the course of 2022," she said.

Asked on her policy to counter price pressures, Lagarde reiterated that the ECB did not need to act as boldly as the U.S. Federal Reserve because of a different economic situation.

"The cycle of the economic recovery in the U.S. is ahead of that in Europe. We thus have every reason not to act as rapidly and as brutally that one can imagine the Fed would do," she said, adding that inflation, too, was higher in the U.S.

"But we have started to react and we obviously are standing ready, to react by monetary policy measures if the figures, the data, the facts demand it," she said.

In the interview, Lagarde also commented on recent trends in euro zone yields as Germany's 10-year Bund, viewed as the primary benchmark, rose above 0% for the first time since 2019.

"If the yields rise again, this means that the fundamentals of the economy are improving", Lagarde said.

(Reporting by Tassilo Hummel; Editing by Sudip Kar-Gupta)