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Euro area money growth and the "Securities Markets Programme"

European Central Bank (ECB)

Summary

The “Securities Markets Programme” (SMP), which was announced by the Governing Council on 10 May 2010, is intended to ensure depth and liquidity in malfunctioning segments of the debt securities markets and to restore an appropriate functioning of the monetary policy transmission mechanism.1 As the purchases of debt securities conducted in the context of the SMP are sterilised, they do not change central bank liquidity. Importantly, the SMP does not alter the stance of monetary policy as determined by the Governing Council. This box discusses different concepts of liquidity and, in particular, explains to what extent there could be direct or indirect effects of the programme on monetary liquidity as measured in broad monetary aggregates.

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