Pierre Gramegna at Eurogroup press conference, 9 March 2026

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Press conferences

Remarks by Managing Director Pierre Gramegna
Press conference following Eurogroup meeting
Brussels, 9 March 2026

Good evening. I'd like to start by sharing with you, as I did in the Eurogroup, how the recent developments in the Middle East have affected market views in Europe. Before the geopolitical turmoil, investors were positive about the EU growth outlook. This was reflected in market sentiment and investor appetite for European assets, European stocks, and European bonds. The conflict in the Middle East has provisionally, and I underline provisionally, dampened this positive trend. This is primarily driven by the fact that Europe is highly dependent on energy prices, and the conflict obviously exacerbates that.

European stocks fell since the beginning of the conflict by roughly 9%, oil prices rose by around 40% since the start of the military engagement, a pace that is faster than during the onset of the Russian invasion of Ukraine. Natural gas prices soared by almost 90%, starting from a very low level. Similarly, the euro has lost some ground towards the dollar, to the tune of roughly 2%. Market expectations for ECB rates have shifted. Investors are now pricing in rate increases by the end of the year. This has affected sovereign bond markets. Government borrowing costs have risen as yields increased. They increased by roughly 25 basis points for Germany, which is almost the same as for US Treasuries. Spreads have widened as well, but this is happening in an orderly manner, reflecting the resilience of the European situation.

But we need to be aware that this picture may change if the conflict drags on. Europe has gained resilience and learned policy lessons from the past energy crisis. But this situation reinforces the fundamental point of Europe's exposure to geopolitical shocks and how the mood of markets can turn quickly.

I will finish with a few words on our discussion on digital finance, and I would like to congratulate the President of the Eurogroup for putting this item on the agenda on a continuous basis because it's important to act on this issue, and to act fast. Digital finance is not something that you can ignore or stop. To keep Europe's financial system competitive, there must be space for innovation to spur growth. The ESM has supported the ECB’s digital euro initiative since the beginning, both for retail and wholesale use. We are aware of the stablecoin initiatives that exist in Europe, one of which was presented today.

We at the ESM also see tokenised deposits as a promising area for innovation, given the central role played by banks and the very high level of savings in Europe. Digital finance will also boost the implementation of the Savings and Investments Union. Ultimately, delivering on this agenda will be essential for Europe to remain competitive in a rapidly changing world.

Response to question on the digital euro

The digital euro and digitalisation of finance are of key importance for financial stability in Europe, which is the mandate of the ESM.

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