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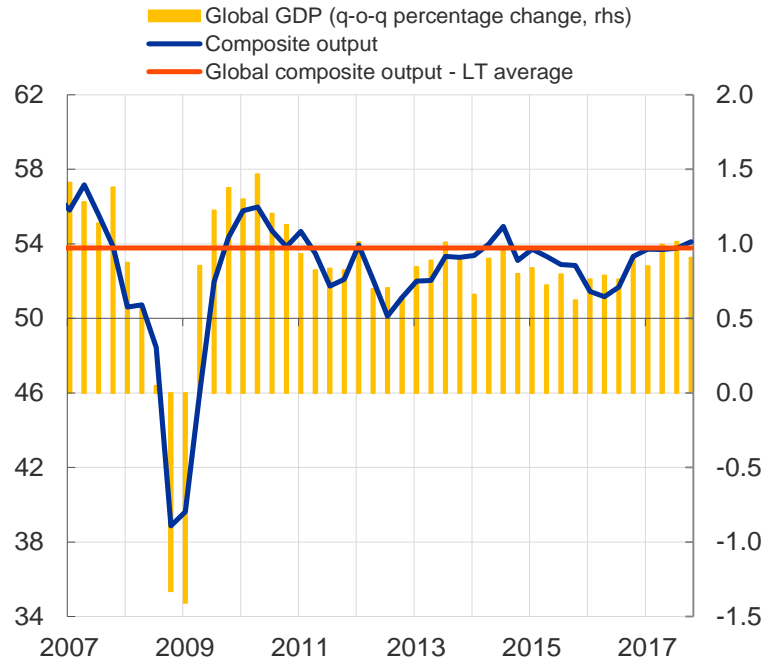
# **Global Monetary Policies – Similarities and divergences on the way to the new normal**

GIC/SUERF/Deutsche Bundesbank Conference

Frankfurt am Main, 8 February 2018

## Global PMI composite output and global output

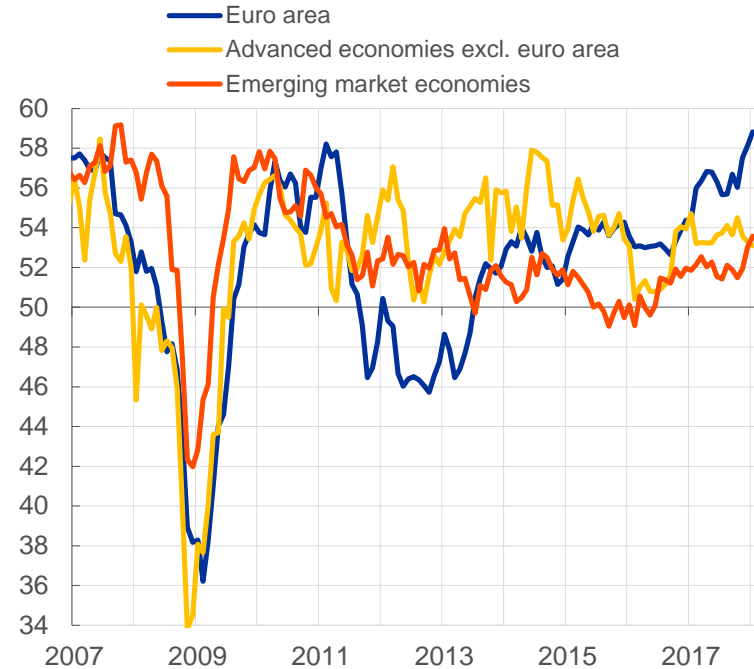
(diffusion index, lhs; q-o-q % changes, rhs)



Sources: Markit, ECB calculations.  
 Note: Long-term average refers to 1999 onwards.  
 Latest observation: 2017 Q4

## Composite output PMIs: euro area, advanced economies and EMEs

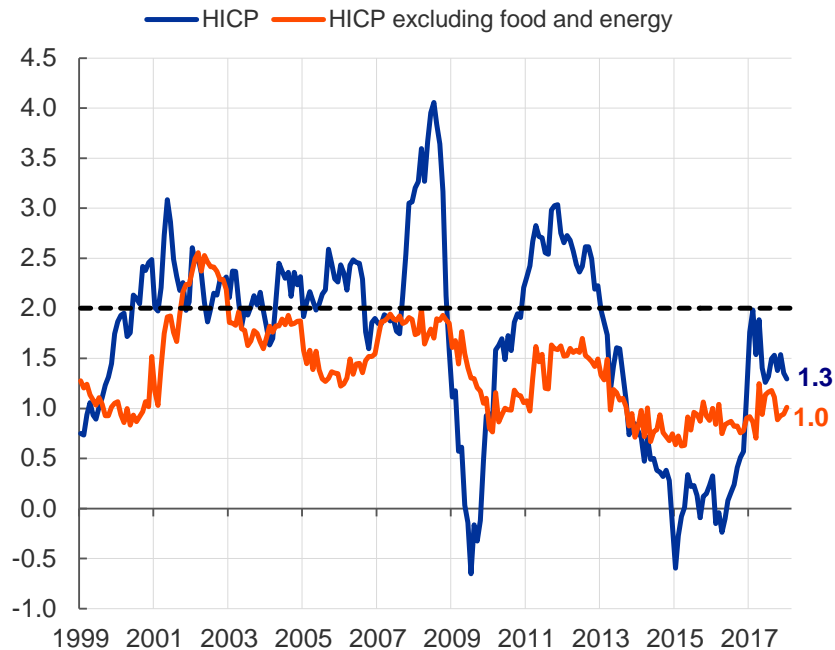
(diffusion index; monthly data)



Sources: Haver Analytics, Markit, IMF/WEO, ECB calculations.  
 Notes: Euro area is subtracted from Markit aggregate for advanced economies, based on GDP weights.  
 Latest observation: January 2018

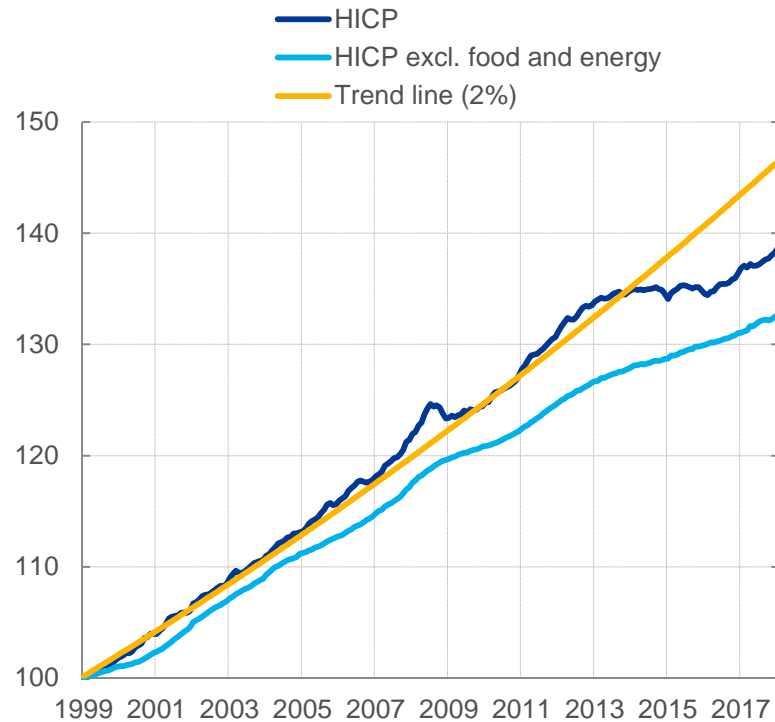
## HICP inflation and HICP excluding food and energy

(annual percentage changes)



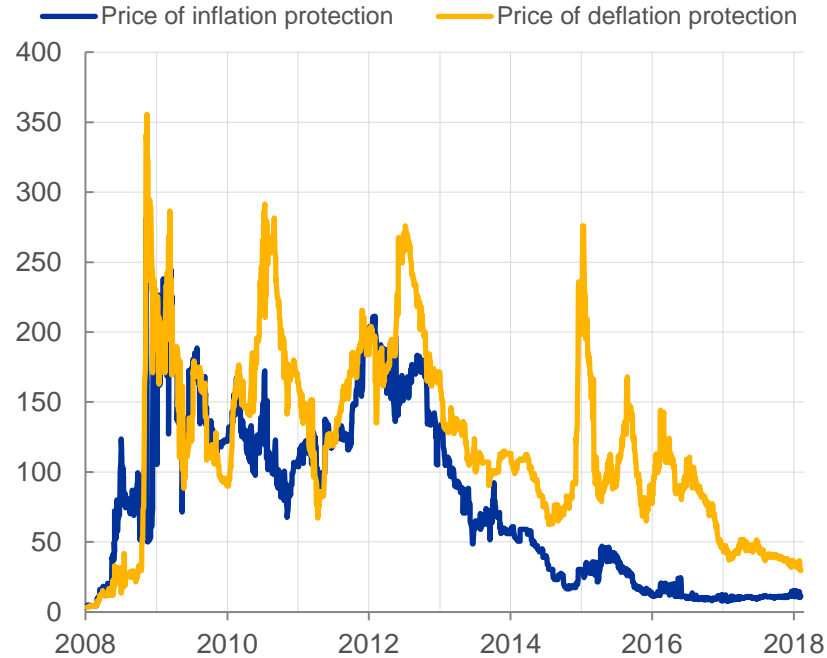
Sources: Eurostat and ECB calculations.  
Latest observation: January 2018

## HICP level



Source: ECB.  
Notes: January 1999=100  
Latest observation: January 2018

## Price of inflation and deflation protection (percentages per annum)



Source: Bloomberg

Note: The price of inflation (deflation) protection refers to the price of a five-year year-on-year inflation option with a 4% cap (0% floor).

Latest observation: 6 February 2018

Monetary policy stance determined by combination & interaction of:

- our **policy rates**,
- our **asset purchase programme**,
- and our **forward guidance** on each of these tools

... complemented by:

- the **TLTROs**, which will remain outstanding for the next three years

## The ECB's forward guidance

### Key ECB interest rates

- expected to remain at present levels for an extended period of time
- and well past horizon of **net asset purchases**

### Asset Purchase Programme (APP)

- **net asset purchases** intended to continue at monthly pace of €30 billion, until end-Sep 2018
- or beyond, if necessary & in any case until GovC sees sustained adjustment in path of inflation (SAPI) consistent with inflation aim
- if outlook becomes less favourable, or if financial conditions become inconsistent with further progress towards SAPI, stand ready to increase APP in size and/or duration
- Eurosystem will reinvest principal payments from maturing securities for an extended period of time after end of net purchases, and in any case for as long as necessary

## Criteria for sustained adjustment in the path of inflation (SAPI)

### Convergence

- Headline inflation on course to reach levels below, but close to 2% in the medium term;

### Confidence

- Sufficient confidence in durable stabilisation of inflation around these levels;

### Resilience

- Self-sustaining inflation developments resilient to less supportive monetary policy conditions.