“MONITORING FINANCIAL STABILITY ALONG ACTIVE MONETARY POLICIES”

LONDON BUSINESS SCHOOL

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A SNAPSHOT OF THE EURO AREA RECOVERY

Euro area unemployment rate

Loans to the private sector in the euro area, annual growth rate (adjusted for loan sales, securitisation and notional cash pooling)

Source: ECB
COUNTERFACTUAL ANALYSIS OF THE DYNAMIC EFFECTS OF THE ENHANCED CREDIT SUPPORT

- The Enhanced Credit Support averted a major credit crunch and mitigated the recession

Euro Area GDP (annualised year on year rate of change)  
Non-Financial Corporations Credit Spread (relative to German government bonds)

Source: Cahn et al. (2017) and ECB
Actual data, Counterfactual (absent credit easing policy), 90% confidence bands
• Financial cycle seems to be in its upwards trend

Source: Banque de France
• France accounts for a significant part of the Euro area growth in adjusted loans to the non-financial private sector.

Source: ECB, Banque de France calculation
THANK YOU
FOR YOUR ATTENTION

FRANÇOIS VILLEROY DE GALHAU

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