The European Central Bank President Mario Draghi speaks during his first news conference in Frankfurt on Thursday.

"It is obvious that the ECB has caught the crisis virus and is trying everything it can to prevent a full-fledged recession," ING's Carsten Brzeski said in a note entitled "Super Mario jumps ahead of the curve."

The ECB announced that it is cutting its main refinancing rate—the rate charged at its weekly main refinancing operation—by 0.25 percentage point to 1.25%. It also cut its deposit rate and the rate on its marginal lending facility by 0.25 percentage point to 0.50% and 2% respectively. All rate changes will go into effect on Nov. 9.

FRANKFURT—The European Central Bank's new president, Mario Draghi, delivered a huge surprise to financial markets Thursday by unexpectedly slashing interest rates by 0.25 percentage point, as the Greek government teeters on the brink of collapse and after Italy failed to deliver convincing fiscal measures to restore investor confidence.

Global Rates
Rate changes since 2004 in dozens of countries.
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The chaotic situation in Greece, where Prime Minister George Papandreou's government seems on the verge of collapse, will also be a topic of discussion at the press conference.

Still, not all experts were quite so upbeat. Even though the ECB is starting to acknowledge the effects the debt crisis is having on the wider economy, Capital Economics' Jennifer McKeown said, she still thinks the bank "will remain unwilling to take the bolder steps that would be required to prevent the crisis deepening."

Still, "it is a relief that the ECB seems to have dropped its earlier concerns about phantom inflationary pressures."

ECB watchers will have to listen closely to Mr. Draghi's description of risks to price pressures and the economic outlook.

If he says that price pressures are subdued, while speaking of growing downside risks to the economic outlook, then another rate cut would seem likely.

Furthermore, Mr. Draghi will have to comment on the bank's non-standard measures and its purchases of government bonds.

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