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NGFS publishes a summary report on climate change, the macroeconomy and monetary policy

Today, the NGFS released the report [“Climate change, the macroeconomy and monetary policy”](#), which summarises the key messages from a series of publications produced by the NGFS over past months.

Climate change and the net zero – or green – transition increasingly have macroeconomic impacts over time horizons relevant for monetary policymakers. It is therefore important for central banks to deepen their understanding of these impacts, and their possible implications for the conduct of monetary policy.

To provide an initial guidance to central banks for approaching the topic, the NGFS has produced three reports on the macroeconomic impacts of climate change. These focus on (1) [the impacts of acute physical hazards](#), (2) [the green transition](#), and (3) [climate macroeconomic modelling](#). This document consolidates the key messages from these three reports. It illustrates how physical hazards and the transition to net zero can influence macroeconomic variables such as output and inflation, and outlines how central banks can incorporate climate-related impacts in their modelling toolkits.

Sabine Mauderer, Chair of the NGFS and First Deputy Governor of the Deutsche Bundesbank:

“Climate change and the green transition increasingly affect key macroeconomic variables. It is crucial for central banks to better understand these impacts and thoroughly assess their implications for monetary policy. This comprehensive series of complementary reports is designed to support central banks in this endeavour and equip them with the resources needed to address these intricate challenges.”

James Talbot, Chair of the NGFS Workstream on Monetary Policy and Executive Director of the International Directorate at the Bank of England:

“As the macroeconomic impacts from more frequent and severe physical events and from the green transition continue to increase, they are becoming increasingly important for monetary policymakers to understand. This publication summarises recent NGFS work on how climate change and the green transition impact variables such as output and inflation, as well as guidance on how to embed climate considerations within central bank macroeconomic modelling frameworks. This work reflects the depth of expertise and diversity of perspectives within the NGFS membership and will serve as a foundation for assessing the implications of climate change for monetary policy strategy in the next phase.”

About the NGFS

The NGFS, launched at the Paris One Planet Summit on 12th December 2017, is a group of central banks and supervisors, which on a voluntary basis are willing to share best practices and contribute to the

development of environment and climate risk management in the financial sector, and to mobilise mainstream finance to support the transition toward a sustainable economy. The NGFS brings together 141 central banks and supervisors and 21 observers. The NGFS is chaired by Ms Sabine Mauderer, First Deputy Governor of the Deutsche Bundesbank. The Secretariat, headed by Mr Yann Marin, is provided by the Banque de France.

For more details, visit the [NGFS website](#), [LinkedIn](#) and [X account](#) or contact the NGFS Secretariat at Banque de France sec.ngfs@banque-france.fr

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