

This week in Finance: Will the ECB move to quantitative easing?

Perhaps the biggest news in finance emerged at the end of last week when the Swiss National Bank's move to scrap its cap on the franc.

Jim O'Neill, former chairman of Goldman Sachs Asset Management said "this is probably the single largest ever intraday move of a liquid currency since floating exchange rates started."

Is this a new moment in history? David Zervos, the Chief Market Strategist at Jefferies agrees that the move is definitely not normal but it might not necessarily be a bad thing. You can listen to his comments on this morning's Money For Nothing (link to: http://programme.rthk.hk/channel/radio/programme.php?name=radio3/money_for_nothing&d=2015-01-19&p=5126&e=&m=episode)

One thing that it does likely portend is a decision by the European Central Bank during its meeting later this week, to move to quantitative easing. The ECB could launch a government bond-buying programme with new money although Greek elections three days later pose a complication.

The Swiss situation coupled with plunging oil and copper, raises the chances of an extreme reaction should the ECB decide to hold back.

Then again, Germany is not likely to be supportive. And there is Greece's snap election to watch out for on Sunday. The radical leftist Syriza party has held a consistent lead in the polls and is intent on ending austerity and seeking debt renegotiation with its European partners, though it insists it wants to stay in the euro zone.

How will politics play out?

We'll be following the events closely. If you have questions for our experts, please don't hesitate to email us at moneyfornothing@rthk.hk or post a comment to our Facebook page – [Facebook.com/moneyfornothingonrthkradio3](https://www.facebook.com/moneyfornothingonrthkradio3).

Reenita M. Hora

Program Anchor