

## ECB: Arrivederci, Mario

With masterly matter-of-factness. Mario Draghi leaves the ECB with his well-known style... and a Prussian helmet



Mario Draghi at his last ECB news conference

For financial markets, today's ECB meeting was as uneventful as expected. There were no changes to the monetary policy stance and no changes to the macro-economic assessment. If anything, it seemed as if the hawks did not want to spoil Mario Draghi's last meeting as ECB president, illustrated by the fact that today's decisions were taken unanimously. According to Draghi, economic developments since the September meeting have given additional justification for the Governing Council's determination to act.

Some interesting smaller details regarding the next months of monetary policy emerged during the Q&A session when Draghi mentioned that there were problems with the self-imposed limits to asset purchases. Differences with private sector estimates were, according to him, the result of different hypotheses. There had been no discussion on changes to the capital key or issuer limits so far.

### Draghi's final words

For ECB watchers, today's ECB meeting was packed with expectations about how Draghi would assess his legacy and react to the heated criticism of the September package, both from within and outside the ECB. That press conference session showed once again Mario Draghi's masterly matter-of-factness. Pleasantly laid-back, unpretentious, analytical and factual. This is how Draghi

has performed over the last eight years and this is how he today answered the expected questions. Just some examples:

- On the rift within the Governing Council. He simply laughed it away, saying that disagreement was normal and that today there had been the common sense that “bygones are bygones”. One of the dissidents had also called for unity today.
- On the German media: He used the German saying “geschenkt ist geschenkt”, stating that he wouldn't return the Prussian helmet the German newspaper Bild once gave him and now wants to get back. It seems as if the Prussian helmet will go into Draghi's moving boxes next week.
- On the ECB's 'committees': It was not the first time that the Governing Council diverted from the technical committees' advice.
- On advice for his successor Christina Lagarde: None. Lagarde participated at today's meeting but it was up to her to make her own experiences and decisions.
- On adverse effects of unconventional measures: The ECB was well aware of adverse side effects and was monitoring those. Up to now, the positive impact on the economy outweighed the adverse side-effects.
- On his future: “Ask my wife”.

## What to expect from Lagarde

Looking ahead, the main tasks for Christine Lagarde will be to repair the rift between the hawks and the doves at the Governing Council, to start the strategic review which could eventually lead to some recalibration of the price stability definition, and assess whether the pro-active monetary policy of the last few months is still effective at the lower bound of (negative) interest rates.

## Arrivederci, Mario

With today's meeting, Mario Draghi's era in the eurozone will come to an end. There have been sufficient reviews and assessments of his legacy and the fact is that over the years, assessments of the legacies of governments and also central bankers can change. Whether the assessment that the positive effects of all measures really outweighed the adverse effects only time can tell.

For the time being, Draghi will be the president who brought the ECB to new professional levels, in terms of communication, institutional set-up and toolkit of monetary policy instruments. And the ECB president who saved the eurozone from falling apart, only with words. Arrivederci, Mario.

## Author

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING

does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.