

Adjusting Monetary Policy in a Challenging Environment

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The ECB and its Watchers

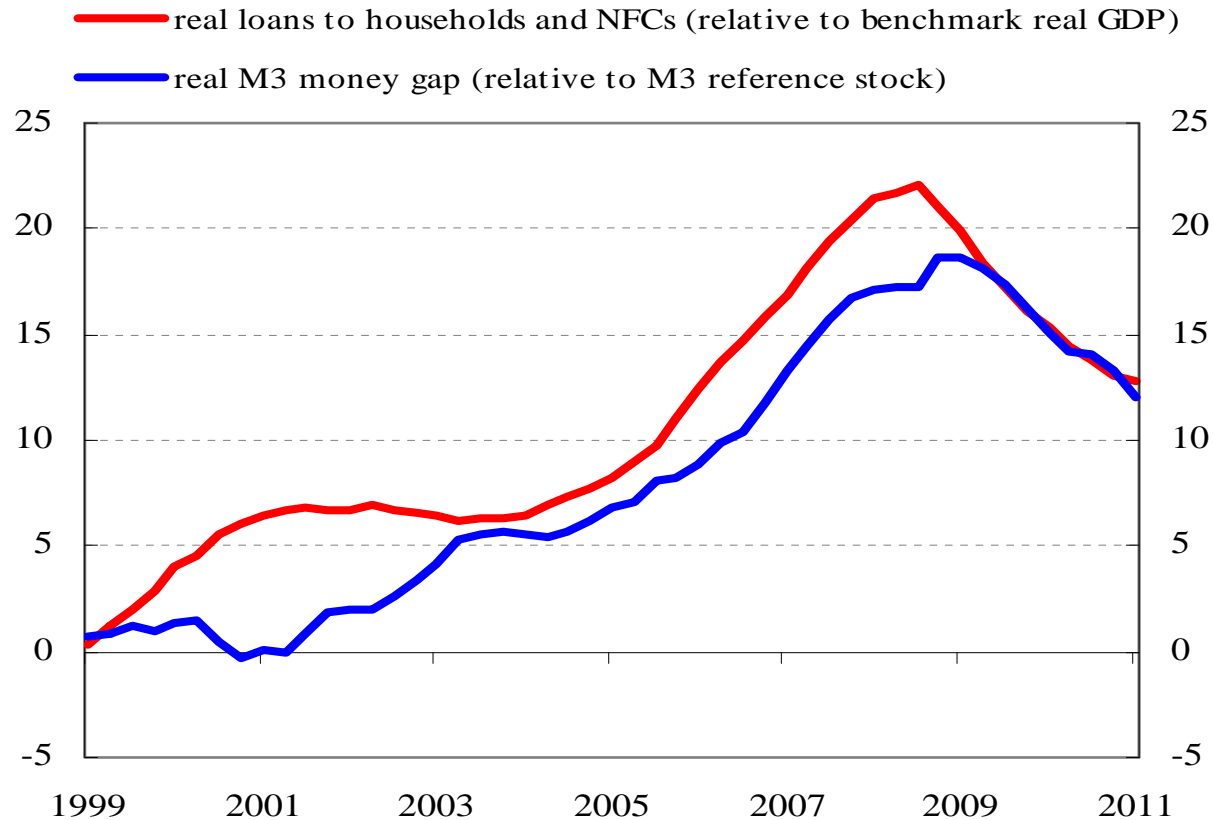
Frankfurt/Main

10 June 2011

- Commodity prices and the outlook for price stability
- Costs of keeping interest rates low over a long period
- Interest rates and non-standard measures
- Monetary policy and heterogeneity

Excess monetary liquidity

(percentage points)

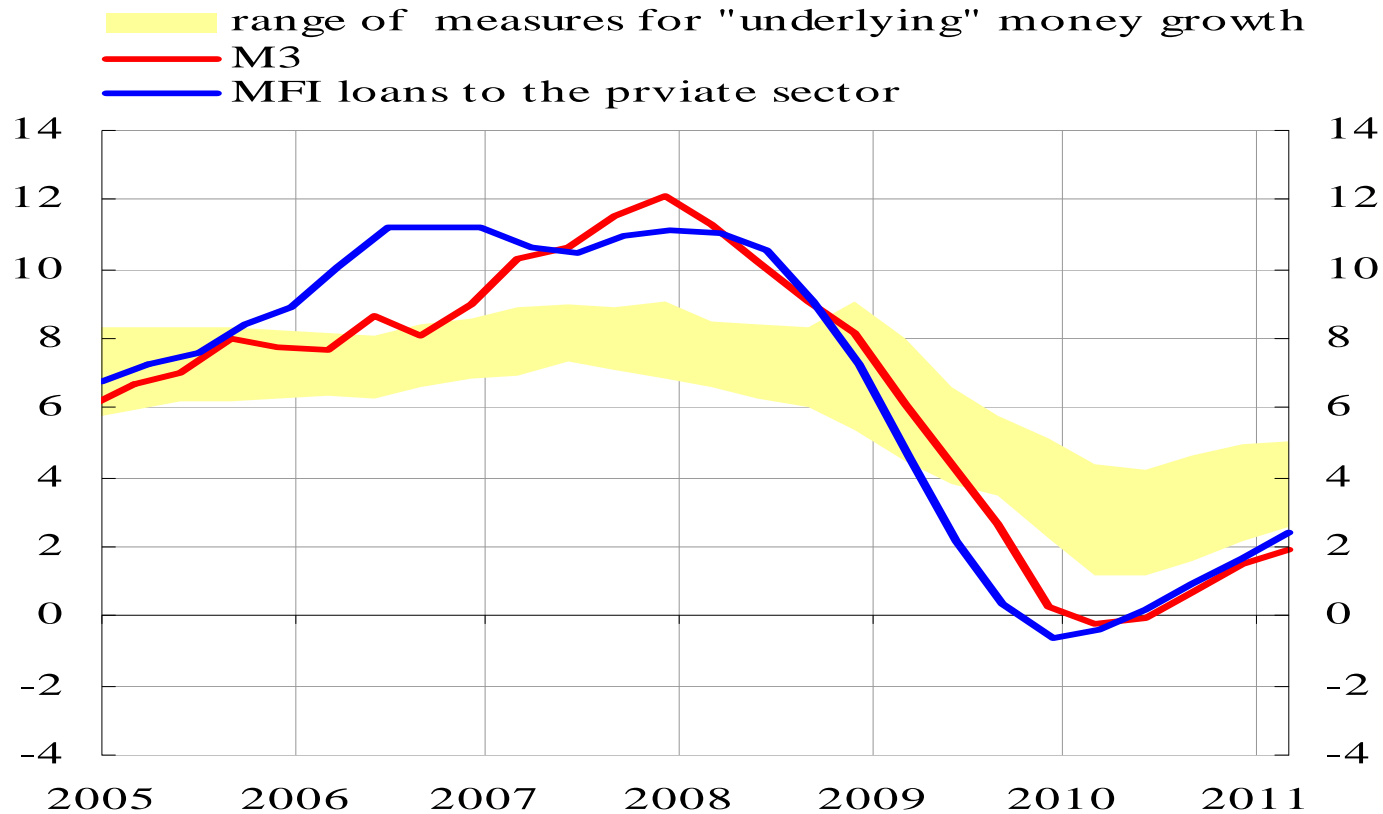


Note: The real money gap is defined as the difference between the actual level of M3 deflated by the HICP and the deflated level of M3 that would have resulted from constant nominal M3 growth at its reference value of 4½% and HICP inflation in line with the ECB's definition of price stability, taking December 1998 as the base period. The level of benchmark real GDP compared to real loans to households and non-financial corporations is calculated using a 2% annual growth rate. The calculation takes December 1998 as the base period.

Source: ECB

M3 and underlying M3

(annual percentage changes)

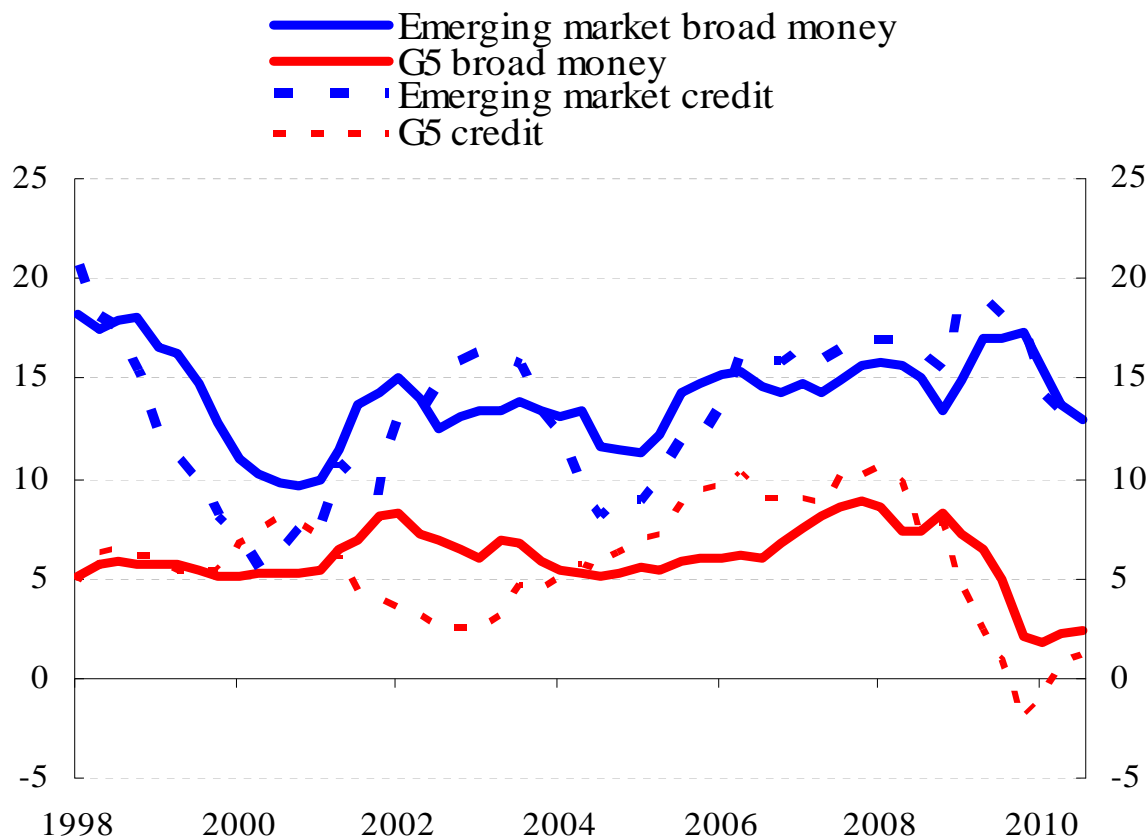


Note: The range of measures for underlying money growth is derived using some of the methods described in the box entitled "Underlying monetary dynamics: concept and quantitative illustration", Monthly Bulletin, ECB, Frankfurt am Main, May 2008.

Source: ECB

Broad money growth in advanced and emerging economies

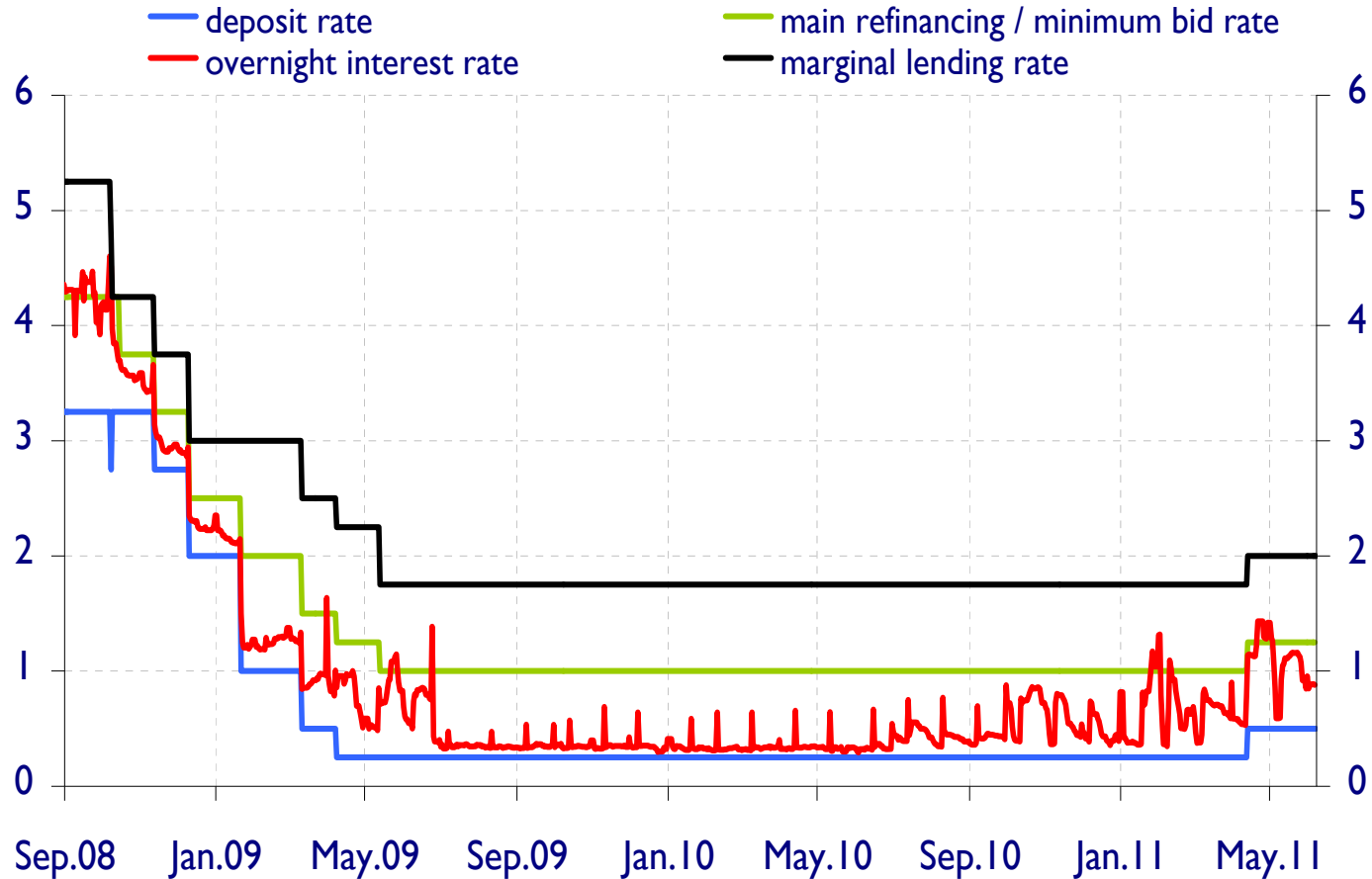
(annual percentage changes, quarterly frequency)



Note: G5 broad money and G5 credit are the simple sums of broad money and credit aggregates in the United States, the euro area, Japan, the United Kingdom and Canada converted into euro using purchasing power parity exchange rate. Emerging market broad money and credit measures are the simple sums of broad money and credit aggregates in Brazil, Chile, China, India, Malaysia, Mexico, Russia, South Africa, S. Korea, Saudi Arabia converted into euro using purchasing power parity exchange rate.
Sources: ECB, Eurostat, BIS, IMF.

ECB interest rates and the EONIA

(in percent)

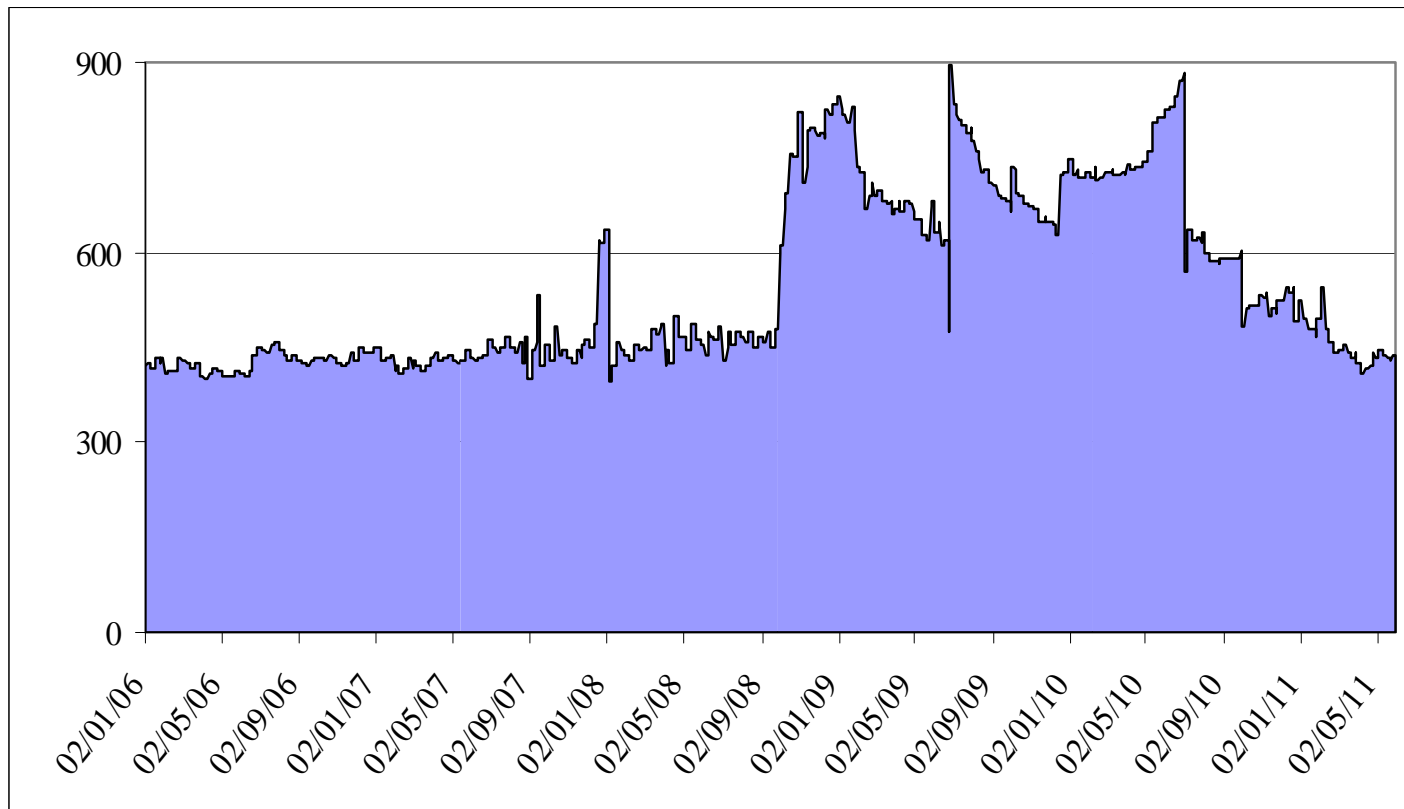


Latest observations: 6 June 2011.

Sources: ECB, Reuters.

Banks' participation in Eurosystem refinancing operations

(In EUR billion)



Note: Refinancing operations include MROs, special maintenance period operations, and 3-, 6- and 12- month LTROs.

Source: ECB