

---

PUBLISHED MARKET RESEARCH

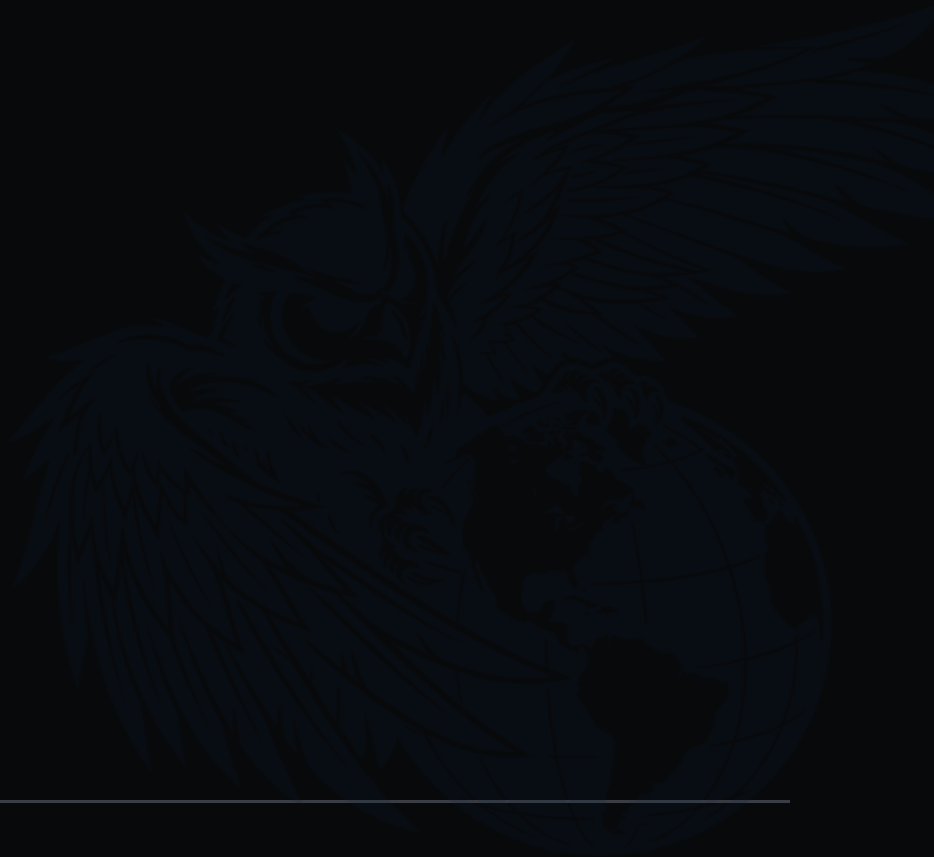
# The Other Central Banks: ECB, BoE, BoJ and the PBOC at Year End

Three banks tighten into an energy shock while the fourth holds

AIG-BLK-26-007 · 11 OCTOBER 2026

**PUBLIC RELEASE**  
THE AEGEAN REGISTER

---



THE AEGEAN REGISTER • PUBLISHED MARKET RESEARCH

# The Other Central Banks: ECB, BoE, BoJ and the PBOC at Year End

Three banks tighten into an energy shock while the fourth holds

*The energy shock from the Middle East has pushed the ECB, the Bank of England and the Bank of Japan into tightening while the People's Bank of China holds, and the year-end calendar is more likely to bring a pause in October and further hikes in November and December than a broad turn in either direction.*

The ECB is likely to pause on 29 October and raise again on 17 December, because energy is lifting headline inflation while core inflation stays contained. The Bank of England is more likely than not to raise Bank Rate on 5 November as insurance against energy feeding into household bills early next year, though a hold remains a real outcome. The Bank of Japan has just raised its policy rate and is likely to wait in October, with December open and the yen as the swing factor. The People's Bank of China is the outlier: with consumer inflation far below target and factory prices rising on imported costs, it has no reason to move either way before year end. The common driver is energy, not the Federal Reserve, and the divergence between headline and core inflation is the measure to watch.

## HEADLINE INDICATORS

|                                                                          |                                                                                           |                                                                                 |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| <b>2.50%</b><br>ECB DEPOSIT FACILITY RATE<br>AFTER THE SEPTEMBER HIKE    | <b>3.75%</b><br>BANK RATE, HELD WITH<br>THREE VOTES FOR AN<br>INCREASE                    | <b>1.25%</b><br>BANK OF JAPAN POLICY RATE<br>TARGET AFTER THE<br>SEPTEMBER HIKE |
| <b>3.0%</b><br>CHINA ONE-YEAR LOAN PRIME<br>RATE, UNCHANGED IN SEPTEMBER | <b>70 of 73</b><br>ECONOMISTS POLLED BY<br>REUTERS EXPECTING AN ECB<br>HOLD ON 29 OCTOBER |                                                                                 |

**DOCUMENT CONTROL**

|                 |                                                                                                                |
|-----------------|----------------------------------------------------------------------------------------------------------------|
| REGISTER NUMBER | AIG-BLK-26-007 · formerly PMR-2026-1011-GLB-007                                                                |
| PRODUCT         | Assessment · Publishable Market Research                                                                       |
| DESK            | markets                                                                                                        |
| ISSUED          | 2026-10-11 · Aegean Intelligence Group                                                                         |
| TIMELINESS      | CURRENT                                                                                                        |
| DISTRIBUTION    | Public release · The Aegean Register · <a href="https://aegeanintel.com/research">aegeanintel.com/research</a> |

**CITE THIS REPORT**

Aegean Intelligence Group, "The Other Central Banks: ECB, BoE, BoJ and the PBOC at Year End," AIG-BLK-26-007, The Aegean Register, 2026-10-11.

---

**CENTRAL JUDGMENT**

The year-end decisions of the four central banks outside the United States are being set by an imported energy shock, and each bank's answer follows its own inflation position. In the euro area and the United Kingdom, energy has carried headline inflation well above target while core and services inflation stay close to it, so both banks are tightening in measured steps to stop second-round effects rather than to cool demand. Japan, after years below target, is using the shock to keep normalising slowly. China, with consumer prices barely rising, holds. Markets that treat the four as a bloc trading with the Federal Reserve miss that the binding variable for each is the gap between headline and core inflation at home.

---

**KEY JUDGMENTS**


---

|             |                                                                                                                                                                                                                                                                                                                                                                                  |                 |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>KJ-1</b> | Three of the four banks are tightening into the energy shock while the People's Bank of China holds, and the split follows each economy's own inflation rather than the Federal Reserve. Headline inflation is above target on energy in the euro area and the United Kingdom, near target in Japan after years below it, and far below target in China.                         | <b>MODERATE</b> |
| <b>KJ-2</b> | The ECB is likely to keep its deposit facility rate unchanged on 29 October and to raise it by a quarter point on 17 December. Nearly all economists polled expect that sequence, and the account of the September meeting commits to deciding meeting by meeting with new staff projections due in December.                                                                    | <b>MODERATE</b> |
| <b>KJ-3</b> | The Bank of England is more likely than not to raise Bank Rate on 5 November, as an insurance move against energy prices passing into household bills, but a hold remains a real outcome. Three members already voted to raise in September and the Committee's own projection has inflation peaking early next year, while the labour market is soft and wage growth is easing. | <b>MODERATE</b> |
| <b>KJ-4</b> | The Bank of Japan is likely to hold at the end of October and keep a December increase open. It raised only in September, two members dissented, the governor did not push back on bets against an October move, and measured core inflation is still just below target.                                                                                                         | <b>MODERATE</b> |
| <b>KJ-5</b> | The People's Bank of China is likely to leave the loan prime rate unchanged through the December fixing. Consumer inflation is too low to call for tightening, and rising factory prices driven by imported costs remove the urgency to cut.                                                                                                                                     | <b>MODERATE</b> |
| <b>KJ-6</b> | Euro area headline inflation is likely to stay well above core inflation through the year end, with core holding near its September level. The September rise came from energy while services and core goods barely moved, and the ECB's own staff baseline assumes energy prices fall over the coming year.                                                                     | <b>MODERATE</b> |

---

KEY STATISTICS

|                                                                                                        |                                                                                                                |                                                                                                                                              |                                                                                                                     |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <div>2.50 percent</div> <div>ECB deposit facility rate from 16 September, 2026-09-16<sup>1</sup></div> | <div>3.8 percent</div> <div>Euro area HICP annual inflation, flash for September, 2026-10-02<sup>2</sup></div> | <div>2.5 percent</div> <div>Euro area HICP excluding energy, food, alcohol and tobacco, flash for September, 2026-10-02<sup>2</sup></div>    | <div>18.8 percent</div> <div>Euro area energy annual inflation, flash for September, 2026-10-02<sup>2</sup></div>   |
| <div>3.75 percent</div> <div>Bank Rate held by a vote of six to three, 2026-09-17<sup>3</sup></div>    | <div>3.1 percent</div> <div>UK CPI 12-month rate for August, 2026-09-17<sup>3</sup></div>                      | <div>1.25 percent</div> <div>Bank of Japan uncollateralized overnight call rate target, effective 24 September, 2026-09-18<sup>4</sup></div> | <div>3.0 percent</div> <div>China one-year loan prime rate after the September fixing, 2026-09-21<sup>7</sup></div> |
| <div>0.8 percent</div> <div>China CPI 12-month change for August, 2026-09-10<sup>8</sup></div>         | <div>3.8 percent</div> <div>China PPI 12-month change for August, 2026-09-10<sup>9</sup></div>                 |                                                                                                                                              |                                                                                                                     |

Scope and method

METHOD

This text reads the account of the ECB's September meeting, the Eurostat flash estimate of euro area inflation for September, the Bank of England's September Monetary Policy Summary and Minutes, the Bank of Japan's September statement, the People's Bank of China loan prime rate announcements, the China National Bureau of Statistics price releases for August, a Reuters poll of economists on the ECB, and wire reporting on the Bank of Japan. Where a figure could only be found from a source off the Source List, it is labelled unverified and carries no high-confidence judgment. Market pricing for each meeting was read from aggregators that disagreed, so it is treated as unknown rather than stated. No client-attributable material is used.

## SECTION 01 • ASSESSMENT

## The ECB: a hike in September, a pause in October

At its meeting of 9 and 10 September 2026 the Governing Council raised the three key ECB interest rates by 25 basis points, taking the deposit facility rate from 2.25% to 2.50% with effect from 16 September; the account published on 8 October records that members saw the risks to inflation to the upside and the risks to growth to the downside, and kept a data-dependent, meeting-by-meeting approach with no pre-commitment to a rate path.<sup>1</sup>

At the time of the September meeting, markets priced 84 basis points of hikes through the end of 2027, up from 64 basis points at the July meeting, and a terminal rate above 3%, while the median respondent to the Survey of Monetary Analysts expected a plateau at 2.50% after the September hike.<sup>1</sup>

In a Reuters poll taken from 5 to 8 October 2026, 70 of 73 economists expected the ECB to hold the deposit rate at 2.50% on 29 October, 64 of 73 expected another hike in December, and 40 of 70 saw the deposit rate peaking at 2.75%, with 24 expecting 3.00%.<sup>10</sup>

UNKNOWN: the market-implied probability of an October or December move at writing. The figures found came from aggregators off the Source List and disagreed with each other, so none is stated here.

## ASSESSMENT • MODERATE CONFIDENCE

The ECB is more likely to pause on 29 October and raise the deposit facility rate to 2.75% on 17 December than to move in October or to stop at its current level. The economists polled, the meeting-by-meeting language of the account and the December staff projections all point to a December decision, while the gap between survey and market expectations is the main risk to that call.

## SECTION 02 • ASSESSMENT

## Euro area inflation: energy carries the headline, core holds

Eurostat's flash estimate put euro area annual inflation at 3.8% in September 2026, up from 3.2% in August, with energy at 18.8% against 14.3%, services at 3.2% against 3.0%, and inflation excluding energy, food, alcohol and tobacco at 2.5% against 2.4%; the full September release is due on 16 October 2026.<sup>2</sup>

The ECB staff projections of September 2026 put headline HICP inflation at 3.0% in 2026, 2.5% in 2027 and 2.1% in 2028, core inflation at 2.5%, 2.6% and 2.3%, and real GDP growth at 0.9%, 1.4% and 1.5%; the baseline assumes energy prices fall materially over the coming year, in line with futures curves.<sup>1</sup>

At the September meeting, oil was about USD 97 per barrel and gas about €73 per MWh, 17% higher than at the July meeting, and European diesel crack spreads were above USD 70 per barrel.<sup>1</sup>

UNKNOWN: whether the energy shock is passing into services and non-energy goods prices beyond what the September flash shows. The October flash is not yet published, and no source on the Source List read for this text measures second-round effects directly.

## ASSESSMENT • MODERATE CONFIDENCE

Euro area headline inflation is likely to stay well above core through the year end, and the ECB is tightening against the risk of second-round effects rather than against core inflation that is already rising fast. The September jump in the headline came almost entirely from energy while core moved only slightly, and the staff baseline still has core close to its current level next year.

## SECTION 03 • ASSESSMENT

## The Bank of England: an insurance hike in waiting

The Monetary Policy Committee held Bank Rate at 3.75% by a vote of six to three in the decision announced on 17 September 2026, with Megan Greene, Catherine L Mann and Huw Pill voting to raise it to 4%; the Committee said it stands ready to act as necessary, and its next decision is on 5 November 2026.<sup>3</sup>

CPI inflation rose to 3.1% in August, with services inflation at 3.4%, down from 4.5% in March; the Bank expects CPI inflation to reach around 3.75% in the fourth quarter of 2026, up from 3.2% in its July projection, and slightly above 4% in the first quarter of 2027.<sup>3</sup>

Private sector regular pay growth was 2.9% in the three months to July, down from 3.3% at the start of the year, and the unemployment rate was an estimated 4.9% in the three months to July.<sup>3</sup>

Brent crude was USD 106 per barrel and UK wholesale gas 207 pence per therm at the close on 14 September, up 36% and 78% since the period before the July report, and the Ofgem price cap for October to December 2026 is £1,723, with a substantial further rise expected in the first quarter of 2027.<sup>3</sup>

UNKNOWN: the verified market pricing for the 5 November decision, and the UK CPI reading for September, which is not yet published. The pricing figures found came from sources off the Source List and ranged widely.

**ASSESSMENT • MODERATE CONFIDENCE**

The Bank of England is more likely than not to raise Bank Rate to 4.00% on 5 November, and the move would be an insurance hike against energy feeding into wages and expectations rather than a response to demand. Three members already voted to raise, the Committee's own projection has inflation above 4% early next year on the energy price cap, and the soft labour market is the main reason a hold remains a real outcome.

## SECTION 04 • ASSESSMENT

## The Bank of Japan: normalising slowly with the yen in view

The Policy Board voted seven to two on 18 September 2026 to raise the uncollateralized overnight call rate target by 25 basis points to around 1.25%, effective 24 September, with the complementary deposit facility rate at 1.25% and the basic loan rate at 1.5%; Toichiro Asada and Ayano Sato dissented, and the next statement is due at the end of the meeting of 29 and 30 October.<sup>4</sup>

The Bank said core CPI excluding fresh food had recently run between 1.5% and 2.0% a year and projected it to move clearly above 2% from the second half of fiscal 2026, citing higher crude oil prices, continued wage pass-through and recent yen depreciation.<sup>4</sup>

Japan's core CPI excluding fresh food rose 1.7% a year in August 2026, down from 1.8% in July.<sup>5</sup>

Bloomberg News reported on 6 October 2026 that Governor Ueda did little to challenge market bets against an October rate increase.<sup>11</sup>

The yen closed at 157.78 per US dollar on 8 October 2026.<sup>12</sup>

UNKNOWN: the inflation and growth projections in the Outlook Report due at the October meeting, and the date of that meeting from a source on the Source List. The meeting dates used here come from secondary calendars.

**ASSESSMENT • MODERATE CONFIDENCE**

The Bank of Japan is likely to hold at the end of October and leave a December increase open, with a weaker yen the most likely trigger for an earlier move. It raised only in September over two dissents, the governor did not lean against market bets on a pause, and measured core inflation is still just below target even as the Bank projects it to rise.

## SECTION 05 • ASSESSMENT

## The People's Bank of China: the outlier holds

The People's Bank of China announcement of 22 September 2025 set the one-year loan prime rate at 3.0% and the over-five-year rate at 3.5%.<sup>6</sup>

The September 2026 fixing left the one-year rate at 3.0% and the five-year rate at 3.5%, the sixteenth month in a row without a change.<sup>7</sup>

China's CPI rose 0.8% a year in August 2026 and 0.4% on the month, with core CPI excluding food and energy up 1.0% a year and food prices down 1.4% a year.<sup>8</sup>

China's PPI rose 3.8% a year in August 2026, up from 3.5% in July, and the purchasing price index for industrial producers rose 5.8%; the National Bureau of Statistics attributed the rise to higher international crude oil and nonferrous metal prices.<sup>9</sup>

UNKNOWN: whether the People's Bank of China has eased through new liquidity operations priced below its seven-day reverse repo rate. Reports of such an operation could not be confirmed from the central bank's own releases.

**ASSESSMENT • MODERATE CONFIDENCE**

The People's Bank of China is likely to keep the loan prime rate unchanged through the December fixing, leaving it as the only one of the four not tightening. Consumer inflation is too low to justify tightening, and factory prices rising on imported energy and metals costs take away the deflation argument that would justify a cut.

## SECTION 06 • DECISION

## Decision

| Decision                                                          | Owner             | Trigger                                                                                                                     | Pre-authorized action                                                                                     |
|-------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Treat the ECB October meeting as a hold in rate scenarios         | Markets desk lead | The ECB decision of 29 October leaves the deposit facility rate unchanged                                                   | Keep the December hike as the baseline and review the peak rate view after the December staff projections |
| Raise the weight on a second Bank of England hike early next year | Markets desk lead | The Bank of England raises Bank Rate on 5 November and its new projection keeps inflation above target into next year       | Move the UK rate path in the firm's scenarios to a further hike in the first quarter                      |
| Bring forward the Bank of Japan December scenario                 | Markets desk lead | The yen weakens sharply against the dollar before the October meeting, or the Outlook Report raises its core inflation path | Shift weight from a December hike to an October hike in the yen scenarios                                 |
| Reopen the China easing view                                      | Markets desk lead | China's factory price inflation turns down while consumer inflation stays low                                               | Restore a loan prime rate cut scenario for the first quarter                                              |

## SECTION 07 • OUTLOOK

## Outlook

**Baseline.** The ECB holds in October and raises the deposit facility rate by a quarter point in December, the Bank of England raises Bank Rate in November, the Bank of Japan holds in October and keeps December open, and the People's Bank of China holds; energy prices ease slowly from their September peak and euro area core inflation stays close to its current level.

**Deterioration.** Energy prices rise again on the Middle East conflict, euro area and UK headline inflation climb further, and signs appear that energy is feeding into services prices and wages; the ECB and the Bank of England then tighten at both remaining meetings, the yen weakens and the Bank of Japan moves in October, while growth in Europe slows towards stagnation.

**Stabilization.** Energy prices fall back towards the levels before the summer, headline inflation turns down in the October and November readings, and core stays steady; the ECB and the Bank of England then hold at their current rates and wait for the new year projections, and the Bank of Japan resumes a slow, data-led pace.

**Claim C-1.** The ECB keeps the deposit facility rate at 2.50% at its monetary policy meeting of 29 October 2026. Probability 0.85. Resolves on 2026-10-29 from ECB statistics: YES if the monetary policy decision the ECB publishes on 29 October 2026 leaves the deposit facility rate at 2.50%; NO if it changes it. Horizon 30 days. Nearly all economists polled expect a hold, and the ECB has said it decides meeting by meeting. The main risk is another hot inflation reading before the meeting.

**Claim C-2.** The ECB deposit facility rate is at or above 2.75% after the monetary policy meeting of 17 December 2026. Probability 0.70. Resolves on 2026-12-17 from ECB statistics: YES if the deposit facility rate the ECB announces on 17 December 2026 is at or above 2.75%; NO otherwise. Horizon 90 days. Most economists polled expect a December hike and markets price more tightening than that. An easing of energy prices before December is the main path to a hold.

**Claim C-3.** The Bank of England raises Bank Rate to 4.00% or higher at the decision of 5 November 2026. Probability 0.65. Resolves on 2026-11-05 from Bank of England statistics: YES if the Bank Rate announced on 5 November 2026 is at or above 4.00%; NO otherwise. Horizon 30 days. Three members already voted to raise and the Bank projects inflation above 4% early next year. The soft labour market and easing wage growth keep a hold well within reach.

**Claim C-4.** The Bank of Japan keeps its uncollateralized overnight call rate target at around 1.25% at the Monetary Policy Meeting ending 30 October 2026. Probability 0.75. Resolves on 2026-10-30 from Bank of Japan statistics: YES if the Statement on Monetary Policy released at the end of the meeting ending 30 October 2026 keeps the target at around 1.25%; NO if it changes it. Horizon 30 days. The Bank raised only in September and the governor did not push back on bets against an October move. A sharp fall in the yen is the main path to a hike.

**Claim C-5.** The one-year loan prime rate is 3.0% in the December 2026 fixing. Probability 0.85. Resolves on 2026-12-21 from People's Bank of China: YES if the one-year loan prime rate announced in December 2026 is 3.0%; NO if it is any other level. Horizon 90 days. The rate has not changed for sixteen months and neither consumer nor producer prices argue for a move. A sharp slowdown in exports or a turn down in factory prices would raise the chance of a cut.

**Claim C-6.** Euro area headline HICP annual inflation for October 2026 is at or above 3.5% in the Eurostat flash estimate. Probability 0.55. Resolves on 2026-11-04 from Eurostat: YES if the all-items HICP annual rate for the euro area for October 2026 in the flash estimate is at or above 3.5%, as first published, whatever the method. Horizon 30 days. September was 3.8% on energy, and energy prices have eased from their mid-September peak without a clear reversal. The outcome turns on energy prices and base effects, so this is close to even.

**Claim C-7.** Euro area core HICP annual inflation, the index excluding energy, food, alcohol and tobacco, for October 2026 is at or below 2.7% in the Eurostat flash estimate. Probability 0.85. Resolves on 2026-11-04 from Eurostat: YES if the annual rate of the core HICP excluding energy, food, alcohol and tobacco for the euro area for October 2026 in the flash estimate is at or below 2.7%, as first published, whatever the method. Horizon 30 days. Core inflation moved only from 2.4% to 2.5% in September while energy surged. A jump of more than two tenths in one month would need a fast pass-through that the data do not yet show.

## **Indicators.**

- The euro area final HICP for September and the October flash estimate, headline against core
- UK CPI for September and the Bank of England's November projection
- Japan's national CPI for September and the Bank of Japan Outlook Report
- China's CPI and PPI for September and the October loan prime rate fixing
- Brent crude and European wholesale gas prices
- The yen against the US dollar

---

## SECTION 08 • SCORECARD

# Scorecard

No earlier firm claim is resolved or advanced by this draft.

---

**SOURCE REGISTRY**

1. ECB statistics, Account of the monetary policy meeting of the Governing Council of the European Central Bank held in Berlin on 9 and 10 September 2026, published 8 October 2026, [ecb.europa.eu](https://www.ecb.europa.eu), read 2026-10-08.
2. Eurostat, Euro area annual inflation up to 3.8%, flash estimate for September 2026, euro indicators release of 2 October 2026, [ec.europa.eu/eurostat](https://ec.europa.eu/eurostat), read 2026-10-08.
3. Bank of England statistics, Bank Rate maintained at 3.75%: September 2026 Monetary Policy Summary and Minutes, 17 September 2026, [bankofengland.co.uk](https://bankofengland.co.uk), read 2026-10-08.
4. Bank of Japan statistics, Statement on Monetary Policy, 18 September 2026, [boj.or.jp](https://boj.or.jp); the release file did not parse and its content was read through a secondary summary of the statement, read 2026-10-08.
5. Statistics Bureau of Japan, Consumer Price Index Japan for August 2026, released 18 September 2026, figures as carried by market calendars, read 2026-10-08 [UNVERIFIED].
6. People's Bank of China, Announcement on Loan Prime Rate, 22 September 2025, [pbc.gov.cn](https://pbc.gov.cn), read 2026-10-08 [UNVERIFIED].
7. FXStreet, Confirmed: PBOC leaves Loan Prime Rates unchanged in September, 21 September 2026, [fxstreet.com](https://fxstreet.com), read 2026-10-08 [UNVERIFIED].
8. China National Bureau of Statistics, Consumer Price Index in August 2026, 10 September 2026, [stats.gov.cn](https://stats.gov.cn), read 2026-10-08.
9. China National Bureau of Statistics, Industrial Producer Price Indexes in August 2026, 10 September 2026, [stats.gov.cn](https://stats.gov.cn), read 2026-10-08.
10. Reuters, ECB to hike rates again in December as inflation almost doubles 2% target: Reuters poll, by Indradip Ghosh, 8 October 2026, read through [live.euronext.com](https://live.euronext.com), read 2026-10-08.
11. Bloomberg News, Ueda Does Little to Challenge Bets Against October BOJ Hike, 6 October 2026, [bloomberg.com](https://bloomberg.com), headline and summary read 2026-10-08.
12. Trading Economics, Japanese Yen quote and historical data, close of 8 October 2026, [tradingeconomics.com](https://tradingeconomics.com), read 2026-10-08 [UNVERIFIED].



A E G E A N   I N T E L L I G E N C E   G R O U P

## **Publishable Market Research**

---

[contact@aegeanintel.com](mailto:contact@aegeanintel.com)   ·   [aegeanintel.com](https://aegeanintel.com)

AIG-BLK-26-007   ·   THE AEGEAN REGISTER   ·   PUBLIC RELEASE   ·   © 2026 AEGEAN LLC