# Article information:

Bundesbank may need recapitalisation to cover bond-buying losses | Financial Times  
<https://www.ft.com/content/46d3952a-5ee2-431a-8430-4a71e530cbce>

# Article summary:

1. Germany's federal audit office has warned that the Bundesbank may need a bailout to cover losses arising from the European Central Bank's bond-buying scheme.

2. The audit office report takes aim at the ECB's public sector purchase programme, which was launched in 2015 and involved the bank purchasing €2.7tn worth of sovereign bonds of eurozone countries.

3. The scale of the purchases, coupled with the ECB's sub-zero interest rates, pushed up the price of the bonds, meaning many of them yield negative rates.

# Article rating:

Appears strongly imbalanced: The article is written in a biased or one-sided way, and the information it provides is not trustworthy enough to be considered a reliable source. You should consult other sources to find reliable information on the presented issues.

# Article analysis:

The Financial Times article reports on a warning from Germany’s federal audit office that the Bundesbank may require a bailout to cover losses resulting from the European Central Bank’s bond-buying scheme. The report argues that the possible losses are substantial and could necessitate recapitalisation of the bank with budgetary funds. The article highlights that purchasing vast amounts of bonds to lower borrowing costs, known as quantitative easing, has long been controversial in Germany, and the Bundesbank argued against it in 2015 when the eurozone’s central bank launched its bond buying.

The article presents a one-sided view of the situation by focusing solely on the potential risks associated with the ECB's bond-buying program and not exploring any potential benefits or counterarguments. It also fails to provide evidence for some of its claims, such as blaming QE for stoking inflation without providing any data or analysis to support this assertion.

Furthermore, while the article notes that Germany's public finances will be hit by losses resulting from the Bundesbank's actions, it does not explore how this might impact other countries in the eurozone or whether there are any potential solutions to mitigate these risks.

The article also appears to have a bias against quantitative easing and suggests that criticisms from Germany's federal audit office are likely to make a repeat of this policy more difficult. However, it does not explore why other countries in the eurozone might support QE or what alternative policies they might propose.

Overall, while the article provides some useful information about potential risks associated with ECB's bond-buying program and its impact on Germany's public finances, it presents a one-sided view of the situation and fails to explore alternative perspectives or potential solutions.

# Topics for further research:

* Potential benefits of ECB's bond-buying program
* Counterarguments to criticisms of quantitative easing
* Impact of Bundesbank's losses on other eurozone countries
* Solutions to mitigate risks associated with ECB's bond-buying program
* Reasons why other eurozone countries support quantitative easing
* Alternative policies proposed by other eurozone countries

# Report location:

<https://www.fullpicture.app/item/8f2fc612634d1d5f3a11c571d81fb039>