

Confidence  
must be earned

**Amundi**  
ASSET MANAGEMENT

December 2020

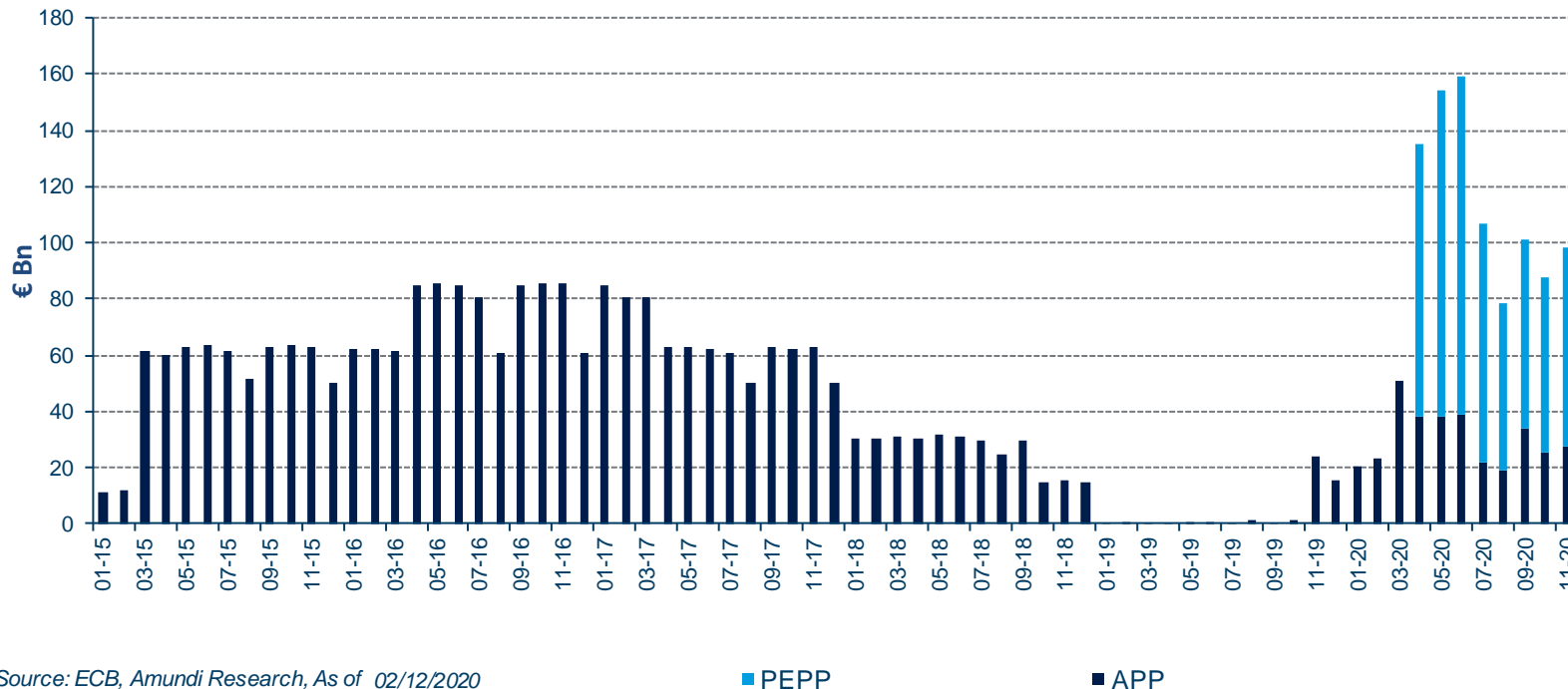
## ECB QE Monitor

Mickael Bellaïche, Fixed Income Strategist

## APP and PEPP: breakdown by program in € bn

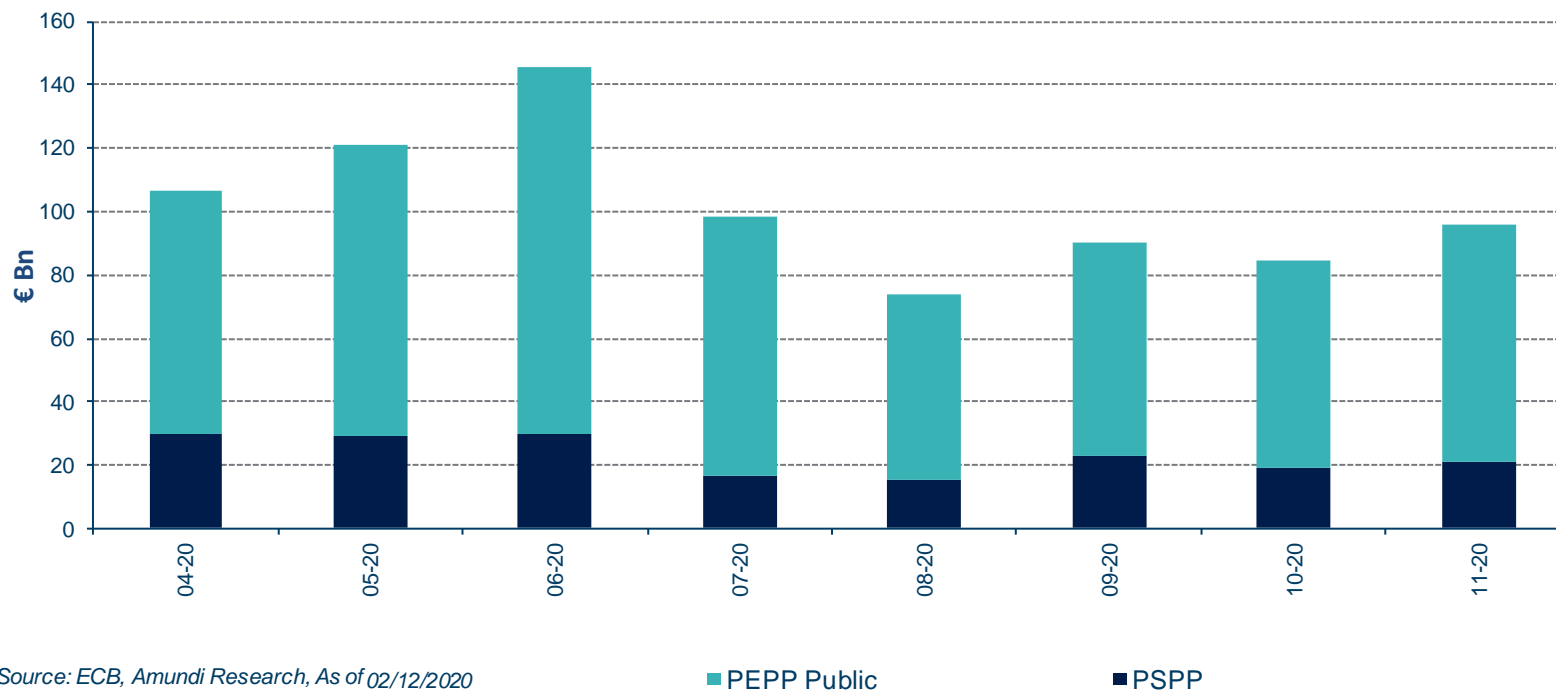
- In November, ECB net asset purchases reached €27.7bn under APP and €71bn under PEPP.
- In November APP by programme: PSPP (€21.2bn; 76.6% of total), CSPP (€5bn; 18.1%), CBPP3 (€0.6bn; 2.3%) and ABSPP (€0.8bn; 3%).

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



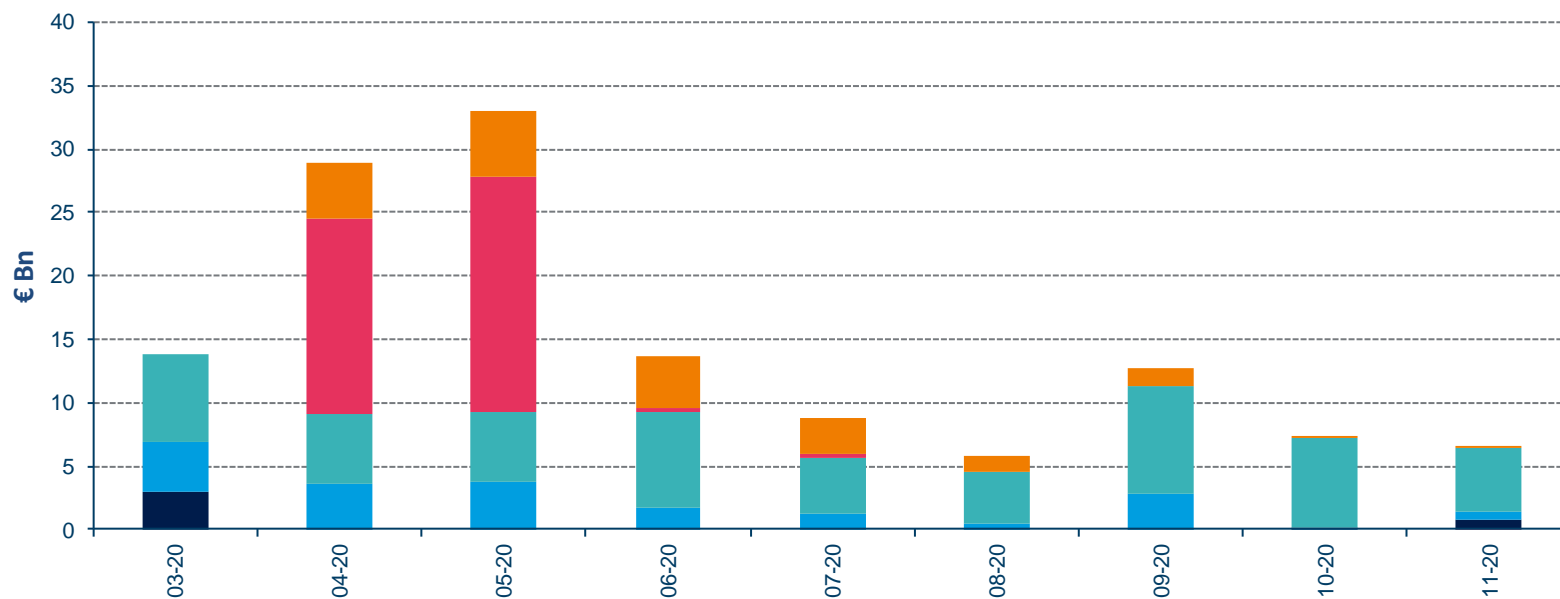
# APP and PEPP: Sovereign monthly net purchases

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



# APP and PEPP: Private debt monthly net purchases

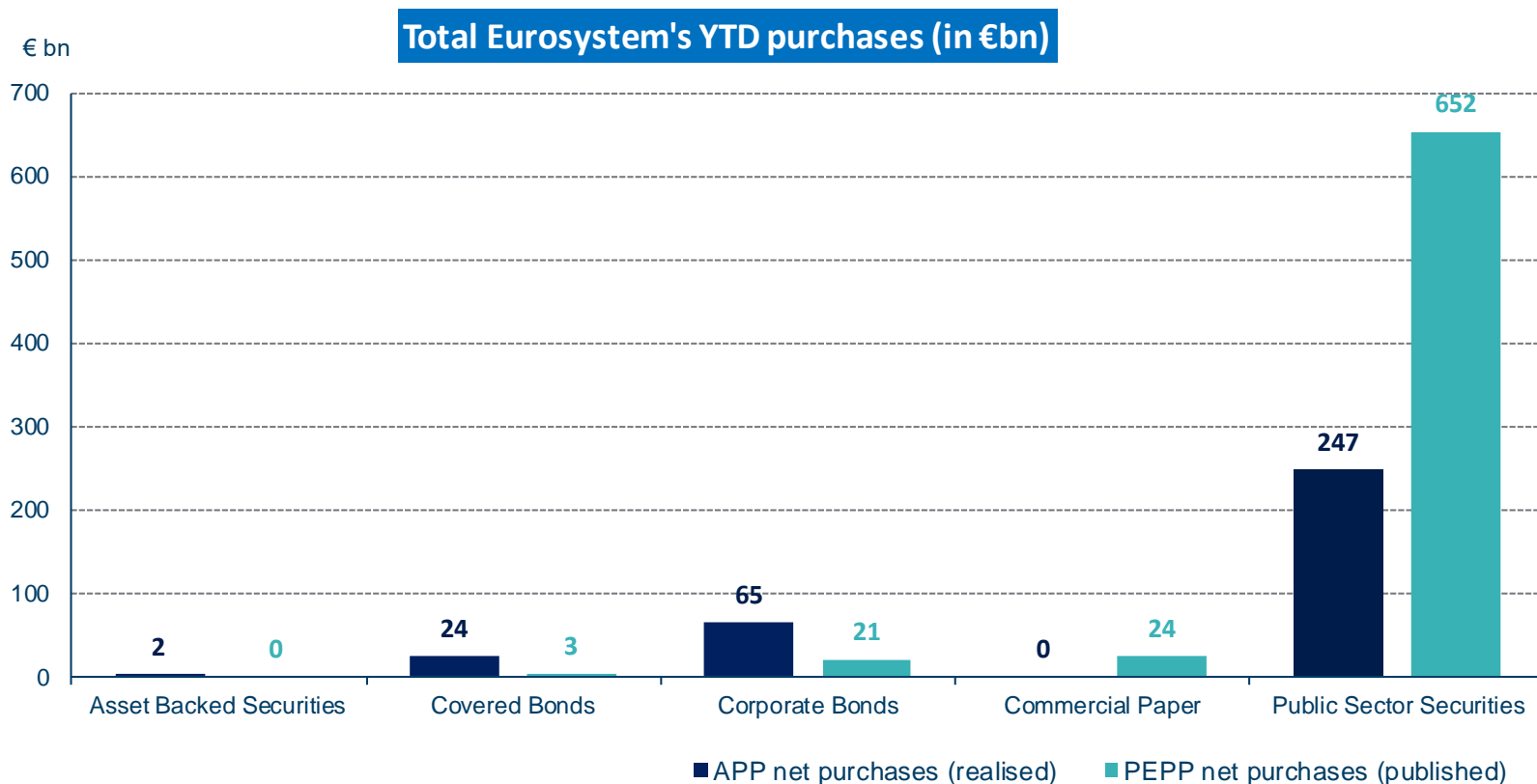
ECB monthly net asset purchases of private debt, by programme (in €bn)



Source: ECB, Amundi Research, As of 02/12/2020  
\* PEPP Other = commercial paper + covered bond

PEPP Corporate Bond PEPP Other\* CSPP CBPP3 ABSPP

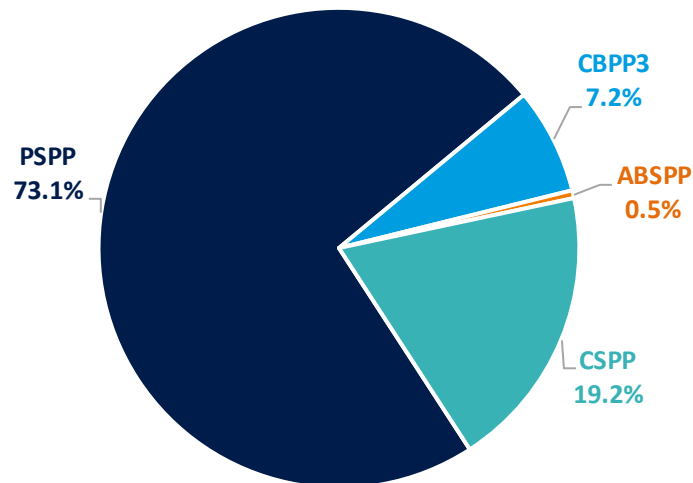
# Eurosystem's YTD purchases



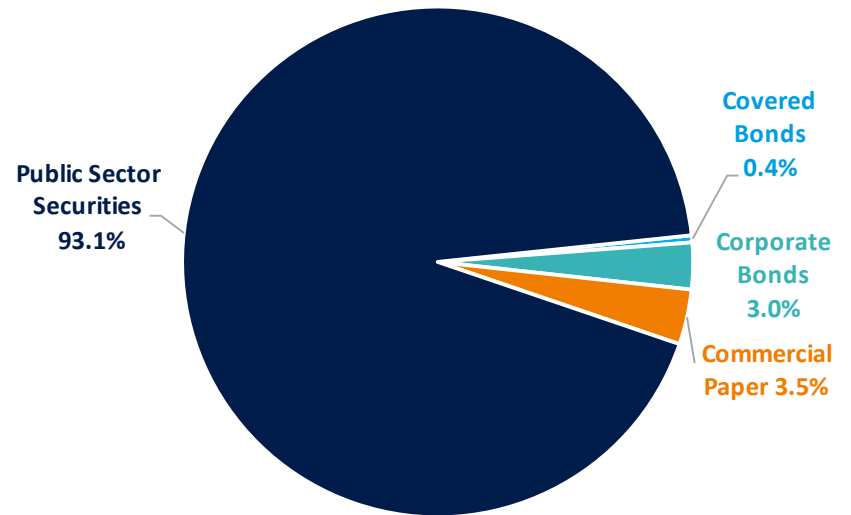
Source: Datastream, Amundi Research, as of 11/30/2020

## APP and PEPP: YTD breakdown by program in %

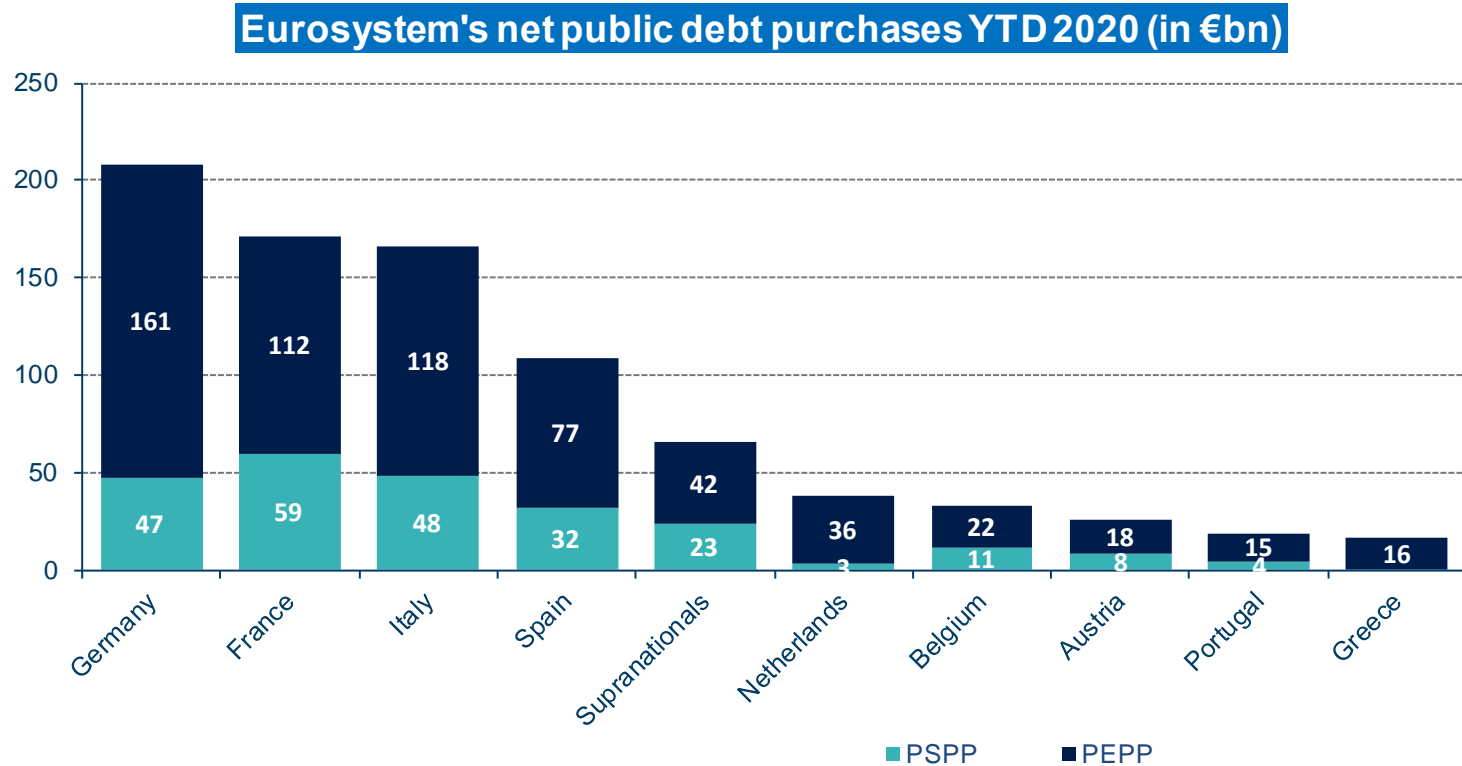
YTD 2020 APP by program



YTD 2020 PEPP by program

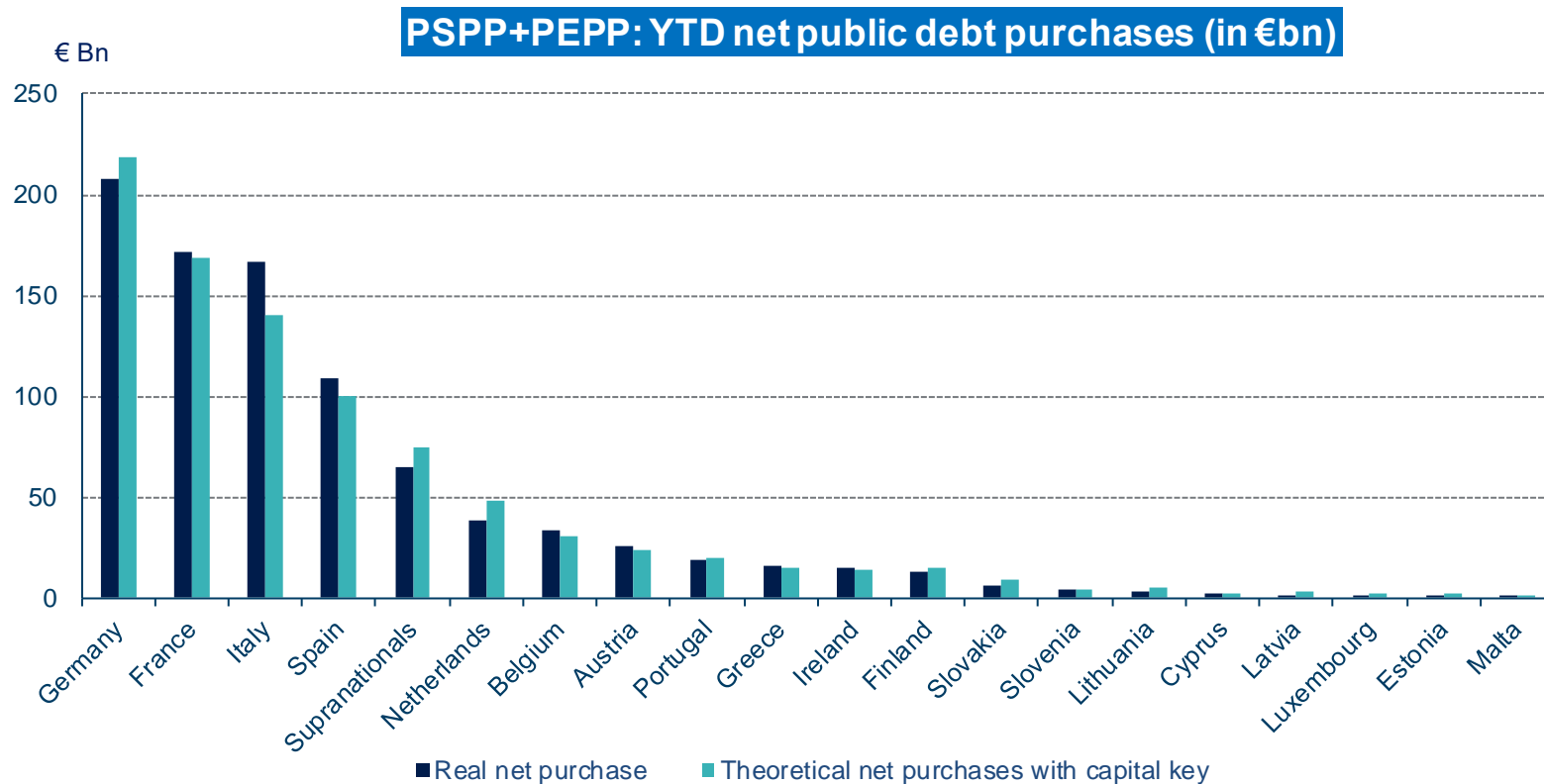


# Eurosystem's YTD purchases: public debt



Source: Datastream, Amundi Research, Data as of 11/30/2020

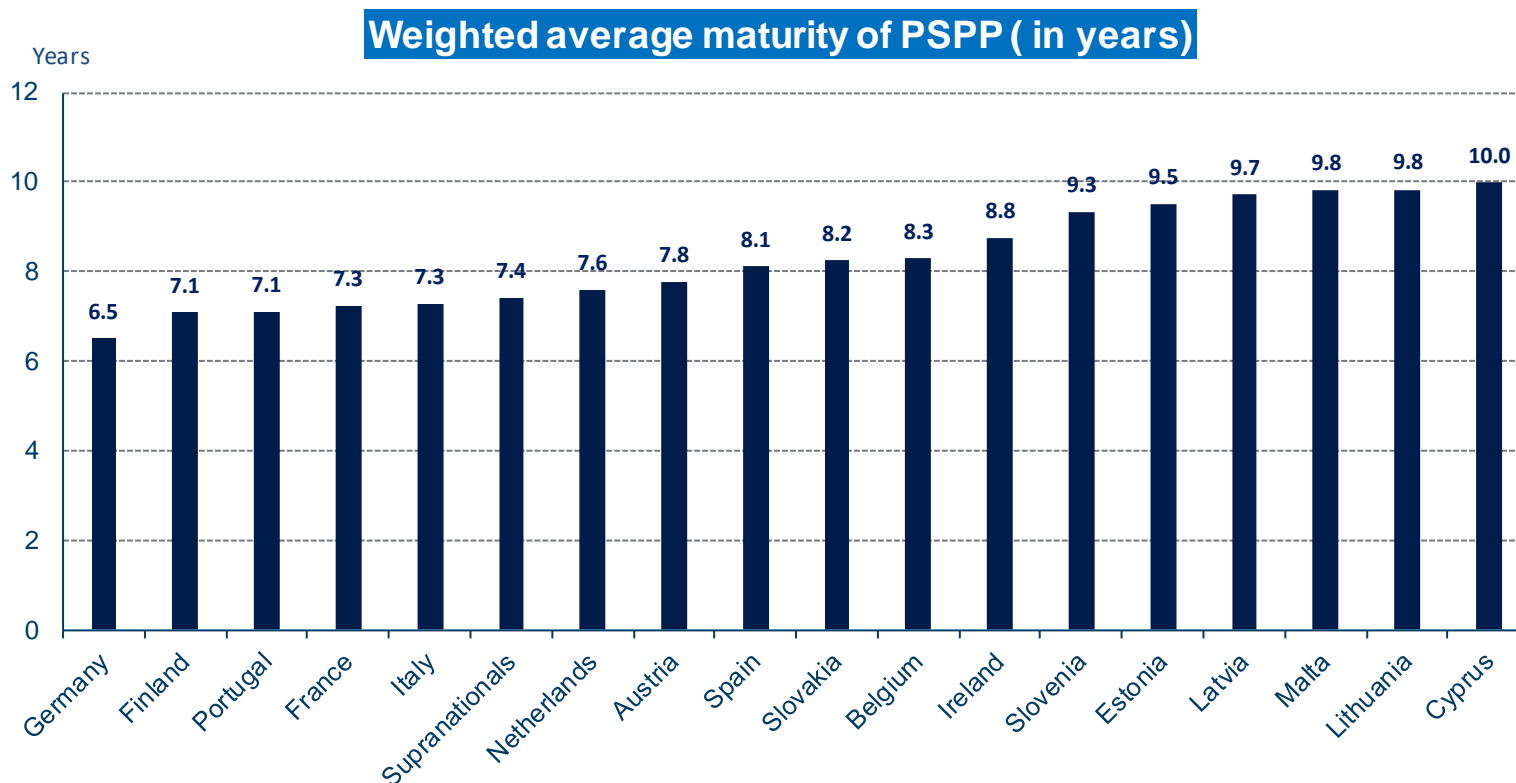
# PEPP+PSPP: YTD Net purchases (Real Vs. Capital Key)



Source: Datastream, Amundi Research, Data as of 11/30/2020



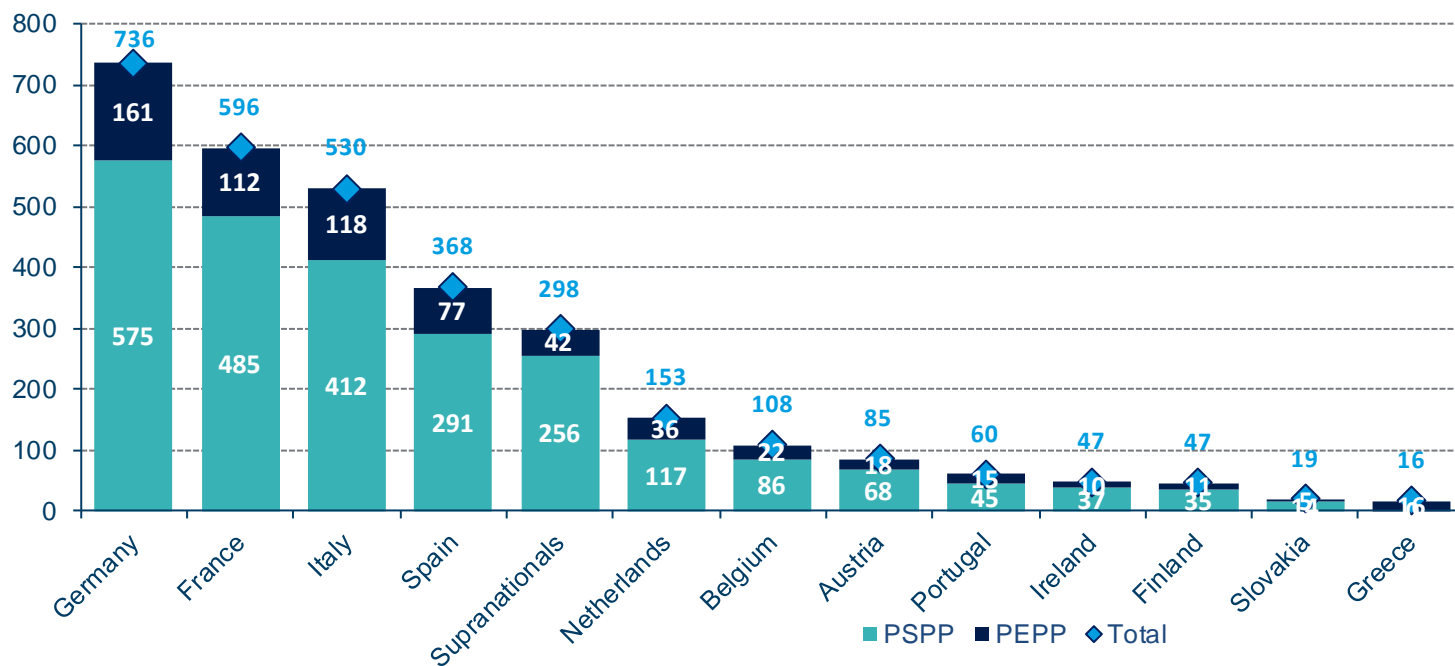
## Weighted average maturity of PSPP bonds (as at end-November 2020)



Source: Datastream, Amundi Research, Data as of 11/30/2020

# Eurosystem's holding: public debt

Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 11/30/2020

## ECB holdings as a % of eligible assets as of end of 2020

	Eligible Central Government Debt	Eligible Agencies	Total Eligible	Total public debt ECB holdings	ECB holdings as a % of eligible assets
Germany	1423	322	1745	736	42%
France	1950	240	2190	596	27%
Italy	2087	17	2104	530	25%
Spain	1097	21	1118	368	33%
Netherlands	340	90	430	153	36%
Belgium	423	2	425	108	25%
Austria	242	25	267	85	32%
Ireland	154	0	154	47	31%
Portugal	178	2	180	60	33%
Finland	111	19	130	47	36%
Slovakia	50	0	50	19	38%
Slovenia	34	1	35	12	35%
Cyprus	16	0	16	5	28%
Lithuania	17	0	17	7	38%
Luxembourg	13	0	13	4	33%
Latvia	10	0	10	4	37%
Malta	6	0	6	1	25%
<b>TOTAL</b>	<b>8151</b>	<b>738</b>	<b>8888</b>	<b>2782</b>	<b>31%</b>

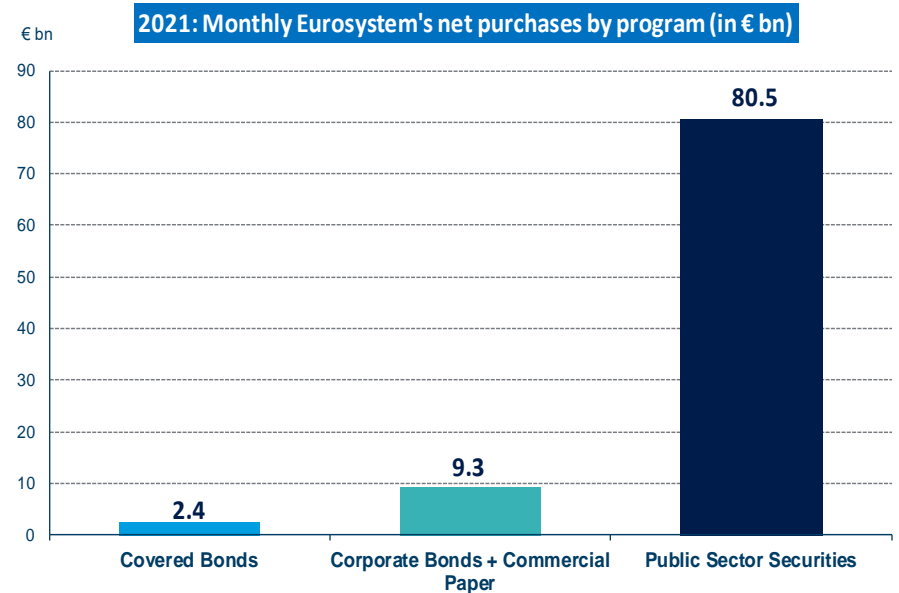
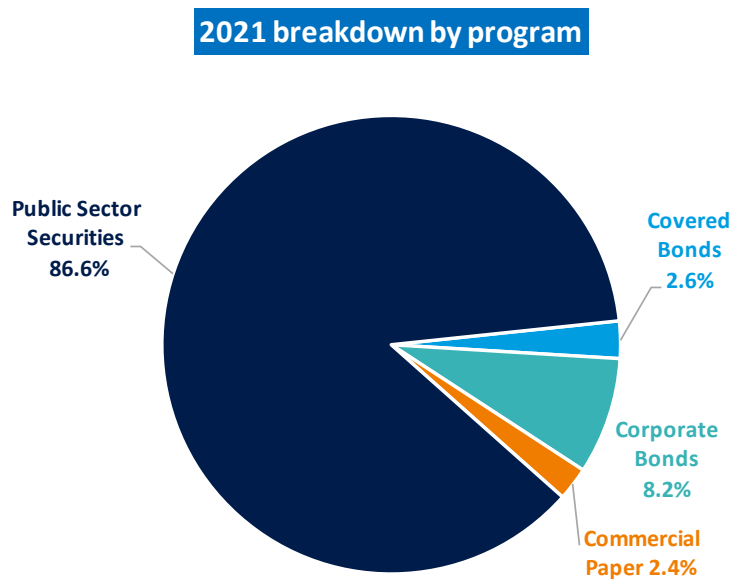
Source: Datastream, Amundi Research, Data: 12/10/2020

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# What's next?

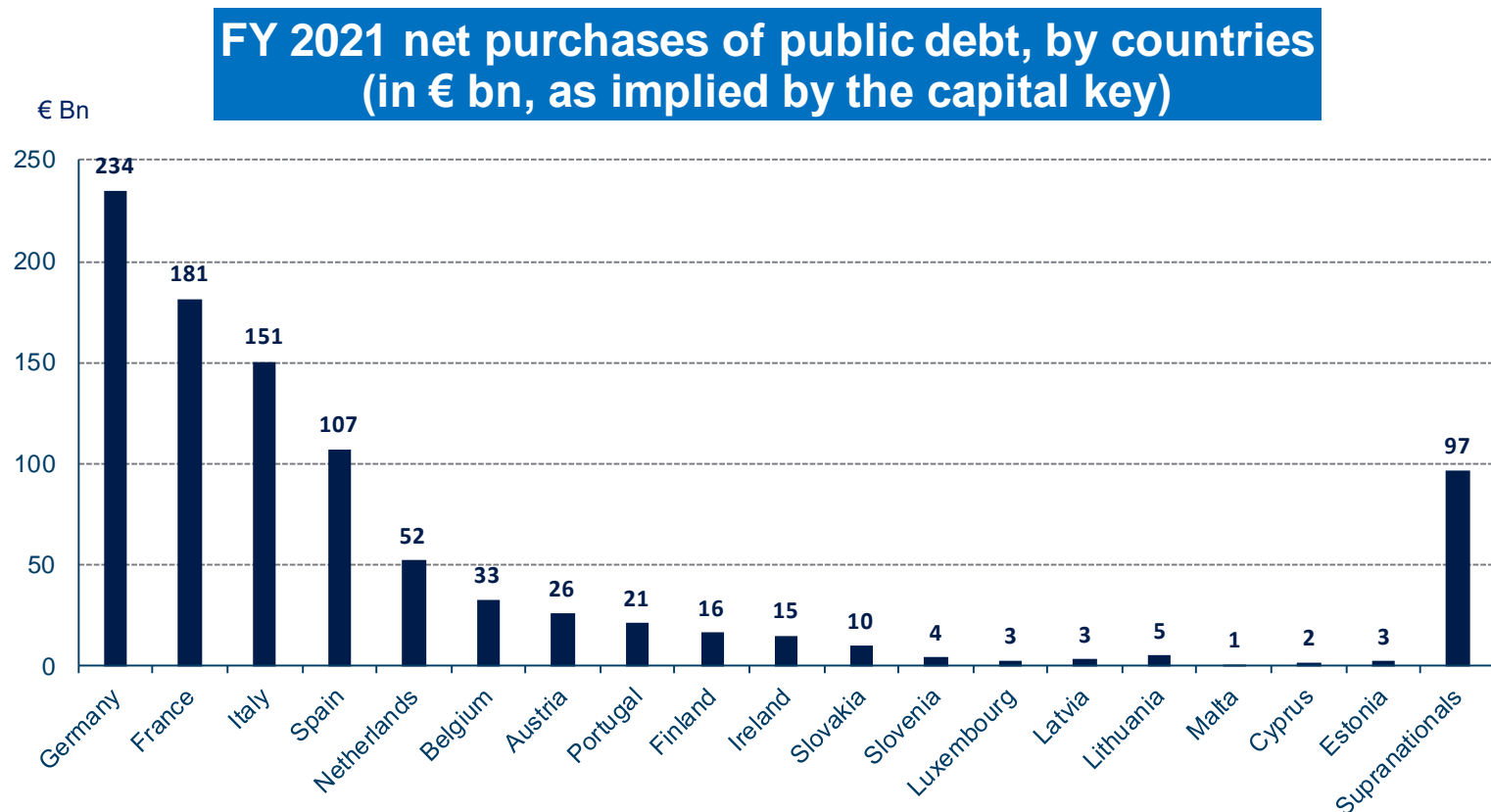
# ECB Firepower by program for 2021

- **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.



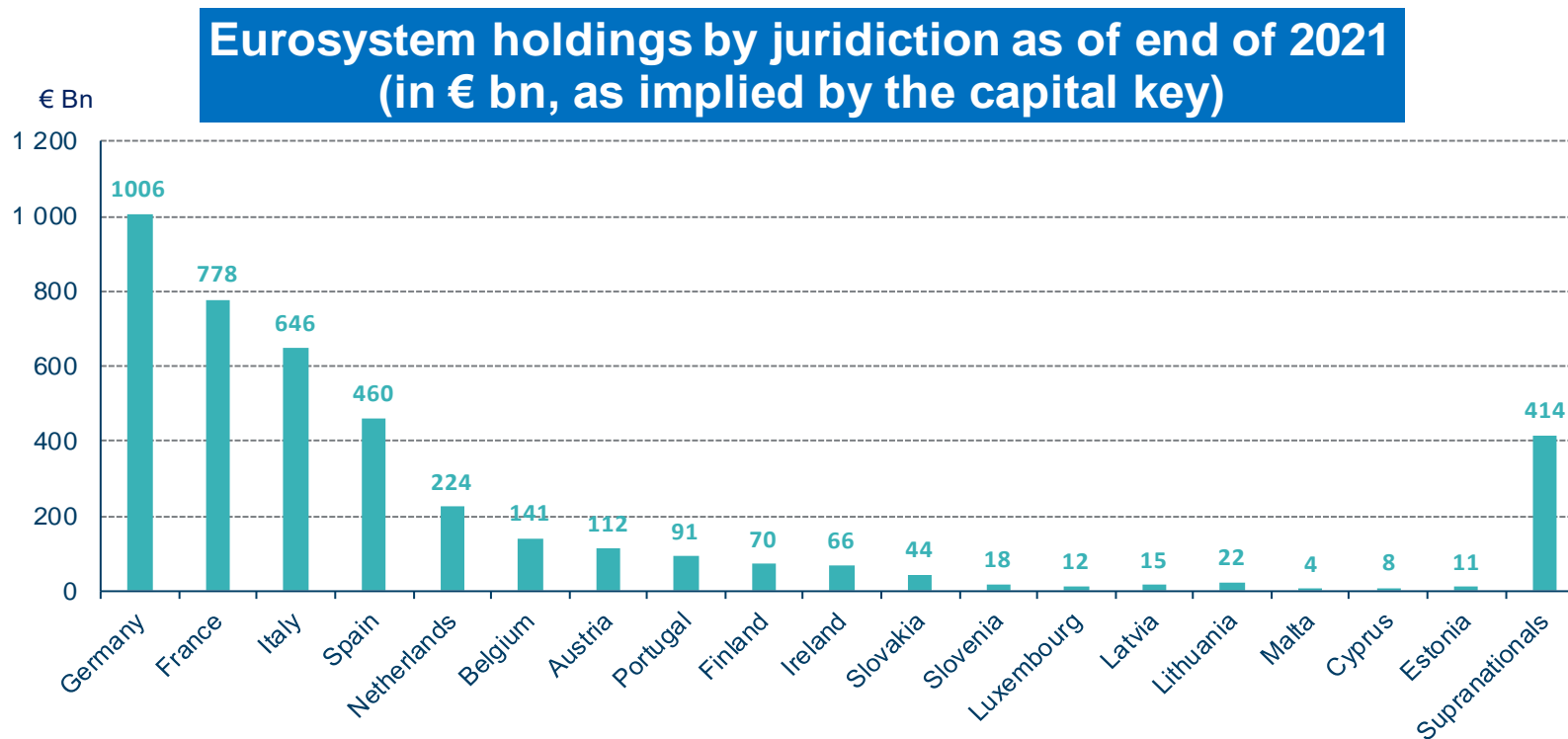
Source: Datastream, Amundi Research, as of 11/30/2020

## ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 11/30/2020

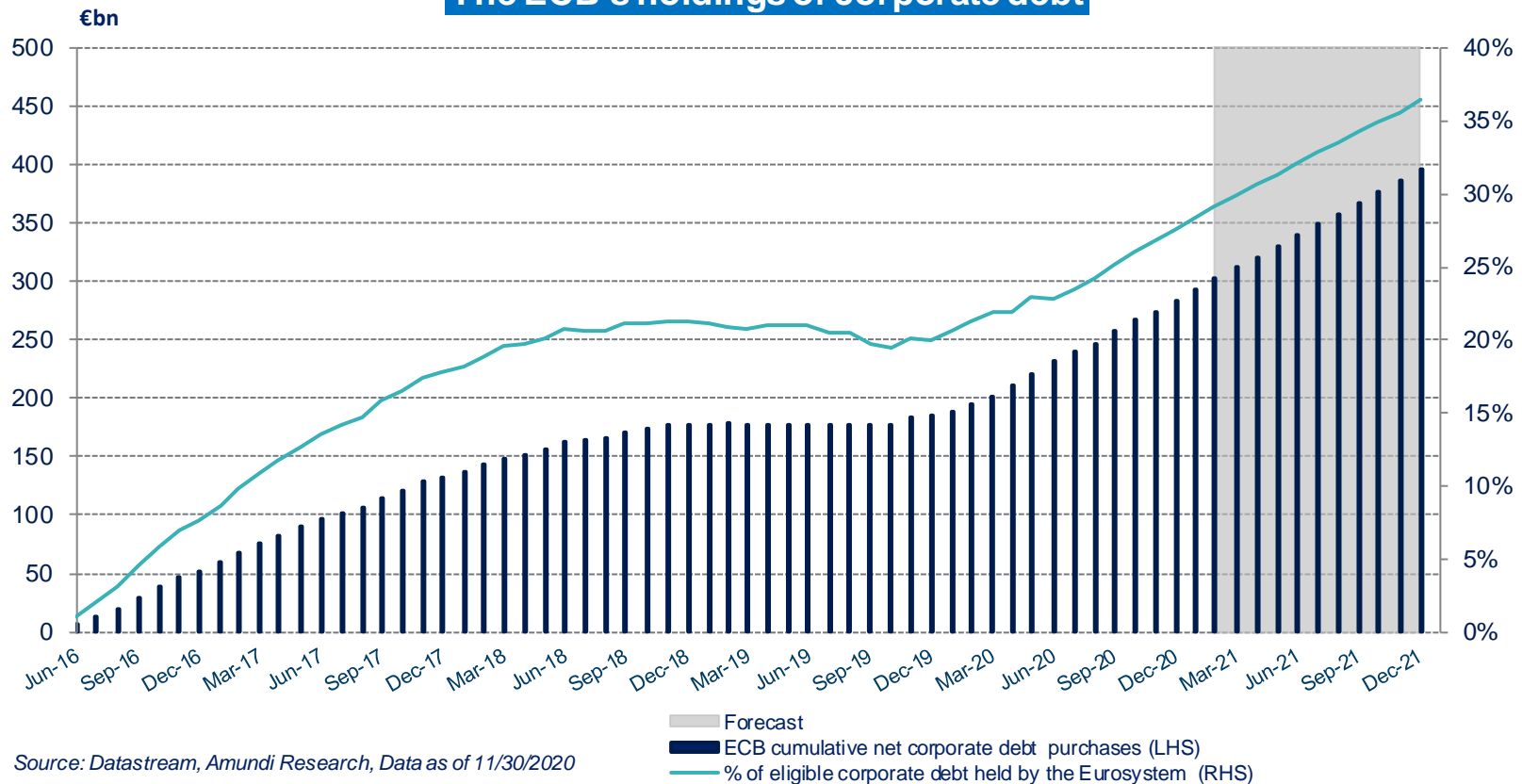
# ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 11/30/2020

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

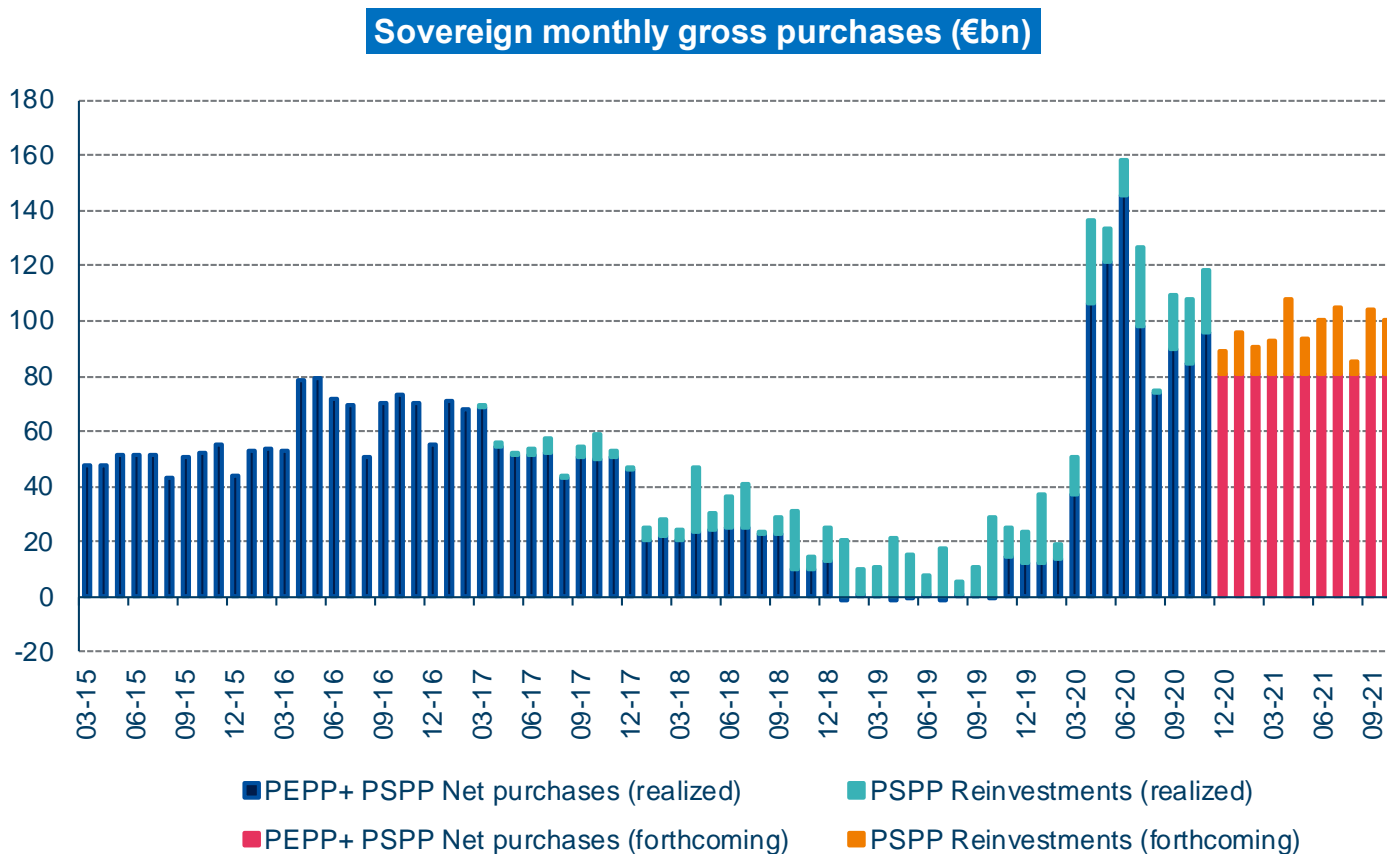
The ECB's holdings of corporate debt





# Sovereign monthly gross purchases

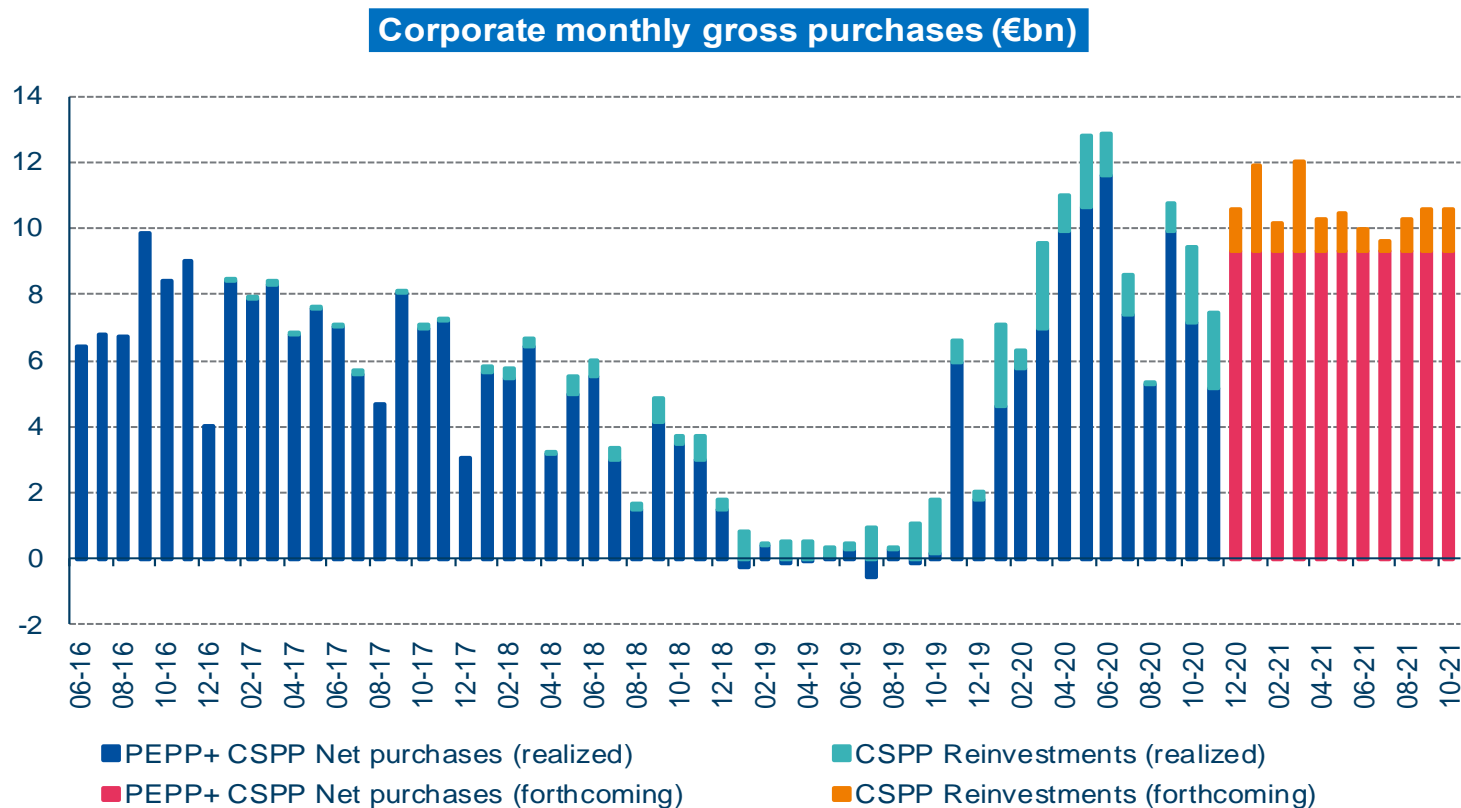
- PSPP reinvestment will average €16.9bn/month over the next 12 months, up from €16bn in the past 12 months.



Source: ECB, Amundi Research, Data as of: 11/30/2020

# Corporate monthly gross purchases

- CSPP reinvestment will average €1.3bn/month over the next 12 months



Source: ECB, Amundi Research, Data as of: 11/30/2020

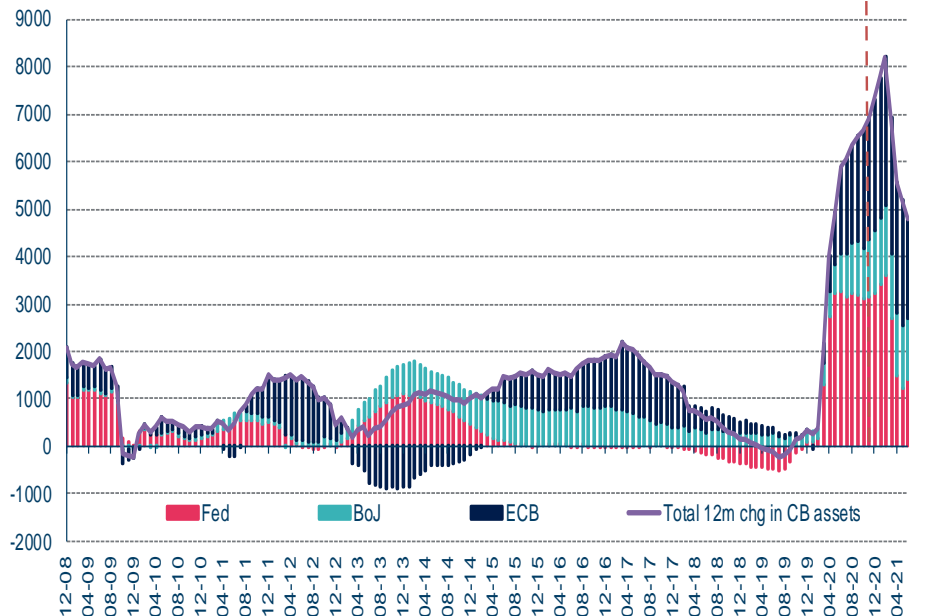
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# Annex

# Central Banks: always present to support

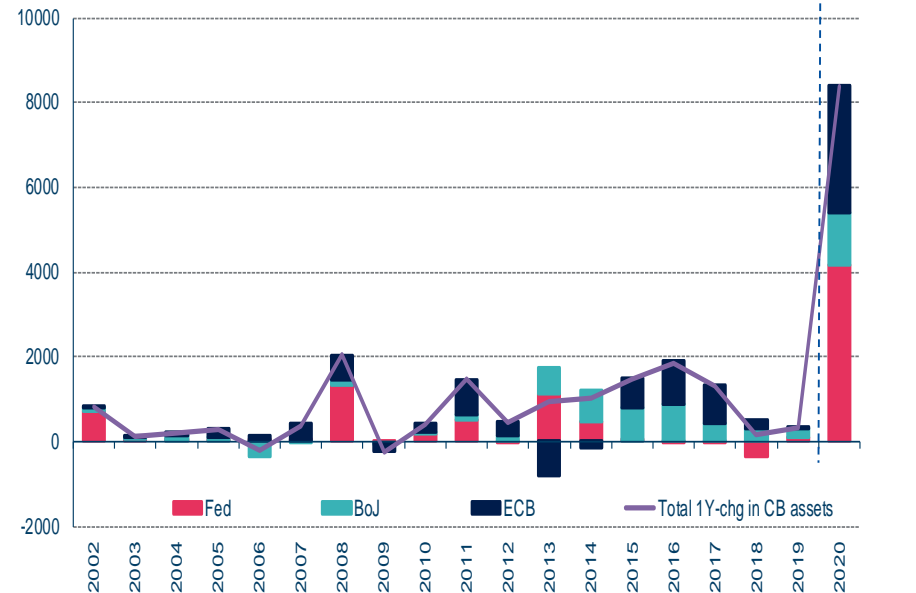
- The ECB recalibrated its instruments on Thursday 10 December. It extend the PEPP and the TLTROs' favourable period until March 2022, and to expand the PEPP envelope by EUR500bn.
- The Fed announced an inflection of its long-term objectives by making the 2% inflation threshold not a high limit, but 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.

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



Source: Datastream, Amundi Research, as of 11/30/2020

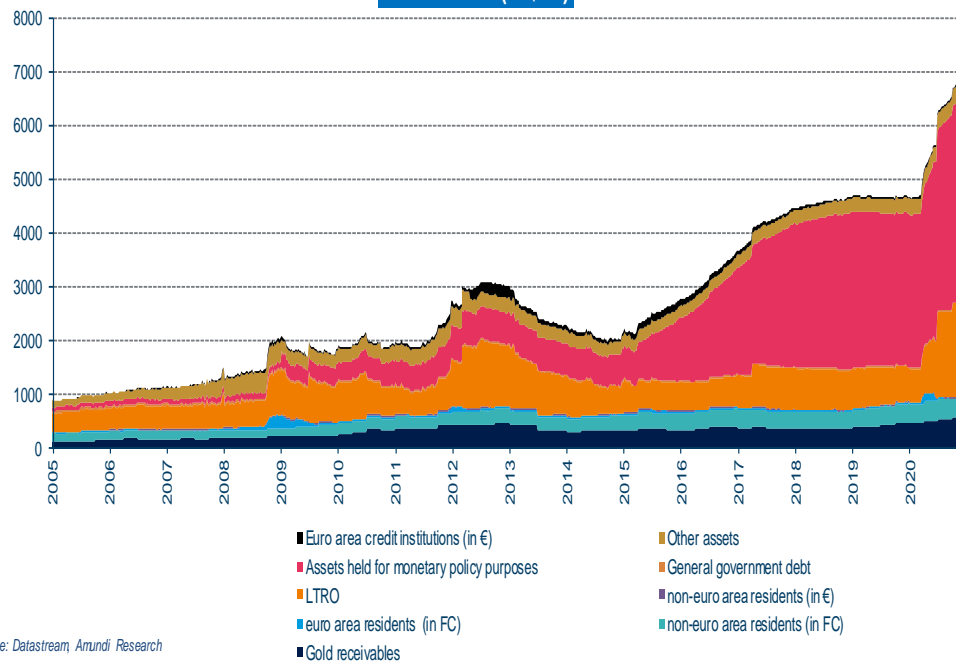
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 11/30/2020

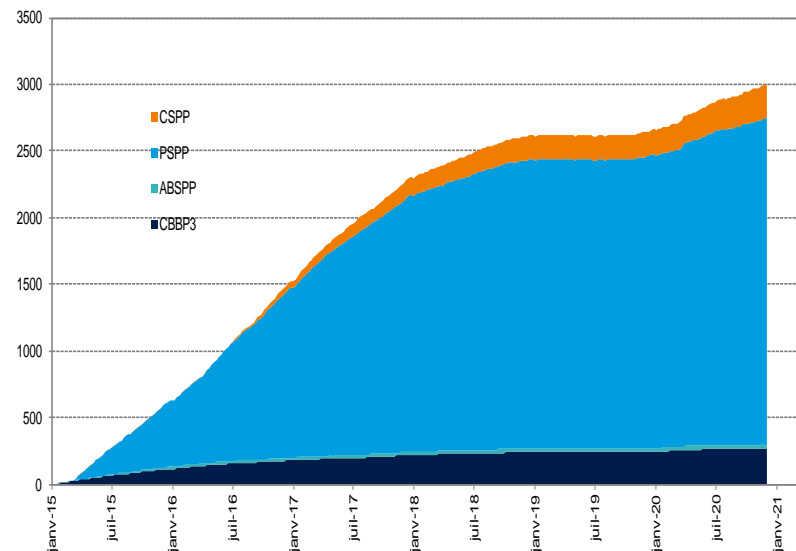
# ECB Balance Sheet (1/2)

ECB: Assets (in \$bn)



Source: Datastream, Amundi Research

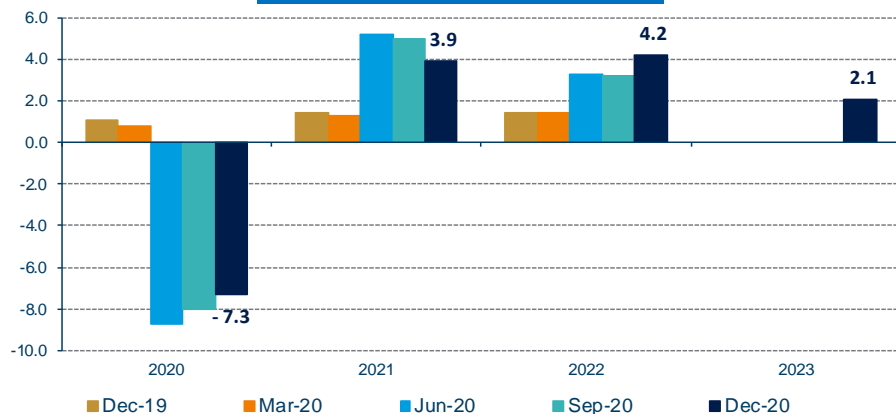
Amounts purchased by the Eurosystem under the expanded asset purchase programme (€ bn)



Source: Datastream, Amundi Research

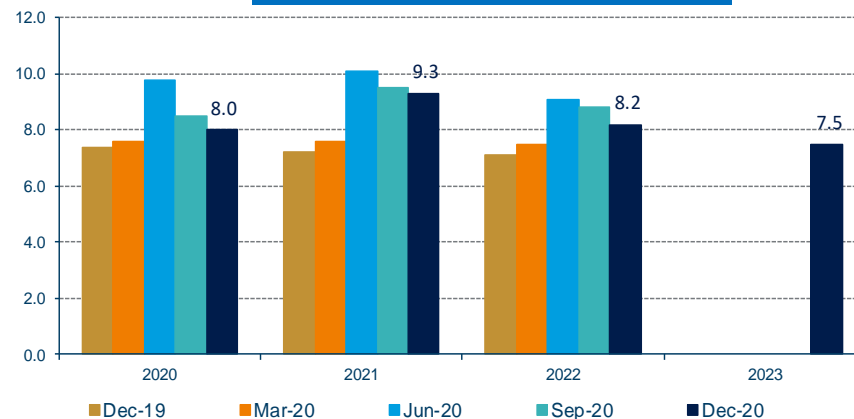
# ECB Projections

ECB forecast: real GDP (yoy%)



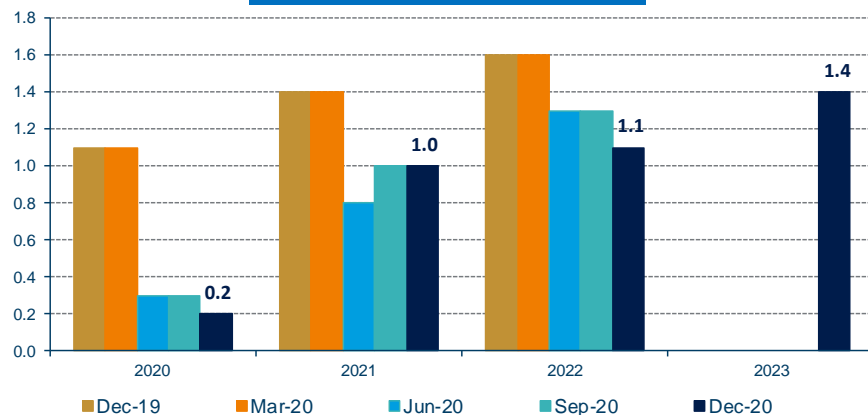
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Unemployment (yoy%)



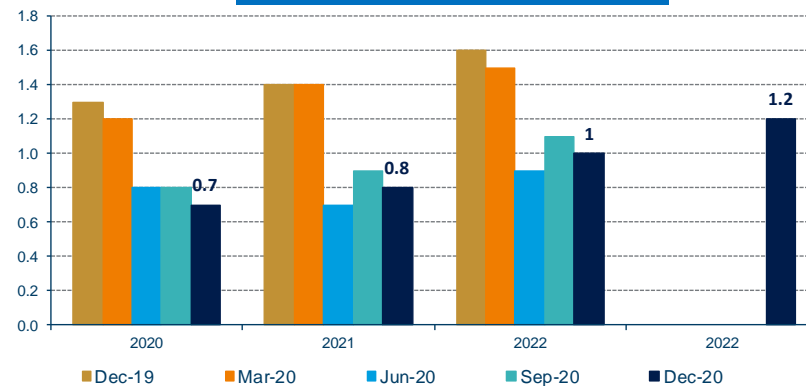
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Inflation (yoy%)



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

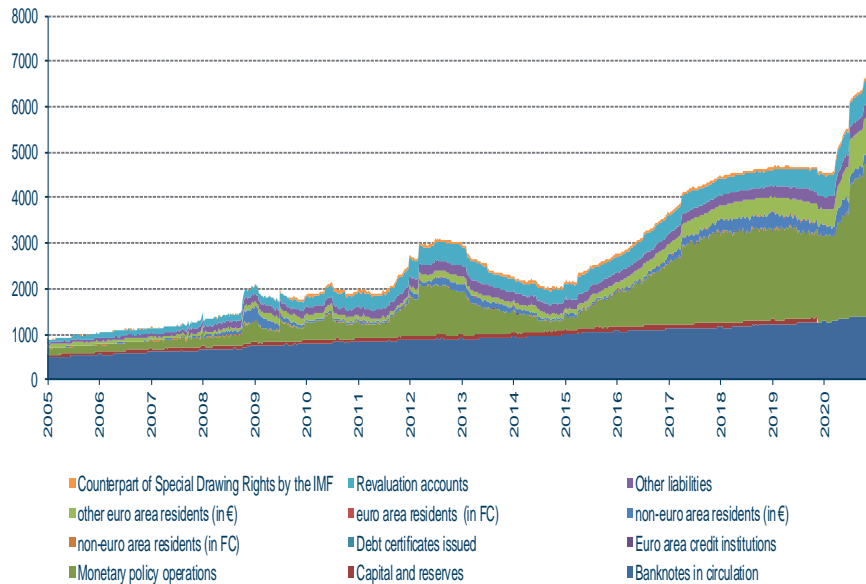
ECB forecast: Core Inflation (yoy%)



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

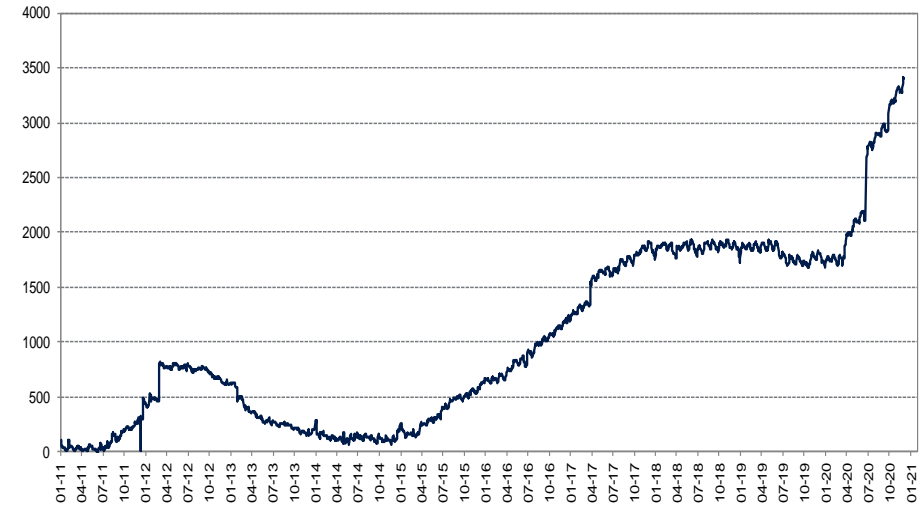
# ECB Balance Sheet (2/2)

ECB: Liabilities (in \$bn)



Source: Datastream, Amundi Research

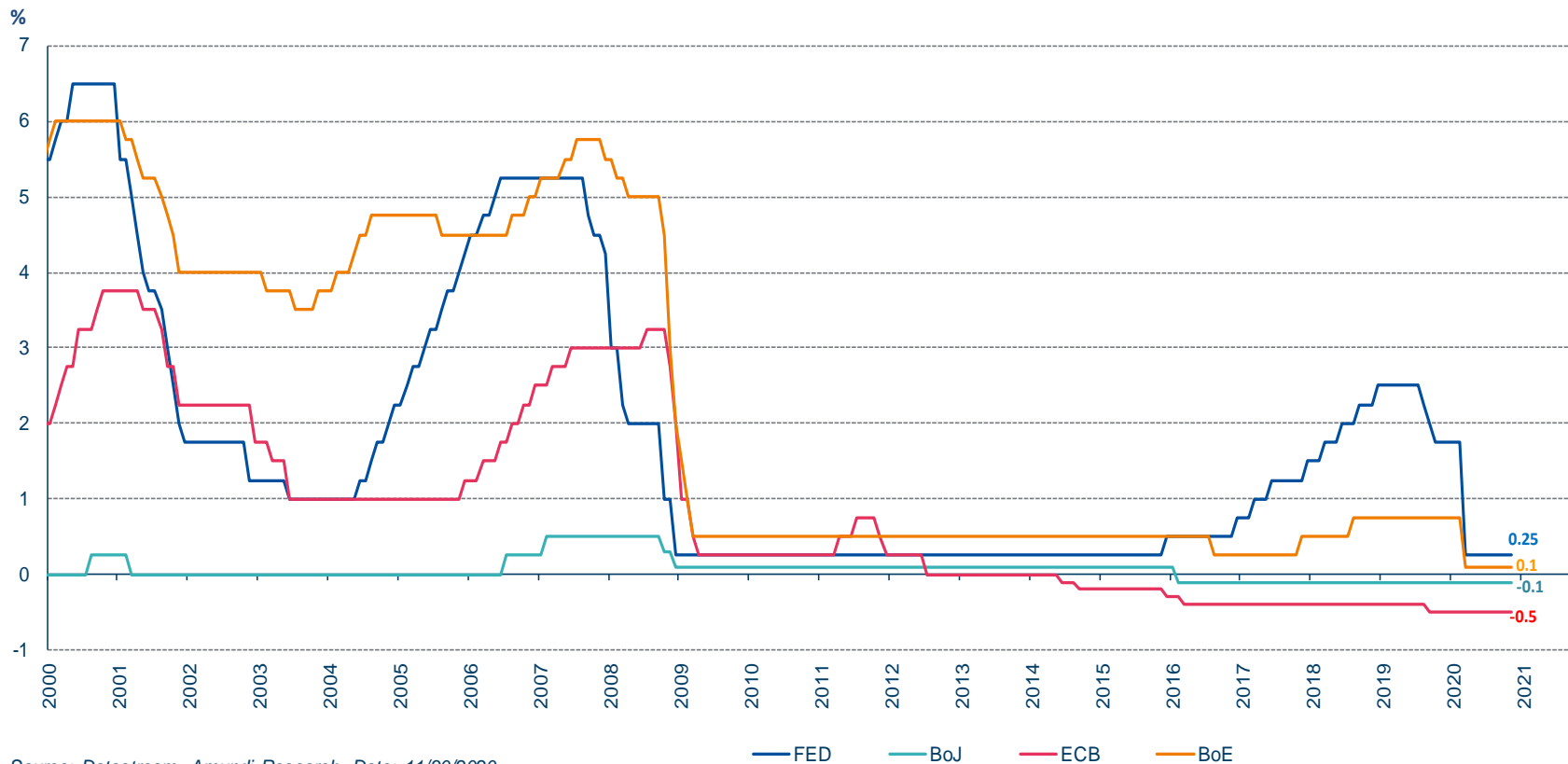
Eurosystem : excess reserves (€bn)



Source: Datastream, Amundi Research, 10/30/2020

# 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: 11/30/2020



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# 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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## 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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