

Snap | 13 December 2018

## Eurozone: It's the end of QE as we know it (and it is here)

The European Central Bank just announced that monthly net QE purchase will be reduced to zero by the end of the month



ECB President, Mari Draghi

Source: Shutterstock

Not a surprise but still a great achievement and to some, even historic. The ECB just announced, or better confirmed, the end of its net asset purchasing programme (QE). What looks like pure boredom is, in fact, the result of masterly communication, setting itself on auto-pilot and preparing financial markets. Some might argue that the end of net QE actually comes too late, few others currently contemplate that it might come too early. In any case, the ECB has managed to shelve the first unconventional crisis tool without distorting markets or the economy. Contradicting fears of market turbulence or surging bond yields, the ECB managed to end QE, and no one seems to care.

With the most prominent crisis-fighting measure of the ECB now almost back in the toolbox, the big question is, what will be next. More action, shelving of the next crisis-fighting measure negative deposit rates or nothing at all? At least for now, the ECB's forward guidance on rates, as well as the reinvestment, have been left unchanged. It seems as if the ECB wants to keep as many cards as possible close to its chest.

We will listen very carefully to the press conference with ECB President Mario Draghi at 2.30pm CET to spot any possible hints about what the ECB could do next. Our main attention will be on the ECB's staff projections on growth and core inflation. Stay tuned.

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