



Central banks in EU, the US and the UK aggressively hike interest rates in an effort to curb soaring inflation

Right before the end-October Halloween festivity period the governing council of the European Central Bank (ECB) decided to dramatically raise the key ECB interest rates by 75 basis points going from 1,25% to 2.00%, with further increases expected to follow, possibly, even before the end of the year. The American Federal Reserve, in a similar move this Wednesday, approved a 75 basis hike of the short-term borrowing rate which skyrocketed to 3,75%, a value unseen States-side for over a decade now. The Bank of England did not stay behind and made a similar move to raise its interest rate up to 3%. The Euro Interbank Offered Rate (EURIBOR) peaked at 2,686% on 1 November 2022 as well, up from 0,942% on 1 August 2022, making inter-bank borrowing considerably more expensive.

Such significant rate hikes are set to profoundly affect households and companies alike, and may lead to lower volume of lending by credit institutions, higher borrowing costs, downturn in the housing market and a more generalized slowdown of the economy across the EU, the US and the UK. An increase in the number of bankruptcies and corporate restructurings of companies and their groups may as well be observed in the near future, requiring careful planning and swift action by the management and shareholders of the concerned entities.



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