

European Central Bank announces largest interest rate hike in bid to fight inflation

The European Central Bank (ECB) on Thursday announced a record rate hike in a bid to stifle record inflation across the euro area.

The ECB's three key interest rates were each raised by 75 basis points.

"This major step frontloads the transition from the prevailing highly accommodative level of policy rates towards levels that will ensure the timely return of inflation to the ECB's 2% medium-term target," the bank's Governing Body said in a statement.

It also flagged to markets that "over the next several meetings the Governing Council expects to raise interest rates further to dampen demand and guard against the risk of a persistent upward shift in inflation expectations."

The move sees the ECB follow in the policy footsteps of the US Federal Reserve which carried out two jumbo rate hikes of 0.75 points in June and July.

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