



EUROPEAN CENTRAL BANK

EUROSYSTEM

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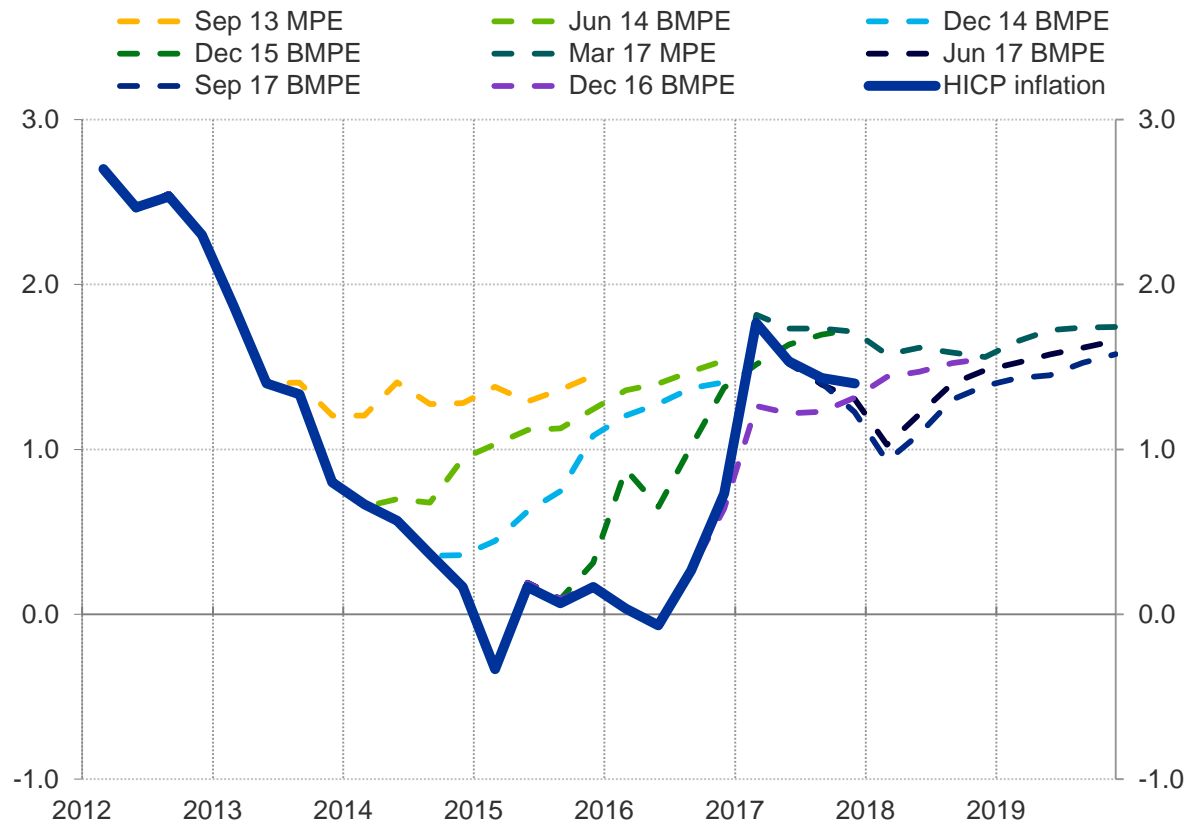
Member of the Executive Board
European Central Bank

Central banks as risk managers

Bangkok,
16 December 2017

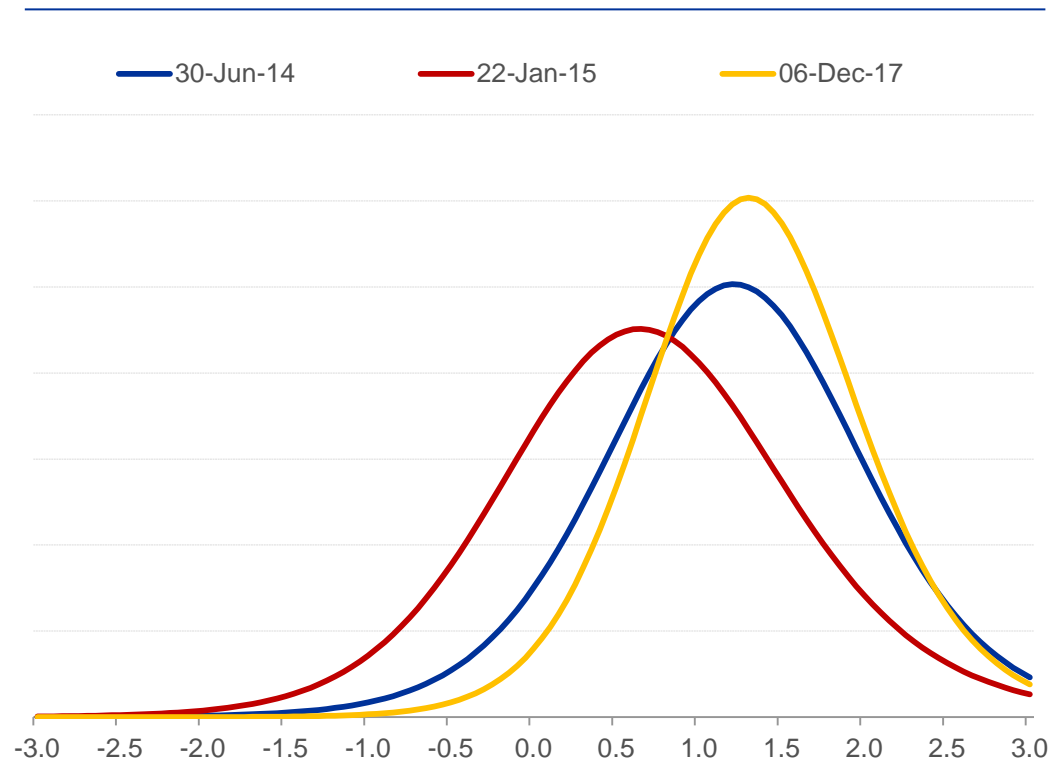
Policymakers need to look beyond central forecasts

HICP: forecasts and realised (percent per annum)



Sources: ECB and Eurostat.

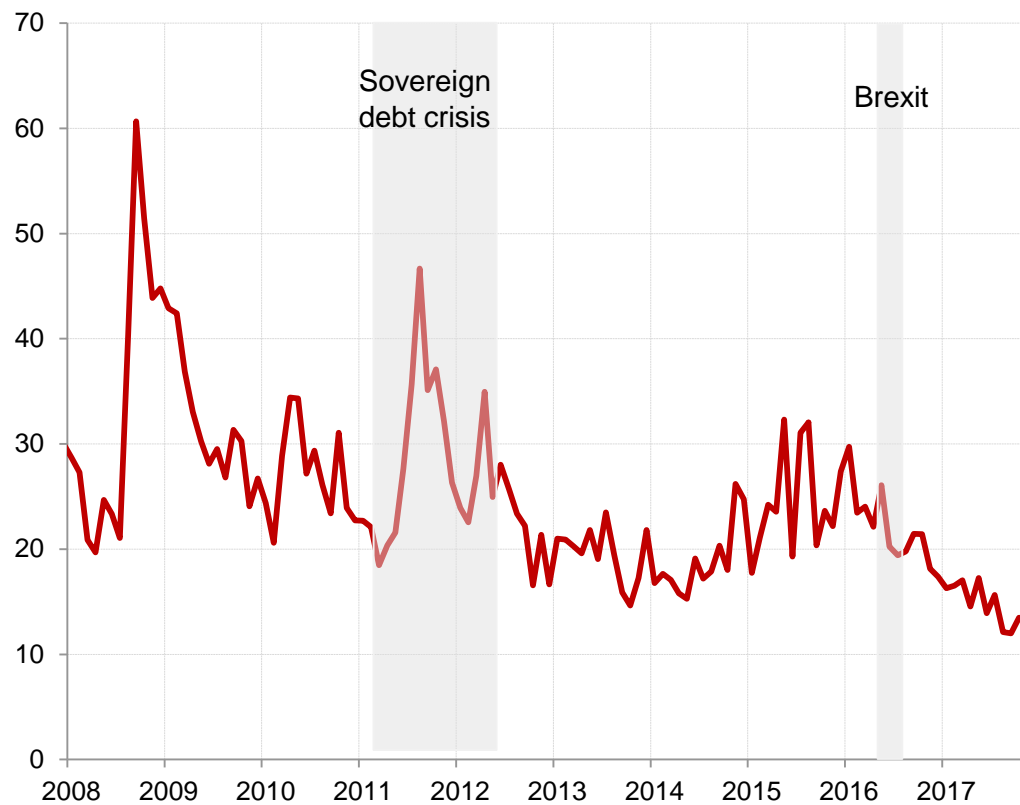
Option implied probability density function of euro area inflation over the next 5 years (% probability)



Sources: Bloomberg, Reuters, and ECB calculations.

Note: Density functions are computed from 5-year maturity zero-coupon inflation option floors under the assumption of risk neutrality. These "risk neutral" density functions may differ significantly from physical (or "true") probability distributions.

Dow Jones EURO STOXX 50 Volatility Index (index)



Source: Bloomberg.