ECB, BoJ & Fed: three meetings, three challenges in the face of uncertainty

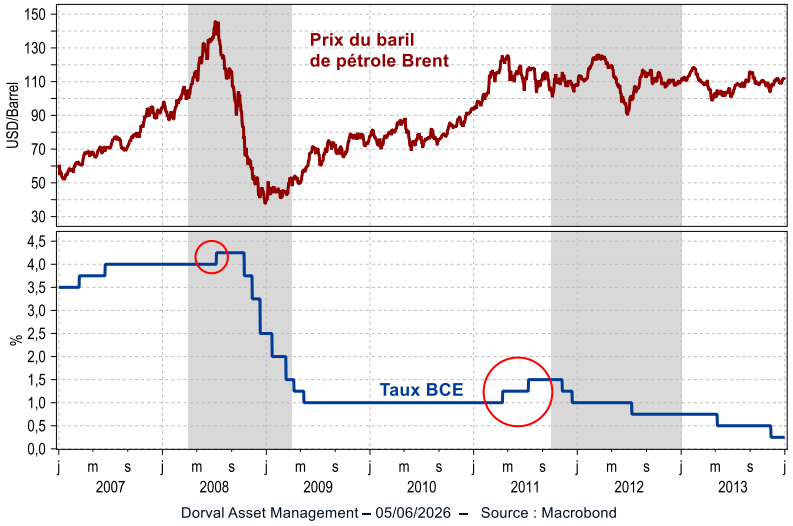
08 June 2026

The major central banks are all wondering how to react to an energy shock whose duration and magnitude remain highly uncertain. Meeting on June 11, 16, and 17, the ECB, BoJ, and finally the Fed are nonetheless operating in very different contexts.

Barring a surprise, the ECB is preparing to raise its key interest rates on June 11th in response to the rise in energy prices induced by the Strait of Hormuz crisis. For some observers, the current situation is reminiscent of 2008 and then 2011, when the ECB reacted in the same way (Chart 1) while the European economy was facing considerable risks linked to the subprime crisis (2008) then the euro crisis (2011). A few months later, the ECB had sharply lowered rates to try to support growth – like a pyromaniac firefighter, as the cynics would say.

July 2008 and spring 2011: the ECB's two mistakes

The shaded areas indicate periods of economic recession (according to the CEPR)



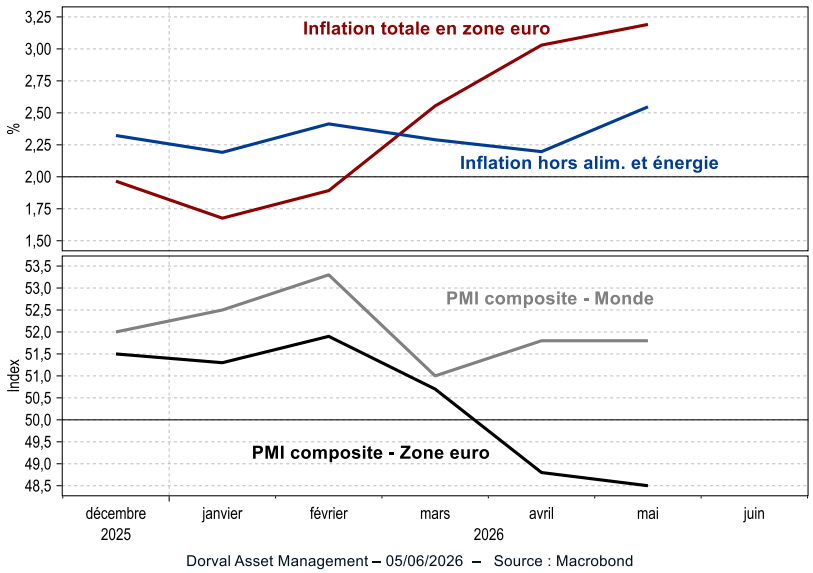
Brent crude oil price / ECB policy rate

During both of those episodes, the ECB had wanted to indicate that, based on its mandate, only the fight against the risk of inflation being too high mattered. This asymmetrical interpretation of its mandate is now defunct. Since the late 2010s, the ECB has considered situations of inflation being too high, but also too low, as equally dangerous. Furthermore, it is now the medium-term inflation trajectory that takes precedence. These revisions to its reaction

function have brought the ECB closer to the Fed. Even if the issue of employment is not explicitly named, unlike the Fed's mandate, the ECB acts by integrating the impact of the probable growth trajectory on that of underlying inflation.

From this perspective, the ECB has been facing several contradictory developments since the beginning of the crisis in Iran (Chart 2). On the one hand, inflation has climbed sharply, both due to energy prices, but also, curiously, non-food and non-energy prices (in May). It is possible that this latter surge is due to seasonal and weather-related factors, such as the date of the Easter holidays, and other factors (heatwave, etc.). On the other hand, Europe, among developed countries, is the region where the business climate has deteriorated the most in the last three months. Wages continue to decelerate, and electricity prices are contained by natural gas stocks and by nuclear, solar, and wind power production.

More inflation, less growth: a dilemma for the ECB



Dorval Asset Management – 05/06/2026 – Source : Macrobond

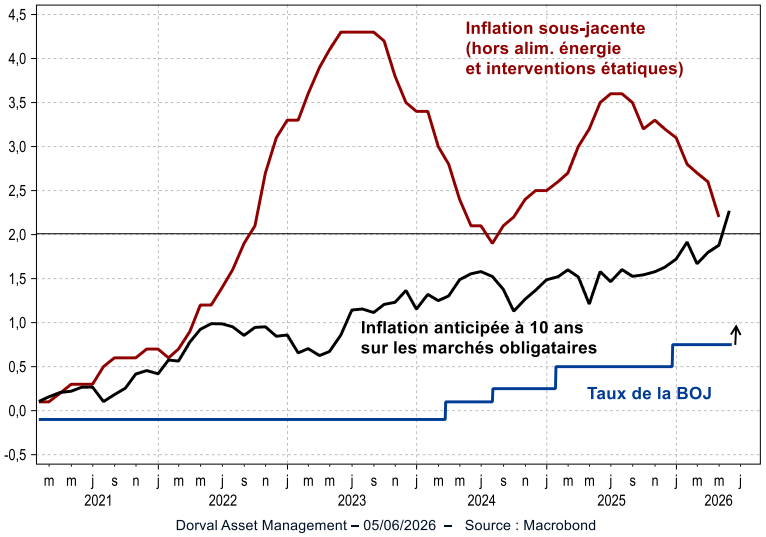
Headline inflation in the euro area / Inflation excluding food and energy / Composite PMI – world / Composite PMI – euro area

The ECB will raise its rates to assert anti-inflationary credibility, which some believe may have been tarnished by the 2021/2022 episode, when it was slow to react to post-Covid inflation. This pride may be misplaced today, but the risk of a 2008 or 2011-style error is also lower. Unlike those two years of acute crisis, economic and even more so financial risks seem significantly less acute today. After a stressful period in March, risk premiums on European bond markets have returned to a low level. However, there is no comfort for the ECB and for Europe as long as the Strait of Hormuz remains closed.

The consensus among economists also now expects the Bank of Japan (BoJ) to raise its interest rate from 0.75% to 1% following its meeting on June 16th. Its logic, however, is very different from that of the ECB: the BoJ's objective since 2013 has been to reawaken Japanese inflation and establish it at its 2% target. With some success, since 2024 it has begun to reduce its massive support for reflation by decreasing the size of its balance sheet and very slowly raising its interest rates.

After fearing that the Strait of Hormuz crisis would slow down the Japanese economy, it is preparing to raise its rates in a context of confirmed wage growth, rising long-term inflation expectations, and renewed downward pressure on the yen. It is therefore continuing its normalisation programme while maintaining reflationary pressure on the economy. Approaching 1%, short-term Japanese rates will remain significantly below the level of underlying inflation (Chart 3). The consensus forecast anticipates rates of 1.5% next year.

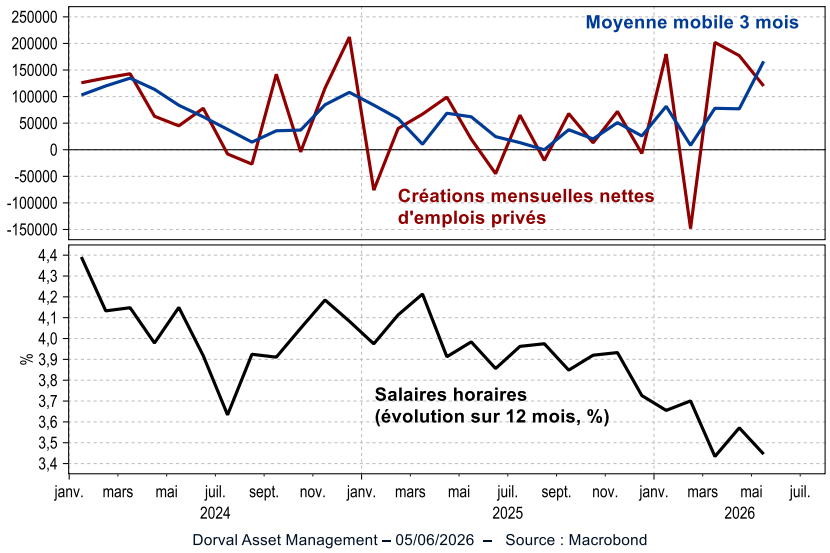
Rising Japanese interest rates, but real rates remain negative



Underlying inflation (excluding food, energy and government intervention) / 10-year inflation expectations in bond markets / BoJ policy rate

Finally, in the United States, on June 19th, the monetary policy committee will be chaired for the first time by Kevin Warsh in a context not conducive to the rate cuts he had dangled before Donald Trump during the process to replace Jerome Powell. On the contrary, the latest employment figures – 120K private sector jobs in May after a revised figure of 177K in April – suggest that the US economy is doing better than resisting the crisis in Iran (Chart 4).

Clear rebound in US employment, so far without wage acceleration



2-year moving average / Net monthly private job creation / Hourly wages (12-month change, %)

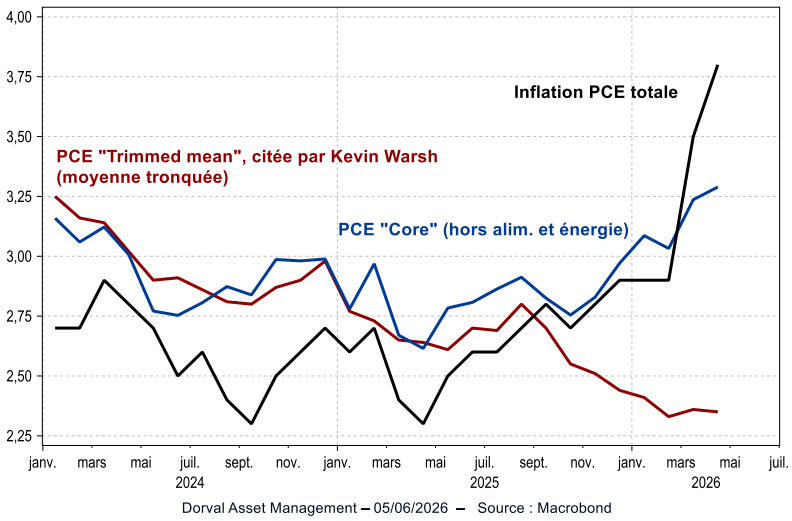
Wages remain subdued, but the US economy seems to have emerged – until further notice – from the labour market torpor that led many Fed members to maintain a dovish bias on interest rates.

As for inflation, it has, of course, climbed with the Iranian shock. However, the debate remains lively about the true underlying trend. Inflation specifically linked to the introduction of tariffs in 2025 seems indeed to have peaked and should fade by the beginning of next year.

Furthermore, Kevin Warsh has mentioned several times an indicator well-known to economists, but less so to the public, which suggests that inflation is under control and close to 2%. This is the 'trimmed mean' inflation calculated by the Federal Reserve Bank of Dallas, which removes about a quarter of the most inflationary items and a quarter of the least inflationary items. According to this calculation, underlying inflation continued to fall to reach 2.3% in April (Chart 5).

Rising inflation in the US… or is it?

PCE inflation = personal consumption expenditure deflator



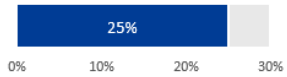
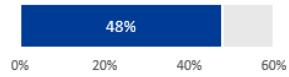
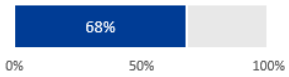
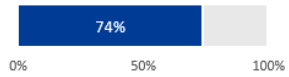
Headline PCE inflation / 'Trimmed mean' PCE, cited by Kevin Warsh / Core PCE (excluding food and energy)

The indicator is interesting, but other alternative measures of underlying inflation – such as the so-called 'multivariate' model of the New York Fed – point in the opposite direction. It is therefore unlikely that Kevin Warsh will persuade his colleagues that US inflation risk is low.

Yet, unlike the ECB and the BoJ, the Fed is expected by markets to refrain from raising rates on 19 June. Most Fed members indeed describe the level of short-term rates, at 3.65%, as slightly restrictive. Moreover, the outlook for consumer spending and the housing market remains uncertain because of recent losses in purchasing power and the rise in long-term interest rates, which would offset the impact of the AI boom. Some analysts, however, have begun to talk about a Fed rate hike before the end of the year, which would be rather ironic coming under Kevin Warsh.

In conclusion, the analysis of the monetary policies of the ECB, the BoJ and the Fed shows the differentiated impact of external shocks. The expected adjustments reflect distinct situations and priorities (containing inflation versus reflation, the role of employment, political pressures) and reveal the complexity of the trade-offs now facing the major monetary institutions. The ECB's main risk relates to growth; the BoJ's, to instability (yen and long-term yields); and the Fed's, to becoming complacent about inflation. Beyond their actions, investors will be attentive to the quality of central bank communication on these three issues in an environment that remains particularly uncertain.

Our exposure rates are as follows:

Fonds	Net equity exposure*	Breakdown of main investment themes	Hedging and Safe haven basket
Dorval Global Conservative		- Core basket : 100% long Eurostoxx banks / short Eurostoxx	- 2 - 8y and 30y government bonds : 32% - 10y German and French government bonds futures : 4% - Money-market instruments.
Dorval Global Allocation		- Core basket : 80% - AI value chain : 11% - Value Software : 3% futures Eurostoxx banks: 6%	- 2 - 8y and 30y government bonds : 21% - 10y German and French government bonds futures : 11% - Money-market instruments.
Dorval Global Vision		- Core basket : 74% - AI value chain : 11% - Europe/Japan Financials : 7% - Global Industrial Recovery :7% - Value Software: 4%	
Dorval Convictions		- Core basket : 91% - Climate : 5% - Small and Mid caps : 4%	Eurostoxx 50 futures and options
Dorval Convictions PEA		- Core basket : 89% - Climate : 7% - Small and Mid Caps : 5%	Eurostoxx 50 futures

* including options' delta

All funds presented are exposed to the following specific risks: discretionary management risk, ***capital loss risk****, equity risk, market capitalisation risk, currency risk, interest rate risk, credit risk, derivative risk, sustainability risk. The capital invested is not guaranteed.*

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