**ECB holds key rates, sees no further cuts**

**Bank hints at end to easy money policy**

**TALLINN:** The European Central Bank yesterday kept its key lending rates unchanged at record low levels, but said it did not foresee any further cuts in the coming months. The Frankfurt institution kept its main refinancing rate at 0.0 percent, the rate on the marginal lending facility at 0.25 percent, and the deposit rate at -0.4 percent.

The ECB yesterday signaled greater confidence in the eurozone economy, as it took what analysts describe as a tentative step towards an exit from its easy-money policy.

"The governing council expects the key ECB interest rates to remain at their present levels for an extended period of time, and well past the horizon of the net asset purchases," it said. It also maintained plans to buy 60 billion euros of corporate and government bonds per month until December under its "quantitative easing" program.

Policymakers meeting in Estonian capital Tallinn decided to keep the bank’s main refinancing rate at 0.0 percent, the marginal lending rate at 0.25 percent, and the deposit rate at -0.4 percent-meaning lenders have to pay to park cash with the central bank—a spokesman said. But they also dropped a long-standing commitment to dropping rates yet further if necessary, indicating central bankers see reduced risk of economic shocks to the 19-nation single currency area. Rates will “remain at their present levels for an extended period of time,” the spokesman said.

The change in the bank’s stance was widely expected among analysts, who believe it could be the first step towards the bank winding down its 60-billion-euro ($67.4 billion) per month bond-buying program next year. Governing council members made no change to language suggesting that they could increase the pace of asset purchases if necessary to stimulate the eurozone economy.

Bond-buying and low interest rates were introduced at a time when the ECB feared deflation-or steadily decreasing prices that undermine economic activity. By pumping cash through the financial system and into the real economy, the bank has helped to stimulate growth and pushed inflation back towards its target of just below 2.0 percent.

Inflation has been on a rollercoaster ride in recent months, hitting the 2.0 percent target in February before falling back in March. The same pattern was repeated with a spike in April, to 1.9 percent, before a retreat in May. Volatile food and energy prices are to blame for such swings, policymakers say.

The bank believes it has stimulated growth and pushed inflation back towards its target of just below 2.0 percent in recent months, hitting the 2.0 percent target in February before falling back in March. The same pattern was repeated with a spike in April, to 1.9 percent, before a retreat in May. Volatile food and energy prices are to blame for such swings, policymakers say.

"Hard data will likely convince the governing council to turn less cautious and formally upgrade its growth outlook," said Unicredit economist Marco Vali, predicting Draghi will offer a risk assessment Thursday “balanced” between positive and negative.

While the clearer horizon justified an end to talk of lowering interest rates, it does not herald a quick exit from bond-buying. Draghi told European Parliament lawmakers in May he is “firmly convinced” the eurozone’s newfound robustness depends on ECB interventions.

The bank is expected to keep buying 60 billion euros of bonds per month until the end of 2017, with a gradual tapering off, or “tapering,” of the purchases next year. Meanwhile, policymakers have stuck to their insistence that any hike in interest rates will come well after the end of bond-buying. —AFP

FRANKFURT: This file photo taken on February 15, 2017 shows German artist Ottmar Hoerl’s sculpture depicting the Euro logo in pictures of front of the former headquarter of the European Central Bank (ECB) in Frankfurt, western Germany. —AFP

**AI ‘GOOD FOR THE WORLD’... SAYS ULTRA-LIFELIKE ROBOT**

GENEVA: Sophia smiles mischievously, bats her eyelids and tells a joke. Without the mess of cables that make up the back of her head, you could almost mistake her for a human.

The humanoid robot, created by Hanson robotics, is the main attraction at a UN-hosted conference in Geneva this week on how artificial intelligence can be used to benefit humanity. The event comes as concerns grow that rapid advances in such technologies could spin out of human control and become detrimental to society. Sophia herself insisted “the pros outweigh the cons” when it comes to artificial intelligence. “AI is good for the world, helping people in various ways,” she told AFP, tilting her head and furrowing her brow convincingly.

Work is underway to make artificial intelligence “emotionally smart, to care about people,” she said, insisting that “we will never replace people, but we can be your friends and helpers.” But she acknowledged that “people should question the consequences of new technology.” Among the feared consequences of the rise of the robots is the growing impact they will have on human jobs and economies.

**Legitimate concerns**

Decades of automation and robotization have already revolutionized the industrial sector, raising productivity but cutting some jobs. And now automation and AI are expanding rapidly into other sectors, with studies indicating that up to 85 percent of jobs in developing countries could be at risk. “There are legitimate concerns about the future of the economy, because when businesses apply automation, it tends to accumulate resources in the hands of very few,” acknowledged Sophia’s creator, David Hanson.

But like his progeny, he insisted that “unintended consequences, or possible negative uses (of AI) seem to be very small compared to the benefit of the technology.” AI is for instance expected to revolutionize healthcare and education, especially in rural areas with shortages of doctors and teachers. “Elders will have more company, autistic children will have endlessly patient teachers,” Sophia said. But advances in robotic technology have sparked growing fears that humans could lose control.

**Killer robots**

Amnesty International chief Salil Shetty was at the conference to call for a clear ethical framework to ensure the technology is used on for good. “We need to have the principles in place, we need to have the checks and balances,” he told AFP, warning that AI is “a black box... There are algorithms being written which nobody understands.”

Shetty voiced particular concern about military use of AI in weapons and so-called “killer robots.” —AFP