



EUROPEAN CENTRAL BANK

EUROSYSTEM

Benoît Cœuré

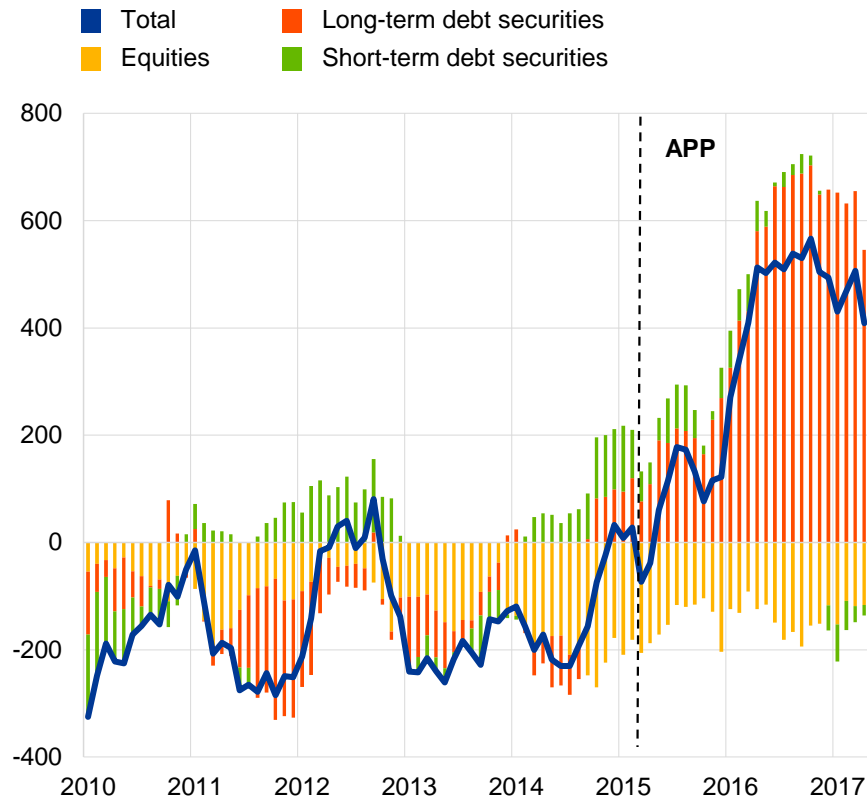
Member of the Executive Board
European Central Bank

The international dimension of the ECB's asset purchase programme

Frankfurt, 11 July 2017

Breakdown of euro area net portfolio investment flows

(EUR bn; twelve-month moving sums)

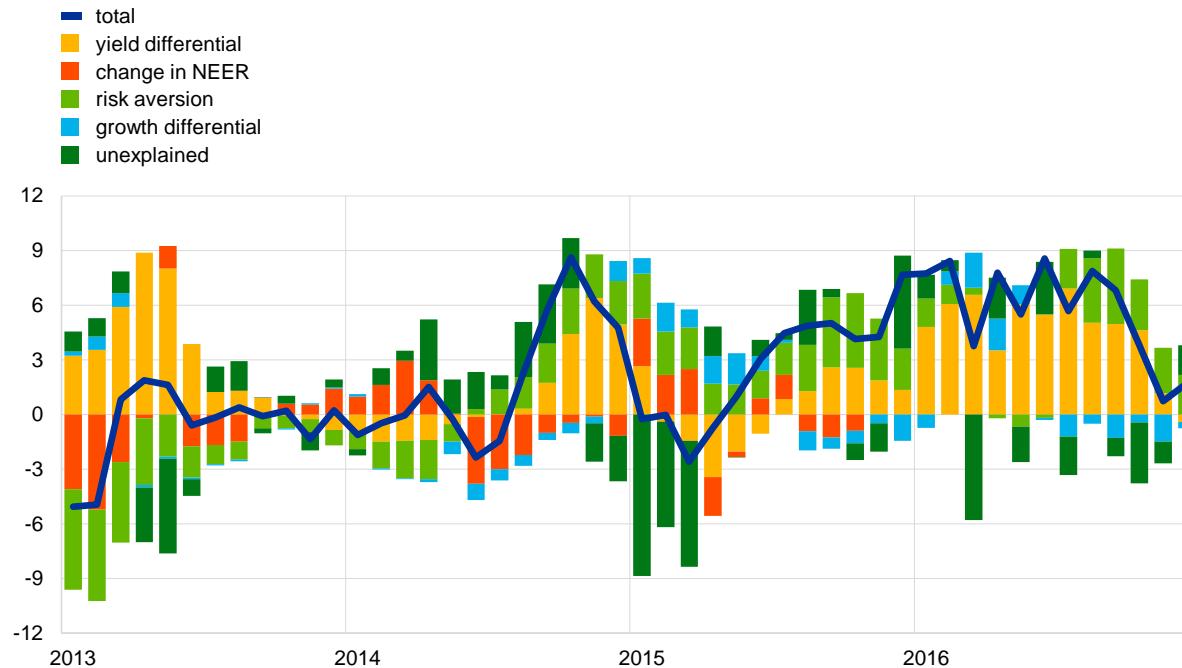


Source: ECB.

Notes: A positive (negative) number indicates net outflows (inflows) from (into) the euro area. Equity includes investment fund shares. APP stands for Asset Purchase Programme. The latest observation is for April 2017.

Model-based estimates of drivers of euro area net portfolio debt outflows

(as a percentage of GDP; three-month moving averages; contributions of variables)

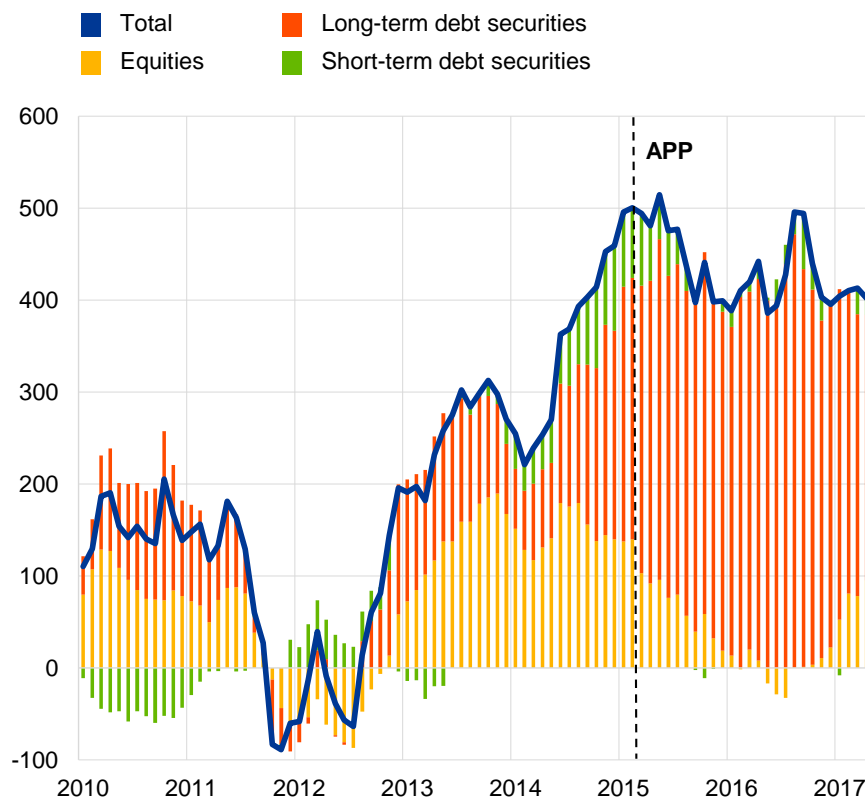


Sources: ECB and Eurostat.

Notes: A positive (negative) number indicates net outflows (inflows) from (into) the euro area. Estimates are based on a reduced form time-varying coefficient regression model including (i) the ECB's composite indicator of systemic stress (CISS), (ii) the nominal effective exchange rate (NEER) of the euro against the currencies of 38 trading partners, (iii) the difference between the euro area and non-euro area advanced economies in terms of growth in industrial production, and (iv) the yield differential between euro area government bonds and non-euro area advanced economies' government bonds. For more details, see Box 2, ECB Economic Bulletin Issue 2, 2017. The latest observation is for December 2016.

Euro area portfolio investment abroad

(EUR bn; twelve-month moving sums)

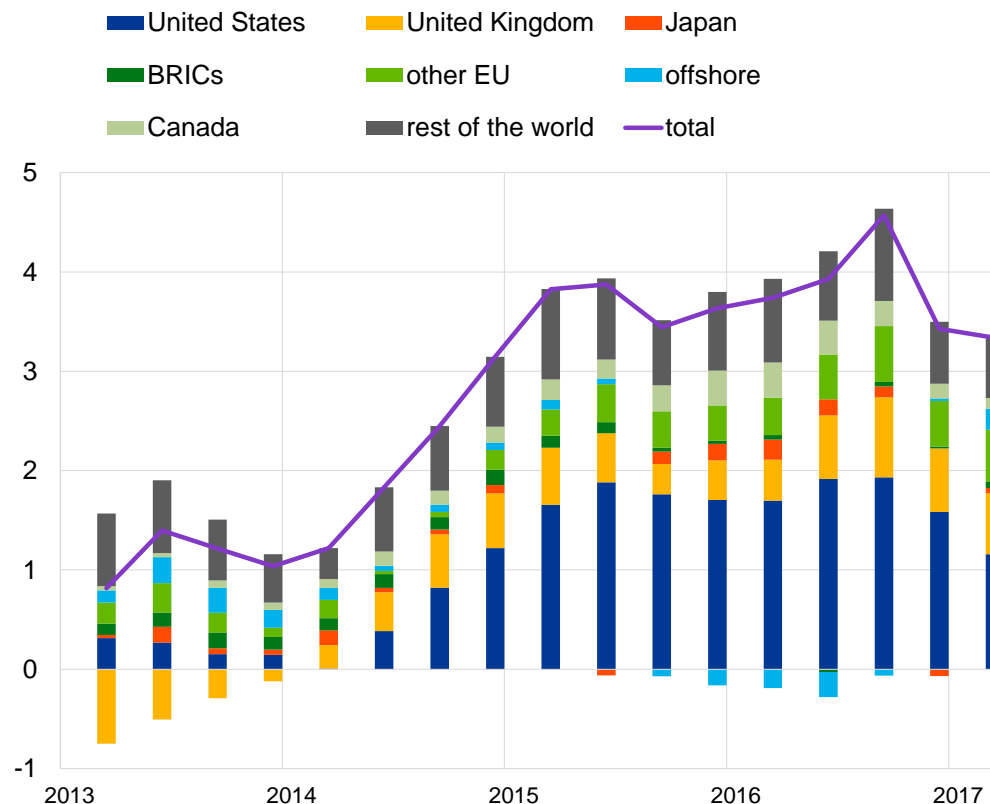


Source: ECB.

Notes: A positive (negative) number indicates net purchases (sales) of non-euro area securities by euro area investors. Equity includes investment fund shares. APP stands for Asset Purchase Programme. The latest observation is for April 2017.

Geographical breakdown of euro area investors' net purchases of non-euro area debt securities

(as a percentage of euro area GDP; four-quarter moving averages)

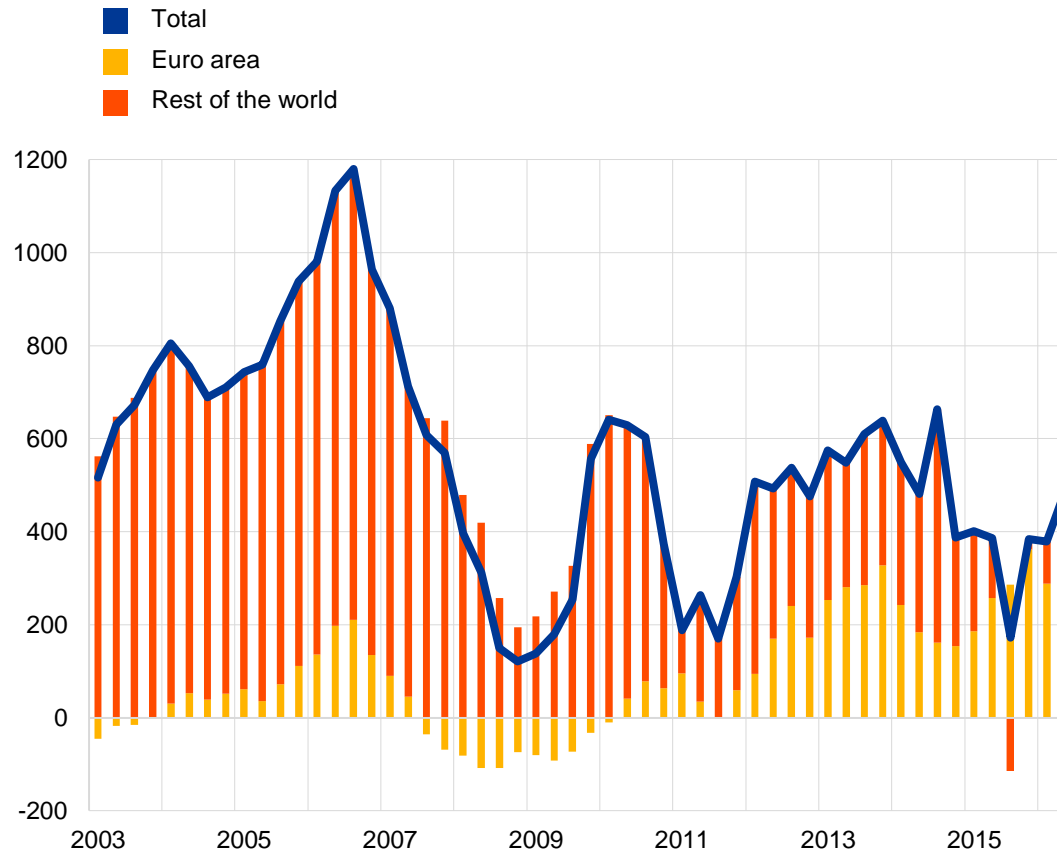


Sources: ECB and Eurostat.

Notes: A positive (negative) number indicates net purchases (sales) of foreign debt securities by euro area investors. "BRICs" comprises Brazil, Russia, India and China; "other EU" comprises EU Member States outside the euro area, excluding the United Kingdom. The latest observation is for the first quarter of 2017.

Foreign net purchases of US portfolio debt securities

(USD bn; four-quarter moving sums)

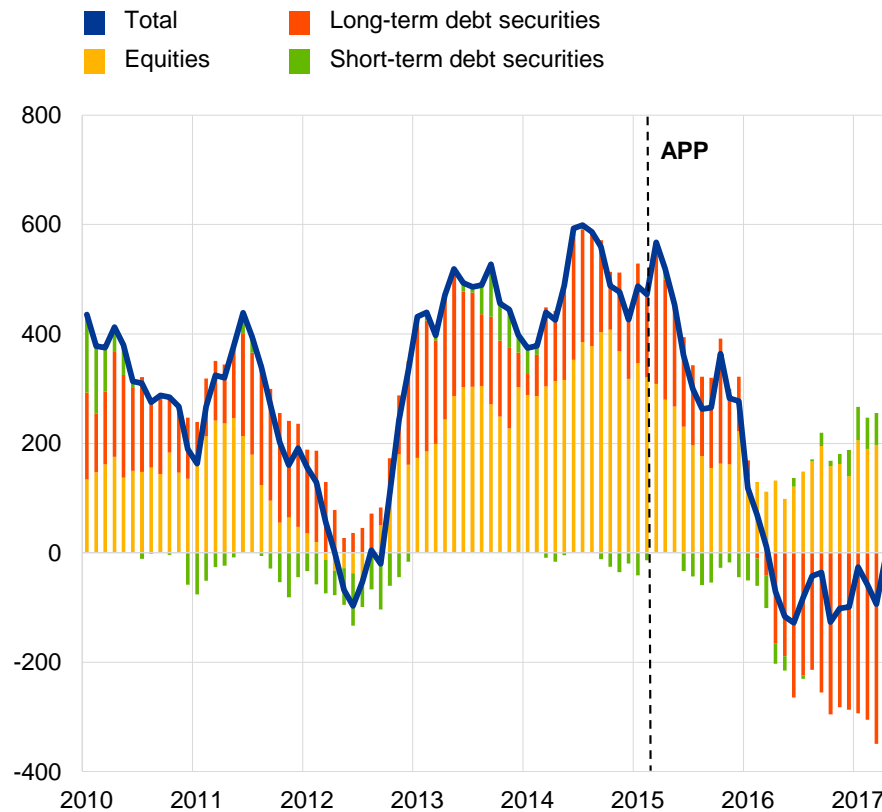


Source: Haver Analytics.

Notes: A positive (negative) number indicates net purchases (sales) of US debt securities by foreign investors. The latest observation is for the first quarter of 2017.

Foreign portfolio investment in the euro area

(EUR bn; twelve-month moving sums)

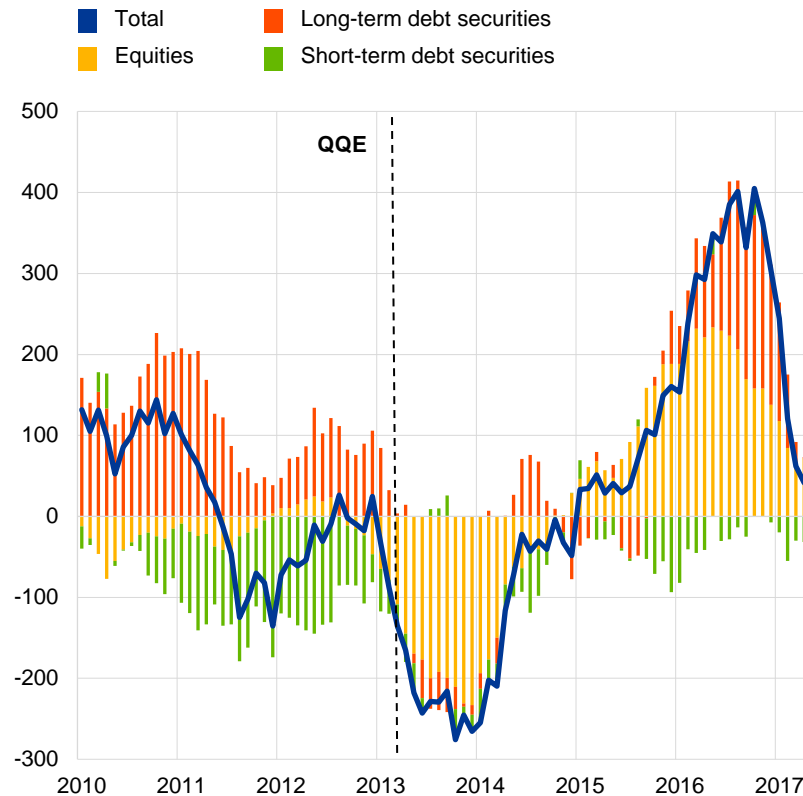


Source: ECB.

Notes: A positive (negative) number indicates net purchases (sales) of euro area securities by non-euro area investors. Equity includes investment fund shares. APP stands for Asset Purchase Programme. The latest observation is for April 2017.

Breakdown of Japanese net portfolio investment flows

(Yen, 100bn; twelve-month moving sums)

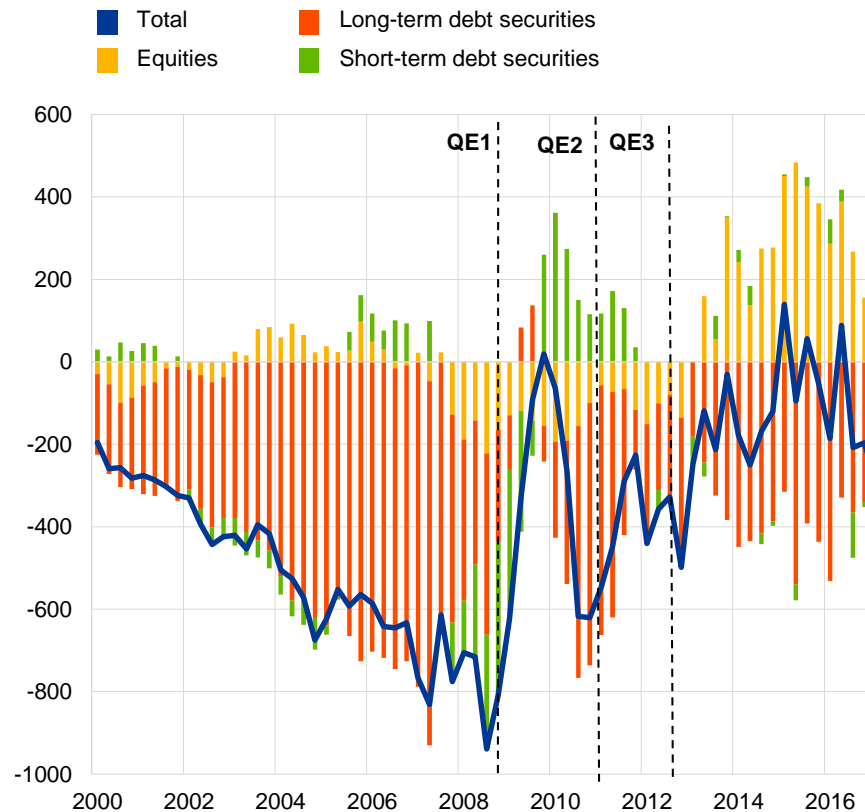


Source: Haver Analytics.

Notes: A positive (negative) number indicates net outflows (inflows) from (into) Japan. Equity includes investment fund shares. The latest observation is for April 2017. Quantitative and Qualitative Monetary Easing (QQE) was launched in April 2013.

Breakdown of US net portfolio investment flows

(USD bn; four-quarter moving sums)

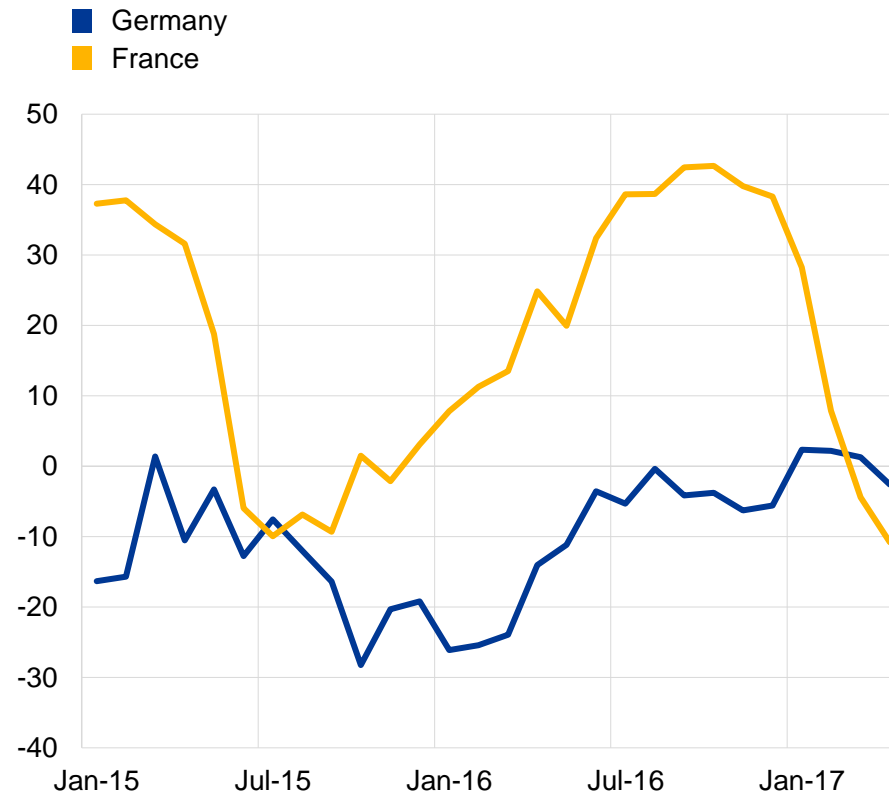


Source: Haver Analytics.

Notes: A positive (negative) number indicates net outflows (inflows) from (into) the United States. Equity includes investment fund shares. The latest observation is for the first quarter of 2017. QE1 stands for the FED's Asset Purchase Programme that was initiated in November 2008. QE2 and QE3 were launched in November 2010 and September 2012, respectively.

Japanese net purchases of French and German long-term debt securities

(Yen, 100bn; twelve-month moving sums)

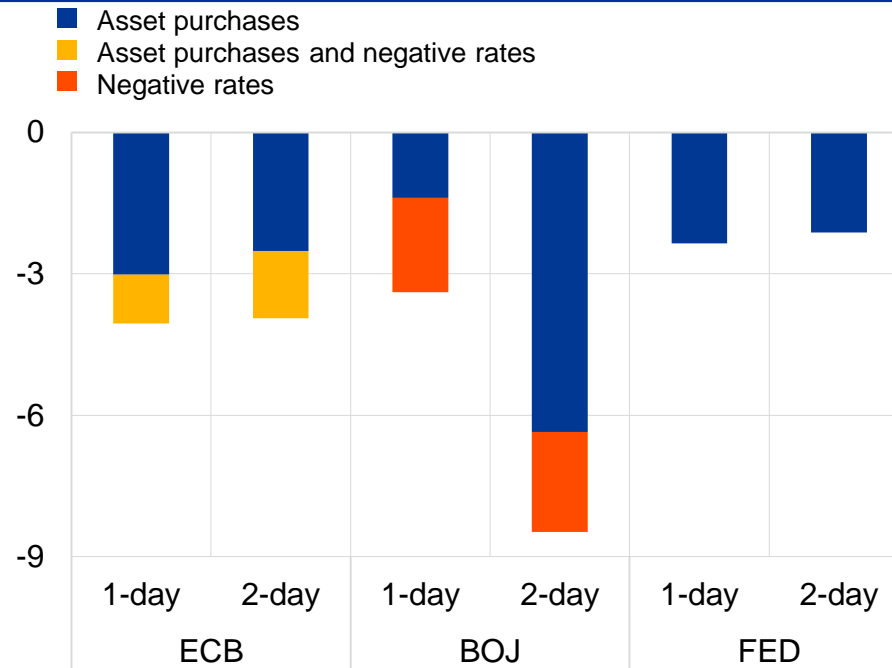


Source: Haver Analytics.

Notes: A positive (negative) number indicates net purchases (sales) of foreign debt securities by Japanese investors. The latest observation is for April 2017.

Exchange rate developments after major policy announcements

(cumulative percentage changes; event-study)

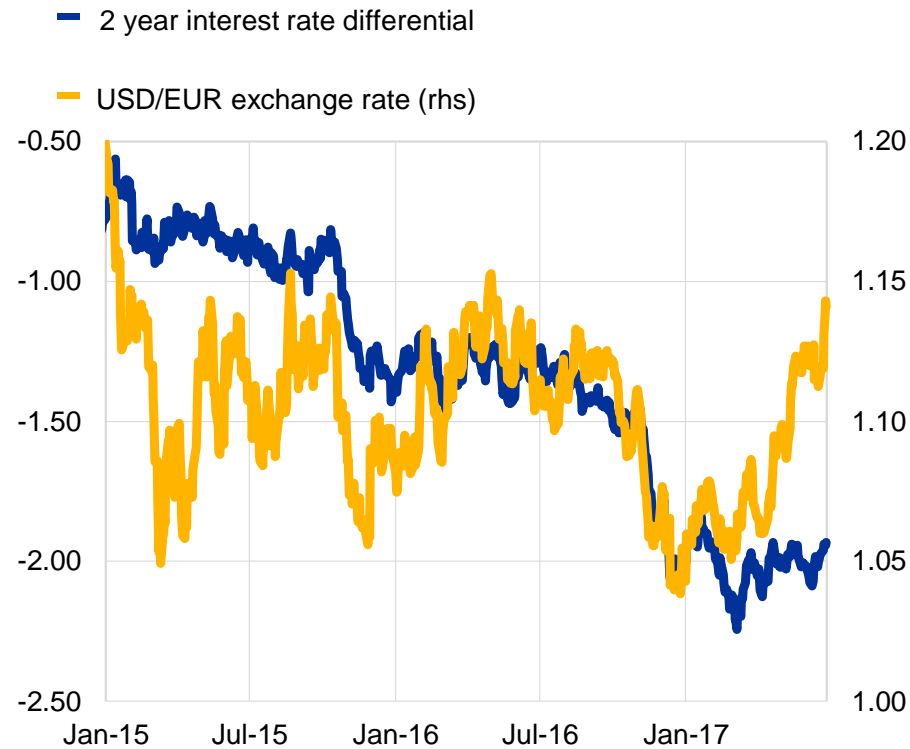


Source: ECB.

Notes: A negative number indicates a depreciation of the respective nominal effective exchange rate (NEER) against the currencies of 38 trading partners. The chart depicts event-study evidence of NEER developments over one-day and two-day windows following major announcements of unconventional monetary policies by the respective central banks. In all cases, the cumulative impact of selected major announcements on asset purchases programmes and negative rates is shown. ECB: Governing Council Meetings (04/06/14, 04/09/14, 22/01/15), Draghi Jackson Hole speech (24/08/14). BOJ: Monetary Policy Meetings (04/04/13, 31/10/14, 29/01/16, 21/09/16). FED: announcements of QE1 (25/11/08), QE2 (03/11/10), QE3 (13/09/12).

USD/EUR exchange rate developments and 2-year Bund-Treasury yield differential

(USD/EUR (rhs); percentage points (lhs))



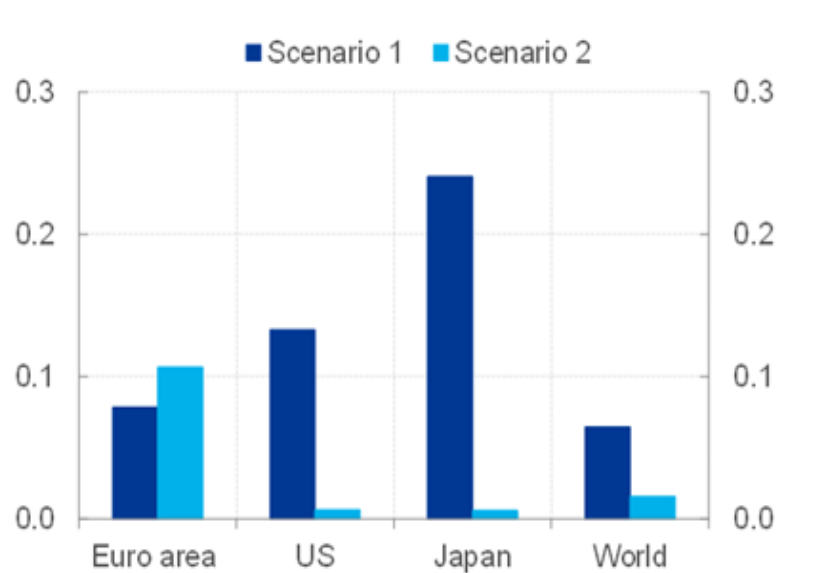
Source: ECB.

Notes: The latest observation is for 30 June 2017.

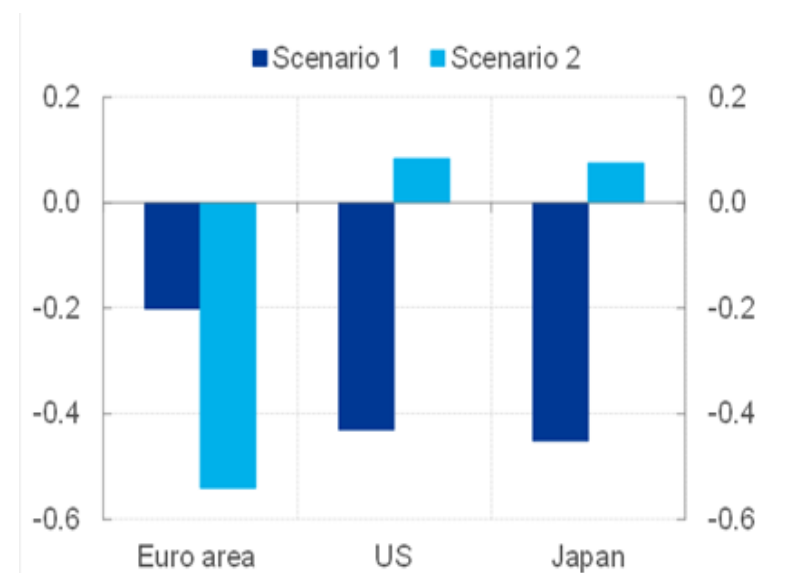
Impact of a policy rate cut in G-3 economies

(deviation from baseline in %)

Real GDP



Nominal effective exchange rate



Source: National Institute Global Econometric Model (NiGEM), ECB staff calculations.

Notes: Peak impact over three years as deviation from baseline. Scenario 1 assumes a policy rate cut in the G-3 economies in 2016Q1, expected to last for three years. The calibration assumes a cut in the DFR rate to -0.5% in the euro area, a cut of the lower bound of the Fed Funds target range to -0.1% in the US and a cut of the rate applied to current accounts that financial institutions hold at the Bank of Japan to -0.5%. Scenario 2 assumes a policy rate cut in the euro area only, with US and Japan policy rates unchanged. Both scenarios assume that policy rates are expected to remain lower for three years.