



EUROPEAN CENTRAL BANK

EUROSYSTEM

**Peter Praet**

Member of the Executive Board of the ECB

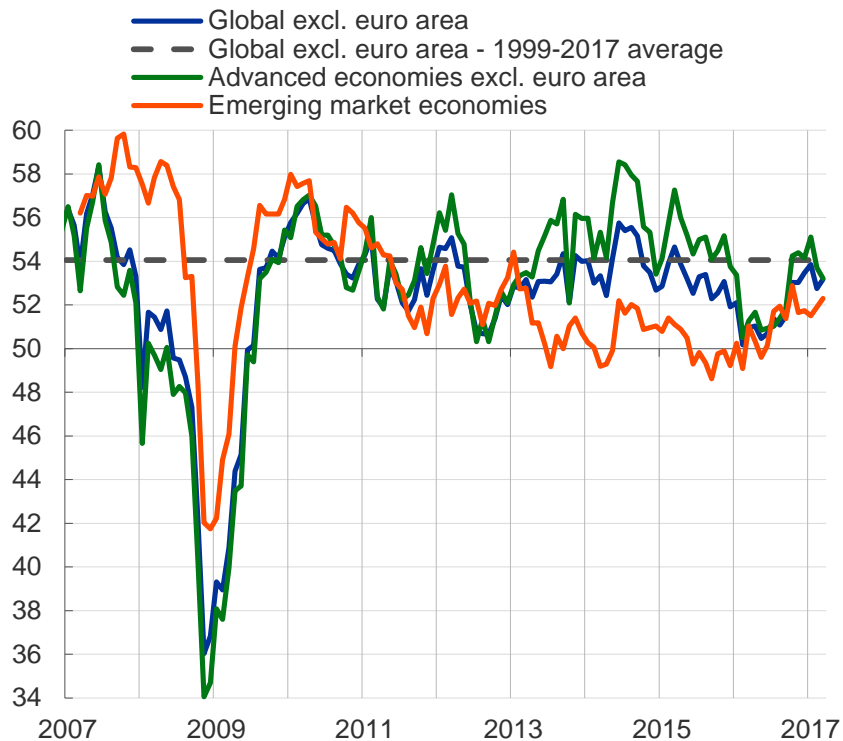
# **Belgian Financial Forum**

## **Colloquium on “The low interest rate environment”**

4 May 2017

## Global PMI composite output

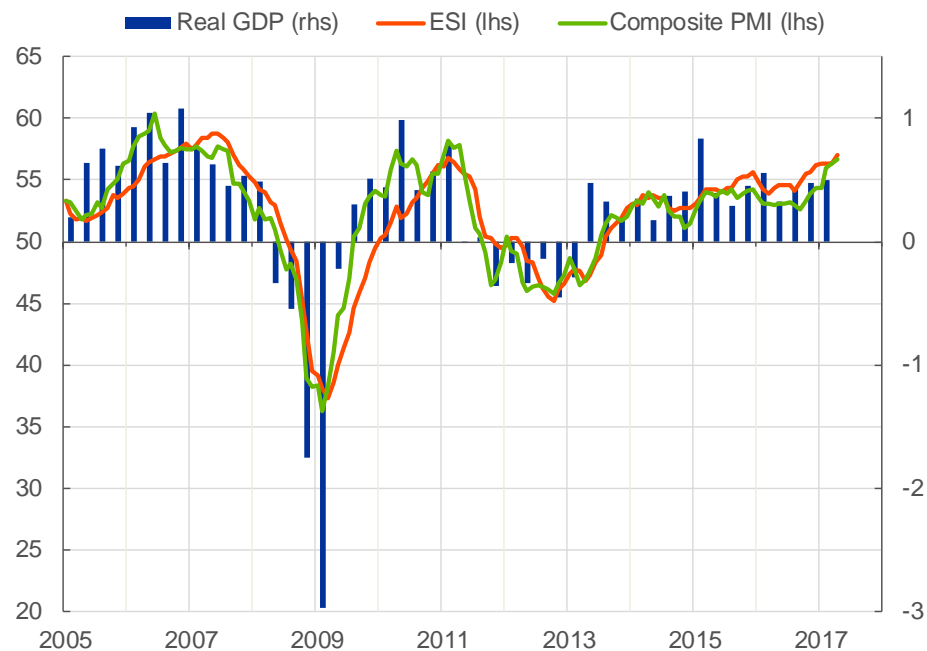
(diffusion index; seasonally adjusted; monthly data)



Sources: Markit, ECB staff calculations.  
Latest observation: March 2017.

## Euro area GDP and sentiment indicators

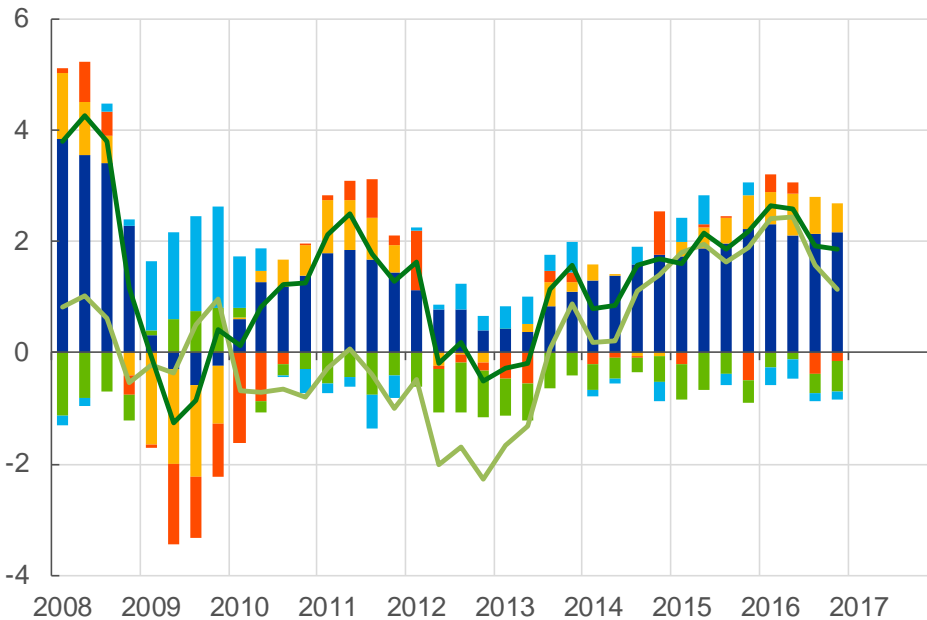
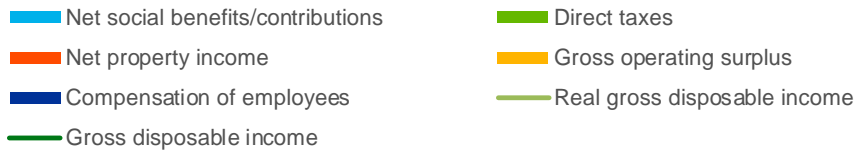
(index, % q-o-q)



Sources: Eurostat, European Commission, Markit and ECB.  
Latest observations: April 2017 (PMI, ESI), 2017Q1 (GDP).

## Euro area nominal and real disposable income of households

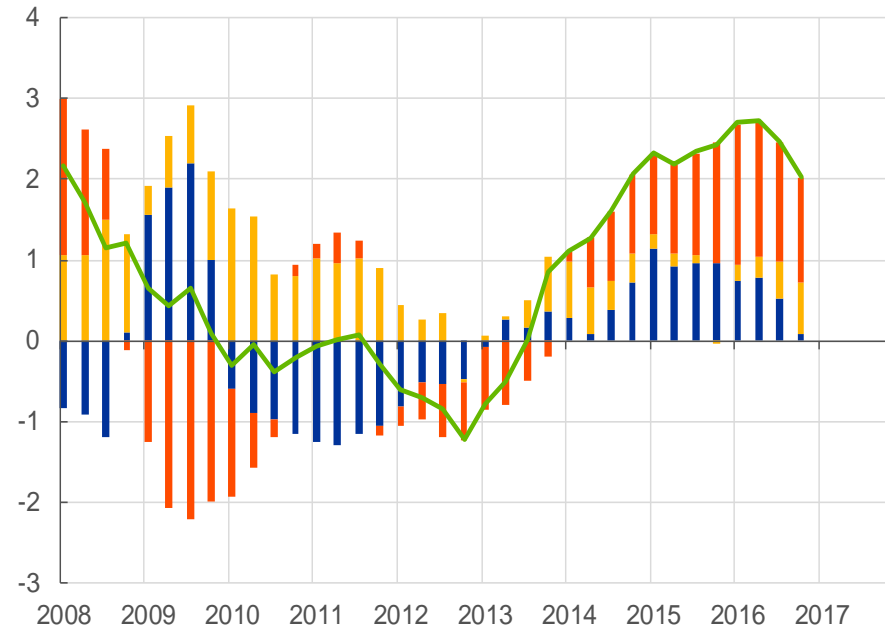
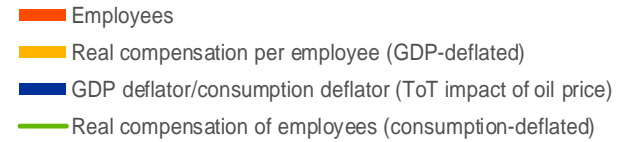
(% y-o-y; percentage point contributions)



Sources: Eurostat, ECB calculations.  
Latest observation: 2016Q4.

## Euro area real compensation of employees

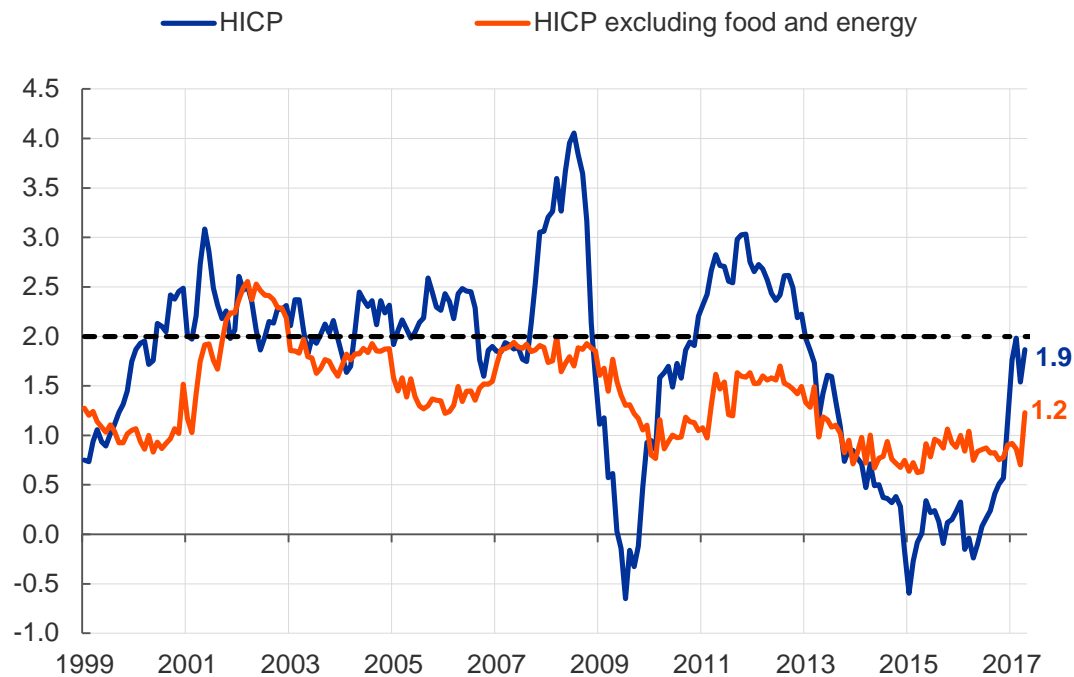
(% y-o-y; percentage point contributions)



Sources: Eurostat, ECB calculations.  
Latest observation: 2016Q4.

# HICP inflation and HICP excluding food and energy

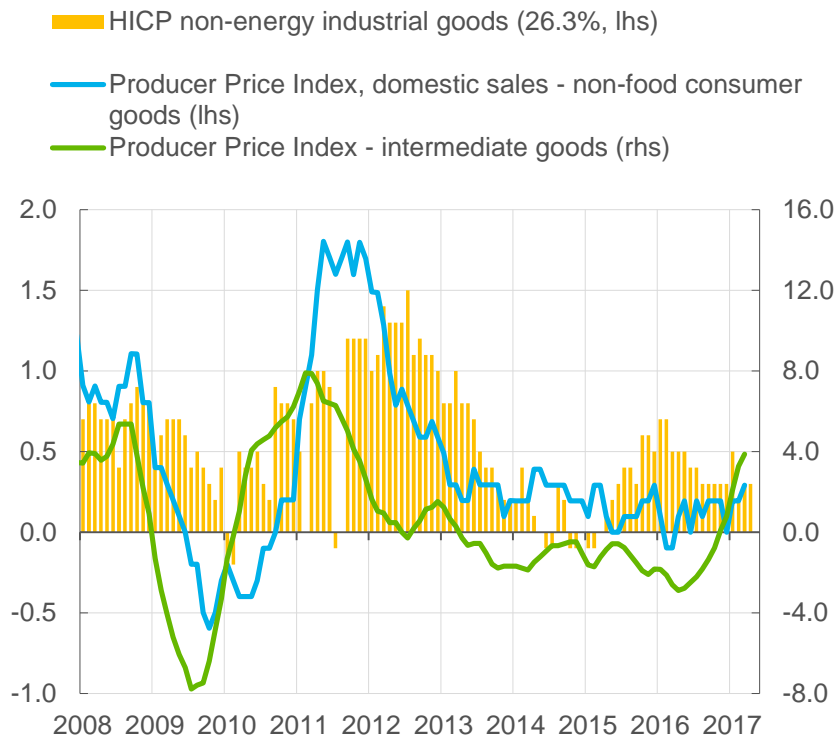
(annual percentage changes)



Source: Eurostat.  
Latest observation: April 2017.

## Domestic producer prices and HICP for non-energy industrial goods

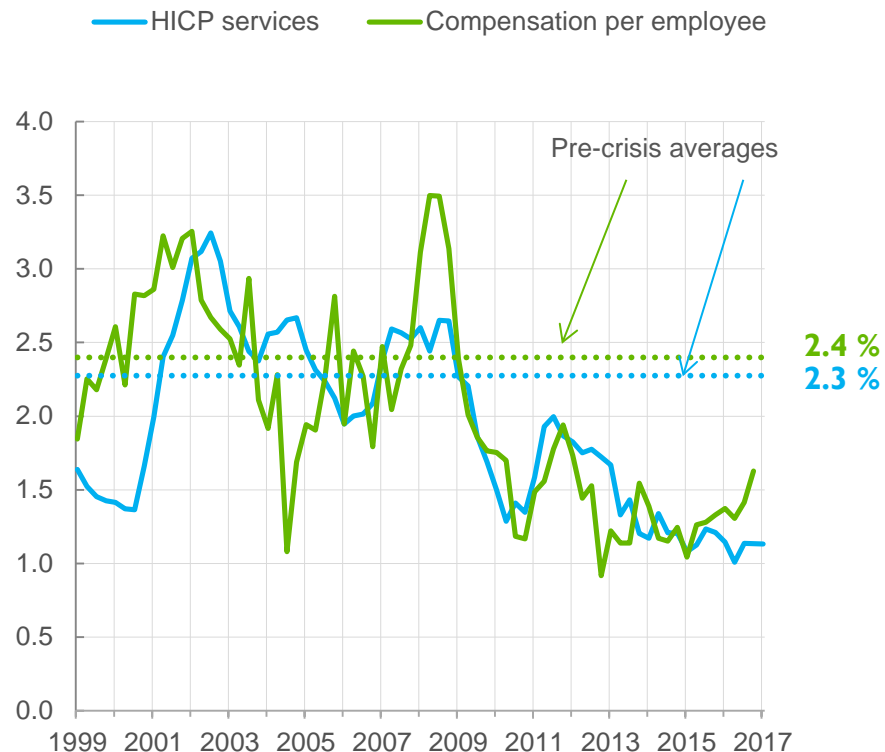
(annual percentage changes)



Sources: Eurostat and ECB calculations.  
 Latest observations: April 2017 (HICP NEIG, flash estimate), March 2017 for the rest.

## Services – inflation and wage growth

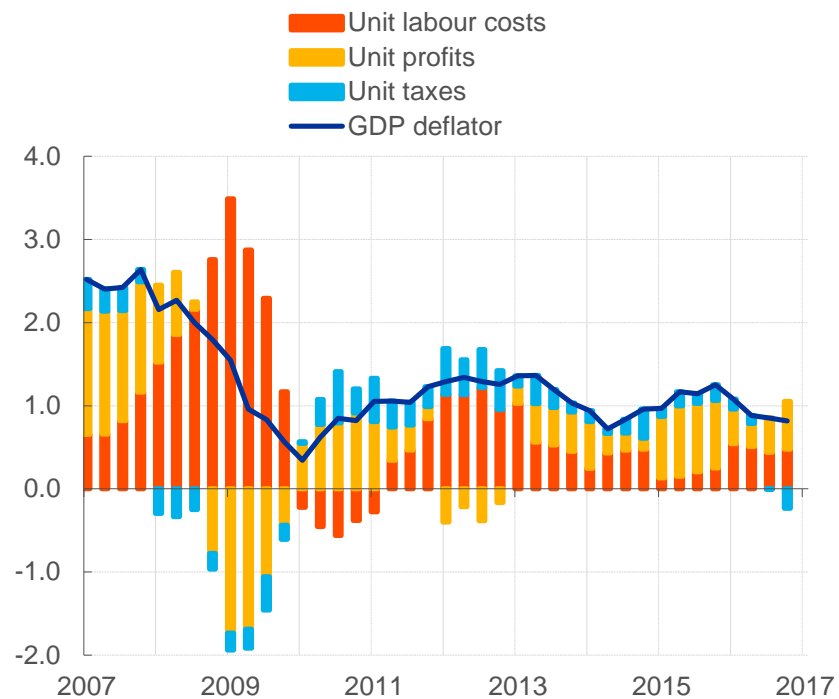
(annual percentage changes, quarterly data)



Source: Eurostat.  
 Latest observations: 2017Q1 (HICP services), and 2016Q4 (compensation per employee in services). Pre-crisis averages: 1999 to 2007.

## Breakdown of the GDP deflator

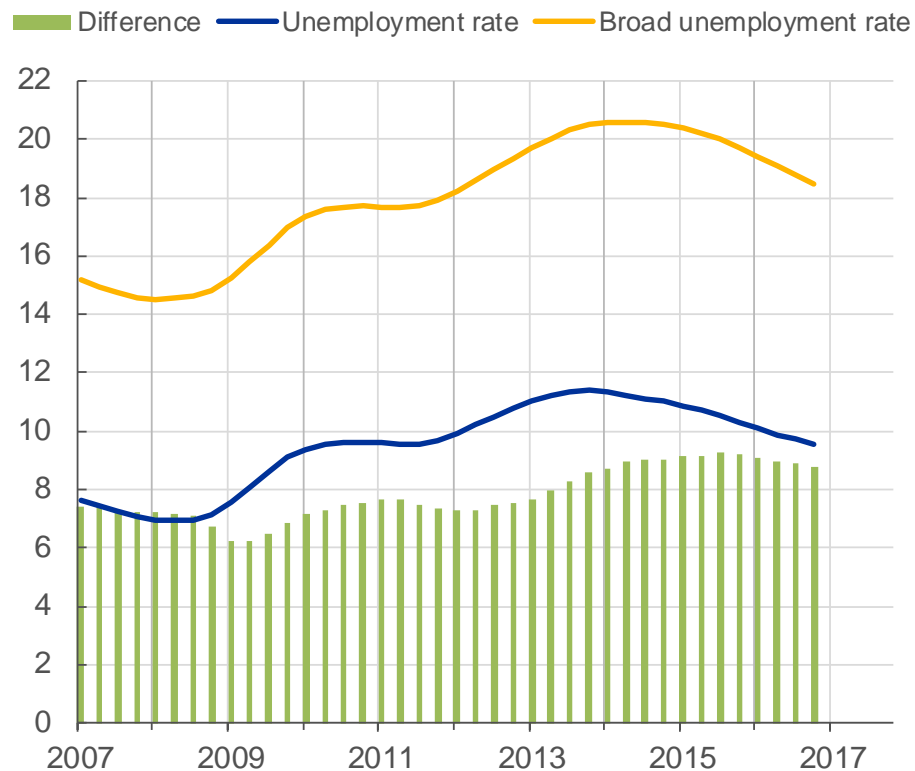
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB calculations.  
Latest observation: 2016 Q4.

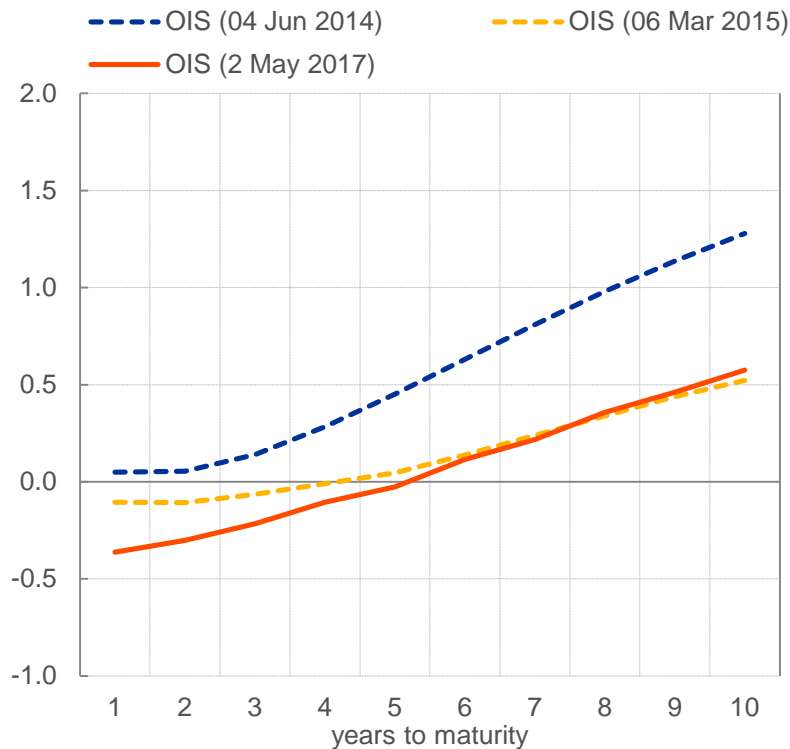
## Unemployment

(percentage of respective labour force)



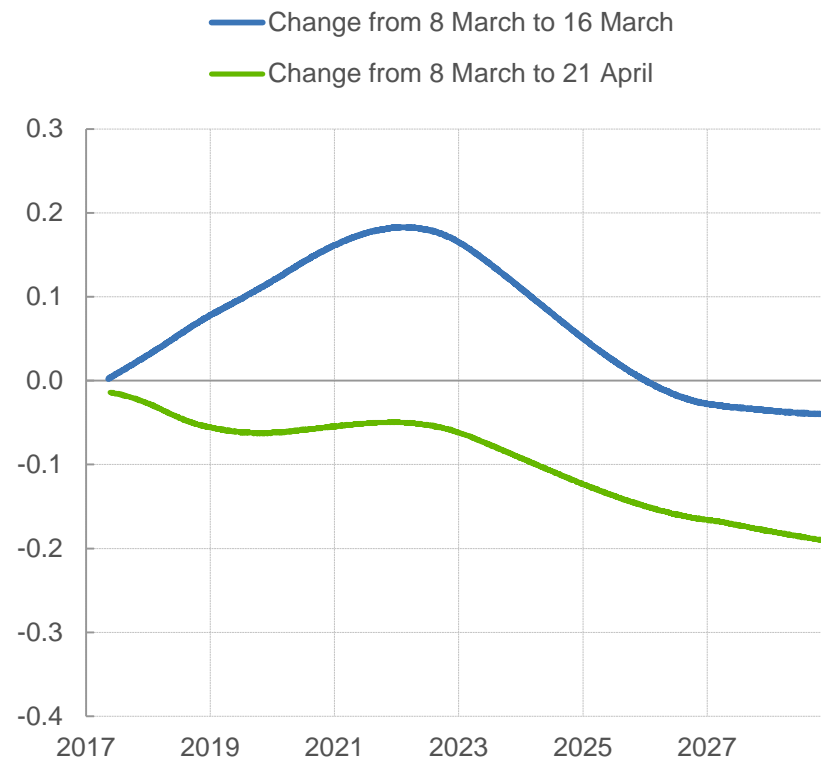
Source: Eurostat (EU LFS).  
Note: 4-quarter moving averages. Percentage of the extended labour force.  
Latest observation: December 2016.

## OIS spot term structure (percentages per annum)



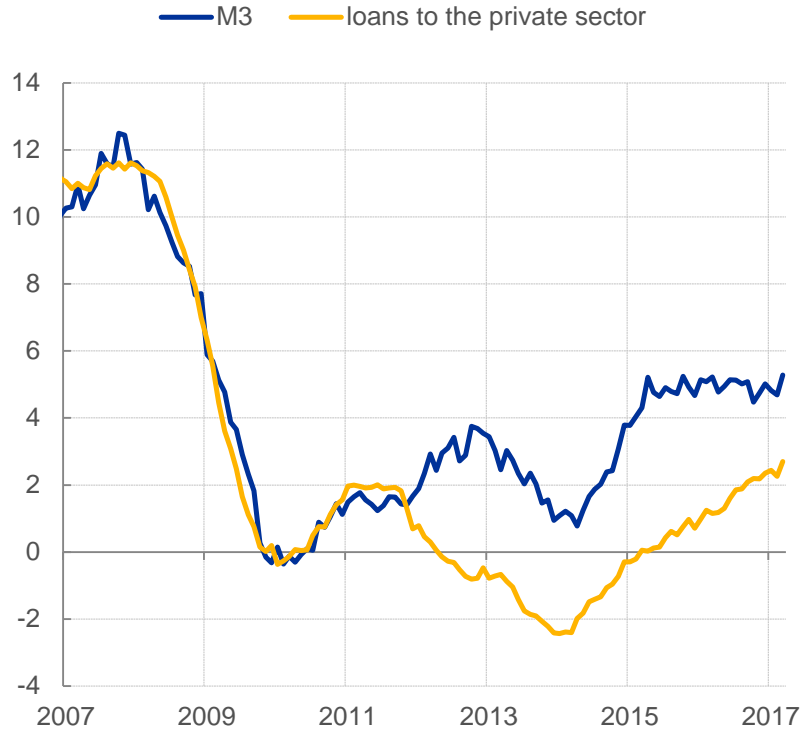
Sources: Thomson Reuters and ECB calculations.

## Change in EONIA forward yield curve (percentages per annum)



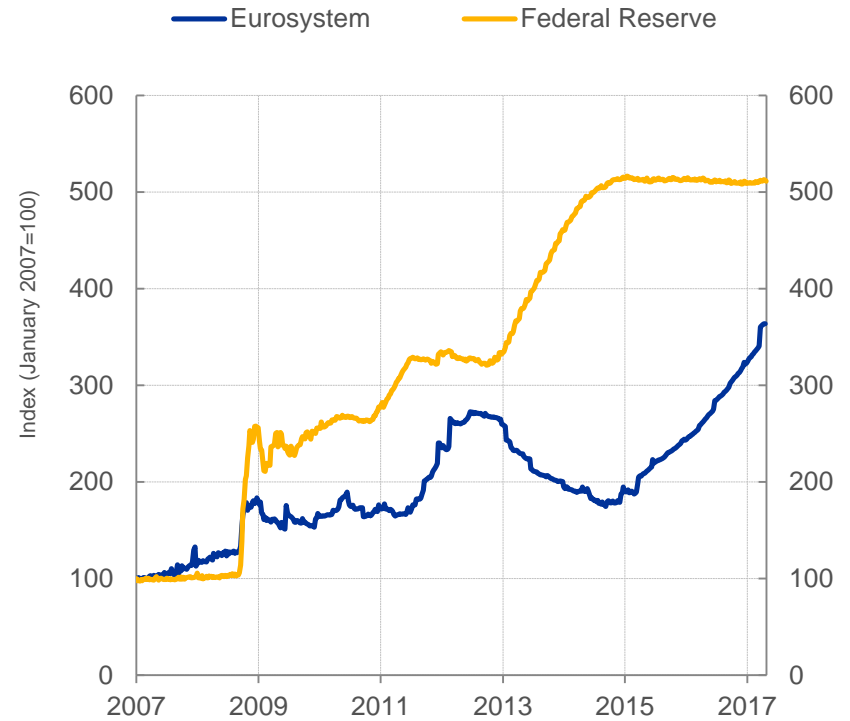
Sources: Thomson Reuters and ECB calculations.  
Latest observation: 2 May 2017.

## M3 and loan growth (annual percentage changes)



Source: ECB.  
Latest observation: March 2017.

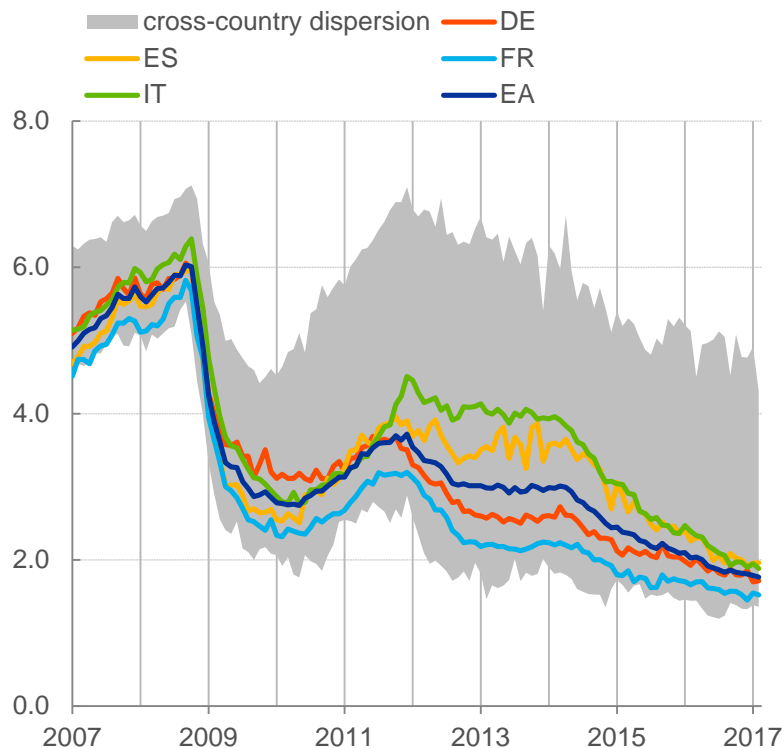
## Central bank balance sheets (Jan. 2007 = 100)



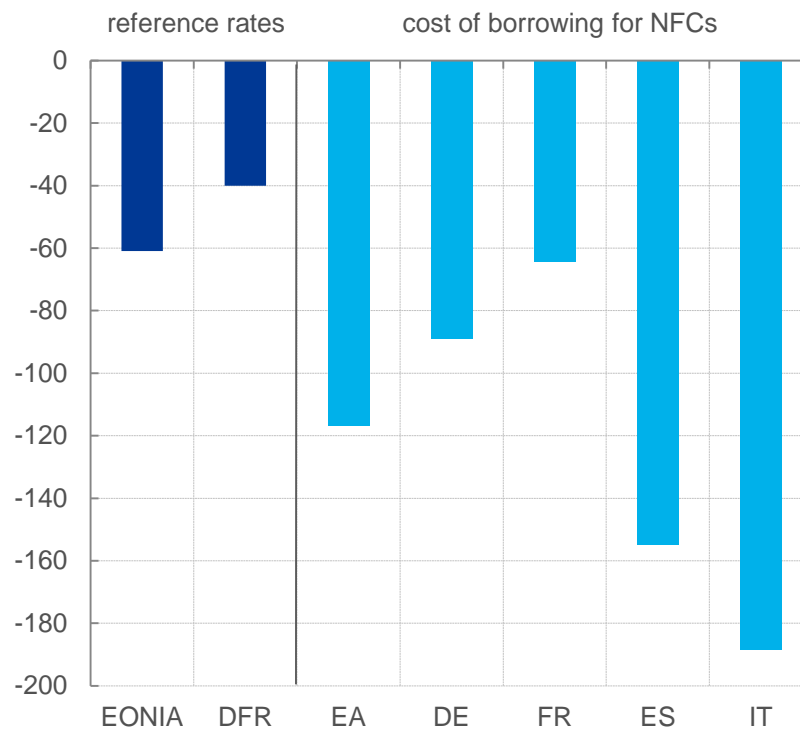
Sources: ECB, Federal Reserve.  
Latest observation: 28 April 2017.



## Composite lending rates to NFCs (percent per annum)



## Changes in reference rates and NFCs' cost of borrowing, May 2014 – Feb 2017 (basis points)



Source: ECB.

Notes: The indicator for the total cost of bank borrowing is calculated by aggregating short and long-term rates using a 24-month moving average of new business volumes. The cross-country dispersion displays the min and max range over a fixed sample of 12 euro area countries.

Latest observation: February 2017.

# ECB monetary policy measures since June 2014

	Jun. 2014	Sep. 2014	Jan. 2015	Dec. 2015	Mar. 2016	Dec. 2016
Rate cuts	MRO: 0.15%; MLF: 0.40%; DRF: -0.10%	MRO: 0.05%; MLF: 0.30%; DRF: -0.20%		MRO: 0.05%; MLF: 0.30%; DRF: -0.30%	MRO: 0.00%; MLF: 0.25%; DRF: -0.40%	
TLTROs	Fixed rate (MRO) Max. maturity: Sep. 2018 Uptake depends on net lending Mandatory early repayment				Fixed rate at MRO or below if lending > benchmark ( <i>min.</i> <i>DFR</i> ) No mandatory early repayment	
Private asset purchases		Broad portfolio of simple & transparent ABS and CBs		APP recalibration I • Extension to Mar. 2017 • Reinvestment of principal payments	Purchase of inv.- grade NFC bonds ... with high pass-through to real economy	APP recalibration III • €60bn monthly purchases until December 2017 • Min. remaining maturity for PSPP eligible securities decreased from 2y to 1y • Purchases below DF rate allowed if necessary
Public asset purchases			Purchases in EA sov. debt markets €60bn monthly purchases, incl. ABSPP/CBPP3		APP recalibration II • €80bn monthly purchases • Higher issue share limit for certain issuers	