



# Hawks & Doves: European Central Bank

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CENTRAL BANK

EUROPEAN CENTRAL BANK

Doves	Hawks	Neutral	N/A
8	3	6	7

Name	Position	Country	Stance	Recent Comments
Christine Lagarde	President	France	Dove	<ul style="list-style-type: none"><li>• Euro area economic rebound is increasingly advanced; output will exceed pre-pandemic levels by end-2021; Eurozone on track for strong growth in Q3; delta variant could delay full reopening of the economy; spread has not yet resulted in lockdown measures, but could slow global trade and economic reopening; Consumers remain somewhat cautious based on pandemic developments; Labour markets are improving, holding prospect of greater spending; Repeats current inflation likely be to temporary; inflation revised up in the forecasts, but below target in medium-term; Financing conditions remain favourable since June assessment; Based on financing conditions and inflation outlook, GC judges favourable conditions can be maintained with a moderately lower pace of PEPP purchases; Repeats, stands ready to adjust instruments to ensure inflation goals are met; balance of risks 'broadly balanced' (prev. 'broadly balanced with two-way risks'); today's policy moves are not tapering; PEPP will be wound down when impact of pandemic has been reabsorbed; when PEPP ends, job still will not have been finished; decision today was unanimous; has not discussed what comes next; further PEPP discussion will take place in December; sees supply chain bottlenecks circumvented in H1 2022; reiterates ECB PEPP decision was unanimous in all respects, including the pace of the re-calibration, and the 'moderately lower' determination; TLTRO will be discussed in December; notes importance of the tool to help banks providing lending to the economy; too early to discuss longer-term issues related to PEPP; repeats it will be discussed at length later, and ECB will conduct an in depth review; ECB pays attention to 5y5y inflation swaps, but also looks at other measures too (SEP 9)</li><li>• Economy doing better than feared, but not out of the woods yet; ECB is determined to provide the accommodation for favourable financing conditions (SEP 10)</li></ul>
Luis de Guindos	Vice-President	Spain	Dove	<ul style="list-style-type: none"><li>• In September decide on the volume of purchases for Q4; If inflation and the economy recover, then there will logically be a gradual normalisation of monetary policy; [On Delta] What we are seeing is that it is not having as great an impact as we projected four months ago. This is mainly because governments have responded with fewer restrictions on economic activity than we had anticipated; Future monetary policy decisions will essentially depend on how the economy and inflation develop in the coming months; recent data are very positive; Withdrawal of the extraordinary stimulus measures should be aligned with changes in economic activity levels; If things start to return to normal, as is currently the case, the extraordinary measures will have to be gradually withdrawn; We are not there yet, but we are gradually and continually moving towards that point; We don't accept inflation compensation (like the Fed); the new inflation target does not mean that in general we have raised our level of acceptance of high inflation (SEP 1)</li><li>• The ECB could again upgrade macroeconomic forecasts for the EZ in a few days (AUG 25)</li><li>• If the recovery takes hold, if we go back to pre-pandemic output level, growth is back to potential and inflation reaches our target of 2 per cent, then we should start to normalize our monetary policy; need to fulfil our price stability mandate, under all circumstances; still have time to decide about the future of PEPP. In September we will set the pace of the purchases for the fourth quarter, in December for the first quarter of 2022; PEPP should end when the emergency is over and its dampening effect on inflation disappears; when the emergency ends depend on whether the vaccination campaigns are successful in combating the delta variant and whether new, more resistant variants appear; would argue that back to normal means back to the pre-pandemic growth path (JUL 29)</li></ul>
Isabel Schnabel	Executive Board	Germany	Neutral	<ul style="list-style-type: none"><li>• Expect inflation to keep increasing until year-end, especially in Germany but then sees inflation to decline significantly next year; the rise in non-bank finance is likely to have broadened monetary policy transmission, while it has also created new risks for the conduct of monetary policy (AUG 25)</li><li>• Simplification and clarification of the target and our stronger commitment to symmetry, are crucial to remove any ambiguities and firmly anchor long-term inflation expectations at 2%; Looking ahead, new and untested instruments will be used if needed and as appropriate; economy is past a turning point and is seeing a strong recovery, although the delta variant of the virus poses an unknown economic danger; optimistic the ECB will achieve its goal sooner than predicted (JUL 14)</li></ul>
Fabio Panetta	Executive Board	Italy	Neutral	<ul style="list-style-type: none"><li>• Will raise rates only when convinced that inflation can stabilise at 2% in the medium-term; both fiscal and monetary policy needs to continue its support (JUL 29)</li><li>• Governing Council has decided to commence the investigation phase of a digital EUR project (JUL 14)</li></ul>
Philip Lane	Chief Economist	Ireland	Dove	<ul style="list-style-type: none"><li>• Too early to discuss the conclusion of PEPP at the September meeting; Discussion on PEPP should take place in Autumn; Markets do not need long notice before the end of PEPP as QE will carry on via APP; Given the high vaccination rate, the Delta variant impact on the Eurozone should be limited; Committed to ensuring favourable financing conditions until at least through March; Not seeing a big increase in wages and therefore there is no change to his view that inflation is transitory; Sees 2021 growth playing out broadly in line with June projections with growing headwinds offsetting a better Q2; ECB is willing to move if action from the Fed creates spillovers (AUG 25)</li><li>• The symmetry surrounding the inflation target means that the GC views negative and positive deviations from the target to be equally undesirable (AUG 19)</li></ul>
Frank Elderson	Executive Board	Netherlands	NA	<ul style="list-style-type: none"><li>• Preliminary results of the climate risk self-assessment show that no bank has the full picture on climate risks yet; ECB will see to it that every bank is making expeditious progress in embedding climate risks into their organizations, by following up with supervisory requirements where needed (JUNE 16)</li></ul>

				<ul style="list-style-type: none"> <li>• Inflation increased sharply in January and February and is likely to go up further in the coming months, but this is mainly due to transitory factors which we will look through as underlying inflation remains subdued. (March 16)</li> </ul>
Pierre Wunsch	Governor	Belgium	Neutral	<ul style="list-style-type: none"> <li>• Dissent should not be dramatized; is not comfortable with committing for such a long time; Could be faced with fiscal dominance and is not comfortable with committing for 5-6 years; Would have pleaded for an escape clause in forward guidance; Logical to conclude PEPP in March as planned; Optimistic that the delta variant impact will not be comparable to prior spikes; must avoid a cliff effect when PEPP ends, must be flexible in its transition; ECB should phase out PEPP next March based on current economic projections; ECB must avoid cliff effect when PEPP ends, must be flexible in transition (JUL 23)</li> </ul>
Jens Weidmann	Governor	Germany	Hawk	<ul style="list-style-type: none"> <li>• Risks are clearly skewed towards higher inflation; Temporary factors supporting inflation could prompt higher wages and inflation expectations; Should reduce PEPP step-by-step and it should not end in an abrupt manner; Appropriate to have expansionary monetary policy but PEPP needs to end when the emergency is over; Appropriate to have expansionary monetary policy but PEPP needs to end when the emergency is over; PEPP's flexibility should be reserved for exceptional circumstances (SEP 1)</li> <li>• Possible over-extension of ECB's low interest rate environment went too far from him; his advisers see inflation rising towards 5.0% in Germany towards end 2021; GC agrees in principle that expansive monetary policy currently appropriate Says new ECB framework does not mean markedly higher inflation (JUL 23)</li> </ul>
Madis Muller	Governor	Estonia	N/A	<ul style="list-style-type: none"> <li>• Changes to the tiering multiplier was not considered at the ECB's most recent meeting, adding PEPP must be a temporary program. (June 10)</li> </ul>
Gabriel Makhlouf	Governor	Ireland	Dove	<ul style="list-style-type: none"> <li>• Does not see excessive inflation in the medium-term outlook (SEP 1)</li> <li>• Too early to talk about the end of PEPP at this point in time (JUNE 16)</li> </ul>
Yannis Stournaras	Governor	Greece	Dove	<ul style="list-style-type: none"> <li>• Notes that the EZ inflation jump is temporary and the ECB should be cautious; adds that wages are not yet following the course of inflation (SEP 1)</li> <li>• EU economy still fragile, sees no risk of an era of high inflation and it is too early to shift from PEPP to APP; No reason to change pace of PEPP purchase programme (MAY 25)</li> </ul>
Pablo Hernández de Cos	Governor	Spain	Dove	<ul style="list-style-type: none"> <li>• Wants to keep bond buying flexible after the pandemic; uncertainty in the Euro Area is still very high; PEPP should last as long as pandemic impacts the economy; New guidance is the first example of ECB resolve to act (JUL 27)</li> <li>• The rise in EZ inflation is transitory (MAY 27)</li> </ul>
François Villeroy	Governor	France	Neutral	<ul style="list-style-type: none"> <li>• <b>After EU bank supervisors letter that he supports a full, consistent, and timely implementation of Basel III in Europe (SEP 7)</b></li> <li>• France and the EZ should be back to pre-COVID levels in early 2022 or maybe before this; No risk of higher inflation at this stage; PEPP will remain until at least March 2022; not urgent to decide on it at the September gathering; Financing conditions have improved since June (AUG 30)</li> </ul>
Ignazio Visco	Governor	Italy	N/A	<ul style="list-style-type: none"> <li>• Recovery is picking up pace, have to avoid tapering before the time is right; does not expect policy to be tightened for a long period; Financing conditions must remain favourable even if we see signs of price increases above target (JUL 15)</li> <li>• Italian GDP of around 5% in 2021; to remain sustained in the following two years; Cannot rule out cases of crisis amongst smaller banks in Italy (JUL 6)</li> <li>• Large issues in supply and demand caused by the pandemic, coupled with the pickup in commodity prices, will complicate the assessment of the inflationary outlook; Path of global recovery is still uncertain (JUNE 17)</li> </ul>
Constantinos Herodotou	Governor	Cyprus	N/A	<ul style="list-style-type: none"> <li>• No recent pertinent comments.</li> </ul>
Mārtiņš Kazāks	Governor	Latvia	Neutral	<ul style="list-style-type: none"> <li>• Making a decision on the future of PEPP in September would be premature; Will give reasonable warning before concluding PEPP; Guidance likely to lift prices and lower need for stimulus (AUG 4)</li> <li>• The decision to slow bond buying would be possible in June, would discuss boosting APP after PEPP in the event inflation is weak (MAY 7)</li> </ul>
Vitas Vasiliauskas	Governor	Lithuania	N/A	<ul style="list-style-type: none"> <li>• No recent pertinent comments.</li> </ul>
Gaston Reinesch	Governor	Luxembourg	N/A	<ul style="list-style-type: none"> <li>• No recent pertinent comments.</li> </ul>
Mario Centeno	Governor	Portugal	N/A	<ul style="list-style-type: none"> <li>• More room for manoeuvre on policy than previously, has an expectation of durability on the APP. Must be careful when deciding to remove stimulus; Short-term uncertainty remains, though the recovery is not at stake; Risks of losing credibility if the new guidance does not show a leeway around inflation (JUL 13)</li> <li>• All analysis indicates that increasing inflation is temporary, no evidence that PEPP will end before March-2022 (JUN 21)</li> </ul>
Klaas Knot	Governor	Netherlands	Hawk	<ul style="list-style-type: none"> <li>• Outlook may allow slower ECB stimulus &amp; PEPP to conclude in March; almost all incoming news has surprised to upside. TLTROs have had a serious distortive effect; PEPP is close to fulfilling purpose; Must be careful in applying PEPP flexibility to regular QE; TLTRO subsidy should end when crisis impact has been repaired (AUG 31)</li> </ul>
Robert Holzmann	Governor	Austria	Hawk	<ul style="list-style-type: none"> <li>• <b>PEPP should expire in 2022; emphasizes that all data indicate that "the economy is doing better than expected", with no signs of a slump in the economy (SEP 10)</b></li> <li>• <b>Sees potential upside risks to inflation; Might be able to normalise policy sooner than thought (SEP 8)</b></li> <li>• Central bank is in a position to think about reducing pandemic aid; ECB must have inflation risks on its mind; ECB should de-link guidance on rates and APP purchases; APP does not need same kind of flexibility as PEPP; Would advocate for a slowdown of PEPP purchases in Q4 (AUG 31)</li> </ul>
Boštjan Vasle	Governor	Slovenia	Dove	<ul style="list-style-type: none"> <li>• <b>ECB is still in need of 'highly accommodative' monetary policy; New waves of the pandemic could slow the recovery (SEP 8)</b></li> </ul>

Peter Kažimír	Governor	Slovakia	Dove	<ul style="list-style-type: none"><li>• The EZ economy is not yet out of the woods (JUL 16)</li><li>• Low inflation has been entrenched over the last few years and out revamped strategy says this will not occur in the future, possible that inflation may sometimes moderately be above 2.0%; Clarity around the inflation target will strengthen the toolbox and enhance the anchoring of expectations (JUL 12)</li><li>• Not see reason to alter loose policy right now; hopes that the findings of the ECB's strategic review can be presented in the "coming weeks" (JUNE 22)</li></ul>
Olli Rehn	Governor	Finland	Neutral	<ul style="list-style-type: none"><li>• ECB's new strategy supports ensuring that the economy does not get stuck in too slow inflation for a long time (SEP 1)</li><li>• Significant purchases needs to continue; didn't discuss transition away from PEPP; stands by last week's decision; assumes in Sep ECB will discuss way forward (JUNE 15)</li></ul>

The ECB's voting schedule can be viewed [here](#).  
**This week's updates are in bold.**