Transcript: Interview with ECB Governing Council member Olaf Sleijpen on 23 July 2026

24 July 2026

By Marta Vilar – FRANKFURT (Econostream) – Following is a transcript of the interview conducted by Econostream on 23 July 2026 with Olaf Sleijpen, Governor of De Nederlandsche Bank and member of the European Central Bank Governing Council.

Q: Governor, one takeaway from President Christine Lagarde's press conference was that the ECB is ready to act in September. Is that how you see it?

A: We have seen enormous uncertainty since June, so we will take the decision when we meet in September. Nobody can predict exactly what will happen, as the past few weeks have shown. That said, the President made clear that the balance of risks is now broadly back to where it was in June. In Sintra, she said risks had become more balanced; now they are again more consistent with the June baseline. I agree with that.

Q: Were you among the governors who already wanted a hike at this meeting?

A: I don't want to comment on that. The important point is that the decision was unanimous.

Q: How comfortable are you with market expectations of a 25bp hike in September?

A: I think markets understand the ECB's reaction function and what triggers our decisions.

Q: What would trigger a hike in September?

A: It will depend on the full set of information. We will have new data, new projections and an updated assessment of the scenarios. No single variable will determine the decision.

Q: What would you need to see to support holding rates in September?

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A: That will also depend on what happens between now and then. We are broadly back to the baseline presented in June, but recent weeks have shown how quickly conditions can change.

Q: Which data will you monitor most closely before September?

A: How the conflict evolves and how it affects the economy and prices will be important. Much of the uncertainty comes from that. We will look at the overall picture, including the direct and indirect pass-through from energy prices and whether second-round effects emerge. We do not see those effects yet.

Q: What lesson do you draw from the rapid reversal in the energy shock? Doesn't it make you cautious about tightening in response to the latest developments?

A: It makes me cautious about pre-committing, because conditions can change quickly.

Markets reassess the situation every day, and judging by their reactions, they broadly understand how we think. Given the current circumstances, that's probably the best contribution we can make.

Q: So, if markets are pricing another hike, are they broadly thinking along the same lines as the ECB?

A: Markets understand how we make decisions, but it is up to them how they translate that into prices. It is not that we are unwilling to say what we will do. We genuinely do not know what the situation will look like in the coming weeks and months.

Q: But it is difficult to imagine a scenario that would not lead to a move in September.

A: Let's not go there. The past few weeks have already been a roller coaster.

Q: What is your view of recent developments in the Red Sea?

A: As the President said, the Governing Council meeting today ended at 10:15, so there was not enough time to assess the latest developments. We have asked staff to examine the broader impact of geopolitical developments on prices, including energy reserves, demand for certain products and other transmission channels. We need that work to inform the inflation outlook.

Q: Inflation expectations remain broadly anchored over the medium and long term. How concerned are you about possible de-anchoring?

A: Inflation expectations are currently well anchored. Short-term expectations have moved with energy prices, falling after the memorandum of understanding and then rising again. The encouraging point is that medium-term expectations have barely changed.

Q: Is that best achieved through pre-emptive rate increases?

A: I would not call it pre-emptive hiking. We raised rates in June because we considered it appropriate given the inflation outlook. Inflation expectations have remained anchored, which suggests markets understood the decision. That is an important signpost for us.

Q: President Lagarde appeared to suggest that concern about second-round effects alone would not justify a hike. If the ECB moves in September, would second-round effects therefore have to be materializing?

A: The decision will not depend solely on second-round effects. They are important, but we will assess the entire inflation outlook. No single variable or set of variables determines the decision.

Q: Could the ECB hike in September even if second-round effects have not emerged?

A: I would not exclude that possibility. What matters is the overall inflation outlook relative to our target.

Q: Do you expect second-round effects to emerge soon?

A: We do not see them yet, although wage data are naturally lagging. Labor markets are cooling somewhat but remain relatively tight. Trade unions have also recently experienced the high inflation of 2022 and 2023, which may affect wage demands. Employers, meanwhile, must consider labor market conditions and the economic outlook, which vary across sectors and countries.

Unit labor costs are also important. Productivity has risen if Ireland is excluded, and that helps contain them. The ECB's wage tracker provides more forward-looking information, and we will continue to monitor wage claims, employers' responses and broader labor market developments.

Q: Some argue that the absence of evidence of second-round effects is unsurprising because the data are lagged. Do you agree?

A: Labor market data are indeed lagged and often only available quarterly. That is why the ECB has invested in tools that provide earlier indications.

Q: Would second-round effects show up in the ECB's wage tracker?

A: They could. The published data currently show no evidence of second-round effects, but the wage tracker could provide an early indication if they began to emerge.

Q: To what extent do you expect the softness in June headline HICP to carry over into July?

A: The lower-than-expected June reading affects the starting point, all else equal. But energy prices remain volatile, with oil approaching $100 during the press conference. Whether inflation remains significantly lower will depend on how recent developments evolve.

Q: How do you assess economic growth since the June hike?

A: Growth has been relatively resilient, although the picture is mixed and overall euro area growth remains weak. That weakness is not primarily a monetary policy issue. It largely reflects the euro area's low structural growth. From a cyclical perspective, however, the economy has held up reasonably well.

Q: Chief Economist Philip Lane and President Lagarde have suggested that the upper end of the neutral rate range may now be around 2.5%. How does that affect your thinking? If rates reached 2.5%, would policy still be neutral or become restrictive?

A: At current rates, we are still within the neutral range. But neutral rate estimates are highly uncertain, so they should not be the decisive factor in setting policy. The key question is whether a rate increase is necessary to maintain price stability.

Q: There has been discussion about raising the ECB's minimum reserve requirement. How do you assess the case for such a move, and when might it happen?

A: I can only repeat what the President said. It was not discussed at this meeting, but it will be discussed in the future.