



Introductory statement to the press conference (with Q&A)



Mario Draghi, President of the ECB,
Frankfurt am Main, 22 January 2015

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Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. Let me wish you all a Happy New Year. I would also like to take this opportunity to welcome Lithuania as the nineteenth country to adopt the euro as its currency. Accordingly, Mr Vasiliauskas, the Chairman of the Board of Lietuvos bankas, became a member of the Governing Council on 1 January 2015. The accession of Lithuania to the euro area on 1 January 2015 triggered a system under which NCB governors take turns holding voting rights on the Governing Council. The details on this rotation system are available on the ECB's website. We will now report on the outcome of today's meeting of the Governing Council, which was also attended by the Commission Vice-President, Mr Dombrovskis.

Based on our regular economic and monetary analyses, we conducted a thorough reassessment of the outlook for price developments and of the monetary stimulus achieved. As a result, the Governing Council took the following decisions:

First, it decided to launch an **expanded asset purchase programme**, encompassing the existing purchase programmes for asset-backed securities and covered bonds. Under this expanded programme, the combined monthly purchases of public and private sector securities will amount to €60 billion. They are intended to be carried out until end-September 2016 and will in any case be conducted until we see a sustained adjustment in the path of inflation which is consistent with our aim of achieving inflation rates below, but close to, 2% over the medium term. In March 2015 the Eurosystem will start to purchase euro-denominated investment-grade securities issued by euro area governments and agencies and European institutions in the secondary market. The purchases of securities issued by euro area governments and agencies will be based on the Eurosystem NCBs' shares in the ECB's capital key. Some additional eligibility criteria will be applied in the case of countries under an EU/IMF adjustment programme.

Second, the Governing Council decided to change the pricing of the six remaining **targeted longer-term refinancing operations** (TLTROs). Accordingly, the interest rate applicable to future TLTRO operations will be equal to the rate on the Eurosystem's main refinancing operations prevailing at the time when each TLTRO is conducted, thereby removing the 10 basis point spread over the MRO rate that applied to the first two TLTROs.

Third, in line with our forward guidance, we decided to keep the **key ECB interest rates** unchanged.

As regards the additional asset purchases, the Governing Council retains control over all the design features of the programme and the ECB will coordinate the purchases, thereby safeguarding the singleness of the Eurosystem's monetary policy. The Eurosystem will make use of decentralised implementation to mobilise its resources. With regard to the sharing of hypothetical losses, the Governing Council decided that purchases of securities of European institutions (which will be 12% of the additional asset purchases, and which will be purchased by NCBs) will be subject to loss sharing. The rest of the NCBs' additional asset purchases will not be subject to loss sharing. The ECB will hold 8% of the additional asset purchases. This implies that 20% of the additional asset purchases will be subject to a regime of risk sharing.

Separate press releases with more detailed information on the expanded asset purchase programme and the pricing of the TLTROs will be published this afternoon at 3.30 p.m.

Today's monetary policy decision on additional asset purchases was taken to counter two unfavourable developments. First, inflation dynamics have continued to be weaker than expected. While the sharp fall in oil prices over recent months remains the dominant factor driving current headline inflation, the potential for second-round effects on wage and price-setting has increased and could adversely affect medium-term price developments. This assessment is underpinned by a further fall in market-based measures of inflation expectations over all horizons and the fact that most indicators of actual or expected inflation stand at, or close to, their historical lows. At the same time, economic slack in the euro area remains sizeable and money and credit developments continue to be subdued. Second, while the monetary policy measures adopted between June and September last year resulted in a material improvement in terms of financial market prices, this was not the case for the quantitative results. As a consequence, the prevailing degree of monetary accommodation was insufficient to adequately address heightened risks of too prolonged a period of low inflation. Thus, today the adoption of further balance sheet measures has become warranted to achieve our price stability objective, given that the key ECB interest rates have reached their lower bound.

Looking ahead, today's measures will decisively underpin the firm anchoring of medium to long-term inflation expectations. The sizeable increase in our balance sheet will further ease the monetary policy stance. In particular, financing conditions for firms and households in the euro area will continue to improve. Moreover, today's decisions will support our forward guidance on the key ECB interest rates and reinforce the fact that there are significant and increasing differences in the monetary policy cycle between major advanced economies. Taken together, these factors should strengthen demand, increase capacity utilisation and support money and credit growth, and thereby contribute to a return of inflation rates towards 2%.

Let me now explain our assessment in greater detail, starting with the **economic analysis**. Real GDP in the euro area rose by 0.2%, quarter on quarter, in the third quarter of 2014. The latest data and survey evidence point to continued moderate growth at the turn of the year. Looking ahead, recent declines in oil prices have strengthened the basis for the economic recovery to gain momentum. Lower oil prices should

support households' real disposable income and corporate profitability. Domestic demand should also be further supported by our monetary policy measures, the ongoing improvements in financial conditions and the progress made in fiscal consolidation and structural reforms. Furthermore, demand for exports should benefit from the global recovery. However, the euro area recovery is likely to continue to be dampened by high unemployment, sizeable unutilised capacity, and the necessary balance sheet adjustments in the public and private sectors.

The risks surrounding the economic outlook for the euro area remain on the downside, but should have diminished after today's monetary policy decisions and the continued fall in oil prices over recent weeks.

According to Eurostat, euro area annual HICP inflation was -0.2% in December 2014, after 0.3% in November. This decline mainly reflects a sharp fall in energy price inflation and, to a lesser extent, a decline in the annual rate of change in food prices. On the basis of current information and prevailing futures prices for oil, annual HICP inflation is expected to remain very low or negative in the months ahead. Such low inflation rates are unavoidable in the short term, given the recent very sharp fall in oil prices and assuming that no significant correction will take place in the next few months. Supported by our monetary policy measures, the expected recovery in demand and the assumption of a gradual increase in oil prices in the period ahead, inflation rates are expected to increase gradually later in 2015 and in 2016.

The Governing Council will continue to closely monitor the risks to the outlook for price developments over the medium term. In this context, we will focus in particular on geopolitical developments, exchange rate and energy price developments, and the pass-through of our monetary policy measures.

Turning to the **monetary analysis**, recent data indicate a pick-up in underlying growth in broad money (M3), although it remains at low levels. The annual growth rate of M3 increased to 3.1% in November 2014, up from 2.5% in October and a trough of 0.8% in April 2014. Annual growth in M3 continues to be supported by its most liquid components, with the narrow monetary aggregate M1 growing at an annual rate of 6.9% in November.

The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) remained weak at -1.3% in November 2014, compared with -1.6% in October, while continuing its gradual recovery from a trough of -3.2% in February 2014. On average over recent months, net redemptions have moderated from the historically high levels recorded a year ago and net lending flows turned slightly positive in November. In this respect, the January 2015 bank lending survey indicates a further net easing of credit standards in the fourth quarter of 2014, with cross-country disparities decreasing in parallel with an increase in net demand for loans across all loan categories. Banks expect that these dynamics will continue in early 2015. Despite these improvements, lending to non-financial corporations remains weak and continues to reflect the lagged relationship with the business cycle, credit risk, credit supply factors and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) was 0.7% in November, after 0.6% in October. Our monetary policy measures should support a further improvement in credit flows.

To sum up, a **cross-check** of the outcome of the economic analysis with the signals coming from the monetary analysis confirmed the need for further monetary policy accommodation. All our monetary policy measures should provide support to the euro area recovery and bring inflation rates closer to levels below, but close to, 2%.

Monetary policy is focused on maintaining price stability over the medium term and its accommodative

stance contributes to supporting economic activity. However, in order to increase investment activity, boost job creation and raise productivity growth, other policy areas need to contribute decisively. In particular, the determined implementation of **product and labour market reforms** as well as actions to improve the business environment for firms needs to gain momentum in several countries. It is crucial that structural reforms be implemented swiftly, credibly and effectively as this will not only increase the future sustainable growth of the euro area, but will also raise expectations of higher incomes and encourage firms to increase investment today and bring forward the economic recovery. **Fiscal policies** should support the economic recovery, while ensuring debt sustainability in compliance with the Stability and Growth Pact, which remains the anchor for confidence. All countries should use the available scope for a more growth-friendly composition of fiscal policies.

We are now at your disposal for questions.

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Question: Two questions. You said that you'll keep buying bonds until inflation is back on track. So basically, you have an open-ended programme. Do you see anything in terms of the percentage of outstanding debt that you can buy before you start overly influencing price formation on the secondary market, as the European Court of Justice suggested that you should avoid?

My second question is on the risk-sharing. Could you perhaps explain to us why you decided to move away from your usual procedure of pooling all the risks, and in the context of that, if I understood you correctly, for 8% of government bonds, the ECB will still pool the risk. I would understand that you make an exception for euro area institutions, but why do you make an exception for these 8% of government bonds if otherwise, you decided it was wiser not to share risks?

Draghi: The answer to the first question, yes we will buy government debt up to the percentage that will allow a proper market price formation. Therefore, we have two limits. The first one is an issuer limit, which is 33%, and another one is an issue limit, which is 25%. In other words, we won't buy more than 25% of each issue, and not more than 33% of each issuer's debt. The 25% limit, by the way, is the one foreseen in order not to be a blocking minority in the collective action clause assemblies, basically, bond holders' assemblies, and it's the basis for us to be able to say, there is going to be *pari passu*.

The other question, first of all let me say I was surprised that this risk-sharing issue became almost the most important thing about our monetary policy decisions today. In fact, it shouldn't be so, but let me explain how we reached the percentage of 20%, and what is the reasoning behind this decision.

First of all, let me start by saying that each monetary policy operation always has some fiscal implication, and for the Central Bank what matters first and foremost is that monetary policy is effective, and then it takes into account these implications, but without prejudice for the monetary policy effectiveness. Usually, these fiscal implications are dealt with easily within a one-country framework, between the central bank and the treasury. But in the euro area, there is no European treasury, and each national treasury gives an implicit or explicit indemnity to its own central bank, but not the euro system as a whole.

So the question on how to allocate risks in the euro area has been with the Governing Council since the very beginning. There is a combined ruling coming from the statutes of the ECB and from a Governing Council decision that a default mode is a full risk-sharing mode. However, the Governing Council is also free to decide what it deems more appropriate according to the circumstances. Now, it is not the first time the Governing Council has used its discretion. Let me give you a few examples. Originally, in the early times, there were two lists of collateral, one risk-shared, the risk of which was shared, the so-called Tier 1,

and one where the risk was not shared, and that's Tier 2. The additional credit claims decision we took about, I think two years ago, was on a no-risk-sharing basis.

On the other hand, there are other examples where we actually use the full risk-sharing. For example, the Dutch central bank was indemnified for some small losses based on full risk-sharing. The Luxemburg central bank was indemnified for Icelandic banks when, you'll remember there was that crisis, on a full risk-sharing, and we raised the buffers on a full risk-sharing for some potential losses that Germany, the Bundesbank, might have after the Lehman crisis.

So, there is a history that shows both decisions. Let me add, this has nothing to do with the singleness of the monetary policy, because the decisions are being taken by the Governing Council with a euro area focus, as I just said in the introductory statement, so the same is true for sovereign bonds. The modalities, the amounts, the rules, the limits that you just asked me about have been decided here in Frankfurt.

The Governing Council is the sole decision-maker, and the decisions are meant to affect monetary and financial conditions across the whole euro area. This way, this time, we had a situation where the programme is very large. In this sense, it is different from the SMP, for example. It's very large. And so, on the one hand, we want to keep the principle of the risk-sharing in place, and that's why we retained the 20% share under the regime of full risk-sharing.

On the other hand, we want to take a decision that would mitigate the concerns that many participating countries in the euro area have about the unintended fiscal consequences of potential developments in the future.

But also, let me make a final consideration. Is risk-sharing or no risk-sharing a fundamental decision as far as the effectiveness of this decision is concerned? We believe that it might have some effects, but they are not relevant. Let me give you an example where actually it is fundamental; OMT. In OMT full risk-sharing is fundamental for the effectiveness of that monetary policy measure and you understand why; because it's selective, it addresses specific countries, the countries are under stress, the debt sustainability is an issue and there are tail risks that could make things precipitate for certain individual countries. In that case, risk-sharing is fundamental for the effectiveness of monetary policy, and by the way, to address these risks, OMT is there, ready to be acted, in case there were risks of that kind, of that nature, tail risks were to materialise, and that programme is under full risk-sharing.

Question: Just to go back to these points that you've made on the risk-sharing. You mentioned unintended consequences of potential developments in the future. Could you clarify a bit what types of potential developments could there be? Does this mean that there's a possibility for example of a default of a euro zone member or that you would be buying these government bonds and then maybe you're going to be selling them at a loss, that there's a possibility at some point that you'd be selling these securities that you're purchasing?

The second question, just in a bigger picture sense, why should the public, why should the financial markets think that QE will work in terms of boosting inflation, in terms of restoring economic growth, employment in the euro zone?

Draghi: I think you should ask the first question to the people who have these concerns. We took these concerns into account, and that's why this decision would mitigate these concerns, but certainly, we are not in a one-country setup. We are in a multi-country setup, so the issue of potential fiscal transfers coming from our monetary policy decision is there. So the first question we should ask, is it fundamental for the

effectiveness of monetary policy or not? If it's not, then we can do something to mitigate these concerns. Do we want to abandon the principle of full risk-sharing? Absolutely no, and as I said, the singleness of the monetary policy remains in place.

On the second question, we would believe that the measures taken today will be effective, will raise inflation, medium-term inflation expectations, and basically will address the economic situation in the euro area. There are several channels through which these measures will be effective.

The first is the portfolio rebalancing effect, where you basically substitute bonds with cash, and therefore banks, at that point, will have more incentive to lend to the private sector, households and companies. Then you have signalling effects on inflation expectations. This is a quite important channel. Let me just give you an example why.

Of recent inflation expectations, medium-term inflation expectations, dropped by something like 50 basis points. Since our nominal interest rates are at the zero lower bound, this meant that real interest rates went up by about 50 basis points, basically nullifying the effects of our reductions of nominal interest rates, the two reductions of nominal interest rates that we had decided in the course of the year. So we do expect that effect to be also important.

Finally, let me add something here, because it's actually quite important. What monetary policy can do, I've said this many times, but I think it is worthwhile repeating it. What monetary policy can do is to create the basis for growth, but for growth to pick up, you need investment. For investment you need confidence, and for confidence you need structural reforms. The ECB has taken a further, very expansionary measure today, but it's now up to the governments to implement these structural reforms, and the more they do, the more effective will be our monetary policy. That's absolutely essential, as well as the fiscal consolidation side. So structural reforms is one thing, budget and fiscal consolidation is a different issue. It's very important to have in place a so-called growth-friendly fiscal consolidation for confidence strengthening. This combined with a monetary policy which is very expansionary, which has been and is even more so after our decisions today, is actually the optimal combination. But for this now, we need the actions by the governments, and we need the action also by the Commission, both in its overseeing role of fiscal policies and in its implementing the investment plan, which was launched by the President of the Commission, which was certainly welcome at the time, now has to be implemented with speed. Speed is of the essence..

Question: My first question is has the decision today been unanimous, with a wide consensus? Can you give us a bit of a flavour on the discussion and how these decisions were taken?

My second question is on a quick, back of the envelope calculation. The programme you have announced today seems to amount to €1.1 trillion, which is more than the previous intention of the Governing Council for balance sheet expansion. Could you explain that? Could you, if I understand correctly, this number includes the current ABS and covered bond programmes, so how about also the liquidity injection from the TLTROs? Thank you.

Draghi: At the meeting today -- it's the first time that we'll have the accounts be published of this meeting, and so we have also worked out some qualifiers to indicate how the meeting proceeded. The meeting was unanimous in stating that the asset purchase programme is a true monetary policy tool in a legal sense. That's important, because it establishes the principle that this is a monetary policy tool that should be used in the right situations, but it is part of our toolbox.

Second, there was a large majority on the need to trigger it now, and so large that we didn't need to take a vote.

Third, there was a good discussion on the need, I would say a majority on the need to trigger it now, but of course there were differing views about the need to act now.

And finally, there was a consensus on risk-sharing set at 20%, and 80% on a no-risk-sharing basis. So, unanimity on the asset purchase programme being a monetary policy tool, a large majority on the need to trigger it now, and some discussion on the need to trigger it now, in fact I say a large majority, but not unanimity, and finally, consensus on the risk-sharing set, as I've just described.

The measure of this asset purchase programme exceeds what, well it doesn't exceed really, it's in the ballgame. You'll remember that you have two figures for the beginning/early 2012 balance sheet. One is in January, the other one is in March, so this figure by and large is set in that ballgame.

Question: Mr President, there is a lot of talk about the losses that will derive from these purchases. I wanted to focus attention on the possible money inflows, payments deriving from buying for instance government securities, that would come from asset purchases. Can you give us an idea of what will happen with this money actually that is going to come from those securities paid on a monthly or a yearly basis? I mean is that going to be held as reserves by the national central banks, and can it be ruled out completely that it might be used in the future for possible fiscal accommodation?

Draghi: The answer to the second point is absolutely no. As I just said, it would be a big mistake if countries were to consider that the presence of this programme might be an incentive to fiscal expansion. They would undermine the confidence, so it's not directed to monetary financing at all. Actually, it's been designed as to avoid any monetary financing.

This programme should increase the lending capacity of the banks. This programme, the national central banks, the ECB would buy bonds, and then banks will have this money, and this money can be used either to repay some liabilities, or it would be placed in our deposit facility, in which case they would have to pay a negative interest rate, so there is an incentive to lend to the private sector, stronger incentive than there was simply on collateralised borrowing as we used to do in the past, namely out of TLTROs. In this case, there is no limitation. The limitation, the three-year maturity that was present in the TLTROs, in this case isn't there.

Question: Could you give us an indication on the maturities of the bond you're going to buy?

Second question, there is a debate in the academic community whether the central bank can in the case of a hypothetical default actually, or could run with a negative capital. Could you tell us your views on this issue in the euro area context?

Draghi: The first question is yes, the maturities range between 2 and 30 years. So it's very long. The second question really shows how important you made this risk-sharing issue, because it shows a degree of sophistication in understanding what happens if. Now, what happens if, it can be two things. First of all, if we have an event, the first thing that would be drawn upon would be the buffers of the national central bank. By and large, most central banks have adequate buffers, so nothing will happen.

Question: My first question is about this open-ended commitment to conduct asset purchases until

you feel as though you're on a path where it's consistent with achieving the inflation rates below but close to 2% in the medium term. People seem to have very different views about what medium term means. Would it be possible to clarify? And, is it possible for you to give us a signal now of what you think the division will be between the private sector asset purchases and public sector asset purchases as well please?

Draghi: On the first question, I really only read again the statement. I just don't want to speculate, giving horizons of dates, of deadlines. So these purchases are intended to be carried out until end September 2016, and will in any case be conducted until we see a sustained adjustment in the path of inflation. You might as well have asked, what is sustained adjustment? Sustained adjustment in the path of inflation, which is consistent with our aim of achieving inflation rates below but close to 2% over the medium term. You know the medium-term notion is a complex one. I have discussed this notion. It depends on many parameters, and at this point, certainly we wouldn't want to speculate on precise deadlines.

The other question, , it's difficult to give a precise division between the precise split between the two purchases, because first of all the size of the market for ABS is relatively small, although we think it will expand in the coming months, and the covered bond programme has done quite well, much better than the other programme, but also we don't know what the market size will be next year. What you could look at is basically the past behaviour as an inference for the future behaviour of our purchases.

Question: Two questions. One is a technical one. We are talking a lot of about the asset side of national banks' balance sheets, national central banks' balance sheets, when we're talking about this programme, and I just wondered, I was hoping you could clarify that on the liabilities side, there is also a complete, or there is also risk-sharing in the sense that funds that are created through this QE programme are fully fungible across the euro system. There seems to be a lot of talk about that in the market.

Draghi: Absolutely. That's why under certain circumstances, I find this discussion on risk-sharing quite futile.

Question: Second question was, you've added this tool to your toolbox. Is this it now? Is this it? Can people expect the next monetary policy direction to be towards a tightening?

Draghi: I have some jokes that I could make at this point in time, but I'll just re-read the statement if you want, because that's really what we can say today, and I'd just rather avoid jokes on this. I mean, the overall situation of inflation, inflation developments, doesn't allow us to make these jokes.

Question: My first question would be, it's not actually very explicit here in the press release whether that means that you're not going to buy into Greece's debt right now.

Second question would be whether you're also considering buying bonds which are actually already trading in negative territory when it comes to yields.

Draghi: Second question, the answer is yes.

And to the first question, let me say one thing here. We don't have any special rule for Greece. We have basically rules that apply to everybody. There are obviously some conditions before we can buy Greek bonds. As you know, there is a waiver that has to remain in place, has to be a program. And then there is this 33% issuer limit, which means that, if all the other conditions are in place, we could buy bonds in, I

believe, July, because by then there will be some large redemptions of SMP bonds and therefore we would be within the limit.

And by the way, let me add, if there is a problem, if there is a waiver, all these are not exceptional rules. They were rules that were already in place before. So we're not creating.

Question: Two questions. What do you answer to those arguing that an effect -- a possible effect of the QE will be to rise some price bubbles on certain categories of assets?

And secondly, you mentioned that there were certain members within the Governing Council arguing not to act now, but maybe at a later stage. Could you maybe give us some of the arguments those people had for this demand?

Draghi: On the first question, we monitor closely any potential instance of risk to financial stability. So we're very alert to that risk. So far we don't see bubbles. There may be some local episodes of certain specific markets where prices are going up fast. But to have a bubble, besides having that, one should also identify, detect an increase, dramatic increase in leverage or in bank credit, and we don't see that now.

However, we, as I said, we are alert. If bubbles are of a local nature, they should be addressed by local instruments, namely macro-prudential instruments rather than by monetary policy.

The second question, well, I would say the readings of reality differ. In some cases the inflation developments are considered to be temporary or heavily affected by temporary factors like the fall in oil prices and so on. So it's different readings of reality, which suggest a different urgency in acting.

Question: My first one is on inflation expectations. You mentioned that they have decreased further in recent days and weeks, and this is despite the fact that markets were increasingly pricing in QE and seeing it as a done deal. What makes you confident that this trend will now be reversed now that you have decided and you are going for QE?

And the second one is on fiscal policy and monetary policy. In your speech at Jackson Hole in last August you said that fiscal policies in other large advanced economies has been more available and more effective compared to the euro area. And you said, and I quote, this reflects the fact that the central bank in those countries could act and has acted as a backstop for government funding. And your argument was that this allowed fiscal consolidation to be more back-loaded. So my question is, is the ECB, with this QE program, now this kind of support for government funding in the euro area?

Draghi: Well the answer to the second question is absolutely no. Absolutely no. We shouldn't forget that -- perhaps today is the first time I say it, usually by now I am in the fifth time-- We shouldn't forget that our mandate is price stability, price stability defined as keeping inflation rate close but below 2%. And we are, at this point in time, distant from that objective.

And to give you a few ideas, the average inflation rate for 2014 was 0.4%. The five-year, the average inflation rate over the next five years is 0.3%. And the inflation rate, the average inflation rate over the next 10 years at this point in time, these are market-based measures, are 0.9%. The 5y-5y inflation expectation is today, I think should be around 1.64, to be compared with an average of 2.30.

So there is little doubt, in our view at least, that one should act. We believe and are convinced and have

good arguments to think that the monetary policy measures that we have decided today will contribute to lift inflation expectations. You said that they are already priced in the market. Well, I would agree with you. Some, it's hard to say how much, but certainly some of the effects have already been priced in the market. But there is a difference between expectation and actual announcement that things are going to be undertaken. So I think that's, in the end, after months pass by, it's the announcements that really matter. In other words, expectations work only if there is certain credibility. And we are showing that this credibility is deserved with today's action.

Question: Just a clarification on the semantics. I take it that the consensus you've indicated for the split between sharing and non-sharing is weaker than the large majority? I also wanted to know if the people who objected or dissented on the risk sharing were the same people who had concerns about the risk sharing in the first place or were these a different composition of the dissent?

The other thing is about the signalling of this operation. By abandoning partially the risk sharing, aren't you signalling to investors that there are a number of banks, central banks in the euro system, and the ECB also, that are not willing to have on their books the risk of a number of countries?

Draghi: I addressed the first question already. We have shown that all monetary policy measures have some fiscal implications. What matters is, first and foremost, the effectiveness of the monetary policy. In other words, it's called monetary dominance. And we are operating under that principle. This is geared to our mandate, which is maintaining price stability. These fiscal implications are usually dealt in a one-country set-up rather simply. In a multi-country set-up they are dealt in a different way. And I told you about the history that shows that they were dealt in various ways, I would say based on an ad-hoc consideration of the circumstances.

I have told you that risk sharing or no risk sharing was not a fundamental aspect of the effect, of the effectiveness of our monetary policy measures today, while it is a fundamental component of our OMT programme. I think to understand this is very, very important. Keep in mind the distinction between the two programmes.

And finally, given the size that this programme will have and the fact it's so broad-based all across all countries, the solution that we found seemed to be the most reasonable. On one hand you want to keep the principle of full risk sharing in place. On the other you want to mitigate the concerns expressed by several member countries. And we can do so because it's not essential for the effectiveness of the monetary policy.

The consensus means the following, means that everybody could either agree or not object. The large majority means that a lot of people agreed and a few people objected. So, they are different notions. And you'll have to get used to these qualifiers. From now on I cannot say we had a fantastic majority or things like that. No. There will be either a majority or a large majority or a consensus, or unanimity.

Question: There's a big debate at the moment as to whether what matters most is the flow or the stock, the buying of assets or what is already held on the balance sheet. I'm curious as to where you come out on that particular debate.

And second of all, what would you say to those who are concerned that when the ECB is buying up bonds, electronically printing money, whatever one calls it, this is the first chapter in a story that leads inevitably towards hyperinflation. What's your response to that?

Draghi: On the first point, the way the introductory statement reads says that both things are important. The overall amount but also the scale of these purchases, the monthly flows are quite meaningful, as is the overall amount.

The second question, I think the best way to answer to this is, have we seen lots of inflation since QE programmes started? Have we seen that? And now it's been quite a few years since they started. Our experience since we have these press conferences goes back to a little more than three years. In these three years we've lowered interest rates I don't know how many times, four or five times, six times maybe. And each time someone was saying this is going to be terribly expansionary, there will be inflation. Some people voted against lower interest rates way back at the end of November 2013. We did OMT. We did the LTROs. We did TLTROs. And somehow this runaway inflation hasn't come yet.

What I'm saying is that certainly the jury's still out. But there must be a statute of limitations. Also for the people who say that there will be inflation, yes, when, please? Tell me, within what?

Question: If the ECB staff estimates in the coming months show inflation rate in the medium term around 2%, what are you going to do? Are you stopping the programme or continuing until September '16?

Draghi: That is a question similar to the one that has been asked before. Here I will read you again the statement. It says they are intended to be carried out -- they are intended -- to be carried out until the end of September 2016 and will in any case be conducted until we see a sustained adjustment in the path of inflation, which is consistent with our aim of achieving inflation rates below but close to 2% over the medium term.

Question: I have a question. There are certain central banks that explicitly say what is the model how the exchange rate translates into inflation. Is there a model that the ECB's working with? And if there is a model, what is your expectation? How much of nominal exchange drop of euro is needed for achieving the inflation target? That's first question.

Then second question, in your August press conference, you mentioned that you saw the trend of central banks selling euros from their reserves. Do you still see the trend continuing?

Draghi: I'm not sure I understand the second question, but the first question is, I've said it many times, for us the exchange rate is not a policy target. It's important for price stability, for growth, but it's not a policy target. The movements in the exchange rate since three years were the outcome of diverging monetary policy cycles as well as divergent economic recovery paths between major jurisdictions. They were not intended, it was not an action geared to cause these exchange rate movements. They were the outcome.

Question: You mentioned in August that you see the trend of other central banks selling euros from their reserves. And my question if you still see the trend continuing.

Draghi: I'm not sure I mentioned that. I can't remember, because we never comment on other central bank policies. So whoever wants to ask me about Switzerland, just you should know; we never comment on other central banks' decisions.

Question: First of all, how is it that buying bonds in Germany, where credit is not a huge problem, is going to translate into help for the credit-starved companies that we have in the so-called periphery of the eurozone?

And the second question, it's been more than six years since the Federal Reserve did its first QE program in the United States. It's only now disentangling itself. And we see even in United States right now that price pressures are quite low. Are we to expect a similar trajectory in the euro zone? And if it turns out that way, what is plan B?

Draghi: On the first question, this programme is meant to create a large injection of liquidity that is fungible across the euro area. So, if it starts in Germany, it can easily flow everywhere through our payment system. But certainly where the spreads are higher, you would expect greater effectiveness, greater immediate direct effects from this policy.

The second point is you said do we expect our inflation expectations to stay low after a prolonged period of time, and if we have a plan B. I say again, this is a question that's been asked before. What if? We just present a plan A and we have a plan A. Period. And the sentence and the wording here could be, actually says many things. So I'm not going to reread it, but each word has been carefully chosen.

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