

Confidence  
must be earned

**Amundi**  
ASSET MANAGEMENT

March 2021

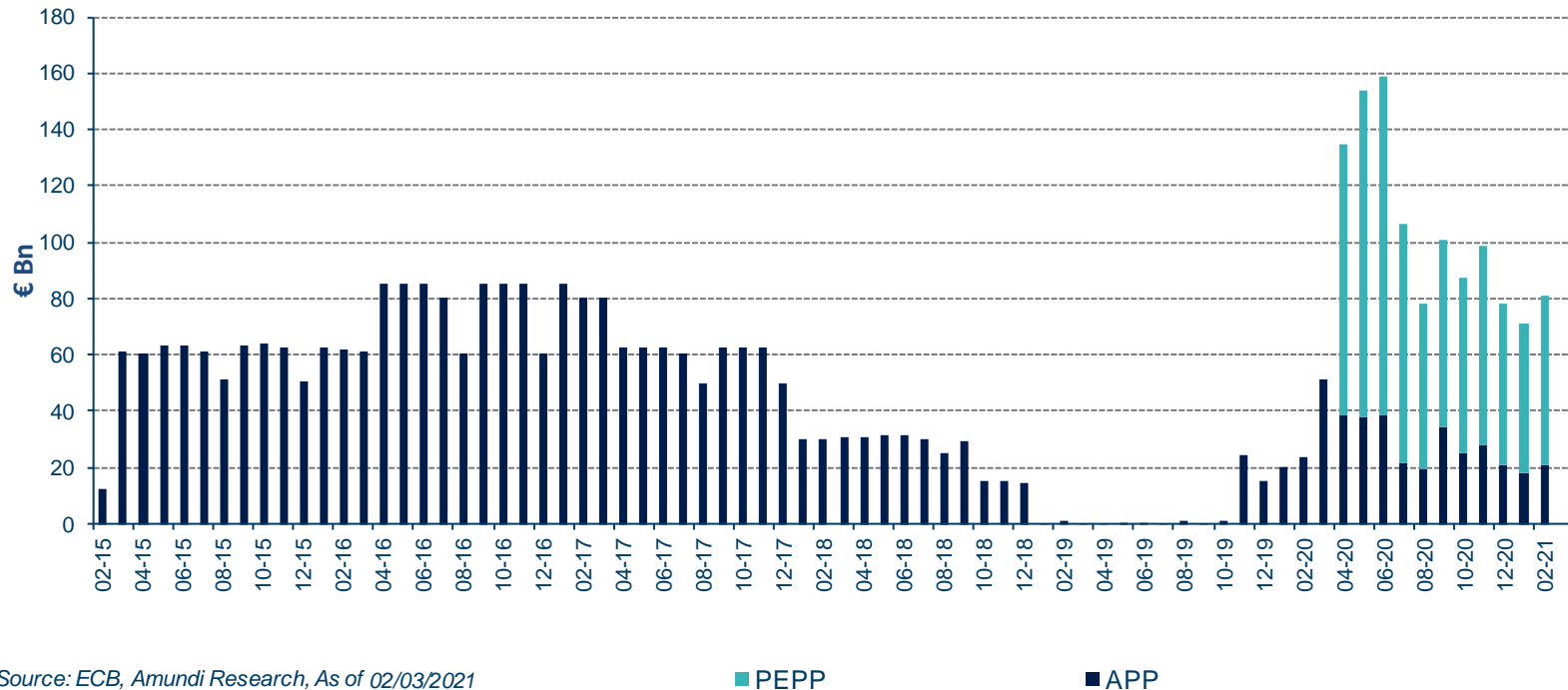
## ECB QE Monitor

Mickael Bellaïche, Fixed Income Strategist

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

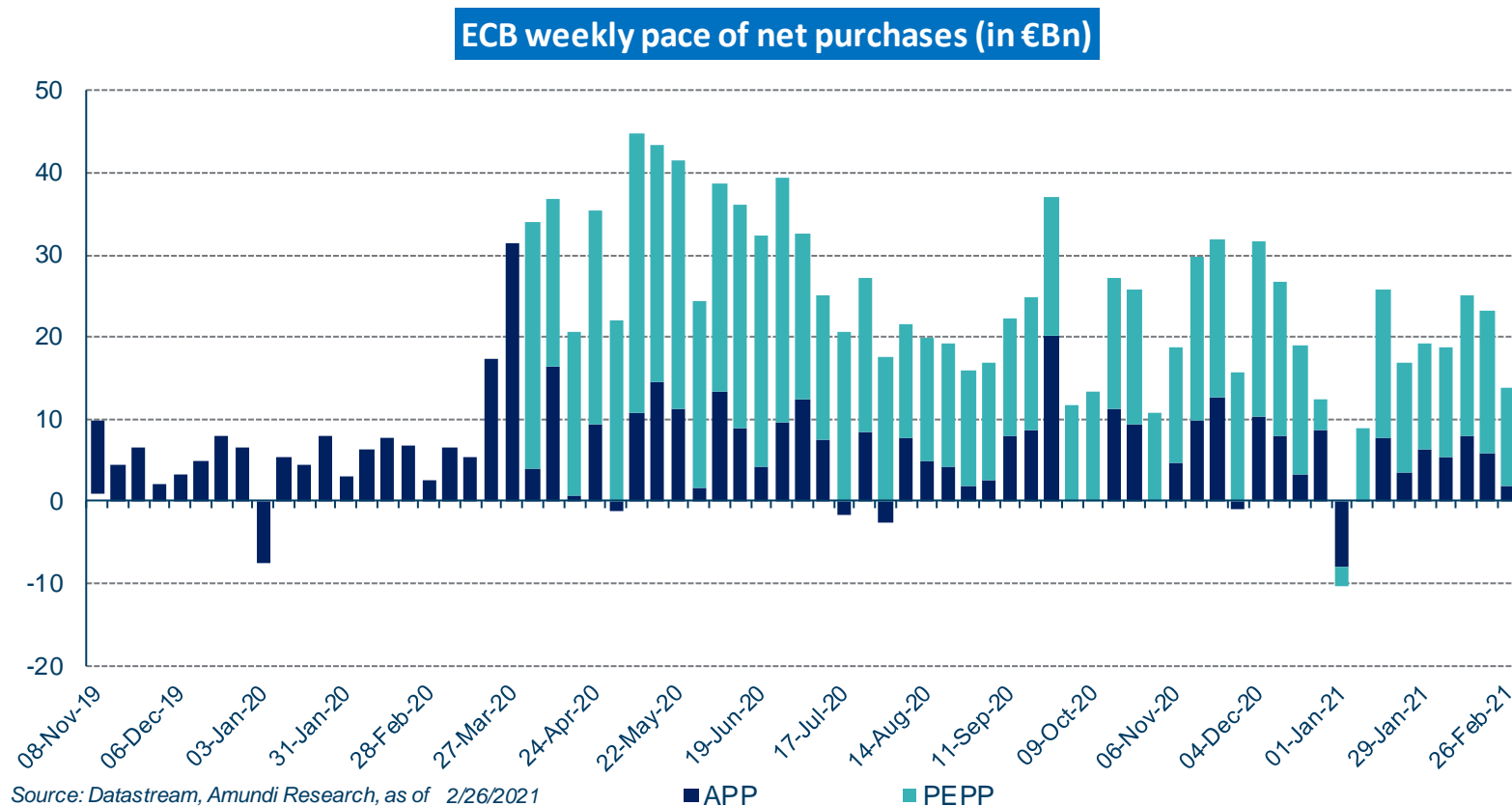
- In February 2021, ECB net asset purchases reached €20.9bn under APP and €59.9bn under PEPP.
- In February APP by programme: PSPP (€15.1bn; 72.2% of total), CSPP (€4.1bn; 19.4%), CBPP3 (€1.5bn; 7.3%) and ABSPP (€0.2bn; 1%).

ECB monthly net asset purchases (in €bn)



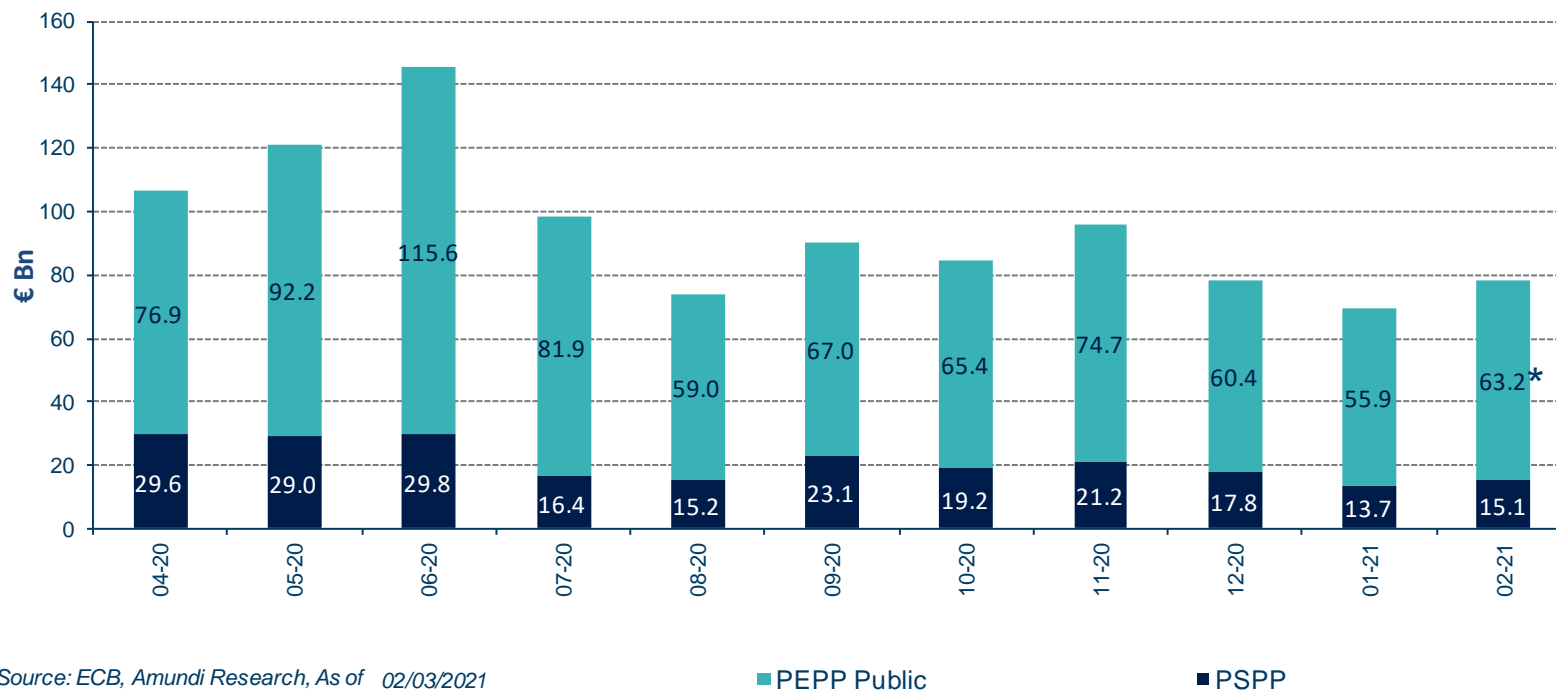
Source: ECB, Amundi Research, As of 02/03/2021

## ECB PEPP related purchases declined to €12bn last week down from €17bn in the weeks before.



# APP and PEPP: Sovereign monthly net purchases

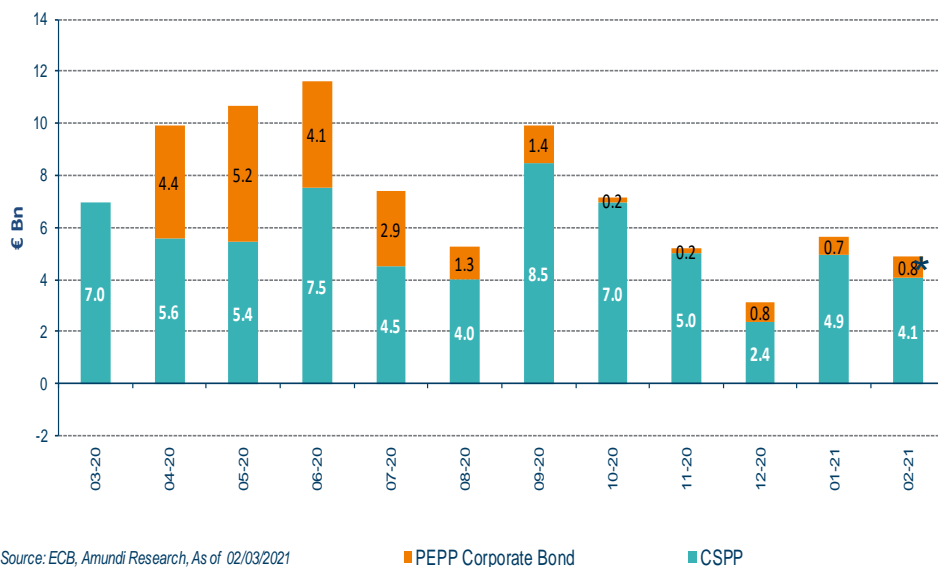
ECB monthly net asset purchases of public debt (in €bn)



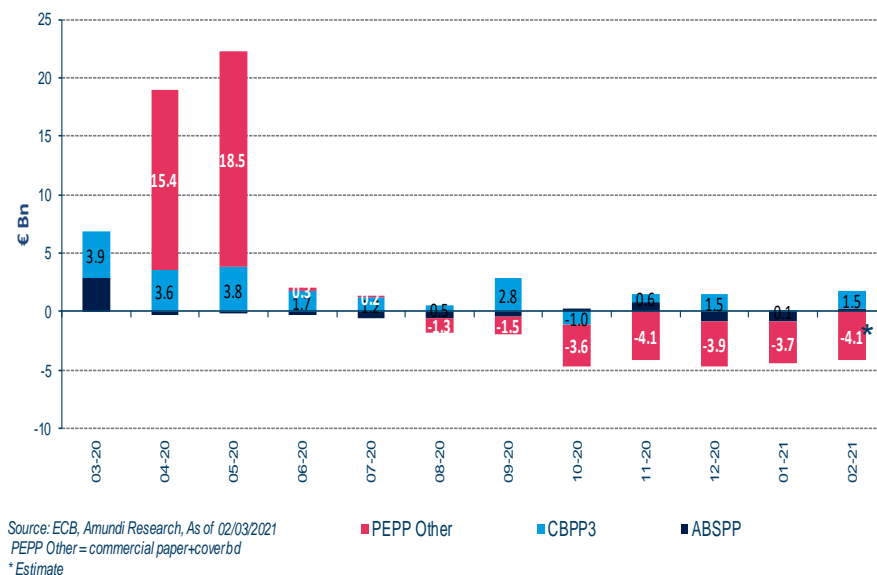
Source: ECB, Amundi Research, As of 02/03/2021  
\* Estimate

# APP and PEPP: Private debt monthly net purchases

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

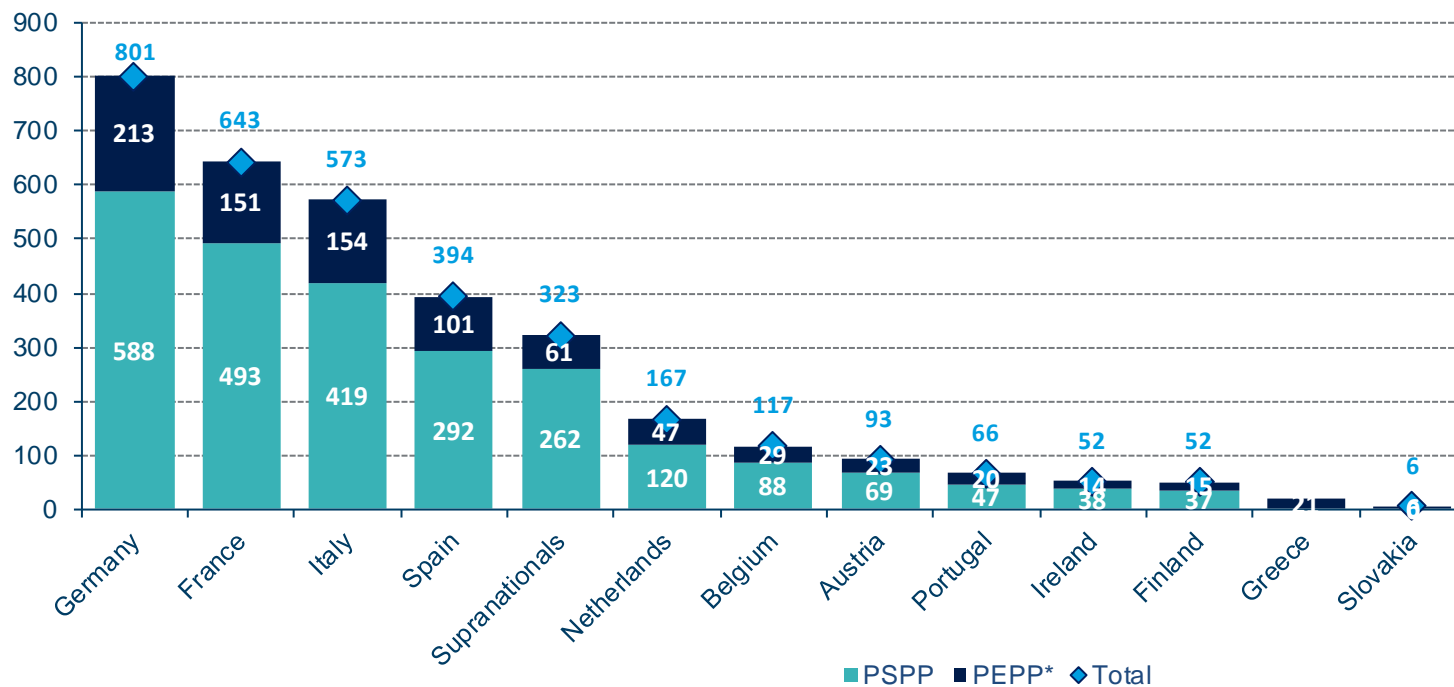


ECB monthly net asset purchases of other private debt (in €bn)



# Eurosystem's holding: public debt

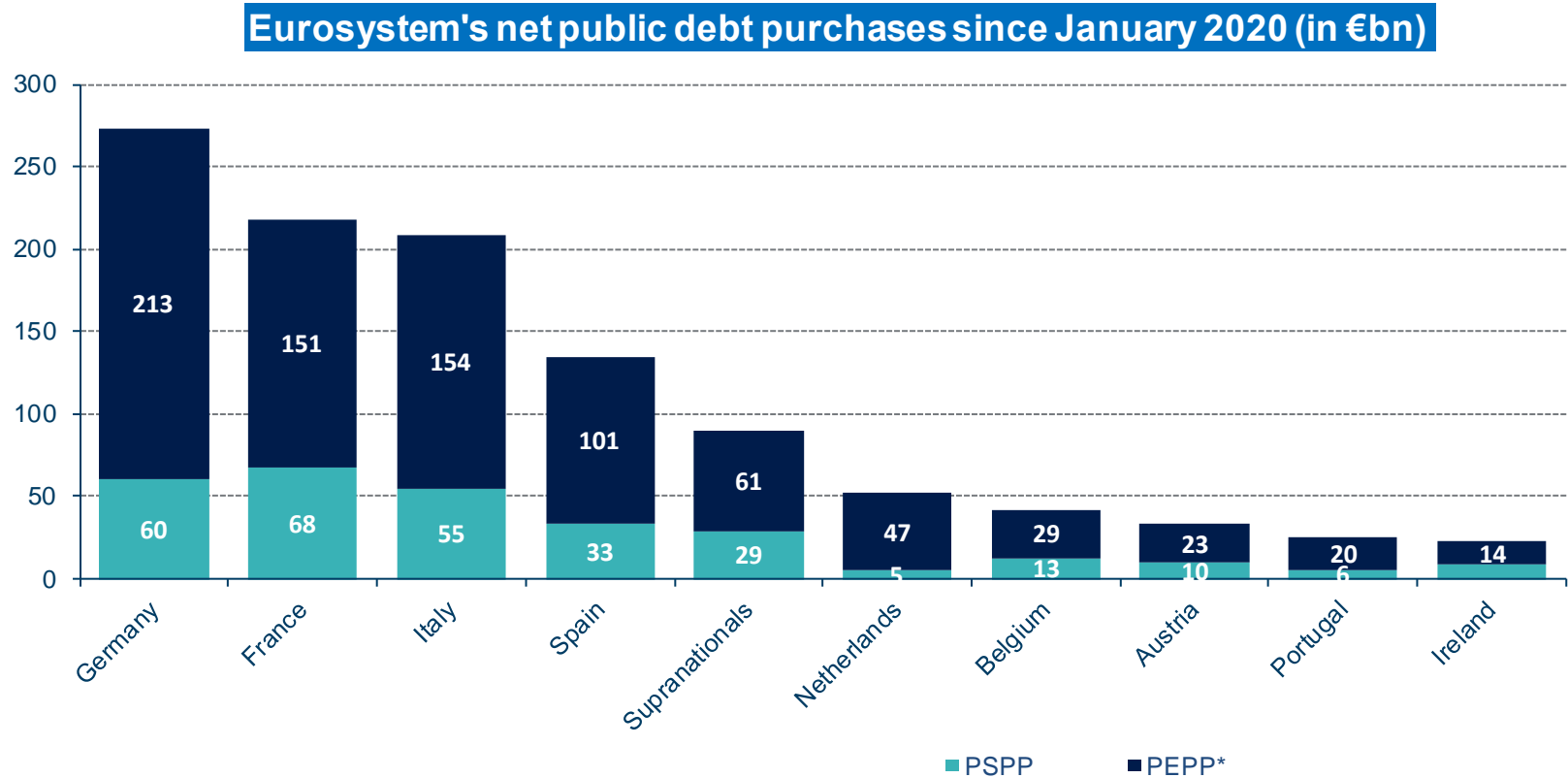
Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 02/26/2021

\* Estimate

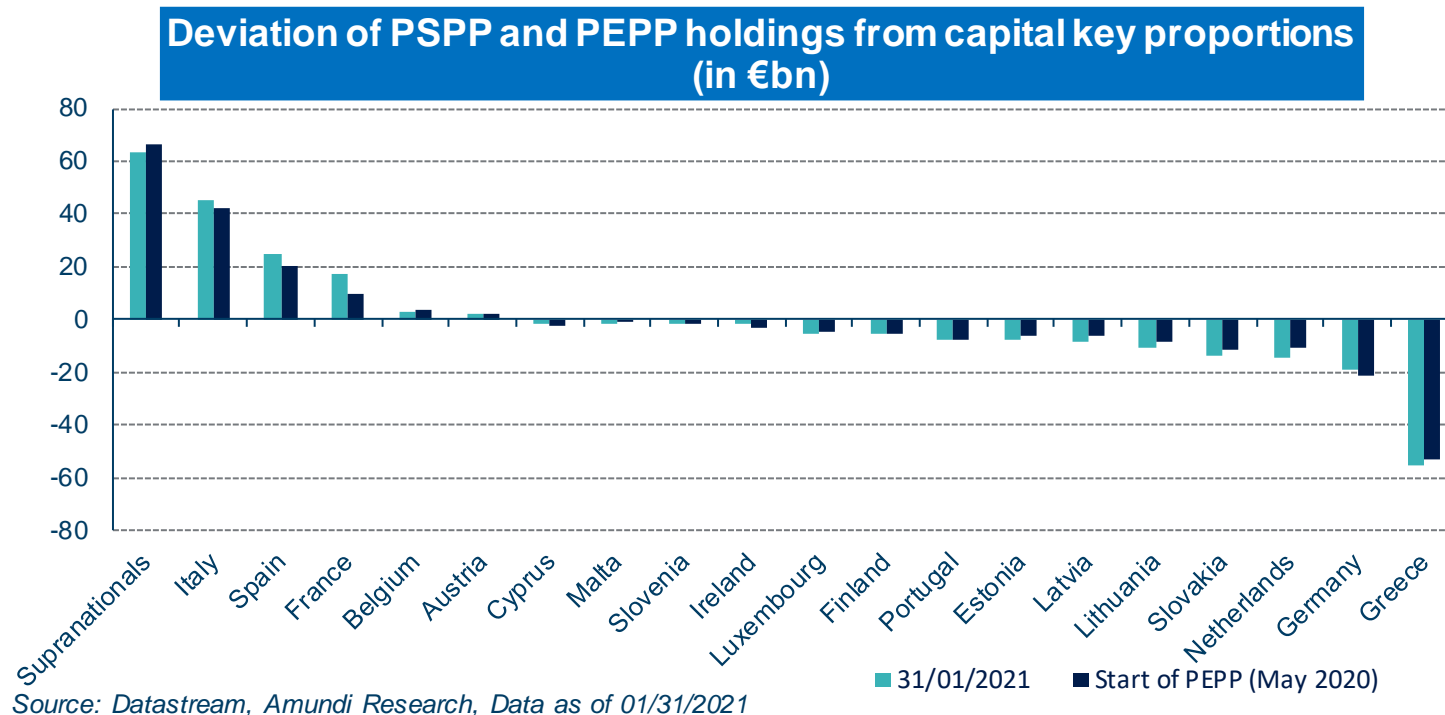
# Eurosystem's purchases since January 2020: public debt



Source: Datastream, Amundi Research, Data as of 02/26/2021

\* Estimate

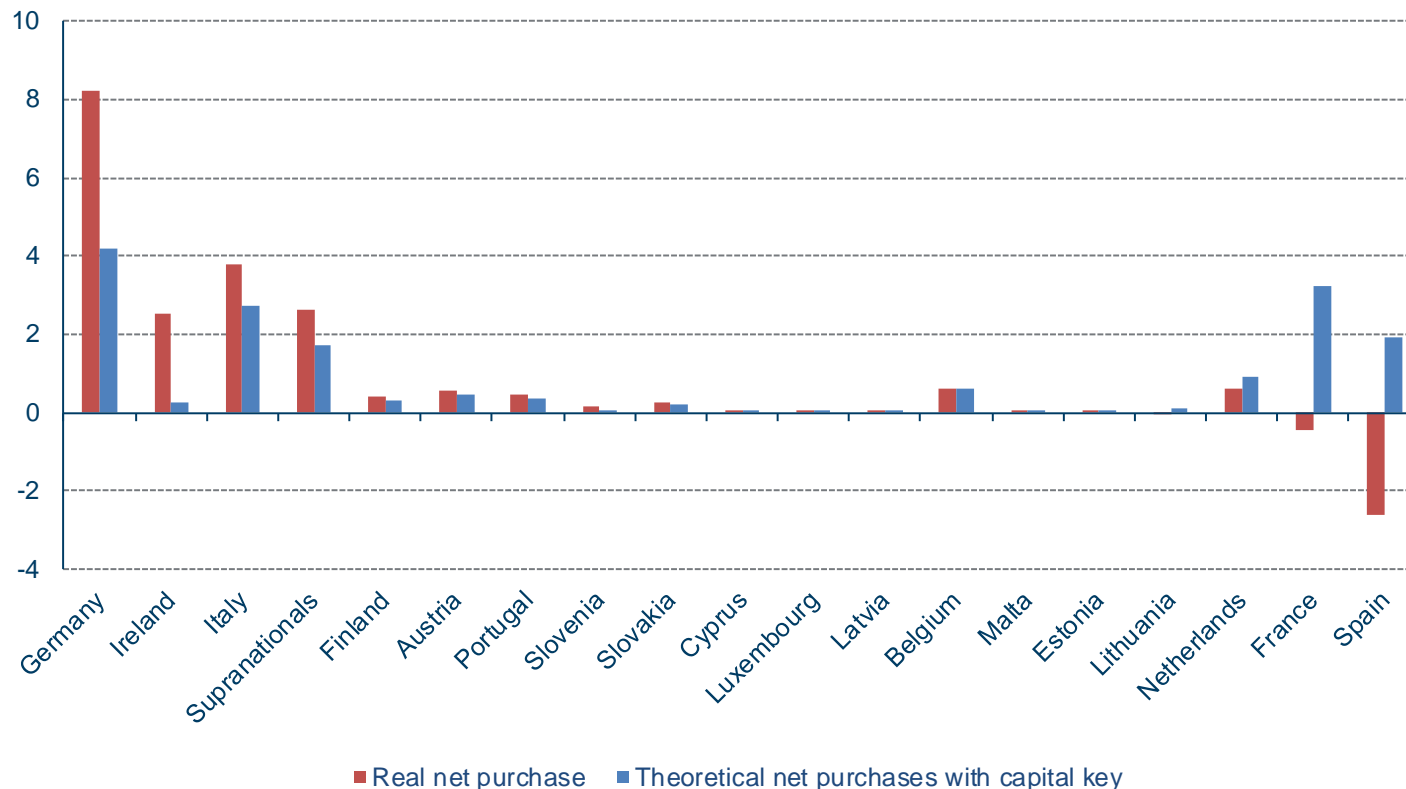
# PSPP and PEPP holdings: Deviation from capital key proportions





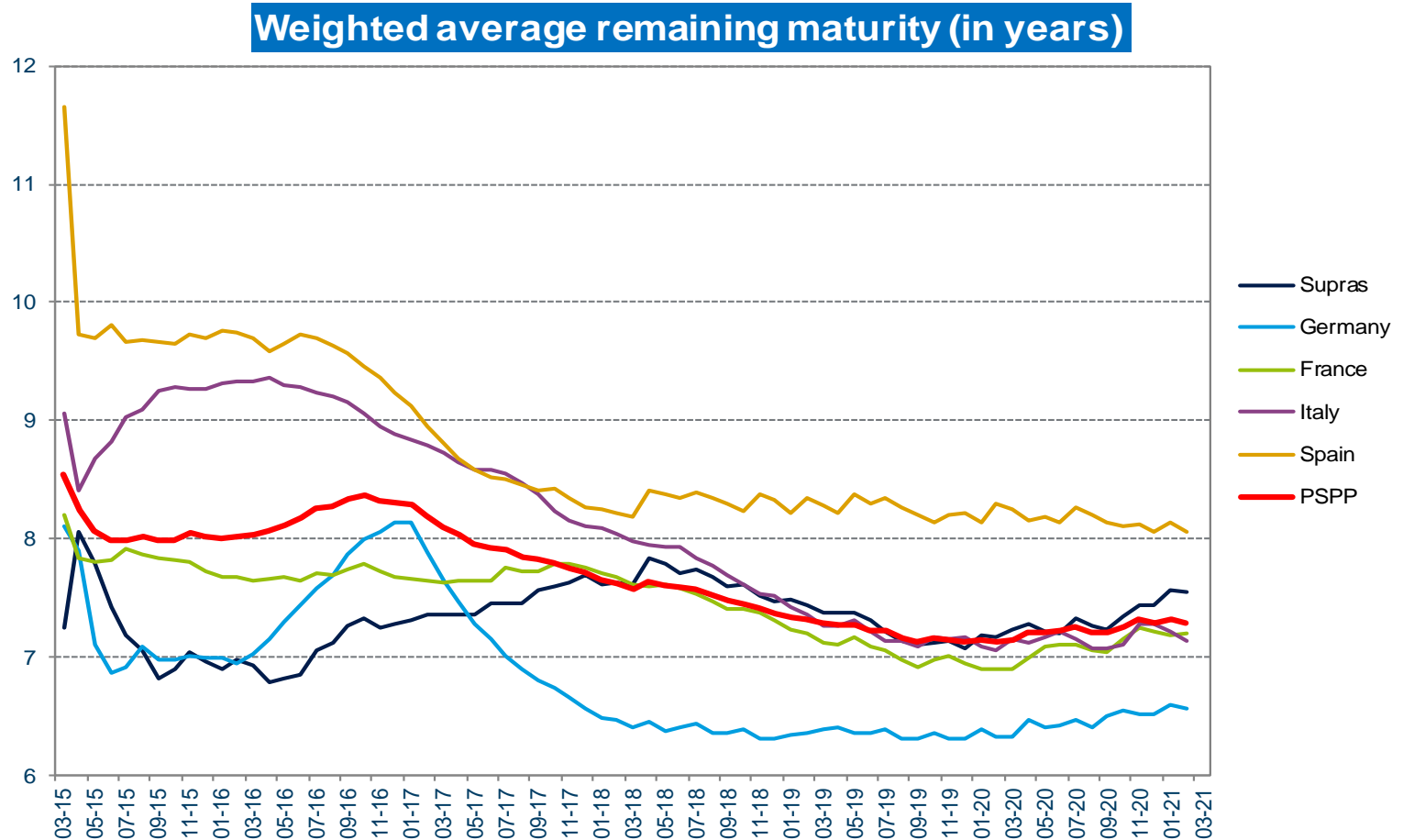
# Deviation of monthly PSPP purchases from capital key proportions

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



Source: Datastream, Amundi Research, Data as of 02/26/2021

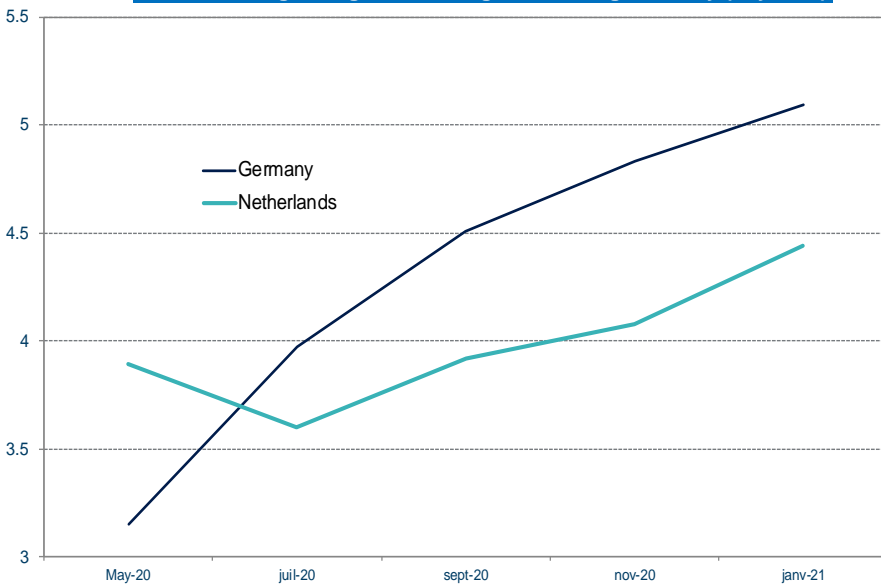
# Weighted average maturities by jurisdiction for the PSPP



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

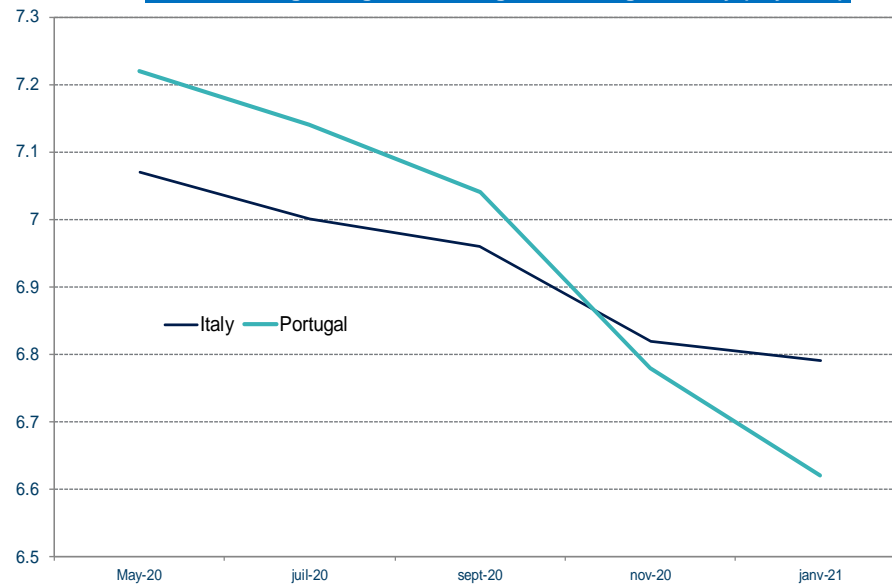
# PEPP Holdings weighted average remaining maturity

PEPP Holdings weighted average remaining maturity (in years)



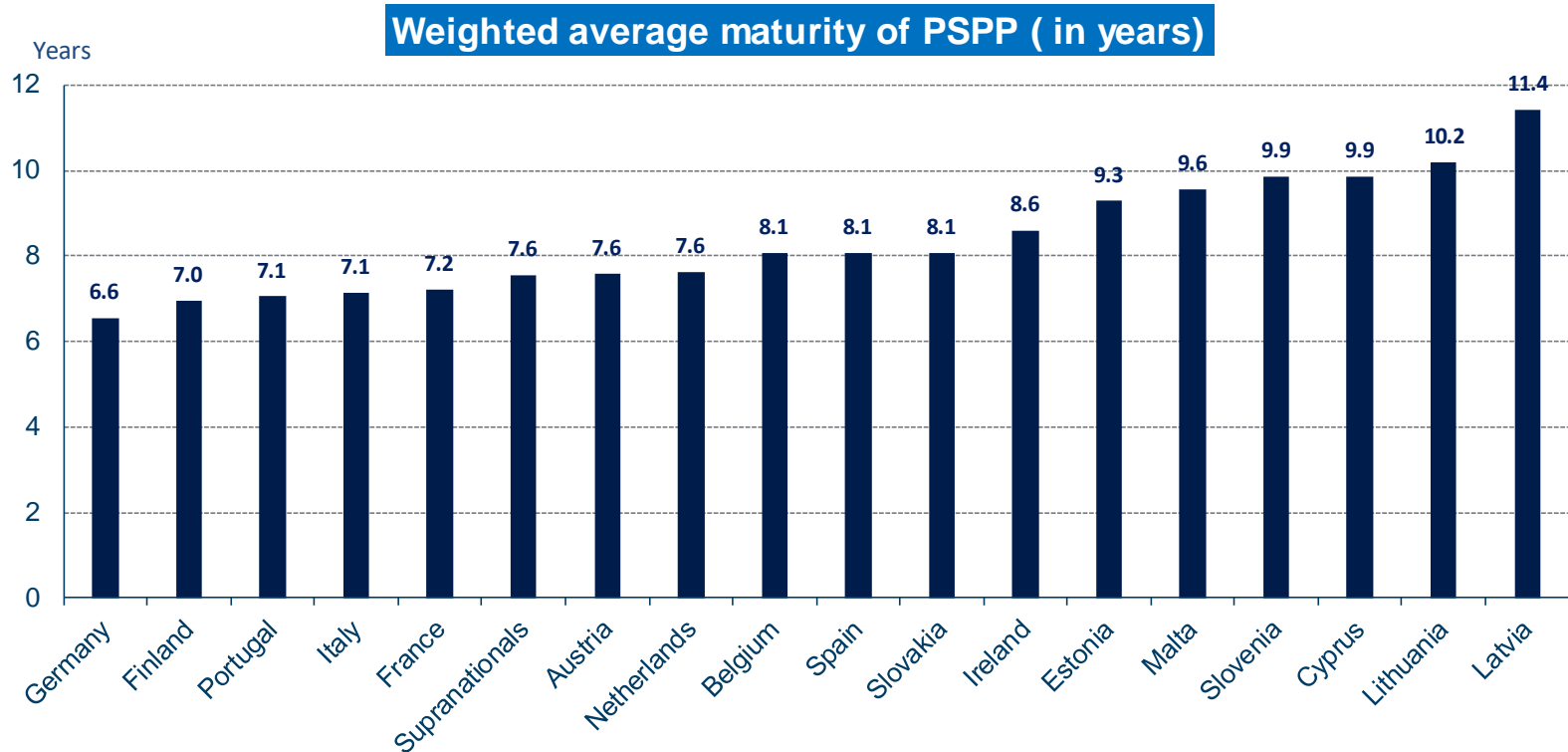
Source: Datastream, Amundi Research, Data as of 01/31/2021

PEPP Holdings weighted average remaining maturity (in years)



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

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

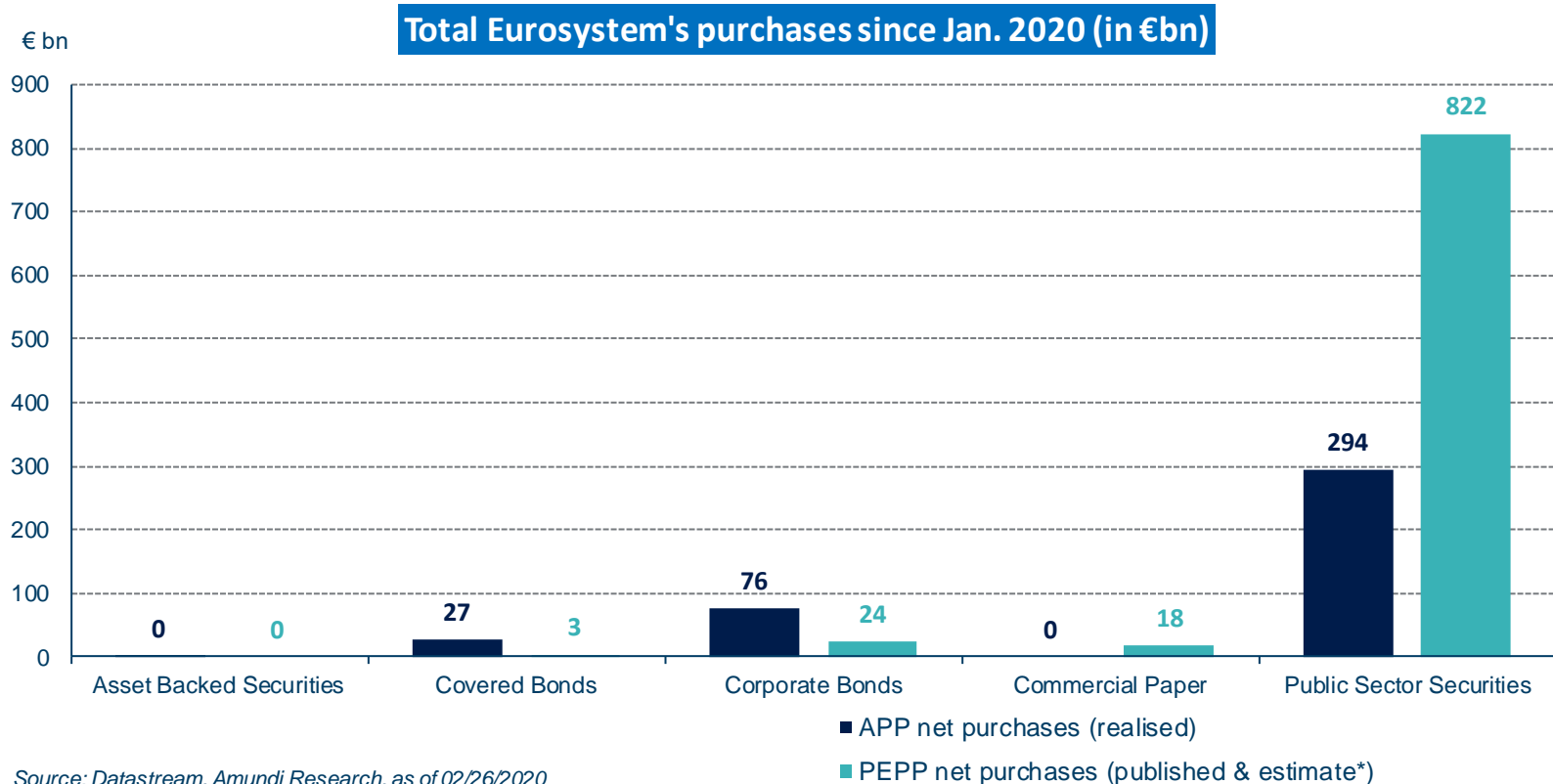


Source: Datastream, Amundi Research, Data as of 02/26/2021

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# What's next for end of 2021?

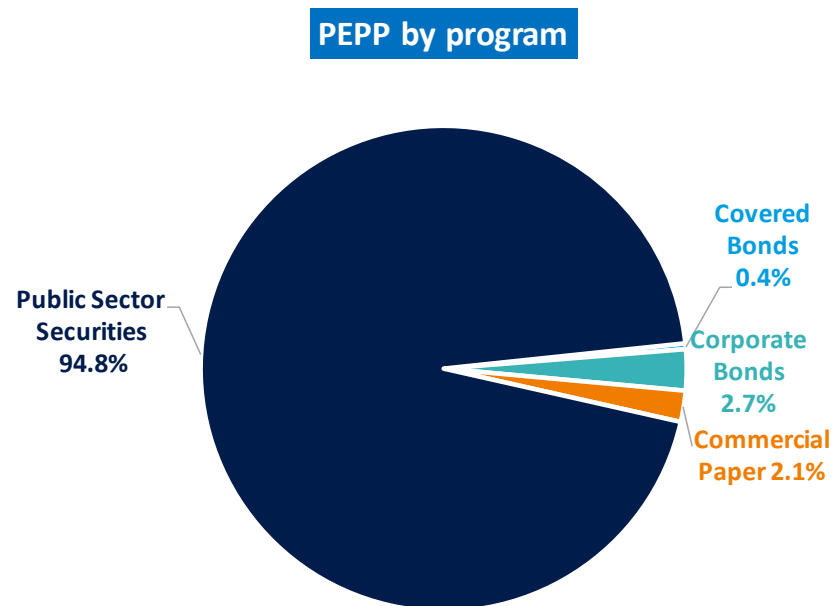
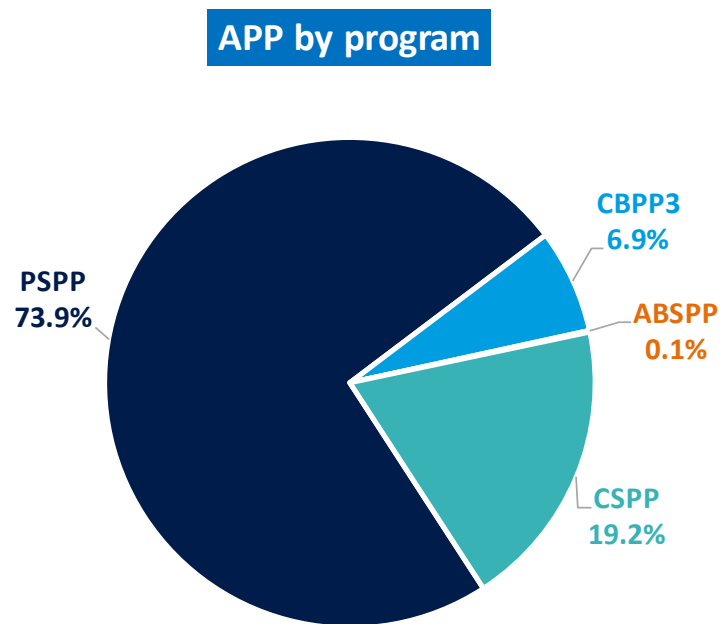
**Of its PEPP envelope of €1.85trillion, the ECB has spent only €867bn.**



Source: Datastream, Amundi Research, as of 02/26/2020

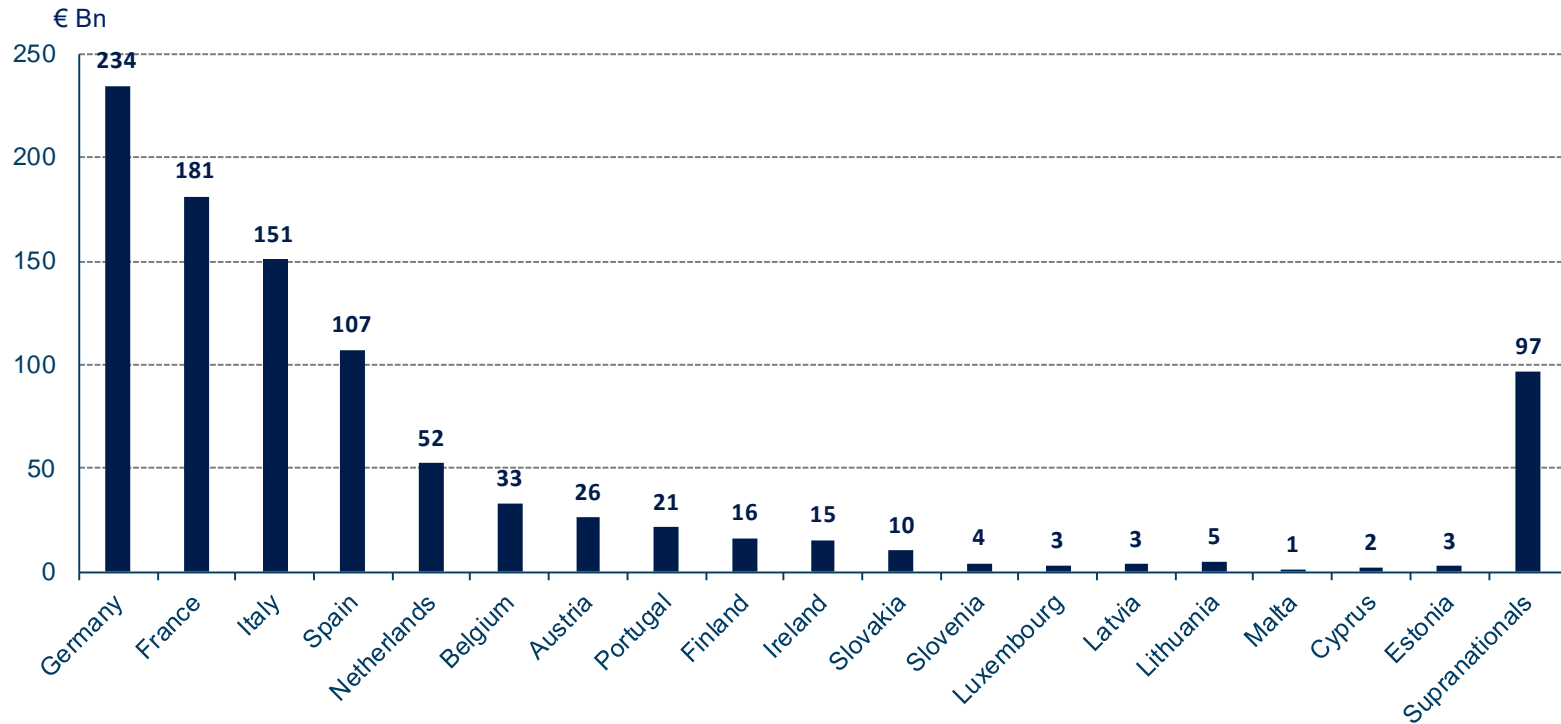
\* estimate from the ECB PEPP purchases by asset classes from March 2020 to January 2021

## APP and PEPP: breakdown by program in %



# ECB Firepower by jurisdiction for 2021

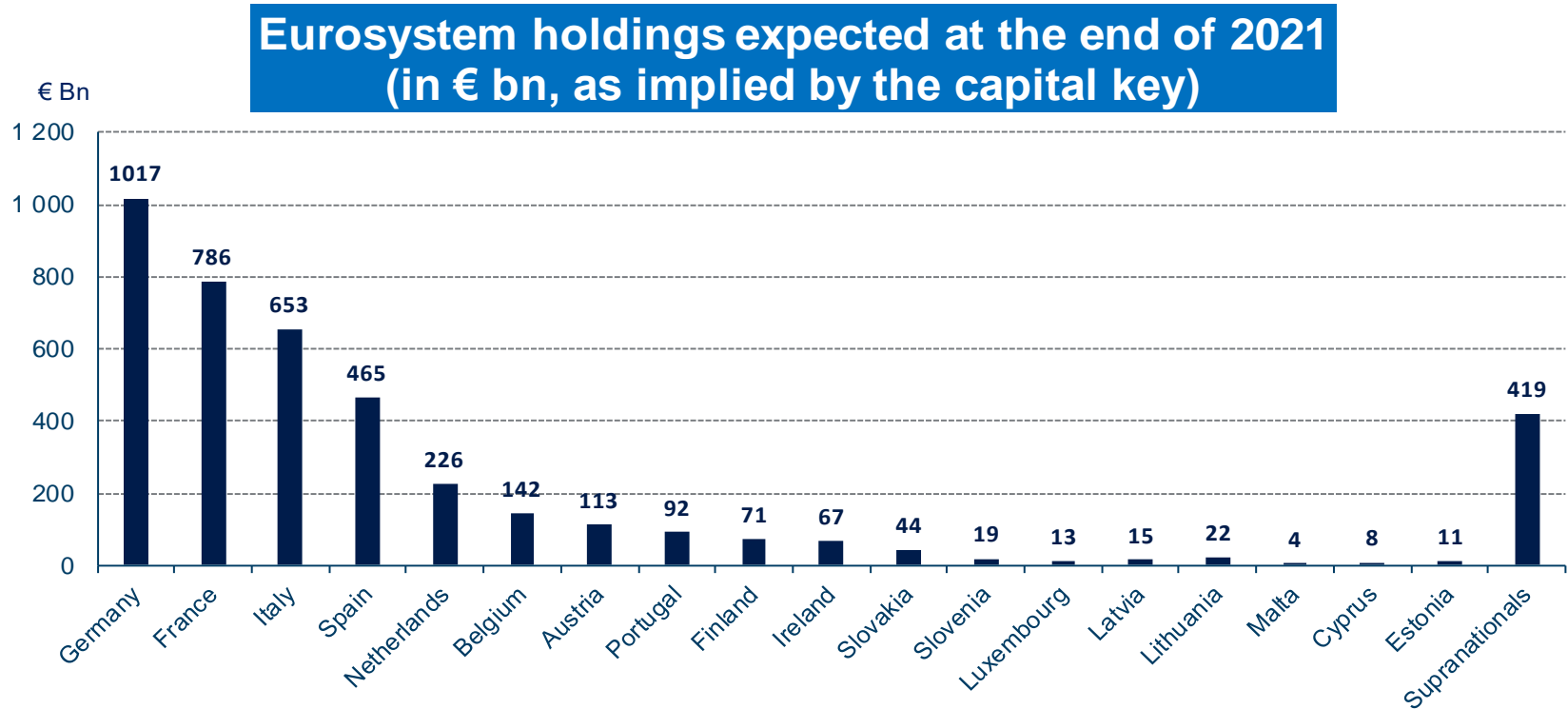
**Net purchases of public debt expected in 2021  
(in € bn, as implied by the capital key)**



Source: Datastream, Amundi Research, Data as of 02/26/2021

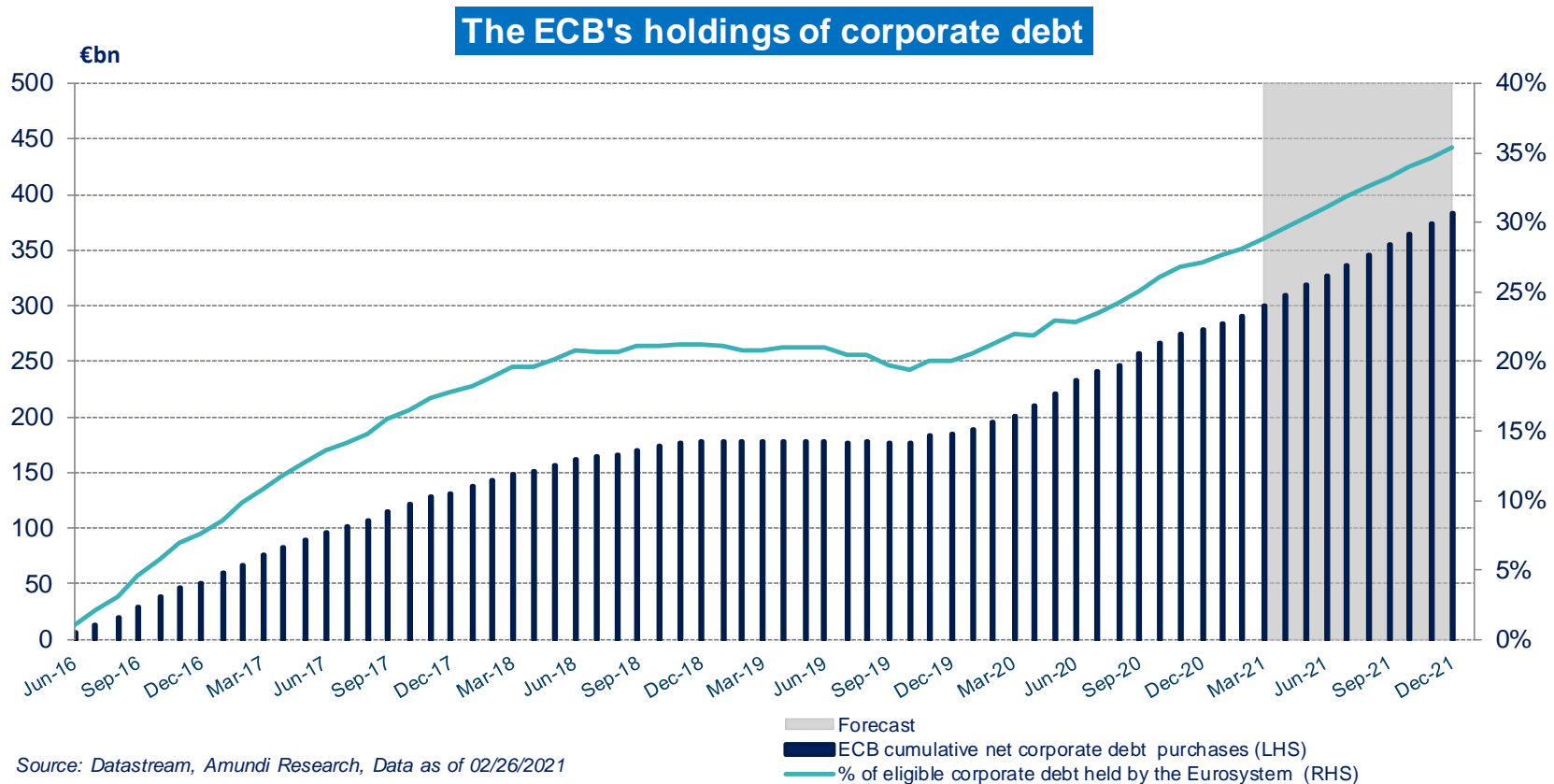


# ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 02/26/2021

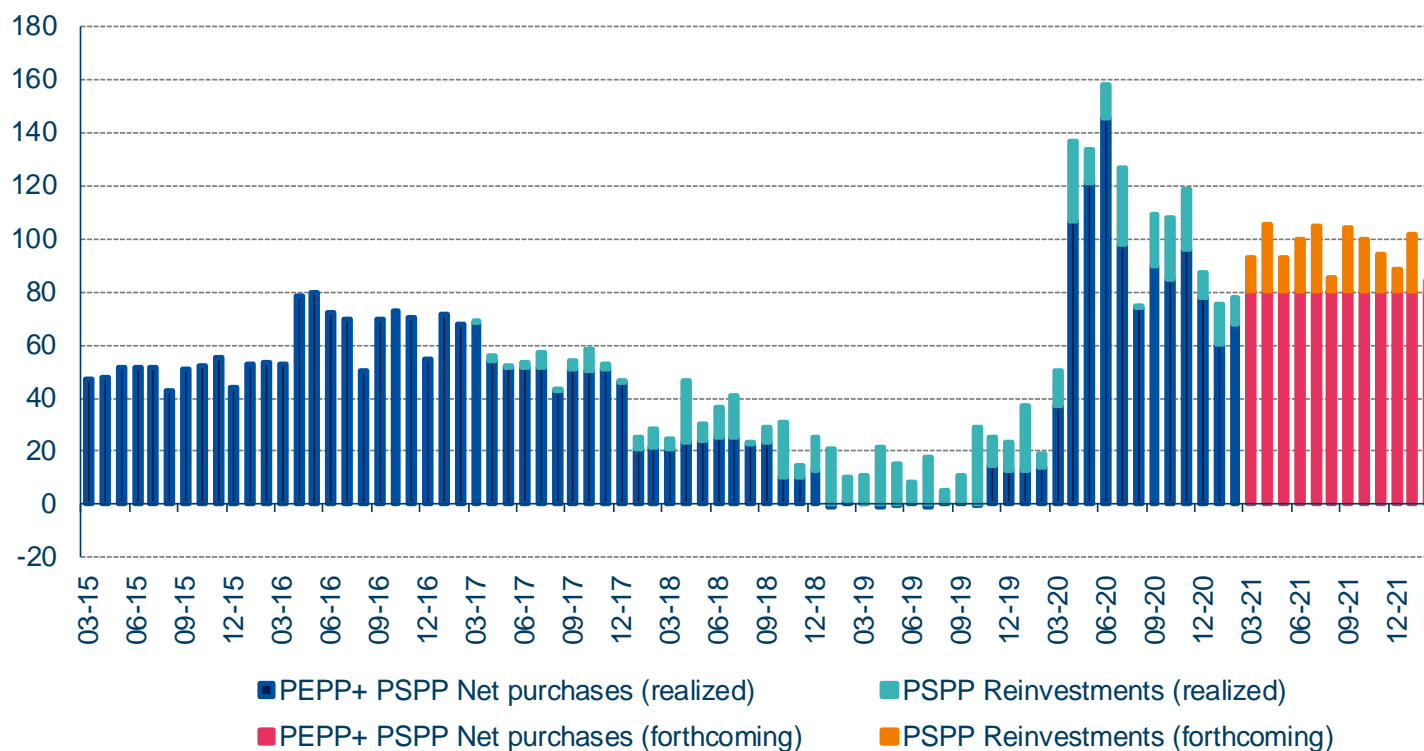
# The ECB's holdings of QE eligible corporate debt will likely reach 35-40% by end of 2021



# Sovereign monthly gross purchases

- ECB firepower over the next 13 months is huge : €980bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 87% of the ECB's purchases will be public debt
- PSPP reinvestment will average €16.3bn/month over the next 12 months, up from €16bn in the past 12 months.

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

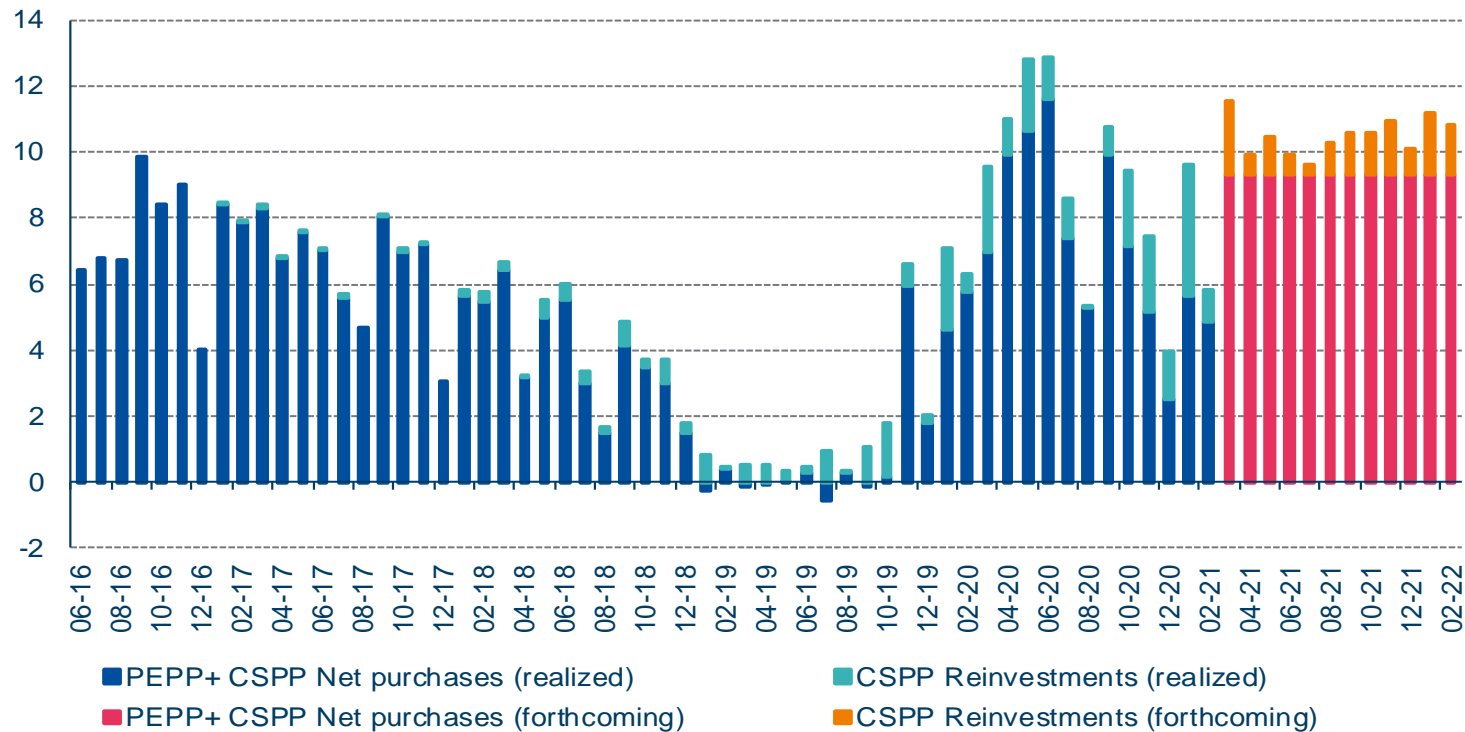


Source: ECB, Amundi Research, Data as of: 02/26/2021

# Corporate monthly gross purchases

- ECB firepower over the next 13 months is huge : €980bn (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: 02/26/2021

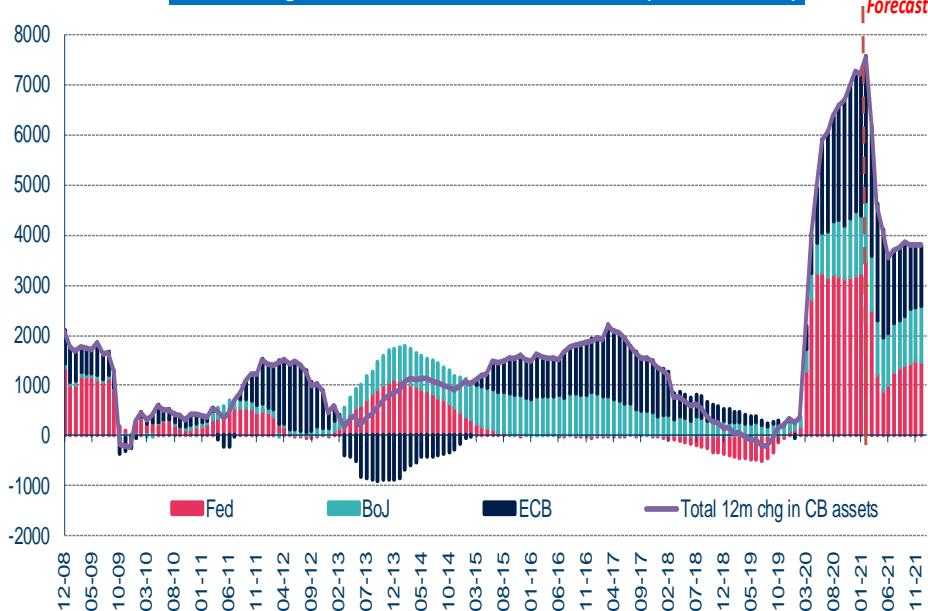
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# Annex

# Central Banks: always present to support

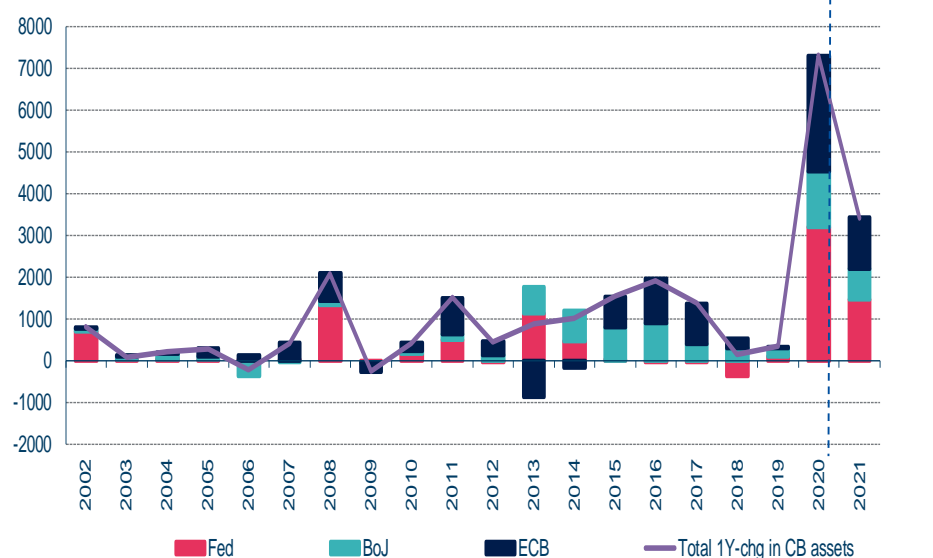
- The ECB recalibrated its instruments on Thursday 10 December. It extend the PEPP and the TLTROs' favourable period until March 2022, and to expand the PEPP envelope by EUR500bn.
- The Fed announced an inflection of its long-term objectives by making the 2% inflation threshold not a high limit, but 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 02/26/2021

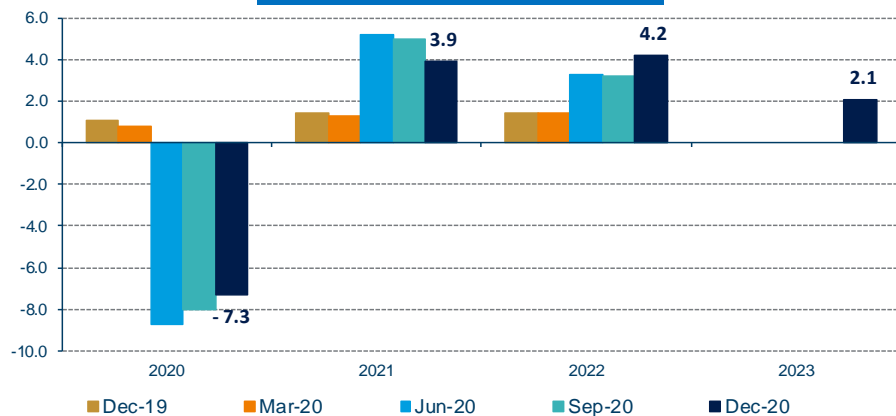
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 02/26/2021

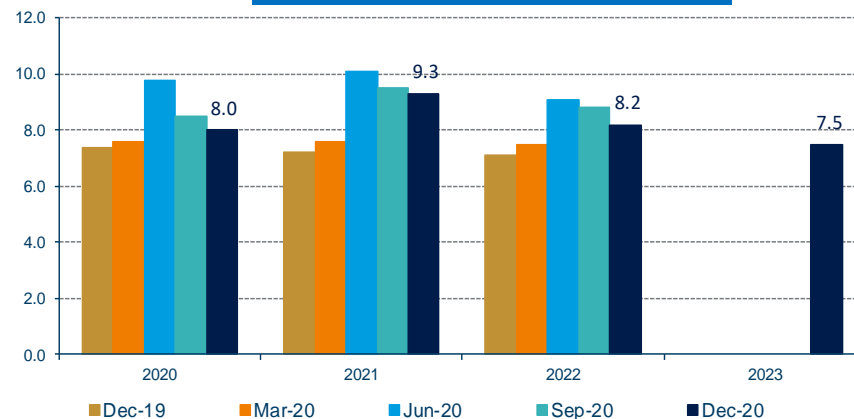
# ECB Projections

ECB forecast: real GDP (yoy%)



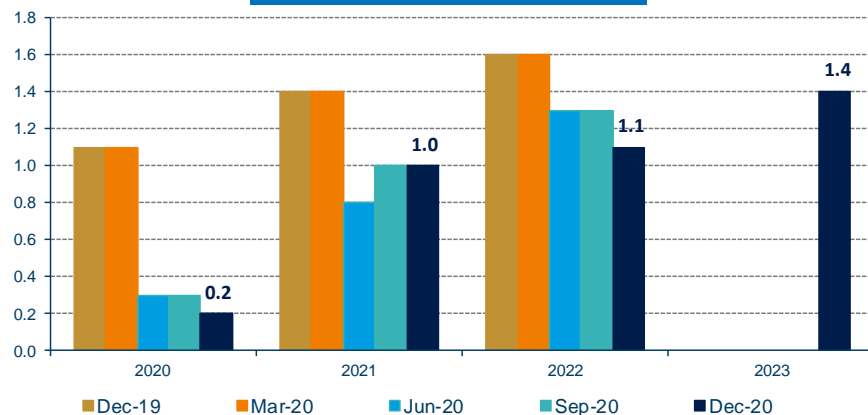
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Unemployment (yoy%)



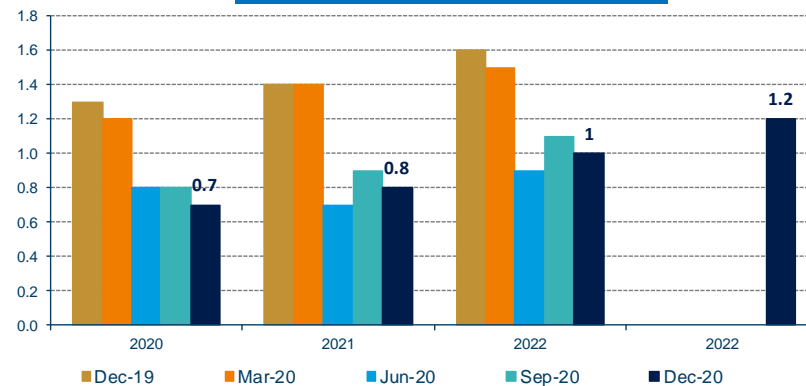
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Inflation (yoy%)



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

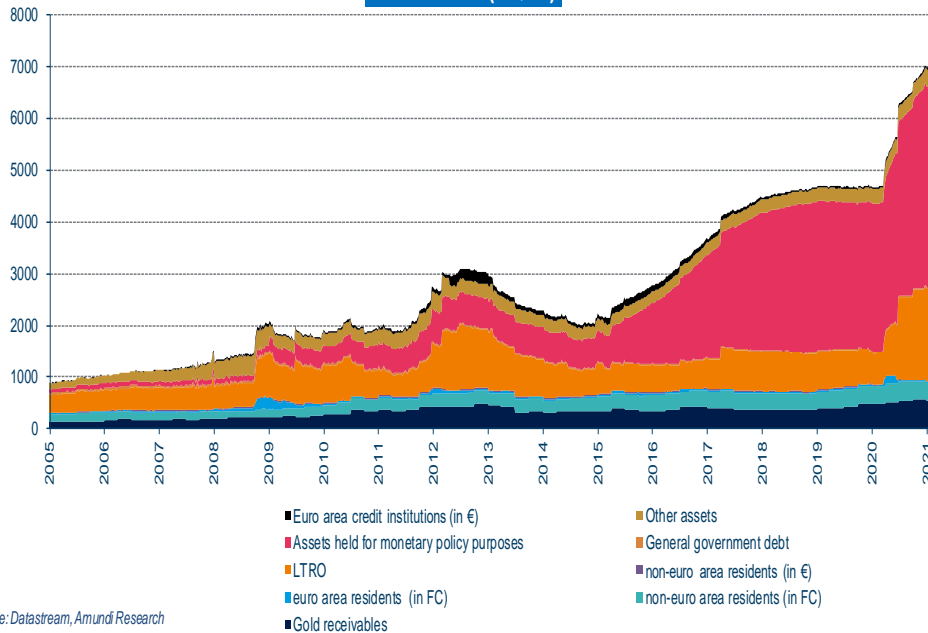
ECB forecast: Core Inflation (yoy%)



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

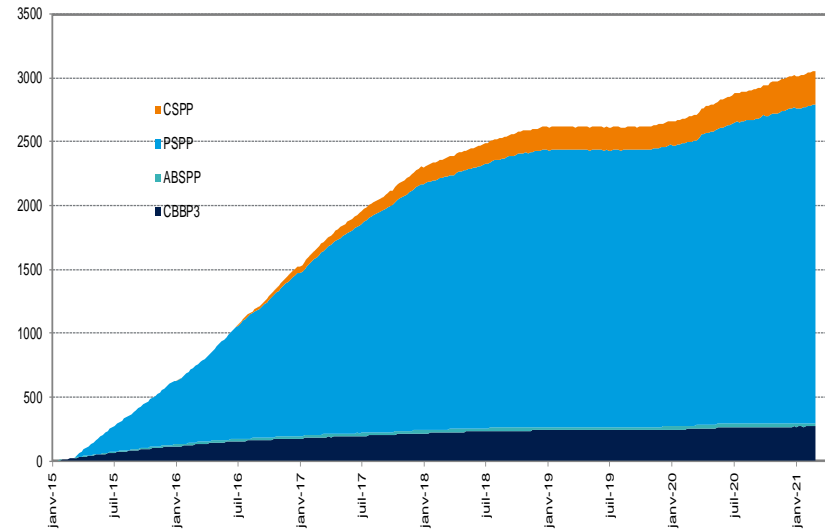
# ECB Balance Sheet (1/2)

ECB: Assets (in \$bn)



Source: Datastream, Amundi Research

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

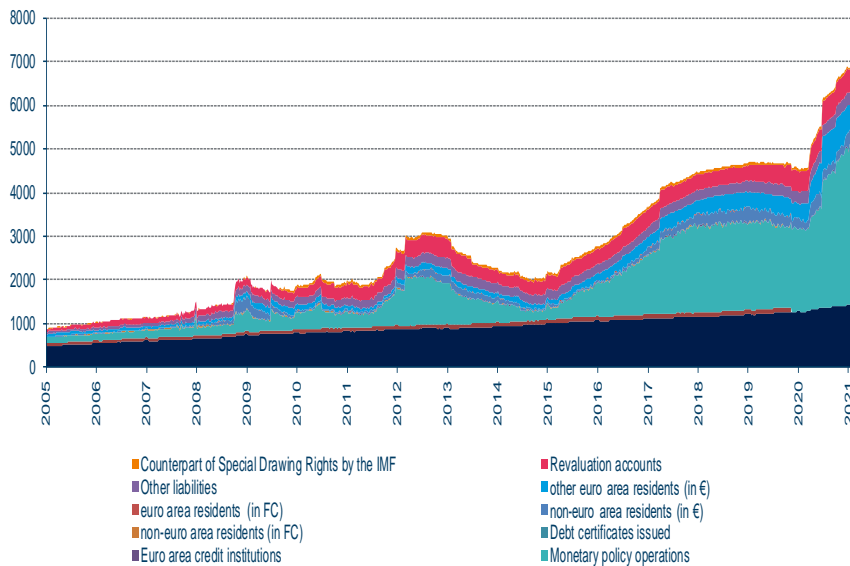


Source: Datastream, Amundi Research



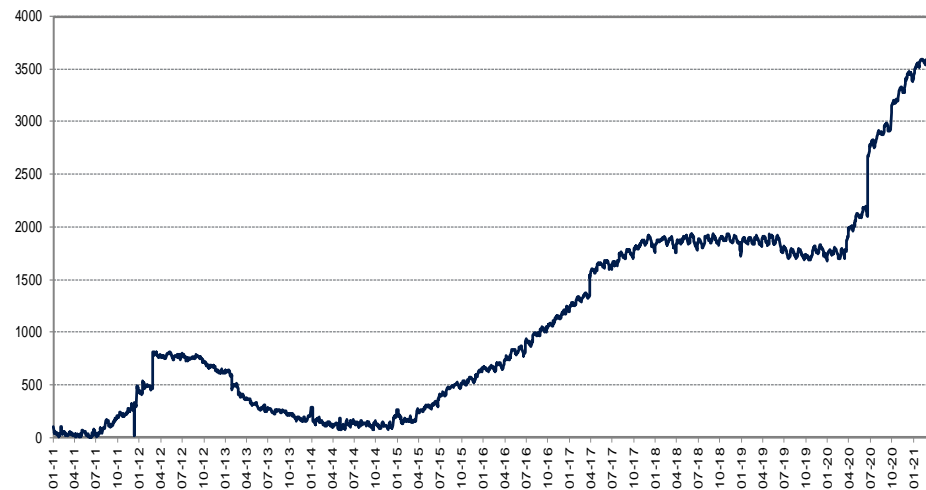
# ECB Balance Sheet (2/2)

ECB: Liabilities (in \$bn)



Source: Datastream, Amundi Research

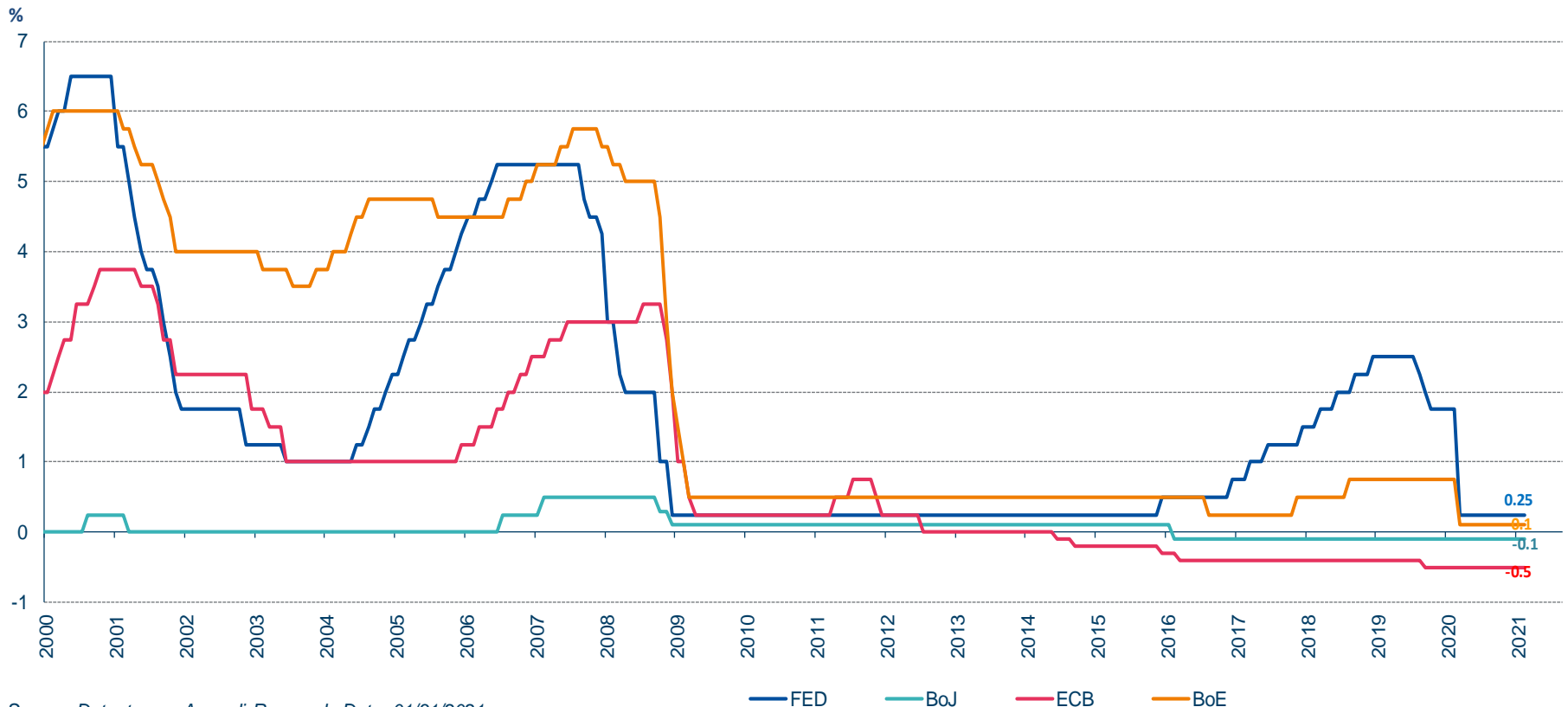
Eurosystem : excess reserves (€bn)



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

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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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