

Monetary Policy Remarks at World Economic Forum

We at the ECB have one objective, hence two commitments, and accordingly a broad range of indicators.

1. **Our inflation objective** is both medium-term and symmetric. It should not completely ignore past inflation developments, nor be a ceiling. Hence, Euro area inflation could in the future exceed temporarily 2% without triggering mechanically a tightening of our monetary policy.

2. To reach this inflation objective, our first commitment is clearly to maintain a very accommodative monetary stance as long as necessary. But let me stress our second commitment: we want to ensure a full **transmission** of this accommodative stance. This is what we mean by preserving favourable financing conditions across jurisdictions, across channels (banks and markets), and across borrowers (governments, corporate, households). We want to prevent an unwarranted tightening or fragmentation triggered by adverse exogenous shocks or excessive volatility.

3. Accordingly, we are looking at a **broad range of intermediary indicators** on these financing conditions, « multifaceted » as we consider the pass through to various non-financial agents. And we will be ready to use the whole power of all our instruments, including their flexibility. Monetary policy is not only about quantities, it is also about the quality of its transmission. And it is not limited to one single indicator or one automatic rule like Yield Curve Control, it incorporates judgment and discretion.