

ECB: The good German

German media report that Isabel Schnabel will be brought forward as the government's candidate to succeed Sabine Lautenschläger at the ECB



Isabel Schnabel

According to only German newspapers, the German government will tomorrow officially propose Isabel Schnabel as candidate for the succession of ECB Executive Board member Sabine Lautenschläger. Lautenschläger will resign from office at the end of the month, before the end of her official term.

Obviously, other Eurozone governments could also bring candidates forward but no one will seriously doubt that there will be a break of the unwritten law that there is always a German national in the Executive Board of the ECB.

A more constructive German influence on the ECB

Isabel Schnabel is an economics professor at the university of Bonn and has been member of the German Council of Economic Experts since 2014.

In our view, if appointed, the nomination of Isabel Schnabel could change Germany's influence on the ECB in a more constructive way. The ECB's Executive Board is running out of economic skills and know-how once Mario Draghi (end of October) and Benoit Coeuré (end of the year) have left.

With Schnabel, Germany would have an excellent economist on the Board, who has been rather supportive of the ECB's monetary policy decisions of the last years. It looks likely that Christine Lagarde will shift or restructure portfolios and responsibilities between the (new) Executive Board members in the coming months. Philip Lane will remain Chief Economist but it should not be excluded that Schnabel will get a more economic portfolio than Lautenschläger, hence being able to influence monetary policy decisions. Schnabel could also emerge as a Lagarde whisperer, giving Germany a much better and much more constructive influence on ECB decisions than the traditional "nein".

All in all, a remarkable decision which could be a small step on the long road to get a more balanced and less emotional discussion on the ECB in Germany than currently.

Author

Carsten Brzeski

Global Head of Macro

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>.