

## European Central Bank: Press briefing – transcript

Transcript by Mr Jean-Claude Trichet, President of the European Central Bank, following the meeting of the Governing Council, Frankfurt am Main, 2 August 2007.

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Let me just say a few words and then I will be ready to respond to questions, as usual.

Recent economic developments and survey indicators confirm that sustained economic growth continued in the euro area through the second quarter. Rising oil prices, emerging capacity constraints and the potential for stronger wage and cost dynamics, among other factors, imply upside risks to price stability over the medium term. The existence of upside risks to price stability at medium to longer-term horizons is confirmed by the strength of the underlying rate of monetary expansion: strong vigilance is therefore of the essence to ensure that risks to price stability over the medium term do not materialise.

Both, our previous economic and monetary analysis as expressed in particular in the last press conference have been fully confirmed by the ongoing information we have received since the last meeting of the Governing Council. Let me also stress that we never pre-commit, we decide at the moment of the meeting of the Governing Council on the basis of the information that we have, facts and figures, and according to the judgement that we make at that moment. I re-emphasise that we never pre-commit.

Let me also say that we are experiencing a period of market nervousness, a period where we see volatility in markets in general and re-appreciation of risks. We think that these developments in financial markets deserve attention. Shifts in market sentiment need careful monitoring. We will continue to pay great attention to the developments in the market over the period to come.

I am now open to questions.