
Confidence
must be earned

Amundi
ASSET MANAGEMENT

July 2021

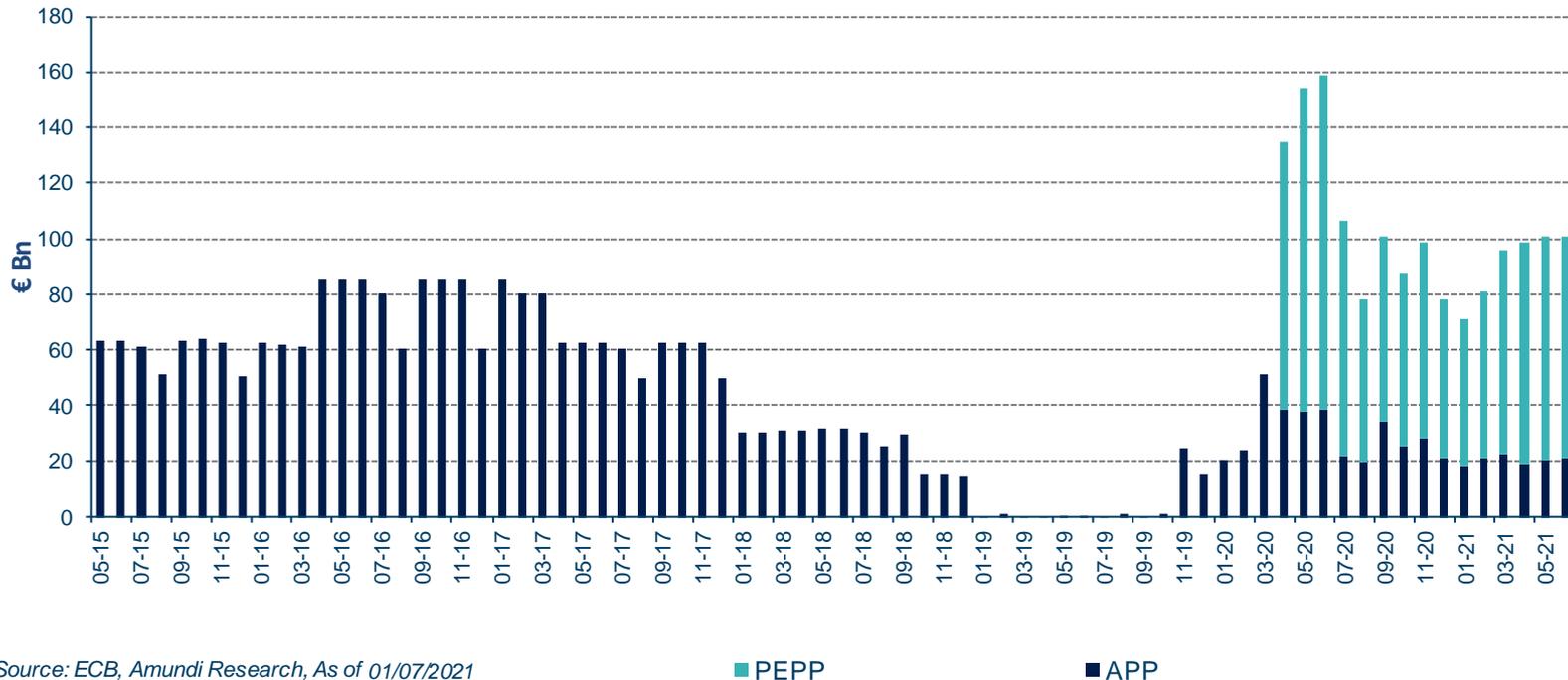
ECB QE Monitor

Mickael Bellaïche, Fixed Income and Credit Research
Strategist

APP and PEPP: breakdown by program in € bn

- In June 2021, ECB net asset purchases reached €20.6bn under APP and €80bn under PEPP.
- In June APP by programme: PSPP (€13.3bn; 64.5% of total), CSPP (€5.6bn; 27.1%), CBPP3 (€2.04bn; 9.87%) and ABSPP (€-0.3bn; -1.5%).

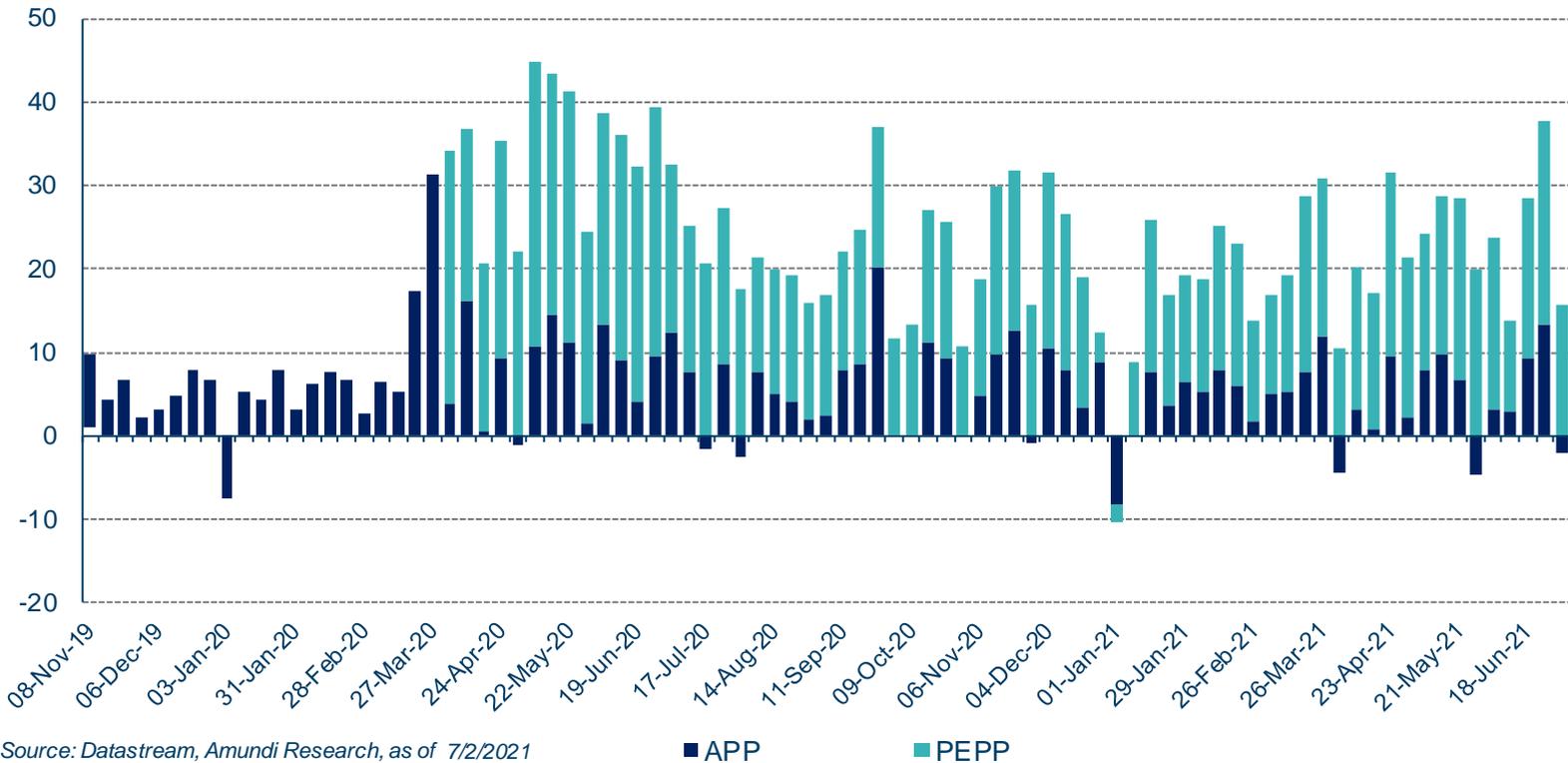
ECB monthly net asset purchases (in €bn)



Source: ECB, Amundi Research, As of 01/07/2021

ECB PEPP related purchases remained stable with €80bn during June vs. €81bn in May 2021

ECB weekly net asset purchases (in €Bn)



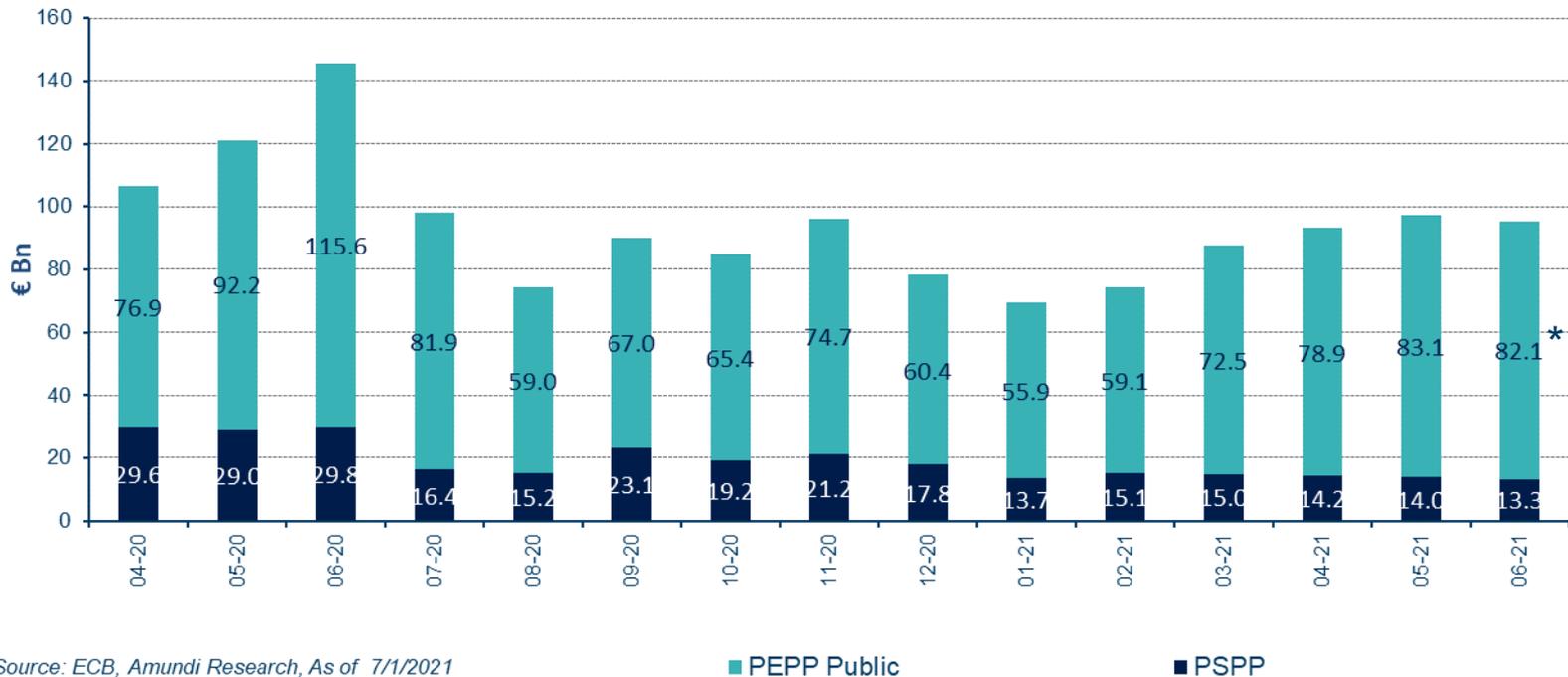
Source: Datastream, Amundi Research, as of 7/2/2021

■ APP

■ PEPP

APP and PEPP: Sovereign monthly net purchases

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



Source: ECB, Amundi Research, As of 7/1/2021
* Estimate

APP and PEPP: Private debt monthly net purchases

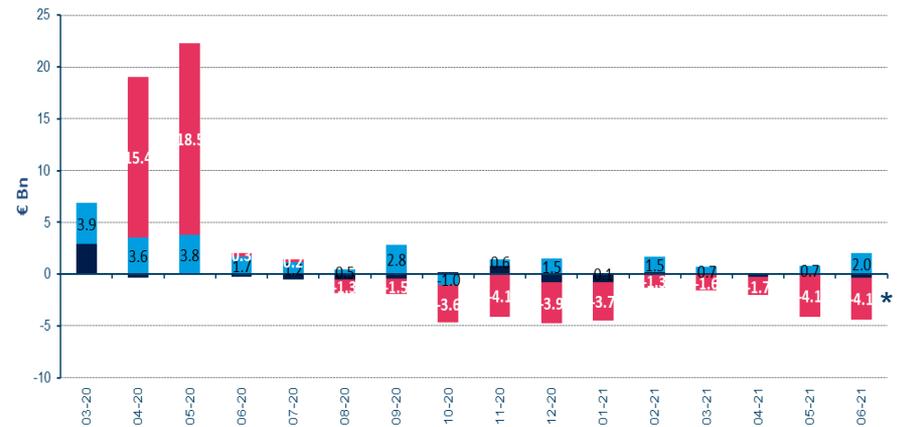
ECB monthly net asset purchases of corporate debt (in €bn)



Source: ECB, Amundi Research, As of 7/1/2021
* Estimate

■ PEPP Corporate Bond ■ CSPP

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

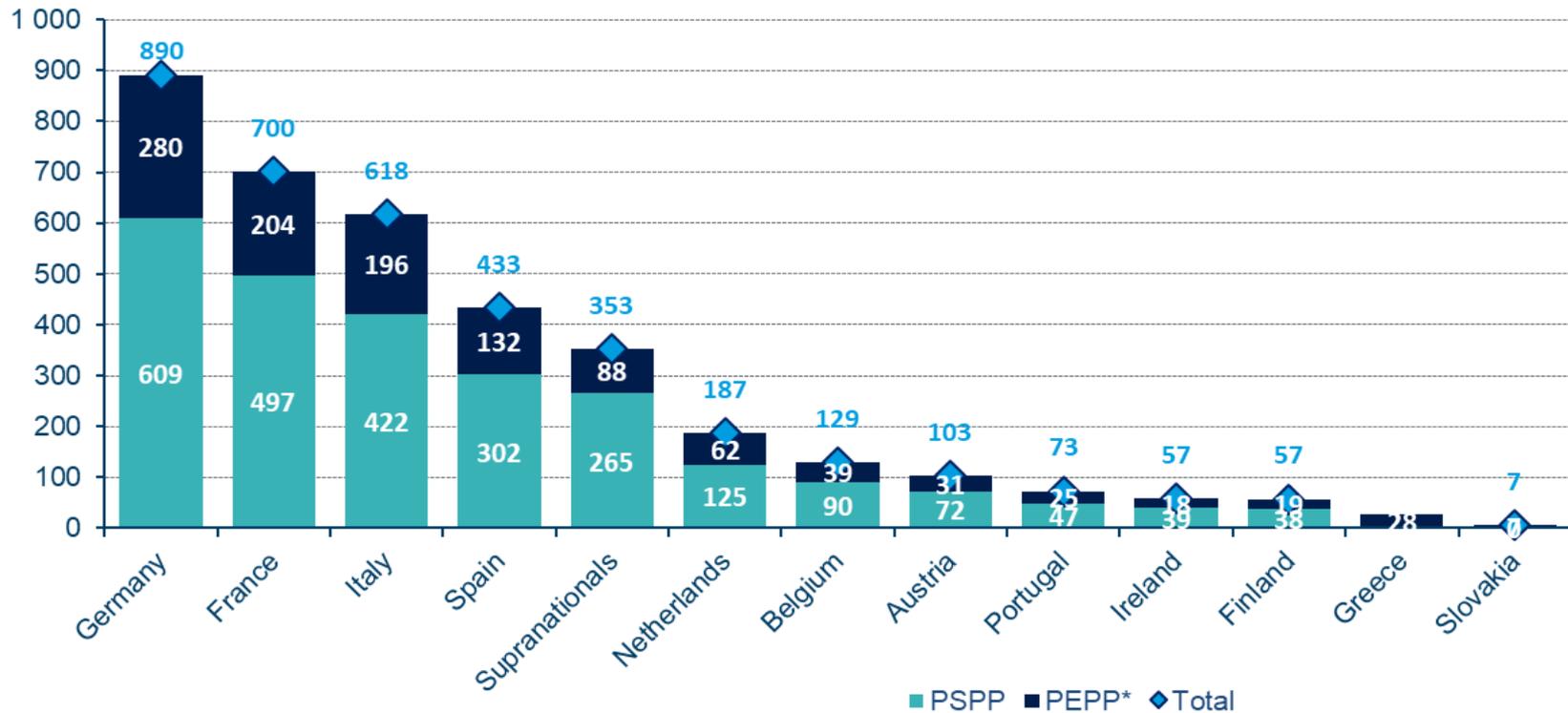


Source: ECB, Amundi Research, As of 7/1/2021
PEPP Other = commercial paper+cover bd
* Estimate

■ PEPP Other ■ CBPP3 ■ ABSP

Eurosystem's holding: public debt

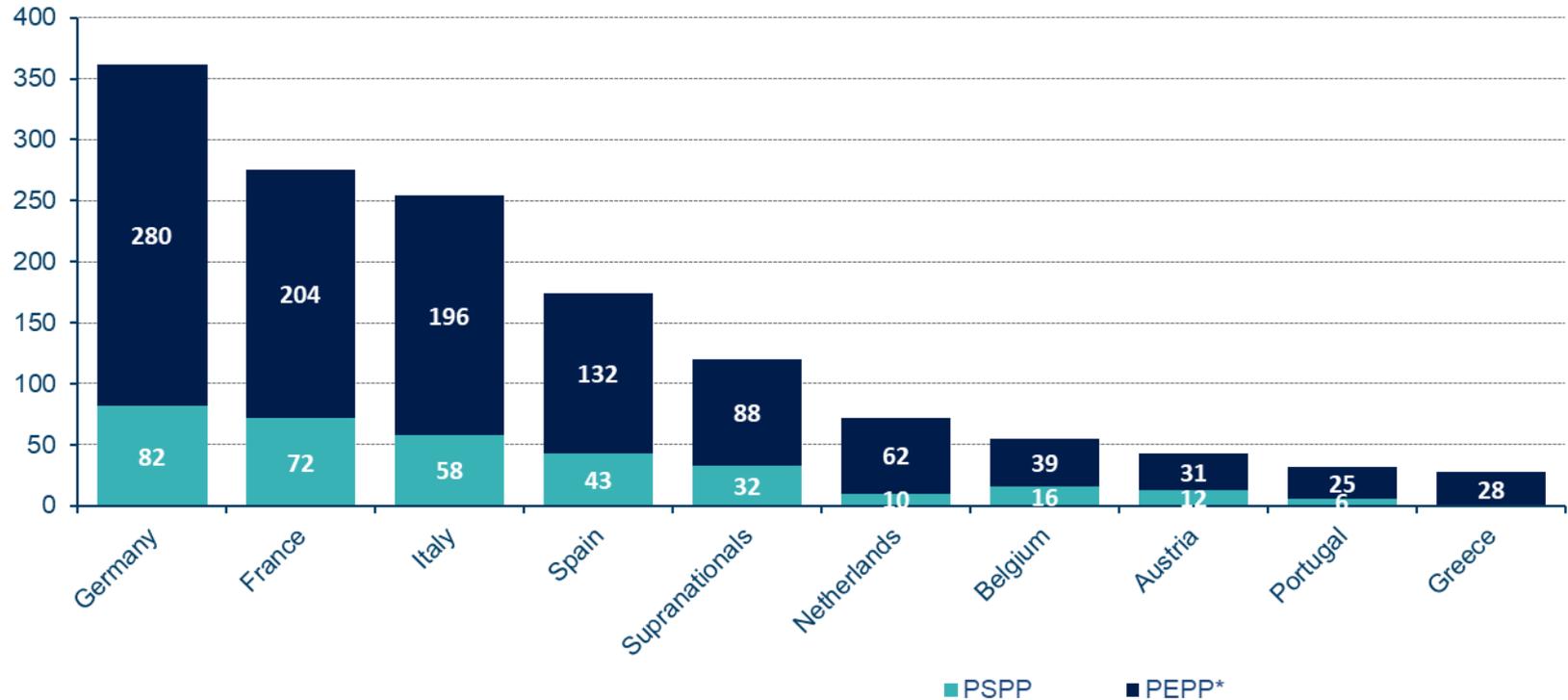
Eurosystem holding by jurisdiction (in €bn)



Source: Datastream, Amundi Research, Data as of 06/30/2021
 * Estimate

Eurosystem's purchases since January 2020: public debt

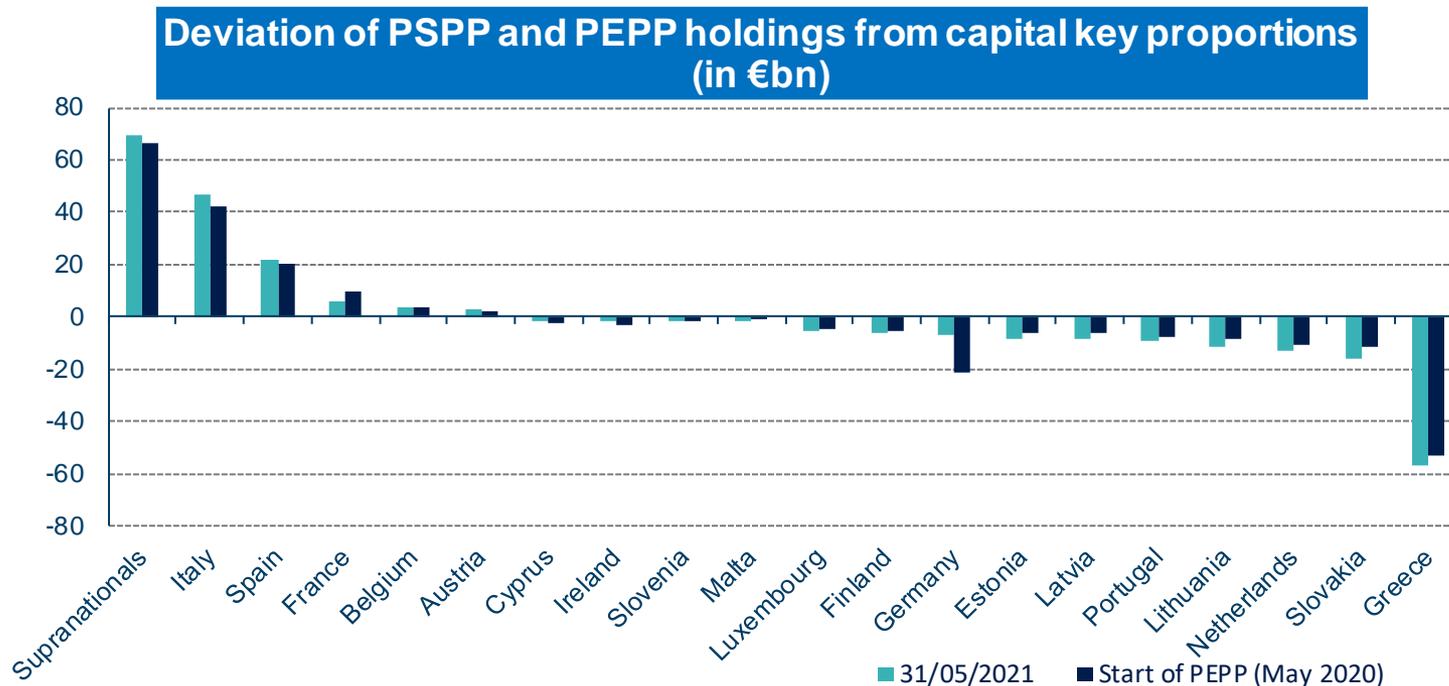
Eurosystem's net public debt purchases since January 2020 (in €bn)



Source: Datastream, Amundi Research, Data as of 06/30/2021

* Estimate

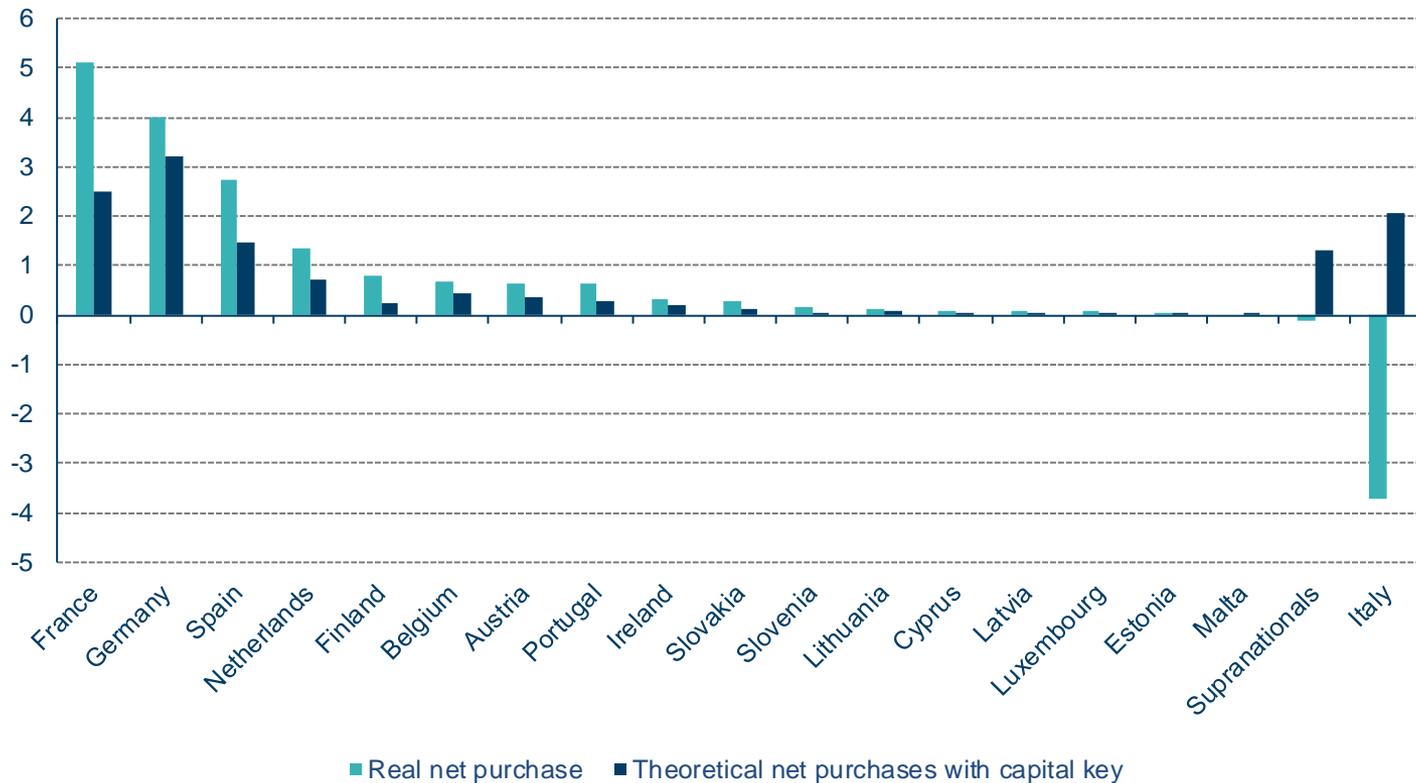
PSPP and PEPP holdings: Deviation from capital key proportions



Publication of PEPP purchases on a bi-monthly basis (next update in August 2021)

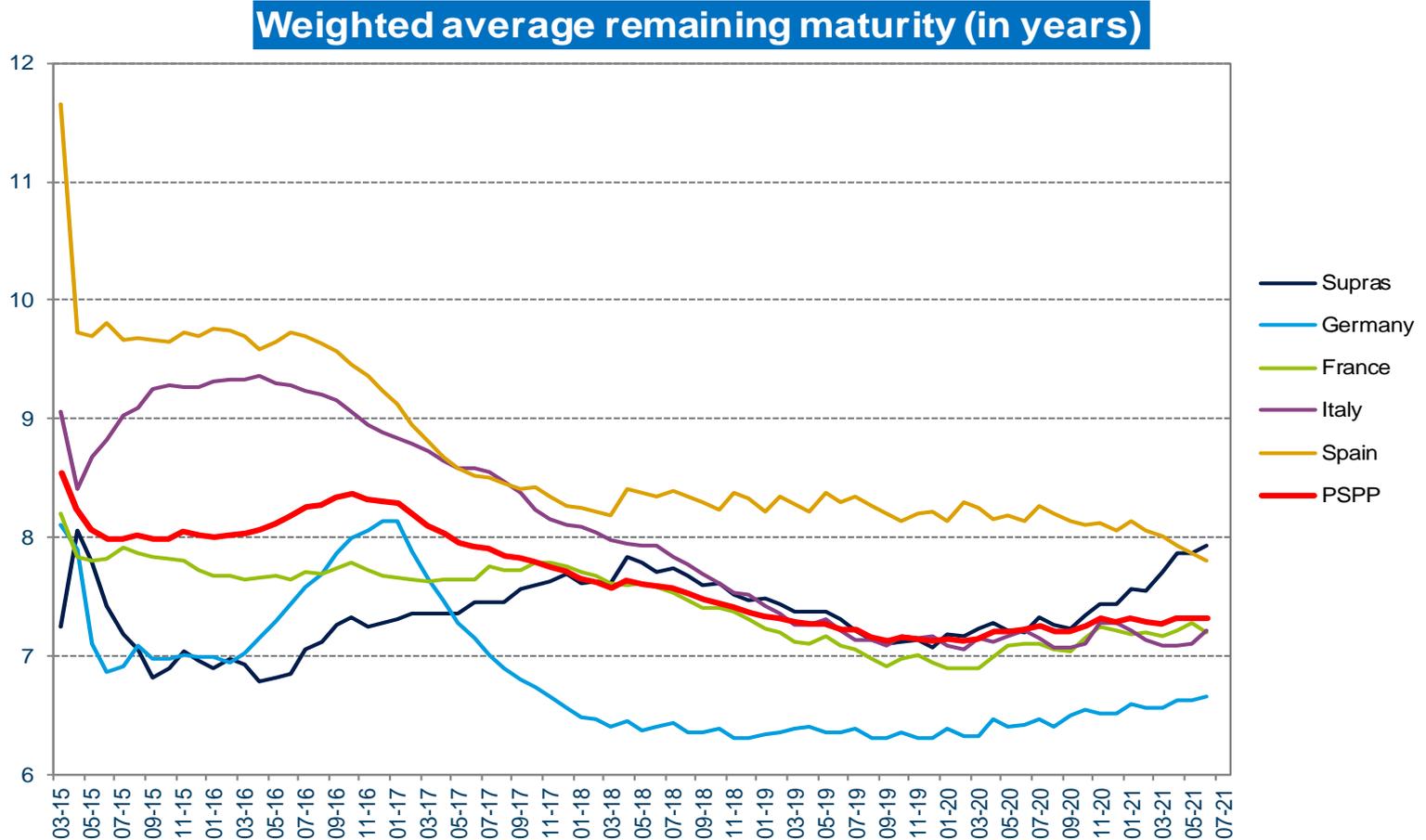
Deviation of monthly PSPP purchases from capital key proportions

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



Source: Datastream, Amundi Research, Data as of 06/30/2021

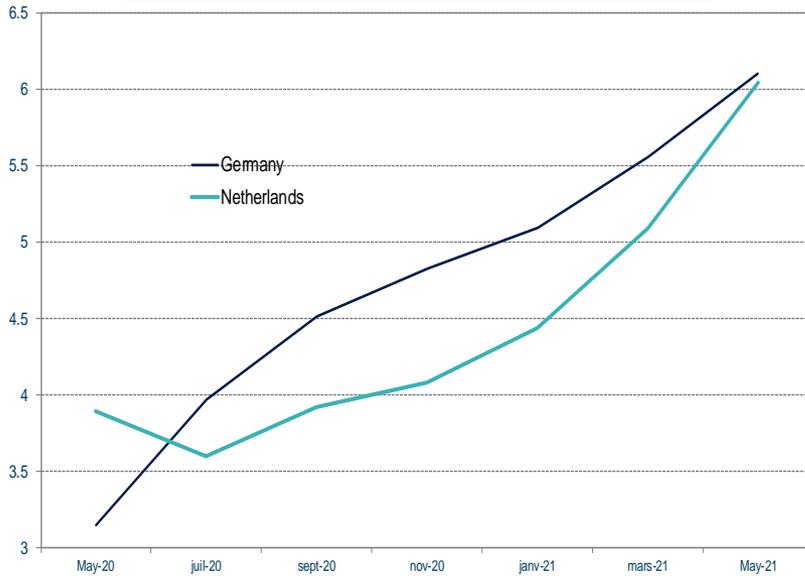
Weighted average maturities by jurisdiction for the PSPP



Source: Datastream, Amundi Research, Data as of 06/30/2021

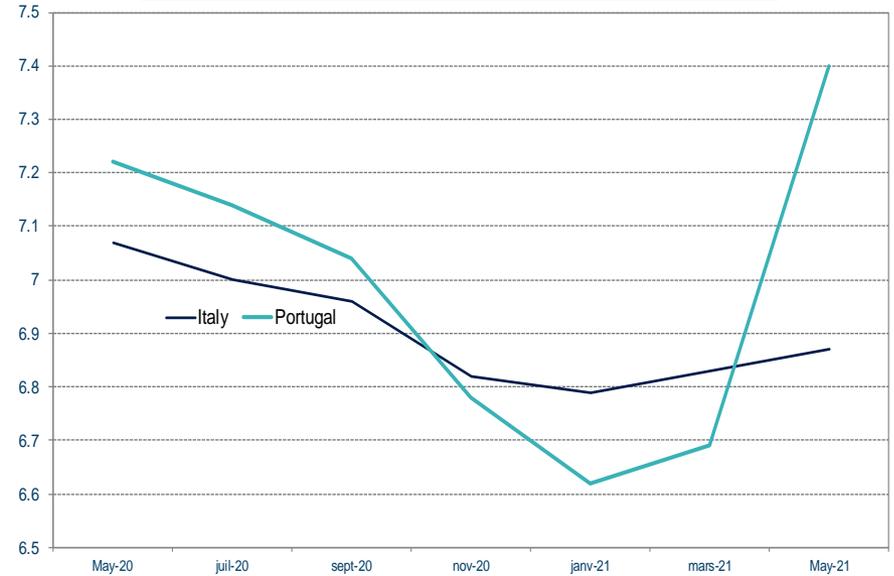
PEPP Holdings weighted average remaining maturity

PEPP Holdings weighted average remaining maturity (in years)



Source: Datastream, Amundi Research, Data as of 05/31/2021

PEPP Holdings weighted average remaining maturity (in years)

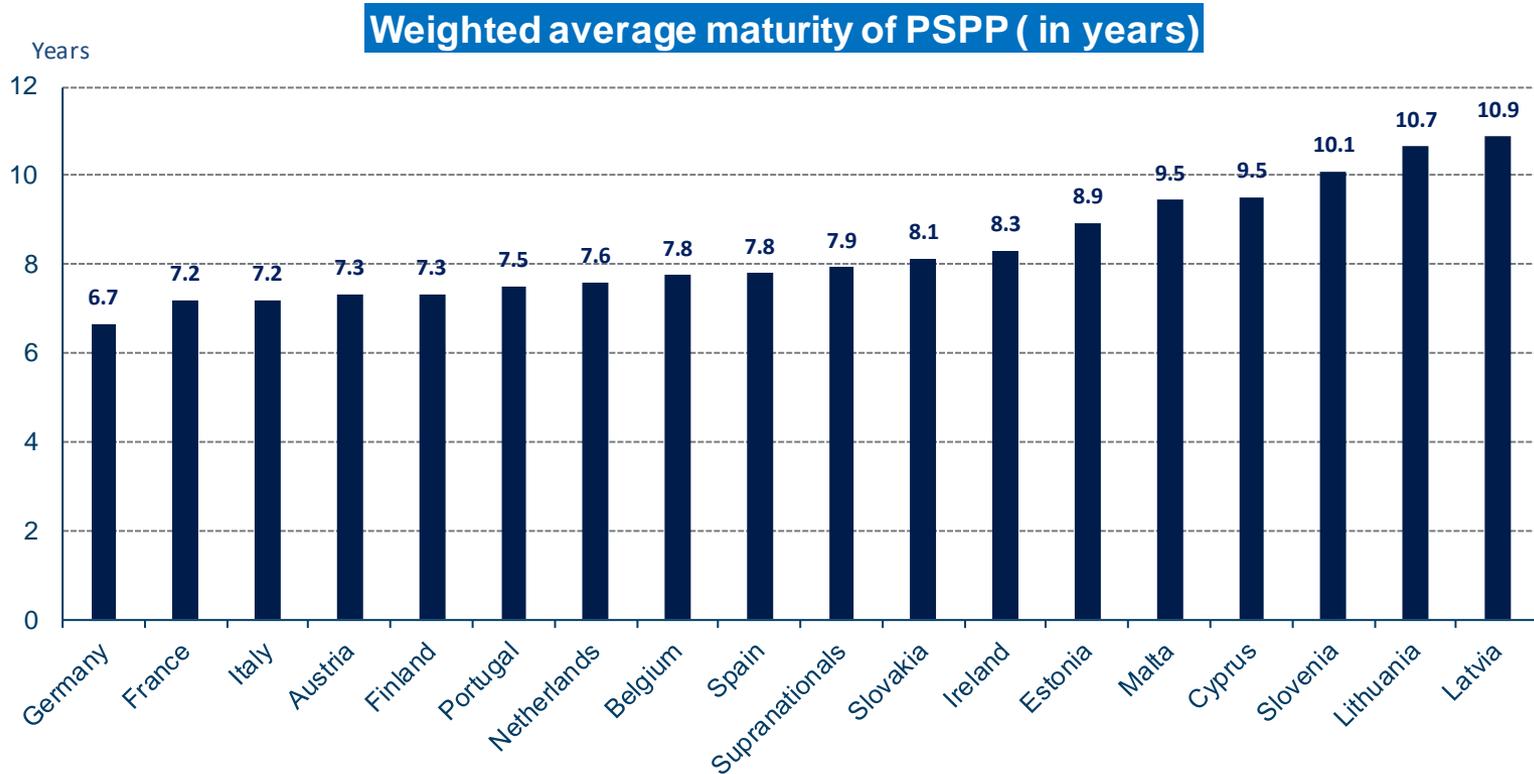


Source: Datastream, Amundi Research, Data as of 05/31/2021



**Publication of PEPP purchases on a bi-monthly basis
(next update in August 2021)**

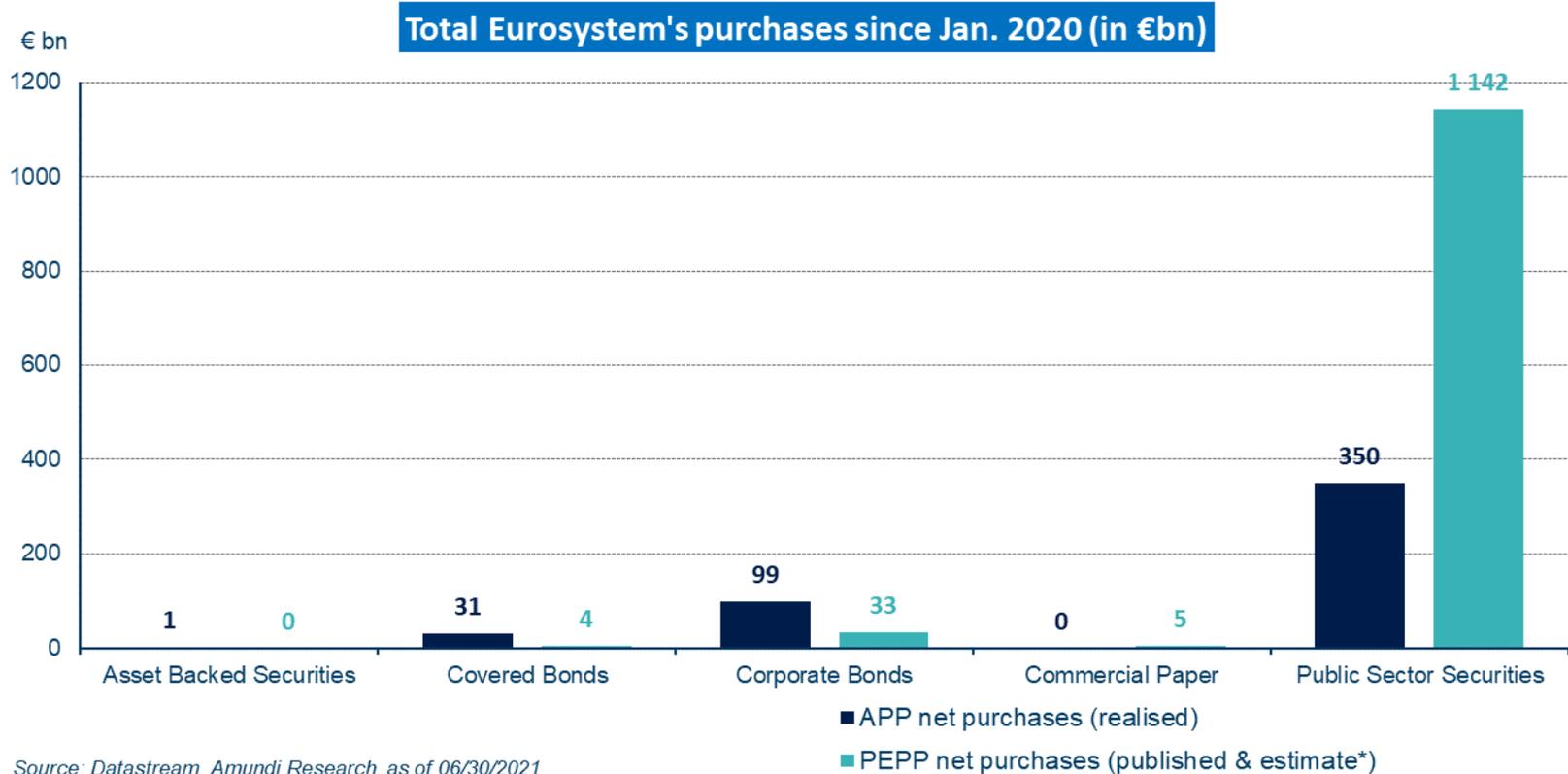
Weighted average maturity of PSPP bonds (as at January 2021)



Source: Datastream, Amundi Research, Data as of 06/30/2021

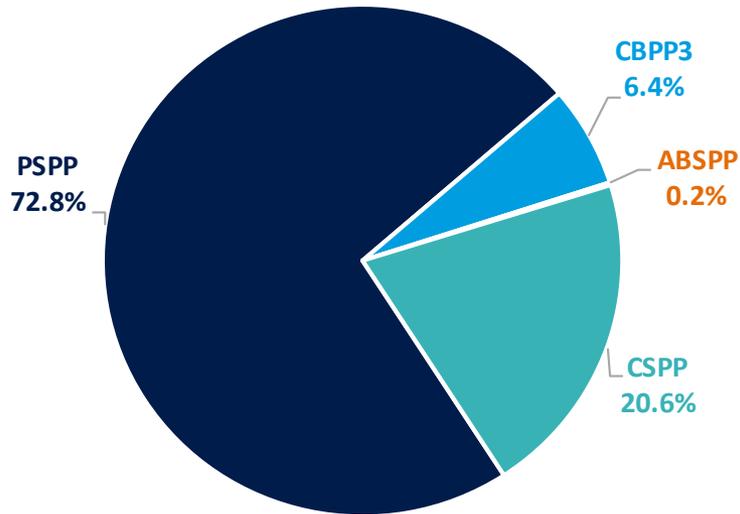
What's next for end of 2021?

Of its PEPP envelope of €1.85trillion, the ECB has spent only €1 185bn.

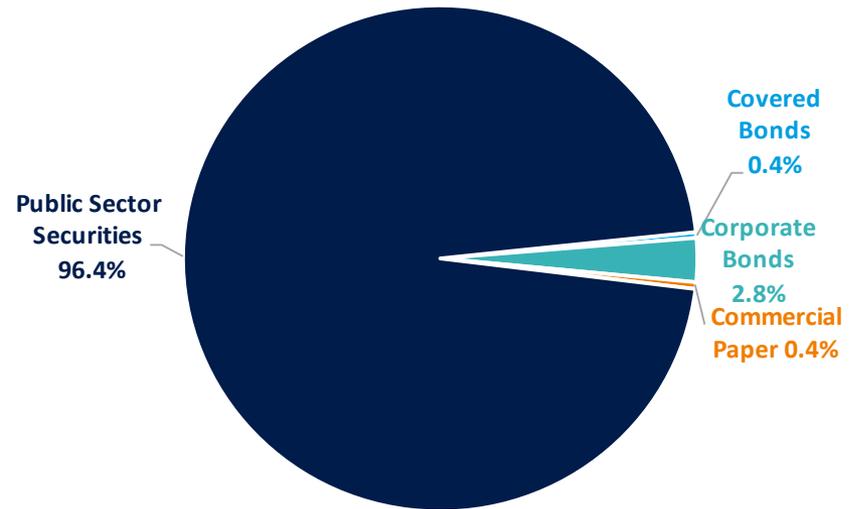


APP and PEPP: breakdown by program in %

APP by program

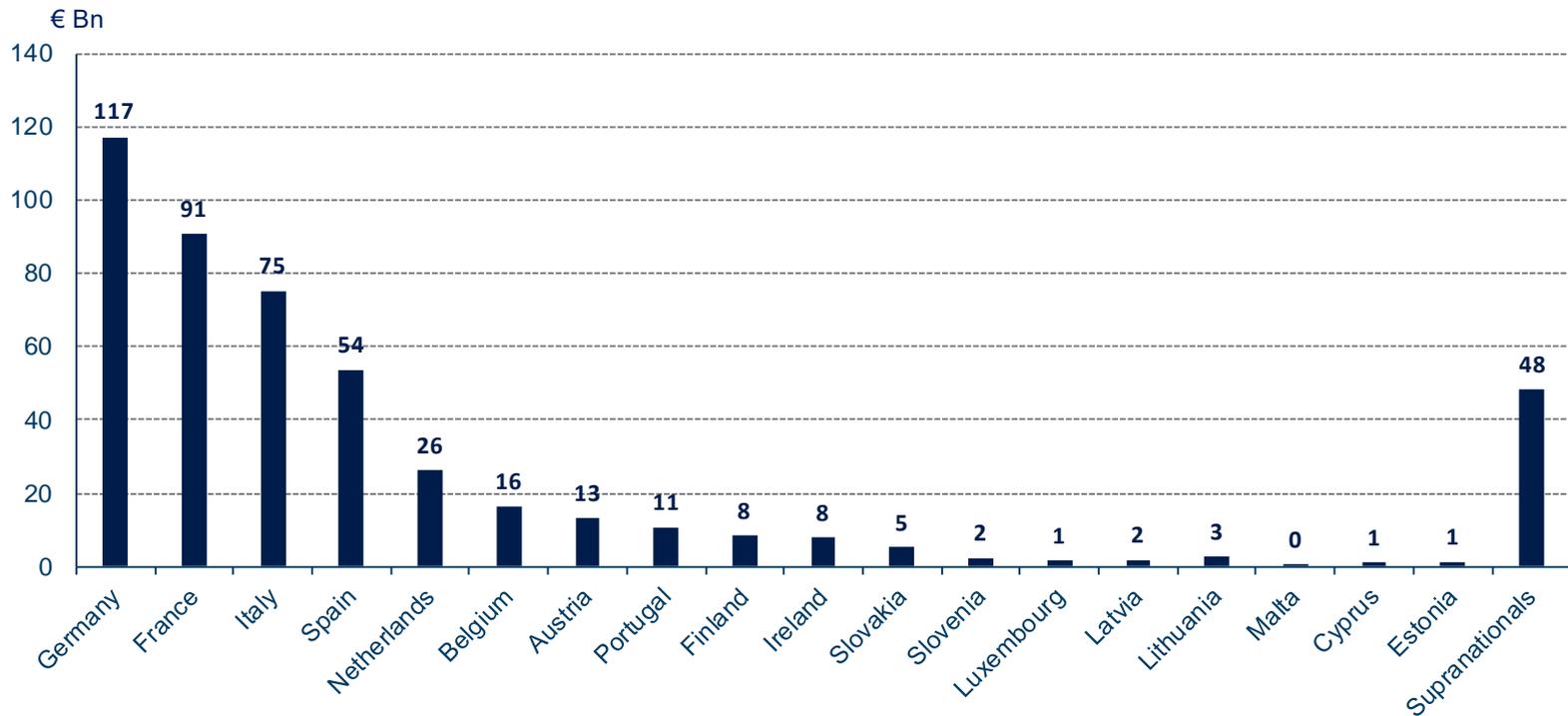


PEPP by program



ECB Firepower by jurisdiction for 2021

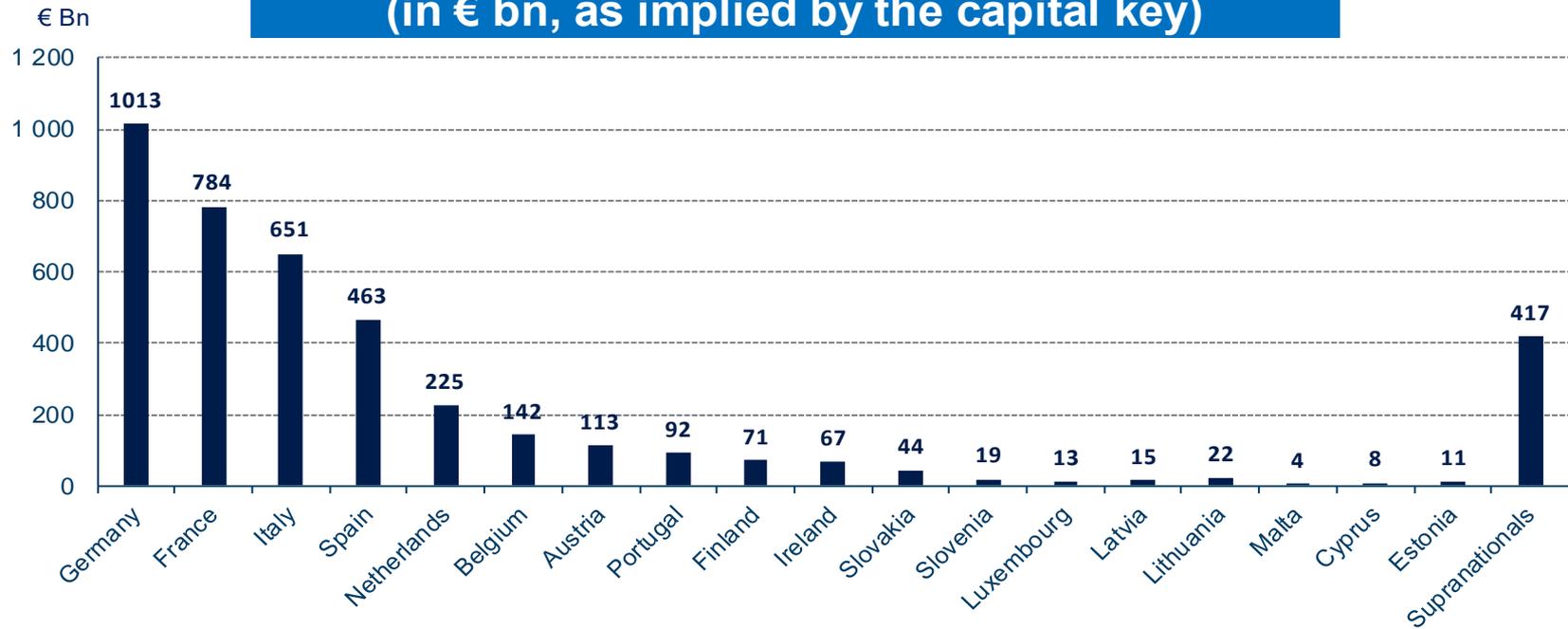
Net purchases of public debt expected until end of 2021
(in € bn, as implied by the capital key)



Source: Datastream, Amundi Research, Data as of 06/30/2021

ECB Firepower by jurisdiction for 2021

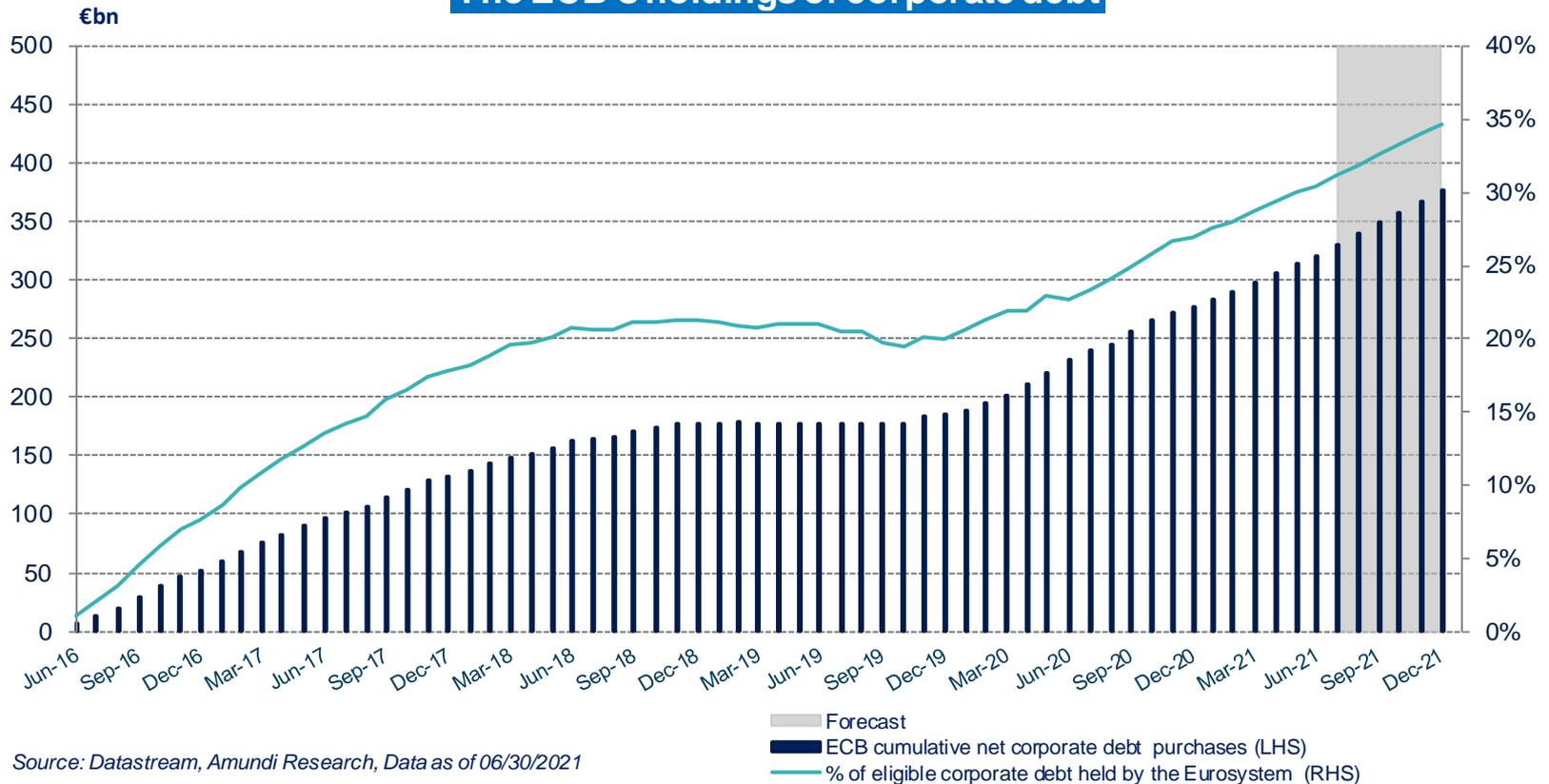
**Eurosystem holdings expected at the end of 2021
(in € bn, as implied by the capital key)**



Source: Datastream, Amundi Research, Data as of 06/30/2021

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

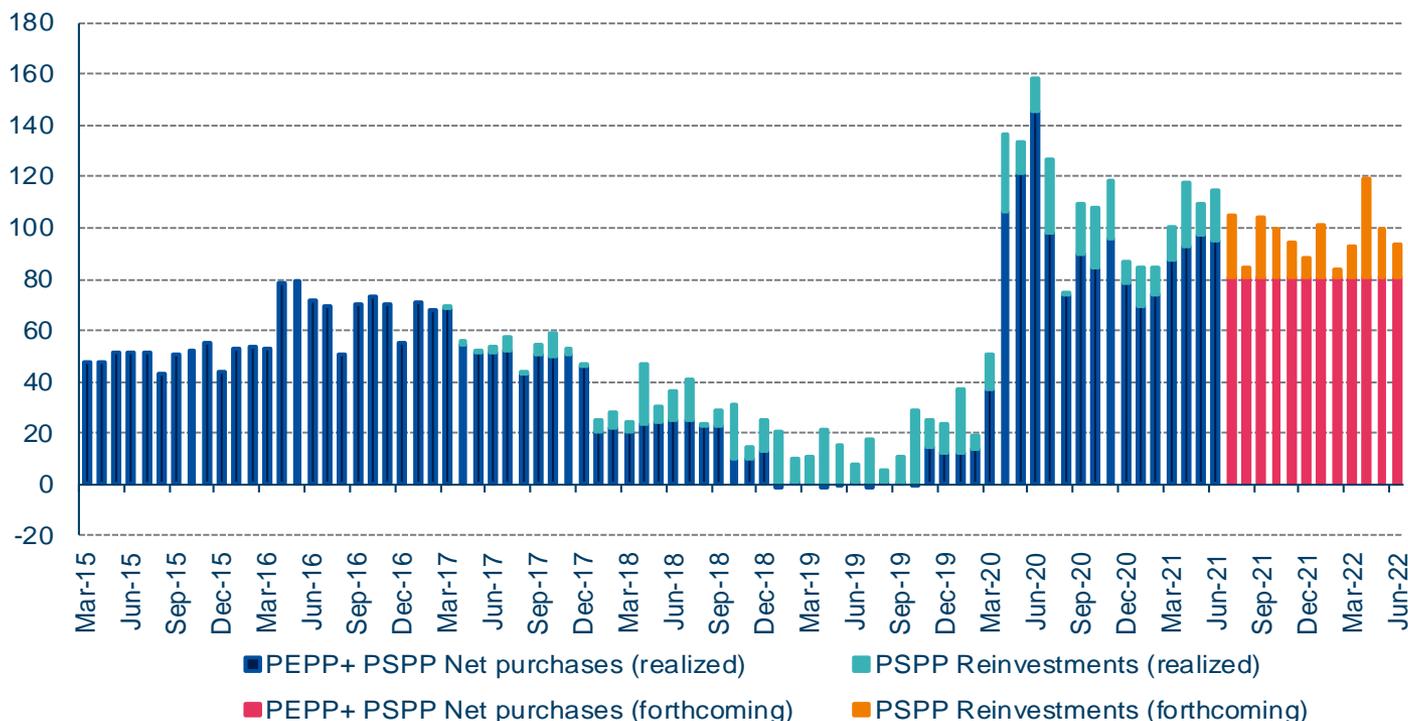
The ECB's holdings of corporate debt



Sovereign monthly gross purchases

- ECB firepower over the next 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 €16.7bn/month over the next 12 months, up from €16bn in the past 12 months.

Sovereign monthly gross purchases (€bn)

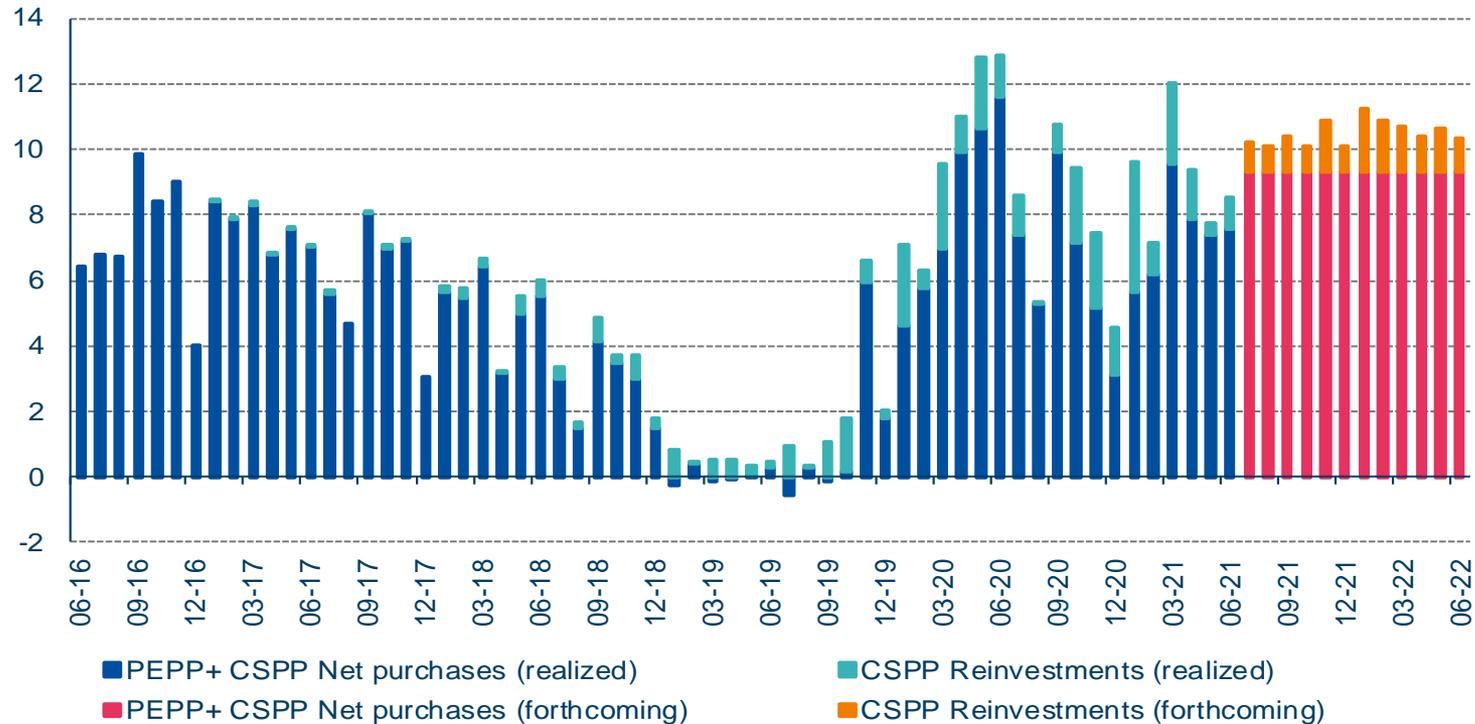


Source: ECB, Amundi Research, Data as of: 06/30/2021

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: 06/30/2021



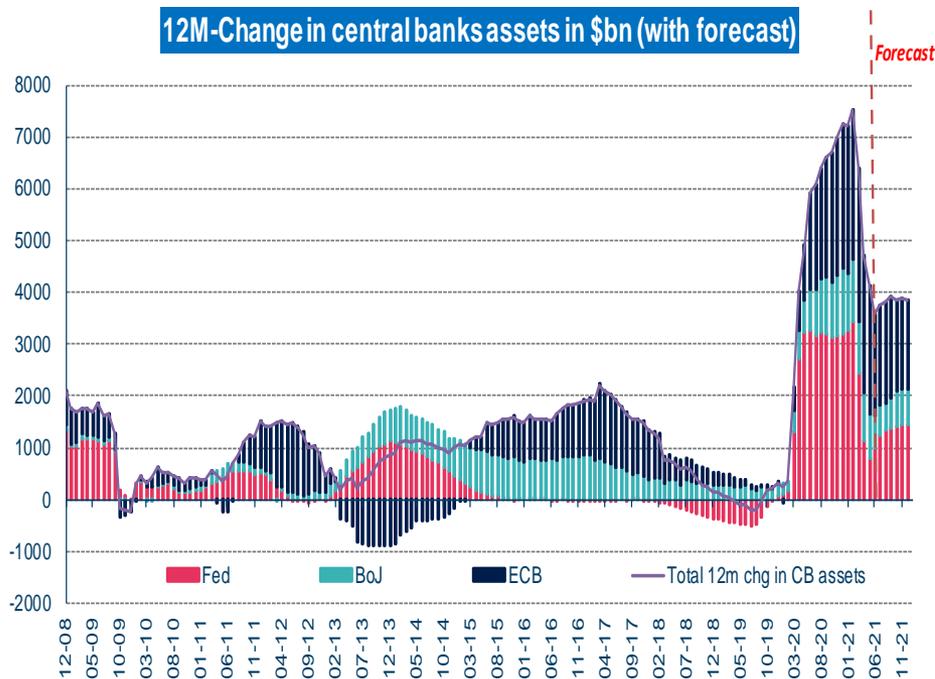
Annex



Central Banks: always present to support

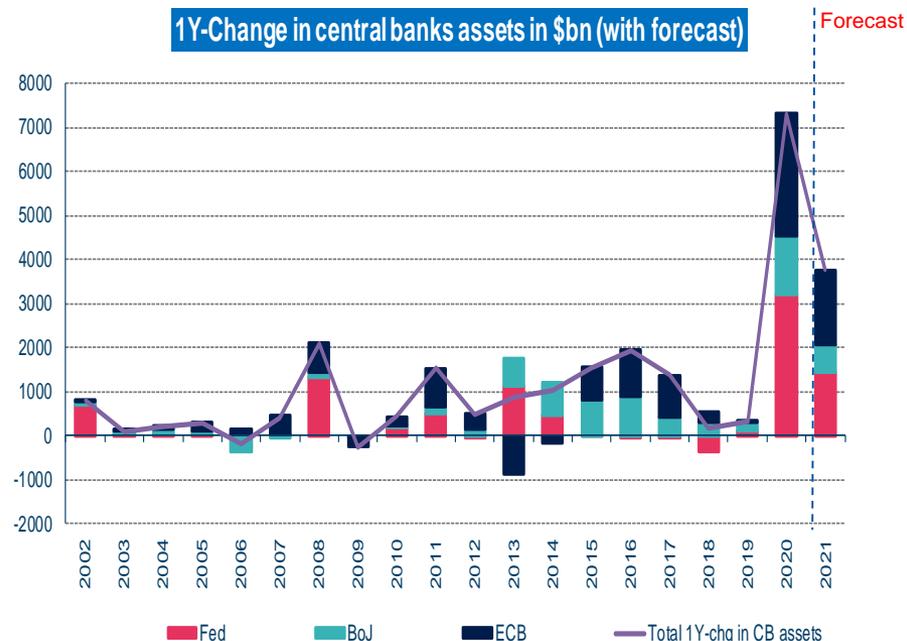
- The ECB recalibrated its instruments on Thursday 10 December. It extend the PEPP and the TLTROs' favourable period until March 2022, and to expand the PEPP envelope by EUR500bn.
- The Fed announced an inflection of its long-term objectives by making the 2% inflation threshold not a high limit, but 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 06/30/2021

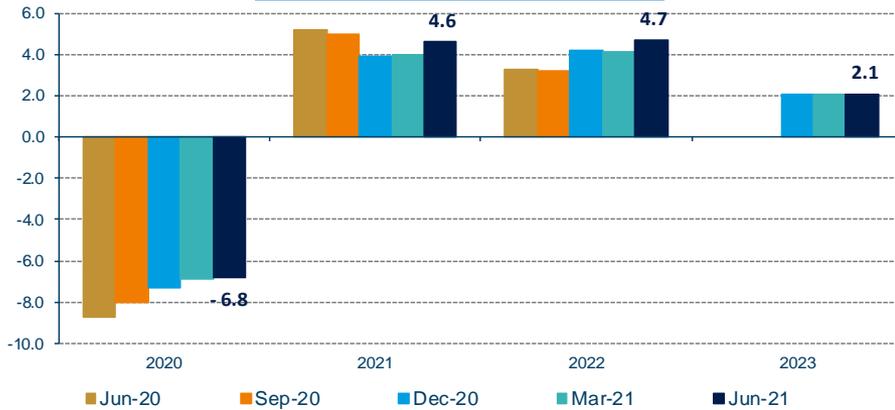
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 06/30/2021

ECB Projections

ECB forecast: real GDP (yoy%)



Source: Bloomberg, Amundi Research, Data as of 06/30/2021

ECB forecast: Unemployment (yoy%)



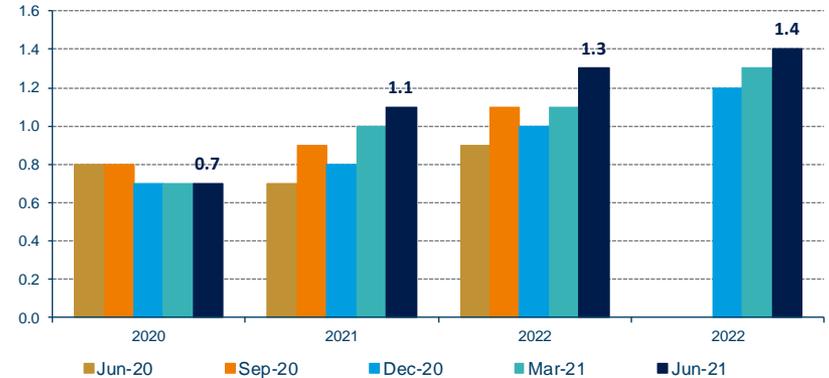
Source: Bloomberg, Amundi Research, Data as of 06/30/2021

ECB forecast: Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 06/30/2021

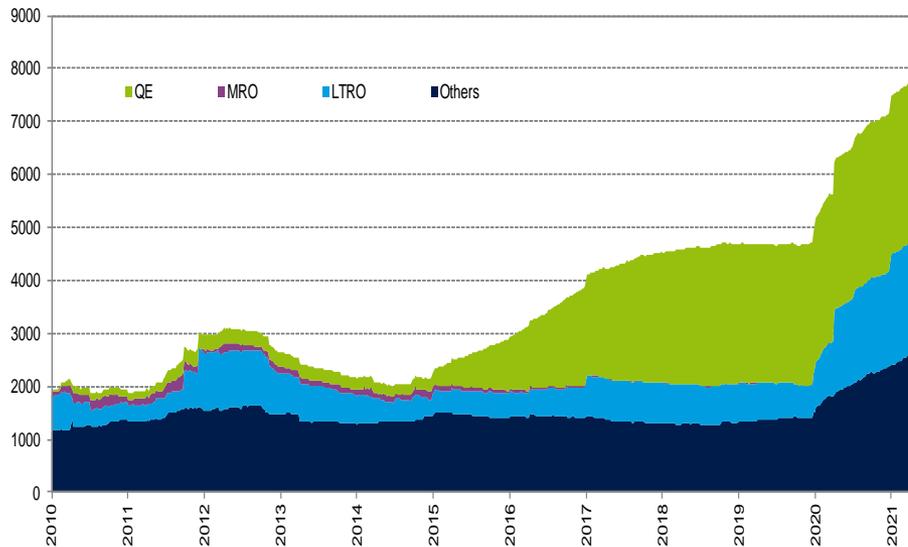
ECB forecast: Core Inflation (yoy%)



Source: Bloomberg, Amundi Research, Data as of 06/30/2021

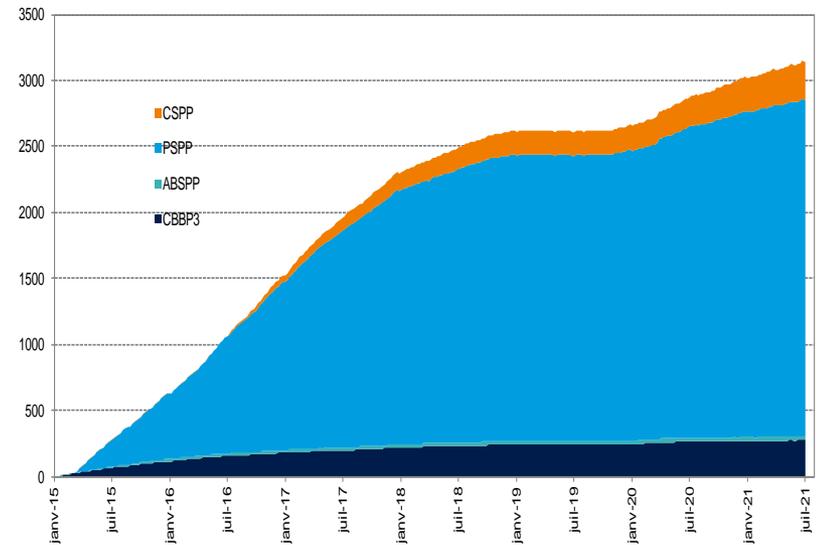
ECB Balance Sheet (1/2)

ECB balance sheet, total asset (in €bn)



Source: Datastream, Amundi Research, data as of 04/30/2021

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

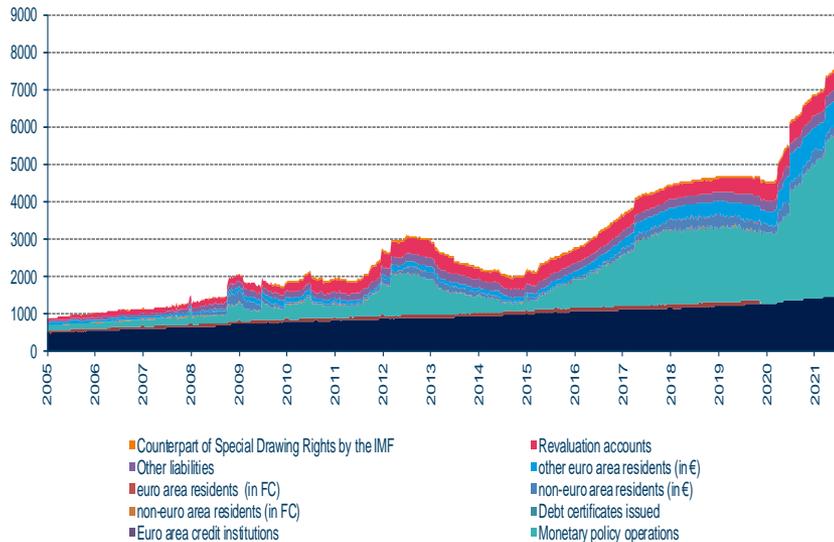


Source: Datastream, Amundi Research

ECB Balance Sheet (2/2)

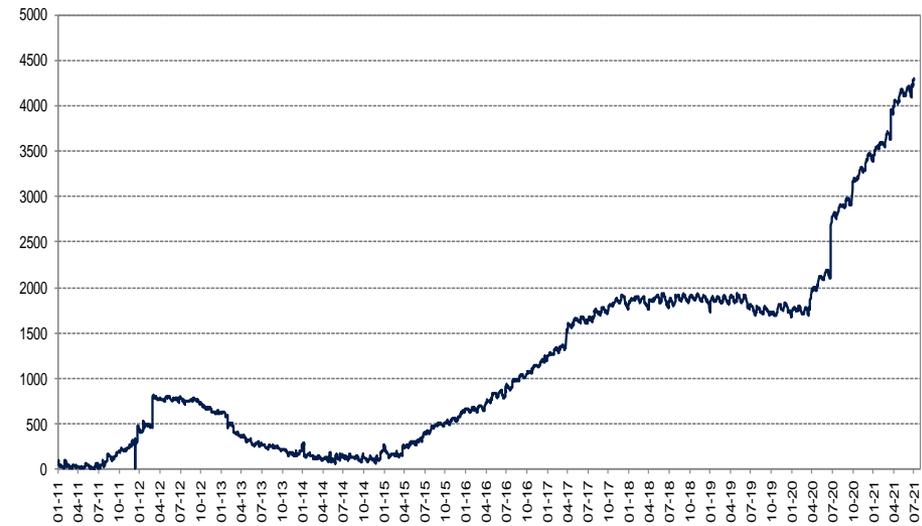
- On the liability side, the expansion of the ECB balance sheet is largely due to reserve liabilities.
- Relative to 2018-2019, the volume of excess liquidity has more than doubled since the start of the pandemic to EUR 4 trillion. With about €665bn of unused capacity in the PEPP envelope and the APP expanding at EUR 240 billion per year, a substantial further increase in excess liquidity in 2021 is quite likely.

ECB: Liabilities (in \$bn)



Source: Datastream, Amundi Research

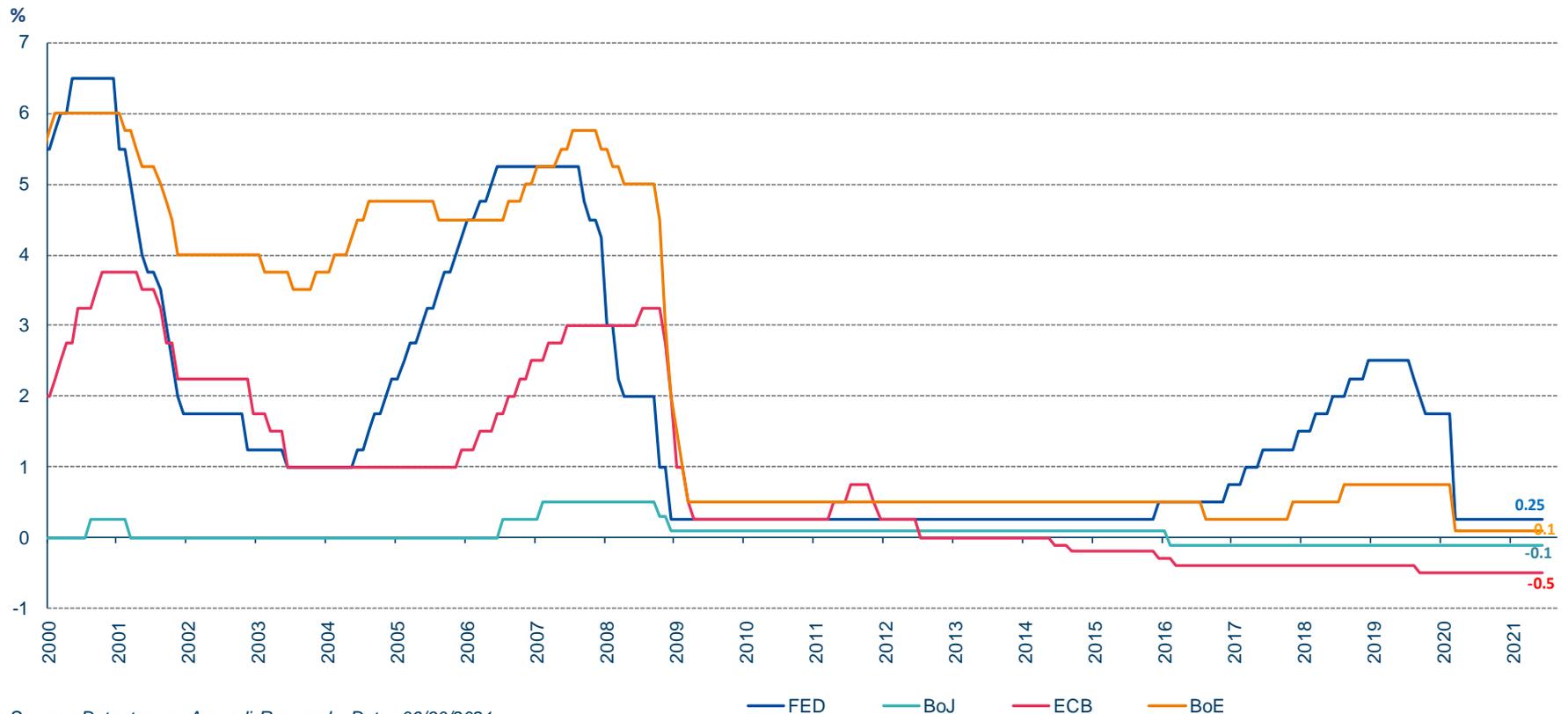
Eurosystem: excess reserves (€bn)



Source: Datastream, Amundi Research, 07/01/2021

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: 06/30/2021

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

DISCLAIMER

Amundi Asset Management

Portfolio management company approved by the French Financial Markets Authority (Autorité des Marchés Financiers) under no.GP 04000036

Head office: 90, boulevard Pasteur, 75015 Paris – France

Postal address: 90, boulevard Pasteur, CS 21564, 75730 Paris Cedex 15 – France

Tel : +33 (0)1 76 33 30 30

Siren no. 437 574 452 RCS Paris