WITH ECONOMIC RECOVERY UNDERWAY IN EUROPE, WHAT MONETARY POLICY?

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Economic recovery is here

- 6 million jobs created since 2013

**GDP growth and unemployment rate in the euro area**

- Forecast
- Real GDP (y-on-y, %, left-hand scale)
- Unemployment rate (y-on-y, %, right-hand scale)

Source: MPE, September 2017
Favourable financing conditions

Bank lending rates to non-financial corporations
(%, RHS rates as at July 2017)

- Germany
- France
- Italy
- Spain
- Euro zone

Annual growth rate of loans to non-financial corporations
(adjusted for sales and securitisation, %, RHS rates as at August 2017)

- Germany
- Spain
- France
- Italy
- Euro zone

Source: ECB and Banque de France
Inflation is gradually returning towards our target
Past inflation is still dampening wages

**France**

- Remuneration per employee
- Productivity
- Past core inflation
- Unemployment rate 25-54
- Residual

**Germany**

- Remuneration per employee
- Productivity
- Past core inflation
- Unemployment rate 25-54
- Residual

Source: OECD and BdF

Contributions estimated for the 1992-2016 period
Phillips curve in the euro area

Simple Phillips curve

Source: Eurostat, MPE

Unemployment rate %
The Eurosystem’s accommodative monetary policy stance: the “quartet”

The quartet of measures:

- **QE**: private and public asset purchase programmes of €60bn/month at least until Sept. 2016 (Jan 2015); extended to €80bn/month and to bonds issued by well-rated private corporations (Mar 2016); purchases prolonged until Dec. 2017, at a pace of €60bn/month (Dec 2016)

- **Policy rates**: negative rate on the deposit facility (DFR) (Jun 2014); DFR lowered (Sep 2014, Dec 2015, Mar 2016)

- **Forward guidance** (starting Jul 2013)

- **Provision of liquidity to banks**: TLTRO-I (Jun 2014); TLTRO-II (Mar 2016)