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International

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European Central Bank (ECB) announces Quantitative Easing

- ECB President Mario Draghi announced today that a full-fledged quantitative easing program will be implemented, with combined monthly purchases of public and private securities that will amount to €60 billion, intended to be carried out to 2016.
- Draghi said the ECB would not buy more than 25% of each country's debt issue, and not more than 33% of its outstanding debt. Furthermore, the purchases of sovereign bonds will be based on the shares of each country in the ECB's capital key. This capital is calculated using a key which reflects the respective country's share in the total population and gross domestic product of the EU.
- The bank is far below its target inflation rate of 2 %, as inflation fell into negative territory in December at -0.2 %
- ECB kept its main lending rate unchanged at 0.05% and a separate rate on overnight bank deposits parked with the central bank at -0.2%, meaning banks must pay a fee to keep surplus funds at the ECB.
- At the time of writing, the STOXX Europe 600 is up 0.60% while the euro slid by 1.10% against the USD from the close of trade yesterday.



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