CLASSROOM WORKSHEET

Lagarde Departs ECB in February 2027 as Inflation Hits 3.8%

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NAME _____ CLASS _____ DATE _____ SCORE _____ / 15



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1 Read

The number beside each paragraph helps you talk about it.

1 Christine Lagarde will leave the European Central Bank presidency on 7 February 2027, nine months before her term's scheduled expiry at the end of October 2027. She has held the post since 1 November 2019. The stated reason is a desire to speak freely on matters beyond monetary policy, which strict neutrality rules currently preclude. Her departure arrives amid considerable pressure: the ECB held its key deposit rate at 2.5% this week even as inflation reached 3.8%, its highest level since September 2023. The bank has already raised rates twice since June to counter price pressures driven by an energy shock linked to the Iran war. European Council President Antonio Costa confirmed that the process to appoint a successor will start immediately, with named candidates including Klaas Knot, Pablo Hernández de Cos, Joachim Nagel, and Nadia Calviño. The succession question now looms over a eurozone grappling with stubbornly elevated prices and a French fiscal crisis, all while its central bank operates without a permanent head for the remainder of 2026 and into early 2027.

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2 Key words

loom /luːm/ *verb*

To appear as a large, threatening, or imposing presence that dominates a situation or is about to happen.

The prospect of further regulatory change loomed over the industry throughout the quarter.

preclude /prɪˈkluːd/ *verb*

To make something impossible or prevent it from happening, often through formal rules or conditions.

The terms of the contract preclude any employee from publicly commenting on ongoing negotiations.

grappling /ˈgræplɪŋ/ *verb*

Struggling intensely to deal with a difficult problem or situation, often over a sustained period.

The government has been grappling with housing shortages for more than a decade without a coherent plan.

stubbornly elevated /ˈstʌbənli ɪˈlevɪtɪd/ *adjective*

Remaining persistently higher than desired or expected, resisting normal mechanisms that would bring it down.

Unemployment remained stubbornly elevated despite several rounds of fiscal stimulus.

fiscal /ˈfɪskəl/ *adjective*

Relating to government revenue, spending, and public finance, as distinct from monetary or commercial matters.

The committee warned that sustained fiscal deficits could undermine investor confidence in the currency.

expiry /ɪkˈspaɪəri/ *noun*

The formal point at which a period of validity, a contract, or an appointment officially ends.

The expiry of the mandate triggered an immediate review of the institution's strategic direction.

3 Reading comprehension

EXERCISE 1 Comprehension: Lagarde's Early Departure

3 points

Read the questions carefully. Each answer can be found explicitly in the lesson text.

1 What is the stated reason for Lagarde leaving her position before the end of her term?

(a) She wishes to speak freely on issues beyond monetary policy, which current neutrality rules prevent.
(b) The ECB's inflation-targeting mandate has been formally revised by the European Council.
(c) She was asked to resign following the energy shock linked to the Iran war.
(d) Her term was involuntarily shortened due to a change in the ECB's governance structure.

2 What monetary action has the ECB taken since June to address inflation?

(a) It has lowered the key deposit rate twice to stimulate the economy.
(b) It has held rates steady while preparing a new forward-guidance framework.
(c) It has raised interest rates twice to counter price pressures.
(d) It has abandoned its inflation target in favour of a growth mandate.

3 According to the text, what two specific challenges face the eurozone during the succession period?

(a) A German banking collapse and a trade deficit with the United States.
(b) Stubbornly elevated prices and a French fiscal crisis.
(c) A currency devaluation and a sudden rise in sovereign bond yields.
(d) Persistent wage deflation and an Italian sovereign debt emergency.

EXERCISE 2 Short-Answer Retrieval

Answer each question in a short phrase or sentence, using only information from the lesson text.

1 What percentage did inflation reach, and since when had it not been that high?

2 Who confirmed that the successor-appointment process will begin immediately?

3 For how long will the central bank operate without a permanent head, according to the text?

4 Vocabulary and grammar practice

EXERCISE 3 Gap-Fill: Tense and Structure in the News Report

4 points

Complete each sentence by putting the verb in brackets into the correct form. The surrounding context from the lesson text determines the tense and structure required.

1 Christine Lagarde has held the post since 1 November 2019. The ECB _____ (hold) its key deposit rate at 2.5% this week.

2 The bank _____ (already raise) rates twice since June to counter price pressures.

3 The succession question now _____ (loom) over a eurozone grappling with stubbornly elevated prices.

4 She stated that strict neutrality rules currently _____ (preclude) her from speaking freely on matters beyond monetary policy.

EXERCISE 4 Match the Words

5 points

Match each vocabulary term with its correct definition.

1 preclude _____

2 loom _____

3 grappling _____

4 stubbornly elevated _____

5 fiscal _____

A To appear as a large, threatening, or imposing presence that dominates a situation or is about to happen.

B To make something impossible or prevent it from happening, often through formal rules or conditions.

C Remaining persistently higher than desired or expected, resisting normal mechanisms that would bring it down.

D Struggling intensely to deal with a difficult problem or situation, often over a sustained period.

E Relating to government revenue, spending, and public finance, as distinct from monetary or commercial matters.

EXERCISE 5 Put the sentences in order

3 points

These sentences are from the story. Put them in the order they appear.

A The stated reason is a desire to speak freely on matters beyond monetary policy, which strict neutrality rules currently preclude.

B She has held the post since 1 November 2019.

C The bank has already raised rates twice since June to counter price pressures driven by an energy shock linked to the Iran war.

Correct order: ____ ____ ____

5 Discussion

Talk with a partner, then share one idea.

EXERCISE 6 Speaking

1. The text says Lagarde left because strict neutrality rules 'preclude' her from speaking on broader matters. In your view, does a central bank president's inability to comment publicly on wider economic and political issues strengthen or weaken the institution's credibility, and why?
2. The succession question is said to 'loom over a eurozone grappling with stubbornly elevated prices and a French fiscal crisis.' How might operating 'without a permanent head' affect the perceived authority of a central bank during a period of elevated inflation?
3. The ECB 'held its key deposit rate at 2.5% this week even as inflation reached 3.8%.' Given that the text attributes the price pressures to an energy shock linked to the Iran war, do you think the decision to hold rates was defensible? Justify your position using only the information provided.

Answer key

For the teacher

Keep this page for yourself and copy only the pages before it. Short-answer and writing tasks list one possible answer.

Exercise 1 Comprehension: Lagarde's Early Departure

1. A. She wishes to speak freely on issues beyond monetary policy, which current neutrality rules prevent. The text states: 'The stated reason is a desire to speak freely on matters beyond monetary policy, which strict neutrality rules currently preclude.'
2. C. It has raised interest rates twice to counter price pressures. The text states: 'The bank has already raised rates twice since June to counter price pressures driven by an energy shock linked to the Iran war.'
3. B. Stubbornly elevated prices and a French fiscal crisis. The text states the eurozone is 'grappling with stubbornly elevated prices and a French fiscal crisis.'

Exercise 2 Short-Answer Retrieval

1. Inflation reached 3.8%, which is its highest level since September 2023. The text explicitly states: 'inflation reached 3.8%, its highest level since September 2023.'
2. European Council President Antonio Costa confirmed that the process to appoint a successor will start immediately. The text states: 'European Council President Antonio Costa confirmed that the process to appoint a successor will start immediately.'
3. The central bank will operate without a permanent head for the remainder of 2026 and into early 2027. The final clause of the text states: 'all while its central bank operates without a permanent head for the remainder of 2026 and into early 2027.'

Exercise 3 Gap-Fill: Tense and Structure in the News Report

1. held The past simple is used for a specific completed event referenced by 'this week' in a past-narrative news register. The text uses 'held' here.
2. has already raised The present perfect with 'already' and 'since June' marks an action with cumulative relevance to the present reporting time. This matches the text's register.
3. looms The present simple is used here for a current state of affairs observed at the moment of reporting. The subject is singular ('question'), so the verb takes the -s form.
4. preclude The present simple with a plural subject ('rules') takes the bare form 'preclude'. This reflects the habitual/structural nature of the restriction.

Exercise 4 Match the Words

1. B. To make something impossible or prevent it from happening, often through formal rules or conditions.
2. A. To appear as a large, threatening, or imposing presence that dominates a situation or is about to happen.
3. D. Struggling intensely to deal with a difficult problem or situation, often over a sustained period.
4. C. Remaining persistently higher than desired or expected, resisting normal mechanisms that would bring it down.
5. E. Relating to government revenue, spending, and public finance, as distinct from monetary or commercial matters.

Exercise 5 Put the sentences in order

B, A, C She has held the post since 1 November 2019. The stated reason is a desire to speak freely on matters beyond monetary policy, which strict neutrality rules currently preclude. The bank has already raised rates twice since June to counter price pressures driven by an energy shock linked to the Iran war.