



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

Europe and the Crisis – Lessons

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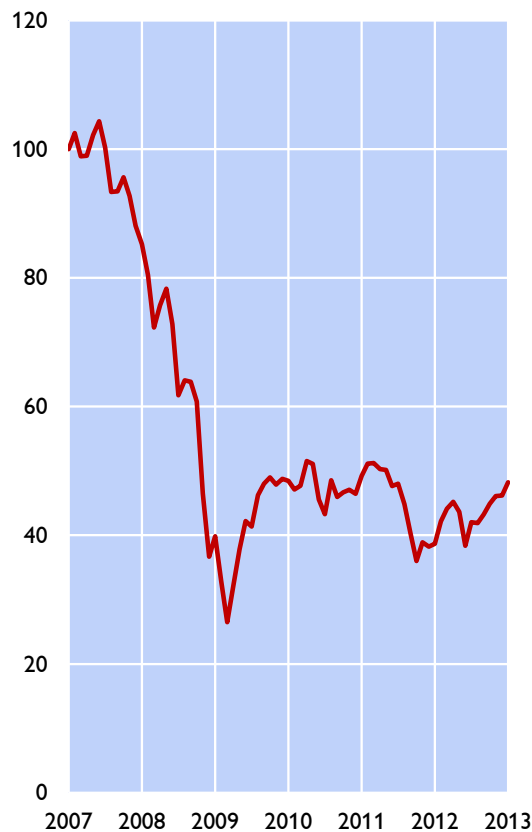
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Stages of the Financial Crisis since 2008

Financial Markets \Rightarrow **Real Economy** \Rightarrow **Public Sector**

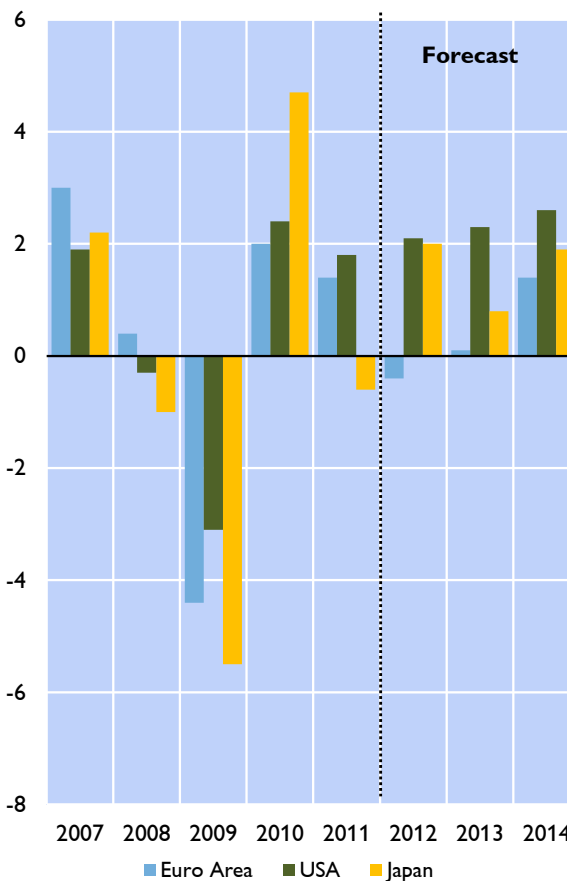
World Financials Stock Index

1.1.2007=100



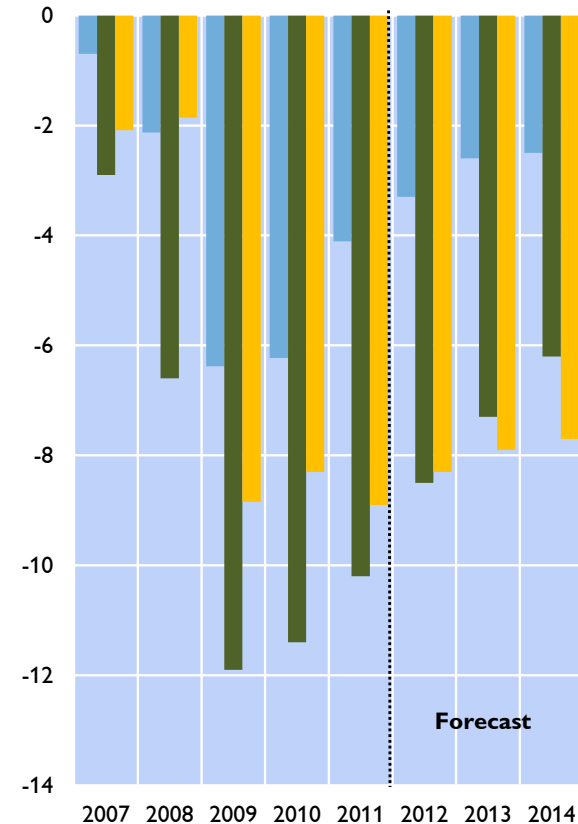
Real GDP

Annual change in %



Budget Balance

% of GDP



Source: MSCI World Financials (Thomson Reuters), Eurostat, European Commission. 2012, 2013 and 2014: Forecast of the European Commission (November 2012).

IMF Expects No Significant Acceleration of Activity for 2013

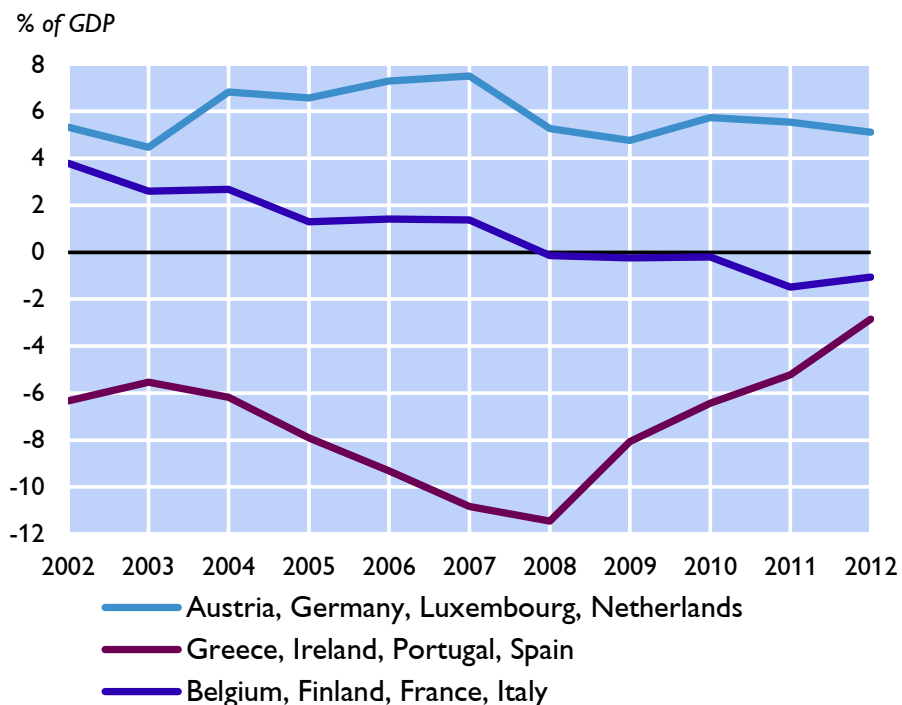
Downside risks to global growth remain significant, including the U.S. fiscal cliff and renewed setbacks in the euro area

	Real GDP growth in %			Change against October 2012 WEO	
	2012	2013	2014	2013	2014
World	3.2	3.5	4.1	-0.1	-0.1
United States	2.3	2.0	3.0	-0.1	0.1
Euro Area	-0.4	-0.2	1.0	-0.3	-0.1
Japan	2.0	1.2	0.7	0.0	-0.4
China	7.8	8.2	8.5	0.0	0.0
World Trade Volume	2.8	3.8	5.5	-0.7	-0.3

Source: IMF World Economic Outlook, January 2013 Update.

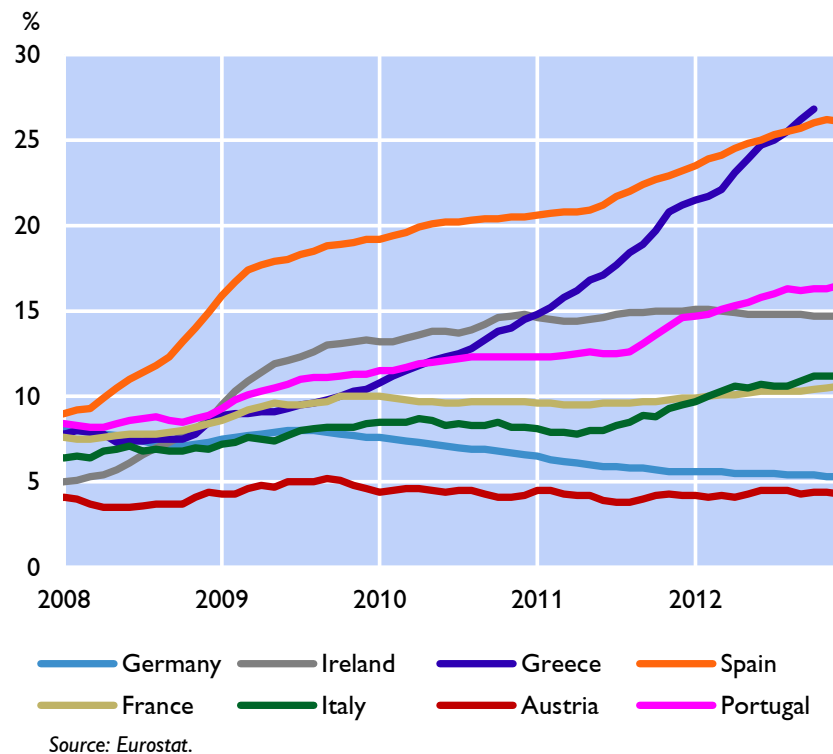
Euro Area: Ongoing Reduction of Imbalances, but Still High Unemployment

Current Account Balance by Group of Countries



Source: AMECO, estimated data for 2012.

Unemployment Rate in Selected Countries



Euro area unemployment rate in Dec. 2012: 11.7%

Austria Prevails in Bleak Environment

	2011	2012	2013	2014
	<i>Change to previous year in %</i>			
GDP	2.7	0.4	0.5	1.7
Private consumption	0.9	0.3	0.5	1.1
Government consumption	0.5	0.8	0.9	1.0
Total investment	6.3	1.0	0.8	2.5
Exports	7.1	1.8	2.7	5.6
Imports	7.0	1.7	3.0	5.4
HICP	3.6	2.5	1.7	1.6
Unemployment rate (in %)	4.2	4.4	4.7	4.7
Employees	2.0	1.2	0.4	0.7
	<i>in % of nominal GDP</i>			
Current Account	0.6	1.7	1.5	1.9
Government Balance	-2.5	-3.0	-2.1	-1.8

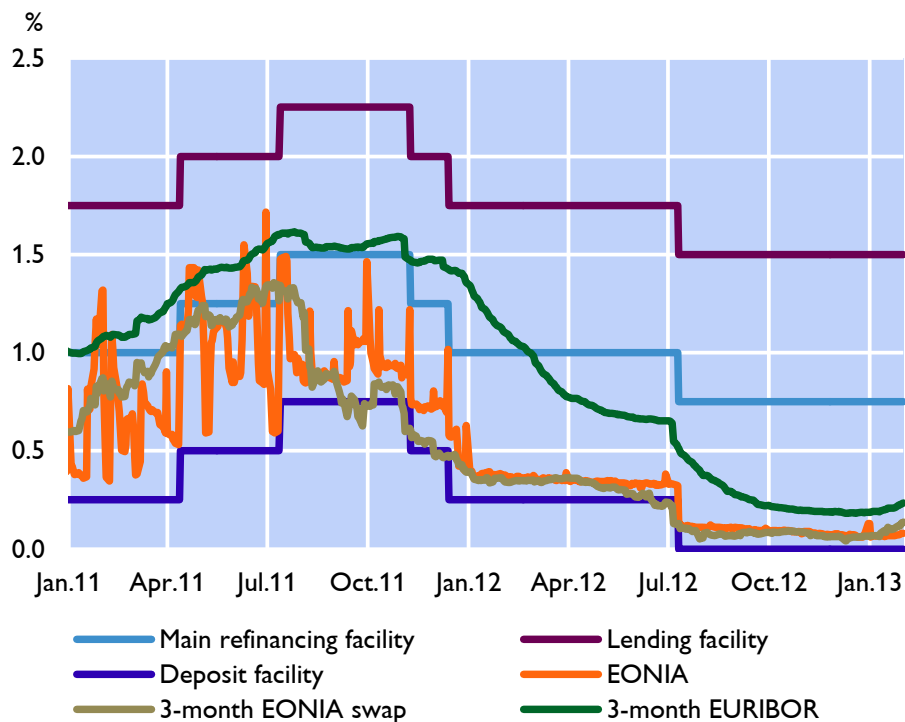
Source: OeNB-Economic Outlook for Austria from December 2012

Swift, Flexible and Comprehensive Crisis Management by the Eurosystem (i.e. ECB and National Central Banks)

- **Reduction of the interest rate for MRO to 0.75% in several steps**
- **Introduction of non-standard monetary policy measures**
 - **Additional long-term refinancing operations (maturity up to 3 years)**
 - **Full allotment in refinancing operations**
 - **Extension of the pool of eligible collateral for refinancing operations**
 - **Provision of USD and CHF swap lines for euro area banks**
 - **Covered Bond Purchase Programme (CBPP)**
 - **Securities Market Programme (SMP)**
 - Purchase of bonds in the secondary market since May 2012 in order to restore the monetary transmission mechanism and to reduce tensions in the markets for government bonds*
 - **Outright Monetary Transactions (OMT)**

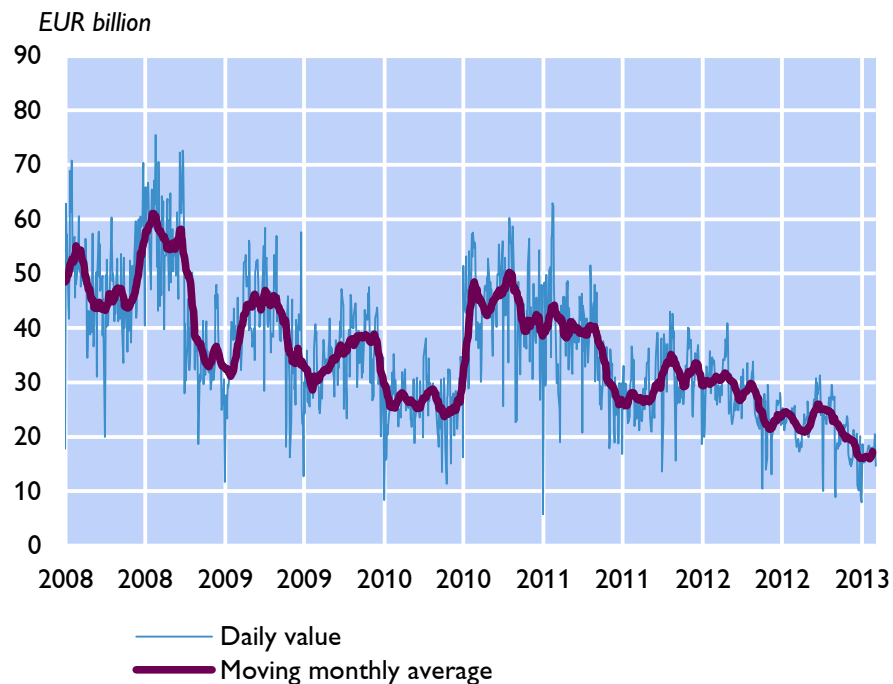
Early Repayment of the 3-Year LTRO: Expected Reduction in Excess Liquidity Leads to Increase in Money Market Rates

ECB and Money Market Rates



Source: Thomson Reuters.

EONIA Volumes

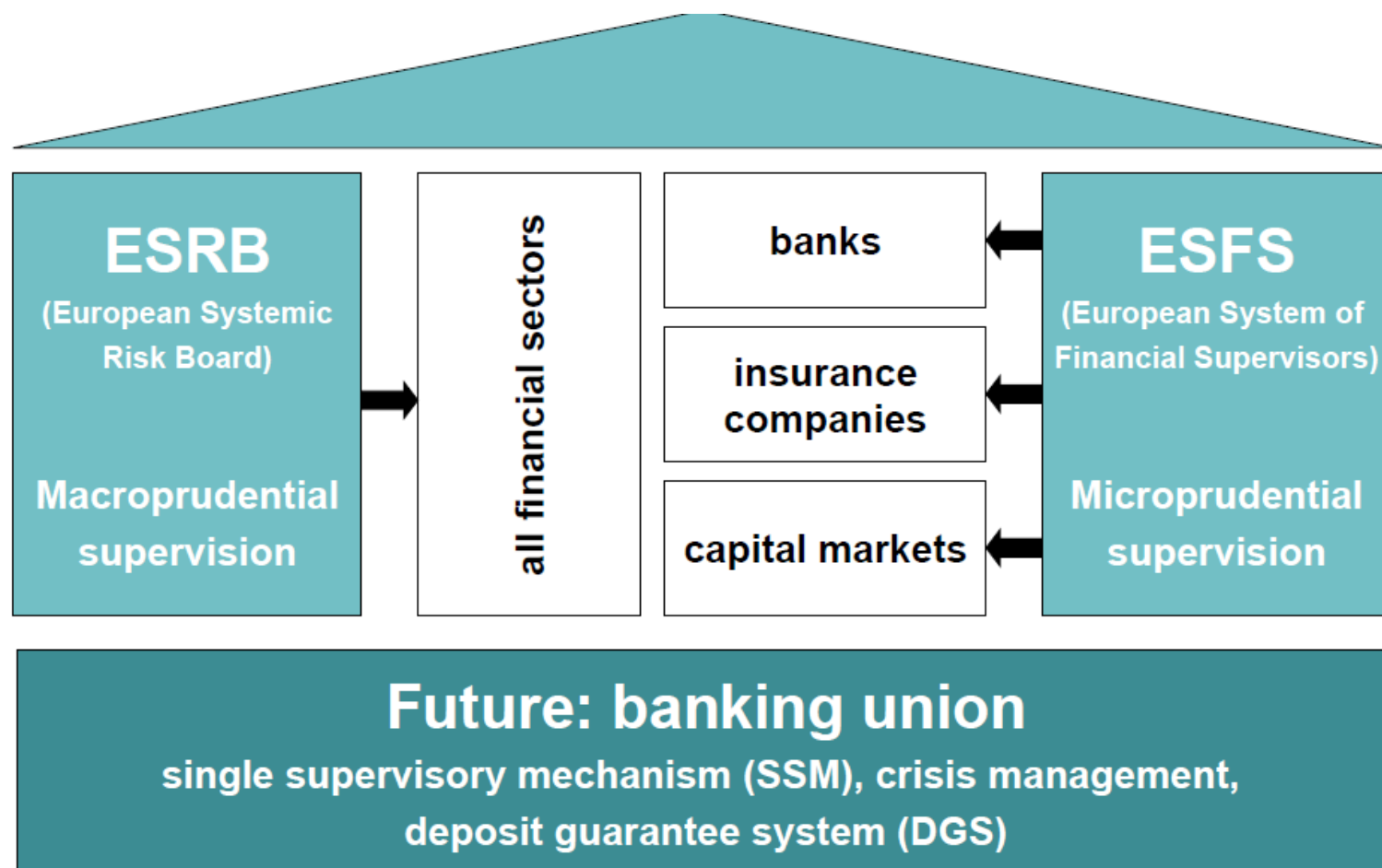


Source: ECB.

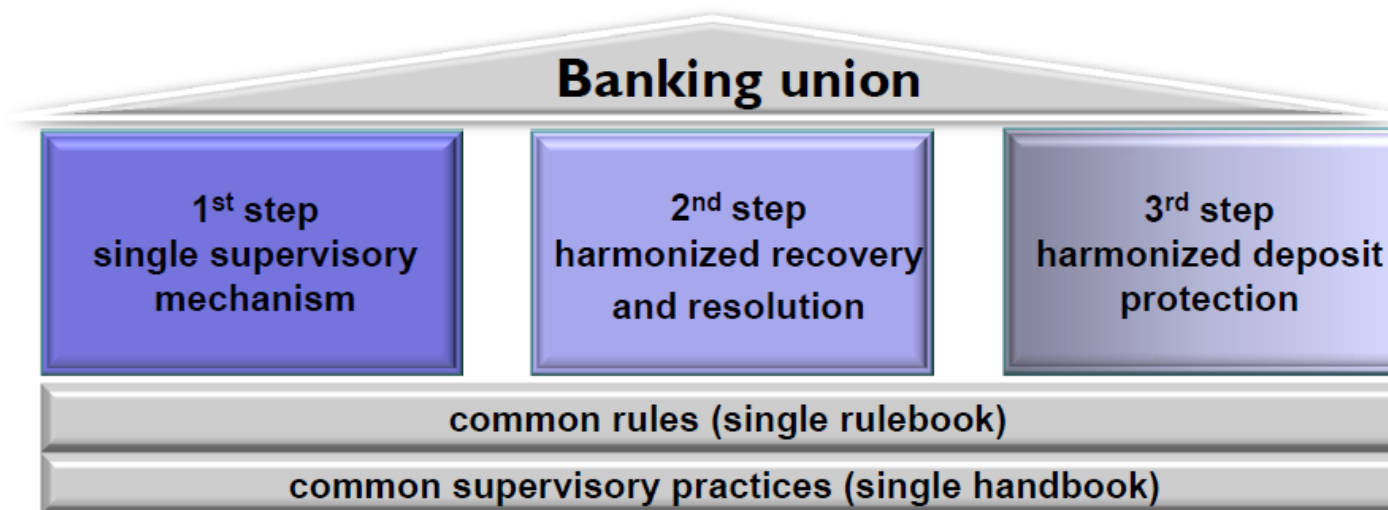
Buildingblocks of Euro governance reform



Ongoing Development of the European Financial Stability Framework



The Single European Supervisory Mechanism



1st step: single supervisory mechanism	
Objective	<ul style="list-style-type: none"> ▪ Decoupling the risks of banks and sovereigns
Single supervisory mechanism (SSM)	<ul style="list-style-type: none"> ▪ Transfer of prudential supervisory tasks and responsibilities to the ECB ▪ Extensive involvement of national supervisory authorities Opt-in for non-euro area members
Timetable	<ul style="list-style-type: none"> • Phase-in with special focus on banks receiving EFSF/ESM aid