

## ECB starts gentle exit from QE

The central bank will reduce monthly QE purchases to 30bn euro, starting January 2018 and at least until September 2018



Source: Shutterstock

The European Central Bank just announced the start of a very gentle exit process for its QE programme. Obviously, there was no change to interest rates. But the official rate decision was accompanied by details of ECB's plans to reduce its monthly QE purchases, or, in ECB terms, how the ECB intends to recalibrate its QE programme.

### 30bn lower for at least 9 months longer

In short, the ECB will reduce its monthly QE purchases from 60bn euros currently, down to 30bn euros, starting in January 2018 and at least until September 2018.

Don't forget that on top of these 30bn euro, the ECB will still reinvest the principal payments from maturing securities. Also, the ECB reiterated its forward guidance on rates, i.e. that interest rates will remain at their present levels well past "the horizon of the net asset purchases".

In short, today's decision is a sea change but a very gentle one; not a big-bang u-turn in ECB monetary policy. In fact, the QE recalibration the ECB has announced illustrates that the ECB wants to start the exit as cautiously as possible, ideally without seeing the euro appreciate

or bond yields increase.

It is a very dovish tapering. Stay tuned for the ECB press conference, which will start at 2.30pm CET.

## 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 [www.ing.com](http://www.ing.com).