

The Ecb S Monetary Analysis Revisited

The Eurosystem/ECB staff macroeconomic projection exercises constitute an important input to the ECB's monetary policy. This work marks a thorough analysis of the Eurosystem/ECB projection errors by looking at criteria of optimality and rationality using techniques widely employed in the applied literature of forecast evaluation. In general, the results are encouraging and suggest that Eurosystem/ECB staff projections abide to the main characteristics that constitute them reliable as a policy input. Projections of GDP - up to one year - and inflation are optimal - in the case of inflation they are also rational. A main finding is that GDP forecasts can be substantially improved, especially at long horizons.

"In recent years, one of the main problems the European Economic and Monetary Union (EMU) has been facing is slow economic growth stemming, in part, from subdued investments despite interest rates falling below the zero-lower bound

(ZLB). Summers (2013) brought back the term "secular stagnation" - first coined by Hansen (1939) - to describe the United States' economic environment following the 2008-2009 Great Recession, in which a central bank is unable to reduce interest rates enough to stimulate investment and consumption. In recent years, another term, "liquidity trap", has also gained popularity to characterize an economy where short-term interest rates are at the ZLB, and in effect, rendering conventional monetary policy incapable of stimulating growth. Indeed, this topic has fostered extensive research on ways unconventional monetary policies could stimulate an economy (see, for example, Dominguez et al. (1998), Bernanke et al. (2004), and Eggertsson and Krugman (2012)). The European Central Bank (ECB) has been trying to ameliorate financial conditions and restore confidence in the EMU, especially after the 2011-2012 Euro Debt crisis. On July 26th, 2012 the then President of the ECB, Mario Draghi, stated the most important three words ever uttered by a central banker that he was going to do

"whatever it takes" to save the Euro. Since then, the ECB has introduced an array of conventional and unconventional monetary policies to maintain the EMU project. Some of these policies include slashing interest rates below the ZLB, implementing the longer-term refinancing operations (LTRO), and targeted longer-term refinancing operations (TLTRO), and introducing quantitative easing (QE). However, were these policies successful in encouraging investment and easing financial conditions? In this thesis, we try to answer this question from the perspective of non-financial firms. The analysis of the ECB's unconventional policies - mainly of QE - has been widely researched, especially their effect on borrowing costs in general and government bond yields in particular (see Albu et al. (2014), De Santis (2020), Jäger and Grigoriadis (2017), and Krishnamurthy et al. (2017), among others). However, the research on corporations has been somewhat limited, although non-financial corporations (NFCs) are a vital sector, particularly for investments. In this thesis, we focus on the ECB's interest rate policy and

its QE programmes, especially the public sector purchase programme (PSPP), and the corporate sector purchase programme (CSPP). The PSPP, first introduced on January 22nd, 2015, aimed to lower long-term sovereign bond yields by purchasing sovereign debt at an average pace of 47 billion euros a month from March 2015 to December 2018 . In total, the ECB purchased over 2.2 trillion euros worth of government bonds of EMU countries. This asset purchase programme accounted for 47% of ECB's balance sheet. Another vital purchase programme was the CSPP. Under this program, the ECB purchased NFC debt at a monthly pace of 5.8 billion euros from June 2016 to December 2018 for a total of 178-billion-euro worth of European corporate bonds. This programme's goal was to lower NFCs' borrowing costs and to induce corporate borrowing and investment spending. This thesis consists of three independent chapters, albeit with an overarching theme of investigating the impact of ECB's policies on NFCs. In Chapter 2, titled Has ECB's monetary policy prompted NFCs to invest, or pay dividends?, we take a

broad view of the influence of the ECB's conventional and unconventional policies on NFCs' decisions on debt holdings, investments, and dividends. Toward this end, we use a unique dataset comprised of income statements and balance sheets of leading NFCs' operating in the EMU from the four largest economies, Germany, France, Italy, and Spain. Chapter 2 contributes to the literature by shedding light on the ECB monetary policies' long-term effect on NFCs' leverage and capital allocation - subjects that, to the best of our knowledge, have yet to be methodically investigated over such an extended period and encompasses the ECB's unconventional policies. The main results in Chapter 2 suggest that the ECB's monetary policies have encouraged firms to raise their debt burden, especially after the global recession of 2008. The ECB's policies, particularly after 2011, also seem to have led NFCs to allocate more resources not only to capital spending but also to shareholder distribution. Chapter 3, titled Examining the effect of ECB monetary policy on non-financial corporations'

credit risk premia examines the usefulness of the ECB's policies in ameliorating financial conditions and reducing the risk premia of NFCs. We collected daily credit default swaps (CDSs) prices of publicly-traded European NFCs to analyze the short-term effects of the policy announcements between June 2nd, 2014, and December 30th, 2016. We also test the long-term impact of the ECB's policies on NFCs' CDS prices using monthly data from January 2008 to February 2018. Chapter 3 contributes to the literature by being the first to methodically investigate the mechanism of the ECB's monetary policy's short-term and long-term impact on NFCs' CDS prices. By doing so, we assess the ECB's various policies' transmission mechanism to NFCs' risk premia - a critical factor in NFCs' borrowing costs. The main findings in Chapter 3 are that the ECB's asset purchase programme announcements seem to have an immediate impact on CDS daily prices; these announcements had a stronger effect, especially after the PSPP started in March 2015. From 2008 to 2012 and from 2015 to 2018, the ECB's interest rate

policy had statistically and economically significant effects in reducing CDS prices. We also find that some of ECB's asset purchase programmes, such as the PSPP, had a statistically significant long-term impact on CDSs. These findings indicate that some of the ECB's policies were effective in reducing NFCs' risk premia, notably since 2015, as market conditions improved. In Chapter 4, titled Bang for the QE buck: Examining the impact of ECB's corporate bond purchases on firms' credit risk, debt and investment, we focus on the CSPP. This programme, first announced in March 2016 and started by June 2016, aimed to ameliorate corporations' financial conditions and encourage NFCs to borrow and invest. Chapter 4 analyzes the CSPP's short-term and long-term effect on corporate credit risk by utilizing daily (from March to August 2016) and monthly data (June 2016- December 2018) of corporate zero-volatility, and nominal spreads. We also employ NFCs' debt covenants data to assess the pass-through of the CSPP to firms' risk of credit. We examine the CSPP's long-term effect on liquidity

risk by using scaled bid-ask spread data. The data include purchased bonds under the CSPP (targeted bonds) and European bonds that were not purchased. We then analyze the CSPP's short-term and long-term impact on capital structure and capital allocation of NFCs whose bonds the ECB purchased (targeted firms) compare to European firms whose bonds were not purchased. Chapter 4 contributes to the literature by shedding light on the CSPP's short-term and long-term effect on corporate bonds' risk premia liquidity costs. Third, to the best of our knowledge, we are also the first to investigate the CSPP's long-term impact on firms' borrowing costs and corporate decisions. In Chapter 4 we find that following the CSPP announcement, targeted corporate bonds' zero-volatility spread, and nominal spread fell by 3.5 basis points (2.6%) and 4.1 basis points (4.2%), respectively. Initially, the programme encouraged firms to borrow more and pay dividends; however, it did not improve investments. Throughout its implementation (June 2016-December 2018), the CSPP only marginally reduced targeted bonds' risk premia and

did not lower corporate bonds' liquidity risk. Nonetheless, it reduced targeted firms' cost of debt, improved their debt covenants, and encouraged investments. The findings in Chapter 4 suggest the CSPP did not have a persistent impact in reducing credit risk or liquidity risk in the corporate bond market; however, it had an economically significant lasting effect in lowering corporate debt cost and stimulating investment." -- TDX.

Seminar paper from the year 2017 in the subject Law - European and International Law, Intellectual Properties, grade: 1,0, Leuphana Universität Lüneburg, language: English, abstract: On the 26th July 2012, a time characterised by uncertainties about the future of the Eurozone, Mario Draghi, President of the European Central Bank (ECB) declared "Within our mandate, the ECB is ready to do whatever it takes to preserve the euro. And believe me, it will be enough." The announcement detached historic political, economic and especially legal incidents. Only two months later, the ECB published a press release, which

proclaimed the introduction of Outright Monetary Transactions. These operations allowed for the purchase of government bonds from Member States (MSs), which take part in the ESFS or ESM and conquer macroeconomic structural adjustment programmes. Despite the fact that the press release was hardly ever followed by a binding legal act or instrument to implement OMT, the mere pronouncement had the power to reassure the financial markets. From that date on, there were no more such extreme spreads in interest rates for government bonds. But the announcement caused a judicial tremor, known as the Gauweiler case. In response to Gauweiler and others' complaint against the OMT, the German Federal Constitutional Court (BVerfG) asked the European Court of Justice (ECJ) the first time in history for a preliminary ruling (Art. 267 TFEU) on the legality of the OMT programme. According to the BVerfG the ECB has exceeded its role provided by the Treaties of the European Union ultra vires by initiating a measure that a) has an economic and not a monetary nature (Art. 127 TFEU) and b) violates

the prohibition of monetary financing (Art. 123 TFEU). The ECJ's judgement was very different from that of the BVerfG, in the way that the OMT programme is compatible with EU law in the light of the European Court. Gauweiler had extensive implications on the powers of the ECB, the relationship between the ECJ and national courts (especially the BVerfG) and the constitutional framework of the European Economic and Monetary Union (EMU). In addition, the case made important contributions to the distinctions between economic and monetary policy.

The Impact of ECB Monetary Policy on Stock and Bond Market Liquidity. The Case of Germany

Euro Area Policies: Selected Issues

The ECB s Monetary Analysis Revisited

European Central Banking Law

Do the ECB's Monetary Policies Benefit Emerging Market Economies?

The Role of Money

Seminar paper from the year 2007 in the subject Business economics - Economic Policy,

grade: 2,0, University of Hohenheim (Lehrstuhl für Außenwirtschaft), course: International Institutions, 20 entries in the bibliography, language: English, abstract: The eurozone member countries have agreed to permanently abandon economic policy instruments such as monetary and exchange rate policies and to accept the European Central Bank (ECB) as the decision making body to determine the common monetary policy, notably the interest rates and the money supply. It goes without saying that such an institution is not able to fine-tune its decisions in order to meet particular economic challenges in certain member countries. In this respect, the eastward enlargement of the European Monetary Union (EMU) will bring major challenges to the ECB, as varying inflation rates in different member countries and the determination of a single interest rate may have disruptive consequences. From the viewpoint of the eastward enlargement of the eurozone the paper illustrates the various challenges the ECB inevitably has to face. Further, it describes the reform of the ECB Governing Council. An important question concerning the ECB is the following: Is there a danger for the single European monetary policy from letting Central and Eastern European Countries (CEEC) join the eurozone or from letting them join the eurozone too early?"

The paper presents a methodology for measuring the clarity of central bank communication, illustrating it with the case of the European Central Bank (ECB) in 1999-2007. The analysis identifies the ECB's written communication as clear about 95 percent of instances, which is comparable to, or even better than, other central banks for

which a similar analysis is available. We also find that the additional information contained in the ECB's Monthly Bulletins helps to improve communication clarity compared to ECB's press releases. In particular, the Bulletins contain useful clarifying information on individual inflation factors and the overall forecast risk; in contrast, the bulletin's communication on monetary shocks has a negative, albeit small, impact on clarity.

Essay from the year 2016 in the subject Economics - Finance, , language: English, abstract: The aim of the present paper is to present the monetary policy of the ECB and record the changes in this policy caused by the recent economic crisis from 2007 onwards. Monetary policy is the process by which the monetary authority of an economic area checks the quantity and the cost of money in the economy. The official goals of monetary policy are the control of inflation, the growth of the economy, the reduction of unemployment and the control of the exchange rate in relation to foreign currencies. Monetary policy may be expansive, namely to increase the amount of money in the market by encouraging economic development, but causing an increase in inflation, or it can be limiting, i.e. to reduce the amount of money in the market by keeping inflation low. In the Euro Zone, monetary policy is pursued by the European Central Bank (ECB), which was created with the birth of the euro, when it took over the responsibility for the design and practice of monetary policy by the central banks of the Eurozone countries and operates as an independent, supranational but European organization.

**Re-vitalizing Money Demand in the Euro Area : Still Valid at the Zero Lower Bound
Feedback to the ECB's Monetary Analysis
An Assessment**

**Money and Monetary Policy in the Twenty-first Century : Fourth ECB Central Banking
Conference, 9-10 November 2006**

**Does Money Matter in the ECB Strategy? New Evidence Based on ECB Communication
Does Money Matter in the ECB Strategy?**

This paper outlines important lessons for monetary policy. In particular, the role of inflation targeting, which was much acclaimed prior to the financial crisis and since then has not lost much of its endorsement, is critically reviewed. Ignoring the relation between monetary policy and asset prices, as is the case in this monetary policy approach, can lead to financial instability. In contrast, giving, inter alia, monetary factors a role in central banks' policy decisions, as is done in the ECB's encompassing approach, helps prevent these potentially harmful side effects and thus allows for fostering financial stability. Finally, this paper makes a case against increasing the central banks' inflation target.

Coming at a critical juncture for the euro, the book takes stock of the ECB's experience during its first ten years and discusses the way ahead. The articles are written by well-known experts in the field and

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provide the reader with a comprehensive overview of relevant policy issues, including the ECB's communication and its monetary strategy and instruments.

We examine the role of money in the policies of the ECB, using introductory statements of the ECB President at the monthly press conferences during 1999-2004. Over time, the relative amount of words devoted to the monetary analysis has decreased. Our analysis of indicators of the monetary policy stance suggests that developments in the monetary sector, while somewhat more important in the later half of the sample, only played a minor role most of the time. Our estimates of ECB interest rate decisions suggest that the ECB's words (monetary-sector based policy intensions) are not an important determinant.

Determinants of ECB Monetary Policy

Market Predictability of ECB Monetary Policy Decisions

Essays on the ECB Monetary Policy's Impact on Non-Financial Firms

Monetary policy lessons from the crisis

The Eastern Enlargement of the Currency Union: Challenges for the ECB's Monetary Policy

The European Central Bank at Ten

ECB President Draghi's Jackson Hole speech in August 2014 arguably marked a new phase of unconventional monetary policies (UMPs) in the euro area. This paper examines the market

impact and transmission channels of this new wave of UMPs using a modified event study framework. They are found to have a more prominent impact on inflation expectations and exchange rates compared to the earlier UMP announcements. The impact on bank equity, however, is less significant in part due to narrowing profit margin in a low interest rate environment; and the marginal effect on sovereign spread compression has diminished. By extracting components of monetary policy shocks from the yield curve, we find that the traditional signaling channel of the monetary policy transmission continued to play an important role, but the portfolio rebalancing channel became more important in the new phase. Spillovers to non-euro area EU countries (the Czech Republic, Denmark, Poland, and Sweden) are transmitted mainly through the portfolio rebalancing channel, largely affecting sovereign yields and exchange rates.

This paper discusses the case for a money pillar in the European Central Bank's (ECB) monetary policy strategy. Time-series evidence for industrial countries based on frequency-domain and unobserved-components analysis suggests that money can play a useful role in gauging and constraining long-run risks to price stability. Moreover, the specter of asset price bubbles and some of the area's institutional features, which may impart considerable persistence to area-wide inflation, caution against shifting to conventional inflation targeting. But the time series evidence also seems to point to a relatively loose connection between variations in nominal money growth and inflation in the short to medium run. As a consequence, effective communication of the ECB's monetary policy decisions from the point of view of the present money pillar is likely to remain a challenging task.

This volume presents several contributions from the 4th ECB central banking

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conference focusing on the practical experience concerning monetary policy in the 21st century of central banks and on lessons from history.

The Monetary Policy of the ECB, 2011

The ECB's Monetary Analysis Revisited

The Monetary Policy Strategy of the European Central Bank: Review and Recommendations

ECB's Monetary Policy and Its Impact on Countries of the Economic Monetary Union

The Monetary Policy of the European Central Bank

Bachelor Thesis from the year 2015 in the subject Economics - Finance, grade: 1,0,

Vienna University of Economics and Business (Finance and Accounting), language:

English, abstract: During the financial crisis and the following Eurozone crisis, liquidity in financial markets basically froze and became a problem for the real economy. Therefore, market liquidity became one of the major concerns of the ECB, which applied non-standard measures, e.g. irregular asset purchasing programmes. This paper sheds light on the impact of monetary policy on liquidity levels of the DAX 30 equity index and German 10-year government bonds. For the following analysis, the monetary policy impacts are estimated using the base money growth rate and EONIA rate, whereas the relative bid-ask spread is employed for measuring liquidity levels. The research method includes literature-based research about common market liquidity theories, a short timeline of important ECB monetary policy decisions, descriptive statistics on liquidity levels and monetary policy variables and a VAR analysis, including variables spreads,

returns, volatilities, industrial production and inflation. The results indicate that a decrease (increase) in stock market liquidity or an increase (decrease) in bondmarket volatility lead to a decrease (increase) of EONIA. Furthermore, decreases (increases) in stock return or industrial production result in a decrease (increase) of EONIA. However, base money growth is positively correlated only to changes in bond market volatility. Overall, the results suggest that the monetary policy decisions by the ECB are influenced by changing market conditions without the ability to forecast liquidity levels.

This book provides a comprehensive overview of European Union (EU) central banking law, a field of EU economic law which emerged in the late 1990s and has developed rapidly ever since. European central banking law pertains to the rules governing the functions, operation, tasks and powers of the European Central Bank (ECB) and the national central banks (NCBs) of EU Member States. Systematically presenting and analysing the role of the ECB as a monetary and banking supervisory authority, the book discusses its changing and developing responsibilities following the financial crisis of 2007-2009 and the ongoing fiscal crisis in the euro area. The book also highlights the ECB's significant role in relation to the resolution of credit institutions, as well as, conversely, its relatively limited role in respect of last-resort lending to EU credit institutions exposed to liquidity risk. The related tasks and powers of the ECB are presented in light of its interaction with NCBs within the Eurosystem, the European System of Financial Supervision, the Single Supervisory System and the Single

Resolution Mechanism. Providing a detailed analysis of the legal framework governing (mainly) the ECB's monetary policy and other basic tasks within the Eurosystem and its specific tasks in relation to banking supervision and macro-prudential financial oversight, this comprehensive book will be of interest to researchers, practitioners and students in the fields of EU monetary and banking law.

This book discusses contemporary banking and monetary policy issues from the perspective of the Austrian School of Economics. Based on the heritage of the Austrian school, leading scholars and practitioners offer a coherent diagnosis and analysis of the factors leading to Europe's current financial crisis. The first part of the book discusses Ludwig von Mises's and Friedrich August von Hayek's ideas on banking and monetary policy from both historical and economic standpoints. It includes contributions on Austrian monetary dynamics and micro-foundational business cycle theory, von Mises's concepts of liquidity and solvency of fractional-reserve banks, and liberalism of Austrian economics. The second part analyzes the measures taken by the European Central Bank (ECB) in light of the ideas of von Mises and Hayek. It includes contributions on non-neutrality of money, ECB monetary policy, and the future of the ECB. The third and final part presents discussions on monetary reforms, including contributions on Bitcoins, Cryptocurrencies and anti-deflationist Paranoia.

A Tale of Two Decades of the European Central Bank
IMF Working Papers

Monetary Policy in the Euro Area

The Bank of Russia's Experience with Some Key Tools

What Should the Consensus Be?

The ECB and Euro-Area Enlargement

This Selected Issues paper analyzes euro area policies and discusses the implications of the 2007-08 financial sector turbulence for real economic activity. It examines the linkages between the financial and real sectors in the euro area. The paper discusses the European Central Bank's (ECB) monetary analysis and the role of monetary aggregates in central banking, surveying the ongoing theoretical and empirical debate. The paper also describes the introduction of a "European Mandate" for financial sector authorities in the European Union (EU), a proposal that is under consideration by EU member states.

Essay from the year 2009 in the subject Business economics - Economic Policy, grade: 1,7, Berlin School of Economics and Law, language: English, abstract: The national currency of each country in Europe was an indispensable element of national sovereignty and bank notes as an expression of national culture and trademark. With successive significance of bank notes as a means of payment in modern economic life central banks gradually gained a stronger role and monetary policy has become an integrated part of economic policy. In respect to this development the implementation of stage three of the EMU in 1999 was an important caesura in European history since a major part of European political independent countries gave up their sovereignty of monetary policy by adopting and agreeing on an irrevocable peg of their domestic currency to the Euro. This required a change to a new European monetary policy in

the sector of European central banking. Thus, the ECB was founded and the NCB's of the MS integrated into a European central bank system. It has never been achieved a similar integration process of a policy area in the EU as that of the common monetary and exchange rate policy. The EU has nowhere else been more authentically developed in its identity than in the area of the Euro and the ECB. Nowadays, the participating MS form a currency area that is considered as the second largest economic area behind the USA. This reveals the worldwide significance of European monetary policy that will be explained in the following. The first chapter will briefly comment on the institutional framework structure before the topic of price stability will be introduced. Chapter four and five will examine the transmission process and the monetary strategy of the ECB. In the sixth chapter monetary instruments will be closely described while chapter seven explains the use of instruments of the ECB to react to the current financial crisis. Concluding, a short assessment of European monetary policy will then frame the end of this paper.

Europe's new central bank is developing its version of accountability and public debate over monetary policies. It is natural for CEPR, as a network of policy-oriented academic economists, to contribute to the establishment of this new institution. Monitoring the European Central Bank (MECB) brings together a group of economists internationally known for their work on macroeconomics and monetary policy. MECB monitors the European economy and the work of the ECB, and offers analyses to the public, including the European Parliament and the media. A full MECB report is published each year, complemented by an update that draws on recent publications of the ECB. This is the fifth MECB report.

Writing Clearly

A GVAR Analysis on the Crisis and Post-crisis Period

The Monetary Policy Strategy of the ECB Reconsidered

Banking and Monetary Policy from the Perspective of Austrian Economics

Enhancing Monetary Analysis

Theory and Practice of Monetary Policy

The first twenty years of the European Central Bank (ECB) offer a clear demonstration of how a central bank can navigate macroeconomic insecurity and crisis. As the global economy moves into a new phase of unheralded uncertainty, the story of the ECB holds multiple lessons of wider significance for the central banking community and researchers of monetary policy. This volume provides a unique account of how the ECB has reacted to the challenges confronting the euro area through its monetary policy, turning to innovative measures and unprecedented policy actions to fend off the various threats posed by the global financial turmoil of 2007/08, the euro area sovereign debt market crisis, and the subsequent period of anaemic growth and deflationary pressures. It also addresses some of the criticisms the ECB has faced regarding its policy initiatives. It identifies the ultimate motivation behind the ECB's cautious attitude in the early phases of the financial crisis, and its peculiar definition of price stability and attention for credit creation, as well as addressing the criticism that central banks were fundamentally unprepared to

head off a major financial cataclysm as they were wedded to a deficient economic paradigm which made them blind to financial risks. It also shows that the ECB's unconventional low-interest policies have not compromised the position of financial intermediaries in the way commentators initially predicted they would. By condensing the facts and lessons of the first 20 years of the ECB, this volume will acquaint the reader with the structures and decision-making processes behind the complex, often controversial, crisis measures that were taken during some of the toughest economic challenges in the history of modern Europe, and provide them with fresh ex-post analysis on their effect on the real economy and inflation.

The paper presents a methodology for measuring the clarity of central bank communication, illustrating it with the case of the European Central Bank (ECB) in 1999-2007. The analysis identifies the ECB's written communication as clear about 95 percent of instances, which is comparable to, or even better than, other central banks for which a similar analysis is available. We also find that the additional information contained in the ECB's Monthly Bulletins helps to improve communication clarity compared to ECB's press releases. In particular, the Bulletins contain useful clarifying information on individual inflation factors and the overall forecast risk; in contrast, the bulletin's communication on monetary shocks has a

negative, albeit small, impact on clarity.

"The paper investigates to what extent some basic tools of the ECBs monetary analysis can be useful for other central banks given their specific institutional, economic and financial environment. We take the case of the Bank of Russia in order to show how to adjust methods and techniques of monetary analysis for an economy that differs from the euro area as regards, for instance, the role of the exchange rate, the impact of dollarization and the functioning of sovereign wealth funds. A special focus of the analysis is the estimation of money demand functions for different monetary aggregates. The results suggest that there are stable relationships with respect to income and wealth and to a lesser extent to uncertainty variables and opportunity costs. Furthermore, the analysis also delivers preliminary results of the information content of money for inflation and for real economic development."--Abstract.

Did the Revision of the ECB Monetary Policy Strategy Affect the Reaction Function?

An Analysis of the Eurosystem/ECB Projections

The Ecb's Monetary Policy

A Legal Analysis of the Gauweiler Case and Outright Monetary Transactions

Taylor Rule, Crisis, Interdependence and Sentiment Analysis

ECB's Monetary Policy Communication

The European Central Bank (ECB) is currently conducting a review of its monetary policy strategy. The last formal review took place in 2003. Now the focus is on the extent to which this strategy has contributed in recent years to fulfill the mandate set out in the Treaties of the European Union and whether certain elements need to be adjusted. Against this background, the Kronberger Kreis, the academic advisory board of the Stiftung Marktwirtschaft (Market Economy Foundation), examines whether the ECB's monetary policy strategy still holds promise for success, whether its mandate should be reinterpreted and how the use of specific instruments should be assessed. In its analysis, the Kronberger Kreis draws on the experience of the financial crisis, the euro debt crisis and the coronavirus crisis and argues that greater attention should be paid to the side effects and proportionality of monetary policy measures. The central banks of the Eurosystem are now the largest creditors of the member states. Fiscal dominance of monetary policy should be avoided. The ECB's hierarchical mandate prioritizing price stability should not be called into question. The envisaged numerical target for consumer price inflation of below, but close to, two percent remains reasonable. However, the ECB should also consider other measures of

inflation in its decisions and their communication. In addition, the ECB should rely more strongly on quantitative benchmarks (interest rate rules, money supply growth). The transparency of monetary policy could be significantly increased, for example, by publishing surveys and forecasts of the ECB's Governing Council. In principle, all measures must take into account the need to strengthen the independence of the ECB and the stability of the monetary union.

Monetary aggregates continue to play an important role in the ECB's policy strategy. This paper revisits the case for money, surveying the ongoing theoretical and empirical debate. The key conclusion is that an exclusive focus on non-monetary factors alone may leave the ECB with an incomplete picture of the economy. However, treating monetary factors as a separate matter is a second-best solution. Instead, a general-equilibrium inspired analytical framework that merges the economic and monetary "pillars" of the ECB's policy strategy appears the most promising way forward. The role played by monetary aggregates in such unified framework may be rather limited. However, an integrated framework would facilitate the presentation of policy decisions by providing a clearer narrative of the relative role of money in the interaction with other economic and financial sector variables, including asset

prices, and their impact on consumer prices.

"This book provides a comprehensive overview of the ECB's monetary policy. The third edition of the book takes into account new developments since the last edition was published in 2004. The implications for the legal framework of the entry into force of the Lisbon Treaty on 1 January 2009 have been taken into account. The overview of the main economic and financial features of the euro area economy has been updated with six years of additional data. In mid-2007 the Governing Council decided to embark upon a research programme to enhance upon the ECB's monetary analysis, the key results of which are presented together with the ECB's two-pillar monetary policy strategy. The flexible design and the broad range of instruments and procedures within the Eurosystem's operational framework have supported the ECB's bold response to the financial crisis, including the introduction of a number of non-standard monetary policy measures which are explained in this edition. Finally, the book provides a brief review of the conduct of monetary policy during nearly 12 years of EMU." --Foreword.

Strategy and Decision-Making at the European Central Bank
Monetary Policy. The Role of the European Central Bank
Based on the Clarified and Confirmed Concept of the ECB

New Evidence Based on ECB Communication

A New Wave of ECB's Unconventional Monetary Policies: Domestic Impact and Spillovers

The ECB's Monetary Analysis Revisited

The European Central bank, as the only monetary authority in the Eurosystem, has always played a significant role within the euro area. The European Monetary Union has been governed by the ECB in normal as well as in difficult times, such as the current financial crisis. Consequently, the present situation requires the ECB to intervene and take radical steps even more than before. The intent of this book is to draw and elucidate the monetary policy of the ECB. Firstly, the Eurosystem together with its background is described. Secondly, this work elaborates on what tools are utilized by the ECB to pursuit the main goal which is price stability of the euro area. Furthermore, a data analysis is carried out in this work which demonstrates changes in the important figures (key interest rate, assets & liabilities) during a boom (2006) as well as during recession (2007 on). Since every crisis (even ongoing as it is currently) provides lessons to be learnt from, this work points out shortcomings of the ECBs monetary policy as well. This book, should be particularly helpful to students studying economics but also to wide range of people interested in central banking."

How and for whose benefit the European Central Bank (ECB) will work is the most important issue facing Europe, and has been the subject of vast media and academic

interest which has already spawned a vast literature of discussion papers in the academic literature, and 'Euro Watch' features. Much of this discussion has been of an increasingly hysterical and political nature and has served to blur rather than inform. This book, written by a team at the ECB, including Otmar Issing the ECB's Chief Economist, provides the first comprehensive, inside, non-technical analysis of the monetary policy strategy, institutional features and operational procedures of the Eurosystem. The goals and the transmission mechanism of monetary policy are explored, as are the theoretical and empirical results underpinning the 'stability-oriented monetary policy strategy' adopted by the ECB. The characteristics of this strategy are also discussed in comparison with suggested alternatives.

The ECB's Monetary Analysis Revisited International Monetary Fund

A Critical Analysis of Possible Discrepancies Between the Interest Rates of the ECB and the Interest Rates Proposed by the Taylor Rate

Monetary Policy in Times of Crisis

Lessons for Monetary Policy

A Comparative Examination

The ECB'S Money Pillar

The Role of the European Central Bank and National Central Banks under European Law

The likely enlargement of euro-area membership will radically change the environment

under which monetary policy will be made in the euro area. Within less than a decade, the number of member countries in the euro area could more than double, with the vast majority of accession countries being relatively small in economic terms, compared with current members. Absent reforms, such a significant but asymmetric expansion could impede the effectiveness of the institutional policymaking process of the European Central Bank (ECB) and be seen by some as resulting in the overrepresentation of small member countries in the ECB Council. The paper illustrates these issues, describes the principles on which reforms of the ECB statute could build, and discusses four specific institutional reform scenarios. The analysis coincides with the ECB Council being scheduled to present suggestions for reform by late 2002.

The treatise contributes to the ongoing debate on the definition and the ranking of price stability in context with targets of economic policy in market economies and reflects on the theoretical roots and on the role of monetary policy in a medium-term and a long-term oriented view. Referring to Milton Friedman's basic truths about inflationary processes, five main elements of a stability oriented monetary policy are derived and compared with the strategy of the European Central Bank (ECB) - especially with its liquidity management and the liquidity oriented refinancing tools of European monetary policy. In the first place it is shown that the strategy of the ECB, confirmed and clarified in May 2003, is still a policy of monetary control, but that the role of money is not as prominent as before and then referring to the Taylor-rule, that the ECB accommodates

real economic developments. In the so called two pillar approach the economic analysis is now the pillar mentioned first, followed by the monetary analysis as second pillar. In this context the discussion on monetary targeting versus inflation targeting is judged as somewhat exaggerated. Being a potential future concept, components of a developed targeting are considered, with its roots on the insight that inflation is a monetary phenomenon and that a monetary policy coping with empirical complexity should not be based too mechanically on inflation forecasts. Die Abhandlung ist ein Beitrag zur anhaltenden Debatte um Stellenwert und Definition von Preisniveaustabilität im geld- und wirtschaftspolitischen Zielkatalog, sowie zur theoretischen Verankerung, zur Rolle und zur Praxis der Geldpolitik in Euroland. Sie baut auf der im Mai 2003 vom EZB-Rat veröffentlichten Überprüfung der geldpolitischen Strategie auf. Es wird herausgearbeitet, dass das Konzept mit seiner Reser viertheit gegenüber einer aktivistischen Geldpolitik und mit der Überzeugung, dass Inflation ein monetäres Phänomen ist, weiterhin monetaristischen Einsichten nahe steht, die Rolle der Geldmenge aber nicht mehr so privilegiert ist wie zuvor