

Confidence
must be earned

Amundi
ASSET MANAGEMENT

February 2021

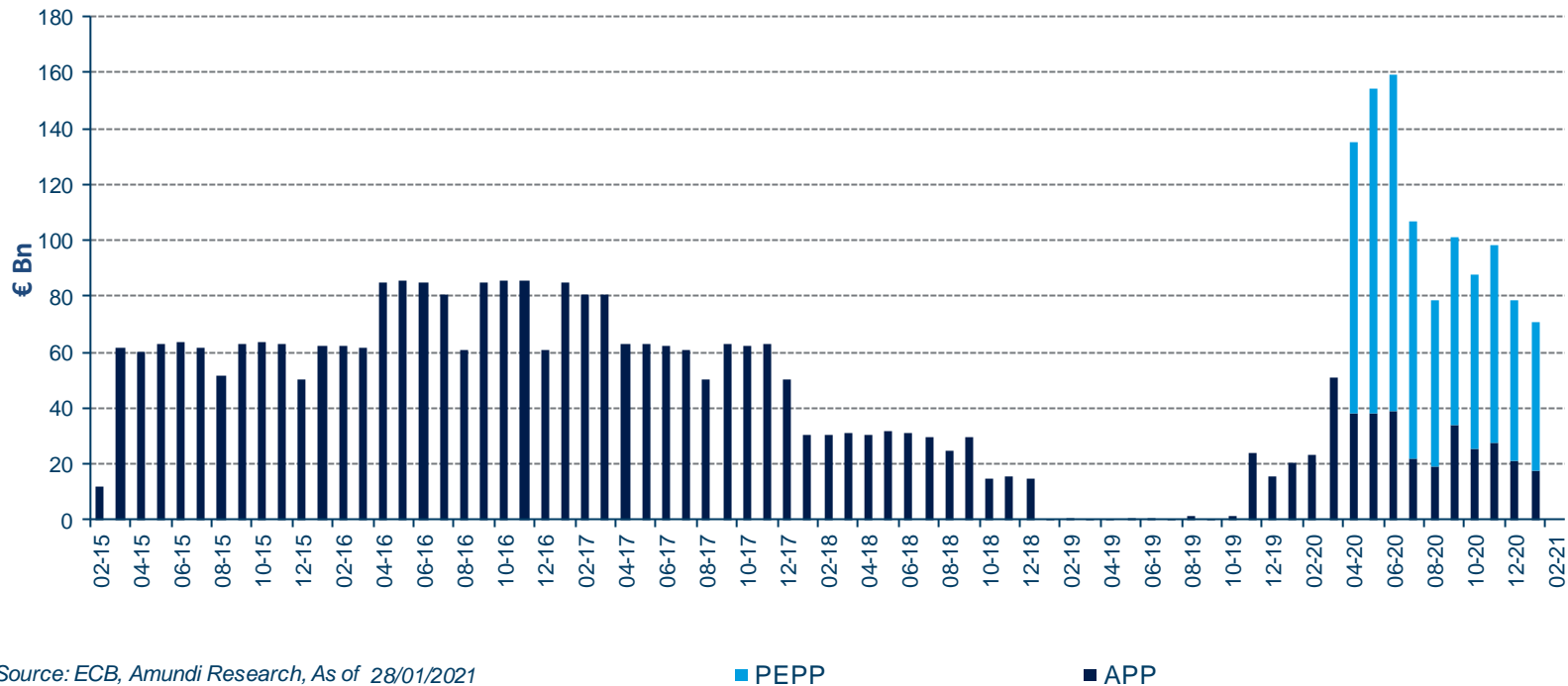
ECB QE Monitor

Mickael Bellaïche, Fixed Income Strategist

APP and PEPP: breakdown by program in € bn

- In January 2021, ECB net asset purchases reached €17.9bn under APP and €53bn under PEPP.
- In January APP by programme: PSPP (€13.7bn; 76.1% of total), CSPP (€4.9bn; 27.5%), CBPP3 (€0.1bn; 0.4%) and ABSPP (€-0.7bn; -4%).

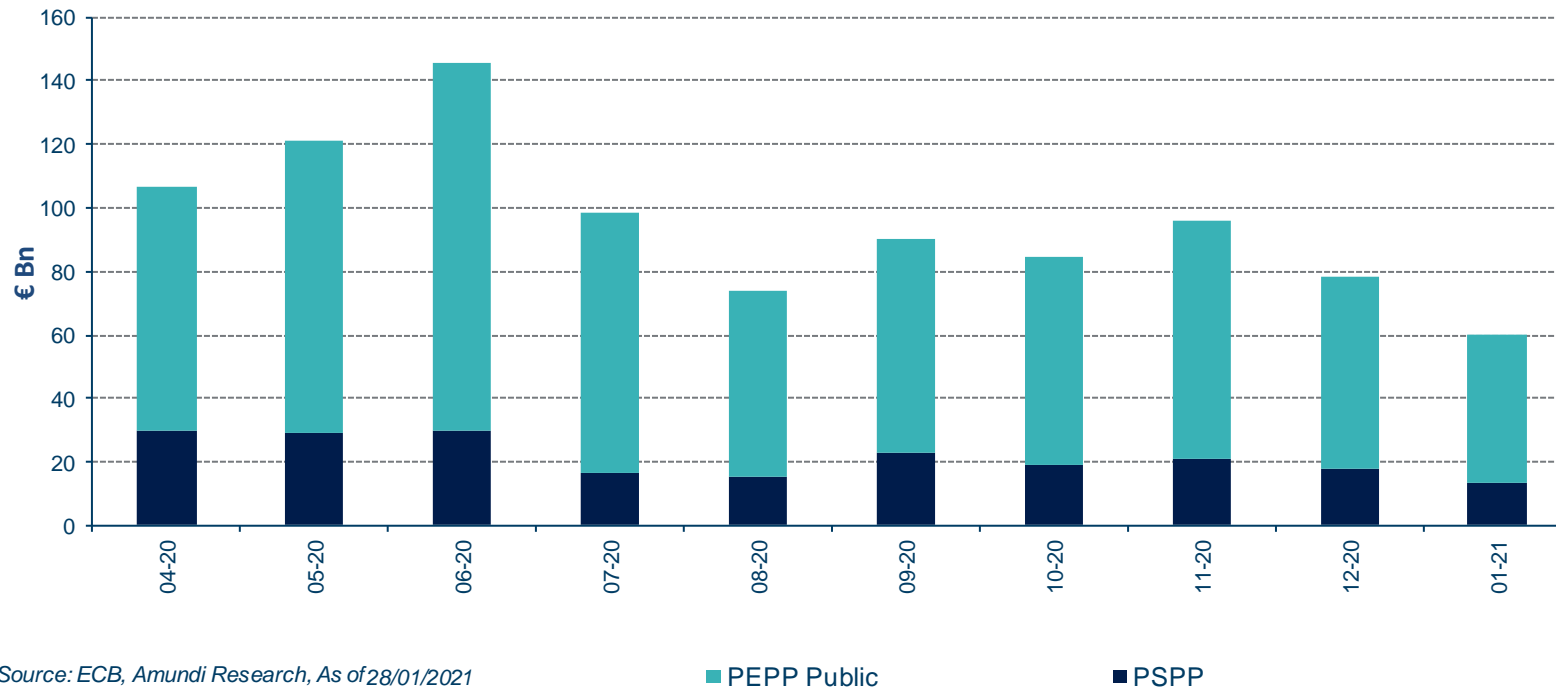
ECB monthly net asset purchases, by programme(in €bn)



Source: ECB, Amundi Research, As of 28/01/2021

APP and PEPP: Sovereign monthly net purchases

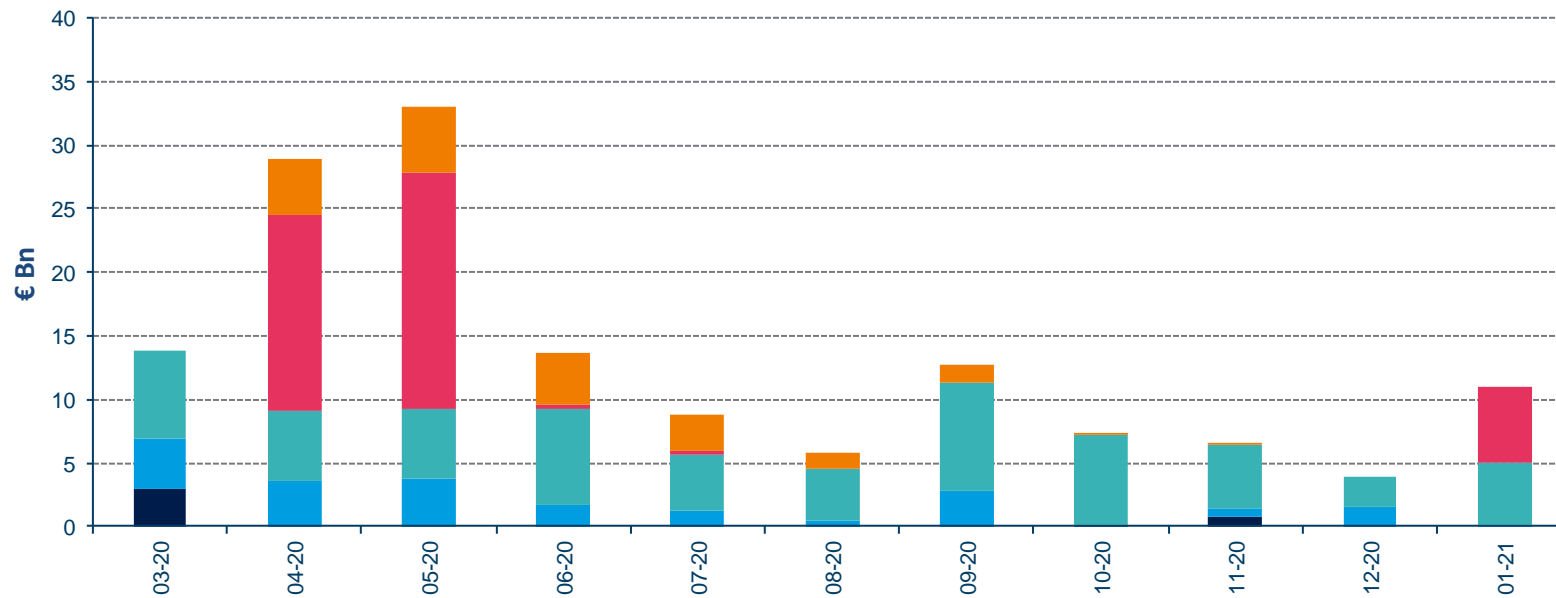
ECB monthly net asset purchases of public debt, by programme (in €bn)



Source: ECB, Amundi Research, As of 28/01/2021
* PEPP Private = corporate+commercial paper+cover bd

APP and PEPP: Private debt monthly net purchases

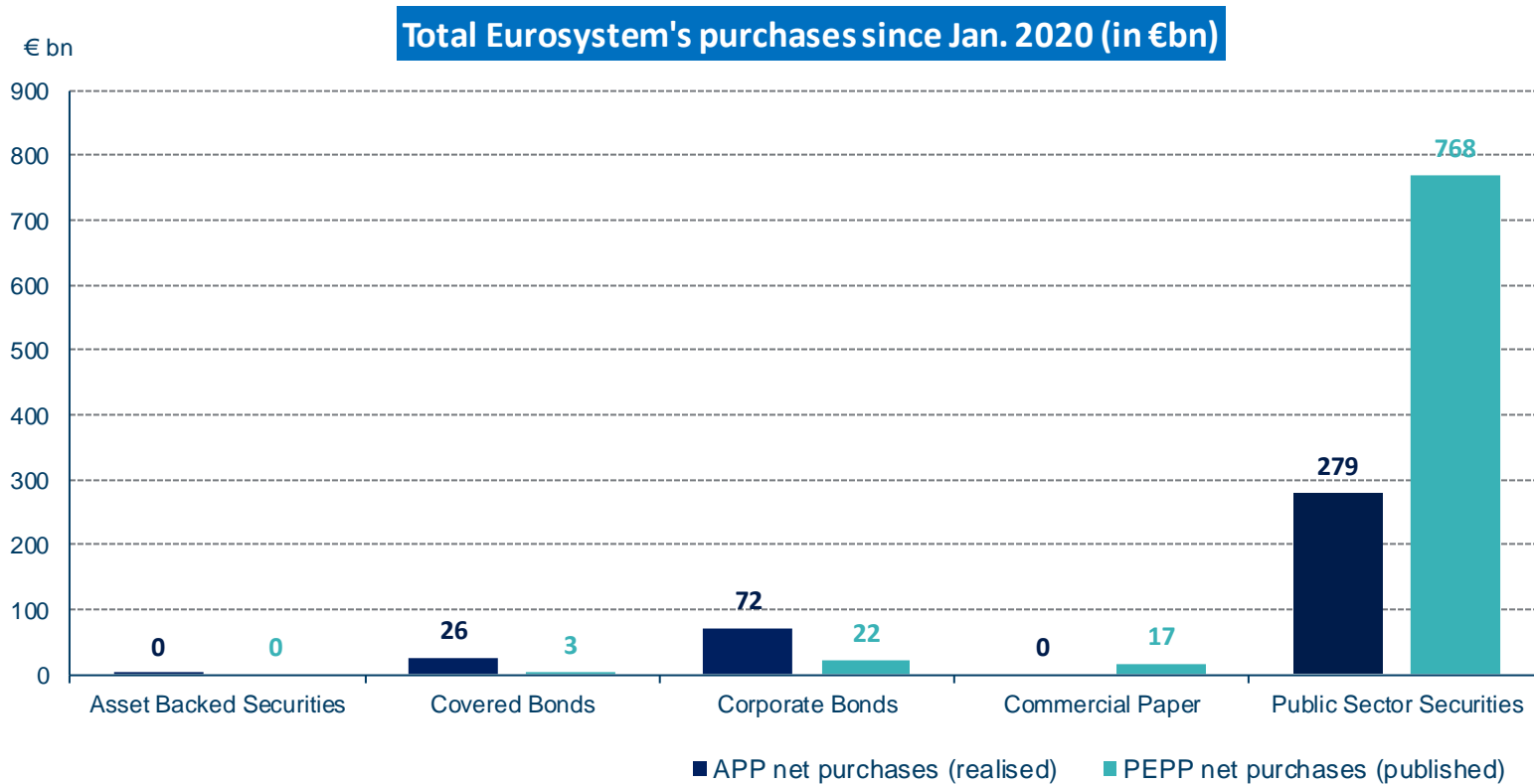
ECB monthly net asset purchases of private debt, by programme (in €bn)



Source: ECB, Amundi Research, As of 28/01/2021
 * PEPP Other = commercial paper + cover bd

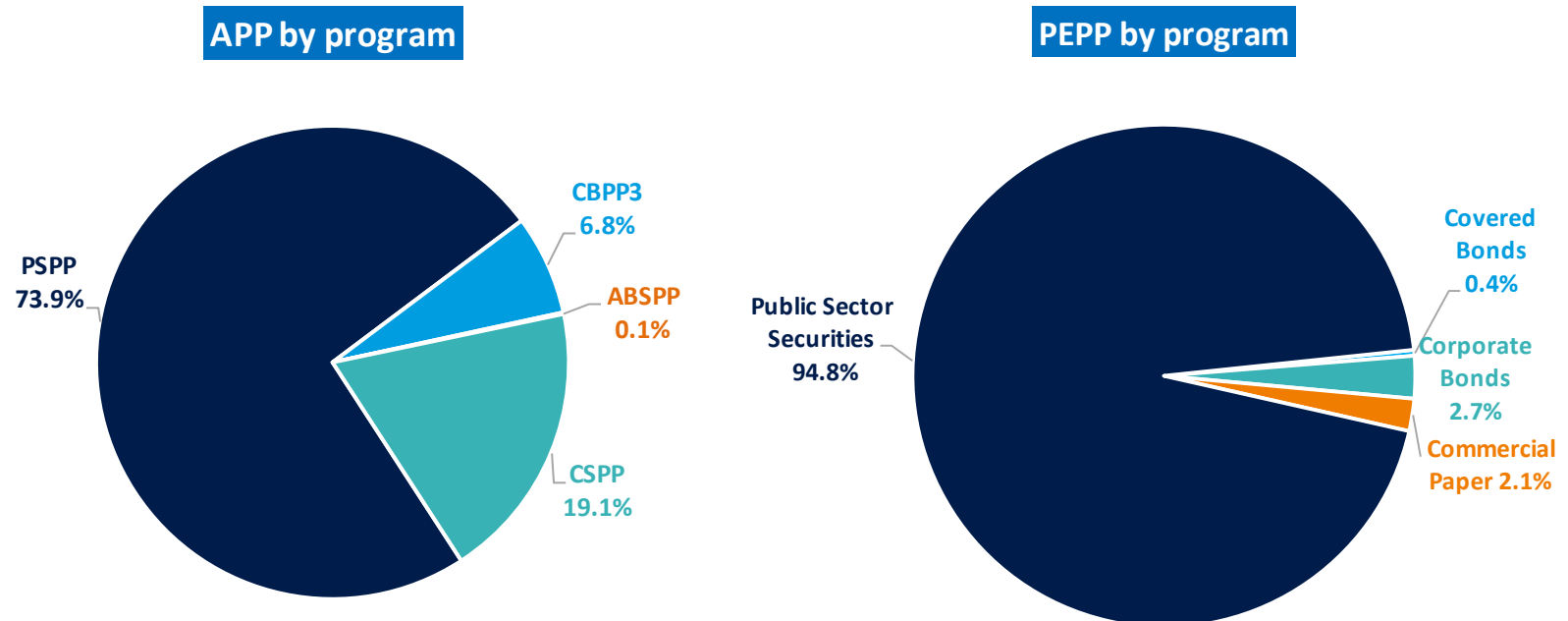
■ PEPP Corporate Bond
 ■ PEPP Other*
 ■ CSPP
 ■ CBPP3
 ■ ABSPP

Eurosystem's purchases since Jan. 2020

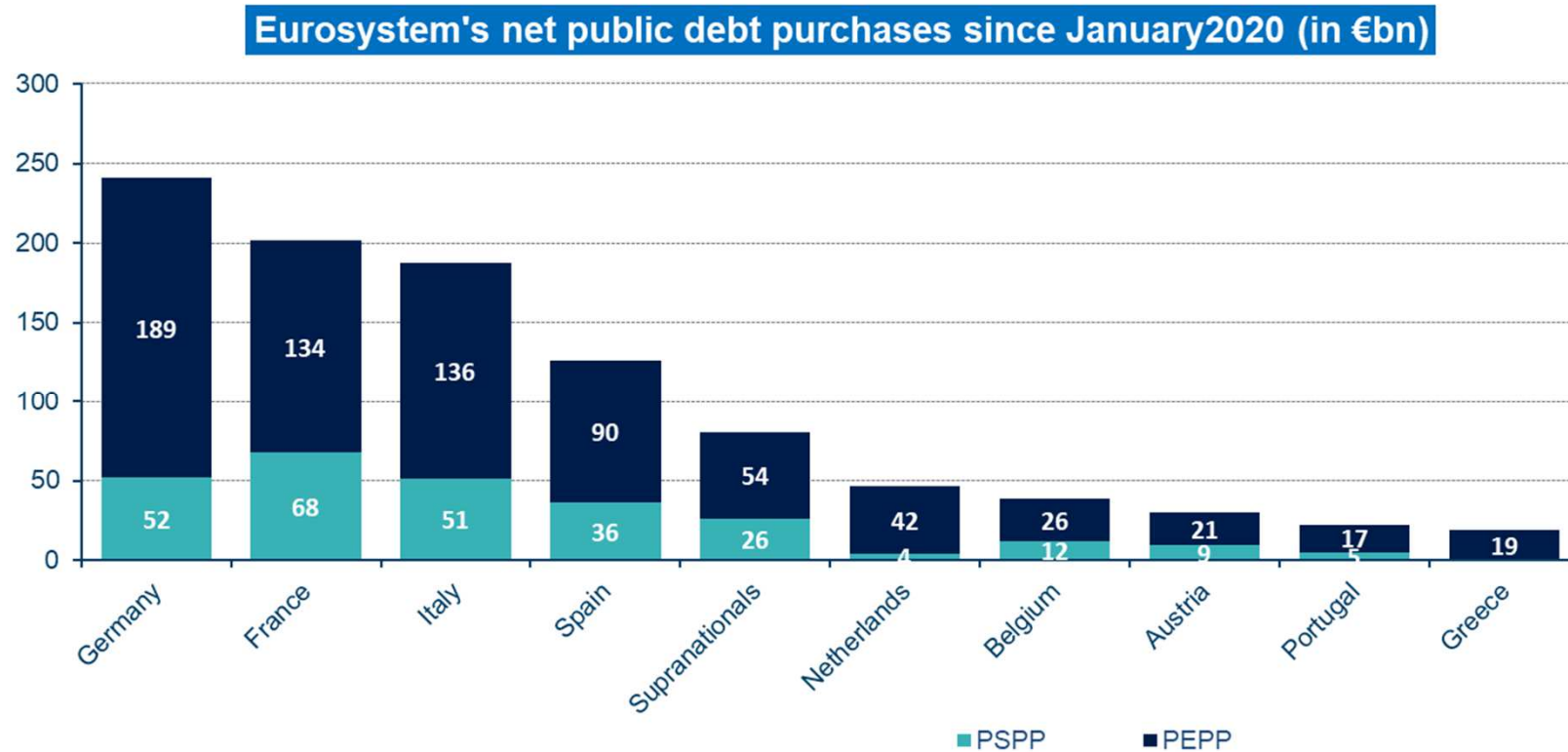


Source: Datastream, Amundi Research, as of 01/31/2021

APP and PEPP: breakdown by program in %

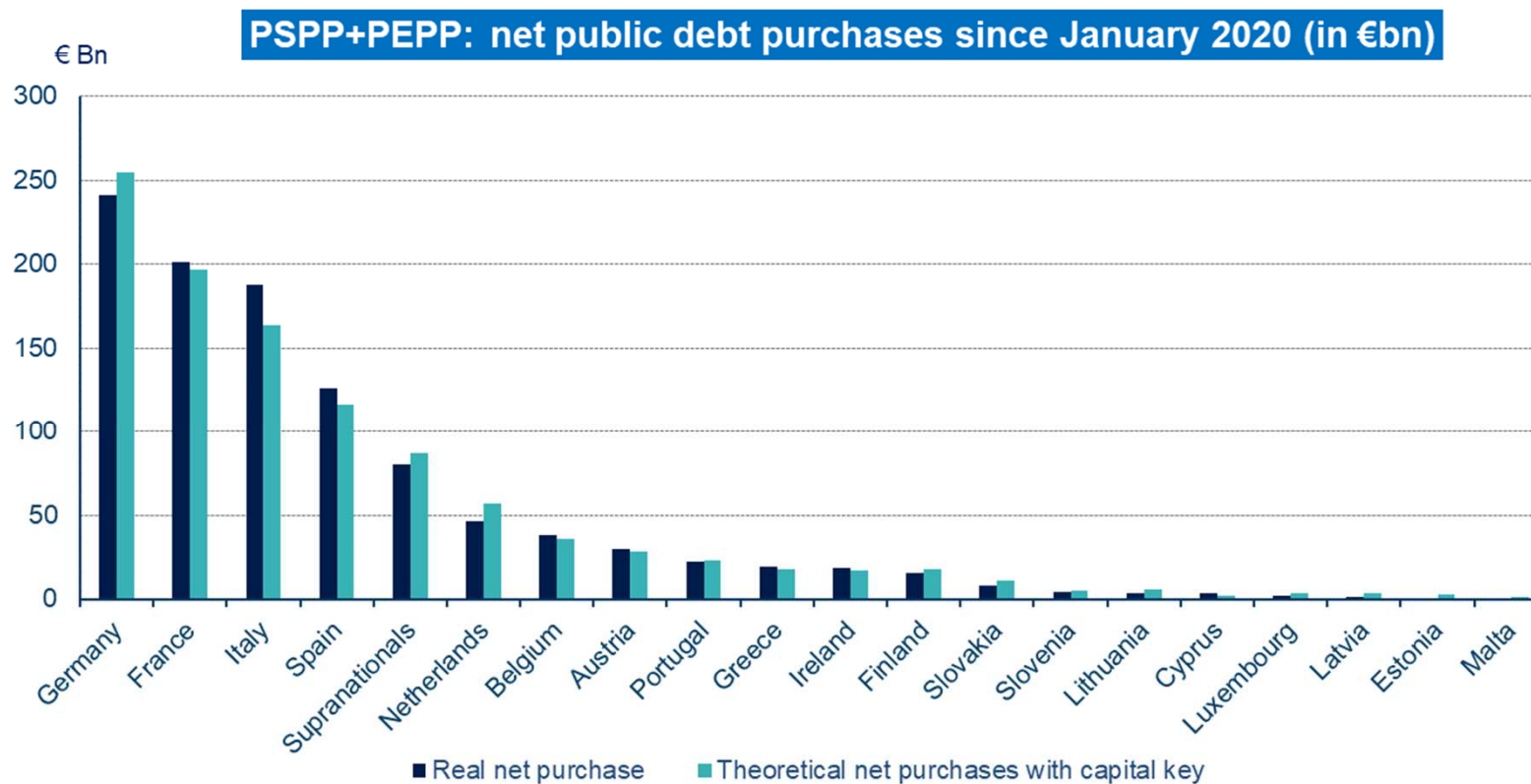


Eurosystem's purchases since January 2020: public debt



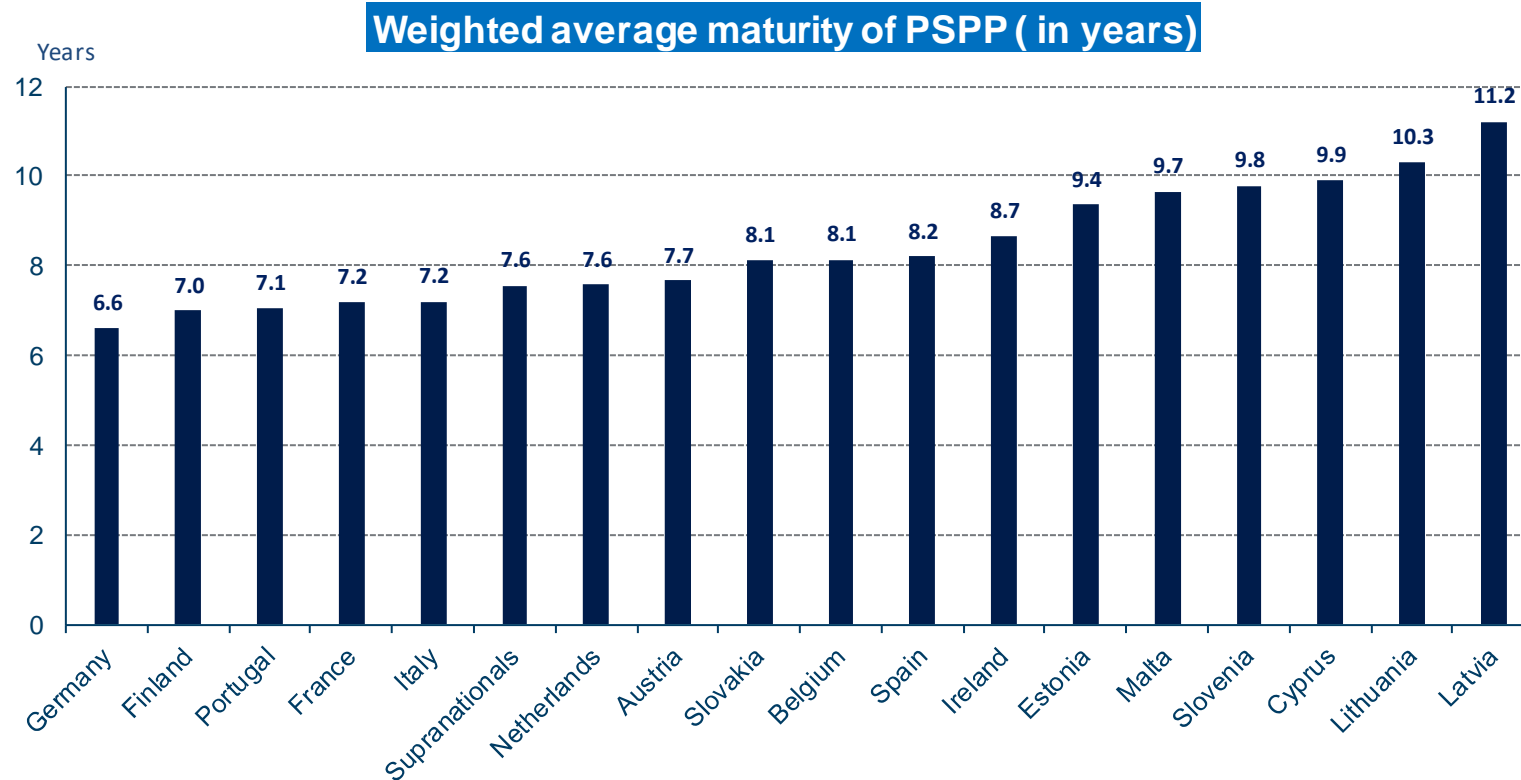
Source: Datastream, Amundi Research, Data as of 01/31/2021

PEPP+PSPP: Net purchases (Real Vs. Capital Key)



Source: Datastream, Amundi Research, Data as of 01/31/2021

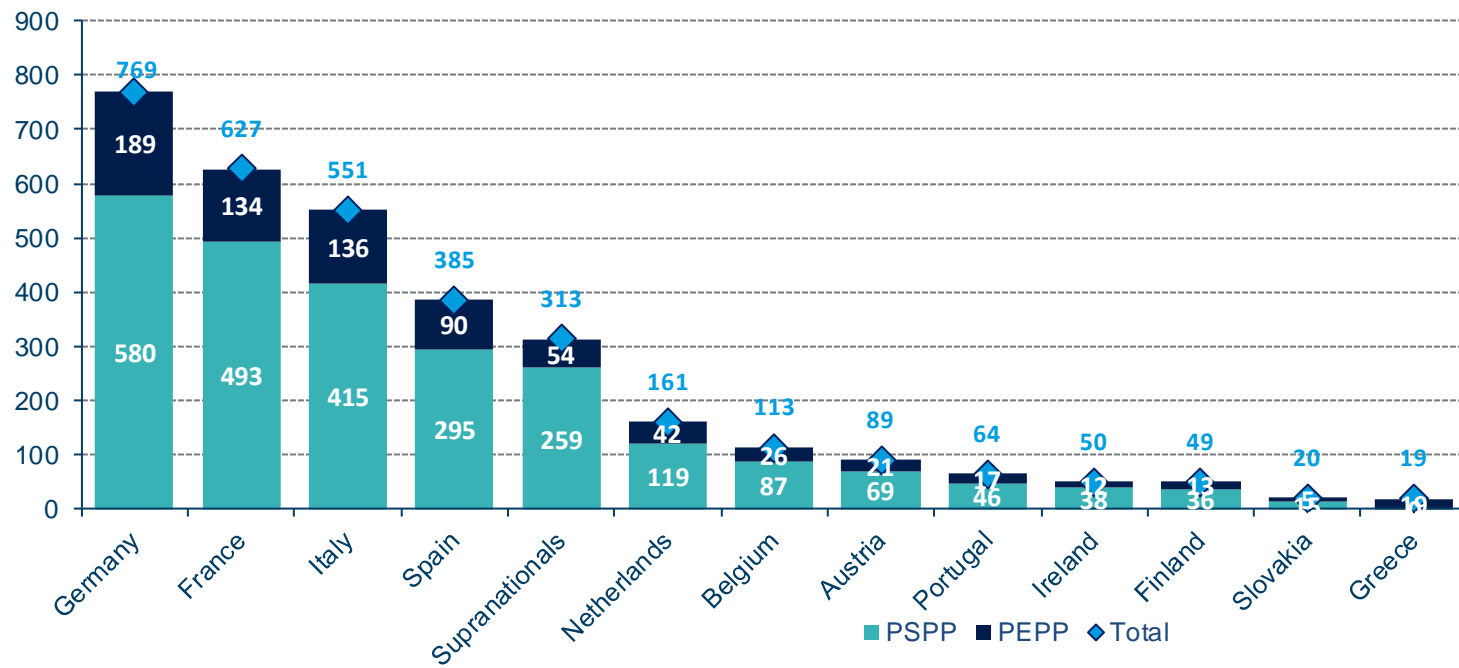
Weighted average maturity of PSPP bonds (as at January 2021)



Source: Datastream, Amundi Research, Data as of 01/31/2021

Eurosystem's holding: public debt

Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 01/31/2021

ECB holdings as a % of eligible assets

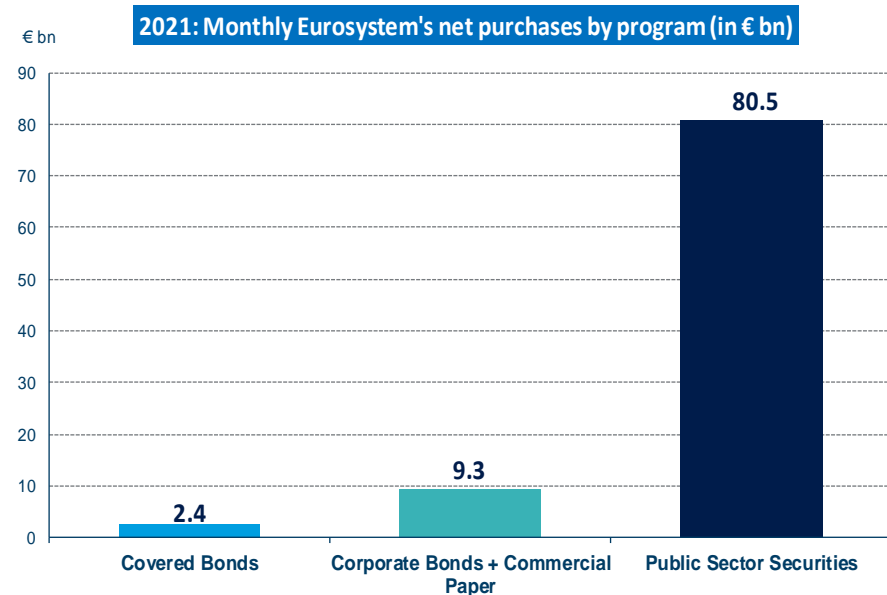
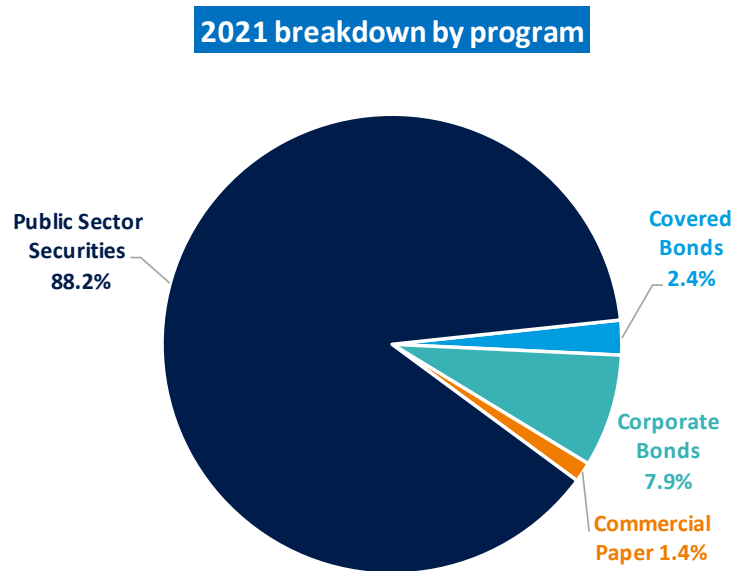
	Eligible Central Government Debt	Eligible Agencies	Total Eligible	Total public debt ECB holdings	ECB holdings as a % of eligible assets
Germany	1411	326	1737	769	44%
France	1982	251	2233	627	28%
Italy	2097	17	2114	551	26%
Spain	1083	21	1105	385	35%
Netherlands	332	89	421	161	38%
Belgium	426	2	428	113	26%
Austria	242	25	267	89	33%
Ireland	159	0	159	50	32%
Portugal	178	2	180	64	35%
Finland	111	18	129	49	38%
Slovakia	50	0	50	20	40%
Slovenia	36	1	37	13	34%
Cyprus	16	0	16	5	32%
Lithuania	18	0	18	7	39%
Luxembourg	13	0	13	4	35%
Latvia	10	0	10	3	33%
Malta	6	0	6	1	24%
TOTAL	8151	738	8888	2912	33%

Source: Datastream, Amundi Research, Data: 01/31/2021

What's next?

ECB Firepower by program for 2021

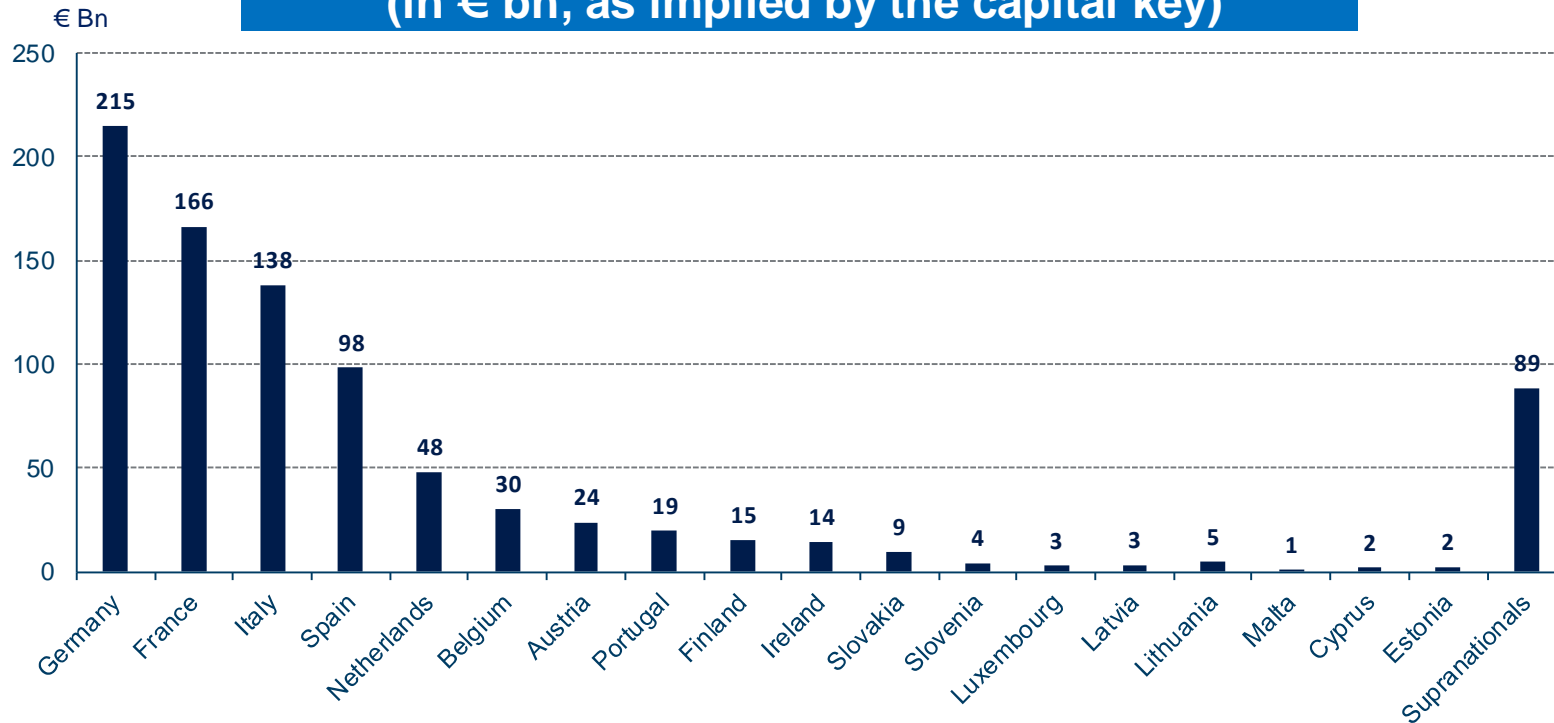
- Pandemic bond-buying program will be increased by €500bn euros to a total of €1,850 billion. This program is extended by nine months to at least the end of March 2022. The ECB's firepower for the next fifteen months is around \$ 90 billion per month.



Source: Datastream, Amundi Research,

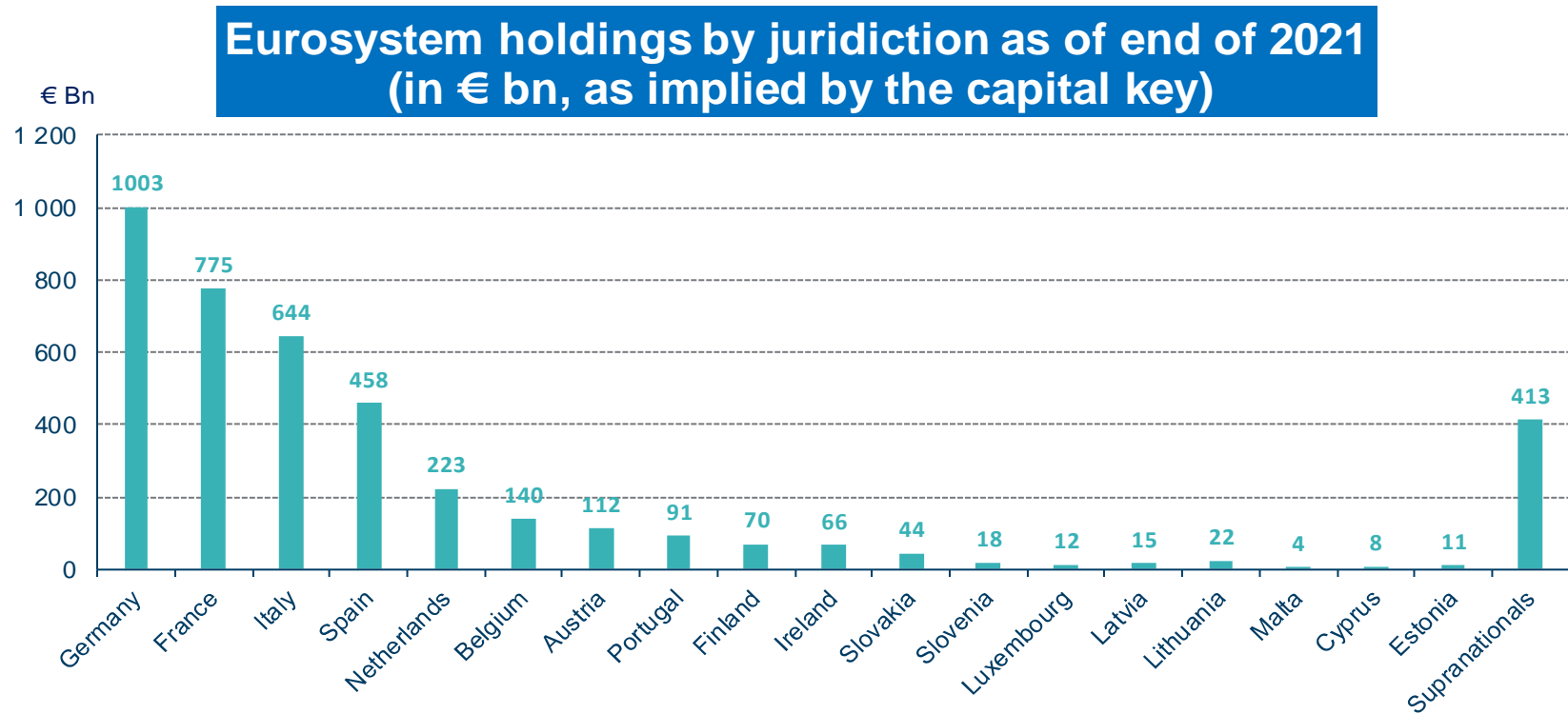
ECB Firepower by jurisdiction for 2021

Net purchases of public debt as of end of 2021, by countries
(in € bn, as implied by the capital key)



Source: Datastream, Amundi Research, Data as of 01/31/2021

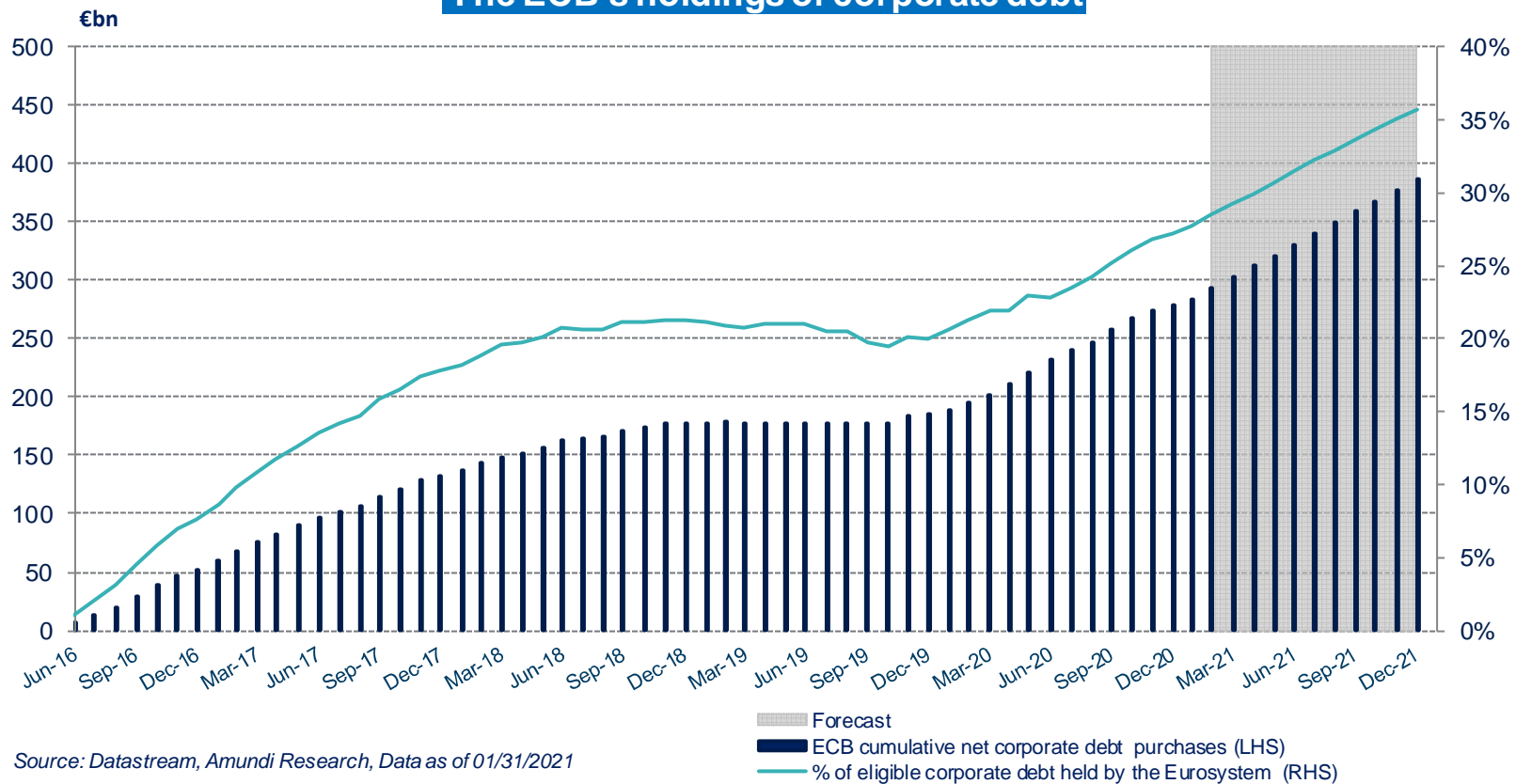
ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 01/31/2021

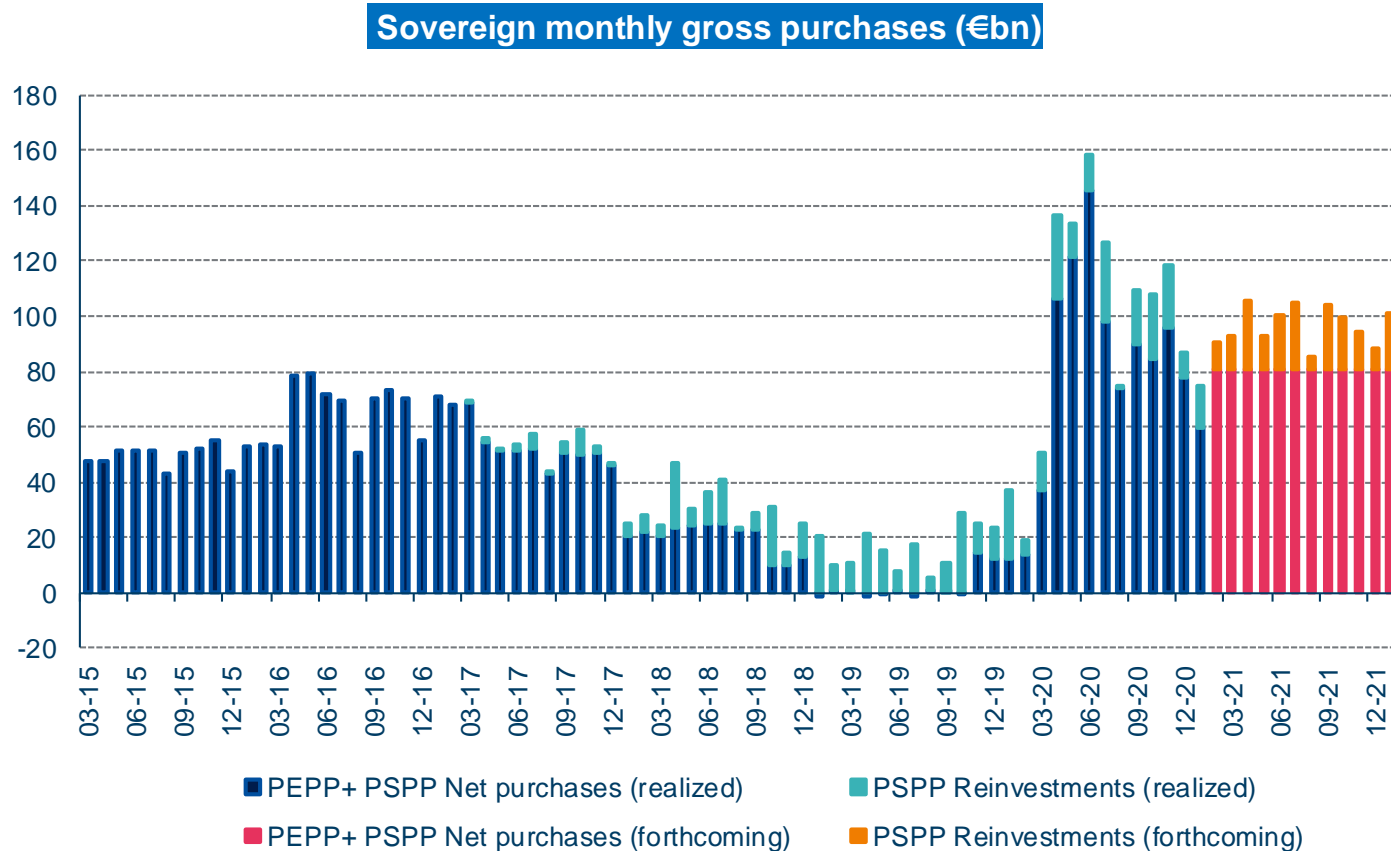
The ECB's holdings of QE eligible corporate debt will likely reach 35-40% by end of 2021

The ECB's holdings of corporate debt



Sovereign monthly gross purchases

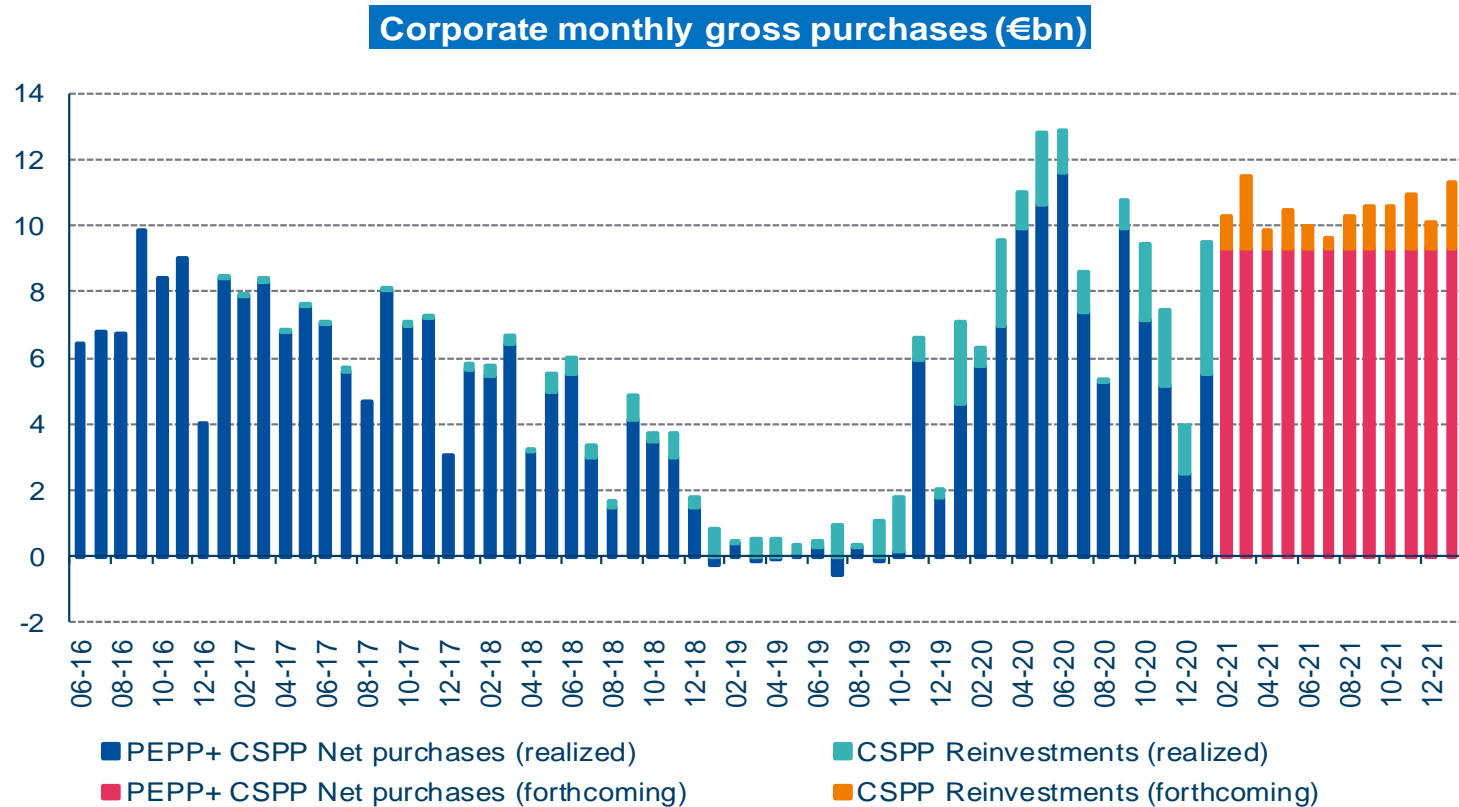
- PSPP reinvestment will average €16.3bn/month over the next 12 months, up from €16bn in the past 12 months.



Source: ECB, Amundi Research, Data as of: 01/31/2021

Corporate monthly gross purchases

- CSPP reinvestment will average €1.2bn/month over the next 12 months

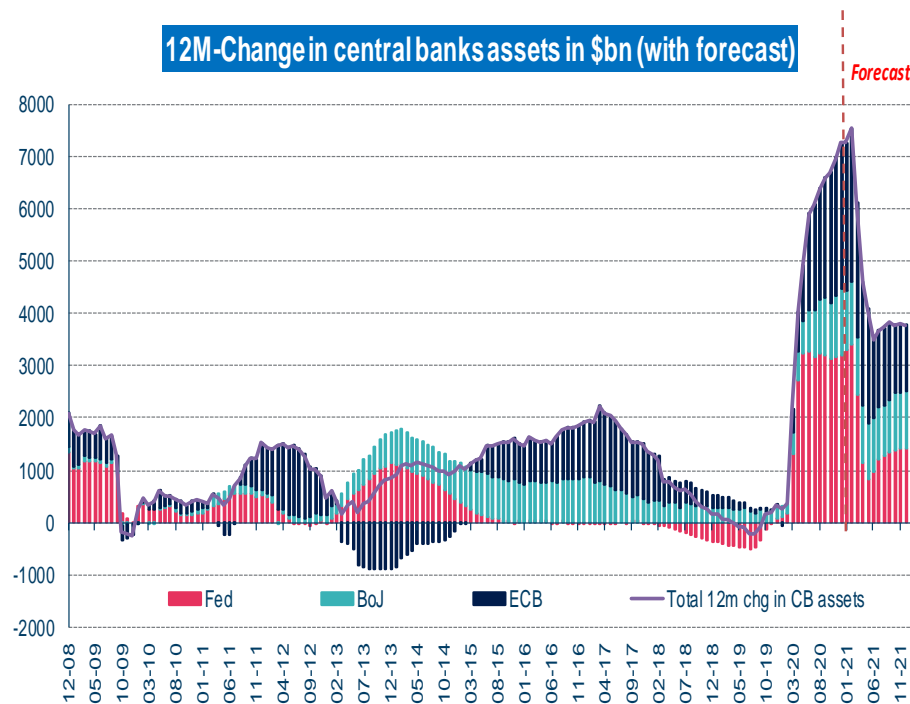


Source: ECB, Amundi Research, Data as of: 01/31/2021

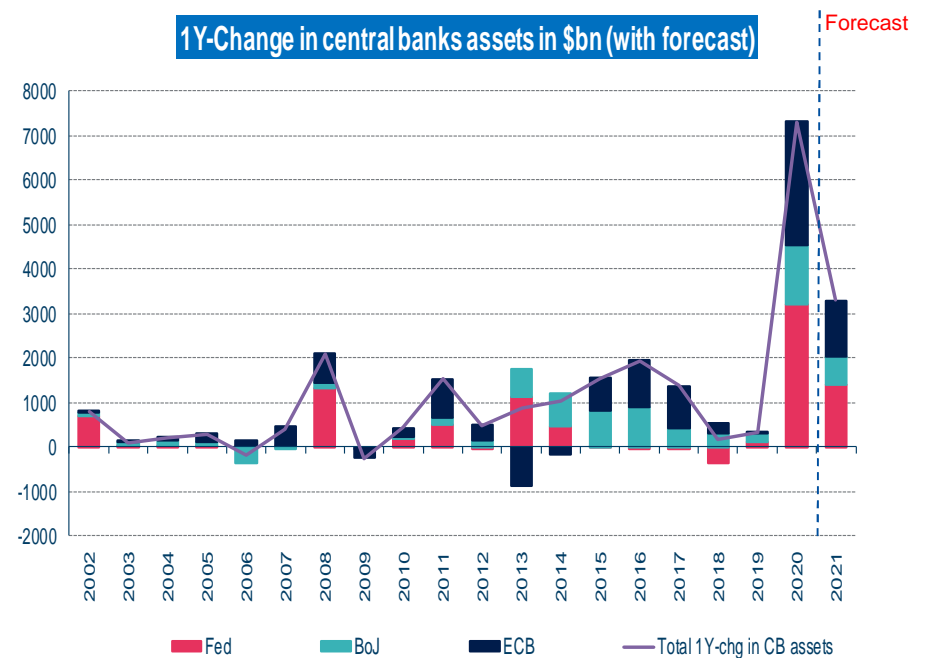
Annex

Central Banks: always present to support

- The ECB recalibrated its instruments on Thursday 10 December. It extend the PEPP and the TLTROs' favourable period until March 2022, and to expand the PEPP envelope by EUR500bn.
- The Fed announced an inflection of its long-term objectives by making the 2% inflation threshold not a high limit, but an average objective over time, i.e. it will not harden not its monetary policy in the event of one-off inflation above 2%, for the benefit of greater flexibility in terms of employment support.

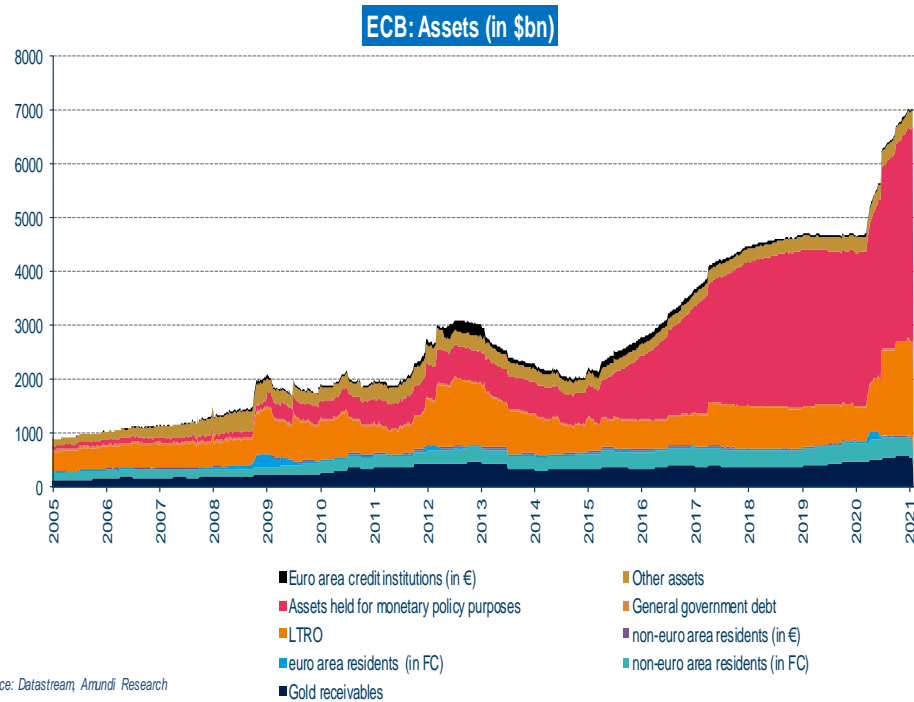


Source: Datastream, Amundi Research, as of 01/31/2021



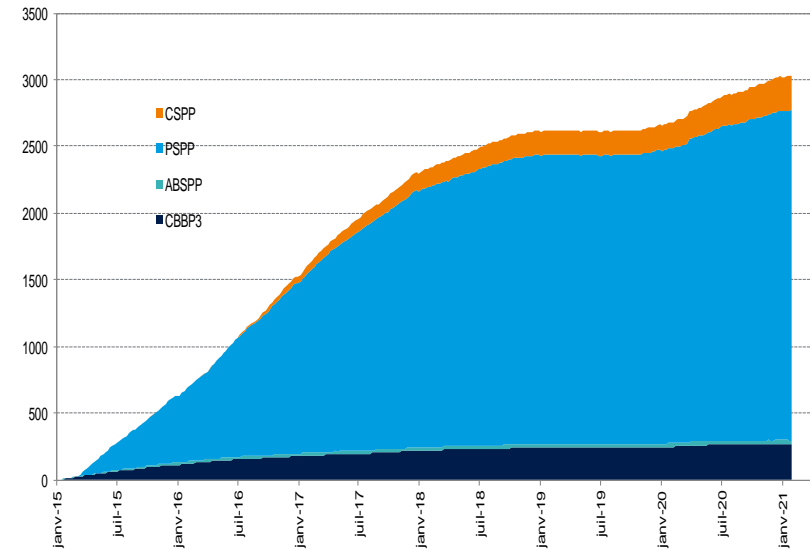
Source: Datastream, Amundi Research, as of 01/29/2021

ECB Balance Sheet (1/2)



Source: Datastream, Amundi Research

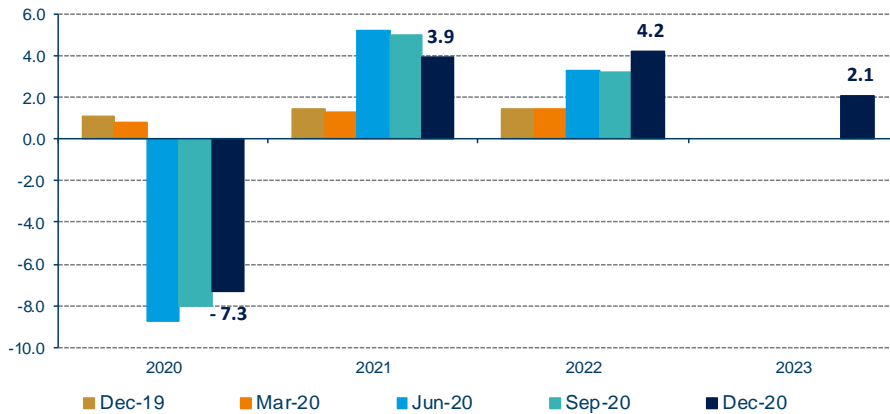
Amounts purchased by the Eurosystem under the expanded asset purchase programme (€ bn)



Source: Datastream, Amundi Research

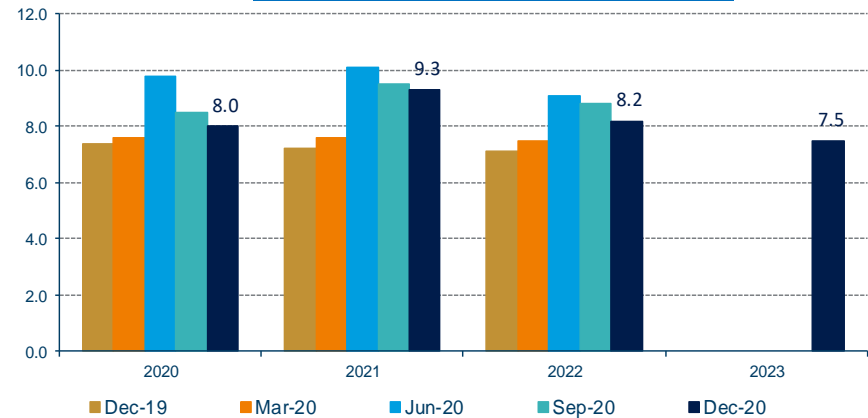
ECB Projections

ECB forecast: real GDP (yoy%)



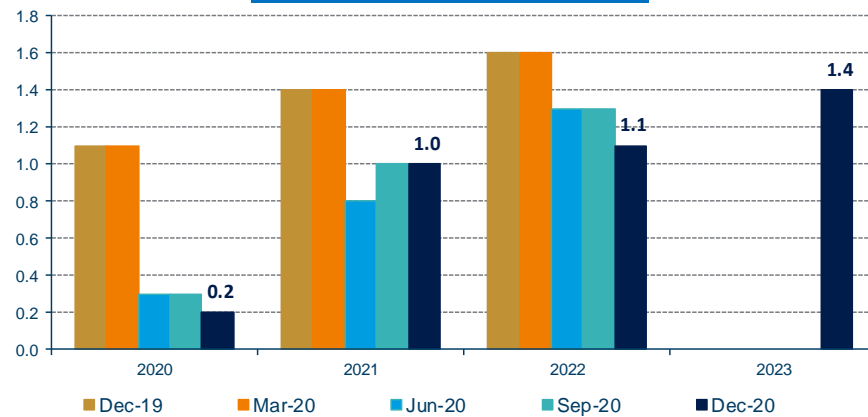
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Unemployment (yoy%)



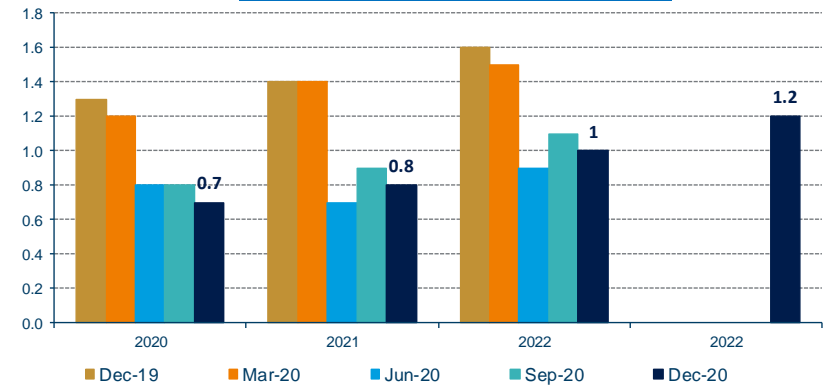
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 12/10/2020

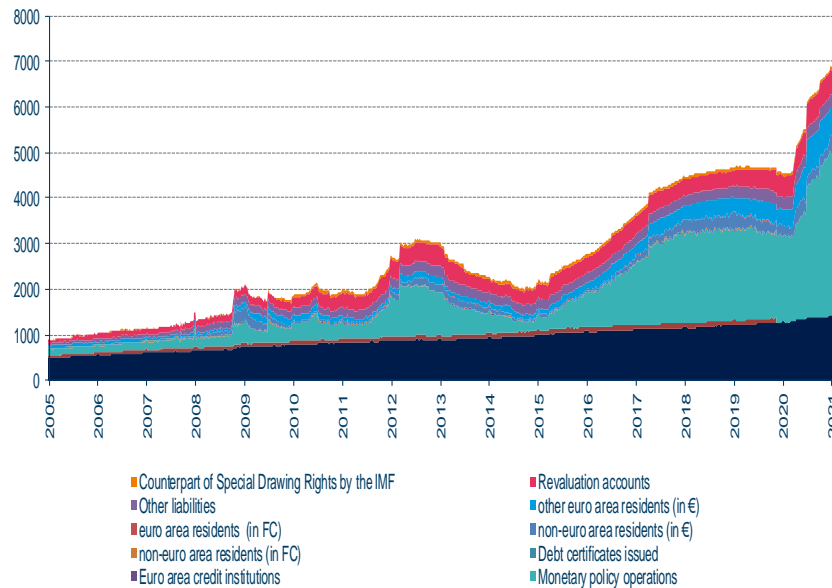
ECB forecast: Core Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 12/10/2020

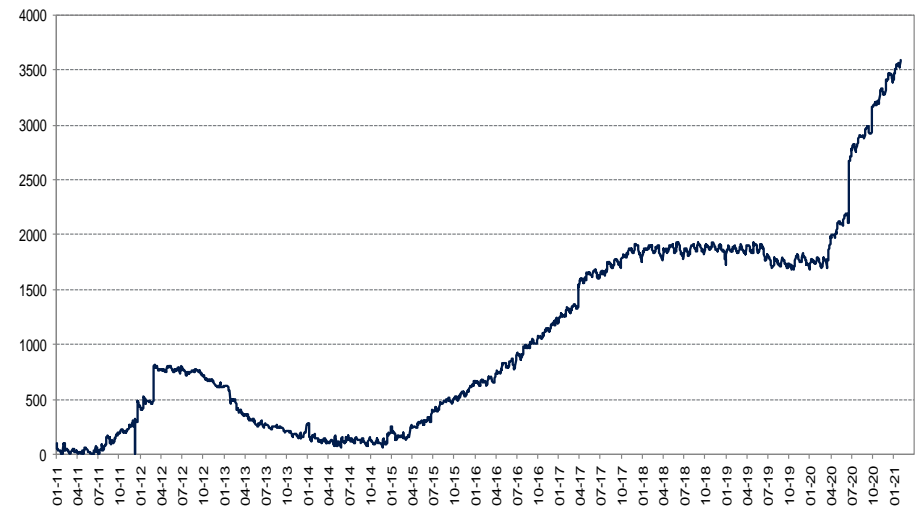
ECB Balance Sheet (2/2)

ECB: Liabilities (in \$bn)



Source: Datastream, Amundi Research

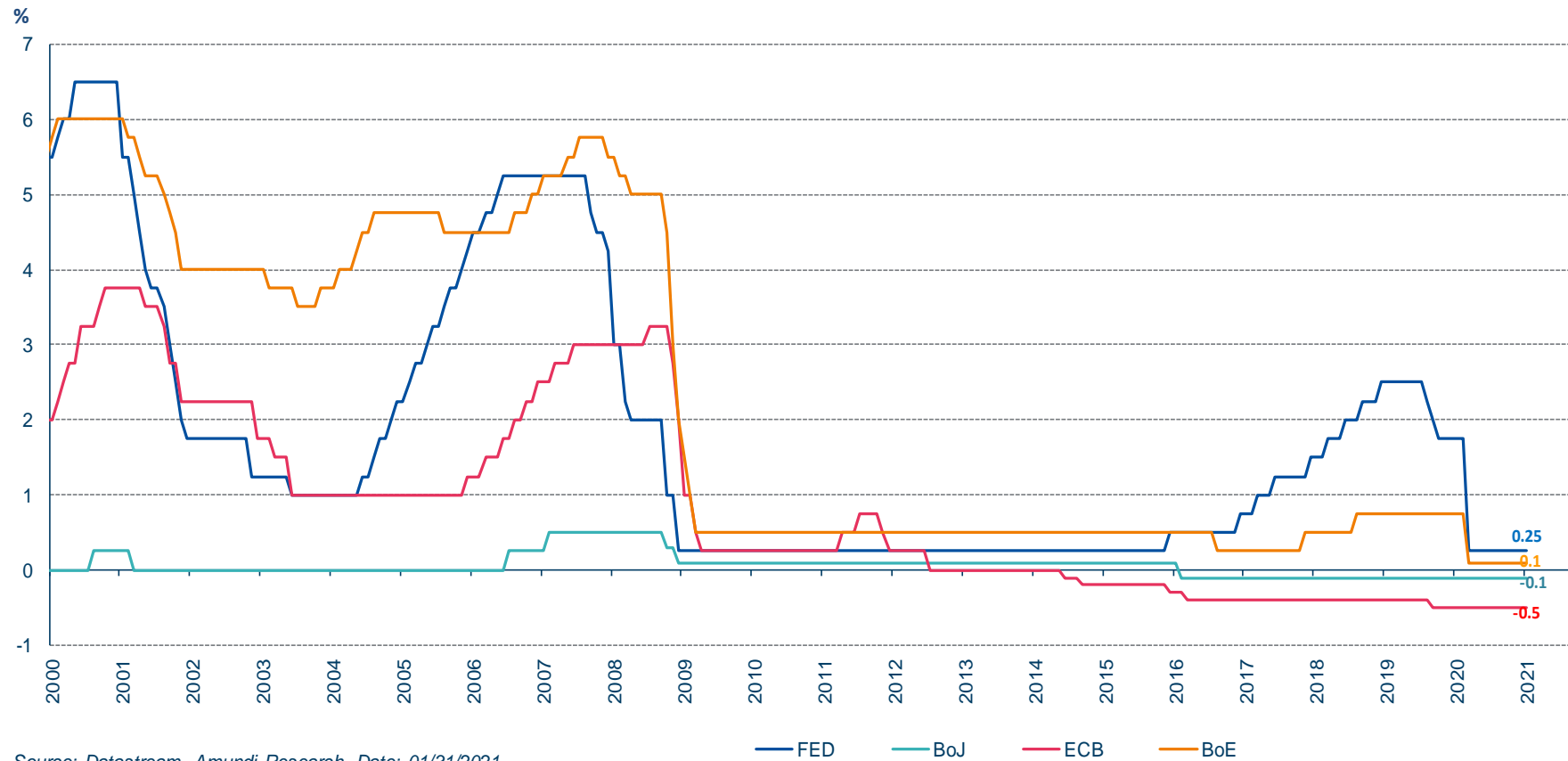
Eurosystem : excess reserves (€bn)



Source: Datastream, Amundi Research, 02/01/2021

Central Banks: interest rates near zero

- The Fed kept its interest rates unchanged.
- The ECB kept its interest rates unchanged.
- No movement on BoJ interest rates since 2016.



Source: Datastream, Amundi Research, Date: 01/31/2021

Appendix

- **Lexicon:**

- **PSPP** : Public Sector Purchase Programme;
- **APP** : Asset Purchase Programme;
- **CSPP** : Corporate Sector Purchase Programme;
- **CBPP** : Covered Bond Purchase Programme;
- **SMP** : Security Market Programme;
- **ABSPP** : Asset Back-Backed Securities Purchase Programme.
- **PEPP** : Pandemic Emergency Purchase Programme



DISCLAIMER

Amundi Asset Management

Portfolio management company approved by the French Financial Markets Authority (Autorité des Marchés Financiers) under no.GP 04000036

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