

Confidence
must be earned

Amundi
ASSET MANAGEMENT

January 2021

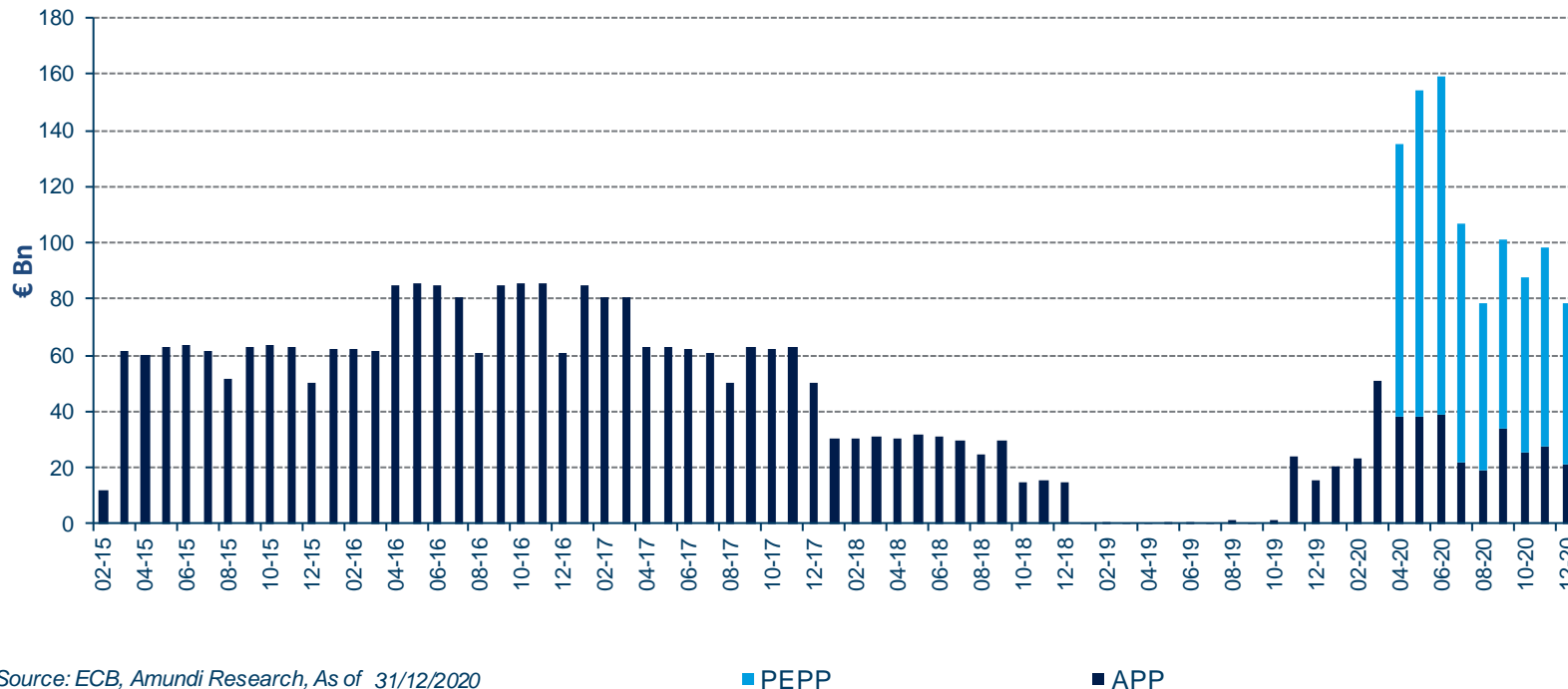
ECB QE Monitor

Mickael Bellaïche, Fixed Income Strategist

APP and PEPP: breakdown by program in € bn

- In December, ECB net asset purchases reached €21.1bn under APP and €57.2bn under PEPP.
- In December APP by programme: PSPP (€17.8bn; 84.6% of total), CSPP (€2.4bn; 11.3%), CBPP3 (€1.5bn; 7.3%) and ABSPP (€-0.7bn; -3.1%).

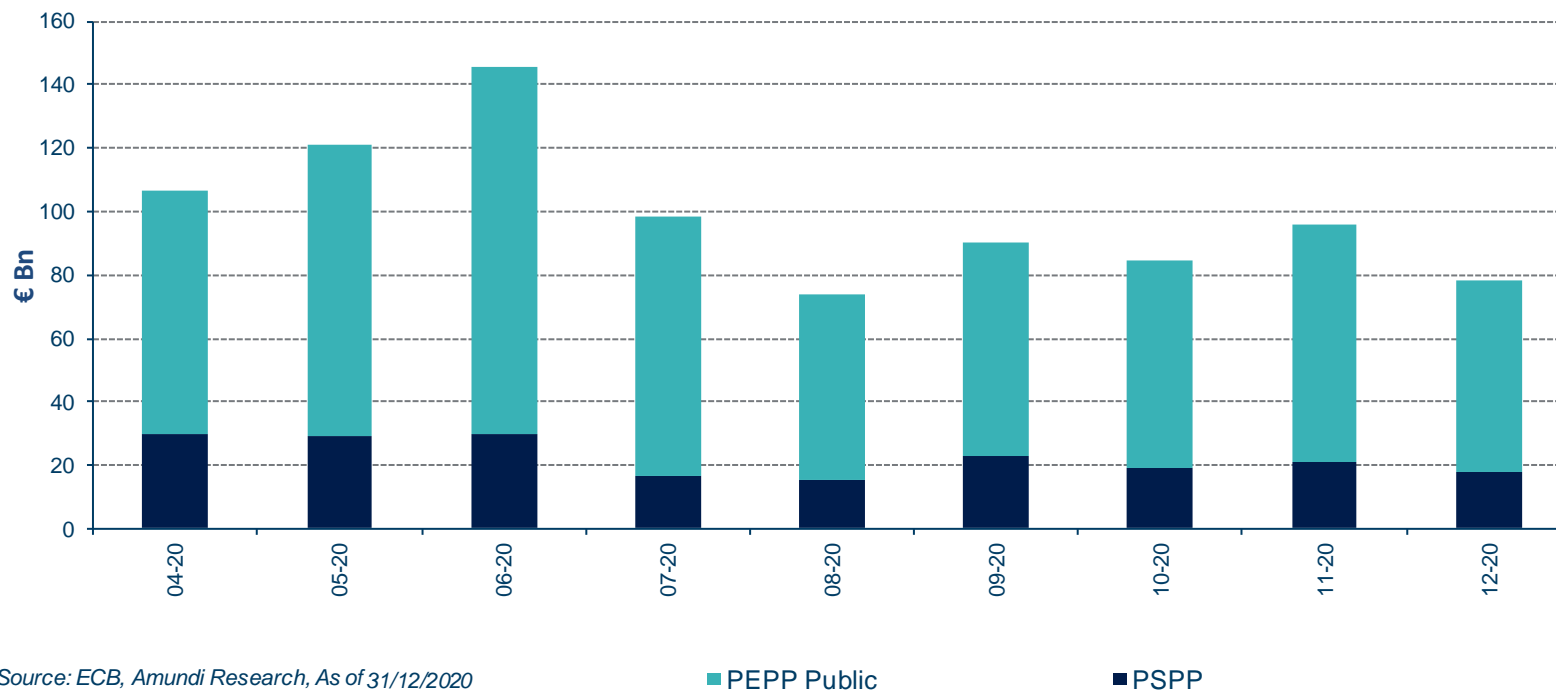
ECB monthly net asset purchases, by programme (in €bn)



Source: ECB, Amundi Research, As of 31/12/2020

APP and PEPP: Sovereign monthly net purchases

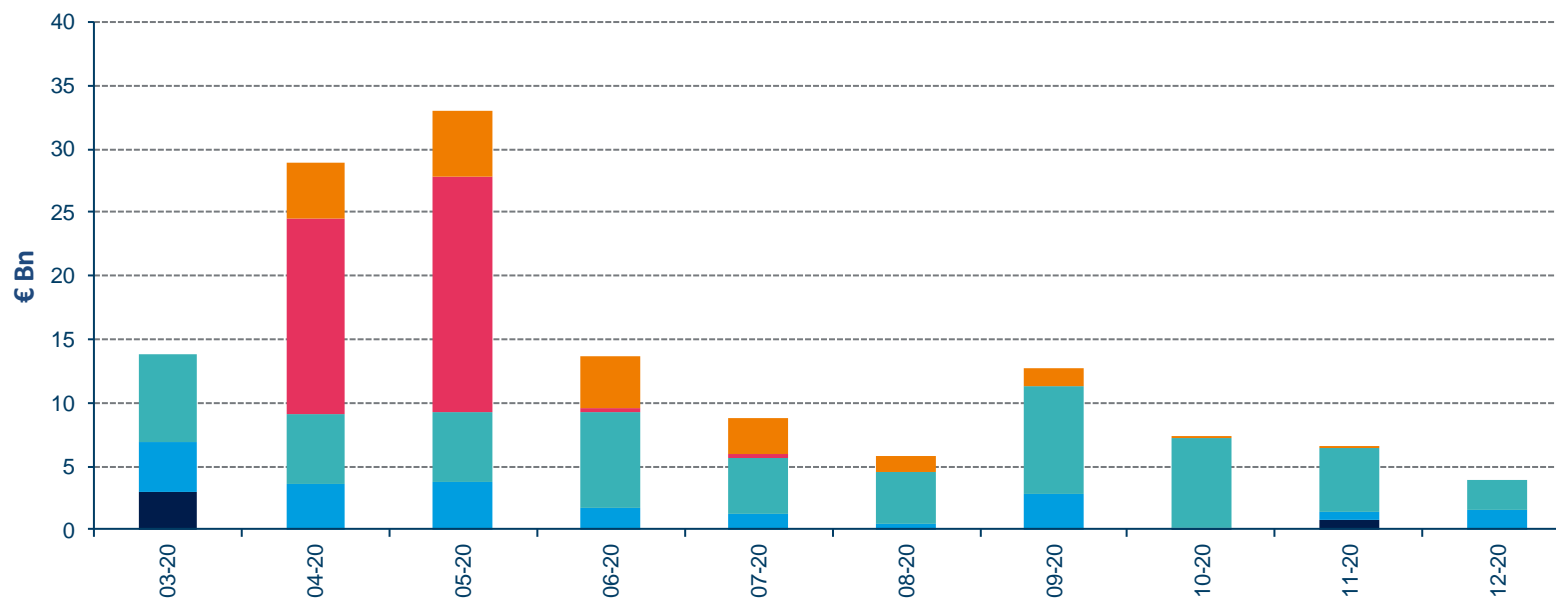
ECB monthly net asset purchases of public debt, by programme (in €bn)



Source: ECB, Amundi Research, As of 31/12/2020
* PEPP Private = corporate+commercial paper+covered

APP and PEPP: Private debt monthly net purchases

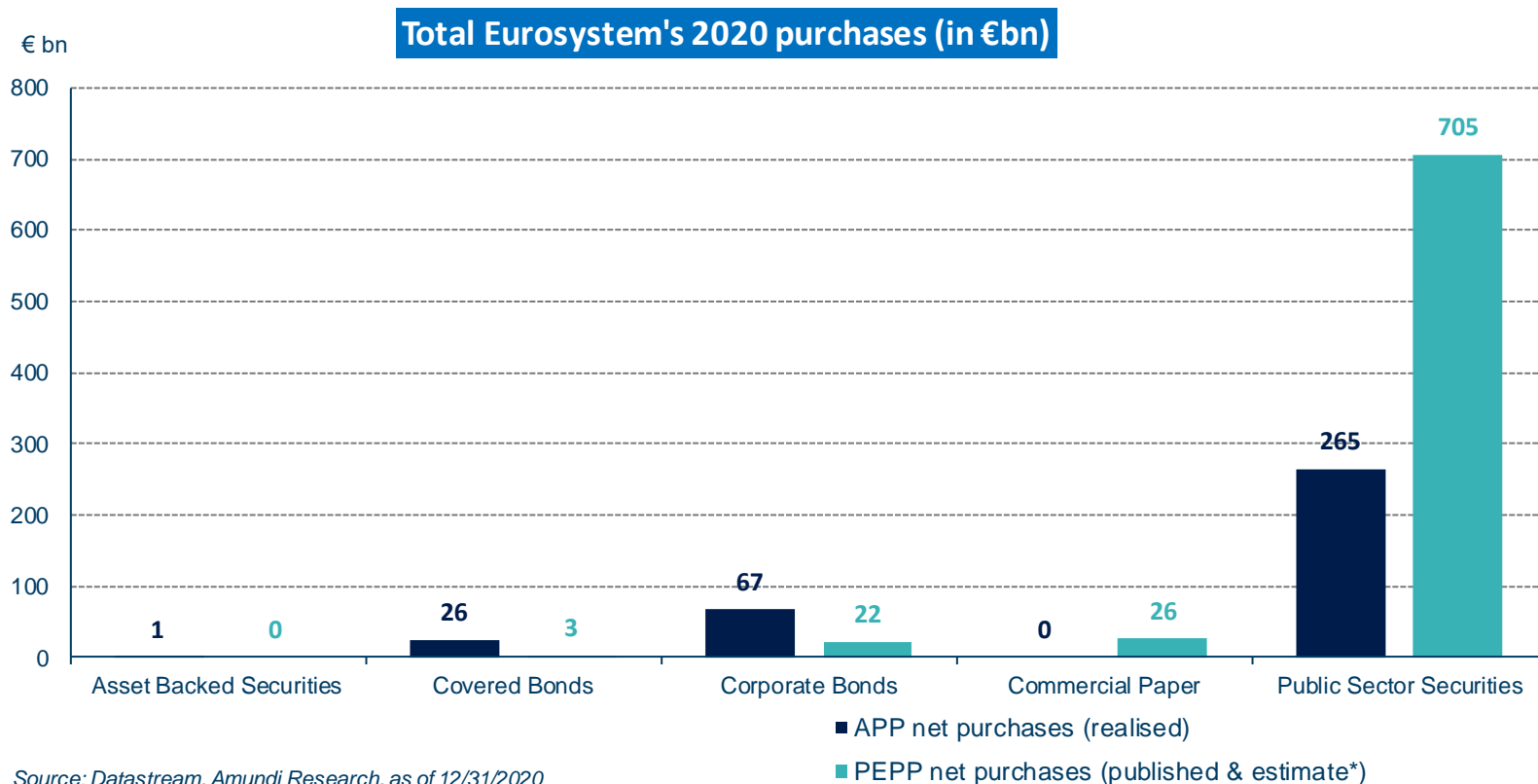
ECB monthly net asset purchases of private debt, by programme (in €bn)



Source: ECB, Amundi Research, As of 31/12/2020
* PEPP Other = commercial paper + covered bond

PEPP Corporate Bond PEPP Other* CSPP CBPP3 ABSPP

Eurosystem's 2020 purchases

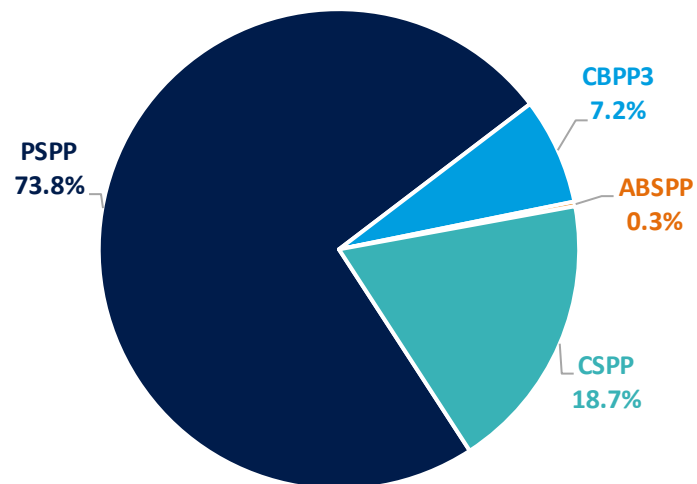


Source: Datastream, Amundi Research, as of 12/31/2020

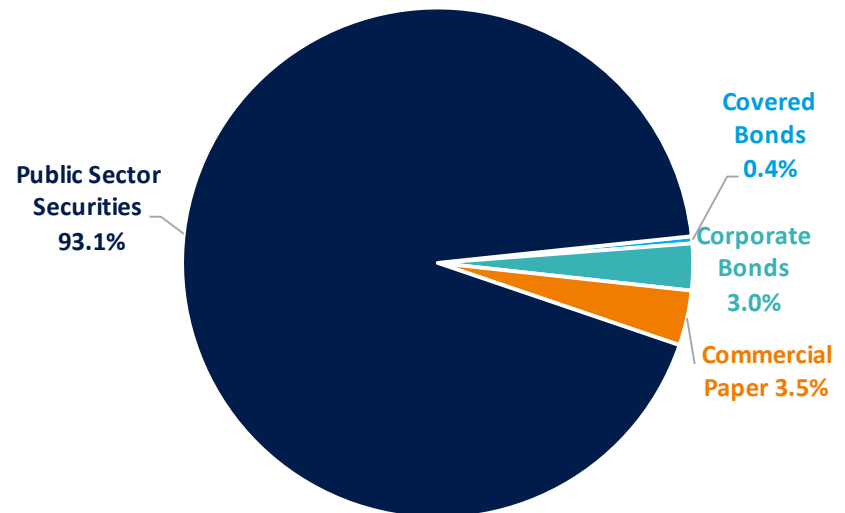
* estimate from the ECB PEPP purchases by asset classes from March to November 2020

APP and PEPP: 2020 breakdown by program in %

2020 APP by program

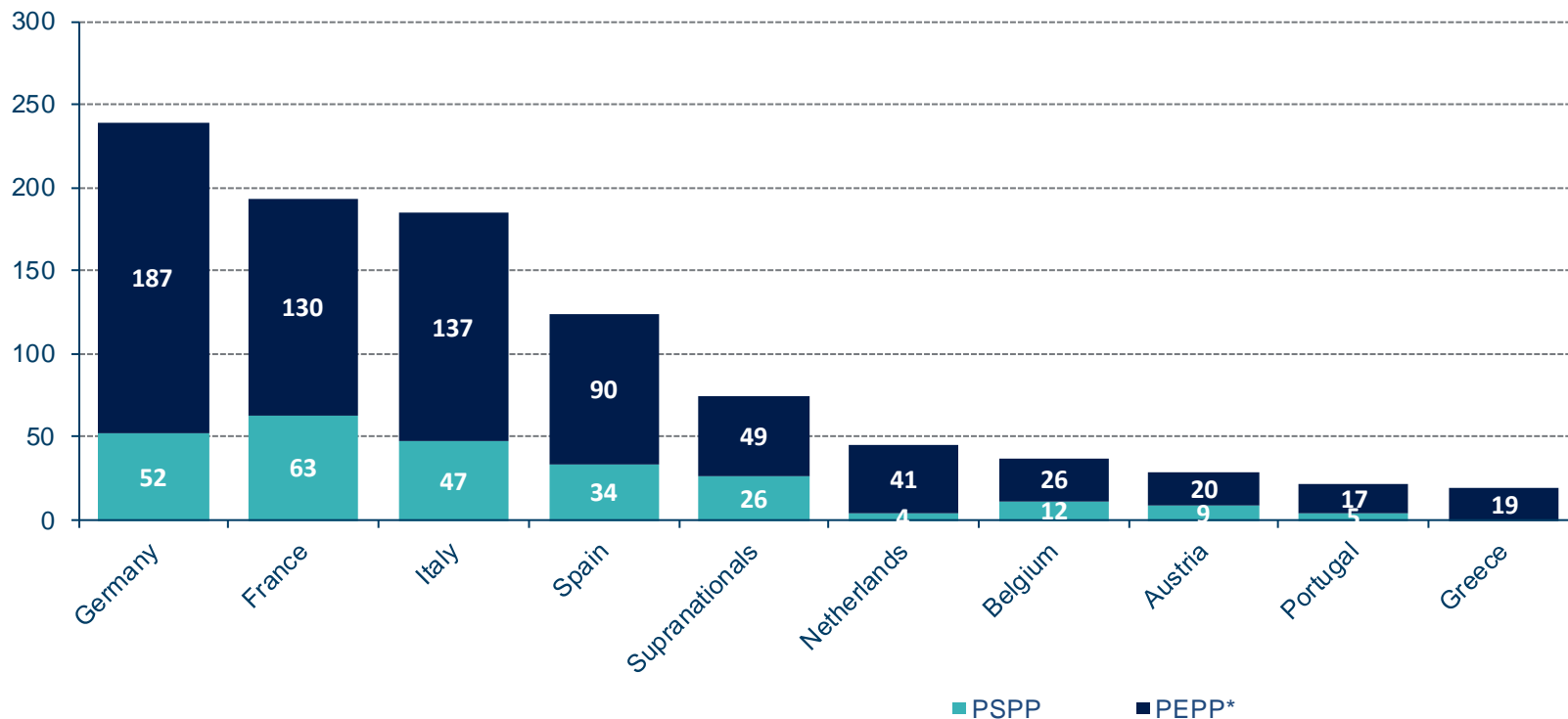


2020 PEPP by program



Eurosystem's 2020 purchases: public debt

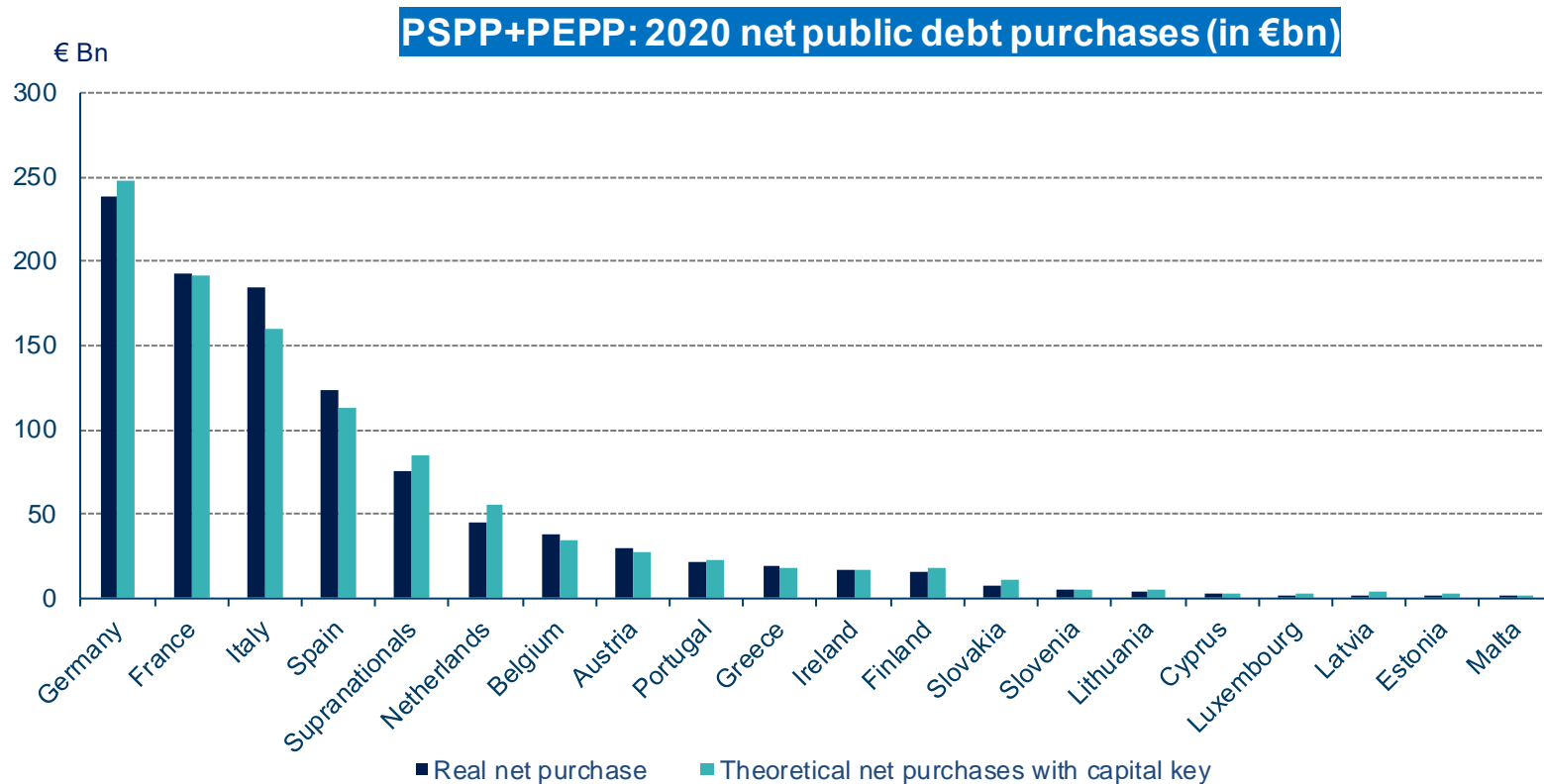
Eurosystem's net public debt purchases 2020 (in €bn)



Source: Datastream, Amundi Research, Data as of 12/31/2020

* estimate from the ECB PEPP net purchases by country from March to November 2020

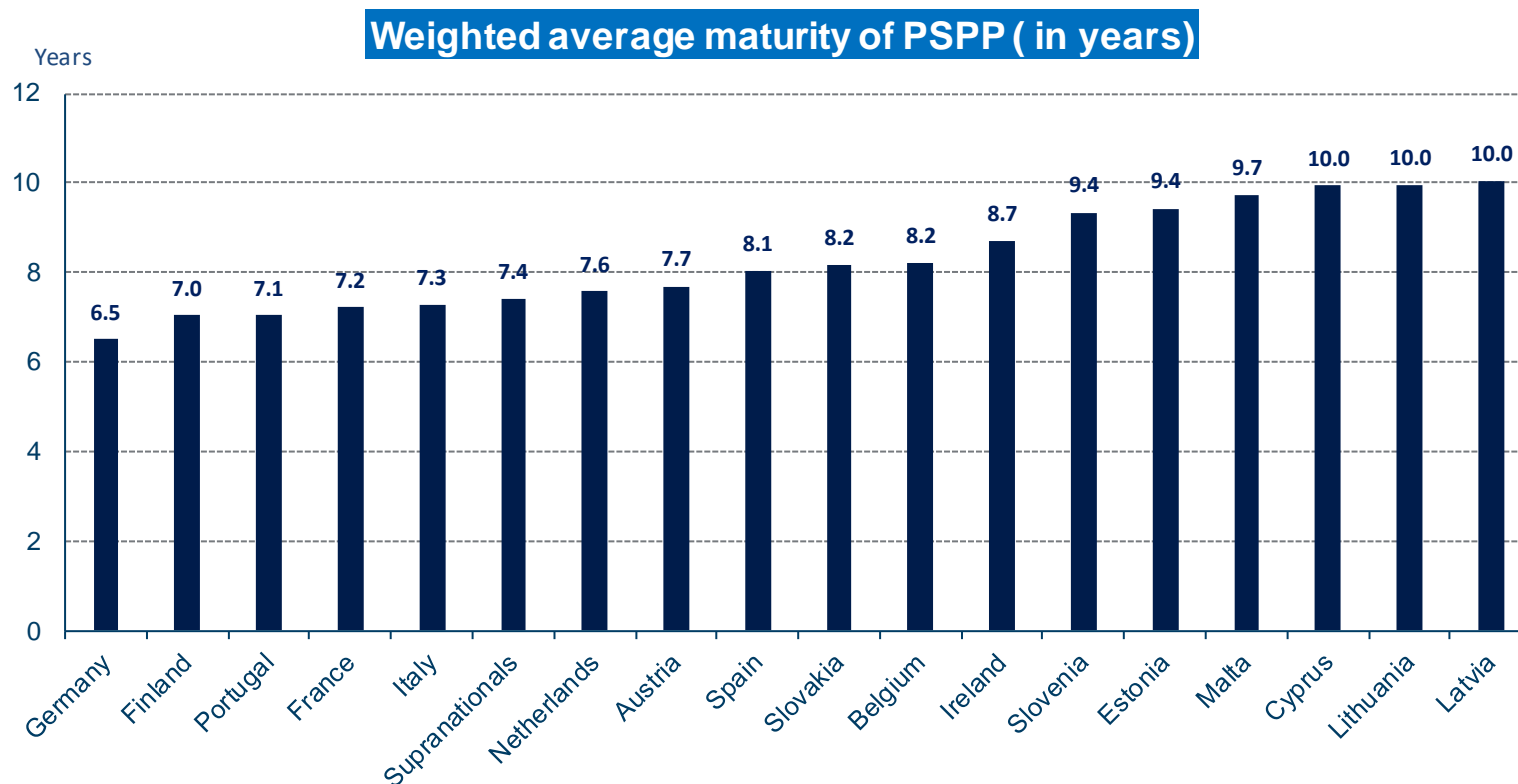
PEPP+PSPP: 2020 Net purchases (Real Vs. Capital Key)



Source: Datastream, Amundi Research, Data as of 12/31/2020

* estimate from the ECB PEPP net purchases by country from March to November 2020

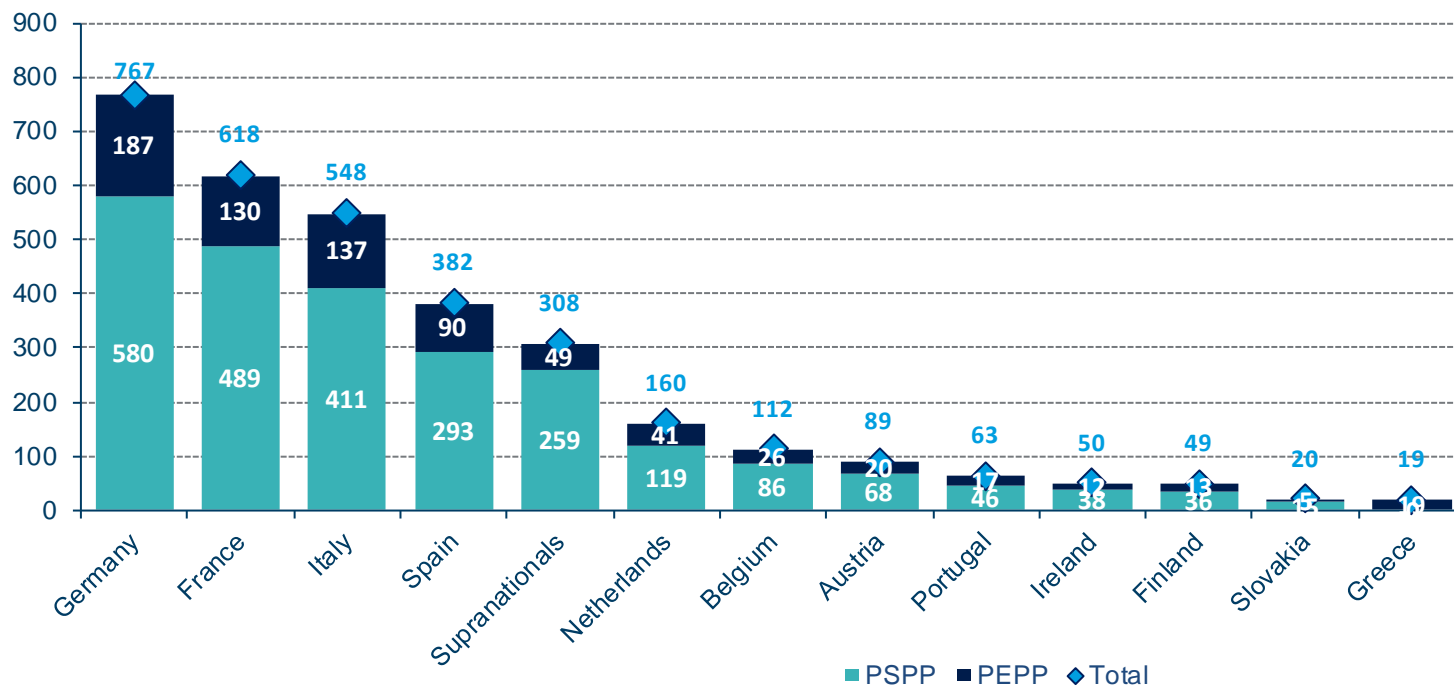
Weighted average maturity of PSPP bonds (as at December 2020)



Source: Datastream, Amundi Research, Data as of 12/31/2020

Eurosystem's holding: public debt

Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 12/31/2020

* estimate from the ECB PEPP net purchases by country from March to November 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	1420	322	1742	767	44%
France	1945	240	2185	618	28%
Italy	2096	17	2113	548	26%
Spain	1097	21	1118	382	34%
Netherlands	339	90	429	160	37%
Belgium	423	2	425	112	26%
Austria	241	25	266	89	33%
Ireland	154	0	154	50	32%
Portugal	178	2	180	63	35%
Finland	111	19	130	49	38%
Slovakia	50	0	50	20	40%
Slovenia	34	1	34	13	37%
Cyprus	16	0	16	5	30%
Lithuania	17	0	17	7	40%
Luxembourg	13	0	13	4	35%
Latvia	10	0	10	4	37%
Malta	6	0	6	2	25%
TOTAL	8151	738	8888	2893	33%

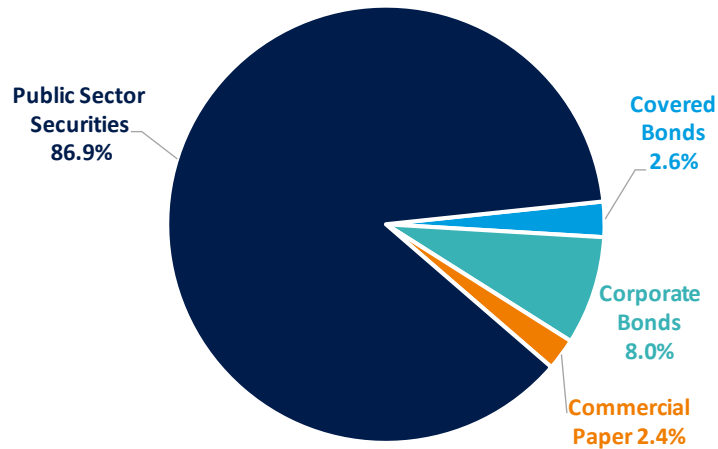
Source: Datastream, Amundi Research, Data: 12/31/2020

What's next?

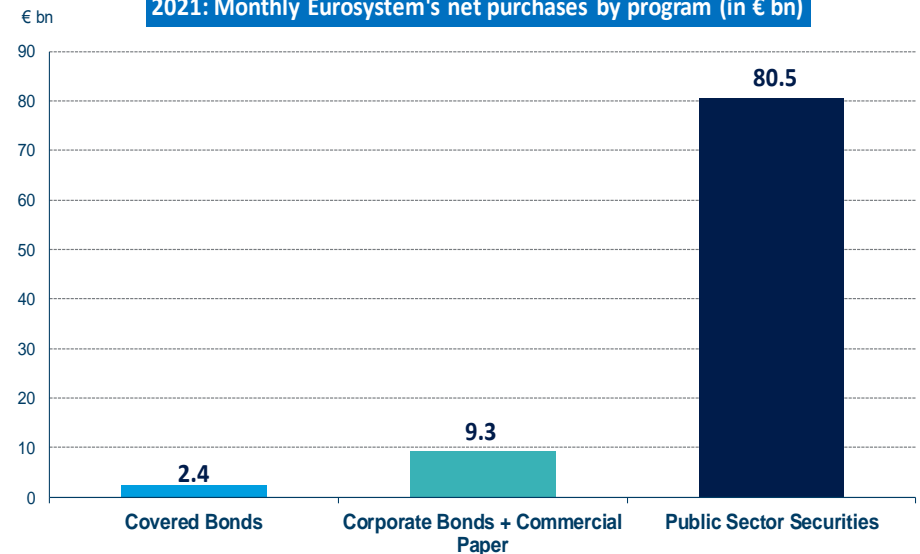
ECB Firepower by program for 2021

- **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.

2021 breakdown by program

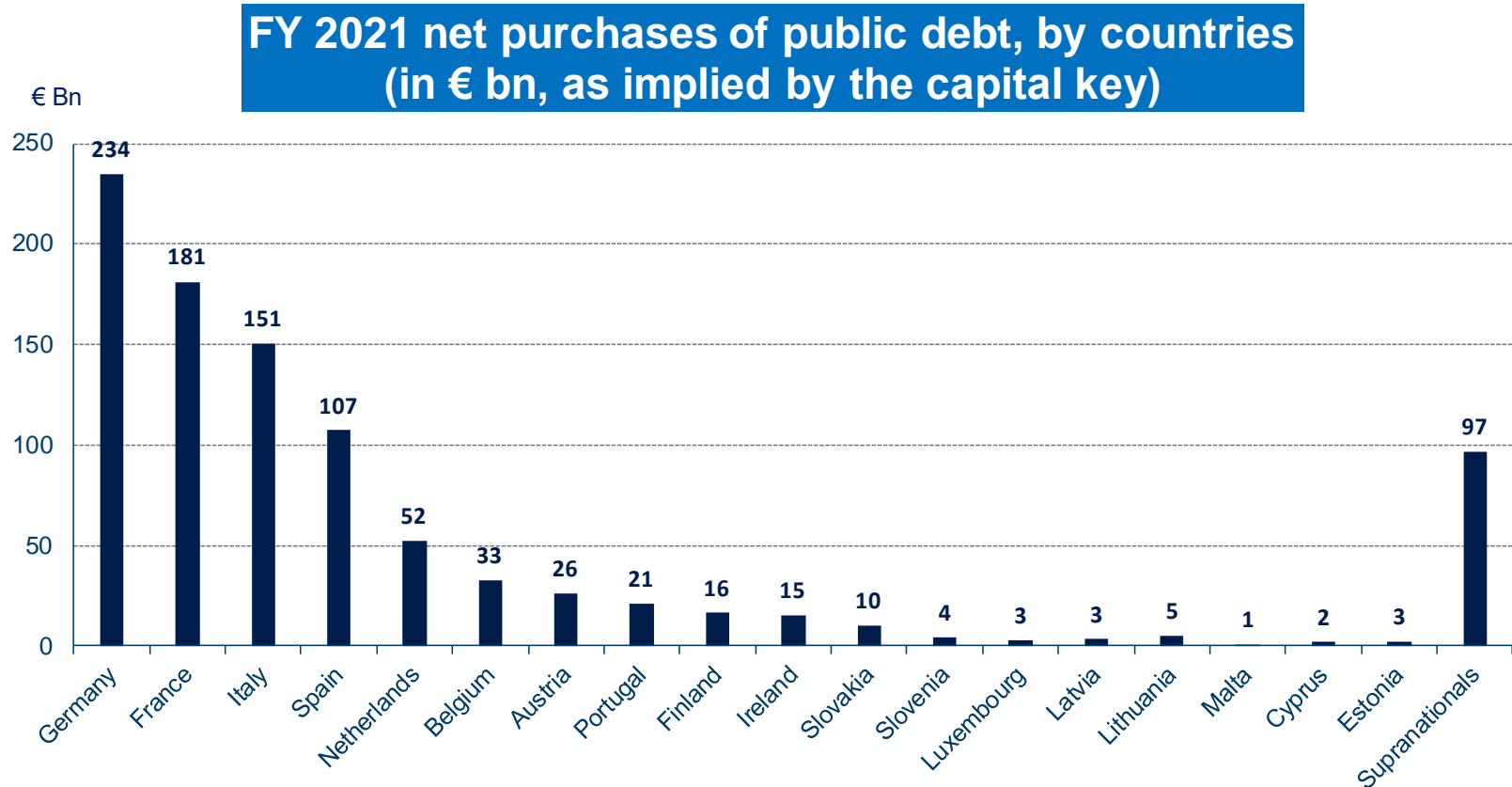


2021: Monthly Eurosystem's net purchases by program (in € bn)



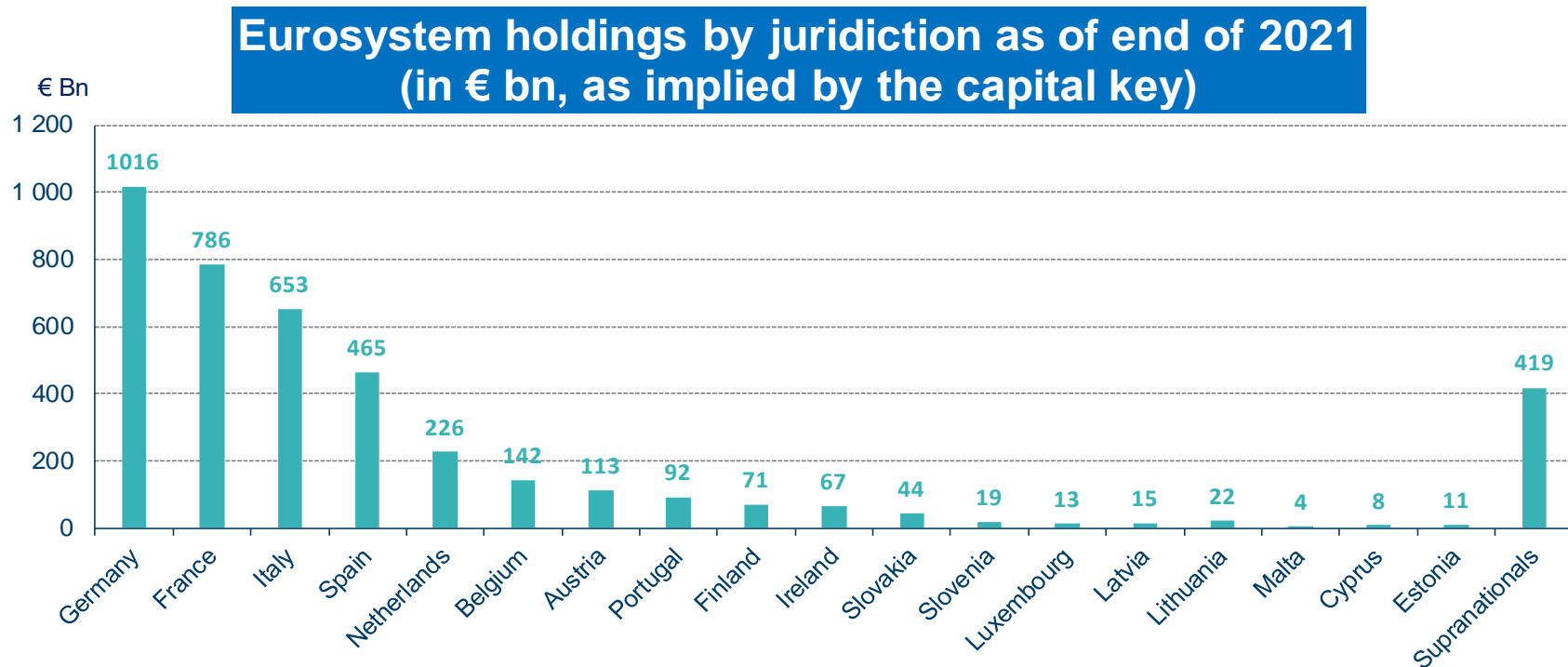
Source: Datastream, Amundi Research, as of 12/31/2020

ECB Firepower by jurisdiction for 2021



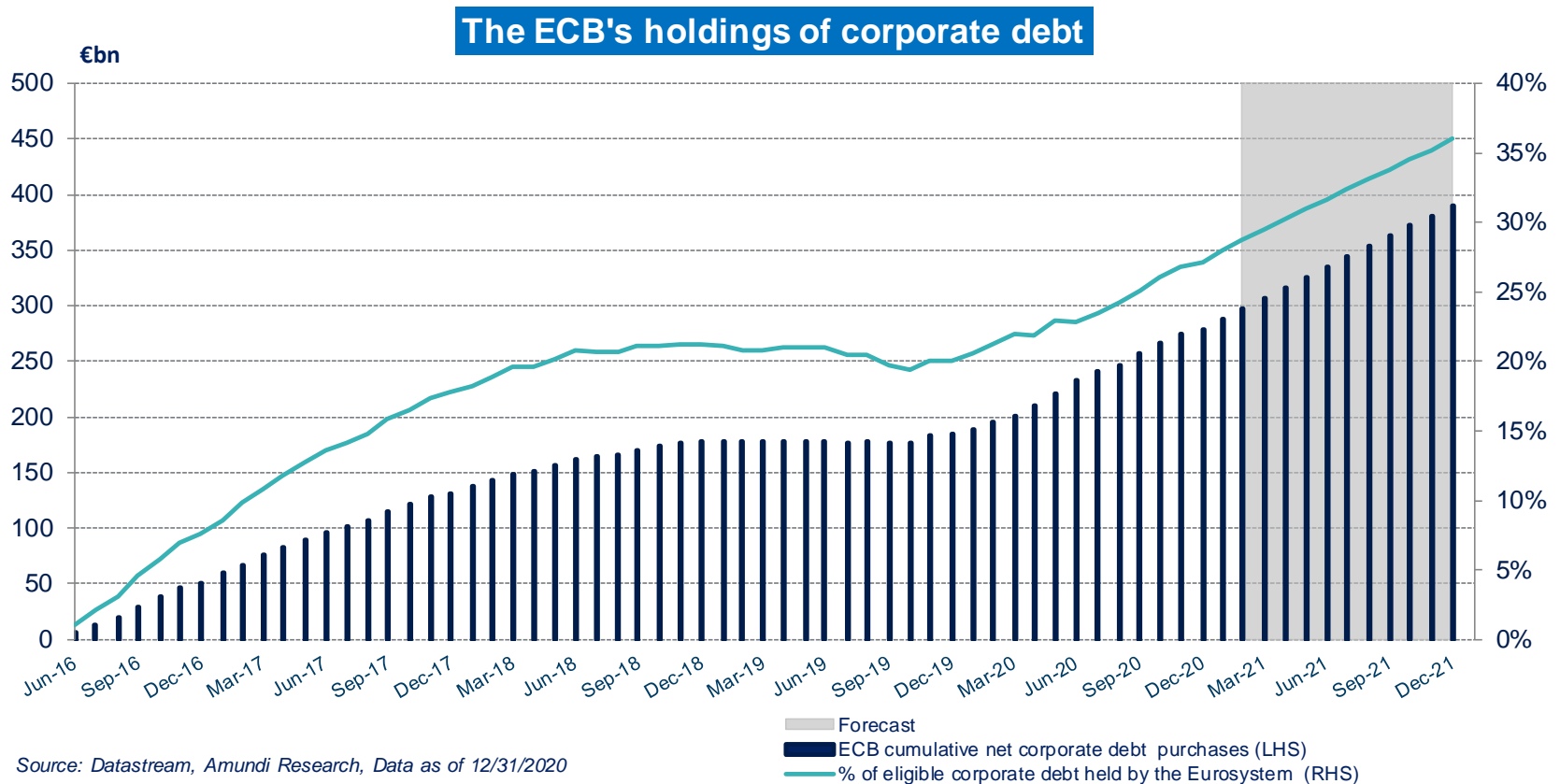
Source: Datastream, Amundi Research, Data as of 12/31/2020

ECB Firepower by jurisdiction for 2021



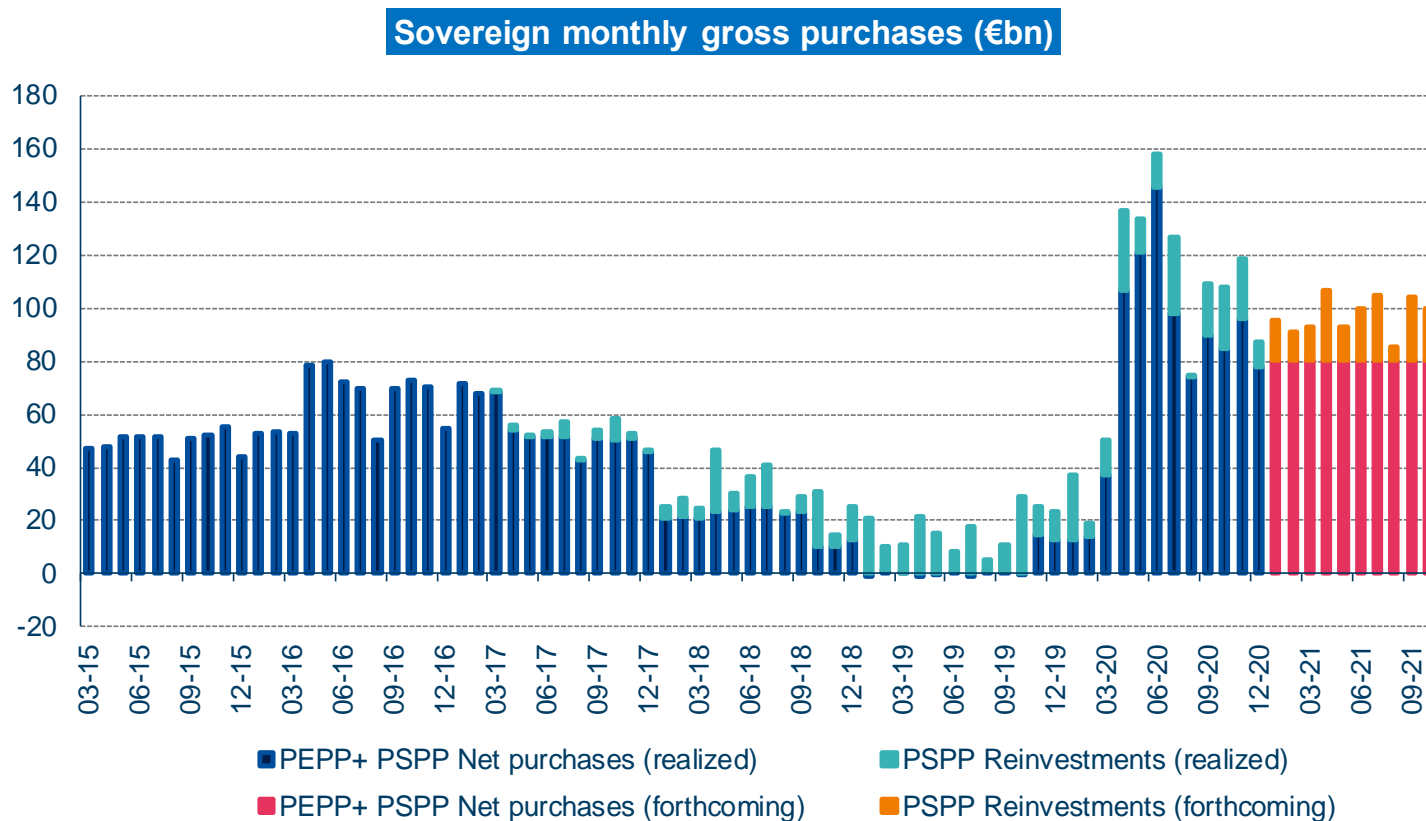
Source: Datastream, Amundi Research, Data as of 12/31/2020

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



Sovereign monthly gross purchases

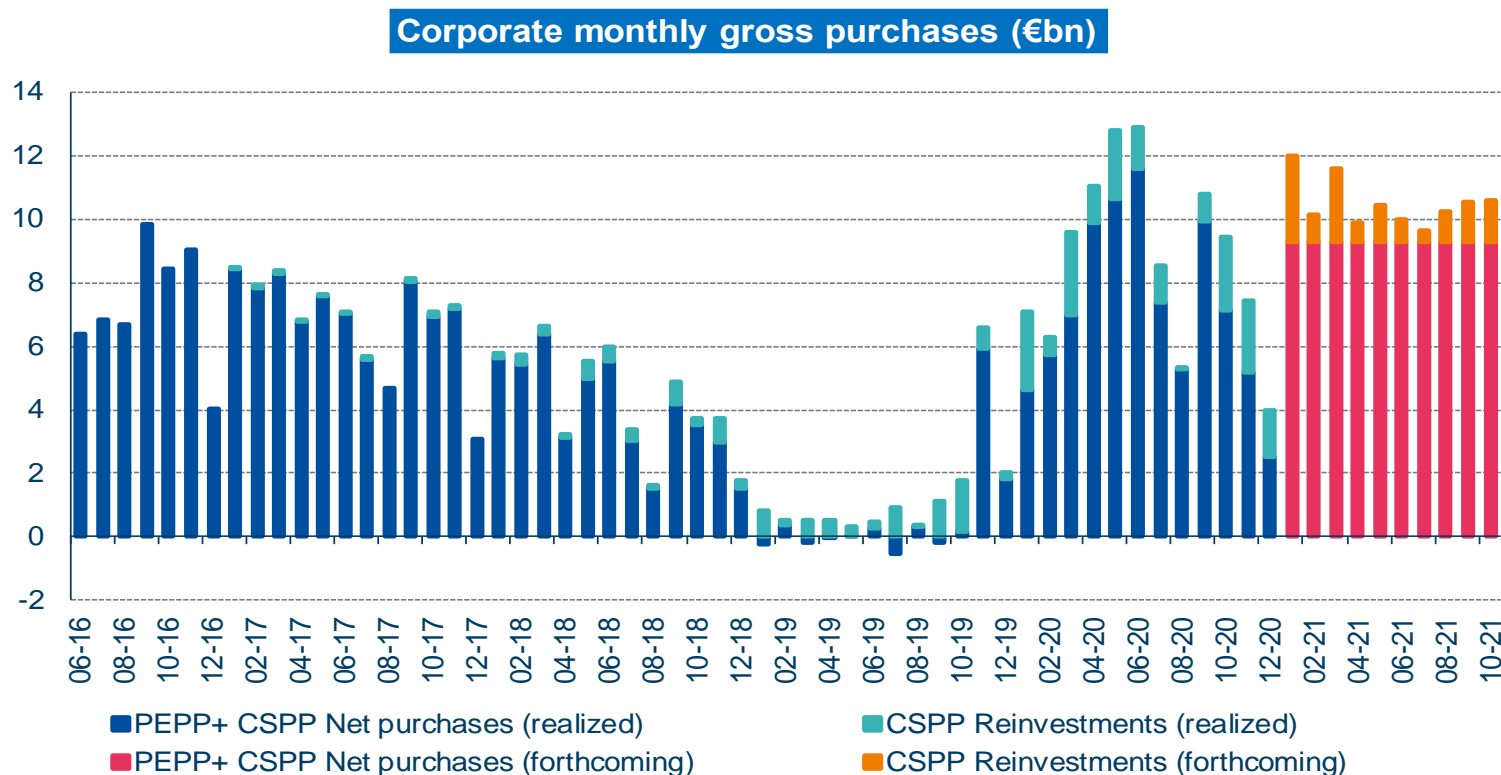
- PSPP reinvestment will average €16.9bn/month over the next 12 months, up from €16.8bn in the past 12 months.



Source: ECB, Amundi Research, Data as of: 12/31/2020

Corporate monthly gross purchases

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



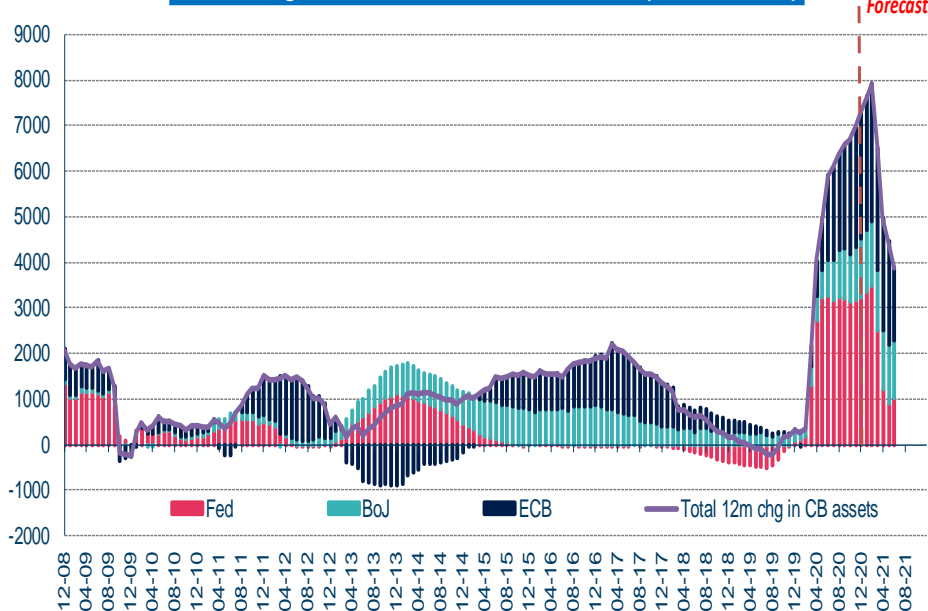
Source: ECB, Amundi Research, Data as of: 12/31/2020

Annex

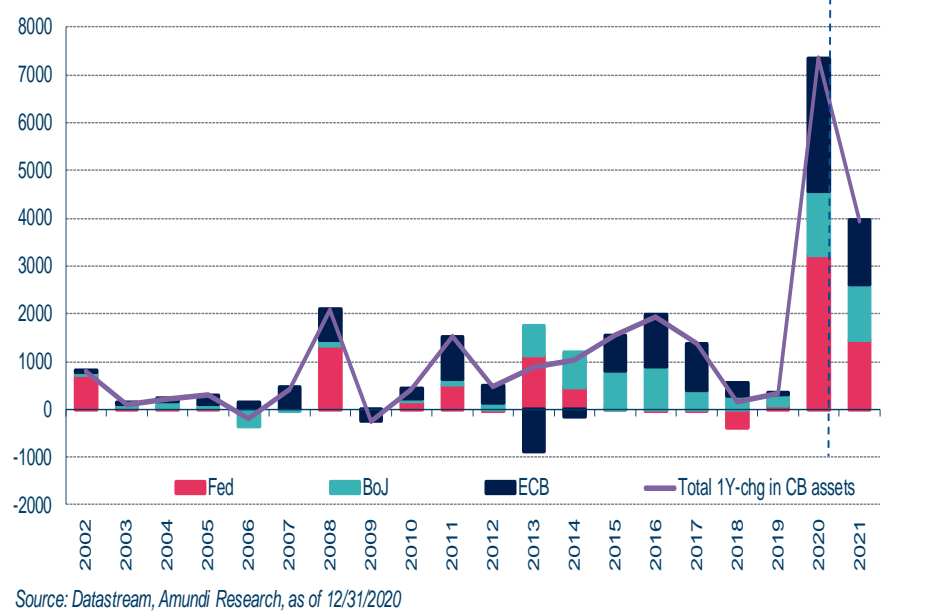
Central Banks: always present to support

- 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)

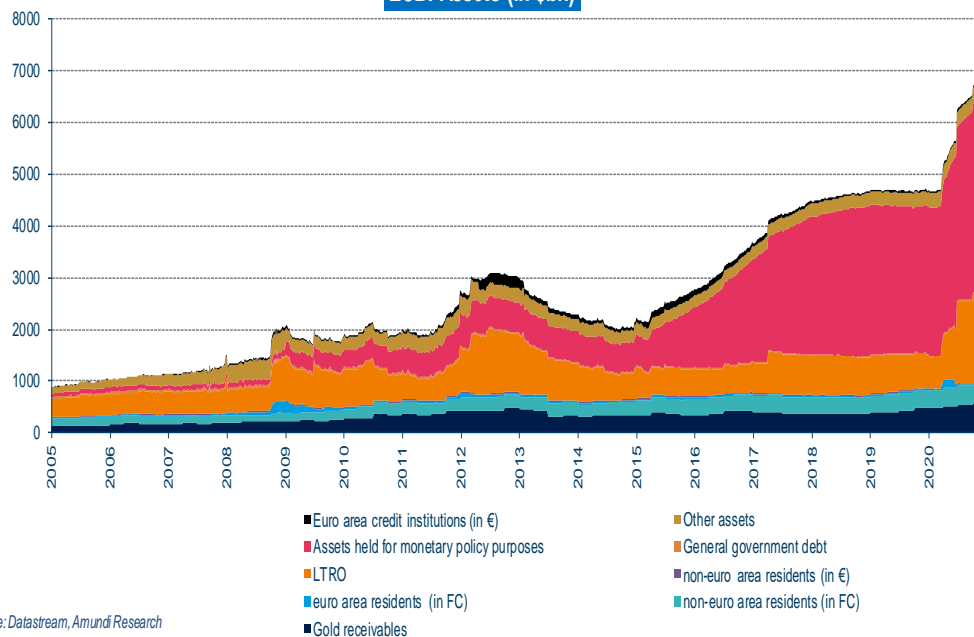


1Y-Change in central banks assets in \$bn (with forecast)



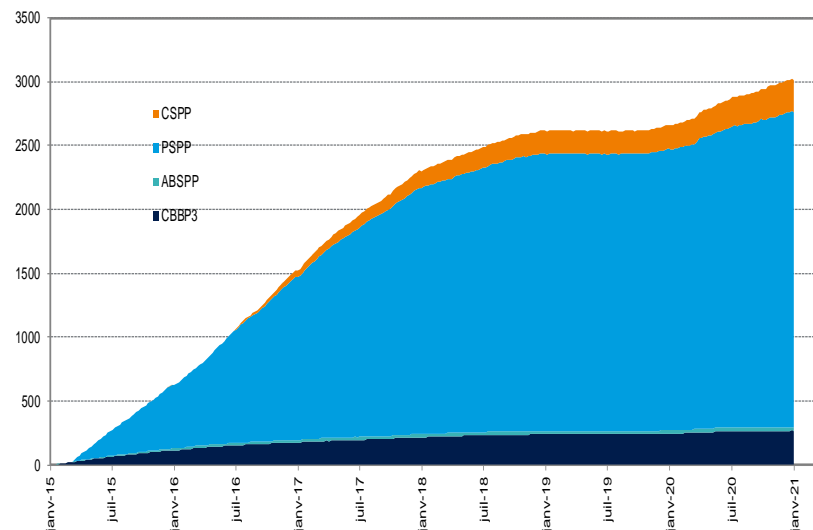
ECB Balance Sheet (1/2)

ECB: Assets (in \$bn)



Source: Datastream, Amundi Research

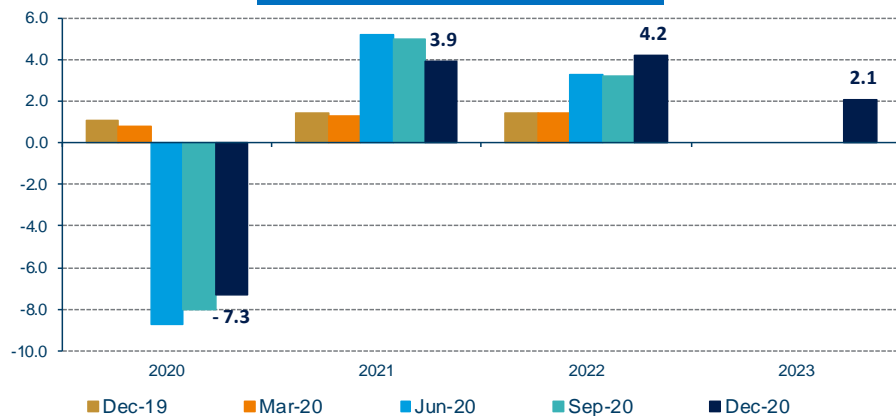
Amounts purchased by the Eurosystem under the expanded asset purchase programme (€ bn)



Source: Datastream, Amundi Research

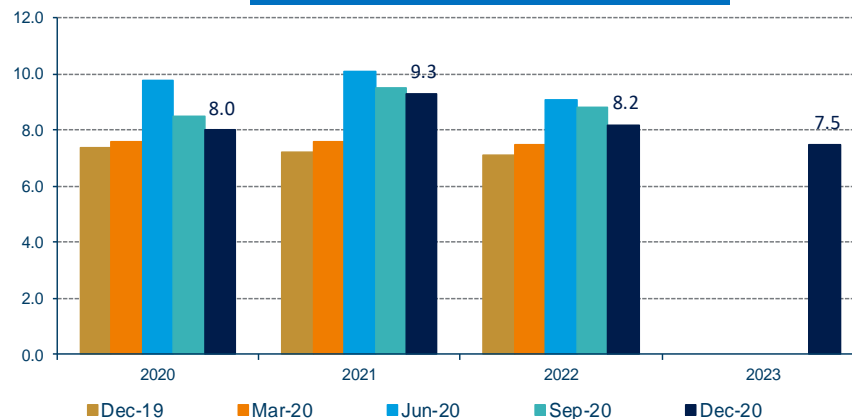
ECB Projections

ECB forecast: real GDP (yoy%)



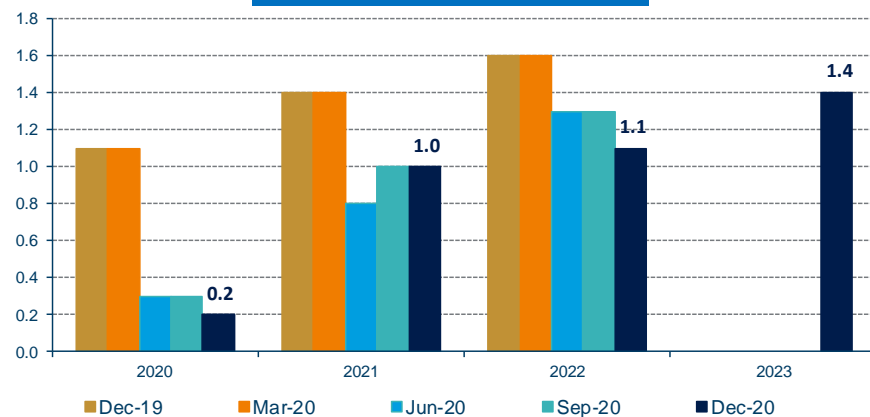
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Unemployment (yoy%)



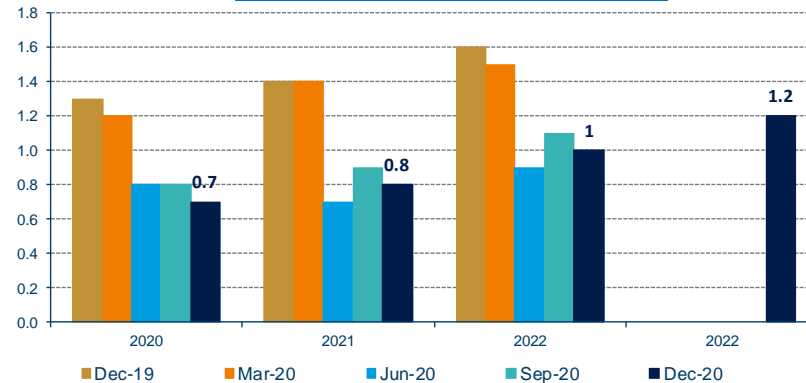
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB forecast: Inflation (yoy%)



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

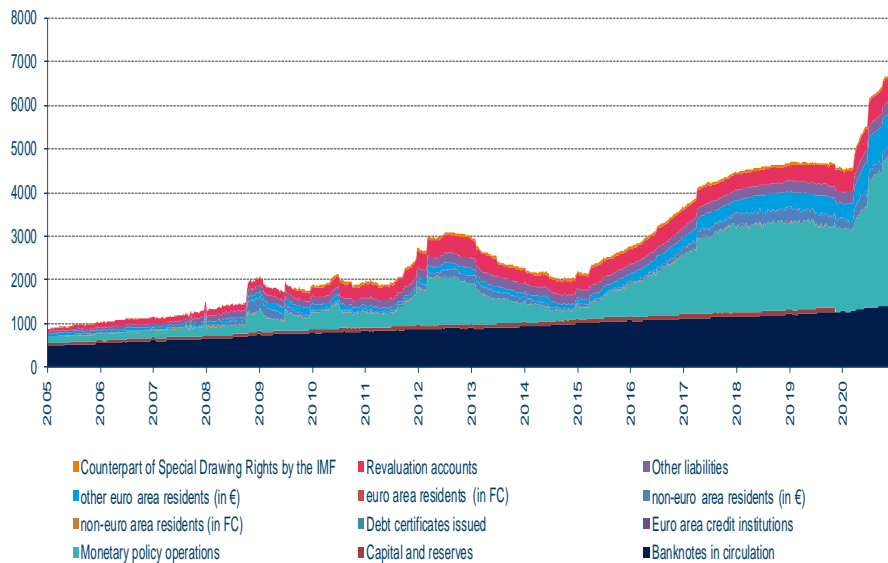
ECB forecast: Core Inflation (yoy%)



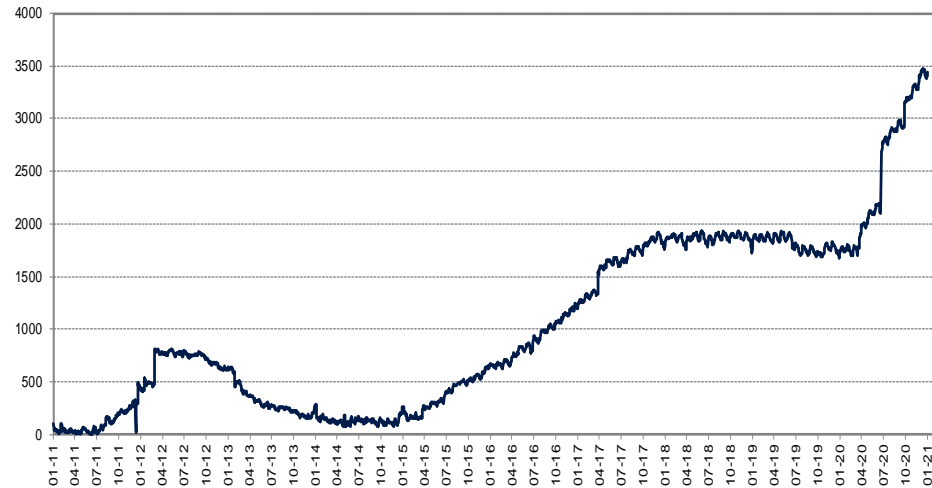
Source: Bloomberg, Amundi Research, Data as of 12/10/2020

ECB Balance Sheet (2/2)

ECB: Liabilities (in \$bn)



Eurosystem : excess reserves (€bn)

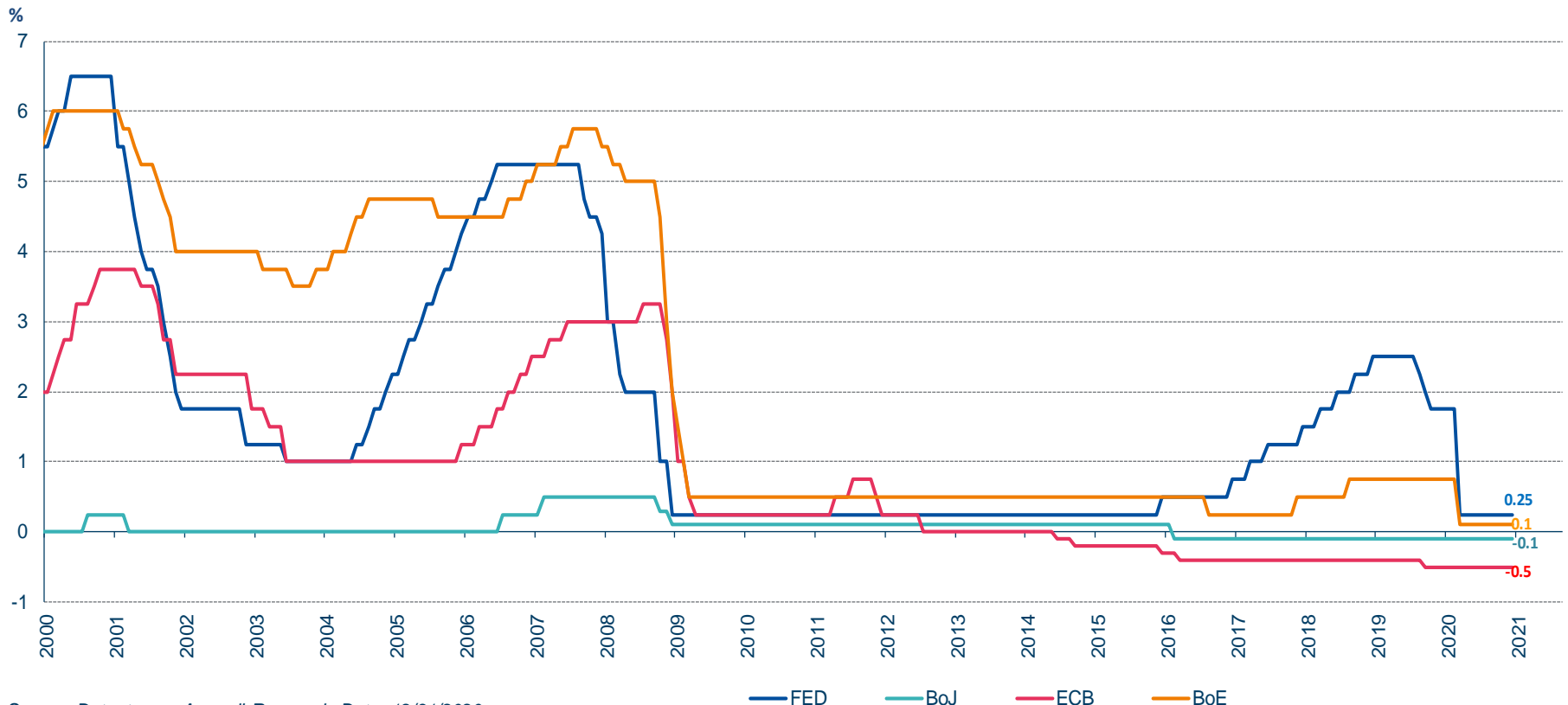


Source: Datastream, Amundi Research, 12/31/2020

Source: Datastream, Amundi Research

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: 12/31/2020

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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