INTRODUCTORY STATEMENT

PRESS CONFERENCE

Christine Lagarde, President of the ECB,Luis de Guindos, Vice-President of the ECB,Frankfurt am Main, 12 March 2020

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Ladies and gentlemen, the Vice-President and I are very pleased to welcome you to our press conference. We will now report on the outcome of today's meeting of the Governing Council, which was also attended by the Commission Executive Vice-President, Mr Dombrovskis.

Since our last Governing Council meeting in late January, the spread of the coronavirus (COVID-19) has been a major shock to the growth prospects of the global and euro area economies and has heightened market volatility. Even if ultimately temporary in nature, it will have a significant impact on economic activity. In particular, it will slow down production as a result of disrupted supply chains and reduce domestic and foreign demand, especially through the adverse impact of the necessary containment measures. In addition, the heightened uncertainty negatively affects expenditure plans and their financing.

Governments and all other policy institutions are called upon to take timely and targeted actions to address the public health challenge of containing the spread of the coronavirus and mitigate its economic impact. In particular, an ambitious and coordinated fiscal policy response is required to support businesses and workers at risk. The Governing Council strongly supports the commitment of euro area governments and the European Institutions to joint and coordinated policy action in response to the repercussions of the spread of the coronavirus. We also welcome the decisions taken by the ECB's Supervisory Board, which are detailed in a separate press release published earlier today.

In line with our mandate, the Governing Council is determined to support households and firms in the face of the current economic disruptions and heightened uncertainty. Accordingly, we decided on a comprehensive package of monetary policy measures. Together with the substantial monetary policy stimulus already in place, these measures will support liquidity and funding conditions for households, businesses and banks and will help to preserve the smooth provision of credit to the real economy.

First, we decided to conduct, temporarily, additional longer-term refinancing operations (LTROs) to provide immediate liquidity support to the euro area financial system. Although we do not see material signs of strains in money markets or liquidity shortages in the banking system, these operations will provide an effective backstop in case of need. They will be carried out through a fixed rate tender procedure with full allotment, with an interest rate that is equal to the average rate on the deposit facility. The LTROs will provide liquidity at favourable terms to bridge the period until the TLTRO III operation in June 2020.

Second, the Governing Council decided to apply considerably more favourable terms during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that same time. These operations will support bank lending to those affected most by the spread of the coronavirus, in particular small and medium-sized enterprises. Throughout this period, the interest rate on these TLTRO III operations will be 25 basis points below the average rate applied in the Eurosystem's main refinancing operations. For counterparties that maintain their levels of credit provision, the rate applied in these operations will be lower, and, over the period ending in June 2021, can be as low as 25 basis points below the average interest rate on the deposit facility. Moreover, the maximum total amount that counterparties will henceforth be entitled to borrow in TLTRO III operations is raised to 50% of their stock of eligible loans as at 28 February 2019. In this context, the Governing Council will mandate the Eurosystem committees to investigate collateral easing measures to ensure that counterparties continue to be able to make full use of our funding support.

Third, we decided to add a temporary envelope of additional net asset purchases of €120 billion until the end of the year, ensuring a strong contribution from the private sector purchase programmes. In combination with the existing asset purchase programme (APP), this will support favourable financing conditions for the real economy in times of heightened uncertainty. We continue to expect net asset purchases to run for as long as necessary to reinforce the accommodative impact of our policy rates, and to end shortly before we start raising the key ECB interest rates.

In addition, the Governing Council decided to keep the **key ECB interest rates** unchanged. We expect them to remain at their present or lower levels until we have seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within our projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics.

We also intend to continue reinvesting, in full, the principal payments from maturing securities purchased under the APP for an extended period of time past the date when we start raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

Further details on the precise terms of our new operations will be published in dedicated press releases this afternoon at 15:30 CET.

In view of current developments, the Governing Council will continue to monitor closely the implications of the spread of the coronavirus for the economy, for medium-term inflation and for the transmission of its monetary policy. The Governing Council stands ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner, in line with its commitment to symmetry.

Let me now explain our assessment in greater detail, starting with the **economic analysis**. The latest indicators suggest a considerable worsening of the near-term growth outlook. The disruption of supply chains is impeding production plans in the manufacturing sector, while necessary containment measures against the further spread of the coronavirus are adversely affecting economic activity. Before the coronavirus outbreak, euro area real GDP growth moderated to 0.1%, quarter on quarter, in the fourth quarter of 2019, following growth of 0.3% in the third quarter. This mainly reflected the ongoing weakness in the euro area manufacturing sector and slowing investment growth. Looking beyond the disruption stemming from the coronavirus, euro area growth is expected to regain traction over the medium term, supported by favourable financing conditions, the euro area fiscal stance and the expected resumption in global activity.

This assessment is only partly reflected in the March 2020 ECB staff macroeconomic projections for the euro area, as their data cut-off date predates the most recent rapid spread of the coronavirus to the euro area. These projections foresee annual real GDP increasing by 0.8% in 2020, 1.3% in 2021 and 1.4% in 2022. In particular, the projections foresee very muted growth in the first half of 2020, followed by an improvement in the second half of the year. Compared with the December 2019 Eurosystem staff macroeconomic projections, the outlook for real GDP growth has been revised down notably for 2020 and slightly for 2021, on account of the potential economic impact of the coronavirus outbreak.

The risks surrounding the euro area growth outlook are clearly on the downside. In addition to the previously identified risks related to geopolitical factors, rising protectionism and vulnerabilities in emerging markets, the spread of the coronavirus adds a new and substantial source of downside risk to the growth outlook.

According to Eurostat's flash estimate, euro area annual HICP inflation decreased to 1.2% in February 2020, from 1.4% in January. On the basis of the sharp decline in current and futures prices for oil, headline inflation is likely to decline considerably over the coming months. Indicators of inflation expectations have fallen and measures of underlying inflation remain generally muted. While labour cost pressures have so far remained resilient amid tighter labour markets, the weaker growth momentum is delaying their pass-through to inflation. Over the medium term, the increase in inflation will be supported by our monetary policy measures and the recovery in euro area growth dynamics.

This assessment is only partly reflected in the March 2020 ECB staff macroeconomic projections for the euro area, which foresee annual HICP inflation at 1.1% in 2020, 1.4% in 2021 and 1.6% in 2022. Compared with the December 2019 Eurosystem staff macroeconomic projections, the outlook for HICP inflation is broadly unrevised over the projection horizon. The implications of the coronavirus for inflation are surrounded by high uncertainty, given that downward pressures linked to weaker demand may be offset by upward pressures related to supply disruptions. The recent sharp decline in oil prices poses significant downside risks to the short-term inflation outlook.

Turning to the **monetary analysis**, broad money (M3) growth stood at 5.2% in January 2020, having moderated somewhat from its recent peak. Money growth continues to reflect ongoing bank credit creation for the private sector and low opportunity costs of holding M3 relative to other financial instruments. The narrow monetary aggregate M1 continues to be the main contributor to broad money growth.

Loans to the private sector continued to expand. The annual growth rate of loans to households picked up somewhat to 3.7% in January 2020, from 3.6% in December 2019. The annual growth rate of loans to non-financial corporations remained unchanged at 3.2% in January, confirming the moderation seen since autumn 2019 and likely reflecting the typically lagged reaction to the past weakening in the economy. Overall, our accommodative monetary policy stance, including the measures taken today, will safeguard favourable bank lending conditions and will continue to support access to financing, including for those affected most by the ramifications of the coronavirus and, in particular, for small and medium-sized enterprises.

To sum up, a **cross-check** of the outcome of the economic analysis with the signals coming from the monetary analysis confirmed that an ample degree of monetary accommodation is necessary for the robust convergence of inflation to levels that are below, but close to, 2% over the medium term.

Regarding **fiscal policies**, an ambitious and coordinated fiscal stance is now needed in view of the weakened outlook and to safeguard against the further materialisation of downside risks. We welcome the measures already taken by several governments to ensure sufficient health sector resources and to provide support to affected companies and employees. In particular, measures such as providing credit guarantees are needed to complement and reinforce the monetary policy measures taken today. We welcome the commitment of the euro area governments and the European Institutions to act now, strongly, and together in response to the repercussions of the further spread of the coronavirus.

Before we take your questions, we would like to express our profound gratitude to all those who are dedicating their time and efforts in saving lives and containing the spread of the coronavirus.

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My first question would be about the rationale for not cutting interest rates today. Could you give us the reason why there was no rate cut today? Is it because there was not enough support for such a move within the Governing Council, or maybe you all considered this is counterproductive? That's my first question.

Another question is about the issue you mentioned as the last, which is this extra envelope of QE. Have you also discussed this part of adding that envelope, change your issue and issuer limits of the current programme, and also, will the decisions change anything with regards to the orientation of the APP towards meeting the capital key?

President Lagarde: I would, first of all, like to indicate to you that we very much operated in the same setting at the Governing Council of the ECB. In other words, some members were in the room, other members were online and participated fully to the discussions. We innovated. We had a good outcome, so much so that we actually had a unanimous decision on the various elements of the package that I have announced to you earlier on. So, this unanimous decision that was reached today was clearly determined by the fact that we believe that we have the most efficient, best targeted and most focused set of tools to address the kind of risks that we are facing under the current circumstances. So, if we are to compare one instrument versus the other we certainly considered all together that the use of this additional €120 billion asset purchase programme on the top of pre-existing programmes was the most efficient response to the market excess sensitivities that we see at the moment. That's question one.

Your second question had to do with how we are going to organise this asset purchase programme. I can assure you on that page that first of all we will make use of all the flexibilities that are embedded in the framework of the asset purchase programme, and that, second, at the end of the asset purchase programme we will converge towards the capital keys.

A question on the economy with the risks pointed clearly to the downside. Can the euro zone avoid a recession this year?

What will happen with the strategy review; will it be postponed or put on hold, given that you can't even hold public hearings?

President Lagarde: I think it is clear to all of us that the economies of the world, and certainly the economies of the euro area are facing a major shock. I think the response to your question will clearly depend on the speed, the strength and the collective approach that will be taken by all players, and as I have said at the very beginning of this introductory statement, first and foremost, and on the frontline in our analysis of the situation are the fiscal authorities and the European institutions that harness fiscal authorities and advise in that relation. So that is the reason why we are strongly encouraging and hoping for that ambitious and coordinated fiscal response that I have mentioned.

Second, the strategy review is clearly deferred for the moment and we have in particular decided to postpone by a matter of six weeks the first next big meeting that we had in our deliberations. So instead of focusing on 1 April, we are now looking at the end of May. We will determine based on the development of circumstances and the success in containing and delaying the spreading of this virus how and when and at what speed, and under what circumstances, and using what tools, we will be able to have our deliberations within the Governing Council; but more importantly our reach-out effort, in order to include academics, non-governmental organisations, members of parliament, and representatives of civil society at large. Because, clearly, the facilities that we had and our determination to reach out is impaired by the circumstances under which many of our euro area governments are now handing the risk situation that they're facing.

I'd like to hear your response to the travel restrictions announced by President Donald Trump yesterday evening, in particular as regards what impact that could have on the global economy and whether you think the responses of various governments to the virus outbreak and the spread of the virus could plunge the global economy into recession this year.

Secondly, just to go back to a point that was already raised on issuer limits, do you need to raise the self-imposed issuer limits on the QE programme?

President Lagarde: Our mandate is price stability, and, clearly, in the face of the current circumstances we have to use all the tools that we have available in order to almost surgically support and contribute our part to this collective approach that is badly needed. I'm not going to comment on decisions that are made by a government outside the euro area. Our job in that respect is to analyse the economic consequences that will result from those decisions, and to assess which segment of the economy will need support and will benefit from the tools that we are deploying at the moment.

In terms of issuer limits I've already discussed that matter during the previous question, and it is clear that we will use in the work that we do in the coming weeks and months all the flexibility that is embedded in the framework of the asset purchase programme. If you look carefully at the introductory statement, we do put some emphasis on the private sector bonds, because we believe that that is where there is currently acute sensitivity, and clearly, in due course and depending on developments on all the markets where we operate, we will have to target and use the flexibility that is needed in order to respond to the excess sensitivities that we see.

First, is this your do-whatever-it-takes moment, and did you expect to have one so quickly?

The second point is, by not cutting rates today it makes the ECB look a little out-of-step with the Fed and the Bank of England. Does that raise concerns about currency - subconscious or unintended - devaluations, competitive devaluations? Because the euro rallied a tiny bit after today's decision.

President Lagarde: We do not determine our monetary policy stance on the basis of currency variations. We are attentive to it, but this is not a determining factor, and the euro depreciates, appreciates, re-depreciates. I think the key issue is currently to face the fundamentals of the economy and to make sure that the liquidity risk doesn't materialise, that the credit continues to flow to the economy, and that we address the market excess sensitivities in order to restore some stability. That's what we are concerned about.

I remember saying when my predecessor and friend, President Draghi, left, and when I had interviews before the European Parliament, that I would hope that I would never have to do whatever it takes. What is good about our today's deliberations is that there was rallying support around the table to use all the tools available and to consider adjusting our instruments going forward in order to target those risks that we see as threats to stability in the euro area. I don't have a claim to history for being whatever-it-takes number two. I really would like all of us to join forces, and I very much hope that the fiscal authorities will appreciate that we will only deal with the shock if we come together.

The additional net asset purchase's limits, such as the issuer limits, might become a problem quickly or more quickly, for example, in the case of Germany. Do the decisions on the APP change anything about the fact that the ECB capital key is the central orientation for the purchases under the PSPP programme?

Does the decision not to reduce the deposit rate also have to do with the changed assessment that the rate is already closer to the so-called reversal rate than previously assumed?

President Lagarde: On the latter one it's very simple: we are certainly not at the reversal rate. I mean, if we were at the reversal rate we would not see the growth of credit as I have described for you, both to the households sector and to the enterprises sector. So, no, we are not at the reversal rate and we are certainly not at the lower bound rate. If, in the future, it is necessary for the purpose of dealing with the risks at the time to address that through the DFR, we will do so.

On the other point, I think I have dealt extensively with these issuer limits, and all I have to say at this moment, again, is that we will use all flexibilities embedded in the framework of our asset purchase programme, and bear in mind that we are likely to see increased debt issuance on the part of a few countries if only to deal with the fiscal resources that they will have to mobilise in order to put in place the healthcare systems that will be needed to respond to the spreading of the disease. That's also a factor to have in mind.

Let me ask you a question about the timing of your decisions. When did you realise that this situation is getting out of control and you need to come up with a package, and why didn't you act like the Fed directly after this first G7 call?

Where do you think the funds could come from? Is the ESM, for example, a good source to deploy funds, also, on a eurozone level?

President Lagarde: On the eurozone level - and at the European level at large, but I'm more concerned about the euro area, of course, in my position - I think all governments have to be on-deck and ready to act. I also think that all the European institutions have to join forces and rally around this collective package that needs to be put in place. We are in very frequent dialogue with the European Investment Bank, for instance, and with the European Commission, clearly. With the European Stability Mechanism I have not had very recent discussions, but it's clearly one of the players on the European scene, and I think that all players have to play their part in due course and to join hands. I think it's a collective effort that needs to be developed here.

The market reaction to today's announcement seems to be pretty negative, and some have suggested the package compares poorly with the BoE. What would you say to them?

Secondly, you said today's decision was unanimous, but was a case made for a more expansionary package?

President Lagarde: As I've said, the decision was unanimous and that unanimity I think carries a long way in demonstrating our resolve to deal with the issues.

Now, as to markets, first of all, it takes a little bit of time, generally, for decisions to be analysed, digested and appreciated. The fact that we are dealing with this full allotment liquidity facility at reduced rate compared with the current situation, the fact that we are putting in place a massive targeted long-term refinancing system that is available to all with a particular focus on SMEs, and with multipliers that are significant. If you look at the volume of lending that can be accessed, we're talking about 50% relative to the previous loan book, if you will; we're talking about an entry rate of -25 basis points, and we're talking about an ultimate interest rate based on the track record of the lending institution of -75 basis points. I'm not sure that you can actually so much rival with that at the moment, and by the way, comparisons are odious.

I have one question concerning bank lending. The ECB can provide cheap money, but the most important problem at the moment might be that banks are more reluctant to pass on credit because of the risks. Is it necessary to have some form of national or maybe European guarantee schemes to ensure that?

You've mentioned that there will probably be a lot of debt issuance in the future. At the moment certain countries are hit especially hard, like Italy. What can the ECB do if the spread for government bonds increase? Would it be an option to activate, for example, the OMT programme, or could there be other possibilities to help certain countries?

President Lagarde: On the guarantee scheme, I think I was very explicit in the introductory statement on that, but I'm happy to restate it. We are making available to all enterprises, with a focus on SMEs, massive refinancing means at very preferential rates, and in significant amounts. To encourage banks to actually use that facility we believe, and we have put in the introductory statement, that guarantee schemes would very much be in order. So in other words, it's a guarantee that is put together by the state, or an agency of the state, or a European agency in order to support all a part of the risk that is actually taken by the bank in extending lending facility to an enterprise, notably, in a sector which is particularly exposed. I mean, that is how we believe that the financing we're putting in place will be most efficient. Now, whether that is conducted at the national level or at the European level is for the policymakers to decide. What matters to us is that it is in place as rapidly as is possible. Some countries have already taken steps or are exploring steps in that direction. I would certainly, for the efforts that we are undertaking, I would certainly hope that they do that promptly in order to make sure that credit continues to flow to the economy, particularly the SMEs that are vulnerable in the present circumstances. So that was my point number one.

My point number two has to do with more debt issuance coming down the road depending on the fiscal expansion that will be determined by policymakers. Well, we will be there, as I said earlier on, using full flexibility, but we are not here to close spreads[1]. This is not the function or the mission of the ECB. There are other tools for that, and there are other actors to actually deal with those issues.

The first question is, again, on interest rates. We are living in extraordinary times and Italy is

adopting extraordinary measures to mitigate the impact of the coronavirus. Italy, and not only Italy, needs all the help it can get. Why did the Governing Council decide not to cut interest rates? What does it take to go lower than -0.5% of the deposit facilities on the line of the TLTRO's new -0.75%?

The second question is on the envelope of additional APP. How strong will the PSPP contribution be in the envelope and could the ECB consider or has the ECB discussed removing or changing the capital key APP requirements on a temporary basis?

Lagarde: As I said, we really deliberated long and hard all together to really assess what was the most efficient tool that we could use in order to target the risks that we have analysed in the euro area. We strongly believe that the asset purchase programme temporary large envelope with no monthly pre-determined allocation, which helps us actually focus on how the risks develop, is the most efficient tool that we can use under the present circumstances, and we shall use it. The reason we are referring to the private sector contribution, is that it is currently a sector that is under massive stress and causing significant and excessive sensitivities on markets, and pose a risk to stability, but flexibility will be used. When we assess the risk and we measure where it is, we will apply this flexibility.

We have several programmes in place. We have the CSPP, we have the PSPP, we also have the asset-based securities purchase programmes. We will deploy all the purchase programmes that we have in order to focus on the risks as they are, and trust me, we will do that.

While significant, the announcement by the EU of a fund to tackle the virus spread and its effects on the economy - it is about €7.5 bn immediately, to grow to €25 bn - is to address the fallout of a pandemic in an economy of €17 trillion. Moreover fiscal-restriction reflexes are still going strong especially in the core countries. Do you think that the fiscal authorities are rising up to the challenge? Are you happy with this dividing up of the bill?

Those ‘famous three words’ were uttered quite a few times recently from leaders: as a plea or as a reassuring promise. For the European Central Bank moving forward in terms of policy: where are we going to see the decisiveness? Is it the programmes? Is it to add monetary stimulus to ease credit frictions? Where will it be demonstrated more?

President Lagarde: Let me come back a little bit to the risk channels as we see them. We are facing something that is different from the great financial crisis, by the way, at this point in time. We analyse it as a crisis that is fuelled by a supply shock, followed by a demand shock, and with great financial uncertainty. So those are the three sources that we identify. In the face of that, our analysis is that the response should be fiscal first and foremost. So I don't think that anybody should expect any central bank to be the line of first response. It's fiscal first and foremost. So if you look at the fiscal measures that have been announced for the moment in the euro area, which we have done yesterday, if you recap all that has been announced - not including the European Commission - you arrive at a total of about €27 billion, which is more or less a quarter of 1% of the GDP of the euro area. Hence the reason why we are calling in our introductory statement for an ambitious and collective fiscal response.

I believe that from the European Central Bank's viewpoint we are expecting and anticipating that this response will be ambitious and collective, and we are doing our part using the tools that we have, which we believe will be best targeted to the risks that we see likely to develop in the near future. That is liquidity risk, that is an interruption or significant slowdown of the credit flow to the economy, and the financial excessive sensitivities that we see at the moment which create instability. We are trying to address these three risks with the three tools that I have just mentioned. Unlimited and generous access to liquidity, number one; considerably more attractive targeted long-term refinancing operation, particularly for the small and medium-sized enterprises; and a specific envelope of €120 billion for a special asset purchase programme that will deploy and use all the flexibility embedded in the framework of the APP. I call it decisiveness, I'm sorry to say.

My first question is in relation to deflation risk. Already in February we saw inflation going down to

1.2%, and energy inflation declined by 0.3%. Taking into account the developments in the oil price market, do you foresee that the current stimulus is sufficient to maintain and to secure price stability going forward over the next few months?

My second question is in relation to the spread you mentioned. It's part of your mission to maintain the spreads narrower, but if it were to become a major problem for the euro zone, as it was the case back in 2012, could you secure, or could this crisis take precedent in your deliberations and you could deliver a sufficient package through APP?

President Lagarde: Let me just backtrack a little bit and share with you the macroeconomic analysis that we have of the current situation. We regard the current shock as severe, but still temporary, if the right set of policy measures are decided by all players. What happens after a severe and temporary shock, provided that the right measures have been taken by all the players, is that the economy will then bounce back. The exact timing of that is uncertain. As you know, for all of us that try to do a bit of forecasting, we initially thought that the shock would be during the first quarter and the rebound would progressively start in the second. Clearly, everybody knows it's moving to the line and it's going to be a shock for the first two quarters, and the rebound will be in the second half. Clearly, that schedule in and of itself and that timetable is shifting gradually. So the best thing to say is that there will be a rebound. To time it precisely is uncertain, but we still very much hope that given that the right measures are taken by all the players, there will be a temporary nature associated with that very severe shock.

If that is the case, our forecast for '21, very slightly reduced already, will reflect the bounce back of the economy, probably in the second half. 2022 will also have a much better forecast, and the numbers will be published this afternoon in our macroeconomic projections. So with that, clearly, there is a shift that we are seeing in the economic cycle, but we still see inflation in 2022 at or about 1.6%, as will be published later on. We shall see, because, clearly, all this forecast will have to be revisited on the basis of the policies that are taken by all the players in the next few weeks, I hope, and not months. So I hope that addresses your issue of the inflation movement as we forecast it. It will be lower than expected this year, it's obvious. Even if you take out the oil shock, which will have an impact, clearly, the trade-off between the positive and the negative impact on inflation of the current development, whether it's a demand or a supply shock, and the contribution of the demand versus supply to the current shock is going to be determined probably in a while, but we cannot tell exactly how that trade-off will take place. It's very likely that inflation will be lower than whatever we had forecasted this year. I would be dishonest if I was telling you something different, but what I'm trying to tell you is that we hope very much for a temporary nature of all these developments, followed by a bounce back that will take us back to a medium term that will be more in line with our forecast. All we know for sure is that risks are definitely tilted to the downside; that's for sure.

You have called upon national governments and other authorities to launch more urgent fiscal action. Don't you think that the ECB as bank supervisor has to act too, for example, by lowering countercyclical buffers of capital or changing the tiering system on excess reserves?

President Lagarde: I don't mean to be re-reading something that maybe you've read, but there was a press release that was just issued by ECB Banking Supervision, and clearly, as of now, because that was decided earlier in the day by the ECB, which had to approve those new measures, banks can fully avail of capital and liquidity buffers, including Pillar 2 guidance. Banks will benefit from relief in the composition of capital for Pillar 2 requirements and ECB will consider operational flexibility in the implementation of supervisory measures, depending on bank-specific circumstances. So I think in relation to buffers, that's a clear use of all available buffers as they were designed for the current circumstances that we are facing.

Italian Finance Minister, Gualtieri, said Wednesday that the Italian plan of €25 billion should be supported by adequate measures from the European Central Bank. Does the ECB want to specifically support Italy, and how? Would SMP's or even OMT's concepts be potentially considered?

President Lagarde: Well, Italy will be - Italian banks, Italy, Italian households, Italian enterprises - will be fully beneficiaries and eligible to all the tools that I have just mentioned, whether it's the massive liquidity access at very reasonable and preferential rates compared with what we have now, or whether it is the targeted long-term refinancing at very attractive rates as well, or whether it's the use of the special envelope of the asset purchase programmes, all of that can also help Italy, of course.

The €120 billion could be used in a short time?

How worried are you from the possibility that a number of countries will increase significantly their public debt?

President Lagarde: I'll tell you what I'm particularly worried about: it would be the complacency and slow motion process that would be demonstrated by fiscal authorities of the euro area in particular. So, I very much hope that at the euro group meeting that is taking place on Monday and based on recommendations and guidelines by the European Commission on Friday, there will be a decisive and determined move in the direction of this ambitious and collective fiscal response that we have been calling for.

By the way, unless the situation develops very rapidly for the better, it's unlikely that you will see both of us at the next press conference, because we're moving into split teams, including at the executive board level. Our next Governing Council meeting on 1 April, if I recall, will actually be entirely online.

1. [1][Statement in CNBC interview after press conference:] I am fully committed to avoid any fragmentation in a difficult moment for the euro area. High spreads due to the coronavirus impair the transmission of monetary policy. We will use the flexibility embedded in the asset purchase programme, including within the public sector purchase programme. The package approved today can be used flexibly to avoid dislocations in bond markets, and we are ready to use the necessary determination and strength.