

Confidence
must be earned

Amundi
ASSET MANAGEMENT

September 2021

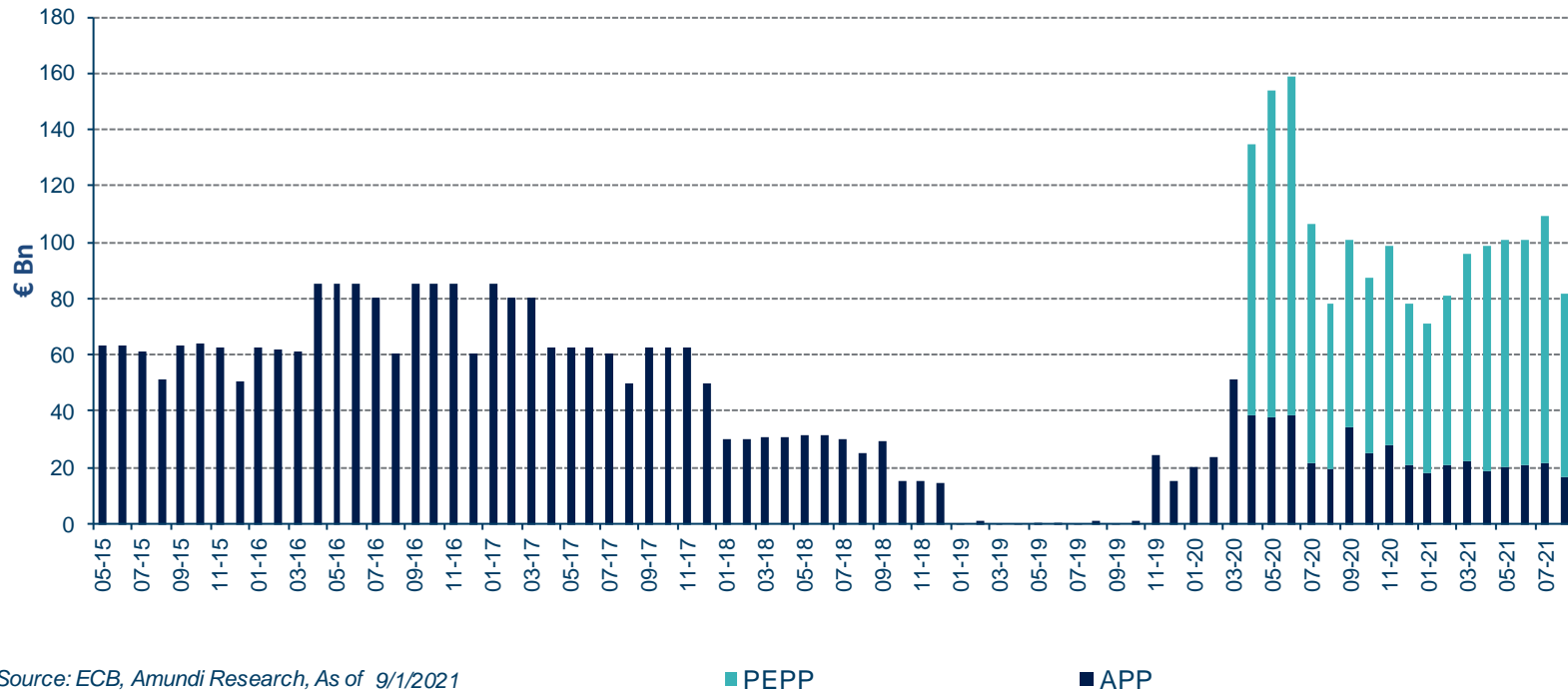
ECB QE Monitor

Mickael Bellaïche, Fixed Income and Credit Research
Strategist

APP and PEPP: breakdown by programme in € bn

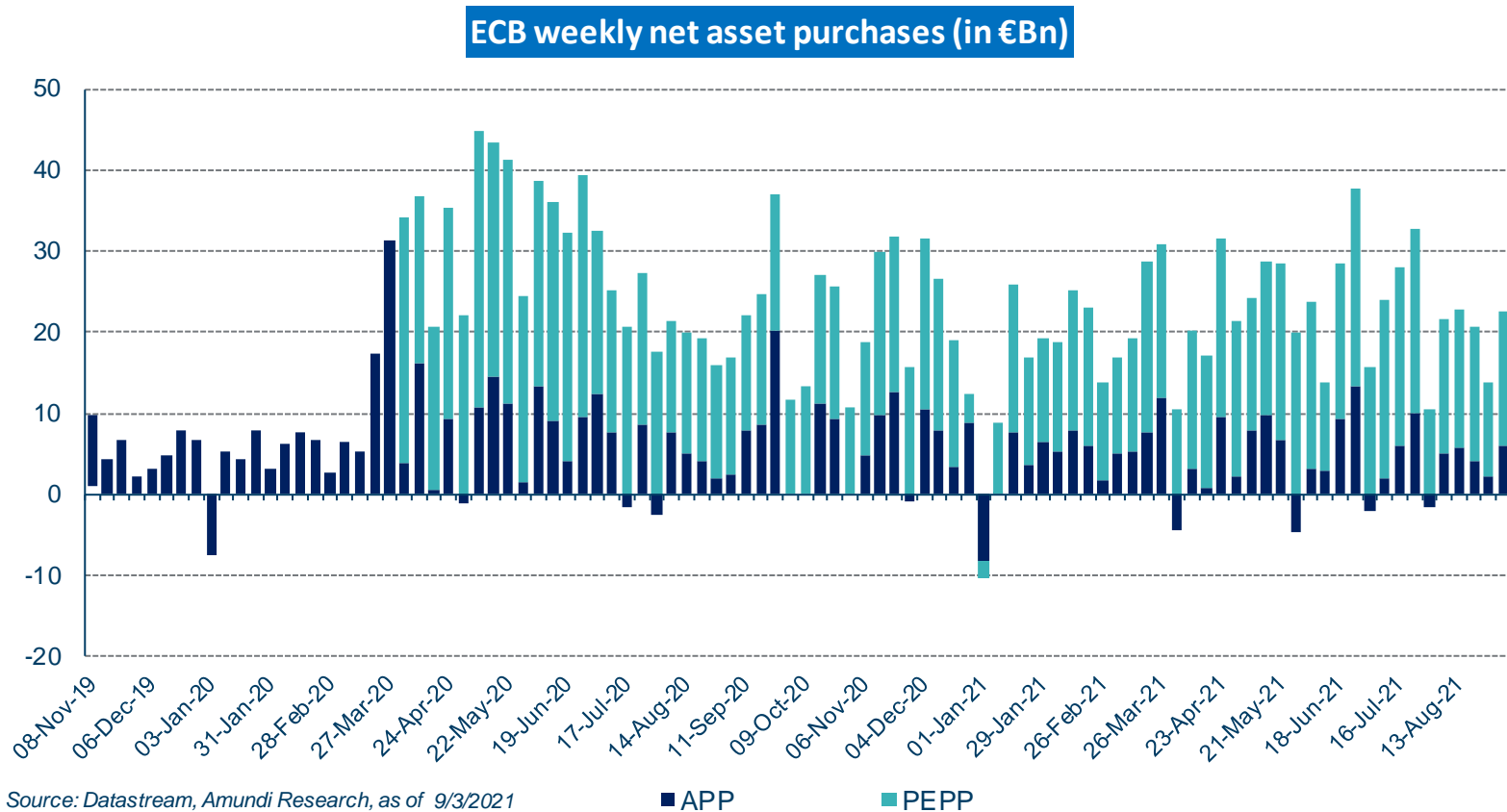
- In August 2021, ECB net asset purchases reached €16.7bn under APP and €65bn under PEPP.
- In August APP by programme: PSPP (€13.6bn; 81% of total), CSPP (€3.9bn; 23.5%), CBPP3 (€1bn; 5.96%) and ABSPP (€-1.7bn; -10.4%).

ECB monthly net asset purchases (in €bn)



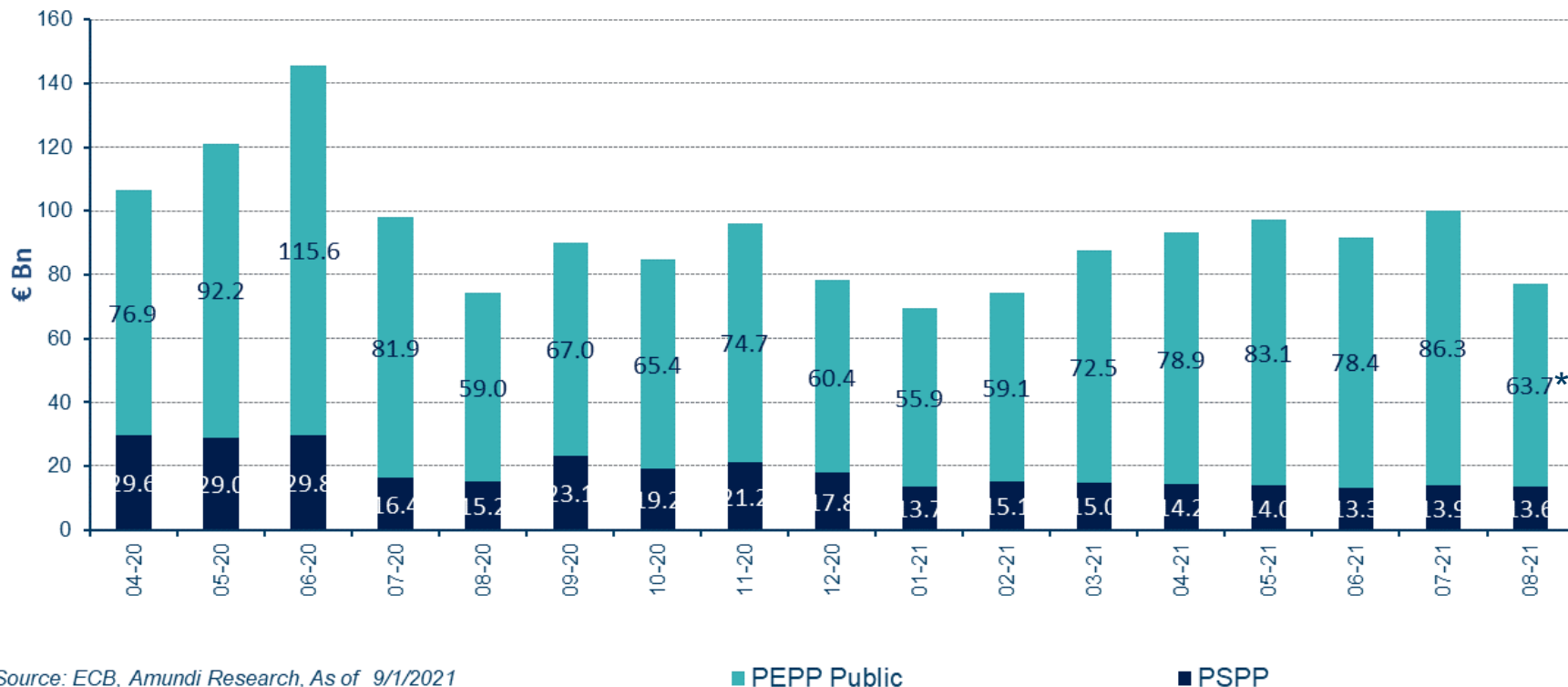
Source: ECB, Amundi Research, As of 9/1/2021

ECB PEPP related purchases were equal to €65bn during August vs. €88bn in July 2021



APP and PEPP: Sovereign monthly net purchases

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

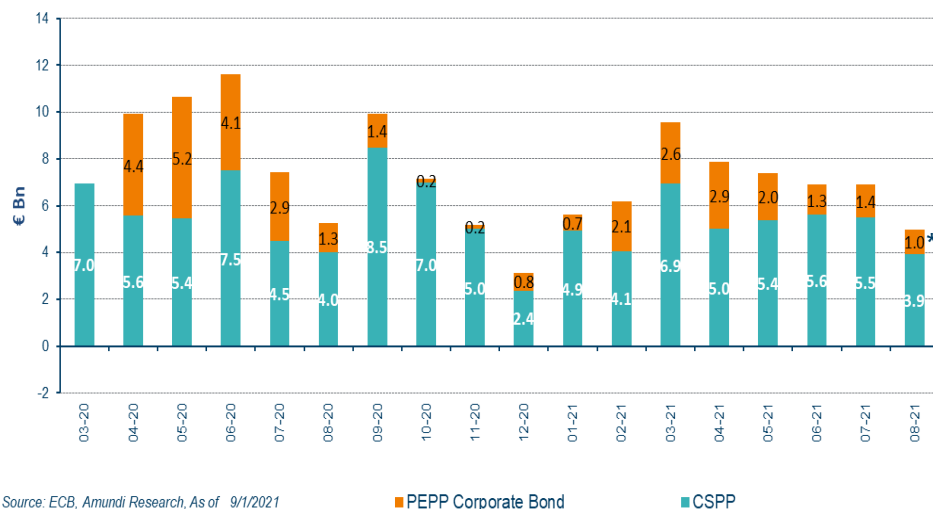


Source: ECB, Amundi Research, As of 9/1/2021

* Estimate

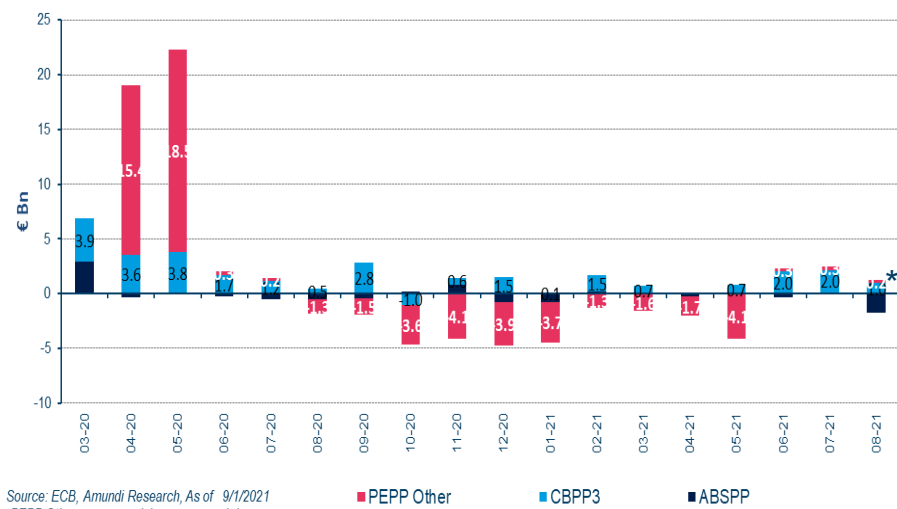
APP and PEPP: Private debt monthly net purchases

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



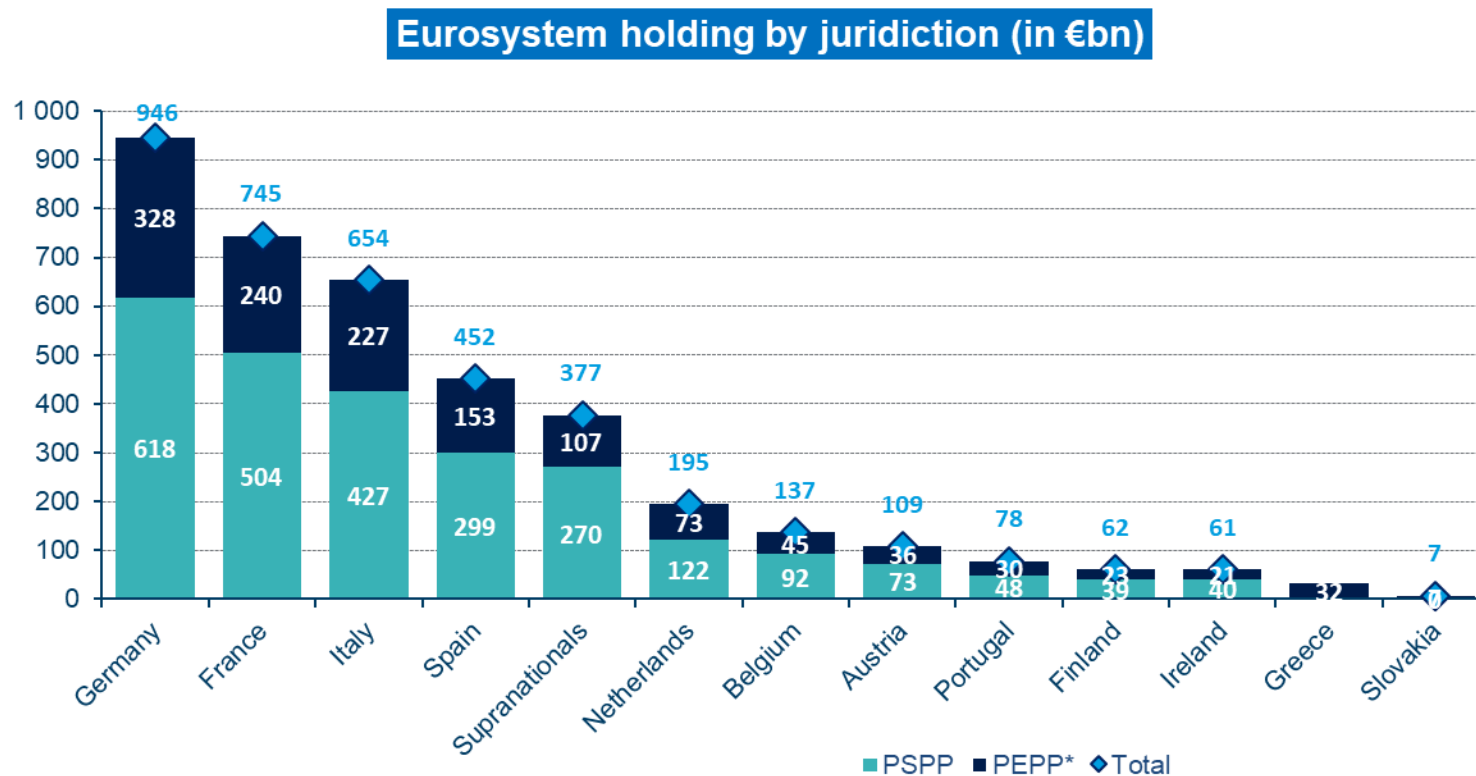
Source: ECB, Amundi Research, As of 9/1/2021
* Estimate

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



Source: ECB, Amundi Research, As of 9/1/2021
PEPP Other = commercial paper+cover bd
* Estimate

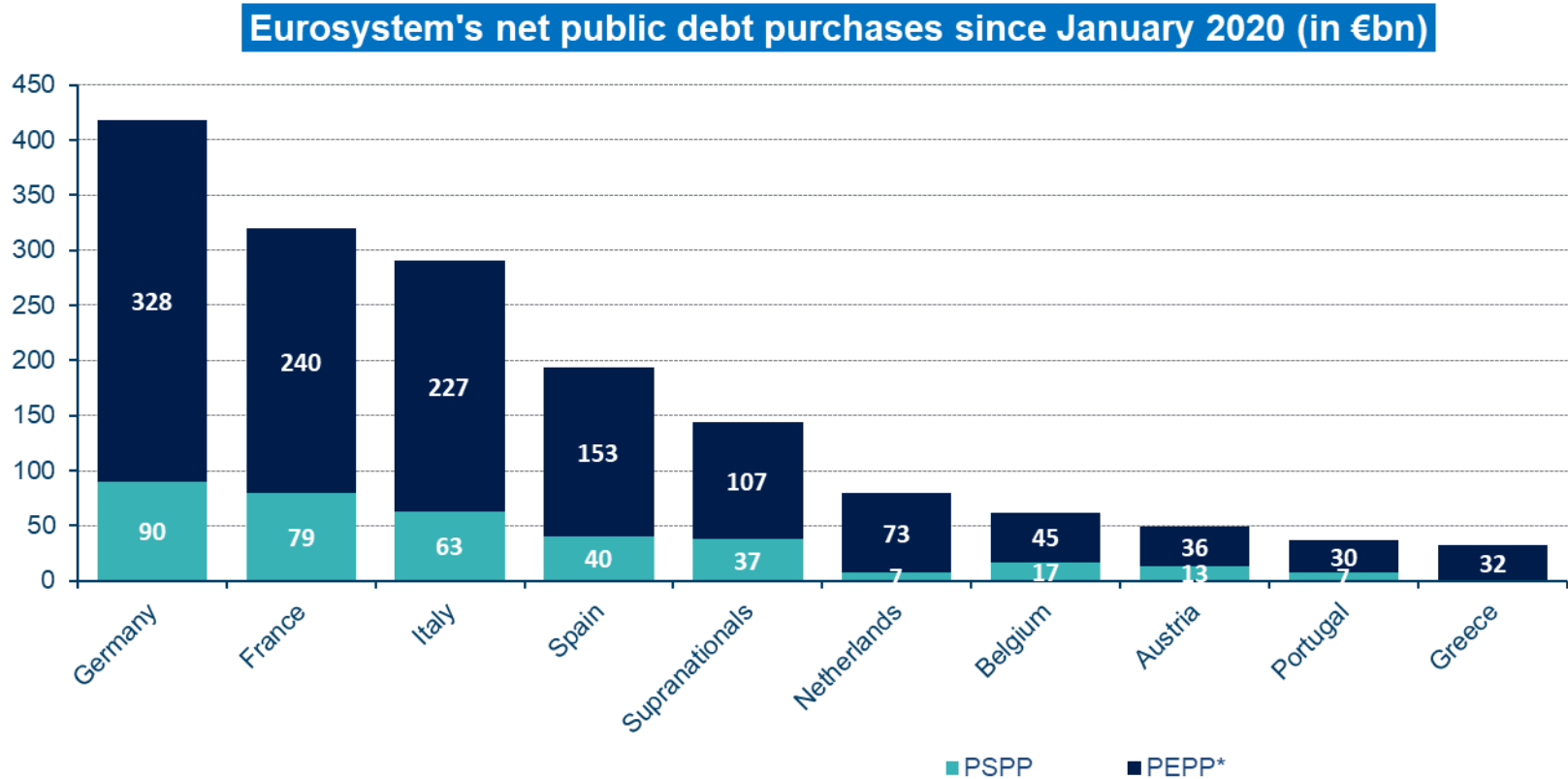
Eurosystem's holding: public debt



Source: Datastream, Amundi Research, Data as of 08/31/2021

* Estimate

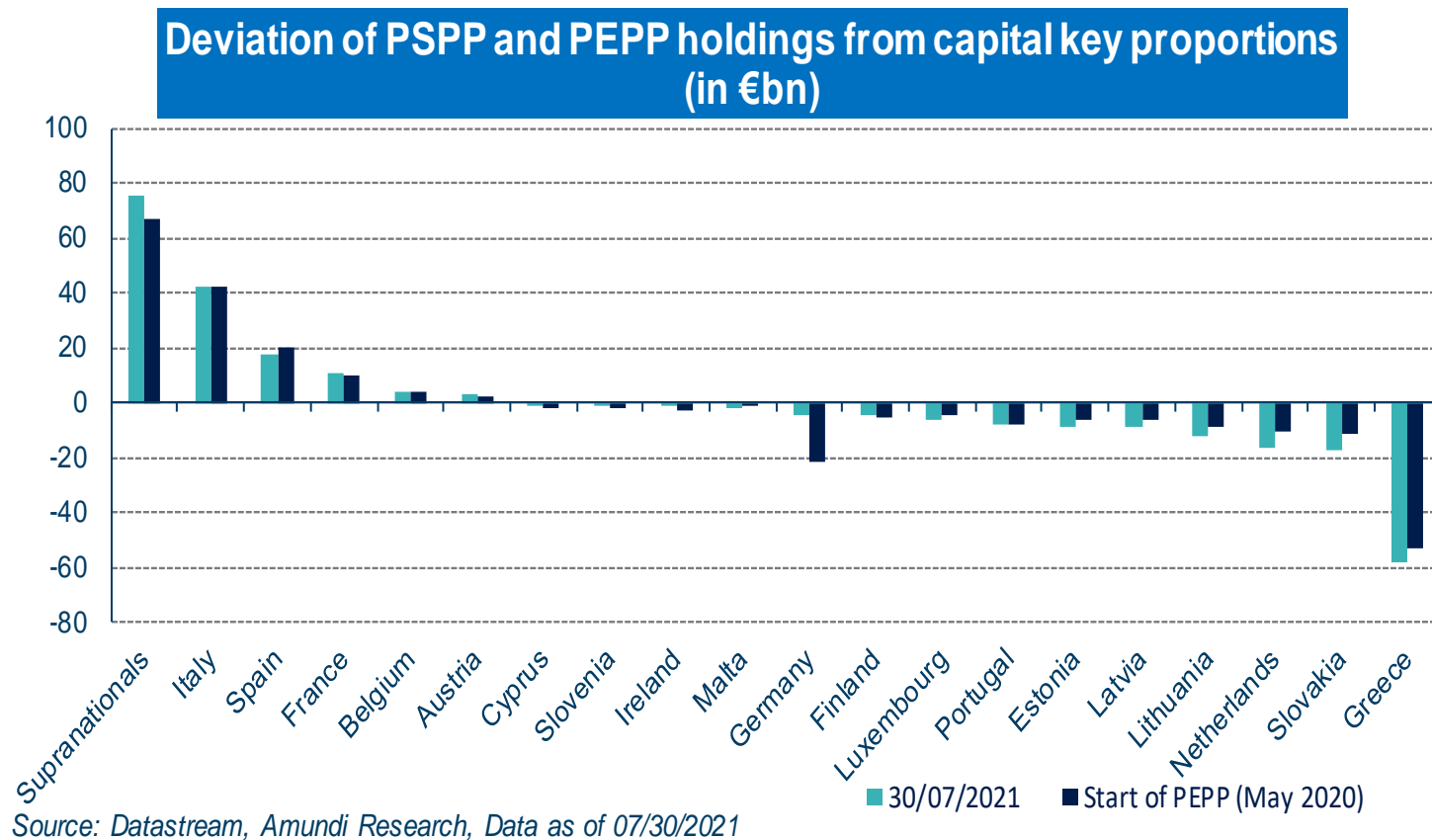
Eurosystem's purchases since January 2020: public debt



Source: Datastream, Amundi Research, Data as of 08/31/2021

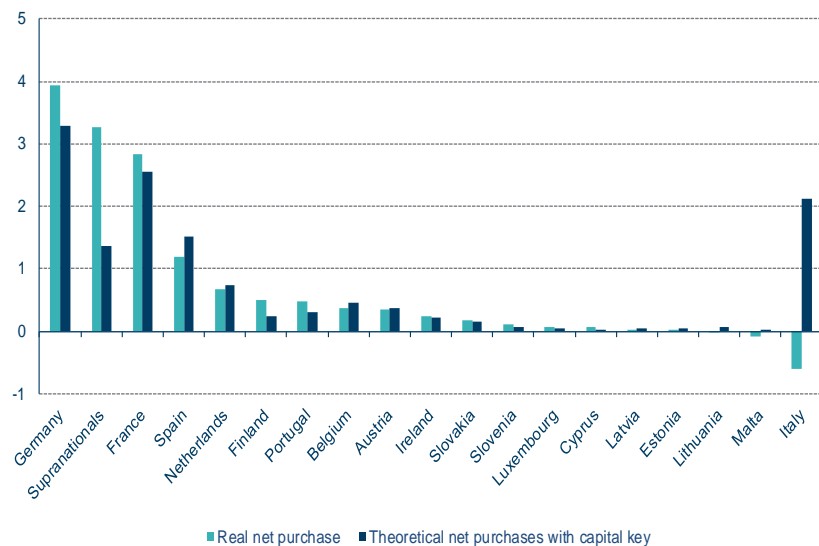
* Estimate

PSPP and PEPP holdings: Deviation from capital key proportions



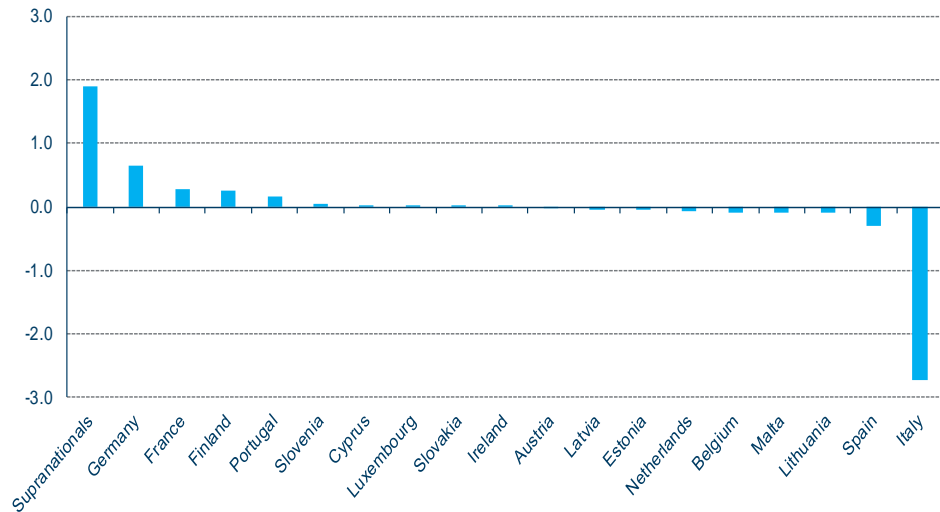
Deviation of monthly PSPP purchases from capital key proportions

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



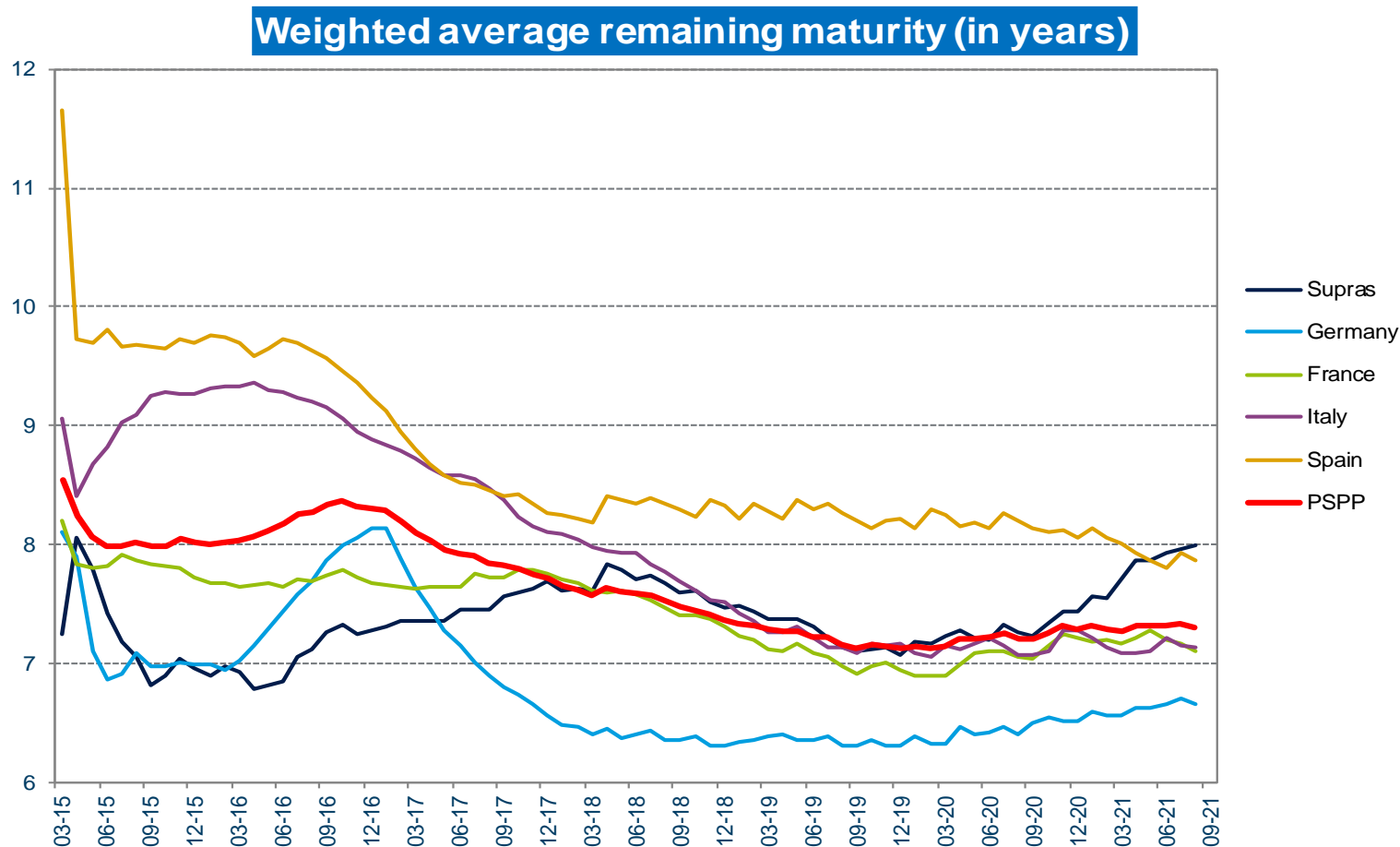
Source: Datastream, Amundi Research, Data as of 08/31/2021

PSPP: deviation from the capital key rule in August 2020 (in €bn)



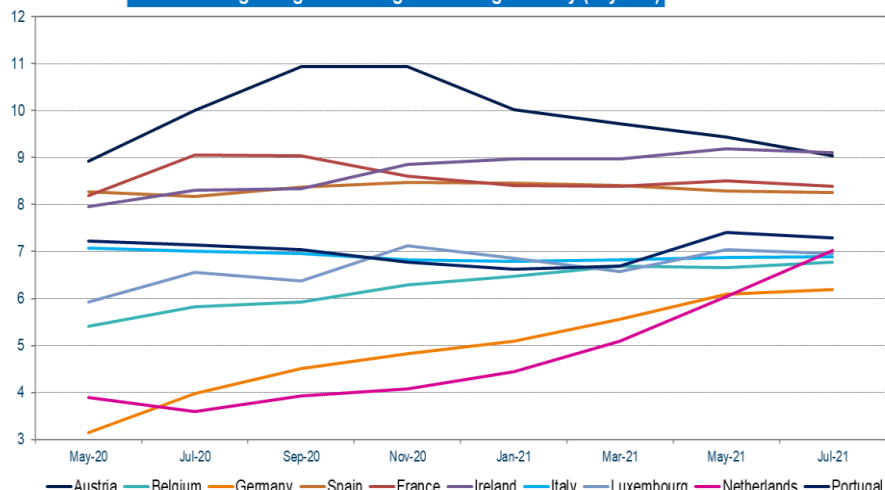
Source: Datastream, Amundi Research, Data as of 08/31/2021

Weighted average maturities by jurisdiction for the PSPP



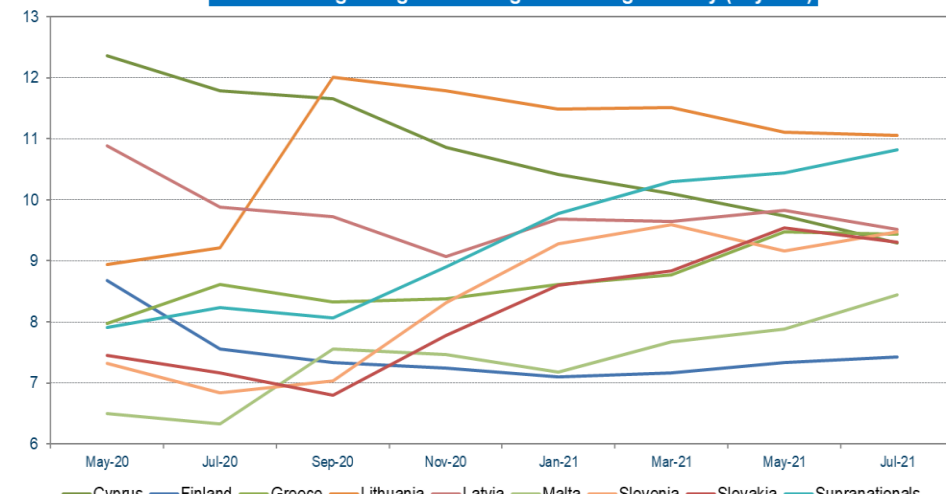
PEPP Holdings weighted average remaining maturity

PEPP Holdings weighted average remaining maturity (in years)



Source: Datastream, Amundi Research, Data as of 07/30/2021

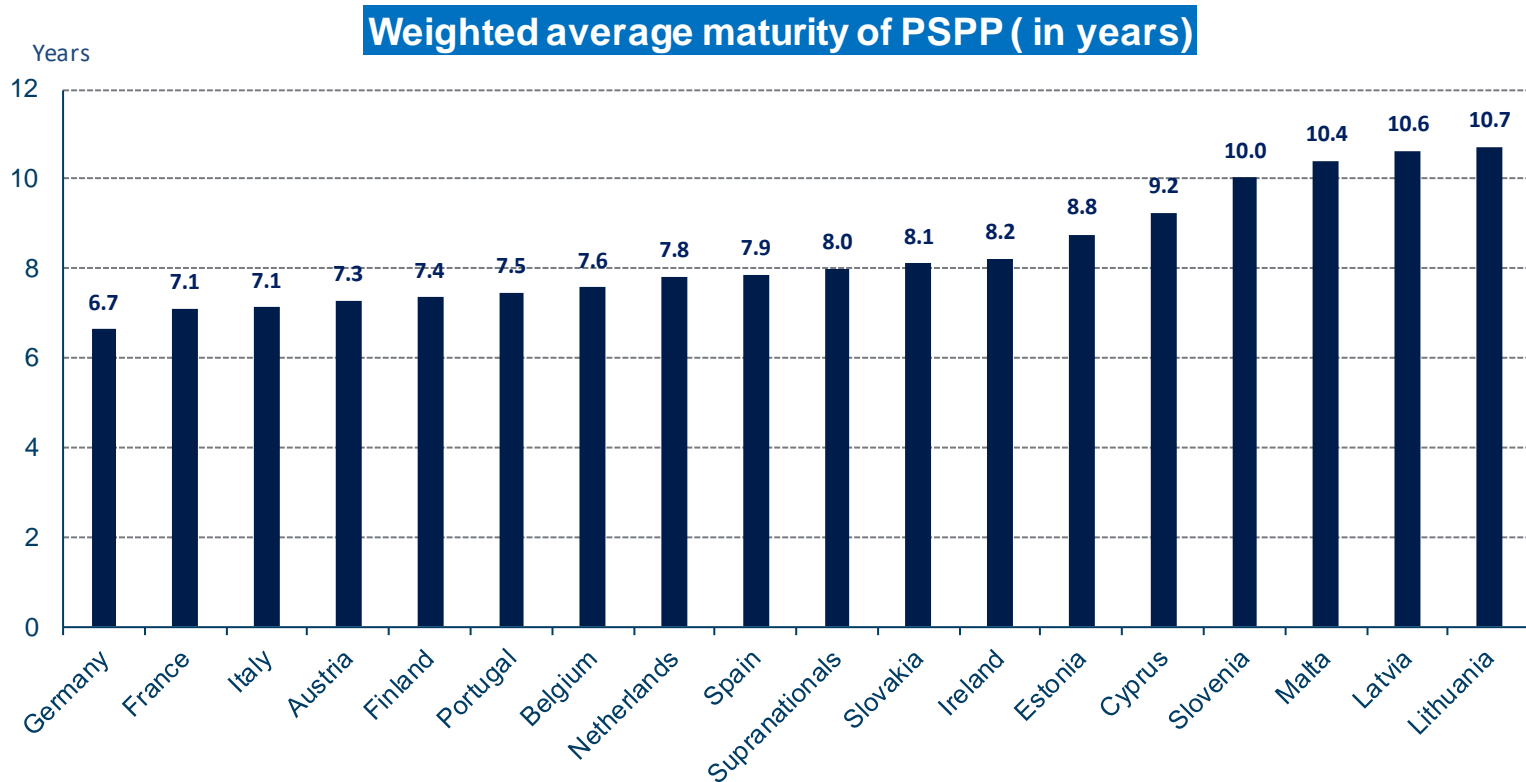
PEPP Holdings weighted average remaining maturity (in years)



Source: Datastream, Amundi Research, Data as of 07/30/2021



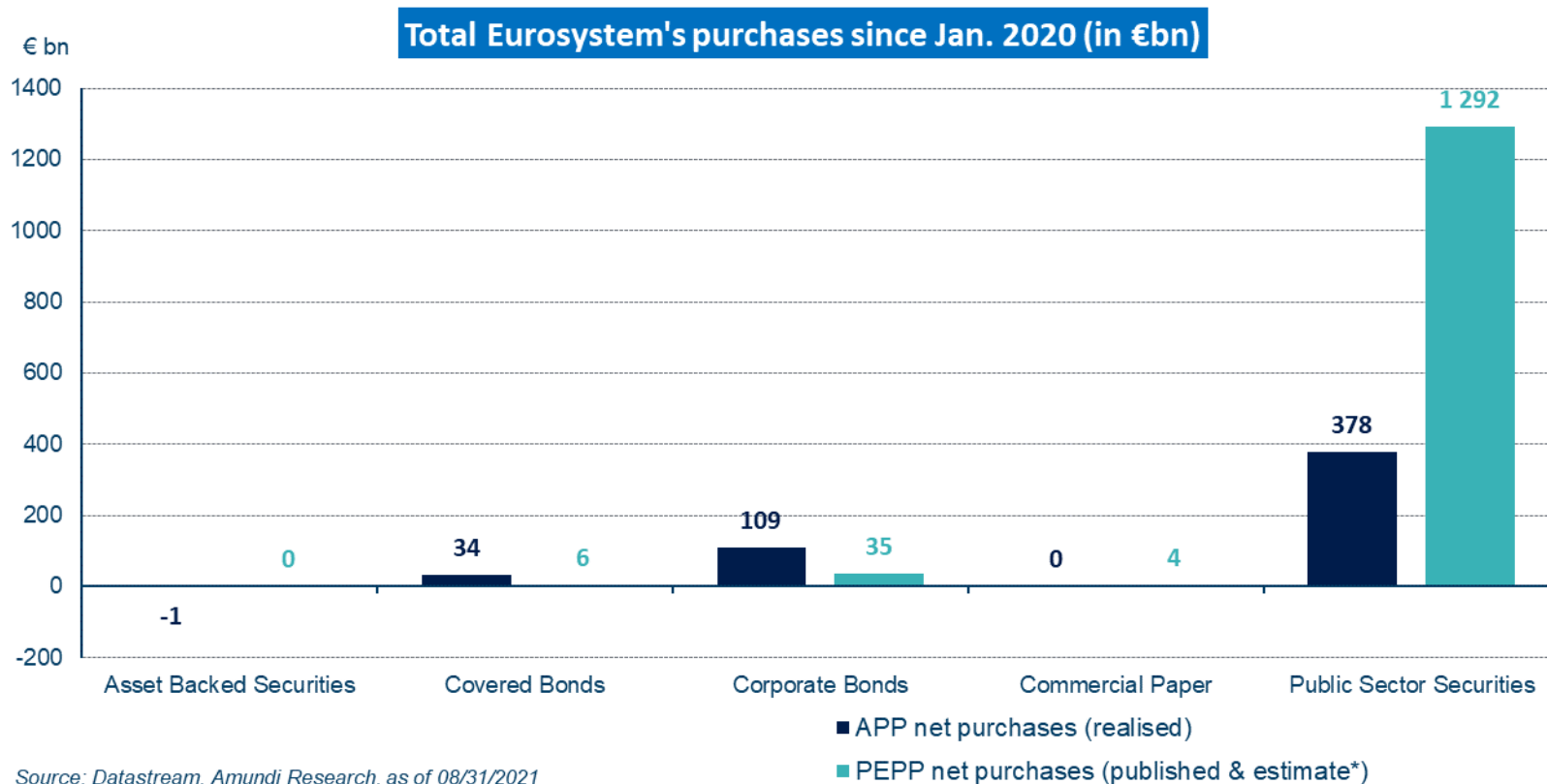
Weighted average maturity of PSPP bonds (as at January 2021)



Source: Datastream, Amundi Research, Data as of 08/31/2021

What's next for end of 2021?

Of its PEPP envelope of €1.85trillion, the ECB has spent €1 337bn.

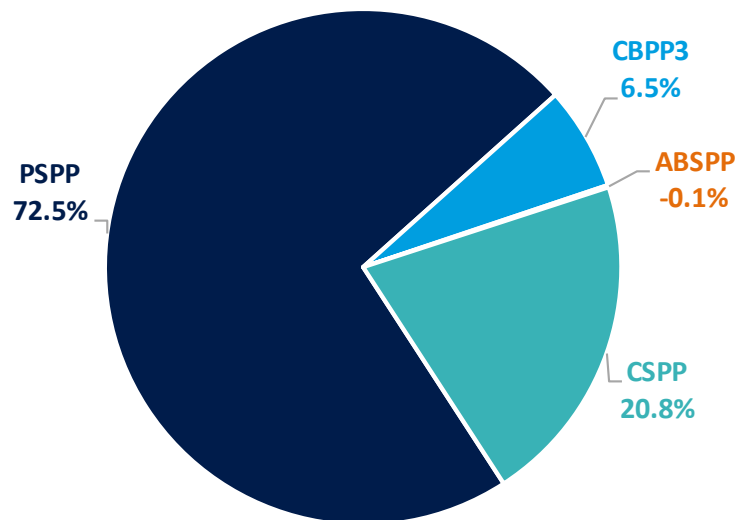


Source: Datastream, Amundi Research, as of 08/31/2021

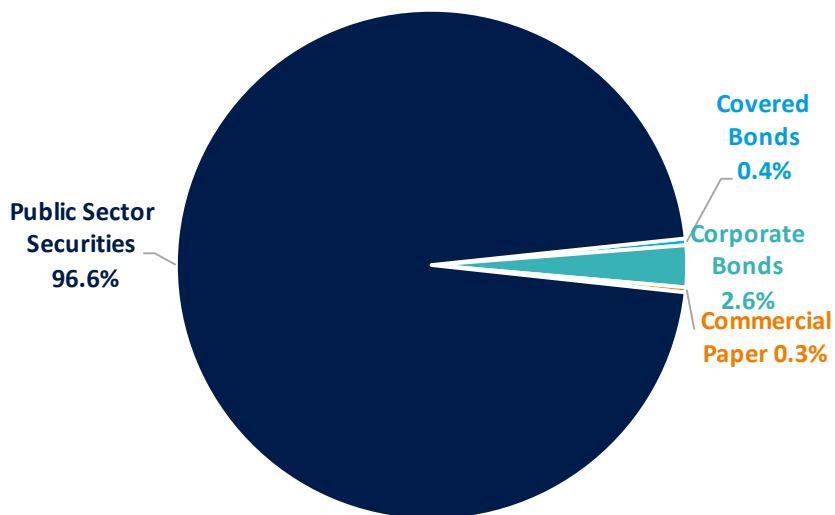
* estimate from the ECB PEPP purchases by asset classes from March 2020 to July 2021

APP and PEPP: breakdown by program in %

APP by program

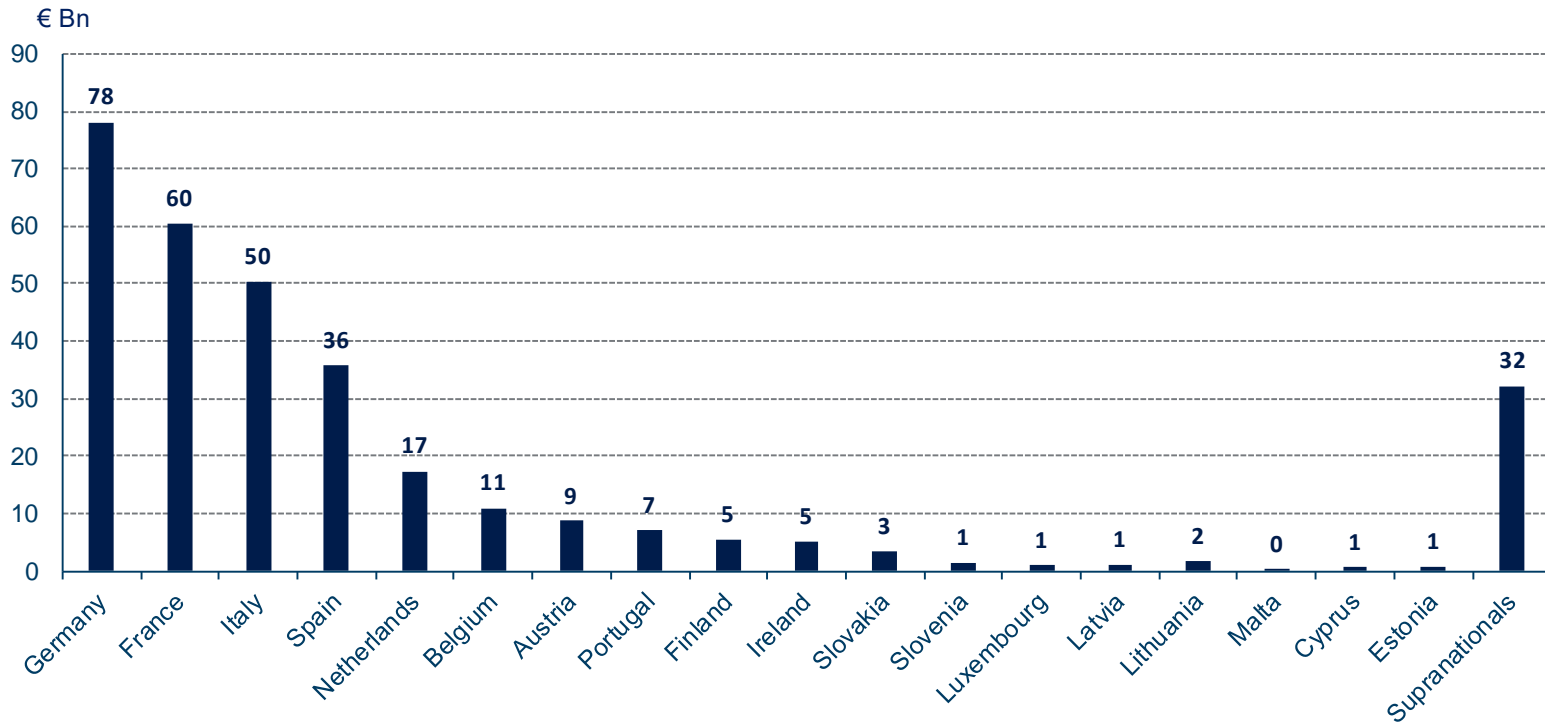


PEPP by program



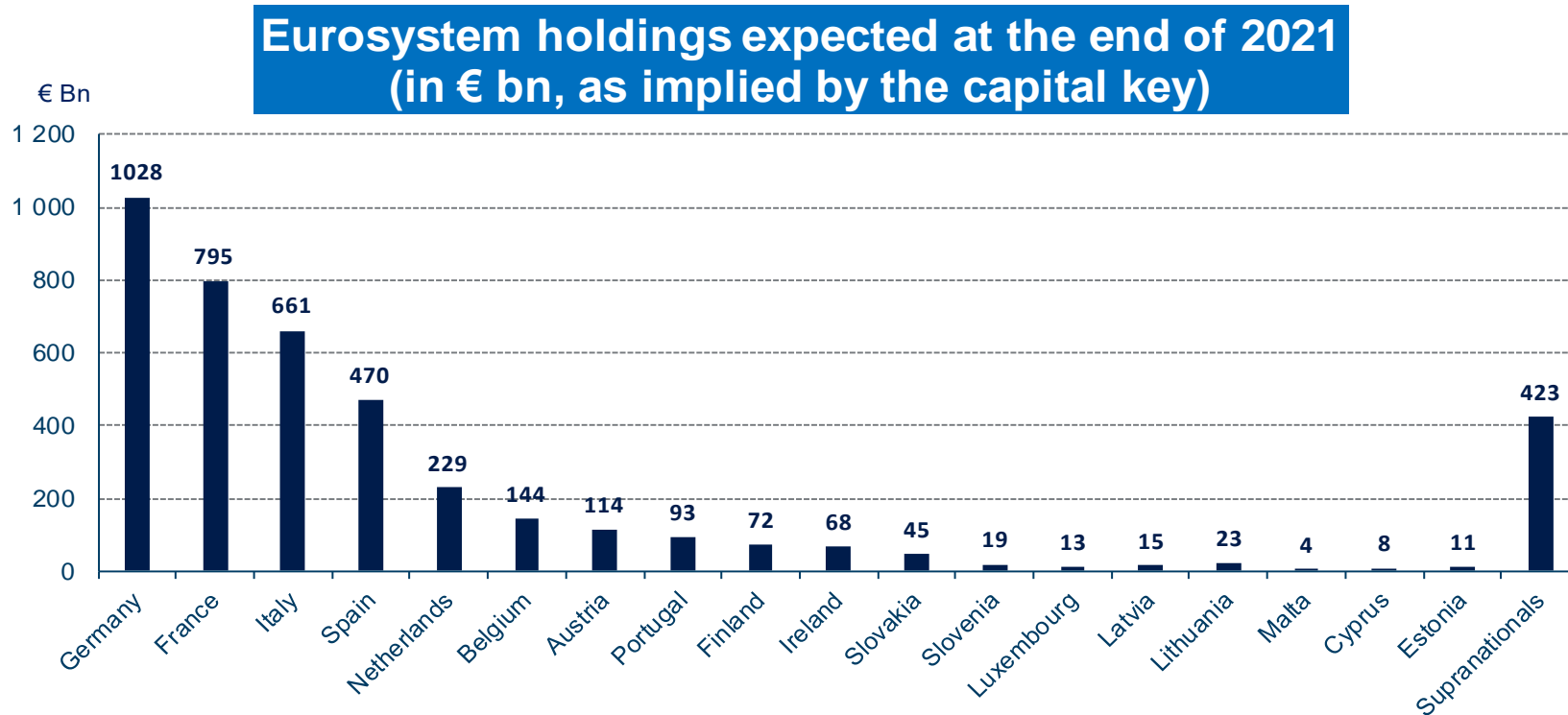
ECB Firepower by jurisdiction for 2021

**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 08/31/2021

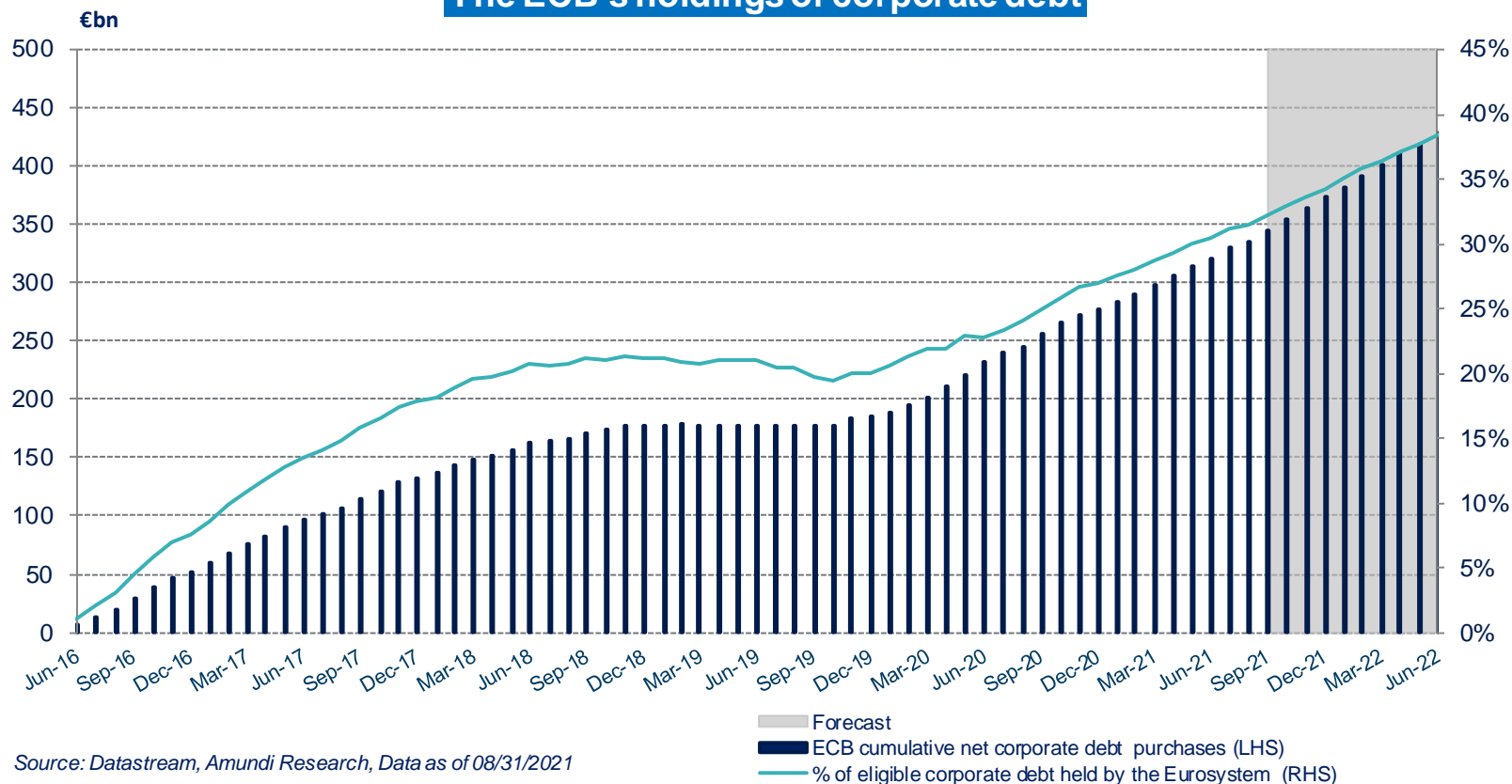
ECB Firepower by jurisdiction for 2021



Source: Datastream, Amundi Research, Data as of 08/31/2021

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

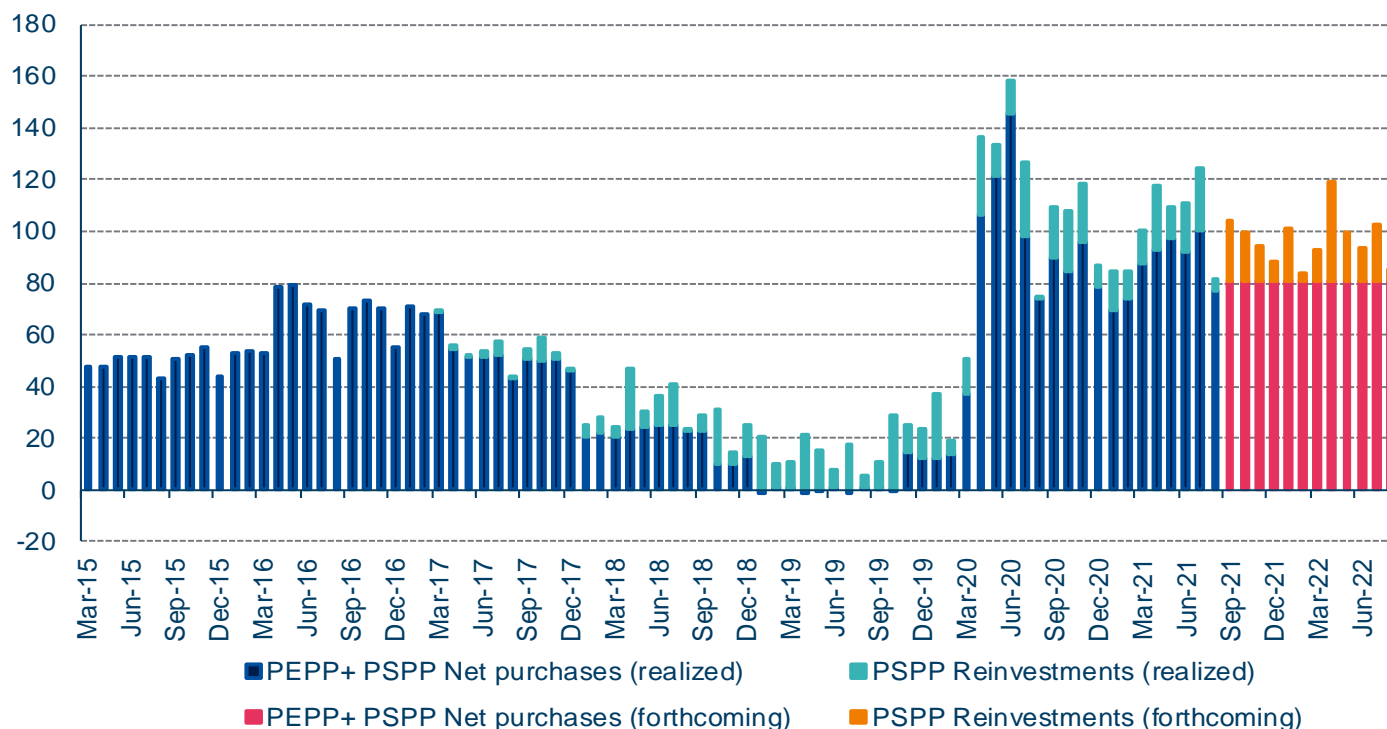
The ECB's holdings of corporate debt



Sovereign monthly gross purchases

- ECB firepower over the next 7 months is huge : €513bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 87% of the ECB's purchases will be public debt
- PSPP reinvestment will average €16.5bn/month over the next 12 months, up from €15.7bn in the past 12 months.

Sovereign monthly gross purchases (€bn)

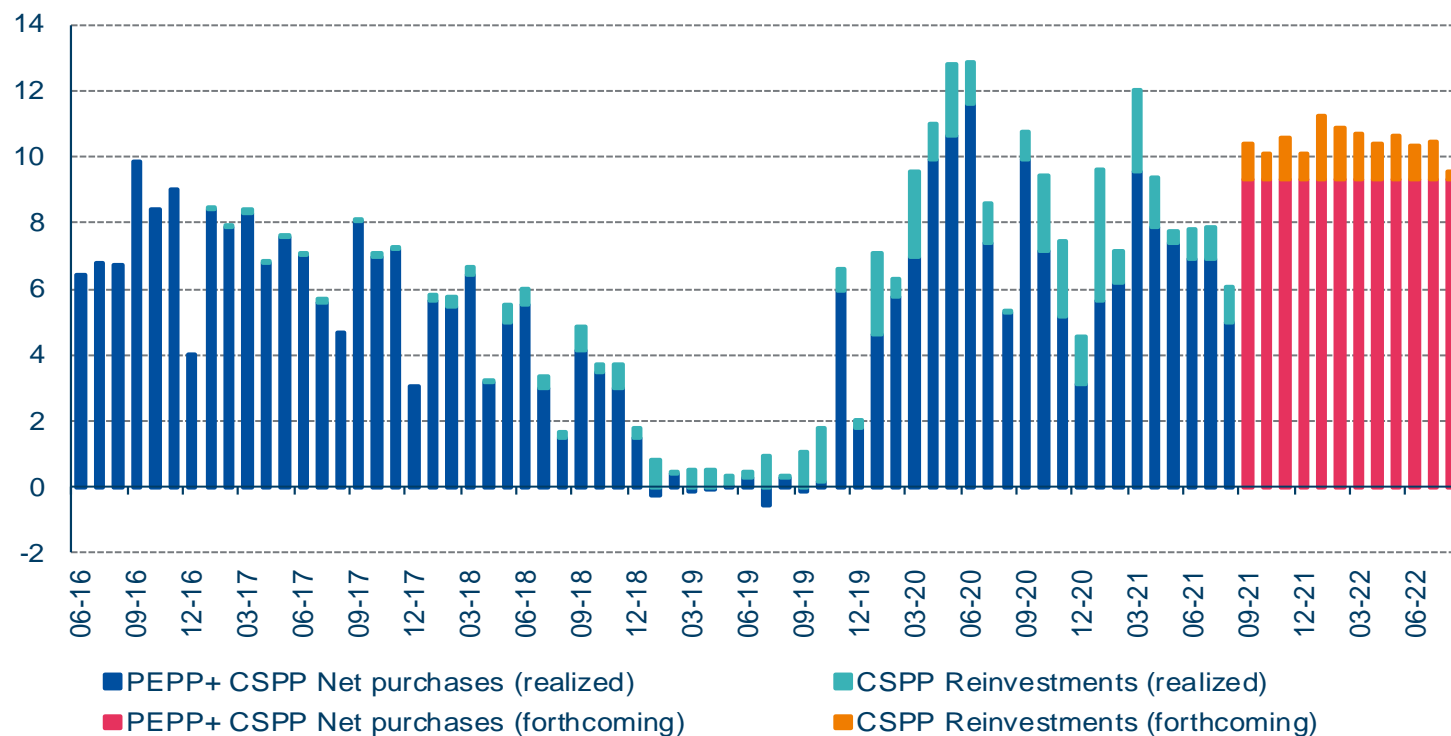


Source: ECB, Amundi Research, Data as of: 07/30/2021

Corporate monthly gross purchases

- ECB firepower over the next 7 months is huge : €513bn (PEPP) + €20bn/month (APP) or €93bn/month. Hypothesis: 10% of the ECB's purchases will be corporate debt
- CSPP reinvestment will average €1.6bn/month over the next 12 months

Corporate monthly gross purchases (€bn)

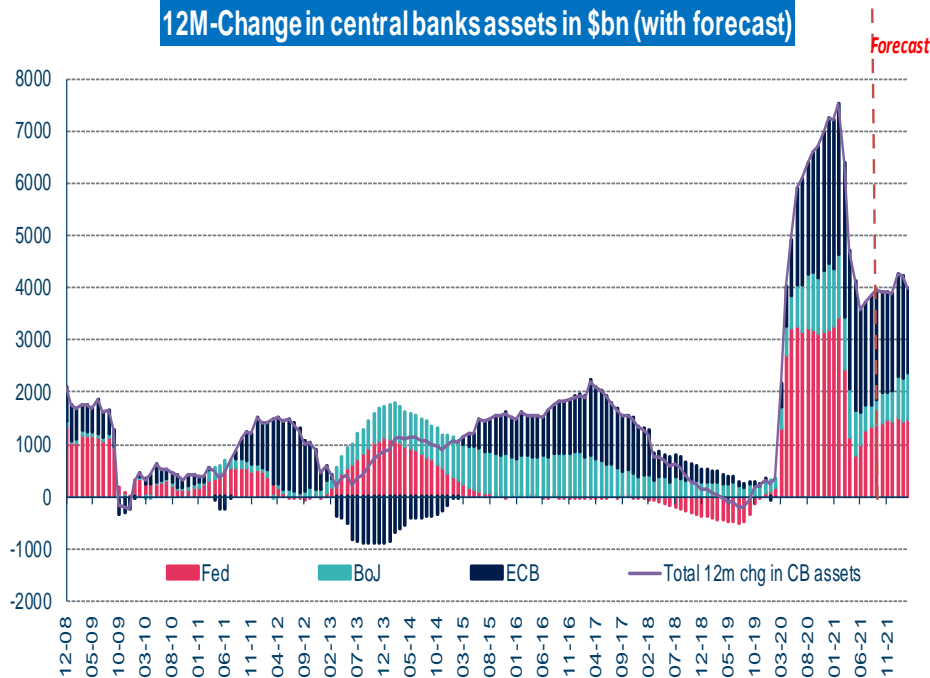


Source: ECB, Amundi Research, Data as of: 07/30/2021

Annex

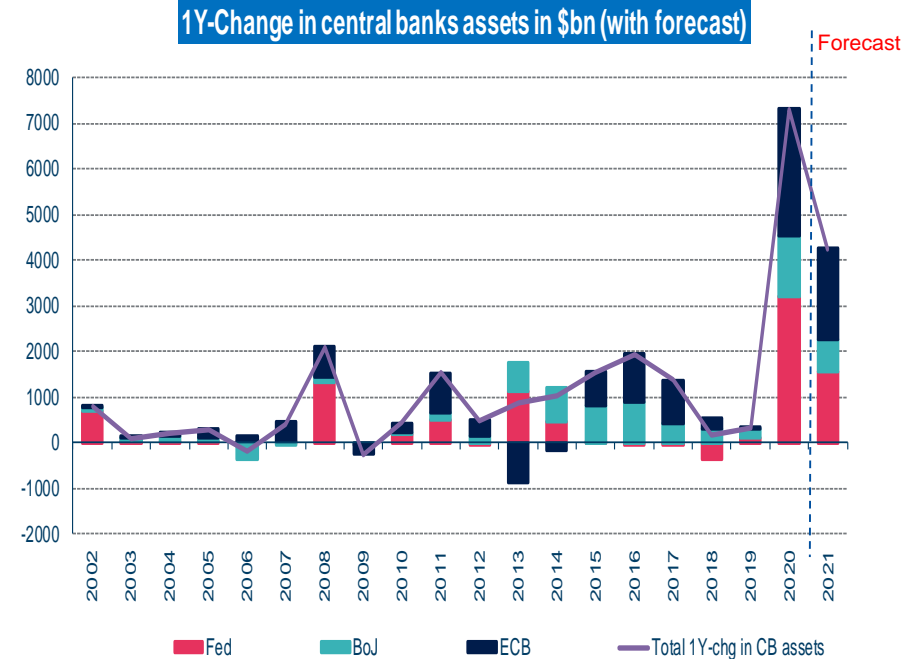
Central Banks: always present to support

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



Source: Datastream, Amundi Research, as of 08/31/2021

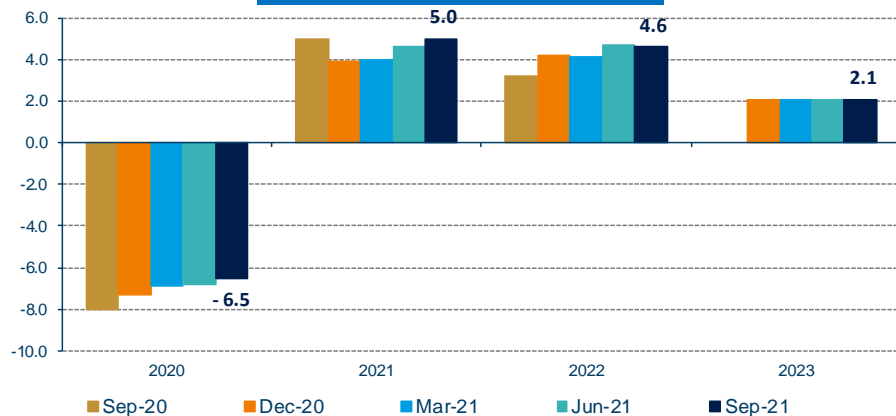
1Y-Change in central banks assets in \$bn (with forecast)



Source: Datastream, Amundi Research, as of 08/31/2021

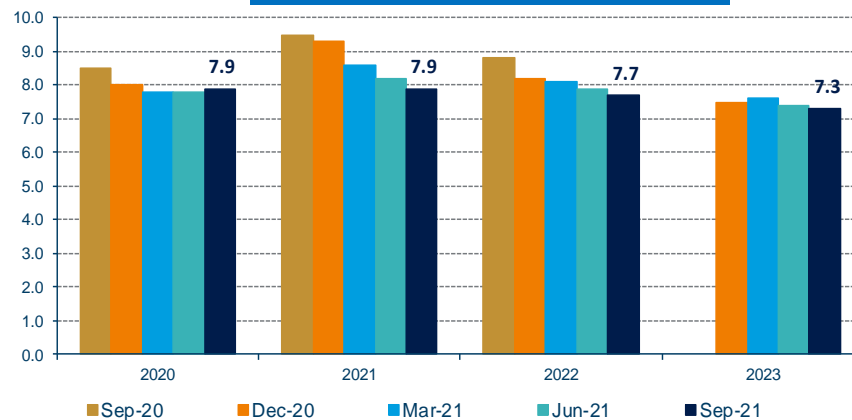
ECB Projections

ECB forecast: real GDP (yoy%)



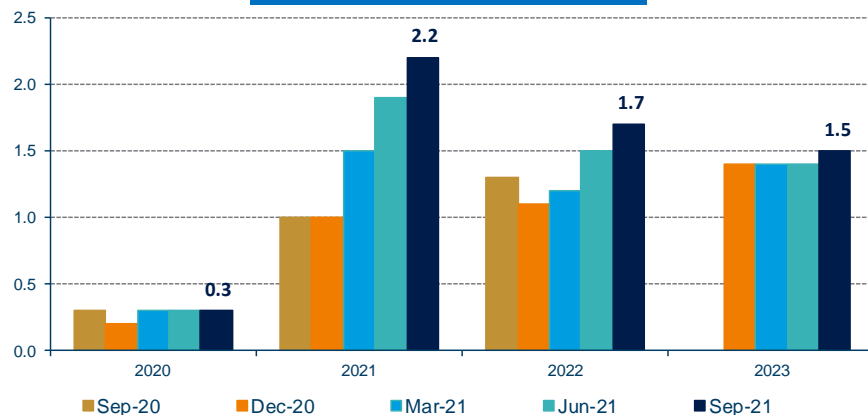
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Unemployment (yoy%)



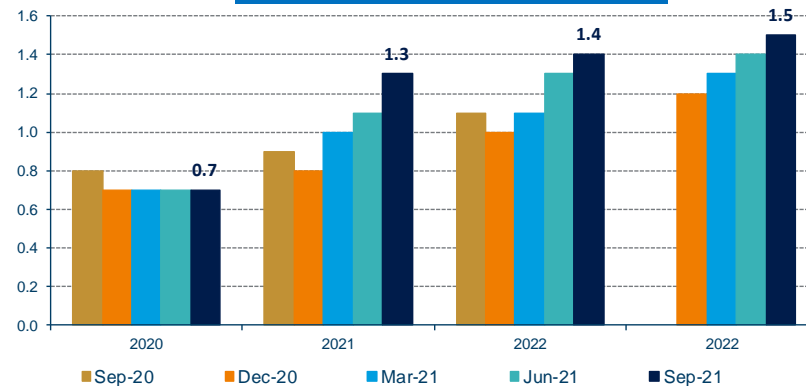
Source: Bloomberg, Amundi Research, Data as of 09/09/2021

ECB forecast: Inflation (yoy%)



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

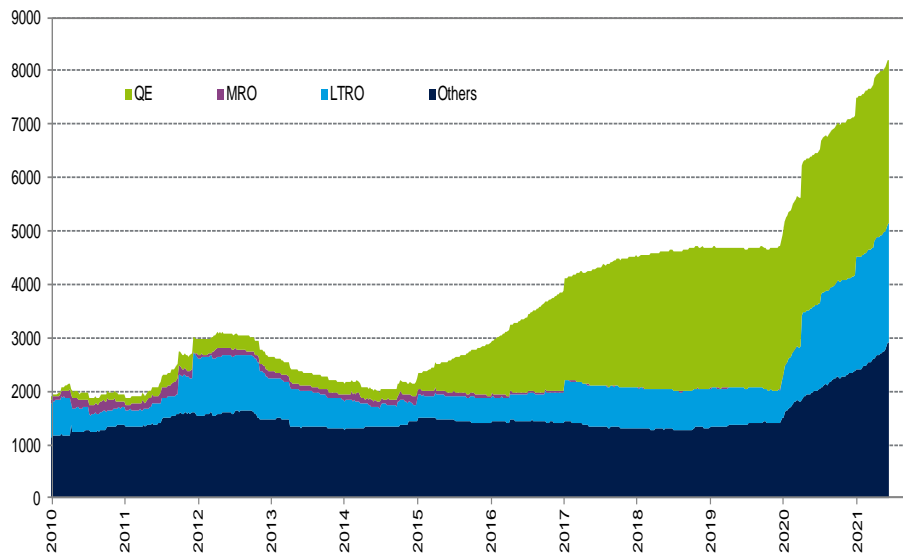
ECB forecast: Core Inflation (yoy%)



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

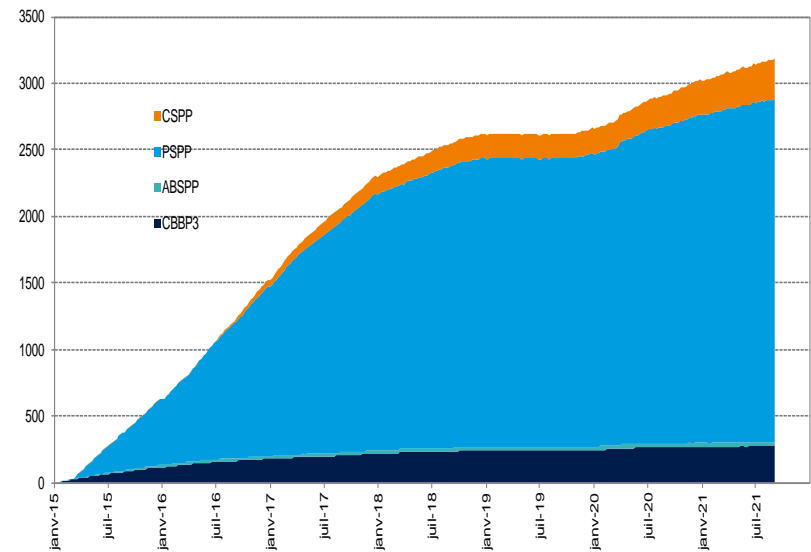
ECB Balance Sheet (1/2)

ECB balance sheet, total asset (in €bn)



Source: Datastream, Amundi Research, data as of 08/30/2021

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

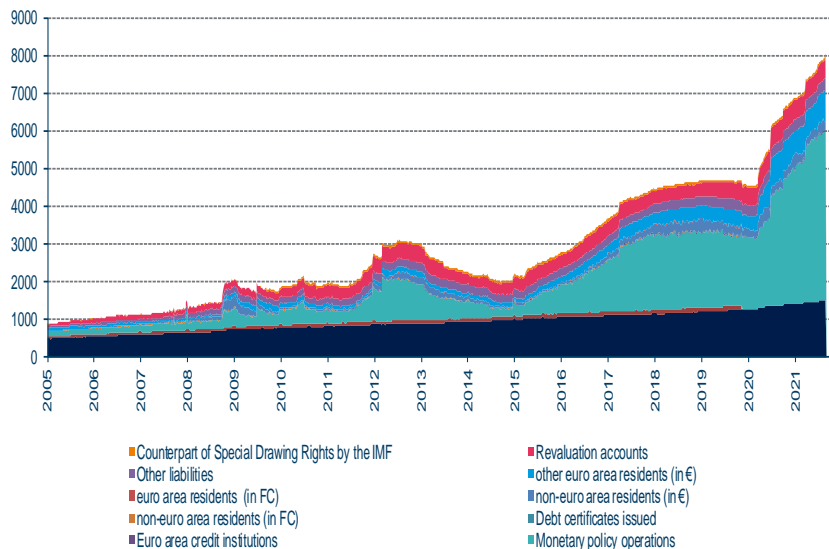


Source: Datastream, Amundi Research

ECB Balance Sheet (2/2)

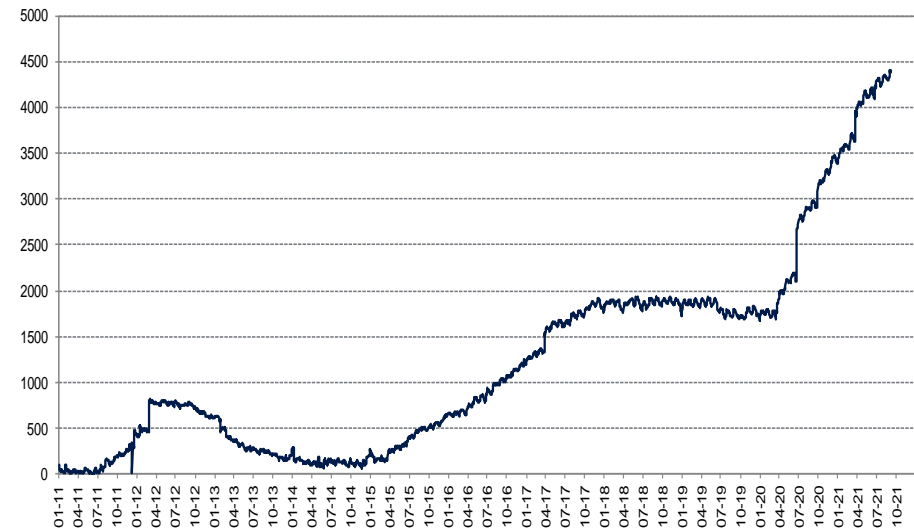
- On the liability side, the expansion of the ECB balance sheet is largely due to reserve liabilities.
- Relative to 2018-2019, the volume of excess liquidity has more than doubled since the start of the pandemic to EUR 4 trillion. With about €517bn of unused capacity in the PEPP envelope and the APP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

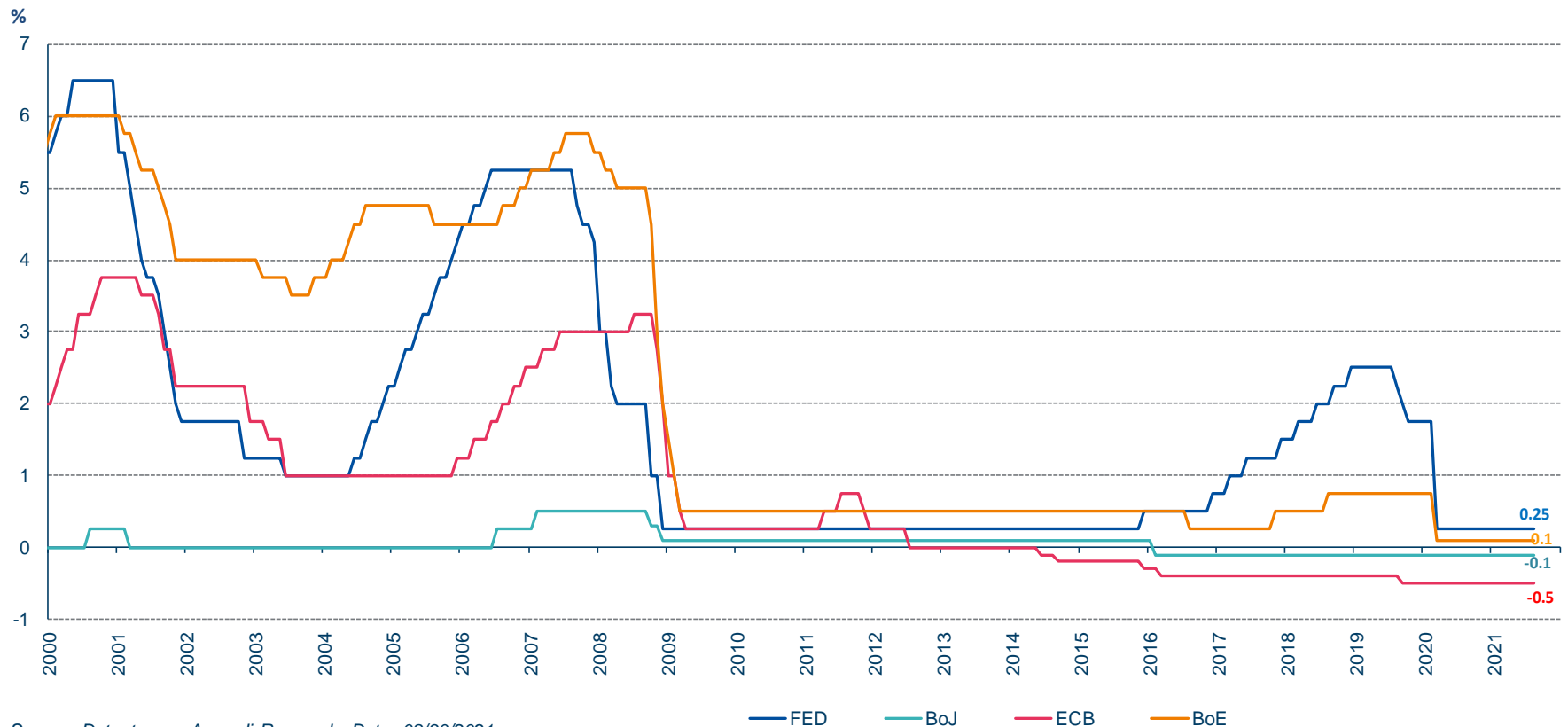
Eurosystem : excess reserves (€bn)



Source: Datastream, Amundi Research, 08/01/2021

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: 08/30/2021

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

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