

## Abstract

Starting in the spring of 2011, euro area headline inflation fell sharply, reaching negative values in late 2014 / early 2015; it recovered somewhat thereafter, largely reflecting energy price rises; core inflation, by contrast, remains subdued to this day.

Drawing on a large body of research conducted in the last few years at the Bank of Italy, the first part of the presentation will address the causes of the fall in inflation and the risks it entails; the possibility that inflation expectations become de-anchored, and the impact this may have on the economy, are also discussed.

Following those developments, the Eurosystem adopted a number of (often innovative) monetary policy measures, aiming at strengthening both economic activity and price dynamics. In the second part of the presentation, the following issues will be tackled: Were those measures successful? Is there evidence that, as some critics would have it, they are having undesired negative side effects for financial stability, bank profitability, income distribution? What may lie ahead for euro area monetary policy?