



OESTERREICHISCHE NATIONALBANK
EUROSYSTEM

Monetary policy normalization: Scenarios and risk

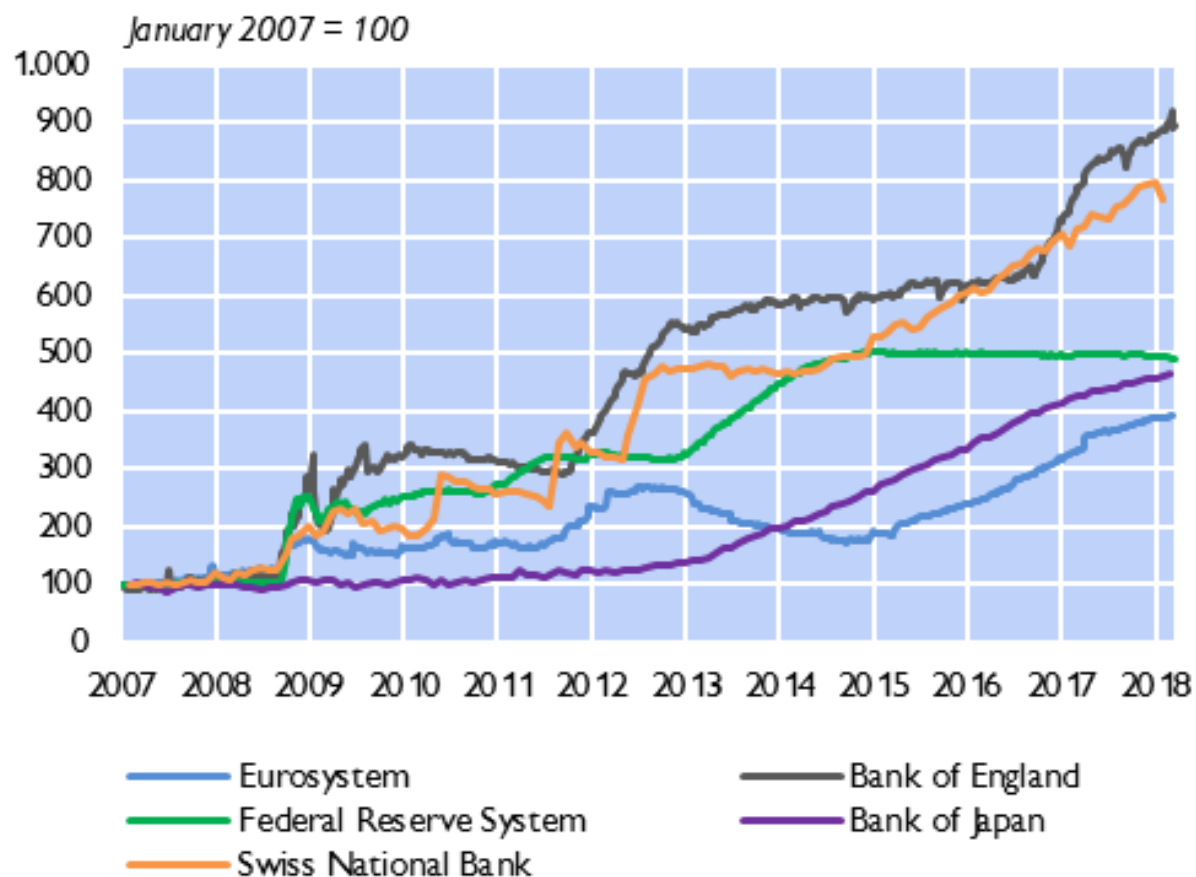
SUERF Annual Lecture
London, 10 April 2018

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Governor, Oesterreichische Nationalbank

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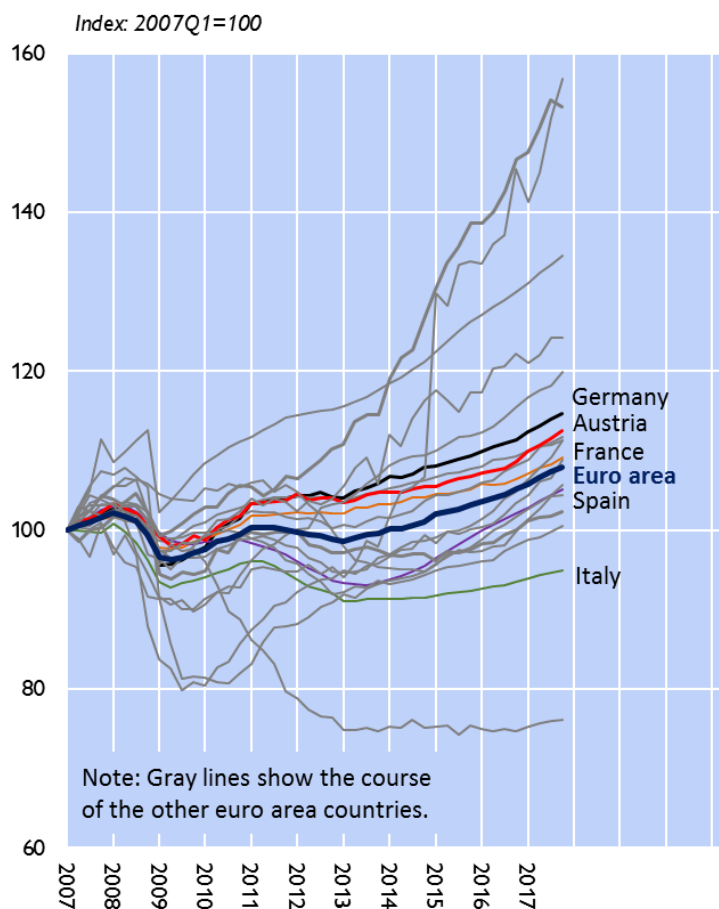
Central bank balance sheets



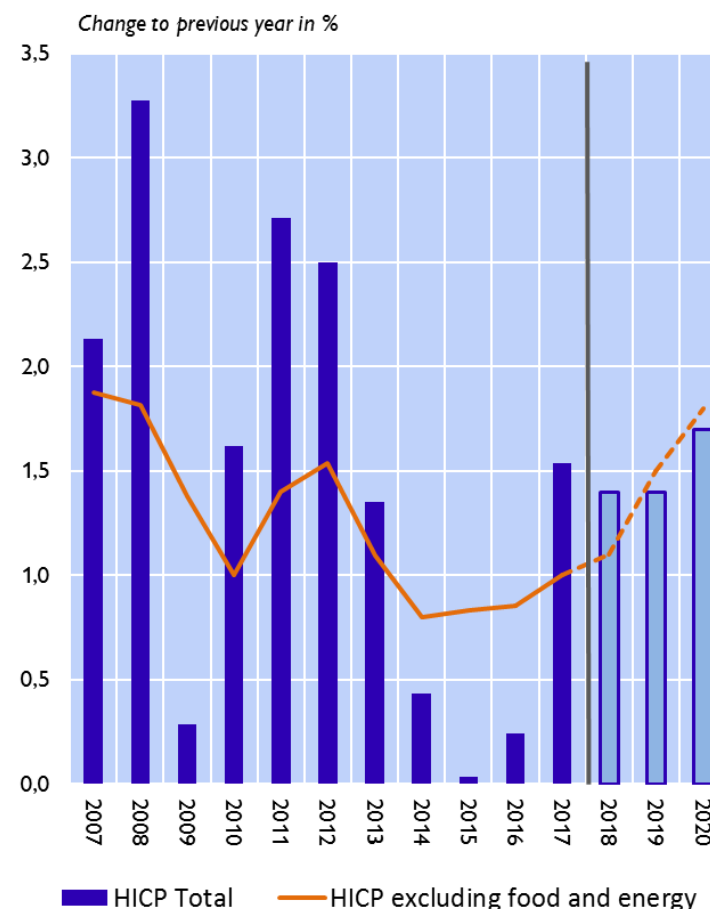
Source: Thomson Reuters.

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

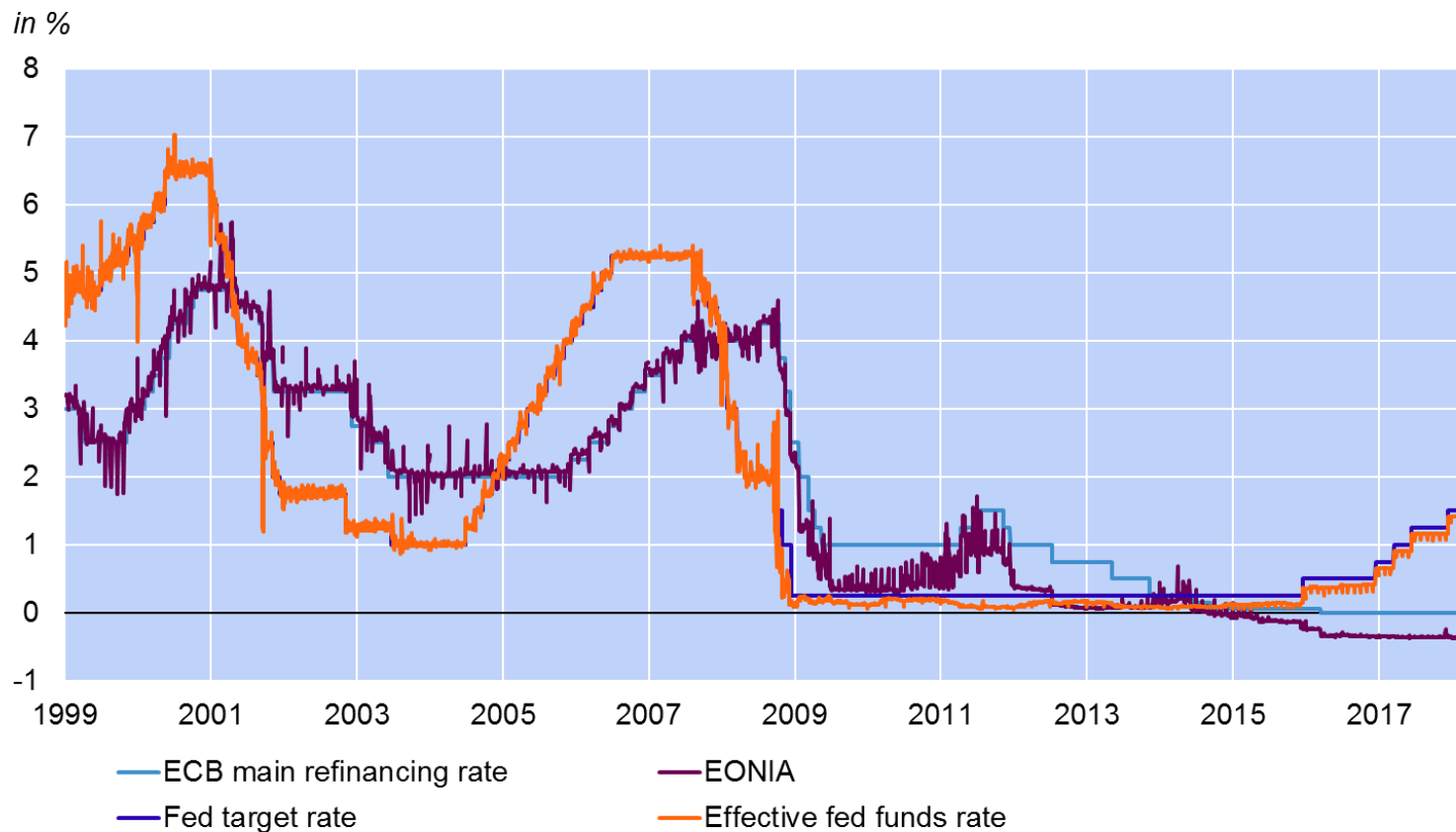
Real GDP in euro area countries



Euro area HICP-inflation

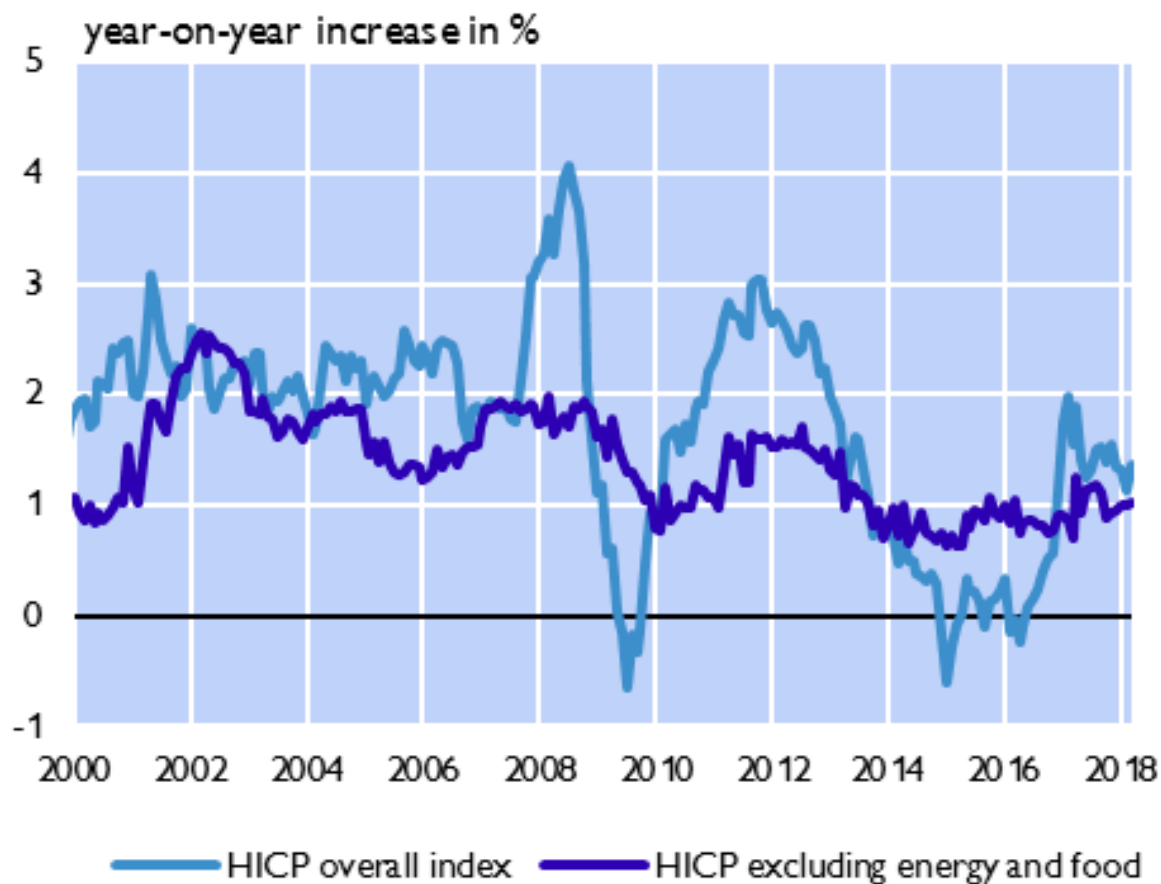


Policy and market interest rates



Source: Macrobond.

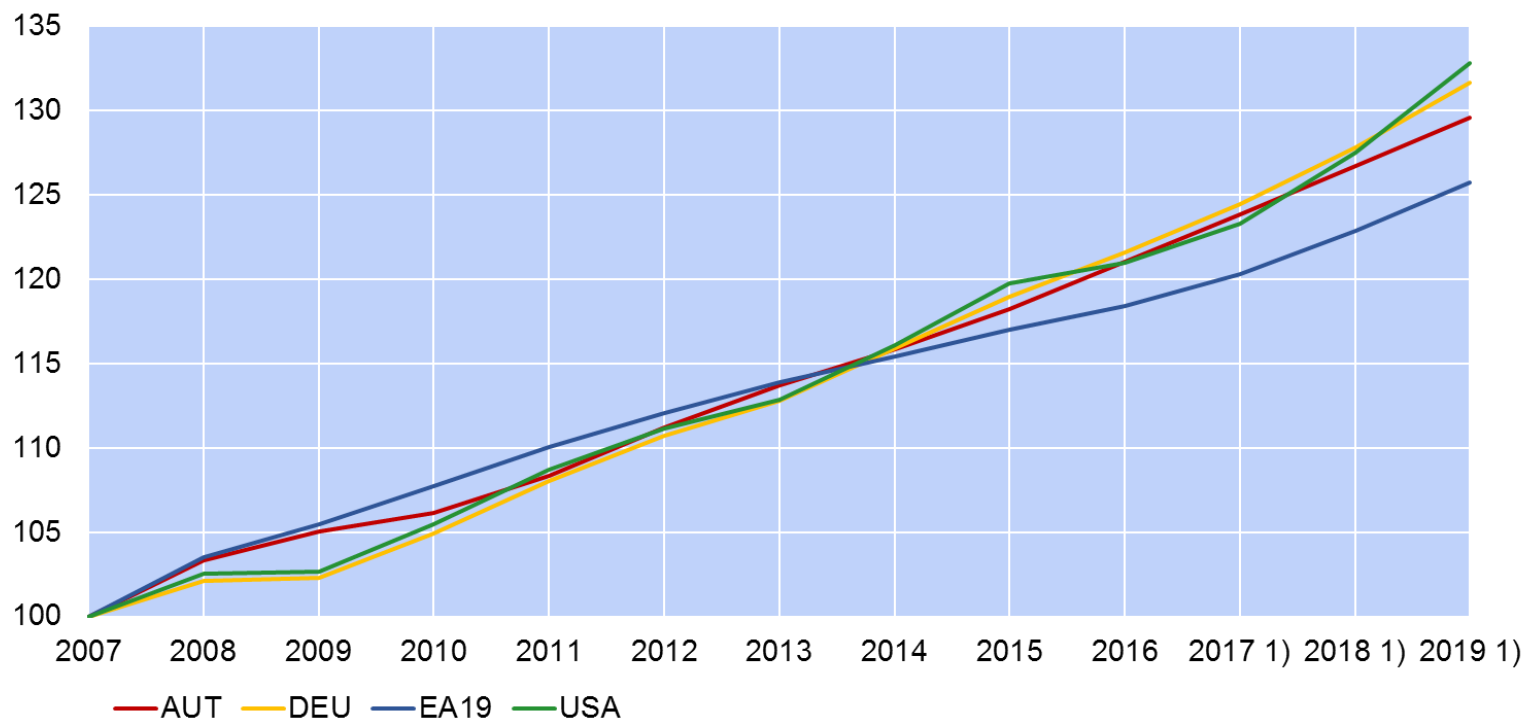
HICP inflation and core inflation in the Euro area



Source: Eurostat.

Nominal compensation per employee

2007=100

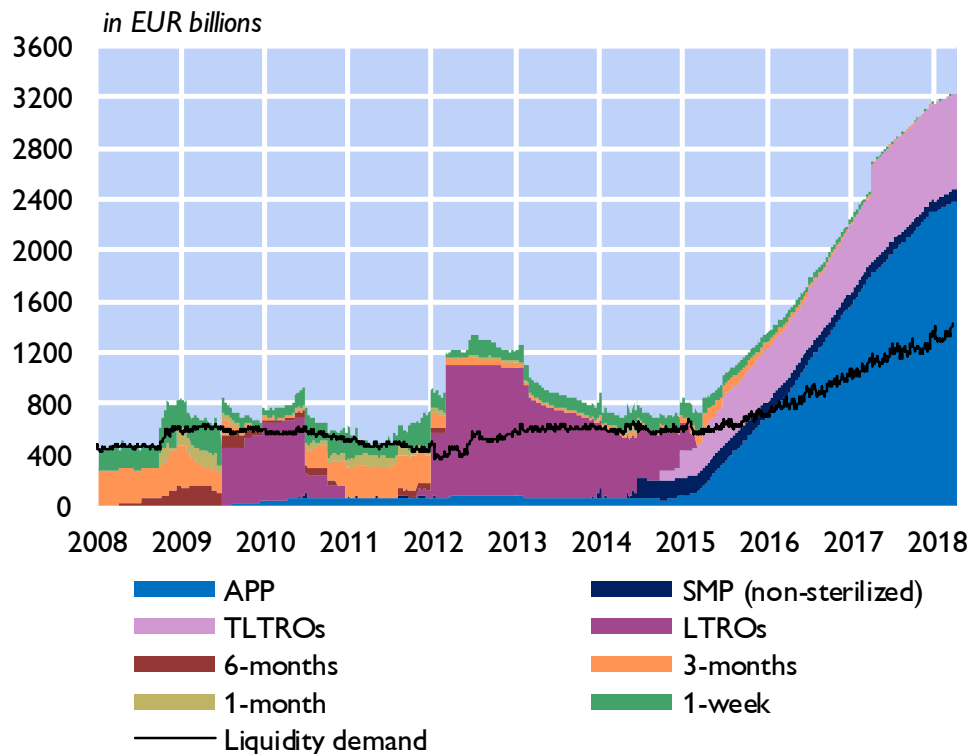


Source: European Commission.

1) Forecast: EC November 2017.

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