



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

Perspectives of European Monetary Policy

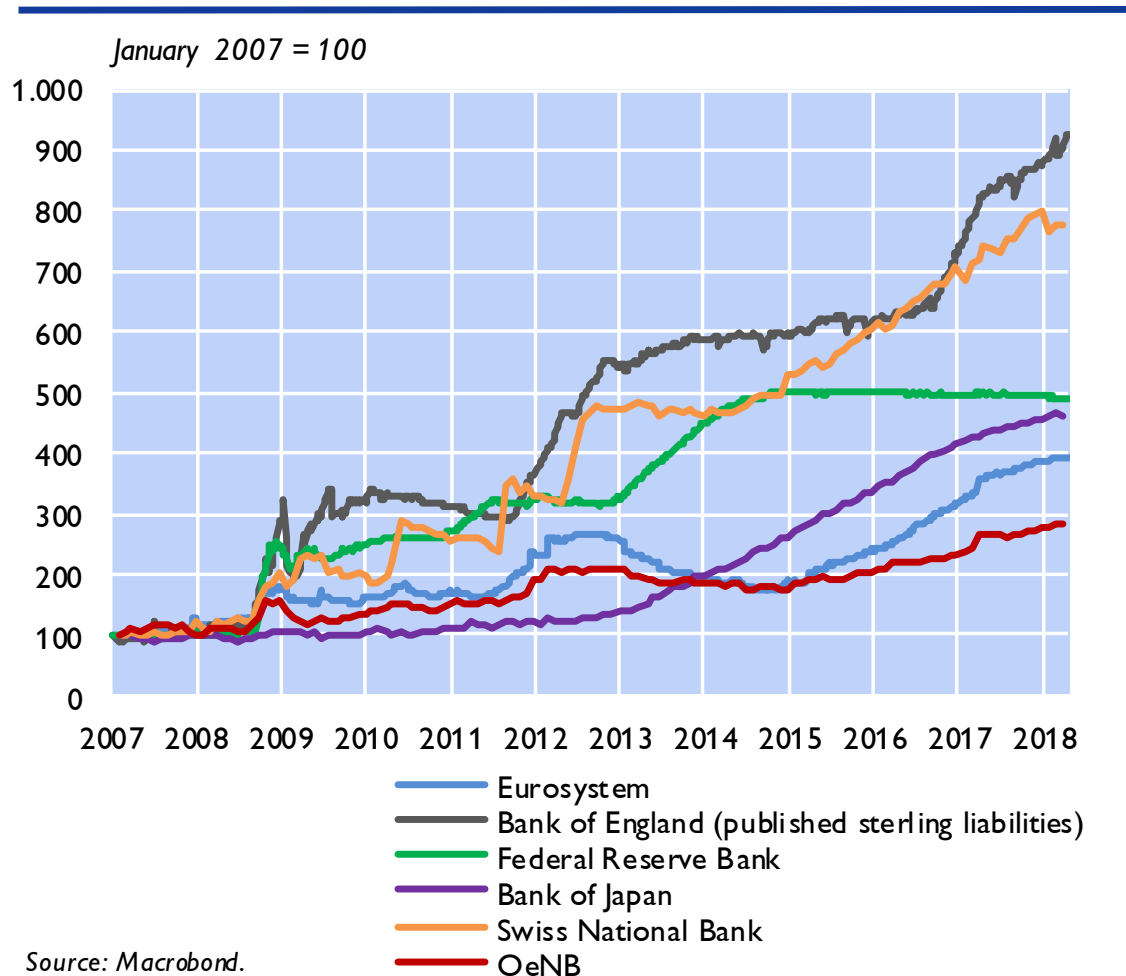
CNB Research Open Day
Prague, 21 May 2018

Ewald Nowotny
Governor, Oesterreichische Nationalbank

www.oenb.at

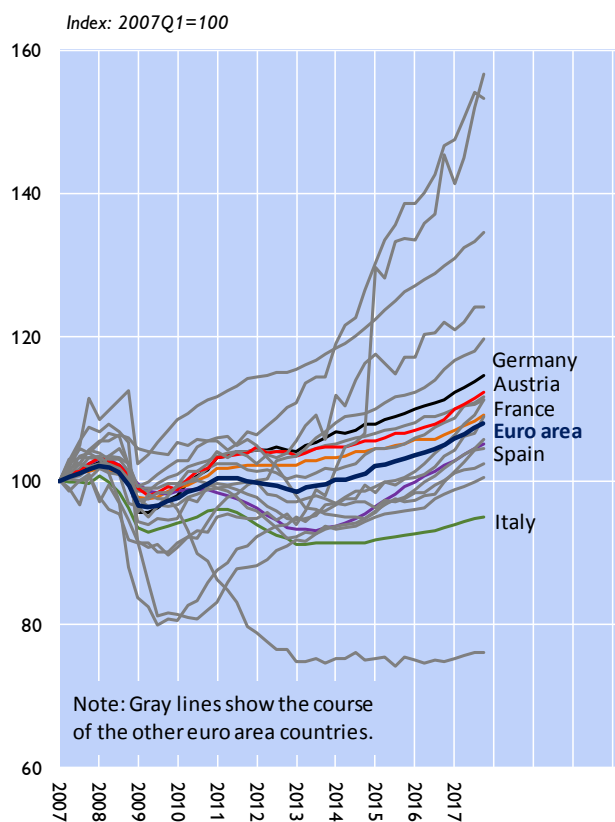


Central bank balance sheets growing strongly



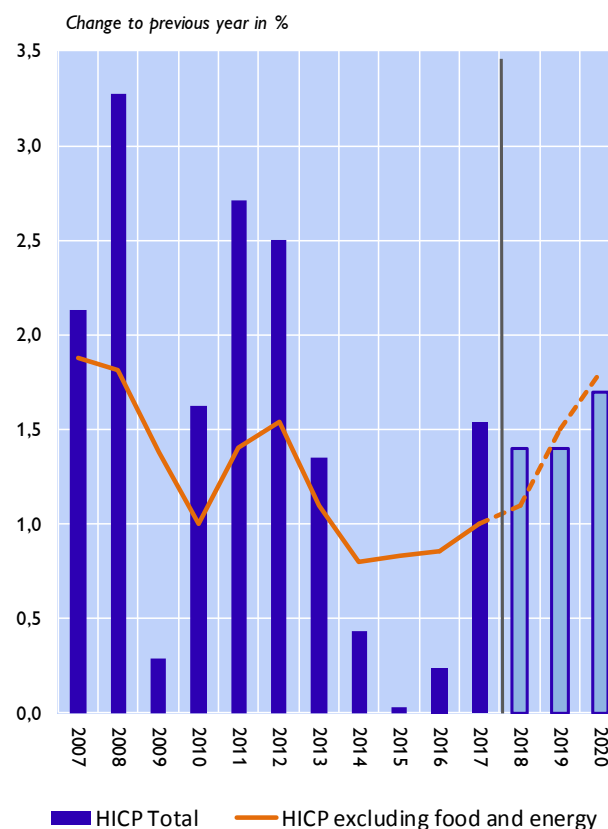
Development of GDP and inflation since the beginning of the big recession

Real GDP in euro area countries

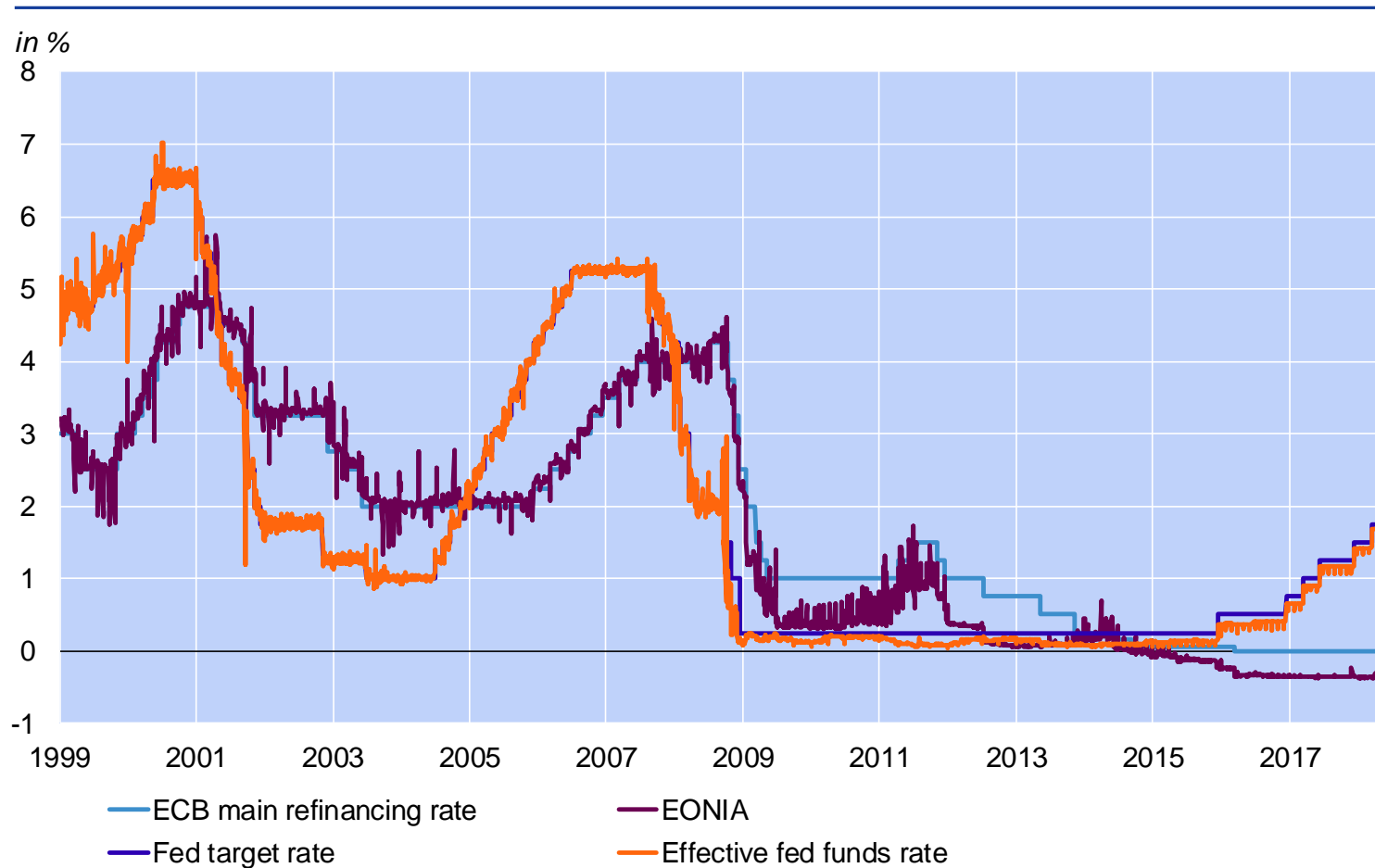


Source: Eurostat.

Euro area HICP-inflation

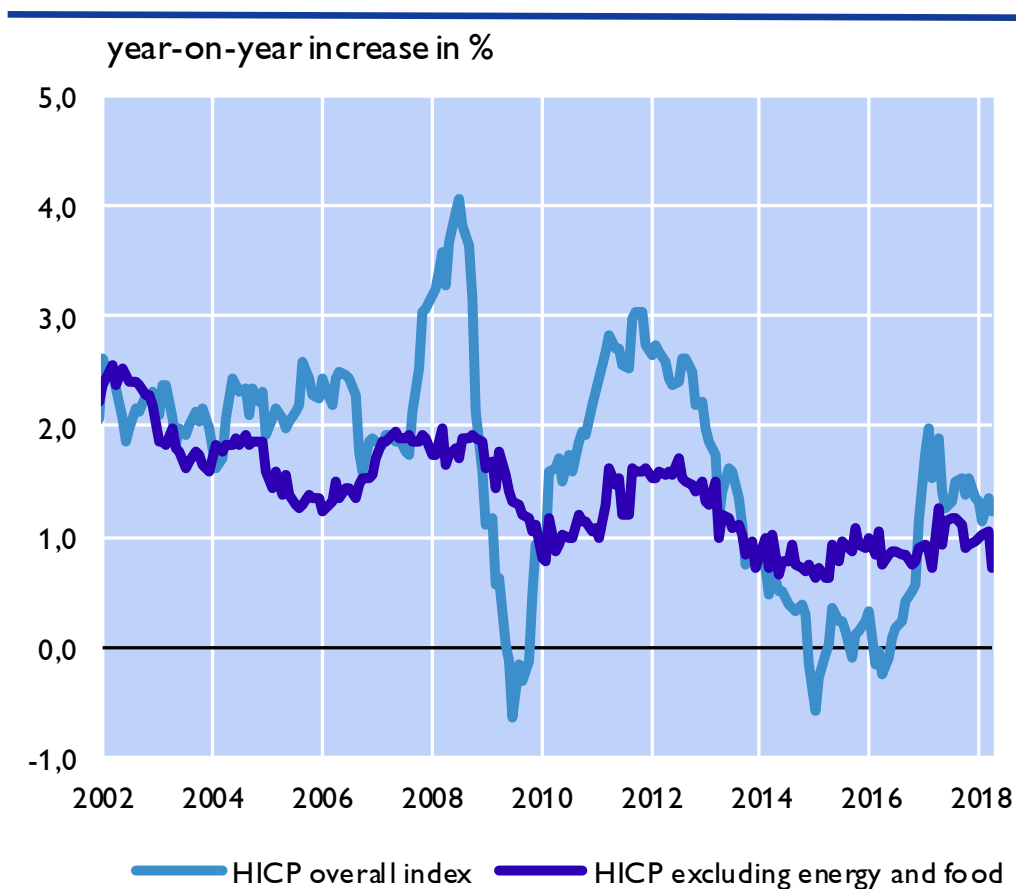


The challenge of tightening – Policy and market interest rates in the US and the euro area



Source: Macrobond.

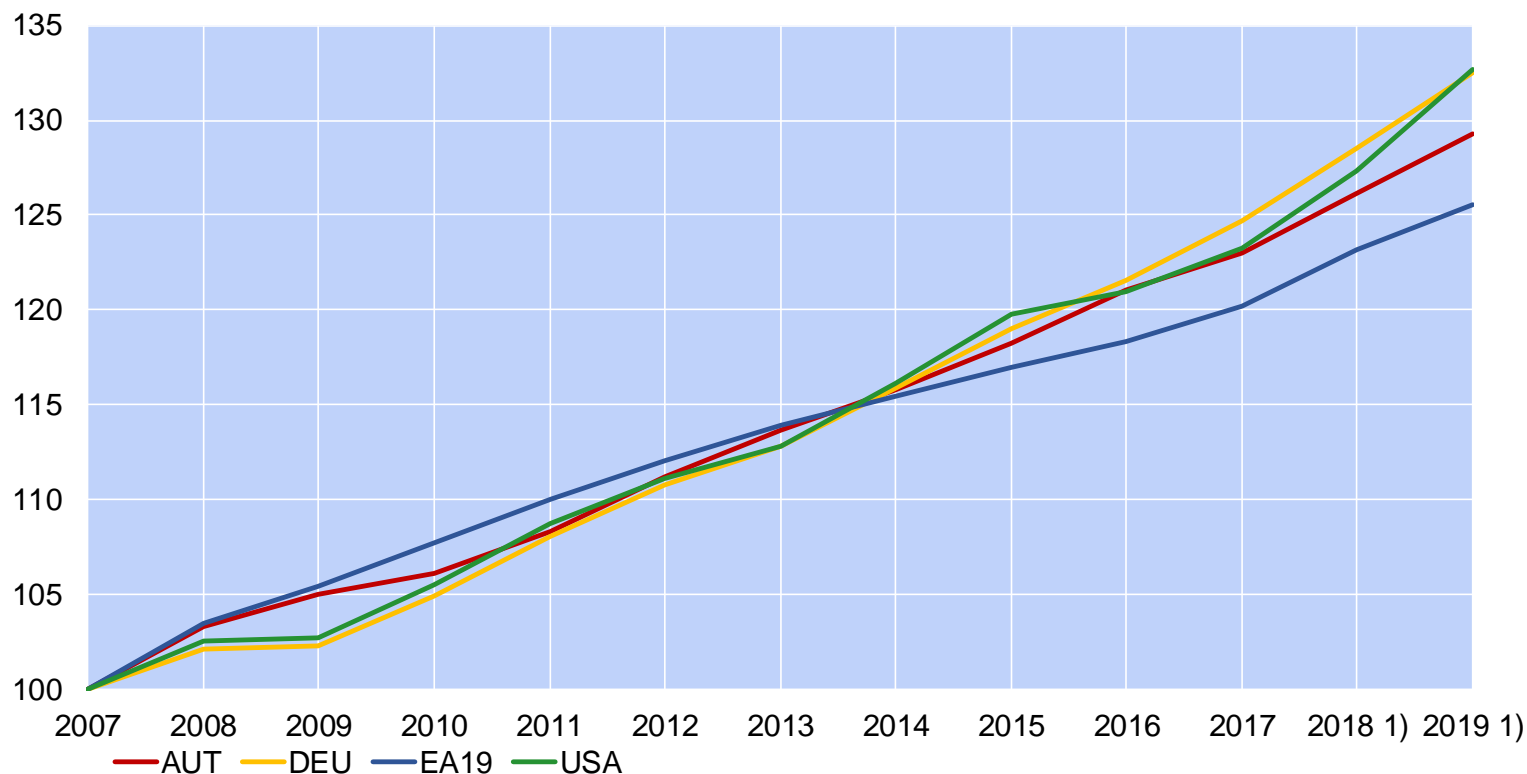
The twin puzzle of missing disinflation and missing inflation: HICP and core inflation in the euro area



Source: Eurostat.

Nominal compensation per employee

2007=100

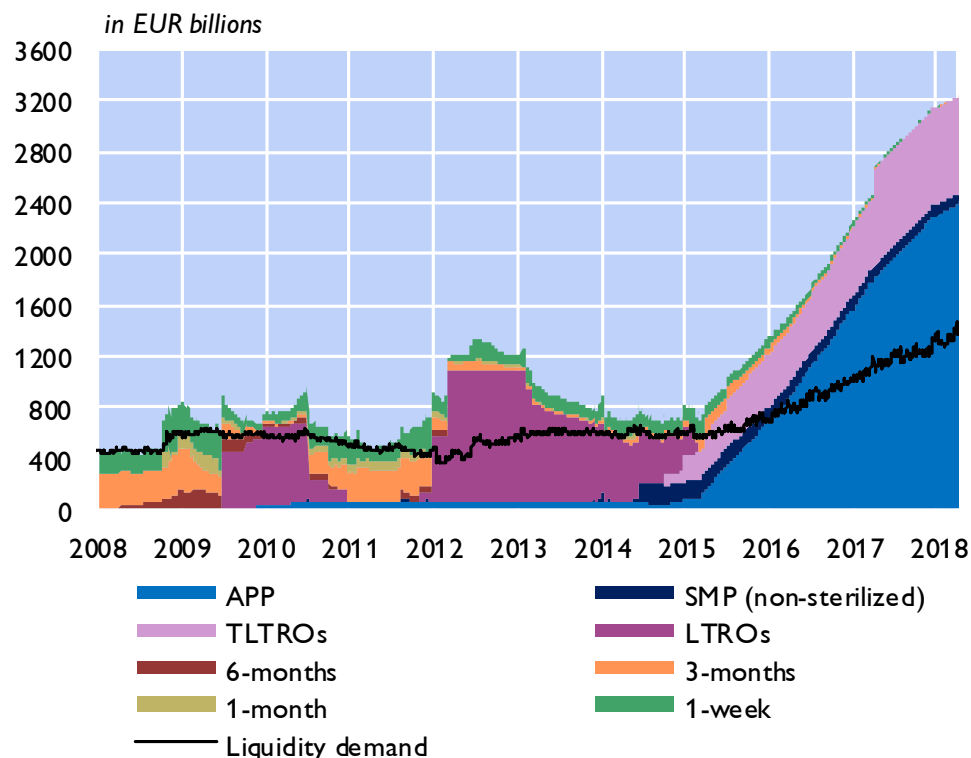


Source: European Commission.

1) Forecast: EC May 2018.

Monetary policy of the Eurosystem will remain accommodative

Liquidity provision in the euro area



Source: ECB, own calculations.

- **Monetary policy rates** at 0.25%, 0.00% and –0.40%
- **Forward guidance:** policy rates are expected “to remain at their present levels for an extended period of time, and well past the horizon of our net asset purchases”
- **Continuation of fixed rate full allotment** in all tender operations at least until end-2019
- The **expanded asset purchase programme (APP)**, with monthly purchases worth EUR 30 billion will continue until end-September 2018 or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim.
- **Reinvestment of the principal payments (APP)** for an extended period of time after the end of the net asset purchases, and in any case for as long as necessary