

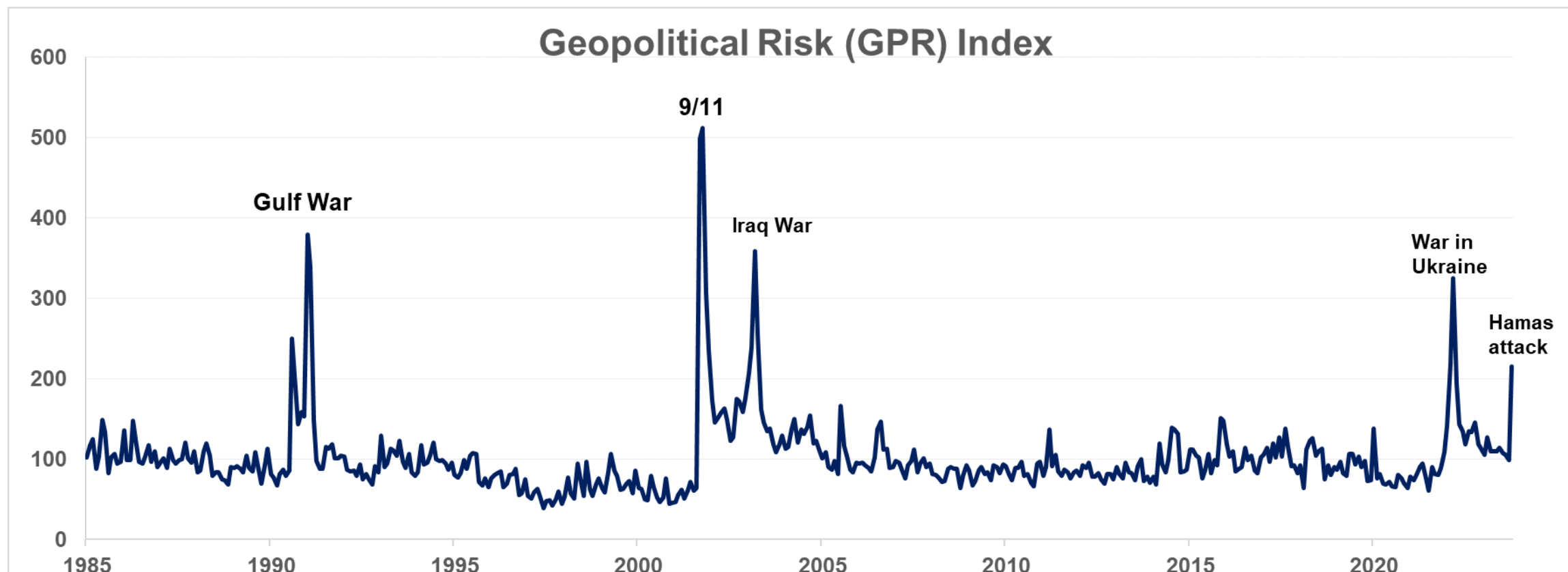


MONETARY POLICY IN TIMES OF CONFLICTS

SPE Annual Dinner – London, 20 November 2023

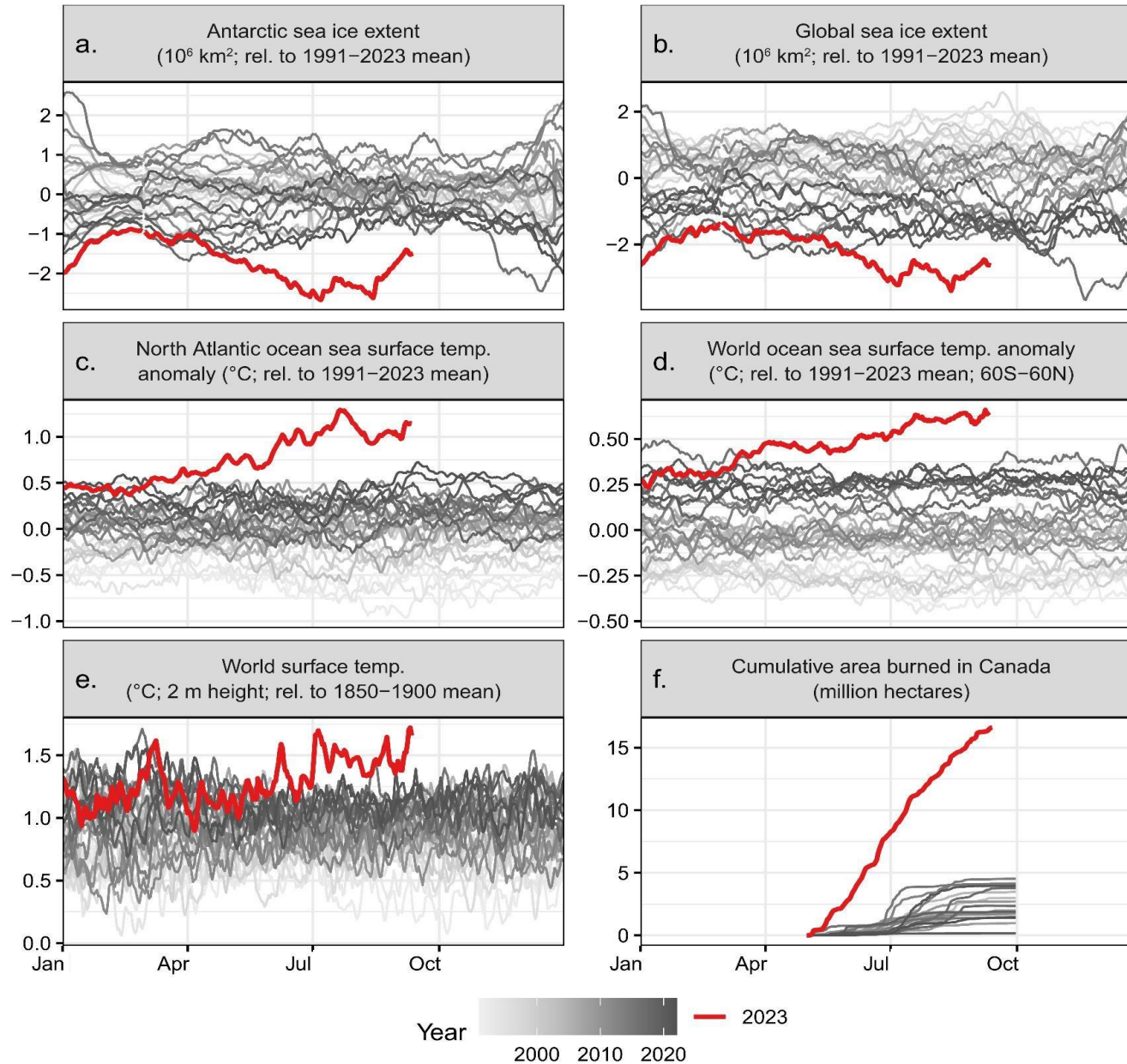
**SPEECH BY FRANÇOIS VILLEROY DE GALHAU
GOVERNOR OF THE BANQUE DE FRANCE**

GEOPOLITICAL RISK IS BACK



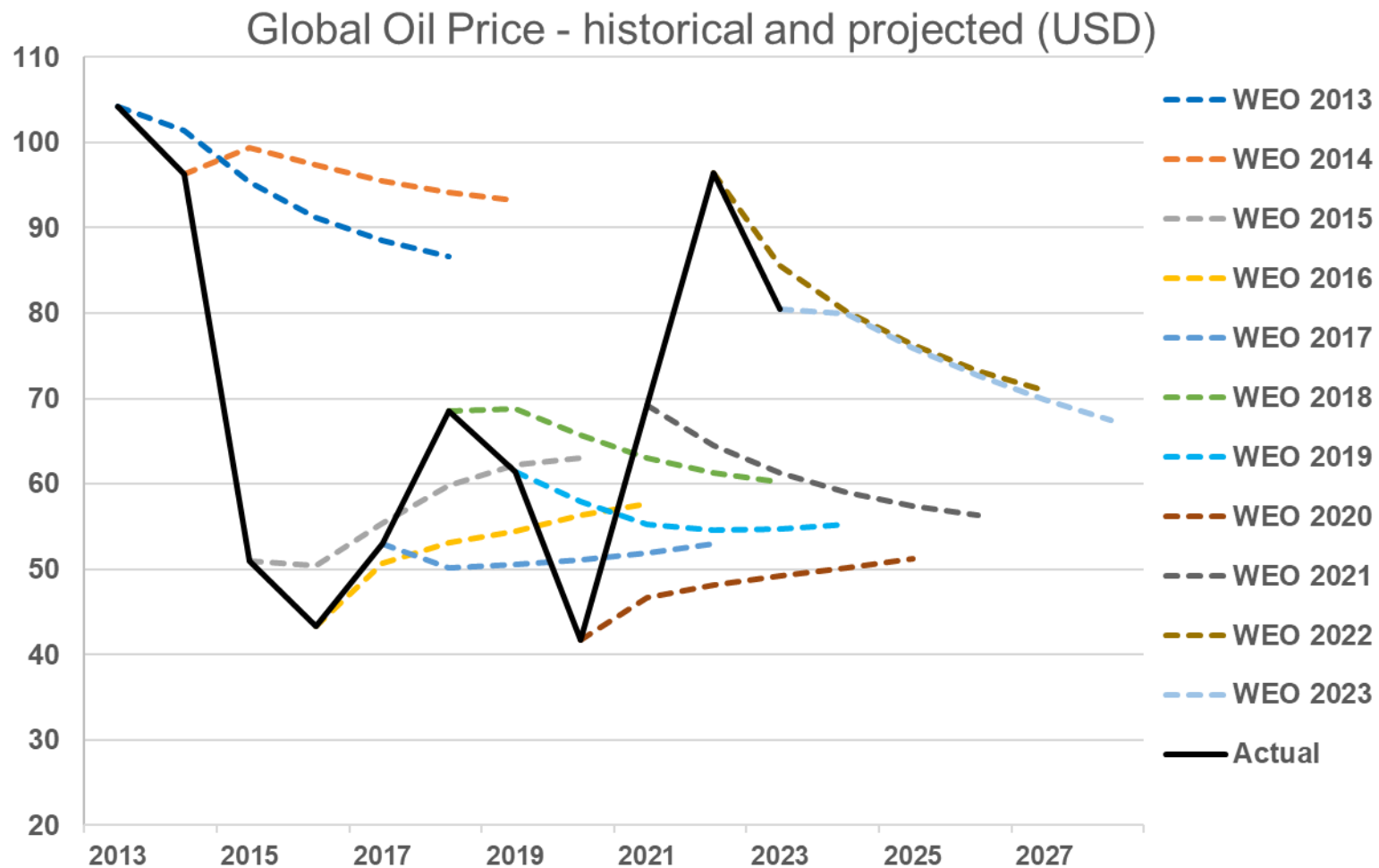
Source: Caldara and Iacoviello (2022)

CLIMATE ANOMALIES IN 2023: UNCHARTED TERRITORY



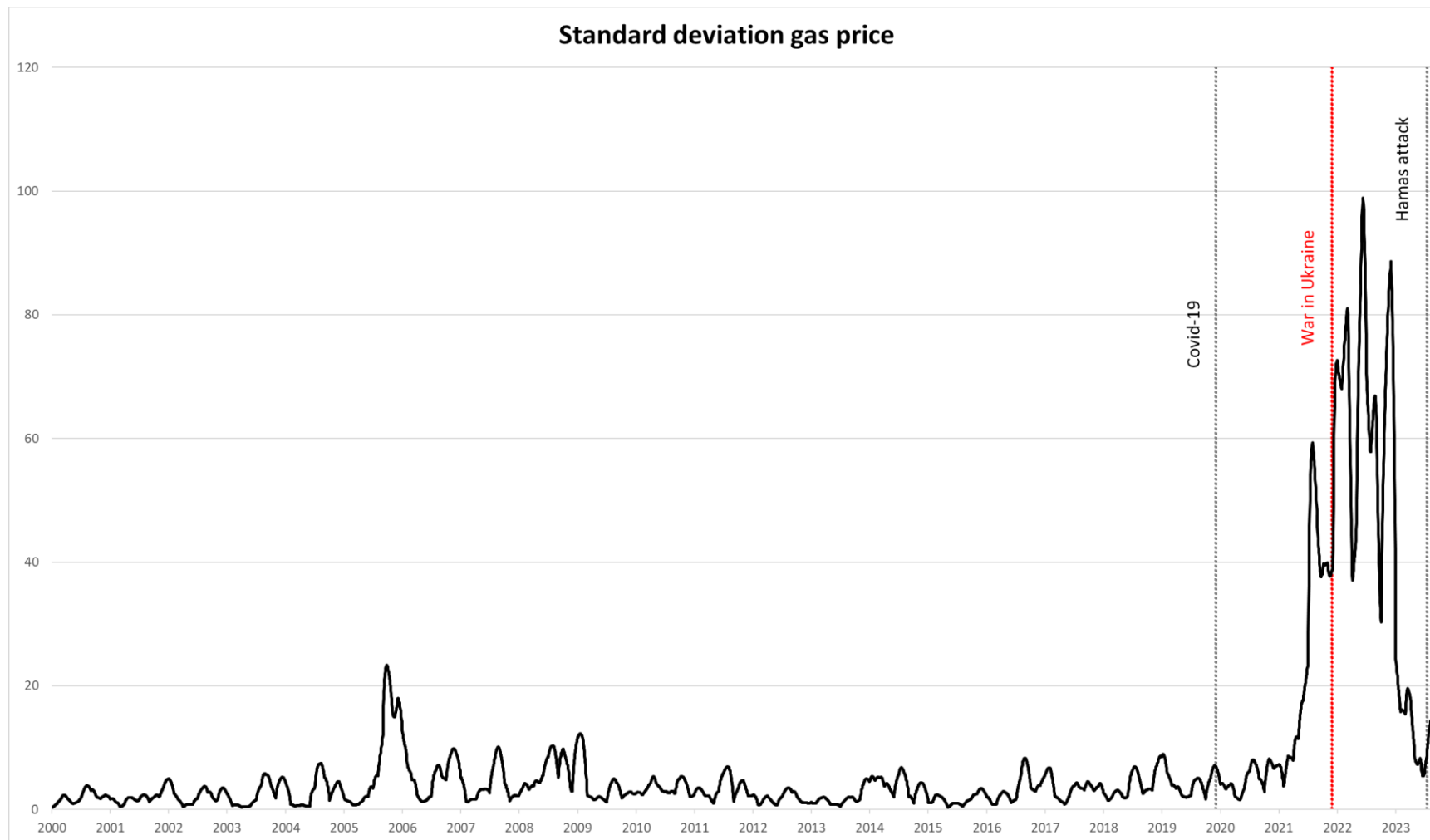
Source: Ripple et al (2023)

OIL PRICES ARE MORE DIFFICULT TO PREDICT



Source: World Economic Outlook Database, 2013-2023

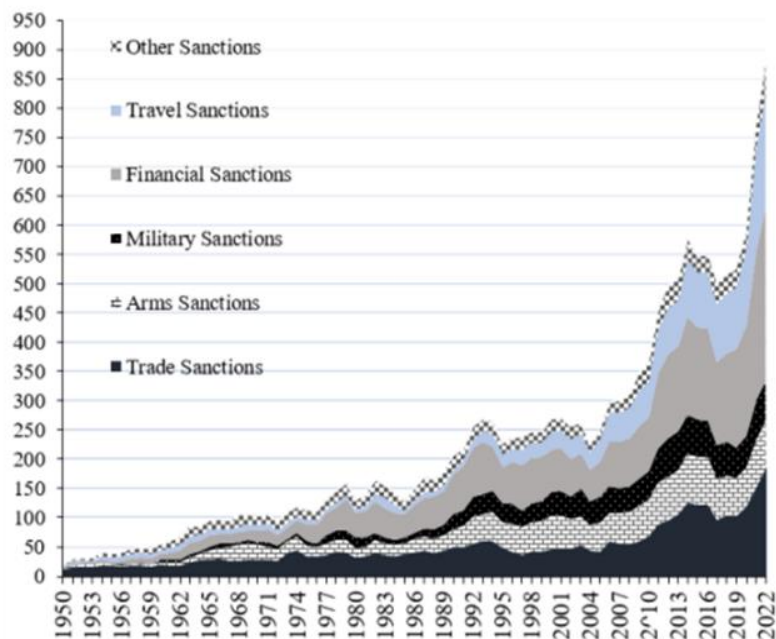
SHARP INCREASE IN THE VOLATILITY OF GAS PRICES



Source: Datastream and internal calculations

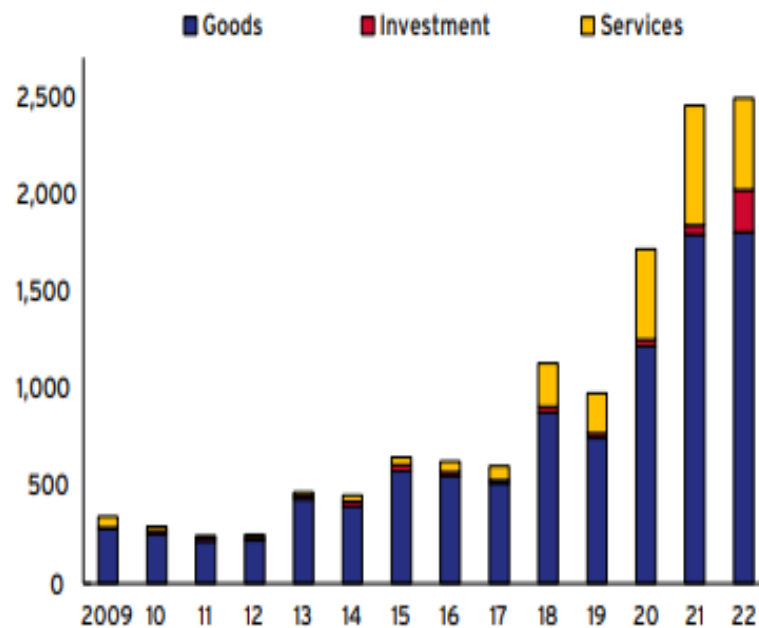
A MORE FRAGMENTED WORLD?

Fig. 1 bilateral sanctions



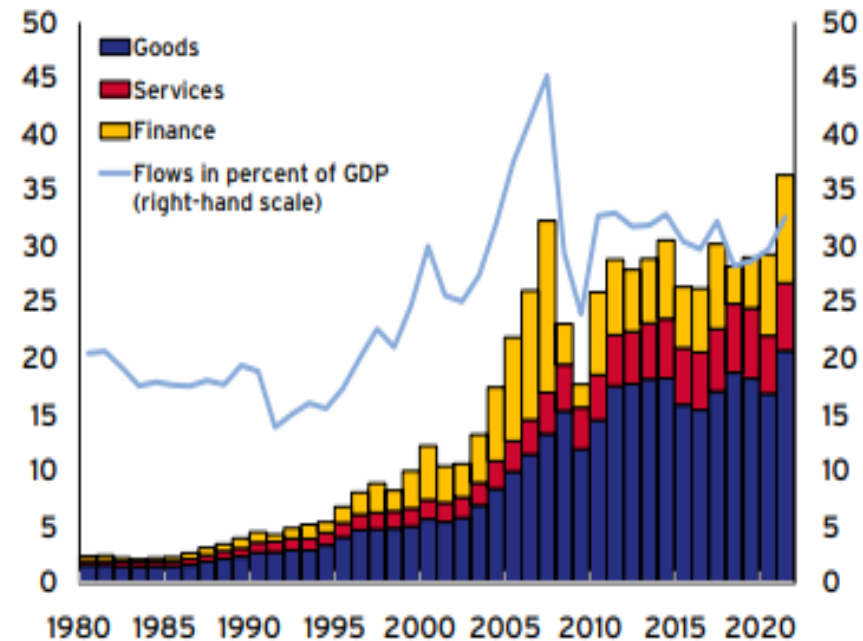
Source: Global financial Sanctions Database. Syropoulos et al. 2022

Fig. 2 trade restrictions



Source: Global Trade Alert

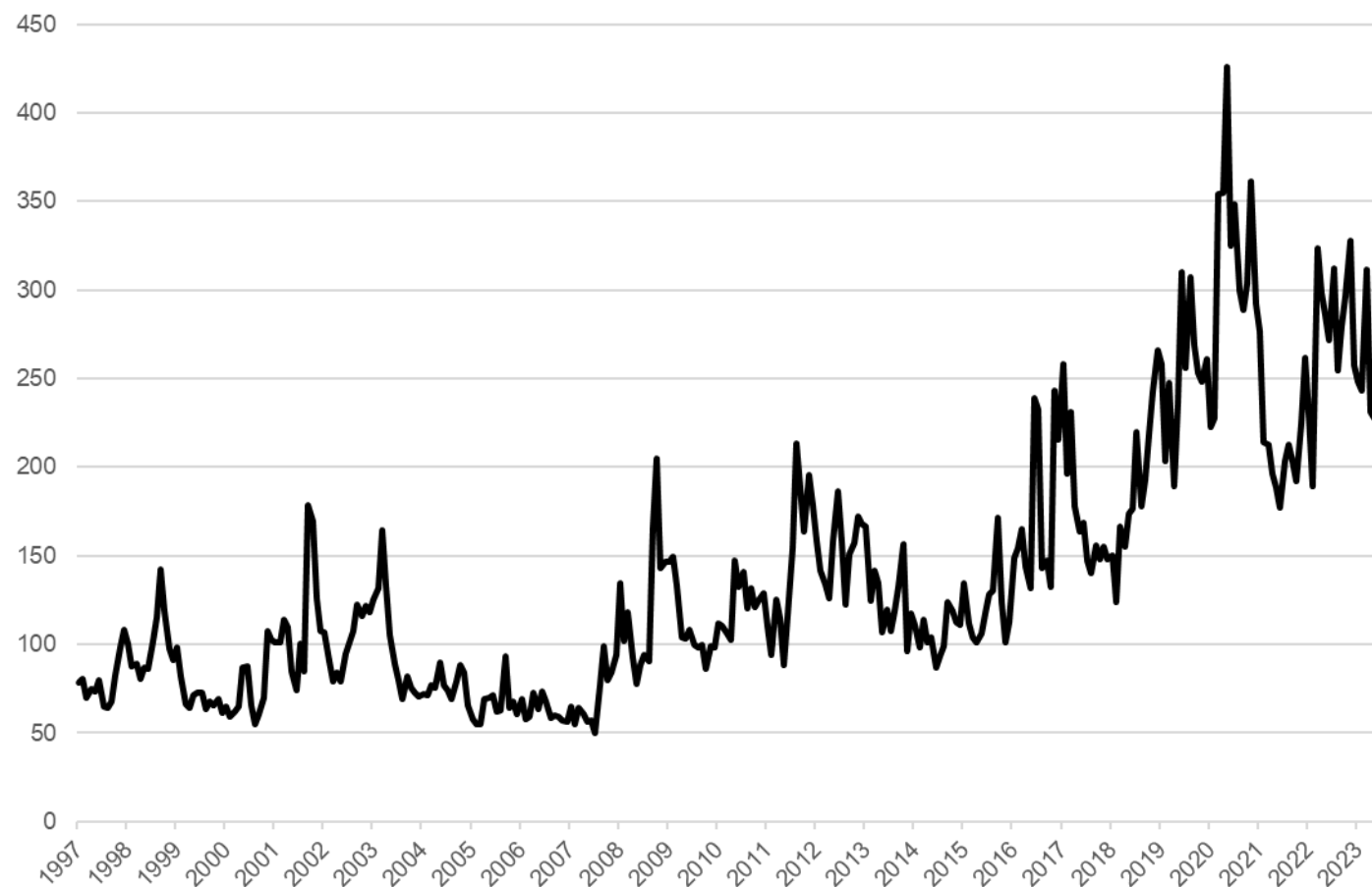
Fig. 3 trade and financial flows



Source: IMF Balance of Payments, World Bank, and Staff Calculations

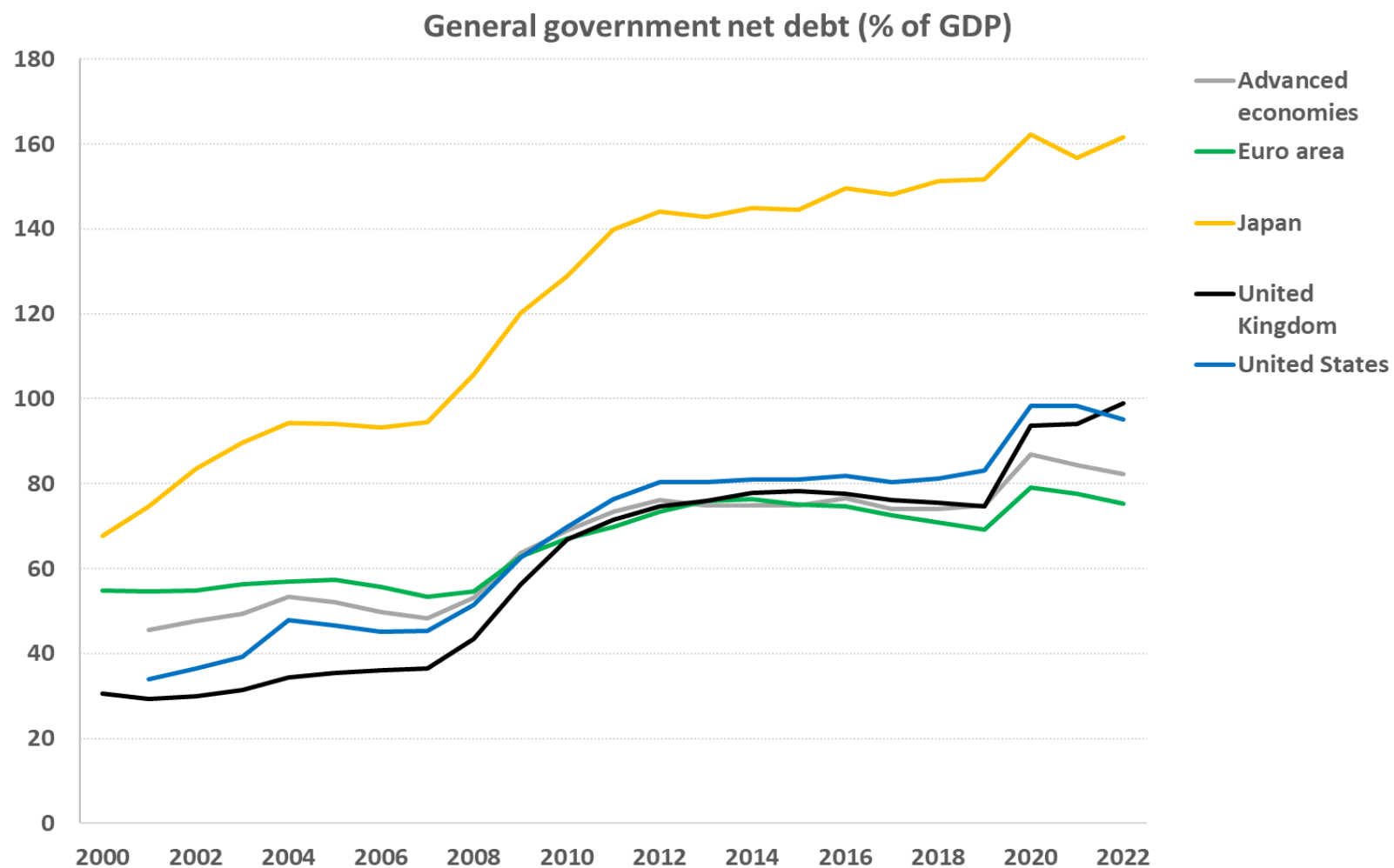
ECONOMIC POLICY IS MORE UNCERTAIN

Economic Policy Uncertainty Index (GDP weighted)



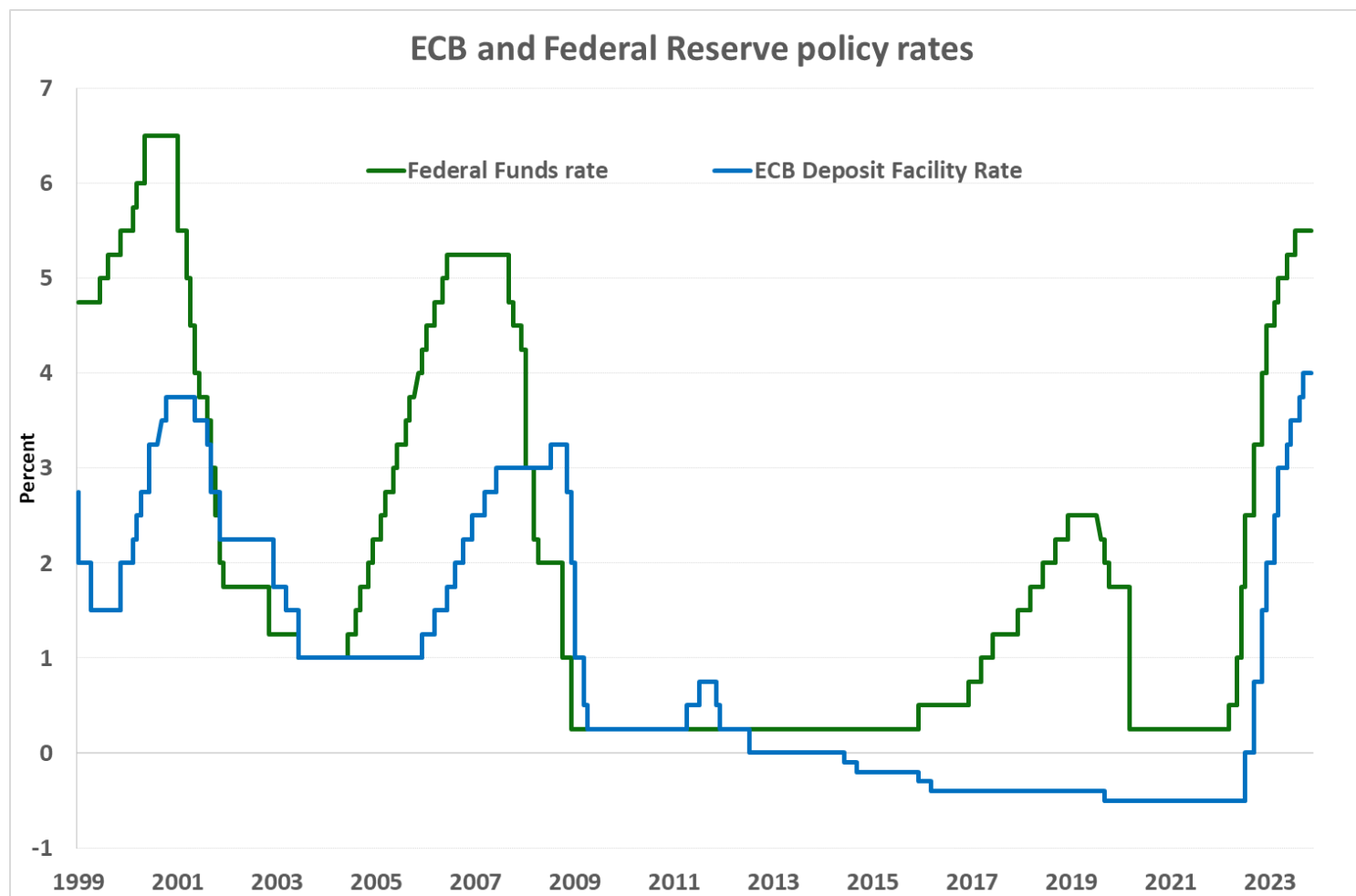
Source: [Economic Policy Uncertainty Index](#)

GOVERNMENT NET DEBT AT UNPRECEDENTED LEVELS



Source: World Economic Outlook Database, October 2023

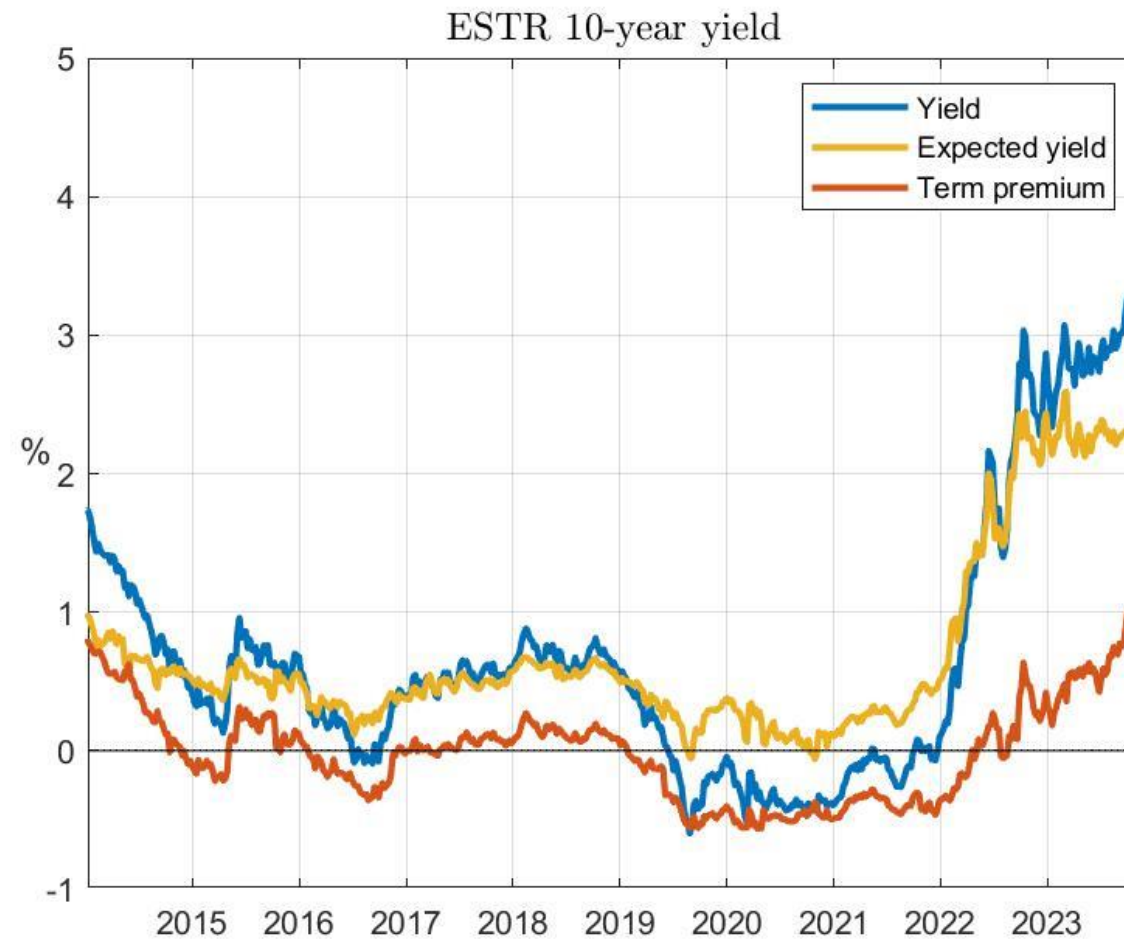
POLICY INTEREST RATES IN THE EURO AREA AND IN THE US



Source: FRED Economic Data

Note: Since December 2008, the federal funds rate is the upper limit of the federal funds target range.

LONG-TERM YIELDS IN THE EURO AREA: THE ROLE OF TERM PREMIA



Source: Internal calculations
Note: last observation November 15th

