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OH! G.O.D.

Governors Of Demand

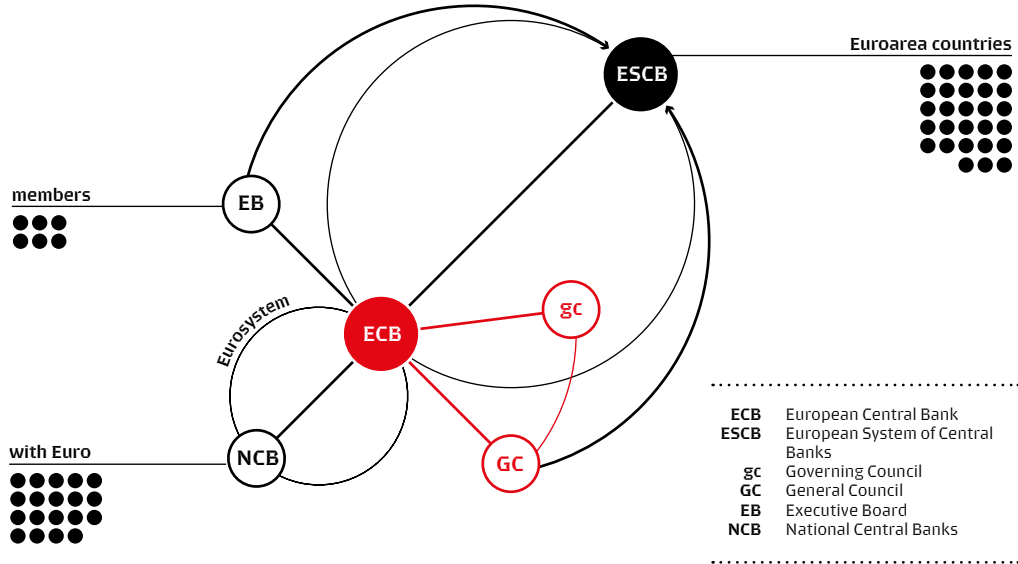
We're all waiting
Mario Draghi's
position

IUAV
Infodesign course
held by M. Ferrari
and I. Williams
A.A. 2015 / 2016

The European system of banks

The European System of Central Banks (ESBC) and the European Central Bank (ECB) are closely associated. They work together other decision-making bodies with the share aim to maintain **price stability** in the Eurozone.

The Eurosystem is also **functionally independent**. The ECB and the NCBs have at their disposal all instruments and competencies necessary for the conduct of an efficient monetary policy and are authorised to decide autonomously how and when to use them.



ECB's main organs

The General Council
it includes representatives of the 19 euro area countries and the 9 non-euro area countries. The Council will be dissolved once all EU Member States have introduced the single currency. It comprises:

President of the ECB

Vice-President of the ECB

Governors of the national central banks of the 28 EU Member States.

The other members of the ECB's Executive Board, the President of the EU Council and one member of the European Commission may

attend the meetings of the General Council but do not have the right to vote. The General Council will be dissolved once all EU Member States have introduced the single currency.

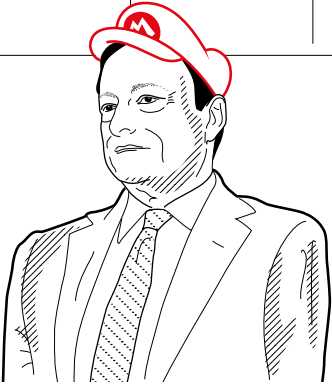
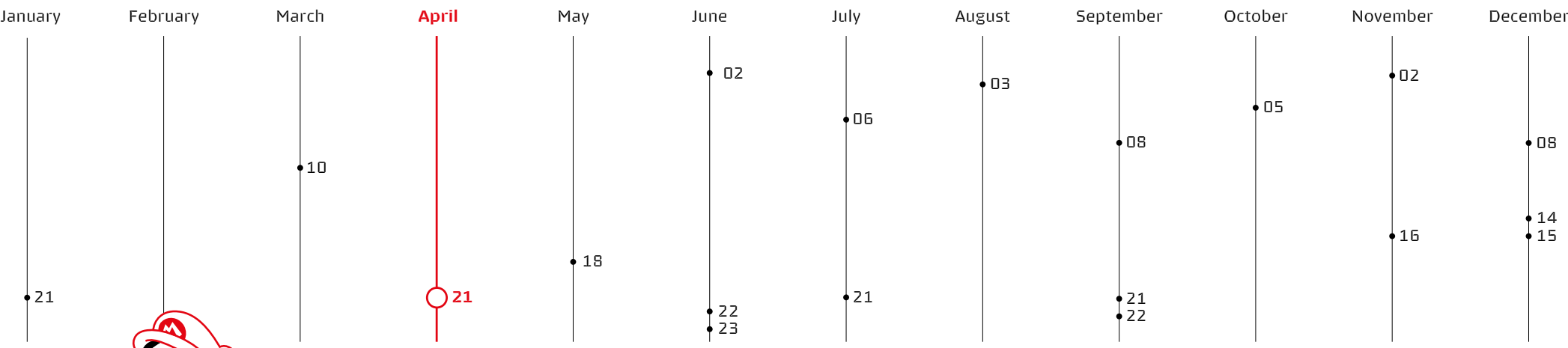
The Governing Council

The Governing Council is the main decision-making body of the ECB and it usually meets twice a month at the ECB's premises in Frankfurt am Main, Germany. It consists of:

Six members of EB

Governors of the national central banks of the 19 euro area countries

Governing Council and General Council schedules 2016



MARIO DRAGHI

Frankfurt am Main,
Mario Draghi,
President of
the ECB, Vítor
Constâncio,
Vice-President
of the ECB

Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. We will now report on the outcome of today's meeting of the Governing Council.

21 April 2016

Standard monetary policy decision

At today's meeting the Governing Council of the ECB decided that all these indicators remain unchanged.

main refinancing operations	0.00%
marginal lending facility	0.25%
deposit facility	0.40%

Regarding non-standard monetary policy measures we have started to expand our monthly purchases under the asset purchase programme to **€80 billion**, from the previous amount of €60 billion. As stated before, these purchases are intended to run until the **end of March 2017**, 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.

14.37

Expanded Asset Purchase Programme - APP

The expanded asset purchase programme includes all purchase programmes under which **private** sector securities and **public** sector securities are purchased to address the risks of a too prolonged period of low inflation. It consists of the:

CBPP3

third covered bond purchase programme

ABSPP

asset-backed securities purchase programme

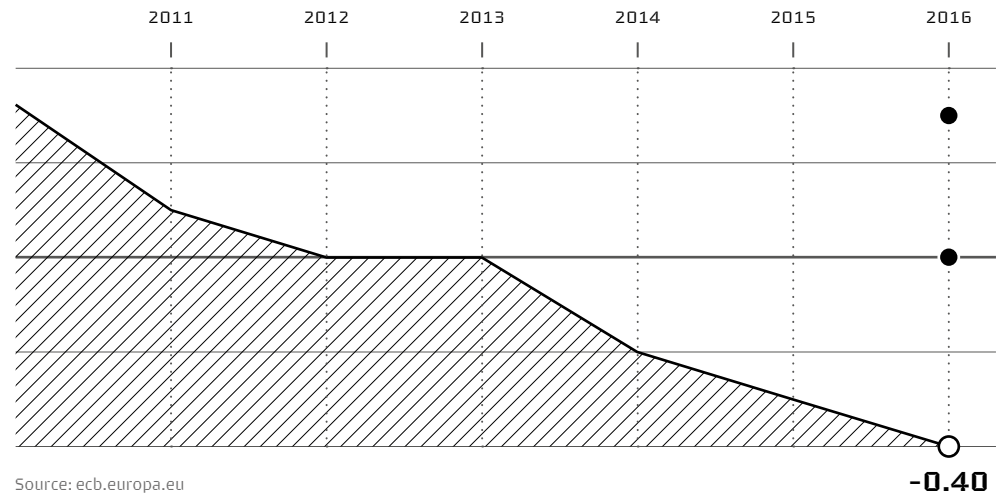
PSPP

public sector purchase programme

CSPP

corporate sector purchase programme

Key ECB interest rates from 2011



Source: ecb.europa.eu

Euro area inflation rate



	ABSPP	CBPP3	PSPP	APP
Holdings* April 2016	19,043	172,253	726,521	917,817
Monthly net purchases	17,000	5,556	79,673	85,246
Quarter-end amortisation adjustment	0,000	0,000	0,000	0,000
Holdings* May 2016	19,060	177,809	806,194	1,003

*at amortized cost, in euro million, at month end

Today the Inflation rate of EU is -0.2%. The primary objective of the ECB's monetary policy is to maintain price stability. The ECB aims at inflation rates of below, but close to, 2% over the medium term.

Based on our regular economic and monetary analyses, we decided to keep the **key ECB interest rates unchanged**. We continue to expect them to remain at present or lower levels for an extended period of time, and well past the horizon of our net asset purchases.

14.35

The president of the European Central Bank, a former governor of the Banca d'Italia also, Draghi was nicknamed "**Super Mario**" for his heroic ability to navigate Italian politics.

Let me now explain our assessment in greater detail, starting with the economic analysis. Euro area **real GDP increased by 0.3%**, quarter on quarter, in the fourth quarter of 2015, supported by domestic demand, while being dampened by relatively **weak export trends**. Incoming data for the first quarter of 2016 point to ongoing output growth, at a pace broadly similar to that in the final quarter of 2015. Moreover, our accommodative monetary policy stance, continued employment gains resulting from past structural reforms and the still relatively low price of oil should provide ongoing support for households' real disposable income and private consumption.

14.39

Overall, the monetary policy measures in place since June 2014 have clearly improved borrowing conditions for firms and households, as well as credit flows across the euro area. The comprehensive package of new monetary policy measures adopted in March this year underpins the ongoing upturn in loan growth, thereby supporting the recovery of the real economy

14.43

According to Eurostat, Euro area annual HICP inflation in March 2016 was **0.0%**, compared with **-0.2% in February**, reflecting mainly a rise in services price inflation. Looking ahead, on the basis of current futures prices for energy, inflation rates could turn negative again in the coming months before picking up in the second half of 2016. Thereafter, supported by our monetary policy measures and the expected economic recovery, inflation rates should recover further in 2017 and 2018.

14.40

We haven't really thought or talked about it. It's a very interesting concept that is now being discussed by academic economists and in various environments. But we haven't studied the concept. It clearly **involves complexities**, both accounting-wise, legal-wise; and it may mean different things to different people. The concept is fraught with operational, legal and institutional difficulties. But the bottom line is we have **never discussed it**.

14.49

You have said that you remain ready to use all instruments available within your mandate, so my question is if the so-called helicopter money, you consider it to be in the mandate.

My other question is about the creation of a fund in Italy between banks to participate in capital increase of other banks and acquire non performing loans. I wonder if you have any comment on that as well.

If I may respond to the second question, by saying that we haven't yet examined completely the details of this. I can say it's a **small step in the right direction**.

14.56

How do you respond to the German criticism of the ECB and personally of you over recent weeks?

We have a mandate to pursue **price stability** for the whole of the euro **not only for Germany**. This mandate is established by the treaty by European law. We obey the law, not politicians, because we are independent as stated by the law.

14.51

Let me state unequivocally that we view the participation of the UK in the European Union as **mutually beneficial**, and we will continue to say so in the coming weeks. Certainly the discussion about this possibility has already produced some significant consequences on the markets, for example a **depreciation of sterling**, quite significant. We do expect a continuation of **market volatility**, certainly until the referendum.

14.23

And my second question is really about Brexit. Has the Council seen any evidence that the Brexit debate in the UK is slowing UK plc investment into the eurozone ahead of the June vote?