



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Joachim Starbatty
Ms Ulrike Trebesius
Members of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 23 April 2018

L/MD/18/143

Re: Your letter (QZ-017)

Honourable Members of the European Parliament, dear Mr Starbatty, dear Ms Trebesius,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 6 March 2018.

The European Central Bank (ECB) regularly publishes on its website the remaining weighted average maturity (WAM) of the debt securities held by the Eurosystem under the public sector purchase programme (PSPP). These figures are updated on a monthly basis and a breakdown by jurisdiction is also available.¹ The remaining WAM is an average across holdings of securities from all PSPP-eligible issuers. Eligible issuers include central governments, international or supranational institutions, government agencies and regional and local governments located in the euro area.² At the end of March 2018, the remaining WAM stood at around 7.6 years.

In line with the Eurosystem's framework for accounting and financial reporting, all of the current portfolios of securities held for monetary policy purposes are accounted for at amortised cost (subject to impairment).³ Under this accounting treatment, fluctuations in price, for instance owing to interest rate changes as

¹ See <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>.

² For more information on the PSPP eligibility criteria see <https://www.ecb.europa.eu/mopo/implement/omt/html/pspp-ga.en.html> and <https://www.ecb.europa.eu/mopo/implement/omt/html/pspp.en.html>.

³ See Guideline (EU) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34) (recast), available on the ECB's website at https://www.ecb.europa.eu/ecb/legal/pdf/celex_32016o0034_en_txt.pdf.

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mentioned in your letter, have no direct bearing on the book value of the securities held by the Eurosystem for monetary policy purposes.⁴

Finally, let me underline that the ECB's monetary policy is firmly guided by its primary objective of price stability and not by profit considerations. Accordingly, the ECB's monetary policy stance is calibrated to secure inflation rates in the euro area at levels consistent with the Governing Council's inflation aim of below, but close to, 2% over the medium term.

Yours sincerely,

[signed]

Mario Draghi

⁴ At the same time, as part of the harmonised disclosure of the Eurosystem, the ECB publishes the current market values of the securities portfolios it holds for monetary policy purposes in its annual accounts. This value does not have an impact on the accounts or financial results; it is provided for transparency purposes.