

November 2021

## ECB QE Monitor

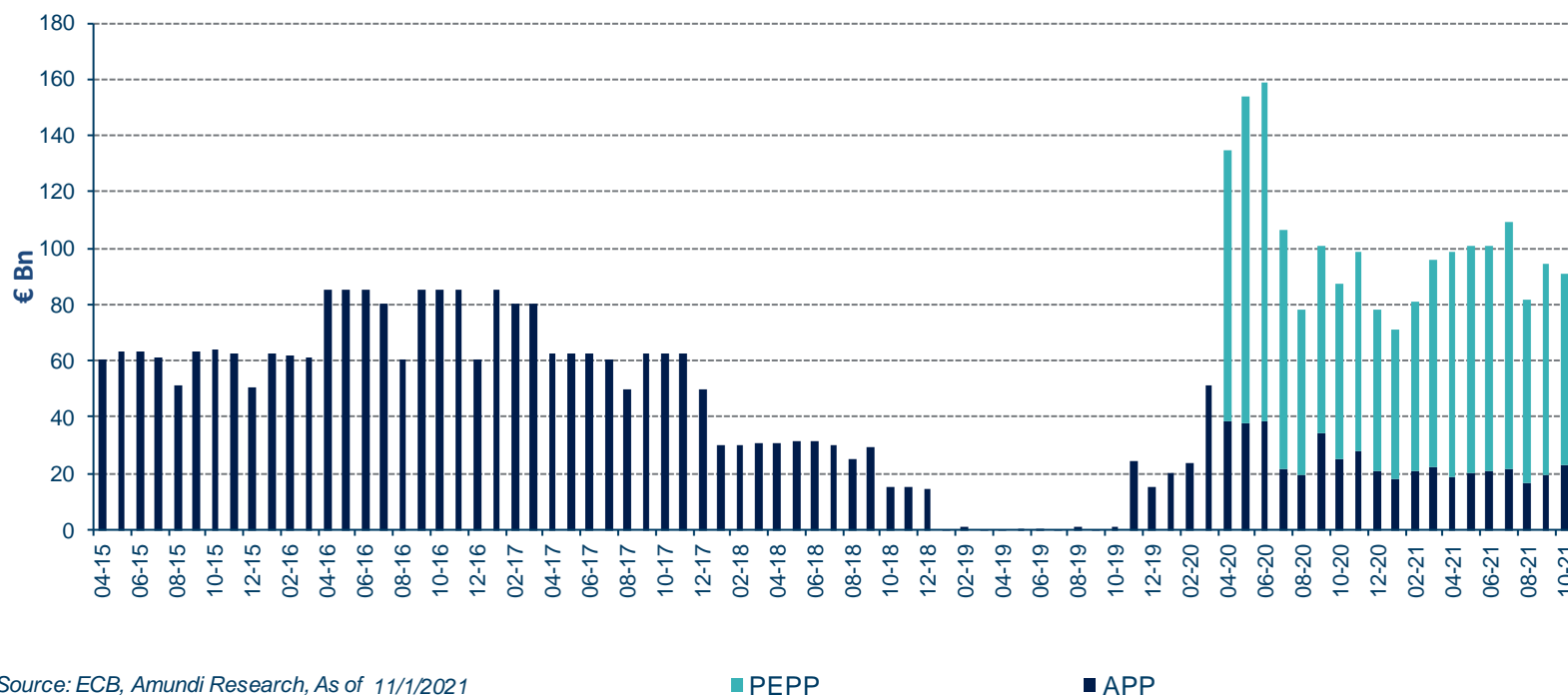
Mickael Bellaïche,  
*Fixed Income and Credit Research Strategist*

Confidence  
must be earned  
**Amundi**  
ASSET MANAGEMENT

# APP and PEPP: breakdown by programme in € bn

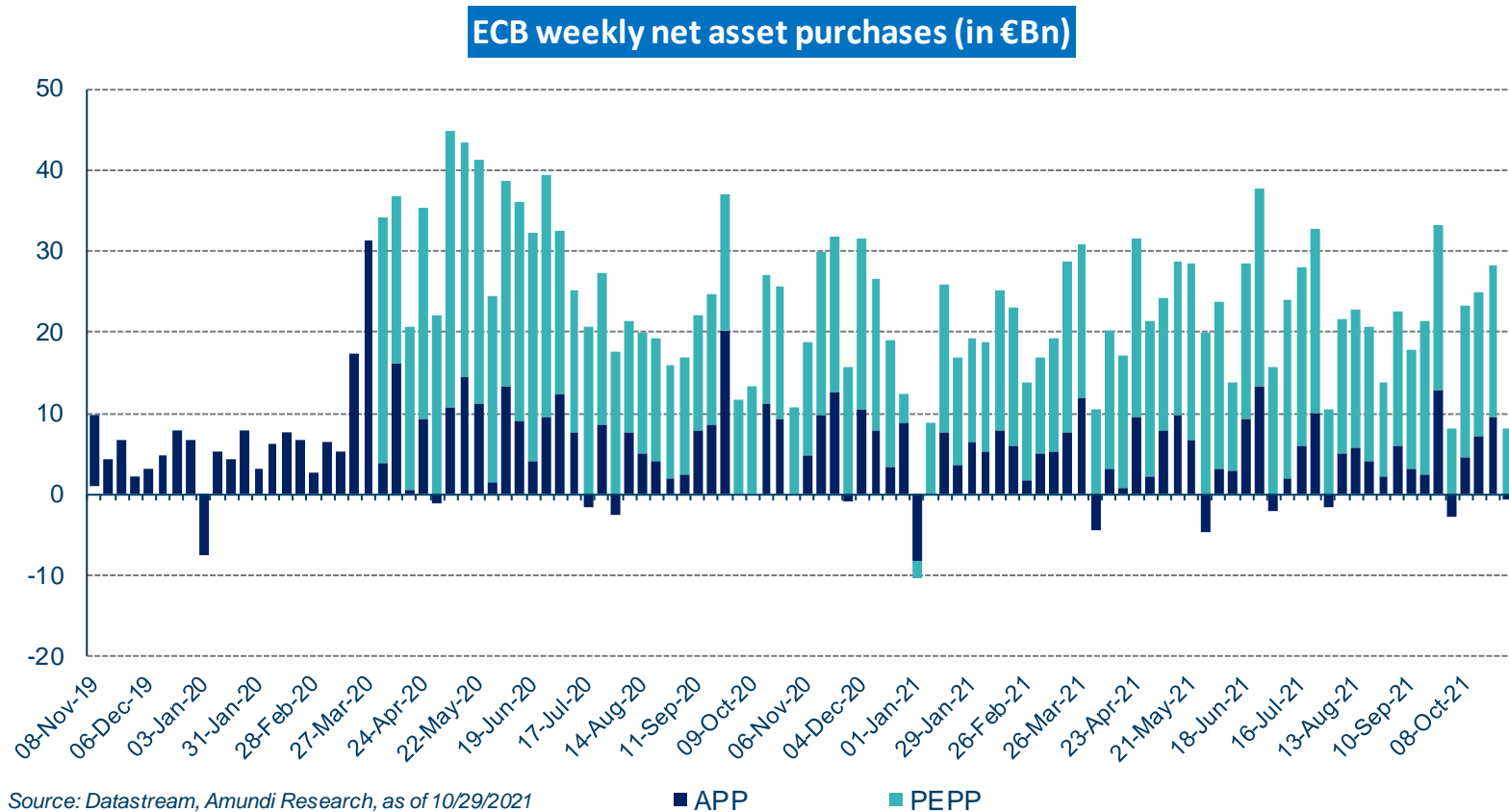
- In October 2021, ECB net asset purchases reached €23.2bn under APP and €67.8bn under PEPP.
- In October APP by programme: PSPP (€15bn; 64.9% of total), CSPP (€5.5bn; 23.6%), CBPP3 (€1.01bn; 4.35%) and ABSPP (€1.7bn; 7.2%).

ECB monthly net asset purchases (in €bn)



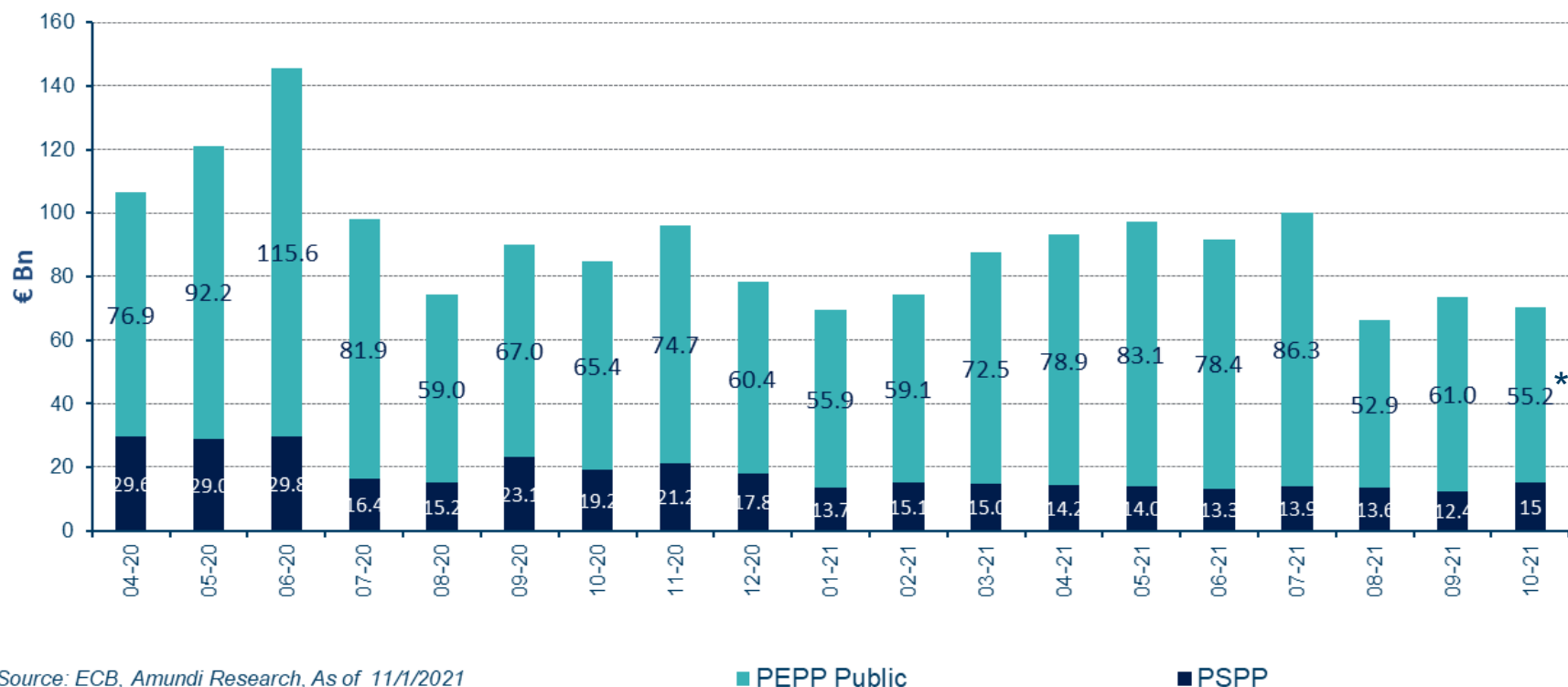
Source: ECB, Amundi Research, As of 11/1/2021

# ECB PEPP related purchases were equal to €67.8bn during October vs. €75bn in September 2021



# APP and PEPP: Sovereign monthly net purchases

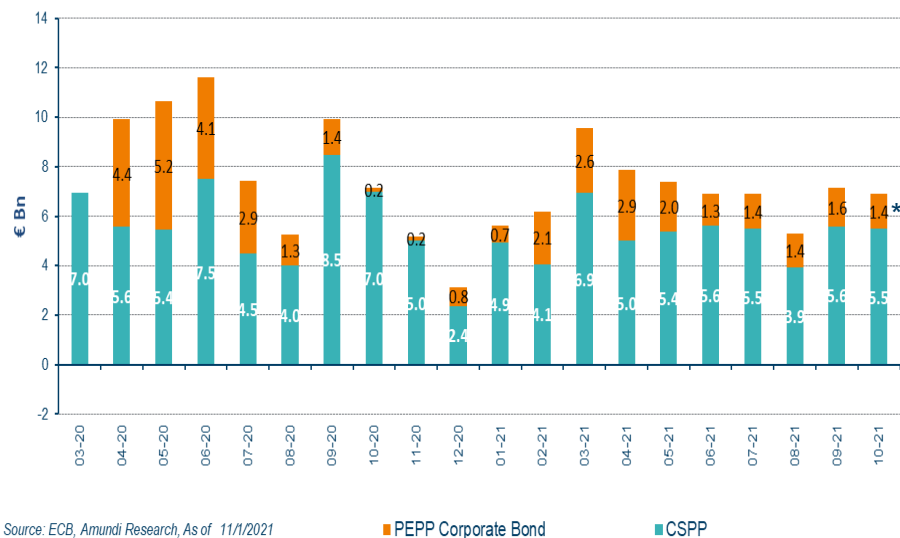
ECB monthly net asset purchases of public debt (in €bn)



Source: ECB, Amundi Research, As of 11/1/2021  
\* Estimate

# APP and PEPP: Private debt monthly net purchases

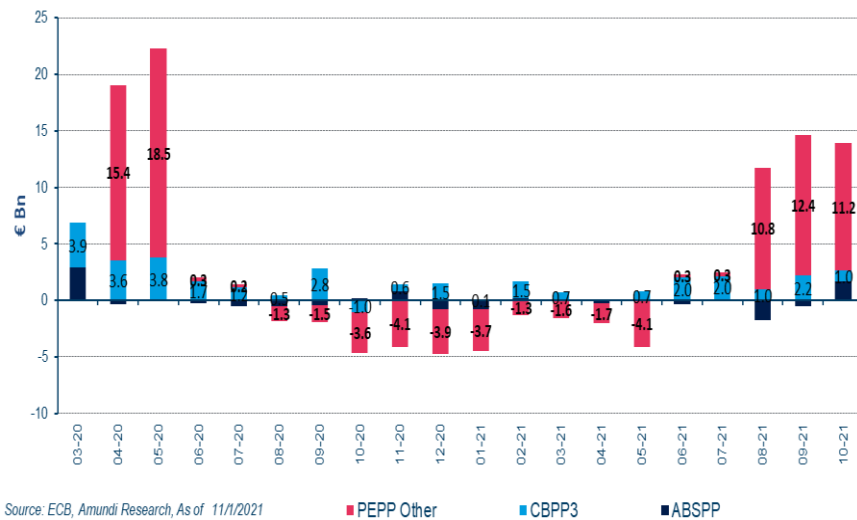
ECB monthly net asset purchases of corporate debt (in €bn)



Source: ECB, Amundi Research, As of 11/1/2021  
\* Estimate

■ PEPP Corporate Bond ■ CSPP

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

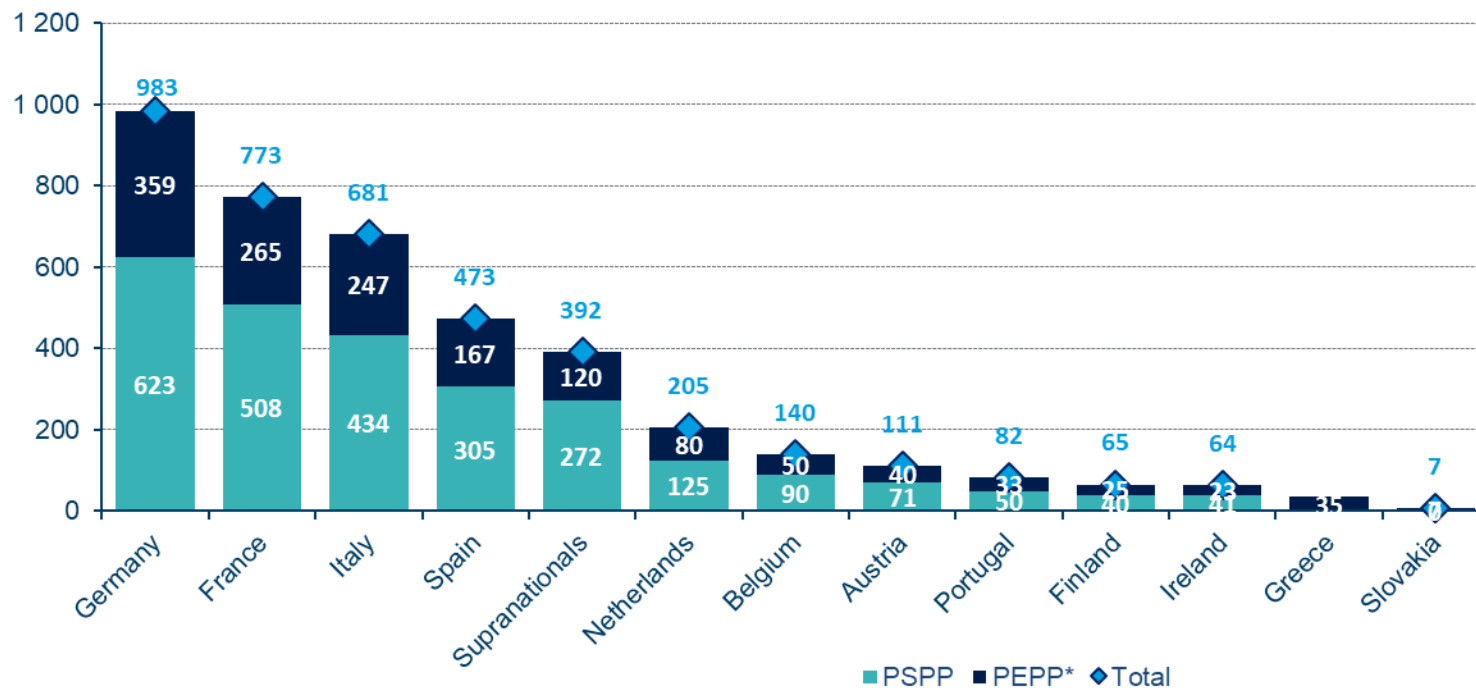


Source: ECB, Amundi Research, As of 11/1/2021  
PEPP Other = commercial paper+cover bd  
\* Estimate

■ PEPP Other ■ CBPP3 ■ ABSPP

# Eurosystem's holding: public debt

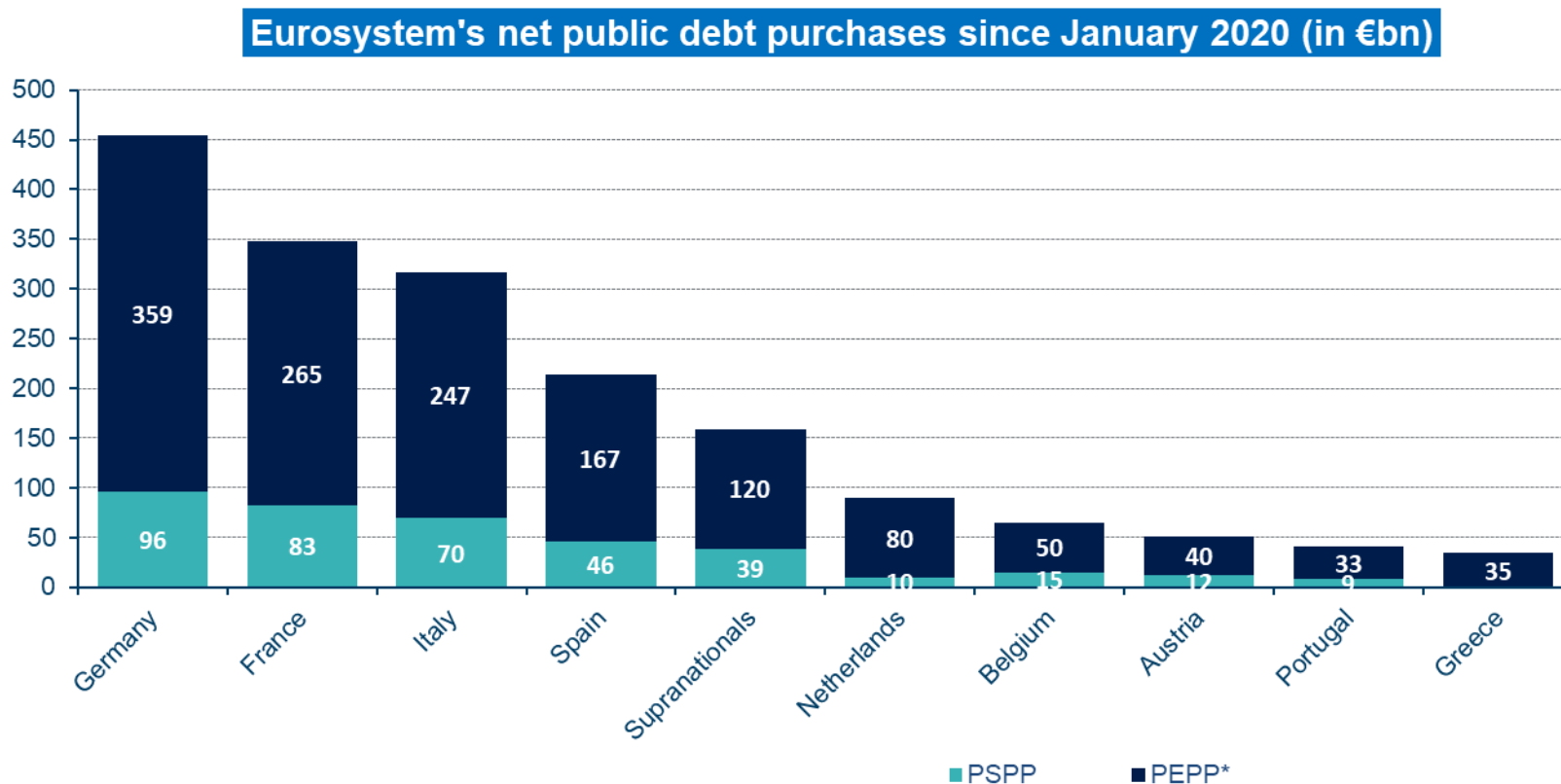
Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 10/29/2021

\* Estimate

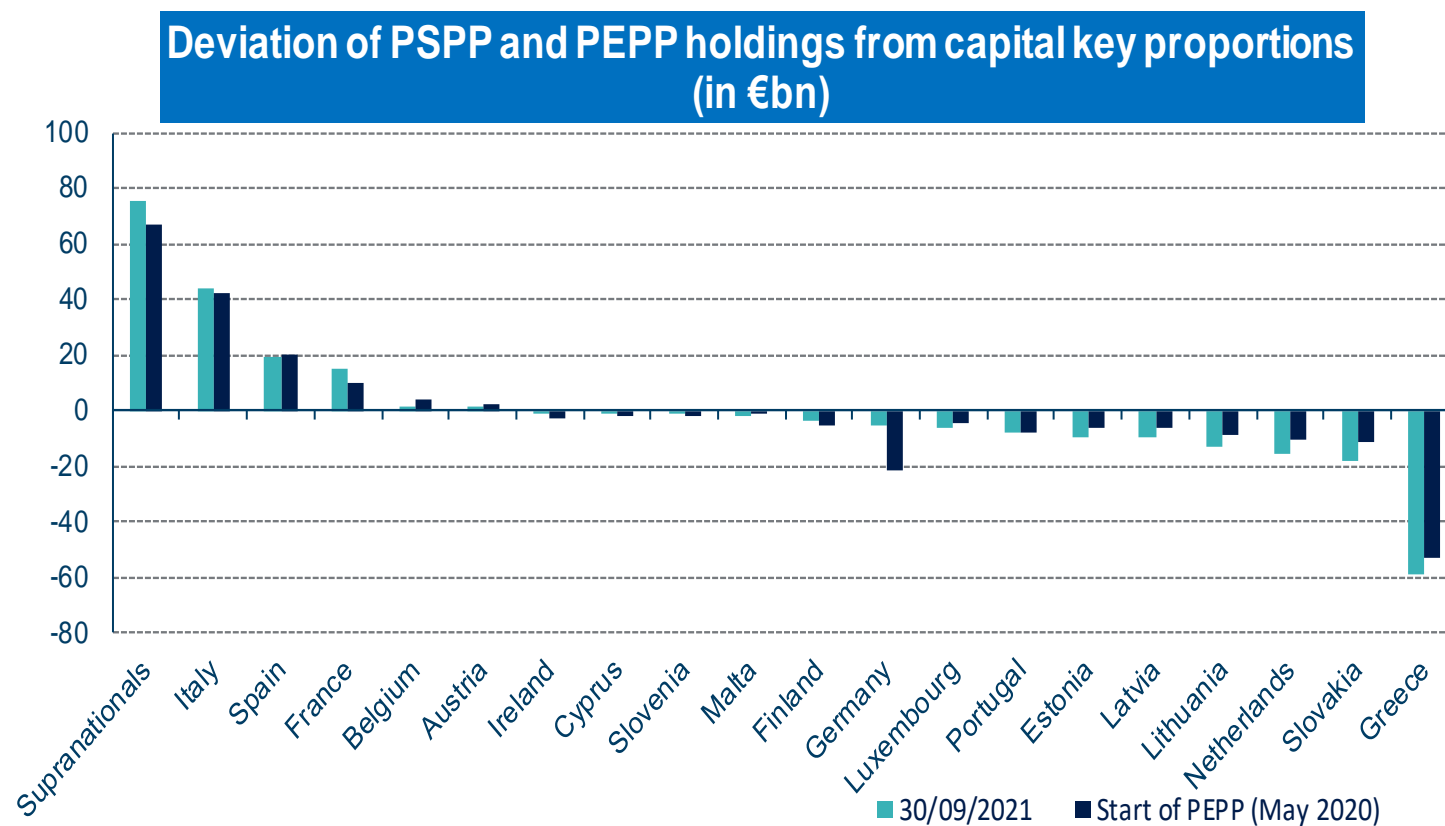
# Eurosystem's purchases since January 2020: public debt



Source: Datastream, Amundi Research, Data as of 10/29/2021

\* Estimate

# PSPP and PEPP holdings: Deviation from capital key proportions



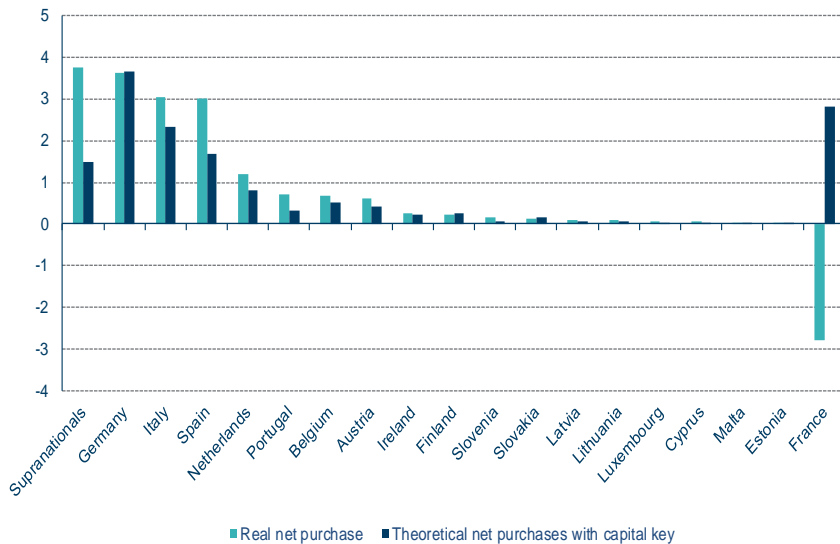
Source: Datastream, Amundi Research, Data as of 09/30/2021





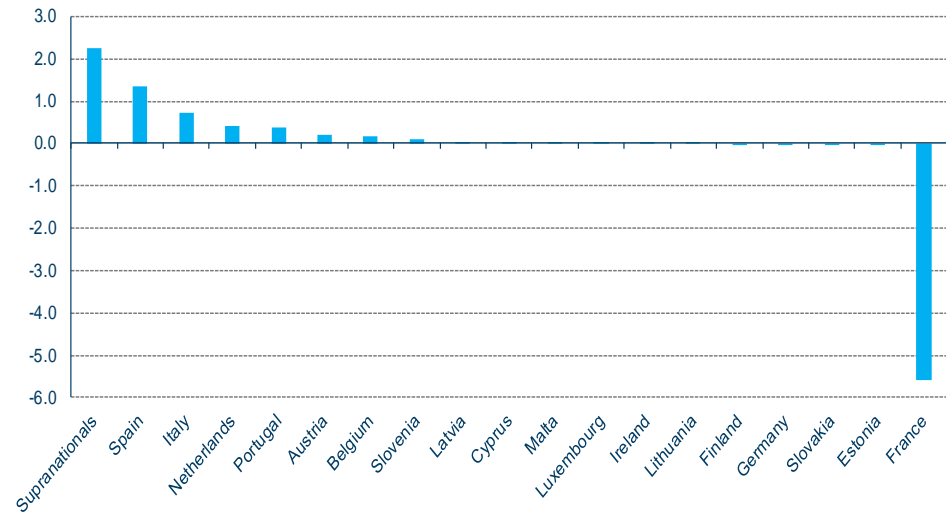
# Deviation of monthly PSPP purchases from capital key proportions

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



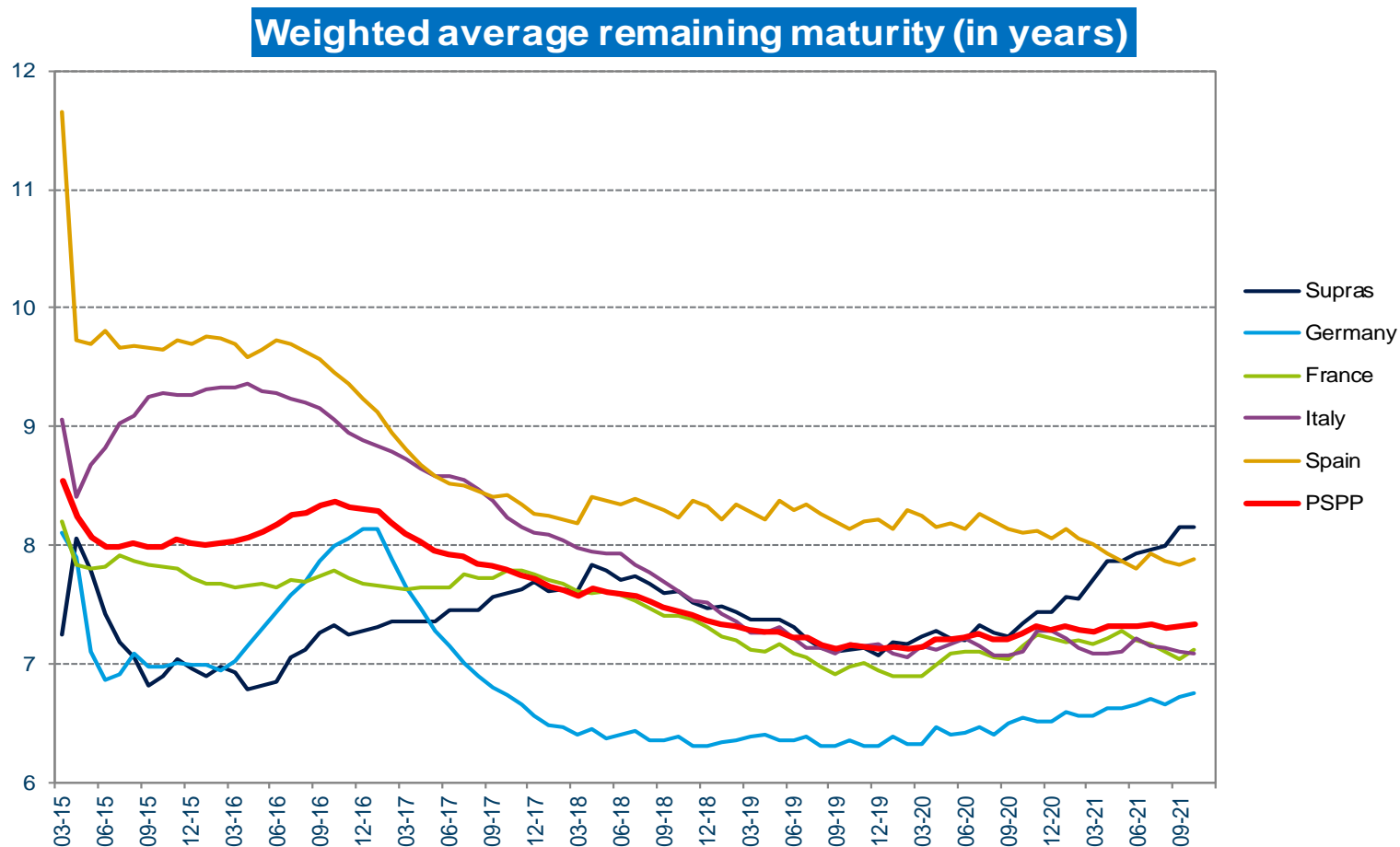
Source: Datastream, Amundi Research, Data as of 10/30/2021

PSPP: deviation from the capital key rule in October 2021 (in €bn)



Source: Datastream, Amundi Research, Data as of 10/30/2021

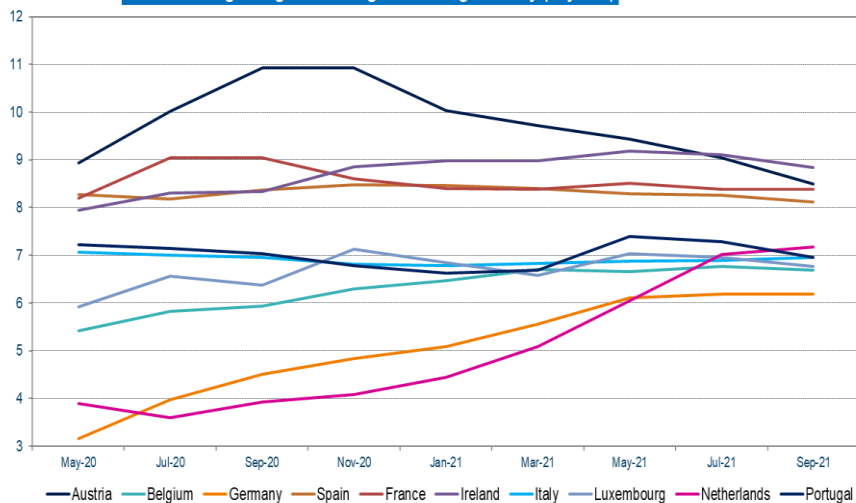
# Weighted average maturities by jurisdiction for the PSPP



Source: Datastream, Amundi Research, Data as of 10/29/2021

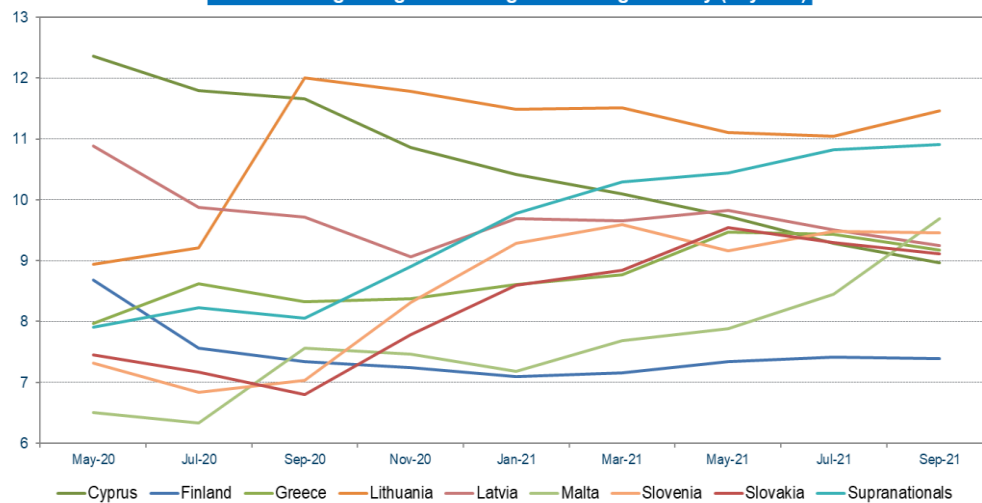
# PEPP Holdings weighted average remaining maturity

PEPP Holdings weighted average remaining maturity (in years)



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

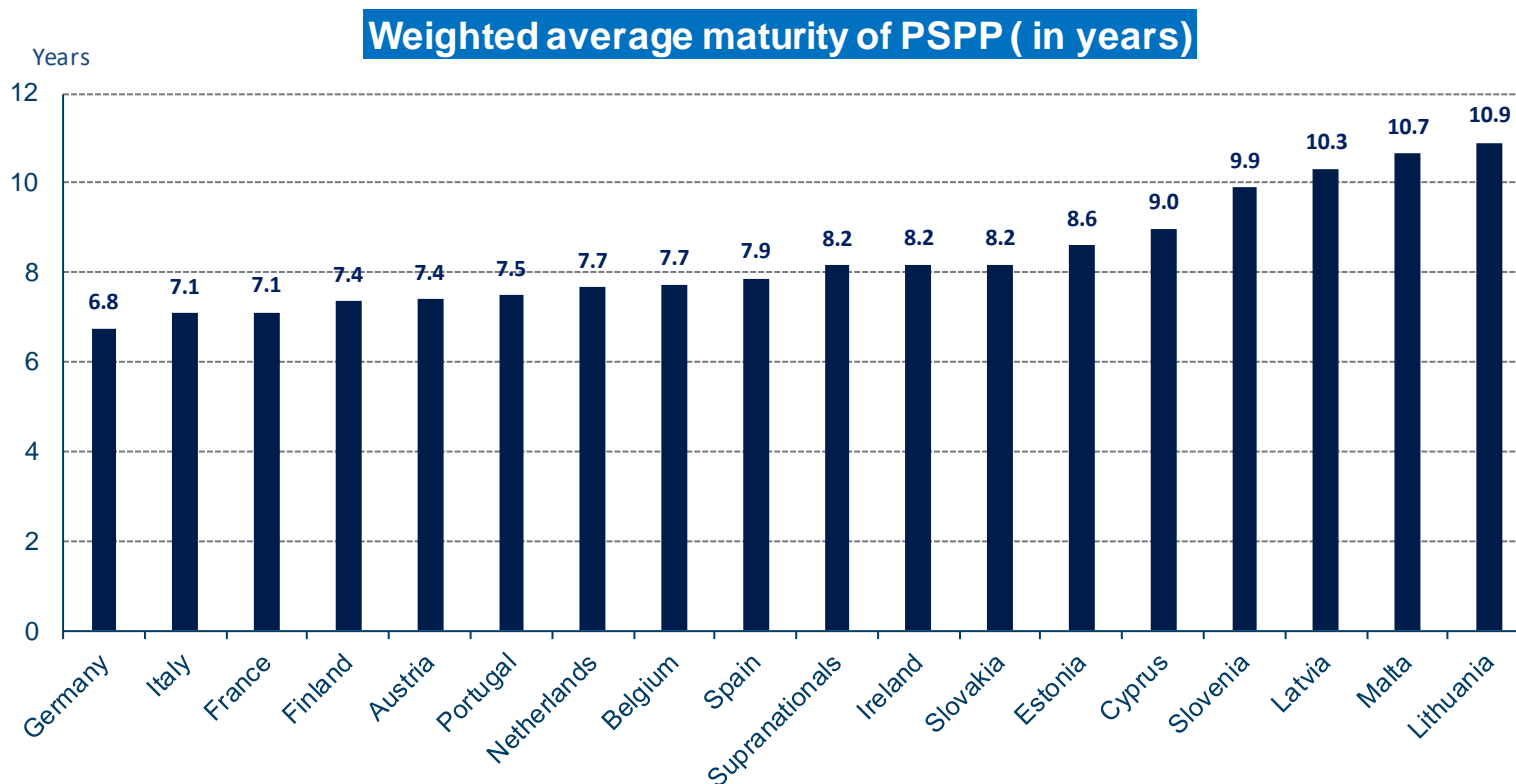
PEPP Holdings weighted average remaining maturity (in years)



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



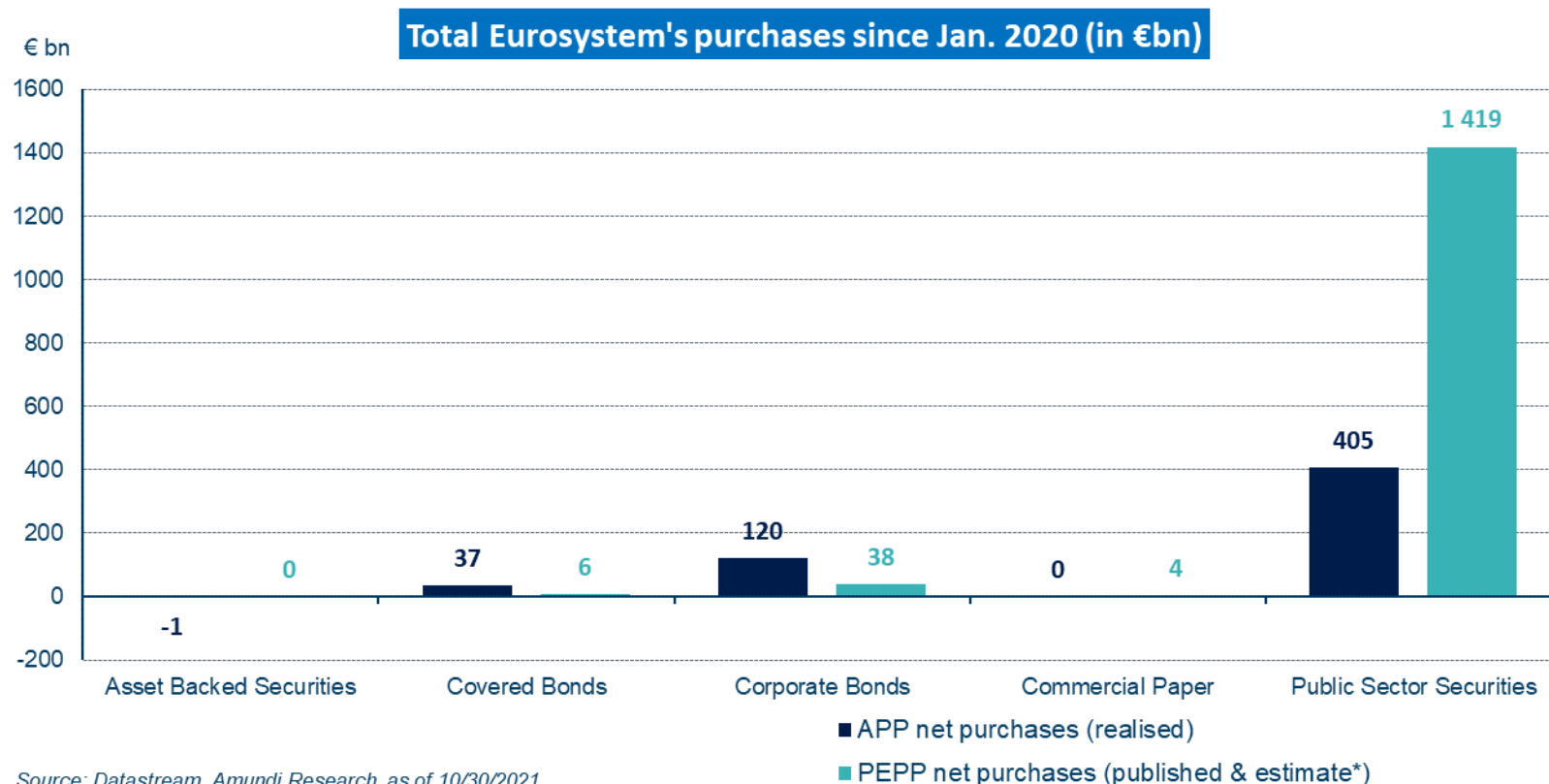
# Weighted average maturity of PSPP bonds (as at January 2021)



Source: Datastream, Amundi Research, Data as of 10/30/2021

# What's next for end of 2021?

# Of its PEPP envelope of €1 850bn, the ECB has spent €1 467bn.

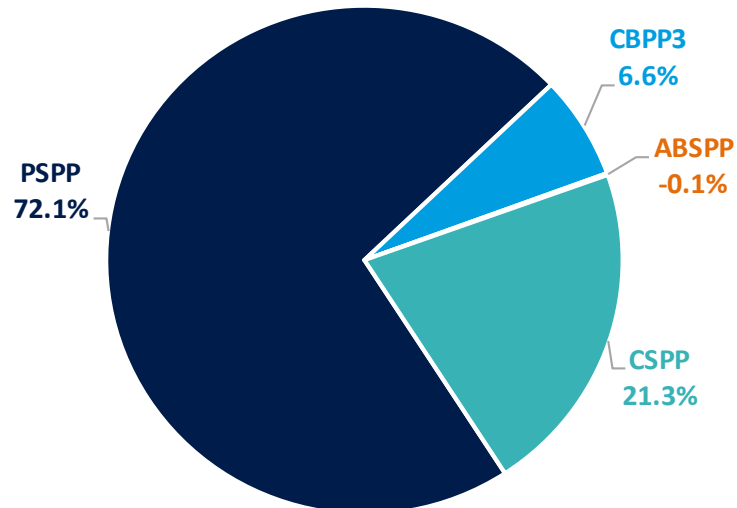


Source: Datastream, Amundi Research, as of 10/30/2021

\* estimate from the ECB PEPP purchases by asset classes from March 2020 to September 2021

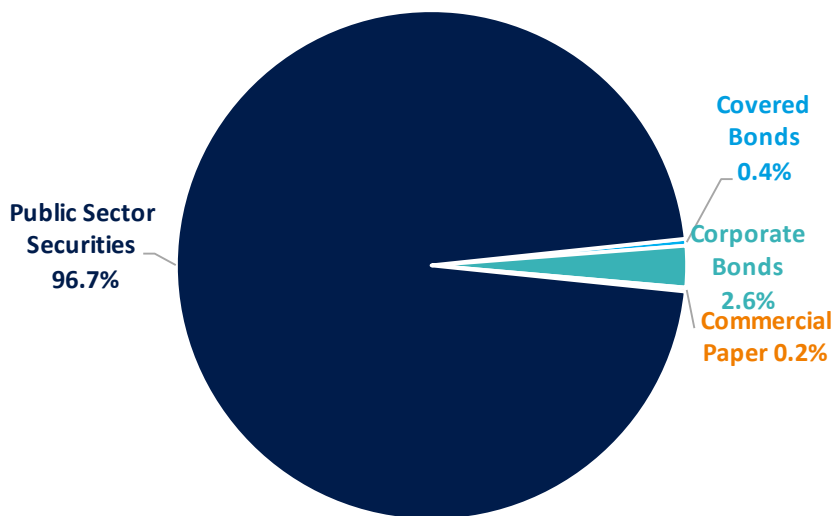
# APP and PEPP: breakdown by program in %

APP by program



Source: ECB, Amundi Research, Date: 10/30/2021

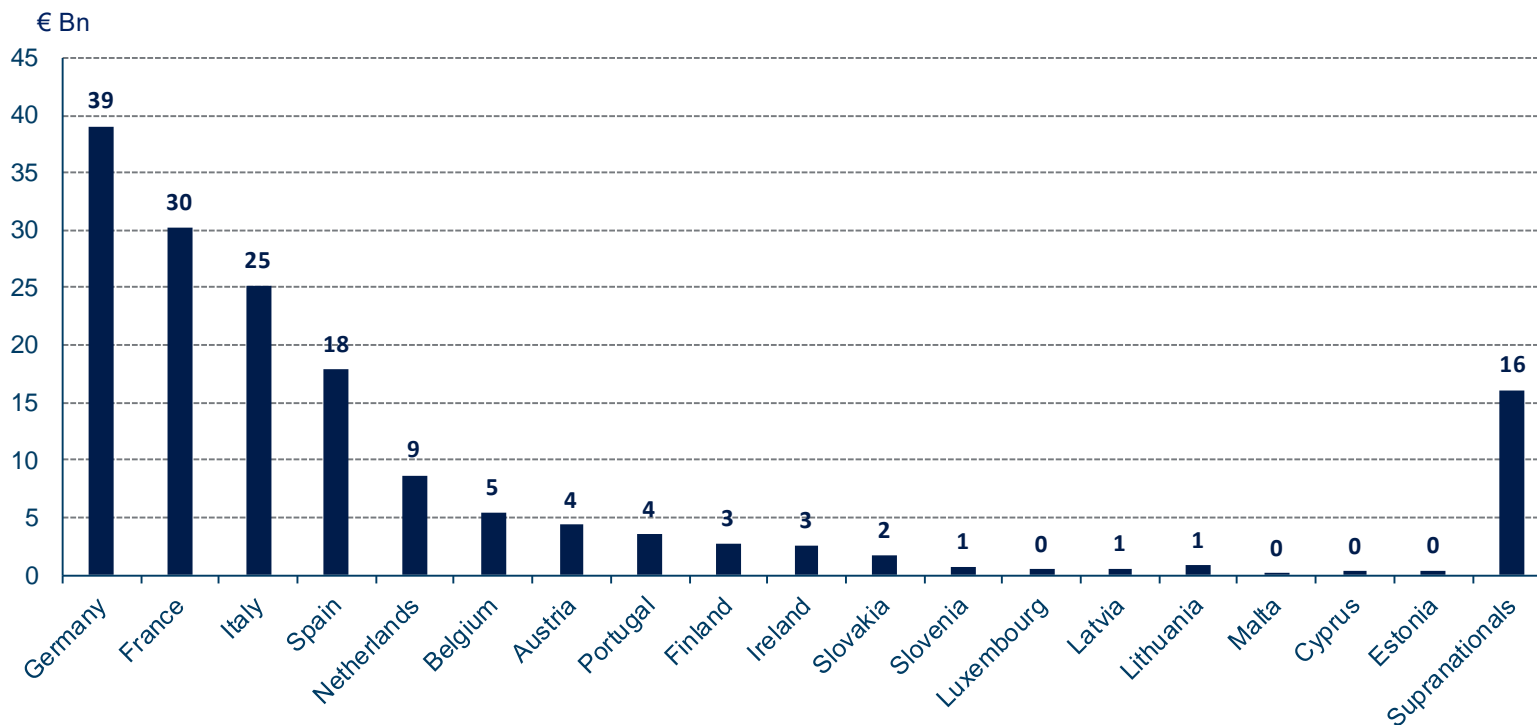
PEPP by program



Source: ECB, Amundi Research, Date: 10/30/2021

# ECB Firepower by jurisdiction for 2021

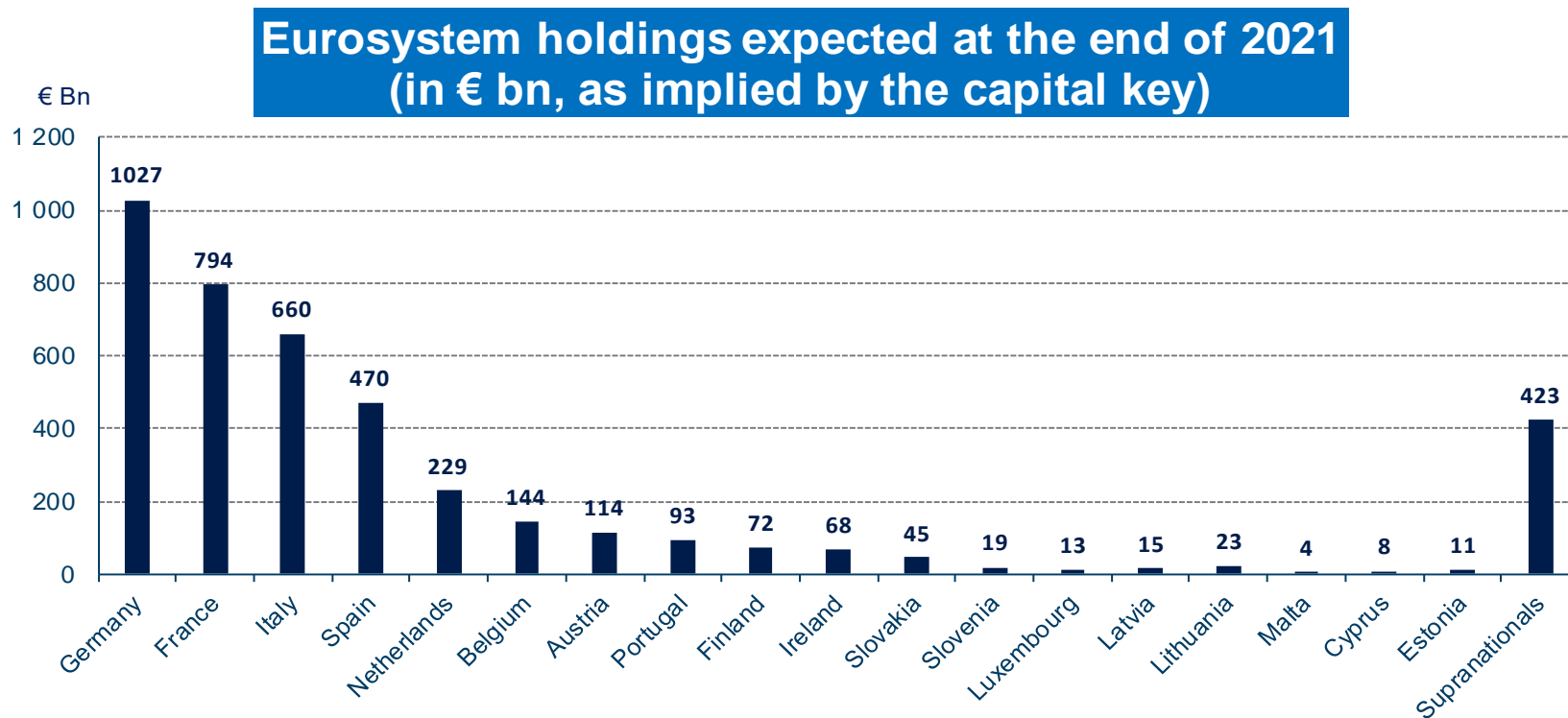
**Net purchases of public debt expected until end of 2021  
(in € bn, as implied by the capital key)**



Source: Datastream, Amundi Research, Data as of 10/30/2021



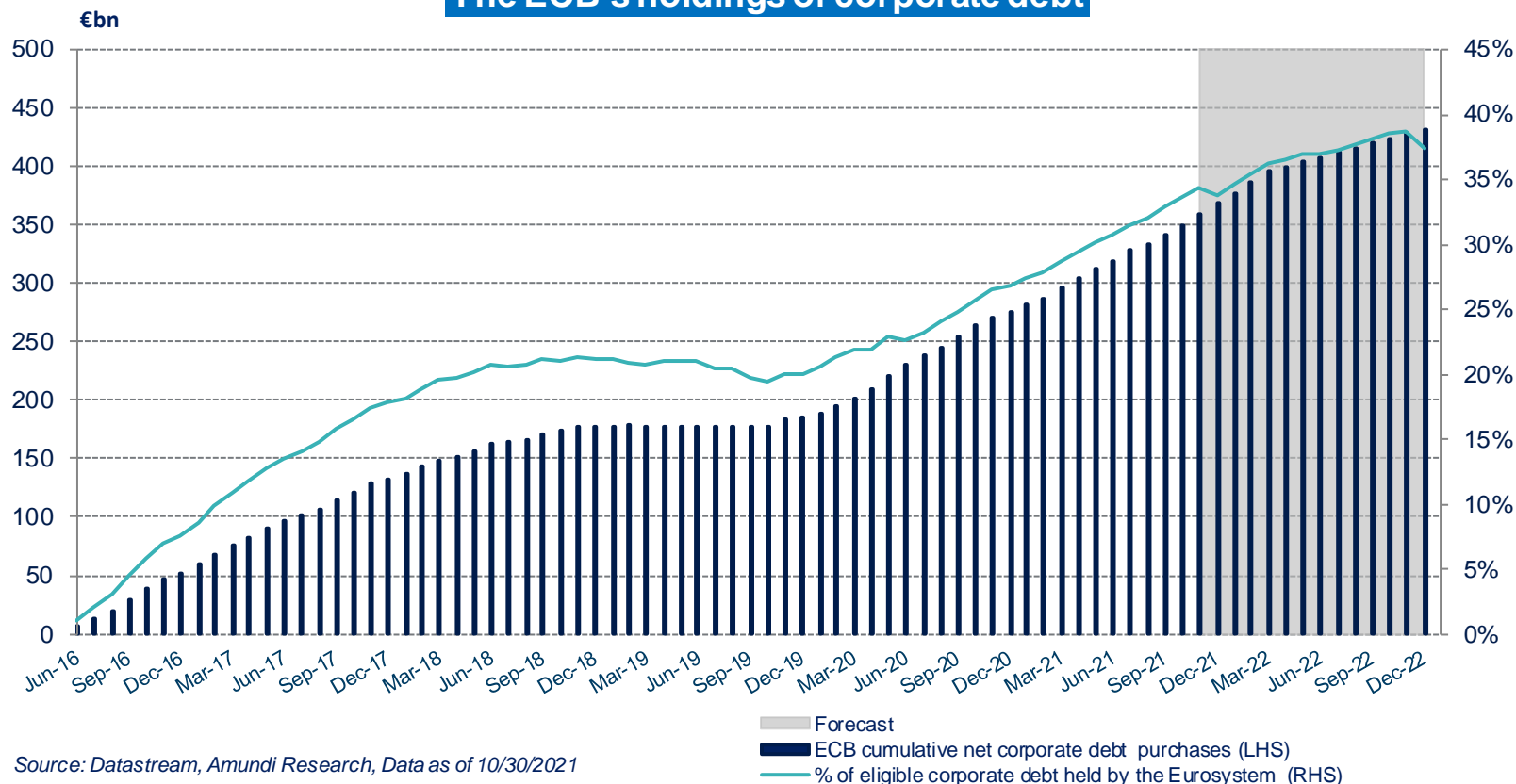
# ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 10/30/2021

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

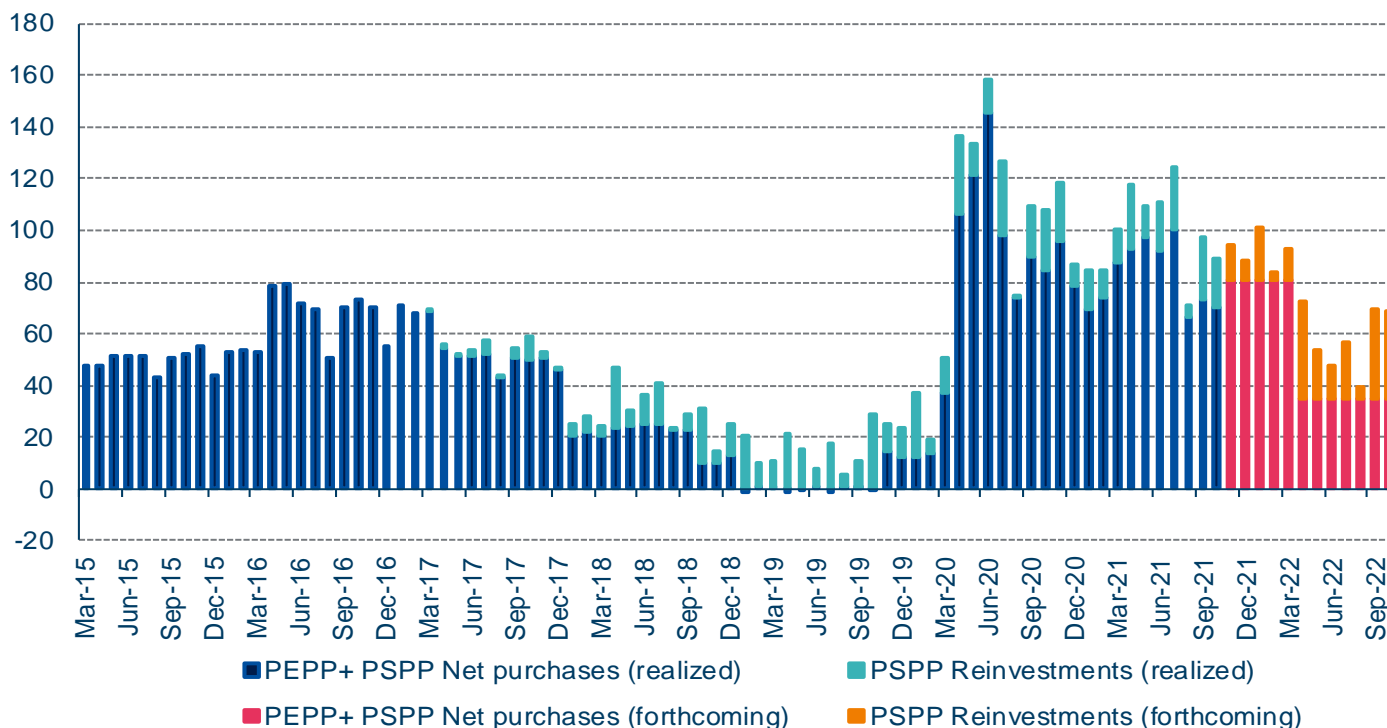
## The ECB's holdings of corporate debt



# Sovereign monthly gross purchases

- ECB firepower over the next 6 months is huge : €383bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 87% of the ECB's purchases will be public debt
- PSPP reinvestment will average €18.7bn/month over the next 12 months, up from €16.5bn in the past 12 months.

**Sovereign monthly gross purchases (€bn)**

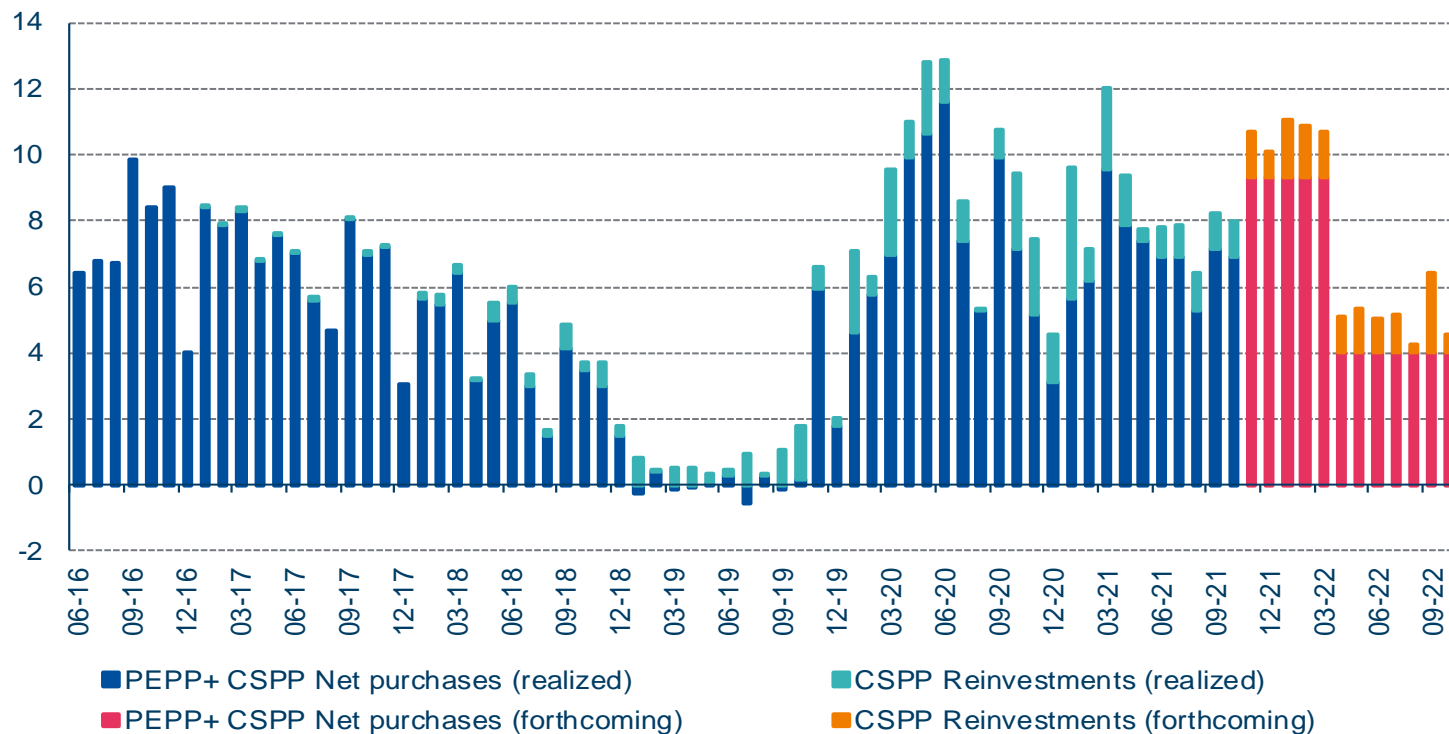


Source: ECB, Amundi Research, Data as of: 10/29/2021

# Corporate monthly gross purchases

- ECB firepower over the next 6 months is huge : €383bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 10% of the ECB's purchases will be corporate debt
- CSPP reinvestment will average €1.2bn/month over the next 12 months

**Corporate monthly gross purchases (€bn)**

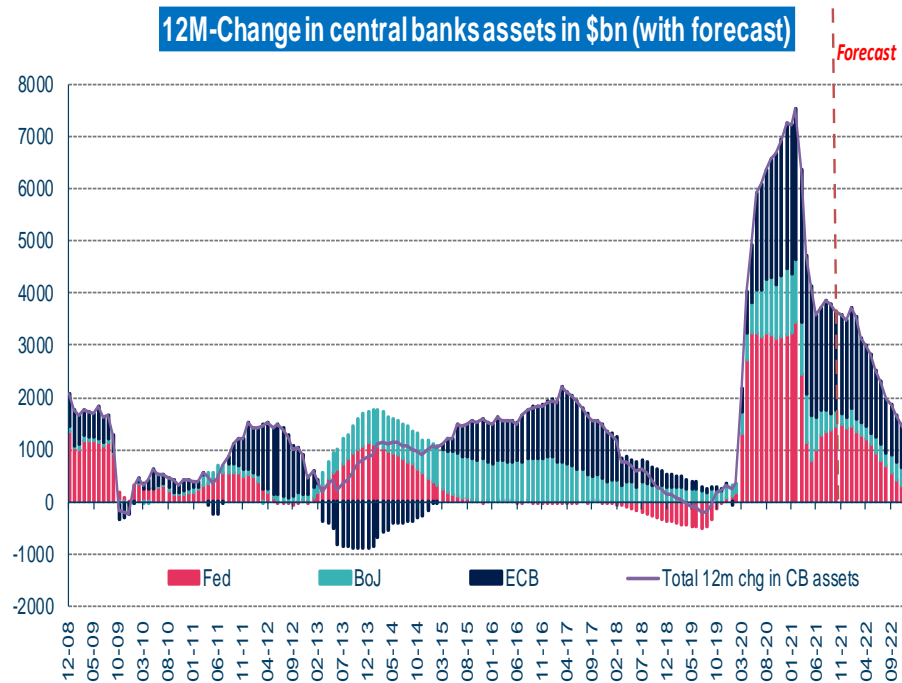


Source: ECB, Amundi Research, Data as of: 10/29/2021

# Annex

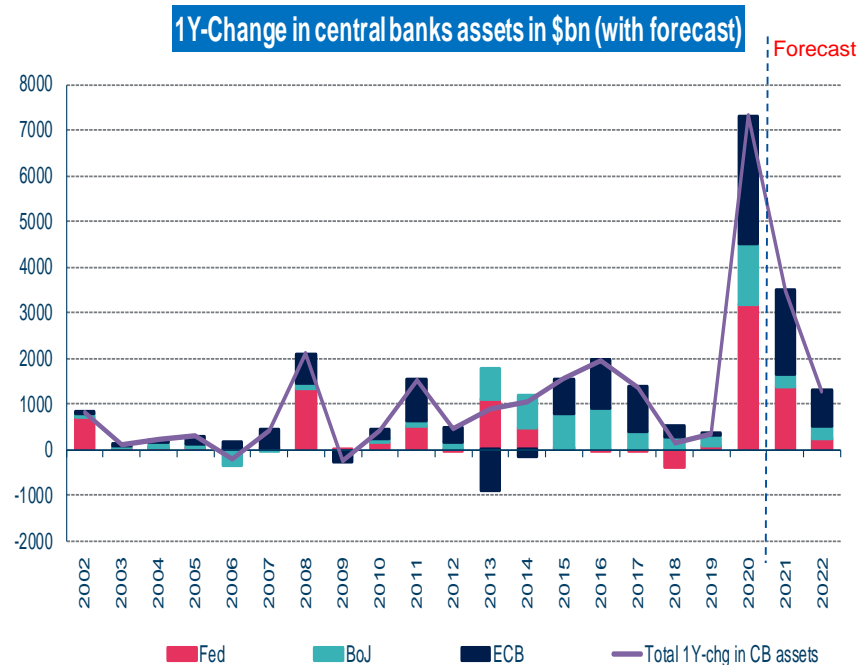
# Central Banks: always present to support

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



Source: Datastream, Amundi Research, as of 10/30/2021

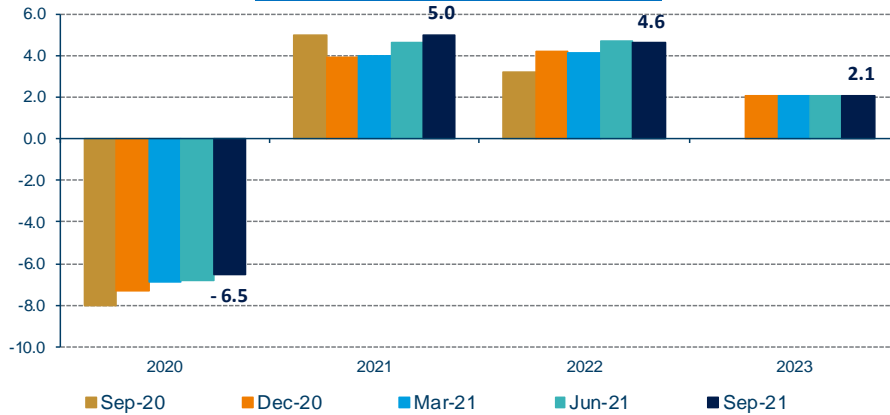
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 10/30/2021

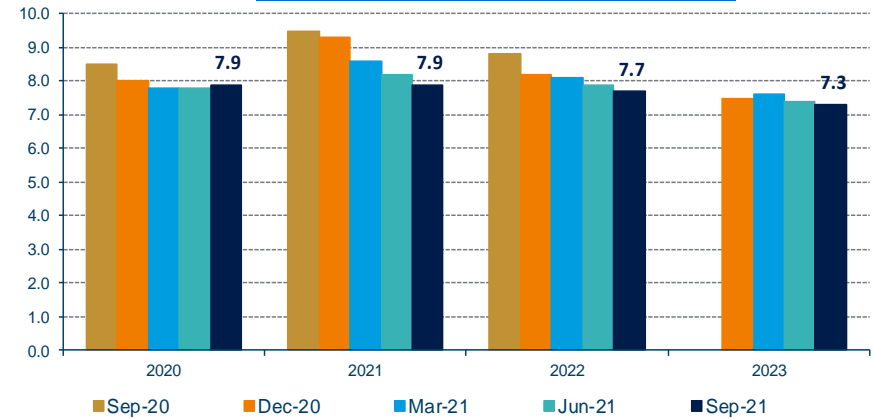
# ECB Projections

ECB forecast: real GDP (yoy%)



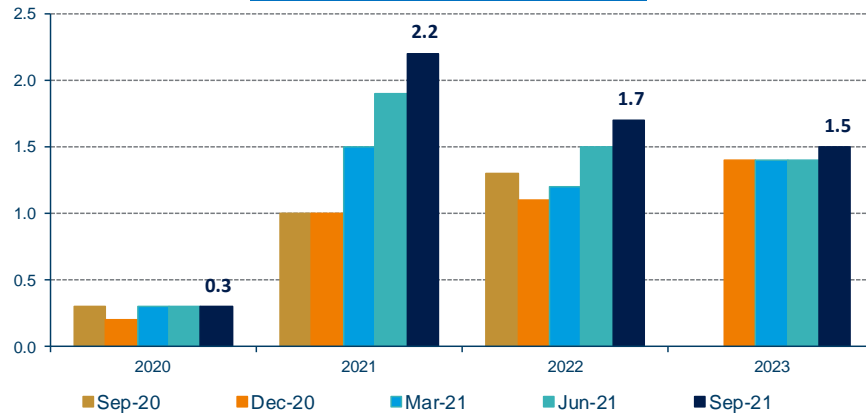
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Unemployment (yoy%)



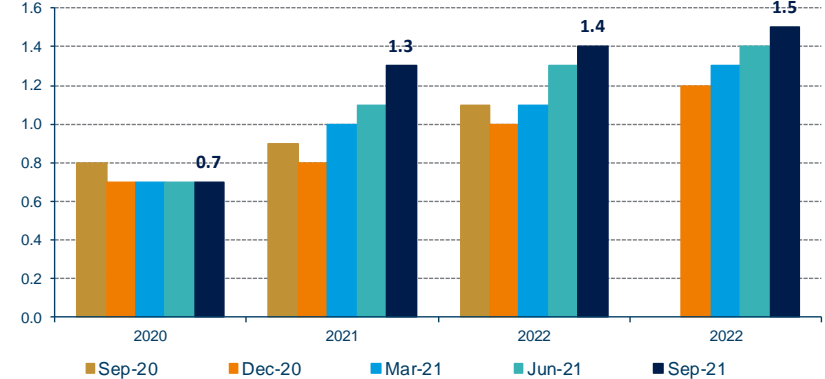
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Inflation (yoy%)



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

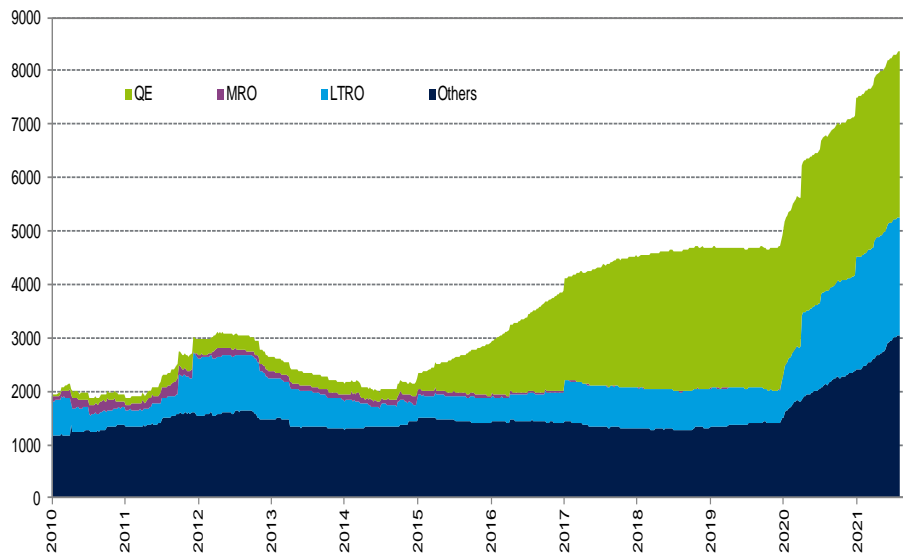
ECB forecast: Core Inflation (yoy%)



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

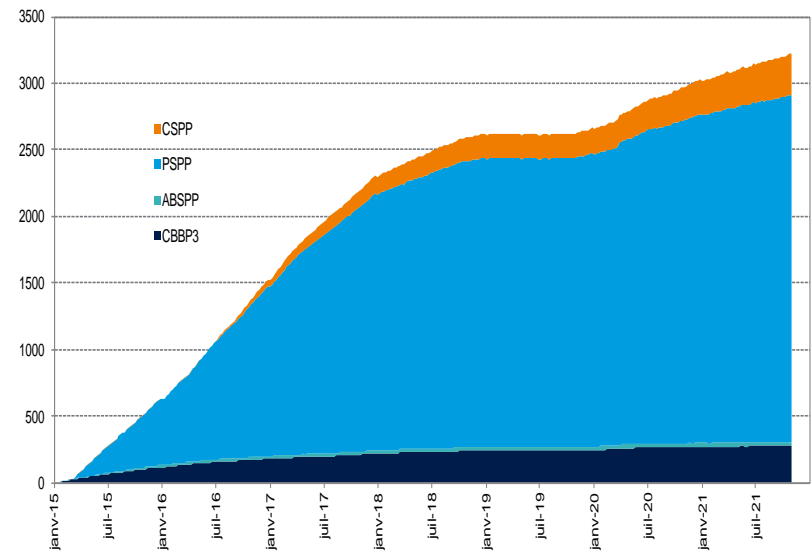
# ECB Balance Sheet (1/2)

ECB balance sheet, total asset (in €bn)



Source: Datastream, Amundi Research, data as of 10/30/2021

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



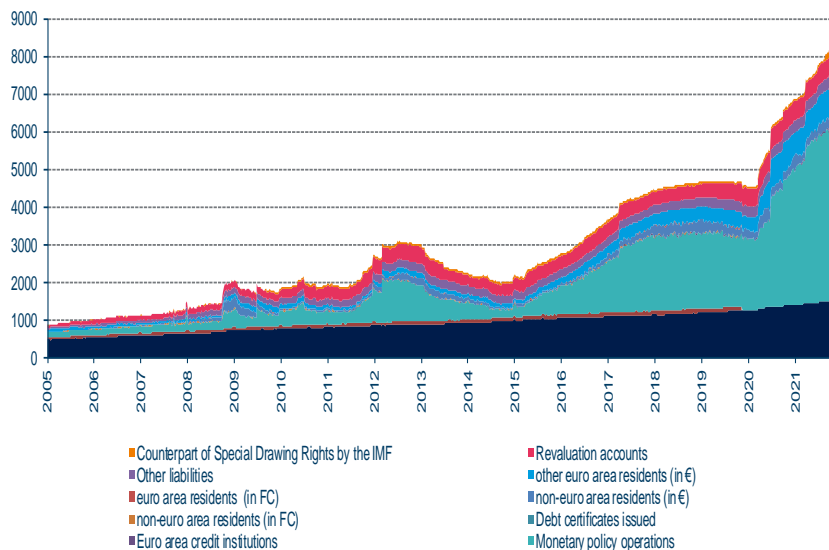
Source: Datastream, Amundi Research



# ECB Balance Sheet (2/2)

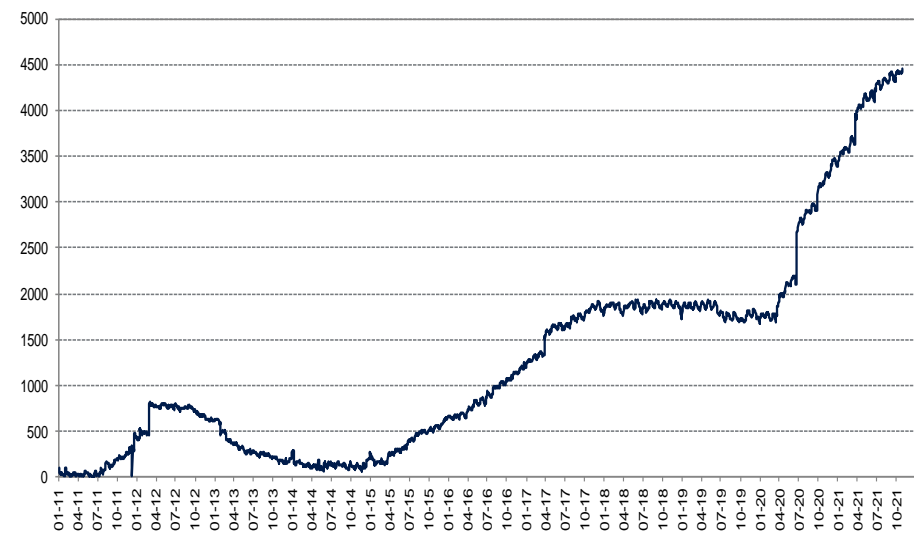
- On the liability side, the expansion of the ECB balance sheet is largely due to reserve liabilities.
- Relative to 2018-2019, the volume of excess liquidity has more than doubled since the start of the pandemic to EUR 4 trillion. With about €517bn of unused capacity in the PEPP envelope and the APP 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

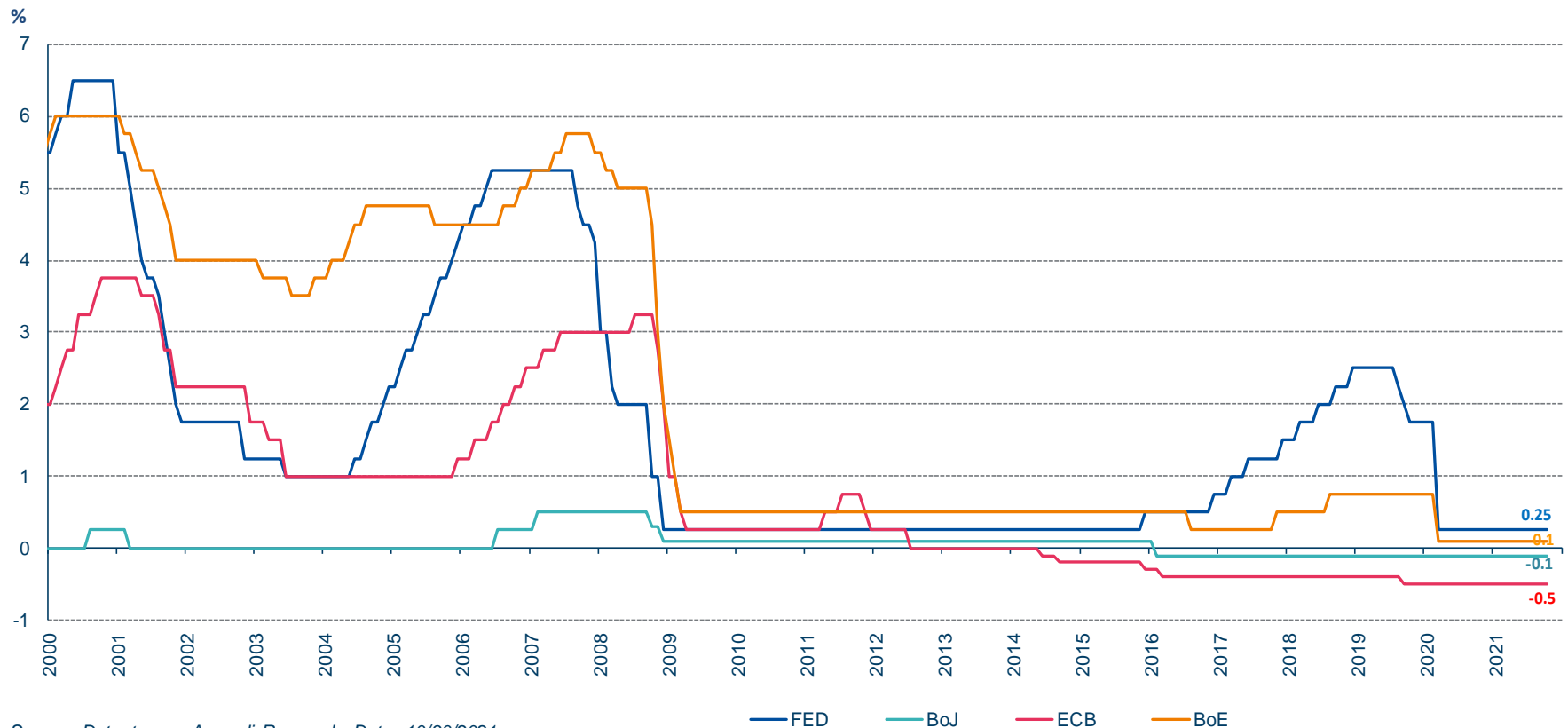
Eurosystem : excess reserves (€bn)



Source: Datastream, Amundi Research, 10/29/2021

# 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: 10/30/2021

# 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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