



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

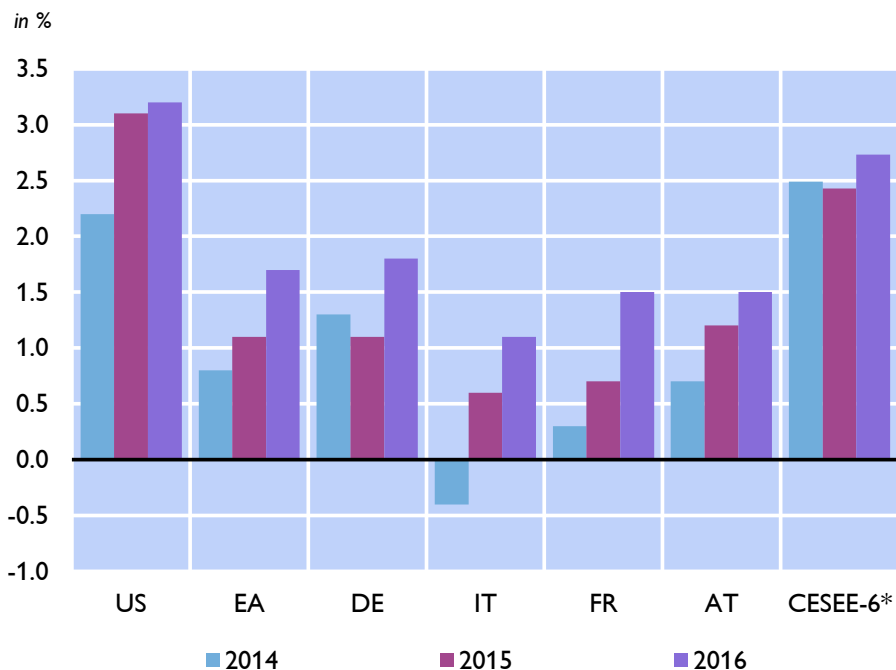
Monetary Policy Perspectives for 2015

Gouverneur Univ. Prof. Dr. Ewald Nowotny
Oesterreichische Nationalbank

*Euromoney Conference
Vienna, 21.1.2015*

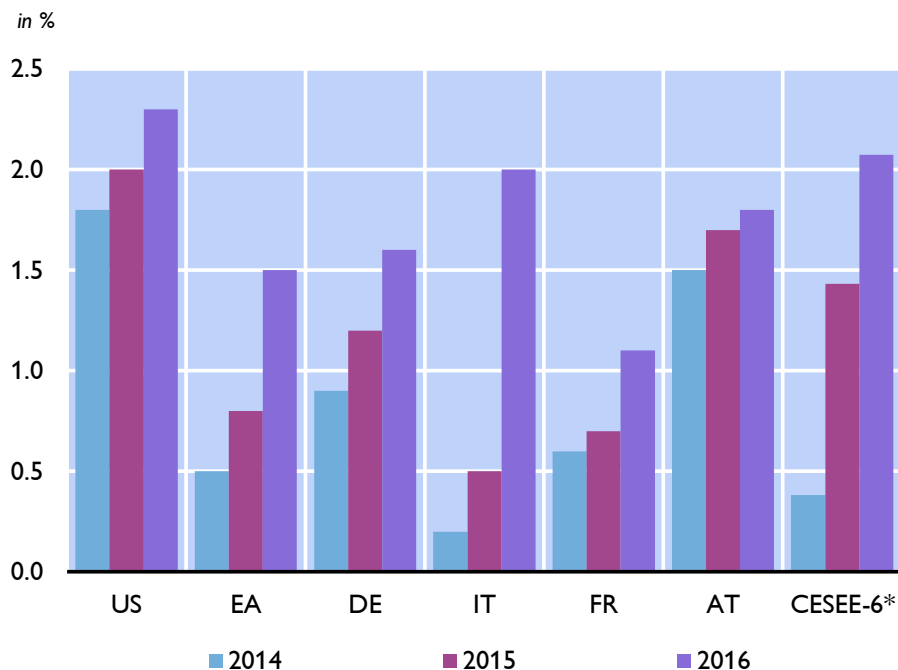
Growth and inflation perspectives 2014-16

Real GDP Growth



Source: European Commission, Autumn Forecast 2014. *CESEE-6: BG, CZ, HR, HU, PL, RO.

Inflation: Annual Change of HICP



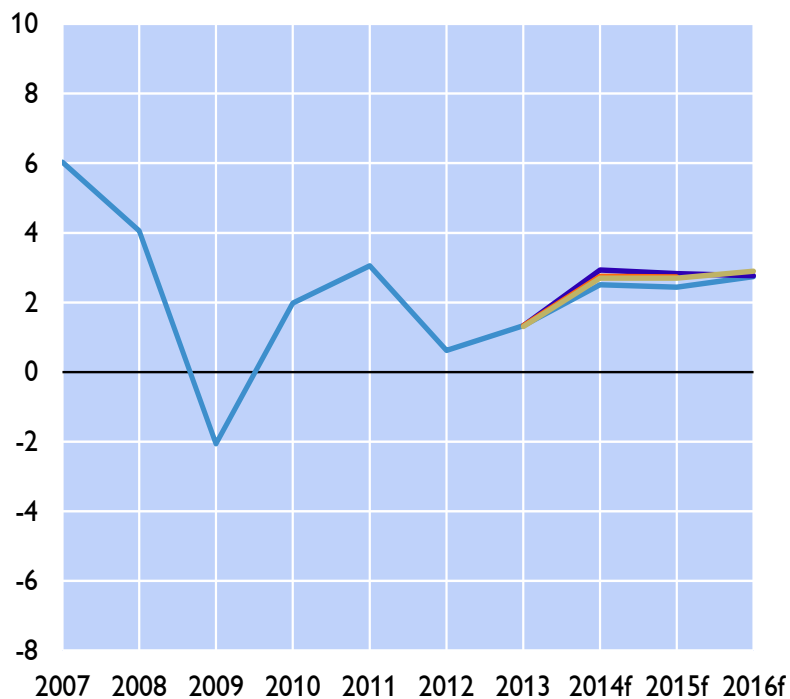
Source: European Commission, Autumn Forecast 2014. *CESEE-6: BG, CZ, HR, HU, PL, RO.

CESEE-6: Moderate Growth amidst a Notable Increase of Risks

GDP Projections, 2014-2016

CESEE-6 (BG, CZ, HR, HU, PL, RO)

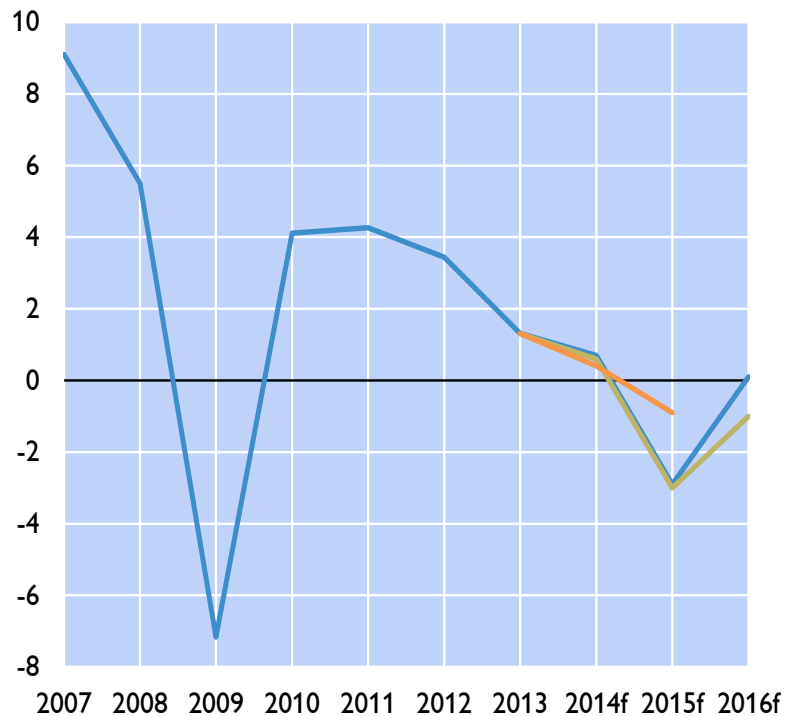
y-o-y growth in %



- Europ. Commission (Nov.2014)
- OeNB (technical update, Jan.2015)
- Consensus Forecast (Dec.2014)
- IMF (Oct. 2014)

Russia

y-o-y growth in %



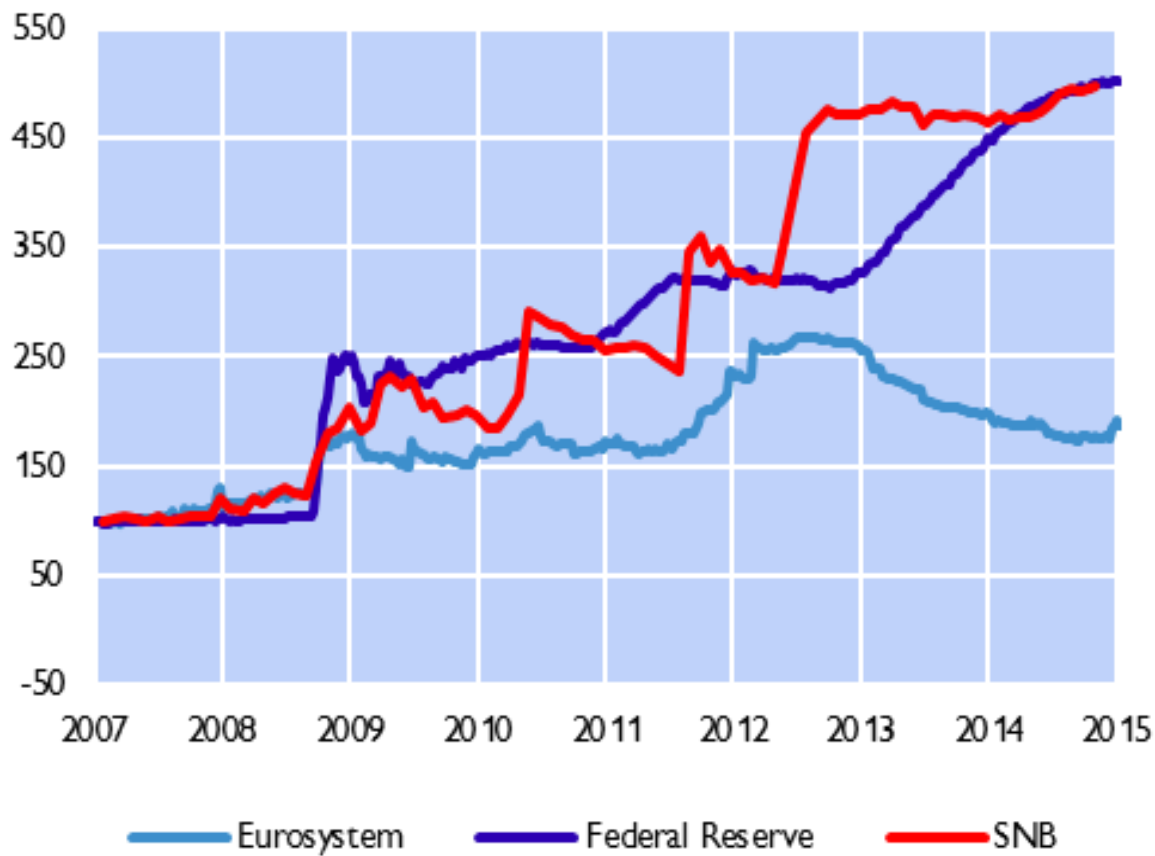
- Worldbank (Jan. 2015)
- IMF (Jan. 2015)
- Consensus Forecast (Dec.2014)

Sources: BOFIT, Consensus Economics, European Commission, Eurostat, OeNB, Rosstat, wiiw - The Vienna Institute for International Economic Studies.

Development of Central Bank Balance Sheets

Central Bank Balance Sheets

January 2007 = 100



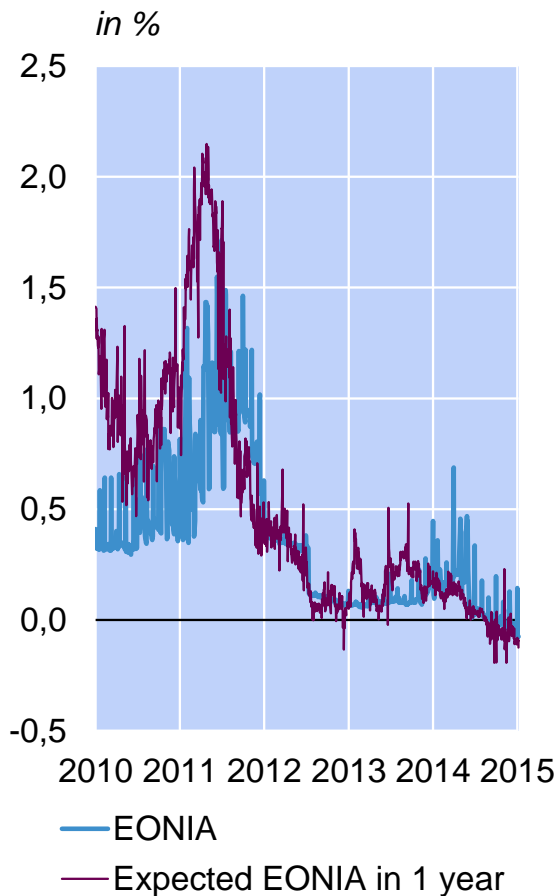
Source: Thomson Reuters.

Monetary Policy since the Crisis: Conventional and Unconventional Measures

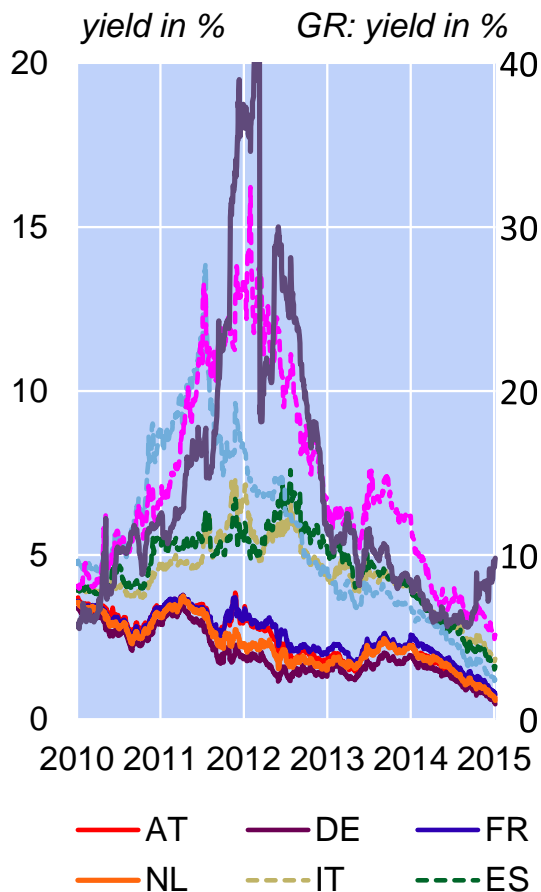
- Interest rate policy: *reduction of the main refinancing rate to currently 0.05% and deposit facility to -0.2% (4 September 2014)*
- Open market operations to support loan creation:
 - Full allotment at fixed rate, longer maturities;*
 - Targeted Longer-Term Refinancing Operations (TLTROs): amount dependent on outstanding loans to the private sector (initially max. 7%), quarterly operations until June 2016*
- Outright purchases of securities to support the monetary transmission mechanism:
 - *Covered Bonds Programmes (CBPP 1-3)*
 - *Securities Markets Programme (SMP)*
 - *Outright Monetary Transactions (OMT)*
 - *Asset-Backed Securities Programme (ABSPP)*
- Forward guidance to affect interest rate expectations

Broad based Easing of Monetary Conditions

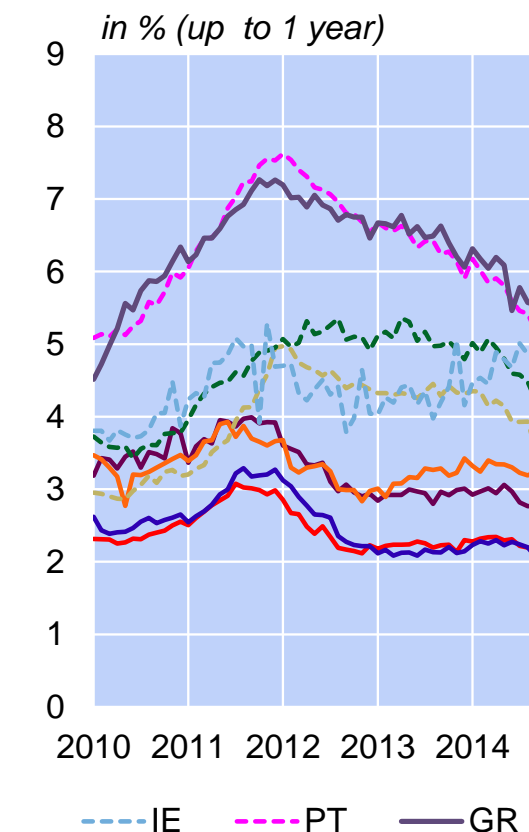
EONIA



Sovereign bonds (10y) of selected countries



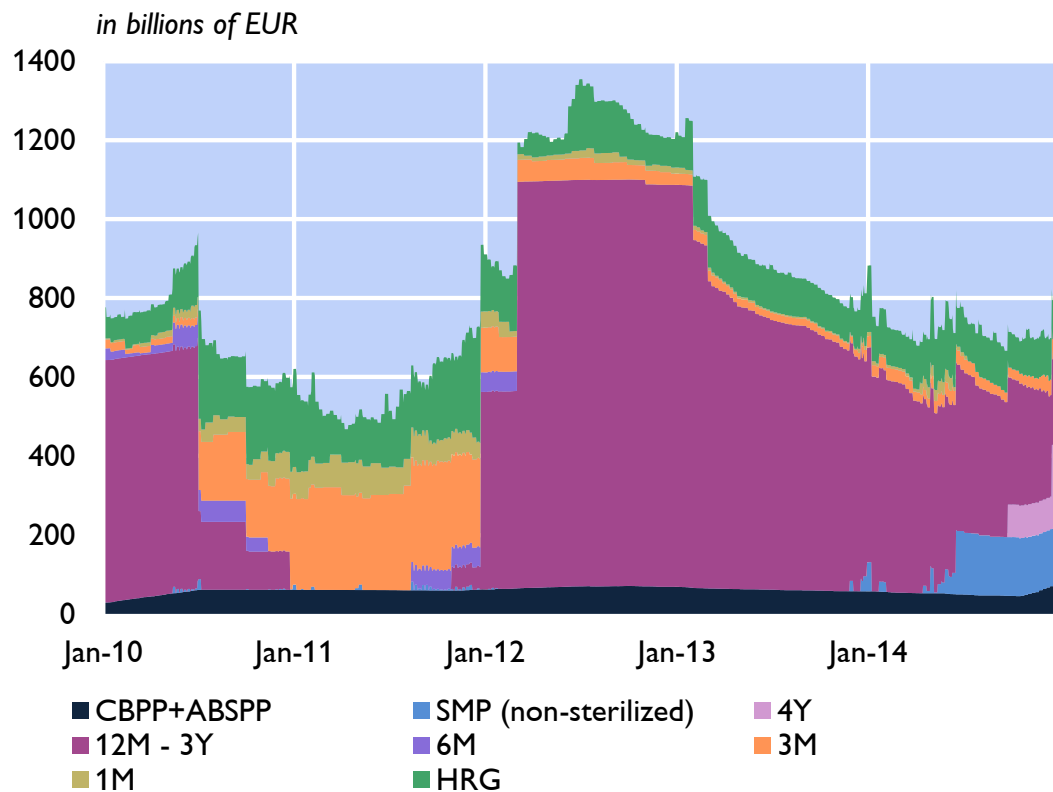
Retail interest rates for NFC loans, up to EUR 1 mn



Source: OeNB, Thomson Reuters, ECB.

New Programmes to Support Loan Creation

Liquidity Provision in the Euro Area

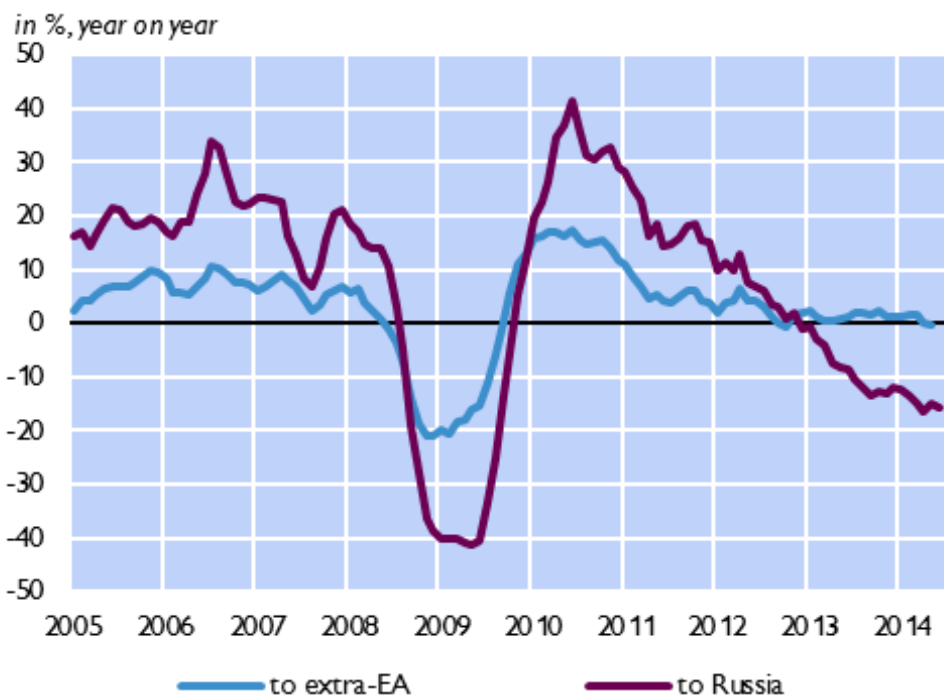


Source: ECB, own calculations.

- Maximum amount of liquidity provided by the Eurosystem at the beginning of 2012: app. 1,300 bill EUR.
- Steady decrease of liquidity as banks repay central bank loans prematurely
- New programmes will increase liquidity provision and will bring it back towards its 2012-level:
 - Targeted longer-term Refinancing Operations (TLTROs) currently provide 213 bill EUR.
 - Purchase Programmes for Covered Bonds (CBPP3) as well as Asset-Backed Securities (ABSPP)

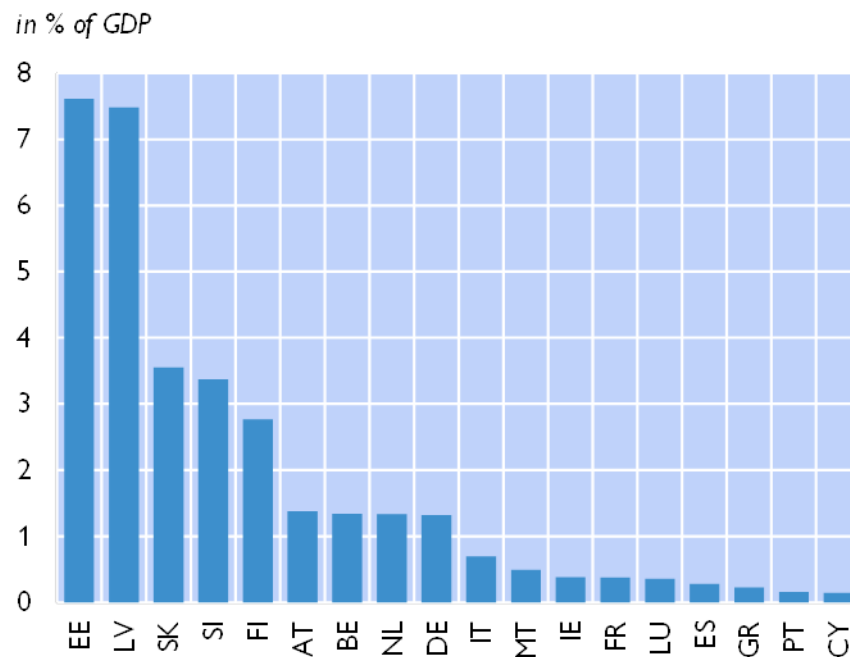
Impact of the Conflict between Russia and Ukraine on Euro Area Growth?

Growth of goods exports of the euro area



Source: National Statistics, Eurostat; exports: seasonally & working day adjusted, index: 2010=100, rolling 3-months averages.

Euro area countries: Trade with Russia 2013



Source: Eurostat Comext.