

Mario DRAGHI
President

Mr Jonas Fernández
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 1 March 2016
L/MD/16/121

Re: Your letters (QZ-009, QZ-010 and QZ-011)

Honourable Member of the European Parliament, dear Mr Fernández,

Thank you for your letters, which were passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 17 February 2016.

Regarding your questions on possible further monetary policy measures, at its meeting in early March the Governing Council will review and possibly reconsider its monetary policy stance. There is good evidence that the monetary policy measures taken since June 2014 are working as intended. However, the review has to be seen against the background of increased downside risks to the earlier outlook amid heightened uncertainty about emerging market economies' growth prospects, volatility in the financial and commodity markets, and geopolitical risks. In this environment, euro area inflation dynamics continue to be weaker than expected.

At its next meeting, the Governing Council will benefit from a more comprehensive picture of the economic situation and of the medium-term price outlook, including the new staff macroeconomic projections, which will also cover the year 2018 and include a more in-depth analysis of potential second-round effects. In preparation for the meeting, work is being carried out to ensure that all the technical conditions are in place to make the full range of policy options available for implementation, if needed.

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As I have mentioned before, the Governing Council has a variety of instruments at its disposal to respond, if warranted, and there are no limits to how far we are willing to deploy our instruments within our mandate to achieve our objective of inflation rates below, but close to, 2% over the medium term.

Yours sincerely,

[signed]

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