

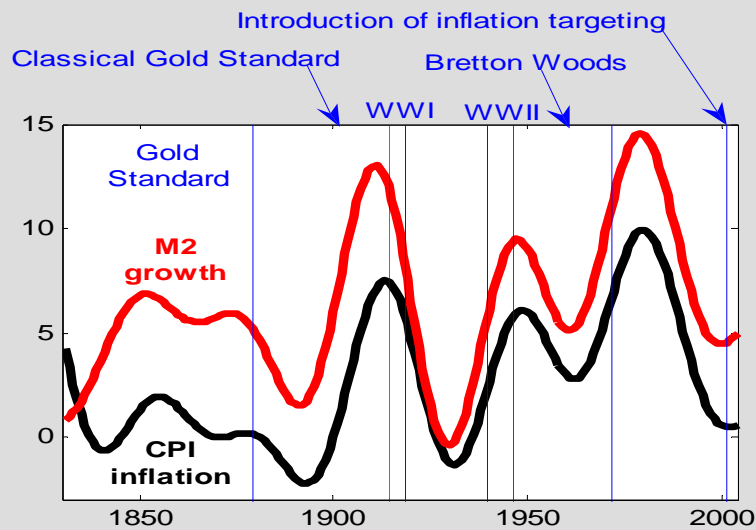
# Enhancing the Monetary Analysis

**J. Stark**

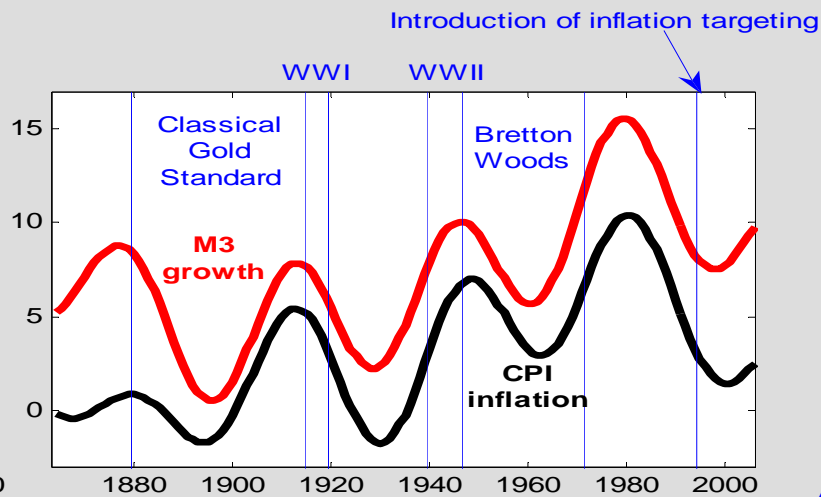
**Member of the Executive Board of the  
European Central Bank**

*Frankfurt am Main, 7 September 2007,  
“The ECB and its Watchers IX”*

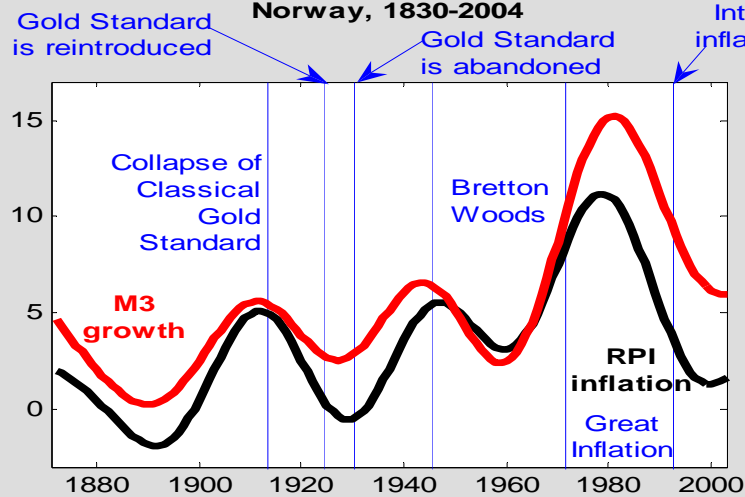
# Historical relation between trends in money growth and inflation (annual percentage changes)



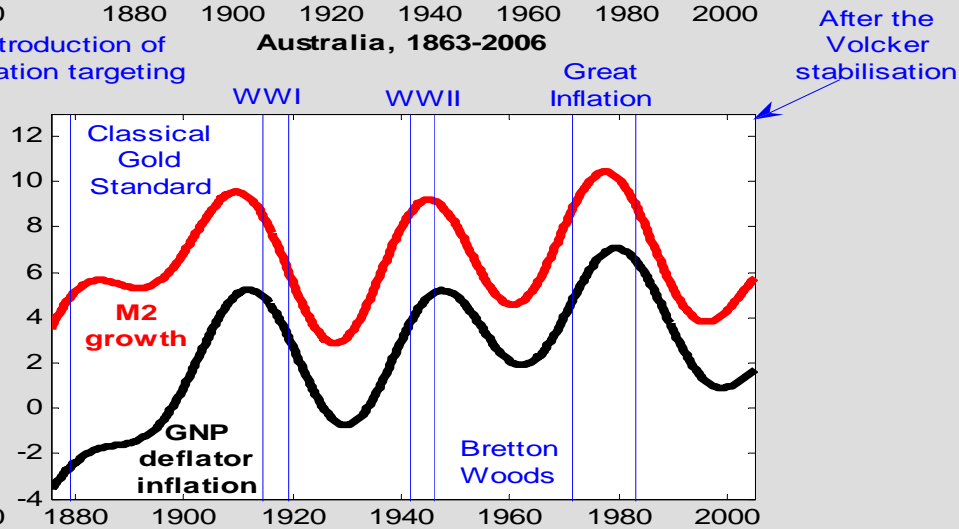
Norway, 1830-2004



Australia, 1863-2006



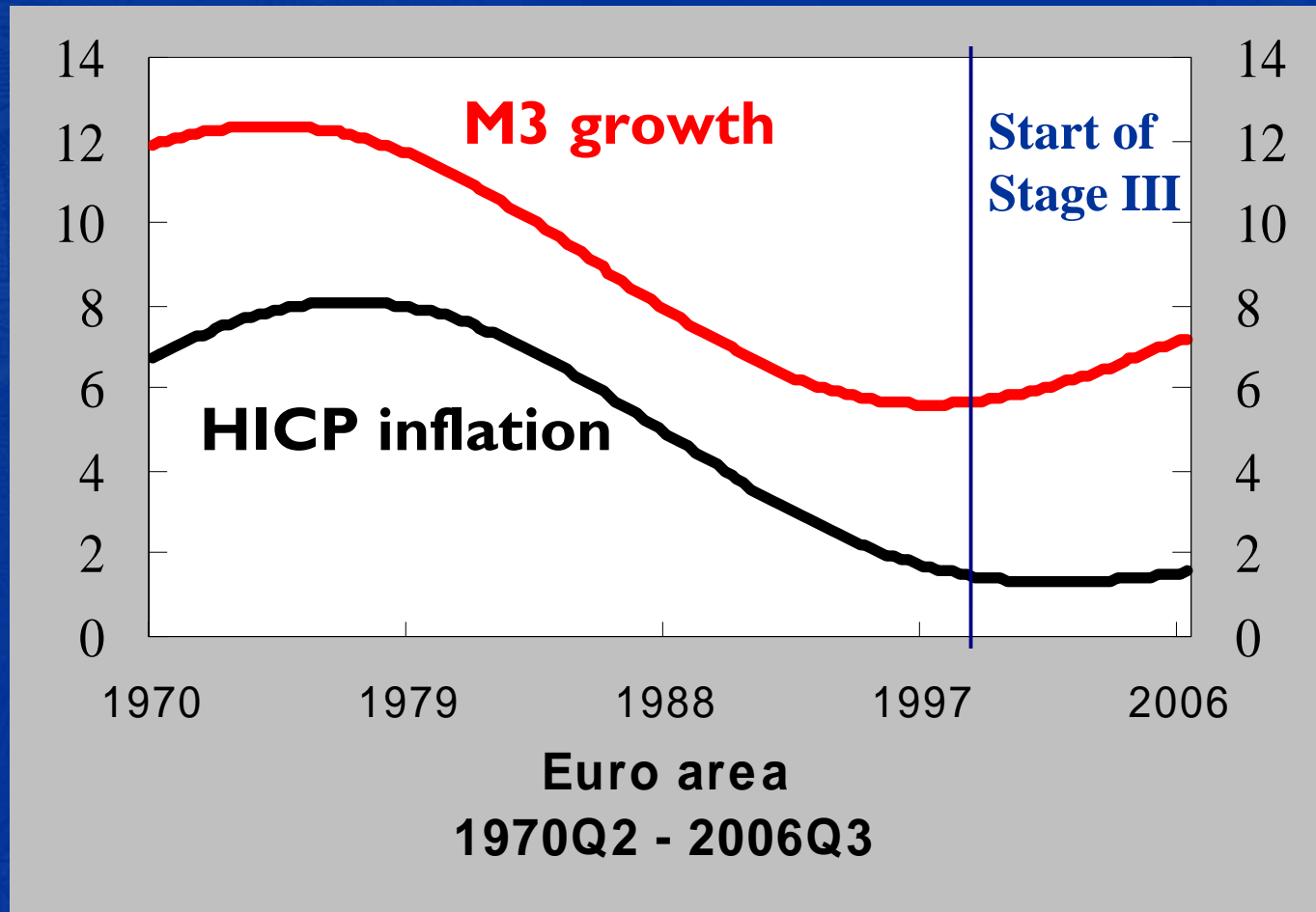
United Kingdom, 1871-2005



United States, 1875Q2-2006Q3

After the Volcker stabilisation

# Trend money growth and trend inflation in the euro area *(annual percentage changes)*



# Four avenues for enhancing monetary analysis

- Improving and broadening money demand models.
- Enhancing transparency, clarity and robustness of summary indicators from broad monetary analysis concerning risks to price stability.
- Active role for money and credit in structural general equilibrium models.
- Further deepening of the framework for cross-checking.