



**GIC CONFERENCE  
CENTRAL BANK SERIES**

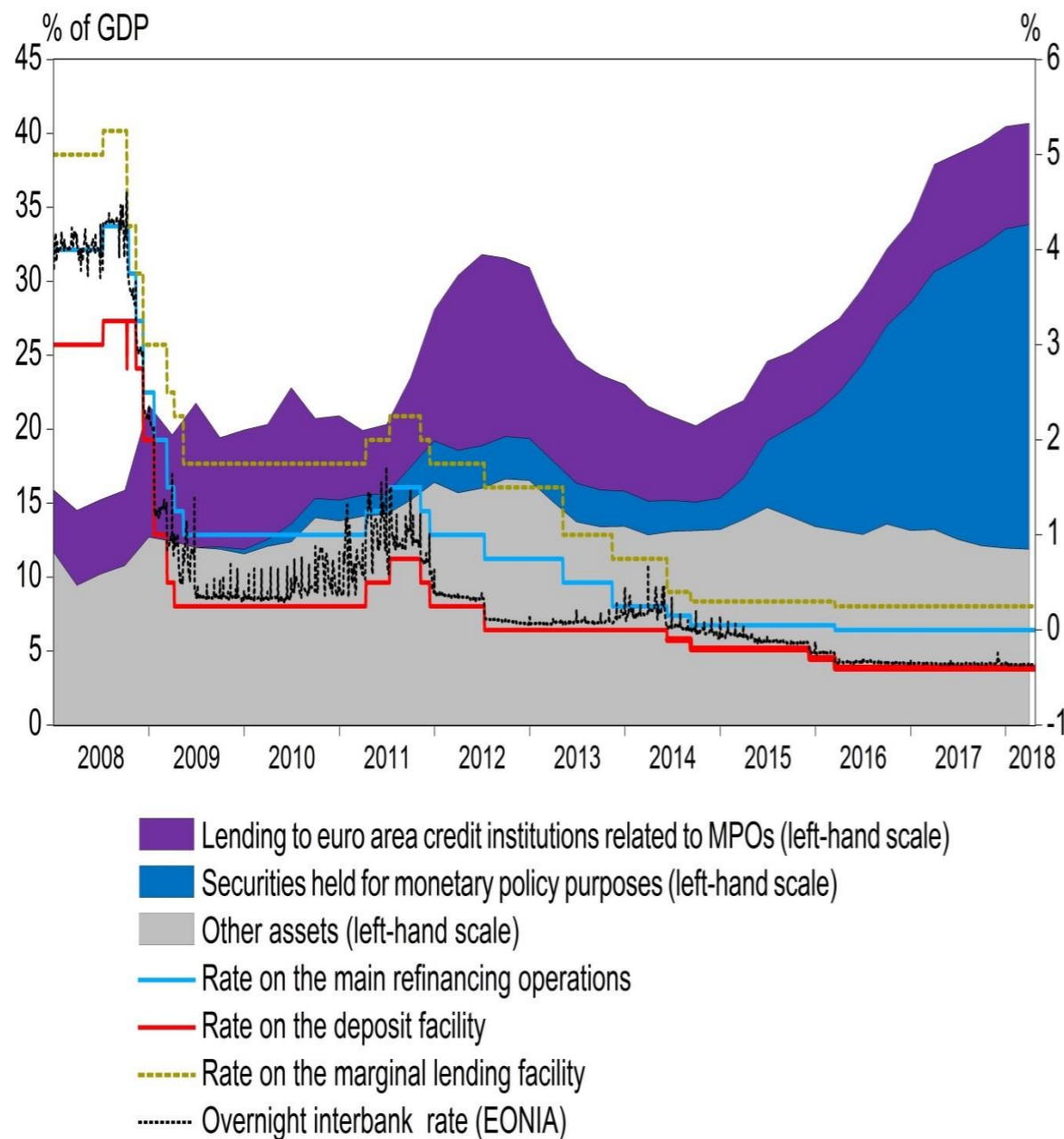
**May 14, 2018**

**A PERSPECTIVE ON THE ECB'S  
ASSET PURCHASE PROGRAMME**

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Governor, Banque de France**



# A QUARTET OF NON-STANDARD MONETARY POLICY MEASURES



Source: ECB, BdF calculations

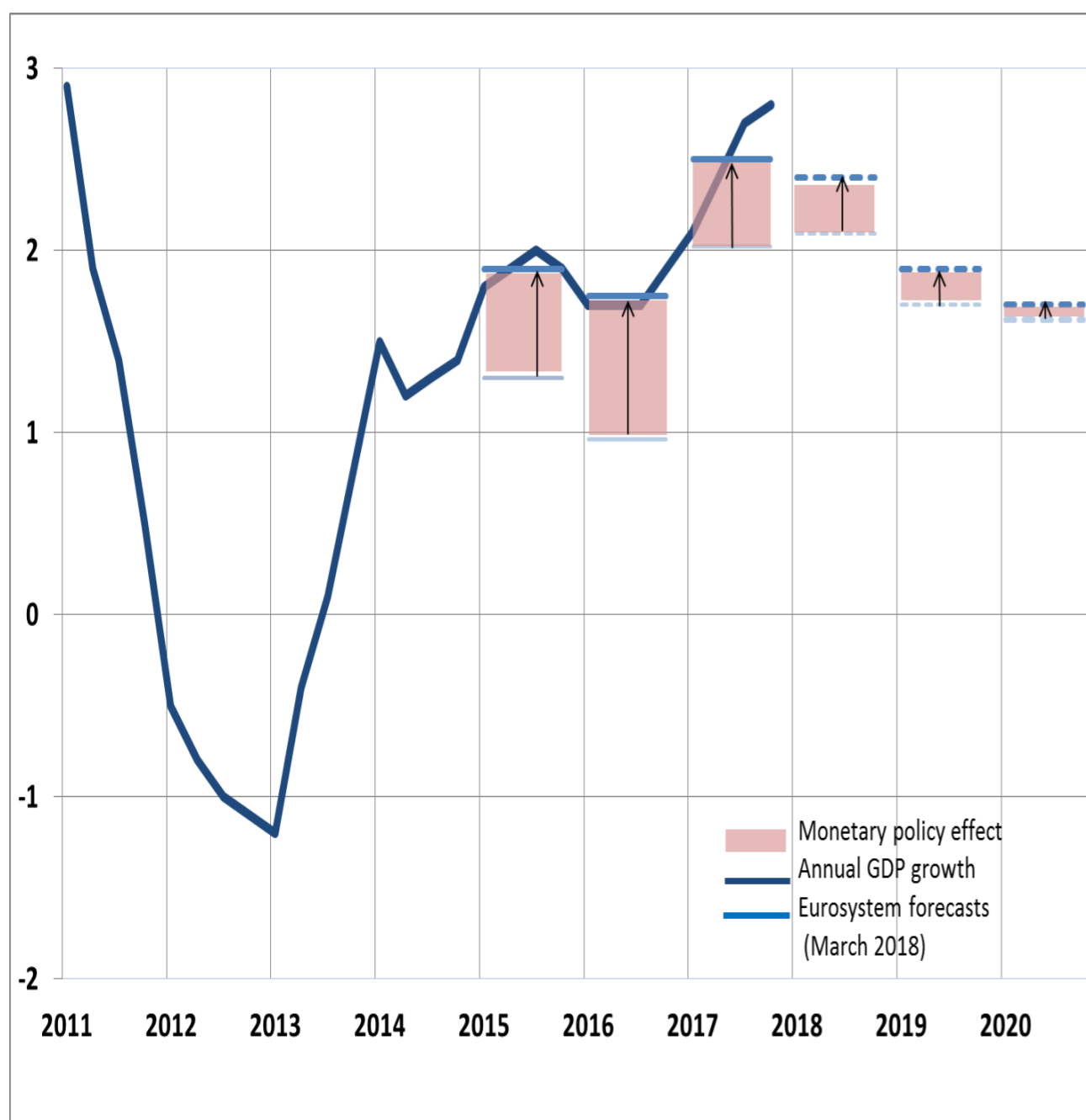
1. **Asset Purchases Programme** (since January 2015), €60 billion monthly, at least until Sep' 2016;
2. **Negative rates on the deposit facility** (since June 2014);
3. **Forward Guidance** (since July 2013);
4. **Provision of liquidity and credit to banks**
  - **Fixed-Rate Full Allotment** (since October 2008)
  - **TLTRO-I** (launched in June 2014).

## - Extensions -

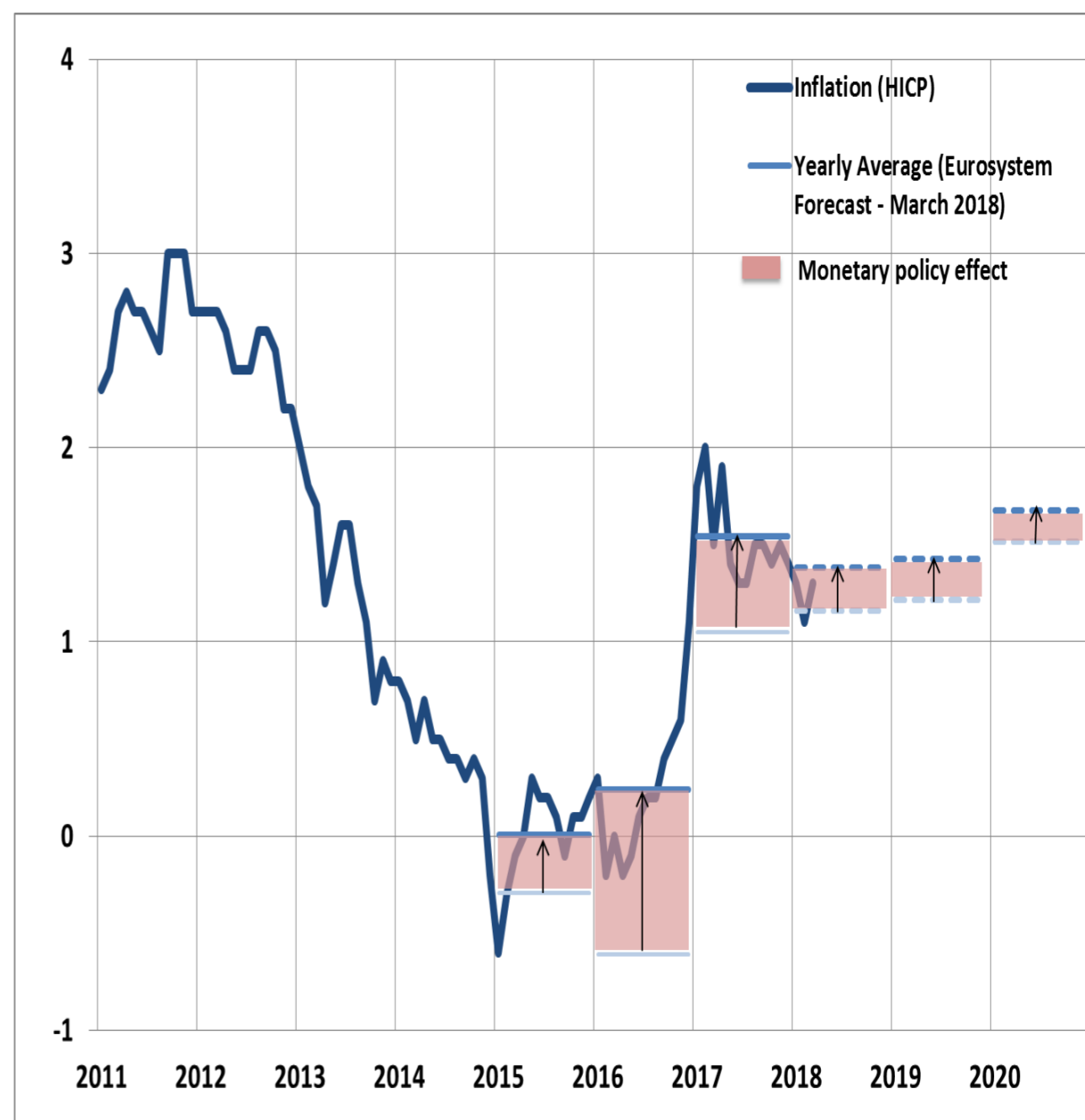
- ✓ **March 2016:** cut of the deposit facility rate = -0.4%; monthly purchases to €80 billion; TLTRO-II (€760 billion as of Sep' 2017)
- ✓ **December 2016 :** APP extended at least until Dec' 2017, an additionnal € 60 billion/month.
- ✓ **October 2017:** APP extended to end of Sep'2018, €30 billion/month; reinvest the principal payment for an extended period of time... for as long as necessary; liquidity provision (the main refinancing operations + TLTRO) as long as necessary and at least until the end of the last reserve maintenance period of 2019.
- ✓ Total APP holdings (March '18) ≈ €2,37 trillion, will increase up to €2,55 trillion by end of Sep' 2018.

# MONETARY POLICY CONTRIBUTED TO INCREASE EURO AREA GDP AND INFLATION BY 1.9 PP OVER 2016-2020

## Euro area GDP growth

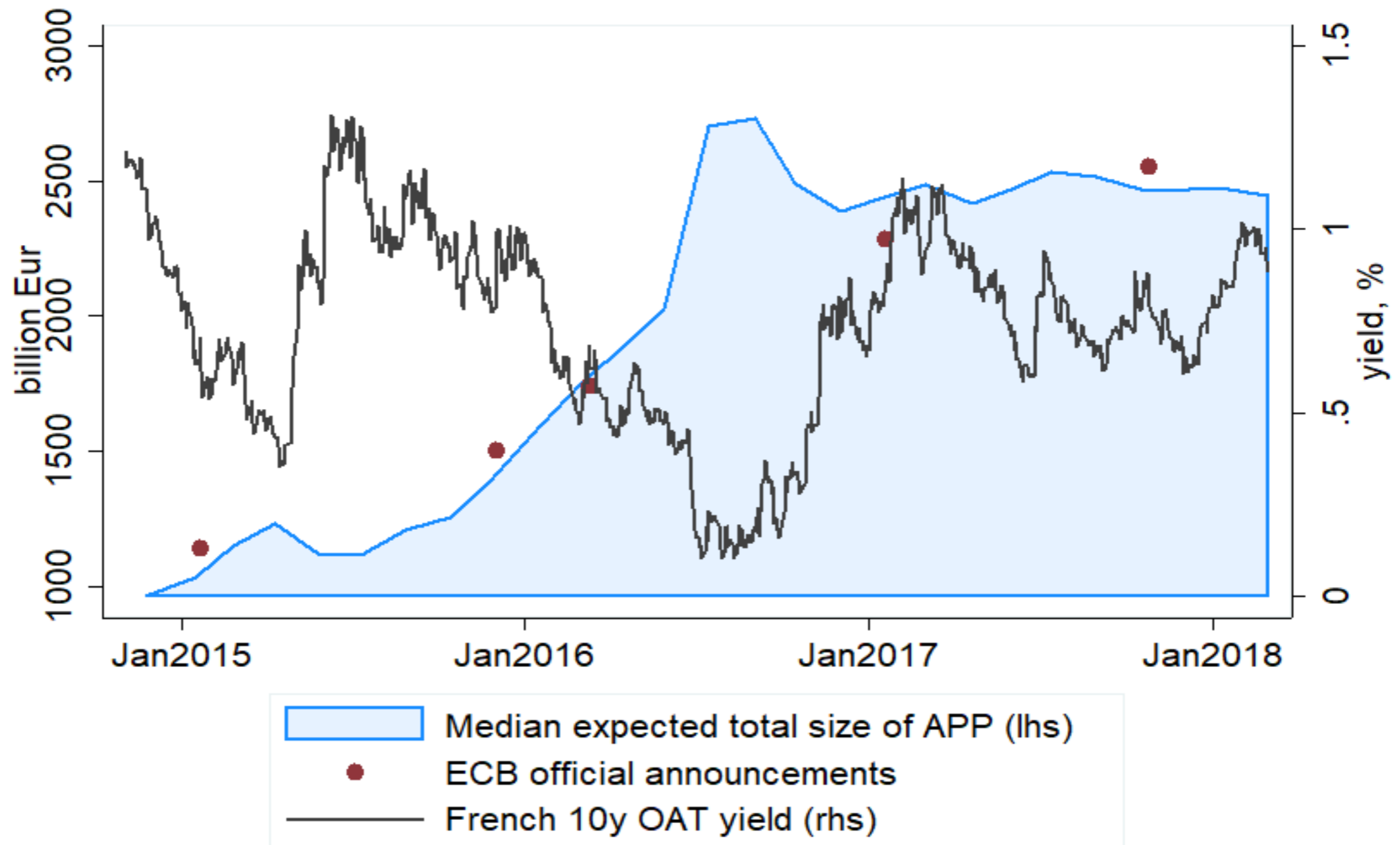


## Euro area Inflation (HICP)



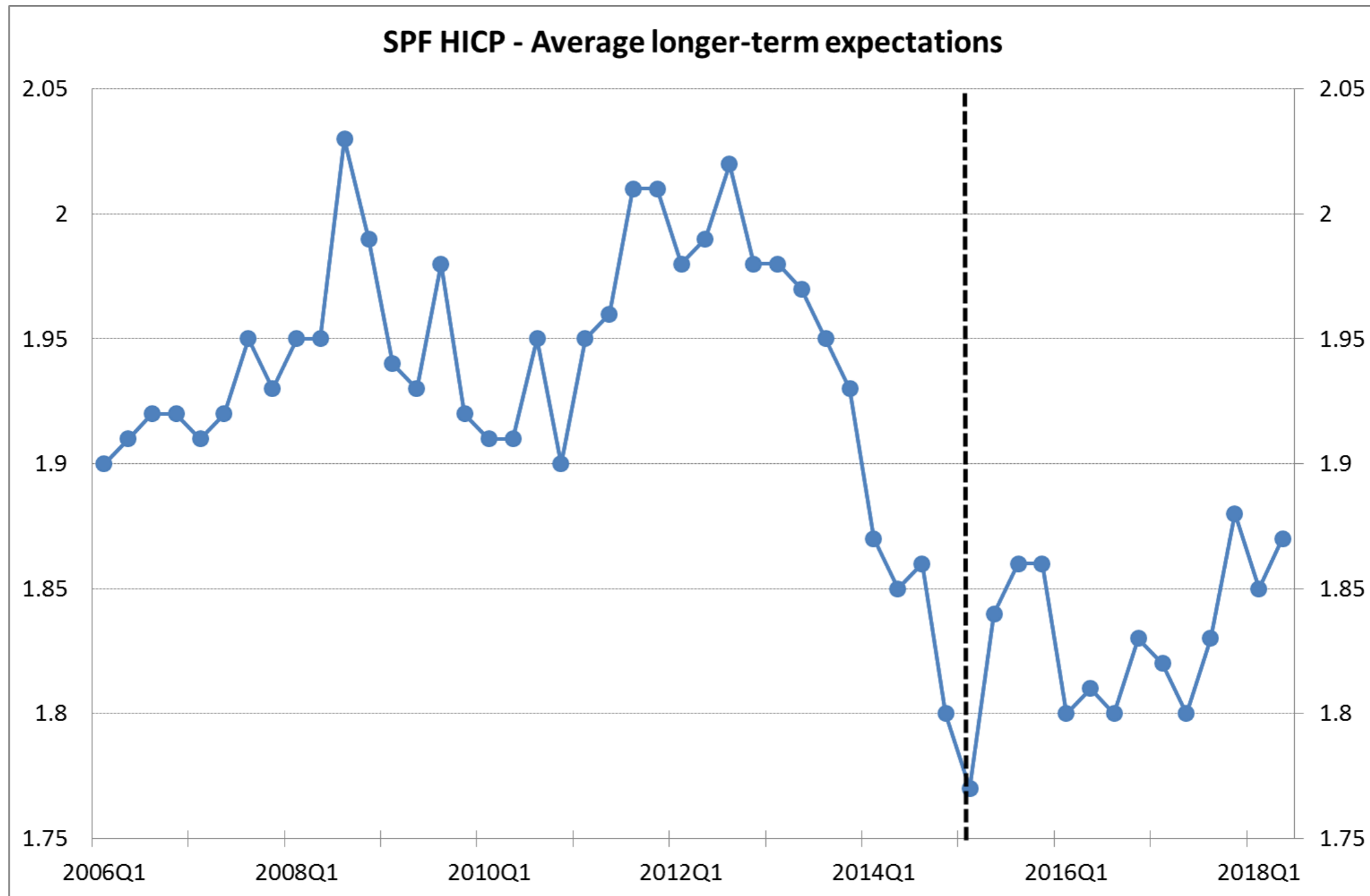
Source: ECB, BdF calculations (Mouabbi & Sahuc (2017))

# APP ANNOUNCEMENTS WEIGHED ON LONG-TERM YIELDS



Note: expected total size of APP(past purchases + purchases until the end of the APP), proxied from Reuters and Bloomberg market surveys, following Arrata and Nguyen (2017) methodology

# APP CONTRIBUTED TO INFLATION EXPECTATIONS REANCHORING



# EURO-AREA FRAGMENTATION REMAINED CONTAINED AFTER APP

## 10Y zero-coupon rates (%)

