

October 2021

## ECB QE Monitor

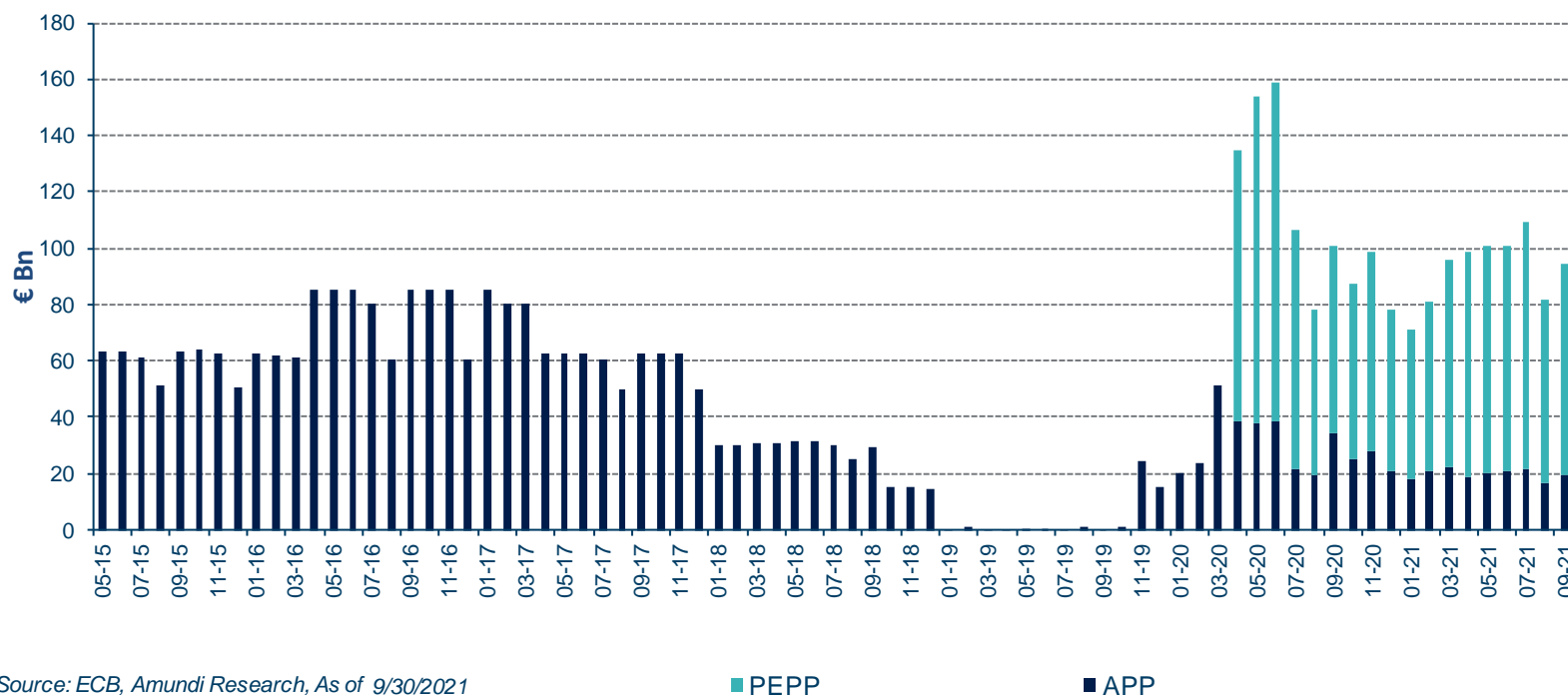
Mickael Bellaïche,  
*Fixed Income and Credit Research Strategist*

Confidence  
must be earned  
**Amundi**  
ASSET MANAGEMENT

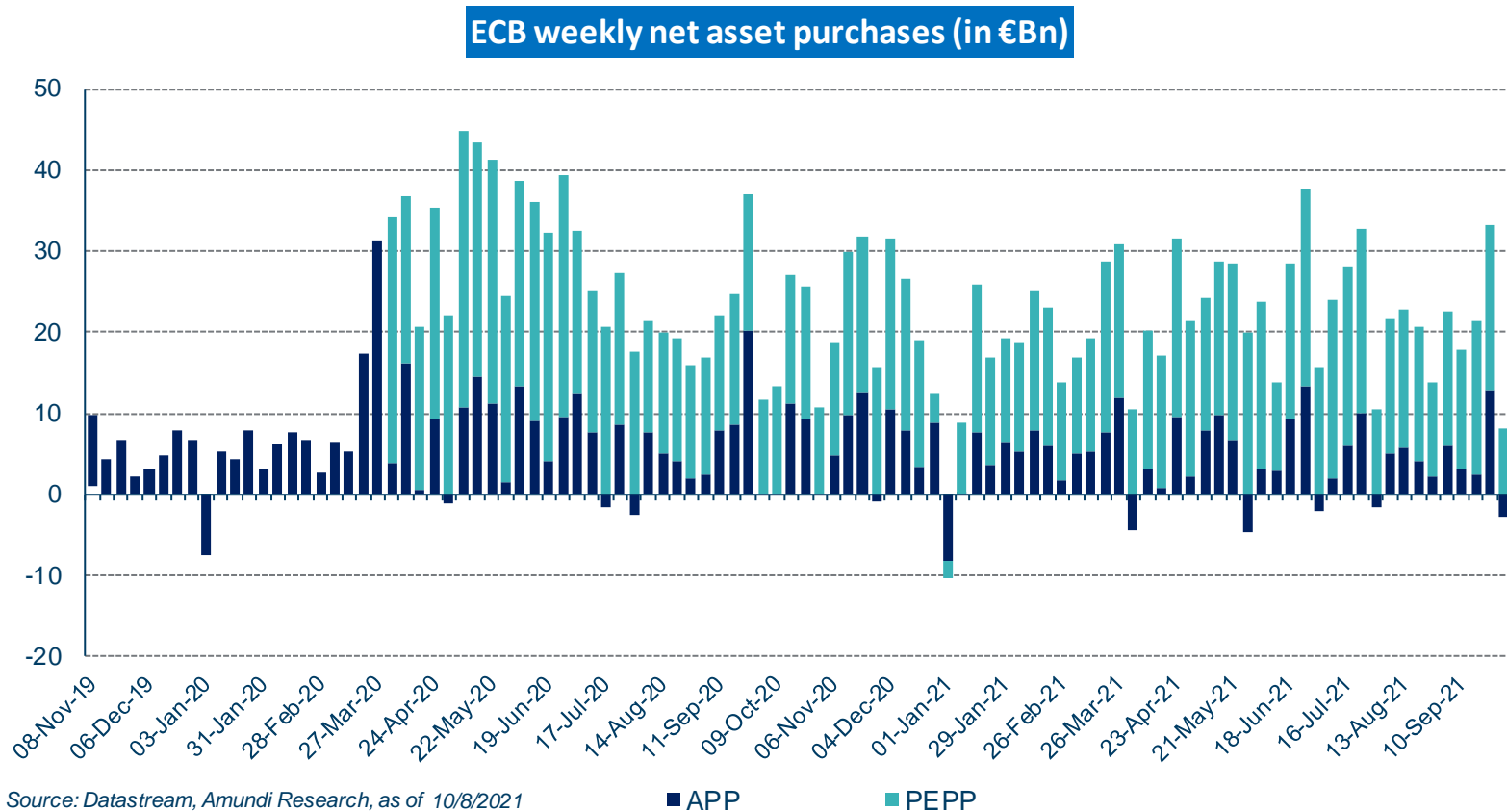
# APP and PEPP: breakdown by programme in € bn

- In September 2021, ECB net asset purchases reached €19.7bn under APP and €75bn under PEPP.
- In September APP by programme: PSPP (€12.4bn; 63.1% of total), CSPP (€5.6bn; 28.4%), CBPP3 (€2.18bn; 11.1%) and ABSPP (€-0.5bn; -2.6%).

ECB monthly net asset purchases (in €bn)

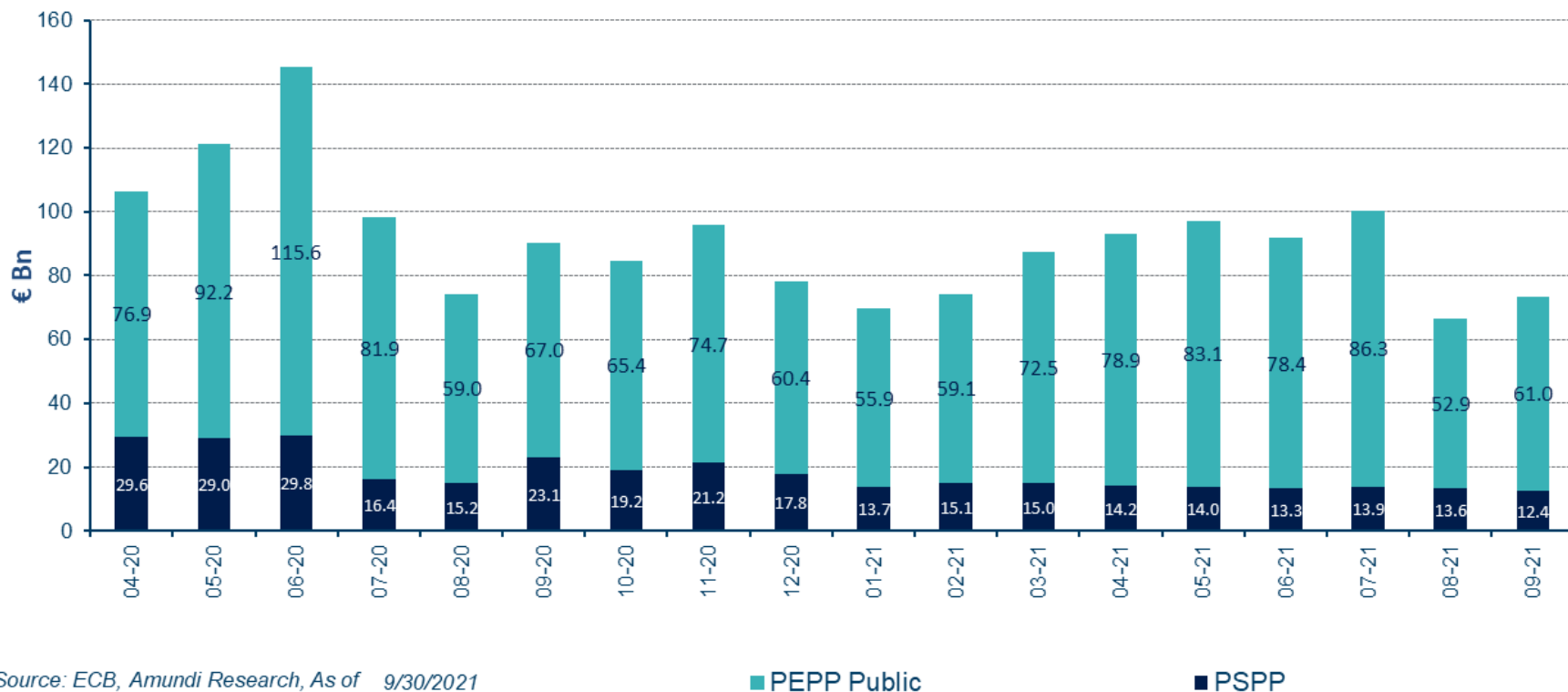


# ECB PEPP related purchases were equal to €75bn during September vs. €65bn in August 2021



# APP and PEPP: Sovereign monthly net purchases

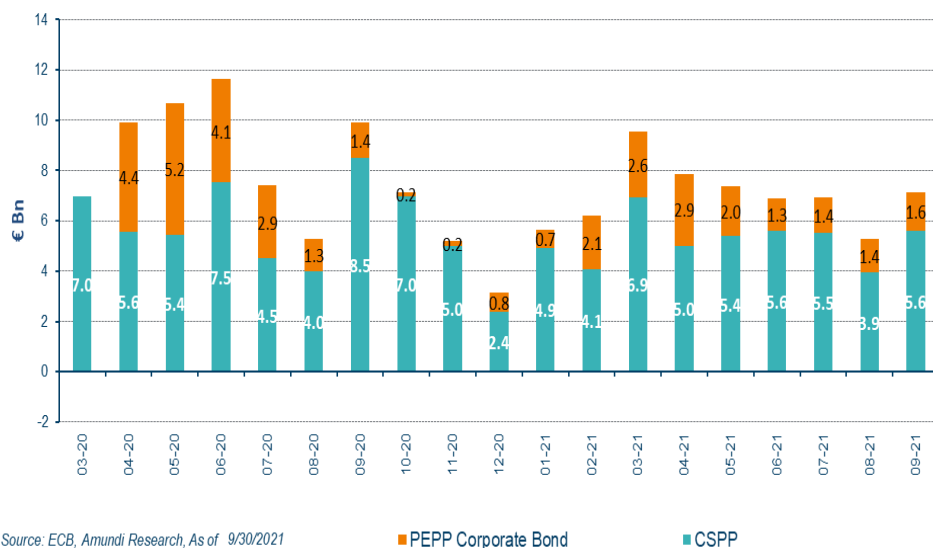
ECB monthly net asset purchases of public debt (in €bn)



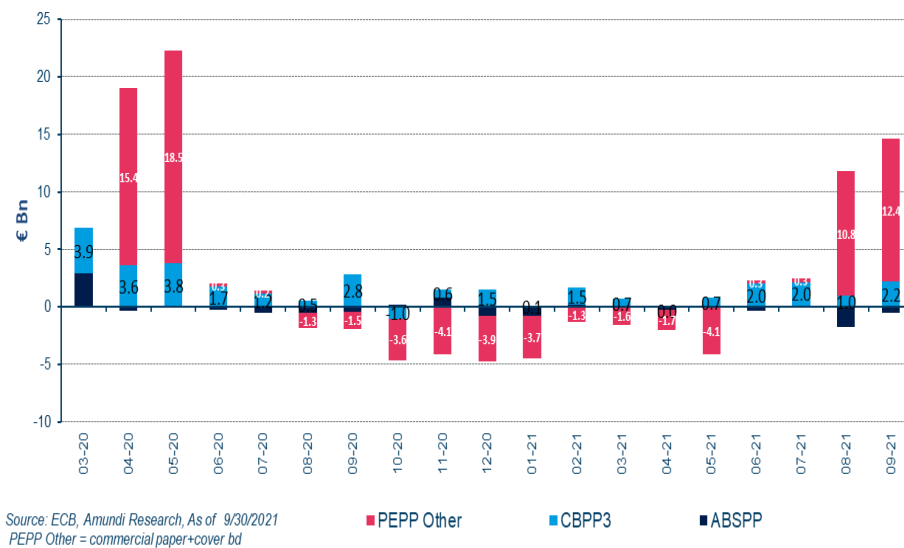
Source: ECB, Amundi Research, As of 9/30/2021

# APP and PEPP: Private debt monthly net purchases

ECB monthly net asset purchases of corporate debt (in €bn)

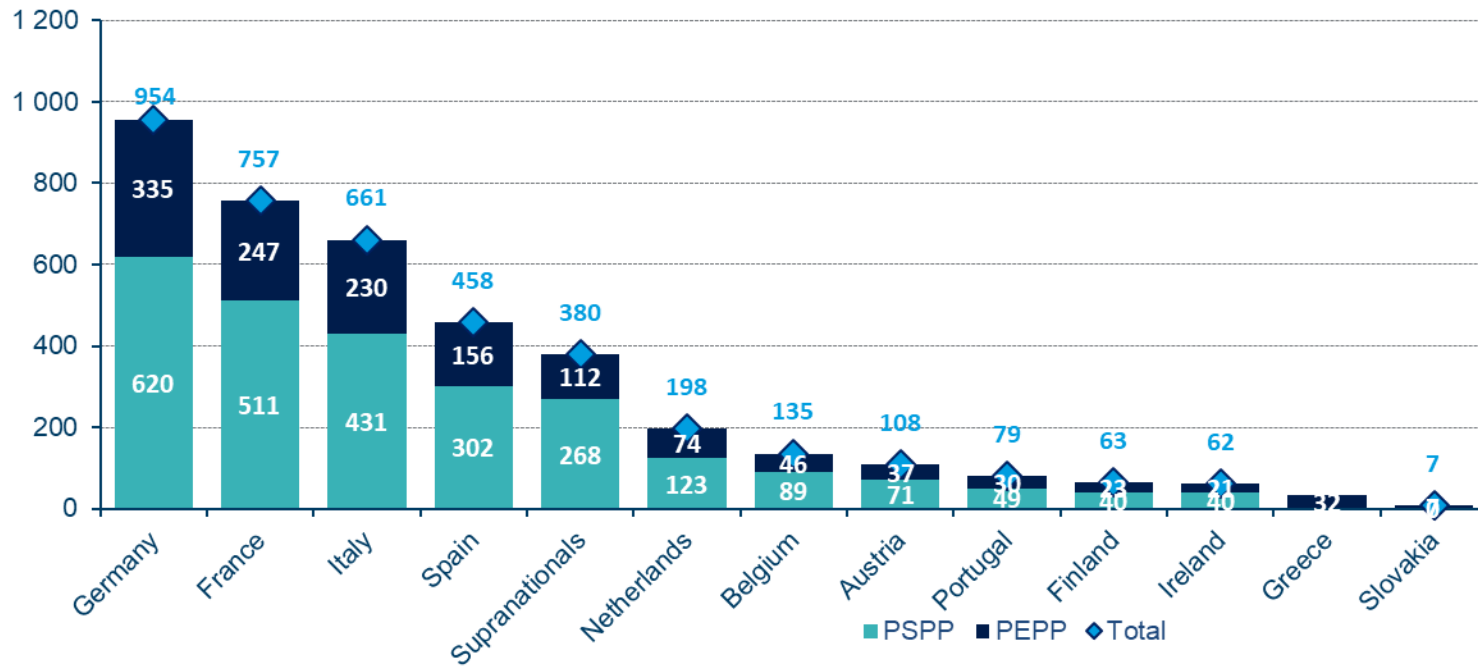


ECB monthly net asset purchases of other private debt (in €bn)



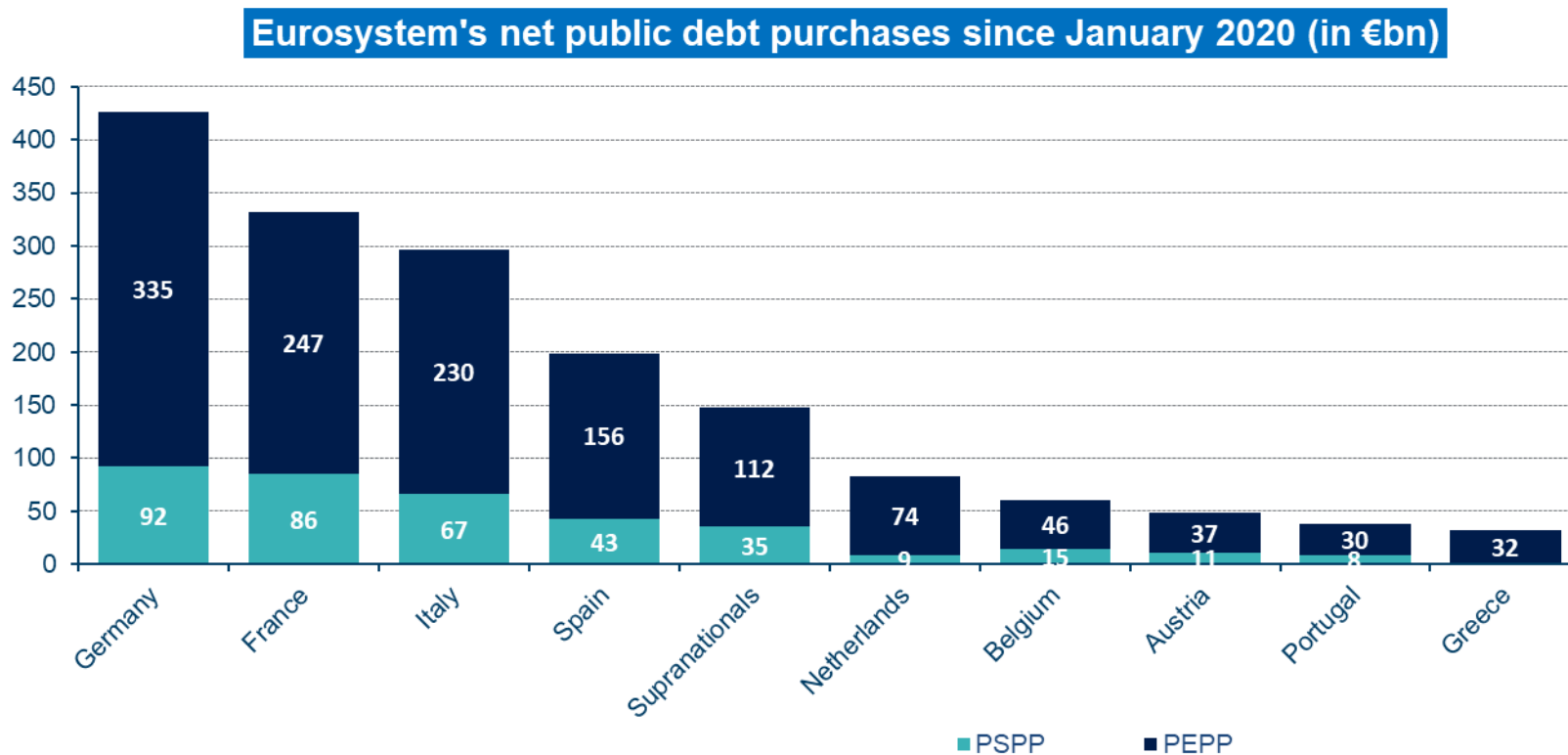
# Eurosystem's holding: public debt

Eurosystem holding by jurisdiction (in €bn)



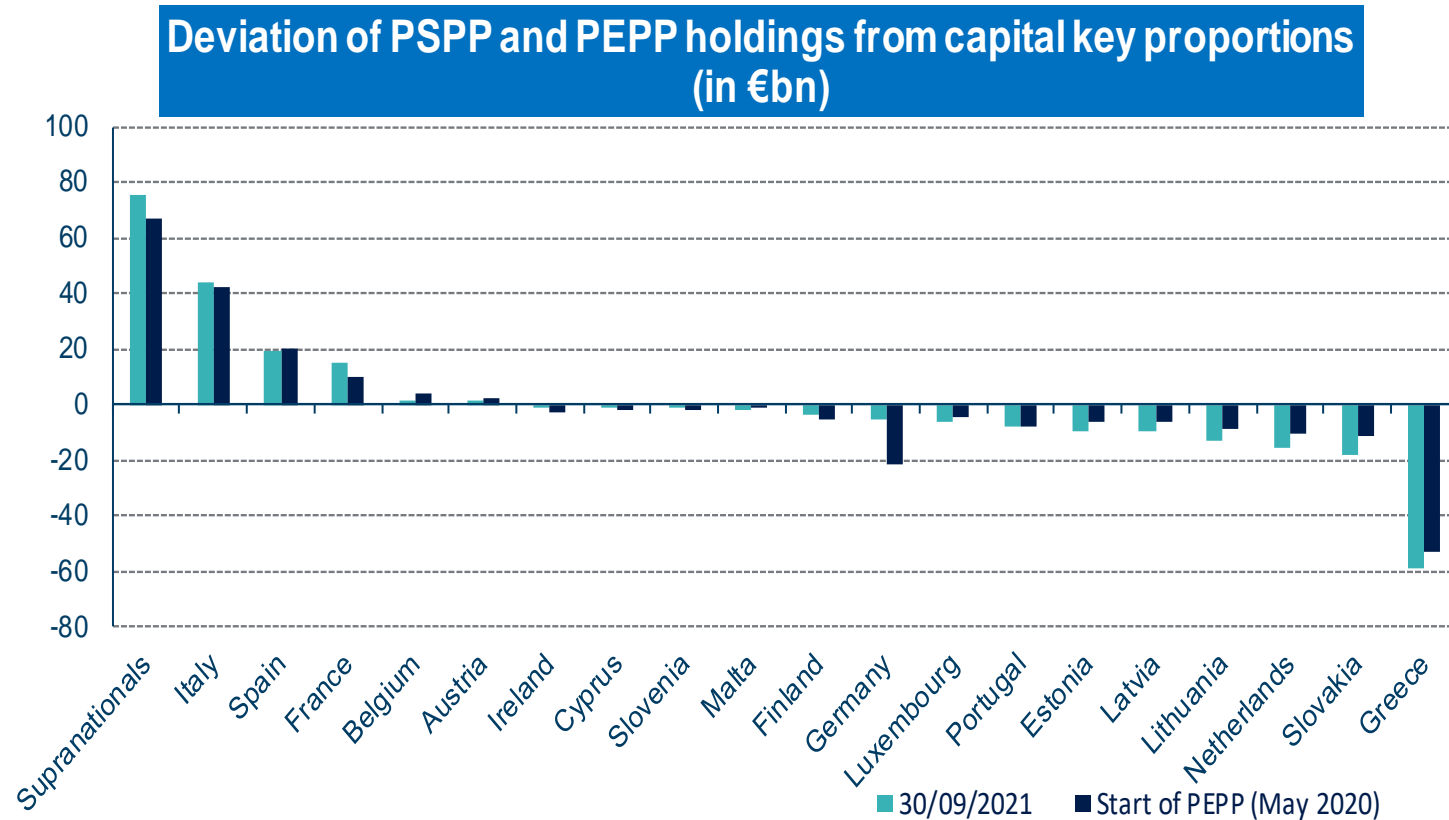
Source: Datastream, Amundi Research, Data as of 09/30/2021

# Eurosystem's purchases since January 2020: public debt



Source: Datastream, Amundi Research, Data as of 09/30/2021

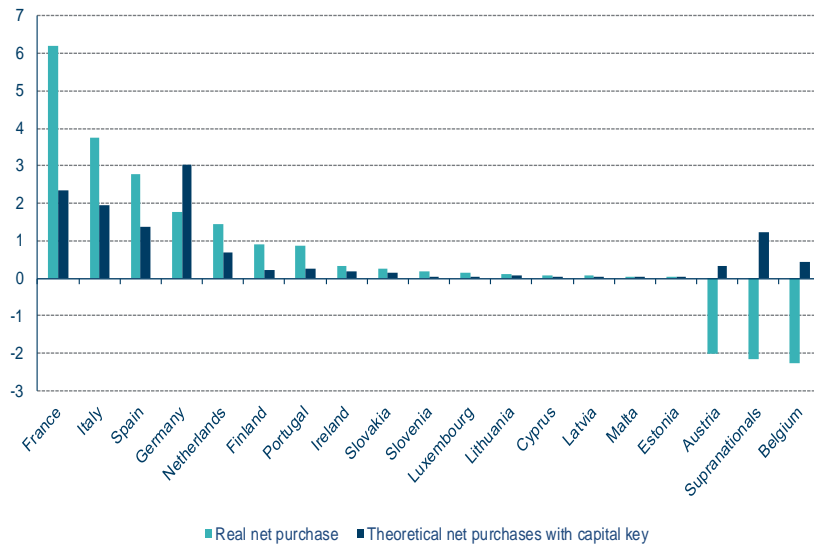
# PSPP and PEPP holdings: Deviation from capital key proportions





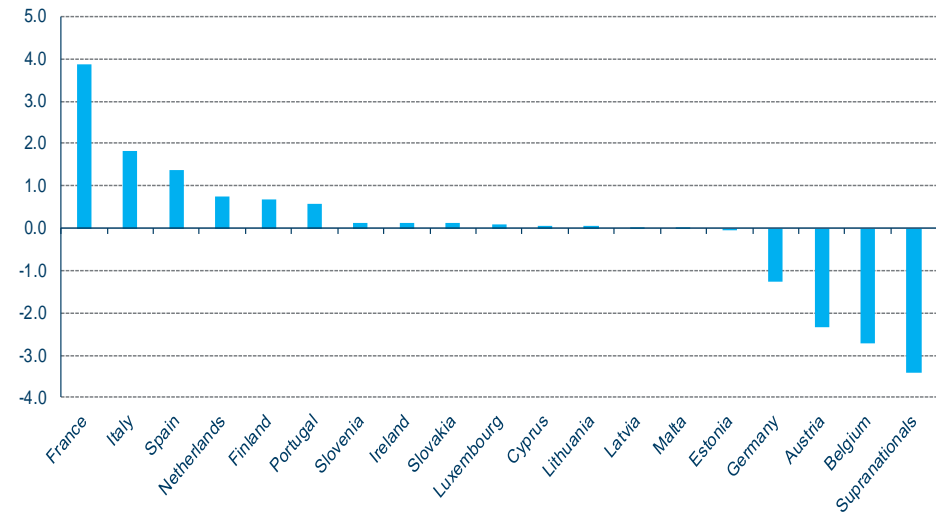
# Deviation of monthly PSPP purchases from capital key proportions

PSPP: net purchases in September 2021 (in €bn)



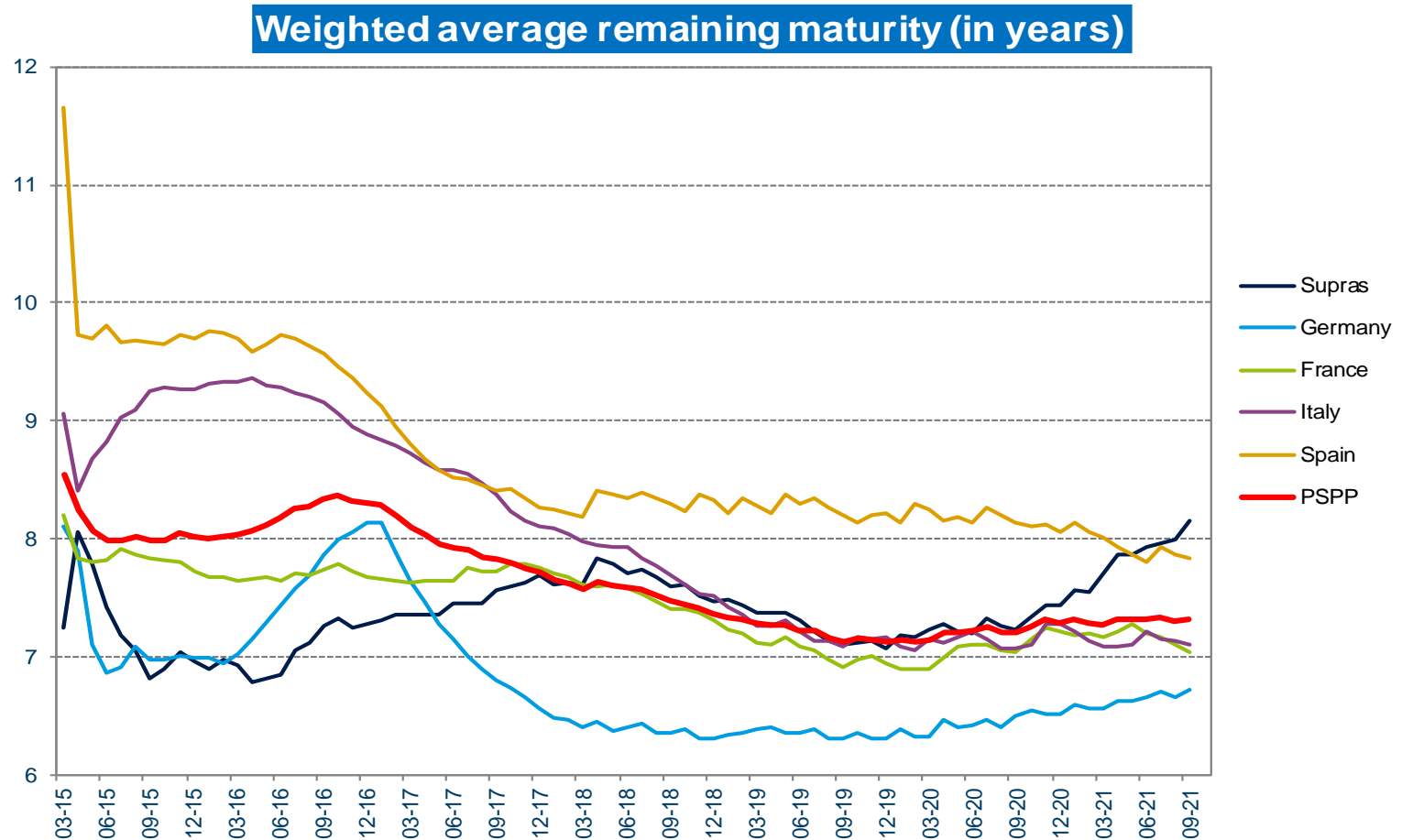
Source: Datastream, Amundi Research, Data as of 09/30/2021

PSPP: deviation from the capital key rule in August 2020 (in €bn)



Source: Datastream, Amundi Research, Data as of 09/30/2021

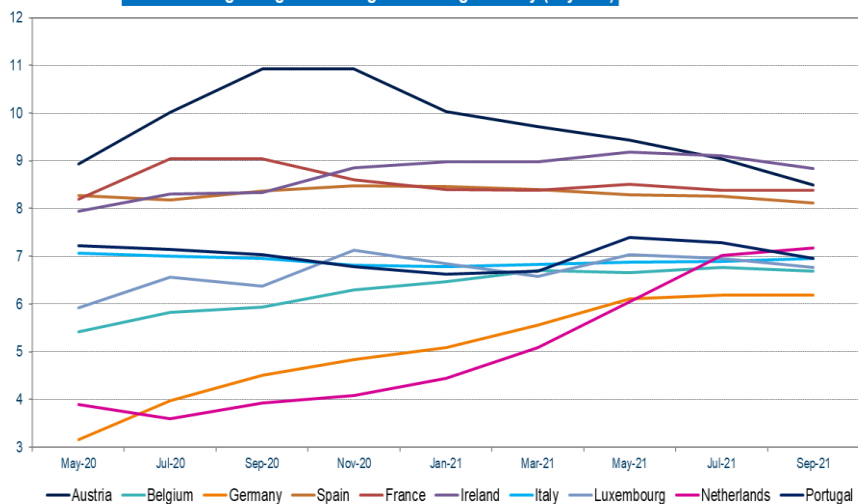
# Weighted average maturities by jurisdiction for the PSPP



Source: Datastream, Amundi Research, Data as of 09/30/2021

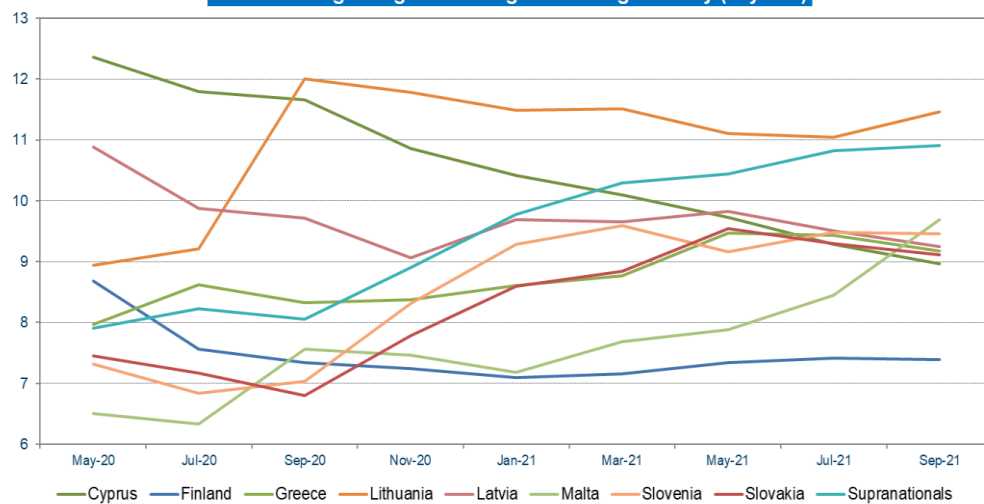
# PEPP Holdings weighted average remaining maturity

PEPP Holdings weighted average remaining maturity (in years)



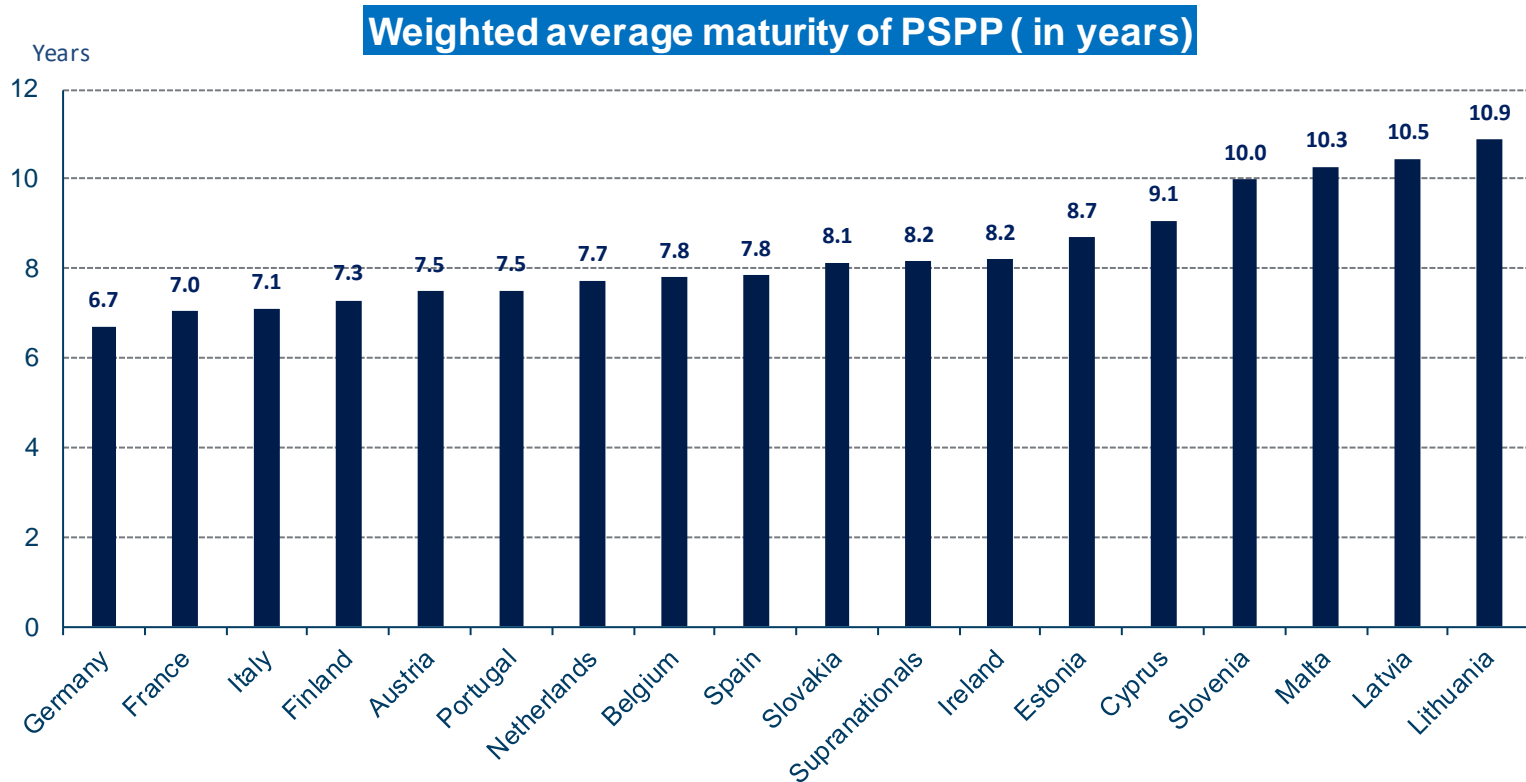
Source: Datastream, Amundi Research, Data as of 09/30/2021

PEPP Holdings weighted average remaining maturity (in years)



Source: Datastream, Amundi Research, Data as of 09/30/2021

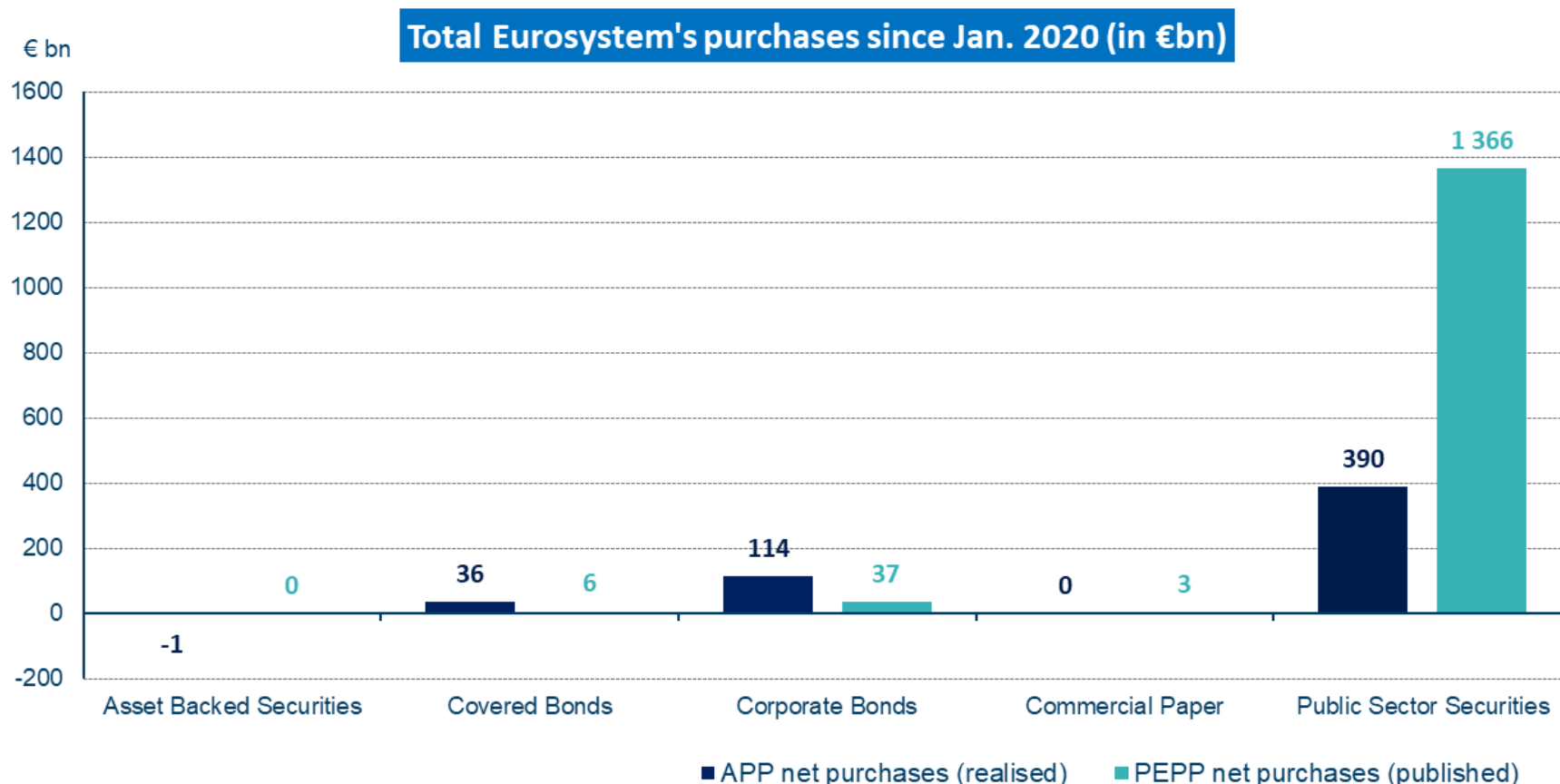
# Weighted average maturity of PSPP bonds (as at January 2021)



Source: Datastream, Amundi Research, Data as of 09/30/2021

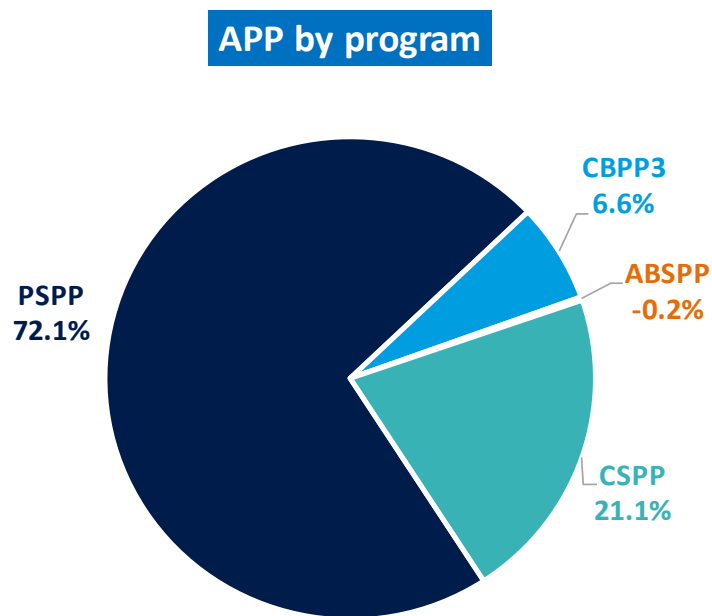
# What's next for end of 2021?

**Of its PEPP envelope of €1.85trillion, the ECB has spent €1 412bn.**

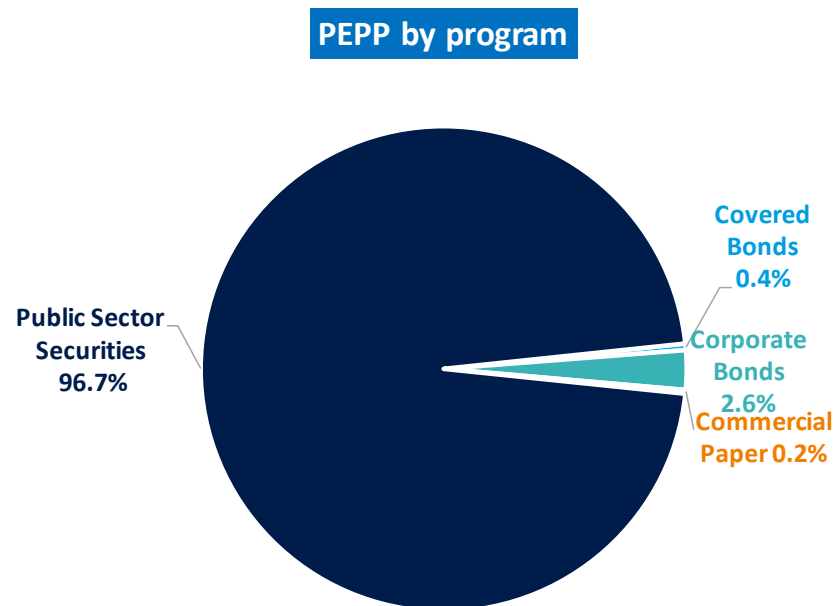


Source: Datastream, Amundi Research, as of 09/30/2021

# APP and PEPP: breakdown by program in %



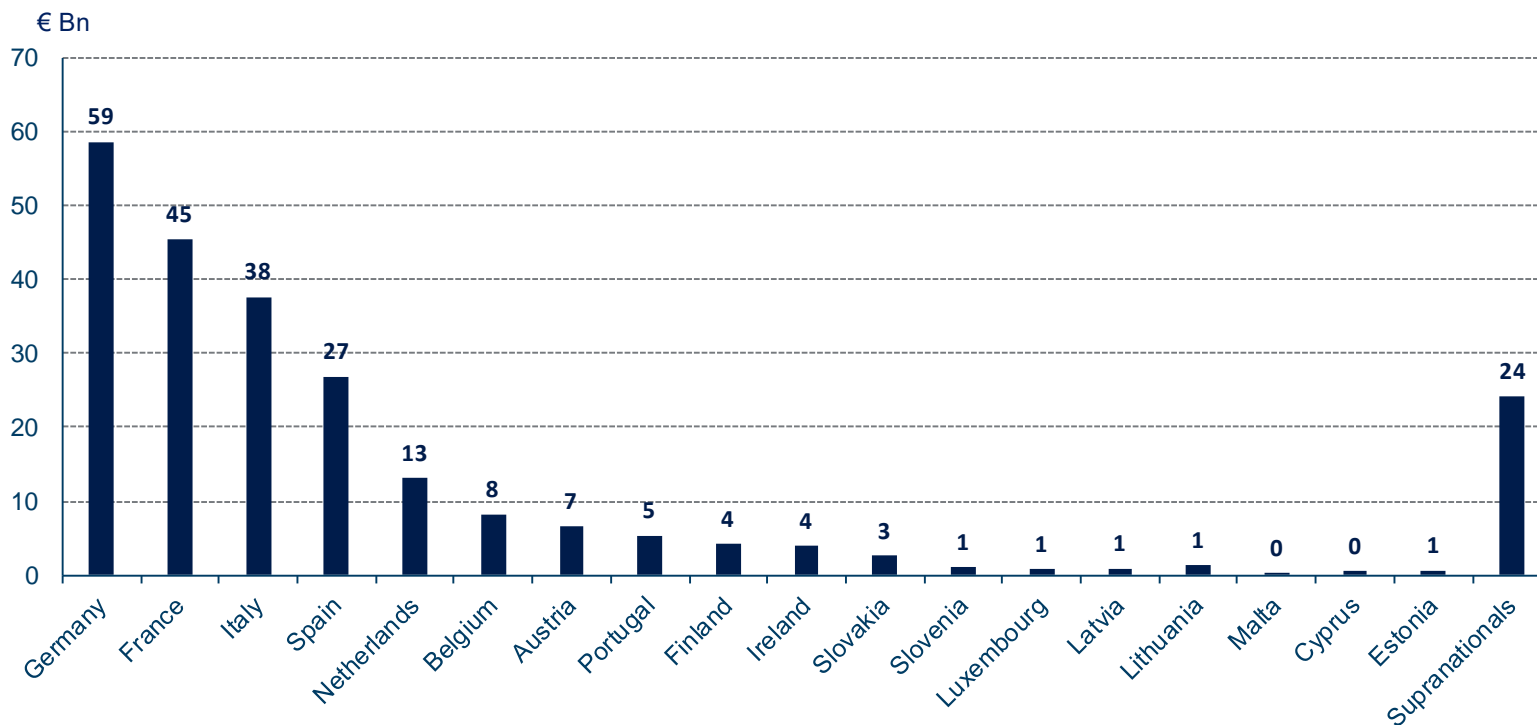
Source: ECB, Amundi Research, Date: 09/30/2021



Source: ECB, Amundi Research, Date: 09/30/2021

# ECB Firepower by jurisdiction for 2021

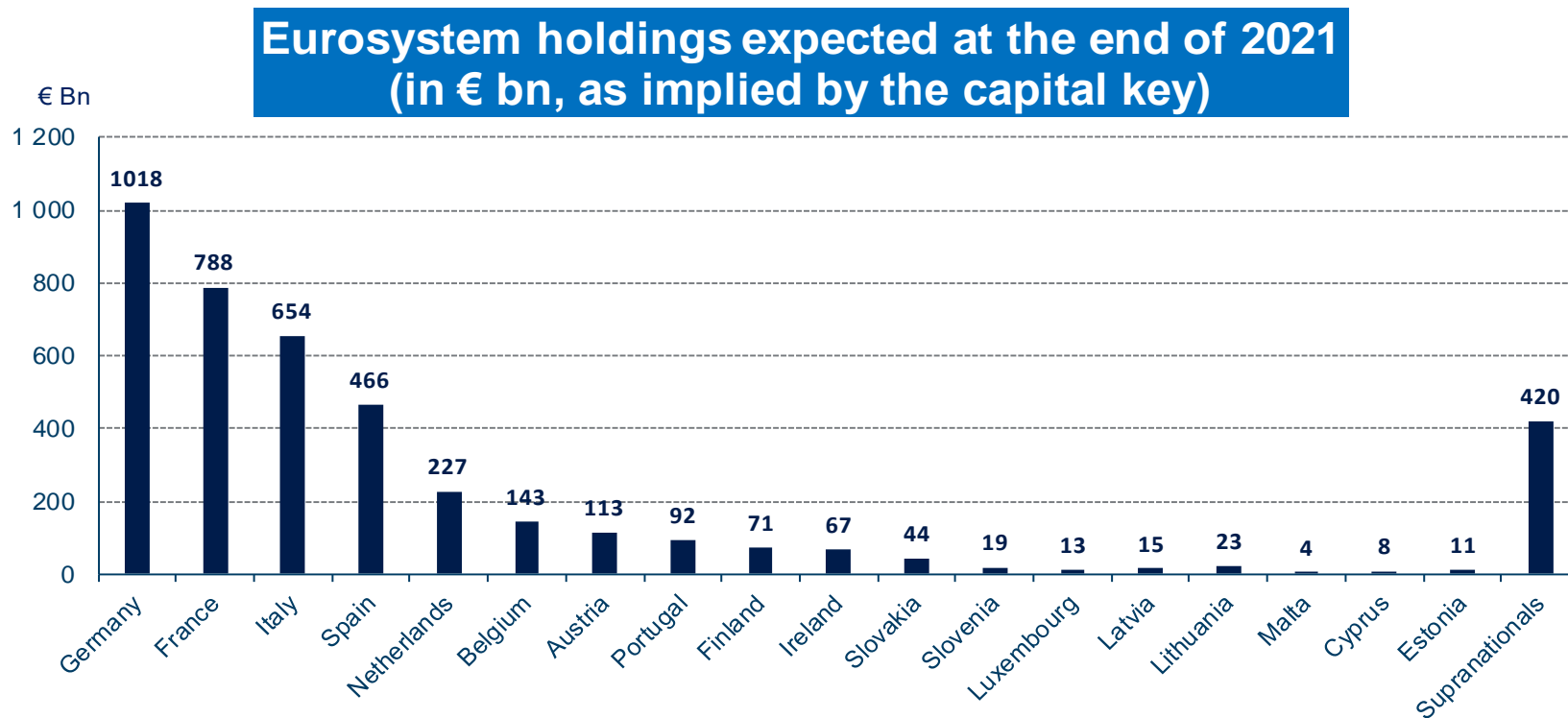
**Net purchases of public debt expected until end of 2021  
(in € bn, as implied by the capital key)**



Source: Datastream, Amundi Research, Data as of 09/30/2021



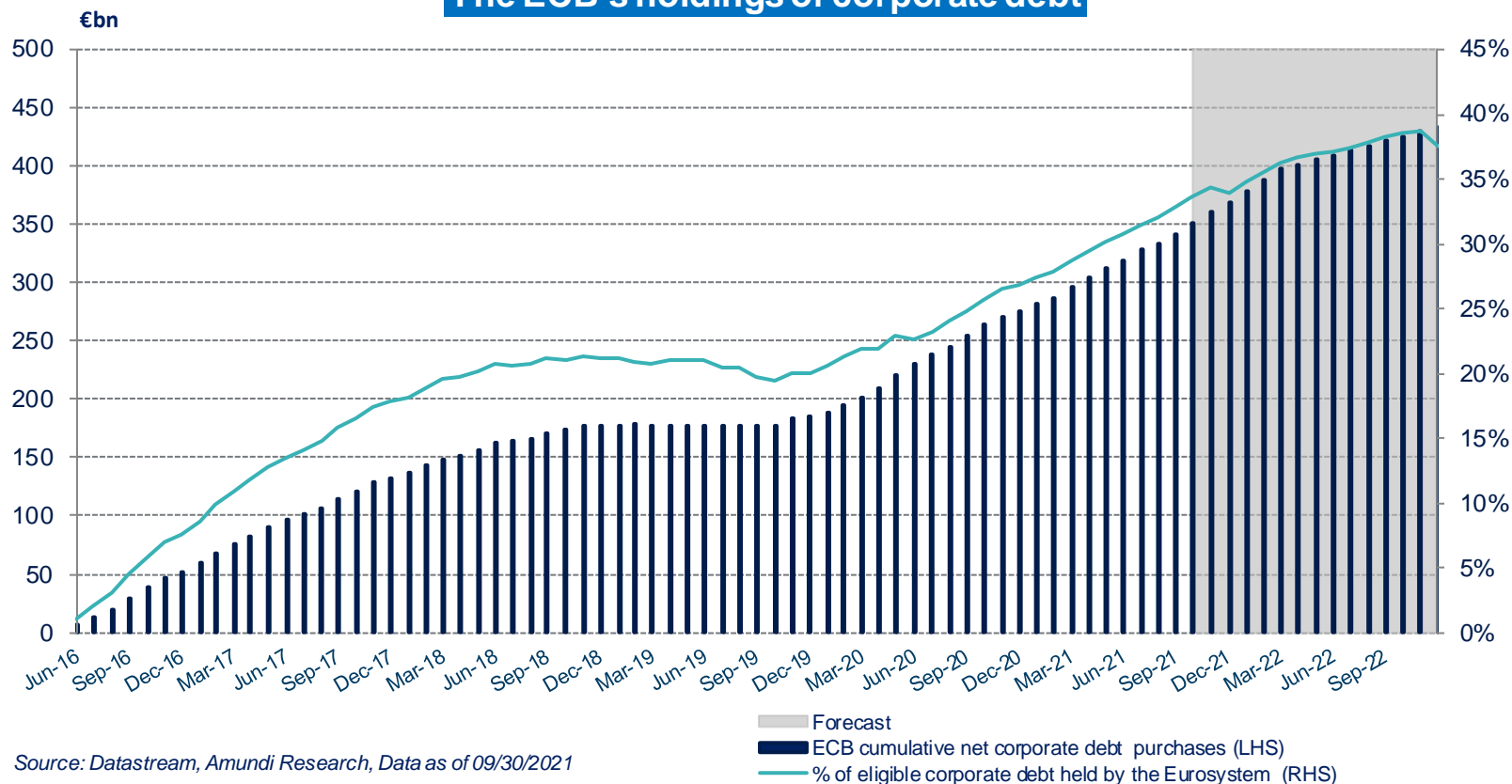
# ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 09/30/2021

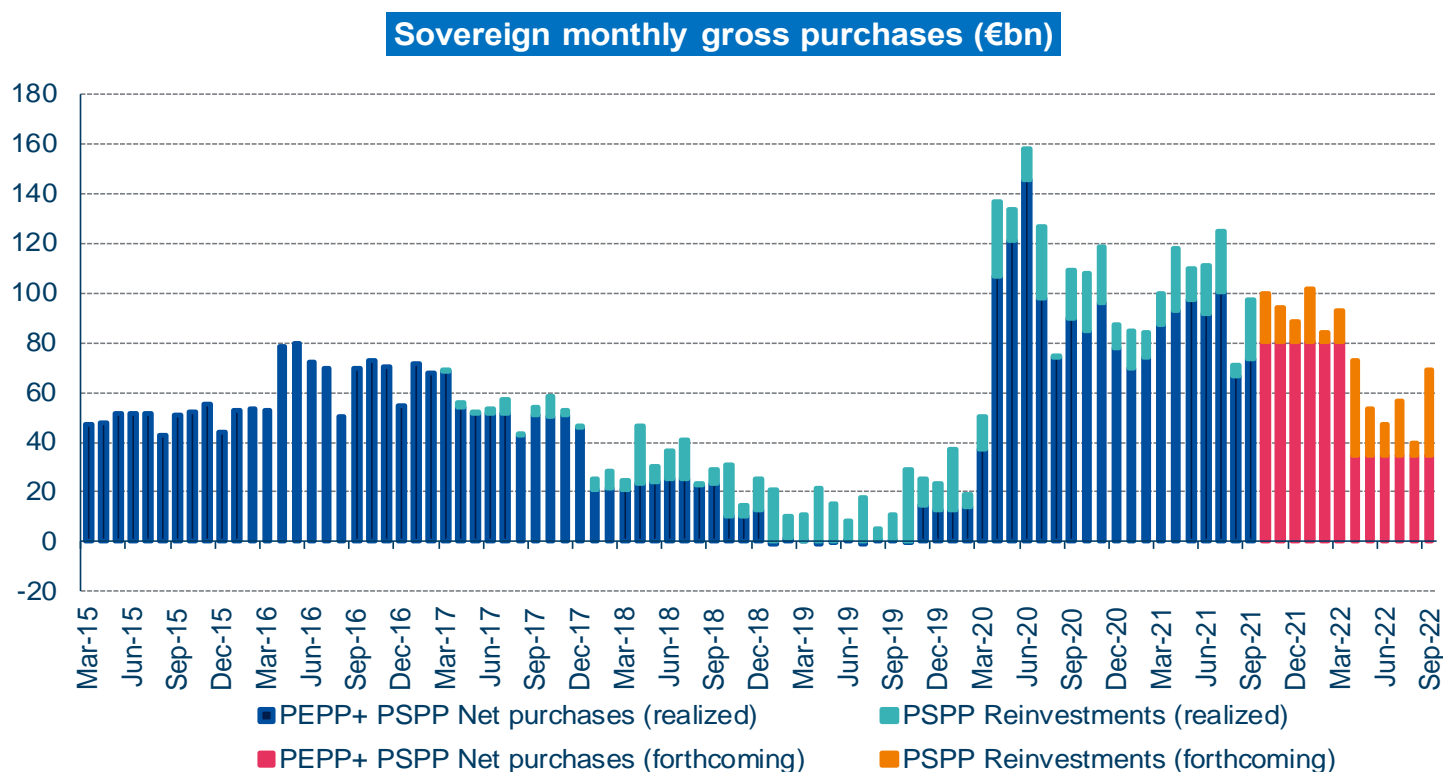
# The ECB's holdings of QE eligible corporate debt will likely reach 35-40% by end of 2021

## The ECB's holdings of corporate debt



# Sovereign monthly gross purchases

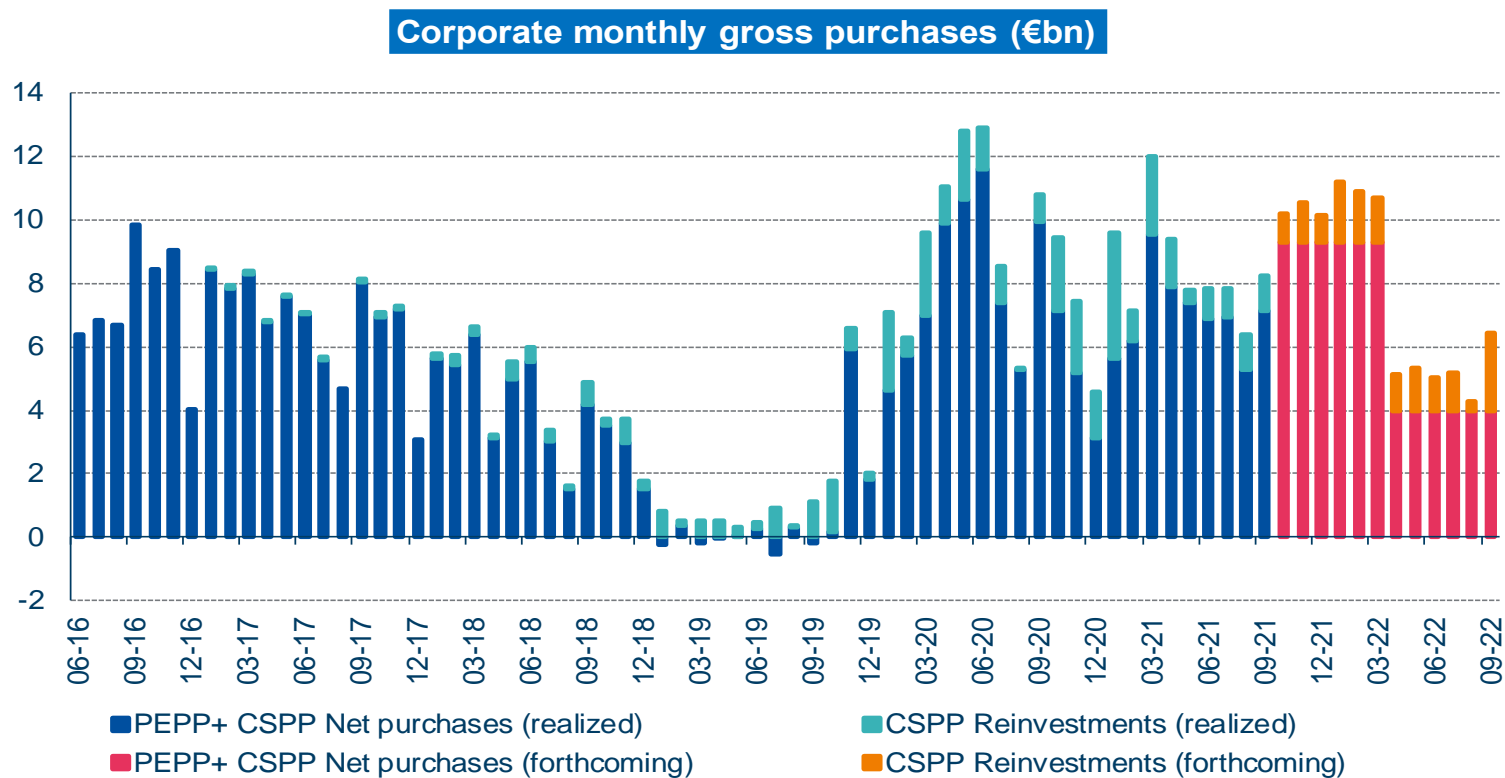
- ECB firepower over the next 6 months is huge : €438bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 87% of the ECB's purchases will be public debt
- PSPP reinvestment will average €17.5bn/month over the next 12 months, up from €16.9bn in the past 12 months.



Source: ECB, Amundi Research, Data as of: 09/30/2021

# Corporate monthly gross purchases

- ECB firepower over the next 6 months is huge : €438bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 10% of the ECB's purchases will be corporate debt
- CSPP reinvestment will average €1.3bn/month over the next 12 months

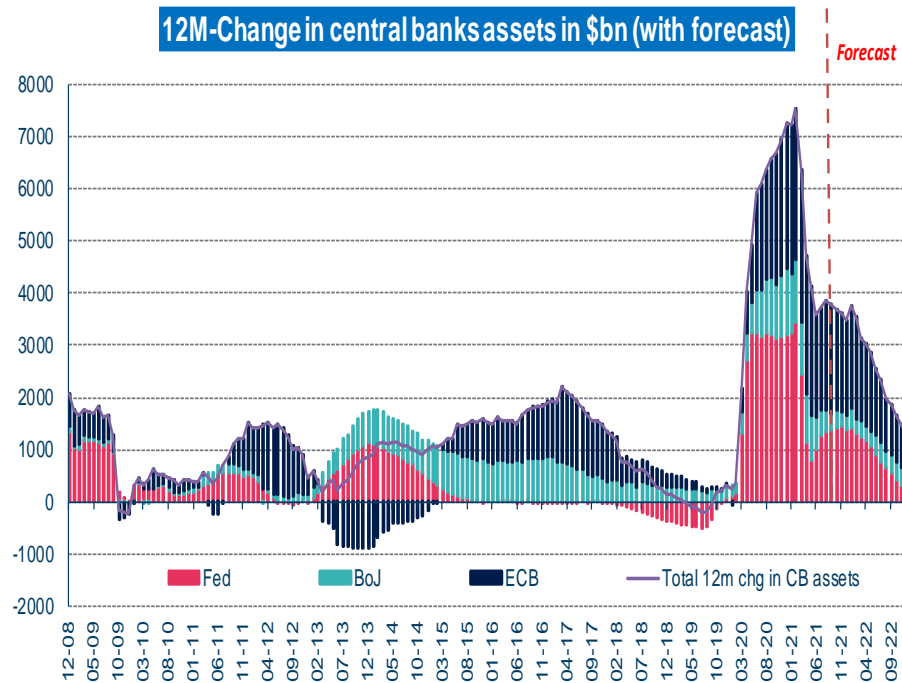


Source: ECB, Amundi Research, Data as of: 09/30/2021

# Annex

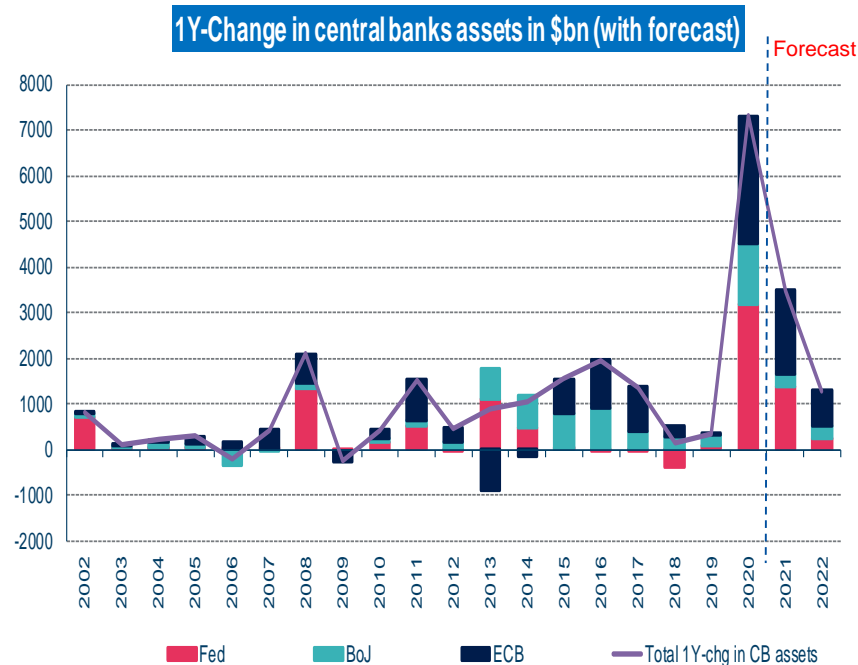
# Central Banks: always present to support

12M-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 09/30/2021

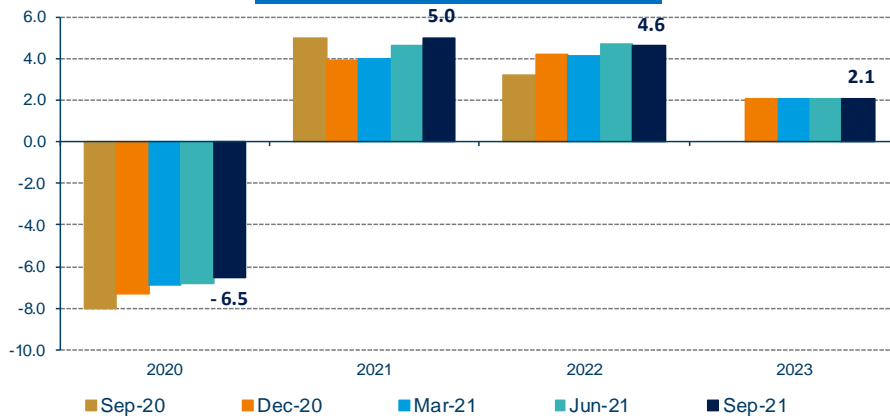
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 09/30/2021

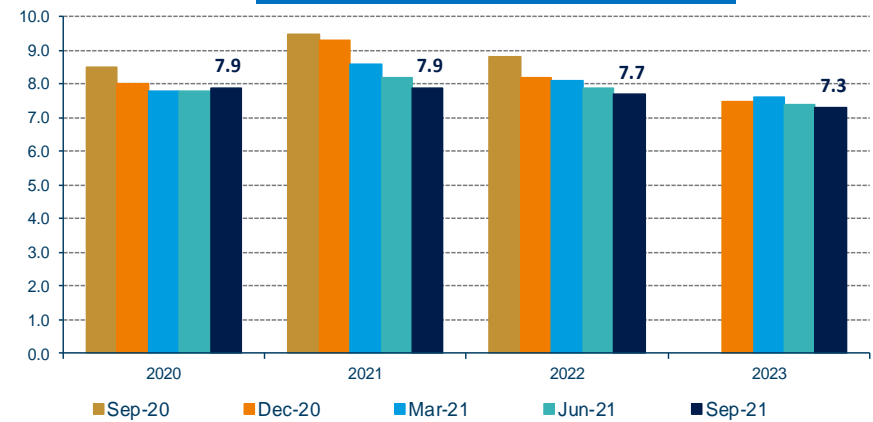
# ECB Projections

ECB forecast: real GDP (yoy%)



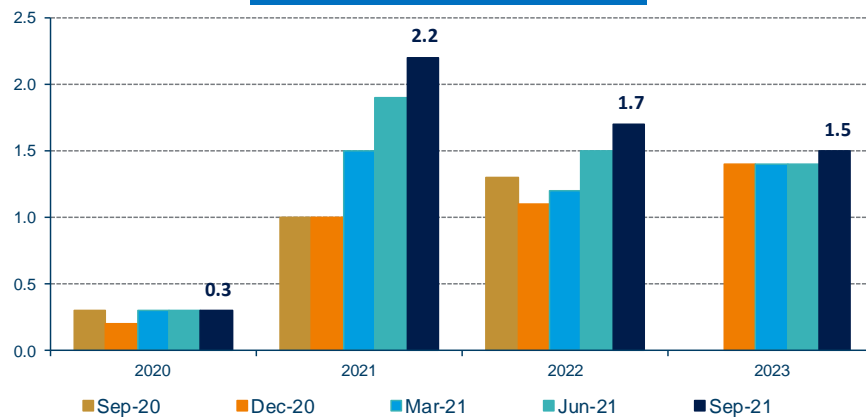
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Unemployment (yoy%)



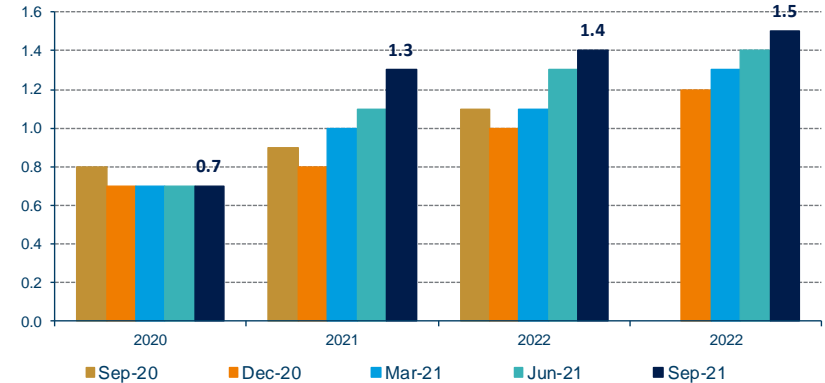
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 09/09/2021

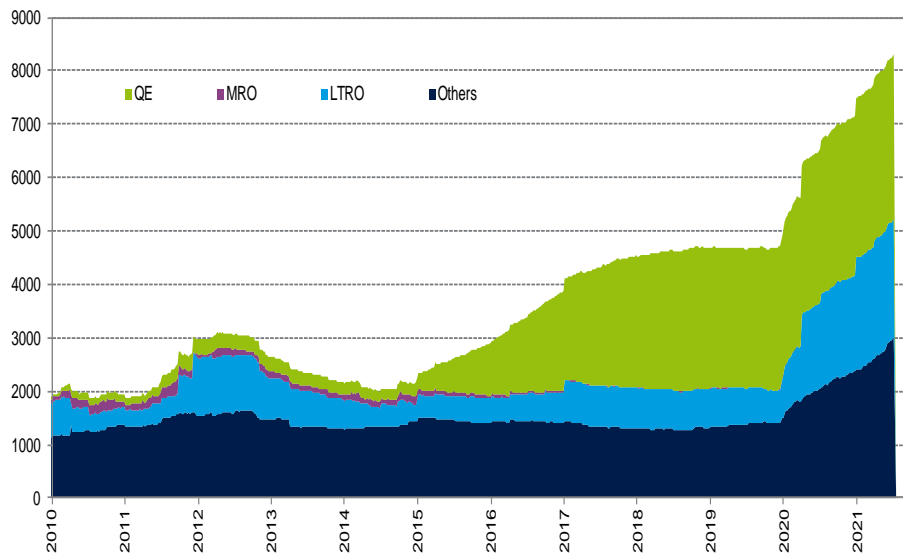
ECB forecast: Core Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 09/09/2021

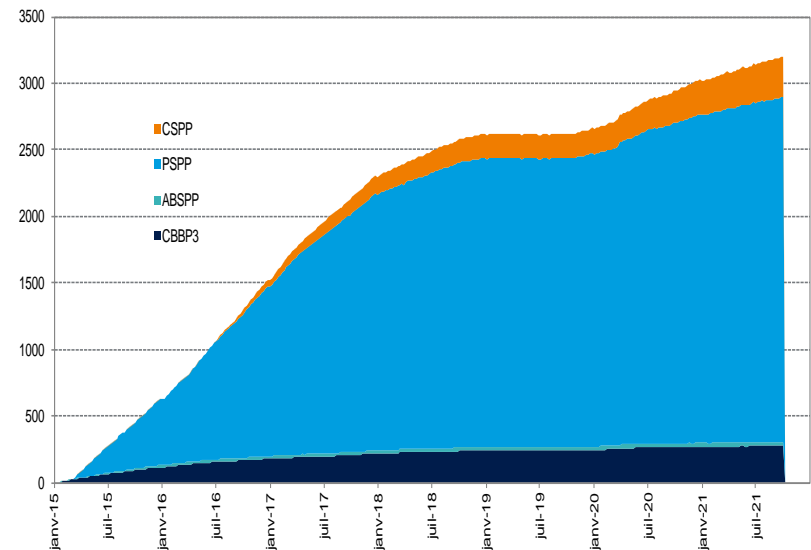
# ECB Balance Sheet (1/2)

ECB balance sheet, total asset (in €bn)



Source: Datastream, Amundi Research, data as of 09/30/2021

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



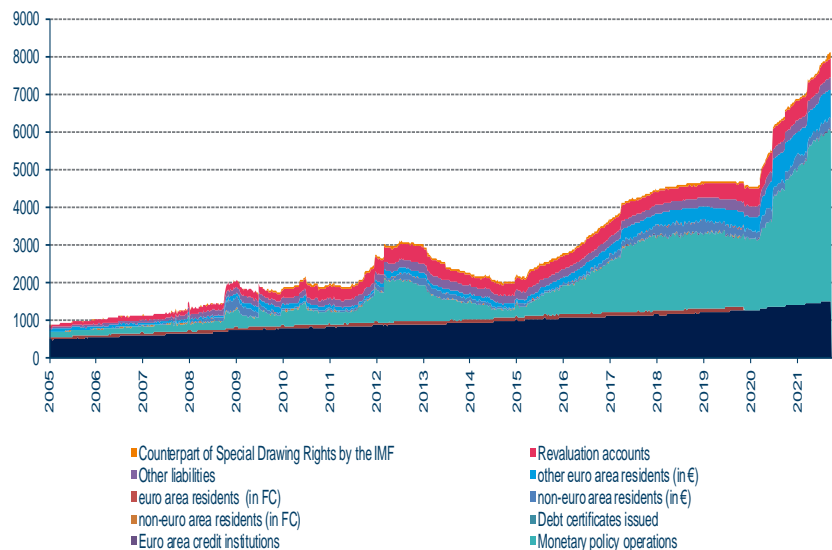
Source: Datastream, Amundi Research



# ECB Balance Sheet (2/2)

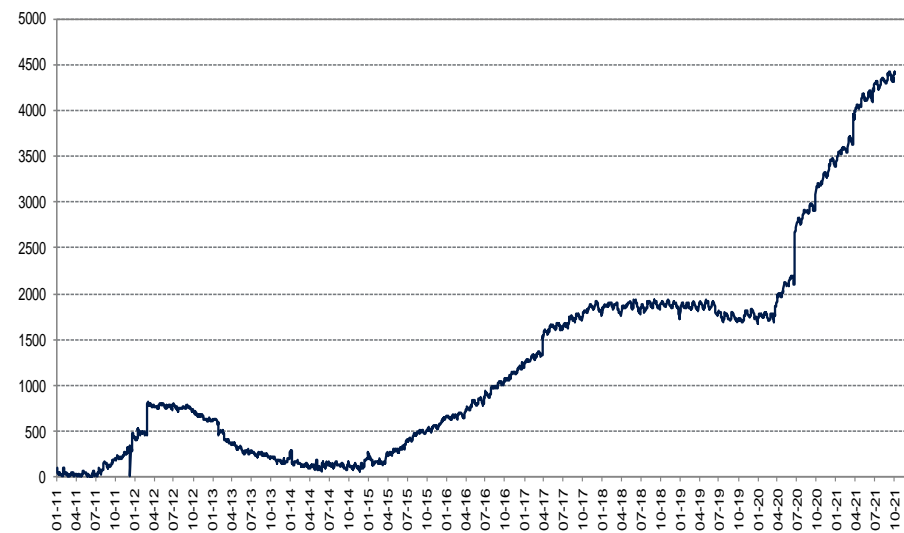
- On the liability side, the expansion of the ECB balance sheet is largely due to reserve liabilities.
- Relative to 2018-2019, the volume of excess liquidity has more than doubled since the start of the pandemic to EUR 4 trillion. With about €517bn of unused capacity in the PEPP envelope and the APP expanding at EUR 240 billion per year, we expect that the pursuit of the program after March 2022.

ECB: Liabilities (in \$bn)



Source: Datastream, Amundi Research

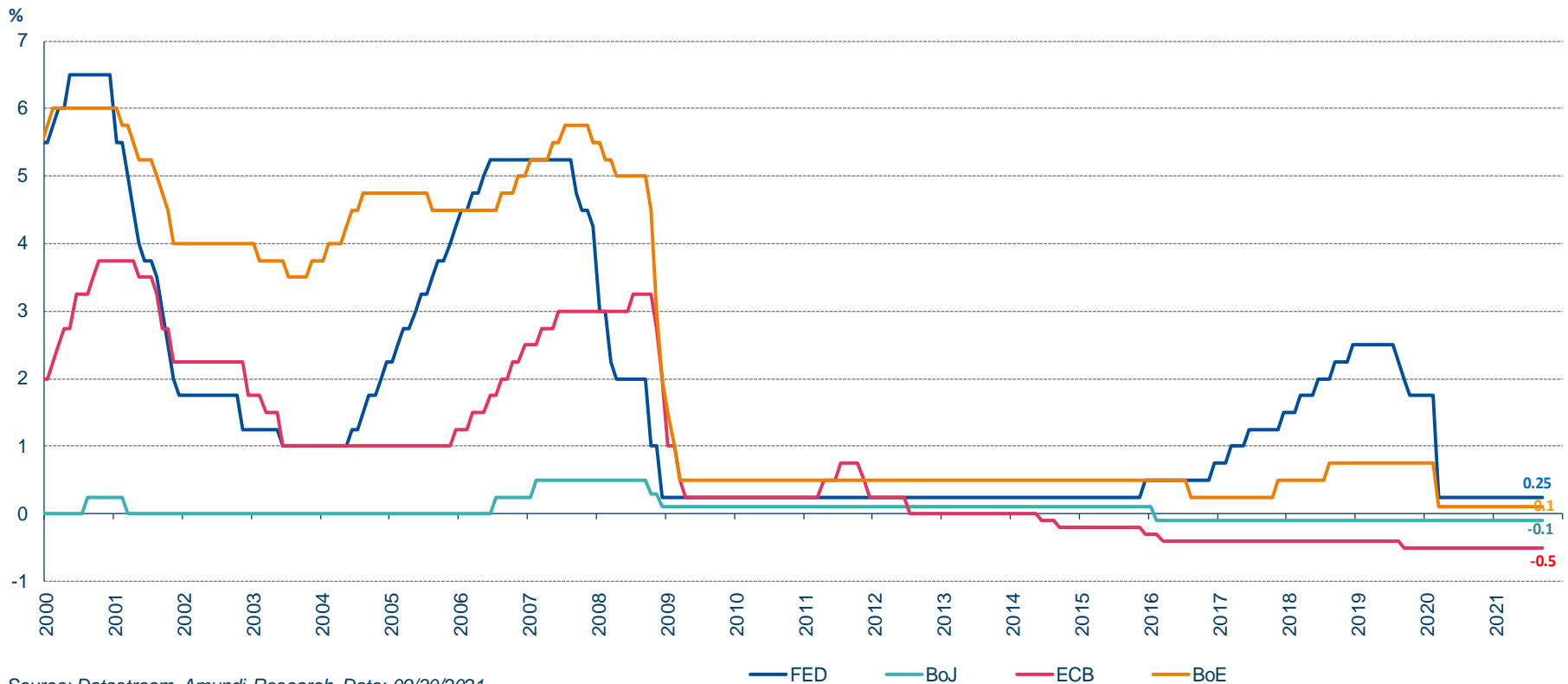
Eurosystem : excess reserves (€bn)



Source: Datastream, Amundi Research, 10/01/2021

# 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: 09/30/2021

# 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

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